CRITICAL FACTS AND VALUATION SUMMARY

Property Type: The subject is an existing three-story, brick attached mixed use building with a fully finished, full basement located in the Mount Vernon neighborhood of Midtown Baltimore City, Maryland. It contains roughly 6,312 square feet of above grade gross building area. The site is zoned OR-2 and contains 2,047 square feet. It features commercial spaces in the basement and ground floor with two 3BR/2BA apartments; one located on the 2nd floor and the other on the 3rd floor.

Property Location: 526-530 St. Paul Place
Baltimore City, MD 21202

Tax Map Reference: Ward 11, Section 11, Block 552, Lot 11

Ownership & Deed Reference: 526 SPP, LLC/ 16665/207

Acquisition Date & Price: The most recent transfer was in October 2014 when the current owner acquired the property in a bank sale for the sum consideration of $210,000. The building is currently under contract for sale per a recent public auction. The contract purchaser submitted the successful bid at $800,625, including a 5% buyer's premium. The contract was signed by the contract purchaser on August 17, 2017. The final closing is projected for no later than October 17, 2017.

Property Rights Appraised: Leased Fee Estate

Date of Inspection: September 13, 2017
Date of Value: September 13, 2017
Date of Report: September 22, 2017

VALUE INDICATIONS

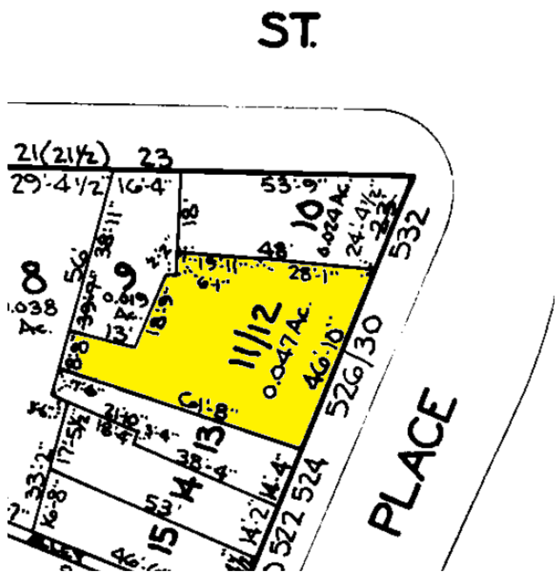
	Leased Fee Value As-Is as of September 13, 2017
Income Approach	**$780,000**
Sales Comparison Approach	**$815,000**
Cost Approach	**N/A**
Reconciled Value Conclusion	**$800,000**

Extraordinary Assumptions and Hypothetical Conditions: Please refer to the transmittal letter at the beginning of this report for a recitation of any assignment conditions that affect this valuation.

PROPERTY DESCRIPTION

Site

Property Address:	526-530 Saint Paul Place Baltimore City, MD 21202
Tax Map Reference:	Ward 11, Section 11, Block 552, Lot 11



Location:	The subject property is an interior lot located along the west side of Saint Paul Place, which is just south of the intersection between Centre Street and Saint Paul Street. Saint Paul Street is a two lane, one way street south. Saint Paul Place splits off from Saint Paul Street to the west, just south of the intersection with Centre Street. As such, Saint Paul Place and Saint Paul Street run parallel for several blocks before intersecting at E. Lexington Street to the south. The subject is part of the Mount Vernon neighborhood of Midtown Baltimore City, Maryland. This location is two blocks southeast of Mount Vernon Square.
Size & Dimensions:	The subject site has an irregular shape and containing 2,047 s.f.
Topography/Access/Visibility:	The site is at street grade and generally level. Visibility from the fronting street, Saint Paul Place, is good. The site has no direct vehicle access, but there is ample metered parking on surrounding streets.

<u>Flood Hazard</u>:

Map #:	2400870018F (dated April 2, 2014)
Zone:	Minimal flood risk (Zone X)

<u>Utilities</u>: Public water, sewer, electricity, and natural gas are available to the subject property.

<u>Surrounding Land Uses</u>: The subject property is located in the Mount Vernon (aka Midtown) neighborhood of Baltimore, Maryland. Generally speaking, midtown Baltimore consists of a mixture of office, retail, and residential uses, and institutional/cultural uses. Mount Vernon and the Midtown district were originally home to some of the grandest mansions in the city, centered around Charles Street and Mount Vernon Place. Over time, most of these homes have been converted to professional offices and multifamily apartment buildings with ground floor retail space. The area is still the heart of the city arts district, offering an eclectic mix of unique retailers, galleries and restaurants along Charles Street, the major northbound artery for Midtown. Many office buildings are converted townhouses and are owner-occupied. The existing development in the vicinity of the subject is primarily residential, including a mix of brick rowhomes, small unit apartment buildings, and larger mid-rise apartments. These larger apartment properties include the 196-unit Waterloo Place located on the northeast corner of the intersection of E. Centre Street and Saint Paul Street, and the 49 unit 521 St Paul Apartments, which is located across the street from the subject. Major institutional users in the immediate area include the Peabody Institute (the music division of Johns Hopkins University), which is located along the north side of E. Centre Street, just east of Saint Paul Street, and Mercy Hospital which has a campus approximately five blocks to the south. Both of these institutions generate significant demand for housing in this area.

<u>Easements/Other Restrictions</u>: As a survey of title is beyond the scope of this report, a precise rendering of recorded easements and encroachments was not available. However, based on our site inspection and examination of such plans and maps as were available, there do not appear to be any easements or restrictions which would inhibit the normal development of the site. The reader should note that this appraisal assumes that the property is not affected by any unusual or unknown easements or restrictions that would inhibit the use of the property, and that if any such contamination is discovered in the future, this appraisal should be reconsidered.

Environmental Hazards: Our physical inspection did not reveal indications of any hazardous materials which could adversely impact the subject property. However, we did notice an aroma of oil and some minor staining on the interior brick walls of the mechanical room located in the southeast corner of the basement of the building. Still, we are not experts in this field, and we make no representations in this regard. Only an environmental study by a qualified professional can discount the possibility of contamination. The reader should note that this appraisal assumes that the property is not affected by any hazardous material, and that if any such contamination is discovered in the future, this appraisal should be reconsidered.

Zoning: The subject site is zoned O-R-2, Office-Residence District, of Baltimore City. The O-R zone is primarily designed to accommodate office and residential uses in appropriate locations near major thoroughfares and in certain areas providing for a mixture of office and residential uses. Uses permitted in the O-R district include residential dwellings, apartment hotels. public educational and cultural institutions, offices and religious institutions. Commercial uses are limited. The development standards for the O-R-2 zone include the following:

Minimum Lot Size:	550 s.f. per residential dwelling unit None for commercial use
FAR Permitted:	3.0
Building Setbacks:	
Front:	Minimum of 10 feet
Side:	None required; unless street corner side then 10 feet
Rear:	Minimum 10 feet
Parking:	If 2 or more uses are located on the same lot and in the same structure, the minimum number of parking spaces required is the sum of the separate requirements for each use. For multifamily use the required parking is one space for every two dwelling units. For retail space the requirement is one space for every 300 s.f. in excess of 1,000 s.f. of building area

As noted commercial uses are limited in the OR-2 zone. However, we noted on the Baltimore City Housing permits web site that a permit for the use of the subject's ground floor space as a pharmacy was issued in February 2016 (USE2016-00185).

The subject pre-dates the current zoning code requirements. As such it is deemed a legal, non-conforming use as the subject does not meet the necessary setback and parking requirements set forth by current regulations.

Tax Assessment:

The property was recently re-assessed in January 2017. The current assessment of $384,200 reflects a 5.64 increase over the previous assessment. This increase will be phased-in in equal increments over the next three years. Based on the current phase-in assessment of $370,533, and the combined tax rate of $2.36 per $100 the current tax burden for 2017-2018 at the subject property is $8,744.58. The tax rate includes the city levy of $2.248 per $100 and the state levy of $0.112 per $100. According to the Baltimore City Bureau of Treasury Management, the current tax bill has been paid in full.

Reassessment as of 01/01/2017	**526-530 St. Paul Pl. Block 552, Lot 11**
Land	$92,100
Improvements	$292,100
Total	$384,200

Tax Year	**2017-2018**
Phased-in Value	$370,533
Base Tax Rate	$2.360
County Real Estate Tax	$8,329.58
State Real Estate Tax	$415.00
Total RE Taxes	**$8,744.58**

It is noted that the current FCV assessment is considerably lower than our estimate of the as-is market value for the subject. Any prudent investor would include an estimate of stabilized real estate taxes for the property in their pro forma to account for any underassessment and the potential increase in real estate taxes that is likely to follow due to the sale of the property at a price that exceeds the current assessment. In this instance, we have calculated stabilized real estate taxes for the subject based on an adjusted assessment equal to 80% of the as-is market value for the subject, or $640,000.

Applying the current tax rate $2.36 per $100 to this adjusted assessment results in an estimate of stabilized real estate taxes of $$15,014. This figure is applied in the pro forma in the Income Approach presented later in this report.

Improvements

AERIAL PHOTGRAPH

Year Built: 1900; Gut renovation completed in 2016

Size: 6,312 s.f. above grade GBA

General Description:

The subject is a 3-story brick, walk-up interior building with a full, finished basement. Built circa 1900, it was gut renovated between 2015 and 2016. This included a full restoration of the façade, new replacement windows, new electrical service, new plumbing, new individual HVAC units and hot water heaters in each tenant unit, and full buildout of the common areas and existing basement and ground floor commercial spaces and upper floor 3BR/2BA apartments. Overall the building is in good condition.

The basement floor is concrete with stone, block and brick foundation walls. The exterior walls are brick. The floors, walls and roof are wood frame. The roof is flat and covered with a built-up material. Fenestration includes energy efficient, vinyl double hung windows. Each floor, which contains one tenant unit, has an individual forced air HVAC system with gas-fired furnace and electric air conditioning, and a 40-gallon electric hot water heater. Each unit is separately metered for gas and electric. The electric and gas meters are located in a mechanical room at the front of the building in the basement.

A front central lobby provides access to an interior stair which provides walk-up access to each floor/unit entry. An additional enclosed stair along the north side of the building provides additional access to the upper floor apartment units. The basement is also accessible from two front exterior entrances which are accessed from an exterior concrete stair. This staircase, which is accessible from the front sidewalk inside a secure gate, provides access down to two possible exterior entry doors.

The basement space is currently leased to a church. The space is basically divided between two rooms with a unisex restroom and a rear closet. It also provides direct access to the mechanical room located in the front southeast corner of the building. While the contract lease indicates the space contains 1,500 s.f., our field measurements indicate the space contains 1,300 s.f. of net rentable area. The interior finishes of this space include a combination of exposed concrete, laminate wood and carpet flooring, painted drywall ceilings with flush mounted light fixtures and painted brick and drywall walls. The restroom has ceramic tile flooring and features a wood vanity with a sink and toilet.

The ground floor commercial space is currently leased to a pharmacy. While the contract lease indicates the space contains 1,500 s.f., our field measurements indicate the space contains 1,300 s.f. of net rentable area. The interior finishes of this space includes plank wood flooring with ceramic tile flooring in the bathroom, and painted drywall walls and ceilings with flush mounted light fixtures. The restroom has ceramic tile flooring and features a wood vanity with a sink and toilet.

The 3BR/2BA apartment unit on the 2nd floor is currently leased while the 3rd floor unit is vacant and available for lease. The size and layouts of these units is identical. While the contract lease for the 2nd floor unit indicates the space contains 1,700 s.f., our field measurements indicate the space contains 1,450 s.f. of net rentable area.

The basic interior finishes in each apartment includes wood plank flooring in the living room and hallways, carpet in the bedrooms, and ceramic tile in the kitchens and bathrooms. The walls and ceilings are finished with painted drywall.

The layout of these units includes a front living room with high ceilings and large double windows units overlooking St. Paul Place. To the rear of the living room is a full size kitchen. This is a modern kitchen with a ceramic tile floor, solid wood wall and base cabinetry, granite countertops, ceramic tile backsplash, and a full array of stainless steel appliances including a frost-free refrigerator/freezer, gas range/oven, dishwasher, and microwave. A front bedroom with a bath is located on the other side of the living room. This bathroom has a wood vanity with granite countertop and an under mount sink, a toilet, and a stand-up shower with a ceramic tile base and surround. A hallway toward the rear of the living room leads to the second bedroom, which shares a large hallway bath with a rear bedroom. This rear bathroom features a wood vanity with a granite countertop and two sinks, an enclosed room with a single toilet, and a cast iron tub with ceramic tile surround. Lastly, each apartment contains a laundry room with a full size washer and dryer.

AGE AND CONDITION

Actual Age: Built circa 1900, the existing improvements have an actual age of 117 years.

Effective Age & Remaining Economic Life: Based on the building's original design and construction quality, total economic life is estimated at 50 years. Effective age is defined as the age of the structure given the physical condition and utility of the improvements. The