

Prepared For:
Riddle Development LLC
C/O Andrew Riddle
andrew@riddledevelopment.com

APPRAISAL REPORT



724 & 732 JONESBOROUGH STREET, HENDERSONVILLE, HENDERSON COUNTY, 28739

Relevant Dates

Date of Inspection: March 04, 2024
Effective Date of Value: March 04, 2024
Date of Report: April 07, 2024

Prepared By:

Lynn Carmichael, MAI, AI-GRS
Christopher A. Gray
ACE Appraisals Inc.
21 Aberdeen Drive
Arden, 28704

April 7, 2024

Riddle Development LLC
C/O Andrew Riddle
andrew@riddledevelopment.com

Re: Appraisal Report of four parcels located at 724 and 732 Jonesborough Street, Hendersonville, Henderson County, NC 28739.

Mr. Riddle:

In accordance with your request, we have made the necessary inspection, investigation, and analysis to appraise the Leased Fee interest in the above referenced property "As Is" as of March 4, 2024. The Appraisal Report which accompanies this Transmittal Letter contains full explanations of the data, analysis and reasoning used to reach my final opinion of value. Please be aware that this Transmittal Letter is not an appraisal report, and the accompanying Appraisal Report must be read to fully understand our analysis and conclusions. Please also give special attention to the Assumptions and Limiting Conditions as outlined in the addenda to the report. Finally, any extraordinary assumptions made are included in Section 1 of the attached report.

In the process of preparing this appraisal, we have inspected the property and the surrounding neighborhood, researched the commercial use property market, selected, researched, and analyzed appropriate comparable properties, and prepared the most appropriate approaches for estimating value. The full Scope of Work is described in Section 1 of the accompanying report.

The subject property "As Is" consisting of 8,113 SF within a commercial/industrial building, storage units and a utility storage building on 3.43 acres located at 724 and 732 Jonesborough Street in Hendersonville, Henderson County, North Carolina. As of the date of the appraisal the subject property was partially tenant occupied and partially owner occupied. We certify, as the appraisers, that we have completed all aspects of this valuation, including reconciling my opinion of value, free of influence from the client, client's representative, borrower, or any other party to the transaction. This appraisal complies with FIRREA, USPAP and the client's appraisal requirements. Based on our analysis, the Market Value of the leased fee interest in the subject property as set forth, documented, and qualified in the attached report is as follows:

Market Value of the Subject Property "As Is" as of March 4, 2024

Final Opinion of Value	\$ 1,050,000
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Based on our scope of work and subject to all extraordinary assumptions, the value conclusion is credible. We welcome the opportunity to be of service to you and your company. If you have questions regarding this report, please feel free to call.

Sincerely,

Lynn Carmichael, MAI, AI-GRS
NC State Certified General Appraiser, A6939



Christopher A. Gray
NC State Registered Trainee, T6909

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Summary of Important Conclusions

Property "As Is":	Land / Site:	3.43	Acres	
	Improvements:	8,113	SF	Commercial/Industrial Building, Storage Units and a Utility Storage Building
Physical Description:	The subject property is located on the east side of Jonesborough Street, approximately 300 FT south of the intersection with White Street.			
Address:	724 & 732 Jonesborough St		Hendersonville	Henderson County, NC
Owner of Subject Property:	Riddle Development LLC		Zip Code:	28739
Prospective Owner:	N/A			
Purpose of Appraisal:	The purpose of this appraisal is to provide a supportable opinion of market value (as defined later) along with relevant analysis and data of the leased fee interest in the subject property as of the effective date of the appraisal in its "As Is" condition on the date of my on-site visit to the property.			
Client / Intended Users:	Riddle Development LLC is the client of ACE Appraisals Inc. and the sole intended user of this report.			
Intended Use of Appraisal:	To our knowledge, the client intends to use the appraisal for a possible transfer of the property.			
Property Rights Appraised:	Leased Fee			
Zoning:	Secondary Business District & Medium Density Residential			
Tax Map Reference:	9568-74-7188, 9568-74-7012, 9568-73-6975 & 9568-73-6841			
Flood Plain:	FEMA Map #:	3700956800J	Fully Flood Encumbered within the Floodway and AE Flood Zone	

Opinion of Market Value, Leased Fee Estate:		Relevant Dates:	
Cost Approach	NA	Date of Inspection:	March 04, 2024
Sales Comparison Approach	\$ 1,100,000	Effective Date of Value:	March 04, 2024
Income Approach	\$ 960,000	Date of Report:	April 07, 2024
Final Opinion of Value	\$ 1,050,000		

Appraisers:	Lynn Carmichael, MAI, AI-GRS NC State Certified General Appraiser, A6939
	Christopher A. Gray NC State Trainee Real Estate Appraiser, T6909

MAPS OF SUBJECT PROPERTY

The subject property is outlined in red in the first and second map and represented by the yellow star in the third and fourth maps. All four maps are from the Henderson County GIS Mapping system.

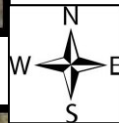
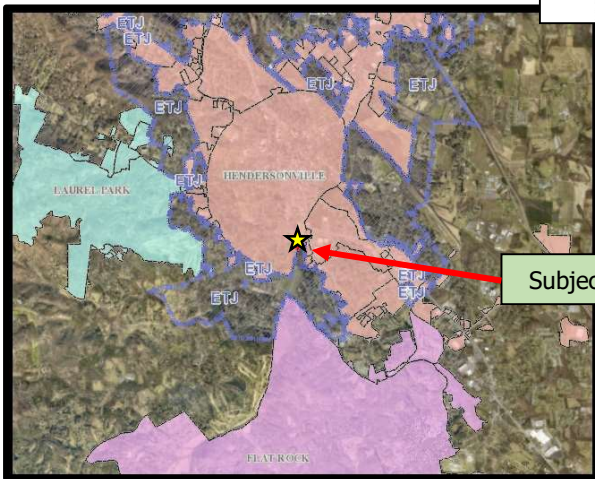
Map #1, The subject site is outlined in red.



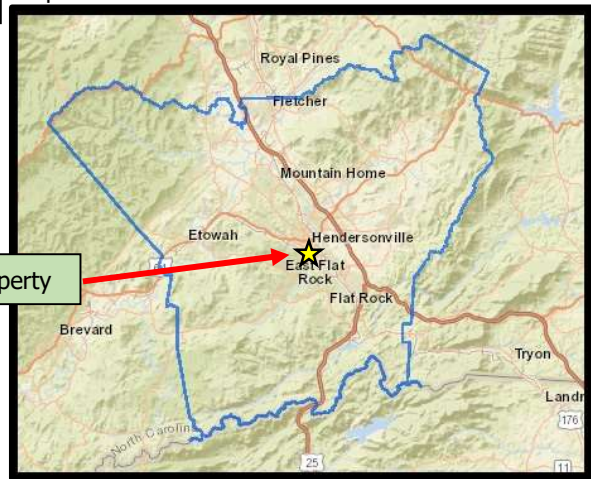
Map #2



Map #3



Map #4



The shaded area in orange in Map #3 is the City of Hendersonville while the area in Map #4 with a blue outline is the Henderson County boundary.

PHOTOGRAPHS OF SUBJECT SITE AND IMPROVEMENTS

Exterior Site Photos



Jonesborough Street looking north. The subject property is on the right side of the picture.



Jonesborough Street looking south. The subject property is on the left side of the picture.



Commercial zoned parcel with a temporary structure (greenhouse).



Signage at Jonesborough Street for tenant advertisement.



Residential zoned Parcel.



Signage at Jonesborough Street for tenant advertisement.

Building Photos



West side of the facility. Main entrance into Dogs in Suds.



Southwest side of the facility. Note the parking area.



Southeast side of the facility.



Utility Storage Building on the east side of the property



Northeast corner of the facility.



Northwest corner of the facility.

Interior Photos



Interior of a storage unit.



Industrial storage area of Stump Farms unit.



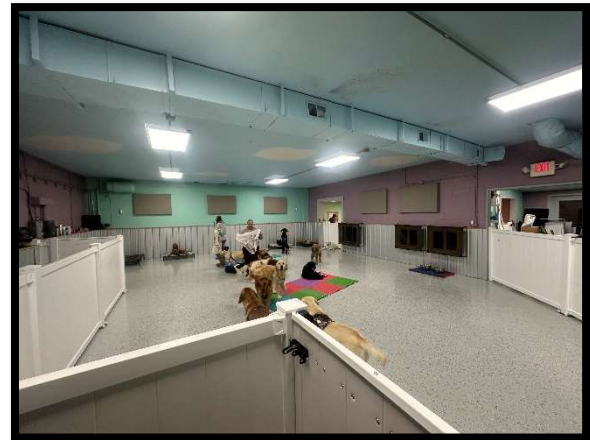
Retail space of Stump Farms unit.



Bathroom within Stump Farms unit.



Front Desk of Dog in Suds unit.



Open area within Dog in Suds. Note the sealed concrete floors and exposed duct work.

SECTION 1 - IDENTIFICATION			
<i>Identification of Subject Property</i>			
Property "As Is":	Land/Site: 3.43 Acres	Value Appraised: Market Value	Interest Appraised: Leased Fee
Improvements:	8,113 SF	Commercial/Industrial Building, Storage Units and a Utility Storage Building	
PINS:	9568-74-7188, 9568-74-7012, 9568-73-6975 & 9568-73-6841		
Physical Description:	The subject property is located on the east side of Jonesborough Street, approximately 300 FT south of the intersection with White Street.		
Address:	724 & 732 Jonesborough St	Hendersonville	
Owner of Subject Property:	Riddle Development LLC	Henderson County, NC	28739
<i>Purpose, Client and Intended Use of Appraisal</i>			
Objective / Purpose of Appraisal:	The purpose of this appraisal is to provide a supportable opinion of market value (as defined later) along with relevant analysis and data of the leased fee interest in the subject property as of the effective date of the appraisal in its "As Is" condition on the date of my on-site visit to the property.		
Client / Intended Users:	Riddle Development LLC is the client of ACE Appraisals Inc. and the sole intended user of this report.		
Intended Use of Appraisal:	To our knowledge, the client intends to use the appraisal for a possible transfer of the property.		
<i>Relevant Dates of Report</i>			
Date Property Inspected:	March 4, 2024	Date of Report: April 7, 2024	
Effective Date of Appraisal:	March 4, 2024		
<i>History of Property</i>			
Most recent deed type:	General Warranty Deed	Date of Deed: November 16, 2016	
Deed Book / Page:	3131 / 634		
Grantee:	Riddle Development LLC	Grantor: Samuel E. and Linda S. Riddle	
Stamps / Purchase Price:	\$800 Stamps	Purchase Price: \$400,000	
Purchase Price:	\$0	Unit Price: N/A	
Listed for Lease/Sale:	The subject property is not listed for sale or lease to our knowledge.		
Previous three years transactions:	To our knowledge, there have been no further transactions in the previous three years.		
Comments:	The most recent deed transferred all four parcels that is the subject property of this report. A copy of the most recent deed is included in the addendum to this report.		

Definition of Market Value

As defined in the Interagency Appraisal and Evaluation Guidelines dated December 2, 2010, "Market Value is 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 and 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 acting in what they consider to be 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

Scope of Work

USPAP requires an appraiser to describe the scope of work used to develop the appraisal. The Scope of Work Rule within USPAP states "For each appraisal and appraisal review assignment, an appraiser must: 1. Identify the problem to be solved; 2. determine and perform the scope of work necessary to develop credible assignment results; and 3. disclose the scope of work in the report" (Uniform Standards of Professional Appraisal Practice, 2024, Page 15). Below we have outlined the research and analysis we performed in the preparation of this appraisal report.

The appraisal process begins by identifying the problem to be solved. To identify the problem to be solved we examined the client and intended users, intended use of the opinion or conclusions, type and definition of value, effective date of the opinion or conclusions, subject of the assignment and its relevant characteristics and the assignment conditions. With this information, we were able to determine the type and extent of research and analysis necessary to include in the development of the appraisal to produce credible assignment results.

Type of Inspection: Exterior and Interior. The appraisers were able to view the exterior of the buildings along with the utility storage building, the interior of the two commercial units and one of four storage units within the subject property on the date of the inspection.

We researched the surrounding market area. From our research, an analysis was performed to determine the Highest and Best Use of the site and a market which included an analysis of the subject property's market in the local area. Applicable sales and rental data of comparable properties were found. We compared the features of the comparable sales and rentals, and then prepared a comparison grid with appropriate adjustments to reach an opinion of value for the Subject using the most applicable approaches to value. The approaches to value typically include all or a combination of the Cost Approach, the Sales Comparison Approach, and the Income Approach.

Through a reconciliation analysis of the individual approaches, the limitations and advantages of each approach were reviewed to correlate an opinion of value for the subject. We composed an Appraisal Report, including a summary discussion of the data, analysis, and reasoning, used to reach our final opinion of value. The valuation technique used within this report is a generally accepted appraisal method and produces a credible assignment result. The following data details the information obtained and the value opinion for the subject property.

Property Rights Appraised

The property rights appraised in this report are all rights existing in the fee simple ownership. These rights are the legal and economic properties of the separate entities which may rightfully be exchanged for money or equivalent goods. The presence of a lease on the property divides the property rights into leased fee and leasehold estates.

Leased fee estate is defined as "An ownership interest held by the lessor which includes the right to contract rent specified in the lease plus the reversionary right when the lease expires." Leasehold interest is defined as "The right held by the lessee to use and occupy real estate for a stated term under the conditions specified in the lease." Appraisal of Real Estate, 14th Ed. (Chicago: Appraisal Institute, 2013, Page 72).

As of the effective date of this report, the subject property was partially tenant occupied and partially owner occupied. Later in this report we determine the leased units are leased at a market rate and therefore there is no leasehold estate present.

Fee simple interest is defined as "absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat." The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020, Page 60). Fee simple interest typically means no encumbrances whatsoever; however, for the purpose of this report, the definition of fee simple is intended to include a reference to typical financing arrangements available in the subject's market. The nature of real estate investments in the current market is such that some financing is always in place, and not considering any leverage precludes a "market value estimate".

Hypothetical Conditions and Extraordinary Assumptions

Extraordinary assumption, as defined in "The Appraisal of Real Estate", 15th Edition, Page 43 is "something that is believed to be true on the effective date of the appraisal for the sake of the appraisal but that may or may not in fact be true as of the effective date of the appraisal". Hypothetical condition, as defined in "The Appraisal of Real Estate", 15th Edition, Page 44 is "something that is known to be contrary to fact as of the effective date of the appraisal but that is taken to be true for the purposes of the appraisal". The following are the extraordinary assumptions and hypothetical conditions we have made in our analysis of the subject property. The hypothetical condition and extraordinary assumptions might have affected the assignment results. Should the following assumptions proved to be incorrect, we reserve the right to modify our opinion of value accordingly.

HYPOTHETICAL CONDITIONS

We have used no hypothetical conditions for this appraisal.

EXTRAORDINARY ASSUMPTIONS

At the time of the inspection, we were provided access to one of the four storage units. We assume the storage units that we did not inspect to be of the same quality and condition as the storage unit we inspected on the date of the inspection.

SECTION 2 - MARKET ANALYSIS

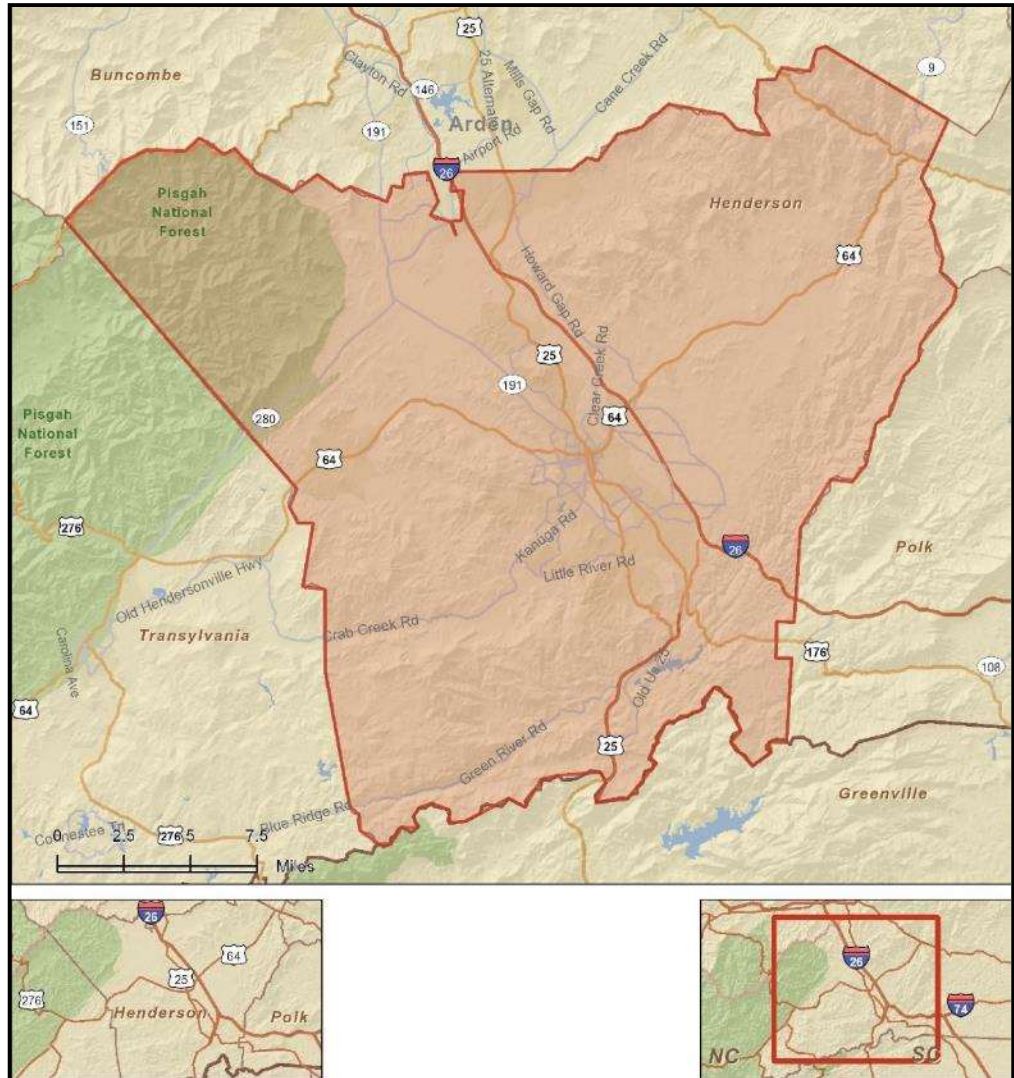
REGIONAL ANALYSIS

An analysis of the trends at the regional level is crucial to understand the interrelationships among the principal forces and factors that affect real property values in a specific market. This analysis considers the four forces which affect property value. These are: social, economic, governmental, and environmental. The forces are interactive, and each affects the economic climate of the area, particularly the behavior patterns of typical buyers and sellers in the subject's market.

The subject property is located in Henderson County which is one of twenty-three counties comprising what is referred to as the Western North Carolina (WNC) region by the North Carolina Department of Commerce. Each county within the Western North Carolina Region has demonstrated they are influenced by the four primary market forces to significantly different degrees. As such, the regional area of analysis for the subject property is delineated as being only Henderson County.

Henderson County is the second most populated county in the region thus is a significant economic and social point in the WNC region. The incorporated areas within Henderson County include the City of Hendersonville and the towns of Fletcher, Laurel Park, Mills River, and the village of Flat Rock. The City of Hendersonville is the county seat.

In the remainder of this section, we have examined each of the four primary market forces describing each as they pertain to Henderson County and their effects on real estate trends and value.



SOCIAL FORCES				
Social forces such as population growth or decline patterns, education and income levels directly affect the need for real estate by influencing requirements for housing and businesses which provide goods and services.				
<i>Population Trends</i>				
Year	2000	2010	2016	2022
Population	89,173	106,740	114,385	118,106
% Change		19.7%	7.2%	3.3%
% Change Annually		2.0%	1.2%	0.5%
<i>Education Trends</i>				
Education	High School	Bachelor +		
Henderson	92%	34%		
North Carolina	89%	34%		
USA	89%	34%		
<i>Income Trends</i>				
Median Household Income	Annual		Annual	
Year	Henderson	% Change	NC	% Change
2000	\$38,109		\$39,184	
2010	\$44,408	1.7%	\$43,754	1.2%
2016	\$48,138	1.4%	\$48,256	1.7%
2019	\$55,945	5.4%	\$54,602	4.4%
2022	\$65,508	5.7%	\$66,186	7.1%
<i>The median household income for Henderson County remains very consistent with state numbers while the county population continues to grow.</i>				
The increasing population and high education levels contribute heavily to the growth of the local industry base, which requires higher levels of education in the workforce to locate to the area. The attraction of industry to the area results in greater median household incomes overall. In summary, the increasing population and educated workforce attracts business which also helps increase the income levels in the County which gives residents greater spending power resulting in greater demand for services and housing.				

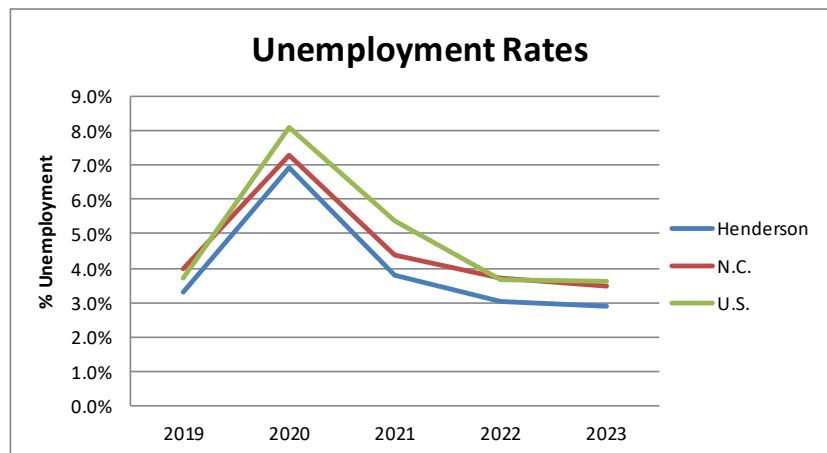
ECONOMIC FORCES

Economic forces typically include economic base factors which influence property development types, and consequently property values. Factors considered are the characteristics of the area workforce and the influence it has on real estate in the area.

Work Force and Employment Levels

Information from the North Carolina Employment Security Commission reveals the labor force in Henderson County is concentrated in five major sectors. Health Services, Manufacturing, Leisure and Hospitality, Construction, and Education comprise 37% of the workforce in the county. The four largest employers in Henderson County include the Board of Public Education, Charter Inc., Pardee Hospital and Park Ridge Hospital. Unemployment rates in Henderson County have fluctuated up and down with the state and national trends yet have consistently been lower than both averages as seen by the following chart.

In March 2020, Federal, State and County governments implemented "Stay at Home" orders due to the COVID-19 pandemic. The "Stay at Home" orders shut down businesses throughout the country which resulted in a massive increase in the unemployment rate which is seen by the significant spike in unemployment at all levels during 2020. The unemployment numbers peaked in April and May of 2020 yet have been decreasing since June 2020.



Growth of the population, available workforce, and employment opportunities affect all major property types. The following section includes a broad description of each of the area's major property types, describing the locations of major concentrations of each, the status of the available supply and demand, and recent changes and projected trends.

Tourism

Henderson County is a major tourist area with a rapidly growing tourism industry. Domestic tourism in Henderson County generated an economic impact of \$413.32 million in 2022 (most recent information available). This was a 5.6% increase from 2021. More than 2,603 jobs in Henderson County were directly attributable to travel and tourism. Travel generated a \$107.8 million payroll in 2022. State and local tax revenues from travel to Henderson County amounted to \$31.2 million. This represents a \$265.57 tax saving to each county resident.

Industrial Development

Henderson County is ideally suited for many forms of industrial development. The county is centrally located within the southeast United States and has close proximity to the I-40/I-26 intersection. Additionally, public utility service is extended to most of the county with adequate capacity to support this development type. Local zoning and land use regulations enacted have significantly limited the amount of land available for heavy industrial uses. Light industrial/manufacturing development is found sporadically throughout the county and includes international, national, regional, and local businesses.

Commercial Development

Henderson County has several well-developed commercial corridors. Interstate 26 runs through Henderson County in a North/South direction. The primary commercial corridors in Henderson County include Asheville Highway (US 25) in north Henderson County; Four Seasons Boulevard and Chimney Rock Road (US 64) in the central part of the county with Greenville Highway (US 25) and Spartanburg Highway (US 25A) in southern Henderson County.

The following chart outlines the commercial sales as well as mean and median values in Henderson County in recent years.

Henderson County Commercial Sales (MLS)							
Year	# Sales	%Change	Mean Price	%Change	Median Price	%Change	DOM
2019	49		\$ 483,829		\$ 338,888		195
2020	41	-16%	\$ 592,858	23%	\$ 355,000	5%	250
2021	65	59%	\$ 1,100,366	86%	\$ 617,000	74%	219
2022	53	-18%	\$ 743,150	-32%	\$ 500,000	-19%	306
2023	40	-25%	\$ 797,892	7%	\$ 572,000	14%	232
Current Active Listings:		47	Supply based on 2023 Sales Rate:		1.18	Years	

The volume of sales shows fluctuation over the analysis period yet a decrease in 2022 and 2023. The mean and median values decreased in 2022 yet rebounded slightly in 2023. However, the decrease in the volumes and values may be more reflective of a return to normal after the unprecedented increases in 2021 at 59%, 86% and 74%. Additionally, there is an overall increase in these values across the analysis period. The steady volume of sales combined with overall increases in the mean and median values throughout the analysis period indicates demand for commercial property in the area remains constant.

Residential Development

As Henderson County is the second most populated county within the Western NC region, it is expected the residential market within the county will be active. The following table shows the trend for the volume of residential sales as well as the trend in recent years for the mean and median sale values.

Henderson County SF Residential Sales (MLS)							
Year	# Sales	%Change	Mean Price	%Change	Median Price	%Change	DOM
2019	1,754		\$ 323,446		\$ 285,000		65
2020	1,996	14%	\$ 372,733	15%	\$ 325,000	14%	72
2021	2,160	8%	\$ 422,943	13%	\$ 360,000	11%	36
2022	1,978	-8%	\$ 462,422	9%	\$ 405,000	13%	27
2023	1,773	-10%	\$ 504,000	9%	\$ 420,000	4%	48
Current Active Listings:		501	Supply based on 2023 Sales Rate:		0.28	Years	

While the volume of sales decreased in 2022 and 2023, the mean and median values show continual increases over the analysis period. The steady increases in the mean and median values combined with the low supply indicate demand for residential property in the area is still strong.

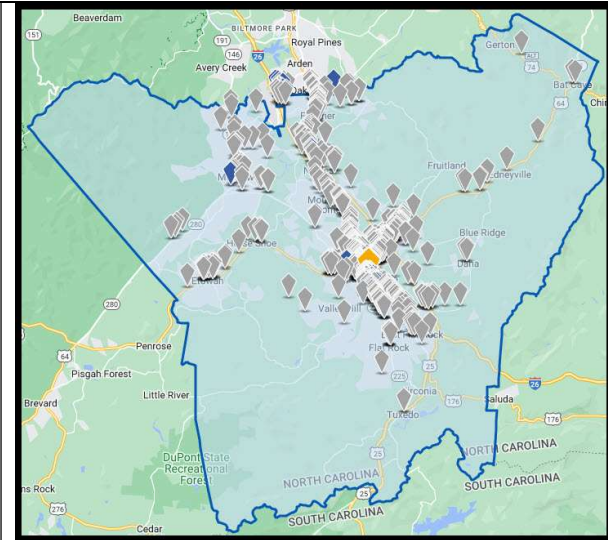
In summary, demand for commercial property in the Henderson County area appears to be strong despite a volume decrease in recent years. The overall increase in values suggests the commercial market in the area remains in the recovery stage of its economic life cycle. The most recent residential numbers indicate the residential market remains in the recovery stage of its economic life cycle. Additionally, the steady population and available employee base which facilitates demand for services and housing continues to fuel the Henderson County real estate market.

Market Area

Stage of Development/Market Conditions - Supply and Demand Analysis:

The subject market area is considered to be in the recovery stage of its economic life. Evidence of this stage is noticed in the constant demand within the area. The recession stage of the market cycle is characterized by falling demand and increasing vacancies. The recovery stage which follows the recession stage is characterized by increasing demand and decreasing vacancies, as well as new development and re-development of existing properties.

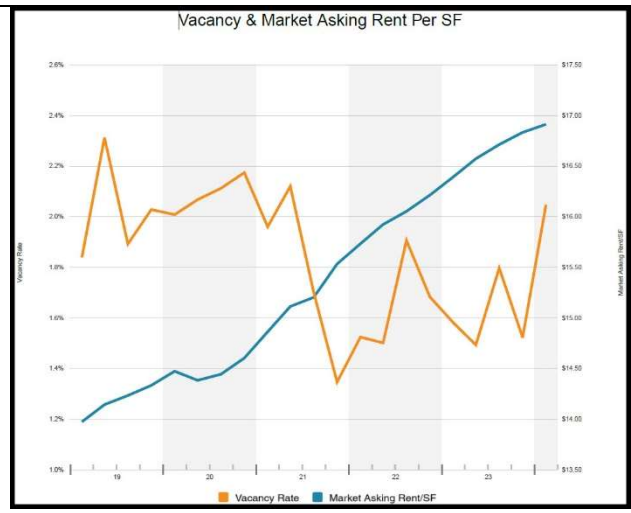
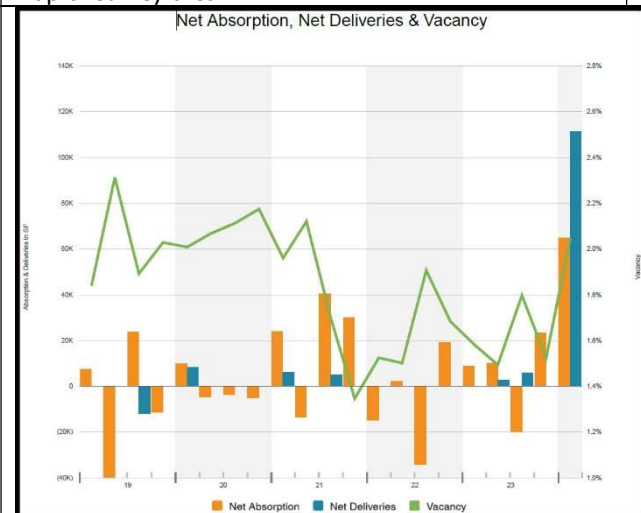
The CoStar multiple listing system is a regional commercial property exchange system utilized by most commercial real estate professionals in Western North Carolina. As such, the CoStar system has the most recent and reliable local data. For analysis purposes, we examined the Hendersonville area. The following charts highlight the retail and office market trends for the market area.



Map of survey area.



The chart above indicates the current vacancy rate increased 0.3% compared to the prior period. However, the current rental rate PSF for commercial properties in the market area is 3.7% higher than the prior period. The increasing vacancy rate suggests a decrease in demand while the increase in the rental rate suggests increasing demand within the area. The only slight increase in the vacancy rate may be an indication of the small market.



The survey area experienced both positive and negative net absorption with minimal deliveries until the end of 2023. Negative net absorption in 2019, 2022 and 2023 caused spikes in the vacancy rates which fluctuated throughout the analysis period. While the vacancy has fluctuated over the analysis period, the rental rate rose steadily indicating steady demand.

I also examined inventory for various property types in the Henderson County and Fletcher area. The following charts highlight my findings.

Henderson County			
Property Type	2023 Sales	Active	Inventory
Residential	1,773	501	0.28
Multi-Family	13	3	0.23
Land	404	524	1.30
Comm. Improved	40	47	1.18

City of Hendersonville			
Property Type	2023 Sales	Active	Inventory
Residential	1058	320	0.30
Multi-Family	11	3	0.27
Land	268	288	1.07
Comm. Improved	22	32	1.45

The residential and multi-family markets indicate inventories of less than one year in both Henderson County and the city of Hendersonville while the commercial improved and land markets indicate supplies of slightly greater than one year in the County and City. Considering the less than one-year supply of residential and the just slightly over one-year supply of commercial properties on the market, speculative or new construction may be feasible.

In summary, demand for commercial and residential property has remained steady over the past year while the supply has decreased. Considering the supply and demand within the market area, both the commercial and residential markets remain strong and are considered to be in the recovery stage of their economic life cycles.

GOVERNMENT FORCES		
<p>Governmental forces include zoning, public services, and taxation. Each affects real estate values in that they reflect the land use plans and patterns for the area.</p>		
<i>Areas with Zoning</i>	<p>The entire county is zoned with the incorporated areas having individual zoning.</p>	
<i>Taxation</i>	<p>Real property tax rates within Henderson County are levied based on County assessments. Taxes are levied based on 100 percent of the assessed value. Tax incentives are typically granted to companies considering expansion, or companies considering relocation to the area. In the interest of growth, development and increased employment opportunities for the growing population, the tax breaks diminish relocation costs and increase appeal. These include tax deferment, or exemption during a start-up period.</p>	
<i>Services</i>	<p>Law Enforcement is provided by the Henderson County Sheriff's Department as well as the City of Hendersonville Police Department.</p> <p>Public Education is provided through the Henderson County school system. Henderson County is home to Blue Ridge Community College.</p> <p>Public Transportation is provided by the Henderson County Transportation Authority.</p>	
<p>In summary, each aspect of the governmental forces facilitates the continued growth pattern of the area. Taxation levels have shown moderate increases but are not prohibitive to continued economic development. Further, tax incentives are used to attract business to the area. Lastly, the development of governmental services such as law enforcement, public education, and transportation have been made, and continue to adjust, in response to population needs.</p>		
ENVIRONMENTAL FORCES		
<p>The area infrastructure affects property values while the availability of utilities and roadways dictate development direction.</p>		
<i>Public Utilities Available</i>	Electricity and Gas	Available in most areas of the County.
	Water / Sewer	Municipal systems provide public utilities to the more densely populated areas of the county while private systems are used in the more rural areas.

CONCLUSION

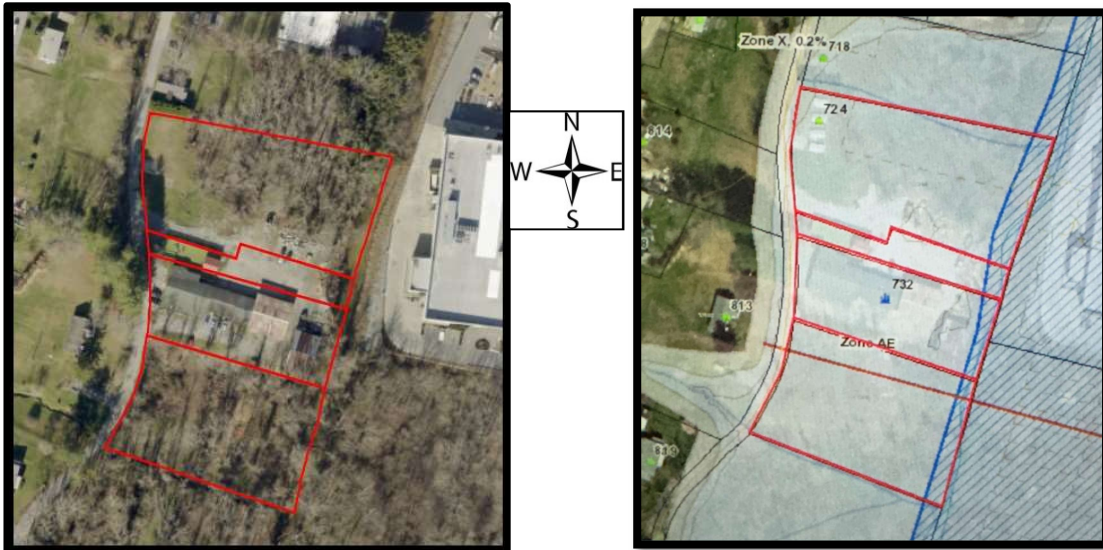
Henderson County is a growth area within western North Carolina. The population continues to grow and outpace most areas in the region. The population generally consists of people with above-average education levels and rising earnings. Both the commercial and residential markets remain in the recovery stage of their economic life cycles. City and county governments continue to facilitate growth with moderate tax increases and tax incentives for new business. Lastly, the area's infrastructure is growing to meet traffic flow and utility service demands.

In conclusion, demand for real estate in the area of the subject property has been strong in recent years. The most recent numbers indicate the market has returned to a state consistent with the years prior to the COVID pandemic and a continued strong market with increasing demand. We anticipate a continued strong market moving forward.

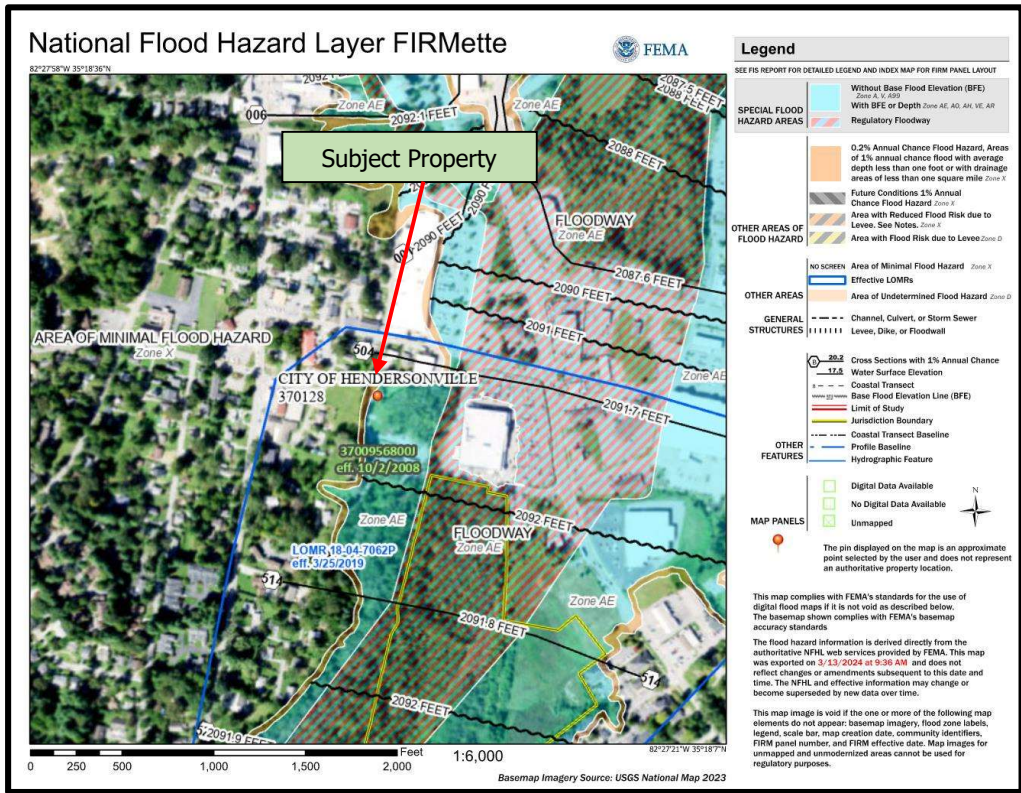
SECTION 3 - DESCRIPTION OF THE SUBJECT PROPERTY			
DESCRIPTION OF SITE			
IDENTIFICATION			
Physical Description: The subject property is located on the east side of Jonesborough Street, approximately 300 FT south of the intersection with White Street.			
Address: 724 & 732 Jonesborough St	City: Hendersonville		
County: Henderson County, NC	Zip Code: 28739		
PIN: 9568-74-7188, 9568-74-7012, 9568-73-6975 & 9568-73-6841			
REID: 1014267, 9944647, 116726 & 105917			
Adjacent Properties and Land Uses: The subject is surrounded by mixed use properties. The northern section of Jonesborough Street is predominately commercial use properties, while the southern section transitions to residential uses.			
Comments: The subject property is comprised of four tax parcels and two structures. The property is on the south side of the downtown Hendersonville area.			
SIZE/FRONTAGE/ACCESS			
Size:	3.43	Acres	149,411 Square Feet
Frontage:	Street:	Jonesborough Street	Length: 488 Feet
	Road Type:	Secondary Roadway	DOT Traffic Count: NA Vehicles Per Day
	Direction:	Two-Way	Lanes: 2 Drainage: Curb and Gutter
Access:	Number:	2	Access Points
Comments: The subject property has access points, from Jonesborough Street, on the north and south sides of the building. However, the entire western border of the subject property adjoins Jonesborough Street where access can be obtained onto each of the parcels.			
TOPOGRAPHY			
Shape:	Almost Rectangular		Topography: Near level
Elevation:	Low (FT): 2,090	<i>Elevations and distances were determined using the Henderson County GIS online site.</i>	
	High (FT): 2,090		
	Change in Elevation (FT): 0	Distance of Elevation Change (FT): 0	Slope: 0%
FEMA Map #:	3700956800J	Dated: 10-Oct-08	Flood Encumbered: Fully Flood Encumbered within the Floodway and AE Flood Zone
Drainage:	Appears Adequate		Soil/Sub-soil Conditions: None to our knowledge.
Comments: The site is near rectangular in shape with a level topography. The east side of the subject property is bordered by Mud Creek. The subject property is 100% flood encumbered with roughly .033-acre, 14,375 SF or 9.62% of the site is in the regulatory floodway and the remaining portion of the site in the AE flood zone.			

TAX PLAT

The subject property is outlined in red. The lines in the second map indicate the 10' contour lines. The blue shaded area is the AE flood zone while the blue slashed area indicates the Floodway.



FEMA MAP

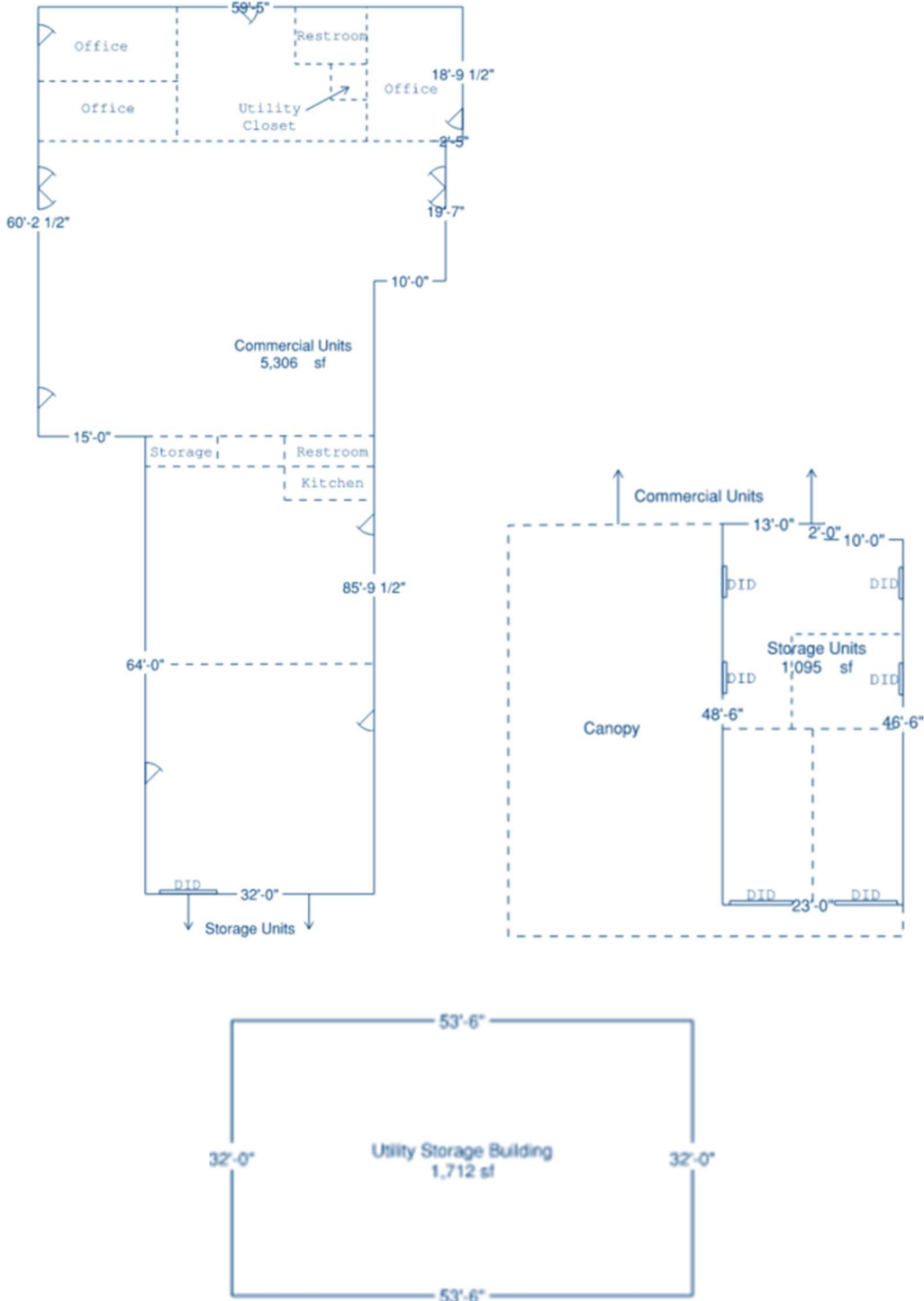


The FEMA map indicates the subject property is *fully* flood encumbered.

UTILITIES / MAN MADE IMPROVEMENTS /LANDSCAPING	
<p>Utilities: All Public</p> <p>Man Made Improvements: The parking area around the structure is a combination of asphalt and gravel. Signage for the tenants are located along Jonesborough Street on the west side of the building. Additionally, a greenhouse is located on the property. However, it is not fixed to the ground and therefore is considered personal property and not a permanent building.</p> <p>Landscaping: The property has grass, mulch and trees along the perimeter of the site. The landscaping is typical for commercial/warehouse properties in the area.</p>	
ZONING / RESTRICTIONS	
<p>Parcels: 9568-74-7188, 9568-74-7012, 9568-73-6975</p> <p>Zoning: C-2 Secondary Business District Current Use: Legal and Conforming Use</p> <p>Authority: Zoning Ordinance of the City of Hendersonville, NC Zoning Type: Commercial</p> <p>Purpose Statement (from Hendersonville, NC Code of Ordinance): <i>C-2 Secondary Business Zoning District Classification. This zoning district classification is designed primarily to accommodate a) existing developments of mixed commercial and light industrial uses, and b) certain commercial and light industrial uses compatible with one another but inappropriate in certain other zoning district classifications.</i></p> <p>Permitted Uses: The legal uses for the subject property include primarily commercial, yet also allow for residential dwellings.</p>	
<p>Parcel: 9568-73-6841</p> <p>Zoning: R-15 Medium Density Residential Current Use: Legal and Conforming Use</p> <p>Authority: Zoning Ordinance of the City of Hendersonville, NC Zoning Type: Residential</p> <p>Purpose Statement (from Hendersonville, NC Code of Ordinance): <i>R-15 Medium-Density Residential Zoning District Classification. This zoning district classification is for areas in which the principal use of land is for medium-density single-family residences. It is expected that all dwellings in such district will have access to public water supplies or public sewage disposal facilities or a reasonable expectation of such service in the future.</i></p> <p>Permitted Uses: The legal uses for the subject property include primarily residential uses with up to two-family dwellings, bed and breakfast facilities and schools also permitted.</p>	
<p>Deed Restrictions: No further restrictions to our knowledge based on a review of the most recent deed.</p> <p>Easements / Encroachments: Standard utility easements and minimal rights of way are assumed to be located on the property.</p> <p>Comments: Henderson County GIS indicates that parcel 9568-73-6975 is zone C-2 Secondary Business District. However, the property record card indicates the parcel is zoned R-15 Medium Density Residential. We spoke with Ms. Kathy Bragg with the City of Hendersonville zoning department, and she confirmed that parcel 9568-73-6975 is zoned C-2 Secondary Business District.</p>	

DESCRIPTION OF IMPROVEMENTS		
Property Type / Current Use:	Commercial/Warehouse	Type of Inspection: Interior and Exterior

Building Outlines / Floor Plan



	Utility Storage Building	Storage Units	Commercial / Industrial Building
Size	1,712	1,095	5,306
	The size of each building was determined based on measurements taken by the appraisers on the date of the inspection. The total size of all the buildings combined is 8,113 SF. A roughly 1,400 SF canopy is located to the rear of the building. The property has a land to building ratio of 18.42.		
Quality	Average		
Condition	Average		
Year Built	1986	1977	1977
Age	38	47	47
Effective Age	15	23	23
Economic Life	30	30	50
Remaining EL	15	7	27
Comments	The Utility Storage Building and the Storage Units are wood framed structures. However, the canopy section on the exterior of the Storage Units has some structural steel beams supporting the roof structure. The Utility Storage Building has metal siding on three sides. The Commercial/Industrial building is of masonry construction. The Economic Life was determined based on the Life Expectancy Guidelines (Typical Building Lives) in Section 97 of the Marshal & Swift cost book.		
	<i>Exterior</i>		
Framing	Wood	Wood	Masonry
Foundation	NA	Concrete Slab	Concrete Slab
Roof	Metal		Asphalt Shingle
Exterior Siding	Metal	Wood	Masonry
	<i>Interior</i>		
% Finished Office	The buildings do not have any interior finished space		80%
Insulation	None		None
Plumbing	None		Restrooms with a sink and commode & Kitchen with a sink
HVAC	None		Electric unit heater
Electrical	We assume each building has a typical electrical system that meets NC code.		
Deferred Maintenance	There were no items of deferred maintenance noted on the day of my onsite inspection.		
Furniture, Fixtures and Equipment (FF&E)	There is no FF&E included in this analysis.		

TAX AND ASSESSMENT ANALYSIS						
The assessed value of real property is levied at a 100% assessment ratio of market value.						
Most recent reassessment:		2023		Next reassessment: 2027		
<i>Taxing Districts and 2023 Rates:</i>						
Henderson County		\$ 0.4310		Total: \$ 0.9210		
City of Hendersonville		\$ 0.4900				
Parcel	Acres	Land	Improvements	Total	Tax Rate	Tax Obligation
9568-74-7188	1.30	\$97,200	\$0	\$97,200	\$ 0.9210	\$ 895.21
9568-74-7012	0.35	\$37,600	\$0	\$37,600	\$ 0.9210	\$ 346.30
9568-73-6975	0.71	\$51,100	\$164,000	\$215,100	\$ 0.9210	\$ 1,981.07
9568-73-6841	1.07	\$181,700	\$0	\$181,700	\$ 0.9210	\$ 1,673.46
Totals	3.43	\$367,600	\$164,000	\$531,600		\$ 4,896.04
Delinquent Taxes:	No	Amount: \$	-	Improvements Exclusively: 31%		
The assessed value is less than the "As Is" value determined later in this report. Based on recent sales, the value determined later in this report is considered to more accurately reflect the current market value. The Henderson County tax office indicates the 2023 taxes for the subject property have been paid in full.						

HIGHEST AND BEST USE	
According to The Appraisal of Real Estate, 15th Edition, copyright by The Appraisal Institute, 2020, Page 305, the highest and best use is defined as "The reasonably probable use of property that results in the highest value."	
In order for a use to be "reasonably probable" it must be legally permissible, physically possible, and financially feasible. All uses that are deemed to be reasonably probable are examined for economic productivity. The reasonably probable use that results in the highest value is the "highest and best use".	
The procedure used in this report to estimate the highest and best use of the subject site was to consider, in sequence, the site's legally permitted uses, the physically possible uses, the financially feasible uses, and finally the optimum, or highest and best use. Under the highest and best use premise, the property must be considered as if the site were vacant and as improved. A discussion of each of the criteria follows.	
LEGAL USES	
Private (deed) restrictions and covenants, zoning regulations, building codes, historic district controls, environmental regulations, and in some cases the existence of a lease may preclude many potential property uses.	
Zoning Authority:	Zoning Ordinance of the City of Hendersonville, NC
Zoning:	Secondary Business District (C-2) and Medium Density Residential (R-15)
Covenants and Restrictions:	None to our knowledge based on a review of the most recent deed.
Deed Restrictions:	No further restrictions to our knowledge based on a review of the most recent deed.
Legally Permitted Uses:	The legal uses for the subject property include primarily commercial, yet also allow for residential dwellings in the portion zoned C-2 while primarily residential uses are permitted in the section zoned R-15.

PHYSICALLY POSSIBLE

Size, topography, and the availability of utilities are generally considered some of the most important factors in determining the uses to which a tract may be developed.

Site Size:	3.43 Acre	Topography:	Near level
Roadway Frontage:	Secondary Roadway	Utilities:	All Public
Legally Permitted Uses Physically Possible:	The physical attributes of the site support the legally permitted uses.		

ECONOMICALLY FEASIBLE

All uses that are expected to produce a positive return are regarded as financially feasible; however, the Highest and Best Use also considers the use that results in the highest value. Implied in this analysis is the consideration of surrounding land uses, public opinion, supply and demand characteristics, and occupancy, income, and expense levels for various property types in the neighborhood market, or other competing markets.

Immediate Vicinity:	The subject is surrounded by mixed use properties. The northern section of Jonesborough Street is predominately commercial use properties, while the southern section transitions to residential uses.
Demand in Market Area:	The volume of commercial sales and the mean and median values have increased overall in recent years. The volume of residential sales has experienced strong demand recently, reinforced by many consecutive years of increasing median values. The numbers suggest the commercial and residential markets are in the recovery stage of their economic life cycles.
Supply in Market Area:	Henderson County shows a 1.18 year supply of commercial properties on the market and a 0.28 year supply of residential property, while the City of Hendersonville shows a 1.45 year supply of commercial properties on the market and a 0.30 year supply of residential property. The under one-year supply of residential property signals development is feasible, while the greater than one year supply of commercial properties signals selective development may be feasible.
Permitted Uses Physically Possible and Economically Feasible:	The location of the subject property within a mixed-use area indicates a variety of uses are possible.

HIGHEST AND BEST USE AS VACANT

In analyzing the most feasible use, as if vacant, we have considered the factors previously listed. The zoning and the mixed use properties surrounding the subject strongly suggest a commercial or mixed use for the subject. Considering the zoning as well as the surrounding mixed use properties, the Highest and Best Use for the site if vacant is:

Commercial or Mixed Use Development as the market dictates for the section zoned C-2 and residential development for the section zoned R-15.

HIGHEST AND BEST USE AS IS

Current Improvements: Commercial/Warehouse

The subject property "As Is" includes a multi-tenant commercial building, storage units and a utility storage building located on a total of 3.43 AC. In analyzing the highest and best use, we have considered the factors previously listed as well as the current use of the property. The subject is surrounded by mixed use properties. There is currently a steady demand with low inventory for commercial and residential properties within Henderson County. As sales and leases of properties with a commercial or residential use are present in the market, there is no evidence to suggest a higher return could be achieved by demolishing the structure to make room for another type of development.

Also, there are additional considerations regarding the subject property. The current improvements are constructed on two of the four parcels (combined 1.06 AC) that make up the subject property, leaving the remaining two parcels undeveloped sections of land. Per, "The Dictionary of Real Estate Appraisals", from the Appraisal Institute, Excess Land is defined as, "Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or many not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately." In addition to the square footage of the buildings, the City of Hendersonville zoning ordinance outlines parameters for parking space requirements based on facility types.



Per the zoning ordinance for the City of Hendersonville, Section 6-5-2 General Provisions, Animal Boarding Facilities require 1 parking space per 400 SF of gross floor area. The 'Dog in Suds' unit has a total of 3,256 SF, resulting in a required 9 total parking spaces ($3,256 / 400 = 8.14$). Mini-warehouses with exterior openings require 1 parking space per 2 employees on a shingle shift. On the date of the inspection, the Storage Units did not have an employee on property managing the units as the units were accessible to the tenants on an as-need basis.

Finally, Nurseries & Greenhouses require 1 parking space per 2 employees on a single shift. On the date of the inspection, there was one (1) employee working in the 'Stump Farms' unit. As a result, one parking space is required. Therefore, the land around the building that is included in PIN's 9568-73-6975 and 9568-74-7012 is believed to have ample amount of area to accommodate the parking requirements.

As a result of the factors stated above, the section of the subject property that is south of the buildings and is identified as PIN 9568-73-6841 (1.07 AC shaded green above) along with the parcel on the north side of the subject property identified as PIN 9568-74-7188 (1.3 AC shaded purple above) are believed to be excess land. The 1.07 AC section is currently zone R-15 Medium Density Residential, while the 1.3 AC parcel has a zoning of C-2 Secondary Business District. The conclusion of excess land is supported by the land to building ratio of the property which is 18.42. This ratio is significantly higher than the ratios for the sales used in the Sales Comparison Approach. When the 1.07-acre and 1.30-acre sections are removed, the property has a land to building ratio of 5.69 which is bracketed by the sales used in the Sales Comparison Approach.

Considering the items outlined above, the highest and best use of the property "As Is" is:

Continued commercial use with 1.30-acre of excess land for commercial or mixed use development and 1.07-acre of excess land for residential development.

Marketing Time / Exposure Time

The 2024 version of USPAP (Page 4) defines exposure time as "An opinion, based on market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal."

Advisory Opinion 7 on Page 74 from the 2024 version of USPAP defines marketing time as "The reasonable marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level or at a benchmark price during the period immediately after the effective date of an appraisal."

The information to the right was taken from the Regional MLS and shows the results for commercial sales in Henderson County. The sales within the previous year, sales within the previous five years and the sales used in the Sales Comparison Approach indicate an average days on market (DOM) of less than 12-months.

Henderson County MLS	Sales	Avg. DOM
Previous Year	40	232
Previous 5 Years	259	253
Comparable Sales	3	177

Given the location of the subject property, we expect the current day exposure time for the subject would be similar to the sales examined or within a twelve-month range if placed on the market close to the appraised value.

Demand for real estate in the area of the subject property has been steady in recent years. Given the most recent market numbers, we would expect the marketing time of the subject property to be equivalent to or less than the exposure time or within a twelve-month range.

Report Format

This is an appraisal report as designated by the Uniform Standards of Professional Appraisal Practice (USPAP).

Valuation Methodology

The subject property includes a 47-year-old commercial building with storage units and a 38-year-old utility storage building as well as excess land. Given the unique nature of the utility storage building, the cost approach was utilized to determine the value of the utility storage building. However, due the problems associated with measuring appropriate depreciation on the remaining buildings, the Cost Approach was not considered to be a reliable method of estimating the market value for the commercial building and storage units and was not applied for the market value determination. The Sales Comparison Approach was applied for the commercial building and the excess land as several similar sales were available for analysis. The Income Approach was applied for the commercial building and the storage units and is considered a reasonable approach to valuation as the subject property is currently an income producing property. The following sections of the report contain the applicable approaches to value.

SECTION 4 - APPROACHES TO MARKET VALUE

COST APPROACH

Utility Storage Building Valuation

We have used the cost approach to determine the value of the Utility Storage Building. The first step in the Cost Approach is typically to determine the value of the land. However, the value of the land has been included in the Sales Comparison approach for the commercial units. Therefore, no land is included in the valuation of the Utility Storage Building. As the land is not included for this analysis, the following table outlines the valuation of the Utility Storage Building only with no site improvements.

SUMMARY OF COST APPROACH TO VALUE						
<i>Direct Costs:</i>						
		Unit				
Basic Structure	# Units	Measurement		\$ / Unit	=	Cost New
Utility Storage Shed	1,712	SF	X	\$7.54	=	\$12,913
Total Cost of Basic Structure						\$12,913
<i>Indirect Costs:</i>						
Legal/Financing/Contingencies			@	2.0%	=	\$258
Professional Fees			@	1.0%	=	\$129
Property Tax			3	months	=	\$204
Entrepreneur Incentive			@	15%	=	\$2,026
Total Indirect Costs						\$2,617
<i>Replacement Cost New of All Structures</i>						\$15,530
Less Accrued Depreciation:						
A. Physical Depreciation						
i. Deferred Maintenance						
ii. Curable Physical Deterioration (Short Lived):						
<u>Item</u>		<u>Cost New</u>		<u>% Depr.</u>		<u>Amount</u>
None		NA		100%		NA
	Short Lived Totals			\$0		\$0
iii. Incurable Physical Deterioration (Long Lived):						
	1 Effective Age					15 Years
	2 Remaining Physical Life					15 Years
	3 Estimated Total Life					30 Years
	4 Reproduction Cost New					\$15,530
	5 Less Deferred Maintenance & Short Lived Items					\$0
	6 Proportionate Cost New of Remaining Components					\$15,530
	7 Est. Physical Depreciation of Remaining Components					
		15 / 30		=		50.00%
	8 Thus	15,530 x	50%	=		\$7,765
TOTAL PHYSICAL DEPRECIATION						\$7,765
B. Functional Obsolescence						\$0
C. Economic Obsolescence						\$0
TOTAL DEPRECIATED ESTIMATE						\$7,765
DEPRECIATED REPLACEMENT COST NEW OF BUILDINGS						\$7,765
Miscellaneous Improvements						
Sitework	NA		X	NA	=	NA
Total Cost of Miscellaneous Improvements						\$0
Add Land Value						NA
Opinion of Market Value by Cost Approach "As Is":						\$7,765
Rounded:						\$8,000

The reproduction cost new of the improvements was used to estimate the value of the existing improvement(s) exclusively. Reproduction Cost is defined as follows:

"the estimated cost to construct at current prices as of the effective appraisal date, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design layout, and quality of workmanship, and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building"¹

Information regarding cost for the subject's building and site improvements was taken from the Marshall Valuation Service Cost Handbook, a national cost service localized to the Western North Carolina area.

Cost Guide

The Marshall services provide per-SF unit cost comparison which include certain soft costs such as architectural and engineering fees as well as all financing costs associated with the construction loan. Furthermore, since the Marshall guides address all base improvements costs on the basis of national averages, multipliers are provided to adjust for variances in time, and location and any other specific parameters that may be necessary according to the specific construction criteria of the subject. A summary of the cost guide information is in the table to the right.

Replacement Cost New Calculations Marshall and Swift Valuation Service	Utility Storage Shed <i>Section 17, Pg. 27</i>
Base Cost Per Square Foot	\$8.02
Adjustments:	
Current Multiplier	0.99
Local Multiplier	0.95
<i>Estimated Cost PSF</i>	<i>\$7.54</i>

Direct Costs

Direct costs are defined as "expenditures for the labor and materials used in the construction of improvements; also called *hard costs*."² The *Marshall & Swift, Valuation Service Cost Handbook* base cost includes all costs to construct the building to the stage where it is ready for occupancy. Specific costs included in hard costs are foundation, roof, interior and exterior walls, plumbing and electrical as well as soft costs such as professional fees. Some hard costs, such as HVAC or exterior wall cover are listed separately to reflect the costs appropriate to the specific property being analyzed. Miscellaneous improvements specific to the property being analyzed are added separately. Each item within the direct costs is measured then the appropriate cost is applied to determine the cost new of each item. Once the cost new is determined, appropriate depreciation is applied.

Indirect Costs

Indirect Costs are defined as "expenditures or allowances for items other than labor and materials that are necessary for construction but are not typically part of the construction contract. Indirect costs may include administrative costs; professional fees; financing costs and the interest paid on construction loans; taxes and the builder's or developer's all-risk insurance during construction; and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*."³

Legal/Financing/Contingencies – Considering the type of buildings, these expenses are estimated at 2.0% of direct costs and cover lawyer's fees, points on loans, closing costs and a standard contingency to allow for market variation in costs or unexpected increases.

Professional Fees – In line with local developer estimates, professional fees are estimated at 1.0% of direct costs. These fees cover various professional fees, water and sewer taps, as well as costs for permits, etc. that are not typically included in direct costs.

Property Tax – The property tax line item is to account for any real property taxes on the land during the construction of the buildings. The construction duration of the above-mentioned buildings is estimated at three (3) months while the assessed value of the land is only for the 1.06-acres or \$88,700. The tax liability for this duration based on 2023 tax rates has been applied to this analysis ($((\$88,700 / 100) \times \$0.9210) / 12 \times 3$).

¹ The Appraisal of Real Estate, 14th ed. (Chicago: Appraisal Institute, 2013) Page 345.

² The Appraisal of Real Estate, 14th ed. (Chicago: Appraisal Institute, 2013) Page 571.

³ The Appraisal of Real Estate, 14th ed. (Chicago: Appraisal Institute, 2013) Page 571.

Entrepreneurial Incentive is defined as follows:

The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called developer's profit) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement"⁴

A typical incentive in the regional area for commercial construction is 10%, which we have added in the cost estimate. The 15% calculation is typically based on the direct and indirect costs.

Explanation of Depreciation

The estimate of depreciation may be defined as the differential between the reproduction cost new at the date of the appraisal and the current market value of the improvements. Depreciation results in a decrease in value over time due to physical forces, functional obsolescence and/or external (economic or locational) obsolescence.

With respect to the buildings, the depreciation is estimated using the breakdown method which isolates all forms of depreciation. No significant items of curable physical deterioration (deferred maintenance) were noted during the inspection.

Physical deterioration to the structure is based on the age/life method. Reproduction cost estimates for the short-lived items are based on contractor's quotes which are supported by the *Marshall Valuation Service*. Economic life estimates and depreciation estimates are based on market derived data and analysis, observations made during the inspection, conversations with the owner, and observation of similar components in similar improvements. Physical deterioration is generally considered as normal wear of the improvements through age, use and other forces. This form of deterioration can be either curable or incurable. Curable physical deterioration is typically referred to as deferred maintenance, as it often results from improper maintenance or delayed repairs. Physical deterioration is considered curable only when the cost to cure is less than the value contribution. When the cost to cure physical deterioration exceeds the benefit derived from the renovation, this form of deterioration is labeled incurable as it is not financially feasible to cure the components as of the date of the appraisal. Incurable physical deterioration can be subdivided into short-lived and long-lived components.

Short-lived components include all building and site improvements which have useful lives of shorter term than the main infrastructure of the building such as roof, floor coverings, water heater(s), appliances, paint, HVAC, components and more. It should be noted that some of the listed items are minor in nature and would typically be replaced in the normal course of building maintenance (items such as water heaters, minor appliances, and paint). The Utility Storage Building does not have any short-lived items that are large enough expenses to be depreciated and accounted for in the analysis.

Long-lived components are typically those items of the basic infrastructure of the building such as its floor, walls, roof, electrical system, plumbing fixtures and other components of the building which survive the building's total economic life. The estimated total life was determined by the 'Life Expectancy Guidelines' table for 'Typical Building Lives' identified in Section 97 Page 15 of the Marshall and Swift cost manual.

Functional Obsolescence

Functional obsolescence is defined as "a flaw in the structure, materials, or design that diminishes the function, utility, and value of the improvement, which is known as functional obsolescence."⁵ Functional obsolescence results from a lack of utility or desirability due to design or market perception of the improvements. The subject's improvements are in accordance with the current market standards for similar structures and have no items of functional obsolescence that impair the property.

External Obsolescence

External obsolescence is defined as "a temporary or permanent impairment of the utility or salability of an improvement or property due to negative influences outside the property, which is known as external obsolescence and is incurable."⁶ External obsolescence is due to circumstances outside the property itself, such as the market, demographic and economic conditions or an undesirable proximate use. The subject is adequately located without any detrimental external location factors. Based on an inspection of the area, the subject property does not suffer from economic obsolescence thus no adjustment was applied.

Miscellaneous Improvements:

As this analysis only considers the value of the building, no miscellaneous improvements have been included.

⁴ The Appraisal of Real Estate, 14th ed. (Chicago: Appraisal Institute, 2013) Page 573.

⁵ The Appraisal of Real Estate, 14th ed. (Chicago: Appraisal Institute, 2013) Page 576.

⁶ The Appraisal of Real Estate, 14th ed. (Chicago: Appraisal Institute, 2013) Page 576.

SALES COMPARISON APPROACH

Sales Comparison Analysis for the Commercial Excess Land (PIN 9568-74-7188, REID 1014267)

Our research included the Western North Carolina area while suitable sales were found in Henderson County. Detailed sales data sheets are included on the pages that follow.

Land Sale No. 1



Identification

Address	59 Half Circle Lane	PIN	9650-88-9583 REID: 103790
City	Hendersonville		
County	Henderson		
Comments	Located north of the Hendersonville CBD and one block away from Asheville Highway which provides direct access to Interstate 26 and downtown Hendersonville.		

Transaction

Seller	Larry and Deborah Manning	Date of Sale	01-24-2022
Buyer	Mountain Home Fire & Rescue Department	Sale Price	\$110,500
Book/Page	3857 / 527	After Sale Exp.	\$0
Rights Conveyed	Fee Simple	Adj. Sale Price	\$110,500
Verified With	Debbie Fox, Broker	Sale Conditions	Typical
Verified By	Lynn Carmichael	Days on Market	1
Data Source	MLS, Public Records		
Comments	The fire station on the adjoining lot purchased the property to expand their septic system.		

Site

Land Acres	0.93000	Topography	Near Level
Land Sq. Ft	40,511	Zoning	Local Commercial (LC)
Shape	Irregular	DOT Traffic Count	NA
Primary Frontage (FT)	200.00	Utilities	City water, Septic
		Flood Plain	No
		Encumbrances	Unknown
		Environ. Issues	Unknown
Comments	The property is near level with approximately 200 LF of frontage on Half Circle Lane.		

Financial Data

Price Per AC	\$118,817	Price Per SF	\$2.73
Price Per Front FT	\$552.50		

Land Sale No. 2



Identification

Address	44 Rockwood Road	PIN	9643-84-1236 & 9643-84-3220
City	Fletcher		
County	Henderson		
Comments	Located at the end of Rockwood Road and approximately 0.2 miles from Airport Road.		

Transaction

Seller	Douglas & Tracey Freeman	Date of Sale	12-20-2023
Buyer	Arden Hospitality, LLC	Sale Price	\$850,000
Book/Page	4118 / 507	After Sale Exp.	\$0
Rights Conveyed	Fee Simple	Adj. Sale Price	\$850,000
Verified With	Betsy Gudger, Broker		
Verified By	Lynn Carmichael	Sale Conditions	Typical
Data Source	MLS, Public Records	Days on Market	279
Comments	The sale was a standard market transaction meaning the buyer and seller were not related and acting in their own best interest. The broker did not know what the buyers' intentions were for the property.		

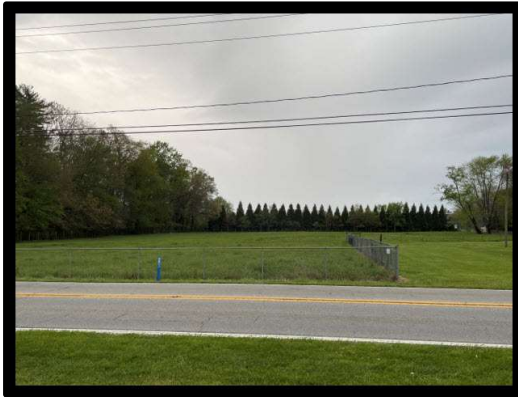
Site

Land Acres	3.38000	Topography	Gently Sloping
Land Sq. Ft	147,233	Zoning	Regional Commercial (RC)
Shape	Rectangular	DOT Traffic Count	NA
Primary Frontage (FT)	320.00	Utilities	City water, Septic
		Flood Plain	No
		Encumbrances	Unknown
		Environ. Issues	Unknown
Comments	The site includes two parcels for a total of 3.38 AC (2.38 AC + 1 AC) that are gently sloping and have approximate 320 LF of road frontage. MSD confirmed that sewer cannot be brought to the property. Therefore, a septic system is the only option to manage the wastewater on the property. The buyer intends to install a septic system that will serve both parcels.		

Financial Data

Price Per AC	\$251,479	Price Per SF	\$5.77
Price Per Front FT	\$2,656.25		

Land Sale No. 3



Identification

Address	4136 Haywood Road	PIN	9631-83-7792
City	Mills River		
County	Henderson		
Comments	The site is located within the town limits of Mills River.		

Transaction

Seller	Frances and Leland Jackson, Ellen Roberta and Walter Essex, and Nancy and John Vaeth	Date of Sale	02-11-2022
Buyer	Haywood Holding Group, LLC	Sale Price	\$550,000
Book/Page	3868/628	After Sale Exp.	\$0
Rights Conveyed	Fee Simple	Adj. Sale Price	\$550,000
Verified With	Jim Davis, Broker	Sale Conditions	Typical
Verified By	Lynn Carmichael	Days on Market	12
Data Source	MLS, Public Records		
Comments	The sale was a regular market transaction. The new owners intend to rent the house initially and then eventually redevelop the property. The 73-year-old, single-family residence on the property was given no value in the transaction. At \$5.50 PSF, the estimated cost to raze the structure is \$8,751.		

Site

Land Acres	4.54000	Topography	Near Level
Land Sq. Ft	197,762	Zoning	MR-NC (Mills River Neighborhood Commercial)
Shape	Almost Rectangular	DOT Traffic Count	9,600
Primary Frontage (FT)	326.00	Utilities	All Public
		Flood Plain	No
		Encumbrances	Unknown
		Environ. Issues	Unknown
Comments	The site has frontage on and clear visibility from Haywood Road which is a primary commercial corridor.		

Financial Data

Price Per AC	\$121,145	Price Per SF	\$2.78
Price Per Front FT	\$1,687.12		

Sales Analysis

The analysis of the individual sales, and their comparison to the Subject, will proceed in two levels. The first level will address items that have to do with the sales transaction between buyer and seller or the market conditions. Adjustments in this level are applied sequentially and have the effect of compounding the changes until an adjusted price is reached, which has considered the sales transaction issues and the market. The second level considers property specific features such as location, physical, economic, use, and non-realty components (if any), of the comparable property. These adjustments are aggregated together before being applied to the price determined in the first level.

Units of Comparison

When comparing the sales to the subject property, we examined the value per acre. The value per acre unit of comparison is derived by dividing the sale price by the total useable land area. As the value per acre unit of measurement is typical in land valuation, this unit of valuation is considered reasonable for this analysis. After inspection of the subject property and the comparable sales, the subject and each of the comparable sales were considered, for the most part, fully usable. As such, this method of analysis is considered to provide a reasonable method of comparison between the subject and comparable sales reflective of the methodology utilized by local market participants. A discussion of each adjustment follows the chart.

Comparable Sales Analysis Chart - Commercial Land					
Sale Number	Subject	1	2	3	
Address	724 & 732 Jonesborough St	59 Half Circle Lane	44 Rockwood Road	4136 Haywood Road	
City/County	Hendersonville	Hendersonville	Fletcher	Mills River	
Topography	Near level	Near Level	Gently Sloping	Near Level	
DOT Traffic Count	NA	NA	NA	9,600	
Zoning	C-2	LC	RC	MR-NC	
Size (AC)	1.30	0.93	3.38	4.54	
Sales Price		\$110,500	\$850,000	\$550,000	
Sale Date	03/04/24	01/24/22	12/20/23	02/11/22	
Price/AC		\$118,817	\$251,479	\$121,145	
Level 1 - Transaction Adjustments					
Property Rights		0.00%	0.00%	0.00%	
Financing		\$0.00	\$0.00	\$0.00	
Conditions of Sale		\$0.00	\$0.00	\$8,751	
Adjusted Sales Price		\$110,500	\$850,000	\$558,751	
Market Adjustment	5.0%	10.84%	1.01%	10.57%	
Transaction Adjusted Price		\$122,479	\$858,564	\$617,837	
Transaction Adjusted Price / AC		\$131,698	\$254,013	\$136,087	
Level 2 -Physical Adjustments					
Location		0.00%	-20.00%	0.00%	
Topography		-5.00%	-5.00%	-5.00%	
Frontage/Access		0.00%	0.00%	-5.00%	
Utilities		0.00%	5.00%	0.00%	
Size		-0.93%	5.20%	8.10%	
Net Adjustment		-5.93%	-14.80%	-1.90%	
Indicated Value Per AC:		\$123,895	\$216,419	\$133,502	
Adjusted Range/AC		\$123,895	\$216,419	Standard Deviation/AC	\$41,538
Adjusted Mean		\$157,939		SD % of Mean	26.30%

Discussion of Adjustments, Level 1 - Transaction Adjustments

Property Rights: The property rights adjustment considers the bundle of rights included in real property. A lease, an easement, or a variety of issues may impact the bundle of rights transferred in a real estate transaction. All comparable sales utilized transferred the full bundle of rights included in the fee simple estate. As such, no adjustments were required for property rights.

Financing: The financing adjustment accounts for any non-market financing that affected the price of the property such as assumed assessed real estate taxes, seller paid points, concessions or favorable seller financing. All sales were cash sales or were financed on conventional terms, which is typical for the market. No adjustments were necessary.

Conditions of Sale: This adjustment considers unusual features of the transaction, such as whether the sale took place under open market conditions and whether the buyer and seller were both acting in their own best interest and not under undue duress to complete the transaction. Sales 1 and 2 were considered standard market transactions, and no adjustments were required. Sale 3 included a structure on the property that was given no value in the transaction. The cost to raze the building has been added to this sale.

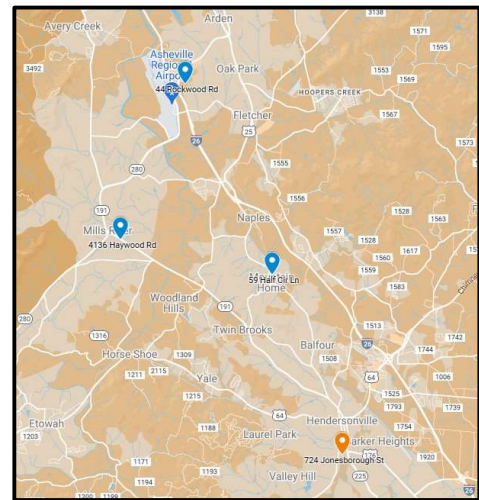
Market Adjustment: A market adjustment is required for all the sales before the other pertinent adjustments are applied to reflect inflationary trends in the local market. Different properties will tend to increase (or decrease) over time at different rates depending on specific location factors and a myriad of other variables. To determine an appropriate market adjustment, we examined land sales in the market area in recent years. The chart below highlights the change in the values for land sales in Henderson County.

Henderson County Land Sales (MLS)							
Year	# Sales	%Change	Mean Lot Value	%Change	Median Lot Value	%Change	DOM
2019	365		\$ 78,840		\$ 63,500		542
2020	429	18%	\$ 76,638	-3%	\$ 49,250	-22%	318
2021	577	34%	\$ 128,300	67%	\$ 70,000	42%	282
2022	471	-18%	\$ 123,992	-3%	\$ 61,500	-12%	176
2023	403	-14%	\$ 135,220	9%	\$ 85,000	38%	215
Current Active Listings:	511		Supply based on 2023 Sales Rate:		1.27	Years	

The information above was taken from the local MLS. Land sales have seen fluctuations in price yet have observed an overall increase in prices over the five-year analysis period. Considering this information, we have applied a 5% market adjustment to the comparable sales.

Level 2 - Physical Adjustments

Location: Location, in our opinion, is an important factor affecting property values for the subject’s property type. The map to the right shows the location of each of the comparable sales (blue pins) in relation to the subject property (orange pin). As discussed in the site analysis, the subject property is located on the south side of downtown Hendersonville. Sale 1 is on the north side of downtown Hendersonville and Sale 3 is in Mills River. These locations are considered overall equal to the subject, resulting in no adjustments. Sale 2 is located in the northern portion of Henderson County near Interstate 26 and Asheville Airport. The access to the interstate and the airport makes this property a superior commercial location, requiring a negative adjustment.



Topography: The subject property has a near level topography and is fully flood encumbered with the floodway or AE flood zone. All sales are near level or gently sloping; however, all of the sales have no flood encumbered area. Due to the lack of any flood encumbered area, all the sales are superior to the subject and received a negative adjustment.

Frontage/Access (Traffic Count): The subject property as well as Sales 1 and 2 have frontage on a secondary road that lacks a NC DOT traffic count. Sale 3 has frontage on a roadway with a 9,600 VPD traffic count. Additionally, the subject and all sales are considered to have standard access onto the property from the roadway. Therefore, Sales 1 and 2 are considered equal to the subject and did not receive adjustments. However, Sale 3 received a negative adjustment for its superior frontage.

Utilities: Sales 1 and 3 have access to public utilities similar to the subject. No adjustments are necessary for these sales. Sale 2 has access to public water yet cannot get access to public sewer per MSD. Therefore, this property is restricted to a septic system only. This restriction is inferior to the subject and resulted in a positive adjustment.

Size: Typically, smaller properties sell for higher unit prices than otherwise comparable larger properties. For this adjustment we deducted the size of the subject site from the size of each comparable site then applied an adjustment equal to 2.5% to the difference in sizes. Sale 1 received a negative adjustment for its smaller size, while Sales 2 and 3 received positive adjustments for their larger size.

Correlation

The above sales from within the marketplace have reflected a value range as follows:

Adjusted Range/AC	\$123,895	\$216,419
Adjusted Mean	\$157,939	

The sales required net adjustments ranging from negative 1.90% to negative 14.80%. All sales received net negative adjustments indicating they are overall superior to the subject due primarily to their location (Sale 2), topography (flood encumbrance), frontage/access (Sale 3), and size (Sale 1). With adjustments, these comparables bracket values within a reasonable range for the subject. While all the comparable sales used are a good indication of the market demand for this type of property, Sale 1 stood out as being most similar to the subject due to its proximity to downtown Hendersonville, frontage and similar size. This statement is supported by the fact that Sale 1 received the lowest net adjustment. Overall, the sales gathered are believed to represent the current market conditions and are representative of what an informed purchaser would pay.



Value Opinion

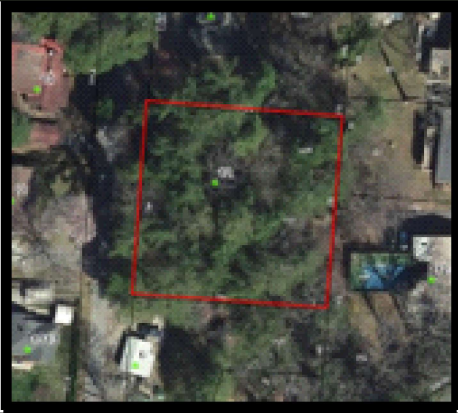
Recent sales indicate a reasonable market value range for the subject. The standard deviation measure shows how much variation or dispersion exists from the mean (average). A low standard deviation indicates the data points tend to be very close to the mean, while a high standard deviation indicates the data points are spread out over a large range of values. The indicated adjusted values have a 26.32% standard deviation from the mean which indicates some variability over the value range. Based on the information above and considering the similarities to Sale 1, we believe the per-acre market value for the commercial zoned site within the subject property is close to Sale 1, or \$125,000 per acre.

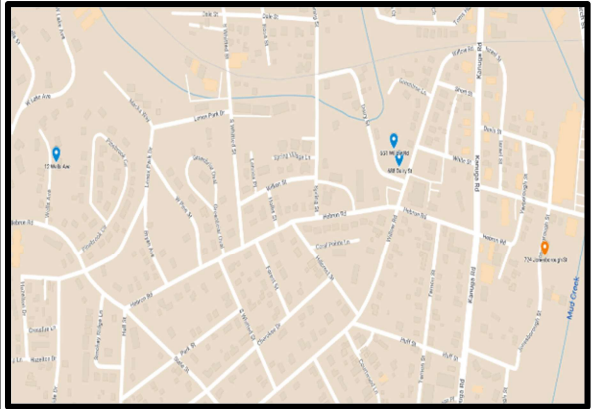
<i>Commercial Land by Sales Comparison Approach</i>					
1.30	AC	X	\$125,000	/ AC	= \$ 162,500
Market Value of Land the Comm Land (<i>Rounded</i>):					\$ 160,000

Sales Comparison Analysis for the Residential Excess Land (PIN 9568-73-6841, REID 105917)

Our research focused on the Henderson County market area. Detailed sales data sheets are included on the pages that follow.

Residential Land Sale Comparable #1		Residential Land Sale Comparable #2	
			
688 Dairy Street	Hendersonville	651 Willow Road Lot#2	Hendersonville
Grantee:	P2427 Holdings LLC	Grantee:	Bradley & Christa Hallmark
Grantor:	Todd Boettcher	Grantor:	Timothy Raymer
Book/Page	3944 / 688	Book/Page	4002 / 437
Purchase Price:	\$79,000	Purchase Price:	\$65,000
Purchase Date:	July 25, 2022	Purchase Date:	January 5, 2023
Zoning:	R - 15	Zoning:	R - 15
PIN:	9568-64-4885; REID 10011030	PIN:	9568-64-5905; REID 1006982
The sale was a standard market transaction. The buyer is a residential builder and purchased the property to build a SFR and then sell the SFR and property.		The sale was a standard market transaction. The buyer owns an adjoining parcel and intends to leave the lot vacant.	
Property Features		Property Features	
Location	Residential	Location	Residential
Size (AC)	0.51	Size (AC)	0.53
Shape	Irregular	Shape	Irregular
View	Residential	View	Residential
Utilities	All Public	Utilities	All Public
Topography	Gently Sloping	Topography	Gently Sloping
Miscellaneous Items	None	Miscellaneous Items	None

Residential Land Sale Comparable #3	
	
12 Wells Avenue	Hendersonville
Grantee:	Justin & Sonia Parkkonen
Grantor:	Multiple
Book/Page	4049 / 262
Purchase Price:	\$75,000
Purchase Date:	May 24, 2023
Zoning:	R - 15
PIN:	0697-00-38-1870
<p>The sale was a standard market transaction. The buyer purchased the property with the intent to build a SFR for owner occupancy.</p>	
Property Features	
Location	Residential
Size (AC)	0.51
Shape	Rectangular
View	Residential
Utilities	All Public
Topography	Gently Sloping
Miscellaneous Items	None

Map of Comparable Sales

<p>The map above shows the location of the comparable sales in relation to the subject property. The subject is the orange icon, while the comparable sales are indicated with a blue icon.</p>

Sales Analysis

The analysis of the individual sales, and their comparison to the Subject, will proceed in the similar two levels outlined in the commercial excess land analysis.

Units of Comparison

When comparing the sales to the subject property, we examined the value per acre of useable land. After inspection of the subject property and the comparable sales, the subject and each of the comparable sales were considered, for the most part, fully usable. As such, this method of analysis is considered to provide a reasonable method of comparison between the subject and comparable sales reflective of the methodology utilized by local market participants. A discussion of each adjustment follows the chart.

Analysis Chart Highway 221 - Land Sales							
Sale Number	Subject	Sale 1		Sale 2		Sale 3	
Address	724 & 732 Jonesborough St	688 Dairy Street		651 Willow Road Lot#2		12 Wells Avenue	
Sales Price			\$79,000		\$65,000		\$75,000
Date	03/04/24		07/25/22		01/05/23		05/24/23
Price/AC			\$154,902		\$122,642		\$147,059
Adjustments:		Description	Adjustment	Description	Adjustment	Description	Adjustment
Financing Concessions		Conventional	\$ -	Conventional	\$ -	Conventional	\$ -
Market Adjustment	5.00%	Increasing	8.18%	Increasing	5.83%	Increasing	3.88%
Sale and Market Adjusted Price			\$85,460		\$68,790		\$77,912
			\$167,568		\$129,793		\$152,769
Location	Residential/Busy Road	Residential	0%	Residential	0%	Residential	0%
Size (AC)	1.07	0.51	-20%	0.53	-20%	0.51	-20%
View	Residential	Residential	0%	Residential	0%	Residential	0%
Utilities	All Public	All Public	0%	All Public	0%	All Public	0%
Topography	Near Level	Gently Sloping	-5%	Gently Sloping	-5%	Gently Sloping	-5%
Miscellaneous Items	None	None	0%	None	0%	None	0%
Gross Adjustment			25.0%		25.0%		25.0%
Net Adjustment			-25.0%		-25.0%		-25.0%
Indicated Value:			\$125,676		\$97,345		\$114,577
		<u>Adjusted / AC</u>	<u>Unadjusted / AC</u>				
	Mean of Sales:	\$112,533	\$150,044				

Discussion of Adjustments, Level 1 - Transaction Adjustments

Financing Concessions: Each of the sales above were conventional transactions or were financed at terms considered to be market terms. Therefore, none of the sales received adjustments for financing concessions.

Market Adjustment: We examined residential and land sales within Henderson County in recent years. The charts below highlight the change in the volume of sales as well as the mean and median values for residential property and land sales in Henderson County.

Henderson County SF Residential Sales (MLS)							
Year	# Sales	%Change	Mean Price	%Change	Median Price	%Change	DOM
2019	1,754		\$ 323,446		\$ 285,000		65
2020	1,996	14%	\$ 372,733	15%	\$ 325,000	14%	72
2021	2,160	8%	\$ 422,943	13%	\$ 360,000	11%	36
2022	1,978	-8%	\$ 462,422	9%	\$ 405,000	13%	27
2023	1,773	-10%	\$ 504,000	9%	\$ 420,000	4%	48
Current Active Listings:		501	Supply based on 2023 Sales Rate:		0.28	Years	
Henderson County Land Sales (MLS)							
Year	# Sales	%Change	Mean Lot Value	%Change	Median Lot Value	%Change	DOM
2019	365		\$ 78,840		\$ 63,500		542
2020	429	18%	\$ 76,638	-3%	\$ 49,250	-22%	318
2021	577	34%	\$ 128,300	67%	\$ 70,000	42%	282
2022	471	-18%	\$ 123,992	-3%	\$ 61,500	-12%	176
2023	404	-14%	\$ 135,220	9%	\$ 85,000	38%	215
Current Active Listings:		524	Supply based on 2023 Sales Rate:		1.30	Years	

The information above was taken from the local MLS. Residential sales in Henderson County experienced a steady increase in volume of sales between 2019 to 2021, and then a reduction in sales in the back-to-back years of 2022 and 2023. The land sales within the county observed a similar trend over the same period. The mean and median residential sale prices have continuously increased throughout the analysis period while the land sales have observed a fluctuation during the analysis period. Considering the increases in residential and land values in recent years and the dates of the comparable sales, we have applied a 5% market adjustment to the comparable sales.

Location: Location is a critical factor in the valuation of real estate. The map shown previously, with the comparable sales, displays the location of the comparable sales in relation to the subject property. The subject and all sales considered to have similar locations in residential or mixed-use areas and within close proximity to Hendersonville CBD. Therefore, no adjustments were required.

Size: Typically, smaller sites sell for higher unit prices than otherwise comparable larger sites. To determine an appropriate adjustment, we examined land sales in Henderson County over the past year. The table to the right shows our results. There were 80 sales of lots in the 0 – 0.5 AC size range over the past two years while there were 201 sales of lots in the 0.51 – 1 AC size range over the same period. The mean per acre value for the larger lots was 56% less than the smaller lots while the median per acre value for the larger lots was 62% less than the smaller lots. As items other than size may contribute to the value difference, we have used a modest 20% adjustment for all sales considering their smaller size.

Size Adjustment	Mean \$/AC	Diff.	Median \$/AC	Diff.
0 - 0.5 AC	\$232,870		\$178,795	
0.51 - 1.0 AC	\$101,651	56%	\$67,416	62%

The table to the right shows our results. There were 80 sales of lots in the 0 – 0.5 AC size range over the past two years while there were 201 sales of lots in the 0.51 – 1 AC size range over the same period. The mean per acre value for the larger lots was 56% less than the smaller lots while the median per acre value for the larger lots was 62% less than the smaller lots. As items other than size may contribute to the value difference, we have used a modest 20% adjustment for all sales considering their smaller size.

View: Because of the residential nature of the highest and best use of the residential excess land parcel within the subject property, a separate analysis for view is appropriate. The location of the subject property and all sales are predominantly residential areas with similar residential views, resulting in no adjustment.

Utilities: The subject along with all sales have access to public water and sewer. As a result, no adjustment was necessary.

Topography: The subject property has a near level topography. Additionally, the site is flood encumbered. All sales have gently sloping topography and are not flood encumbered. Considering the flood encumbered status of the subject site, all comparable sales are overall superior to the subject; therefore, a negative adjustment was applied.

Miscellaneous Items: The subject and all sales did not include any miscellaneous items. Therefore, no adjustment was necessary.

Value Opinion

A potential buyer for the subject property would consider the comparable sales as reasonable alternative properties. The sales adjustment grid shows the relative adjustments made to each of the comparables in comparing them with the subject. The array of sales provides a good indication of where the value of the property should fall.

After adjustments, the above sales from within the marketplace have reflected a value range as follows:

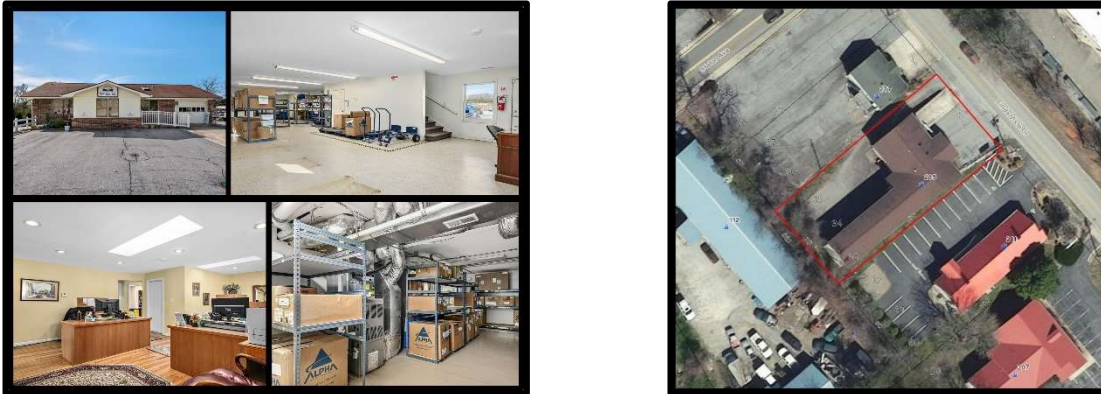
<i>Range</i>	\$97,345	\$125,676
<i>Mean</i>	\$112,533	

All sales required a net adjustment of negative 25%. All sales received net negative adjustments, indicating they are overall superior to the subject, largely due to not being flood encumbered and their smaller size. With adjustments, these comparable sales indicate values within a reasonable range for the subject property. While all the comparable sales used are a good indication of the market demand for this type of property, no one sale stood out as being most similar to the subject. Overall, the sales gathered are believed to represent the current market conditions and are representative of what an informed purchaser would pay. The subject site is considered inferior to all of the sales primarily due to its being fully flood encumbered. Based on this information, we believe the 'As Is' market value of the subject property is close to the mean of the range or rounded to \$110,000 per acre. Based on our research, this value is reasonable and supported by the market. As such, the market value of the residential zoned site "As Is" is as follows:

<i>Market Value of the Residential Excess land</i>					
1.07	Acre	X	\$110,000	/ AC	= \$117,700
			Opinion of Market Value		\$117,700
			<i>Rounded</i>		\$118,000

Sales Comparison Analysis for the Improved Parcels (PIN 9568-74-7012, REID 9944647 & PIN 9568-73-6975, REID 116726) that includes the multi-tenant commercial/industrial building.

Improved Sale No. 1



Identification

Address	215 Linda Vista Drive	PIN	PIN 9579-04-9486, REID 105767
City	Hendersonville	State	North Carolina
County	Henderson	Zip Code	28792
Comments	Located along a secondary commercial roadway and approximately 0.2 miles from Four Seasons Blvd.		

Transaction

Seller	Linda Vista Enterprises, LLC	Date of Sale	05-30-2023
Buyer	I LOVE 828, LLC	Sale Price	\$572,000
Book/Page	4050 / 321	Financing Terms	Typical
Rights Conveyed	Fee Simple	Conditions of Sale	Typical
Verified With	Paula Marzella, Broker	Data Source	MLS, Public Records
Verified By	Lynn Carmichael	Assessed Imp. %	80%
Days on Market	147	Exp. After Sale	\$0
Comments	Standard arm's length transaction. The buyer intends to operate their real estate business inside the facility.		

Site

Land Acres	0.24000	Topography	Gently Sloping
Frontage	Secondary Commercial	Zoning	Local Commercial (LC)
DOT Traffic Count	NA	Flood Plain	No
Shape	Rectangular	Encumbrances	None to my knowledge
Utilities	All Public	Environ. Issues	Unknown
Comments	The parcel is rectangular in shape with a slightly sloping topography. The grade is highest near Linda Vista Drive and slopes downward further away from the roadway.		

Improvements

Construction Class	C - Masonry	Current Use	Office/Industrial
Construction Quality	Average	GBA	6,153
Const. Description	Masonry	Rentable Area	6,153
Building Condition	Average	No. of Units	1
Year Built	1966	Land /Bldg. Ratio	1.70
Building Age	57	Est. Eff. Age	25
Comments	The building includes 3,351 SF (54.5%) on the main level and 2,802 SF (45.5%) finished space on the basement level.		

Financial Data

Price Per SF	\$92.96	NOI	NA
Comments	The property was owner occupied at the time of the sale and therefore income information was not available.		

Improved Sale No. 2



Identification

Address	726 1st Avenue W	PIN	9568-56-5713; REID 106559
City	Hendersonville	State	North Carolina
County	Henderson	Zip Code	28739
Comments	The property is located west of the downtown core of Hendersonville in a mixed-use area.		

Transaction

Seller	Betty R Johnson	Date of Sale	02-15-2023
Buyer	Lighten the Attic, LLC	Sale Price	\$215,000
Book/Page	4013/639	Financing Terms	Conventional
Rights Conveyed	Fee Simple	Conditions of Sale	Typical
Verified With	Broker, Christy Linhart	Data Source	MLS, public records, broker
Verified By	Lynn Carmichael	Assessed Imp. %	29%
Days on Market	7	Exp. After Sale	\$0
Comments	Standard market transaction. The property was vacant at the time of the sale and purchased for owner occupancy for storage for an estate sale company.		

Site

Land Acres	0.31000	Topography	Near Level
Frontage	Spring Street	Zoning	C-4
DOT Traffic Count	NA	Flood Plain	No
Shape	L-Shaped	Encumbrances	None to my knowledge
Utilities	Public	Environ. Issues	No
Comments	The site is overall near level and has clear visibility from 1st Avenue.		

Improvements

Construction Class	C - Masonry	Current Use	Office/Retail
Construction Quality	Below Average	GBA	1,440
Const. Description	Masonry Block	Rentable Area	1,440
Building Condition	Below Average	No. of Units	1
Year Built	1961	Land /Bldg. Ratio	9.38
Building Age	62	Est. Eff. Age	40
Comments	The building appears to be below average in quality due to its lack of central heating and cooling, as well as below average condition. The interior included dated carpet flooring, painted ceilings with fluorescent lighting and painted block walls. A restroom and storage area are located to the rear of an open retail area.		

Financial Data

Price Per SF	\$149.31	NOI	NA
Comments	As the property was vacant at the time of the sale, income information is not available.		

Improved Sale No. 3



Identification

Address	550 Fleming Street	PIN	9568-68-2900, REID:114460
City	Hendersonville	State	North Carolina
County	Henderson	Zip Code	28739
Comments	The property is located in a commercial area just west of the central business district.		

Transaction

Seller	Sandra Warlick and Ellen White	Date of Sale	07-26-2023
Buyer	MEYA, LLC	Sale Price	\$300,000
Book/Page	4069/189	Financing Terms	Conventional
Rights Conveyed	Fee Simple	Conditions of Sale	Typical
Verified With	Tracy Graham, Broker	Data Source	MLS, Public Records
Verified By	Lynn Carmichael	Assessed Imp. %	64%
Days on Market	378	Exp. After Sale	\$0
Comments	The sale was a standard market transaction. The property was vacant at the time of the sale and purchased for owner occupancy.		

Site

Land Acres	0.17000	Topography	Near Level
Frontage	Secondary Commercial	Zoning	Commercial
DOT Traffic Count	NA	Flood Plain	No
Shape	Almost Rectangular	Encumbrances	None to my knowledge
Utilities	All Public	Environ. Issues	No
Comments	The property has clear visibility from Fleming Street. Onsite parking is available to the front of the structure.		

Improvements

Construction Class	C - Masonry	Current Use	Office
Construction Quality	Average	GBA	1,700
Const. Description	Masonry Building	Rentable Area	1,700
Building Condition	Average	No. of Units	1
Year Built	1940	Land /Bldg. Ratio	4.36
Building Age	84	Est. Eff. Age	25
Comments	The building is of average quality for an office in the local area. Interior walls are painted gypsum board, flooring is carpet or laminate while lighting is typically florescent. The building has a roughly 1,000 SF unfinished basement that is partially below grade. The basement level has not been included in the square footage.		

Financial Data

Price Per SF	\$176.47	NOI	NA
Comments	As the property was not leased at the time of the sale, no income data is available.		

Improved Sales Analysis.

The analysis of the individual sales, and their comparison to the Subject, will proceed in the same two levels outlined in the previous sections.

Units of Comparison

After inspection of the subject property and the comparable sales, the subject and each of the comparable sales were considered, for the most part, functional in design and fully usable. As such, this method of analysis is considered to provide a reasonable method of comparison between the subject and comparable sales reflective of the methodology utilized by local market participants. A discussion of each adjustment follows the chart.

Comparable Sales Analysis Chart "As Is"				
Sale Number	Subject	1	2	3
Address	724 & 732 Jonesborough St	215 Linda Vista Drive	726 1st Avenue W	550 Fleming Street
City/County	Hendersonville/Henderson	Hendersonville, Henderson	Hendersonville, Henderson	Hendersonville, Henderson
NC DOT Traffic Count	NA	NA	NA	NA
Land/Building Ratio	5.69	1.70	9.38	4.36
Quality	Average, Masonry	Average, Masonry	Average, Below Masonry	Average, Masonry
Age/Condition	47 / Average	57/Average	62/ Below Average	84/Average
Size (S.F.)	5,306	6,153	1,440	1,700
Sales Price		\$572,000	\$215,000	\$300,000
Sale Date	03/04/24	05/30/23	02/15/23	07/26/23
Price/S.F.		\$92.96	\$149.31	\$176.47
Level 1 - Transaction Adjustments				
Property Rights		0.00%	0.00%	0.00%
Financing		\$0.00	\$0.00	\$0.00
Conditions of Sale		\$0.00	\$0.00	\$0.00
Adjusted Sales Price		\$572,000	\$215,000	\$300,000
Market Adjustment	5.0%	3.80%	5.25%	3.01%
Transaction Adjusted Price		\$593,735	\$226,294	\$309,036
Transaction Adjusted Price / SF		\$96.50	\$157.15	\$181.79
Level 2 -Physical Adjustments				
Location		-5.00%	-15.00%	-15.00%
Land/Building Ratio		2.00%	-1.84%	0.67%
Frontage/Access		0.00%	0.00%	0.00%
Quality		4.55%	10.00%	-10.00%
Age/Condition		1.61%	2.03%	1.28%
Size		0.85%	-3.87%	-3.61%
Net Adjustment		4.00%	-8.68%	-26.66%
Indicated Value PSF:		\$100.36	\$143.51	\$133.33
Adjusted Range	\$100.36	\$143.51	Standard Deviation	\$18.41
Adjusted Mean	\$125.73		SD % of Mean	14.65%

Level 1 - Transaction Adjustments

Property Rights: The property rights adjustment considers the bundle of rights included in real property. A lease, an easement, or a variety of issues may impact the bundle of rights transferred in a real estate transaction. The subject property was 100% occupied (both commercial units) at the time of the inspection. All sales were similarly occupied resulting in no adjustment for property rights.

Financing: The financing adjustment accounts for any non-market financing that affected the price of the property such as assumed assessed real estate taxes, seller paid points, concessions, or favorable seller financing. All sales were all cash sales or were financed on conventional terms, which is typical for the market. No adjustments were necessary.

Conditions of Sale: This adjustment considers unusual features of the transaction, such as whether or not the sale took place under open market conditions and whether the buyer and seller were both acting in their own best interest and not under undue duress to complete the transaction. All sales in this analysis were considered standard market transactions with no unusual features of the transaction, thus no adjustments are required.

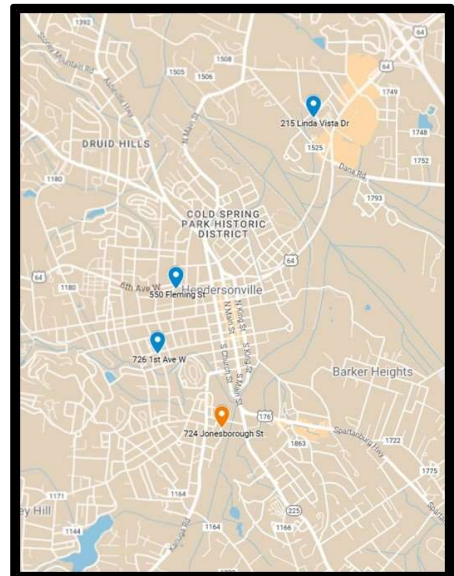
Market Adjustment: We examined commercial sales within Henderson County in recent years. The chart below highlights the change in the volume of sales as well as the mean and median values for commercial property sales in Henderson County.

Henderson County Commercial Sales (MLS)							
Year	# Sales	%Change	Mean Price	%Change	Median Price	%Change	DOM
2019	49		\$ 483,829		\$ 338,888		195
2020	41	-16%	\$ 592,858	23%	\$ 355,000	5%	250
2021	65	59%	\$ 1,100,366	86%	\$ 617,000	74%	219
2022	53	-18%	\$ 743,150	-32%	\$ 500,000	-19%	306
2023	40	-25%	\$ 797,892	7%	\$ 572,000	14%	232
Current Active Listings:	47	Supply based on 2023 Sales Rate:		1.18	Years		

Considering the dates of the comparable sales, a modest 5% prorated annual adjustment was applied to all sales.

Level 2 - Physical Adjustments

Location: As discussed in the site analysis, the subject property is located south of the central business district of the City of Hendersonville and fully encumbered within the floodway and the AE flood zone. The map to the right shows the location of the sales compared to the subject property. Sale 1 is located within an area similar to the subject as it is outside of the Hendersonville CBD on the north side of the city, yet Sale 1 is not located in a flood encumbered area making it slightly superior to the subject property. Sales 2 and 3 are located closer to the Hendersonville CBD and in close proximity to the hospital district, which is considered superior to the location of the subject. Additionally, Sales 2 and 3 lack any flood encumbered area. All three sales are considered superior to the flood encumbered location of the subject property making negative adjustments necessary.



Land to Building: The land to building ratio adjustment attempts to account for the available parking and expansion room on a tract. Sales 1 and 3 have a smaller land to building ratio resulting in a positive adjustment, while Sale 2 has a larger ratio and received a negative adjustment. To ensure consistency with the adjustment, we subtracted the ratio of the comparable sale from the ratio of the subject then multiplied the difference by a contributory factor of 0.5%.

Frontage/Access: The subject property and all sales have frontage on a secondary commercial roadway that lacks a NCDOT traffic count. Frontage on a roadway with a high traffic count increases the visibility for a property which is an important factor for commercial properties. Additionally, the subject and all sales have standard access onto the property. As a result, no adjustments were necessary for all sales.

Quality: Quality of construction is also believed to play a role in the price a property commands in the market. The subject property is average quality for a multi-tenant commercial building in the area. Quality encompasses many components such as the number of levels, type of exterior finish, and any additional features that set the property apart.

	Subject	Sale 1	Sale 2	Sale 3
Upper/Lower Space	0.00%	45.54%	0.00%	0.00%
<i>Adjustment</i>		4.55%	0.00%	0.00%
Interior Space	Mix	Mix	Mix	Finished
<i>Adjustment</i>		0.00%	0.00%	-5.00%
Exterior	Masonry	Masonry	Masonry	Masonry
<i>Adjustment</i>		0.00%	0.00%	0.00%
Miscellaneous Items	None	None	No HVAC	Basement
<i>Adjustment</i>		0.00%	10.00%	-5.00%
Total Quality Adjustment		4.55%	10.00%	-10.00%

In an effort to determine an appropriate quality adjustment, we compared the upper-level and lower-level space, interior space, exterior finish, and the miscellaneous items between the subject and the comparable sales. The chart above highlights our calculations.

The subject, along with Sales 2 and 3 are single level buildings. These sales are considered equal to the subject. However, Sale 1 includes a main level and a lower level (basement). The lower level of Sale 1 contains approximately 45% of the overall square footage. Upper or lower-level space will typically sell or lease for 10% to 20% less than main level space. To ensure consistency with the adjustment, we deducted the percentage of lower-level space in the subject from the percentage of lower-level space in the comparable sale then multiplied the difference by a contributory value of 10%. Sale 1 received a positive adjustment due to its greater amount of lower-level space.

The interior of the subject is a mix of finished and unfinished space. Sales 1 and 2 have a similar mix of finished and unfinished space. These sales are considered equal to the subject and did not receive an adjustment. However, Sale 3 is fully finished and is considered superior to the subject, resulting in a negative adjustment. Note, Sale 3 has an unfinished based that was not included in the square footage and therefore is not considered as part of this interior space analysis. The exterior of the subject building is of masonry construction similar to all of the sales. No adjustments were necessary for the exterior finish.

Finally, the subject along with Sale 1 includes no extra items that affect the value of these properties. Sale 2 does not have an HVAC system. This is inferior to the subject's space that is conditioned. A positive adjustment has been applied to Sale 2. Sale 3 includes an unfinished basement space that has not been included in the gross building area thus is considered an amenity for the property. This miscellaneous item is superior to the subject and therefore resulted in a negative adjustment. The individual adjustments have been added together to determine the overall quality adjustment for each sale. The chart above highlights our calculations.

Age/Condition: The age or condition of a building at the time of sale is believed to affect its desirability in the market. The subject is 47 years old and has been adequately maintained, thus is in average condition with an effective age of approximately 23 years. Based on a visual inspection

	Subject	Sale 1	Sale 2	Sale 3
Age	47	57	62	84
Effective Age/Condition	23	25	30	25
REL	27	25	20	25
REL +/- Subject		2	7	2
Gross Adjustment		2.00%	7.00%	2.00%
Improvement % of Assessed Value		80.38%	29.00%	64.00%
Improvements Exclusively		1.61%	2.03%	1.28%

of the comparable sales and discussions with the brokers involved in the transactions, an effective age was estimated for each sale. The effective age was subtracted from the 50 years of anticipated economic life for similar properties to determine the remaining economic life (REL) of the sale. The REL of the comparable sale was deducted from the REL of the subject property to determine the difference. Given an economic age of 50 years, the properties depreciate 2.0% (100%/50) annually if a true straight-line depreciation is used; however, with ongoing maintenance, real estate typically realizes slower depreciation. As such, we have used an adjustment equal to roughly half of the straight-line depreciation rate or 1% per year of remaining economic life +/- compared to the subject. The difference in the remaining economic life was multiplied by the annual depreciation rate of 1% to determine a gross adjustment; however, only the improvements depreciate, not the land. For each sale we examined the assessed value to determine the percentage applicable to the improvements exclusively then applied the same percentage to the gross adjustment to determine the age/condition adjustment specific to the improvements exclusively on the property. The chart above highlights our calculations.

Size: Typically, smaller properties sell for higher unit prices than otherwise comparable larger properties. To ensure consistency with this adjustment, we used a value of 0.001% for every difference in the square footage between the subject and the comparable. Sale 1 received a positive adjustment for its larger size while Sales 2 and 3 received negative adjustments for their smaller sizes.

Correlation

We have analyzed the comparable sales data and utilized various techniques in the adjustment grid to determine quantitative or qualitative adjustments. Similar properties are bought and sold regularly in the local market. Buyers of these properties are either investors looking to maximize the income stream or businesspeople looking to own and occupy the property. All improved sales utilized in the sales comparison approach were standard market transactions with the buyer and seller both acting in their own best interest. In each instance, if the sale is to be useful for comparison purposes, it must be dissected into various components. All the mathematical quantitative adjustments and qualitative analysis we completed reflect the reactions of market participants. A potential buyer for the subject property would consider the comparable sales as reasonable alternative properties. The sales adjustment grid shows the relative adjustments made to each of the comparables in comparing them with the subject. The array of sales provides a good indication of where the value of the property should fall on a price PSF basis.

Value Opinion

The above sales from within the marketplace have reflected a value range as follows:

Adjusted Range	\$100.36	\$143.51
Adjusted Mean	\$125.73	

All sales are in the Henderson County market area and were purchased for commercial use. The sales required net adjustments ranging from -26.66% to 4.00%. Sale 1 required net positive adjustment indicating that it is overall inferior to the subject primarily due to the land/building ratio, quality, age/condition, and size. Sales 2 and 3 required net negative adjustments indicating they are overall superior to the subject primarily due to the superior locations, higher land to building ratio (sale 2), quality (Sale3), and size. All the comparable sales used are a good indication of the market demand for this type of property and bracket a reasonable market value range for the subject. While all the comparable sales used are a good indication of the market demand for this type of property, Sale 1 stood out as being the best comparable sale available due to its similar proximity to Hendersonville CBD and size of the improvements. All sales are recent commercial use buildings. Overall, the sales gathered are believed to represent the current market conditions and are representative of what an informed purchaser would pay.

Recent sales indicate a reasonable market value for the subject. Considering the subject is fully flood encumbered and the similarities to Sale 1, a value between Sale 1 and the mean of the value range, or rounded to \$120.00 PSF, is considered reasonable and supported by the market.

The standard deviation measure shows how much variation or dispersion exists from the mean (average). The percentage of the standard deviation from the mean allows us to analyze different units of measurement to determine the most reliable measurement analysis. A low standard deviation indicates the data points tend to be very close to the mean; high standard deviation indicates the data points are spread out over a large range of values which tends to be less reliable. The indicated adjusted values have a 14.61% standard deviation from the mean which indicates the value is reliable. The table below indicates the market value of the subject property using a market indicated value of \$120.00 PSF.

Market Value "As Is"	
5,306 SF X \$120.00 PSF = \$	636,720
Plus the Value of the Utility Storage Bldg:	\$ 8,000
Plus the Value of the Commercial Land:	\$ 160,000
Plus the Value of the Residential Land:	\$ 118,000
Plus the Value of the Storage Units:	\$ 180,029
Market Value of the Leased Fee Estate:	\$ 1,102,749
Market Value Rounded:	\$ 1,100,000

Plus, Value of the Various Components of the Subject Property

The value of the Utility Storage Building determined earlier in the Cost Approach as well as the values of the excess land determined in the Sales Comparison Approach and the value of the storage units determined in the Income Approach has been added to the value of the commercial building to determine the total value of the subject property combined.

INCOME APPROACH

Commercial properties within the subject’s market are frequently purchased by investors for the earnings the property can produce. An essential investment premise is that the higher the earnings are, the higher the value. Essentially, an investor purchasing income-producing real estate is trading present dollars for the right to receive future dollars. The future benefits of owning an interest in income-producing property include the right to receive all profits accruing to the property during the ownership period plus the proceeds from resale.

The Income Approach is based on the principles of Anticipation and Change. Anticipation is defined as "The perception that value is created by the expectation of benefits to be derived in the future."⁷ Change is defined as "The result of the cause-and-effect relationship among the forces that influence real property value."⁸ Since buyers of income producing properties are buying an "income stream", as much as the physical property, the appraiser must estimate and project an income stream that can be quantified and measured. A value can then be attached to that projected income stream.

Commercial properties within the subject’s market are frequently purchased by investors for the earnings the property is capable of producing. There are two methods used to convert the income stream into an opinion of value: Direct Capitalization and Yield Capitalization. Direct Capitalization is "A method used to convert a single year's income expectancy into a value indication. This conversion is accomplished in one step, either by dividing the net operating income estimate by an appropriate income rate or by multiplying the income estimate by an appropriate factor."⁹ Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year's income is used. Yield and value change are implied but not explicitly identified. Yield Capitalization is "used to convert explicit future economic benefits into an indication of present value by applying an appropriate discount rate."¹⁰ When an income producing property is existing and has been stabilized, so that the current year's economic performance is at a level that is typical of a stable real estate market for that kind of property, the Direct Capitalization Method is most appropriate. The Yield Capitalization method is most appropriate when the property is not stabilized, has a variable income stream or there is a sell-out period involved with the property.

Method Used

On the date of the inspection, the subject property was 100% tenant occupied with the exception of one storage unit that was owner occupied. As the property is 100% occupied, it is therefore stabilized. As such, the direct capitalization method was used.

Subject Rental Operating Data

We were provided copies of all active leases and a copy of the 2023 Profit and Loss Statement for the subject property. Copies of the appropriate pages of the leases provided by the owner are included in the addenda of this report. Details regarding the lease are included in the table below.

724 Jonesborough Street							
Tenant	SF	Commence	End	Remaining Yrs.	Escalation	Renewals Remaining	Landlord Expenses
Dogs in Suds	3,256	Mar-23	Feb-26	2.0	3.5%	NA	MM,PT, Ins, W/S
Stump Farms	2,050	Aug-22	Aug-27	3.5	NA	1 X 3 Yrs.	MM,PT, Ins, W/S
Tenant	SF	Monthly Lease Rate	Lease PSF	Lease Type	Expenses PSF	TN Equal PSF	TN Equal Annually
Dogs in Suds	3,256	\$2,390	\$8.81	Modified Net	-\$1.90	\$6.91	\$22,502
Stump Farms	2,050	\$1,660	\$9.72	Modified Net	-\$1.90	\$7.82	\$16,030

⁷ The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020) Page 22.
⁸ The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020) Page 23.
⁹ The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020) Page 459.
¹⁰ The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020) Page 475.

The amounts shown in the "Annual Cost" column are the expenses taken from the 2023 P&L statement except for the property tax which shows the actual 2023 tax expense. The leases indicate the property tax and insurance for the property are included in the lease rate. Additionally, the landlord pays the electric expense yet collects a pass-through amount of \$250 monthly from each tenant totaling \$6,000

Expense	Annual Cost	Pass Thru	LL Cost	\$ PLSF
Property Tax	\$ 2,327	\$ -	\$ 2,327	\$ 0.36
Insurance	\$ 5,306	\$ -	\$ 5,306	\$ 0.83
Single Net Expenses	\$ 13,185			\$ 1.19
Electric	\$ 7,514	\$ 6,000	\$ 1,514	\$ 0.24
Water/Sewer	\$ 3,007	\$ 540	\$ 2,467	\$ 0.46
Modified Net Total Expenses				\$ 1.90

annually in pass through expense reimbursement for the electric. The landlord collects a pass-through amount of \$45.00 monthly or \$540 annually from the Stump Farms tenant for the water/sewer usage that exceeds the prior billing date amount. The table above shows the expenses included in the modified net lease arrangement as well as the pass-through fee collected for each expense (Pass Thru), the net cost to the landlord (LL Cost) and the ultimate cost per leasable SF (\$ PLSF) for each expense. The cost per leasable SF is the cost paid by the landlord and included in the contract lease rate. The cost per leasable SF for the Property Tax, Insurance and Electric expenses were calculated based on 6,401 SF which includes the commercial/industrial building as well as the storage units while the cost PLSF for the Water/Sewer expense was calculated using the 5,306 SF in the commercial/industrial building only as the storage units do not have plumbing.

The 2023 Profit and Loss Statement does include some maintenance expenses; however, we assume these items fall under a "Reserves" expense which is included in a triple net lease arrangement. After the modified net expenses have been deducted from the contract rent, the triple net equivalent lease rates for the commercial units within the subject property range from \$6.91 PLSF to \$7.82 PLSF.

Potential Gross Income (PGI)

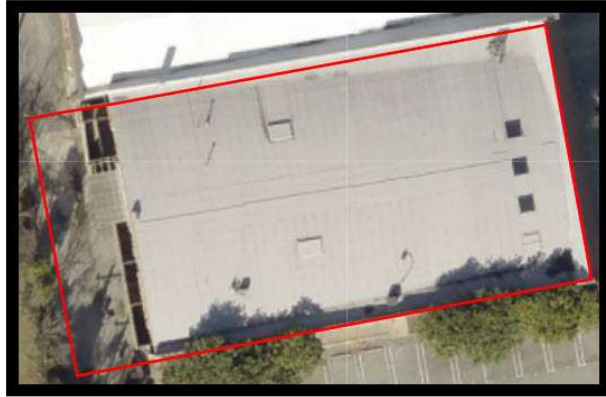
The potential gross income is "the total potential income attributable to real property at full occupancy before vacancy and operating expenses are deducted."¹¹ It is based on the market rental rate as dictated by comparable rental data. The PGI is calculated by multiplying the rentable area by the appropriate market rental rate per square foot.

Market Rental Data

A search of the regional market was conducted to find rentals of similar properties to estimate an appropriate market rental rate which could be applied to the subject. The following pages outline leases of other commercial/warehouse units that were taken from the local market and are considered to be a good indicator of the market rent level the subject could expect.

¹¹ The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020) Page 424.

Lease Comparable No. 1



Transaction

Address	125 S Main Street	Lease Date	04-17-2023
City	Hendersonville	Term (months)	60
State	North Carolina	Lease Type	Triple Net
PIN	9568-87-0047; REID 1010462	Current Rate(\$/SF)	\$11.37
		Monthly Rate	\$6,591.76
Tenant	The Main Event WNC LLC	Annual Rate	\$79,101
Landlord	TJF ENTERPRISES LLC A NC LL COMPANY	Escalations	3% Annually
		Renewals	1 X 5 Years
		Expenses in Lease Rate	\$.00
		Triple Net Equal Rate	\$11.37
Remarks	Typical triple net lease for the area. The broker also provided the taxes and insurance cost to the tenant, which is \$2.52 PSF. No landlord concessions.		

Leased Space

Property Use	Retail (Event Space)	Year Built	1915
Leased SF	6,957	Building Age	108
Assessed Imp. %	31.0%	Building Condition	Average
Traffic Count	NA	Construc. Quality	Average
Property Remarks	The broker involved confirmed the unit was in average condition on the date of the lease transaction and the space was fully conditioned. The configuration was primarily an open retail space with exposed brick walls and roof truss ceiling, with wood floors. While the tenant performed upfit the landlord provided no TI allowance.		

Verification / Remarks

Verified With	Broker, Andrew Riddle	Verified By	Lynn Carmichael
Lease Remarks	The property is located within the downtown core of Hendersonville. While the property lacks an NCDOT traffic count, it experiences pedestrian traffic.		

Lease Comparable No. 2



Transaction

Address	330 7th Avenue E	Lease Date	08-01-2021
City	Hendersonville	Term (months)	64
State	North Carolina	Lease Type	Mod. Gross
PIN	PIN 9568-89-6450, REID 107719	Current Rate(\$/SF)	\$10.01
Tenant	Wilmot	Monthly Rate	\$3,037.46
Landlord	330 NC Holdings, LLC	Annual Rate	\$36,450
		Escalations	3% per year starting in 2024
		Renewals	NA
		Expenses in Lease Rate	\$0.89
		Triple Net Equal Rate	\$9.12
Remarks	The lease rate escalates on January 1 st of each year starting in the year 2023. The current lease rate (2024) is \$10.01 PSF (\$36,450 annually). Standard single net lease where the landlord is responsible for management fees, reserves, property insurance and property taxes, while the tenant pays for utilities. The single net expenses paid by the landlord are estimated at \$0.89 PSF resulting in triple net equivalent of \$9.12 PSF.		

Leased Space

Property Use	Retail	Year Built	1947
Leased SF	3,640	Building Age	74
Assessed Imp. %	86.3%	Building Condition	Average
Traffic Count	3,700	Construc. Quality	Average
Property Remarks	A masonry building with common walls on two sides. Glass store front facing 7th Avenue.		

Verification / Remarks

Verified With	Andrew Riddle, Broker	Verified By	Lynn Carmichael
Lease Remarks	Located near the intersection between 7th Ave (3,700 VPD), Martin Luther King Jr. Blvd (13,000 VPD), and N Grove St. (no traffic count).		

Lease Comparable No. 1



Transaction

Address	271 Old Barn Road	Lease Date	11-01-2022
City	Hendersonville	Term (months)	24
State	North Carolina	Lease Type	Single Net
PIN	PIN: 9579-18-5855, REID: 1008109	Current Rate(\$/SF)	\$6.37
Tenant	Heartwood Refuge	Monthly Rate	\$1,049.99
Landlord	Old Barn Road LLC	Annual Rate	\$12,600
		Escalations	\$100 more per month in Yr. 2
		Renewals	None
		Expenses in Lease Rate	\$1.85
		Triple Net Equal Rate	\$4.52
Remarks	A typical single net lease where the landlord is responsible for taxes and insurance, while the tenant pays for utilities. The single net rate for year two equates to \$6.37 PSF (\$12,600 annually). The single net expenses are estimated to be \$3,667 annually, which equates to \$1.85 PSF (\$3,667 / 1,978 SF). Therefore, the triple net equivalent is \$5.44.		

Leased Space

Property Use	Office/Industrial	Year Built	2002
Leased SF	1,978	Building Age	20
Assessed Imp. %	74.6%	Building Condition	Average
Traffic Count	NA	Construc. Quality	Average
Property Remarks	Wood constructed building with stone/masonry accents. The interior has stained concrete floors in the main retail space and standard finished concrete floors in the warehouse/industrial space. Approximately 5,176 SF (88%) of the facility is finished office/retail space.		

Verification / Remarks

Verified With	Carla Barnard, Broker	Verified By	Lynn Carmichael
Lease Remarks	The property address is on Old Barn Road, which does not have an NCDOT recorded traffic count. However, the property also has frontage on Brevard Road (13,000 VPD) and South Rugby Road (4,000 VPD).		

Rent Comparison Grid - Retail Building				
Property	Subject	Lease 1	Lease 2	Lease 3
Town	Hendersonville	Hendersonville	Hendersonville	Hendersonville
Street	724 & 732 Jonesborough St	125 S Main Street	330 7th Avenue	271 Old Barn Road
Frontage/Access	NA	NA	3,700	NA
Age/Condition	47 / Average	108/Average	74/Average	20/ Average
Size (Mean Unit Size)	2,653	6,957	3,640	1,978
Lease Date		April-23	August-21	November-22
Annual Lease Rate		\$79,101	\$36,450	\$12,600
Rate PLSF		\$11.37	\$10.01	\$6.37
Level 1 - Transaction Adjustments				
Type of Lease		Triple Net	Single Net	Single Net
Adjustment		\$0.00	-\$0.89	-\$1.85
Adjusted Lease Rate		\$11.37	\$9.12	\$4.52
Conditions of Lease		Standard	Standard	Standard
Adjustment		\$0.00	\$0.00	\$0.00
Adjusted Lease Rate		\$11.37	\$9.12	\$4.52
Market Conditions	0.0%	0.00%	0.00%	0.00%
Adjusted Lease Rate		\$11.37	\$9.12	\$4.52
Lease Term		5 Years	5 Years & 4 Months	2 Years
Adjustment		0.00%	0.00%	0.00%
Level 1 Adjusted Lease Rate		\$11.37	\$9.12	\$4.52
Level 2 -Property Adjustments				
Location		-10.00%	-10.00%	20.00%
Frontage/Access		-5.00%	-5.00%	-5.00%
Quality		0.00%	0.00%	5.00%
Age/Condition		0.62%	1.73%	-9.70%
Size		4.30%	0.99%	-0.68%
Level 2 Aggregated Adjustment		-10.08%	-12.29%	9.63%
Adjusted Lease Rate		\$10.22	\$8.00	\$4.96
	Adjusted Range	\$4.96	Standard Deviation	\$2.16
		\$10.22	SD % of Mean	27.95%
	Adjusted Mean	\$7.73		

Discussion of Adjustments

Level 1 - Transaction Adjustments

Type of Lease: Leases vary from a "Gross Lease" where the tenant pays a flat fee that includes all expenses to a "Modified Gross" or "Modified Net" lease where the expenses are split between the tenant and the landlord to an "Absolute Net" lease where all expenses are paid by the tenant. Lease 1 is a triplet net lease in which the tenant pays the utilities, taxes, insurance and maintenance while the landlord pays for structural repairs only.¹² No adjustment was necessary. Leases 2 and 3 were single net leases. The value of the single net expenses was estimated and then deducted from the lease rates.

Conditions of Lease: This factor involves items in a lease such as free rent concessions, tenant improvements paid for by the landlord beyond what the market dictates, or other considerations to induce either the tenant or landlord to sign the lease. All leases were standard leases with no marketing concessions and no atypical provisions in the leases were found; therefore, no adjustments were necessary.

Market Adjustment: This adjustment reflects changes in the market during the time between the effective date of the appraisal and the time of the lease of the comparables. All leases have appropriate market escalations built into the lease; therefore, no further adjustments were necessary.

¹² The Appraisal of Real Estate, 14th ed. (Chicago: Appraisal Institute, 2013) Page 445.

Lease Term: A lease term that extends for a longer time than the typical lease in the market will often have a negative impact on value as a new owner would be unable to modify the lease structure to conform to the market until the lease expires. A month-to-month lease could also have a negative impact on the value because of the uncertainty of the continued income stream. However, month-to-month leases often charge a premium rental rate to offset the risk of vacancy so each situation must be evaluated on its own merits. In the case of the local market, except for investment-grade properties, the lease terms typically range from one to twenty years. Since all of the rentals fall within this range, no adjustments are required.

Level 2 - Property Adjustments

Location: Location is a key component of value determination. As discussed in the site analysis, the subject property is located in a primarily commercial area within the city limits of Hendersonville and is also within a flood zone. The map to the right shows the location of the leases compared to the subject property. The location of all three leases is not flood encumbered. Leases 1 and 2 are located within the City of Hendersonville CBD and are considered to be in superior locations, while Lease 3 is located west of the downtown Hendersonville region in an inferior commercial location. When the lack of any flood encumbered area is considered for Lease 3, the location is still inferior to the location of the subject property. As a result, Leases 1 and 2 received negative adjustments while Lease 3 received a positive adjustment.



Frontage/Access: As discussed previously, the subject property has frontage on Jonesborough Street which does not have a recorded NCDOT traffic count. Each comparable lease has frontage on roadways that also lack traffic counts. However, Lease 1 is located in downtown Hendersonville where it experiences pedestrian traffic. Leases 2 and 3 have additional frontage on adjacent roadways that have large NCDOT recorded traffic counts. Due to the pedestrian visibility for Lease 1 and the visibility from the adjacent roadways for Leases 2 and 3, all leases are superior to the subject and received negative adjustments.

Quality: We conducted the same calculation as in the Sales Comparison Approach; however, for this analysis we are examining the typical unit and using the mean unit size. Leases 1 and 2 have similar components to the subject. The quality of Leases 1 and 2 are considered equal to the subject, making no adjustments necessary. Lease 3 also had similar components to the subject, with the exception of the exterior which is wood construction. Wood is inferior to the subject's masonry construction and therefore, a positive adjustment was applied.

Age/Condition:

A building's age or condition will often make a difference in the rental rate as new buildings will typically command a higher rental rate than older ones.

	Subject	Lease 1	Lease 2	Lease 3
Age	47	108	74	20
Effective Age/Condition	23	25	25	10
REL	27	25	25	40
REL +/- Subject		2	2	(13)
Gross Adjustment		2.00%	2.00%	-13.00%
Improvement % of Assessed Value		31.00%	86.28%	74.60%
Improvements Exclusively		0.62%	1.73%	-9.70%

We conducted the same analysis as in the Sales Comparison Approach. The chart to the right shows our calculations.

Size: As in the Sales Comparison analysis, size adjustments are still necessary. To ensure consistency with the adjustment, we used the same size adjustment as in the Sales Comparison Approach. Leases 1 and 2 required positive adjustments for their larger size while Lease 3 required a negative adjustment for its smaller size.

Correlation

We have analyzed the comparable lease data and utilized various techniques in the adjustment grid to determine quantitative or qualitative adjustments. There were sufficient, recent, reliable transactions to indicate value patterns and trends in the market.

Value Opinion

The Rent Comparable Grid at the beginning of this analysis shows all of the above adjustments and concludes with a market, triple net lease rental range as follows:

Adjusted Range	\$4.96
	\$10.22
Adjusted Mean	\$7.73

The leases required net adjustments ranging from negative 12.29% to 9.63%. Leases 1 and 2 received net negative adjustments indicating they are overall superior to the subject primarily due to their location and frontage/access. Lease 3 required a net positive adjustment indicating it is overall inferior to the subject property due primarily to location and quality. All the comparable leases used are a good indication of the market demand for this type of property and bracket a reasonable market value range for the subject. While all the comparable sales used are a good indication of the market demand for this type of property, no one lease stood out as being most similar to the subject. Overall, the leases gathered are believed to represent the current market conditions and are representative of what an informed tenant would pay.

The comparable leases used in this analysis are considered to be overall equally desirable as the subject property or were selected to bracket the market rental range for the subject. After adjustments, the comparables represent a reasonable range of values. The standard deviation measure shows how much variation or dispersion exists from the mean (average). The % of the standard deviation from the mean allows us to analyze different units of measurement to determine the most reliable measurement analysis. A low standard deviation indicates the data points tend to be very close to the mean; high standard deviation indicates the data points are spread out over a large range of values which tends to be less reliable. The indicated adjusted values have a 27.95% standard deviation from the mean which indicates some variability over the value range.

As the contract lease rates for the two units within the commercial/industrial building fall within the range indicated by the comparable leases, the units are considered to be leased at a market rate. As a result, the triple net equivalent of the contract lease rates has been used in the proforma for this analysis.

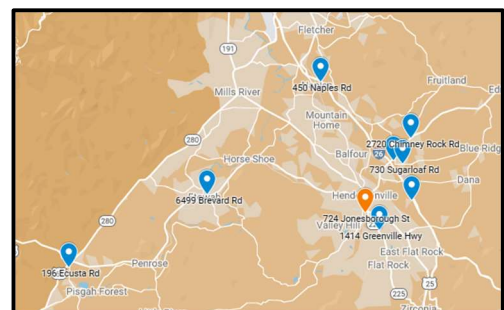
Storage Unit Potential Lease Rate

The subject property includes four storage units with an average size of 274 SF. We examined rental rates for storage units in the Henderson County area. The chart below indicates rental rates of comparable self-storage units. All leases are gross leases in which the landlord pays all operating expenses while the tenant pays a flat fee. The information was taken from the local market and is considered a good indicator of the market rent level the storage units within the subject could expect.

Facility	Location	SF	\$/mo	PPSF
Store House Storage	Hendersonville	200	\$287	\$17.22
AAA Storge World	Etowah	200	\$220	\$13.20
Safe Nest Storage	Hendersonville	250	\$276	\$13.22
Safe Nest Storage	Hendersonville	300	\$331	\$13.22
Storage Sense	Hendersonville	200	\$199	\$11.94
Storage Sense	Hendersonville	300	\$280	\$11.20
Midgard Self Storage	Brevard	200	\$259	\$15.54
ModBox	Flat Rock	200	\$145	\$8.70
			Mean:	\$13.03
			High:	\$17.22
			Low:	\$8.70

The above rental rates are included to provide an overview of the general rental level of similar self-storage units in the Henderson County area. The map to the right shows the location of the comparable units in relation to the subject.

The comparable rental data is the best information available for the storage unit in the area of the subject. The storage facilities listed in the above table indicated a range of \$8.70 PSF to \$17.22 PSF with a mean of \$13.03 PSF. A specific lease rate for a storage unit on the subject property is not known as the rented units are included in a single lease rate to the tenant who also rents the Utility Storage building. As such, we have used the mean rent indicated by the comparable storage units or \$13.03 PSF for this analysis.



Potential Gross Income (PGI)

The potential gross income is "the total potential income attributable to real property at full occupancy before vacancy and operating expenses are deducted."¹³ It is based on the market rental rate as dictated by comparable rental data. The PGI is calculated by multiplying the rentable area by the appropriate market rental rate per square foot. The potential gross income for the subject property using the lease rates for the two commercial units and the market rental rate for the storage units is shown in the table above.

Potential Gross Income			
Level	LSF	Lease Rate	Gross Income
Dogs in Suds	3,256	\$6.91	\$22,502
Stump Farms	2,050	\$7.82	\$16,030
	5,306		\$38,532
Storage Units	1,095	\$13.03	\$14,268

Vacancy and Credit Loss

The Vacancy and Credit Loss accounts for loss of income due to vacancy during tenant turnover. At the time of the inspection, the property was 100% occupied. While the property is 100% occupied, a frictional vacancy is still appropriate. As stated in the market area section of this report, CoStar reports a 2.0% current vacancy in the local area which is a 0.3% increase over the previous period's rate. The subject property currently has a no vacancy. Considering this information, we believe a vacancy rate close to the current market vacancy or rounded to 2.0% is reasonable and supported by the market. Therefore, a 2.0% vacancy was used for the building in this analysis.

Effective Gross Income (EGI)

The effective gross income is the anticipated income from all operations of the real property after allowance is made for vacancy and collection loss. The effective gross income for the subject property is as follows:

<i>Effective Gross Income</i>	<i>Commercial Units</i>	<i>Storage Units</i>
Potential Gross Income	\$ 38,532	\$ 14,268
Less Vacancy @ 2%	\$ 771	\$ 285
Effective Gross Income	\$ 37,761	\$ 13,983

Operating Expenses

Operating expenses are the periodic expenditures necessary to maintain the real property and continue the production of the effective gross income. This analysis is based on a triple net lease arrangement for the building; therefore, the landlord is responsible for management fee and reserves while the tenant is responsible for all other operating expenses. The storage units are based on a gross lease arrangement; however, the only additional expense for the storage units is electricity.

Management: Management fees are typically based on a percentage of effective gross income. The percentage varies depending on the property's size, age, turnover of tenants, etc. Typical management expenses in the Henderson County area are reported in the 4.0% to 6.0% range for smaller properties and up to 10% for larger properties with multiple tenants. The rates vary based on tenancy and effective gross income. The subject is multi-tenant property that would typically lease on a multi-year basis. Based on the facility only including two units which would require less management time than a larger facility, an expense at the lower end of the range is anticipated. As such, a management fee of 4.0% of effective gross income is applied for the building and for the storage units.

Reserves: Reserves for Replacements is an expense allowance that seldom appears on accountant's income statements; however, it is a real component of value and is considered by market participants. Reserves for Replacements considers the periodic replacement of building components which have a shorter economic life than the structure as a whole. These components typically include roof coverings, heating and air conditioning units, carpeting, sidewalks, drives, parking lots, etc. and are also referred to as major maintenance items. The annual allowance for each item is generally the anticipated cost of replacement divided by the estimated remaining economic life of the item. The reserve for replacement or major maintenance expense in any given year may be more or less than the actual expenditure for the year, depending on such factors as the age and condition of the building components and the regularity of previous maintenance. Considering the age and condition of the building within the subject property, along with the general need for updating and maintenance for tenants, an estimate of 4.0% of effective gross income is considered reasonable for the reserves expense and included as such in the stabilized operating statement. The tenant maintains the Lamar sign; therefore, no reserves expense has been included for the sign.

¹³ The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020) Page 424

Electricity: The electric expense only applies to the storage units. To determine an appropriate expense, we multiplied the previously determined cost per leasable SF for the electric expense or \$0.24 PLSF by the total leasable SF of the storage units or 1,095 SF for a total expense of \$263 annually.

Expense Summary

In the direct capitalization analysis, the expenses for the commercial units total 8.0% of the effective gross income, while the expenses for the storage units total 9.88%. Based on our experience with similar multi-tenant commercial properties in the market with a triple net or gross lease, this is a reasonable level of expense.

Net Operating Income

Net operating income (NOI) is defined as "... the actual or anticipated net income remaining after all operating expenses are deducted from effective gross income".¹⁴

<i>Net Operating Income</i>	<i>Commercial Units</i>	<i>Storage Units</i>
Effective Gross Income	\$ 37,761	\$ 13,983
Expenses	\$ 3,020	\$ 1,381
<i>Net Operating Income</i>	\$ 34,741	\$ 12,602

The proforma statement demonstrates a NOI as follows:

Direct Capitalization

Direct Capitalization is a process whereby net operating income is translated into value utilizing an overall capitalization rate (OAR). The overall rate makes certain implicit assumptions regarding income and expense growth rates, changes in occupancy, capital improvements, and other factors which affect the magnitude and timing of anticipated changes in the cash flow. The OAR includes and blends within itself an interest rate for land and improvements and an allowance for recapture of the improvements. There are several methods of deriving overall capitalization rates to account for risk associated with the quantity, quality, and durability of the income stream. The preferred method is to develop the rate from an analysis of market sales by dividing the net operating income of the sale property by its sale price. The following chart highlights the details of several transactions and capitalization rates in the local market.

Capitalization Rates Summary						
Address	Town	Sale Date	Type	Sale Price	NOI	OAR
47 Rutherford Road	Candler	17-Apr-23	Office/Warehouse	\$ 710,000	\$ 53,250	7.50%
2 Hendersonville Road	Asheville	15-Dec-22	Multi-tenant Retail	\$ 12,825,000	\$ 769,500	6.00%
159 Reeds Way	Flat Rock	29-Sep-22	Office/Warehouse	\$ 2,025,000	\$ 133,245	6.58%
7 Brandy Branch Road	Mills River	29-Jun-21	Office/Warehouse	\$ 1,060,000	\$ 80,560	7.60%
Mean:						6.92%

The above commercial sales from within the local market have reflected a range for overall capitalization rates from 6.00% to 7.60% with a mean rate of 6.92%. While all real estate investment property has a significant degree of risk involved, the subject property is considered a moderate risk property. The factors that reduce the risk for the property are its location within the City of Hendersonville and the current occupancy of the property. Overall, the subject should command an overall rate within the range of the local market extracted rates. Considering the location and demand in the area, we believe a capitalization rate close to the mean, or rounded to 7.0%, is appropriate and supported for the direct capitalization analysis for the building.

The following chart is a summary of the income and expense estimates as well as the capitalization in the stabilized operating statement.

¹⁴ The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020) Page 424.

724 & 732 Jonesborough St				
PROFORMA INCOME STATEMENT - Multi-Tenant Building				
RENTAL INCOME:	Commercial Units	% E.G.I.	Storage Units	% E.G.I.
Potential Gross Income	\$ 38,532	102.04%	\$14,268	102.04%
Less Vacancy @ 2%	\$ 771	2.04%	\$ 285	2.04%
EFFECTIVE GROSS INCOME	\$ 37,761	100.00%	\$ 13,983	100.00%
EXPENSES:	Amount	% E.G.I.	Amount	% E.G.I.
Management	\$ 1,510	4.00%	\$ 559	4.00%
Reserves	\$ 1,510	4.00%	\$ 559	4.00%
Electricity	\$ -	0.00%	\$ 263	1.88%
TOTAL EXPENSES:	\$ 3,020	8.00%	\$ 1,381	9.88%
NET OPERATING INCOME	\$ 34,741	92.00%	\$ 12,602	90.12%
Proforma N.O.I. at a Capitalization Rate of 7.0%	\$ 496,300		\$ 180,029	
Plus the Value of the Utility Storage Bldg:	\$ 8,000			
Plus the Value of the Commercial Land:	\$ 160,000			
Plus the Value of the Residential Land:	\$ 118,000			
Plus the Value of the Storage Units:	\$ 180,029			
Market Value of the Leased Fee Estate:	\$ 962,329			
Opinion of Market Value by Income Capitalization:	\$ 960,000			

Plus, the Value of the Various Components of the Subject Property

The value of the Utility Storage Building determined earlier in the Cost Approach as well as the values of the excess land determined in the Sales Comparison Approach and the value of the storage units determined in the Income Approach has been added to the value of the commercial building to determine the total value of the subject property combined.

SECTION 5 - CORRELATION & FINAL VALUE OPINION

Leased Fee Market Value of Subject Property "As Is"

Cost Approach	NA
Sales Comparison Approach	\$ 1,100,000
Income Approach	\$ 960,000

In reconciliation, each of the approaches to value offers solid insight into the market value of the subject property. The Sales Comparison Approach and the Income Capitalization Approach are considered reliable and meaningful approaches for the subject property. While the subject property is currently a multi-tenant structure, it could be purchased by an owner-operator for full or partial owner occupancy or by an investor for full investment. As such, we believe the market value of the subject property is within the range indicated by both approaches. After considering all of the above, it is our opinion that the leased fee market value of the subject property is as follows:

Market Value of Subject Property "As Is" as of March 4, 2024

Final Opinion of Value	\$ 1,050,000
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Based on my scope of work and subject to all extraordinary assumptions, the value conclusion is credible.

CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this Appraisal Report and to the best of our 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 to only the reported assumptions and limiting conditions, and are our personal, unbiased, professional analyses, opinions, and conclusions.
3. We have no present or prospective interest or bias in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. Our engagement in this assignment and compensation for completing the report is not contingent on the development or reporting of a predetermined result, value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice and FIRREA.
7. We have made a personal inspection of the property that is the subject of this report.
8. No one provided significant professional assistance to the person signing this report.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Lynn Carmichael, MAI, AI-GRS has completed the continuing education program for Designated Members of the Appraisal Institute.



Lynn Carmichael, MAI, AI-GRS
NC State Certified General Appraiser, A6939



Christopher A. Gray
NC State Registered Trainee, T6909

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is made subject to the following assumptions and limiting conditions, and to any other specific assumptions and conditions as set forth in this report:

1. **LIMIT OF LIABILITY** - The liability of Lynn Carmichael and ACE Appraisal Services. Is limited to the client only and to the fee actually received by appraiser. There is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than client, the client shall make such party aware of all assumptions and limiting conditions of the assignment. The appraiser is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type of present in the property - physically, financially, and/or legally.
2. **COPIES, PUBLICATION, DISTRIBUTION, USE OF REPORT** - Possession of this report, whether original or copy, does not carry with it the right of publication, nor may it be used for other than its intended use. It may not be used for any purposes by any person other than the client without the prior written consent and approval of the appraiser, and in any event, only with the proper written qualification, and only in its entirety. The By-laws and Regulations of the Appraisal Institute require each member to control the use and distribution of each appraisal report signed by such member. The client may, however, distribute copies of this appraisal report in its entirety to such third parties as he/she may select; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatory of this appraisal report. Neither all nor any part of the contents of this appraisal report, especially the identity of the appraiser, Lynn Carmichael, shall be disseminated to the public through advertising media, news media, public relations media, sales media, or any other public means of communication without the prior written consent and approval of the appraiser.
3. **CONFIDENTIALITY** - This appraisal report must be considered and used only as a unit. No part is to be used without the whole report, and it becomes invalid if any part is separated from the whole. All conclusions and opinions as set forth in the report were prepared by the appraiser whose signature appears on the appraisal report, unless otherwise indicated. No change to any item in the report shall be made by anyone other than the appraiser. The appraiser shall have no responsibility if any such unauthorized change is made. The appraiser may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing except as may be required by the Appraisal Institute as they may request in confidence for ethics enforcement, or by a court of law or body with the power of subpoena.
4. **INFORMATION USED** - No responsibility is assumed for accuracy of information furnished by work of or work by others, the client, his designees, or public records. The market data relied upon in this report has been confirmed with one or more parties familiar with the transaction, from affidavit, or other source thought reasonable; all are considered appropriate for inclusion to the best of my factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required to furnish unimpeachable verification in all instances, particularly as to engineering and market related information. It is suggested that the client consider independent verification as a prerequisite to any transaction involving sale, lease, or other significant commitment of funds for subject property.
5. **TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE** - The contract for appraisal, consultation or analytical service is fulfilled and the total fee is payable upon completion of the report, unless other arrangements have been made. The appraiser will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post-appraisal consultation with the client or third parties except under separate and special arrangement, and at additional fee. If testimony or deposition are required because of subpoena, the client shall be responsible for any additional time, fees, and charges regardless of the issuing party.
6. **EXHIBITS** - The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose. The appraiser has made no survey and assumes no responsibility for the accuracy of plats or other maps on record.
7. **LEGAL AND TITLE CONSIDERATIONS** - No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to the title, which is presumed to be good and marketable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report, of all debts, liens, mortgages, encumbrances, or leases of an adverse nature, unless so specified in the report. It is further assumed that all real estate taxes and special assessments have been paid in full. Responsible ownership and competent management are assumed. The legal descriptions utilized throughout this report are assumed to be correct as furnished by the client, his designee, or as derived by the appraiser.
8. **ENGINEERING, STRUCTURAL AND MECHANICAL CONSIDERATIONS** - No responsibility is assumed for matters of an architectural, structural, mechanical, or engineering nature. No advice is given regarding mechanical equipment or structural integrity or adequacy. The lender and owner should inspect the property before any disbursement of funds. Further, it is likely that the lender or owner may wish to require mechanical or structural inspections by qualified and licensed contractors, civil or structural engineers, architects, and other experts. The appraiser has inspected as far as possible, by observation, the improvements. However, it was not possible to personally observe hidden structural components. This appraisal is conditional upon the structure being structurally sound, free, and clear of all wood destroying organisms. I have not critically inspected mechanical components within the improvements and no representations are made herein as to these matters unless specifically stated and considered in the report. The value estimate considers there being no such conditions that would cause a loss in value. All mechanical components are assumed to be in operable condition, and status standard for properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment may be made by the appraiser as to adequacy of insulation, type of insulation, or energy efficiency of the improvements or equipment which is assumed standard for subject age and type.

9. SOIL AND SUBSOIL CONSIDERATIONS - No advice is given regarding soil and potential for settlement, drainage, and such. The appraiser has inspected as far as possible, by observation, the site. It was not possible to personally observe conditions beneath the soil. The value estimate considers there being no soil or subsoil conditions that would cause a loss of value. Except as noted in the appraisal, the land or the soil in the area being appraised appears firm. The appraiser does not warrant against this condition, or occurrence of problems arising from soil conditions. The appraisal is based upon the assumption that there are no hidden, unapparent or apparent conditions of the soil or subsoil, except as noted that would render it more or less valuable. No engineering survey was made or was caused to be made by the appraiser, and any estimate of fill or other sitework was based on visual observation and the accuracy of required fill is not guaranteed. No test borings or pilings and analysis of subsoil conditions was made or caused to be made by the appraiser, and this appraiser assumes no responsibility for the presence of any adverse conditions or for any engineering which might be required to discover such a condition. The appraiser assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
10. LEGALITY OF USE - The appraisal is based on the premise that there is full compliance with all applicable federal, state and local governmental regulations and laws unless otherwise stated in the appraisal report. Further, it is assumed that all applicable zoning, building, use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimated contained in this report is based.
11. COMPONENT VALUE - The distribution of the total valuation in this report between any of the components of the property, particularly between land and improvements, applies only under the reported highest and best use of this property, or under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
12. AUXILIARY AND RELATED STUDIES - No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an agreement for services, or in the report.
13. DOLLAR VALUES AND PURCHASING POWER - The market value estimated, and the costs used, are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the U.S. dollar as of the date of the value estimate.
14. INCLUSIONS - Furnishings and equipment or personal property or business operations except as specifically indicated and typically considered as a part of real estate, have been disregarded with only the real estate being considered in the value estimate, unless otherwise stated. In some property types, business and real estate interests and values are combined.
15. PROPOSED IMPROVEMENTS - On all appraisals subject to satisfactory completion, repairs or alterations, all appraisals subject to or under construction, or all appraisals subject to rehabilitation, modernization, or remodeling, the appraisal report and valuation conclusions assume and are contingent upon completion of the improvements within a reasonable period of time, using quality workmanship and materials, and further assumes substantial compliance with the plans and specifications provided to the appraisers. In all such cases above, the appraisal is subject to change upon inspection of the property after construction is completed. The date of market value is as of the date shown, as proposed, as if completed and operating at levels shown and projected.
16. FEE - The fee for this appraisal or study is for the service rendered and not for the time spent on the physical property or the physical report itself.
17. ENVIRONMENTAL - In this assignment, the existence of any hazardous or potentially hazardous material possibly located on the site(s) or used in development of the site(s) or any improvements thereon, such as urea formaldehyde foam insulation, asbestos, or toxic waste, etc., was not observed by the inspecting appraiser(s) and has not been considered. The appraiser(s) has no knowledge of any such materials on or in the property but is not qualified to detect such substances. The presence of such materials may have an effect on the value or use of the property. It is assumed that there are no hazardous material spills, etc., resulting from underground storage tanks or other causes associated with the subject property. Full compliance with all environmental laws is assumed. The client is urged to retain an expert in this field if desired. I wish to clearly emphasize that the detection of any such hazardous materials is beyond the scope of this valuation analysis. I do not purport to be a qualified engineer trained to detect such substances and cannot assume liability for matters relating to the presence of, or impact from, any detected substances.
18. AMERICANS WITH DISABILITIES ACT (ADA) - 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. CHANGES AND MODIFICATIONS - The appraiser reserves the right to alter statements, analyses, conclusions, or any value estimates in the appraisal if there becomes known to me facts pertinent to the appraisal process which were unknown when the report was prepared.
20. AUTHENTIC COPIES - The authentic copies of the report are signed in blue ink and have a stamped seal affixed near the signature. Any copy that does not have the above is unauthorized and may have been altered.
21. ACCEPTANCE AND/OR USE OF THIS APPRAISAL REPORT BY THE CLIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THE ABOVE LIMITING CONDITIONS. APPRAISER LIABILITY EXTENDS ONLY TO THE STATED CLIENT, NOT SUBSEQUENT PARTIES OR USERS, AND THE LIMITED AMOUNT OF FEE RECEIVED BY THE APPRAISER.

ADDENDA

1. Qualifications of Appraiser
2. NC State Appraisal Licenses
3. Copy of Deed
4. Copy of Property Cards
5. Copy of 2023 Henderson County Tax Bills
6. Applicable pages from Leases
7. Riddle Development, LLC P&L Statement

APPRAISER QUALIFICATIONS

Contact Information

Lynn Carmichael, MAI, AI-GRS
21 Aberdeen Drive
Arden, North Carolina, 28704

828-337-5929

Board Membership

North Carolina Appraisal Board Member, 2019 to present.

Professional Organizations

Appraisal Institute

MAI and AI-GRS Designated Member

Co-Chair and Chair of the WNC Branch of the Appraisal Institute November 2012 until December 2016

Education

British Columbia Institute of Technology
Vancouver, British Columbia, Canada

Business Management Degree

Appraisal Institute

Successfully completed a variety of courses leading to the MAI designation and the AI-GRS designation. Additionally, completed courses to maintain completed CE status.

Appraisal Experience

Full Time Appraiser 2004 until Present serving WNC

Types of Property Appraised

All types of commercial work including retail, office, multi-family, industrial, subdivision A & D, development properties, hospitality and more.

Clients Served

My client list includes most banks with a footprint in the WNC market, as well as local businesses, lawyers and CPAs.

Previous Experience

Prior to commencing appraisal work I worked for Canada Post Corporation and the City of Vancouver in British Columbia, Canada as a Disability Manager. My primary responsibilities were to minimize absenteeism through an effective return to work program and absentee management.



**NORTH CAROLINA
APPRAISAL BOARD**

APPRAISER QUALIFICATION CARD

REGISTRATION / LICENSE / CERTIFICATE HOLDER

23

LYNN CARMICHAEL

24

A6939
APPRAISER NUMBER

G
TYPE

Y
NATIONAL REGISTRY

Lynn Carmichael
Appraiser's Signature

Donald M. Kelly
Executive Director

EXPIRES JUNE 30, 2024



**NORTH CAROLINA
APPRAISAL BOARD**

APPRAISER QUALIFICATION CARD

REGISTRATION / LICENSE / CERTIFICATE HOLDER

23

CHRISTOPHER A GRAY

24

T6909
APPRAISER NUMBER

T
TYPE

N
NATIONAL REGISTRY

CA Gray
Appraiser's Signature

Donald M. Kelly
Executive Director

EXPIRES JUNE 30, 2024

BOOK 3131 PAGE 634 (4)

874174



This document presented and filed:
11/21/2017 09:23:11 AM

WILLIAM LEE KING, Henderson COUNTY, NC
Transfer Tax: \$800.00

NORTH CAROLINA GENERAL WARRANTY DEED

Excise Tax: \$800.00

Parcel Identifier No. _____ Verified by _____ County on the ____ day of _____, 20____
By: _____

Mail/Box to: C. Page Collie – 1645 Asheville Highway, Hendersonville, NC 28791

This instrument was prepared by: C. Page Collie

Brief description for the Index:

THIS DEED made this 16th day of November, 2016 by and between

GRANTOR

GRANTEE

**SAMUEL E. RIDDLE,
A/K/A SAM E. RIDDLE and wife,
LINDA S. RIDDLE**

**RIDDLE DEVELOPMENT, LLC, a North
Carolina Limited Liability Company**

**Address: 732 Jonesborough Street
Hendersonville, NC 28739**

**Address: 732 Jonesborough Street
Hendersonville, NC 28739**

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in the City of Hendersonville, Hendersonville Township, Henderson County, North Carolina and more particularly described as follows:

SEE ATTACHED EXHIBIT A

The property being transferred by this Deed does not include the primary residence of any of the Grantors. (Per N.C.G.S. §105-317.2)

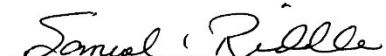
The property hereinabove described was acquired by Grantor by instrument recorded in Book 770, at Page 849 and Book 1084, at Page 552 and Book 771, at Page 007 and Book 1470, at Page 426 in the Henderson County, North Carolina Register of Deeds Office.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever, other than the following exceptions:

Henderson County ad valorem taxes for 2017, and subsequent years, which are a lien, but not yet due and payable, easements, rights of way and restrictions of record.

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.



Samuel E. Riddle, a/k/a Sam E. Riddle



Linda S. Riddle

SEAL-STAMP



State of NORTH CAROLINA – County of BUNCOMBE

I, **Mark Taulbee**, the undersigned Notary Public of the County and State aforesaid, certify that Samuel E. Riddle, a/k/a Sam E. Riddle and wife,, Linda S. Riddle Grantor, personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and Notarial stamp or seal this 16th day of November, 2017.

My Commission Expires: 4-27-2021



Notary Public

EXHIBIT A

**LYING AND BEING IN HENDERSONVILLE TOWNSHIP, HENDERSON
COUNTY, NORTH CAROLINA**

TRACT I - REID 116726

BEGINNING at an iron pin standing in the East margin of the right of way of Jones Street (now designated as Jonesborough Street), said iron pin also located in the Southwestern corner of that 2.25-acre tract as described in deed of trust recorded in Deed of Trust 289 at Page 575, Henderson County Registry (said iron pin also being located in a ditch and a line of the Henderson tract), and running thence from said beginning point and with the East margin of the right of way of Jonesborough Street, North 3 degrees East 117.08 feet to an iron pin standing in the line of Donald Rhodes; thence South 71 degrees 56 min East 285.29 feet to a point in the center line of the flow of Mud Creek; thence, with the flow of the creek, South 18 degrees West 115 feet; thence, leaving the center line of Mud Creek and running partially with a ditch, North 71 degrees 30 min West 255 feet to the point of **BEGINNING**, containing 0.706 acre, and being a portion of the 2.25-acre tract hereinbefore mentioned.

AND BEING the same property conveyed to Sam E. Riddle and wife, Linda S. Riddle by Deed recorded on January 24, 1991 in Deed Book 770 at Page 849, Henderson County Registry.

TRACT II - REID 105917

BEGINNING at a point in the center of Jones Street, said point standing South 43 degrees 00 min West and 168 feet from an iron stake in the center of Jones Street, the Northwest corner of Tract Three as described in deed recorded in Deed Book 445 at Page 221, Henderson County Registry, and running thence South 70 degrees 37 min East, with the center of a ditch, 310 feet to a point in the bank of Mud Creek; thence North 15 degrees 00 min East 180 feet to an iron stake; thence North 72 degrees 50 min West 250 feet to an iron stake in Jones Street; thence, with the center of Jones Street, 43 degrees 00 min West 168 feet to the **BEGINNING**.

The right of way described herein as "Jones Street" is now known and designated as Jonesboro Street.

AND BEING the same property conveyed to Samuel E. Riddle and wife, Linda S. Riddle by Deed recorded on December 19, 2001 in Deed Book 1084 at Page 552, Henderson County Registry.

TRACT III - REID 9944647

BEGINNING at an iron pipe set, lying in the Eastern edge of Jonesborough Street, said pipe being the Northwestern corner of the Harold Wayne Banks' property described in deed recorded in Deed Book 546 at Page 903, Henderson County Registry, and running thence, South 67 degrees 47 min 11 sec East 296.37 feet to a point in the center line of Mud Creek; thence, with the center line of Mud Creek, North 20 degrees 1 min 12 sec East 60.04 feet to a point; thence, Leaving said Creek, North 67 degrees 47 min 11 sec West 175.23 feet to an iron pipe set; thence, South 22 degrees 12 min 49 sec West 21.59 feet to an iron pipe set; thence, North 67 degrees 47 min 11 sec West 130.00 feet to a point in the Eastern edge of Jonesborough Street; thence, with the Eastern edge of Jonesborough Street, South 6 degrees 01 min 12 sec West 40 feet to the point and place of **BEGINNING**, according to a survey by William G. Bradley, RLS, captioned "Survey for Charles Sitton and wife Thelma," dated June 22, 1990, and being further identified as Job No. 87-1222.

AND BEING the same property conveyed to Sam E. Riddle and wife, Linda S. Riddle by Deed recorded on January 25, 1991 in Deed Book 771 at Page 007, Henderson County Registry.

TRACT IV - 1014267

BEGINNING at an existing iron pin set, said iron pin set being the Northwesternmost corner of that tract or parcel of land recorded in Deed Book 771 at Page 7, Henderson County, NC Register of Deeds Office, said point being in the Eastern boundary of Jonesborough Street; **FROM SAID POINT AND PLACE OF BEGINNING**; North 06 degrees 01 min 12 sec East 15.17 feet to a point; thence North 00 degree 01 min 12 sec East 93.25 feet to a point; thence North 13 degrees 01 min 10 sec East 59.52 feet to an existing iron pin; thence South 74 degrees 58 min 48 sec East 313.00 feet to an iron pin set; thence along and with the same coordinates an additional 30 feet to a point in Mud Creek; thence South 12 degrees 01 min 12 sec West 50 feet to a point; thence South 20 degrees 01 min 12 sec West 131.94 feet to a point; thence North 67 degrees 47 min 11 sec West 30 feet to an iron pin set; along and with the same coordinates an additional 145.23 feet for a total distance of 175.23 feet to an existing iron pin set; thence South 22 degrees 12 min 49 sec West 21.59 feet to an iron pin set; thence North 67 degrees 47 min 11 sec West 130.00 feet to the point and place of **BEGINNING**.

All calls were taken from an unrecorded plat of survey prepared by William G. Bradley, RLS#2653, being Job #87-1222 dated June 22, 1987 and entitled "Survey for Charles Sitton and wife, Thelma Sitton", hereby incorporated by reference as if fully set out.

When this property was originally transferred between the same parties on January 3, 2008, as recorded in Deed Book 1346 at Page 356 of the Henderson County Registry, the last three (3) meets and bounds calls where reversed in error. This Corrective Deed is recorded to reflect the correct calls to allow proper closure of the lot.

AND BEING the same property conveyed to Sam E. Riddle and wife, Linda S. Riddle by Deed recorded on March 14, 2008 in Deed Book 1353 at Page 712, Henderson County Registry. The below portion of the above described Tract IV was re-conveyed to confirm proper ownership and eliminate a dual chain of title.

BEGINNING at an iron pin found, said point being the Southeast corner of Tract One, Deed Book 1169 at Page 270; said starting point also being at an iron pin North 74 degrees 58' 48" West 30 feet from the Northeasternmost corner of that tract described in Deed Book 1353 at Page 712 - thence the following four calls:

South 16 degrees 58' 29" West 76.31 feet to an iron pin set thence

North 76 degrees 17' 33" West 236 feet to an iron pin set thence

North 17 degrees 12' 27" East 70.28 feet to an iron pin set in the line of Tract One thence

South 77 degrees 45' 03" East 236.13 feet to the point and place of beginning as shown on a survey by Origin Land Surveying and Mapping, Inc. Project Number 2010072.20

Containing 0.3962 acres more or less

AND BEING the same property conveyed to Sam E. Riddle and wife, Linda S. Riddle by Deed recorded on August 15, 2011 in Deed Book 1470 at Page 426, Henderson County Registry.

Henderson County Property Record Card

Property Summary

Tax Year: 2024

REID	105917	PIN	9568-73-6841	Property Owner	RIDDLE DEVELOPMENT LLC
Location Address	0 NO ADDRESS ASSIGNED	Property Description	JONESBORO ST	Owner's Mailing Address	732 JONESBOROUGH ST HENDERSONVILLE NC 28739

Administrative Data	
Plat Book & Page	
Old Map #	
Market Area	101G
Township	NA
Planning Jurisdiction	HENDERSONVILLE
City	HENDERSONVILLE
Fire District	
Spec District	
Land Class	VACANT LAND
History REID 1	
History REID 2	
Acreage	1.07
Permit Date	
Permit #	

Transfer Information	
Deed Date	11/21/2017
Deed Book	003131
Deed Page	00634
Revenue Stamps	\$800
Package Sale Date	
Package Sale Price	
Land Sale Date	11/21/2017
Land Sale Price	\$400,000

Property Value	
Total Appraised Land Value	\$181,700
Total Appraised Building Value	
Total Appraised Misc Improvements Value	
Total Cost Value	\$181,700
Total Appraised Value - Valued By Cost	\$181,700
Other Exemptions	
Exemption Desc	
Use Value Deferred	
Historic Value Deferred	
Total Deferred Value	
Total Taxable Value	\$181,700

Improvement Summary	
Total Buildings	0
Total Units	0
Total Living Area	0
Total Gross Leasable Area	0



Building Summary

Misc Improvements Summary

Card #	Unit Quantity	Measure	Type	Base Price	Size Adj Factor	Eff Year	Phys Depr (% Bad)	Econ Depr (% Bad)	Funct Depr (% Bad)	Common Interest (% Good)	Value
No Data											
Total Misc Improvements Value Assessed:											

Land Summary

Land Class: VACANT LAND		Deeded Acres: 0			Calculated Acres: 1.07		
Zoning	Soil Class	Description	Size	Rate	Size Adj. Factor	Land Adjustment	Land Value
R-15		RESIDENTIAL BUILDING	1.00 BY THE ACRE PRICE	\$180,000	1		\$180,000
R-15		RESIDUAL RESIDENTIAL	0.07 BY THE ACRE PRICE	\$24,000			\$1,700
Total Land Value Assessed: \$181,700							

Ownership History

	Owner Name	Deed Type	% Ownership	Stamps	Sale Price	Book	Page	Deed Date
Current	RIDDLE DEVELOPMENT LLC	GWD	100	800	\$400,000	003131	00634	11/21/2017
1 Back	RIDDLE, SAMUEL E/ RIDDLE, LINDA S	GWD	100	30	\$15,000	001084	00552	12/19/2001
2 Back	RIDDLE, SAMUEL E	GWD	100	30		001084	00552	12/19/2001
3 Back	BARNWELL, GARY D	GWD	100	16		000827	00057	8/16/1993
4 Back	GRIMES, CHARLES	GWD	100	2		000695	00165	3/19/1987
5 Back	HENDERSON, EVELYN S	GWD	100	0		000445	00221	7/29/1966

Notes Summary

Building Card	Date	Line	Notes
No Data			

Henderson County Property Record Card

Property Summary

Tax Year: 2024

REID	116726	PIN	9568-73-6975	Property Owner	RIDDLE DEVELOPMENT LLC
Location Address	732 JONESBOROUGH ST	Property Description	SR1810 ON JONESBOROUGH AVE	Owner's Mailing Address	732 JONESBOROUGH ST HENDERSONVILLE NC 28739

Administrative Data	
Plat Book & Page	
Old Map #	
Market Area	101G
Township	NA
Planning Jurisdiction	HENDERSONVILLE
City	HENDERSONVILLE
Fire District	
Spec District	
Land Class	COMMERCIAL
History REID 1	
History REID 2	
Acreage	0.71
Permit Date	
Permit #	

Transfer Information	
Deed Date	11/21/2017
Deed Book	003131
Deed Page	00634
Revenue Stamps	\$800
Package Sale Date	11/21/2017
Package Sale Price	\$400,000
Land Sale Date	
Land Sale Price	

Improvement Summary	
Total Buildings	1
Total Units	0
Total Living Area	0
Total Gross Leasable Area	6,291

Property Value	
Total Appraised Land Value	\$51,100
Total Appraised Building Value	\$160,900
Total Appraised Misc Improvements Value	\$3,100
Total Cost Value	\$215,100
Total Appraised Value - Valued By Cost	\$215,100
Other Exemptions	
Exemption Desc	
Use Value Deferred	
Historic Value Deferred	
Total Deferred Value	
Total Taxable Value	\$215,100

Building Summary

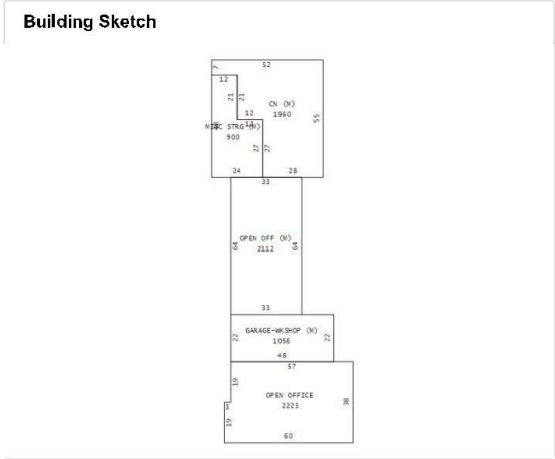
Card 1 732 JONESBOROUGH ST

Building Details	
Bldg Name	
Primary Occupancy Type	OFFICES
Primary Occupancy	OPEN OFFICE
Primary Class	C
Primary Quality	GRADE C-
Year Built	1977
Effective Year	1977
Physical Depreciation (Rating)	FAIR
Physical Depreciation (% Bad)	56
Economic Depreciation (% Bad)	0
Functional Depreciation (% Bad)	0
Gross Leasable Area (SQFT)	6,291
Remodeled Year	0
Total Stories	1

Building Total & Improvement Details	
Total Adjusted Replacement Cost New	\$365,669
Physical Depreciation (% Bad)	FAIR 56
Depreciated Value	\$160,895
Economic Depreciation (% Bad)	0
Functional Depreciation (% Bad)	0
Total Depreciated Value	\$160,895
Market Area Factor	1
Building Value	\$160,900
Misc Improvements Value	\$3,100
Total Improvement Value	\$164,000
Assessed Land Value	\$51,100
Assessed Total Value	\$215,100

Section 1 Details	
Occupancy Type	OFFICES
Air Conditioning	100% CENTRAL A/C
Baths	ADEQUATE
Class	C
Depreciation	56%
Depreciation	FAIR
FIREPLACE OPENINGS	0
FIREPLACE STACKS	0
Heat	100% HEAT PUMP
Occupancy	OPEN OFFICE
Quality	GRADE C-

Addition Summary			
Story	Type	Code	Area
1.00	GARAGE-WORKSHOP (MAIN)	MAIN	1056
1.00	OPEN OFFICE (MAIN)	MAIN	2112
1.00	MISC STORAGE (MAIN)	MAIN	900
1.00	CANOPY (MAIN)	MAIN	1960



Misc Improvements Summary

Card #	Unit Quantity	Measure	Type	Base Price	Size Adj Factor	Eff Year	Phys Depr (% Bad)	Econ Depr (% Bad)	Funct Depr (% Bad)	Common Interest (% Good)	Value
1	30x50	DIMENSIONS	SHED-OPEN SIDES	\$12.00		1986	80	0	0		\$3,100
Total Misc Improvements Value Assessed: \$3,100											

Land Summary

Land Class: COMMERCIAL		Deeded Acres: 0		Calculated Acres: 0.71			
Zoning	Soil Class	Description	Size	Rate	Size Adj. Factor	Land Adjustment	Land Value
R-15		COMMERCIAL PRIMARY	0.71 BY THE ACRE PRICE	\$120,000	1.2	FLOOD PLAIN-50.00	\$51,100
Total Land Value Assessed: \$51,100							

Ownership History

	Owner Name	Deed Type	% Ownership	Stamps	Sale Price	Book	Page	Deed Date
Current	RIDDLE DEVELOPMENT LLC	GWD	100	800	\$400,000	003131	00634	11/21/2017
1 Back	RIDDLE, SAM E/ RIDDLE, LINDA S	GWD	100	141		000770	00849	1/24/1991
2 Back	RIDDLE, SAM E	GWD	100	141		000770	00849	1/24/1991
3 Back	W BANKS CABINET AND WOOD	GWD	100	0		000546	00903	10/12/1976

Notes Summary

Building Card	Date	Line	Notes
No Data			

Henderson County Property Record Card

Property Summary

Tax Year: 2024

REID	9944647	PIN	9568-74-7012	Property Owner	RIDDLE DEVELOPMENT LLC
Location Address	0 NO ADDRESS ASSIGNED	Property Description	SR1810 ON JONESBORO ST	Owner's Mailing Address	732 JONESBOROUGH ST HENDERSONVILLE NC 28739

Administrative Data	
Plat Book & Page	
Old Map #	
Market Area	101G
Township	NA
Planning Jurisdiction	HENDERSONVILLE
City	HENDERSONVILLE
Fire District	
Spec District	
Land Class	VACANT LAND
History REID 1	
History REID 2	
Acreage	0.35
Permit Date	
Permit #	

Transfer Information	
Deed Date	11/21/2017
Deed Book	003131
Deed Page	00634
Revenue Stamps	\$800
Package Sale Date	
Package Sale Price	
Land Sale Date	11/21/2017
Land Sale Price	\$400,000

Improvement Summary	
Total Buildings	0
Total Units	0
Total Living Area	0
Total Gross Leasable Area	0

Property Value	
Total Appraised Land Value	\$37,600
Total Appraised Building Value	
Total Appraised Misc Improvements Value	
Total Cost Value	\$37,600
Total Appraised Value - Valued By Cost	\$37,600
Other Exemptions	
Exemption Desc	
Use Value Deferred	
Historic Value Deferred	
Total Deferred Value	
Total Taxable Value	\$37,600



Building Summary

Misc Improvements Summary

Card #	Unit Quantity	Measure	Type	Base Price	Size Adj Factor	Eff Year	Phys Depr (% Bad)	Econ Depr (% Bad)	Funct Depr (% Bad)	Common Interest (% Good)	Value
No Data											
Total Misc Improvements Value Assessed:											

Land Summary

Land Class: VACANT LAND			Deeded Acres: 0			Calculated Acres: 0.26		
Zoning	Soil Class	Description	Size	Rate	Size Adj. Factor	Land Adjustment	Land Value	
C-2		COMMERCIAL PRIMARY	0.35 BY THE ACRE PRICE	\$120,000	1.79	FLOOD PLAIN-50.00	\$37,600	
Total Land Value Assessed: \$37,600								

Ownership History

	Owner Name	Deed Type	% Ownership	Stamps	Sale Price	Book	Page	Deed Date
Current	RIDDLE DEVELOPMENT LLC	GWD	100	800	\$400,000	003131	00634	11/21/2017
1 Back	RIDDLE, SAM E/ RIDDLE, LINDA S	GWD	100	6		000771	00007	1/25/1991
2 Back	RIDDLE, SAM E	GWD	100	6		000771	00007	1/25/1991

Notes Summary

Building Card	Date	Line	Notes
No Data			

Henderson County Property Record Card

Property Summary

Tax Year: 2024

REID	1014267	PIN	9568-74-7188	Property Owner	RIDDLE DEVELOPMENT LLC
Location Address	724 JONESBOROUGH ST	Property Description	SR1810 ON JONES ST	Owner's Mailing Address	732 JONESBOROUGH ST HENDERSONVILLE NC 28739

Administrative Data	
Plat Book & Page	
Old Map #	
Market Area	101G
Township	NA
Planning Jurisdiction	HENDERSONVILLE
City	HENDERSONVILLE
Fire District	
Spec District	
Land Class	VACANT LAND
History REID 1	
History REID 2	
Acreage	1.3
Permit Date	
Permit #	

Transfer Information	
Deed Date	11/21/2017
Deed Book	003131
Deed Page	00634
Revenue Stamps	\$800
Package Sale Date	
Package Sale Price	
Land Sale Date	11/21/2017
Land Sale Price	\$400,000

Improvement Summary	
Total Buildings	0
Total Units	0
Total Living Area	0
Total Gross Leasable Area	0

Property Value	
Total Appraised Land Value	\$97,200
Total Appraised Building Value	
Total Appraised Misc Improvements Value	
Total Cost Value	\$97,200
Total Appraised Value - Valued By Cost	\$97,200
Other Exemptions	
Exemption Desc	
Use Value Deferred	
Historic Value Deferred	
Total Deferred Value	
Total Taxable Value	\$97,200

Photograph



Building Summary

Misc Improvements Summary

Card #	Unit Quantity	Measure	Type	Base Price	Size Adj Factor	Eff Year	Phys Depr (% Bad)	Econ Depr (% Bad)	Funct Depr (% Bad)	Common Interest (% Good)	Value
No Data											
Total Misc Improvements Value Assessed:											

Land Summary

Land Class: VACANT LAND			Deeded Acres: 0	Calculated Acres: 1.3			
Zoning	Soil Class	Description	Size	Rate	Size Adj. Factor	Land Adjustment	Land Value
C-2		RESIDENTIAL BUILDING	1.00 BY THE ACRE PRICE	\$180,000	1	FLOOD WAY-50.00	\$90,000
C-2		RESIDUAL RESIDENTIAL	0.30 BY THE ACRE PRICE	\$24,000			\$7,200
Total Land Value Assessed: \$97,200							

Ownership History

	Owner Name	Deed Type	% Ownership	Stamps	Sale Price	Book	Page	Deed Date
Current	RIDDLE DEVELOPMENT LLC	GWD	100	800	\$400,000	003131	00634	11/21/2017
1 Back	RIDDLE, SAM E/ RIDDLE, LINDA S	NWD	100	25	\$12,500	001470	00426	8/15/2011
2 Back	RIDDLE, SAME E/ RIDDLE, LINDA S	CORRECTIVE DEED	100	0		001353	00712	3/14/2008

Notes Summary

Building Card	Date	Line	Notes
No Data			

PIN: 9568-73-6841



000013236920232023000000



Property Tax Bill Detail

RIDDLE DEVELOPMENT LLC Property Tax Real Property

Description: JONESBORO ST
 Location: 0 NO ADDRESS ASSIGNED HENDERSONVILLE NC 28792
 Mailing Address: 732 JONESBOROUGH ST HENDERSONVILLE NC 28739
 Parcel #: 105917
 Lender:

Bill Status: PAID
 Bill Flag:
 Bill #: 0000132369-2023-2023-0000-00
 Old Bill #:
 Old Account #:
 Due Date: 9/1/2023
 Interest Begins: 1/6/2024

	Value	Rate	Tax Districts	Description	Amount
Real	\$181,700	.4310	HENDERSON COUNTY	Tax	\$783.13
Deferred	\$0				
Use	\$181,700	.4900	HENDERSONVILLE	Tax	\$890.33
Personal Exempt & Exclusion	\$0				
					Interest: \$0.00
Total Assessed Value					\$181,700
					Total Billed: \$1,673.46

Transaction History

Date	Type	Paid By	Trans #	Amount
1/9/2024	PAYMENT	RIDDLE DEVELOPMENT LLC	6754527	\$1,673.46

Current Due: \$0.00

0000000000020232023000000001323690

PIN: 9568-73-6975



Property Tax Bill Detail

RIDDLE DEVELOPMENT LLC Property Tax		Real Property
Description:	SR1810 ON JONESBOROU	Bill Status: PAID
Location:	732 JONESBOROUGH ST HENDERSONVILLE NC 28739	Bill Flag:
		Bill #: 0000439145-2023-2023-0000-00
		Old Bill #:
Mailing Address:	732 JONESBOROUGH ST HENDERSONVILLE NC 28739	Old Account #:
		Due Date: 9/1/2023
		Interest Begins: 1/6/2024
Parcel #:	116726	
Lender:		

	Value	Rate	Tax Districts	Description	Amount
Real	\$215,100	.4310	HENDERSON COUNTY	Tax	\$927.08
Deferred	\$0				
Use	\$215,100	.4900	HENDERSONVILLE	Tax	\$1,053.99
Personal	\$0				
Exempt & Exclusion	\$0				
Interest: \$0.00					
Total Billed: \$1,981.07					
Total Assessed Value	\$215,100				

Transaction History				
Date	Type	Paid By	Trans #	Amount
1/9/2024	PAYMENT	RIDDLE DEVELOPMENT LLC	6754514	\$1,981.07

Current Due: **\$0.00**

000000000020232023000000004391454

PIN: 9568-74-7012



Property Tax Bill Detail

RIDDLE DEVELOPMENT LLC Property Tax Real Property

Description: **SR1810 ON JONESBORO**
 Location: **0 NO ADDRESS ASSIGNED HENDERSONVILLE NC 28792**
 Mailing Address: **732 JONESBOROUGH ST HENDERSONVILLE NC 28739**
 Parcel #: **9944647**
 Lender:

Bill Status: **PAID**
 Bill Flag:
 Bill #: **0000439144-2023-2023-0000-00**
 Old Bill #:
 Old Account #:
 Due Date: **9/1/2023**
 Interest Begins: **1/6/2024**

	Value	Rate	Tax Districts	Description	Amount
Real	\$37,600	.4310	HENDERSON COUNTY	Tax	\$162.06
Deferred	\$0				
Use	\$37,600	.4900	HENDERSONVILLE	Tax	\$184.24
Personal	\$0				
Exempt & Exclusion	\$0				
Interest: \$0.00					
Total Billed: \$346.30					
Total Assessed Value	\$37,600				

Transaction History

Date	Type	Paid By	Trans #	Amount
1/9/2024	PAYMENT	RIDDLE DEVELOPMENT LLC	6754672	\$346.30

Current Due: \$0.00

PIN: 9568-74-7188



Property Tax Bill Detail

RIDDLE DEVELOPMENT LLC Property Tax		Real Property
Description:	SR1810 ON JONES ST	Bill Status: PAID
Location:	724 JONESBOROUGH ST HENDERSONVILLE NC 28739	Bill Flag:
		Bill #: 0003017914-2023-2023-0000-00
		Old Bill #:
Mailing Address:	732 JONESBOROUGH ST HENDERSONVILLE NC 28739	Old Account #:
		Due Date: 9/1/2023
		Interest Begins: 1/6/2024
Parcel #:	1014267	
Lender:		

	Value	Rate	Tax Districts	Description	Amount
Real	\$97,200	.4310	HENDERSON COUNTY	Tax	\$418.93
Deferred	\$0				
Use	\$97,200	.4900	HENDERSONVILLE	Tax	\$476.28
Personal	\$0				
Exempt & Exclusion	\$0				
Interest: \$0.00					
Total Billed: \$895.21					
Total Assessed Value	\$97,200				

Transaction History

Date	Type	Paid By	Trans #	Amount
1/9/2024	PAYMENT	RIDDLE DEVELOPMENT LLC	6754627	\$895.21

Current Due: **\$0.00**



North Carolina Association of REALTORS®

NOTICE TO ELECT LEASE RENEWAL/EXTENSION

Dawn Maki ("Tenant")
and Riddle Development, LLC ("Landlord")

with respect to certain Premises located at: 732 Jonesborough St, Hendersonville, NC
have previously entered into a lease agreement dated January 5, 2018, which lease agreement has not been amended or has been amended by the following documents (list name and date of any document(s) modifying the lease agreement):

Addendum I & II. Renewal will not include electricity, garage A or rights to park under back warehouse roof.
New Monthly Rent Amounts are: 3.01.2023 - 2.29.2024 \$2,300 / 3.01.2024 - 2.29.2025 \$2,390 / 3.01.2025 - 2.29.2026 \$2,480

(all documents referenced above being herein collectively the "Lease") **\$250 per month added to rent for electric reimbursements starting March 2023 AMR**

Landlord and Tenant hereby stipulate and certify that (choose only one option below):

The Lease is hereby extended in accordance with the terms and conditions specified in the Lease.

The Lease is hereby extended in accordance with the terms and conditions specified in the Lease with the exception of the revised rent schedule which shall be affixed hereto and become part of this Notice to Elect Lease Renewal/Extension.

As a result of the foregoing extension, the new termination date of the Lease is: **February 28, 2026**

Tenant's failure to execute this Notice to Elect Lease Renewal/Extension shall constitute an election by Tenant to possess the Premises subject to the holdover provisions in the Lease, including any holdover rent provision therein. Except as modified herein, the Lease remains enforceable in accordance with its Tenant as originally set forth.

TENANT:

Individual

Dawn Maki
Dawn Maki
Date: 2/20/2023

Date: _____

Business Entity:

(Name of Entity)

By: _____

Name: _____

Title: _____

Date: _____

LANDLORD:

Individual

Andrew Riddle
Andrew Riddle
Riddle Development, LLC
Date: 02/06/2023

Date: _____

Business Entity:

(Name of Entity)

By: _____

Name: _____

Title: _____

Date: _____



North Carolina Association of REALTORS®, Inc.

Whitney Commercial Real Estate, 1100 Ridgefield Blvd., Ste 100 Asheville NC 28806
Andrew Riddle

Phone: 8282433618 Fax: _____
Produced with Lone Wolf Transactions (zipForm Edition) 717 N Harwood St, Suite 2200, Dallas, TX 75201 www.lwof.com

STANDARD FORM 594-T

Adopted 7/2017

© 7/2022

Dawn Maki



COMMERCIAL LEASE AGREEMENT
(Multi-Tenant Facility)

(Note: This form is not intended to be used as a Sublease and SHOULD NOT be used in Sublease circumstances)

THIS COMMERCIAL LEASE AGREEMENT, including any and all addenda attached hereto ("Lease"), is by and between

Riddle Development
a(n) NC Limited Liability Company ("Landlord"),
(individual or State of formation and type of entity)

whose address is P.O. Box 1025, Flat Rock, NC 28731, and

Kevin Stump & Alicia Stump
a(n) ("Tenant").

(individual or State of formation and type of entity)
whose address is _____

If this box is checked, the obligations of Tenant under this Lease are secured by the guaranty of Kevin Stump & Alicia Stump
(name(s) of guarantor(s)) attached hereto and incorporated herein by reference.

(Note: Any guaranty should be prepared by an attorney at law.)

For and in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

PREMISES/PROPERTY

(Note: In this Section, Premises is the actual space being leased and Property is the broader site/location of the Premises.)

1. (a) Landlord leases unto Tenant, and Tenant hereby leases and takes upon the terms and conditions which hereinafter appear, those certain premises depicted on **Exhibit A** attached hereto and incorporated herein by reference (hereinafter called the "Premises"), which is a part of a building or buildings located at the Property (defined below).

The address of the Premises is:

(Address): 732 Jonesborough St, Hendersonville, NC 28739-5267

(b) The Premises is located at the following described property ("Property"):

(Address): n/a
n/a

Plat Reference: Lot(s) n/a, Block or Section n/a, as shown on Plat Book or Slide
n/a at Page(s) n/a, n/a County, consisting of .71 acres.

If this box is checked, Property shall mean that property described on **Exhibit B** attached hereto and incorporated herewith by reference.

(For information purposes: (i) the tax parcel number of the Property is: **REID: 116726 PIN: 9568736975** ;
and, (ii) some or all of the Property is described in Deed Book 3131, Page No. 634, Henderson County.)

All facilities furnished at the Property and designated for the general use, in common, of occupants of the Property and their invitees, agents or employees, including Tenant hereunder, including but not limited to parking areas, streets, driveways, sidewalks, canopies, roadways, loading platforms, shelters, ramps, landscaped areas, exterior water faucets, irrigation systems, exterior lighting fixtures, signs and other facilities whether of a similar or dissimilar nature ("Common Areas") shall at all times be subject to the exclusive



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STANDARD FORM 593-T
Revised 7/2021
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control and management of Landlord, and Landlord shall have the right from time to time to change the area, level, location and arrangement of the Common Areas and to restrict parking by tenants and their employees to employee parking areas, to make Rules and Regulations (as herein defined) and do such things from time to time as in Landlord's reasonable discretion may be necessary regarding the Common Areas.

Tenant shall also have a non-exclusive right, in common with other tenants at the Property, to the use of the Common Areas at the Property, subject to the terms hereof.

Occupancy Limitation: If this box is checked, notwithstanding any greater occupancy of the Premises which may be permitted by any law, statute, ordinance, regulation, rule (including rules enacted pursuant to any private use restrictions), as the same may be amended from time to time, Tenant shall not allow occupancy of the Premises to exceed ____ persons per _____ square feet in the Premises at any one time.

TERM

2. The term of this Lease shall commence on August 26, 2022 ("Lease Commencement Date"), and shall end at 11:59 p.m. (based upon the time at the locale of the Premises) on August 31, 2027, unless sooner terminated as herein provided. The first Lease Year Anniversary shall be the date twelve (12) calendar months after the first day of the first full month immediately following the Lease Commencement Date and successive Lease Year Anniversaries shall be the date twelve (12) calendar months from the previous Lease Year Anniversary.

If this box is checked, Tenant shall have the option of renewing this Lease, upon written notice given to Landlord at least 120 days prior to the end of the then expiring term of this Lease, for 1 additional term(s) of 3 years each.

If this box is checked, Tenant shall have the option of renewing this Lease, upon written notice given to Landlord at least _____ days prior to the end of the then expiring term of this Lease, for additional term(s) as specified on **Exhibit C**.

Option to Lease: If this box is checked, Tenant, upon the payment of the sum of \$_____ (which sum is not rental or security deposit hereunder, but is consideration for this Option to Lease and is non-refundable under any circumstances) shall have a period of _____ days prior to the Lease Commencement Date ("Option Period") in which to inspect the Premises and make inquiry regarding such sign regulations, zoning regulations, utility availability, private restrictions or permits or other regulatory requirements as Tenant may deem appropriate to satisfy itself as to the use of the Premises for Tenant's intended purposes. Tenant shall conduct all such on-site inspections, examinations, inquiries and other review of the Premises in a good and workmanlike manner, shall repair any damage to the Premises caused by Tenant's entry and on-site inspections and shall conduct same in a manner that does not unreasonably interfere with Landlord's or any tenant's use and enjoyment of the Property. In that respect, Tenant shall make reasonable efforts to undertake on-site inspections outside of the hours any tenant's business is open to the public and shall give prior notice to the tenant at the Premises of any entry onto the Premises for the purpose of conducting inspections. Upon Landlord's request, Tenant shall provide to Landlord evidence of general liability insurance. Tenant shall also have a right to review and inspect all contracts or other agreements affecting or related directly to the Premises and shall be entitled to review such books and records of Landlord that relate directly to the operation and maintenance of the Premises, provided, however, that Tenant shall not disclose any information regarding the Property (or any tenant therein) unless required by law and the same shall be regarded as confidential, to any person, except to its attorneys, accountants, lenders and other professional advisors, in which case Tenant shall obtain their agreement to maintain such confidentiality. Tenant assumes all responsibility for the acts of itself, its agents or representatives in exercising its rights under this Option to Lease and agrees to indemnify and hold Seller harmless from any damages resulting therefrom. This indemnification obligation of Tenant shall survive the termination of this Option to Lease or this Lease. Tenant shall, at Tenant's expense, promptly repair any damage to the Premises or Property caused by Tenant's entry and on-site inspections. **IF TENANT CHOOSES NOT TO LEASE THE PREMISES, FOR ANY REASON OR NO REASON, AND PROVIDES WRITTEN NOTICE TO LANDLORD THEREOF PRIOR TO THE EXPIRATION OF THE OPTION PERIOD, THEN THIS LEASE SHALL TERMINATE AND NEITHER PARTY SHALL HAVE ANY FURTHER OBLIGATIONS HEREUNDER AND LANDLORD SHALL RETURN TO TENANT ANY RENTAL OR SECURITY DEPOSIT PAID TO LANDLORD HEREUNDER.** Tenant shall be deemed to have exercised its Option to Lease and to be bound under the terms of this Lease if (i) Tenant shall occupy the Premises prior to the expiration of the Option Period, whereupon the date of occupancy shall be deemed the Lease Commencement Date, or (ii) Tenant shall not provide written notice to Landlord of its termination of this Lease prior to the expiration of the Option Period.

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UTILITY BILLS/SERVICE CONTRACTS

6. Landlord and Tenant agree that utility bills and service contracts ("Service Obligations") for the Premises shall be paid by the party indicated below as to each Service Obligation. Where a Service Obligation is allocated to Tenant, Tenant shall not be responsible for such service as to any Common Area and such responsibility shall be limited to the Premises (Tenant space). In each instance, the party undertaking responsibility for payment of a Service Obligation covenants that they will pay the applicable bills prior to delinquency. The responsibility to pay for a Service Obligation shall include all metering, hook-up fees or other miscellaneous charges associated with establishing, installing and maintaining such utility or contract in said party's name. Within thirty (30) days of the Lease Commencement Date, Tenant shall provide Landlord with a copy of any requested Tenant Service Obligation information.

Service Obligation	Landlord	Tenant	Not Applicable
Sewer/Septic	X		
Water	X		
Electric	X		
Gas		X	
Telephone		X	
HVAC (maintenance/service contract)		X	
Elevator (including phone line)			X
Security System		X	
Fiber Optic		X	
Janitor/Cleaning		X	
Trash/Dumpster		X	
Landscaping/Maintenance	X		
Sprinkler System (including phone line)			X
Pest Control		X	
Snow/Ice Removal		X	
Parking approx 5 spaces at front door	X		
Water Heater		X	
Garage Door Maintenance		X	
Roof	X		

Landlord shall not be liable for injury to Tenant's business or loss of income therefrom or for damage that may be sustained by the person, merchandise or personal property of Tenant, its employees, agents, invitees or contractors or any other person in or about the Premises, caused by or resulting from fire, steam, electricity, gas, water or rain, which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction or other defects of any utility installations, air conditioning system or other components of the Premises or the Property, except to the extent that such damage or loss is caused by Landlord's gross negligence or willful misconduct. Landlord represents and warrants that the heating, ventilation and air conditioning system(s) and utility installations existing as of the Lease Commencement Date shall be in good order and repair. Subject to the provisions of this Section 6, Landlord shall not be liable in damages or otherwise for any discontinuance, failure or interruption of service to the Premises of utilities or the heating, ventilation and air conditioning system(s) and Tenant shall have no right to terminate this Lease or withhold rental because of the same.

RULES AND REGULATIONS

7. If this box is checked, the rules and regulations attached hereto ("Rules and Regulations") are made a part of this Lease. Tenant agrees to comply with all Rules and Regulations of Landlord in connection with the Premises and the Property which are in effect at the time of the execution of the Lease or which may be from time to time promulgated by Landlord in its reasonable discretion, provided notice of such new Rules and Regulations is given to Tenant in writing and the same are not in conflict with the terms and conditions of this Lease. Landlord shall use commercially reasonable efforts to enforce such Rules and Regulations at the Property, provided, however, in no event shall Landlord be obligated to make any material expenditures in connection with the enforcement of such Rules and Regulations. Landlord shall not be liable for any damages arising from any use, act or failure to act of any other tenant or occupant (including such tenant's or occupant's invitees, agents or employees), if any, of the Property.

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Riddle Development, LLC
Profit and Loss
January - December 2023

	Jonesborough
Income	
Sales	57,506.68
Total Income	\$ 57,506.68
Gross Profit	\$ 57,506.68
Expenses	
6000 Advertising and Promotion	
6020 Vehicle Expenses	
6040 Bank Service Charges	
6045 QuickBooks Payments Fees	382.75
6100 Business Licenses and Permits	
6250 Dues and Subscriptions	
6330 Insurance Expense	5,306.39
6336 Short Term Rental	
Total 6330 Insurance Expense	\$ 5,306.39
6340 Interest Expense	2,709.88
6350 Late Fee / Service Charge	2.00
6400 Repairs & Maintenance	1,525.05
6405 Lawn Care	
6440 Repairs & Maint - Other	3,118.88
Total 6400 Repairs & Maintenance	\$ 4,643.93
6420 Cleaning	
6425 Property Management Fees	13,406.00
6430 Storage	
6450 Meals and Entertainment	
6455 Moving Expense	
6460 Office Supplies	
6465 Non-capital equipment & furniture	6,202.24
6470 Operating Supplies	
6500 Project Management Fees	
6550 Property Lease	
6650 Postage and Delivery	
6660 Printing and Reproduction	
6665 Reimbursable Expense	
6675 Professional Fees	
6680 Professional Development & Training	
6700 Taxes & Licenses	
6705 Property Taxes	1,981.07
Total 6700 Taxes & Licenses	\$ 1,981.07
6860 Utilities	

6861 Natural Gas		
6862 Electricity		7,514.07
6863 Water		3,006.78
6864 Internet		
6865 Garbage/Dumpster		
Total 6860 Utilities	\$	10,520.85
6890 Miscellaneous Expense		
7020 Office/General Administrative Expenses		
Total Expenses	\$	45,155.11
Net Operating Income	\$	12,351.57
Other Income		
8010 Interest Income		
Flood Damage Insurance Claim		
Late Fee Income		474.50
Total Other Income	\$	474.50
Other Expenses		
8000 Ask My Accountant		0.00
8020 Reimbursable Expenses		
Flood Damage - Fleming		
Total 8020 Reimbursable Expenses	\$	0.00
Total Other Expenses	\$	0.00
Net Other Income	\$	474.50
Net Income	\$	12,826.07

Monday, Feb 26, 2024 06:48:31 AM GMT-8 - Accrual Basis