

Marcus & Millichap
THE ZUPANCIC GROUP

2023

BENNING ROAD APARTMENTS WASHINGTON, DC 20019

OFFERING MEMORANDUM

1 BEDROOM APT.
FOR RENT
FRED A. SMITH
202.337.5080

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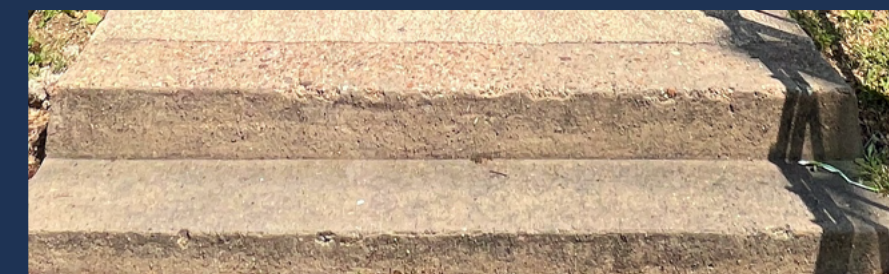
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EXECUTIVE SUMMARY

Section 01

Marcus & Millichap
THE ZUPANCIC GROUP

THE OFFERING

OFFERING OVERVIEW

As the exclusive listing agent, the Zupancic Group of Marcus & Millichap is pleased to present 4228 Benning Road NE, a 39-unit multifamily property in the heart of Deanwood, one of the most rapidly growing neighborhoods in the DC Metropolitan area. This offering presents the opportunity to acquire an asset that is well-positioned with value-add upside in the short, medium, and long-term, based on the current condition and scale of the property, recent upgrades and renovations, unit mix and layouts, upside in rental growth, location, and potential to create additional revenue streams.

THE ASSET

4228 Benning Road NE is a 39-unit, 32,493 gross square foot asset, consisting of three stories plus a basement. The property has a certificate of occupancy for 39 total units, which includes 38 multifamily rental units and one ground floor commercial space that is currently operating as a barber shop, and an additional monthly revenue stream from a rooftop cell tower. The property consists of all one-bedroom, one-bathroom units, but offers favorable layouts to potentially convert select units to two-bedroom units. There are currently two physical vacancies. Each unit in the property features a washer & dryer, dishwasher, kitchen, closet space, and either LVT or carpet floors. Select units have been updated to feature stainless steel appliances, new cabinets, new countertops, and renovated bathrooms. The roof has been recently renovated, and the property was recently converted to all-electric utilities, with separate meters for each individual unit. In addition to the diverse revenue streams generated from the barber shop and the cell tower, there is potential to renovate the large basement space to feature amenity space or at least one additional income producing residential or commercial unit. Finally, there is a paved parking lot in the rear of the property that can be used as a high-demand parking amenity.

THE LOCATION

4228 Benning Road NE is well-positioned for future appreciation in value and rental growth as it is located in one of the fastest-growing and “hottest” neighborhoods of Washington, DC. The property is also located in an Opportunity Zone, which presents an attractive opportunity for a buyer to invest in a designated low-income community with the goal of creating and preserving quality affordable housing. The Deanwood neighborhood has seen property values nearly double in the last five years, and there are newly constructed residential and commercial developments along Minnesota Avenue near the Deanwood Metro Station, Nannie Helen Burroughs Avenue, Benning Road, and Eastern Avenue, which will continue to drive rental demand as even more restaurants, retail, and jobs are brought to the area. The property is also situated in a transit-oriented location, as it is just 0.3 miles from the Benning Road Metro Station (Blue and Silver Line Service), and has direct access to the entire DMV through Benning Road NE, East Capitol Street NE, and Interstate 295.

INVESTMENT HIGHLIGHTS

INVESTMENT OVERVIEW

4228 Benning Road NE presents an investor with the opportunity to purchase a stable asset from day one, with significant future upside through additional renovations, creative additional revenue streams, and significant appreciation in value in Deanwood.



RECENT UNIT UPDATES

4228 Benning Road NE has undergone recent unit upgrades including, but not limited to, washers & dryers in all units, dishwashers in all units, stainless steel appliances in select units, new countertops in select units, and upgraded LVT in select unit.



MULTIPLE REVENUE STREAMS

4228 Benning Road NE features diversified income through multiple revenue streams. The property has a commercial unit in the basement, which currently has a barber shop tenant in place that is paying \$1,200 per month. The property also features a cell tower on the roof, which generates \$2,300 in additional monthly income. This cell tower amenity allows for an investor to generate passive income as there is limited to no maintenance necessary to maintain the additional cell tower "tenant".



VALUE-ADD THROUGH CREATING ADDITIONAL REVENUE STREAMS

4228 Benning Road NE has upside value-add potential in the short-medium term as well. An investor has opportunity to add a unit in the basement, as it is spacious and there are plenty of windows. Also, there is a paved lot in the rear that has the potential to be a large parking lot as an added, high-demand amenity for tenants.



LOCATED IN AN OPPORTUNITY ZONE

The property is located in an Opportunity Zone, which presents an attractive opportunity for a buyer to invest in a designated low-income community with the goal of creating and preserving quality affordable housing, along with added capital gains benefits



TRANSIT-ORIENTED LOCATION

4228 Benning Road NE is also situated in a transit-oriented location, as it is just 0.3 miles from the Benning Road Metro Station (Blue and Silver Line Service), and has direct access to the entire DMV through Benning Road NE, East Capitol Street NE, and Interstate 295.



VALUE-ADD THROUGH RENTAL GROWTH

4228 Benning Road NE has significant upside in rental growth. The property currently has all one-bedroom units operating with average in-place rents of \$1,122. This is at least 15% below market rents, presenting immediate upside through increasing vacant units by 10% or occupied units by 6% through rent control. Additionally, many of the one-bedroom units have the potential to be converted to two-bedroom units based on square footage, layout, and window placement, presenting the opportunity for an investor to reconfigure the unit mix as a medium-long-term value-add strategy.

SUMMARY OF TERMS

Benning Road Apartments

INTEREST OFFERED

One hundred percent fee-simple interest in the 39-unit property located at 4228 Benning Road NE, Washington, DC 20019.

TERMS OF SALE

The property is being offered on a market-bid basis.

PROPERTY TOURS

All property tours will be conducted by appointment only and must be scheduled directly with the listing agents. Prospective purchasers, their vendors, or their affiliates may not visit the property or gain property access without being accompanied by the listing agents. At no time shall the tenants or property management be contacted by a prospective purchaser without prior written approval from Marcus & Millichap.

DUE DILIGENCE AND CLOSING

The buyer's due diligence and closing timeline will be a consideration in the buyer selection process. All appropriate information will be made available at that time. It is the buyer's responsibility to confirm all of the information contained herein independently. Any projections, opinions, assumptions, or estimates used herein are for example purposes only and do not represent the current or future performance of the property. All costs and expenses incurred by the buyer will be the sole responsibility of the buyer.

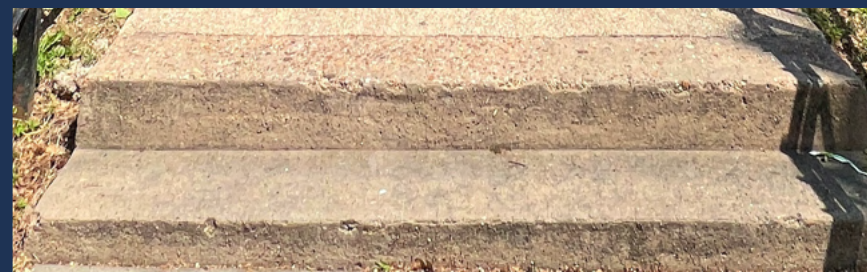
OFFER PROTOCOL

A formal offer deadline will be set at a later date.

PROPERTY OVERVIEW

Section 02

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PROPERTY DETAILS

BENNING ROAD APARTMENTS
4228 Benning Road NE, Washington, DC 20019

PROPERTY INFORMATION

| | |
|----------------------|-------------------|
| Neighborhood | Deanwood |
| Units | 39 |
| Building Class | C |
| Gross Square Feet | 32,493 |
| Lot Square Feet | 29,506 |
| Zoning | RA-1 |
| Year Built/Renovated | 1946/2004 |
| Parcel Number (APN) | 5097-0000-0920 |
| Parking | Off-Street Spaces |

| UTILITIES | TYPE | PAID BY |
|---------------|----------|----------|
| Heating | Electric | Tenant |
| Cooking | Electric | Tenant |
| Cooling | Electric | Tenant |
| Unit Power | Electric | Tenant |
| Hot Water | Electric | Tenant |
| Water & Sewer | Standard | Landlord |



BENNING ROAD APARTMENTS UNIT MIX

38

Number of Multifamily Units

1

Number of Commercial Units

1

Number of Cell Towers

MULTIFAMILY UNIT MIX

| UNIT TYPE | TOTAL UNITS | OCCUPIED UNITS | VACANT UNITS | AVERAGE SIZE (SF)* | IN-PLACE RENT PER UNIT | IN-PLACE RENT PER SF |
|------------------------|-------------|----------------|--------------|--------------------|------------------------|----------------------|
| One-Bedroom | 38 | 34 | 4 | 685 | \$1,122 | \$1.64 |
| Total / Average | 38 | 34 | 4 | 685 | \$1,122 | \$1.64 |

* Unit SF are estimates, buyers should do their own due diligence

COMMERCIAL INCOME

| UNIT TYPE | TOTAL UNITS | AVERAGE SIZE (SF)* | IN-PLACE RENT PER UNIT | IN-PLACE RENT PER SF |
|------------------------|-------------|--------------------|------------------------|----------------------|
| Barbershop | 1 | 500 | \$1,200 | \$2.40 |
| Total / Average | 1 | 500 | \$1,200 | \$2.40 |

* Unit SF are estimates, buyers should do their own due diligence

T-MOBILE CELL TOWER INCOME

| UNIT TYPE | TOTAL UNITS | IN-PLACE RENT PER UNIT |
|------------------------|-------------|------------------------|
| Cell Tower | 1 | \$1,200 |
| Total / Average | 1 | \$1,200 |



REGIONAL MAP

Washington, DC MSA



4228 BENNING ROAD NE



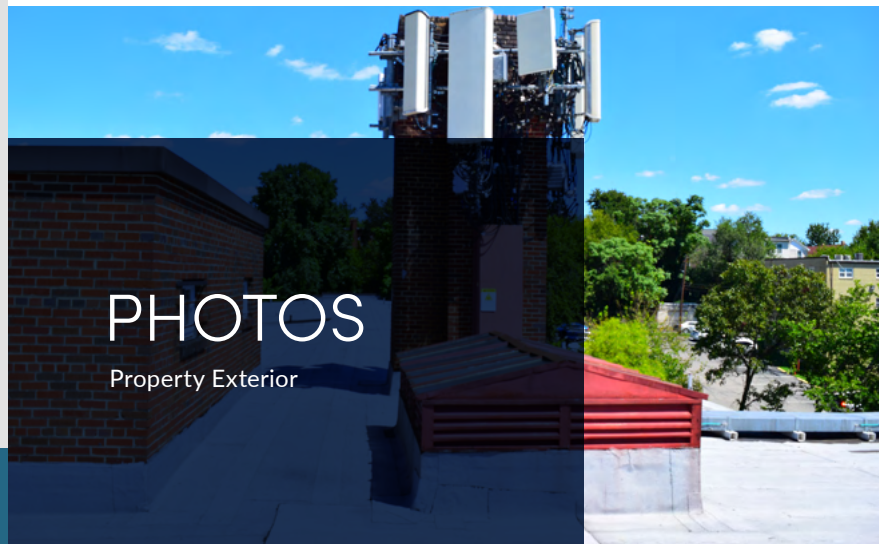
4228 BENING ROAD NE

ZONING

DEVELOPMENT STANDARDS: RA-1

| | |
|-----------------------------|---|
| Zone District | Residential Apartment Zone |
| Zone | RA-1 |
| Building Category | All Other Buildings & Structures |
| Description | Permits low to moderate-density development, including detached dwellings, rowhouses, and low-rise apartments |
| Floor Area Ratio | 0.9 |
| Height (ft.) | 40 |
| Stories | 3 |
| Minimum Lot Area (sq ft.) | 1800 |
| Lot Occupancy (%) | 40% |
| Rear Setback (ft.) | 20 |
| Side Setback (ft.) | 8 |
| Zoning Regulation Reference | Subtitle F; Chapter 3 |



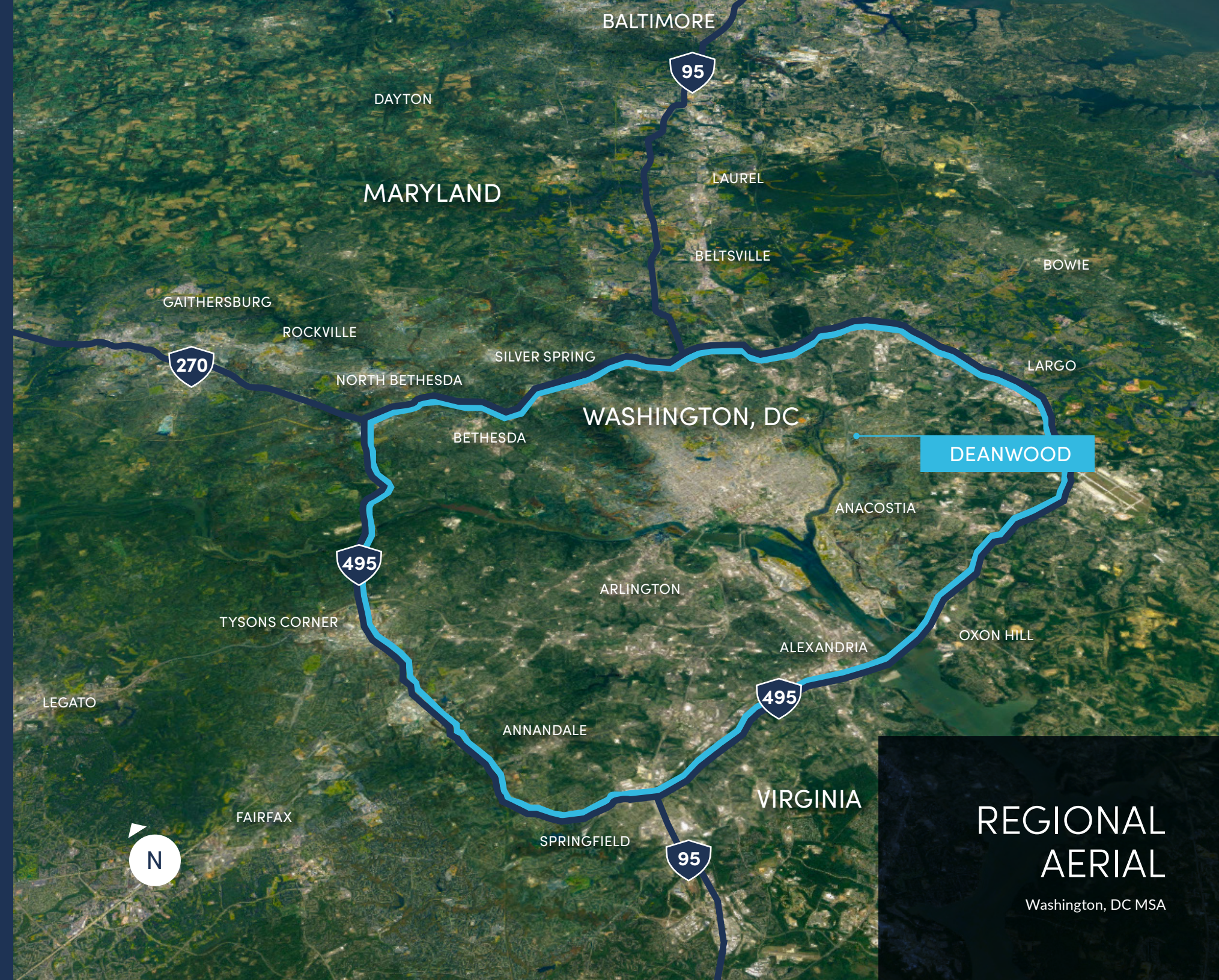
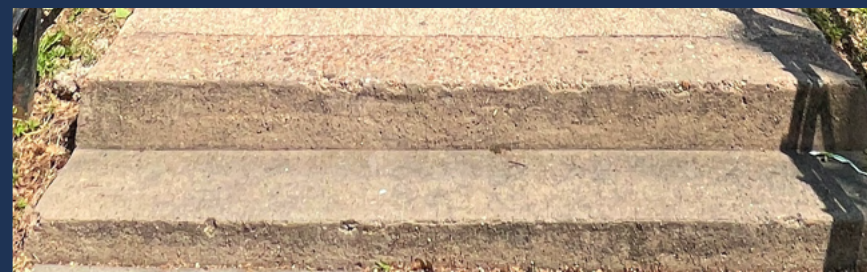


THE NEIGHBORHOOD



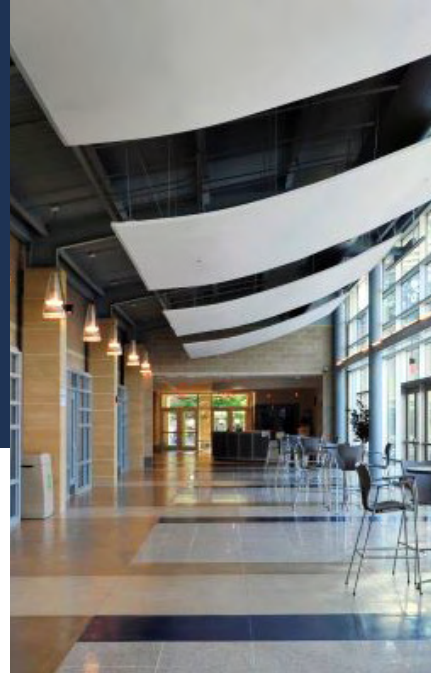
Section 03

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REGIONAL
AERIAL

Washington, DC MSA



NEIGHBORHOOD OVERVIEW

DEVELOPMENT IS BOOMING EAST OF THE RIVER

There are currently over 15-billion dollars of development and infrastructure projects in the pipeline, including 5,000 residential units, 1 million square feet of retail space, and nearly 3.5 million square feet of office space either planned or under construction. The two largest active projects are Skyland Town Center and St. Elizabeth's East. Continued developer interest should encourage prospective investors to enter the market with confidence because there is demonstrable growth.

DEANWOOD

Deanwood is a burgeoning neighborhood in Northeast Washington, DC and is located directly nearby the DC and Maryland border East of the Anacostia River. Recently considered to be one of the "hottest" neighborhoods in the country, the mostly residential enclave of Northeast DC has seen major growth and is drawing demand from developers, investors, home buyers, renters, and retailers due to its proximity to major thoroughfares, metro stops, and numerous amenities in mainland DC, and just across the border into Maryland. A notable amenity near by Benning Road Apartments is the Deanwood Community Center, a 63,000 square foot recreation center and library that was built in 2013 for \$32 million. The Deanwood neighborhood currently has a robust development pipeline with over 5,000 residential units either planned or in development, and recent openings like the popular Deanwood Deli present a very promising picture for the future of the neighborhood.

LOCATION HIGHLIGHTS

- Benning Road Apartments is located just 0.3 miles (seven-minute walk) from the Benning Road Metro Station which services the Blue and Silver Lines.
- Located nearby numerous bus stops (W4, R12, U7, and V14)
- Convenient access to major roads such as I-295, I-495, Route 50, Baltimore-Washington Parkway, and Eastern Avenue.
- Less than 2 miles from the Deanwood Community Center, which features amenities such as an indoor pool, library, gymnasium/indoor basketball court, multi-purpose room, senior room, parksite, multi-purpose field, and playground.
- Significant nearby development along with public and private investment.



**DEANWOOD
OVERVIEW**
The Neighborhood



MAJOR EMPLOYERS EAST OF THE RIVER

While Deanwood is predominantly a residential neighborhood, there has been major employer activity throughout submarkets East of The River. Multiple Public and Private initiatives are in the pipeline that will help drive job growth throughout the area over the next decade. For example, on the public side, with a mayoral order, Muriel Bowser is requiring DC government agencies looking to lease new office space over the next five years to prioritize options in Wards 7 and 8 east of the Anacostia River. In the order, Bowser says, “the mere presence of even a fraction of the city’s 37,000 employees can help turn underserved areas around.” Furthermore, “The District government’s decisions of where to lease space for its offices and other facilities can therefore be a powerful tool for investing in the economic vitality of communities and can be a particularly powerful tool to build, catalyze, and sustain neighborhood and economic development in communities that currently experience underinvestment by the private sector.”

In the private sector, major employment drivers such as the two-and-a-half-billion-dollar construction of Amazon’s upcoming HQ2, will expand the employment opportunities throughout the D.C. area. For example, Amazon’s project will bring more than 25,000 jobs to the area over the next 12 years. With these massive Public and Private initiatives, along with many others, Fort Dupont is well-positioned to capitalize on the significant employment growth over the next decade.

HIGHLIGHTED MAJOR EMPLOYERS

- Department of Human Services
- DC Department of For-Hire Vehicles
- Department of Housing and Community Development (DHCD)
- Defense Intelligence Agency (Joint Base Anacostia-Bolling)
- Joint Base Anacostia-Bolling
- Department of Homeland Security
- United States Coast Guard
- KIPP DC
- The U.S. Army Corps of Engineers

Employment Rate (3 Mile Radius Pre-Covid)

87.0%

Unemployment Rate (3 Mile Radius Pre-Covid)

11.0%

Participating (3 Mile Radius Pre-Covid)

67.5%

Not Participating (3 Mile Radius Pre-Covid)

32.5%



EMPLOYER MAP

East of the River

LOCAL DEVELOPMENT PIPELINE:

A ROBUST PIPELINE OF AFFORDABLE AND MARKET-RATE MULTIFAMILY AND MIXED-USE DEVELOPMENTS IN THE AREA

- 1. **Kenilworth Courts** - Under Construction (530 Units - Market & Affordable)
- 2. **3450 Eads** - Under Construction (49 Units - Fully Affordable)
- 3. **Deanwood Town Center** - Planned (193 Units & 15,900 SF Retail - Fully Affordable)
- 4. **Deanwood Metro** - Prospective (300+ Units & 10,000 SF Retail)
- 5. **Northeast Heights** - Under Construction (1,500 Units, 300 Affordable, & 120,000 SF Retail)
- 6. **Fletcher-Johnson Development** - Planned (816 Units, 179 Market, 637 Affordable, 20,000 SF Retail and 50,000 SF Office)
- 7. **Parkside** - Under Construction (Master Planned community 1,500 Residential Units, 650,000 SF Office, 50,000 SF Retail)
- 8. **Lincoln Heights Redevelopment** - Prospective (442 Affordable Units)
- 9. **Capital Gateway Marketplace** - Prospective (312 Affordable Units)
- 10. **125 45th Street NE** - Prospective (156 Affordable Units)
- 11. **4401 Benning Road** - Prospective (109 Affordable Units)
- 12. **35th Street** - Prospective (90 Affordable Units)



UNDER CONSTRUCTION

Properties actively being developed. A property remains "Under Construction" until a final certificate of occupancy has been issued. Under construction status begins with permits, monitored monthly, beginning in the fourth month following permit issuance, with completion status confirmed through direct developer or contractor contact during the course of construction.

PLANNED

Planned apartment communities are actively engaged in the development approval process. Planned development relies on a variety of secondary sources for available information: City Design Review Board minutes; development reporting services; and industry publications.

PROSPECTIVE

Prospective Development holds lower status in probability of completion. Communities designated as Prospective are developments which: remain subject to entitlement approvals; are being developed as "either apartments or condominiums - to be determined"; have been announced for "future development", or; have been temporarily placed on hold by the developer.

OPPORTUNITY ZONES

Opportunity Zones were created in 2017 as part of The Tax Cuts and Jobs Act as a federal incentive designed to spur investment in undercapitalized communities.

WHAT ARE OPPORTUNITY ZONES?

A PROGRAM TO DRIVE LONG-TERM INVESTMENT IN LOW-INCOME NEIGHBORHOODS.

The Opportunity Zone program was created in 2017 to stimulate long-term private investment in low-income neighborhoods through federal tax incentives. Since its implementation, the program has sought to boost job growth and stimulate the economies in areas that have traditionally been undercapitalized.

Twelve percent of the total US census tracts are Opportunity Zones (8,762 tracts). Governors of the 50 states, 4 territories, and Washington, DC, nominated the zones, which were officially designated by the US Department of the Treasury. The statute does not contain a provision to update which areas are classified as Opportunity Zones. Designated tracts tend to have lower incomes, higher rates of poverty, and higher unemployment than eligible nondesignated tracts. Additionally, home values, rents, and homeownership rates are also lower on average. Investors are able to take advantage of significant tax benefits by investing in these communities through this program.

WHO QUALIFIES FOR OPPORTUNITY ZONES?

ANY CORPORATION OR INDIVIDUAL WITH CAPITAL GAINS CAN QUALIFY.

For real estate projects to qualify for Opportunity Fund financing, the investment must result in the properties being "substantially improved."

A Qualified Opportunity Fund is an investment vehicle that is organized as a corporation or partnership for the purpose of investing in Qualified Opportunity Zone property (other than another Qualified Opportunity Fund).

To certify and maintain a Qualified Opportunity Fund, an entity must:

- File a federal income tax return as a partnership, corporation, or LLC that is treated as a partnership or corporation;
- Be organized for the purpose of investing in Qualified Opportunity Zone property under the laws in one of the 50 states, the District of Columbia, a U.S. possession, or a federally recognized Indian tribal government; and
- Hold 90% of its assets in Qualified Opportunity Zone property.

OPPORTUNITY ZONES THREE KEY TAX BENEFITS

1) TEMPORARY DEFERRAL OF TAXES ON PREVIOUSLY EARNED CAPITAL GAINS.

Investors can place existing assets with accumulated capital gains into Opportunity Funds. Those existing capital gains are not taxed until the end of 2026 or when the asset is disposed of.

2) BASIS STEP-UP OF PREVIOUSLY EARNED CAPITAL GAINS INVESTED.

For capital gains placed in Opportunity Funds for at least five years, investors' basis on the original investment increases by ten percent. If invested for at least seven years, investors' basis on the original investment increases by fifteen percent.

3) PERMANENT EXCLUSION OF TAXABLE INCOME ON NEW GAINS.

For investments held for at least ten years, investors pay no taxes on any capital gains produced through their investment in Opportunity Funds (the investment vehicle that invests in Opportunity Zones).

ADDITIONAL OPPORTUNITY ZONE DETAILS

MEETING THE 90% INVESTMENT STANDARD

A Qualified Opportunity Fund must satisfy the standard of investing 90% of its assets in Qualified Opportunity Zone property. This is determined by the average of the percentage of Qualified Opportunity Zone property held in the Qualified Opportunity Fund as measured on:

- The last day of the first 6-month period of the tax year of the Qualified Opportunity Fund
- The last day of the tax year of the Qualified Opportunity Fund.

DEFINING A QUALIFIED OPPORTUNITY ZONE PROPERTY

A Qualified Opportunity Zone property means Qualified Opportunity Zone stock, a Qualified Opportunity Zone partnership interest, and Qualified Opportunity Zone business property.

Any Qualified Opportunity Zone stock or Qualified Opportunity Zone partnership interests used to satisfy the 90% investment standard must be an entity that is a Qualified Opportunity Zone business. The Qualified Opportunity Zone business

must provide sufficient information to the Qualified Opportunity Fund to show that they meet the requirements, otherwise the Qualified Opportunity Fund may be subject to penalties.

MEETING QUALIFIED OPPORTUNITY ZONE BUSINESS PROPERTY REQUIREMENTS

Tangible property is Qualified Opportunity Zone business property if used in a trade or business and meets the following requirements:

- Timing of acquisition: Property was acquired by purchase after December 31, 2017.
- Asset type – original or improved: Property must be originally used in the Qualified Opportunity Zone or substantially improved. Property is original use on the date first placed in service in the Qualified Opportunity Zone for purposes of depreciation or amortization. Used tangible property satisfies the original use requirement if the property has not been previously placed in service in the qualified opportunity zone.
- Location in a Qualified Opportunity Zone requirements: Property is in a Qualified Opportunity Zone for substantially all the time held.

- Invest the matching purchase price into property development.

INCOME TESTS

A Qualified Opportunity Zone business must earn at least 50% of its gross income from business activities within a Qualified Opportunity Zone. It must do so for each taxable year. The regulations provide four safe harbors that a business may use to meet this test. These safe harbors are the:

- Hours-of-services-received test.
- Amounts-paid-for-services test.
- Necessary-tangible-property-and-business-functions test.
- Facts and circumstance test.

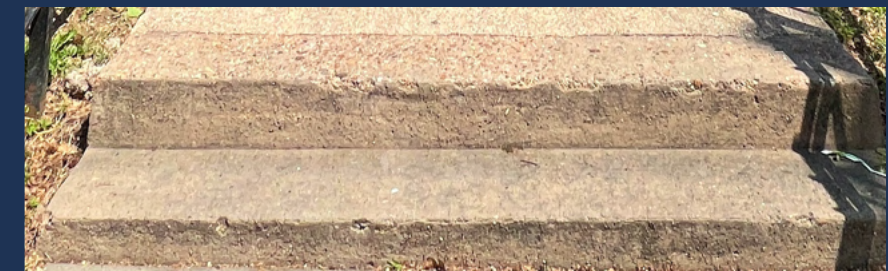
REPORTING DISPOSAL OF EQUITY INTEREST

You must report all disposal (or disposition) of equity interest, by a partner or shareholder, in a Qualified Opportunity Fund. This includes any disposal of the investment (whether or not it is for consideration), including by gift or inheritance.

MARKET COMPARABLES

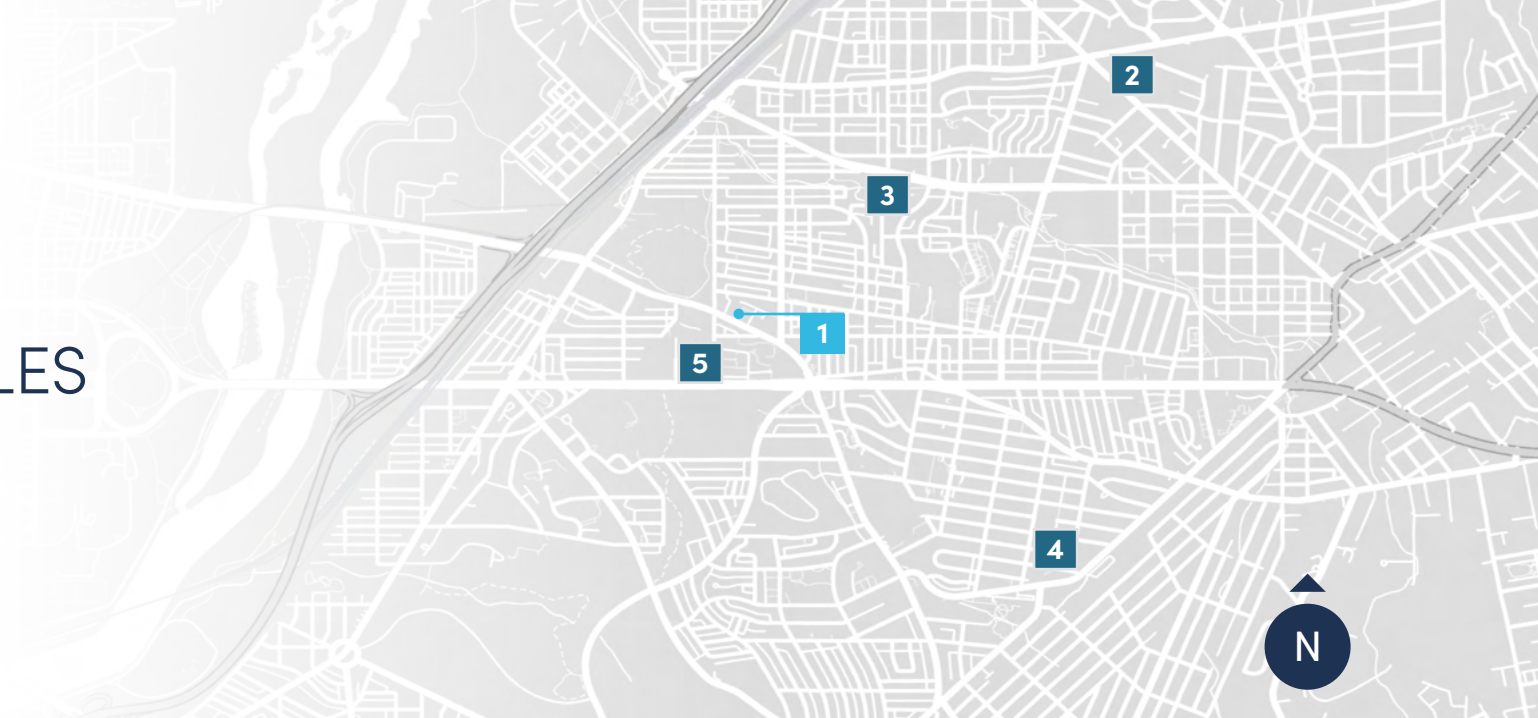
Section 04

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RENT COMPARABLES

1. Benning Road Apartments
2. Hilltop
3. Glendale Plaza
4. Elsinore Courtyard
5. Benning Woods



| | 1 | 2 | 3 | 4 | 5 |
|-------------------------------|-------------------------|-----------------------|------------------------------------|--------------------|-----------------------------|
| | BENNING ROAD APARTMENTS | HILLTOP | GLENDALE PLAZA | ELSinORE COURTYARD | BENNING WOODS |
| STREET ADDRESS | 4228 Benning Road NE | 908 Eastern Avenue NE | 4651 Nannie Helen Burroughs Avenue | 5312 E Street SE | 4040 East Capital Street NE |
| NEIGHBORHOOD | Deanwood | Deanwood | Deanwood | Marshall Heights | Deanwood |
| OCCUPANCY (%) | 92.90% | 97.20% | 96.30% | 88.80% | 97.20% |
| YEAR BUILT/RENOVATED | 1953 | 1966/2018 | 1970/2014 | 1967 | 1967 |
| NUMBER OF UNITS | 39 | 106 | 80 | 152 | 107 |
| BUILDING CLASS | C | C+ | C | C | C |
| AVERAGE RENT/UNIT | \$1,138 | \$1,770 | \$1,737 | \$1,395 | \$1,375 |
| AVERAGE RENT/SF | \$1.75 | \$2.05 | \$2.29 | \$1.76 | \$1.89 |
| AVERAGE UNIT SIZE (SF) | 680 | 864 | 758 | 794 | 726 |

RENT COMPARABLES

4228 Benning Road NE is located in Deanwood, a high-growth neighborhood in Northeast DC that has seen significant development in recent years and is well-positioned for continued future growth.

BENNING ROAD APARTMENTS

4228 Benning Road NE, Washington, DC 20019



| UNIT TYPE | UNITS | SIZE (SF) | RENT/UNIT | AVERAGE RENT/SF |
|------------------------|-----------|------------|----------------|-----------------|
| One Bedroom | 38 | 685 | \$1,122 | \$1.64 |
| Barber Shop | 1 | 500 | \$1,200 | \$2.40 |
| Total / Average | 39 | 680 | \$1,161 | \$2.02 |

AMENITIES & FEATURES

BUILDING CLASS

C

YEAR BUILT/RENOVATED

1946/2004

NEIGHBORHOOD

Deanwood

UTILITIES

Tenants Pay Electric, Landlord Pays Water & Sewer

UNIT FEATURES

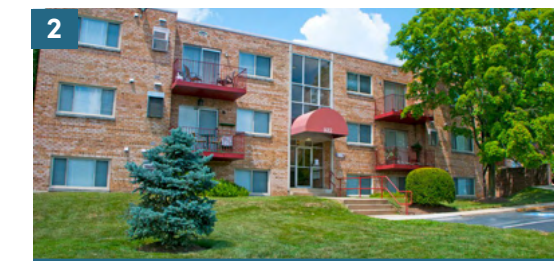
Washer & Dryer, Dishwasher, New Cabinets in Select Units, Upgraded Countertops in Select Units, LVT and Carpet Floors

COMMUNITY AMENITIES

Lobby Space, Potential for Parking in Rear, Barber Shop, Controlled Access

HILLTOP

908 Eastern Avenue NE, Washington, DC 20019



| UNIT TYPE | UNITS | SIZE (SF) | RENT/UNIT | AVERAGE RENT/SF |
|------------------------|------------|------------|-----------------|-----------------|
| One Bedroom | 52 | 670-826 | \$1,622-\$1,704 | \$2.22 |
| Two Bedroom | 54 | 914-1,039 | \$1,809-\$1,939 | \$1.92 |
| Total / Average | 106 | 864 | \$1,770 | \$2.05 |

AMENITIES & FEATURES

BUILDING CLASS

C+

YEAR BUILT/RENOVATED

1966/2018

NEIGHBORHOOD

Deanwood

UTILITIES

Tenants Pay Electric, Landlord Pays Gas, Water & Sewer

UNIT FEATURES

Balconies in Select Units, Marble Countertops in Bathrooms, Carpet Floors in Select Units, Large Closets

COMMUNITY AMENITIES

Free Off Street Parking, Controlled Access, Laundry Facilities

GLENDALE PLAZA

4651 Nannie Helen Burroughs Avenue, Washington, DC 20019

3



| UNIT TYPE | UNITS | SIZE (SF) | RENT/UNIT | AVERAGE RENT/SF |
|-----------------|-------|-----------|-----------|-----------------|
| One Bedroom | 14 | 613 | \$1,399 | \$2.28 |
| Two Bedroom | 40 | 713 | \$1,749 | \$2.45 |
| Three Bedroom | 26 | 904 | \$1,899 | \$2.10 |
| Total / Average | 80 | 758 | \$1,737 | \$2.29 |

AMENITIES & FEATURES

BUILDING CLASS

C

YEAR BUILT/RENOVATED

1970/2014

NEIGHBORHOOD

Deanwood

UTILITIES

Landlord Pays All Utilities

UNIT FEATURES

Floor to Ceiling Windows, Wall to Wall Carpet, Large Closets

COMMUNITY AMENITIES

Free Off Street Parking, Laundry Facilities, Controlled Access

ELSINORE COURTYARD

5312 E Street SE, Washington, DC 20019

4



| UNIT TYPE | UNITS | SIZE (SF) | RENT/UNIT | AVERAGE RENT/SF |
|-----------------|-------|-----------|-----------|-----------------|
| One Bedroom | 51 | 670 | \$1,137 | \$1.70 |
| Two Bedroom | 91 | 850 | \$1,483 | \$1.74 |
| Three Bedroom | 10 | 910 | \$1,916 | \$2.11 |
| Total / Average | 152 | 794 | \$1,395 | \$1.76 |

AMENITIES & FEATURES

BUILDING CLASS

C

YEAR BUILT

1967

NEIGHBORHOOD

Marshall Heights

UTILITIES

Tenants Pay Electric and Gas, Landlord Pays Water & Sewer

UNIT FEATURES

Highspeed Internet, Hardwood Floors

COMMUNITY AMENITIES

Controlled Access, Playground, Laundry Facilities, 60 Parking Spaces

BENNING WOODS

4040 East Capital Street NE, Washington, DC 20019

5



| UNIT TYPE | UNITS | SIZE (SF) | RENT/UNIT | AVERAGE RENT/SF |
|-----------------|-------|-----------|-----------|-----------------|
| One Bedroom | 43 | 638 | \$1,236 | \$1.94 |
| Two Bedroom | 64 | 785 | \$1,468 | \$1.87 |
| Total / Average | 107 | 726 | \$1,375 | \$1.89 |

AMENITIES & FEATURES

BUILDING CLASS

C

YEAR BUILT

1967

NEIGHBORHOOD

Deanwood

UTILITIES

Tenants Pay Electric, Landlord Pays Gas, Water & Sewer

UNIT FEATURES

Walk in Closets, Balconies/ Patios, Hardwood Floors in Select Units

COMMUNITY AMENITIES

Laundry Facilities, 198 Parking Spaces



SALES COMPARABLES

- 1. Benning Road Apartments
- 2. 1035 48th Street NE
- 3. 330-336 63rd Street NE
- 4. 4256-4264 Benning Road NE
- 5. 5105-5109 E Street SE
- 6. 5325 Bass Place SE
- 7. Division Flats



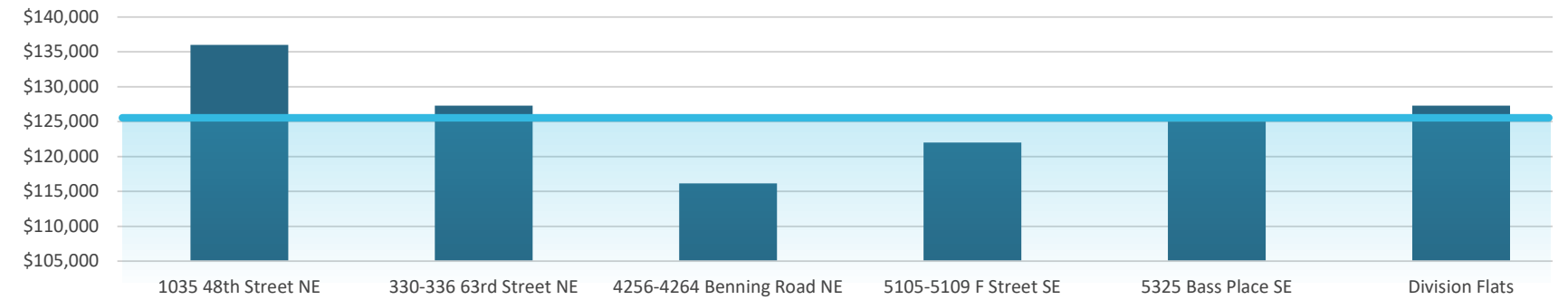
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-----------------|-------------------------|---------------------|------------------------|---------------------------|-----------------------|--------------------|----------------------------|
| | BENNING ROAD APARTMENTS | 1035 48TH STREET NE | 330-336 63RD STREET NE | 4256-4264 BENNING ROAD NE | 5105-5109 E STREET SE | 5325 BASS PLACE SE | DIVISION FLATS |
| STREET ADDRESS | 4228 Benning Road NE | 1035 48th Street NE | 330-366 63rd Street NE | 4256-4264 Benning Road NE | 5105-5109 E Street SE | 5325 Bass Place SE | 307-311 Division Avenue NE |
| NEIGHBORHOOD | Deanwood | Deanwood | Deanwood | Deanwood | Marshall Heights | Marshall Heights | Deanwood |
| SALES PRICE | - | \$1,632,000 | \$2,800,000 | \$3,135,525 | \$2,928,000 | \$1,875,000 | \$2,800,000 |
| CLOSE OF ESCROW | - | 12/2022 | 11/1/2022 | 10/27/2022 | 8/1/2022 | 4/14/2022 | 3/1/2022 |
| NUMBER OF UNITS | 39 | 12 | 22 | 27 | 24 | 15 | 22 |
| PRICE/UNIT | - | \$136,000 | \$127,273 | \$116,131 | \$122,000 | \$125,000 | \$127,273 |
| YEAR BUILT | 1946 | 1951 | 1955 | 1954 | 1971 | 1969 | 1955 |
| GROSS SF | 32,493 | 8,640 | 19,204 | 24,008 | 21,753 | 12,668 | 18,366 |
| PRICE/GROSS SF | - | \$188.89 | \$145.80 | \$130.60 | \$134.60 | \$148.01 | \$152.46 |
| ZONING | RA-1 | R-2 | R-2 | RA-1 | R-3 | R-3 | R-2 |
| LOT SF | 29,506 | 7,266 | 14,000 | 21,688 | 23,854 | 11,199 | 13,654 |

SALES COMPARABLES

\$125,613

Average Sale Price/Unit

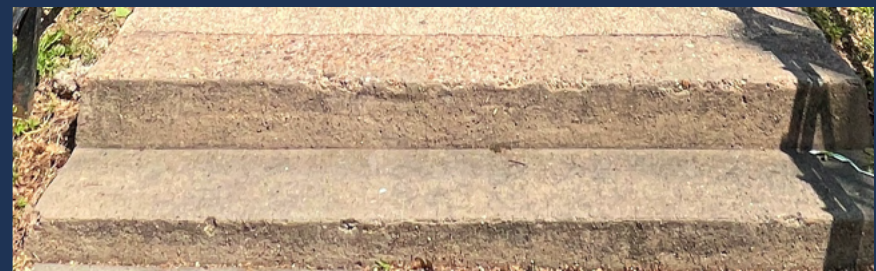
AVERAGE SALE PRICE/UNIT



FINANCIAL ANALYSIS

Section 05

Marcus & Millichap
THE ZUPANCIC GROUP



RENT ROLL

| UNIT NUMBER* | NUMBER OF BEDROOMS | NUMBER OF BATHROOMS | OCCUPANCY STATUS | UNIT SF* | CURRENT RENT* | CURRENT RENT/SF | PRO FORMA RENT | PRO FORMA RENT/SF | RENT TYPE |
|--------------|--------------------|---------------------|------------------|----------|---------------|-----------------|----------------|-------------------|-----------|
| 101 | 1 Bed | 1 Bath | Occupied | 685 | \$1,125 | \$1.64 | \$1,193 | \$1.74 | Market |
| 102 | 1 Bed | 1 Bath | Vacant | 685 | - | - | \$1,563 | \$2.28 | - |
| 103 | 1 Bed | 1 Bath | Occupied | 685 | \$1,206 | \$1.76 | \$1,278 | \$1.87 | Market |
| 104 | 1 Bed | 1 Bath | Occupied | 685 | \$1,203 | \$1.76 | \$1,275 | \$1.86 | Market |
| 105 | 1 Bed | 1 Bath | Occupied | 685 | \$1,137 | \$1.66 | \$1,205 | \$1.76 | Market |
| 106 | 1 Bed | 1 Bath | Occupied | 685 | \$1,272 | \$1.86 | \$1,321 | \$1.93 | Market |
| 107 | 1 Bed | 1 Bath | Occupied | 685 | \$1,065 | \$1.55 | \$1,129 | \$1.65 | Market |
| 108 | 1 Bed | 1 Bath | Occupied | 685 | \$1,143 | \$1.67 | \$1,212 | \$1.77 | Market |
| 109 | 1 Bed | 1 Bath | Occupied | 685 | \$1,182 | \$1.73 | \$1,253 | \$1.83 | Market |
| 110 | 1 Bed | 1 Bath | Vacant | 685 | - | - | \$1,563 | \$2.28 | - |
| 111 | 1 Bed | 1 Bath | Occupied | 685 | \$849 | \$1.24 | \$900 | \$1.31 | Market |
| 112 | 1 Bed | 1 Bath | Vacant | 685 | - | - | \$1,563 | \$2.28 | - |
| 200 | 1 Bed | 1 Bath | Occupied | 685 | \$1,078 | \$1.57 | \$1,143 | \$1.67 | Market |
| 201 | 1 Bed | 1 Bath | Occupied | 685 | \$1,125 | \$1.64 | \$1,193 | \$1.74 | Market |
| 202 | 1 Bed | 1 Bath | Occupied | 685 | \$1,125 | \$1.64 | \$1,193 | \$1.74 | Market |
| 203 | 1 Bed | 1 Bath | Occupied | 685 | \$1,150 | \$1.68 | \$1,219 | \$1.78 | Market |
| 204 | 1 Bed | 1 Bath | Occupied | 685 | \$1,150 | \$1.68 | \$1,219 | \$1.78 | Market |
| 205 | 1 Bed | 1 Bath | Occupied | 685 | \$1,214 | \$1.77 | \$1,287 | \$1.88 | Market |
| 206 | 1 Bed | 1 Bath | Occupied | 685 | \$1,125 | \$1.64 | \$1,193 | \$1.74 | Market |
| 207 | 1 Bed | 1 Bath | Occupied | 685 | \$1,125 | \$1.64 | \$1,193 | \$1.74 | Market |
| 208 | 1 Bed | 1 Bath | Occupied | 685 | \$1,214 | \$1.77 | \$1,287 | \$1.88 | Market |
| 209 | 1 Bed | 1 Bath | Occupied | 685 | \$1,236 | \$1.80 | \$1,310 | \$1.91 | Market |
| 210 | 1 Bed | 1 Bath | Occupied | 685 | \$1,043 | \$1.52 | \$1,106 | \$1.61 | HCVP |
| 211 | 1 Bed | 1 Bath | Occupied | 685 | \$1,125 | \$1.64 | \$1,193 | \$1.74 | Market |
| 212 | 1 Bed | 1 Bath | Occupied | 685 | \$1,217 | \$1.78 | \$1,290 | \$1.88 | Market |
| 300 | 1 Bed | 1 Bath | Occupied | 685 | \$1,050 | \$1.53 | \$1,113 | \$1.62 | Market |
| 301 | 1 Bed | 1 Bath | Occupied | 685 | \$1,150 | \$1.68 | \$1,219 | \$1.78 | Market |
| 302 | 1 Bed | 1 Bath | Occupied | 685 | \$1,150 | \$1.68 | \$1,219 | \$1.78 | Market |
| 303 | 1 Bed | 1 Bath | Occupied | 685 | \$1,206 | \$1.76 | \$1,278 | \$1.87 | Market |
| 304 | 1 Bed | 1 Bath | Occupied | 685 | \$1,127 | \$1.65 | \$1,195 | \$1.74 | Market |

| UNIT NUMBER* | NUMBER OF BEDROOMS | NUMBER OF BATHROOMS | UNIT TYPE | UNIT SF* | CURRENT RENT* | CURRENT RENT/SF | PRO FORMA RENT | PRO FORMA RENT/SF | RENT TYPE |
|--------------|----------------------|---------------------|-----------|---------------|-----------------|-----------------|-----------------|-------------------|-----------|
| 305 | 1 Bed | 1 Bath | Occupied | 685 | \$1,150 | \$1.68 | \$1,219 | \$1.78 | Market |
| 306 | 1 Bed | 1 Bath | Occupied | 685 | \$1,125 | \$1.64 | \$1,193 | \$1.74 | Market |
| 307 | 1 Bed | 1 Bath | Occupied | 685 | \$1,125 | \$1.64 | \$1,193 | \$1.74 | Market |
| 308 | 1 Bed | 1 Bath | Occupied | 685 | \$1,155 | \$1.69 | \$1,224 | \$1.79 | Market |
| 309 | 1 Bed | 1 Bath | Occupied | 685 | \$1,143 | \$1.67 | \$1,212 | \$1.77 | Market |
| 310 | 1 Bed | 1 Bath | Occupied | 685 | \$839 | \$1.22 | \$839 | \$1.22 | HCVP |
| 311 | 1 Bed | 1 Bath | Occupied | 685 | \$960 | \$1.40 | \$960 | \$1.40 | HCVP |
| 312 | 1 Bed | 1 Bath | Vacant | 685 | - | - | \$1,563 | \$2.28 | - |
| Barber Shop | N/A | N/A | Occupied | 500 | \$1,200 | \$2.40 | \$1,200 | \$2.40 | Market |
| Cell Tower | N/A | N/A | Occupied | - | \$2,300 | N/A | \$2,300 | N/A | Market |
| 39 | Total/Average | | | 26,530 | \$41,789 | \$1.76 | \$50,203 | \$1.81 | |

*Pro Forma Rents set to the lesser of a 6% increase and the Affordable Housing.com .2 mile radius 1 Bedroom Market Rent Estimate

*Subsidized Rents kept the same on Pro Forma

*Vacant Units and the building office assumed to be converted to 2 Bed Units and leased up at the Affordable Housing.com .2 mile radius 2 Bedroom Rent Estimate

* Unit SF are estimates, buyers should do their own due diligence



INCOME STATEMENT

| INCOME | CURRENT | PER UNIT | PRO FORMA | PER UNIT |
|--|---|----------|-----------|----------|
| Gross Potential Rent ¹ | \$533,172 | \$13,671 | \$602,437 | \$15,447 |
| Gross Potential Income | \$533,172 | \$13,671 | \$602,437 | \$15,447 |
| Vacancy/Collection Loss ^{2,6} | \$132,913 | \$3,408 | \$42,171 | \$1,081 |
| Effective Gross Income (EGI) | \$400,259 | \$10,263 | \$560,266 | \$14,366 |
| EXPENSES ^{3,14} | CURRENT | PER UNIT | PRO FORMA | PER UNIT |
| Real Estate Taxes ^{4,7} | \$27,332 | \$701 | \$26,133 | \$670 |
| Insurance | \$18,705 | \$480 | \$19,266 | \$494 |
| Utilities Total | \$43,464 | \$1,114 | \$44,768 | \$1,148 |
| | Utilities - Water & Sewer | \$36,961 | \$38,070 | \$976 |
| | Utilities - Electric | \$4,024 | \$4,145 | \$106 |
| | Utilities - Telephone | \$2,478 | \$2,552 | \$65 |
| Contract Services Total | \$22,965 | \$589 | \$22,474 | \$576 |
| | Contract Services - Trash ⁸ | \$18,767 | \$9,750 | \$250 |
| | Contract Services - Landscape/Snow ⁹ | - | \$2,400 | \$62 |
| | Contract Services - Pest Control | \$4,198 | \$4,324 | \$111 |
| | Contract Services - Cleaning ¹⁰ | - | \$6,000 | \$154 |
| Payroll | \$27,563 | \$707 | \$28,389 | \$728 |
| Repairs & Maintenance & Turnover ^{5,11} | \$75,977 | \$1,948 | \$48,750 | \$1,250 |
| Management Fee ¹² | \$23,684 | \$607 | \$33,616 | \$862 |
| General & Administrative | \$2,070 | \$53 | \$2,132 | \$55 |
| Licensing & Legal ¹³ | \$1,702 | \$44 | \$1,753 | \$45 |
| Marketing & Advertising | \$106 | \$3 | \$109 | \$3 |
| Total Expenses | \$243,566 | \$6,245 | \$227,389 | \$5,830 |
| | Expenses Per SF | \$5.90 | \$5.50 | - |
| | % of EGI | 60.85% | 40.59% | - |
| Net Operating Income (NOI) | \$156,693 | \$4,018 | \$332,877 | \$8,535 |

NOTES & ASSUMPTIONS

- Current Gross Potential Rent assumes May 2023 Rents are annualized at full occupancy.
- Vacancy/Collection Loss represents the difference between Gross Potential Rent and Annualized Rent Collection from May 2023 T-5.
- All Current Expenses are annualized from the May 2023 T-5 operating statement.
- Current Real Estate Taxes taken from DC OTR 2023 Tax Bill.
- Current Repairs and Maintenance does not include \$69,820.46 in annualized Equipment Purchases as those are assumed to be CapEx.
- Pro Forma Vacancy/Collection Loss assumes delinquent tenants are bought out and a new owner is able to achieve a market 7% Physical & Economic Vacancy Rate.
- Pro Forma Real Estate Taxes are calculated based on the 2024 Assessed Value.
- Pro Forma Trash Collection assumes a market average of \$250/Unit.
- Pro Forma Landscape/Snow assumes an average of \$200/Month.
- Pro Forma Cleaning assumes monthly service at \$500/Visit.
- Pro Forma Repairs and Maintenance assumes a market average of \$1,250/Unit based on comparable properties.
- Pro Forma Management Fee assumes 6% of EGI.
- Current Licensing and Legal includes a \$43 credit to Legal Fees.
- All other expenses increased 3% to account for inflation.

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