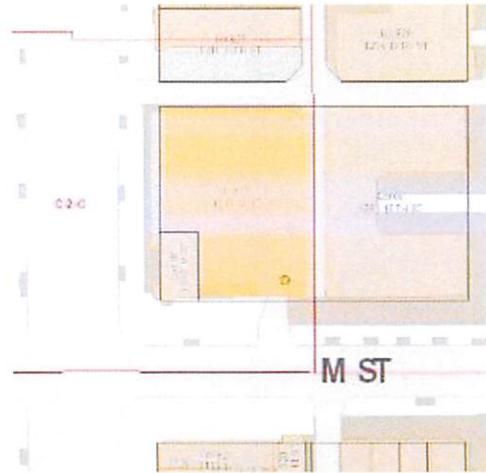


LAND SALE 7

Address 1011 -1013 M Street, NW
 Washington, D.C. 20001

Tax Map, Parcel Square 340, Lots 5 -7 & 59
 -62

Property ID # 106794


Sale Data

Sale Status Closed

Sale Date 05-21-2013

Sale Price \$8,000,000

\$/SF \$734.62

\$/Acre \$32,000,000

Proposed Use Condominiums

Proposed GBA 78,408

\$/Proposed GBA \$102.03

Proposed FAR 7.20

Proposed Units 80

\$/Proposed Unit \$100,000

Conds. of Sale Typical

Property Rights Fee Simple

Grantor E & L Associates Ltd.

Grantee 11M Partners LLC

Financing \$9 million from EagleBank

Liber/Folio Instr. No. 59684

Confirmed With Appraiser/CoStar/OTR

Sale Comments Buyer plans to develop site with a six to nine story residential condominium building with 78 to 80 units, 3,000 sq.ft. of ground floor retail, and 22 underground parking spaces. Approximately 8% -10% of the units will be affordable units. Based on zoning, the property can be developed to a maximum FAR of 6.0 or with 65,340 sq.ft. of improvements and 7.2 or 78,408 sq.ft. with bonus density from inclusionary zoning.

Property Description

Land SF	10,890	Shape	Irregular
Land Acres	0.250	Utilities	All available
Zoning	C-2-C	Visibility	Good
Topography	Level	Access	Good
Site Impmts.	Property was a paved surface parking lot at date of sale. Site wraps around a building on the corner.		

Sales Comparison Analysis

The sales were analyzed and adjustments made for differences in the elements of comparison listed above. The comparable sales are adjusted to the subject: if the comparable sale was superior to the subject, a negative adjustment was applied to the comparable sale. A positive adjustment to the comparable property applied if it was inferior to the subject. A summary of the elements of comparison follow.

Transaction Adjustments

Transaction adjustments include 1) real property rights conveyed, 2) financing terms, 3) conditions of sale, 4) market conditions. These items are applied prior to the application of property adjustments, and are discussed as follows:

Real Property Rights Conveyed

Before a comparable sale property can be used in the Sales Comparison Approach, we must first ensure that the sale price of the comparable property applies to property rights that are similar to those being appraised. In the case of the subject property, a fee simple interest is being appraised. All of the sales should reflect a similar interest or an adjustment would be required for this element of comparison.

No adjustment is made for property rights conveyed.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. All of the sales used should involve typical market terms by which the sellers received cash or its equivalent and the buyers tendered typical down payments and obtained conventional financing at market terms for the balance. If otherwise, an adjustment would be required for this element of comparison.

No adjustment is made for financing terms.

Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who is under duress to complete the transaction. Another more typical condition of sale involves the downward adjustment required to a comparable property's for-sale listing price which usually reflects the upper limit of value. All of the comparable sales should involve typical conditions for closed transactions, or an adjustment would be required for this element of comparison.

Comparable Sale No. 1 is adjusted upward for the seller's oversight of the future development.

Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures that will have to be made upon purchase of a property because these costs affect the price the buyer agrees to pay. Such expenditures may include: (1) costs to cure deferred maintenance, (2) costs to demolish and remove any portion of the improvements, (3) costs to petition for a zoning change, and/or (4) costs to remediate environmental contamination. The relevant figure is not the actual cost incurred, but the cost that was anticipated by both the buyer and seller. Unless the sales involved expenditures made immediately after purchase; no adjustments to the comparable sales are required for this element of comparison.

Comparable Sale Nos. 1, 3, 4, and 6 are adjusted upward for the cost to demolish their existing improvements. Comparable Sale No. 3 is adjusted upward for the cost to remediate the on-site environmental issues.

Market Conditions

Market conditions may change between the time of sale of a comparable property and the date of the appraisal of the subject property. Changes in market conditions may be caused by inflation, deflation, fluctuations in supply and demand, or other factors. Market conditions that change over time create the need for an adjustment. If market conditions have changed, an adjustment would be required for this element of comparison.

No adjustment is made for market conditions.

Property Adjustments

Property adjustments are usually expressed qualitatively as percentages that reflect the increase or decrease in value attributable to the various characteristics of the property. These adjustments are applied after the application of transaction adjustments, and are discussed as follows:

Locational Characteristics

Location adjustments may be required when the locational characteristics of a comparable property are different from those of the subject property. These include, but are not limited to, general neighborhood characteristics, freeway accessibility, street exposure, corner versus interior lot location, neighboring properties, view amenities, and other factors.

Comparable Sale No. 2 is adjusted upward for its distance from a Metro station with a much larger downward adjustment for its superior location. Comparable Sale Nos. 4 and 5 are adjusted upward for their distance from a Metro station.

Physical Characteristics

If the physical characteristics of a comparable property and the subject property differ, each of the differences may require comparison and adjustment to the comparable. The most notable physical differences for comparable sales in this market include size, shape, and topography.

Comparable Sale Nos. 1 is adjusted upward for the physical constraints of the site due to its extremely small size. Comparable Sale No. 3 is adjusted upward for the poor soils and the

inability to construct underground parking which eliminates a source of revenue and reduces the marketability of the proposed development.

Zoning

The highest and best use of comparable sale properties should be very similar as that of the subject property. When comparable properties with the same zoning as the subject are lacking or scarce, parcels with slightly different zoning but a highest and use similar to that of the subject may be used as comparable sales. These sales may have to be adjusted for differences in utility if the market indicates that this is appropriate.

Comparable Sale No. 2 is adjusted downward for its lack of required affordable units. Comparable Sale Nos. 5 and 6 are adjusted upward for their zoning requiring half low income affordable and half moderately price affordable units whereas the subject and the other comparables only require moderately priced affordable units.

Other

Aside from locational and physical characteristics, there are numerous other points of differences between properties that may have an impact on their value.

Comparable Sale No. 3 is adjusted upward for the historic buildings which must be incorporated into the development reducing the achievable density. Comparable Sale Nos. 5 and 6 are adjusted downward for their approvals in place at the time of sale.

Summary of Adjustments

Based on the preceding comparative analysis, adjustments to the comparable sales are summarized on the following table. These adjustments are based on our best judgment and experience in the appraisal of similar properties.

SUMMARY OF SALES AND ADJUSTMENTS

No.	Location	Date	Price	Permitted Bldg Area	FAR	Unadj. \$/FAR	Trans. Adj.	Trans. Adj. \$/Sq.Ft.	Location/ Access	Phys'l Chars.	Zoning	Other	Adj. \$/FAR
1	2002 11th Street, NW	Dec-14	\$2,200,000	24,646	7.2	\$89.26	12.0%	\$99.98	0.0%	0.0%	0.0%	30.0%	\$129.97
2	1427 -1429 Rhode Island Avenue, NW	Jul-14	\$7,275,000	37,086	6.0	\$196.17	0.0%	\$196.17	-10.0%	0.0%	-10.0%	0.0%	\$156.93
3	1921 -1925 14th Street, NW	Mar-14	\$7,700,000	68,688	7.2	\$112.10	5.0%	\$117.71	0.0%	0.0%	0.0%	30.0%	\$153.02
4	1711 Florida Avenue, NW	Feb-14	\$14,900,000	108,855	4.2	\$136.88	2.0%	\$139.62	10.0%	0.0%	0.0%	0.0%	\$153.58
5	2337 -2349 Champlain Street, NW	Nov-13	\$5,280,000	35,000	2.5	\$150.86	0.0%	\$150.86	10.0%	0.0%	5.0%	-10.0%	\$158.40
6	1212 9th Street NW	Aug-13	\$11,300,000	60,000	2.5	\$188.33	1.0%	\$190.22	0.0%	0.0%	5.0%	-10.0%	\$180.71
7	1011 -1013 M Street, NW	May-13	\$8,000,000	78,408	7.2	\$102.03	0.0%	\$102.03	0.0%	0.0%	0.0%	0.0%	\$102.03
						\$89.26							\$102.03
S	1336 8th Street, NW	Apr-15		39,918	3.0	\$196.17							\$180.71
						\$139.38							\$147.80

The adjusted unit prices suggest a value range of \$102.03/FAR to \$180.71/FAR. Eliminating the extremes, the range is \$129.97/FAR to \$158.40/FAR with four of the sales suggesting a unit value of \$153.01/FAR to \$158.40/FAR. Placing the most weight on those four sales, a unit value of \$155.00/FAR is estimated for the subject property. The subject property can be developed to a maximum FAR of 3.0 or 39,918 sq.ft. of improvements (13,306 sq.ft. x 3.0) which includes bonus density from the mandatory inclusion of affordable units. Applying the unit value of \$155.00/FAR to the subject property's permitted 39,918 sq.ft. of improvements results in a market value indication of \$6,190,000, rounded.

Correlation & Final Value Estimate

Summary of Value Conclusions

The indicated values from the sales comparison approach and our concluded market value for the subject property are summarized in the following table.

VALUE INDICATION & CONCLUDED VALUE

Date of Value	April 16, 2015
Cost Approach	N/A
Sale Comparison Approach	\$6,190,000
Income Approach	N/A
Market Value Conclusion	\$6,190,000

General Exhibits & Addenda

Glossary

Definitions are taken from the Dictionary of Real Estate Appraisal, 5th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP) and Building Owners and Managers Association International (BOMA).

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)

Additional Rent

Any amounts due under a lease that is in addition to base rent. Most common form is operating expense increases. (Dictionary)

Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (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)

Base (Shell) Building

The existing shell condition of a building prior to the installation of tenant improvements. This condition varies from building to building, landlord to landlord, and generally involves the level of finish above the ceiling grid. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

The areas of the building that provide services to building tenants but which are not included in the rentable area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core

and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building

Common areas are; floor common areas, parking spaces, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Certificate of Occupancy (COO)

A statement issued by a local government verifying that a newly constructed building is in compliance with all codes and may be occupied.

Common Area (Public) Factor

In a lease, the common area (public) factor is the multiplier to a tenant's useable space that accounts for the tenant's proportionate share of the common area (restrooms, elevator lobby, mechanical rooms, etc.). The public factor is usually expressed as a percentage and ranges from a low of 5% for a full tenant to as high as 15% or more for a multi-tenant floor. Subtracting one (1) from the quotient of the rentable area divided by the useable area yields the load (public) factor. At times confused with the "loss factor" which is the total rentable area of the full floor less the useable area divided by the rentable area. (BOMA)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.

CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings. CAM can refer to all operating expenses.

CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative load. An example would be a 15% addition to total operating expenses, which are then prorated

among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee. (Dictionary)

Condominium

A form of ownership in which each owner possesses the exclusive right to use and occupy an allotted unit plus an undivided interest in common areas.

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

Conservation Easement

An interest in real property restricting future land use to preservation, conservation, wildlife habitat, or some combination of those use. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature to continue, subject to the easement. In some locations, a conservation easement may be referred to as a conservation restriction. (Dictionary)

Contributory Value

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/Im$), which measures the relative ability to a property to meet its debt service out of net operating income. Also called Debt Service Coverage Ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation

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

Disposition Value

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

- Consummation of a sale within a exposure time specified by the client;
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time specified by the client;
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Easement

The right to use another's land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

1) The date at which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect. (Dictionary)

Effective Rent

The rental rate net of financial concessions such as periods of no rent during the lease term and above- or below-market tenant improvements (TI's). (Dictionary)

EPDM

Ethylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called an expense recovery clause or stop clause. (Dictionary)

Estoppel Certificate

A statement of material factors or conditions of which another person can rely because it cannot be denied at a later date. In real estate, a buyer of rental property

typically requests estoppel certificates from existing tenants. Sometimes referred to as an estoppel letter. (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 may have the potential to be sold separately and is valued separately. (Dictionary)

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

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

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information 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. (Dictionary)

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 Common Area

Areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a full service lease. (Dictionary)

Going Concern Value

- 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.
- The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value when it exists and is recognizable. (Dictionary)

Gross Building Area

The total constructed area of a building. It is generally not used for leasing purposes (BOMA)

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50% or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of the same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expense in income-producing properties when less than 100% occupancy is assumed. The gross up method approximates the actual expense of providing services to the rentable area of a building given a specified rate of occupancy. (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning. A general term encompassing any system designed to heat and cool a building in its entirety.

Highest & Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that

results in the highest value. The four criteria the highest and best use must meet are 1) legal permissibility, 2) physical possibility, 3) financial feasibility, and 4) maximally profitability. Alternatively, the probable use of land or improved property-specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value. (Dictionary)

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions 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. (Dictionary)

Industrial Gross Lease

A lease of industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real estate taxes as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

Insurable Value

A type of value for insurance purposes. (Dictionary)

(Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees).

Investment Value

The value of a property interest 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)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position as he or she would be if the property had not been taken. (Dictionary)

Leased Fee Interest

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

Leasehold Interest

The tenant's possessory interest created by a lease. (Dictionary)

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

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

- Consummation of a sale within a short period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Loan to Value Ratio (LTV)

The amount of money borrowed in relation to the total market value of a property. Expressed as a percentage of the loan amount divided by the property value. (Dictionary)

Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Value

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

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and acting in what they consider their own best interests;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- e. 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. (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 (TI's). (Dictionary)

Market Value As If Complete

Market value as if complete means the market value of the property with all proposed construction, conversion or rehabilitation hypothetically completed or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value shall reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value As If Stabilized

Market value as if stabilized means the market value of the property at a current point and time when all improvements have been physically constructed and the property has been leased to its optimum level of long term occupancy.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of the Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary)

Master Lease

A lease in which the fee owners leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease. (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the optionee) to buy, sell, or lease real property for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole (a fractional interest). (Dictionary)

Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real estate taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Prospective Future Value Upon Completion

Market value "upon completion" is a prospective future value estimate of a property at a point in time when all of its improvements are fully completed. It assumes all proposed construction, conversion, or rehabilitation is hypothetically complete as of a future date when such

effort is projected to occur. The projected completion date and the value estimate must reflect the market value of the property in its projected condition, i.e., completely vacant or partially occupied. The cash flow must reflect lease-up costs, required tenant improvements and leasing commissions on all areas not leased and occupied.

Prospective Future Value Upon Stabilization

Market value "upon stabilization" is a prospective future value estimate of a property at a point in time when stabilized occupancy has been achieved. The projected stabilization date and the value estimate must reflect the absorption period required to achieve stabilization. In addition, the cash flows must reflect lease-up costs, required tenant improvements and leasing commissions on all unleased areas.

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (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 of 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 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)

Sandwich Leasehold Estate

The interest held by the original lessee when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease

An agreement in which the lessee (i.e., the tenant) leases part or all of the property to another party and thereby becomes a lessor. (Dictionary)

Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

Substantial Completion

Generally used in reference to the construction of tenant improvements (TI's). The tenant's premises are typically deemed to be substantially completed when all of the TI's for the premises have been completed in accordance with the plans and specifications previously approved by the tenant. Sometimes used to define the commencement date of a lease.

Surplus Land

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

Triple Net (Net Net Net) Lease

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 leases, or fully net lease. (Dictionary)

(The market definition of a triple net leases varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area or building common area on a floor. The total of all the usable areas on a floor shall equal floor usable area of that same floor. The amount of floor usable area can vary over the life of a building as corridors expand and contract and as floors are remodeled. (BOMA)

Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

Qualifications of Ryland L. Mitchell III, CRE, MAI
Senior Managing Director
Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC



Independent Valuations for a Variable World

State Certifications

State of Maryland
Commonwealth of Virginia
District of Columbia

Membership/Affiliations

Member (CRE): American Society of Real Estate Counselors
Member (MAI): Appraisal Institute
Certified General Real Estate Appraiser: State of Maryland
Certified General Real Property Appraiser: District of Columbia
Certified General Real Estate Appraiser: Commonwealth of Virginia

Education

Bachelor of Science Degree in
Business Administration,
University of Richmond, 1965
Graduate School majoring in
Real Estate, University of
Florida, 1969-70

Appraisal Institute & Related Courses

Uniform Standards of Professional Practice, Litigation Valuation,
Capitalization Theory & Techniques, Business Practices and Ethics,
Complex Litigation Appraisal Case Studies, The Appraiser as an
Expert Witness: Preplation & Testimony

Contact Details

410-423-2364 (p)
410-423-2365 (f)

Valbridge Property Advisors |
Lipman Frizzell & Mitchell LLC
6240 Old Dobbin Lane
Suite 140
Columbia, MD 21045

rmitchell@valbridge.com
www.valbridge.com

Background

McCurdy-Lipman & Associates (1970-77)
Lipman Frizzell & Mitchell LLC (1977 to 2013)
Valbridge | Lipman Frizzell & Mitchell LLC (2013 to present)
Actively engaged in appraising since 1970 and counseling
since 1977

Teaching

Instructor: for basic Real Estate Appraisal Course, University of
Baltimore, 1976-80
Instructor: for Maryland Assessment Officers School, 1977-86
Instructor: for GRI Courses of Maryland Association of
Realtors, 1978-86
Instructor: for AIREA Condemnation/Litigation Course in
Baltimore, Maryland, 1979-80 and at American
University, 1983
Instructor: for AIREA Course entitled "Real Estate Appraisal
Principles" at University of Minnesota, 1980 and at
American University, 1981-90 and 1993-94

Expert Witness

U.S. District Court of Maryland
Federal Bankruptcy Court
Maryland Tax Court
Superior Court of the District of Columbia
Circuit Court in various Maryland Counties

Competency

Assignments include counseling and valuation of commercial, industrial, residential and special purpose properties, as well as unimproved land; real estate tax assessment analysis; condemnation and litigation support primarily in the State of Maryland, Commonwealth of Virginia, and Washington, D.C. metropolitan area.

Qualifications of F. Ford Dennis, Jr.
Senior Appraiser
Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC

Independent Valuations for a Variable World

State Certifications

State of Maryland

Education

Master of Business
Administration
Robert H. Smith School of
Business
University of Maryland, College
Park

Bachelor of Arts - Economics
University of Maryland, College
Park

Contact Details

410-423-2344 (p)
410-423-2345 (f)
fdennis@valbridge.com

Valbridge Property Advisors |
Lipman Frizzell & Mitchell LLC
6240 Old Dobbin Lane
Suite 140

Appraisal Institute & Related Courses:

Appraisal Institute – Analyzing Distressed Real Estate
Appraisal Institute – Business Practices and Ethics
Appraisal Institute – Advanced Income Capitalization
Appraisal Institute – Advanced Sales Comparison & Cost
Approaches
Appraisal Institute – General Report Writing and Case Studies
Appraisal Institute – Appraisal Principles
Appraisal Institute – Basic Appraisal Procedures
Appraisal Institute – 7 Hour USPAP updates

Experience:

Senior Appraiser

ValbridgePropertyAdvisors|Lipman Frizzell&Mitchell, LLC(2013-
Present)

Associate Appraiser

Lipman Frizzell & Mitchell LLC (1998-2013)

Appraisal/valuation and consulting assignments include:
industrial buildings; retail buildings and shopping centers;
office buildings; mixed-use properties; and special purpose
properties including schools and churches; net-leased assets;
residential subdivisions; apartment buildings; and vacant
industrial, commercial and residential land. Assignments have
been concentrated in the Baltimore/Washington Metropolitan
Areas, including Delaware and Northern Virginia.

Teaching/Instructor Assignments:

Guest lecturer – Colvin Institute of Real Estate Development –
School of Architecture, Planning & Preservation at the
University of Maryland, College Park

Information on Valbridge Property Advisors

Valbridge covers the U.S. from coast to coast, and is one of the Top 3 national commercial real estate valuation and advisory services firms based on:

- Total number of MAIs (145 on staff)
- Total number of office locations (59 across the U.S.)
- Total number of staff (600 strong)

Valbridge is owned by our local office leaders. Every Valbridge office is led by a senior managing director who holds the MAI designation of the Appraisal Institute.

Valbridge services all property types, including:

- Office
- Industrial
- Retail
- Apartments/multifamily/senior living
- Lodging/hospitality/recreational
- Land
- Special-purpose properties

Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk- property engagements. Specialty services include:

- Portfolio valuation
- REO/foreclosure evaluation
- Real estate market and feasibility analysis
- Property and lease comparables, including lease review
- Due diligence
- Property tax assessment and appeal-support services
- Valuations and analysis of property under eminent domain proceedings
- Valuations of property for financial reporting, including goodwill impairment, impairment or disposal of long-lived assets, fair value and leasehold valuations
- Valuation of property for insurance, estate planning and trusteeship, including fractional interest valuation for gifting and IRS purposes
- Cost segregation studies
- Litigation support, including expert witness testimony
- Business and partnership valuation and advisory services, including partial interests

Independent Valuation for a Variable World

Office Locations

Corporate Office

Valbridge Property Advisors
2240 Venetian Court
Naples, FL 34109
239-325-8234 phone
239-325-8356 fax

Alabama

Valbridge Property Advisors |
Real Estate Appraisers, LLC
4732 Woodmere Boulevard
Montgomery, AL: 36106
334-277-5077 phone
334-277-5078 fax

Arizona

Valbridge Property Advisors |
MJN Enterprises, Inc.
6061 E. Grant Road, Ste.121
Tucson, AZ 85712
520-321-0000 phone
520-290-5293 fax

California

Valbridge Property Advisors |
Hulberg & Associates, Inc.
225 Crossroads Boulevard
Ste. 326
Carmel, CA 93923
831-917-0383 phone
925-327-1696 fax

2813 Coffee Road, Ste.E-2
Modesto, CA 95355
209-569-0450 phone
209,569,0451 fax

One North Market Street
San Jose, CA 95113
408-279-1520 phone
408-279-3428 fax

3160 Crow Canyon Place, Ste.245
San Ramon, CA 94583
925-327-1660 phone
925-327-1696 fax

Valbridge Property Advisors |
Cummings Appraisal Group, Inc.
99 S. Lake Avenue, Ste.21
Pasadena, CA 91101
626-744-0428 phone
626-744-0922 fax

Valbridge Property Advisors |
Penner & Associates
1370 N. Brea Boulevard, Ste. 255
Fullerton, CA 92835
714-449-0852 phone
714-738-4371 fax

Valbridge Property Advisors |
Ribacchi & Associates
10301 Placer Lane, Ste. 100
Sacramento, CA 95827
916-361-2509 phone
916-361-2632 fax

Colorado

Valbridge Property Advisors |
Bristol Realty Counselors
5345 Arapahoe, Ste. 7
Boulder, CO 80303
303-443-9600 phone
303-443-96223 fax

Connecticut

Valbridge Property Advisors |
Italia & Lemp, Inc.
6 Central Row, 3rd Floor
Hartford, CT 06103
860-246-4606 phone

17 High Street, Ste. 214
Norwalk, CT 06851
203-286-6520 phone

Florida

Valbridge Property Advisors |
Armalavage Valuation, LLC
2240 Venetian Court
Naples, FL 34109
239-514-4646 phone
239-514-4647 fax

Valbridge Property Advisors |
Beaumont, Matthes & Church, Inc.
603 Hillcrest Street
Orlando, FL 32803
407-839-3626 phone
407-839-3453 fax

Valbridge Property Advisors |
Broom, Moody, Johnson &
Grainger, Inc.
121 W. Forsyth Street, Ste. 1000
Jacksonville, FL 32202
904-926-3000 phone
904-296-8722 fax

Valbridge Property Advisors |
Entreken Associates, Inc.
1100 16th Street N
St. Petersburg FL 33705
727-894-1800 phone
727-894-8916 fax

Georgia

Cantrell Miller, LLC
2675 Paces Ferry Road, Ste. 145
Atlanta, GA 30339
678-644-4853 phone

Idaho

Valbridge Property Advisors |
Auble Jolicour & Gentry, Inc.
1875 N. Lakewood Drive, Ste. 100
Coeur d'Alene, ID 83814
208-292-2965 phone
208-292-2971 fax

Valbridge Property Advisors |
Mountain States Appraisal &
Consulting, Inc.
1459 Tyrell Lane, Ste. B
Boise, ID 83706
208-336-1097 phone
208-345-1175 fax

Office Locations

Indiana

Valbridge Property Advisors |
Mitchell Appraisals Inc.
820 Fort Wayne Avenue
Indianapolis, IN 46204
317-687-2747 phone
317-687-2748 fax

Iowa

Valbridge Property Advisors |
Roy R. Fisher, Inc.
2010 E. 38th Street, Ste. 201
Davenport, IA 52807
563-355-6606 phone
563-355-6612 fax

Kansas

Valbridge Property Advisors |
Shaner Appraisals, Inc.
10990 Quivira, Ste. 100
Overland Park, KS 66210
913-451-1451 phone
913-529-4121 fax

Kentucky

Valbridge Property Advisors |
Allgeier Company
214 S. 8th street, Ste. 200
Louisville, KY 40202
502-585-3651 phone
502-589-7480 fax

Louisiana

Valbridge Property Advisors |
Argot, Derbes, Graham, Shuffield
& Tatje, Inc.
10455 Jefferson Highway, Ste. 200
Baton Rouge, LA 70809
225-292-3443 phone
225-292-3473 fax

512 N. Causeway Boulevard
Metairie, LA 70001
504-833-8324 phone

7607 Fern Avenue, Ste.104
Shreveport, LA 71105
318-797-0543 phone
318-797-8030 fax

Maryland

Valbridge Property Advisors |
Lipman Frizzell & Mitchell LLC
6240 Old Dobbin Lane, Ste. 140
Columbia, MD 21045
410-423-2300 phone
410-423-2410 fax

Massachusetts

Valbridge Property Advisors |
Bullock Commercial Appraisal ,LLC
21 Muzzey Street, Ste.2
Lexington, MA 02421
781-652-0700 phone

Michigan

Valbridge Property Advisors |
The Oetzel-Hartman Group
321 Woodland Pass, Ste. 200
East Lansing, MI 48823
517-336-0001 phone
517-336-0009 fax

Nevada

Valbridge Property Advisors |
Lubawy & Associates, Inc.
3034 S. Durango Drive, Ste. 100
Las Vegas, NV 89117
702-242-9369 phone
702-242-6391 fax

North Carolina

Valbridge Property Advisors |
John Bosworth & Associates, LLC
4530 Park Road, Ste. 100
Charlotte, NC 28209
704-376-5400 phone
704-376-1095 fax

Valbridge Property Advisors |
Paramount Appraisal Group, Inc.
412 E. Chatham Street
Cary, NC 27511
919-859-2666 phone
919-859-859-2667

Ohio

Valbridge Property Advisors |
Akron Appraisal Group, Inc.
333 Massillon Road, Ste. 16
Akron, OH4431
330-899-9900 phone
253-484-3302 fax

Valbridge Property Advisors |
Allgeier Company
9277 Centre Point Dr. Ste. 350
West Chester, OH 45069
513-785-0820 phone
513-563-3539 fax

Oklahoma

Valbridge Property Advisors |
Walton Property Services, LLC
8282 S. Memorial Drive, Ste. 302
Tulsa, OK 74133
918-712-9992 phone
918-742-3061 fax

Pennsylvania

Valbridge Property Advisors |
Barone, Murtha, Shonberg &
White, Inc.
4701 Baptist Road, Ste. 304
Pittsburgh, PA 15227
412-881-6080 phone
412-881-8040 fax

Valbridge Property Advisors |
Lukens & Wolf LLC
1626 Spruce Street
Philadelphia, PA 19103
215-545-1900 phone
215-545-8548 fax

South Carolina

Valbridge Property Advisors |
Robinson Company
610 N. Main Street
Greenville, SC 29601
864-233-6277 phone
864-233-8577 fax

Office Locations

South Carolina

Valbridge Property Advisors |
Robinson Company
610 N. Main Street
Greenville, SC 29601
864-233-6277 phone
864-233-8577 fax

Valbridge Property Advisors |
Atlantic Appraisals,, LLC
1250 Fairmont Avenue\
Mt. Pleasant, DC 29464
843-884-1266 phone
843-881-7532 fax

800 Main Street, Ste. 220
Hilton Head, SC 29926
843-342-2302 phone
843-342-2304 fax

Tennessee

Valbridge Property Advisors |
C&I Appraisal Services, Inc.
6750 Poplar Avenue, Ste. 706
Memphis, TN 38138
901-753-6977 phone

Valbridge Property Advisors |
Meridian Realty Advisors, LLC
213 Fox Road
Knoxville, N 37922
865-522-2424 phone
865-522-0030 fax

Valbridge Property Advisors |
R.K. Barnes & Associates, Inc.
112 Westwood Place, Ste. 300
Brentwood, TN 37027
615-369-0670 phone
615-369-0671 fax

Texas

Valbridge Property Advisors |
The Gerald A. Teel Company, Inc.
400 North St. Paul, Ste. 550
Dallas, TX 75201
214-446-1611 phone

974 Campbell Road, Ste. 204
Houston, TX 77024
713-467-5858 phone
713-467-0704 fax

1001 Texas Avenue, Ste. 150
Lubbock, TX 79401
806-744-1188 phone
806-744-1189 fax

Valbridge Property Advisors |
Dugger, Canaday, Grafe, Inc.
111 Soledad, Ste. 800
San Antonio, TX 78205
210-227-6229 phone
210-227-8520 fax

Utah

Valbridge Property Advisors |
Free & Associates, Inc.
260 South 2500 West, Ste. 301
Pleasant Grove, UT 84062
801-492-9328 phone
801-492-1420 fax

1100 East 6600 South, Ste. 201
Salt Lake City, UT 84121
801-262-3388 phone
801-262-7893 fax

20 North Main, Suite 304
St. George, UT 84770
435-773-6300 phone
435-773-6298 fax

Virginia

Valbridge Property Advisors |
Axial Advisory Group, LLC
656 Independence Parkway,
Ste. 220
Chesapeake , VA 23320
757-7410-1222 phone
757-345-070 fax

7400 Beaufont Springs Drive,
Ste. 200
Richmond, VA 23225
804-672-4473 phone

4732 Longhill Road, Ste. 3202
Williamsburg, VA 23188
757-345-0010 phone
757-345-0170 fax

Washington

Valbridge Property Advisors |
Allen Brackett Shedd
419 Berkley Avenue, Ste. A
Fircrest, WA 98466
253-274-0099 phone
253-564-9422 fax

12320 NE 8th Street, Ste. 200
Bellevue, WA 98005
425-450-4040 phone
425-688-1819 fax

Valbridge Property Advisors |
Auble, Jolicoeur & Gentry, Inc.
324 N. Mullen Road
Spokane Valley, WA 99206
509-747-0999 phone
509-747-3559 fax

Wisconsin

Valbridge Property Advisors |
Vitale Realty Advisors, LLC
12660 W. North Avenue
Brookfield, WI 53005
262-782-7900 phone
262-782-7590 fax