

**ARCHSTONE
GROUP**



NEPA SELF STORAGE

537 Stock Farm Rd

Lake, Pennsylvania 18436

PREPARED FOR

Patrick Vertucci
Spectra Lending

PREPARED BY

Canyon Data with Archstone Group
1629 K Street NW, Suite 300
Washington, DC 20006

File No: CD-23-0151



**CANYON DATA WITH
ARCHSTONE GROUP**

1629 K Street NW, Suite 300
Washington, DC 20006
+1 (202) 600-7696

October 6, 2023

Patrick Vertucci
Spectra Lending

RE: Evaluation
Nepa Self Storage
537 Stock Farm Rd
Lake, Pennsylvania 18436

Canyon Data with Archstone Group File No: CD-23-0151

Mr. Vertucci:

In accordance with your request, we have prepared a Evaluation to estimate the As-Is Market Value (Leased Fee Interest), Prospective Market Value Upon Completion (Leased Fee Interest), and Prospective Market Value Upon Stabilization (Leased Fee Interest) in the subject property. The intended use of this appraisal is to assist the client in making internal business decisions related to this asset. Spectra Lending is the only intended user of this report. Since this is a Restricted Evaluation Report, it is intended to comply with the reporting requirements set forth under the client's requirements. Furthermore, in order to meet the requirements for an Evaluation according to the Interagency Evaluation and Evaluation Guidelines, this report has been supplemented with additional information about the subject property and its market, as well as the data, reasoning, and analyses that were used in the valuation process. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in the report. As such, it presents limited discussions concerning the data, reasoning, and analyses that were used in the Evaluation process to develop the Professional's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the Professional's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. Please reference the attached report for important information regarding the scope of work and analysis for this Evaluation, including property identification, inspection, the highest and best use analysis and valuation methodology. The Professional is not responsible for unauthorized use of this report.



The following table conveys the final opinions of value that are developed in this Evaluation:

MARKET VALUE CONCLUSION				
VALUATION SCENARIO	INTEREST APPRAISED	EXPOSURE TIME	EFFECTIVE DATE	VALUE
As-Is Market Value	Leased Fee Interest	6 Months	October 5, 2023	\$590,000
Prospective Market Value Upon Completion	Leased Fee Interest	6 Months	February 1, 2024	\$1,010,000
Prospective Market Value Upon Stabilization	Leased Fee Interest	6 Months	December 1, 2024	\$1,040,000

The exposure time preceding October 5, 2023 would have been six months or less and the estimated marketing period as of October 5, 2023 is six months or less.

EXTRAORDINARY ASSUMPTIONS

The use of an extraordinary assumption(s) may have impacted the results of the assignment. The sizes and finishes in the provided plans are an accurate representation of the improvements at completion. The construction budget and development timeline provided by the developer are accurate. The GBA and NRA estimates are accurate. The rent roll provided is an accurate representation of the actual lease terms.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

If there are any specific questions or concerns regarding the attached Evaluation report, or if Canyon Data with Archstone Group can be of additional assistance, please contact the individuals listed below.

Respectfully submitted,

CANYON DATA WITH ARCHSTONE GROUP

R. Ashton Rowles, MAI

Director

+1 (720) 998-7319

ashton.rowles@archstone.group

ashton@canyondata.tech

▶ TABLE OF CONTENTS

INTRODUCTION

Executive Summary _____	1
Identification of Evaluation Assignment _____	3
Scope of Work _____	6
Site Description _____	9
Improvement Description _____	12

EVALUATION METHODOLOGY

Sales Comparison Approach _____	16
Income Capitalization Approach _____	19
Reconciliation of Value Conclusions _____	26

ADDENDA

General Assumptions & Limiting Conditions	
Certification	
General Definitions	
Qualifications of Professional	
Qualifications of Company	
Aerial of the Subject Property	
Supporting Documents	

▶ EXECUTIVE SUMMARY

PROPERTY IDENTIFICATION

Name	Nepa Self Storage
Property	Self-Storage -
Address	537 Stock Farm Rd
City, State Zip	Lake, Pennsylvania 18436
County	Wayne County
MSA	Scranton
Market / Submarket	Scranton / Wayne County
Geocode	41.474459,-75.341047
Census Tract	42-127-961001

SITE DESCRIPTION

Number of Parcels	1		
Assessor Parcel Number	12-0-0073-0009		
Land Area	Square Feet	Acres	
Usable	187,308	4.30	
Total	187,308	4.30	
Zoning	None (N/A)		
Shape	Irregular		
Topography	Level at street grade		
Flood Zone	Zone X (Shaded)		

The exposure time preceding October 5, 2023 would have been six months or less and the estimated marketing period as of October 5, 2023 is six months or less.

HIGHEST & BEST USE

Proposed Construction	No
As Though Vacant	Commercial development
As Improved	Self storage

RECONCILIATION OF VALUES

VALUATION SCENARIOS	AS-IS MARKET VALUE		PROSPECTIVE MARKET	PROSPECTIVE MARKET
	Leased Fee Interest	Leased Fee Interest	VALUE UPON COMPLETION	VALUE UPON STABILIZATION
Date	October 5, 2023	October 5, 2023	February 1, 2024	December 1, 2024
SALES COMPARISON APPROACH				
Indicated Value	\$590,000		\$970,000	\$1,000,000
\$/SF NRA	\$59		\$97	\$100
DIRECT CAPITALIZATION				
NOI	-		-	\$88,646
NOI \$/SF NRA	-		-	\$8.86
Capitalization Rate (OAR)	-		-	8.50%
Indicated Value	\$630,000		\$1,010,000	\$1,040,000
\$/SF NRA	\$63		\$101	\$104
FINAL VALUE CONCLUSION				
FINAL VALUE CONCLUSION	\$590,000		\$1,010,000	\$1,040,000
\$/SF NRA	\$59		\$101	\$104

EXTRAORDINARY ASSUMPTIONS

The use of an extraordinary assumption(s) may have impacted the results of the assignment. The sizes and finishes in the provided plans are an accurate representation of the improvements at completion. The construction budget and development timeline provided by the developer are accurate. The GBA and NRA estimates are accurate. The rent roll provided is an accurate representation of the actual lease terms.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

► IDENTIFICATION OF APPRAISAL ASSIGNMENT

PROPERTY IDENTIFICATION

The subject property, located at 537 Stock Farm Rd, Lake Ariel, PA, is a Class C self-storage property with improvements located in the Wayne County submarket. The subject has an existing self storage facility with 5,000 SF and 32 units of existing drive-up units in two buildings, and a proposed 2023-2024 addition of 5,000 SF and an additional 32 units. The subject will have 64 units in 10,000 SF of Net Rentable Area upon completion. The subject also has 10 outdoor parking spaces and 1 Antenna. The subject is currently 78% physically occupied and 54% economically occupied. The assessor parcel Number is: 12-0-0073-0009.

LEGAL DESCRIPTION

CITY/MUNI/TWP:LAKE MAP REF:M-0066/0031

CLIENT/INTENDED USE/USERS

The client of this specific assignment is Spectra Lending. The intended use of this appraisal is to assist the client in making internal business decisions related to this asset. Spectra Lending is the only intended user of this report.

PURPOSE

The purpose of this Evaluation is to develop opinions of the As-Is Market Value (Leased Fee Interest), Prospective Market Value Upon Completion (Leased Fee Interest), and Prospective Market Value Upon Stabilization (Leased Fee Interest).

TAXES & ASSESSMENT

ASSESSMENT & TAXES (2023)						
					TAX RATE	1.0454%
ASSESSOR PARCEL #	LAND	IMPROVEMENTS	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
12-0-0073-0009	\$236,800	\$245,400	\$482,200	\$0	\$482,200	\$5,041
Subtotal	\$236,800	\$245,400	\$482,200	\$0	\$482,200	\$5,041
Subtotal \$/NRA	\$23.68	\$24.54	\$48.22	\$0.00	\$48.22	\$0.50
TOTAL BASE TAX \$/NRA / \$ TOTAL					\$0.50	\$5,041

Source: Wayne County Assessment & Taxation

The total assessment for the subject property for the tax year 2023 is \$482,200 or \$48.22 PSF. There are no exemptions in place. The total tax bill for the property is \$5,041 or \$0.50 PSF. According to Wayne County, real estate taxes for the subject property are current as of the date of this report.

DEFINITION OF 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, knowledgeably, and assuming that 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 United States 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.¹

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the leased fee interest interest.

PERSONAL PROPERTY & BUSINESS INTANGIBLE

There is personal property (FF&E) with significant contributory value included in the conclusion reported herein. Further details are provided later in this report. There is not any business or intangible value included in the value conclusion reported herein.

PROPERTY AND SALES HISTORY

Current Owner

Nepa Storage Solutions, LLC

Current Pending Sale/Under Contract

We perceive that the subject’s most recent sale price of \$490,000 (\$49.00 PSF) in March 2021 is a past indication of market value. We are not aware of other sales, listings or pending contracts involving the subject within the past three years. This is based on public records.

EXPOSURE & MARKETING TIME

EXPOSURE & MARKETING TIME				
SOURCE		YEAR/QUARTER	MONTHS RANGE	AVERAGE
National Self Storage	PwC			
Current Quarter		2023 Q1	1.0 to 9.0	3.5
Last Quarter		2022 Q4	- to -	-
Four Quarters Ago		2022 Q1	1.0 to 6.0	3.0
OVERALL AVERAGE				3.5
Exposure Period Conclusion				Six Months or Less
Marketing Time Conclusion				Six Months or Less
Most Probable Buyer				Owner-User

¹ Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C -Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.

Exposure Time Conclusion

Considering these factors, a reasonable estimate of exposure time for the subject As-Is Market Value (Leased Fee Interest), Prospective Market Value Upon Completion (Leased Fee Interest), and Prospective Market Value Upon Stabilization (Leased Fee Interest) is six months or less.

Marketing Time Conclusion

A marketing time of six months or less is predicted for the subject.

SUBJECT PROPERTY INSPECTION

In line with this scope of work, only a desktop inspection has been performed. No in-person inspection was conducted.

▶ SCOPE OF WORK

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

- ▶ The client and intended users
- ▶ The intended use of the report
- ▶ The type and definition of value
- ▶ The effective date of value
- ▶ Assignment conditions
- ▶ Typical client expectations
- ▶ Typical Evaluation work by peers for similar assignments

The client of this specific assignment is Spectra Lending. The intended use of this appraisal is to assist the client in making internal business decisions related to this asset. Spectra Lending is the only intended user of this report.

The scope of work for this assignment was based on the needs and prior communications with the Client. The purpose of this assignment—which was prepared as an Evaluation to form an opinion of the As-Is Market Value (Leased Fee Interest), Prospective Market Value Upon Completion (Leased Fee Interest), and Prospective Market Value Upon Stabilization (Leased Fee Interest) for the subject property, as of the most recent date of inspection (October 5, 2023). This report has been supplemented with additional information about the subject property and its market, as well as the data, reasoning, and analyses that were used in the valuation process. Specifically, the scope of work and report content herein is commensurate with the relative risk that is associated with this particular transaction as determined by the Client, Spectra Lending

We have conducted primary research and—wherever possible—we have verified and/or re-verified applicable tax data, zoning requirements, flood zone status, demographics, and comparable listing, sale and rental information which was gathered via: a) public records, b) comments from local brokers and market participants, c) third party data such as CoStar, Reis, LoopNet, Real Quest, etc., d) other sources such as related or previous Evaluation projects; and e) observations of the micro and/or macro market environments with respect to physical and economic factors relevant to the valuation process. Then we analyzed, correlated and reconciled the results with the use of appropriate and accepted Evaluation methodology to arrive at a reasonable and defensible value conclusion via the Sales Comparison and Income (Direct Capitalization) Approaches to value.

The Evaluation analyzes the regional and local area profiles including employment, population, household income and real estate trends. The local area was inspected to consider external influences on the subject.

The Evaluation analyzes legal and physical features of the subject including site size, improvement size, flood zone, seismic zone, site zoning, easements, encumbrances, site access and site exposure.

The Evaluation includes a market analysis for the Scranton market and Wayne County submarket using vacancy, absorption, supply and rent data. Conclusions were drawn for the subject's competitive position given its physical and locational features, current market conditions and external influences.

We have estimated a reasonable exposure time and marketing time associated with the value estimate presented.

The Evaluation includes a Highest and Best Use analysis and conclusions have been completed for the highest and best use of the subject property As Though Vacant and As Improved. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject site and existing improvements.

We verified the accuracy of the rent roll against leases or made adjustments where required except where otherwise noted as well as verified the accuracy of any Argus or cash flow input against the leases (if provided) as we have read or reviewed all of the leases provided to substantiate the quantity and durability of the gross revenue stream.

We completed an analysis of the subject's existing and/or pro forma economic operating characteristics.

We have not provided prior professional services regarding the subject property, in the capacity as Professionals or otherwise, within a three-year period immediately preceding the date of acceptance of this assignment.

We did not observe the interior and exterior of the subject's improvements and the surrounding land area. We did not attempt to detect any physical issues with the site area that would not be readily observable without removal of fixtures or fixed elements or any foliage at the site. As well, we did not attempt to detect any environmental hazards at the subject that were not readily observable during our on-site visitation, nor did we conduct any off-site research into potential environmental hazards which might impact the subject. Finally, no research into pending legal proceedings (such as planned condemnation for public-right-of-way, etc.) was undertaken.

Unless otherwise noted in this Evaluation, area measurements were taken from the information made available to us that was provided from the Client and site surveys or other sources. These figures have been cross-checked to the extent possible with public records. However, in no event—unless otherwise noted in this report—have we conducted measurements of the specific areas (these figures are taken solely from the information provided by the Client, site surveys or other sources).

The author of this report is aware of the Competency Rule of USPAP and meets the standards.

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

INFORMATION PROVIDED	
Property Assessment & Tax	Wayne County Assessor
Zoning & Land Use Planning	Wayne County Zoning
Site Size	Wayne County Assessor
Building Size	Wayne County Assessor
Supply & Demand	Client
Flood Map	FEMA
Demographics	STDB On-Line
Comparable Information	MLS Public Records Confirmed by Local Agents
Rent Roll	Client
Operating Statements	Client
Purchase & Sale Document	Client
Construction Costs/Budget	Client
Income/Expense Statements	Client

The lack of the unavailable items could affect the results of this analysis. As part of the general assumptions and limiting conditions, the subject is assumed to have no adverse easements, significant items of deferred maintenance, or be impacted by adverse environmental conditions.

▶ SITE DESCRIPTION

The following summaries the salient characteristics of the subject site, parking and zoning:

Address	537 Stock Farm Rd, Lake, Pennsylvania.	
Location	The subject property is located along the east side of Stock Farm Rd at its intersection with New Hope Drive.	
Census Tract	42-127-961001	
Number of Parcels	1	
Assessor Parcel	12-0-0073-0009	
Land Area	Square Feet	Acres
Economic Unit (Primary) Site Size	187,308	4.30
Usable Site Size	187,308	4.30
Total Land Area	187,308	4.30
Excess/Surplus Land	No	
Corner	No	
Permitted Building Height		
Floor Area Ratio (FAR)	Not Available	
Site Topography	Level At street grade	
Site Shape	Irregular	
Site Grade	At street grade	
Site Quality	Average	
Site Access	Average	
Site Exposure	Average	
Site Utility	Average	
Utilities	Electric	
Comments	12-0-0073-0009 - ;	

Adjacent Properties

North	Residential
South	Residential
East	Forest
West	Residential

Accessibility Access to the subject site is considered average overall.

STREET & TRAFFIC DETAIL

	Type	Direction	Lanes	Lights	Curbs	Sidewalks	Signals	Median	Parking	Center Lane	Bike Lane
Street Improvements Stock Farm Rd	Minor arterial	Two-Way	2	x	x						

Frontage

Stock Farm Rd 360 Feet

Exposure & Visibility

Exposure of the subject is average balancing the frontage on Stock Farm Rd, the primary local arterial, with the obscured visibility to southbound traffic from the newer building constructed to the north. This building was constructed up against the front property line obscuring visibility of the subject to some degree.

Flood Plain

Zone X (Shaded). This is referenced by Panel Number 42127C0377D, dated May 16, 2013. Zone X (shaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local storm water drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25% of all flood claims filed are for structures located within these zones. Moderate risk areas within the 0.2% annual chance floodplain, areas of 1% annual chance flooding where average depths are less than 1 foot, areas of 1% annual chance flooding where the contributing drainage area is less than 1 square mile, and areas protected from the 1% annual chance flood by a levee. No BFEs or base flood depths are shown within these zones. (Zone X (shaded) is used on new and revised maps in place of Zone B.)

Easements

A preliminary title report was not available for review. During the property inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there are no adverse easements present. If questions arise, further research is advised.

Soils

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

Hazardous Waste

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

Site Rating Overall, the subject site is considered average as a self-storage site in terms of its location, exposure and access to employment, education and shopping centers, based on its location along a minor arterial.

Zoning

The subject is located in the None (N/A) zoning area which is N/A.

ZONING	
Designation	None (N/A)
Zoning Authority	Wayne County

Source: Wayne County Planning & Zoning Department

Parking Requirements

Parking varies by use but is stated as minimum of one space per unit. The subject provides 10 parking spaces and is therefore conforming to zoning requirements. The parking ratio of 1.0 per unit is within the typical range of spaces per unit and within zoning requirements

Site Conclusion

In conclusion, the site’s physical characteristics appear to be supportive of the subject’s current use and there were no significant detriments discovered that would inhibit development in accordance with its highest and best use.

▶ IMPROVEMENT DESCRIPTION

The following summaries the salient characteristics of the subject improvements.

Overview The subject property, located at 537 Stock Farm Rd, Lake Ariel, PA, is a Class C self-storage property with improvements located in the Wayne County submarket. The subject has an existing self storage facility with 5,000 SF and 32 units of existing drive-up units in two buildings, and a proposed 2023-2024 addition of 5,000 SF and an additional 32 units. The subject will have 64 units in 10,000 SF of Net Rentable Area upon completion. The subject also has 10 outdoor parking spaces and 1 Antenna. The subject is currently 78% physically occupied and 54% economically occupied.

Property Type	Self-Storage -
Tenancy	Multi-Tenant Occupied By Third Party Tenants - 0 Tenant Spaces
Net Rentable Area (NRA)	10,000
Gross Building Area (GBA)	10,500
Total Buildings	3
Density Per Unit (AC)	14.9
Floors	1
Year Built	2014 - 2024; (2019 weighted)
Age/Life Analysis	
Actual Age	4
Effective Age	5
Economic Life	50
Remaining Useful Life	45
Overall Building Quality	Average
Overall Building Condition	Above Average
Overall Building Appeal	Average
Land to Building Ratio	17.84 : 1
Site Coverage Ratio	5.61% (Based On Total Overall Site Area)
Floor Area Ratio (FAR)	0.06
Total Parking Spaces	10 - Surface - Gravel spaces
Parking Ratio	1.0 / 1,000 SF NRA

Size The Net Rentable Area (NRA) and gross building area (GBA) are taken from public records and confirmed during site inspection.

Foundation Building A - Mat/Raft Foundation (Slab); Building B - Mat/Raft Foundation (Slab); Building(s) Proposed - Mat/Raft Foundation (Slab)

Exterior Walls/Framing Building A - Metal; Building B - Metal; Building(s) Proposed - Metal

Roof Building A - Material: Metal; Building B - Material: Metal; Building(s) Proposed - Material: Metal

Elevator	Building A - None; Building B - None; Building(s) Proposed - None
Heating & AC (HVAC)	Building A - Nonen; Building B - Nonen; Building(s) Proposed - Nonen
Insulation	Building A - None; Building B - None; Building(s) Proposed - None
Lighting	Building A - Exterior; Building B - Exterior; Building(s) Proposed - Exterior
Electrical	Building A - Master meter; Building B - Master meter; Building(s) Proposed - Master meter
Interior Walls	Building A - 190; Building B - 190; Building(s) Proposed - 190
Doors and Windows	Building A - None; Building B - None; Building(s) Proposed - None
Ceilings	Building A - Exposed; Building B - Exposed; Building(s) Proposed - Exposed
Plumbing	Building A - None; Building B - None; Building(s) Proposed - None
Floor Covering	Building A - Concrete/Cement; Building B - Concrete/Cement; Building(s) Proposed - Concrete/Cement
Fire Protection	Building A - None; Building B - None; Building(s) Proposed - None
Project Amenities	24-Hour Access, Daily Access, Drive-up Accessible, Vehicle Storage
Unit Amenities	None
Laundry	None
Security Features	Exterior Lighting, Perimeter Fence, Secured Entry
Interior Unit Finish	Metal
Interior Finish/Build-Out	Building A - Exposed; Building B - Exposed; Building(s) Proposed - Exposed
Site Improvements	Building A - Fencing; Building B - Fencing; Building(s) Proposed - Fencing
Landscaping	Subject_Landscaping
Signage	There is a monument style sign along Stock Farm Rd.
Parking	Parking varies by use but is stated as one space per 1,000 SF. The subject provides 10 surface - gravel parking spaces, or 1.0 spaces per 1,000 SF of NRA, which is within market standards (3-5/1,000 SF) for self-storage () property type.
Site Coverage Ratio	5.6% (10,500 SF footprint / 187,308 SF site), which is within market standards (20-35%) for similar buildings in the area.
Deferred Maintenance	Building A - None; Building B - None; Building(s) Proposed - None
Functional Design	The building features a functional design with typical site coverage and adequate off-street parking.

ADA Comment

This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section.

Hazardous Materials

A Phase I report was not provided. This Evaluation assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) unseen asbestos and mold. Please refer to the Assumptions and Limiting Conditions section regarding this issue.

In traditional valuation theory, the three approaches to estimating the value of an asset are the cost approach, sales comparison approach, and income capitalization approach. Each approach assumes valuation of the property at the property's highest and best use. From the indications of these analyses, an opinion of value is reached based upon expert judgment within the outline of the Evaluation process.

SITE VALUATION

The site value is not a specific scope requirement of this assignment.

COST APPROACH

The Cost Approach is not a specific scope requirement of this assignment.

SALES COMPARISON APPROACH

The Sales Comparison Approach is a specific scope requirement of this assignment. Considering the applicability of this approach in relation to the subject property's characteristics, we consider the application of this approach to be warranted.

INCOME APPROACH

The Income Approach is a scope requirement for this assignment. The subject is a leased investment property making this valuation technique particularly applicable. Therefore, the Income Approach is developed. The Direct Capitalization method is used in this analysis. The Discounted Cash Flow analysis does not contribute substantially to estimating value beyond the Direct Capitalization method and is not used in this analysis.

CORRELATION AND CONCLUSION

Based on the agreed upon scope with the client, the subject's specific characteristics and the interest appraised, this Evaluation developed Sales Comparison and Income (Direct Capitalization) Approaches. The values presented represent the As-Is Market Value (Leased Fee Interest), Prospective Market Value Upon Completion (Leased Fee Interest), and Prospective Market Value Upon Stabilization (Leased Fee Interest)

See Addenda.

▶ SALES COMPARISON APPROACH

The sales comparison approach is a method of estimating market value whereby a subject property is compared with similar properties that have recently sold or are currently listed for sale. The sales comparison approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The reliability of this approach is dependent on the availability and verification of data, degree of comparability to the subject and absence of atypical conditions affecting the sale price. The following steps describe the applied process of the sales comparison approach.

COMPARABLE SELECTION

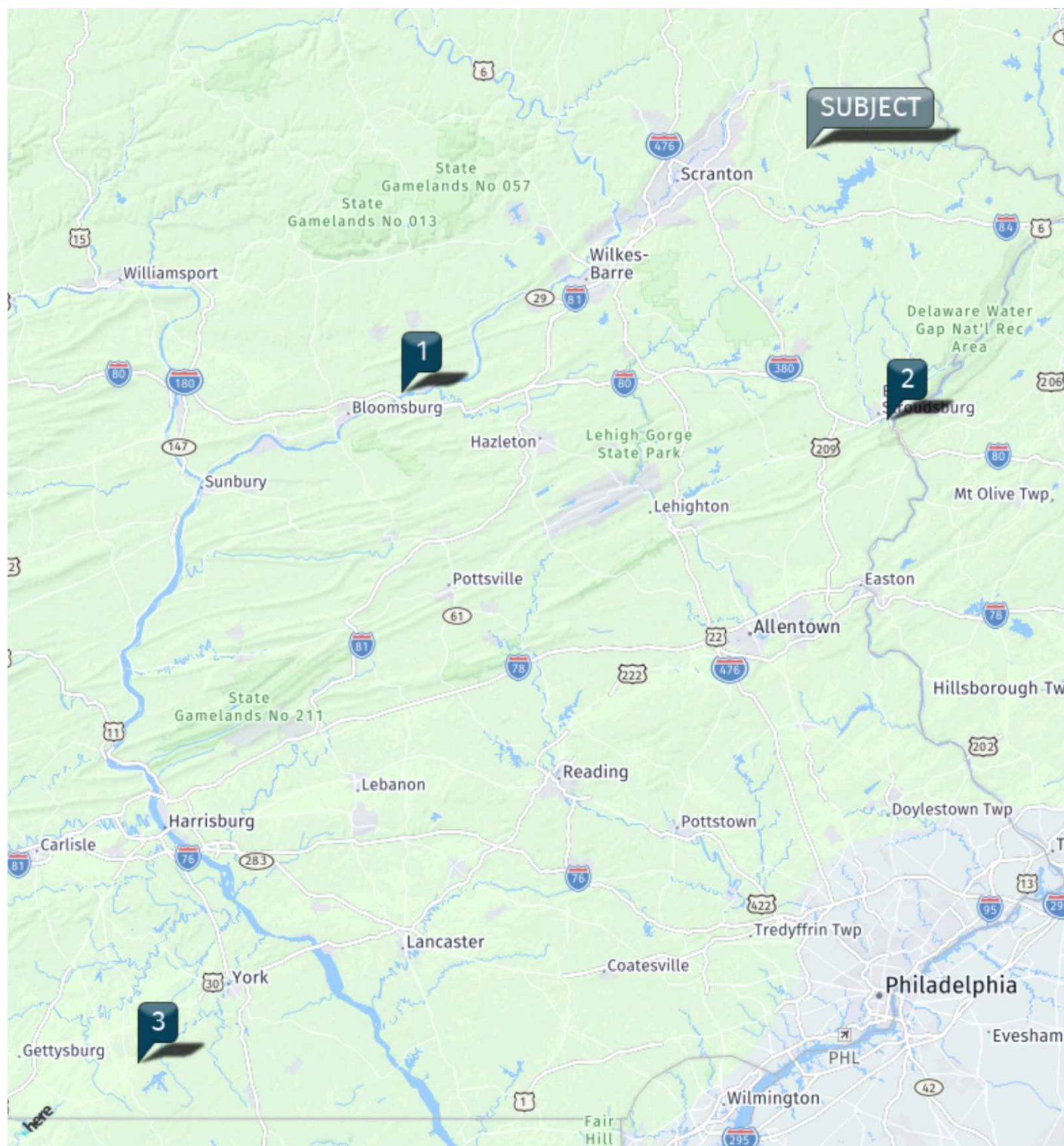
Our survey of the market uncovered several recent transactions of comparable self-storage properties. The information collected on these transfers serves two primary functions. First, they establish the investment criteria and parameters upon which office properties are being purchased in the market. Second, the information obtained in the sales comparison approach will be utilized to derive an independent indication of value. The presented transactions will initially be examined on a sale price per SF NRA basis to standardize our comparison effort.

Unit of Comparison: In estimating the value for the subject property via the sales comparison approach, we have employed the price per SF method. The price per SF utilizes an analysis of the sales and concludes to an adjusted value per SF. This is then applied to the subject property's size in order to derive a value estimate.

We have researched three comparables for this analysis; these are documented below followed by a location map and analysis grid. Our search criteria is noted below:

- ▶ 2 or 3 Star Rated (Class C) Buildings;
- ▶ Submarkets: Pennsylvania
- ▶ Size: Under 30,000 Square Feet;
- ▶ Sale Date: After January 1, 2022;

IMPROVED SALES SUMMARY							
	DATE OF SALE	LOCATION	CITY	YR. BLT	NRA	UNADJUSTED SALE PRICE	\$/SF
1	9/8/2022	7239 Columbia Blvd	Bloomsburg	-	24,175	\$1,965,000	\$81
2	12/14/2022	1120 Foxtown Hill Rd	Stroudsburg	1986	14,200	\$1,350,000	\$95
3	8/29/2023	515 Gitts Run Rd	Hanover	2004	16,000	\$1,900,000	\$119



COMPARABLE	LABEL	ADDRESS	MILES FROM SUBJECT
COMPARABLE 1	1	7239 Columbia Blvd, Bloomsburg, PA, 17815	58.9
COMPARABLE 2	2	1120 Foxtown Hill Rd, Stroudsburg, PA, 18360	35.0
COMPARABLE 3	3	515 Gitts Run Rd, Hanover, PA, 17331	141.9

MARKET PARTICIPANTS

We surveyed several brokers in the market who are familiar with the subject’s trade area. Based on the indicated economic and physical characteristics of the subject, market value estimates ranging from \$300 to \$400 per square feet were provided. According to the market value conclusion presented herein, these

estimates appear reasonable, and have therefore been considered herein as a reliable indication of market value for the subject.

SALES COMPARISON APPROACH CONCLUSION

Based on general bracketing, the comparable sales support an adjusted unit value range from \$85/SF to \$125/SF, with a unit value of \$100/SF concluded for the subject property. The following table summarizes the analysis of the comparables, reports the reconciled price per SF value conclusion, and presents the concluded value of the subject property by the Sales Comparison Approach.

IMPROVED SALES COMPARISON APPROACH CONCLUSION (NRA)							
TRANSACTION	PRICE	ADJUSTMENT				NET ADJ	GROSS ADJ
		TRANSACTIONAL ¹	ADJUSTED	PROPERTY ²	FINAL		
1	\$81	0%	\$81	5%	\$85	5%	5%
2	\$95	0%	\$95	5%	\$100	5%	5%
3	\$119	0%	\$119	5%	\$125	5%	5%
HIGH	\$119	0%	\$119	5%	\$125	5%	5%
AVG	\$98	0%	\$98	5%	\$103	5%	5%
MED	\$95	0%	\$95	5%	\$100	5%	5%
LOW	\$81	0%	\$81	5%	\$85	5%	5%
SUBJECT SF (NRA)			\$/SF CONCLUSION			VALUE	
10,000			x	\$100 =	\$1,000,000		
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)				\$100	\$1,000,000		
Less Stabilization Costs					(\$3)	(\$30,000)	
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)					\$97	\$970,000	
Less Development Costs of New Phase					(\$38)	(\$380,000)	
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)					\$59	\$590,000	

¹Cumulative ²Additive

► INCOME APPROACH

The income capitalization approach consists of methods, techniques, and mathematical procedures to analyze a property's capacity to generate monetary benefits (i.e., income and reversion) and convert these benefits into an indication of present value. The present value of these benefits is an indication of the amount that a prudent, informed purchaser-investor would pay for the right to receive these benefits as of the valuation date. The principle of anticipation is fundamental to the approach. For the purposes of our Evaluation, I have utilized the Direct Capitalization method.

SUBJECT RENT ROLL

The following table summarizes the subject's in place income asking market rent vs actual rent collected on average per occupied unit. It also summarizes four close comparables operated by one company, and a summary of self storage pricing in the Scranton area. The subject is rural and expected to fall near the low-end of the market range.

Subject Rent Conclusion										
	Subject		Wallenpuck				Scranton - Rent Cafe			Subject
	Asking	Actual	Holly	Lakeville	Lake Aerial	Greentown	Low	Average	High	Conclusion
5 x 10	\$140	\$88	\$75	\$70	\$65	\$70	\$67	\$101	\$142	\$70
10 x 10	\$160	\$150	\$120	\$120	\$120	\$120	\$122	\$159	\$217	\$120
10 x 20	\$170	\$122	\$180	\$180	\$160	\$180	\$103	\$215	\$267	\$180

The majority of the subject tenant leases are 1-year leases or less typical of self storage facilities. The subject also has an antenna lease that expires in 2025 for \$650/month. Extension is likely. The subject also has 10 outdoor RV parking spaces with rents ranging from \$60/space to \$100/space.

TOTAL RENTAL REVENUE

The Total Rental Revenue is based on the conclusions presented in the following tables.

Potential Gross Revenue (PGR)

The potential gross income equals the gross rental income plus reimbursement and miscellaneous income. The total potential gross income for the subject is \$131,669 which is \$13.17/SF.

Vacancy and Credit Loss

Based on current and perceived long-term market conditions and the subject's current and anticipated tenancy over a typical holding period, a vacancy and credit loss of 13.8% is concluded.

ALL VACANCY LOSS	%PGR	%EGR	\$/SF (YR.)	\$/YEAR
Self Storage Revenue	15.0%	15.1%	(\$1.71)	(\$17,136)
RV Revenue	15.0%	1.0%	(\$0.11)	(\$1,080)
Antenna & Miscellaneous Revenue			-	\$0
TOTAL VACANCY & CREDIT LOSS	13.8%	16.1%	(\$1.82)	(\$18,216)

Effective Gross Revenue (EGR)

Effective gross revenue equals the potential gross revenue less vacancy and credit loss. The total effective gross revenue for the subject is \$113,453 which is \$11.35/SF. Note that the subject conclusions assumes completion of the new phase of units, which double the size of the net rentable area of the subject.

Historical Operating Data

The subject’s historical operating data is shown in the following chart.

OPERATING HISTORY						
YEAR	2022			PROJECTION		
	TOTAL	\$/SF	%PRR	TOTAL	\$/SF	%PRR
RENTAL REVENUE						
Unit Mix Revenue	\$59,230	\$5.92	100%	\$129,240	\$12.92	100%
Vacant Space Market Rent	\$0	-	0%	\$0	-	0%
TOTAL RENTAL REVENUE	\$59,230	\$5.92	100%	\$129,240	\$12.92	100%
REIMBURSEMENT REVENUE	TOTAL	\$/SF	%PRR	TOTAL	\$/SF	%PRR
MISCELLANEOUS REVENUE	TOTAL	\$/SF	%PRR	TOTAL	\$/SF	%PRR
Miscellaneous Income	\$0	-	0%	\$2,429	\$0.24	2%
TOTAL MISCELLANEOUS REVENUE	\$0	-	0%	\$2,429	\$0.24	2%
POTENTIAL GROSS REVENUE	\$59,230	\$5.92	100%	\$131,669	\$13.17	102%
ALL VACANCY LOSS	TOTAL	\$/SF	%PGR	TOTAL	\$/SF	%PGR
Self Storage Revenue	\$0	-	0%	(\$17,136)	(\$1.71)	(13%)
RV Revenue	\$0	-	0%	(\$1,080)	(\$0.11)	(1%)
Antenna & Miscellaneous Revenue	\$0	-	0%	\$0	-	0%
Other	\$0	-	0%	\$0	-	0%
EFFECTIVE GROSS REVENUE	\$59,230	\$5.92	100%	\$113,453	\$11.35	86%
OPERATING EXPENSES	TOTAL	\$/SF	%EGR	TOTAL	\$/SF	%EGR
Taxes	(\$5,041)	(\$0.50)	(9%)	(\$10,000)	(\$1.00)	(9%)
Insurance	(\$4,980)	(\$0.50)	(8%)	(\$3,000)	(\$0.30)	(3%)
Repairs & Maintenance	(\$300)	(\$0.03)	(1%)	(\$2,000)	(\$0.20)	(2%)
Payroll	\$0	-	-	\$0	-	0%
Utilities	(\$631)	(\$0.06)	(1%)	(\$1,000)	(\$0.10)	(1%)
Management Fees	\$0	-	-	(\$6,807)	(\$0.68)	(6%)
Administrative Fees	\$0	-	-	(\$500)	(\$0.05)	(0%)
Reserves	\$0	-	-	(\$1,000)	(\$0.10)	(1%)
Advertising Costs	\$0	-	-	(\$500)	(\$0.05)	(0%)
TOTAL OPERATING EXPENSES	(\$10,952)	(\$1.10)	(18%)	(\$24,807)	(\$2.48)	(22%)
NET OPERATING INCOME	\$48,278	\$4.83	82%	\$88,646	\$8.86	78%

Expense Conclusions

The individual expense conclusions for the subject are summarized in the following table. The analysis relies upon the subject’s historical data, expense comparable data and current general market conditions.

EXPENSE CONCLUSIONS					
OPERATING EXPENSES	%EGR	\$/SF NRA	\$/UNIT	TOTAL	COMMENT
Taxes	8.8%	\$1.00	\$156	\$10,000	Based on projection after completion of new phase.
Insurance	2.6%	\$0.30	\$47	\$3,000	Based on new proposal factored after completion of new phase.
Repairs & Maintenance	1.8%	\$0.20	\$31	\$2,000	Based on market expectations and age of buildings.
Payroll	0.0%	\$0.00	\$0	\$0	Not typical for facilities of this size.
Utilities	0.9%	\$0.10	\$16	\$1,000	Based on current costs trended after completion of new phase.
Management Fees	6.0%	\$0.68	\$106	\$6,807	Based on 6% of effective income.
Administrative Fees	0.4%	\$0.05	\$8	\$500	Based on typical buyer expectations.
Reserves	0.9%	\$0.10	\$16	\$1,000	Based on typical buyer expectations.
Advertising Costs	0.4%	\$0.05	\$8	\$500	Based on typical buyer expectations.
TOTAL OPERATING EXPENSES	21.9%	\$2.48	\$388	\$24,807	

Net Operating Income (NOI)

The net operating income equals the effective gross income less the total expenses. The net operating income for the subject is \$88,646 which is \$8.86/SF.

CAPITALIZATION RATE

In this section, a capitalization rate for the subject is developed based upon market extraction, national survey data, market participant interviews and band of investment analysis.

Market Extraction

No suitable capitalization rate comparables could be located for this analysis. Other methods for determining capitalization rates have been considered.

National Survey

The investor pool for the subject property likely includes regional or local investors, with a national investor profile viewed as unlikely based on the relatively smaller size and mix of local and national tenant profile. However, for additional support, the following table summarizes national cap rate trends for similar properties.

NATIONAL INVESTOR SURVEY			
CAPITALIZATION RATE (OAR)	YEAR/QUARTER	RANGE	AVERAGE
National Self Storage			PwC
Current Quarter	2023 Q1	4.00% to 6.50%	5.34%
Last Quarter	2022 Q4	- to -	-
Four Quarters Ago	2022 Q1	4.00% to 7.00%	5.44%

Market Participant Interviews

The following table shows the findings of market participant interviews with local investments sales brokers.


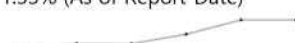
MARKET INTERVIEWS						
NAME	COMPANY	DATE	RANGE			AVERAGE
Jeff S	Colliers	6/1/2023	5.00%	to	9.00%	6.75%
Anon.	Anon.	6/1/2023	7.00%	to	9.00%	7.50%

Band of Investment (Simple) Technique

To analyze the capitalization rate from a financial position, the Band of Investment Technique is used. Available financing information from lenders and the sales comparables indicates the following terms. Equity dividend rates vary depending upon motivations of buyers and financing terms. The terms, appreciation, NOI growth and other rates used in the Band of Investment calculations along with the Band of Investment conclusions are presented in the following tables.

Our estimate for the interest rate is based on the range expressed by the Ten Year Treasury plus 200 bp (6.38%). These reasonable assumptions including Appreciation and Equity Yield Rate (EYR) are well supported by the market. The previous estimate for the EYR is near the middle aspect of the range quoted by market participants (7.0% to 10.0% preferred returns under current market conditions).

As an additional test, we have presented the Simple Band of Investment as an alternate method for calculating the cap rate:

SIMPLE BAND OF INVESTMENT						
ASSUMPTIONS						
Interest Rate	6.38%			Ten Year Treasury		
Loan Amortization Period	25 Years			<u>Current 10-Yr. Treasury</u>	4.38% (As of Report Date)	
Loan-To-Value-Ratio	75.00%			6-Mos Trend		
Mortgage Constant	0.08013			<u>Current SOFR</u>	1.53% (As of Report Date)	
Debt Service Coverage Ratio	Enter Manually			6-Mos Trend		
CALCULATION						
Mortgage Component	75%	x	8.01%	=		0.0601
Equity Component	25%	x	8.00%	=		0.0200
INDICATED CAPITALIZATION RATE						8.01%

Based on our research, and market participant input, we have estimated that a reasonable EDR should be 8.00%, which is supported by our analysis.

The similarities between the two conclusions (4.43% and 8.01%) using market data provide further support for the subject’s cap rate selection.

As well, the resulting debt coverage service ratio (1.4184) is within the range indicated by analysts and lenders (1.2 to 2.5) as acceptable.

DEBT SERVICE COVERAGE RATIO			
DSCR	LTV	MORTGAGE CONSTANT	INDICATED CAP RATE
1.25	0.75	0.0801	7.51%

Capitalization Rate Conclusion

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion. Primary emphasis was placed on the Market Extraction Method, tempered by the balance of other supporting data. A rate slightly above the indicators is chosen based on the subject’s overall smaller size and rural location.

CAPITALIZATION RATE CONCLUSION				
COMPONENT	RANGE			AVERAGE
National PwC Investor Surveys Average	4.00%	to	6.50%	5.34%
Market Participant Interviews Average	6.00%	to	9.00%	7.13%
Simple Band of Investment Calculation				8.01%
DSCR Method Cap Rate				7.51%
CONCLUDED CAPITALIZATION RATE				8.50%

DIRECT CAPITALIZATION CONCLUSION

The table below summarizes the Direct Capitalization Method and its value conclusion.

DIRECT CAPITALIZATION							
UNIT MIX							
TYPE	UNITS	CATEGORY	CONTRACT	MARKET	CONT V MKT	\$/SF(YR.)	\$/YEAR
Lower 5 x 10	8	51-100 SF	\$88	\$70	126%	\$16.80	\$6,720
Lower 10 x 10	2	101-150 SF	\$150	\$120	125%	\$14.40	\$2,880
Lower 10 x 10	22	151-250 SF	\$122	\$180	68%	\$10.80	\$47,520
Lower 5 x 10	8	51-100 SF	\$0	\$70	0%	\$16.80	\$6,720
Lower 10 x 10	2	101-150 SF	\$0	\$120	0%	\$14.40	\$2,880
Lower 10 x 10	22	151-250 SF	\$0	\$180	0%	\$10.80	\$47,520
RV	10	RV	\$67	\$60	112%	-	\$7,200
Antenna	1	Other	\$650	\$650	100%	-	\$7,800
UNIT MIX SUBTOTAL	75	-	\$67	\$144	46%	\$12.92	\$129,240
RENTAL REVENUE			%PRR	%PGR	%EGR	\$/SF (YR.)	\$/YEAR
Unit Mix Revenue			100%	98%	114%	\$12.92	\$129,240
TOTAL RENTAL REVENUE						\$12.92	\$129,240
OTHER REVENUE (MISCELLANEOUS)							
Miscellaneous Income			2%	2%	2%	\$0.24	\$2,429
TOTAL OTHER REVENUE (MISCELLANEOUS)						\$0.24	\$2,429
POTENTIAL GROSS REVENUE						\$13.17	\$131,669
ALL VACANCY LOSS				%PGR	%EGR	\$/SF (YR.)	\$/YEAR
Self Storage Revenue				15.0%	15.1%	(\$1.71)	(\$17,136)
RV Revenue				15.0%	1.0%	(\$0.11)	(\$1,080)
Antenna & Miscellaneous Revenue				-	-	-	\$0
TOTAL VACANCY & CREDIT LOSS				13.8%	16.1%	(\$1.82)	(\$18,216)
EFFECTIVE GROSS REVENUE						\$11.35	\$113,453
OPERATING EXPENSES				%PGR	%EGR	\$/SF (YR.)	\$/YEAR
Taxes				7.6%	8.8%	(\$1.00)	(\$10,000)
Insurance				2.3%	2.6%	(\$0.30)	(\$3,000)
Repairs & Maintenance				1.5%	1.8%	(\$0.20)	(\$2,000)
Payroll				-	-	-	\$0
Utilities				0.8%	0.9%	(\$0.10)	(\$1,000)
Management Fees				5.2%	6.0%	(\$0.68)	(\$6,807)
Administrative Fees				0.4%	0.4%	(\$0.05)	(\$500)
Reserves				0.8%	0.9%	(\$0.10)	(\$1,000)
Advertising Costs				0.4%	0.4%	(\$0.05)	(\$500)
TOTAL OPERATING EXPENSES				18.8%	21.9%	(\$2.48)	(\$24,807)
NET OPERATING INCOME						\$8.86	\$88,646
Capitalization Rate							8.50%
Capitalized Value							\$1,042,894
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)						\$104	\$1,040,000
Less Stabilization Costs						(\$3.00)	(\$30,000)
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)						\$101	\$1,010,000
Less Development Costs of New Phase						(\$38.00)	(\$380,000)
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)						\$63	\$630,000

INCOME APPROACH ADJUSTMENTS

With 25 units occupied, and a stabilized occupancy requirement of 55 units of 64, the subject needs to lease 30 units to reach the market stabilization conclusion of 85%. Assuming 3 units leasing per month, we have estimated the total leasing costs including additional advertising costs and entrepreneurial incentives at \$30,000. Calculations are summarized in the following table. This value is deducted from the Prospective value upon stabilization to arrive at a value upon completion.

LEASE-UP COSTS					
TOTAL UNITS	64	UNITS OCCUPIED	25		
ABSORPTION RATE (UNITS/MONTH)	3	PGI/UNIT/MONTH	\$171		
STABILIZED OCCUPANCY (55 UNITS)	86.2%	DISCOUNT RATE	0.00%		
MONTH	UNITS ABSORBED	UNITS REMAINING	UNITS OCCUPIED	RENT LOSS (PER MONTH)	PRESENT VALUE OF RENT LOSS
1	3	27	28	\$4,646	\$4,646
2	3	24	31	\$4,132	\$4,132
3	3	21	34	\$3,617	\$3,617
4	3	18	37	\$3,103	\$3,103
5	3	15	40	\$2,589	\$2,589
6	3	12	43	\$2,074	\$2,074
7	3	9	46	\$1,560	\$1,560
8	3	6	49	\$1,046	\$1,046
9	3	3	52	\$531	\$531
10	3	0	55	\$17	\$17
TOTAL LOST RENTAL INCOME					\$23,316
MARKETING \$100/Unit					\$3,000
PROFIT 20.0% of \$26,316					\$5,263
TOTAL LEASE-UP COSTS (ROUNDED TO NEAREST \$10,000)					\$30,000

The client reports the expansion cost will be \$320,000 for 32 units and 5,000 SF. This equates to \$64/SF, which is consistent with cost manuals for this construction type and location. We have added a 20% profit margin. This value is deducted from the Prospective value upon completion to arrive an As-Is market Value.

DEVELOPMENT COST			
ITEM	SIZE	\$/SF	COST
Phase 2	5,000 SF	\$64	\$320,000
Entrepreneurial Profit	20%		\$64,000
TOTAL			\$384,000
ROUNDED			\$380,000

► RECONCILIATION OF VALUE CONCLUSIONS

The process of reconciliation involves the analysis of each approach to value. The quality of data applied the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other. Based on the agreed upon scope with the client, the subject's specific characteristics and the interest appraised, this Evaluation developed Sales Comparison and Income (Direct Capitalization) Approaches. The values presented represent the As-Is Market Value (Leased Fee Interest), Prospective Market Value Upon Completion (Leased Fee Interest), and Prospective Market Value Upon Stabilization (Leased Fee Interest).

Reconciliation is the process of analyzing the relevance of the indicated values, resulting in a final value estimate. In each of the two approaches, the Professionals have documented all of the input data and briefly explained the methodology in processing and/or analyzing this data. Insofar as the Professionals were able to determine, the data furnished is from reliable sources and has been accepted as being accurate. Because the Evaluation of real estate is not, by any means, an exact science, a great deal of subjective judgment on the part of the Professionals becomes a part of each of the recognized approaches.

The cost approach relies on the proposition that the market value of the property is no more than the cost of producing a substitute property with the same utility as the subject produces. We have not utilized this approach in our analysis because there is not enough market data to develop an opinion of land value and the depreciation of the improvements cannot be accurately measured.

The sales comparison approach was the first approach utilized in the valuation process. This approach involves the direct comparison of the property being appraised with similar market comparables. Each sale was analyzed and compared on a price per square foot basis. The sales comparison approach is heavily dependent upon the accuracy and comparability of the sales. We were able to research and analyze comparable transactions locally. Although the properties are considered comparable to the subject in general physical and economic characteristics, various adjustment factors were warranted.

The data collected for the income capitalization approach is recent and considered to be reliable. Strong indicators of market rent, occupancy, and expenses were included in the analysis. The income capitalization approach is considered to be most applicable in the subject's valuation, since a prospective purchaser would likely purchase the property based on its income-producing characteristics. The direct capitalization method is generally regarded as the most reliable method for estimating the value of an asset like the subject given the nature of its short-term leases. Only the Direct Capitalization was utilized herein.

Reconciliation Of Value Conclusions

(Continued)

In summary, the income capitalization approach is considered a primary value indicator and was given primary emphasis. The sales comparison approach also provided a reliable value estimate and was attributed secondary emphasis.

RECONCILIATION OF VALUES			
VALUATION SCENARIOS	AS-IS MARKET VALUE		PROSPECTIVE MARKET
	Leased Fee Interest	Leased Fee Interest	VALUE UPON COMPLETION
Date	October 5, 2023	February 1, 2024	PROSPECTIVE MARKET
			VALUE UPON STABILIZATION
			Leased Fee Interest
			December 1, 2024
SALES COMPARISON APPROACH			
Indicated Value	\$590,000	\$970,000	\$1,000,000
\$/SF NRA	\$59	\$97	\$100
DIRECT CAPITALIZATION			
NOI	-	-	\$88,646
NOI \$/SF NRA	-	-	\$8.86
Capitalization Rate (OAR)	-	-	8.50%
Indicated Value	\$630,000	\$1,010,000	\$1,040,000
\$/SF NRA	\$63	\$101	\$104
FINAL VALUE CONCLUSION			
FINAL VALUE CONCLUSION	\$590,000	\$1,010,000	\$1,040,000
\$/SF NRA	\$59	\$101	\$104

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This Evaluation report is subject to the following general assumptions and limiting conditions:

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is further assumed to be free and clear of liens, easements, encroachments and other encumbrances unless otherwise stated, and all improvements are assumed to lie within property boundaries.
2. Information furnished by others, upon which all or portions of this report are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.
3. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been, or can readily be obtained, or renewed for any use on which the value estimates provided in this report are based.
4. Full compliance with all applicable federal, state and local zoning, use, occupancy, environmental, and similar laws and regulations is assumed, unless otherwise stated.
5. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the Evaluation date hereof.
6. Responsible ownership and competent property management are assumed.
7. The allocation, if any, in this report of the total valuation among components of the property applies only to the program of utilization stated in this report. The separate values for any components may not be applicable for any other purpose and must not be used in conjunction with any other Evaluation.
8. Areas and dimensions of the property were obtained from sources believed to be reliable. Maps or sketches, if included in this report, are only to assist the reader in visualizing the property and no responsibility is assumed for their accuracy. No independent surveys were conducted.
9. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that affect value. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
10. No soil analysis or geological studies were ordered or made in conjunction with this report, nor was an investigation made of any water, oil, gas, coal, or other subsurface mineral and use rights or conditions.
11. Neither Valcre nor any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony or appear in court or other legal proceedings, unless specific arrangements thereto for have been made.
12. This Evaluation has been made in conformance with, and is subject to, the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Evaluation Institute and the Uniform Standards of Professional Evaluation Practice.
13. We have not been engaged nor are we qualified to detect the existence of hazardous material, which may or may not be present on or near the property. The presence of potentially hazardous substances such as asbestos, urea-formaldehyde foam insulation, industrial wastes, etc. may affect the value of the property. The value estimate herein is predicated on the assumption that there is no such material on, in, or near the property that would cause a loss

in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client should retain an expert in this field if further information is desired.

14. The date of value to which the conclusions and opinions expressed in this report apply is set forth in the opinion letter at the front of this report. Our value opinion is based on the purchasing power of the United States' dollar as of this date.
15. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property along with a detailed study of ADA requirements could reveal that the property is not in compliance with the act. If so, this would have a negative effect on the property value. We were not furnished with any compliance surveys or any other documents pertaining to this issue and therefore did not consider compliance or noncompliance with the ADA requirements when estimating the value of the property.
16. In accordance with our agreement, this report is limited to the value of the subject property. One or more additional issues may exist that could affect the Federal tax treatment of the subject property with respect to which we have prepared this report. This report does not consider or provide a conclusion with respect to any of those issues. With respect to any significant Federal tax issue outside the scope of this report, this report was not written, and cannot be used, by anyone for the purpose of avoiding Federal tax penalties.

GENERAL DEFINITIONS²

Assessed value

1. A value set on real estate and personal property by a government as a basis for levying taxes. (IAAO)
2. The monetary amount for a property as officially entered on the assessment roll for purposes of computing the tax levy. Assessed values differ from the assessor's estimate of actual (market) value for three major reasons: fractional assessment ratios, partial exemptions, and decisions by assessing officials to override market value. The process of gathering and interpreting economic data to provide information that can be used by policymakers to formulate tax policy. (IAAO)

Easement

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

Effective date

The date to which an Appraiser's analyses, opinions, and conclusions apply; also referred to as date of value. (USPAP, 2020-2021 ed.)

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.

Floor area ratio (FAR)

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

Identified intangible assets (IIA)

Intangible assets that can be quantified separately from the business as a whole and can be bought and sold, rented, or acquired through legal or contractual rights. Examples include patents, copyrights, licenses, formulas, franchises, and trademarks.

Land-to-building ratio

The proportion of land area to gross building area; one of the factors determining comparability of properties.

Leased fee interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold interest

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

Market rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:

² The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, 2022.

1. Lessee and lessor are typically motivated.
2. Both parties are well informed or well advised, and acting in what they consider their best interests.
3. Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
4. The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs).

Marketing time

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an Evaluation. Marketing time differs from exposure time, which precedes the effective date of an Evaluation. (Advisory Opinion 7 and Advisory Opinion 35 of the Evaluation Standards Board of The Evaluation Foundation address the determination of reasonable exposure and marketing time.)

Negative easement

An easement preventing a property owner from certain, otherwise permitted, uses of the land, e.g., agreeing not to do something such as building a wall or fence blocking an adjoining property's view.

Personal property

1. Tangible or intangible objects that are considered personal, as opposed to real property. Examples of tangible personal property include furniture, vehicles, jewelry, collectibles, machinery and equipment, and computer hardware. Examples of intangible personal property include contracts, patents, licenses, computer software, and intellectual property.
2. Any tangible or intangible article that is subject to ownership and classified as real property, including identifiable tangible objects that are considered by the general public as being "personal," such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails, or designs for digital tokens. (USPAP, 2020-2021 ed.)

Prospective opinion of value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Rentable area

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

Use value

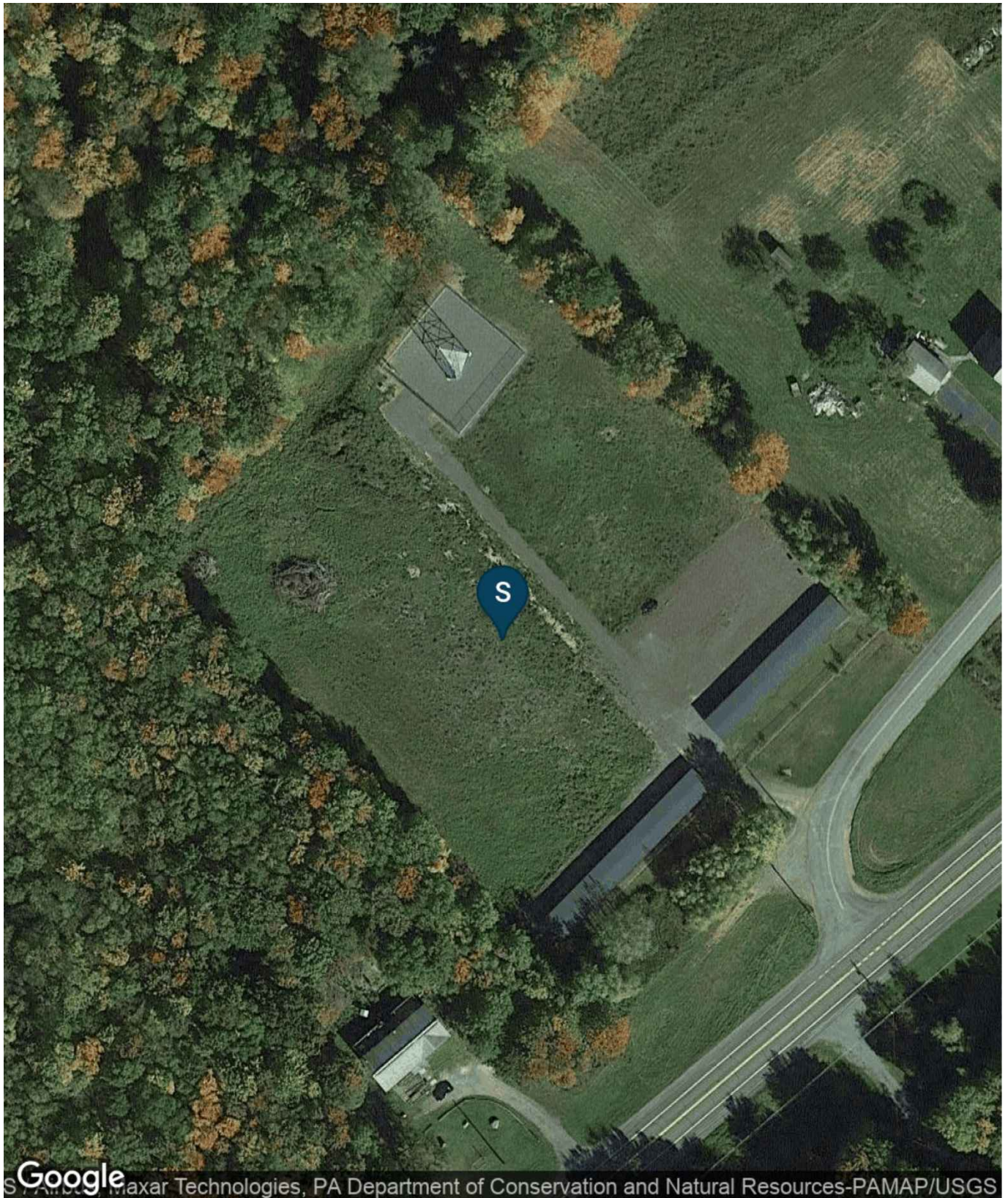
In real estate Evaluation, the value a specific property has for a specific use; may be the highest and best use of the property or some other use specified as a condition of the Evaluation; may be used where legislation has been enacted to preserve farmland, timberland, or other open space land on urban fringes. See also exchange value; value in use.

Usable area

The area available for assignment or rental to an occupant, including every type of usable space; measured from the inside finish of outer walls to the office side of corridors or permanent partitions and from the centerline of adjacent spaces; includes subdivided occupant space, but no deductions are made for columns and projections. There are two variations of net area: single occupant net assignable area and store net assignable area.

Value “as is”

The value of specific ownership rights to an identified parcel of real estate as of the effective date of the Evaluation; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.



Google Maxar Technologies, PA Department of Conservation and Natural Resources-PAMAP/USGS

Parcel ID Number: 12-0-0073-0009

OR Volume 5866 Page 180 - 182
Filed in WAYNE COUNTY, PA
DEBORAH L BATES, RECORDER OF DEEDS
04-01-2021 At 02:34 pm. Fee: 71.75
202100002890 DEED

This Deed



Made the 31st day of March, in the year of our Lord two thousand twenty-one (2021).

BETWEEN

WMW ENTERPRISES LLC of 128 Theobald Road, Lake Ariel, PA 18436

(hereinafter referred to as Grantor) of the one part, and

NEPA STORAGE SOLUTIONS LLC, of 9 Avenue at Port Imperial, West New York, NJ 07093

(hereinafter referred to as Grantee) of the other part.

WITNESSETH, that in consideration of **FOUR HUNDRED NINETY THOUSAND and 00/100 (\$490,000.00) DOLLARS**, in hand paid, the receipt whereof is hereby acknowledged; the Grantor does hereby grant and convey to the said Grantee, its Successors and/or Assigns:

ALL THAT CERTAIN piece or parcel of land situate and being in the Township of Lake, County of Wayne, Commonwealth of Pennsylvania, and being more particularly described as follows:

BEGINNING at a point on the northwest edge of the right-of-way of PA Route 191, being also a corner of lands of Rindock; thence along said Rindock lands generally following a meandering stone fence, and then continuing along lands of the Former Grantor herein, still following said stone fence, North 43 degrees 23 minutes 42 seconds West 509.56 feet to a rebar corner; thence through lands of the Former Grantor herein, North 38 degrees, 30 minutes 00 seconds East 346.99 feet to a rebar corner with plate coordinates 10641.828/9865.923, thence through lands of the Former Grantor herein, generally following a meandering stone fence, South 48 degrees 29 minutes 00 seconds East 501.20 feet to a corner in the center of Township Route T382; thence along the center of Township Route 382, and continuing through lands of the Former Grantor South 38 degrees 22 minutes 41 seconds West 251.08 feet to a railroad spike corner; thence continuing through lands of the former Grantor South 37 degrees 06 minutes 23 seconds West 141.42 feet to the place of **BEGINNING**.

CONTAINING 4.3 acres as surveyed October 25, 1988, by M.R. Zimmer and Associates, an approved map of survey being recorded in Wayne County Map Book 66 Page 31.

SUBJECT to right-of-way for the public highway purposes of so much of Township Route T382 as is located within the description of the premises herein conveyed.

THE property herein described is conveyed subject to the following conditions and restrictions, which shall be deemed covenants running with the land and enforceable as such in law or equity by the former Grantor, her heirs and assigns or by the owners of any property subject to the same restrictions which have been imposed by the former Grantor:

1. No house trailers or mobile homes shall be placed or located on the property herein conveyed.
2. No industrial or manufacturing activity shall be conducted on the premises herein conveyed. Use of the premises for professional offices shall not be considered a prohibited use under this paragraph.

BEING the same land which G.C. Ventures, Inc., a Pennsylvania Corporation, granted and conveyed to WMW Enterprises LLC, by Deed dated May 30, 2019 as recorded in Wayne County Record Book 5476, at page 219.


HAZARDOUS waste is not being disposed of nor has it ever been disposed of on the property conveyed herein by the Grantor or to the actual knowledge of the Grantor.

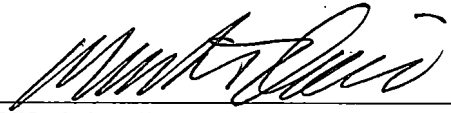
AND said Grantor will Warrant **SPECIALLY** the property hereby conveyed.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal the day and year first above written.

SIGNED, SEALED and DELIVERED
in the presence of

WMW ENTERPRISES LLC




_____ BY: MARK DAVIS, MANAGER

STATE OF PENNSYLVANIA }

COUNTY OF WAYNE }

ON THIS, the 31st ^{March} day of ~~February~~, 2021 before me a Notary Public, the undersigned officer, personally appeared **MARK DAVIS** who acknowledged himself to be the Manager of **WMW ENTERPRISES LLC** and that he as such being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Limited Liability Company by himself as such officer.

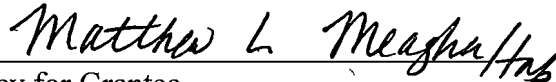
IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Commonwealth of Pennsylvania - Notary Seal
Tina A. Bennett, Notary Public
Wayne County
My commission expires June 20, 2023
Commission number 1010319


_____ Notary Public

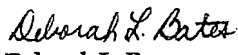
I certify the residence of the within named grantee is:

17654 Cinquez Park Road W
Jupiter, FL 33458


_____ Attorney for Grantee

I hereby CERTIFY that this document is recorded in the Recorder's Office of Wayne County, Pennsylvania.



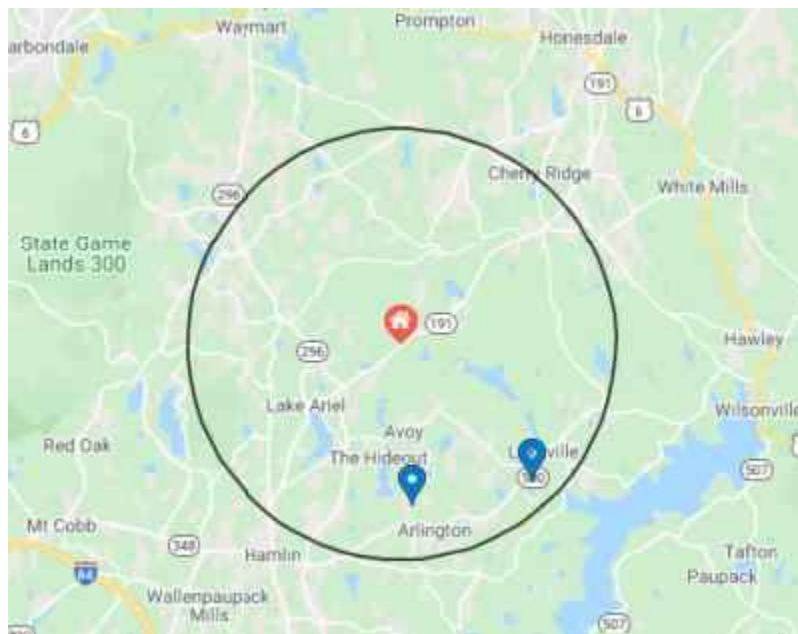

Deborah L. Bates
Recorder of Deeds

202100002890
Exempt Status - N
STATE TAX \$ 4900.00
LOCAL TAX \$ 4900.00
\$ 2450.00 LAKE TOWNSHIP
\$ 2450.00 WESTERN WAYNE SCHOOL

Self Storage Feasibility Study

**527 Stock Farm Road
Lake Ariel, PA**

Presented by
Tracy Sells
Harbor Storage Group, LLC



Presented to Zeke Diwan

June 4, 2021

Table of Contents

Scope of Work	3-4
Executive Summary	7
Introduction to Self-Storage	8-11
Self-Storage Feasibility	12-13
Market Feasibility	14
Ariel Map of Market	15
Existing Supply - Map	16
Supply and Demand	17
Demand Analysis	18-19
Potential New Development	20
Competitor Summary	21
Competitor Pricing Summary	22
Competitor Review	23-27
Demographic Analysis	28
Demographic Detail	29-34
Traffic Counts	35
Unit Mix and Lease Up Period	36-38
Preliminary Valuation Analysis	39
Preliminary Operating Projections	40-43
Final Opinion	44
Declarations, Limiting Conditions & Assumptions	45-47
Author Biography	48

Scope of Work

Harbor Storage Group, LLC conducted a Feasibility Study on a proposed self-storage facility expansion located at 527 Stock Farm Road in Lake Ariel, Pennsylvania. The following encompasses the scope of work contained in this study:

- ✓ Harbor Storage Group, LLC conducted a market review of those facilities within a five-mile radius of the subject site in May and June of 2021. In addition, there is one existing facility in the market located approximately 7.5 miles from subject which is included in this report.
- ✓ The study included location analysis from Google, Google Earth and a *StorTrack* market report (*StorTrack* is a subscription based self storage data service).
- ✓ Competitors in the five-mile radius are outlined on the location map on page 16 and summarized on page 21.
- ✓ General information on each competitor was gathered and is noted, together with photos, on pages 23 - 27.
- ✓ An internet/phone survey of the market competitors was conducted with available pricing by facility on page 22.
- ✓ A demographic analysis was conducted and is included on pages 28 – 34..

The following are considered when evaluating a site for feasibility:

- Site Review
 - Satellite View
 - Map View
 - Location and Access
 - Traffic Counts
 - Determination of Subject Property's Potential Market
 - Review of Traffic Patterns and Likelihood that Potential Customers will Travel to Subject Site
- Market Review
 - Demographic Information
 - Population
 - Growth Projections
 - Income Levels
 - Commercial Base
 - % Renter Occupied Housing
 - Competitor Information
 - Map of Market Competitors
 - Current Rent Rates of Market Competitors
 - Evaluation of Existing Supply based on Location, Asset Quality and Quality of Management
 - Research on Planned and Proposed Facilities within the Market
 - Demand Analysis based on current supply and currently available population levels together with any planned or proposed facilities
- Operating Projections
 - Preliminary Suggested Unit Mix and Proposed Rental Rates
 - Seven Year Projections
 - 36-month (the "lease up" period) projections
- Preliminary Valuation Analysis

Executive Summary

The following represents a summary of the data and conclusions presented in the body of this report:

- The primary market is defined as being within a five-mile radius surrounding the site location at 527 Stock Farm Road, Lake Ariel, PA, although because of the rural nature of this market, our study of existing supply went out approximately 7.5 miles to where there is an additional, relevant competitive self storage facility.
- The market consists of four existing self storage facilities containing an estimated net rentable square feet (NRSF) of 71,500. There is one existing facility within the three-mile market (actual distance is 3.4 miles) containing an estimated 18,500 net rentable square feet.
- The competitive set consists entirely of independent owner/operators. These “mom and pop” operators are lacking in management sophistication, including but not limited to, marketing and revenue management programs which are so important to the success of a self storage facility.
- The competitive set is also lacking in asset quality. It is estimated that all four facilities are approximately 20 years of age or older and are not built anywhere close to what current industry standards are, including paved drive aisles, fully fenced perimeter, gated entryway and climate-controlled units, to name a few.
- There is limited climate-controlled space in the market. It appears that there is no climate-controlled storage anywhere in the market.
- No supply of self storage currently exists within the one- and three-mile markets of subject site. In the market in total (going out as far as 7.5 miles), there exists today a supply of 7.89 square feet per capita.
- There are no known self storage development projects in the market as of the date of this study.
- It is prudent to continually monitor for planned and/or proposed facilities in the market as any additional new supply could have a negative impact on subject site’s lease up trajectory and rent rates and ongoing rent rates after lease up.
- Zoning in the market should be considered to ensure that storage is not permitted by right in the local market with the expectation that zoning creates barriers to entry to keep future new developments out of the market.

- Should developers proceed the addition of 44,900 net rentable square feet on subject site, the supply per capita would be 127.92 in the one-mile market, 10.85 in the three-mile market and 12.85 in the five-mile market (the facility located 7.5 miles away is included in this calculation).
- A market is considered to be at equilibrium when square feet supply per capita is between 7.0 and 8.0.
- Recommendations in this study are based solely on supply and demand factors and do not consider other economics of the project, including but not limited to, land costs, development and construction costs or cost of financing.
- Based on currently available data together with Harbor Storage Group's estimates, and not including supply and demand factors, the following applies to the Lake Ariel site:
 - The current average market rental rate for a 10x10 non-climate-controlled unit is \$90.00 per month (as of June 2021).
 - During the lease up period, which is generally 24 – 36 months (estimated at 36 months for this project), this rate would be discounted for "Loss to Lease" rentals and other regular discounts, such as \$1.00 Move In Special, 2nd Month Free Special or Military Discount.
 - Developer has indicated that he will be adding 44,900 net rentable square feet to the existing 4,550 square feet. This 44,900 square feet will consist of 325 units for an average unit size of 138.15 square feet. Based on these figures, the projected annual gross potential income (gross potential meaning that 100% of units are occupied at the asking "street" rate) of this addition in year one would be \$435,120, before adjusting for regular discounts, loss to lease discounts and vacancy. At year five of the proforma, we estimate that net (achieved) revenue for the entire project (existing units, new units and cell tower income) would be \$493,637 and that expenses would be \$129,477 (excluding debt service) resulting in a net operating income of \$364,160.
 - The estimated stabilized net operating income of the project in year five, excluding debt service, would indicate an asset value of +/- \$4,046,222 based on a cap rate of 9.0%. This cap rate is deemed appropriate based on industry averages and asset quality. According to *Marcus and Millichap's 2021 Self Storage Investment Outlook*, cap rates for a Class C facility within a tertiary market range from 8% to 10%.
- We consider the Lake Ariel Market to be an "C" market given the lack of population density and flat to negative growth projected to 2025, the lack of

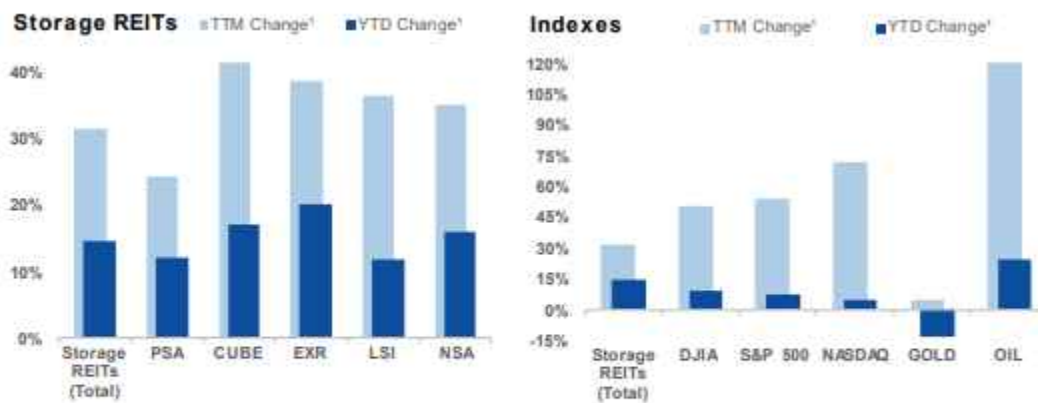
retail in the market, the low traffic counts in and around site, the lack of barriers to entry in the market and the lower-than-average rent rates in the market.

- We consider the site at 527 Stock Farm Road to be an “C” site due to the low traffic counts, lack of households or retail (typical self storage demand drivers) surrounding the site and the low percentage of renter occupied housing near the site.
- It is our opinion that this site is “Unfavorable” for the addition of 44,900 net rentable square feet of self storage.
- Our recommendation is based solely on supply and demand factors and does not consider economics of the project.

Introduction to Self-Storage

Over the past few decades, self-storage has grown from a use for excess land to a sought-after prospect among real estate developers and investors.

Recent growth in the industry has been fueled by some key variables: Demand and usage have increased; the industry has high profile status on Wall Street and access to capital remains strong. Large self-storage REITs such as Public Storage, Extra Space and Cube Smart have continued to show strong profits and growth trends and have outperformed much of the real estate sector.



¹ Excludes dividends

² Sources: Yahoo! Finance, U.S. Department of the Treasury, U.S. Energy Information Administration, Barclay's (EEMVADY10 RT), Bloomberg, World Gold Council

Data from 1st Quarter 2021

Source: *Newmark May 2021 Self Storage REIT Report*

Market Index

	3/31/19	1/4/21	3/31/21	YTD Change ¹	TTM Change ¹
Storage REITs (Total)	\$413.79	\$474.02	\$543.02	14.56%	31.23%
PSA	198.61	220.20	246.76	12.06%	24.24%
CUBE	26.79	32.33	37.83	17.01%	41.21%
EXR	95.76	110.29	132.55	20.18%	38.42%
LSI	63.03	76.78	85.95	11.94%	36.36%
NSA	29.60	34.42	39.93	16.01%	34.90%
DJIA	21,917.16	30,223.89	32,981.55	9.12%	50.48%
S&P 500	2,584.59	3,700.65	3,972.89	7.36%	53.71%
NASDAQ	7,700.10	12,698.45	13,246.87	4.32%	72.04%
GOLD	1,608.95	1,943.20	1,691.05	-12.98%	5.10%
OIL	20.51	47.47	59.19	24.69%	188.59%
U.S. 10 YEAR	0.70%	0.93%	1.74%	87.10%	148.57%
10 YEAR SWAP	0.69%	0.92%	1.75%	90.22%	153.62%

Source: Newmark May 2021 Self Storage REIT Report

Interest rates have remained historically low and cap rates in the sector have remained below that of other real estate classes. According to a *Marcus & Millichap* report dated December 8, 2020, cap rates for a Class A facility in a primary market range from 4.5% to 5.5% and in a secondary market range from 5.5% to 6.25%. The overall average cap rate for a Primary Market is 6.00%, for a secondary market is 6.8% and for a tertiary market is 7.9% with the overall average for all markets being 6.7%

According to the Self-Storage Association, there are now nearly 48,000 self-storage facilities in the United States. The average size of a US self-storage facility is approximately 39,700 square feet. According to Union Realtime, today there exists a supply of 5.7 square feet of storage per capita nationally. That number obviously varies by market but, for example in New York there is a supply of 2.75 square feet per person – the lowest in the country, yet in Wyoming there is 14.56 square feet per person – the highest in the country. It is estimated that only 9.4% of the US population uses storage.

The top six self-storage companies, including five REITs (Public Storage, Extra Space, CubeSmart, Life Storage and National Storage Affiliates (NSA)) plus U-Haul (a public company/non-REIT) own, operate and/or manage approximately 9,000 self-storage facilities, representing 18.8% of all US facilities. Public Storage, the nation's largest

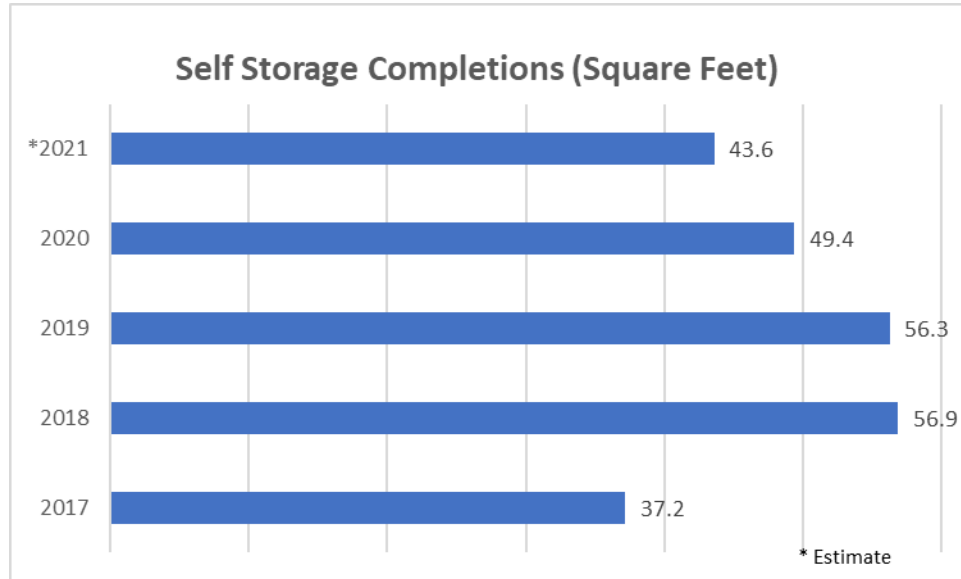
operator, has 5.7% of the market share of rentable units in nearly 2,700 facilities nationwide.

A key benchmark in the self-storage industry is how long it takes a facility to reach 90% Physical Occupancy, the point where the “Rent up” process is said to be complete. This time is traditionally two to three years from date of opening.

Rental rates vary across markets. There is no strict guideline for determining what the rental rates in a subject market should be, as price is largely a product of supply and demand. As of May 11, 2021, storage pricing hit a record high of \$195.00 per month for a 10x10 unit, up 37.4% over the same time in 2020. In addition, occupancies amongst the REITS ended the first quarter of 2021 at 94.78% - another all time high (Source: *Morgan Stanley Research Storage REITS/North America – May 17, 2021*).

Every market has a slightly different customer base. Location, size, market, presence, promotion and age of facility seem to reflect in a store’s clientele. Typically, residential users make up the largest group within any given market (77% nationally), followed by commercial users (19% nationally). Larger stores tend to have a higher use among commercial users and commercial users tend to rent longer than residential users. 48% of commercial users stay longer than two years; 23% between one and two years and 29% less than a year. The overall average industry length of stay is approximately twelve months.

A large amount of new self-storage supply has come online in the last few years. 2018 was a record year for new supply with an investment of over \$5.25 billion put in place (56.9 million square feet), up 33% from 2017. 2019 saw a similar investment at approximately \$5 billion (56.3 million square feet). Even with a pause in construction during COVID-19, 2020 saw an additional 49.4 million square feet of new development and 2021 is expected to result in 43.6 million square feet of additional new supply. Currently 8.3% of existing self-storage inventory are units under construction or in planning phases and it is estimated that 14% of all self-storage facilities are in a lease-up phase in 2020.



Source: *STORAGECafe* analysis of Yardi Matrix data February 2021

Recent months have proven that self-storage remains an attractive investment. Capital flow remains steady into the sector and notable investments have recently been made. Blackstone bought Simply Self Storage for \$1.2 billion last Fall, and it was recently announced that Bill Gates' controlled Cascade Investments, together with the Sovereign Wealth Fund for the nation of Singapore invested an undisclosed amount into Storage Mart.

Self-Storage Feasibility

Many factors must be reviewed when planning a self-storage development. Site characteristics, demographics, market supply & demand, barriers to entry, access to capital, economic return and exit strategy must be reviewed and quantified prior to constructing a new self-storage facility or purchasing an existing storage business.

As in most real estate ventures, location is a key factor. Many first-generation self-storage facilities were successful even in poor locations, with minimal features and benefits. Today's self-storage consumer, however, demands a quality space, security, clean facilities, professional service and easy access. Finding the balance between a quality site and a solid economic return is often the challenge for self-storage developers. Prime locations on "Main Street" are difficult to find and not often zoned for self-storage use.

Demographic factors that are considered in reviewing the feasibility of a self-storage market include the number of households, household income, population base, rented versus owned housing units and housing vacancies. This array of data can be used to determine the existing self-storage demand within a population, as well as forecast and identify important growth trends.

The exit strategy must always be considered when purchasing or developing a self-storage project. Location, market strength and features and benefits directly impact the potential long-term value of a storage property. Maximum allowed square footage also impacts future value and flexibility for a buyer. Developers should maximize the buildable square footage of their site during the planning and municipal review phase of pre-development.

Self-storage developers can market their self-storage property for sale at any time. However, the best times to market an individual site is when incremental value has been added to the property. In general, there are three periods when marketing a self-storage property makes sense: 1) when the project is fully entitled, 2) at the end of construction, and 3) when the asset is income stable.

During the construction phase of the project, it is important to consider the pool of potential future buyers in the market. Large national and regional self-storage companies show the greatest interest in acquiring sites that are well positioned geographically. These firms are generally averse to construction risk. Therefore, developers should build new sites with specific construction elements, such as broad

security, visibility and convenient access that will later attract a large pool of potential buyers.

Self-storage properties are marketed individually, or as part of an owner's portfolio of similar properties in close markets. Some economies of scale can be found when similarly, owned properties are operated within regional boundaries. Often, large operators look to "piece-together" portfolios of properties in close markets.

When developing a self-storage facility, a disciplined approach is necessary to locate quality sites and build good businesses. With increasing competition, it is more important now than ever to take all the critical steps necessary in understanding the subject market and how it affects the prospect of self-storage development.

Market Feasibility

Harbor Storage Group has studied the one-, three-, and five-mile markets (with a competitor study going out 7.5 miles) of 527 Stock Farm Road, Lake Ariel, PA.

According to *ESRI Demographics*, 2020 population in the one-, three-, and five-mile markets is 351,413 and 9,060, respectively. Growth to 2025 is projected to be flat or negative in these markets. From a Self Storage Feasibility perspective, the ideal population in a three-mile radius would be over 50,000 and population in a five-mile radius would be above 100,000.

It is important to note that these demographics are based on the most currently available information – from 2010 - and census numbers could have changed since published. The further out from the census, the less reliable the data.

Median Household Incomes in the market are \$52,710 in the one-mile market, \$61,862 in the three-mile market and \$58,755 in the five-mile market, which support self storage development (the general benchmark is \$40,000 to \$50,000).

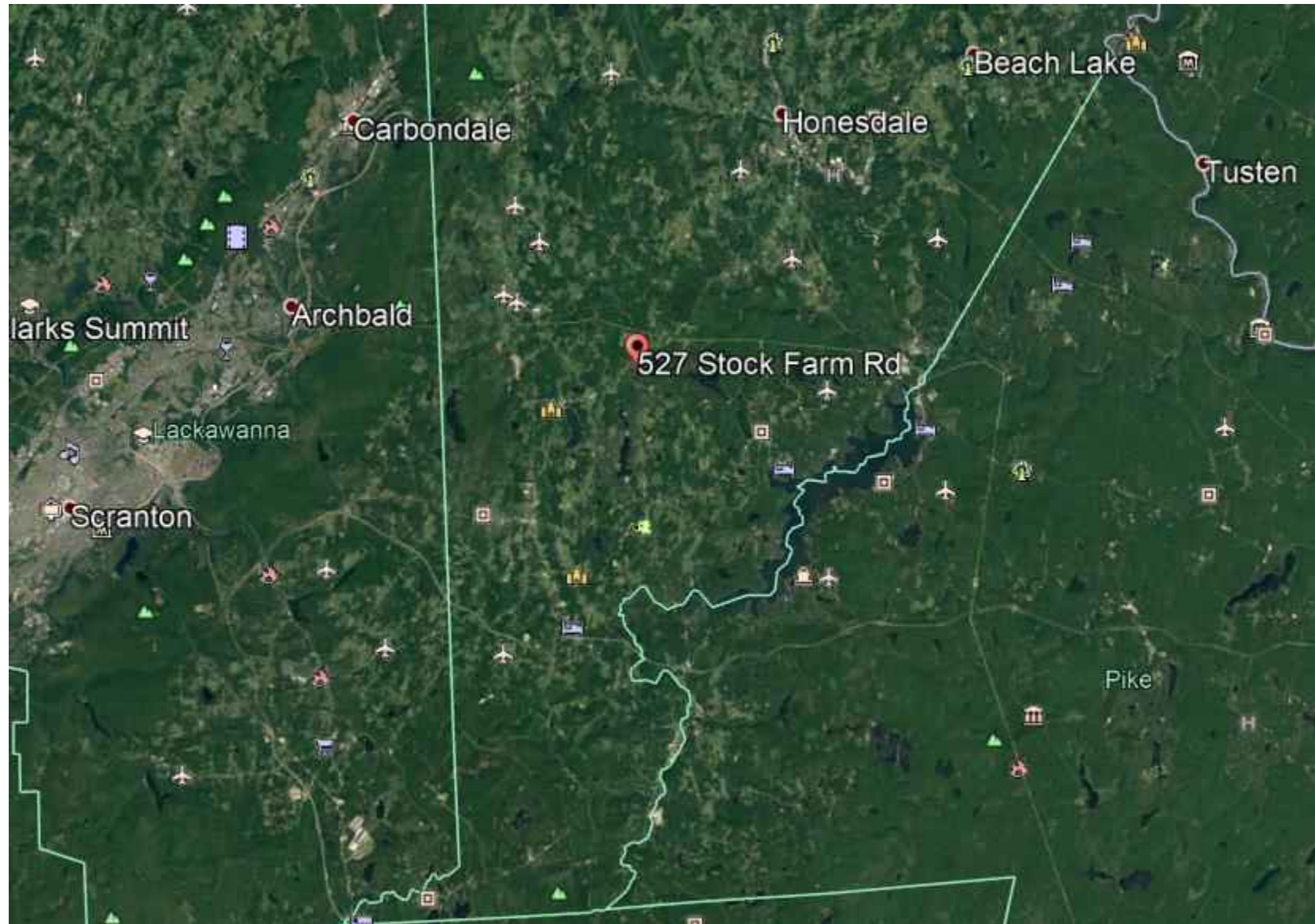
Percent renter occupied dwellings is an important factor in determining the viability of a potential self storage site. In the case of the Lake Ariel site, renter occupied dwellings are 14.0%, 12.8% and 13.4% in the one-, three- and five-mile radius, respectively. We generally like to see renter occupied dwellings above 35% for self storage.

There are no traffic counts publicly available for Stock Farm Road through the *Pennsylvania Department of Transportation*. Traffic counts on the nearby Highway 191 are 3,600 per day and it is believed that Stock Farm Road counts are significantly lower than this. Ideal traffic counts for self storage development are 25,000 cars per day.

We generally like to see much more dense areas for self storage development with higher Household numbers. Households in the one-, three- and five-mile market are 150, 1,723 and 3,699. These low numbers, together with low population levels, beg the question “Where will customers come from?” This is a concern for the site on Stock Farm Road. We also like to see self storage located near retail as this is considered a retail business and this site does not have retail nearby, nor does the market in general.

As can be seen on the following aerial map, the market is lacking in density, in residential roof tops and in retail.

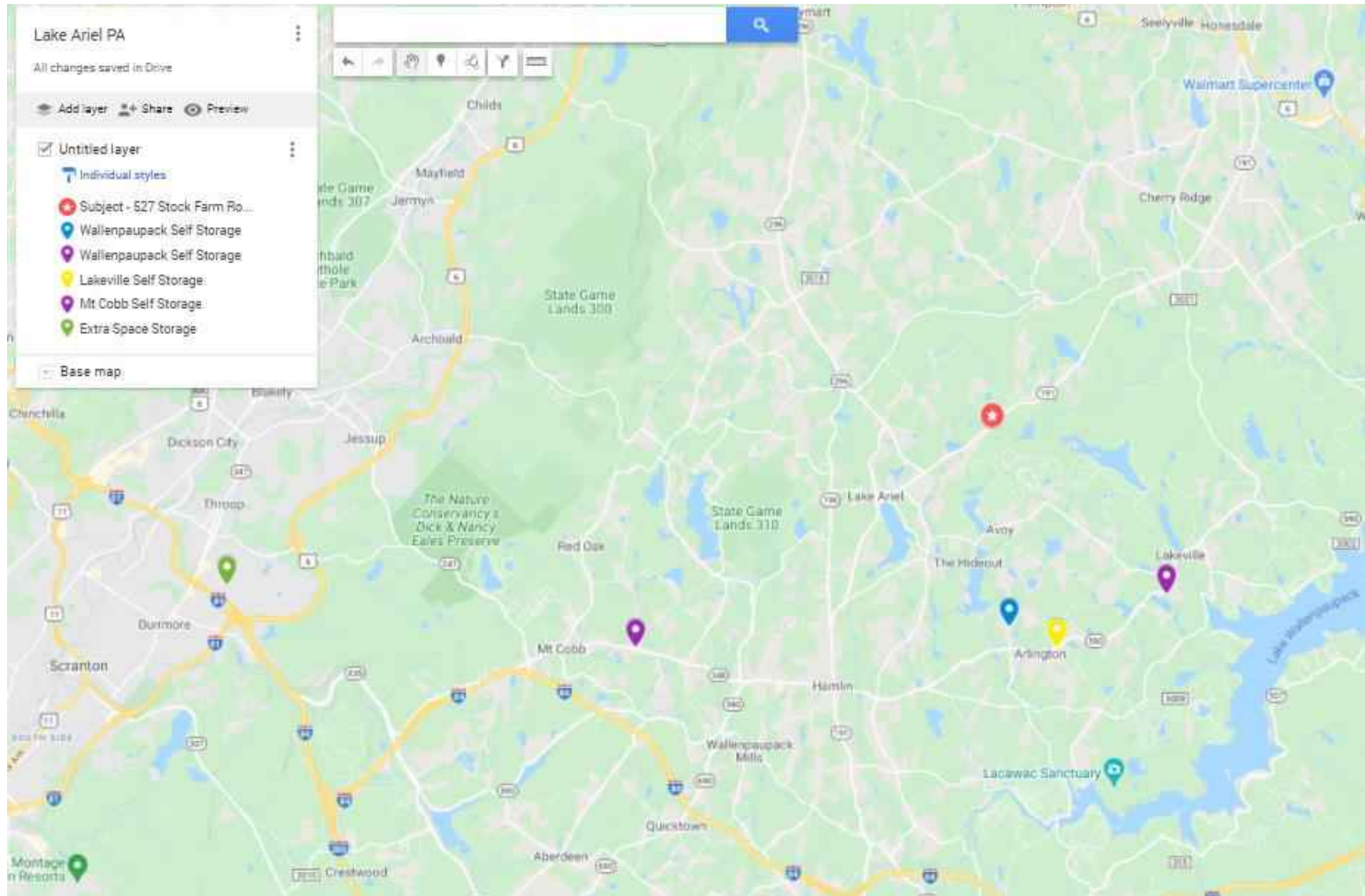
Market Feasibility, continued



537 Stock Farm Road
Lake Ariel, PA

June 2021

Local Self-Storage Competitors – Existing Supply



Supply and Demand

This section of the analysis explores the quantitative side of feasibility. It should be noted that whether positive or negative, no single element of analysis can define the feasibility of a site.

Supply in a market is generally estimated based on the reported square footage from local competitors together with building measurements from Google Earth (adjusted to account for Net Rentable Square Feet). Demand, however, is more difficult to estimate. Generally, a market in equilibrium will report average occupancies among competitors near regional averages, here believed to be above 90%. Nationally, current occupancies are above 92% and the REITS reported first quarter 2021 occupancy of 94.7%, up from 89.3% at the end of the first quarter of 2020.

Supply and Demand Factors to Consider:

- ✓ Actual and average occupancy rates
- ✓ Actual vacancy
- ✓ Projected growth
- ✓ Existing supply
- ✓ Existing demand

The market was researched and analyzed within five miles from a demographic perspective and taken out a bit further from a supply perspective (given the urban nature of the market) to 7.5 miles.

Demand Analysis

A widely accepted method for calculating demand in a market is to evaluate the existing square feet of self-storage supply per capita. This data should be taken with caution as a benchmark that reflects saturation or demand for any established U.S. Market does not yet exist. Sufficient data is not available to determine what the threshold for demand may be. It is difficult, based on available data, to draw any conclusion on what the right square foot per capita number in any given market is. For example, data from *The Self Storage Almanac* indicates that Raleigh, North Carolina has 19 square feet of storage per capita, and that Honolulu has 2.36 square feet per capita, yet occupancies in both markets are similar. Therefore, you cannot conclude that the supply threshold for Honolulu is ten times the current supply.

The best way to assess square foot per capita demand in a market is to first get an accurate count of existing square footage. Harbor Storage Group uses data from *Yardi Matrix* and or *StorTrack* to gather this information and then we measure rooftops on Google Earth to validate this data. Square footage then needs to be analyzed in conjunction with occupancy. When occupancies of existing facilities in a market are low, this is an indication that the market is over supplied.

In the case of the Lake Ariel site, a Demand Analysis suggests that the market is over-supplied.

Demand Analysis

527 Stock Farm Road, Lake Ariel PA		1 MILE	3 MILES	5 MILES
Total Population (1/1/20)		351	4,137	9,060
% Growth rate expected by 2025	0			
SF Demand per person US Average	5.4			
Self Storage Demand by SF		1,895	22,340	48,924
Current Competition	RENTABLE SQ FT	0	0	71,500
Current Supply Per Capita		0.00	0.00	7.89
Subject Location	44,900	44,900	44,900	44,900
New Construction			-	-
SF of Competition & Subject Property & Construction		44,900	44,900	116,408
SF per capita including subject property		127.92	10.85	12.85
Demand remaining based on Current SF/ Person		1,895	22,340	(22,576)
Demand remaining based on current & projected SF/ Person		(43,005)	(22,560)	(67,484)

Notes:

Subject Location - refers to the potential net rentable square feet of the subject site

US Average - The amount of square footage per person across the US as reported in the *2021 Self Storage Almanac*

Current Supply – The amount of existing net rentable square feet as reported by a June 2021 *StorTrack* report and verified on Google Earth

New Construction – Any other known (outside of subject site) planned or proposed facilities in the market.

Demand Remaining based on Current SF/Person – Unmet demand based on current supply and excluding proposed facility

Demand Remaining Based on Current & Projected SF/Person – The amount of demand remaining based on current supply plus any planned and proposed facility plus subject site

Potential New Self Storage Development

According to available data from *StorTrack* (a subscription based self storage data service), there are no new self storage developments in the planning stages in the Lake Ariel market as of the date of this report.

It is important to note, however, that despite any one group's due diligence efforts in determining whether or not new self-storage may be coming to a particular market, there is always the possibility that additional new development is planned but has not yet progressed sufficiently enough to have shown up in any new construction websites, data bases or in local zoning offices.

It is also important to monitor new developments moving forward to ensure that you are aware of any potential new projects that may be coming online and are not yet accounted for publicly. Additionally, new developments that are disclosed should be carefully and regularly monitored to be aware of timing of opening and size of project as these factors may impact the subject sites lease up period, stabilized occupancy levels and rental rates.

Local Competitor Data Summary

Facility	Street Address	City/State	Distance to Subject (miles)	Distance to Subject (travel time)	Estimated Age	Estimated NRSF
Wallenpaupack Self Storage	80 Miller Road	Lake Ariel	3.4	11	20+	18,500
Lakeville Self Storage	1524 Hamlin Highway	Lake Ariel	4.05	12	20+	22,800
Wallenpaupack Self Storage	204 Purdytown Turnpike	Lakeville	4.24	15	20+	15,000
Mt. Cobb Self Storage	1539 Mt. Cobb Road	Lake Ariel	7.46	14	20+	15,200

Local Competitor Pricing

Facility	5x5	5x5 CC	5x10	5x10 CC	10x10	10x10 CC	10x15	10x15 CC	10x20	10x20 CC	10x30	10x30 CC
Wallenpaupack Self Storage – Lake Ariel												
Lakeville Self Storage			\$45.00		\$80.00				\$130.00			
Wallenpaupack Self Storage - Lakeville												
Mt. Cobb Self Storage												

Local Competitor Review

An important step in evaluating a site for the feasibility of a self-storage facility is the amount (square feet) and quality of the competition in the target market. In addition, it is important to be aware of any potential new development in the market. In the case of Lake Ariel, available data indicates that there are no facilities in development in the market as of the date of this Study.

Harbor Storage Group, LLC has evaluated the existing supply based on the following:

- Size
- Location in the Market
- Location Relevant to Subject Site
- Visibility
- Ingress and Egress
- Asset Quality
- Security Features
- Unit Mix Between Standard and Climate Controlled Units
- Quality of Management

Our competitive review includes both Primary and Secondary Competitors. Primary meaning those facilities that are most likely to compete with subject for the same customer. A facility is deemed to be Primary in competitive nature when it is within close proximity to subject site, offers the same level of amenities and security as subject site would offer and is professionally managed. A Secondary Competitor has a low level of amenities, is largely inferior from an asset quality and location perspective and is not professionally managed. The following summarizes each existing competitor in the market and rates each one based on location, asset quality and quality of management. In the case of the Lake Ariel market, all of the existing facilities are considered “Secondary”.

Local Competitor Review

Wallenpaupack Self Storage – Lake Ariel



Wallenpaupack Self Storage in Lake Ariel is the closest existing facility to subject at approximately 3.4 miles away.

This facility is comprised of six single-story, non-climate-controlled buildings. This early generation facility has limited offerings in terms of features (paved drive aisles, security cameras throughout, gated entry, etc.). Facility does little in the way of digital marketing and its website is weak. Potential customers cannot check pricing online nor can they reserve or rent a unit online – all detriments to this location. We called numerous times to get pricing and each time we received a message stating that “The Mailbox is Full” We were never able to get in touch with someone indicating poor management.

Rankings:
Location = C-
Asset Quality = C-
Management = C-

Lakeville Self Storage



Lakeville Self Storage, located approximately four miles from subject, is another early generation facility lacking in amenities and the appeal that more recently developed self storage facilities offer/provide. We estimate that this 22,800 net rentable square feet facility is approximately 20 years old. This “Mom and Pop” facility is far from any population or retail – typical drivers of self storage. Facility website is simple and dated, lacking customer interface including pricing and online reservations or rentals. When we called the facility for pricing, manager told us he would have to call us back as he was “Driving a School Bus full of Children”. Ultimately he did call back, but the lack of quality and professionalism of this facility is pervasive throughout.

Rankings:
Location = C-
Asset Quality = C-
Management = C-

Wallenpaupack Self Storage - Lakeville



As with Wallenpaupack Self Storage in Lake Ariel, this Wallenpaupack facility in Lakeville was unreachable with the same “Mailbox is Full” message. As such, we were unable to get pricing as there is also no pricing online nor are there online reservations or rentals – a must in the industry today. It is questionable on how this facility gets customers given no online advertising, no ability to reach someone and their location far from residential rooftops and any retail. We estimate that this facility is 20 years old and contains 15,000 net rentable square feet.

Rankings:
Location = C-
Asset Quality = C-
Management = C-

Mt. Cobb Self Storage



While Mt. Cobb Self Storage is located outside of the five-mile market, we deemed it appropriate to include from a competitive perspective given the rural nature of this market. Another early generation facility lacking in the amenities and features that are prevalent in newer self storage facilities, this 15,200 net rentable square foot facility offers no climate control, unpaved drive aisles, limited security and lack of professional management. This facility has no website and multiple calls for pricing and general information went unanswered. In addition, the Google My Business listing of Mt. Cobb Self Storage shows “Temporarily Closed”.

Rankings:
Location = C-
Asset Quality = C-
Management = D

Demographics Analysis


Residential customers typically make up the bulk of tenants for self-storage facilities. According to *The Self-Storage Almanac, 2021*, commercial tenants make up 19% of the customer base and students and military each represent 2.0% of the customer base. Residential customers represent 77.0% of the customer base.

The following is a chart of some key demographic indicators of the Lake Ariel site, as presented by *ESRI Demographics*.

Lake Ariel PA	1 Mile	3 Miles	5 Miles
2020 Population	351	4,137	9,060
2025 Projected Population	350	4,136	9,033
% Population Change	0%	0%	-.2%
2020 Median Age	54.3	54.3	52.4
2020 Households	150	1,723	3,699
2025 Households Projection	150	1,724	3,691
% Household Change	0%	0%	0%
Per Capita Income	\$27,070	\$30,171	\$29,973
Median Household Income	\$52,710	\$61,862	\$58,755
% Renter Households	14.0%	12.8%	13.4%

A complete demographic report follows.

Site Demographics

		Demographic and Income Profile					
Lake Ariel PA		527 Stock Farm Road Lake Ariel PA 18436		Latitude: 41.4717			
Ring: 1 mile radius				Longitude: -75.3421			
Summary		Census 2010		2020		2025	
Population		346		351		350	
Households		147		150		150	
Families		101		102		101	
Average Household Size		2.25		2.24		2.23	
Owner Occupied Housing Units		127		130		129	
Renter Occupied Housing Units		20		21		21	
Median Age		49.6		54.3		56.1	
Trends: 2020-2025 Annual Rate		Area		State		National	
Population		-0.06%		0.18%		0.72%	
Households		0.00%		0.21%		0.72%	
Families		-0.20%		0.12%		0.64%	
Owner HHs		-0.15%		0.12%		0.72%	
Median Household Income		1.86%		1.41%		1.60%	
Households by Income		Census 2010		2020		2025	
		Number	Percent	Number	Percent	Number	Percent
<\$15,000		13	8.7%	12	8.0%		
\$15,000 - \$24,999		16	10.7%	14	9.3%		
\$25,000 - \$34,999		21	14.0%	20	13.3%		
\$35,000 - \$49,999		21	14.0%	20	13.3%		
\$50,000 - \$74,999		26	17.3%	24	16.0%		
\$75,000 - \$99,999		20	13.3%	21	14.0%		
\$100,000 - \$149,999		21	14.0%	25	16.7%		
\$150,000 - \$199,999		12	8.0%	15	10.0%		
\$200,000+		0	0.0%	0	0.0%		
Median Household Income				\$52,710		\$57,793	
Average Household Income				\$65,762		\$73,249	
Per Capita Income				\$27,070		\$30,247	
Population by Age		Census 2010		2020		2025	
		Number	Percent	Number	Percent	Number	Percent
0 - 4		11	3.2%	10	2.8%	10	2.8%
5 - 9		19	5.5%	15	4.2%	15	4.3%
10 - 14		23	6.6%	19	5.4%	17	4.8%
15 - 19		20	5.8%	19	5.4%	18	5.1%
20 - 24		12	3.5%	12	3.4%	11	3.1%
25 - 34		26	7.5%	28	7.9%	26	7.4%
35 - 44		37	10.7%	33	9.3%	34	9.7%
45 - 54		53	15.3%	44	12.5%	39	11.1%
55 - 64		57	16.5%	61	17.3%	57	16.2%
65 - 74		52	15.0%	65	18.4%	62	17.6%
75 - 84		25	7.2%	35	9.9%	49	13.9%
85+		11	3.2%	12	3.4%	14	4.0%
Race and Ethnicity		Census 2010		2020		2025	
		Number	Percent	Number	Percent	Number	Percent
White Alone		332	95.7%	331	94.3%	326	93.4%
Black Alone		5	1.4%	6	1.7%	7	2.0%
American Indian Alone		1	0.3%	1	0.3%	1	0.3%
Asian Alone		1	0.3%	2	0.6%	2	0.6%
Pacific Islander Alone		0	0.0%	0	0.0%	0	0.0%
Some Other Race Alone		3	0.9%	5	1.4%	6	1.7%
Two or More Races		5	1.4%	6	1.7%	7	2.0%
Hispanic Origin (Any Race)		10	2.9%	18	5.1%	21	6.0%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2020 and 2025.

May 23, 2021

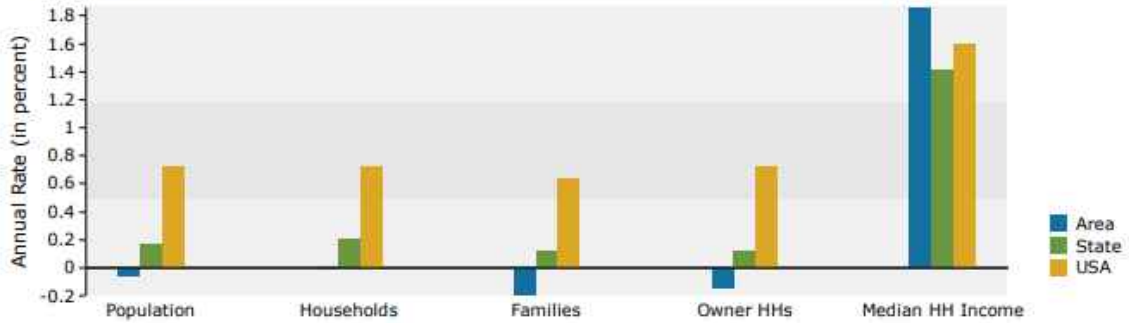


Demographic and Income Profile

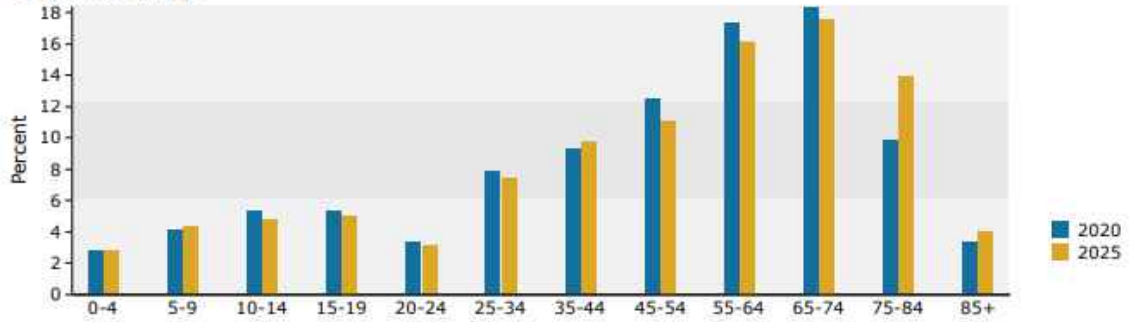
Lake Ariel PA
527 Stock Farm Road Lake Ariel PA 18436
Ring: 1 mile radius

Latitude: -41.4717
Longitude: -75.3421

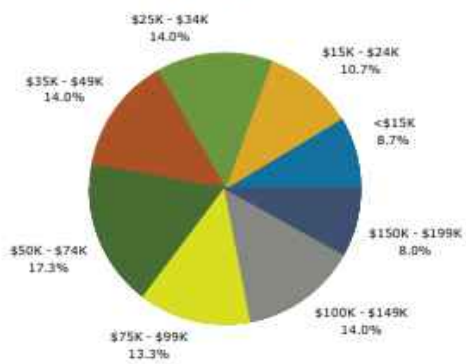
Trends 2020-2025



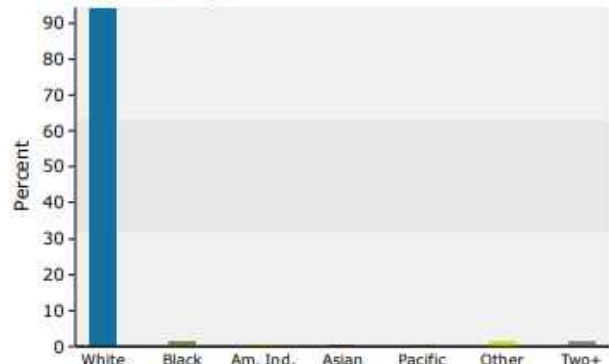
Population by Age



2020 Household Income



2020 Population by Race



2020 Percent Hispanic Origin: 5.1%

Lake Ariel PA
527 Stock Farm Road Lake Ariel PA 18436
Ring: 3 mile radius

Latitude: 41.4717
Longitude: -75.3421

Summary	Census 2010	2020	2025			
Population	4,048	4,137	4,136			
Households	1,671	1,723	1,724			
Families	1,171	1,192	1,188			
Average Household Size	2.34	2.33	2.32			
Owner Occupied Housing Units	1,463	1,503	1,503			
Renter Occupied Housing Units	208	220	221			
Median Age	49.9	54.3	56.2			
Trends: 2020-2025 Annual Rate	Area	State	National			
Population	0.00%	0.18%	0.72%			
Households	0.01%	0.21%	0.72%			
Families	-0.07%	0.12%	0.64%			
Owner HHs	0.00%	0.12%	0.72%			
Median Household Income	2.23%	1.41%	1.60%			
Households by Income	2020		2025			
	Number	Percent	Number	Percent		
<\$15,000	148	8.6%	133	7.7%		
\$15,000 - \$24,999	155	9.0%	139	8.1%		
\$25,000 - \$34,999	187	10.9%	177	10.3%		
\$35,000 - \$49,999	186	10.8%	170	9.9%		
\$50,000 - \$74,999	324	18.8%	296	17.2%		
\$75,000 - \$99,999	277	16.1%	289	16.8%		
\$100,000 - \$149,999	290	16.8%	333	19.3%		
\$150,000 - \$199,999	141	8.2%	171	9.9%		
\$200,000+	14	0.8%	16	0.9%		
Median Household Income	\$61,862		\$69,060			
Average Household Income	\$72,997		\$80,864			
Per Capita Income	\$30,174		\$33,453			
Population by Age	Census 2010		2020		2025	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	141	3.5%	128	3.1%	127	3.1%
5 - 9	215	5.3%	179	4.3%	173	4.2%
10 - 14	242	6.0%	203	4.9%	184	4.4%
15 - 19	242	6.0%	218	5.3%	206	5.0%
20 - 24	135	3.3%	139	3.4%	126	3.0%
25 - 34	301	7.4%	322	7.8%	310	7.5%
35 - 44	433	10.7%	381	9.2%	396	9.6%
45 - 54	625	15.4%	540	13.1%	469	11.3%
55 - 64	703	17.4%	750	18.1%	716	17.3%
65 - 74	598	14.8%	763	18.5%	753	18.2%
75 - 84	306	7.6%	392	9.5%	540	13.1%
85+	107	2.6%	120	2.9%	136	3.3%
Race and Ethnicity	Census 2010		2020		2025	
	Number	Percent	Number	Percent	Number	Percent
White Alone	3,872	95.6%	3,894	94.1%	3,846	93.0%
Black Alone	71	1.8%	88	2.1%	102	2.5%
American Indian Alone	7	0.2%	10	0.2%	13	0.3%
Asian Alone	16	0.4%	25	0.6%	30	0.7%
Pacific Islander Alone	1	0.0%	1	0.0%	1	0.0%
Some Other Race Alone	33	0.8%	55	1.3%	70	1.7%
Two or More Races	49	1.2%	65	1.6%	74	1.8%
Hispanic Origin (Any Race)	134	3.3%	214	5.2%	269	6.5%

Data Note: Income is expressed in current dollars.

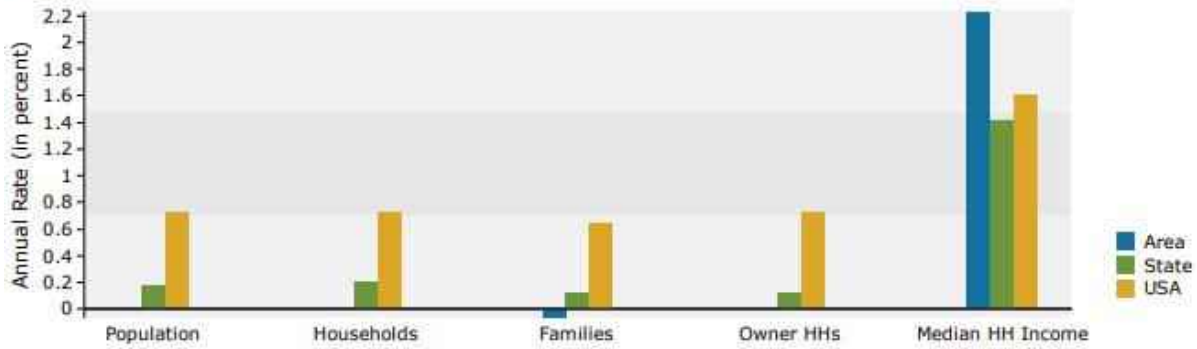
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2020 and 2025.

Demographic and Income Profile

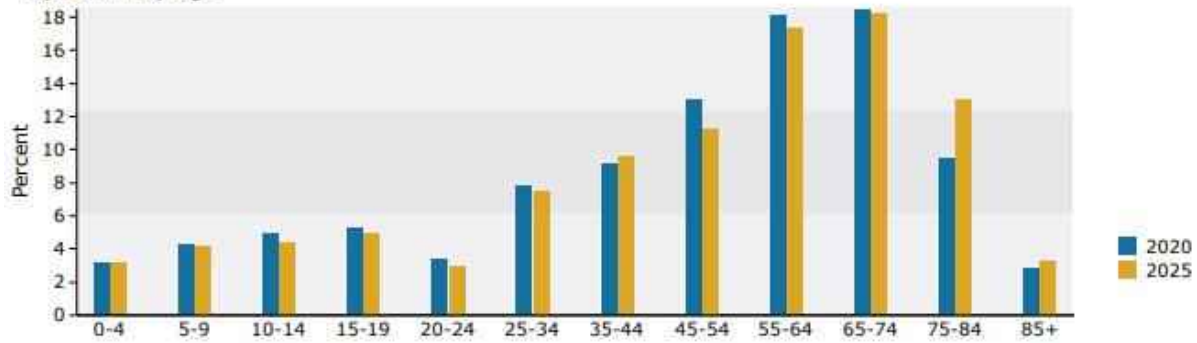
Lake Ariel PA
527 Stock Farm Road Lake Ariel PA 18436
Ring: 3 mile radius

Latitude: 41.4717
Longitude: -75.3421

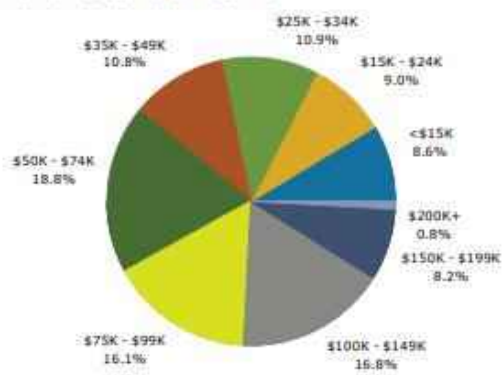
Trends 2020-2025



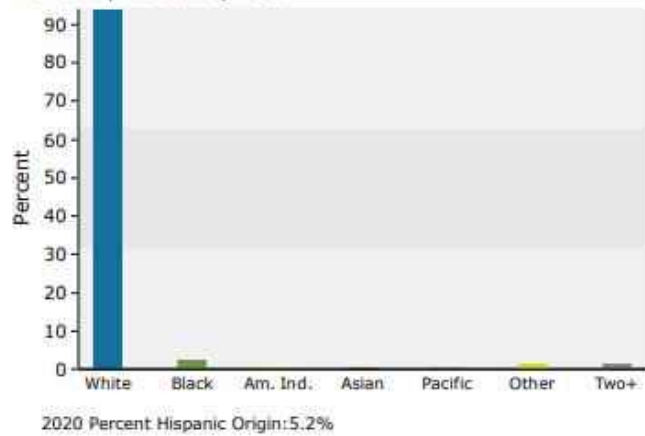
Population by Age



2020 Household Income



2020 Population by Race



Source: U.S. Census Bureau, Census 2010 Summary File 1, Esri forecasts for 2020 and 2025.



Demographic and Income Profile

Lake Ariel PA
527 Stock Farm Road Lake Ariel PA 18436
Ring: 5 mile radius

Latitude: 41.4717
Longitude: -75.3421

Summary	Census 2010	2020	2025	
Population	8,928	9,060	9,033	
Households	3,619	3,699	3,691	
Families	2,574	2,597	2,581	
Average Household Size	2.42	2.41	2.40	
Owner Occupied Housing Units	3,147	3,204	3,194	
Renter Occupied Housing Units	472	495	497	
Median Age	48.5	52.4	54.2	
Trends: 2020-2025 Annual Rate	Area	State	National	
Population	-0.06%	0.18%	0.72%	
Households	-0.04%	0.21%	0.72%	
Families	-0.12%	0.12%	0.64%	
Owner HHs	-0.06%	0.12%	0.72%	
Median Household Income	2.01%	1.41%	1.60%	
Households by Income	2020	2025		
	Number	Percent	Number	Percent
<\$15,000	306	8.3%	279	7.6%
\$15,000 - \$24,999	365	9.9%	329	8.9%
\$25,000 - \$34,999	383	10.4%	363	9.8%
\$35,000 - \$49,999	500	13.5%	460	12.5%
\$50,000 - \$74,999	666	18.0%	611	16.6%
\$75,000 - \$99,999	608	16.4%	635	17.2%
\$100,000 - \$149,999	576	15.6%	659	17.9%
\$150,000 - \$199,999	224	6.1%	273	7.4%
\$200,000+	70	1.9%	82	2.2%
Median Household Income	\$58,755		\$64,888	
Average Household Income	\$72,722		\$80,575	
Per Capita Income	\$29,973		\$33,236	
Population by Age	Census 2010	2020	2025	
	Number	Percent	Number	Percent
0 - 4	324	3.6%	292	3.2%
5 - 9	481	5.4%	407	4.5%
10 - 14	556	6.2%	454	5.0%
15 - 19	555	6.2%	472	5.2%
20 - 24	334	3.7%	345	3.8%
25 - 34	695	7.8%	779	8.6%
35 - 44	1,018	11.4%	882	9.7%
45 - 54	1,439	16.1%	1,235	13.6%
55 - 64	1,502	16.8%	1,617	17.8%
65 - 74	1,228	13.8%	1,630	18.0%
75 - 84	606	6.8%	733	8.1%
85+	190	2.1%	214	2.4%
Race and Ethnicity	Census 2010	2020	2025	
	Number	Percent	Number	Percent
White Alone	8,603	96.4%	8,613	95.1%
Black Alone	128	1.4%	161	1.8%
American Indian Alone	11	0.1%	17	0.2%
Asian Alone	41	0.5%	61	0.7%
Pacific Islander Alone	1	0.0%	1	0.0%
Some Other Race Alone	45	0.5%	75	0.8%
Two or More Races	99	1.1%	132	1.5%
Hispanic Origin (Any Race)	268	3.0%	422	4.7%

Data Note: Income is expressed in current dollars.



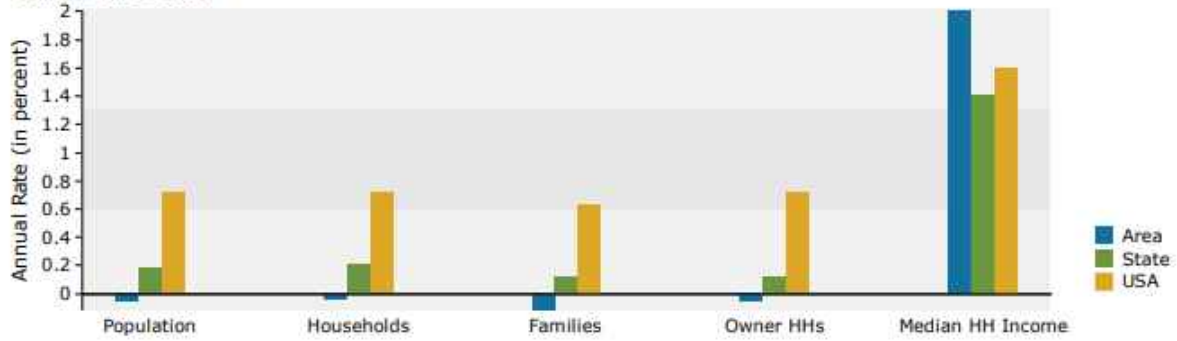
esri

Demographic and Income Profile

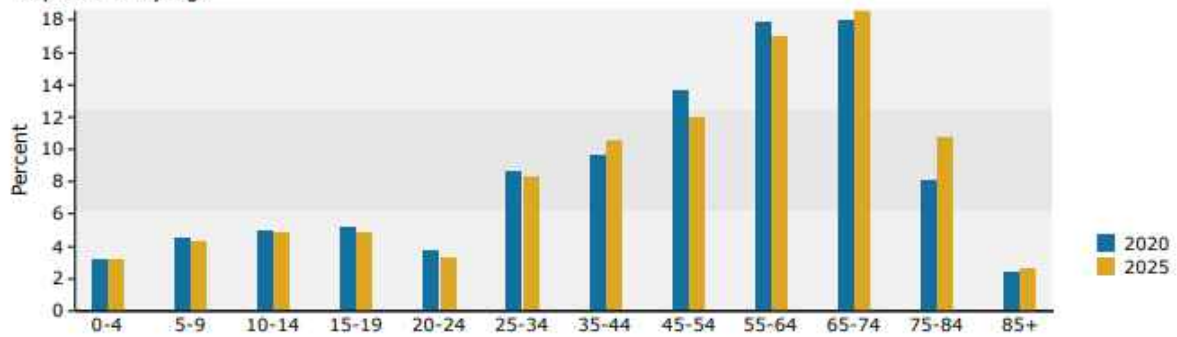
Lake Ariel PA
527 Stock Farm Road Lake Ariel PA 18436
Ring: 5 mile radius

Latitude: 41.4717
Longitude: -75.3421

Trends 2020-2025



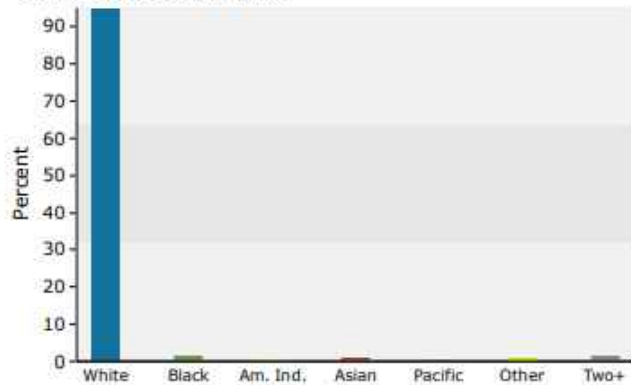
Population by Age



2020 Household Income



2020 Population by Race



2020 Percent Hispanic Origin: 4.7%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2020 and 2025.

Site Traffic Counts

As noted earlier in this report, the *Pennsylvania Department of Transportation* does not show traffic counts for Stock Farm Road, although it is believed that they are very low (lower than 1,000 cars per day). The closest available traffic counts were for the nearby Highway 191 which has daily counts of 3,600. Ideally, traffic counts for a self storage development site would be at or above 25,000 cars per day.

Preliminary Rent and Expense Projections and Lease Up Period

The unit mix, revenue and expenses contained in this study are estimates and should not be used for anything more than a quick snapshot of what the actual results might resemble once the Lake Ariel project is finalized. Rents will likely be heavily discounted during the lease up period. The lease up period is generally 24 – 36 months. We would expect a lease up period of 36 months for this project with Loss to Lease Discounts factored in during that time.

Preliminary Unit Mix

The table immediately below shows the current unit mix and rent rates for the existing 4,550 net rentable square feet at the Stock Farm Road facility. The second table shows the unit mix (provided by Developer) together with our estimate on rent rates for the addition containing 44,900 net rentable square feet.

Current Unit Mix and Rent Rates - Lake Ariel PA								
Description	Unit Size	RSF/Unit	Number Available	Total SF	% of Overall SF	Current Street Rate	RPSF	Current Gross Potential Income
Non Climate Control	5x5	25		-	0.0%		\$ -	\$ -
Non Climate Control	5x10	50	7	350	7.7%	\$ 60.00	\$ 1.20	\$ 420.00
Non Climate Control	5x15	75		-	0.0%		\$ -	\$ -
Non Climate Control	10x10	100		-	0.0%	\$ 100.00	\$ 1.00	\$ -
Non Climate Control	10x15	150		-	0.0%		\$ -	\$ -
Non Climate Control	10x20	200	21	4,200	92.3%	\$ 140.00	\$ 0.70	\$ 2,940.00
Non Climate Control	10x25	250		-	0.0%		\$ -	\$ -
Non Climate Control	10x30	300		-	0.0%		\$ -	\$ -
Outside Parking	10x20	200	10			\$ 100.00		\$ 1,000.00
Total CC			28	4,550	100.0%			
Total Non CC			-	-	0.0%			
TOTALS			28	4,550				\$ 4,360.00
Average Unit Size (SF)				162.50				
Gross SF								
Net Rentable SF			4,550					
Utilitization								

Proposed Unit Mix and Rent Rates - Lake Ariel PA

<i>Description</i>	<i>Unit Size</i>	<i>RSF/Unit</i>	<i>Number Available</i>	<i>Total SF</i>	<i>% of Overall SF</i>	<i>Current Street Rate</i>	<i>RPSF</i>	<i>Current Gross Potential Income</i>
Non Climate	5x10	50	60	3,000	6.7%	\$ 60.00	\$ 1.20	\$ 3,600.00
Non Climate	5x15	75		-	0.0%		\$ -	\$ -
Non Climate	10x10	100	111	11,100	24.7%	\$ 100.00	\$ 1.00	\$ 11,100.00
Non Climate	10x15	150		-	0.0%		\$ -	\$ -
Non Climate	10x20	200	154	30,800	68.6%	\$ 140.00	\$ 0.70	\$ 21,560.00
Non Climate	10x25	250		-	0.0%		\$ -	\$ -
Non Climate	10x30	300		-	0.0%		\$ -	\$ -
Outside Parking	10x20	200						\$ -
Total CC			-	-	0.0%			
Total Non-CC			325	44,900	100.0%			
TOTALS			325	44,900				\$ 36,260.00
Average Unit Size (SF)				138.15				
Gross SF								
Net Rentable SF			44,900					
Utilitization								

Preliminary Valuation Analysis

Based on proposed rent rates and a preliminary unit mix provided by Developer, together with projected operating expenses and today's estimated market cap rate (based on industry averages for a Class C facility in a Tertiary Market), it is estimated that the facility value would be \$4,046,222 in year five of operation. This valuation factors in revenue and expenses from the existing 4,550 net rentable square feet together with revenue and expenses (less debt service) of the proposed addition of 44,900 net rentable square feet and the Cell Tower income as provided by Developer.

Lake Ariel PA	
Estimated Value in Year 5 of Operation	
Property Value	\$ 4,046,222.22
Annual Gross Income	\$ 493,637.00
Operating Expenses	\$ 129,477.00
Annual Net Income	\$ 364,160.00
Cap Rate	9%

Preliminary Net Operating Income Projection Years 1 – 7

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
ANNUAL RPSF	\$9.69	\$9.73	\$9.93	\$10.23	\$10.54	\$10.86	\$11.18
GROSS POTENTIAL INCOME	\$435,120	\$436,752	\$446,042	\$459,423	\$473,205	\$487,402	\$502,024
LESS VACANCY- \$	(\$359,922)	(\$231,082)	(\$103,659)	(\$36,754)	(\$37,856)	(\$38,992)	(\$40,162)
VACANCY- %	83%	53%	23%	8%	8%	8%	8%
RENTAL INCOME	\$75,198	\$205,670	\$342,382	\$422,669	\$435,349	\$448,409	\$461,862
DISCOUNTS	(\$7,470)	(\$20,567)	(\$34,238)	(\$29,587)	(\$30,474)	(\$31,389)	(\$32,330)
LOSS TO LEASE DISCOUNTS	(\$18,799)	(\$41,134)	(\$1,149)	\$0	\$0	\$0	\$0
WRITEOFFS	(\$927)	(\$2,057)	(\$3,424)	(\$8,453)	(\$8,707)	(\$8,968)	(\$9,237)
NET RENTAL INCOME	\$48,001	\$141,912	\$303,571	\$384,629	\$396,168	\$408,053	\$420,294
OTHER INCOME							
LOCK & PACKAGING	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADMIN. FEES	\$1,440	\$2,838	\$3,036	\$8,453	\$8,707	\$8,968	\$9,237
LATE & NSF CHARGES	\$720	\$3,548	\$7,589	\$10,567	\$10,884	\$11,210	\$11,547
TENANT INSURANCE INCOME	\$2,359	\$6,426	\$10,458	\$10,458	\$10,458	\$10,458	\$10,458
TOTAL OTHER INCOME	\$4,519	\$12,812	\$21,083	\$29,478	\$30,049	\$30,636	\$31,242
TOTAL REVENUES - ADDITION	\$52,520	\$154,724	\$324,654	\$414,107	\$426,216	\$438,689	\$451,536
OPERATING EXPENSES	(\$88,690)	(\$122,821)	(\$126,001)	(\$127,123)	(\$129,477)	(\$131,900)	(\$134,394)
PERCENT OF GPI	20.4%	28.1%	28.2%	27.7%	27.4%	27.1%	26.8%
PERCENT OF REVENUE	169%	79%	39%	31%	30%	30%	30%
NET OPERATING INCOME - ADDITION	(\$36,170)	\$31,903	\$198,653	\$286,984	\$296,739	\$306,789	\$317,142
INCOME FROM EXISTING UNITS	\$ 52,280	\$ 53,848	\$ 55,463	\$ 57,127	\$ 58,841	\$ 60,606	\$ 62,424
CELL TOWER INCOME	\$ 7,800	\$ 8,125	\$ 8,580	\$ 8,580	\$ 8,580	\$ 8,580	\$ 8,580
NET OPERATING INCOME	\$23,910	\$93,876	\$262,696	\$352,691	\$364,160	\$375,975	\$379,566

Preliminary Net Operating Income Projection Months 1 – 12

RENT-UP YEAR 1:	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	
# of Units Rented(Absorbed)-Current Month	9	9	9	9	9	8	8	8	8	8	8	8	
Total # of Units Rented	9	18	27	36	45	53	61	69	77	85	93	101	
OVERALL OCCUPANCY	2.77%	5.54%	8.31%	11.08%	13.85%	16.31%	18.77%	21.23%	23.69%	26.15%	28.62%	31.08%	
MONTH	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
INCOME - ADDITION													
EXPECTED INCOME(NRI+WRITEOFFS)	\$703	\$1,305	\$1,958	\$2,611	\$3,263	\$3,844	\$4,424	\$5,004	\$5,584	\$6,164	\$6,744	\$7,325	\$48,929
GROSS POTENTIAL	\$36,260	\$36,260	\$36,260	\$36,260	\$36,260	\$36,260	\$36,260	\$36,260	\$36,260	\$36,260	\$36,260	\$36,260	\$435,120
LESS VACANCY	(\$35,256)	(\$34,252)	(\$33,248)	(\$32,244)	(\$31,239)	(\$30,347)	(\$29,454)	(\$28,562)	(\$27,669)	(\$26,777)	(\$25,884)	(\$24,992)	(\$359,922)
RENTAL INCOME	\$1,004	\$2,008	\$3,012	\$4,016	\$5,021	\$5,913	\$6,806	\$7,698	\$8,591	\$9,483	\$10,376	\$11,268	\$75,198
DISCOUNTS *	10.0%												
	(\$50)	(\$201)	(\$301)	(\$402)	(\$502)	(\$591)	(\$681)	(\$770)	(\$859)	(\$948)	(\$1,038)	(\$1,127)	(\$7,470)
LOSS TO LEASE DISCOUNTS	25.0%												
	(\$251)	(\$502)	(\$753)	(\$1,004)	(\$1,255)	(\$1,478)	(\$1,701)	(\$1,925)	(\$2,148)	(\$2,371)	(\$2,594)	(\$2,817)	(\$18,799)
WRITEOFFS *	1.3%												
	\$0	(\$25)	(\$38)	(\$50)	(\$63)	(\$74)	(\$85)	(\$96)	(\$107)	(\$119)	(\$130)	(\$141)	(\$927)
NET RENTAL INCOME - ADDITION	\$703	\$1,280	\$1,920	\$2,561	\$3,201	\$3,770	\$4,339	\$4,908	\$5,477	\$6,046	\$6,615	\$7,184	\$48,001
OTHER INCOME													
LOCK & PACKAGING *	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADMIN. FEES *	3.0%	\$21	\$38	\$58	\$77	\$96	\$113	\$130	\$147	\$164	\$181	\$198	\$1,440
LATE & NSF CHARGES *	1.5%	\$11	\$19	\$29	\$38	\$48	\$57	\$65	\$74	\$82	\$91	\$99	\$720
TENANT INSURANCE INCOME		\$32	\$63	\$95	\$126	\$158	\$186	\$214	\$242	\$270	\$298	\$326	\$2,359
TOTAL OTHER INCOME - ADDITION	\$63	\$121	\$181	\$241	\$302	\$355	\$409	\$462	\$516	\$570	\$623	\$677	\$4,519
TOTAL REVENUES	\$766	\$1,401	\$2,101	\$2,802	\$3,502	\$4,125	\$4,747	\$5,370	\$5,993	\$6,615	\$7,238	\$7,860	\$52,520
OPERATING EXPENSES	(\$7,391)	(\$7,391)	(\$7,391)	(\$7,391)	(\$7,391)	(\$7,391)	(\$7,391)	(\$7,391)	(\$7,391)	(\$7,391)	(\$7,391)	(\$7,391)	(\$88,690)
NET OPERATING INCOME - ADDITION	(\$6,625)	(\$5,990)	(\$5,290)	(\$4,589)	(\$3,889)	(\$3,266)	(\$2,643)	(\$2,021)	(\$1,398)	(\$776)	(\$153)	\$470	(\$36,170)
INCOME FROM EXISTING UNITS	\$ 4,357	\$ 4,357	\$ 4,357	\$ 4,357	\$ 4,357	\$ 4,357	\$ 4,357	\$ 4,357	\$ 4,357	\$ 4,357	\$ 4,357	\$ 4,357	\$52,280
CELL TOWER INCOME	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$7,800
NET OPERATING INCOME	(\$1,618)	(\$983)	(\$283)	\$418	\$1,118	\$1,741	\$2,363	\$2,986	\$3,608	\$4,231	\$4,854	\$5,476	\$23,910

Preliminary Net Operating Income Projection Months 13 – 24

RENT-UP YEAR 2													
	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	
# of Units Rented(Absorbed)-Current Month	8	8	8	8	8	8	8	8	8	8	8	8	8
Total # of Units Rented	109	117	125	133	141	149	157	165	173	181	189	197	
OVERALL OCCUPANCY	33.54%	36.00%	38.46%	40.92%	43.38%	45.85%	48.31%	50.77%	53.23%	55.69%	58.15%	60.62%	
MONTH	13	14	15	16	17	18	19	20	21	22	23	24	TOTAL
INCOME - ADDITION													
EXPECTED INCOME(NRI + WRITEOFFS)	\$8,513	\$9,138	\$9,762	\$10,439	\$11,067	\$11,695	\$12,323	\$12,951	\$13,579	\$14,207	\$14,834	\$15,462	\$143,969
GROSS POTENTIAL	\$36,260	\$36,260	\$36,260	\$36,441	\$36,441	\$36,441	\$36,441	\$36,441	\$36,441	\$36,441	\$36,441	\$36,441	\$436,752
LESS VACANCY	(\$24,099)	(\$23,206)	(\$22,314)	(\$21,528)	(\$20,631)	(\$19,734)	(\$18,837)	(\$17,940)	(\$17,043)	(\$16,146)	(\$15,249)	(\$14,352)	(\$231,082)
RENTAL INCOME	\$12,161	\$13,054	\$13,946	\$14,913	\$15,810	\$16,707	\$17,604	\$18,501	\$19,398	\$20,295	\$21,192	\$22,089	\$205,670
DISCOUNTS	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	(\$20,567)
LOSS TO LEASE DISCOUNTS	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	(\$41,134)
WRITEOFFS	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	(\$2,057)
NET RENTAL INCOME - ADDITION	\$8,391	\$9,007	\$9,623	\$10,290	\$10,909	\$11,528	\$12,147	\$12,766	\$13,385	\$14,004	\$14,622	\$15,241	\$141,912
OTHER INCOME													
LOCK & PACKAGING	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADMIN. FEES	2.0%	\$168	\$180	\$192	\$206	\$218	\$231	\$243	\$255	\$268	\$280	\$292	\$2,838
LATE & NSF CHARGES	2.5%	\$210	\$225	\$241	\$257	\$273	\$288	\$304	\$319	\$335	\$350	\$366	\$3,548
TENANT INSURANCE INCOME		\$382	\$410	\$438	\$466	\$494	\$522	\$550	\$578	\$606	\$634	\$662	\$6,426
TOTAL OTHER INCOME - ADDITION	\$759	\$815	\$871	\$929	\$984	\$1,040	\$1,096	\$1,152	\$1,208	\$1,264	\$1,320	\$1,375	\$12,812
TOTAL REVENUES	\$9,150	\$9,822	\$10,493	\$11,218	\$11,893	\$12,568	\$13,243	\$13,918	\$14,592	\$15,267	\$15,942	\$16,617	\$154,724
OPERATING EXPENSES	(\$10,235)	(\$10,235)	(\$10,235)	(\$10,235)	(\$10,235)	(\$10,235)	(\$10,235)	(\$10,235)	(\$10,235)	(\$10,235)	(\$10,235)	(\$10,235)	(\$122,821)
NET OPERATING INCOME - ADDITION	(\$1,085)	(\$413)	\$258	\$983	\$1,658	\$2,333	\$3,008	\$3,683	\$4,357	\$5,032	\$5,707	\$6,382	\$31,903
INCOME FROM EXISTING UNITS	\$ 4,487	\$ 4,487	\$ 4,487	\$ 4,487	\$ 4,487	\$ 4,487	\$ 4,487	\$ 4,487	\$ 4,487	\$ 4,487	\$ 4,487	\$ 4,487	\$53,848
CELL TOWER INCOME	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 715	\$ 715	\$ 715	\$ 715	\$ 715	\$8,125
NET OPERATING INCOME	\$4,052	\$4,724	\$5,396	\$6,121	\$6,796	\$7,470	\$8,145	\$8,885	\$9,560	\$10,234	\$10,909	\$11,584	\$93,876

Preliminary Net Operating Income Projection Months 25 – 36

RENT-UP YEAR 3	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25		
# of Units Rented(Absorbed)-Current Month	8	8	8	8	8	8	8	8	8	8	8	8		
Total # of Units Rented	205	213	221	229	237	245	253	261	269	277	285	293		
OVERALL OCCUPANCY	63.08%	65.54%	68.00%	70.46%	72.92%	75.38%	77.85%	80.31%	82.77%	85.23%	87.69%	90.15%		
MONTH	25	26	27	28	29	30	31	32	33	34	35	36	TOTAL	
INCOME - ADDITION														
EXPECTED INCOME(NRI+WRITEOFFS)	\$19,538	\$21,495	\$22,302	\$23,109	\$23,917	\$24,724	\$26,553	\$27,392	\$28,232	\$29,071	\$29,911	\$30,751	\$306,995	
GROSS POTENTIAL	\$36,441	\$36,441	\$36,441	\$36,441	\$36,441	\$36,441	\$37,899	\$37,899	\$37,899	\$37,899	\$37,899	\$37,899	\$446,042	
LESS VACANCY	(\$13,455)	(\$12,558)	(\$11,661)	(\$10,764)	(\$9,867)	(\$8,970)	(\$8,396)	(\$7,463)	(\$6,530)	(\$5,597)	(\$4,664)	(\$3,732)	(\$103,659)	
RENTAL INCOME	\$22,986	\$23,883	\$24,780	\$25,677	\$26,574	\$27,471	\$29,503	\$30,436	\$31,369	\$32,302	\$33,234	\$34,167	\$342,382	
DISCOUNTS	10.0%	(\$2,299)	(\$2,388)	(\$2,478)	(\$2,568)	(\$2,657)	(\$2,747)	(\$2,950)	(\$3,044)	(\$3,137)	(\$3,230)	(\$3,323)	(\$3,417)	(\$34,238)
LOSS TO LEASE DISCOUNTS*	5.0%	(\$1,149)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,149)
WRITEOFFS	1.0%	(\$230)	(\$239)	(\$248)	(\$257)	(\$266)	(\$275)	(\$295)	(\$304)	(\$314)	(\$323)	(\$332)	(\$342)	(\$3,424)
NET RENTAL INCOME - ADDITION	\$19,308	\$21,256	\$22,054	\$22,853	\$23,651	\$24,449	\$26,258	\$27,088	\$27,918	\$28,748	\$29,579	\$30,409	\$303,571	
OTHER INCOME														
LOCK & PACKAGING	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
ADMIN. FEES	1.0%	\$193	\$213	\$221	\$229	\$237	\$244	\$263	\$271	\$279	\$287	\$296	\$304	\$3,036
LATE & NSF CHARGES	2.5%	\$483	\$531	\$551	\$571	\$591	\$611	\$656	\$677	\$698	\$719	\$739	\$760	\$7,589
TENANT INSURANCE INCOME		\$718	\$746	\$774	\$802	\$830	\$858	\$886	\$914	\$942	\$970	\$998	\$1,026	\$10,458
TOTAL OTHER INCOME - ADDITION	\$1,393	\$1,489	\$1,545	\$1,601	\$1,657	\$1,713	\$1,805	\$1,862	\$1,919	\$1,976	\$2,033	\$2,090	\$21,083	
TOTAL REVENUES	\$20,702	\$22,745	\$23,600	\$24,454	\$25,308	\$26,163	\$28,062	\$28,949	\$29,837	\$30,724	\$31,611	\$32,499	\$324,654	
OPERATING EXPENSES	(\$10,500)	(\$10,500)	(\$10,500)	(\$10,500)	(\$10,500)	(\$10,500)	(\$10,500)	(\$10,500)	(\$10,500)	(\$10,500)	(\$10,500)	(\$10,500)	(\$126,001)	
NET OPERATING INCOME - ADDITION	\$10,202	\$12,245	\$13,100	\$13,954	\$14,808	\$15,662	\$17,562	\$18,449	\$19,337	\$20,224	\$21,111	\$21,999	\$198,653	
INCOME FROM EXISTING UNITS	\$ 4,622	\$ 4,622	\$ 4,622	\$ 4,622	\$ 4,622	\$ 4,622	\$ 4,622	\$ 4,622	\$ 4,622	\$ 4,622	\$ 4,622	\$ 4,622	\$55,463	
CELL TOWER INCOME	\$ 715	\$ 715	\$ 715	\$ 715	\$ 715	\$ 715	\$ 715	\$ 715	\$ 715	\$ 715	\$ 715	\$ 715	\$8,580	
NET OPERATING INCOME	\$15,538	\$17,582	\$18,437	\$19,291	\$20,145	\$20,999	\$22,899	\$23,786	\$24,674	\$25,561	\$26,448	\$27,336	\$262,696	

Final Opinion

It is our opinion that the site located at 527 Stock Farm Road in Lake Ariel, PA is “Unfavorable” for the development of an additional 44,900 net rentable square feet of self storage.

Our “Unfavorable” assessment is based on several factors, including:

- Low population densities in the market with flat or negative growth projected to 2025
- Low number of households in the market
- Low percent of renter occupied dwellings in the market
- Extremely low traffic counts on Stock Farm Road
- Lack of any retail surrounding site
- High square foot per capita of existing storage in the market
- Low barriers to entry in the market which would preclude others from developing additional self storage
- Lower than average market rent rates (the current local market average is \$.90 per square feet versus a national average of \$1.88 per square foot and a State average of \$1.96 per square foot)

Declarations, Limiting Conditions & Assumptions

Acceptance of this report infers an agreement, on the part of the client named on the cover sheet, of the following limiting conditions and assumptions:

1. Harbor Storage Group, LLC was contracted as a consultant by the firm named on the front page of this report. Harbor Storage Group, LLC is a third-party consultant, with no equity interest (actual or implied) in the subject site. The purpose of this study is to review the feasibility of the subject property for storage development.
2. Harbor Storage Group, LLC does not claim engineering expertise. A professional engineer should be contracted to determine actual physical site feasibility.
3. Harbor Storage Group, LLC does not claim environmental expertise. A professional environmental consultant/company should be contracted to determine if there are any environmental issues associated with site.
4. All data collected and reported is assumed to be accurate by Harbor Storage Group, as of the date of the cover sheet of this report. Data was collected over a period of days/weeks and therefore may have changed since originally collected. No warranty is implied or declared.
5. Market conditions, rents, population trends, business and economic climate, political jurisdiction and all other dynamics are subject to change abruptly. Any change in these dynamics could impact the accuracy of this report. The findings of this report are for the date (a moment in time) as described on the cover page.
6. All data included in this report is presented exactly as collected by Harbor Storage Group, LLC. No manipulation of data has occurred.
7. The data submitted in this feasibility study was collected from a variety of sources, including, but not limited to internet searches, public information, demographic software, internet based aerial photography, state, county and municipality websites, individual interviews, competitor site visits, industry trade journals and publications and self-storage industry training seminars.
8. This report was prepared exclusively for our Client. While every attempt is made to provide the highest level of accuracy and reliability, it must be recognized that this report relies heavily on written and verbal information provided by others. In some cases, these sources may be competitors who have a vested interest in skewing the data. Every attempt is made to eliminate possible misrepresentations.

9. Harbor Storage Group, LLC accepts no responsibility and shall not be liable for misinformation, either intentional or accidental and cannot be held responsible for any decisions the developer may make based on this report.
10. Reliable sources and measures are taken to avoid misinformation received by others, but there is always a chance that data can be missed.
11. This report is meant to serve as a guide for the developer. By no means is this report presented as the key to success or failure of any project. Conclusions are largely generated from industry experience and observations by Harbor Storage Group, LLC.
12. Other professional investigative and feasibility studies, including soil tests, survey, engineering, legal services, development and planning review, accounting services, etc., must be performed, at the expense of the client, prior to developing the subject property. Harbor Storage Group, LLC did not review any other feasibility studies prior to submitting this report.
13. Harbor Storage Group, LLC assumes no risk or liability associated with the performance, success or failure of the project, developers, owners, and ownership entity(s).
14. Some of the information submitted in this feasibility study was provided by the client and presumed accurate by Harbor Storage Group, LLC.
15. The results, conclusions, recommendations herein do not guarantee success or failure of any project. Harbor Storage Group, LLC does not provide any guarantee of success based on the findings of this report.
16. Assumptions made in this report do not include construction costs, land costs, operating costs, revenue projections or available debt financing.
17. Many of the recommendations herein are based on the personal industry experience of Harbor Storage Group, LLC.
18. Harbor Storage Group, LLC has no financial interest in the development of this proposed project. Professional fees received by Harbor Storage Group for this report were in no manner contingent upon the results or opinions stated in this report.

19. Upon acceptance of this report, the client, named on the cover sheet of this report, agrees to hold Harbor Storage Group, LLC harmless for the financial performance of this proposed project.
20. Acceptance of this report is indicated by the receipt of the client, either electronically or in hardcopy form. Upon acceptance, all agreed to, and contracted fees are wholly earned and due.

Electronically Submitted by:

Tracy M Sells

Managing Member,

Harbor Storage Group, LLC

June 4, 2021

Ms. Tracy Sells, Principal of Harbor Storage Group, has been in the self-storage business since 1996 beginning with Storage USA, one of the first self-storage REITS. Storage USA was sold to GE Capital and, subsequently to Extra

Tracy M Sells

Space. During her tenure at Storage USA, Ms. Sells held various leadership rolls within the organization including Director of Human Resources, Investor Relations and Risk Management. Ms. Sells served as the first leader of Storage USA's Franchise/Third Party Management Program. In this role, her responsibilities included assisting owners with site selection, feasibility and zoning issues; serving as liaison with contractors and vendors during the facility construction phase; and assisting owners with construction and/or permanent financing. Once a facility was operational, Ms. Sells served as asset manager, providing the link between operational/financial functions within Storage USA and the owner, his/her investors and lenders.

Ms. Sells has held various additional roles within the industry's largest operators including CubeSmart (NYSE:CUBE) and most recently the William Warren Group/StorQuest from early 2014 until November 2018. At the William Warren Group, Ms. Sells had full responsibility for the Third-Party Management program including new business development including site analysis and underwriting, owner/investor relationships and operations and accounting management. Ms. Sells also worked closely with WWG's institutional partners including the Carlyle Group (NASDAQ:CG) and others.

Together with her family, Ms. Sells owns three facilities, two of which she has direct management responsibility for.

Ms. Sells has first-hand knowledge and experience in all aspects of the self-storage industry including:

- Site Selection and Development including site layout and unit mix suggestions and Development Pro Forms
- Zoning and Entitlement Process
- Financing
- Acquisitions
- Management Company Selection Process
- Operations/Internet Marketing/Budgeting and Forecasting/Operational Audits
- Feasibility Studies
- Training & Development
- Revenue Management
- Operating and Accounting Software

Ms. Sells earned her BS in Finance from the University of South Carolina and an MBA from Loyola College of Maryland. Ms. Sells is active in Junior Achievement of Greater Washington and a regular speaker for the Self Storage Association.



*We're pleased to offer the following
Commercial Insurance Proposal for:*

NEPA Storage Solutions LLC
527 STOCK FARM RD
LAKE ARIEL, PA 18436

Prepared by:

World Ins Assoc, LLC
4th Floor
100 Wood Ave South
Iselin, NJ 08830
732-380-0900

Proposed Policy Effective Date:
09/25/2023

Security. Appreciation. Respect.



Security. Appreciation. Respect. These three words have shaped our company and our culture for more than 100 years. We are committed to delivering exceptional experiences with every interaction.

Since the founding of our lead company in 1914, we have continuously evolved to stay relevant to our policyholders' needs. We've been insuring homes and personal valuables as well as your communities including schools, religious institutions, child care centers, volunteer fire departments and businesses of all sizes for decades. What hasn't changed is our dedication to service. We've had more than \$1 billion in sales for over two consecutive years and have an AM Best rating of A- (Excellent) with a positive outlook.



97% Claims Satisfaction*

Our claims team is dedicated to fast, respectful service. The team includes specialists for our niche markets. While it may seem that your situation is unique and complex, chances are your claim representative is knowledgeable about the issue and is ready to best assist you.



Products

We write more than 700 classes of business in commercial lines, including more than 250 classes of business on our Businessowners Policy (BOP) product. We write commercial lines business in 17 states countrywide, including: CT, DE, GA, IL, IN, MA, MD, NC, NH, NY, OH, PA, RI, SC, TN, TX and VA. We write personal lines business in 6 states, including CT, MA, NC, NY, OH and VA.



Availability

We know your time is precious and that you want to do business when it's convenient for you. Our Customer Care Center provides service to our policyholders when you want it, 24/7/365. It allows you to view policies, access account and billing information, review claims history, print ID cards and much more.

* Based on 2018 Claims Satisfaction Survey



Charitable Giving

The Utica National Group Foundation was founded in 1988 and has given millions of dollars to hundreds of agencies and projects. The foundation focuses on healthy development of children and families and requests that address the root cause of social problems. We want to make a positive impact in our communities.



People

We often hear that it is our people who make the difference every day with both agents and policyholders. Our 1,200-plus employees are committed to delivering you exceptional experiences.



Relationships

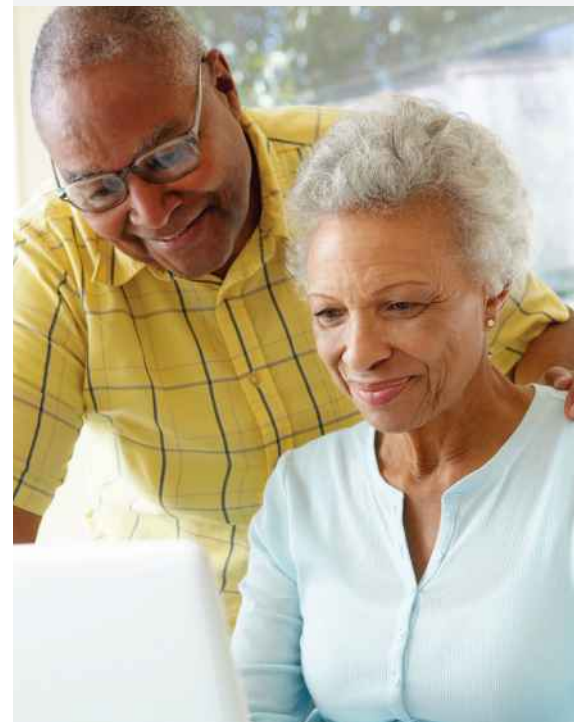
For over 90 years, we have been committed to working with independent agents to ensure that our policyholders are getting guidance and prompt service when they need it most. Our lead company is a mutual company, so we don't answer to stockholders, we focus on the needs of our policyholders.

How we do business has changed over the last century, but not what we do for our policyholders. We work every day to live our promise: "To make people feel secure, appreciated and respected."

Living Our Promise

We're proud to have been recognized by these great organizations.

- **Named Top Insurance Workplace** by Insurance Business America magazine in 2018 and 2019
- **Best Commercial Lines Carrier in New York State** by the Independent Agents and Brokers of New York (2015)
- **Top-100 Super Regional Property/Casualty Insurer** by Insurance Journal magazine (2015)



Utica National Insurance Group
Insurance that starts with you.®

Utica Mutual Insurance Company and its affiliated companies, New Hartford, NY 13413
www.uticanational.com • 1.800.598.8422

GENERAL SUMMARY

Thank you for the opportunity to provide a proposal. Below is a brief overview, followed by more detailed information.

NEPA Storage Solutions LLC
527 STOCK FARM RD, LAKE ARIEL, PA 18436

Policy Period: 09/25/2023 - 09/25/2024

Type of Policy (ies): Businessowners Policy

Type of Risk: Self -storage Unit Facilities - Lessors Risk

Number of Locations / Vehicles: One Location

Location 1: 527 STOCK FARM RD, LAKE ARIEL, PA 18436

Key Endorsements / Exclusions

(Please review the entire proposal for more detailed information):

- Businessowners Extension Endorsement
- Asbestos Exclusion
- Cyber Incident Exclusion

Proposed Premium Amount: \$1,477.00

Since 1914, our purpose has been to make customers feel secure, appreciated and respected. We offer a program of coverage and service especially designed to keep businesses like yours running smoothly. See what we can do for you!

www.uticanational.com

Policy Level Coverages/Limits - Coverages Applicable to All Locations

Property

Policy Type
Property Deductible

Special Form
\$1,000

Business Income

Business Income Actual Sustained Loss / Extra Expense 12 months

Coverage Specifics

Listed below is a summary of Property, Inland Marine and Crime Coverages that are automatically included in this proposal, or optional coverages you have selected. Also listed are the limits provided within the policy and the premiums being charged.

Coverage Description	Limits	Premium
Appurtenant Structures	\$50,000	Included
Business Personal Property Supplemental	Coverage not Selected	Coverage not Selected
Civil Authority	72 hours later and for 21 days	Included
Collapse	Policy Limits	Included
Computer Fraud and Funds Transfer Fraud	Coverage not Selected	Coverage not Selected
Damage to Premises Rented to You	\$50,000	Included
Debris Removal	\$25,000	Included
Debris Removal (Business Personal Property temporarily away from Premises)		Included
Electronic Data	\$10,000	Included
Employee Benefits Programs Liability	Coverage not Selected	Coverage not Selected
Employee Dishonesty	\$10,000	Included
Employment Related Practices Defense Coverage	Coverage not Selected	Coverage not Selected
Employment Related Practices Liability Coverage	Coverage not Selected	Coverage not Selected
Equipment Breakdown	Total of Bldg & BPP limit	\$70

Policy Coverage Specifics — Continued

Coverage Description	Limits	Premium
Equipment Breakdown-Green Improvements	\$100,000 maximum or 125% of cost of repair	Included
Fire Department Service Charge	\$2,500	Included
Fire Extinguisher Recharge	\$5,000	Included
Forgery or Alteration	\$10,000	Included
Glass Expense	Necessary Incurred Expense	Included
Hired Auto	Coverage not Selected	Coverage not Selected
Identity Recovery Coverage	Coverage Not Selected	Coverage Not Selected
Insurance to Value	No Coinsurance	Included
Interruption of Computer Operations	\$10,000	Included
Limited Coverage for Fungi, Wet Rot, Dry Rot	\$15,000	Included
Money Orders & Counterfeit Paper Currency	\$10,000	Included
Newly Acquired or Constructed Property – Buildings	\$500,000/180 days	Included
Newly Acquired or Constructed Property – Business Personal Property	\$500,000/180 days	Included
Non Owned Auto	Coverage not Selected	Coverage not Selected
Outdoor Property	\$5,000/\$500 max per item	Included
Outdoor Signs	\$10,000	Included
Personal Effects	\$10,000	Included
Personal Property off Premises	\$25,000	Included
Preservation of Property	30 Days	Included
Pollutant Cleanup and Removal	\$10,000	Included
Self Storage Facilities:		
Customer's Goods Legal Liability	\$25,000	Included
Sale and Disposal Liability	\$ 5,000	Included
Tools and Equipment Coverage (Scheduled)	Coverage not Selected	Coverage not Selected
Tools and Equipment Coverage (Owned)	Coverage not Selected	Coverage not Selected
Tools and Equipment Coverage (Non-Owned)	Coverage not Selected	Coverage not Selected
Tools and Equipment Coverage (Employee Tools)	Coverage not Selected	Coverage not Selected
Waiver of Transfer of Rights of Recovery	Coverage Not Selected	Coverage Not Selected
Water Damage, Other Molten Material Damage	Included	Included

Liability

Per Occurrence

\$1,000,000

Products Completed Ops Aggregate	\$2,000,000
General Aggregate	\$2,000,000
Medical Payments	\$10,000

Specialty Coverages

Coverage options specifically designed for your class of business are listed below, along with the premium charges.

Limit **Premium**

Garagekeepers Coverage

Limit **Premium**

Customer Personal Property	Coverage not Selected	Coverage not Selected
Garagekeepers Coverage		Coverage not Selected

Forms/Endorsements/Exclusions

- Businessowners Extension Endorsement
- Businessowners Coverage Form
- Newly Acquired Organizations
- Removal Of Insurance-To-Value Provision
- Calculation Of Premium
- Self-Storage Facilities
- Equipment Breakdown Coverage
- Debris Removal
- Cap On Losses From Certified Acts Of Terrorism
- Disclosure Pursuant To Terrorism Risk Insurance Act
- Professional Services Exclusion
- Pennsylvania Changes
- Pennsylvania Notice
- Asbestos Exclusion
- Employment-Related Practices Exclusion
- Exclusion - Silica Or Silica-Related Dust
- Fungi Or Bacteria Exclusion (Liability)
- Exclusion Of Loss Due To Virus Or Bacteria
- Exclusion - Year 2000 Computer-Related And Other Electronic Problems
- Exclusion - Recording And Distribution Of Material Of Information In Violation Of Law
- Water Exclusion Endorsement
- Earth Movement Amendatory Endorsement
- Access Or Disclosure Of Confidential Or Personal Information And Data-Related Liability - With Limited Bodily Injury Exception
- Cyber Incident Exclusion

■ Location/Building Schedules - Coverages Applicable to Specific Locations /Buildings

LOCATION 1 BUILDING 1 527 STOCK FARM RD, LAKE ARIEL, PA 18436

Protection Class:	05
Year Built:	2010
Square Feet:	3,200
Building Construction:	Non-Combustible/Non-Sprinklered
Building Annual Sales/Receipts:	\$30,000
Rating Territory:	020
Rating Classification:	Self -storage Unit Facilities - LESSORS RISK ONLY - Class Code 09411

Coverage	Limit	Valuation Basis	Premium
Building	\$207,500	Replacement Cost	\$276
Personal Property	\$5,000	Replacement Cost	\$73

Coverages Specific to this Location/Building

	Limits	Premium
Accounts Receivable	\$10,000/\$5,000	Included
Automatic Increase in Insurance	8%	Included
Bailees Coverage (Personal Property Of Others on Insured Premises)	\$10,000	Included
Business Income Changes – Time Period	Coverage not Selected	Coverage not Selected
Business Income – Dependent Properties	\$5,000	Included
Additional Limit Purchased	Coverage Not Selected	Coverage Not Selected
Business Income – Extended Indemnity	60 days	Included
Business Income – Ordinary Payroll	60 days	Included
Condo Unit Loss Assessment	Coverage not Selected	Coverage not Selected
Condominium Miscellaneous Real Property	Coverage not Selected	Coverage not Selected
Elevator or Escalator Inspection Charge	Not Selected	Not Selected
Enhanced Computer Coverage	Coverage not Selected	Coverage not Selected
Fine Arts Coverage (Scheduled)	Coverage not Selected	Coverage not Selected
Fine Arts Coverage (Premises Basis)	Coverage not Selected	Coverage not Selected
Food Contamination	Coverage not Selected	Coverage not Selected

Loss of Rental Value	Coverage not Selected	Coverage not Selected
Money & Securities	\$15,000/\$5,000	Included
Ordinance or Law		
Coverage 1 Loss in Value of Undamaged Portion	Coverage not Selected	Coverage not Selected
Coverage 2 Demolition Cost	Coverage not Selected	Coverage not Selected
Coverage 3 Increased Cost of Construction	Coverage not Selected	Coverage not Selected
Coverage 2 & 3 Combined	Coverage not Selected	Coverage not Selected
Business Income and Extra Expense	Coverage not Selected	Coverage not Selected
Spoilage	Coverage not Selected	Coverage not Selected
Utility Services Time Element	Coverage not Selected	Coverage not Selected
Utility Services – Direct Damage	Coverage not Selected	Coverage not Selected
Vacancy Changes	Coverage not Selected	Coverage not Selected
Vacancy Permit	Coverage not Selected	Coverage not Selected
Valuable Papers & Records	\$10,000/\$5,000	Included

LOCATION 1 BUILDING 2
527 STOCK FARM RD, LAKE ARIEL, PA 18436

Protection Class:	05
Year Built:	2010
Square Feet:	3,200
Building Construction:	Non-Combustible/Non-Sprinklered
Building Annual Sales/Receipts:	\$30,000
Rating Territory:	020
Rating Classification:	Self -storage Unit Facilities - LESSORS RISK ONLY - Class Code 09411

Coverage	Limit	Valuation Basis	Premium
Building	\$207,500	Replacement Cost	\$276
Personal Property	\$0	Replacement Cost	0

Coverages Specific to this Location/Building

	Limits	Premium
Accounts Receivable	\$10,000/\$5,000	Included
Automatic Increase in Insurance	8%	Included
Bailees Coverage (Personal Property Of Others on Insured Premises)	\$10,000	Included
Business Income Changes – Time Period	Coverage not Selected	Coverage not Selected
Business Income – Dependent Properties	\$5,000	Included
Additional Limit Purchased	Coverage Not Selected	Coverage Not Selected
Business Income – Extended Indemnity	60 days	Included
Business Income – Ordinary Payroll	60 days	Included
Condo Unit Loss Assessment	Coverage not Selected	Coverage not Selected
Condominium Miscellaneous Real Property	Coverage not Selected	Coverage not Selected
Elevator or Escalator Inspection Charge	Not Selected	Not Selected
Enhanced Computer Coverage	Coverage not Selected	Coverage not Selected
Fine Arts Coverage (Scheduled)	Coverage not Selected	Coverage not Selected
Fine Arts Coverage (Premises Basis)	Coverage not Selected	Coverage not Selected
Food Contamination	Coverage not Selected	Coverage not Selected
Loss of Rental Value	Coverage not Selected	Coverage not Selected
Money & Securities	\$15,000/\$5,000	Included

Ordinance or Law

Coverage 1 Loss in Value of Undamaged Portion	Coverage not Selected	Coverage not Selected
Coverage 2 Demolition Cost	Coverage not Selected	Coverage not Selected
Coverage 3 Increased Cost of Construction	Coverage not Selected	Coverage not Selected
Coverage 2 & 3 Combined	Coverage not Selected	Coverage not Selected
Business Income and Extra Expense	Coverage not Selected	Coverage not Selected
Spoilage	Coverage not Selected	Coverage not Selected
Utility Services Time Element	Coverage not Selected	Coverage not Selected
Utility Services – Direct Damage	Coverage not Selected	Coverage not Selected
Vacancy Changes	Coverage not Selected	Coverage not Selected
Vacancy Permit	Coverage not Selected	Coverage not Selected
Valuable Papers & Records	\$10,000/\$5,000	Included

PROPOSAL SUMMARY

Businessowners Total Premium - \$1,477.00

Insuring Company : Graphic Arts Mutual Insurance Company
Policy Period: 09/25/2023 - 09/25/2024

Terms & Conditions

- Subject to a favorable loss control survey
- Subject to loss or claim information verification
- Subject to financial stability review
- Subject to general risk information verification

This proposal is valid until : **09/25/23**

Important Note: *This proposal is a summary of pertinent limits and coverages included. Not all coverages, endorsements, exclusions, limitations, policy forms, applicable deductibles, or terms and conditions are displayed. If there is any difference between the information displayed and coverage stated in the policy, the terms and conditions of the policy prevail.*

APPLICANT'S SIGNATURE	DATE	PRODUCER'S SIGNATURE	NATIONAL PRODUCER NUMBER

IMPORTANT NOTICE ABOUT YOUR POLICY AND THE FEDERAL TERRORISM REINSURANCE REAUTHORIZATION ACT OF 2019

Insurance coverage for losses resulting from acts of terrorism is included in your proposed policy (or policies). You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended, the term "Act of Terrorism" means any act or acts that are certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security, and the Attorney General of the United States - to be an act of terrorism: to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

You should know that under your proposed coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by Federal law. However, your proposed policy (or policies) may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 80% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

You should know that the Terrorism Risk insurance Act, as amended contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurer's liability for losses resulting from certified acts of terrorism when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceeds \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is:

- (1) For other than Workers Compensation coverage(s) being quoted:
The charge is 0% unless specifically indicated here: ____
- (2) For Workers Compensation coverage (if quoted): The charge is calculated by applying a rate of: _____ to the proposed policy's total annual payroll, per \$100.



Utica Mutual Insurance Company and its affiliated companies, New Hartford, NY 13413
www.uticanational.com • 1.800.598.8422

Commercial Edge Risk Disclosure Summary

General Underwriting Questions

Comments

Applicant owns or operates another business or has other subsidiaries? No

Sold, acquired or discontinued an operation in the last five years? No

During the last five years, applicant has been indicted for or convicted of any degree of the crime of fraud, bribery, arson or any other arson-related crime in connection with this or any other property. No

Applicant had judgment, tax or credit liens in the last five years. No

Past, present or discontinued operations involve(d) storing, treating, discharging, applying, disposing or transporting of hazardous material or pollutants (e.g. landfills, wastes, fuel tanks, etc.) or past or present exposure to radioactive or nuclear materials. No

Uncorrected fire and/or safety code violations? No

Applicant had a foreclosure, repossession, bankruptcy or filed for bankruptcy in the last five years? No

Policy Underwriting Questions

For this risk, is there any habitational/residential/apartment exposure in any building requesting building coverage? No

Prior Carrier Information

Comments

Has any BOP or Package policy or coverage been declined, cancelled or non-renewed during the prior 3 years? Or has there been any gaps in coverage during the prior 3 years? No

Prior Policy Term

From	To	Carrier Name
09-25-2022	09-25-2023	No prior coverage

Policy Premium
\$1

Prior Carrier Loss Information

Has there been any claim or loss incurred or paid of \$100,000 or more for this policy within the last 7 years? NA

Any claims, losses or loss incidents incurred, paid, or known within the last 42 months (3 years and 6 months)? Prior carrier loss runs currently valued are required if a risk is bound with a premium over \$5,000. Yes

From: To: Total Incurred Losses: \$0 Loss Valuation Date:

From: To: Total Incurred Losses: \$0 Loss Valuation Date:

From: To: Total Incurred Losses: \$0 Loss Valuation Date:

From: To: Total Incurred Losses: \$0 Loss Valuation Date:

Location Questions

Location # 1 527 STOCK FARM RD, LAKE ARIEL, PA 18436

Building Questions

Location # 1 Building # 527 STOCK FARM RD, LAKE ARIEL, PA 18436 Year Built: 2010
Building Annual Sales \$30,000

Is any of the portion of the building vacant or unoccupied or unused? No

Does the building contain any occupants that include apartments, residential or habitational type tenants or occupants? NA

Location # 1 Building # 527 STOCK FARM RD, LAKE ARIEL, PA 18436 Year Built: 2010
Building Annual Sales \$30,000

Is any of the portion of the building vacant or unoccupied or unused? No

Does the building contain any occupants that include apartments, residential or habitational type tenants or occupants? No

COVERAGE DEFINITIONS

To help you better understand some of the coverages contained within this proposal, below are brief definitions.*

Accounts Receivable

Extends business personal property insurance to apply to accounts receivable when direct physical loss/damage occurs as a result of a covered cause of loss.

Actual Cash Value

The cost to replace property minus the property's depreciation. Depreciation is the reduction in the value of an object over time due to physical wear and tear, or its technological or economic obsolescence.

Actual Loss Sustained

When you have Business Income and/or Extra Expense Coverage, instead of providing a maximum dollar limit that you could receive, you may have the option of choosing this coverage on an Actual Loss Sustained basis. This would provide coverage for Business Income/Extra Expense for a specified time period (e.g. twelve months), with no limit as to the money you may receive while you're repairing your operation.

Agreed Value

A method of valuing property in which the insurer (insurance company) and you agree, at the time the policy is written, on the maximum amount that will be paid in the event of a total loss.

Appurtenant Structures

Extends building insurance to apply to storage buildings, garages and other appurtenant structures (except outdoor fixtures) at described premises.

Arson, Theft or Vandalism Reward

Adds coverage for reward payments that leads to an arson, theft or vandalism conviction in connection with a covered fire, theft or vandalism loss.

Backup of Sewer or Drain

This additional coverage pays for loss due to water that backs up or overflows from a sewer, drain or sump, but only when loss or damage is not caused concurrently with any other cause of loss.

Business Income and Extra Expense

This optional coverage reimburses a businessowner for lost profits and continuing fixed expenses during the time that a business must stay closed while the premises are being restored because of physical damage from a covered peril, such as a fire. It also may cover financial losses that may occur if civil authorities limit access to an area after a disaster and their actions prevent customers from reaching the business premises. Depending on the policy, civil authorities coverage may start after a waiting period and last for two or more weeks.

Business Income from Dependent Properties

Provides coverage for business income loss that results from the necessary suspension of operations at any dependent property, when direct physical loss at the dependent property is caused by a covered cause of loss. When this option is selected, coverage is provided for actual loss sustained during the period of restoration, not exceeding 30 days.

Businessowners Liability Coverage Form

Business Liability and Medical Expenses Coverage is provided on an occurrence basis for all operations and premises owned, operated or leased by you. Coverage includes, under a single limit of liability, bodily injury, property damage, medical expenses (subject to a per person limit), personal injury, advertising injury and damage to premises rented to you (which has a separate limit).

Cause of Loss (or Peril)

The means by which property/object is damaged or destroyed (e.g. fire).

Claim Preparation Expense

Adds coverage for reasonable expenses of preparing a statement of loss or other exhibits required to complete a claim under the Special Property Coverage Form.

Co-Insurance

An insurance-to-value (ITV) provision in many property insurance policies stating that if the property is not adequately insured, the amount that an insurer will pay for a covered cause of loss is reduced.

Damage to Premises Rented to You

Coverage is provided for property damage to premises rented to, or temporarily occupied by, you. Basic Coverage covers losses due to fire, sprinkler leakage, lightning or explosion. Broadened Coverage expands coverage to include other risks of direct physical loss or damage.

Deductible

A portion of a covered loss that is subtracted from the amount the insurer would otherwise be obligated to pay you. For example, if the settlement of your covered claim is \$5,000 and your deductible is \$500, then you would receive \$4,500 from your insurance carrier.

Earthquake and Volcanic Eruption Coverage

This optional endorsement extends coverage provided under the Special Property Coverage Form to include loss by earthquake, subject to an occurrence limit for each location.

Employee Benefits Programs Liability – Claims-Made Basis

This applies to you and any employee authorized to act in the administration of your employee benefit programs. It provides protection from legal liability for breach of duty, neglect, error, omission, misstatement or misleading statement in the administration of your employee benefit programs.

Employee Dishonesty

Coverage is available for dishonest or fraudulent acts of your employees.

Enhanced Computer Coverage

Provides coverage for computer equipment, data, media and software owned by you or in your care, custody and control.

Fire Department Service Charge

When the fire department is called to save or protect covered property from a covered cause of loss, this additional coverage is provided for your liability for fire department service charges assumed in a contract or required by local ordinance.

Fire Extinguisher Recharge

This additional coverage pays for costs associated with recharging fire extinguishers, which have been discharged to save or protect covered property from a covered cause of loss.

Flood, Mudslide or Mudflow

This option extends coverage provided under the Special Property Coverage Form to include loss or damage caused by flood, subject to separate occurrence and aggregate limits.

Hired Auto and Non-Owned Auto Liability

Non-owned auto liability provides coverage for any auto that is not owned, borrowed or hired by you. Hired auto liability provides coverage for autos leased, hired or borrowed by you.

Jewelry and Other Valuables – Theft Limitation

Jewelry and other valuables (such as watches, precious stones and metals) are subject to a limitation for losses due to theft.

Lock Replacement

Coverage is provided for necessary incurred expenses when locks or lock cylinders need to be replaced after a covered theft of property or keys to a covered building.

Money and Securities

Provides coverage for loss of money and securities from within your premises, or from your bank or safe depository. Depending on the form, coverage may extend to a loss off-premises.

Named Perils

A list of specific types of perils covered under a policy.

Newly Acquired or Constructed Property:

Newly Acquired or Constructed Buildings

This coverage extension is available for buildings while being built on described premises or newly acquired at other premises. Coverage provided under this extension for newly acquired or constructed premises applies for up to 180 days.

Business Personal Property at Newly Acquired Premises

This coverage extends business personal property insurance to apply to that property at newly acquired premises. Coverage provided under this extension for newly acquired premises applies for up to 180 days.

Ordinance or Law

Coverage 1: Loss to Undamaged Portion of Building - Covers loss in value of the undamaged portion of the building when demolition pursuant to a building ordinance or law is required.

Coverage 2: Demolition Cost - Covers the cost of demolishing and removing the debris of the undamaged portion of the building, if building ordinance or law requires demolition.

Coverage 3: Increased Cost of Construction - Covers the increased cost to repair, reconstruct or remodel damaged or undamaged parts of the building to comply with building ordinance or law, following damage to the building by a covered cause of loss.

Outdoor Property

Provides coverage for outdoor fences, trees, shrubs and plants for losses caused by fire, lightning, explosion, riot or civil commotion and aircraft. Radio and television antennas are covered for the causes of loss listed above in addition to windstorm, ice, snow, sleet and hail.

Peril (or Cause of Loss)

The means by which property/object is damaged or destroyed (e.g. fire).

Personal Effects

Extends business personal property insurance to apply to personal effects owned by you, officers, partners and employees.

Personal Property Off-Premises

Extends coverage for business personal property to apply to that property while in the course of transit or at premises not owned, leased, or operated by you.

Personal Property of Others

Extends coverage for business personal property to apply to personal property of others that is in your care, custody and control.

Pollutant Clean-Up and Removal

This additional coverage pays for your expenses to extract pollutants from land or water at the insured premises if the pollution results from a covered cause of loss.

Replacement Cost

The cost to repair or replace property, using materials of like kind and quality, with no deduction for depreciation.

Special Form

A policy that provides coverage for any direct loss to property unless the loss is caused by a peril specifically excluded.

Spoilage

Provides coverage for spoilage of perishable goods caused by contamination by refrigerant or power outage, meaning change in temperature or humidity resulting a power failure. On some coverage forms, it may extend coverage to a power failure off-premises.

Tenants' Building Glass

Provides building glass coverage for tenants who do not insure the building.

Utility Services – Direct Damage

Property damage coverage may be extended to include loss of, or damage to, scheduled covered property caused by direct physical loss or damage to off-premises properties providing water, communication and power supply services. Overhead transmission and communication lines may be included.

Utility Services – Time Element

Time Element Coverage may be extended to include loss at the described premises resulting from the failure of utility property located outside the covered building, regardless of whether such property is located on or off-premises. Overhead transmission and communication lines may be included.

Valuable Papers and Records

Extends business personal property insurance to apply to loss or damage to valuable papers and records owned by you or in your care, custody and control. Also included is the cost to research lost information for which duplicates do not exist.

**Note: Your proposal may not include all of the definitions listed above. These definitions are intended to provide guidance in understanding your proposal and do not constitute a binding document, nor a grant of coverage. Please consult your agent or policy for exact terms and conditions.*

Payment Plans/Options

Payment plans for your convenience

Down payments <ul style="list-style-type: none"> If the 1st installment is not collected at the time the policy is written, we will bill you for the 1st installment 20 days prior to the due date chosen by the insured. If the policy was written within 20 days of the due date, then the 1st installment amount will be included with the 2nd installment amount. Debit/Credit Cards: <ul style="list-style-type: none"> Personal Lines - Accepted on all policies. Commercial Lines - Up to \$500,000 accepted. Checking/Savings Accounts: <ul style="list-style-type: none"> Personal Lines - Accepted on all policies. Commercial Lines - Up to \$500,000 accepted. 	
Pay-in-Full	Pay your entire premium when you purchase your policy or when you renew.
Semi-Annual Pay Plan	1 st installment = 50% 2 nd installment = 50% due 6 months later
Quarterly Pay Plan	1 st installment = 25% 2 nd , 3 rd and 4 th installments = 25% due every quarter
10 Equal Pay Plan	1 st installment = 10% 2 nd – 10 th installments = 9 remaining installments (each 1/10 of the premium) due monthly
10 Pay Plan	1 st installment = 20% 2 nd – 10 th installments = 9 remaining installments (each 1/9 of the premium) due monthly <i>Exception E&O: 1st installment = 25%, 2nd – 10th remaining installments (each 1/9 of the premium) due monthly.</i>
12 Pay Plan	1 st installment = 8.34% (1/12 of the premium) 2 nd – 12 th installments = 11 remaining installments (each 1/12 of the premium) due monthly
<p><i>Installments are rounded to the nearest dollar. An installment fee applies to each invoice, other than the 1st installment. Installment fees do not apply to policies on Recurring EFT (checking/savings).</i></p> <p><i>Multiple notices of cancellation for non-payment will result in a change of pay plan to a pay in full pay plan.</i></p>	

Payment options to fit your lifestyle

Recurring Electronic Funds Transfer (EFT)	Payments are automatically withdrawn from your checking or savings account on the due date, based on the payment plan you selected. <i>No installment fee applies.</i>
Recurring Debit/Credit Card	Payments are automatically collected from your debit/credit card on the due date, based on the payment plan you selected. We honor Visa, MasterCard and Discover cards. <i>Installment fees may apply.</i> <ul style="list-style-type: none"> Personal Lines policies: Available on all policies Commercial Lines policies: Available on all policies. Recurring debit/credit card installment payment must be below the \$10,000 limit.
Online payment	We offer several options to pay online: <ul style="list-style-type: none"> Customer Care Center – Registered users can make a payment from our Customer Care Center. The bank account information is stored for ease of use. Xpress PAY – Make a one-time payment from our website www.uticanational.com. The bank account information is not stored. Mobile AdvantEDGE app – Download our mobile app to make a payment from your cell phone.
Mail a payment	Mail payments via US mail to:

	(Please be sure to include your billing account or policy number) Utica National Insurance Group PO Box 6532 Utica, NY 13504-6532
Pay through your agent	Visit your agent's office to pay your premium.
Phone-in a payment	<ul style="list-style-type: none">• Contact our Customer Service department at 1-800-59UTICA (800-598-8422) to make a payment over the phone. A \$10 phone fee may apply.• You can also make a payment using our Interactive Voice Response (IVR) phone system. Simply call our customer service number (1-800-59UTICA) and follow the prompts.• Text 2 Pay- Must register through customer care only for this feature

FRAUD STATEMENT ADDENDA

THE FOLLOWING STATEMENT APPLICABLE TO YOUR STATE IS TO BE DEEMED ATTACHED TO AND MADE A PART OF THE POLICY APPLICATION WHETHER PHYSICALLY ATTACHED OR NOT:

APPLICABLE IN ARKANSAS - Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

APPLICABLE IN CALIFORNIA - For your protection, California law requires that you be made aware of the following: Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

APPLICABLE IN COLORADO - It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

APPLICABLE IN DELAWARE - Any person who knowingly, and with intent to injure, defraud or deceive any insurer, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

APPLICABLE IN DISTRICT OF COLUMBIA - WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

APPLICABLE IN FLORIDA - Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

APPLICABLE IN KENTUCKY - Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.

APPLICABLE IN LOUISIANA - Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

APPLICABLE IN MAINE - It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits.

APPLICABLE IN NEW JERSEY - Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

APPLICABLE IN NEW MEXICO - Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

APPLICABLE IN NEW YORK ONLY: SIGNATURE REQUIRED BELOW

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act which is a crime and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

Authorized Applicant Signature Title Date

Producer No. _____ Date _____ Producer's Signature _____

APPLICABLE IN OHIO - Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

APPLICABLE IN OKLAHOMA - WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

APPLICABLE IN PENNSYLVANIA - Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

APPLICABLE IN TENNESSEE - It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

APPLICABLE IN VIRGINIA - It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

APPLICABLE IN WEST VIRGINIA - Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

APPLICABLE IN ALL OTHER STATES

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information, or conceals for the purpose of misleading information concerning and fact material thereto, commits a fraudulent insurance act, which is a crime and subjects the person to criminal and civil penalties.



Insurance that starts with you.

Utica Mutual Insurance Company and its affiliated companies, New Hartford, N.Y. 13413



POWERED BY ENRICHED REAL ESTATE

R. ASHTON ROWLES **MANAGING DIRECTOR**

Boise, ID

New York, NY

Washington, D.C.

P: +(1) 720.998.7319 & 208.505.0018

E: Ashton.Rowles@Archstone.Group

PROFESSIONAL BACKGROUND

R. Ashton Rowles, MAI, is a managing director of Archstone Group, and part of the executive board. Ashton started Archstone in 2017 after 12 years with Colliers international, where most recently, he served as Executive Managing Director Valuation over Latin American.

Ashton also previously worked for the U.S. Department of State as a Senior Real Estate Appraiser, assisting with valuation-related matters for acquisition and disposal for the U.S. Government's International Real Estate holdings.

Ashton has personally performed appraisals in 40 states and 22 countries. He has overseen and reviewed appraisals in over 40 countries. He has been involved in numerous fields within real estate valuation, including: single asset valuation, Portfolio valuation, market analysis, feasibility studies, lease and cost analysis, highest and best use analysis, rent analysis, eminent domain, litigation support, insurance valuation, foreclosure and bankruptcy support, and tax mitigation. Ashton resides full time in Meridian, Idaho where he focuses on valuation and other commercial real estate endeavors including supporting litigation support needs in the Archstone New York and Washington D.C. locations, investing in commercial real estate, and developing better commercial real estate data bases through Canyon Data..

EXPERIENCE

- Portfolio of over 150 commercial assets throughout Mexico for major international bank transaction.
- Program Director for valuation work in 40 countries for non-profit organization with the majority of assets located in rural areas. Over 500 appraisals managed and reviewed.
- Annual valuation on more than 350 foreign embassy properties throughout the Americas.
- Land Development of more than 50 acres on northern end of Grenada.
- Site search and custom market study of Class A real estate in Santo Domingo, Dominican Republic.
- Valuation of ranch properties of more than 5,000 acres including wine vineyard and forest components.
- Highest and Best Use Studies in Tanzania, Morocco, and Libya for

DESIGNATIONS & LICENSES

- Member of the Appraisal Institute, No. 482535
- Iowa Certified General Appraiser, No. CG03767
- Idaho Certified General Appraiser, No. CGA-4643
- New York Certified General Appraiser, No. 46000053911
- District of Columbia Certified General Appraiser, No. GA11991