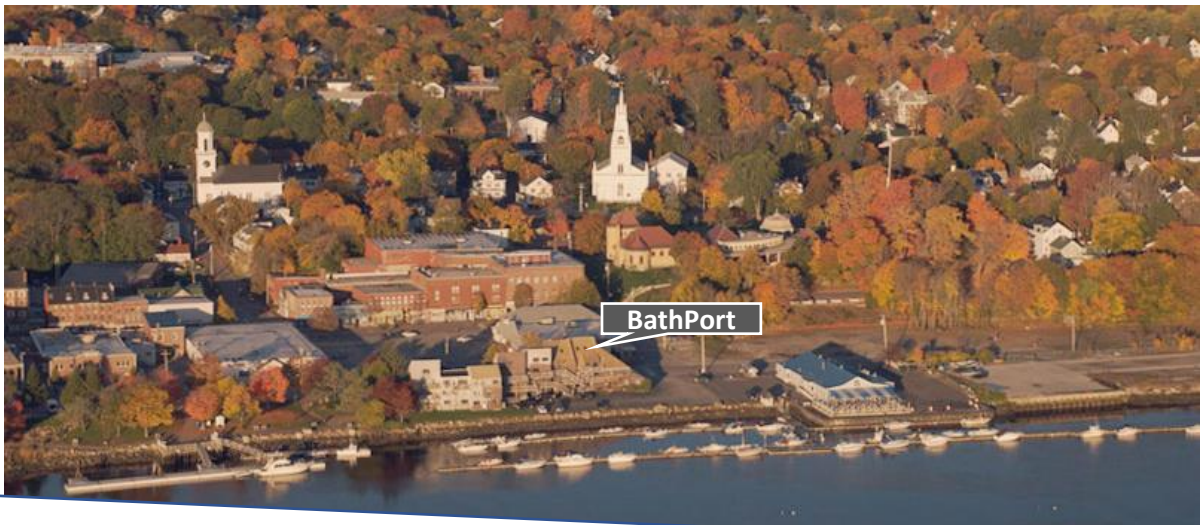




Bathport | 99 Commercial St Historic Downtown Bath



Valuation Overview

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All return examples provided are based on assumptions and expectations in light of currently available information, industry trends and comparisons to competitor’s financials. Therefore, actual performance may, and most likely will, substantially differ from these projections and no guarantee is presented or implied as to the accuracy of specific forecasts, projections or predictive statements contained in this Sales Preview. The Seller further makes no representations or warranties that any investor will, or is likely to, achieve profits similar to those shown in the pro-formas or other financial projections.

Offering Overview

Dave Holman and partners are considering the sale of their river-front, mixed-use property in historic downtown Bath, Maine. Known locally as Bathport, the property features appealing retail, residential and office units, many of which offer sweeping views of the Kennebec River. Dave and his team purchased the property in early 2021 in the midst of the COVID-crisis as a value-add investment. With their extensive property improvements now complete, Bathport is a true marquee asset. Evidencing the appeal of the property, a portion of the original building was recently sold to a tenant (Oysthers Raw Bar & Bubbly) for \$1.28MM, representing a \$205/SF sales price. Now, the 99 Commercial Street portion of the building is available for purchase by qualified buyers.

Bathport leverages a highly desirable location with the historic downtown on one side and the expansive Kennebec River on the other. Apartment residents can walk to downtown shops and restaurants while retail tenants benefit from the significant foot traffic in the area as well as easy parking in the Bathport lot (44 spots designated in the 99 Commercial portion). Furthermore, the Bath community as a whole continues to attract interest as an appealing place to call home with a sought after mix of easy access to natural beauty and a classic, small town feel.

The 11,683 square foot property at 99 Commercial Street showcases distinguished, contemporary architecture that is a perfect complement to the nearby historic structures. This uniqueness has long made Bathport an appealing spot to live and work.

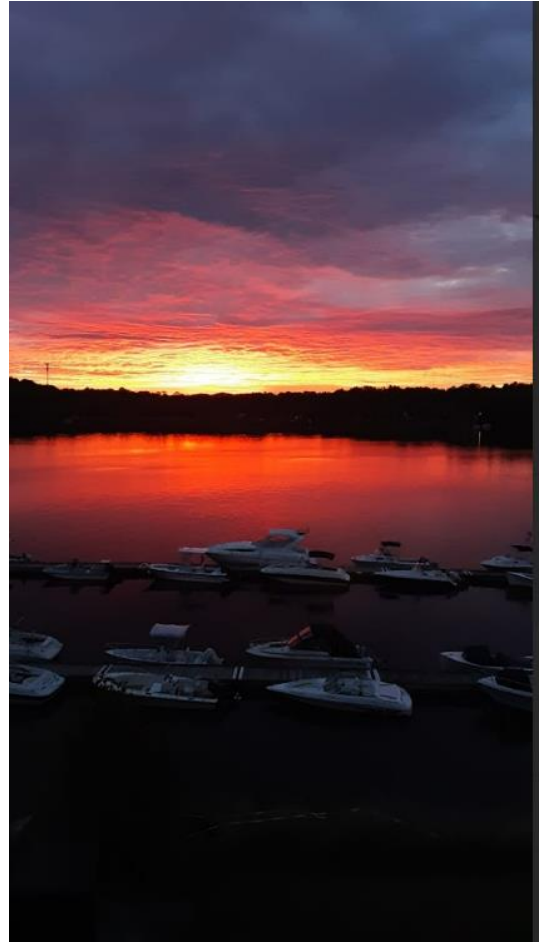
Since acquisition, the team has invested heavily in improvements to the property. Big ticket items include an extensive re-siding and roofing effort, electric separation and heat pump installation. With these large capital items out of the way, a new owner is positioned for efficient operations. Dave's team has also had great success taking rents to market and further increases are possible under new ownership.

Bathport offers an attractive investment opportunity for a qualified buyer. Given the turn-key nature of the asset plus the downtown, river-front location, we experienced significant interest in the asset.

Location



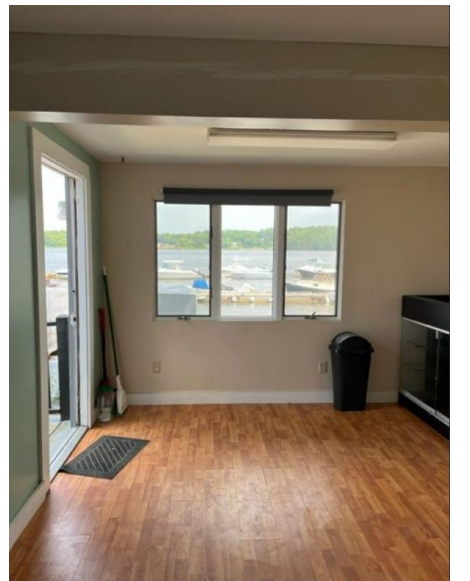
Bathport Exterior



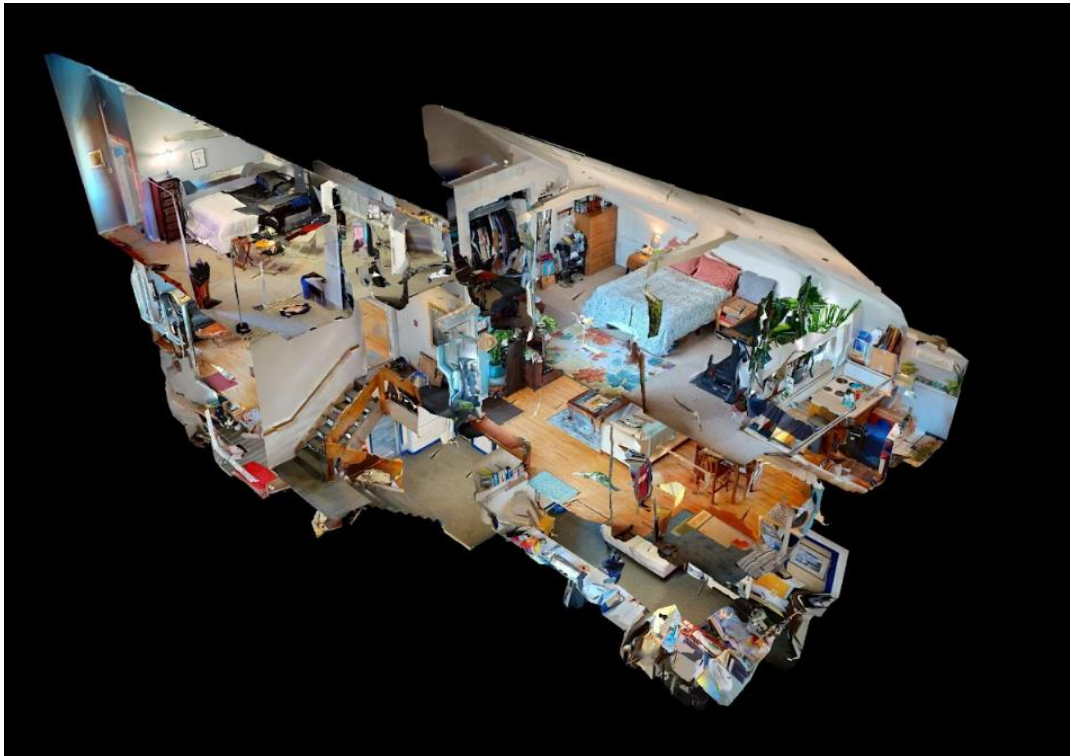
Bathport Interior – Residential Apartments



Bathport Interior – Commercial Units



Bathport Interior – Dollhouse Views



Improvements to Date – 97 & 99 Commercial Street

Since acquiring the property in the Spring of 2021, the team has invested significant time and effort in property improvements to the entire building. Given that 97 & 99 have been owned and managed by the same entity, there was not a division of the dollars spent between the two properties. Major items include and extensive siding and roofing projects, electrical separation, and the installation of heat pumps. The spend on the project is outlined below.

Improvements to Date	
<u>Item</u>	<u>Cost</u>
Applances	\$4,560
Awnings	\$2,321
Siding & Roofing	\$86,128
Flooring	\$21,700
Apartment Reno	\$27,218
Electric	\$111,537
Additional Electric*	\$50,000
Signage	\$1,250
Lighting	\$4,406
Heatpumps	\$57,220
Doors & Windows	\$14,122
General	\$18,054
Total	\$398,517

** This is pending work that will be completed before closing*



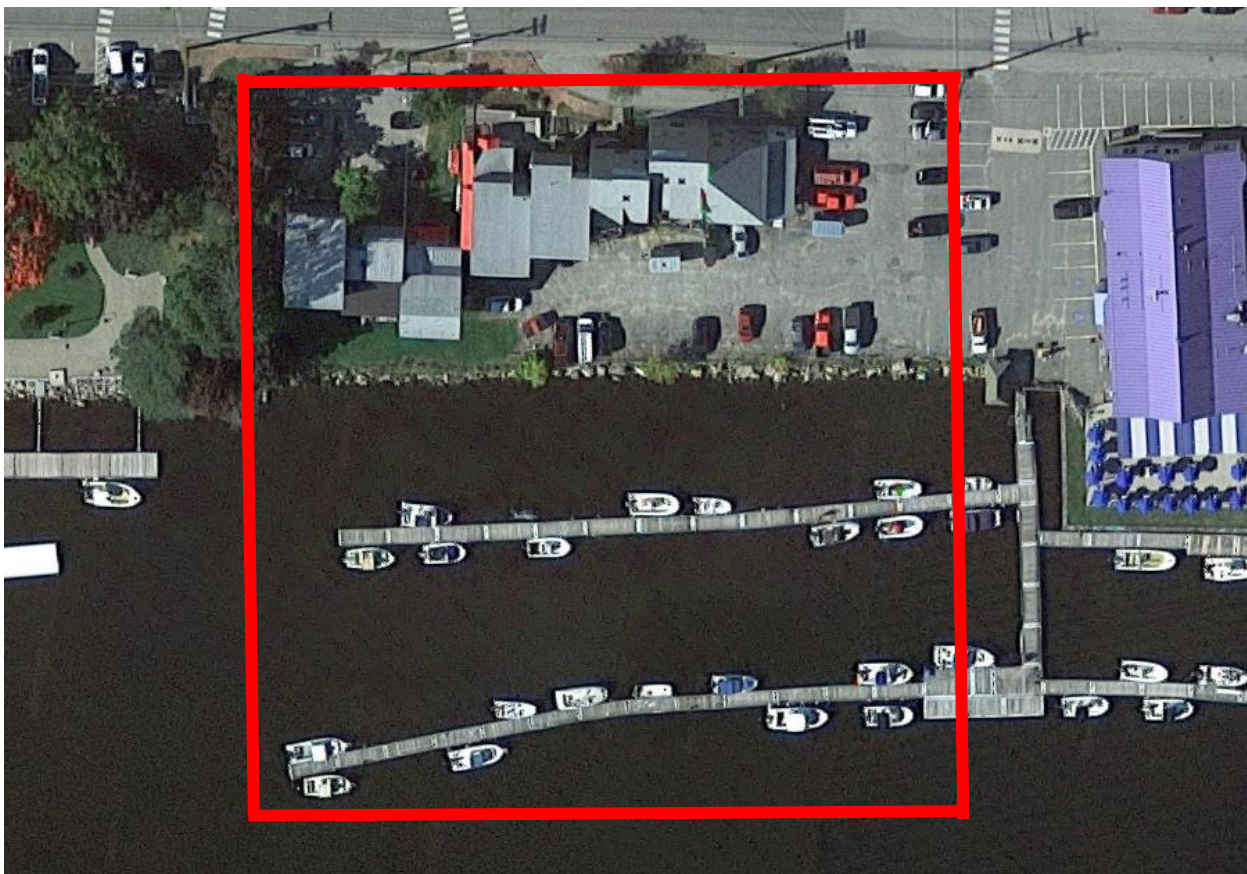
Before and After Re-Siding

River Access Rights

A buyer of Bathport will have several immediate and future opportunities that come with owning a property with river frontage. The adjacent landowner to the north of Bathport operates a marina with docks that extend in front of Bathport. The legal team has recently completed a review of the submerged land lease from the state for these docks. The lease contains a special condition (included below) that states if the owner of Bathport seeks to install their own dock or similar structure, provided they have proper approvals, the existing owner/operator of the docks in front of Bathport must adjust their system to accommodate the Bathport owner. Furthermore, the existing submerged land lease agreement expires on 12/31/2034, at which time the Bathport owner can petition for control of the entire waterfront.

24. SPECIAL CONDITION. This Lease is subject to the following special condition:

1. Lessor reserves the right to amend the area covered under this submerged lands lease and to require the removal or relocation of portions of the inner downriver float string and restrict berthing of vessels, as necessary, to improve access to navigable waters from the southerly abutting property if that owner obtains the necessary regulatory approvals to construct a pier, accessway, or other improvements requiring waterborne access to navigable waters.



Rent Roll

The team has focused on improving the property rent roll and has successfully placed many quality tenants paying strong rents. Dave's team has secured major rent bumps for the residential apartments as well as the commercial units that have seen move-outs. With several legacy tenants in the rent roll, a new owner will have lucrative opportunities to increase cashflows further as these leases mature.

Residential Rent Roll		
<u>Unit</u>	<u>BD/BA</u>	<u>Rent</u>
Apartment 99-1	1 Bed	\$1,795
Apartment 99-2	1 Bed	\$1,334
Apartment 99-3	1 Bed	\$1,895
Apartment 99-4	3 Bed	\$2,200*
Total/Average	-	\$1,806

**Legacy tenants from previous owner. Rents listed above are proforma upon turnover. 99-4 is currently at \$1,795*

Commercial Rent Roll				
<u>Unit</u>	<u>Tenant</u>	<u>Sqft</u>	<u>Rent</u>	<u>Rent/SF</u>
99, Suite 101	Tuttle Harley	1,350	\$1,476	\$13.12
99, Suite 102	Buy Low Baby	576	\$1,000*	\$20.83
99, Suite 103	Graydon Lewis	1,047	\$1,850	\$21.20
99, Suite 104	Paul Byfield	384	\$1,200	\$37.50
99, Suite 201	Land and Sea Sales	150	\$750*	\$60.00
99, Suite 202	Arron Barrett	515	\$900*	\$20.97
99, Suite 203	Available & Listed	1,035	\$1,595**	\$18.49
Total/Average	-	722	\$1,253	\$20.81

**Legacy tenants from previous owner. Rents listed above are proforma upon turnover. 99-102 is currently rented for \$750, 99-201 for \$300 and 99-202 for \$750*

***Currently listed targeting this price.*



Profit & Loss

The table below outlines the proforma profit and loss for the property. Given that the property was only recently split between 97 and 99 Commercial street with the sale of the 97 portion to Oysthers in May of 2024, to account for expenses for the 99 Commercial share of the building, we take full building expenses from before the sale and multiple by the share of the building designated as 99 Commercial on a square footage basis.

Profit and Loss		
INCOME	<u>Total</u>	<u>Per SF</u>
Rents	\$191,940	\$16.43
Parking*	\$44,880	\$3.84
<u>Underwritten Vacancy</u>	<u>-\$11,841</u>	<u>5.0%</u>
Net Income	\$224,979	\$19.26
Expenses		
Management	\$17,998	8%
Taxes	\$18,335**	\$1.57
Insurance	\$2,649	\$0.23
Flood Insurance	\$7,018	\$0.60
Electric (House Meter/Vacants)	\$1,500***	\$0.13
W/S	\$5,026	\$0.43
Repairs & Maint.	\$20,381	\$1.74
G&A	\$1,977	\$0.17
Total Expenses	\$74,885	\$6.41
NOI	\$150,094	\$12.85

*44 parking spots with a market rent of \$85/spot

**Current tax bill is for the entire building. The number in this PnL reflects the square footage of the subject portion of the entire building

***Full separation of the electric with individual meters for all tenants is currently in progress and will be completed prior to the sale.

SF Analysis	
99 Commercial SF	11,683
Total Bathport SF	17,253
Subject %	68%

97 Commercial Sales & Appraisal Comp

The 97 Commercial share of the building is the most comparable recent sale for the 99 Commercial portion of the building. Both sides underwent similar levels of renovation and improvement under the Holman Homes ownership and both offer a mix of retail, office and residential space. However, the 99 Commercial portion has a modest leg up on 97 in a few important areas. For one, 99 has four valuable, river-front residential apartments vs the 2 in 97. Additionally, 99 comes with substantially more parking than 97 (44 vs 10 spaces). Parking is always at a premium in downtown Bath. As such, the expectation is that 99 will trade at a reasonable premium compared with 97.

97 Commercial sold for \$1.28MM which is reflective of a \$205/SF valuation. For this sale, the buyers commissioned an appraisal from Westrock Appraisal Services. This report supported the sales price with a \$1.285MM valuation. This value was reflective of a 6% cap rate.

	Property Address	Date of Sale	Sales Price	Building SF	No. Units	Occupancy	Overall Cap Rate
1	461 Main St, Saco, ME	1/12/2023	\$3,980,000	11,180	2	100	5.60%
2	7 Akron Ave, South Berwick, ME	5/27/2022	\$795,000	4,032	4	96.91%	5.77%
3	11-13 W Presumpscot St, Portland, ME	7/14/2022	\$1,265,000	7,304	6	93.73%	6.18%
4	2 Davenport Cir, Bath, ME	6/20/2022	\$2,350,000	19,652	12	98.78%	6.42%

The selected capitalization rate reflects the subject's condition, location, and asset type. We have based our conclusion on recent market-extracted sales comparables as reported by CoStar.

The subject's market value indication is calculated as follows:

$$\begin{array}{r}
 \$77,125 \div 6.00\% = \\
 \text{Market Value Indication (As Is)} \\
 \text{Rounded}
 \end{array}
 \qquad
 \begin{array}{r}
 \underline{\$1,285,411} \\
 \text{\$1,285,411} \\
 \text{\$1,285,000}
 \end{array}$$

Thus, **assuming the aforementioned specific extraordinary assumption(s)**, the subject's indicated market value, as of February 26, 2024, is:

MARKET VALUE INDICATION VIA DIRECT INCOME CAPITALIZATION

\$1,285,000



Conclusion

Based on the financials presented on the previous pages, we project the value of this asset at \$2.4MM. This is reflective of the same 6% cap rate used in the 97 Commercial appraisal completed in the Spring of 2024. This cap rate is justified by the turn-key nature of this riverfront, trophy asset with its high-quality tenant mix, abundant parking and dynamic downtown location. Dave and his team have invested significantly in the property, setting the stage for low-maintenance ownership. Furthermore, with the Katahdin Property Management team already intimately familiar with the building, they are in a unique position to efficiently manage the property for a future owner should they be interested.

Summary & Valuation	
Square Footage	11,683
Income	\$224,979
Expense	-\$74,885
NOI	\$150,094
Cap Rate	6.00%
Valuation	\$2,501,566
<i>Value Per SF</i>	<i>\$214</i>

Sales Comp Analysis

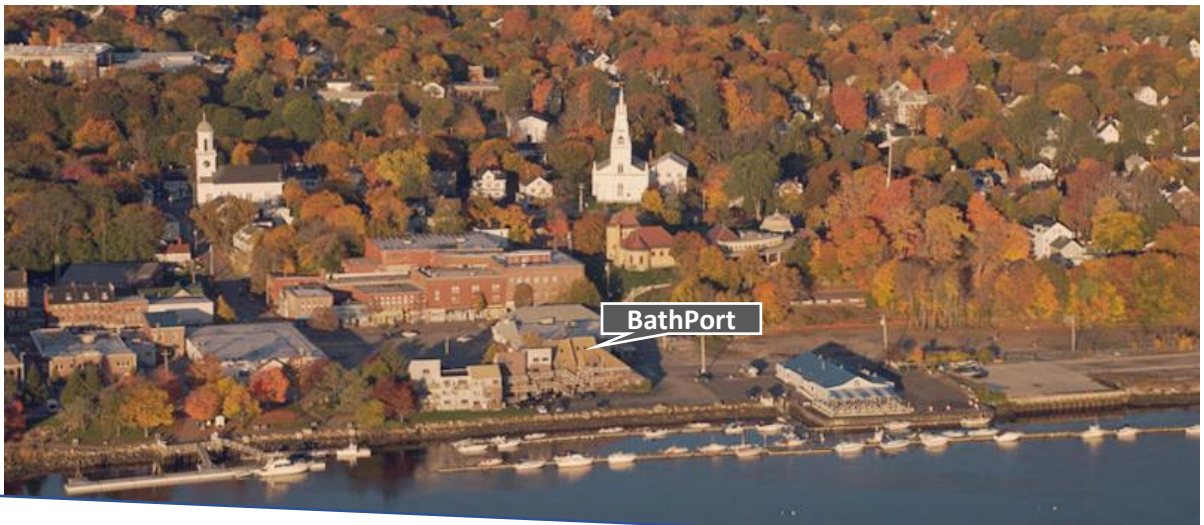
For context on our proposed sales price, the team has compiled the below list of recent sales in the market. Given the quality of the subject asset, plus its river-front location, a premium over other sales is justified.

97 Appraisal Comp	
Square Footage	6,276
Income	\$111,415
Expense	-\$34,290
NOI	\$77,125
Cap Rate	6.00%
Valuation	\$1,285,000
<i>Value Per SF</i>	<i>\$205</i>

Thank you very much for reviewing these materials and we look forward to further discussion.



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