

**Appraisal of Real Property**

**Parking Deck**

Retail Property  
200 N. College St.  
Charlotte, Mecklenburg County, North Carolina 28202

**Prepared For:**

Old Second National Bank - IL

**Date of the Report:**

November 11, 2024

**Report Format:**

Appraisal Report

**IRR - Charlotte**

File Number: 105-2024-1435



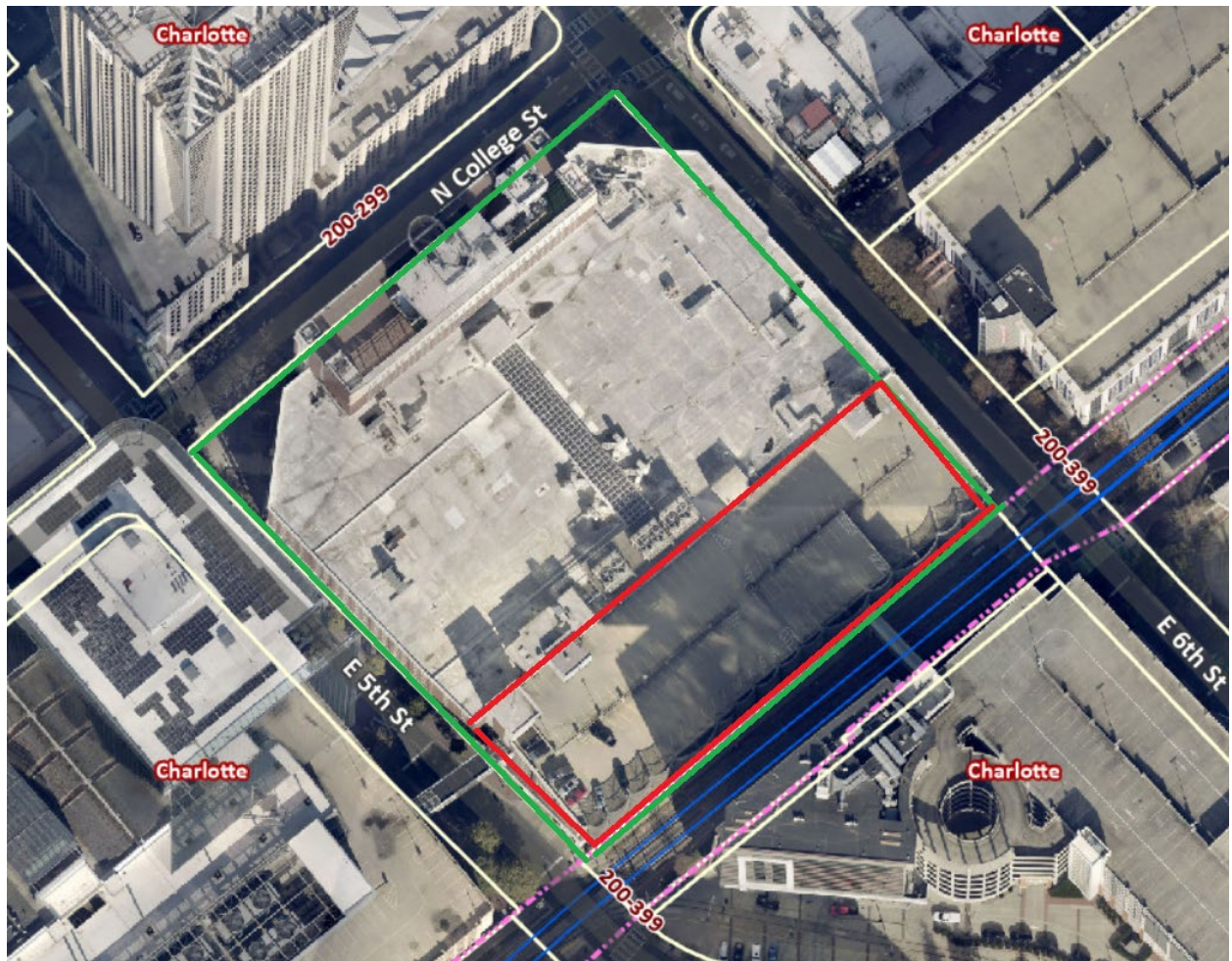
# Subject Photographs



**Parking Deck**  
200 N. College St.  
Charlotte, North Carolina



# Aerial Photograph





November 11, 2024

Ms. Helen Liang-Gee  
Old Second National Bank - IL  
3010 Highland Pky., Suite 700  
Downers Grove, Illinois 60515

SUBJECT:       Market Value Appraisal  
                  Parking Deck  
                  200 N. College St.  
                  Charlotte, Mecklenburg County, North Carolina 28202  
                  IRR - Charlotte File No. 105-2024-1435

Dear Ms. Liang-Gee:

Integra Realty Resources – Charlotte is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop the following opinions of value:

- The market value as is of the fee simple interest in the subject property as of the effective date of the appraisal, November 4, 2024

The client for the assignment is Old Second National Bank - IL. The intended user of this report is the client. The intended use of the report is for loan underwriting purposes. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

The subject is an existing, parking deck property that contains 815 parking spaces located in Uptown Charlotte. The improvements were originally constructed in 1988. The subject property is currently under contract to a receiver, and once that transaction closes, it will be sold again to another buyer. The subject is currently a portion of a larger parcel, but will be subdivided and the land located under the parking deck will convey with the sale. Our analysis assumes that the subject's land area will be 0.9112 acres, or 39,690 square feet once subdivided.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of Old Second National Bank - IL. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

| <b>Value Conclusion</b>        |                    |                  |                  |
|--------------------------------|--------------------|------------------|------------------|
| Value Type & Appraisal Premise | Interest Appraised | Date of Value    | Value Conclusion |
| Market Value As Is             | Fee Simple         | November 4, 2024 | \$35,890,000     |

---

#### **Extraordinary Assumptions and Hypothetical Conditions**

---

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

1. We assume that the subject's land area will match the building footprint as indicated on the provided survey. The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

---

The value conclusion(s) in this report consider the impact of COVID-19 on the subject property.

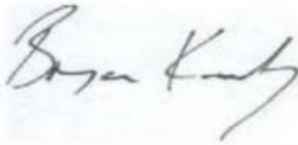
The opinions of value expressed in this report are based on estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. Events may occur which could cause the performance of the property to differ materially from the estimates contained herein, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, the concluded opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, IRR is not responsible for the effects of future, unforeseen occurrences.

Ms. Helen Liang-Gee  
Old Second National Bank - IL  
November 11, 2024  
Page 3


If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

**Integra Realty Resources - Charlotte**



Bryan "BK" F. Kennedy  
North Carolina Certified General Real Estate  
Appraiser #A8207  
Telephone: 704.206.8266  
Email: bkennedy@irr.com



John D. Scott, Jr., MAI  
North Carolina Certified General Real Estate  
Appraiser #A4175  
Telephone: 704.206.8258  
Email: jscott@irr.com

# Table of Contents

|  |           |  |           |
|--|-----------|--|-----------|
| <b>Quality Assurance</b>                       | <b>1</b>  | <b>Valuation</b>                           | <b>58</b> |
| <b>Executive Summary</b>                       | <b>2</b>  | Valuation Methodology                      | 58        |
| <b>Identification of the Appraisal Problem</b> | <b>4</b>  | Sales Comparison Approach                  | 59        |
| Subject Description                            | 4         | Analysis and Adjustment of Sales           | 63        |
| Sale History                                   | 4         | Property Adjustments                       | 65        |
| Pending Transactions                           | 4         | Value Indication                           | 68        |
| Appraisal Purpose                              | 5         | Income Capitalization Approach             | 69        |
| Value Type Definitions                         | 5         | Market Rent Analysis                       | 71        |
| Appraisal Premise Definitions                  | 6         | Stabilized Income and Expenses             | 71        |
| Property Rights Definitions                    | 6         | Capitalization Rate Selection              | 76        |
| Client and Intended User(s)                    | 6         | Direct Capitalization Analysis             | 79        |
| Intended Use                                   | 6         | Reconciliation and Conclusion of Value     | 80        |
| Applicable Requirements                        | 6         | Exposure Time                              | 81        |
| Report Format                                  | 7         | Marketing Period                           | 81        |
| Prior Services                                 | 7         | <b>Certification</b>                       | <b>82</b> |
| Appraiser Competency                           | 7         | <b>Assumptions and Limiting Conditions</b> | <b>84</b> |
| <b>Scope of Work</b>                           | <b>8</b>  | <b>Addenda</b>                             |           |
| <b>Economic Analysis</b>                       | <b>10</b> | A. Appraiser Qualifications                |           |
| Mecklenburg County Area Analysis               | 10        | B. IRR Quality Assurance Survey            |           |
| Surrounding Area Analysis                      | 18        | C. Financials and Property Information     |           |
| Parking Market Analysis                        | 26        | D. Comparable Data                         |           |
| Key External Demand Drivers                    | 27        | Improved Sales                             |           |
| Current Performance                            | 29        | Expense Comparables                        |           |
| External Drivers                               | 30        | E. Engagement Letter                       |           |
| Local Parking Overview                         | 32        |  |           |
| <b>Property Analysis</b>                       | <b>33</b> |  |           |
| Land Description and Analysis                  | 33        |  |           |
| Improvements Description and Analysis          | 41        |  |           |
| Real Estate Taxes                              | 55        |  |           |
| Highest and Best Use                           | 56        |  |           |

# Quality Assurance

## IRR Quality Assurance Program

At IRR, delivering a quality report is a top priority. Integra has an internal Quality Assurance Program in which managers review material and pass an exam in order to attain IRR Certified Reviewer status. By policy, every Integra valuation assignment is assessed by an IRR Certified Reviewer who holds the MAI designation, or is, at a minimum, a named Director with at least ten years of valuation experience.

This quality assurance assessment consists of reading the report and providing feedback on its quality and consistency. All feedback from the IRR Certified Reviewer is then addressed internally prior to delivery. The intent of this internal assessment process is to maintain report quality.

## Designated IRR Certified Reviewer

The IRR Certified Reviewer who provided the quality assurance assessment for this assignment is John D. Scott, Jr., MAI.



## Executive Summary

|                                     |   |                 |
|-------------------------------------|---|-----------------|
| Property Name                       | Parking Deck  |                 |
| Address                             | 200 N. College St.<br>Charlotte, Mecklenburg County, North Carolina 28202 |                 |
| Property Type                       | Retail - Surface  |                 |
| Owner of Record                     | Terra Funding-Wake Forest, LLC  |                 |
| Tax ID                              | 080-014-09D   |                 |
| Land Area                           | 0.9112 acres; 39,690 SF   |                 |
| Gross Building Area                 | 228,710 SF  |                 |
| Gross Leasable Area                 | 228,710 SF  |                 |
| Percent Leased                      | NA  |                 |
| Year Built; Year Renovated          | 1988; Various   |                 |
| Zoning Designation                  | UMUD-O, Uptown Mixed-Use (Optional)                                       |                 |
| Highest and Best Use - As if Vacant | Mixed-use   |                 |
| Highest and Best Use - As Improved  | Continued parking deck use  |                 |
| Exposure Time; Marketing Period     | 6 to 12 months; 6 to 12 months  |                 |
| Effective Date of the Appraisal     | November 4, 2024  |                 |
| Date of the Report                  | November 11, 2024   |                 |
| Property Interest Appraised         | Fee Simple  |                 |
| Market Value Indications            |   |                 |
| Cost Approach                       | Not Used  |                 |
| Sales Comparison Approach           | \$35,940,000  | (\$44,098/Unit) |
| Income Capitalization Approach      | \$35,890,000  | (\$44,037/Unit) |
| Market Value Conclusion             | \$35,890,000  | (\$44,037/Unit) |

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Old Second National Bank - IL may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

1. We assume that the subject's land area will match the building footprint as indicated on the provided survey.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

---

## Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

The analyses presented in this report consider the internal strengths and weaknesses of the subject property, as well as opportunities and external threats. The overall valuation influences are summarized in the following table.

---

### Valuation Influences

---

#### Strengths

- Located in the heart of Uptown Charlotte (local CBD)
- Multiple large employers with no on-site parking nearby
- Located within one block of NBA arena
- Located along LYNX Blue Line

#### Weaknesses

- Office vacancy is rising in Uptown Charlotte

#### Opportunities

- NA

#### Threats

- As interest rate cuts are likely to continue and inflation has cooled, the emerging threat to the U.S. economy is a weakening jobs market. While unemployment is still historically low, the unemployment rate has increased slightly over the course of 2024. Jobless benefits have also risen over the past year indicating lost jobs are not being replaced as quickly. Finally, there has been a decrease in full-time jobs while part-time jobs have increased which shows a softening of the labor market. The risk of a recession jumps significantly when hiring ceases and unemployment rises.
-

# Identification of the Appraisal Problem

## Subject Description

The subject is an existing, parking deck property that contains 815 parking spaces located in Uptown Charlotte. The improvements were originally constructed in 1988. The subject property is currently under contract to a receiver, and once that transaction closes, it will be sold again to another buyer. The subject is currently a portion of a larger parcel, but will be subdivided and the land located under the parking deck will convey with the sale. Our analysis assumes that the subject's land area will be 0.9112 acres, or 39,690 square feet once subdivided. A legal description of the property is included later in our analysis.

---

### Property Identification

|                 |   |
|-----------------|---|
| Property Name   | Parking Deck  |
| Address         | 200 N. College St.<br>Charlotte, North Carolina 28202 |
| Tax ID          | 080-014-09D   |
| Owner of Record | Terra Funding-Wake Forest, LLC                        |

---

## Sale History

The most recent closed sale of the subject is summarized as follows:

---

|                             |                                |
|-----------------------------|--------------------------------|
| Sale Date                   | June 18, 2024                  |
| Seller                      | SOP 200 N. College Owner LP    |
| Buyer                       | Terra Funding-Wake Forest, LLC |
| Sale Price                  | None recorded                  |
| Recording Instrument Number | 38890/111                      |

---

No known sales or transfers of ownership have taken place within a three-year period prior to the effective appraisal date.

## Pending Transactions

The property is under contract of sale as of the effective appraisal date. The contract is summarized as follows:

---

|               |   |
|---------------|---|
| Contract Date | October 23, 2024  |
| Seller        | AH Real Estate Holdings, LLC  |
| Buyer         | Sunrise Capital Partners, LLC   |
| Sale Price    | \$31,120,000  |
| Comments      | Seller is currently under contract with Terra Funding-Wake Forest, LLC by CK Receivership, LLC as court appointed receiver to purchase land and improvements which includes a 458,169 square foot office building and an 810-space parking deck in addition to other properties |

---

As noted in the above table, the subject is going to be involved in two separate transactions over the remainder of 2024. The larger property, of which the subject is a portion is currently in receivership and is scheduled to be transferred to AH Real Estate Holdings, LLC in the interim. After this transaction occurs, Sunrise Capital Partners, LLC will acquire the subject for \$31,120,000. In speaking with Mr. Kevin Dahm, the buyer, they consider that they are acquiring the property for a below market price. He noted that the property was not marketed, and his opinion is that if the property had been typically marketed, it would likely sell at a higher price point.

Based on our conclude market value, the contract price is below market.

## Appraisal Purpose

The purpose of the appraisal is to develop the following opinion(s) of value:

- The market value as is of the fee simple interest in the subject property as of the effective date of the appraisal, November 4, 2024

The date of the report is November 11, 2024. The appraisal is valid only as of the stated effective date or dates.

## Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

### 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:

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.<sup>1</sup>

**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.<sup>2</sup>

**Appraisal Premise Definitions**

The definitions of the appraisal premises applicable to this assignment are specified as follows.

**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.<sup>3</sup>

**Property Rights Definitions**

The property rights appraised which are applicable to this assignment are defined as follows.

**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.<sup>4</sup>

**Client and Intended User(s)**

The client and intended user is Old Second National Bank - IL. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

**Intended Use**

The intended use of the appraisal is for loan underwriting purposes. The appraisal is not intended for any other use.

**Applicable Requirements**

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised April 9, 2018;

---

<sup>1</sup> Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

<sup>2</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

<sup>3</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

<sup>4</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)



- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- Appraisal guidelines of Old Second National Bank - IL.

## **Report Format**

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

## **Prior Services**

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have 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 the agreement to perform this assignment.

## **Appraiser Competency**

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

## Scope of Work

### Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

### Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

### Subject Property Data Sources

The legal and physical features of the subject property, including size of the site and improvements, flood plain data, seismic zone designation, property zoning, existing easements and encumbrances, access and exposure, and condition of the improvements (as applicable) were confirmed and analyzed.

The financial data of the subject, including occupancy statistics reports, historical income/expense figures, and tax and assessment records was analyzed. This information, as well as trends established by confirmed market indicators, is used to forecast future performance of the subject property.

### Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

| Property Inspection     |                       |                  |
|-------------------------|-----------------------|------------------|
| Party                   | Inspection Type       | Inspection Date  |
| Bryan "BK" F. Kennedy   | Interior and exterior | November 4, 2024 |
| John D. Scott, Jr., MAI | None                  | N/A              |

## Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

| Approaches to Value            |                          |                   |
|--------------------------------|--------------------------|-------------------|
| Approach                       | Applicability to Subject | Use in Assignment |
| Cost Approach                  | Not Applicable           | Not Utilized      |
| Sales Comparison Approach      | Applicable               | Utilized          |
| Income Capitalization Approach | Applicable               | Utilized          |

The income capitalization approach is the most reliable valuation method for the subject due to the following:

- The probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.
- Sufficient market data regarding income, expenses, and rates of return is available for analysis.

The sales comparison approach is an applicable valuation method because:

- There is an active market for similar properties, and sufficient sales data is available for analysis.
- This approach directly considers the prices of alternative properties having similar utility.

The cost approach is not applicable to the assignment considering the following:

- The age of the property would limit the reliability of an accrued depreciation estimate.
- This approach is not typically used by market participants, except for new (or proposed) or nearly new properties.

## Economic Analysis

### Mecklenburg County Area Analysis

Mecklenburg County is located in North Carolina. The county is approximately 524 square miles in size and has a population density of 2,241 persons per square mile.

#### Population

Mecklenburg County has an estimated 2024 population of 1,173,856, which represents an average annual 1.3% increase over the 2020 census of 1,115,482. Mecklenburg County added an average of 14,594 residents per year over the 2020-2024 period, and its annual growth rate exceeded the State of North Carolina rate of 1.0%.

Looking forward, Mecklenburg County's population is projected to increase at a 1.1% annual rate from 2024-2029, equivalent to the addition of an average of 13,281 residents per year. Mecklenburg County's growth rate is expected to exceed that of North Carolina, which is projected to be 0.8%.

| Population Trends      |             |               |                 |                      |             |
|------------------------|-------------|---------------|-----------------|----------------------|-------------|
|                        | Population  |               |                 | Compound Ann. % Chng |             |
|                        | 2020 Census | 2024 Estimate | 2029 Projection | 2020 - 2024          | 2024 - 2029 |
| Mecklenburg County, NC | 1,115,482   | 1,173,856     | 1,240,260       | 1.3%                 | 1.1%        |
| North Carolina         | 10,439,388  | 10,859,018    | 11,285,770      | 1.0%                 | 0.8%        |
| USA                    | 331,449,281 | 336,157,119   | 344,209,992     | 0.4%                 | 0.5%        |

Source: Claritas

#### Employment

Total employment in Mecklenburg County was estimated at 793,102 jobs at year-end 2023. Between year-end 2013 and 2023, employment rose by 186,245 jobs, equivalent to a 30.7% increase over the entire period. There were gains in employment in nine out of the past ten years. Mecklenburg County's rate of employment growth over the last decade surpassed that of North Carolina, which experienced an increase in employment of 21.6% or 872,974 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Mecklenburg County unemployment rate has been slightly lower than that of North Carolina, with an average unemployment rate of 4.9% in comparison to a 5.1% rate for North Carolina. A lower unemployment rate is a positive indicator.

Recent data shows that Mecklenburg County has a 3.3% unemployment rate, which is the same as the rate for North Carolina.

**Employment Trends**

| Year                           | Total Employment (Year End) |             |                |             | Unemployment Rate (Ann. Avg.) |                |
|--------------------------------|-----------------------------|-------------|----------------|-------------|-------------------------------|----------------|
|                                | Mecklenburg<br>County       | %<br>Change | North Carolina | %<br>Change | Mecklenburg<br>County         | North Carolina |
| 2013                           | 606,857                     |             | 4,044,954      |             | 7.3%                          | 7.8%           |
| 2014                           | 630,412                     | 3.9%        | 4,142,253      | 2.4%        | 5.8%                          | 6.1%           |
| 2015                           | 658,063                     | 4.4%        | 4,249,766      | 2.6%        | 5.3%                          | 5.7%           |
| 2016                           | 673,953                     | 2.4%        | 4,324,044      | 1.7%        | 4.7%                          | 5.1%           |
| 2017                           | 693,501                     | 2.9%        | 4,389,335      | 1.5%        | 4.3%                          | 4.5%           |
| 2018                           | 707,239                     | 2.0%        | 4,462,517      | 1.7%        | 3.8%                          | 4.0%           |
| 2019                           | 729,036                     | 3.1%        | 4,554,559      | 2.1%        | 3.7%                          | 3.9%           |
| 2020                           | 712,010                     | -2.3%       | 4,437,319      | -2.6%       | 7.6%                          | 7.3%           |
| 2021                           | 744,410                     | 4.6%        | 4,645,639      | 4.7%        | 4.9%                          | 4.9%           |
| 2022                           | 773,714                     | 3.9%        | 4,795,993      | 3.2%        | 3.5%                          | 3.7%           |
| 2023                           | 793,102                     | 2.5%        | 4,917,928      | 2.5%        | 3.4%                          | 3.5%           |
| Overall Change 2013-2023       | 186,245                     | 30.7%       | 872,974        | 21.6%       |                               |                |
| Avg Unemp. Rate 2013-2023      |                             |             |                |             | 4.9%                          | 5.1%           |
| Unemployment Rate - April 2024 |                             |             |                |             | 3.3%                          | 3.3%           |

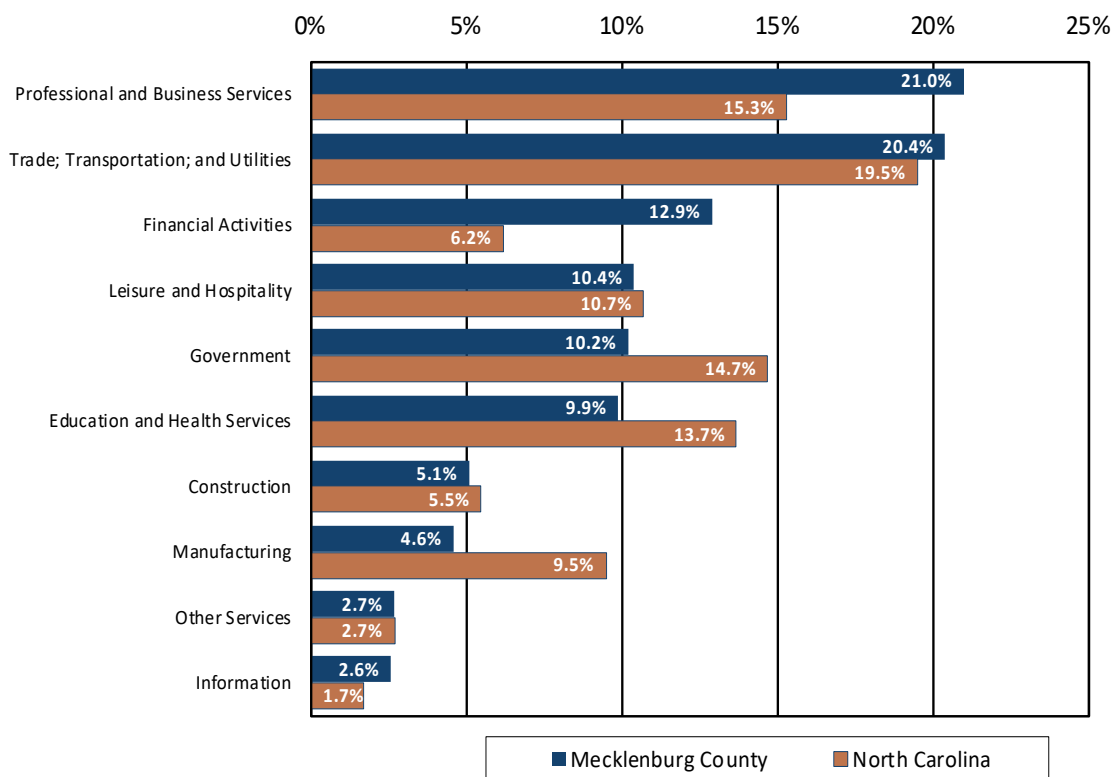
Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

**Employment Sectors**

The composition of the Mecklenburg County job market is depicted in the following chart, along with that of North Carolina. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Mecklenburg County jobs in each category.



### Employment Sectors - 2023



Source: U.S. Bureau of Labor Statistics and Moody's Analytics

Mecklenburg County has greater concentrations than North Carolina in the following employment sectors:

1. Professional and Business Services, representing 21.0% of Mecklenburg County payroll employment compared to 15.3% for North Carolina as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
2. Trade; Transportation; and Utilities, representing 20.4% of Mecklenburg County payroll employment compared to 19.5% for North Carolina as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
3. Financial Activities, representing 12.9% of Mecklenburg County payroll employment compared to 6.2% for North Carolina as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.
4. Information, representing 2.6% of Mecklenburg County payroll employment compared to 1.7% for North Carolina as a whole. Publishing, broadcasting, data processing, telecommunications, and software publishing are included in this sector.

Mecklenburg County is underrepresented in the following sectors:

1. Leisure and Hospitality, representing 10.4% of Mecklenburg County payroll employment compared to 10.7% for North Carolina as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
2. Government, representing 10.2% of Mecklenburg County payroll employment compared to 14.7% for North Carolina as a whole. This sector includes employment in local, state, and federal government agencies.
3. Education and Health Services, representing 9.9% of Mecklenburg County payroll employment compared to 13.7% for North Carolina as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
4. Construction, representing 5.1% of Mecklenburg County payroll employment compared to 5.5% for North Carolina as a whole. This sector includes construction of buildings, roads, and utility systems.

### Major Employers

Major employers in Mecklenburg County are shown in the following table.

| Major Employers - Mecklenburg County, NC |                     |
|--|---------------------|
| Name                                     | Number of Employees |
| 1 Atrium Health                          | 1000 +              |
| 2 Wells Fargo Bank Na (A Corp)           | 1000 +              |
| 3 Bank of America Na                     | 1000 +              |
| 4 Charlotte - Mecklenburg Bd Education   | 1000 +              |
| 5 Amazon.Com Services Inc                | 1000 +              |
| 6 American Airlines Inc                  | 1000 +              |
| 7 City of Charlotte                      | 1000 +              |
| 8 Novant Medical Group Inc               | 1000 +              |
| 9 Charter Communications LLC             | 1000 +              |
| 10 Presbyterian Hospital                 | 1000 +              |

Source: <https://d4.nccommerce.com/QCEWLargestEmployers.aspx>

### Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been considerably higher in Mecklenburg County than North Carolina overall during the past five years. Mecklenburg County has grown at a 3.1% average annual rate while North Carolina has grown at a 2.2% rate. However, Mecklenburg County has recently underperformed North Carolina. GDP for Mecklenburg County rose by 1.6% in 2022 while North Carolina's GDP rose by 2.0%.

Mecklenburg County has a per capita GDP of \$113,119, which is 99% greater than North Carolina's GDP of \$56,943. This means that Mecklenburg County industries and employers are adding relatively more value to the economy than their counterparts in North Carolina.

### Gross Domestic Product

| Year                       | (\$,000s)          | % Change | (\$,000s)      | % Change |
|----------------------------|--------------------|----------|----------------|----------|
|                            | Mecklenburg County |          | North Carolina |          |
| 2017                       | 111,432,350        | —        | 546,810,100    | —        |
| 2018                       | 113,240,521        | 1.6%     | 556,573,700    | 1.8%     |
| 2019                       | 117,410,315        | 3.7%     | 568,475,600    | 2.1%     |
| 2020                       | 120,357,222        | 2.5%     | 564,794,400    | -0.6%    |
| 2021                       | 127,496,734        | 5.9%     | 597,316,100    | 5.8%     |
| 2022                       | 129,565,466        | 1.6%     | 609,058,200    | 2.0%     |
| Compound % Chg (2017-2022) |                    | 3.1%     |                | 2.2%     |
| GDP Per Capita 2022        | \$113,119          |          | \$56,943       |          |

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2023.

The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2017 dollars.

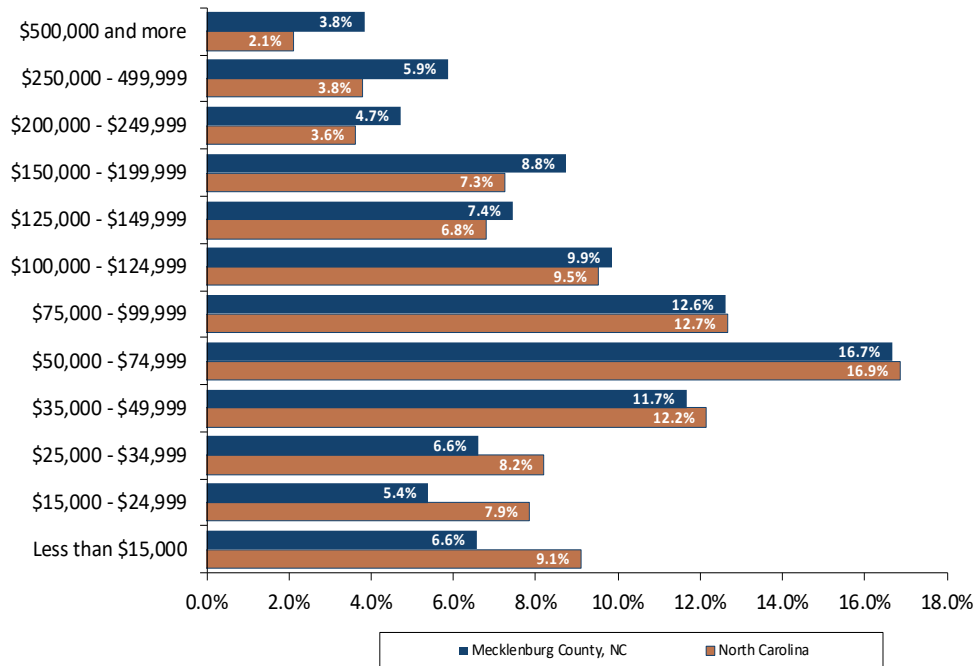
### Household Income

Mecklenburg County is more affluent than North Carolina. Median household income for Mecklenburg County is \$80,533, which is 18.2% greater than the corresponding figure for North Carolina.

### Median Household Income - 2024

|  | Median   |
|--|----------|
| Mecklenburg County, NC                                 | \$80,533 |
| North Carolina   | \$68,152 |
| Comparison of Mecklenburg County, NC to North Carolina | + 18.2%  |
| Source: Claritas                                       |          |

The following chart shows the distribution of households across twelve income levels. Mecklenburg County has a greater concentration of households in the higher income levels than North Carolina. Specifically, 23% of Mecklenburg County households are at the \$150,000 or greater levels in household income as compared to 17% of North Carolina households. A lesser concentration of households is apparent in the lower income levels, as 30% of Mecklenburg County households are below the \$50,000 level in household income versus 37% of North Carolina households.

**Household Income Distribution - 2024**

Source : Claritas

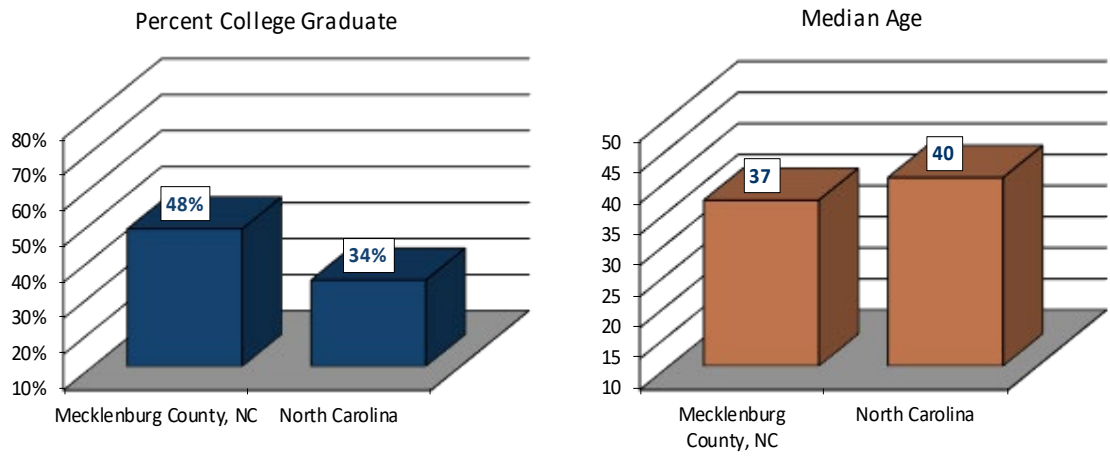
**Education and Age**

Residents of Mecklenburg County have a higher level of educational attainment than those of North Carolina. An estimated 48% of Mecklenburg County residents are college graduates with four-year degrees, versus 34% of North Carolina residents. People in Mecklenburg County are younger than their North Carolina counterparts. The median age for Mecklenburg County is 37 years, while the median age for North Carolina is 40 years.

---

**Education & Age - 2024**

---



Source: Claritas

**Conclusion**

The Mecklenburg County economy will benefit from a growing population base and higher income and education levels. Mecklenburg County experienced growth in the number of jobs and has maintained a slightly lower unemployment rate than North Carolina over the past decade. It is anticipated that the Mecklenburg County economy will improve and employment will grow, strengthening the demand for real estate.

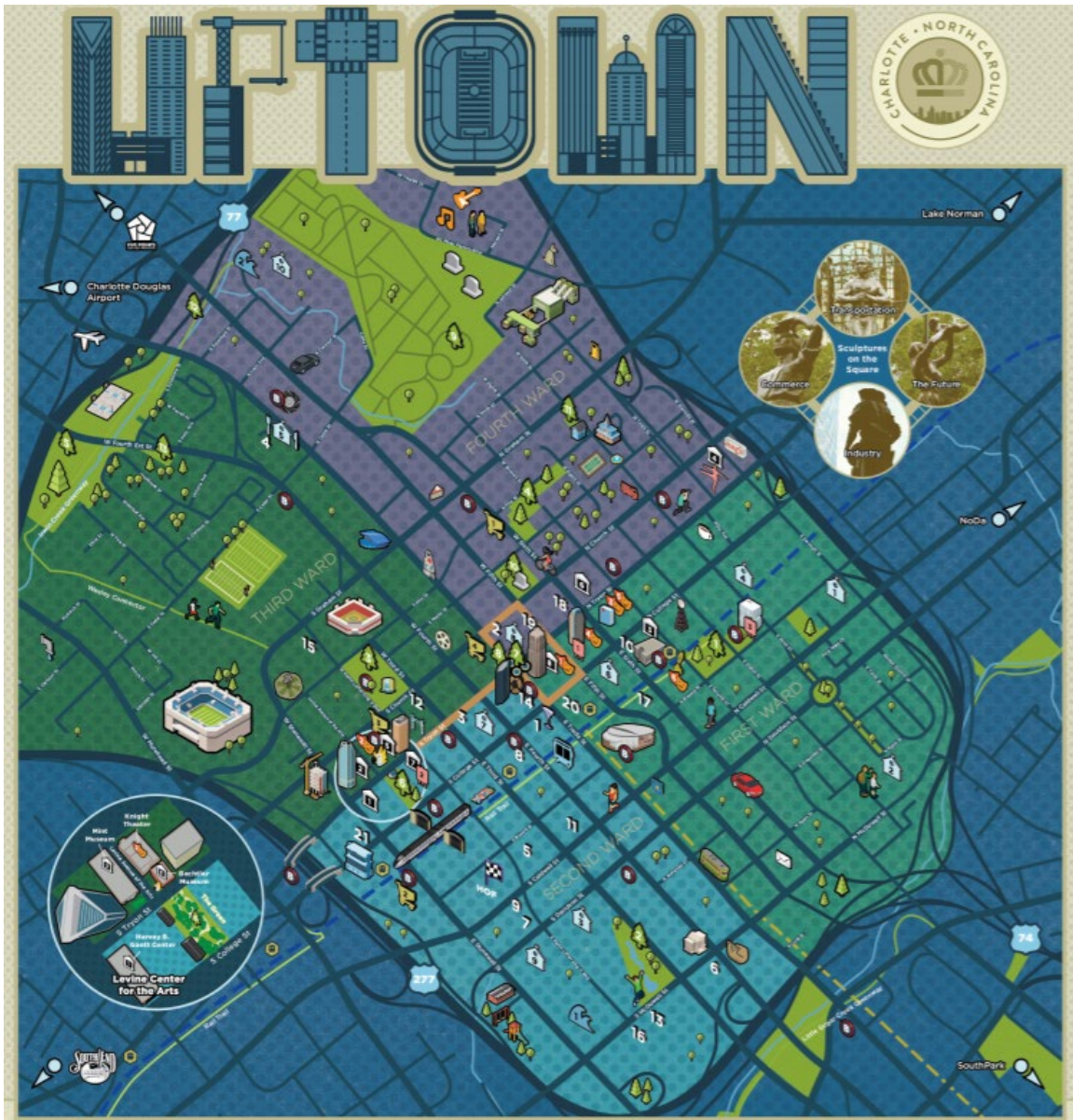


## Area Map



## Surrounding Area Analysis

The subject is known as Uptown or Center City. The subject is located in the Central Business District (CBD) of the City of Charlotte. The area is part of the Uptown submarket. Adjacent communities include Northwest and University to the north, East Charlotte and Randolph to the east, Midtown to the south, and Northwest to the west. A map identifying the location of the property follows this section.



## Access and Linkages

Primary highway access to the area is via Interstate 77, which runs in a north/south direction adjacent to the Central Business District of Charlotte, and by Interstate 277, a circumferential highway that travels around the CBD and Interstate 77.

Public transportation is provided by the Charlotte Area Transportation System (CATS) and provides access to Mecklenburg County and surrounding areas. The Charlotte Area Transit Authority is planning five transit corridors from Charlotte's Center City to various borders around Mecklenburg County to accommodate the city's growth. Once complete, the 2030 Transit Corridor System Plan will consist of multiple rapid transit improvements including 25 miles of commuter rail, 21 miles of light rail, 16 miles of streetcar, 14 miles of bus rapid transit along with an expanded network of buses and other transit services.

The South Corridor light rail is Charlotte's first phase of the light rail system. It was designed to facilitate transportation from Charlotte's South corridor to Center City Charlotte. The South Corridor light rail line (LYNX Blue Line) contains 20 stations extending from Interstate 485 at South Boulevard to 7th Street in Center City Charlotte. The LYNX Blue Line Extension extends service 9.3 miles and contains 11 new stations. It stretches from 7<sup>th</sup> Street, through Uptown and NoDa, and to the UNC Charlotte campus in the northeast. The extension opened in March 2018.

In November 2016, the Metropolitan Transit Commission approved the LYNX Silver Line, a light rail alignment providing transportation from Charlotte's Southeast corridor to Center City Charlotte. The alignment switched to median running on Monroe Road, crossing over Interstate 485, and ending at the CPCC Levine Campus. The LYNX Silver Line includes 13 stations, is 13-15 miles long, and has an average travel time of 34 minutes.

From November 2<sup>nd</sup>, 2017 to November 16<sup>th</sup>, 2017, CATS held public meetings in regards to the proposed North Corridor Commuter Rail Line (LYNX Red Line) to gauge transit values among citizens of the North Charlotte area, including North Mecklenburg, Cornelius, Davidson, Huntersville, and Mooresville. CATS is currently working with these areas in the north corridor to find alignments that best utilize land and best match transit values. The LYNX Red Line will connect the towns of Davidson, Cornelius and Huntersville to Center City Charlotte at the proposed multimodal station in Charlotte Gateway District. During extensive public outreach, communities in the Northern towns indicated a desire for more frequent service, like light rail or Bus Rapid Transit (BRT). In 2019, CATS Presented the LYNX System Update Staff Recommendations, which included the implementation of an I-77 Bus Rapid Transit service from Charlotte Gateway Station to Mooresville.

Despite the better than average access to public transportation systems such as the light rail and CATS system, the automobile currently remains the primary mode of transportation in the area.

The Charlotte Douglas International Airport is located about 6.4 miles from the market area; travel time is approximately 15 minutes, depending on traffic conditions.

Primary access and linkages to the subject area, including highways, roadways, public transit, traffic counts, and airports, are summarized in the following table.



---

**Access & Linkages**


---

**Vehicular Access**

|                         |                                   |
|-------------------------|-----------------------------------|
| Major Highways          | Interstate 77 and Interstate 277  |
| Primary Corridors       | Trade St., Tryon St., College St. |
| Vehicular Access Rating | Average                           |

**Public Transit**

|                       |  |
|-----------------------|--|
| Providers             | Charlotte Area Transit System and LYNX Blue Line |
| Transit Access Rating | Average  |

**Airport(s)**

|              |   |
|--------------|---|
| Name         | Charlotte Douglas International Airport |
| Distance     | 15 minutes                              |
| Driving Time | 6.4 miles                               |

|                             |            |
|-----------------------------|------------|
| Primary Transportation Mode | Automobile |
|-----------------------------|------------|

---

The closest LYNX Blue Line station to the subject is the CTC/Arena Stop, which is located approximately one block southwest of the subject.

### Demand Generators

Center City's resident population growth has led to an expansion of services and amenities. Recreational amenities including the Rail Trail which extends from Uptown to South End, Romare Bearden Park, and First Ward Park took shape, along with a renovated Aquatic Center. Charlotte's Center City contains over 1,200 companies and employs approximately 130,000 people. With over 28 million square feet of office space, it is the city's largest employment center. Additionally, Center City contains more than 131 acres of 'green' space including parks, urban trails, and greenways. To accommodate, the area has over 300 restaurants and clubs. Charlotte's Center City annually hosts over 126 professional/college sporting events, along with 447 cultural performances in 32 different cultural venues in Charlotte's Center City. These annual events attract many visitors, contributing to the area's 72% hotel occupancy.

Charlotte's Central Business District continuously grows as other areas outside the city, such as South End, develop and rise in population. Many Fortune 500 companies have headquarters in the city, which brings in more businesses. Listed below are private and public projects in Charlotte's Central Business District that have been recently completed, are under construction, or have been announced and are in various stages of planning and development.

### Employment and Employment Centers

The subject area is impacted by the financial service and energy industries. Major employers in the local market include Bank of America, Wells Fargo Bank, Ally Bank, Truist Financial, Atrium Health, Novant Health, Honeywell, Duke Energy, American Airlines, and Charlotte – Mecklenburg Schools. All four bank previously noted, all of the major banks and Duke Energy have a large presence in Uptown Charlotte (CBD).

### Nearby Retail Uses

The majority of retail is located in ground level space in office buildings and multifamily developments.

## Life Cycle

Real estate is affected by cycles involving development trends within a market area as well as market and economic forces. Trends in demand for development in a particular market are described by the Market Area Life Cycle, while market and economic trends are described by the Real Estate Cycle.

A Market Area Life Cycle typically evolves through four stages:<sup>5</sup>

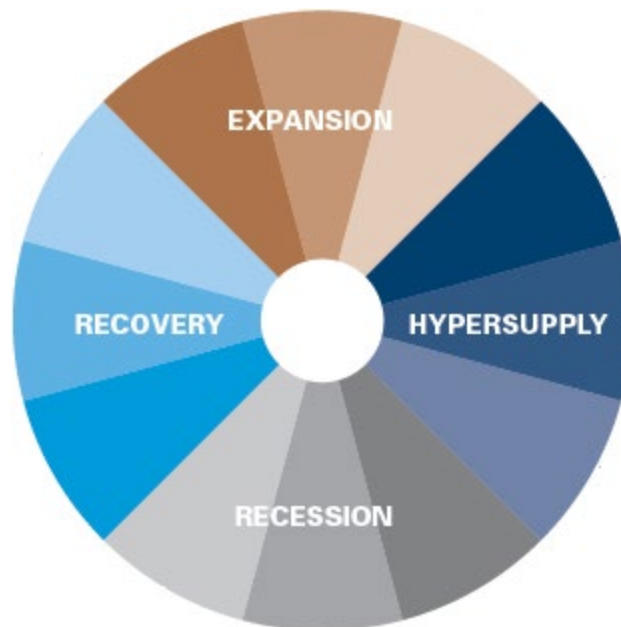
- Growth – a period during which the market area gains public favor and acceptance
- Stability – a period of equilibrium without marked gains or losses
- Decline – a period of diminishing demand
- Revitalization – a period of renewal, redevelopment, modernization, and increasing demand

The subject's market area is in the growth stage of the Market Area Life Cycle.

The Real Estate Cycle also impacts a neighborhood. The stages of the Real Estate Cycle include:

- Expansion – Sustained growth in demand, increasing construction
- Hypersupply – Positive but falling demand, increasing vacancy
- Recession – Falling demand, increasing vacancy
- Recovery – Increasing demand, decreasing vacancy

These stages are illustrated below, along with a summary of common characteristics of each stage of the Real Estate Cycle. The subject is in the expansion stage of the Real Estate Cycle.



<sup>5</sup> Appraisal Institute, *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020)



**EXPANSION**

Decreasing Vacancy Rates  
Moderate/High New Construction  
High Absorption  
Moderate/High Employment Growth  
Med/High Rental Rate Growth

**HYPERSUPPLY**

Increasing Vacancy Rates  
Moderate/High New Construction  
Low/Negative Absorption  
Moderate/Low Employment Growth  
Med/Low Rental Rate Growth

**RECESSION**

Increasing Vacancy Rates  
Moderate/Low New Construction  
Low Absorption  
Low/Negative Employment Growth  
Low/Neg Rental Rate Growth

**RECOVERY**

Decreasing Vacancy Rates  
Low New Construction  
Moderate Absorption  
Low/Moderate Employment Growth  
Neg/Low Rental Rate Growth

**Demographics**

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

**Surrounding Area Demographics**

|  | 1-Mile Radius | 3-Mile Radius | 5-Mile Radius | Mecklenburg<br>County, NC | North Carolina |
|--|---------------|---------------|---------------|---------------------------|----------------|
| 2024 Estimates                         |               |               |               |                           |                |
| Population 2020                        | 23,453        | 118,142       | 253,825       | 1,115,482                 | 10,439,388     |
| Population 2024                        | 27,029        | 128,870       | 268,878       | 1,173,856                 | 10,859,018     |
| Population 2029                        | 30,441        | 139,589       | 284,840       | 1,240,260                 | 11,285,770     |
| Compound % Change 2020-2024            | 3.6%          | 2.2%          | 1.5%          | 1.3%                      | 1.0%           |
| Compound % Change 2024-2029            | 2.4%          | 1.6%          | 1.2%          | 1.1%                      | 0.8%           |
| Households 2020                        | 13,989        | 59,556        | 115,552       | 448,814                   | 4,160,856      |
| Households 2024                        | 16,170        | 65,686        | 123,978       | 475,053                   | 4,350,910      |
| Households 2029                        | 18,310        | 71,819        | 132,757       | 504,430                   | 4,539,085      |
| Compound % Change 2020-2024            | 3.7%          | 2.5%          | 1.8%          | 1.4%                      | 1.1%           |
| Compound % Change 2024-2029            | 2.5%          | 1.8%          | 1.4%          | 1.2%                      | 0.9%           |
| Median Household Income 2024           | \$92,306      | \$81,582      | \$70,179      | \$80,533                  | \$68,152       |
| Average Household Size                 | 1.6           | 1.9           | 2.1           | 2.4                       | 2.4            |
| College Graduate %                     | 68%           | 60%           | 49%           | 48%                       | 34%            |
| Median Age                             | 32            | 33            | 35            | 37                        | 40             |
| Owner Occupied %                       | 21%           | 34%           | 39%           | 54%                       | 65%            |
| Renter Occupied %                      | 79%           | 66%           | 61%           | 46%                       | 35%            |
| Median Owner Occupied Housing Value    | \$467,802     | \$564,163     | \$444,972     | \$390,037                 | \$271,298      |
| Median Year Structure Built            | 2007          | 2000          | 1985          | 1995                      | 1990           |
| Average Travel Time to Work in Minutes | 21            | 23            | 24            | 27                        | 27             |

Source: Claritas

As shown above, the current population within a 3-mile radius of the subject is 128,870, and the average household size is 1.9. Population in the area has grown since the 2020 census, and this trend is projected to continue over the next five years. Compared to Mecklenburg County overall, the population within a 3-mile radius is projected to grow at a faster rate.

Median household income is \$81,582, which is higher than the household income for Mecklenburg County. Residents within a 3-mile radius have a considerably higher level of educational attainment than those of Mecklenburg County, while median owner-occupied home values are considerably higher.

## Services and Amenities

The subject is served by Charlotte – Mecklenburg Schools. The nearest public services, including police and fire departments, are summarized in the following table.

| Public Services   |                              |                          |           |
|-------------------|------------------------------|--------------------------|-----------|
| Service           | Name/Station                 | Driving Distance (Miles) | Direction |
| Police Department | CMPD                         | 0.7                      | South     |
| Fire Department   | CFD Station 4                | 0.5                      | North     |
| Hospital          | Novant Presbyterian Hospital | 1.8                      | Southeast |

The closest colleges and universities are UNC-Charlotte, Queens University, Johnson & Wales University, Johnson C. Smith University, and Central Piedmont Community College. In addition, Wake Forest University is currently in the process of developing a medical school campus in Charlotte in conjunctions with Atrium Health.

## Land Use

Predominant land uses in the immediate vicinity of the subject include a mix of mixed-use, office, retail, and multifamily. Land use characteristics of the area are summarized below.

| Surrounding Area Land Uses               |                 |
|--|-----------------|
| Character of Area                        | Urban           |
| Predominant Age of Improvements (Years)  | New to 75 years |
| Predominant Quality and Condition        | Average         |
| Approximate Percent Developed            | 100%            |
| Land Use Allocation                      |                 |
| Multifamily                              | 15%             |
| Retail                                   | 35%             |
| Office                                   | 50%             |
| Infrastructure and Planning              | Average         |
| Predominant Location of Undeveloped Land | NA              |
| Prevailing Direction of Growth           | All directions  |

The subject is also located within one block of the Spectrum Center, which is the home to the Charlotte Hornets (local NBA team). The Spectrum Center also hosts a variety of other events throughout the year including concerts, ACC and NCAA basketball games, professional wrestling, and other events that draw a significant number of cars to the area that require parking. While the Spectrum Center will undergo extensive renovations/upgrades in the coming years, this will occur during the NBA offseason. The venue typically hosts in excess of 150 events per year.

Also located in Uptown Charlotte, though located approximately one mile from the subject are Bank of America Stadium and Truist Field. Bank of America Stadium is home to the Carolina Panthers (NFL) and Charlotte FC (MLS), while Truist Field is home to the Charlotte Knights (AAA). Both of these venues

also hold other events throughout the year such as college and high school games, concerts, and seasonal special events.

---

#### Immediate Surroundings

---

|       |                                      |
|-------|--------------------------------------|
| North | Office, retail, mixed-use            |
| South | Office, retail, mixed-use, NBA arena |
| East  | Office, retail, mixed-use            |
| West  | Office, retail, mixed-use            |

---

### Outlook and Conclusions

The area is in the growth stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

In comparison to other areas in the region, the area is rated as follows:

---

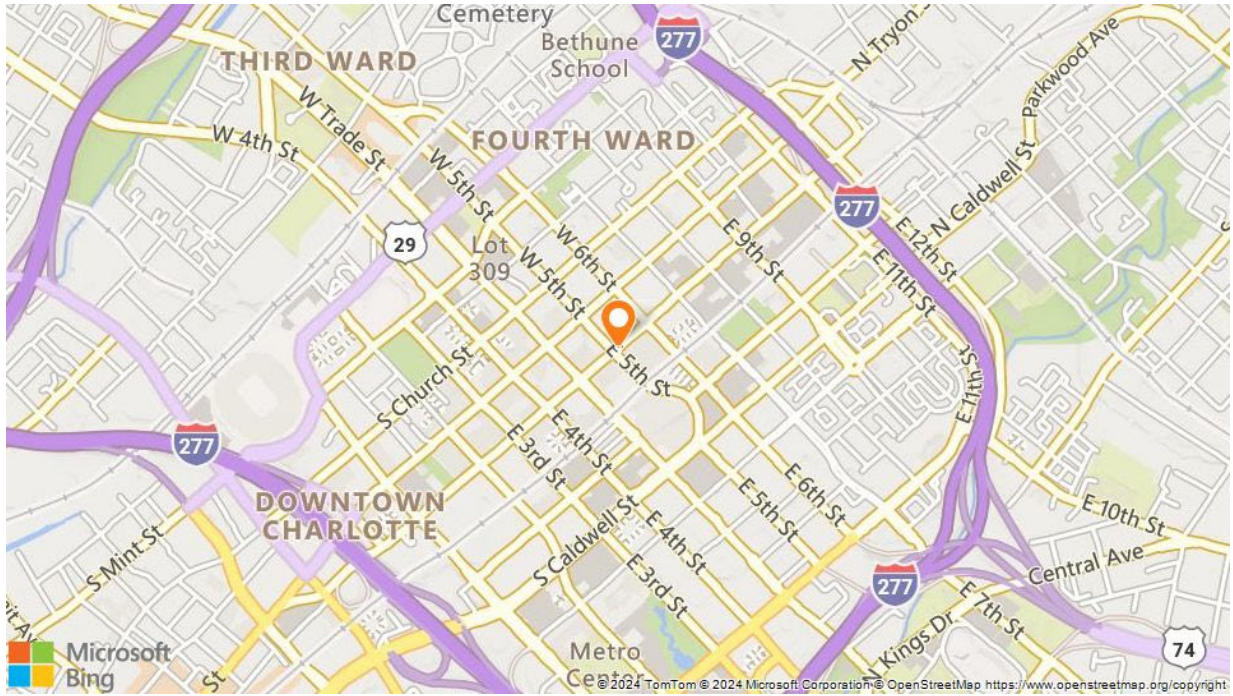
#### Surrounding Area Ratings

---

|                                 |               |
|---------------------------------|---------------|
| Highway Access                  | Average       |
| Demand Generators               | Above Average |
| Convenience to Support Services | Above Average |
| Convenience to Medical Services | Average       |
| Convenience to Public Transit   | Above Average |
| Employment Stability            | Above Average |
| Neighborhood Amenities          | Above Average |
| Police and Fire Protection      | Average       |
| Barriers to Competitive Entry   | Average       |
| Price/Value Trends              | Average       |
| Property Compatibility          | Average       |

---

## Surrounding Area Map



## Parking Market Analysis

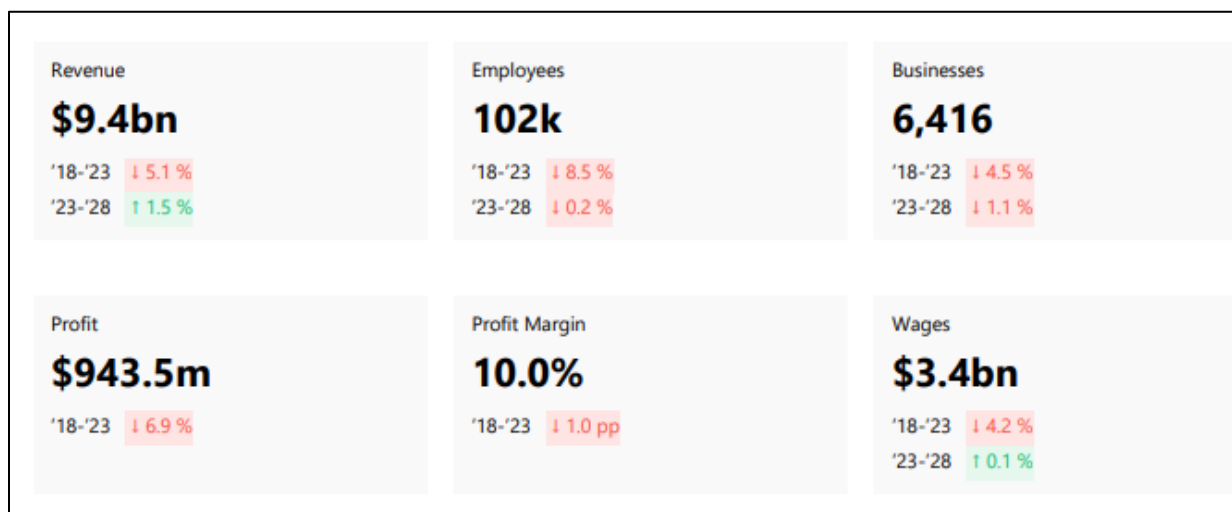
### IBIS US Industry Report November 2023

The following information comes from the November 2023 (most recent) IBIS World Industry Report – Parking Lots & Garages in the US.

Parking lots and garages have struggled with diminishing revenue over the last few years as the outbreak of COVID-19 depleted economic activity and consumers' parking needs. The Federal Reserve's aggressive interest rate hikes throughout 2022 and 2023 has resulted in tightened budgets and decreased disposable income, suppressing demand for parking services at commercial facilities. Revenue has fallen at a CAGR of 5.1% over the past five years, and is expected to total \$9.4 billion. A sharp decline in the world price of oil will contribute an estimated rise of 4.3% in 2023, when profit is projected to rise.

Increased urbanization has historically been crucial for driving consumers to parking services. As the number of city dwellers rises, so does demand for on- and off-street parking. This is particularly relevant in car-dependent cities like Dallas, Texas, but still urbanization has failed to expand downstream markets in recent years. Consumers fled metropolitan areas during the pandemic, and since then nonresidential construction activity has steadily plummeted. While business in downstream commercial facilities has picked up again, lingering work-from-home policies have slowed the rate of commuters, emptying parking facilities.

Parking companies will benefit from normalizing trends over the next five years. Rising urbanization and an expanding economy will promote nonresidential construction and boost the need for parking services. Falling oil prices will encourage consumers to travel more by car. As competition grows, existing market saturation will limit opportunities for expansion for parking companies. Merger and acquisition activity will continue over the next five years as companies seek to cut costs and combat competition. The growing popularity of ridesharing and electric vehicles will create an opportunity for parking companies' to expand their services. Revenue is expected to increase at a CAGR of 1.5% over the next five years, reaching \$10.2 billion in 2028.



## Key External Demand Drivers

### Economic uncertainty and shifting consumer preferences boost volatility in the industry

- Economic uncertainty has led to a decline in car ownership as consumers seek cost-effective alternatives like ride-sharing and public transportation, reducing the demand for parking spaces.
- The hike in remote work and e-commerce popularity has substantially affected traditional retail businesses, reducing consumer parking demand as onsite shopping decreases in favor of online shopping.
- The Federal Reserve's aggressive rate hikes in 2022-2023 led to a budget squeeze and less disposable income. In response, demand for parking lots and garage services fell as individuals turned to cheaper, accident-avoiding transportation alternatives.
- Supply-chain disruptions resulting from the pandemic lead to a spike in the cost of a new or used car, contributing to lower rates of car ownership.

### Management contracts gain traction as parking companies cut costs

- Parking lot and garage companies increasingly use management contracts to streamline operations, reduce overhead, comply with regulations and avoid ownership or construction-related costs and work.
- Management contracts shift liability and operational risks away from a client to the contracted firm. Business owners can focus on their core operations without worrying about parking facility management challenges.
- Outsourcing parking services through management contracts has become more common as residential, commercial and manufacturing facilities seek to specialize in their own businesses.
- Nonresidential construction in urban areas has also boosted the popularity of management contracts, particularly in the context of mixed-use developments.

### Technological advancements keep consumers out of garages

- The development and adoption of self-driving cars have reduced travelers' reliance on parking. At the same time, electric vehicles and the rising popularity of ridesharing services like Uber and Lyft have emptied parking lots and garages.
- Amid soaring oil prices and environmental consciousness, some consumers have forgone car ownership and relied on improving public transportation systems, bicycles and ridesharing services. This transition is far easier for consumers in urban areas.
- As the urban population increases, parking and traffic problems discourage car ownership, prompting the exploration of alternatives like improved public transportation systems, bicycling and ridesharing services. Cities are tackling traffic reduction by implementing policies like congestion surcharges.

### Parking companies invest in their facilities to meet shifting preferences

- While some consumers have given up on driving, advancements in parking technology, like mobile apps, sensors and automated payment systems, have made parking more convenient and efficient for those that are still car-dependent
- Mobile apps help drivers find parking spaces in less time while automated payment systems speed up the payment process, facilitating a more enjoyable parking experience for customers.
- Parking garages have increased the number of electric vehicle charging stations to accommodate the expanding population of EV drivers. Some lots and garages have designated parking spaces for bikes and scooters to maintain demand from consumers who prefer alternative means of transportation.

### Key External Drivers

| Key External Drivers                         | Impact   |
|--|----------|
| Number of businesses                         | Positive |
| Value of private nonresidential construction | Positive |
| National unemployment rate                   | Negative |
| Total retail sales                           | Positive |
| World price of crude oil                     | Negative |

### Industry Structure

| Characteristic        | Level    | Trend  |
|-----------------------|----------|--------|
| Concentration         | Moderate |        |
| Barriers To Entry     | Low      | Steady |
| Regulation and Policy | Low      | Steady |
| Life Cycle            | Mature   |        |
| Revenue Volatility    | High     |        |
| Capital Intensity     | Low      |        |
| Assistance            | Low      | Steady |
| Competition           | High     | Steady |
| Innovation            | Moderate |        |



## Current Performance

The industry is highly fragmented, with most operators being small private companies that operate a single parking lot or garage. One-third of the industry's operators are sole proprietors or non-employers that collectively command only a small portion of total industry revenue. Although most enterprises in the industry are local and small, there are several large companies operating thousands of facilities on a national scale.

In this industry, operators may own or lease parking facilities from which they collect revenue for parking services. More often, however, companies operate under management contracts and receive a base monthly fee for managing a parking facility that they neither own nor lease. Operators then pass on revenue and most costs to owners while receiving payment for managing facilities, significantly reducing industry capital intensity. For example, industry leader SP Plus Corporation (SP Plus) operates more than 80.0% of its locations under management contracts, according to its most recent annual report. Moreover, management contracts have become increasingly popular in recent years due to the associated cost benefits

Due to the considerable costs of construction and ownership of parking garages, long-term management contracts have become an attractive arrangement for industry operators. On average, management contracts are renewed on a seven- to ten-year basis and typically involve a fixed recurring management fee for the corresponding time period.

Growth in nonresidential construction in urban areas has bolstered the popularity of management contracts. In particular, the trend toward mixed-use developments, in which a development serves as residential, retail and commercial space, has proven beneficial for the industry because such developments typically require large parking garages. Moreover, the principals behind these developments, typically large real estate magnates, seek to outsource ancillary services, such as parking garage management, in an effort to keep costs low and stable. The outsourcing of parking services has become an increasingly prevalent trend in the industry as operators seek to specialize in the services they provide without being burdened by the costs and workload associated with ownership or construction

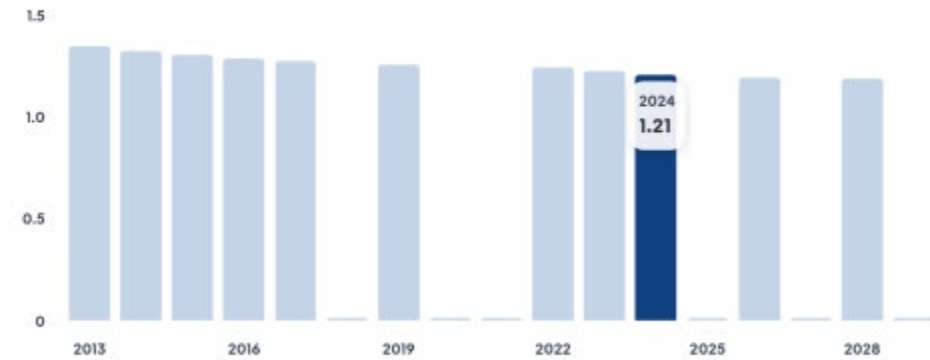
The development and adoption of self-driving cars reduce travelers' reliance on parking, while electric vehicles and other new technologies change consumer's parking preferences. The increasing popularity of ridesharing services like Uber and Lyft is also emptying parking lots and garages. Amid soaring oil prices and environmental consciousness, consumers are forgoing car ownership and relying on improving public transportation systems, bicycles and ridesharing services.



## External Drivers

### Number of businesses

Growth



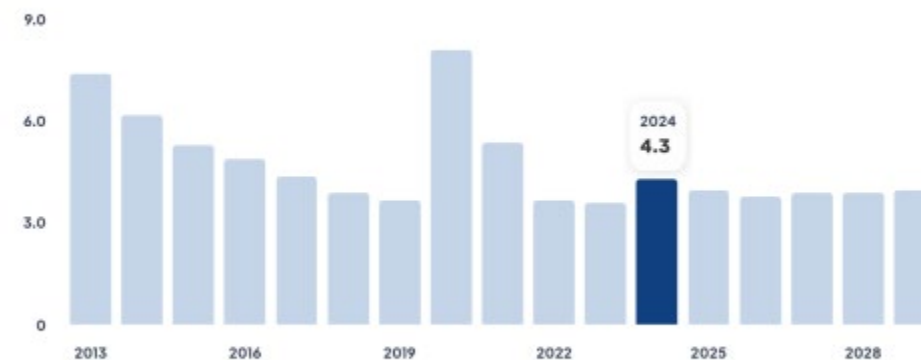
IBISWorld

Source: IBISWorld

The number of businesses determines demand for commercial offices and retail establishments. As the number of businesses increases, demand for parking lots and garages grows as more companies rent office space or storefronts. When the number of commercial businesses grows, this represents a potential opportunity for the industry.

### National unemployment rate

%



IBISWorld

Source: IBISWorld

Work commuters comprise a large portion of daily drivers. A hike in unemployment decreases the number of drivers that commute to work, adversely affecting demand for parking services. Higher unemployment also results in lower consumer spending and less demand for parking services.

## Total retail sales

Growth



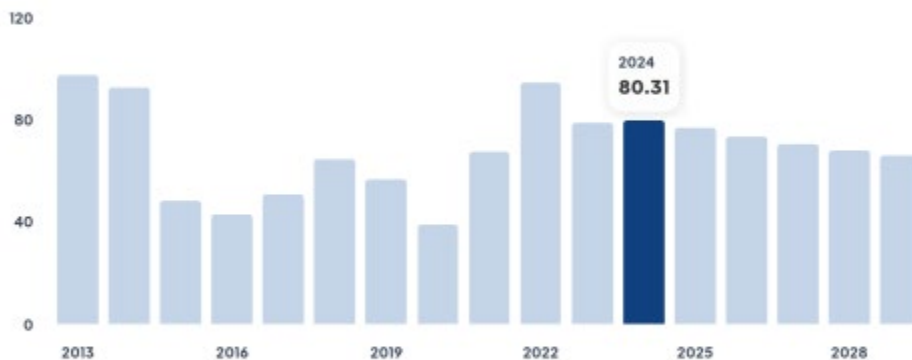
IBISWorld

Source: IBISWorld

Total retail sales measures the value of all retail sales transacted in the United States. Since shopping centers and urban city centers near retail outlets and restaurants are some of the most important and profitable locations for parking companies, a boost in retail sales drives demand for parking.

## World price of crude oil

\$ per barrel



IBISWorld

Source: IBISWorld

Gasoline is a key cost for private and commercial drivers. As the price of oil increases, gas prices hike, and vehicle use tends to drop. Increasing the world price of crude oil curbs demand for parking services, as consumers begin to opt for other modes of transportation to reduce spending.

### Local Parking Overview

Parking needs in the Charlotte Central Business District are primarily served by a combination of privately owned parking decks and parking lots with some street parking. While some buildings in the CBD have their own dedicated parking decks, many of these have fewer spaces than necessary for the entire building.

As will be detailed later in our analysis, the majority of parking decks have rates that range from \$9 to \$12 per hour, with daily maximum rates being between \$25 and \$30. Monthly parking typically ranges from \$170 per month to over \$200 per month.

The parking garages in the CBD are located throughout the area, though there appears to be a higher concentration in the more central part of the CBD, which includes the subject. At our inspection, we noted there were parking decks located in most directions around the subject.

Overall, given the subject's location in the CBD near multiple large, office towers, hotels, mixed-use development, and the Spectrum Center, as well as the fact that it is located along the LYNX Blue Line, it is our opinion that it is well positioned for continued strong activity going forward.

## Property Analysis

### Land Description and Analysis

| Land Description               |   |
|--------------------------------|---|
| Land Area                      | 0.9112 acres; 39,690 SF   |
| Source of Land Area            | Survey prepared by Commercial Due Dilligence Services, dated June 26, 2013  |
| Primary Street Frontage        | N. College St. - 387 feet   |
| Secondary Street Frontage      | Fifth St. - 396 feet; Sixth St. - 396 feet  |
| Shape                          | Rectangular   |
| Corner                         | Yes   |
| Rail Access                    | No  |
| Topography                     | Generally level and at street grade   |
| Drainage                       | No problems reported or observed  |
| Environmental Hazards          | None reported or observed   |
| Ground Stability               | No problems reported or observed  |
| Flood Area Panel Number        | 37119C4554K   |
| Date                           | February 19, 2014   |
| Zone                           | X   |
| Description                    | Outside of 500-year floodplain  |
| Insurance Required?            | No  |
| Zoning; Other Regulations      |   |
| Zoning Jurisdiction            | City of Charlotte   |
| Zoning Designation             | UMUD-O  |
| Description                    | Uptown Mixed-Use (Optional)   |
| Legally Conforming?            | Appears to be legally conforming  |
| Zoning Change Likely?          | No  |
| Permitted Uses                 | The uptown mixed use district (UMUD) permits and encourages the coordinated development of retail and wholesale trade; business, professional and financial services, offices, hotels, convention and conference centers, merchandise markets, high-density residential developments, and parking as a separate business. |
| Minimum Street Frontage (Feet) | N/A   |
| Minimum Lot Width (Feet)       | N/A   |
| Minimum Lot Depth (Feet)       | N/A   |
| Maximum Site Coverage          | N/A   |
| Maximum Density                | N/A   |
| Other Land Use Regulations     | None  |
| Utilities                      |   |
| Service                        | Provider  |
| Water                          | City of Charlotte   |
| Sewer                          | City of Charlotte   |
| Electricity                    | Duke Energy   |
| Natural Gas                    | Piedmont Natural Gas  |
| Local Phone                    | Various local providers   |

The subject is currently a portion of a larger parcel that contains 3.4667 acres, or 151,009 square feet. It is our understanding that once subdivided, the subject land area will be the same as the building footprint, which is 0.9112 acres, or 39,690 square feet.

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

### **Easements, Encroachments and Restrictions**

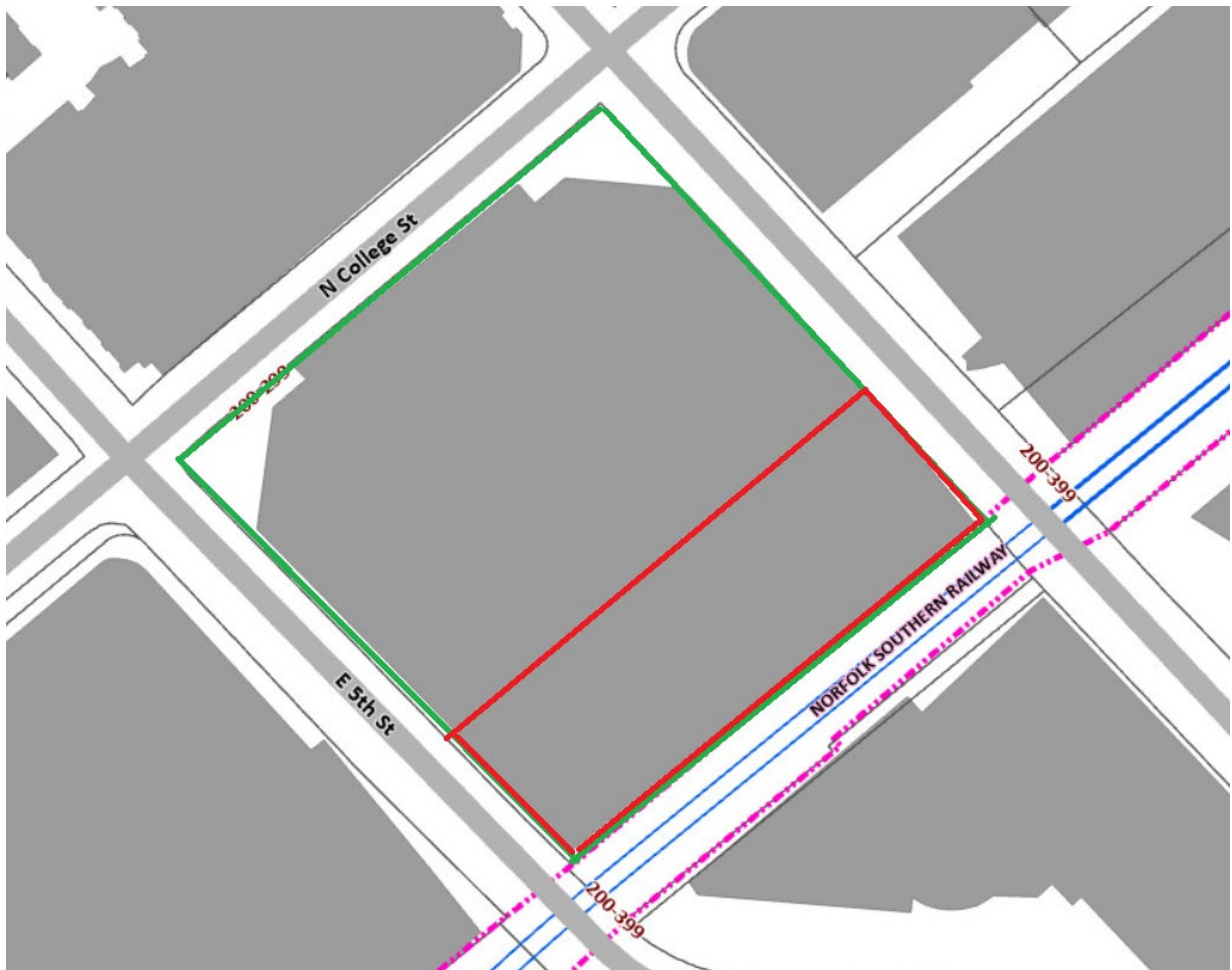
Based upon a review of the deed and property survey, there are no apparent easements, encroachments, or restrictions other than those that are typical for the property type. Exceptions to title of this type would not appear to adversely affect value. This valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

We are aware that there are Duke Energy easements at the subject. While the subject is located adjacent to the LYNX Blue Line, it appears the associated right-of-way ends at the property line. There are also two walkways/bridges that connect the subject to other properties that are not subject to this appraisal. We assume that there are typical easements in place for these items.

### **Conclusion of Site Analysis**

Overall, the physical characteristics and the availability of utilities result in a functional site, suitable for a variety of uses including those permitted by zoning. The uptown mixed-use district (UMUD) permits and encourages the coordinated development of retail and wholesale trade; business, professional and financial services, offices, hotels, convention and conference centers, merchandise markets, high-density residential developments, and parking as a separate business. No other restrictions on development are apparent.

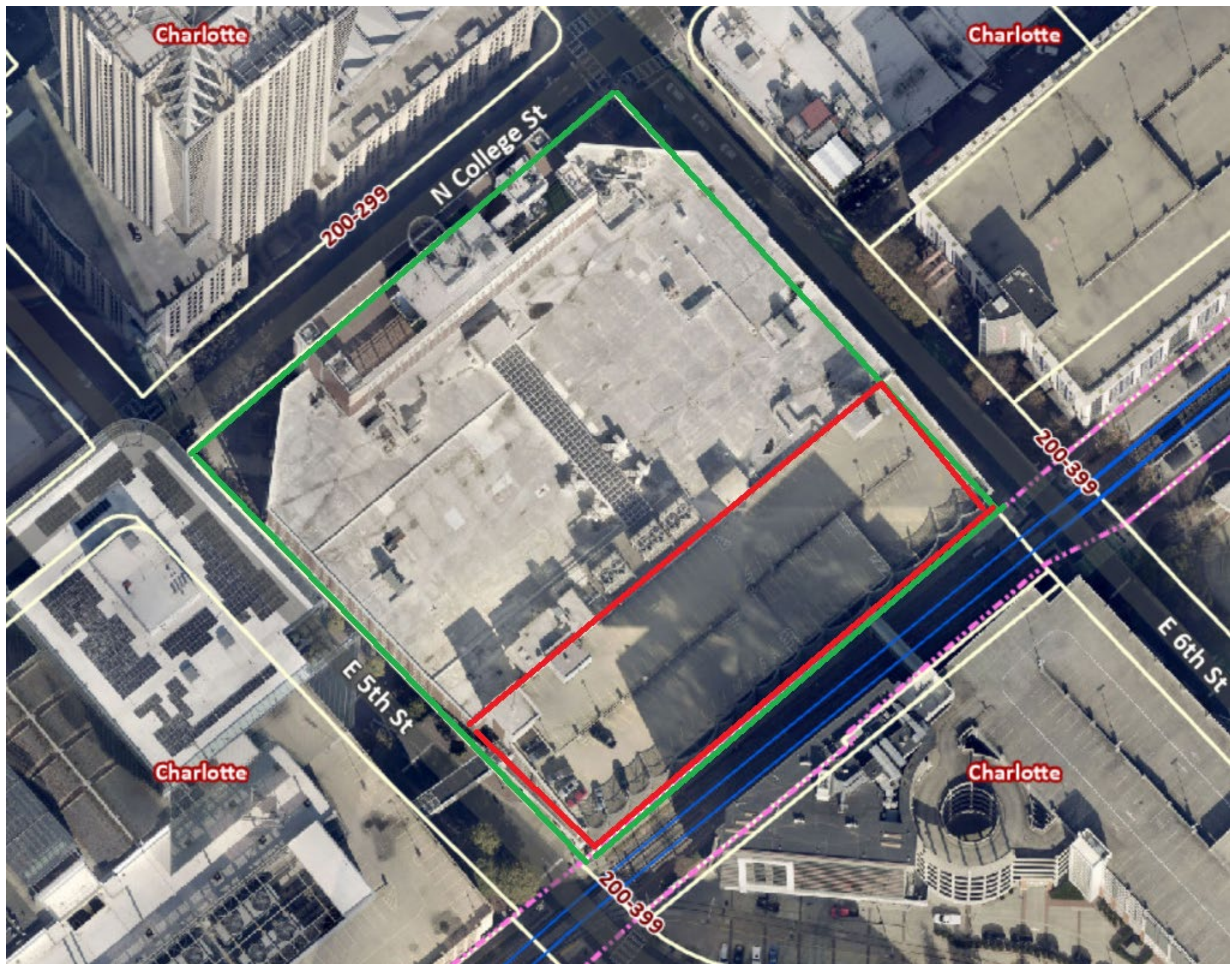
## Tax Map



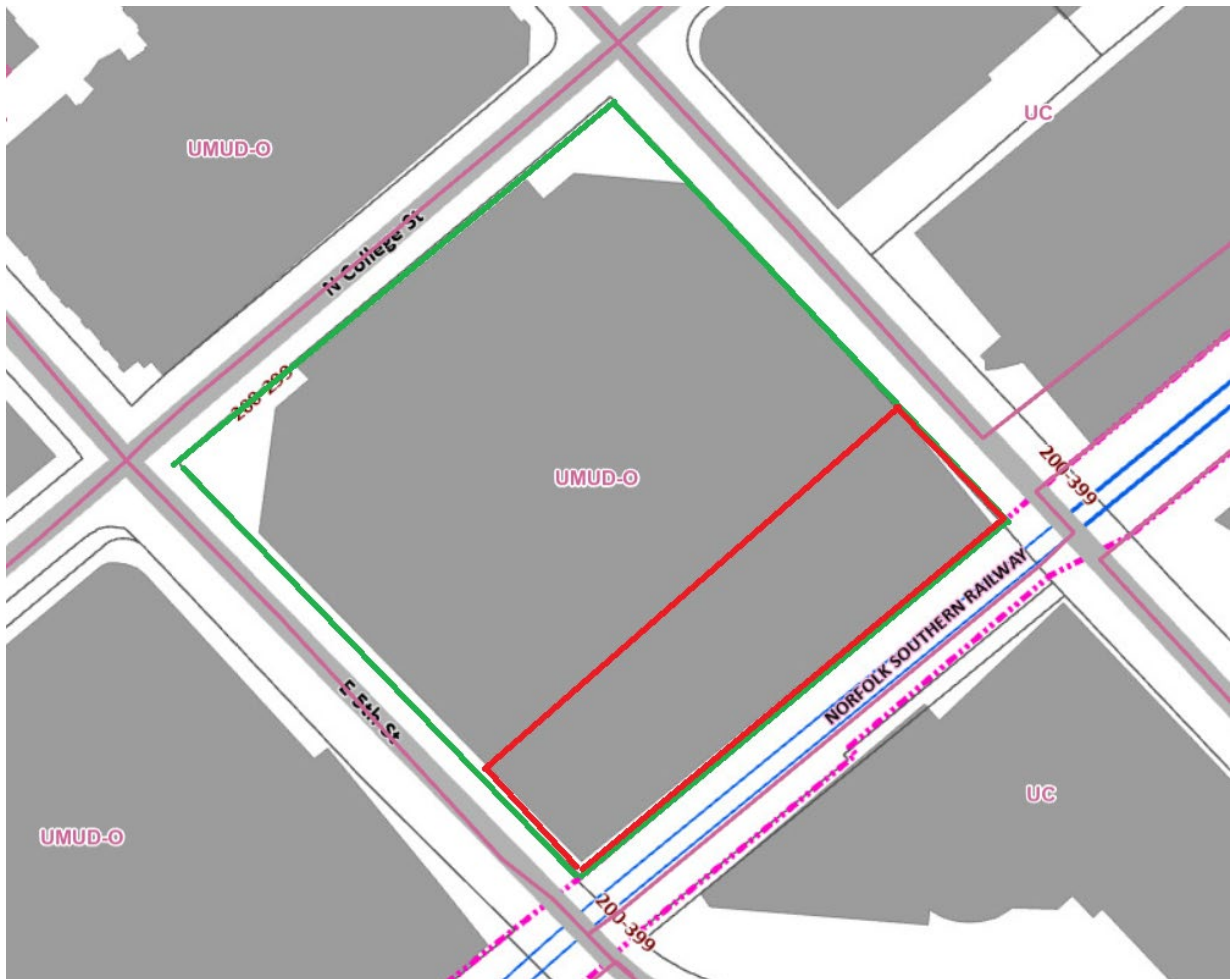
As noted, the subject is currently a portion of a larger parcel that will be subdivided once the pending sale closes. The green outline indicates the larger parcel, while the red line estimates the property line once subdivided.



## Aerial Map

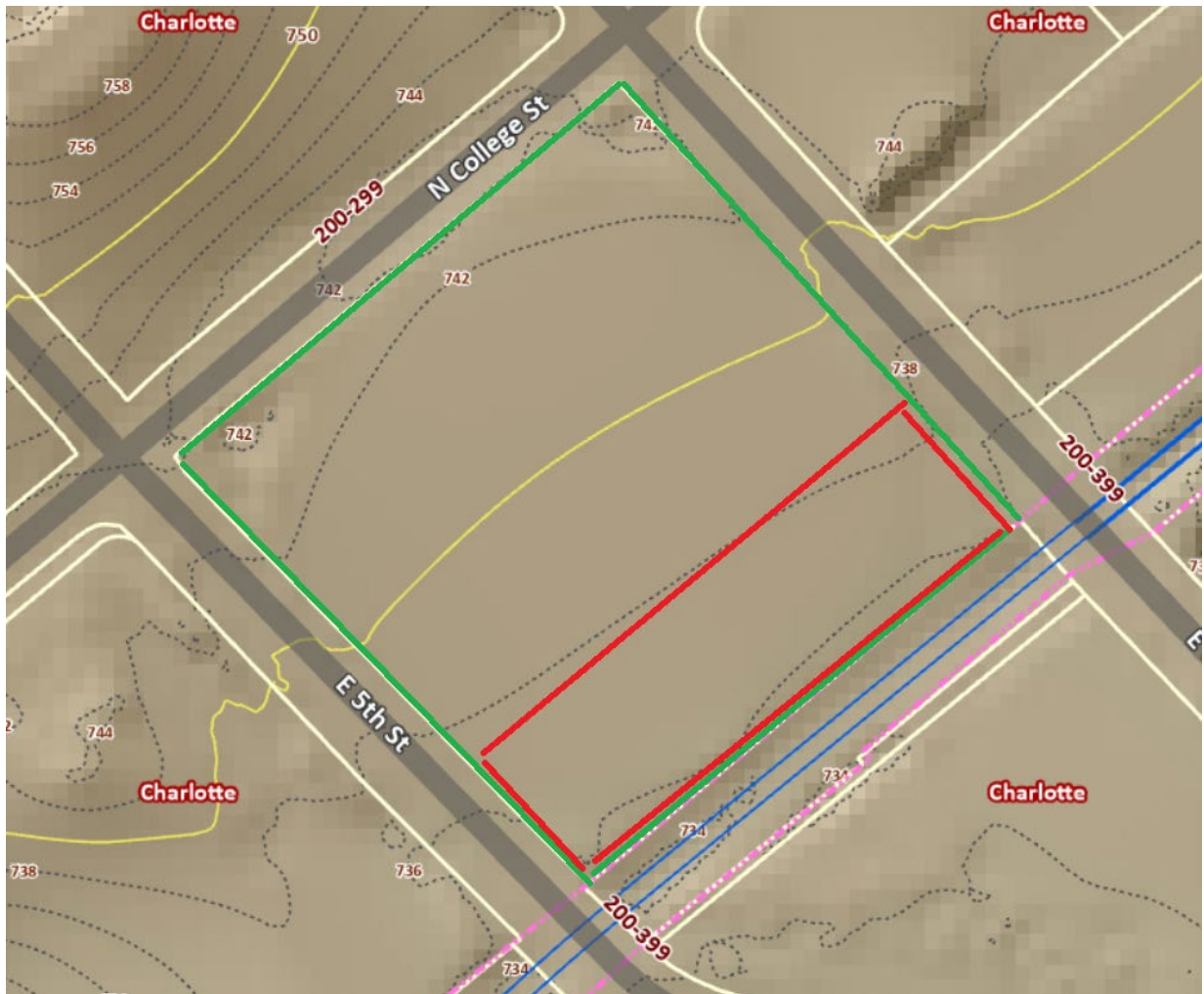


## Zoning Map

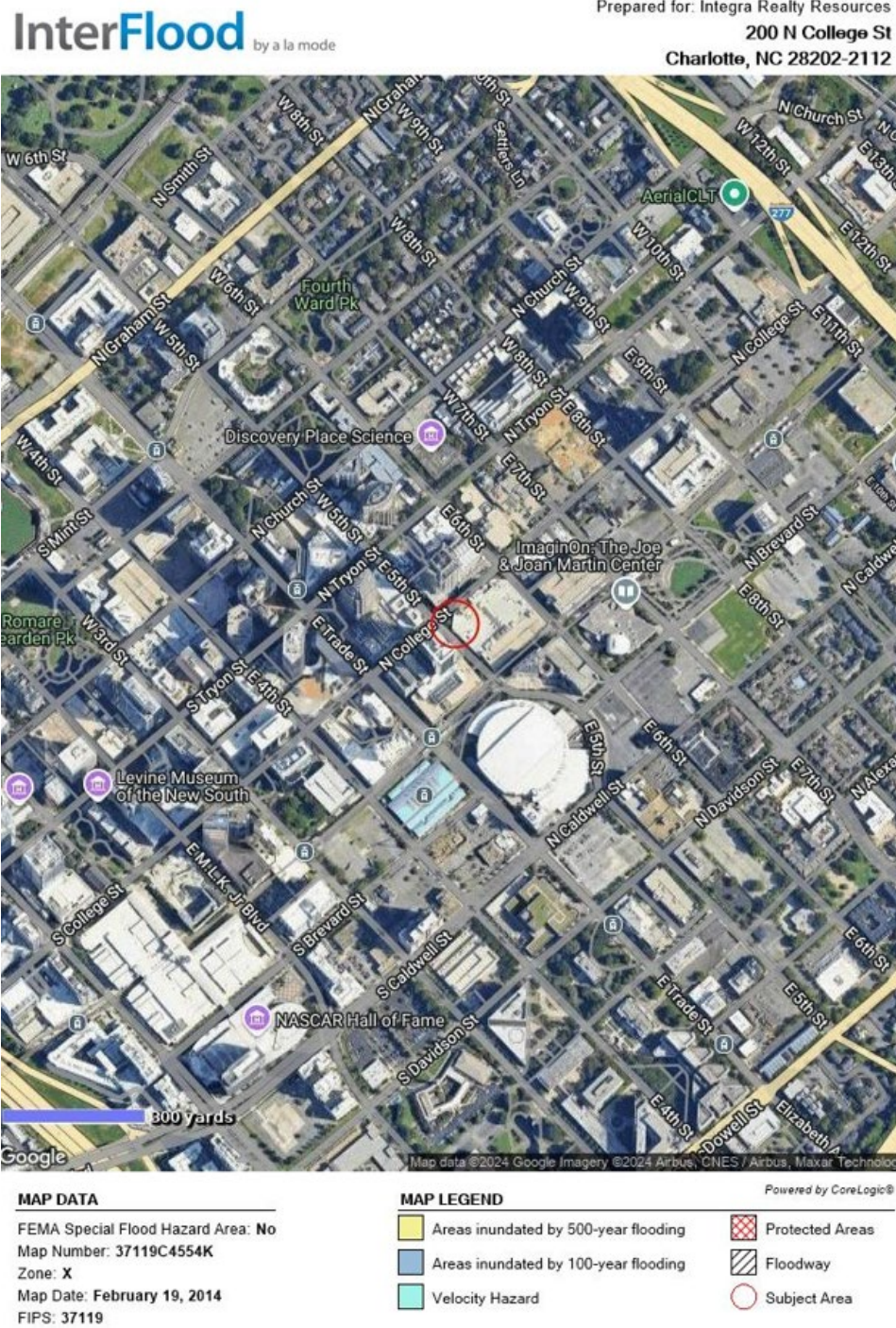




## Topographical Map

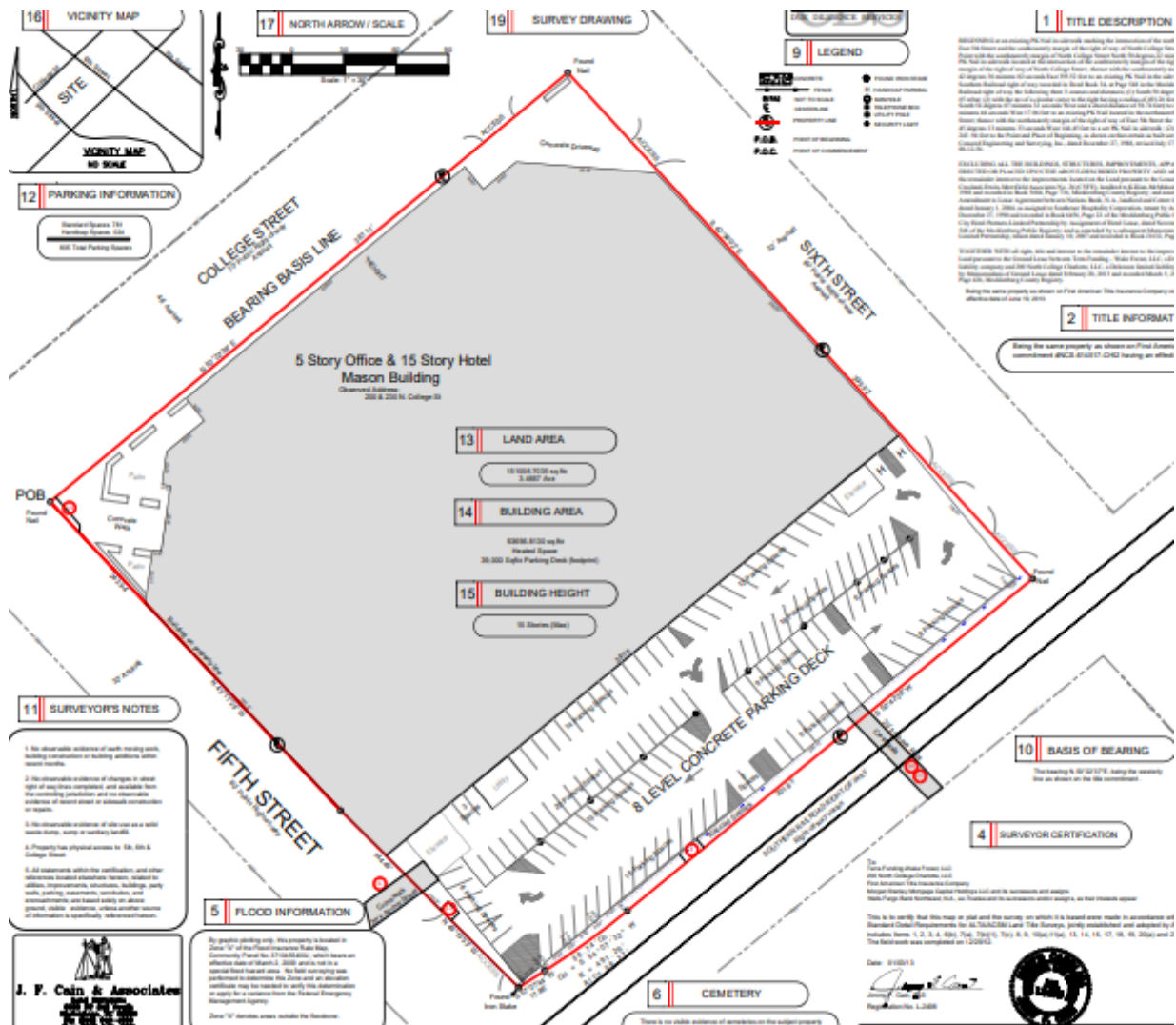


## Flood Map





## Survey



Note that the survey above is for the parcel of which the subject is a portion. The subject is located in the southeastern portion of the survey above.

## Improvements Description and Analysis

### Overview

The subject is an existing, parking deck property that contains 815 parking spaces located in Uptown Charlotte. The improvements were originally constructed in 1988. The subject property is currently under contract to a receiver, and once that transaction closes, it will be sold again to another buyer. The subject is currently a portion of a larger parcel, but will be subdivided and the land located under the parking deck will convey with the sale. Our analysis assumes that the subject's land area will be 0.9112 acres, or 39,690 square feet once subdivided.

| Improvements Description       |  |
|--------------------------------|--|
| Name of Property               | Parking Deck   |
| General Property Type          | Retail   |
| Property Sub Type              | Surface  |
| Occupancy Type                 | Owner Occupied   |
| Number of Buildings            | 1  |
| Stories                        | 7  |
| Construction Class             | B  |
| Construction Type              | Reinforced concrete frame  |
| Construction Quality           | Good   |
| Condition                      | Good   |
| Gross Building Area (SF)       | 228,710  |
| Gross Leasable Area (SF)       | 228,710  |
| Land Area (SF)                 | 39,690   |
| Floor Area Ratio (GLA/Land SF) | 5.76   |
| Floor Area Ratio (GBA/Land SF) | 5.76   |
| Building Area Source           | Building layout  |
| Year Built                     | 1988   |
| Year Renovated                 | Various  |
| Actual Age (Yrs.)              | 36   |
| Estimated Effective Age (Yrs.) | 15   |
| Estimated Economic Life (Yrs.) | 45   |
| Remaining Economic Life (Yrs.) | 30   |
| Number of Parking Spaces       | 815  |
| Source of Parking Count        | Provided information   |
| Parking Type                   | Structured parking deck - 781 standard spaces, 24 ADA spaces, 10 loading dock spaces |
| Parking Spaces/1,000 SF GLA    | 3.56   |

As noted in the above table, there are 781 standard parking spaces at the subject, 24 ADA space, and 10 loading dock spaces.

The subject has ingress/egress points on both E. 5<sup>th</sup> St. and E. 6<sup>th</sup> St. The E. 5<sup>th</sup> St. entrance faces towards the Spectrum Center and is located nearest to a LYNX Blue Line Stop.

The improvements contain two stairwells, two elevators, and two walkway/bridges. These walkways/bridges to other parking decks that are attached to office buildings and hotels.

## Improvements Analysis

### Quality and Condition

The improvements are of good quality construction and are in good condition.

The quality of the subject is consistent with competing properties. Maintenance has been consistent with competing properties. Overall, the market appeal of the subject is consistent with competing properties, considering its age and location.

### Functional Utility

The improvements appear to be adequately suited to their current use. Based on the property inspection and consideration of the foregoing, there do not appear to be any significant items of functional obsolescence.

### Deferred Maintenance

Deferred maintenance is identified based on information provided by the buyer. To estimate the cost to cure deferred maintenance, reliance is placed on the provided budget. The estimated cost to cure deferred maintenance is shown below.

| Deferred Maintenance |                |
|----------------------|----------------|
| Item                 | Estimated Cost |
| Building Repairs     | \$500,000      |
| Elevator Repairs     | \$240,000      |
| Total                | \$740,000      |

We were not provided with a detailed scope of deferred maintenance; however, the buyer indicated that they were budgeting for this work for concrete work and the elevator repairs. Per our inspection, the elevators appeared to be older, and we assume this is typical repair work.

### ADA Compliance

Based on the property inspection and information provided, there are no apparent ADA issues. However, ADA matters are beyond the scope of expertise of the assignment participants, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

### Hazardous Substances

An environmental assessment report was not provided for review, and environmental issues are beyond the scope of expertise of the assignment participants. No hazardous substances were observed during the inspection of the improvements; however, detection of such substances is outside the scope of expertise of the assignment participants. Qualified professionals should be consulted. Unless otherwise stated, it is assumed no hazardous conditions exist on or near the subject.

**Personal Property**

No personal property items are identified which would have any material contribution to market value.

**Conclusion of Improvements Analysis**

In comparison to competitive properties in the market, the subject improvements are rated as follows:

| <b>Improvements Ratings</b> |         |
|-----------------------------|---------|
| Visibility/Exposure         | Average |
| Design and Appearance       | Average |
| Age/Condition               | Average |
| % Sprinklered               | Average |
| Interior Amenities          | Average |
| Landscaping                 | Average |

Overall, the quality, condition, and functional utility of the improvements are average for their age and location.



Exterior View of Subject Property



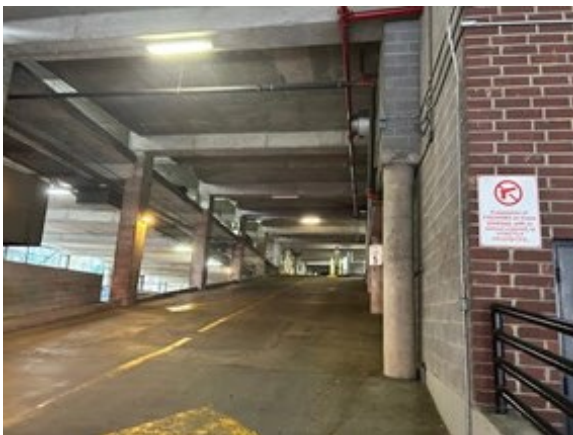
Exterior View of Subject Property



Exterior View of Subject Property



Exterior View of Subject Property

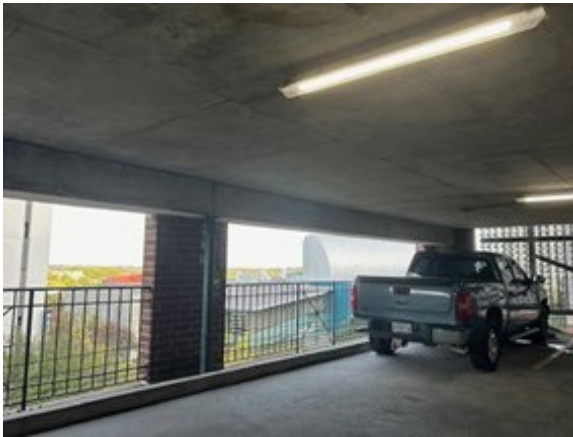


Interior View of Subject Property

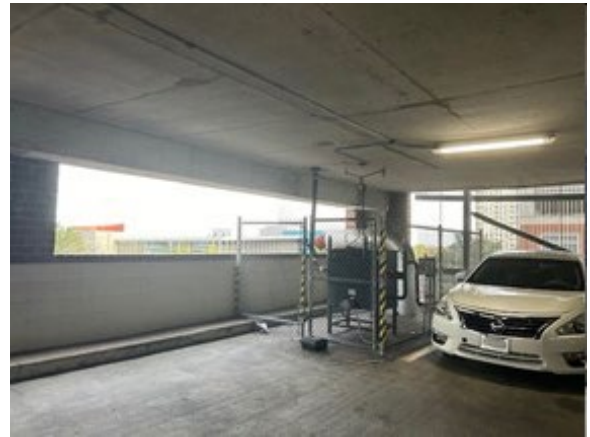


Interior View of Subject Property

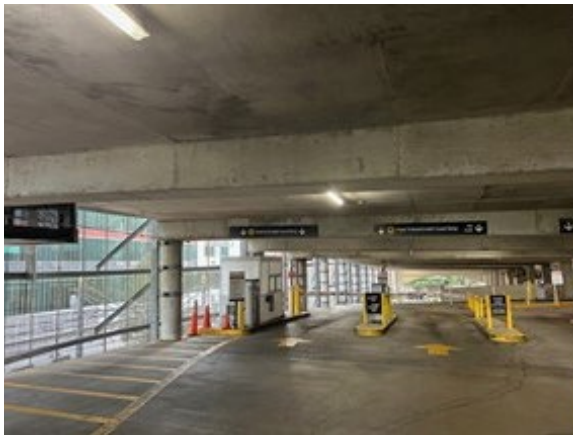




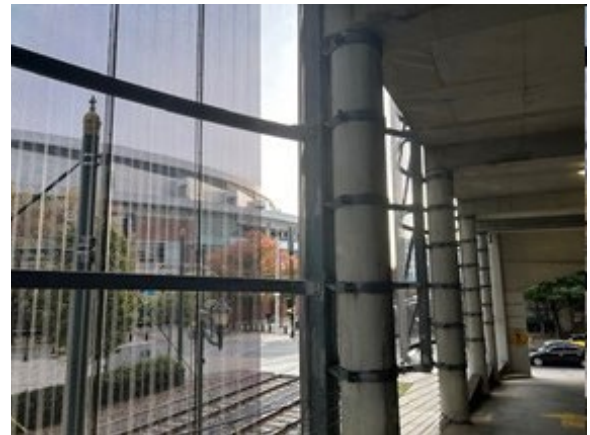
Interior View of Subject Property



Interior View of Subject Property



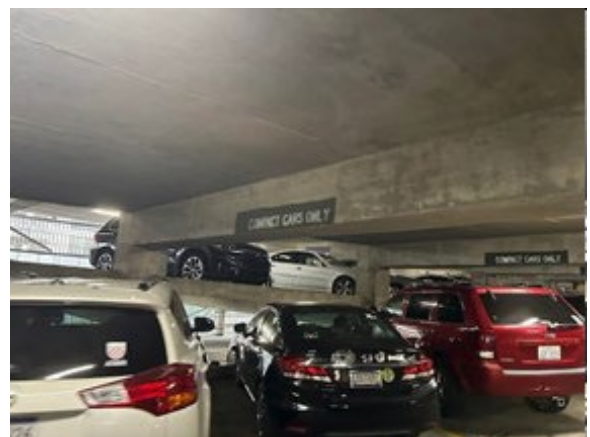
Interior View of Subject Property



Interior View of Subject Property



Interior View of Subject Property

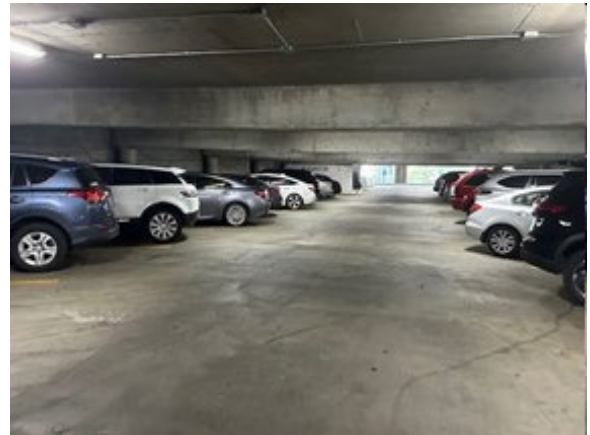


Interior View of Subject Property

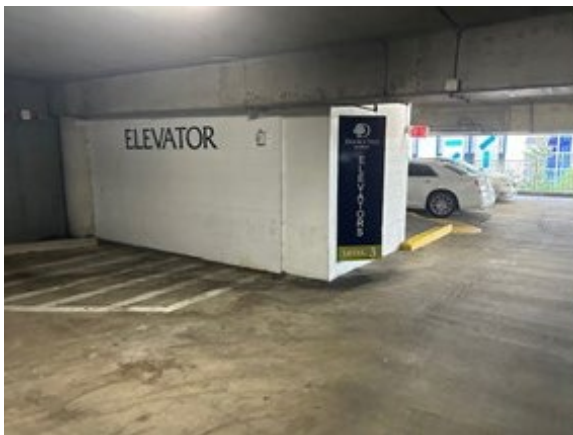




Interior View of Subject Property



Interior View of Subject Property



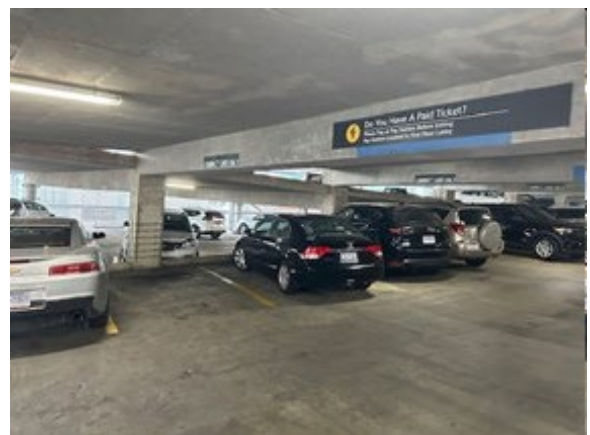
Interior View of Subject Property



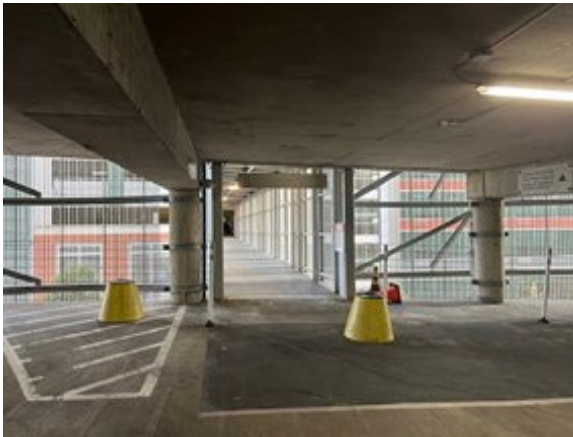
Interior View of Subject Property



Interior View of Subject Property



Interior View of Subject Property



Interior View of Subject Property



Interior View of Subject Property



View of Spectrum Center from Subject



View of Blue Line from Subject

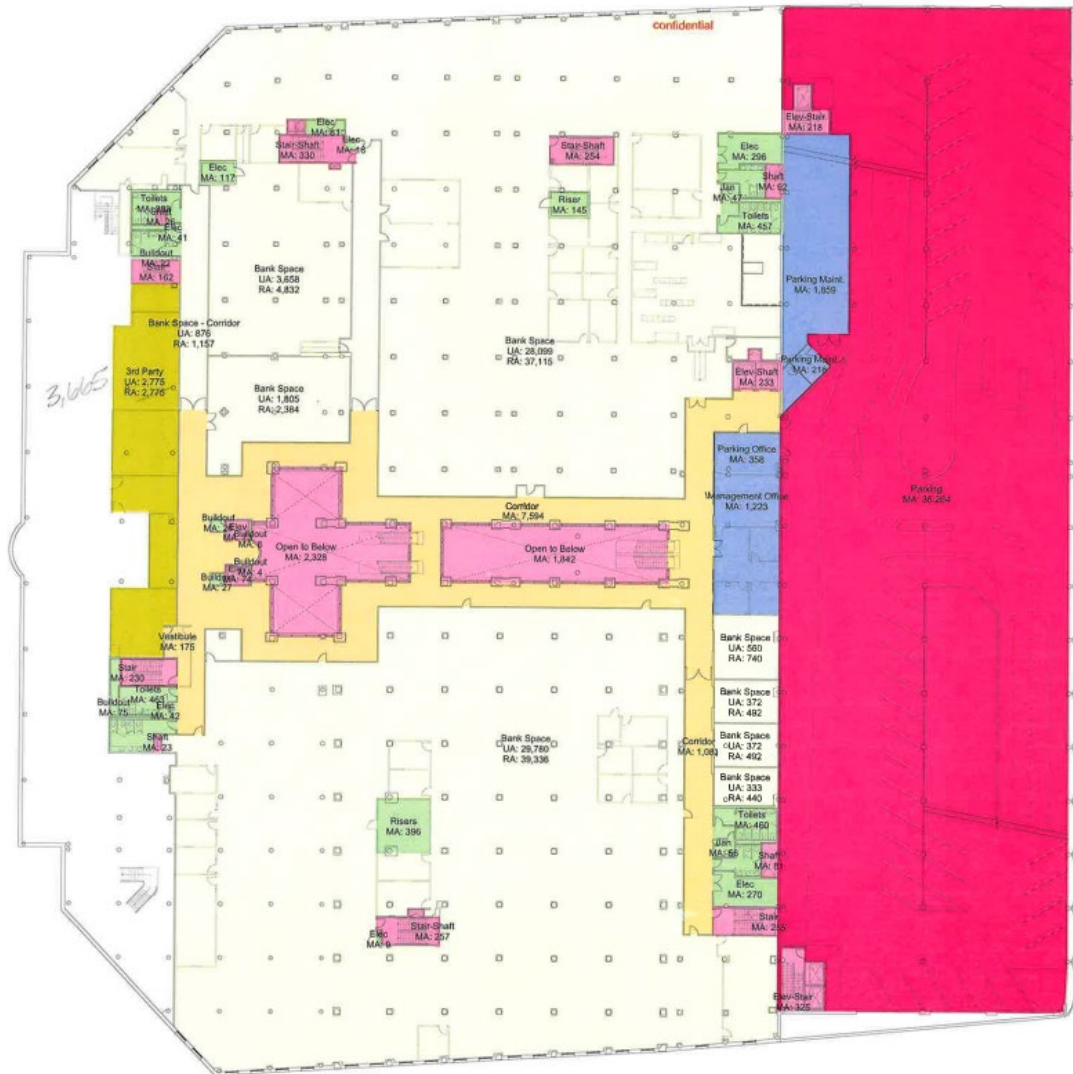
## Floor Plan – 1<sup>st</sup> Level



Note that some of the building plans/floor plans also include the adjacent office building. The subject parking deck is the areas highlighted in pink.



### Floor Plan – 2<sup>nd</sup> Level



## Parking Deck

### Floor Plan – 3<sup>rd</sup> Level



## Parking Deck

[illegible]





Floor Plan – 6<sup>th</sup> Level





## Real Estate Taxes

Real estate tax assessments are administered by Mecklenburg County and are based on 100.0% of assessed value. The tax burden is determined by dividing the assessed value by \$100 and multiplying the estimate by the applicable combined tax rates. North Carolina is required to reassess property values a minimum of once every eight years. In North Carolina, real estate assessments remain in effect for the valuation cycle and reassessment is not triggered by the sale of a property. Only significant modification or appeal can result in a change in assessed value during a valuation cycle. The most recent revaluation in Mecklenburg County occurred on January 1, 2023.

The subject is currently a portion of a larger parcel, and thus, has not been subdivided. According to the buyer, the land area that will be allocated to the subject is the land that sits under the parking deck. Per the survey, the subject parking deck has a footprint of 39,690 square feet, or 0.9112 acres. This represents 26.3% of the overall land area of 3.464 acres. We then apply that ratio to the assessed land value of the larger parcel (\$33,834,500) to arrive at an estimated assessed land value of \$8,898,474.

The appraised property is located in the City of Charlotte, and in addition to city real estate taxes, it is also subject to Mecklenburg County real estate taxes, and two special district taxes. The real estate tax rate for 2024 is \$0.7918 per \$100 of assessed value.

Real estate taxes and assessments for the current tax year are shown in the following table.

| Taxes and Assessments - 2024 |                |              |              |                       |           |                    |           |
|------------------------------|----------------|--------------|--------------|-----------------------|-----------|--------------------|-----------|
| Tax ID                       | Assessed Value |              |              | Taxes and Assessments |           |                    |           |
|                              | Land           | Improvements | Total        | Ad Valorem            | Taxes     | Direct Assessments | Total     |
| 080-014-09D                  | \$8,898,474    | \$7,224,200  | \$16,122,674 | 0.7918%               | \$127,659 | \$0                | \$127,659 |

Based on the concluded market value of the subject, the assessed value is low, and therefore favorable to the property owner.

## Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value, and represents the use of an asset that maximizes its productivity.

### Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as though vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

### As Though Vacant

First, the property is evaluated as though vacant, with no improvements.

#### Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

#### Legally Permissible

The site is zoned UMUD-O, Uptown Mixed-Use (Optional). The uptown mixed-use district (UMUD) permits and encourages the coordinated development of retail and wholesale trade; business, professional and financial services, offices, hotels, convention and conference centers, merchandise markets, high-density residential developments, and parking as a separate business. There are no apparent legal restrictions, such as easements or deed restrictions, effectively limiting the use of the property. Given prevailing land use patterns in the area, only mixed-use is given further consideration in determining highest and best use of the site, as though vacant.

#### Financially Feasible

Based on the accompanying analysis of the market, there is currently adequate demand for mixed-use in the subject's area. It appears a newly developed mixed-use on the site would have a value commensurate with its cost. Therefore, mixed-use is considered to be financially feasible.

#### Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than mixed-use. Accordingly, mixed-use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

**Conclusion**

Development of the site for mixed-use is the only use which meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as though vacant.

**As Improved**

The subject site is developed with a structured parking deck, which is consistent with the highest and best use of the site as though vacant. The existing improvements produce a positive cash flow that is expected to continue.

There does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the value of the existing improved property exceeds the value of the site, as though vacant. For these reasons, continued parking deck use is concluded to be maximally productive and the highest and best use of the property as improved.

**Most Probable Buyer**

Taking into account the size and characteristics of the property and its occupancy, the likely buyer is a regional or national investor.

# Valuation

## Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties and vacant land.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

| Approaches to Value            |                          |                   |
|--------------------------------|--------------------------|-------------------|
| Approach                       | Applicability to Subject | Use in Assignment |
| Cost Approach                  | Not Applicable           | Not Utilized      |
| Sales Comparison Approach      | Applicable               | Utilized          |
| Income Capitalization Approach | Applicable               | Utilized          |

## Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply the sales comparison approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

To apply the sales comparison approach, the research focused on transactions within the following parameters:

- Property Type: Structured parking decks
- Location: United States – excluding markets such as New York City, Los Angeles, and other similar locations. Based on a lack of similar sales locally, or in other primary markets, we have expanded our search to include primary and secondary markets throughout the United States. We have focused on parking decks located in CBD's or near major attractions such as professional sports venues.
- Size: 200 spaces and up
- Transaction Date: Since January 1, 2020

For this analysis, price per unit is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.



## Summary of Comparable Improved Sales

| No.   | Name/Address   | Sale Date;<br>Status | Yr. Bld.;<br># Stories;<br>% Occ. | Acres;<br>FAR;<br>Parking Ratio | Sale Price   | Rentable<br>SF | \$/Rentable<br>SF | Cap Rate |
|---|--|----------------------|-----------------------------------|---------------------------------|--------------|----------------|-------------------|----------|
| 1   | 200 Public Square Garage<br>320 Superior Ave.<br>Cleveland (CBD)<br>Cuyahoga County<br>OH  | Feb-24<br>Closed     | 1988<br>7<br>—                    | 1.09<br>5.82<br>2.75/1,000      | \$31,250,000 | 275,746        | \$113.33          | 7.20%    |
| <i>Comments: This is reflective of the sale of the seven-story parking garage attached to 200 Public Square in Cleveland's CBD. The seller, DRA Advisors, also sold the adjacent 200 Public Square office tower, but to a different buyer as each property was marketed separately. The garage, which according to Crain's Cleveland traded in the past for as much as \$50 million, was acquired by an affiliate of InterPark Holdings, a national parking operator with downtown and airport properties. At the time of sale, the property was given a tax value of \$10,110,600, or 67.65% less than the sale price. While we could not confirm it with a primary source, CoStar reports a capitalization rate of 7.20%.</i>   |  |                      |                                   |                                 |              |                |                   |          |
| 2   | Public Market Garage<br>315 Cumberland Ave.<br>Portland<br>Cumberland County<br>ME         | Sep-22<br>Closed     | 1997<br>7<br>—                    | 0.88<br>6.30<br>2.45/1,000      | \$20,000,000 | 242,720        | \$82.40           | 5.00%    |
| <i>Comments: Sale of a 595-space parking garage located within the Central Business District of Portland, Maine. More specifically, the parking garage spans the entire block from Preble Street to Elm Street. Prior to the sale, the property received various updates/renovations. Some renovations of note include the following: epoxy painting of interior wall surfaces, sealed and striped all parking deck surfaces, repaired/replaced stairwells, and updated customer reception office. Initially, the property was marketed with an asking price of \$23,500,000, then lowered to \$21,500,000, which spurred the sale.</i>   |  |                      |                                   |                                 |              |                |                   |          |
| 3   | Power Alley Parking<br>222 E. Sheridan Ave.<br>Oklahoma City<br>OK - Oklahoma County<br>OK | May-22<br>Closed     | 1999<br>8<br>—                    | 0.64<br>6.47<br>3.05/1,000      | \$17,250,000 | 180,266        | \$95.69           | 6.16%    |
| <i>Comments: Sale of a 550-space parking garage located in downtown Oklahoma City, Oklahoma. More specifically, the property is located along the southside of Sheridan Avenue, between Mickey Mante Drive and Joe Carter Avenue. Per public records, the improvements feature a gross building area of 180,266 square feet inclusive of 15,628 square feet of ground-level retail/office space. It is noted that the rooftop parking area is excluded from the gross building area. Moreover, the garage is connected to a Hampton Inn &amp; Suites with the double Hilton concept to the east, Homewood Suites and Hilton Garden Inn. Per the listing brochure, 20-year leases are in place with four national hotels in the area servicing their valet parking and daily parking needs. The listing brochure further indicates that the Net Operating Income was \$1,061,773, at the time of sale. Therefore, indicating a capitalization rate of 6.16%.</i> |  |                      |                                   |                                 |              |                |                   |          |
| 4   | Virgin Hotel Garage<br>0 (AKA 1) Music Square<br>Nashville<br>Davidson County<br>TN        | Mar-22<br>Closed     | 2020<br>3<br>—                    | 0.67<br>2.32<br>2.57/1,000      | \$12,173,913 | 67,338         | \$180.79          | 5.75%    |
| <i>Comments: This garage sits on the ground level for 1 Music Row, the Virgin Hotel Nashville, which is owned by BPG Real Estate (Buccini/Pollin Group). The hotel is a 20-story building offering 262 keys in Nashville's historic neighborhood Music Row. We were unable to reach the parties involved in this transaction. Most information showing for this transaction is based on public recordings and an article in the Nashville Post. At a later date in 2024, a reliable source indicated that this property sold at a capitalization rate of 5.75%. It is reportedly under a 20-year, NNN lease. We assume this was essentially a sale-leaseback deal considering the seller owns the hotel.</i>  |  |                      |                                   |                                 |              |                |                   |          |
| 5   | Parking Garage<br>200 S. College St.<br>Charlotte<br>Mecklenburg County<br>NC              | May-20<br>Closed     | 1974<br>11<br>—                   | 1.15<br>—<br>2.77/1,000         | \$85,000,000 | 549,017        | \$154.82          | 5.59%    |
| <i>Comments: The parking garage was acquired by Cousins Properties to offset their parking at another building they owned that had insufficient parking. Unreserved rates were \$185 per month per space. Rates for reserved stalls is \$245 per month. Parking ratio of 2.7 per 1,000 rentable square feet. LAZ Parking has a lease on the garage that expires in 2022 with a 5 year renewal option.</i>   |  |                      |                                   |                                 |              |                |                   |          |
| <b>Subject</b>  |  |                      | 1988                              | 0.91                            | 228,710      |                |                   |          |
| Parking Deck  |  |                      | 7                                 | 5.76                            |              |                |                   |          |
| Charlotte, NC   |  |                      | NA                                | 3.56/1,000                      |              |                |                   |          |

Comparable Improved Sales Map





Sale 1  
200 Public Square Garage



Sale 2  
Public Market Garage



Sale 3  
Power Alley Parking Garage



Sale 4  
Virgin Hotel Garage



Sale 5  
Parking Garage

Parking Deck



## **Analysis and Adjustment of Sales**

Adjustments are based on a rating of each comparable sale in relation to the subject. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of both analyses. Quantitative adjustments are often developed as dollar or percentage amounts, and are most credible when there is sufficient data to perform a paired sales analysis.

While percentage adjustments are presented in the adjustment grid, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market activity and perception. With the exception of market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Transactional adjustments are applied for property rights conveyed, financing, conditions of sale, expenditures made immediately after purchase, and market conditions. In addition, property adjustments include – but are not limited to – location, access/exposure, size, quality, effective age, economic and legal characteristics, and non-realty components of value. Adjustments are considered for the following factors, in the sequence shown below.

### **Transactional Adjustments**

#### **Real Property Rights Conveyed**

Property rights considerations encompass a wide range of factors including, for example, deed type, deed restrictions, and whether the property is encumbered by leases.

No adjustments are necessary for real property rights.

#### **Financing**

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third-party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms, or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

#### **Conditions of Sale**

Adverse conditions of sale can account for a significant discrepancy from the sale price actually paid, compared to that of the market. This discrepancy in price is generally attributed to the motivations of

the buyer and the seller. Certain conditions of sale are considered non-market and may include the following:

- a seller acting under duress (e.g., eminent domain, foreclosure);
- buyer motivation (e.g., premium paid for assemblage, certain 1031 exchanges);
- a lack of exposure to the open market;
- an unusual tax consideration;
- a sale at legal auction.

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

#### **Expenditures Made Immediately After Purchase**

This category considers expenditures incurred immediately after the purchase of a property. There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

#### **Market Conditions**

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

The sales took place from May 2020 to February 2024. Market conditions have generally been strengthening; however, went through a period of decline based on rising inflation and interest rates throughout 2023. While conditions have shown signs of stabilizing and improving, they have not returned to previous levels. The adjustment grid accounts for this trend with upward adjustments through November 1, 2022; downward adjustments of 5% annually from that time through December 31, 2023; and upward adjustments of 1.0% annually since that date. The adjustment grid accounts for these trends through the effective date of value.



| <b>Market Conditions Adjustment</b> |                    |           |           |           |           |          |
|-------------------------------------|--------------------|-----------|-----------|-----------|-----------|----------|
| Comp #                              |                    | 1         | 2         | 3         | 4         | 5        |
| Sale Date                           |                    | 2/14/2024 | 9/30/2022 | 5/24/2022 | 3/23/2022 | 5/6/2020 |
| Date                                | Annual Growth Rate |           |           |           |           |          |
| 11/1/2022                           | 3%                 | 0.00%     | 0.26%     | 1.32%     | 1.83%     | 7.47%    |
| 12/31/2023                          | -5%                | 0.00%     | -5.82%    | -5.82%    | -5.82%    | -5.82%   |
| 11/4/2024                           | 1%                 | 0.72%     | 0.85%     | 0.85%     | 0.85%     | 0.85%    |
| Total                               |                    | 0.72%     | -4.71%    | -3.65%    | -3.14%    | 2.50%    |
| Rounded                             |                    | 1%        | -5%       | -4%       | -3%       | 2%       |

## Property Adjustments

### Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

Sale 4 is similar to the subject. No adjustment is necessary. Sale 5 is adjusted downward for superior location. Sales 1, 2 and 3 are adjusted upward for inferior location.

### Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sale 5 is similar to the subject and requires no adjustment. Sales 1, 2, 3 and 4 are inferior to the subject. Upward adjustments are applied.

### Building Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot such that larger buildings sell for a lower price per square foot than smaller buildings, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. The comparables that are larger than the subject are adjusted upward, and vice versa.

Sales 1, 2, 3 and 5 are similar to the subject and require no adjustment. Sale 4 is smaller than the subject, and a downward adjustment is applied.

### Parking

This adjustment refers to the amount and type of parking provided. The subject has a parking ratio of 3.56 spaces per 1,000 square feet of building area.



Sales 1, 4 and 5 are similar to the subject and require no adjustment. Sales 2 and 3 have lower parking ratios than the subject. Upward adjustments are applied.

**Effective Age/Condition**

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject was constructed in 1988, has an effective age of 15 years, and is in good condition. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa.

Sales 1, 2, 3 and 5 are similar to the subject and require no adjustment. Sale 4 is newer than the subject, and a downward adjustment is applied.

**Quality of Construction**

This category accounts for construction quality, amenities, market appeal and functional utility.

All of the comparables are similar to the subject. No adjustments are necessary.

**Anchor Strength**

Retail sites benefit greatly from a strong anchored shopping center. The value of the site is greatly influenced by the additional foot traffic that a strong anchor draws to the center.

All of the comparables are similar to the subject. No adjustments are necessary.

**Economic Characteristics**

Items considered in this category consist of non-stabilized occupancy, above/below market rents, tenant mix, and other economic factors. Excluded are differences in rent levels that are already considered in previous adjustments, such as for location or quality. Note: these adjustments are made as refinements. Care is made to avoid double-counting adjustments previously applied.

Sales 1, 2 and 3 are similar to the subject and require no adjustment. Sales 4 and 5 are adjusted downward.

**Adjustments Summary**

The following table summarizes the adjustments discussed above and applied to each sale.

| Improved Sales Adjustment Grid   |                    |                            |                      |                            |                           |                    |
|----------------------------------|--------------------|----------------------------|----------------------|----------------------------|---------------------------|--------------------|
|                                  | Subject            | Comparable 1               | Comparable 2         | Comparable 3               | Comparable 4              | Comparable 5       |
| Property Name                    | Parking Deck       | 200 Public Square Garage   | Public Market Garage | Power Alley Parking Garage | Virgin Hotel Garage       | Parking Garage     |
| Address                          | 200 N. College St. | 320 Superior Ave.          | 315 Cumberland Ave.  | 222 E. Sheridan Ave.       | 0 (AKA 1) Music Square W. | 200 S. College St. |
| City                             | Charlotte          | Cleveland (CBD)            | Portland             | Oklahoma City              | Nashville                 | Charlotte          |
| County                           | Mecklenburg        | Cuyahoga                   | Cumberland           | OK - Oklahoma              | Davidson                  | Mecklenburg        |
| State                            | North Carolina     | OH                         | ME                   | OK                         | TN                        | NC                 |
| Sale Date                        |                    | Feb-24                     | Sep-22               | May-22                     | Mar-22                    | May-20             |
| Sale Status                      |                    | Closed                     | Closed               | Closed                     | Closed                    | Closed             |
| Sale Price                       |                    | \$31,250,000               | \$20,000,000         | \$17,250,000               | \$12,173,913              | \$85,000,000       |
| Gross Building Area              | 228,710            | 275,746                    | 242,720              | 180,266                    | 67,338                    | 549,017            |
| Gross Leasable Area              | 228,710            | 275,746                    | 242,720              | 180,266                    | 67,338                    | 549,017            |
| Number of Units                  | 815                | 757                        | 594                  | 550                        | 173                       | 1,520              |
| Year Built                       | 1988               | 1988                       | 1997                 | 1999                       | 2020                      | 1974               |
| <b>Price per Unit</b>            |                    | <b>\$41,281</b>            | <b>\$33,670</b>      | <b>\$31,364</b>            | <b>\$70,369</b>           | <b>\$55,921</b>    |
| <b>Transactional Adjustments</b> |                    |                            |                      |                            |                           |                    |
| Property Rights                  |                    | Fee Simple                 | Leased Fee           | Leased Fee                 | Leased Fee                | Fee Simple         |
| % Adjustment                     |                    | —                          | —                    | —                          | —                         | —                  |
| Financing Terms                  |                    | Cash to seller             | Cash to seller       | Cash to seller             | Cash to seller            | Cash to seller     |
| % Adjustment                     |                    | —                          | —                    | —                          | —                         | —                  |
| Conditions of Sale               |                    | Arms length                | Arms length          | Arms length                | Arms length               | Arms length        |
| % Adjustment                     |                    | —                          | —                    | —                          | —                         | —                  |
| Market Conditions                | 11/4/2024          | Feb-24                     | Sep-22               | May-22                     | Mar-22                    | May-20             |
| Annual % Adjustment              | Variable           | 1%                         | -5%                  | -4%                        | -3%                       | 2%                 |
| <b>Cumulative Adjusted Price</b> |                    | <b>\$41,694</b>            | <b>\$31,987</b>      | <b>\$30,109</b>            | <b>\$68,258</b>           | <b>\$57,039</b>    |
| <b>Property Adjustments</b>      |                    |                            |                      |                            |                           |                    |
| Location                         |                    | 5%                         | 25%                  | 15%                        | —                         | -5%                |
| Access/Exposure                  |                    | 5%                         | 5%                   | 5%                         | 5%                        | —                  |
| Building Size                    |                    | —                          | —                    | —                          | -15%                      | —                  |
| Parking                          |                    | —                          | 10%                  | 10%                        | —                         | —                  |
| Effective Age/Condition          |                    | —                          | —                    | —                          | -10%                      | —                  |
| Quality of Construction          |                    | —                          | —                    | —                          | —                         | —                  |
| Anchor Strength                  |                    | —                          | —                    | —                          | —                         | —                  |
| Economic Characteristics         |                    | —                          | —                    | —                          | -10%                      | -10%               |
| Net Property Adjustments (\$)    |                    | \$4,169                    | \$12,795             | \$9,033                    | -\$20,478                 | -\$8,556           |
| Net Property Adjustments (%)     |                    | 10%                        | 40%                  | 30%                        | -30%                      | -15%               |
| <b>Final Adjusted Price</b>      |                    | <b>\$45,864</b>            | <b>\$44,781</b>      | <b>\$39,142</b>            | <b>\$47,781</b>           | <b>\$48,484</b>    |
| <b>Range of Adjusted Prices</b>  |                    | <b>\$39,142 - \$48,484</b> |                      |                            |                           |                    |
| <b>Average</b>                   |                    | <b>\$45,210</b>            |                      |                            |                           |                    |
| <b>Indicated Value</b>           |                    | <b>\$45,000</b>            |                      |                            |                           |                    |

### Value Indication

Prior to adjustment, the sales reflect a range of \$31,364 - \$70,369 per unit. After adjustment, the range is narrowed to \$39,142 - \$48,484 per unit, with an average of \$45,210 per unit. To arrive at an indication of value, primary weight is given to sales 1, 2, and 3, as they are the most recent transactions.

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

| <b>Value Indication by Sales Comparison</b> |              |
|---|--------------|
| Indicated Value per Unit                    | \$45,000     |
| Subject Units                               | 815          |
| Indicated Value                             | \$36,675,000 |
| Adjustments                                 |              |
| Deferred Maintenance                        | -\$740,000   |
| Total Adjustments                           | -\$740,000   |
| Indicated Value                             | \$35,935,000 |
| Rounded                                     | \$35,940,000 |

Note we are aware of another sale of a parking deck in Uptown Charlotte that occurred in 2023. We have not included this sale as it appears to have sold below market, and had some other issues regarding its operation. We also note that it was located further from the LYNX Blue Line, and was originally constructed to support a Duke Energy building, and they no longer needed has use for the deck. It was a large deck with relatively little office development in the area, and was most active during events at Bank of America Stadium, which is utilized far less often than the Spectrum Center.

## Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization method to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate. For the purposes of this report, we use the direct capitalization method.

It is our understanding that there are no leases in place (long-term) with any of the large employers in the area or with the Spectrum Center. We are aware that other decks in the Uptown area are encumbered with long-term leases to large employers or other venues, but that is not necessarily typical in the local market. There is an agreement with an adjacent hotel to provide 150 spaces at \$123.75 monthly, with the ability to add an additional 50 spaces at a lower rate. The monthly rate for the hotel will increase on January 1, 2028 to be 75% of current market rates.

Per a provided rent roll, there are currently 842 monthly parkers. The majority of these are unreserved and pay \$170 per month, while there are several who have reserved spaces at \$230 per month. The number of monthly parkers exceeds the number of spaces in the deck, especially when considering the 150 spaces reserved for the hotel. We inquired with the buyer how this works, but were not provided with a response. It appears that the parkers do not consistently use the spaces daily, as we noted during our inspection multiple empty parking spaces. We note that many larger employers still do not require all employees in every day and users may work different hours. In our analysis, we have continued to assume there will be more monthly parkers than spaces available.

Based on information provided by the buyer, the current rates at the subject are reflected in the following table.

---

**Subject Rates**


---

|                  |       |
|------------------|-------|
| Half-Hour        | \$5   |
| Early Bird       | \$15  |
| Monthly          | \$170 |
| Reserved Monthly | \$230 |
| After 5PM        | \$20  |
| Lost Ticket      | \$28  |
| Daily Maximum    | \$28  |

---

Per our review of other parking decks in Uptown Charlotte, these rates appeal to be largely typical.

We note that special event parking tends to be significantly higher than standard hourly parking. Typically, the closer to the event, the higher the parking rate. The subject is located within one block of the Spectrum Center, which is the most utilized large capacity venue in the area with a typical year having usually in excess of 150 events. Per our research, Preferred Parking indicates that parking at the subject for special events typically ranges from \$10 to \$30.

We were provided with income/expense information for the past several years; however, we note that the subject has previously been operated as a portion of a larger development, and as such, some expenses are comingled, skewed, and not reported. We have considered this in our analysis.

Parking demand in the CBD was greatly impacted by the COVID-19 pandemic and the fact that this resulted in many companies having their employees work from home, thus reducing the need for parking. At this point, most companies have at least gone to a hybrid model where many employees are spending at least some time in the office, increasing the need for parking in the area. As more employees continue to come back to the office, we anticipate that parking demand will continue to increase based on a lack of available parking in the CBD area. In addition to COVID-19 impacting parking for downtown employees, it also impacted special events in the CBD. As noted in the historical income figures shown later in this section, since we have moved beyond the pandemic, parking income has significantly increased at the subject. We also note that provided information from the buyer indicates the subject has more monthly parkers than it does spots.

As previously noted, the subject is located within one block of the Spectrum Center. This is the home of the Charlotte Hornets and hosts 41 regular season home games, plus preseason games and the potential of postseason game. These additional games can add approximately 10 home events per year. In addition, the Spectrum Center is a common destination for the ACC men's Basketball tournament and NCAA men's basketball tournament games. These events bring a substantial number of people to the area over several days. The Spectrum Center is a popular concert venue, regularly hosting major music acts throughout the year. In addition, this venue hosts a variety of other events throughout the years such as comedy shows, professional wrestling, and a variety of other major events. In addition to the Spectrum Center, the subject is well located for the variety of festivals and parades hosted in Uptown Charlotte and is within a mile of Bank of America Stadium, where the Carolina Panthers and Charlotte FC play their games. While Bank of America Stadium is further from the subject, it is still reasonable to expect some event parking at the subject based on its proximity to

restaurants and bars, as well as the fact that is a lower price alternative to parking decks located closer to the stadium.

### Market Rent Analysis

The rates at competing Downtown Charlotte parking garages and lots are presented in the following table. These rates were taken from a variety of online sources and posted rates on signs at properties. Our analysis assumes these figures are correct.

| Garage Rates                      |        |        |        |        |           |              |         |       |                    |                  |                                       |
|-----------------------------------|--------|--------|--------|--------|-----------|--------------|---------|-------|--------------------|------------------|---------------------------------------|
| Property                          | 20 Min | 30 Min | 1 Hour | 2 Hour | Daily Max | Early Bird   | Weekend | Night | Monthly Unreserved | Monthly Reserved | Notes                                 |
| 101 Independence Center           | \$3    |        | \$10   | \$0    | \$30      |              |         | \$8   |                    |                  |                                       |
| 121 West Trade Avenue Condominium | \$2    | \$6    | \$6    | \$11   | \$26      | \$17         | \$12    | \$12  |                    |                  |                                       |
| 123 S. Church St.                 |        | \$6    | \$12   |        | \$30      |              | \$15    | \$15  | \$205              |                  |                                       |
| Epicentre                         |        | \$6    | \$12   |        | \$30      | \$14 to \$17 |         |       | \$199              |                  | \$99 for monthly night \$50 overnight |
| Bank of America Center            | \$3    |        | \$9    |        | \$30      |              |         | \$10  |                    |                  |                                       |
| First Citizens Plaza              |        | \$6    | \$12   |        | \$30      |              | \$15    | \$15  | \$195              |                  |                                       |
| 200 S. College                    | \$3    |        | \$9    |        | \$24      | \$17         | \$10    | \$10  |                    |                  |                                       |
| 237 S. Tryon                      |        |        | \$10   |        | \$30      | \$12         | \$20    |       | \$195              |                  | \$95 fo monthly night                 |
| Fifth Third Center                | \$3    |        | \$9    |        | \$25      |              | \$23    | \$6   |                    |                  |                                       |
| 230 S. Tryon                      |        | \$5    |        |        | \$30      |              |         | \$15  |                    |                  |                                       |
| Truist Center                     | \$3    |        | \$9    |        | \$25      |              |         | \$10  |                    |                  |                                       |
| Carillon                          | \$4    |        | \$12   |        | \$30      |              | \$15    | \$15  |                    |                  |                                       |
| 228 S. Church                     |        |        |        |        | \$20      |              | \$15    | \$15  |                    |                  |                                       |
| Charlotte Plaza                   | \$4    |        | \$12   |        | \$25      |              | \$10    | \$10  |                    |                  |                                       |

Based on the preceding analysis of comparable rentals, we have determined that the subject's projected rates are reasonable and at market. We assume that the rate information presented above is accurate and current.

### Stabilized Income and Expenses

#### Potential Gross Rent

The market rental rate is applied to the subject's number of parking spaces to arrive at Potential Gross Rent. We have considered that the hotel will lease 150 spaces at a monthly rate of \$123.75 per month. This equates to an annual rate of \$222,750. We also note that there are currently more monthly parkers than there are spaces at the subject without considering the 150 spaces reserved for the parking deck. As many downtown workers are in the office only part time, we continue to consider 800 monthly parkers at a rate of \$170 per month. This equates to \$1,632,000 annually. We consider that daily/transient parkers will occupy on average 150 spaces per day (counts weekdays and weekends) and will have an average rate of \$15. This equates to \$821,250 annually. For special events, we consider that there are 125 events that will result in the subject being utilized. Considering an average rate of \$20 and \$150 cars utilizing the subject, this equates to \$375,000 annually. The subject also reports other income sources such as card fee income, e-commerce, validation income, and refunds. We have considered historical income at the subject for these uses in our projections.

Our analysis is presented in the following table.



| Projected Income     |                       |          |      |               |       |                |        |               |
|----------------------|-----------------------|----------|------|---------------|-------|----------------|--------|---------------|
| Type                 | # of Spaces Available | Rate     | Days | Weekly Income | Weeks | Monthly Income | Months | Annual Income |
| Monthly              | 800                   | \$170    | NA   | NA            | NA    | \$136,000      | 12     | \$1,632,000   |
| Daily/Transient      | 150                   | \$15     | 365  | \$15,793      | 4     | \$63,173       | 12     | \$821,250     |
| Special Events/Other | 150                   | \$20     | 125  | \$375,000     | NA    | NA             | NA     | \$375,000     |
| Hotel Parking        | 150                   | \$123.75 | NA   | NA            | NA    | \$18,563       | 12     | \$222,750     |
| Total                |                       |          |      |               |       | \$199,173      |        | \$3,051,000   |

### Expense Reimbursements

Operating expenses are assumed to be paid directly by the owner-user; therefore, it is not necessary to estimate reimbursement income.

### Vacancy & Collection Loss Allowance

We have utilized a vacancy rate of 8.0% in our analysis. This considers the office submarket vacancy rate is reported to be 21.80% per CoStar and is expected to slightly increase over the next several years as shown below. It is our opinion that the vacancy rate at the deck will be lower than that of the office submarket based on the fact that the subject is located so well in the central portion of the CBD with multiple larger employers nearby. We note that the current monthly parkers exceed the number of spaces at the subject, which indicates very strong demand (the majority of monthly parkers are with Moore & Van Allen, Bank of America/US Bank, and Falfurrias Management). We note it has recently been announced that Moore & Van Allen is moving their offices to the South End area of Charlotte; however, we anticipate these spaces to quickly be absorbed as there remains strong demand for parking in Uptown. We also note that the subject's occupancy benefits from its proximity to the Spectrum Center.

### All Office CBD Submarket Trends

| Period  | Stock      | Demand     | Vacancy | Net Completions 12 Months | Under Construction Stock | Net Absorption 12 Months | Asking Rent | Rent Growth 12 Month | Price Growth | Cap Rate |
|---------|------------|------------|---------|---------------------------|--------------------------|--------------------------|-------------|----------------------|--------------|----------|
| 2014 Q3 | 22,509,435 | 20,762,768 | 7.76%   | -2,511                    | 0                        | 18,429                   | \$23.93     | 2.46%                | 5.43%        | 6.67%    |
| 2015 Q3 | 22,491,835 | 21,008,284 | 6.60%   | -17,600                   | 1,013,891                | 245,516                  | \$26.71     | 11.63%               | 9.55%        | 6.57%    |
| 2016 Q3 | 22,774,518 | 21,490,100 | 5.64%   | 282,683                   | 365,000                  | 481,816                  | \$28.65     | 7.26%                | 7.55%        | 6.53%    |
| 2017 Q3 | 23,124,878 | 21,234,946 | 8.17%   | 350,360                   | 841,164                  | -255,153                 | \$30.98     | 8.15%                | 4.47%        | 6.64%    |
| 2018 Q3 | 23,080,449 | 21,030,798 | 8.88%   | -44,429                   | 1,612,844                | -204,148                 | \$32.94     | 6.33%                | 7.72%        | 6.27%    |
| 2019 Q3 | 23,797,113 | 22,174,650 | 6.82%   | 716,664                   | 1,511,184                | 1,143,852                | \$34.76     | 5.52%                | 1.36%        | 6.51%    |
| 2020 Q3 | 23,797,113 | 22,360,908 | 6.04%   | 0                         | 2,807,085                | 186,259                  | \$36.11     | 3.87%                | 6.13%        | 6.25%    |
| 2021 Q3 | 25,604,198 | 22,658,212 | 11.51%  | 1,807,085                 | 1,000,000                | 297,302                  | \$37.63     | 4.23%                | 6.40%        | 5.95%    |
| 2022 Q3 | 25,604,198 | 22,271,066 | 13.02%  | 0                         | 1,410,880                | -387,145                 | \$39.31     | 4.46%                | -0.13%       | 6.09%    |
| 2023 Q3 | 26,604,198 | 21,703,736 | 18.42%  | 1,000,000                 | 410,880                  | -567,330                 | \$40.42     | 2.82%                | -7.95%       | 6.74%    |
| 2024 Q3 | 26,196,799 | 20,484,912 | 21.80%  | -407,399                  | 410,880                  | -1,218,825               | \$41.47     | 2.59%                | -1.68%       | 6.88%    |
| 2025 Q3 | 26,577,522 | 19,825,812 | 25.40%  | 380,723                   | 0                        | -659,039                 | \$41.09     | -0.92%               | -1.72%       | 6.89%    |
| 2026 Q3 | 26,536,714 | 19,658,974 | 25.92%  | -40,808                   | 0                        | -166,769                 | \$40.68     | -0.99%               | 2.44%        | 6.64%    |
| 2027 Q3 | 26,518,503 | 19,511,372 | 26.42%  | -18,211                   | 0                        | -147,580                 | \$40.84     | 0.41%                | 3.63%        | 6.44%    |
| 2028 Q3 | 26,563,852 | 19,561,828 | 26.36%  | 45,349                    | 0                        | 50,531                   | \$41.26     | 1.03%                | 4.40%        | 6.26%    |

Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

Note that the subject is located more towards the central portion of the submarket, closer to office towers which are home to some of the largest employers in the area, whereas some areas of the

submarket have less office development or older development, which tends to lead to higher vacancy rates.

### Expenses

Projected expenses are shown in the following table. We have considered historical expenses at comparable properties. Note that not all owners/operators categorize expenses in the same manner. All of our projected expenses are within the ranges of the comparables.

| <b>Operating History and Projections</b> |                  |                    |                    |                                |                    |                    |
|--|------------------|--------------------|--------------------|--------------------------------|--------------------|--------------------|
|  | Actual<br>2021   | Actual<br>2022     | Actual<br>2023     | 9 Months<br>Annualized<br>2024 | Budget<br>2024     | IRR<br>Projection  |
| <b>Income</b>                            |                  |                    |                    |                                |                    |                    |
| Monthly Parking                          | \$554,073        | \$1,019,486        | \$1,449,516        | \$1,624,153                    | \$1,526,916        | \$1,632,000        |
| Transient Parking                        | 272,402          | 550,353            | 724,237            | 941,768                        | 717,366            | 821,250            |
| Hotel Parking                            | 179,556          | 179,529            | 179,556            | 213,151                        | 215,551            | 222,750            |
| Arena Events                             | 46,680           | 120,996            | 250,859            | 373,699                        | 189,990            | 375,000            |
| Card Fee Income                          | 9,905            | 14,750             | 12,540             | 0                              | 0                  | 14,500             |
| E-Commerce                               | 27,997           | 101,847            | 99,355             | 0                              | 0                  | 100,000            |
| Validation Income                        | 3,025            | 2,850              | 9,815              | 8,672                          | 6,600              | 6,500              |
| Refunds                                  | 535              | 531                | 1,202              | 0                              | 0                  | 1,250              |
| Potential Gross Income*                  | \$1,094,173      | \$1,990,342        | \$2,727,080        | \$3,161,443                    | \$2,656,423        | \$3,173,250        |
| Vacancy & Collection Loss @ 8.0%         |                  |                    |                    |                                |                    | -253,860           |
| Effective Gross Income                   | \$1,094,173      | \$1,990,342        | \$2,727,080        | \$3,161,443                    | \$2,656,423        | \$2,919,390        |
| <b>Expenses</b>                          |                  |                    |                    |                                |                    |                    |
| Real Estate Taxes                        | \$0              | \$0                | \$0                | \$0                            | \$109,235          | \$127,659          |
| Insurance                                | 0                | 0                  | 0                  | 0                              | 19,806             | 20,375             |
| Common Area Maintenance                  | 54,902           | 101,554            | 126,090            | 139,650                        | 557,527            | 346,375            |
| General/Administrative                   | 59,790           | 80,146             | 81,749             | 104,534                        | 72,385             | 77,425             |
| Management                               | 17,899           | 26,049             | 37,396             | 46,676                         | 0                  | 58,388             |
| Total Expenses                           | \$132,591        | \$207,749          | \$245,235          | \$290,860                      | \$758,954          | \$630,222          |
| <b>Net Operating Income</b>              | <b>\$961,581</b> | <b>\$1,782,593</b> | <b>\$2,481,844</b> | <b>\$2,870,582</b>             | <b>\$1,897,469</b> | <b>\$2,289,168</b> |
| Operating Expense Ratio                  | 12.1%            | 10.4%              | 9.0%               | 9.2%                           | 28.6%              | 21.6%              |

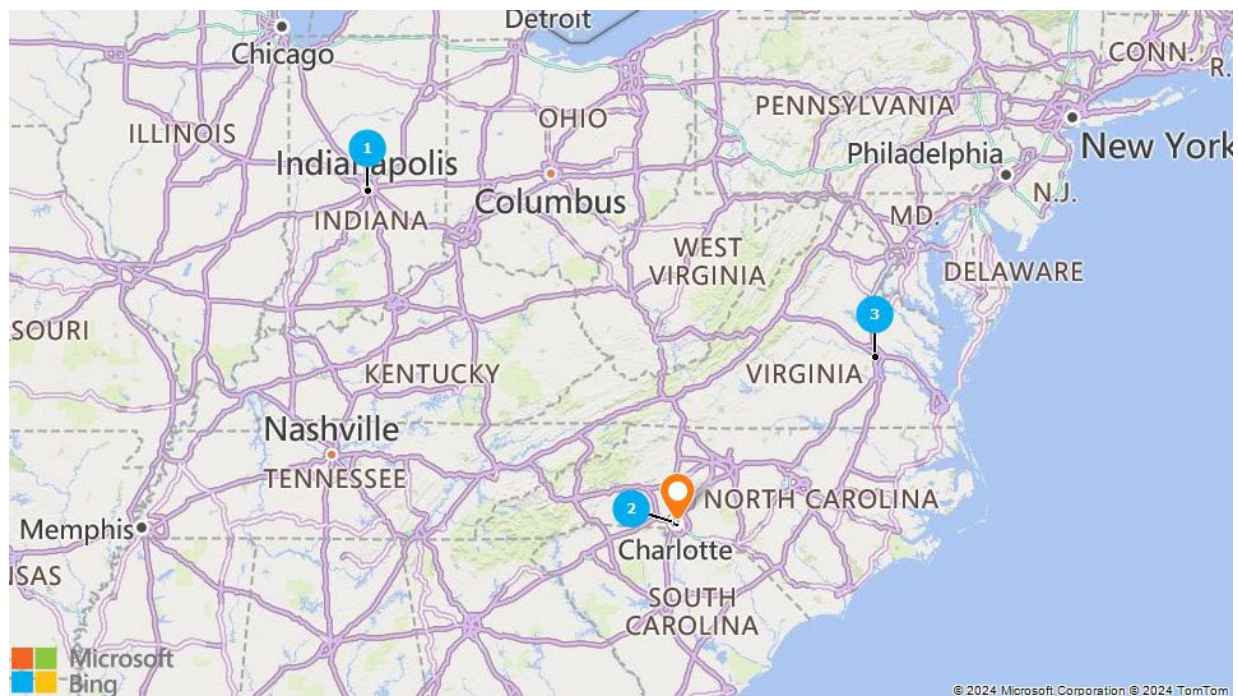
Note that the subject has historically been operated in conjunction with the adjacent office building. As such, real estate taxes and insurance were not broken out individually. In addition, it appears that some costs that are typical of the parking deck may have been absorbed into the overall costs of the larger property. That explains why the buyer's projection for common area maintenance expenses is significantly higher than what is historically reported at the subject. We also note that income has been increasing as the country has moved further from COVID-19 and this will also result in increased expenses based on heavier use.

| Expense Analysis per Unit |                    |                    |               |  |        |        |            |        |                |
|---------------------------|--------------------|--------------------|---------------|--|--------|--------|------------|--------|----------------|
| Number of Units           | Comp Data*         |                    |               | Subject                                  |        |        |            |        |                |
|                           | Comp 1<br>262      | Comp 2<br>2,175    | Comp 3<br>890 | Historical and Projected Expenses<br>815 |        |        |            |        |                |
| Operating Data Type       | Pro-forma<br>Owner | Pro-forma<br>Owner | In Place      | Actual                                   | Actual | Actual | Annualized | Budget |                |
| Year                      | 2024               | 2023               | 2022          | 2021                                     | 2022   | 2023   | 2024       | 2024   | IRR Projection |
| Real Estate Taxes         | \$205              | \$250              | \$110         | \$0                                      | \$0    | \$0    | \$0        | \$134  | \$157          |
| Insurance                 | \$39               | \$33               | \$7           | \$0                                      | \$0    | \$0    | \$0        | \$24   | \$25           |
| Common Area Maintenance   | \$0                | \$466              | \$0           | \$67                                     | \$125  | \$155  | \$171      | \$684  | \$425          |
| General/Administrative    | \$214              | \$13               | \$207         | \$73                                     | \$98   | \$100  | \$128      | \$89   | \$95           |
| Management                | \$140              | \$91               | \$94          | \$22                                     | \$32   | \$46   | \$57       | \$0    | \$72           |
| Total                     | \$598              | \$854              | \$418         | \$163                                    | \$255  | \$301  | \$357      | \$931  | \$773          |
| Operating Expense Ratio   | 36.0%              | 92.0%              | 56.9%         | 12.1%                                    | 10.4%  | 9.0%   | 9.2%       | 28.6%  | 21.6%          |

\*Comp 1: Confidential  
 Comp 2: Parking Deck, 410 S. Mint St. , Charlotte, NC  
 Comp 3: 14th & Cary Parking Garage, 1410 E. Cary St. , Richmond, VA

Note that the subject's historical and projected expenses are within the range of the comparables; however, the operating expense ratio is lower. This is based on a variety of factors such as other properties underperforming or not providing full income information. For example, comparable two, which is also located in the Charlotte CBD, was largely utilized by the owner who ultimately sold the parking deck.

### Comparable Expenses Map



**Confidential Photo**

Income & Expense 1  
Confidential



Income & Expense 3  
14th & Cary Parking Garage



Income & Expense 2  
Parking Deck

Parking Deck

### Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. We consider the following data in selecting a capitalization rate for the subject.

#### Capitalization Rate Comparables

| No.                       | Property Name                 | City             | State | Year Built | Sale Date | Gross Leasable Area | Price/SF | Cap Rate      |
|---------------------------|-------------------------------|------------------|-------|------------|-----------|---------------------|----------|---------------|
| 1                         | 200 Public Square Garage      | Cleveland (CBD)  | OH    | 1988       | 2/14/2024 | 275,746             | \$113.33 | 7.20%         |
| 2                         | Public Market Garage          | Portland         | ME    | 1997       | 9/30/2022 | 242,720             | \$82.40  | 5.00%         |
| 3                         | Power Alley Parking Garage    | Oklahoma City    | OK    | 1999       | 5/24/2022 | 180,266             | \$95.69  | 6.16%         |
| 4                         | Printers Alley Parking Garage | Nashville        | TN    | 1926       | 8/19/2022 | 110,800             | \$263.99 | 6.89%         |
| 5                         | URS Tower Parking Garage      | Cincinnati (CBD) | OH    | 1988       | 3/1/2023  | 250,924             | \$44.83  | 8.80%         |
| 6                         | Virgin Hotel Garage           | Nashville        | TN    | 2020       | 3/23/2022 | 67,338              | \$180.79 | 5.75%         |
| Indicated Cap Rate Range: |                               |                  |       |            |           |                     |          | 5.00% - 8.80% |
| Average (Mean) Cap Rate:  |                               |                  |       |            |           |                     |          | 6.63%         |

#### Band of Investment Method

##### Mortgage/Equity Assumptions

|                      |        |
|----------------------|--------|
| Loan To Value Ratio  | 65%    |
| Interest Rate        | 6.00%  |
| Amortization (Years) | 30     |
| Mortgage Constant    | 0.0719 |
| Equity Ratio         | 35%    |
| Equity Dividend Rate | 8.00%  |

##### Weighted Average of Mortgage and Equity Requirements

|                      |     |   |         |       |
|----------------------|-----|---|---------|-------|
| Mortgage Requirement | 65% | x | 7.19% = | 4.68% |
| Equity Requirement   | 35% | x | 8.00% = | 2.80% |

|                                      |              |
|--------------------------------------|--------------|
| <b>Indicated Capitalization Rate</b> | <b>7.48%</b> |
| <b>Rounded</b>                       | <b>7.50%</b> |

**Special Purpose: All**

| Item                                 | Input    |                              |      |          |          | OAR   |
|--------------------------------------|----------|------------------------------|------|----------|----------|-------|
| <b>Minimum</b>                       |          |                              |      |          |          |       |
| Spread Over 10-Year Treasury         | 1.44%    | DCR Technique                | 1.15 | 0.065524 | 0.80     | 6.03  |
| Debt Coverage Ratio                  | 1.15     | Band of Investment Technique |      |          |          |       |
| Interest Rate                        | 5.94%    | Mortgage                     | 80%  | 0.065524 | 0.052420 |       |
| Amortization                         | 40       | Equity                       | 20%  | 0.099149 | 0.019830 |       |
| Mortgage Constant                    | 0.065524 | OAR                          |      |          |          | 7.22  |
| Loan-to-Value Ratio                  | 80%      | Surveyed Rates               |      |          |          | 6.79  |
| Equity Dividend Rate                 | 9.91%    |                              |      |          |          |       |
| <b>Maximum</b>                       |          |                              |      |          |          |       |
| Spread Over 10-Year Treasury         | 12.00%   | DCR Technique                | 2.15 | 0.180445 | 0.50     | 19.40 |
| Debt Coverage Ratio                  | 2.15     | Band of Investment Technique |      |          |          |       |
| Interest Rate                        | 16.50%   | Mortgage                     | 50%  | 0.180445 | 0.090223 |       |
| Amortization                         | 15       | Equity                       | 50%  | 0.205402 | 0.102701 |       |
| Mortgage Constant                    | 0.180445 | OAR                          |      |          |          | 19.29 |
| Loan-to-Value Ratio                  | 50%      | Surveyed Rates               |      |          |          | 18.13 |
| Equity Dividend Rate                 | 20.54%   |                              |      |          |          |       |
| <b>Average</b>                       |          |                              |      |          |          |       |
| Spread Over 10-Year Treasury         | 4.92%    | DCR Technique                | 1.70 | 0.106784 | 0.66     | 12.05 |
| Debt Coverage Ratio                  | 1.70     | Band of Investment Technique |      |          |          |       |
| Interest Rate                        | 9.42%    | Mortgage                     | 66%  | 0.106784 | 0.070878 |       |
| Amortization                         | 23       | Equity                       | 34%  | 0.157589 | 0.052989 |       |
| Mortgage Constant                    | 0.106784 | OAR                          |      |          |          | 12.39 |
| Loan-to-Value Ratio                  | 66.4%    | Surveyed Rates               |      |          |          | 12.50 |
| Equity Dividend Rate                 | 15.76%   |                              |      |          |          |       |
| *4th Quarter 2023 Data               |          |                              |      |          |          |       |
| Realty Rates Investor Survey 2024 Q1 |          |                              |      |          |          |       |

**Capitalization Rate Conclusion****Capitalization Rate Risk Factors**

| Factor                      | Issues  | Impact on Rate | Comments   |
|-----------------------------|---|----------------|--|
| Income Characteristics      | N/A   | ↓              | Strong historical income at the subject  |
| Competitive Market Position | Construction quality, market appeal, age/condition, functional utility                        | ↔              | Typical for age and location   |
| Location                    | Market area demographics and life cycle trends; proximity issues; access and support services | ↓              | Located in Charlotte CBD along LYNX Blue Line and adjacent to Spectrum Center                                    |
| Market                      | Vacancy rates and trends; rental rate trends; supply and demand                               | ↔              | Office vacancy rate is increasing, but subject is well located and in the heart of CBD adjacent to NBA arena     |
| Highest and Best Use        | Upside potential from redevelopment, adaptation, and/or expansion                             | ↓              | Continued strong demand for properties along LYNX Blue Line and current zoning would allow for a variety of uses |
| Overall Impact              |   | ↓              |  |



Our capitalization rate considers in addition to the strong employment base surrounding that subject, its strong location along the LYNX Blue Line and across from the Spectrum Center, which would be appealing to many developers as there is a lack of land along the Blue Line, particularly near the arena.

Accordingly, we conclude a capitalization rate as follows:

| <b>Capitalization Rate Conclusion</b> |                                |
|---------------------------------------|--------------------------------|
| Method                                | Capitalization Rate Indication |
| Analysis of Comparable Sales          | 5.00% - 8.80%                  |
| Band of Investment                    | 7.50%                          |
| Conclusion                            | 6.25%                          |

### Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to arrive at a value indication by the income capitalization approach as follows:

| <b>Direct Capitalization Analysis</b> |                     |                 |
|---------------------------------------|---------------------|-----------------|
|                                       | Annual              | \$/SF Bldg.     |
| <b>Income</b>                         |                     |                 |
| Potential Gross Rent                  | \$1,632,000         | \$7.14          |
| Transient Parking                     | \$821,250           | \$3.59          |
| Hotel Parking                         | \$222,750           | \$0.97          |
| Arena Events                          | \$375,000           | \$1.64          |
| Card Fee Income                       | \$14,500            | \$0.06          |
| E-Commerce                            | \$100,000           | \$0.44          |
| Validation Income                     | \$6,500             | \$0.03          |
| Refunds                               | \$1,250             | \$0.01          |
| Potential Gross Income                | \$3,173,250         | \$13.87         |
| Vacancy & Collection Loss             | -\$253,860          | -\$1.11         |
| Effective Gross Income                | \$2,919,390         | \$12.76         |
| <b>Expenses</b>                       |                     |                 |
| Real Estate Taxes                     | \$127,659           | \$0.56          |
| Insurance                             | \$20,375            | \$0.09          |
| Common Area Maintenance               | \$346,375           | \$1.51          |
| General/Administrative                | \$77,425            | \$0.34          |
| Management                            | \$58,388            | \$0.26          |
| Total Expenses                        | \$630,222           | \$2.76          |
| <b>Net Operating Income</b>           | <b>\$2,289,168</b>  | <b>\$10.01</b>  |
| Capitalization Rate                   | 6.25%               |                 |
| Indicated Value                       | \$36,626,686        | \$160.14        |
| Adjustments                           |                     |                 |
| Deferred Maintenance                  | -\$740,000          | -\$3.24         |
| <b>Stabilized Value Indication</b>    | <b>\$35,886,686</b> | <b>\$156.91</b> |
| <b>Rounded</b>                        | <b>\$35,890,000</b> | <b>\$156.92</b> |

## Reconciliation and Conclusion of Value

The values indicated by the preceding analyses are as follows:

| Summary of Value Indications   |              |
|--------------------------------|--------------|
| Cost Approach                  | Not Used     |
| Sales Comparison Approach      | \$35,940,000 |
| Income Capitalization Approach | \$35,890,000 |
| Reconciled                     | \$35,890,000 |

The income capitalization approach is given the greatest weight because it is the most reliable valuation method for the subject. The sales comparison approach is given less weight because it does not directly consider the income characteristics of the property. The cost approach is not applicable to the subject and is not used. Accordingly, our value opinion follows.

| Value Conclusion               |                    |                  |                  |
|--------------------------------|--------------------|------------------|------------------|
| Value Type & Appraisal Premise | Interest Appraised | Date of Value    | Value Conclusion |
| Market Value As Is             | Fee Simple         | November 4, 2024 | \$35,890,000     |

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

1. We assume that the subject's land area will match the building footprint as indicated on the provided survey.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The value conclusion(s) in this report consider the impact of COVID-19 on the subject property.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from the stated estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, these opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, the assignment participants are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

**Exposure Time**

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market value stated previously, the probable exposure time is 6 to 12 months.

**Marketing Period**

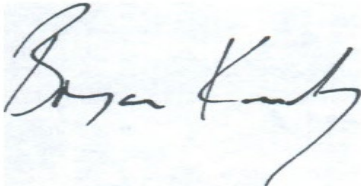
Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. The subject's marketing period is estimated at 6 to 12 months.

## Certification

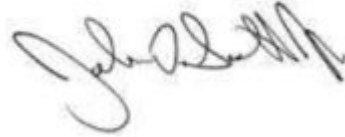
We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have 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 the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Bryan "BK" F. Kennedy has made a personal inspection of the property that is the subject of this report. John D. Scott, Jr., MAI has not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the persons signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, John D. Scott, Jr., MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
15. As of the date of this report, Bryan "BK" F. Kennedy has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.



Bryan "BK" F. Kennedy  
North Carolina Certified General Real Estate  
Appraiser #A8207



John D. Scott, Jr., MAI  
North Carolina Certified General Real Estate  
Appraiser #A4175



## Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
  8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
  9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
  10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
  11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
  12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
  13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
  14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
  15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
  16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
  17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Charlotte, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. **IRR - Charlotte is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Charlotte. In addition, it is expressly agreed that in any**

- action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.**
25. IRR - Charlotte is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

---

**Extraordinary Assumptions and Hypothetical Conditions**

---

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

1. We assume that the subject's land area will match the building footprint as indicated on the provided survey.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

---

## **Addendum A**

### **Appraiser Qualifications**



# Bryan "BK" F. Kennedy

## Experience

Appraiser with Integra Realty Resources - Charlotte. Has been engaged in real estate appraisal since June, 2012.

Has appraised a wide variety of property types and through the participation of numerous assignments developed particular strengths and expertise in the valuation of vacant parcels of land, office buildings, retail properties, industrial buildings, mixed use, and special purpose properties including religious institutions and schools.

## Licenses

North Carolina, Certified General Appraiser, A8207, Expires June 2025

South Carolina, Certified General Appraiser, CG7656, Expires June 2026

## Education

Bachelor of Arts -Advertising, University of South Carolina (2006)

Appraisal courses completed as follows:

Basic Appraisal Principals  
Basic Appraisal Procedures  
Market Analysis and Highest and Best Use  
USPAP  
General Appraiser Sales Comparison Approach  
General Appraiser Site Valuation and Cost Approach  
Statistics, Modeling and Finance  
General Appraiser Market Analysis Highest and Best Use  
General Appraiser Income Approach 1  
General Appraiser Income Approach 2  
Commercial Appraisal Review  
Expert Witness for Commercial Appraisers  
Commercial Appraisal Review  
General Report Writing and Case Studies

## Integra Realty Resources - Charlotte

214 W. Tremont Avenue  
Suite 200  
Charlotte, NC 28203

T 704.376.0295  
F 704.342.3704

[irr.com](http://irr.com)





**NORTH CAROLINA  
APPRAISAL BOARD**

**APPRAISER QUALIFICATION CARD**

REGISTRATION / LICENSE / CERTIFICATE HOLDER

**BRYAN F KENNEDY**

24

25

**A8207**  
APPRAISER NUMBER

**G**  
TYPE

**Y**  
NATIONAL REGISTRY

Handwritten signature of Bryan F. Kennedy in black ink.

Appraiser's Signature

Handwritten signature of the Executive Director in black ink.

Executive Director

**EXPIRES JUNE 30, 2025**

# John D. Scott, Jr., MAI

## Experience

Senior Managing Director of Integra Realty Resources - Charlotte. Began appraising in May 1993 with Stout-Beck & Associates and in June 1998, became a North Carolina State-Certified General Real Estate Appraiser. In 1994 became a North Carolina Real Estate Salesman.

Appraised a wide variety of property types including but not limited to: vacant land, industrial, manufacturing and distribution facilities, single and multi-tenant retail properties, general and medical offices, subdivision analyses, gas marts, multi-family apartment and condominium complexes, proposed mixed-use developments, and special purpose properties.

## Professional Activities & Affiliations

Committee: Metrolina Branch Chapter of The Appraisal Institute, January 2002

Committee: Metrolina Branch Chapter of The Appraisal Institute, January 2003

Member: Appraisal Institute LDAC Participant, January 2003 - December 2005

Vice President: Metrolina Branch Chapter of The Appraisal Institute, January 2004

President: Metrolina Branch of The Appraisal Institute, January 2005

Director: NC Chapter of The Appraisal Institute, January 2005 - January 2007

Associate Guidance Chair: NC Chapter of The Appraisal Institute, January 2006 - January 2008

RICS Fellow (FRICS), RICS, December 2007

Secretary: NC Chapter of The Appraisal Institute, January 2007 - January 2008

Vice President: NC Chapter of The Appraisal Institute, January 2008 - January 2009

President Elect: NC Chapter of The Appraisal Institute, January 2009 - January 2010

President: NC Chapter of The Appraisal Institute, January 2010 - January 2011

Board of Director: Integra Realty Resources Board of Directors, January 2015 - December 2019

Other: Integra Realty Resources Board of Directors, January 2016 - December 2019

## Licenses

North Carolina, Certified General Real Estate Appraiser, A4175, Expires June 2025

South Carolina, State Certified General Real Estate Appraiser, CG5147, Expires June 2026

Georgia, Certified General Real Property Appraiser, 368269, Expires February 2025

Virginia, Certified General Real Estate Appraiser, 4001017475, Expires November 2024

Tennessee, Certified General Real Estate Appraiser, 5554, Expires October 2026

West Virginia, State Certified General Real Estate Appraiser, CG1355, Expires September 2025

Maryland, State Certified General Real Estate Appraiser, 35347, Expires May 2027

Alabama, Certified General Real Property Appraiser, 003189, Expires September 2025

## Education

B.A. Degree, English, Wofford College, Spartanburg, SC (1993)

Appraisal courses completed are as follows:

110 Appraisal Principles (R-1 equivalent)

R-2, Valuation Principles and Procedures



**Integra Realty  
Resources - Charlotte**

214 W. Tremont Avenue  
Suite 200  
Charlotte, NC 28203

T 704.376.0295

F 704.342.3704

[irr.com](http://irr.com)

[jscott@irr.com](mailto:jscott@irr.com) - 704.206.8258



# John D. Scott, Jr., MAI

## Education (Cont'd)

R-3, Applied Residential Property Valuation  
G-1, Introduction to Income Property Appraisal  
G-2, Advanced Income Capitalization Procedures  
G-3, Applied Income Property Valuation  
410/420, Standards of Professional Practice, Part A and B  
510, Advanced Income Capitalization  
520, Highest and Best Use and Market Analysis  
530, Advanced Sales Comparison and Cost Approach  
540, Report Writing  
550, Advanced Applications

## Articles and Publications

"Small-Market Valuations," Commercial Investment Real Estate, August 2013

## Qualified Before Courts & Administrative Bodies

North Carolina State Property Tax Commission  
Court of Common Pleas for York County, SC

### Integra Realty Resources - Charlotte

214 W. Tremont Avenue  
Suite 200  
Charlotte, NC 28203

T 704.376.0295  
F 704.342.3704

[irr.com](http://irr.com)





**NORTH CAROLINA  
APPRAISAL BOARD**

**APPRAISER QUALIFICATION CARD**

REGISTRATION / LICENSE / CERTIFICATE HOLDER

**JOHN D SCOTT JR**

24

25

A4175  
APPRAISER NUMBER

G  
TYPE

Y  
NATIONAL REGISTRY

A handwritten signature in black ink, appearing to read "John D. Scott Jr.", written over a horizontal line.

Appraiser's Signature

A handwritten signature in black ink, appearing to read "David M. Kelly", written over a horizontal line.

Executive Director

**EXPIRES JUNE 30, 2025**

## About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

*Local Expertise...Nationally!*

# irr.com





## **Addendum B**

### **IRR Quality Assurance Survey**

## IRR Quality Assurance Survey

### **We welcome your feedback!**

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

### **Integra Quality Control Team**

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

Link to the IRR Quality Assurance Survey: [quality.irr.com](https://quality.irr.com)

## **Addendum C**

### **Financials and Property Information**

For Registration Fredrick Smith  
Register of Deeds  
Mecklenburg County, NC  
Electronically Recorded  
2018 Jul 20 11:20 AM RE Excise Tax: \$ 109000.00  
Book: 32844 Page: 36 Fee: \$ 26.00  
Instrument Number: 2018091061

*Fredrick Smith*

North Carolina Special Warranty Deed

Parcel Identifier Nos. 08001409B and 08001409D

Verified by Mecklenburg County on the \_\_\_\_ day of July, 2018

By: \_\_\_\_\_

---

Mail after recording to: Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois, 60654, Attention: Justin Bender

This instrument was prepared by: Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, LLP, Wells Fargo Capitol Center, 150 Fayetteville Street, Suite 2300, Raleigh, North Carolina 27601, Attention: Michael R. Thorton

Excise Tax: \$109,000.00

Brief description for the Index: 200 North College Street, Charlotte, North Carolina

---

### NORTH CAROLINA SPECIAL WARRANTY DEED

THIS DEED is made as of July 18, 2018, by and between

GRANTOR

GRANTEE

**200 NORTH COLLEGE CHARLOTTE, LLC,**  
a Delaware limited liability company  
c/o Alliance HSP Ventures LLC  
40 Morris Avenue, Suite 230  
Bryn Mawr, Pennsylvania 19010

**SOP 200 N. COLLEGE OWNER LP,**  
a Delaware limited partnership  
c/o Gramercy Property Trust  
90 Park Avenue, 32<sup>nd</sup> Floor  
New York, New York 10016

---

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g. corporation or partnership

---

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee, in fee simple, all of the improvements, of any nature, located thereon, situated in Mecklenburg County, North Carolina, together with certain easement rights, and more particularly described as follows:

See Exhibit "A" attached hereto  
and incorporated herein by reference.

The property hereinabove described was acquired by Grantor by Instrument recorded in Deed Book 28124, Page 418-425.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land, improvements, easement rights and all privileges and appurtenances thereto belonging to the Grantor in fee simple.

And the Grantor covenants with the Grantee that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, except for the exceptions hereinafter stated.

Title to the property hereinabove described is subject to the following exceptions:

See Exhibit "B" attached hereto  
and incorporated herein by reference.

All or a portion of the property herein conveyed does not include the primary residence of Grantor.

*(Remainder of Page Intentionally Left Blank)*



IN WITNESS WHEREOF, the Grantor has caused this instrument to be signed and sealed as of the day and year first above written.

**GRANTOR:**

**200 NORTH COLLEGE CHARLOTTE, LLC,**  
a Delaware limited liability company

By: 200 North College Holdings, LLC, a  
Delaware limited liability company and its  
sole member

By: 

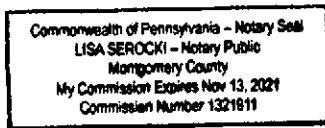
Name: Richard R. Previdi

Title: CEO and President

STATE OF Pennsylvania )  
 )  
 COUNTY OF Montgomery )

I, Lisa Serocki, a Notary Public of the County and State aforesaid, certify that Richard R. Previdi personally came before me this day and acknowledged that he is the CEO and President of 200 North College Holdings, LLC, a Delaware limited liability company, the sole member of 200 NORTH COLLEGE CHARLOTTE, LLC, a Delaware limited liability company, and that he, as CEO and President, being authorized to do so, executed the foregoing on behalf of the limited liability company.

Witness my hand and official stamp or seal this 16<sup>th</sup> day of July, 2018.



(Official Seal)

Lisa Serocki  
Lisa Serocki, Notary Public  
 Notary's Printed or Typed Name

My commission expires: November 13, 2021

**EXHIBIT A****LEGAL DESCRIPTION**

Tax Parcel identification number: 08001490B and 08001409D

ALL OF THE BUILDINGS, STRUCTURES AND IMPROVEMENTS CONSTITUTING REAL PROPERTY NOW ERECTED OR PLACED UPON THE BELOW DESCRIBED PROPERTY:

BEGINNING AT AN EXISTING PK NAIL IN SIDEWALK MARKING THE INTERSECTION OF THE NORTHEASTERLY MARGIN OF THE RIGHT OF WAY OF EAST 5TH STREET AND THE SOUTHEASTERLY MARGIN OF THE RIGHT OF WAY OF NORTH COLLEGE STREET AND RUNNING THENCE FROM SAID BEGINNING POINT WITH THE SOUTHEASTERLY MARGIN OF NORTH COLLEGE STREET NORTH 50 DEGREES 22 MINUTES 39 SECONDS EAST 387.11 FEET TO A SET PK NAIL IN SIDEWALK LOCATED AT THE INTERSECTION OF THE SOUTHWESTERLY MARGIN OF THE RIGHT OF WAY OF EAST 6TH STREET AND THE SOUTHEASTERLY MARGIN OF THE RIGHT OF WAY OF NORTH COLLEGE STREET; THENCE WITH THE SOUTHWESTERLY MARGIN OF THE RIGHT OF WAY OF EAST 6TH STREET SOUTH 42 DEGREES 36 MINUTES 02 SECONDS EAST 395.52 FEET TO AN EXISTING PK NAIL IN THE SIDEWALK LOCATED IN THE NORTHWESTERLY MARGIN OF THE SOUTHERN RAILROAD RIGHT OF WAY RECORDED IN DEED BOOK 34, AT PAGE 548 IN THE MECKLENBURG COUNTY REGISTRY; THENCE WITH THE SOUTHERN RAILROAD RIGHT OF WAY THE FOLLOWING THREE 3 COURSES AND DISTANCES; (1) SOUTH 50 DEGREES 42 MINUTES 28 SECONDS WEST 301.61 FEET TO A SET #5 REBAR; (2) WITH THE ARC OF A CIRCULAR CURVE TO THE RIGHT HAVING A RADIUS OF 491.26 FEET AN ARC DISTANCE OF 58.77 FEET (CHORD BEARING SOUTH 54 DEGREES 07 MINUTES 32 SECONDS WEST AND A CHORD DISTANCE OF 58.74 FEET) TO A SET PK NAIL IN CONCRETE; (3) SOUTH 57 DEGREES 27 MINUTES 44 SECONDS WEST 17.86 FEET TO AN EXISTING PK NAIL LOCATED IN THE NORTHEASTERLY MARGIN OF THE RIGHT OF WAY OF EAST 5TH STREET; THENCE WITH THE NORTHEASTERLY MARGIN OF THE RIGHT OF WAY OF EAST 5TH STREET THE FOLLOWING TWO 2 COURSES AND DISTANCES: (1) NORTH 45 DEGREES 13 MINUTES 33 SECONDS WEST 144.45 FEET TO A SET PK NAIL IN SIDEWALK; (2) NORTH 43 DEGREES 17 MINUTES 25 SECONDS WEST 243.94 FEET TO THE POINT AND PLACE OF BEGINNING, AS SHOWN ON THAT CERTAIN AS BUILT SURVEY OF CHARLOTTE APPAREL CENTER PREPARED BY CONCORD ENGINEERING AND SURVEYING, INC., DATED DECEMBER 27, 1988, REVISED JULY 17, 1989 AND OCTOBER 25, 1994, JOB NUMBER 88-12-56.

EXCLUDING, HOWEVER, THE IMPROVEMENTS DESCRIBED IN THAT CERTAIN LEASE AGREEMENT EVIDENCED BY THAT MEMORANDUM OF LEASE FROM CROSLAND-ERWIN-MERRIFIELD ASSOCIATES NO. 26 (CVFE), LANDLORD TO KILLIAN-MCMAHON LIMITED PARTNERSHIP, TENANT, DATED JANUARY 21, 1988

AND RECORDED IN BOOK 5684, PAGE 736, MECKLENBURG COUNTY REGISTRY; AND AMENDED BY THAT CERTAIN UNRECORDED SECOND AMENDMENT TO LEASE AGREEMENT BETWEEN NATIONS BANK, N.A., LANDLORD AND CENTER CITY HOTEL PARTNERS LIMITED PARTNERSHIP, TENANT DATED JANUARY 1, 2004, AS ASSIGNED TO SOUTHEAST HOSPITALITY CORPORATION, TENANT, BY ASSIGNMENT OF TENANTS INTEREST IN LEASE, DATED DECEMBER 27, 1990 AND RECORDED IN BOOK 6456, PAGE 22 OF THE MECKLENBURG PUBLIC REGISTRY AND AS SUBSEQUENTLY ASSIGNED TO CENTER CITY HOTEL PARTNERS LIMITED PARTNERSHIP BY ASSIGNMENT OF HOTEL LEASE, DATED NOVEMBER 30, 1993 AND RECORDED IN BOOK 7610, PAGE 548 OF THE MECKLENBURG PUBLIC REGISTRY.

TOGETHER WITH ALL RIGHT, TITLE AND INTEREST TO THE REMAINDER INTEREST TO THE IMPROVEMENTS PURSUANT TO MEMORANDUM OF LEASE FROM CROSLAND-ERWIN-MERRIFIELD ASSOCIATES NO. 26 (CVFE), LANDLORD TO KILLIAN-MCMAHON LIMITED PARTNERSHIP, TENANT, DATED JANUARY 21, 1988 AND RECORDED IN BOOK 5684, PAGE 736, MECKLENBURG COUNTY REGISTRY; AND AMENDED BY THAT CERTAIN UNRECORDED SECOND AMENDMENT TO LEASE AGREEMENT BETWEEN NATIONS BANK, N.A., LANDLORD AND CENTER CITY HOTEL PARTNERS LIMITED PARTNERSHIP, TENANT DATED JANUARY 1, 2004, AS ASSIGNED TO SOUTHEAST HOSPITALITY CORPORATION, TENANT, BY ASSIGNMENT OF TENANTS INTEREST IN LEASE, DATED DECEMBER 27, 1990 AND RECORDED IN BOOK 6456, PAGE 22 OF THE MECKLENBURG PUBLIC REGISTRY AND AS SUBSEQUENTLY ASSIGNED TO CENTER CITY HOTEL PARTNERS LIMITED PARTNERSHIP BY ASSIGNMENT OF HOTEL LEASE, DATED NOVEMBER 30, 1993 AND RECORDED IN BOOK 7610, PAGE 548 OF THE MECKLENBURG PUBLIC REGISTRY; FEE TITLE TO THE IMPROVEMENTS LOCATED ON THE LAND DESCRIBED IN SAID LEASE IS CURRENTLY VESTED IN CENTER CITY HOTEL LIMITED PARTNERSHIP, AS TENANT, AS THE LEASE INTEREST HAS BEEN PREVIOUSLY ASSIGNED AND CONVEYED, BY DEED RECORDED IN BOOK 7610, PAGE 539 OF THE MECKLENBURG COUNTY REGISTRY, SUBJECT TO A REVERSIONARY INTEREST IN THE LANDLORD IN SAID LEASE, WHICH LANDLORD INTEREST HAS BEEN ASSIGNED TO 200 NORTH COLLEGE CHARLOTTE, LLC BY ASSIGNMENT AND ASSUMPTION OF LEASE DATED FEBRUARY 28, 2013 AND RECORDED MARCH 5, 2013 IN BOOK 28124, PAGE 474 OF THE MECKLENBURG COUNTY REGISTRY; SAID LANDLORD INTEREST HAS BEEN FURTHER ASSIGNED TO SOP 200 N. COLLEGE OWNER LP, A DELAWARE LIMITED PARTNERSHIP BY ASSIGNMENT AND ASSUMPTION OF LEASE DATED AS OF THE DATE HEREOF.

Common Address: 200 North College Street, Charlotte, North Carolina

**EXHIBIT B**

**PERMITTED TITLE EXCEPTIONS**

All matters of record as of the date hereof in the real property records of Mecklenburg County, North Carolina.

## **Addendum D**

### **Comparable Data**

## Improved Sales



## Location & Property Identification

|                     |                           |
|---------------------|---------------------------|
| Property Name:      | 200 Public Square Garage  |
| Sub-Property Type:  | Parking Facility, Garage  |
| Address:            | 320 Superior Ave.         |
| City/State/Zip:     | Cleveland (CBD), OH 44114 |
| County:             | Cuyahoga                  |
| Submarket:          | CBD                       |
| Market Orientation: | CBD                       |

IRR Event ID: 3201546



## Sale Information

|                            |   |
|----------------------------|---|
| Sale Price:                | \$31,250,000  |
| Effective Sale Price:      | \$31,250,000  |
| Sale Date:                 | 02/14/2024  |
| Sale Status:               | Closed  |
| \$/SF GBA:                 | \$113.33  |
| \$/SF NRA:                 | \$113.33  |
| \$/Unit:                   | \$41,281 /Auto Bay                                  |
| Grantor/Seller:            | G&I IX 200 Public Square Garage, LLC (DRA Advisors) |
| Grantee/Buyer:             | UGP-Cleveland Garage, LLC (InterPark)               |
| Assemblage:                | No  |
| Portfolio Sale:            | No  |
| Assets Sold:               | Real estate only                                    |
| Property Rights:           | Fee Simple  |
| % of Interest Conveyed:    | 100.00  |
| Financing:                 | Cash to seller                                      |
| Conditions of Sale:        | Arm's-length  |
| Document Type:             | Warranty Deed                                       |
| Recording No.:             | 24-04404  |
| Verification Type:         | Secondary Verification                              |
| Secondary Verific. Source: | Assessor, Deed, News Article, CoStar                |

## Operating Data and Key Indicators

|                       |              |
|-----------------------|--------------|
| Operating Data Type:  | In Place     |
| Net Operating Income: | \$ 2,250,000 |

Cap Rate - Derived: 7.20%

## Improvement and Site Data

|                           |                             |
|---------------------------|-----------------------------|
| MSA:                      | Cleveland-Elyria-Mentor, OH |
| Legal/Tax/Parcel ID:      | 101-26-006                  |
| GBA-SF:                   | 275,746                     |
| GLA-SF:                   | 275,746                     |
| Acres(Usable/Gross):      | 1.09/1.09                   |
| Land-SF(Usable/Gross):    | 47,402/47,402               |
| Usable/Gross Ratio:       | 1.00                        |
| Year Built:               | 1988                        |
| Property Class:           | B                           |
| M&S Class:                | B                           |
| Construction Quality:     | Good                        |
| Improvements Cond.:       | Good                        |
| Exterior Walls:           | Concrete Precast            |
| Construction Desc.:       | Reinforced concrete         |
| No. of Buildings/Stories: | 1/7                         |
| No. of Units/Unit Type:   | 757/Auto Bays               |
| Ceiling Height Minimum:   | 11.00                       |
| Ceiling Height Maximum:   | 11.00                       |
| Total Parking Spaces:     | 757                         |
| Park. Ratio 1000 SF GLA:  | 2.75                        |
| Park. Structure Space:    | 757                         |
| Park. Ratio 1000 SF GBA:  | 2.75                        |
| Park Ratio(Space/Unit):   | 1.00                        |
| Shape:                    | Irregular                   |
| Topography:               | Level                       |
| Vegetation:               | Minimal                     |

Improvement and Site Data (Cont'd)

|                           |  |
|---------------------------|--|
| Corner Lot:               | No                                       |
| Frontage Type:            | 2 way, 2 lanes each way                  |
| Traffic Flow:             | High                                     |
| AccessibilityRating:      | Above average                            |
| Visibility Rating:        | Good                                     |
| Density-Unit/Gross Acre:  | 695.64                                   |
| Density-Unit/Usable Acre: | 695.64                                   |
| Bldg. to Land Ratio FAR:  | 5.82                                     |
| Flood Plain:              | No                                       |
| Flood Zone Designation:   | X  |
| Utilities:                | Electricity, Water Public,<br>Sewer, Gas |
| Improve. Info. Source:    | Public Records                           |
| Source of Land Info.:     | Public Records                           |

Comments

This is reflective of the sale of the seven-story parking garage attached to 200 Public Square in Cleveland's CBD. The seller, DRA Advisors, also sold the adjacent 200 Public Square office tower, but to a different buyer as each property was marketed separately. The garage, which according to Crain's Cleveland traded in the past for as much as \$50 million, was acquired by an affiliate of InterPark Holdings, a national parking operator with downtown and airport properties. At the time of sale, the property was given a tax value of \$10,110,600, or 67.65% less than the sale price. While we could not confirm it with a primary source, CoStar reports a capitalization rate of 7.20%.



## Location & Property Identification

|                     |                          |
|---------------------|--------------------------|
| Property Name:      | Public Market Garage     |
| Sub-Property Type:  | Parking Facility, Garage |
| Address:            | 315 Cumberland Ave.      |
| City/State/Zip:     | Portland, ME 04101       |
| County:             | Cumberland               |
| Market Orientation: | Urban                    |
| IRR Event ID:       | 2899184                  |



## Sale Information

|                         |  |
|-------------------------|--|
| Sale Price:             | \$20,000,000                                   |
| Effective Sale Price:   | \$20,000,000                                   |
| Sale Date:              | 09/30/2022                                     |
| Listing Price:          | \$23,500,000                                   |
| Listing Date:           | 09/28/2021                                     |
| Sale Status:            | Closed   |
| \$/SF GBA:              | \$82.40  |
| \$/SF NRA:              | \$82.40  |
| \$/Unit:                | \$33,670 /Unit                                 |
| Grantor/Seller:         | Northeast Investors, LLC                       |
| Grantee/Buyer:          | WBP  |
| Property Rights:        | Leased Fee                                     |
| % of Interest Conveyed: | 100.00   |
| Exposure Time:          | 12 (months)                                    |
| Financing:              | Cash to seller                                 |
| Conditions of Sale:     | Arm's-length                                   |
| Verified By:            | Constantino G. Naoum                           |
| Verification Date:      | 03/03/2023                                     |
| Confirmation Source:    | Terry Sheldon, listing broker,<br>858-272-6226 |
| Verification Type:      | Confirmed-Seller Broker                        |

## Operating Data and Key Indicators

|                       |                  |
|-----------------------|------------------|
| Operating Data Type:  | Pro-forma Broker |
| Net Operating Income: | \$ 1,000,000     |
| Cap Rate - Derived:   | 5.00%            |

## Improvement and Site Data

|                           |   |
|---------------------------|---|
| MSA:                      | Portland-South<br>Portland-Biddeford, ME<br>Metropolitan Statistical Area |
| GBA-SF:                   | 242,720   |
| GLA-SF:                   | 242,720   |
| Acres(Usable/Gross):      | 0.88/0.88   |
| Land-SF(Usable/Gross):    | 38,533/38,533   |
| Usable/Gross Ratio:       | 1.00  |
| Year Built:               | 1997  |
| Property Class:           | B   |
| M&S Class:                | C   |
| Construction Quality:     | Average   |
| Improvements Cond.:       | Good  |
| No. of Buildings/Stories: | 1/7   |
| Total Parking Spaces:     | 595   |
| Park. Ratio 1000 SF GLA:  | 2.45  |
| Park. Ratio 1000 SF GBA:  | 2.45  |
| Park Ratio(Space/Unit):   | 1.00  |
| Shape:                    | Rectangular   |
| Topography:               | Level   |
| Density-Unit/Gross Acre:  | 671.49  |
| Density-Unit/Usable Acre: | 671.49  |
| Bldg. to Land Ratio FAR:  | 6.30  |
| Utilities Desc.:          | All Available   |
| Source of Land Info.:     | Public Records  |

## Comments

## Comments (Cont'd)

Sale of a 595-space parking garage located within the Central Business District of Portland, Maine. More specifically, the parking garage spans the entire block from Preble Street to Elm Street. Prior to the sale, the property received various updates/renovations. Some renovations of note include the following: epoxy painting of interior wall surfaces, sealed and striped all parking deck surfaces, repaired/replaced stairwells, and updated customer reception office. Initially, the property was marketed with an asking price of \$23,500,000, than lowered to \$21,500,000, which spurred the sale.

This 7-story, above-grade parking garage is located on the outskirts of downtown Portland.

## Location & Property Identification

|                     |   |
|---------------------|---|
| Property Name:      | Power Alley Parking Garage                            |
| Sub-Property Type:  | Parking Facility, Garage                              |
| Address:            | 222 E. Sheridan Ave.                                  |
| City/State/Zip:     | Oklahoma City, OK 73104                               |
| County:             | OK - Oklahoma   |
| Submarket:          | East Central  |
| Market Orientation: | CBD   |
| Property Location:  | S/S Sheridan Ave., East of Mickey Mantle in Bricktown |
| IRR Event ID:       | 2899160   |



## Sale Information

|                            |                                    |
|----------------------------|------------------------------------|
| Sale Price:                | \$17,250,000                       |
| Effective Sale Price:      | \$17,250,000                       |
| Sale Date:                 | 05/24/2022                         |
| Recording Date:            | 05/04/2022                         |
| Listing Price:             | \$17,500,000                       |
| Listing Date:              | 11/25/2021                         |
| Sale Status:               | Closed                             |
| \$/SF GBA:                 | \$95.69                            |
| \$/SF NRA:                 | \$95.69                            |
| \$/Unit:                   | \$31,364 /Auto Bay                 |
| Grantor/Seller:            | Bricktown Garage Parking, LLC      |
| Grantee/Buyer:             | 222 Sheridan Bricktown Garage, LLC |
| Property Rights:           | Leased Fee                         |
| % of Interest Conveyed:    | 100.00                             |
| Financing:                 | Cash to seller                     |
| Verification Type:         | Secondary Verification             |
| Secondary Verific. Source: | Assessor, CoStar, Listing Flyer    |

## Operating Data and Key Indicators

|                              |              |
|------------------------------|--------------|
| Net Operating Income:        | \$ 1,061,773 |
| Cap Rate - Derived:          | 6.16%        |
| Number of Tenants at T.O.S.: | 5            |

**Vehicle-Related Comments:** 550 space multilevel parking garage with approximately 10,000 SF of first level street front retail. Very good location between two hotels which have right of first refusal to spaces on a daily basis.

## Improvement and Site Data

|                          |  |
|--------------------------|--|
| Legal/Tax/Parcel ID:     | N 130' Lots 1-9, Military Add. / 020027800 |
| GBA-SF:                  | 180,266                                    |
| GLA-SF:                  | 180,266                                    |
| Acres(Gross):            | 0.64                                       |
| Land-SF(Gross):          | 27,878                                     |
| Year Built:              | 1999                                       |
| Property Class:          | B  |
| M&S Class:               | B  |
| Construction Quality:    | Good                                       |
| Improvements Cond.:      | Good                                       |
| Exterior Walls:          | Concrete Precast                           |
| Construction Desc.:      | Concrete panel and poured concrete         |
| No. of Units/Unit Type:  | 550/Auto Bays                              |
| Total Parking Spaces:    | 550  |
| Park. Ratio 1000 SF GLA: | 3.05                                       |
| Park. Structure Space:   | 550  |

## Improvement and Site Data (Cont'd)

|                           |                        |
|---------------------------|------------------------|
| Park. Ratio 1000 SF GBA:  | 3.05                   |
| Park Ratio(Space/Unit):   | 1.00                   |
| No. Of Elevators:         | Yes                    |
| Fire Sprinkler Type:      | None                   |
| Air-Conditioning Type:    | None                   |
| Shape:                    | Rectangular            |
| Topography:               | Level                  |
| Corner Lot:               | No                     |
| Frontage Feet:            | 227                    |
| Frontage Desc.:           | E. Sheridan Ave.       |
| Frontage Type:            | 2 way, 1 lane each way |
| Traffic Control at Entry: | None                   |
| Traffic Flow:             | Moderate               |
| AccessibilityRating:      | Average                |
| Visibility Rating:        | Average                |
| Density-Unit/Gross Acre:  | 859.38                 |
| Bldg. to Land Ratio FAR:  | 6.47                   |
| Zoning Code:              | BC                     |
| Zoning Desc.:             | Downtown Commercial    |
| Flood Plain:              | No                     |
| Flood Zone Designation:   | X                      |
| Comm. Panel No.:          | 40109C0285H            |
| Date:                     | 04/16/2009             |
| Utilities Desc.:          | All available          |
| Improve. Info. Source:    | Broker                 |
| Source of Land Info.:     | Public Records         |

parking needs. The listing brochure further indicates that the Net Operating Income was \$1,061,773, at the time of sale. Therefore, indicating a capitalization rate of 6.16%.

550 space multilevel parking garage with approximately 10,000 SF of first level street front retail. Very good location between two hotels which have right of first refusal to spaces on a daily basis. Average quality construction but poor design in a high demand area.

## Comments

Sale of a 550-space parking garage located in downtown Oklahoma City, Oklahoma. More specifically, the property is located along the southside of Sheridan Avenue, between Mickey Mante Drive and Joe Carter Avenue. Per public records, the improvements feature a gross building area of 180,266 square feet inclusive of 15,628 square feet of ground-level retail/office space. It is noted that the rooftop parking area is excluded from the gross building area. Moreover, the garage is connected to a Hampton Inn & Suites with the double Hilton concept to the east, Homewood Suites and Hilton Garden Inn. Per the listing brochure, 20-year leases are in place with four national hotels in the area servicing their valet parking and daily



## Location & Property Identification

|                     |                           |
|---------------------|---------------------------|
| Property Name:      | Virgin Hotel Garage       |
| Sub-Property Type:  | Parking Facility, Garage  |
| Address:            | 0 (AKA 1) Music Square W. |
| City/State/Zip:     | Nashville, TN 37203       |
| County:             | Davidson                  |
| Submarket:          | Downtown/Metro Center     |
| Market Orientation: | CBD                       |
| IRR Event ID:       | 2890340                   |



## Sale Information

|                            |   |
|----------------------------|---|
| Sale Price:                | \$12,173,913  |
| Effective Sale Price:      | \$12,173,913  |
| Sale Date:                 | 03/23/2022  |
| Recording Date:            | 03/23/2022  |
| Sale Status:               | Closed  |
| \$/SF GBA:                 | \$180.79  |
| \$/SF NRA:                 | \$180.79  |
| \$/Unit:                   | \$70,369 /Auto Bay  |
| Grantor/Seller:            | Nashville Music Row Garage Owners (BPG Real Estate Services, LLC) |
| Grantee/Buyer:             | Spirit Master Funding X, LLC (Spirit Realty Capital, Inc.)        |
| Property Rights:           | Leased Fee  |
| % of Interest Conveyed:    | 100.00  |
| Financing:                 | Cash to seller  |
| Conditions of Sale:        | Arm's-length  |
| Document Type:             | Deed  |
| Recording No.:             | 2022-33505  |
| Verification Type:         | Secondary Verification  |
| Secondary Verific. Source: | CoStar, Assessor, Mobile Infrastructure                           |

## Operating Data and Key Indicators

|                       |            |
|-----------------------|------------|
| Net Operating Income: | \$ 700,000 |
| Cap Rate - Derived:   | 5.75%      |

## Improvement and Site Data

|                          |                 |
|--------------------------|-----------------|
| MSA:                     | Nashville       |
| Legal/Tax/Parcel ID:     | 092-16-M-200-CO |
| GBA-SF:                  | 67,338          |
| GLA-SF:                  | 67,338          |
| Acres(Gross):            | 0.67            |
| Land-SF(Gross):          | 28,998          |
| Year Built:              | 2020            |
| Property Class:          | B               |
| M&S Class:               | C               |
| Construction Quality:    | Average         |
| Improvements Cond.:      | Good            |
| No. of Units/Unit Type:  | 173/Auto Bays   |
| Total Parking Spaces:    | 173             |
| Park. Ratio 1000 SF GLA: | 2.57            |
| Park. Structure Space:   | 173             |
| Park. Ratio 1000 SF GBA: | 2.57            |
| Park Ratio(Space/Unit):  | 1.00            |
| Density-Unit/Gross Acre: | 259.88          |
| Bldg. to Land Ratio FAR: | 2.32            |
| Zoning Desc.:            | SP              |
| Utilities Desc.:         | All public      |
| Source of Land Info.:    | Other           |

## Comments

This garage sits on the ground level for 1 Music Row, the Virgin Hotel Nashville, which is owned by BPG Real Estate (Buccini/Pollin Group). The hotel is a 20-story building



## Comments (Cont'd)

offering 262 keys in Nashville's historic neighborhood Music Row. We were unable to reach the parties involved in this transaction. Most information showing for this transaction is based on public recordings and an article in the Nashville Post. At a later date in 2024, a reliable source indicated that this property sold at a capitalization rate of 5.75%. It is reportedly under a 20-year, NNN lease. We assume this was essentially a sale-leaseback deal considering the seller owns the hotel.

This parking garage is located on Music Square W. in Nashville, TN and is attached to the 262-key Virgin Hotel. It contains 173 stalls or 190 with valet.

## Location & Property Identification

|                     |                           |
|---------------------|---------------------------|
| Property Name:      | Parking Garage            |
| Sub-Property Type:  | Other                     |
| Address:            | 200 S. College St.        |
| City/State/Zip:     | Charlotte, NC 28202       |
| County:             | Mecklenburg               |
| Market Orientation: | CBD                       |
| Property Location:  | Central Business District |
| IRR Event ID:       | 2684346                   |



## Sale Information

|                         |                           |
|-------------------------|---------------------------|
| Sale Price:             | \$85,000,000              |
| Effective Sale Price:   | \$85,000,000              |
| Sale Date:              | 05/06/2020                |
| Sale Status:            | Closed                    |
| \$/Unit:                | \$55,921 /Unit            |
| Grantor/Seller:         | AREPII BBT, LLC           |
| Grantee/Buyer:          | Cousins 200 South Col. LP |
| Assets Sold:            | Real estate only          |
| Property Rights:        | Fee Simple                |
| % of Interest Conveyed: | 100.00                    |
| Financing:              | Cash to seller            |
| Document Type:          | Deed                      |
| Recording No.:          | Book 34546 page 488       |
| Verified By:            | Baker Haynes              |
| Verification Date:      | 07/28/2021                |
| Confirmation Source:    | Confidential              |
| Verification Type:      | Confirmed-Seller Broker   |

EGIM - Derived: 16.84

## Improvement and Site Data

|                           |                                      |
|---------------------------|--------------------------------------|
| Legal/Tax/Parcel ID:      | 12501318 (Portion)                   |
| Acres(Usable/Gross):      | 1.15/1.15                            |
| Land-SF(Usable/Gross):    | 50,094/50,094                        |
| Usable/Gross Ratio:       | 1.00                                 |
| No. of Units (Potential): | 1520                                 |
| Year Built:               | 1974                                 |
| Construction Quality:     | Good                                 |
| Improvements Cond.:       | Good                                 |
| Exterior Walls:           | Concrete Precast                     |
| Multi-Tenant/Condo.:      | Yes/No                               |
| Total Parking Spaces:     | 1520                                 |
| Park. Structure Space:    | 1520                                 |
| Parking Ratio(/Unit):     | 1.00                                 |
| Shape:                    | Rectangular                          |
| Topography:               | Level                                |
| Corner Lot:               | Yes                                  |
| Frontage Desc.:           | E 4th St., S. College St, E. 3rd St. |
| Traffic Flow:             | High                                 |
| Density-Unit/Gross Acre:  | 1,321.74                             |
| Density-Unit/Usable Acre: | 1,321.74                             |
| Zoning Code:              | UMUD                                 |
| Zoning Desc.:             | Uptown Mixed Use                     |
| Flood Plain:              | No                                   |
| Utilities:                | Electricity, Water Public, Sewer     |

## Operating Data and Key Indicators

|                         |              |
|-------------------------|--------------|
| Operating Data Type:    | In Place     |
| Effective Gross Income: | \$5,048,783  |
| Operating Expenses:     | \$293,363    |
| Net Operating Income:   | \$ 4,755,420 |
| Expense Ratio:          | 5.81%        |
| Reserves Included:      | No           |
| Management Included:    | No           |
| Cap Rate - Derived:     | 5.59%        |

Improvement and Site Data (Cont'd)

Source of Land Info.: Public Records

Comments

The parking garage was acquired by Cousins Properties to offset their parking at another building they owned that had insufficient parking. Unreserved rates were \$185 per month per space. Rates for reserved stalls is \$245 per month. Parking ratio of 2.7 per 1,000 rentable square feet. LAZ Parking has a lease on the garage that expires in 2022 with a 5 year renewal option.



## Expense Comparables

# Retail Income/Expenses Profile

I & E No. 1

## Location & Property Identification

Property Name: Confidential  
Address: Confidential  
City: Confidential  
State: Indiana  
Expense Region: Midwest  
Property Type: Retail  
Property Subtype: Parking Facility, Garage  
Property Class: B  
IRR Event ID: 3267170

**Confidential Photo**

## Income Expense Information

Gross Leasable Area(SF): 76,293  
No. Of Units: 262  
Year Built: 2008  
Effective Age: 16  
Prevailing Lease Type: Gross  
Period Ending: 6/30/2024  
Operating Data Type: Pro-forma Owner  
Payroll in Repairs/Maint: No

| Amount | \$/SF(Rent. Area) | \$/Unit | % Of EGI |
|--------|-------------------|---------|----------|
|--------|-------------------|---------|----------|

## Income Analysis

|                           |                     |               |                   |                |
|---------------------------|---------------------|---------------|-------------------|----------------|
| Other Income:             | \$434,366.00        | \$5.69        | \$1,658.00        | 100.00%        |
| <b>Eff. Gross Income:</b> | <b>\$434,366.00</b> | <b>\$5.69</b> | <b>\$1,658.00</b> | <b>100.00%</b> |

## Expenses Analysis

|                                 |                     |               |                   |               |
|---------------------------------|---------------------|---------------|-------------------|---------------|
| Real Estate Taxes:              | \$53,700.00         | \$0.70        | \$205.00          | 12.36%        |
| Insurance:                      | \$10,158.00         | \$0.13        | \$39.00           | 2.33%         |
| General/Administrative:         | \$56,074.00         | \$0.73        | \$214.00          | 12.90%        |
| Management:                     | \$36,632.00         | \$0.48        | \$140.00          | 8.43%         |
| Tot. Operating Expenses:        | \$156,564.00        | \$2.05        | \$598.00          | 36.04%        |
| <b>Avl. Net Operating Inc.:</b> | <b>\$277,802.00</b> | <b>\$3.64</b> | <b>\$1,060.00</b> | <b>63.95%</b> |
| <b>Net Operating Income:</b>    | <b>\$277,802.00</b> | <b>\$3.64</b> | <b>\$1,060.00</b> | <b>63.95%</b> |

## Comments

262-space parking garage with two levels plus rooftop parking. Facility was constructed in 2008.

**Confidential**



# Retail Income/Expenses Profile

I & E No. 2

## Location & Property Identification

Property Name: Parking Deck  
Address: 410 S. Mint St.  
City: Charlotte  
State: North Carolina  
  
Property Type: Retail  
Property Subtype: Parking Facility, Garage  
  
IRR Event ID: 3010361



## Income Expense Information

Gross Leasable Area(SF): 824,000  
No. Of Units: 2,175  
Effective Age: 28  
Period Ending: 12/31/2023  
Operating Data Type: Pro-forma Owner  
Payroll in Repairs/Maint: No

| Amount | \$/SF(Rent. Area) | \$/Unit | % Of EGI |
|--------|-------------------|---------|----------|
|--------|-------------------|---------|----------|

## Income Analysis

|                           |                       |               |                 |                |
|---------------------------|-----------------------|---------------|-----------------|----------------|
| Other Income:             | \$2,019,785.00        | \$2.45        | \$929.00        | 100.00%        |
| <b>Eff. Gross Income:</b> | <b>\$2,019,785.00</b> | <b>\$2.45</b> | <b>\$929.00</b> | <b>100.00%</b> |

## Expenses Analysis

|                                 |                     |               |                |              |
|---------------------------------|---------------------|---------------|----------------|--------------|
| Real Estate Taxes:              | \$544,411.82        | \$0.66        | \$250.00       | 26.95%       |
| Insurance:                      | \$72,649.00         | \$0.09        | \$33.00        | 3.59%        |
| Common Area Maint.:             | \$1,013,731.00      | \$1.23        | \$466.00       | 50.19%       |
| General/Administrative:         | \$28,589.00         | \$0.03        | \$13.00        | 1.41%        |
| Management:                     | \$198,000.00        | \$0.24        | \$91.00        | 9.80%        |
| Tot. Operating Expenses:        | \$1,857,380.82      | \$2.25        | \$854.00       | 91.95%       |
| <b>Avl. Net Operating Inc.:</b> | <b>\$162,404.18</b> | <b>\$0.20</b> | <b>\$75.00</b> | <b>8.04%</b> |
| <b>Net Operating Income:</b>    | <b>\$162,404.18</b> | <b>\$0.20</b> | <b>\$75.00</b> | <b>8.04%</b> |

# Retail Income/Expenses Profile

I & E No. 3

## Location & Property Identification

Property Name: 14th & Cary Parking Garage  
Address: 1410 E. Cary St.  
City: Richmond  
State: Virginia  
Expense Region: Southeast  
Property Type: Retail  
Property Subtype: Parking Facility, Garage  
IRR Event ID: 3178676



## Income Expense Information

Gross Leasable Area(SF): 263,520  
No. Of Units: 890  
Year Built: 1984  
Effective Age: 38  
Prevailing Lease Type: Full Service  
Period Ending: 12/31/2022  
Operating Data Type: In Place  
Payroll in Repairs/Maint: No

| Amount | \$/SF(Rent. Area) | \$/Unit | % Of EGI |
|--------|-------------------|---------|----------|
|--------|-------------------|---------|----------|

## Income Analysis

|                           |                     |               |                 |                |
|---------------------------|---------------------|---------------|-----------------|----------------|
| Base Rent:                | \$653,909.00        | \$2.48        | \$735.00        | 100.00%        |
| <b>Eff. Gross Income:</b> | <b>\$653,909.00</b> | <b>\$2.48</b> | <b>\$735.00</b> | <b>100.00%</b> |

## Expenses Analysis

|                                 |                     |               |                 |               |
|---------------------------------|---------------------|---------------|-----------------|---------------|
| Real Estate Taxes:              | \$98,025.00         | \$0.37        | \$110.00        | 14.99%        |
| Insurance:                      | \$6,120.00          | \$0.02        | \$7.00          | 0.93%         |
| General/Administrative:         | \$183,870.00        | \$0.70        | \$207.00        | 28.11%        |
| Management:                     | \$84,000.00         | \$0.32        | \$94.00         | 12.84%        |
| Tot. Operating Expenses:        | \$372,015.00        | \$1.41        | \$418.00        | 56.89%        |
| <b>Avl. Net Operating Inc.:</b> | <b>\$281,894.00</b> | <b>\$1.07</b> | <b>\$317.00</b> | <b>43.10%</b> |
| <b>Net Operating Income:</b>    | <b>\$281,894.00</b> | <b>\$1.07</b> | <b>\$317.00</b> | <b>43.10%</b> |



## **Addendum E**

### **Engagement Letter**



---

## LETTER OF ENGAGEMENT - COMMERCIAL APPRAISAL

Client hereby engages Appraiser to complete an appraisal assignment as follows:

**DATE OF AGREEMENT:** 10/23/2024

**PARTIES TO AGREEMENT:**

**CLIENT**

**Client Name** Helen Liang-Gee  
**Client Company** Old Second National Bank - IL  
**Relationship Manager**  
**Address** 3010 Highland Parkway, Suite 700  
**City** Downers Grove  
**State** IL  
**Zip** 60515

**APPRAISER:**

**Appraiser Name** Gail Lissner  
**Appraiser Company** Integra Realty Resources - Chicago  
**Address** 1 N Franklin St, Suite 3010  
**City** Chicago  
**State** IL  
**Zip** 60606  
**Phone** 312-565-3423  
**Email** glissner@irr.com

**SUBJECT PROPERTY:**

**Borrower Name** SCI Charlotte Holdings LLC  
**Co-Borrower Name**  
**Co-Borrower Email**  
**Property Address** 200 N College  
**Property City** Charlotte  
**Property State** NC  
**Property Zip Code** 28202  
**Property Type** Special Purpose  
**APN** 08001409D (to be subdivided)  
**Loan Type**  
**Loan Number** TBD  
**Property Description** The property is a seven-story, 810 stall parking garage that services the adjacent office building and hotel. The Double Tree Hotel leases 150 spaces at market rates. The parcel, 08001409D, is being subdivided and we are appraising just the parking garage As Is value after subdivision. It is under a purchase contract.

**ASSIGNMENT INFORMATION:**

**Delivery Date** 11/08/2024  
**Delivery Method** EDR's Collateral360 via [www.parcelplatform.com](http://www.parcelplatform.com)  
**Payment to Appraiser** 4950.00 USD

**SCOPE OF SERVICES:**

**Intended Use** Purchase  
**Intended Users** Old Second National Bank  
**Inspection Requirements** An interior and exterior inspection of the subject property in sufficient detail to understand the physical features of the property.  
**Approaches to Value** Sales & Income Approach  
**Report Format** Narrative  
**Report Type** Appraisal Report  
**Comments**

**CONTACT FOR PROPERTY ACCESS, IF APPLICABLE:**

**Name** Kevin Dahm  
**Phone** 414-526-0294  
**Email** kevin.dahm@parkingadv.com  
**Name 2**  
**Phone 2**  
**Email 2**

**SBA INVOLVEMENT:**

**Is the SBA involved?** No

**SBA type**

**Is SBA Post-Completion**

**Inspection Required?**

**Is this Secondary**

**Collateral (SBA)?**

**What is the reliance** \$  
**amount?**

**SBA CDC Name**

**CDC Contact First Name**

**CDC Contact Last Name**

**Address**

**City**

**State**

**Zip**

## Valuation Scenario

| Valuation Scenario |                |                   |
|--------------------|----------------|-------------------|
| Valuation interest | Valuation type | Valuation premise |
| Leased fee         | Market value   | As is             |

## APPRAISAL REPORT CONTENTS

The appraisal reports prepared for Old Second National Bank shall be prepared with the following minimum guidelines:

**Other Consultants:** If Appraiser requires the use of third party consultants, those individuals shall be satisfactory to the Bank.

**Prior Services:** Appraiser shall certify performance or lack thereof of any valuation services for the subject with in the past three (3) years. The nature of such services and client shall be disclosed.

**Defined Value:** The value to be estimated is Market Value. Thus, Appraisal should use the definition of market value as it appears in CFR 232.2. Definitions of other types of values must be approved by an officer of this institution prior to acceptance of such within the body of the appraisal report. No alternative definitions are acceptable to this institution.

**Exposure/Marketing Time and Most Likely Buyer:** Appraisal shall include an estimate of the exposure and marketing time and identify the most likely buyer.

**Ownership History:** Appraisal shall describe (parties and amount) any ownership transfers within the past three years and/or the most recent transfer if more than three years ago.

**Appraiser Interest:** The certification shall state that Appraiser has no direct or indirect interest in the property or transaction and/or bias with respect to the parties involved.

**Inspection Certification:** The certification shall state that Appraiser has personally inspected the Subject as well as the land, improved comparable sales. Reviewers need not have visited the property, but they are guaranteeing the accuracy of the preparer's statements. At a minimum, photographs of the sales are to be included. If a

photograph is not available, not applicable, or if the photograph is not original (ie taken from an outside source such as CoStar, MLC, Assessor, etc.), this must be noted.

Signature Requirements: All contributing appraisers shall sign the transmittal letter and certification. In addition to license information, signature blocks shall include phone numbers and e-mail addresses.

Approaches to Value: Unless specifically excluded in the RFP scope, Appraiser shall consider the Cost, Sales Comparison, and Income Approaches to value. An approach may be omitted if in Appraiser's judgment, it is not relevant and the reasons for such omission are clearly and reasonably set forth.

Comparison Grids: Include Comparison Grids in both SCA and ICA (Narrative and 71B reports).

Cap Rates: When available, include a table of Local Cap Rates.

Leased Fee and Fee Simple Interest: For income property, when estimating a Leased Fee Interest, if it is determined that positive or negative leasehold exists, a Fee Simple Value will also be required. Conversely, when estimating a Fee Simple interest for income property, please include an analysis comparing market rent to contractual rent and note any significant differences.

Personal Property / Going Concern Value / Non-Realty Items: If applicable, the value attributable to any personal property, trade fixtures, or non-realty items shall be separately estimated and segregated from the market value of the real property interest.

Insufficiency of Market Data: Appraiser may incorporate additional data and analyses within the report to the extent there are limited recent, comparable transactions available to Appraiser to establish a current value for the subject property or support necessary adjustments between the subject and comparable property. Such additional analyses or data shall be adequately described as to method, purpose, and conclusions.

Remaining Economic Life: Appraiser shall render an opinion of the remaining economic life for all improvements. If an insurance value is needed, this will be specified in the scope of work.

Historical Economic Performance: If applicable and to the extent available, the Appraisal shall include current rent rolls and a minimum of two years of actual income and expense history for the subject property. The appraisal shall also include comparable expense data from reliable industry sources and/or specific expense data from comparable properties as deemed comparable by the appraiser.

Engagement Letter: Appraisal Report must include a copy of the engagement letter. Appraisal report must include a copy of the Engagement Letter. The report must be signed by a Certified or Licensed Appraiser in the Appraisal Firm to whom the Engagement Letter is addressed.

Communication: All communication between Appraiser and Bank shall be conducted through the Appraisal Department and those specifically designated in the engagement letter.

License Information: Appraisal shall include a copy of the current license for all appraisers that have contributed to the report. Appraisal shall include a certification made by all contributing Appraisers that their licenses are in good standing and they have not been reprimanded or sanctioned by the licensing or regulatory authorities and are not currently involved in any process that may result in sanctions or reprimands.

Improvements located in a Flood Zone: For properties with improvements determined to be located in a Special Flood Hazard Area either by investigation conducted by the Bank or the appraiser, the Actual Cash Value of the improvements must be included in the report. Actual cash value is defined as replacement cost less depreciation.

## **Applicable Requirements Other than the Uniform Standards of Professional Appraisal Practice (USPAP)**

No additional applicable requirements other than the Uniform Standards of Professional Appraisal Practice (USPAP) and Financial Institution's Reform, Recovery and Enforcement Act of 1989 (FIRREA) under the general auspices of the Federal Deposit Insurance Corporation Improvement Act (FDICIA) are required as part of this engagement.

### **Disclosure of Competency**

Appraisal shall include an affirmative statement that the Appraiser is competent to complete this report in accordance with the competency provision in USPAP. In the absence of an affirmative statement, the Appraiser must disclose any lack of knowledge and/or experience for this assignment and any necessary steps taken to comply with the competency provision in USPAP.

### **Appraisal Independence**

The certification required by USPAP shall include additional statements that the Appraiser has acted in an independent capacity, and the appraisal engagement or compensation is not based on a requested minimum valuation, a specific valuation, or loan approval.

Appraiser's opinion of value will be developed competently and with independence, impartiality and objectivity.

## **Additional Terms and Conditions**

### **SERVICE LEVEL REQUIREMENTS**

#### **Appraiser Service Requirements/Appraisal Delivery Dates**

All reports must be completed by a State Certified Appraiser. Appraisers and/or Appraisal firms must be on Old Second National Bank's approved appraiser list. Appraiser who are not on the Bank's approved appraiser list may be granted an exception when they are located outside the Bank's market area.

All reports must comply with the Uniform Standards of Professional Appraisal Practice and any state requirements.

Accept or decline the appraisal order within 1 business day.

Set inspection date within 24 hours of acceptance.

Appraiser shall notify the Bank within 4 business days from the Acceptance Date if any applicable or pertinent information required for the assignment is not available. Appraiser's notice shall be made by sending a "Note" through PARCEL.

**Unless otherwise agreed to and an extension of the of the due date is granted, Old Second National Bank reserves the right to assess late fees at the rate of 5% of the fee per day in the event the appraiser fails to meet the Delivery/Performance dates listed above.**

The Bank may have the Appraisal reviewed by its staff or may send a copy of the Appraisal to a third party for review.

Appraiser agrees to respond timely to any review questions or comments to the Bank's designated reviewers.

Appraiser shall respond to Banks review questions and conditions within one (1) business days of receiving them.

Any subsequent drafts of the appraisal issued prior the final edition shall have the Draft# updated in the file name.

The completed appraisal should be submitted through PARCEL in PDF format.

### **Appraisal Payment Policy**

Old Second National Bank will only be financially responsible for appraisal assignments it directly engaged.

### **Privacy Compliance**

Appraisers are required to comply with the privacy regulations and information guidelines issued pursuant to Title V of the Gramm, Leach, Bliley Act. By accepting this appraisal order you agree that the confidential information contained in this order is for the expressed purpose of completing the requested appraisal assignment and subsequent disclosure or distribution of the confidential information in this order and in the appraisal is strictly prohibited.

The completed appraisal is property of the client and in no way are you authorized to complete a new assignment or update this assignment for another client without written authorization from the above mentioned client.

If you need assistance please contact Appraisal Orders by sending a note through PARCEL.

### **PROPOSED IMPROVEMENTS**

If the property appraised consists of proposed improvements, Client shall provide to Appraiser plans, specifications, or other documentation sufficient to identify the extent and character of the proposed improvements.

### **PROPERTIES UNDER CONTRACT FOR SALE**

If the property appraised is currently under contract for sale, Client shall provide to Appraiser a copy of said contract including all addenda.

### **CONFIDENTIALITY**

Appraiser shall not provide a copy of the written Appraisal Report to, or disclose the results of the appraisal prepared in accordance with this Agreement with, any party other than Client, unless Client authorizes in writing, except as stipulated in the Confidentiality Section of the ETHICS RULE of the Uniform Standards of Professional Appraisal Practice (USPAP).

**CHANGES TO AGREEMENT**

Any changes to the assignment as outlined in this Agreement shall necessitate a new Agreement. The identity of the client, intended users, or intended use; the date of value; type of value; or property appraised cannot be changed without a new Agreement.

**CANCELLATION**

Client may cancel this Agreement at any time prior to the Appraiser's delivery of the Appraisal Report upon written notification to the Appraiser. Client shall pay Appraiser for work completed on assignment prior to Appraiser's receipt of written cancellation notice, unless otherwise agreed upon by Appraiser and Client in writing.

**NO THIRD PARTY BENEFICIARIES**

Nothing in this Agreement shall create a contractual relationship between the Appraiser or the Client and any third party, or any cause of action in favor of any third party. This Agreement shall not be construed to render any person or entity a third party beneficiary of this agreement, including, but not limited to, any third parties identified herein.

**USE OF EMPLOYEES OR INDEPENDENT CONTRACTORS**

Appraiser may use employees or independent contractors at Appraiser's discretion to complete the assignment, unless otherwise agreed by the parties. Notwithstanding, Appraiser shall sign the written Appraisal Report and take full responsibility for the services provided as a result of this Agreement.

**TESTIMONY AT COURT OR OTHER PROCEEDINGS**

Unless otherwise stated in this Agreement, Client agrees that Appraiser's assignment pursuant to this Agreement shall not include the Appraiser's participation in or preparation for, whether voluntarily or pursuant to subpoena, any oral or written discovery, sworn testimony in a judicial, arbitration or administrative proceeding, or attendance at any judicial, arbitration, or administrative proceeding relating to this assignment.

**EXPIRATION OF AGREEMENT**

This Agreement is valid only if signed by both Appraiser and Client within 3 days of the Date of Agreement specified.

**GOVERNING LAW & JURISDICTION**

The interpretation and enforcement of this Agreement shall be governed by the laws of the state in which the Appraiser's principal place of business is located, exclusive of any choice of law rules.

Please deliver the final report and invoice in PDF format to Old Second National Bank via PARCEL. A hard copy of the final report is not required and should not be mailed to the Bank.

Send a note through PARCEL if completion of this assignment is delayed for any reason, or if you encounter unusual problems in obtaining necessary information.

Upon electronic acceptance of the assignment and your understanding of our requirements, you agree to complete the requested report in accordance with these terms and conditions.

Thank you for your prompt attention to this matter.

**By Client:**

*Helen Liang-Gee*

\_\_\_\_\_  
Helen Liang-Gee

**By Appraiser:**

*Gail Houser*

\_\_\_\_\_