

INGRAM REAL ESTATE GROUP

REAL ESTATE APPRAISAL REPORT



***127 Academy Street/140 East Hanover Street
Trenton, Mercer County, NJ 08608***

Prepared For:

Bayshore Advisors, Inc
1799 Old Bayshore Hwy., Suite 126
Burlingame, CA 94010

Prepared by:

Ingram Real Estate Group
John R. Ingram, II, MAI, MRICS, AICP, CTA

May 11, 2018

As of: April 28, 2018

INGRAM REAL ESTATE GROUP
928 N. Cedar Crest Blvd
Allentown, PA 18104

John R. Ingram II, MAI, MRICS, AICP, CTA
President

Tel: (610) 798-9877

Cell: (646) 732-2595

E-mail: IngramREG@aol.com

May 11, 2018

Re: Real Estate Appraisal Report
127 Academy Street
& 140 East Hanover Street
Trenton, Mercer County, NJ 08608

Bayshore Advisors, Inc
1799 Old Bayshore Hwy., Suite 126
Burlingame, CA 94010

To whom it may concern:

Pursuant to your request, we have inspected the above-referenced property and provided an opinion of the current "As Is" Market Value of the above-referenced property. In our inspection of the subject property, no existing environmental hazards were observed, and this report assumes the Subject site is an environmentally clean site.

We certify that we have no present or contemplated future interest in the property beyond this estimate of value. The appraiser has not performed any prior services regarding the subject within the previous three years of the appraisal date.

Please reference the Limiting Conditions and Assumptions for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis and valuation methodology. Acceptance of this report constitutes an agreement with these conditions and assumptions.

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

- There are no extraordinary assumptions for this appraisal.

Bayshore Advisors, Inc
1799 Old Bayshore Hwy., Suite 126
Burlingame, CA 94010

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Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), we have made the following value conclusion(s):

Current As Is Market Value Opinion:

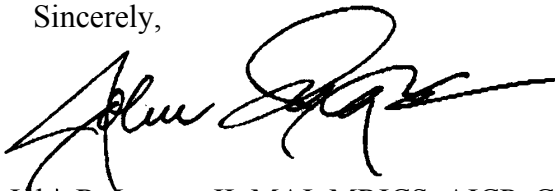
The “As Is” market value of the Fee Simple interest in the property, as of April 28, 2018, the date of inspection, is

\$5,420,000

Five Million Four Hundred Twenty Thousand Dollars

The market exposure time¹ preceding April 28, 2018 would have been 9 months and the estimated marketing period² as of April 28, 2018 is 9 months.

Sincerely,

A handwritten signature in black ink, appearing to read 'John R. Ingram II', with a stylized flourish extending to the right.

John R. Ingram II, MAI, MRICS, AICP, CTA
PA Certified General Real Estate Appraiser #GA000474L
May 11, 2018

¹ Exposure Time: see definition in the addenda

² Marketing Time: see definition in the addenda

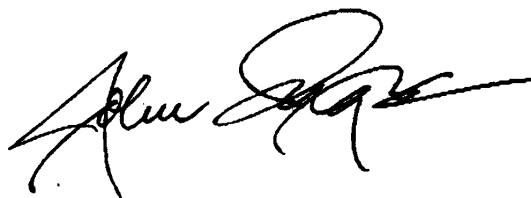
Certification Statement

PREMISES: 127 Academy Street & 140 East Hanover Street
Trenton, Mercer County, NJ 08608

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.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- Gilbert D. Grimmett, MAI made a personal inspection of the property that is the subject of this report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

- As of the date of this report, John R. Ingram II, MAI and Gilbert D. Grimmett have completed the continuing education program of the Appraisal Institute and are currently certified.
- Gilbert D. Grimmett, MAI contributed to the completion of this report.
- None of us has performed any prior services regarding the subject property, as an appraiser, or in any other capacity, within the 3 year period immediately preceding acceptance of this appraisal assignment.



John R. Ingram II, MAI, MRICS, AICP, CTA
NJ Certified General Real Estate Appraiser #42RG00012600
May 11, 2018



Gilbert D. Grimmett, MAI, Staff Appraiser
NJ Certified General Real Estate Appraiser #42RG00185800
May 11, 2018

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Summary of Important Facts and Conclusions

GENERAL

Subject:	127 Academy Street & 140 East Hanover Street Trenton, Mercer County, NJ 08608
Owner:	Purchase Equities, LLC
Parcel Numbers:	Block 503, Lots 2 and 10
Date of Report:	May 11, 2018
Intended Use:	The intended use of this appraisal is assist Client and intended users in making lending decisions
Intended User(s):	The intended users of this report is Bayshore Advisors, Inc. and any affiliates
Combined Assessment & Taxes:	Land: \$1,503,200 Total: \$3,234,100 Taxes: \$160,250
Sale History:	There has been no sale of the subject property within the last three years.
Current Listing/Contract(s):	To our knowledge, the subject is not currently listed for sale, or under contract.
Land:	The subject site contains 0.4446 acres, or 19,365 square feet.
Improvements:	The subject site is improved with two (2) adjacent buildings, containing a combined gross building area of 53,695 square feet, however having separate addresses and situated on separate street. 127 Academy Street consists of a 24,595-sf, four-story plus partial fifth story dormitory building over 2,000-sf of lower level basement and sub-basement area. Built in 1924 as a YWCA, the building is demised into 90 efficiency apartments on floors one through five, a common kitchen and lounge area on the lower level or basement with a

handicap access ramp. 140 East Hanover Street consists of a 29,100-sf, three-story building over 7,275-sf of lower level basement and sub-basement. Also, built circa 1924, the building was designed for use as a YWCA and features, offices and general purpose rooms, gymnasium, locker rooms, auditorium, kitchen area and pool.

Zoning:

The 127 Academy Street portion of the property is in the RB – Residential District; 140 East Hanover Street is in the RB - Residential District and the MU - Mixed Use District where it fronts on Hanover Street.

Highest and Best Use of the Site:

The highest and best use as vacant is for residential or mixed use development as allowed by zoning.

Highest and Best Use as Improved:

The highest and best use as currently improved is continued use as an educational/dormitory facility.

VALUE OPINION INDICATIONS

Cost Approach: Not utilized

Sales Comparison Approach: \$5,420,000

Income Approach:
Direct Capitalization Not utilized

Reconciled Value Opinion: As Is

Value Conclusion(s): \$5,420,000

Effective Date(s): April 28, 2018

Property Rights: Fee Simple

Subject Property Photographs



127 Academy Street front view



127 Academy Street front view



Drive through entrance



Subject parking lot



Westerly view on Academy Street



Easterly view on Academy Street

Subject Property Photographs



5th floor elevator



Typical hallway



Typical bathroom



Typical dormitory room



Typical elevator lobby



Typical dormitory room

Subject Property Photographs



Typical dormitory room



Typical community kitchenette found on each floor



Typical laundry room found on each floor



Emergency exit found on each floor



Typical dormitory room



Typical dormitory room

Subject Property Photographs



Typical trash chute found on each floor



127 Academy main entrance foyer



Handicapped shower



Typical dormitory room



Mail room



Lounge

Subject Property Photographs



Typical office



Cafeteria



Cafeteria seating area



Cafeteria seating area



Kitchen



Typical public restroom

Subject Property Photographs



Food freezers



Boiler



Hot water tank and distribution pipes



Electric service panel



Tunnel connecting two buildings



Typical classroom space

Subject Property Photographs



Typical package air conditioning unit



Shower room



Swimming pools



Fitness center



Typical classroom space



Typical classroom space

Subject Property Photographs



Typical classroom space



Typical classroom space



Gymnasium



Theater room



Kitchen



Conference room

Subject Property Photographs



Typical classroom space



Typical stairway



140 East Hanover Street



140 East Hanover Street



Easterly view on East Hanover Street



Westerly view on East Hanover Street

Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Ingram Real Estate Group. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) Ingram Real Estate Group's regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Ingram Real Estate Group has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.**

Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for:

Bayshore Advisors, Inc
1799 Old Bayshore Hwy., Suite 126
Burlingame, CA 94010

The problem to be solved is to provide an opinion of the fee simple market value of the subject property. The intended use is to assist the client and intended users in making a lending decision. This appraisal is intended for the use of Bayshore Advisors, Inc. (intended user), and any affiliates.

SCOPE OF WORK

Report Type:	This is an <i>Appraisal Report</i> as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(A). This format provides a summary of the appraisal process, subject and market data and valuation analyses.
Property Identification:	The subject has been identified by the legal description and the assessors' parcel number.
Inspection:	A complete interior and exterior inspection of the subject property has been made, and photographs taken.
Market Area and Analysis of	A complete analysis of market conditions has been

Market Conditions: made. The appraiser maintains and has access to comprehensive databases for this market area and has reviewed the market for sales and listings relevant to this analysis.

Highest and Best Use Analysis: A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.

Type of Value: As-Is Market Value

Valuation Analyses

Cost Approach: A cost approach was not applied since it would not be utilized by the typical buyer of an older building.

Sales Comparison Approach: A sales approach was applied as there was adequate data to develop a value estimate. This approach best reflects market behavior for this property type.

Income Approach: An income approach was not applied as the subject is not an income producing property.

Hypothetical Conditions:

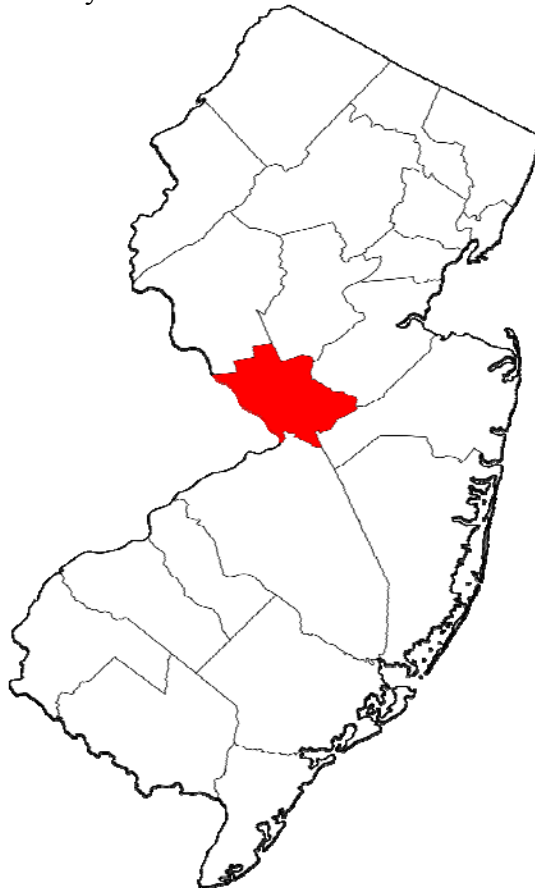
- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

- There are no Extraordinary Assumptions for this appraisal.

Market Area and Economic Analysis

The subject is located in Mercer County, which lies in central New Jersey approximately midway between New York and Philadelphia. The county covers an area of 228 square miles and is bordered by Hunterdon and Somerset Counties to the north, Middlesex and Monmouth Counties to the east, and Burlington County to the south. The counties of Montgomery and Bucks of Pennsylvania border Mercer to the west across the Delaware River. Mercer County's early development can be traced to its position as a port on the Delaware River. Originally known for its industrial development along the river front, modern development has transformed the County into the research and development capital for the northeast. Besides its waterfront location, the county has exceptional highway access. U.S. Route 1, in Mercer County, known as the "Princeton Corridor" runs from northern New Jersey through Trenton into Pennsylvania. This corridor in recent years has transitioned from a traditional farm economy into one of the fastest growing corporate, hotel, office, retail and residential markets in the United States. Several Fortune 500 companies are already located in this area.



Mercer County location in the State of New Jersey

Population: Mercer County has realized a slow but steady increase in population over the past several decades. Between 1970 and 1980, population increased just 1.2 percent from 304,116 to 307,863. The period from 1980 to 1990 experienced a noticeably greater percentage growth of 5.8 percent but in terms of actual residents, population increased only by 17,961 to a figure of 325,824. The period from 1990 to 2000 represents the county's greatest period of growth in recent decades, increasing by 24,937 residents to 350,761. Per the 2010 census, population was 366,513 or an increase of 4.49 percent since 2000. The county's population growth over the past decade mirrored the state's rate of growth. The most recent population estimate is as of July 2016, indicating a figure of 371,023 or an increase of 1.23 percent since 2010.

Employment & Income: Since New Jersey is recognized as a national leader in corporate research and development, then Mercer County, with its high concentration of research and development facilities, must be considered one of the leading counties in the country. Many top research and development firms have located in Mercer County. This is partly due to the proximity of research oriented Princeton University and other higher learning institutions, including the College of New Jersey and Rider University. It is also due to the fact that within a 30-minute commute, there is a labor force of over 250,000 people. The county serves as home for world headquarters of E.R. Squibb & Sons, Johnson & Johnson Dental Products, Lenox China and Educational Testing Service, along with regional offices of Mobil Research and Development, Monsanto and RCA.

As of February 2017, Mercer's labor force totaled 200,900 with an unemployment rate of 4.20 percent as compared to the state figure of 4.90 percent. The county has historically maintained a rate of employment consistent or lower than state and national averages, in spite to the City of Trenton recording some of the highest levels of unemployment in the nation.

The prospects for job creation of any significance to replace those positions in Mercer County which were lost during the recession remain uncertain. A slow recovery in the real estate sector could impact the pace of job creation in construction. The outlook for public employment in Mercer County is tenuous as local municipalities and state government agencies must cope with tighter budgets in the coming fiscal year. Employees at school districts, fire and public safety departments and municipal and state offices may be impacted as state and local budgets are crafted.

Positive developments in the labor area continue. Namely the redevelopment of the former Atlantic Products textile mill in the Bromley section of Hamilton Township by the non-profit group Isles of Trenton. According to Isles, Mill One will be renovated into an 110,000-sq.ft. mixed-use village which will house Isles' headquarters, Youth Build Institute, art studios, housing and professional offices. Isles is targeting Leadership in Energy and Environmental Design (LEED) Silver certification for the adaptive rehabilitation.

In terms of income levels, Mercer County residents enjoy higher income levels when compared to the state. The county recorded a 2015 per capita income of \$63,247 in comparison to the state figure of \$59,949. Among the state's 21 counties, Mercer ranks 6th and somewhat impressive considering that the city of Trenton records significantly lower wages in comparison to state and national figures. In terms of median household income, the county recorded a 2012 figure of \$67,662 in comparison to the state figure of \$69,020 and ranks 11th among the 21 counties.

Housing & Development: Over the past decade or so, Mercer has experienced a fair amount of housing development. The biggest decrease in housing occurred between 2008 and 2009 which is not dissimilar with housing trends for New Jersey overall. The chart following illustrates the trend in housing development in the county between 2007 and Third Quarter, 2017.

Year	No. Permits Issued
2007	700
2008	625
2009	269
2010	649
2011	400
2012	444
2013	984
2014	368
2015	894
2016	705
Thru 2-17	32
Total	6,070

Source: NJ Department of Labor

The most notable residential construction projects are the Jefferson a condominium development in Ewing and a new townhouse development along Clarksville Road in West Windsor Township. Aside from increasing housing alternatives to Mercer county residents these projects are among the greatest contributors to the increase in temporary construction jobs.

Commercial developments in the leisure and hospitality sectors included the opening of a new hotel in Ewing. The Springhill Suites by Marriott celebrated its grand opening in June of 2010 at the Princeton South Corporate Center. The hotel became the third hotel in Ewing joining the recently opened Element (January 2010) and the Courtyard by Marriott both located near the Trenton-Ewing Airport. In addition to the on-going construction activities in Ewing (offices for the New Jersey Department of Agriculture) and Hopewell (Capital Health System's new hospital campus) townships, work has completed on The Village Center at West Windsor (Mercer County), a small retail development that was delayed due to the recession. The 41,000-sq.ft. project consists of four buildings. Two of the buildings have been leased: one to CVS Pharmacy

and the other to the Learning Experience, a childcare and education franchise. A PNC Bank is next to the center.

Transportation: The New Jersey Turnpike runs through the eastern portion of the county with one exit within its bounds. U.S. Route 206 and State Highway 31 traverse the western half of the county, traveling north/south and east/west respectively. Three interstate routes cross the county. Interstate 295 parallels the Delaware River to the south and circles Trenton, providing connections with Interstates 95 and 195. Interstate 195 is partially completed and will provide rapid transit to New York as well as the Jersey shore area. Rail service is provided by Conrail, Amtrak and Reading Railroad.

In addition, there is bus service available throughout the county. Commercial air service is available locally at Mercer County Airport as well as Philadelphia and Newark International Airports, both located within approximately 45 minutes by car. Mercer County Airport, a focal point in the County's economic development program to attract new industry, is one of the fastest growing air carrier facilities in the state. Featuring a new passenger terminal complex, U.S. Air provides direct service to Chicago from Mercer County. Regularly scheduled commuter service connecting with flights at the Philadelphia Airport and JFK Airport in New York is also provided at Mercer County Airport.

Mercer County's new airport facilities have attracted bases of operations of a number of major corporate air fleets. RCA transferred its base of air operations from Westchester County Airport in White Plains, New York to Mercer County Airport in 1976, joining other corporate fleets based in Mercer, including Johnson & Johnson, Pfizer, Crown Cork & Seal, American Cyanamid, and others.

Air taxi and charter services are also available at three smaller airports in Mercer County: Princeton Airport, Trenton-Robbinsville Airport and Twin Pine Airport. Princeton Airport, located three miles north of Princeton, provides regularly scheduled executive shuttle service to Newark International Airport. Several major common carriers have facilities in the county, including Consolidated Freightways, Roadway Express and Spector Freight Systems.

Mercer County is also full of culture and known as one of the nation's most historic areas. In addition to the county's historical significance, its colleges, galleries, theaters and proximity to activities in New York and Philadelphia contribute to the many cultural pursuits available to interested residents. Trenton houses the Trenton Symphony and the State Cultural Complex, which includes the New Jersey State Museum with galleries, a planetarium, an auditorium for films and lectures, and the New Jersey State Library. The Princeton University area provides a wealth of cultural activities, including the nationally known McCarter Theater and a number of prominent area associations and historical societies. In addition to the cultural atmosphere, Mercer County has a variety of recreational outlets. Countering steady urbanization trends,

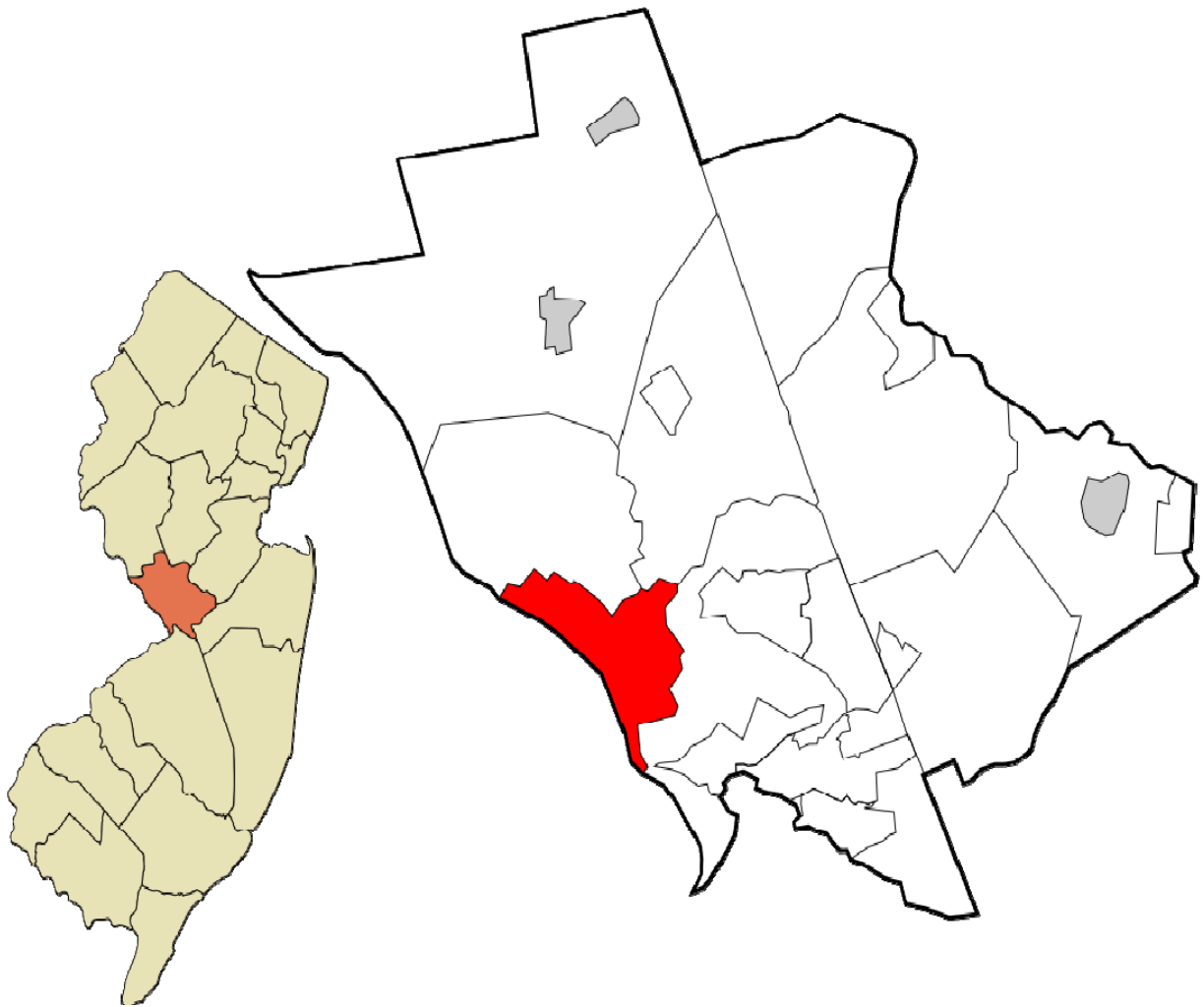
preservation of open spaces has assumed a high priority in Mercer County. Some 15,000-acres have been set aside in permanent open space in a far-sighted master plan.

Recreational facilities operated by the Mercer County Park Commission include two 18-hole championship golf courses; the Bell Mountain Ski area; indoor tennis facilities; and the 2,700-acre Mercer County Central Park featuring a modern sports complex for team sports, tennis, a new ice skating center and a 300-acre recreational lake. State parks in Mercer County include Washington Crossing State Park, Princeton Battle Field State Park, and the Delaware and Raritan Canal State Park.

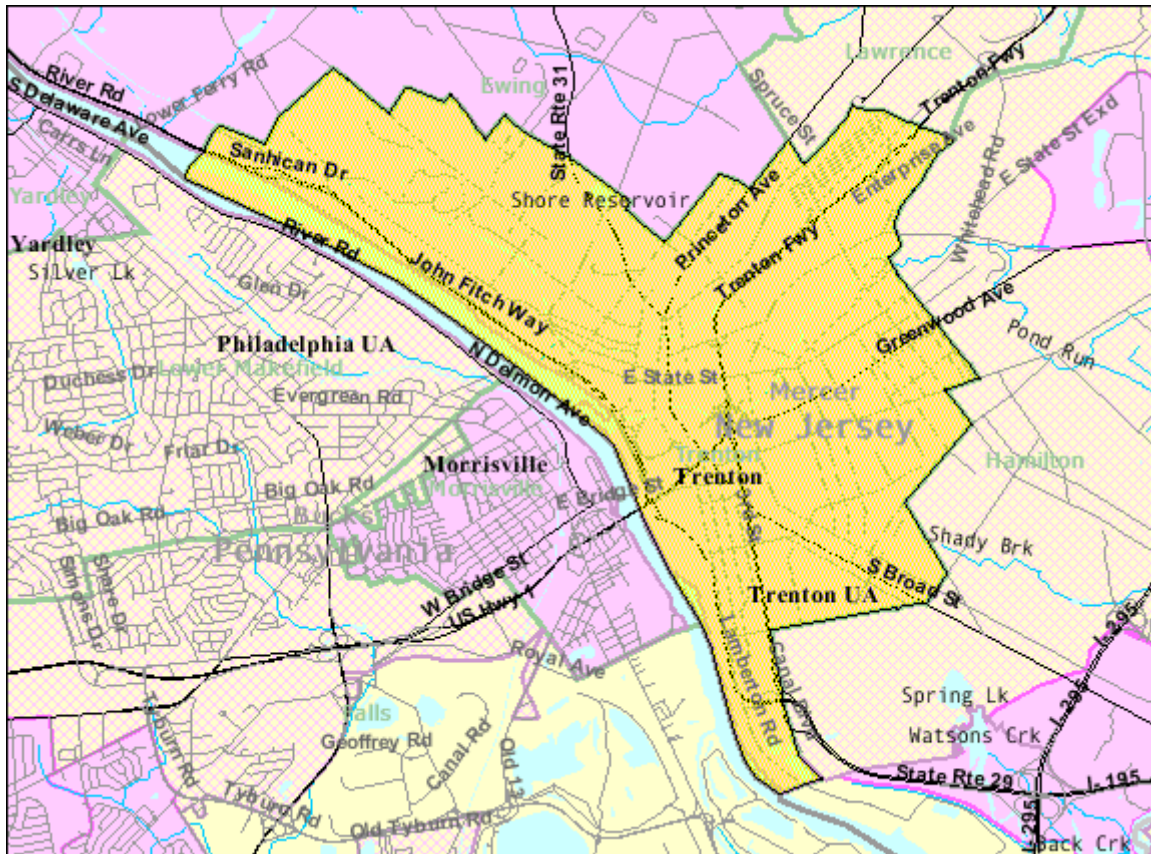
In summary, Mercer County is conveniently located between two major metropolitan areas, has excellent highway systems and public transportation, and has good employment centers. The growth of the residential neighborhoods over the last several years has caused a strong labor force. The county has excellent schools and universities, many cultural and recreational events and facilities. What may not be available in Mercer County is within a short commute to Philadelphia or New York City. Future demand for housing in this area should remain steady.

Neighborhood Description

The subject is located in The City of Trenton, in the south-central section of Mercer County and along the banks of the Delaware River. Historically known as one of the nation's largest manufacturing communities, during the early part of the 20th century the City earned its motto – "Trenton Makes the World Takes". Although manufacturing continues to exist within pockets of the city, the bulk of its manufacturing plants have either been recycled to more appropriate uses or are abandoned and awaiting future redevelopment.



Location of Trenton in Mercer County and the state of New Jersey.



Census Bureau Map of Trenton, New Jersey

Trenton serves as the State Capital of New Jersey and covers an area of approximately 7.66 square miles of land area, with 0.49± square miles of water area. The city is bound to the north by Ewing Township; to the east and south by Hamilton Township and; to the west by the Delaware River and the State of Pennsylvania. As noted, Trenton maintains the second largest population base in the County and is the most densely developed community as well as being one of the most densely developed communities in the State. In contrast to the county which realized a 4.49 percent gain in population over the last decade, Trenton's population from this same period declined -0.57 percent, from 85,397 to 84,913. The most recent population estimate is as of July 2015, placing the City's residency at 84,225 and resulting in a density of 10,995 persons per square mile.

Trenton's shrinking population base is not atypical of many urban communities in the state over the past several decades, due to a combination of migration to outlying suburban communities, a shrinking employment base and a deteriorating housing stock. Between 1970 and 1980 the city's realized a decline in population from 104,786 to 92,124 or -12.1 percent. Population continued to decline between 1980 and 1990 but to a lesser degree, to 88,675 or -3.75 percent and again between 1990 and 2000 by -3.7 percent. The 2010 census population indicates that the city's

population base continues to shrink, to a figure of 84,913 or -0.56 percent. This slower rate of deterioration is viewed as a positive attribute and may turn at some point in the future. The city has made noticeable improvements in its housing stock in recent years as a result of demolishing substandard housing units and replacing them with newly constructed or rehabbed homes available to qualified low and moderate income families. By in large however the majority of the existing housing stock is aging and in need of replenishing before any significant changes in population will be realized. The following chart illustrates the city's breakdown by property class, as per the city assessor's records.

Assessment by Property Class

Property Class	No. of Properties	% of Total
Vacant Land	1,144	4.6%
Residential	21,318	86.2%
Farm	-	0.0%
Commercial	2,044	8.3%
Industrial	78	0.3%
Apartment	154	0.6%
Total:	24,738	100.0%

As evidenced by the above figures, residential development accounts for more than 86 percent of real property valuation. Factoring in apartment development, this figure expands to slightly nearly 87 percent. Commercial and industrial development combine for 8.6 percent of real property value, with the industrial component shrinking; however, being replaced either by residential or commercial properties. The following chart illustrates the trend in building permit issuance for the city between 2007 and Third Quarter, 2017.

Year	Total	SFD Permits
2007	71	71
2008	92	40
2009	0	0
2010	25	0
2011	0	0
2012	9	0
2013	19	0
2014	10	0
2015	5	0
2016	168	0
Thru 2-17	0	0
Total	399	111

As illustrated by the above figures, prior to the recession the city was experiencing somewhat of a resurgence in new housing development. This trend clearly dissipated during and following the recession with the 2016 figure being the highest in over a decade indicating that the city may once again be realizing some revitalization. The bulk of the city's housing stock is older and in many instances, has surpassed its economic life. While the city's housing stock is in need of revitalization, economic conditions do not allow for a free market development and future housing can only occur with some form of public subsidy.

The city maintains an urban atmosphere and CBD – Central Business District located along Broad Street and East and West State Streets. The State Capital Building, as well as many other state offices are located along West State Street. This area is essentially dominated by state offices, however is also densely developed with private businesses and many financial institutions. Many secondary commercial districts are located throughout the city and service local neighborhoods. Like many of the older urbanized areas of the northeast, Trenton struggles with urban blight, poverty, homelessness and higher than average crime levels. State and City Planners are taking steps to alleviate these problems. Recent developments include the Trenton Thunder Baseball Park and the Sun Bank Arena, both attracting visitors from beyond the city boundaries and creating employment for city residents. In November 2016, Governor Christie announced plans for the renovation of the state capital building. Built in 1790, the scheduled renovation cost is estimated at \$300 million.

The city's downtown retail environment does well, maintaining high occupancy levels, catering to the area residents and office workers. Retail businesses receive assistance due to the area being classified as an urban enterprise zone that allows a charge of 3.5 percent sales tax on most merchandise, versus the 7 percent norm.

While few major retailers can be found within downtown Trenton, local merchants fill the majority of grade level space along Broad Street, East and West State Streets, and the secondary streets emanating from these two main commercial corridors.

As of February 2017, the city recorded a labor force of 39,400 and an unemployment rate of 7.1 percent; much greater figure than the county, or 4.20 percent. The city has historically maintained higher unemployment figures due to its having a lower-skilled labor force. It is noted that the majority of the State workers do not live in Trenton.

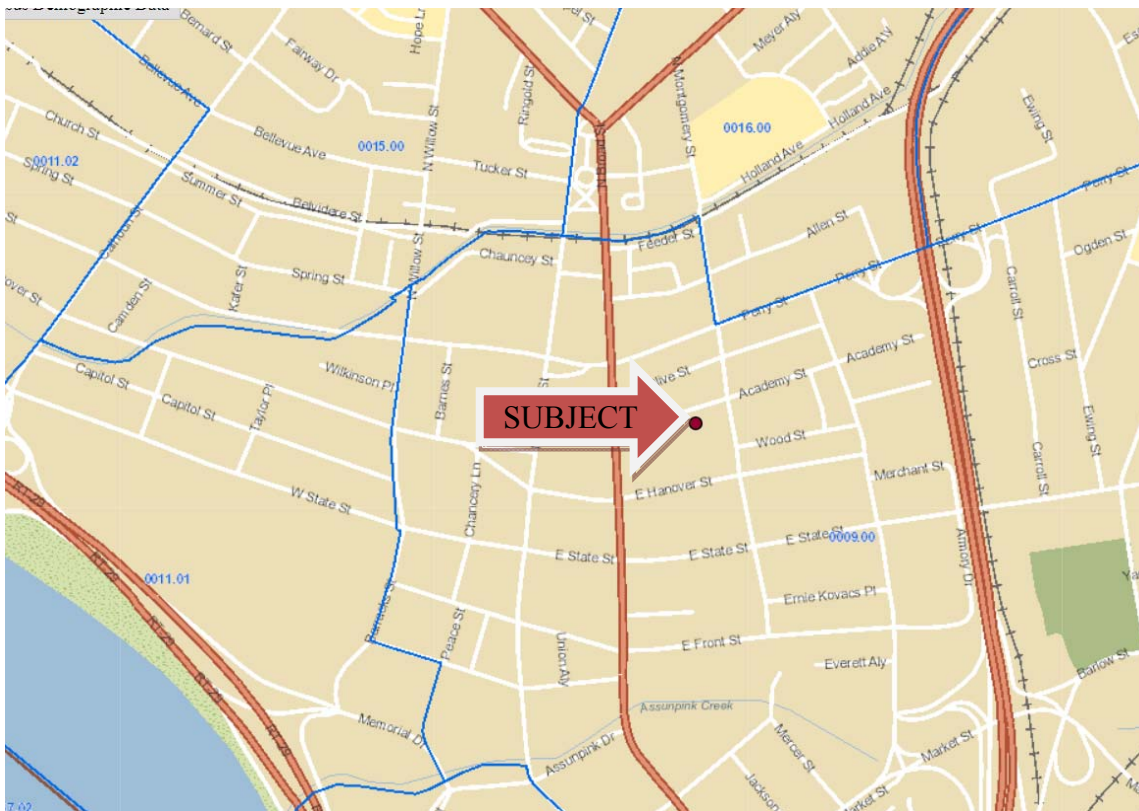
In summarizing, typical of many urban areas throughout the State, Trenton continues to have problems, including an over-burdened government, higher than average unemployment, and higher than average crime levels. Despite these factors, it has maintained a strong employment base, flourishing retail sector and an improving housing environment. These elements should help the city realize positive strides over the coming decade and hopefully once again become known as a vibrant urban community offering an affordable housing and employment base.

Immediate Surroundings

The subject property is located in an area on the fringe of Trenton's CBD. The property is located opposite the Trenton Public Library on Academy Street, and also adjoins a branch of Mercer County college.

Census Tract Data

The US Geocoding system (FFIEC, 2017 Census file) identifies the subject as being situated within Census Tract 0009.00. This area is designated a moderate income neighborhood with a tract population estimate of 3,118 persons. The estimated 2017 tract median family income is \$47,862, compared to the MSA/MD median family income of \$95,400, with 42.09% of the population below the poverty line. There are a total of 2,060 housing units, of which 1,486 are 1 to 4 family units. Approximately 989 units are renter occupied. The median housing unit age is 76 years.

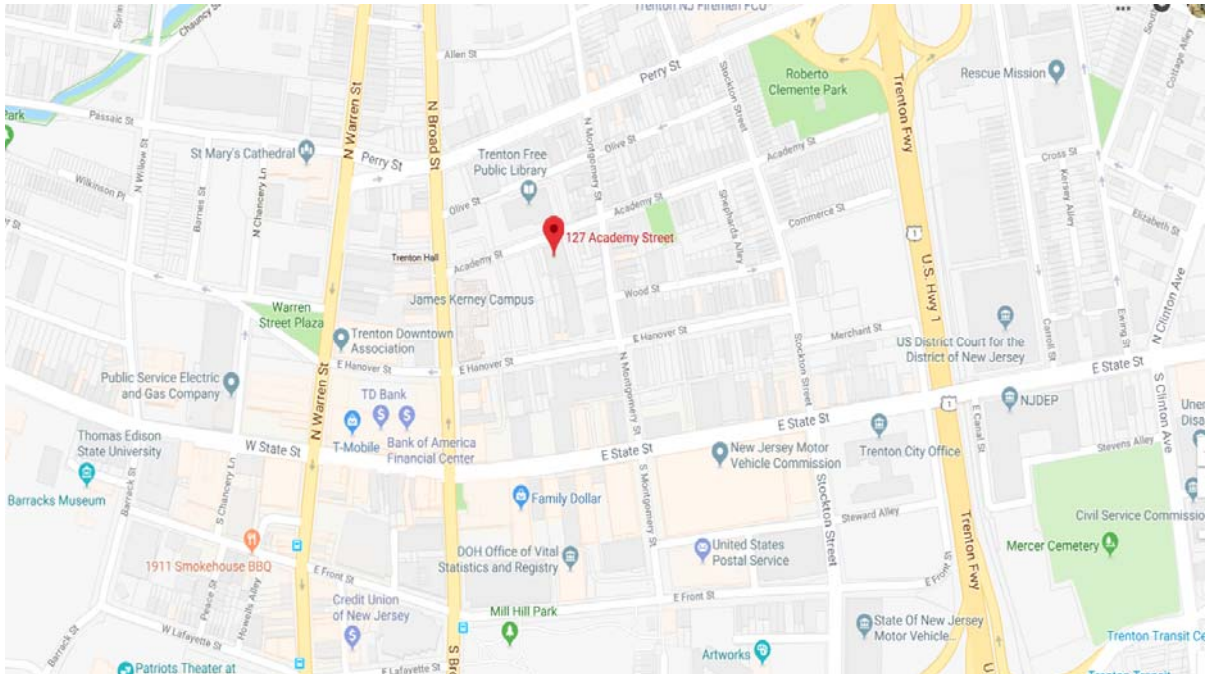


Census Tract Map

127 Academy Street/
140 East Hanover Street

Trenton, NJ

NEIGHBORHOOD MAP



AERIAL VIEW



SITE DESCRIPTION

The subject property is located between Academy Street and E. Hanover Street just west of N. Montgomery and east of Broad Street. The site consists of two tax lots, legally identified as Block 503 Lots 2 and 10. The following describes the site based on a physical inspection of the property and review of the city tax map.

Size & Shape According to the tax map, the subject site consists of two irregular-shaped parcels containing .445-acres or 19,365-sf. There is 72 feet of frontage along the south side of Academy Street and 54.5 feet of frontage along the north side of Hanover Street.

Topography & Drainage The sites are level with road grade. Drainage is adequate and follows the natural contour of the land. As per FEMA Map 34021 Panel 0207F dated July 20, 2016 the sites are in Zone X, areas determined as having a 0.2 percent chance of annual flooding; flood insurance is not required.

Soils We were not provided with a soils study or test boring results therefore it is not possible to offer soil conclusions. The subject buildings were built in 1924 and exhibit no signs of decay due to soil capacity. Surrounding uses has also been in place for several years with no signs of decay due to soil capacity.

Street Academy Street is a two-lane 45-foot wide east-west road extending three blocks, between Route 1 and North Broad Street. East Hanover Street, is a 55-foot wide roadway that extends from Stockton Street to the east, extending across the western portion of the city to Prospect Street. Both streets are macadam paved, lined with concrete curbs and sidewalks, and equipped with storm and sanitary sewers.

Access 127 Academy Street is accessible via one (1) curb-cut providing access to a service entrance of the building. 140 East Hanover Street has no vehicular access.

Site

Improvements

The subject buildings encompass the majority of their respective sites and except for public sidewalks along the front elevations of each building, there are no other site improvements except for a concrete driveway near the service entrance to 127 Academy Street.

Utilities

The sites are serviced by all public utilities including water, sewer, electric and natural gas.

Easements

The subject site has numerous easements as per the Schedule B from the Title Insurance Policy. These include utilities easements, access easements, an Affordable Housing Agreement (127 Academy Street) through a Deed Easement and Restrictive Covenant for Extended Low and Moderate Income Occupancy. It is specifically assumed that any easements, restrictions or encroachments that might appear against the title would have no adverse impact on marketability or value.

Nearby Uses:

Across the street from 127 Academy Street is the Trenton Public Library, with the Daylight/Twilight High School across from 140 East Hanover Street. There is a branch of Mercer County Community College on the corner of Broad and Academy Street and there is a surface parking lot just west of the subject extending between Academy Street and East Hanover Street used by the college. East of 127 Academy Street is a vacant parcel. There are a number of smaller mixed use properties with commercial or retail uses at street level with either residential or office uses above. Most of the development ranges between two to five stories with most buildings developed during the early to mid-1900's.

Environmental Issues:

There are no known adverse environmental conditions on the subject site. Please reference Limiting Conditions and Assumptions.

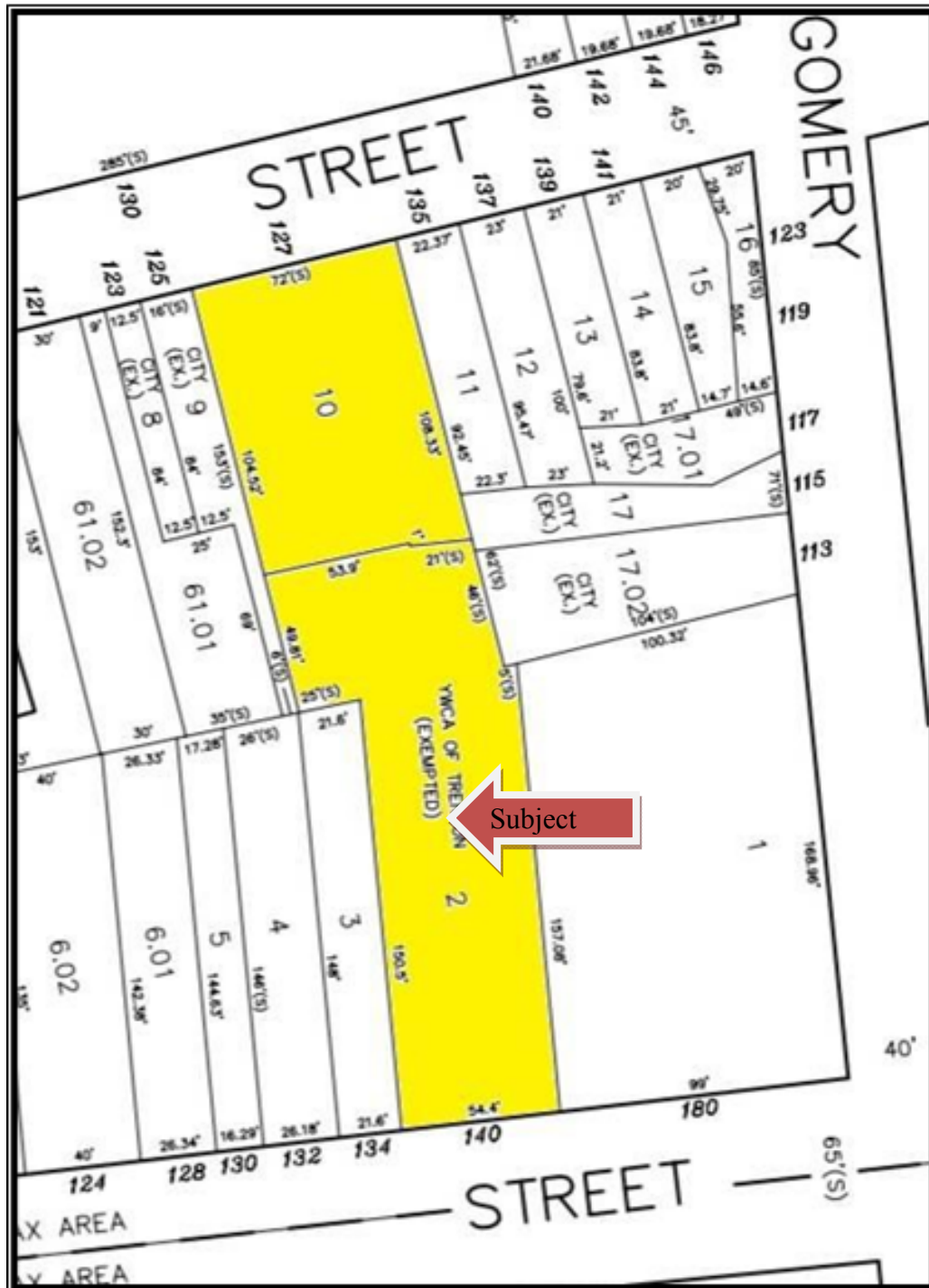
**Encumbrance /
Easements:**

There are no known adverse easements, encumbrances or encroachments, other than normal utility easements.

Site Comments:

The site has average and typical utility and is adequate to support the subject improvements.

Subject Tax Map



DESCRIPTION OF THE IMPROVEMENTS

The subject site is improved with two (2) adjacent buildings, containing a combined gross building area of 53,695 square feet. Details regarding each individual building are as follows.

127 Academy Street

This is a four-story plus partial fifth story dormitory building containing 24,595- sf, over 2,000-sf on the lower level basement and sub-basement area. Built in 1924 as a YWCA residence, the building is demised into 90 efficiency units on floors one through five, a common kitchen and lounge area on the lower level or basement with a handicap access ramp. There is a community room off of the front lobby, a small office/reception area, mail room and common restrooms located on the first floor in addition to 16 efficiency apartments. The floor plans for the 2nd through the 4th floors are identical and include 23 efficiency apartments, a common kitchen area, a laundry room, maintenance sink and a trash shoot; the 5th floor contains five efficiency apartments. The breakdown of the units/floors is broken down in the following table.

127 Academy Street

Building Layout

Floor	Units
B	Kitchen/Dining Area
1	16
2	23
3	23
4	23
5	5
Total	90

The majority of the units share a bathroom; however, there are two units on floors 1 through 4 and one unit on the fifth floor that have private bathrooms. The owner indicates that the units are 350-sf, including a shared bathroom. The building is shaped like a “U” with the front portion having a fifth floor. There is a sub-basement connection to 140 East Hanover Street. Based on an inspection of the property and plans provided by the owner, the following describes the building:

Footings & Foundation: The building is supported by a poured reinforced concrete footing and concrete foundation.

Floor Slab: The below grade levels are of concrete construction with upper level floors constructed of steel and concrete flooring.

Exterior Walls: The exterior walls are concrete block, finished with brick along all elevations.

Windows & Doors: The building consists primarily of wood framed, double-hung thermal pane windows with storms. Some windows have been replaced with metal framed units.

The main entrance door is wood with side light windows. Service doors are metal, with doors to the individual apartments a mixture of solid wood and metal. Each floor has a steel fire door at the end of the hallways. There is to be a metal roll up door installed at the front service entrance which was not installed at the time of inspection.

Roof: The building features a flat roof covered with rolled asphalt which was recently repainted and is in good condition.

HVAC: All of the units are equipped with an individual electric heating unit. The common areas of the building are heated steam radiators. There is a chiller on the roof for air conditioning.

Plumbing: All but nine apartments share a bathroom which consists of a toilet and shower. Each apartment has its own sink and plywood cabinet. The bathrooms have ceramic tile floors and shower areas. Hot water is generated via a gas-burning central boiler.

Fire & Building Protection: The entire building is sprinklered and there are hard-wired smoke detectors and fire extinguishers located on each floor. There is a standpipe in the basement next to the kitchen. There are also security cameras located throughout the property.

Elevator/Stairs: The building is served by a single elevator with six stops. There are two sets of stairwells, one on the northeast side and one on the south side of the building. Additionally, there are exterior metal walkways connect front and sections of floors two through five.

Electric Service: The building is adequately serviced by electric with the service upgraded and appears to be adequate.

Interior Finish: The apartments feature vinyl covered flooring and ceramic tiled bathrooms. The common area kitchens are equipped with refrigerators, a microwave and a sink as well as Formica countertops and wood cabinetry. There is a Maytag washer and dryer on floors one through four and a trash shoot. The hallways are ceramic tiled. Walls and ceilings covered with painted drywall or plaster.

Functional Utility: The building's design and layout are suitable for its intended use, providing "community styled" living where residents share common services, including bathrooms, kitchens and laundry facilities. While units are functional in design, given their size of lack of private bathrooms, the building is best suited for subsidized housing or dormitory/college use. The property cannot compete with market-rate multi-family properties.

140 East Hanover Street

This is a three-story building built circa 1924 and designed specifically for use as a YWCA recreational center. The building contains a GBA of 29,100-sf, including 7,275- sf of lower level basement and sub-basement area. The building includes classrooms, offices, general purpose rooms, a gymnasium, locker rooms, auditorium, kitchen area and pool. The layout of the building floor by floor is depicted in the table that follows:

140 Hanover Street Building Layout

Floor	Use/Description
Sub-B	Pool Area, includes two lap pools
B	Exercise Rooms, offices, restrooms, storage
1	Lobby, offices, locker rooms, sauna, shower, restrooms
2	Auditorium w/stage, kitchen, classrooms and gymnasium
3	Offices, multipurpose rooms and kitchen

The building was undergoing renovation at the time of inspection with the installation of new roof, doors, flooring, painting, heating system and baseboard heating elements. There is a sub- basement connection to 127 Academy Street. Based on an inspection of the property and plans provided by the owner, the following describes the building:

Footing &

Foundation: The building is supported by a poured reinforced concrete footing and concrete foundation.

Floor Slab: The floors are of concrete construction.

Exterior Walls: The exterior walls are concrete block with brick along all elevations.

Windows

& Doors: Windows consist primarily of wood framed, double-hung thermal panes. The main entrance to the building is via a wood door with glass panes. Service doors are made of insulated metal, with interior doors consisting of solid wood. Some multi-purpose rooms have sliding panels to separate the rooms.

Roof: The building features a flat roof covered with rolled asphalt which was recently replaced and is in good condition.

HVAC: The building is heated via a gas-burning boiler system providing steam to radiators. There are three, Rheem air conditioning units that were recently installed, producing chilled air.

Plumbing: There is a set of restrooms in the basement serving the pool area; there are additional multi-fixture restrooms in the locker rooms on the first floor and there is a restroom on the third floor near the auditorium. In addition, there is a kitchen area on both the second and third floor near the auditorium and multi-purpose rooms.

Fire & Building

Protection: The entire building is sprinklered and there are smoke detectors and fire extinguishers located on each floor. There are also security cameras located throughout the property.

Stairs: There is a stairwell located in the center and additional stairwells on each end of the building.

Electric Service: A new electric panel was installed in 2004 which is more than adequate.

Interior Finish: The building features a mixture of floor covering, including hardwood and vinyl, with ceramic tiled bathrooms and locker rooms. At the time of inspection, the walls were being painted over drywall or plaster and the flooring needed to be installed in several areas. There is a new wood floor in the auditorium. New interior doors and molding has been installed throughout. There are two fireplaces located in the multi-purpose rooms on the third floor. The gymnasium includes wood flooring and finishes typical for its intended use. There is a basketball court and a raised track around the perimeter of the court.

Functional

Utility: The building design and layout are suitable for a variety of uses, including but not limited to recreation, educational, general purposes, office or a combination of any or all of these uses.

Americans With Disabilities Act

Please reference the Limiting Conditions and Assumptions section of this report.

Hazardous Substances

Please reference the Limiting Conditions and Assumptions section of this report.

Assessment and Taxes

A review of the tax assessor's records revealed the current assessment, tax rate and taxes for the subject which is summarized as follows:

Real Estate Tax Analysis		
127 Academy Street/140 East Hanover Street, Trenton, NJ		
Parcel ID and Property Data		
Tax Map ID (Block & Lot)	503	2 & 10
Gross Building Area (Sq.ft.)	53,695	
Assessment Data		
Land	\$1,503,200	
Improvements	<u>1,730,900</u>	
Total	\$3,234,100	
Real Estate Taxes	\$160,250	
Equalization Rate	1.0000	
Implied Market Value	\$3,234,100	
Historical Tax Rates		
Tax Year	Tax Rate	% Change
2012	0.05534	
2013	0.05671	2.48%
2014	0.05706	0.62%
2015	0.05733	0.47%
2016	0.05753	0.35%
2017	0.04955	-13.87%
Tax Indicators		
Taxes/		Mkt Value
Sq. ft.		/ Sq. Ft.
\$2.98		\$60.23

Conclusion

The indicated Assessor's market value is for ad valorem tax purposes, and has no bearing on our market value opinion.

Zoning

LAND USE CONTROLS

The 127 Academy Street is in the RB – Residential District. The rear portion of 140 East Hanover Street is in the RB- Residential District, with the front portion zoned MU – Mixed-Use. The principal permitted uses of the zones and bulk requirements are as follows:

Residence B District

Principal permitted uses:

- A. Detached single-family dwelling units.
- B. Semidetached single-family dwelling units.
- C. Row house dwelling units.

Permitted accessory buildings and uses:

- A. Private residential swimming pools and tennis courts
- B. Private residential greenhouses, storage sheds and private garages
- C. Attached and detached private garages and carports.
- D. Home occupation use, provided that such use is conducted only in the principal
- E. Family day-care homes.
- F. Animal shelters for domestic pets, total area not to exceed 24 square feet.
- G. Signs
- H. Accessory uses incidental to residential uses, such as, patios, child play facilities and decks
- I. Satellite communications dish receiving antennas

Permitted conditional uses:

- A. Public utility use.
- B. Schools.
- C. Churches.
- D. Parking lot.
- E. Day-care/child-care center.
- F. Nursing home.
- G. Telecommunications facilities.

MU - Mixed Use District

Principal permitted uses:

- A. Detached single-family dwelling units.
- B. Semidetached single-family dwelling units.
- C. Two-family dwelling structures.
- D. Row house dwelling units.
- E. Multifamily dwelling structures, and dwelling units located over permitted nonresidential uses, in accordance with multifamily dwelling structure regulations.
- F. Public facilities of the City of Trenton.
- G. The office of a doctor, lawyer or other licensed professional office buildings for business and professional purposes and medical clinics.
- H. The offices or headquarters of a nonprofit or service organization, such as the Red Cross, Chamber of Commerce or generally similar leagues or associations not organized for pecuniary profit.
- I. Mixed-use structures.

Permitted accessory buildings and uses:

- A. Private residential swimming pools and tennis courts
- B. Private residential greenhouses, storage sheds and private garages
- C. Attached and detached private garages and carports.
- D. Home occupation use, provided that such use is conducted only in the principal dwelling
- E. Family day-care homes
- F. Accessory parking for uses permitted in the MU District.
- G. Satellite communications dish receiving antennas
- H. Animal shelters for domestic pets
- I. Signs
- J. Exterior uses incidental to residential uses, such as, patios, decks and child play facilities

Permitted conditional uses:

- A. Public utility uses.
- B. Health care facility.
- C. Schools.
- D. Churches.
- E. Parking lot.
- F. Funeral parlor.
- G. Nursing home.
- H. Restaurant, retail and personal services uses.
- I. Telecommunications facilities.

Mixed Use Bulk Requirements

Zone	Use	Minimum Lot Size (square feet)	Minimum Yards ¹ (feet)			Minimum Lot Width (feet)	Maximum Building Height (stories/feet)	Maximum Lot Coverage	Minimum Net Habitable Floor Area (square feet)
			Front ²	Rear	Side				
MU	Detached 1-family dwelling units	4,000	Average or 20	35	One: 6 Both: 14	40	3/35	45%	1,200
MU	Semidetached 1-family dwelling units	2,500 per unit	Average or 20	35	One: 6 Both: —	25	3/35	50%	1,000 per unit
MU	Two-family dwelling structures	2,500 per unit	Average or 20	35	One: 6 Both: 14	40	3/35	50%	650 per unit
MU	Row house dwelling units	1,500 per unit	Average or 20	35	— ³	15 per unit	3/35	60%	900 per unit
MU	Multifamily dwelling structures	2,000 per unit (first 2 units) 500 per unit (additional units)	Average or 20	35	One: 6 Both: 14	40	3/35	60%	650 per unit
MU	Offices	5,000	Average or 20	35	One: 10 Both: 20	50	3/35	60%	—
MU	Mixed-use structures	4,000	Average or 20	35	One: 10 Both: 20	40	3/35	60%	Residential: 650 per unit Business: 400 per business use

The subject properties are not permitted uses within their respective zones and are therefore, classified as pre-existing, nonconforming uses. It should be noted that both buildings were developed to serve as a betterment to the city and were therefore building irrespective of zoning and likely, prior to their current zones. Nonconforming properties are prevalent throughout the city and infrequently impact property value and/or marketability. Since the buildings are proposed for continued use in a non-profit capacity and for the betterment of the community, zoning is not critical. The appraisers however are not experts in zoning matters; therefore, further review of the subject's compliance with current zoning regulations is recommended.

Highest and Best Use

Highest and best use may be defined as

“the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value”.³

1. **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
2. **Physically Possible:** To what use is the site physically adaptable?
3. **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?
4. **Maximally Productive.** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

Highest and Best Use of the Site

We have concluded that if the subject parcel was vacant, the ultimate highest and best use would be for low income residential or mixed use residential/retail development as permitted by zoning.

Highest and Best Use as Improved

The current improvements are substantial and functional for their intended use. The improvements are also a legal use with respect to zoning, and compatible with surrounding development. Therefore, we have concluded that the continued use of the subject as a school/dormitory facility is the highest and best use of the subject property as improved. In many instances school buildings have been converted to residential use. That would not be feasible in this instance since there is insufficient parking.

Valuation Methodology

There are three approaches to value generally employed in the valuation of real estate. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

The Cost Approach

The Cost Approach is generally used when the building improvements are relatively new, or to be built, for specialized uses, for properties that have abnormally high land to building ratios, or for owner-occupied properties where little or no information is available on comparable sales or rentals. It represents the highest and best use of the site and its replacement or reproduction cost can be reliably estimated. From the estimated cost to reproduce a similar structure, a deduction is made for estimated depreciation from all causes and the value of the land is added to the depreciated cost of the improvements.

The cost approach was considered and was not developed because the typical buyer would not consider this approach in their purchase decision.

The Sales Comparison Approach

The Sales Comparison Approach requires identification and inspection of comparable properties, which have recently sold. Similarities and dissimilarities in the market between the Subject and the comparable properties would generally be noted with respect to location, physical characteristics, the time elapsed since the sale and financing terms/motivating forces behind the transactions, and adjustments are made to arrive at an indicated value.

The sales comparison approach was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

The Income Capitalization Approach

An Income Capitalization Approach utilizes either the Direct Capitalization or Discounted Cash Flow Method. In the Direct Capitalization Method, a stabilized net operating income is derived based on an estimate of stabilized rents, along with a detailed analysis of applicable expenses. In the Direct Capitalization Method, the market value conclusion is derived by dividing the indicated net operating income by an appropriate overall, or going in, capitalization rate. This method is most appropriate when the stream of income and expenses is expected to be fairly constant over time.

In the Discounted Cash Flow Method, a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. This method is appropriate when the cash flows will vary greatly over time, as when major construction costs are anticipated, or when a period of lease-up is expected.

The income approach was considered but was not developed because the subject is not an income producing-type property.

Reconciliation and Value Conclusion

The utilized valuation methods (if more than one is used) are compared and reconciled in estimating the current market value of the subject property.

Cost Approach

The Cost Approach is based on the principle of substitution - that a prudent and rational person would pay no more for a property than the cost to construct a similar and competitive property, assuming no undue delay in the process. The Cost Approach tends to set the upper limit of value before depreciation is considered. The applied process is as follows:

- Estimate the land value according to its Highest and Best Use. We have used the Sales Comparison Approach; the process is as follows:
 - Comparable sales, contracts for sale and current offerings are researched and documented.
 - Each comparable is analyzed and adjusted to equate with the subject property.
 - The value indication of each comparable is analyzed and the data reconciled for a land value indication.
- Estimate the replacement cost of the building and site improvements.
- Estimate the physical, functional and/or external depreciation accrued to the improvements.
- Sum the depreciated value of the improvements with the value of the land for an indication of value.

The cost approach was considered and was not developed because potential purchasers do not consider this approach to be reliable in the valuation of older existing buildings.

Income Capitalization Approach

The Income Approach to value is based on the present worth of the future rights to income. This type of analysis considers the property from an investor's point of view, the basic premise being that the amount and quality of the income stream are the basis for value of the property.

Direct Capitalization Analysis

The steps involved in capitalizing the subject's net operating income are as follows:

- Develop the subject's Potential Gross Income (PGI) through analysis of the subject's actual historic income and an analysis of competitive current market income rates.
- Estimate and deduct vacancy and collection losses to develop the Effective Gross Income (EGI).
- Develop and subtract operating expenses to derive the Net Operating Income (NOI).
- Develop the appropriate capitalization rate (R_o).
- Divide the net operating income by the capitalization rate for an estimate of value through the income approach.

The Income Approach was considered and was not developed because the subject is not an income producing property.

Sales Comparison Approach

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

Comparable Sales

We have researched and included six comparable sales for this analysis; these are documented on the following pages followed by a location map and analysis grid. The sales include three (3) schools and three (3) dormitory buildings. All sales have been researched through numerous sources, inspected and verified by a party to the transaction, or familiar with the details of the transaction.

COMPARABLE SALE #1



Location: 790 East Commerce Street, Bridgeton, NJ
Cumberland County

Parcel No.: 186-17.01//

Grantor: Education Cap Solutions, LLC

Grantee: Friends of Bridgeton Charter School

Date of Sale: 9/27/2017

Deed Reference: 4158-1875

Lot Size: 503,597 /SF

Building Size: 20,000 /SF

Land:Bldg Ratio: 25.18

Sale Price: \$2,640,833

Price/SF: \$132.04

Source: CoStar, Assessor Records

Comments: This is a two story school building containing 20,000± square feet, and situated on a 503,597 square foot site, and is located on the south side of East Commerce Street, just east of South Burlington Road. The building was constructed circa 2000. Ample on-site parking is available.

COMPARABLE SALE #2



Location: 601 Grand Avenue, Asbury Park, NJ
Monmouth County

Parcel No.: 3204-6//

Grantor: Friends of Hope Academy Charter School

Grantee: Hope Academy Charter School, Inc

Date of Sale: 11/29/2016

Deed Reference: 9201-2960

Lot Size: 38,333 /SF

Building Size: 32,630 /SF

Land:Bldg Ratio: 1.17

Sale Price: \$4,312,500

Price/SF: \$132.16

Source: CoStar, Assessor Records

Comments: This is a five story school building containing 32,630± square feet, and situated on a 38,333 square foot site, and is located on the northwest corner of Grand Avenue and Monroe Avenue. The building was constructed circa 1947. On-site parking is available.

COMPARABLE SALE #3



Location: 26 West End Avenue, Long Branch, NJ
Monmouth County

Parcel No.: 123-13//

Grantor: Long Branch BD of ED

Grantee: New Jersey Repertory Co

Date of Sale: 4/27/2016

Deed Reference: 9165-4840

Lot Size: 98,446 /SF

Building Size: 22,014 /SF

Land:Bldg Ratio: 4.47

Sale Price: \$2,077,500

Price/SF: \$94.37

Source: CoStar, Assessor Records

Comments: This is a one and part three story school building containing 22,014± square feet, built circa 1900, and situated on a 98,446 square foot site. The building is located at the southerly side of West End Avenue, between 2nd Avenue and Sairs Avenue. Ample on-site parking is available.

COMPARABLE SALE #4



Location: 208 Sullivan Way, Trenton, NJ
Mercer County

Parcel No.: n/a

Grantor: 208 Sullivan 306 West 97, LLC

Grantee: Homes by TLC, Inc

Date of Sale: 2/8/2018

Deed Reference: 6317-968

Lot Size: 189,486 /SF

Building Size: 19,000 /SF

Land:Bldg Ratio: 9.97

Sale Price: \$1,700,000

Price/SF: \$89.47

Source: CoStar, Assessor Records

Comments: This is a two story dormitory building containing 19,000± square feet, with 14 rooms, built circa 1960, and situated on a 189,486 square foot site. The building is located on the easterly side of Sullivan Way, just south of Palmer Lane. Ample on-site parking is available for 80 cars.

COMPARABLE SALE #5



Location: 2040 JFK Boulevard, Jersey City, NJ
Hudson County

Parcel No.: 23001-13 & 14//

Grantor: New Jersey Cith University

Grantee: 2040 Management, LLC

Date of Sale: 6/23/2016

Deed Reference: 9130-796

Lot Size: 6,168 /SF

Building Size: 17,180 /SF

Land:Bldg Ratio: 0.36

Sale Price: \$1,800,000

Price/SF: \$104.77

Source: CoStar, Assessor Records

Comments: This is a four story dormitory building containing 17,180± square feet, with 22 rooms, built circa 1925, and situated on a 6,168 square foot site. The building is located on the easterly side of JFK Boulevard, just north of Audubon Avenue. There is no on-site parking available.

COMPARABLE SALE #6



Location: 145 Barclay Street, Paterson, NJ
Passaic County

Parcel No.: 5507-4//

Grantor: Danza Group of Paterson, LLC

Grantee: 165-169 Barclay, LLC

Date of Sale: 5/19/2017

Deed Reference: 3062-12

Lot Size: 5,998 /SF

Building Size: 42,000 /SF

Land:Bldg Ratio: 0.14

Sale Price: \$6,100,000

Price/SF: \$145.24

Source: CoStar, Assessor Records

Comments: This is a six story dormitory building containing 42,000± square feet, with 42 rooms, built in 2016, and situated on an 5,998 square foot site. The building is located at the northwesterly side of Barclay Street, just southwest of Main Street. On-site parking is not available.

COMPARABLE SALES LOCATION MAP



COMPARABLE SALES SUMMARY AND ADJUSTMENT GRID							
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
127 Academy St/140 E. Hanover St Address	Trenton, NJ	790 East Commerce Street Bridgeton, NJ	601 Grand Avenue Asbury Park, NJ	26 West End Avenue Long Branch, NJ	208 Sullivan Way Trenton, NJ	2040 JFK Boulevard Jersey City, NJ	145 Barclay Street Paterson, NJ
Sale Price		\$2,640,833	\$4,312,500	\$2,077,500	\$1,700,000	\$1,800,000	\$6,100,000
Sale Date/Time		9/27/2017	11/29/2016	4/27/2016	2/8/2018	6/23/2016	5/19/2017
Bldg Size (Sq.Ft.)	53,695	20,000	32,630	22,014	19,000	17,180	42,000
Year Built	c 1950	c 2000	1947	1900	c 1960	c 1925	2016
Bldg. Use	Mixed use	School Building	School Building	School Building	Dormitory Building	Dormitory Building	Dormitory Building
Site Area (Sq.ft.)	19,365	503,597	38,333	98,446	189,486	6,168	5,998
Land/Building Ratio	0.36	25.18	1.17	4.47	9.97	0.36	0.14
Price/SF		\$132.04	\$132.16	\$94.37	\$89.47	\$104.77	\$145.24
Adjustments							
Property Rights		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Adjusted Price/SF		\$132.04	\$132.16	\$94.37	\$89.47	\$104.77	\$145.24
Mkt Cond./Time Adjust.		5%	5%	10%	0%	10%	5%
Time Adjusted Price/SF		\$138.64	\$138.77	\$103.81	\$89.47	\$115.25	\$152.50
Location		0%	0%	-5%	0%	-10%	-5%
Utility		0%	0%	0%	0%	0%	0%
Building Size (Sq.Ft.)		-10%	-5%	-10%	-10%	-10%	0%
Age/Quality/Condition		-10%	10%	15%	20%	20%	-20%
Parking		-10%	-5%	-10%	-10%	0%	0%
Land/Building Ratio		-20%	0%	-5%	-10%	0%	0%
Net Adjustments		-50%	0%	-15%	-10%	0%	-25%
Adjusted Price/SF		\$69.32	\$138.77	\$88.24	\$80.53	\$115.25	\$114.38

Explanation of Adjustments

Sale #1: A positive adjustment is made for upward market trends since this property's date of sale, at the rate of 5.0% per year.

A negative adjustment is made for this sale's smaller economic scale size. It is recognized in the market place that smaller scale sized buildings tend to command a higher per square foot price.

A negative adjustment is made for this sale's superior condition.

A negative adjustment is made for this sale's superior parking.

A negative adjustment is made for this sale's larger land to building ratio. Properties with larger ratios of land to building have more room for parking, expansion and open space.

Sale #2: A positive adjustment is made for upward market trends since this property's date of sale, at the rate of 5.0% per year.

A negative adjustment is made for this sale's smaller economic scale size. It is recognized in the market place that smaller scale sized buildings tend to command a higher per square foot price.

A positive adjustment is made for the subject's superior condition

A negative adjustment is made for this sale's superior parking.

Sale #3: A positive adjustment is made for upward market trends since this property's date of sale, at the rate of 5.0% per year.

A negative adjustment is made for this sale's superior location.

A negative adjustment is made for this sale's smaller economic scale size. It is recognized in the market place that smaller scale sized buildings tend to command a higher per square foot price.

A positive adjustment is made for the subject's superior condition

A negative adjustment is made for this sale's superior parking.

A negative adjustment is made for this sale's larger land to building ratio. Properties with larger ratios of land to building have more room for parking, expansion and open space.

Sale #4: A negative adjustment is made for this sale's smaller economic scale size. It is recognized in the market place that smaller scale sized buildings tend to command a higher per square foot price.

A positive adjustment is made for the subject's superior condition

A negative adjustment is made for this sale's superior parking.

A negative adjustment is made for this sale's larger land to building ratio. Properties with larger ratios of land to building have more room for parking, expansion and open space.

Sale #5: A positive adjustment is made for upward market trends since this property's date of sale, at the rate of 5.0% per year.

A negative adjustment is made for this sale's superior location.

A negative adjustment is made for this sale's smaller economic scale size. It is recognized in the market place that smaller scale sized buildings tend to command a higher per square foot price.

A positive adjustment is made for the subject's superior condition

Sale #6: A positive adjustment is made for upward market trends since this property's date of sale, at the rate of 5.0% per year.

A negative adjustment is made for this sale's superior location.

A negative adjustment is made for this sale's smaller economic scale size. It is recognized in the market place that smaller scale sized buildings tend to command a higher per square foot price.

A positive adjustment is made for the subject's superior condition

Conclusion: Based on all of the above, the indicated value of the subject property is bracketed between \$69.32 and \$138.77 per square foot. The average value per square foot is \$101.08 and the median value per square foot is \$101.31.

Weighing the degrees of comparability and the factors at work in the market place, the appropriate value of the subject property is concluded at \$101.00 per square foot. The subject's "as-is" value is then calculated as follows: 53,695 square feet @ \$101.00/SF, or \$5,423,195 which is rounded to:

OPINION OF MARKET VALUE VIA SALES COMPARISON APPROACH
FIVE MILLION FOUR HUNDRED TWENTY THOUSAND DOLLARS
(\$5,420,000)

Final Reconciliation

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

As-Is Market Value Opinion Indications

Cost Approach:	Not Utilized
Sales Comparison Approach:	\$5,420,000
Income Capitalization Approach:	Not Utilized

Cost Approach

The cost approach was considered and was not developed because the typical buyer would not base their purchasing decisions for an older property on a cost approach.

Sales Comparison Approach

The sales comparison approach was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type. Comparable mixed use properties were utilized to achieve a value conclusion. Adjustments were considered with regard to various factors including market conditions, location, physical factors and economic factors. This approach has been given significant emphasis and consideration in reaching our value conclusion.

Income Capitalization Approach

The income approach was considered and was not developed because the subject is not an income producing property.

As-Is Market Value Opinion Conclusion

Based on the data and analyses developed in this appraisal, and with emphasis and consideration given to the Sales Comparison Approach, we have reconciled to the following value conclusion(s), as of April 28, 2018, subject to the Limiting Conditions and Assumptions of this appraisal:

FIVE MILLION FOUR HUNDRED TWENTY THOUSAND DOLLARS
(\$5,420,000)

Addenda

Definitions

Market Value:³

Market Value is defined as 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, knowledgeably and assuming that the price is not affected by undue stimulus. (Source: Office of the Comptroller of the Currency (OCC) 12 CFR 34, Subpart C) Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

A **Fee Simple** estate is defined³ as:

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.

A **Leased Fee** interest is defined³ as:

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

Marketing Time is defined³ as:

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 the appraisal.

Marketing time differs from exposure time, which is always presumed to precede the effective date of the 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

³ Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010).

Opinions" address the determination of reasonable exposure and marketing time.

Exposure Time is defined³ as:

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 Marketing Time, above.

Gross Building Area (GBA): Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.³

Rentable Area (RA): For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring the inside finished surface of the dominant portion of the permanent building walls, excluding any major permanent penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.³

Gross Leasable Area (GLA): Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.³

As Is Market Value

The estimate of the market value of the real property in its current physical condition, use and zoning as of the appraisal date.³

Stabilized Value

Stabilized value is the prospective value of a property after construction has been completed and market occupancy and cash flow have been achieved.⁴

As Complete Value

The prospective value of a property after all construction has been completed. This value reflects all expenditures for lease-up and occupancy that may be expected to have occurred at that point in time, which may or may not put the property at stabilized value.

⁴ Narrative1.com. Thomas W. Armstrong, MAI

Qualifications of the Appraiser

John R. Ingram II, MAI, MRICS, AICP, CTA
President & CEO

Ingram Real Estate Group

928 North Cedar Crest Blvd.

Allentown, PA 18104

(610) 798-9877(Tel.); (610) 798-9878(Fax.); IngramREG@aol.com

PROFESSIONAL EXPERIENCE

- **Ingram Real Estate Group** (East Brunswick, NJ, 1993–2002; Allentown, PA, 2002– Pres.)
President & CEO

Responsibilities: Preparation and review/supervision regarding valuation reports, market analyses, feasibility analyses, and planning/development consulting reports on a wide range of commercial real estate in New York, New Jersey, Pennsylvania, other parts of the United States and other countries, in addition to extensive court testimony/litigation experience and municipal revaluation work. The properties have included office buildings, office parks, industrial buildings, industrial parks, shopping centers, movieplexes, apartment buildings, apartment complexes, condominium and townhouse projects, senior care facilities, health and hospital facilities, educational facilities, correctional facilities, hotels, restaurants, marinas, resorts, mixed-use properties, self-storage facilities, subdivisions, golf courses, extraction properties (e.g., quarries and timberlands), horse farms, and all types of vacant land tracts, from small to very large. Clients have included commercial banks, the FDIC, the RTC, savings banks, the IRS, insurance companies, asset management companies, investment banking firms, pension funds, REITS, private equity and hedge funds, developers, individual investors/owners, federal and state agencies, local governments, housing authorities, non-profit corporations, and numerous law firms. Property valuations have ranged from the six-figure dollar range to \$3 billion.

- **The Mazursky Group, Inc. (New York) (1990 - 1993)**
Senior Vice President

Responsibilities: Preparation, review and supervision regarding all commercial real estate valuation reports on properties primarily located in New York City, plus other properties in New Jersey, downstate New York and Long Island. Wide range of property types and clients. Related expert court testimony work.

- **New York Life Insurance Co. (New York) (1988 - 1989)**
Regional Real Estate Appraiser, Northeast

Responsibilities: Reviewed all outside fee appraisals and prepared all in-house valuations regarding required valuation work on \$4 Billion northeast mortgage portfolio (covering Boston to Washington corridor, including major hotels and office buildings); also responsible for other due diligence activity regarding portfolio.

- **Wm White/Tishman East (New York, 1986-1988)(now Newmark Grubb Knight Frank)**
Senior Staff Appraiser/Consultant

Responsibilities: Preparation of valuation and consulting reports on commercial properties of all types in the greater New York/New Jersey metropolitan area. Wide range of clients.

1975-1986: Management and Planning positions in New York, New Jersey, Virginia and North Carolina, including a Project Director position (supervising 20 planners, architects and engineers on a 9,100 acre top secret industrial facility in Texas).

John R. Ingram II, MAI, MRICS, AICP, CTA

Page 2

FORMAL EDUCATION

- New York University Graduate School of Business Administration, New York, NY
Attended MBA program, with concentration in Finance & International Business
- Rutgers University, New Brunswick, New Jersey
Master of City and Regional Planning
- Pennsylvania State University, University Park, Pennsylvania
Bachelor of Arts Degree in Geography
Bachelor of Arts Degree in Political Science

REAL ESTATE COURSES

- Appraisal Institute
All course work required for MAI designation, plus long list of other course work and seminars.
- New York University Real Estate Institute
Variety of courses completed (all aspects of commercial real estate).

PROFESSIONAL MEMBERSHIPS/CERTIFICATIONS/LICENSES

- Member, Appraisal Institute (MAI)---2008/2009 President, Northeastern PA Chapter
- Member, Royal Institution of Chartered Surveyors (MRICS)
- American Institute of Certified Planners (AICP)
- Certified Tax Assessor (CTA) in New Jersey
- State Certified General Real Estate Appraiser (SCGREA) in NY, NJ and PA
- Member, City of Allentown (PA) Planning Commission (2009-2012)



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MEMBER PROFILE



John R. Ingram, II, MAI

Ingram Real Estate Group

President & CEO

928 N. Cedar Crest Blvd.

Allentown, PA 18104

(610) 798-9877

Fax: (610) 798-9878

Cell: (646) 732-2595

IngramREG@aol.com

Continuing Education Program Completed

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Primary Market Area

Pennsylvania, New Jersey and New York.

Secondary Market Area

Other areas of the United States, along with Canada, Mexico, Brazil, European countries, and other countries in Latin America.

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Property Types

Residential

[Condo, Multi-Family Project \(Townhouse, Condo, Etc\) \[View Experience Details▶\]](#) •

Low Income and/or Affordable Housing • Mixed Use (Residential / Commercial) •

[Mobile Home Park](#) ▶ • [Multi-family \(5+ units\)](#) ▶

Land

[Acreage \(Mixed Use\)](#) [\[View Experience Details\]](#) • [Acreage \(Non-Residential\)](#) •

Acreage (Residential) ▶ Coastal / Lakeshore, Riverfront, Other Waterfront ▶ Land, Rural ▶

Ownership Forms

[Air Rights \[View Experience Details\]](#) • [Fee Simple Interest](#) • [Ground Lease](#) • [Leased Fee Interest](#) • [Leasehold Interest](#) • [Life Estate](#) • [Partial Interest](#)

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Other Professional Affiliations/Designations

Royal Institution of Chartered Surveyors

American Institute of Certified Planners (AICP), Certified Tax Assessor (CTA)

Formal Education

BA, Geography, Penn State; BA, Political Science, Penn State; Master of City and Regional Planning (MCRP), Rutgers; attended MBA program in Finance and International Business, NYU.

Languages

Spanish - Interpretational Ability

German - Interpretational Ability

International Experience

Some of my international work has included the following assignments/projects (within last 20 years):

- 1) Valuation/consulting work on various commercial and industrial properties in Canada,
- 2) Valuation/consulting work on resort and industrial properties in Mexico,
- 3) Valuation of prospective timber, mining and resort properties, along with existing commercial properties, in addition to being involved in commodities consulting/dealmaking, in Brazil,
- 4) Valuation of existing marble quarry/marble processing plant properties, other industrial properties, and prospective resort properties, in Italy,
- 5) Valuation of commercial and industrial properties in Germany and Austria.

DISPLAY THIS CERTIFICATE PROMINENTLY • NOTIFY AGENCY WITHIN 10 DAYS OF ANY CHANGE

18 0001368

Commonwealth of Pennsylvania
Department of State
Bureau of Professional and Occupational Affairs
PO Box 2649 Harrisburg PA 17105-2649

Certificate Type
Certified General Appraiser

Certificate Status
Active

Initial Certification Date
11/22/1991

JOHN RICHARD INGRAM, II
928 N. Cedar Crest Blvd.
Allentown PA 18104

Certificate Number
GA000474L

Expiration Date
06/30/2019


Commissioner of Professional and Occupational Affairs


Signature

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PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.		EFFECTIVE DATE MO. DAY YR. 01 07 18
INGRAM JOHN R II C/O INGRAM REAL ESTATE GROUP 928 N CEDAR CREST BLVD ALLENTOWN, PA 18104		EXPIRATION DATE MO. DAY YR. 01 06 20
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER		In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed. ROSSANA ROSADO SECRETARY OF STATE
DOS-1098 (Rev. 3/01)		

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HAS CERTIFIED

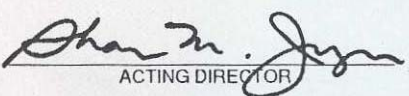
JOHN R. INGRAM II
928 N. Cedar Crest Blvd.
Allentown PA 18104

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

12/05/2017 TO 12/31/2019
VALID

42RG00012600
LICENSE/REGISTRATION/CERTIFICATION #


Signature of Licensee/Registrant/Certificate Holder


ACTING DIRECTOR

QUALIFICATIONS OF GILBERT D. GRIMMETT, MAI

PROFESSIONAL CERTIFICATIONS

Member, Appraisal Institute, MAI Membership Number - 8509

STATE CERTIFICATIONS

New York State Certified General Real Estate Appraiser - 46000006689

New Jersey State Certified General Real Estate Appraiser - RG01858

EDUCATION HISTORY

Professional: Southern Illinois University
M.S., City and Regional Planning - 1977

Undergraduate: Southern Illinois University
B.A., Urban Planning - 1974

Specialized: Numerous professional and continuing education
courses.

EXPERIENCE

Over 35 years of income property valuation and evaluation experience that has included a wide range of property types including office buildings, shopping centers, industrial properties, hotels, apartment buildings, condominiums, cooperatives, subdivisions, vacant land and special use properties. Experience has been nationwide in scope. Clients have included banks, insurance companies, pension funds, Fortune 500 corporations, government entities, law firms, and private investors. Valuations have been completed for various purposes, including mortgages, tax certiorari, estates, condemnation, due diligence, and various other purposes.

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

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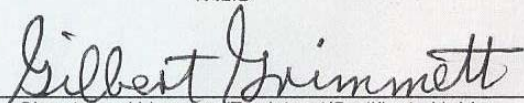
HAS CERTIFIED

**GILBERT D GRIMMETT
60-62 Elmwood Avenue
Montclair NJ 07042**

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

01/30/2018 TO 12/31/2019
VALID

42RG00185800
LICENSE/REGISTRATION/CERTIFICATION #


Signature of Licensee/Registrant/Certificate Holder


ACTING DIRECTOR