APPRAISAL OF REAL PROPERTY

St. Mary's Proposed Multi-Family - Proposed
1000 Osborne Street
St. Mary's, Camden County, GA 31558

IN AN APPRAISAL REPORT

As of March 29, 2022

Prepared For:

Jacoby Development, Inc.
8200 Roberts Drive, Suite 200
Atlanta, GA 30350

Prepared By:

Cushman & Wakefield of North Carolina, Inc.
Valuation & Advisory
5605 Carnegie Boulevard, Suite 100
Charlotte, NC 28209
Cushman & Wakefield File ID: 22-43502-900186

*Conceptual

St. Mary's Proposed Multi-Family

1000 Osborne Street

St. Mary's, Camden County, GA 31558

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March 29, 2022

James F. Jacoby
Jacoby Development, Inc.
8200 Roberts Drive, Suite 200
Atlanta, GA 30350

Re: Appraisal Report

St. Mary's Proposed Multi-Family
1000 Osborne Street
St. Mary's, Camden County, GA 31558

Cushman & Wakefield File ID: 22-43502-900186

Dear Mr. Jacoby:

In fulfillment of our agreement as outlined in the Letter of Engagement copied in the Addenda, we are pleased to transmit our appraisal of the above referenced property in the following Appraisal Report.

The subject property represents a proposed build-to-rent community known as St. Mary's Proposed Multi-Family located at 1000 Osborne Street in St. Mary's, NC. At completion, the community will include 203,839 square feet of rentable area within 187 build to rent units situated on an approximate 30.0-acre site. The improvements, which will be wood frame construction, are proposed for completion in April 2024 and will contain 187 cottage style homes, that will be 2 stories in height and 1 clubhouse with an estimated 5,000 square feet. Additionally, there will be onsite parking for and estimated 384 surface spaces, resulting in a parking ratio of 2.05 per unit.

This Appraisal Report has been prepared in accordance with our interpretation of your institution's guidelines, Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and the Uniform Standards of Professional Appraisal Practice (USPAP).

Based on the agreed-to Scope of Work, and as outlined in the report, we developed the following opinions, inclusive of personal property:

Value Conclusions			
Appraisal Premise	**Real Property Interest**	**Date of Value**	**Value Conclusion**
Market Value As-Is	Fee Simple	March 29, 2022	$3,375,000
Prospective Market Value Upon Completion	Leased Fee	April 1, 2024	$54,400,000
Prospective Market Value Upon Stabilization	Leased Fee	April 1, 2025	$57,400,000

Compiled by Cushman & Wakefield of North Carolina, Inc.

Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

The prospective market value estimate is based upon market participant attitudes and perceptions existing as of the effective date of our appraisal, and assumes the subject property is completed and/or achieves stabilization as of our prospective date. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective date of value, except for those identified within the report.

It is assumed that the proposed improvements are constructed in a quality manner in accordance with the information communicated to us by the developer. If the design or quality differs from that which has been considered herein, the value conclusions could be impacted accordingly. Any undue delay in the construction timeline could materially impact the value conclusion reported herein.

Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

CUSHMAN & WAKEFIELD OF NORTH CAROLINA, INC.

Ben Riddle
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Client Satisfaction Survey

WE WANT TO HEAR FROM YOU!

VALUATION & ADVISORY

CUSHMAN & WAKEFIELD

V&A National Quality Control Group values your feedback!

- What are we doing right?
- Are there areas where we could improve?
- Did our report meet your requirements?

As part of our quality monitoring campaign, your comments are critical to our efforts to continuously improve our service.

We'd appreciate your help in completing a short survey pertaining to this report and the level of service you received. Rest assured, any feedback will be treated with proper discretion and is not shared with executive management. If you prefer to limit who receives the survey response, the distribution can be altered at your request.

Simply click https://www.surveymonkey.com/r/LQKCGLF?c=22-43502-900186-002 to respond or print out the survey in the Addenda to submit a hard copy.

Contact our Quality Control Committee with any questions or comments:

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Summary of Salient Facts and Conclusions

BASIC INFORMATION		
Common Property Name:	St. Mary's Proposed Multi-Family	
Address:	1000 Osborne Street St. Mary's, Georgia 31558	
County:	Camden	
Property Ownership Entity:	Jacoby Development Inc.	

SITE INFORMATION		
Land Area:	1,306,800 Square Feet	30.00 Acres
Site Shape:	Irregularly shaped	
Site Topography:	Level at street grade	
Frontage:	Good	
Site Utility:	Good	
Flood Zone Status:		
Flood Zone:	X500	
Flood Map Number:	13039C0485G	
Flood Map Date:	December 21, 2017	

BUILDING INFORMATION	
Type of Property:	Multi-Family
Sub Type:	Garden/Low-Rise
Building Area:	
Number of Units:	187 Units
Gross Building Area:	208,839 SF
Net Rentable Area:	203,839 SF
Land-to-Building Ratio:	6.26:1
Number of Buildings:	11 Residential Buildings
Number of Stories:	Two
Quality:	Excellent
Year Built:	2024
Condition:	Excellent
Actual Age:	0 Years
Effective Age:	0 Years
Remaining Economic Life:	45 Years
Parking:	
Number of Parking Spaces:	384
Parking Ratio (Per Unit):	2.1
Parking Type:	Surface

Unit Amenities:
Granite Countertops throughout, upgraded lighting package, stainless steel appliances and smooth cook top range, LVT plank floors throughout, tub/shower inserts, stand-up showers in 2 and 3 bedrooms, 9' ceilings, walk-in closets, and USB charging ports

Project Amenities:
Leasing office overlooking pool area, fitness center overlooking pool area, Resort style, saltwater pool with Cabana, Onsite maintenance, All fiber community, Package Concierge, Dog park

MUNICIPAL INFORMATION	
Assessment Information:	
Assessing Authority:	Camden County
Assessor's Parcel Identification:	149004
Current Tax Year:	2021
Taxable Assessment:	$3,544,500
Current Tax Liability:	$133,947
Are taxes current?	Taxes are current
Is a grievance underway?	Not to our knowledge
Subject's assessment is:	At market levels
Zoning Information:	
Municipality Governing Zoning:	City of St. Mary's
Current Zoning:	PD, Planned Development District
Is current use permitted?	Yes
Current Use Compliance:	Complying use

HIGHEST & BEST USE

As Vacant:

An apartment or other form of multi-family complex built to its maximum feasible building area, as demand warrants.

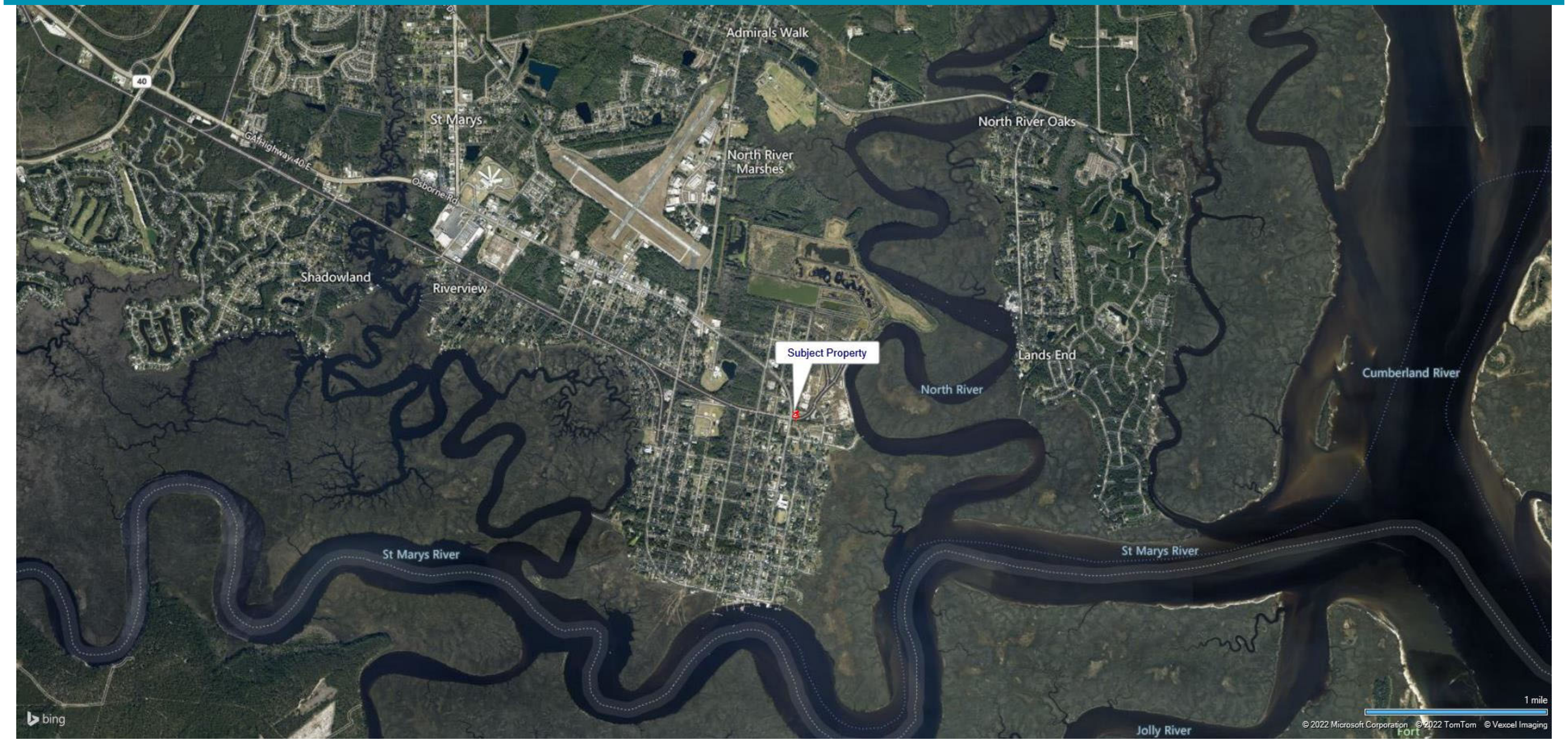
As Improved:

A build-to-rent apartment complex as it is proposed.

VALUATION INDICES	Market Value As-Is	Prospective Market Value Upon Completion	Prospective Market Value Upon Stabilization
VALUE DATE	**March 29, 2022**	**April 1, 2024**	**April 1, 2025**
Land Value			
Indicated Value:	$3,375,000	$3,500,000	$3,575,000
Per Unit:	$67,500	$18,717	$19,118
COST APPROACH			
Indicated Value:	N/A	$46,900,000	N/A
Per Unit:	N/A	$250,802	N/A
SALES COMPARISON APPROACH			
Indicated Value:	N/A	$53,150,000	$56,100,000
Per Unit:	N/A	$284,225	$300,000
INCOME CAPITALIZATION APPROACH			
Direct Capitalization			
Net Operating Income (stabilized):	N/A	$2,724,667	$2,724,667
Capitalization Rate:	N/A	4.75%	4.75%
Preliminary Value:	N/A	$57,361,417	$57,361,417
Value (Rounded):	N/A	$57,400,000	$57,400,000
LESS Lease-Up:	N/A	($2,963,000)	N/A
Indicated Value:	N/A	$54,398,417	$57,361,417
Indicated Value Rounded:	N/A	$54,400,000	$57,400,000
Per Unit:	N/A	$290,909	$306,952
FINAL VALUE CONCLUSION			
Real Property Interest:	Fee Simple	Leased Fee	Leased Fee
Concluded Value:	$3,375,000	$54,400,000	$57,400,000
Per Unit:	$18,048	$290,909	$306,952
EXPOSURE AND MARKETING TIMES			
Exposure Time:	6 Months		
Marketing Time:	6 Months		

Property Photographs

AERIAL PHOTOGRAPH



PROPERTY PHOTOGRAPH	PROPERTY PHOTOGRAPH
	
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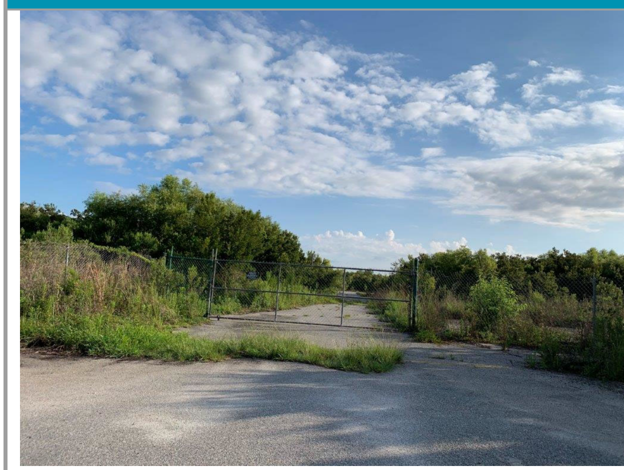	

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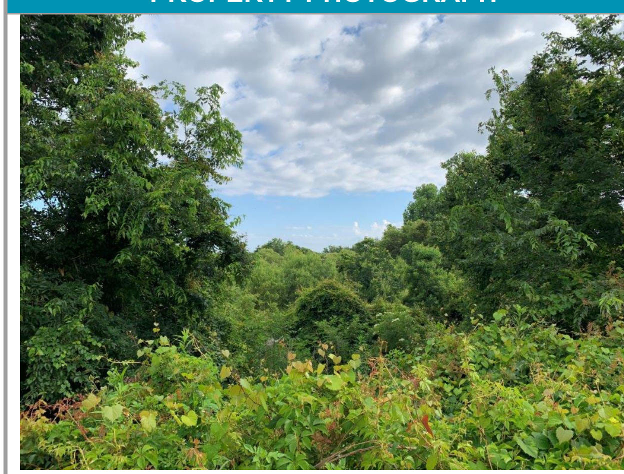
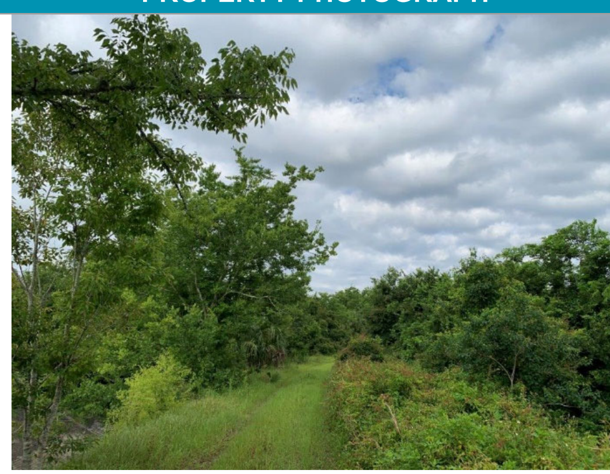
	

Scope of Work

Overview

Scope of work is the type and extent of research and analyses involved in an assignment. To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the relevant characteristics of the subject property, and other pertinent factors. Our concluded scope of work is summarized below, and in some instances, additional scope details are included in the appropriate sections of the report:

Research

- We inspected the property and its environs. Physical information on the subject was obtained from the property owner's representative, public records, and/or third-party sources.
- Regional economic and demographic trends, as well as the specifics of the subject's local area were investigated. Data on the local and regional property market (supply and demand trends, rent levels, etc.) was also obtained. This process was based on interviews with regional and/or local market participants, primary research, available published data, and other various resources.
- Other relevant data was collected, verified, and analyzed. Comparable property data was obtained from various sources (public records, third-party data-reporting services, etc.) and confirmed with a party to the transaction (buyer, seller, broker, owner, tenant, etc.) wherever possible. It is, however, sometimes necessary to rely on other sources deemed reliable, such as data reporting services.

Analysis

- Based upon the subject property characteristics, prevailing market dynamics, and other information, we developed an opinion of the property's Highest and Best Use.
- We analyzed the data gathered using generally accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value.
- The results of each valuation approach are considered and reconciled into a reasonable value estimate.

This Appraisal Report has been prepared in accordance with our interpretation of your institution's guidelines, Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and the Uniform Standards of Professional Appraisal Practice (USPAP).

Cushman & Wakefield of North Carolina, Inc. has an internal Quality Control Oversight Program. This Program mandates a “second read” of all appraisals. Assignments prepared and signed solely by designated members (MAIs) are read by another MAI who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require MAI participation, Quality Control Oversight, and signature. For this assignment, Quality Control Oversight was provided by Travis W. Walsh, MAI.

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.

Report Option Description

USPAP identifies two written report options: Appraisal Report and Restricted Appraisal Report. This document is prepared as an Appraisal Report in accordance with USPAP guidelines. The terms “describe,” summarize,” and “state” connote different levels of detail, with “describe” as the most comprehensive approach and “state” as the least detailed. As such, the following provides specific descriptions about the level of detail and explanation included within the report:

- Describes the real estate and/or personal property that is the subject of the appraisal, including physical, economic, and other characteristics that are relevant
- States the type and definition of value and its source
- Describes the Scope of Work used to develop the appraisal
- Describes the information analyzed, the appraisal methods used, and the reasoning supporting the analyses and opinions; explains the exclusion of any valuation approaches
- States the use of the property as of the valuation date
- Describes the rationale for the Highest and Best Use opinion

Identification of Property

Common Property Name:	St. Mary's Proposed Multi-Family
Address:	1000 Osborne Street, St. Mary's, Camden County, Georgia 31558
Location:	The subject property is located along Meeting Street between Osborne Street and St Mary's River.
Assessor's Parcel ID:	149004
Legal Description:	The legal description was requested but not provided.

Property Ownership and Recent History

Current Ownership:	Jacoby Development Inc.
Sale History:	The subject “parent parcel” was listed with Equity Partners HG based upon an open auction process with a reserve amount of $8,000,000. The subject’s entire “parent parcel” sold in June 2021 to Jacoby Development at a reported price of $9,000,000.
Current Disposition:	To the best of our knowledge, the property is not under contract of sale nor is it being marketed for sale.

Dates of Inspection and Valuation

Effective Date(s) of Valuation:	
As Is:	March 29, 2022
Upon Completion:	April 1, 2024
Upon Stabilization:	April 1, 2025
Date of Report:	March 29, 2022
Date of Inspection:	December 19, 2019

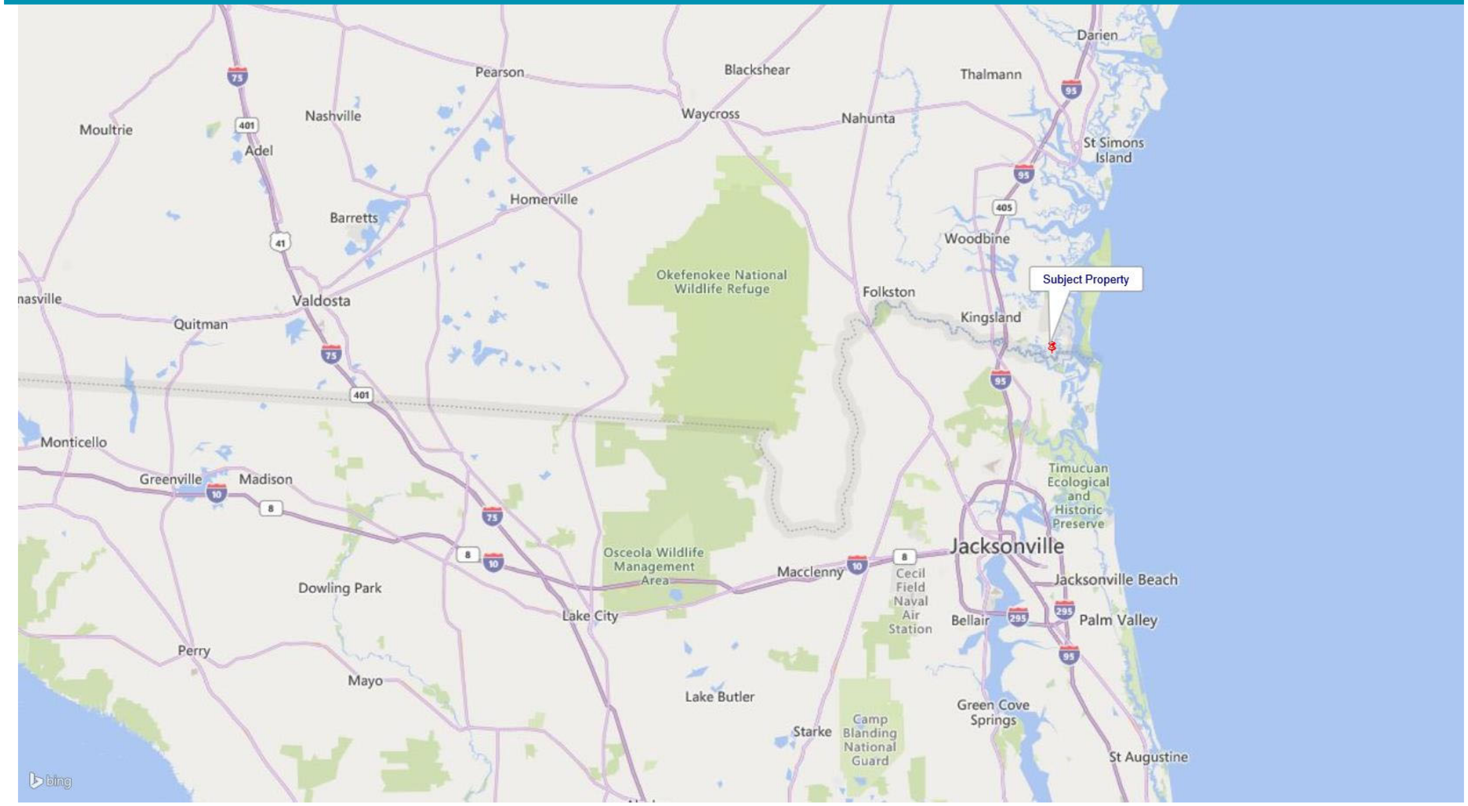
Property Inspected by:	Ben Riddle did an exterior inspection only. Jeff Smith, MAI did not make a personal inspection of the subject property.

Client, Intended Use and Users of the Appraisal

Client:	Jacoby Development, Inc.
Intended Use:	The intended use of this appraisal will be used in connection with determination of market value.
Intended User:	The intended user of this report is the client and/or affiliates of Jacoby Development Inc. and/or affliates. Please see the Engagement Letter in the addenda.

Regional Analysis

REGIONAL MAP



Brunswick, GA Regional Analysis

Market Definition

Brunswick is a mainland port city on the southeast coast of Georgia located on a harbor of the Atlantic Ocean, approximately 40 miles north of Florida and 80 miles south of South Carolina. Brunswick is bordered on the south by the Brunswick River and on the east by the Atlanta Intercoastal Waterway in the Mackay River, which separates it from the Golden Isles.

The Golden Isles includes Brunswick, St. Simon Island, Sea Island, and Jekyll Island. These are barrier islands on the 100-mile long coast on the Atlantic Ocean. The Golden Isle is a year-round resort community with beaches, shops, golf courses and historic districts.

The Port of Brunswick handles approximately 10% of all U.S. Roll-On/Roll-Off trade. By tonnage, Brunswick is the second-busiest Ro/Ro in the nation, behind only Baltimore. The port is recognized as one of nation's largest and fastest growing auto ports, a major hub for forest products and a bulk cargo terminal handling a diverse mix of commodities.

Brunswick is home to the Federal Law Enforcement Training Center, FLETC, headquarters, the nation's largest provider of law enforcement training. FLECT trains all those who protect the homeland, therefore; training audience includes state, local and tribal departments throughout the U.S. FLETC's impact extends outside our national borders through international training and capacity-building activities.

Map

The following map portrays the Brunswick MSA within the state of Georgia.

Source: CoStar Group Inc.; Cushman & Wakefield Valuation & Advisory

COVID-19 Impacts

As the economy started to recover from the initial impacts of the COVID-19 pandemic and the economic crisis that unfolded, there has been another surge in infections, exacerbated by the onset of winter. Social distancing remains the norm, conferences are online, and property tours are kept to a minimum. Some jurisdictions have re-instituted varying degrees of stay at home orders or lockdowns. In light of this, it is important to take in mind that data lags, and we are still trying to accurately determine the pandemic's effects on the commercial real estate market. In other sections of the report we will discuss these effects and impacts on the immediate market and subject property in as much detail as possible. Therefore, we ask that you consider the following points:

- Early in the COVID-19 pandemic, most non-essential businesses shut down, causing significant disruption in the economy. As we enter the fall and winter months, many businesses that reopened over the late spring and summer may now be forced to shut down once again or drastically change the way they operate and function.
- Certain property types have been more heavily impacted than others, with some asset classes benefiting from the COVID environment. Generally, cap rates and price growth remain relatively flat across the board.
- Investment activity picked up significantly in the third quarter, with a clear flight to quality, but at the same time, delinquencies are on the rise and more properties are requiring special servicers.

Wide scale vaccinations began first quarter 2021, and we expect a significant part of the population to be vaccinated by the end of the year. With this, businesses will begin to fully resume normal activities, as risk and fear of infection decrease, and the economy will begin to grow more rapidly.

Current Trends

Prior to the COVID-19 pandemic, the Brunswick economy was expanding, job growth continued in a positive direction as tourism continued to fuel growth with new amenities attracting more visitors. Additionally, the expansion at the Port of Brunswick allow for increased volume and capacity for auto shipments. By mid-March, the pandemic had set in and mitigation efforts – state at home orders, halt in travel, closing of restaurants, hotels and bars – were enforced to slow the spread of the virus. Between March and April, the region shed 7,400 jobs, reducing total non-farm employment to 36,300 jobs in April, decreasing 17.3% from April 2019. As of March 2021, total non-farm employment measured 43,300 jobs, recovering about 95% of the lost jobs; however down 0.9% compared to March 2020.

The recent events detailed below reveal current economic conditions in the metro-Brunswick area:

- The Port of Brunswick handled 587,395 units of Ro/Ro cargo in 2020, a four percent decrease compared to 2019. However, the year ended on a better note from August through December moving 293,227 units of Ro/Ro cargo, and increase of 28,247 units or 10.7%. Strong growth continued in 2021 as January and February Ro/Ro totaled 104,731 units, up 8.6% (or 8,279 units). As a result of continued growth, the Georgia Ports Authority to develop a fourth berth for Ro/Ro cargo at Colonel’s Island terminal in Brunswick. Once completed, the new berth will be able to accommodate the largest ships carrying Ro/Ro cargo The re-opening of domestic and overseas auto plants contributed to the major boost in volume. Kia Motors Manufacturing chose the Port of Brunswick to ship the Telluride, its new 8-person sports utility vehicle, to global markets. The automaker plans to export approximately 3,000 Tellurides per year
- Colonel’s Island Terminal ranks among the nation’s largest auto facility. The expansion of the Port of Brunswick will add 60 acres of usable dockside space at the port’s Colonel’s Island terminal. Most of the land will be used for Roll-On/Roll-Off freight. This expansion will increase storage by 8,250 vehicle spaces. Currently, the Port of Brunswick has a capacity of 800,000 units and in the coming years, the Georgia Port Authority plans to nearly double that capacity to 1.5 million units and use an additional 400 acres.
- Tourism has long been the key economic driver for the Golden Isles. However, tourism was significantly impacted by the COVID-19 pandemic. Hotels and motels are reporting occupancy rates in single digits. From mid-March through May 2020, the estimated economic loss was projected at $163 million. The recovery in tourism is slow; however, people are beginning to take vacations as they feel safer.
- The $125 million master renovation and expansion project of the Southeast Georgia Health System Brunswick campus will include 70,000 square feet of new construction being built upon the existing footprint and more than 100,000 square feet of renovated space. The improvements will include a 12,141 square-foot expansion to the emergency department (an increase from 35 to 50 treatment rooms, including to trauma)16 operating rooms, additional post anesthesia and pre- and post-recovery bays and new entry at Parkwood Drive and the conversion of the fourth and fifth floors to 64 spacious private rooms. The project began in early 2018 and is anticipated to be completed in late 2021.

Economic Trends

The December 2020 Moody’s Analytics Précis report for the Brunswick region is as follows:

MOODY'S ANALYTICS

BRUNSWICK GA

Data Buffet® MSA code: IUSA_MBSW

ECONOMIC DRIVERS	EMPLOYMENT GROWTH RANK		RELATIVE COSTS		VITALITY	QUALITY
TOURIST DESTINATION; LOGISTICS	2020-2022: 145, 2nd quintile	2020-2025: 155, 2nd quintile	LIVING: 94%	BUSINESS: 81%	RELATIVE: -0.12, Rank: 226	OF LIFE: 133
	Best=1, Worst=410		U.S.=100%		Best=1, Worst=403	Best=1, Worst=378

BUSINESS CYCLE STATUS

STRENGTHS & WEAKNESSES

STRENGTHS

- Port and logistics hot spot.
- Higher-end tourism market attracts wealthy consumers.
- Favorable migration patterns.

WEAKNESSES

- Reliance on consumer spending exposes the economy to macroeconomic cycles.
- Costs are high compared with regional competitors.
- Low per capita income.

FORECAST RISKS

SHORT TERM ↓ LONG TERM ↓

COVID-19 EXPOSURE DECEMBER 2021: **11** 1st quintile (Most=1, Least=403)

UPSIDE

- Expansion of port infrastructure pays dividends amid faster-than-expected rebound in the auto industry.
- Small and midsize manufacturers expand more aggressively in recovery phase.

DOWNSIDE

- Rebound in travel is weaker than expected in the wake of the pandemic.
- Tax revenue disappoints, more cuts follow in local and state governments.

MOODY'S RATING

NR

ANALYSIS

Recent Performance. Brunswick's recovery is proceeding at an encouraging clip. The pace of job growth in the closing months of 2021 exceeded the state and regional averages, propelled by an expansion in leisure/hospitality. Logistics payrolls recovered more rapidly than in most places, though growth has been volatile as the Port of Brunswick contends with global supply-chain problems. The jobless rate has not only descended below pre-COVID-19 levels, but at 2.8% in the fourth quarter, it was at its lowest on record. Single-family house prices have appreciated swiftly, though housing starts have yet to kick up commensurately.

Destination. The impending surge in consumer spending on vacations will boost BSW's tourism industry and help drive the economy from recovery into expansion. The majority of visitors hail from other parts of the southeastern U.S., which has maintained a lax approach to virus mitigation. Combined with the relatively mild climate and tilt toward outdoor activities, this has kept local tourism-related employment more buoyant than nationally. Along with improving virus immunity, it also means the start of the peak season in spring will be relatively unencumbered by the pandemic. As hotels and restaurants prepare for elevated demand, however, they will find it difficult to fill open positions given BSW's lukewarm labor force growth.

Port's authority. Led by the Port of Brunswick, the logistics sector will expand at an above-average pace in 2022. Global supply-chain disruptions have caused some turbulence at the port, which manages the highest volume of imported autos in the U.S. Despite the frictions, the port registered a 10.6% increase in containerized shipment volume from a year earlier. The nation's second-largest roll-on/roll-off port is a key source of high-wage jobs in BSW and creates outsize economic spillover. Supply-chain woes, including the semiconductor chip shortage hampering the auto industry, should begin to improve materially in 2022, though production cuts remain a downside risk in the near term. Longer term, BSW will benefit from continued investment in its port. Case in point, federal funding is earmarked for a fourth berth for RO-RO cargo, which will expand capacity and create jobs.

Demographics. The relatively favorable population forecast depends on the continued in-migration of seniors, and some pandemic-driven trends lend upside. The population will expand during the next few years at a pace resembling the pre-pandemic years: quicker than nationally but behind the fast-growing state and region. However, a jump in retirements and the widespread acceptance of remote work bode well. Rising asset prices have allowed many of the country's older workers to retire. Natural amenities and affordability make BSW a prime choice for relocating retirees and workers with remote-capable jobs. An increase of both will boost consumer-dependent industries. Timely data from Equifax show a sharp rise in the number of residents moving into the metro area in 2021. A continuation in 2022 and beyond will help BSW narrow its population-growth gap with the region.

Brunswick's economy will lose some steam in 2022 as it enters the next phase of the business cycle. Tourism and the port will provide a boost, but a lack of dynamic industries limits growth potential. Longer term, retirees will drive population growth, and low business costs and the port will help job growth outpace the U.S. but lag Georgia and the South.

Matt Colyar
December 2021
1-866-275-3266
help@economy.com

2015	2016	2017	2018	2019	2020	INDICATORS	2021	2022	2023	2024	2025	2026
4.0	4.1	4.2	4.3	4.4	4.2	Gross metro product (C12$ bil)	4.5	4.6	4.8	5.0	5.2	5.3
2.7	*2.7*	*1.4*	*2.2*	*1.6*	*-2.7*	*% change*	*5.7*	*2.8*	*4.8*	*3.3*	*3.1*	*2.8*
41.9	43.0	43.4	44.1	44.0	41.7	Total employment (ths)	43.2	44.4	45.1	45.5	45.8	46.1
2.7	*2.8*	*0.9*	*1.5*	*-0.2*	*-5.2*	*% change*	*3.7*	*2.6*	*1.7*	*1.0*	*0.6*	*0.6*
6.4	5.6	5.0	3.9	3.6	6.5	Unemployment rate (%)	3.7	2.9	3.1	3.5	3.8	3.9
6.9	3.1	4.7	6.1	4.0	7.6	Personal income growth (%)	7.0	-3.8	4.5	4.6	4.2	4.0
45.5	45.8	47.9	51.6	57.4	59.7	Median household income ($ ths)	61.0	60.9	62.8	64.8	66.9	68.9
116	117	118	118	119	120	Population (ths)	120	121	122	122	123	124
1.0	*0.7*	*0.9*	*0.6*	*0.4*	*0.6*	*% change*	*0.5*	*0.6*	*0.6*	*0.6*	*0.5*	*0.5*
1.0	0.7	0.9	0.7	0.5	0.9	Net migration (ths)	0.9	0.8	0.9	0.9	0.8	0.8
535	526	604	640	437	457	Single-family permits (#)	654	740	926	967	980	956
0.0	0.0	14.0	12.0	23.0	85.0	Multifamily permits (#)	33.5	7.6	9.8	11.1	10.3	7.4
180	194	205	215	227	239	FHFA house price (1995Q1=100)	263	284	291	296	301	303

MOODY'S ANALYTICS / Précis® U.S. Metro / December 2021

PRÉCIS® U.S. METRO • Brunswick GA

ECONOMIC HEALTH CHECK

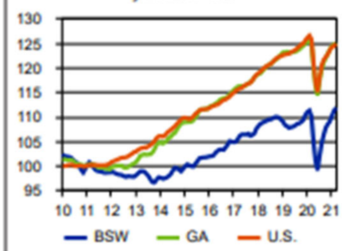
3-MO MA	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21
Employment, change, ths	-0.0	0.0	0.1	0.1	0.1	0.1
Unemployment rate, %	4.1	3.8	3.6	3.2	3.0	2.8
Labor force participation rate, %	54.0	54.0	53.9	53.8	53.8	53.6
Average weekly hours, #	34.1	34.3	34.5	34.8	35.1	35.0
Industrial production, 2012=100	97.4	97.4	97.9	97.9	98.3	98.5
Residential permits, single-family, #	607	544	477	495	475	494
Residential permits, multifamily, #	17	7	11	52	71	99
Dec/Dec	**Dec 15**	**Dec 16**	**Dec 17**	**Dec 18**	**Dec 19**	**Dec 20**
Employment, change, ths	1.3	1.2	0.1	0.2	0.4	-1.8

Better than prior 3-mo MA | Unchanged from prior 3-mo MA | Worse than prior 3-mo MA

Sources: BLS, Census Bureau, Moody's Analytics

BUSINESS CYCLE INDEX

JAN 2011=100



Source: Moody's Analytics

CURRENT EMPLOYMENT TRENDS

% CHANGE YR AGO

Sources: BLS, Moody's Analytics

% CHANGE YR AGO, 3-MO MA

	Nov 20	May 21	Nov 21
Total	-5.0	8.7	3.9
Mining	-0.9	3.1	-1.0
Construction	4.1	-0.1	-1.1
Manufacturing	-1.9	-1.4	1.9
Trade	-10.0	6.9	1.7
Trans/Utilities	-3.1	23.8	15.2
Information	-15.4	6.2	3.5
Financial Activities	4.4	1.5	2.1
Prof & Business Svcs.	-5.1	13.3	15.0
Edu & Health Svcs.	2.5	4.5	0.7
Leisure & Hospitality	-10.7	29.5	7.7
Other Services	0.8	16.8	3.6
Government	-4.5	-2.0	0.4

Sources: BLS, Moody's Analytics

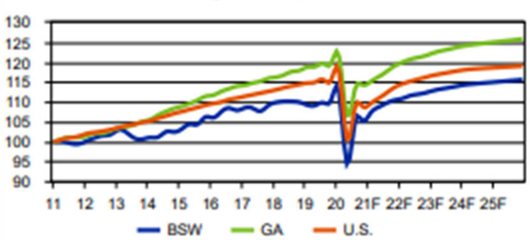
DIFFUSION INDEX

3-DIGIT NAICS LEVEL, 6-MO MA

Sources: BLS, Moody's Analytics

RELATIVE EMPLOYMENT PERFORMANCE

JAN 2011=100



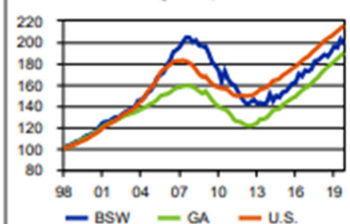
FORECAST VS. 6 MO PRIOR

2-Yr	5-Yr
↓	↓
↔	↔
↔	↔

Sources: BLS, Moody's Analytics

HOUSE PRICE

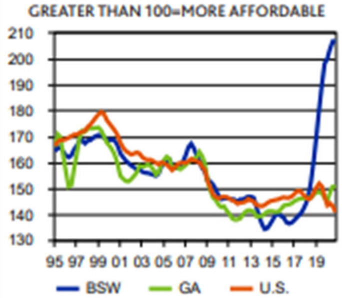
1998Q1=100, NSA



Sources: FHFA, Moody's Analytics

RENTAL AFFORDABILITY

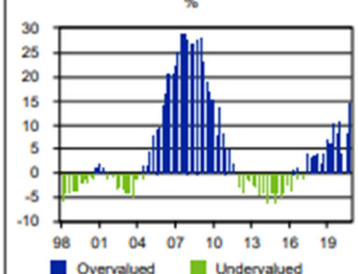
GREATER THAN 100=MORE AFFORDABLE



Sources: Census Bureau, BLS, Moody's Analytics

HOUSE PRICE TRENDS

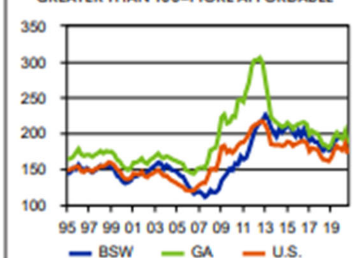
%



Sources: FHFA, Moody's Analytics

HOUSING AFFORDABILITY

GREATER THAN 100=MORE AFFORDABLE



Sources: NAR, Moody's Analytics

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EMPLOYMENT AND INDUSTRY

TOP EMPLOYERS

SE Georgia Health System	2,691
Sea Island Co.	1,762
Federal Law Enforcement Training Center (FLETC)	1,051
Brunswick Cellulose Inc.	550
Walmart Inc.	400
Radial	400
Rich Products Corp.	350
Gulfstream Aerospace Corp.	310
King & Prince Seafood Corp.	300
International Auto Processing	300
Pinova	216
United Road Services	150
PaR Marine	130
Stambaugh Aviation	117

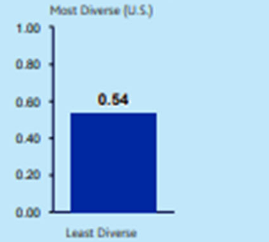
Source: Brunswick and Glynn County Development Authority, 2020

PUBLIC

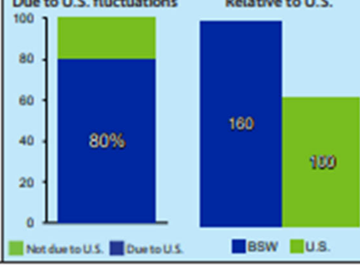
Federal	2,081
State	1,815
Local	4,680

2020

INDUSTRIAL DIVERSITY

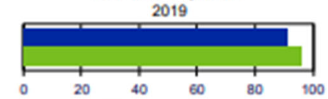


EMPLOYMENT VOLATILITY



ENTREPRENEURSHIP

BROAD-BASED START-UP RATE
U.S.=100, 4-QTR MA
2019



Sources: Census Bureau, Moody's Analytics

EXPORTS

Destination	$ mil
Africa	ND
Asia	ND
European Union	ND
Canada & Mexico	47.7
South America	ND
Rest of world	ND
Total	638.7
% of GDP	*12.5*
Rank among all metro areas	*45*

Sources: BEA, International Trade Administration, Moody's Analytics, 2019

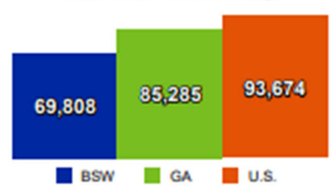
COMPARATIVE EMPLOYMENT AND INCOME

Sector	% OF TOTAL EMPLOYMENT BSW	GA	U.S.	AVERAGE ANNUAL EARNINGS BSW	GA	U.S.
Mining	0.1	0.1	0.4	$38,039	$120,840	$152,860
Construction	4.5	4.6	5.1	$44,701	$61,983	$71,226
Manufacturing	5.0	8.7	8.6	$77,018	$73,010	$87,452
Durable	*42.4*	*49.7*	*62.2*	*nd*	*$78,667*	*$90,347*
Nondurable	*57.6*	*50.3*	*37.8*	*nd*	*$67,341*	*$82,632*
Transportation/Utilities	2.9	5.4	4.3	$66,490	$59,255	$65,743
Wholesale Trade	4.6	4.7	4.0	$96,699	$91,418	$92,590
Retail Trade	13.0	10.9	10.4	$30,513	$35,569	$38,405
Information	0.9	2.5	1.9	nd	$148,978	$136,729
Financial Activities	3.1	5.7	6.1	nd	$57,544	$59,335
Prof. and Bus. Services	8.7	15.7	14.2	nd	$65,247	$76,266
Educ. and Health Services	14.0	13.3	16.3	$61,088	$57,950	$59,504
Leisure and Hosp. Services	19.3	9.4	9.4	$27,100	$23,800	$31,046
Other Services	2.9	3.4	3.8	$30,742	$29,010	$39,932
Government	20.6	15.4	15.4	$77,348	$73,572	$83,178

Sources: Percent of total employment — BLS, Moody's Analytics, 2020, Average annual earnings — BEA, Moody's Analytics, 2019

PRODUCTIVITY

REAL OUTPUT PER WORKER, $



Sources: BEA, Moody's Analytics, 2020

BUSINESS COSTS

U.S.=100

Source: Moody's Analytics

HIGH-TECH EMPLOYMENT

	Ths	% of total
BSW	0.8	1.8
U.S.	7,540.4	5.3

HOUSING-RELATED EMPLOYMENT

	Ths	% of total
BSW	3.8	9.2
U.S.	14,373.7	10.1

Source: Moody's Analytics, 2020

LEADING INDUSTRIES BY WAGE TIER

	NAICS	Industry	Location Quotient	Employees (ths)
HIGH	GVF	Federal Government	2.2	1.8
	6211	Offices of physicians	0.7	0.5
	ML	Total Military Personnel	0.7	0.4
	4883	Support activities for water transportation	9.2	0.3
MID	GVL	Local Government	1.6	6.6
	6221	General medical and surgical hospitals	0.4	0.6
	2382	Building equipment contractors	0.8	0.5
	5221	Depository credit intermediation	0.8	0.4
LOW	7225	Restaurants and other eating places	1.7	5.0
	7211	Traveler accommodation	4.7	2.5
	GVS	State Government	1.1	1.7
	4451	Grocery stores	1.2	1.0

Source: Moody's Analytics, 2020

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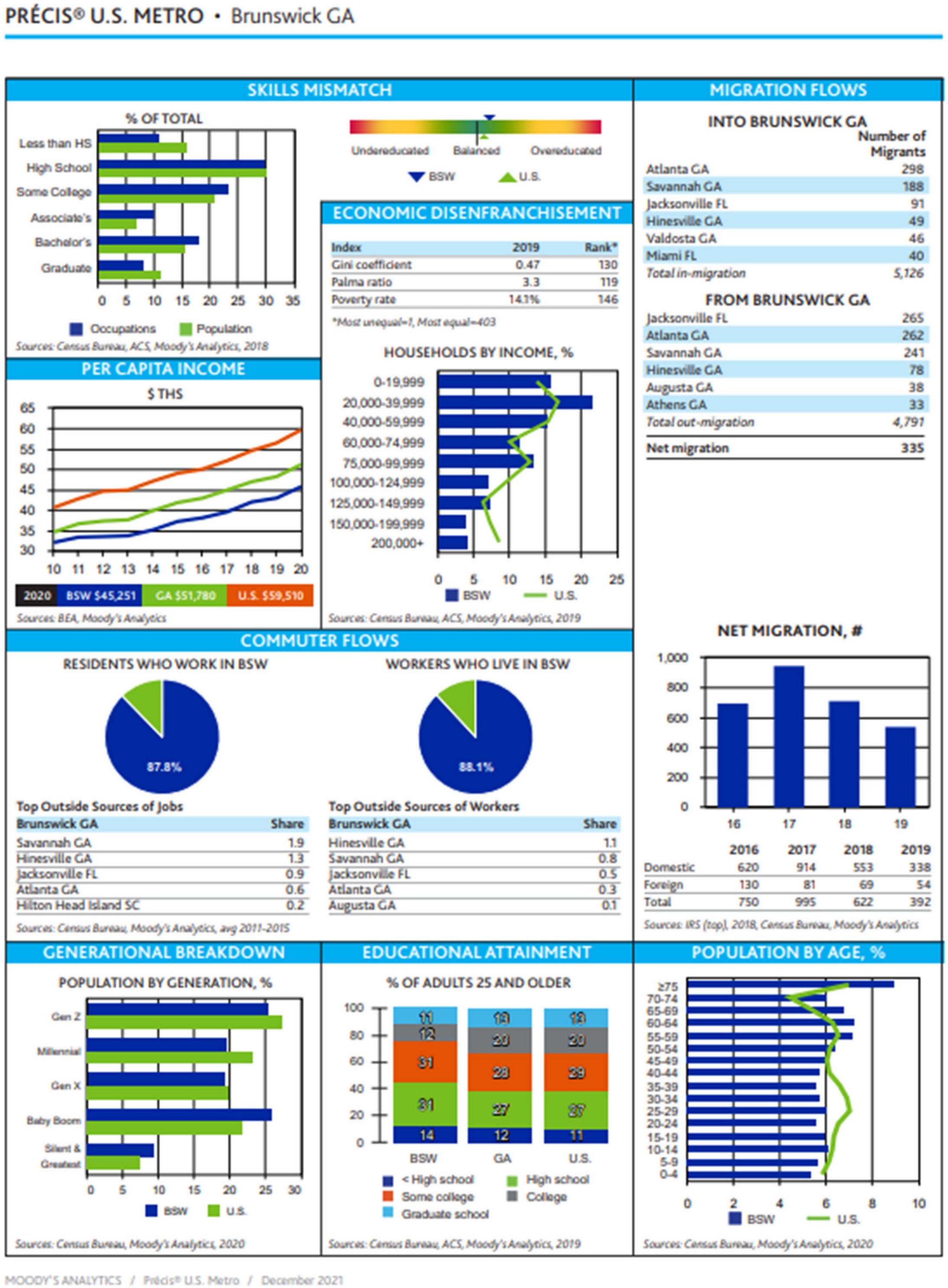

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SKILLS MISMATCH

Sources: Census Bureau, ACS, Moody's Analytics, 2018

ECONOMIC DISENFRANCHISEMENT

Index	2019	Rank*
Gini coefficient	0.47	130
Palma ratio	3.3	119
Poverty rate	14.1%	146

*Most unequal=1, Most equal=403

PER CAPITA INCOME

Sources: BEA, Moody's Analytics

HOUSEHOLDS BY INCOME, %

Sources: Census Bureau, ACS, Moody's Analytics, 2019

MIGRATION FLOWS

INTO BRUNSWICK GA

	Number of Migrants
Atlanta GA	298
Savannah GA	188
Jacksonville FL	91
Hinesville GA	49
Valdosta GA	46
Miami FL	40
Total in-migration	*5,126*

FROM BRUNSWICK GA

Jacksonville FL	265
Atlanta GA	262
Savannah GA	241
Hinesville GA	78
Augusta GA	38
Athens GA	33
Total out-migration	*4,791*
Net migration	**335**

NET MIGRATION,

	2016	2017	2018	2019
Domestic	620	914	553	338
Foreign	130	81	69	54
Total	750	995	622	392

Sources: IRS (top), 2018, Census Bureau, Moody's Analytics

COMMUTER FLOWS

Top Outside Sources of Jobs

Brunswick GA	Share
Savannah GA	1.9
Hinesville GA	1.3
Jacksonville FL	0.9
Atlanta GA	0.6
Hilton Head Island SC	0.2

Top Outside Sources of Workers

Brunswick GA	Share
Hinesville GA	1.1
Savannah GA	0.8
Jacksonville FL	0.5
Atlanta GA	0.3
Augusta GA	0.1

Sources: Census Bureau, Moody's Analytics, avg 2011-2015

GENERATIONAL BREAKDOWN

Sources: Census Bureau, Moody's Analytics, 2020

EDUCATIONAL ATTAINMENT

Sources: Census Bureau, ACS, Moody's Analytics, 2019

POPULATION BY AGE, %

Sources: Census Bureau, Moody's Analytics, 2020

MOODY'S ANALYTICS / Précis® U.S. Metro / December 2021

Jacksonville, FL Regional Market Analysis

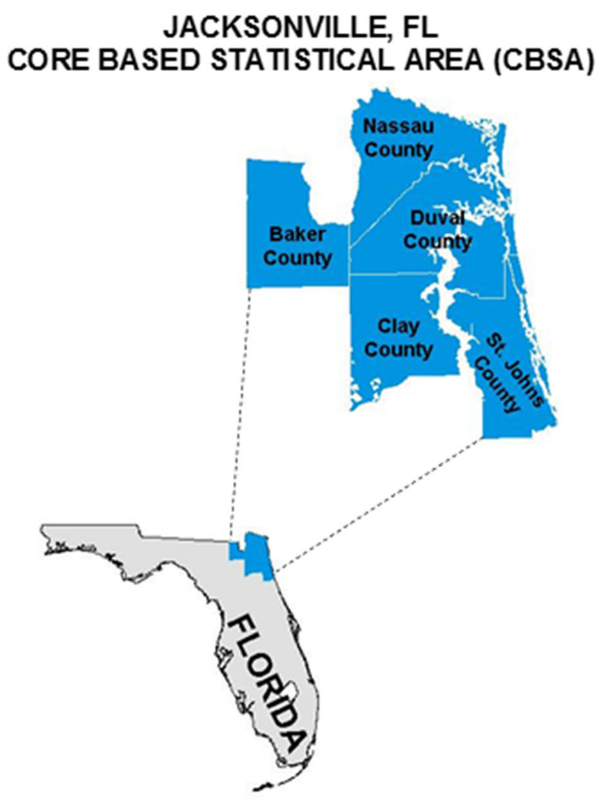
Introduction

The Jacksonville Metropolitan Statistical Area (Jacksonville CBSA) is centered on the banks of the St. Johns River in Florida's northeastern corner. Jacksonville is the largest city in Florida and the largest city in land area (covering 841 square miles) in the contiguous United States. With a population of over1.5 million residents, Jacksonville is the most populous city in Florida and the third most populous city on the east coast, behind New York City and Philadelphia. The Jacksonville CBSA is comprised of Baker, Clay, Duval, Nassau and St. Johns Counties.

The City of Jacksonville is the economic driver for northeast Florida. The CBSA has a status as an intermodal transportation hub and leading distribution center with a transportation network including port and air cargo facilities, in addition to rail and trucking routes. Access to three interstates and three U.S. highways (I-10, I-95, I-75 and U.S.-1, U.S.-17, U.S.-90), three railways (CSX, Norfolk Southern, and Florida East Coast), an international airport and deep-water port with three marine terminals makes Jacksonville the gateway to Florida and the Southeastern United States. Due to its convenient location, mild climate, reasonable cost of living, high quality of life and business-friendly government, Jacksonville is a popular location for corporate expansion and relocation.

Map

The following map portrays the Jacksonville CBSA within the state of Florida:



Source: Cushman & Wakefield Valuation & Advisory

Current Trends

Prior to the onset of the COVID-19 pandemic, Jacksonville's economy continued on an upward trajectory. Key metrics – jobs, housing and population – were trending positively. Businesses, attracted to the region's talent pool and quality of life, continued expanding and relocating to the area, bringing thousands of quality jobs and hundreds of millions in capital investment. Financial Nearshoring companies were highly attracted to Jacksonville, as more than 20 major banks, insurance and investment services flocked to the region. Additionally, fintech was a growing sub-target industry that was taking hold in Jacksonville, with hundreds of million in capital investments and creating hundreds of new jobs. Both businesses and consumers were very confident in the strong economic growth of the state and nation and were very optimistic this would continue to drive consumer demand for goods and services.

However, as the coronavirus became a major global health threat in mid-March 2020, impacts to the local economy began to materialize. Limits to travel, public gatherings and closings of restaurants and bars while encouraging social distancing led to changes in consumer and business spending. According to revised numbers by the U.S. Bureau of Labor Statistics, Jacksonville shed 78,000 jobs between March and April 2020. Employment had declined 9.7% year-over-year as of April 2020 with the unemployment rate surging 830 basis points to 11.5%. However, by December 2020, the region had reclaimed about 95% of the jobs lost during the initial onset of the pandemic and the unemployment rated measured 3.1%. As of September 2021, total non-farm employment measured 736,100 jobs, increasing 4.3% year-over-year (adding 30,300 jobs), restoring all the jobs lost and exceeding pre-pandemic levels. The current unemployment rate is 3.7%.

While all sectors were impacted, the tourism industry was the hardest hit as hotels were emptied and traveling came to a near halt. The leisure and hospitality sector shed 35,000 jobs between March and April. Retail, food and accommodation service industries will continue to face economic hardships because of limiting restrictions related occupancy rates. Hotels and other lodging services, while considered essential by the state of Florida, are facing arduous economic challenges because of the overall decline in travel and tourism rates across the state. As of September 2021, over 85% of the lost jobs have been restored.

Despite the economic disruption caused by the COVID-19 pandemic, companies continue to look Jacksonville to relocate and expand. Nymbus, a provider of banking technology solutions, recently announced plans to open a new corporate headquarters in Jacksonville, bringing over 600 new jobs to the region. As e-commerce continues to dominate, Amazon continues to expand its presence with a new fulfillment center in Jacksonville. The site, which is anticipated to launch late 2021, will create 600 new full-time jobs. Additionally, Wayfair, Article and Ulta have added or expanded their operations in the region, which also serves as the headquarters for e-commerce and IT sports retails company Fanatics.

Further considerations are as follows:

- Tourism was the hardest hit industry during the initial impacts of the COVID-19 pandemic. According to Visit Florida, the state's tourism-marketing arm, 26.2 million visitors traveled to the state in the first quarter of 2021, down 14% compared to the first quarter of 2020. According to revised statistics, Florida welcomed 79.6 million visitors in 2020 as a result of the pandemic (the lowest visitor count since 2010), approximately 39.3 million visitors less than the record-setting 131.4 million visitors in 2019.
- Jacksonville's hospitality industry is recovering faster than other markets. According to Visit Jacksonville, the convention and visitor's bureau for Jacksonville and the Beaches, hotel occupancy decreased from nearly 80% of rooms booked in February 2020 to barely over 30% in April 2020, the first full month of the pandemic shutdown. The market began a slow and steady recovery in May 2020. Year-to-date occupancy (as of September 20210 occupancy was 72.1% compared to the 64.5% for Florida overall. Additionally, convention business is recovering, just at a slower pace than leisure travel. According to Visit Jacksonville, 30,000 room nights that canceled in 2020 have been rebooked.

- Over the past five years, Jacksonville has experienced significant growth in the financial services industry, earning the reputation as Florida's banking center. Approximately 20 major banks and investment services firms on Forbes Global 2000 list have operations in Jacksonville, making. Jacksonville the top U.S. city for financial institutions. TIAA's $2.5 billion acquisition of Everbank Financial Corporation (the largest financial institution based in Florida), moved its headquarters from St. Louis to Jacksonville. This transaction is expected to lead to stronger growth in Jacksonville's already robust financial services sector. Ernst & Young is expanding in Jacksonville, creating a client delivery center that will bring technology related business process support and other professional services to their banking, insurance and capital market clients in Jacksonville. This expansion will include the creation of approximately 450 new jobs by December 2020. Lastly, VyStar Credit Union is relocating its headquarters from the suburbs to downtown Jacksonville over the next year, bringing 600 to 700+ employees to the city. VyStar is buying the 23-story SunTrust Tower and will rename it VyStar Tower. The move is expected to take place over the next 12 to 18 months. VyStar is the second-largest credit union in Florida and the 17th largest in the U.S. with $6.8 billion in assets and 610,000 members.
- E-commerce and fintech are a very high growth areas for Jacksonville. Over the past five years, JAXUSA has been involved in the announcement of 13 e-commerce companies relocating to the region with a total capital investment of over $3.3 billion in infrastructure and the addition of nearly 18,000 jobs. Fintech's most recent addition was announced by Nymbus, which recently collaborated with VyStar and in now VyStar's new online and mobile banking solution provider. As previously mentioned, Nymbus is opening a new corporate headquarter office in Jacksonville. Dun & Bradstreet, a leading global provider of business decisioning data and analytics, is moving their headquarters from New Jersey to Jacksonville. This adds to the already robust fintech base, anchored by FIS, the world's largest fintech company, is currently underway with their new 300,000 square foot headquarters along downtown Jacksonville's riverfront that will add 500 new high-wage jobs and $150 million in capital investment. NewRez LLC announced plans to expand their footprint, making the city one their enterprise core locations, hiring an additional 100 jobs in Jacksonville, more than doubling the existing operations with the potential for adding more. In 2019, fintech announcements resulted in more than 1,100 jobs in Jacksonville, including SoFi, the West-Coast based premium financial services platform, who recently opened its new operation in Jacksonville. SoFi invested $5.5 million in the new office space and is committed to creating 300 high-wage jobs. SS&C is expanding its operations in its existing Southside Jacksonville office by investing $1.7 million in capital expenditures. The expansion includes 198 new jobs to add to the current employee count of 550 and is offering an average wage of $64,000. Both companies plan to hire all jobs by the end of 2021.
- Jacksonville Port Authority, JAXPORT, set a new container volume record in fiscal year 2021 (which ended September 30). More 1.4 million 20-foot equivalent units (TEUs) moved through JAXPORT in fiscal year 2021, increasing 10% from 2020 and 5% over 2019, which was a record year for container volumes at the port. Strong consumer demand and the port's auto business bolstered growth, despite the pandemic, as JAXPORT offers same-day access to 98 million consumers. More than 616,000 vehicles moved through the port this year, increasing 13% over 2020 volumes. Of note: an industry-wide shortage of auto parts, notable microchips, tempered auto growth during the second half of the year. Additionally the ongoing suspension of cruise service from Jacksonville tempered the port's revenue growth. Carnival Cruise line recently extended its pause on its cruise service through February 2022. Prior to the pandemic, cruise business represented approximately 8% of the ports annual revenue.

- American Roll-On Roll-Off Carrier Group, a global logistics and shipping services company, recently announced the relocation of its corporate headquarters, bringing 50 new high-wage jobs to Ponte Vedra Beach in St. Johns County. As previously mentioned, JAXPORT is a top vehicle-handling port in the U.S., moving over 616,000 vehicles in fiscal year 2021, an amount expected to grow through the harbor deepening project of the St. Johns River to depths of 47 feet to be completed through Blount Island in June 2022. More than $200 million in berth enhancements are underway to allow Blount Island to simultaneously accommodate two post-Panamax vessels and handle more containers.

Demographic Characteristics

The demographic characteristics of the Jacksonville CBSA are slightly weaker compared to national demographic traits. At 39 years, residents in the region are a year older than the national average and 30.8% of the residents have a bachelor's degree or higher, compared to the 31.6% of the nation. High educational attainment levels usually correspond with higher average household incomes with 28.3% of households in the CBSA have incomes of $100,000 or more, compared to 30.5% of the national levels.

The following chart compares the demographic characteristics of Jacksonville, FL with those of the United States:

Demographic Characteristics
Jacksonville, FL CBSA vs. United States
2021 Estimates

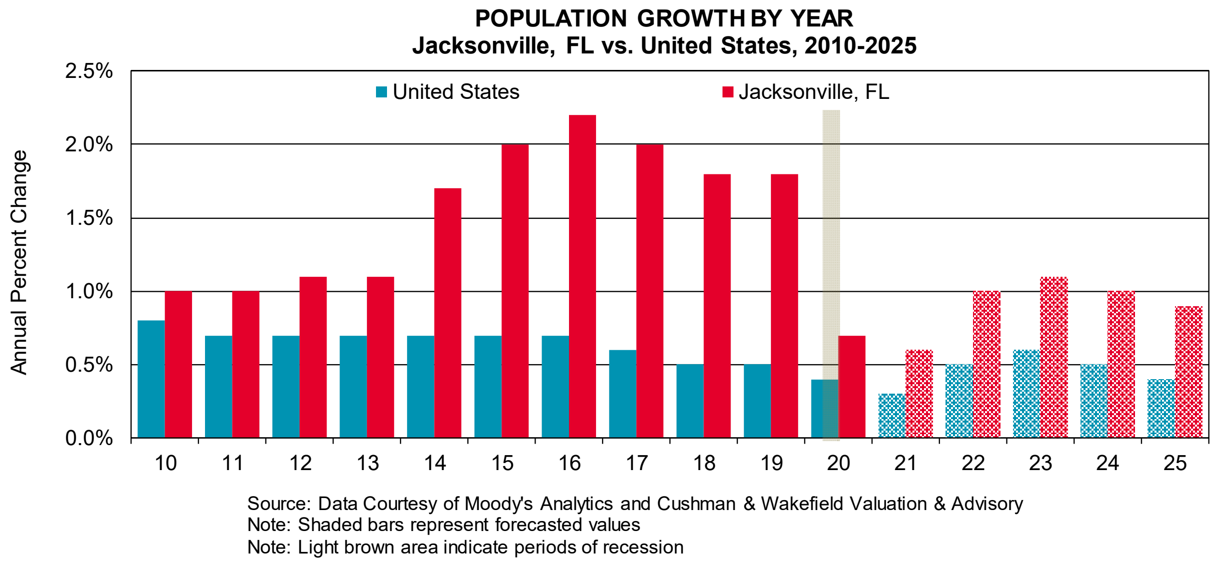
Characteristic	Jacksonville CBSA	United States
Median Age (years)	39	38
Average Annual Household Income	$90,739	$94,822
Median Annual Household Income	$64,626	$65,693
Households by Annual Income Level:		
<$25,000	17.4%	18.5%
$25,000 to $49,999	21.3%	20.1%
$50,000 to $74,999	18.9%	17.5%
$75,000 to $99,999	14.1%	13.4%
$100,000 plus	28.3%	30.5%
Education Breakdown:		
< High School	9.3%	12.3%
High School Graduate	28.0%	27.2%
College < Bachelor Degree	31.9%	28.9%
Bachelor Degree	20.3%	19.5%
Advanced Degree	10.5%	12.1%

Source: © 2021 Experian Marketing Solutions, Inc. •All rights reserved•
Cushman & Wakefield Valuation & Advisory

Population

Population growth in the Jacksonville CBSA outpaced the national average over the past decade, increasing at an average annual rate of 1.5% between 2010 and 2020, compared to 06% average growth rate of the nation over that time. Over the next five years, Jacksonville's population is forecast to decrease to an average annual growth rate of 1%, outpacing the national average by 50 basis points per year over the time period.

The following chart compares population growth between Jacksonville, FL and the United States:



The following table shows Jacksonville, FL's annualized population growth:

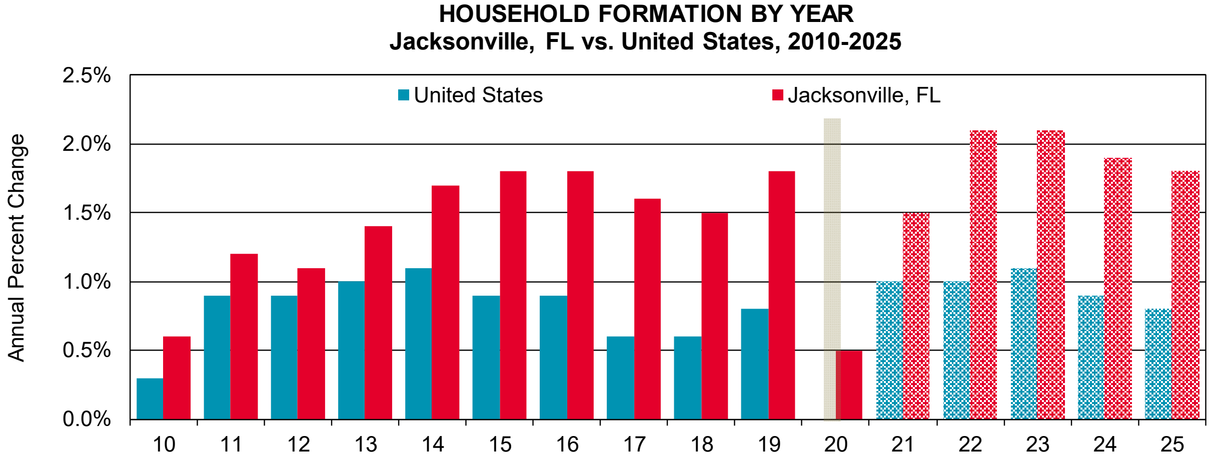
Annualized Population Growth Jacksonville, FL 2010-2025						
Population (000's)	**2010**	**2020**	**Forecast 2021**	**Forecast 2025**	**Compound Annual Growth Rate 10-20**	**Compound Annual Growth Rate 21-25**
United States	309,327.1	329,484.1	330,605.8	337,260.6	0.6%	0.5%
Jacksonville, FL	**1,348.9**	**1,570.7**	**1,580.8**	**1,646.7**	**1.5%**	**1.0%**

Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

Households

Generally, a region's household formation trends are directly tied to its overall population growth, as an increase in the population drives demand for real estate. Like population growth, household formation in the Jacksonville CBSA outpaced national expansion, increasing at an average rate of 1.5% per year compared to the 0.8% annual national growth rate. Through 2025, household formation in the CBSA is forecast to improve to average 2% per year, outpacing the average annual growth rate of the nation over the same time period.

The chart below compares household formation growth between Jacksonville, FL and the United States:

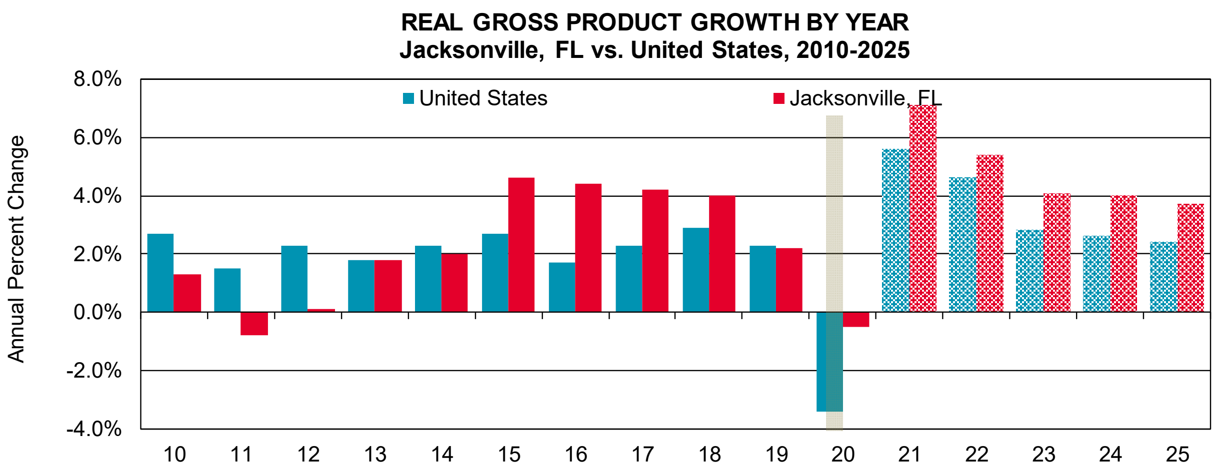


Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars represent forecasted values
Note: Light brown area indicate periods of recession

Gross Metro Product

Gross Metro Product (GMP) is defined as the market value of all final goods and services produced within a metropolitan area, and when compared to the nation's Gross Domestic Product (GDP), can determine shifting economic trends in a given region. Economic growth in Jacksonville outperformed national economic expansion over the decade, averaging 2.2% annually from 2010 through 2020. By comparison, GDP increased at an average annual rate of 1.6% over the past ten-year period. Jacksonville's GMP is forecast to increase to an average annual growth rate of 4.3% through 2025, ahead of the 3.1% per year average growth rate of the national average.

The chart below compares gross product growth by year for Jacksonville, FL and the United States:

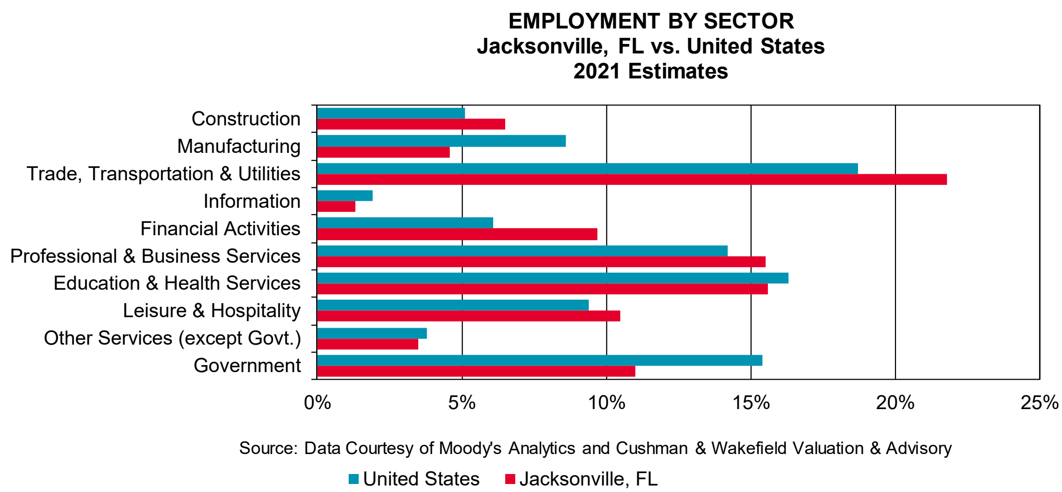


Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars represent forecasted values
Note: Light brown area indicate periods of recession

Employment Distribution

Jacksonville's employment base is heavily weighted towards several industries and has substantial diversity. The largest employment sector in the county is trade, transportation and utilities, accounting for roughly 22% of the employment base, followed by education and health services (15.6%), then professional and business services (15.5%). Jacksonville employs more people in the following employment sectors than the nation: construction, trade, transportation and utilities, financial services, professional and business services and leisure and hospitality.

The following chart compares non-farm employment sectors for Jacksonville, FL and the United States:



Major Employers

The following table lists Jacksonville, FL's largest employers:

Largest Employers
Jacksonville, Florida

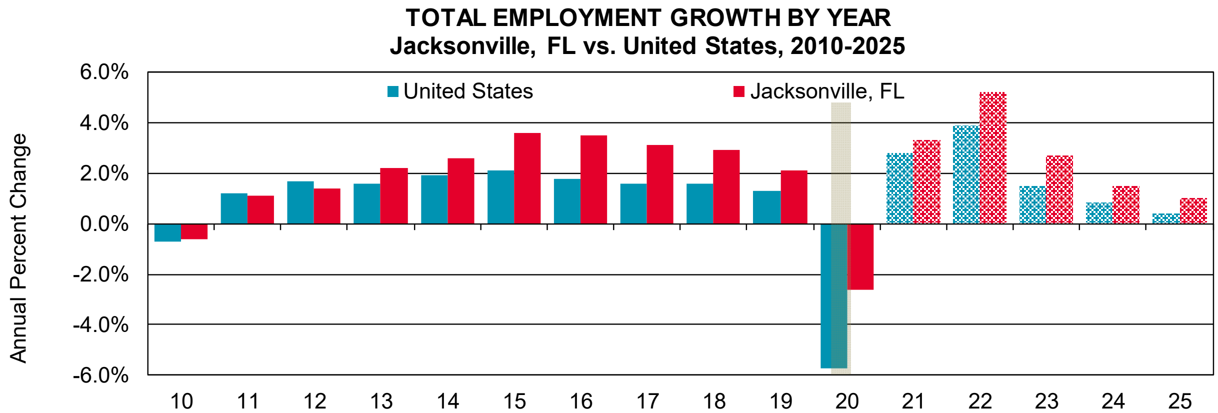
Company	No. of Employees	Business Type
Baptist Health	12,400	Health & Biomedical
Bank of America	7,700	Financial Services
Mayo Clinic	6,400	Health & Biomedical
Southeastern Grocers	5,700	Retail
Florida Blue	5,700	Financial Services
Ascension St. Vincent's	5,400	Health & Biomedical
Amazon	5,000	Transportation & Logistics
UF Health	4,200	Health & Biomedical
Fleet Readiness Center Southeast	4,200	Advanced Manufcaturing
Citi	4,000	Financial Services

Source: JAXUSA Partnership;
Cushman & Wakefield Valuation & Advisory

Employment Growth

From 2010 through 2020, the Jacksonville, FL regional employment growth exceeded national expansion, averaging 2% annually, whereas the nation averaged an annual growth rate of 0.9%. Job growth in Jacksonville is forecast to increase to an average annual growth rate of 2.6% through 2025, outpacing the national average projected growth rate of 1.7% per year.

The following chart illustrates employment growth for Jacksonville, FL and the United States:

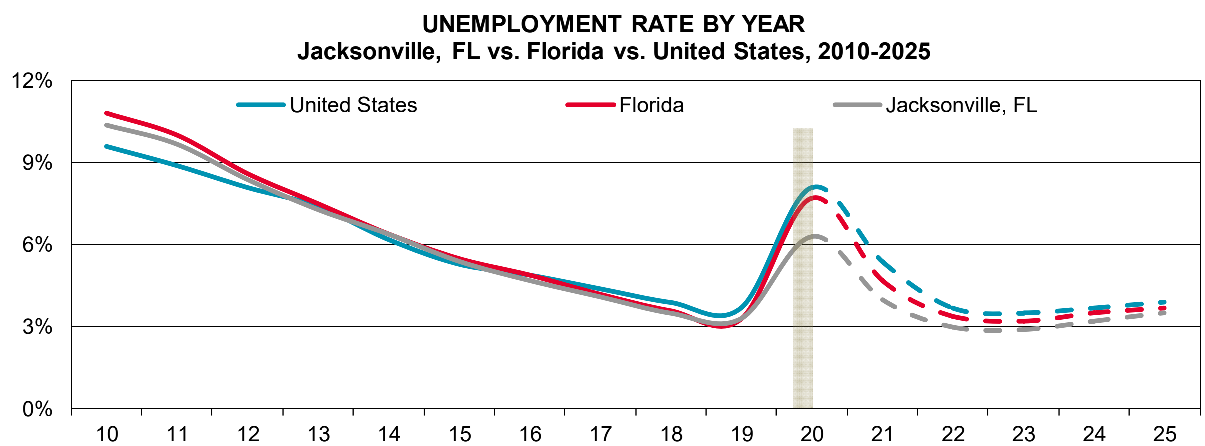


Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars represent forecasted values
Note: Light brown area indicate periods of recession

Unemployment

As of September 2021, the unemployment rate in the Jacksonville CBSA measured 3.7%, reflecting 31,000 persons out of work. By comparison, the state of Florida unemployment rate measured 4.9% and the national rate was 4.8%. From 2010 through 2020, the Jacksonville regional unemployment rate decreased at an average annual rate of 5%, compared to the nation's unemployment rate which decreased at an average annual rate of 1.7%. Jacksonville unemployment rate is forecast to decrease by an average annual rate of 3.3% between 2021 and 2025.

The graph below illustrates unemployment rates for Jacksonville, FL, the State of Florida, and the United States:



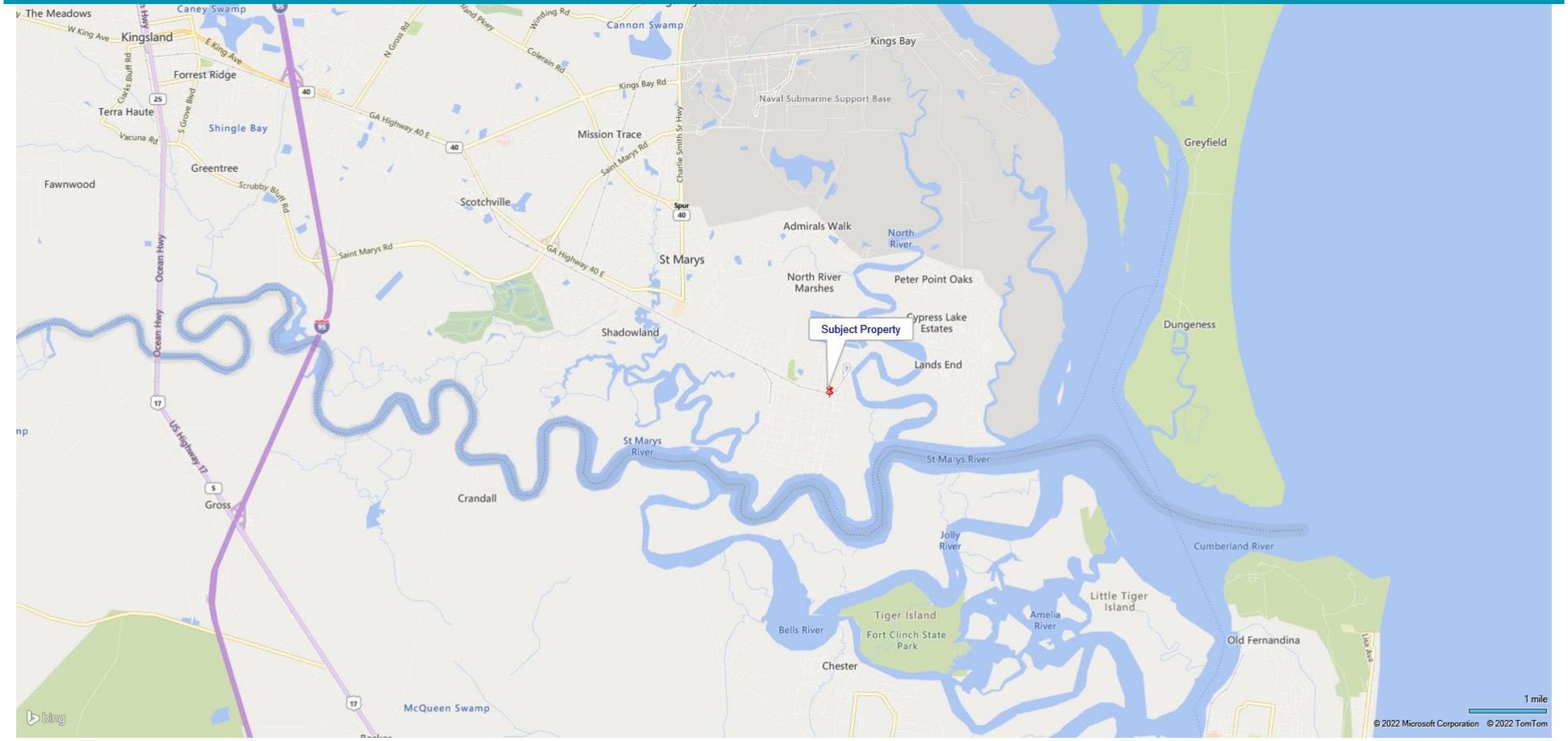
Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Dotted lines represent forecasted values
Note: Light brown area indicate periods of recession

Conclusion

Like the rest of the country, Jacksonville's economy continues to wrestle with the impacts of COVID-19, albeit, Florida's COVID-19 restrictions are less stringent compared to northeast states. The immediate negative effects on jobs had been significant and the long-term effects of the pandemic remain unknown; however, all major sectors that significantly add to the economy are trending positively on a year-over-year basis. The State of Florida moved into Phase 3 of reopening in late 2020, lifting restaurant/bar capacity limits and suspending fines for mask violations. The state of Florida’s recovery continues to outpace the national average with local economists projecting favorable outlook through the remainder of the year and beyond with the economy exceeding pre-pandemic conditions in the near future. With the state’s recovery successes, local economists project Jacksonville’s long-term prospects are favorable, as the region is well positioned for future growth beyond pre-pandemic levels. The Jacksonville region regained all of the jobs lost during the initial onset of the COVID-19 pandemic. The robust growth of the fintech and logistics sectors is a major boost for the economy with new capital investments allowing the region to outperform the nation.

Local Area Analysis

LOCAL AREA MAP



Location Overview

The subject is in the city of St. Mary’s and is considered a suburban location. The city of St. Mary’s is situated in Camden County. The subject is located just east of Highway 40 (Osborne Street), at the terminus of Meeting Street East. The subject is less than three miles from the Kings Bay Naval Base.

Neighborhood Analysis

St. Mary’s is known as “The Gateway to Cumberland Island” and offers minimal lodging, shopping and dining. Also located in downtown St. Mary’s is the St. Mary’s Welcome Center, the St. Mary’s Submarine Museum, The Georgia Radio Museum & Hall of Fame, the Orange Hall house museum, the Cumberland Island National Seashore Museum, Cumberland Visitors Center and the ferry departure point. Recent hurricanes demolished several of the downtown piers and docks; however, discussions with the City of St. Mary’s indicated there are plans and approved monies to re-build these piers and docks. Additionally, the City has allocated funds to complete a large infrastructure and streetscaping improvement project which includes sidewalk expansion and a splash pad. Additionally, this streetscape expansion of St. Mary’s Street between Osborne Street and Wheeler Street, will include the reduction in the width of asphalt, the addition of greenery, and expansion of the sidewalk on the north side of St. Mary’s Street.

Nearby and Adjacent Uses

Kings Bay Naval Base is located in southeast Camden County and is the county’s largest employer with 8,979 jobs. The land, formerly plantations in the 1700’s and 1800’s and later a seldom used army base in the 1950’s, came under the control of the Navy in 1976 when Submarine Squadron 16 withdrew from Rota, Spain. In 1979 it was announced that Kings Bay would be the home port for the new Trident-missile submarines for the Atlantic Fleet. This started the largest peacetime construction program ever undertaken by the US Navy. The program took nine years to complete at a cost of around $1.3 billion. Today, the base is home to three major commands: Trident Training Facility, Trident Refit Facility and Strategic Weapons Facility, Atlantic and encompasses around 16,000 acres.

A major renovation is coming to the Naval Submarine Base Kings Bay waterfront in preparation for the arrival of the new Columbia-class submarines. The project, estimated to cost more than $840 million, will include $500 million in upgrades to the dry dock and other infrastructure needed to accommodate the new ballistic missile submarines. Other planned work includes a $160 million transit protection program facility, a $138.6 million nuclear regional maintenance facility and an expansion of the Columbia training facility. The work on the dock is scheduled to begin in 2020 and take about three years to complete.

Kings Bay is also an important economic part of our area. Along with all the Navy personnel that call the area home, there are civilian workers who work at the base in a variety of roles. That number is going up when the project begins. While the base is prepared for its new submarines, the expansion will provide around 1,000 local jobs. The base will need civilian workers performing skilled and unskilled labor during the construction and renovation project. Additionally, a 3,000 person increase in Naval Base personnel is projected to service the new submarines.

Land Use Changes

The immediate area surrounding the subject is an established area of development, consisting primarily of residential and commercial uses with much of the development being built during the 1980’s, 1990’s and 2000’s. The subject is located just east of Georgia Highway 40 East, the primary commercial corridor in the neighborhood. It traverses the neighborhood in an east west direction connecting St. Marys to Kingsland. Commercial development in the neighborhood is concentrated along Highway 40, near its interchange with I-95. Uses include those typically found near major interstate routes in rural areas, including limited service hotels, fast-food and sit-down restaurants, service stations, branch banks, neighborhood and community shopping centers, etc.

The majority of the single-family residential development within a three-mile radius of the subject may be described as tract homes. Multi-family residential development includes a mixture of Section 8, tax credit, and non-subsidized apartment projects in Kingsland and St. Mary's. Due to the largest employer being Kings Bay Naval Submarine Base, a majority of apartment residents are in the military.

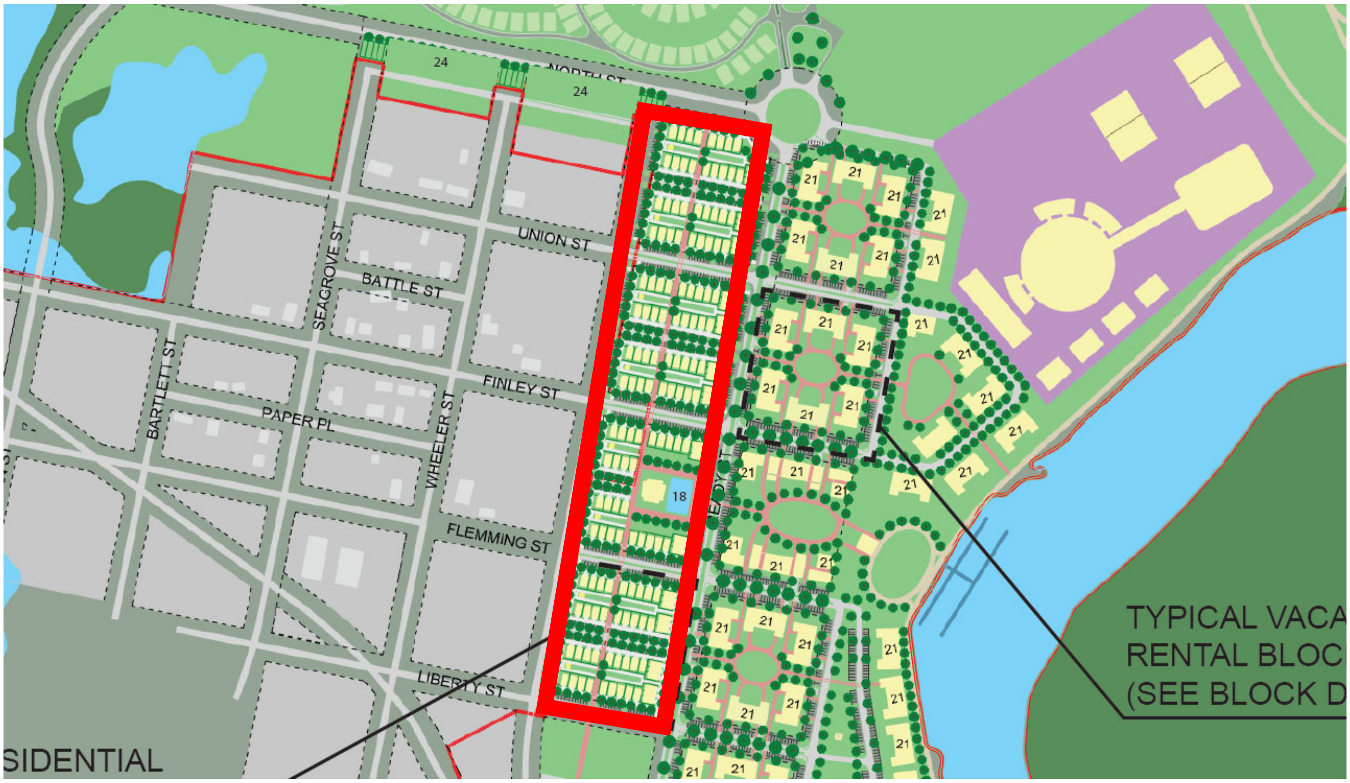
Access

Local area accessibility is generally good, relying on the following transportation arteries:

Regional Access	Highway 40/Osborne Road and St. Mary's Road provide ease transit throughout the City and access to Interstate 95.
Local Area / Direct Access:	Interstate 95 provides regional ingress and egress, with the nearest access point being approximately 6.8 miles west of the subject.

Cumberland Inlet - Proposed Development

Above is the overall proposed development consisting of a Marina, RV park, and multi-family development.



Outlined in red is the subject of this report, which is an approximate 30-acre portion of the overall development.

Demographics

Selected neighborhood demographics in 1-, 3-, and 5-mile radii from the subject are shown in the following table:

DEMOGRAPHIC SUMMARY	1.0-Mile Radius	3.0-Mile Radius	5.0-Mile Radius	Jacksonville CBSA	State of GA	United States
POPULATION STATISTICS						
2000	2,263	8,639	17,585	1,120,884	8,186,388	281,422,025
2021	1,883	8,191	21,307	1,593,145	10,717,533	331,030,342
2026	1,838	8,226	22,250	1,706,905	11,148,168	342,471,025
Compound Annual Change						
2000 - 2021	-0.87%	-0.25%	0.92%	1.69%	1.29%	0.78%
2021 - 2026	-0.48%	0.09%	0.87%	1.39%	0.79%	0.68%
HOUSEHOLD STATISTICS						
2000	954	3,137	5,969	431,895	3,006,316	105,480,443
2021	883	3,252	7,618	622,912	3,991,308	126,093,779
2026	871	3,282	8,028	671,408	4,178,753	131,168,645
Compound Annual Change						
2000 - 2021	-0.37%	0.17%	1.17%	1.76%	1.36%	0.85%
2021 - 2026	-0.27%	0.18%	1.05%	1.51%	0.92%	0.79%
AVERAGE HOUSEHOLD INCOME						
2000	$48,429	$45,900	$48,415	$55,285	$56,637	$56,675
2021	$68,587	$65,964	$75,587	$90,739	$88,975	$94,822
2026	$69,956	$67,152	$77,170	$95,004	$93,339	$99,827
Compound Annual Change						
2000 - 2021	1.67%	1.74%	2.14%	2.39%	2.17%	2.48%
2021 - 2026	0.40%	0.36%	0.42%	0.92%	0.96%	1.03%
OCCUPANCY						
Owner Occupied	58.29%	54.06%	57.46%	65.04%	63.48%	63.90%
Renter Occupied	41.71%	45.94%	42.54%	34.96%	36.52%	36.10%

SOURCE:

Conclusion

As shown in the previous table, the subject's neighborhood experienced positive growth in households and population between 2000 and 2021, within a 5-mile radius. Additionally, growth is projected to reflect positive trends for the next five years. The subject is a proposed marina mixed-use project that will conform well to surrounding neighborhood infrastructure and support services. Overall, the outlook for the neighborhood is for stable performance over the near-term with continued growth over the longer term. As a result, the demand for existing and proposed developments is expected to be stable for the foreseeable future.

National Apartment Market Analysis

Introduction

Overview

The recession that began in March 2020, triggered by the COVID-19 pandemic, was short and steep. In the second quarter of 2020, real (inflation-adjusted) gross domestic product (GDP) collapsed at a record 31.4% annual pace, only to bounce back at a record 33.4% annual rate in the third quarter. In the final quarter of 2020, the pace of recovery had slowed substantially as the pandemic worsened again, and for year-end 2020 the GDP remained 2.5% below its peak in fourth quarter of 2019. For fourth quarter 2021, economic activity increased at an annual rate of 6.9%. For the year, GDP increased 5.7%, sitting above the GDP decline of 3.4% in 2020, as the COVID-19 situation improved behind increased vaccinations, reopening of businesses and less restrictive policies across the U.S.

Driving much of this slowdown were concerns about the Delta variant, but as we head towards the end of the year, fears have eased. In fact, in early November, the U.S. ended its travel ban and open its borders. Upon the lifting of this restriction, airlines are now tasked with verifying vaccination statuses of those entering the country, a burden not previously required. This is a welcome burden, however, as industry advocates have been pushing the Biden administration to lift resections for months, arguing that the U.S. was lagging other countries that had already opened their borders. Travel is expected to boom through year-end as U.S. travel has already almost rebounded to pre-pandemic levels, and more than doubled since the same time last year.

According to the Census Bureau for Housing Data, more households are headed by renters than at any other point since 1965. House prices continue to climb forcing individuals and families, especially young adults, into the apartment market. During 2020, renters were more likely than existing homeowners to buy homes, with many shifting into homeownership through the late summer and early fall. The likelihood of homeowners to sell their homes measured at 18% and renters looking to purchase a home at 34% has held steady since the beginning of 2021. The biggest concern for the industry is supply, as completions have outpaced demand in each of the past five years and the industry is expected to see more supply over absorption through 2025, according to estimates from Reis, Inc. Despite this worry, favorable demographic trends and an improving economy continues to largely benefit the rental sector. Strong demand for the apartment market will maintain its recent gains for the foreseeable future and the apartment sector still remains as the most heavily transacted sector in the U.S. Even still, apartment property prices are rising and outpacing all other property types, except for the industrial sector, in terms of price growth during the year.

COVID-19 Impacts

The economy continues to recover from the impacts of the COVID-19 pandemic and the economic crisis that followed. While social distancing rules have been relaxed across most of the country, vaccination rates vary greatly across different regions, and the nation has not yet reached herd immunity. Additionally, the Delta variant strain has caused another recent surge that is clouding the recovery. That being said, it is important to take in mind that data lags, and we are still trying to accurately determine the pandemic's current effects on the commercial real estate market. In other sections of the report, we will discuss these effects and impacts on the immediate market and subject property in as much detail as possible. Therefore, we ask that you consider the following points:

- Early in the COVID-19 pandemic, most non-essential businesses shut down, causing significant disruption in the economy. As things are opening back up, some businesses are not returning or are returning in a different capacity.

- Certain property types have been more heavily impacted than others, with some asset classes benefiting from the COVID environment. Broadly speaking, cap rates and price growth remain relatively flat across the board, but in certain asset types and properties there is notable compression or expansion within these metrics.
- Investment activity picked up significantly in the first half of the year, with a clear flight to quality.
- The global pandemic has affected the national apartment market and landlords and renters are wondering where the rent will be coming from over the next several months. Through December 31, 92% of rental households paid either full or partial rental payments, according to the National Multifamily Housing Council (NMHC). This is a 1.8 percentage point decrease from the share who paid rent through December 31, 2020 and under the 95.9% that had paid by December 31, 2019.
- The Federal Housing Finance Agency moved to protect multifamily owners and tenants in response to the novel coronavirus. Apartment landlords with government-backed mortgages can avoid foreclosure if they do not evict tenants, and the order applies to Fannie Mae and Freddie Mac mortgage companies, which will extend mortgage forbearance to any landlord negatively affected by the coronavirus national emergency. Several states and local governments have put temporary eviction moratoriums in place during the pandemic. Additionally, the Biden administration announced a new federal moratorium on evictions on August 3 in a move to extend protections for tenants who have fallen behind on rent due to the pandemic. However, the Supreme Court rejected the moratorium placing hundreds of thousands of tenants at risk.
- The United States’ coronavirus multifamily loan forbearance programs has seen the number of borrowers looking for support continue to increase. Fannie Mae and Freddie Mac have created three additional forbearance options to assist multifamily borrowers during the COVID-19 pandemic. The options include delaying the start of the repayment period following forbearance, an extension of the repayment period and an extension of the forbearance period with an optional extended repayment period.

National Apartment Market Statistics

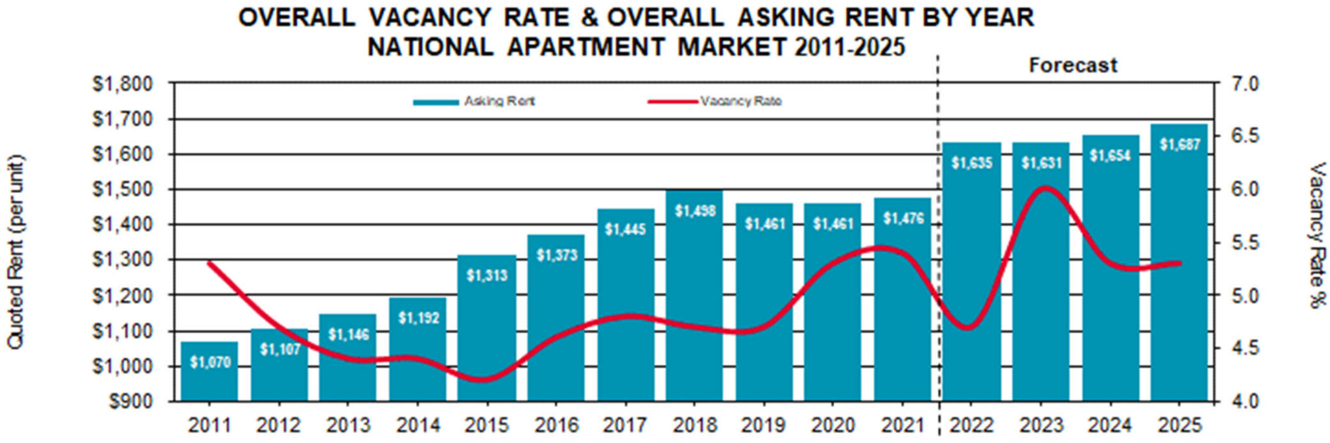
Vacancy and Asking Rent

Strong absorption levels since 2010 resulted in a drop in overall vacancy rates, a trend that continued in the following years. Occupancy levels caused developers to add large quantities of supply to the market over recent years. As completions surpassed net absorption for the sixth consecutive year in 2020, the market’s vacancy rate rose six basis points year-over-year, to 5.3% at year-end 2020. Many feared that rent growth would suffer as a consequence of apartment volume and increasing vacancy rates, but this has not been the case. Between 2015 and 2019, average asking rates increased by 18.7%. Additionally, the COVID-19 pandemic affected tenant demand as prospective tenants moved out of cities and postponed moving into apartments during the pandemic.

Through year-end 2021, 202,166 units were absorbed, behind the 146,301 units that were completed during the year. At the end of 2021, overall net absorption improved by 33% in a year-over-year comparison, according to data from Reis, Inc. Net absorption is projected to observe a general slowdown through 2025. The five-year average from 2016 through 2020 saw 210,410 units being absorbed annually, while the five-year annual absorption average from 2021 through 2025 is projected at 159,737 units per year.

At the end of 2021, the market’s average asking rents, at $1,635 per unit, have increased 11.9% in a year-over-year comparison as prices climbed through the end of the year. Going forward, Reis, Inc. anticipates that the apartments market’s vacancy rate will slightly fluctuate over the next five years, due to high levels of supply. Furthermore, Reis, Inc. projects that the average asking rent to rise to $1,898 per unit in 2025, representing an increase of 15.4% from year-end 2021.

The following graph displays historical and projected vacancy and asking rent between 2011 and 2025:



Source: © 2020 Reis, Inc.
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Note: Data includes Classes ABC. Complexes w/40+ units (except CA & AZ 20+)

National Apartment Investment Sales Market

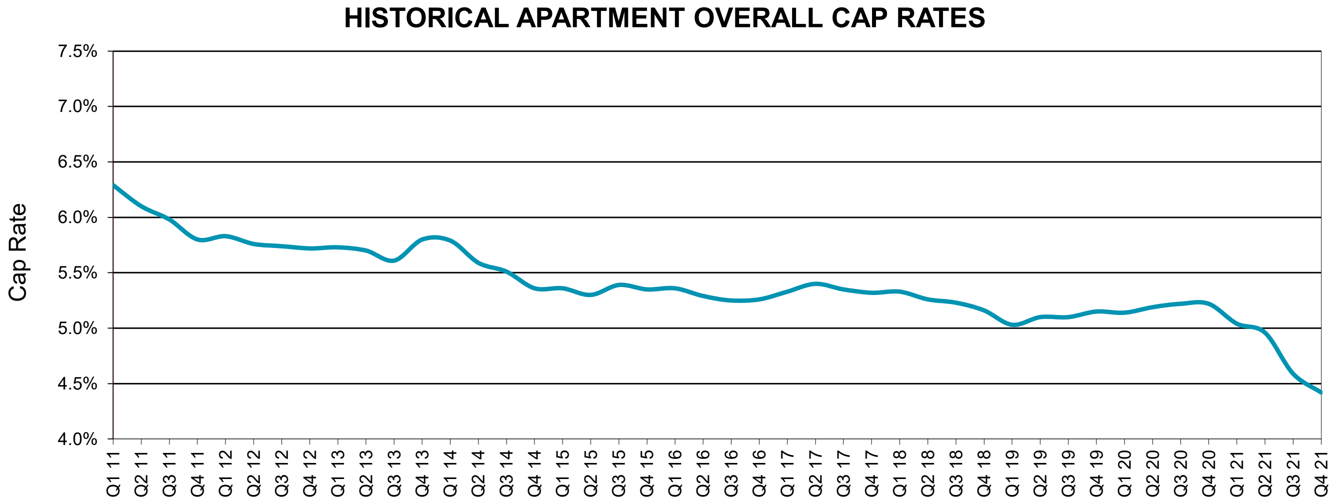
Overall Capitalization Rates

Both the PriceWaterhouse Coopers (PwC) Real Estate Investor Survey and the National Council of Real Estate Investment Fiduciaries (NCREIF) methodologies offer unique perspectives on capitalization rate trends. The PwC Real Estate Investor Survey calculates its data based on a personal survey of major institutional equity real estate market participants. In contrast, NCREIF looks at data from appraisals included in their benchmark property return index. The index contains quarterly performance data for unlevered investment-grade income-producing properties, which are owned by, or on behalf of, exempt institutions.

The PwC Real Estate Investor Survey and NCREIF data demonstrates how capitalization rates (OAR) soar during an economic downturn. The risk associated with apartment buildings in 2009 pushed the OAR to 8%, according to PwC. At the end of fourth quarter 2021, the PwC Investor Survey reported the average capitalization rate for apartment properties, at 4.4%, fell 17 basis point below the average cap rate recorded in the previous quarter, after falling eight basis points from fourth quarter 2020. 60% of the surveyed investors noted that current market conditions favor sellers, while 40% believe market conditions favor neither buyers nor sellers. Additionally, investors believe rising home prices will keep the renters in apartments and drive market fundamentals over the near term.

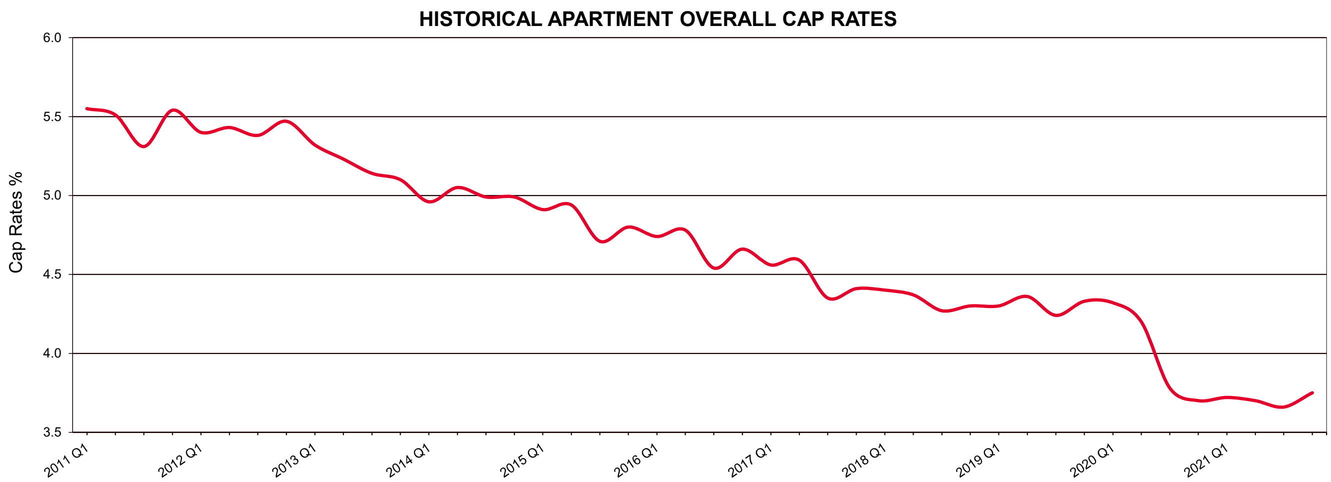
According to NCREIF, the overall capitalization rate, at 3.8% in fourth quarter 2021, dropping nine basis points from the previous quarter and falling five basis points the year prior. Despite displaying distinct rates, similar trends are usually evident in both the PwC Real Estate Investor Survey and NCREIF data. Even with the difference in the quarterly data, both surveys suggest that capitalization rates are well below what they were 10 years ago. This emphasizes investors' positive sentiment toward the apartment market.

The following graph reflects historical trends for national apartment market OARs, per PwC:



Source: PwC Real Estate Investor Survey

The following graph reflects national historical cap rate trends as reported by NCREIF:



Source: NCREIF, the numbers represent equal weighted cap rate

Sales Volume

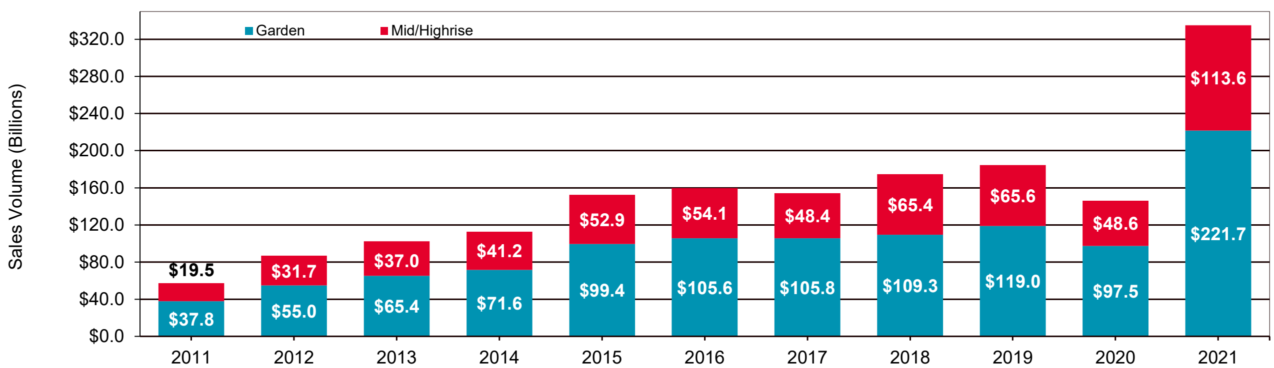
Total apartment sales volume returned to prerecession levels in 2013 and grew through 2016, when sales volume set a new high. In 2017, sales volume for the national apartment market declined on an annual basis for the first time since the economic expansion began. A total of roughly 8,000 properties transferred for $153.9 billion, representing a 3.5% drop on an annual basis. Investors were mindful of the recent interest rate increases and aware that further potential hikes were on the horizon.

Through year-end 2021, sales volume in the apartment sector totaled approximately $335.3 billion, increasing by $189.2 billion in a year-over-year sales comparison. According to Real Capital Analytics, mid/high-rise transactions rose $65 billion from year-end 2020. Furthermore, garden-style apartment community’s transactions are up by $124.2 billion in a year-over-year comparison.

Through fourth quarter 2021, apartment volume significantly increased by 129.5% in a year-over-year comparison as the apartment sector saw transaction volume hit record high levels for any second quarter period, according to Real Capital Analytics. Deal volume for the quarter totaled roughly $148.9 billion and deal volume for the year totaled approximately $335.3 billion. For the year, the non-major metros continue to outperform the major metros in transaction volume, with roughly $210.5 billion in activity through the end of 2021. Major metro transaction volume totaled approximately $62.6 billion over the same frame.

The following graph reflects national apartment historical sales volume for both garden and mid/high-rise properties from 2011 through fourth quarter 2021, as surveyed by RCA:

NATIONAL APARTMENT HISTORICAL SALES VOLUME
2011 - 2021



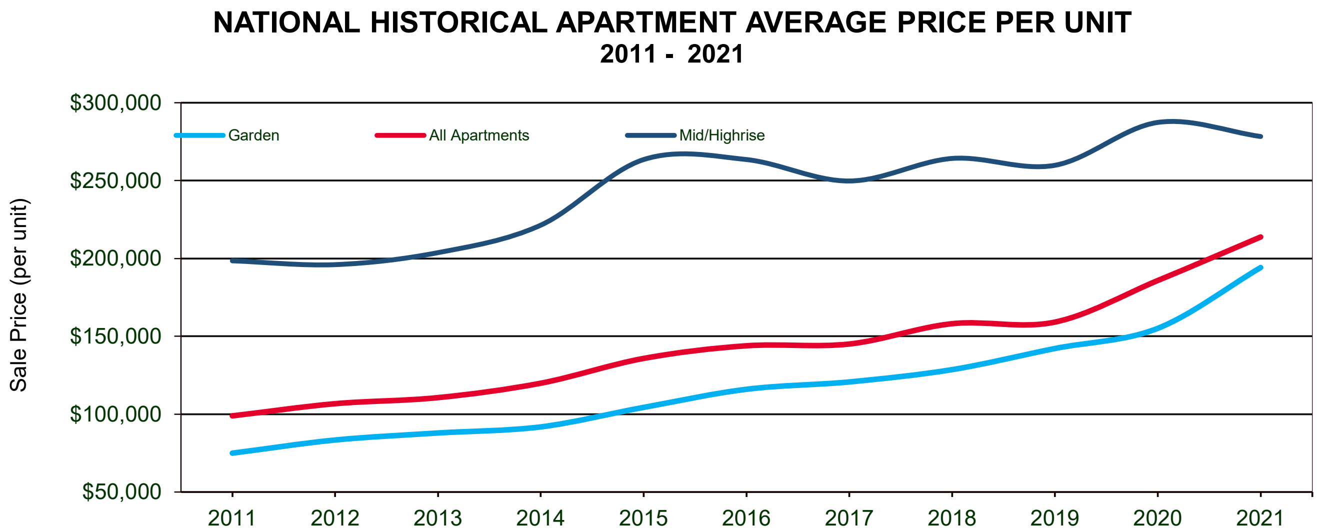
Source: Real Capital Analytics

Average Sales Price per Unit

The average price per unit has steadily increased over the past few years. As the market recovered, the value of the average apartment appreciated, however a portion of apartment units that were sold following the financial crash were distressed assets, limiting price growth. Over the last five years there has been a decline in distressed assets that are available for purchase. This has led to escalating prices alongside an increasingly strong appreciation for mid- and high-rise properties in primary and secondary markets.

Through fourth quarter 2021, the price per unit for garden properties was $194,274 and the mid/high-rise price per unit, at a weighted average of $278,440 per unit during the same time period. At the end of 2021, the average price per unit for all apartments, at $213,761, increased by 15.1% in a year-over-year comparison. The average price per unit in the six major metro markets sits at $359,692 per unit while the non-major metro markets average price per unit comes in at $214,615 per unit.

The following graph reflects the national apartment's weighted historical averages for price per unit as surveyed by RCA:



Source: Real Capital Analytics

The Moody's/RCA Commercial Property Index

The Moody's/RCA Commercial Property Price Index (CPPI) is an advanced repeat-sale regression analytic used to measure price changes in U.S. commercial real estate. The analysis allows for a timely and accurate picture of U.S. commercial property price trends. The Index uses transaction data sourced from Real Capital Analytics (RCA) and a methodology developed by a team headed by MIT Professor David Geltner working in conjunction with Moody's and RCA.

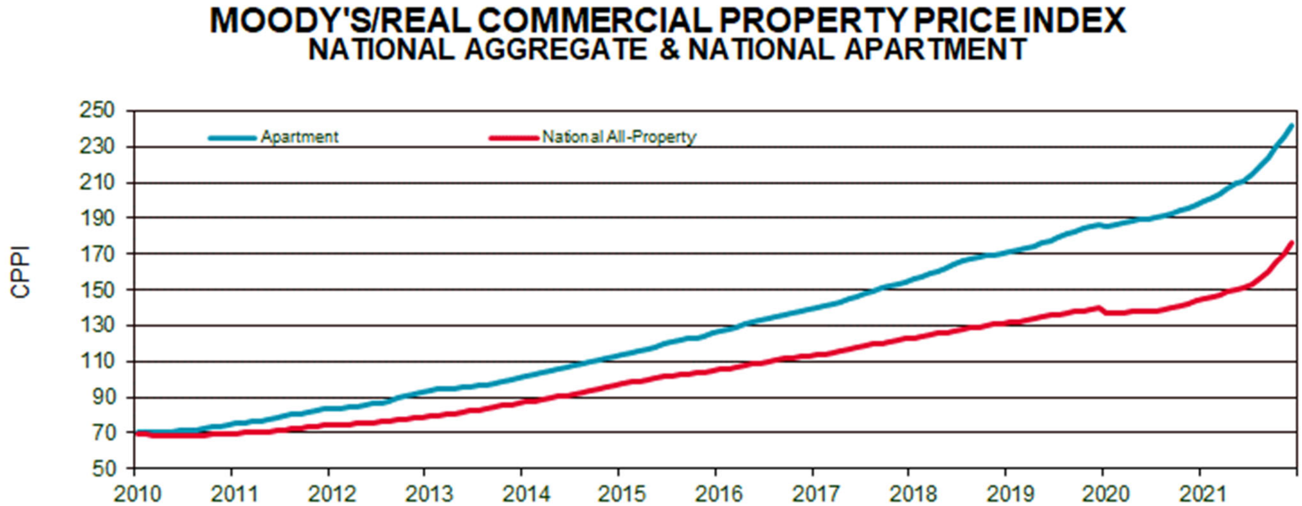
Several characteristics qualify property sales data for inclusion in the CPPI:

- The minimum value of a sale for inclusion is $2.5 million.
- Each sale must be a valid arms-length transaction. Foreclosures and other non-market transactions are excluded.
- A minimum of 12 months between sales is necessary to control against "flips."
- Neither of the sales in a pair can represent a material change in property use or size.

A transaction is excluded if the annualized return is less than negative 50% or greater than 50%. This restricts the inclusion of erroneous reports, major rehab projects, and partial sales or otherwise flawed data.

The national index for all properties as of December 2021 was 176.2, an increase of 22.5% from December 2020. The apartment CPPI has increased by 22.7% to 242.4 in a year-over-year comparison.

The following graph displays the Commercial Property Price Index from 2010 through December 2021:



Source: Moody's/REAL; *National Aggregrate reflects data as of December 2021

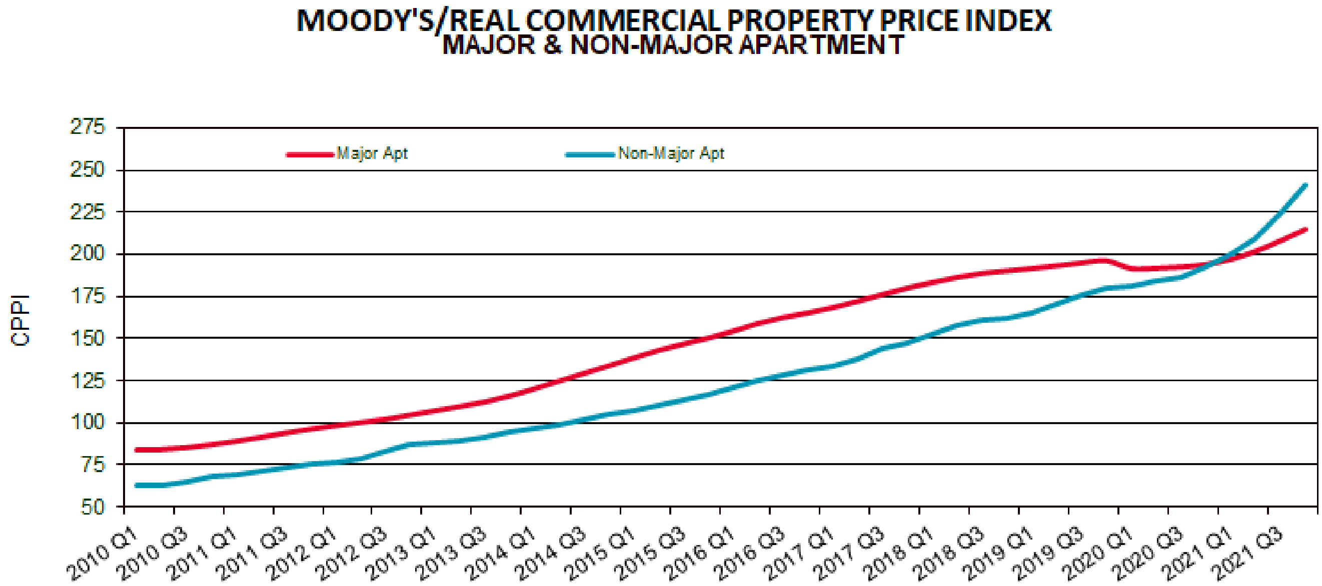
Major and Non-Major Apartment Property Index

Moody's major markets include the six metropolitan areas of: Boston; Chicago; Los Angeles; New York; San Francisco; and Washington D.C., which are often referred to as gateway markets. These markets reflect significant differences in liquidity, when compared to other markets in the United States, as they attract capital from global investors and account for more than half of the U.S. total sales volume. Therefore, apartment properties located in one of the six major markets usually have a higher CPPI value than that of non-major markets.

The CPPI value for apartment properties in major markets reached its previous cyclical peak, at 112.5, in December of 2007, and only declined 19.5% to its trough of 90.6 in December 2009. Since then, the CPPI value for major market apartment buildings has not only recovered, but significantly surpassed the value lost during the economic recession. As of second quarter 2021, the CPPI value for apartment buildings in major markets reached 197.1 representing an 89.8% increase over its previous cyclical peak.

The CPPI value for non-major apartment complexes reached its peak of 103.2 in June 2007, only to decline 37.9% to a trough of 64.1 in early 2010. Naturally, price appreciation started off slow in non-major markets as investors focused on the aforementioned gateway markets. However, apartment properties in non-major markets have surpassed their previous high value by 104.2%, with an index value at 210.9 as of second quarter 2021.

The following graph displays the Commercial Property Price Index for major and non-major markets over the last decade:



Source: Moody's/REAL; *National Aggregrate reflects data from 2010 through fourth quarter 2021

National Apartment Market Summary

The national apartment market has been hurt by the ongoing COVID-19 pandemic but has shown signs of improvement during the through the first half of 2021 as the recovery from the pandemic helped drive market conditions. By the end of the year, the national apartment improved and transaction volume continued to climb, driven by activity in secondary markets. Transaction volume in the national apartment sector is up almost 130% when compared to year-end 2020. At the end of the year, Dallas continues to lead the apartment market in deal activity for the year, rising 159% in a year-over-year comparison, according to Real Capital Analytics. Given current market conditions, owners are more likely to sell than they were a year ago and the cap rates remain under 5% for the first time since the PwC Real Estate Investor Survey was published in the mid-1990s.

However, the COVID-19 pandemic does not seem to be going anywhere and the threat of additional variants is a serious concern for the national economy. Additionally, the eviction moratorium that was put in place last year by the CDC has ended. The rental protections put in place to combat the spread of COVID-19 are over, putting millions of people at risk of eviction. The uncertainty surrounding the coronavirus has caused landlords and renters financial strain throughout the pandemic and evictions are expected to rise, but states like California and Illinois have extended their state eviction moratoriums to protect tenants while they search for additional financial support. However, eviction filings sit 48% below pre-pandemic levels as of November 2021, latest data available. While landlords are pleased that the eviction moratorium is over, renters will face a tough situation as the COVID-19 pandemic continues to affect the U.S. through the near term.

Following are notes regarding the outlook for the U.S. national apartment market:

- Construction levels poses localized risk in several markets that have ramped up development. The number of new developments breaking ground and coming to market will increase in the next year and likely surpass the rate at which units can be absorbed, particularly in metros with a high concentration of new, expensive infill product.
- Home ownership levels are at lows only matched in the 1960s and it is anticipated that will be the case for the foreseeable future. Concerns could arise if the millennial generation start to trend toward houses in the suburbs rather than walkable urban areas. It is worth noting that this generation grew up in the middle of the housing bust which may have affected a general view of home ownership. The lack of inventory will continue rising home prices and cause more competition in the housing market. With elevated prices, the share of first-time buyers has decreased to 26%, falling to its lowest level since 2008.
- Mortgage rates reached historic lows in 2020-2021 and it is worth noting that renters and homeowners took advantage of the low rates. In February 2020, 40% of renters plan to purchase a home given current interest rates, according to Freddie Mac. At the beginning of 2021, the average rate for a 30-year fixed rate mortgage was 2.7% but climbed through the end of the year. Additionally, the Federal Reserve is expected to end the pandemic monetary policy and interest rates are project to increase in response.
- With the shutdowns of non-essential businesses, construction has slowed across the United States and in some metro areas construction has come to a full stop. Expect apartment deliveries to be pushed back until construction can resume. At this time, it is too difficult to speculate how long the delays will last.
- Overall, the national apartment market remains healthy, underscored by steady absorption and stabilized rent growth. Oversupply could result in slower rent growth over the next five years; however, demand will continue, and rent is expected to increase 15.4% between 2021 and 2025, according to Reis, Inc. To summarize, the apartment market should remain one of the top choices for investors.

Single-Family Build-to-Rent Market Analysis

Overview

Growing interest from investors in the stable risk-adjusted returns available in the multi-family space have cemented the sector's position as the leader of the four major product types for capital inflow since 2015. Although sales growth has been strong, acquisition demand is outstripping the supply of properties actively being marketed for disposition, resulting in large amounts of capital being sidelined. A potential outlet for this pent-up demand has appeared with the expansion of institutional capital into the single-family rental space.

Coming out of the housing bubble, when single-family prices were depressed, value investors snapped up homes that were priced 50 to 60 percent below the market peak. With the high number of foreclosures, the new investors had little trouble attracting renters for their newly acquired investments. The plan for many of these investors was to hold until prices recovered and then sell to monetize their gains, but some, upon seeing the stable and steady returns offered in the single-family rental sector, adjusted their strategy to a long term hold approach. Because of the success of these early investors, new institutional capital has dramatically increased its interest in the sector.

While there are some similarities between traditional institutional multi-family and single-family rentals, there are also significant differences that play key roles in strategizing and decision-making. The following report will expand your knowledge of the single-family rental market and will provide essential insights for investment strategies for single-family rental (SFR) and built-to-rent (BTR) development.

Demand

Just as there are several drivers fueling renter demand for new communities of single-family rental homes, there are also factors leading to the more widespread development of these communities throughout much of the country. While SF BTR homes are a niche in the larger inventory of rental housing, it is a segment that is expanding and growing increasingly popular with renters.

The mix of renters in the U.S. is increasingly older and more affluent, while the obstacles to transitioning into homeownership persist. The median price of an existing single-family home rose nearly 23 percent year over year through the second quarter of 2021, topping $350,000. The intensifying affordability challenges are likely to keep a greater number of existing renters in the rental pool for longer periods of time, even as the economy gains momentum. Transaction volumes in 2020 outpaced totals from 2018 & 2019 combined, & sales of SF BTR communities in 2021 will likely double 2020 levels.

The demand from renters is just one aspect fueling development of SF BTR communities. Another is the increasing number of sales of the communities that has taken place over the past several quarters.

As more developers execute successful exit strategies on particular SF BTR communities, the market as a whole is becoming increasingly familiar with the product, its demand drivers, and returns. One prominent national home builder recently reported in its financial statements sales of build-to-rent communities with gross profits ranging from 40 percent to 50 percent.

The momentum being created as communities move through the development cycle is attracting an influx of debt and equity capital for new projects. Preliminary estimates call for more than $10 billion of equity to move into the sector this year, after about a dozen institutions announced plans to expand into the space in 2020.c

Lenders are also becoming increasingly familiar with the SF BTR business model, which is freeing up additional capital for development of new units and acquisition of existing communities.

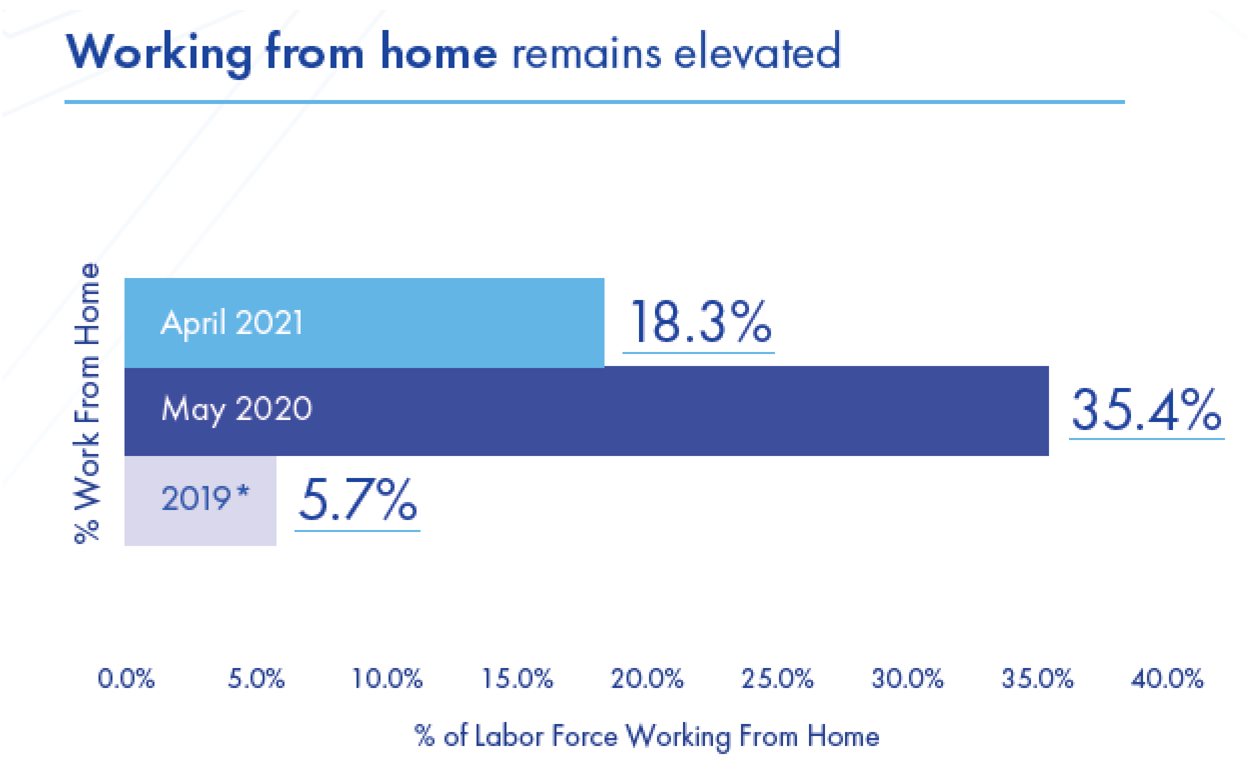
For-Sale Market – Affordability

One reason single-family build-to-rent housing is growing more popular with residents is the increasingly competitive for-sale housing market. The surge in pricing in for-sale homes is making transitioning to homeownership a significant challenge for current renters.

While mortgage rates have been at or near record lows for more than a year, sharp price increases, a shortage of listed homes for sale, and increased demand have combined to make the for-sale housing market more challenging and less appealing for first-time home buyers. One factor contributing to the supply-demand imbalance is the increase in working from home, which was sparked by COVID-19 and is expected to remain elevated in the coming years as employers and employees adjust to new workplace norms.

On the whole, incomes have not kept pace with the appreciation in home prices, creating continued affordability challenges. The rise in the median home price pushed the national price-to-income ratio up to 4.4 last year, the highest total since 2006 and up from the 20-year average of 3.9.

Higher home prices also mean increased down payment requirements. The minimum down payment and closing costs for initial home purchases rose to nearly $19,000 in the past year, up from about $15,400 one year ago. While household savings and homeownership rates have generally trended higher in recent years, the cost of buying homes is expected to continue to keep a large number of high-income households in the renter pool.



National Development Trends

The development of single-family build-to-rent communities accelerated in 2020, with construction levels rising by more than 20 percent from the previous year. Starts reached nearly 50,000 units in 2020.

To this point in 2021, the pace of starts has slowed a bit. Developers started approximately 20,000 units in the first half of this year, down 10 percent from levels in the first half of 2020. In recent years, starts have been more active in the second halves, and the current forecast calls for starts of 50,000 to 55,000 units for the full year.

Completions in 2020 reached 50,000 units, down from 52,000 units one year earlier. The pace of completions of single-family build-to-rent units has been on an upswing in recent years. The combined total deliveries in 2019 and 2020 was up 19 percent from the combined total in 2017-2018.

During the first half of this year, approximately 23,000 units were delivered, nearly identical to the total completions in the first half of 2020. Developers will likely complete about 55,000 units in 2021; this would mark the third consecutive year where deliveries totaled 50,000 units or more.

One trend that is becoming more common is the folding of single-family build-to-rent communities into master-planned communities. While the earliest SF BTR projects were generally independent projects, some developers are incorporating single-family rental communities as a segment of larger communities. This trend has been gaining traction most notably in Texas and in the Carolinas.

Regional Development Trends

The South region is by far the most active part of the country for new SF BTR development. In 2020, the South region accounted for nearly 50 percent of all SF BTR starts nationwide. Starts in the South region spiked more than 30 percent from 2019 to 2020. States in the Southeast, led by Florida and Georgia, as well as Texas in the Southwest were the most active for construction starts in 2020.

The South region is accounting for a larger share of units in the development pipeline. In the first half of this year, starts in the South region reached 10,000 units, closely tracking levels from one year earlier. Starts in the South region accounted for nearly 60 percent of the total starts nationwide during the first half of 2021.

The West region—led by activity in Arizona and Nevada—accounted for approximately 20 percent of the total starts in 2020. The single-family build-to-rent product type first started to gain traction in the West region a few years ago, and the pace of starts has been fairly consistent in the West since 2017.

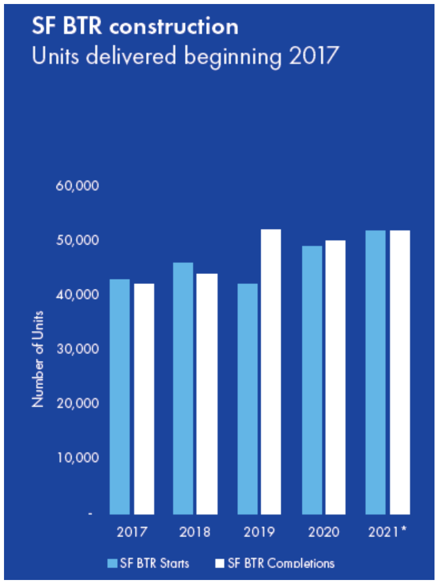
Development activity in the West region in 2021 has closely tracked levels from one year earlier. During the first half of this year, completions and starts each totaled approximately 4,000 units. In the first half of 2020, approximately 5,000 units broke ground, while 4,000 units were delivered.

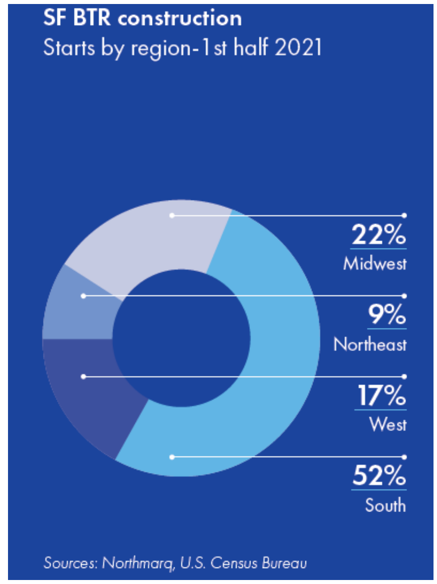
The Midwest region has posted mostly consistent development of SF BTR units in recent years, with deliveries averaging approximately 11,000 units per year. The region is on pace for a similar level of new deliveries this year, with completions totaling 5,000 units during the first half.

The development pipeline is thinning a bit in the Midwest, as only 2,000 units were started in the first half of 2021, down more than 50 percent from the total number of units started in the first half of last year.

Elevated land costs generally prove to be prohibitive for single-family build-to-rent development in many markets in the Northeast and the West Coast. Despite these obstacles, the Northeast region has recorded a bit of an increase in new development in recent years. Projects totaling 5,000 units were delivered in the Northeast region in both 2019 and 2020, up from approximately 2,000 units that came online in 2018.

During the first half of this year, homebuilders started approximately 2,000 SF BTR units in the Northeast region, nearly identical to the pace of starts during the same period in 2020.





Investment Sales Overview

As more single-family build-to-rent projects are delivered and successfully leased-up, the investment market has gained momentum. Several transactions have closed in high-growth regions such as Arizona, Georgia, Texas, and Colorado in recent years, in addition to a handful of sales that have taken place in other markets.

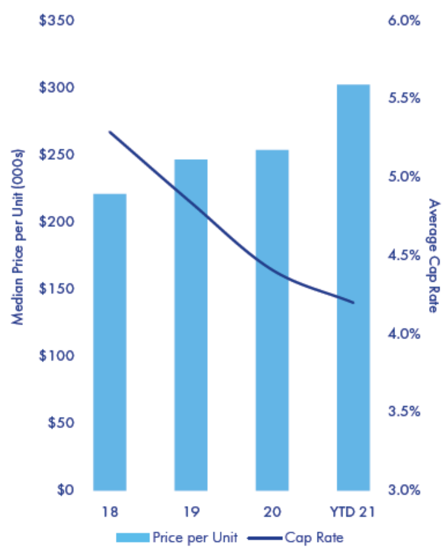
This accelerating investment trend was evident

in 2020, when transaction volume for SF BTR communities outpaced the combined total for the previous two years, despite unprecedented amounts of volatility in the overall economy. Transactions totaling more than $900 million closed in 2020, compared to less than $400 million in 2019.

The pace of transaction activity has continued to accelerate to this point in 2021. The number of single-family build-to-rent properties that sold during the first half of this year was nearly identical to the total for the entire year in 2020. A strong second half of the year is already under way, with several properties on pace to close by the end of 2021.

Pricing is pushing higher and cap rates have compressed for single-family build-to-rent communities. The median price topped $250,000 per unit in 2020, and the median price in transactions closed year to date in 2021 is over $300,000 per unit. Prices are being pushed higher from both increased investor demand as well as rising rents.

Investment sales SF BTR properties



Sources: Northmarq, CoStar

Cap rates have compressed in recent years. Cap rates averaged approximately 5.3 percent in 2018 and nearly 5 percent in 2019 before falling below 4.5 percent in 2020. Cap rates for most new, stabilized single-family build-to-rent projects traded with cap rates ranging between 4 percent and 4.5 percent in the first half of 2021.

Additional cap rate compression is likely between now and the end of the year, particularly in high-growth markets. In the core SF BTR market of Phoenix, a few transactions have already closed with cap rates near 3.5 percent, and similar cap rates are expected to be achieved in the fourth quarter in high-growth markets such as Las Vegas, Austin, and Denver.

Single-Family Build-to-Rent Outlook

Single-family build-to-rent construction is expected to become more widespread in the next 18-24 months, with billions of dollars of debt and equity capital moving into the system and new entrants moving into the sector seemingly every month. What was just a few years ago a niche product being experimented with in a few markets, is now spreading across time zones in some of the fastest-growing markets in the country.

Activity is likely to accelerate across all segments of the SF BTR market in the coming quarters. Starts of new projects, deliveries of existing communities, and sales of existing assets are all forecast to post gains in 2021. As velocity in the market builds across markets, investors and lenders will become increasingly familiar with the SF BTR product.

A bit of uncertainty with the product exists and there are a few potential challenges with the single-family build-to-rent model. While early indications suggest that renters of single-family homes do not turn over as rapidly as apartment residents, there is not yet enough history to be sure how SF BTR units will perform over extended time periods.

Additionally, several of the communities being developed are generally located in outlying suburbs. This proved to be an advantage in the COVID-19 period, when residents sought out privacy and avoided dense forms of housing. Housing demand shifted from the urban core to suburban submarkets in 2020 and early-2021, but this trend was a reversal of a rise in demand for more close-in living in recent years.

As the economy more fully reopens, owners and operators may find a slowing pace of demand for larger, expensive forms of rental housing in outlying areas. Site selection and market expertise will be crucial in determining the success of the next wave of single-family build-to-rent communities.

Jacksonville Multi-Family Market Overview

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
4,365	**2,990**	**7.2%**	**18.1%**

Supply pressure is building in Jacksonville's metro apartment market. The 8,100 units underway amount to unprecedented development, and this follows 2021's delivery total of roughly 3,100 apartments. Occupancy, which reached new heights last year, is falling and approaching levels more on par with the past three years.

If there's a time to push the construction pace, though, it's now. Jacksonville's economy has recovered and then some, population growth (1.2% over the past 12 months) is making more areas viable for development, and rents are soaring. Asking rents increased by more than 20% in 2021, one of the largest increases in the nation. At the outset of 2022, every Jacksonville submarket tracked by CoStar had double-digit gains year over year.

All of these trends are encapsulated in Southside, which leads the metro in both units under construction and those delivered in 2021. The biggest submarket by a wide margin (Arlington is second with 20,000 fewer apartments), Southside saw asking rents jump 20% over the past 12 months.

These conditions have made Jacksonville a target for capital investment like no other time since CoStar started researching the market. Sales volume nearly hit $3 billion in 2021, smashing the previous high mark set one year earlier. It also marked the fourth year in a row (and sixth out of the past seven) that volume increased.

KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	36,584	11.2%	$1,709	$1,697	428	1,995	3,131
3 Star	45,905	4.7%	$1,372	$1,366	(203)	8	4,633
1 & 2 Star	18,544	5.5%	$995	$991	(55)	0	314
Market	**101,033**	**7.2%**	**$1,438**	**$1,430**	**170**	**2,003**	**8,078**

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.1%	9.0%	7.8%	13.4%	2009 Q1	4.6%	2021 Q3
Absorption Units	2,990	1,696	2,899	6,742	2021 Q2	(515)	2004 Q2
Delivered Units	4,365	1,728	3,918	4,402	2020 Q1	0	2011 Q4
Demolished Units	0	42	41	401	2013 Q4	0	2019 Q4
Asking Rent Growth (YOY)	18.1%	2.9%	5.3%	21.2%	2021 Q4	-3.4%	2009 Q4
Effective Rent Growth (YOY)	18.6%	2.9%	5.2%	22.1%	2021 Q4	-3.4%	2009 Q4
Sales Volume	$3B	$647.9M	N/A	$2.9B	2021 Q4	$72.2M	2001 Q2

Vacancy

Jacksonville's multifamily market has never been tighter with the average vacancy hitting new record lows in each of the past three quarters. Multifamily demand exploded in the first half of 2021 and annual net absorption is at record levels.

The market has seen record demand since early 2020 and about 450 basis points have been slashed off the average vacancy rate during this time period. Even more impressively, the record low vacancies came alongside heightened supply. Almost 4,000 units were delivered in 2020, the highest annual total on record for Jacksonville.

The unusually tight housing sector has seen tremendous price growth since the pandemic began in addition to some of the lowest inventory levels on record. This effectively locked many prospective homeowners in place as renters and combined with pent-up demand from the pandemic, a typically strong spring leasing season, and heightened household formation from the stimulus packages to create unprecedented multifamily demand.

Jacksonville has been one of the nation's strongest performing multifamily markets during the pandemic era. Demand accelerated during the second quarter of 2020, a dismal time for many U.S. markets, and further picked up through the following year. Quarterly net absorption posted record levels in 20Q2, 20Q3, 21Q1 and 21Q2.

Much of the impressive demand surge since 20Q1 owes to a diverse economy that was both less severely impacted by total job losses than most peer markets and among the quickest to begin to recover. Jacksonville's multifamily demand has been fueled by some of the strongest population and job growth in the nation over the past five years and the region is expected to continue that momentum over the foreseeable future.

Absorption   Net Deliveries   Vacancy   United States Vacancy

Rent

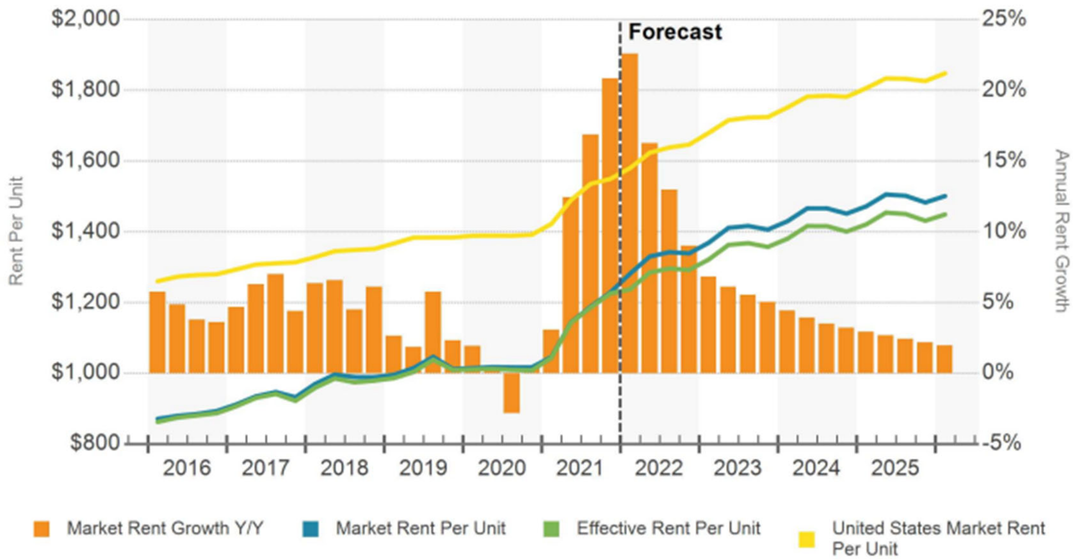
The exceptionally tight housing and multifamily sectors and surging demand have fueled unprecedented rent growth in 2021. Since the start of the year, asking rents have increased by an eye-popping 20%. In 21Q3, annual rent growth rates surged over 20% year-over-year, by far the highest mark on record.

While asking rents are setting records in virtually all markets across the nation, Jacksonville has seen rents increase at an exceptionally high rate. Since the start of 2021, the region has experienced rent growth rates of more than twice the national average and among the 10 highest relative increases among large markets.

With vacancies at record lows and available units insufficient to meet recent demand levels, rent growth is likely to remain high for an extended period of time. Even though growth rates well into the double-digits are unsustainable long-term, it would not be surprising to see annual increases above 5% for the next one to two years.

The entire region is experiencing record levels of rent growth. In Southside, demand has been strong enough to offset the metropolitan area's heftiest supply pipeline and drive rent growth rates to the highest levels in Jacksonville. While there has been relatively less rent growth over the past year in the somewhat more pandemic impacted urban submarkets of Central Jacksonville and Downtown Jacksonville, both are pushing rents at the highest rates on record.

MARKET RENT PER UNIT & RENT GROWTH



Construction

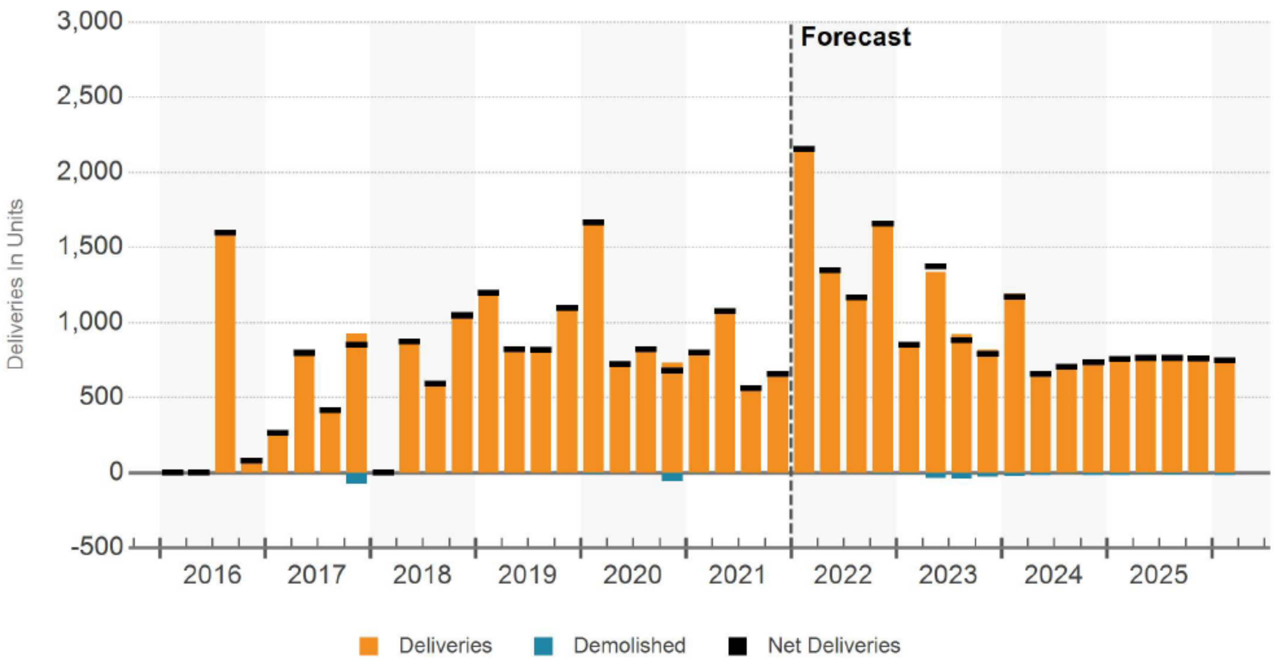
Jacksonville remains amid one of the largest supply waves in its history. A record nearly 4,000 units opened in both 2019 and 2020 and deliveries are not projected to be much lower in 2021. During the past five years, Jacksonville's market-rate multifamily inventory has increased by 18%.

The supply pipeline has been steadily increasing over the past year and the number of units under construction is at record levels about 15% higher than pre-pandemic levels and more than 50% higher than it was when it hit a pandemic-era low in mid-2020. Construction starts fell to a four-year low in 2020 but have surged back in 2021 in line with the record levels from 2018. Heightened development is likely to continue as the proposed pipeline is bursting with projects and the bloated supply totals over the past five years have made little to no impact on market fundamentals. In 21Q3, Jacksonville set records for both the lowest vacancy rate and the highest annual rent growth rate.

Southside, the region's largest submarket, accounts for the most supply underway, roughly 30% of Jacksonville's entire pipeline. However, the relative build level is in line with the National Index, and unlikely to cause a supply shock as Southside is accustomed to hefty construction.

Supply is being added in most submarkets, with more than half building at a rate higher than the national average. North Side, Beaches, and Nassau County are adding the most relative supply and could be the most likely to experience any temporarily rising vacancies over the near term.

DELIVERIES & DEMOLITIONS



Camden County Multi-Family Submarket Overview

Search Analytics

INVENTORY UNITS	UNDER CONSTRUCTION UNITS	12 MO ABSORPTION UNITS	VACANCY RATE	MARKET RENT/UNIT	MARKET SALE PRICE/UNIT	MARKET CAP RATE
4,084 +7.1%	0 -100.0%	210 +23.2%	5.2% +1.4%	$1,004 +8.6%	$134K +17.5%	5.7% -0.2%
Prior Period 3,812	Prior Period 272	Prior Period 171	Prior Period 3.8%	Prior Period $924	Prior Period $114K	Prior Period 5.9%

Key Metrics

Availability		Inventory	
Vacant Units	191 ▲	Existing Buildings	51 ▲
Asking Rent/SF	$1.01 ▲	Average Units Per Bldg	80 ▲
Concession Rate	0.3% ▲	12 Mo Demolished Units	0 ▲▼
Studio Asking Rent	$784 ▲	12 Mo Occupancy % at Delivery	59.2% ▲
1 Bedroom Asking Rent/Unit	$848 ▲	12 Mo Construction Starts Units	0 ▼
2 Bedroom Asking Rent/Unit	$1,082 ▲	12 Mo Delivered Units	272 ▲
3 Bedroom Asking Rent/Unit	$989 ▲	12 Mo Avg Delivered Units	136 ▼

Sales Past Year		Demand	
Asking Price Per Unit	-	12 Mo Absorp % of Inventory	5.3% ▲
Sale to Asking Price Differential	-	Median Household Income	74.4K
Sales Volume	$102M ▲	Population Growth 5 Yrs | 20-29	-9.5%
Properties Sold	5 ▲	Population Growth 5 Yrs | 30-39	12.7%
Months to Sale	0.9	Population Growth 5 Yrs | 40-54	12.3%
For Sale Listings	-	Population Growth 5 Yrs | 55+	11.9%
Total For Sale Units	-	Population Growth 5 Yrs	5.7%

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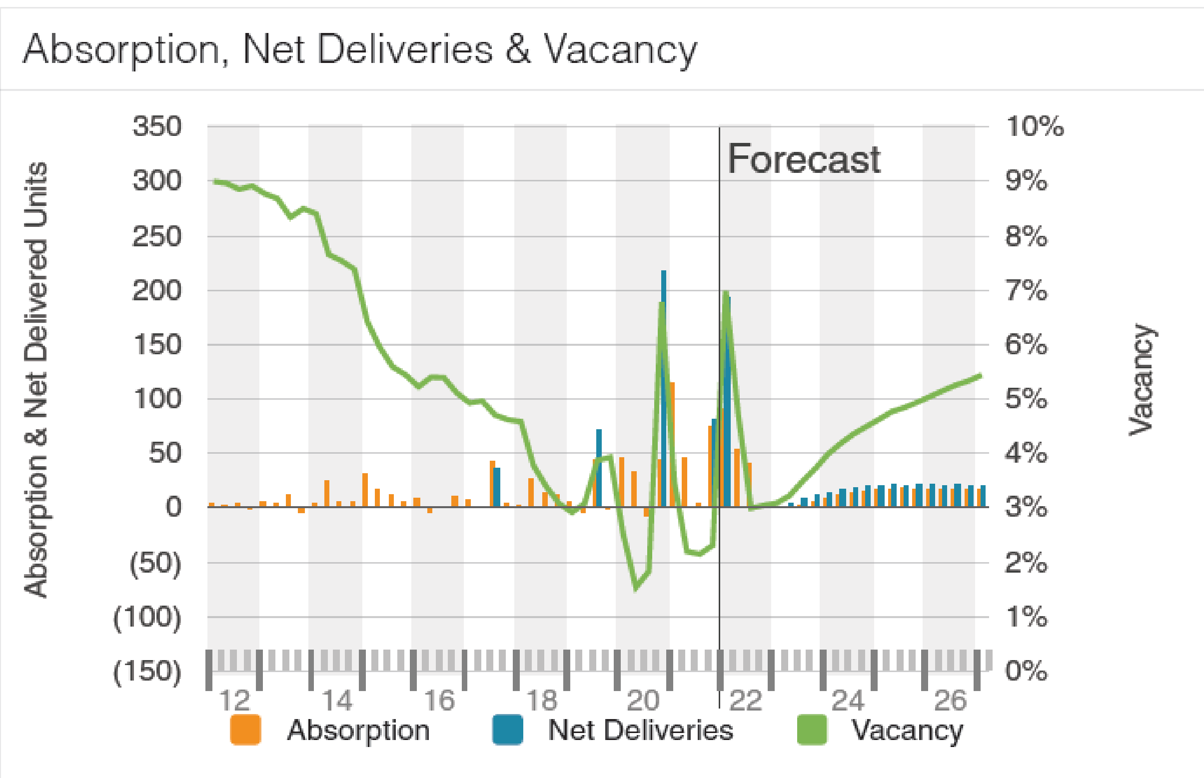
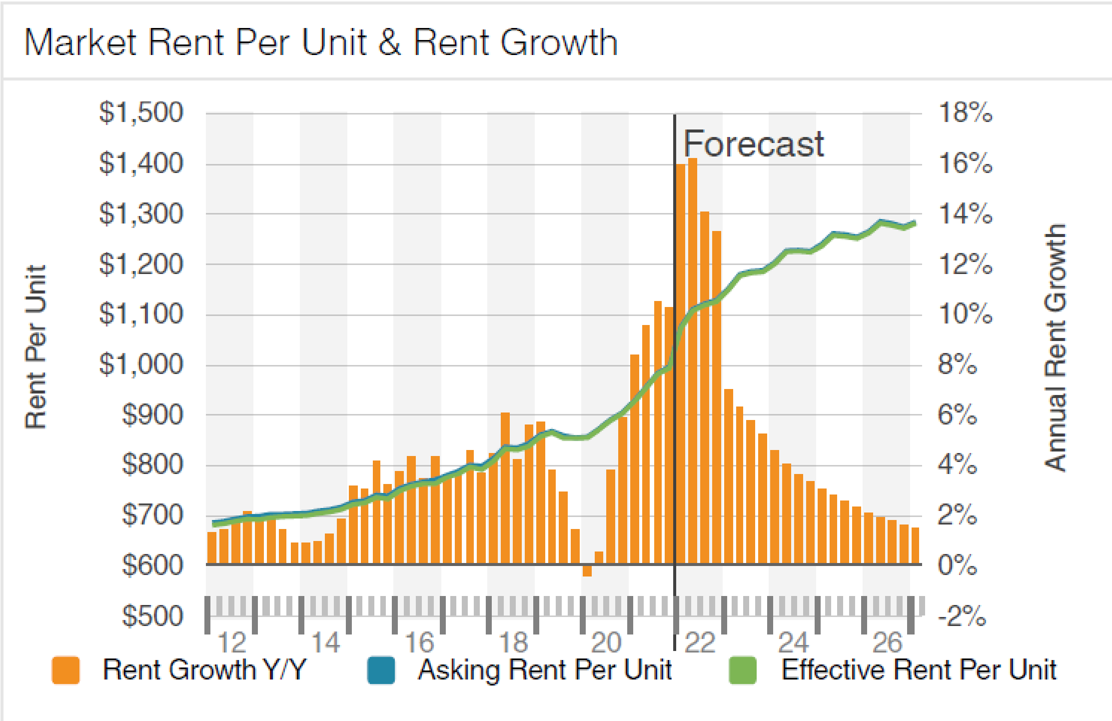
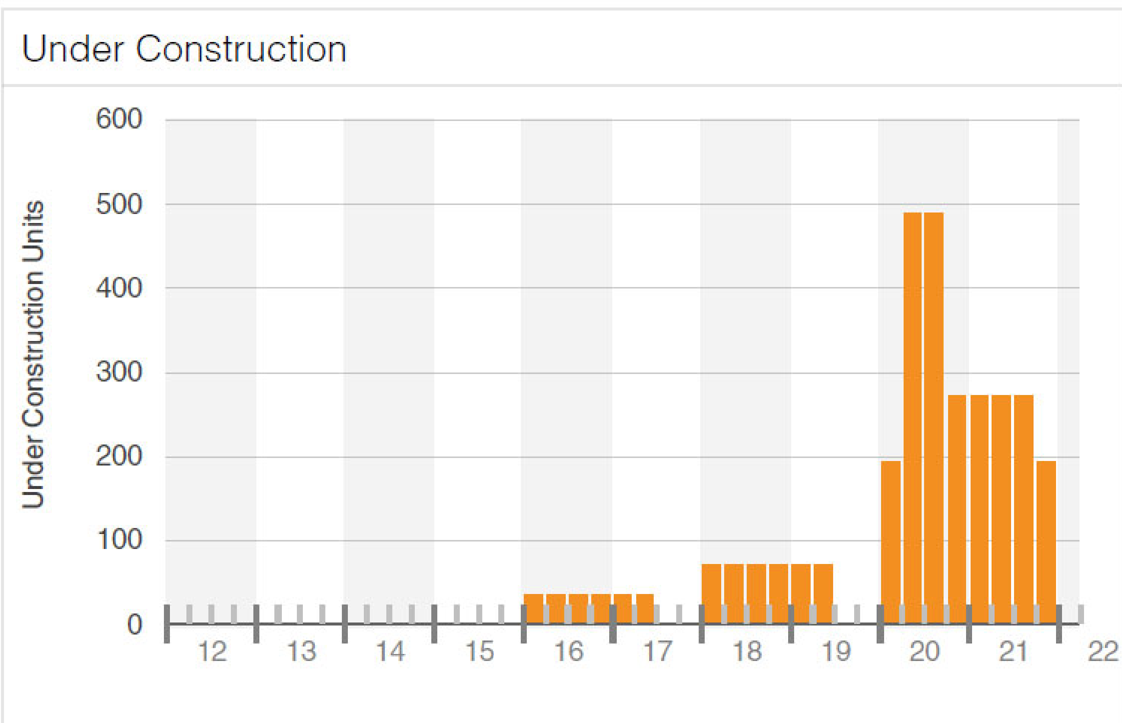
Vacancy



Rent



Construction



Demographic Profile

Understanding the demographics of a region helps to ascertain the underlying fundamentals of real estate supply and demand. The foundation of our analysis in the delineation of the subject's profile area may be summarized as follows:

- Highway accessibility, including area traffic patterns, and geographical constraints;
- The position and nature of the area's residential structure, including its location within a heavily developed apartment area, which adds competition for the subject and at the same time adds strength and composition to the appeal for tenants; and
- The project and unit amenity composition of the subject property as compared to its competition

Given all of the above, we believe that a primary market for the subject property would likely span an area encompassing about three miles. The subject's secondary market might span up to five miles from the site given its regional accessibility and location of competitive properties.

Based on these observations, we analyzed a primary demographic profile for the subject based upon a radius of approximately three miles from the property. To add perspective to this analysis, we segregated our survey into one, three, and five mile concentric circles with a comparison to the CBSA, state, and the United States. The report on the following page presents this data.

Population

Having established the subject's trade area, our analysis focuses on the trade area's population. Experian Marketing Solutions, Inc., provides historical, current and forecasted population estimates for the total area. Patterns of development density and migration are reflected in the current levels of population estimates.

Between 2000 and 2021, Experian Marketing Solutions, Inc., reports that the population within the primary trade area (3.0-mile radius) declined at a compound annual rate of -0.25 percent. This is characteristic of suburban areas in this market. This trend is expected to continue into the near future albeit at a slightly slower pace. Expanding to the total trade area (5.0-mile radius), population is expected to increase 0.87 percent per annum over the next five years.

The graphic on the following page illustrates current population and projected population growth within the trade area over the next five years (2021 - 2026). The trade area is clearly characterized by various levels of growth.

DEMOGRAPHIC SUMMARY	1.0-Mile Radius	3.0-Mile Radius	5.0-Mile Radius	Jacksonville CBSA	State of GA	United States
POPULATION STATISTICS						
2000	2,263	8,639	17,585	1,120,884	8,186,388	281,422,025
2021	1,883	8,191	21,307	1,593,145	10,717,533	331,030,342
2026	1,838	8,226	22,250	1,706,905	11,148,168	342,471,025
Compound Annual Change						
2000 - 2021	-0.87%	-0.25%	0.92%	1.69%	1.29%	0.78%
2021 - 2026	-0.48%	0.09%	0.87%	1.39%	0.79%	0.68%
HOUSEHOLD STATISTICS						
2000	954	3,137	5,969	431,895	3,006,316	105,480,443
2021	883	3,252	7,618	622,912	3,991,308	126,093,779
2026	871	3,282	8,028	671,408	4,178,753	131,168,645
Compound Annual Change						
2000 - 2021	-0.37%	0.17%	1.17%	1.76%	1.36%	0.85%
2021 - 2026	-0.27%	0.18%	1.05%	1.51%	0.92%	0.79%
AVERAGE HOUSEHOLD INCOME						
2000	$48,429	$45,900	$48,415	$55,285	$56,637	$56,675
2021	$68,587	$65,964	$75,587	$90,739	$88,975	$94,822
2026	$69,956	$67,152	$77,170	$95,004	$93,339	$99,827
Compound Annual Change						
2000 - 2021	1.67%	1.74%	2.14%	2.39%	2.17%	2.48%
2021 - 2026	0.40%	0.36%	0.42%	0.92%	0.96%	1.03%
OCCUPANCY						
Owner Occupied	58.29%	54.06%	57.46%	65.04%	63.48%	63.90%
Renter Occupied	41.71%	45.94%	42.54%	34.96%	36.52%	36.10%

SOURCE: © 2021 Experian Marketing Solutions, Inc. •All rights reserved

As shown above, the population has experienced growth 2.95 percent, 3.97 percent and 4.05 percent growth in the 1, 3 and 5 mile radius since 2000. These growth trends are expected to continue over the next five years.

Households

A household consists of a person or group of people occupying a single housing unit and is not necessarily a family unit. When an individual purchases goods and services, these purchases are a reflection of the entire household's needs and decisions, making the household a critical unit to be considered when reviewing market data and forming conclusions about the trade area as it impacts the subject property.

Figures provided by Experian Marketing Solutions, Inc., indicate that the number of households is increasing at a faster rate than the growth of the population. Several changes in the way households are being formed have caused this acceleration, specifically:

- The population is living longer on average. This results in an increase of single- and two-person households;
- Higher divorce rates have resulted in an increase in single-person households; and
- Many individuals have postponed marriage, also resulting in more single-person households.

According to Experian Marketing Solutions, Inc., the Primary Trade Area grew at a compound annual rate of 0.17 percent between 2000 and 2021. Consistent with national trends the trade area is experiencing household changes at a rate that varies from population changes. That pace is expected to continue through 2026, and is estimated at 0.18 percent.

Correspondingly, a greater number of smaller households with fewer children generally indicates more disposable income. In 2000, there were 2.72 persons per household in the Primary Trade Area and by 2021, this number is estimated to have decreased to 2.43 persons. Through 2026, the average number of persons per household is forecasted to decline to 2.42 persons.

Average Household Income

A significant statistic driving the success of an apartment market is the income potential of the area's population. Income levels, either on a per capita, per family or household basis, indicate the economic level of the residents of the market area and form an important component of this total analysis.

Trade area income figures for the subject support the profile of a broad middle-income market. According to Experian Marketing Solutions, Inc., average household income within the primary trade area in 2021 was approximately $65,964, 72.70 percent of the CBSA average ($90,739) and 74.14 percent of the state average ($88,975).

Further analysis shows a relatively broad-based distribution of income, although skewed toward the middle income brackets similar to the distribution within the larger CBSA. This information is summarized as follows:

DISTRIBUTION OF HOUSEHOLD INCOME

Category	1.0-Mile Radius	3.0-Mile Radius	5.0-Mile Radius	Jacksonville CBSA	State of GA	United States
$150,000 or more	6.46%	5.99%	7.35%	12.74%	12.69%	14.51%
$125,000 to $149,999	3.40%	3.66%	5.29%	5.88%	5.71%	6.17%
$100,000 to $124,999	7.03%	7.62%	9.98%	9.67%	9.34%	9.77%
$75,000 to $99,999	18.03%	16.23%	16.38%	14.12%	13.33%	13.37%
$50,000 to $74,999	21.77%	19.77%	21.72%	18.86%	18.04%	17.52%
$35,000 to $49,999	15.99%	15.09%	13.87%	12.58%	12.30%	11.73%
$25,000 to $34,999	6.80%	7.44%	7.95%	8.76%	8.84%	8.38%
$15,000 to $24,999	11.00%	13.25%	8.93%	8.19%	8.99%	8.51%
Under $15,000	9.52%	10.94%	8.53%	9.21%	10.77%	10.03%

SOURCE: © 2021 Experian Marketing Solutions, Inc. •All rights reserved

The subject is located in a high-income area as shown by the 1-mile radius income percentage. The area surrounding the subject is characterized by middle to higher income households.

Housing Occupancy

As illustrated on the Demographic Summary Table presented earlier, there are 883 occupied housing units in the subject's one-mile radius, 3,252 occupied housing units in the primary trade area (3.0-mile), and 7,618 in the total five-mile trade area.

The depth of the rental housing market can be measured by these demographic statistics. The percentage of occupied housing units that are renter occupied is an indicator of demand within an area. Markets that have a high percentage of renter units are indicative of a more transient population. For reference, we note that the United States has 36.10 percent of its occupied housing stock occupied by renters, while the subject's State and CBSA have 36.52 and 34.96 percent of this same stock occupied by renters. This compares to the local statistics, which reflect renter occupied ratios of 41.71 percent, 45.94 percent and 42.54 percent in the 1.0-, 3.0- and 5.0-mile trade areas, respectively.

Local Area Housing

St. Mary's is a well-established community within Camden County. Residential development comprises mostly older single-family detached and multi-family residences and apartment complexes within planned communities throughout the local area. Residential growth is mostly located in outlying areas of the community with greater land area available for development.

According to Experian Marketing Solutions, Inc., there are 3,866 housing units within a three-mile radius of the subject property. The median year built of the existing housing stock is 1989. The median home value within a three-mile radius of the subject property as of 2021 was $221,038. There is a large proportion of owner-occupied housing, comprising about 54 percent of total occupied housing units within a three-mile radius of the subject. The following table reflects a housing summary including the total number of housing units, median housing value and median year built in the local area, as well as the Jacksonville region, State of Georgia and U.S. for comparative analysis.

HOUSING SUMMARY						
	1.0-Mile Radius	3.0-Mile Radius	5.0-Mile Radius	Jacksonville CBSA	State of GA	United States
HOUSING STATISTICS						
2021 Est. Total Housing Units	1,060	3,866	8,768	689,941	4,455,186	141,695,821
2021 Est. Median Housing Value	$232,919	$221,038	$227,956	$225,553	$191,292	$227,827
2021 Est. Median Year Built	1984	1989	1998	1992	1991	1979

SOURCE:

Apartment Market Analysis Summary

We analyzed the profile of the subject's region in order to make reasonable assumptions as to the continued performance of the property.

A regional and local overview was presented which highlighted important points about the study area. Demographic and economic data specific to the residential market were also presented. Demographic information relating to these sectors was presented and analyzed in order to determine patterns of change and growth as it impacts the subject property. The data quantifies the dimensions of the total trade area, while our comments provide qualitative insight into this market. A compilation of this data forms the basis for our projections and forecasts for the subject property. The following are our key conclusions.

- The subject property most directly competes with the other apartment complexes in the vicinity. These properties are generally well maintained and have high occupancy rates.
- As such we believe the property will serve a market encompassing a radius of 5.0-miles. Over the next five years, both the population and number of households in the subject’s trade area are projected to grow. Household income levels in the area are higher than the CBSA, State and national levels.
- The subject has good accessibility via the regional highway network and local arterials that provide linkages throughout the Jacksonville and Camden County area.
- Based on our analysis we concluded that the subject is well positioned within its market area and the prospect for net appreciation in real estate values is expected to be good.

Property Analysis

Site Description

GENERAL	
Location:	1000 Osborne Street St. Mary's, Camden County, Georgia 31558 The subject property is located along Meeting Street between Osborne Street and St Mary's River.
Shape:	Irregularly shaped
Topography:	Level at street grade
Land Area:	30.00 acres / 1,306,800 gross square feet
Access, Visibility and Frontage:	The subject property has good access and good visibility. The frontage is rated as good.
Utilities:	All public utilities are available and deemed adequate. Utility providers for the subject property are as follows: Water — City of St. Mary's Sewer — City of St. Mary's Electricity — Georgia Power Gas — Atlanta Gas & Light Telephone — Provider of Choice
Site Improvements:	Site improvements will include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage.
SITE CONDITIONS	
Soil Conditions:	We were not given a soil report to review. 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. Drainage appears to be adequate.
Land Use Restrictions:	We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
Wetlands:	We were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
Hazardous Substances:	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.

Flood Zone Description:	The subject property is located in flood zone X500 (An area inundated by 500-year flooding; an area inundated by 100-year flooding with average depths of less than 1 foot or with drainage areas less than 1 square mile; or an area protected by levees from 100-year flooding.) as indicated by FEMA Map 13039C0485G, dated December 21, 2017. The flood zone determination and other related data are provided by a third party vendor deemed to be reliable. If further details are required, additional research is required that is beyond the scope of this analysis.

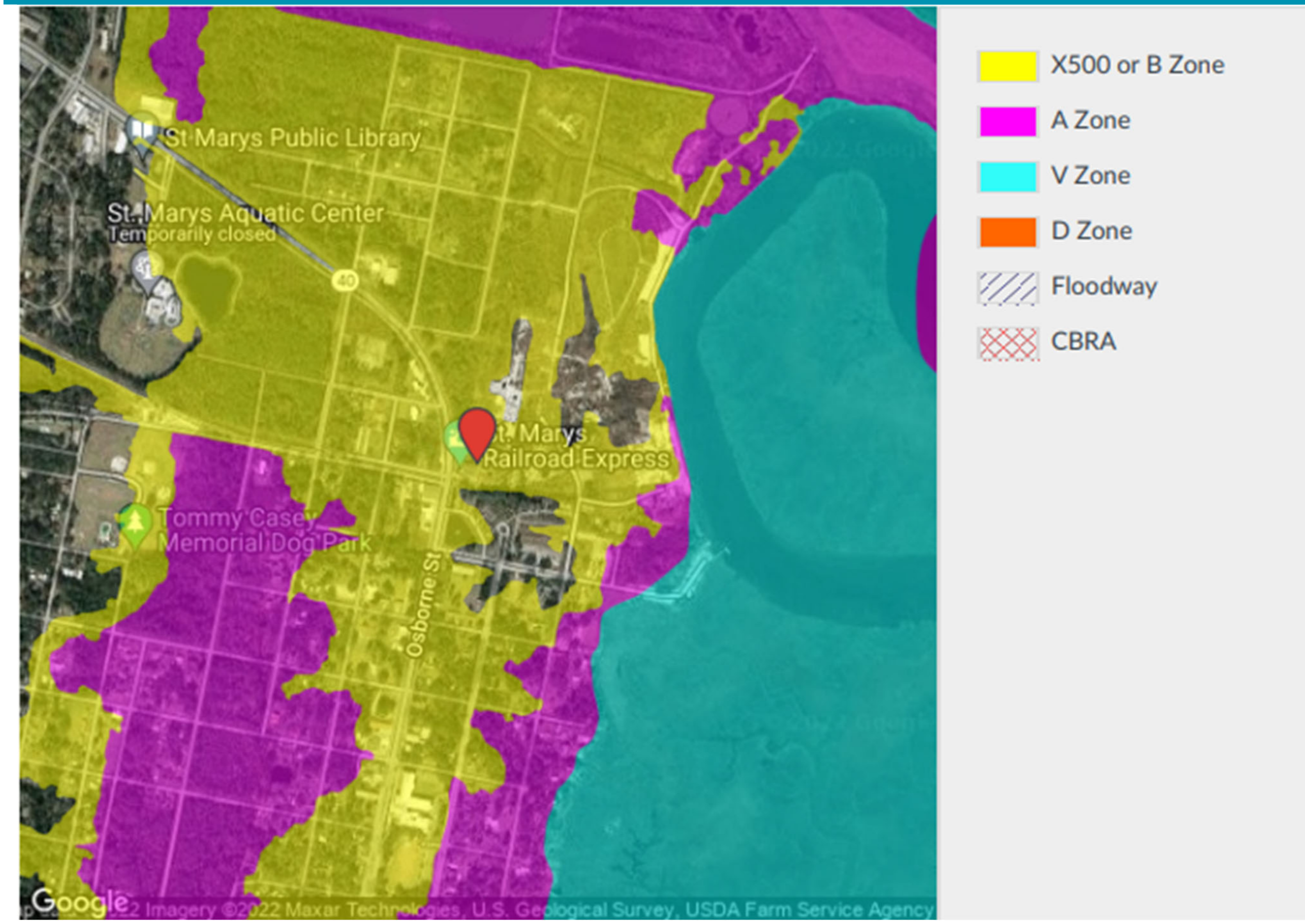
CONCLUSIONS

Overall Site Utility:	The subject site is functional for its current use.
Location Rating:	Good

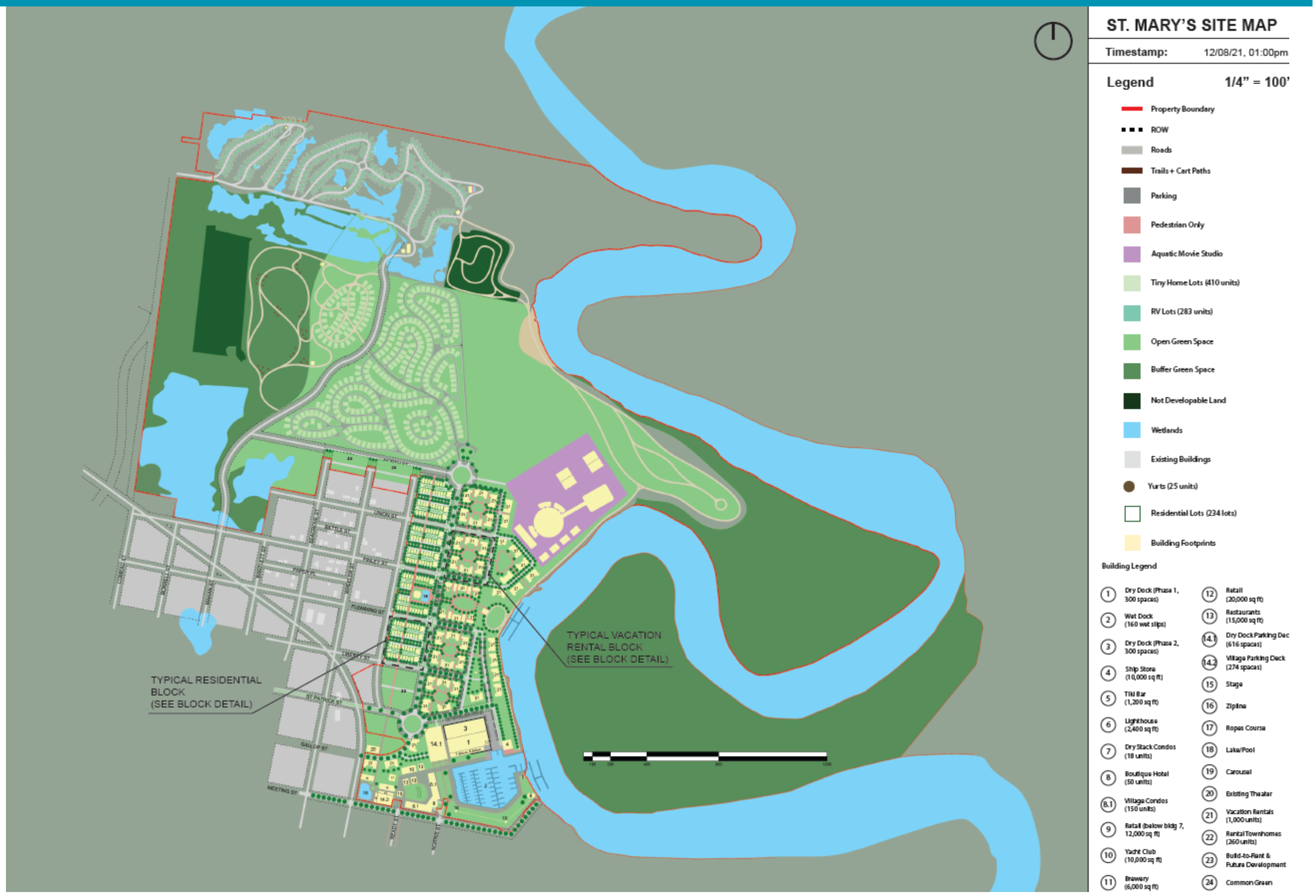
TAX MAP

NOTE: The above tract represents the subject's parent parcel. The subject will include approxiamtely 30 acres within this parcel as shown on the following pages.

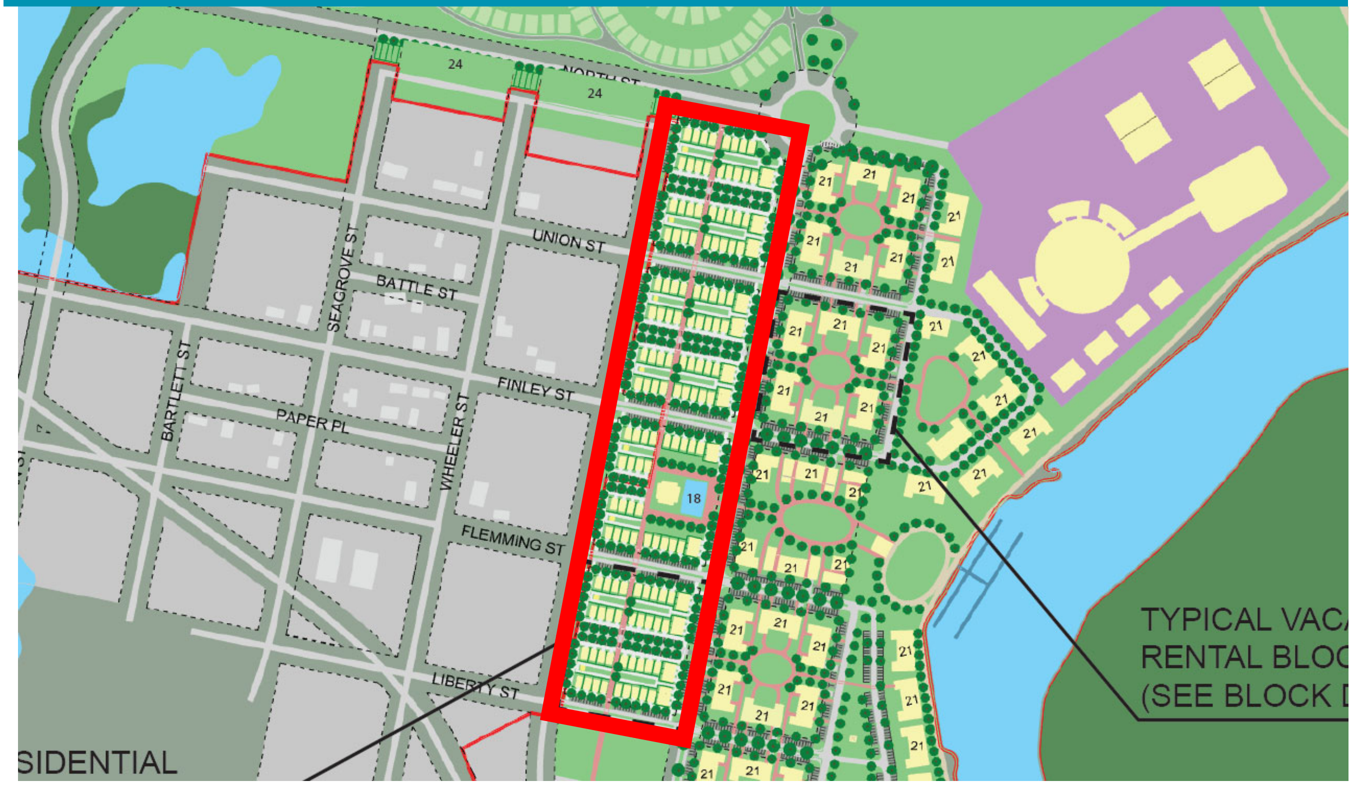
FLOOD MAP


St Marys Public Library
St. Marys Aquatic Center
Temporarily closed
40
St. Marys
Railroad Express
Tommy Casey
Memorial Dog Park
Osborne St
Google
Imagery ©2022 Maxar Technologies, U.S. Geological Survey, USDA Farm Service Agency
X500 or B Zone
A Zone
V Zone
D Zone
Floodway
CBRA

PROPOSED OVERALL DEVELOPMENT SITE PLAN



PROPOSED SUBJECT SITE PLAN



Improvements Description

The subject property represents a proposed build-to-rent community known as St. Mary's Proposed Multi-Family located at 1000 Osborne Street in St. Mary's, NC. At completion, the community will include 203,839 square feet of rentable area within 187 build to rent units situated on an approximate 30.0-acre site. The improvements, which will be wood frame construction, are proposed for completion in April 2024 and will contain 187 cottage style homes, that will be 2 stories in height. Additionally, there will be onsite parking for and estimated 384 surface spaces, resulting in a parking ratio of 2.05 per unit.

The subject's unit mix is presented in the following table:

UNIT MIX				
Unit Description				
No.	**Plan**	**Total Units**	**Average Unit Size (SF)**	**Total (SF)**
1	1BR/1BA	71	850	60,350
2	2BR/2BA	97	1,207	117,079
3	3BR/2BA	19	1,390	26,410
MINIMUM			**850**	**26,410**
MAXIMUM			**1,390**	**117,079**
TOTAL/AVG.		**187**	**1,090**	**203,839**

GENERAL DESCRIPTION

Property Type:	Multi-Family (Garden/Low-Rise)
Year Built:	2024
Number of Units:	187
Number of Buildings:	187 cottage homes and 1 clubhouse
Number of Stories:	2
Land To Building Ratio:	6.26 to 1
Gross Building Area:	208,839 square feet
Net Rentable Area:	203,839 square feet

CONSTRUCTION DETAIL

Basic Construction:	Wood frame
Foundation:	Reinforced concrete slab
Framing:	Wood post and beam
Floors:	Wood sub-floor over wood joists
Exterior Walls:	Composite Wood
Roof Type:	Gabled

Roof Cover:	Shingle
Windows:	Thermal windows in aluminum frames
Pedestrian Doors:	Glass, wood and metal
MECHANICAL DETAIL	
Heat Source:	HVAC
Heating System:	Forced Air
Cooling:	HVAC
Cooling Equipment:	The cooling equipment will be ground mounted.
Plumbing:	The plumbing system is assumed that it will be adequate for the proposed use and in compliance with local law and building codes.
Electrical Service:	The electrical system is assumed that it will be adequate for the proposed use and in compliance with local law and building codes.
Electrical Metering:	Each unit will be separately metered.
Security:	Exterior monitors
INTERIOR DETAIL	
Layout:	The subject property is a proposed 187-unit apartment community, located in one hundred eighty seven buildings. The site will be setup in a "subdivision" type setting with the cottages along the neighborhood streets and the amenities (Leasing office overlooking pool area, fitness center overlooking pool area, Resort style, saltwater pool with Cabana, Onsite maintenance, All fiber community, Package Concierge, Dog park) located in the center of the property.
Tenant Build-Out:	The building will be improved with typical cottage style apartment build-out that meets market standards for comparable space.
Floor Covering:	Faux Hardwood
Walls:	Drywall
Ceilings:	Drywall
Lighting:	Fluorescent
Restrooms:	Apartment units will be equipped with two and three full bathrooms. The bathrooms will consist of a shower/tub kit with wall-mounted showerhead, toilet, sink, tile floor covering.
AMENITIES	
Project Amenities:	Leasing office overlooking pool area, fitness center overlooking pool area, Resort style, saltwater pool with Cabana, Onsite maintenance, All fiber community, Package Concierge, Dog park

Unit Amenities:	Granite Countertops throughout, 10-foot ceilings, stainless steel appliances, LVT plank floors throughout, tub/shower inserts, stand-up showers in two and three bedrooms, W/D included, walk-in closets, and patios.

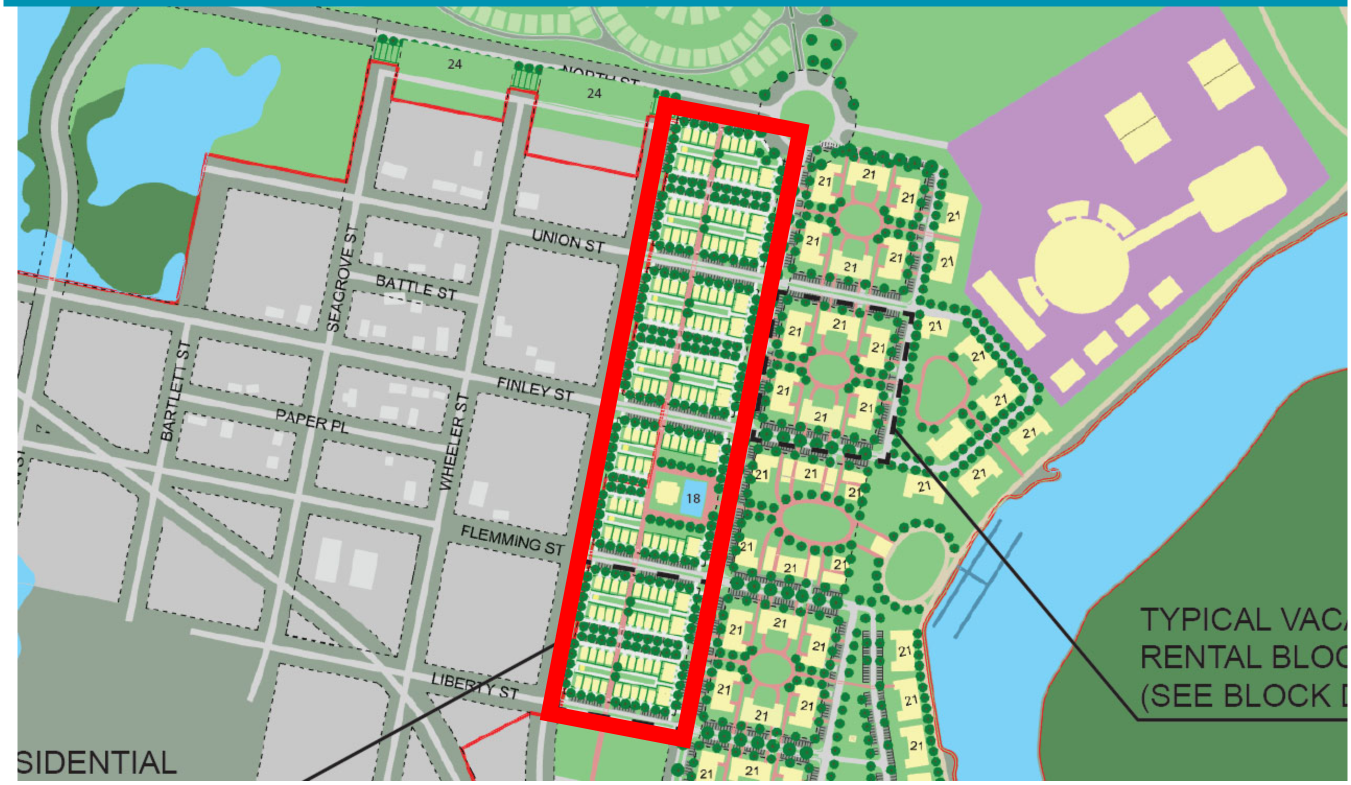
OTHER IMPROVEMENTS

Parking:	The property will contain approximately 384 surface spaces, reflecting an overall parking ratio of 2.05 spaces per unit.
On-site Landscaping:	The site will be landscaped with a variety of trees, shrubbery and grass.
Other:	Site improvements will include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage.

ANALYSIS AND CONCLUSIONS

Condition:	Excellent
Quality:	Excellent
Actual Age:	0 year(s)
Effective Age:	0 years
Expected Economic Life:	45 years – To estimate life expectancy, we relied upon Marshall Valuation Service estimates for similar product.
Remaining Economic Life:	45 years
Property Rating:	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good, given its proposed new construction.
Roof & Mechanical Inspections:	Given the subject is proposed, we have assumed that all of these systems will be in good, working condition at the completion of construction. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
Curable Physical Deterioration:	Given the subject is proposed, no deterioration is realized.
Functional Obsolescence:	There is no apparent functional obsolescence present at the subject property.
Summary:	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good, given its proposed new construction.

PROPOSED SUBJECT SITE PLAN



Real Property Taxes and Assessments

Current Property Taxes

The subject property is located in the taxing jurisdiction of Camden County, and the assessor's parcel identification is 149004. According to the local tax collector's office, taxes are current.

The assessment and taxes for the property are presented in the following table:

PROPERTY ASSESSMENT INFORMATION	
Assessor's Parcel Number:	149004
Assessing Authority:	Camden County
Current Tax Year:	2021
Assessment Ratio (% of market Value):	40%
Are Taxes Current?	Taxes are current
Is There a Grievance Underway?	Not to our knowledge
The Subject's Assessment and Taxes Are:	At market levels

ASSESSMENT INFORMATION		ProForma
Assessed Value	**Totals**	**Totals**
Land:	$8,861,250	
Improvements:	$0	
Total:	$8,861,250	$25,058,000
Taxable Assessment:	**$3,544,500**	**$62,645,000**
Assessor's Implied Market Value:	$8,861,250	--
TAX LIABILITY		
Total Tax Rate:	$0.70	$0.70
Total Property Taxes:	**$133,947**	**$440,206**
Number of Units:	187	187
Property Taxes per Unit:	$716	$2,354

Compiled by Cushman & Wakefield of North Carolina, Inc.

NOTE: The taxes represent the property in its current disposition as vacant land. As a result, it is necessary to estimate the subject's tax liability as proposed. This analysis is summarized below.

Tax Comparable Analysis

To determine if the taxes on the property are reasonable, we examined the actual tax burdens of similar properties in the market. Given the subject will represent build-to-rent cottage style apartments, we have utilized a combination of traditional garden style apartments and smaller single-family homes within the subject's immediate market. They are illustrated in the following table:

REAL ESTATE TAX COMPARABLES							
No.	Property Name & Location	Building Area (SF)	Year Built	Units	Assessment Year	Pro Forma	Assess/Unit
S	SUBJECT PROPERTY	203,839	2024	187	2021	$25,058,000	$134,000
1	112 Rindle Trace, St Mary's	2,675	2020		2021	$329,129	$131,652
2	132 Oarsman Crossing, St Mary's	2,339	2020		2021	$315,800	$126,320
3	219 Edgewater Drive, St Mary's	2,149	2020		2021	$322,200	$128,880
5	107 Serpentine Drive, St. Mary's	2,212	2020		2021	$369,700	$147,880
STATISTICS							
Low:		2,149	2020			$315,800	$126,320
High:		2,675	2020			$369,700	$147,880
Average:		2,344	2020			$334,207	$133,683

Compiled by Cushman & Wakefield of North Carolina, Inc.

Real Property Tax Conclusion

The comparable properties reflect assessed values ranging from $126,320 to $147,880 per unit with an average of $133,683 per unit. Based upon these comparables, our projection is generally commensurate with comparable properties.

Zoning

The property is zoned PD, Planned Development District by the City of St. Mary's. A summary of the subject's zoning is presented in the following table:

ZONING	
Municipality Governing Zoning:	City of St. Mary's
Current Zoning:	PD, Planned Development District
Proposed Use:	Muti-Family
Is Proposed Use Permitted?	Yes
Permitted Uses:	The purpose of Planned Development Districts is to achieve a higher quality of project design than could be accomplished through the strict application of general zoning districts, for large-scale residential or mixed-use development.

Zoning Compliance

Property value is affected by whether or not an existing or proposed improvement complies with zoning regulations, as discussed below.

Complying Uses

An existing or proposed use that complies with zoning regulations implies that there is no legal risk and that the existing improvements could be replaced "as-of-right."

Pre-Existing, Non-Complying Uses

In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-complying use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

Non-Complying Uses

A proposed non-complying use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-complying use, it is important to understand the local laws governing this use.

Other Restrictions

We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or title company can usually uncover such restrictive covenants. We recommend a title examination to determine if any such restrictions exist.

Zoning Conclusions

We analyzed the zoning requirements in relation to the subject property and considered the compliance of the existing or proposed use. We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, the subject property appears to be a complying use.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or 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.

We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

Valuation

Highest and Best Use

Highest and Best Use Definition

The Dictionary of Real Estate Appraisal, Sixth Edition (2015), a publication of the Appraisal Institute, defines the highest and best use as:

> 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.

To determine the highest and best use we typically evaluate the subject site under two scenarios: as though vacant land and as presently improved. In both cases, the property's highest and best use must meet the four criteria described above.

Highest and Best Use of Site as though Vacant

Legally Permissible

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the subject site is zoned PD, Planned Development District by the City of St. Mary's. The purpose of Planned Development Districts is to achieve a higher quality of project design than could be accomplished through the strict application of general zoning districts, for large-scale residential or mixed-use development. We are not aware of any further legal restrictions that limit the potential uses of the subject.

Physically Possible

The physical possibility of a use is dictated by the size, shape, topography, availability of utilities, and any other physical aspects of the site. The subject site contains 30.00 acres, or 1,306,800 square feet. The site is irregularly shaped and level at street grade. It has good frontage, good access, and good visibility. The overall utility of the site is considered to be good. All public utilities are available to the site including public water and sewer, gas, electric and telephone. Overall, the site is considered adequate to accommodate most permitted development possibilities.

Financially Feasible and Maximally Productive

In order to be seriously considered, a use must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible. Financially feasible uses are those uses that can generate a profit over and above the cost of acquiring the site and constructing the improvements. Of the uses that are permitted, possible, and financially feasible, the one that will result in the maximum value for the property is considered the highest and best use.

Conclusion

We considered the legal issues related to zoning and legal restrictions. We also analyzed the physical characteristics of the site to determine what legal uses would be possible and considered the financial feasibility of these uses to determine the use that is maximally productive. Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as though vacant is for development with an apartment or other form of multi-family complex built to its maximum feasible building area, as demand warrants.

Highest and Best Use of Property as Improved

The Dictionary of Real Estate Appraisal defines highest and best use of the property as improved as:

> The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

In analyzing the Highest and Best Use of a property as improved, it is recognized that the improvements should continue to be used until it is financially advantageous to alter physical elements of the structure or to demolish it and build a new one.

Legally Permissible

As described in the Zoning Analysis section of this report, the subject site is zoned PD, Planned Development District. The site is proposed to be improved with a multi-family use containing 208,839 square feet of gross building area. In the Zoning section of this appraisal, we determined that the proposed improvements represent a complying use. We also determined that the proposed use is a permitted use in this zone.

Physically Possible

The subject is proposed for completion in 2024. The improvements will be excellent condition at completion.

Financially Feasible and Maximally Productive

In the Reconciliation section, we estimate a market value for the subject property, as improved, of $57,400,000, which is greater than the value of the site as though vacant, determined to be $3,375,000. In our opinion, the proposed improvements would contribute significantly to the value of the site. It is likely that no alternative use would result in a higher value.

Conclusion

It is our opinion that the proposed improvements add value to the site as though vacant, dictating the feasibility of the proposed use. It is our opinion that the Highest and Best Use of the subject property as improved is a build-to-rent apartment complex as it is proposed.

Most Likely Buyer

Its size, type, and configuration make it ideally suited for multiple-tenant occupancy. An examination of recent rental activity in the area suggests that there is demand for similar space in such properties by tenants within the market, and recent comparable sales indicate such properties are typically purchased by real estate investors. As a result, we conclude that the most likely purchaser of the subject is an investor, who would typically rely on the income approach to value the property.

Valuation Process

Methodology

There are three generally accepted approaches to developing an opinion of value: Cost, Sales Comparison and Income Capitalization. We considered each in this appraisal to develop an opinion of the market value of the subject property. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

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.

We considered each approach in developing our opinion of the market value of the subject property. We discuss each approach below and conclude with a summary of their applicability to the subject property.

Cost Approach

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the Highest and Best Use of the land; or when relatively unique or specialized improvements are located on the site for which there are few improved sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in an opinion of value for the subject property.

Sales Comparison Approach

In the Sales Comparison Approach, sales of comparable properties are adjusted for differences to estimate a value for the subject property. A unit of comparison such as price per square foot of building area or effective gross income multiplier is typically used to value the property. When developing an opinion of land value the analysis is based on recent sales of sites of comparable zoning and utility, and the typical units of comparison are price per square foot of land, price per acre, price per unit, or price per square foot of potential building area. In each case, adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive an opinion of value for the subject property.

Income Capitalization Approach

In the Income Capitalization Approach the income-producing capacity of a property is estimated by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization. Related to the Direct Capitalization Method is the Yield Capitalization Method. In this method periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

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.

Land Valuation

We used the Sales Comparison Approach to develop an opinion of land value. We examined current offerings and analyzed prices buyers have recently paid for comparable sites. If the comparable was superior to the subject, a downward adjustment was made to the comparable sale. If inferior, an upward adjustment was made.

The most widely used and market-oriented unit of comparison for properties with characteristics similar to those of the subject is price per unit. All transactions used in this analysis are based on the most appropriate method used in the local market.

The major elements of comparison used to value the subject site include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its utility and the physical characteristics of the property.

The comparables and our analysis are presented on the following pages. Comparable land sale data sheets are presented in the Addenda of this report.

SUMMARY OF LAND SALES

No.	Location	Size (SF)	Size (Acres)	Max FAR	Zoning	Site Utility	Grantor	Grantee	Sale Date	Sale Price	$/Unit	COMMENTS
	PROPERTY INFORMATION						**TRANSACTION INFORMATION**					
S	Subject Property	1,306,800	30.00	2.00	PD, Planned Development District	Good						
1	Proposed Apartment Site 14670 Duval Road Jacksonville, FL	822,413	18.88		PUD	Average	Blue Sky Jaxap LLC	Eagle Landings of Jax LLC	Sep-20	$4,250,000	$13,117	This land comparable is located on the west side of Interstate 95, just south of Airport Road, in Jacksonville, Duval County, Florida. The PUD zoned site totals 18.88 acres and is located to the east of the Jacksonville International Airport. The site has visibility and frontage along Interstate 95, but access will be located along Ranch Road located on the southern boundary of the parcel. The site was purchased for development of a 324-unit apartment complex projected to be completed in 2022. This indicates a price per land unit of $13,117.
2	Proposed Townhome Site 1141 Airport Center Drive East Jacksonville, FL	785,387	18.03		PUD	Average	Jacksonville Transportation Authority	Dr Horton, Inc. - Jacksonville	Jul-20	$1,950,000	$15,000	Property is part of a Planned Unit Development (PUD) approved in 2002 that allows for a portion of 315,000 square feet of commercial development including two shopping centers and four pad sites. The site is surrounded by residential subdivisions and large single family tracts. The site is located approximately 2.5 miles from the River City Market Place and 5 miles from the Jacksonville International Airport. On July 14, 2020, the 18.03 acres of land parcel at 1141 Airport Dr. E, in Jacksonville, FL was sold for $1,950,000. The land is and is zoned PUD. The land will be used to develop 130 residential town homes with construction commencing in late 2020. The one, three, and five mile radius population is 5,552, 30,787, and 55,671, respectively. The one, three, and five mile radius median income is $67,146, $70,364, and $66,626, respectively.
3	Tarrabella Residences Site 13723 Atlantic Boulevard Jacksonville, FL	957,013	21.97		PUD	Good	Neptune Baptist Church	Terrabella Residences LLC	Jul-19	$7,030,000	$27,787	This comparable represents the sale of a 21.97-acre tract located at 13723 Atlantic Boulevard in Jacksonville, FL. The tract was raw land and zoned PUD at the time of sale. The buyer is proposing to develop at 253-unit apartment community. This comparable sold in July 2019 for $7,030,000 or $27,787 per unit.
4	Neptune Beach Mixed-Use Site 500 Atlantic Boulevard Neptune Beach, FL	466,963	10.72		C-3	Good	Neptune Beach, FL Realty LLC	TBR Neptune Owner, LLC	Mar-19	$5,235,600	$16,727	This comparable represents the sale of a previous K-Mart anchored shopping center known as Neptune Beach Plaza and located at 500 Atlantic Boulevard in Neptune Beach, FL. The site was purchased for the development of a mixed-use project to include 313 apartment units and approximately 20,000 square feet of retail. This comparable sold in March 2019 for $5,235,600 or $16,727 per unit. As of October 2020 the project was on hold due to the pandemic and the buildings had not yet been razed.
5	Vintage Amelia Island Site Lime Street Fernandina Beach, FL	1,005,365	23.08		R-2	Good	Oglethorpe Development, LLC	TDK Land, LLC	Mar-18	$3,000,000	$13,393	This comparable represents the sale of 23.08-acres of raw land located at the corner of Lime Street and 14th Street in Fernandina Beach, Florida. The tract was raw land at the time of sale and permitted for the development of a 224-unit apartment community known as Vintage Amelia Island. The gated apartment community will comprise of 18 two- and three-story buildings on 23 acres. This comparable sold in March 2018 for $3,000,000 or $129,983 per acre or $13,393 per unit.
6	Apartment Development Site 4900 Block of Deer Lake Drive West Jacksonville, FL	723,967	16.62		-	Average	Guidewell Group, Inc.	WRH Realty Services	Jul-17	$9,200,000	$23,000	This site was acquired for development of a 400-unit apartment community. It is adjacent to both the Merrill Lynch and Florida Blue campuses. The development budget for the project totaled $65.4 million (inclusive of land and soft costs and exclusive of profit).
	STATISTICS											
Low		466,963	10.72	0.00					Jul-17	$1,950,000	$13,117	
High		1,005,365	23.08	0.00					Sep-20	$9,200,000	$27,787	
Average		793,518	18.22	0.00					Apr-19	$5,110,933	$18,171	

Compiled by Cushman & Wakefield of North Carolina, Inc.

LAND SALE ADJUSTMENT GRID

	Economic Adjustments (Cumulative)						Property Characteristic Adjustments (Additive)					
No.	**Price Per Unit**	**Property Rights Conveyed**	**Conditions of Sale**	**Financing**	**Market[1] Conditions**	**Per Unit Subtotal**	**Location**	**Size**	**Public Utilities**	**Utility[2]**	**Other**	**Adj. Price Per Unit**
1	**$13,117**	Fee Simple	Arm's-Length	None	Inferior	**$13,524**	Superior	Similar	Similar	Inferior	Similar	**$13,524**
	9/20	0.0%	0.0%	0.0%	3.1%	3.1%	-10.0%	0.0%	0.0%	10.0%	0.0%	0.0%
2	**$15,000**	Fee Simple	Arm's-Length	None	Inferior	**$15,510**	Superior	Similar	Similar	Inferior	Similar	**$15,510**
	7/20	0.0%	0.0%	0.0%	3.4%	3.4%	-10.0%	0.0%	0.0%	10.0%	0.0%	0.0%
3	**$27,787**	Fee Simple	Arm's-Length	None	Inferior	**$29,287**	Superior	Similar	Similar	Inferior	Similar	**$26,358**
	7/19	0.0%	0.0%	0.0%	5.4%	5.4%	-20.0%	0.0%	0.0%	10.0%	0.0%	-10.0%
4	**$16,727**	Fee Simple	Arm's-Length	None	Inferior	**$17,748**	Superior	Similar	Similar	Inferior	Similar	**$15,973**
	3/19	0.0%	0.0%	0.0%	6.1%	6.1%	-20.0%	0.0%	0.0%	10.0%	0.0%	-10.0%
5	**$13,393**	Fee Simple	Arm's-Length	None	Inferior	**$14,504**	Superior	Similar	Similar	Inferior	Similar	**$14,504**
	3/18	0.0%	0.0%	0.0%	8.3%	8.3%	-10.0%	0.0%	0.0%	10.0%	0.0%	0.0%
6	**$23,000**	Fee Simple	Arm's-Length	None	Inferior	**$25,277**	Superior	Similar	Similar	Inferior	Similar	**$22,749**
	7/17	0.0%	0.0%	0.0%	9.9%	9.9%	-20.0%	0.0%	0.0%	10.0%	0.0%	-10.0%
	$13,117	**- Low**									**Low -**	**$13,524**
	$27,787	**- High**									**High -**	**$26,358**
	$18,171	**- Average**									**Average -**	**$18,103**

Compiled by Cushman & Wakefield of North Carolina, Inc.

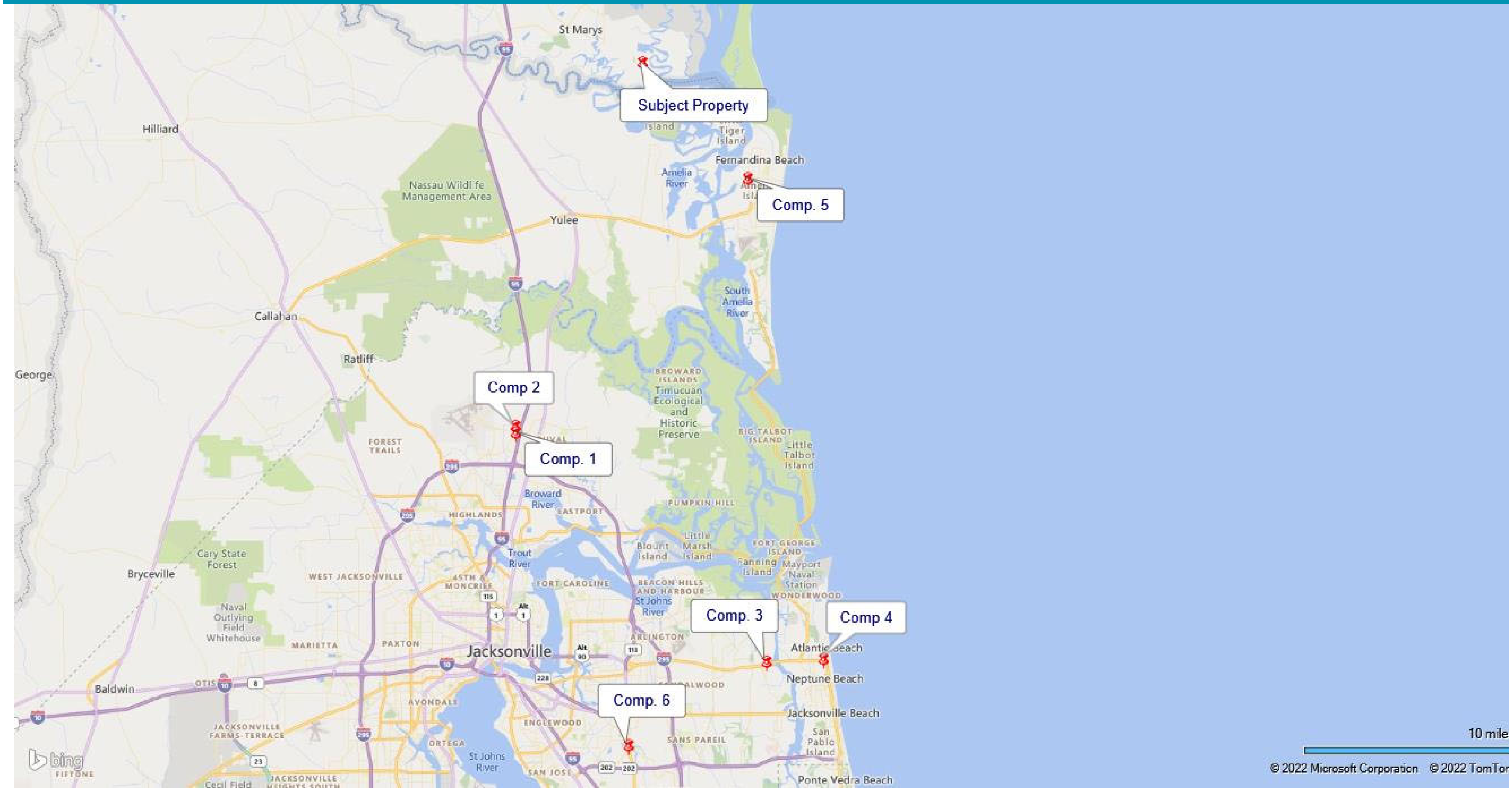
(1) Market Conditions Adjustment Footnote

Compound annual change in market conditions: 2.00%
Date of Value (for adjustment calculations): 3/29/22

(2) Utility Footnote

Utility includes shape, access, frontage and visibility.

LAND SALE LOCATION MAP



Discussion of Adjustments

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the sale price of a property. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the fee simple interest as reflected by each of the comparables, an adjustment for property rights is not required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

Market Conditions

The sales that are included in this analysis occurred between July 2017 and September 2020. We have concluded the market showed growth over recent years. Therefore, an annual growth adjustment of 3.0 percent was applied to sales.

Location

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. Describe the benefits and location value We made upward adjustments were made to those comparables considered inferior.

- Each of the sales warranted downward adjustments due to superior locations closer to Jacksonville, FL.

Size

The adjustment for size generally reflects the inverse relationship between unit price and lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. Therefore, upward adjustments were made to larger land parcels, and downward adjustments were made to smaller land parcels.

Public Utilities

The availability of public utilities has a significant impact on the value of a property. Municipal utility providers often, but not always, provide utilities such as gas, water, electric, sewer, and telephone. It is therefore important to understand any differences that may exist in the availability of public utilities to the subject property and its comparables. All of the sales, like the subject, had full access to public utilities at the time of sale. Therefore, no adjustments were required.

Utility

The subject parcel is adequately shaped to accommodate a typical building. It has good access, good frontage and good visibility. Overall, it has been determined that the site has good utility. Adjustments were made where a comparable was considered to have superior or inferior utility.

Other

Each of the comparables warranted additional upward adjustments due to the subject's superior position within a master-planned community with nearby access to the North River, St. Mary's River and the Atlantic Ocean.

Conclusion of Site Value

The adjustments applied to the comparable sales in the Land Sale Adjustment Chart reflect what we determined is appropriate in the marketplace. Despite the subjectivity, the adjustments were considered reasonable and were applied consistently.

After a thorough analysis, the comparable land sales reflect adjusted unit values ranging from $13,524 per unit to $26,358 per unit, with an average of $18,103 per unit. Overall, each of the sales were given consideration given their locations and proposed uses. Given the subject's location and size, we have concluded near the mid-point of the comparable range to be reasonable.

Therefore, we concluded that the indicated land value by the Sales Comparison Approach was:

LAND VALUE CONCLUSION	Price Per Unit
Indicated Value	$18,000
Unit Measure	x 187
Indicated Value	$3,366,000
Rounded to nearest $25,000	$3,375,000
$/Unit Basis	$18,048
LAND VALUE CONCLUSION	**$3,375,000**
$/Unit Basis	$18,048

Compiled by Cushman & Wakefield of North Carolina, Inc.

Cost Approach

Methodology

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. The steps in this approach have been outlined in the Valuation Process section of this report. We previously developed an opinion of land value for the subject site of $3,375,000.

Replacement Cost New

The Marshall Valuation Service is used to determine the replacement cost of the subject building. These costs include labor, materials, supervision, contractor's profit and overhead, architect's plans and specifications, sales taxes and insurance. Base costs are provided by the Marshall and Swift (M&S) Square Foot Commercial Methodology. These costs are refined, if applicable, for differences in heating/cooling costs, and the presence of sprinklers and elevators. The refined base costs are then further adjusted, if applicable, to account for building height, interior wall height, building perimeter, current costs, location variations, and prospective value multipliers. Beyond the base building costs, specialty components or site improvements are provided by the segregated cost sections of the M&S Commercial Cost Explorer.

Our estimates of Replacement Cost New (RCN), Indirect Costs, Entrepreneurial Profit, and Depreciation for the subject property are summarized on the following pages.

Indirect Costs

Indirect costs (soft costs) not included in our Base Costs are developer overhead, property taxes, permanent loan fees, legal costs, developer fees, contingencies, and lease-up and marketing costs.

An average property in the subject market requires an allowance for indirect costs of between 5.0 and 10.0 percent of Base Costs. We chose to use 5.0 percent for the Building Improvements (Structures) and 5.0 percent for the Site Improvements in our analysis.

Entrepreneurial Profit

Typically, an allowance for entrepreneurial profit would be added when preparing the cost approach. This allowance provides a prospective developer with the incentive to develop a property, especially one of a speculative nature.

Based on our discussions with developers in the local market, this figure tends to range between 10.0 and 20.0 percent of Base Building, Site Improvement and Other Indirect Costs. We chose to use 15.0 percent in our analysis.

Depreciation

There are several methods for capturing the loss in value attributable to depreciation: The market extraction method, the age-life method, and the breakdown method. Our Cost Approach utilizes the fundamental components of the age-life method. In some situations, the impact of certain items of depreciation on value is known or is easily estimated. In the most common variation of the age-life method the cost to cure certain curable items (physical and functional) is known and can be deducted before the age-life ratio is applied; a process that mirrors what typical purchasers consider as part of the investment decision. Once processed, incurable items (physical and functional) can be estimated via the age-life ratio. In situations where External Obsolescence is present it, too, can be analyzed either as a residual to the market value conclusion or via an estimate of capitalized rent loss attributable to the external condition.

Physical Deterioration

The *Marshall & Swift CCE* defines physical deterioration as:

> The wearing out of the improvement through the combination of wear and tear of use, the effects of the aging process and physical decay, action of the elements, structural defects, etc. It is typically divided into two types, curable and incurable, which may be individually estimated by the component breakdown method using some type of age/life approach. Physical deterioration may be further categorized as deferred maintenance, generally requiring immediate attention and treated separately based on the items' cost to repair.

Curable physical deterioration is generally associated with individual short-lived items such as paint, floor and roof covers, hot-water heaters, etc., requiring periodic replacement or renewal, or modification continuously over the normal life span of the improvement. Our calculation of Physical Curable Deterioration is based upon observable components, owner's proposed capital expenditures, and our own estimates of replacement costs where appropriate.

Incurable physical deterioration is generally associated with the residual group of long-lived items such as floor and roof structures, mechanical supply systems and foundations. Such basic structural items are not normally replaced in a typical maintenance program and are usually incurable except through major reconstruction. Physical Incurable Obsolescence will be calculated using a modified age-life method.

Functional Obsolescence

According to the *Appraisal Institute*, functional obsolescence can be caused by changes in market conditions that have made some aspect of a structure, material or design obsolete by current market standards. Functional obsolescence may also be curable or incurable.

To be curable, the cost to correct the deficiency must be equal to or less than the anticipated increase in value. There are three subcategories of curable functional obsolescence: (1) deficiency requiring addition, (2) deficiency requiring substitution and (3) superadequacy. A deficiency requiring addition is measured by how much the cost of the addition exceeds the cost of the item if it were installed new during construction. A deficiency requiring substitution is measured as the cost of the existing component less physical deterioration already charged against the component and salvage value, plus the cost to remove the existing component and the added cost of installation. A superadequacy is measured as the current reproduction cost of the item minus any physical deterioration already charged plus the cost of removal, less the salvage value. A superadequacy is curable if correcting it on the date of the appraisal is economically feasible.

The subject improvements will be constructed using modern materials and techniques. Furthermore, the design and layout of the property are consistent with current market standards. Our estimate of functional curable obsolescence, if applicable, is presented later in this section.

To the extent Functional Incurable Obsolescence exists, it is treated using methods prescribed by the Appraisal Institute.

External Obsolescence

External obsolescence is the adverse effect on value resulting from influences outside the property. External obsolescence may be the result of lagging rental rates, high inflation, excessive construction costs, access to highways, the lack of an adequate labor force, changing land use patterns and market conditions, or proximity to an objectionable use or condition.

Based on a review of the location of the subject as well as local market conditions, there is no external obsolescence.

Replacement Cost New (Structures)

A breakdown of each building component is presented by the following table. A separate analysis of each component allows for a consideration of the unique cost differences of each component. The following table summarizes the replacement cost new of the building improvements (structures).

COST APPROACH SUMMARY			
IMPROVEMENTS (STRUCTURES)			
DESCRIPTION		Clubhouse	Cottages
Marshall & Swift - Improvement Type		Clubhouse	Single Family
Construction Class		D	D
Quality of Construction		Good	Good
Marshall & Swift - Section		Section 11	Section 12
Marshall & Swift - Page		Page 30	Page 25
Date		Nov-20	Aug-20
Number of Stories		1	2
Base SF Cost		$201.00	$130.00
SQUARE FOOT REFINEMENTS			
HVAC Refinements		$0.00	$0.00
Sprinklers		$0.00	$0.00
Elevators		$0.00	$0.00
Adjusted Base Cost		$201.00	$130.00
HEIGHT AND SIZE REFINEMENTS			
Number of Stories		1.000	1.000
Height Per Story		1.000	1.000
Perimeter		1.000	1.000
Adjusted Base Cost		$201.00	$130.00
FINAL CALCULATIONS			
Current Cost Multiplier		1.210	1.230
Local Area Multiplier		0.950	0.950
Prospective Multiplier		1.041	1.041
Adjusted SF Cost		$240.52	$158.13
TIMES: SF for Replacement Cost Purposes		5,000	203,839
Adjusted Cost		**$1,202,613**	**$32,233,694**
PLUS: Indirect Costs	5.0%	$60,131	$1,611,685
PLUS: FF&E (Per Unit)		$0	$0
PLUS: Working Capital & Pre-Opening Expenses (Per Unit)		$0	$0
Adjusted Cost		$1,262,743	$33,845,379
PLUS: Entrepreneurial Profit (Structures)	15.0%	$189,411	$5,076,807
Replacement Cost New (RCN)		**$1,452,155**	**$38,922,185**
REPLACEMENT COST SUMMARY (STRUCTURES)			
Total Adjusted Costs			**$33,436,307**
PLUS: Total Indirect Costs			$1,671,815
PLUS: Total Entrepreneurial Profit (Structures)			$5,266,218
Total RCN			**$40,374,340**
Per Unit			$215,906

Total includes all component / building costs as detailed above

Depreciation (Structures)

As previously discussed, our analysis of depreciation reflects physical and functional curable prior to consideration of physical and functional incurable items, which are treated as components of the modified age-life method. If applicable, economic obsolescence is independently estimated and deducted. To allow for any variances in the age/condition of individual building components, a separate depreciation analysis was applied to each. The following table summarizes the depreciated value of improvements (structures).

COST APPROACH SUMMARY			
DEPRECIATION ANALYSIS (STRUCTURES)			
DESCRIPTION		Clubhouse	Cottages
RCN		$1,452,155	$38,922,185
LESS: Physical Curable		$0	$0
LESS: Functional Curable		$0	$0
Adjusted RCN		$1,452,155	$38,922,185
Age/Life Analysis			
Year Built		2024	2024
Actual Age (Years)		0	0
Economic Life (Years)		45	45
Effective Age (Years)		0	0
Remaining Economic Life (Years)		45	45
Percent Depreciated		0.00%	0.00%
Age/Life Depreciation (% of Adjusted RCN)		$0	$0
Adjusted RCN		$1,452,155	$38,922,185
LESS: Age/Life Depreciation		$0	$0
Adjusted RCN		$1,452,155	$38,922,185
LESS: Functional Incurable		$0	$0
Adjusted RCN		$1,452,155	$38,922,185
LESS: Economic Obsolescence (External)	0.0%	$0	$0
Depreciated RCN		**$1,452,155**	**$38,922,185**
Depreciation Subtotal		$0	$0
DEPRECIATION SUMMARY (STRUCTURES)			
Total RCN			**$40,374,340**
LESS: Total Depreciation - Physical Curable			$0
LESS: Total Depreciation - Functional Curable			$0
LESS: Total Depreciation - Age/Life			$0
LESS: Total Depreciation - Functional Incurable			$0
LESS: Total Depreciation - Economic Obsolescence (External)			$0
Total Depreciated Value of Improvements			**$40,374,340**
Total Depreciated Value Per Unit			$215,906
Total includes all component / building costs as detailed above			

Replacement Cost New (Site Improvements)

Because site improvements can vary significantly and have a shorter typical age/life than the building components, a separate analysis was conducted. Site improvement costs include landscaping, asphalt paving, walkways, etc. The following table presents a detail of the replacement cost new of site improvements.

SITE IMPROVEMENTS - REPLACEMENT COST NEW								
Item	Unit Type	Area (Units)	Cost Per Unit	Cost New	Indirect 5.0%	Adjusted Cost	Profit 15.0%	Replacement Cost New
Site Improvements	SF	1,306,800	$2.00	$2,613,600	$130,680	$2,744,280	$411,642	$3,155,922
Totals				$2,613,600	$130,680	$2,744,280	$411,642	$3,155,922

Depreciation (Site Improvements)

The following table presents a detail of the depreciated value of site improvements.

SITE IMPROVEMENTS - DEPRECIATION										
Item	Physical Curable	Functional Curable	Adjusted Total	Economic Life	Effective Age	Depreciation %	Age/Life Depreciation	Adjusted Total	Economic Obsolescence 0.0%	Depreciated Cost
Site Improvements	$0	$0	$3,155,922	15	0	0.00%	$0	$3,155,922	$0	$3,155,922
Totals	$0	$0	$3,155,922				$0	$3,155,922	$0	$3,155,922

Summary (Site Improvements)

The following table provides a summary of the depreciated value of the site improvements.

SITE IMPROVEMENTS		
Cost New (Site Improvements)		$2,613,600
PLUS: Indirect Costs	5.0% of Hard Costs	$130,680
Adjusted Cost		$2,744,280
PLUS: Entrepreneurial Profit	15.0% of Adjusted Costs	$411,642
RCN (Site Improvements)		**$3,155,922**
DEPRECIATION ANALYSIS (SITE IMPROVEMENTS)		
RCN (Site Improvements)		**$3,155,922**
LESS: Physical Curable		$0
LESS: Functional Curable		$0
Adjusted RCN (Site)		$3,155,922
LESS: Age/Life Depreciation		$0
Adjusted RCN (Site)		$3,155,922
LESS: Economic Obsolescence (External):	0.0%	$0
Total Depreciated Value of Site Improvements		**$3,155,922**
Site Area SF (Primary Site)	1,306,800	
Conclusion PSF of Land Area (Primary Site)		**$2.42**

Conclusion

As a culmination to the Cost Approach, we reiterate the conclusions from each portion of this analysis. Please refer to the following table for our Cost Approach summary.

COST APPROACH VALUE SUMMARY		
MARKET VALUE TYPE		**Prospective Market Value Upon Completion**
COST SOURCE		Marshall & Swift (Commercial Cost Explorer)
IMPROVEMENTS (Structures)		
Adjusted Costs		**$33,436,307**
PLUS: Indirect Costs		$1,671,815
PLUS: Total FF&E (Per Unit)	$0	$0
PLUS: Total Working Capital & Pre-Opening Expenses (Per Unit)	$0	$0
PLUS: Entrepreneurial Profit		$5,266,218
LESS: Total Depreciation		$0
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (Structures)		**$40,374,340**
IMPROVEMENTS (Site)		
Cost New		**$2,613,600**
PLUS: Indirect Costs		$130,680
PLUS: Entrepreneurial Profit		$411,642
LESS: Total Depreciation		$0
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (Site)		**$3,155,922**
SUMMARY (ALL IMPROVEMENTS)		
Adjusted Costs/Cost New		$36,049,907
PLUS: Total Indirect Costs		$1,802,495
PLUS: Total FF&E (Per Unit)	$0	$0
PLUS: Total Working Capital & Pre-Opening Expenses (Per Unit)	$0	$0
PLUS: Total Entrepreneurial Profit		$5,677,860
TOTAL REPLACEMENT COST NEW		**$43,530,262**
LESS: Total Depreciation		$0
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS		**$43,530,262**
Depreciated Value Per Unit		**$232,782**
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS		
PLUS: Land Value (Primary Site)		$3,375,000
INDICATED VALUE BY THE COST APPROACH		**$46,905,262**
Rounded to the Nearest	**$100,000**	**$46,900,000**
Conclusion Per Unit		$250,802

Developer Budget

The subject developer is projecting a construction budget at $44,087,964. Our concluded construction cost at $46,900,000 is above this budget but considered reasonable based upon current MVS cost guide figures and experience with recently developed build to rent communities similar to the subject.

We note that without detailed construction estimates, it's hard to determine the specific line items that are considered below market. The following chart summarizes the subject's development budget:

Acquisition Assumptions

Project Type	New Construction
Land Cost	$15,844,000
Hard Costs	$26,493,964
Soft Costs	$1,750,000
Development Cost	**$44,087,964**

Sales Comparison Approach

Methodology

Using the Sales Comparison Approach, we developed an opinion of value by comparing the subject property to similar, recently sold properties in the surrounding or competing area. This approach relies on the principle of substitution, which holds 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.

By analyzing sales that qualify as arm's-length transactions between willing and knowledgeable buyers and sellers, we can identify value and price trends. The basic steps of this approach are:

- Research recent, relevant property sales and current offerings in the competitive area;
- Select and analyze properties that are similar to the subject property, analyzing changes in economic conditions that may have occurred between the sale date and the date of value, and other physical, functional, or locational factors;
- Identify sales that include favorable financing and calculate the cash equivalent price;
- Reduce the sale prices to a common unit of comparison such as price per unit or effective gross income multiplier;
- Make appropriate comparative adjustments to the prices of the comparable properties to relate them to the subject property; and
- Interpret the adjusted sales data and draw a logical value conclusion.

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

Build to Rent Comparables

Homebuilding titans are moving into the rental business by constructing entire communities of rental homes. This model is similar to the subject's model. The business model stretches back to the 1980s and really took off after the Great Recession of 2008. Known as build-to-rent (BTR), single-family rental (SFR) and single-family-built-to-rent (SFBR), the communities are attracting significant interest and capital investment as homeownership in the country is currently below 66% and is expected to keep declining during the next 20 years. It is predicted that the number of BTRs built annually will double by 2024. Taylor Morrison, which is ranked No. 6 on the 2020 Builder 100 list of homebuilders, is in the BTR business and said that BTRs could eventually represent half of their output if the trend continues.

Toll Brothers is a historically luxury home developer and they reported that they do not believe that this rental product is competing with the traditional multifamily industry and may be a logical stepping-stone out of multifamily. "We believe that residents in our BTR communities want suburban single-family home living, so they are specifically choosing this rather than multifamily rentals. It is a different experience and lifestyle with all the attractions of low-density suburban living. For some residents who might currently be living in and outgrowing a one- to two-bedroom rental in one of our multifamily Toll Brothers Apartment Living properties, this is an ideal next step product offering."

Given the lack of "Build to Rent" community sales within the market, we have expanded our search throughout the region. The following contain a summary of the "build to rent" community sales that we compared to the subject property, a map showing their locations, and the adjustment process.

Comparable improved sale data sheets are presented in the Addenda of this report.

SUMMARY OF IMPROVED SALES

No.	PROPERTY INFORMATION Property Name Address, City, State	Year Built	No. of Units	Average Unit Size	TRANSACTION INFORMATION Grantor	Grantee	Sale Date	Sale Price	$/Unit	NOI/Unit	OAR	Occup.	Comments
S	Subject Property	2024	187	1,090						$14,570		--	
1	The Cottages at Dawson Ridge 500 Lumpkin Campground Road North Dawsonville, GA	2020	193	1,554	NHT Dawson Ridge LLC	SMC Dawson Ridge LLC	Jan-22	$46,485,000	$240,855	-	-	99%	This comparbale represents the sale of a 193 unit built-to-rent community known as The Cottages at Dawson Ridge and located at 500 Lumpkin Campground Road in Dawsonville, GA. The improvements were built in 2020 and include approximately 43 cottage style buildings situated in a subdivision layout, on a 34.99-acre tract. This comparable sold as part of a 2-property build-to-rent portfolio. This comparable sold in January 2022 for $46,485,000 or $240,855 per unit. While requested, additional financials were not provided.
2	Leo at Sanctuary 103 Moultrie Drive Rincon, GA	2020	208	1,257	Next Chapter Sweetwater LLC	Leoaugusta LLC	Oct-21	$56,100,000	$269,712	-	-	99%	This comparbale represents the sale of a 208 unit built-to-rent community known as Leo at Sanctuary and located at 103 Moultrie Drive in Rincon, GA. The improvements were built in 2020 and include approximately 212 cottage style buildings situated in a subdivision layout, on a 30.25-acre tract. This comparable sold as part of a 2-property build-to-rent portfolio. This comparable sold in October 2021 for $56,100,000 or $269,712 per unit. While requested, additional financials were not provided.
3	Isle Cottage Apartment Homes 505 Silver Gaff Court Myrtle Beach, SC	2020	99	977	RKW Residential	Carolina Forest Cottages	Oct-21	$26,300,000	$265,657	$10,361	3.90%	95%	This comparable represents the sale of a 99 unit detached apartment community known as Isle Cottage Apartment Homes and located at 505 Silver Gaff Court in Myrtle Beach, SC. The improvements were built in 2020 and situated on a 11.97-acre site. The property includes 1BR, 2BR and 3BR units. The property was 95% leased at the time of sale. This comparable sold in October 2021 for $26,300,000 or $265,656 per unit with a reported 3.9% capitalization rate.
4	The Haven of Athens 135 Kentucky Circle Athens, GA	2020	93	3,075	The Haven of Athens, LLC	Athens Student Housing Exchange, LLC	Sep-21	$36,750,000	$395,161	$16,518	4.18%	100%	The net operating income is based on the 2021-2022 budget. The property completed construction in Fall 2020 and delivered at 100% occupancy and has since achieved 100% prelease for Fall 2021. The Haven offered a stabilized Class A investment opportunity in the thriving and nationally recognized University of Georgia market. The property is one mile from the University of Georgia campus. Amenities include a resort-style pool, grill and fire pit, bark park, fitness center, clubhouse and study rooms. The property includes 93 two-, three- and four-bedroom cottages.
5	Advenir at Dawson Hills Parker Forest Drive Dawsonville, GA	2020	240	979	Penler Dawsonville Owner, LLC	Advenir at Dawson Hills, LLC	Sep-21	$64,400,000	$268,333	-	-	90%	This community features one-, two-, and three-bedroom units. Amenities include a gaming lawn and grilling area, clubhouse/leasing office, swimming pool, gated access, and detached garages available for lease.
	STATISTICS												
Low		2020	93	977			Sep-21	$26,300,000	$240,855	$10,361	3.90%	90%	
High		2020	240	3,075			Jan-22	$64,400,000	$395,161	$16,518	4.18%	100%	
Average		2020	167	1,569			Oct-21	$46,007,000	$287,944	$13,439	4.04%	97%	

Compiled by Cushman & Wakefield of North Carolina, Inc.

IMPROVED SALE ADJUSTMENT GRID

	ECONOMIC ADJUSTMENTS (CUMULATIVE)						PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)									
No.	$/Unit & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market [1] Conditions	Per Unit Subtotal	Location	No. of Units (Size)	Age, Quality & Condition	Unit Mix	Amenities	Avg. Unit Size	Utility	Economics	Other	Adj. $/Unit
1	**$240,855**	Leased Fee	Arm's-Length	None	Inferior	**$241,818**	Inferior	Similar	Inferior	Similar	Similar	Similar	Similar	Similar	Inferior	**$278,091**
	1/22	0.0%	0.0%	0.0%	0.4%	0.4%	5.0%	0.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	15.0%
2	**$269,712**	Leased Fee	Arm's-Length	None	Inferior	**$271,869**	Inferior	Similar	Inferior	Similar	Similar	Similar	Similar	Similar	Inferior	**$312,650**
	10/21	0.0%	0.0%	0.0%	0.8%	0.8%	5.0%	0.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	15.0%
3	**$265,657**	Leased Fee	Arm's-Length	None	Inferior	**$268,047**	Similar	Smaller	Inferior	Similar	Similar	Similar	Similar	Similar	Inferior	**$268,047**
	10/21	0.0%	0.0%	0.0%	0.9%	0.9%	0.0%	-10.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	0.0%
4	**$395,161**	Leased Fee	Arm's-Length	None	Inferior	**$399,508**	Similar	Smaller	Inferior	Similar	Similar	Superior	Similar	Similar	Inferior	**$339,582**
	9/21	0.0%	0.0%	0.0%	1.1%	1.1%	0.0%	-10.0%	5.0%	0.0%	0.0%	-15.0%	0.0%	0.0%	5.0%	-15.0%
5	**$268,333**	Leased Fee	Arm's-Length	None	Inferior	**$271,285**	Inferior	Similar	Inferior	Similar	Similar	Similar	Similar	Similar	Inferior	**$311,978**
	9/21	0.0%	0.0%	0.0%	1.1%	1.1%	5.0%	0.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	15.0%
	STATISTICS															
	$240,855	**- Low**													**Low -**	$268,047
	$395,161	**- High**													**High -**	$339,582
	$287,944	**- Average**													**Average -**	$302,070

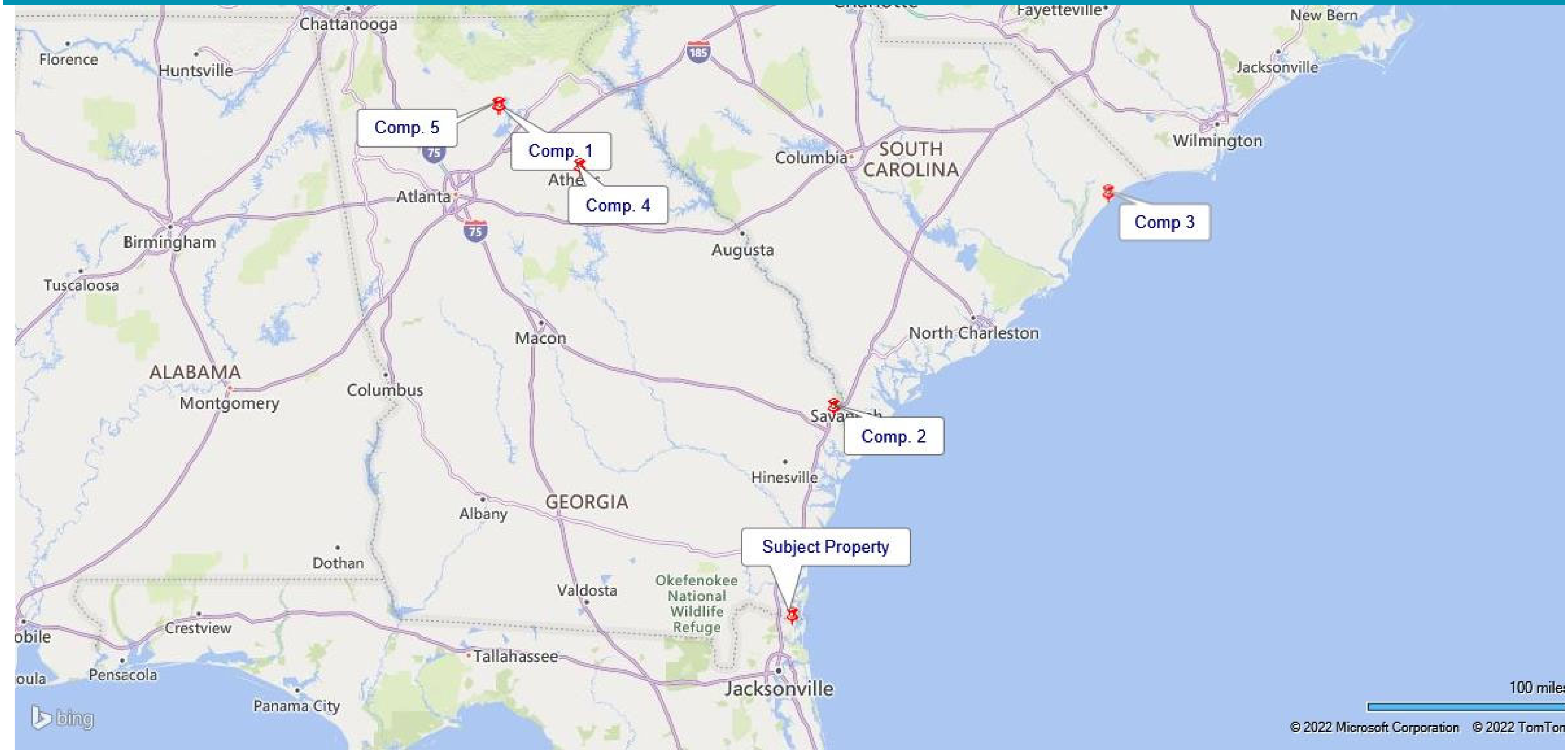
Compiled by Cushman & Wakefield of North Carolina, Inc.

[1] **Market Conditions Adjustment**

Compound annual change in market conditions: 2.00%

Date of Value (for adjustment calculations): 3/29/22

IMPROVED SALE LOCATION MAP



Percentage Adjustment Method

Adjustment Process

The sales that we used were the best available comparables to the subject property. The major points of comparison for this type of analysis include the property rights conveyed, the financial terms incorporated into the 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.

The first adjustment made to the market data takes into account differences between the subject property and the comparable property sales with regard to the legal interest transferred. Advantageous financing terms or atypical conditions of sale are then adjusted to reflect a normal market transaction. Next, changes in market conditions must be accounted for, thereby creating a time adjusted price. Lastly, adjustments for location, physical traits and the economic characteristics of the market data are made in order to generate the final adjusted unit rate for the subject property.

We made a downward adjustment to those comparables considered superior to the subject and an upward adjustment to those comparables considered inferior. Where expenditures upon sale exist, we included them in the sales price.

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the price that is paid. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the fee simple interest as reflected by each of the comparables, an adjustment for property rights is not required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arm’s-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments are required.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments are required.

Market Conditions

The sales that are included in this analysis occurred between September 2021 and January 2022. We have concluded the market showed growth over recent years. Therefore, an annual growth adjustment of 3.0 percent was applied to sales.

Location

An adjustment for location is required when the location characteristics of a comparable property differ from those of the subject property. Describe the benefits and location value We made downward adjustments to those comparables considered superior in location when compared to the subject. Conversely, upward adjustments was made to those comparables considered inferior. Overall, the subject's location is considered good within its market. Each comparable is adjusted accordingly, if applicable.

- Sales 1, 2 and 5 warranted an upward adjustment due to inferior locations within inferior MSAs when compared to the subject.

Physical Traits

Each property has various physical traits that determine its appeal. These traits include size, age, condition, quality, parking ratio and utility. Each comparable is adjusted accordingly, if applicable.

- Size has an impact on unit sale prices. Smaller properties tend to sell for more per unit than larger properties. The subject contains 187 units, while the comparables contain between 93 and 240 units. Sales 3 and 4 warranted a downward adjustment due to a smaller size when compared to the subject.
- The subject was built in 2024 and is currently an excellent quality property that is in excellent condition. Unit finishes include granite countertops throughout, 10-foot ceilings, stainless steel appliances, lvt plank floors throughout, tub/shower inserts, stand-up showers in two and three bedrooms, w/d included, walk-in closets, and patios.

Utility

The subject will be a two stories build-to-rent cottage style community. The comparables are all similar in terms of property type.

Economic Characteristics

This adjustment is used to reflect differences in occupancy levels, operating expense ratios, tenant quality, and other items not covered under prior adjustments that would have an economic impact on the transaction. No adjustment was warranted in this regard.

Summary of Percentage Adjustment Method

We used the Sales Comparison Approach to estimate the Prospective Market Value Upon Stabilization of the subject property. From that value, we make certain adjustments to derive the As-Complete Market Value. A detailed discussion of the adjustments is described as follows:

After adjustments the comparable improved sales reflect unit prices ranging from $268,047 to $339,582 per unit with an average adjusted price of $302,070 per unit. We have given consideration to each of the comparables due to their similar physical and economic conditions when compared to the subject. Given the subject's location and proposed construction, we have concluded near the mid-point of this range to be reasonable.

Therefore, we conclude that the indicated value by the Percentage Adjustment Method is:

PERCENT ADJUSTMENT METHOD SUMMARY	
Prospective Market Value Upon Stabilization	**Per Unit**
Indicated Value per Unit	$300,000
Num of Units	x 187
Indicated Value	$56,100,000
Rounded to Nearest $50,000	**$56,100,000**
Per Unit	$300,000

APPLICATION TO SUBJECT	
Prospective Value Upon Completion	
Prospective Market Value Upon Stabilization	**$56,100,000**
LESS Lease-Up	($2,963,000)
Indicated Value	$53,137,000
Rounded to Nearest $50,000	**$53,150,000**
Per Unit	$284,225

Compiled by Cushman & Wakefield of North Carolina, Inc.

Lease-Up

The cost estimates employed for this approach are reflective of a property operating at a stabilized level. A stabilized occupancy for the subject has been estimated to be 95 percent. We note that the competitive properties surveyed indicated stabilized positions ranging from 92.1 to 99 percent.

Odyssey at Laurel Island is a 192 unit apartment community that delivered in January 2022 and is currently 57.8 percent leased and projected to reach a stabilized position within Year 1. Pointe Grand Kingsland is a 216 unit apartment community that delivered in November 2020 and reached a stabilized position within the first year of lease-up.

Based upon our research, recent communities appear to reach a stabilized position within the first year of lease-up. Overall, we have concluded that the subject will achieve a stabilized position within 12 months after completion of construction.

This analysis utilizes assumptions developed in the market analysis and income capitalization approach and will be deducted as a line item from each approach in order to render an “as complete” value estimate.

Lease-Up Costs - Current Market Rents								
Month	**Occupied Units (Month Start)**	**Occ. Start**	**Occupied Units (Month End)**	**Occ. End**	**Avg. Market Rent/Unit**	**Market Rent All Units**	**Market Rent Collected**	**Rent Loss**
1	0	0.0%	15	8.0%	$2,055	$384,200	$0	($384,200)
2	15	8.0%	30	16.0%	$2,055	$384,200	$30,818	($353,382)
3	30	16.0%	45	24.1%	$2,055	$384,200	$61,636	($322,564)
4	45	24.1%	60	32.1%	$2,055	$384,200	$92,455	($291,745)
5	60	32.1%	75	40.1%	$2,055	$384,200	$123,273	($260,927)
6	75	40.1%	90	48.1%	$2,055	$384,200	$154,091	($230,109)
7	90	48.1%	105	56.1%	$2,055	$384,200	$184,909	($199,291)
8	105	56.1%	120	64.2%	$2,055	$384,200	$215,727	($168,473)
9	120	64.2%	135	72.2%	$2,055	$384,200	$246,545	($137,655)
10	135	72.2%	150	80.2%	$2,055	$384,200	$277,364	($106,836)
11	150	80.2%	165	88.2%	$2,055	$384,200	$308,182	($76,018)
12	165	88.2%	180	96.3%	$2,055	$384,200	$339,000	($45,200)
							Total:	**($2,576,400)**
							Plus Profit (15.00%):	**($386,460)**
							Lease-Up Cost Total:	**($2,962,860)**
							Rounded Total:	**($2,963,000)**

Compiled by Cushman & Wakefield of North Carolina, Inc.

Supplemental Sales

Given the lack of financial data provided within the Build-to-Rent sale comparables, we have also included sales of traditional garden style apartment communities within the subject's immediate market area. The following chart summarizes these sales:

These sales indicated a capitalization rate range from 3.11 to 5.66 percent with an average of 4.28 percent.

Income Capitalization Approach

Methodology

The Income Capitalization Approach is based on the principle that the value of a property is indicated by the net return to the property, or what is also known as the present worth of future benefits. The future benefits of income-producing multifamily properties is net income before debt service and depreciation, derived by a projection of income and expense, along with any expected reversionary proceeds from a sale.

The two most common methods of converting net income into value are direct capitalization and discounted cash flow analysis. In direct capitalization, net operating income is divided by an overall rate extracted from the market to indicate a value. In the discounted cash flow method, anticipated future net income streams and a reversionary value are discounted to provide an opinion of net present value at a chosen yield rate (internal rate of return or discount rate). In this section of the report, we have utilized the Direct Capitalization method to value the subject property.

We have forecast future apartment revenue for the subject property based on market rents. In addition, we provide an analysis of the subject's pro forma and the performance of comparable properties in order to forecast all other revenues and expenses for the subject property. The subject property is projected to reach a stabilized level of operation in year two.

We placed sole reliance on the Direct Capitalization Method since the property is at stabilized operations and the overall rate used is derived from recent market transactions and then compared to current survey data. It is likely that a prospective purchaser of this type of property would utilize Direct Capitalization as the primary tool in evaluating the property.

Apartment Unit Rental Income Analysis

Earlier in the report we discussed the competitive market for apartment properties in the local area. Before we analyze the competitive properties, we will discuss certain aspects of the subject property, namely its occupancy, in-place rents and the quoted rent levels of its various unit types.

Occupancy

The subject property will contain 187 cottage-style apartment units. The unit mix and quoted rates are presented in the following table:

UNIT MIX						
Unit Description					**Quoted Rents**	
No.	**Plan**	**Total Units**	**Average Unit Size (SF)**	**Total (SF)**	**Average Monthly Rent**	**Average Monthly Rent PSF**
1	1BR/1BA	71	850	60,350	$2,000	$2.35
2	2BR/2BA	97	1,207	117,079	$2,000	$1.66
3	3BR/2BA	19	1,390	26,410	$2,000	$1.44
MINIMUM			**850**	**26,410**	**$2,000**	**$1.44**
MAXIMUM			**1,390**	**117,079**	**$2,000**	**$2.35**
TOTAL/AVG.		**187**	**1,090**	**203,839**	**$2,000**	**$1.90**

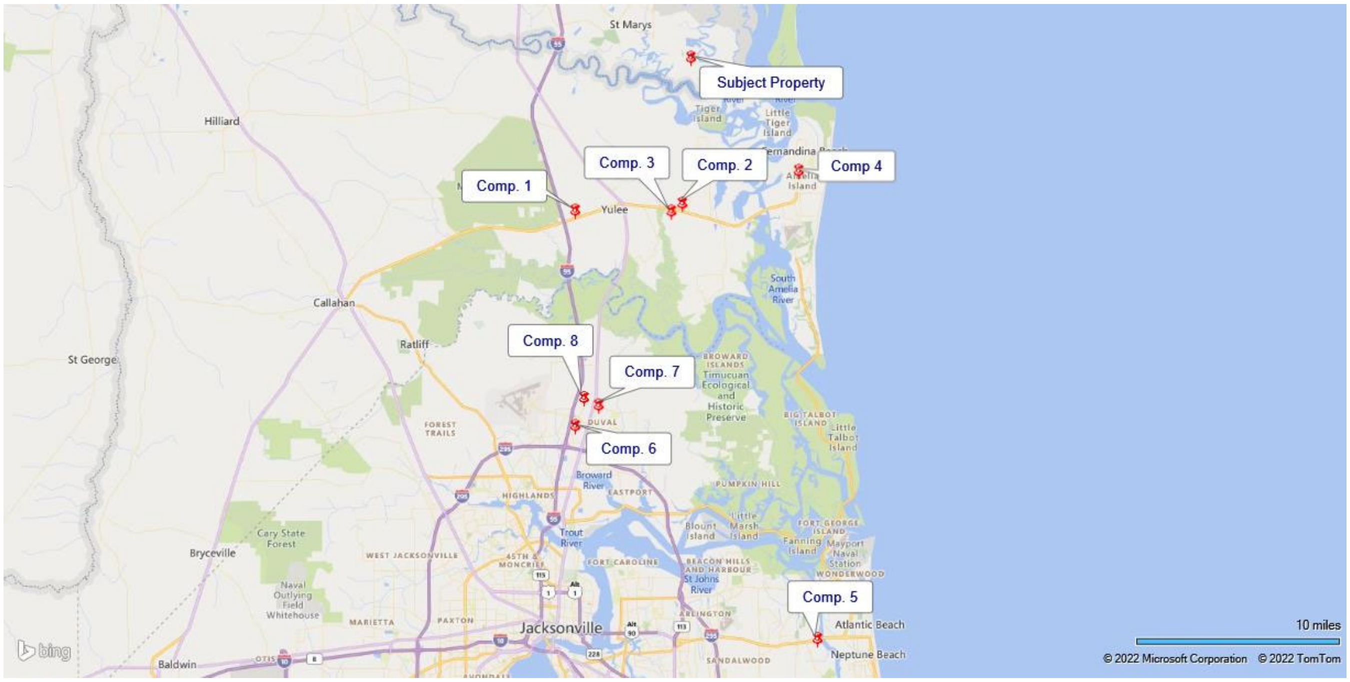
Based on developer pro forma

The subject property offers units ranging in size from 850 to 1,390 square feet, with an average size of 1,090 square feet. Quoted rents range from $2,000 to $2,000 per month. Ownership is not projected to offer rental concessions. Effective rents after accounting for concessions range from $1.44 to $2.35 per square foot per month

In order to ascertain if the subject's quoted rents are market oriented, we will analyze rent levels at competing apartment complexes.

Establishing Market Rental Rates

In an effort to estimate the current market rent achievable for the subject's units, we surveyed several competitive apartment complexes. The competitive properties are presented on the following map and table.



COMPETITIVE APARTMENT PROJECTS														
PROPERTY INFORMATION														
No.	PROPERTY NAME ADDRESS, CITY, STATE	NO. OF UNITS	NET BLDG AREA	AVG. UNIT SIZE	YEAR BUILT	NO. OF BLDGS	NO. OF STORIES	LAND AREA (ACRES)	DENSITY (UNITS/ ACRE)	OCC. RATE (%)	BEDS/BATHS	UNIT SIZE (SF) AVG.	QUOTED RENT PER MONTH AVG.	QUOTED RENT $/SF/ MONTH AVG.
S	**Subject Property**	187	203,839	1,090	2024	187	2	30.00	6.23	--				
1	Lofts at Wildlight Apartments	279	334,800	941	2020	5	3	--	--	92.8%	1BR/1BA	710	$1,545	$2.18
	125 Daydream Avenue										2BR/2BA	1,106	$1,955	$1.77
	Yulee, FL										3BR/2BA	1,368	$2,629	$1.92
2	Courtney Isles	240	258,807	1,067	2008	10	3	22.55	10.64	94.6%	1BR/1BA	871	$1,649	$1.89
	86195 Courtney Isles Way										2BR/2BA	1,173	$1,997	$1.70
	Yulee, FL										3BR/2BA	1,381	$2,109	$1.53
3	Beach House at Amelia	300	330,600	1,010	2015	13	3	24.52	12.23	94.9%	1BR/1BA	817	$1,655	$2.03
	85041 Christian Way										2BR/2BA	1,112	$1,844	$1.66
	Yulee, FL										3BR/2BA	1,388	$2,435	$1.75
4	Vintage Amelia Island	224	268,800	968	2019	18	3	24.38	9.19	96.0%	1BR/1BA	777	$1,789	$2.30
	111 Vintage Way										2BR/2BA	1,095	$2,116	$1.93
	Fernandina Beach, FL										3BR/2BA	1,261	$2,462	$1.95
5	The Views at Harbortown Apartments	301	327,819	948	2014	3	3	12.13	24.81	92.1%	1BR/1BA	767	$1,708	$2.23
	14030 Atlantic Blvd										2BR/2BA	1,183	$2,493	$2.11
	Jacksonville, FL										3BR/2BA	1,527	$3,211	$2.10
6	Broxton Bay Apartments	324	--	1,114	2017	14	3	34.53	9.38	98.0%	1BR/1BA	857	$1,544	$1.80
	12900 Broxton Bay Drive										2BR/2BA	1,191	$1,769	$1.49
	Jacksonville, FL										3BR/2BA	1,393	$2,050	$1.47
7	Duval Station Landing	104	--	1,117	2019	5	3	5.75	18.09	99.9%	1BR/1BA	971	$1,180	$1.22
	225 Duval Station Road										2BR/2BA	1,262	$1,400	$1.11
	Jacksonville, FL													
8	Integra River Run	300	217,144	1,034	2017	12	4	18.11	16.57	96.7%	1BR/1BA	735	$1,456	$1.98
	14050 Integra Drive										2BR/2BA	1,195	$1,732	$1.45
	Jacksonville, FL										3BR/2BA	1,385	$1,966	$1.42
STATISTICS (Excluding Subject)														
	Low:	104	217,144	941	2008	3	3	5.75	9.19	92.1%				
	High:	324	334,800	1,117	2020	18	4	34.53	24.81	99.9%				
	Average:	259	289,662	1,025	2016	10	3	20.28	14.42	95.6%				
	Totals:	2,072	1,737,970	8,199										

Compiled by Cushman & Wakefield of North Carolina, Inc.

Including the subject property, the competitive market contains 2,072 units. The comparable projects were constructed between 2008 and 2020 and range in size from 104 to 324 units. The comparables exhibit occupancy levels ranging from 92.1 percent to 99.9 percent, with an unweighted average of 95.6 percent.

Subject Competitive Position

In terms of physical attributes, the subject’s units feature Granite Countertops throughout, 10-foot ceilings, stainless steel appliances, LVT plank floors throughout, tub/shower inserts, stand-up showers in two and three bedrooms, W/D included, walk-in closets, and patios. Property amenities include Leasing office overlooking pool area, fitness center overlooking pool area, Resort style, saltwater pool with Cabana, Onsite maintenance, All fiber community, Package Concierge, Dog park

To visually aid the reader in deciphering the subject’s competitive position, we developed the following table, which qualitatively rates the subject and the comparables for location, quality, condition, amenities, unit finishes, elevator, views, unit washer/dryer and parking garage.

Subject vs. Comparable Property Characteristics								
No.	Comparable Name	Location	Quality	Condition	Amenities	Unit Finishes	Unit Washer/Dryer	Overall
1	Lofts at Wildlight Apartments	Similar	Similar	Inferior	Similar	Similar	Similar	Similar
2	Courtney Isles	Similar	Similar	Inferior	Similar	Similar	Similar	Similar
3	Beach House at Amelia	Similar	Similar	Inferior	Similar	Similar	Similar	Similar
4	Vintage Amelia Island	Similar	Similar	Inferior	Similar	Similar	Similar	Similar
5	The Views at Harbortown Apartments	Superior	Similar	Inferior	Similar	Similar	Similar	Similar
6	Broxton Bay Apartments	Superior	Similar	Inferior	Similar	Similar	Similar	Similar
7	Duval Station Landing	Superior	Similar	Inferior	Similar	Similar	Similar	Similar
8	Integra River Run	Superior	Similar	Inferior	Similar	Similar	Similar	Similar

In terms of competitive position, the subject is similar to inferior to the comparable properties. Excluding adjustments for unit size, market rent for the subject's units should fall towards the mid-point of the comparable range.

Analysis by Unit Type

In order to estimate the market rents for the various floor plans, the subject unit types have been compared with similar units in the comparable projects. The following is a discussion of each unit type.

Analysis of One Bedroom Units

The quoted rents and effective rents for one bedroom units in the marketplace are depicted in the following table:

COMPETITIVE RENTAL SUMMARY						
One Bedroom Units						
			Quoted Rents		Effective Rents	
Name	Beds/ Baths	Avg. Unit Size	Avg. Quoted Rent (Month)	Avg. Quoted Rent Per SF/Month	Avg. Effective Rent (month)	Avg. Effective Rent Per SF/Month
Lofts at Wildlight Apartments	1BR/1BA	710	$1,545	$2.18	$1,545	$2.18
Courtney Isles	1BR/1BA	871	$1,649	$1.89	$1,649	$1.89
Beach House at Amelia	1BR/1BA	817	$1,655	$2.03	$1,655	$2.03
Vintage Amelia Island	1BR/1BA	777	$1,789	$2.30	$1,789	$2.30
The Views at Harbortown	1BR/1BA	767	$1,708	$2.23	$1,708	$2.23
Broxton Bay Apartments	1BR/1BA	857	$1,544	$1.80	$1,544	$1.80
Duval Station Landing	1BR/1BA	971	$1,180	$1.22	$1,180	$1.22
Integra River Run	1BR/1BA	735	$1,456	$1.98	$1,456	$1.98
Low		710	$1,180	$1.22	$1,180	$1.22
High		971	$1,789	$2.30	$1,789	$2.30
Average		813	$1,566	$1.95	$1,566	$1.95

The comparable one bedroom units range in size from 710 to 971 square feet. Quoted asking rents range from $1,180 to $1,789 per month. Concessions are not typical at this time. Effective rents range from $1.22 to $2.30 per square foot per month, with an average of $1.95 per square foot per month.

The developer is projecting a quoted rate at $2,000 per month or $2.35 per square foot, which is above the comparables. Overall, we have concluded to a rate within the comparable range at $2.24 per square foot to be reasonable.

Analysis of Two Bedroom Units

The quoted rents for two bedroom units in the marketplace are depicted in the following table:

COMPETITIVE RENTAL SUMMARY						
Two Bedroom Units						
			Quoted Rents		**Effective Rents**	
Name	**Beds/ Baths**	**Avg. Unit Size**	**Avg. Quoted Rent (Month)**	**Avg. Quoted Rent Per SF/Month**	**Avg. Effective Rent (month)**	**Avg. Effective Rent Per SF/Month**
Lofts at Wildlight Apartments	2BR/2BA	1,106	$1,955	$1.77	$1,955	$1.77
Courtney Isles	2BR/2BA	1,173	$1,997	$1.70	$1,997	$1.70
Beach House at Amelia	2BR/2BA	1,112	$1,844	$1.66	$1,844	$1.66
Vintage Amelia Island	2BR/2BA	1,095	$2,116	$1.93	$2,116	$1.93
The Views at Harbortown	2BR/2BA	1,183	$2,493	$2.11	$2,493	$2.11
Broxton Bay Apartments	2BR/2BA	1,191	$1,769	$1.49	$1,769	$1.49
Duval Station Landing	2BR/2BA	1,262	$1,400	$1.11	$1,400	$1.11
Integra River Run	2BR/2BA	1,195	$1,732	$1.45	$1,732	$1.45
Low		1,095	$1,400	$1.11	$1,400	$1.11
High		1,262	$2,493	$2.11	$2,493	$2.11
Average		1,165	$1,913	$1.65	$1,913	$1.65

The comparable two bedroom units range in size from 1,095 to 1,262 square feet. Quoted asking rents range from $1,400 to $2,493 per month. Concessions are not typical at this time. Effective rents range from $1.11 to $2.11 per square foot per month, with an average of $1.65 per square foot per month.

The developer is projecting a rate at $2,000 of $1.66 per square foot. While this rate is in-line with the comparable range, given the subject's proposed construction, we have concluded slightly above the developer's quoted rate and slightly above the mid-point of the comparbale range to be reasonable.

Analysis of Three Bedroom Units

The quoted rents for three bedroom units in the marketplace are depicted in the following table:

COMPETITIVE RENTAL SUMMARY						
Three Bedroom Units						
			Quoted Rents		**Effective Rents**	
Name	**Beds/ Baths**	**Avg. Unit Size**	**Avg. Quoted Rent (Month)**	**Avg. Quoted Rent Per SF/Month**	**Avg. Effective Rent (month)**	**Avg. Effective Rent Per SF/Month**
Lofts at Wildlight Apartments	3BR/2BA	1,368	$2,629	$1.92	$2,629	$1.92
Courtney Isles	3BR/2BA	1,381	$2,109	$1.53	$2,109	$1.53
Beach House at Amelia	3BR/2BA	1,388	$2,435	$1.75	$2,435	$1.75
Vintage Amelia Island	3BR/2BA	1,261	$2,462	$1.95	$2,462	$1.95
The Views at Harbortown	3BR/2BA	1,527	$3,211	$2.10	$3,211	$2.10
Broxton Bay Apartments	3BR/2BA	1,393	$2,050	$1.47	$2,050	$1.47
Integra River Run	3BR/2BA	1,385	$1,966	$1.42	$1,966	$1.42
Low		1,261	$1,966	$1.42	$1,966	$1.42
High		1,527	$3,211	$2.10	$3,211	$2.10
Average		1,386	$2,409	$1.74	$2,409	$1.74

The comparable three bedroom units range in size from 1,261 to 1,527 square feet. Quoted asking rents range from $1,966 to $3,211 per month. Concessions are not typical at this time. Effective rents range from $1.42 to $2.10 per square foot per month, with an average of $1.74 per square foot per month.

The developer is projecting a rate at $2,000 per month or $1.44 per square foot; which is towards the lower end of the comparable range. Therefore, we have concluded above the developer quoted rate and near the mid-point of the comparable range to be reasonable.

Market Rent Conclusion

After analyzing the quoted rents and concessions at the subject property and comparables, we are able to estimate an effective market rent for each unit type. We estimated an effective market rent for each of the subject's unit types as follows:

Market Rent Estimate

Unit Description		Quoted Rents		C&W Projection	
Plan	Average Unit Size (SF)	Effective Monthly Rent	Effective Monthly Rent PSF	Monthly Market Rent	Monthly Market Rent PSF
1BR/1BA	850	$2,000	$2.35	$1,900	$2.24
2BR/2BA	1,207	$2,000	$1.66	$2,100	$1.74
3BR/2BA	1,390	$2,000	$1.44	$2,400	$1.73
TOTAL/AVG.	**1,090**	**$2,000**	**$1.90**	**$2,055**	**$1.93**

**For rent comparison purposes, the average in-place monthly rent is based upon total units, thus a*

The potential gross rental revenue for the entire property at market rent levels is projected to be $4,610,400, which equates to an average monthly rent of $2,055 per unit or $1.93 per square foot per month.

Potential Gross Income Estimate

Our potential gross income estimate is based on in-place rents, potential rent for all units at market, plus income from vacant units at market rents, plus a loss/gain to lease factor. Included in these figures are rents for non-revenue units, so we can fully account for all potential revenue. Our gross potential income conclusion is summarized below:

Potential Gross Income Estimate

Unit Description		Potential Rent at Market			C&W Potential Gross Income
Plan	Average Unit Size (SF)	Monthly Rent at Market	Monthly Rent $/SF	Annual Income At Market	Potential Gross Income
1BR/1BA	850	$134,900	$158.71	$1,618,800	$1,618,800
2BR/2BA	1,207	$203,700	$168.77	$2,444,400	$2,444,400
3BR/2BA	1,390	$45,600	$32.81	$547,200	$547,200
TOTAL/AVG.	**1,090**	**$384,200**	**$360.28**	**$4,610,400**	**$4,610,400**

Loss-to-Lease Adjustment

Loss-to-lease occurs because there are leases in-place at the property which are below the current quoted and/or market lease rates. That is, the subject will never attain 100% of its potential market rents at any given time because there are always existing leases in-place at lower rates assuming rental rates are increasing over time.

If managed well, the difference between market and contract rates typically ranges from 2.0 to 3.0 percent. However, this number will most likely decrease as rates adjustment to market during lease-up. Assuming leases roll on average, every 12 months, we have projected 1.0 percent loss-to-lease adjustment.

Concessions

Rental concessions are defined as a discount or other benefit offered by a landlord to induce a prospective tenant to enter into a lease. Rental concessions are typically features of slow rental markets and tend to disappear as the market tightens. As indicated in the analysis of quoted rents and concessions for the subject and comparable properties above, where concessions exist it is necessary to deduct the concessions from the full market rents to arrive at an effective market rent. We have utilized a 1.0 percent concession within our analysis.

Forecast Rental Revenue – Apartment Units

The following table summarizes the potential gross income anticipated in year one for the apartment units at the subject property.

FORECAST RENTAL REVENUE - APARTMENT UNITS		
Rental Revenue and Adjustments		**Annual Rent**
Potential Year One Rental Income		$4,610,400
Less: Loss to Lease	2.0%	($92,208)
Potential Gross Rental Revenue		$4,518,192
Less: Concessions	1.00%	($46,104)
Less: Non-Revenue Units		$0

Compiled by Cushman & Wakefield of North Carolina, Inc.

Absorption of Vacant Space

The cost estimates employed for this approach are reflective of a property operating at a stabilized level. A stabilized occupancy for the subject has been estimated to be 95%. We note that the competitive properties surveyed indicated stabilized positions ranging from 87.2 to 96.9 percent.

Odyssey at Laurel Island is a 192 unit apartment community that delivered in January 2022 and is currently 57.8 percent leased and projected to reach a stabilized position within Year 1. Pointe Grand Kingsland is a 216 unit apartment community that delivered in November 2020 and reached a stabilized position within the first year of lease-up.

Based upon our research, recent communities appear to reach a stabilized position within the first year of lease-up. Overall, we have concluded that the subject will achieve a stabilized position within 12 months after completion of construction.

Revenue & Expense Analysis

We developed an opinion of the property's annual income and operating expenses after reviewing both its projected performance and the operating performance of similar buildings. We analyzed each item of expense and developed an opinion regarding what an informed investor would consider typical.

Cushman & Wakefield, Inc. recognizes the standards defined by the CRE Finance Council as the definitive standards by which operating expense data should be analyzed. All operating statements provided by ownership have been recast to reflect these categories, which are provided in the Glossary section of this Appraisal Report.

In forecasting expenses, we relied on the developer’s pro forma and analyzed expense levels at competing properties. Our expense forecast is presented in the following table, followed by a discussion of each expense line item.

REVENUE AND EXPENSE ANALYSIS	SUBJECT PROPERTY					
	Proforma Stabilized		Cushman & Wakefield Forecast Year One (1)		Cushman & Wakefield Forecast Year Two	
REVENUE	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**
Base Rental Revenue						
Potential Rent at Market	$4,607,808	$24,641	$4,610,400	$24,655	$4,702,608	$25,148
Lease Gain/Loss (Loss to Lease)	$0	$0	($92,208)	($493)	($94,052)	($503)
Total Potential Gross Rental Revenue	$4,607,808	$24,641	$4,518,192	$24,161	$4,608,556	$24,645
Base Rent Adjustments						
Less: Concessions	$0	$0	($46,104)	($247)	($47,026)	($251)
Total Adjusted Rental Revenue	$4,607,808	$24,641	$4,472,088	$23,915	$4,561,530	$24,393
Other Income	$61,800	$330	$67,320	$360	$68,666	$367
POTENTIAL GROSS REVENUE	$4,669,608	$24,971	$4,539,408	$24,275	$4,630,196	$24,760
Vacancy (Total Income)	($235,485)	($1,259)	($1,134,852)	($6,069)	($231,510)	($1,238)
Collection Loss (Total Income)	$0	$0	($45,394)	($243)	($46,302)	($248)
Total Vacancy and Collection Loss	($235,485)	($1,259)	($1,180,246)	($6,311)	($277,812)	($1,486)
EFFECTIVE GROSS REVENUE	$4,434,123	$23,712	$3,359,162	$17,963	$4,352,384	$23,275
OPERATING EXPENSES						
Property Insurance	$276,992	$1,481	$280,500	$1,500	$286,110	$1,530
Utilities	$101,372	$542	$102,850	$550	$104,907	$561
Repairs & Maintenance	$308,723	$1,651	$177,650	$950	$181,203	$969
Management Fees	$133,024	$711	$100,775	$539	$130,572	$698
Payroll & Benefits	$423,918	$2,267	$280,500	$1,500	$286,110	$1,530
Advertising & Marketing	$69,117	$370	$56,100	$300	$57,222	$306
General & Administrative	$82,941	$444	$84,150	$450	$85,833	$459
Replacement Reserves	$56,650	$303	$46,750	$250	$46,750	$250
Total Operating Expenses	$1,452,737	$7,769	$1,129,275	$6,039	$1,178,707	$6,303
Real Estate Taxes	$706,992	$3,781	$440,206	$2,354	$449,011	$2,401
TOTAL EXPENSES	$2,159,729	$11,549	$1,569,481	$8,393	$1,627,717	$8,704
NET OPERATING INCOME	**$2,274,394**	**$12,163**	**$1,789,681**	**$9,570**	**$2,724,667**	**$14,570**

(2) Stabilized Year Begins: 4/1/2025

Compiled by Cushman & Wakefield of North Carolina, Inc.

Discussion of Revenue Items

We analyzed each revenue item in making our forecast, with our conclusions summarized on the previous table. In most cases, our forecast is well supported by the historical or budget information. However, in some cases, further clarification is provided as follows

Total Potential Gross Rental Revenue

Years		
	Per Unit	Totals
Proforma Stabilized	$24,641	$4,607,808
Cushman & Wakefield - Forecast Year 1	**$24,161**	**$4,518,192**
Cushman & Wakefield - Stabilized Year 2	**$24,645**	**$4,608,556**

The subject's potential gross rental revenue is generally supported by the developer's budget. Additionally, our conclusion is based upon market rates and appears reasonable.

Other Income

Years		
	Per Unit	Totals
Proforma Stabilized	$330	$61,800
Cushman & Wakefield - Forecast Year 1	**$360**	**$67,320**
Cushman & Wakefield - Stabilized Year 2	**$367**	**$68,666**

Other income is supplemental to that derived from leasing of the improvements. This includes categories such as forfeited deposits, application fees, administration fees, pet fees, pet rent, storage spaces, late charges, amenity fees, etc. Comparable communities typically budget between $25 - $50 per unit per month in other income.

The subject developer is projecting other income at $61,800 or $27.54 per unit per month, which appears reasonable. Therefore, we have utilized a rate at $30 per unit per month to be reasonable. Overall, the other income is projected to be $67,320 or $360 per unit in Year 1.

Vacancy and Collection Loss

Vacancy and collection loss is a function of the interrelationship between absorption, lease expiration, renewal probability, estimated downtime between leases, and a collection loss factor based on the relative stability and credit of the subject's tenant base. The following table compares the subject's current and historical occupancy rates to the subject's broader market, the submarket and directly competing properties.

VACANCY ANALYSIS	
Vacancy Statistics	**Rate**
Regional Vacancy Statistics	5.2%
Local Vacancy Statistics	7.2%
Competitive Property Vacancy Statistics	4.4%

Compiled by Cushman & Wakefield of North Carolina, Inc.

Based on the current vacancy in the market and our perception of future market vacancy, we projected a global stabilized vacancy rate of 5.00 percent. We deducted a collection loss of 1.0 percent. After accounting for all factors, the total vacancy and collection loss is calculated as 6.00 percent. For the subject property vacancy and collection loss are applied against all income sources. Vacancy and credit loss totals $277,812 in the first stabilized year.

Discussion of Expenses

We analyzed each expense item in making our forecast, with our conclusions summarized on the previous table. In most cases, our forecast is well supported by the historical or budget information. However, in some cases, further clarification is provided in the following tables:

Property Insurance

Property insurance expenses include coverage for general liability and loss or damage to the property caused by fire, lightning, vandalism malicious mischief, additional perils fire, extended coverage and owner's liability coverage. Insurance costs are modeled in-line with other comparable properties.

Years		
	Per Unit	Totals
Proforma Stabilized	$1,481	$276,992
Expense Comparable Low	$318	-
Expense Comparable High	$1,146	-
Expense Comparable Average	$598	-
Cushman & Wakefield - Forecast Year 1	**$1,500**	**$280,500**
Cushman & Wakefield - Stabilized Year 2	**$1,530**	**$286,110**

Our estimate is above the expense comparables but generally supported by the developers pro forma and given the cottage style construction type, it appears reasonable.

Utilities

This expense category includes expenses for fuel, gas, electricity, water and sewer, trash removal and other utilities. Utilities are generally property specific and vary considerably from property to property in the subject's market based on the utilities paid by the tenant and the owner, and the efficiency of the HVAC systems. Therefore, we considered on the subject's actual historical expenses and the owner's budget.

Years		
	Per Unit	Totals
Proforma Stabilized	$542	$101,372
Expense Comparable Low	$651	-
Expense Comparable High	$1,540	-
Expense Comparable Average	$1,043	-
Cushman & Wakefield - Forecast Year 1	**$550**	**$102,850**
Cushman & Wakefield - Stabilized Year 2	**$561**	**$104,907**

Utilities are typically unique to each property. Our estimate is below the expense comparables, but generally supported by the developers pro forma and considered reasonable given the proposed tenant utility responsibilities.

Repairs & Maintenance

This expense category includes all expenses incurred for general repairs and maintenance, including HVAC, electrical, plumbing, safety systems, roads and grounds, and pest control/exterminating. This expense category also typically includes all outside maintenance service contracts and the cost of maintenance and repairs supplies. The subject's expense is detailed in the following table.

Years		
	Per Unit	Totals
Proforma Stabilized	$1,651	$308,723
Expense Comparable Low	$765	-
Expense Comparable High	$1,140	-
Expense Comparable Average	$943	-
Cushman & Wakefield - Forecast Year 1	**$950**	**$177,650**
Cushman & Wakefield - Stabilized Year 2	**$969**	**$181,203**

While our estimate is below the developer budget, it is in-line with the expense comparables and considered reasonable.

Management Fees

Management expenses typically include the costs paid for professional management services. Management services may be contracted for or provided by the property owner.

Years		
	Per Unit	Totals
Proforma Stabilized	$711	$133,024
Expense Comparable Low	$0	-
Expense Comparable High	$791	-
Expense Comparable Average	$559	-
Cushman & Wakefield - Forecast Year 1	**$539**	**$100,775**
Cushman & Wakefield - Stabilized Year 2	**$698**	**$130,572**

Typical market rate communities indicate management fees from 3.0% to 5.0%. Given the subject's age/condition and size, we have concluded to a rate of 3.0% of effective gross income to be reasonable.

Payroll & Benefits

This expense category includes total payroll costs for on-site management and maintenance personnel including employee salaries, bonuses, payroll taxes, insurance and other benefits.

Years		
	Per Unit	Totals
Proforma Stabilized	$2,267	$423,918
Expense Comparable Low	$1,442	-
Expense Comparable High	$1,878	-
Expense Comparable Average	$1,580	-
Cushman & Wakefield - Forecast Year 1	**$1,500**	**$280,500**
Cushman & Wakefield - Stabilized Year 2	**$1,530**	**$286,110**

At stabilization the developer is projecting payroll salaries at $423,918 or $2,267 per unit. This projection is higher than the expense comparables. Given the subject's size and type, we have concluded in-line with the expense comparables to be most reasonable.

Advertising & Marketing

This expense category includes expenses related to advertising, promotion, sales, and publicity and all related printing, stationary, artwork, magazine space, internet/web site, broadcasting, and postage related to marketing.

Years		
	Per Unit	**Totals**
Proforma Stabilized	$370	$69,117
Expense Comparable Low	$0	-
Expense Comparable High	$276	-
Expense Comparable Average	$129	-
Cushman & Wakefield - Forecast Year 1	**$300**	**$56,100**
Cushman & Wakefield - Stabilized Year 2	**$306**	**$57,222**

Our estimated expense is well supported by the range of the developer budget and expense comparables and considered reasonable.

General & Administrative

This expense category includes general and administrative expenses.

Years		
	Per Unit	**Totals**
Proforma Stabilized	$444	$82,941
Expense Comparable Low	$344	-
Expense Comparable High	$848	-
Expense Comparable Average	$515	-
Cushman & Wakefield - Forecast Year 1	**$450**	**$84,150**
Cushman & Wakefield - Stabilized Year 2	**$459**	**$85,833**

Our estimate is generally supported by the developer’s budget, it is well supported by the expense comparables and considered reasonable.

Replacement Reserves

Reserves for replacement have been estimated based on discussions with knowledgeable market participants who indicate a range from $150 to $350 per unit for comparable properties. It should be noted that the historical operating statements do not include replacement reserves. Based on the subject’s age, condition and average unit size, we have included reserves for replacement at $250 per unit.

Real Estate Taxes

A complete discussion of taxes for the subject property is included in the Real Property Taxes and Assessments section of this report. The subject’s expense is detailed in the following table.

Years		
	Per Unit	Totals
Proforma Stabilized	$3,781	$706,992
Expense Comparable Low	$188	-
Expense Comparable High	$5,280	-
Expense Comparable Average	$2,970	-
Cushman & Wakefield - Forecast Year 1	**$2,354**	**$440,206**
Cushman & Wakefield - Stabilized Year 2	**$2,401**	**$449,011**

Operating Expense Conclusion

We thoroughly analyzed the owner's budget and expense comparables to make our projections. We forecast total operating expenses for the subject property excluding real estate taxes to be $6,303 per unit. The operating expense excluding real estate taxes projected for the subject property reflect an operating expense ratio at stabilization of 27.08 percent of effective gross income. The operating expense comparisons presented in the operating expense analysis table in the following section support our opinion of operating expenses for the subject property.

Years		
	Per Unit	Totals
Proforma Stabilized	$7,769	$1,452,737
Expense Comparable Low	$4,015	-
Expense Comparable High	$6,538	-
Expense Comparable Average	$5,479	-
Cushman & Wakefield - Forecast Year 1	**$6,039**	**$1,129,275**
Cushman & Wakefield - Stabilized Year 2	**$6,303**	**$1,178,707**

The operating expenses projected for the subject property reflect an operating expense ratio at stabilization of 27.08 percent of effective gross income. This ratio is supported by expense comparables of competitive properties. Another important ratio is the management fee, as percent of effective gross income. Our forecast management fee is 3.00 percent, which is within the range of comparable properties.

Operating Expense Comparables

The following table illustrates detailed expense levels for the buildings that have varying degrees of similarity with the subject property in terms of age, size, tenancy and quality. In our judgment, a reconciled expense figure of $6,303 per unit (excluding real estate taxes) is reasonable for the subject property considering its age, size and budgeted expense figures.

	SUBJECT PROPERTY	COMPARABLES REVENUE AND EXPENSE ANALYSIS				
Property State	Georgia	North Carolina	South Carolina	North Carolina	South Carolina	
Building Size (Units)	187	260	130	68	36	Min, Max and Average
Property Type	Multi-Family	Multi-Family	Multi-Family	Multi-Family	Multi-Family	
Property Sub-Type	Garden/Low-Rise	BTR	BTR	Garden/Low-Rise	Townhomes	
Year of Record		2022	2022	2020	2021	
Actual/Budget/Annualized		Budget	Budget	Actual	Actual	

	Cushman & Wakefield Forecast Year Two (1)		**Comp1**		**Comp2**		**Comp3**		**Comp 4**		**Min**	**Max**	**Average**
	Per Unit	**% EGI**	**Per Unit**	**% EGI**	**Per Unit**	**% EGI**	**Per Unit**	**% EGI**	**Per Unit**	**% EGI**	**Per Unit**	**Per Unit**	**Per Unit**
EFFECTIVE GROSS REVENUE	$23,275	100.00%	$17,288	100.00%	$31,646	100.00%	$9,119	100.00%	$17,874	100.00%	$9,119	$31,646	$18,982
OPERATING EXPENSES													
Property Insurance	$1,530	6.57%	$318	1.84%	$1,146	3.62%	$477	5.23%	$452	2.53%	$318	$1,146	$598
Utilities	$561	2.41%	$1,072	6.20%	$907	2.87%	$1,540	16.89%	$651	3.64%	$651	$1,540	$1,043
Repairs & Maintenance	$969	4.16%	$1,073	6.21%	$765	2.42%	$1,140	12.50%	$792	4.43%	$765	$1,140	$943
Management Fees	$698	3.00%	$701	4.05%	$791	2.50%	$744	8.16%	$0	0.00%	$0	$791	$559
Payroll & Benefits	$1,530	6.57%	$1,498	8.66%	$1,878	5.93%	$1,442	15.81%	$1,500	8.39%	$1,442	$1,878	$1,580
Advertising & Marketing	$306	1.31%	$241	1.39%	$0	0.00%	$0	0.00%	$276	1.54%	$0	$276	$129
General & Administrative	$459	1.97%	$380	2.20%	$848	2.68%	$486	5.33%	$344	1.92%	$344	$848	$515
Replacement Reserves	$250	1.07%	$250	1.45%	$203	0.64%	$0	0.00%	$0	0.00%	$0	$250	$113
Total Operating Expenses	$6,303	27.08%	$5,533	32.00%	$6,538	20.66%	$5,829	63.92%	$4,015	22.46%	$4,015	$6,538	$5,479
Real Estate Taxes	$2,401	10.32%	$2,787	16.12%	$5,280	16.68%	$188	2.06%	$3,625	20.28%	$188	$5,280	$2,970
TOTAL EXPENSES	$8,704	37.40%	$8,320	48.13%	$11,818	37.34%	$6,017	65.98%	$7,640	42.74%	$6,017	$11,818	$8,449
NET OPERATING INCOME	**$14,570**		**$8,968**		**$19,828**		**$3,102**		**$10,234**		**$3,102**	**$19,828**	**$10,533**

(1) Fiscal Year Beginning 1/01/2023
Fiscal Year Ending: 12/31/2023
Compiled by Cushman & Wakefield of North Carolina, Inc.

The four expense comparables reflect operating expenses (excluding real estate taxes) ranging from $4,015 to $6,538 with an average of $5,479 per unit.

Based on our analysis of the expense levels at comparable properties, we concluded that there is adequate support for our operating expense conclusions.

Income and Expense Pro Forma

The following chart summarizes our opinion of income and expenses for year two, which is the first stabilized year in this analysis.

SUMMARY OF REVENUE AND EXPENSES				
Stabilized Year For Direct Capitalization:		**Year Two**		
REVENUE	**Adjustments**	**Annual**	**$/Per Unit**	**% of EGI**
Base Rental Revenue				
Potential Rent at Market		$4,702,608	$25,148	
Lease Gain/Loss (Loss to Lease)	2.00%	($94,052)	($503)	
Total Base Rental Revenue		$4,608,556	$24,645	
Base Rent Adjustments				
Less: Concessions		($47,026)	($251)	
Total Base Rent Adjustments		$4,561,530	$24,393	
Expense Reimbursement				
Other Income		$68,666	$367	
POTENTIAL GROSS REVENUE		**$4,630,196**	**$24,760**	
Vacancy (Total Income)	5.00%	($231,510)	($1,238)	
Collection Loss (Total Income)	1.00%	($46,302)	($248)	
EFFECTIVE GROSS REVENUE		**$4,352,384**	**$23,275**	**100.00%**
OPERATING EXPENSES				
Property Insurance		$286,110	$1,530	6.57%
Utilities		$104,907	$561	2.41%
Repairs & Maintenance		$181,203	$969	4.16%
Management Fees		$130,572	$698	3.00%
Payroll & Benefits		$286,110	$1,530	6.57%
Advertising & Marketing		$57,222	$306	1.31%
General & Administrative		$85,833	$459	1.97%
Replacement Reserves		$46,750	$250	1.07%
Total Operating Expenses		**$1,178,707**	**$6,303**	**27.08%**
Real Estate Taxes		$449,011	$2,401	10.32%
TOTAL EXPENSES		**$1,627,717**	**$8,704**	**37.40%**
NET OPERATING INCOME		**$2,724,667**	**$14,570**	**62.60%**

Compiled by Cushman & Wakefield of North Carolina, Inc.

Investment Considerations

Before determining an appropriate (risk) rates to apply to the subject, a review of recent market conditions, particularly in the financial markets, is warranted. The following subsection(s) provide a review of these trends, ending with a summary of the investment considerations impacting the subject property, based upon the appraiser's market research, discussions with participants in the market, and the relative position of the subject property within its market.

Overview

Prior to the current market disruption brought on by the Covid-19 pandemic, the U.S. economy had officially begun its eleventh consecutive year of growth in the second half of 2019; a new record for the longest economic expansion in history. Economic growth beat market expectations during the fourth quarter of 2019, and the unemployment rate hit a 50-year low as it sits at 3.5%. In March 2020, circumstances changed drastically with the rapid spread of COVID-19 that caused people around the globe to start quarantining and practicing social distancing. This led to many businesses closing, either temporarily or permanently, and has pushed the U.S. economy, as well as most other economies around the world, into a deep recession.

In the first quarter of 2020, the U.S. GDP declined at an annual rate of 4.8%, the largest decline since fourth quarter 2008. While that drop is significant, it will pale beside the expected contraction of 30% (or more) for second quarter. In response to the record-setting declines, the U.S. government and the Federal Reserve have rolled out a massive set of stimulus policies that include: tax rebates, small business loan guarantees, and aid to specific investors including healthcare and airlines. In addition to the fiscal stimulus, the Federal Reserve has lowered interest rates and is pumping up liquidity as least as much as it did during the Great Financial Crisis, albeit at a much quicker pace.

Economists expect that the U.S. economy will return to growth during the second half of the year, however, the rate of growth remains uncertain and will largely depend on the path of the coronavirus. If it burns out quickly, or a treatment becomes available, the recovery is likely to be strong, but if it lingers and the risk of infection remains high, then social distancing measures will continue to be implemented in various capacities. This will have a large impact on activities such as dining out, going to the movies, travel and other leisure activities. In this scenario, the recovery will be much more modest and the economy will take a longer time to fully recover. Further considerations include:

- Consumer Confidence deteriorated further in April, after a sharp decline in March. The index now stands at 86.9, down from 118.8 in March. Driven by a severe deterioration in current conditions, the declines are a direct reflection of the contraction in economic activity and the surge in unemployment claims brought on by the COVID-19 crisis.
- Consumer spending posted its steepest monthly decline since 1959 as much economic activity ceased amid the coronavirus pandemic. The Commerce Department reports a 7.5 drop in March, with a 2% drop in personal income, the largest decline since 2013.
- All major U.S. Indices rose during the fourth quarter, with the S&P 500, Dow Jones and Nasdaq improving by 0.3%. Materials and energy were the best-performing sectors in the S&P 500, while IBM, Cisco Systems and Apple led the Dow Jones. For the year, the S&P 500, Nasdaq and the Dow rose 28.9%, 35.2% and 22.3%, respectively.
- U.S. commercial real estate investment activity was generally down during 2019, as transaction volume sat 2% below 2018's year-end total. For the first quarter 2020, transaction volume was down 7% in a year-over-year comparison, ending the quarter with $125.6 billion in activity, according to Real Capital Analytics.

Entering 2020 on a stable, if not strong economic footing, the novel coronavirus has clearly had a severe impact on the economy. Keeping in mind that a majority of the information in this report contains the latest concrete data available (typically as of 4Q 2019), events have been changing rapidly, and the latest statistical information available has been provided, as available. Some further thoughts on recent events:

- The commercial real estate sector is not the stock market. It is often slower moving and the leasing fundamentals do not swing wildly from day-to-day. While the virus is having a sustained and material impact on the broader economy, we expect it to have feed through impacts on property in the near-term as well.
- At first, COVID-19 was expected to be largely contained by the first half of 2020. Now, most experts expect the effects to linger and to alter our way of life until there is a cure or a vaccine. We are now anticipating a U-shaped recovery, as the economy reopens in phases that will vary from state-to-state as well as between various business sectors.
- The outbreak has prompted a flight to quality, driving investors into the bond markets, where lower rates are creating more attractive debt/refinance options.

Economic Conditions

Leading up to the current economic turbulence, the current U.S. economic expansion cycle was over a decade old and was, by general consent, a strong economy and getting stronger. Despite this, interest rates, which help determine the cost of borrowing money for investments, had lingered near historic lows since the 2008 recession. Interest rates went unchanged through December 2015, when the Federal Reserve increased the rate for the first time in almost a decade. Following more tariffs being implemented on trade and inventories, the Federal Reserve Chairman Jerome Powell had shown an openness to cutting rates based on how the economy responded to the new trade deals made during the past year. In turn, the Federal Reserve reduced interest rates for a third time in 2019 to combat the trade war and boost the economy. The benchmark interest rate was reduced to a range of 1.5% to 1.75%. As of Q4, the central bank did not see a recession coming in the near-term and the reduced rate looked to offer additional protection from global slowdown and uncertainty. The Federal Reserve spent much of 2019 providing the American economy with insurance through interest rate cuts.

In addition, the U.S.-China trade war appears to have come to halt, as the two sides reached agreement on a deal that will see the U.S. reduce tariffs on $120 billion in Chinese products from 15% to 7.5%. China has agreed to purchase $200 billion worth of U.S. products over the next two years as part of the deal. The deal is a huge win for the U.S. as total exports to China would increase to approximately $260 billion 2020 and almost $310 billion in 2021.

On March 11, 2020, the World Health Organization (WHO) declared the novel coronavirus (COVID-19) outbreak a global pandemic. Economies around the world face significant headwinds as seen by the severe drop in demand for some services (such as travel, hospitality and entertainment). Further reduced economic activity has resulted from increasing social distance measures, including quarantines or lockdowns, throughout Europe and North America, as governments have taken unprecedented actions to stop the spread of the virus. As the stock market remains extremely volatile and financial markets struggle to quantify events that are still unfolding, there remains a lack of comparable transactions and market data. This leaves many CRE participants reporting that they are not yet able to accurately assess risk. Proceeding through these uncertain times, the reader is asked to consider some key events that have transpired:

- In early March 2020, the disintegration of an alliance between OPEC and Russia caused crude oil prices to dip to their lowest level since 2016. By April 20th, demand dropped so much that oil prices fell below $0 a barrel as producers are forced to pay to dispose of excess.

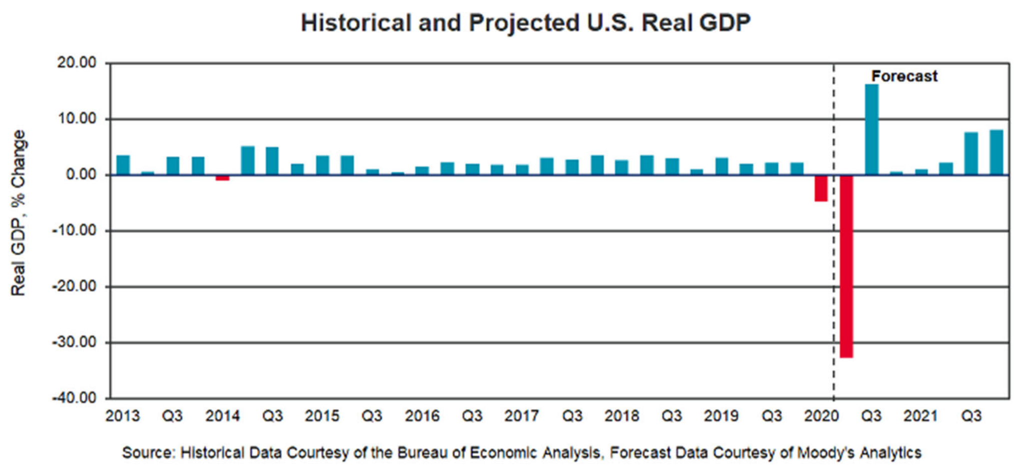
- On Thursday March 12, 2020, the Federal Reserve announced that it would inject up to $5 trillion into short-term markets to offset economic impacts brought on by the novel coronavirus. The Federal Reserve will be providing up to $2.3 trillion in additional funding to support the economy, as of April 9, 2020.
- On Sunday, March 15, 2020, the Federal Open Market Committee cut interest rates to near zero for the first time since the 2008 recession. Since then, it has announced dollar swap lines with various foreign central banks, as well as various credit facilities aimed at backstopping and providing liquidity to key parts of financial markets.
- On Tuesday, March 17, 2020, Amazon announced the hiring of 100,000 new distribution workers to keep up with the online shopping surge caused by the coronavirus. Amazon has stated that the coronavirus outbreak has caused a surge of online shopping in the United States to keep with the demand. The company will also invest more than $355 million to raise pay for hourly employees in warehouse and distribution roles through April. Amazon is prioritizing medical supplies, household staples and other high-demand products through its warehouses until April 5, 2020. On April 13, Amazon announced they had filled the 100,000 jobs pledge and with increased demand the eCommerce retailer would be hiring an additional 75,000 workers to help serve customers during this unprecedented time.
- On Thursday, March 19, California Governor Gavin Newsom put into effect a shelter-in-place order to extend to all 40-million Californians. Then, on Friday March 20, New York Governor Andrew Cuomo ordered residents to shelter in their homes, which was subsequently followed by Illinois Governor J.B. Pritzker. Many other states increased precautions throughout the week as well.
- On Friday March 20, President Trump announced that he had invoked the Defense Production Act, a law that gives executive powers that can require and/or incentivize businesses to produce goods tied to national security.
- On Wednesday March 25, the White House and Congress agreed to deliver $2 trillion in government relief. This is the largest stimulus in history and more than double the $800 billion bill that was passed in 2008 during the financial crisis.
- On Friday March 27, the President signed the "Coronavirus Aid, Relief, and Economic Security Act," or “CARES Act” into law. The unparalleled $2.2 trillion economic rescue package provides measures that include $1,200 in direct payments to eligible Americans, and $500 to children. The Treasury Department received $500 billion that will support programs direct loans to airlines, cargo, and companies deemed important to national security. Additionally, the Treasury can provide loans or loan guarantees for other companies as well as provide funds to backstop lending programs to the Fed. Other funds will be divided as such: $377 billion will go to loans and other forms of aid to small businesses; $250 billion will help provide relief for unemployed workers; and $100 billion has been assigned to boost healthcare. The bill finances a response with a price tag that amounts to 10% of 2019 nominal GDP.
- On Friday April 24, the president signed a $484 billion coronavirus relief package into law. This bill contains: $370 billion in aid for small businesses in an effort to keep employees on the payroll, $75 billion for hospitals, and $25 billion to ramp up testing initiatives.
- On April 29, 2020 the Commerce Department estimated that the GDP fell at an annual rate of 4.8% in the first quarter of 2020. This is the first decline since 2014, and the largest in over a decade. They stated that because layoffs and closings did not come until the last month of the quarter, next quarter’s GDP could drop by as much as 30%, a figure not seen since the Great Depression.

- After dropping 14% in March, the stock market rebounded sharply in April, fueled largely by a flattening pandemic curve, especially in Italy and New York State, and positive results from clinical drug trials. Unlike the broader economy, the stock market has made a V shaped recovery, climbing back up to over 24,000 after bottoming out at 18,000 from its peak of 30,000. Optimism about a reopening of the economy appears to be behind the market's comeback.
- By early May 2020, jobless claims totaled about 33.5 million. All layoffs associated with social distancing practices have wiped out all job gains the economy has seen since the recovery from the Great Recession, and far surpasses job losses during the Great Depression.
- On May 12, 2020 the House of Representatives introduced a new stimulus bill called the Health and Economic Recovery Omnibus Emergency Solutions Act (HEROES Act). At $3 trillion, the proposal would be the largest stimulus bill in American history, far surpassing the $2.2 trillion CARES Act, and aims to provide the following: a new stimulus check, funding for state and local governments, hazard pay for essential workers, funding for coronavirus testing, rent and mortgage assistance, an extension of the $600 weekly unemployment expansion, additional funding for the Supplemental Nutrition Assistance Program, additional funding for small businesses, emergency relief for the U.S. Postal Service, and provisions for election safety and facilitating voting by mail. At this point, the bill is still in negotiations and it is uncertain if it will be passed in this or a similar form.
- Plans to reopen are starting to shape up around the country. In some states, like New York and California, deadlines have been extended into June, while other states, such as Texas and Florida, have already reopened with limited capacity.

In recent times, the CRE market has been driven by investor demand and strong liquidity. Asset values can fall significantly in short periods of time if either of these two factors, often in conjunction with many others, change significantly. While Cushman & Wakefield is closely monitoring the latest developments resulting from the COVID-19 pandemic, and will continue to provide updates as events unfold, the reader is cautioned to consider that values and incomes are likely to change more rapidly and significantly than during standard market conditions. Furthermore, the reader should be cautioned and reminded that any conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property(ies) of this event, or any event, subsequent to the effective date of the appraisal.

The U.S. entered a recession in first quarter 2020, with GDP expected to decline more than 30% in Q2 2020. While initial thoughts pointed to a quick V-shape recovery in the second half of the year, most economists are now forecasting a longer U shape recovery, with a full recovery not expected until the end of 2021 or 2022.

The following graph displays historical and projected U.S. real GDP percentage change (annualized on a quarterly basis) from first quarter 2013 through fourth quarter 2021:



Further points regarding current economic conditions are as follows:

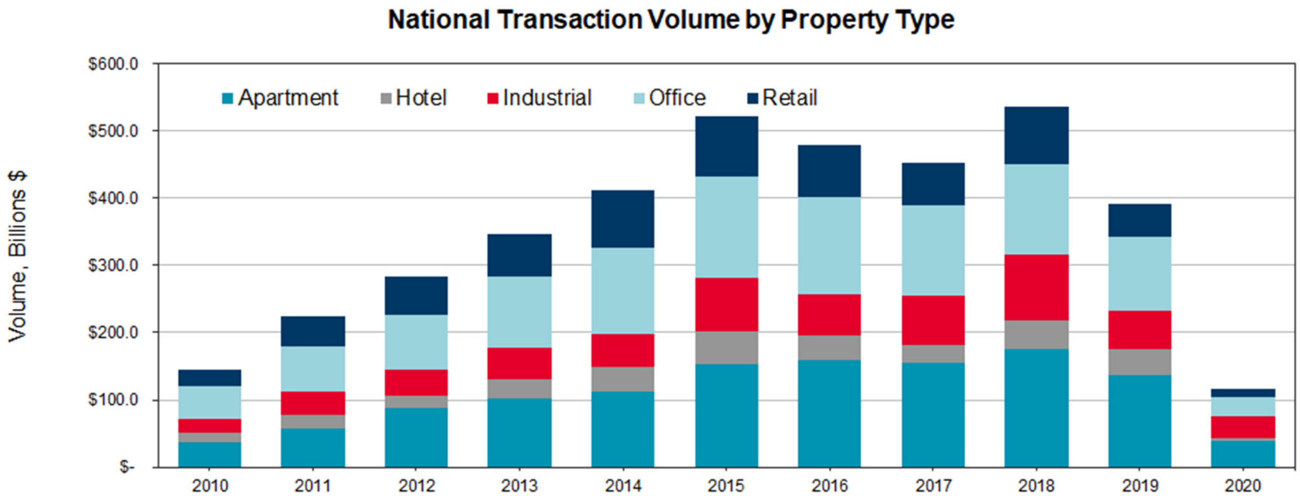
- Through first quarter 2020 GDP dropped 4.8% in response to the global pandemic as the economy slowed in the March. Moody's baseline forecasts a 32.7% drop in GDP for 2Q 2020, followed by a sharp increase of 16.8% in the third quarter. By 4Q 2020, Moody's is expecting the economy to level off, rising by 0.6%, as we move out of the bottleneck and then maintain healthy growth rates through the end of 2021.
- Gross domestic product decreased by an annualized rate of 4.8% in the first quarter 2020, according to the "advance" estimate released by the Bureau of Economic Analysis. Prior to the current disruption, economists had forecast continued economic expansion through 2021. The National Association for Business Economics had anticipated a 1.8% growth in GDP for 2020, while the Urban Land Institute's annual forecast survey expected the economy to grow 1.9% in 2021.
- Commercial and multifamily mortgage loan originations decreased 2% in first quarter 2020 (latest data available) when compared to the first quarter of 2019, according to the Mortgage Bankers Association's Quarterly Survey of Commercial/Multifamily Mortgage Banker. Loan origination in the first three months of 2020 were 40% lower than fourth quarter 2019. The coronavirus has disrupted what was expected to be a strong year of borrowing and lending.
- Commercial mortgage-backed securities (CMBS) have been spurred by measured investment sales activity and stable credit spreads. Commercial Mortgage Alert data indicates that U.S. CMBS issuance in first quarter 2020 was at $22.9 billion, or 38.5% higher when compared to CMBS issuance during the same period in 2019. As of May 11, Commercial Mortgage Alert data indicates that U.S. CMBS issuance sits at $26.5 billion, but it is expected to slow significantly as the year progresses.

U.S. Real Estate Market Implications

The commercial real estate market's sales volume totaled roughly $125.6 billion during the first quarter of 2020 and increased by 11% from the first quarter 2019. In a year-over-year comparison, four out of the five property sectors saw a decrease in sales volume in the first quarter, according to Real Capital Analytics, and the industrial sector was the only property sector to increase sales volume over this time frame. Additionally, in first quarter 2020 pricing for commercial real estate sits at $183 per square foot.

The industrial sector saw an increase in transaction volume in first quarter 2020 over first quarter 2019, rising by 23%. Retail transaction activity was down 13% through first quarter 2020, according to Real Capital Analytics. The apartment sector remained the largest investment market through the first quarter of 2020, with sales of approximately $37.9 billion, while the office sector totaled $29.4 billion in activity over the same time period. Through first quarter 2020, hotel sector sales volume fell by 17% in a year-over-year comparison and totaled roughly $4.6 billion during the first quarter.

The following graph compares national transaction volume by property from 2010 through first quarter 2020:



Source: Real Capital Analytics

According to PricewaterhouseCoopers (PwC) Real Estate Investor Survey average cap rates for all property types decreased in 17 survey markets, increased in nine, and held steady in eight over fourth quarter 2019, according to the PwC Real Estate Investor Survey for first quarter 2020. For the year, more than half of the market averages are lower today than they were a year ago. Given current market conditions, we expect that cap rates may move upward in certain markets and for certain property types during second quarter.

The following chart displays overall cap rate analysis of five distinct property classes during first quarter 2020:

Overall Cap Rate Analysis			
First Quarter 2020			
Asset Class	**Q1 2020**	**Q1 2019**	**Basis Point Change**
CBD Office	5.45%	5.48%	-3
Suburban Office	6.36%	6.64%	-28
National Warehouse	4.79%	4.64%	15
National Apartment	5.14%	5.03%	11
National Regional Mall	6.23%	6.31%	-8
National Full-Service Lodging	7.38%	7.43%	-5

Source: PwC Real Estate Investor Survey and Cushman & Wakefield Valuation & Advisory

Notable points for the U.S. real estate market include:

- Annual price growth in the six major metro areas rose 13.1% in first quarter of 2020, while annual price growth in the non-major metros rose by 18.6% in a year-over-year comparison.
- Most participants in the PwC Real Estate Investor Survey believe that current market conditions favor sellers in the national net lease market (100%).

- The national warehouse market climbed 15 basis points, while the national CBD office market fell by three basis points in a year-over-year comparison. The national net lease and national suburban office markets declined over the same period. At 7.7%, the Chicago office market improved by 20 basis points from the previous quarter and is still the highest, while Manhattan office market, at 4.8%, remains as the lowest cap rate but improved from first quarter 2019. Over the next six months, most surveyed investors foresee overall cap rates holding steady in 31 markets.

Conclusion

The U.S. economy entered 2020 in solid shape, although the pace of growth appeared to be slowing. With the emergence of the global coronavirus pandemic in March 2020, the U.S. entered a recession. Right now, things appear to be at their bleakest with an anticipated GDP decline of 30% for second quarter 2020. While, it is widely anticipated that the U.S. economy will begin to expand again in the second half of the year, growth may be mild and economic activity may not recover to pre-coronavirus levels until well into 2021, or possibly as late as 2022. Much of the economic recovery will depend on the path and the severity of the coronavirus, potential future outbreaks, the ability to open up various sectors of the economy, and ultimately, a treatment or vaccine.

Below are notes regarding the outlook for the U.S. national real estate market in 2020 and beyond:

- Investment activity is slowing across the globe. Many investors have "pushed the pause button" waiting for more clarity on economic conditions before determining their strategy. Investors are still flush with cash and will look for opportunity as the environment evolves.
- Monetary policy has been aggressively loosened across the board as global central banks lower interest rates and announce plans to purchase securities and take other actions to increase liquidity.
- Overall, the outlook for the U.S. economy is clouded with uncertainty, but due to the high unemployment rate projected GDP declines, and other high frequency data trends which are similarly bleak. As of now, the expectation is that in the second half of the year, the tailwinds of the stimulus and pent-up demand will likely lead to the start of a rebound that will extend throughout 2021 at a tepid pace.

The factors listed in the following table have been considered in our valuation of this property and will have an impact on our selection of all investor rates.

INVESTMENT CONSIDERATIONS	
Real Estate Market Trends:	Real estate market trends have a significant bearing on the value of real property. The real estate market in which the subject property is located is currently improving.
Property Rating:	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good, given its proposed new construction.
Location Rating:	After considering all of the locational aspects of the subject, including regional and local accessibility as well as overall visibility, we have concluded that the location of this property is good.
Overall Investment Appeal:	There are many factors that are considered prior to investing in this type of property. After considering all of these factors, we conclude that this property has good overall investment appeal.

Investor Survey Trends

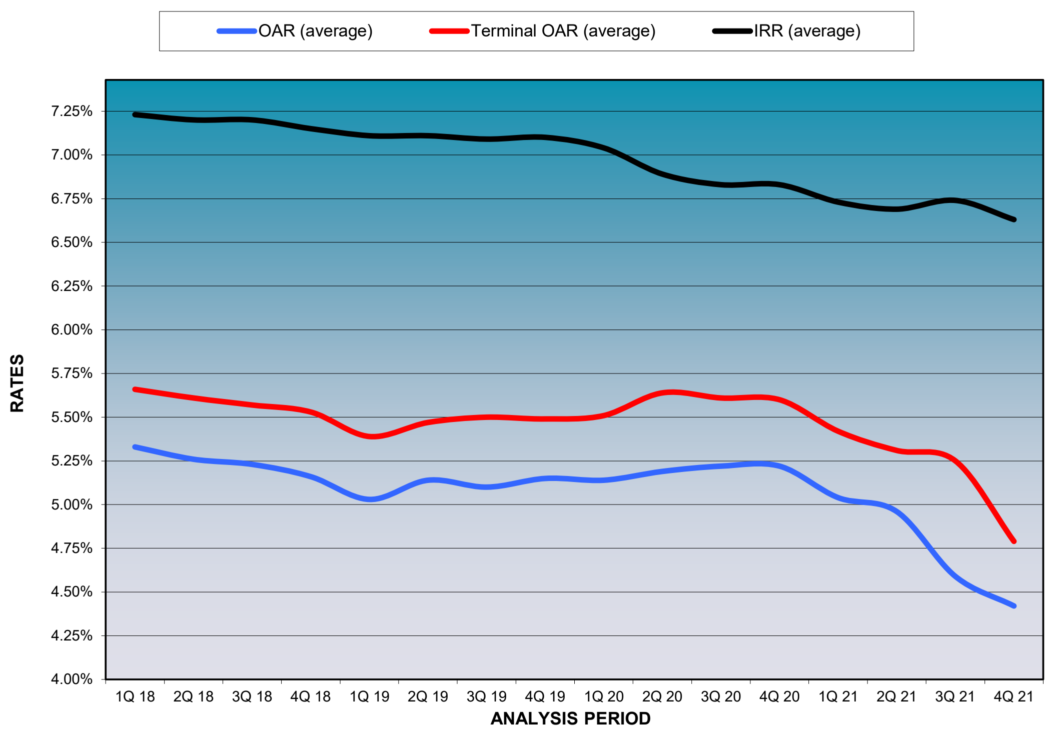
Historic trends in real estate investment help us understand the current and future direction of the market. Investors' return requirements are a benchmark by which real estate assets are bought and sold. The following graph shows the historic trends for the subject's asset class spanning a period of four years as reported in the PwC Real Estate Investor Survey published by PricewaterhouseCoopers.

INVESTOR SURVEY HISTORICAL RESULTS

Survey:	**PwC**	**End Quarter:**
Property Type:	**NATIONAL APARTMENT**	**4Q 21**

Quarter	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21	4Q 21
OAR (average)	5.33%	5.26%	5.23%	5.16%	5.03%	5.14%	5.10%	5.15%	5.14%	5.19%	5.22%	5.22%	5.04%	4.96%	4.59%	4.42%
Terminal OAR (average)	5.66%	5.61%	5.57%	5.53%	5.39%	5.47%	5.50%	5.49%	5.51%	5.64%	5.61%	5.60%	5.42%	5.31%	5.25%	4.79%
IRR (average)	7.23%	7.20%	7.20%	7.15%	7.11%	7.11%	7.09%	7.10%	7.04%	6.89%	6.83%	6.83%	6.73%	6.69%	6.74%	6.63%

INVESTOR SURVEY HISTORICAL RESULTS



Source: PwC Real Estate Investor Survey

Capitalization Rate Analysis

On the following pages we discuss the process of how we determine an appropriate overall capitalization rate to apply to the subject's forecast net income.

Capitalization Rate from Comparable Sales

The following chart summarizes the capitalization rate from the comparable sales utilized within the Sales Comparison Approach:

CAPITALIZATION RATE SUMMARY			
No.	**Name and Location**	**Sale Date**	**Capitalization Rate**
1	The Cottages at Dawson Ridge 500 Lumpkin Campground Road North Dawsonville, GA	1/2022	-
2	Leo at Sanctuary 103 Moultrie Drive Rincon, GA	10/2021	-
3	Isle Cottage Apartment Homes 505 Silver Gaff Court Myrtle Beach, SC	10/2021	3.90%
4	The Haven of Athens 135 Kentucky Circle Athens, GA	9/2021	4.18%
5	Advenir at Dawson Hills Parker Forest Drive Dawsonville, GA	9/2021	-
STATISTICS			
Low		9/2021	3.90%
High		1/2022	4.18%
Median		10/2021	4.04%
Average		10/2021	4.04%

Compiled by Cushman & Wakefield of North Carolina, Inc.

Supplemental Sales

Given the lack of financial data provided within the Build-to-Rent sale comparables, we have also included sales of traditional garden style apartment communities within the subject’s immediate market area. The following chart summarizes these sales:

CAPITALIZATION RATE SUMMARY					
No.	Name and Location	Year Built	Size (Units)	Sale Date	Capitalization Rate
1	The Sagefield	2022	234	3/2022	3.90%
2	The Views at harbortown	2015	300	11/2021	3.11%
3	Brisa at St. Augustine	2021	256	11/2021	3.70%
4	Olea at Nocatee	2020	175	9/2021	3.90%
5	TerraBella	2021	253	8/2021	4.03%
6	Drift at Town Center East	2020	276	7/2021	4.40%
7	The Ridley	2019	301	4/2021	4.75%
8	JTB Apartments	2019	350	9/2020	4.62%
9	Isla Antigua	2019	249	6/2020	4.70%
10	The Reserve at Nocatee	2018	244	3/2020	5.66%
STATISTICS					
Low				3/2020	3.11%
High				3/2022	5.66%
Median				8/2021	3.97%
Average				4/2021	4.28%

Compiled by Cushman & Wakefield of North Carolina, Inc.

These sales indicated a capitalization rate range from 3.11 to 5.66 percent with an average of 4.28 percent.

Capitalization Rate from Investor Surveys

We considered data extracted from the Investor Survey for institutional grade assets. Earlier in the report, we presented historical capitalization rates for the prior four-year period. The most recent information from this survey is listed in the following table:

CAPITALIZATION RATES			
Survey	Date	Range	Average
PwC Institutional	Fourth Quarter 2021	3.00% - 7.00%	4.42%
PwC Noninstitutional	Fourth Quarter 2021		5.72%

PwC Institutional - Refers to National Apartment market regardless of class or occupancy
PwC Noninstitutional - Reflects the average rate for this property type, adjusted by the average premium

Derivation of R_O from Band of Investment

Most properties are purchased with debt and equity capital; therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. The lender/mortgagee must anticipate a rate of return that is appropriate for the investment's perceived risk in order to make the loan; the loan principal is typically repaid through periodic amortization payments. The equity investor/mortgagor must also anticipate a rate of return that is commensurate with the investment's perceived risk or they opt for an alternative investment. Thus, we analyze capitalization rates for debt and equity.

The capitalization rate for debt is known as the mortgage constant (R_M); it is the ratio of annual debt service to the principal amount of the mortgage loan. A mortgage interest rate of 3.50 percent, coupled with an amortization term of 30 years, was employed to derive a mortgage constant of 5.39 percent. It is calculated as follows:

$$R_M = \frac{\text{Monthly Payment x 12}}{\text{Amount of Loan}}$$

The monthly payment of a loan is calculated using the following formula:

$$\textbf{Monthly Payment} = \frac{\textbf{Interest Rate (i)}}{\textbf{1 – Present Value Factor}}$$

The Present Value Factor can be obtained from financial tables that show the six functions of a dollar.

The rate used to capitalize equity income is called the equity capitalization rate (R_E); it is the ratio of annual pre-tax cash flow (usually in the first year of the holding period) to the amount of the equity investment.

The R_O indicated by the band of investment is a weighted average of the R_M and R_E. Using the loan-to-value ratio (M) and the equity ratio (E or 1-M) the R_O is calculated as follows:

$$R_O = (M \times R_M) + (E \times R_E)$$

Mortgage Terms

The following mortgage interest rate is based on periodic conversations with representatives of lending institutions providing local mortgage financing. Thus, given the physical and economic characteristics of the subject property, and on the basis of our research, the market terms for conventional loans made on properties similar to the subject are as follows:

MORTGAGE COMPONENT	
TYPICAL LOAN TERMS	
Mortgage Rate	3.50%
Amortization Term (Years)	30
Number of Payments	360
Loan-to-Value Ratio (M)	70.00%
Equity Ratio (E)	30.00%
Mortgage Constant (R_M)	5.39%

Compiled by Cushman & Wakefield of North Carolina, Inc.

The preceding data are used in the development of an overall capitalization rate (R_O) for the subject property using the Band of Investment Technique.

Equity Dividend Rate (R_e)

The Appraisal Institute defines equity dividend rate as an income rate that reflects the relationship between a single year's equity cash flow expectancy and the equity investment. Also known as the equity capitalization rate, cash on cash rate or cash flow rate, this rate is used to convert equity dividend into an equity value indication.

Our selected R_E is as follows:

EQUITY COMPONENT	
Equity Dividend Rate (R_E)	6.00%

Compiled by Cushman & Wakefield of North Carolina, Inc.

Calculation of Overall Capitalization Rate (R_O)

The calculation of the overall capitalization rate (R_O) using the band of investment technique is as follows:

R_O BY BAND OF INVESTMENT		
Mortgage Ratio	70.00%	
Annual Mortgage Constant	5.39%	
Mortgage Component		3.77%
Equity Ratio	30.00%	
Equity Dividend Rate	6.00%	
Equity Component		1.80%
Indicated Overall Rate (R_O)		**5.57%**

Compiled by Cushman & Wakefield of North Carolina, Inc.

Market Participants Survey

C&W Investor Survey – We interviewed regional investment sales brokers for their opinion on overall capitalization rates. The respondent's opinions are reflected as follows:

- Regional investment sales broker - 4.50% to 5.00%

Capitalization Rate Conclusion

We considered all aspects of the subject property that would influence the overall rate.

Cap Rates

		Class A					
Market	Tier	Overall	Low	High	Change (BP)	Spread to B (BP)	Forecast
Manhattan	1	4.25%	4.00%	4.50%		25	Flat
Los Angeles	1	4.25%	4.00%	4.50%	15	25	Flat
Orange County	1	4.25%	4.00%	4.50%		0	Flat
NYC Boroughs	1	4.50%	4.00%	4.75%	50	25	Flat
Chicago	1	4.50%	4.25%	5.00%		50	Up
Inland Empire	1	4.50%	4.25%	4.75%	-100	25	Flat
Oakland/East Bay	1	4.50%	4.25%	4.50%		25	Up
Washington DC	1	4.65%	4.25%	5.00%	0	85	Flat
Northern NJ	1	4.75%	4.25%	5.25%		25	Flat
Northern VA	1	5.00%	4.50%	5.50%		25	Flat
Suburban MD	1	5.25%	5.00%	5.75%		25	Flat
San Diego	2	4.25%	4.00%	4.50%		0	Flat
Portland	2	4.50%	4.25%	4.50%		75	Flat
Fort Lauderdale	2	4.50%	4.25%	4.95%		20	Flat
Salt Lake City	2	4.75%	4.75%	5.00%	-40	100	Flat
Minneapolis	2	4.90%	4.50%	5.20%	25	35	Flat
Austin	2	4.97%	4.25%	5.70%	-28	25	Flat
San Antonio	2	5.00%	5.00%	6.00%	-60	150	Up
Charlotte	2	5.00%	4.75%	5.25%	-25	30	Flat
Phoenix	2	5.00%	4.25%	5.50%	25	0	Up
Atlanta	2	5.00%	4.50%	5.50%	10	50	Flat
Raleigh-Durham	2	5.00%	4.75%	5.25%	0	50	Flat
Orlando	2	5.10%	4.90%	5.35%	15	25	Up
Houston	2	5.12%	4.50%	5.75%	-63	50	Up
Philadelphia	2	5.25%	5.00%	5.50%	25	25	Up
Nashville	2	5.25%	4.90%	5.45%	50	75	Flat
Indianapolis	2	5.50%	5.00%	6.00%	-50	120	Flat
Birmingham	2	5.50%	5.00%	6.00%	10	50	Up
Baltimore	2	5.90%	5.00%	6.50%	-60	35	Up
AVERAGE		4.86%	4.49%	5.24%	-11	43	
Major		4.58%	4.25%	4.91%	-9	30	
Secondary		5.03%	4.64%	5.44%	-11	51	
Tier Spread (BP)		45	39	53	-2	20	

	Class B					
Market	Overall	Low	High	Change (BP)	Spread to C (BP)	Forecast
Manhattan	4.50%	4.25%	4.75%			Flat
Los Angeles	4.50%	4.00%	5.00%	-75	50	Flat
Orange County	4.25%	3.75%	5.00%		75	Flat
NYC Boroughs	4.75%	4.50%	5.00%	-15		Flat
Chicago	5.00%	4.75%	5.25%		125	Flat
Inland Empire	4.75%	4.25%	5.25%	-75	25	Flat
Oakland/East Bay	4.75%	4.75%	5.00%		25	Up
Washington DC	5.50%	5.00%	6.00%	0	150	Flat
Northern NJ	5.00%	4.50%	5.50%		150	Flat
Northern VA	5.25%	4.75%	6.25%		125	Flat
Suburban MD	5.50%	5.25%	6.00%		75	Flat
San Diego	4.25%	3.75%	5.00%		75	Flat
Portland	5.25%	5.00%	5.50%		75	Flat
Fort Lauderdale	4.70%	4.40%	5.15%		30	Flat
Salt Lake City	5.75%	5.75%	5.75%	0	25	Flat
Minneapolis	5.25%	5.00%	5.50%	-5	75	Flat
Austin	5.22%	4.75%	5.70%	-68	103	Flat
San Antonio	6.50%	6.00%	7.00%	-25	50	Flat
Charlotte	5.30%	4.90%	5.50%	5	70	Flat
Phoenix	5.00%	4.50%	6.00%	-50	125	Flat
Atlanta	5.50%	5.25%	6.00%	-15	50	Up
Raleigh-Durham	5.50%	5.25%	5.75%	0	25	Flat
Orlando	5.35%	5.20%	5.65%	0	40	Up
Houston	5.62%	5.00%	6.25%	-78	75	Up
Philadelphia	5.50%	5.25%	5.75%	0	50	Up
Nashville	6.00%	5.15%	7.75%	35	75	Down
Indianapolis	6.70%	6.00%	7.50%	-20	130	Down
Birmingham	6.00%	5.50%	6.50%	-50	100	Up
Baltimore	6.25%	5.50%	7.00%	-25	40	Flat
AVERAGE	5.29%	4.89%	5.80%	-24	75	
Major	4.89%	4.52%	5.36%	-41	89	
Secondary	5.54%	5.12%	6.07%	-20	67	
Tier Spread (BP)	65	60	71	22	-22	

	Class C					
Market	Overall	Low	High	Change (BP)	Spread to A (BP)	Forecast
Manhattan						
Los Angeles	5.00%	4.25%	6.00%	-50	75	Flat
Orange County	5.00%	4.25%	6.00%		75	Flat
NYC Boroughs						
Chicago	6.25%	5.75%	6.75%		175	Flat
Inland Empire	5.00%	4.25%	6.00%	-65	50	Flat
Oakland/East Bay	5.00%	5.00%	5.25%		50	Up
Washington DC	7.00%	6.50%	7.50%	75	235	Flat
Northern NJ	6.50%	6.00%	7.00%		175	Flat
Northern VA	6.50%	6.00%	7.25%		150	Flat
Suburban MD	6.25%	5.75%	7.00%		100	Flat
San Diego	5.00%	4.25%	6.00%		75	Flat
Portland	6.00%	5.75%	6.25%		150	Flat
Fort Lauderdale	5.00%	4.75%	5.75%		50	Flat
Salt Lake City	6.00%	6.00%	6.50%	-50	125	Flat
Minneapolis	6.00%	5.75%	6.25%	-40	110	Flat
Austin	6.25%	6.00%	6.50%	-20	128	Up
San Antonio	7.00%	6.50%	8.00%	-25	200	Flat
Charlotte	6.00%	5.50%	6.50%	-25	100	Flat
Phoenix	6.25%	5.50%	6.75%	0	125	Flat
Atlanta	6.00%	5.50%	6.50%	-50	100	Up
Raleigh-Durham	5.75%	5.50%	6.00%	-25	75	Flat
Orlando	5.75%	5.60%	5.90%	-50	65	Up
Houston	6.37%	5.75%	7.00%	-58	125	Up
Philadelphia	6.00%	5.75%	6.50%	-40	75	Up
Nashville	6.75%	5.50%	8.50%	10	150	Flat
Indianapolis	8.00%	7.80%	8.70%	-50	250	Flat
Birmingham	7.00%	6.00%	8.00%	-25	150	Up
Baltimore	6.65%	5.80%	7.20%	-70	75	Flat
AVERAGE	6.08%	5.59%	6.72%	-31	119	
Major	5.83%	5.31%	6.53%	-13	121	
Secondary	6.21%	5.73%	6.82%	-35	118	
Tier Spread (BP)	38	43	29	-21	-2	

Source: Cushman & Wakefield

We considered OARs indicated by sales of comparable properties, national investor surveys, and the opinions of brokers, owners, and prospective purchasers. The indications from these various sources are:

CAPITALIZATION RATE SUMMARY	
Comparable Sales (Average)	3.90%-5.00%
PwC Institutional	4.42%
PwC Noninstitutional	5.72%
Market Participants	4.50%-5.00%
Band-of-Investment	5.57%
Conclusion	4.75%

Compiled by Cushman & Wakefield of North Carolina, Inc.

We believe that data derived from market participants and our sales comparables most clearly reflects current market parameters. Given the property attributes and prevailing market return rates, we conclude that a 4.75 percent OAR is applicable to the subject NOI forecast.

Direct Capitalization Method Conclusion

In the Direct Capitalization Method, we developed an opinion of market value by dividing year two net operating income by our selected overall capitalization rate. Our conclusion using the Direct Capitalization Method is as follows:

DIRECT CAPITALIZATION METHOD		
Prospective Market Value Upon Stabilization		
NET OPERATING INCOME	**$2,724,667**	**$14,570**
Sensitivity Analysis (0.50% OAR Spread)	**Value**	**$/Per Unit**
Based on Low-Range of 4.25%	$64,109,819	$342,833
Based on Most Probable Range of 4.75%	$57,361,417	$306,746
Based on High-Range of 5.25%	$51,898,425	$277,532
Preliminary Value	$57,361,417	$306,746
Rounded to nearest $100,000	**$57,400,000**	**$306,952**

APPLICATION TO SUBJECT		
Prospective Value Upon Completion		
Prospective Market Value Upon Stabilization	**$57,361,417**	**$306,746**
LESS Lease-Up	($2,963,000)	($15,845)
Indicated Value	$54,398,417	$290,901
Rounded to nearest $100,000	**$54,400,000**	**$290,909**

Compiled by Cushman & Wakefield of North Carolina, Inc.

Reconciliation and Final Value Opinion

Valuation Methodology Review and Reconciliation

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 approaches indicated the following:

FINAL VALUE RECONCILIATION	Market Value As-Is	Per Unit	Prospective Market Value Upon Completion	Per Unit	Prospective Market Value Upon Stabilization	Per Unit
Date of Value	**March 29, 2022**		**April 1, 2024**		**April 1, 2025**	
Land Valuation						
Land Value	$3,375,000		$3,375,000		N/A	
Land Value Per Unit		$18,048		$18,048		N/A
Cost Approach						
Conclusion	N/A		$46,900,000		N/A	
Conclusion Per Unit		N/A		$250,802.14		N/A
Sales Comparison Approach						
Percentage Adjustment Method	N/A	N/A	$53,150,000	$284,225	$56,100,000	$300,000
Conclusion	N/A	N/A	$53,150,000	$284,225	$56,100,000	$300,000
Income Capitalization Approach						
Direct Capitalization	N/A	N/A	$54,400,000	$290,909	$57,400,000	$306,952
Conclusion	N/A	N/A	$54,400,000	$290,909	$57,400,000	$306,952
Final Value Conclusion	**$3,375,000**	**$18,048**	**$54,400,000**	**$290,909**	**$57,400,000**	**$306,952**

Compiled by Cushman & Wakefield of North Carolina, Inc.

We gave sole weight to the Income Capitalization Approach because this mirrors the methodology used by purchasers of this property type (i.e., an income-producing property).

Value Conclusions			
Appraisal Premise	**Real Property Interest**	**Date of Value**	**Value Conclusion**
Market Value As-Is	Fee Simple	March 29, 2022	$3,375,000
Prospective Market Value Upon Completion	Leased Fee	April 1, 2024	$54,400,000
Prospective Market Value Upon Stabilization	Leased Fee	April 1, 2025	$57,400,000

Compiled by Cushman & Wakefield of North Carolina, Inc.

Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

The prospective market value estimate is based upon market participant attitudes and perceptions existing as of the effective date of our appraisal, and assumes the subject property is completed and/or achieves stabilization as of our prospective date. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective date of value, except for those identified within the report.

It is assumed that the proposed improvements are constructed in a quality manner in accordance with the information communicated to us by the developer. If the design or quality differs from that which has been considered herein, the value conclusions could be impacted accordingly. Any undue delay in the construction timeline could materially impact the value conclusion reported herein.

Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

Exposure Time and Marketing Time

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately six (6) months. This assumes an active and professional marketing plan would have been employed by the current owner.

We believe, based on the assumptions employed in our analysis, as well as our selection of investment parameters for the subject, that our value conclusion represents a price achievable within six (6) months.

Insurable Replacement Cost/Insurable Value

At the Client's request, we provided an insurable value (commonly referred to as insurable replacement cost) estimate. The estimate is based on figures typically derived from the Marshall and Swift (M&S) Commercial Cost Explorer and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.

Insurable Replacement Cost and/or Insurable Value are directly related to the portion of the real estate that is covered under the asset's insurance policy. We based this opinion on the building's replacement cost new (RCN) which has no direct correlation with its actual market value.

There are many variations and requirements specified by various clients. Hence, we employed the Client's requirements as defined in their letter of engagement attached in the addenda hereto, unless of course the Client and/or engagement letter is silent, in which case we employed our typical method for estimating Insurable Value/Insurable Replacement Cost described below.

Unless overridden by the Client's letter of engagement/requirements, we developed an opinion of RCN using the Calculator Method developed by Marshall & Swift. The RCN is the total construction cost of a new building with the same specifications and utility as the building being appraised, but built using modern technology, materials, standards and design. For insurance purposes, RCN includes all direct costs necessary to construct the building improvements. Items that are not considered include land value, site improvements, indirect costs, depreciation and entrepreneurial profit. To develop an opinion of insurable value/insurable replacement cost, exclusions for below-grade foundations and architectural fees were deducted from RCN.

The Insurable Replacement Cost and/or Insurable Value summary is presented on the following page:

INSURABLE REPLACEMENT COST/INSURABLE VALUE SUMMARY		
IMPROVEMENTS (STRUCTURES)		
DESCRIPTION	Clubhouse	Cottages
Marshall & Swift - Improvement Type	Clubhouse	Single Family
Construction Class	D	D
Quality of Construction	Good	Good
Marshall & Swift - Section	Section 11	Section 12
Marshall & Swift - Page	Page 30	Page 25
Date	Nov-20	Aug-20
Number of Stories	1	2
Base SF Cost	$201.00	$130.00
SQUARE FOOT REFINEMENTS		
HVAC Refinements	$0.00	$0.00
Sprinklers	$0.00	$0.00
Elevators	$0.00	$0.00
Adjusted Base Cost	$201.00	$130.00
HEIGHT AND SIZE REFINEMENTS		
Number of Stories	1.000	1.000
Height per Story	1.000	1.000
Perimeter	1.000	1.000
Adjusted Base Cost	$201.00	$130.00
FINAL CALCULATIONS		
Current Cost Multiplier	1.210	1.230
Local Area Multiplier	0.950	0.950
Prospective Multiplier	1.041	1.041
Adjusted SF Cost	$240.52	$158.13
TIMES: SF for Replacement Cost Purposes	5,000	203,839
Adjusted Cost	**$1,202,613**	**$32,233,694**
INSURABLE REPLACEMENT COST/INSURABLE VALUE SUMMARY		
Insurable Value Type		**Insurable Value Upon Completion**
Cost Source:		Marshall Valuation Service
Replacement Cost New	$1,202,613	$32,233,694
Total Insurance Exclusion Adjustment	**-10.0%**	**-10.0%**
Total Insurance Exclusion Amount	**($120,261)**	**($3,223,369)**
Adjusted Costs (Structures)	**$1,082,351**	**$29,010,325**
INDICATED INSURABLE REPLACEMENT COST		**$30,092,676**
Rounded to the Nearest **$10,000**		**$30,090,000**
Total Units		187
Conclusion per Unit		**$160,909**

Assumptions and Limiting Conditions

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"Cushman & Wakefield" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of Cushman & Wakefield who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor Cushman & Wakefield shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of Cushman & Wakefield any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of Cushman & Wakefield is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without Cushman & Wakefield's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by Cushman & Wakefield in writing to use or rely thereon, hereby agrees to indemnify and hold Cushman & Wakefield, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. Cushman & Wakefield assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. Cushman & Wakefield recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and Cushman & Wakefield make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. Cushman & Wakefield recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. Cushman & Wakefield recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of Cushman & Wakefield, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against Cushman & Wakefield or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by Cushman & Wakefield or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and Cushman & Wakefield, its employees and the Appraiser have no liability to such recipients. Cushman & Wakefield disclaims any and all liability to any party other than the party that retained Cushman & Wakefield to prepare the Report.
- Unless otherwise noted, we were not given a soil report to review. 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. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
- Unless otherwise noted, we did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Ben Riddle did make a personal inspection of the property that is the subject of this report. Jeff Smith, MAI did not make a personal inspection of the property that is the subject of this report.
- Ben Riddle has not provided prior services, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this assignment.
- Jeff Smith, MAI has not provided prior services, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this assignment.
- No one provided significant real property appraisal assistance to the persons signing this report.
- As of the date of this report, Jeff Smith, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Ben Riddle has completed all the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.
- This assignment was made subject to regulations of the State of Georgia Real Estate Appraisers Board. The analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the Georgia Real Estate Appraiser Classification and Regulation Act and the Rules and Regulations of the Georgia Real Estate Appraisers Board. The undersigned state certified appraiser has met the requirements of the board that allow this report to be regarded as a certified appraisal.

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Addenda Contents

Addendum A:
Glossary of Terms & Definitions

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Sixth Edition (2015), published by the Appraisal Institute, Chicago, IL, as well as other sources.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-P 20%)

Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

Cash Equivalency

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.

Depreciation

1. In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method.

Disposition Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer and seller is each acting prudently and knowledgeably.
- The seller is under compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider their best interest.
- An adequate marketing effort will be made in the limited time allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. In the case of Disposition value, the seller would be acting under compulsion within a limited future marketing period.

Ellwood Formula

A yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms. The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern. The formula is
RO = [YE – M (YE + P 1/Sn¬ – RM) – ΔO 1/S n¬] / [1 + ΔI J]
where
RO = Overall Capitalization Rate
YE = Equity Yield Rate
M = Loan-to-Value Ratio
P = Percentage of Loan Paid Off
1/S n¬ = Sinking Fund Factor at the Equity Yield Rate
RM =Mortgage Capitalization Rate
ΔO = Change in Total Property Value
ΔI = Total Ratio Change in Income

J = J Factor
Also called mortgage-equity formula.

Exposure Time

1. The time a property remains on the market. 2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. See also marketing time.

Extraordinary Assumption

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

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.

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.

Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Highest and Best Use of Property as Improved

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

Hypothetical Conditions

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Insurable Replacement Cost/Insurable Value

A type of value for insurance purposes.

Intended Use

The use or uses of an appraiser’s reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

Intended User

The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.

Leased Fee Interest

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

Leasehold Interest

The tenant’s possessory interest created by a lease. See also negative leasehold; positive leasehold.

Liquidation Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a severely limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer is acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- The buyer is acting in what he or she considers his or her best interest.
- A limited marketing effort and time will be allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. Under market value, the seller would be acting in his or her own best interests. The seller would be acting prudently and knowledgeably, assuming the price is not affected by undue stimulus or atypical motivation. In the case of liquidation value, the seller would be acting under extreme compulsion within a severely limited future marketing period.

Market Rent

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

Market Value

As defined in the Agencies' appraisal regulations, 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.[1]

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 and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) See also exposure time.

Mortgage-Equity Analysis

Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.

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.

Prospective Value upon Reaching Stabilized Occupancy

The value of a property as of a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs and other carrying charges are assumed to have been incurred.

[1] "Interagency Appraisal and Evaluation Guidelines." Federal Register 75:237 (December 10, 2010) p. 77472.

Special, Unusual, or Extraordinary Assumptions

Before completing the acquisition of a property, a prudent purchaser in the market typically exercises due diligence by making customary enquiries about the property. It is normal for a Valuer to make assumptions as to the most likely outcome of this due diligence process and to rely on actual information regarding such matters as provided by the client. Special, unusual, or extraordinary assumptions may be any additional assumptions relating to matters covered in the due diligence process, or may relate to other issues, such as the identity of the purchaser, the physical state of the property, the presence of environmental pollutants (e.g., ground water contamination), or the ability to redevelop the property.

Addendum B: Client Satisfaction Survey

Survey Link: https://www.surveymonkey.com/r/LQKCGLF?c=22-43502-900186-002
Cushman & Wakefield File ID: 22-43502-900186
Fax Option: (716) 852-0890

1. Based on the scope and complexity of the assignment, please rate the development of the appraisal relative to the adequacy and relevance of the data, the appropriateness of the techniques used, and the reasonableness of the analyses, opinions, and conclusions:

___ Excellent
___ Good
___ Average
___ Below Average
___ Poor

Comments:____

____

____

2. Please rate the appraisal report on clarity, attention to detail, and the extent to which it was presentable to your internal/external users without revisions:

___ Excellent
___ Good
___ Average
___ Below Average
___ Poor

Comments:____

____

____

3. The appraiser communicated effectively by listening to your concerns, showed a sense of urgency in responding, and provided convincing support of his/her conclusions:

___ Not Applicable

___ Excellent
___ Good
___ Average
___ Below Average
___ Poor

Comments:____

____

____

4. The report was on time as agreed, or was received within an acceptable time frame if unforeseen factors occurred after the engagement:

___ Yes
___ No

Comments:____

____

____

5. Please rate your overall satisfaction relative to cost, timing, and quality:

___ Excellent
___ Good
___ Average
___ Below Average
___ Poor

Comments:____

____

____

6. Any additional comments or suggestions you feel our National Quality Control Committee should know?

____

____

____

____

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7. Would you like a representative of our National Quality Control Committee to contact you?

___ Yes
___ No

Name & Phone (if contact is desired):

____

____

Contact Information: Eric B. Lewis MAI, FRICS
President, Valuation & Advisory Americas
(212) 841-5964

Addendum C:
Engagement Letter

Addendum D:
Comparable Land Sale Data Sheets

Addendum E:
Comparable Improved Sale Data Sheets

Addendum F:
Rent Comparable Data Sheets

Addendum G:
Property Information

Addendum H:
Qualifications of the Appraiser