WOODMONT - CHAPEL HILL, NC
HIGHEST AND BEST USE ANALYSIS

CAPITAL ASSOCIATES
FEBRUARY 2021

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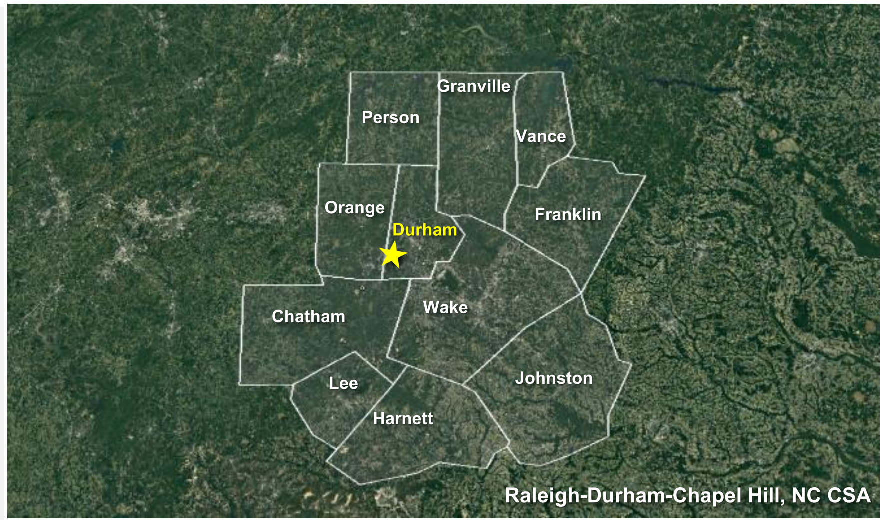
Exhibit 1
Overview of Metro Area Population Trends

The subject site is located in the town of Chapel Hill, in Durham County - a component of the Raleigh-Durham-Chapel Hill Combined Statistical Area (CSA). This CSA includes both the Raleigh, NC Metropolitan Statistical Area (MSA) and Durham-Chapel Hill, NC MSA, forming a regional home to over two million people and a key Southeastern employment center.

The CSA has seen steady growth since 2000, growing at an annual rate of 1.7% since 2010. The vast majority of this growth has occurred in Wake County, home to Raleigh, which has captured roughly 60% of all growth since 2000, with Durham County, where the subject site is located, capturing almost 10%.

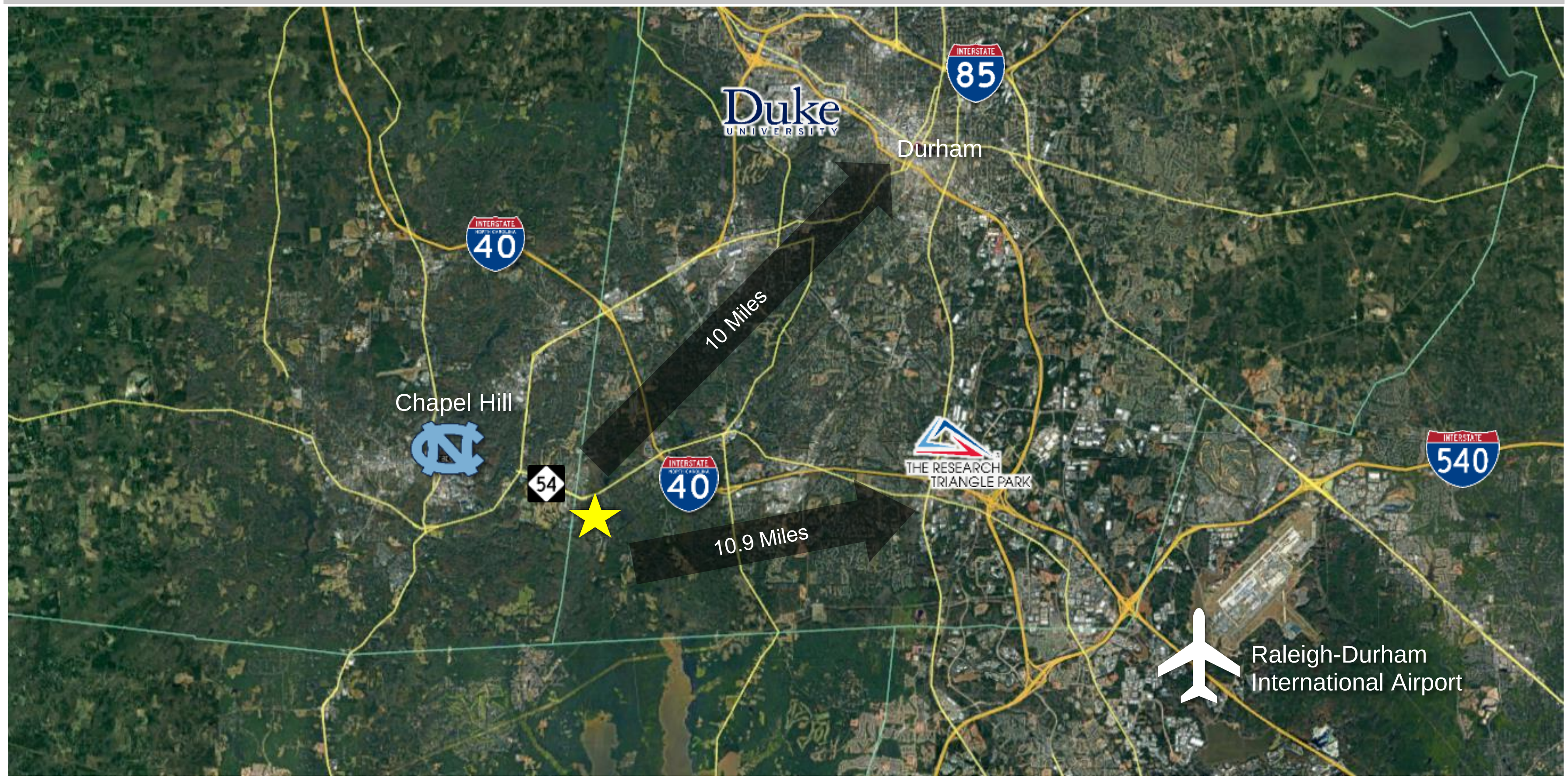


	LAND AREA		POPULATION		ANNUAL GROWTH		ANNUAL % GROWTH		CAPTURE OF REGION	
GEOGRAPHY	SQ MILES	% MSA	2019	% of MSA	2000-10	2010-19	2000-10	2010-19	2000-10	2010-19
Chatham County	682	12.4%	71,338	3.2%	1,418	870	2.6%	1.3%	3.1%	2.8%
Durham County	286	5.2%	311,848	14.2%	4,427	4,918	1.8%	1.7%	9.7%	15.6%
Franklin County	492	8.9%	66,362	3.0%	1,336	638	2.5%	1.0%	2.9%	2.0%
Granville County	532	9.7%	59,328	2.7%	1,142	-65	2.1%	-0.1%	2.5%	-0.2%
Harnett County	595	10.8%	132,283	6.0%	2,365	1,956	2.3%	1.6%	5.2%	6.2%
Johnston County	791	14.4%	196,870	9.0%	4,691	3,110	3.3%	1.7%	10.3%	9.9%
Lee County	255	4.6%	60,481	2.8%	883	291	1.7%	0.5%	1.9%	0.9%
Orange County	398	7.2%	144,836	6.6%	1,557	1,226	1.2%	0.9%	3.4%	3.9%
Person County	392	7.1%	39,345	1.8%	384	-13	1.0%	0.0%	0.8%	0.0%
Vance County	254	4.6%	44,479	2.0%	247	-105	0.6%	-0.2%	0.5%	-0.3%
Wake County	834	15.1%	1,069,079	48.7%	27,315	18,676	3.7%	1.9%	59.7%	59.3%
Competitive City Comparison										
Cary	54	1.0%	166,268	7.6%	4,070	3,448	3.6%	2.3%	8.9%	10.9%
Chapel Hill	21	0.4%	60,998	2.8%	852	418	1.6%	0.7%	1.9%	1.3%
Durham	106	1.9%	269,487	12.3%	4,130	4,573	2.0%	1.9%	9.0%	14.5%
Raleigh	142	2.6%	462,384	21.1%	12,780	6,499	3.9%	1.5%	27.9%	20.6%
CSA Total	**5,511**	**100.0%**	**2,196,249**	**100.0%**	**45,765**	**31,502**	**2.8%**	**1.5%**	**100.0%**	**100.0%**

SOURCE: Noell Consulting Group, U.S. Census Bureau

Exhibit 2
Regional Overview and Study Areas

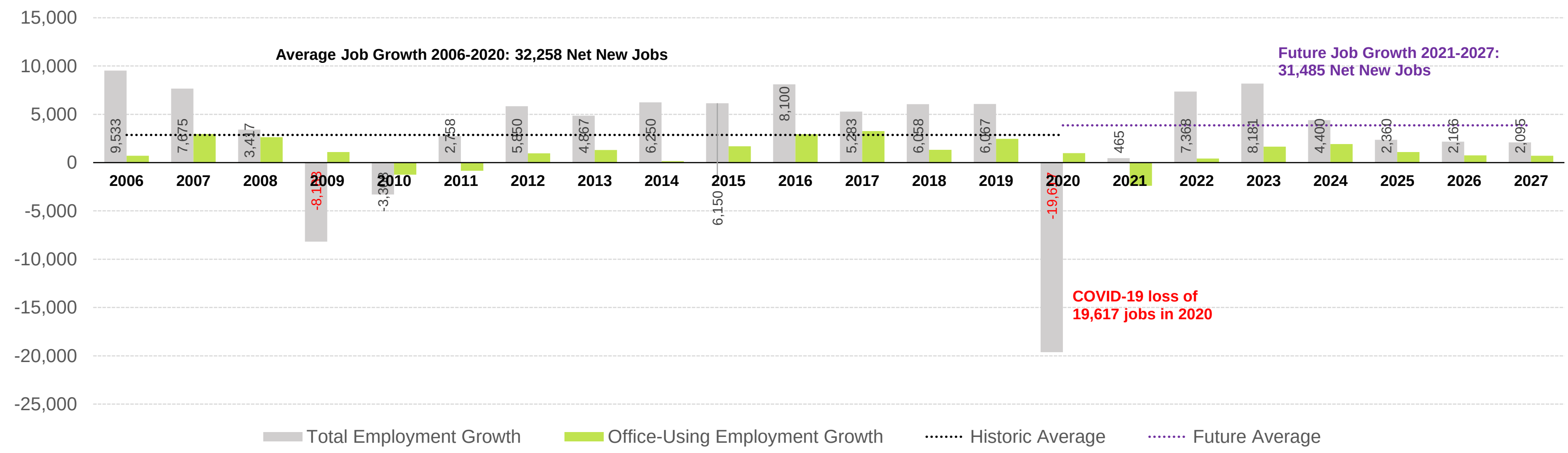
Chapel Hill is known for its strong demographics and median incomes, and Healthcare and University driven employment cores. Excluding properties catering only to local students, the Chapel Hill residential market is driven by a mix of young and mature professionals, couples, and families both new to market and those between homes, with a notable concentration of empty-nester / retiree move-downs. The subject site's location affords prospective residents excellent regional connectivity to all of Chapel Hill, Durham, and Research Triangle Park.



SOURCE: Noell Consulting Group, Google Maps

Exhibit 3

Overview of Durham-Chapel Hill MSA Employment Growth by Industry Type



Industry Sector	Growth, 2006-2020	Share of Growth	Predicted Future Growth, 2021-2027	Share of Growth
Natural Resources & Mining	-60	0%	5	0%
Construction	39	0%	1,612	5%
Manufacturing	-15,502	-48%	-304	-1%
Wholesale Trade	495	2%	559	2%
Retail Trade	45	0%	3,311	11%
Transportation, Warehousing, & Utilities	2,832	9%	525	2%
Information	864	3%	246	1%
Financial Activities	4,297	13%	2,154	7%
Professional & Business Services	8,449	26%	5,096	16%
Education & Health Services	21,246	66%	9,791	31%
Leisure & Hospitality	-678	-2%	3,859	12%
Other Services	1,950	6%	450	1%
Government	8,283	26%	4,181	13%
Totals	**32,258**		**31,485**	

The Durham-Chapel Hill MSA has seen 6,451 net new jobs annually from 2006 to 2020, with Moody's Analytics predicting 4,497 net new jobs annually from 2021 to 2027. This growth is primarily concentrated in education & health, professional & business services and government, accounting for over 60% of all growth.

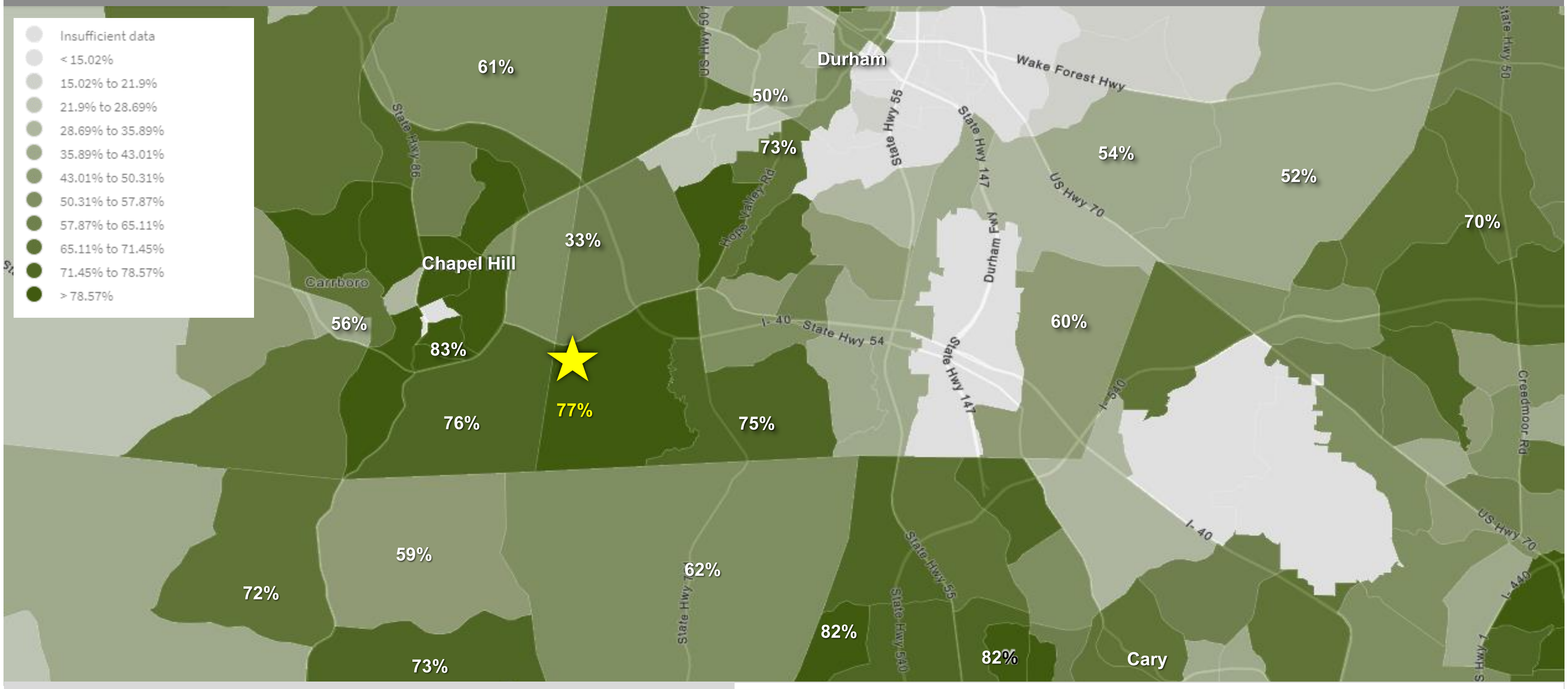
Despite the loss of 19,617 jobs in 2020 as a result of the COVID-19 pandemic, according to Moody's Analytics, the economy is expected to recover and continue growth moving forward.

Of note, although the mentioned sectors still account for majority of future predicted growth, the percentages are forecasted to be much less in upcoming years which may stall office and retail growth.

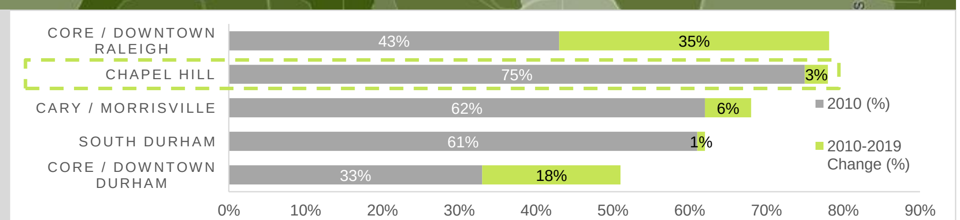
SOURCE: Noell Consulting Group, Moodys / Economy.com

Exhibit 4
Educational Attainment

2019 Population 25+ w/ Bachelor's Degree or More



The map in this exhibit shows the change in the population, per census tract, aged 25+ that has obtained a bachelor's degree or more. Educational attainment is a strong indicator for higher incomes and is a common feature in the Raleigh-Durham-Chapel Hill region, a national hub for higher education. In 2019, 77% of people were holders of bachelor's degrees in the census tract containing the subject site - 29% higher than Durham County.

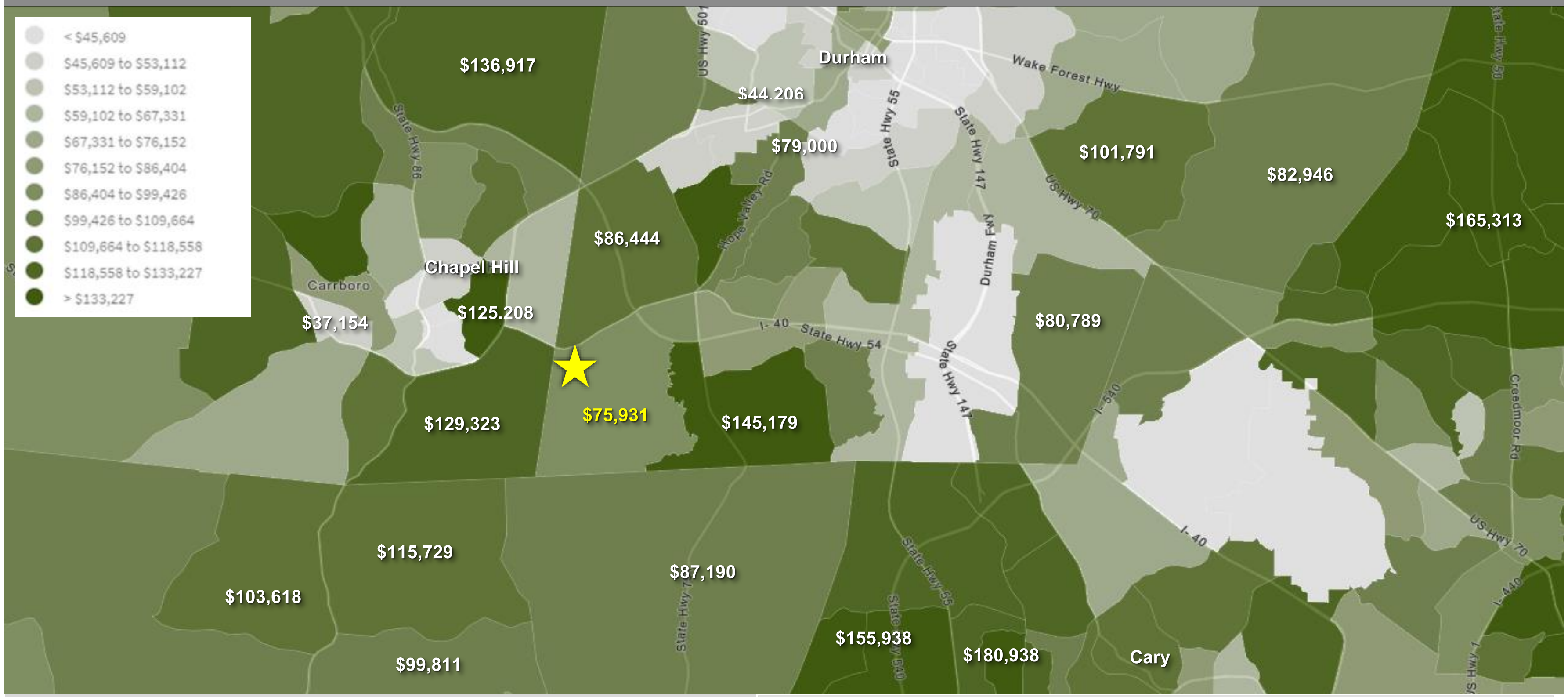


SOURCE: Noell Consulting Group, US Census Bureau, Social Explorer

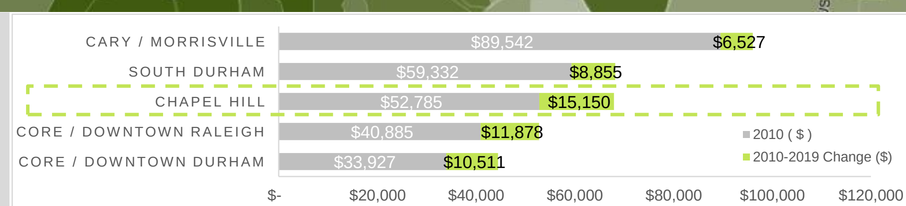
Noell Consulting Group

Exhibit 5
Median Income

2019 Median Household Income



The map above shows the median household income, per census tract, in the area around the subject site in 2019 dollars. The census tract containing the subject site showed a median of $75,931 per year, a 42% increase from $53,393 in 2010. Surrounding tracts showed median household incomes that have reached well over $100,000 per year. This establishes the subject site's neighborhood as one of the lowest income areas of Chapel Hill.

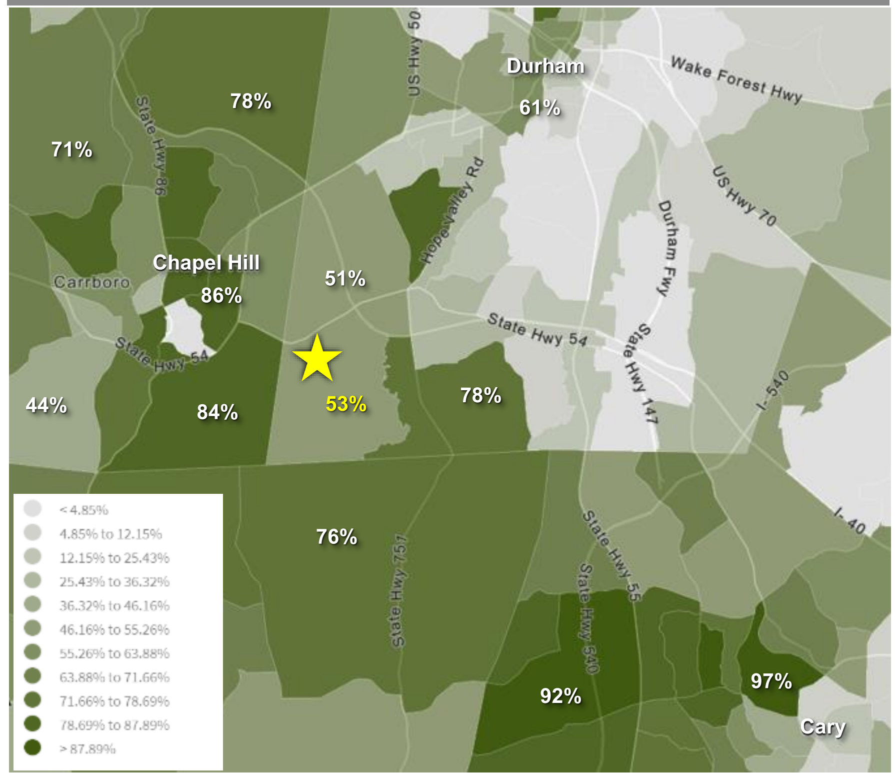


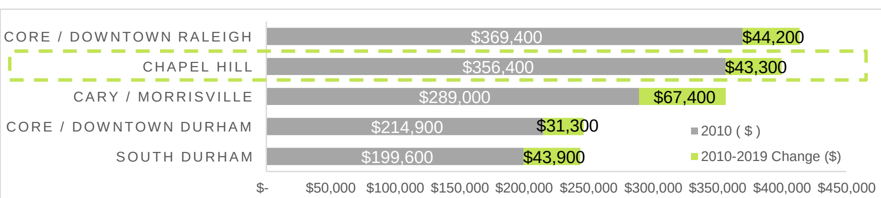
SOURCE: Noell Consulting Group, US Census Bureau, Social Explorer

Exhibit 6
Home Values

2019 Median Home Values

2019 Owner-Occupied Housing Units : More than $300,000





Households often locate to suburbs and the surrounding areas in search of quality housing at a discount to areas closer-in or surrounding major office cores. This is true in the rental and for-sale housing markets. Despite Chapel Hill seeing some of the highest median home values in RDC, the census tract the site is located in offers more affordable homeownership seeing some of the lowest median home values in Chapel Hill, with just 53% of homes valued over $300,000 in 2019.

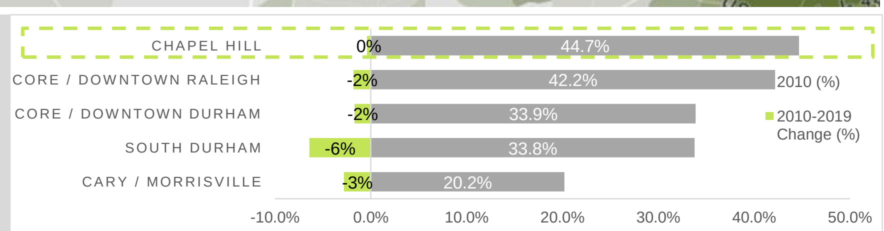
SOURCE: Noell Consulting Group, US Census Bureau, Social Explorer

Noell Consulting Group

Exhibit 7
Millennial Population

2019 Population 18-34 Years Old

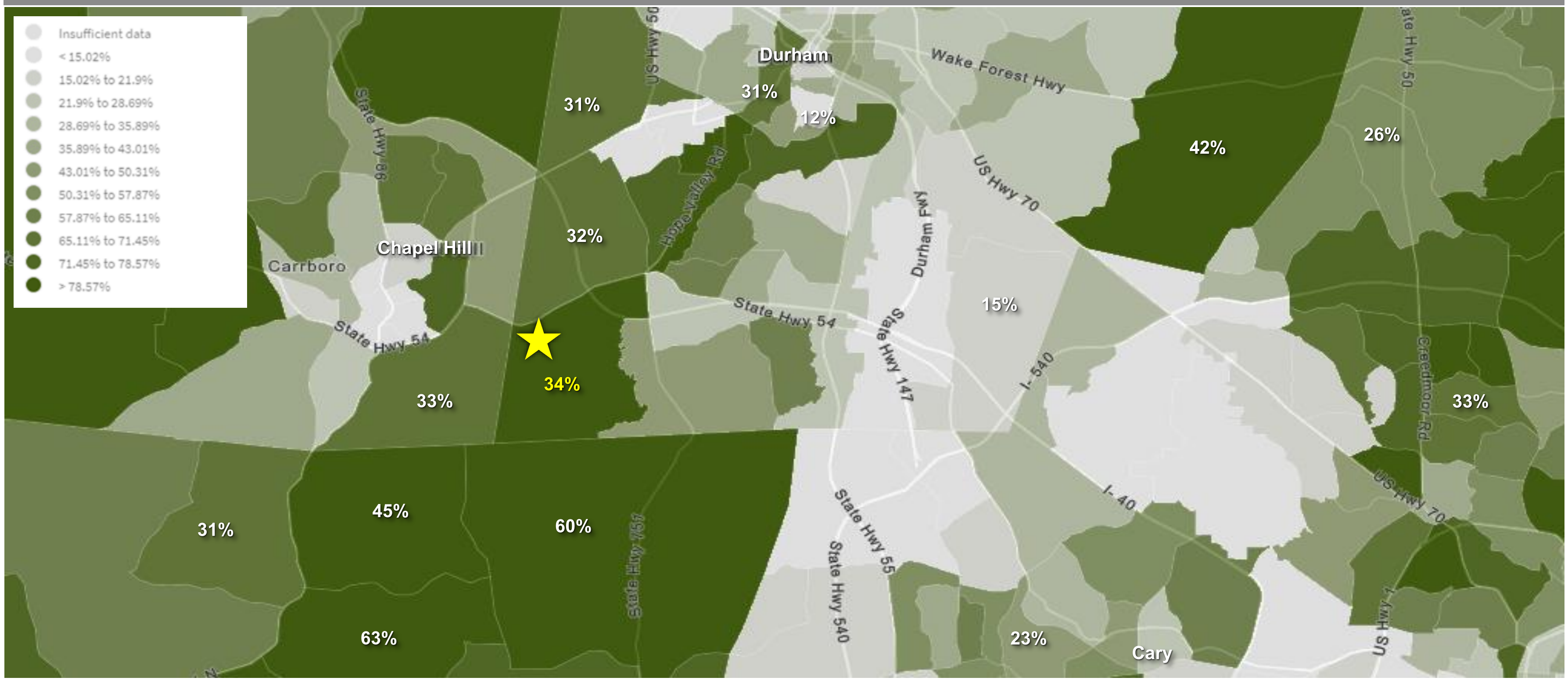
The map above shows the concentration of the population, per census tract, aged 18-34. Due to the area around the subject site's proximity to UNC, there is a high concentration of young adults. While the student population in this area is high, the area also appeals to both a young and mature professional demographic seeking proximity to the Durham and RTP job cores.



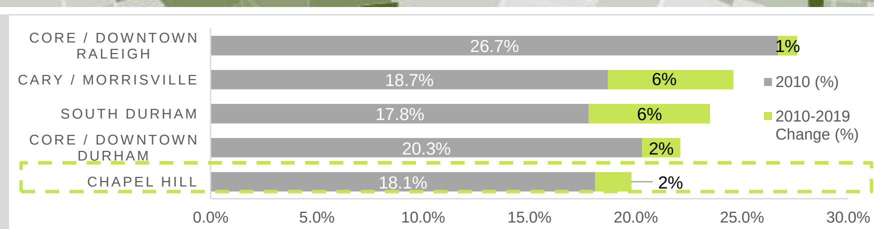
SOURCE: Noell Consulting Group, US Census Bureau, Social Explorer

Exhibit 8
55+ Population

2019 Population 55+ Years Old

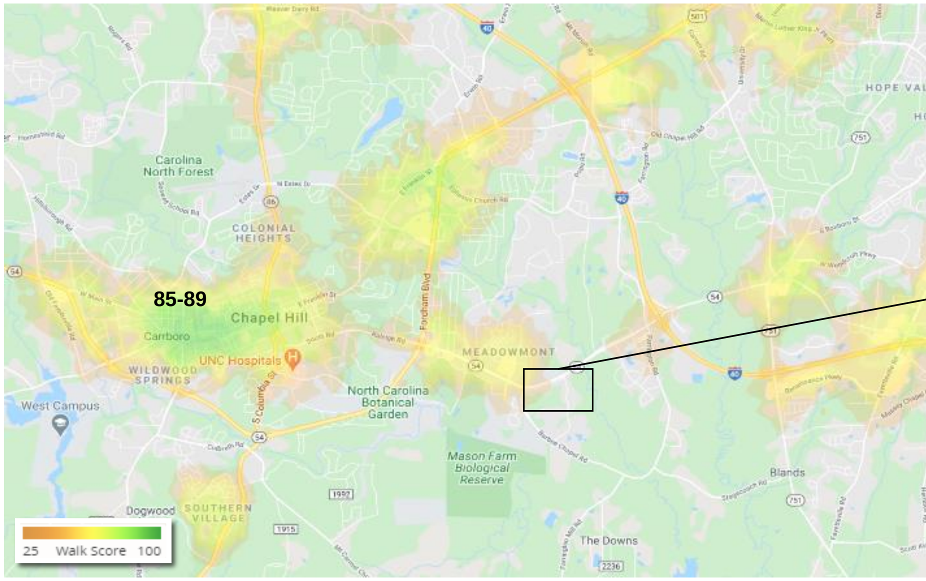


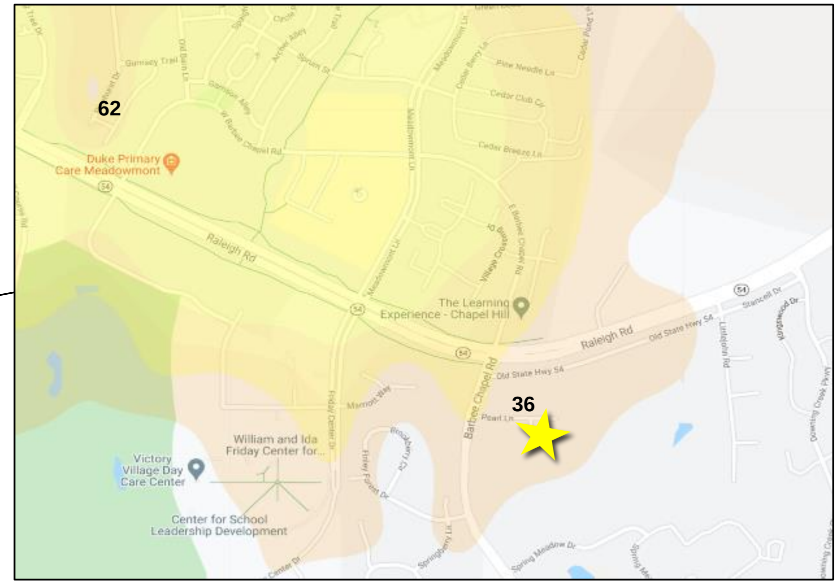
The map above shows the concentration of the population, per census tract, aged 55+. The bordering corners of Orange, Chatham, and Durham County have strong shares of people of at least 55 years old. Within the census tract containing the subject site, 34% of the population is 55 and over, and adjacent tracks show even larger proportions around or over 60%. This also speaks to the presence of retirement communities in the neighborhood (Overture 55+ Apartments are just one tract north of the site). In addition, field research with apartment managers revealed a heavy occupancy of retirees in rental product.

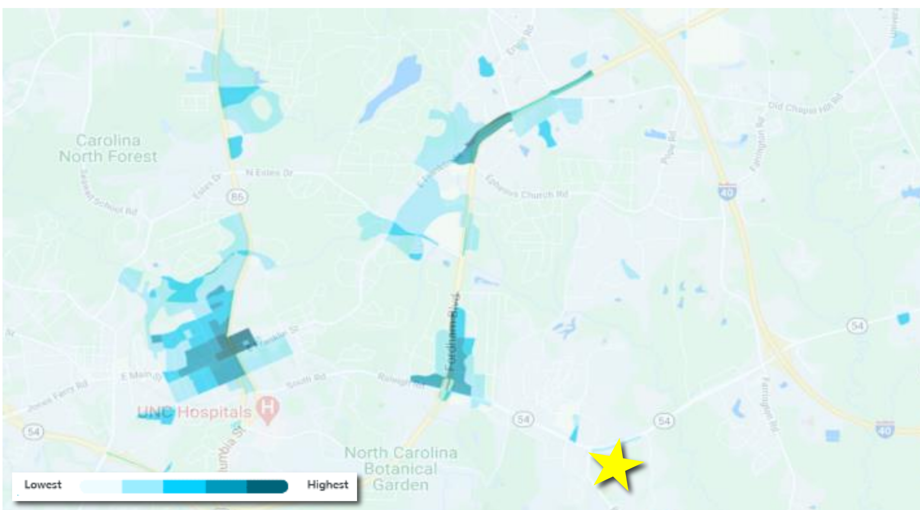


SOURCE: Noell Consulting Group, US Census Bureau, Social Explorer

Exhibit 9
Walkability and Crime Near the Subject Site







Increasingly, Millennials and seniors are looking for walkable environments, with studies showing 80% of 18 to 34-year old's wanting to live in walkable neighborhoods and 60% of those over 50 want to live within one mile of daily goods and services per AARP surveys.

Where Downtown Chapel Hill sees scores upwards of 90, the subject area is not in the most walkable portion of Chapel Hill, scoring only 36 and somewhat walkable to some fast-casual destinations. However, the subject area is found in an area with very low concentrations of crime per Trulia.com's crime map.

SOURCE: Noell Consulting Group, WalkScore.com, Trulia.com

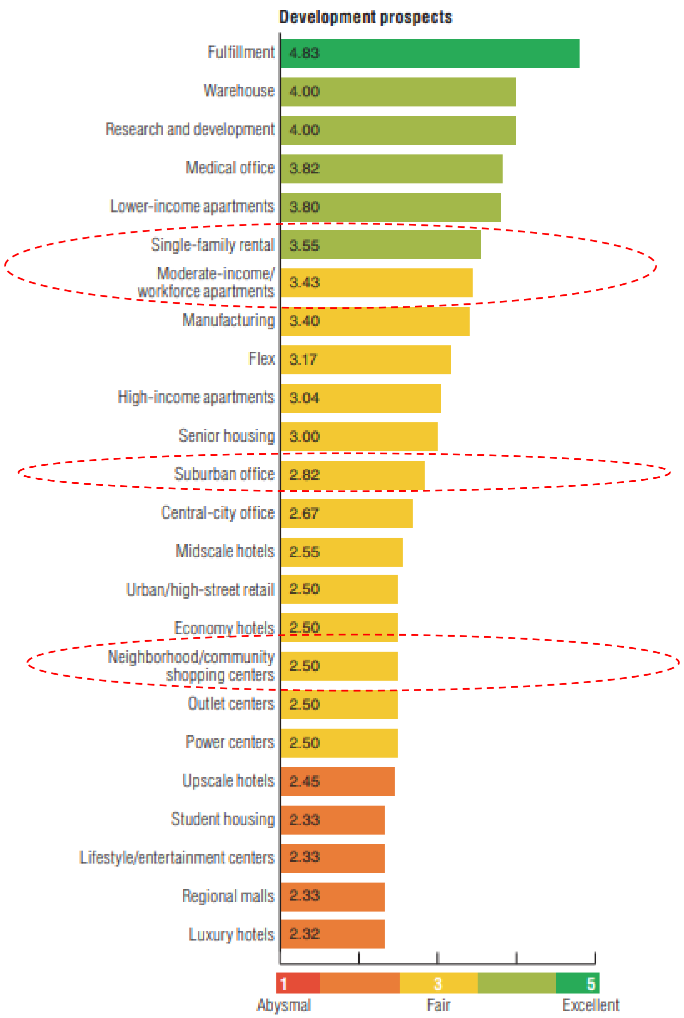
Exhibit 10
Site Strengths, Challenges and Opportunities

Strengths	Challenges	Opportunities
•Suburban environment close to Chapel Hill jobs, including medical and university; I-40 access to Downtown Durham; RTP •Located in Durham County, lower competitive rents relative to Chapel Hill and fewer students •Harris Teeter and multiple shopping centers for convenience shopping--Streets at Southpoint mall 5.2 miles away	•Access to Hwy 54 from site will be restricted to certain turn movements •Very low traffic counts on Stancell Drive for retail/office development--retail overall in Chapel Hill submarket is oversupplied •Restrictions from neighboring apartment community limits development potential on back portion •Site is located in Durham County and assigned to 3-4/10 public schools which may deter family audiences	•Target an all residential development with a mix of rental and for-sale product types (if possible, consider separate entrances for each) •Both apartments and townhomes can provide relative affordability targeting underserved moderate-income/workforce and starter family audiences in Chapel Hill •Take advantage of wetlands and topography to create onsite trails and open space

SOURCE: Noell Consulting Group, Google Maps

Exhibit 11
Market Cycle Conditions

National ULI 2021 Development Outlook by Land Use	Potential Subject Site Land Uses	Chapel Hill Prospects



Garden Apartments

To be discussed in greater detail on future exhibits, Chapel Hill has an increasing need for more moderate-income targeting apartments such as garden and low-rise communities. Increasing walkability and lifestyle in many portions of the town have increased land costs to the point where few sites remain for garden-style apartments.

Suburban Office

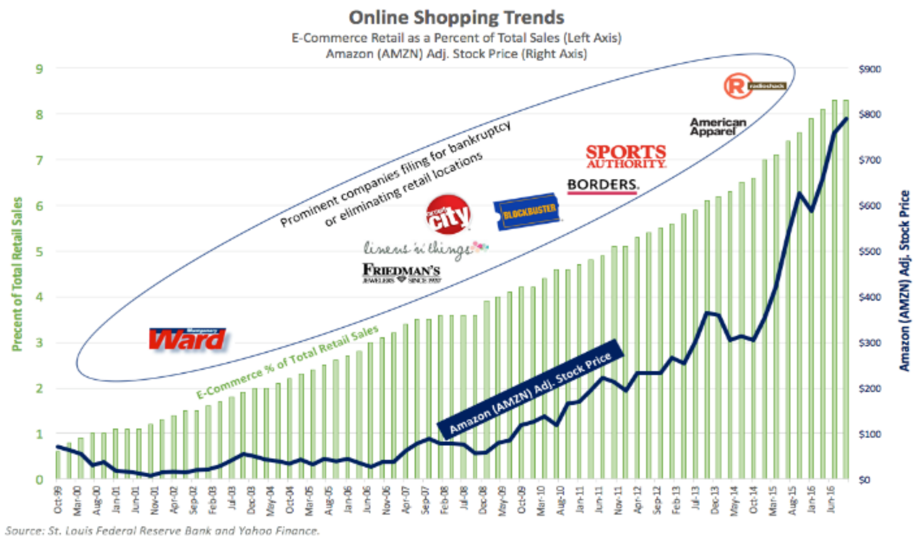
Nationally, COVID has cast great uncertainty as to the future of the office market with increasing acceptance of greater work from home policies. Additionally, Chapel Hill has largely been a bedroom community that has struggled to attract office tenants beyond those University/Medical related. Current vacancy stands at over 15% and new deliveries such as Glen Lennox and others will make this a highly competitive use. The subject site's mid-block location and visibility challenges along with lack of walkability to other uses make it a poor office location. With prospects for office this low, it is a use we do not explore any further in this study.

Neighborhood Retail

Nationally, the increase of online sales pre-COVID was creating great strain in the retail market, and COVID has only increased this trend. Chapel Hill's retail market is currently oversupplied, has a vacancy of over 8%, and it will be difficult to attract quality retailers to the site without critical mass, an anchor, and challenged visibility.

SOURCE: Noell Consulting Group, Urban Land Institute

Exhibit 12
Evolution of Brick and Mortar Retail



The increase in e-commerce sales has already had a dramatic effect on brick and mortar retail even though e-commerce only represents 15% of total retail sales (pre-COVID, now estimated at 18-20%), and all industry projections forecast this trend to continue. That said, it impacts certain products and store categories far greater then others, and therefore isn't just a doom and gloom story for brick and mortar, but a call to evolution. In deed, for thousands of years humans have always demonstrated a social desire for a walkable core for the purchase of goods, but also for the experience and interaction - components that e-commerce cannot replace. Food and beverage stores and establishments as well as service industry businesses are far less impacted by the e-commerce increase, and as such are becoming a larger percentage of the physical landscape. Other then certain luxury dry goods, these are also the industries whose performance metrics can justify the higher rents required by new construction in urban environments. For conventional dry good retailers trying to remain competitive in the market place a greater emphasis needs to be placed on an integrated "omni-channel" approach to sales, as well as a greater focus on more targeted customer service and speed/efficiency of getting goods to consumers - often through enhanced technology.

New Age Retail Tenant Examples Remaining Competitive Through Omni-channel/Innovation

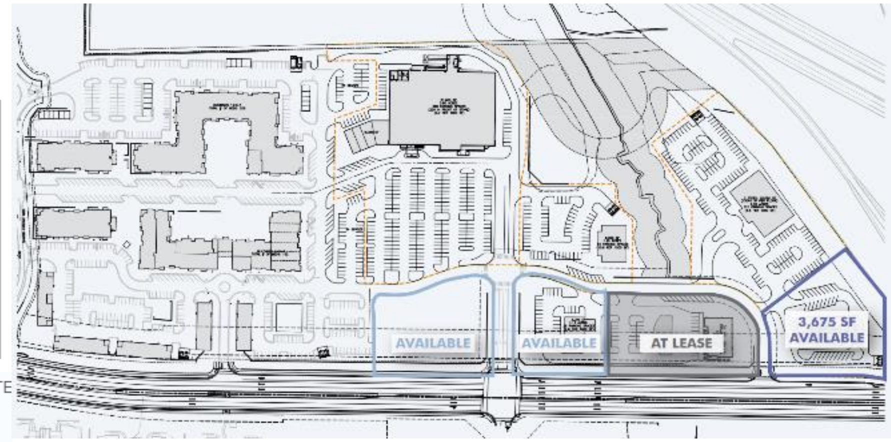
amazon go
Casper
SUIT supply
marine layer
TASTE WINE COMPANY
CARVANA
Walgreens
REI co-op
BONOBOS

SOURCE: Noell Consulting Group, St. Louis Fed, Yahoo Finance, Kantor Retail, ICSC Envision 2020

Exhibit 13
Town of Chapel Hill Retail Overview

Town Population (2019):	60,998
Existing Square Feet of Retail:	3,600,000
Retail SF Per Capita:	59.0
National Retail SF Per Capita:	24.5
Chapel Hill vs. National Average	241%

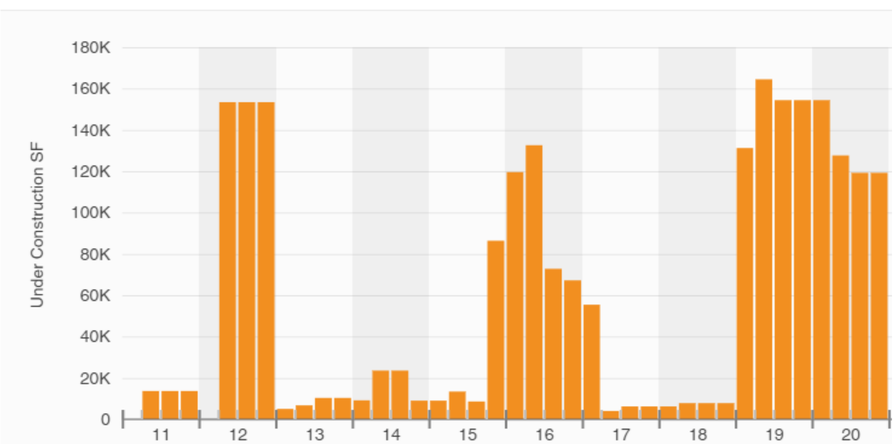
Currently Chapel Hill has 59 SF of retail per capita which is 2.4 times greater then the national average of 24.5 SF/capita. While higher incomes and student population help to justify this, the market is certainly not starved for more retail, particularly not unanchored and without strong locational fundamentals.



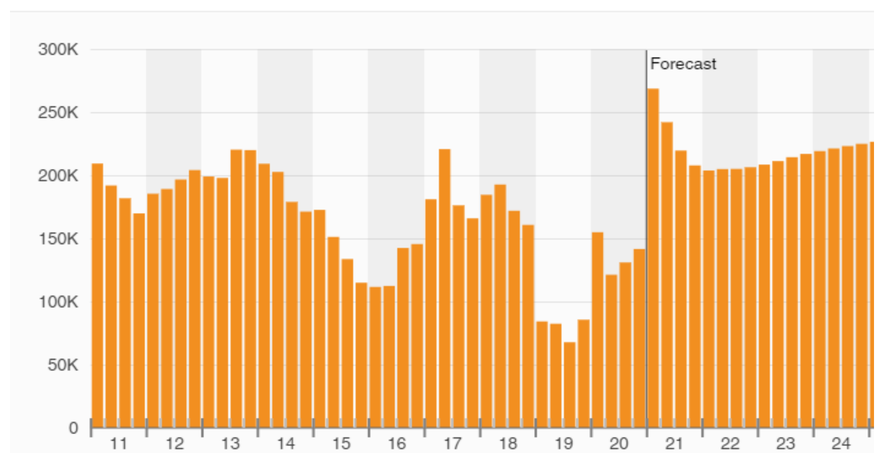
INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE
3.6M +4.5%	0 -100.0%	(31K) -233.2%	8.2%

Over the past 2 years the Town has witnessed the addition of nearly 200,000 SF of additional retail, primarily at Carraway Village and with Wegmans, and in addition net absorption over the past year has been negative 31,000 SF. The combination has quickly increased what was a healthy vacancy level to a current level above 8%. While not overly high, this vacancy level suggests extreme caution when considering any additional retail, with specific focus on visibility, access, parking, proximity to demand generators (daytime and evening), anchors, and tenant mix be considered.

Under Construction



Vacant SF



SOURCE: Noell Consulting Group, US Census, Costar

Exhibit 14
Competitive Retail Center : Meadowmont Village

Retail Overview	
Retail Developed	2001-2005
Total SF Offered:	224,846 aprx
Est. Vacancy:	2.71%

Mix of Tenants	
Anchor / Dry Goods	56%
Restaurants/Food	7%
Service	34%

Est. Retail SF Allocation (Occ'd)	
Anchor	123,852 aprx
Dining/Food	16,303 aprx
Dry Goods	2,010 aprx
Service	76,587 aprx
Entertainment	-

Anchors / Key Retailers
Harris Teeter / UNC Health Care / Wells Fargo Bank / Orangetheory Fitness

Lease Details (Est.)	
Lease Rates (NNN)	$20-$25/SF
Lease Rates - Anchor	$22-$27/SF

Parking Details
Parking Ratio: 2.80 : 1000 SF Aprx. 540 Surface - (230 for Harris Teeter)

Source: Noell Consulting Group, CoStar

Exhibit 15
Competitive Retail Center : Falconbridge Center

Retail Overview	
Retail Developed	1993
Total SF Offered:	57,270 aprx
Est. Vacancy:	39.77%

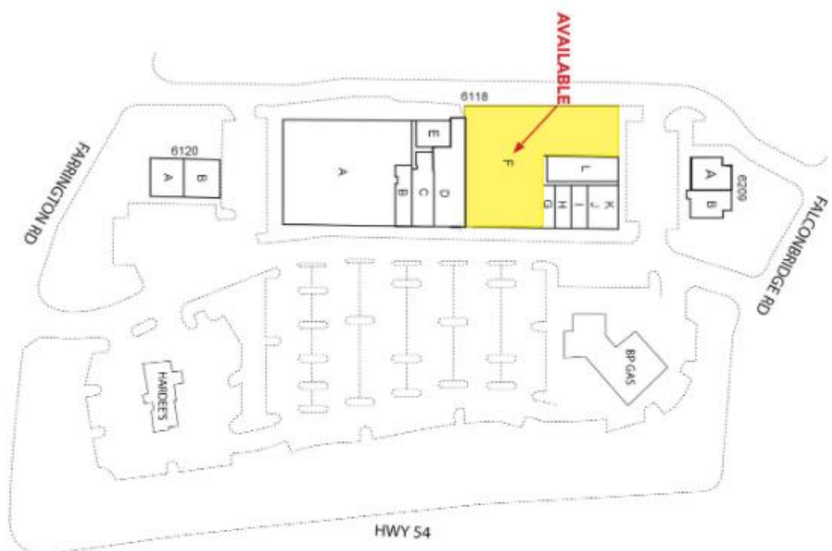
Mix of Tenants	
Anchor / Dry Goods	7%
Restaurants/Food	7%
Service	46%

Est. Retail SF Allocation (Occ'd)	
Anchor	2,900 aprx
Dining/Food	4,188 aprx
Dry Goods	1,000 aprx
Service	26,407 aprx
Entertainment	2,900 aprx

Anchors / Key Retailers
Mardi Gras Bowling Center / Jersey Mike's Subs / State Farm

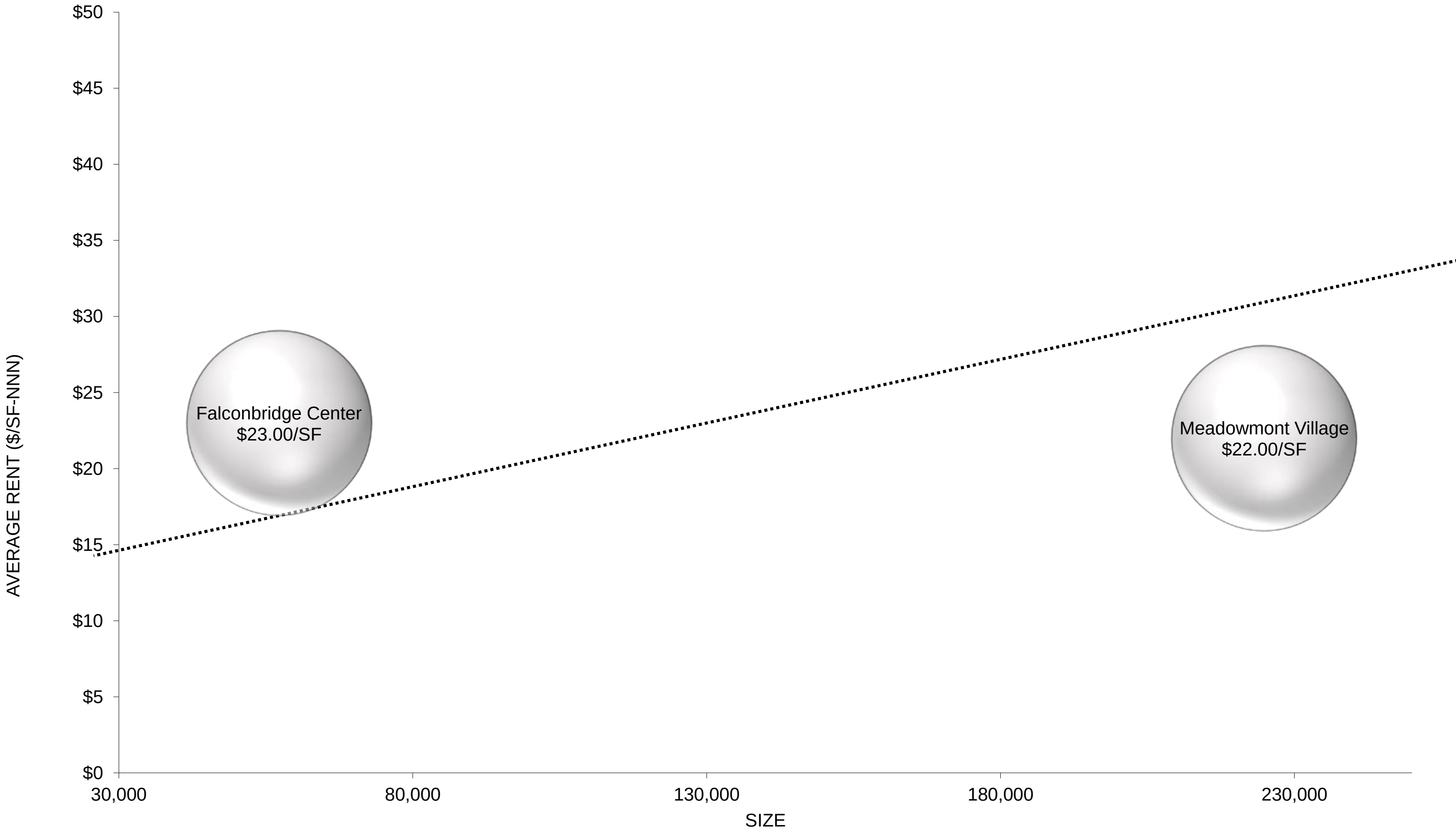
Lease Details (Est.)	
Lease Rates (NNN)	$22-$26/SF
Lease Rates - Anchor	WND

Parking Details
Parking Ratio: 3.86 : 1000 SF Aprx. 390 Surface



Source: Noell Consulting Group, CoStar

Exhibit 16
Key Competitors in the Market - Weighted Average



Meadowmont's critical mass and strong Harris Teeter anchor, along with walkable daytime and evening populations have kept the center full, however Falconbridge has recently lost a junior anchor and has struggled to get back filling interest. Interestingly, comparable rents at both of these centers suggest market demand low and unwilling to pay for even premium environments at this time. We do not recommend retail for the site and as such, do not show a target rent level above.

SOURCE: Noell Consulting Group based on surveys of properties.

Exhibit 17
Town of Chapel Hill Multifamily Overview

Total Occupied Rental Housing Units:	10,123	
Private Rental Homes	1,483	14.7%
Professionally managed MF rental homes	8,640	85.3%
MF Built Since 2000	3,823	
Garden/Low Rise	1,555	40.7%
Mid-Rise	2,268	59.3%
MF Built Since 2010	2,904	
Garden/Low Rise	700	24.1%
Mid-Rise	2,204	75.9%

Chapel Hill has just under 9,000 professionally managed multifamily rental homes, and 44% of these were built in the past two decades. Of those units it has historically been a closer mix of more moderate-income/workforce garden and low-rise communities as well as more expensive mid-rise, however increasing land and construction costs have begun to significantly shift this, with over 75% of the product built in the last 10 years being the more expensive mid-rise units (often a result of the need for structured parking, conditioned corridors, and/or elevators).

With the majority of the new units recently coming to market being the more expensive mid-rise product, vacancy continues to remain high despite strong absorption. That said, the more limited amount of new garden and low-rise properties, and their lower rent levels, have enabled extremely low vacancies to remain.

INVENTORY UNITS	UNDER CONSTRUCTION UNITS	12 MO ABSORPTION UNITS	VACANCY RATE
1,555 +0%	0 -	18 -63.6%	3.8%
2,204 +73.5%	0 -100.0%	438 +1.4%	33.3%

Garden/Low Rise Example			Mid-Rise Example
$1,022 - $2,154	Rent Range	$986 - $2,932	
$1,281	Avg. Rent	$1,537	
$30,000 - $65,000	Income Range	$35,000 - $105,000	
$38,430	Avg. Income	$55,332	

Garden/Low Rise Example

1701 North Apartments

Mid-Rise Example

Trilogy Chapel Hill

SOURCE: Noell Consulting Group, US Census, Costar

Exhibit 18

Competitive Rental Community - Trilogy Chapel Hill (1000 Novus Ln)

OVERVIEW

Developer Name	Leon Capital Group	App. / Admin. Fee:	$75 / $150
Owner Name	Northwood Raven	Pet Fees:	$450 upfront, $20 / month
Property Manager Name	Northwood Raven	Other Fees:	Included
Year Built	2020	Parking Fees:	-
Number Of Stories	5	Parking Type:	Surface
Lease Up Pace:	31 units / month	Total Spaces	-
Walk Score®:	Somewhat Walkable (64)	Spaces/Bed:	-

SUMMARY

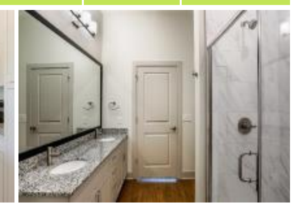
Market Audience:	Some empty-nester / retiree move-downs, majority working professionals, and grad / med students from UNC.
Building Summary:	One of the newest Class A apartments in Chapel Hill. Walkable to Whole Foods and Trader Joes.

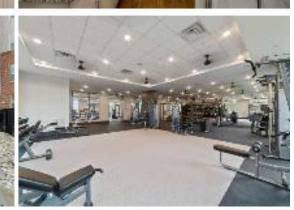
PRODUCT PROGRAM

Unit Type	Unit Count	Unit Mix	Available Units	Percent Leased	Quoted Effective Rent Range		Avg. Rent	Unit Size Range		Weighted Avg. Size	Current Conc.	Effective $/SF Range		Avg. $/SF
Jr. 1B/1b	22	7%	6	73%	$986	$1,235	$1,016	577	625	581		$1.71	$1.98	$1.75
1B/1b	204	62%	46	77%	$1,163	$1,680	$1,275	709	1,036	769	1 mo free / 13 mo lease select units	$1.62	$1.64	$1.66
1B/1b/D	1	0%	0	100%	$1,596	$1,596	$1,596	984	984	984		$1.62	$1.62	$1.62
2B/2b	78	24%	45	42%	$1,688	$2,340	$2,038	1,044	1,344	1,183		$1.62	$1.74	$1.72
3B/2b	23	7%	10	57%	$2,454	$2,932	$2,663	1,411	1,661	1,520		$1.74	$1.77	$1.75
SUMMARY:	328	100%	107	67%	$986	$2,932	$1,537	577	1,661	908		$1.62	$1.98	$1.69

FINISHES AND AMENITIES

Ceiling Height and Finish:	10' ceilings standard, finished
Lighting and Fixtures:	Modern lighting package w/ pendants, recessed can
Flooring:	LVT flooring in kitchen, living, tile in bath, carpet in bedroom
Cabinets and Hardware:	Soft-close shaker cabinets w/ 42" uppers stainless teel pulls
Countertops:	Granite counters w/ undermount sinks
Appliance Package:	Stainless steel appliances; side-by-side refrigerator, electric range
Laundry and Bath Detail:	W/D included, tub/shower combo
Windows and Balconies:	Oversized punch windows, almost all units w/ balconies or patio
Additional Features:	2" Stylized Wood Blinds
Community Features and Amenities:	Clubhouse, game lounge w/ billiards, office / conference space, fitness center w/ yoga room, dog park w/ 2 pet spas, pool, outdoor grills



Source: Noell Consulting Group, CoStar

Exhibit 19

Competitive Rental Community - 1701 North Apartments (1701 Martin Luther King Jr Blvd)

OVERVIEW

Developer Name	William Christian & Associates	App. / Admin. Fee:	$75 / $200
Owner Name	Environs LLC	Pet Fees:	$300 upfront, $20 / month
Property Manager Name	My Niche / Lat Purser	Other Fees:	$35 / mo storage
Year Built	2016	Parking Fees:	$35 assigned covered parking
Number Of Stories	3	Parking Type:	Assigned garage parking
Lease Up Pace:	-	Total Spaces	-
Walk Score®:	Somewhat Walkable (65)	Spaces/Bed:	-

SUMMARY

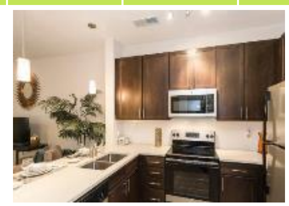
Market Audience:	Audiences include young professionals and graduate / med students.
Building Summary:	One of the original Class A apartments in Chapel Hill, still seeing competitive rents. Located in close proximity to I-40, the community has access to Chapel Hill bus transit and convenience to grocery and dining options. The building has a heavy and successful 1B mix.

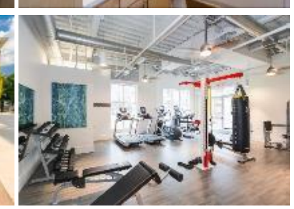
PRODUCT PROGRAM

Unit Type	Unit Count	Unit Mix	Available Units	Percent Leased	Quoted Effective Rent Range		Avg. Rent	Unit Size Range		Weighted Avg. Size	Current Conc.	Effective $/SF Range		Avg. $/SF
Studio	16	10%	0	100.0%	$1,022	$1,022	$1,022	524	542	533		$1.89	$1.95	$1.92
1B/1b	101	66%	1	99.0%	$1,137	$1,228	$1,183	643	759	701	One month free	$1.62	$1.77	$1.69
2B/2b	28	18%	1	96.4%	$1,503	$1,503	$1,503	1,036	1,140	1,088		$1.32	$1.45	$1.38
3B/2.5b	9	6%	1	88.9%	$2,154	$2,154	$2,154	1,376	1,489	1,433		$1.45	$1.57	$1.50
SUMMARY:	154	100%	3	98.1%	$1,022	$2,154	$1,281	524	1,489	797		$1.32	$1.95	$1.61

FINISHES AND AMENITIES

Ceiling Height and Finish:	9' ceilings, finished
Lighting and Fixtures:	Pendants w/ ceiling fan lighting
Flooring:	LVT in kitchen, living, and bath, carpet in bed
Cabinets and Hardware:	Flat-slab, full-overlay cabinets w/ bar pulls
Countertops:	Quartz counters w/ undermount sinks
Appliance Package:	Stainless steel appliances w/ smooth-top range
Laundry and Bath Detail:	Full-size front-loaded w/d included
Windows and Balconies:	Punch windows, all units w/ balconies / patios
Additional Features:	Glass stand up showers select units
Community Features and Amenities:	Fitness center, yoga studio, saltwater pool w/ sundeck, pet salon, pet park, clubroom



Source: Noell Consulting Group, CoStar

Exhibit 20
Competitive Rental Community - Blu on Farrington (5840 Farrington Rd)

OVERVIEW

Developer Name	Wood Partners	App. + Admin. Fee:	$75 / $200
Owner Name	Zaremba Management Company	Pet Fees:	$500 One-time / $20 /month
Property Manager Name	Zaremba - Blu on Farrington	Garages / Storage:	$30 /month storage fee
Year Built	2018	Parking Fees:	Free
Number Of Stories	4	Parking Type:	Surface
Lease Up Pace:	Avg. 24 units/mo.	Total Spaces	-
Walk Score®:	Car Dependent (24)	Spaces/Bed:	-

SUMMARY

Market Audience: 21 and over community. Majority are young professionals and roommates/grad students. Most work in Research Triangle. Many work at Duke, IBM, hospital, seeing a lot of nurses and those with their first job out of college. Some aspirational home owners and families.

Building Summary: Previously Alta Blu. Began preleasing August 2018. The building offers a above average full amenity package. Overall the building felt great with strong selling points. Adjacent to I-40. Next door to new Overture apartments.

PRODUCT PROGRAM

Unit Type	Est. Unit Count	Est. Unit Mix	Available Units	Percent Leased	Quoted Effective Rent Range		Avg. Rent	Unit Size Range		Weighted Avg. Size	Current Conc.	Effective $/SF Range		Avg. $/SF
Studio	20	7%	1	95.0%	$1,025	$1,127	$1,076	626	626	626	1 mo. free 13 mo. lease + $1,000 credit on available units	$1.64	$1.80	$1.72
1B/1b	136	46%	4	97.1%	$1,113	$1,316	$1,180	723	880	757		$1.49	$1.68	$1.56
2B/2b	116	39%	3	97.4%	$1,482	$1,971	$1,583	1,084	1,392	1,158		$1.27	$1.49	$1.37
3B/2b	26	9%	1	96.2%	$1,750	$1,944	$1,786	1,300	1,303	1,300		$1.35	$1.49	$1.37
SUMMARY:	298	100%	9	97.0%	$1,025	$1,971	$1,383	626	1,392	952		$1.27	$1.80	$1.45

FINISHES AND AMENITIES

Ceiling Height and Finish:	9'
Lighting and Fixtures:	Pendant lighting in kitchen, ceiling fan in living room
Flooring:	Wood plank flooring, carpet in bedroom
Cabinets and Hardware:	White slab cabinets
Countertops:	Granite countertops in kitchen and bathrooms
Appliance Package:	Stainless Steel appliance package
Laundry and Bath Detail:	Stackable washer-n-dryer
Windows and Balconies:	Most have balconies or patios
Additional Features:	Walk-in closets, $10 premium for ceiling fan in bedrooms
Community Features and Amenities:	Resort style pool w/ lounge deck, outdoor kitchen w/ grilling area, courtyard w/ grills and fireplace, fitness center, clubhouse w/ billiards room, pet run, bike storage room

Source: Noell Consulting Group, CoStar

CAPITAL ASSOCIATES
WOODMONT - CHAPEL HILL, NC
HIGHEST AND BEST USE ANALYSIS

Exhibit 21

Competitive Rental Community - The Morgan at Chapel Hill (100 Spring Meadow Dr)

OVERVIEW

Developer Name	0	App. / Admin. Fee:	$100 / $150
Owner Name	Environs LLC	Pet Fees:	$350 upfront, $40 / month
Property Manager Name	My Niche / Lat Purser	Other Fees:	-
Year Built	1997	Parking Fees:	$75-$95 unassigned covered parki
Number Of Stories	3	Parking Type:	Garage
Class + Type:	Class-B / Garden	Total Spaces	-
Walk Score®:	Car Dependent (11)	Spaces/Bed:	-

SUMMARY

Market Audience: Audiences include young professionals and graduate / med students.

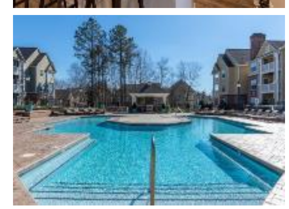
Building Summary: In close proximity to I-40, the community has access to Chapel Hill bus transit and convenience to grocery and dining options. Renovated in 2018.

PRODUCT PROGRAM

Unit Type	Unit Count	Unit Mix	Available Units	Percent Leased	Quoted Effective Rent Range		Avg. Rent	Unit Size Range		Weighted Avg. Size	Current Conc.	Effective $/SF Range		Avg. $/SF
1B/1b	66	22%	5	92.4%	$1,012	$1,229	$1,108	738	815	773		$1.37	$1.51	$1.43
1B/1b/D	54	18%	1	98.1%	$1,256	$1,280	$1,268	939	939	939		$1.34	$1.36	$1.35
2B/2b	103	34%	0	100.0%	$1,348	$1,630	$1,403	1,125	1,345	1,168		$1.20	$1.21	$1.20
2B/2b/D	1	0%	0	100.0%	$1,317	$1,398	$1,358	1,343	1,343	1,343	None	$0.98	$1.04	$1.01
3B/2b	36	12%	0	100.0%	$1,398	$1,398	$1,398	1,343	1,343	1,343		$1.04	$1.04	$1.04
3B/2b/G	40	13%	0	100.0%	$1,432	$1,432	$1,432	1,421	1,421	1,421		$1.01	$1.01	$1.01
SUMMARY:	300	100%	6	98.0%	$1,012	$1,630	$1,317	738	1,421	1,095		$0.98	$1.51	$1.20

FINISHES AND AMENITIES

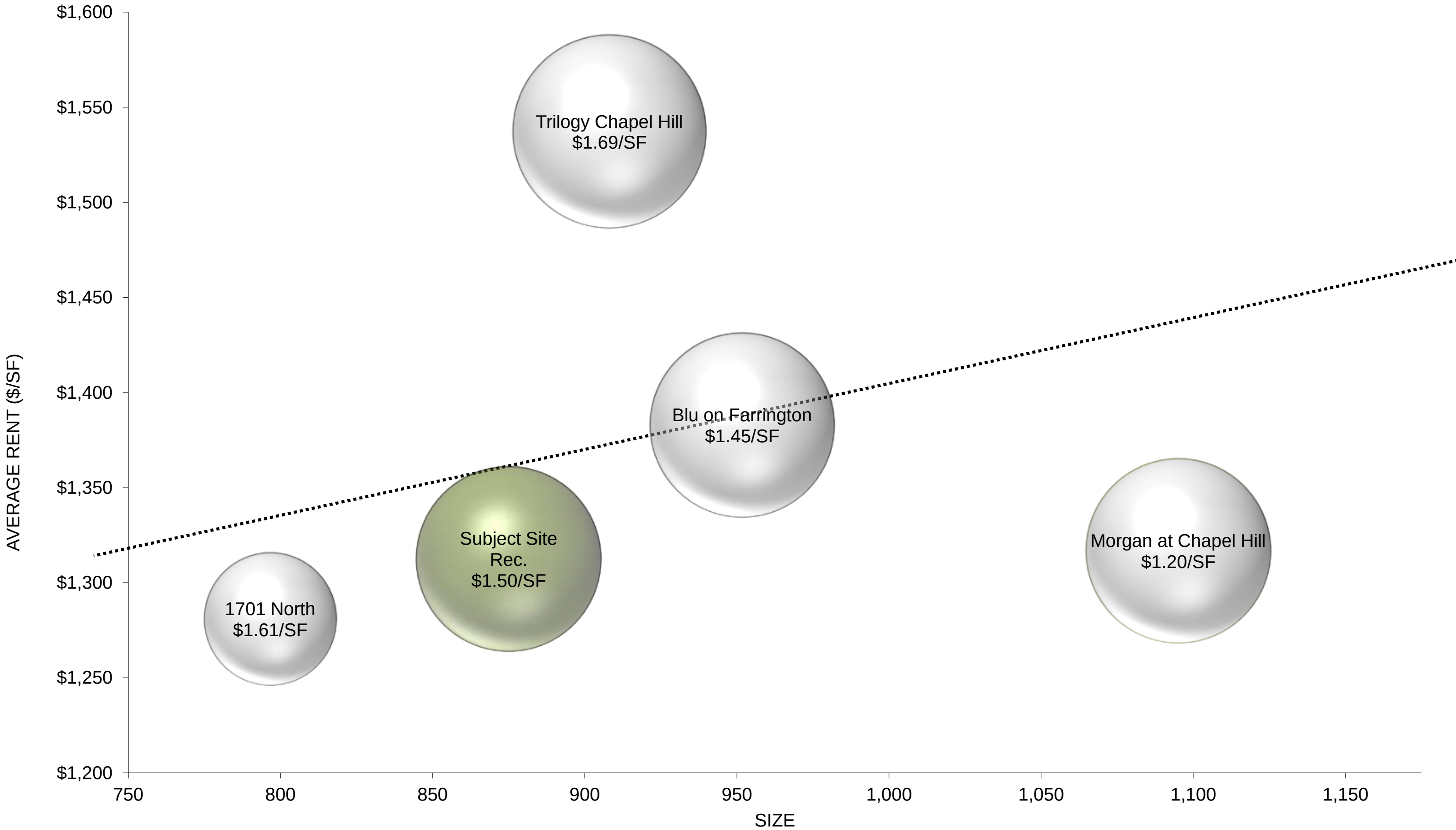
Ceiling Height and Finish:	9' ceilings, finished
Lighting and Fixtures:	Pendants w/ ceiling fan lighting
Flooring:	LVT in kitchen, living, and bath, carpet in bed
Cabinets and Hardware:	White shaker style cabinets w/ bar pulls
Countertops:	Granite counters w/ undermount sinks
Appliance Package:	Stainless steel appliances w/ smooth-top range
Laundry and Bath Detail:	Full-size front-loaded w/d included, garden tubs
Windows and Balconies:	Punch windows, all units w/ balconies / patios
Additional Features:	Fireplaces in select units
Community Features and Amenities:	Saltwater pool w/ sundeck, pet salon, 4,200 sq. ft. off-leash dog park with agility equipment, 2,500 sq ft fitness center, resident lounge w/iMacs, TVs and pool table, playground



Source: Noell Consulting Group, CoStar

Exhibit 22

Comparison of Recommended Positioning for the Subject Site Relative to Key Competitors in the Market - Weighted Average



As previously discussed, we recommend a more moderate-income/workforce attracting garden style community at a targeted rent level of $1.50/SF. With a unit mix offering a higher concentration of 1 bedrooms (70%), and efficient unit sizes, this will maintain rent levels affordable to Chapel Hill's moderate income workforce.

SOURCE: Noell Consulting Group based on surveys of properties.

Exhibit 23

Resales at Competitive / Analogous Townhome Communities

Chapel Run Townhomes

Unit Type	Unit Mix**	Sales Price Range		Average ($)	Unit Size Range (SF)		Avg. (SF)	Effective PSF		Avg. ($/SF)
2B/2b	7%	$260,580	$271,490	$266,035	1,502	1,502	1,502	$173	$181	$177
2B/2.5b	74%	$255,650	$290,444	$269,302	1,541	2,010	1,568	$142	$188	$172
2B/3.5b	19%	$282,900	$297,310	$290,966	2,000	2,041	2,016	$141	$149	$144
Total	**100%**	**$255,650**	**$297,310**	**$273,072**	**1,502**	**2,041**	**1,646**	**$142**	**$188**	**$167**

David Weekly townhomes built in 2018-2019. Initially sold at $240,000-$300,000. Granite countertops, stainless steel appliance package, gas range, carpet in BDs, hardwoods in kitchen and living, tile in bathroom, deck and one-car garage. Total of 40 townhomes in community.

HOA: $118/monthly includes landscaping

Sales pace: 2/month

Creekside Commons

Unit Type	Unit Mix**	Sales Price Range		Average ($)	Unit Size Range (SF)		Avg. (SF)	Effective PSF		Avg. ($/SF)
3B/2.5b	100%	$269,990	$319,990	$295,587	1,978	2,384	2,094	$128	$155	$142
Total	**100%**	**$269,990**	**$319,990**	**$295,587**	**1,978**	**2,384**	**2,094**	**$128**	**$155**	**$142**

Ryan Homes townhomes built in 2019-2020. Easy access to I-40 and Trader Joe's and Whole Foods. Granite countertops, stainless steel appliance package, gas range, carpet in BDs, hardwoods in kitchen and living, tile in bathroom, deck and two-car garage. Total of 169 townhomes in community.

HOA: $100/monthly includes landscaping, dog park, volleyball field, and grill station amenities.

Sales pace: 4.5/month Began sales July 2019--17 THs available

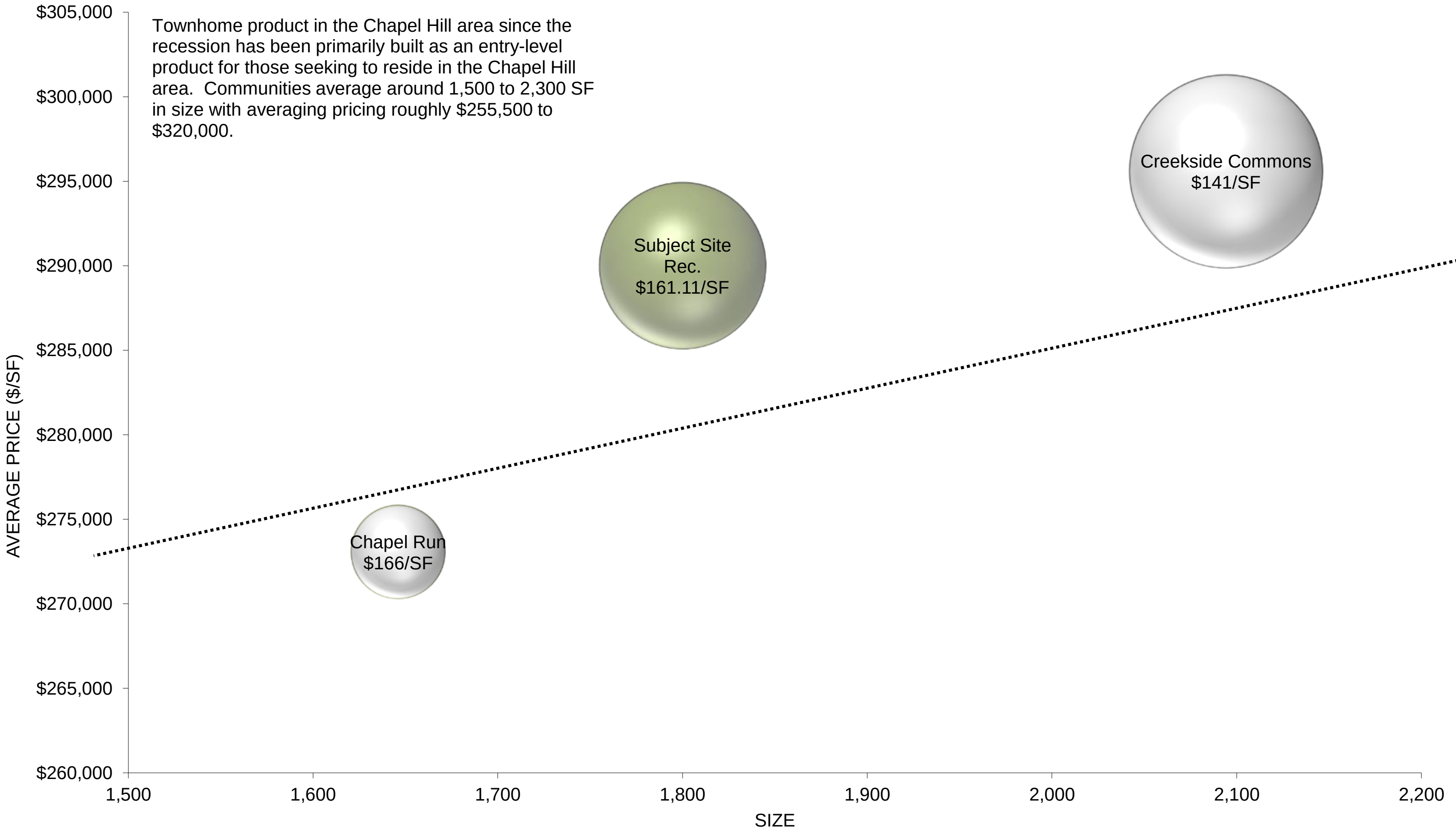
**Sales are for last 24 months at time of study*

***Unit mix is based on percentage of 24-month sales available on RedFin*

Source: NCG, RedFin

Exhibit 24

Comparison of Recommended Positioning for the Subject Site Relative to Key Competitors in the Market - Weighted Average



If the 425' restriction could be removed, we recommend starter family for-sale townhomes for the southern portion of the site. Pending zoning and design, we estimate 100-150 units and believe these should target the above price positioning.

SOURCE: Noell Consulting Group based on surveys of properties.

Exhibit 25

Chapel Hill Growth, Gentrification, and Implications to New Housing Product Needs

Chapel Hill Households by Age and Income, 2021

Income/Age	15 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 - 84	85+	Total	Min-Max Rent at 20-33% Income	Min-Max Sales Price at 3x Income
Less than $15,000	1,248	433	367	116	165	152	149	109	**2,739**		
$15,000 - $24,999	408	218	192	126	182	85	109	68	**1,388**		
$25,000 - $34,999	421	348	243	150	158	96	110	66	**1,592**		
$35,000 - $49,999	257	692	595	252	269	219	190	106	**2,580**	**$583 - $1,389**	
$50,000 - $74,999	300	804	630	309	294	289	222	123	**2,971**	**$833 - $2,083**	
$75,000 - $99,999	62	373	371	306	303	379	185	87	**2,066**	**$1,250 - $2,778**	**$225,000 - $299,000**
$100,000 - $149,999	40	548	694	394	321	517	272	78	**2,864**	**$1,667 - $4,167**	**$300,000 - $449,999**
Income $150,000 +	165	580	1,001	1,834	1,510	939	340	91	**6,460**	**$2,500+**	**$500,000+**
Total	**2,901**	**3,996**	**4,093**	**3,487**	**3,202**	**2,676**	**1,577**	**728**	**22,660**		

Chapel Hill Household Projected Growth Next 5 Years by Age and Income

Income/Age	15 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 - 84	85+	Total	Min-Max Rent at 20-33% Income	Min-Max Sales Price at 3x Income
Less than $15,000	-177	19	19	4	-8	9	17	-1	**-118**	**Land/ construction costs do not justify without subsidy**	**Land/construction costs do not justify without subsidy**
$15,000 - $24,999	-89	-1	14	-9	-27	19	21	8	**-64**		
$25,000 - $34,999	-92	5	16	-6	-2	25	17	-6	**-43**		
$35,000 - $49,999	-96	-49	-20	-27	-30	-7	-1	-4	**-234**	**$583 - $1,389**	
$50,000 - $74,999	-30	87	108	-5	-4	57	34	11	**258**	**$833 - $2,083**	
$75,000 - $99,999	-9	12	33	-19	-15	47	27	8	**84**	**$1,250 - $2,778**	**$225,000 - $299,000**
$100,000 - $149,999	6	18	56	8	-11	85	41	6	**209**	**$1,667 - $4,167**	**$300,000 - $449,999**
Income $150,000 +	-9	84	251	291	179	228	90	23	**1,137**	**$2,500+**	**$500,000+**
Total	**-496**	**175**	**477**	**237**	**82**	**463**	**246**	**45**	**1,229**		

While conservative in overall volume (only 0.3% annual versus 1.2% from 2000 to 2021), the shifting among income bands forecasted here is based on demonstrated evolution that is already occurring in Chapel Hill.

As can be seen, a lack of moderate-income housing solutions are causing a loss in households earning less than $50,000, and the majority of growth is in those earning greater than $150,000.

While much of the new apartment development is obtainable for those earning above $75,000, land and constriction costs are making it harder for those earning under $75k, and especially under $50k to rent in the community. Garden apartments represent the best opportunity to solve this.

New single-family homes are generally obtainable for those earning above $150,000, but it is largely only townhome and/or condominiums that are affordable to those earning $100-150k. Increasing land and construction costs are making it considerably harder for those earning $75-100k (often starter families) to purchase. Starter family townhomes represent the best opportunity to solve this.

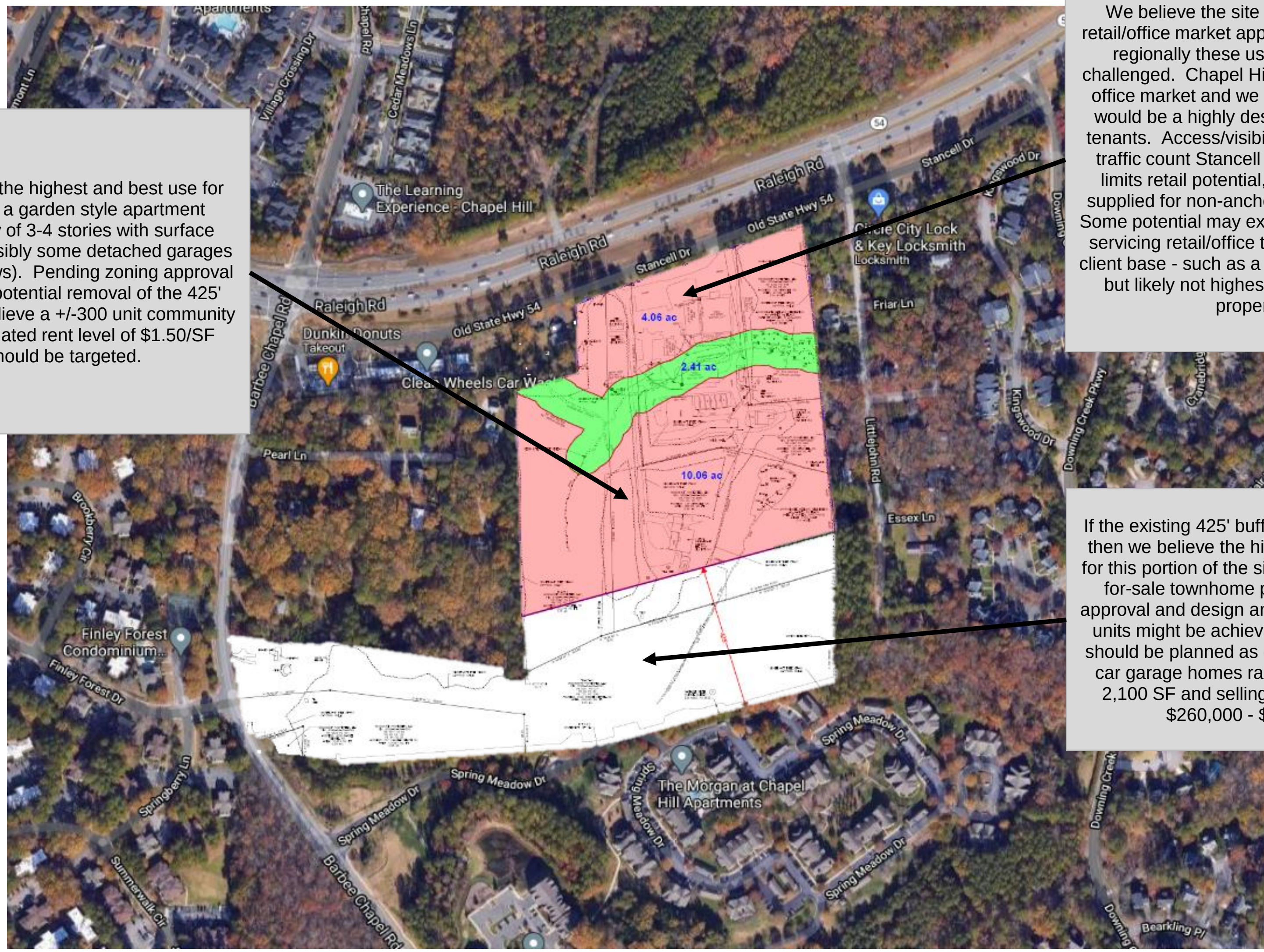
Market Risk Level

High	- Decreasing opportunity for the private sector to hit these price points without subsidy
Medium	- Moderate ability for the private sector to deliver this product without subsidy
Low	- Strong ability for the private sector to deliver this product without subsidy

SOURCE: Noell Consulting Group based on data obtained from US Census and Claritas.

Exhibit 26
Recommended Land Uses for Development

We believe the highest and best use for the site is a garden style apartment community of 3-4 stories with surface parking (possibly some detached garages if layout allows). Pending zoning approval and/or the potential removal of the 425' buffer, we believe a +/-300 unit community at an estimated rent level of $1.50/SF should be targeted.



We believe the site has limited to no retail/office market appeal. Nationally and regionally these uses are currently challenged. Chapel Hill has a very limited office market and we do not believe this would be a highly desirable location for tenants. Access/visibility from a very low traffic count Stancell Drive significantly limits retail potential, and market over supplied for non-anchor, mid-block retail. Some potential may exists for a population servicing retail/office tenant with existing client base - such as a day care, salon, etc but likely not highest and best use of property.

If the existing 425' buffer can be removed, then we believe the highest and best use for this portion of the site is a starter family for-sale townhome product. Pending approval and design an estimated 100-150 units might be achievable. This product should be planned as conventional 20', 2-car garage homes ranging from 1,500 - 2,100 SF and selling for an estimated $260,000 - $320,000.

SOURCE: Noell Consulting Group