

TOWSON GATEWAY

800 York Road
Towson, Maryland 21204

RESTRICTED APPRAISAL REPORT

Date of Report: February 16, 2018

Colliers File #: BWI180015



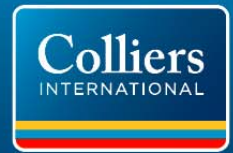
PREPARED FOR
Baltimore County Government
400 Washington Avenue Client
Baltimore, Maryland 21204

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

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February 16, 2018

Baltimore County Government

400 Washington Avenue
Baltimore, Maryland 21204

RE: Towson Gateway

800 York Road
Towson, Maryland 21204

Colliers File #: BWI180015

Dear Sir and/or Madam:

This appraisal report satisfies the scope of work and requirements agreed upon by Baltimore County Government and Colliers International Valuation & Advisory Services. At the request of the client, this appraisal is presented in a Restricted Appraisal Report format as defined by *USPAP* Standards Rule 2-2(b). Our appraisal format provides a summary description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop opinions of the As-Is Market Value, Prospective Value Upon Completion and Prospective Value Upon Stabilization of the subject property's fee simple interest. The following table conveys the final opinions of market value of the subject property that are developed within this appraisal report:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
As-Is Market Value	Leased Fee	February 8, 2018	\$5,030,000
Prospective Value Upon Completion	Leased Fee	March 8, 2020	\$16,260,000
Prospective Value Upon Stabilization	Leased Fee	January 8, 2020	\$19,120,000

The subject is a proposed Retail development along York Road, just northwest of the Towson CBD. The site (9.40 acres) currently is used as a maintenance plant for Baltimore County, and was originally the first fire station in Baltimore County. The proposed development will include a retail pad site consisting of 4,992/SF and two retail buildings totaling 12,300/SF and 10,700/SF, respectively.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, "an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions". *USPAP* defines a Hypothetical Condition as, "that 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".

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at our opinions of value are fully discussed below. We advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

Based on our discussions with the Client, this analysis makes the extraordinary assumption that the present value of the revitalization tax credit available to the subject based on its As Stabilized value would be forfeited to Baltimore County, and therefore has been deducted in our conclusion of value.

The Upon Stabilization and Upon Completion analyses make the extraordinary assumption that construction of the development will be completed in a workmanlike manner according to the plans, specifications and various sources supplied to the appraiser. Furthermore, it is assumed the project will be completed by March 2020 within the provided construction budget.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

The Appraisal is for the sole use of the Client; however, Client may provide only complete, final copies of the Appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Colliers International Valuation & Advisory Services is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow the Appraisal prepared by Colliers International Valuation & Advisory Services or portions of such Appraisal, to become part of or be referenced in any public offering, the granting of such consent will be at our sole and absolute discretion and, if given, will be on condition that Colliers International Valuation & Advisory Services will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to Colliers International Valuation & Advisory Services, by a party satisfactory to Colliers International Valuation & Advisory Services. Colliers International Valuation & Advisory Services does consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide Colliers International Valuation & Advisory Services with an Indemnification Agreement and/or Non-Reliance letter.

Colliers International Valuation & Advisory Services hereby expressly grants to Client the right to copy the Appraisal and distribute it to other parties in the transaction for which the Appraisal has been prepared, including employees of Client, other lenders in the transaction, and the borrower, if any.

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The signatures below indicate our assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

**COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES**

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DRAFT

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CERTIFICATION OF APPRAISAL**ASSUMPTIONS & LIMITING CONDITIONS****ADDENDA**

Engagement Letter	
Legal Description	
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Subject Data	
Valuation Glossary	
Qualifications of Appraisers	
Qualifications of Colliers International Valuation & Advisory Services	

GENERAL INFORMATION

Property Name	Towson Gateway
Property Type	Retail
Address	800 York Road
City	Towson
State	Maryland
Zip Code	21204
County	Baltimore
Core Based Statistical Area (CBSA)	Baltimore-Towson, MD
Market	Baltimore Metro
Submarket	Towson
Latitude	39.406382
Longitude	-76.606719
Number Of Parcels	1
Assessor Parcel	09-0902190087
Total Assessed Value	\$0
Census Tract Number	4903.01

SITE INFORMATION

Land Area	Acres	Square Feet
Usable	9.40	409,464
Unusable	0.00	0
Excess	0.00	0
<u>Surplus</u>	<u>0.00</u>	<u>0</u>
Total	9.40	409,464
Topography	Level at street grade	
Shape	Irregular	
Access	Average/Good	
Exposure	Average/Good	
Current Zoning	Business Major - Downtown Towson (BM-DT)	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	Low Risk	

IMPROVEMENT INFORMATION

Net Rentable Area (NRA)	27,992 SF
Gross Building Area SF (GBA)	27,992 SF
Total Number Of Stories	1
Year Built	2018
Quality	Good
Condition	Good
Type Of Construction	Steel and masonry
Land To Building Ratio	14.6 : 1
Site Coverage Ratio	6.8%
Parking Type	Surface
Number of Parking Spaces	205
Parking Ratio (Spaces/1,000SF NRA)	7.3/1,000 SF NRA

HIGHEST & BEST USE

As Vacant	Retail Use As Market Conditions Warrant
As Proposed	Retail Use

EXPOSURE TIME & MARKETING PERIOD

Exposure Time	Six Months or Less
Marketing Period	Six Months or Less

TENANCY INFORMATION

Tenancy	Multi-Tenant Occupied By Third-Party Tenants
Pre-Leased	76.8%
Pre-Leased SF	21,492 SF
Vacant SF	6,500 SF
Number of Pre-Leased Tenants	6
Number Of Vacant Spaces	4
Direct Capitalization NOI	\$1,243,096
Total Contract Income (Occupied Space)	\$47.12/SF
Total Market Income (Occupied Space)	\$47.79/SF
Contract Income As % of Market Income	99%
Space Leased To Credit Tenants	21,492 SF

VALUATION SUMMARY

VALUATION INDICES	AS-IS MARKET VALUE	PROSPECTIVE VALUE UPON COMPLETION	PROSPECTIVE VALUE UPON STABILIZATION
INTEREST APPRAISED	LEASED FEE	LEASED FEE	LEASED FEE
DATE OF VALUE	FEBRUARY 8, 2018	MARCH 8, 2020	JANUARY 8, 2020
INCOME CAPITALIZATION APPROACH			
Direct Capitalization	\$5,280,000	\$16,060,000	\$19,120,000
Direct Capitalization \$/SF	\$189/SF	\$574/SF	\$683/SF
NOI Proforma	-	-	\$1,243,096
NOI \$/SF	-	-	\$44.41/SF
Capitalization Rate	-	-	6.50%
INCOME CONCLUSION	\$5,280,000	\$16,060,000	\$19,120,000
Income Conclusion \$/SF	\$189/SF	\$574/SF	\$683/SF
SALES COMPARISON APPROACH			
SALES CONCLUSION	\$5,480,000	\$16,260,000	\$19,310,000
Sales Conclusion \$/SF	\$238/SF	\$707/SF	\$840/SF
COST APPROACH			
COST CONCLUSION	-	-	\$18,170,000
Cost Conclusion \$/SF	-	-	\$649/SF
FINAL VALUE CONCLUSION			
FINAL VALUE	\$5,030,000	\$16,060,000	\$19,120,000
\$/SF	\$180/SF	\$574/SF	\$683/SF
Implied Capitalization Rate	-	-	6.50%
LAND VALUATION			
LAND VALUE	\$4,760,000	-	-
Value/FAR	\$170.00	-	-

SWOT ANALYSIS

SWOT is an acronym for the internal strengths and weaknesses of an asset and the environmental (external) opportunities and threats facing that property. Based on our analysis of the subject property we have identified the following strengths, weaknesses, opportunities and threats.

Strengths

- › The proposed development includes national tenants with longer term leases that will have a strong investment appeal from prospective investors.
- › The subject is located in a good commercial corridor just northwest of the Towson CBD
- › The subject's proposed development will have good access from the signalized intersection of York Road and Bosley Ave.
- › The developer involved with the proposed development of the subject has a strong reputation in the marketplace.
- › The subject is located in a commercially designated district that would typically qualify it for a tax credit that would substantially reduce its real estate taxes.
- › Demand for investment grade properties is strong.

Weaknesses

- › As the subject is a proposed development there is some credit risk and completeness risk associated with the development being finished.

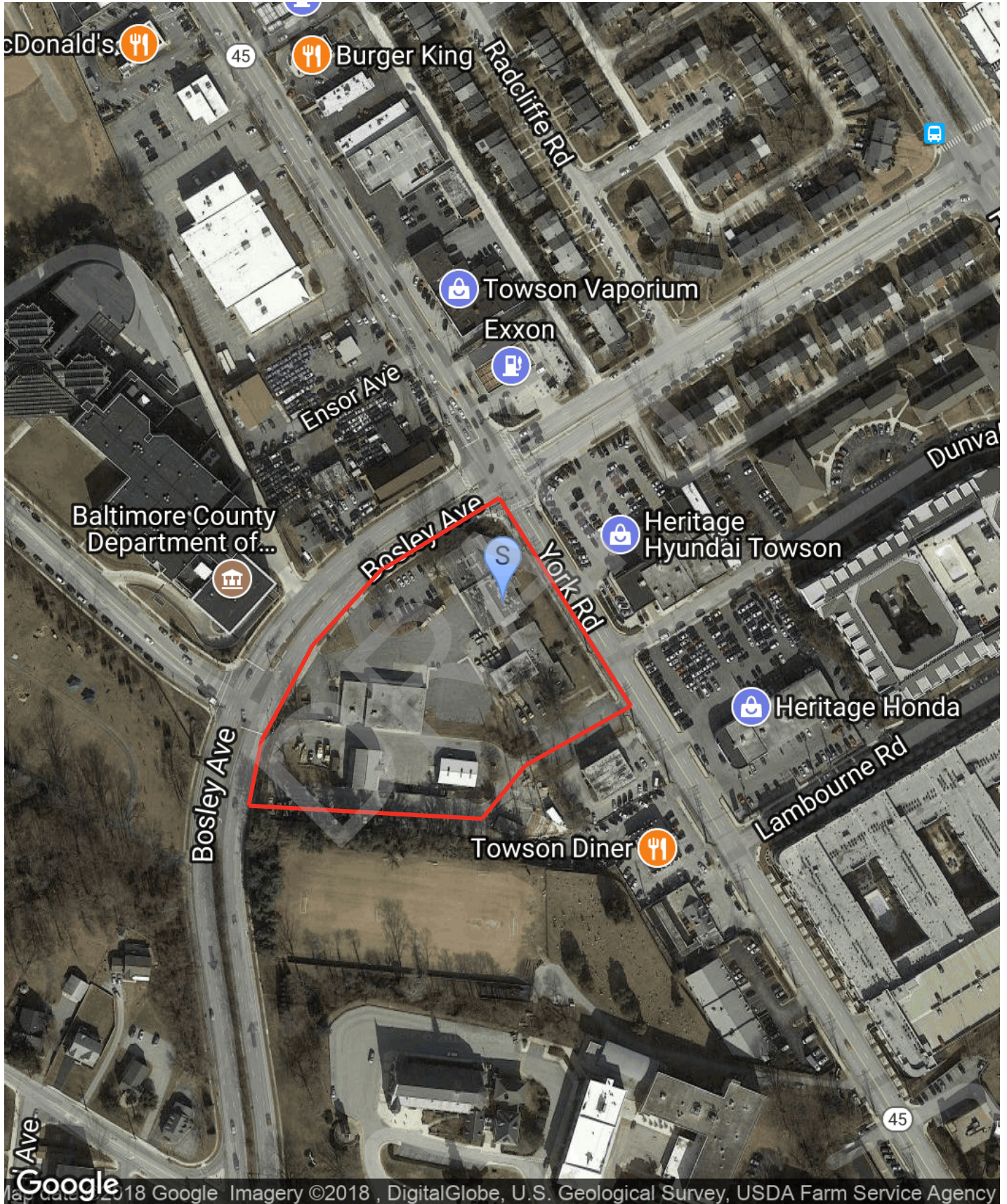
Opportunities

- › No significant opportunities observed outside of the proposed development of the site.

Threats

- › No significant threats observed.

AERIAL PHOTOGRAPH



SUBJECT PHOTOGRAPHS



GENERAL EXTERIOR AND LANDSCAPE



W. VIEW OF SUBJECT'S LANDSCAPE



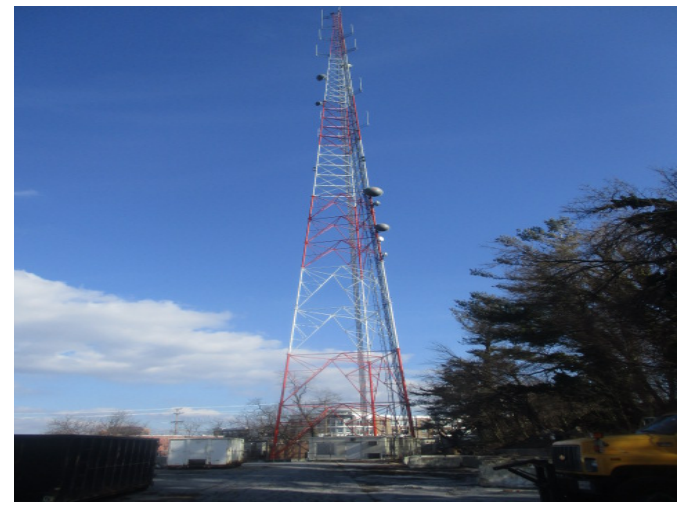
W. VIEW OF SUBJECT'S LANDSCAPE



VIEW ACROSS SUBJECT TOWARDS BOSLEY



RESTRICTED ACCESS TO COMM. TOWER



COMM.TOWER LOCATED OUTSIDE SUBJECT'S S. BOUNDARY



E. VIEW ACROSS SUBJECT'S LANDSCAPE



CURB-CUT FROM BOSLEY AVE.



SIGNALLED INTERSECTION AT SUBJECT'S N. BOUNDARY



LOOKING SE. UP YORK ROAD



LOOKING SW. UP BOSLEY AVE.



LOOKING NW. DOWN YORK RD.

PROPERTY IDENTIFICATION

The subject is a proposed Retail development along York Road, just northwest of the Towson CBD. The site currently is used as a maintenance plant for Baltimore County, and was originally the first fire station in Baltimore County. The proposed development will include a retail pad site consisting of 4,992/SF and two inline retail buildings totaling 12,300/SF and 10,700/SF, respectively. The subject property is located on a 9.40-acre site at 800 York Road in Towson, Maryland. The assessor's parcel number is: 09-0902190087.

The legal description of the subject property is presented in the Addenda.

SCOPE OF WORK

The scope of work for this appraisal assignment is outlined below:

- › The appraisers confirmed and analyzed legal and physical features of the subject, and how they impact the functionality and overall competitive position of the property.
- › The appraisers conducted Highest and Best Use analysis and conclusions were drawn for the highest and best use of the subject property As-Vacant and As-Proposed.
- › The appraisers confirmed and analyzed financial features of the subject property. This information, as well as trends established by confirmed market indicators, was used to forecast performance of the subject property.
- › Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. This appraisal developed the Income (Direct Capitalization), Sales Comparison and Cost approaches to value, which were adjusted and reconciled as appropriate.
- › Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are summarized within this document.
- › We understand the Competency Rule of USPAP and the authors of this report meet the standards..

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION	
ITEM	SOURCE
Tax Information	Baltimore County Tax Assessor
Zoning Information	Baltimore County Zoning Code
Site Size Information	Baltimore County
Building Size Information	Developer
New Construction	Baltimore County/Developer
Flood Map	InterFlood
Demographics	Pitney Bowes/Gadberry Group - GroundView®
Comparable Information	See Comparable Datasheets for details
Legal Description	Maryland Land Records
Subject Property Data	Baltimore County

SUBJECT PROPERTY INSPECTION

The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
Zachary Smith, MAI	Yes	Interior/Exterior	February 8, 2018
EJ Edelman	Yes	Interior/Exterior	February 8, 2018

It is our understanding that the remaining (non-inspected) tenant spaces are in similar condition to those inspected, with no interior deferred maintenance present in the other units.

CLIENT IDENTIFICATION

The client of this specific assignment is Baltimore County Government.

PURPOSE

The purpose of this appraisal is to develop opinions of the As-Is Market Value, Prospective Value Upon Completion and Prospective Value Upon Stabilization of the subject property's fee simple interest.

INTENDED USE

The intended use of this appraisal is to assist the client in making internal business decisions related to this asset.

INTENDED USERS

Baltimore County Government is the only intended user of this report. Use of this report by Third-Parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	February 16, 2018
Date of Inspection	February 8, 2018
Valuation Date - As-Is	February 8, 2018
Valuation Date - Prospective Upon Completion	March 8, 2020
Valuation Date - Prospective At Stabilization	January 8, 2020

PERSONAL INTANGIBLE PROPERTY

No personal property or intangible items are included in this valuation.

PROPERTY AND SALES HISTORY

Current Owner

The subject title is currently recorded in the name of County Commissioners of Baltimore County who acquired title to the property on December 17, 1952 as land for \$104,000, as recorded in Liber 2290 folio 400 of the Baltimore County Deed Records.

Three-Year Sales History

The subject has not sold in the last three years.

Subject Sale Status

Based upon discussions with the Baltimore County Government, the subject is currently listed for sale at an undisclosed asking price. It is our understanding that Baltimore County Government is reviewing a proposed plan to redevelop the subject site as commercial retail use. This redevelopment plan has been provided to us for use in this analysis.

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the definition of Market Value is applicable. The definition of Market Value, along with all other applicable definitions for this assignment, is located in the Valuation Glossary section of the Addenda.

PROPERTY RIGHTS APPRAISED

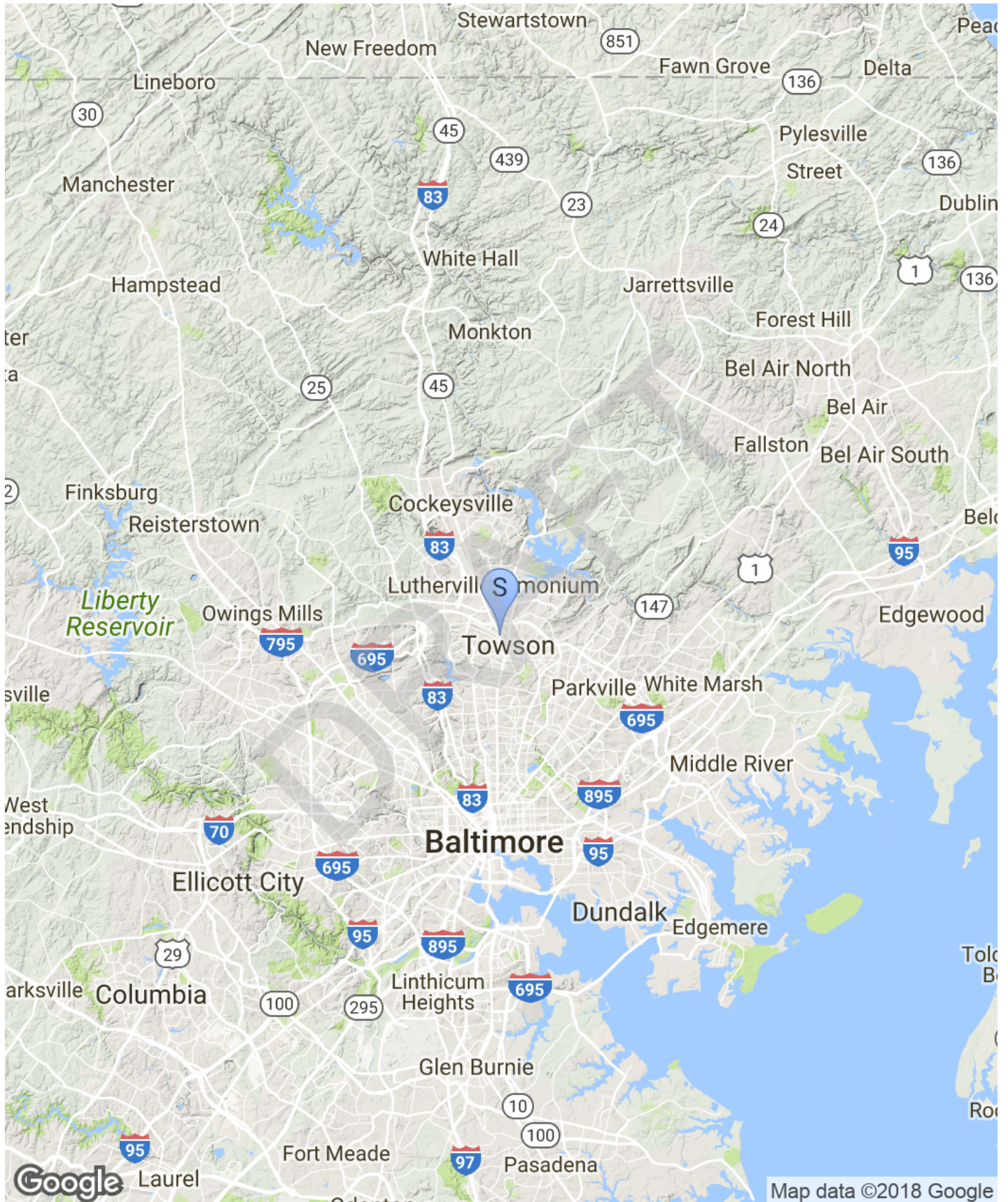
The property rights appraised constitute the leased fee interest.

VALUE SCENARIOS

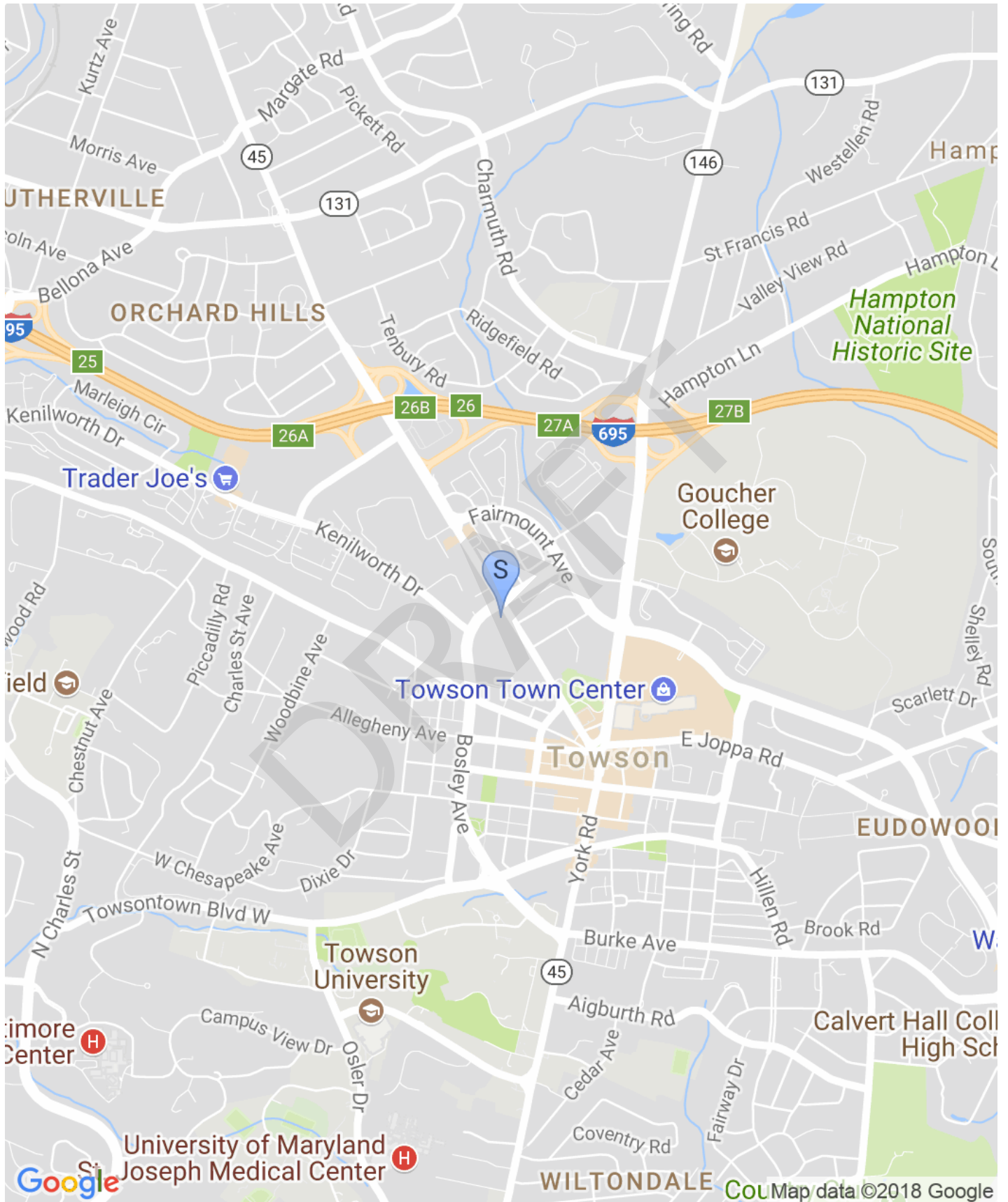
The valuation scenarios developed in this appraisal report include the As-Is Market Value, Prospective Value Upon Completion and Prospective Value Upon Stabilization of the subject property's fee simple interest.

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REGIONAL MAP



LOCAL AREA MAP



SUBJECT PROPERTY ANALYSIS

The following discussion draws context and analysis on how the subject property is influenced by the local and immediate areas.

Subject Property Analysis

The uses adjacent to the property are noted below:

- › **North** - Church
- › **South** - Commercial
- › **East** - Auto Dealership
- › **West** - County Government

Access

The subject site has frontage on a primary arterial, York Rd., and a minor arterial, Bosley Ave. Based on our field work, the subject's access is rated average/good compared to other properties with which it competes.

Visibility

The subject is clearly visible in both directions along both York Rd. and Bosley Ave. The visibility of the property is not hampered by adjacent properties, trees or other obstructions. In comparison to competitive properties, the subject property has good visibility.

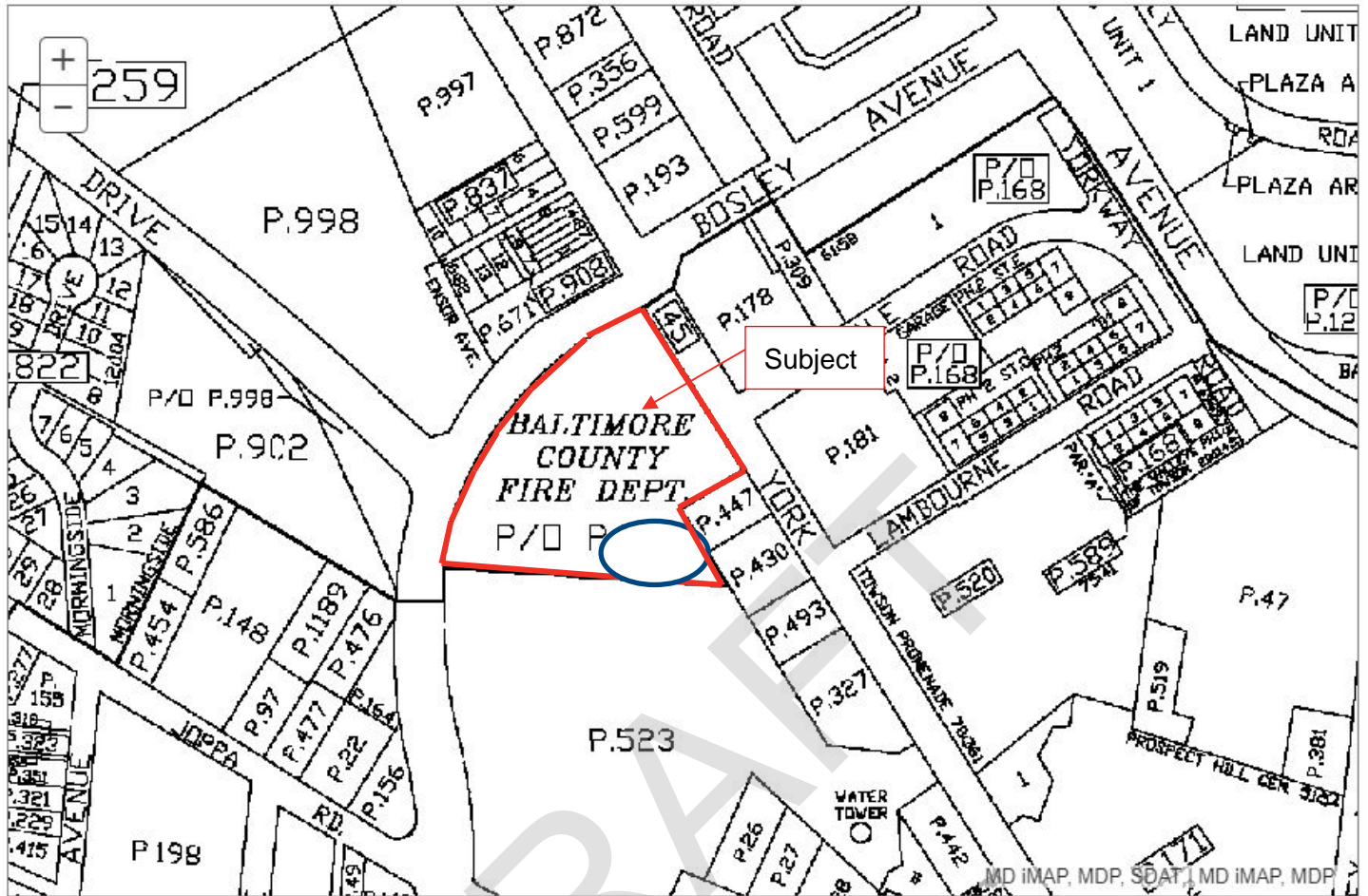
Subject Conclusion

Trends in the local and immediate areas, adjacent uses and the property's specific location features indicate an overall positive external influence for the subject, which is concluded to have an above average position in context of competing properties.

SUMMARY

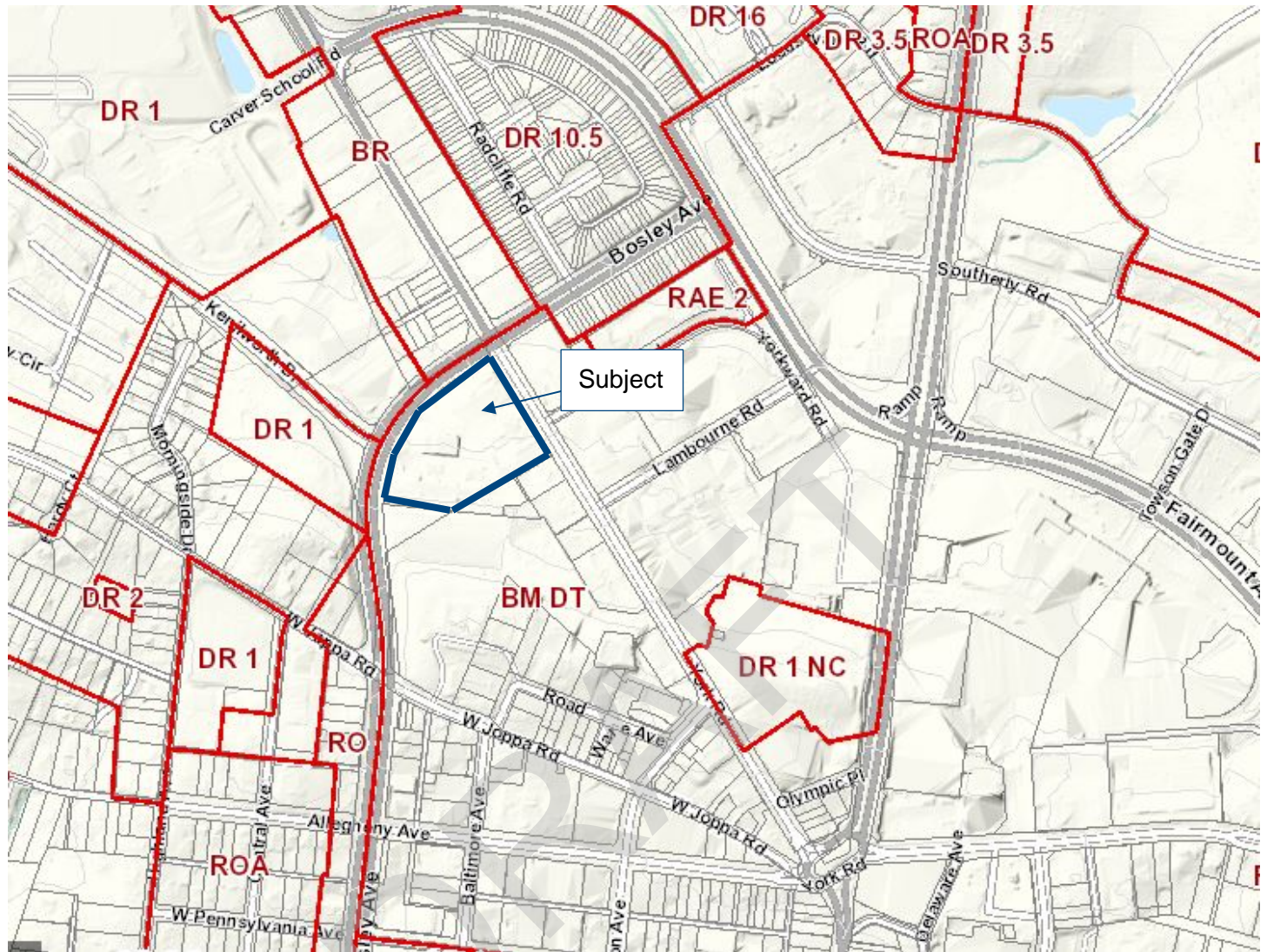
Serving as the county seat, Towson benefits from its location within Baltimore County, with excellent access to major transportation routes. Towson is considered a competitive residential and commercial location. The CDP boasts a diverse economy and it benefits from the presence of the largest employers in the region, which include the sectors of education, retail and healthcare. These industries and the increasing economic developments in the community will continue to support the city's revenue base.

BLOCK MAP

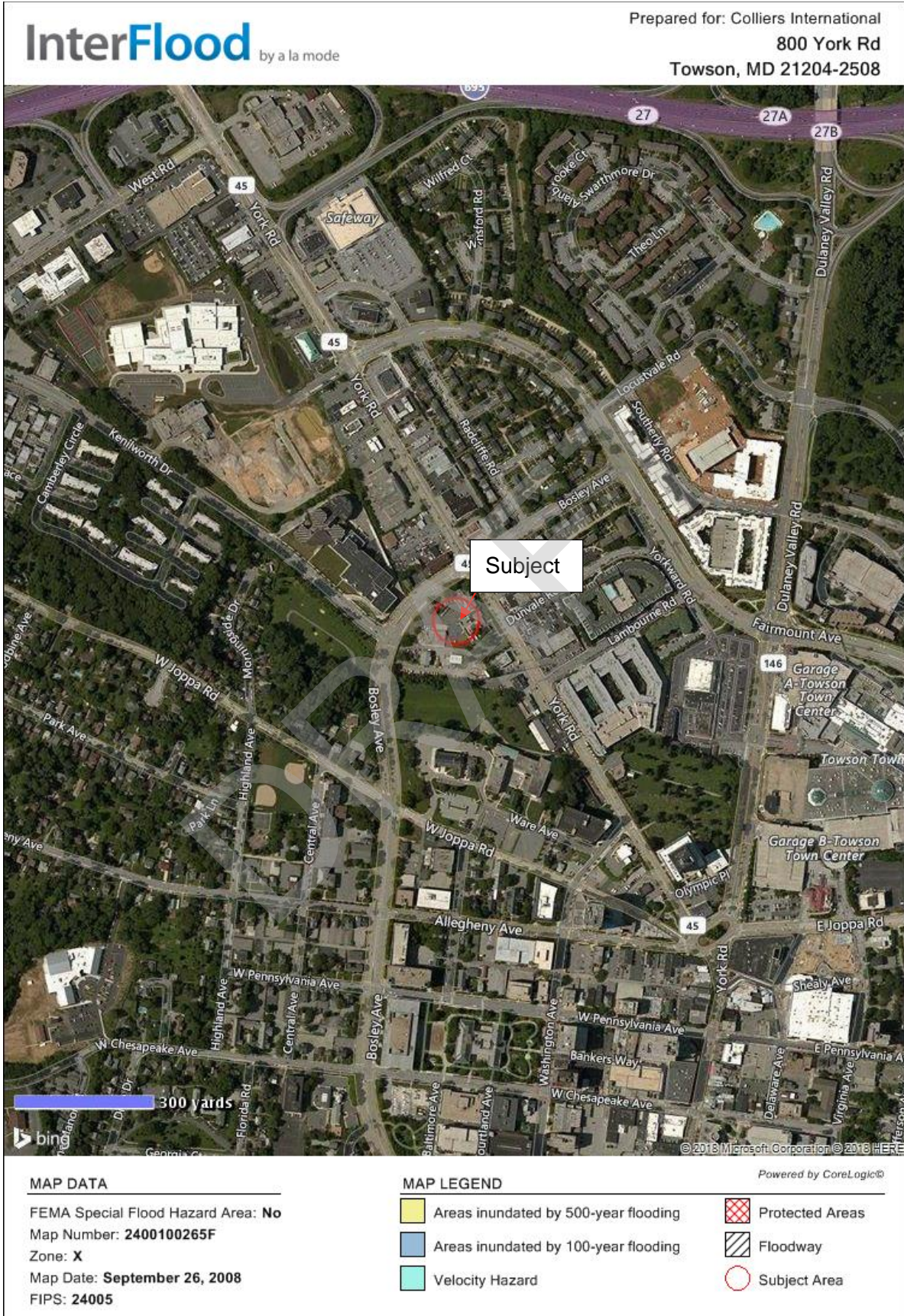


Note: Block Map above does not reflect the removal of the boundary in blue above that is not associated with this analysis.

ZONING MAP



FLOOD MAP



BUILDING PLAN



SITE DESCRIPTION

General Description

The subject site consists of 1 parcel. As noted below, the subject site has 409,464 SF (9.40 AC) of land area. The area is estimated based on the assessor's parcel map, and may change if a professional survey determines more precise measurements. Going forward, our valuation analyses will utilize the usable site area. The following discussion summarizes the subject site size and characteristics.

Assessor Parcel 09-0902190087

Number Of Parcels 1

Land Area	Acres	Square Feet
Primary Parcel	9.40	409,464
Unusable Land	0.00	0
Excess Land	0.00	0
<u>Surplus Land</u>	<u>0.00</u>	<u>0</u>
Total Land Area	9.40	409,464

Shape Irregular - See Plat Map For Exact Shape

Topography Level at street grade

Drainage Assumed Adequate

Utilities All available to the site

Street Improvements

Street	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Streetlights	Center Lane	Gutters
York Road	two-way	four-lane	major arterial	✓	✓	✓	✓	
Bosley Avenue	two-way	four-lane	minor arterial	✓	✓	✓	✓	

Frontage The subject has approximately 375 feet of frontage along York Road, and approximately 600 feet of frontage along Bosley Avenue.

Traffic Counts

LOCATION	SOURCE	COUNT
York Road	Baltimore Metropolitan Council (2015)	39,810
Bosley Avenue	Baltimore Metropolitan Council (2015)	24,681

Accessibility

Average/Good - There are two total curb cuts. One full access curb cut along York Road, and a second along Bosley Ave.

Exposure

Average/Good - The subject is at a signalized corner location at the intersection of two well-traveled arterials

Seismic

Low Risk

Flood Zone

Zone X (Unshaded). This is referenced by Community Number 240010, Panel Number 2400100265F, dated September 26, 2008. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are

studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

Easements

A preliminary title report was not available for review. During the on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there is no negative value impact on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.

Soils

A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

Hazardous Waste

We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

Conclusion

Overall, the subject site is considered a good retail / commercial site in terms of its location, exposure, and access to employment, education and shopping centers, recognizing its location along a major arterial.

IMPROVEMENT DESCRIPTION

The proposed development will consist of a restaurant pad (4,992/SF) and two retail buildings consisting of 12,420/SF and 10,814/SF, respectively. We were not provided with detail construction plans surrounding the type of materials that will be used, but based on discussions with the Client the buildings will be 1 story and composed of steel and masonry typical of an Excellent to Good Class C retail build. It is assumed that there will be no hidden defects, and that all structural components will be functional and operational.

Property Type	Retail
Design	Multi-Tenant
Number of Buildings	3
Number of Stories	1
Net Rentable Area (NRA)	27,992 SF
Gross Building Area (GBA)	27,992 SF
Site Coverage Ratio	6.8%
Land to Building Ratio	14.6 : 1
Parking	205 (Surface) 7.3/1,000 SF NRA
Year Built	2018
Age/Life Analysis	
Economic Life	40 years (pad site), 50 years (neighborhood strip center)
Quality	Good
Parking	The subject property will have an asphalt paved parking lot Upon Completion. The subject's parking lot will provide a ratio of 7.3 spaces per 1,000 SF.
Development Budget	Please see the Cost Approach section of our analysis for a detail analysis of the subject's development costs.
Functional Design	The subject improvements will offer good utility to the tenants. The site coverage and parking ratios are within market standards. Overall, the subject has a functional design considering the site and building configurations.

ASSESSMENT & TAXATION

The subject property is located within the Baltimore County municipality. The assessed value and property tax for the current year are summarized in the following table.

ASSESSMENT & TAXES						
Tax Year	2018		Tax Rate	1.2120%		
Tax Rate Area	Baltimore County		Taxes Current	Yes		
Taxes SF Basis	Gross Building Area					
APN	LAND	IMPV	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
09-0902190087	\$16,833,500	\$976,700	\$17,810,200	\$17,810,200	\$0	\$0
Totals	\$16,833,500	\$976,700	\$17,810,200	\$17,810,200	\$0	\$0
Total/SF	\$601.37	\$34.89	\$636.26	\$636.26	\$0.00	\$0.00
Total Base Tax & Additional Tax Charges						\$0
Total Base Tax & Additional Tax Charges Per SF						\$0.00

Source: Baltimore County Assessment & Taxation

Subject Property Analysis

The total assessment for the subject property is \$17,810,200 or \$636.26/SF. Under current ownership, the subject property is 100% exempt from property taxes; however, for purposes of this analysis we have developed a property tax estimate under the premise the subject sells to a third party whereby a property tax assessment would be enacted, most likely according to our indication of As Is value.

The subject property is located in Baltimore, Maryland (Baltimore County) and is assessed by the Maryland Department of Assessment and Taxation. This department is an independent state agency responsible for real and personal property assessment as well as the mapping of all real estate. The applicable tax rate is set by the local jurisdiction and is a combination of state and city rates.

Maryland’s assessment system is based on a three-year cycle in which one-third of all taxable real estate is physically inspected and reassessed each year. Assessments are based upon an estimate of ad valorem value known as full cash value. The state assessors utilize the three traditional approaches to value: the cost, sales comparison, and income capitalization approaches. To lessen the impact of any increase in full cash value, a three-year phase-in is implemented. This provides for one-third of the increase in full cash value added to the first year of the assessment cycle with the balance being added in equal installments over the next two years.

According to the Baltimore County Tax Assessor’s website, real estate taxes for the subject property are current as of the date of this report.

Tax Comparables

The tax comparables that were used as a test of reasonableness for the subject's assessment and taxes are summarized in the following table.

TAX COMPARABLES									
	SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	LOW	HIGH	AVG
Address	800 York Road	939 York Road	610 Compass Road	103 E Joppa Road	3613-3615 E Joppa Road	8601 Walther Boulevard	-	-	-
City, State	Tow son , MD	Tow son, MD	Middle River, MD	Tow son, MD	Baltimore, MD	Baltimore, MD	-	-	-
APN	09-0902190087	09-0911153400, 09-0911153401, 09-2500005892, 09-2500008308	15-2400010744	09-2500013051, 09-2500013050	11-1600004413	11-2300003928	-	-	-
Year Built	2018	2012	2008	2014	2006	2006	2006	2014	2009
NRA	27,992	12,360	12,000	136,934	21,399	10,000	10,000	136,934	38,539
Assessed \$	\$17,810,200	\$8,744,000	\$2,637,200	\$29,193,100	\$4,966,700	\$2,643,200	-	-	-
Assessed \$/SF	\$636.26	\$707.44	\$219.77	\$213.19	\$232.10	\$264.32	\$213.19	\$707.44	\$327.36

The comparable properties reflect tax assessments ranging from \$213.19/SF to \$707.44/SF with an average of \$327.36/SF of NRA. The tax assessment per SF for the subject property are within this range.

Assessment & Taxation Conclusion

The subject property is assessed in line, but albeit at the higher end of the range from the comparable properties, and is reasonably in line with our conclusion of value. Under the subject's current ownership, it is tax exempt.

Baltimore County Revitalization Tax Credit (Improvements in Commercially Zoned Areas)

The subject is located in a Revitalization District under Baltimore County which any physical improvements to the subject that have a full cash value of \$100,000 or more as reflected in the records of the State Department of Records and Taxation, qualify for a real estate tax credit. Any tax credit granted, per the guidelines, run with the property and a change in ownership would not result in a lapse of the tax credit. The tax credit has a duration of five years unless the qualified improvements exceed \$10 million, in which case the credit runs for 10 years.

Based on our discussions with the Client (Baltimore County Government) and our review of the guidelines surrounding this tax credit, the subject is located in a commercially designated district, and therefore the tax credit would be equal to 100% of the county property taxes charged against the property.

The table on the following page provides our estimated calculation of the tax credit. Additionally, it is our understanding that the base value for the credit would be based on the taxable assessment of \$0, and not the full assessed value of \$17,810,000.

TOWSON STATION REVITALIZATION TAX CREDIT ANALYSIS

	Initial Assessment	Renovated Assessment	Assessment Increase	Assessment Credit	County Tax Rate	Total Tax Credit Amount	Total Potential Tax Amount	Net Tax Amount
Column	(1)	(2)	(3)		(6)	(7)	(8)	(9)
Calculation			(2) - (1)			((5) / \$100) x (6)	((2) / \$100) x \$1.212)	(8) - (7)
Tax Year								
2018	\$0	\$19,120,000	\$19,120,000	\$19,120,000	\$1.100	\$210,320.00	\$210,320.00	\$0.00
2019	\$0	\$19,120,000	\$19,120,000	\$19,120,000	\$1.100	\$210,320.00	\$210,320.00	\$0.00
2020	\$0	\$19,120,000	\$19,120,000	\$19,120,000	\$1.100	\$210,320.00	\$210,320.00	\$0.00
2021	\$0	\$19,598,000	\$19,598,000	\$19,598,000	\$1.100	\$215,578.00	\$215,578.00	\$0.00
2022	\$0	\$20,087,950	\$20,087,950	\$20,087,950	\$1.100	\$220,967.45	\$220,967.45	\$0.00
2023	\$0	\$20,590,149	\$20,590,149	\$20,590,149	\$1.100	\$226,491.64	\$226,491.64	\$0.00
2024	\$0	\$21,104,902	\$21,104,902	\$21,104,902	\$1.100	\$232,153.93	\$232,153.93	\$0.00
2025	\$0	\$21,632,525	\$21,632,525	\$21,632,525	\$1.100	\$237,957.78	\$237,957.78	\$0.00
2026	\$0	\$22,173,338	\$22,173,338	\$22,173,338	\$1.100	\$243,906.72	\$243,906.72	\$0.00
2027	\$0	\$22,727,672	\$22,727,672	\$22,727,672	\$1.100	\$250,004.39	\$250,004.39	\$0.00
2028	\$0	\$23,295,863	\$23,295,863	\$23,295,863	\$1.100	\$256,254.50	\$256,254.50	\$0.00
Present Value of Credit		Discounted @ 4.0%				\$1,990,000		

Rounded to nearest \$10,000

Note: Based on our discussions with the Client, this analysis makes the extraordinary assumption that the present value of the revitalization tax credit available to the subject based on it's As Stabilized value would be forfeited to Baltimore County. As our proforma includes an estimate for income tax expense, no deduction for this credit loss is included in our proforma.

ZONING ANALYSIS

The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	Baltimore County Planning & Zoning Department
Current Zoning	Business Major - Downtown Towson (BM-DT)
Permitted Uses	Retail, Office, Service Garage, Hotel/Motel, Theatre, Warehouse, Automobile Sales, Night Club
Zoning Change	Not Likely
Proposed Use	Proposed Retail Development
Is Proposed Use Legally Permitted?	Yes

ZONING REQUIREMENTS	
Conforming Use	The proposed improvements represent a conforming use within this zone.
Minimum Yard Setbacks	
Front (Feet)	15
Rear (Feet)	20
Side (Feet)	10
Maximum Building Height	40 Feet
Maximum Floor Area Ratio (FAR)	4.0 times the lot area
Parking Requirement	
Spaces Per 1,000 SF	5
Spaces Required	140
Spaces Provided	205

Source: Baltimore County Planning & Zoning Department

Zoning Conclusions

Based on the interpretation of the zoning ordinance, the subject property is an outright permitted use that could be rebuilt if unintentionally destroyed.

BROKER / MARKET PARTICIPANT INTERVIEWS

Interviews with brokers and other market participants were conducted to put previously discussed trends and data into better context of what is really occurring in the marketplace.

LEASING PERSPECTIVE INTERVIEW

Name	Leasing Broker
Company	Confidential
Location	Baltimore, MD
Survey Date	1Q 18
Survey Property Profile	Inline Retail and Pad Sites

According to a Leasing Broker, rental rates have been remaining stable over the past six months for the subject property type. There is a somewhat limited amount of pad retail space in the marketplace, particularly newer construction/build-to-suit such as the subject. Further, inline retail is considered available in the local market; however, most spaces represent older builds whereby the subject represents new construction just outside (NW) the Towson CBD. Tenant activity is reported to be strong, primarily consisting of regional and national tenants. In general prevailing market conditions are in equilibrium in regard to negotiating lease terms. Downtime between tenants is ranging from 3 to 9 months, with an average of roughly 6 months. Free rent is not typical in the marketplace. Terms for new leases range from 3 to 10 years, with 5 years reported to be the average. Owner paid tenant improvements are on average \$20 - \$50 per square foot for space that is in raw shell condition, and varies based on tenant credit and length of the lease term. The most typical leasing commission for this property type is 6% of base rent over the term of the lease. The general rent escalations achieved in the market are being reported at 3% annually.

SALES PERSPECTIVE INTERVIEW

Name	Investment Sales Broker
Company	Confidential
Location	Baltimore, MD
Survey Date	1Q 18
Survey Property Profile	NNN-Retail

According to Investment Sales Broker, sale transactions have been steady over the past six months for the subject property type, with most activity being seen from regional and local buyers. Depending on the tenant (such as McDonalds or Chick-Fil-A), a property may draw national attention from buyers. The market participant reported a slight increase in marketing periods of 1 to 2 months and capitalization rates of 25-50 basis points is expected going forward as interest rates push further up. The market participant reported that quality investment opportunities are currently in greatest demand. This property type is considered to have Somewhat Limited availability, with few listings offered within the local marketplace; and investors looking for deals regionally. Conditions are reported to be in equilibrium in regard to negotiating sale terms. Marketing periods are ranging from 0 to 8 months, with an average of approximately 4 months, depending on price. Pricing for this property type generally falls within a moderate range from \$400 to \$800 per square foot, with the higher range representing fee simple deals. Currently capitalization rates for stabilized assets range from 4.00% to 7.00%, with an average of 4.50% - 5.00% on national credit fast food restaurant pad tenants, and 6.00% - 7.00% for inline retail national credit tenants. Finally, the most typical sales commission for this property type is 3% of the sale price.

TRANSACTION TRENDS

The volume of sale transactions for similar assets has been steady over the past six months within the marketplace; however limited locally. This assertion is supported by the comparable sales that were selected for the Sales Comparison Approach. These sales represent a blend of recent and older transactions, which provides support for the reported market sales activity. Sales volume is directly impacted by the activity levels of sellers and buyers of this property type.

Based on research completed on various listing sources including CoStar and Loopnet, properties similar to the subject in terms of pricing and overall investment appeal have somewhat limited availability, with few listings offered within the marketplace. This trend was confirmed with Investment Sales Broker during the market participant interview process, and represents the general sentiment of market participants interviewed for this and other assignments.

In the open market, the subject property type would command most interest from national and regional buyers that are actively pursuing similar quality investment properties. There is currently steady buyer demand for substitute properties of the subject based on the volume of sale transactions and reports by buyers, sellers and other market participants during confirmation of market transactions. The most probable buyer is regional and local investor.

Based on the preceding analysis, there is an established sales market for the subject property. As previously discussed, the velocity of sale transactions has been steady over the past six months. Currently there is steady buyer demand, while there is somewhat limited availability for this property type on the supply side. Based on these factors, conditions are in equilibrium in regard to negotiating sale terms. One of the greatest observed strengths of this asset type is its strong investment appeal to a broad pool of potential buyers.

SUBJECT PROPERTY ANALYSIS

The subject, Upon Completion, will be a retail asset featuring inline retail and a pad retail site with a total net rentable area of 27,992 SF. The market generally classifies the subject as a smaller quality investment property. The subject will have a tenant composition of national and regional tenants. The subject is demised into 1 retail pad site and 12 tenant spaces, of which the pad site is preleased, and 6 inline suites are preleased as well. The subject's stabilized occupancy level was estimated at 0.954 (see our vacancy analysis for further discussion). The most notable physical strength of the subject is its appealing market location just NW of the Towson CBD. Investors would be most attracted to the subject due to its strong tenant mix. The most notable physical weakness of the subject is that the development is currently proposed and therefore completion of the construction has not occurred creating some credit/completion risk; however, the developer has a good reputation in the market with no known historical defaults or other factors that would create credit risk.

Based on our analysis of the subject property and investigation of comparable properties in the marketplace, the subject is considered to have good overall tenant appeal with a relatively strong competitive position for attracting and retaining tenants.

GENERAL VACANCY CONCLUSION

As summarized in the table below this market analysis relied on various published data sources and field research for assessing how supply/demand conditions influence the long term vacancy estimate of the subject property.

GENERAL VACANCY CONCLUSION			
CoStar	2017 Q4	LAST YR	10 YR AVG
Tow son Submarket	4.7%	4.3%	5.0%
Subject (Pre-leased as a proposed development)	23.2%	-	-
GENERAL VACANCY RATE CONCLUSIONS			5.0%

Based on the subject's size, location and appeal, the submarket analysis findings warrant primary consideration. The submarket level analysis indicated a CoStar vacancy rate of 4.7% and an average vacancy rate of 5.0% over the past ten years. Based on our analysis of supply/demand trends and considering the subject's actual performance, a general vacancy rate of 5.0% is concluded. Based on the credit quality of the restaurant pad prospective tenant, Chick-Fil-A, we applied a 0% vacancy factor to the prospective tenant/pad site. Our vacancy conclusion above was based on the retail square feet (23,000/SF) excluding the Chick-Fil-A square feet (4,992/SF).

CREDIT LOSS

We applied a 1.0% credit loss assumption to the subject's potential grossing income as well as other income within our analysis.

EXPOSURE TIME & MARKETING PERIOD

Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys. The following table summarizes the information that was taken into consideration to develop an estimate of exposure time and marketing period for the subject property:

EXPOSURE TIME & MARKETING PERIOD						
SOURCE	QUARTER	RANGE		AVG	LAST Q	LAST YR
PriceWaterhouse Coopers						
National Strip Shopping Center	4Q 17	2.0	to 18.0	6.8	6.1	5.9
National Net Lease	4Q 17	2.0	to 12.0	5.7	5.3	4.9
Market Participant	1Q 18	0.0	to 8.0	4.0	-	-
Comparable Sales Dataset	1Q 18	0.0	to 7.0	3.0		
AVERAGE		1.0	to 11.3	4.9	5.7	5.4

The preceding information generally supports an exposure time range from 0 to 12 months for Retail properties. The availability of acquisition financing also factors into exposure time and marketing period. Our review of the local capital market indicate that adequate financing options would have been available to consummate a sale of the subject on the date of value. Based on our analysis of the subject property and investigation of substitute properties in the marketplace, the subject is considered to have good overall buyer appeal with a relatively strong competitive position if the asset was exposed to the open market.

Exposure Time Conclusion

Six Months Or Less

Marketing Period Conclusion

Six Months Or Less

HIGHEST AND BEST USE ANALYSIS

This section develops the highest and best use of the subject property as-vacant and as-proposed. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive.

As-Vacant Analysis

Permitted uses of the subject's Business Major - Downtown Towson (BM-DT) zoning were listed in the Zoning Analysis section. Regarding physical characteristics, the subject site is irregular in shape and has level topography with average/good access and average/good exposure. The subject site has frontage on a major arterial and minor arterial. The immediate area is developed with office, retail, mixed-use and auto dealership development along major arterials that is interspersed with multi-family complexes and single-family residential development removed from arterials. Based on our observations of land development trends for sites with similar zoning and physical characteristics as the subject and analysis of current supply/demand trends, the highest and best use of the subject site as-vacant is retail use as market conditions warrant.

As-Proposed Analysis

The subject's Retail use (as-proposed) is permitted by the BM-DT zoning. The legal factors influencing the highest and best use of the subject property support the existing use. The subject's improvements when finished, will represent a good quality construction that will have no inherent defects, and also will have good service amenities. We note retail use excludes a gas station service which was vetoed as a proposed use by the local neighborhood and councilman. Legal, physical, locational and marketability factors support the proposed use as the highest and best use of the subject site.

In addition to legal, physical and locational considerations, analysis of the subject property as-proposed requires the treatment of alternative uses for the property. The five possible alternative treatments of the property are demolition, expansion, renovation, conversion, and the subject's use "as-proposed". In general supply/demand conditions and immediate market area trends support viable short and long-term operations of the subject's use as-proposed. Based on our analysis of the subject property and investigation of comparable properties in the marketplace, the subject is considered to have good overall tenant appeal with a relatively strong competitive position for attracting and retaining tenants. Based on our analysis of the subject property and investigation of substitute properties in the marketplace, the subject is considered to have good overall buyer appeal with a relatively strong competitive position if the asset was exposed to the open market. Among the five alternative uses, retail use (other than gas station service) is the Highest and Best Use of the subject property as-proposed.

VALUATION METHODS

The following presentation of the appraisal process deals directly with the valuation of the subject property. The paragraphs below describe the standard approaches to value that were considered for this analysis.

Income Approach

The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization.

Characteristics specific to the subject property warrant that this valuation technique is developed. Development of the Income Approach is a specific scope requirement of this assignment. The subject is an investment property; therefore, the Income Approach represents the decision making process of knowledgeable buyers and sellers of this property type. The Direct Capitalization method is used in this analysis. Discounted Cash Flow analysis does not contribute substantially to estimating value beyond the direct capitalization method and is not used in this analysis.

Sales Comparison Approach

Characteristics specific to the subject property warrant that this valuation technique to be developed. Development of the Sales Comparison Approach is a specific scope requirement of this assignment. Sufficient sales data is available to provide a credible value estimate by the Sales Comparison Approach. Based on this reasoning, the Sales Comparison Approach is presented within this appraisal.

Land Valuation

Characteristics specific to the subject property warrant that a site value is developed. Development of the subject site value is a specific scope requirement of this assignment. The site value is required to be developed for use within the Cost Approach. Within the Site Valuation section, the subject is valued as one marketable economic site.

Cost Approach

Characteristics specific to the subject property warrant that this valuation technique is developed. Development of the Cost Approach is a specific scope requirement of this assignment. The subject property is proposed construction, which makes the Cost Approach particularly useful as a test of financial feasibility. Knowledgeable buyers and sellers typically do not rely on this valuation technique for income-producing properties similar to the subject. Based on the preceding information, the Cost Approach will be presented.

Reconciliation of Value Conclusions

The Income (Direct Capitalization), Sales Comparison and Cost approaches are used to value the subject property, which will be reconciled into the final opinions of market value in the Analysis of Value Conclusions section.

INCOME APPROACH

As previously discussed within the Valuation Methods section, the Direct Capitalization method is used in this analysis, and Discounted Cash Flow analysis is not developed. The first step in the Income Approach is to estimate the subject’s durable rental income through reconciliation of the subject’s in-place lease terms and market rent analysis. Next, we analyze other income items including reimbursements and miscellaneous revenue. Then, vacancy allowance and operating expenses are estimated based on analysis of the subject and market indicators. These valuation assumptions are integrated into the DCF analysis and Direct Capitalization method.

Given the appraisal problem and defined scope of work, the following table summarizes the value scenarios and Income Approach methods developed within this appraisal report:

INCOME APPROACH VALUE SCENARIOS		
VALUE SCENARIO	METHODS USED	
	DCF	DIRECT CAP
As-Is Market Value		✓
Prospective Value Upon Completion		✓
Prospective Value Upon Stabilization		✓

RENTAL INCOME ANALYSIS

In this section, we developed an opinion of the subject’s rental income through examination of subject lease terms and market rent analysis. The rental income conclusion was reconciled taking into account such items as durability of in-place contract rents, lease escalations and market terms as measured by rent comparables.

Rent Roll

The following Rent Roll Summary reflects a breakdown of the individual tenant spaces and a snapshot of pre-leased contract rents including lease term, expense structure and base rent.

RENT ROLL SUMMARY											AS OF FEBRUARY 2018		
SUITE	PRE-LEASED	TENANT	TOTAL NRA (SF)	% OF NRA	TENANT GROUP	LEASE TERMS			EXPENSE STRUCTURE	BASE RENT			
						START	END	YEARS		\$/SF(MO.)	\$/SF(YR.)	ANNUAL	ESC.
Pad	Chick-Fil-A		4,992	17.8%	Pad	3/20	1/40	19.9	Triple Net	\$2.84	\$34.05	\$170,000	10% - 5th Yr.
100A	Men's Wearhouse		5,600	20.0%	Retail	3/20	1/30	9.9	Triple Net	\$4.17	\$50.00	\$280,000	10% - 5th Yr.
104A	Nail Trix		1,900	6.8%	Retail	3/20	1/30	9.9	Triple Net	\$4.17	\$50.00	\$95,000	3% - Annual
106A	Habit Burger		2,400	8.6%	Retail	3/20	1/30	9.9	Triple Net	\$4.58	\$55.00	\$132,000	10% - 5th Yr.
100A	Mission BBQ		4,000	14.3%	Retail	3/20	1/30	9.9	Triple Net	\$4.13	\$49.50	\$198,000	10% - 5th Yr.
105A	MOD Pizza		2,600	9.3%	Retail	3/20	1/30	9.9	Triple Net	\$4.42	\$53.00	\$137,800	10% - 5th Yr.
PRE-LEASED SUBTOTALS			21,492	76.8%						\$3.93	\$47.12	\$1,012,800	
103A	Vacant		2,400	8.6%	Retail								
102B	Vacant		1,500	5.4%	Retail								
103B	Vacant		1,600	5.7%	Retail								
104B	Vacant		1,000	3.6%	Retail								
VACANT SUBTOTALS			6,500	23.2%									
TOTAL NRA			27,992	100.0%						\$3.02	\$36.18	\$1,012,800	

MARKET RENT ANALYSIS

This section examines competitive comparable properties within the marketplace to establish our opinion of market rent for the subject property. This allows for a comparison of the subject property's contract to what is attainable in the current market.

Analysis by Tenant Category

Within the Overview of Contract Rents section, the subject tenant spaces were segregated into tenant categories defined in Argus by correlating Market Leasing Assumptions (MLAs). For each MLA, we provide a specific analysis, described below, as a rent module. In each rent module, we derive an opinion of market rent and correlating lease terms for each MLA included in our analysis.

- **Retail Analysis** - Comparable Retail leases are used to derive market rent for the Retail MLA category.
- **Pad Analysis** - Comparable Pad leases are used to derive market rent for the Pad MLA category.

Adjustment Process

Quantitative adjustments are made to the comparable leases. The following adjustments or general market trends were considered for the basis of market rent analysis.

Transactional Adjustments If warranted, the comparable leases were adjusted for varying lease structures, atypical concessions and market conditions.

Concession Adjustment The adjustment for rent concessions is a basis for creating a comparable market standard free rent of 0 months and a tenant improvement allowance of \$75/SF. The differences between free rent and tenant improvements (+/-) is divided by the comparable's lease term, and applied to the beginning base rent of the comparable lease. This methodology does not take into account amortization of rental increases over the lease term. The rent concession adjustment calculation is outlined below:

Property Adjustments Quantitative percentage adjustments were made for location and physical characteristics such as size, age, condition, exposure and parking ratio. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

Tenant Space Adjustments The lease comparables were further adjusted to the subject to account for tenant space specific characteristics such as size and space functionality.

The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	February 2018	(As-Is)	0%

The market has exhibited value stability during the time from the oldest lease date up through the effective valuation date; therefore a market conditions adjustment is not warranted.

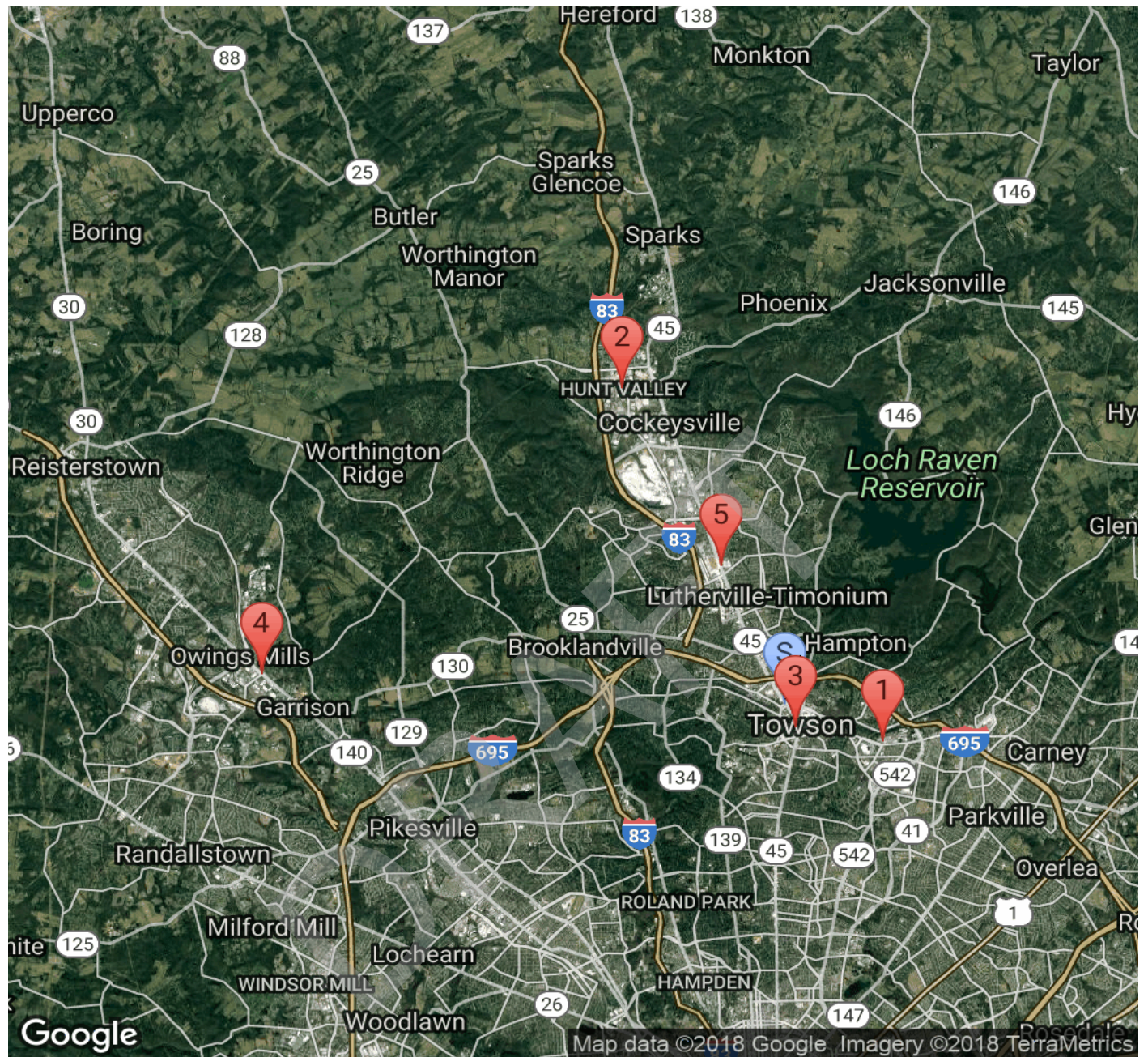
ANALYSIS OF COMPARABLE RETAIL LEASES

The Retail lease analysis is used to derive an opinion of market rent and correlating leasing assumptions for the Retail MLA category. The following pages present a summation table of the comparables selected for this analysis, a location map, the lease comparable adjustment process and our market rent conclusion. Rent comparable photographs are presented in the Addenda.

RETAIL LEASE SUMMATION TABLE

COMPARABLE	SUBJECT	LEASE 1	LEASE 2	LEASE 3	LEASE 4	LEASE 5	LEASE 6
Name	Tow son Gatew ay	Loch Raven Commons	Starbucks	Tow son Commons Office Building	Sarku	Zoe's Kitchen / Starbucks	Zoe's Kitchen / Starbucks
Address	800 York Road	1300 E. Joppa Road	11351 Hunt Valley	1 West Pennsylvania Avenue	10132 Reisterstow n Road	2129 York Road	2129 York Road
City	Tow son	Tow son	Hunt Valley	Tow son	Ow ings Mills	Lutherville	Lutherville
State	MD	MD	MD	MD	MD	MD	MD
Zip	21204	21286	21030	21204	21117	21093	21093
PHYSICAL INFORMATION							
Property Type	Retail	Retail	Retail	Office	Retail	Retail	Retail
NRA	27,992	14,780	3,500	209,808	2,000	4,000	4,000
Occupancy	77%	35%	100%	90%	100%	100%	100%
Location	Average/Good	Average	Good	Good	Average/Good	Average/Good	Average/Good
Quality	Good	Good	Good	Good	Good	Good	Good
Condition	Good	Good	Good	Good	Good	Good	Good
Exposure	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good
Access	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good
Appeal	Good	Good	Average/Good	Average/Good	Good	Good	Good
Year Built	2018	2018	2007	1992	2015	2016	2016
LEASE INFORMATION							
Tenant Name	Confidential	Starbucks Corporation	Starbucks	Brow n Rice	Sarku Japan Teriyaki	Starbucks Corporation	Zoe's Kitchen
Commencement Date	6/1/2018	5/1/2017	5/1/2017	2/21/2017	9/30/2016	6/15/2016	6/15/2016
Lease Type	New	New	New	New	New	New	New
Lease Status	Signed	Signed	Signed	Signed	Signed	Signed	Signed
Rate Type	NNN	NNN	NNN	NNN	NNN	NNN	NNN
Size (SF)	2,000	3,500	3,500	700	2,000	1,600	1,400
Term (Yrs)	10	10	10	10	10	10	10
Rent (\$/SF/Yr.)	\$35.00	\$57.00	\$57.00	\$63.43	\$50.00	\$52.00	\$52.00
Avg. Escalation/Yr	3.0%	3.0%	3.0%	3.0%	2.0%	3.0%	3.0%
TI's (\$/SF)	\$30	\$20	\$20	\$35	\$70	-	-

COMPARABLE RETAIL LEASE MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	TENANT	LEASE DATE	SF	\$/SF
SUBJECT	-	Tow son Gateway	800 York Road, Tow son , MD	-	-	-	\$50.00
No. 1	1.8 Miles	Loch Raven Commons	1300 E. Joppa Road, Tow son, MD	Confidential	6/1/2018	2,000	\$35.00
No. 2	6.4 Miles	Starbucks	11351 Hunt Valley, Hunt Valley, MD	Starbucks Corporation	5/1/2017	3,500	\$57.00
No. 3	0.5 Miles	Tow son Commons Office Building	1 West Pennsylvania Avenue, Tow son, MD	Brow n Rice	2/21/2017	700	\$63.43
No. 4	8.9 Miles	Sarku	10132 Reisterstow n Road, Ow ings Mills, MD	Sarku Japan Teriyaki	9/30/2016	2,000	\$50.00
No. 5	2.8 Miles	Zoe's Kitchen / Starbucks	2129 York Road, Lutherville Timonium, MD	Starbucks Corporation	6/15/2016	1,600	\$52.00
No. 6	2.8 Miles	Zoe's Kitchen / Starbucks	2129 York Road, Lutherville Timonium, MD	Zoe's Kitchen	6/15/2016	1,400	\$52.00

COMPARABLE RETAIL LEASE DATASHEETS

COMPARABLE 1

PHYSICAL INFORMATION

Name	Loch Raven Commons
Address	1300 E. Joppa Road
City, State, Zip Code	Tow son, MD 21286
MSA	Baltimore-Tow son, MD
Net Rentable Area (NRA)	14,780
Year Built	2018
Occupancy	35.0%
Site Size	239,580
Site Coverage	6.2%
Parking Spaces	98
Parking Ratio	6.63
Store Frontage	Good



LOCH RAVEN COMMONS

CONFIRMATION

Name	
Source	Know ledgeable Third Party
Date / Phone Number	02/8/2018

REMARKS

Comparable represents a new development commonly know n as Loch Raven Commons w hich is part of a larger mixed use development that w ill consist of retail, office, multi-family, and a gas station on a 5+ acre parcel that w as formerly know n as the Raytheon building. BMC (2015 measurement) reports AADT of 31,830 along Loch Raven Blvd (approx. 1.2 miles east of the comparable). Comparable represents pre-leased space to a national retail credit tenant (non-restaurant). Building that the tenant w ill occupy is under development w ith a slated delivery in Late Spring/Early Summer 2018.

TENANT NAME	RATE TYPE	SIZE	START DATE	TERM	LEASE RATE	ADJ LEASE RATE
Confidential	NNN	2,000	6/1/2018	10	\$35.00	\$46.25

COMPARABLE 2

PHYSICAL INFORMATION

Name	Starbucks
Address	11351 Hunt Valley
City, State, Zip Code	Hunt Valley, MD 21030
MSA	Baltimore-Tow son, MD
Net Rentable Area (NRA)	3,500
Year Built	2007
Occupancy	100.0%
Parking Spaces	20
Parking Ratio	5.71
Store Frontage	Average/Good



STARBUCKS

CONFIRMATION

Name	
Source	Know ledgeable Third Party
Date / Phone Number	02/8/2018

REMARKS

Comparable represents a restaurant style pad site located in Shaw an Plaza along York Rd. with proximity to Hunt Valley Tow ne Centre, a major shopping center in the local area. Shaw an Plaza is a grocer anchored (Giant food) shopping center feature several local and national tenants. BMC (2015 measurement date) reports an AADT of 25,900. Broker reported landlord accomodated most of the buildout providing a reported \$20/SF to the tenant. Building w as formerly occupied as a bank.

TENANT NAME	RATE TYPE	SIZE	START DATE	TERM	LEASE RATE	ADJ LEASE RATE
Starbucks Corporation	NNN	3,500	5/1/2017	10	\$57.00	\$52.20

DRAFT

COMPARABLE 3

PHYSICAL INFORMATION

Name	Tow son Commons Office Building
Address	1 West Pennsylvania Avenue
City, State, Zip Code	Tow son, MD 21204
MSA	Baltimore-Tow son, MD
Net Rentable Area (NRA)	209,808
Year Built	1992
Year Renovated	2015
Occupancy	90.0%
Site Size	240,016
Site Coverage	10.3%
Parking Spaces	875
Parking Ratio	4.17
Building Class	B
Floors	10



TOWSON COMMONS OFFICE BUILDING

CONFIRMATION

Name	
Source	Know ledgeable Third Party
Date / Phone Number	02/8/2018

REMARKS

Comparable recently renovated (2014/2015) into a modern buildout that is 90% leased. Tenants include a mix of national, regional, and local tenants. Comparable has 1st floor retail, with office on the other floors. BMC (2015 Measurement date) reports an AADT of 19,882 along York road, which the comparable fronts. Comparable lease represents an asian style restaurant on the ground floor level of the building.

TENANT NAME	RATE TYPE	SIZE	START DATE	TERM	LEASE RATE	ADJ LEASE RATE
Brown Rice	NNN	700	2/21/2017	10	\$63.43	\$54.77

DRAFT

COMPARABLE 4

PHYSICAL INFORMATION

Name	Sarku
Address	10132 Reisterstown Road
City, State, Zip Code	Owings Mills, MD 21117
MSA	Baltimore-Towson, MD
Net Rentable Area (NRA)	2,000
Year Built	2015
Occupancy	100.0%
Parking Spaces	20
Parking Ratio	4.00
Store Frontage	Average/Good



SARKU

CONFIRMATION

Name	
Source	Confidential
Date / Phone Number	02/10/2018

REMARKS

Comparable located in the Foundry Row shopping center which is anchored by a Wegmans Shopping Center and features several other national credit tenants. Center has good frontage along Reisterstown Road. BMC (2015 measurement) reports an AADT of 38,860. Comparable represents an end-cap unit in the Foundry Row center.

TENANT NAME	RATE TYPE	SIZE	START DATE	TERM	LEASE RATE	ADJ LEASE RATE
Sarku Japan Teriyaki	NNN	2,000	9/30/2016	10	\$50.00	\$48.00

DRAFT

COMPARABLE 5 AND 6

PHYSICAL INFORMATION

Name	Zoe's Kitchen / Starbucks
Address	2129 York Road
City, State, Zip Code	Lutherville Timonium, MD 21093
MSA	Baltimore-Tow son, MD
Net Rentable Area (NRA)	4,000
Year Built	2016
Occupancy	100.0%
Parking Spaces	20
Parking Ratio	5.00
Store Frontage	Good



ZOE'S KITCHEN / STARBUCKS

CONFIRMATION

Name	
Source	Know ledgeable Third Party
Date / Phone Number	02/8/2018

REMARKS

Comparable represents a restaurant style pad site split into two tenant spaces (Starbucks and a Zoe's Kitchen). Comparable located in the Timonium Square shopping center accross from the MD state fairgrounds. BMC (2015 measurement) reports AADT of 34,332. Starbucks lease includes a drive-through, with two 5-year options. Further, landlord developed the shell and basic interior buildout. Tenant paid for further exterior/interior custom work. No TI or free rent was included.

TENANT NAME	RATE TYPE	SIZE	START DATE	TERM	LEASE RATE	ADJ LEASE RATE
Starbucks Corporation	NNN	1,600	6/15/2016	10	\$52.00	\$52.00
Zoe's Kitchen	NNN	1,400	6/15/2016	10	\$52.00	\$52.00

RETAIL LEASE ADJUSTMENT TABLE

COMPARABLE	SUBJECT	LEASE 1	LEASE 2	LEASE 3	LEASE 4	LEASE 5	LEASE 6
Name	Tow son Gateway	Loch Raven Commons	Starbucks	Tow son Commons Office Building	Sarku	Zoe's Kitchen / Starbucks	Zoe's Kitchen / Starbucks
Address	800 York Road	1300 E. Joppa Road	11351 Hunt Valley	1 West Pennsylvania Avenue	10132 Reisterstow n Road	2129 York Road	2129 York Road
City	Tow son	Tow son	Hunt Valley	Tow son	Ow ings Mills	Lutherville	Lutherville
NRA	27,992	14,780	3,500	209,808	2,000	4,000	4,000
Occupancy	76.8%	35.0%	100.0%	90.0%	100.0%	100.0%	100.0%
Location	Average/Good	Average	Good	Good	Average/Good	Average/Good	Average/Good
Quality	Good	Good	Good	Good	Good	Good	Good
Condition	Good	Good	Good	Good	Good	Good	Good
Exposure	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good
Access	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good

LEASE INFORMATION

Tenant Name	Confidential	Starbucks	Brow n Rice	Sarku Japan	Starbucks	Zoe's Kitchen
Commencement Date	6/1/2018	5/1/2017	2/21/2017	9/30/2016	6/15/2016	6/15/2016
Lease Type	New	New	New	New	New	New
Lease Status	Signed	Signed	Signed	Signed	Signed	Signed
Rate Type	NNN	NNN	NNN	NNN	NNN	NNN
Size (SF)	2,000	3,500	700	2,000	1,600	1,400
Term (Yrs)	10.0	10.0	10.0	10.0	10.0	10.0
Rent (\$/SF/Yr.)	\$35.00	\$57.00	\$63.43	\$50.00	\$52.00	\$52.00
Avg. Escalation/Yr	3.0%	3.0%	3.0%	2.0%	3.0%	3.0%
Concessions	0	0	0	0	0	0
TI's (\$/SF)	\$30	\$20	\$35	\$70	-	-

TRANSACTIONAL ADJUSTMENTS

Lease Type	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Concessions¹	\$4.50	\$1.00	\$1.00	\$0.50	\$0.00	\$0.00
Market Conditions	0%	0%	0%	0%	0%	0%
Subtotal Eff Rent	\$39.50	\$58.00	\$64.43	\$50.50	\$52.00	\$52.00

PROPERTY ADJUSTMENTS

Location	25%	-10%	-5%	0%	0%	0%
Size (Lease)	0%	0%	-15%	0%	0%	0%
Quality	0%	0%	0%	0%	0%	0%
Condition	0%	0%	0%	0%	0%	0%
Exposure	0%	0%	0%	0%	0%	0%
Access	0%	0%	0%	0%	0%	0%

Subtotal Property Adj	25%	-10%	-20%	0%	0%	0%
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TOTAL ADJUSTED RENT	\$49.38	\$52.20	\$51.54	\$50.50	\$52.00	\$52.00
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STATISTICS	UNADJUSTED	ADJUSTED	MARKET CONCESSIONS ¹	
LOW	\$35.00	\$49.38	Lease Type	Triple Net
HIGH	\$63.43	\$52.20	Free Rent	0 Mos.
MEDIAN	\$52.00	\$51.77	TIs	\$75/SF
AVERAGE	\$51.57	\$51.27		

² Market Conditions Adjustment - Compound annual change in market conditions: 0%

Date of Value (for adjustment calculations): 2/8/18

Retail Lease Analysis

The comparables indicate an adjusted lease rate range from \$49.38 to \$52.20/SF, with a median of \$51.77/SF and an average of \$51.27/SF. Based on the results of the preceding analysis, Comparable 1 (\$49.38/SF adjusted), Comparable 2 (\$52.20/SF adjusted), Comparable 3 (\$51.54/SF adjusted), Comparable 4 (\$50.50/SF adjusted), Comparable 5 (\$52.00/SF adjusted) and Comparable 6 (\$52.00/SF adjusted) are given primary consideration for the lease rate conclusion.

Comparable 1 (\$49.38/SF as adjusted) required a total upward transaction adjustment of \$4.50. An upward adjustment was required for an inferior concessions package offered to the tenant. This comparable required a total upward adjustment of 25% for property characteristics. An upward adjustment was required to reflect the inferior location of the comparable on the eastern boundary of Towson which is an older and less desirable location than the subject's location. The total gross adjustment applied to this comparable was 38%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given primary consideration as a value indicator for the subject.

Comparable 2 (\$52.20/SF as adjusted) required a total upward transaction adjustment of \$1.00. A slight upward adjustment was required for an inferior concessions package offered to the tenant. Note this was a pre-existing building versus new construction like the subject, and therefore it is our opinion that the gross delta between this comparable concession and the subject should not have been accounted for at 100% of the difference. This comparable required a total downward adjustment of -10% for property characteristics. A downward adjustment was required to reflect the superior location of the comparable next to Hunt Valley Towne Centre. The total gross adjustment applied to this comparable was 12%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 3 (\$51.54/SF as adjusted) required a total upward transaction adjustment of \$1.00. A slight upward adjustment was required for an inferior concessions package offered to the tenant. Note this was a pre-existing building versus new construction like the subject, and therefore it is our opinion that the gross delta between this comparable concession and the subject should not have been accounted for at 100% of the difference. This comparable required a total downward adjustment of -20% for property characteristics. A downward adjustment was required to reflect the superior location and smaller size of the comparable in the Towson CBD. The total gross adjustment applied to this comparable was 22%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 4 (\$50.50/SF as adjusted) required a total upward transaction adjustment of \$0.50. An upward adjustment was required for an inferior concessions package offered to the tenant. This comparable did not require any property characteristic adjustments. The total gross adjustment applied to this comparable was 1%. The minimal amount of gross adjustments required for this comparable suggests it is similar to the subject, increasing its applicability for this analysis. Overall this comparable warrants primary consideration as a value indicator for the subject.

Comparable 5 (\$52.00/SF as adjusted) did not require any transaction adjustments. This comparable did not require any property characteristic adjustments. The total gross adjustment applied to this comparable was 0%. With no adjustments required, this comparable is viewed as a good substitute for the subject. For this analysis, this comparable commands primary consideration as a value indicator for the subject.

Comparable 6 (\$52.00/SF as adjusted) did not require any transaction adjustments. This comparable did not require any property characteristic adjustments. The total gross adjustment applied to this comparable

was 0%. With no adjustments required, this comparable is viewed as a good substitute for the subject. For this analysis, this comparable commands primary consideration as a value indicator for the subject.

RETAIL SPACE MARKET RENT CONCLUSION

The following table summarizes the analysis of the comparables leases and the Retail market rent conclusion. Based on our review of the lease transactions, we determined all were relatively similar to the subject and given equal weight.

RETAIL LEASE CONCLUSION TABLE								
LEASE	LEASE RATE	ADJUSTMENT			FINAL	NET ADJ %	GROSS ADJ %	OVERALL COMPARISON
		TRANSACTIONAL ¹	ADJUSTED	PROPERTY ²				
1	\$35.00	\$4.50	\$39.50	25%	\$49.38	41%	38%	PRIMARY
2	\$57.00	\$1.00	\$58.00	-10%	\$52.20	-8%	12%	PRIMARY
3	\$63.43	\$1.00	\$64.43	-20%	\$51.54	-19%	22%	PRIMARY
4	\$50.00	\$0.50	\$50.50	0%	\$50.50	1%	1%	PRIMARY
5	\$52.00	\$0.00	\$52.00	0%	\$52.00	0%	0%	PRIMARY
6	\$52.00	\$0.00	\$52.00	0%	\$52.00	0%	0%	PRIMARY
LOW	\$49.38					AVERAGE		\$51.27
HIGH	\$52.20					MEDIAN		\$51.77
		AVERAGE CONTRACT	ASKING					CONCLUSION
Retail		\$51.08	\$50.00					\$50.00

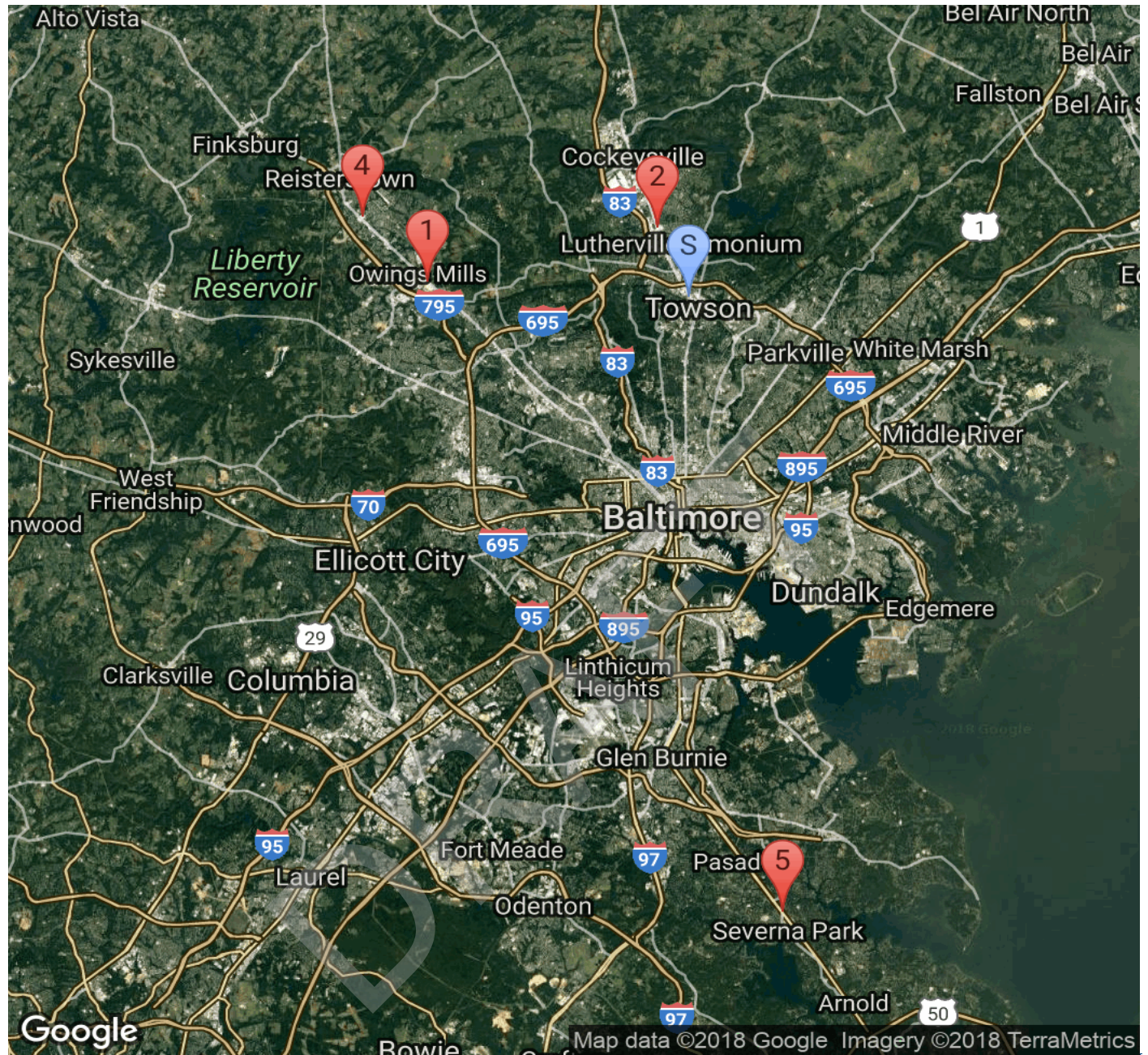
¹Cumulative ²Additive (Includes Tenant Adjustments)

ANALYSIS OF COMPARABLE PAD LEASES

The Pad lease analysis is used to derive an opinion of market rent and correlating leasing assumptions for the Pad MLA category. The following pages present a summation table of the comparables selected for this analysis, a location map, the lease comparable adjustment process and our market rent conclusion. Rent comparable photographs are presented in the Addenda.

PAD LEASE SUMMATION TABLE						
COMPARABLE	SUBJECT	LEASE 1	LEASE 2	LEASE 3	LEASE 4	LEASE 5
Name	Tow son Gatew ay	Chick-Fil-A	Zoe's Kitchen / Starbucks	Zoe's Kitchen / Starbucks	Chick-Fil-A	Chick-Fil-A
Address	800 York Road	10140 Reisterstow n Road	2129 York Road	2129 York Road	12001 Reisterstow n Road	511 Ritchie Highw ay
City	Tow son	Ow ings Mills	Lutherville	Lutherville	Reisterstow n	Severna Park
State	MD	MD	MD	MD	MD	MD
Zip	21204	21117	21093	21093	21136	21146
PHYSICAL INFORMATION						
Property Type	Restaurant Pad	Retail	Retail	Retail	Retail	Retail
NRA	4,992	5,000	4,000	4,000	5,000	4,000
Occupancy	100%	100%	100%	100%	100%	100%
Location	Average/Good	Average/Good	Average/Good	Average/Good	Average	Good
Quality	Good	Good	Good	Good	Good	Good
Condition	Good	Good	Good	Good	Good	Good
Exposure	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good
Access	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good
Appeal	Good	Good	Good	Good	Good	Average/Good
Year Built	2018	2016	2016	2016	2016	2013
LEASE INFORMATION						
Tenant Name		Chick-Fil-A-Inc	Starbucks Corporation	Zoe's Kitchen	Chick Fil A., Inc.	Chick-Fil-A-Inc
Commencement Date		12/1/2016	6/15/2016	6/15/2016	1/1/2016	1/1/2013
Lease Type		New	New	New	New	New
Lease Status		Signed	Signed	Signed	Signed	Signed
Rate Type		NNN	NNN	NNN	NNN	NNN
Size (SF)		5,000	1,600	1,400	5,000	4,000
Term (Yrs)		20	10	10	20	21
Rent (\$/SF/Yr.)		\$32.00	\$52.00	\$52.00	\$21.00	\$45.00
Avg. Escalation/Yr		2.0%	3.0%	3.0%	2.0%	2.0%
TI's (\$/SF)		-	-	-	-	\$25

COMPARABLE PAD LEASE MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	TENANT	LEASE DATE	SF	\$/SF
SUBJECT	-	Tow son Gateway	800 York Road, Tow son , MD	-	-	-	\$34.00
No. 1	8.9 Miles	Chick-Fil-A	10140 Reisterstow n Road, Ow ings Mills, MD	Chick-Fil-A-Inc	12/1/2016	5,000	\$32.00
No. 2	2.8 Miles	Zoe's Kitchen / Starbucks	2129 York Road, Lutherville Timonium, MD	Starbucks Corporation	6/15/2016	1,600	\$52.00
No. 3	2.8 Miles	Zoe's Kitchen / Starbucks	2129 York Road, Lutherville Timonium, MD	Zoe's Kitchen	6/15/2016	1,400	\$52.00
No. 4	11.5 Miles	Chick-Fil-A	12001 Reisterstow n Road, Reisterstow n , MD	Chick Fil A., Inc.	1/1/2016	5,000	\$21.00
No. 5	22.8 Miles	Chick-Fil-A	511 Ritchie Highw ay, Severna Park, MD	Chick-Fil-A-Inc	1/1/2013	4,000	\$45.00

COMPARABLE PAD LEASE MAP

COMPARABLE 1

PHYSICAL INFORMATION

Name	Chick-Fil-A
Address	10140 Reisterstown Road
City, State, Zip Code	Owings Mills, MD 21117
MSA	Baltimore-Towson, MD
Net Rentable Area (NRA)	5,000
Year Built	2016
Occupancy	100.0%
Site Size	43,560
Site Coverage	11.5%
Parking Spaces	20
Parking Ratio	4.00
Store Frontage	Good



Google

CHICK-FIL-A

CONFIRMATION

Name	
Source	Confidential
Date / Phone Number	02/10/2018

REMARKS

Comparable located in the Foundry Row shopping center which has good frontage along Reisterstown Road (a major arterial) and includes a range of national tenants, including a Wegman's anchored grocer. BMC (2015 measurement) reports an AADT of 38,860).

TENANT NAME	RATE TYPE	SIZE	START DATE	TERM	LEASE RATE	ADJ LEASE RATE
Chick-Fil-A-Inc	NNN	5,000	12/1/2016	20	\$32.00	\$32.00

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COMPARABLE 2 AND 3

PHYSICAL INFORMATION

Name	Zoe's Kitchen / Starbucks
Address	2129 York Road
City, State, Zip Code	Lutherville Timonium, MD 21093
MSA	Baltimore-Tow son, MD
Net Rentable Area (NRA)	4,000
Year Built	2016
Occupancy	100.0%
Parking Spaces	20
Parking Ratio	5.00
Store Frontage	Good



CONFIRMATION

Name	
Source	Know ledgeable Third Party
Date / Phone Number	02/8/2018

REMARKS

Comparable represents a restaurant style pad site split into two tenant spaces (Starbucks and a Zoe's Kitchen). Comparable located in the Timonium Square shopping center accross from the MD state fairgrounds. BMC (2015 measurement) reports AADT of 34,332. Starbucks lease includes a drive-through, with two 5-year options. Further, landlord developed the shell and basic interior buildout. Tenant paid for further exterior/interior custom work. No TI or free rent was included.

TENANT NAME	RATE TYPE	SIZE	START DATE	TERM	LEASE RATE	ADJ LEASE RATE
Starbucks Corporation	NNN	1,600	6/15/2016	10	\$52.00	\$52.00
Zoe's Kitchen	NNN	1,400	6/15/2016	10	\$52.00	\$52.00

COMPARABLE 4

PHYSICAL INFORMATION

Name	Chick-Fil-A
Address	12001 Reisterstow n Road
City, State, Zip Code	Reisterstow n , MD 21136
MSA	Baltimore-Tow son, MD
Net Rentable Area (NRA)	5,000
Year Built	2016
Occupancy	100.0%
Site Size	54,450
Site Coverage	9.2%
Parking Spaces	20
Parking Ratio	4.00
Store Frontage	Good



CHICK-FIL-A

CONFIRMATION

Name	
Source	Confidential
Date / Phone Number	02/10/2018

REMARKS

Comparable is a new Chick-Fil-A located in the Reisterstow n Shopping Center. Comparable has good frontage along Reisterstow n road, a primary arterial in the immediate area. BMC (2015 measurement) reports an AADT of 17,832 along Reisterstow n Rd about 1 mile north of the subject.

TENANT NAME	RATE TYPE	SIZE	START DATE	TERM	LEASE RATE	ADJ LEASE RATE
Chick Fil A., Inc.	NNN	5,000	1/1/2016	20	\$21.00	\$29.40

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COMPARABLE 5

PHYSICAL INFORMATION

Name	Chick-Fil-A
Address	511 Ritchie Highway
City, State, Zip Code	Severna Park, MD 21146
MSA	Baltimore-Towson, MD
Net Rentable Area (NRA)	4,000
Year Built	2013
Occupancy	100.0%
Site Size	58,022
Site Coverage	6.9%
Parking Spaces	50
Parking Ratio	12.50
Store Frontage	Good



CHICK-FIL-A

CONFIRMATION

Name	
Source	Confidential
Date / Phone Number	02/10/2018

REMARKS

Comparable site represents a former fast food restaurant converted into a Chick-Fil-A with good frontage and exposure in a good commercial corridor along Governor Ritchie Highway. BMC (2013 measurement) reports an AADT of 55,685 along Ritchie Hwy by the subject.

TENANT NAME	RATE TYPE	SIZE	START DATE	TERM	LEASE RATE	ADJ LEASE RATE
Chick-Fil-A-Inc	NNN	4,000	1/1/2013	21	\$45.00	\$38.25

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PAD LEASE ADJUSTMENT TABLE

COMPARABLE	SUBJECT	LEASE 1	LEASE 2	LEASE 3	LEASE 4	LEASE 5
Name	Tow son	Chick-Fil-A	Zoe's Kitchen /	Zoe's Kitchen /	Chick-Fil-A	Chick-Fil-A
Address	800 York Road	10140 Reisterstow n Road	2129 York Road	2129 York Road	12001 Reisterstow n Road	511 Ritchie Highw ay
City	Tow son	Ow ings Mills	Lutherville	Lutherville	Reisterstow n	Severna Park
NRA	4,992	5,000	4,000	4,000	5,000	4,000
Occupancy	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Location	Average/Good	Average/Good	Average/Good	Average/Good	Average	Good
Quality	Good	Good	Good	Good	Good	Good
Condition	Good	Good	Good	Good	Good	Good
Exposure	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good
Access	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good

LEASE INFORMATION

Tenant Name	Chick-Fil-A-Inc	Starbucks	Zoe's Kitchen	Chick Fil A., Inc.	Chick-Fil-A-Inc
Commencement Date	12/1/2016	6/15/2016	6/15/2016	1/1/2016	1/1/2013
Lease Type	New	New	New	New	New
Lease Status	Signed	Signed	Signed	Signed	Signed
Rate Type	NNN	NNN	NNN	NNN	NNN
Size (SF)	5,000	1,600	1,400	5,000	4,000
Term (Yrs)	20.0	10.0	10.0	20.0	21.0
Rent (\$/SF/Yr.)	\$32.00	\$52.00	\$52.00	\$21.00	\$45.00
Avg. Escalation/Yr	2.0%	3.0%	3.0%	2.0%	2.0%
TI's (\$/SF)	-	-	-	-	\$25

TRANSACTIONAL ADJUSTMENTS

Lease Type	\$0.00	(\$10.00)	(\$10.00)	\$0.00	\$0.00
Concessions¹	\$0.00	\$0.00	\$0.00	\$0.00	(\$2.50)
Market Conditions	0%	0%	0%	0%	0%
Subtotal Eff Rent	\$32.00	\$42.00	\$42.00	\$21.00	\$42.50

PROPERTY ADJUSTMENTS

Location	0%	0%	0%	40%	-10%
Size (Property)	0%	-10%	-10%	0%	0%
Quality	0%	0%	0%	0%	0%
Condition	0%	0%	0%	0%	0%
Exposure	0%	0%	0%	0%	0%
Access	0%	0%	0%	0%	0%
Economics	0%	0%	0%	0%	0%
Subtotal Property Adj	0%	-10%	-10%	40%	-10%
TOTAL ADJUSTED RENT	\$32.00	\$37.80	\$37.80	\$29.40	\$38.25

STATISTICS	UNADJUSTED	ADJUSTED	MARKET CONCESSIONS ¹	
LOW	\$21.00	\$29.40	Lease Type	Triple Net
HIGH	\$52.00	\$38.25	Free Rent	0 Mos.
MEDIAN	\$45.00	\$37.80	TI's	\$0/SF
AVERAGE	\$40.40	\$35.05		

² Market Conditions Adjustment - Compound annual change in market conditions: 0%

Date of Value (for adjustment calculations): 2/8/18

Pad Lease Analysis

The comparables indicate an adjusted lease rate range from \$29.40 to \$38.25/SF, with a median of \$37.80/SF and an average of \$35.05/SF. Based on the results of the preceding analysis, Comparable 1 (\$32.00/SF adjusted), Comparable 2 (\$37.80/SF adjusted), and Comparable 5 (\$38.25/SF adjusted) are given primary consideration for the lease rate conclusion.

Comparable 1 (\$32.00/SF as adjusted) did not require any transaction adjustments. This comparable did not require any property characteristic adjustments. The total gross adjustment applied to this comparable was 0%. With no adjustments required, this comparable is viewed as a good substitute for the subject. For this analysis, this comparable commands primary consideration as a value indicator for the subject.

Comparable 2 (\$37.80/SF as adjusted) required a total downward transaction adjustment of -\$10.00. The comparable represents a building lease and an adjustment was required to reflect estimated development costs incurred by the landlord versus the subject which is a ground lease in which the tenant will bear all required development and buildout costs. Our development cost estimate was based on Marshall Valuation & Swift data. This comparable required a total downward adjustment of -10% for property characteristics. The total gross adjustment applied to this comparable was 29%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given primary consideration as a value indicator for the subject.

Comparable 3 (\$37.80/SF as adjusted) required a total downward transaction adjustment of -\$10.00. The comparable represents a building lease and an adjustment was required to reflect estimated development costs incurred by the landlord versus the subject which is a ground lease in which the tenant will bear all required development and buildout costs. Our development cost estimate was based on Marshall Valuation & Swift data. This comparable required a total downward adjustment of -10% for property characteristics. A downward adjustment was required due to the comparable's smaller size. The total gross adjustment applied to this comparable was 29%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given secondary consideration as a value indicator for the subject.

Comparable 4 (\$29.40/SF as adjusted) did not require any transaction adjustments. This comparable required a total upward adjustment of 40% for property characteristics. A downward adjustment was required due to the comparable's smaller size. The total gross adjustment applied to this comparable was 40%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given secondary consideration as a value indicator for the subject.

Comparable 5 (\$38.25/SF as adjusted) required a total downward transaction adjustment of -\$2.50. A downward adjustment for concessions was required related to the superior concessions offered to the tenant. This comparable required a total downward adjustment of -10% for property characteristics. An upward adjustment was required for the comparable's inferior location in an older segment of the Reisterstown corridor. The total gross adjustment applied to this comparable was 16%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

PAD SPACE MARKET RENT CONCLUSION

The following table summarizes the analysis of the comparables leases and the Pad market rent conclusion. Lease comparables 2 and 3 were given secondary weight due to the nature of these leases representing building leases versus the subject's proposed ground lease.

PAD LEASE CONCLUSION TABLE								
LEASE	LEASE RATE	ADJUSTMENT			FINAL	NET ADJ %	GROSS ADJ %	OVERALL COMPARISON
		TRANSACTIONAL¹	ADJUSTED	PROPERTY²				
1	\$32.00	\$0.00	\$32.00	0%	\$32.00	0%	0%	PRIMARY
2	\$52.00	(\$10.00)	\$42.00	-10%	\$37.80	-27%	29%	SECONDARY
3	\$52.00	(\$10.00)	\$42.00	-10%	\$37.80	-27%	29%	SECONDARY
4	\$21.00	\$0.00	\$21.00	40%	\$29.40	40%	40%	PRIMARY
5	\$45.00	(\$2.50)	\$42.50	-10%	\$38.25	-15%	16%	PRIMARY
LOW	\$29.40					AVERAGE		\$35.05
HIGH	\$38.25					MEDIAN		\$37.80
		AVERAGE CONTRACT	ASKING					CONCLUSION
Pad		\$34.05	\$34.00					\$34.00

¹Cumulative ²Additive (Includes Tenant Adjustments)

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INCOME & EXPENSE ANALYSIS

In this section, we estimate rental income, additional revenue sources, vacancy and credit loss, and applicable operating expenses

INCOME CONCLUSIONS

Rental Income

Our analysis and conclusions of the subject's rental income are detailed as follows:

TOTAL RENTAL INCOME				
YEAR	TOTAL	\$/SF	%EGI	ANALYSIS
PROFORMA	\$1,337,800	\$36.18	81.9%	The projection is based on the reported preleased contract rent for the inline and pad site with the remaining vacant inline space being leased at market rates.

Expense Reimbursements

Our analysis and conclusions of the subject's expense reimbursements are detailed as follows:

TOTAL REIMBURSEMENT INCOME				
YEAR	TOTAL	\$/SF	%EGI	ANALYSIS
PROFORMA	\$315,656	\$11.28	25.5%	Reimbursements for the triple net leases' include: real estate taxes, property insurance, common area maintenance plus 10%, and management fees.

VACANCY AND CREDIT LOSS

This category was discussed in depth in the market analysis section of this report. Please reference that discussion for a full analysis.

ANALYSIS OF OPERATING EXPENSES

The operating expenses for the subject property were presented previously. The following chart summarizes comparable expenses used in this analysis.

EXPENSE COMPARABLES								
COMPARABLE	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	LOW	HIGH	AVG
City	Towson	Gambrills	Owings Mills	Baltimore	Timonium	-	-	-
State	MD	MD	MD	MD	MD	-	-	-
Expense Year	2018	2017	2016	2015	2014	-	-	-
Actual/Budget	Budget	Budget	Actual	Actual	Actual	-	-	-
Net Rentable Area	209,808	12,800	59,918	37,405	17,444	12,800	209,808	67,475
EFFECTIVE GROSS INCOME	\$25.03	\$23.88	\$23.85	\$18.20	\$75.72	\$18.20	\$75.72	\$33.34
EXPENSE ITEMS	\$/SF	\$/SF	\$/SF	\$/SF	\$/SF	LOW	HIGH	AVG
Real Estate Taxes	\$1.46	\$2.04	\$3.15	\$2.30	\$6.91	\$1.46	\$6.91	\$3.17
Property Insurance	\$0.19	\$0.07	\$0.17	\$0.53	\$0.76	\$0.07	\$0.76	\$0.34
Common Area Maintenance	\$6.61	\$1.07	\$2.03	\$2.70	\$4.70	\$1.07	\$6.61	\$3.42
Management Fees	\$0.50	\$0.61	\$0.97	\$0.73	\$2.60	\$0.50	\$2.60	\$1.08
%EGI	2.0%	2.6%	4.1%	4.0%	3.4%	2.0%	4.1%	3.2%
Admin & Professional Fees	\$0.79	\$0.07	\$0.07	\$0.45	\$0.75	\$0.07	\$0.79	\$0.43
TOTAL EXPENSES (\$/SF)	\$9.55	\$3.87	\$6.39	\$6.71	\$15.73	\$3.87	\$15.73	\$8.45

CONCLUSION OF OPERATING EXPENSES

In the following section we discuss the individual expense conclusions for the subject property.

EXPENSE ANALYSIS & CONCLUSIONS

REAL ESTATE TAXES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$1.46	5.8%
				2	\$2.04	8.6%
				3	\$3.15	13.2%
				4	\$2.30	12.6%
				5	\$6.91	9.1%
CONCLUSION	\$230,280	\$8.23	14.3%	AVG	\$3.17	9.9%

ANALYSIS

Though we reviewed the real estate taxes associated with the expense comparables, our concluded real estate tax is based on the subject's stabilized value. Please refer to the Assessments and Taxes section for additional details.

PROPERTY INSURANCE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$0.19	0.7%
				2	\$0.07	0.3%
				3	\$0.17	0.7%
				4	\$0.53	2.9%
				5	\$0.76	1.0%
CONCLUSION	\$8,398	\$0.30	0.5%	AVG	\$0.34	1.1%

ANALYSIS

This expense includes all premiums and costs incurred for insurance covering structures, public liability, rental value, equipment and bonding of employees. The conclusion is based on the expense comparable information.

COMMON AREA MAINTENANCE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$6.61	26.4%
				2	\$1.07	4.5%
				3	\$2.03	8.5%
				4	\$2.70	14.8%
				5	\$4.70	6.2%
CONCLUSION	\$69,980	\$2.50	4.3%	AVG	\$3.42	12.1%

ANALYSIS

This consists of all expenses related to the common area maintenance of the subject including the costs of payroll, employee benefits, service contracts, maintenance materials and supplies purchased for the subject, and common area lighting and utilities. The conclusion is based on the expense comparable information.

MANAGEMENT FEES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$0.50	2.0%
				2	\$0.61	2.6%
				3	\$0.97	4.1%
				4	\$0.73	4.0%
				5	\$2.60	3.4%
CONCLUSION	\$48,295	\$1.73	3.0%	AVG	\$1.08	3.2%

ANALYSIS

This expense reflects the professional management service for the subject. The conclusion is based on the expense comparable information.

ADMIN & PROFESSIONAL FEES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$0.79	3.2%
				2	\$0.07	0.3%
				3	\$0.07	0.3%
				4	\$0.45	2.5%
				5	\$0.75	1.0%
CONCLUSION	\$9,797	\$0.35	0.6%	AVG	\$0.43	1.4%

ANALYSIS

This expense covers all expenses related to the management of the subject, including staff, office supplies, office equipment rental expenses, management fees, and professional services. The conclusion is based on the expense comparable information.

TOTAL EXPENSES	LOW	HIGH	CONCLUSION
EXPENSE COMPARABLES \$/SF	\$3.87	\$15.73	Our expense conclusion falls near the higher range of the expense comparables which is largely attributed to our estimate for real estate taxes. Please refer to the Assessments and Taxes section for additional details.
EXPENSE COMPARABLES%EGI	16.2%	38.2%	
TOTAL EXPENSES \$/SF	\$13.10		
TOTAL EXPENSES %EGI	29.7%		
TOTAL EXPENSES	\$366,750		

DEVELOPMENT OF CAPITALIZATION RATE

In developing our opinion of the capitalization rate, also known as overall rate (OAR), the following techniques were used:

- › Comparable Sales (Sales Comparison Approach)
- › Supplemental Comparable Sales (Competitive Market)
- › Investor Surveys
- › Band of Investment Technique

Comparable Sales

The following table presents a summary of the comparable sales used ahead in the Sales Comparison Approach, and the capitalization rates from each of those sales. We have included additional free standing, fee simple, Chick-Fil-A pad site sales to further support capitalization rate trends for the subject property.

CAPITALIZATION RATE COMPARABLES (OAR)										
NAME	CITY	ST	SALE DATE	YR BLT	NRA	\$/SF	SALE PRICE	NOI/SF	CAP RATE	
Inline Retail										
1	Waugh Chapel	Gambrills	MD	May 19, 2017	2014	12,800	\$559	\$7,150,000	\$33.85	6.06%
2	Walgreens	Towson	MD	June 21, 2016	2012	12,360	\$979	\$12,100,000	\$55.41	5.66%
3	-	Hanover	MD	April 3, 2015	2005	7,000	\$631	\$4,420,000	-	-
4	Hyatt Place Retail	Baltimore	MD	July 1, 2014	2014	12,796	\$563	\$7,200,000	\$39.62	7.04%
5	Silo Inn Shopping Center	Olney	MD	May 15, 2014	2008	29,572	\$589	\$17,420,000	\$44.18	7.50%
Retail Restaurant Pad Sites										
1	Starbucks	Baltimore	MD	December 19, 2017	2017	1,558	\$1,893	\$2,950,000	\$97.70	5.16%
2	Chick-Fil-A	Pasadena	MD	September 21, 2016	2011	4,698	\$441	\$2,070,000	\$18.73	4.25%
3	McDonalds	Parkville	MD	July 1, 2014	1988	3,903	\$720	\$2,809,286	\$30.23	4.20%
4	McDonalds	Laurel	MD	November 13, 2013	1989	4,021	\$663	\$2,667,000	-	-
5	Taco Bell	Frederick	MD	October 28, 2013	1990	2,304	\$629	\$1,450,000	\$37.76	6.00%
ADDITIONAL COMPS										
Regional Chick-Fil-A Sales										
	Cincinnati	OH		July 27, 2016	2016	4,592	\$533	\$2,450,000	\$25.61	4.80%
	Manassas	VA		March 10, 2017	2004	4,261	\$678	\$2,889,000	\$27.93	4.12%
	Winchester	VA		June 1, 2016	2008	4,000	\$750	\$3,000,000	\$30.98	4.13%
	Dayton	OH		March 31, 2014	2004	4,235	\$494	\$2,094,000	\$24.72	5.00%
	Williamsburg	VA		August 12, 2014	2006	4,396	\$438	\$1,925,000	\$20.01	4.57%
	Phillipsburg	NJ		December 19, 2014	-	4,508	\$355	\$1,600,000	\$17.75	5.00%
LOW				October 28, 2013						4.12%
HIGH				December 19, 2017						7.50%
AVERAGE				July 21, 2015						5.25%
MEDIAN				February 9, 2015						5.00%

Cap rates for retail type properties have generally remained stable noting a small uptick in rates primarily due to interest rate pressure in the marketplace. However, volatility in rates is a function of the risk profile of the individual properties (mainly tenant credit and durability of contract rents). The subject will have national credit tenants, at its location, and based on the new condition of the improvements (upon completion), this gives it a similar risk profile to that of the comparables, assuming market rent conditions previously described in this section.

Investor Surveys

The following table provides capitalization rate statistics as surveyed by investors that we considered to be relevant to the subject property and our independent market participant interview.

CAPITALIZATION RATE SURVEYS (OAR)						
SOURCE	QUARTER	RANGE		AVG	LAST Q	LAST YR
PriceWaterhouse Coopers						
National Strip Shopping Center	4Q 17	4.00%	to	9.50%	6.38%	6.19% 6.18%
National Net Lease	4Q 17	5.50%	to	8.50%	6.80%	6.71% 6.75%
Real Capital Analytics						
Unanchored	4Q 17	-		-	6.77%	6.99% 6.74%
Market Participant Interview						
Investment Sales Broker	1Q 18	4.00%	to	7.00%	6.00%	- -
AVERAGE		4.50%	to	8.33%	6.49%	6.63% 6.56%

Cap rates for retail type properties have generally remained stable over the last 6 months with a small uptick due to interest rate pressure in the market place, but vary widely depending on the risk profile of the individual property (mainly tenant credit and durability of contract rents). Some market participants and national surveys have indicated slight increase in cap rates over the last quarter, reportedly reflecting some uncertainty in the capital markets. The national surveys (PriceWaterhouse Coopers) are reflective of larger institutional properties that are not considered comparable with the subject; they do, however, reflect the general trends in the broader market. We have relied primarily on the local market participant survey.

Band of Investment Technique

Most properties are purchased with debt and equity capital; therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. Available financing information from lenders and the sales comparables indicates the following terms:

BAND OF INVESTMENT ASSUMPTIONS	
Loan Amortization Period	30 Years
Interest Rate	4.85%
Loan-to-Value (LTV) Ratio	70%
Mortgage Constant	6.33%

Equity dividend rates vary depending upon motivations of buyers and financing terms. The previous terms and an appropriate equity dividend rate are used in the Band of Investments calculations, which are presented on the following chart.

BAND OF INVESTMENT CALCULATION					
Mortgage Component	70%	x	6.33%	=	4.433%
Equity Component	30%	x	7.00%	=	2.100%
Indicated Capitalization Rate					6.533%
INDICATED CAPITALIZATION RATE					6.53%

Capitalization Rate Conclusion

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion.

CAPITALIZATION RATE CONCLUSION (OAR)						
SOURCE	QUARTER	RANGE		AVG	LAST Q	LAST YR
Comparable Sales		4.20%	to	7.50%	5.73%	-
Supplemental Comparable Sales		4.12%	to	5.00%	4.60%	-
Investor Surveys	4Q 17	4.50%	to	8.33%	6.49%	6.63%
Investment Sales Broker	1Q 18	4.00%	to	7.00%	6.00%	-
Band of Investment Technique				6.53%	-	-
AVERAGE		4.21%	to	6.96%	5.87%	6.63%
CAPITALIZATION CONCLUSION				6.50%		

The subject is a retail property in the Towson submarket, just NW of the Towson CBD, and will represent excellent to good quality of new construction with a national tenant mix. Positive risk factors include the strength of the market, the subject's new construction, and proposed strong tenant mix as well as its location at an intersection of two well traveled arterials. Negative risk factors include some development risk since the subject is a proposed development; however this is somewhat mitigated based on the strength of the developer which has a strong reputation in the marketplace.

The subject's proposed development will consist of two retail components; two retail neighborhood strip center type buildings, and one restaurant pad site. Based on our research of market trends and survey's, we observed that the neighborhood strip center component (due to tenant mix, and inferior durability of proposed contract rent) would trade at a slightly higher cap rate than the restaurant pad site which in this analysis is prospectively leased to a national credit tenant on a 20 year lease. Our survey of comparable sales, and market participant inquiries indicated a reasonable range of cap rates for the subject's neighborhood strip center buildings would be between 6.00% to 7.00%, and for the restaurant pad site would be between 4.50% to 5.00%. Our concluded capitalization rate is based on a blend of these two rates, based on the contributory income from each component, as well as incorporating a slight premium for the extended project timeline (25 basis points) in arriving at a final concluded capitalization rate of 6.50%.

DIRECT CAPITALIZATION

This method analyzes the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

The subject property is expected to attain stabilized occupancy on January 8, 2020. The pro-forma reflecting the subject's stabilized operations is presented in the following table.

DIRECT CAPITALIZATION SUMMATION TABLE

INCOME ITEMS	%PGI	%EGI	\$/SF(MO.)	\$/SF(YR.)	TOTAL
Base Contract Income			\$3.93	\$47.12	\$1,012,800
Market Rent Vacant Space			\$4.17	\$50.00	\$325,000
TOTAL RENTAL INCOME			\$3.98	\$47.79	\$1,337,800
REIMBURSEMENTS					
Real Estate Taxes			\$0.69	\$8.23	\$230,280
Insurance			\$0.03	\$0.30	\$8,398
CAM + 10% Admin			\$0.23	\$2.75	\$76,978
Management Fee			\$0.14	\$1.73	\$48,295
TOTAL REIMBURSEMENTS			\$1.08	\$13.00	\$363,951
POTENTIAL GROSS INCOME (PGI)	100.0%	105.7%	\$5.07	\$60.79	\$1,701,751
VACANCY & CREDIT LOSS					
Rental Income		(6.0%)	(\$0.21)	(\$2.50)	(\$70,068)
Other Income		(6.0%)	(\$0.07)	(\$0.78)	(\$21,837)
TOTAL VACANCY & CREDIT LOSS		(5.4%)	(\$0.27)	(\$3.28)	(\$91,905)
EFFECTIVE GROSS INCOME (EGI)	94.6%	100.0%	\$4.79	\$57.51	\$1,609,846
EXPENSE ITEMS					
Real Estate Taxes	(13.5%)	(14.3%)	(\$0.69)	(\$8.23)	(\$230,280)
Property Insurance	(0.5%)	(0.5%)	(\$0.03)	(\$0.30)	(\$8,398)
Common Area Maintenance	(4.1%)	(4.3%)	(\$0.21)	(\$2.50)	(\$69,980)
Management Fees	(2.8%)	(3.0%)	(\$0.14)	(\$1.73)	(\$48,295)
Admin & Professional Fees	(0.6%)	(0.6%)	(\$0.03)	(\$0.35)	(\$9,797)
Reserves	-	-	-	-	-
TOTAL EXPENSES	(21.6%)	(22.8%)	(\$1.09)	(\$13.10)	(\$366,750)
NET OPERATING INCOME (NOI)	73.0%	77.2%	\$3.70	\$44.41	\$1,243,096
Capitalization Rate					6.50%
Capitalized Value					\$19,124,550
INDICATED VALUE				\$683/SF	\$19,120,000
Lease- Up Costs					
				From Lease-Up Analysis	
Rent Loss	(6.7%)	(7.1%)	(\$0.34)	(\$4.06)	(\$113,750)
Expense Carry	(1.7%)	(1.8%)	(\$0.09)	(\$1.06)	(\$29,579)
Tenant Improvements	(101.8%)	(107.7%)	(\$5.16)	(\$61.91)	(\$1,733,000)
Leasing Commissions	(53.2%)	(56.2%)	(\$2.69)	(\$32.32)	(\$904,680)
Total Lease-Up Costs	(163.4%)	(172.8%)	(\$8.28)	(\$99.35)	(\$2,781,009)
Entrepreneurial Profit	(16.3%)	(17.3%)	(\$0.83)	(\$9.94)	(\$278,101)
TOTAL LEASE-UP COSTS	(179.8%)	(190.0%)	(\$9.11)	(\$109.29)	(\$3,059,110)
INDICATED VALUE				\$574/SF	\$16,060,000
Development Costs	(633.5%)	(669.6%)	(\$32.09)	(\$385.11)	(\$10,780,000)
INDICATED VALUE				\$189/SF	\$5,280,000

Rounded to nearest \$10,000

ADJUSTMENTS TO VALUE

To reflect conditions in effect at the subject property as the date of value, adjustments to the capitalized value were necessary for lease up costs, development costs, and a one-time adjustment related to the forfeiture of the Revitalization Tax Credit. The following discussion summarizes our support of the value adjustments.

Lease-Up Analysis

Regarding lease-up costs, the subject property is reportedly preleased to a level of 76.8% of the NRA, which is below our stabilized occupancy level estimate of 94.6%. As such, lease-up costs associated with the subject achieving stabilization are warranted in arriving at the As-Is Market Value. As previously supported in the Cash Flow Risk Analysis section, we projected a period of 6 months for the vacant spaces to be absorbed, reflecting an average absorption rate of 916/SF per month.

When dealing with multiple vacancies, the prospective start dates were staggered based on a reasonable forecast of how the spaces will be absorbed considering size and marketability factors. The lease-up cost analysis calculates rent loss, tenant improvements, and leasing commissions. In our review of comparable lease transaction and inquiries with market participants we did not identify any free rent concessions in the market place. These costs were adjusted to account for appropriate profit incentive. We considered additional adjustments for reabsorption of space for potential upcoming vacancies during the absorption period.

As previously discussed in the Improvement Description section, and further detailed in the Cost Approach section of our analysis, the subject is a proposed development. This deduction is presented as a lump sum within the Summary of Value Adjustments table ahead and was based on a cost budget provided by the ownership contact, which we tested for reasonableness within our Cost Approach analysis later in this report.

Revitalization Tax Credit Adjustment

Further discussed in our Tax Analysis section of the report, the subject is located in a commercially designated district that qualifies for a revitalization tax credit. Based on our discussions with the Client, this analysis makes the extraordinary assumption that the present value of the revitalization tax credit available to the subject based on it's As Stabilized value would be forfeited to Baltimore County, and therefore has been deducted in our conclusion of value (in the form of full tax projections included in the proforma; the present value of the tax credit is discussed in the Tax & Assessment Analysis section).

Total Adjustments to Value

A summary of the value adjustments that are applicable for valuation of the subject property are summarized in the following table.

SUMMARY OF VALUE ADJUSTMENTS	
ADJUSTMENT ITEM	ADJUSTMENT
LEASE-UP COSTS	
Rent Loss	(\$115,000)
Expense Carry	(\$30,000)
Tenant Improvements	(\$1,730,000)
Leasing Commissions	(\$905,000)
Free Rent	\$0
Subtotal Lease-Up Costs	(\$2,780,000)
Entrepreneurial Profit	(\$278,000)
TOTAL LEASE-UP COSTS	(\$3,058,000)
DEVELOPMENT COSTS	(\$10,780,000)
TOTAL VALUE ADJUSTMENTS	(\$13,840,000)

Rounded to nearest \$10,000

The preceding value adjustments were applied consistently to all approaches to value that were developed in this appraisal.

RECONCILIATION OF INCOME APPROACH VALUES

The following table summarizes the opinions for market value that were developed by the Direct Capitalization method of the Income Approach.

VALUATION INDICES	AS-IS MARKET VALUE	PROSPECTIVE VALUE UPON COMPLETION	PROSPECTIVE VALUE UPON STABILIZATION
INTEREST APPRAISED	LEASED FEE	LEASED FEE	LEASED FEE
DATE OF VALUE	FEBRUARY 8, 2018	MARCH 8, 2020	JANUARY 8, 2020
INCOME CAPITALIZATION APPROACH			
Direct Capitalization	\$5,280,000	\$16,060,000	\$19,120,000
Direct Capitalization \$/SF	\$189/SF	\$574/SF	\$683/SF
NOI Proforma	-	-	\$1,243,096
NOI \$/SF	-	-	\$44.41/SF
Capitalization Rate	-	-	6.50%
INCOME CONCLUSION	\$5,280,000	\$16,060,000	\$19,120,000
Income Conclusion \$/SF	\$189/SF	\$574/SF	\$683/SF

SALES APPROACH

The Sales Comparison Approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison. The most relevant unit of comparison is the price per square foot of NRA, as it best reflects the analysis used by buyers and sellers in this market for improved properties with similar design and utility. We completed a thorough search for similar improved sales in terms of property type, location, physical characteristics, and date of sale. Overall, the sales selected represent the best comparables available for this analysis. We broke the Sales Comparison Approach into two components. One for the Neighborhood Strip Center buildings and a second comparison for the Restaurant Pad.

Adjustment Process

The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments including property rights transferred, financing terms, conditions of sale, expenditures after purchase and market conditions. The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	February 2018	(As-Is)	1%

Based on research and interpretation of value trends, a flat market conditions adjustment has been applied in this analysis. The analysis applies an upward market conditions adjustment of 1% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

Property Adjustments

Quantitative percentage adjustments are also made for location and physical characteristics such as size, age, site and parking ratios, access, exposure, quality and condition, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

Presentation

The following Sales Summation Tables, Location Maps and photographs summarize the improved sales data from our two Sales Comparison Approaches. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approaches used is concluded.

RETAIL BUILDING IMPROVED SALES SUMMATION TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Address	800 York Road	889 & 891 MD Route 3	939 York Road	7049 Arundel Mills Blvd.	1100 Fleet Street	16800 Georgia Ave
City	Tow son	Gambrills	Tow son	Hanover	Baltimore	Olney
State	MD	MD	MD	MD	MD	MD
Zip	21204	21054	21204	21076	21202	16822
County	Baltimore	Anne Arundel	Baltimore	Anne Arundel	Baltimore City	Montgomery
APN	09-0902190087	20-0090227801	09-0911153400	04-005-90213546	03-06-1442-007	08-02981052, 08-02981085

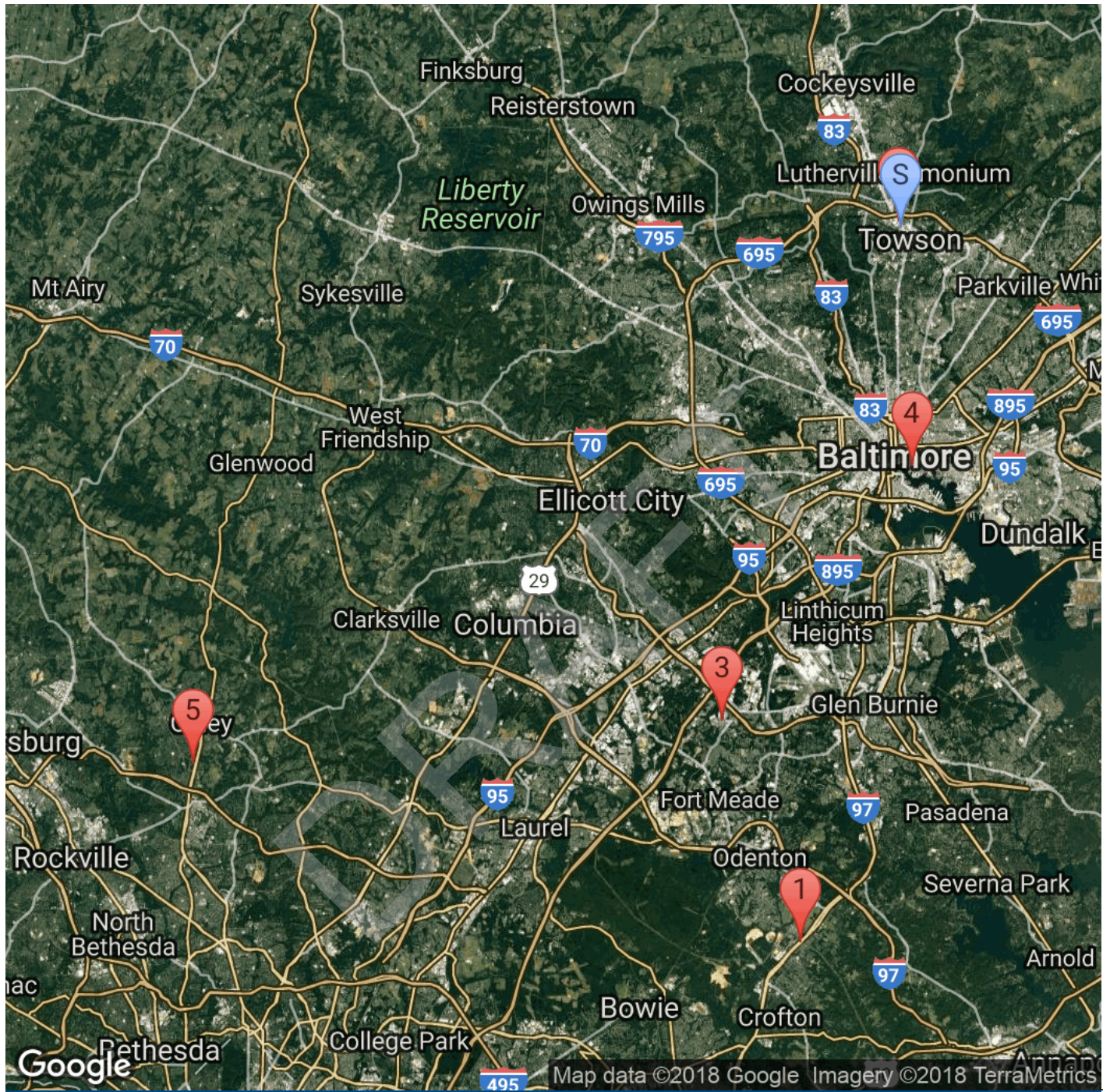
PHYSICAL INFORMATION

Property Type	Retail	Retail	Retail	Retail	Retail	Retail
NRA (SF)	27,992	12,800	12,360	7,000	12,796	29,572
Land Area (AC)	9.4	0.8	0.7	1.4	2.0	4.6
Land Area (SF)	409,464	32,670	32,234	62,726	87,120	198,634
L:B Ratio	14.6	2.6	2.6	9.0	6.8	6.7
Location	Average/Good	Average	Average/Good	Average/Good	Average/Good	Average
Quality	Good	Good	Good	Good	Good	Good
Condition	Good	Good	Good	Average/Good	Good	Average/Good
Exposure	Average/Good	Average	Average	Average/Good	Average/Good	Average
Access	Average/Good	Average	Average	Average/Good	Average	Average
Year Built	2018	2014	2012	2005	2014	2008

SALE INFORMATION

Date		5/19/2017	6/21/2016	4/3/2015	7/1/2014	5/15/2014
Status		Recorded	Recorded	Recorded	Recorded	Recorded
Recording Number		31073-00093	37678-0229	28223-0195	Entity Transfer	48592-0305
Marketing Period		6 Mos.	1 Mos.	-	0 Mos.	0 Mos.
Rights Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Transaction Price		\$7,150,000	\$12,100,000	\$4,420,000	\$7,200,000	\$17,420,000
Analysis Price		\$7,150,000	\$12,100,000	\$4,420,000	\$7,200,000	\$17,420,000
\$/SF NRA		\$559	\$979	\$631	\$563	\$589
NOI/SF NRA	\$44.41	\$33.85	\$55.41	-	\$39.62	\$44.18
Occupancy	77% (preleased)	100.0%	100.0%	100.0%	100.0%	100.0%
Capitalization Rate		6.06%	5.66%	-	7.04%	7.50%

RETAIL BUILDING SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	OAR	\$/SF
SUBJECT	-	Tow son Gate way	800 York Road, Tow son , MD	76.8%	-	-	\$690
No. 1	25.6 Miles	Waugh Chapel	889 & 891 MD Route 3, Gambrills, MD	100.0%	5/19/2017	6.06%	\$559
No. 2	0.2 Miles	Walgreens	939 York Road, Tow son , MD	100.0%	6/21/2016	5.66%	\$979
No. 3	18.6 Miles		7049 Arundel Mills Blvd., Hanover, MD	100.0%	4/3/2015		\$631
No. 4	8.4 Miles	Hyatt Place Retail	1100 Fleet Street, Baltimore, MD	100.0%	7/1/2014	7.04%	\$563
No. 5	31.3 Miles	Silo Inn Shopping Center	16800 Georgia Ave, Olney, MD	100.0%	5/15/2014	7.50%	\$589

RETAIL BUILDING COMPARABLE SALES DATASHEETS

COMPARABLE 1**LOCATION INFORMATION**

Name	Waugh Chapel
Address	889 & 891 MD Route 3
City, State, Zip Code	Gambrills, MD, 21054
County	Anne Arundel
MSA	Baltimore-Tow son, MD
APN	20-0090227801

SALE INFORMATION

Buyer	Mid-Atlantic Health Care Corp.
Transaction Date	05/19/2017
Transaction Status	Recorded
Transaction Price	\$7,150,000
Analysis Price	\$7,150,000
Recording Number	31073-00093
Rights Transferred	Leased Fee
Financing	Conventional
Conditions of Sale	1031 Exchange
Marketing Time	6 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	12,800
Leasable Area (NRA)	12,800
Number of Buildings	2
Year Built	2014
No. of Floors	1
Parking Spaces / Ratio	67 (5.2/1,000 SF NRA)
Front Footage	Average/Good
Quality	Average/Good
Condition	Good
Appeal	Average/Good
Building Structure	Masonry
Site Size	0.8 Acres (32,670 SF)
Zoning	C-1
Shape	Rectangular
Topography	Level
Access	Average
Exposure	Average
Site Coverage (SF)/Ratio	39.2%

**WAUGH CHAPEL****OPERATING INCOME**

	<u>TOTAL</u>	<u>PER SF</u>
Rent Income	N/Av	N/Av
Other Income	N/Av	N/Av
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Net Operating Income	\$433,290	\$33.85
Occupancy at Sale	100.0%	
Expense % of GI / EGI	N/Av	N/Av

ANALYSIS INFORMATION

Price per SF	\$559
Adjusted Price per SF	\$699
Capitalization Rate	6.06%

CONFIRMATION

Name	Confidential
Company	Confidential
Source	Appraiser
Date / Phone Number	02/6/2018 Confidential

REMARKS

Property has average access and average/good frontage to/from Crain Hwy, and has good proximity to The Village at Waugh Chapel and Waugh Chapel Town Centre, the local area's primary commercial shopping center. There are 2 vacant pad sites directly east of the property's location that are zoned for multi-family and reportedly will have a positive impact on the property's value when developed. The property has a mix of national and regional tenants including IHOP.

COMPARABLE 2

LOCATION INFORMATION

Name	Walgreens
Address	939 York Road
City, State, Zip Code	Tow son , MD, 21204
County	Baltimore
MSA	Baltimore-Tow son, MD
APN	09-0911153400

SALE INFORMATION

Buyer	Riverside Tow nson, LLC
Seller	937 York Road, LLC
Transaction Date	06/21/2016
Transaction Status	Recorded
Transaction Price	\$12,100,000
Analysis Price	\$12,100,000
Recording Number	37678-0229
Rights Transferred	Leased Fee
Financing	All Cash
Conditions of Sale	Arms-Length
Marketing Time	1 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	12,360
Leasable Area (NRA)	12,360
Number of Buildings	1
Year Built	2012
Parking Spaces / Ratio	42 (/1,000 SF NRA)
Front Footage	Average
Quality	Average
Condition	Average/Good
Appeal	Average/Good
Building Structure	Masonry
Site Size	0.7 Acres (32,234 SF)
Zoning	BR
Shape	Irregular
Topography	Generally Level
Access	Average
Exposure	Average
Site Coverage (SF)/Ratio	38.3%



WALGREENS

OPERATING INCOME

	<u>TOTAL</u>	<u>PER SF</u>
Rent Income	NAv	NAv
Other Income	NAv	NAv
Gross Income	NAv	NAv
Vacancy & Credit Loss @ NAv	NAv	NAv
Effective Gross Income	NAv	NAv
Expenses	NAv	NAv
Net Operating Income	\$684,860	\$55.41
Occupancy at Sale	100.0%	
Expense % of GI / EGI	NAv	NAv

ANALYSIS INFORMATION

Price per SF	\$979
Adjusted Price per SF	\$734
Capitalization Rate	5.66%

CONFIRMATION

Name	Jessica Moretz		
Company	Marcus & Millichap		
Source	Seller's Broker		
Date / Phone Number	11/15/2016	+1 215 531 7065	

REMARKS

This transaction was signed on June 21, 2016 in an arms-length transaction. The tenant, Walgreens, has 21 years remaining on a long term lease that commenced on March 28, 2012. This is a triple net (NNN) lease structure, with no scheduled rent increases.

COMPARABLE 3

LOCATION INFORMATION

Address	7049 Arundel Mills Blvd.
City, State, Zip Code	Hanover, MD, 21076
County	Anne Arundel
MSA	Baltimore-Tow son, MD
APN	04-005-90213546

SALE INFORMATION

Buyer	Hanover Shopps, LLC
Seller	WSG Hanover One, LLC
Transaction Date	04/3/2015
Transaction Status	Recorded
Transaction Price	\$4,420,000
Analysis Price	\$4,420,000
Recording Number	28223-0195
Rights Transferred	Leased Fee

PHYSICAL INFORMATION

Gross Building Area (GBA)	7,000
Leasable Area (NRA)	7,000
Number of Buildings	1
Year Built	2005
No. of Floors	1
Parking Spaces / Ratio	67 (10.00/1,000 SF NRA)
Quality	Average
Condition	Average
Appeal	Average
Building Structure	Masonry
Exterior	Brick
Site Size	1.4 Acres (62,726 SF)
Zoning	C3
Access	Average/Good
Exposure	Average/Good
Site Coverage (SF)/Ratio	11.2%



OPERATING INCOME

	<u>TOTAL</u>	<u>PER SF</u>
Rent Income	NAv	NAv
Other Income	NAv	NAv
Gross Income	NAv	NAv
Vacancy & Credit Loss @ NAv	NAv	NAv
Effective Gross Income	NAv	NAv
Expenses	NAv	NAv
Net Operating Income	NAv	NAv
Occupancy at Sale	100.0%	
Expense % of GI / EGI	NAv	NAv

ANALYSIS INFORMATION

Price per SF	\$631
Adjusted Price per SF	\$729
Capitalization Rate	

CONFIRMATION

Name	Confidential	
Company	Confidential	
Source	CoStar	
Date / Phone Number	01/6/2016	Confidential

REMARKS

This is a 7,000-sf retail storefront building that was constructed in 2005. It currently serves as a restaurant. It is adjacent to Arundel Mills Outlet Mall. This fully-leased retail building was sold at auction for \$4,420,000 (\$631.43/SF) in an all cash sale. The tenants at the time of sale were Chipotle and Potbelly Sandwich Works.

COMPARABLE 4**LOCATION INFORMATION**

Name	Hyatt Place Retail
Address	1100 Fleet Street
City, State, Zip Code	Baltimore, MD, 21202
County	Baltimore City
MSA	Baltimore-Tow son, MD
APN	03-06-1442-007

SALE INFORMATION

Buyer	Chesapeake Real Estate Group
Seller	511 South Central Avenue, LLC
Transaction Date	07/1/2014
Transaction Status	Recorded
Transaction Price	\$7,200,000
Analysis Price	\$7,200,000
Recording Number	Entity Transfer
Rights Transferred	Leased Fee
Financing	Conventional
Conditions of Sale	Arms-Length
Marketing Time	0 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	12,796
Leasable Area (NRA)	12,796
Number of Buildings	1
Year Built	2014
No. of Floors	1
Front Footage	Average/Good
Class	A
Quality	Average/Good
Condition	Average/Good
Appeal	Average/Good
Building Structure	Concrete
Exterior	Brick Veneer and Frame
Site Size	- Acres (- SF)
Zoning	B-2-3
Shape	Rectangular
Topography	Generally Level
Access	Average
Exposure	Average/Good

**HYATT PLACE RETAIL****OPERATING INCOME**

	<u>TOTAL</u>	<u>PER SF</u>
Rent Income	\$514,499	\$40.21
Other Income	\$87,014	\$6.80
Gross Income	\$601,513	\$47.01
Vacancy & Credit Loss @ 0.0%	\$0	\$0.00
Effective Gross Income	\$601,513	\$47.01
Expenses	(\$94,513)	(\$7.39)
Net Operating Income	\$507,000	\$39.62
Occupancy at Sale	100.0%	
Expense % of GI / EGI	16%	16%

ANALYSIS INFORMATION

Price per SF	\$563
Adjusted Price per SF	\$704
Capitalization Rate	7.04%

CONFIRMATION

Name	Confidential
Company	Confidential
Source	Appraiser
Date / Phone Number	09/15/2015 Confidential

REMARKS

Ground floor condominium of a five-story hotel plus ground floor retail condominiums with 12,796 square feet of retail. The retail space is divided into five suites. Right of first refusal to buy back the stabilized development upon completion by the seller in a 2013 agreement, which stipulated an unspecified purchase price based on market parameters.

COMPARABLE 5**LOCATION INFORMATION**

Name	Silo Inn Shopping Center
Address	16800 Georgia Ave
City, State, Zip Code	Olney, MD, 16822
County	Montgomery
MSA	Washington-Baltimore, DC-MD-VA-WV CMS
APN	08-02981052, 08-02981085

SALE INFORMATION

Buyer	Taylor Georgia, LLC
Seller	MFS Silo, LLC.
Transaction Date	05/15/2014
Transaction Status	Recorded
Transaction Price	\$17,420,000
Analysis Price	\$17,420,000
Recording Number	48592-0305
Rights Transferred	Leased Fee
Conditions of Sale	Assumed arms length
Marketing Time	0 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	29,572
Leasable Area (NRA)	29,572
Number of Buildings	2
Year Built	2008
Parking Spaces / Ratio	105 (3.55/1,000 SF NRA)
Quality	Average
Condition	Average
Appeal	Average
Building Structure	Steel
Exterior	Masonry
Site Size	4.6 Acres (198,634 SF)
Zoning	C1
Shape	Irregular
Topography	Level
Access	Average
Exposure	Average
Site Coverage (SF)/Ratio	14.9%

**SILO INN SHOPPING CENTER****OPERATING INCOME**

	<u>TOTAL</u>	<u>PER SF</u>
Rent Income	N/Av	N/Av
Other Income	N/Av	N/Av
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Net Operating Income	\$1,306,500	\$44.18
Occupancy at Sale	100.0%	
Expense % of GI / EGI	N/Av	N/Av

ANALYSIS INFORMATION

Price per SF	\$589
Adjusted Price per SF	\$707
Capitalization Rate	7.50%

CONFIRMATION

Name	Confidential
Company	Confidential
Source	Seller
Date / Phone Number	12/17/2014 Confidential

REMARKS

This transaction represents the sale of Silo Inn Shopping Center a 29,572 SF Retail Freestanding (Neighborhood Center) Building Built In 2008. It Sold on 5/15/2014 in a portfolio deal of 2 Retail properties for \$17,420,000. No mention of financing was found. The property has 105 free surface parking spaces. The property was 100 percent leased at the time of sale and traded at a 7.5 percent cap rate based on trailing income. The buyer liked the location, the tenant mix and the quality of construction. The buyer assumed the debt secured against the property which reportedly, was at market rate. □ The Silo Inn Shopping Center is located on Georgia Avenue. The center was originally developed in 2007 by Finmarc Management. Currently, the center is 100.0% occupied. Per the manager, the original tenants are □ still in place with no rollover. Currently, base rental rates are between \$25.00 and \$40.00 per square foot on a triple net basis. Roots, an organic grocer, anchors the center and reported sales over \$700 per square foot in 2013. □ The seller indicated that property was sold off market and he was approached directly by the buyer. It is believed to be a market price.

RETAIL BUILDING IMPROVED SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Address	800 York Road	889 & 891 MD Route 3	939 York Road	7049 Arundel Mills Blvd.	1100 Fleet Street	16800 Georgia Ave
City, State	Tow son , MD	Gambrills, MD	Tow son , MD	Hanover, MD	Baltimore, MD	Olney, MD
Zip	21204	21054	21204	21076	21202	16822
GBA	27,992	12,800	12,360	7,000	12,796	29,572
NRA (SF)	27,992	12,800	12,360	7,000	12,796	29,572
Land Area (AC)	9.4	0.8	0.7	1.4	2.0	4.6
Land Area (SF)	409,464	32,670	32,234	62,726	87,120	198,634
Location	Average/Good	Average	Average/Good	Average/Good	Average/Good	Average
Quality	Good	Good	Good	Good	Good	Good
Condition	Good	Good	Good	Average/Good	Good	Average/Good
Exposure	Average/Good	Average	Average	Average/Good	Average/Good	Average
Access	Average/Good	Average	Average	Average/Good	Average	Average
Year Built	2018	2014	2012	2005	2014	2008
SALE INFORMATION						
Date		5/19/2017	6/21/2016	4/3/2015	7/1/2014	5/15/2014
Status		Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Analysis Price		\$7,150,000	\$12,100,000	\$4,420,000	\$7,200,000	\$17,420,000
\$/SF NRA		\$559	\$979	\$631	\$563	\$589
NOI/SF NRA	\$44.41	\$33.85	\$55.41	-	\$39.62	\$44.18
Occupancy	77% (preleased)	100.0%	100.0%	100.0%	100.0%	100.0%
TRANSACTIONAL ADJUSTMENTS						
Property Rights		0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	10%	0%	0%
Financing		0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%
Market Conditions¹		0%	0%	3%	4%	4%
Subtotal Transactional Adj Price		\$559	\$979	\$715	\$586	\$613
PROPERTY ADJUSTMENTS						
Location		25%	0%	0%	0%	10%
Size		-5%	-5%	-5%	-5%	0%
Quality		0%	0%	0%	0%	0%
Condition		0%	0%	5%	0%	5%
Exposure		0%	0%	0%	10%	0%
Access		0%	0%	0%	15%	0%
Economics		0%	-20%	0%	0%	0%
Subtotal Property Adjustment		20%	-25%	0%	20%	15%
TOTAL ADJUSTED PRICE		\$671	\$734	\$715	\$703	\$705
STATISTICS	UNADJUSTED	ADJUSTED				
LOW	\$559	\$671				
HIGH	\$979	\$734				
MEDIAN	\$589	\$705				
AVERAGE	\$664	\$706				

¹ Market Conditions Adjustment: 1%

Date of Value (for adjustment calculations): 2/8/18

SALES COMPARABLE ANALYSIS

The comparable sales indicate an adjusted value range from \$671 to \$734/SF, with a median of \$705/SF and an average of \$706/SF. Based on the results of the preceding analysis, Comparable 1 (\$671/SF adjusted), Comparable 2 (\$734/SF adjusted), Comparable 3 (\$715/SF adjusted) and Comparable 4 (\$703/SF adjusted) are given primary consideration for the subject's opinion of value.

Comparable 1 (\$671/SF as adjusted) did not require any transaction adjustments. This comparable required a total upward adjustment of 20% for property characteristics. An upward adjustment was required for the comparable's inferior location in Gambrills, MD. A downward adjustment was required for the comparable's smaller size. The total gross adjustment applied to this comparable was 30%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given primary consideration as a value indicator for the subject.

Comparable 2 (\$734/SF as adjusted) did not require any transaction adjustments. This comparable required a total downward adjustment of -25% for property characteristics. Downward adjustments were required for the comparable's smaller size, and economics attributed to the durable contract rent on the in-place lease. Reportedly 20+ years at the date of sale. The total gross adjustment applied to this comparable was 25%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given primary consideration as a value indicator for the subject.

Comparable 3 (\$715/SF as adjusted) required a total upward transaction adjustment of 13%. This comparable sale reportedly sold at auction, and based upon the good tenant mix and that the property was 100% leased, it is reported that the property traded approx. 10% below market, requiring an upward adjustment. Additionally, an upward adjustment was required for inferior market conditions that existed at the date of sale. This comparable required adjustments for property characteristics, however these resulted in a net adjustment of 0%. A downward adjustment was required for the comparable's smaller size. An upward adjustment was required for the comparable's older condition. The total gross adjustment applied to this comparable was 23%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given primary consideration as a value indicator for the subject.

Comparable 4 (\$703/SF as adjusted) required a total upward transaction adjustment of 4%. An upward adjustment was required for inferior market conditions that existed at the date of sale. This comparable required a total upward adjustment of 20% for property characteristics. A downward adjustment was required for the comparable's smaller size. Upward adjustments were required for the comparable's inferior access and exposure along a minor arterial and two neighborhood streets as well as no onsite free parking. The total gross adjustment applied to this comparable was 34%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given primary consideration as a value indicator for the subject.

Comparable 5 (\$705/SF as adjusted) required a total upward transaction adjustment of 4%. An upward adjustment was required for inferior market conditions that existed at the date of sale. This comparable required a total upward adjustment of 15% for property characteristics. Upward adjustments required for the comparable's inferior neighborhood (just north of Norbeck along RT. 97) along an arterial that experience significantly less pedestrian traffic (BMC 2014 data reports an AADT of 2,500) than the subject (BMC 2015 data 32,250). Additionally, an upward adjustment was required due to the comparable's older condition. The total gross adjustment applied to this comparable was 19%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these

factors, this comparable is given secondary consideration as a value indicator for the subject. Comparable 6 (/SF as adjusted) did not require any transaction adjustments. This comparable did not require any property characteristic adjustments. The total gross adjustment applied to this comparable was 0%. With no adjustments required, this comparable is viewed as a good substitute for the subject. For this analysis, this comparable commands minimal consideration as a value indicator for the subject.

SALES COMPARISON APPROACH CONCLUSION – RETAIL BUILDING

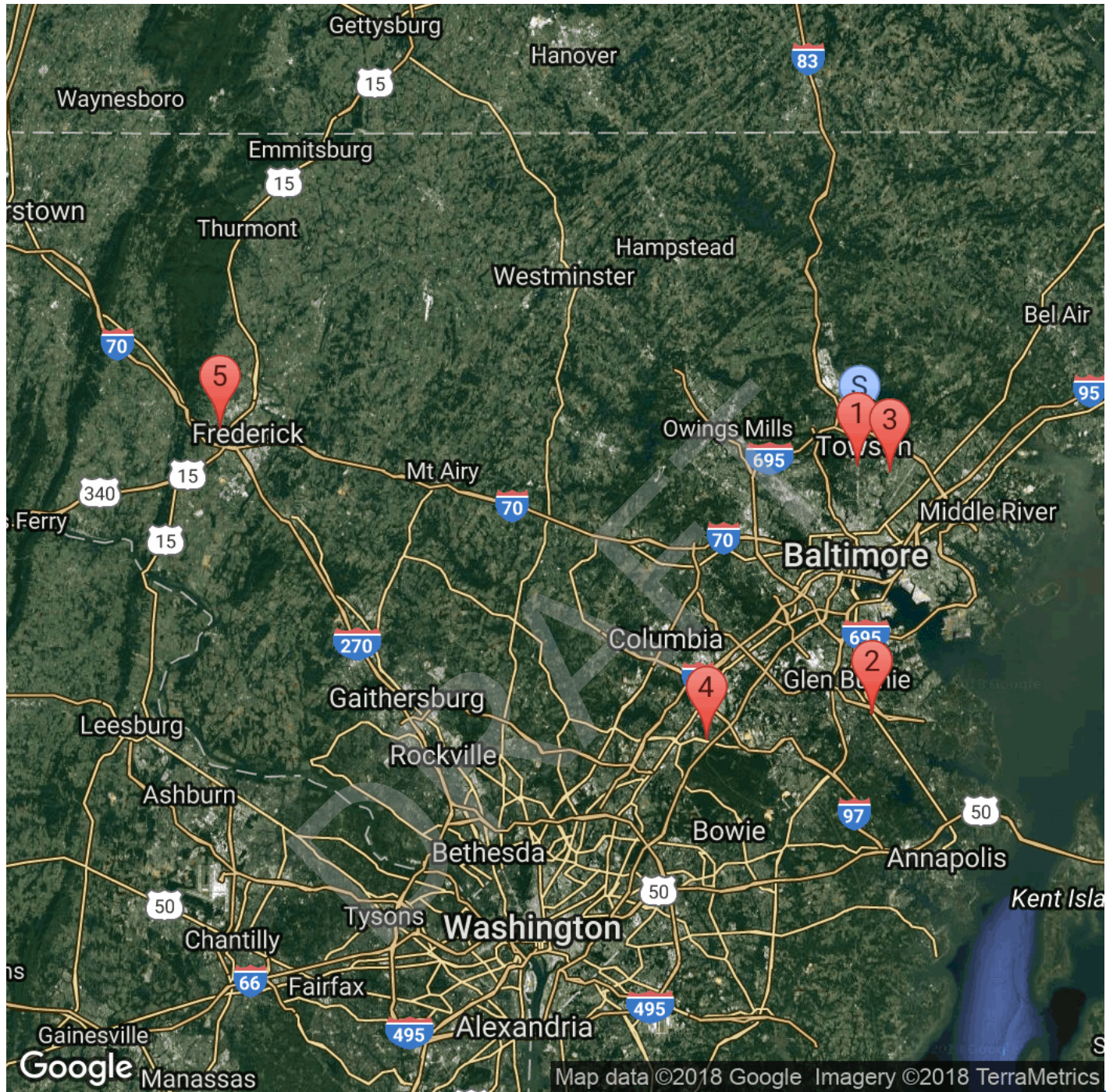
The following table summarizes the analysis of the comparables, reports the reconciled price per NRA value conclusion, and presents the concluded value of the subject property. Secondary weight was given to Comparable Sale 5 based upon the tenant mix of which one tenant anchors a larger share of the NRA.

RETAIL BUILDING SALES COMPARISON APPROACH CONCLUSION (NRA)									
COMP	ANALYSIS	ADJUSTMENT			FINAL	NET	GROSS	OVERALL	
	PRICE	TRANSACTIONAL	ADJUSTED	PROPERTY ²		ADJ %	ADJ %	COMPARISON	
1	\$559	0%	\$559	20%	\$671	20%	30%	PRIMARY	
2	\$979	0%	\$979	-25%	\$734	-25%	25%	PRIMARY	
3	\$631	13%	\$715	0%	\$715	13%	23%	PRIMARY	
4	\$563	4%	\$586	20%	\$703	25%	34%	PRIMARY	
5	\$589	4%	\$613	15%	\$705	20%	19%	SECONDARY	
LOW	\$671					AVERAGE		\$706	
HIGH	\$734					MEDIAN		\$705	
SUBJECT SF					\$/SF CONCLUSION			VALUE	
23,000					\$690/SF			\$15,870,000	

RESTAURANT PAD IMPROVED SALES SUMMATION TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Name	Tow son	Starbucks	Chick-Fil-A	McDonalds	McDonalds	Taco Bell
Address	800 York Road	6900 York Road	8110 Jumpers Hole Road	7309 McClean Boulevard	3382 Laurel Fort Meade Road	1086 W Patrick Street
City	Tow son	Baltimore	Pasadena	Parkville	Laurel	Frederick
State	MD	MD	MD	MD	MD	MD
Zip	21204	21212	21122	21234	20724	21703
County	Baltimore	Baltimore	Baltimore	Baltimore	Prince George's	Baltimore
APN	09-0902190087	09-0902654980	03-445-	09-2400001380	04-000-	02-105136
PHYSICAL INFORMATION						
Property Type	Retail	Retail	Retail	Retail	Retail	Retail
NRA (SF)	4,992	1,558	4,698	3,903	4,021	2,304
Land Area (AC)	9.4	0.4	1.3	0.8	1.4	1.0
Land Area (SF)	409,464	18,295	56,192	35,719	60,984	42,689
L:B Ratio	14.6	11.7	12.0	9.2	15.2	18.5
Location	Average/Good	Average/Good	Average	Average/Good	Average/Good	Average
Quality	Good	Good	Good	Good	Good	Good
Condition	Good	Good	Average/Good	Good	Average/Good	Average/Good
Exposure	Average/Good	Average/Good	Average	Average/Good	Average/Good	Average/Ggod
Access	Average/Good	Average/Good	Average	Average/Good	Average/Good	Average/Good
Year Built	2018	2017	2011	1988	1989	1990
Year Renovated	-	-	-	2015	-	2012
SALE INFORMATION						
Date		12/19/2017	9/21/2016	7/1/2014	11/13/2013	10/28/2013
Status		Recorded	Recorded	Recorded	Recorded	Recorded
Recording Number		39763-0221	30172-00353	35196-0348	26482-0132	9833-356
Marketing Period		5 Mos.	7 Mos.	-	-	4 Mos.
Rights Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Transaction Price		\$2,950,000	\$2,070,000	\$2,809,286	\$2,667,100	\$1,450,000
Analysis Price		\$2,950,000	\$2,070,000	\$2,809,286	\$2,667,000	\$1,450,000
\$/SF GBA		\$1,893	\$441	\$720	\$663	\$629
NOI/SF GBA	\$44.41	\$97.70	\$18.73	\$30.23	-	\$37.76
Capitalization Rate		5.16%	4.25%	4.20%	-	6.00%

RESTAURANT PAD SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	OAR	\$/SF
SUBJECT		Tow son Gateway	800 York Road, Towson, MD	76.78%	-	-	\$690
No. 1	1.9 Miles	Starbucks	6900 York Road, Baltimore, MD	100.0%	12/19/2017	5.16%	\$1,893
No. 2	19.5 Miles	Chick-Fil-A	8110 Jumpers Hole Road, Pasadena, MD	100.0%	9/21/2016	4.25%	\$441
No. 3	3.1 Miles	McDonalds	7309 McClean Boulevard, Parkville, MD	100.0%	7/1/2014	4.20%	\$720
No. 4	23.8 Miles	McDonalds	3382 Laurel Fort Meade Road, Laurel, MD	100.0%	11/13/2013		\$663
No. 5	44.8 Miles	Taco Bell	1086 W Patrick Street, Frederick, MD	100.0%	10/28/2013	6.00%	\$629

RESTAURANT PAD COMPARABLE SALES DATASHEETS

COMPARABLE 1**LOCATION INFORMATION**

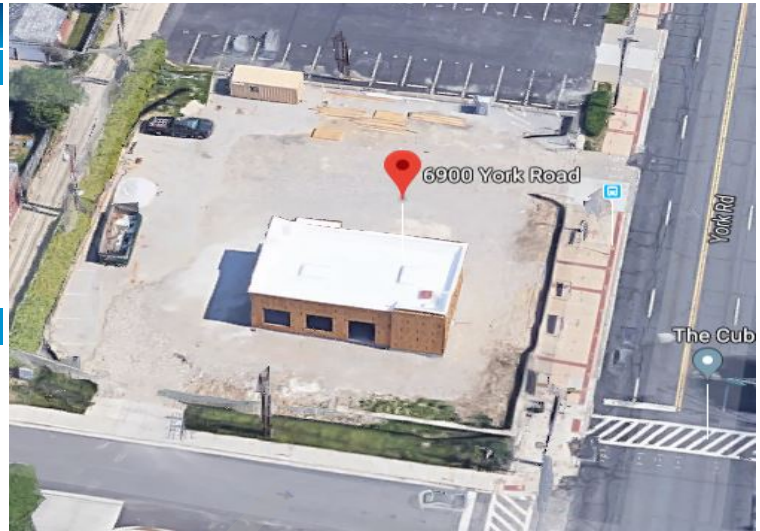
Name	Starbucks
Address	6900 York Road
City, State, Zip Code	Baltimore, MD, 21212
County	Baltimore
MSA	Baltimore-Tow son, MD
APN	09-0902654980

SALE INFORMATION

Buyer	Herson Brothers Properties LP
Seller	VS York Road LLC
Transaction Date	12/19/2017
Transaction Status	Recorded
Transaction Price	\$2,950,000
Analysis Price	\$2,950,000
Recording Number	39763-0221
Rights Transferred	Leased Fee
Conditions of Sale	Arms-Length
Marketing Time	5 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	1,558
Leasable Area (NRA)	1,558
Number of Buildings	1
Year Built	2017
Parking Spaces / Ratio	25 (16.05/1,000 SF NRA)
Front Footage	Good
Quality	Good
Condition	Good
Appeal	Good
Site Size	0.4 Acres (18,295 SF)
Zoning	BL
Shape	Rectangular
Topography	Level
Access	Average/Good
Exposure	Average/Good
Site Coverage (SF)/Ratio	8.5%

**STARBUCKS****OPERATING INCOME**

	<u>TOTAL</u>	<u>PER SF</u>
Rent Income	N/Av	N/Av
Other Income	N/Av	N/Av
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Net Operating Income	\$152,220	\$97.70
Occupancy at Sale	100.0%	
Expense % of GI/ EGI	N/Av	N/Av

ANALYSIS INFORMATION

Price per SF	\$1,893
Adjusted Price per SF	\$757
Capitalization Rate	5.16%

CONFIRMATION

Name	Confidential
Company	Confidential
Source	Know ledgeable Third Party
Date / Phone Number	02/7/2018 Confidential

REMARKS

Comparable located at the signaled intersection of York Road (major arterial) and Register Road (minor arterial) within the Stoneleigh neighborhood of Tow son. BMC (2015 measurement) reports AADT of 22,542. Comparable sale reportedly traded at a 5.16% capitalization rate. Starbucks recently signed a 10 year term with two 5-year options that include an escalation every five years.

COMPARABLE 2**LOCATION INFORMATION**

Name	Chick-Fil-A
Address	8110 Jumpers Hole Road
City, State, Zip Code	Pasadena, MD, 21122
County	Baltimore
MSA	Baltimore-Tow son, MD
APN	03-445-90023951

SALE INFORMATION

Buyer	Raedeke Michael J Trustee
Seller	SVAP II TRS LLC
Transaction Date	09/21/2016
Transaction Status	Recorded
Transaction Price	\$2,070,000
Analysis Price	\$2,070,000
Recording Number	30172-00353
Rights Transferred	Leased Fee
Conditions of Sale	Arms-Length
Marketing Time	7 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	4,698
Leasable Area (NRA)	4,698
Number of Buildings	1
Year Built	2011
Parking Spaces / Ratio	59 (12.56/1,000 SF NRA)
Front Footage	Average
Quality	Good
Condition	Average/Good
Appeal	Good
Site Size	1.3 Acres (56,192 SF)
Zoning	C-3
Shape	Rectangular
Topography	Flat
Access	Average
Exposure	Average
Traffic Count	13,434
Site Coverage (SF)/Ratio	8.4%

**CHICK-FIL-A****OPERATING INCOME**

	<u>TOTAL</u>	<u>PER SF</u>
Rent Income	N/Av	N/Av
Other Income	N/Av	N/Av
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Net Operating Income	\$87,975	\$18.73
Occupancy at Sale	100.0%	
Expense % of GI / EGI	N/Av	N/Av

ANALYSIS INFORMATION

Price per SF	\$441
Adjusted Price per SF	\$684
Capitalization Rate	4.25%

CONFIRMATION

Name	Confidential
Company	Confidential
Source	Know ledgeable Third Party
Date / Phone Number	02/7/2018 Confidential

REMARKS

Comparable represents a Chick-Fil-A on a pad site that has proximity to Governor Ritchie Highway (a main arterial). Subject's is located approximately 5miles east of the I-97 and RT 100 interchange. BMC data (2015 measurement) indicates 13,434 AADT along Jumpers Hole Road. Comparable Sale reportedly traded on a 4.25% capitalization rate. Broker reported 14 years remaining on the 20 year lease term with 5 5-year options with escalations occurring every 5 years.

COMPARABLE 3

LOCATION INFORMATION

Name	McDonalds
Address	7309 McClean Boulevard
City, State, Zip Code	Parkville, MD, 21234
County	Baltimore
MSA	Baltimore-Tow son, MD
APN	09-2400001380

SALE INFORMATION

Buyer	SSW-nbw Realty LLC
Seller	Amcp Perring LLC
Transaction Date	07/1/2014
Transaction Status	Recorded
Transaction Price	\$2,809,286
Analysis Price	\$2,809,286
Recording Number	35196-0348
Rights Transferred	Leased Fee
Conditions of Sale	Arms-Length

PHYSICAL INFORMATION

Gross Building Area (GBA)	3,903
Leasable Area (NRA)	3,903
Number of Buildings	1
Year Built	1988
Parking Spaces / Ratio	21 (5.38/1,000 SF NRA)
Front Footage	Average/Good
Quality	Good
Condition	Good
Appeal	Average/Good
Site Size	0.8 Acres (35,719 SF)
Zoning	BM
Shape	Rectangular
Topography	Level
Access	Average/Good
Exposure	Average/Good
Traffic Count	33,652
Site Coverage (SF)/Ratio	10.9%



MCDONALDS

OPERATING INCOME

	<u>TOTAL</u>	<u>PER SF</u>
Rent Income	NAv	NAv
Other Income	NAv	NAv
Gross Income	NAv	NAv
Vacancy & Credit Loss @ NAv	NAv	NAv
Effective Gross Income	NAv	NAv
Expenses	NAv	NAv
Net Operating Income	\$117,990	\$30.23
Occupancy at Sale	100.0%	
Expense % of GI / EGI	NAv	NAv

ANALYSIS INFORMATION

Price per SF	\$720
Adjusted Price per SF	\$720
Capitalization Rate	4.20%

CONFIRMATION

Name	Confidential		
Company	Confidential		
Source	Confidential		
Date / Phone Number	02/7/2018	Confidential	

REMARKS

Comparable sale located at the intersection of McClean Blvd. and Perring Pkw y (a main arterial in the immediate area). BMC (2014 measurement date) reports AADT of 33,652 along Perring Parkway which the comparable fronts. Comparable sale reportedly traded at 4.20%.

COMPARABLE 4

LOCATION INFORMATION

Name	McDonalds
Address	3382 Laurel Fort Meade Road
City, State, Zip Code	Laurel, MD, 20724
County	Prince George's
MSA	Baltimore-Tow son, MD
APN	04-000-90054248

SALE INFORMATION

Buyer	Mrj Laurel LLC
Seller	Midpark LP
Transaction Date	11/13/2013
Transaction Status	Recorded
Transaction Price	\$2,667,100
Analysis Price	\$2,667,000
Recording Number	26482-0132
Rights Transferred	Leased Fee
Conditions of Sale	Arms-Length

PHYSICAL INFORMATION

Gross Building Area (GBA)	4,021
Leasable Area (NRA)	4,021
Number of Buildings	1
Year Built	1989
Parking Spaces / Ratio	40 (9.95/1,000 SF NRA)
Front Footage	Good
Quality	Good
Condition	Average/Good
Appeal	Average
Site Size	1.4 Acres (60,984 SF)
Zoning	C3
Shape	Rectangular
Topography	Level
Access	Average/Good
Exposure	Average/Good
Traffic Count	16,744
Site Coverage (SF)/Ratio	6.6%



MCDONALDS

OPERATING INCOME

	<u>TOTAL</u>	<u>PER SF</u>
Rent Income	NAv	NAv
Other Income	NAv	NAv
Gross Income	NAv	NAv
Vacancy & Credit Loss @ NAv	NAv	NAv
Effective Gross Income	NAv	NAv
Expenses	NAv	NAv
Net Operating Income	NAv	NAv
Occupancy at Sale	100.0%	
Expense % of GI / EGI	NAv	NAv

ANALYSIS INFORMATION

Price per SF	\$663
Adjusted Price per SF	\$729
Capitalization Rate	

CONFIRMATION

Name	Confidential		
Company	Confidential		
Source	Confidential		
Date / Phone Number	02/7/2018	Confidential	

REMARKS

Comparable sale located at the signaled intersection of Russett Green E and Fort Meade Rd (RT 198) a good commercial corridor featuring gas stations, other fast and quick food stops (Chipotle, Chick-Fil-A) as well as grocers (including Walmart and Sam's Club). Single and Multi-Family surround the commercial corridor. BMC reports (using a 2015 measurement date) an AADT along Russett Green E of 16,744.

COMPARABLE 5

LOCATION INFORMATION

Name	Taco Bell
Address	1086 W Patrick Street
City, State, Zip Code	Frederick, MD, 21703
County	Baltimore
MSA	Baltimore-Tow son, MD
APN	02-105136

SALE INFORMATION

Buyer	Bethesda Properties LLC
Seller	BSV Patrick Street LLC
Transaction Date	10/28/2013
Transaction Status	Recorded
Transaction Price	\$1,450,000
Analysis Price	\$1,450,000
Recording Number	9833-356
Rights Transferred	Leased Fee
Conditions of Sale	Arms-Length
Marketing Time	4 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	2,304
Leasable Area (NRA)	2,304
Number of Buildings	1
Year Built	1990
Parking Spaces / Ratio	30 (13.04/1,000 SF NRA)
Front Footage	Good
Quality	Good
Condition	Average/Good
Appeal	Average/Good
Site Size	1.0 Acres (42,689 SF)
Zoning	GC
Shape	Rectangular
Topography	Level
Access	Average/Good
Exposure	Average/Ggod
Traffic Count	47,200
Site Coverage (SF)/Ratio	5.4%



TACO BELL

OPERATING INCOME

	<u>TOTAL</u>	<u>PER SF</u>
Rent Income	NAv	NAv
Other Income	NAv	NAv
Gross Income	NAv	NAv
Vacancy & Credit Loss @ NAv	NAv	NAv
Effective Gross Income	NAv	NAv
Expenses	NAv	NAv
Net Operating Income	\$87,000	\$37.76
Occupancy at Sale	100.0%	
Expense % of GI / EGI	NAv	NAv

ANALYSIS INFORMATION

Price per SF	\$629
Adjusted Price per SF	\$723
Capitalization Rate	6.00%

CONFIRMATION

Name	Confidential	
Company	Confidential	
Source	Confidential	
Date / Phone Number	02/7/2018	Confidential

REMARKS

Comparable site located in a good commercial corridor consisting of national retailers, restaurants, and grocers. BMC (2013 measurement) reports an AADT of 47,200. Comparable is located at the signalized corner of W Patrick Street and Hillcrest Drive.

RESTAURANT PAD IMPROVED SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Name	Tow son	Starbucks	Chick-Fil-A	McDonalds	McDonalds	Taco Bell
Address	800 York Road	6900 York Road	8110 Jumpers Hole Road	7309 McClean Boulevard	3382 Laurel Fort Meade Road	1086 W Patrick Street
City, State	Tow son , MD	Baltimore, MD	Pasadena, MD	Parkville, MD	Laurel, MD	Frederick, MD
Zip	21204	21212	21122	21234	20724	21703
NRA (SF)	4,992	1,558	4,698	3,903	4,021	2,304
Land Area (AC)	9.4	0.4	1.3	0.8	1.4	1.0
Land Area (SF)	409,464	18,295	56,192	35,719	60,984	42,689
Location	Average/Good	Average/Good	Average	Average/Good	Average/Good	Average
Quality	Good	Good	Good	Good	Good	Good
Condition	Good	Good	Average/Good	Good	Average/Good	Average/Good
Exposure	Average/Good	Average/Good	Average	Average/Good	Average/Good	Average/Ggod
Access	Average/Good	Average/Good	Average	Average/Good	Average/Good	Average/Good
Year Built	2018	2017	2011	1988	1989	1990
Year Renovated	-	-	-	2015	-	2012
SALE INFORMATION						
Date		12/19/2017	9/21/2016	7/1/2014	11/13/2013	10/28/2013
Status		Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Analysis Price		\$2,950,000	\$2,070,000	\$2,809,286	\$2,667,000	\$1,450,000
\$/SF GBA		\$1,893	\$441	\$720	\$663	\$629
NOI/SF GBA	\$44.41	\$97.70	\$18.73	\$30.23	-	\$37.76
TRANSACTIONAL ADJUSTMENTS						
Property Rights		0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%
Market Conditions¹		0%	0%	4%	4%	4%
Subtotal Transactional Adj Price		\$1,893	\$441	\$749	\$690	\$654
PROPERTY ADJUSTMENTS						
Location		0%	20%	0%	0%	5%
Size		-65%	0%	0%	0%	0%
Quality		0%	0%	0%	0%	0%
Condition		0%	5%	0%	5%	0%
Exposure		0%	10%	0%	0%	0%
Access		0%	10%	0%	0%	0%
Economics		0%	0%	0%	0%	0%
Subtotal Property Adjustment		-65%	45%	0%	5%	5%
TOTAL ADJUSTED PRICE		\$663	\$639	\$749	\$725	\$687
STATISTICS	UNADJUSTED	ADJUSTED				
LOW	\$441	\$639				
HIGH	\$1,893	\$749				
MEDIAN	\$663	\$687				
AVERAGE	\$869	\$693				

¹ Market Conditions Adjustment: 1%

Date of Value (for adjustment calculations): 2/8/18

SALES COMPARABLE ANALYSIS

The comparable sales indicate an adjusted value range from \$671 to \$734/SF, with a median of \$705/SF and an average of \$706/SF. Based on the results of the preceding analysis, Comparable 1 (\$671/SF adjusted), Comparable 2 (\$734/SF adjusted), Comparable 3 (\$715/SF adjusted) and Comparable 4 (\$703/SF adjusted) are given primary consideration for the subject's opinion of value.

Comparable 1 (\$663/SF as adjusted) did not require any transaction adjustments. This comparable required a total downward adjustment of -65% for property characteristics. Based on the reported capitalization rate, the comparable's income on the in-place lease (approx. \$155,000 per annum) was similar to the subject; therefore indicating that a majority of the adjustment should be due to size. The total gross adjustment applied to this comparable was 65%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given secondary consideration as a value indicator for the subject.

Comparable 2 (\$639/SF as adjusted) did not require any transaction adjustments. This comparable required a total upward adjustment of 45% for property characteristics. Upward adjustments required for the comparable's inferior location in a less desirable commercial corridor along Ritchie Hwy. as well as its older condition, and inferior access and exposure compared to the subject which is located at a signaled intersection of two well traveled arterials. The total gross adjustment applied to this comparable was 45%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given secondary consideration as a value indicator for the subject.

Comparable 3 (\$749/SF as adjusted) required a total upward transaction adjustment of 4%. An upward adjustment was required for inferior market conditions that exists on the date of sale. This comparable did not require any property characteristic adjustments. An upward adjustment was required for the older and dated condition of the property. The total gross adjustment applied to this comparable was 4%. With no adjustments required, this comparable is viewed as a good substitute for the subject. For this analysis, this comparable commands primary consideration as a value indicator for the subject.

Comparable 4 (\$725/SF as adjusted) required a total upward transaction adjustment of 4%. An upward adjustment was required for inferior market conditions that exists on the date of sale. This comparable required a total upward adjustment of 5% for property characteristics. An upward adjustment was required for the older and dated condition of the property. The total gross adjustment applied to this comparable was 9%. The minimal amount of gross adjustments required for this comparable suggests it is similar to the subject, increasing its applicability for this analysis. Overall this comparable warrants primary consideration as a value indicator for the subject.

Comparable 5 (\$687/SF as adjusted) required a total upward transaction adjustment of 4%. An upward adjustment was required for inferior market conditions that exists on the date of sale. This comparable required a total upward adjustment of 5% for property characteristics. Based on review of the reported capitalization rate of 6.00% the comparable is generating an in-place lease income of \$87,000 which is inferior to the subject and primarily attributed to an inferior location along RT. 40 just West of the Frederick CBD. The total gross adjustment applied to this comparable was 9%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

SALES COMPARISON APPROACH CONCLUSION – RESTAURANT PAD

The following table summarizes the analysis of the comparables, reports the reconciled price per NRA value conclusion, and presents the concluded value of the subject property. Secondary weight was given to Comparable Sale 1 based on the large size adjustment required to make it comparable. Secondary weight was given to Comparable Sale 2 based on the amount of upward adjustments required to make it comparable.

RESTAURANT PAD SALES COMPARISON APPROACH CONCLUSION (GBA)								
COMP	ANALYSIS	ADJUSTMENT				NET	GROSS	OVERALL
	PRICE	TRANSACTIONAL ¹	ADJUSTED	PROPERTY ²	FINAL	ADJ %	ADJ %	COMPARISON
1	\$1,893	0%	\$1,893	-65%	\$663	-65%	65%	SECONDARY
2	\$441	0%	\$441	45%	\$639	45%	45%	SECONDARY
3	\$720	4%	\$749	0%	\$749	4%	4%	PRIMARY
4	\$663	4%	\$690	5%	\$725	9%	9%	PRIMARY
5	\$629	4%	\$654	5%	\$687	9%	9%	PRIMARY
LOW	\$639					AVERAGE		\$693
HIGH	\$749					MEDIAN		\$687
			SUBJECT SF		\$/SF CONCLUSION			VALUE
INDICATED VALUE			4,992	x	\$690/SF	=		\$3,440,000

¹Cumulative ²Additive

Rounded to nearest \$10,000

SALES COMPARISON APPROACH CONCLUSION - OVERALL

The following table summarizes the overall conclusion from the two Sales Comparison Approaches we performed, and reports the reconciled price per NRA value conclusion from the two Sales Comparison Approaches, and presents the concluded value of the subject property as one economic unit.

SALES COMPARISON APPROACH CONCLUSION (NRA)				
INDICATED VALUE - RETAIL	23,000	x	\$690/SF	= \$15,870,000
INDICATED VALUE - PAD	4,992	x	\$690/SF	= \$3,440,000
Total Value	27,992		\$690/SF	\$19,310,000
Lease- Up Costs				From Lease-Up Analysis
Rent Loss				(\$110,000)
Expense Carry				(\$30,000)
Tenant Improvements				(\$1,730,000)
Leasing Commissions				(\$900,000)
Total Lease-Up Costs				(\$2,770,000)
Entrepreneurial Profit				(\$280,000)
TOTAL LEASE-UP COSTS				(\$3,050,000)
INDICATED VALUE			\$581/SF	\$16,260,000
Development Costs				(\$10,780,000)
INDICATED VALUE			\$238/SF	\$5,480,000

¹Cumulative ²Additive

Rounded to nearest \$10,000

LAND VALUATION

As previously discussed within the Valuation Methods section, the subject is valued as one marketable economic site in this appraisal. The most relevant unit of comparison is the price per square foot per floor-to-area ratio (FAR), as it best reflects the analysis used by buyers and sellers in this market for land with similar utility and zoning. A thorough search was made for similar land sales in terms of proximity to the subject, size, location, development potential, and date of sale. Overall, the sales selected represent the best comparables available for this analysis.

Adjustment Process

The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments including property rights transferred, financing terms, conditions of sale, expenditures after purchase such as demolition costs and market conditions. The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	February 2018	(As-Is)	1%

Based on research and interpretation of value trends, a flat market conditions adjustment has been applied in this analysis. The analysis applies an upward market conditions adjustment of 1% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

Property Adjustments

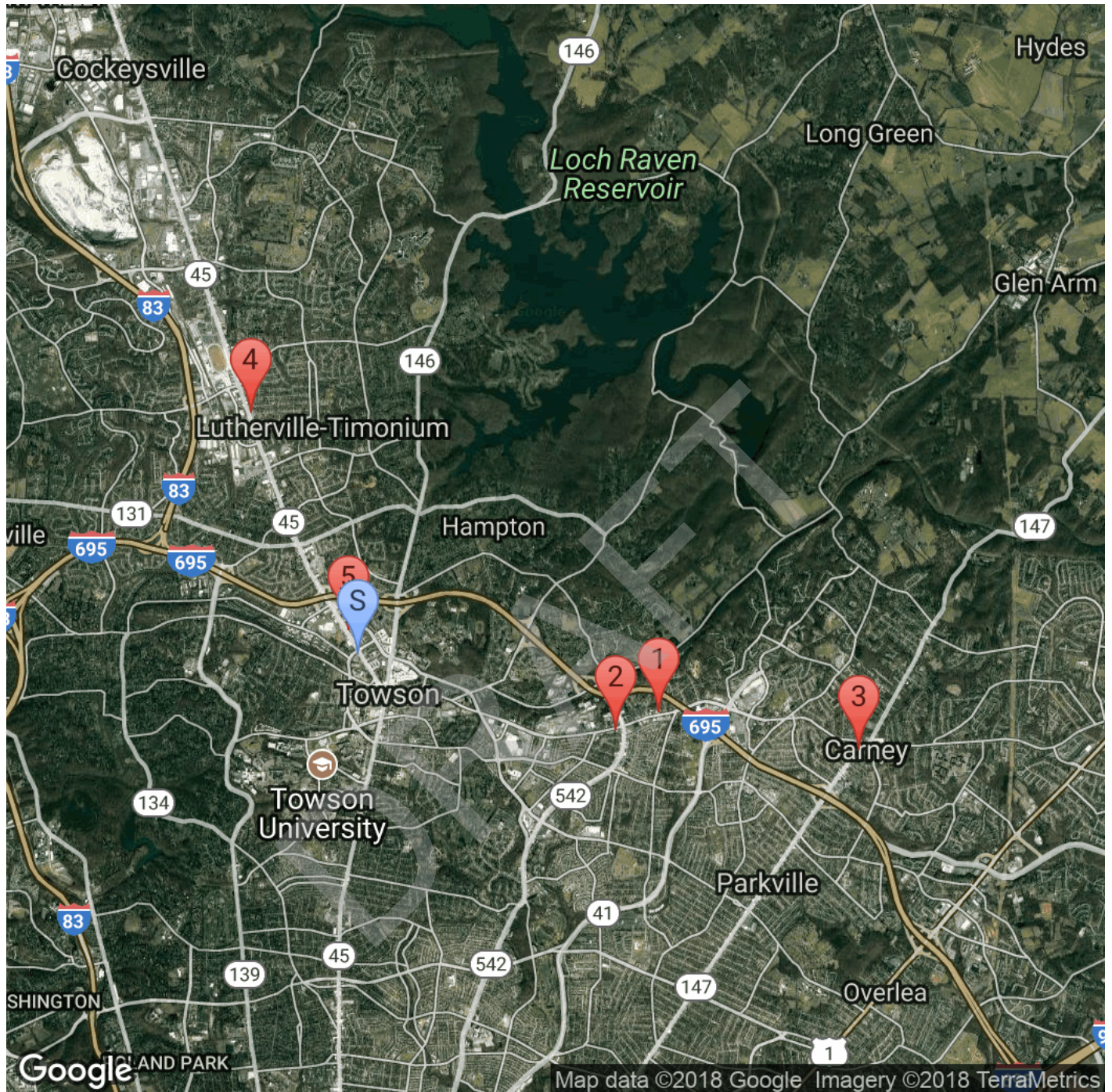
Quantitative percentage adjustments are also made for location and physical characteristics such as size, shape, access, exposure, topography, zoning and overall utility. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

Presentation

The following Land Sales Summation Table, Location Map and plat maps summarize the sales data used in this analysis. Following these items, the comparable land sales are adjusted for applicable elements of comparison and the opinion of site value is concluded.

LAND SALES SUMMATION TABLE						
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Name	Tow son Gateway	Future Gavigan's Home	Future Sonic Drive-In	Future CVS	Future Sonic Drive-In	Future Walgreens
Address	800 York Road	1748-1754 E. Joppa Road	1631 E Joppa Road	9514 Harford Road	2027 York Road	939 York Road
City	Tow son	Parkville	Tow son	Baltimore	Timonium	Tow son
State	MD	MD	MD	MD	MD	MD
Zip	21204	21234	21286	21234	21093	21204
County	Baltimore	Baltimore	Baltimore	Baltimore	Baltimore	Baltimore
APN	09-0902190087	09-2500014512	09-2200020786	09-1900008246	08-2200028619	09-0911153400
PHYSICAL INFORMATION						
FAR	0.1 : 1	0.1 : 1	0.2 : 1	0.4 : 1	0.2 : 1	0.9 : 1
Location	Average/Good	Average/Good	Average	Average/Good	Average/Good	Average/Good
Exposure	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good
Access	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good
Shape	Irregular	Rectangular	Rectangular	Rectangular	Rectangular	Rectangular
Site Condition	Good	Average	Average	Average	Average	Average
Zoning	BM-DT	BLR/BL	BL	BL	BL	BR
Flood Zone	Zone X	Zone X	Zone X	Zone X	Zone X	Zone X
Corner	Yes	No	No	Yes	Yes	Yes
Topography	Level	Gentle Slope	Level	Flat	Level	Gentle Slope
SALE INFORMATION						
Date		8/10/2017	8/8/2017	3/1/2017	7/6/2013	12/20/2010
Status		Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Price		\$1,900,000	\$1,000,000	\$3,041,613	\$2,000,000	\$3,150,000
Analysis Price		\$1,900,000	\$1,000,000	\$3,041,613	\$2,000,000	\$3,150,000
\$/Acre		\$339,286	\$1,754,386	\$2,924,628	\$2,666,667	\$9,843,750
\$/SF Land		\$7.79	\$40.15	\$67.14	\$61.01	\$226.54
\$/SF/FAR		\$63.33	\$173.91	\$191.83	\$264.26	\$254.85

LAND SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	ADDRESS	SALE DATE	ACRES	SF	\$/SF/FAR
SUBJECT	-	800 York Road, Towson, MD	-	9.4	409,464	\$170.00
No. 1	2.7 Miles	1748-1754 E. Joppa Road, Parkville, MD	8/10/2017	5.6	243,936	\$63.33
No. 2	2.4 Miles	1631 E Joppa Road, Towson, MD	8/8/2017	0.6	24,907	\$173.91
No. 3	4.5 Miles	9514 Harford Road, Baltimore, MD	3/1/2017	1.0	45,302	\$191.83
No. 4	2.3 Miles	2027 York Road, Timonium, MD	7/6/2013	0.8	32,783	\$264.26
No. 5	0.2 Miles	939 York Road, Towson, MD	12/20/2010	0.3	13,905	\$254.85

LAND SALES DATA SHEETS

COMPARABLE 1

LOCATION INFORMATION

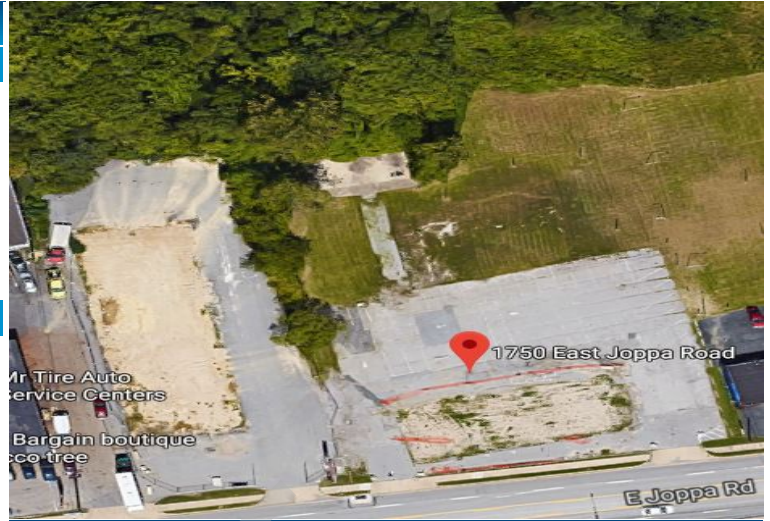
Name Future Gavigan's Home Furnishings
 Address 1748-1754 E. Joppa Road
 City, State, Zip Code Parkville, MD, 21234
 County Baltimore
 MSA Baltimore-Tow son, MD
 APN 09-2500014512

SALE INFORMATION

Buyer 1748 E Joppa Road
 Seller BSH Properties LLC
 Transaction Date 08/10/2017
 Transaction Status Recorded
 Transaction Price \$1,900,000
 Analysis Price \$1,900,000
 Recording Number 39270-00485
 Rights Transferred Fee Simple
 Conditions of Sale Arms-Length
 Marketing Time 12 Months

PHYSICAL INFORMATION

Intended Use Retail Land
 Location Average/Good
 Flood Zone Zone X
 Frontage Good
 Site Size Acres SF
 Net 5.60 243,936
 Gross 5.60 243,936
 Zoning BLR/BL
 Shape Rectangular
 Topography Gentle Slope
 Access Average/Good
 Exposure Average/Good



FUTURE GAVIGAN'S HOME FURNISHINGS

ANALYSIS INFORMATION

Price	<u>\$/FAR</u>	<u>\$/SF</u>
Gross	\$63.33	\$7.79
Net	\$63.33	\$7.79

CONFIRMATION

Name Confidential
 Company Confidential
 Source Know ledgeable Third Party
 Date / Phone Number 02/7/2018 Confidential

REMARKS

Comparable sale represents the future development of a 30,000/SF Gavigans Home Furnishing. The site included existing foundations from former improvements that will be removed as part of the planned construction. The subject sits between BMC AADT 2015 measurements on Joppa Road and Loch Raven Blvd (31,830) and Joppa Rd (just W. of the Joppa Rd. and Perring Pkwy intersection) (23,691).

COMPARABLE 2

LOCATION INFORMATION

Name	Future Sonic Drive-In
Address	1631 E Joppa Road
City, State, Zip Code	Tow son, MD, 21286
County	Baltimore
MSA	Baltimore-Tow son, MD
APN	09-2200020786

SALE INFORMATION

Buyer	Joppa SDI Three LLC
Seller	1631 E Joppa Road LLC
Transaction Date	08/8/2017
Transaction Status	Recorded
Transaction Price	\$1,000,000
Analysis Price	\$1,000,000
Recording Number	39265-00492
Rights Transferred	Fee Simple
Conditions of Sale	Arms-Length
Marketing Time	3 Months

PHYSICAL INFORMATION

Intended Use	Retail Land	
Location	Average	
Flood Zone	Zone X	
Frontage	Good	
Site Size	Acres	SF
Net	0.57	24,907
Gross	0.57	24,907
Zoning	BL	
Shape	Rectangular	
Topography	Level	
Access	Average/Good	
Exposure	Average/Good	



FUTURE SONIC DRIVE-IN

ANALYSIS INFORMATION

Price	\$/FAR	\$/SF
Gross	\$173.91	\$40.15
Net	\$173.91	\$40.15

CONFIRMATION

Name	Confidential	
Company	Confidential	
Source	Know ledgeable Third Party	
Date / Phone Number	02/7/2018	Confidential

REMARKS

Comparable sale transaction represents the future development of a Sonic restaurant. The site includes an existing structure measuring 5,750/SF, and a surface parking lot. The improvements will be demolished. Site has good access/exposure/ and frontage along Joppa Road. Approximately 31,830 (AADT 2015 - BMC) vehicles per day travel near the subject, based on measurement reported at the intersection of Loch Raven Blvd. and Joppa Road (just east of the subject).

COMPARABLE 3

LOCATION INFORMATION

Name Future CVS
 Address 9514 Harford Road
 City, State, Zip Code Baltimore, MD, 21234
 County Baltimore
 MSA Baltimore-Tow son, MD
 APN 09-190008246

SALE INFORMATION

Buyer CVS Health
 Transaction Date 03/1/2017
 Transaction Status Recorded
 Transaction Price \$3,041,613
 Analysis Price \$3,041,613
 Recording Number 38693-0050
 Rights Transferred Fee Simple
 Financing Conventional
 Conditions of Sale Arms-Length
 Marketing Time 6 Months

PHYSICAL INFORMATION

Intended Use Retail Land
 Location Average/Good
 Flood Zone Zone X
 Frontage 22011
 Site Size Acres SF
 Net 1.04 45,302
 Gross 1.04 45,302
 Zoning BL
 Shape Rectangular
 Topography Flat
 Access Average/Good
 Exposure Average/Good



FUTURE CVS

ANALYSIS INFORMATION

Price	\$/FAR	\$/SF
Gross	\$191.83	\$67.14
Net	\$191.83	\$67.14

CONFIRMATION

Name Confidential
 Company Confidential
 Source Buyer
 Date / Phone Number 03/1/2017 Confidential

REMARKS

On February 28, 2017, the 1.04 acres of land located at 9514 Harford Road in Baltimore, MD, sold for \$3,041,613. It was noted that CVS will be developing a CVS retail store on the property. BMC reports AADT (2015 measurement date) of 32,962 along Harford road which the comparable fronts.

COMPARABLE 4

LOCATION INFORMATION

Name	Future Sonic Drive-In
Address	2027 York Road
City, State, Zip Code	Timonium, MD, 21093
County	Baltimore
MSA	Baltimore-Tow son, MD
APN	08-2200028619

SALE INFORMATION

Buyer	SDI TWO LLC
Seller	Mardiney Michael R Jr
Transaction Date	07/6/2013
Transaction Status	Recorded
Transaction Price	\$2,000,000
Analysis Price	\$2,000,000
Recording Number	33947-00020
Rights Transferred	Fee Simple
Conditions of Sale	Arms-Length

PHYSICAL INFORMATION

Intended Use	Retail Land	
Location	Average/Good	
Flood Zone	Zone X	
Frontage	Good	
Site Size	Acres	SF
Net	0.75	32,783
Gross	0.75	32,783
Zoning	BL	
Shape	Rectangular	
Topography	Level	
Access	Average/Good	
Exposure	Average/Good	



FUTURE SONIC DRIVE-IN

ANALYSIS INFORMATION

Price	<u>\$/FAR</u>	<u>\$/SF</u>
Gross	\$264.26	\$61.01
Net	\$264.26	\$61.01

CONFIRMATION

Name	Confidential	
Company	Confidential	
Source	Know ledgeable Third Party	
Date / Phone Number	02/7/2018	Confidential

REMARKS

Site represents the future development of a Sonic drive-in restaurant. BMC AADT 2013 data reports 34,332 vehicle visits just north of the site at the intersection of Timonium Rd and York Rd., 7

COMPARABLE 5

LOCATION INFORMATION

Name Future Walgreens
 Address 939 York Road
 City, State, Zip Code Tow son, MD, 21204
 County Baltimore
 MSA Baltimore-Tow son, MD
 APN 09-0911153400

SALE INFORMATION

Buyer 937 York Road LLC
 Seller Kelbaugh Ronald F
 Transaction Date 12/20/2010
 Transaction Status Recorded
 Transaction Price \$3,150,000
 Analysis Price \$3,150,000
 Recording Number 30293-00187
 Rights Transferred Fee Simple
 Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Intended Use Retail Land
 Location Average/Good
 Flood Zone Zone X
 Frontage Good
 Site Size Acres SF
 Net 0.32 13,905
 Gross 0.32 13,905
 Zoning BR
 Shape Rectangular
 Topography Gentle Slope
 Access Average/Good
 Exposure Average/Good



FUTURE WALGREENS

ANALYSIS INFORMATION

Price	\$/FAR	\$/SF
Gross	\$254.85	\$226.54
Net	\$254.85	\$226.54

CONFIRMATION

Name Confidential
 Company Confidential
 Source Know ledgeable Third Party
 Date / Phone Number 02/7/2018 Confidential

REMARKS

Comparable site represents the future development of a Walgreens drug store. BMC reports 55,583 (2010 AADT) vehicle visits at a measurement point directly north of the subject along York Rd.

LAND SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Name	Tow son Gateway	Future Gavigan's Home Furnishings	Future Sonic Drive-In	Future CVS	Future Sonic Drive-In	Future Walgreens
Address	800 York Road	1748-1754 E. Joppa Road	1631 E Joppa Road	9514 Harford Road	2027 York Road	939 York Road
City	Tow son	Parkville	Tow son	Baltimore	Timonium	Tow son
Acres	9.40	5.60	0.57	1.04	0.75	0.32
SF	409,464	243,936	24,907	45,302	32,783	13,905
FAR	0.1 : 1	0.1 : 1	0.2 : 1	0.4 : 1	0.2 : 1	0.9 : 1
Location	Average/Good	Average/Good	Average	Average/Good	Average/Good	Average/Good
Exposure	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good
Access	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good
Shape	Irregular	Rectangular	Rectangular	Rectangular	Rectangular	Rectangular
Site Utility Rating	Good	Average	Average	Average	Average	Average
SALE INFORMATION						
Date		8/10/2017	8/8/2017	3/1/2017	7/6/2013	12/20/2010
Status		Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Analysis Price		\$1,900,000	\$1,000,000	\$3,041,613	\$2,000,000	\$3,150,000
Price/SF/FAR		\$63.33	\$173.91	\$191.83	\$264.26	\$254.85
TRANSACTIONAL ADJUSTMENTS						
Property Rights		0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%
Market Conditions¹		0%	0%	0%	5%	7%
Subtotal Transactional Adj Price		\$63.33	\$173.91	\$191.83	\$277.48	\$272.69
PROPERTY ADJUSTMENTS						
Location		35%	25%	15%	0%	0%
Size		0%	-40%	-30%	-35%	-40%
Exposure		0%	0%	0%	0%	0%
Access		25%	0%	0%	10%	0%
Shape		0%	0%	0%	0%	0%
Site Condition		0%	0%	0%	0%	0%
Subtotal Property Adjustment		60%	-15%	-15%	-25%	-40%
TOTAL ADJUSTED PRICE		\$101.33	\$147.82	\$163.06	\$208.11	\$163.61
STATISTICS		UNADJUSTED	ADJUSTED			
LOW		\$63.33	\$101.33			
HIGH		\$264.26	\$208.11			
MEDIAN		\$191.83	\$163.06			
AVERAGE		\$189.64	\$156.79			

¹ Market Conditions Adjustment: 1%

Date of Value (for adjustment calculations): 2/8/18

LAND SALES ANALYSIS

The comparable land sales indicate an adjusted value range from \$101.33 to \$208.11/SF/FAR, with a median of \$163.06/SF/FAR and an average of \$156.79/SF/FAR. Based on the results of the preceding analysis, Comparable 2 (\$147.82/SF/FAR adjusted), Comparable 3 (\$163.06/SF/FAR adjusted), Comparable 4 (\$208.10/SF/FAR adjusted) and Comparable 5 (\$163.61/SF/FAR adjusted) are given primary consideration for the subject's opinion of land value.

Comparable 1 (\$101.33/SF/FAR as adjusted) did not require any transaction adjustments. This comparable required a total upward adjustment of 60% for property characteristics. An upward adjustment was required to reflect the inferior location of this sale in an older commercial segment of the Joppa Road corridor in Parkville. Additionally, an upward adjustment was required for the inferior access into the site vs the subject's location at a signaled intersection. The total gross adjustment applied to this comparable was 60%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given secondary consideration as a value indicator for the subject.

Comparable 2 (\$147.82/SF/FAR as adjusted) did not require any transaction adjustments. This comparable required a total downward adjustment of -15% for property characteristics. An upward adjustment was required to reflect the inferior location (slightly more superior than Comparable 1 as this sale is located near an intersection of two well traveled arterials - Joppa Rd. and Loch Raven Blvd.) of this sale in an older commercial segment of the Joppa Road corridor in Parkville. Additionally, a downward adjustment was required for the smaller size of the site. The total gross adjustment applied to this comparable was 65%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given primary consideration as a value indicator for the subject.

Comparable 3 (\$163.06/SF/FAR as adjusted) did not require any transaction adjustments. This comparable required a total downward adjustment of -15% for property characteristics. An upward adjustment was required to reflect the inferior location of this sale along an older commercial segment of Harford Road. Additionally, a downward adjustment was required for the smaller size of the site. The total gross adjustment applied to this comparable was 45%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given primary consideration as a value indicator for the subject.

Comparable 4 (\$208.10/SF/FAR as adjusted) required a total upward transaction adjustment of 5%. An upward market conditions adjustment was required to reflect the improving real estate market coming out of a recession, and based on the older nature of the sale. This comparable required a total downward adjustment of -25% for property characteristics. A downward adjustment was required for the smaller size of the site. The total gross adjustment applied to this comparable was 50%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given primary consideration as a value indicator for the subject.

Comparable 5 (\$163.61/SF/FAR as adjusted) required a total upward transaction adjustment of 7%. An upward market conditions adjustment was required to reflect the improving real estate market coming out of a recession, and based on the older nature of the sale. This comparable required a total downward adjustment of -40% for property characteristics. A downward adjustment was required for the smaller size of the site. The total gross adjustment applied to this comparable was 47%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given primary consideration as a value indicator for the subject.

CALCULATION OF LAND VALUE

The following table summarizes the analysis of the comparables, reports the reconciled price per square foot per floor-to-area ratio (FAR) value conclusion, and presents the concluded value of the subject site. Secondary weight was given to Comparable Sale 1 due to the large amount of net adjustments required to make it comparable.

CALCULATION OF LAND VALUE								
COMP	ANALYSIS	ADJUSTMENT				NET	GROSS	OVERALL
	PRICE	TRANSACTIONAL ¹	ADJUSTED	PROPERTY ²	FINAL	ADJ %	ADJ %	COMPARISON
1	\$63.33	0%	\$63.33	60%	\$101.33	60%	60%	SECONDARY
2	\$173.91	0%	\$173.91	-15%	\$147.82	-15%	65%	PRIMARY
3	\$191.83	0%	\$191.83	-15%	\$163.06	-15%	45%	PRIMARY
4	\$264.26	5%	\$277.47	-25%	\$208.10	-21%	50%	PRIMARY
5	\$254.85	7%	\$272.69	-40%	\$163.61	-36%	47%	PRIMARY
LOW	\$101.33					AVERAGE		\$156.78
HIGH	\$208.10					MEDIAN		\$163.06
COMPONENT			SUBJECT FAR		\$/SF/FAR CONCLUSION			VALUE
TOTAL PROPERTY			0.07	x	\$170.00	=		\$4,760,000

¹Cumulative ²Additive

Rounded to nearest \$10,000



INTRODUCTION

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

REPLACEMENT COST ANALYSIS

The following cost approach to value was developed based on replacement cost analysis. Replacement Cost is defined as: The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.²

Replacement cost includes both direct and indirect costs. Direct costs are expenditures for labor and materials used in the construction of improvements (also known as hard costs). Indirect costs are expenditures for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract (also known as soft costs). Indirect costs often include real property taxes during construction, professional fees, permanent financing fees, leasing commissions, marketing costs and contingency.

Replacement Cost New (Buildings)

This section calculates the replacement cost new of the subject building improvements by estimating total direct and indirect costs to which an entrepreneurial profit incentive is applied. Two sources were selected to support direct and indirect costs: Marshall Valuation Service and the developer's cost schedule. This selection is appropriate considering the scope and intended use of the appraisal, and given that the subject improvements are proposed construction.

Marshall Valuation Service

Marshall Valuation Service is a comprehensive appraisal guide widely used throughout the United States for developing replacement costs and depreciated values of buildings and other improvements, and is largely considered the authority on building costs.

The table on the following page outlines the process we applied for developing replacement cost new of the subject building improvements with Marshall Valuation Service. First, the subject components were researched to identify the applicable base building costs per square foot. Next, the base building costs were adjusted for square foot refinements, height and size refinements, and current and local cost multipliers to determine an estimate of direct costs. After determining direct costs using Marshall Valuation Service, we then analyzed market evidence to estimate indirect costs. Finally, an appropriate developer's profit was applied to provide an indication of the replacement cost new.

¹ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

² The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

REPLACEMENT COST NEW (BUILDINGS)

MARSHALL VALUATION SERVICE DIRECT COST

Number of Buildings	1		
Gross Building Area	27,992 SF	1	2
M/S Building Type		Retail	Retail Restaurant-Fast Food
Number of Stories		1	1
Height per Story		12	12
Component Description		Inline	Chick-Fil-A
M/S Section/Page/Class		13/26/C	13/17/C
M/S Publication Date		May-16	May-16
Quality Rating		Excellent	Very Good
Component SF (Gross)		12,300	10,700
Base Cost (Per SF)		\$143.26	\$219.65
SQUARE FOOT REFINEMENTS			
Heating and Cooling		\$0.00	\$0.00
Fire Sprinklers		\$3.89	\$4.38
Elevators		\$0.00	\$0.00
Subtotal		\$147.15	\$224.03
HEIGHT & SIZE REFINEMENTS			
Number of Stories Multiplier		1.000	1.000
Height Per Story Multiplier		1.000	1.000
Area/Perimeter Multiplier		1.000	1.000
Subtotal		\$147.15	\$224.03
COST MULTIPLIERS			
Current Cost Multiplier		1.08	1.08
Local Multiplier		1.02	1.02
DIRECT COSTS PER SF		\$162.10	\$246.79
Indirect Cost (% of Direct) ¹	25%	25%	25%
INDIRECT COST PER SF		\$40.53	\$61.70
DIRECT & INDIRECT TOTAL PER SF		\$202.63	\$308.49
CALCULATION OF REPLACEMENT COST NEW WITH INCENTIVE			
Component SF (Gross)		12,300	10,700
Direct & Indirect Total		\$2,492,294	\$1,542,447
ENTREPRENEURIAL INCENTIVE % ¹	10%	10%	10%
Entrepreneurial Incentive \$		\$249,229	\$154,245
TOTAL REPLACEMENT COST NEW		\$2,741,524	\$1,696,691
Site Demolition		\$237,450	\$96,524
Financing Costs		\$354,500	\$144,106
Tenant Fit Out - Landlord			\$543,248
Tenant Fit Out and Leasing Commissions		\$1,301,490	\$204,000
FINAL TOTAL REPLACEMENT COST NEW		\$4,634,964	\$2,684,569

¹Colliers International Estimate

Based on our research, indirect costs are typically 10% to 30% of direct cost for this type of development in the marketplace. Considering the size and project characteristics including a significant amount of demolition to remove existing structures as well as topography changes, we have estimated indirect costs at 25% of direct costs.

Entrepreneurial profit and overhead compensates the developer for project risk and management. It is unlikely that a developer would proceed with a development unless adequate profit is available to justify the effort. Based on anecdotal evidence provided by developers of similar projects, profit is typically based on a

percentage of replacement cost, generally 5% to 15%, depending upon project size, location, marketability and risk. An entrepreneurial profit and overhead allocation of 10% was used in this analysis.

The replacement cost new as developed with Marshall Valuation Service is summarized in the following table.

REPLACEMENT COST NEW SUMMARY (BUILDINGS)			
MARSHALL VALUATION SERVICE			
Direct & Indirect Costs		\$6,202,834	\$221.59/SF
Entrepreneurial Incentive	@ 10%	\$620,283	\$22.16/SF
One Time Adjustments		\$4,528,457	\$161.78/SF
TOTAL REPLACEMENT COST NEW (RCN)		\$11,351,575	\$405.53/SF

Developer's Cost Schedule

We reviewed a cost schedule prepared by Developer dated February 2, 2018, as summarized in the table below.

DEVELOPER'S COST SCHEDULE			
Direct Costs		\$7,631,399	\$272.63/SF
Indirect Costs		\$1,884,099	\$67.31/SF
Incentive @ 10%		\$951,550	\$33.99/SF
Financing Costs		\$806,993	\$28.83/SF
TOTAL COSTS		\$11,274,041	\$402.76/SF

The preceding developer's costs reflect the most recent detailed cost budget for the subject's proposed construction. All costs associated with site improvements were excluded, as they are analyzed separately ahead. The developer's cost schedule included an incentive allocation 10% of direct and indirect costs, which was consistent with our estimate with the Marshall Valuation Service section.

Building Replacement Cost New Conclusion (Buildings)

The following table summarizes the indicators that were used to estimate the replace cost new of the subject building improvements and the reconciled conclusion.

REPLACEMENT COST NEW ESTIMATES CONCLUSION (BUILDINGS)		
APPROACH	TOTAL	\$/SF
Marshall Valuation Service Cost Estimate	\$11,351,575	\$405.53
Developer's Cost Schedule	\$11,274,041	\$402.76
CONCLUDED REPLACEMENT COST NEW (BUILDINGS)	\$11,274,041	\$402.76

The analysis supports a range for replacement cost new of the building improvements from \$399.03 to \$402.76/SF. Our independent estimate of the project's proposed development costs was used as a test of reasonableness against the developer's provided proposed costs. Based on the reasonableness test performed noting an overall insignificant difference between the two, we determined it reasonable to rely on the developer's cost estimate in the reconciled conclusion of \$402.76/SF.

Site Improvements Replacement Cost

The replacement cost new of the subject site improvements is presented in the following table.

SITE IMPROVEMENTS REPLACEMENT COST NEW					
ITEM	TOTAL RCN	INDIRECT 10%	ADJUSTED RCN	INCENTIVE 10%	TOTAL RCN
Retaining Wall	\$857,975	\$85,798	\$943,773	\$94,377	\$1,038,150
Paving	\$323,391	\$32,339	\$355,730	\$35,573	\$391,303
Landscaping	\$224,700	\$22,470	\$247,170	\$24,717	\$271,887
Site Lighting	\$145,479	\$14,548	\$160,027	\$16,003	\$176,030
Fencing	\$79,120	\$7,912	\$87,032	\$8,703	\$95,735
Striping	\$137,500	\$13,750	\$151,250	\$15,125	\$166,375
Totals	\$1,851,498	\$185,150	\$1,944,982	\$194,498	\$2,139,480

The site improvements presented above were based on the developer's provided cost budget, and based on our reasonableness test performed on the subject's proposed building costs which represent a majority of the development costs and were determined to be reasonable stated, we consider it reasonable to rely on the developer's proposed site improvement costs in our analysis.

SITE IMPROVEMENTS DEPRECIATION											
ITEM	RCN	PHYS CURABLE	FUNCT CURABLE	ADJ TOTAL	ECON LIFE	EFF AGE	DEPREC %	AGE/LIFE DEPREC	ADJ TOTAL	ECON OBS 0%	DEPREC COST
Retaining Wall	\$1,038,150	\$0	\$0	\$1,038,150	15	0	0%	\$0	\$1,038,150	\$0	\$1,038,150

COST APPROACH CONCLUSION

The Cost Approach analysis and conclusion are presented in the following table.

COST APPROACH VALUE CONCLUSION	
IMPROVEMENTS (BUILDINGS)	
Direct & Indirect Costs	\$9,515,498
PLUS: Entrepreneurial Incentive	\$951,550
PLUS: Financing Costs	\$806,993
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (BUILDINGS)	\$11,274,041
IMPROVEMENTS (SITE)	
Direct & Indirect Costs	\$1,944,982
PLUS: Entrepreneurial Incentive	\$194,498
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (SITE)	\$2,139,480
SUMMARY (ALL IMPROVEMENTS)	
Adjusted Costs/Cost New	\$11,460,480
PLUS: Total Entrepreneurial Incentive	\$1,146,048
PLUS: Financing Costs	\$806,993
TOTAL REPLACEMENT COST NEW	\$13,413,520
PLUS: Land Value (Primary Site)	\$4,760,000
INDICATED VALUE	\$649/SF \$18,170,000

Rounded to nearest \$10,000

RECONCILIATION OF VALUE CONCLUSIONS

The Analysis of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. The following table summarizes the opinions of the As-Is Market Value, Prospective Value Upon Completion and Prospective Value Upon Stabilization of the subject property's fee simple interest. Based on the overall quality of the data and analyses, and considering the decision-making process of the typical buyer profile of the subject asset, primary emphasis was placed on the Income Approach in arriving at our Prospective Value Upon Stabilization. Based on the overall quality of the data analyses from our Land Value and our Income Approach, we placed relatively equal emphasis on these two approaches in arriving at our As Is value. It is our opinion that a prudent investor would use the Sales Comparison Approach as a reasonableness test only in supporting the concluded value from the Income Approach, and therefore we have not placed any emphasis on this approach in arriving at our final indication of value.

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

ANALYSIS OF VALUE CONCLUSIONS			
VALUATION INDICES	AS-IS MARKET VALUE	PROSPECTIVE VALUE UPON COMPLETION	PROSPECTIVE VALUE UPON STABILIZATION
INTEREST APPRAISED	LEASED FEE	LEASED FEE	LEASED FEE
DATE OF VALUE	FEBRUARY 8, 2018	MARCH 8, 2020	JANUARY 8, 2020
Cost Approach	-	-	\$18,170,000
Sales Comparison Approach	\$5,480,000	\$16,260,000	\$19,310,000
Income Approach	\$5,280,000	\$16,060,000	\$19,120,000
Land Value	\$4,760,000	-	-
FINAL VALUE CONCLUSION	\$5,030,000	\$16,060,000	\$19,120,000
\$/SF	\$180/SF	\$574/SF	\$683/SF
Implied Capitalization Rate	-	-	6.50%
Exposure Time	Six Months or Less		
Marketing Period	Six Months or Less		

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 of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- › The signers of this report 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.
- › Zachary Smith, MAI has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. EJ Edelman has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- › The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- › The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- › The 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 analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- › Zachary Smith, MAI inspected the property that is the subject of this report. EJ Edelman inspected the property that is the subject of this report.

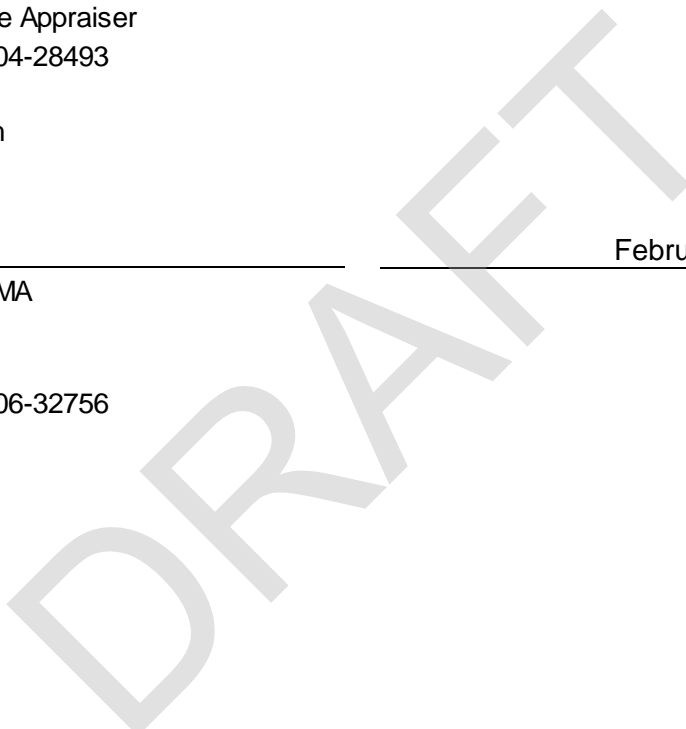
The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report Zachary Smith, MAI completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report EJ Edelman has completed the Standards and Ethics Education Requirement for (Candidates or Practicing Affiliates) of the Appraisal Institute.

Zachary Smith, MAI Valuation Services Director Certified General Real Estate Appraiser State of Maryland License #04-28493 +1 443 602 8985 zachary.smith@colliers.com	February 16, 2018 Date
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EJ Edelman, CPA/ABV, CGMA Valuation Associate Registered Trainee State of Maryland License #06-32756 +1 443 863 7216 ej.edelman@colliers.com	February 16, 2018 Date
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This appraisal is subject to the following assumptions and limiting conditions:

- › The appraisers may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- › We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- › The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- › Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- › The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- › Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- › This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- › The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- › The statements of value and all conclusions shall apply as of the dates shown herein.
- › There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
- › Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.
- › This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- › The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- › The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- › The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property

damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- › The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- › An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- › A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- › This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

Engagement Letter
Legal Description
Cost Budget
Subject Data
Valuation Glossary
Qualifications of Appraisers
Qualifications of Colliers International Valuation & Advisory Services

DRAFT

PURCHASE ORDER

BALTIMORE COUNTY, MARYLAND
Office of Budget and Finance



Date Printed: January 25, 2018 Version: 2 Modification
Order ID: 00010844
Buyer: Brian Mohney *Bm*
Buyer Phone: 410-887-3243
County Contact: Amy Grossi
Phone: 410-887-3243 Department: 006
Maryland Tax Exempt # 30001110

Vendor: VC24877
Colliers International Holdings USA Inc
9820 Willow Creek Road Suite 300
San Diego CA 92131

Requisition Number:
Procurement Folder Number: 495001
Payment Terms: Nct 30 Days
(See Extended Description for Exceptions)

Confirmation Order? No

Total Amount of Order: \$19,000.00

Document Description: Property Appraisal Susquehanna Parking Garage/Towson Gateway

Incorporating the Professional Service Agreement dated November 9, 2017, prepared by Michael Lester, 410-929-6195 or Michael.lester@colliers.com. Delivery: No later than November 19, 2017 for the Susquehanna Parking Garage.

Incorporating the Professional Service Agreement dated January 23, 2018, prepared by Zachary Smith, 443-602-8985 or zachary.smith@colliers.com for the Towson Gateway Property.

DRAFT

 **E-MAILED**
1/25/18

Reason for Modification:

Modified Purchase Order to add commodity line 2 for Towson Gateway appraisal.

Bill To: Office of Budget & Finance
Disbursements Section
400 Washington Ave., Rm 148
Towson MD 21204

Ship FOB
Destination
Inside
Delivery

Permits & Development
County Office Bldg Rm 105
111 W Chesapeake Ave
Towson MD 21204

PURCHASE ORDER

Order ID: 00010844

Version: 2

Line No.	Commodity/ Service	Quantity	UoM	Unit Price	Extended Amount	Contract Amount	Service Start Date	Service End Date
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2	94615	1.0000	EACH	\$10,000.0000	\$10,000.00	\$0.00		
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Property Appraisal, York Gateway, 800 York Road, Towson, Maryland 21204, as specified by Professional Service Agreement dated 01/23/2018.

Fiscal Year	Fund	Department	Unit	Sub-Unit	Object	Sub-Object	Department Object
2018	001	017	1713		0301		

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1. Purchases are subject to the Baltimore County Charter and Article 10, Title 2 of the Baltimore County Code, 2003, as amended. Baltimore County will not be responsible for any goods delivered or services rendered unless covered by an official order signed by the Purchasing Agent or his/her designee. No change, modification, or revision shall be binding upon Baltimore County unless made in writing by the Purchasing Agent or his/her designee. Contractor shall not assign its obligations to perform hereunder in whole or in part without the prior written consent of the Purchasing Agent or his/her designee.
 2. If this Master Agreement, Contract, or Purchase Order is for an amount of \$25,000 or less, the County Executive and the County Administrative Officer are not required by the Baltimore County Code to sign. Accordingly, any such Master Agreement, Contract or Purchase Order that is for \$25,000 or less shall be signed by the Director of the Office of Budget and Finance or his designee as allowed for in the County Code.
 3. The County's Solicitation, Request for Proposal, or Request for Bid, as applicable, shall be incorporated herein in its entirety.
 4. The Contractor may not and shall not amend or modify the terms and conditions of this Master Agreement, Contract, or Purchase Order, as applicable, unless such amendment or modification is in writing and signed by a legally authorized signatory of the Contractor and the County, and the Baltimore County Office of Law.
 5. Invoicing: Invoices must be submitted, in duplicate, to the Office of Budget and Finance, Disbursements Section, Room 148, 400 Washington Avenue, Towson, MD 21204-4665. Invoices must show the vendor's federal tax identification number (FEIN) or social security number, as appropriate and order number and line number(s) that correspond with the order(s). Cash discount periods will be computed either from the date of delivery and acceptance of the goods ordered, or the date of receipt of correct and proper invoices prepared in accordance with terms of Baltimore County's order, whichever date is later. Under no circumstances will interest be paid.
 6. Incorporation by reference: If this purchase order is the result of a written solicitation, the solicitation and response are hereby incorporated by reference.
 7. County Council Approval: Prior approval of the Baltimore County Council is required on contracts for services in excess of \$25,000 per year or in excess of two years.
 8. Fee Prohibition: The contractor warrants and represents that it has not employed or engaged any person or entity to solicit or secure this agreement, and that it has not paid, or agreed to pay any person or entity a fee or any other consideration contingent on the making of this agreement. If any suit, claim, or demand shall arise concerning such a fee, the contractor agrees to indemnify, hold harmless, and defend the County from all such claims, suits, or demands.
 9. Discrimination Prohibited: In the execution of the obligations and responsibilities hereunder, including, but not limited to, hiring or employment made possible by or relating to this agreement, the Contractor shall not discriminate against persons because of race, color, religion, sex, age, political affiliation, national origin, marital status, sexual orientation, gender identity or expression, genetic information, status as a veteran, or disability unrelated in nature and extent so as to reasonably preclude the performance of the employment.
 10. Applicable Law: This agreement shall be governed and construed in accordance with the laws and regulations of the State of Maryland and Baltimore County.
 11. Any litigation arising out of or relating in any way to this agreement or the performance thereunder shall be brought only in the courts of Maryland, and the Contractor hereby irrevocably consents to such jurisdiction. To the extent that the County is a party to any litigation arising out of or relating in any way to this agreement or the performance thereunder, such an action shall be brought only in a court of competent jurisdiction in the courts of the State of Maryland.
 12. Funding Out: If funds are not appropriated or otherwise made available to support continuation of this agreement in any fiscal year, the County shall have the right to terminate the agreement without prior notice to the contractor and without any obligation or penalty.
 13. Material Safety Data Sheet: If products to be provided to the County contain any substances that could be hazardous or injurious to a person's health, a material safety data sheet (MSDS) must be provided to the Purchasing Division, 400 Washington Avenue, Room 148, Towson, MD 21204-4665. This applies also to any product used by a contractor when providing a service to the County.
 14. Recycled and Recyclable Products: The contractor agrees that it will not use packaging materials made of non-recyclable Styrofoam (Polystyrene). Additionally, any materials used in packing to cushion, protect and ship are to be made of recycled, recyclable or biodegradable materials.
 15. Copiers, scanners, printers, facsimile equipment and any other office equipment that contain hard drives that have the capability to store data internally, will be required to provide overwrite capability with an option to return hard drives to the County for proper disposal at the end of life.
 16. Termination for Convenience: The County may terminate this agreement, in whole or in part, without cause, by providing written notice thereof to the contractor. In the event of termination, without cause, the County shall advise the contractor in writing of the termination date and of work to be performed during the final days prior to termination. The contractor shall be paid for all reasonable costs incurred by the contractor up to the date of termination set forth in the written notice of termination. The contractor will not be reimbursed for any anticipatory profits, which have not been earned up to the date of termination. Payments to be provided on a lump sum basis shall be prorated by the County based on the services rendered or goods delivered up to the date of termination set forth in the written notice.
 17. Termination for Default: In addition to other available rights and remedies, the County shall have the right upon the happening of any default, without providing notice to the contractor: 1) To terminate this agreement immediately, in whole or in part; 2) To suspend the contractor's authority to receive any undisbursed funds; and/or 3) To proceed at any time or from time to time to protect and enforce all rights and remedies available to the County, by suit or any other appropriate proceedings, whether for specific performance or any covenant, term or condition set forth in the contract, or for damages or other relief, or proceed to take any action authorized or permitted under applicable law or regulations. Upon termination of this agreement for default, the County may elect to pay the contractor for services provided or goods delivered up to the date of termination, less the amount of damages caused by the default, all as determined by the County in its sole discretion. If the damages exceed the undisbursed sums available for compensation, the County shall not be obligated to make any further disbursements hereunder.
 18. Indemnification: The contractor shall indemnify and hold harmless the County, its employees, agents and officials from any and all liabilities, claims, suits, or demands including attorney's fees and court costs which may be incurred or made against the County, its employees, agents or officials resulting from any act or omission committed in the performance of the duties imposed by and performed under the terms of the agreement. The contractor shall not be responsible for acts of gross negligence or willful misconduct committed by the County.
- The contractor shall also indemnify and hold harmless the County, its employees, agents and officials from any and all liabilities, claims, suits, or demands including attorney's fees and court costs which may be made against the County, its employees, agents or officials by any third party arising from the alleged violation of any third party's trade secrets, proprietary information, trademark, copyright, patent rights, or intellectual property rights in connection with the agreement.
19. Defense: Unless notified in writing by the County to the contrary, the contractor shall provide defense for the County, its employees, agents and officials and in doing so the contractor shall allow the County to participate in said defense of the County, its employees, agents and officials, to the extent and as may be required by the County and the contractor shall cooperate with the County in all aspects in connection therewith. All filings, actions, settlements, and pleadings shall be provided to the County for comment and review prior to filing or entering thereof. No filing, action, settlement or pleading shall be filed or entered without the prior consent and approval of the County.
 20. Property Lost, Damaged or Destroyed: Any deliverables to be provided by the contractor will remain at the contractor's risk until written acceptance by Baltimore County; and the contractor will replace, at the contractor's expense, all deliverables lost, damaged or destroyed by any cause whatsoever.

Reviewed and Approved:

By: *James Stevenson*
 Director of Budget and Finance
 or Director's designee

Baltimore County, Maryland
 By: _____
 County Administrative Office

Reviewed for Legal Sufficiency
 (based upon typeset document)

By: _____
 Baltimore County Office of Law
 (approval does not convey approval or disapproval of substantive nature of the transaction)

PROFESSIONAL SERVICE AGREEMENT

COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

3600 Clipper Mill Road, Suite 105
Baltimore, MD 21211
WEB www.colliers.com/valuationadvisory



January 23, 2018

Zachary Smith, MAI
Director | Baltimore
Direct +1 443.602.8985
zachary.smith@colliers.com

Baltimore County Government
400 Washington Avenue
Baltimore, Maryland 21204
410.887.3127 Phone

RE: Appraisal of Towson Gateway

Dear Baltimore County Government:

Thank you for considering Colliers International Valuation & Advisory Services, LLC for the assignment identified in the attached Professional Service Agreement. Please sign one copy of the agreement and return it to me, thereby indicating your authorization for us to proceed with this assignment and your acceptance of the attached Terms and Conditions.

PROFESSIONAL SERVICE AGREEMENT

("Agreement")

Project	Towson Gateway ("Property")
Location	800 York Road, Towson, MD 21204
Project Description	Appraisal of the proposed redevelopment of a site known as Towson Gateway which was formerly used as a fire station. Site reportedly consists of 9.40 acres.
Parties	Colliers International Valuation & Advisory Services, LLC ("CIVAS") and Baltimore County Government (herein at times referred to as "Client")
Intended User	The appraisal will be prepared for Baltimore County Government. Intended users include the Client. No other users are intended.
Intended Use	The report to be performed under this Agreement ("Appraisal") is intended only for use in internal decision-making purposes. The report is not intended for any other use.
Purpose	Market Value As-Is, Market Value As-Completed, and Market Value As-Stabilized
Type of Appraisal	CIVAS will produce an Appraisal Report in which the appraiser's analysis and conclusions will be summarized within this document.
Rights Appraised	Fee Simple
Date of Value	Date of inspection

PROFESSIONAL SERVICE AGREEMENT

CONTINUED

Scope of Work	<p>CIVAS and/or its designated affiliate will provide the Appraisal in accordance with USPAP, and the Code of Ethics and Certifications Standards of the Appraisal Institute and State Licensing Laws. CIVAS will inspect the property, research relevant market data, and perform analysis to the extent necessary to produce credible appraisal results. Based on our discussions with the Client, the Client has requested the following valuation scenarios: As Is, As Upon Completion, and As Stabilized. CIVAS anticipates developing the following valuation approaches:</p> <ul style="list-style-type: none">› Sales Comparison Approach› Income Capitalization Approach (including Direct Capitalization, and if determined necessary, a Discounted Cash Flow analyses) <p>The proposed redevelopment plan, cost, timeline, and lease-up costs will be provided by the Baltimore County Government.</p> <p>The scope of work will be included in the Appraisal. A copy of the Assumptions and Limiting Conditions, which appear in the Appraisal, is available upon request.</p>
Delivery	<p>Draft Appraisal: Delivered three (2) weeks from the date of authorization and receipt of property specific information.</p> <p>Final Appraisal: Delivered three (3) days after completion of client review and authorization to deliver final report(s).</p>
Professional Fee	\$10,000
Expenses	Fees include all associated expenses.
No. of Reports	One (1) Electronic Draft Appraisal, One (1) Electronic Final Appraisal and Two (2) printed Color Final Appraisal (at the request of Client)
Retainer	No retainer is required.
Payment Terms	<p>CIVAS will invoice Client for the Appraisal in its entirety at the completion of the assignment.</p> <p>Final payment is due and payable within five (5) business days upon delivery of the electronic copy of the Final Appraisal or within thirty (30) days of your receipt of our Draft Appraisal, whichever is sooner. If a Draft Appraisal is requested, the fee is considered earned upon delivery of our Draft Appraisal.</p>
Acceptance Date	These specifications are subject to modification if this Agreement is not accepted within 3 business days from the date of this letter.

Terms and Conditions

The attached Terms and Conditions and Specific Property Data Request are deemed a part of this Agreement as though set forth in full herein. The following is a list of information we will need to begin our analysis. Please forward with the Agreement or as soon as possible.

- › Survey with Legal Description & Site Size
- › Title Report
- › Engineering studies, soil tests or environmental assessments
- › Ground lease (if applicable)
- › Existing Building and Improvement Plans
- › Lease-up information and related support
- › Details on any Sale, Contract, or listing of the property in the past 3 years
- › Construction Cost/Budget
- › Property Condition Report
- › Local competitive study/demand study, if available
- › Copy of recent Appraisals or Market Studies
- › Name and telephone number of property contact for physical inspection

In addition to the items requested above, please forward any additional materials you would consider relevant in the analysis of the subject property.

The Appraisal is for the sole use of the Client; however, Client may provide only complete, final copies of the Appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. CIVAS is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow the Appraisal prepared by CIVAS or portions of such Appraisal, to become part of or be referenced in any public offering, the granting of such consent will be at our sole and absolute discretion and, if given, will be on condition that CIVAS will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to CIVAS, by a party satisfactory to CIVAS. CIVAS does consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide CIVAS with an Indemnification Agreement and/or Non-Reliance letter.

CIVAS hereby expressly grants to Client the right to copy the Appraisal and distribute it to other parties in the transaction for which the Appraisal has been prepared, including employees of Client, other lenders in the transaction, and the borrower, if any.

PROFESSIONAL SERVICE AGREEMENT

CONTINUED

The Appraisal is predicated on the following reliance language:

This report may be relied upon by Client and its respective affiliates ("Client") and any party that purchases an interest in the property from Client and a reference to this Appraisal may be included or quoted in an offering memorandum, registration statement, prospectus, sales brochure, or similar documents (in either electronic or hard format) issued, filed or released in connection with the purchase and sale of the Property. A summary of this report, only as approved by CIVAS, may be included in any such document. In addition, Client is not entitled, and no consent is given hereunder, to use this Appraisal to support the value of an ownership interest different from the interest evaluated in the Appraisal.

The Appraisal requires CIVAS to submit a Summation of the Appraisal Findings in the form of a Letter of Transmittal along with the Summary of Salient Facts and Special/Limiting Conditions applicable to the Appraisal. This will be completed in conjunction with the Appraisal at the above stated fee.

Our ability to honor the terms of this Agreement will require Client's response within three (3) business days. If you have questions regarding the enclosed, please feel free to contact me. CIVAS appreciates this opportunity to be of service to you on this assignment and looks forward to serving you. If you have additional questions, please contact us.

I, Keith Dorsey with Baltimore County Government, agree to the above stated terms and authorize Colliers International Valuation & Advisory Services, LLC to prepare the above referenced appraisal.

 Date: 1/24/18

Keith Dorsey
Baltimore County Government

Respectfully,

Colliers International Valuation & Advisory Services, LLC



Zachary Smith MAI
Director | Baltimore
Direct +1 443.602.8985
zachary.smith@colliers.com

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TERMS AND CONDITIONS

"T&C"

- 1) The Appraisal will be subject to Colliers International Valuation & Advisory Services, LLC's ("CIVAS") Assumptions and Limiting Conditions that are incorporated into each appraisal, and any Extraordinary Assumptions and Hypothetical Conditions that may be incorporated into each appraisal.
- 2) Any capitalized, non-defined words shall have the same meaning as defined in the Agreement to which these T&Cs are attached.
- 3) Client is defined as the party signing the Agreement and shall be responsible for payment of the fees stipulated in the Agreement. Payment of the fee for the Appraisal is not contingent on the appraised value(s) or the outcome of the report(s). Additional fees will be charged on an hourly basis for any work that may exceed the scope of this proposal, including performing additional valuation scenarios, additional research, and conference calls, meetings, deposition preparation, deposition, trial testimony or travel that may exceed the time allotted by CIVAS for an assignment of this nature. If CIVAS is requested to cease working on the Appraisal for any reason prior to the completion of the appraisal(s), CIVAS will be entitled to bill the Client for the time spent to date at CIVAS' hourly rates for the personnel involved. The Client will be billed a minimum \$500 or at a rate of \$250 per hour for associate time, \$300 per hour for valuation services director, \$400 per hour for managing director, and \$450 per hour for executive managing director. If the Client delays completion of the assignment beyond ninety (90) days, the fee may be renegotiated. This may result in the total fee exceeding the original agreed fee agreed upon cost. The Baltimore County Government must pre-approve any additional costs in writing. The Baltimore County Government will not be liable for any delays or costs caused by Colliers or their agents, or caused by force majeure.
- 4) The fee is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. If a draft is requested, the fee is considered earned upon delivery of our draft report.
- 5) In the event that either party commences any legal action relating to the provisions of the Agreement, including collection, the prevailing party shall be entitled to its actual attorneys' fees and costs, including those incurred upon appeal. The Agreement shall be governed by and construed in accordance with the laws of the state where the CIVAS office executing the Agreement is located. The venue of any action arising out of the Agreement shall be the county where the CIVAS office executing the Agreement is located. Client will have up to fourteen (14) days from receipt of the Draft Appraisal to review and communicate its review to CIVAS. CIVAS reserves the right to bill Client for additional appraisal efforts that may arise from the Client not responding within with this time period.
- 6) All statements of fact in the Appraisal which are used as the basis of the CIVAS' analyses, opinions, and conclusions will be true and correct to the best of the CIVAS' knowledge and belief. CIVAS does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to CIVAS by Client.
- 7) CIVAS shall have no responsibility for legal matters, questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The Appraisal will not constitute a survey of the Property analyzed.
- 8) Client shall provide CIVAS with such materials with respect to the Appraisal as requested by CIVAS and which are in the possession or under the control of Client. Client shall provide CIVAS with sufficient access to the Property to be analyzed and hereby grants permission for entry, unless discussed in advance to the contrary.
- 9) The data gathered in the course of the Appraisal (except data furnished by Client) and the Appraisal prepared pursuant to the Agreement are, and will remain, the property of CIVAS. With respect to data provided by Client, such data shall be confidential, and CIVAS shall not disclose any information identified as confidential furnished to CIVAS. Notwithstanding the foregoing, CIVAS is authorized by Client to disclose all or any portion of the Appraisal and the related data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable CIVAS to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect. To the greatest extent possible, unless prohibited by law, permitted by the Client, or required as set forth herein, CIVAS shall keep all information and reports confidential.
- 10) Unless specifically noted, CIVAS does not assume any duty to analyze or examine the Property or adjacent property for the possible presence of toxic and/or hazardous substances or materials (including but not exclusive to asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (hazardous material), or the cost of encapsulation or removal thereof) and accepts no liability regarding the issue. If such materials exist, CIVAS defers to the expertise of professionals specifically trained in analyzing the cost to remediate, which will not be a part of the appraisal fee proposal. The Appraisal will contain a comprehensive disclaimer to this effect.
- 11) CIVAS understands that there is major or significant deferred maintenance in the Property which requires the expertise of a professional cost estimator or contractor. These estimates prepared by others, are not a part of the fee contemplated in the Agreement.
- 12) Client acknowledges that CIVAS is being retained hereunder as an independent contractor to perform the services described herein and nothing in the Agreement shall be deemed to create any other relationship between Client and CIVAS. The Agreement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal discussed herein.
- 13) Both parties reserve all rights and remedies in law and equity. Jurisdiction for any and all disputes shall be in the State of Maryland regardless of any choice of law provisions.
- 14) Client agrees that its only remedy for losses or damages relating to the Agreement shall be limited to the amount of the appraisal fee paid by the Client. Should the Client, or any other entitled party, make a claim against CIVAS, its directors, officers, employees and other affiliates and shareholders, relating to this engagement or the appraisal(s), the maximum damages recoverable from CIVAS, its directors, officers, employees and other affiliates and shareholders, shall be the amount of funds actually collected by CIVAS under the Agreement, and no claim shall be made for any consequential or punitive damages.

PROFESSIONAL SERVICE AGREEMENT

CONTINUED

- 15) If CIVAS or any of its employees receives a subpoena or other judicial notification to produce documents or provide testimony involving the Appraisal in connection with a lawsuit or related proceeding, CIVAS will notify the Client of receipt of the subpoena or notification.
- 16) If expert witness testimony, or other professional input to the Baltimore County Council regarding our report is required in connection with the Appraisal, the following hourly rates will apply. The Client will be billed at the rate of \$250 per hour for associate time, \$350 per hour for valuation services director, \$400 per hour for managing director, and \$450 per hour for executive managing director. The hourly billings pertain to court preparation, waiting and travel time, document review and preparation (excludes appraisal report) and all meetings related to court testimony.
- 17) Client shall indemnify and hold CIVAS, its parent, subsidiaries, affiliates, its officers, directors, employees and agents ("CIVAS Indemnities"), fully harmless against all losses, damages, claims, and expenses of any kind whatsoever (including costs and reasonable attorneys' fees), sustained or incurred by a third party as a result of the negligence or intentional acts or omissions of Client (including any failure to perform any duty imposed by law), any misrepresentation, distortion or if Client fails to provide complete and accurate information to CIVAS, for which recovery is sought against the CIVAS Indemnities by that third party; however, such obligation to defend and indemnify shall not apply to the extent caused by the negligent act or willful misconduct of CIVAS. Client shall indemnify and hold CIVAS Indemnities harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the Appraisal to any third party. LIMITATION OF LIABILITY. EXCEPT FOR THE INDEMNIFICATION PROVISION ABOVE, ANYTHING IN THE AGREEMENT TO THE CONTRARY NOTWITHSTANDING, UNDER NO CIRCUMSTANCES WHATSOEVER SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, OR INCIDENTAL DAMAGES OF ANY KIND WHATSOEVER. EXCEPT FOR IN NO EVENT WHATSOEVER SHALL CIVAS' TOTAL LIABILITY TO CLIENT FOR DIRECT DAMAGES UNDER THE AGREEMENT OR ANY OTHER DAMAGES WHATSOEVER EXCEED IN THE AGGREGATE THE TOTAL SUM OF FUNDS RECEIVED BY CIVAS FROM CLIENT. "Client reserves all immunities and defenses available as a government entity. Client's liability and indemnification is limited to their client negligence or acts of willful malice and is capped by a Local Government Tort Claims Act, as amended.
- 18) The Appraisal and the name Colliers International Valuation & Advisory Services may not be used in any marketing or investment material or offering memoranda without CIVAS' prior written consent. CIVAS, its employees and appraisers have no liability to any recipients of any prepared material, and disclaim all liability to any party other than the Client.
- 19) Unless CIVAS consents in writing, the Appraisal cannot be used by any party or for any purpose other than the Client for the purposes specified in the Agreement. Should the Client provide a copy of this Appraisal to any person or entity not authorized by CIVAS in writing, Client hereby agrees to hold CIVAS, its directors, officers, employees and other affiliates and shareholders, harmless from all damages, expenses, claims and costs, including any attorney's fees. The Client acknowledges that any opinions and conclusions expressed by the professionals of CIVAS pursuant to the Agreement are made as employees and not as individuals. CIVAS' responsibility is limited to the Client, and the use of the Appraisal or related product by third parties shall be solely at the risk of the Client and/or third parties.
- 20) CIVAS agrees to maintain Professional Liability Insurance in the amount of \$1,000,000 and General Liability insurance in the amount of \$2,000,000, as well as workers compensation per local regulatory requirements. General Liability and Workers Compensation policies shall contain a full waiver of subrogation clause, but only to the extent of loss arising from or attributable to CIVAS gross negligence. Within ten (10) days of the execution of the Agreement, CIVAS will provide Client with certificates of insurance naming Client as an additional insured on the General Liability policy. CIVAS will endeavor to provide Client with written notice regarding any cancellation of any such insurance. County to be named as an additional insured.
- 21) The use of this appraisal shall be used only for the purpose set forth by the Client. In the event that the client wishes to use this report or portions of this report for any other purpose such as, to become part of or be referenced in, any offering or other material intended for the review of others, or to be submitted to others, will be at the Client's sole and absolute discretion and, if given, will be on condition that CIVAS will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to CIVAS and the Client, by a party satisfactory to CIVAS and the Client. CIVAS does consent to Client submission of the complete Appraisal to rating agencies, loan participants or your auditors without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.

Cond 2/118 - No 362

LIBER 2290 PAGE 398

H. STRETT BALDWIN, etc.,	:	IN THE CIRCUIT COURT
Plaintiff	:	
vs	:	FOR BALTIMORE COUNTY
	:	
FRANK W. PROCTER, et al,	:	AT LAW
Defendants	:	

.....

INQUISITION

INQUISITION made and taken at Bar in the Circuit Court for Baltimore County in the matter of the Petition of the County Commissioners of Baltimore County, a body politic and corporate, vs Frank W. Procter and Gladys B. Procter, his wife, and J. B. Fleming, for the condemnation of the property hereinafter mentioned, witnesseth:

THAT we, the Jurors, whose names are hereunto subscribed and whose seals are hereunto affixed, being duly empanelled, sworn and charged to ascertain and determine whether or not it will be necessary for the Petitioner to acquire the land and property described in the Petition, and to inquire into, ascertain and justly and impartially value the damages which the Defendants will sustain by the taking, use and occupation of said property consisting of 9.534 Acres, more or less, situate, lying and being in the Ninth Election District of Baltimore County, State of Maryland, and particularly described as follows:

BEGINNING for the same at an iron bar heretofore planted on the southwest side of the York Road at the end of the third or North 63 degrees 42 minutes East 309.94 feet line of the land conveyed by The Most Reverend Michael J. Curley, Roman Catholic Archbishop of Baltimore for the time being and his successors, etc. to Frank W. Procter and wife by a Deed dated May 1, 1928, and recorded among the Land Records of Baltimore County in Liber W.H.M. No. 656, folio 333, running thence and binding on the southwest side of the York Road and on the fourth line in said Deed, South 24 degrees 36 minutes East 473.70 feet to an iron bar heretofore planted at the end of the third or North 65 degrees 24 minutes East 150.00 feet line of the land conveyed by Frank W. Procter and wife to L. Scott Brooks and wife by a Deed dated May 22, 1946, and recorded among the aforesaid Land Records in Liber R.J.S. No. 1458, folio 345, thence leaving the road and binding reversely on the last mentioned third line South 65 degrees 24 minutes West 150.00 feet to an iron bar at the end of the second line in the last mentioned Deed, thence for a part binding reversely on said second line and for a part of the thirdly described line of the land conveyed by Frank W. Procter and wife to John D. Gadd and wife by a Deed dated September 14, 1945, and recorded among the Land Records in Liber R.J.S. No. 1406, folio 310, South 24 degrees 36 minutes East in all 171.49 feet to a pipe, thence South 65 degrees 24 minutes West 9.42 feet to a pipe heretofore planted at the end of the third or South 24 degrees 36 minutes East 185.57 feet line of the first parcel of land conveyed by Frank W. Procter and wife to The Most Reverend Michael J. Curley, Roman Catholic Archbishop of Baltimore for the time being and his successors, etc., by a Deed dated March 13, 1946, and recorded among said Land Records in Liber R.J.S. No. 1442, folio 302, thence reversely on the last mentioned third line and on the sec-

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BALTIMORE COUNTY CIRCUIT COURT (Land Records) GLB 2290, p. 0398, MSA_CE62_2145. Date available 10/12/2005. Printed 01/29/2018.

ond line thereof the two following courses and distances, viz: North 24 degrees 36 minutes West 185.57 feet to an iron bar, and South 65 degrees 24 minutes West 185.50 feet to an iron pipe heretofore planted at the end of the first or North 20 degrees 08 minutes West 186.13 feet line of the first parcel in the last mentioned Deed, running thence and binding on the third line in the secondly described parcel in said Deed, South 65 degrees 24 minutes West 122.69 feet to a pipe at the beginning point of that parcel of land conveyed by the Most Reverend Michael J. Curley, Roman Catholic Archbishop of Baltimore for the time being and his successors, etc., to Frank W. Procter, Jr. by a Deed dated March 12, 1946, and recorded among said Land Records in Liber R.J.S. No. 1436, folio 512, thence reversely on the last line in the last mentioned Deed, South 65 degrees 24 minutes West 228.08 feet to a pipe planted on the easternmost side of a strip of land (50 feet wide) conveyed by The Most Reverend James Cardinal Gibbons, Archbishop of Baltimore, etc., to the Towson and Cockeysville Electric Railway Company, as laid out on a Plat and recorded among the Plat Records of Baltimore County in Plat Book W.P.C. No. 3, folio 191, running thence and binding on the easternmost side of said strip of land by a line curving southwesterly toward the right having a radius of 1457.70 feet and a chord bearing south 5 degrees 53 minutes 21 seconds west 385.06 feet, a distance of 386.19 feet, and South 13 degrees 28 minutes 44 seconds west 47.12 feet to the northeast side of the Joppa Road, thence binding on the northeast side of said road North 49 degrees 15 minutes West 56.26 feet to the beginning point of that parcel of land conveyed by John Ridgely, Jr. to Frank W. Procter and wife by a Deed dated November 3, 1945, and recorded among said Land Records in Liber R.J.S. No. 1423, folio 164, thence leaving the road and binding on the outlines in said Deed from Ridgely to Procter the four following courses and distances, viz: North 13 degrees 28 minutes 44 seconds East 21.34 feet and by a line curving toward the left or North having a radius of 1407.70 feet and a chord bearing North 3 degrees 40 minutes 33 seconds East 479.34 feet, a distance of 481.70 feet, and North 51 degrees 37 minutes West 11.22 feet and by a line curving northwesterly to the left having a radius of 1399.70 feet and a chord bearing North 14 degrees 31 minutes 51 seconds West 393.57 feet, a distance of 394.87 feet to intersect the last or South 42 degrees 57 minutes East 1028.15 feet line of the land conveyed by Eliza Ridgely (single) and John Ridgely, Jr. to Frank W. Procter and wife by a Deed dated November 3, 1945, and recorded among the aforesaid Land Records in Liber R.J.S. No. 1420, folio 79, thence reversely on a part of said last line North 42 degrees 57 minutes West 166.44 feet to the center of a road (40 feet wide), thence binding in the center of said road (with the right to use in common with others entitled thereto) and reversely on the fifth line in the last mentioned Deed, North 65 degrees 24 minutes East 399.90 feet to an iron bar planted at the end of the fourth line thereof, thence leaving the road and binding reversely on the fourth line South 20 degrees 08 minutes East 226.60 feet to an iron bar at the end of the third line in said last mentioned Deed, thence binding on the first herein mentioned third line in the Deed from The Most Reverend Michael J. Curley to Frank W. Procter, North 63 degrees 42 minutes East 309.83 feet to the place of beginning. Containing 9.534 Acres of land, more or less.

BEING a part of the land referred to in a Deed dated May 1, 1928, and recorded among the Land Records of Baltimore County in Liber W.H.M. No. 656, folio 333, which was granted and conveyed by The Most Reverend Michael J. Curley, Roman Catholic Archbishop of Baltimore for the time being and his successors in the Archiepiscopal See of Baltimore according to the Discipline and Government of the Roman Catholic Church, a corporation sole, to Frank W. Procter and Gladys B. Procter, his wife, as tenants by the entireties; all of the land conveyed by Frank B. Procter (at one time called Frank W. Procter, Jr.) and Mary Allen Procter, his wife, to the said Frank W. Procter and Gladys B. Procter, his wife, as tenants by the entireties, by Deed dated March 15, 1952, and recorded among the aforesaid Land Records in Liber G.L.B. No. 2086, folio 77; and also all of the land conveyed by said Frank B. Procter and Mary Allen Procter, his wife, to the said Frank W. Procter and Gladys B. Procter, his wife, as tenants by the entireties, by Deed dated March 15, 1952, and recorded among the aforesaid Land Records in Liber G.L.B. No. 2086, folio 75.

HAVING viewed the premises, heard the evidence and duly considered

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the same, we do find and determine that:

- 1. It is necessary for the Petitioner to acquire said property;
- 2. The damages to be sustained by the Defendants, Frank W. Procter and Gladys B. Procter, his wife, for their fee simple interest and estate in and to the parcel of land hereinbefore particularly described are the sum of _____

One hundred and four thousand dollars

- 3. The damages to be sustained by the Defendant, J. B. Fleming, for his equitable interest and estate in and to a portion of the property hereinbefore particularly described are the sum of _____

One cent

THAT upon the payment of the said sums to the Defendants, the title to the property described in the Petition filed in this cause shall be held and become vested in the County Commissioners of Baltimore County, a body politic and corporate, clear and discharged from any claims, liens or demands of the Defendants.

IN WITNESS hereof, we, the said Jurors, have hereunto set our hands and seals this 17th day of December, 1952.

Ethel M. Harr (SEAL)
Ethel M. Harr

Lloyd B. Shearman (SEAL)
Lloyd B. Shearman

James Lawson (SEAL)
James Lawson

Norman A. Johnson (SEAL)
Norman A. Johnson

Howard R. Smith (SEAL)
Howard R. Smith

Geo. F. Harris (SEAL)
Geo. F. Harris

John E. Flanigan (SEAL)
John E. Flanigan

William P. Atherton (SEAL)
William P. Atherton

Erma M. Overton (SEAL)
Erma M. Overton

Geo. W. Smith, Jr. (SEAL)
Geo. W. Smith, Jr.

John F. Miller, Sr. (SEAL)
John F. Miller, Sr.

Newry G. Meredith (SEAL)

REC'D FOR RECORD Jan 23, 1953 - 1 P. M & RECORDED IN THE LAND RECORDS OF BALTIMORE COUNTY, LIBER G.L.B. 2290 FOLIO 398 GEORGE L. BYERLY, CLERK.

BALTIMORE COUNTY CIRCUIT COURT (Land Records) GLB 2290, p. 0400, MSA_CE62_2145. Date available 10/12/2005. Printed 01/29/2018.

TOWSON STATION DEVELOPMENT BUDGET	ROYAL FARM	CHICK-FIL-A	DELTA
ACQUISITION COSTS			
Property Purchase	8,300,000	3,428,946	(4,871,054)
Transaction Costs	110,000	68,579	(41,421)
Acquisition Total	8,410,000	3,497,525	(4,912,475)
SOFT COSTS			
Soft Costs to Date - Due Diligence Expenses	124,439	124,439	-
Civil Engineering	225,000	275,000	50,000
Architectural, Structural, & MEP Design	184,000	204,000	20,000
Landscape / Hardscape Design	30,000	40,000	10,000
Geotechnical	30,000	30,000	-
Traffic Engineering	25,000	40,000	15,000
Site Testing & Monitoring	65,000	65,000	-
Survey	20,000	20,000	-
Environmental Consultant	20,000	20,000	-
Fees/ Permits	245,848	245,848	-
Dry Utility Fees	100,000	100,000	-
Surety Fees (Annual)	41,034	41,034	-
Real Estate Taxes & Insurance (during development)	118,778	118,778	-
Community Benefit	100,000	-	(100,000)
Legal	400,000	550,000	150,000
Marketing	10,000	10,000	-
Soft Cost Total	1,739,099	1,884,099	145,000
HARD COSTS			
Remove Remaining Building Foundations	175,000	175,000	-
Site Demolition	365,536	365,536	-
Sitework	486,100	486,100	-
Stormwater	271,247	271,247	-
Retaining Walls	1,029,570	1,029,570	-
Site Masonry	269,420	269,420	-
Site Concrete & Pavers	209,598	209,598	-
Wet Utilities	200,935	200,935	-
Dry Utilities	142,920	142,920	-
Landscaping	269,640	269,640	-
Curb & Gutter	54,018	54,018	-
Fencing	94,944	94,944	-
Bosely Ave. Mill, Overlay, & Striping	165,000	165,000	-
Traffic Signalization	100,000	100,000	-
Misc. Metals	12,220	12,220	-
Retail Shell Building - Bosely Ave.	967,853	967,853	-
Retail Shell Building - York Road	1,136,430	1,136,430	-
Retail Paving & Striping	388,069	388,069	-
Retail Site Lighting	174,575	174,575	-
Dumpster Enclosures	52,500	52,500	-
CM General Conditions & Fee	414,532	414,532	-
Tenant Fit Out	1,787,000	1,937,000	150,000
Leasing Commissions	741,928	899,428	157,500
Hard Cost Total	9,509,036	9,816,536	307,500
CONTINGENCIES			
10% Soft Cost Contingency	161,466	175,966	14,500
10% Hard Cost Contingency	705,511	736,261	30,750
Contingency Total	866,977	912,227	45,250
DEVELOPMENT BUDGET TOTAL - UNLEVERAGED	20,525,111	16,110,386	(4,414,725)
FINANCING COSTS			
Development Loan - Origination / Transaction	143,539	112,773	(30,767)
Development Loan - Interest Reserve	699,754	549,767	(149,987)
Permanent Loan - Origination / Transaction	145,001	144,453	(547)
Financing Total	988,294	806,993	(181,301)
DEVELOPMENT BUDGET TOTAL - LEVERAGED	21,513,405	16,917,379	(4,596,026)

CONSTRUCTION LOAN ANALYSIS		ROYAL FARM	CHICK-FIL-A
Unleveraged Development Budget Total		20,525,111	16,110,386
Construction Loan Amount	LTC 70%	14,367,578	11,277,271
Equity Calculation			
Bank Loan Calculation		6,157,533	4,833,116
Plus Construction Loan Financing Fees		143,676	112,773
Plus Interest Reserve		700,419	549,767
Construction Loan Equity Required		7,001,629	5,495,656

PERMANENT LOAN ANALYSIS		ROYAL FARM	CHICK-FIL-A
Financing Terms			
LTV		70%	70%
Interest Rate		4.85%	4.85%
Amortization		25	25
Valuations			
Vacancy Factor			10.0%
Bosely Retail	Cap Rate	6.5%	
York Retail	Cap Rate	6.5%	
Pad Site	Cap Rate	5.5%	
Project Valuation		25,260,448	19,260,448
Permanent Loan Amount		17,682,313	13,482,313
NOI		1,656,300	1,326,300
P&I Payment		1,221,955	931,710
Cash Flow		434,345	394,590
	DSCR	1.36	1.42

EQUITY CALCULATION		ROYAL FARM	CHICK-FIL-A
Permanent Loan Refinancing Proceeds			
Permanent Loan Amount		17,682,313	13,482,313
less construction loan		14,367,578	11,277,271
Permanent Loan Net Proceeds		3,314,735	2,205,043
Final Equity Position			
Original Equity Commitment		7,001,629	5,495,656
Less Permanent Loan Net Proceeds		3,314,735	2,205,043
Final Equity Commitment		3,686,893	3,290,613

STABILIZED INCOME PROFORMA			ROYAL FARM	CHICK-FIL-A
Project Component	GLA (SF)	Annual Rate	Annual Rent	Annual Rent
Bosely Retail Strip				
Leased	10,700	\$ 50.54	540,800	540,800
0% Vacant	0	\$ 50.54	-	-
Bosely Retail Strip Total	10,700		540,800	540,800
York Retail Strip				
Leased	12,300	\$ 50.98	627,000	627,000
0% Vacant	0	\$ 50.98	-	-
York Retail Strip Total	12,300		627,000	627,000
PAD Site Ground Lease			500,000	170,000
Total Annual Rent			1,667,800	1,337,800
Less Non-Reimbursable Expenses	23,000	\$ 0.50	11,500	11,500
Net Operating Income			1,656,300	1,326,300
Less Principal and Interest Payment			1,221,955	931,710
		DSCR	1.36	1.42
Cash Flow from Operations			434,345	394,590

Leveraged Return on Equity	11.8%	12.0%
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Unleveraged Development Yield (NOI/Tot Proj. Cost)

8.1%

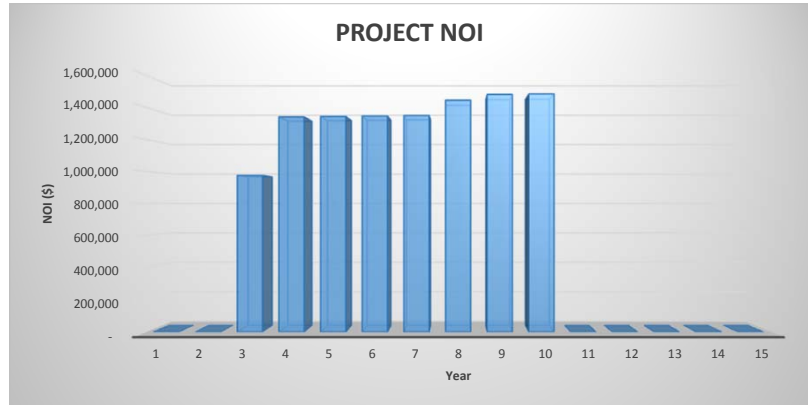
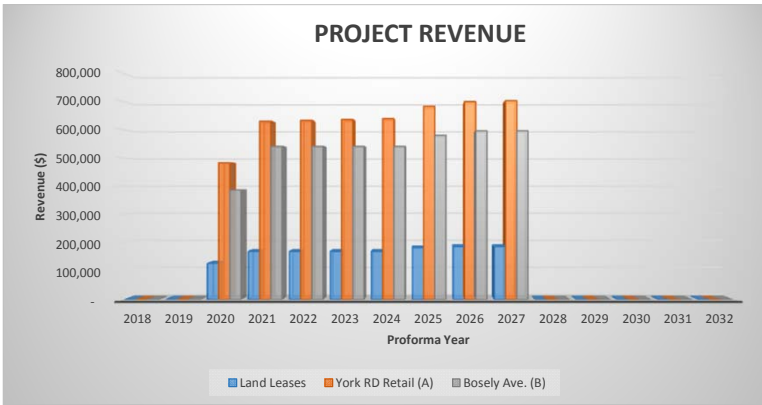
8.2%

Leveraged Development Yield (NOI/Tot Proj. Cost)

7.7%

7.8%

RENT ROLL ASSUMPTIONS



Land Leases			Bldg-SF	Rent	Lease Rate	Term	Esc. %	Esc./Yr	Free Rent	TI	TI Duration	LC	Start	End
Chick-Fil-A	Preleased	Pad-1	4,992	170,000	\$34.05 psf	20	10.0%	5	0	\$0.00 psf	0	6.0%		
Not Used			-	-	\$0.00 psf	0	0.0%	0	0	\$0.00 psf	0	0.0%		
Not Used			-	-	\$0.00 psf	0	0.0%	0	0	\$0.00 psf	0	0.0%		
Not Used			-	-	\$0.00 psf	0	0.0%	0	0	\$0.00 psf	0	0.0%		
Not Used			-	-	\$0.00 psf	0	0.0%	0	0	\$0.00 psf	0	0.0%		
Not Used			-	-	\$0.00 psf	0	0.0%	0	0	\$0.00 psf	0	0.0%		
Not Used			-	-	\$0.00 psf	0	0.0%	0	0	\$0.00 psf	0	0.0%		
			4,992	170,000										

PAD Absorption Period 1 months

York RD Retail (A)		Suite #	GLA	% Tot	Lease Rate	Term	Esc. %	Esc./Yr	Free Rent	TI	TI Duration	LC	Start	End
Men's Wearhouse	Preleased	100	5,600	46%	\$50.00 psf	10	10.0%	5	0	\$75.00 psf	0	6.0%		
	Option 1 --->				\$60.50 psf	5	0.0%	0	0	\$0.00 psf	0	0.0%		
	Option 2 --->				\$66.55 psf	5	0.0%	0	0	\$0.00 psf	0	0.0%		
Vacant	Spec.	103	2,400	20%	\$50.00 psf	10	10.0%	5	0	\$50.00 psf	2	6.0%		
Nail Trix	Preleased	104	1,900	15%	\$50.00 psf	10	3.0%	1	0	\$65.00 psf	0	6.0%		
	Option 1 --->				\$67.19 psf	5	3.0%	1	0	\$0.00 psf	0	0.0%		
	Option 2 --->				\$77.89 psf	5	3.0%	1	0	\$0.00 psf	0	0.0%		
Habit Burger	Preleased	106	2,400	20%	\$55.00 psf	10	10.0%	5	0	\$125.00 psf	0	6.0%		
	Option 1 --->				\$66.55 psf	5	0.0%	0	0	\$0.00 psf	0	0.0%		
	Option 2 --->				\$73.21 psf	5	0.0%	0	0	\$0.00 psf	0	0.0%		
Not Used			-	0%	\$0.00 psf	0	0.0%	0	0	\$0.00 psf	0	0.0%		
Not Used			-	0%	\$0.00 psf	0	0.0%	0	0	\$0.00 psf	0	0.0%		
Not Used			-	0%	\$0.00 psf	0	0.0%	0	0	\$0.00 psf	0	0.0%		
			12,300	100%										

Space Absorption Period 2 months
Total Lease Up Period 5 months

Vacancy Factor 0%

Bosely Ave. (B)		Suite #	GLA	% Tot	Lease Rate	Term	Esc. %	Esc./Yr	Free Rent	TI	TI Duration	LC	Start	End
Mission BBQ	Preleased	100	4,000	37%	\$49.50 psf	10	10.0%	5	0	\$55.00 psf	0	6.0%		
	Option 1 --->				\$59.90 psf	5	0.0%	0	0	\$0.00 psf	0	0.0%		
	Option 2 --->				\$65.89 psf	5	0.0%	0	0	\$0.00 psf	0	0.0%		
Vacant	Spec.	102	1,500	14%	\$50.00 psf	10	10.0%	5	0	\$50.00 psf	0	6.0%		
Vacant	Spec.	103	1,600	15%	\$50.00 psf	10	10.0%	5	0	\$50.00 psf	0	6.0%		
Vacant	Spec.	104	1,000	9%	\$50.00 psf	10	10.0%	5	0	\$50.00 psf	0	6.0%		
MOD Pizza	Preleased	105	2,600	24%	\$53.00 psf	10	10.0%	5	0	\$0.00 psf	0	6.0%		
	Option 1 --->				\$64.13 psf	5	0.0%	0	0	\$0.00 psf	0	0.0%		
	Option 2 --->				\$70.54 psf	5	0.0%	0	0	\$0.00 psf	0	0.0%		
Not Used			-	0%	\$0.00 psf	0	0.0%	0	0	\$0.00 psf	0	0.0%		
Not Used			-	0%	\$0.00 psf	0	0.0%	0	0	\$0.00 psf	0	0.0%		
			10,700	100%										

Space Absorption Period 2 months
Total Lease Up Period 7 months

Vacancy Factor 0%

Misc. Revenue	Annual	Esc	Start Date	Term	End
Not Used	\$ -	0.0%		0	
Not Used	\$ -	0.0%		0	
Not Used	\$ -	0.0%		0	

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Unless specified otherwise, these definitions were extracted from the following sources or publications:

The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015 (*Dictionary*).

Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition (USPAP).

The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, Chicago, Illinois, 2013 (*14th Edition*).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (*Dictionary*)

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. (*14th Edition*)

Aggregate of Retail Values (ARV)

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called *sum of the retail values*. (*Dictionary*)

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. (*Dictionary*)

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. (*Dictionary*)

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. (*14th Edition*)

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. (*Dictionary*)

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. (*Dictionary*)

Cash-Equivalent Price

The price of a property with nonmarket financing expressed as the price that would have been paid in an all-cash sale. (*Dictionary*)

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. (*Dictionary*)

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Contract Rent

The actual rental income specified in a lease. *(14th Edition)*

Cost Approach

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised. *(14th Edition)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, 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. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for *yield rate*. *(Dictionary)*

Disposition Value

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

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made during the exposure time.

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8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(14th Edition)*

Economic Life

The period over which improvements to real property contribute to property value. *(Dictionary)*

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date

The date on which the appraisal or review opinion applies (SVP) *(Dictionary)*

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent

The rental rate net of financial concessions such as periods of free rent during the lease term and above or below-market tenant improvements (TIs). *(14th Edition)*

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive

The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called *developer's profit*) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. *(Dictionary)*

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Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. *(Dictionary)*

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(14th Edition)*

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. *(Dictionary)*

Exposure Time

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. *(Dictionary)*

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be temporary or permanent. *(Dictionary)*

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. 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. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. (USPAP)

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Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. (*Dictionary*)

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. (*USPAP*)

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. (*Dictionary*)

Floor Area Ratio (FAR)

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

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. (*Dictionary*)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (*Dictionary*)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (*Dictionary*)

Going-concern

An established and operating business having an indefinite future life. (*Dictionary*)

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern or market value of the total assets of the business*. (*Dictionary*)

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 market area of the type of property involved. (*Dictionary*)

Gross Leasable Area (GLA) - Commercial

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. (*Dictionary*)

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Gross Living Area (GLA) - Residential

Total area of finished, above-grade residential area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) *(Dictionary)*

Highest & 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. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for that asset when formulating the price that it would be willing to bid (IVS). *(Dictionary)*

Hypothetical Condition

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

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. *(14th Edition)*

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. *(Dictionary)*

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. *(Dictionary)*

Insurable Replacement Cost

The cost estimate, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). *(Dictionary)*

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Interim Use

The temporary use to which a site or improved property is put until a different use becomes maximally productive. (*Dictionary*)

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (*Dictionary*)

Liquidation Value

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

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. (*Dictionary*)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. (*Dictionary*)

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (*Dictionary*)

Legally Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; also known as a *grandfathered use*. (*Dictionary*)

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas. (*Dictionary*)

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). (*14th Edition*)

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Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. (*Dictionary*)

Market Value (Interagency Guidelines)

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

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

(Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. (*Dictionary*)

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. (*Dictionary*)

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). (*14th Edition*)

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (*Dictionary*)

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Off-site Costs

Costs incurred in the development of a project, excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs*. (*Dictionary*)

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. (*Dictionary*)

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. (*14th Edition*)

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. (*Dictionary*)

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. (*Dictionary*)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (*Dictionary*)

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. (*Dictionary*)

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. (*Dictionary*)

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 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 achieved sellout or a stabilized level of long-term occupancy. (*Dictionary*)

Qualitative Adjustment

An indication that one property is superior, inferior, or the same as another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. (*Dictionary*)

Quantitative Adjustment

A numerical (dollar or percentage) adjustment to the indicated value of the comparable property to account for the effect of a difference between two properties on value. (*Dictionary*)

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. (*Dictionary*)

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Replacement Cost

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

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. (*Dictionary*)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (*Dictionary*)

Sales Comparison Approach

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

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. (*USPAP*)

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

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Shopping Center Types (cont.)

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. (14th Edition)

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. (Dictionary)

Surplus Land

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

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary)

Triple Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN*, *triple net lease*, or *fully net lease*. (Dictionary)

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. (Dictionary)

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. (Dictionary)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income deductions due to vacancies, tenant turnover, and non-payment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. (Dictionary)

Yield Capitalization

A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. (Dictionary)



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Income Approach I and II
Site and Cost Approach

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