COMMERCIAL REAL ESTATE ADVISORY SERVICES

PROPERTY VALUATION MEMORANDUM

Apex Tower II — 100 Meridian Plaza, Downtown Financial District

CONCLUDED MARKET VALUE
$78,500,000
$424.32 / RSF | 6.75% Cap Rate

TO:	Investment Committee, Meridian Real Estate Fund	**DATE:**	October 15, 2025
FROM:	Vertex Valuation & Advisory Services LLC	**VALUATION DATE:**	October 1, 2025
PROPERTY:	Apex Tower II (185,000 RSF Office/Retail)	**INTEREST:**	Fee Simple Estate
SUBJECT:	Comprehensive Property Appraisal Summary	**APPRAISER:**	David Sterling, MAI, CRE

1. Executive Summary

Vertex Valuation & Advisory Services has completed a comprehensive real estate valuation of **Apex Tower II**, a 12-story, Class A multi-tenant commercial office building with ground-floor retail, encompassing 185,000 rentable square feet (RSF). The asset is situated on a 1.45-acre parcel in the core Downtown Financial District of Metro City.

Based on detailed market analysis, physical inspection, lease audit, and financial underwriting using Direct Capitalization, Discounted Cash Flow (DCF), and Sales Comparison methodologies, the market value of the Fee Simple interest in the subject property as of **October 1, 2025** is concluded at:

FINAL CONCLUDED MARKET VALUE: $78,500,000

(Seventy-Eight Million Five Hundred Thousand Dollars)

APPRAISED VALUE	GOING-IN CAP RATE	NET OPERATING INCOME	OCCUPANCY / WALT
$78.5M	**6.75%**	**$5.30M**	**94.2%**
$424.32 / RSF	Exit Cap: 7.25%	$28.64 / RSF	WALT: 6.4 Years

2. Property Overview & Site Specifications

Apex Tower II is a premier institutional-grade asset constructed in 2018 and continuously maintained to Class A standards. The property features modern steel-and-glass curtain wall construction, a renovated double-height marble lobby, column-free floor plates averaging 15,500 RSF, and an integrated 240-space subterranean parking structure (1.30 spaces per 1,000 RSF).

PROPERTY PROFILE & PHYSICAL CHARACTERISTICS

Property Name	Apex Tower II	**Year Built / Renovated**	2018 / 2023
Address	100 Meridian Plaza, Metro City	**Total RSF**	185,000 RSF
Asset Class	Class A Office & Retail	**Site Area**	1.45 Acres (63,162 SF)
Occupancy Rate	94.2% (174,270 RSF Occupied)	**Floor Count**	12 Stories + 2 Sub-levels
Zoning	C-5 Core Commercial	**Parking Ratio**	1.30 / 1,000 RSF (240 spaces)
Anchor Tenants	Nexa Logistics, Synapse Tech	**Structural Type**	Steel Frame w/ Curtain Wall

3. Submarket & Economic Overview

The subject property is located within the Financial District Submarket of Metro City, representing the region's primary commercial business core. Flight-to-quality trends continue to drive strong tenant demand for modern Class A space across the submarket.

- **Submarket Vacancy:** Overall submarket vacancy stands at 10.8%, while prime Class A vacancy remains tight at 7.2%.
- **Market Rent Growth:** Direct asking rents for prime space grew 3.4% year-over-year to an average of $38.50/SF NNN.
- **Net Absorption:** Positive 142,000 RSF net absorption recorded in YTD 2025 across Class A office assets.
- **Supply Pipeline:** Limited upcoming construction, with only one 120,000 RSF project scheduled for delivery through Q4 2026.

4. Rent Roll & Tenancy Schedule

The property exhibits strong tenant creditworthiness, anchored by national corporate headquarters and tech firms. The tenant mix is highly diversified across logistics, tech, legal, and financial services. Below is the detailed Rent Roll schedule as of October 1, 2025:

Tenant Name	Suite	RSF	% NRA	Lease Start	Lease Exp	Rent/SF	Annual Rent	Type
Nexa Logistics HQ	Fl. 8–12	62,000	33.5%	03/2019	02/2034	$41.50	$2,573,000	NNN
Synapse Tech Corp	Fl. 5–7	46,500	25.1%	09/2020	08/2030	$39.00	$1,813,500	NNN
Vertex Advisory	Fl. 3–4	31,000	16.8%	01/2021	12/2031	$37.50	$1,162,500	NNN
Nimbus Global	Suite 200	15,500	8.4%	05/2022	04/2027	$36.00	$558,000	NNN
Apex Financial	Suite 150	11,270	6.1%	11/2021	10/2028	$38.00	$428,260	NNN
Meridian Retail Cafe	Ground	8,000	4.3%	06/2018	05/2028	$45.00	$360,000	NNN
Vacant Available	Suite 100	10,730	5.8%	—	—	$38.50	$413,105	Market
TOTAL / WEIGHTED	**—**	**185,000**	**100.0%**	**—**	**6.4 Yrs**	**$39.50**	**$7,308,365**	**—**

Lease Expiration Profile

The property benefits from an attractive lease rollover schedule with minimal near-term expiration risk. Only 8.4% of NRA expires within the next 24 months (Nimbus Global in April 2027), while over 75% of the property's income is secured through 2030 and beyond.

Rollover Breakdown by Year:

2025–2026:	0 RSF	(0.0%)
2027:	15,500 RSF	(8.4%)
2028:	19,270 RSF	(10.4%)
2030+:	139,500 RSF	(75.4%)

5. Financial Analysis & Operating Underwriting

The historical operating performance and stabilized Year 1 pro forma underwriting for Apex Tower II are presented below. All expenses are based on verified historical trailing-12 (T12) operational records and adjusted for projected market inflation (3.0% per annum).

Financial Line Item	Total ($ / Annum)	$ / RSF	% EGI
Gross Potential Rent (GPR)	$6,895,260	$37.27	104.2%
Expense Reimbursements (NNN)	$1,480,000	$8.00	22.4%
Parking & Miscellaneous Income	$245,000	$1.32	3.7%
Gross Potential Income (GPI)	**$8,620,260**	**$46.60**	**130.3%**
Less: Vacancy & Credit Loss (5.8%)	(-$499,975)	(-$2.70)	(-7.6%)
EFFECTIVE GROSS INCOME (EGI)	**$8,120,285**	**$43.89**	**100.0%**
Operating Expenses:			
Real Estate Property Taxes	$1,110,000	$6.00	13.7%
Property Insurance	$185,000	$1.00	2.3%
Utilities (Electric, Gas, Water)	$555,000	$3.00	6.8%
Repairs & Maintenance	$370,000	$2.00	4.6%
Management Fee (3.0% of EGI)	$243,609	$1.32	3.0%
Janitorial, Cleaning & Security	$277,500	$1.50	3.4%
General Administrative & Legal	$80,426	$0.43	1.0%
Total Operating Expenses	**$2,821,535**	**$15.25**	**34.8%**
NET OPERATING INCOME (NOI)	**$5,298,750**	**$28.64**	**65.2%**
Less: Replacement Reserves ($0.25/RSF)	(-$46,250)	(-$0.25)	(-0.6%)
NET CASH FLOW (BEFORE DEBT)	**$5,252,500**	**$28.39**	**64.7%**

6. Valuation Methodologies & Reconciliation

Three primary valuation approaches were executed: Direct Capitalization, Discounted Cash Flow (DCF), and Sales Comparison.

A. Direct Capitalization

Applying a 6.75% cap rate to Year 1 NOI of $5,298,750:

$$\text{Indicated Value} = \frac{\$5,298,750}{0.0675} = \$\mathbf{78,500,000}$$

B. Discounted Cash Flow (DCF)

10-yr model (8.50% discount rate, 7.25% exit cap):
PV Operations: **$37.41M** | PV Reversion: **$41.79M**
Indicated DCF Value: $79,200,000 ($428/SF)

C. Sales Comparison Approach

Comparable Property	Sale Date	RSF	Sale Price	Price/SF	Cap Rate	Adj. Value/SF
1. Vertex Plaza (400 Main St)	Q2 2025	210,000	$89,250,000	$425.00	6.60%	$420.75
2. Meridian Center (75 Market St)	Q1 2025	165,000	$72,600,000	$440.00	6.45%	$418.00
3. Synapse Tower (120 Broad St)	Q4 2024	195,000	$79,950,000	$410.00	6.85%	$422.30
4. Nimbus Commerce Hub	Q3 2024	150,000	$61,500,000	$410.00	6.90%	$414.10
Comparable Average	—	**180,000**	**$75,825,000**	**$421.25**	**6.70%**	**$418.79**

Applying reconciled adjusted price of **$419.00** / **RSF** yields indicated value of **$77,500,000**.

D. Reconciliation of Value Approaches

Valuation Methodology	Indicated Value	Value / RSF	Weight	Weighted Value
Direct Capitalization Method	$78,500,000	$424.32	50%	$39,250,000
Discounted Cash Flow (DCF)	$79,200,000	$428.11	40%	$31,680,000
Sales Comparison Approach	$77,500,000	$418.92	10%	$7,750,000
RECONCILED MARKET VALUE	**$78,500,000**	**$424.32**	**100%**	**$78,680,000**

7. Sensitivity Analysis Matrix

Matrix cross-referencing Net Operating Income (NOI) variations against market capitalization rates:

Cap Rate	Cap Rate Shift	-5% NOI ($5.03M)	Baseline NOI ($5.30M)	+5% NOI ($5.56M)
6.25%	-50 bps	$80,541,000	$84,780,000	$89,019,000
6.50%	-25 bps	$77,444,000	$81,519,000	$85,595,000
6.75%	**Baseline**	**$74,575,000**	**$78,500,000**	**$82,425,000**
7.00%	+25 bps	$71,911,000	$75,696,000	$79,482,000
7.25%	+50 bps	$69,431,000	$73,086,000	$76,741,000

8. Key Risk Factors & Underwriting Assumptions

Lease Expiration Risk
Nimbus Global (15,500 RSF, 8.4% NRA) expires 04/2027. Underwriting assumes 70% renewal probability at $38.50/SF NNN.

Capital Expenditure Reserve
Ongoing replacement reserve of $0.25/RSF ($46,250/yr) deducted from NOI. HVAC/roof upgraded in 2023.

$ Tenant Improvements & Commissions
New 10-year leases at $45.00/RSF TI and 5.0% LC; renewal leases at $15.00/RSF TI and 2.5% LC.

9. Certification of Value & Sign-Off

We certify that the statements of fact contained in this appraisal report are true and correct, and the conclusions are subject to standard limiting conditions.

PREPARED BY:
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REVIEWED AND APPROVED BY:
Vertex Valuation Quality Control Board

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