

Prepared By:  
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# Property Analytix, LLC Appraisal Report



**Subject Property:**  
Land and Entitlements of a  
Proposed Manufacturing Facility

**Report Number:**  
C22-1284

**Prepared For:**  
David Rulien  
SG Blocks Inc

**Subject Property Location:**  
Douglas Dr  
Saint Marys, GA 31558

**Effective Date of Appraisal:**  
August 10, 2022 "As Is"



August 10, 2022

David Rulien  
SG Blocks Inc  
195 Montague Street, 14th Floor  
Brooklyn Heights, New York 11201

Reference: Appraisal of the 29.66 acres of underlying land and entitlements of a Proposed Manufacturing Facility, located along Douglas Drive, in Saint Marys, GA 31558.

Dear Mr. Rulien,

At your request, we have completed an appraisal for the purpose of determining the of the “As Is” Market Value of the Leased Fee Estate in the above-referenced property. The effective date for the “As Is” Market Value is August 10, 2022, which is the date of the report. The proposed improvements have an anticipated completion date of October 31, 2023.

The subject property includes the 29.66 acres of underlying land and entitlements of a Proposed Manufacturing Facility, with a total of 120,000 square feet of gross building area, on 1,291,990 square feet of land. A detailed description of the subject property is included in the Site and Improvements Analysis sections of this report.

The client for this report is SG Blocks Inc. The client represents that they intend to use the appraisal report for asset valuation purposes, and for no other purpose.

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice. This appraisal was also prepared in conformance with the appraisal requirements of SG Blocks Inc. The value conclusion is subject to the assumptions and contingent and limiting conditions contained within both the body of this Appraisal Report and the addenda section.



**Extraordinary Assumptions:**

- There are no Extraordinary Assumptions for this appraisal

**Hypothetical Conditions:**

- There are no Hypothetical Conditions for this appraisal.

*The use of any extraordinary assumptions or hypothetical conditions might have affected the assignment results herein.*

Based on our investigation of the available market data, including sales of similar properties and conversations with brokers and individuals active in the local area, the time that would be required to effectively expose the subject property to the market is within 12 months.

The values concluded herein are specifically contingent upon the basic assumptions and limiting conditions listed within the body of this report.

“As Completed” Prospective Market Value      \$20,000,000

Less Cost to Complete Construction              \$ 17,590,083

“As Is” Market Value                                      \$2,410,000 (rounded)

Market Value Conclusion			
<u>Appraisal Premise</u>	<u>Interest Appraised</u>	<u>Date of Value</u>	<u>Value Conclusion</u>
“As Is” Market Value of Land and Entitlements	Leased Fee Estate	August 10, 2022	\$2,410,000

Attached is our Appraisal Report which presents the investigation and analyses undertaken in arriving at our value conclusion. Should you have any questions, please contact our office.

Respectfully submitted,  
**Property Analytix, LLC**



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Ryan P. Lin, MAI  
CG-4607  
State Certified General Real Estate Appraiser



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## Executive Summary

Property Type	Vacant Land with Entitlements
Proposed Property Use	Manufacturing Facility
Location	Douglas Drive
County, City, State	Camden County, Saint Marys, GA
Tax Parcel Number	135C-011
Interest Appraised	Leased Fee
Date of Valuation	August 10, 2022
Date of Report	August 10, 2022
Subject Occupancy	100.00% (Upon Completion of Proposed Improvements)
Gross Building Area	120,000 SF
Net Rentable Area	120,000 SF
Year Built	2023
Building Class	B
Remaining Economic Life (Years)	50
Land Size (SF)	1,291,990
Utilities	All Available
Zoning	Industrial
Land-to-Building Ratio	10.77
Tax Assessment	\$ 68,350

## Value Conclusions

Sales Comparison Approach	\$ 21,600,000
Income Approach	\$ 19,280,000
"As Completed" Prospective Market Value	\$ 20,000,000 (Proposed Improvements)
Less Cost to Complete Construction	<u>\$ 17,590,083</u>
<b>"As Is" Market Value</b>	<b>\$ 2,410,000 (Land and Entitlements)</b>
Estimated Marketing Time (Months)	12
Estimated Exposure Time (Months)	12



## CERTIFICATION OF APPRAISAL

I certify that, to the best of our knowledge and belief...

- (1) The statements of fact contained in the report are true and correct.
- (2) The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, impartial and unbiased professional analyses, opinions and conclusions.
- (3) I have no present or prospective interest in the property that is the subject of this analysis, and we have no personal interest with respect to the parties involved.
- (4) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- (5) Compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this report, or upon developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Our engagement in this assignment is not contingent upon developing or reporting predetermined results.
- (6) The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- (7) No one provided significant real property appraisal assistance to the persons signing this report.
- (8) This assignment was not based on a requested minimum value, a specific valuation, or the approval of a loan.
- (9) Ryan P. Lin is a designated Member of the Appraisal Institute and has completed the continuing education requirements of the Appraisal Institute.
- (10) The use of this report is subject to the requirements of the Appraisal Institute relating to review by their duly authorized representatives.
- (11) The appraiser signing this report has previously performed services as an appraiser or in any other capacity, regarding the subject within the three-year period immediately preceding the acceptance of this assignment.



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Ryan P. Lin, MAI

CG-4607

State Certified General Real Estate Appraiser



## SCOPE OF WORK

Scope of Work is defined by the Uniform Standards of Professional Appraisal Practice as “the type and extent of research and analyses in an appraisal or appraisal review assignment.” Under the Scope of Work Rule, the appraiser must:

- identify the problem to be solved;
- determine and perform the scope of work necessary to develop credible assignment results;  
and
- disclose the scope of work in the report.

The problem to be solved is to determine the “As Is” Market Value of the Leased Fee Estate for the subject property.

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice, in a manner necessary to produce a credible result.

This Appraisal Report has been prepared under Standards Rule 2-2(a) of an appraisal performed under Standards Rule 1 of USPAP. The value set forth herein was determined after application and analysis by the following approaches to value: Sales Comparison Approach and Income Approach. The scope of work defined herein is adequate to derive a credible value opinion of the subject property.

This appraisal report presents all pertinent data, descriptions, and discussions germane to the appraisal of the subject of this report. This appraisal included a viewing of the interior and exterior of the subject of this report and an analysis of the surrounding neighborhood with recognition of existing and future trends. Empirical information in the Area Data and Neighborhood Data was gathered from reliable sources, including governmental agencies, various internet websites, and the Enriched Data market research department.

Data was gathered based on a review of county deed records, conversations with brokers in the market area, and various online research databases. All sales and rental information was verified with reliable sources.

The client and/or designated property contact granted the appraisers access to the subject property and provided information regarding the property.

A copy of this report and the provided subject information has been retained in our files.

### Competency of the Appraisers

All signatories of this report are State Certified General Real Estate Appraisers. Each appraiser has appraised properties similar to the subject. Attention is invited to the qualifications, presented in the addenda of this report.



**Intended Use and Users**

The client represents that they intend to use the appraisal report for asset valuation purposes, and for no other purpose. The client represents that they intend to use the appraisal report for asset valuation purposes, and for no other purpose.

**Date of the Appraisal Report**

The preparation of this appraisal report was completed on August 10, 2022.

**Effective Date of the Appraisal**

The descriptions, analyses, and conclusions of this report for the "As Is" Market Value of subject property are applicable as of August 10, 2022, which is the date of this report.

**Assignment Conditions**

Assignment conditions include assumptions that affect the scope of work, other than those previously discussed in the "Assumptions and Limiting Conditions." *For the intended use of this assignment, there are no additional assignment conditions.*

**Property Rights Appraised**

The property rights appraised in this assignment are the Leased Fee Estate in the subject property. No title policy was submitted to the appraiser and reservations, if any, are unknown. If property rights differ from the above definitions, the value may be affected.

**Purpose of Appraisal**

The purpose of the appraisal is to determine the "As Is" Market Value of the Fee Simple Interest of the subject property.

**Assets Appraised**

The assets appraised in this appraisal assignment include land and building/site improvements only. No inventory or FF&E were included in the valuation process. No personal property was included in the valuation process.

**Ownership History of Subject Property**

Based on Information obtained from the client, various recognized published data sources and / or the county assessor's records, the subject property ownership history has no prior sales in the last three years.

**Legal Description**

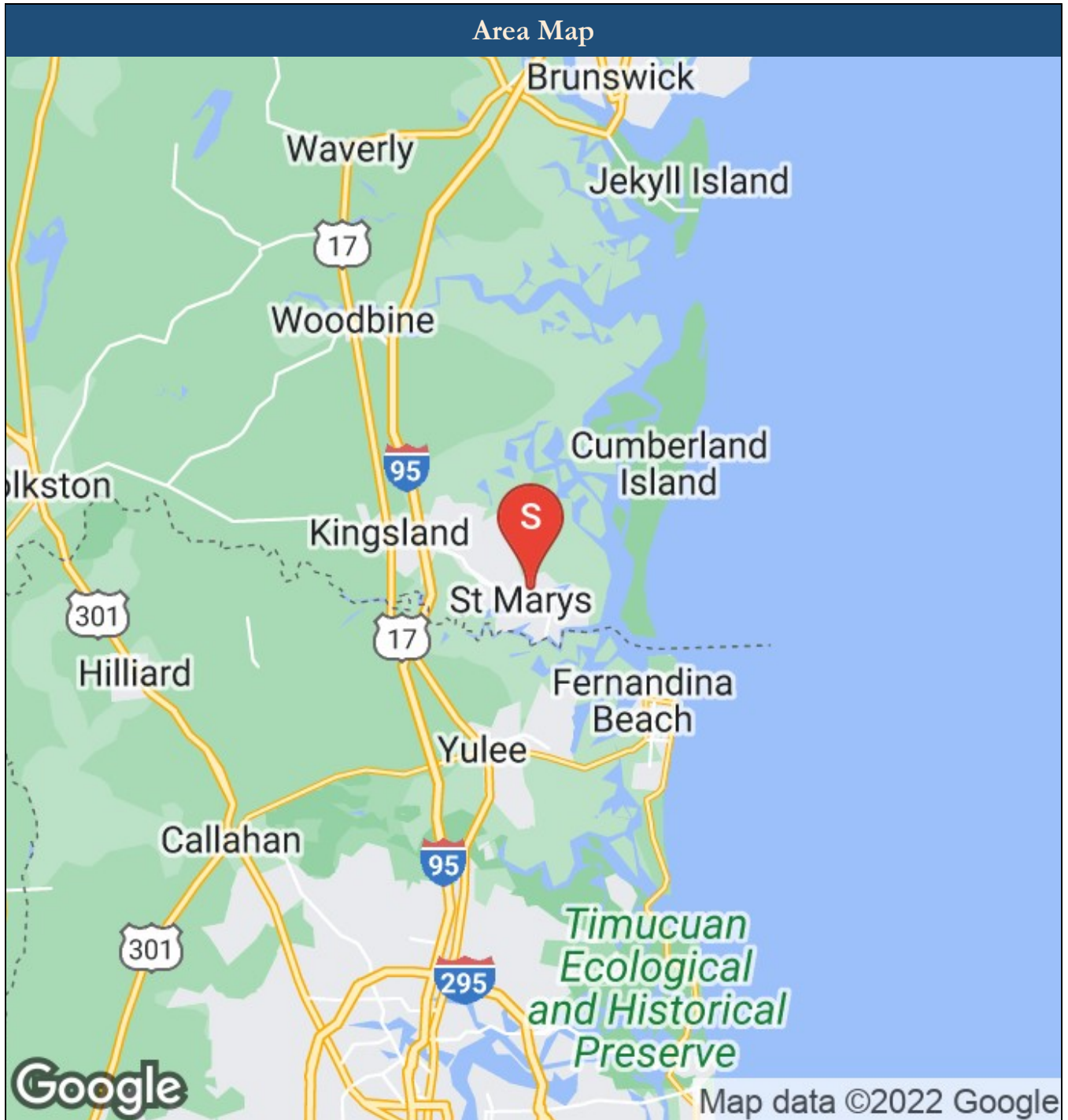
A metes and bounds legal description of the subject property was not provided to the appraisers. A legal description was obtained from the County Appraisal District's online system and is included in the addenda of this report.





## AREA DATA

Please refer to the Addenda of this report for an area analysis published by *Enriched Data*, a national leading data source for sales, rental, and deed of trust data.



## **NEIGHBORHOOD DATA**

A neighborhood can be a portion of a larger community, or an entire community in which there is a homogeneous group of inhabitants, buildings, and business enterprises in which inhabitants have a more than casual community interest and a similarity of economic levels or cultural backgrounds. Neighborhood boundaries may consist of well-defined natural or manmade barriers or they may be more or less well defined such as by distinct change in land uses.

Neighborhoods may be devoted to such uses as residential, commercial, industrial, agricultural, cultural and civic activities, or a mixture of uses. Analysis of the neighborhood in which a particular property is located is important due to the fact that the various economic, social, political, and physical forces which affect that neighborhood also directly include the individual properties within it. An analysis of the various factors as they affect the value of the subject property is presented in the following discussion.

### **Subject's Neighborhood Defined**

The neighborhood is roughly bound by the city limits of the City of St Mary's. These boundaries have been defined as the subject's neighborhood because the properties within them tend to exhibit similar characteristics, physical features, price desirability, and they are affected by similar physical, economic, governmental and social force

### **Accessibility**

The subject neighborhood has good accessibility to the metropolitan area's transportation infrastructure.

### **Development and Land Use Patterns**

The neighborhood is a viable, heterogeneous area within Camden County. The neighborhood includes a mixture of retail/commercial, industrial and residential development. The neighborhood also includes tracts of vacant land. Retail/commercial development in the neighborhood includes hotels, retail centers, restaurants and freestanding retail buildings. Retail/commercial development is concentrated along the primary thoroughfares in the neighborhood. Residential development is scattered throughout the neighborhood, predominantly along secondary thoroughfares. Industrial development is located along primary and secondary roadways in the subject neighborhood, on freestanding sites and within industrial parks. Overall, the subject neighborhood is established, with new development and redevelopment occurring.

### **Utilities**

Public utilities available to the market are include water, electricity, gas, and telephone. Police and fire protection is provided via the City of St Mary's or Camden County. The local market is served by the Independent School District, with schools of all levels located throughout the area.



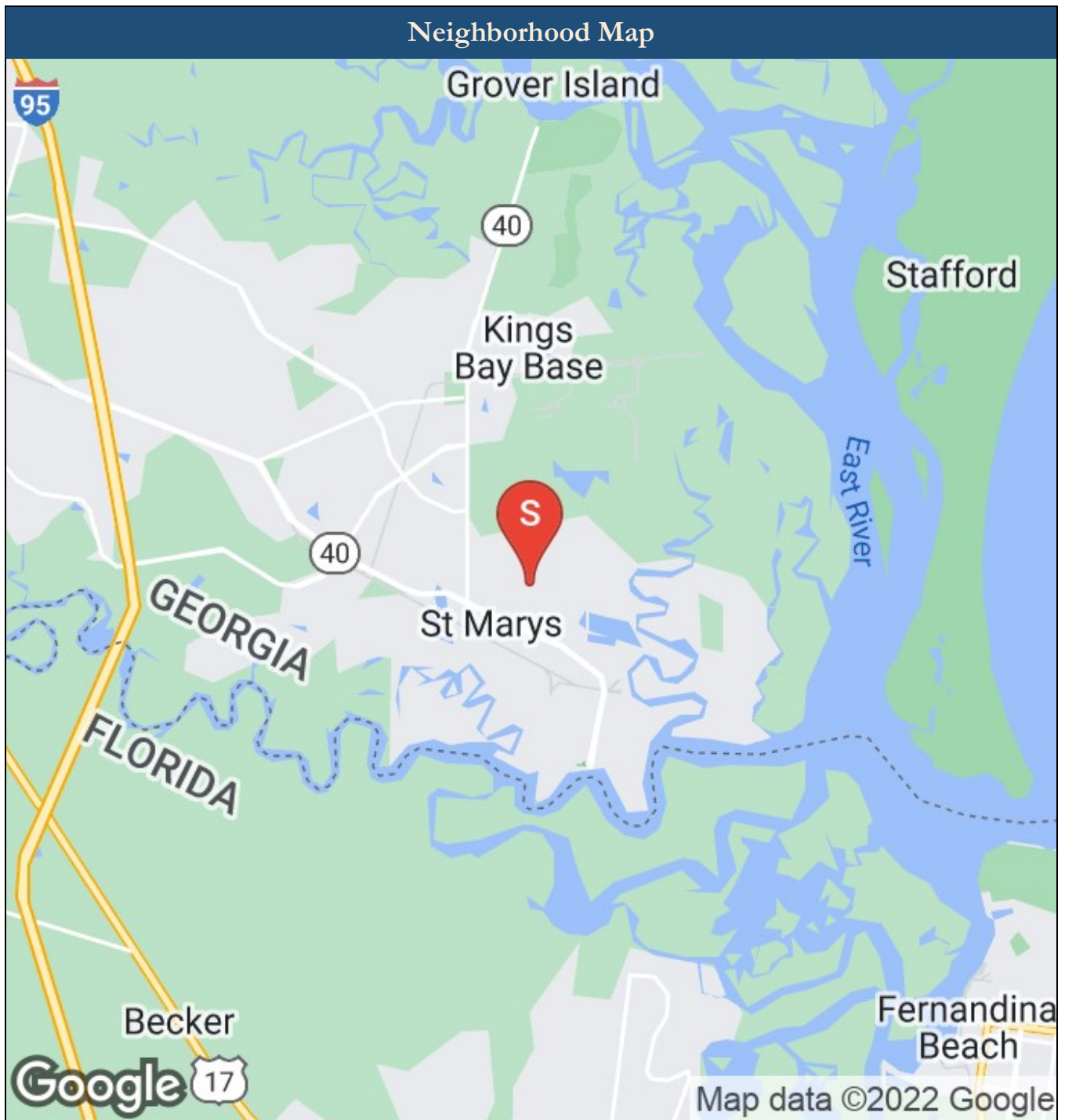
**Trends**

The neighborhood is mature in nature and is experiencing stable property values similar to most other urban areas in Camden County. Given the characteristics of the subject's neighborhood (including its development composition, adequate recreational, educational, and cultural facilities, and access to major transportation routes), the outlook for the area is positive.

**Summary**

In conclusion, the local market is adequately-located with average accessibility to major thoroughfares, surrounding communities, as well as area employment centers. Well-maintained and well-managed properties are expected to maintain healthy occupancy and rental rates. The subject's local market has a stable influence on the subject property being appraised.





## SITE DATA

The following is a description of the physical characteristics of the subject site. A plat map, an aerial map and a flood plain map of the subject site follow this site analysis section.

Site Data	
Tax Account Number	148031JJ (Parent Tract)
Physical Address	Douglas Drive
City, State, Zip Code	Saint Marys, GA, 31558
County	Camden County
Legal Description	LOT 10 INDUSTRIAL PARK NO SIT
Land Size	1,291,990 SF
Shape	Rectangular
Topography	Level
Zoning	None
Flood Zone	Unshaded Zone X
Utilities	All Available

### Zoning and Restrictions

The subject property is within an area which does not employ zoning. While individual subdivisions often use deed restrictions to regulate development, the appraiser was not provided a copy of any applicable deed restrictions, and the value conclusions are subject to revision should any unknown adverse deed restrictions be present that are detrimental to the subject site.





## Utilities

The table below summarizes the availability of utilities at the subject site and the utility providers (if available).

Utilities	
Water	Yes
Sewer	Yes
Electricity	Yes
Gas	Yes
Telephone	Yes

## Flood Zone

For additional details regarding the subject's flood zone designation, please refer to the flood map and FEMA Flood Zone Designations overview that follow this Site Analysis section.

## Surrounding Development

The surrounding development immediately around the subject property consists of typical mixed-use suburban development.

## Easements/Encroachments

Based on the observation and reviews of available maps no easements, or encroachments were noted which would be detrimental to continued use of the site.

## Environmental Conditions

No environment report was available to us and no recent environmental tests are known have been performed. Because we have no evidence to the contrary, we have assumed that the property is free of any material which would adversely affect the value, including, but not limited to, asbestos and toxic waste

## Soil and Sub-soil Conditions

No soil engineer's report was available to us and no recent soil tests are known to have been performed. We have assumed a stable soil condition that would ensure the structural integrity of any improvement which may be constructed. Our value conclusions are subject to revision should these assumptions prove incorrect. We caution and advise the user of this report to obtain engineering studies which may be required to ascertain any structural integrity.



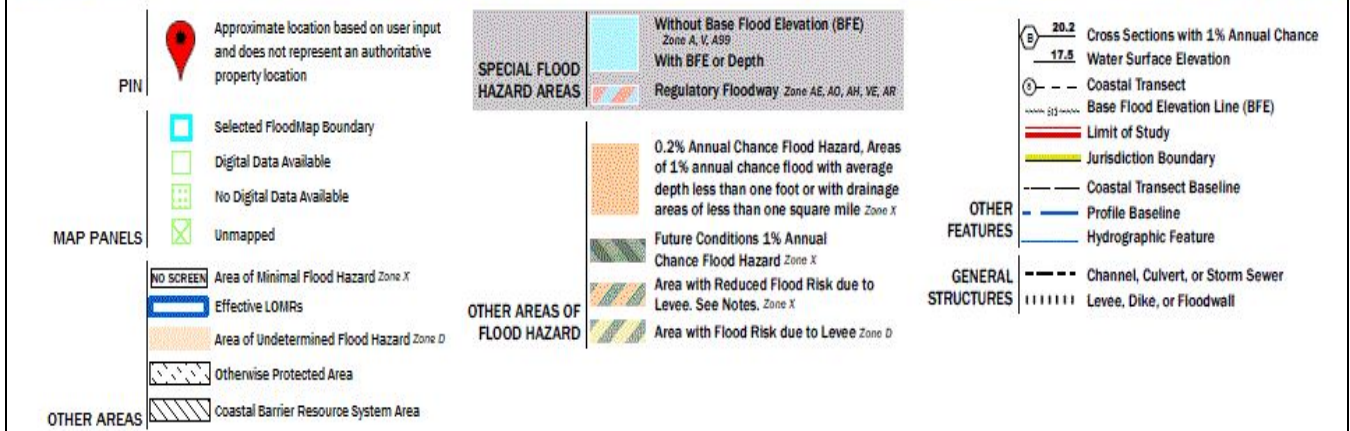
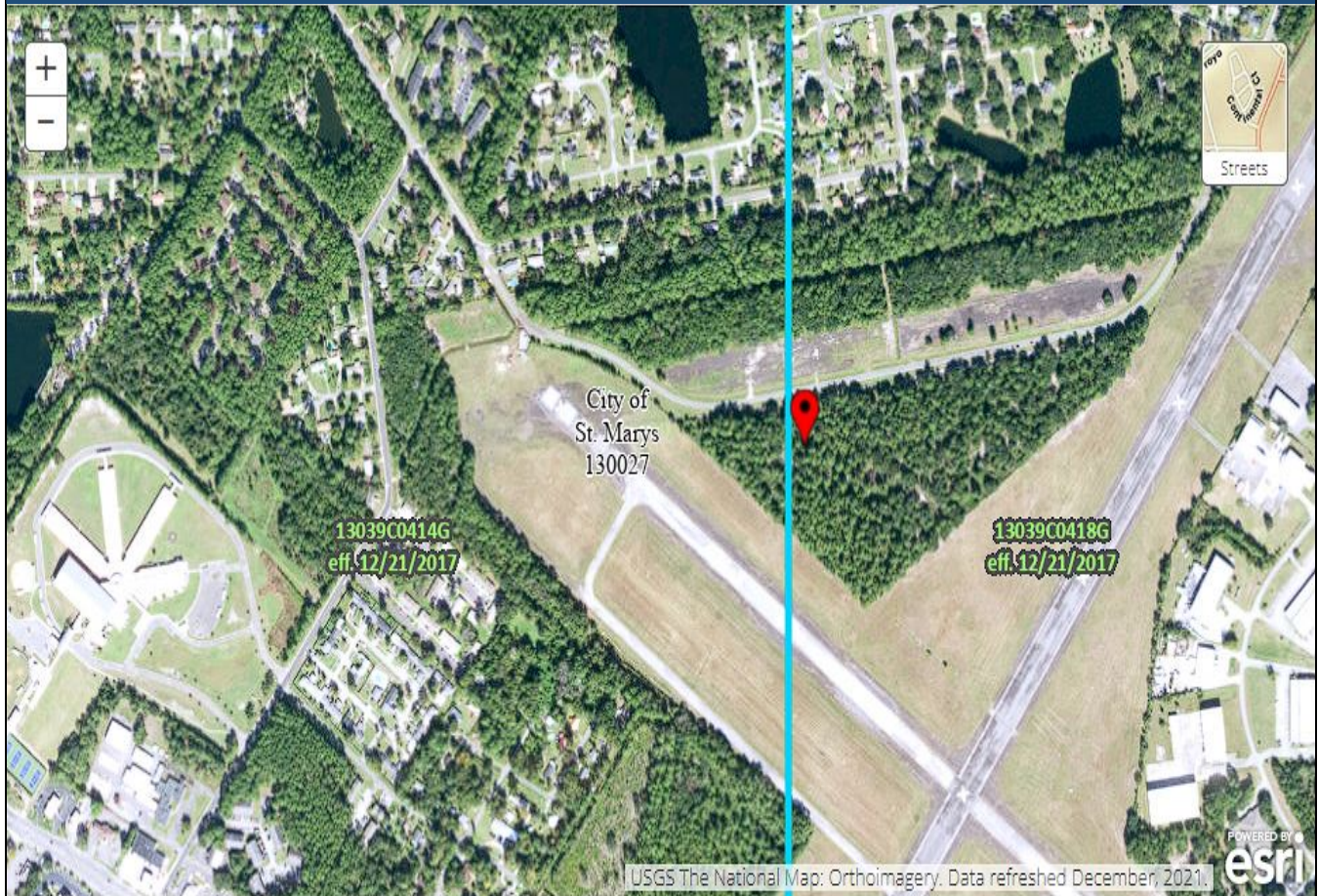
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## Aerial Map





# Flood Map



FEMA Flood Zone Designations	
Zone	Description
B and X (shaded)	Area of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods. B Zones are also used to designate base floodplains of lesser hazards, such as areas protected by levees from 100-year flood, or shallow flooding areas with average depths of less than one foot or drainage areas less than 1 square mile.
C and X (unshaded)	Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level. Zone C may have ponding and local drainage problems that don't warrant a detailed study or designation as base floodplain. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood.
A	Areas with a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30-year mortgage. Because detailed analyses are not performed for such areas; no depths or base flood elevations are shown within these zones.
AE	The base floodplain where base flood elevations are provided. AE Zones are now used on new format FIRMs instead of A1-A30 Zones.
A1-30	These are known as numbered A Zones (e.g., A7 or A14). This is the base floodplain where the FIRM shows a BFE (old format).
AH	Areas with a 1% annual chance of shallow flooding, usually in the form of a pond, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Base flood elevations derived from detailed analyses are shown at selected intervals within these zones.
AO	River or stream flood hazard areas, and areas with a 1% or greater chance of shallow flooding each year, usually in the form of sheet flow, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Average flood depths derived from detailed analyses are shown within these zones
AR	Areas with a temporarily increased flood risk due to the building or restoration of a flood control system (such as a levee or a dam). Mandatory flood insurance purchase requirements will apply, but rates will not exceed the rates for unnumbered A zones if the structure is built or restored in compliance with Zone AR floodplain management regulations.
A99	Areas with a 1% annual chance of flooding that will be protected by a Federal flood control system where construction has reached specified legal requirements. No depths or base flood elevations are shown within these zones.
V	Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage. No base flood elevations are shown within these zones.
VE, V1 - 30	Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Base flood elevations derived from detailed analyses are shown at selected intervals within these zones.
D	Areas with possible but undetermined flood hazards. No flood hazard analysis has been conducted. Flood insurance rates are commensurate with the uncertainty of the flood risk.





## IMPROVEMENT DATA

The subject of this appraisal report consists of the underlying land and entitlements of a proposed manufacturing facility. We have used the residual approach in valuing the underlying land and entitlements which required a valuation of the proposed improvements "As Completed". The subject site is proposed to be improved with a manufacturing facility containing a total gross building area of  $\pm 120,000$  square feet. The anticipated date of completion of the proposed improvements is October 31, 2023. The following description is based upon the information provided by the client, the designated property contact, the County Appraisal District and/or the appraiser's observations during the site visit.

Improvement Data	
Building Type	Proposed Manufacturing Facility
Number of Buildings	1
Year Built	2023
Year Renovated	N/A
Gross Building Area	120,000 SF
Net Rentable Area	120,000 SF
Land Size	1,291,990 SF
Land-to-Building Ratio	10.77
Foundation	Slab
Exterior Walls	Concrete
Roofs	Built-up
Interior Walls	Concrete tilt-up
Interior Flooring	Concrete
Plumbing/Electrical	Components are assumed to be the code
Heating/Cooling	Central



Site Improvements	
Paving/Sidewalks	Concrete paved
Park Type	Surface parking
Parking Spaces	Assumed to be adequate to serve the future tenant
Landscaping	Typical for industrial use
Exterior Lighting	Yes
Dumpster Enclosure	Yes
Signage	Yes



**Comments**

To the best of our knowledge, there are no actual or suspect code violations and/or health and safety issues. Overall, the improvements appear in average condition at the time of our visit. The use of the subject property conforms well to the design and utility of the improvements. The overall appeal of the subject property is average when compared to the competing properties in the neighborhood. We have estimated the subject building to have a useful life of 50 years, an observed effective age of 0 years (new) and a remaining useful life of 50 years. For the purposes of this report, useful life is synonymous with economic life.



## Subject Photos



## REAL ESTATE TAXES

The subject property is located in Harris County. The County Appraisal District maintains the following account number(s) for the subject property: 148031JJ. The subject's historical assessments are detailed in the following table.

Historical Assessments				
<u>Assessment Year</u>	<u>Land Assessment</u>	<u>Improvement Assessment</u>	<u>Total Assessed Value</u>	<u>Market Value</u>
2022	\$ 170,875	\$ 0	\$ 170,875	\$ 170,875
2021	\$ 170,875	\$ 0	\$ 170,875	\$ 170,875
2019	\$ 170,875	\$ 0	\$ 170,875	\$ 170,875
2018	\$ 170,875	\$ 0	\$ 170,875	\$ 170,875
2017	\$ 170,875	\$ 0	\$ 170,875	\$ 170,875





## HIGHEST AND BEST USE

The highest and best use may be defined as the most profitable or likely profitable legal use for which a property may be utilized. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. Alternatively, that use, from among reasonably probable and legal alternative uses, is found to be:

- a. Physically Possible
- b. Legally Permissible
- c. Financially Feasible
- d. Maximally Productive

There are two distinct types of highest and best use, that being the highest and best use as if the site were vacant, and the highest and best use as improved. Both use determinations require consideration of the physical, legal, financial feasibility and maximal productivity for the site and improvements.

### **Highest and Best Use Analysis – “As Vacant”**

#### **Physically Possible**

The subject site is located at Douglas Drive and contains 29.66 acres of land area. Considering the subject's physical characteristics including location, size, shape and availability of utilities, numerous uses are physically possible.

#### **Legally Permissible**

The subject site is located at Douglas Drive, in an area that does utilize zoning to regulate development. The subject site is zoned for industrial use. Property usage may be governed by deed restrictions specific to a property. We were not provided with a copy of any applicable deed restrictions for the subject property. The value conclusion is subject to revision should any deed restrictions be present that are deemed detrimental to the subject property. As such, Legally Permissible uses would encompass a variety of industrial land uses.

#### **Financial Feasibility and Maximal Productivity**

In order to be economically feasible, the improvements should conform to the surrounding land uses. To meet the test of being financially feasible, the project must provide a market-accepted net return over a reasonable period of time. An analysis of existing rent and occupancy levels, as well as current economic conditions, reveals development of the 29.66 acre subject site may be feasible at this time. Based on this analysis, the most financially feasible and maximally productive use of the subject site is for industrial development.

### **Highest and Best Use Conclusion – “As Vacant”**

Low density development, similar to adjacent use utilization, is appropriate for the acres subject site and is physically possible and legally permissible. Some speculative activity has been taking place in the immediate area. The current economic conditions are favorable for speculative development of the site. Given the location, surrounding development, rent and occupancy levels in the subject's market, new development



would most likely be undertaken. As such, the Highest and Best Use for the subject site is for industrial development.

**Highest and Best Use Analysis – “As Improved”**

The subject site located at Douglas Drive is improved with a Proposed Manufacturing Facility property containing a gross building area of 120,000 square feet. We have indicated that the improvements are Physically Possible and an allowable use, or Legally Permissible.

**Financially Feasible and Maximally Productive**

Our analysis of market rent (Income Approach) and feasible net operating income indicate that the subject improvements are financially feasible to build new at this time. The improvements will be in new condition upon completion and will be functionally adequate for their intended use. As such, and in the absence of any higher use, the proposed use is the highest productive use at this time.

**Highest and Best Use Conclusion**

In consideration of all of the above, and no other apparent higher use for the site in the near future, the Highest and Best Use for the subject property is its current Proposed Manufacturing Facility use.



## THE COST APPROACH

The Cost Approach is the process of calculating the current cost (new) of reproducing or replacing a property's improvements, subtracting depreciation from all sources and adding the value of the land to arrive at an opinion of value for the property as a whole.

### **Cost Approach Not Necessary for Subject**

As the subject property consists of the underlying vacant land and entitlements, the Cost Approach is not an applicable approach.



## **SALES COMPARISON APPROACH**

In this approach to value, the value is predicated upon prices paid in actual market transactions. The methodology involved is a process of analyzing similarly improved properties and comparing them to the subject. In some instances, a comparison analysis is utilized, with adjustments being applied for differences in financing, location and physical characteristics.

Investors indicate that they rely on the sale price per square foot method to analyze similar properties. For the sale price per square foot method, we compared the sales to the subject property and adjusted their sale price per square foot for differences in market conditions (time), conditions of sale, location and various physical characteristics. The adjusted prices for the sales were then reconciled into a final value indication via this approach.

County deed records were searched for recent sales of similarly improved facilities. Owners, property managers and other professionals active in the area were consulted as to their knowledge of current trends and conditions that prevail within this market. The sales transactions considered most comparable to the subject are detailed in the following pages.



### Comparable Sale 1



#### Physical Characteristics

Address	1302 Highway 85 N
City, State Zip	Fayetteville, GA 30214
Proximity	253.9 miles
Property Type	Retail Warehouse
Year Built	1995
GBA (SF)	65,951
NRA (SF)	65,951
Land Size (SF)	291,852
L:B Ratio	4.43

#### Sale Transaction Data

Sale Date	08/10/2022	Transaction Type	Arm's Length
Sale Price	\$14,700,000	Financing Terms	Cash to Seller
Sale Price PSF	\$222.89		
Comments	N/A		

### Comparable Sale 2



#### Physical Characteristics

Address	7491 Brokerage Dr
City, State Zip	Orlando, FL 32809
Proximity	159.1 miles
Property Type	Distribution Warehouse
Year Built	1985
GBA (SF)	63,392
NRA (SF)	63,392
Land Size (SF)	225,113
L:B Ratio	3.55

#### Sale Transaction Data

Sale Date	12/27/2021	Transaction Type	Arm's Length
Sale Price	\$10,600,000	Financing Terms	Cash to Seller
Sale Price PSF	\$154.15		
Comments	N/A		





### Comparable Sale 3



#### Physical Characteristics

Address	129 Oakridge Church Rd
City, State Zip	Tifton, GA 31794
Proximity	123.6 miles
Property Type	Distribution Warehouse
Year Built	2011
GBA (SF)	50,000
NRA (SF)	50,000
Land Size (SF)	2,810,927
L:B Ratio	56.22

#### Sale Transaction Data

Sale Date	10/25/2021	Transaction Type	Arm's Length
Sale Price	\$9,412,285	Financing Terms	Cash to Seller
Sale Price PSF	\$188.25		
Comments	N/A		

### Comparable Sale 4



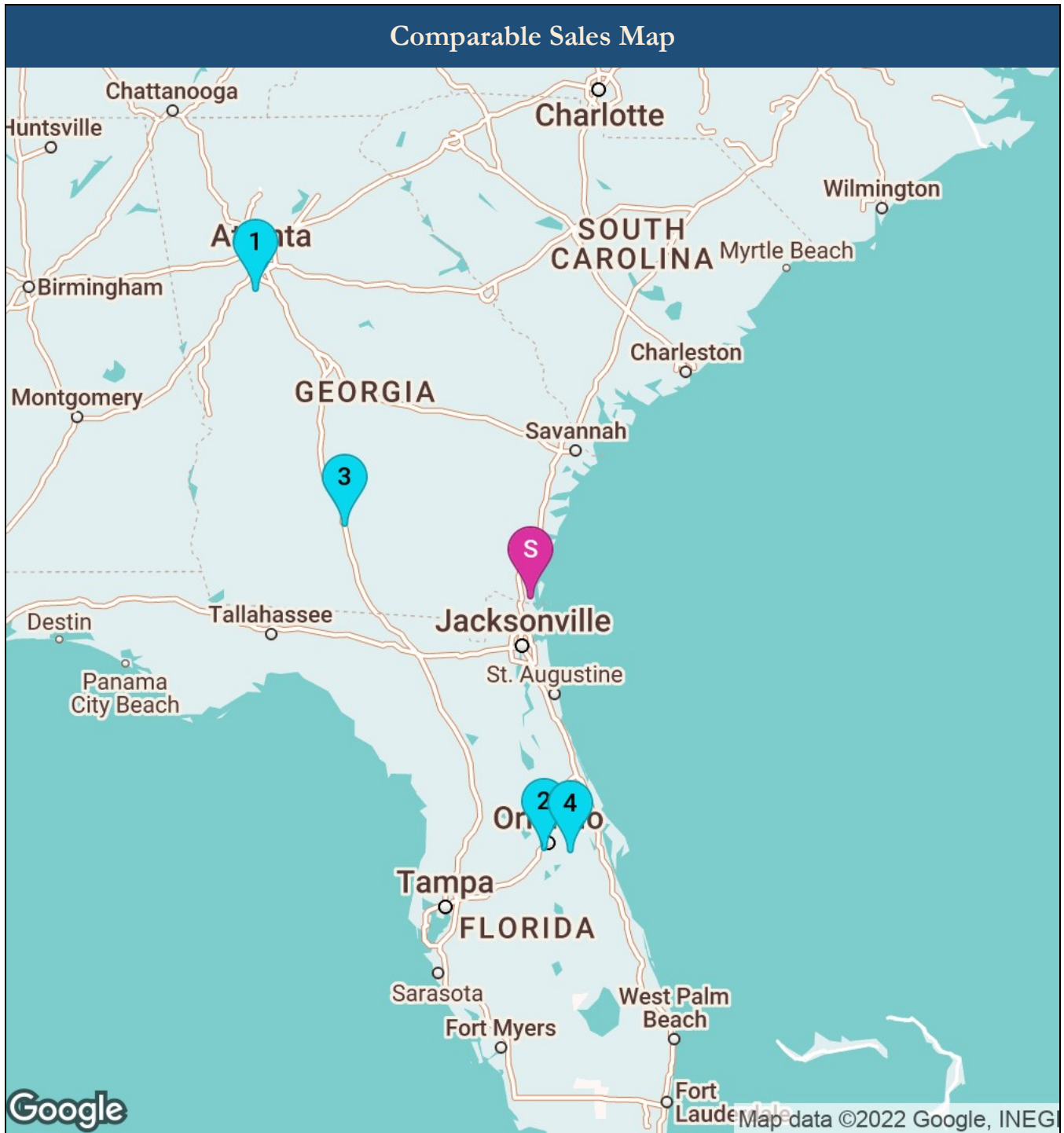
#### Physical Characteristics

Address	8601 Transport Dr
City, State Zip	Orlando, FL 32832
Proximity	161.6 miles
Property Type	Distribution Warehouse
Year Built	2008
GBA (SF)	101,669
NRA (SF)	101,669
Land Size (SF)	299,367
L:B Ratio	2.94

#### Sale Transaction Data

Sale Date	02/25/2019	Transaction Type	Arm's Length
Sale Price	\$18,500,000	Financing Terms	Cash to Seller
Sale Price PSF	\$181.96		
Comments	N/A		





## Summary of Comparable Sales

Summary of Comparable Sales							
#	Address	Sale Date	Sales Price (\$)	Land (SF)	GBA (SF)	Year Built	Price \$/SF
S	Douglas Drive, Saint Marys, GA 31558			1,291,990	120,000	2022	
1	1302 Highway 85 N Fayetteville, GA 30214	08/10/2022	14,700,000	291,852	65,951	1995	222.89
2	7491 Brokerage Dr Orlando, FL 32809	12/27/2021	10,600,000	225,113	63,392	1985	154.15
3	129 Oakridge Church Rd Tifton, GA 31794	10/25/2021	9,412,285	2,810,927	50,000	2011	188.25
4	8601 Transport Dr Orlando, FL 32832	02/25/2019	18,500,000	299,367	101,669	2008	181.96
Average		N/A	\$ 13,303,071	906,815	70,253	N/A	186.81
Median		N/A	\$ 12,650,000	295,610	64,672	N/A	185.11

## **Analysis of Improved Sales**

Despite thorough research efforts, a limited number of sales of similar type facilities were found in the subject's neighborhood; thus, we have expanded the search parameters. Data on each of the sales was confirmed with reliable sources. Based on analysis of this data and other pertinent information obtained in our research, the following is a discussion of the factors that were found to exhibit significant influence on property values in this market.

The improved sales incorporated are fairly recent sales and are good value indicators for the subject. Data on each of the sales was confirmed with sources considered to be reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

## **Factors to be Considered and Summary of Adjustments**

### **Property Rights Conveyed**

This adjustment considers the difference in the price of properties sold in fee simple estate or leasehold and any effect of existing leases on the price of property. None of the sales were encumbered by land leases and no adjustments were applicable.

Sale 1		Sale 2		Sale 3		Sale 4	
% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.
0.00 %	\$ 0.00	0.00 %	\$ 0.00	0.00 %	\$ 0.00	0.00 %	\$ 0.00

## **Financial**

Typical land investment terms are considered to be up to 50% down with a 10-15 years note, with varying interest. All sales involved cash to seller or market financing conditions; thus, an adjustment for this item was not necessary.



Sale 1		Sale 2		Sale 3		Sale 4	
% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.
0.00 %	\$ 0.00	0.00 %	\$ 0.00	0.00 %	\$ 0.00	0.00 %	\$ 0.00

### Conditions of Sale

This adjustment reflects the motivations of the buyer and seller, i.e., assemblage, distress, discounts for the family purchase, or purchase by adjacent landowners. All sales were considered arm's length transactions; as such, no adjustments are required for this item.

Sale 1		Sale 2		Sale 3		Sale 4	
% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.
0.00 %	\$ 0.00	0.00 %	\$ 0.00	0.00 %	\$ 0.00	0.00 %	\$ 0.00

### Market Conditions

Market conditions generally change over time, but the date of the appraisal is a specific time, changes in market conditions may be caused by inflation, deflation, fluctuations in supply and demand, or other factors. Market conditions shift over time; they create the need for adjustment, not time itself. If market conditions have not changed, no adjustments is required even though considerable time may have elapsed.

Sale 1		Sale 2		Sale 3		Sale 4	
% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.
0.00 %	\$ 0.00	2.00 %	\$ 4.62	2.50 %	\$ 6.59	10.50 %	\$ 20.93

### Location

Properties which are located in densely developed areas, leading to higher visibility and traffic passage, tend to sell for higher prices than properties which are less developed locations. Properties located on major thoroughfares are generally considered superior to those located on secondary streets and typically command premium prices.

Sale 1		Sale 2		Sale 3		Sale 4	
% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.
0.00 %	\$ 0.00	-15.00 %	\$ -21.58	0.00 %	\$ 0.00	-15.00 %	\$ -25.47

### Quality/Appeal

These adjustments are warranted when the construction quality and/or curb appeal of the comparable sales is either inferior or superior to the subject. Also considered in this analysis is the credit worthiness of tenants and occupancy.

Sale 1		Sale 2		Sale 3		Sale 4	
% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.
-15.00 %	\$ -31.20	10.00 %	\$ 16.96	0.00 %	\$ 0.00	0.00 %	\$ 0.00

### Age/Condition

Age and conditions adjustment are warranted when the comparable sale differ from the subject property by physical age or effective age. This is based upon on construction date of comparable and the ongoing maintenance on these sales as compared to the subject property. The subject building is constructed in 2022.



Sale 1		Sale 2		Sale 3		Sale 4	
% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.
0.00 %	\$ 0.00	15.00 %	\$ 24.66	0.00 %	\$ 0.00	0.00 %	\$ 0.00

### Size

Generally, larger facilities are found to bring a lower per square feet price than smaller facilities, due to economy of size. Comparison of market data indicated that this generalization holds true in the subject market. The subject contains 120,000 square feet of gross building area.

Sale 1		Sale 2		Sale 3		Sale 4	
% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.
0.00 %	\$ 0.00	0.00 %	\$ 0.00	0.00 %	\$ 0.00	0.00 %	\$ 0.00

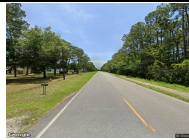




### Land-To-Building Ratio

Due to the land value involved, improved properties with higher land to building ratios typically reflect higher per unit sales prices. The subject property has land to building ratio of 10.77 and has typical underlying land value for Industrial.

Sale 1		Sale 2		Sale 3		Sale 4	
% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.	% Adj.	\$/SF Adj.
0.00 %	\$ 0.00	0.00 %	\$ 0.00	0.00 %	\$ 0.00	0.00 %	\$ 0.00





Comparable Adjustments									
Sale	Subject	Sale 1		Sale 2		Sale 3		Sale 4	
Property Name	SG Echo GA	Havertys Furniture		Lombardi's Seafood Inc		129 Oakridge Church Rd		8601 Transport Dr	
Address	Douglas Drive	1302 Highway 85 N		7491 Brokerage Dr		129 Oakridge Church Rd		8601 Transport Dr	
Sales Price (\$)		\$ 14,700,000		\$ 10,600,000		\$ 9,412,285		\$ 18,500,000	
Sales Date (MM/DD/YYYY)		08/10/2022		12/27/2021		10/25/2021		02/25/2019	
Gross Building Area (SF)	120,000	65,951		63,392		50,000		101,669	
Year Built/Renovated	2022 / 0	1995 / 0		1985 / 0		2011 / 0		2008 / 0	
Property Image									
Property Type	Industrial	Warehouse and Storage		Warehouse and Storage		Warehouse and Storage		Warehouse and Storage	
Property Sub Type	Manufacturing Facility	Retail Warehouse		Distribution Warehouse		Distribution Warehouse		Distribution Warehouse	
NOI (\$/SF)	\$ 8.43	\$ 11.14		\$ 10.25		\$ 11.00		\$ 9.34	
OAR (%)	0.00 %	5.00 %		6.13 %		5.84 %		5.14 %	
SALES ADJUSTMENT GRID									
Unadjusted Sales Price (\$/SF)	\$ 0.00	\$ 222.89		\$ 154.15		\$ 188.25		\$ 181.96	
Multiplied Adjustments	Description	Description	Adjustment	Description	Adjustment	Description	Adjustment	Description	Adjustment
Rights Conveyed		Fee Simple	0.00 %	Fee Simple	0.00 %	Fee Simple	0.00 %	Fee Simple	0.00 %
Financial		Cash to Seller	0.00 %	Cash to Seller	0.00 %	Cash to Seller	0.00 %	Cash to Seller	0.00 %
Conditions of Sale		Arm's Length	0.00 %	Arm's Length	0.00 %	Arm's Length	0.00 %	Arm's Length	0.00 %
Market Conditions		0 Months	0.00 %	8 Months	2.00 %	10 Months	2.50 %	42 Months	10.50 %
Adjusted Sales Price (\$/SF)	\$ 0.00	\$ 222.89		\$ 157.24		\$ 192.95		\$ 201.07	
Added Adjustments	Description	Description	Adjustment	Description	Adjustment	Description	Adjustment	Description	Adjustment
Location		Fayetteville	0.00 %	Orlando	-15.00 %	Tifton	0.00 %	Orlando	-15.00 %
Quality / Appeal			-15.00 %		10.00 %		0.00 %		0.00 %
Age/Condition	2022	1995	0.00 %	1985	15.00 %	2011	0.00 %	2008	0.00 %
Size	120,000	65,951	0.00 %	63,392	0.00 %	50,000	0.00 %	101,669	0.00 %
Land to Building Ratio	10.77	4.43	0.00 %	3.55	0.00 %	56.22	0.00 %	2.94	0.00 %
Gross Adjustment			15.00 %		40.00 %		0.00 %		15.00 %
Net Adjustment			-15.00 %		10.00 %		0.00 %		-15.00 %
Final Adjusted Value (\$/SF)			\$ 189.46		\$ 172.96		\$ 192.95		\$ 170.91



Summary of Adjustments				
Minimum	Maximum	Average	Median	Indicated Value/SF
\$170.91	\$192.95	\$181.57	\$181.21	\$180.00

Final Value Conclusion		
The value for the subject property is calculated as follows:		
<b><u>GBA (SF)</u></b>	<b><u>Indicated Value (SF)</u></b>	<b><u>Indicated Value</u></b>
120,000	\$ 180.00	\$ 21,600,000
<b>“As Completed” Prospective Market Value Conclusion (Rounded)</b>		<b>\$ 21,600,000</b>



## INCOME CAPITALIZATION APPROACH TO VALUE

The Income Capitalization Approach to value (often called the "Income Approach") is predicated on the assumption that there is a definite relationship between the amount of income a property will earn and its value. The theory of the Income Approach is that the value of a property is the present worth of the net income it will produce during its remaining economic or productive life. An investor generally would not be justified in paying more for an investment property (versus speculation) than the value that the net earning power will support based on an appropriate capitalization of the net income. In conformity with the principle of substitution, a prudent investor will not pay more for the right to receive income from a specified property than he would have to pay for another available investment which would produce income stream of similar quantity and quality.

The first step in the income approach is to estimate the gross income of the property which is the total income produced by the property if 100 percent occupied in its current highest and best use. To arrive at this figure an estimate is made of the "market" rent for the particular property being appraised, in this case being the subject. Market rent is that rent which is established from the market. Estimated gross annual income is not necessarily past or current annual income or existing rental rates or contract rental. The appraiser must determine current economic or market rent and compare it with a property's existing rental, leases, tenant's ability to pay and competitive or comparative space.

Current economic, social, and political trends likely to affect the property or rentals must be considered, all in order to arrive at probable future earnings. In other words, past and present income are useful and significant only as an indication and help in determining expected future income. The income must be considered and weighted as to the expected quantity, quality and durability. The factors affecting the quantity of income have been mentioned above. All properties must be considered for a vacancy in arriving at estimated effective annual income. The quality and durability of income are also weighted in the selection of the proper interest and capitalization rates and method of converting net income to value.

The next step in the income approach is the estimate of expenses to be deducted from the effective annual income to arrive at estimated net income (before depreciation). As in analyzing the income, the historical expenses are used only as a tool to arrive at the probable future expenses. Operating and maintenance expenses of similar properties as well as trends in expenses must be considered. The final step in the approach is to establish the technique for conversion of income to value which is done by establishing a holding period, identifying all future cash flows, their patterns and relationships to present, selecting an appropriate interest (discount) rate and capitalization rate for conversion of future benefits to value by discounting each future annual benefit to present value.

The most important consideration is the risk and comparable rates on other real estate properties and alternative investments which investors are willing to accept. Therefore, in the valuation of the subject property by the Income Approach, the following procedures were followed in order to determine the value of the property being appraised:



**Estimate Total Gross Revenue Potential:**

Based on estimated economic rents supported in the market.

**Estimate Vacancy and Rent Loss:**

Based on present occupancy trends for competing properties with similar location, amenity and environmental influences.

**Estimate Annual Operating Expenses:**

These costs were based on an analysis of expenses typical of the industry for similar projects.

**Capitalization of Net Income:**

Based on capitalization rates typical of the current market (i.e., based on the overall capitalization rates of recent sales of comparable properties).

The income approach to value provides a reliable methodology when income and expenses can be reasonably determined in addition to interest and recapture rates. It applies most reliably when the property is an investment type, when the investor is purchasing for the income rather than for speculation, where the highest and best use is stable rather than speculative, and where the highest and best use does not involve an area or property that is in a state of transition.

The subject improvements are considered to represent an acceptable highest and best use (as improved) of the property. A gross potential income and net operating income was estimated for the subject property considering market rents, and a survey of expenses from similar properties.

A gross potential income and net operating income was estimated for the subject property considering market rents, and a survey of expenses from similar properties.

**Comparable Rentals**

Following are detail sheets of rent comparable in the vicinity of the subject which compete for the same tenants. These comparable were used to estimate the subject property's market rent.



## Rent Comp 1



### Physical Characteristics

<b>Address</b>	1208 Us Highway 80 E
<b>City, State Zip</b>	Pooler, GA 31322
<b>Proximity</b>	95.4 miles
<b>Property Type</b>	Industrial
<b>Year Built</b>	2022
<b>GBA (SF)</b>	141,594
<b>NRA (SF)</b>	141,594
<b>Land Size (SF)</b>	54,755
<b>L:B Ratio</b>	

### Rental Data

<b>Date Surveyed</b>	08/10/2022	<b>Terms</b>	Triple Net
<b>Tenancy</b>	Select One	<b>Rent \$/SF/Mo.</b>	\$0.83
<b>Occupancy</b>	0%	<b>Rent \$/SF/Yr.</b>	\$10.00
<b>Available Space (SF)</b>	141,594		
<b>Comments</b>	N/A		





## Rent Comp 2



### Physical Characteristics

<b>Address</b>	1017 Northpointe Industrial Blvd
<b>City, State Zip</b>	Hanahan, SC 29410
<b>Proximity</b>	177.4 miles
<b>Property Type</b>	Industrial
<b>Year Built</b>	2018
<b>GBA (SF)</b>	127,000
<b>NRA (SF)</b>	127,000
<b>Land Size (SF)</b>	851,598
<b>L:B Ratio</b>	3.45

### Rental Data

<b>Date Surveyed</b>	08/10/2022	<b>Terms</b>	Triple Net
<b>Tenancy</b>	Select One	<b>Rent \$/SF/Mo.</b>	\$0.67
<b>Occupancy</b>	0%	<b>Rent \$/SF/Yr.</b>	\$8.00
<b>Available Space (SF)</b>	127,000		
<b>Comments</b>	N/A		



### Rent Comp 3



#### Physical Characteristics

<b>Address</b>	7058 Weber Blvd
<b>City, State Zip</b>	Ladson, SC 29456
<b>Proximity</b>	174.5 miles
<b>Property Type</b>	Industrial
<b>Year Built</b>	2017
<b>GBA (SF)</b>	142,152
<b>NRA (SF)</b>	142,152
<b>Land Size (SF)</b>	703,930
<b>L:B Ratio</b>	4.95

#### Rental Data

<b>Date Surveyed</b>	08/10/2022	<b>Terms</b>	Triple Net
<b>Tenancy</b>	Select One	<b>Rent \$/SF/Mo.</b>	\$0.63
<b>Occupancy</b>	0%	<b>Rent \$/SF/Yr.</b>	\$7.50
<b>Available Space (SF)</b>	142,152		
<b>Comments</b>	N/A		



## Rent Comp 4



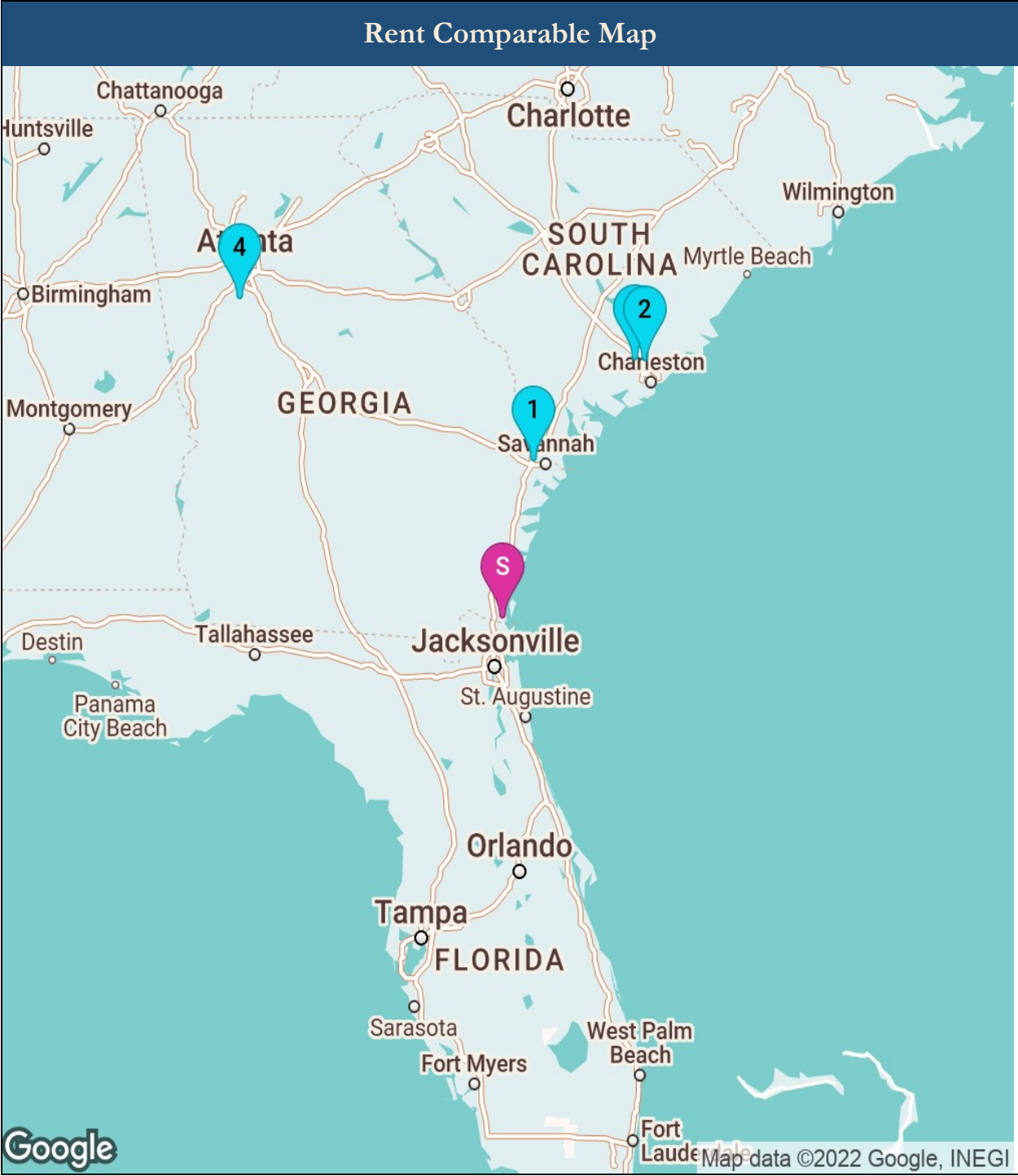
### Physical Characteristics

Address	1302 Highway 85 N
City, State Zip	Fayetteville, GA 30214
Proximity	252.5 miles
Property Type	Retail Warehouse
Year Built	1995
GBA (SF)	65,951
NRA (SF)	65,951
Land Size (SF)	291,852
L:B Ratio	4.43

### Rental Data

Date Surveyed	08/10/2022	Terms	Triple Net
Tenancy	Select One	Rent \$/SF/Mo.	\$0.92
Occupancy	100%	Rent \$/SF/Yr.	\$11.08
Available Space (SF)	0		
Comments	N/A		





### Estimate Market Rent

The following table summarizes comparable rentals in the area, which were used to determine the market rent for the subject property. Their size, lease rates, and amenities support the viability of the cash flow we have projected for the subject.

Summary of Comparable Rentals							
#	Address	Proximity	NRA	Year Built	Occupancy	Lease Type	Avg Annual Rent(\$/SF)
1	Douglas Drive, Saint Marys, GA 31558	N/A	0	2022	0%	Triple Net	N/A
2	1208 Us Highway 80 E, Pooler, GA 31322	95.4 miles	141,594	2022	0%	Triple Net	\$10.00
3	1017 Northpointe Industrial Blvd, Hanahan, SC 29410	177.4 miles	127,000	2018	0%	Triple Net	\$8.00
4	7058 Weber Blvd, Ladson, SC 29456	174.5 miles	342,160	2017	0%	Triple Net	\$7.50
5	1302 Highway 85 N, Fayetteville, GA 30214	252.5 miles	65,951	1995	0%	Triple Net	\$11.08

The above rentals are industrial/warehouse buildings/facilities in or near the subject's neighborhood. Considering the subject location, quality/appeal, size, and age/condition, the current leases, which are within the range exhibited by the rent comparable is considered reasonable.

Each of the projects surveyed was analyzed in an effort to determine prevalent trends and tenant preferences.

### Subject Contract Rental Information

Per the rent roll provided to the appraisers, as of the effective date of this report, the subject will be  $\pm 100.00\%$  occupied by one tenant. The contract rent, based on the information provided, is \$9.00 per square foot annually. The subject rent roll is detailed on the following table.

Subject - Rent Roll						
Tenant Name	Lease Start Date	NRA (SF)	% of Project (%)	Base Rent Annually \$	Base Rent (PSF/Year) \$	
SG Echo GA	10/31/2023	120,000	100.00	1,080,000	9.00	
Occupied Space		120,000	100.00	1,080,000	9.00	





### Market Rent Conclusion

It is the appraiser's opinion that the present asking rates in the market provide a reasonable estimate of the subject's market rent on a stabilized basis. Based upon the comparable, available space in the subject's neighborhood, and the age/quality of the subject, a rental rate of \$9.00 PSF/year on a Triple Net basis, is considered reasonable and achievable for the subject's vacant space. The subject's contract rent is reflective of market rent and will be used in our analysis.

### Vacancy and Collection Loss

The condition of the property and skill of the management team can dramatically impact the occupancy rate within the subject submarket. While trends in this area are not expected to change significantly in the near future, it is reasonable to assume that over a typical investor holding period of eight to ten years, there will be losses of income due to vacancy, tenant turnover and/or collection problems.

To arrive at net operating income (NOI), an allowance for vacancy and collection loss must be deducted from potential gross income to arrive at effective gross income. The rent comparables range in occupancy from 0.00% (new construction available for lease) to 100.00%. However, all of the comparables are single tenant properties. Investors indicate that they apply vacancy and collection loss allowances in the 0% to 10% range for similar properties. Based on the above data and also considering the net lease to a credit tenant, we project a vacancy and collection loss allowance of 2.00% (0.00% vacancy and 2.00% collection loss) for the subject property.

The subject's potential gross revenue and effective gross revenue are calculated in the following table.

Analysis of Revenues			
	<u>\$/SF</u>	<u>% PGI</u>	
Revenues			
Contract Rental Revenue	\$ 9.00	95.58 %	\$ 1,080,000
Reimbursement Revenue	\$ 0.42	4.42 %	\$ 50,000
<b>Potential Gross Income (PGI)</b>	<b>\$ 9.42</b>	<b>100.00 %</b>	<b>\$ 1,130,000</b>
Vacancy Loss	\$ 0.00	0.00 %	\$ 0
Credit/Collection Loss	\$ 0.19	2.00 %	\$ 22,600
<b>Effective Gross Revenue (EGR)</b>	<b>\$ 9.23</b>		<b>\$ 1,107,400</b>

A comparison of the subject's projected stabilized occupancy and proforma effective gross revenue is detailed in the following table.

Historical / Proforma Occupancy & EGR		
Financial Year	Average Occupancy	Effective Gross Revenue
<b>Proforma</b>	<b>84%</b>	<b>\$1,107,400</b>



## Expenses

Historical operating expenses for the subject property were provided the appraiser and were analyzed on the preceding pages. These historical expenses, in conjunction with expense information on similarly improved properties obtained from conversations with owners, brokers and agents active in the area, and from information in our files, were useful in arriving at estimates of expenses that would be incurred in the operation of the subject property. The subject expenses are analyzed in terms of stabilized occupancy.

The operating expenses for the subject property have been estimated as follows.

### Insurance

Property insurance is the cost of risk management for fire and liability insurance for the subject property. Based on other property owners and conversations with local insurance agents, this expense item generally ranges from \$0.20 per square foot to \$0.80 per square foot for properties of this caliber.

Insurance	
\$ PSF	\$ Value
\$0.20	\$24,000

### Property Taxes

Based upon our proforma assessment and current tax rates, which was analyzed in the tax data section of this report, the projected stabilized tax liability for the subject property is as follows

Property Taxes	
\$ PSF	\$ Value
\$0.02	\$2,000

### Maintenance

This expense is an allowance for the repair and maintenance of the building structure, upkeep of the common areas, parking lot and walks.

Maintenance	
\$ PSF	\$ Value
\$0.20	\$24,000

### Management Fee

This charge is an allowance to compensate the owner and/or professional management firm for time involved in the management of the project, above and beyond the day-to-day operations (administrative). Professional management companies generally charge 3% to 6% of effective gross income at stabilized occupancy to manage projects similar to the subject.

Management Fee	
% of EGR	\$ Value
3.00%	\$33,222



### Reserves For Replacement

This expense item allows for a sinking fund to be set aside to cover repairs or replacement of building component items whose physical useful life expectancy is less than the building, but longer than the typical investor holding period (replacement of shorter life items would be considered maintenance). The theory is that prudent management would allocate an annual charge sufficient for the periodic replacement of these items. The short life building component items with life expectancies greater than the typical holding period were identified in the cost approach.

Reserves For Replacement	
\$ PSF	\$ Value
\$0.10	\$12,000

### Total Expense

Total Expense	
\$ PSF	\$ Value
\$0.80	\$95,222



## DEVELOPMENT OF THE CAPITALIZATION RATE

Capitalization is a process whereby net operating income is converted into value utilizing an overall capitalization rate. There are several methods of deriving capitalization rates in order to adequately account for risk associated with the quantity, quality and durability of the income stream, i.e.;

1. **Market Extraction Method:** from an analysis of the market sales considered in the Sales Comparison Approach section of this report.
2. **Band of Investment Method:** from analysis of required rates of returns for mortgage and equity portions of an investment utilizing current market conditions.
3. **Investor Surveys:** from an analysis of surveys of industry professionals.

We will begin with a discussion of the Market Extraction Method.

### Market Extraction Method

In this case, we have developed an overall rate from an analysis of the market sales considered in the Sales Comparison Approach section of this report. An overall rate was derived by dividing the estimated net operating income of the sale property by its sale price. This technique involves constant dollars and stabilized operating expenses.

Market Extraction Method Summary			
Sale	Address	Sale Price	Indicated Ro
1	7491 Brokerage Dr, Orlando, FL, Orange, 32809	\$10,600,000	6.13%
2	129 Oakridge Church Rd, Tifton, GA, Tift, 31794	\$9,412,285	5.84%
3	8601 Transport Dr, Orlando, FL, Orange, 32832	\$18,500,000	5.14%
4	1302 Highway 85 N, Fayetteville, GA, Fayette, 30214	\$14,700,000	5.00%
Market Extraction Method Conclusion			5.25%

The improved property sales incorporated in the Sales Comparison Approach indicated overall rates ranging from 5.00% to 6.13%.

Considering the subject's location, size, effective age, construction quality and tenancy a going-in capitalization rate of 5.25% is considered appropriate via the Market Extraction Method.



Surveyed rates can also provide support:

**EXHIBIT 66. RERC REGIONAL INVESTMENT CRITERIA | SECOND-TIER<sup>1</sup> INVESTMENT PROPERTIES**

	Office		Industrial			Retail			Apt	Student Housing	Hotel
	CBD	SUB	WHSE	R&D	FLEX	RGNL MALL	PWR CNTR	NEIGH/ COMM			
<b>SOUTH INVESTMENT CRITERIA</b>											
<b>Pre-Tax Yield Rate (IRR) (%)</b>											
Range	8.0 - 10.5	8.0 - 10.5	7.0 - 10.5	8.3 - 11.0	8.0 - 11.0	7.0 - 10.0	7.0 - 10.5	8.0 - 10.5	6.0 - 9.0	6.5 - 9.0	8.5 - 11.0
Average	8.8	9.2	8.7	9.2	9.2	8.6	8.9	9.0	7.9	7.8	9.8
<b>Going-In Cap Rate (%)</b>											
Range	6.3 - 8.8	7.0 - 8.8	5.5 - 9.0	7.0 - 10.0	6.5 - 9.5	6.3 - 9.0	6.0 - 9.0	6.5 - 9.0	5.0 - 7.3	5.8 - 7.0	7.5 - 10.0
Average	7.3	7.7	7.5	7.9	8.0	7.3	7.4	7.4	6.2	6.6	8.5
<b>Terminal Cap Rate (%)</b>											
Range	6.8 - 9.3	7.0 - 9.3	6.3 - 9.5	7.3 - 10.5	7.3 - 10.0	6.8 - 9.5	6.5 - 9.5	6.8 - 9.5	6.0 - 8.0	6.3 - 8.0	8.0 - 10.0
Average	7.8	8.2	8.0	8.4	8.5	7.8	7.9	7.9	6.8	7.2	9.0

### Reconciliation of Overall Capitalization Rates

Emphasis is placed on the Market Extraction Method when differences exist, as it is considered that investors in the current market more often rely upon this method. Based on the foregoing, it is our opinion that the appropriate “going-in” capitalization rate for the subject is as follows:

Capitalization Rate Conclusion	
Market Extraction Method	5.25 %
Market Surveys	5.50 %
<b>Concluded Capitalization Rate</b>	<b>5.25 %</b>

The concluded capitalization rate is the rate generated by the Market Extraction Method, and generally supported by the Market Survey Method.





## Value via Direct Capitalization

The following table details the calculation via the Direct Capitalization technique.

A summary of the income schedule follows:

Income Approach - Direct Capitalization Analysis Exhibit			
	<u>\$/SF</u>	<u>% PGI</u>	
<b><u>Revenues</u></b>			
Contract Rental Revenue	\$ 9.00	95.58 %	\$ 1,080,000
Reimbursement Revenue	\$ 0.42	4.42 %	\$ 50,000
<b>Potential Gross Income (PGI)</b>	<b>\$ 9.42</b>		<b>\$ 1,130,000</b>
Vacancy Loss	\$ 0.00	0.00 %	\$ 0
Credit/Collection Loss	\$ 0.19	2.00 %	\$ 22,600
<b>Effective Gross Revenue (EGR)</b>	<b>\$ 9.23</b>	<b>100.00 %</b>	<b>\$ 1,107,400</b>
	<u>\$/SF</u>	<u>% EGR</u>	<u>\$/Year</u>
<b><u>Expenses</u></b>			
Property Taxes	\$ 0.02	0.18 %	\$ 2,000
Insurance	\$ 0.20	2.17 %	\$ 24,000
Maintenance	\$ 0.20	2.17 %	\$ 24,000
Management	\$ 0.28	3.00 %	\$ 33,222
Reserves For Replacement	\$ 0.10	1.08 %	\$ 12,000
<b>Total Operating Expenses</b>	<b>\$ 0.80</b>	<b>8.60 %</b>	<b>\$ 95,222</b>
<b>Net Operating Income (NOI)</b>	<b>\$ 8.43</b>	<b>91.40 %</b>	<b>\$ 1,012,178</b>
Total Capitalization Rate		÷	5.25 %
			\$ 19,279,581
<b>Indicated As Stabilized Value</b>	<b>\$ 160.67</b>	<b>Rounded</b>	<b>\$ 19,280,000</b>
	<b>PSF</b>	<b>To:</b>	
Adjustment for Below Market Occupancy			\$ 0
Adjustment for Above/Below Market Rent			\$ 0
			\$ 19,280,000
<b>Indicated As Completed Value</b>	<b>\$ 160.67 PSF</b>	<b>Rounded</b>	<b>\$ 19,280,000</b>
		<b>To:</b>	



## RECONCILIATION AND FINAL VALUE CONCLUSION

### The Cost Approach

The Cost Approach is a reliable method of determining market value for the subject property. This approach was utilized in our appraisal report.

### Sales Comparison Approach

There is sufficient market activity to adequately employ this approach reliably. The sales utilized in the comparison analysis were recent transactions of similar type properties. Overall, the conclusions derived within this approach provide a reliable market value conclusion. Overall, most consideration was given the value conclusion derived within this approach.

### The Income Approach

The subject is not an income producing asset. An investor purchasing the subject property would likely focus on the sales comparison approach. Hence, the income approach was not utilized since reliable data is not available to complete this approach.

### Final Conclusion Summary

As a result of our investigations, studies and analysis of the comparable sales, the value indicated for the subject from the Sales Comparison Approach was given most consideration. Therefore, the value conclusions for the subject follow:

"As Completed" Prospective Market Value	\$20,000,000
Less Cost to Complete Construction	<u>\$ 17,590,083</u>
"As Is" Market Value	\$2,410,000 (rounded)

Market Value Conclusion			
<u>Appraisal Premise</u>	<u>Interest Appraised</u>	<u>Date of Value</u>	<u>Value Conclusion</u>
"As Is" Market Value	Leased Fee Estate	August 10, 2022	\$2,410,000

### Exposure to the Market/Marketing Time

Assuming adequate exposure and normal marketing efforts, the estimated exposure time (i.e. the length of time the subject property would have been exposed for sale in the market had it sold at the market value concluded to in this analysis as of the date of this valuation) would have been within 12 months; the estimated marketing time (i.e. the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation) is estimated to be within 12 months. Brokers support a period of a few months to advertise the market, with best and final offer period, then up to three months to close at the title company.



## **ADDENDA**



## ASSUMPTIONS AND LIMITING CONDITIONS

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

- 1) No survey of the subject property was undertaken and the appraiser(s) assume no responsibility associated with such matters.
- 2) The value is based on the assumption of responsible ownership and competent management. The subject property is assumed to be free and clear of all liens, except as may be otherwise herein described. No responsibility is assumed by the appraiser(s) for matters legal in character, nor is any opinion on the title rendered, which is assumed to be good and marketable.
- 3) The information contained herein has been gathered from sources deemed to be reliable, but the appraiser(s) assume no responsibility for its accuracy. Correctness of estimates, opinions, dimensions, sketches and other exhibits that have been furnished and have been used in this report are not guaranteed.
- 4) The value rendered herein is based on preliminary analyses of the subject and market area. The market value is expressed in terms of the current purchasing power of the dollar.
- 5) Any leases, agreements or other written or verbal representations and/or communications and information received by the appraiser(s) have been reasonably relied upon in good faith but have not been analyzed for their legal implications. We urge and caution the user of this report to obtain legal counsel of his/her own choice to review the legal and factual matters, and to verify and analyze the underlying facts and merits of any investment decision in a reasonably prudent manner.
- 6) Appraiser(s) assume no responsibility for any hidden agreements known as "side reports", which may or may not exist relative to this property, which have not been made known to us, unless specifically acknowledged within this report.
- 7) This report is to be used in whole, and not in part. Any separate valuation for land and improvements shall not be used in conjunction with any other valuation and is invalid if so used. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any purpose by anyone but the client without the previous written consent of the appraiser(s), and in any event, only in its entirety.
- 8) The appraiser(s), by reason of this report, are not required to give testimony in court with reference to the property unless notice and proper arrangements have been previously made therefore.
- 9) Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without prior written consent and approval of the author.
- 10) No subsoil data or analysis based on engineering core borings or other tests were furnished to us. We have assumed that there are no subsoil defects present that would impair development of the land to its maximum permitted use, or would render it more or less valuable. No responsibility is assumed for engineering, which might be required to discover such factors.
- 11) The construction and physical condition of the improvements described herein are based on a site visit. No liability is assumed by the appraiser(s) for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition or adequacy of mechanical equipment, plumbing or electrical components. No responsibility is assumed for engineering, which might be required to discover such factors. We urge the user of this report to retain an expert in this field.



- 12) Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated byphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present in or on the property, or other environmental conditions were not called to the attention of the appraiser(s) nor did the appraiser(s) become aware of such during the appraiser(s) site visit. The appraiser(s) have no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser(s), however, are not qualified to test such substances or conditions. If the presence of such substances as asbestos, urea formaldehyde, foam insulation or other hazardous substance or environmental conditions may affect the value of the property, the value is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto as to cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to detect or discover them. We urge the user of this report to retain an expert in the field of environmental impacts on real estate if so desired.
- 13) The projections of income, expenses, terminal values or future sales prices are not predictions of the future, rather, they are the best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly changing. It is not the task of the appraiser(s) to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future, and upon what assumptions of the future investment decisions are based.
- 14) The client or user of this report agrees to notify the appraiser(s) of any error, omission or inaccurate data contained in the report within 15 days of receipt, and return the report and all copies thereof to the appraiser(s) for correction prior to any use.
- 15) The acceptance of this report, and its subsequent use by the client or any other party in any manner whatsoever for any purpose, is acknowledgment by the user that the report has been read and understood, and specifically agrees that the data and analyses, to their knowledge, are correct and acceptable.
- 16) This assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- 17) The Americans with Disabilities Act (ADA) became effective 01/26/1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more requirements of the act. If so, this fact could have a negative impact upon the value of the property. However, since we have no direct evidence relating to the issue of compliance, we did not consider possible noncompliance with requirements of ADA in forming an opinion of the value of the property.
- 18) If this appraisal includes a prospective value as of a prospective date, the value conclusion is contingent upon the assumption that market conditions do not unexpectedly change from the date of the report to the prospective date of value.





## ENVIRONMENTAL ASSUMPTIONS

This report is subject to the following environmental assumptions:

- 1) There is a safe, lead-free, adequate supply of drinking water.
- 2) The subject property is free of soil contamination.
- 3) There is no uncontained friable asbestos or other hazardous asbestos material on the property. The appraiser is not qualified to detect such substances.
- 4) There are no uncontained PCB's on or near the property.
- 5) The radon level is at or below EPA recommended levels.
- 6) Any functioning underground storage tanks (UST's) are not leaking and are properly registered; any abandoned UST's are free from contamination and were properly drained, filled and sealed.
- 7) There are no hazardous waste sites on or near the subject property that negatively affect the value and/or safety of the property.
- 8) There is no significant urea formaldehyde (UFFI) insulation or other urea formaldehyde material on the property.
- 9) There is no flaking or peeling of lead-based paint on the property.
- 10) The property is free of air pollution.
- 11) There are no wetlands/flood plains on the property (unless otherwise stated in the report).
- 12) There are no other miscellaneous hazardous substances and/or detrimental environmental conditions on or in the area of the site (excess noise, radiation, light pollution, magnetic radiation, acid mine drainage, agricultural pollution, waste heat, miscellaneous chemical, infectious medical wastes, pesticides, herbicides, and the like).



**Ryan P. Lin, MAI, CHA****Managing Partner**

**Managing Partner – Property Analytix, LLC**, a specialty real estate valuation firm operating at the forefront of technology. Property Analytix manages a national team of MAI designated appraisers who possess an unparalleled market expertise in real estate appraisal, appraisal review and consulting. Property Analytix has completed in excess of 10,000 appraisal reports in the past year.

**Executive Managing Director – Enriched Data, LLC**, the largest aggregator of enriched real estate data in the United States. Enriched Data has a national database of sales, rental and deed of trust records for over 32 million commercial properties. In 2018, Enriched Data developed EnrichedRealEstate.com, the first website to derive a value (Guesstimate™) for every commercial property in the U.S.

## **PROFESSIONAL EXPERIENCE**

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Mr. Lin has been involved in the database, appraisal and consultation of real estate and going concerns for over 14 years. Previously, he was the Managing Director of National Appraisal Partners and the Director of Valuation of O'Connor & Associates.

His experience includes valuation, consulting and appraisal review for: office buildings, retail centers, multifamily projects, condominiums, subdivisions, restaurants, private islands, military bases, hotels/motels, resorts, master-planned communities, golf courses, churches, convenience stores/gas stations, industrial properties, storage facilities, mobile home parks, multifamily tax credit properties, Section 8 housing, vacant land and special purpose properties. In addition to valuation services, Mr. Lin has performed a wide range of consulting services from feasibility analyses to portfolio disposition. His engagements have been a result of annual reporting, lending, estates, property tax appeal, litigation and purchase price allocation.

Clients include financial institutions, insurance companies, law firms, governmental entities, developers, private property owners, and many Fortune 500 companies active in the U.S. and institutional international clients active outside the U.S.

Mr. Lin is a leading master-planned community consultant, providing land use profiles, density studies, marketing comparisons and structures, feasibility analysis, appraisal reports and joint venture proposals for some of the highest profile resort/destination master-planned communities. Mr. Lin has completed commercial real estate appraisals in California, New York, Texas, Colorado, Louisiana, Arizona, North Carolina, Alabama, Georgia, Kentucky, Ohio, Bahamas, and Dominican Republic.

## QUALIFICATIONS OF RYAN P. LIN, MAI

Mr. Lin is an active real estate investor with a portfolio of assets in the Greater Houston area. With over a decade of real estate investment experience, Mr. Lin has mastered investment strategies to capitalize on income-producing commercial assets. Through his real estate valuation and investment experience, Mr. Lin has gained expertise in discounted cash flow modeling with proficiency in Argus Enterprise. He was consulted by FUEL in the development and beta testing of their newly launched cloud-based DCF and valuation software.

Furthermore, Mr. Lin has developed appraisal report writing templates for multiple appraisal firms and has most recently developed the first cloud-based commercial appraisal report-writing system (CARS) powered by a live data feed. CARS is currently in the process of integrating with FUEL to be the first appraisal report-writing software with a built-in discounted cash flow application.

His knowledge of appraisal methodology, coupled with the largest national real estate database, allowed Mr. Lin to apply data science techniques to write advanced valuation algorithms used to compute a Guesstimate™ value for every commercial property nationwide on the Enriched Real Estate website launched in 2019.

### PROFESSIONAL AFFILIATIONS

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Mr. Lin has been awarded the Appraisal Institute's MAI designation, which is held by appraisers who are experts in the valuation of commercial real estate, and who advise clients on real estate investment decisions. He currently serves as a candidate advisor for the Appraisal Institute.

Mr. Lin was designated by ASQ as a Certified HACCP Auditor in 2011 and is qualified to perform process-safety system audits.

### STATE AND REGULATORY LICENSURE

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Mr. Lin is a State Certified General Real Estate Appraiser with active licenses in multiple states.

- Texas Certified General Real Estate Appraiser No. TX-1380202-G (certified to 12/31/20)
- Arizona Certified General Real Estate Appraiser No. CGA-32230 (certified to 07/31/19)
- North Carolina Certified General Real Estate Appraiser No. A8342 (certified to 06/30/19)

### EDUCATION

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Mr. Lin majored in economics and minored in business at the University of Texas, in Austin, Texas. Additionally, Mr. Lin has successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute, accredited universities and other institutions. Mr. Lin has been a guest lecturer for several Appraisal Institute courses.

## **QUALIFICATIONS OF RYAN P. LIN, MAI**

### **QUALIFIED BEFORE COURTS AND ADMINISTRATIVE BODIES**

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Mr. Lin has been named as an appraisal expert witness on over 1,000 of individual litigation cases, involving property tax appeal. Each of those litigation cases have either resolved in settlement in District Court or remain pending.

Mr. Lin has been designated as a damage valuation expert witness in federal court by nine law firms representing the plaintiffs involved in the inverse condemnation lawsuit against U.S. Army Corps of Engineers. The spate of lawsuits may become one of the largest suits against the U.S. government in history. Total damages are estimated at \$4.5 billion dollars for both upstream and downstream areas of Barker and Addicks Reservoirs.

Mr. Lin has also been retained as a damage valuation expert witness by numerous law firms for property contamination lawsuits.

The typical scope of work for Mr. Lin when serving as an appraisal or damage valuation expert witness includes inspecting the property, analysis of diminution in value, develop an expert appraisal report, conducting an appraisal review of opposing expert's report, completing deposition and testifying in court.

Mr. Lin is experienced in writing Yellow Book compliant appraisals used for federal land acquisitions which includes eminent domain and inverse condemnation.

### **DAMAGE VALUATION EXPERT**

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Mr. Lin has been appraising damaged properties and determining the diminution in value for over ten years. His damage valuation experience began after Hurricane Ike in 2008, when he developed a casualty loss appraisal that utilized studies of previous catastrophes, market trends and transactional data to determine the diminution in value of a property immediately before and immediately after a catastrophe. Mr. Lin's damage valuation methodology has been accepted by the IRS and hundreds of his casualty loss appraisal reports have passed IRS audits. Over the past decade, Mr. Lin has completed thousands of casualty loss appraisals, which resulted in millions of dollars in tax relief for property owners who sustained a casualty loss based on IRS guidelines.

Mr. Lin has performed damage valuations on nearly all property types with damages sustained from various weather-related disasters. Furthermore, Mr. Lin has appraised numerous properties for severance damages, the loss in value to the remainder, in eminent domain cases.

Mr. Lin published a white paper titled, "Diminution in Real Estate Value from the High-Volume Release of the Barker & Addicks Reservoirs in Hurricane Harvey." This white paper has been submitted into evidence as an expert report in one of the largest lawsuits against the U.S. government in history.

## QUALIFICATIONS OF RYAN P. LIN, MAI

### DEVELOPMENT EXPERT

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Mr. Lin is considered an expert in real estate development and has provided development consultation for numerous master-planned communities and resort developments, including developments located in environmentally sensitive areas. Developers have relied on the expertise of Mr. Lin for the planning and development of over a billion dollars' worth of real estate, including the following:

#### ***The Stocking Island Club, Stocking Island Exuma, Bahamas***

Situated on an island in the Caribbean, this development includes a 75-acre resort and residential subdivision. The development features a luxury boutique hotel with 40 pavilion suites, restaurants, bars, resort pools, health club, tennis courts, and a sailing academy. Additionally, the development includes a residential subdivision featuring 85 beach front villas, each with a private swimming pool.

#### ***Legacy Point, Wilmore, Kentucky***

This development includes a 175-acre master-planned community located just outside of Lexington, Kentucky. The master-planned community features a 550-lot residential subdivision and an 18-hole golf course designed by Jack Nicklaus. The golf course is a double-fairway continuous course with a championship layout and features a clubhouse, driving range, activities center, and maintenance facility.

#### ***Punta Alma, Puerto Plata, Dominican Republic***

Situated on an ocean peninsula, this development parcel has stringent environmental/green development requirements. The development includes a 1,300-acre resort with a Blue Star mega yacht marina, four 5-star hotels, polo club, golf course, residential and fractional real estate.

#### ***Palmilla Beach Resort & Golf Club, Port Aransas, Texas***

Formerly known as The Newport Club, this master-planned community encompasses over 2,100 acres with nearly three miles of beach and bay frontage. The community will be developed in multiple phases. The initial phase of development includes the Seven Isles Subdivision, which consists of 295 residential lots and an 18-hole championship golf course designed by Arnold Palmer.

#### ***AmanJala, Clove Cay Island, Exuma Bahamas***

Situated on an island in the Caribbean, this development includes a 145-acre master-planned resort and community. The development features an Aman-branded luxury hotel with 18 peninsula bungalows, restaurants, day spa, resort pools, fitness center, and tennis courts. The development also includes 40 residential units, priced at \$10.8 million dollars per unit.