

APPRAISAL REPORT

Of

COOL SUDZ
A PROPOSED EXPRESS CAR WASH
TO BE LOCATED AT
5440 AUGUSTA ROAD
GARDEN CITY
CHATHAM COUNTY, GEORGIA 31408

Prepared For:

QUEENSBOROUGH NATIONAL BANK & TRUST COMPANY

As of

APRIL 3, 2023

By



Telfair Appraisal Company, LLC

Commercial Real Estate Valuation & Consulting

Telfair Appraisal Company

Regency Executive Plaza
315 Commercial Drive, Suite D4
Savannah, Georgia 31406
Lisa Ward: 912.663.8820/ Carol Mouchet: 912.224.8959

April 14, 2023

Ms. Virginia Smith
RE & Appraisal Department Coordinator
208 East 7th Street
Louisville, GA 30434

RE: Appraisal of a Proposed Cool Sudz, an Express Car Wash to be located at 5440 Augusta Road, Garden City, Chatham County, Georgia, 31408 File #T23365

Dear Ms. Smith:

At your request, I have provided an opinion of the Prospective Future Market Value "Upon Completion" of the construction in the fee simple interest of the retail express car wash property to be located at 5440 Augusta Road, Garden City, Chatham County, Georgia 31408. As per the client's instructions I have provided an "Prospective" Future Market Value as of an effective date of estimated completion of December 2023.

This letter, the appraisal report, and all of the appraiser's work in connection with the appraisal assignment are subject to the limiting conditions and all other terms stated in the report. Any use of the appraisal by any party, regardless of whether such use is authorized or intended by the appraiser, constitutes acceptance of all such limiting conditions and terms.

The Prospective Future Market Value "Upon Completion" of the subject property, subject to the Basic Assumptions & Limiting Conditions, Extraordinary Assumptions and Hypothetical Conditions included herein, to be located at 5440 Augusta Road, Garden City, Chatham County, Georgia. The Prospective Future Market Value "Upon Completion" for the express car wash is based on market conditions as of April 3, 2023, with an estimated effective or completion date of December 2023, is:

TEN MILLION DOLLARS

(\$10,000,000)

This appraisal report was ordered by Queensborough National Bank & Trust Company and prepared for the sole use and benefit of Queensborough National Bank & Trust Company and any noted permitted applicants or additional users. Therefore, the fiduciary appraiser/client relationship is only with Queensborough National Bank & Trust Company. The report is based in part upon documents, writings and information owned and possessed by Queensborough National Bank & Trust Company and the information, analyses, conclusions, statements, and appraised values contained within the report are strictly confidential. The unlawful interception, use, or disclosure of such information is strictly prohibited under 18 USCA 2511 and the Gramm-Leach-Bliley Act of 1999. This report may have been made available to third parties who have been authorized to receive it for information purposes only. However, this report should not be used for any purpose other than to understand the information made available to the Bank concerning the property it addresses.

This report should not be used for any purpose other than to understand the information available to Queensborough National Bank & Trust Company concerning this property. Queensborough National Bank & Trust Company and Telfair Appraisal Company assume no responsibility if this report is used in any other manner. This report may not be used by, copied, reproduced, distributed to, or relied upon by any other persons or entities, including but not limited to, assignees, mortgagees, mortgagors, etc., without the written permission and authorized signatures of Telfair Appraisal Company.

My employment was not conditional upon producing a *specific value or a value within a given range*. Future employment prospects are not dependent upon producing a specific value. Employment and payment of the fee is not based on whether a loan application is approved or disapproved, if applicable.

The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Uniform Standards of Professional Appraisal Practice* (USPAP) of the Appraisal Foundation, as mandated by the *Financial Institution Reform, Recovery and Enforcement Act of 1989* (FIRREA).

I certify, as the appraiser, that I have completed all aspects of this valuation, including reconciling our opinion of value, free of influence from the client, client's representatives, borrower, or any other party to the transaction.

Attached hereto is an Appraisal Report prepared in accordance with USPAP, to substantiate my findings. Thank you for your business.

Sincerely,

TELFAIR APPRAISAL COMPANY



Carol D. Mouchet
Georgia State Certified General Real Property Appraiser (No. 4427)
South Carolina State Certified General Real Property Appraiser (No. 7229)

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Professional Qualifications
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Subject Photographs

EXECUTIVE SUMMARY

SUBJECT & LOCATION : PROPOSED COOL SUDZ, EXPRESS CAR WASH TO BE LOCATED AT 5440 AUGUSTA ROAD, GARDEN CITY, CHATHAM COUNTY, GA 31408

INSPECTION DATE : APRIL 3, 2023

DATE OF APPRAISAL : APRIL 14, 2023

INTEREST APPRAISED : FEE SIMPLE

LAND AREA : .85 GROSS ACRES (37,026 SF)

BUILDING : EXPRESS CAR WASH

DATE OF COMPLETION (PROPOSED) : DECEMBER 2023

PROPERTY IDENTIFICATION : 60818 01010

UTILITIES : ALL AVAILABLE

ZONING : C-2-COMMERCIAL

FLOOD HAZARD AREA : 13051C00045G, ZONE X, AUGUST 16, 2018

HIGHEST AND BEST USE : COMMERCIAL

VALUE INDICATIONS

LAND VALUE- AS IS VALUE : \$ 725,000
 COST APPROACH (AS COMPLETE) : \$ 3,360,000
 SALES COMPARISON APPROACH (AS COMPLETE) : \$ 8,225,000
 INCOME APPROACH-OVERALL CAP (AS COMPLETE): \$ 10,620,000
 INCOME APPROACH-DCF (AS COMPLETE) : \$ 10,400,000

PROSPECTIVE MARKET VALUE AT COMPLETION: \$10,000,000

EXPOSURE TIME : SIX-TWELVE MONTHS

MARKETING TIME : SIX-TWELVE MONTHS

This appraisal report was ordered by Queensborough National Bank & Trust Company and prepared for the sole use and benefit of Queensborough National Bank & Trust Company and any noted permitted applicants or additional users. Therefore, the fiduciary appraiser/client relationship is only with Queensborough National Bank & Trust Company acting in an adjunct advisory role. The report is based in part upon documents, writings and information owned and possessed by Queensborough National Bank & Trust Company and the information, analyses, conclusions, statements, and appraised values contained within the report are strictly confidential. The unlawful interception, use, or disclosure of such information is strictly prohibited under 18 USCA 2511 and the Gramm-Leach-Bliley Act of 1999. This report may have been made available to third parties who have been authorized to receive it for information purposes only. However, this report should not be used for any purpose other than to understand the information made available to the Bank concerning the property it addresses.

BASIC ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following conditions:

1. This appraisal is for no purpose other than property valuation, and the appraiser(s) are neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analyses contained in this appraisal. Before making any decision based on the information and analyses contained in this report, it is critically important to read this entire section to understand these limitations.
2. The legal description/survey furnished is assumed to be correct. No responsibility is assumed for matters legal in character nor is any opinion rendered as to the title, which is assumed to be good and marketable. The value estimate is given without regard to any questions of title, boundaries, encumbrances, or encroachments.
3. All existing liens and encumbrances have been disregarded unless otherwise stated, and the property is appraised as though free and clear under responsible ownership and competent management.
4. It is assumed that any proposed or incomplete improvements included in this report are to be completed in accordance with approved plans and specifications and in a workmanlike manner.
5. Information furnished by others is believed to be reliable, but no responsibility is assumed for its accuracy. Information (including projections of income and expenses) provided by local sources, such as government agencies, financial institutions, accountants, attorneys, and others is assumed to be true, correct, and reliable. No responsibility for the accuracy of such information is assumed by the appraiser(s).

The comparable data relied upon in the appraisal are believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of this data.

6. Any sketches, plats, or drawings included in this report are included to assist the reader in visualizing the property. I have made no survey of the property and assume no responsibility in connection with such matters. Any maps, plats, or drawings reproduced and included in this report are intended only for the purpose of showing spatial relationships. The reliability of the information contained on any such map or drawing is assumed by the appraiser(s) and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern on boundaries, setbacks, encroachments, or other survey matters.
7. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning restrictions, or violations existing in the subject property. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report. Information and analysis shown in this report concerning these items is based only on a rudimentary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.
8. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, national government or private entity or organization have been, or can be obtained or renewed for any use on which the value estimate contained in this report is based. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since I have not made a comprehensive examination of laws and regulations affecting the subject property.
9. I am not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been made previously thereof.
10. No responsibility is assumed for engineering matters, either structural or mechanical. Good structural and mechanical conditions are assumed to exist, and no opinion as to these matters is to be inferred or construed from this report. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraiser(s) are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature.
11. The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, and all mechanical systems and construction is based on a non-invasive inspection only and no detailed

inspection was made. For instance, I am not an expert on heating systems and no attempt was made to inspect the interior of the furnace. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless stated in the report.

Some items such as conditions behind walls, above ceilings, behind locked doors, or under the ground are not exposed to casual view and therefore were not inspected. The existence of insulation, if any is mentioned, was found by conversation with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and oil) were not considered in making this appraisal.

Wells and septic systems, if any, are assumed to be in good working condition and of sufficient size and capacity for the stated highest and best use.

12. Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition or other comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, it is strongly suggested that a construction expert be hired for a detailed investigation.
13. The value estimate applies only to the entire property and cannot be prorated to individual portions or fractional interests. Any proration or division of interest will invalidate the value estimate, unless such proration or division of interests is set forth in the report.
14. The forecasts or projections included in this report are utilized to assist in the valuation process. They are based on current market conditions, current short-term supply, and demand factors. These forecasts are therefore subject to changes in future conditions, which cannot be accurately predicted by the appraiser(s), and these changes could affect the future income and/or value estimates. Since projected mathematical models and other projections are based on estimates and assumptions, which are inherently subject to uncertainty and variation depending upon evolving events, I do not represent them as results that will actually be achieved.
15. In this appraisal assignment the existence of potentially hazardous material such as asbestos, urea formaldehyde foam insulation, radon gas, mold, or any other toxic material, has not been considered. The appraiser(s) are not qualified to detect such substances and, if desired, recommend that the client retain an expert in this field.

Non-disclosure of environment problems should not be taken as an indication that such a problem does not exist, however an expert in the field should be consulted if any interested party has questions on environmental factors. No chemical or scientific tests were performed by the appraiser(s) on the subject property, and it is assumed that the air, water, ground, and general environment associated with the property presents no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the lot does not contain any type of dumpsite and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report.

It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations unless noncompliance is stated, defined, and considered in the appraisal report. A comprehensive examination of laws and regulations affecting the subject property was not performed for this appraisal.

17. The subject property may or may not be located in or adjacent to a wetlands area. The appraiser(s) are not qualified in the area of engineering pertaining to the determination of wetlands; therefore, the appraiser(s) are unable to determine the wetlands status of the subject property. In this report, it is assumed the appropriate permit, if required, can be, or has been obtained from the U.S. Army Corps of Engineers. It is also assumed that the jurisdictional determination study and/or permit regarding construction in a wetlands area, if required, does not result in the alteration of the subject property description contained in this appraisal report. The appraiser(s) recommend that a pre-application consultation be completed by the property owner with the Corps of Engineers if no permit has been obtained. The client is urged to retain an expert in this field, if desired.
18. The *Americans with Disabilities Act (ADA)* became effective January 26, 1992. I 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 of the requirements of the act. If so, this fact could have a

negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

19. Opinions and estimates expressed herein represent our best judgment but should not be construed as advice or recommendation to act. Any actions taken by you, the client, or any others should be based on your own judgment, and the decision process should consider many factors other than just the value estimate and information given in this report.
20. **ACCEPTANCE AND OR USE OF THIS APPRAISAL REPORT BY THE CLIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THESE LIMITING CONDITIONS. APPRAISAL LIABILITY EXTENDS ONLY TO THE STATED CLIENT, NOT SUBSEQUENT PARTIES OR USERS, AND IS LIMITED TO THE AMOUNT OF THE FEE RECEIVED BY THE APPRAISER.**

The appraiser makes no representation as to the effect on the subject property of any unforeseen events subsequent to the effective date of the appraisal. This appraisal is an opinion of value based on the best information available at the time of this analysis. It is not a guarantee and is subject to changing market conditions.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

Note that the use of Extraordinary Assumptions or Hypothetical Conditions may affect the assignment results.

Extraordinary Assumptions

USPAP defines an Extraordinary Assumption as:

an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

USPAP SR 1-2 (f) states that

An extraordinary assumption may be used in an assignment only if: it is required to properly develop credible opinions and conclusions; the appraiser has a reasonable basis for the extraordinary assumption; use of the extraordinary assumption results in a credible analysis; and the appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions.

For purposes of this analysis, Extraordinary Assumptions have been considered as follow:

The construction of the subject will be completed, and the certificate of occupancy issued on or before the effective date as it is assumed although a permit has not yet been obtained for construction. The construction plans and specifications as well as detailed costs were provided to the appraiser for a typical Cool Sudz express car wash by a professional contractor. If these plans should change in the future with the availability of any new information, the report may be modified to reflect the changes. Proformas by a professional car wash consulting company were provided to determine the anticipated income and expenses of the subject on a five-year projection, which is the basis of the subject's concluded value.

Hypothetical Conditions

USPAP defines a Hypothetical Condition as:

a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

USPAP SR 1-2 (g) states that

a hypothetical condition may be used in an assignment only if the use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison; use of the hypothetical condition results in a credible analysis; and the appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions.

For purposes of this analysis, no Hypothetical Conditions have been considered.

APPRAISERS' LIABILITY LIMITATIONS AND INTENDED USER AGREEMENTS

The acceptance of this report and its use by the intended user in any manner whatsoever, or for any purpose, is acknowledgement by the intended user that this report is a satisfactory professional product, and that the intended user has *personally read the report*, and specifically agrees that the data herein is accurate to the best of the appraiser's ability. It is agreed that the intended user will limit any and all liability for any damage on account of any error, omission or other professional negligence to a sum not to exceed the fee actually collected for this report, and then only in case of a gross error which would have materially affected the appraiser's value opinion as of the date of valuation. Thus, by acceptance of this report the intended user acknowledges that a value opinion is a product of a professionally trained mind, but nonetheless is an opinion only, not a provable fact. As a personal opinion, valuation may vary between appraisers based on the same facts. Thus, the appraiser warrants only that the value conclusions are his/her best opinion estimates as of the exact day of valuation.

As a personal opinion, valuation may vary between appraisers based on the same facts. Thus, the appraiser warrants only that the value conclusions are her best opinion estimates as of the exact day of valuation. The sole intended user of this report is Queensborough National Bank & Trust Company. This report should not be used by, copied, reproduced, distributed to or relied upon by any other persons or entities, including but not limited to, assignees, mortgagees, mortgagors, etc., without the written permission and authorized signatures of Telfair Appraisal Company. Telfair Appraisal Company assumes no responsibility for this report if it is used or relied upon by anyone other than the intended user without written permission.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are personal, impartial, and unbiased, professional analyses, opinions, and conclusions.
3. There is no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. There is no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. The appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
6. Compensation for completing this assignment is not contingent upon the development 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.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Uniform Standards of Professional Appraisal Practice* (USPAP) as promulgated by the Appraisal Foundation. This assignment has been performed within the Competency Provision of USPAP.

My analysis, opinions, and conclusions were developed, and this report has been prepared in conformity with the *Georgia Real Estate Appraiser Classifications and Regulation Act* and the Rules and Regulations of the Georgia Real Estate Appraisers Board. (Real Estate Appraiser Classification and Regulation Act paragraph 539-3.02(1)(m) as amended August 1, 2006).
8. As of the date of this report, Carol D. Mouchet, has completed the continuing education program for the State of Georgia and the State of South Carolina.
9. Carol D. Mouchet has made a personal inspection of the property that is the subject of this report. Refer to Basic Assumptions and Limiting Conditions number 11 and 12 regarding the depth of the property inspection.
10. No one provided significant real property appraisal assistance to the undersigned.
11. I have not performed a previous appraisal regarding the property that is the subject of this report or any other services in reference to the subject within the three-year period immediately preceding acceptance of this engagement.
12. This appraisal assignment was not made, nor was the appraisal rendered, on the basis of a requested minimum valuation, a specific valuation, or an amount which would result in approval of a loan.



Carol D. Mouchet
Georgia State Certified General Real Property Appraiser (No. 4427)
South Carolina State Certified General Real Property Appraiser (No. 7229)

PURPOSE AND DATE OF APPRAISAL

The purpose of this appraisal is to provide an opinion of the “Prospective” Market Value in the fee simple interest of the proposed express car wash to be located at 5440 Augusta Road, Garden City, Chatham County, Georgia 31408. The date of inspection is April 3, 2023. The effective date of the report at completion of the improvements is December 2023, indicating the perspective from which the market was examined, the date of the attached letter of transmittal is April 14, 2023.

CLIENT, INTENDED USERS, AND INTENDED USE OF APPRAISAL

This report was ordered by Queensborough National Bank & Trust Company and any noted permitted participants, affiliates, or additional users are the only intended Users of this appraisal report. The appraiser does not intend use of this report by others. This report is intended only for use in providing data upon which the client may analyze the property for underwriting a loan, classification of a loan and/or disposition of assets. This report is not intended for any other use.

APPRAISER COMPETENCY

Carol D. Mouchet, a State Certified General Real Property Appraiser in Georgia, has been appraising commercial properties for over 32 years. In the past three years, Carol D. Mouchet has appraised commercial properties throughout Georgia and has completed over five (5) appraisals of properties similar to the subject that is a proposed retail express car wash property that is the subject of this appraisal. Therefore, I have met the requirements of the USPAP Competency Rule.

TYPE OF REPORT

According to the *Uniform Standards of Professional Appraisal Practice* (USPAP), Standards Rule 2-2, an appraisal report must be prepared under one of the following options: Appraisal Report or Restricted Appraisal Report. When the intended users include parties other than the client, an Appraisal Report must be provided. These two report types are described as follows:

- **Appraisal Report:** A written report prepared under Standards Rule 2-2 (a) that contains a summary of all information significant to the solution of the appraisal problem. “Summarize” is the distinguishing term related to the Appraisal Report.
- **Restricted Appraisal Report:** A written report prepared under Standards Rule 2-2 (b) that contains a brief statement of information significant to the solution of the appraisal problem. “State” is the distinguishing term related to the Restricted Appraisal Report.

This report is prepared as an **Appraisal Report**.

PROPERTY RIGHTS APPRAISED

There are three primary types of property rights that may be appraised. They are Fee Simple Interest, Leased Fee Interest, and Leasehold Interest. They are defined as follows:

- **Fee Simple Interest:** Fee simple interest is defined on Page 114 of *The Appraisal of Real Estate*, 14th Edition, published by the Appraisal Institute, as "absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the government powers of taxation, eminent domain, police power, and escheat."
- **Leased Fee Interest:** Leased fee interest is defined on Page 114 of *The Appraisal of Real Estate*, 14th Edition, published by the Appraisal Institute, as "the ownership interest held by the lessor, which includes the right to the contract rent specified in the lease plus the reversionary right when the lease expires."
- **Leasehold Interest:** Leasehold interest is defined on Page 114 of *The Appraisal of Real Estate*, 14th Edition, published by the Appraisal Institute, as "the right held by the lessee to use and occupy real estate for a stated term under the conditions specified in the lease."

The opinion of value developed in this report relates to the **Fee Simple Interest** of the subject property as the subject will be owner-operated.

VALUE OPINION

Opinions of value are typically developed on the basis of one or more of the following dates or situations.

- **Market Value "As Is" on the Appraisal Date:** Market Value "As Is" on the appraisal date is an opinion of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared.
- **Prospective Future Value "Upon Completion" of Construction:** Prospective future value "upon completion" of construction is the prospective future value of a property on the date that construction, conversion, or rehabilitation is completed, based upon market conditions forecast to exist as of that completion date. The opinion of value at this stage should be stated in current dollars as of a current date.
- **Prospective Future Value "Upon Reaching Stabilized Occupancy":** Prospective future value "upon reaching stabilized occupancy" is the prospective future value of a property when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy at the market rent level. The opinion of value at this stage should be stated in current dollars as of a current date.

The value opinion for the subject property has been reported on the basis of prospective Future Market Value "Upon Completion" of construction of the car wash. The "As Is" value of the vacant land parcel with the cost to raze the existing improvements is also considered.

DEFINITION OF VALUE

Market Value

The *Uniform Standards of Professional Appraisal Practice* (USPAP) describe market value as: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.

It is important to note that USPAP does not provide a citable definition of *market value*. Indeed, USPAP states that “appraisers are cautioned to identify the exact definition of market value, and its authority, applicable in each appraisal completed for the purpose of market value.” Therefore, an appraiser may not cite USPAP as the source for a definition of *market value*. Citable definitions of *market value* can be found in state and federal regulations, laws, or publications. For purposes of this appraisal, the following definition of *market value* is used by agencies that regulate federally insured financial institutions in the United States is utilized:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and each acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

Source: 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994.

SCOPE OF THE APPRAISAL

The *Uniform Standards of Professional Appraisal Practice* established the “Scope of Work Rule” to guide the process of developing assignment results. Scope of work is simply the work undertaken in developing the assignment and defined as “the type and extent of research and analyses in an assignment.” The focus of the scope of work rule is on ensuring that work undertaken is sufficient to develop credible assignment results. Previous USPAP terminology related to “complete” or “limited” assignments, and the “departure provision” have been retired.

An appraisal is generally defined as an opinion of value based on the parameters of the assignment as of a specified date. The valuation of real estate is based on a process of data collection, analysis, and conclusions by a nonbiased third party. The purpose and date of this appraisal, along with the property rights appraised, have been previously defined. The Scope of the Appraisal based on these definitions is as follows: The following information defines the Scope of Work taken by the appraiser for this assignment:

- Preliminary analysis of the appraisal problem;
- A site visit of the subject property and a tour of the neighborhood were made on the effective date. The subject was photographed, and an inspection was made of the subdivision. All plats, maps, surveys, etc. were reviewed to gain an overall assessment of the subject property;
- The appraiser researched the market to obtain all data necessary to the appraisal. This research included contact with other appraisers, brokers, developers, lenders, national cost services and a thorough study of government records, particularly in the Assessor’s and Recorder’s offices. These sources were utilized for the basis of a continuing data source for identifying recent sales and trends in the area. The appraiser verified sales data with parties directly involved with the transaction where possible and verified all other data by the best means available;
- An analysis was performed of the highest and best use of the land and the improvements (if any);
- An analysis of the three traditional approaches to value for the property was determined and the appropriate approaches to value were performed. The appraiser utilized the information considered most appropriate to the particular appraisal assignment which was the Sales Comparison Approach, Cost Approach and the Income Approaches.
- Finally, the results of this appraisal were reported in an appraisal report format (USPAP Standards Rule 2-2a).

Improved (or proposed) income producing property is best valued through the application of the three traditional approaches to value, i.e., the **Cost Approach**, the **Sales Comparison Approach**, and the **Income Approaches**. The initial step in the appraisal process is the market research phase, whereby basic data is collected and refined from available sources. Data sources include local municipal governments, public records, chambers of commerce, private real estate professionals, owners/investors of comparable properties, on-site management and/or leasing agents at comparable properties, the actual subject property history (when applicable), and real estate publications. This information is verified and crosschecked for accuracy and applicability.

Information relating to the subject property also collected includes ad valorem tax data, zoning information, utility availability, floodplain information, topography, frontage, access, and improvements. Building plans are reviewed (if applicable) and the site plan studied as to the relationship of the site and the improvements. The improvements are inspected to determine the physical condition and functional utility. Other properties in the neighborhood are inspected to develop an overall opinion of the character, composition, and future trends of the submarket. The consideration of all these factors, acting in concert, leads to a conclusion of the highest and best use for the subject property, which is the basis of the valuation methodology.

The **Cost Approach** is based upon the principle of substitution in that a prudent investor would pay no more for a property than the cost to acquire an equally desirable site and construct improvements of equal desirability and utility without undue delay in time. The first step in the Cost Approach is the valuation of the subject site as though vacant. Recent land sales, listings, and contracts are analyzed, along with the most recent purchase involving the subject property (if appropriate), to estimate a current value for the subject site(s).

The second phase of the Cost Approach is estimating the replacement cost of the improvements. Replacement cost new considers typical direct construction costs, plus normal indirect costs and entrepreneurial profit. The replacement costs are typically based on actual construction costs of similar properties and checked via a national cost manual. Estimated depreciation, which may include physical deterioration, functional obsolescence, and external (economic) obsolescence is deducted from replacement cost new to derive an indication of depreciated replacement cost. The final step is the summation of the land value and the depreciated replacement cost, providing an indication of total property value. The subject is proposed construction and therefore this approach is considered relevant to the valuation. I have relied on market information as well as the Marshall & Swift Cost Manual for the information used in this report as the owner/developer provided cost information.

The **Sales Comparison Approach** is also based upon the theory of substitution and the value is estimated by direct comparison of the subject property with comparable properties, which have recently sold. These comparables are verified and inspected, with differences between the comparables and the subject property noted. The comparables are analyzed with sale prices delineated on an appropriate per square foot for the improvements. The land value was also determined on a basis of a per acre basis to determine the "As Is" value of the site, which includes existing depreciated improvements to be razed. The analysis of the sales data includes adjustments to the units of comparison based on various dissimilar features and investment characteristics.

The **Income Approach** analyzes the subject property as an investment recognizing the present value of future cash flows. In the income capitalization approach, value is indicated by a property's earning power, based on the capitalization of income. Direct capitalization is a method used in the income capitalization approach to convert a single year's income expectancy into a value indication. This conversion is accomplished in one step, by dividing the net operating income estimate by an appropriate income rate.

The vast majority of express car washes do involve real estate. Leased car washes are not unheard of but they are very rare and usually involve only a land lease. Their value depends almost entirely on the terms of the land lease. Most express car wash sales with owner/operators consist of the land, building, equipment, and good will and do not involve a lease.

Direct capitalization is distinct from yield capitalization in that it does not directly consider individual cash flows beyond one year. Yield capitalization explicitly calculates the year-by-year effects of potentially changing income patterns, changes in the original investment's value, and other considerations. In contrast, direct capitalization processes a single year's income into an indication of value.

Yield capitalization is used to convert future benefits, typically a periodic income stream and reversion, into present value by discounting each future benefit at an appropriate rate or by applying an overall rate (developed using one of the yield capitalization methods) that explicitly reflects the investment's income pattern, change in value, and yield rate. Discounted cash flow (DCF) analysis is an appropriate tool for valuing any pattern of regular or irregular income. In many markets and for many property types, DCF analysis is the technique that investors prefer. DCF analysis is a procedure in which a yield rate is applied to a set of income streams and a reversion to determine whether the investment

property will produce a required yield given a known acquisition price. If the rate of return is known, DCF analysis can be used to solve for the present value of the property. If the property's purchase price is known, DCF analysis can be applied to find the rate of return. The value opinion derived from a DCF analysis reflects an amount an investor should be justified in paying to receive an annual income over the holding period of the property, plus the reversionary value at the end of the ownership period.

Another approach to income is based on the gross sales of a car wash operation and it is not uncommon for car wash properties to be sold based on their gross sales. Throughout the region, there is a high correlation between price and gross sales, and it is obvious that gross sales volume is a primary factor influencing price and is used by buyers and sellers in the marketplace to establish value. A gross sales multiplier is derived by using the gross profit multiplied by a factor, usually in the 4.0 to 5.0 range. The value indication derived from an analysis of gross sales is reflective of the going concern including real estate (land, building, site improvements), equipment, and any intangible business value. As this is an increasingly common unit of comparison and reflective of the actions of market participants, a gross sales analysis is considered a valid and meaningful approach to value for properties that have been operating over a period of time. Nevertheless, the subject is a proposed car wash, and no history of sales income has been established or going concern although a proforma for five years was provided and therefore this supportive test of value has been used in this report although is included as a typical approach to value although the least reliable.

The three approaches provide separate market derived indications of value, which are reconciled to a final value estimate according to their relative reliability considering the inherent strengths and weaknesses of each approach. The scope of this appraisal does not include professional services outside the expertise of the appraisers. These professional services include, but are not limited to, the following: (1) deed restrictions, land use covenants, or other limitations on the property rights that may be revealed by an abstract or title insurance policy; (2) easements, encroachments, or other limitations of the title that may be revealed by a survey; (3) legal matters that require specialized knowledge beyond that ordinarily employed by a real estate appraiser; (4) information typically disclosed by an engineering study or environmental survey; and (5) other services covered by the Basic Assumptions and Limiting Conditions set forth in this report.

LEGAL DESCRIPTION

A Legal description from the latest deed was available to the appraiser and shown below.

All that certain tract of land situate, lying and being in the out parcel B, part of Parcel 1-A, Whitehall Plantation, in the 8th GMD, Garden City, Chatham County, Georgia as shown and represented on that certain plat of an "as built" survey prepared for Rosengart & Watford, LLC and SDI of GC, LLC, The Heritage Bank, Coastal Area District Development Authority and/or the United States Small Business Administration and First American Title Insurance Company, prepared by Georgia M. Ferreira, GRLS No. 2607, dated July 15, 2011, and recorded in the Office of the Clerk of the Superior Court of Chatham County, Georgia in Plat Book 46P, Page 32. Together with improvements thereon commonly known as 5440 Augusta Avenue, Garden City, Georgia, 31408 bearing that certain Tax PIN 6081801010.

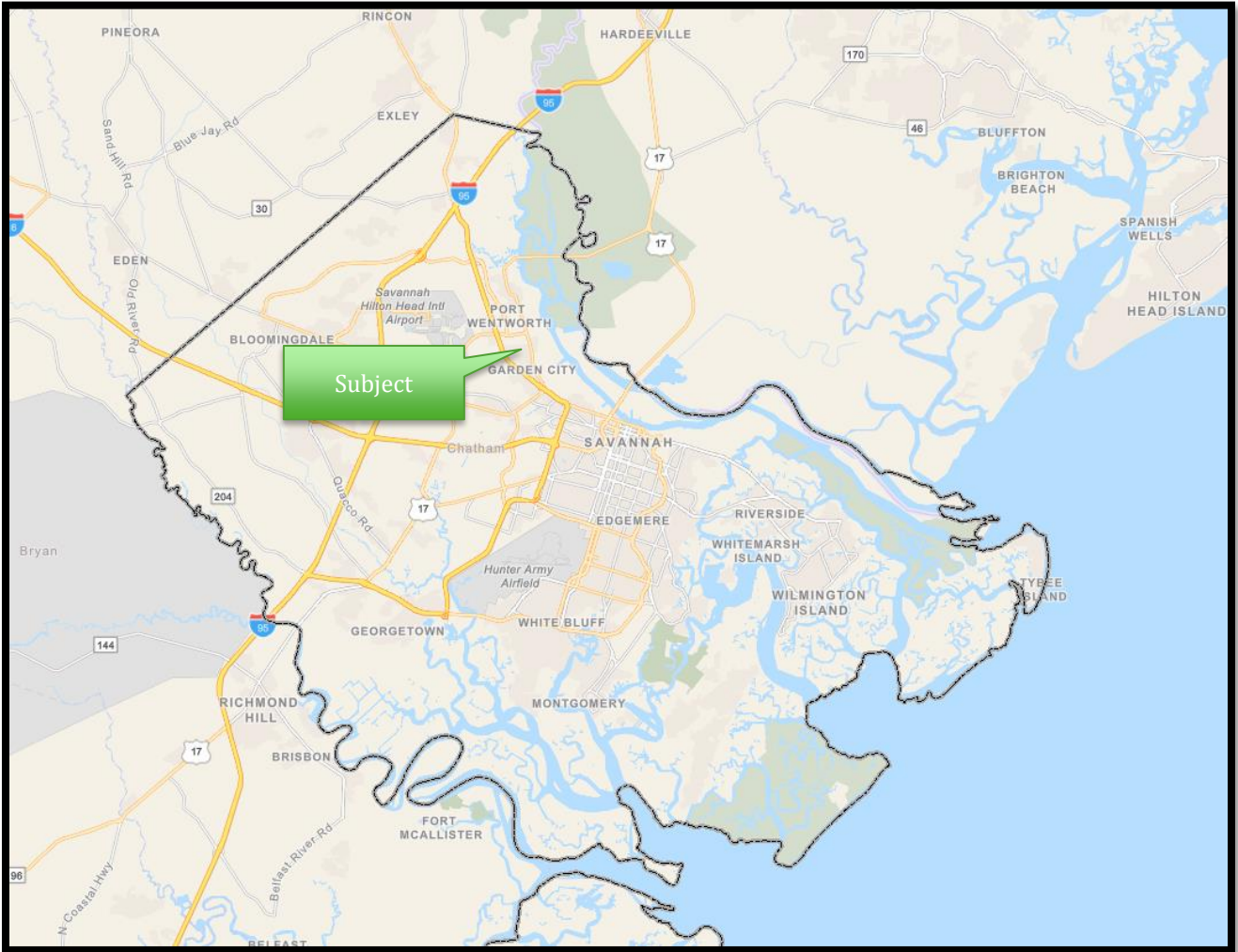
Being the same property conveyed to Rosengart & Watford, LLC by virtue of that certain Warranty Deed from Savannah Restaurant Management, LLC, dated September 26, 2011, filed September 28, 2011 and recorded in Deed Book 372-L, Page 1, Chatham County, Georgia real estate records.

For further identification of the subject property, see the tax map and plat in the site section on the following pages. The Chatham County tax assessor has assigned property identification numbers of 60818 01010 for the subject. The subject is located within the incorporated area of Chatham County in the municipal area of Garden City. Although a legal description was available, the exhibits and descriptions included in this report adequately identify and describe the real estate being appraised. This is in compliance with the requirements of the *Uniform Standards of Professional Appraisal Practice* (USPAP), as adopted and published by the Appraisal Standards Board of The Appraisal Foundation. The applicable requirements are:

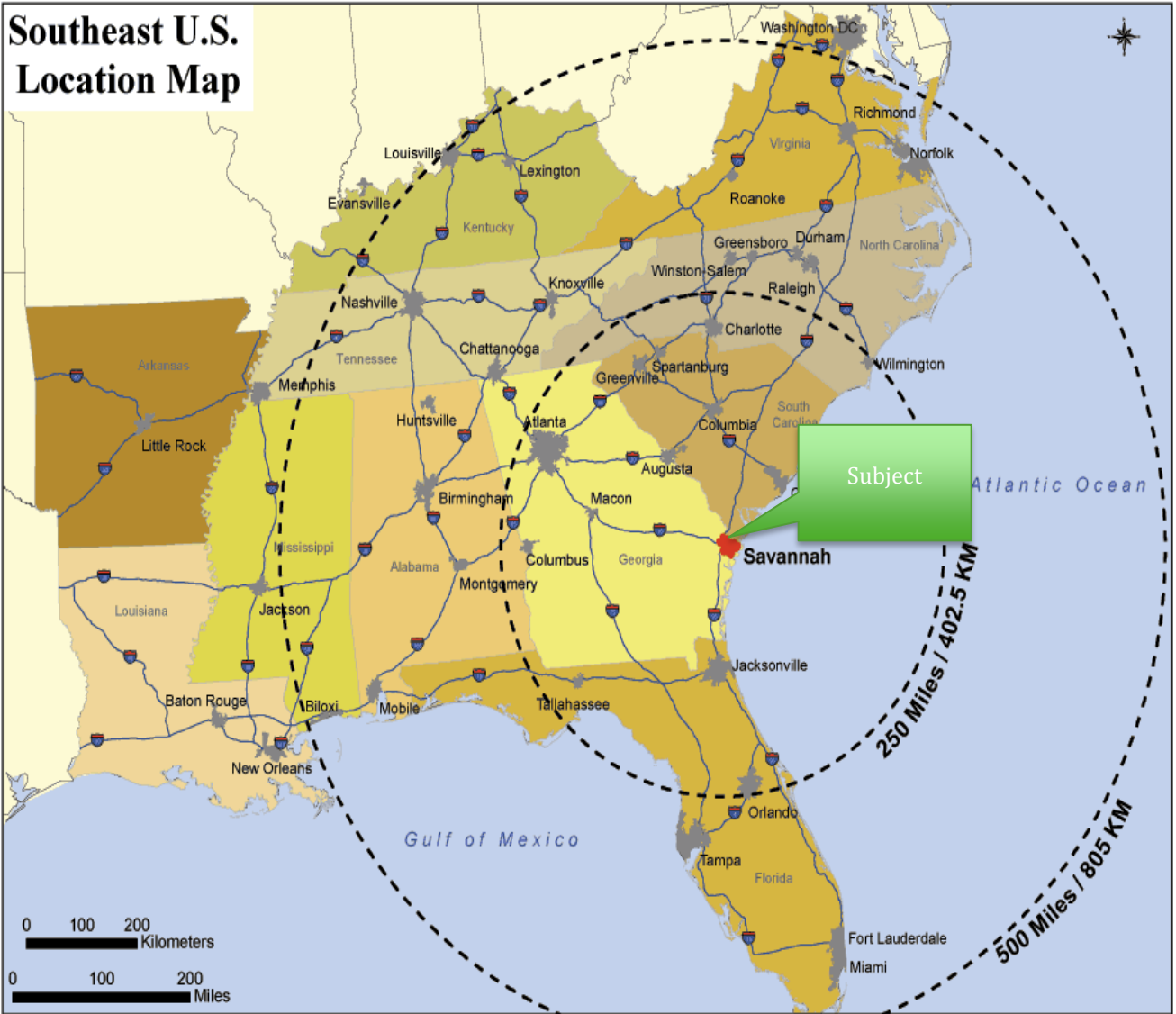
- Appraisal Report: Standards Rule 2-2 (a) (iii) states that the appraisal report must "summarize information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment". USPAP comments on this requirement as follows: "The real estate involved in the appraisal can be specified, for example, by a legal description, address, map reference, copy of a survey or map, property sketch and/or photographs or the like".
- Restricted Appraisal Report: Standards Rule 2-2 (b) (iii) states that the restricted appraisal report must "state information sufficient to identify the real estate involved in the appraisal". USPAP comments on this requirement as follows: "The real estate involved in the appraisal can be specified, for example, by a legal description, address, map reference, copy of a survey or map, property sketch and/or photographs or the like".

The property being appraised consists of one parcel proposed for an express car wash with an address of 5440 Augusta Road, Garden City, GA and to be known as Cool Sudz Car Wash.

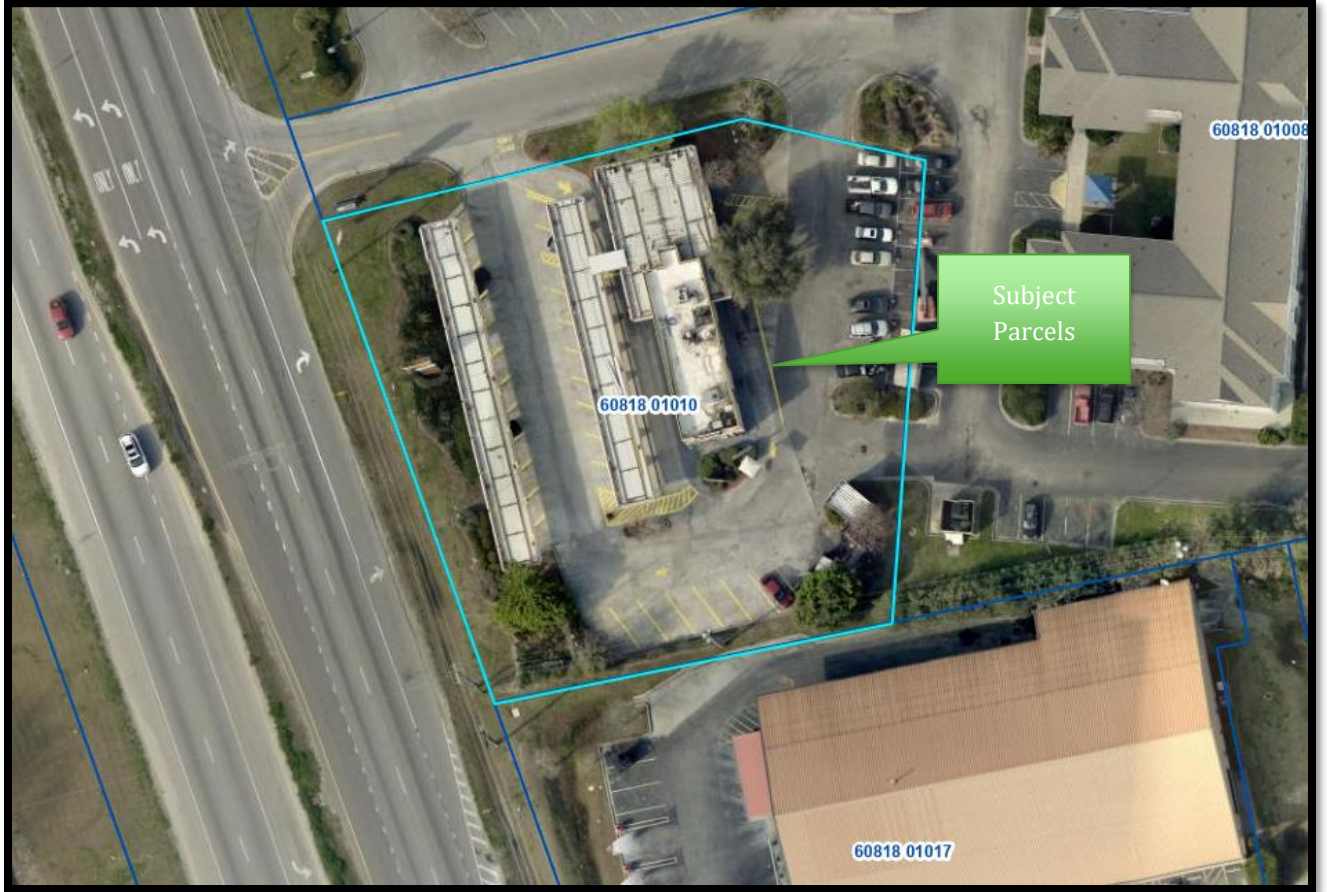
LOCATION MAP



REGIONAL AREA MAP



AERIAL MAP



PROPERTY HISTORY

RECENT HISTORY

Based on the Chatham County Tax Assessor's website, and a research of public records, the subject parcel is owned by Hardee Hospitality LLC and was purchased in a transaction on July 8, 2022, for \$700,000 from Rosengart & Watford LLC as noted in Deed Book 2863 page 299. The subject was a former fast-food restaurant property. No other arm's length transfers were noted for the subject during the past three years.

Current Contract, Option or Offering

To the best of our knowledge the subject is not listed for sale or under any other agreement.

Information Sources

The property history has been provided by conversations with various individuals involved with the chain of title, and if available, various documents such as contracts, deeds, leases, and closing statements. I have not performed a title search, nor do I warrant that the history, as presented herein, is completely accurate since I have relied upon the information of others. Any person or entity contemplating an interest in the subject property should rely solely upon a title search and opinion prepared by a qualified attorney-at-law.

SUBJECT TAXES & ASSESSMENTS

The Chatham County Tax Assessor has identified the subject of the parcel for a fair market value for tax purposes with a total of \$214,280 for the land and existing improvements. What follows is the appraiser's estimation of the estimated current tax liability of the subject based on the assessor's fair market assessment for the parcel for the incorporated area of Garden City, Chatham County. The real estate taxes for the 2023 tax digest have not been totally set for millage rates, although the most recent information is estimated below for the property in the following manner with a millage rate of .035373 per \$1,000 and shown below:

Estimated Tax Liability	
Total Tax Valuation	\$214,280
Assessment Rate	40%
Assessed Value	\$85,712
Millage Rate	0.035373
Total Tax Estimate	\$3,031.89
Rounded	\$3,000

The tax liability for the subject property is considered reasonable by past observation of other properties within the immediate market area and by virtue of any experience of the methodologies employed by the local assessor's office. Also, these estimated tax values appear consistent with surrounding property values and do not appear to represent a burden to the property as the value concluded in this report is above the assessor's fair market land value. Because the property is proposed for new construction, most likely the tax assessor will have a future new valuation of the subject. *The appraiser is also unaware of any unpaid or past due taxes which could affect marketability as taxes for the property.*

SITE DESCRIPTION

GENERAL

The subject is located in the incorporated area of Chatham County in Garden City within the Augusta Road (GA Highway 21) corridor. The subject is a site of .85 gross acres/ 37,026 SF fronting on Augusta Road, (PIN: 60818 01010) as well as an access easement.

The location and size of the subject is depicted on the tax map for Chatham County as well as a plat of the subject parcel shown on Plat 46P, page 32, by MITR Survey. A sketch site plan of the proposed car wash was also available from Maupin Engineering dated March 22, 2022.

Topography/Wetlands

The subject is comprised of primarily level elevations throughout the total site. It is assumed that drainage and runoff is adequate as there was no evidence of standing water. The elevation of the site is similar to surrounding sites. The areas surrounding the subject site are mostly comprised of developed commercial spaces. No wetlands are noted on the surveys available and on the SAGIS site for this area.

Environmental Hazards, etc.

The appraiser noted no easements or encroachments that would adversely affect the subject property as of the inspection date, excepting normal utility and drainage easements. Additionally, there are no known nuisances which adversely affect the subject property.

The existence of any hazardous substances, including but not limited to polychlorinated biphenyls, petroleum leakage or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to my attention or observable from my inspection of the site.

Regarding an environmental investigation of the property, an **Environmental Site Assessment (ESA), Phase I** was not provided although as a developed site it is assumed one had been performed in more recent years. I am not qualified to detect the presence of such substances or conditions. No responsibility is assumed for any such conditions, nor any expertise or engineering knowledge required to discover them.

There were no obvious sources of environmental hazards observed on the subject site at the time of physical inspection. I assume no responsibility for the determination of the absence or presence of hazardous materials on the property, as no actual testing to identify specific hazards has been undertaken within the scope of this analysis.

Flood Zone, Drainage, Soil & Conditions

According to FIRM Community Panel 13051C0045G effective August 16, 2018, the subject is located primarily within Zone X, a minimal Flood Hazard Area.

Inspection of the site did not reveal any apparent evidence of adverse soil and sub-surface conditions. Based upon my site inspection, the soils appear to be typical of the neighborhood that was formerly residential in nature. There is no obvious evidence of adverse erosion or ponding. These soils are assumed to have adequate load bearing capacity and are considered adequate to support any number of uses. A formal soil study was not made available, and the appraiser is not qualified to determine the quality of soil conditions. However, there is no drainage or apparent adverse soil conditions, and it is

assumed soil conditions are adequate for development with the highest and best use as the civil plans have been completed.

Ingress and Egress

Ingress and egress to the subject will be available from Augusta Road as well as a 40-foot access easement and is considered good and is typical of the area. The subject enjoys good access to area highways and to employment centers located on the west side and the Georgia Port Authority facilities in what is referred to as Garden City. The subject has 193.30 feet of frontage on Augusta Road, and 163.00 feet on the access right of way (40 Foot).

Easements and Encroachments

A physical inspection of the subject site did not reveal any apparent easements or encroachments negatively affecting the use of the subject site. Reference is made to any covenants and restrictions for this site, although not referenced in the latest deed, and bordering an access easement.

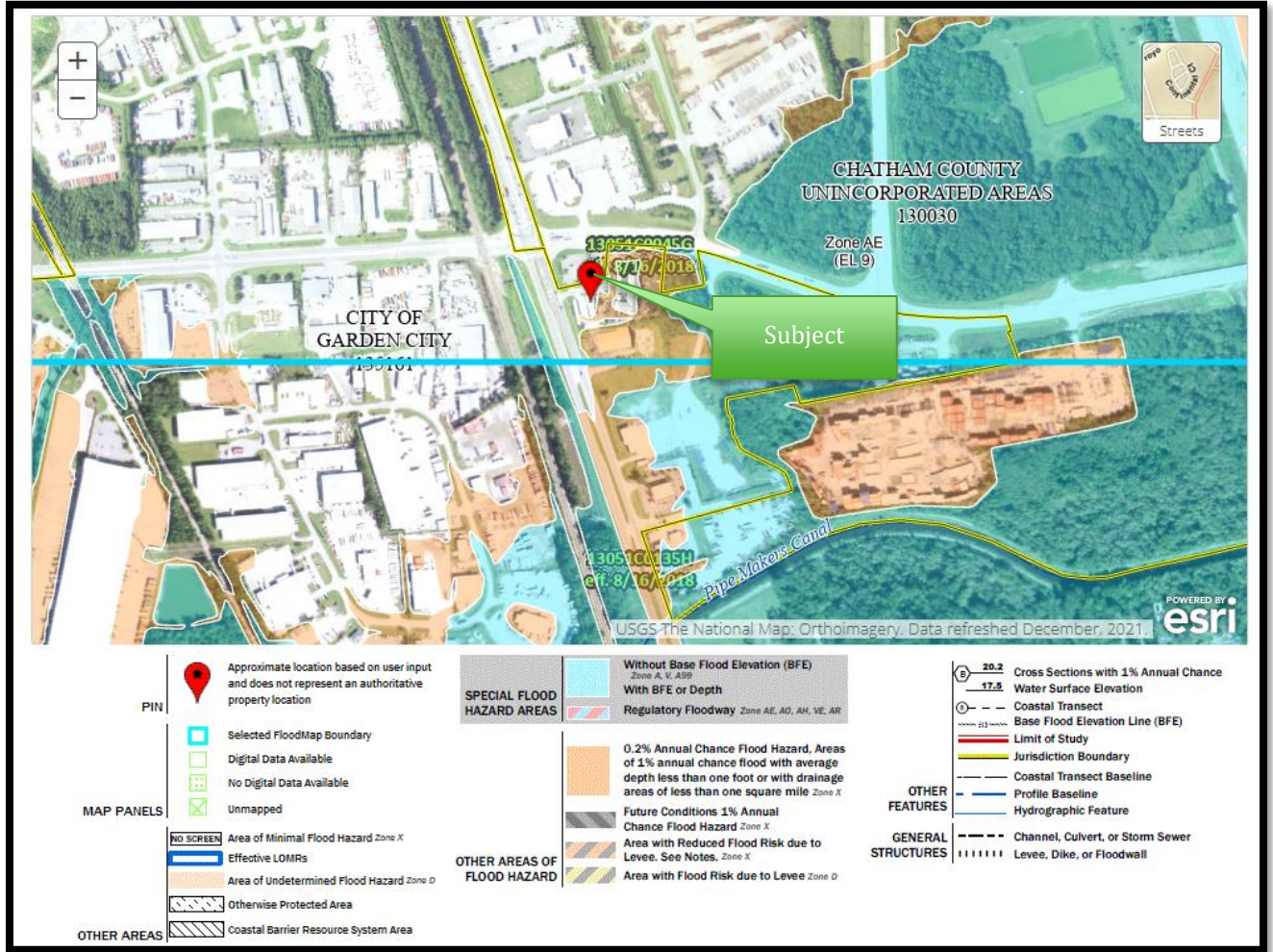
Utilities and Services

Utilities and services present no adverse effect on value. All service and utilities should be available in sufficient quantities to adequately service the subject site. Water and sewer are provided by the city of Garden City; Electricity by Georgia Power Company; and other utilities by private vendors.

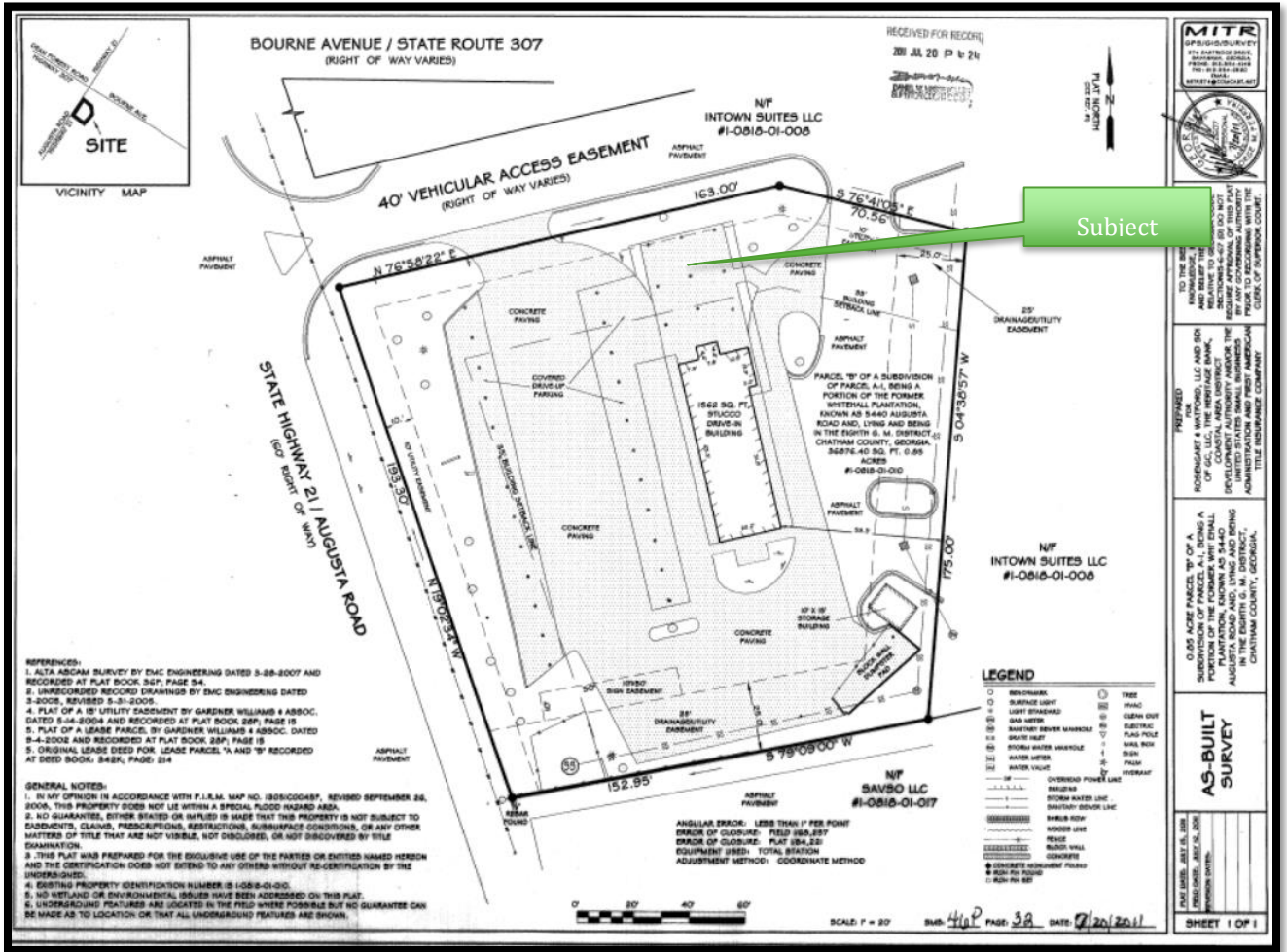
CONCLUSION

In conclusion, the site is comprised of .85 gross acres/ 37,026 SF and considered to have good physical utility for a commercial retail use as an express car wash. The site has frontage on Augusta Road (GA Highway 21) as well as the access easement. This opinion is based on the sites' physical configuration, usable topography, good accessibility and exposure, and availability of utilities, both private and public.

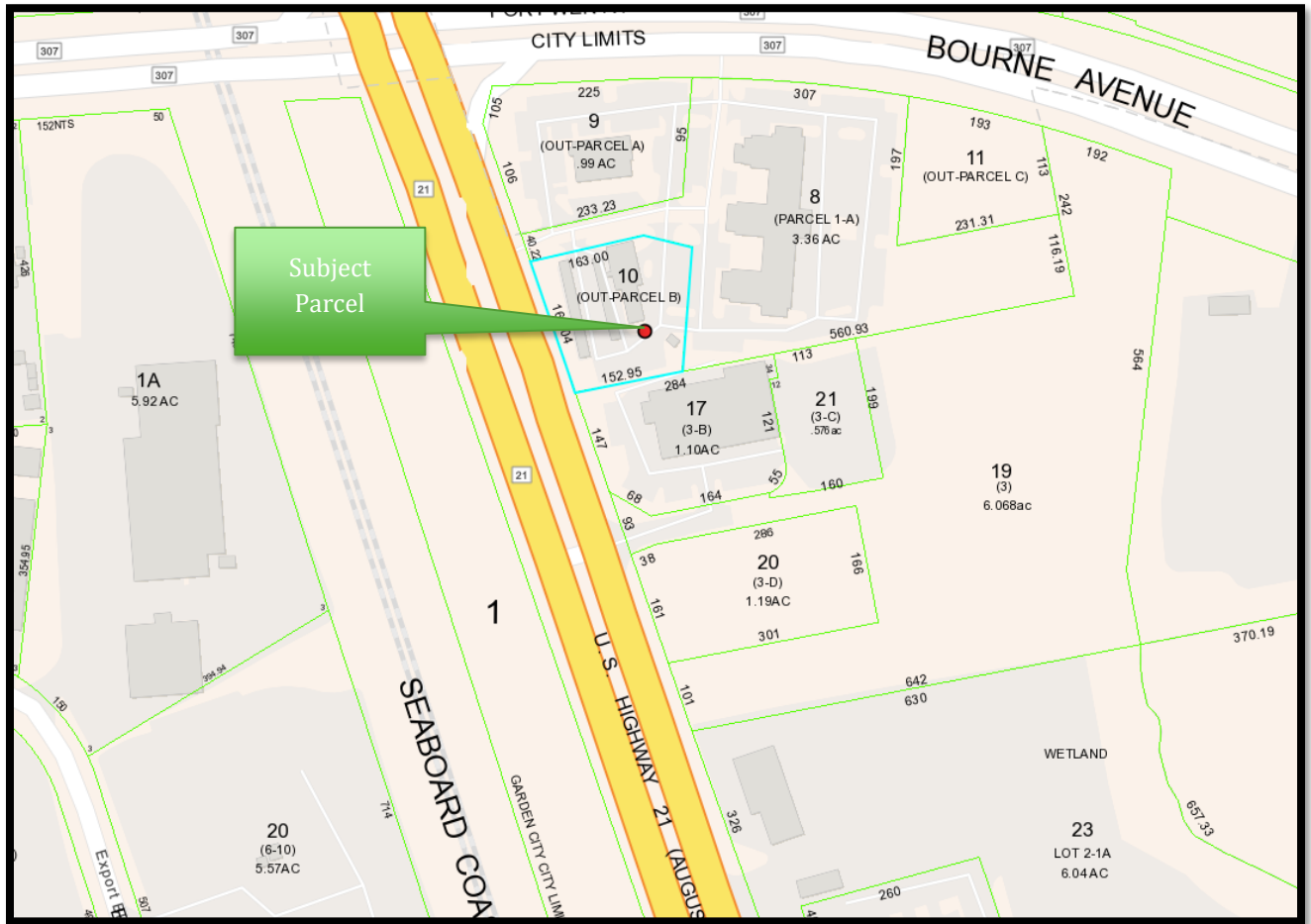
FLOOD MAP



PLAT



TAX MAP



GENERAL DESCRIPTION

The subject property is a proposed for an express car wash. The Class C constructed facility will feature a free-standing, modular brick/stucco masonry car wash tunnel of 84 feet in length, with paved parking spaces for parking and vacuum uses. The subject will have one entrance from the access easement for the drive-through tunnel express car wash. The subject will have a lobby area, office, two fixture restroom, and equipment room.

Property Condition and Effective Age

The improvements for the car wash will be considered in new condition. The overall appearance of the building and surrounding site improvements will be new, and the property will have good overall market appeal. The subject's effective age will have an economic life of 45 years. This estimate has been derived from the *Marshall Valuation Service* "Life Expectancy Guidelines," Section 97.

Construction Details

General construction details of the proposed subject building are as follows:

FOOTINGS & FOUNDATIONS	:	Concrete slab with reinforced concrete footings.
FRAME	:	Masonry with steel.
ELECTRICAL	:	Adequate to serve the building.
LIGHTING	:	Outdoor fixtures.
PLUMBING	:	Adequate for a car wash facility.
LANDSCAPING	:	Adequate landscaping.
PAVING	:	Adequate concrete paving with concrete curbing.
MISCELLANEOUS	:	Sidewalks around the parking area with 15 parking spaces/vacuum use, a tunnel length of 84 feet, and green space with one entrance and a circular driveway as well as a drainage area.

Deferred Maintenance

The subject improvements will be considered in new condition with no deferred maintenance.

ADA Compliance

The *Americans with Disabilities Act* (ADA) became effective January 26, 1992. I 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. Since this is new construction, it is assumed all ADA requirements will be constructed, therefore, possible noncompliance with the requirements of ADA in estimating the value of the property was not considered.

Functional Utility

The functional utility of an express car wash results primarily from its design, interior layout, and exterior maneuvering space. The retail express car wash space can be considered also to be state of the art as a new design. The subject site and improvements will have adequate functional utility and be suitable for use as an express drive through car wash.

Information Sources

The foregoing Improvement Description is based on information provided by our inspection of the subject property, information provided by the owner, and the Chatham County Tax Assessor's site.

SUBJECT SITE & BUILDING PLAN



GENERAL DEVELOPMENT NOTES:

1. P#1: 4868-00103
ADDRESS: 546 AUGUSTA ROAD
LOT: 546-101
2. TOTAL LAND ACRESAGE: 4.0881 AC
TOTAL DRIVING ACRESAGE: 4.0881 AC
3. PROPOSED USE OF PROPERTY: CARWASH FACILITY
PROPOSED USE OF PROPERTY: CARWASH
RESIDENTIAL ZONING: R-20
4. PROPERTY IS LOCATED IN ZONE R, NOT A SPECIAL HOOD-BOUND AREA AS DETERMINED BY FEMA FLOOD INSURANCE RATE MAP # 1381-C0340A, DATED 05/19/16
5. PARKING SPACE CALCULATIONS:
REQUIRED: 20 SPACES
PROPOSED: 20

DATE: 03/20/2019
TIME: 10:30 AM
SCALE: 1" = 20'

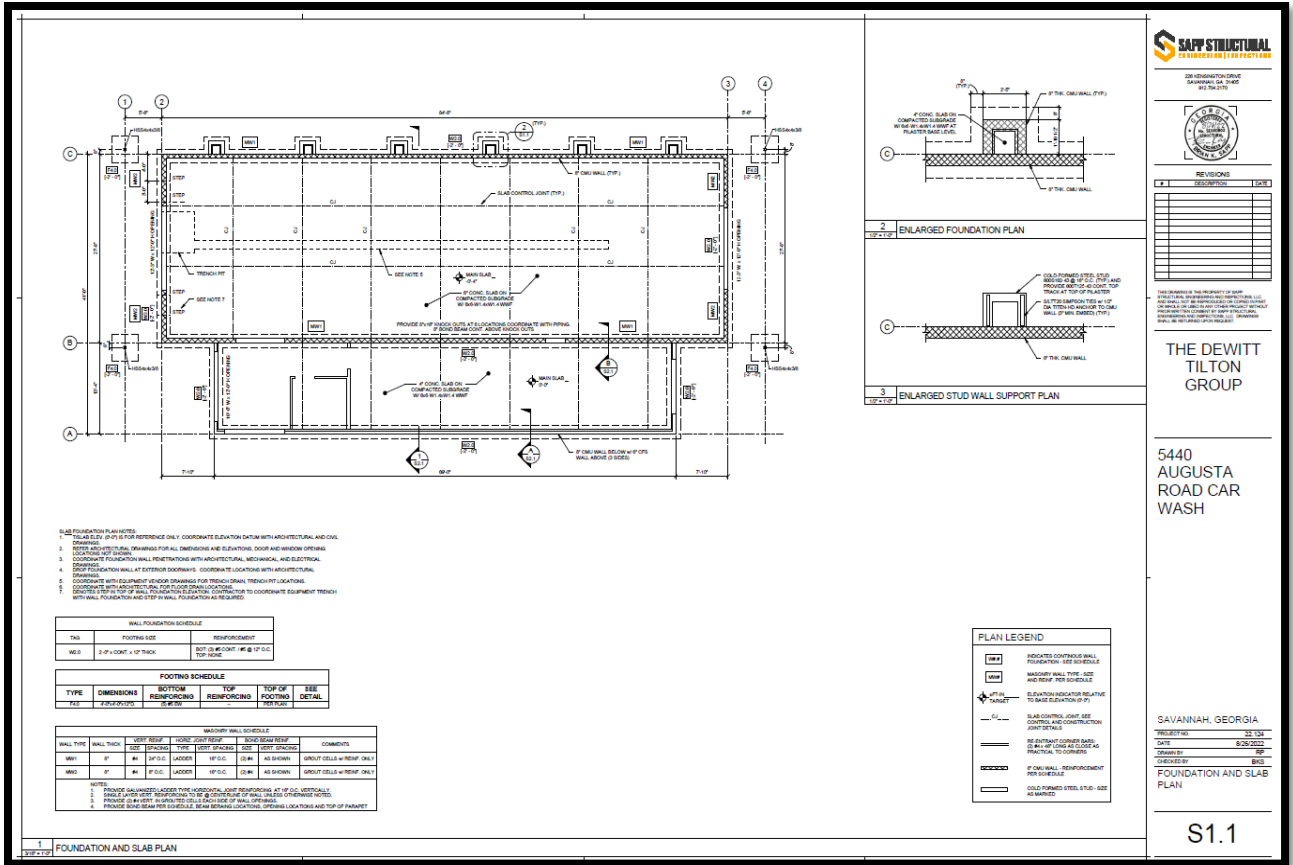
MAUPIN ENGINEERING
1000 W. BROADWAY, SUITE 100
AUGUSTA, GA 30602
TEL: 706.733.1111
WWW.MAUPINENGINEERING.COM

GENERAL DEVELOPMENT PLAN
CARWASH PW

SKETCH

DATE: 03/20/2019
TIME: 10:30 AM
SCALE: 1" = 20'

1 of 1
673-22-44



225 DEWITT TILTON DRIVE
SAVANNAH, GA 31407
912.734.2712

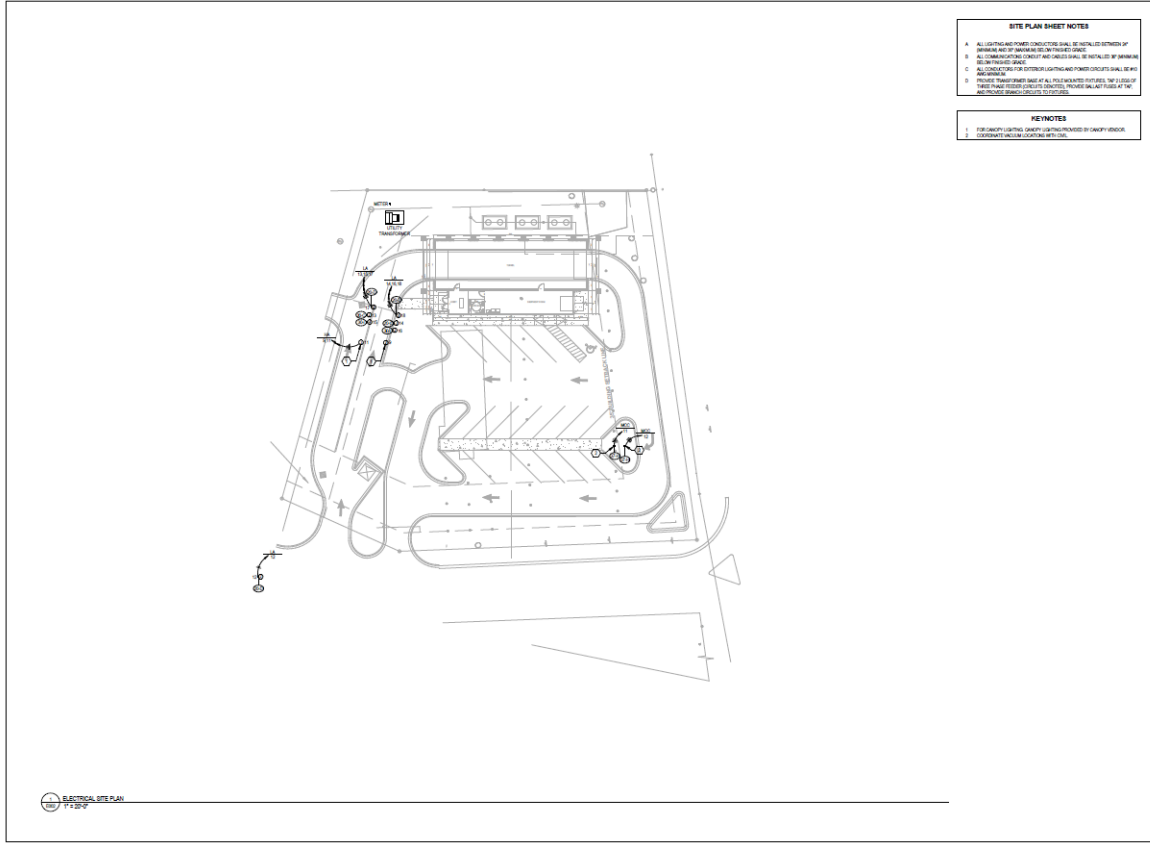
NO.	REVISION	DESCRIPTION	DATE
1			
2			
3			

THE DEWITT
TILTON
GROUP

5440
AUGUSTA
ROAD CAR
WASH

SAVANNAH, GEORGIA
PROJECT NO. 22-128
DATE 8-29-2022
DRAWN BY
CHECKED BY
FOUNDATION AND SLAB
PLAN

S1.1



SITE PLAN SHEET NOTES

- ALL LIGHTING AND POWER CONDUITS SHALL BE NOTED AS SETBACK BY SETBACK AND BY MINIMUM SETBACK DISTANCE.
- ALL CONDUITS SHALL BE INSTALLED IN ACCORDANCE WITH ALL APPLICABLE CODES AND REGULATIONS.
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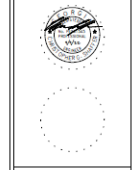
KEYNOTES

- FOR CONDUIT LOCATIONS, QUANTITIES, AND TYPES, REFER TO THE ELECTRICAL SCHEDULE.
- FOR CONDUIT LOCATIONS, QUANTITIES, AND TYPES, REFER TO THE ELECTRICAL SCHEDULE.
- FOR CONDUIT LOCATIONS, QUANTITIES, AND TYPES, REFER TO THE ELECTRICAL SCHEDULE.



225 DEWITT TILTON DRIVE
SAVANNAH, GA 31407
912.734.2712
www.methodeng.com

DEWITT TILTON GROUP
5440 AUGUSTA ROAD CAR WASH
SAVANNAH, GA



NO.	REVISION	DESCRIPTION	DATE
1			
2			
3			

ELECTRICAL SITE
PLAN

Project Number 22-128
Date 8-29-22
Sheet No. E002
Checked by JST

E002

ZONING

The subject is a C-2- Heavy Commercial zoning.

Purpose of district. The purpose of the C-2 district is to create and protect areas in which heavy commercial and certain industrial-like activities are permitted. All site plans for development in the C-2 district must be submitted to the building official for review by the planning commission, and the city council for approval.

Permitted uses. Within the C-2 district, all the approved uses for the C-1 district are allowed. In a C-2, heavy commercial district, land may be used, and buildings or structures may be erected or used for the land uses listed below after a site plan has been submitted to the building official, the planning commission has reviewed the site plan and made comments, and the city council has granted site plan approval at a regularly scheduled meeting.

Any use not otherwise classified shall be submitted to the Garden City Planning Commission for review and shall require the approval of the city council through the ordinance text amendment process.

Any changes to plan not listed above shall require that revised plan be submitted to the planning commission and aldermanic board for approvals prior to any approvals of site/building plans or changes.

Surrounding Uses

The subject is surrounded primarily with mixed retail, hospitality, light industrial and heavy industrial uses to include warehouses, service buildings, retail and various other mixed-use commercial related businesses.

Summary

The current zoning allows for retail type uses. Based on my research of public records, there are no known deed restrictions affecting the subject property other than the zoning and subdivision regulations.

Deed Restrictions - Based on my research of public records, there are no known deed restrictions affecting the subject property. The subject is located in a commercial area therefore the subject is under city zoning restrictions for the proposed use as an express car wash.

SAVANNAH/CHATHAM COUNTY AREA DATA

The Savannah Metropolitan Statistical Area comprises Chatham, Bryan and Effingham counties. Liberty and Long counties complete the geographic boundary of the Savannah/Hinesville/Ft. Stewart Combined MSA (CMSA).

Savannah is a coastal city that is the best known and separated from South Carolina by the Savannah River and located off the Atlantic Ocean. Characterized by the historic ambience and active tourism, Savannah also is home to one of the major ports of the United States. Liberty and Long counties complete the geographic boundary of the Savannah/Hinesville/Ft. Stewart Combined MSA (CMSA). The City of Savannah in Chatham County is the economic hub of the region and is situated south of the Savannah River, the boundary between South Carolina and Georgia. The Savannah Primary Trade Area, a designation that informs linkages in population and shopping trends, also includes the adjoining Beaufort and Jasper counties in South Carolina.

Savannah is the oldest city in the U.S. state of Georgia and is the county seat of Chatham County. Established in 1733 on the Savannah River, the City of Savannah became the British colonial capital of the Province of Georgia and later the first state capital of Georgia. A strategic port city in the American Revolution and during the American Civil War, Savannah is today an industrial center and an important Atlantic seaport as well as an internationally famous tourist attraction. It is Georgia's fifth-largest city and third-largest metropolitan area.

Each year Savannah attracts millions of visitors to its cobblestone streets, parks, and notable historic buildings: the birthplace of Juliette Gordon Low (founder of the Girl Scouts of the USA), the Georgia Historical Society (the oldest continually operating historical society in the South), the Telfair Academy of Arts and Sciences (one of the South's first public museums), the First African Baptist Church (one of the oldest African-American Baptist congregations in the United States), Temple Mickve Israel (the third oldest synagogue in America), and the Central of Georgia Railway roundhouse complex (the oldest standing antebellum rail facility in America).

Savannah's downtown area, which includes the Savannah Historic District, the Savannah Victorian Historic District, and 22 parklike squares, is one of the largest National Historic Landmark Districts in the United States (designated by the U.S. government in 1966). Downtown Savannah largely retains the original town plan prescribed by founder James Oglethorpe, a design now known as the Oglethorpe Plan. Savannah was the host city for the sailing competitions during the 1996 Summer Olympics held in Atlanta. Savannah boasts one of the largest St. Patrick Day parades in the country attracting hundreds of thousands of visitors each March 17th.

Visitors are drawn to the thriving Landmark Historic District and waterfront developments. Hotel development has been and will continue with several new hotel developments under construction and more proposed. Retirees will continue to be an important force powering and diversifying the region's economic development, but the Savannah area will benefit most from the fact that its population is increasing for all age groups. The impact of the Georgia Port Authority for industrial, as well as Gulfstream Aerospace/General Dynamics and Fort Stewart/Hunter Army Airfield are also very powerful drivers of the metro area's economy, providing thousands of jobs and being the area's economic engines. The recent announcement of a new Hyundai Plant as well as an Amazon E-Commerce center will enhance the expanded jobs coming to this area.

Tourism and convention business will continue to be one of the most important sectors of Savannah's economy, reflecting substantial investments in the area's infrastructure, including a large number of new well-situated hotels such as the new Plant Riverside complex, new hotels as well as the Savannah International Trade and Convention Center on Hutchinson Island which is slated for expansion.

ECONOMIC TRENDS

The Savannah MSA is situated in southeast coastal Georgia and includes Bryan, Chatham, and Effingham counties.

Major Announcement From the State of Georgia:

Hyundai Motor Group to Invest \$5.54B in Georgia at First Fully Dedicated Electric Vehicle & Battery Manufacturing Facility

Monday, May 23rd, 2022

At a signing ceremony Friday, Governor Brian P. Kemp and Hyundai Motor Group Executive Chair Euisun Chung announced that Hyundai Motor Group will open its first fully dedicated electric vehicle (EV) and battery manufacturing facility in the State of Georgia. Hyundai Motor Group (HMG, or "the Group") will invest \$5.54 billion in opening a state-of-the-art U.S. smart factory at the Bryan County Megasite. Non-affiliated Hyundai Motor Group suppliers will invest approximately another \$1 billion in the project, delivering approximately 8,100 new jobs to Georgia's coastal region.

In Georgia Southern University's most recent 3rd Quarter 2022 Economic Monitor report, reports that the Savannah metro economy "In general, the forward momentum of the regional economy continued through 2023, and a notable downturn is not expected," stated Michael Toma, Ph.D., Georgia Southern's Fuller E. Callaway Professor of Economics. "While employment growth and port activity supported the regional economy during the second and third quarters, other major indicators of the Savannah metro economy, including those related to tourism and electricity sales to residential, industrial, and commercial users eased modestly. Retail sales activity declined more significantly, but retail data are more volatile and less reliable on a month-to-month basis than other indicators of the economy."

The underlying diversification of the Savannah MSA's regional economy contributes to its overall economic stability and vitality, particularly during periods of slower economic growth. For 2023, continued growth in the regional logistics industry and associated real estate development along with ramping up for the Hyundai Metaplant should insulate the Savannah metro economy from decline on a similar scale to the nationwide economic contraction expected

Gulfstream/General Dynamics is the area's largest employer with \pm 12,000 employees, followed by Fort Stewart/Hunter Army Airfield, Memorial Health University Medical Center, the Savannah-Chatham County Board of Education, St. Josephs/Candler, the City of Savannah, the Savannah College of Art & Design, and the Georgia Ports Authority. Gulfstream Aerospace is a very powerful driver of the metro area's economy, providing thousands of high-quality jobs.

Savannah also will benefit from the ongoing expansion of the film industry which has had a major impact on Savannah including such recent films as *The Menu* (2022), *The Girl from Plainville* (2022), *Devotion* (2022) and *The Underground Railroad* (2021), as well as the Netflix series "First Kill" among others.

Recent developments for the Savannah MSA included the move by Wayfair Inc. that over the next five years it will create 1,000 jobs at their new warehouse/distribution facility. The \$2 billion expansion of the Elba Island LNG terminal in 2020, created at least 100 new jobs. In 2018, Floor and Décor opened its new \$1.4 million square foot distribution center that will eventually expand to 2.5 million square feet. Perdue Foods opened a regional distribution center in nearby Rincon, creating over 150 jobs. The rug and home décor manufacturer Safavieh announced a major expansion over a three-year period and built a 1.1 million square foot warehouse and distribution facility adding 200 jobs. Anatolia Tile+Stone decided to locate its new distribution center in Savannah, creating 124 jobs while Plastics Express announced a major expansion of its operations in Chatham County with two new manufacturing facilities,

creating 166 jobs. Medline Industries, a manufacturer and distributor of medical supplies, created a new distribution center in Bryan County that will eventually support up to 600 workers. Plastics Express also announced a major expansion of its operation in Chatham County that will create an additional 166 jobs. The new Amazon fulfillment center will create initially 1,000 jobs and expected to be more.

Many of the new developments and/or expansion projects are due to Savannah's proximity to the Georgia Ports Authority's Port of Savannah, one of the area's top economic drivers. Logistics Today has named Savannah "*the most logistics friendly city in the nation*" three years in a row and Area Development magazine listed Savannah in the "*Top 5 for Best Cities with Port-related Intermodal Sites.*" According to the Georgia Ports Authority's website, Georgia is the nation's seventh largest importing state and eleventh largest exporting state. The Port of Savannah is "the single largest and fastest-growing container terminal in America." Port operations support manufacturing and foster growth of the Savannah MSA's logistic, distribution, and warehousing industries. In the Savannah MSA, Georgia's ports support over 36,000 jobs. The statewide economic impact of Georgia's ports includes over 369,000 jobs and 8% of Georgia's GDP.

Deepening of the Port of Savannah from 42 to 47 feet is ongoing and scheduled for completion sometime during early 2023. The deepening project will keep the Port of Savannah competitive in the global marketplace and will preserve the state's port-dependent and port-related jobs. Barring a full-blow trade war as previously alluded to, more spending by U.S. consumers and increases in manufacturing and industrial production will cause cargo volumes at the Port of Savannah. Moreover, the Savannah Harbor Expansion Project positions the Port of Savannah for long-term growth and competitiveness. Preparations for this long-term growth are ongoing and include recent Post-Panamax ship-to-shore cranes and rubber-tired gantry cranes, the new Jimmy DeLoach Parkway which provides a four-lane limited access truck route between the Port of Savannah and I-95 and I-16, increased berth and container areas, and various other infrastructure improvements including the proposed Mid-American Arc intermodal system and Savannah's Mason Mega Rail Terminal which will serve it. The Mid-American Arc is a series of intermodal lines and terminals that will serve inland market cities such as Atlanta, Nashville, St. Louis, and Chicago.

The Port of Savannah generates large economic impacts, especially for the local transportation, distribution, logistics, and warehousing industries. Exports account for almost 23 percent of the Savannah MSA's GDP. Savannah is one of the nation's most export dependent metropolitan areas. The main export is transportation equipment, much of which is destined for Asian and the European Union.

Bryan County, part of the Savannah MSA, is also doing very well in terms of attracting new companies as a result of the port's proximity. C&H Precision Weapons recently moved from LaBelle, FL to Richmond Hill. In addition, VM Innovations, an e-commerce company, opened a fulfillment center in Interstate Centre II, creating 50 jobs within five years. Dorel Home Furnishings recently established its East Coast distribution center in Bryan County and Ceaserstone recently expanded its headquarters. As previously mentioned, MedLine Industries recently announced plans for a new distribution center in Bryan County that will eventually support up to 600 workers.

As previously noted, the US military's two area installations, Fort Stewart and Hunter Army Airfield, are also very powerful drivers of the metro area's economy. According to the Savannah Chamber of Commerce's 2020 Savannah Economic Trends report, "*the ratio of military to civilian employees is approximately 5:1, with 20,000 officers and enlisted military and 4,100 civilians employed at both installations. Fort Stewart accounts for nearly ¾ of the military employment in the area.*" It is worth noting that the military's large presence does expose the area somewhat to the ongoing restructuring of the government sector. In the short-term, defense spending is expected to increase over the next 2-4 years and the two installations are not in danger of closure or major cuts with major funds allocated in

Hinesville for military housing for 2022. The tilt towards government and military spending is a positive for the Savannah MSA but the exposure to government restructuring makes the area's long-term outlook less certain as it relates to that industry.

Savannah's growth prospects are good because of its unique ambiance and transportation infrastructure which makes it an attractive place to live and do business. Its government and military exposure, while a positive in times of increased defense spending, can turn into a negative for the MSA in times of cutbacks or in the event of a base closure.

Another economic driver includes of course Savannah's thriving Landmark Historic District and its waterfront developments which draw millions of visitors each year. According to Airbnb, in the U.S., Savannah is at the top of many people's dream destinations. Travel+Leisure magazine ranks Savannah as the third best travel destination in the U.S. As a result, hotel development and/or redevelopment and the overall hospitality industry has been and will continue to be very strong for the Savannah MSA.

Savannah has the potential to become a premier destination for national conventions, trade shows, and meetings. Tourism and convention business will continue to be one of the fastest growing sectors of Savannah's economy, reflecting substantial investments in the area's infrastructure, including a large number of newer, well-situated hotels as well as the *proposed expansion funded and allocated by the state legislature* of the Savannah International Trade and Convention Center on Hutchinson Island. The increasing number of direct air connections bodes very well for the expansion of the hospitality industry with Southwest Airlines recently announcing Savannah as another destination.

Retirees will also continue to be an important force powering and diversifying the region's economic development, but the Savannah area will benefit from the fact that its population is increasing for all age groups as net migration is increasing. The largest migration flows to Savannah are from Atlanta, Hinesville, Hilton Head SC, Charleston SC, and Austin TX.

DEMOGRAPHICS

Population growth, a varied business climate, and a thriving artistic and cultural community come together to create a quality work and home environment in Savannah, one of the nation's loveliest and most historic port cities. Savannah's allure has been recognized nationally by Trip Advisor as "*Top 30 Cities to Visit*," "*The South's Best Cities' (#2)*" by Southern Living and was named one of the "*25 Most Romantic North American Destinations*" (#2) by USA Today.

Growing Population Spurs Economic Growth

Savannah's local market region extends in a 40-mile radius from its historic downtown. Commuters, shoppers, students, visitors, and others are economically and socially linked in a primary trade area that includes Liberty and Long counties in the Hinesville/Ft. Stewart MSA and portions of Beaufort and Jasper counties in South Carolina.

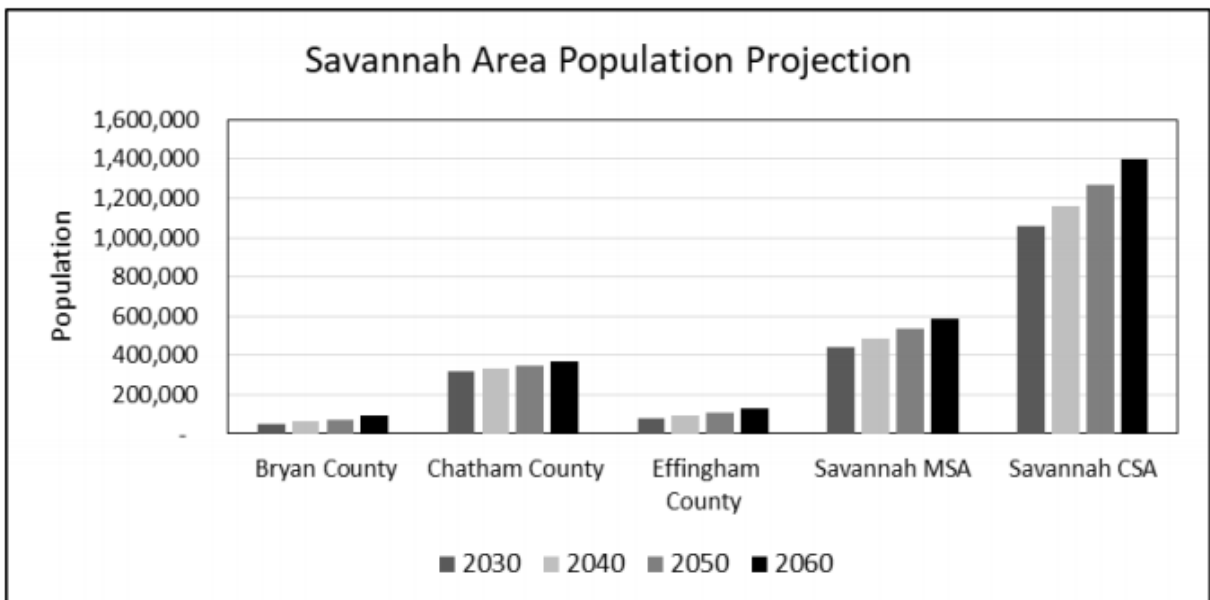
The Savannah MSA, with an estimated 2020 population of 407,798 residents, serves as the economic hub of the region. Furthermore, almost 800,000 people now live, work, and shop in the Savannah Primary Trade Area, adding about 11,600 net new residents a year. Bryan County was the fastest growing County in 2017 (+3.4%), while Beaufort County added the most people (3,347). All counties experienced population growth in 2017-2021, while Liberty County effectively held steady. Chatham County continues to be the most densely populated county, with 682 persons per square mile. Long County and Jasper counties are the least densely populated counties with 48 and 43 persons per square mile, respectively. The latest population figures are shown below:

Current Population	
Area	Population
City of Savannah	147,780
Chatham County	295,291
Savannah MSA	404,798
Georgia	10,711,908
USA	331,449,281

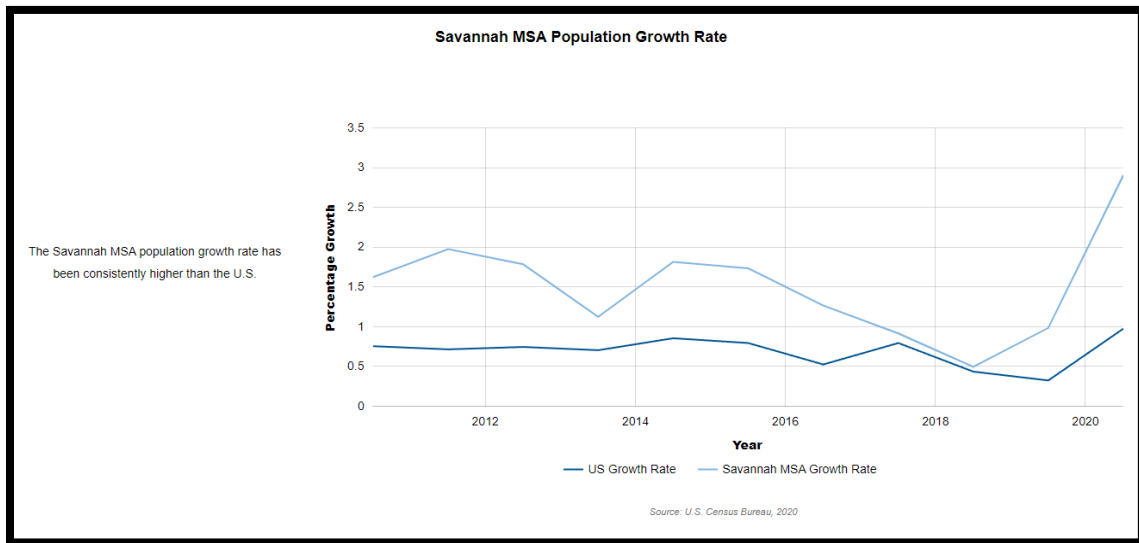
Source: US Census Bureau, 2020

Savannah Area Population Projected to Grow Nearly 50%

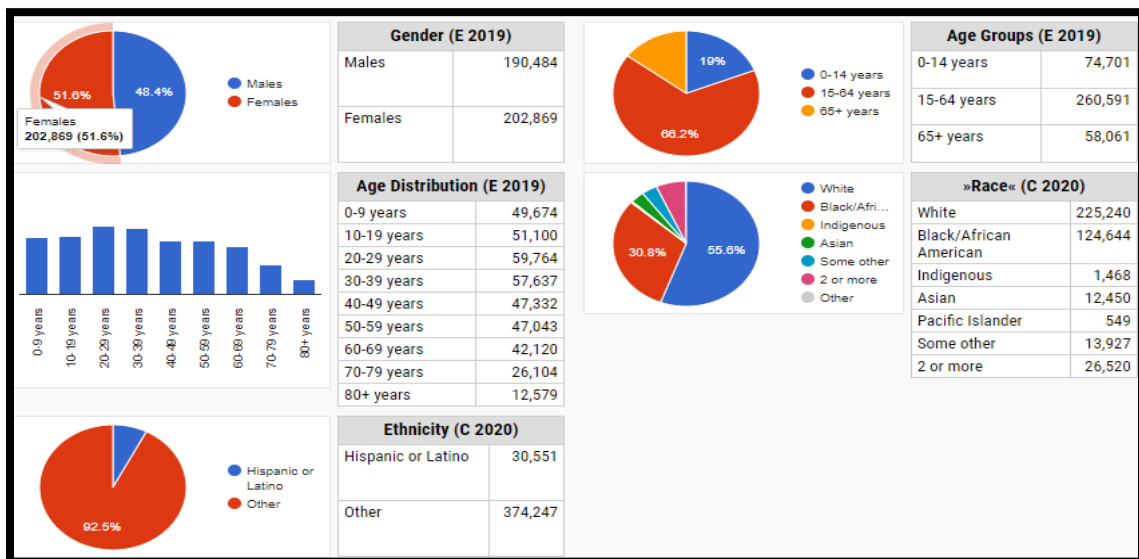
Population in the greater Savannah area is projected to grow 48%, adding more than 190,000 people, from 2020 to 2060, according to the Georgia Office of Planning and Budget. By 2060, more than 1.3 million people will call the 6-county Savannah/Hinesville/Statesboro CSA home. During this period, Chatham’s population is projected to increase by 24%; Bryan will jump 131%; and Effingham County will grow by 108%.



Source: State of Georgia Office of Budget and Planning, Georgia 2060: Population Projections, obtained 10/28/2019

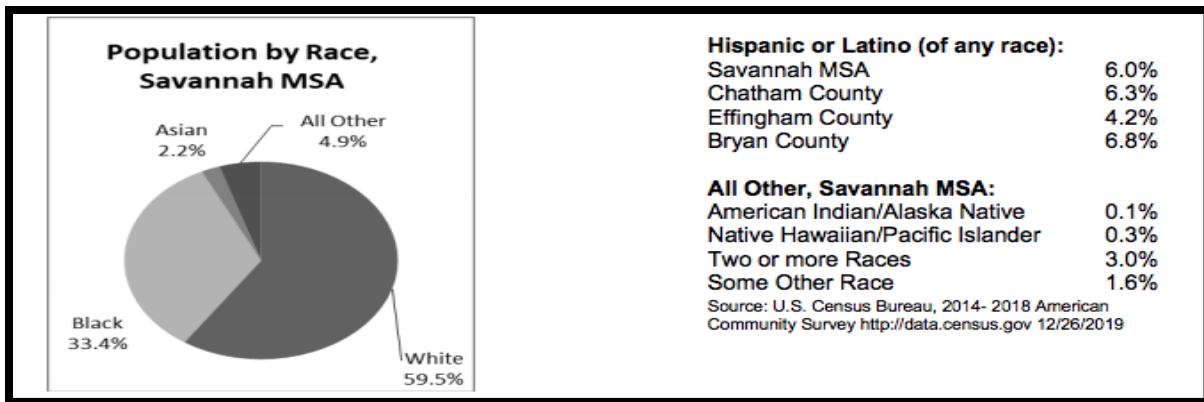


In the Savannah MSA, 22.8% of the population is younger than 18 years. The Savannah MSA has many residents in their adult prime spending years with more than 66.2% over 18 years of age. Chatham County leads the MSA with 63.4% of the population over 18. Chatham County also holds the highest share of those over the age of 65: 15.4%.



Savannah Area Population by Household Income and Race

In the Savannah MSA, 59.5% of the population is white, while 33.4% is African-American (five-year U.S. Census). The Hispanic/Latino population of any race is 6%.



As Savannah's population grows, so do the incomes and benefits available to its residents. In the Savannah MSA, the five-year U.S. Census estimate for average household income is \$78,586. Average household income is higher in Bryan County (\$86,656) and in the City of Savannah (\$79,453).

SAVANNAH'S ECONOMY

Growth in the Savannah metro economy remains positive but continued to slow through the first half of the year. While employment growth and port activity supported the regional economy during the second quarter, other major indicators of the Savannah metro economy, including those related to tourism and electricity sales to residential, industrial, and commercial users eased modestly. Retail sales activity declined more significantly, but retail data are more volatile and less reliable on a month-to-month basis than other indicators of the economy. In general, the forward momentum of the regional economy continued through year end 2022 but at a slower pace. The Port activity, logistics, tourism, retail sales, and electricity sales buoyed the index of current economic activity.

The business index for the Savannah metro economy increased 0.8% (3% annualized) in the third quarter of 2022. The arc of growth has been bending downward since the frenetic period of job gains of mid-2021. The quarter's 3% annualized growth matches the average pace of expansion recorded in the four years from 2016 to 2019. The index of current economic activity increased to 212.6 from 211.1 (revised). The index was buoyed by overall employment growth and boardings at the airport. Electricity sales, retail trade, and hotel room rentals.

First City Progress: What drives growth at the ports? Population, consumerism, investments

Zoe Nicholson

Savannah Morning News- July 2022

Savannah's population and development boom of the past year is not the result of a pandemic fluke. It's the culmination of more than 50 years of population growth, economic development and port expansions, according to Jeff Humphreys, an economist with the University of Georgia Terry College of Business who's studied the economic impact of the Georgia Ports Authority for more than 30 years.

Since the 1970s, Georgia and the rest of the Southeast region have outpaced the rest of the nation in population growth, Humphreys explained. In the 1970s, Georgia was growing at four times the rate of the nation.

"In other words, a lot of people have been moving south from the Rust Belt, from the snowbelt, from the Northeast to the Sunbelt, and particularly the southeast," Humphreys explained. "So, Georgia and all of our neighbors, especially Florida, have seen above-average population growth."

Hyundai is coming to Bryan County. Here's how the region prepares for state's largest project.

Industrial growth's impact: Port Wentworth residents squeezed by growth

Georgia is 20 years ahead of population projections made in the 1990s, according to public documents from the Federal Reserve. By 2040, Georgia will have 14 million people, a 32% increase from current levels, according to updated state population projections.

While many moved to Georgia during the pandemic for cheaper cost-of-living and a slower pace of life, Humphreys said the long-time driver of migration has been jobs. In 2019 alone, 284,000 moved from other states to live in Georgia, according to the Census Bureau.

The main driver of jobs in the state? The Georgia Ports Authority.

"The ports, either directly or indirectly, are responsible for about 1 out of every 10 jobs in Georgia," Humphreys said. "So, over a half million jobs in Georgia are port-related or in (related) industry."

The influx of people drives economic activity and the need for more goods, bolstering the ports' import business. As of last year, more than 45% of America's 330 million people live within GPA's service region, which stretches up and down the entire East Coast and across the South and Midwest regions, encompassing major cities such as Chicago, St. Louis and Cincinnati.

Owner-operator puts GPA ahead

While the Port of Savannah wreaks environmental and residential concerns locally, its location near Atlanta situates it as a strategic location to ship goods to half of the nation, due to the proximity to major rail lines and interstates.

But it's the port' legacy of operational excellence that sets it apart from other East Coast ports, according to Humphreys.

By operating its own terminals, GPA optimizes efficiency on-terminal. Fees related to storing containers and offloading vessels are directly collected by the authority, which helps the agency run as a self-sustaining business. And, by being the owner-operator, GPA has a goal beyond profit, according to Leo Beckman, GPA's director of government affairs.

"Other ports authorities are operated by private entities and have a motive to pull profit. Whereas as a state entity, our job is to create revenue for the state. bring jobs for the state, create opportunities for the people who live here," he said. "And so, having that as our primary objective means that our primary objective is for the public good."

Economic development efforts buoy business, protect against recession threats

Locally, economic development efforts have served as a symbiotic force for the ports, helping to spur more port traffic, while the ports' success helps local officials secure business investments.

When Hyundai announced its new \$5.5 billion plant in Bryan County, the ports were cited as a top reason for the car manufacturers' decision.

The results of the ports' success are evident in annual financial statements. Fiscal year 2021 brought a 28% increase in operating revenue, more than \$615 million, according to audited financial statements.

Most of that growth represents an influx of imports, mainly retail goods, furniture and electronics from Asia. Since 2019, the ports have seen a 35% increase in container cargo revenue, which represents half-a-million dollars of the ports' revenue. A reliance on Asian goods, mainly those from China, is a sign of the state's dependence on imports, which represent nearly 70% of business, according to a news report from the Atlanta Journal-Constitution.

Humphreys believes that the booming business along the Savannah River will mostly shield the region from a major recession, even if a “mild one” emerges. Particularly because the copse of recent economic development announcements — including the Hyundai Plant, Rockingham Farms on Veterans Parkway and an ammunition company’s manufacturing plant — provides a cushion for the local economy.

Local economy: Regional growth slows, pointing toward stabilizing economy

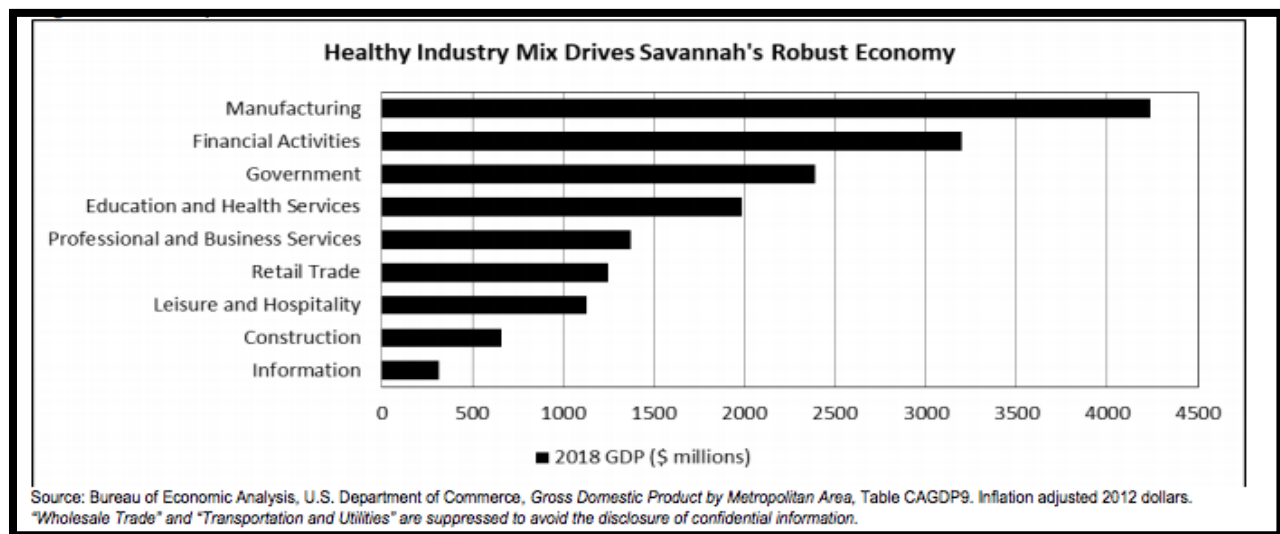
“There’s a good chance that if the recession comes, Georgia might be able to squeak by. Savannah has a better chance than the state as a whole, despite the focus on the ports and transportation logistics, which is normally a cyclical industry,” he said, referencing how transportation and logistics are sensitive to changes in the economy.

Employment Trends

The pandemic-induced restructuring of the regional economy is clearly present in the service sector. Business and professional services continue to soar, adding another 1,000 workers during the third quarter. In the past four quarters, the sector added 6,500 jobs, rising to a total of 29,300 workers, comprising the largest component of the regional economy. Logistics added 500 jobs (+3%), swelling to 114% above its pre-pandemic level.

The tourism and hospitality sector added 1,400 employees for a total of 25,800 workers and stands at 96% above its pre-pandemic level. Additionally, automobile rentals and alcohol sales increased 6% and 6.5%, respectively. During the third quarter, occupancy rates in the historic district in Savannah remained about 6% to 10% below pre-pandemic levels but room rates increased to offset the decline in total hotel rooms sold.

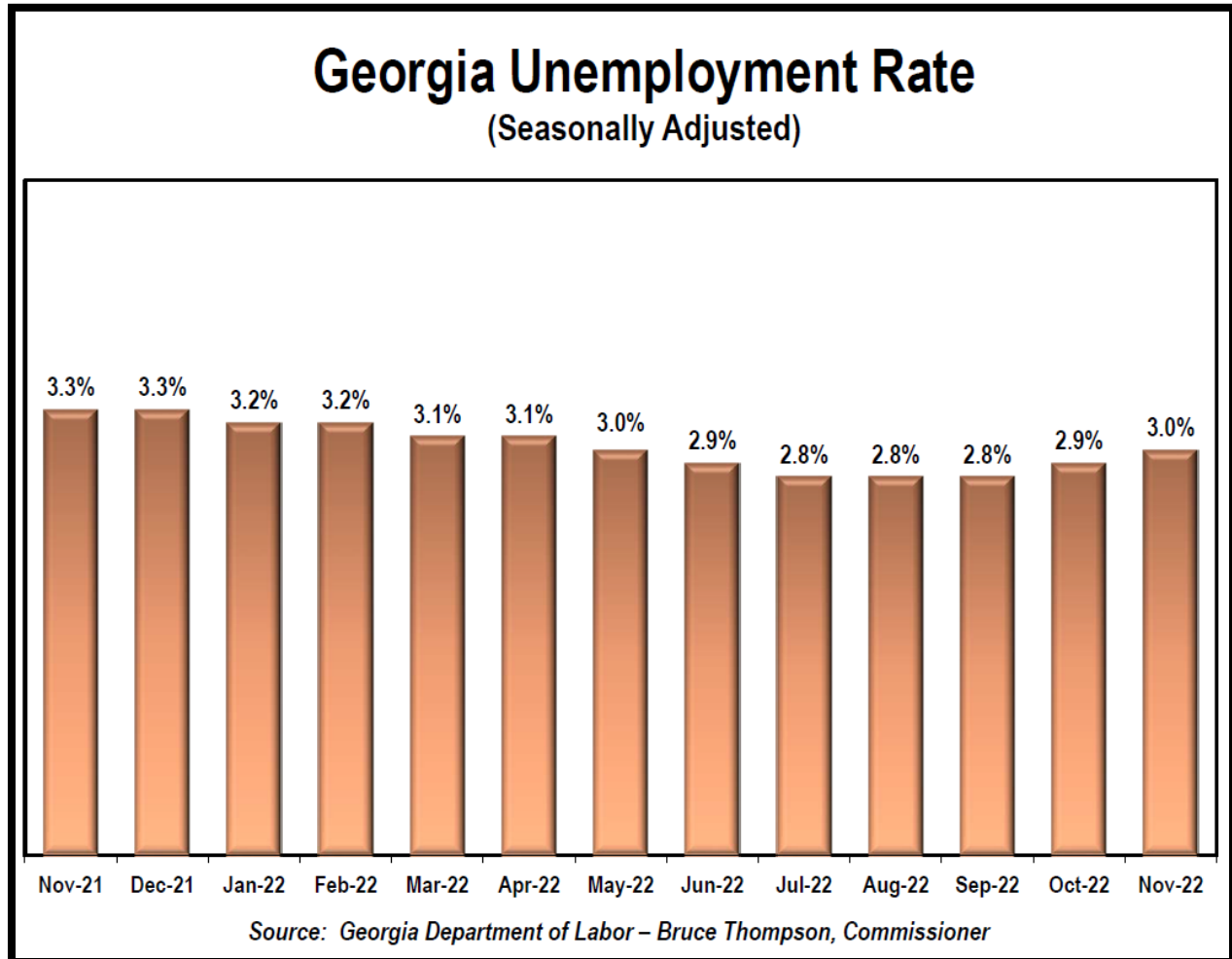
A diverse mix of industries, busy ports and strategically networked transportation, logistics, energy and communications infrastructures create a business climate in Savannah that is unmatched in many larger cities. Savannah’s exceptionally high value-adding production in manufacturing represents nearly 24% of the region’s total output.



Employers in Savannah’s six-county combined metropolitan statistical area have access to a diverse labor force of approximately 250,000 qualified, talented workers. The area’s universities, technical colleges and Workforce Investment Board programs offer Savannah-area employers and students an excellent selection of educational and training resources to meet their current and future needs.

FROM THE GEORGIA DEPARTMENT OF LABOR

Georgia's Economic Recovery Leads to One of the Nation's Lowest Unemployment Rates

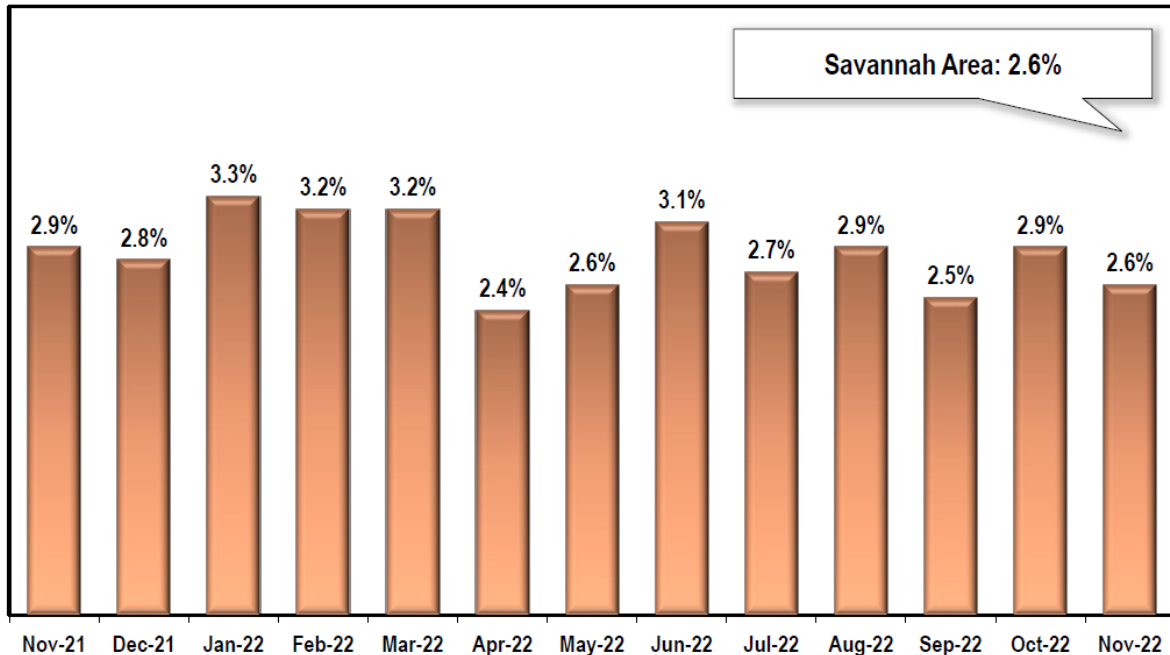


Savannah Sees All-Time Low Unemployment Rate

Georgia Labor Commissioner Mark Butler said Thursday that Savannah recorded consistent low unemployment rates of 2.6 percent, down three-tenths of a percent over the month. A year ago, the rate was 2.9 percent.

THE FOLLOWING SHOWS THE BRYAN, CHATHAM & EFFINGHAM COUNTIES UNEMPLOYMENT RATE:

Savannah Area Unemployment Rate (Not Seasonally Adjusted)



Note: Savannah Area includes Bryan, Chatham, and Effingham counties.

Source: Georgia Department of Labor – Bruce Thompson, Commissioner

Where the Jobs Are Located

Nearly all job growth in the Savannah MSA has occurred in the private sector. Since 2013, employment in leisure/hospitality and education/health services has grown to become the largest segments of the regional economy. Other notable growth has occurred in transportation/utilities, reflecting very strong growth in cargo handling at the Georgia Ports Authority terminals.

Five sectors hold similar proportions of total employment in the Savannah MSA, further attesting to the area's healthy, diverse industry mix: education and health services (14.9%), leisure and hospitality (14.7%), retail trade (11.9%), state and local government (11.8%), and professional and business services (11.4%). Manufacturing accounts for 9.8% of the area's jobs.

The recent announcement of the major Hyundai plant coming to the Savannah MSA will be a large economic boost for the state of Georgia and will be on the construction ready Mega-Site:

MEGA SITE WILL CREATE THOUSANDS OF JOBS



Savannah Morning News.



Looking back at a memorable year of high school sports

SPORTS, 1B

SUNDAY, MAY 30, 2021 | SAVANNAHNOW.COM

PART OF THE USA TODAY NETWORK

Megasite may create thousands of jobs

State's purchase of three parcels to create 2,300-acre site meant to lure large-scale manufacturer

Nancy Guan
Savannah Morning News
USA TODAY NETWORK

When the state announced the intent to purchase a 2,284-acre megasite in Bryan County on Tuesday, the investment signified one of the largest economic development endeavors in Georgia history.

The site, located adjacent to Interstate 16 near the U.S. 280 interchange, will be in the hands of the Savannah Harbor-Interstate 16 Corridor Joint Development Authority (JDA) once the sale is finalized on or before July 31st.

The Savannah JDA — made up of economic development organizations in Bryan, Bulloch, Chatham and Effingham counties — has been focused on

the megasite for the last six years. The property includes parcels under three different ownerships: William B. Mock, Samwilka Inc. and the Butler Tract LLC, according to Bryan County property tax records.

Trip Tollison, CEO of the Savannah Economic Development Authority and a JDA board member, says the purchase of the three parcels is a gamechanger for the future of the megasite. The JDA is hoping to lure a major manufacturer, which could create thousands of jobs and spur commercial and residential growth in the area.

Several large-scale manufacturers in the past, including Volvo, have shown interest in building factories on the

See **MEGASITE**, Page 2A



A map of the planned location for the Bryan County Megasite.
SAVANNAH HARBOR-INTERSTATE 16 CORRIDOR JOINT DEVELOPMENT AUTHORITY

The Savannah JDA — made up of economic development organizations in Bryan, Bulloch, Chatham and Effingham counties — has been focused on the mega-site for the last six years. With several companies such as Volvo passing up the site, the JDA says the partnership with the state will draw in more potential buyers.

Major Announcements From the State of Georgia for the Mega-Site:

Gov. Kemp, Hyundai Motor Group Execs Break Ground at Georgia's Bryan County Megasite
Wednesday, October 26th, 2022

Governor Brian P. Kemp, along with Hyundai Motor Group (HMG) Executive Chair Euisun Chung and company officials, officially broke ground today on Hyundai Motor Group Metaplant America's (HMGMA) new manufacturing plant at the Bryan County Megasite, joined by state, local, and federal officials. The \$5.54 billion investment for this facility by the company and its affiliate suppliers was announced in May of this year and includes plans to produce a diverse range of innovative, fully electric vehicles (EV) and a new battery manufacturing facility.

HMGMA will create more than 8,100 jobs over the next few years as the company establishes a stable supply chain for EV battery and associated components in the U.S. market. HMGMA's new smart factory is expected to begin commercial production in the first half of 2025.

"With more Georgians working than ever before, record jobs and investment coming to all parts of our state, and award-winning workforce development programs and infrastructure, the Peach State's economy is reaching new heights," **said Governor Brian Kemp.** "Our partnership with Hyundai Motor Group and the groundbreaking of this innovative facility exemplifies that unprecedented success. With a long-term commitment to improving lives and livelihoods, we look forward to continuing this partnership and seeing its impact on both this community and our state as a whole."

AMAZON ANNOUNCES E-COMMERCE CENTER IN SAVANNAH

On Friday, May 7 Governor Brian P. Kemp announced that Amazon will expand its significant presence in Georgia with a new fulfillment center planned in Savannah, Georgia. The new facility will feature innovative Amazon robotics technology and create 1,000 full-time jobs.

“I appreciate Amazon’s continued commitment to creating well-paying e-commerce jobs for hardworking Georgians and look forward to the positive impact it will bring to the coastal region,” said Governor Kemp. “Georgia’s connectivity, combined with smart planning and investment, has helped our state secure its spot as the No. 1 state for logistics and infrastructure and enhances our ability to attract major investments from world-renowned companies like Amazon.”

Employees at the approximately 640,000-square-foot Savannah facility, located on Pine Meadow Drive, will work alongside Amazon’s innovative robotics technology to pick, pack, and ship smaller customer orders, such as books, toys, and small household goods. The new fulfillment center is expected to open in 2022.

MANUFACTURING

Advanced manufacturing represents nearly 11 percent of the workforce in the Savannah MSA, contributing to a payroll of more than \$1.4 billion. Savannah’s broad advanced manufacturing base includes 287 manufacturers, employing approximately 18,000 and creating \$3.6 billion in output. A few of the manufacturers located in Chatham County include industry leaders such as [Gulfstream Aerospace Corporation](#), [Mitsubishi Power](#) and [JCB, Inc.](#)

Manufacturers, Savannah / Hinesville / Statesboro CSA			
Corporation	Product	County	Employees
Gulfstream Aerospace Corporation	Jet aircraft, aerospace equipment	CH	11,000
SNF	Chemicals	LI	1,450
Georgia-Pacific Savannah River Mill	Paper products	EF	920
International Paper	Paper products, bleached pulp	CH	903
JCB	Skidsteer loaders, backhoes	CH	600
Viracon	High-end architectural glass	BU	536
Brasseler USA	Dental instruments	CH	405
Briggs & Stratton	Small engines	BU	401
Great Dane Trailers	Refrigerated trailers	BU	400
Imperial Sugar	Sugar	CH	380
DS Smith	Mill, lumber, timber	LI	344
Edwards Interiors Aerospace	Aerospace parts/furnishings	EF	338
Arconic	Aluminum and aerospace forgings	LI	305
Strength of Nature Global	Hair care products	CH	300
Chatham Steel Corporation	Metal manufacturing	CH	265
Kerry Ingredients and Flavours	Formulation, food, flavors	CH	255
Diamond Crystal Brand	Refined sugar	CH	250
Derst Baking Co.	Baked goods	CH	246
Ceasarstone Technologies USA	Quartz surfaces	BR	239
MacAljon Affiliates	Industrial contracting	BR	200
Roger Wood Foods Inc.	Smoked sausage, meats	CH	190
Kraton	Chemicals	CH	188
Georgia Transformers	Transformers	EF	185
Johnson Matthey Process Technologies	Catalyst production	CH	180
Nine Line Apparel	Apparel	CH	160
Orafol USA	Industrial tapes	BR	150
Mitsubishi-Hitachi Power Systems America	Turbines	CH	148
Lummus Corporation	Cotton ginning equipment	CH	148
Design Group	Gift wrap	LI	146
EMD Chemicals	Chemicals	CH	140
The Industrial Company (TIC) Southeast	Steel fabrication	CH	136
Coastal Concrete SE	Ready mix concrete	CH	125
Fuji Vegetable Oil	Cooking oils	CH	106
Precision Machine of Savannah	Machined parts for aerospace	CH	103

Source: Georgia Department of Labor, SEDA, Effingham County Industrial Development Authority, Development Authority of Bryan County, Liberty County Development Authority. Retrieved/obtained 1/2019. Note: BR is Bryan County, BU is Bulloch County, CH is Chatham County, EF is Effingham County, LI is Liberty County.

Companies in the Savannah area benefit from the city's superior infrastructure, which includes the Port of Savannah. The port, the second largest on the East and Gulf coasts and the fastest growing in the nation, features two deep-water terminals and gives companies fast and easy access to 44 percent of U.S. consumers and manufacturers and 70 percent of the U.S. population within two days. The city also features two Class I railroads, easy and immediate access to major highway systems, and an international airport. The city's outstanding infrastructure was recognized by *Logistics Today*, which named Savannah "the most logistics friendly city in the nation" three years in a row.

Savannah's workforce is another major draw for the advanced manufacturing sector. Within 60 miles of Savannah, there is a labor pool of more than 450,000. Though the Savannah area enjoys a relatively low unemployment rate, the underemployment rate is high, leading to an influx of skilled workers seeking greater job opportunities.

The area's talent pipeline includes 17 area colleges and universities that have nearly 72,000 students, graduating 19,000 students each year.

Savannah area manufacturers can take advantage of Foreign Trade Zone 104, which provides a secure, efficient and profitable way for businesses to compete effectively in domestic and global markets.

The Savannah Economic Development Authority works with Savannah's manufacturers, connecting companies with unique incentives that may be available in their target industry. SEDA also can help companies find the perfect location for their advanced manufacturing operations, from shovel-ready sites to large existing facilities with millions of square feet of industrial space.

TOURISM

The leisure and hospitality sector, which includes accommodations, food services, arts, entertainment, and recreation, has been one of the fastest growing (about 4% annually) sectors since January 2010. It currently is the largest sector of the regional employment base, providing work for 27,000 people.

TOURISM NOTES- SAVANNAH VISITORS BUREAU

SAVANNAH, Ga. (WTGS) — If you've spent any time in downtown Savannah recently, you've probably noticed more visitors are coming to town.

Tourism leaders say occupancy numbers have recently increased on the weekends, which means good news for local businesses.

"Since Labor Day weekend, we've seen an increasing number of visitors from around the region and also flying in from around the country. So, we're actually doing pretty well," Visit Savannah President Joe Marinelli said.

Marinelli said without business travelers, conventions, and meetings, savannah's mid-week occupancy numbers are lower than normal.

But the weekends tell a different story.

"During the week, we're running occupancies in the historic district around 48 to 50 percent, but on the weekends, we're seeing occupancies in the **70 to 75 percent range**, and I think this weekend we're probably going to be 80 plus," he said.

As of Oct. 5, the Tourism Leadership Council's occupancy projection is 86.14-percent on Saturday, Oct. 10, with around 27,000 overnight visitors.

Marinelli said the 'Visit Savannah' marketing campaign helps bring tourists in, and those tourists like Garrett Schafer say they're satisfied with their stay.

The leisure and hospitality sector, which includes accommodations, food services, arts, entertainment, and recreation, has been one of the fastest growing (about 4% annually) sectors and employs over 27,000 people, the largest employment base. New figures from the Savannah Area Tourism Bureau are shown below and indicate good increases:

Year to Date - September 2022 vs September 2021												
	Occ %		ADR		RevPAR		Percent Change from YTD 2021					
	2022	2021	2022	2021	2022	2021	Occ	ADR	RevPAR	Room Rev	Room Avail	Room Sold
Savannah, GA	71.9	65.3	149.41	126.54	107.36	83.37	9.1	18.1	28.8	30.8	1.6	10.8
Atlanta, GA	65.6	53.9	118.87	98.01	78.00	58.74	9.5	21.3	32.8	36.5	2.8	12.5
Charlotte, NC	64.7	54.3	118.07	93.30	76.40	50.71	19.1	26.5	50.7	53.7	2.0	21.5
Santa Fe, NM	67.7	53.0	195.61	160.33	132.48	94.99	14.7	21.5	39.4	40.3	0.6	15.4
Nashville, TN	68.7	57.4	167.84	129.51	115.39	74.31	19.8	23.6	55.3	63.1	5.1	25.9
Jacksonville, FL	71.9	63.6	140.02	122.42	100.69	85.23	3.3	14.4	18.1	19.7	1.3	4.7
Asheville, NC	68.3	68.0	167.98	153.03	114.79	105.02	3.5	5.6	9.3	11.9	2.4	5.9
St Augustine, FL	68.6	64.7	181.17	163.33	124.30	105.60	6.1	10.9	17.7	20.8	2.6	8.9
Charleston, SC	71.0	68.0	173.24	143.53	122.96	98.63	7.6	15.3	24.7	26.2	1.3	3.0
Hilton Head/Beaufort, SC	62.8	64.7	248.32	236.56	155.90	153.06	-3.0	5.0	1.9	2.7	0.8	-2.2

Year to Date - September 2022 vs September 2021												
	Occ %		ADR		RevPAR		Percent Change from YTD 2021					
	2022	2021	2022	2021	2022	2021	Occ	ADR	RevPAR	Room Rev	Room Avail	Room Sold
Georgia	63.7	53.9	118.74	100.35	75.59	53.95	6.3	18.6	26.1	28.4	1.8	8.3
Savannah, GA	71.9	65.3	149.41	126.54	107.36	83.37	9.1	18.1	28.8	30.8	1.6	10.8
Savannah Midtown/East, GA	68.9	66.2	118.75	101.04	81.84	66.93	4.0	17.5	22.3	13.4	-2.3	1.6
Savannah Airport, GA	74.7	70.9	107.73	90.52	80.45	64.36	5.4	19.0	25.4	25.2	2.3	7.8
Historic District	75.4	66.6	227.56	195.96	171.55	130.55	13.1	16.1	31.4	34.6	2.4	15.9
Savannah I-95/South, GA	64.6	56.9	96.02	83.41	62.05	47.49	13.5	15.1	30.7	35.0	3.3	17.3

YTD – Sept 2022 vs Sept 2019

Year to Date - September 2022 vs September 2019												
	Occ %		ADR		RevPAR		Percent Change from YTD 2019					
	2022	2019	2022	2019	2022	2019	Occ	ADR	RevPAR	Room Rev	Room Avail	Room Sold
Savannah, GA	71.9	71.5	149.41	118.98	107.36	85.07	0.5	25.8	28.2	39.2	10.3	10.8
Atlanta, GA	65.6	70.5	118.87	115.78	78.00	81.61	-6.9	2.7	-4.4	2.0	6.7	-0.6
Charlotte, NC	64.7	63.9	118.07	111.77	76.40	78.09	-7.4	5.6	-2.2	10.1	12.5	4.2
Santa Fe, NM	67.7	71.3	195.61	142.67	132.48	101.72	-5.0	37.1	30.2	30.7	0.4	-4.7
Nashville, TN	68.7	74.6	167.84	150.12	115.39	111.32	-7.8	11.6	3.1	21.0	17.3	8.2
Jacksonville, FL	71.9	72.9	140.02	118.62	100.69	86.63	-1.4	17.8	16.2	21.9	4.8	3.4
Asheville, NC	68.3	72.2	167.98	146.83	114.79	106.00	-5.3	14.4	8.3	20.8	11.6	5.6
St Augustine, FL	68.6	67.0	181.17	146.94	124.30	98.52	2.3	23.3	26.2	30.3	3.3	5.7
Charleston, SC	71.0	72.4	173.24	143.02	122.96	103.57	-2.0	21.1	18.7	28.0	7.8	5.6
Hilton Head/Beaufort, SC	62.8	65.4	248.32	181.69	155.90	118.86	-4.0	36.7	31.2	40.3	7.0	2.6

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	Occ %		ADR		RevPAR		Percent Change from YTD 2019					
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Savannah, GA	71.9	71.5	149.41	118.98	107.36	85.07	0.5	25.6	26.2	39.2	10.3	10.8
Savannah Midtown/East, GA	68.9	71.0	118.75	93.90	81.84	66.65	-2.3	26.5	22.8	27.9	4.1	1.1
Savannah Airport, GA	74.7	71.1	107.73	89.75	80.45	63.81	5.9	20.0	25.1	41.4	12.1	17.8
Historic District	75.4	73.3	227.56	176.74	171.55	140.18	-5.0	28.8	22.4	40.5	14.8	9.1
Savannah I-95/South, GA	64.6	60.1	96.02	75.77	62.05	45.56	7.5	26.7	36.2	45.4	6.8	14.8

HEALTH CARE

The regional health care sector continues to be a stalwart of economic consistency and growth. In fact, this sector is resistant to cyclical downturns and experienced a slight job loss of less than 1% during the recession while the rest of the regional economy shed 8% of its workforce. Since 2007, growth in health services exceeded overall regional employment and health services now employs 22,500 workers. The health sector continues to be a vital component of the area's economy and growth prospects are good in the short and long run. The two nationally recognized medical centers in Savannah, St. Joseph's/Candler and Hospital Corporation of America's (HCA) Memorial University Medical Center serve the healthcare needs of people from across southeastern Georgia.

St. Joseph's/Candler health care system continues to expand its portfolio of medical facilities in the region. Phase I of the \$62 million campus in Pooler opened in March 2019. Additionally, groundbreaking of a four-acre campus of medical facilities for Bluffton, SC was completed in 2021. The \$22 million project will be phased over six years.

Memorial is the largest provider of healthcare in the southeast region of Georgia with about 4,600 employees including 65 physicians and a 612-bed academic hospital. Since Memorial University Medical Center integrated with plans for a \$32 million renovation to its Heart & Vascular Institute tower and a \$35 million expansion of the Willett Children's Hospital. St. Joseph's/Candler healthcare contributed funds for a nursing suite in the facility.

MILITARY

Fort Stewart, located just outside of the Savannah MSA, and Hunter Army Airfield generate substantial economic activity in the Savannah CSA. Ft. Stewart and Hunter AAF have an annual financial impact of \$4.9 billion. Fort Stewart is the largest military installation east of the Mississippi River and covers nearly 279,000 acres with another 6,000 acres at Hunter Army Airfield. Ft. Stewart and Hunter AAF together are one of Coastal Georgia's largest employers. The ratio of military to civilian employees is approximately five to one, with 20,000 officers and enlisted military and 4,100 civilians employed at both installations. Ft. Stewart accounts for nearly three-fourths of the military employment in the area. Total payroll for both bases is estimated at \$1.5 billion and with an annual financial impact of five billion dollars.

The Savannah Air National Guard Base is at the Savannah/Hilton Head International Airport. Based there are the 165th Airlift Wing, and the Air Dominance Center. Located at Hunter Army Airfield is the Georgia Air National Guard's 117th Air Control Squadron. The 165th's mission focus is Air Mobility - flying the C-130 Hercules cargo aircraft - delivering global air transportation of equipment and supplies during times of war and natural disasters. The mission of the 117th, is focused around providing air control (radar) services for combat air operations.

REAL ESTATE OVERVIEW

INDUSTRIAL MARKET- GEORGIA PORTS AUTHORITY

Georgia Ports Off to Accelerated Start in New Fiscal Year

Tuesday, August 9th, 2022

The Georgia Ports Authority kicked off its new fiscal year with the fastest start ever, handling 530,800 twenty-foot equivalent container units in July, an increase of 18 percent.

Since January, GPA has moved 3.4 million TEUs, up 231,400 or 7 percent over its performance during the same period in 2021 – a record year in which GPA handled 5.6 million TEUs. Annualized, the July volumes have the Port of Savannah moving containers at a rate of more than 6 million TEUs per year.

Other ongoing projects to increase capacity at GPA include the Savannah Harbor Expansion Project, now 75 percent complete and the Mason Mega Rail Terminal which is close to 50 percent complete. Recently, GPA reconfigured a portion of the Garden City Terminal container yard to add more than 11,000 TEUs of container storage; and purchased an adjacent parcel to grow Garden City Terminal to 1,345 acres.

Georgia's deep-water ports and inland barge terminals support more than 439,000 jobs throughout the state annually and contribute \$25 billion in income, \$106 billion in revenue and \$2.9 billion in state and local taxes to Georgia's economy. The Port of Savannah handled 8.5 percent of U.S. containerized cargo volume and 10 percent of all U.S. containerized exports in FY2017.



The state's political and business leadership view the GPA facilities as a state-level asset, one which generated \$1 billion of investment and 4,741 new jobs in Georgia in the past year. Substantial investment in transportation infrastructure is intended to improve port efficiency and ease regional highway congestion. The \$127 million Mason Mega Rail Terminal will double the port's rail capacity to one million plus container lifts by year end 2022 and push the port's competitive reach well into the Midwest.

The 42-acre Appalachian Regional Port opened in August 2018 with a capacity of 100,000 TEU lifts per year. GPA announced the development of Georgia's second inland port terminal in Hall County in northeastern Georgia. The 104-acre Hall County facility is expected to be completed by year end 2022 and have the capacity to handle 150,000 TEUs per year. Full funding of \$101 million in 2019 from the federal government means work on the Savannah Harbor Expansion Project (SHEP) will continue on schedule and remain on track for completion by year-end 2022. This \$135 million component of SHEP extends the outer harbor channel 7 miles, making its length about 18.5 miles from Fort Pulaski to the Atlantic Ocean point of entry.

Garden City Terminal:

- A 500-foot channel width and a secured, dedicated 1,200-acre single-terminal container facility
- 1.2 million square feet of covered storage on-terminal, 53 million square feet in industrial/warehouse space off terminal, including 1 million square feet of private cold storage.


Ocean Terminal:

- A 200.4 -acre general cargo terminal features 5 berths totaling 3,599 linear feet
- Handles RoRo, breakbulk, containers, heavy-lift and project cargo
- Over 1.4 million square feet of covered storage

The Savannah market is also seeing significant private development. Over the past 24 months, private investors have added nine million square feet, to bring Savannah's total industrial real estate market to 60.6 million square feet. The rate of construction has since accelerated, with another 19.6 million square feet of industrial space now under construction.

Metro Savannah's industrial and warehousing market experienced notable growth in 2019-2021 and continued this trend into 2022. Economic growth in the region has increased demand, driving development and absorption. There was a downtick in the overall industrial vacancy rate from 1.31% as of third quarter 2021 to currently 0.95% and over a 20 million square feet under construction. These figures are courtesy of Colliers International, Savannah.

For the first time in its history, the Port of Savannah has moved 5.3 million twenty-foot equivalent container units, growing cargo volumes by 30 percent in FY2022, or nearly 135,000 TEUs compared to the previous year. GPA Executive Director Griff Lynch said the Savannah Harbor deepening, the Mason Mega Rail terminal and other capacity enhancements are not only preparing GPA for the present influx of cargo, but also for future demand. The latest industrial report is shown below, Courtesy of Colliers International- Savannah:



Savannah Industrial 22Q3

Colliers

GPA Update

The Georgia Ports Authority (GPA) handled more than 1.5 million twenty-foot equivalent container units in the third quarter, an increase of 135,000 TEUs, or 9.6 percent over the same period last year.

"A high number of ad hoc vessel calls, the addition of three new Mediterranean services, and one new service to Asia contributed to the growth," said GPA Executive Director Griff Lynch. "Additionally, our regular services have been arriving with significantly more cargo destined for Savannah."

"While we have seen powerful growth across the third quarter, we are beginning to see signs of correction in the market," Lynch said, noting that September container volumes were off by 7.6 percent compared to the same month last year, at 436,279 TEUs. A nearly three-day suspension of vessel service related to Hurricane Ian impacted September volumes at the Port of Savannah.

GPA Board Chairman Joel Wooten said the Authority's outlook for the rest of the calendar year is strong, but moderated compared to the rate of growth experienced over the past two years.

"We're expecting a gradual easing in demand based on several factors, including a shift in the balance of consumer spending away from goods and back to services, and the impact of inflation on the economy," Wooten said. "After having increased trade at a compound annual growth rate of 14 percent over the past two fiscal years, this change will represent a return to a more typical rate of growth for GPA."

An easing of demand should help U.S. ports address vessel backlogs brought on by unprecedented import volumes, Lynch said. The Port of Savannah expects to clear the need for vessels to wait at anchor by the end of November. Presently, approximately 204,600 containers are on the water headed for Savannah, down from a high of 262,500 in July.

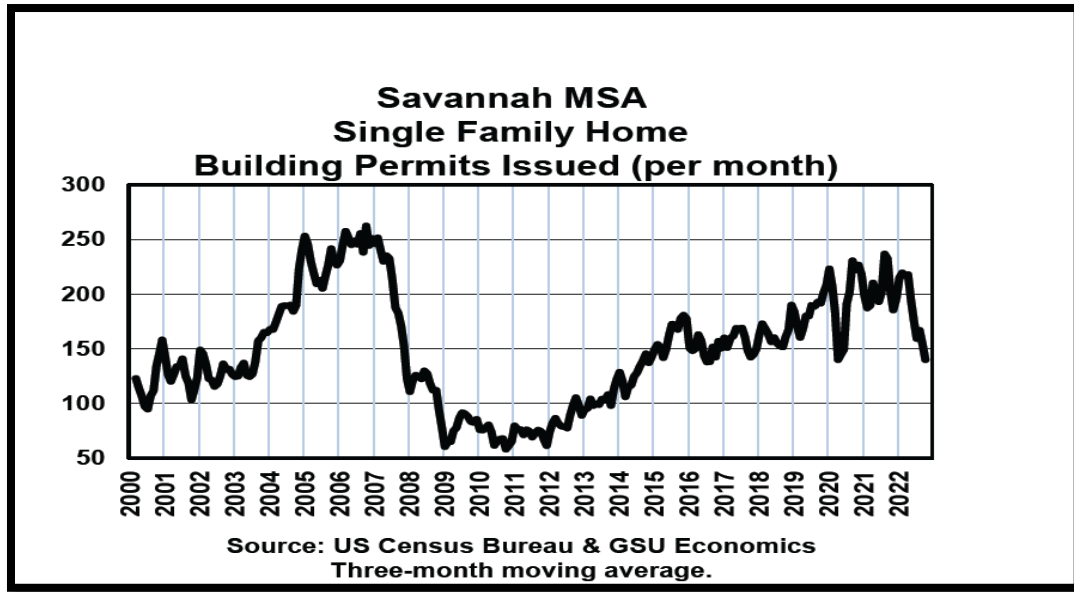
Hyundai To Build Massive Electric Vehicle Plant

Hyundai Motor Group (HMG) will join state and local leaders on October 25th for a ground breaking on the largest economic development project Georgia has ever seen. Plans for a \$5.54 billion electric vehicle (EV) assembly and battery plant on 3,000 acres, located just 30 minutes west of Savannah in Bryan County, were announced in May. The facility will start production in 2025, is expected to employ 8,100 people, and will be highly automated with the latest robotic technology. This is Hyundai's first dedicated EV plant in the U.S., and it will have capacity for over 300,000 EVs a year. HMG includes the Hyundai, Kia and Genesis brands and has now become the second biggest seller of EVs in the U.S. Non-affiliated Hyundai Motor Group suppliers are expected to invest another \$1 billion in the project.

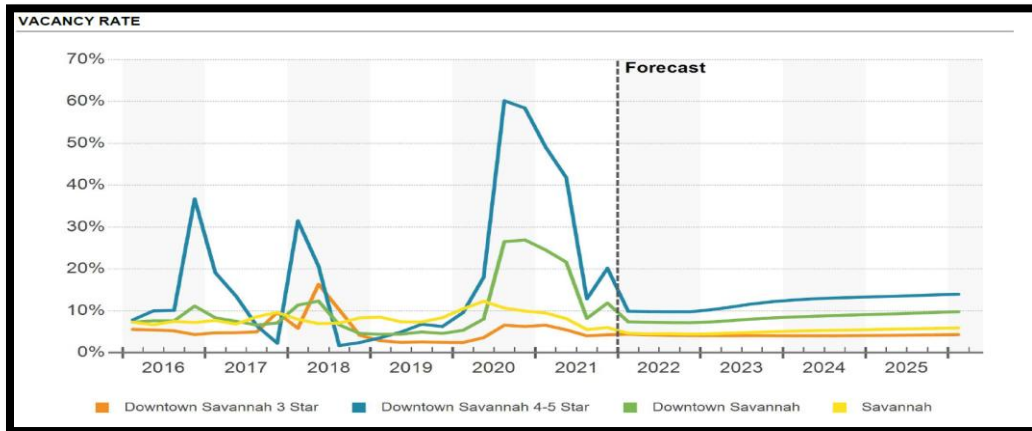


RESIDENTIAL MARKETS

From the Coastal Empire Economic Monitor for the third quarter 2022 indicated in the housing market, the seasonally adjusted number of single-family homes permitted for construction plunged 19%. In the housing market, the seasonally adjusted number of single-family homes permitted for construction plunged another 12% following a 19% decline in the previous quarter. The number of permits issued in the third quarter was one-third fewer than in the same period last year (See the chart above). The seasonally adjusted number of permits issued in the third quarter decreased to 463 from 528 in the previous quarter. The average valuation per single family unit increased 3% to \$291,600 from \$282,700. Note, however, after accounting for inflation, this represents a 4% decline in terms of true purchasing cost.



Multifamily residential construction is expected to boom in the Savannah metro region through 2022. A stunning \$110 million in building permit valuation for nearly 760 multifamily (apartment) units was issued. About 1,300 new units were delivered into the market that now has about 20,000 units. West Chatham County had the greatest amount of new inventory enter the market, followed by downtown Savannah and the Southside. Another 2,700 units are under construction.



OFFICE MARKETS

Metro Savannah’s office market experienced a slight lowering of vacancy rates as of the fourth quarter of 2022. The following information was provided by Co-Star-Savannah and indicating an overall vacancy of 2.2% in all sub-markets.

Overview

Savannah Office

12 Mo Deliveries in SF

38.6K

12 Mo Net Absorption in SF

59.7K

Vacancy Rate

2.2%

12 Mo Rent Growth

3.0%

Savannah's office market is slow and steady, as large-scale supply and major tenant moves are rare here. At 2.2%, the market's vacancy rate has remained well below the national average over the past several years. Since 2021, positive absorption and virtually no new supply have cut vacancies in half. The lack of movement in Savannah has kept rent growth relatively low in boom times, but limited new supply has also helped stabilize rents during downturns. Rents are up 3.0% over the past 12 months, above the national benchmark, which is essentially flat.

Savannah's rich history, desirable coastal location, and restaurant/retail attractions draw millions of visitors to the area each year. The Port of Savannah, one of the busiest and fastest-growing in the United States, is also a significant economic engine. Employment in office-using sectors, on the other hand, is lower than average in the Savannah market. Savannah's largest office tenants include educational and medical users such as the Savannah College of Art and Design and St. Joseph's/Candler Health System. Administrative offices for industrial users such as Gulfstream Aerospace, Total Quality Logistics, AMX Logistics, and Kimley-Horn

engineers account for some of the largest office users. Smaller professional services tenants have driven more recent leasing activity.

With the continual demand for retail and hospitality, developers have generally been more focused on converting office space into other uses than bringing new office space to market. Demolitions nearly outpaced deliveries over the past year, and 47,000 SF is under construction, most of which is medical office.

While Savannah's industrial and retail sectors attract lots of investment from national buyers, office investment here is primarily driven by local investors. More than half of all trades involve single-tenant buildings 10,000 SF or smaller and are not considered institutional-grade assets. Deal count ticked up slightly recently but remains subdued compared to other property types in Savannah and comparable office markets such as Charleston. Roughly \$88.9 million in office transactions has closed in the past 12 months. As interest rates rise and economic uncertainty continues, office sales volume is likely to remain muted.

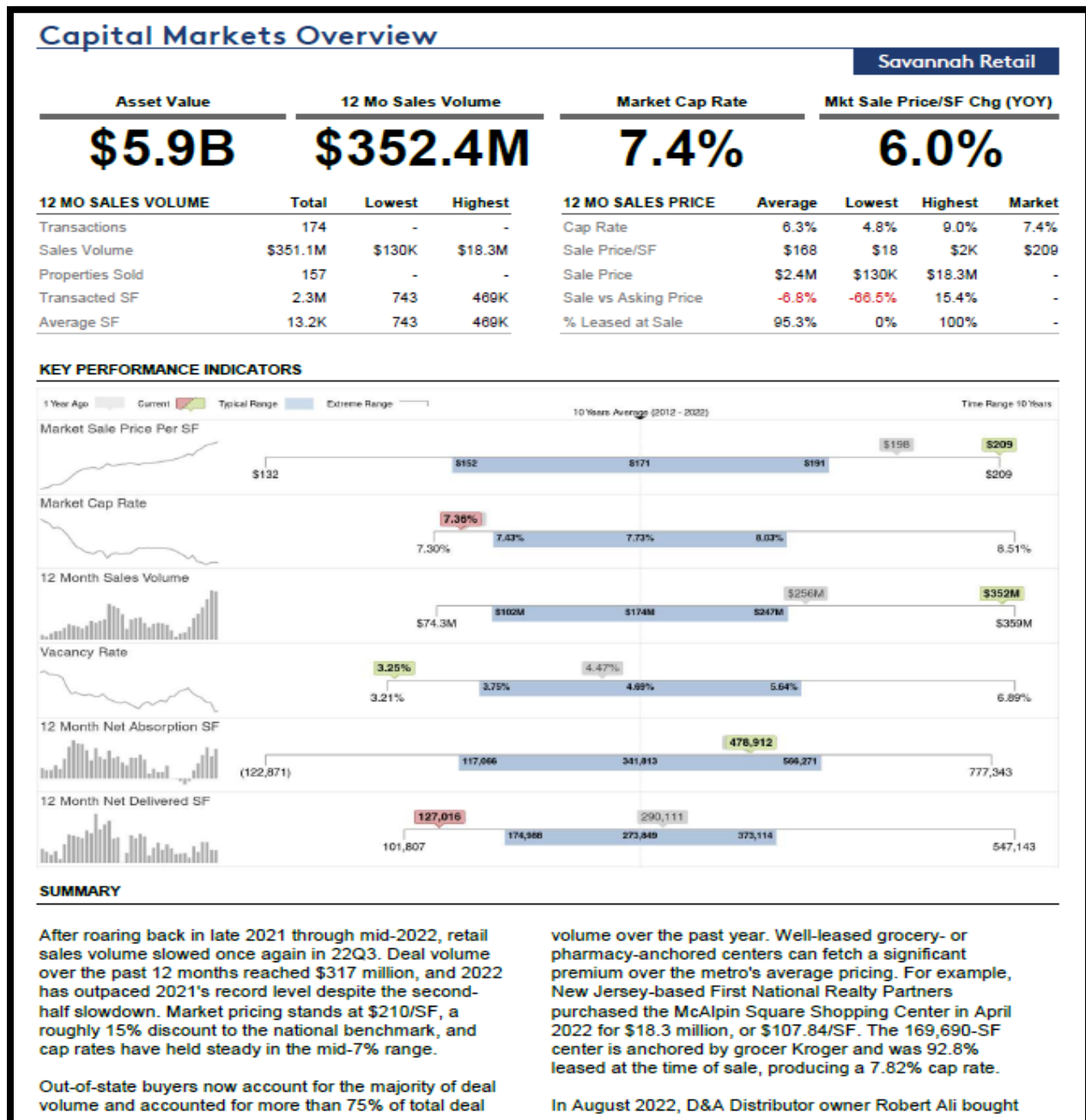
KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	1,213,524	3.3%	\$28.72	2.6%	0	0	0
3 Star	4,730,696	2.8%	\$25.31	3.9%	(122)	0	47,438
1 & 2 Star	6,420,120	1.6%	\$21.24	2.2%	(5,464)	0	0
Market	12,364,340	2.2%	\$23.54	2.9%	(5,586)	0	47,438
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.6%	6.7%	2.4%	12.9%	2009 Q3	2.2%	2022 Q4
Net Absorption SF	59.7K	111,075	17,828	484,497	2013 Q1	(92,100)	2008 Q3
Deliveries SF	38.6K	86,114	31,829	446,732	2008 Q4	0	2022 Q2
Rent Growth	3.0%	1.5%	0.8%	9.5%	2017 Q2	-6.3%	2010 Q2
Sales Volume	\$89.3M	\$39.5M	N/A	\$95.3M	2022 Q2	\$1.8M	2007 Q4

RETAIL

The Savannah retail market experienced a slight improvement in market conditions in the fourth quarter 2021. The Pooler market continues to be the area of the most concentration of retail development along Pooler Parkway. Soon after Wal-Mart opened its doors in 2000, Home Depot, Sam's Club, Red Roof Inn and numerous gas stations and restaurants followed. Later in 2010, Publix became the first major grocer on the north end of the parkway, and in more recent years, Michael's, TJ Maxx, Marshalls, PetSmart opened along the parkway. Atlanta-based developer Ben Carter developed the Tanger Outlets Savannah,

a 430,000-square-foot shopping mall along Interstate 95. The following from Co-Star indicated the retail market:



Capital Markets Overview

Savannah Retail

the 470,000-SF Savannah mall for \$8.5 million, or \$18/SF, at auction from New York-based Kohan Retail Investment Group. The 1990-built mall produces an 8.96% cap rate, well above the 7.4% marketwide cap rate.

While suburban properties have accounted for most retail investor interest, some large sales have closed in Downtown Savannah. Charleston-based Green Room

Partners purchased 14 retail and office properties in Savannah's historic Downtown as part of the redevelopment of City Market. The properties, totaling 141,148 SF, sold for \$30.5 million, or \$216/SF, in March 2022. In June 2022, a 10,059-SF, 1870-built building at 419 W Congress St. traded between two private individuals for \$6.5 million, or \$646/SF. The property last sold in May 2016 for \$1.6 million, or \$158/SF.

One south end development sure to have an impact on all of Pooler and the surrounding area is the St. Joseph's/Candler "micro hospital," with 170,000 SF with the first phase opened in March 2019 on an 18-acre site near Pooler Parkway and Interstate 16. In this south Pooler Parkway area, the new Costco store opened in fourth quarter 2021 which will be the only Costco in the region, and includes a gas station, tire center, food court, optical center and more. Along with Costco construction other uses included a Chick-fil-a and Starbucks.

The new phase of the Park of Commerce and Eastern Wharf projects will add about 110,000 square feet – and add to the region's 3.4 million square feet of commercial space. Additional projects are expected near the St. Joseph's/Candler micro hospital in Pooler, and which promises to be a good economic driver with the new Costco Store. The artistic, creative community of the Starland District in the Street-Car Historic District continues to attract interest and plans for a \$40 million investment by the Forum Group would add apartments, an office building with roof-top restaurant, renovation of a former church into a 900-seat music venue, and a parking garage.

The renamed Savannah River Landing project in the east downtown Historic District on the Savannah River, now Upper Eastern Wharf, had a ground-breaking in October 2018. This community is a **\$600 million investment** on 54 acres, the first phase of which is a \$225 million investment completed in 2020. The first residential property of the Upper East River development opened in February 2020. The first phase also includes luxury apartments, a boutique hotel, a parking garage, 40,000 square feet of retail, and 80,000 square feet of Class A office space.

The new Plant Riverside recently opened in Savannah on the west side of the River Street retail area having a major impact to this west area that over the years had seen little development:

[The Kessler Collection's Plant Riverside District](#) – the largest redevelopment in the history of Savannah's National Historic Landmark District – has officially opened as Savannah's Entertainment District," a \$375 million project expanding the city's iconic riverfront to a 4.5-acre waterfront hospitality and entertainment destination, anchored by the 419-room [JW Marriott Savannah](#) hotel. "Plant Riverside District is my career legacy and gift to my hometown of Savannah," said Richard Kessler, Chairman and CEO of The Kessler Collection. "The project brings new life to Savannah's riverfront with world-class entertainment, curated galleries, over a dozen dining options and jaw-dropping natural science exhibits for all ages."

In conclusion, the Coastal Empire Coincident Economic Index indicates the regional economy has been growing consistently for eight years, creating 33,000 new jobs along the way – mostly in the private sector. Current drivers in the economy are port-industrial activity, real estate development and investment, tourism, and business/professional service growth. On the goods-producing side of the economy, manufacturing will play a growing, but lesser role in terms of regional growth, while construction has added more jobs in 2022.

Savannah's growth prospects are good as Savannah's unique ambiance and transportation infrastructure make it an attractive place to live and do business. The thriving Landmark Historic District along with the Victorian District, Thomas Square Historic District and waterfront developments draw visitors. Travel+Leisure magazine ranks Savannah as the third best travel destination in the U.S. Hotel development has been and will continue to be very strong based on the increased tourism along with the intentional destination for meetings and conventions. Retirees will continue to be an important force powering and diversifying the region's economic development, but the Savannah area will benefit from the fact that its population is increasing for all age groups as net migration is very strong.

Due to the presence of the Georgia's Port Authority, Georgia is the nation's seventh largest importing state and eleventh largest exporting state. Port operations support manufacturing and foster growth of Savannah's logistic, distribution, and warehousing industries.

In the Savannah MSA, Georgia's ports support almost 36,000 jobs with statewide economic impact of Georgia's ports being over 369,000 jobs. The Port of Savannah deepening and improvement project will preserve these port-dependent and port-related jobs. More spending by U.S. consumers and increases in industrial production will cause cargo volumes at the Port of Savannah to increase, with year-end June 2022 already showing record breaking volumes over 2021. Moreover, the Savannah Harbor Expansion Project positions the Port of Savannah for long-term growth anticipating increased activity. The new Jimmy DeLoach Parkway recently completed to I-16 will further implement better traffic flow to and from the ports. With the new Mega-site available on Interstate 16 in Bryan County, adding such mega-industries as Hyundai as well as other major industrial developments being constructed, Savannah is positioned as one of the major ports in the United States and will continue to grow at an unprecedented rate as noted in 2022.

Savannah's destiny is to become a premier destination for national conventions, trade shows, and meetings. Tourism and convention business will continue to be one of the fastest growing sectors of Savannah's economy, reflecting substantial investments in the area's infrastructure, including a large number of new well-situated hotels as well as the anticipated expansion being funded by the state of Georgia for the Savannah International Trade and Convention Center on Hutchinson Island. The increasing number of direct air connections bodes very well for the expansion of the hospitality industry and the recent announcement of Southwest Airlines joining the Savannah market. The real estate market has shown strong numbers over the past few years and should continue to show stability with new developments and increasing development for the anticipated population growth as well as the overall good economy which has recovered from the pandemic. The Savannah area is a destination for the Southeast and drivable for millions of people making it a prime tourist area and numbers are proving this market is an extremely desirable area.

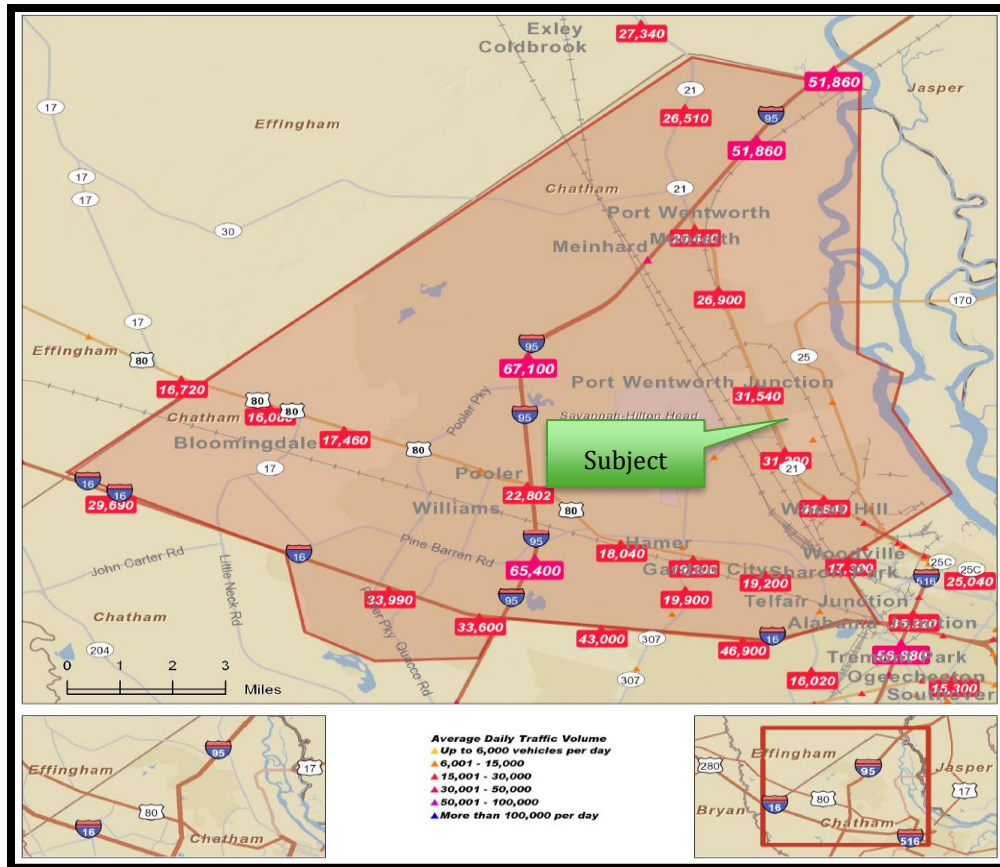
NEIGHBORHOOD-GENERAL DESCRIPTION AND BOUNDARIES

The subject neighborhood consists of the North and West Chatham County district which is the fastest growing district for Savannah and Chatham County. This area includes the City of Pooler, Garden City and Port Wentworth as well as surrounding neighborhood sections, and small areas that are in the city of Savannah limits. This area is in west Chatham County which has experienced significant growth over the past two decades with the majority of this growth being within the Godley Station master planned community as well as the Georgia Port Authority facilities. Located from 5 to 15 miles from Savannah's Historic District, this area has become the central point of new development in industrial, residential and commercial sectors. The three municipalities that have experienced the majority of this growth are Pooler, **Garden City** and Port Wentworth.

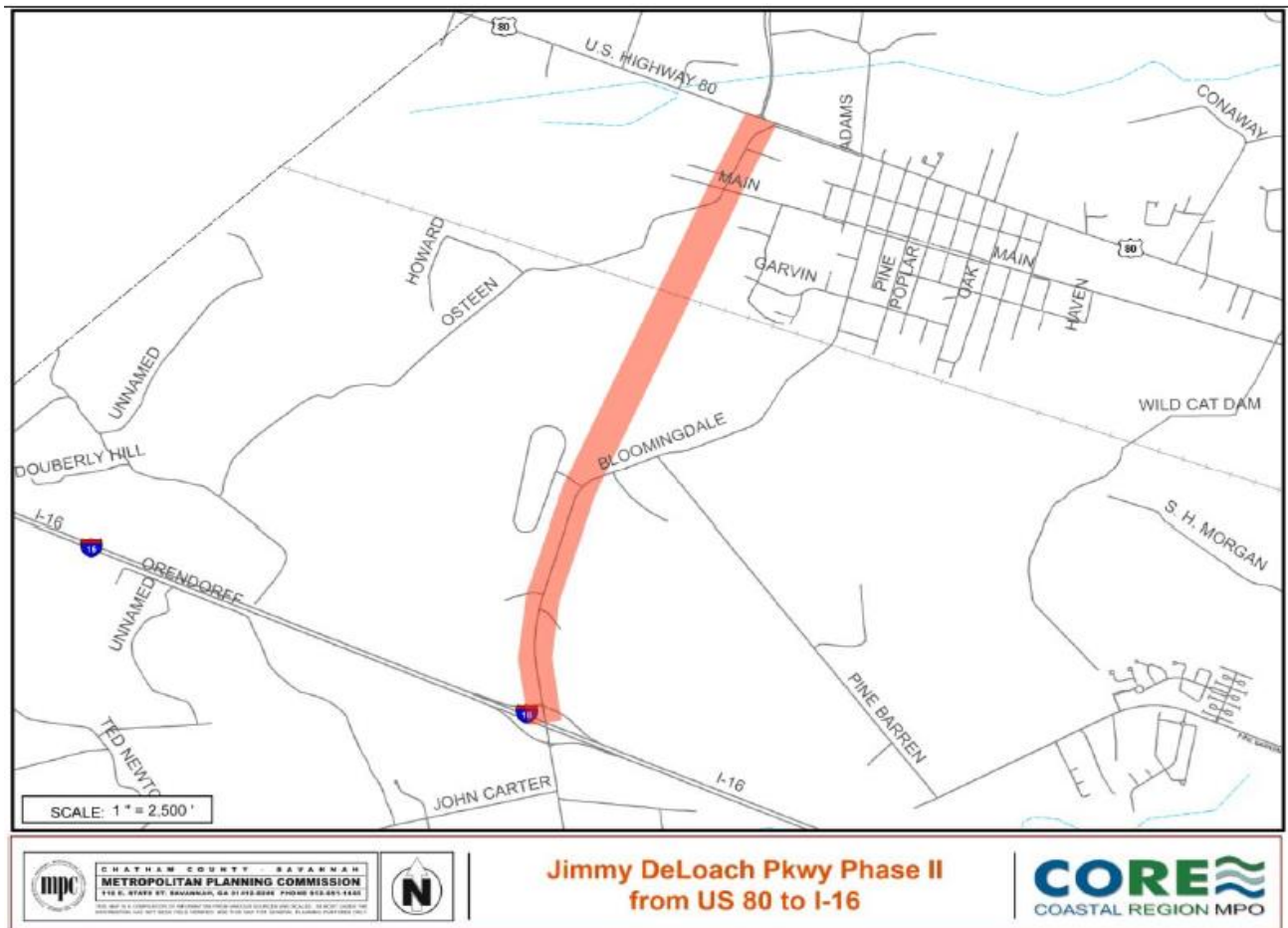
LOCATION AND ACCESSIBILITY

The unique aspect of this sector of Chatham County is that it contains two Interstate Highways, I-16 and I-95. Therefore, the development of other areas generally spread from this central location, and now allows for very good accessibility. Several North-South and East-West connector streets traverse this area with no substantial traffic congestion noted. Other than Interstate 95 and Interstate 16, primary access is provided by US Highway 80 from central Savannah to Pooler and Bloomingdale and Georgia Highway 21 from central and downtown Savannah to Garden City, The Ports of Savannah and Port Wentworth. Overall, access and linkages are considered to be good.

Public transportation is provided by Chatham Area Transit (CAT) with its major hub along Oglethorpe Avenue just west of Martin Luther King, Jr. Boulevard that stretches into North and West Chatham County. The Savannah/Hilton Head International Airport is located within this district and provides secondary access for residents to the major air carrier hubs. However, the primary mode of transportation within the area is the automobile. The following is the major traffic counts within the neighborhood:



Several developments completed have greatly impacted west Chatham County. These projects include the completion of the Pooler Parkway, a four-lane arterial highway connecting Interstate 16 to U.S. Highway 80 and from Pooler to the airport interchange on Interstate 95. Also, the Jimmy DeLoach Parkway is being extended to Interstate 16 which will connect portions of West Chatham County and the Savannah Port Authority facilities to the interstate and provide better access for the port business and employment. This project is scheduled to be completed in 2021 with a 3.8-mile extension from Highway 80 to Interstate 16 and creating a new interchange. This will be one of the main connectors road systems to the Georgia Port Authority facilities as a regional freight transportation system and greatly access the west Chatham neighborhoods.



ADEQUACY OF UTILITIES

All public utilities and services which include water and sewer, electricity, telephone, and natural gas, are available in sufficient amounts to adequately serve the area. Since all public utilities are regulated by either city or state government, the cost of these utilities is uniform throughout. Therefore, the cost of these utilities doesn't adversely affect the value of the subject neighborhood or subject property.

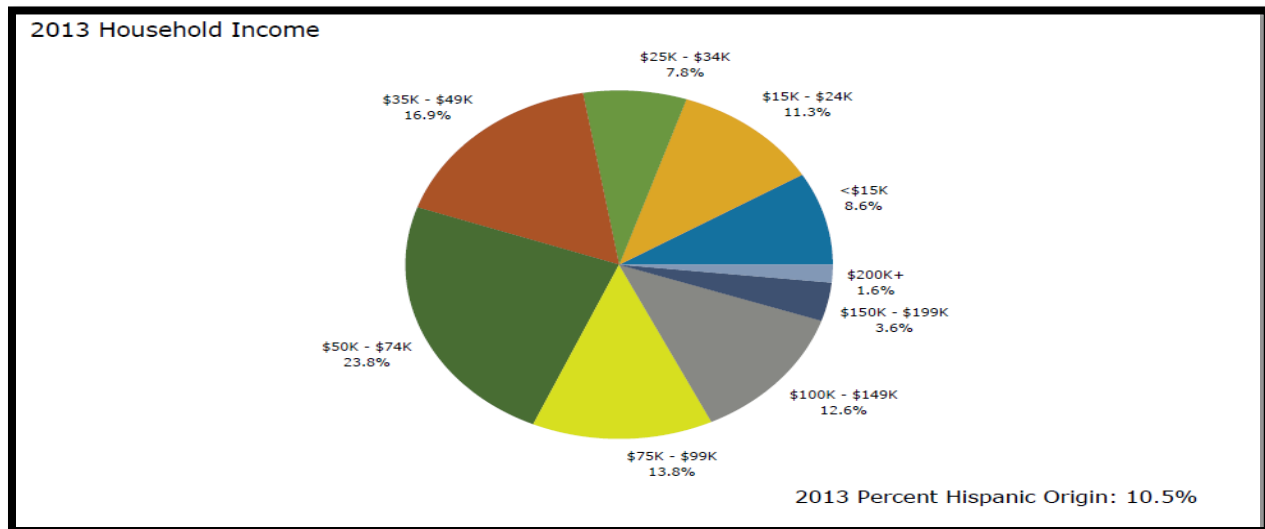
DEMAND GENERATORS

A Demographic profile of the west Savannah neighborhood including population, household data and housing units is presented in the following chart:

Summary	Census 2010	2013	2018
Population	39,451	43,930	49,788
Households	14,619	16,388	18,747
Families	9,897	10,973	12,420
Average Household Size	2.58	2.57	2.56
Owner Occupied Housing Units	9,141	9,641	11,017
Renter Occupied Housing Units	5,478	6,747	7,729
Median Age	32.6	33.3	34.5
Trends: 2013 - 2018 Annual Rate	Area	State	National
Population	2.54%	0.94%	0.71%
Households	2.73%	0.99%	0.74%
Families	2.51%	0.84%	0.63%
Owner HHs	2.70%	1.17%	0.94%
Median Household Income	4.40%	3.32%	3.03%

As shown above, the current population is near 43,214 people with the average household size of 2.58. Population is projected to grow at an annualized rate of 2.94% of the next five years. This population increase is much higher than the State of Georgia projections and national forecast.

Median Household Income for the neighborhood is \$46,434 and forecast to grow at 3.71% annually, more than State and National forecast. The following is a pie chart of the segregation of household income within the immediate neighborhood.



PREDOMINANT TYPES OF DEVELOPMENTS

The subject neighborhood consists of a mixture of residential, commercial and industrial uses throughout North and West Chatham County and specifically within the areas near the Georgia Port Authority facilities.

The industrial sector is centered around the Garden City Terminal, a secured, dedicated container terminal owned and operated by the Georgia Ports Authority. This terminal is supported by the port industry's only Client Relations Center. Garden City Terminal is the fourth-largest container port in the United States and the largest single-terminal operation in North America.

The facility's single-terminal design allows the port to operate in an environment of maximum efficiency and flexibility, as well as increased security, due to the concentration of all manpower, technology and equipment in one massive container operation. Add to this a pro-business, pro-port state versed in the unique requirements of international trade and investment, as well as an experienced labor force from one of the top-six fastest growing populations in the nation, and the opportunities offered by Garden City Terminal are unequalled among U.S. ports. Two Class I rail providers serve the Garden City Terminal location, which also offers immediate interstate access to the more than 100 trucking companies that service the Savannah area. And with land available for future development, the facility has strategic plans in place for its expansion. Warehousing facilities to serve import/export through the Port are scattered throughout North and West Chatham County and primarily centered around Dean Forest Road, Georgia Highway 21 and Jimmy Deloach Parkway.

The major industrial employers within North and West Chatham County include Gulfstream Aerospace, International Paper, JCB, Mitsubishi Power Systems, etc. Additionally, many companies have located distribution centers within the area. These include Target, IKEA, Home Depot, Dollar Tree, Pier

1, Icon Health and Fitness and Lowes. Major developments for future growth include the Savannah Megastore, the Westport Site, AMB Morgan Business Center, the Crossgate Road Site, Crossroads Business Center and Rockingham.

The commercial sector has experienced tremendous growth in North and West Chatham County as well. Major commercial corridors along I-95 include US Highway 80, Pooler Parkway and Georgia Highway 21. The I-95/Highway 80 corridor is somewhat older and contains several motels, fast food restaurants and dine-in establishments. The I-95/Pooler Parkway corridor is the newest growth area with several hotels, a Home Depot/Wal-mart anchored shopping center, a new Publix shopping center, Sam's Club and numerous dine-in and fast food chains. The I-95/Highway 21 corridor has numerous C-store, hotels and restaurants. The newer Tanger Outlet Mall has brought a lot of business to the Godley Station area as new businesses are fast being built to answer the strong demand for services for not only residents but I-95 traffic to this area.

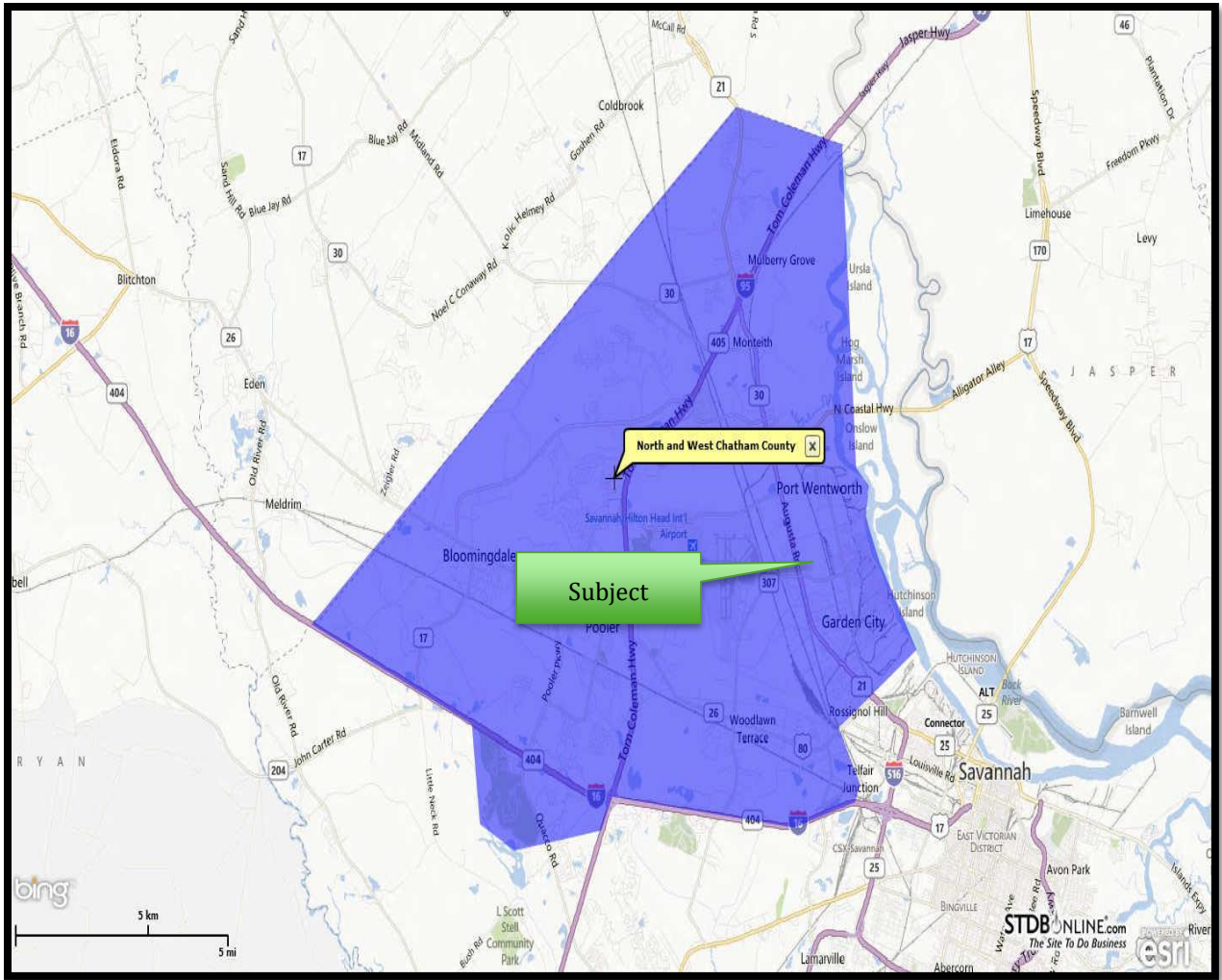
Many businesses are choosing north and western Chatham County for their location. International companies such as JCB and Mitsubishi Power Systems as well as national organizations like Embry Riddle Aeronautical University have chosen Pooler as their home. Pooler's proximity to the Port of Savannah, rail lines, airport, and two major highways make it a strategic location. In addition, North and West Chatham offers a great environment in which to do business with a healthier economy and steady population growth. Commercial development is going strong with the announcement of a 1.5 million square foot shopping mall that was built in Pooler and several major chains are in the project. Pooler had also been negotiating with a major hospital which indicates it has plans to open a facility in Pooler. Which was recently announced that St. Joseph's/Candler has built a micro-hospital facility on Pooler Parkway next to Lowe's near Interstate 16. The facility opened in February 2019 on the 18-acre site with 170,000 SF in two phases with the first being a \$21 million phase of 61,000 SF.

Residential growth is picking up momentum and many of the major developments have seen major construction in the last few years. Some of these developments include Savannah Quarters at I-16 and Pooler Parkway, Godley Station in Pooler, Rice Hope and Rice Creek developments in Port Wentworth and numerous smaller developments within the area.

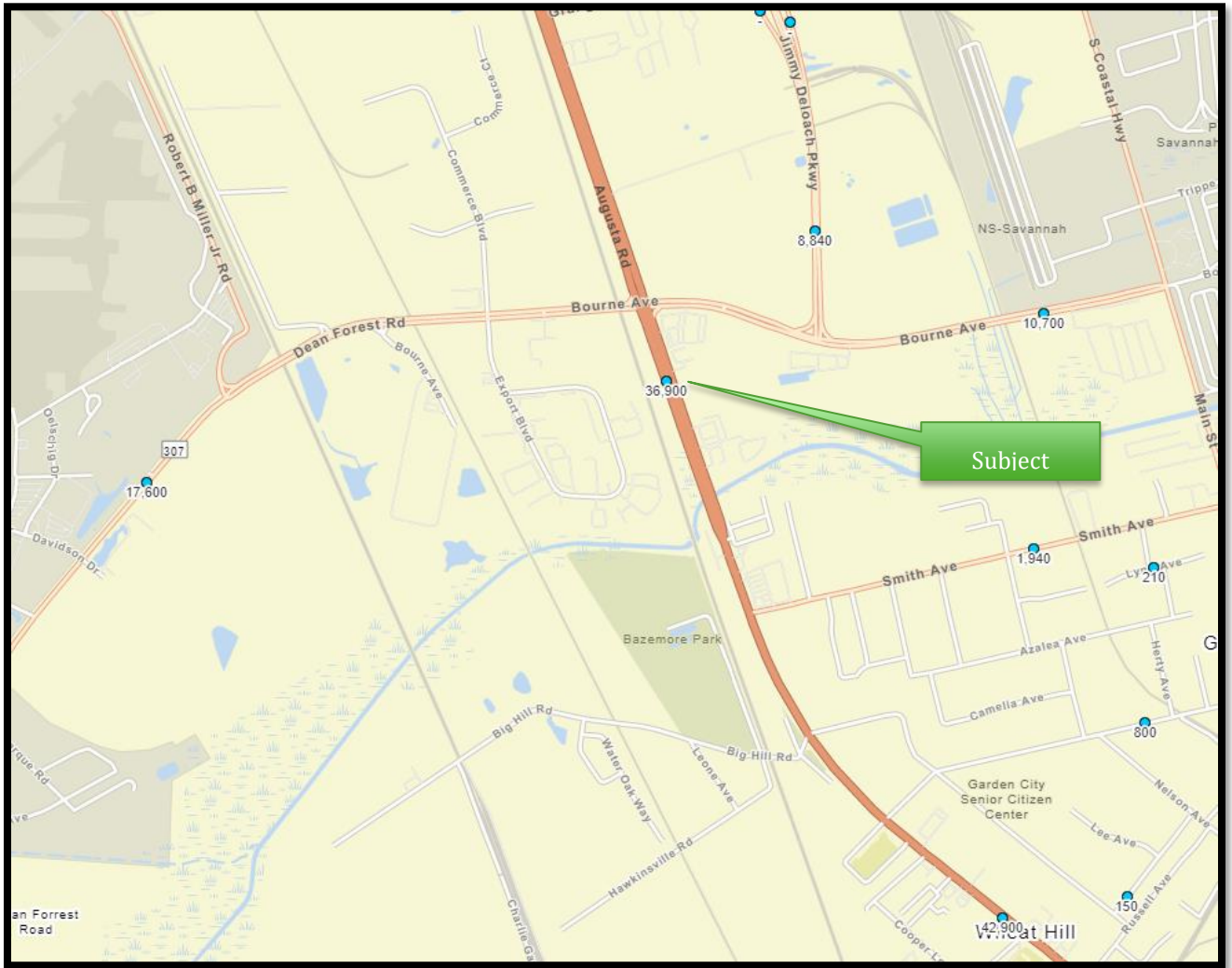
OUTLOOK AND CONCLUSIONS

In conclusion, the subject property is located in a stable commercial/mixed use area of Garden City with good accessibility in the intense commercial corridor of Augusta Road at the entrance to the Georgia Port Authority facilities. The area demonstrates economic diversity including a variety of both public and private sectors. The subject benefits from its geographic location near Interstates 16 and 95 and *close proximity* to the Georgia Ports Authority facilities within one of the fastest growing areas of metropolitan Savannah. Therefore, prospects for long term economic expansion are considered good.

**NORTH & WEST
CHATHAM**



TRAFFIC COUNTS



HIGHEST AND BEST USE

Highest and Best Use is defined on Page 93, in *The Dictionary of Real Estate Appraisal*, 6th Edition, published by the Appraisal Institute, as the reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

In cases where a site has existing improvements, the highest and best use may very well be different from the existing use. However, the use will continue unless and until the land value, in its highest and best use, represents the premise upon which value is based.

Also, implied within this definition is that the determination of highest and best use results from the appraiser's judgment and analytical skill; i.e., that the highest and best use determined from analysis represents an opinion, not a fact to be found. The use of a property must be physically possible, legally permissible, financially feasible, and maximally productive to represent the highest and best use.

AS IF VACANT

The above definition is specifically applied to the highest and best use of land as though vacant. When a site contains improvements, it typically remains in use over its economic life. The discussion of highest and best use under the assumption of a vacant site should analyze what type and size improvements should be constructed in accordance with the above definition and criteria. The purpose of determining the highest and best use of the land as vacant is to define the criteria for the selection of comparable sales to be used in the valuation of the site, and also to determine if the highest and best use as though vacant differs from that as improved.

The subject property is located in a mixed-use area with good accessibility and exposure. A variety of residential, institutional, industrial and commercial properties are located in the general area which is in the GA Highway 21 corridor.

Legally Permissible - As detailed in the Zoning section of this report, the subject is zoned C-2 Heavy Commercial District. The subject's zoning permits the site to be developed with a variety of commercial uses such as the subject's proposed express car wash that are generally compatible in a more commercial mixed-use neighborhoods. This use conforms to zoning restrictions on surrounding properties and is consistent with the Garden City location and nature of the neighborhood.

According to planning and zoning officials with Garden City, the general policy of the planning and zoning board limits development in areas like the subject to corner sites at major intersections and along major traffic arteries. According to zoning officials, to maintain uniformity in development, the board typically does not deviate from this policy.

The possibility of rezoning the site for alternative development also was considered. However, since the site is located in a commercial area, and likely alternative improvements are not considered to be a logical alternative due to the nature of the subject maximizing the site.

In summary, a legally permissible use for the subject site would be a commercial use such as the subject proposed express car wash.

Physically Possible - The physical characteristics of a site that affect its possible use(s) include, but are not limited to, location, street frontage, size, shape, street access, availability of utilities, easements, soils and subsoils, and topography.

The west Savannah population growth is projected to stay at a steady rate. This projection is within the region's historical and projected growth rate. As growth continues, the need for additional supporting commercial facilities also increases. Moreover, the subject's location is adequately served by supporting facilities and services such as other commercial facilities and nearby major road systems, employment centers, schools and service facilities within the Savannah MSA and at the Georgia Port facilities.

The subject as a commercial site is large enough and has a suitable configuration for the proposed car wash. The site's topography is generally level and clear. No adverse easements were observed. Adequate utilities are available to the site.

The site is not located in a flood hazard zone and no soils or subsoils are known to adversely affect the development potential of the site. Ingress and egress to the site is available via Augusta Road.

Of the uses that are legally permissible, an express car wash would be physically possible.

Financially Feasible - The subject is located within an established mixed-use area in an intensely developed area along the Augusta Road commercial corridor. A variety of developments are located within the neighborhood and have been successful as these neighborhoods are responding to this growth in these master planned communities, commercial shopping centers and planned commercial subdivisions, as with the subject, and with good access and traffic counts.

The subject is zoned for a variety of commercial uses but restricted by use. An inspection of the neighborhood revealed that similar sites located on surface streets were improved with properties for primarily commercial uses lining Augusta Road. In the subject's neighborhood in general, most developments are located in mixed-use oriented commercial areas with heavy industrial nearby.

Population, employment and general tourism within the Savannah MSA are projected to increase, thus creating a demand for developments but particularly in areas that have commercial buildings that are responding to the growing population. The subject market area has the necessary characteristics and infrastructure to sustain continued growth as newly constructed buildings are evident in these neighborhoods. The rate of the population growth and increased need for supporting commercial uses is anticipated to reinforce market demand for the subject site.

Maximally Productive - Analyzing the financial feasibility for a commercial property under current market conditions reveals that development of the commercial use on the subject site allowable under this zoning would produce a positive cash flow and an adequate return to the cost of the investment, and an estimated market income has been analyzed in this report. There are no other legally permissible and physically possible uses that produce positive cash flow that would maximize the site.

Conclusion - Given the subject's location and the socio-economic status of the neighborhood, current and future demand for the commercial use would produce the highest net return to the site over the longest period. Therefore, the most productive, legally permissible, physically possible, and financially feasible use of the site is for a commercial use.

AS IMPROVED

The above definition is specifically applied to the highest and best use of land as though vacant. When a site contains improvements, those improvements typically remain in use over its economic life. The highest and best use of the property as improved pertains to the use that should be made of an improved property when considering the existing improvements. Considered are the alternative uses of the existing improvements such as to remodel, renovate, convert, make no change, or demolish to

determine the use that will produce the highest return. This analysis also identifies the criteria for selection of comparables in the appraisal process.

As previously indicated, the subject property is located in a mixed-use commercial area with good accessibility and exposure on a major corridor. A variety of commercial, industrial, institutional and single-and multi-family properties are located in the area.

Legally Permissible - The proposed improvements are designed to conform to the property's zoning limitations, deed restrictions and requirements. Within the scope of this legal analysis, the planned improvements most likely would not be altered to any use other than the specific express car wash development within the zoning regulations and designation of this particular site in a planned subdivision.

Physically Possible - The proposed improvements consist of an express car wash. The proposed improvements will be considered in good condition as new construction with no signs of deferred maintenance.

Based on the subject's land area, its regular configuration, the positioning of the proposed improvements on the site, and the zoning restrictions, increasing the size of the improvements is most likely not physically possible due to required green space and drainage areas as well as parking.

Financially Feasible - The Income Approach is utilized in this report, as the financial feasibility of the subject was analyzed based on potential income. Since the property as proposed would conform to zoning, the subject represents a reasonable land-to-building ratio, will have good building and site efficiencies, and the area is experiencing market demand and this express car wash with the traffic count would appear to be financially feasible.

Therefore, the use of the improvements for a proposed express car wash is considered to be a legally permissible, physically possible, and financially feasible use of the property as improved as demonstrated later in this report.

Maximally Productive - No other probable or profitable alternative use for the site is believed to exist that would economically justify changing the proposed improvements to allow for an alternate use. The maximally productive and, therefore, the highest and best use of the property as improved is for the proposed use as an express car wash.

CONCLUSION

Changing the plan of the proposed improvements, would most likely not be feasible at this time, as the design of the property as an express car wash maximizes the income potential as investor-owned property and represents the highest and best use of the property as improved upon completion.

CAR WASH INDUSTRY DATA- MARKET NOTES

This section of the report analyzes the car wash industry on three levels:

- National
- Regional
- Neighborhood

Significant data sources are the International Carwash Association, Carwash.com, Carwash.org, Carwashbrokers.com, the *2018 Professional Carwashing & Detailing (PC&D) Conveyor Benchmarking Report*, the International Carwash Association, and *Car Wash Magazine*. Also included is data from the *Auto Laundry News* (2017) and Ibis World Carwash & Auto Detailing in the US. The data presented reflects the most currently available information as of the writing of this report.

NATIONAL INDUSTRY OVERVIEW

The car wash industry is comprised of three basic segments:

- Full-Service
- Express
- Self-Service

Full-service carwashes are generally tunnel washes with a conveyor system that pulls the automobile through cloth washing equipment. Additional services such as gas /convenience stores, and interior/exterior detailing are also provided at additional costs. Full-service washes typically have higher overall costs as they also tend to have the highest operating costs. This is a destination model and customers have to want to invest the extra time necessary to receive the extra services offered. Less real estate is typically required than some tunnel washes as more tasks are done by employees than by equipment. It is important that these types of facilities have significant surrounding retail developments to help drive traffic.

Express car washes (aka exterior-only carwashes) are also generally conveyor driven tunnels with cloth washing equipment, but generally do not employ persons to perform extra detailing. Employees are typically limited to only a few that perform customer service operations and minimal car prep operations. Additionally, these types of car washes typically have less profit centers such as gas sales and convenience/lobby sales than full service. The goal of this model is to do a high volume of cars at a relatively low average price with minimal wait times. Typically, these properties require larger sites for customer self-service vacuums.

Self-service carwashes are typically multi-bay facilities that have high pressure wand bays and may or may not include one or more automatic in-bay touchless or cloth systems. Stationary in-bay washes typically found at gas stations / convenience stores generally fall in or are grouped with the self-service category.

Industry Observations

The following discussion illustrates some general observations in the industry. From an industry wide perspective, it is generally accepted that the carwash and auto-detailing marketplace was “wrecked” by the 5-year recessionary period leading up to 2013. Industry participants were negatively affected by increased unemployment levels, which have direct effect on discretionary spending levels. In addition, driving habits changed as gas prices increased, yielding lower demand for auto-wash services. Combined, the negative trends caused revenue declines of 3.2% and 9.4% in 2008 and 2009, respectively. However, consistent with the overall economy, demand for carwash services has improved dramatically in the most recent year(s), with overall industry revenues forecasted to increase. In addition to increased total revenues, average industry profit margins are also forecasted to continue increasing.

In part due to the improved economic outlook and increased discretionary spending, the carwash industry experienced expansion during the 5-year period from 2009 to 2014 where the number of washing companies is expected to surge 2.9% to a total of 58,754 operators. Looking ahead, demand for the auto-wash industry is expected to continue its upward trend, with annual growth of 2.3% forecasted from 2014 to 2019. Total industry revenues are expected to increase from a current level of \$8.6 billion to \$9.7 billion over the next 5 years.

According to IBIS World, one of the key external drivers for the auto-wash industry is household income level. US unemployment levels are projected to decline slowly over the next five years, which has a correspondingly positive impact on consumer spending. As household incomes rise, consumers are more likely to spend on discretionary items such as carwash and detailing services. With regard to household incomes and spending, IBIS World reports that households with income levels exceeding \$100,000 per year account for more than 25% of total industry revenues, and further, the number of households earning more than \$100,000 per year is also forecasted to increase.

Industry Press

Excerpt from *Professional Carwashing & Detailing Magazine*, August 17, 2018:

Dale Reynolds, president of Carolina Pride Carwash Systems & Solutions and immediate past president of SECWA, explains that most people now seem to have a positive economic outlook about the carwash industry. Riding the current economic surge, some areas have now surpassed the success they experienced before the Great Recession, Reynolds states. Specifically, the carwash express tunnel market is going strong today. But before the recession, the in-bay automatic locations were experiencing the most growth. As the economy changed, the car care industry changed as well.

Today's busy carwash customers prefer quicker services. Thus, Reynolds has seen that locations are having to reevaluate their business models. It is important for businesses to figure out how to attract new customers and offer new services to which wash users will respond. Even so, the necessity of rethinking a location is not restricted to any one type of carwash. "I think all carwash models are having to reevaluate where they are and how they can continue to grow and compete," Reynolds says.

One trend Reynolds has noticed is more in-bay automatic and self-serve operators adopting some practices from the express washes, such as free use of vacuums. While in-bay automatic and self-serve carwashes currently enjoy the revenue from vacuum use and other add-on services, owners are still interested in enacting changes at their sites. As these businesses begin to convert and offer similar services to the competitive express models, the associated costs will have to be built into the wash package or in-bay service prices, according to Reynolds.

Regardless of the changes made, Reynolds notes that there is a lot of growth now taking place in the carwash industry. Many operators are taking the initiative to reinvest in their businesses. "I think most people that we do business with as a supplier, as well as through the association ... are constantly reinvesting in their businesses today," Reynolds says.

National Market Trends - Consumers

The most recent consumer data trends available are from a survey conducted on behalf of the International Car Wash Association and summarized in the Winter 2014 issue of *Car Wash Magazine*. The survey is performed every 3 years and the most recent survey has not been fully released. Survey findings are presented below.

- The national market is trending towards car washes instead of home washes. The results indicated that 71.6% of respondents washed their vehicles at professional car washes.
- This is an increase of 24 percentage points since 1996 when only 47.6% of consumers preferred professional car washes.



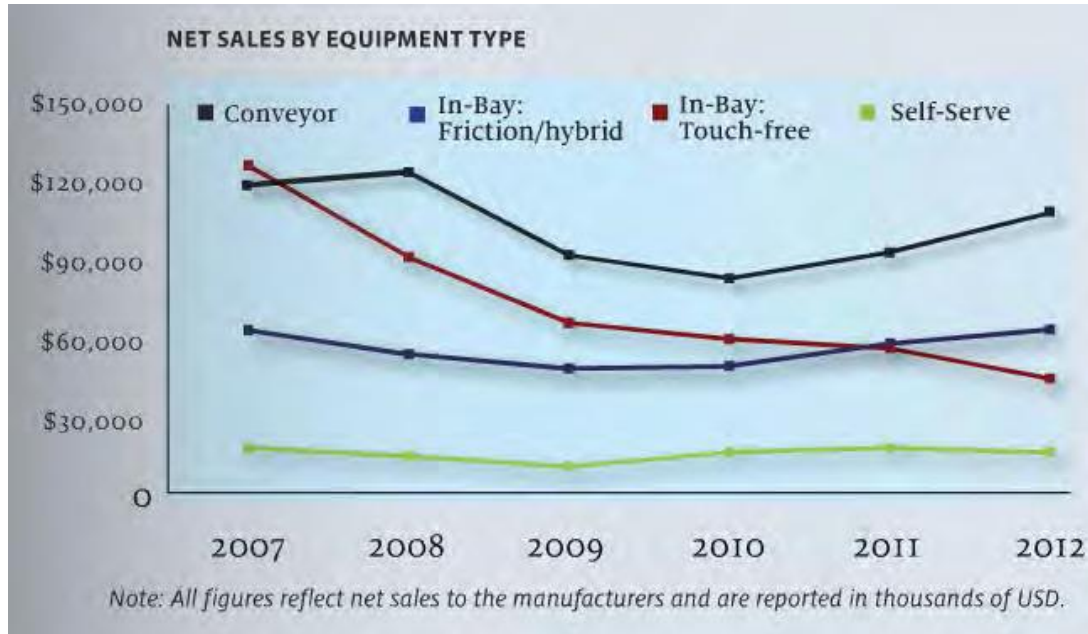
- Interior vacuuming and waxes or paint protectants are the most important ancillary services that consumers are also willing to pay more to receive.
- Cost is the single biggest reason given for washing at home rather than using a professional car wash. Lower costs are the leading motivation for consumers to have their car washed more frequently.

In addition, salient findings from the survey are provided below:

- In terms of demographic groups, a majority of car wash consumers have a household income of \$30,000 to \$49,000 (31%) and are between the ages of 25 and 44 (58%).
- Young adults represent the fastest growing consumer segment and operators are encouraged to utilize social media for advertising and promotions.
- Building loyalty is key to successful performance as 80% of the sales volume comes from 20% of the customer base.

National Market Trends - Equipment Manufacturers

The International Car Wash Association performs annual surveys of equipment manufacturers. The most recent survey results available were released in late 2013.



Self-serve equipment sales continued a slight decline as the industry trends towards conveyor and in-bay washes. Within the in-bay category, the trend is towards friction/hybrid washes as compared to touchless washes. Finally, conveyor equipment sales slightly outpaced total in-bay sales (\$108 million to \$107 million).

Conveyor (Tunnel) Car Washes - Operational Performance Trends

A quarter (25%) of Conveyor operators charge \$5 plus for a basic or exterior-only carwash, 25% charge \$6 for a basic wash and another 24% charge either \$7 - \$10 for their location's basic exterior job. About one-fourth, (24%) of Conveyor operators indicated their basic exterior-only carwash cost \$10 or more.

As could be expected, the most inclusive/largest wash package averages substantially more than the basic version. For inclusive washes, only 5% of operators report their most comprehensive package is \$10 or less. From there, 33% say their top-drawer carwash package is from \$11 to \$15, and 30% of Conveyor operators indicate a high-end package at their carwash costs from \$16 to \$20. At the most expensive end of the spectrum, 30% of Conveyor operators have their largest wash package priced at \$21 or more. For over a quarter (27%) of Conveyor operators, the best-selling wash package is priced at \$10 or less. Most commonly noted, 37% price their best-selling carwash between \$11 and \$15, while 16% of Conveyor operators have a \$16 to \$20 price range for their best-selling package. Still, 17% had higher-end pricing of \$21 or more for their Conveyor wash's best-selling package.

The top five features included in the best-selling wash packages, according to Conveyor operators, are undercarriage wash (80%), sealer wax (77%), foam polish (76%), wheel treatment (73%) and spot-free rinse (71%). Many Conveyor operators also say their best-selling wash package includes exterior protectant (67%), bug removal (67%), clear-coat treatment (65%), polish wax (56%) and whitewall cleaning (39%). About half (48%) of Conveyor carwashes have an on-site detail center, but just under a quarter (23%) offer lobby sales/extensive vending or food/beverage (22%). Almost one in five (17%) have a Self-Serve carwash available at their primary Conveyor business.

Other profit centers cited by Conveyor operators at their primary business included quick lube/oil changes (15%), a convenience store (14%), gasoline sales (14%), an In-Bay Automatic wash (8%) and a pet wash (4%).

AVERAGE DAILY TRAFFIC COUNT

Most conveyor car washes are located along carriers with traffic volumes of over 15,000 vehicles per day. Average Traffic count is 36,900 per day on Highway 21, and 59,000 per day on Interstate 95.

ADDITIONAL PROFIT CENTERS

Many tunnel/conveyor car washes offer additional services, such as oil changes, gas sales, or a retail shop. The following table reflects the national averages for such additional profit centers:

ADDITIONAL PROFIT CENTERS	
	2014 Market Average
Detail Shop	65.40%
Lobby	44.90%
Lube Center	30.80%
Convenience Store	15.40%
Gas Sales	17.90%
Self-Serve Bays	17.90%
In-Bay Automatic Wash	6.40%
Fast food	10.30%
Ice Vending	3.80%
Source: 2014 PC&D Conveyor Wash Survey	

Specifically, with regard to Full and Flex Service carwash properties, the following exhibit illustrates the various additional profit centers:

ADDITIONAL PROFIT CENTERS				
	Full Service		Flex Service	
	Avg. Price	% Offering Services	Avg. Price	% Offering Services
Detail Services	\$129.64	77%	\$111.67	67%
Upholstery Cleaning	\$52.43	73%	\$39.99	78%
Quick Lube	\$43.45	8%	\$35.00	22%
Carpet Shampoo	\$37.13	77%	\$35.99	89%
Exterior Vinyl Protectant	\$20.80	38%	\$11.00	56%
Interior Vinyl Protectant	\$23.56	50%	\$16.67	44%
Wax and Hand Buff	\$61.49	65%	\$52.50	56%
Wax and Machine Buff	\$99.29	42%	\$88.75	67%
Source: Auto Laundry News; March 2015				

Full-Service Flex Service

With regard to the operating costs, the national survey averages for Full and Flex Service carwash properties are presented below. As illustrated in the exhibit, labor costs represent the largest single expense category, accounting for more than 30% of total revenues. Rent accounts for the second largest expense category at 9% of total revenues.

OPERATING COSTS (As a % of Total Revenues)	
Rent	9.00%
Equipment & Bldg. Maintenance	4.50%
Chemicals	5.50%
Labor	34.40%
Utilities	7.10%
Insurance	3.80%
Advertising & Promotion	3.00%
Equipment on Lease	2.50%
Customer Claims	0.70%
Source: Auto Laundry News; March 2015	

National Market Summary

Overall gross revenues and profit margins have been on the rise, with continued increases forecasted through the next 5-year period. Current industry trends include a transition from full-service washes to the low-cost express wash format, which increases throughout while decreasing operating expenses. The overall outlook for the carwash and auto-detailing industry is favorable at present.

Below are several exhibits with key data as tracked by Ibis World:

Industry Data

	Revenue (\$m)	Industry Value Added (\$m)	Establishments	Enterprises	Employment	Exports	Imports	Wages (\$m)	Domestic Demand	No. of Motor Vehicle Registrations (Mils)
2006	8,948.3	3,417.7	52,510	51,039	184,459	—	—	3,041.8	N/A	250.8
2007	8,909.7	3,593.1	56,836	55,112	194,847	—	—	3,165.4	N/A	254.4
2008	8,652.4	3,517.9	56,961	55,255	185,684	—	—	2,894.9	N/A	255.9
2009	7,855.9	2,960.2	57,218	55,554	174,879	—	—	2,677.4	N/A	254.2
2010	8,010.2	3,024.3	59,506	57,919	172,800	—	—	2,719.9	N/A	250.1
2011	8,010.9	3,396.8	60,457	58,845	176,069	—	—	2,812.0	N/A	253.1
2012	8,425.0	3,466.9	59,510	58,121	179,585	—	—	2,961.4	N/A	258.1
2013	8,711.0	3,707.0	61,531	59,224	184,950	—	—	3,062.4	N/A	261.5
2014	8,862.7	3,776.9	62,365	60,017	187,500	—	—	3,112.2	N/A	266.7
2015	9,081.7	3,903.7	64,255	61,842	192,032	—	—	3,195.4	N/A	271.0
2016	9,207.9	3,939.5	65,051	62,608	194,298	—	—	3,238.9	N/A	275.0
2017	9,372.1	4,025.5	66,822	64,336	198,114	—	—	3,303.9	N/A	277.9
2018	9,574.7	4,103.2	68,865	66,185	202,129	—	—	3,375.6	N/A	279.7
2019	9,826.2	4,206.7	70,940	68,183	207,250	—	—	3,467.2	N/A	283.0
2020	10,024.9	4,293.7	72,106	69,289	210,765	—	—	3,531.8	N/A	286.1
Sector Rank	24/70	24/70	16/70	15/70	16/70	N/A	N/A	22/70	N/A	N/A
Economy Rank	666/1341	551/1341	142/1341	126/1341	220/1341	N/A	N/A	448/1341	N/A	N/A

Annual Change

	Revenue (%)	Industry Value Added (%)	Establishments (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)	No. of Motor Vehicle Registrations (%)
2007	-0.4	5.1	8.2	8.0	5.6	N/A	N/A	4.1	N/A	1.4
2008	-2.9	-2.1	0.2	0.3	-4.7	N/A	N/A	-8.5	N/A	0.6
2009	-9.2	-15.9	0.5	0.5	-5.3	N/A	N/A	-7.5	N/A	-0.7
2010	2.0	2.2	4.0	4.3	-1.2	N/A	N/A	1.6	N/A	-1.6
2011	0.0	12.3	1.6	1.6	1.9	N/A	N/A	3.4	N/A	1.2
2012	5.2	2.1	-1.6	-1.2	2.0	N/A	N/A	5.3	N/A	2.0
2013	3.4	6.9	3.4	1.9	3.0	N/A	N/A	3.4	N/A	1.3
2014	1.7	1.9	1.4	1.3	1.4	N/A	N/A	1.6	N/A	2.0
2015	2.5	3.4	3.0	3.0	2.4	N/A	N/A	2.7	N/A	1.6
2016	1.4	0.9	1.2	1.2	1.2	N/A	N/A	1.4	N/A	1.5
2017	1.8	2.2	2.7	2.8	2.0	N/A	N/A	2.0	N/A	1.0
2018	2.2	1.9	3.1	2.9	2.0	N/A	N/A	2.2	N/A	0.7
2019	2.6	2.5	3.0	3.0	2.5	N/A	N/A	2.7	N/A	1.2
2020	2.0	2.1	1.6	1.6	1.7	N/A	N/A	1.9	N/A	1.1
Sector Rank	29/70	30/70	23/70	24/70	29/70	N/A	N/A	31/70	N/A	N/A
Economy Rank	775/1341	578/1341	318/1341	294/1341	541/1341	N/A	N/A	590/1341	N/A	N/A

Key Ratios

	TVA/Revenue (%)	Imports/Demand (%)	Exports/Revenue (%)	Revenue per Employee (\$'000)	Wages/Revenue (%)	Employees per Est.	Average Wage (\$)	Share of the Economy (%)
2006	38.19	N/A	N/A	4851	33.99	3.51	16,490.39	0.02
2007	40.33	N/A	N/A	4573	35.53	3.43	16,245.57	0.02
2008	40.66	N/A	N/A	4660	33.46	3.26	15,590.47	0.02
2009	37.68	N/A	N/A	4492	34.08	3.06	15,310.01	0.02
2010	37.76	N/A	N/A	4636	33.96	2.90	15,740.16	0.02
2011	42.40	N/A	N/A	4550	35.10	2.91	15,971.01	0.02
2012	41.15	N/A	N/A	4691	35.15	3.02	16,490.24	0.02
2013	42.56	N/A	N/A	4710	35.16	3.01	16,557.99	0.02
2014	42.62	N/A	N/A	4727	35.12	3.01	16,598.40	0.02
2015	42.98	N/A	N/A	4729	35.19	2.99	16,639.94	0.02
2016	42.78	N/A	N/A	4739	35.18	2.99	16,669.75	0.02
2017	42.95	N/A	N/A	4731	35.25	2.96	16,676.76	0.02
2018	42.85	N/A	N/A	4737	35.26	2.94	16,700.23	0.02
2019	42.81	N/A	N/A	4741	35.29	2.92	16,729.55	0.02
2020	42.83	N/A	N/A	4756	35.23	2.92	16,757.05	0.02
Sector Rank	33/70	N/A	N/A	54/70	26/70	36/70	50/70	24/70
Economy Rank	409/1341	N/A	N/A	1270/1341	260/1341	1122/1341	1232/1341	551/1341

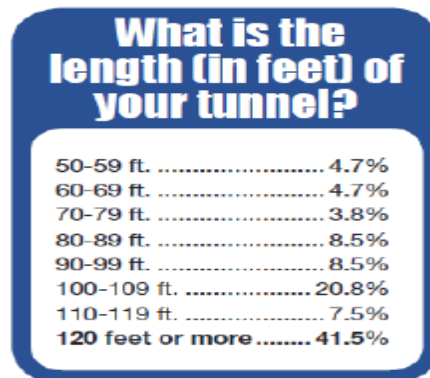
Figures are inflation-adjusted 2015 dollars. Rank refers to 2015 data.

SOURCE: WWW.IBISWORLD.COM

Conveyor Length

Conveyor length typically ranges from approximately 80 feet to 125 feet, with the trend in new construction towards longer conveyors. Generally, longer conveyors are preferred as they allow for more wash equipment to be installed in the facility. More wash equipment generally translates to a better wash (cleaner vehicles) or faster conveyor speeds (higher vehicle wash rate).

The upper end of the conveyor length range is approximately 150 feet. The following exhibit shows conveyor lengths as a percentage of the respondents in the most recent PC&D Survey:



REGIONAL TRENDS

New Construction - New car wash construction in the Southeast U.S. market has been trending towards express/flex car washes, and away from self-serve and full-service car washes. Generally, express washes have lower labor costs and generate higher operating margins than full-service washes. They also have greater operating flexibility as they can offer detail packages similar to full-service washes and basic washes that are competitive with self-serve on price. The primary barrier to entry is the availability of developable sites with sufficient traffic volume and relatively limited competition.

Ideal sites for new development front a primary carrier near the intersection of a second primary carrier, are adjacent to retail or automotive related developments, and are sufficiently large to accommodate a wash tunnel of 100 to 120 feet. Buyers/operators reportedly prefer locations with daily traffic counts of at least 30,000 and speed limits of 35 to 45 miles per hour.

Redevelopment of self-serve car washes is more common than new construction. Operators report substantial performance improvement when replacing coin operated systems with credit/debit systems. In addition to reduced vandalism and associated repair costs, credit card machines reportedly increase average cash transactions. Customers generally spend more time washing their vehicles when “counting up” minutes rather than “counting down.”

Car Wash Sales - Although construction is trending towards express washes, the clear majority of transactions and listings are for self-serve washes. Prior to the rise of the express wash model (mid 1990’s), most car wash properties were self-serve because they were relatively inexpensive to build and operated on an absentee-owner model. These properties are older, frequently ill-maintained, and occupy secondary locations in aging neighborhoods. Consequently, most of the self-serve car wash sales represent distressed or REO transactions.

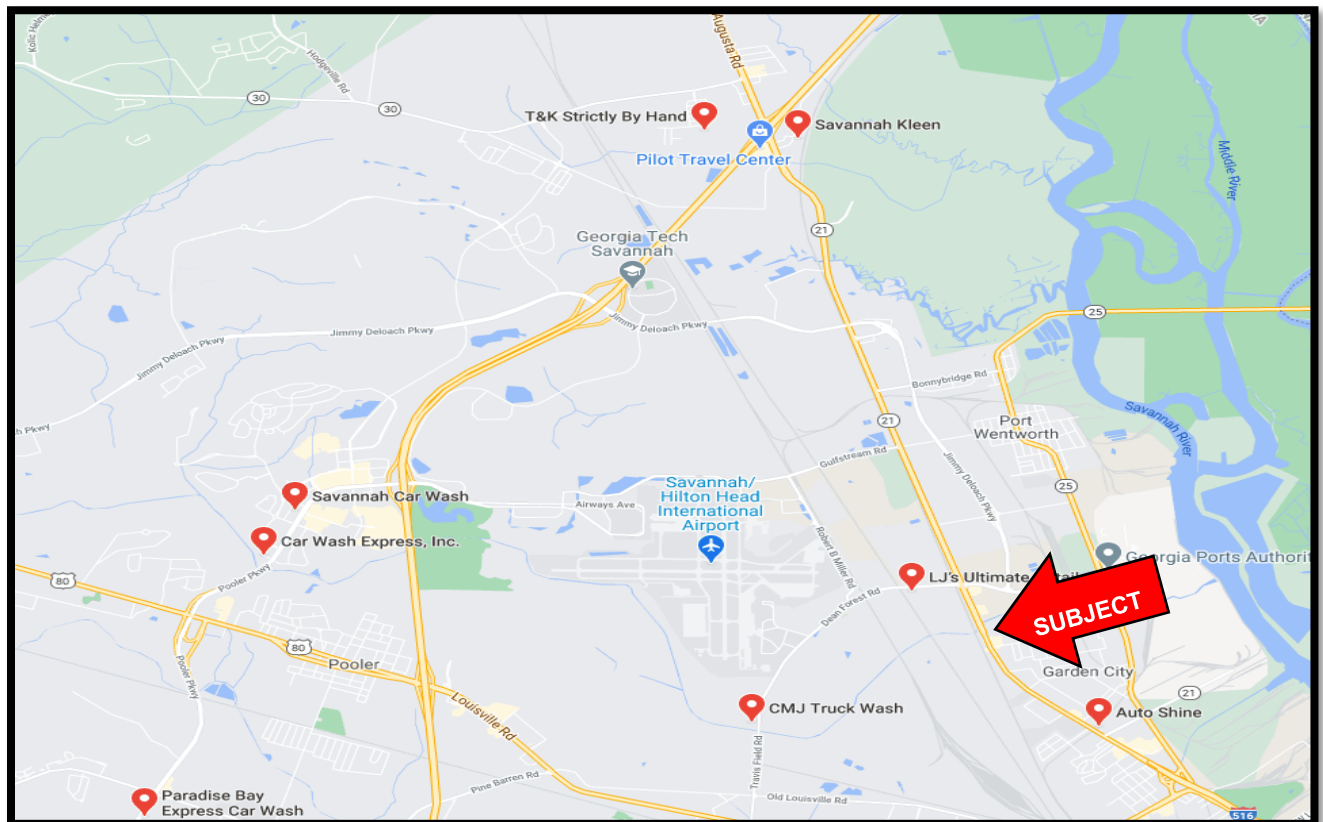
Conveyor car wash sales are somewhat scarce, and details of the sales are often unavailable as sales are frequently made without broker representation. Notwithstanding, some sale data is available for analysis.

TRADE AREA/NEIGHBORHOOD

According to the PC&D Conveyor Carwash Benchmark Survey Report, 31.1% of survey respondents report that the average conveyor carwash competes with 3 to 4 car washes within a given market. A survey of the local area indicates similar competition.

According to national surveys, most operators consider their primary trade area to be within 5 miles, which reportedly attracts approximately 68% of customers. However, there is significant variation between markets depending on population density and the proximity of the closest competitors. Given the built-out nature of the subject neighborhood, the subject's primary trade area is estimated at three miles. Note: The Savannah Kleen is a truck wash service, and not considered competitive with the subject.

COMPETING PROPERTIES



The foregoing map illustrates potential competitors for the subject car wash although none are located close to the subject. Some of the car washes in the subject west Chatham area are lower quality facilities, only providing for hand washes within “tent-like” structures.

SURVEY

Results From The Auto Laundry News **2020** Full/Flex Survey

The 2020 Auto Laundry News Full/Flex Survey was conducted through a mailing of questionnaires to a random selection of our subscribers who own and operate conveyor car wash businesses other than exterior sites. The information presented in this report results from an analysis of data provided by respondents from locations throughout the United States.

Full-Service vs. Flex-Service Sites

For purposes of comparison, survey responses from full-service sites are on occasion tabulated separately from flex-service responses. Full-service participants make up 79 percent of the total, with flex-service sites accounting for 21 percent. This compares to last year's split of 82/18. Two years ago, flex-service participants made up 44 percent of the total.

As in the past, respondents self-identify as to whether they belong in the full- or flex-service category. This year, flex-service sites more closely resemble the ideal characteristics than in the past, with 83 percent reporting an after-care center on site. Last year that figure stood at 40 percent. Fully half of respondents in this category operate coin-op wand bays on site, while none did so in last year's survey. Seventy-one percent of flex-service respondents vacuum after the wash — only 40 percent of which do so at an after-care center. Full-service participants, for the most part — 63 percent — continue to employ pre-wash vacuuming.

Wash Clubs

Thirty-eight percent of full-service respondents report operating monthly unlimited wash clubs with an average age of 7.6 years and an average membership count of 514. Flex-service sites are slightly less likely to offer their customers club privileges. A third operate wash clubs. And while they are relative newcomers to this promotion method — average age 3.5 years — they outdo their full-service counterparts with an average 677 members.

Revenues

Overall, 40 percent of respondents report increased income compared to the previous year, a healthy improvement over the 29 percent that did so last year and closer to the 46 percent of the two consecutive years before that (the graphic on page 51 provides a five-year perspective). In the current survey, flex-service locations are largely responsible for this improvement: half of these respondents report advances while only 37 percent of full-service sites do so. **EN**



COMPETING CONVEYOR WASHES IN AREA

NUMBER OF COMPETITORS	OPERATORS REPORTING
0	13%
1	33%
2	17%
3	13%
4	8%
5	8%
MORE THAN 5	8%

SURVEY

PERCENTAGE OF WASH BUSINESS DONE BY DAY OF WEEK BY REGION

	MON	TUES	WED	THURS	FRI	SAT	SUN
Pacific Alaska-California-Hawaii-Oregon-Washington	13	11	11	11	18	20	18
Mountain Arizona-Colorado-Idaho-Montana-Nevada-New Mexico-Utah-Wyoming	10	12	13	14	21	23	8
Midwest Iowa-Kansas-Minnesota-Missouri-Nebraska-North Dakota-South Dakota	11	11	11	10	22	25	9
Central Illinois-Indiana-Michigan-Ohio-Wisconsin	13	10	11	10	19	27	11
South Central Alabama-Arkansas-Kentucky-Louisiana-Mississippi-Oklahoma-Tennessee-Texas	13	10	10	14	20	20	14
Southeast Delaware-Florida-Georgia-Maryland-Carolinas-Virginia-West Virginia	8	9	10	10	19	28	16
Mid-Atlantic New Jersey-New York-Pennsylvania	9	10	8	10	21	27	15
New England Connecticut-Maine-Massachusetts-New Hampshire-Rhode Island-Vermont	11	9	11	15	20	21	14

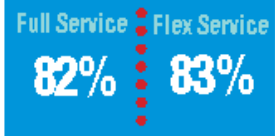
NOTE: Some results total more than 100 due to rounding

PERCENTAGE OF WASH BUSINESS DONE BY SEASON BY REGION

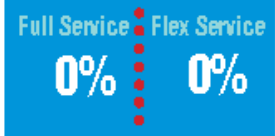
	WINTER	SPRING	SUMMER	FALL
Pacific	18	25	35	23
Mountain	41	29	15	15
Midwest	40	18	25	18
Central	58	15	15	13
South Central	25	35	18	23
Southeast	25	33	18	25
Mid-Atlantic	38	22	19	22
New England	35	23	27	15

NOTE: Some results total more than 100 due to rounding

OPEN SUNDAY



OPEN 24 HOURS



AVERAGE GROSS REVENUE PER CAR (CAR WASH SALES ONLY)



AVERAGE DAILY TRAFFIC COUNT

AVERAGE ANNUAL WASH VOLUME

Full Service

32,214

70,900

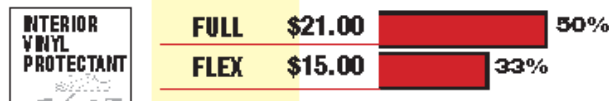
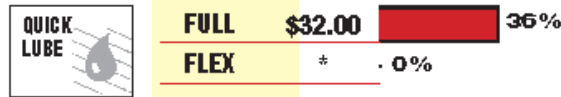
Flex Service

33,330

35,200

EXTRA SERVICES OFFERED

Average Price % Of Operators Offering Services



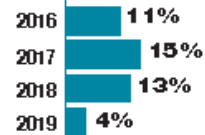
* Insufficient Responses

EXTRA ON-LINE SERVICES SOLD

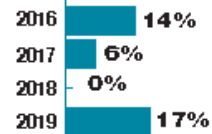
10% TO 20% OF CARS WASHED



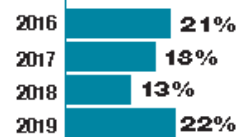
21% TO 30% OF CARS WASHED



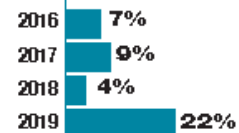
31% TO 40% OF CARS WASHED



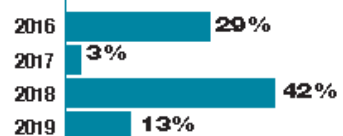
41% TO 50% OF CARS WASHED



51% TO 60% OF CARS WASHED



OVER 60% OF CARS WASHED



SURVEY

PERCENTAGE OF OPERATORS USING FOLLOWING EQUIPMENT

FRICION WASH <small>Cloth 44% Foam 31% Bristle 0% Combo 19%</small>		60%
TOUCHLESS WASH		19%
HYBRID WASH		5%
HAND WASH		20%
OVER AND UNDER CONVEYOR		94%
SURFACE CONVEYOR		8%
FLATBELT CONVEYOR		0%
WASHING CURTAINS		28%
STATIONARY MITTER CURTAINS		17%
MOTORIZED MITTER CURTAINS		89%
PREP GUNS		83%
COMPUTERIZED CONVEYOR SERVICE		67%
HIGH-PRESSURE FLOOD ARCH		50%
WAX ARCH		83%
FOAM APPLICATOR		78%
TOP BRUSH		22%
TIRE BRUSH		58%
ROCKER BRUSH		67%
WRAPAROUNDS		72%
WINDOW SIDE BRUSH		28%
REVERSE OSMOSIS SYSTEM		22%
AIR DRYERS		94%
DRYING CURTAINS		11%
WATER RECLAIM SYSTEM		39%
TIRE DRESSING APPLICATOR		28%
WATER REPELLENT ARCH		58%
BUBBLER ARCH		11%
LAVA APPLICATION		33%
LED LIGHTING		50%
DIGITAL MENU/SIGNAGE		17%
FRICION DRYING SYSTEM		6%
PAINT SEALANT		33%

OPERATE FREESTANDING AFTER-CARE CENTER

FULL SERVICE	FLEX SERVICE
32%	83%

OPERATE COIN-OP BAYS ON SITE

FULL SERVICE	FLEX SERVICE
18%	50%

AVERAGE NUMBER OF BAYS

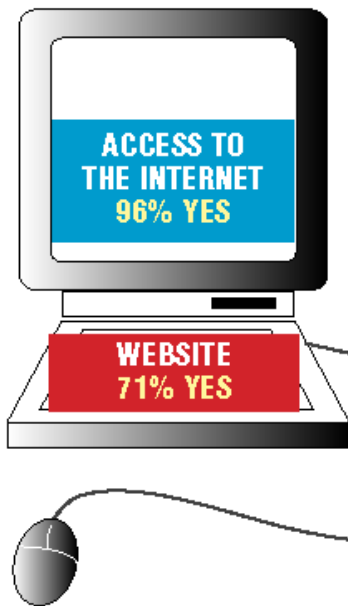
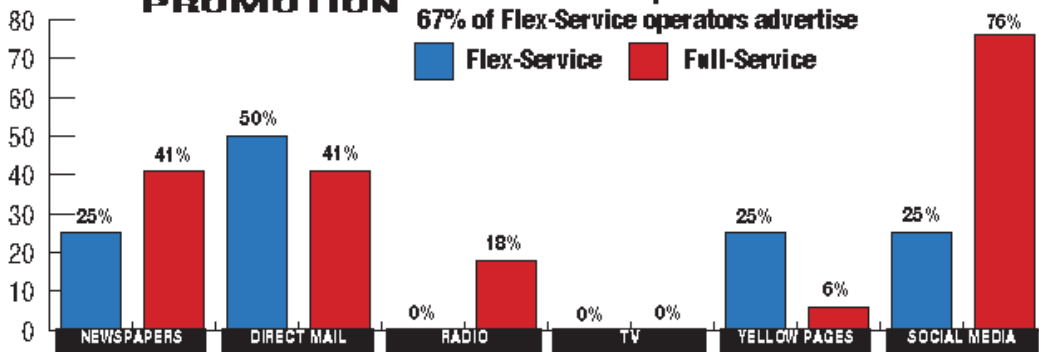
5	5
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NON-AUTO PROFIT CENTERS ON SITE

ATM	11%
Cell Phones	0%
Coffee Bar	14%
Fast Food	0%
Greeting Cards	18%
Lotto	7%
Magazines	7%
Music (CDs etc.)	0%
Pay Phones	0%
Phone Cards, Prepaid	0%
Video Games	4%

ADVERTISING & PROMOTION

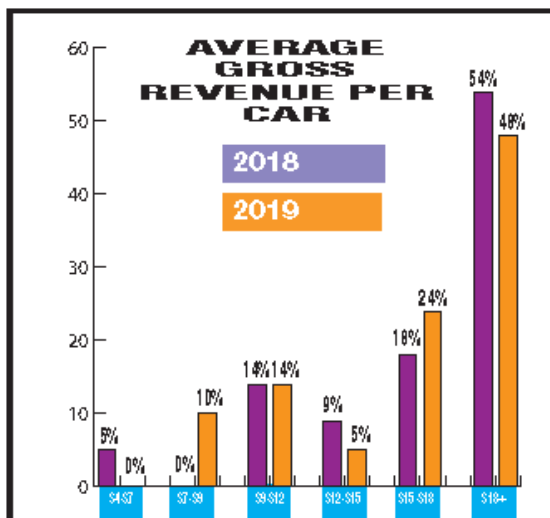
77% of Full-Service operators advertise
67% of Flex-Service operators advertise



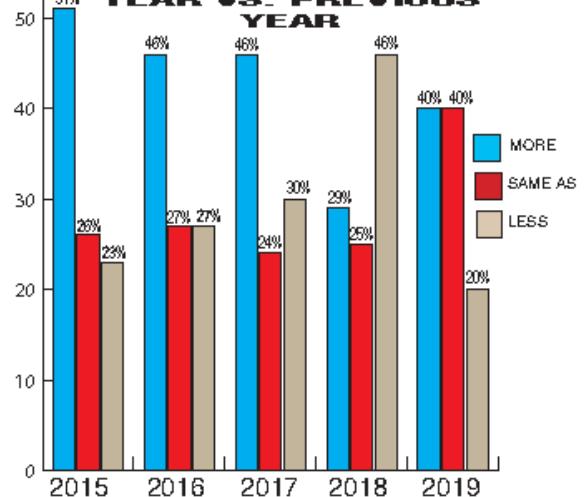
OPERATING COSTS (AS A PERCENTAGE OF TOTAL REVENUES)

OPERATING COSTS (AS A PERCENTAGE OF TOTAL REVENUES)	
RENT	9.8%
EQUIPMENT & BLDG. MAINTENANCE	3.7%
CHEMICALS	3.0%
LABOR	42.5%
UTILITIES	6.6%
INSURANCE	2.4%
ADVERTISING & PROMOTION	2.1%
EQUIPMENT ON LEASE	0%
CUSTOMER CLAIMS	0.7%

AVERAGE GROSS REVENUE PER CAR

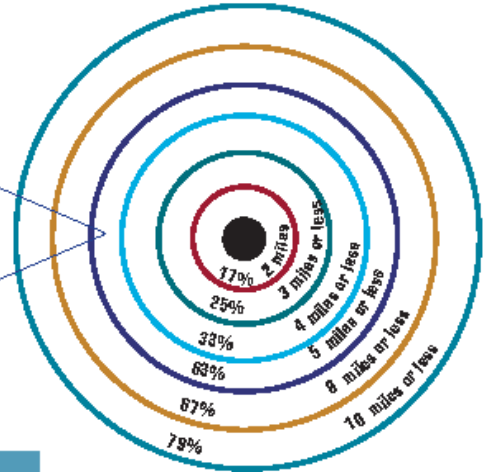


INCOME - CURRENT YEAR VS. PREVIOUS YEAR

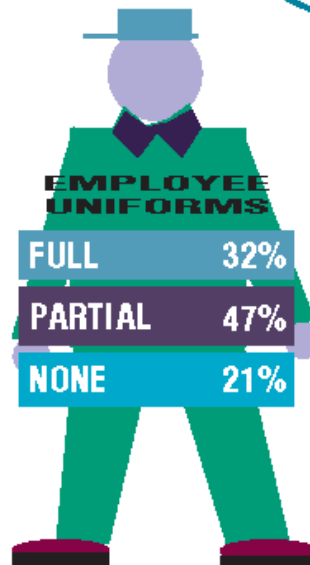
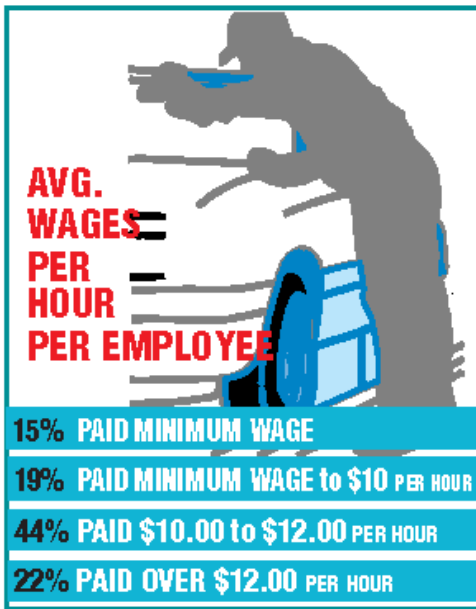


SURVEY

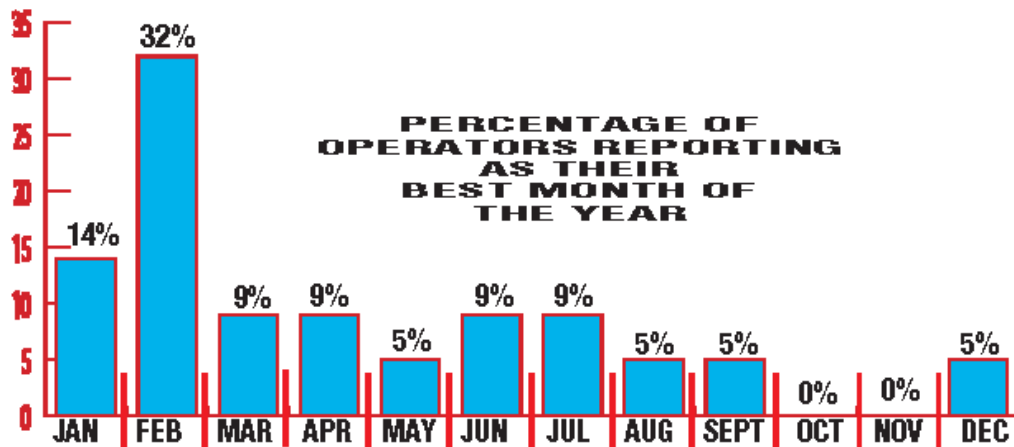
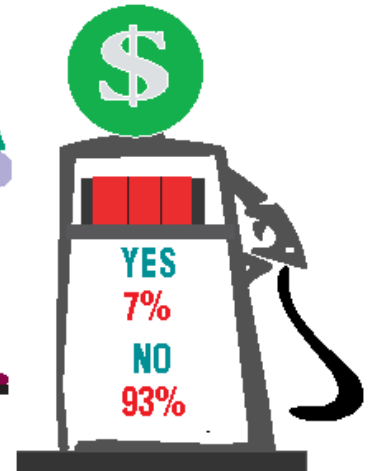
HOW FAR DO CUSTOMERS COME?
(Percent from within 2-mile radius, 3-mile radius, etc.)



LABOR COSTS



OPERATORS SELLING GASOLINE



PROFESSIONAL CARWASHING INDUSTRY REPORT

A comprehensive independent survey brought
to you by the professional carwashing
industry's leading publication.



PROFESSIONAL
Carwashing
MAGAZINE

Strong Growth Forecasted For Carwash Industry

As carwash competition surges today, many owners and operators maintain focus on short-term gains and protecting the P&L statement. While setting ambitious business goals, such as generating new business, maintaining car counts and steadily expanding your business and its services, is recommended, it is also good to step back from the day-to-day and see which trends and issues affect owners and operators.

The professional carwash market is currently experiencing staggering growth, which is fueled by consumers with more disposable income and investors who are interested in our industry's minimal labor, high volume and quick return on investment business models. According to IBISWorld Industry Report 8119a: Car Wash & Auto Detailing in

the US, our industry's annual revenue over a five-year period through 2016 is anticipated to increase at an annualized rate of 3.1 percent. And, according to the report, annual growth in this market will continue through 2021 at an estimated 1.7 percent.

We are now excited to offer you our survey report on the professional carwash industry. This survey was completed by carwash owners and operators and serves as a benchmark for your business.

Rich DiPaolo
Group Editorial Director/Editor in Chief
rich@grandviewmedia.com



Operator and Carwash Profiles

Sixty-one percent of people who participated in this survey categorized themselves as an owner/partner in their business, while another 9% were either a CEO, president or vice president of their company. The remaining respondents categorized themselves as managers. Manager responses range from area managers and general managers to site managers and sales managers.

Almost one in five (18%) of the carwash operators participating in this survey are relatively new to the business, having opened their first carwash within the last two years. However, about a quarter (24%) of respondents reported opening their first carwash between three to nine years ago.

A large segment, 58%, say they have been in the carwash business for 10 or more years.

Location Types

Presence of competition within the market area is almost universal, according to operators. Participants recorded at least 96% of carwashes compete with at least one type of carwash. Just under half (46%) of operators have from one to five competitors of any type in their market area, while 23% indicate their operation competes with six to 10 carwashes. Just over a quarter (27%) of respondents are situated in heavily competitive environments with 11 or more carwashes operating in their market area.

When it comes to locale, 29% of operators say their carwash is located in a

"small town" or "rural" area, while another 30% feel "medium size city" best describes the area in which their business is located. Four out of 10 survey participants report their carwash operates in either a "suburb of a major city" (21%) or a "major city/metropolitan area" (19%)."

IBA and Self-Serve carwashes (41% and 37%, respectively) were more likely to be located in a "rural" or "small town" setting. This contrasts to only 17% of Conveyor operators who reported their business was based in a "rural" or "small town" location.

Customer Demographics

In terms of customer demographics, 12% of operators report their typical customer is either "lower class" or "lower-middle class." Respondents indicated 51% of their customer base is middle class, while 33% say their typical customers are "upper-middle class" or "upper class." Conveyor operators were slightly more likely to characterize their customer base as upper-middle or upper class.

Industry Trends and Outlook

Carwash operators are generally positive about the year-to-year improvement in their businesses from 2014 to 2015, with 28% reporting their annual car count was "much greater" in 2015 than in 2014 and another 44% indicating their annual car count was "greater" in 2015 than the previous year.

Assessments of year-to-year revenue comparisons are virtually identical to car counts. Twenty-eight percent of carwash

58% of those surveyed have been in the carwash business for over 10 years.



Image: istock/Xavier Arnau

Professional Carwashing & Detailing Industry Report | 5

operators say their total revenue was "much greater" in 2015 versus 2014 while 45% report their total revenue was "greater" in 2015 than in 2014.

Over a quarter (27%) of carwash operators say they plan to launch or purchase another carwash location within the next 12 months. Moreover, 35% reported that they are on the fence ("maybe") regarding expanding their business with an additional unit over the next year.

Conveyor operators seem to be slightly more aggressive with their expansion goals as 72% responded "yes" or "maybe" to the question of whether they plan to launch or purchase another carwash within the next 12 months. By contrast, only about one-half (51%) of IBA and Self-Serve carwash operators either plan or are considering adding another carwash location to their business over the same time frame.

Revenue and Operating Costs

While reported car count volumes vary across all carwash operations and types, the average total car counts in 2015 for an individual location is 63,457. The average 2015 total car count for Conveyor locations is 79,334. In-Bay Automatic locations have an average 2015 total car count of 40,581, while Self-Serve carwash locations average 45,608 for 2015's total car count.

The 2015 gross revenue per car reported across carwashes of all types

range from over \$22 to as low as less than \$1. The average gross revenue per car for 2015 for all carwash types is \$9.58.

Conveyor operators report an average gross revenue per car for 2015 of \$11.11, while the 2015 average gross revenue per car for in-bay automatics is \$8.59. Self-Serve carwashes have an average gross revenue per car of \$7.57.

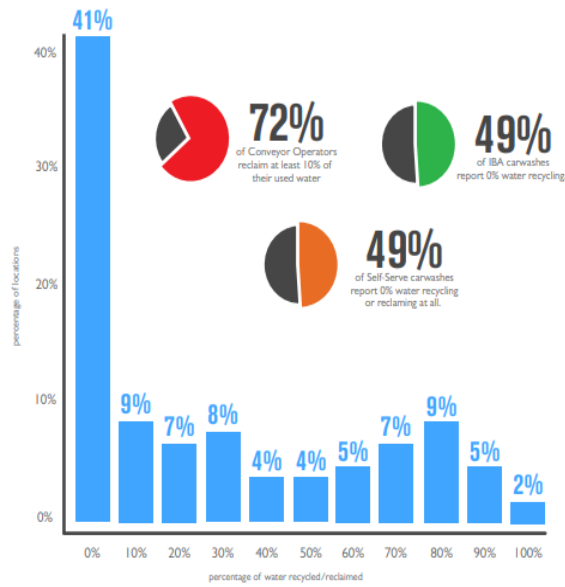
The 2015 total revenue per carwash location, including all carwash services and ancillary profit centers, across all carwash types ranged anywhere from \$450 to over \$25 million. The average 2015 total revenue per carwash location for all carwash types was \$1.3 million.

Conveyor carwashes have an average total revenue per carwash location of \$1.8 million. IBA operators report a total revenue per carwash location of \$278,455, while the average 2015 total revenue per carwash location for Self-Serve carwashes is \$223,000.

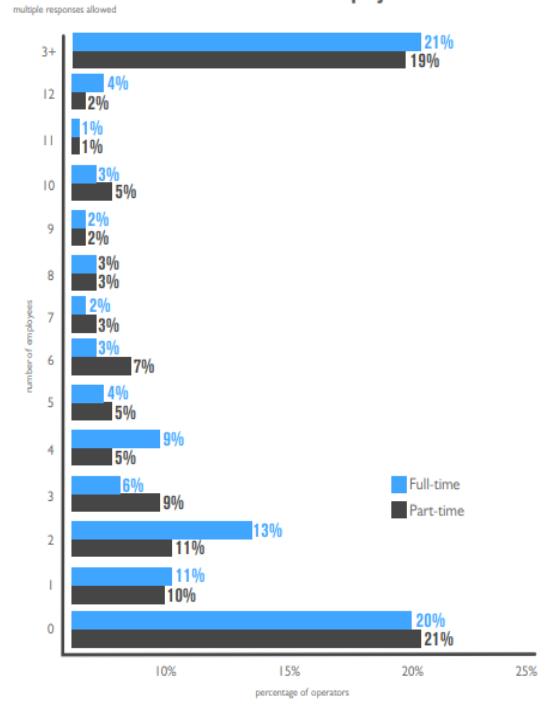
When it comes to total operating cost for a carwash location in 2015, operators report a wide range, from over \$7.2 million to less than \$1,500 per year. Across all carwash types, the average 2015 total operating cost for a single carwash location is \$566,000.



Percentage of Water Recycled/Reclaimed



Number of Full-Time and Part-Time Employees



Wages

\$15.39 \$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$

Average hourly wage for managers

\$10.86 \$\$\$\$\$\$\$\$\$\$\$\$\$\$

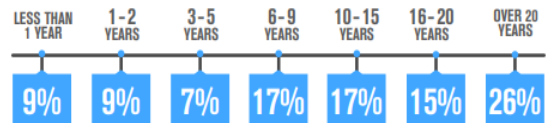
Average hourly wage for on-line workers

\$9.32 \$\$\$\$\$\$\$\$\$\$\$\$\$\$

Average starting hourly wage for on-line workers

■ All carwash types ■ Conveyor ■ IBA ■ Self-Serve

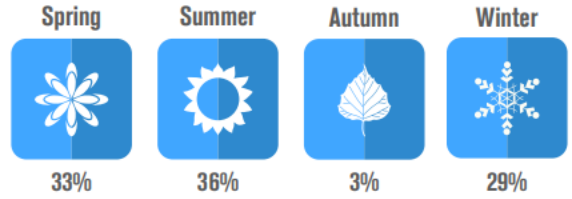
How long ago did you open your first carwash?



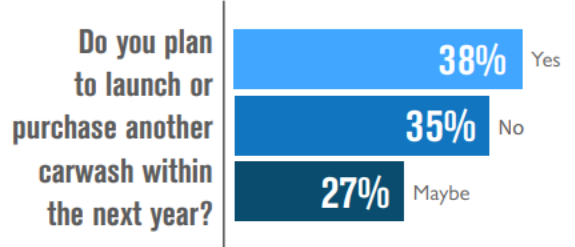
Important Industry Issues

Rank	Industry Issue
Rank 1	Weather
Rank 2	Utility Fees
Rank 3	Equipment Issues
Rank 3	Personnel Issues
Rank 5	Competition
Rank 6	U.S. Economy
Rank 7	Water Regulations
Rank 8	Crime

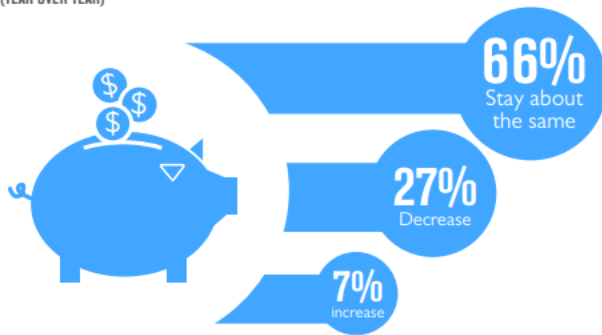
Busiest Season



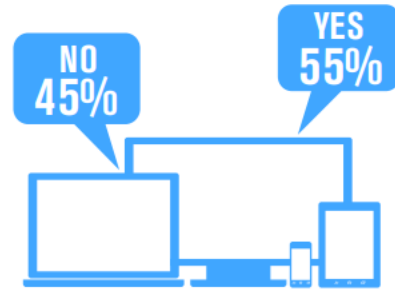
Growth Plans



Predicted Revenue Growth (YEAR OVER YEAR)

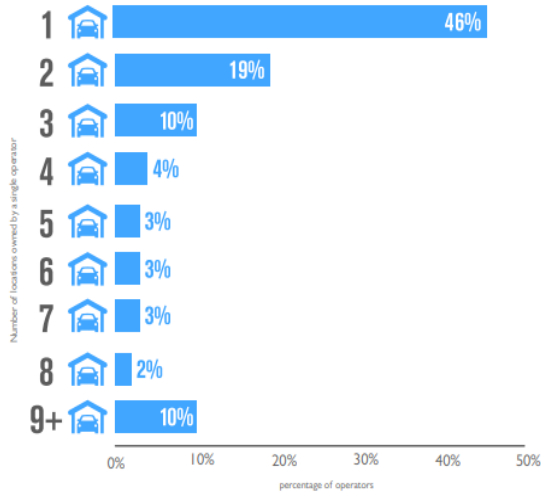


Active Website

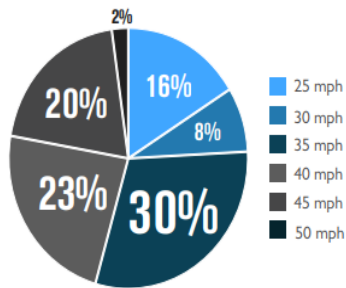


All carwash types

Number of Locations



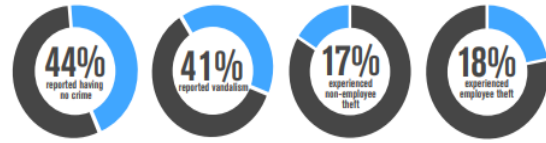
Primary Ingress/Egress Speed Limit



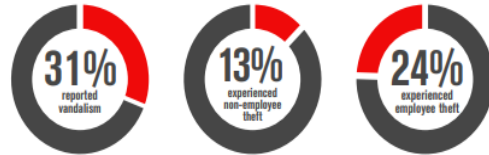
■ All carwash types ■ Conveyor ■ IBA ■ Self-Serve

Crime

All Carwashes



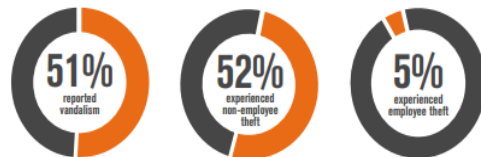
Conveyor



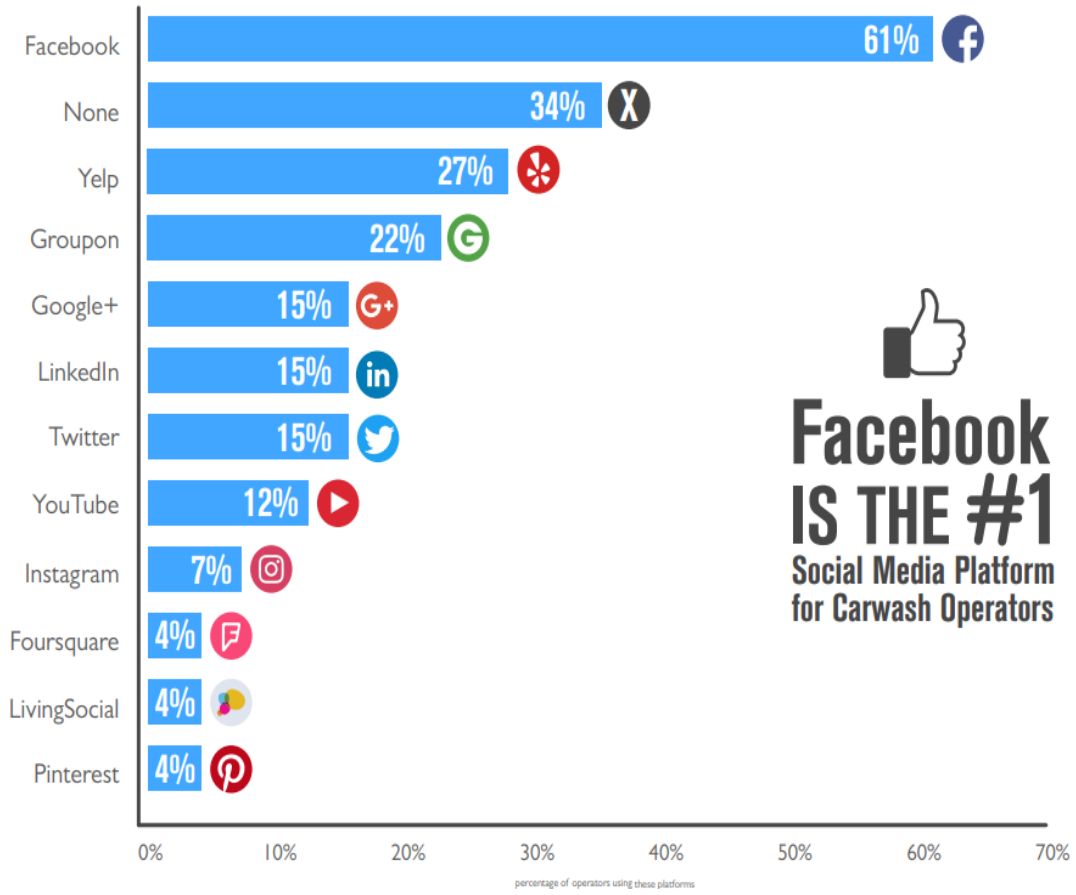
IBA



Self-Serve



Social Media Usage




Facebook
IS THE #1
Social Media Platform
for Carwash Operators

Pricing, Packages and Service

A quarter (25%) of Conveyor operators charge \$5 or less for a basic or exterior-only carwash, 25% charge \$6 for a basic wash and another 24% charge either \$7 or \$8 for their location's basic exterior job. About one-fourth, (24%) of Conveyor operators indicated their basic exterior-only carwash cost \$9 or more.

As could be expected, the most inclusive/largest wash package averages substantially more than the basic version. For inclusive washes, only 5% of operators report their most comprehensive package is \$10 or less. From there, 33% say their top-drawer carwash package is from \$11 to \$15, and 30% of Conveyor operators indicate a high-end package at their carwash costs from \$16 to \$20. At the most expensive end of the spectrum, 30% of Conveyor operators have their largest wash package priced at \$21 or more. For over a quarter (27%) of Conveyor operators, the best-selling wash package is priced at \$10 or less. Most commonly noted, 37% price their best-selling carwash between \$11 and \$15, while 16% of Conveyor operators have a \$16 to \$20 price range for their best-selling package. Still, 17% had higher-end pricing of \$21 or more for their Conveyor wash's best-selling package.

The top five features included in the best-selling wash packages, according to Conveyor operators, are undercarriage wash (80%), sealer wax (77%), foam

polish (76%), wheel treatment (73%) and spot-free rinse (71%).

Many Conveyor operators also say their best-selling wash package includes exterior protectant (67%), bug removal (67%), clear-coat treatment (65%), polish wax (56%) and whitewall cleaning (39%).

About half (48%) of Conveyor carwashes have an on-site detail center, but just under a quarter (23%) offer lobby sales/extensive vending or food/beverage (22%). Almost one in five (17%) have a Self-Serve carwash available at their primary Conveyor business.

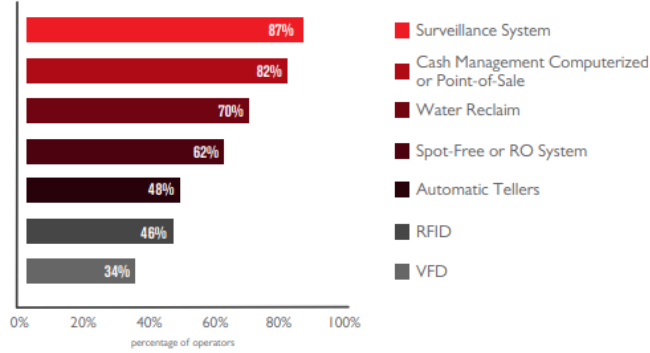
Other profit centers cited by Conveyor operators at their primary business included quick lube/oil changes (15%), a convenience store (14%), gasoline sales (14%), an In-Bay Automatic wash (8%) and a pet wash (4%).

37% of operators price their best-selling wash package between \$11 and \$15

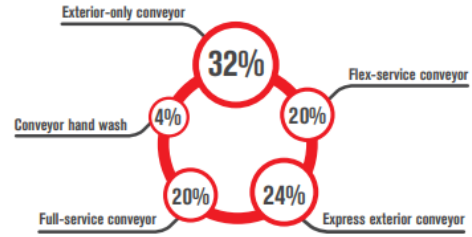


Additional Conveyor Features

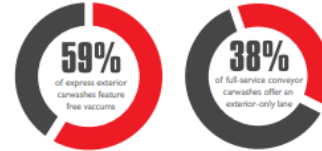
multiple responses allowed



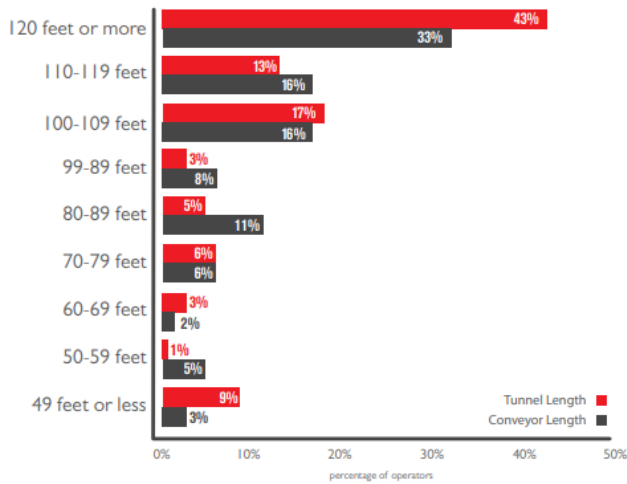
Carwash Types



Customer Conveniences

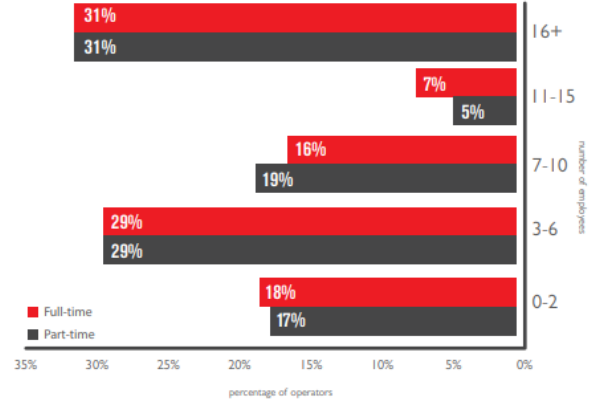


Tunnel and Conveyor Length



Full-Time and Part-Time Employees

multiple responses allowed



Conveyor



Overview of Conveyor Operators

According to our survey, most Conveyor carwash operators own either one (48%) or two (21%) locations that use a Conveyor system. Some Conveyor operators also own or operate another type of carwash, with 22% reporting they operate/own a Self-Serve carwash business and 17% indicating they also own or operate a carwash that uses an IBA system.

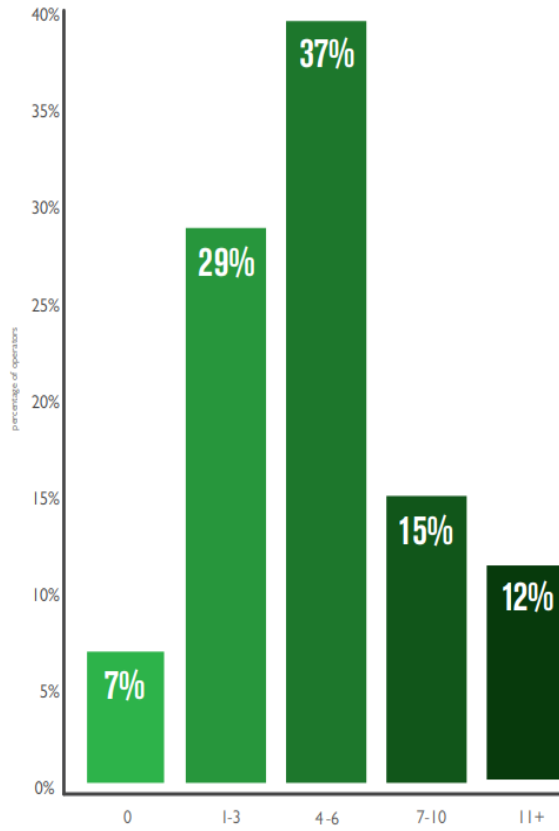
Almost two-thirds (64%) of Conveyor operators have Conveyor competition close by, with 25% reporting their nearest competitor is less than one mile away and 39% saying their closest competitor is from two to four miles away. In the study, 22% reported their closest competing Conveyor carwash was between five and 10 miles away, but only 10% indicated they have no Conveyor competition within 11 miles from their operation.

Not only do Conveyor operators often have at least one other close-by Conveyor competitor, but they also frequently indicate that their overall market area has penetration in competitor numbers as well as in proximity. Almost half (48%) have one to three other Conveyor carwashes also chasing local market-share, while a quarter (25%) have from four to six competitors offering a Conveyor system to their area's car driving customer base.

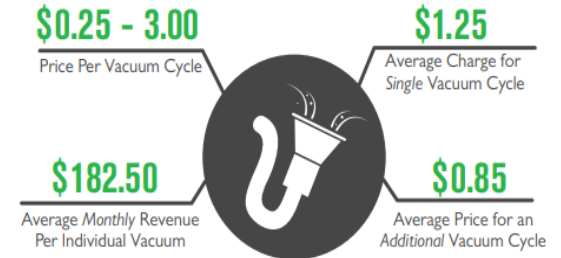
istock/123data

Professional Carwashing & Detailing: Industry Report | 13

Number of Vacuums



Average Vacuum Prices



Average Vacuum Operating Time



VALUATION

COST APPROACH- LAND VALUE BY THE SALES COMPARISON APPROACH- AS IS VALUE

To estimate the “As If Vacant” Market Value of the subject property of .85 gross acres as a vacant site, similar land sales were investigated throughout the Savannah MSA market area. From this investigation, the following sales were selected which best represent the market value of the subject property. These comparable land sales are considered to be the most similar to the subject property in terms of location, size, topography, access and exposure, development, zoning and market appeal.

The subject is comprised of .85 total gross acres (37,026 SF) and will be valued “As Is Vacant” for future commercial development. The subject has depreciated improvements that will be razed to facilitate development and are considered in the adjustments.

SALES COMPARISON APPROACH- VACANT LAND AS IS VALUE

To estimate the Market Value of the subject property of .85 gross acres (usable acres), similar land sales were investigated throughout the Garden City and west Chatham market area. From this investigation, the following sales were selected which are believed to best represent the market value of the subject property. These comparable land sales are considered to be the most similar to the subject property in terms of location, size, topography, access and exposure, development, zoning (varied) and market appeal.

The subject is comprised of an estimated .85 gross /37,026 SF (net usable) acres, a good site for retail uses and will be valued under the current C-2 or commercial zoning. The site appears has availability of public utilities and would appear to be feasible for retail development, after the depreciated improvements are razed.

LAND VALUATION

Comparable Land Sales Data

The value of the subject land has been estimated by an analysis of comparable land sales in the subject area. The comparable land sales are analyzed on the basis of sale price per acre. Detailed analyses of the comparable sales, and location map follow this discussion.

Methodology

The comparable land sales utilized in this analysis represent the most recent transactions of properties considered to be most appropriate for the subject with respect to location and use characteristics. The information is based on knowledge of the properties and the subject market, as well as discussions with numerous brokers and developers in the area.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financing arrangements. The terms of sale are analyzed individually on each comparable sale included in this report. Cash equivalency for atypical financing, if required, are made to the individual comparable sales, therefore, additional adjustments in this analysis are not required.

Conditions of Sale - The circumstances of the sale must be thoroughly researched, and the conditions must be adequately disclosed in the appraisal. Although conditions of sale are often perceived as applying only to sales that are not arm’s length transactions, some arm’s length sales may reflect atypical motivations or sales conditions due to unusual tax considerations, lack of exposure to the open market or internal situations.

Time/ Marketing Time

The comparables are noted for time (date of sale) and may reflect changes in the market during the time period covered by the date. All sales were more recent sales.

Location

A consideration for location may be required when the location characteristics of a comparable property are different from those of the subject property. Location attributes of the sales consider various factors including the immediately surrounding land uses and the subject's relative location (time and distance) with respect to employment centers, transportation routes, shopping, schools, etc. All sales were considered located within the Savannah MSA- west Chatham/Garden City area and all comparable to the subject site.

Access and Exposure

Access and exposure are considered for each sale. A property may be located in a good area, but because of the lack of adequate access and/or exposure, its success as a profitable development may be hampered. Most sales were considered similar to the subject in that the subject was situated off a high traffic road system and along a major commercial corridor in west Chatham County providing good access and exposure and adjustments were noted for some sales.

Size

Size and shape of sites of the comparables are based on the fact that larger tracts typically sell for less per acre and significantly irregularly shaped tracts also sell for less per acre. In this case, some of the comparable sales did require a size adjustment which was pertinent to the correlation.

Development/Shape

Development potential of the comparables is based on the level that has occurred with a site such as engineering, platting, studies, etc. and even special master plans and provides the level of due diligence or readiness for development. A site may also be considered for the shape or how it can be developed. All sales were considered similar although all were adjusted for the subject having depreciated improvements that will be razed, and an adjustment was noted for this cost.

Topography

Sites may require fill dirt due to the elevation, which may be a cost to the site and is considered for future development. All sales are considered to have average topography and no adjustments were noted.

Frontage

Frontage along major highways is a consideration for future commercial users where this frontage for not only visibility, but access may be a factor for the type of development. Frontage varies with the sites being primarily on main corridors in West Chatham and some having better access when compared to Augusta Road.

Utilities

The value of sites differ due to varying characteristics of the location or cost for the utilities. Some properties require more cost and effort to bring the utilities to the site. Public water and sewer are (Utilities) are available to the subject site as all sales.

Zoning

The value of a site may differ due to the allowable uses or the zoning of a property, again relative to restrictions and regulations of a city or municipality where the development may be more restrictive.

All sales are zoned for commercial use and similar somewhat to the subject C-2 Commercial zoning, so no adjustments are necessary.

Comparable Sales Analysis

After the appropriate adjustments the comparable land sales indicate a range of \$503,106 to \$1,028,571 per net acre for the subject with an average of \$760,123 per net acre. All sales were considered and were adjusted according to size and primarily the location for each sale, as well as any development and topography of the site. In addition, the subject is compared to these sites based on the size of the subject. These sales were considered for the net amount of acreage. The subject site is considered with all usable acres as the land tract shows no wetlands areas.

My research included commercial lot sales in West Chatham, over the past three years, a very active retail market in west Chatham being one of the most intensely developed areas of the Savannah MSA. The sales used indicate market trends for commercial land sales in West Chatham and demonstrate what national and regional developers will pay for commercial lots.

CONCLUSION- TOTAL .85 GROSS ACRES/37,026 SF (USABLE ACRES)

My search of records revealed recent land sales that are similar to the subject and noted in the west Chatham market area. The subject .85 acres (Usable) are considered with water and sewer at the site and will be cleared and adjusted for a demolition cost. The sales used in this analysis indicate land sales in the subject’s Savannah MSA in the westside corridors where developers are quickly buying these parcels, as indicated with these land sales, and anticipating future commercial development.

The adjustments to the subject land parcel are estimated and applied to the net area of the site, with no discounting which would be necessary if the lot was estimated to be listed on the market for an extended period of time. The concluded value in a range of \$800,000 to \$850,000 per acre due to the good location in the middle of intense development at the entrance to the Georgia Port Authority facilities, a heavily travelled area. The site is surrounded by other retail developments which gives value to the subject as well as near the industrial and retail development that is existing. The subject highest and best use would be as commercial retail use such as the adjacent sites. Therefore, a value for the subject at \$850,000 per net acre for the As If Vacant Market Value is shown below:

“AS IF VACANT” MARKET VALUE: .85 GROSS ACRES /37.026 SF (NET USABLE)

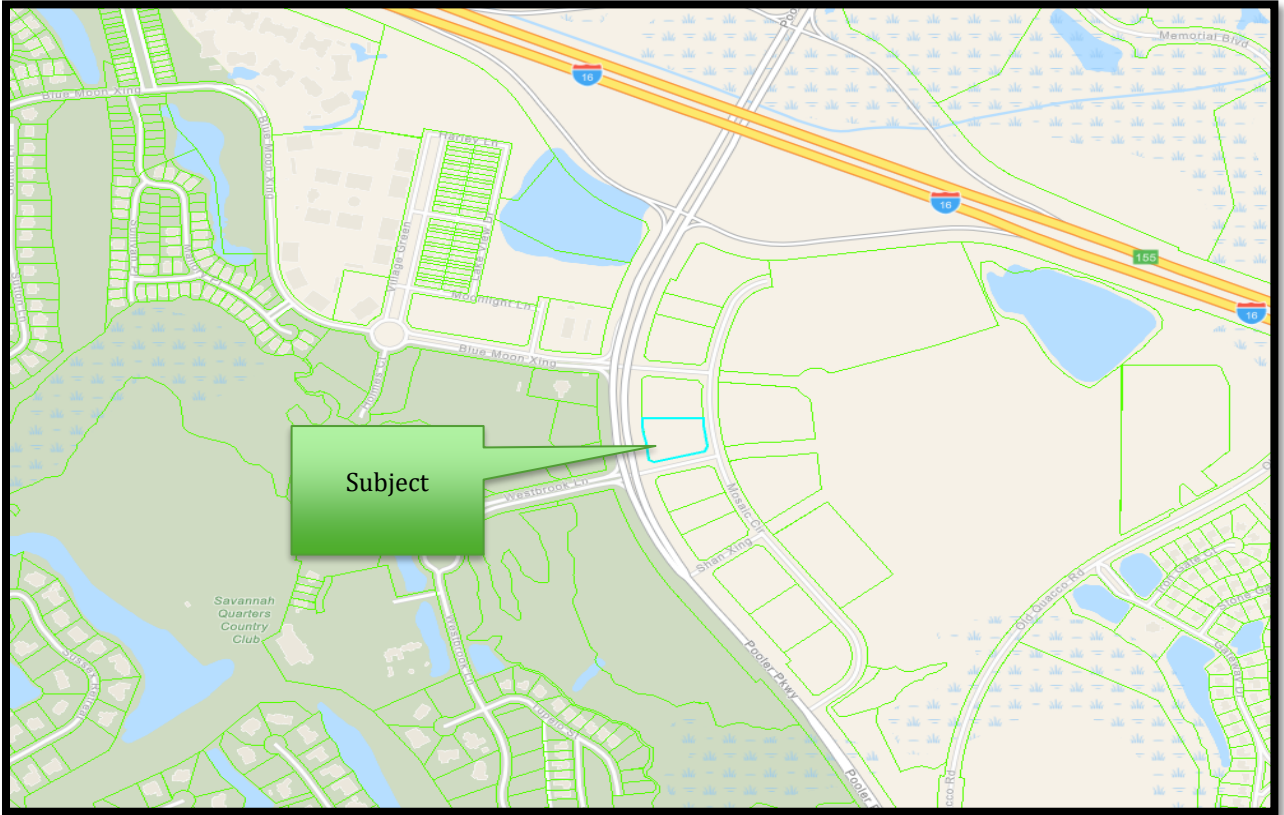
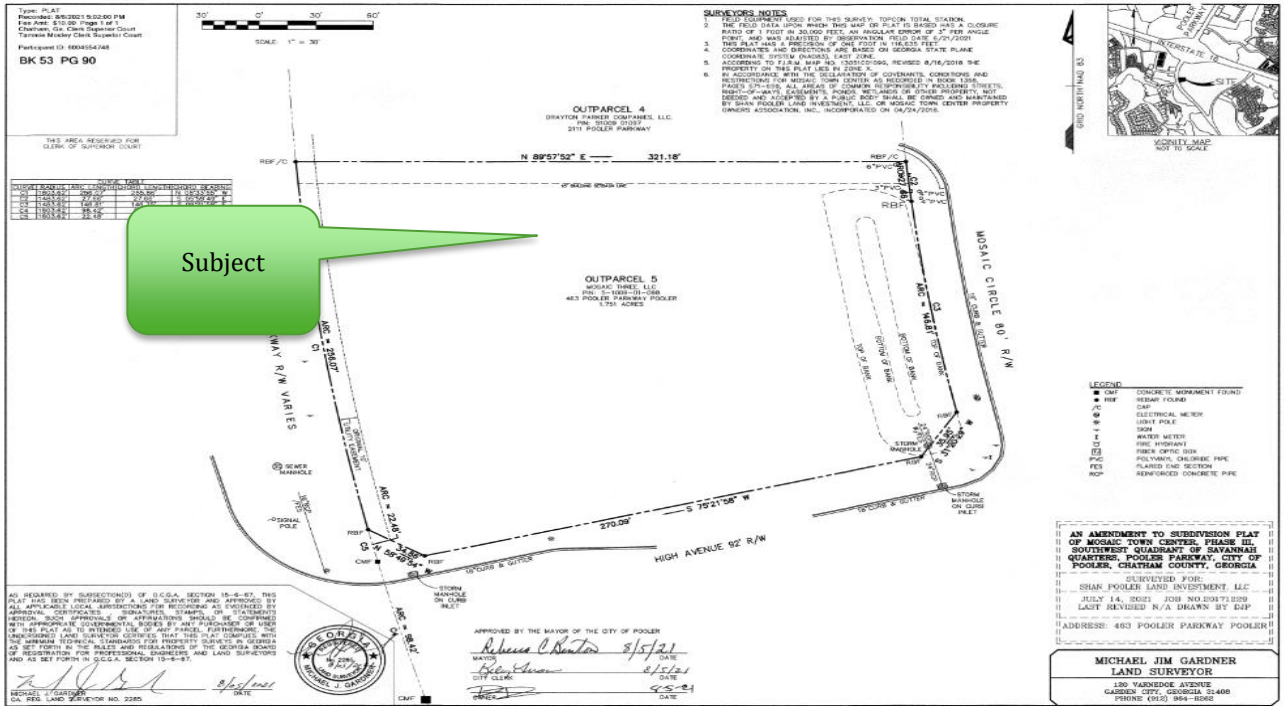
<u>\$NET ACRE</u>	<u>SUBJECT NET SITE</u>	<u>TOTAL VALUE</u>
\$850,000	.85 Acres	\$ 722,500
TOTAL MARKET LAND VALUE ESTIMATE (ROUNDED)		<u>\$725,000</u>

COMPARABLE LAND SALES						
.85 Gross Acres/37,026SF						
5440 Augusta Road						
Garden City, Chatham County, GA 31408						
SALE NUMBER	Subject	1	2	3	4	5
Date	Apr-23	Aug-21	Jul-19	Feb-21	Mar-20	Nov-20
Location/County	Chatham	Chatham	Chatham	Chatham	Chatham	Chatham
Sale Price	---	\$2,000,000	\$1,650,000	\$850,000	\$810,000	\$825,000
Number of Net Acres	0.85	1.75	1.94	1.27	1.61	1.04
Acre Price	---	\$1,142,857	\$850,954	\$669,291	\$503,106	\$793,269
Transactional Adjustments:						
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
	---	0%	0%	0%	0%	0%
Adjusted Acre Price	---	\$1,142,857	\$850,954	\$669,291	\$503,106	793269
Conditions of Sale	Market/Cash Equiv.	Similar	Similar	Similar	Similar	Similar
	---	0%	0%	0%	0%	0%
Adjusted Acre Price	---	\$1,142,857	\$850,954	\$669,291	\$503,106	\$793,269
Market Conditions	Current	Similar	Similar	Similar	Similar	Similar
	---	0%	0%	0%	0%	0%
Adjusted Acre Price	---	\$1,142,857	\$850,954	\$669,291	\$503,106	\$793,269
Property Adjustments:						
Location	Good	Superior	Superior	Superior	Superior	Superior
	---	-20%	-20%	-10%	-10%	-10%
Access	Good	Superior	Superior	Similar	Superior	Similar
	---	-20%	-20%	0%	-10%	0%
Exposure	Good	Similar	Similar	Similar	Similar	Similar
	---	0%	0%	0%	0%	0%
Size	0.85 Acres	Larger	Larger	Larger	Larger	Similar
	---	40%	50%	20%	30%	0%
Development/Shape	Good	Superior	Superior	Superior	Superior	Superior
	---	-10%	-10%	-10%	-10%	-10%
Topography	Good	Similar	Similar	Similar	Similar	Similar
	---	0%	0%	0%	0%	0%
Frontage	Good	Similar	Similar	Similar	Similar	Similar
	---	0%	0%	0%	0%	0%
Avail Utilities	Yes	Similar	Similar	Similar	Similar	Similar
	---	0%	0%	0%	0%	0%
Zoning	C-2	PUD	PUD	C-3	PUD	PUD
	---	0%	0%	0%	0%	0%
Net Adjustment	---	-10%	0%	0%	0%	-20%
Adjusted Acre Price	---	\$1,028,571	\$850,954	\$669,291	\$503,106	\$634,615

COMPARABLE LAND SALES
COMPARABLE LAND SALE NO. 1

LOCATION:	Pooler Parkway, Mosaic Town Center, Outparcel 5, Pooler, Chatham County, GA 31322
PINS:	51009 01098
GRANTOR:	Mosaic Three LLC
GRANTEE:	M& D Property Ventures, LLC
DATE OF SALE:	August 9, 2021
SALES PRICE:	\$2,000,000
SALES PRICE/GROSS ACRE:	\$1,142,204
SALES PRICE/NET ACRE:	\$1,142,204
SALES PRICE/PSF:	\$26.22
TERMS OF SALE/FINANCING:	Cash at closing
RECORDING DATA:	2484/306 Plat: 53/90
GROSS LAND ACREAGE/SF:	1.75 Gross Acres/76,274 (Net- Usable)
ZONING:	PUD-
IMPROVEMENTS:	Vacant
UTILITIES:	All Available
SHAPE:	Rectangular
VERIFIED BY:	Public Records, Co-Star; Peer Appraiser

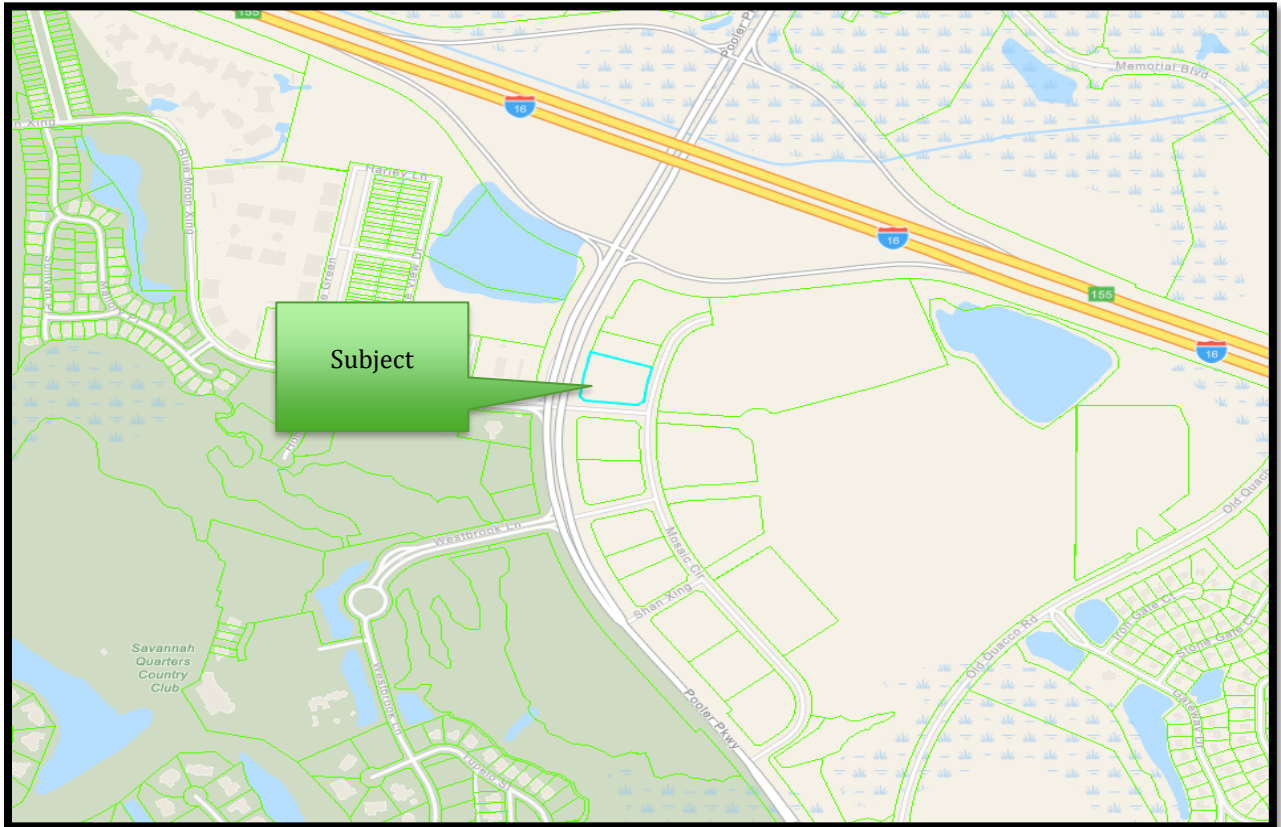
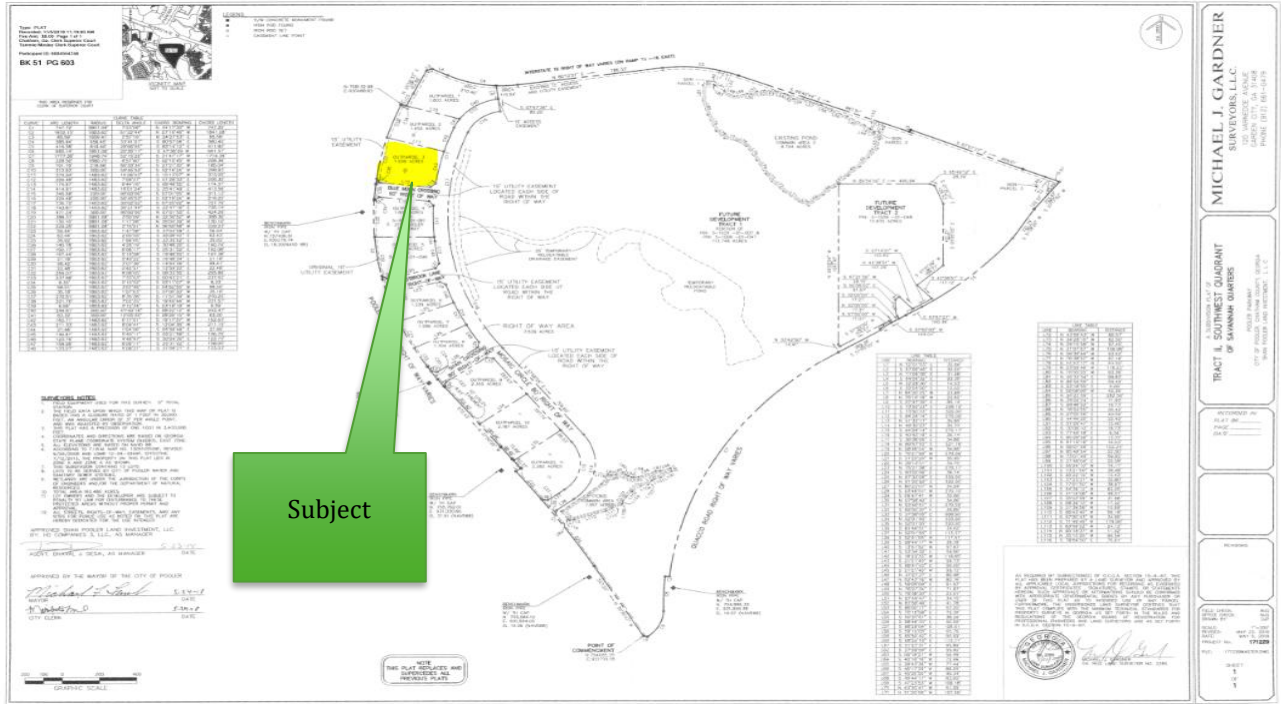
COMMENTS: Located off Pooler Parkway in an area seeing development due to the intense commercial uses along Pooler Parkway and located in a planned development known as Mosaic Center. The subject is located just south of the intersection with Pooler Parkway and Interstate 16. Drainage and runoff appear to be adequate as the general topo ranges from 20+ feet and the subject is located in FIRMA Zone X. A total of 256.07FF on Pooler Parkway with good access and exposure, and all utilities at the site.



COMPARABLE LAND SALE NO. 2

LOCATION:	Pooler Parkway, Mosaic Town Center, Outparcel 3, Pooler, Chatham County, GA 31322
PINS:	51009 01001
GRANTOR:	Shan Pooler Land Investment LLC
GRANTEE:	Stafford Pooler Parkway 1, LLC
DATE OF SALE:	July 3, 2019
SALES PRICE:	\$1,650,000
SALES PRICE/GROSS ACRE:	\$850,954
SALES PRICE/NET ACRE:	\$850,954
SALES PRICE/PSF:	\$219.54
TERMS OF SALE/FINANCING:	Cash at closing
RECORDING DATA:	1661/359 Plat: 51/601
GROSS LAND ACREAGE/SF:	1.939 Gross Acres/84,462 (Net- Usable)
ZONING:	PUD
IMPROVEMENTS:	Vacant land
UTILITIES:	All Available
SHAPE:	Rectangular
VERIFIED BY:	Public Records, Co-Star; Peer Appraiser

COMMENTS: Located off Pooler Parkway in an area seeing development due to the intense commercial uses along Pooler Parkway and located in a planned development within Savannah Quarters. The subject is located just south of the intersection with Pooler Parkway and Interstate 16. Drainage and runoff appear to be adequate as the general topo ranges from 20+ feet and the subject is located in FIRMA Zone X. A total of 270.51 FF on Pooler Parkway with frontage on Blue Moon Crossing, an access R/W.



COMPARABLE LAND SALE NO. 3

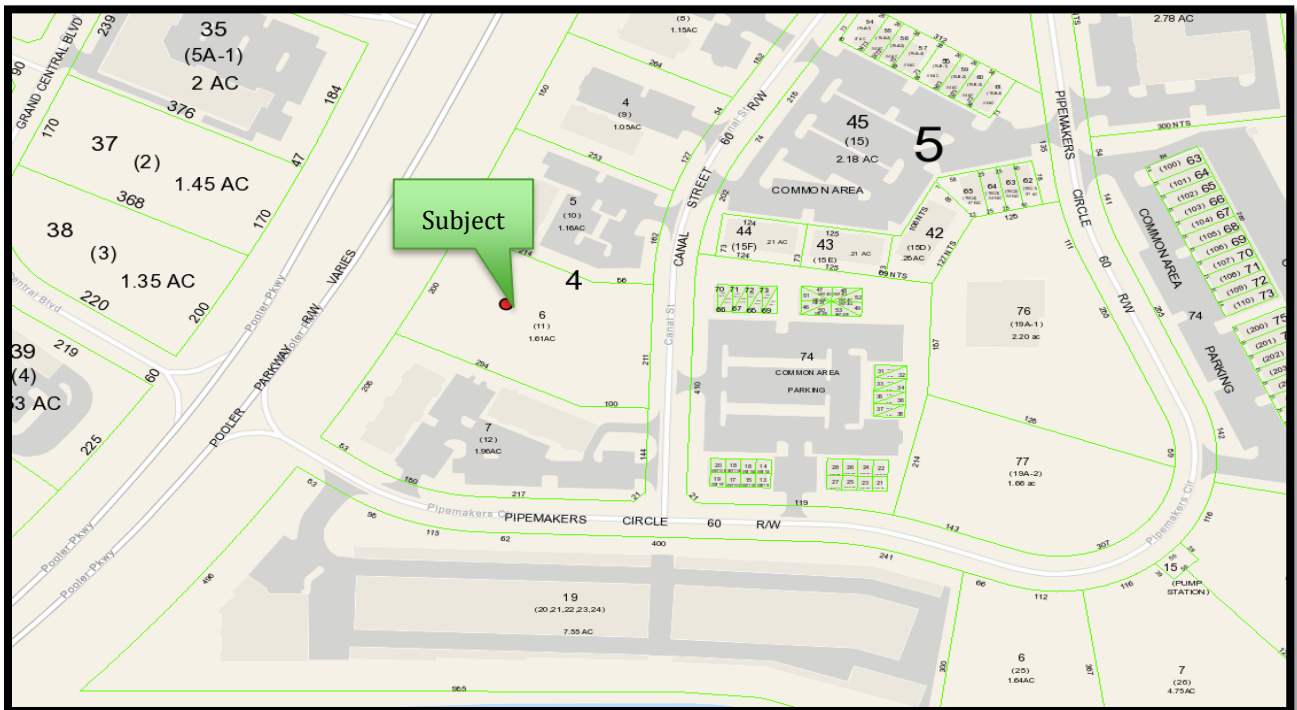
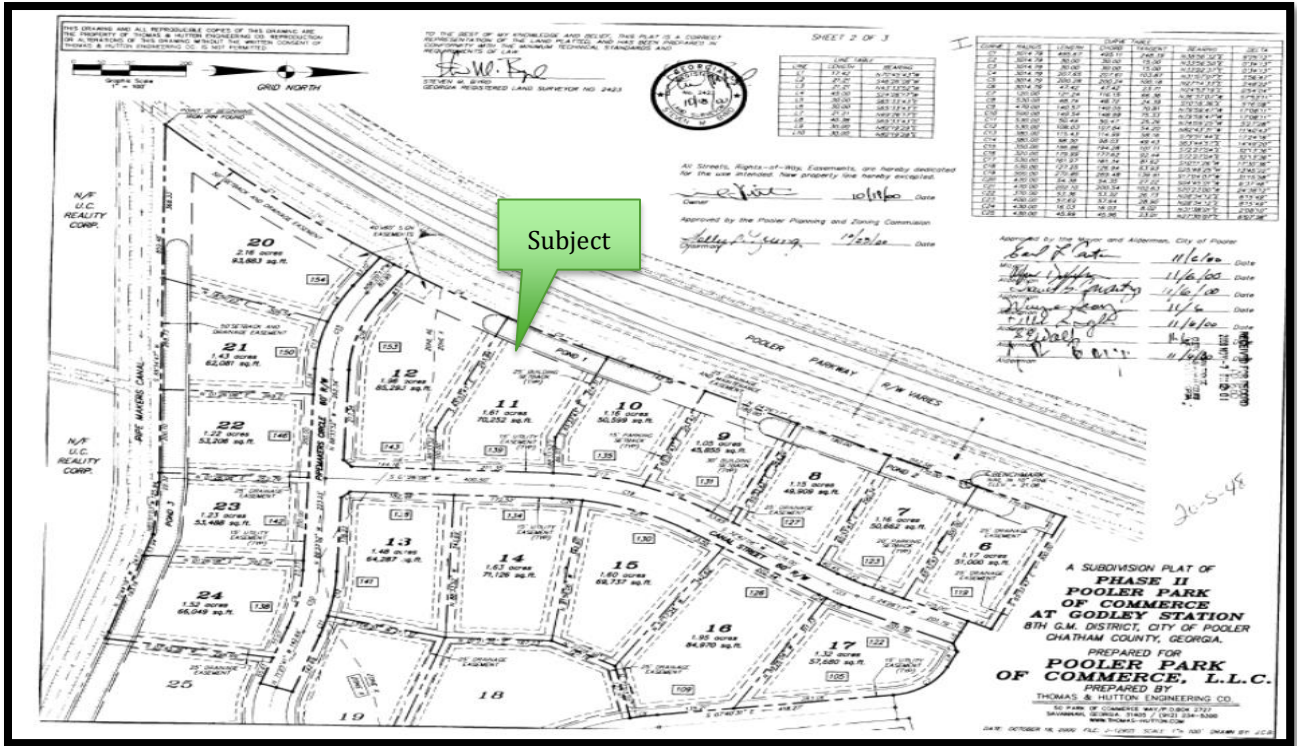
LOCATION : Highway 21, Port Wentworth, Chatham County, GA 31322
 GRANTOR : Double Reverse, LLC
 GRANTEE : Port City Car Wash, LLC
 SOURCE : Public Records; Georgia Superior Court Clerks Cooperative Authority; Chatham County Tax Assessors, Savannah MLS, Peer Appraisers, Co-star, Selling Broker
 SALE DATE : February 2, 2021
 SALE PRICE : \$850,000
 PROPERTY ID : 70037 02007
 DOCUMENT NUMBERS : Deed: 2229/534, Plat: 41S/11
 FRONTAGE : 157.92 FF-Highway 21
 UTILITIES : Water & Sewer Available
 NUMBER OF ACRES : 1.27
 NUMBER OF SQUARE FEET : 55,321
 ACRE PRICE/SF : \$669,291/ \$15.39
 TERMS : All Cash
 ZONING : "C-3" General Business

REMARKS: The tract is located at the intersection of Highway 21 and Magellan Boulevard, in a commercial subdivision. Public Water and sewer are available and outparcel is a completely developed site and purchased for an express car wash of a modular drive-through tunnel of brick/stucco masonry construction.

COMPARABLE LAND SALE NO. 4

LOCATION : 139 Canal Street, Lot 11, Pooler Park of Commerce, Pooler, Chatham County, GA 31322
 GRANTOR : JMJ LLC & DOBD LLC
 GRANTEE : Darshil Patel
 SOURCE : Public Records; Georgia Superior Court Clerks Cooperative Authority; Chatham County Tax Assessors, Savannah MLS, Peer Appraisers, Co-star, Selling Broker
 SALE DATE : March 20, 2020
 SALE PRICE : \$810,000
 PROPERTY ID : 50017B 04006
 DOCUMENT NUMBERS : Deed: 1866/666, Plat: 20S/48
 FRONTAGE : 200.00 FF-Pooler Parkway; 211.00 FF-Canal Street
 UTILITIES : Water & Sewer Available
 NUMBER OF ACRES : 1.61
 NUMBER OF SQUARE FEET : 70,132
 ACRE PRICE/SF : \$503,106/ \$11.55
 TERMS : All Cash
 ZONING : "PUD-C" Godley Station Master Plan, Pooler Park of Commerce

REMARKS: The tract is located along Canal Street within the Pooler Park of Commerce with frontage on Pooler Parkway, but no access. Pooler Parkway is the main commercial corridor through this master plan. The site is located in the area called Pooler Park of Commerce within an intense retail area. Public Water and sewer are available and outparcel is a completely developed site with access on the right of ways within this commercial subdivision.



COMPARABLE LAND SALE NO. 5

LOCATION : 2221 Pooler Parkway, Outparcel 7, Pooler, Chatham County, GA
 31322

GRANTOR : Shan Pooler Investment LLC

GRANTEE : NTW LLC

SOURCE : Public Records; Georgia Superior Court Clerks Cooperative
 Authority; Chatham County Tax Assessors, Savannah MLS, Peer
 Appraisers, Co-star, Selling Broker

SALE DATE : November 4, 2020

SALE PRICE : \$825,000

PROPERTY ID : 51009 01103

DOCUMENT NUMBERS : Deed: 2126/726, Plat: 32S/7C

FRONTAGE : 343.00 FF-Berwick Boulevard; 464.00 FF-The Exchange

UTILITIES : Water & Sewer Available

NUMBER OF ACRES : 1.04

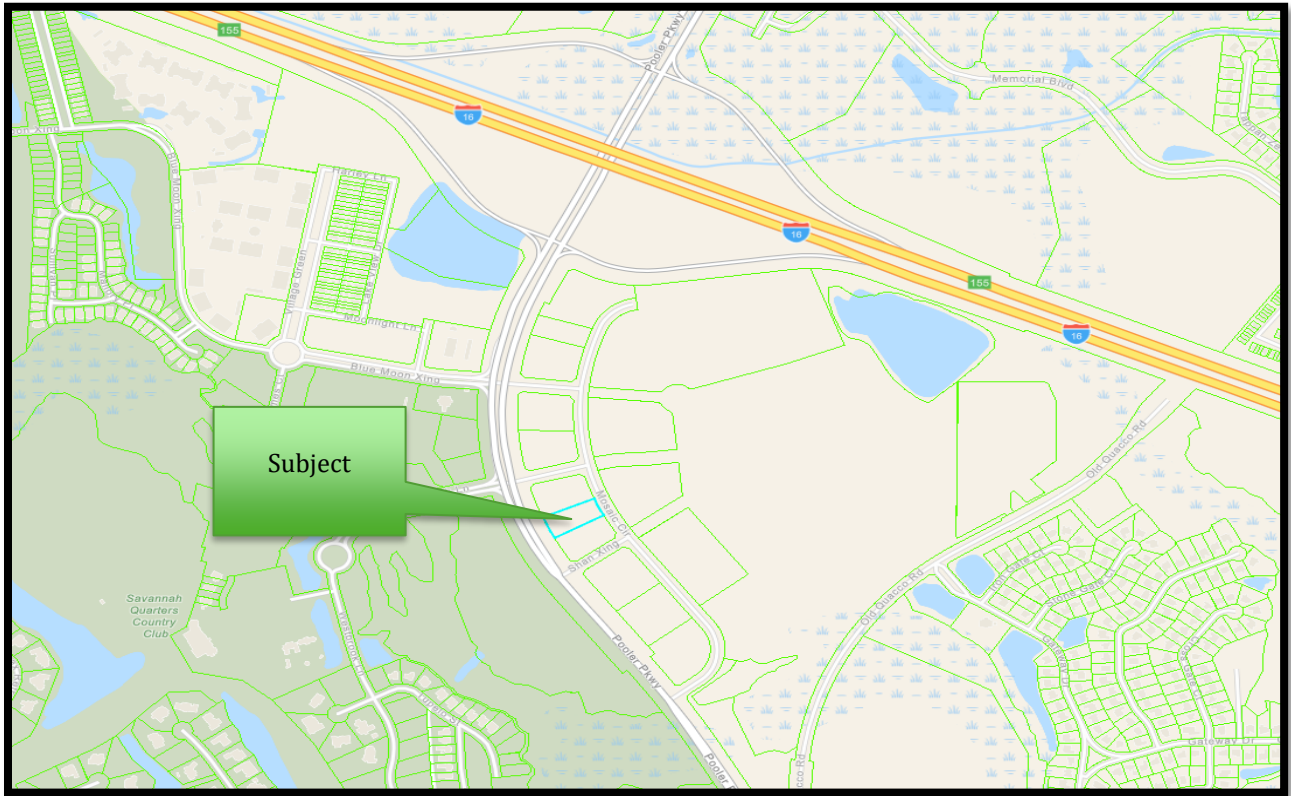
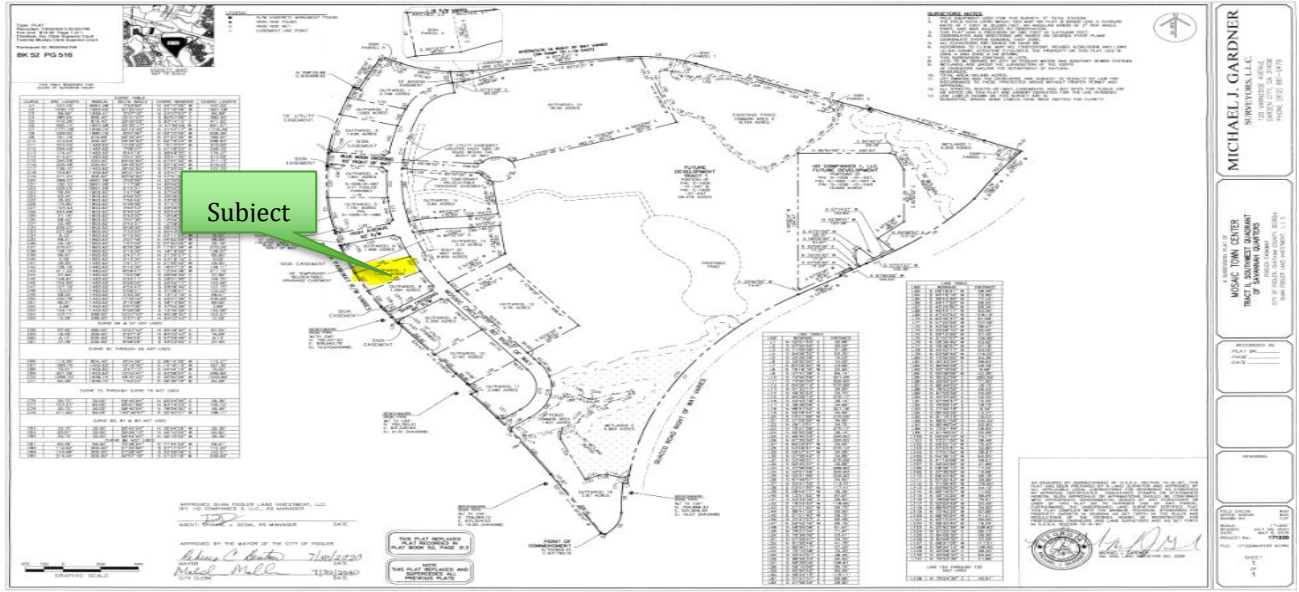
NUMBER OF SQUARE FEET : 45,302

ACRE PRICE/SF : \$793,269/ \$18.21

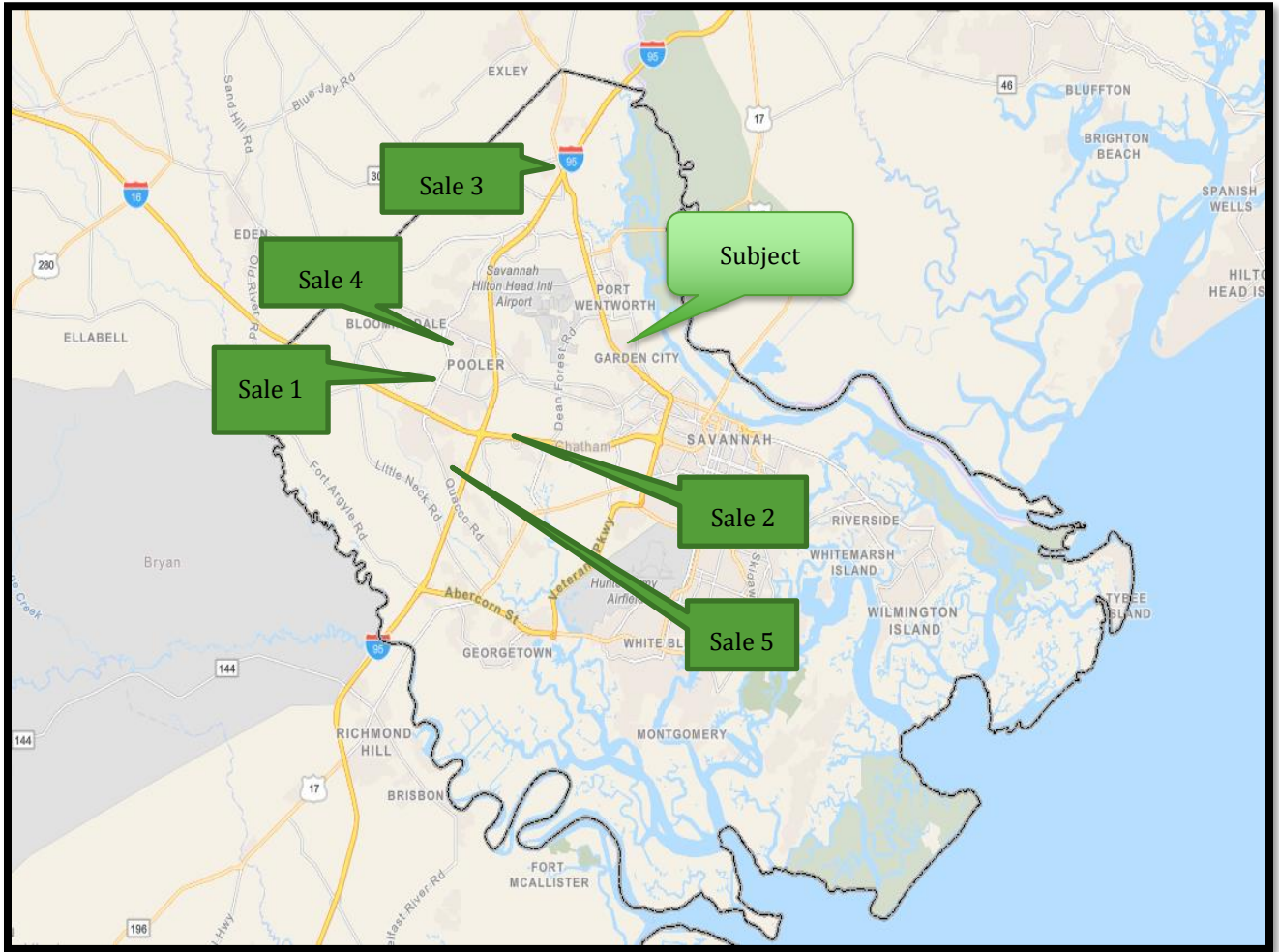
TERMS : All Cash

ZONING : "PUD"

REMARKS: The tract is located along Pooler Parkway, the main corridor, in this master plan and just south of Interstate 16, in a commercial area of this development known as Outparcel 7. The site is located in the area surrounded by retail uses in a planned commercial subdivision. Public Water and sewer are available and outparcel is a completely developed site.



SALES LOCATION MAP



COST APPROACH CONTINUED

In order to provide an opinion of the value of the improvements, the *Marshall Valuation Service* cost manual published by Marshall & Swift was reviewed. The *Marshall Valuation Service* is an authoritative appraisal guide for developing replacement cost, depreciated values, and insurable values of buildings and other improvements. It provides costs for a wide range of construction classes and types of occupancies. Modifiers are included to make the cost applicable to any size building in any locality. The service is updated monthly to provide up-to-date cost multipliers, building cost indexes, and complete revisions of sections of the manual. The class of construction is a basic division in the *Marshall Valuation Service*, dividing all buildings into five basic cost groups by type of framing (supporting columns and beams), walls, floors, roof structures, and fire proofing.

- Class “A” buildings have fire proofed structural steel frames with reinforced concrete or masonry floors and roofs.
- Class “B” buildings have reinforced concrete frames and concrete or masonry floors or roofs.
- Class “C” buildings have masonry or concrete exterior walls and wood or steel roof and floor structures, except for concrete slab on grade.
- Class “D” buildings generally have wood frame, floor, and roof structure. They may have a concrete floor on grade and other substitute materials, but is considered combustible construction. This class includes the wood pole frame buildings.
- Class “S” buildings have frames, roofs, and walls of incombustible metal. This class includes the pre-engineered metal buildings.

The base per square foot cost derived by using the *Marshall Valuation Service* includes the following costs.

- Average architect and engineers’ fees, in turn including plans, plan check and building permits and survey to establish building lines and building grades.
- Normal interest on building funds during period of construction and processing fee or service charge.
- Sales taxes on materials are included.
- Normal site preparation including excavation for foundation and back fill.
- Utilities from structure to lot line figured for typical set back.
- Contractor’s overhead and profit including job supervision, workman’s compensation, fire and liability insurance, unemployment insurance, etc., are included.

Data Sources

In estimating appropriate cost figures, the *Marshall & Swift's Valuation Cost Service* was utilized. The proposed improvement is considered to be a good Class "C" express car wash. Current cost and local multipliers are obtained from Section 99.

Entrepreneurial Profit

In order to accurately reflect market value from the Cost Approach, some increment of entrepreneurial profit should be included. Entrepreneurial profit represents the amount an entrepreneur (one who assumes the risk and management of business) receives over and above costs incurred. This represents the incentive or reward to an entrepreneur to undertake a project and its associated risk. The amount of profit an entrepreneur should reasonably expect to receive varies with the specific factors affecting the riskiness of a project and product type.

As indicated on Page 389 of *The Appraisal of Real Estate*, 14th Edition, published by the Appraisal Institute, entrepreneurial profit is:

“A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between total cost of a property (cost of development) and its market value (property after completion), which represents the entrepreneur’s compensation for the risk and expertise associated with the development.

Based on our knowledge of and experience with what market players perceive to be a reasonable profit, a return of 10.0% to 25.0% of improvement cost would be necessary for entrepreneurial profit. This cost is estimated at 20.0% in this analysis.

Accrued Depreciation

In estimating depreciation, the appraiser has considered the various forms of depreciation affecting the subject property.

Curable Physical Deterioration - Curable physical deterioration refers to items of deferred maintenance, i.e., items in need of repair on the date of appraisal. The property does not suffer from deferred maintenance as it is proposed construction.

Incurable Physical Deterioration - Incurable physical deterioration are items of deterioration that cannot be practically or economically corrected at present. The estimated effective age is 0 year, due to the new construction. The typical economic life of the subject improvements is 40-45 years therefore, physical depreciation is calculated as follows: $0 \div 40 = .0\%$.

Functional Obsolescence - Functional obsolescence is a loss in value due to defects in design. The defect may be curable or incurable and is caused by changes that have made some aspect of a structure, such as materials or design, obsolete by current standards. The subject property will be considered comparable to competing properties as new construction. Therefore, the subject is not considered to suffer from functional obsolescence.

External Obsolescence - External obsolescence is the diminished utility of a structure due to negative influences emanating from outside the building. It can be caused by a variety of factors including neighborhood decline, the property's location in a community or region, or local market conditions. The building will be considered to be competitive with comparable buildings in the area and will not be considered to suffer from external obsolescence.

The owner/developer provided the estimated cost budget to build the subject which was \$1,500,000 for the building, \$900,000 for the equipment, \$300,000 for the site costs and \$80,000 for soft costs. Land costs were shown as \$725,000. *The detailed costs for the development were provided and a site plan showing the position of the improvements, and building plans were available. I assume the improvements will be constructed as a typical express car wash, and the budget for the costs from the owner appear to reflect this assumption. The costs and proforma were provided by Sony's One Wash Complete Car Wash Solution, a professional express car wash consulting company.*

The value by the Cost Approach is shown in the table on the following pages. The Cost Approach is shown for the car wash and related site improvements for the entire site and this demonstrates the cost falling below the market value conclusion and therefore is a feasible development. The following indicates other car wash locations for the equipment or FF & E. Below is a table of additional FF & E costs from recent comparable automatic car wash construction projects and the subject being within this range:

CAR WASH EQUIPMENT (FF & E) COST COMPARABLES	
DESCRIPTION	COST NEW
Automatic Car Wash, Lithonia, GA (2020)	\$1,235,323
Automatic Car Wash, Powder Springs, GA (2020)	\$ 813,357
Automatic Car Wash, Franklin, NC (2020)	\$1,075,387
Automatic Car Wash, Pembroke Pines, FL (2018)	\$ 845,113
Sources: Actual Construction Budget/Costs Automatic Car Wash, <i>Marshall Valuation Service</i> , Sec. 64, Pg. 6/	

COST APPROACH	
Base Cost Analysis	
Excellent Class "C" Car Wash (Sec. 64, Pg. 5)	\$277.00
Current Cost Multiplier (Sec. 99, Pg. 3)	1.04
Subtotal: Base Cost Per SF	\$288.08
Local Multiplier (Sec. 99, Pg. 7)	0.89
Building Cost New Per SF	\$256.39
VALUE BY COST APPROACH	
<u>Cost New:</u>	
Car Wash	- 3,270 SF @ \$256.39 = \$838,395
Paving/ Site/Equipment Costs/ Demolition	- = 480,000
Landscaping, Dumpster, etc.	- = 125,000
Total Direct Improvements Cost New	\$1,443,395
Entrepreneur's Profit	20% 288,679
Total Cost New	\$1,732,074
Less Depreciation - Physical Deterioration	0% 0
Less Depreciation -Functional Obsolescence	0% 0
Less Depreciation -External Obsolescence	0% 0
Total Depreciated Cost of Improvements	\$1,732,074
Estimated Equipment	900,000
Land Value	725,000
VALUE BY THE COST APPROACH	\$3,357,074
	ROUNDED \$3,360,000

SALES COMPARISON APPROACH-AS COMPLETE

Methodology

The Sales Comparison Approach is based on the principle of substitution, considering that a prudent investor would pay no more for a property than the cost to acquire another property of equal desirability or utility. When sufficient data is available, the Sales Comparison Approach provides a supportive indication of value and provides insight into the actions of buyers and sellers.

Valuation of the subject property by the Sales Comparison Approach utilizes the sale price per square foot.

Comparable Sales Data

Detailed analysis of the comparable sales and a location map follow this discussion. The portion of the data most relevant to the Sales Comparison Approach is summarized in the following table for the proposed car wash.

COMPARABLE BUILDING SALES- AS COMPLETE						
Car Wash						
5440 Augusta Road						
Garden City, Chatham County, GA						
April-2023						
Sale Number	Subject	1	2	3	4	5
Date	Apr-23	Sep-22	May-22	Feb-19	Feb-19	Aug-19
Sale Price	N/A	\$4,885,600	\$10,179,000	\$6,150,000	\$7,300,000	\$4,650,000
Address	5440 Augusta Rd.	1545 Pooler Pky.	02 Commercial D	420 Pooler Pky.	Abercorn St.	5702 Ogeechee
City	N/A	Pooler	Savannah	Pooler	Savannah	Savannah
County	Chatham	Chatham	Chatham	Chatham	Chatham	Chatham
Building Size	3,270 SF	4,090 SF	4,136 SF	8,500 SF	10,000 SF	8,125 SF
Year Built	New	2018	2020	2014	1996.00	2015
Capitalization Rate	----	N/A	N/A	N/A	N/A	N/A
SF Price	----	\$1,194.52	\$2,461.07	\$723.53	\$730.00	\$572.31

The foregoing sales represent transactions of similar properties within the Savannah MSA area including one sale within the regional market. The subject's market area search radius was expanded to include nearby counties. The variables to consider are quality and age of the improvements, financing terms, and the quality, quantity, and durability of the income that the property is capable of producing. The subject is a proposed express car wash and therefore sales were found, as more recently noted constructed car washes were found that have sold. All sales were adjusted to the subject for quality and condition which will be new construction.

Data Analysis

Comparable Building Sale 1, at \$1,194.52/SF, requires no overall adjustment after considering an upward adjustment or having a larger size building. In addition, a downward adjustment was noted for the superior location and exposure of the comparable along a corridor in Pooler, Georgia. The building is similar in age, quality and condition was noted as similar. This was part of a bulk sale and allocation for each sale. After considering the appropriate adjustments, Sale 1 indicates a value of \$1,433.42/SF for the subject.

Comparable Building Sale 2, at \$2,461.07/SF, requires a downward adjustment was noted for superior location, access and exposure of this sale. An upward adjustment for the larger size of the comparable's building size. This was part of a bulk sale and allocation for each sale. After considering the appropriate adjustments, Sale 2 indicates a value for the subject of \$2,707.18/SF.

Comparable Building Sale 3, at \$723.53/SF, after an upward adjustment required to reflect the comparable's larger building size. This was a portfolio sale of properties and value is allocated for each

property by the deed. Adjustments were noted as the subject is of slightly inferior quality and condition. This sale was considered to reflect a sale for a car wash and retail area of a lube service in the slightly superior market area and demonstrates a lower \$PSF for the entire space. After considering the appropriate adjustments, Sale 3 indicates a value of \$1,157.65/SF for the subject.

Comparable Building Sale 4, at \$730.00/SF, after a downward adjustment to reflect the comparable's superior location. This was a portfolio sale of properties and value is allocated for each property by the deed and also included a lube service building. The building was also considerably larger and was adjusted for the larger size. After considering the appropriate adjustments, Sale 4 indicates a value of \$1,314.00/SF for the subject.

Comparable Building Sale 5, at \$572.31.00/SF, after an upward adjustment to reflect the comparable's inferior quality and condition. The building was also larger and was adjusted for the larger size. Otherwise, this sale was considered very comparable to the subject due to the type of building. After considering the appropriate adjustments, Sale 5 indicates a value of \$1,030.16/SF for the subject.

Conclusion

The adjusted sale prices range from \$1,030.16 to \$2,707.18/SF. The average adjusted price for all comparables is \$1,528.48 SF and the median was \$1,235.83 PSF. The subject is most similar to Sales 2 and therefore the price PSF is calculated at \$2,500.00 PSF for the subject due to the new proposed condition.

Each of the value indicators by each comparable is considered a meaningful and appropriate measure of value for the subject property. For purposes of selecting a market value, an average is not specifically used and weighted averages are not specifically or precisely applied to the value indications. As indicated in *The Appraisal of Real Estate*, 14th Edition published by the Appraisal Institute "The final value opinion is not the average of the different value indications derived. No mechanical formula is used to select one indication over the others. Final reconciliation relies on the proper application of appraisal techniques and the appraiser's judgment" [Page 642].

Each of the comparables analyzed are consistent with the subject's physical and economic characteristics and provide meaningful indications of value. The final opinion of market value is slightly higher than the average value indication.

After considering the foregoing and the comparable sales with respect to transactional adjustments and property adjustments, and market demand, a sale price per square foot of the building including land of \$2,500.00 is estimated due to the new proposed condition of the subject *for this new space* and within the sales above average pricing for new construction noted for this market.

The Sales Comparison Approach is considered less reliable as new express car washes do not typically sell in the marketplace. New buildings such as the subject are equipped with state of the art washing equipment which lends value to the operation and few new sales are noted in the marketplace.

My opinion of value by the Sales Comparison Approach (As Complete) and including all equipment is as follows:

3,290 SF (SITE IMPROVEMENTS & CAR WASH) x \$2,500.00= **\$8,225,000 (ROUNDED)**

**TOTAL PROSPECTIVE VALUE BY THE SALES COMPARISON APPROACH: \$8,225,000
(AS COMPLETE)**

COMPARABLE BUILDING SALES- AS COMPLETE						
Car Wash						
5440 Augusta Road						
Garden City, Chatham County, GA						
April-2023						
Sale Number	Subject	1	2	3	4	5
Date	Apr-23	Sep-22	May-22	Feb-19	Feb-19	Aug-19
Sale Price	N/A	\$4,885,600	\$10,179,000	\$6,150,000	\$7,300,000	\$4,650,000
Address	5440 Augusta Rd.	1545 Pooler Pky.	302 Commercial Dr.	420 Pooler Pky.	Abercorn St.	5702 Ogeechee
City	N/A	Pooler	Savannah	Pooler	Savannah	Savannah
County	Chatham	Chatham	Chatham	Chatham	Catham	Chatham
Building Size	3,270 SF	4,090 SF	4,136 SF	8,500 SF	10,000 SF	8,125 SF
Year Built	New	2018	2020	2014	1996.00	2015
Capitalization Rate	----	N/A	N/A	N/A	N/A	N/A
SF Price	----	\$1,194.52	\$2,461.07	\$723.53	\$730.00	\$572.31
<u>Transactional Adjustments:</u>						
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
	----	0%	0%	0%	0%	0%
Adjusted SF Price	----	\$1,194.52	\$2,461.07	\$723.53	\$730.00	\$572.31
Conditions of Sale	Arms Length	Similar	Similar	Similar	Similar	Similar
	----	0%	0%	0%	0%	0%
Adjusted SF Price	----	\$1,194.52	\$2,461.07	\$723.53	\$730.00	\$572.31
Market Conditions	Current	Similar	Similar	Similar	Similar	Similar
	----	0%	0%	0%	0%	0%
Adjusted SF Price	----	\$1,194.52	\$2,461.07	\$723.53	\$730.00	\$572.31
<u>Property Adjustments:</u>						
Location	Good	Superior	Superior	Superior	Superior	Similar
	----	-10%	-10%	-10%	-10%	0%
Access	Good	Similar	Similar	Similar	Superior	Similar
	----	0%	0%	0%	-10%	0%
Exposure	Good	Superior	Similar	Similar	Similar	Inferior
	----	-10%	0%	0%	0%	10%
Quality	Good	Inferior	Similar	Inferior	Inferior	Inferior
	----	10%	0%	10%	20%	10%
Condition	Good	Inferior	Similar	Inferior	Inferior	Inferior
	----	10%	0%	10%	20%	10%
Building Size	3,270 SF	Larger	Larger	Larger	Larger	Larger
	----	20%	20%	50%	60%	50%
Other	---	Similar	Similar	Similar	Similar	Similar
	----	0%	0%	0%	0%	0%
Net Adjustment	----	20%	10%	60%	80%	80%
Adj. SF Price	----	\$1,433.42	\$2,707.18	\$1,157.65	\$1,314.00	\$1,030.16

COMPARABLE BUILDING SALES
COMPARABLE CAR WASH SALE NO. 1

LOCATION	:	1545 Pooler Parkway, Pooler, Chatham County, Georgia 31322
GRANTOR	:	Boing US Holdco, Inc.
GRANTEE	:	MDC Coast 2 LLC
SOURCE	:	GSCCA; Public Records, Deemed Reliable; Review of Deed, Co-star; Peer Appraiser;
SALE DATE	:	September 1, 2022
SALE PRICE	:	\$4,885,600
PROPERTY ID	:	051010 01074
DOCUMENT NUMBER	:	Deed 2913/ 106 ; Plat 51/53
LAND AREA	:	1.267 Acres
ZONING	:	C-2- Heavy Commercial
YEAR COMPLETED	:	2018
BUILDING AREA	:	4,090 SF
SQUARE FOOT PRICE	:	\$1,194.52
TERMS	:	All Cash
AVERAGE DAILY TRAFFIC	:	26,000

REMARKS: The property is located in a good commercial area along Pooler Parkway just north of the intersection with Interstate 16 with good accessibility and exposure. The site has 181 feet of frontage on Pooler Parkway and is at the corner of the access to the Lowe's complex. The brick veneer/masonry building was in good condition and had good overall market appeal. The building contains a drive-through car wash with a canopied service area and marked parking spaces. There have been no other known prior sales of the property within one year preceding the effective date of this appraisal and was owner-operated.



COMPARABLE CAR WASH SALE NO. 2

LOCATION	:	302 Commercial Drive, Savannah, Chatham County, Georgia 31406
GRANTOR	:	Precision Ventures LLC
GRANTEE	:	Realty Income Properties LLC
SOURCE	:	GSCCA; Public Records, Deemed Reliable; Review of Deed, Co-star; Peer Appraiser
SALE DATE	:	May 12, 2022
SALE PRICE	:	\$10,179,000
PROPERTY ID	:	20534 11002
DOCUMENT NUMBER	:	Deed 2878/325; Plat T/15
LAND AREA	:	1.24 Acres
ZONING	:	BC- Planned Community Business
YEAR COMPLETED	:	2020
BUILDING AREA	:	4,136 SF
SQUARE FOOT PRICE	:	\$2,461
TERMS	:	All Cash
AVERAGE DAILY TRAFFIC	:	18,700

REMARKS: The property is located in a good commercial area fronting on Hodgson Memorial Drive and Commercial Drive, one of the main corridors of the south side Savannah west of the intersection with the Truman Parkway with good accessibility and exposure and near Oglethorpe Mall. The site has 95.00 feet of frontage on Hodgson Memorial Drive and 460 feet of frontage on Commercial Drive. The brick veneer/masonry building was in good condition and had good overall market appeal. The building contains a drive-through car wash with parking spaces for vacuum use with prominent signage. There have been no other known prior sales of the property within one year preceding the effective date of this appraisal and was owner-operated. This sale was part of three carwashes sold in a bulk sale.



COMPARABLE CAR WASH SALE NO. 3

LOCATION : 420 Pooler Parkway, Pooler, Chatham County, Georgia 31322
 GRANTOR : Wakely Properties, LLC
 GRANTEE : Coldwater- Pooler Property Company LLC
 SOURCE : GSCCA; Public Records, Deemed Reliable; Review of Deed, Co-star; Peer Appraiser
 SALE DATE : February 28, 2019
 SALE PRICE : \$6,150,000 (Allocated)
 PROPERTY ID : 50017A 01061
 DOCUMENT NUMBER : Deed 1564/267 & 1564/343; Plat 15S/100
 LAND AREA : 2.10 Acres
 ZONING : BC- Planned Community Business
 YEAR COMPLETED : 2014
 BUILDING AREA : 8,500 SF
 SQUARE FOOT PRICE : \$723.53
 TERMS : All Cash
 AVERAGE DAILY TRAFFIC : 30,400

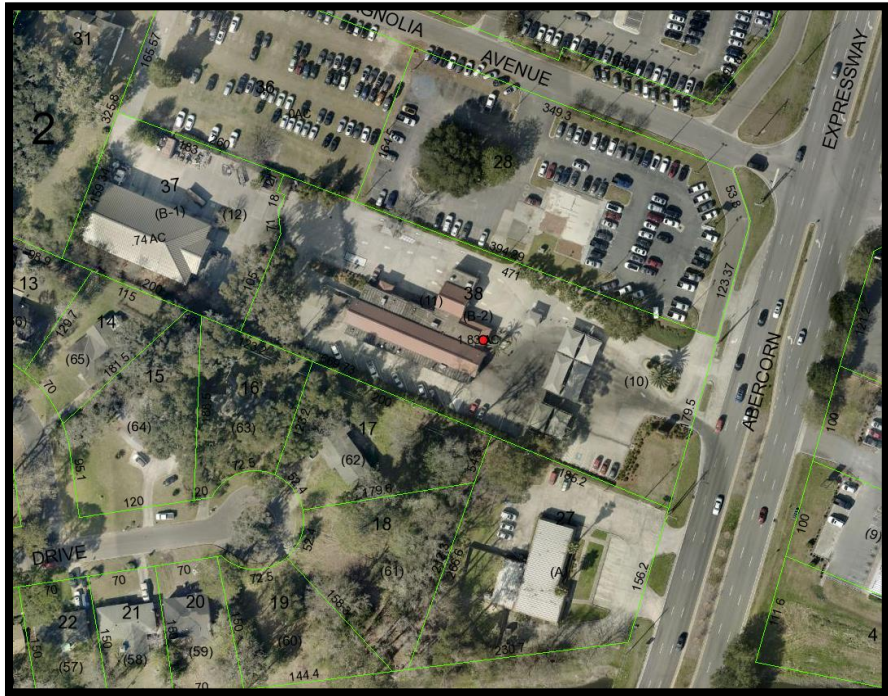
REMARKS: The property is located in a good commercial area fronting on Pooler Parkway, the main commercial corridor from interstate 95 to Interstate 16 with good accessibility and exposure. The site has 278 feet of frontage on Pooler Parkway with access from Traders Way with 278 feet of frontage and located next to a Fatz Restaurant and a Parkers C- Store. The brick veneer building was in average condition and had average good market appeal. The building contains a drive-through car wash with a canopied service area of 2,400 SF and 480 SF and parking spaces for vacuum use with prominent signage. A Jiffy Lube is located next to the car wash. There have been no other known prior sales of the property within one year preceding the effective date of this appraisal and was owner-operated. This was part of a bulk Sale of three area carwashes.



COMPARABLE CAR WASH SALE NO. 4

LOCATION : 10509 Abercorn Street, Savannah, Chatham County, Georgia 31419
 GRANTOR : Wakely Properties, LLC
 GRANTEE : Coldwater- Pooler Property Company LLC
 SOURCE : GSCCA; Public Records, Deemed Reliable; Review of Deed, Co-star; Peer Appraiser
 SALE DATE : February 28, 2019
 SALE PRICE : \$7,300,000 (Allocated)
 PROPERTY ID : 50017A 01061
 DOCUMENT NUMBER : Deed 1564/343; Plat 47P/15
 LAND AREA : 2.46 Acres
 ZONING : BC- Community Business
 YEAR COMPLETED : 1996
 BUILDING AREA : 10,000 SF
 SQUARE FOOT PRICE : \$730.00
 TERMS : All Cash
 AVERAGE DAILY TRAFFIC : 43,500

REMARKS: The property is located in the most intense commercial area of Abercorn Street, the main corridor from downtown Savannah to Interstate 95 with good accessibility and exposure. The site has 179.5 feet of frontage on Abercorn Street just west of the intersection with Tibet Avenue. The brick veneer building was in average condition and had average good market appeal. The building contains a drive-through car wash with a canopied service area 30 parking spaces for vacuum use with prominent signage. A Jiffy Lube of 2,592 SF is included and located next to the car wash. There have been no other known prior sales of the property within one year preceding the effective date of this appraisal and was owner-operated.



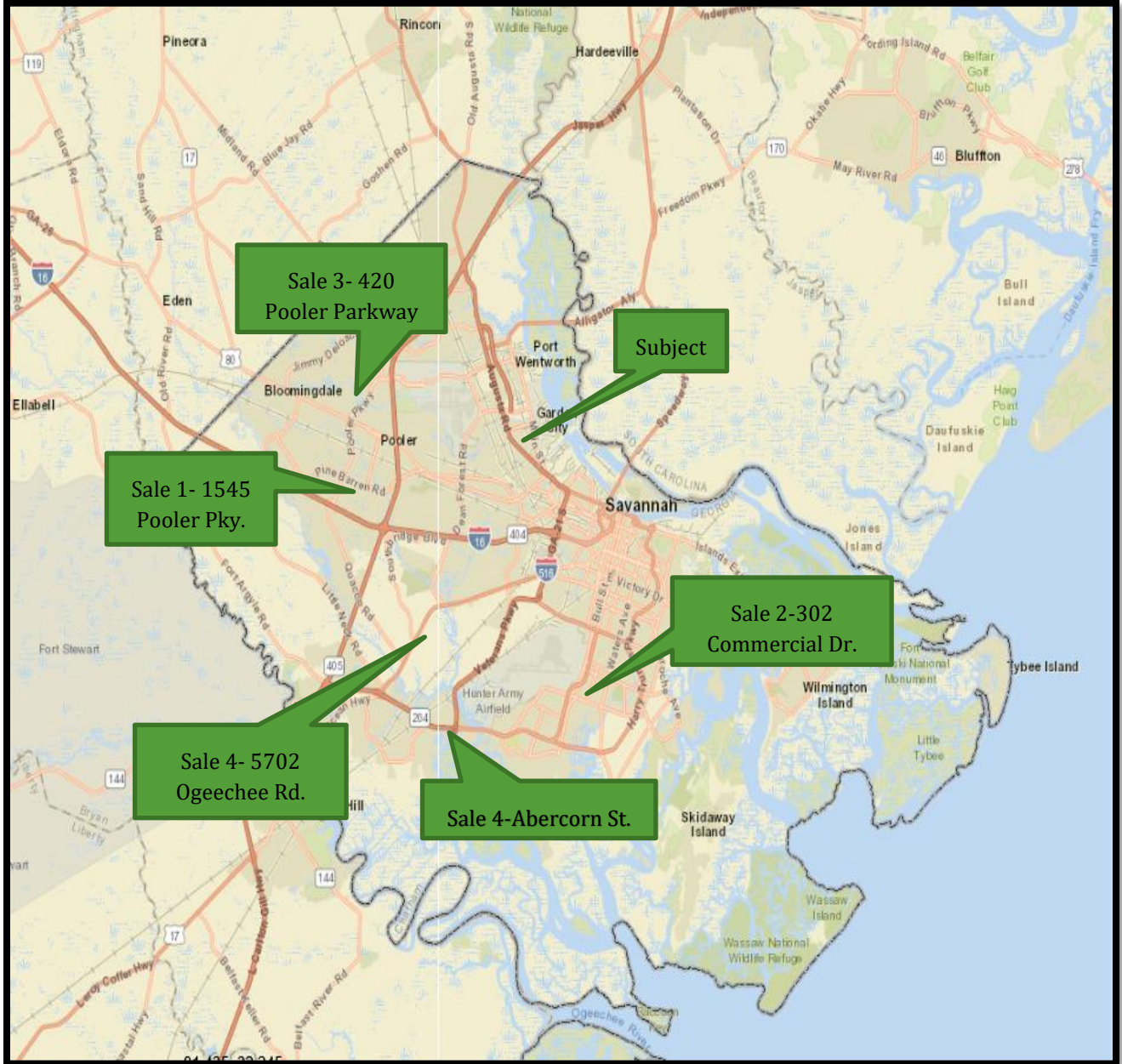
COMPARABLE CAR WASH SALE NO. 5

LOCATION : 5702 Ogeechee Road, Savannah, Chatham County, Georgia 31405
 GRANTOR : JPW III, LLC
 GRANTEE : Coldwater- Elite Property Company LLC
 SOURCE : GSCCA; Public Records, Deemed Reliable; Review of Deed, Co-star; Peer Appraiser
 SALE DATE : August 8, 2019
 SALE PRICE : \$4,650,000
 PROPERTY ID : 11008 02101
 DOCUMENT NUMBER : Deed 1691/44; Plat 15S/100
 LAND AREA : 1.7145 Acres
 ZONING : PUD-C- Planned Commercial
 YEAR COMPLETED : 2015
 BUILDING AREA : 8,125 SF
 SQUARE FOOT PRICE : \$572.31
 TERMS : All Cash
 AVERAGE DAILY TRAFFIC : 31,600

REMARKS: The property is located in a good commercial area fronting on Ogeechee Road (Highway 17) in the Berwick Plantation master plan just east of the Kroger Shopping center, the main commercial corridor from interstate 95 to Interstate 16 with good accessibility and exposure. The site has 246 feet of frontage on Highway 17 and access with 245 feet of frontage on the interior road. The brick veneer building was in good condition and had good market appeal. The building contains a drive-through car wash with a canopied service area. There have been no other known prior sales of the property within one year preceding the effective date of this appraisal and was owner-operated.



SALES LOCATION MAP



INCOME APPROACH – OVERALL CAPITALIZATION- AS COMPLETE- AT STABLIZATION
Methodology

The Income Approach is based on the principle of anticipation, considering that the value of a property may be measured by the present worth of anticipated future benefits accruing to the ownership and use of the property. The Income Approach also reflects the attitudes of investors in income properties and their requirements for returns on investments. All capitalization or discount methods are based upon the concept of time preference, which holds that future income or benefits are worth less than the same income or benefits received now, and they decrease systematically as the time for receipt is deferred into the future.

The subject will be a express car wash facility that typically operates independently or in combination with other uses. Due to these variables, no meaningful rental data can result from a comparable analysis. Therefore, due to the lack of adequate and meaningful data, rent comparables are not included in this report. The Income Approach in this report is a proforma evaluation of the car wash operation of the projected gross sales income of the subject property based on the most recent proforma operating statements available. This analysis is provided as the most reliable approach when compared to the Cost Approach and the Sales Comparison Approach in order to evaluate the potential of the sales income which is how these commercial properties are valued.

An opinion of value by the Income Approach has been made which reflects income and expense information on comparable car wash facilities. As an aid in estimating the appropriate income and expenses for the subject, the *2019 In-Bay Automatic Survey Report* (referenced as the *Survey* in this report) published in conjunction with the *2018 Professional Car-washing & Detailing®* by NTP Media, Inc. was utilized, and is considered to be reliable. According to car wash industry experts, the *Survey*, consisting of 50% full-service and 50% self-service car wash operators, is considered to be the most thorough study of the conveyor car wash market available.

An opinion of value by the Income Approach has been made which reflects income and expense information from the subject car wash facility.

Income Approach Financial Assumptions

According to the information supplied below of typical charges the comparable information is in line with the projected income and usage for the subject with an average of \$18.50 per wash and shown below for the stabilized year (two):

CASH FLOW PROJECTIONS - YEAR TWO				
Annual Wash Volume			Year Two	Percentage of
			140,806	Revenue
Revenue				
On-Line Service Description	Price Per Unit	Percentage of Customers		
Basic Package	\$ 10.00	20%	\$ 281,611.47	10.81%
Menu Package #1	\$ 15.00	25%	\$ 528,021.50	20.27%
Menu Package #2	\$ 20.00	20%	\$ 563,222.93	21.62%
Menu Package #3	\$ 25.00	35%	\$ 1,232,050.17	47.30%
Menu Package #4	\$ -	0%	\$ -	0.00%
Total On-Line Revenue			\$ 2,604,906.07	100.00%
Bank and Credit Card Fees	3.00%	60%	\$ (46,888.31)	-1.80%
Total Revenue			\$ 2,558,017.76	98.20%

COMPARABLE INCOMES:

The following indicates various Southeast markets and the capture rates in these markets:

CAR WASH TRAFFIC CAPTURE RATES	
DESCRIPTION	CARS PER YEAR
Automatic Car Wash, Lithonia, GA	96,068
Automatic Car Wash, Powder Springs, GA	98,500
Automatic Car Wash, Franklin, NC	83,000
Automatic Car Wash, Pembroke Pines, FL	102,000
Sources: Actual Data/Feasibility Studies	

According to the information supplied for the owner by *Sonny's One Wash Complete Car Wash Solution* for the subject property, the proforma for the property would indicate the on-line service descriptions and expenses and based on a stabilized year or at year two.

The proforma information indicates approximately 140,806 cars by year two or a stabilized year and at an average rate of \$18.50 per car:

140,806 cars per year x \$18.50/car =	\$ 2,604,911
Less 3.00% Bank & Credit Card Fees (60%):	(\$ 46,888)
Total Estimated Revenue At Stabilization:	\$ 2,558,023

FIXED EXPENSES

Real Estate Taxes

The subject property is taxed based on a 40% assessment made by the Chatham County Tax Assessor. The property has not been assessed as it is proposed and therefore the estimate for the value is based on the conclusion found in the Cost Approach or representing 80% of the value and segregated for the tax assessment ($\$3,230,000 \times .80 = \$2,584,000 \times 40\% = \$1,033,600$) and a 35.373 millage rate for 2023 or estimated at \$37,000 (rounded).

Insurance

Based on the proforma the insurance expense is estimated at \$12,000 per year and appears reasonable.

OPERATING EXPENSES

Revenue and expense projections are based on the income and expenses budget for the subject property as well as industry averages and other operating car washes previously appraised. In addition, the proforma referenced above has outlined the expected expenses for the proposed property which are typical in the market and used in the Income Approach for a stabilized year. The market expenses and ratios are shown below with an expense ratio of 62.64% shown for the subject and represent blended expense rates for a typical express car wash based on the proforma and the market:

	Lithonia, DeKalb Co, GA	Pembroke Pines Broward Co. FL	Franklin, Macon Co., NC	Powder Springs Cobb Co., GA
Average Income Per Wash	\$10.50	\$13.81	\$11.36	\$10.20
	% OF TOTAL	% OF TOTAL	% OF TOTAL	% OF TOTAL
Car Wash Income	100.00%	100.00%	100.00%	100.00%
Sales Income	0.00%	0.00%	0.00%	0.00%
Maintenance	0.00%	0.00%	0.00%	0.00%
Total Gross Potential Income	100.00%	100.00%	100.00%	100.00%
Operating Expenses				
R.E. & Personal Property Tax	6.10%	3.50%	5.37%	2.50%
Insurance	1.45%	1.25%	1.40%	1.25%
Salary & Payroll Taxes	16.50%	18.00%	16.75%	17.95%
Wash (Chemicals & Supplies)	7.15%	8.00%	7.50%	7.75%
Waste Removal/Wash Supplies	2.50%	0.00%	1.60%	11.00%
Repairs & Maintenance	1.05%	2.00%	1.50%	2.00%
Advertising & Promotion	2.90%	2.75%	2.00%	2.75%
Licenses & Permits	0.50%	0.00%	0.25%	1.25%
Accounting & Legal	0.50%	1.00%	1.50%	1.00%
Customer Claims	1.05%	1.50%	1.00%	0.25%
Utilities	8.00%	5.75%	7.00%	5.75%
Interest Expense	21.85%	18.50%	20.50%	18.50%
Depreciation Expense	2.40%	7.50%	4.40%	7.50%
Other Expenses	0.65%	1.50%	0.50%	1.50%
Total Operating Expenses	72.60%	71.25%	71.27%	80.95%
Replacement Allowance	1.30%	1.25%	1.30%	1.25%
Total Expenses & Replacement Allow.	73.90%	72.50%	72.57%	82.20%
Net Operating Income	27.40%	28.75%	28.73%	19.05%

CAPITALIZATION RATE

The overall capitalization rate is derived from transactions of similar investment properties and reflects the expectations of investors regarding the relationship between risk, income, and value of properties such as the subject. According to current investor criteria for "going-in" capitalization rates for free standing retail properties ranging from 5.58% to 14.10%; as reported in the Realty Rates Investor Survey shown below in the chart.

A car wash facility has similar investment characteristics to retail income producing properties. However, a car wash is not a traditional investment property such as a shopping center or retail building, therefore, an overall capitalization rate towards the upper end of the indicated range is considered appropriate. Consideration is also given to the locational and development characteristics of the subject as well as market conditions prevailing in the area.

Based on an analysis of the data and taking into consideration current market criteria, a capitalization rate of 9.50% is considered reasonable. The survey mostly reflects the returns from institutional grade developments. The subject will be considered to have good market appeal as new construction along a major commercial corridor and will compare favorably to the retail developments in the survey.

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2023*						
RETAIL - ALL TYPES						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.75%	DCR Technique	1.05	0.055032	0.80	4.62
Debt Coverage Ratio	1.05	Band of Investment Technique				
Interest Rate	4.64%	Mortgage	80%	0.055032	0.044026	
Amortization	40	Equity	20%	0.076643	0.015329	
Mortgage Constant	0.055032	OAR				5.94
Loan-to-Value Ratio	80%	Surveyed Rates				5.58
Equity Dividend Rate	7.66%					
Maximum						
Spread Over 10-Year Treasury	5.80%	DCR Technique	2.15	0.126686	0.50	13.62
Debt Coverage Ratio	2.15	Band of Investment Technique				
Interest Rate	9.69%	Mortgage	50%	0.126686	0.063343	
Amortization	15	Equity	50%	0.173307	0.086654	
Mortgage Constant	0.126686	OAR				15.00
Loan-to-Value Ratio	50%	Surveyed Rates				14.10
Equity Dividend Rate	17.33%					
Average						
Spread Over 10-Year Treasury	3.28%	DCR Technique	1.39	0.086018	0.70	8.36
Debt Coverage Ratio	1.39	Band of Investment Technique				
Interest Rate	7.17%	Mortgage	70%	0.086018	0.060387	
Amortization	25	Equity	30%	0.129808	0.038679	
Mortgage Constant	0.086018	OAR				9.91
Loan-to-Value Ratio	70.2%	Surveyed Rates				9.82
Equity Dividend Rate	13.0%					

*4th Quarter 2022 Data

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MORTGAGE/EQUITY TECHNIQUE

An indication of the appropriate capitalization rate for the subject property is also provided by the mortgage/equity technique. The variables utilized in this approach are summarized in the following tables.

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2023*											
PERMANENT FINANCING											
	Apt.	Golf	Health Senior Housing	Ind.	Lodging	RV/Camp Mfg Hsg MH Park	Office	Restaurant	Retail	Self Storage	Special Purpose
Spread Over Base**											
Minimum	0.70%	1.15%	1.20%	1.05%	1.15%	1.10%	1.05%	1.62%	0.75%	1.05%	1.65%
Maximum	4.88%	10.00%	6.26%	5.82%	10.00%	8.42%	5.66%	12.00%	5.80%	5.96%	12.00%
Average	2.76%	5.14%	3.36%	3.18%	3.47%	4.05%	2.86%	4.69%	3.28%	4.19%	5.05%
Interest Rate											
Minimum	4.59%	5.04%	5.09%	4.94%	5.04%	4.99%	4.94%	5.51%	4.64%	4.94%	5.54%
Maximum	8.77%	13.89%	10.15%	9.71%	13.89%	12.31%	9.55%	15.89%	9.69%	9.85%	15.89%
Average	6.65%	9.03%	7.25%	7.07%	7.36%	7.94%	6.75%	8.58%	7.17%	8.08%	8.94%
Debt Coverage Ratio											
Minimum	1.00	1.15	1.10	1.10	1.05	1.10	1.10	1.10	1.05	1.10	1.15
Maximum	1.86	2.15	2.25	2.05	2.85	2.05	2.15	2.15	2.15	2.50	2.15
Average	1.43	1.55	1.49	1.45	1.55	1.35	1.63	1.57	1.39	1.52	1.70
Loan-to-Value Ratio											
Minimum	55%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Maximum	90%	80%	90%	80%	80%	80%	80%	80%	80%	80%	80%
Average	73%	67%	71%	70%	67%	70%	68%	66%	70%	70%	66%
Amortization (Yrs.)											
Minimum	15	15	15	15	15	15	15	15	15	40	15
Maximum	40	40	40	40	40	40	40	30	40	15	40
Average	26	23	25	25	22	26	30	22	25	28	23
Term (Yrs.)											
Minimum	3	5	3	3	5	5	3	3	3	3	3
Maximum	40	30	25	30	30	30	30	15	10	10	20
Average	20.50	9.00	13.65	11.46	7.80	9.15	8.00	7.45	6.20	6.10	7.85
** 10-Year Treasury											

*4th Quarter 2022 Data

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Based on the foregoing assumptions the indicated overall capitalization rate for the subject property by the mortgage/equity technique is 9.08%. The derivation of this rate is shown below.

CAPITALIZATION RATE DERIVATION BY MORTGAGE/EQUITY TECHNIQUE					
ASSUMPTIONS					
Mortgage Amortization Term.....					20 Years
Holding Period.....					10 Years
Mortgage Interest Rate.....					7.50%
Loan-to-Value Ratio.....					70%
Annual Constant for Monthly Payments.....					0.096671
Required Equity Yield.....					15%
Assumed Net Annual Appreciation.....					2%
CALCULATIONS					
Basic Rate Calculation:					
Mortgage	70%	x	0.096671	=	0.06767
Equity	30%	x	0.150000	=	+ 0.04500
Composit Basic Rate					0.11267
Credit For Equity Build-Up Due to Amortization Over Holding Period:					
Mortgage (Loan-to-Value Ratio)			70%		
Sinking Fund Factor @	15%	For	10 Years	=	0.04925
Percentage of Loan Principal Repaid After			10 Years	=	0.32133
Equity Build-Up			$70\% \times 0.04925 \times 0.32133 =$		0.011078
Appreciation Over The Holding Period:					
Appreciation Credit @	2%	Over	10 Years	=	0.21899
Sinking Fund Factor @	15%	For	10 Years	=	0.04925
Appreciation Credit			$0.21899 \times 0.04925 =$		0.01079
INDICATED CAPITALIZATION RATE					
Basic Rate.....					0.11267
Less Credit For Equity Build-Up.....					(0.01108)
Less Credit For Appreciation.....					(0.01079)
INDICATED CAPITALIZATION RATE					0.09081
ROUNDED					9.08%

CONCLUSION

The surveys indicate a range of overall capitalization rates with an average of 9.82% from RealtyRates.com. After considering the foregoing analyses, an overall capitalization rate of 9.00% is selected due to the anticipated good income and acceptance of the proposed subject car wash.

The following estimated Income Approach is shown below for the stabilized year and within the comparable ranges of expenses shown above with net operating ratios of 19.05% to 28.75% and the subject at 37.36%:

VALUE BY INCOME APPROACH- AT STABILIZATION			
Car Wash			
5440 Augusta Road			
Garden City, Chatham County, GA			
April-2023			
Income:			
Car Wash Average		\$18.50 Average	\$2,604,911
Bank Fees		(0.03%)	46,888
Effective Gross Income			\$2,558,023
Expenses:			
Fixed Expenses -			
Real Estate Taxes		\$37,000	
Insurance		12,000	
Total Fixed Expenses			\$49,000
Operating Expenses -			
Labor- Management (13.00%)		\$332,543	
Maint. & Repairs-Supplies(5.75%)		146,580	
Utilities, Waste (10.0%)		255,580	
Advertising (3.00%)		76,740	
Miscellaneous: Legal, Claims,, Etc. (9.0%)		230,222	
Total Operating Expenses			\$1,041,665
Mortgage Expense/Interest (Estimated 20.00%)			511,605
Total Expenses Allowance			1,602,270
Net Operating Income	(37.36% of EGI)	(NOI \$298.67/SF)	\$955,753
Capitalization:			
	\$955,753	Capitalized @ 9.00% =	\$10,619,478
VALUE BY INCOME APPROACH		ROUNDED	\$10,620,000

INCOME APPROACH – GROSS SALES MULTIPLIER- SECOND TEST

Another test of the income to the property is a commonly applied Gross Sales Multiplier or using the Gross Sales to estimate what typical buyers and sellers utilize for these sales. As previously discussed, it is becoming increasingly more common for car wash properties like the subject to be sold based on their gross sales. Throughout the region, there is a high correlation between price and gross sales and it is obvious that gross sales, and therefore profit after expenses, is a primary factor influencing price. The value indication derived from an analysis of gross sales is reflective of the going concern including real estate (land, building, site improvements), equipment, and any intangible business value. As this is an increasingly common unit of comparison and reflective of the actions of market participants, a Gross Sales Multiplier analysis is considered a valid and meaningful approach to value.

The following are notes on the income aspect of an express car wash:

Valuing a Car Wash by Roger Pencek

Express Washes (EX)

Values are calculated as a multiple of the gross sales, not EBIDTA. This hybrid wash started evolving in around 2006 as an alternative to the long wash time and high priced Full Service carwash. It resembles the FS model except that it has typically a longer tunnel, about 140 feet, and can wash 7,000-10,000 cars per month, typically offering free vacuuming. The price point starts typically at \$3, and goes to \$5, \$7 and then \$9 and up to \$20 for more services. For a five minute wash with a national average of \$5-6 per car, is defiantly the "wave of the future." The key point here is the payroll, 11-18 percent for EX vs. the FS 40-52 percent, which makes this EX wash investment a superior value, especially for the absentee owner. In 2006 the FS was 66 percent of the Total Available Market (TAM), and EX wash 20 percent. Today the percentage has reversed. Since the advent of this aggressive hybrid EX model carwash there have been many conversions and new builds. Building an EX from the ground up, dependent on the land prices+, generally costs \$2.7-3.1 million. The first two-year goal for the EX is 8,000-10,000 cars per month and a realistic average of \$5-\$8 per car in the U.S. After a maturity of three years, the wash should be generating \$750,000-\$1 million in gross sales. With a multiplier of 4.3-5 times the gross sales "all in" to calculate the value. The example here of \$1 million gross sales times 4.3 equals a value of \$4.3 million. It is still premature to value an EX without the land, since there is not enough sales history to for the EX business to date.

Unfortunately, many of the EX new builds and conversions have entered the sacred three-mile radius of an existing EX, the TAM then becomes congested, and 10,000 cars per month per location is compromised. The "old adage" of the three Ls (location, location, and location) in successful real estate prevails. The antidote for excessive EX washes in any venue, is twofold: Carwash equipment suppliers and chemical suppliers discourage neophytes to build within an existing EX's three-mile radius and planning and zoning keeps the supply of building permits released related to the population. Remember, there are only so many carwash customers in a three-mile radius. An additional flashy new EX doesn't add customers, it just splits the pie.

The values discussed are only estimates and to be used as a guide. The most important insurance policy for a buyer or owner in obtaining a current value is to spend the money and hire an expert to evaluate the wash who is savvy to the wash industry and/or pay for an appraisal or opinion of value.

The projected gross sales for the subject car wash for the second or stabilized year were noted in the report provided by **Sonny's Car Wash**- a professional consulting company for the car wash industry and provided by the owner/developer. The result is a total estimated **annual gross sales for the purpose of this discussion**.

This methodology is typically used for on-going established car washes, and again, preliminary information for the subject is projected and not yet available. Therefore, this methodology is provided as information but cannot be relied upon due to the lack of any historical income records, yet to be realized.

Using the factor of say, 4.3 for the Gross Sales in a stabilized year (Year two) and including the real estate, land and equipment the calculations are as follow and provide a supportive value:

Stabilized Year – Gross Income: \$2,558,023 X 4.3 Factor: **\$11,000,000 (Rounded)**

INCOME APPROACH – DISCOUNTED CASH FLOW- AS COMPLETE

Methodology

Sophisticated investors typically employ a Discounted Cash Flow Analysis on properties similar to the subject property. For purposes of this appraisal, the Discounted Cash Flow Analysis is utilized to provide an additional opinion of Market Value.

The Market Value by the Discounted Cash Flow is estimated utilizing the probable income, expenses, and net income levels over a five-year projection period. The Value by Discounted Cash Flow is estimated by adding the present value of the projected income streams and the present value of the reversion.

The subject is proposed to be occupied with a beginning date of December 2023 at completion, and therefore no credit loss is shown for the initial year.

Assumptions

The Cash Flow Analysis has been based on the following criteria which is presented as typical market assumptions for the subject.

SUMMARY OF DCF ASSUMPTIONS	
DESCRIPTION	ASSUMPTION
Holding Period	5 Years
Income Projections	Market
Annual Income Escalation	3.00%
Annual Expense Escalation	3.00%
Discount Rate	12.00%
Terminal Cap Rate	9.50%
Reversion Sale Expenses	3.00%
Source: Telfair Appraisal Company	

Bank Fee Loss

As previously discussed, appropriate bank fees (loss) are shown and should be incorporated into analysis for gross income.

Income and Expense Escalation

The annual income and expenses have been previously estimated. Given historical inflationary trends, Consumer Price Index forecasts (CPI), and anticipated market conditions in the subject area, fixed expenses and variable expenses will increase at 3.0% annually over the projection period. The reasonableness of the projection is justified by the growth rate assumptions listed in the Survey of Investor Investment Criteria and by projections from the owner's proforma.

Discount Rate

Pages 456-458 in *The Appraisal of Real Estate*, 14th Edition, published by the Appraisal Institute, provide an overview of discount rates. "Various kinds of discount rates are used to discount cash flows applicable to a specific position or interest in defined real estate. Discount rates may or may not be developed in the same way as internal rates of return and may not necessarily consider all expected property benefits."

"A yield rate is a rate of return on capital. It is usually expressed as a compound annual percentage rate. The yield rate considers all expected property benefits (both positive and negative over time), including the proceeds from disposition at the termination of the investment, if any."

“An internal rate of return (IRR) is the yield rate that is earned for a given capital investment over the period of ownership. The internal rate of return for an investment is the yield rate that equates the present value of the future benefits of the investment to the amount of capital invested. The internal rate of return applies to all expected benefits, including the net proceeds from disposition at the investment’s termination.”

“An overall yield rate (Y_0), or property yield rate, is a rate of return on and of the total capital invested. It considers all changes in income over the investment projection period as well as the reversion at the end of the projection period. It does not, however, consider the effect of debt financing. Rather, it is calculated as if the property was purchased with no debt capital and thus is sometimes called an unleveraged rate or an unlevered rate. The overall yield rate can be viewed as the combined yield on both the debt and equity capital. It is calculated in the same way the internal rate of return is calculated.”

“A discount rate reflects the relationship between income and the value that a market will attribute to that income. Four key components can be identified within a discount rate: the safe rate plus considerations of illiquidity, management, and various risks.”

“The suitability of a particular rate of return cannot be proven with market evidence, but the rate estimated should be consistent with the data available. Estimating rates requires appraisal judgment and knowledge of prevailing market attitudes and economic indicators.”

An discount rate of 12.00% has been utilized in this analysis to process the net income levels and a reversionary value to a present worth. This discount rate is considered appropriate given alternative investment opportunities risks associated with this type of property, and anticipated changes in required investor yield rates over the projection period. The reasonableness of the selected discount rate is supported by the required internal rates of return included in the real estate investor surveys Criteria. The RealtyRates.com survey for First Quarter 2023 indicates a typical range of 9.50% to 17.66% (14.39% average), and in the average range, for retail- free-standing or car wash properties (new acquisitions).

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2023*									
DISCOUNT RATES									
Property Type	New Development			Acquisitions			Recapitalizations		
	Min.	Max.	Avg.	Min.	Max.	Avg.	Min.	Max.	Avg.
Apartments	8.72%	15.94%	12.21%	7.59%	13.87%	10.62%	8.64%	15.78%	12.09%
Garden/Suburban TH	8.72%	14.97%	11.60%	7.59%	13.02%	10.09%	8.64%	14.82%	11.48%
Hi-Rise/Urban TH	9.03%	15.94%	12.23%	7.86%	13.87%	10.64%	8.94%	15.78%	12.10%
Student Housing	8.82%	15.56%	12.52%	7.67%	13.54%	10.89%	8.73%	15.41%	12.39%
Golf	9.76%	22.10%	16.64%	8.49%	19.22%	14.47%	9.67%	21.88%	16.47%
Public Daily Fee Courses	11.69%	21.85%	16.24%	10.17%	19.01%	14.13%	11.58%	21.63%	16.08%
Semi-Private Clubs	10.10%	22.10%	16.77%	8.79%	19.22%	14.59%	10.00%	21.88%	16.60%
Private Clubs	9.76%	20.55%	15.88%	8.49%	17.88%	13.81%	9.67%	20.35%	15.72%
Health Care/Senior Housing	9.27%	21.13%	12.65%	8.06%	18.38%	11.00%	9.17%	20.92%	12.52%
Acute Care Facilities	9.93%	22.23%	14.12%	8.64%	19.34%	12.28%	9.83%	22.01%	13.98%
Out-Patient Care Facilities	9.27%	16.11%	11.48%	8.06%	14.02%	9.99%	9.17%	15.95%	11.37%
Congregate Care Facilities	9.82%	17.61%	12.34%	8.54%	15.32%	10.73%	9.72%	17.43%	12.21%
Assisted Living Facilities	9.50%	16.56%	11.70%	8.27%	14.41%	10.18%	9.41%	16.39%	11.58%
Industrial	9.22%	17.00%	13.52%	7.74%	14.28%	11.35%	9.31%	17.17%	13.65%
Warehouse/Distribution	9.22%	15.05%	12.44%	7.74%	12.64%	10.45%	9.31%	15.20%	12.57%
R&D/Flex	9.77%	17.00%	13.72%	8.21%	14.28%	11.52%	9.87%	17.17%	13.85%
Climate Controlled/Manufacturing	9.32%	16.35%	12.71%	7.82%	13.73%	10.68%	9.41%	16.51%	12.84%
Lodging	9.48%	19.82%	14.74%	7.96%	16.65%	12.38%	9.20%	19.22%	14.30%
Full Service Facilities	9.48%	17.19%	14.93%	7.96%	14.44%	12.54%	9.20%	16.67%	14.48%
Limited Service Facilities	10.13%	19.82%	14.98%	8.51%	16.65%	12.58%	9.83%	19.22%	14.53%
Golf/Gaming/Resort	9.74%	18.76%	13.88%	8.18%	15.76%	11.66%	9.45%	18.20%	13.46%
Mobile Home/RV Park/Camping	9.43%	19.28%	14.07%	7.64%	15.62%	11.39%	9.43%	19.28%	14.07%
RV Parks/Campgrounds	9.85%	19.28%	14.46%	7.98%	15.62%	11.71%	9.85%	19.28%	14.46%
Manufactured Housing	9.43%	17.70%	13.36%	7.64%	14.34%	10.82%	9.43%	17.70%	13.36%
Mobile Home Parks	9.76%	17.70%	13.82%	7.91%	14.34%	11.20%	9.76%	17.70%	13.82%
Office	9.32%	16.96%	13.79%	8.11%	14.76%	12.00%	9.23%	16.79%	13.66%
Suburban	9.32%	15.83%	13.17%	8.11%	13.77%	11.46%	9.23%	15.67%	13.04%
CBD	9.96%	16.96%	13.89%	8.66%	14.76%	12.09%	9.86%	16.79%	13.75%
Medical	10.00%	16.96%	12.78%	8.70%	14.76%	11.12%	9.90%	16.79%	12.65%
Restaurants	9.73%	21.92%	17.47%	8.27%	18.63%	14.85%	9.34%	21.04%	16.77%
Full Service	12.56%	21.92%	17.47%	10.68%	18.63%	14.85%	12.06%	21.04%	16.77%
Fast Food	9.73%	21.14%	16.54%	8.27%	17.97%	14.06%	9.34%	20.29%	15.88%
Retail	9.26%	17.95%	13.80%	7.96%	15.44%	11.87%	9.07%	17.60%	13.53%
Anchored	9.26%	16.65%	13.91%	7.96%	14.32%	11.96%	9.07%	16.31%	13.63%
Un-Anchored	9.74%	17.95%	14.51%	8.37%	15.44%	12.48%	9.54%	17.60%	14.22%
Convenience/Gas	9.97%	18.06%	12.24%	8.58%	15.53%	10.53%	9.77%	17.70%	12.00%
Free Standing	9.50%	17.66%	14.39%	8.17%	15.19%	12.38%	9.31%	17.31%	14.11%

Reversion Value

The reversionary value of the subject has been determined by the direct capitalization of the sixth year's net operating income utilizing an overall rate of 9.50% due to the uncertainty of the market five years out and slightly higher than the stabilized cap rate. The selection of this rate has been based, in part, upon prevailing overall rates of various similar properties and from the Survey of Investor Investment Criteria Survey.

Although the survey would support the selection of an average overall rate for the current valuation of the subject, a slightly higher overall rate has been selected due to risks associated with long-term future values and cyclical market trends. A sales expense of 3.00% has been deducted from the reversionary sales price.

Discounted Cash Flow Analyses

Given these parameters, an indication of value utilizing a Discounted Cash Flow Analysis is found in the table on the following page. These type properties are generally sold on the income potential and therefore this method is used to demonstrate the sales income, not rental, of the car wash operation capitalized into a value. *This analysis is predicting five years into the future and not considered as reliable methodology for the value. With these type properties, a mortgage/interest expense is calculated in the following Discounted Cash Flow Analysis.*

DISCOUNTED CASH FLOW ASSUMPTIONS						
Economic Rental Rate	\$50.00/SF	Management Fee	13.00%			
Rent Escalation	3.00%	Leasing Fee	0.00%			
Other Income Escalation	3.00%	Discount Rate	12.00%			
Vacancy & Collection Loss	0.03%	Reversion Sales Exp	3.00%			
Fixed Expense Escalation	3.00%	Reversion Cap. Rate	9.50%			
Variable Expense Escalation	3.00%					
VALUE BY DISCOUNTED CASH FLOW						
Car Wash						
5440 Augusta Road						
Garden City, Chatham County, GA						
April-2023						
YEAR	1	2	3	4	5	Reversion
Car Wash Average	\$2,604,911	\$2,683,058	\$2,763,550	\$2,846,457	\$2,931,851	\$3,019,807
Vacancy & Col. Loss (0.03%)	46,888	36,174	18,629	854	880	906
Effective Gross Income	\$2,558,023	\$2,646,884	\$2,744,921	\$2,845,603	\$2,930,971	\$3,018,901
Fixed Expenses -						
Real Estate Taxes	\$37,000	\$38,110	\$39,253	\$40,431	\$41,644	\$42,893
Insurance	12,000	12360	12731	13113	13506	13911
Total Fixed Expenses	\$49,000	\$50,470	\$51,984	\$53,544	\$55,150	\$56,804
Operating Expenses -						
Management Fee (0.00%)	\$332,543	\$344,095	\$356,840	\$369,928	\$381,026	\$392,457
Maint. & Repairs-Supplies(5.75%)	146,580	150,977	155,506	160,171	164,976	169,925
Utilities, Waste (10.0%)	255,580	263247	271144	279278	287656	296286
Advertising (3.00%)	76,740	79042	81413	83855	86371	88962
Miscellaneous: Legal, Claims,, Etc. (9.0%)	230,222	237129	244243	251570	259117	266891
Total Operating Expenses	\$1,041,665	\$1,074,490	\$1,109,146	\$1,144,802	\$1,179,146	\$1,214,521
Mortgage Expense/Interest (Estimated 20.00%)	511,605	526,953	542,762	559,045	575,816	593,090
Total Expenses & Repl. Allow.	\$1,602,270	\$1,651,913	\$1,703,892	\$1,757,391	\$1,810,112	\$1,864,415
Net Operating Income	\$955,753	\$994,971	\$1,041,029	\$1,088,212	\$1,120,859	\$1,154,486
			VALUE OF REVERSION	(\$12,152,484 Less Sale Exp.	3.00%) =	\$11,787,909
Discount Factors @ 12.00%	0.892857	0.797194	0.711780	0.635518	0.567427	0.567427
Present Value	\$853,351	\$793,185	\$740,984	\$691,578	\$636,005	\$6,688,776
			Present Value of Income Stream			\$3,715,103
			Present Value of Reversion			\$6,688,776
			"AS IS" VALUE BY DISCOUNTED CASH FLOW			\$10,403,879
				ROUNDED		\$10,400,000

RECONCILIATION

The “Prospective” market value indications are as follows:

LAND VALUE- AS IS VALUE	:	\$ 725,000
COST APPROACH (AS COMPLETE)	:	\$ 3,360,000
SALES COMPARISON APPROACH (AS COMPLETE)	:	\$ 8,225,000
INCOME APPROACH-OVERALL CAP (AS COMPLETE):	:	\$ 10,620,000
INCOME APPROACH-DCF (AS COMPLETE)	:	\$ 10,400,000

Cost Approach

The strength of the Cost Approach at \$3,360,000 is that it demonstrates the cost of a project to bring it to the market and is based on the actual costs of the development compared to the costs from *Marshall & Swift Cost Manuel* which is considered to determine that the project is feasible.

Sales Comparison Approach

The strength of the Sales Comparison Approach, at \$8,225,000 is that it reflects the actions of buyers and sellers in the marketplace but does not represent new car ashes that have sold in the marketplace. A difficulty in the Sales Comparison Approach may be finding comparable data with limited differences from the subject property in terms of locational characteristics and building quality and characteristics as this would be a new property, rarely sold in the marketplace for this type property. The Sales Comparison Approach is considered a minimally supportive indicator of value due to the somewhat comparable sales in the subject area, although none of the sales are new construction, except sale 2, built in 2020.

Income Approach

The Income Capitalization Approach analysis is an excellent indicator of value, particularly for income producing property where investors place heavy emphasis on this type of analysis in underwriting property acquisitions. The Income Approaches (Overall Cap & DCF), at \$10,620,000 and \$10,400,000, respectively, are both well supported with comparable anticipated income streams and projected or comparable expense data. The DCF is considered supportive as actual income and expenses are not known and cannot yet be determined five years into the future and typically these type properties are not valued by this methodology. The Income Approach (Gross Sales Multiplier) is shown in this report but not a reliable value indicator for new properties without a history of profit and loss or total sales income that can be estimated although a proforma from a professional group was provided.

Conclusion

Each of the value indicators are considered good and appropriate measures of value for the subject property. For purposes of selecting a market value, an average is not specifically used and weighted averages are not specifically or precisely applied to the value indications. As indicated in *The Appraisal of Real Estate*, 14th Edition published by the Appraisal Institute “The final value opinion is not the average of the different value indications derived. No mechanical formula is used to select one indication over the others. Final reconciliation relies on the proper application of appraisal techniques and the appraiser’s judgment” [Page 642]. “Although the final value opinion is based on the approach or approaches that are most applicable, the final value opinion need not be identical to the value produced by the most applicable approach. If two approaches are applicable, the final opinion of value may be closer to one value indication than to the other or be a blend of the results of the approaches” [Page 645].

Each of the approaches to value are consistent with the subject's highest and best use and provide meaningful indications of value. The final opinion of market value is within the average range of the value indications for income producing.

The Prospective Future Market Value "Upon Completion" of the subject property, subject to the Basic Assumptions & Limiting Conditions, Extraordinary Assumptions and Hypothetical Conditions included herein, to be located at 5440 Augusta Road, Garden City, Chatham County, Georgia. The Prospective Future Market Value "Upon Completion" for the express car wash is based on market conditions as of April 3, 2023, with an estimated effective or completion date of December 2023, is:

TEN MILLION DOLLARS

(\$10,000,000)

This appraisal report was ordered by Queensborough National Bank & Trust Company and prepared for the sole use and benefit of Queensborough National Bank & Trust Company and any noted permitted applicants or additional users. Therefore, the fiduciary appraiser/client relationship is only with Queensborough National Bank & Trust Company. The report is based in part upon documents, writings and information owned and possessed by Queensborough National Bank & Trust Company and the information, analyses, conclusions, statements, and appraised values contained within the report are strictly confidential. The unlawful interception, use, or disclosure of such information is strictly prohibited under 18 USCA 2511 and the Gramm-Leach-Bliley Act of 1999. This report may have been made available to third parties who have been authorized to receive it for information purposes only. However, this report should not be used for any purpose other than to understand the information made available to the Bank concerning the property it addresses.

REASONABLE EXPOSURE AND MARKETING TIME

Reasonable Exposure Time

Exposure time is always presumed to precede the effective date of the appraisal. It is the estimated length of time the property would have been offered prior to a hypothetical market value sale on the effective date of appraisal. It is a retrospective estimate based on an analysis of recent past events, assuming a competitive and open market. It assumes not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable marketing effort. Exposure time and appraisal conclusion of value are, therefore, interrelated.

Exposure time is often expressed as a range and is based on direct and indirect market data gathered during the market analysis, sales verifications, interviews with market participants, and other appropriate sources. The amount of time which a property will require to be marketed varies greatly depending on a number of factors including market conditions, listing price, terms of sale offered, and competitive listing inventory.

Typically, 30 to 60 days is considered a reasonable amount of time for the property to be made known to potential purchasers through the news media, advertising, multiple listing service, etc. At the time a contract occurs, due diligence by the buyer, loan application, etc., can take an additional 30 to 90 days. Historically, for this property type, properties have been on the market for two months to one year, if reasonably priced.

Real Estate Broker Surveys

As an additional information source, the opinions of real estate brokers knowledgeable in the subject market and property type were solicited. While the majority of individuals surveyed were reluctant to predict an exact exposure time length for similar properties, generally they estimate an average of six to twelve months. All assumed that property would be appropriately priced and marketed. When asked about the subject property specifically, the consensus was that the subject would receive good recognition in the marketplace under a reasonable plan for pricing and promotion.

Exposure Time Conclusion

In conclusion, based on the foregoing analysis, an exposure time of twelve months is reasonable, defensible, and appropriate. Like the brokers surveyed, this exposure time estimate assumes that the subject would be listed and competitively priced and aggressively promoted.

Reasonable Marketing Time

Reasonable marketing time is the period a prospective investor would forecast to sell the subject property immediately after the date of value, at the value estimated. Anticipated marketing time is essentially a measure of the perceived level of risk associated with the marketability, or liquidity, of the subject as an investment grade property. The sources for this information include those used in estimating the reasonable exposure time, but also an analysis of anticipated changes in market conditions following the date of appraisal. In other words, the reasonable marketing time is the number of months it will require to sell the subject property from the date of value into the future.

The reader must understand, however, that the future price for the subject property (at the end of the marketing time) may or may not equal the appraisal estimate. The future price depends on unpredictable changes in the physical real estate, demographic and economic trends, real estate markets in general, supply/demand characteristics for the property type, and many other factors.

I have appraised a proposed express car wash in Garden City, Chatham County, Georgia. The subject should exhibit good market appeal and is located in a desirable market area with good access and good exposure on Augsuta Road at the entrance to the Georgia Port Authority facilities and near several

in the Garden City community and east of Interstate 95. Local real estate brokers familiar with the subject and subject area were consulted. The general consensus was that, conditional upon a professional marketing effort and reasonable list price, a marketing time of no more than six to twelve months would be adequate. While I am not a marketing specialist, these estimates appear to be reasonable.

Marketing Time Conclusion

Based on the premise that present market conditions are the best indicators of future performance, a prudent investor will forecast that, under the conditions described above, the subject property will require a marketing time of six to twelve months.

The Market Analysis of the subject was discussed previously and demonstrate a good demand in this specific priced market. A review of Co-Star commercial listings reveals **no listings** for car washes in the Savannah MSA market area. Primarily these type properties are sold internally or to known or inter-related buyers and are rarely listed for sale. Specifically, the subject will be new construction and these express car washes are built for the owner's investment and not for an immediate sale. As the market indicates a good demand for these type properties, particularly of new construction, well located with good market appeal and performing well in regards to income, a property such as the subject could reasonably be sold to an investor within six to twelve months.

ADDENDA

PROFESSIONAL QUALIFICATIONS**Carol D. Mouchet, Certified General Real Property Appraiser****Telfair Appraisal Company**

Regency Executive Plaza
315 Commercial Drive, Suite D-4
Savannah, Georgia 31406

Contact: 912.224.8959
Fax: 912.459.0764

Email: carol@telfaircompany.com

www.telfaircompany.com

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- Principal of the Telfair Appraisal Company, 2017 to present
 - Senior commercial real estate appraiser with The Ganem Group, 2015-2017
 - Over 24 years of related commercial real estate appraising as an Associate Commercial Appraiser with Johnnie Ganem Appraisal Company until 2015
 - Associate Real Estate Broker with the Mouchet Company with focus on commercial leasing.

PROFESSIONAL DESIGNATIONS/AWARDS

- Certified General Real Estate Appraiser (Georgia Certification # 4427)
- Certified General Real Estate Appraiser (South Carolina Certification # 7229)
- Georgia Real Estate Broker's License (A-117148-Inactive)
- Savannah Area Chapter of the Appraisal Institute- Board of Directors- Secretary (2000-2017)
- National Volunteer of Distinction Award- The Appraisal Institute 2019

SPECIAL PROJECTS

Appraised 35 landmark historic buildings for the Savannah College of Art & Design, Winner of National Trust for Historic Preservation Honor Award. Performed market studies for the downtown Broughton Street Retail Corridor and the Historic District multi-family market for Ben Carter Enterprises. Special projects for the city of Savannah- Arena Project at West Gwinnett Street- appraisals as well a Southern Telecom Broadband Project for acquisition of easements in Georgia. Appraised Georgia Power Company real estate portfolio for southeast Georgia region.

PARTIAL LIST OF CLIENTS:

<ul style="list-style-type: none"> • Savannah State University • Synovus Financial Corporation • BB&T • South State Bank • Workmen's Circle Credit Union • CBC National Bank • Queensborough National Bank & Trust • Certus Bank • First Horizon Bank • Sea Island Bank • University System of Georgia Board of Regents • Fidelity Bank • CES Services • State Bank and Trust Company • The Coastal District of the United Methodist Church • WH Gross Construction Company • Renasant Bank • Great Oaks Bank • Cadence Bank • Ameris Bank 	<ul style="list-style-type: none"> • Farmers & Merchants Bank • Lott- Barber Architects • South Carolina Bank & Trust • S Bank • The Salvation Army • Trust Management Inc. • The Heritage Bank • Housing Authority of Savannah • Hunter-Mclean Law Firm • Small Business Administration • Claxton Bank • South Georgia Banking & Trust • Savannah College of Art & Design • Workmen's Circle • City of Savannah • Troutman- Sanders • M1 Bank • Community Bank of GA • YMCA of Coastal GA • Servis Bank • MOFIN of New York • Catholic Diocese of South Georgia • Citizens Bank & Trust Company 	<ul style="list-style-type: none"> • Garden City • United Community Bank • First Bank of Georgia • First Chatham Bank • Gibraltar Capital Corporation • Regions Bank • Bryan Bank & Trust • Southeastern Bank • South Georgia Bank • Colony Bank • FDIC • Bouhan-Falligant Law Firm • Georgia Power Company • Duffy-Feemster Law Firm • First Citizen's Bank • Troutman-Sanders Law Firm • Georgia DOT • Southern Telecom • Sandhills Bank • BankSouth • Wells Fargo Private Bank
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Experience includes commercial real estate appraisals and consultations on the following property types:

<ul style="list-style-type: none"> • Apartment Complexes • Assisted Living Facilities • Automobile Dealerships • Auto Service Facilities • Bed & Breakfast Inns • Car Washes • Churches • Colleges • Commercial Subdivisions • Condominiums • Container Storage Facilities • Convenience Stores • Conservation Easements • Estate Evaluation • Equestrian Centers • Fractional Interests • Fuel Dispensing Facilities • Historic Inns • HUD Multi-Family 	<ul style="list-style-type: none"> • Properties • Hunting Preserves • Golf Courses • GDOT Easements • Industrial Buildings • Industrial Subdivisions • Internet Easements • Institutional Buildings • Islands • Landmark Historic Properties • Leased Fee Interest • Leasehold Interest • Manufacturing Plants • Marinas • Marketability/Feasibility Studies • Medical Offices/Clinics • Miniature Golf Courses • Motels • Mobile Home Parks • Multi-Family Parcels • National Trust Award Properties • Condemnation • Non-Profit Facilities • Office Buildings 	<ul style="list-style-type: none"> • Partial Interests • Personal Care Facilities • Post Offices • Prison Facilities • Recreational Vehicle resort Parks • Resort Facilities • Residential Subdivisions • Restaurants • Right of Ways • Schools • Short Term Vacation Rentals • Southern Telecom Easements • Strip Shopping Centers • Surgical Centers • Truck Terminals • Vacant Land • Veterinary Offices • Warehouses • Waterfront Properties • Yard Storage Centers
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EDUCATION:

- Bachelor of Arts Degree in Sociology and English, University of West Georgia
- Property Management Courses, Georgia State University
- Post Graduate Courses, Kennesaw State University
- Successfully completed Appraisal Institute and other education courses as follows:

- National Board of Realtors - Commercial Investment Course (CCIM 101)
- Northwest Center - Leasing Commercial Office Buildings
- Appraisal Institute - Appraisal Principles #110
- Appraisal Institute - Appraisal Procedures #120
- Appraisal Institute - Basic Income Capitalization #310
- Appraisal Institute - Standards of Professional Practice (USPAP) #410
- Appraisal Institute - Standards of Professional Practice (USPAP) #420
- The ABC's of Construction
- Appraisal Institute - Advanced Income Capitalization #510
- Tax Free Exchanges
- Income Capitalization Approach Techniques & Applications
- Introduction to Environmental Considerations
- From the Underwriter to the Appraiser
- Appraisal Institute- Appraising Properties in a Declining Market
- A Professional's Guide to Conservation Easements
- Appraisal Institute - Appraisal Curriculum Overview
- Appraisal Institute- General Appraising
- Appraisal Institute- Business Ethics
- Tax Advantage of Home Ownership
- Capitalization Rates and the Income Approach to Value
- Appraisal Institute-Commercial Productivity Seminar
- Problem Solving in Commercial Real Estate
- Lincoln Institute - Valuing Land Affected by Conservation Easements
- Appraisal Institute - Analyzing Operating Expenses
- Appraisal Institute – Market to Market Evaluation
- Appraisal Institute - Supporting Grid Adjustments in the Sales Approach

- Appraisal Institute- General Applications #520
- Conservation Easements- Georgia Land Trust
- Appraisal Institute-Appraisal Case Studies
- Appraisal Institute-Uniform Appraisal
- Standards for Federal Land Acquisitions
- Appraisal Institute- National USPAP Courses
- Appraisal Institute- Business Ethics
- Appraisal Institute - REO Appraisals
- Appraisal Institute - Appraisal Challenges: Declining Markets & Sales Considerations
- Appraisal Institute-Appraisal Curriculum Overview
- Foundations in Sustainability: Greening the Real Estate and Appraisal Industries
- Land & Site Valuation
- Appraisal Institute-Commercial Appraisal Productivity
- USPAP 2014-2015 – Update Course
- Appraisal of Assisted Living Facilities
- Appraisal of Fast Food Restaurants-I
- USPAP 2015-2016- Update Course
- Appraisal Institute- Business Ethics
- Appraising Owner-Occupied Office Buildings
- Appraising & Analyzing Retail Centers for Mortgage Underwriting
- Appraisal Institute-Uniform Appraisal Standards for Federal Land Acquisitions -Update 2017(Course & Exam)
- USPAP-2018-2019- Update Course
- Forest Valuation for Non-Foresters
- Appraisal of Limited Service Hotels
- Appraisal of land Subject to Ground Leases
- The Income Approach- An Overview
- Appraisal of Owner-Occupied Commercial Properties
- Appraisal of Industrial & Flex Buildings
- Appraisal of Fast-Food Restaurants- II
- Appraisal of Self-Storage Properties

GEORGIA REAL ESTATE APPRAISER CERTIFIED GENERAL- LICENSE

STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD

CAROL D MOUCHET
4427

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A
CERTIFIED GENERAL REAL PROPERTY APPRAISER

THE PRIVILEGE AND RESPONSIBILITIES OF THIS APPRAISER CLASSIFICATION SHALL CONTINUE IN EFFECT AS LONG AS THE APPRAISER PAYS REQUIRED APPRAISER FEES AND COMPLIES WITH ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39-A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

<p>D. SCOTT MURPHY Chairperson</p> <p>JEFF A. LAWSON Vice Chairperson</p>	<p>JEANMARIE HOLMES KEITH STONE WILLIAM A. MURRAY</p>
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1007356345105727

<p>CAROL D MOUCHET</p> <p># 4427</p> <p>Status ACTIVE</p> <p>CERTIFIED GENERAL REAL PROPERTY APPRAISER</p> <p>THIS LICENSE EXPIRES IF YOU FAIL TO PAY RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY REQUIRED EDUCATION IN A TIMELY MANNER.</p> <p>State of Georgia Real Estate Commission Suite 1000 - International Tower 229 Peachtree Street, N.E. Atlanta, GA 30303-1605</p>	<p>END OF RENEWAL 12/31/2023</p>  <p>LYNN DEMPSEY Real Estate Commissioner</p>
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SOUTH CAROLINA REAL ESTATE APPRAISER CERTIFIED GENERAL- LICENSE

South Carolina Department of Labor, Licensing and Regulation
Real Estate Appraisers Board

CERTIFIES THAT:
CAROL DOWLING MOUCHET
IS AUTHORIZED TO PRACTICE
Certified General Appraiser

LICENCE NO. **AB .7229 CG** EXPIRATION DATE: 06/30/2024

To verify current license status, go to <http://verify.llronline.com/LicLookup/LookupMain.aspx>

E & O INSURANCE DECLARATION

LIA Administrators & Insurance Services
APPRAISAL, VALUATION AND PROPERTY SERVICES
PROFESSIONAL LIABILITY INSURANCE POLICY



DECLARATIONS

Aspen American Insurance Company

(Referred to below as the "Company")
 590 Madison Avenue, 7th Floor
 New York, NY 10022
 877-245-3510

Date Issued	Policy Number	Previous Policy Number
7/28/2022	AAI009029-06	AAI009029-05

THIS IS A CLAIMS MADE AND REPORTED POLICY. COVERAGE IS LIMITED TO LIABILITY FOR ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND THEN REPORTED TO THE COMPANY IN WRITING NO LATER THAN SIXTY (60) DAYS AFTER EXPIRATION OR TERMINATION OF THIS POLICY, OR DURING THE EXTENDED REPORTING PERIOD, IF APPLICABLE, FOR A WRONGFUL ACT COMMITTED ON OR AFTER THE RETROACTIVE DATE AND BEFORE THE END OF THE POLICY PERIOD. PLEASE READ THE POLICY CAREFULLY.


<p>1. Customer ID: 169345 Named Insured: TELFAIR APPRAISAL COMPANY 315 Commercial Drive, Suite D4 Savannah, GA 31406</p>																																																	
<p>2. Policy Period: From: 08/07/2022 To: 08/07/2023 12:01 A.M. Standard Time at the address stated in 1 above.</p>																																																	
<p>3. Deductible: \$1000 Each Claim</p>																																																	
<p>4. Retroactive Date: 08/07/2017</p>																																																	
<p>5. Inception Date: 08/07/2017</p>																																																	
<p>6. Limits of Liability: A. \$1,000,000 Each Claim B. \$2,000,000 Aggregate</p> <p>Subpoena Response: \$5,000 Supplemental Payment Coverage Pre-Claim Assistance: \$5,000 Supplemental Payment Coverage Disciplinary Proceeding: \$7,500 Supplemental Payment Coverage Loss of Earnings: \$500 per day Supplemental Payment Coverage</p>																																																	
<p>7. Covered Professional Services (as defined in the Policy and/or by Endorsement):</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Real Estate Appraisal and Valuation:</td> <td style="width: 10%;">Yes</td> <td style="width: 10%; text-align: center;"><input checked="" type="checkbox"/></td> <td style="width: 10%;">No</td> <td style="width: 10%; text-align: center;"><input type="checkbox"/></td> <td style="width: 10%;"></td> </tr> <tr> <td>Residential Property:</td> <td>Yes</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>No</td> <td style="text-align: center;"><input type="checkbox"/></td> <td></td> </tr> <tr> <td>Commercial Property:</td> <td>Yes</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>No</td> <td style="text-align: center;"><input type="checkbox"/></td> <td></td> </tr> <tr> <td>Bodily Injury and Property Damage Caused During Appraisal Inspection (\$100,000 Sub-Limit):</td> <td>Yes</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>No</td> <td style="text-align: center;"><input type="checkbox"/></td> <td>If "yes", added by endorsement)</td> </tr> <tr> <td>Right of Way Agent and Relocation:</td> <td>Yes</td> <td style="text-align: center;"><input type="checkbox"/></td> <td>No</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td></td> </tr> <tr> <td>Machinery and Equipment Valuation:</td> <td>Yes</td> <td style="text-align: center;"><input type="checkbox"/></td> <td>No</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td></td> </tr> <tr> <td>Personal Property Appraisal:</td> <td>Yes</td> <td style="text-align: center;"><input type="checkbox"/></td> <td>No</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>If "yes", added by endorsement)</td> </tr> <tr> <td>Real Estate Sales/Brokerage:</td> <td>Yes</td> <td style="text-align: center;"><input type="checkbox"/></td> <td>No</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>If "yes", added by endorsement)</td> </tr> </table>		Real Estate Appraisal and Valuation:	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>		Residential Property:	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>		Commercial Property:	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>		Bodily Injury and Property Damage Caused During Appraisal Inspection (\$100,000 Sub-Limit):	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	If "yes", added by endorsement)	Right of Way Agent and Relocation:	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>		Machinery and Equipment Valuation:	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>		Personal Property Appraisal:	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	If "yes", added by endorsement)	Real Estate Sales/Brokerage:	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	If "yes", added by endorsement)
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8.	Report Claims to: LIA Administrators & Insurance Services, 800-334-0652, P.O. Box 1319, 1600 Anacapa St, Santa Barbara, California 93101
9.	Annual Premium: \$1,919.00
10.	Forms attached at issue: LIA002 (04/19) LIA GA (09/19) LIA012 (05/19) LIA018 (05/19) LIA131 (05/19) LIA152 (05/19) LIA164 (05/19)

This Declaration Page, together with the completed and signed Policy Application including all attachments and exhibits thereto, and the Policy shall constitute the contract between the Named Insured and the Company.

07/28/2022

 Date

By 

 Authorized Representative

Appraisal, Valuation and Property Services Professional Liability Insurance Policy

Named Insured: TELFAIR APPRAISAL COMPANY

Policy Number: AAI009029-06

Effective Date: 08/07/2022

Customer ID: 169345

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERED PROFESSIONALS ENDORSEMENT

In consideration of the premium charged, it is agreed that Section IV. DEFINITIONS (I) "Insured" is amended to include:

"Insured" means:

The persons identified below, but only while acting on behalf of the Named Insured:

Name	Coverage Effective Date
Lisa Seagraves Ward	08/07/2022
Carol Mouchet	08/07/2022

 ENGAGEMENT LETTER



March 24, 2023

Carol Mouchet
 Telfair Appraisal Company
 315 Commercial Dr, Ste D-4
 Savannah, Ga 31406

Dear Carol,

Please consider this email a formal engagement for your appraisal services for the property located at 5440 Augusta Rd Garden City, Ga 31408. The borrower's name is Cool Sudz Garden City, Inc. The borrower/client may be contacted by phone at 678-200-0269 or by email at devangchande80@gmail.com.

The tax card for the property is attached.

Should you need any further information, please give Brian Dart or Kesha Harris a call in our Pooler office at 912-925-8373.

Please determine the market value of the property for lending purposes. The intended user is Queensborough National Bank & Trust Company. The report should be in summary/narrative format. The appraisal must conform to the Uniform Standards of Professional Appraisal Practice (USPAP) and meet the minimum standards as detailed in Section 225.64 of Regulation Y, Subpart G.

By accepting this engagement, you certify to the Bank that the appraiser assigned to this request is qualified to perform the appraisal based upon the criteria set forth. The appraiser must be certified as determined by Georgia Law and FIRREA. Evidence of this certification must be furnished. Upon completion of the assignment, please do not send the final report directly to me. All correspondence should be sent to appraisaldepartment@qnbtrust.bank.

If these conditions are satisfactory to you, **please sign and return by email** to the appraisaldepartment@qnbtrust.bank including in your response the **estimated fee and ETA**.

Sincerely,

A handwritten signature in black ink that reads "Virginia Smith".

Virginia Smith
 RE & Appraisal Department Coordinator
 208 E. 7th Street
 Louisville, GA 30434
 (478)625-5082
appraisaldepartment@qnbtrust.bank

Accepted By: Carol D. Mouchet

Fee & ETA: \$3,200 APRIL 12, 2023

Certification: GA General Certified

License No: 4427

Expiration Date: 12/31/2023

Date: March 24, 2023

SUBJECT PHOTOGRAPHS



SUBJECT VIEW SOUTH



SUBJECT VIEW EAST



SUBJECT VIEW WEST



SUBJECT VIEW NORTH- INSUITES



SUBJECT VIEW WEST



SUBJECT VIEW- AUGUSTA ROAD