

AN APPRAISAL REPORT OF  
THE HARMONY POINT APARTMENT COMPLEX  
3170 HOLMESTOWN ROAD  
MYRTLE BEACH, SC

AS OF  
DECEMBER 10, 2025

FOR:  
ANDERSON BROTHERS BANK  
MULLINS, SC  
YOUR FILE #2025-1135

BY  
BECKHAM APPRAISAL SERVICE, LLC  
MYRTLE BEACH, SC  
MY FILE NO: 25-C-124

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December 15, 2025

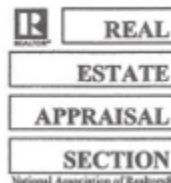
Anderson Brothers Bank  
101 N. Main Street  
Mullins, SC 29574

RE: Our File No: 25-C-124, An Appraisal Report of a 43-Unit Apartment Complex,  
Harmony Point – 3170 Holmestown Road, Myrtle Beach, SC 29588  
(HR22, LLC – Your File #2025-1135)

Dear Anderson Brothers Bank:

At your request, we have inspected and appraised the above-referenced property and prepared the following appraisal report. The subject property includes a 43-unit apartment complex known as Harmony Point along Holmestown Road, south of Myrtle Beach, SC. The property is located on a 1.63-acre commercial lot, approximately 0.3 miles west of Highway 17 Bypass. Building improvements include two wood frame buildings with brick exteriors, and a two-level design with open air walkways and stairwells on the faces of the individual buildings. Units include 40 1-bedroom, 1-bath units, with three smaller efficiency units for a total of 43 units (including an on-site manager's unit). Improvements were initially designed as a long stay motel, but have been converted to apartment rentals in recent years with limited demand for motel purposes. The property is further described within this appraisal report.

This report is for the exclusive use of the addressee, and the appraiser is not responsible for any unauthorized use of this report. Beckham Appraisal Service has no current or prospective interests in the subject property, nor the parties involved, and has disclosed such in the appraisal Certification. We also certify that we have completed all aspects of this valuation, including reconciliation of our opinions of value from different appraisal analyses, and are free of influence from the client, client's representatives, or any other party to the transaction. Beckham Appraisal Service, LLC has not previously appraised the subject property or provided any services pertaining to it within the last three years.



This is an Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice (USPAP) For An Appraisal Report. As such, it presents summary descriptions and discussions of the subject property as well as the data, reasoning, and analyses that were used in the appraisal process to develop the opinion of value for the subject property. The subject property includes a 43-unit apartment complex with varying long-term leases in place and 3 vacant units. Based on the physical and economic characteristics of the subject, we have valued the property utilizing a Market Approach, as well as an Income Capitalization Approach.

Anderson Brothers Bank is the client / intended user of this appraisal report. The intended user of the report should understand that the appraisal analysis includes all appropriate appraisal steps under the agreed upon "scope of work" between the client and the appraiser, but that the overall degree of supporting documentation in this report is limited to summary facts regarding the appraisal analyses and conclusions. The depth of discussion contained in this report is specific to the client, and for the intended use stated herein.

Because of the significant vacancies at the property and varying lease terms, we have appraised the fee simple value of the subject property, as of the date of our appraisal. The estimated value reported herein is based upon assumed marketing and exposure times of approximately 6 months assuming proper pricing, and competent management efforts. Based upon the information contained in this report, as well as that information retained in our files, it is our opinion that the Market Value of the subject property, in its current "as is" condition, as of December 10, 2025, can best be estimated at:

**FOUR MILLION, FIVE HUNDRED AND FIVE THOUSAND DOLLARS**

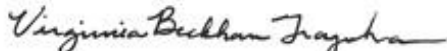
**(\$4,505,000)**

Respectfully submitted,

BECKHAM APPRAISAL SERVICE, LLC



Henry H. Beckham, GAA  
Real Estate Appraisal Section - National Association of Realtors  
State Certified General Real Estate Appraiser, SC License #CG-102



Virginia Beckham Traynham  
State Certified General Real Estate Appraiser, SC License #6871

## APPRAISAL SUMMARY

PROPERTY TYPE: A 43-unit apartment complex.

LOCATION AND PIN#: The subject property is located at 3170 Holmestown Road and is in operation as Harmony Point. The subject is approximately .3-miles west of the intersection of Highway 17 Bypass and Holmestown road, south of Myrtle Beach, SC and is shown as Horry County PIN 458-10-04-0031.

DATE OF VALUATION: December 10, 2025

DATE OF REPORT : December 15, 2025

PROPERTY RIGHTS APPRAISED: 100% Fee Simple Interest, "As Is" condition.

SITE DATA: The subject site includes a 1.63-acre commercial lot Holmestown Road, just west of its intersection with Highway 17 Bypass south of Myrtle Beach, SC, and west of Surfside Beach. The site includes approximately 310' of frontage along Holmestown Rd., with an average depth of 215'. Generally, the site is level, and at road grade, with access to all public utilities and a single curb cut for access from Holmestown Road. According to county zoning maps, the site is zoned HC by Horry County for Highway-Commercial uses. As shown on FEMA Flood Map Panel 45051C0695K, the subject is not located within a flood zone hazard area, and there does not appear to be any adverse easements or encroachments on the site. The soil is comprised of Yemassee loamy fine sand, which is typical of the area and allows for most low-rise commercial and residential development. According to the National Wetlands Mapper, there are no wetlands on the subject site.

IMPROVEMENT DATA: The subject property is improved with a two residential apartment buildings, with a total of 43 condominium-style units. The smaller building at the entrance from Holmestown Road includes 3 efficiency units with 286 square feet per unit, and 11 1-bedroom, 1-bath units with 400 square feet of space. The larger building includes a series of 29 1-bedroom, 1-bath units, each with 452 square feet of building area. All units have a similar, basic finish with dated plumbing and electric and a mix of flooring, either dated vinyl or modern LVP. Each unit has a small living area/ kitchenette with range/oven, sink, and refrigerator, and a single bedroom and bath

Appraisal Summary, Cont.  
Improvement Data, Cont.

The improvements were constructed in 1997 as a long-stay motel, but with shifts in market trends and demands, the property has changed business models for long-term apartment stays. The interior of units is updated as needed with LVP flooring, but cabinetry and appliances are mostly dated and repaired or replaced as needed. One of the larger, 1-bedroom units is currently used as an on-site manager's office, and there is a small office connected to that unit, as well as a separate laundry facility on site. The building has an actual age of 28 years and an effective of 15 years.

Site improvements include a shared asphalt parking area in front of the buildings, with a small dumpster pad and outdoor seating area between the two apartment buildings. Landscaping is minimal, and typical of multi-family residential properties in the neighborhood.

HIGHEST AND BEST USE: The Highest and Best Use of the subject property is considered to be its continued use as a 43-unit apartment complex.

FINAL VALUE CONCLUSIONS:

|                        |   |                           |
|------------------------|---|---------------------------|
| Market Approach        | - | \$4,515,000               |
| Income Approach        | - | \$4,492,000               |
| FINAL VALUE CONCLUSION | - | <b><u>\$4,505,000</u></b> |

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**IDENTIFICATION OF THE PROPERTY**

The subject is Harmony Point, a 43-unit apartment complex at 3170 Holmestown Road in Myrtle Beach, SC. The property is actually south of the city limits of Myrtle Beach, and west of the city limits of Surfside Beach in unincorporated Horry County. The site is located .3-miles west of Highway 17 Bypass, and has a limited legal description as “Parcel B”. It is shown as Horry County PIN 458-10-04-0031. No site plan or survey has been provided to us, and all sizes and measurements have been taken from current county records, and our personal inspection.

Please note the following exhibits for a more precise identification of the subject property.



Subject from Shared Parking



### **SCOPE OF WORK**

The Scope of Work is the volume of work that an appraiser performs to develop assignment results. USPAP defines “Scope of Work” as the type and extent of research and analyses in an assignment. The Scope of Work will include all necessary steps in order to produce a credible appraisal report.

In preparing this appraisal, the appraisers have inspected the subject property and surrounding neighborhood, and made an analysis of all appropriate appraisal techniques necessary to value the subject property. The subject property includes a multi-tenant apartment complex along Holmestown Road between Myrtle and Surfside Beaches in a rapidly growing market. The subject property has been valued utilizing a Market Approach, or Direct Sales Comparison, as well as an Income Capitalization Approach. Documentation and other supporting information has been retained in the appraiser’s work file.

### **EXPOSURE AND MARKETING TIMES**

Exposure time occurs prior to the effective date of the appraisal, and typically mirrors the marketing time required to sell the comparable properties (at their Market Value) that have been used as a basis for the opinion of Market Value. Exposure time is the estimated length of time that a property would have been offered on the market prior to the hypothetical consummation of the sale at Market Value, on the effective date of the appraisal. Marketing time occurs after the effective date of the appraisal, and is the anticipated time required to market a property, achieve the sale, and close after the date of the appraisal. Exposure and marketing times typically mirror each other.

The value reported herein is based upon an assumed exposure time of approximately 6 months, based on the most recent listing and contract of the subject property, as well as a consideration of the exposure times for the various comparable sales discussed in the Market Approach. A review of the marketing times for the various comparable sales included herein indicate that they were on the market, for periods of 100 to over 300 days. The subject is currently listed in CCAR MLS, and has been on the market for 237 days at its initial list price of \$4,800,000.

**CONDITIONS OF THE APPRAISAL**

The appraisal report is intended to assist the client, Anderson Brothers Bank, in estimating the Market Value of the subject property described herein for bank planning purposes. The interest appraised was that of the Fee Simple Interest of the subject property described, “as is”, as of December 10, 2025. The property is 93% occupied with only 3 vacant units and existing leases include a mix of short and long term leases of varying rates and remaining occupancy. As such, it is our opinion that the most suitable value of the subject is its Fee Simple Interest.

In order to develop an opinion of value, the property has been valued utilizing the most applicable. In order to value the subject property, we have utilized a Market Approach, and an Income Capitalization Approach. The Cost Approach has not been considered based on current inflated costs of construction, and the lack of new development for multi-family properties within this specific market and of a similar design by which to base a credible approach to value. The Appraisal Report is a brief recapitulation of the appraiser’s data, analyses, and conclusions. Supporting documentation is retained in the appraiser’s work file and can be made available if needed. Beckham Appraisal Service, LLC has not previously appraised the subject property or provided any services pertaining to it.

**OWNERSHIP & HISTORY OF THE PROPERTY**

The subject property is currently owned by HR22, LLC. HR22, LLC purchased the property from Shree Varahi, LLC in an arm’s length transaction in October of 2022 for \$2,800,000, as shown in Horry County Deed Book 4603, Page 3057. There have been no sales or transfers of the property since, but the property is listed for sale in CCAR MLS #2510132. It was entered into the MLS on 04/22/2025 with a list price of \$4,800,000, and has been on the market for 237 days as of the date of this report. There is no known pending sale of the property.

**PROPERTY TAXES AND ASSESSMENT**

According to the Horry County Assessor’s office, the property has a total appraised value of \$3,220,000. 2025 property taxes in the amount of \$39,368.74 remain unpaid but are not due until the end of the year.

## **PURPOSE OF APPRAISAL AND DEFINITION OF MARKET VALUE**

The purpose of this appraisal is to estimate the Market Value of the subject property described under current market conditions prevailing as of the effective date of the appraisal.

### **Definition of Market Value:**

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 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 their own best interest;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in US 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.

The definition of Market Value was taken from the Department of the Treasury Office of the Comptroller of the Currency, (12CFR Part 34, dated August 24, 1990 (Section 34.43 Definitions).

### **Market Value Comments**

The factors of utility, scarcity, desire and effective purchasing power are apparent in the definition. The implication that buyer and seller are working under equal pressure is seldom completely true, although typical motivation for each does imply a reasonable balance for a market value transaction.

Market prices do not necessarily follow all of these concepts and are often affected by salesmanship and the urgency and need of the buyer and/or seller. The central difference between market price and market value lies in the premises of knowledge and willingness both of which are contemplated in Market Value, but not in market price. Stated differently, at any given moment in time, Market Value denotes what a property is actually worth under certain specified conditions, while market price denotes the actual sales price.

Probability of Value Change: The Market Value of the property appraised in the report is estimated as of the aforementioned date. Constantly changing economic, social, political and physical conditions have varying effects upon real property values. Even after the passage of a relatively short period of time, property values may change substantially and require a review of the appraisal and recertification.

## **GENERAL AREA AND NEIGHBORHOOD DATA**

The subject property is located between US Highway 17 Bypass and US Highway 707 south of Myrtle Beach, SC. This is a transitional area, in unincorporated Horry County between Surfside and Garden City Beaches. The property is located in the central portion of the Grand Strand region of South Carolina. The Grand Strand region includes the Greater Myrtle Beach area, eastern Horry County, and the Waccamaw Neck region of Georgetown County. The Grand Strand is composed of a series of beachfront communities which have grown rapidly in terms of overall population with a large number of retirees moving into the area, supplementing the significant tourism industry.

The subject property is located just west of Highway 17 Bypass, approximately .3-miles west of the intersection of Highway 17 Bypass and Holmestown Road, and in a transitional commercial market. In recent years, the intersection of Holmestown Road and Highway 17 Bypass was rerouted to create more steady traffic flow along the busy highway, as well as a safer intersection due to the high traffic count along Holmestown Road. Historically, property uses directly along the bypass within the area are highway commercial in use, and include shopping centers, convenience stores, auto sales, and other high-traffic uses.

Properties along Holmestown Road have traditionally been limited industrial, service, warehouse, and public service uses including a fire station and an Horry County Solid Waste Authority dump site. The subject property extensive frontage along Holmestown Road but only a single existing curb cut to the site. There is significant commercial development near this busy intersection, with Rick's Industrial Park, Extra Space Storage, landscaping and supply stores, and other secondary commercial and services businesses nearby.

The inventory of available residential properties within this market remains extremely low, with no available land for future development outside of the new Sayebrook Parkway neighborhood on Highway 544, north of the subject. With the significant demand for residential properties nearby, the corresponding demand for suitably located highway and secondary commercial properties will likely also increase.

### **Market Conditions**

The Grand Strand region continues to exhibit extraordinary growth in its real estate market. Residential construction permits remain at an all-time high. Property values continue to appreciate for both single-family residences and multi-family units. There is a limited availability of inventory within the Myrtle Beach area. Property managers report waiting lists for rental apartments such as the subject which are suitably located within the Myrtle Beach city limits and surrounding, growing residential markets. With little to no new residential development for long-term rental purposes, rents and occupancy rates are expected to remain at near-record levels.

**SITE DATA**

The subject site is a 1.63-acre commercial site along Holmestown Road, approximately .3-miles west of its intersection with Highway 17 Bypass, south of Myrtle Beach, SC in unincorporated Horry County. The site has a limited legal description as “Parcel B” and is shown as Horry County PIN 458-10-04-0031. No current plat or survey of the subject property was provided and land area and dimensions have been estimated from Horry County tax maps.

Generally, the subject site is level and at road grade and has access to all public utilities. The subject site includes approximately 310’ of frontage along Holmestown Road, with an average depth of 215’. The subject site is zoned HC for highway commercial uses by Horry County, and other properties along Holmestown Road have similar zoning designations as well as secondary commercial, industrial, and multi-family residential uses. As shown on the following copy of FEMA Flood Map Panel No. 45051C0695K, the subject site is **not** located within a flood zone hazard area. There does not appear to be any adverse easements or encroachments on the subject site.

We assume no responsibility for hidden or unapparent conditions beyond the area of our expertise as appraisers. Only a visual surface inspection of the subject property was made. No soil or subsoil problems or evidence of site contamination was apparent. To the best of the appraiser’s knowledge, there are no hazardous environmental conditions nearby. Based upon the USDA soil survey, the subject site is predominantly Yemassee loamy fine sand, which is a very deep, somewhat poorly drained, moderately permeable, loamy soil. According to the National Wetlands Survey, there are no wetlands on the subject site.

Please note the following site exhibits, which include an aerial view of the subject property’s tax map, a copy of the current zoning map, the FEMA Flood Map Panel for the subject, as well as photographs of the site’s road frontage.



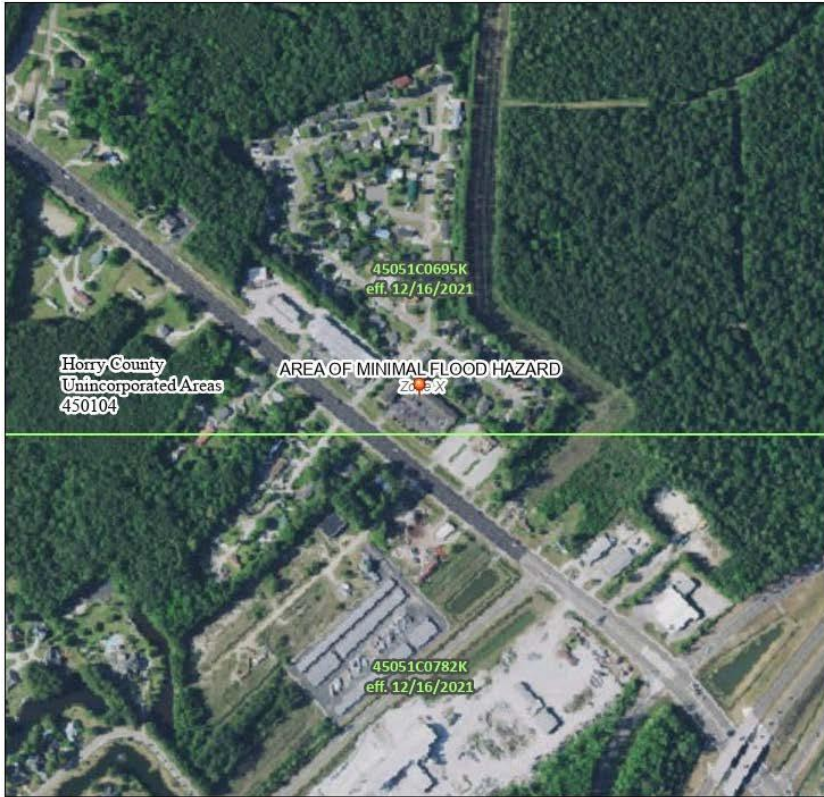


Horry County Zoning Map – Subject as Highway Commercial

National Flood Hazard Layer FIRMeTte



79°04'49"W 33°57'46"N



0 250 500 1,000 1,500 2,000 Feet 1:6,000 79°04'11"W 33°57'36"N

Basemap Imagery Source: USGS National Map 2.023

Legend

SEE THE REPORT FOR DETAILED LEGEND AND INDEX MAP FOR 8 1/2" PANEL LAYOUT

- Without Base Flood Elevation (BFE) Zone A, X, XE
- With BFE or Depth Zone AE, AD, AH, VE, AR
- Regulatory Floodway
- 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
- Future Conditions 1% annual Chance Flood Hazard Zone X
- Area with Reduced Flood Risk due to Levee See Notes, Zone X
- Area with Flood Risk due to Levee Zone D
- NO SCREEN** Area of Minimal Flood Hazard Zone X
- Effective LOMRs
- Area of Undetermined Flood Hazard Zone D
- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall
- 26.9** Cross Sections with 1% Annual Chance Water Surface Elevation
- 17.8** Coastal Tr anssect
- Base Flood Elevation Line (BFE)
- Limit of Study
- Jurisdiction Boundary
- Coastal Tr anssect Baseline
- Profile Baseline
- Hydrographic Feature
- Digital Data Available
- No Digital Data Available
- Unmapped

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was reported on 12/8/2025 at 4:00 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRMeTte number, and FIRMeTte effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

|                  |                                    |
|------------------|------------------------------------|
| Dist. Name       | DISTRICT 4                         |
| Dist. Population | -                                  |
| Owner Address    | 45 ARNOLD BLVD<br>HOWELL, NJ 07731 |
| Condo Label      |                                    |
| Lots             |                                    |
| Deed Book        | 4603                               |
| Deed Page        | 3057                               |
| Date Sold        | FRI OCT 07 2022                    |
| Soil Type        | YEMASSEE LOAMY FINE SAND           |

Soil Data – Subject as Yemassee Loamy Fine Sand

U.S. Fish and Wildlife Service  
**National Wetlands Inventory**

3170 Holmestown Rd.

December 8, 2025

- Wetlands**
- |                                |                                   |          |
|--------------------------------|-----------------------------------|----------|
| Estuarine and Marine Deepwater | Freshwater Emergent Wetland       | Lake     |
| Estuarine and Marine Wetland   | Freshwater Forested/Shrub Wetland | Other    |
|                                | Freshwater Pond                   | Riverine |

This map is for general reference only. The US Fish and Wildlife Service is not responsible for the accuracy or currentness of the base data shown on this map. All wetlands related data should be used in accordance with the layer metadata found on the Wetlands Mapper web site.

National Wetlands Inventory (NWI)  
This page was produced by the NWI mapper



Holmestown Road Frontage – Looking East towards Highway 17 Bypass



Entrance to Subject Site from Holmestown Road

## **DESCRIPTION OF IMPROVEMENTS**

The subject property includes two wood-frame apartment buildings, each with two levels on a shared site. The buildings include a total of 43 units with an on-site manager's office, and laundry space. Each unit is accessed by open-air walkways and stairwells on the face of the buildings. The exterior of the buildings has a brick exterior and an architectural shingle roof with a slab foundation. Improvements were constructed in 1997 with an actual age of 28 years and a younger, effective age of 15 years based on upkeep and maintenance of the property. The initial design of the property was as a series of long stay motel units, but with limited demand for resort properties on this interior site, the business model was changed to long-term apartment rentals with continued success and demand for units at the property.

Upon inspection, the property has only 3 units that are unoccupied. We have inspected units 4 and 28 on December 15, 2025 and the property manager indicates that aside from the other vacant unit, all units have a similar interior finish and design. The smaller of the two buildings, at the entrance to the site includes 3 efficiency units on the ground floor facing Holmestown Road, with 11 1-bedroom units on the face of the building. The efficiency units include 286 square feet with a bedroom/ living area, bath, and kitchenette. The 1-bedroom units have a separate living area/ kitchen, bedroom, and bath, with 400 square feet per unit. The larger building has 29 total units, each with a 1-bedroom design and 452 square feet per unit. This larger building also includes a small on-site office and laundry room for shared use. One of the 29 units of this building is a manager's suite, connected to the office by an interior door but accessible from the exterior as well, and could be used as an additional rental unit.

All of the units have a similar interior condition with a mix of LVP or vinyl flooring, basic plumbing and electric fixtures, and small kitchenettes with a full-sized refrigerator, small oven/ range combos, sink, and no dishwashers included. Each unit has its own HVAC system with basic but functional plumbing and electric fixtures. All of the units are accessed from exterior stairwells with a single front door.

The site includes a large driveway and shared parking lot between the two buildings, with a shared dumpster for trash service, and a small outdoor seating/ picnic area. Please note the following exhibits for a more exact description of the subject improvements.



Site Plan with Buildings and Site Improvements Shown from GIS



14-Unit Building with 3 Eff. & 11 – 1BR



29-Unit Building with All 1-BR Units, Office, Laundry on Right Side



Rear and Side Exterior of Building Improvements (29-Unit Building, Above) (14-Unit Building Below)



On Site Office and Connected Manager's Suite



On-Site, Shared Laundry Facility



Parking and Driveway on Site, Between Buildings



Unit 28 – Living/ Kitchen and Bath (Typical 1-Bedroom)



Unit 28 – Bedroom



Unit 4 – Flooring Being Replaced



Unit 4 – Bedroom Area

### **HIGHEST AND BEST USE ANALYSIS**

There are four tests which are taken into consideration in developing an opinion of the Highest and Best Use of a particular property. These four tests include those uses that are physically possible, legally permissible, financially feasible, and maximally productive. Each of those uses is considered cumulatively in order to determine the Highest and Best Use of a particular property.

When considering the Highest and Best Use of the subject “as if vacant”, the site includes a 1.63-acre site along Holmestown Road, just west of its intersection with Highway 17 Bypass south of Myrtle Beach, SC. Generally, the subject site is level and at road grade and has access to all public utilities. The property has good frontage and access from Holmestown Road, and is suitably located between Highway 17 Bypass and Highway 707 in unincorporated Horry County. The subject site is not located in a flood zone hazard area and there are no known deed restrictions which would prohibit any particular use of the subject site. The subject and surrounding properties are zoned HC, as part of a highway commercial district by Horry County. This is a mixed use zoning district, and is one of the most flexible in the city, allowing for a variety of highway and neighborhood commercial development. The immediate subject neighborhood is transitional, with limited industrial, service, and other commercial properties along Holmestown Road near its intersection with 17 Bypass, and scattered manufactured homes, small mobile home parks, stick-built homes, and multi-family properties and service businesses in the middle of the thoroughfare, transitioning back to service and commercial properties at the opposite end of the roadway with Highway 707. There is limited similar multi-family apartment development, and most multi-family properties are larger townhomes or mobile home parks in the market. When considered “as if vacant”, the property would most likely be developed with some type of multi-family housing complex, with a high density of units to maximize use of the subject site.

When considering the Highest and Best Use of the subject property “as improved”, the existing improvements include a 43-unit multi-family apartment complex, originally designed as an extended-stay motel, but converted to individual apartment units based on more significant demand for that use in comparison to resort or longer motel stays within this interior market. The property is further from the beach, resulting in limited demand for short-term stays or resort rentals. Holmestown Road is a transitional market, popular for affordable housing alternatives, and there are almost no competing smaller floor plan properties in the market. The Highest and Best Use use “as improved”, is for its continued use as a 43-unit, multi-family rental property.

**VALUATION PROCEDURE**

The subject property includes a 43-unit apartment complex, in a suitable location popular for long-term rentals in coastal Horry County. In valuing the existing building improvements, we have considered a Market Approach, or Direct Sales Comparison of recent sales of similar multi-tenant properties in the area, as well as an Income Capitalization Approach, based on partial reported rents from both the subject property, and similar rental properties in the area.

No Cost Approach has been considered in the valuation of the subject property, as there is limited remaining commercial land suitable for similar development and even fewer sales in recent years. Additionally, there has been no new construction of similar mid-sized apartment buildings within the Myrtle Beach market in recent years which creates a lack of credible information by which to utilize a Cost Approach.

**MARKET APPROACH**

The Market Approach, or Direct Sales Comparison Approach, is based upon a comparison of the prices that are paid for similar, competitive properties in the same market, representing bona fide, arm's length transactions. This approach works best in an active market where these prices serve as good indicators of the most probable sales price of the subject property as of the valuation date.

Comparable sales are analyzed and adjustments are made for property rights conveyed, conditions in the market, terms of financing, unusual conditions of sale, differences in physical characteristics, and location. The adjusted sales price should be what the comparable property would have sold for if it had possessed similar characteristics of the subject property at the time of the sale. Please note the following chart for a summary of all recent multi-tenant building sales from within the market area.

MULTI-TENANT APARTMENT SALES

| <u>Sale #</u> | <u>Location &amp; TMS #</u>                     | <u>Date</u> | <u>Price</u> | <u># of Units</u> | <u>Building Size (SF)</u> | <u>\$/ Unit</u> | <u>\$/ SF</u> |
|---------------|-------------------------------------------------|-------------|--------------|-------------------|---------------------------|-----------------|---------------|
| 1             | 1200 Hemingway<br>Chapel Rd.<br>369-12-01-0005  | 3/23        | \$3,200,000  | 30                | 19,398                    | \$106,667       | \$164.97      |
| 2             | 401 37th Ave. N.<br>391-04-04-0169              | 6/23        | \$2,300,000  | 18                | 9,318                     | \$127,778       | \$246.83      |
| 3             | 603 36th Ave. N.<br>424-06-02-0081              | 2/25        | \$2,000,000  | 18                | 19,978                    | \$111,111       | \$100.11      |
| 4             | 501 38th Ave. N.<br>424-05-01-0088              | 3/22        | \$4,900,000  | 40                | 35,112                    | \$122,500       | \$139.55      |
| 5             | Dogwood Dr. &<br>Shalom Cir.<br>440-05-04-0060+ | 5/24        | \$5,200,000  | 42                | 38,688                    | \$123,810       | \$134.41      |
| 6             | 11063 Highway 90<br>349-04-04-0094              | 9/25        | \$6,950,000  | 74                | 90,055                    | \$93,919        | \$77.18       |

Comparable 1 is the March 2023 sale of the Hemingway Apartments development off of Kates Bay Highway, southwest of Conway, SC. This is a modern construction property with 30, 2-bedroom, 1 bath units and approximately 646.5 square feet of space per unit. The property is more modern in comparison to the subject, but has an inferior location outside of Conway, SC. The properties are similar in overall quality and design to the subject, but have a superior, 2 bedroom design. Comparable 1 sold for \$106,667 per unit, and \$164.97 per square foot of building area.



Comparable 1 – 1200 Hemingway Chapel Rd. Conway



Comparable 2 – 401 37<sup>th</sup> Ave. N. NMB



Comparable 3 -603 36<sup>th</sup> Ave. N.



Comparable 4 – 501 38<sup>th</sup> Ave. N.



Comparable 5 – Bridgecreek Ph. 1



Comparable 6 – Summer Crest Estates

Market Approach, Cont.

Comparable 2 is the sale of an older, resort motel property in the Cherry Grove market of North Myrtle Beach. It has a smaller, 18-unit design with the smallest building area of the various sales. Like the subject, this property was converted to long-term rentals prior to the sale in June of 2023, with a similar condition, but superior, smaller unit count. The units are of a similar floor plan to the subject though, with 4 efficiencies, 9, 1-bedroom units, and 5 larger, 2-bedroom units. Comparable 2 sold in June of 2023 for \$2,300,000, or \$127,778 per unit and a much more significant value per square foot at \$246.83.

Comparables 3 and 4 are older properties that have been renovated, and both have a superior location in central Myrtle Beach. The properties are located between 36<sup>th</sup> and 38<sup>th</sup> Avenues N. and were constructed in the late 1970s and 80's, but have been updated to have a similar overall finish in comparison to the subject. Comparable 3 has a superior inclusion of larger floor plan units, with 16, 2-bedroom units and 2, 3-bedroom units, and sold in February of 2025 for \$2,000,000, or \$111,111 per unit, and \$100.11 per square foot of building area but is the least updated of the two, in slightly inferior condition and sold "as is". Comparable 4 is an earlier sale from March of 2022 and included a series of 40 units with a mix of single and two-bedroom units. This property sold at a price of \$4,900,000 with a very similar inventory of units, at \$123,810 per unit, and \$134.41 per square foot of building area.

Comparable 5 is the sale of a condominium and townhouse development known as Phase 1 in the Bridgecreek development off of Highway 707, just north of the subject property in the Socastee Community. This 42-unit property sold in May of 2024 for \$5,200,000, or \$123,810 per unit and includes a series of 8, 1-bedroom units, 28 2-bedroom units, and 6, 3-bedroom units. The larger units are townhouse style, which is superior in design to the subject, and the larger units are of superior market appeal, requiring a negative adjustment. The location of this property, as well as the unit inventory is considered very similar.

Finally, we have included the most recent multi-tenant sale of a property in the Horry County market. Comparable 6 is the Summer Crest Estates development off of Highway 90 in Little River, just north of its intersection with Highway 31. The location is similar to the subject, but the property sold with a higher inventory of 74 units. These units are comprised of 1 and 2 bedroom units, and sold in September of 2025 for \$6,950,000, or \$93,919 per unit, and \$77.18 per square foot. This is by far the largest of the sales in terms of total building sizes.

**Adjustments**

All of the comparable sales have been adjusted at a rate of 6% per year for improved market conditions. Property values continue to appreciate in the Myrtle Beach area, and the investment market for residential owned properties is strong. Despite an increase in mortgage rates over the last 18 months, the inventory of available properties remains limited. Other adjustments have been made for typical physical characteristics such as overall size, number of units, room counts, and condition and quality. The individual adjustments for the various comparables were discussed in the descriptive section of the comparable sales and are shown on the following chart.

## BECKHAM APPRAISAL SERVICE, LLC

### Market Approach, Cont. Adjustments, Cont.,

|                           | <u>Subject</u> | <u>Comp. 1</u> | <u>Comp. 2</u> | <u>Comp. 3</u> | <u>Comp. 4</u> | <u>Comp. 5</u> | <u>Comp. 6</u> |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Location                  | Holmestown     | Hemingway      | 37th Ave. N.   | 36th Ave. N.   | 38th Ave. N.   | Bridgecreek    | Hwy. 90        |
| # Units                   | 43             | 30             | 18             | 18             | 40             | 42             | 74             |
| GLA                       | 18,366         | 19,398         | 9,318          | 19,978         | 35,112         | 38,688         | 90,055         |
| Sale Date                 |                | 3/23           | 6/23           | 2/25           | 3/22           | 5/24           | 9/25           |
| Sale Price                |                | \$3,200,000    | \$2,300,000    | \$2,000,000    | \$4,900,000    | \$5,200,000    | \$6,950,000    |
| \$/ Unit                  | \$0            | \$106,667      | \$127,778      | \$111,111      | \$122,500      | \$123,810      | \$93,919       |
| <b><u>Trans. Adj.</u></b> |                |                |                |                |                |                |                |
| Prop. Rights              | Fee Simple     | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             |
| Adj. \$/ Unit             |                | \$106,667      | \$127,778      | \$111,111      | \$122,500      | \$123,810      | \$93,919       |
| Financing                 | Market         | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             |
| Adj. \$/ Unit             |                | \$106,667      | \$127,778      | \$111,111      | \$122,500      | \$123,810      | \$93,919       |
| Cond. Sale                | Arms           | 0%             | 0%             | 0%             | 0%             | 0%             | 0%             |
| Adj. \$/ Unit             |                | \$106,667      | \$127,778      | \$111,111      | \$122,500      | \$123,810      | \$93,919       |
| Mkt. Cond.                | Current        | 16.00%         | 14.50%         | 4.50%          | 22.00%         | 9.00%          | 1.00%          |
| Adj. \$/ Unit             |                | \$123,733      | \$146,306      | \$116,111      | \$149,450      | \$134,952      | \$94,858       |
| <b><u>Phys. Adj.</u></b>  |                |                |                |                |                |                |                |
| Location                  | Holmestown     | 10%            | -20%           | -20%           | -20%           | 0%             | 0%             |
| Floor Plan                | Eff/1          | -10%           | 0%             | -10%           | 0%             | -10%           | 0%             |
| # of Units                | 43             | 0%             | -10%           | -10%           | 0%             | 0%             | 10%            |
| Condition                 | Avg.           | -10%           | 0%             | 20%            | 0%             | 0%             | 0%             |
| Other                     | None           | 0%             | 0%             | 0%             | 0%             | -10%           | 0%             |
| NET ADJ.                  |                | -10%           | -30%           | -20%           | -20%           | -20%           | 10%            |
| Ind. Val./ Unit           |                | \$111,360      | \$102,414      | \$92,889       | \$119,560      | \$107,962      | \$104,344      |

With a significant variance in the range of values per square foot, prior to adjustments, the adjustments are made based on the value per unit, which is more closely aligned both before and after adjustments. As such, after making the appropriate adjustments, the comparable sales provide a range of indicated values per unit between \$92,889 and \$119,560. The average indicated sales price per unit is \$106,421, while the median is similar at \$106,153. Because of the location of the subject along Holmestown Road, and the smaller unit floor plans of the subject, an indicated market value of \$105,000 per unit is considered appropriate. As such, the Market Approach provides an indicated value for the subject of **\$4,515,000.**

## **INCOME CAPITALIZATION APPROACH**

The Income Approach to value is based primarily upon the anticipated benefits of ownership to be derived from the operation of an income type or leased property. The Income Capitalization Approach is applied based upon market rents, typical vacancies for similar properties, typical market operating expenses, and a market derived overall capitalization rate to estimate the value of the subject property. In appraisal terminology with regard to income properties, value is normally defined as “the present worth of future rights to income”. For this reason, the economics of a property’s operations are of prime importance in estimating the value of an income producing property.

The value estimate using this approach is derived by estimating the market rent of the property (in other words, that income attributable to a property improved to its Highest and Best Use), deducting all pertinent expenses (experienced under competent management), and capitalizing the resulting net income with an appropriate capitalization rate to obtain the present value of the forecasted income stream. This method provides an objective estimate of what a prudent, informed investor would pay for the subject property.

### **Potential Gross Income**

In estimating the Potential Gross Income of a property, we typically rely on income and expense information taken from the operation of the subject itself. We confirm that reported income figure with comparable rents and expense information from similar properties. As of the date of our inspection of the property, all but 3 of the subject units are occupied, and those existing leases vary in start and end terms, as well as current rent rates. Reported rents range from \$1,250 to \$1,650 per unit per month but are inclusive of all utilities, which is atypical of multi-tenant properties in the market. This allows for the property to collect generally higher rents than those which pass on all electricity, water, sewer, and cable fees to tenants. The following profit and loss statement has been provided by the borrower, and indicates that total rents for the property between September of 2024 and August of 2025 were \$612,355.90, or an average of \$1,187 per unit overall.

Comparable 1 of the Sales Comparison Approach sold after a year and a half of occupancy, with a reported income of \$290,700. This is a 30-unit complex, with all 2-bedroom, 1 bath units, indicating an average monthly rental income of \$807.50 per unit. The property has a superior, modern construction built in 2022 and larger units, but is in an inferior neighborhood, southwest of Conway, SC, with historically lower rental income per unit.

Comparable 3 is the sale of an older, 18-unit complex at 35<sup>th</sup> Avenue N. and Oak Street in central Myrtle Beach. The 18 units are comprised of 16, 2-bedroom, 1 bath units, and 2, 3-bedroom, 2 bath units, and the smaller units range in monthly market rents between \$1,050 per month to \$1,475 per month, with the two larger units at \$1,550 and \$1,600 per month. These are older units compared to the subject, with a similar locational appeal, but superior, larger floor plans.

# BECKHAM APPRAISAL SERVICE, LLC

| HR22 LLC - T12                                     | Sep-24       | Oct-24       | Nov-24       | Dec-24       | Jan-25        | Feb-25       | Mar-25       | Apr-25       | May-25       | Jun-25       | Jul-25       | Aug-25       | Total         |
|----------------------------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Operating Income &amp; Expense</b>              |              |              |              |              |               |              |              |              |              |              |              |              |               |
| <b>Income</b>                                      |              |              |              |              |               |              |              |              |              |              |              |              |               |
| <b>RENTS</b>                                       |              |              |              |              |               |              |              |              |              |              |              |              |               |
| Rent Income                                        | \$ 43,697.61 | \$ 53,362.91 | \$ 50,491.66 | \$ 55,844.68 | \$ 47,535.28  | \$ 47,724.75 | \$ 61,063.96 | \$ 47,482.20 | \$ 51,835.60 | \$ 43,691.16 | \$ 48,699.56 | \$ 52,926.53 | \$ 604,355.90 |
| Other Income-Security Deposit used as rent payment |              |              |              |              |               |              |              |              |              | \$ 8,000.00  |              |              | \$ 8,000.00   |
| <b>Total RENTS</b>                                 | \$ 43,697.61 | \$ 53,362.91 | \$ 50,491.66 | \$ 55,844.68 | \$ 47,535.28  | \$ 47,724.75 | \$ 61,063.96 | \$ 47,482.20 | \$ 51,835.60 | \$ 43,691.16 | \$ 56,699.56 | \$ 52,926.53 | \$ 612,355.90 |
| <b>FEES</b>                                        |              |              |              |              |               |              |              |              |              |              |              |              |               |
| Application Fee                                    |              |              | \$ 95.00     |              | \$ 95.00      |              |              |              |              |              |              |              | \$ 190.00     |
| Late Fee                                           |              |              |              |              |               |              |              |              |              |              |              |              | \$ -          |
| <b>Total FEES</b>                                  | \$ -         | \$ -         | \$ 95.00     | \$ -         | \$ 95.00      | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ 190.00     |
| <b>Total Operating Income</b>                      | \$ 43,697.61 | \$ 53,362.91 | \$ 50,586.66 | \$ 55,844.68 | \$ 47,630.28  | \$ 47,724.75 | \$ 61,063.96 | \$ 47,482.20 | \$ 51,835.60 | \$ 43,691.16 | \$ 56,699.56 | \$ 52,971.53 | \$ 612,590.90 |
| <b>Expense</b>                                     |              |              |              |              |               |              |              |              |              |              |              |              |               |
| <b>CLEANING AND MAINTENANCE</b>                    |              |              |              |              |               |              |              |              |              |              |              |              |               |
| Exterminator                                       | \$ 215.00    | \$ 215.00    | \$ 220.00    | \$ -         | \$ 440.00     | \$ 220.00    | \$ 220.00    | \$ 220.00    | \$ 220.00    | \$ 970.00    | \$ 420.00    | \$ 220.00    | \$ 3,580.00   |
| Landscaping                                        | \$ 180.00    | \$ 180.00    | \$ 140.00    | \$ 140.00    |               |              | \$ 140.00    |              |              | \$ 1,120.00  |              | \$ 280.00    | \$ 2,180.00   |
| Cleaning and Maintenance -Other                    | \$ 290.94    |              | \$ 185.00    | \$ 157.53    | \$ 361.58     | \$ 142.56    |              | \$ 60.00     | \$ 350.00    |              |              | \$ 183.60    | \$ 1,731.21   |
| <b>Total CLEANING AND MAINTENANCE</b>              | \$ 685.94    | \$ 395.00    | \$ 545.00    | \$ 297.53    | \$ 801.58     | \$ 362.56    | \$ 220.00    | \$ 420.00    | \$ 570.00    | \$ 970.00    | \$ 1,540.00  | \$ 683.60    | \$ 7,491.21   |
| <b>LEGAL AND OTHER PROFESSIONAL FEES</b>           |              |              |              |              |               |              |              |              |              |              |              |              |               |
| Legal                                              | \$ 110.00    | \$ 55.00     | \$ 55.00     | \$ 110.00    |               | \$ 55.00     |              | \$ 55.00     | \$ 55.00     | \$ 55.00     |              |              | \$ 550.00     |
| Other                                              |              |              |              |              |               |              |              | \$ 420.42    |              |              |              |              | \$ 420.42     |
| <b>Total LEGAL AND OTHER PROFESSIONAL FEES</b>     | \$ 110.00    | \$ 55.00     | \$ 55.00     | \$ 110.00    | \$ -          | \$ 55.00     | \$ -         | \$ 475.42    | \$ 55.00     | \$ 55.00     | \$ -         | \$ -         | \$ 970.42     |
| <b>Total MANAGEMENT FEES</b>                       | \$ 500.00    | \$ 500.00    | \$ 500.00    | \$ 1,000.00  | \$ 500.00     | \$ 500.00    | \$ 500.00    | \$ 500.00    | \$ 500.00    | \$ 500.00    | \$ 500.00    | \$ 500.00    | \$ 6,500.00   |
| <b>REPAIRS &amp; MAINTENANCE</b>                   |              |              |              |              |               |              |              |              |              |              |              |              |               |
| Plumbing                                           | \$ 40.00     | \$ 130.37    | \$ 953.47    | \$ 43.16     | \$ 102.66     |              |              |              | \$ 442.00    | \$ 100.00    |              |              | \$ 1,811.66   |
| Appliances                                         | \$ 216.16    |              | \$ 289.60    | \$ 51.84     |               | \$ 100.00    |              |              |              | \$ 77.76     |              | \$ 113.67    | \$ 849.03     |
| HVAC (Heat, Ventilation, Air)                      |              |              |              |              |               |              |              |              |              |              |              |              | \$ -          |
| Paint & Plaster                                    | \$ 166.17    | \$ 33.31     |              |              | \$ 376.24     | \$ 150.00    |              |              | \$ 850.00    |              |              | \$ 1,700.00  | \$ 3,275.72   |
| Tools                                              |              |              |              |              |               |              |              |              |              |              |              |              | \$ -          |
| Other                                              | \$ 168.37    | \$ 120.00    | \$ 265.45    | \$ 100.00    | \$ 466.60     | \$ 250.00    | \$ 279.77    |              | \$ 60.00     |              |              | \$ 379.79    | \$ 2,089.98   |
| <b>Total REPAIRS &amp; MAINTENANCE</b>             | \$ 590.70    | \$ 283.68    | \$ 1,508.52  | \$ 195.00    | \$ 945.50     | \$ 500.00    | \$ 279.77    | \$ -         | \$ 1,292.00  | \$ 237.76    | \$ -         | \$ 2,193.46  | \$ 8,026.39   |
| <b>FIRE &amp; SAFETY</b>                           |              |              |              |              |               |              |              |              |              |              |              |              |               |
| Monitoring                                         | \$ 62.00     | \$ 62.00     | \$ 62.00     | \$ 62.00     | \$ 62.00      | \$ 62.00     | \$ 62.00     | \$ 62.00     | \$ 62.00     | \$ 62.00     | \$ 62.00     | \$ 62.00     | \$ 911.00     |
| Other                                              |              |              |              |              |               |              |              |              |              |              |              |              | \$ 172.71     |
| <b>Total FIRE &amp; SAFETY</b>                     | \$ 62.00     | \$ 62.00     | \$ 62.00     | \$ 62.00     | \$ 62.00      | \$ 62.00     | \$ 62.00     | \$ 62.00     | \$ 62.00     | \$ 62.00     | \$ 62.00     | \$ 62.00     | \$ 1,083.71   |
| <b>OFFICE SUPPLIES</b>                             |              |              |              |              |               |              |              |              |              |              |              |              |               |
| Paper                                              | \$ 19.11     |              |              |              |               |              |              |              |              |              |              |              | \$ 19.11      |
| Toner                                              |              | \$ 58.04     |              |              |               |              |              |              |              |              |              |              | \$ 58.04      |
| Folders                                            |              |              |              |              |               |              |              |              |              |              |              |              | \$ -          |
| Other                                              |              |              | \$ 55.00     |              | \$ 204.66     |              |              |              | \$ 92.85     |              |              |              | \$ 352.51     |
| <b>Total SUPPLIES</b>                              | \$ 19.11     | \$ 58.04     | \$ 55.00     | \$ -         | \$ -          | \$ 204.66    | \$ -         | \$ -         | \$ -         | \$ 92.85     | \$ -         | \$ -         | \$ 429.66     |
| <b>INSURANCE &amp; TAXES</b>                       |              |              |              |              |               |              |              |              |              |              |              |              |               |
| Insurance                                          | \$ 2,602.00  | \$ 2,602.00  | \$ 7,442.48  | \$ 3,625.73  | \$ 3,625.73   | \$ 4,176.93  | \$ 3,625.73  | \$ 3,625.73  | \$ 3,625.73  | \$ 3,625.73  | \$ 3,625.73  | \$ 3,625.73  | \$ 45,829.25  |
| Taxes                                              |              |              |              | \$ 40,883.28 |               |              |              |              |              |              |              |              | \$ 40,883.28  |
| Tax Filing                                         |              |              |              |              |               | \$ 1,375.00  |              |              |              |              |              |              | \$ 1,375.00   |
| <b>Total INSURANCE &amp; TAXES</b>                 | \$ 2,602.00  | \$ 2,602.00  | \$ 7,442.48  | \$ 3,625.73  | \$ 44,509.01  | \$ 5,551.93  | \$ 3,625.73  | \$ 3,625.73  | \$ 3,625.73  | \$ 3,625.73  | \$ 3,625.73  | \$ 3,625.73  | \$ 88,087.53  |
| <b>UTILITIES</b>                                   |              |              |              |              |               |              |              |              |              |              |              |              |               |
| Telephone & Internet                               | \$ 796.51    | \$ 796.51    | \$ 796.51    | \$ 796.51    | \$ 796.51     | \$ 796.51    | \$ 796.51    | \$ 869.85    | \$ 869.85    | \$ 869.85    | \$ 869.85    | \$ 869.60    | \$ 9,937.82   |
| Cable                                              | \$ 914.20    | \$ 997.31    | \$ 997.31    | \$ 997.31    | \$ 997.54     | \$ 997.54    | \$ 997.54    | \$ 997.54    | \$ 997.54    | \$ 997.54    | \$ 997.54    | \$ 997.54    | \$ 11,886.45  |
| Gas                                                | \$ 298.65    | \$ 302.22    | \$ 170.04    | \$ 411.63    | \$ 490.67     | \$ 467.95    |              | \$ 47.21     | \$ 399.02    | \$ 397.33    | \$ 326.40    | \$ 343.75    | \$ 3,654.87   |
| Electricity                                        | \$ 2,400.88  | \$ 2,178.30  | \$ 2,002.82  | \$ 1,926.41  | \$ 1,953.74   | \$ 2,144.30  | \$ 2,192.95  | \$ 1,952.58  | \$ 1,789.94  | \$ 1,810.58  | \$ 2,077.47  | \$ 2,287.76  | \$ 24,717.73  |
| Water                                              | \$ 624.11    | \$ 610.36    | \$ 592.62    | \$ 616.40    | \$ 619.76     | \$ 626.28    | \$ 600.59    | \$ 609.63    | \$ 657.42    | \$ 616.14    | \$ 646.81    | \$ 653.67    | \$ 7,473.79   |
| Garbage and Recycling                              | \$ 356.19    | \$ 354.01    | \$ 354.56    | \$ 473.38    | \$ 559.03     | \$ 444.61    | \$ 704.96    | \$ 445.09    | \$ 445.43    | \$ 441.87    | \$ 621.57    | \$ 506.81    | \$ 5,707.51   |
| <b>Total UTILITIES</b>                             | \$ 5,390.54  | \$ 5,238.71  | \$ 4,913.86  | \$ 5,221.64  | \$ 5,417.25   | \$ 5,477.19  | \$ 5,292.55  | \$ 4,921.90  | \$ 5,159.20  | \$ 5,133.31  | \$ 5,539.39  | \$ 5,672.63  | \$ 63,378.17  |
| <b>PAYROLL</b>                                     |              |              |              |              |               |              |              |              |              |              |              |              |               |
| Property Manager                                   | \$ 2,400.00  | \$ 2,400.00  | \$ 3,600.00  | \$ 2,650.00  | \$ 2,450.00   | \$ 2,400.00  | \$ 2,400.00  | \$ 2,400.00  | \$ 3,600.00  | \$ 2,400.00  | \$ 2,400.00  | \$ 2,500.00  | \$ 31,600.00  |
| Maintenance Payroll                                | \$ 300.00    | \$ 288.75    |              |              |               | \$ 60.00     | \$ 103.20    |              | \$ 100.00    |              |              | \$ 300.00    | \$ 1,151.95   |
| <b>Total PAYROLL</b>                               | \$ 2,700.00  | \$ 2,688.75  | \$ 3,600.00  | \$ 2,650.00  | \$ 2,450.00   | \$ 2,400.00  | \$ 2,460.00  | \$ 2,503.20  | \$ 3,600.00  | \$ 2,500.00  | \$ 2,400.00  | \$ 2,800.00  | \$ 32,751.95  |
| <b>OTHER</b>                                       |              |              |              |              |               |              |              |              |              |              |              |              |               |
| Leasing Commissions                                |              |              |              |              | \$ 1,562.00   | \$ 850.00    |              |              | \$ 850.00    |              |              | \$ 800.00    | \$ 4,062.00   |
| Computer Software                                  | \$ 66.36     | \$ 66.36     | \$ 66.36     | \$ 136.35    | \$ 66.36      | \$ 66.36     | \$ 66.36     | \$ 66.36     | \$ 66.36     | \$ 66.36     | \$ 66.36     | \$ 66.36     | \$ 866.31     |
| <b>Total OTHER</b>                                 | \$ 66.36     | \$ 66.36     | \$ 66.36     | \$ 136.35    | \$ 1,628.36   | \$ 916.36    | \$ 66.36     | \$ 66.36     | \$ 66.36     | \$ 916.36    | \$ 66.36     | \$ 66.36     | \$ 4,928.31   |
| <b>Total Operating Expense</b>                     | \$ 12,726.65 | \$ 11,949.54 | \$ 18,748.22 | \$ 13,298.25 | \$ 56,313.70  | \$ 16,029.70 | \$ 12,506.41 | \$ 12,574.61 | \$ 14,930.29 | \$ 14,093.01 | \$ 13,733.48 | \$ 16,743.49 | \$ 213,547.35 |
| <b>Total Income</b>                                | \$ 43,697.61 | \$ 53,362.91 | \$ 50,586.66 | \$ 55,844.68 | \$ 47,630.28  | \$ 47,724.75 | \$ 61,063.96 | \$ 47,482.20 | \$ 51,835.60 | \$ 43,691.16 | \$ 56,699.56 | \$ 52,971.53 | \$ 612,590.90 |
| <b>Total Expense</b>                               | \$ 12,726.65 | \$ 11,949.54 | \$ 18,748.22 | \$ 13,298.25 | \$ 56,313.70  | \$ 16,029.70 | \$ 12,506.41 | \$ 12,574.61 | \$ 14,930.29 | \$ 14,093.01 | \$ 13,733.48 | \$ 16,743.49 | \$ 213,547.35 |
| <b>Net Operating Income</b>                        | \$ 30,970.96 | \$ 41,413.37 | \$ 31,838.44 | \$ 42,546.43 | \$ (8,683.42) | \$ 31,895.05 | \$ 48,557.55 | \$ 34,907.59 | \$ 36,905.31 | \$ 29,598.15 | \$ 42,966.08 | \$ 36,228.04 | \$ 398,943.55 |

Income Capitalization Approach, Cont.  
Potential Gross Income, Cont.

The subject units have a typical finish, but smaller floor plan than most competing rental properties in the market, and their location along Holmestown Road is adequate in terms of market appeal. Holmestown Road is centrally located and in close proximity to several major roadways, as well as most commercial development along the coastal areas of the county. The existing rents of the subject are given primary consideration, and the individual units have an estimated monthly market rent of \$1,250 per month. With 43 units and no truly discernable rent differences in the 3 smaller units compared to the 40 larger units, the property has an estimated monthly rental income of \$53,750, or a total PGI of \$645,000.

**Vacancy and Credit Loss**

As of the date of our appraisal, the property is 93% occupied and surprisingly, the majority of the included sales were reported as similarly or up to 100% occupied at their dates of sale. With continually increasing mortgage lending rates and a decreasing inventory of affordable homes in the Horry County market, the demand for suitably located rental properties such as the subject remains high. While it is unlikely that the subject can attain and maintain full occupancy, a conservative 7.5% factor for vacancy and credit loss is considered reasonable, or approximately 3 units per month.

**Operating Expenses**

The operating expenses for the subject property have been estimated from the current management practices as well as similar management at competing properties within the market. All utilities are included in the tenant's slightly higher rent rates, which is atypical of modern multi-family properties which pass on expenses to tenants. Despite this incurred cost to the owner, the subject's actual operating expense ratio aligns with similar multi-tenant properties in the market. The subject's shown operating expenses of \$213,647.35 include cleaning, maintenance, management fees, as well as utilities, insurances, and all property taxes and result in an OER of 34.9%. Comparable 1 of the Sales Comparison Approach sold with a similar Operating Expense Ratio of 34%, which is used to confirm the subject's operating expenses in comparison to similar multi-tenant properties in the market. Comparable 3 sold with an OER of 31.6%, which is more aligned with a multi-tenant property at which tenants are responsible for individual utilities.

**Capitalization Rate**

The commercial real estate market continues to exhibit appreciation since 2019, though cap rates have increased some with corresponding increases in interest rates. The subject is suitably located between Highway 17 Bypass and Highway 707, with a large lot size but smaller floor plan units. Despite the smaller floor plans of the improvements, the redevelopment potential of the site and ongoing demand for long-term rental units in the subject neighborhood create an attractive investment for market participants.

## BECKHAM APPRAISAL SERVICE, LLC

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### Income Capitalization Approach, Cont. Capitalization Rate, Cont.,

Comparable 1 of the Sales Comparison Approach was listed under construction in 2021, for \$3,095,000. The property had a projected Gross Income of \$290,700 and estimated operating expenses shown at \$98,733, providing an NOI of \$191,967. It sold in March of 2023 for \$3,200,000, providing a CAP rate after a year of occupancy of 6%. The property is listed for sale, with an asking price of \$4,500,000, and an NOI of \$327,150, providing a listing cap rate of 7.27%.

Comparable 3 of the Sales Comparison Approach was fully leased at the time of its sale in February of 2025. The MLS listing sheet of the property shows a total Gross Income of \$219,845, and actual operating expenses of \$69,464, providing an NOI of \$150,381 and an actual capitalization rate of 7.5%.

We have also considered the listing of the subject property, at \$4,800,000, and its reported NOI of \$398,708.35. The listing cap rate for the subject is 8.3%. It is likely that the property will sell at or below the current list price, further increasing the subject's eventual capitalization rate upon the sale.

Considering the recent sales of multi-family properties with similar rental programs, location of the subject property and its mix of floor plans/ smaller units, the appropriate cap rate of the subject property is 8.4%. Please note the following chart for the Income Approach calculations.

|                                 |                           |
|---------------------------------|---------------------------|
| Potential Gross Income          |                           |
| 43 @ \$1,250/ Mo.               | \$645,000                 |
| Vacancy & Credit Loss @ 10%     | <u>(\$64,500)</u>         |
| Effective Gross Income          | \$580,500                 |
| Operating Expenses<br>(35% OER) | \$203,175                 |
| TOTAL EXPENSES                  | <u>(\$203,175)</u>        |
| Net Operating Income            | \$377,325                 |
| NOI / Cap Rate = Value          |                           |
| \$377,325 ÷ 8.50% =             | \$4,491,964               |
| ROUNDED TO:                     | <b><u>\$4,492,000</u></b> |

**RECONCILIATION AND FINAL VALUE CONCLUSIONS**

The subject property is a suitably located, 43-unit, multifamily property converted from an extended-stay motel along Holmestown Road. The property has been in operations as a long-term, multi-family apartment complex since the prior to the current ownerships' acquisition in 2022 with established rental history and tenants in place. Occupancy is currently at 93%, which similar historical occupancy, and the property has been valued utilizing a Market Approach, as well as an Income Capitalization Approach. The Market Approach provides a per-unit value of the subject in the amount of \$105,000, or \$4,515,000 total, while the Income Approach, based primarily on the historical operating income and expense history of the subject and in comparison to similar multi-family properties provides a slightly lower market value of \$4,492,000. Consideration is given to both approaches to value, as the most likely buyer of the property would be an investor, which is typical of multi-family properties in the market.

Based upon the information contained in this report, as well as that information retained in my files, and considering the attached Assumptions and Limiting Conditions, it is my opinion that the Market Value of the fee simple interest in the subject property described herein, as of December 10, can best be estimated at:

**FOUR MILLION, FIVE HUNDRED AND FIVE THOUSAND DOLLARS**

**(\$4,505,000)**

Respectfully submitted,

BECKHAM APPRAISAL SERVICE, LLC



Henry H. Beckham, GAA  
Real Estate Appraisal Section - National Association of Realtors  
State Certified General Real Estate Appraiser, SC License #CG-102



Virginia Beckham Traynham  
State Certified General Real Estate Appraiser, SC License #6871

**CERTIFICATION**

We do hereby certify that, to the best of our knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.

We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.

Henry Beckham has made a personal inspection of the subject of this appraisal report. No inspection of the property was made by Virginia Traynham.

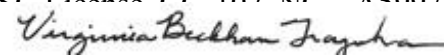
No one provided significant real property appraisal assistance to the persons signing this certification.

Beckham Appraisal Service, LLC has not previously appraised or performed any services pertaining to the subject property.

SIGNED:



Henry H. Beckham, GAA  
SC License, CG-102, NC A5007



Virginia Beckham Traynham  
SC License, CG- 6871, NC A9514

## ASSUMPTIONS AND LIMITING CONDITIONS

The legal description, or other property identification furnished by others, is assumed to be correct, and no responsibility is assumed for matters legal in nature. No opinion is rendered as to title, which is assumed to be marketable. Any existing liens or encumbrances have been disregarded, and the property is appraised as if free and clear, unless otherwise noted in the body of the report.

No current survey of the property was made, and the improvements are assumed to be within the lot lines, in accordance with local building codes and zoning regulations, and any restrictive covenants covering the property. Drawings, sketches, or maps are included in this report for the sole purpose of assisting the reader in visualizing the property. Unless otherwise indicated, they are not engineering drawings. In the case of proposed projects, all permits and governmental regulations are assumed to be secured and/or complied with.

All major improvements on the property being appraised appear to be structurally sound, unless otherwise noted. The appraiser has not been instructed to secure a qualified engineer's certification of the structural soundness of the improvements or any major appliances. Structural integrity and a satisfactory operating level of all mechanical systems are assumed unless otherwise noted.

Certain information used in this report has been furnished by others. The sources and the information are considered to be reliable but cannot be guaranteed. The subject property is assumed to be under reasonable and competent management. The appraiser is not required to give testimony or to appear in court with references to this property by reason of this report unless prior arrangements have been made.

Possession of this report does not carry with it the right of publication, either in whole or in part, nor may it be used for any purposes by any except the party for whom it was prepared, without the consent of the appraiser.

Neither all nor any part of the contents of this report shall be conveyed through advertising, public relations, news media, or marketing efforts without written consent of the appraiser, particularly as to value conclusions.

The existence of potentially hazardous material or contaminants which may or may not affect the subject property has not been considered, unless stated herein. The appraiser is not qualified to detect such hazardous contaminants or conditions and the client is urged to retain an expert in this field, if there are any questions regarding such materials or impact on the subject property. Further, the compliance or non-compliance with the Americans With Disabilities Act (ADA) was not considered in the appraisal assignment unless otherwise stated.

**QUALIFICATIONS OF HENRY H. BECKHAM**

**APPRAISAL CERTIFICATION AND DESIGNATION:**

State Certified General Real Estate Appraiser, S. C. License #CG-102, NC License #A-5997  
S.C. Real Estate Broker - Lic. #6735  
General Accredited Appraiser (GAA), Real Estate Appraisal Section, National Association of Realtors

**EDUCATION:**

B.A. Degree - Presbyterian College, Clinton, SC - 1973

**APPRAISAL COURSES AND SEMINARS:**

|                                                            |   |                                                     |
|------------------------------------------------------------|---|-----------------------------------------------------|
| 1-A Appraisal Principles                                   | - | Appraisal Institute, 1977                           |
| 1-B Basic Valuation Procedures                             | - | Appraisal Institute, 1977                           |
| VIII Residential Valuation                                 | - | Appraisal Institute, 1979                           |
| C-1 Income Property App.                                   | - | The Citadel, 1992                                   |
| C-2 Advanced Inc. Prop. App.                               | - | The Citadel, 1992                                   |
| C-3 Applied Inc. Prop. App.                                | - | Natl. Assoc. Realtors, 1992                         |
| Appraisal Standards & Ethics (USPAP)                       | - | Natl. Assoc. Realtors, 1993                         |
| 320 General App. Applications                              | - | Appraisal Institute, 1994                           |
| Understanding Limited Appraisals<br>(Departure Provisions) | - | Appraisal Institute, 1994                           |
| Litigation Skills                                          | - | Appraisal Institute, 1998                           |
| Environmental Risk                                         | - | Appraisal Institute, 1997                           |
| Standards of Professional Appraisal Practice & USPAP-      | - | SC R.E. App. Bd., 1999                              |
| R41-C Memorandum                                           | - | Federal Home Loan Bank Board                        |
| Real Estate Securities and Syndication Practices           | - | N. W. Center Professional<br>Educators, Atlanta, GA |

**PROFESSIONAL EXPERIENCE:**

S. C. Real Estate Broker since 1975  
Real Estate Appraiser since 1978  
1978 - 1985 - Manager and Chief Appraiser, Myrtle Beach Office of Clyde Ratchford & Associates  
1985 - 1989 - President of Coastal Appraisal Consultants, full service appraisal firm, Myrtle Beach, SC  
1989 - Present - Owner of Beckham Appraisal Service, LLC, Myrtle Beach, SC

Qualified as an expert witness in State and Federal Courts. Experience includes commercial, industrial, resort, and rural properties in SC, NC and GA. Commercial properties include motels, apartments, restaurants, subdivision, golf courses, and shopping centers.

**QUALIFICATIONS OF VIRGINIA BECKHAM TRAYNHAM**

**APPRAISAL CERTIFICATION AND DESIGNATION:**

South Carolina Certified General Appraiser – 6871  
North Carolina Certified General Appraiser – A9514

**EDUCATION:**

B.S. Degree in Parks, Recreation, and Tourism Management, Clemson University - 2010

**APPRAISAL COURSES AND SEMINARS:**

|                                                                  |   |                                      |
|------------------------------------------------------------------|---|--------------------------------------|
| QE 1 – Basic Appraisal Principles                                | - | Fortune Academy, 2011                |
| QE 2 – Basic Appraisal Procedures                                | - | Fortune Academy, 2011                |
| QE 3 – National Standards USPAP                                  | - | Fortune Academy, 2011                |
| QE 4 – Res. Market Analysis & Highest and Best Use               |   |                                      |
|                                                                  | - | Real Estate School for Success, 2012 |
| QE 5 – Residential Appraiser Site Valuation & Cost Approach      |   |                                      |
|                                                                  | - | Real Estate School of SC, 2014       |
| QE 6 – Residential Sales Comparison & Income Approaches          |   |                                      |
|                                                                  | - | Career Webschool, 2015               |
| QE 7 – Residential Report Writing & Case Studies                 | - | Career Webschool, 2015               |
| QE 8 – Statistics, Modeling, & Finance                           | - | McKissock, 2015                      |
| QE 9 – Advanced Residential Applications & Case Studies          |   |                                      |
|                                                                  | - | Dynasty School, 2016                 |
| QE 10 – General Appraiser Market Analysis & Highest and Best Use |   |                                      |
|                                                                  | - | McKissock, 2016                      |
| QE 11 – General Appraiser Sales Comparison Approach              |   |                                      |
|                                                                  | - | McKissock, 2018                      |
| QE 12 - General Appraiser Site Valuation & Cost Approach         |   |                                      |
|                                                                  | - | McKissock, 2019                      |
| Annual USPAP Updates                                             | - | 2011-2019                            |

**PROFESSIONAL EXPERIENCE:**

S.C. and N.C. Certified General Appraiser

2011 - 2017 - Apprentice Appraiser at Beckham Appraisal Service, LLC,  
Myrtle, Beach, SC

Completed all necessary education requirements for Certified Residential Appraisal Licensing from accredited providers. Studied under Henry H. Beckham as an Appraisal Apprentice from 2011-2017.

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



CERTIFIES THAT:  
**HENRY H BECKHAM**  
IS AUTHORIZED TO PRACTICE  
**Certified General Appraiser**

LICENSE NO. **AB .102 CG** EXPIRATION DATE: 06/30/2026

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



**NORTH CAROLINA APPRAISAL BOARD**

**APPRAISER QUALIFICATION CARD**

REGISTRATION / LICENSE / CERTIFICATE HOLDER  
**HENRY H BECKHAM**

25 26

|                           |           |                        |
|---------------------------|-----------|------------------------|
| A5997<br>APPRAISER NUMBER | G<br>TYPE | Y<br>NATIONAL REGISTRY |
|---------------------------|-----------|------------------------|

Appraiser's Signature \_\_\_\_\_ Executive Director 

**EXPIRES JUNE 30, 2026**

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



CERTIFIES THAT:  
**VIRGINIA BECKHAM TRAYNHAM**  
IS AUTHORIZED TO PRACTICE  
**Certified General Appraiser**

LICENSE NO. **AB .6871 CG** EXPIRATION DATE: 06/30/2026

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



**NORTH CAROLINA APPRAISAL BOARD**

**APPRAISER QUALIFICATION CARD**

REGISTRATION / LICENSE / CERTIFICATE HOLDER  
**VIRGINIA B TRAYNHAM**

25 26

|                           |           |                        |
|---------------------------|-----------|------------------------|
| A9514<br>APPRAISER NUMBER | G<br>TYPE | Y<br>NATIONAL REGISTRY |
|---------------------------|-----------|------------------------|

Appraiser's Signature \_\_\_\_\_ Executive Director 

**EXPIRES JUNE 30, 2026**



**ANDERSON BROTHERS BANK**

101 N Main Street – PO Box 310 – Mullins, S.C., 29574  
(843)-464-6271

Transmittal Electronically

November 14, 2025

Henry Beckham  
Beckham Appraisal Services  
Beckhamappraisal@gmail.com  
7700 N. Kings Hwy, Suite 101  
Myrtle Beach, SC 29572

Re: Our File #2025-1135

Dear Henry:

Please accept this letter as our request for proposal on an appraisal of the property described below:

| <b>Owner/Borrower Name</b> | <b>County</b> | <b>TMS Number(s)</b> | <b>Property Address(es)</b>               |
|----------------------------|---------------|----------------------|-------------------------------------------|
| HR22 LLC                   | Horry         | 45810040031          | 3170 Holmestown Rd, Myrtle Beach SC 29588 |

| <b>Property Type</b>                      | <b>As-Is or Subject To</b> | <b>Income Producing?</b> |
|-------------------------------------------|----------------------------|--------------------------|
| Multi-Family-43 1 bed / 1 bath apartments | As Is                      | Yes                      |

Your contact information for discussion and inspection is:

- Diana Adams, Owner/Property Manager 843-222-2077

You are to appraise the entire subject property for its market value. Market value is defined as:

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 are 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 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.

Your appraisal must analyze and report a reasonable marketing period for the subject property. Specifically, define the rights appraised and detail any encumbrances such as prior liens, easements, title defects, deed restrictions, etc., which are cited in the title information and/or legal description provided. Your value estimate must reflect the impact, if any, of these encumbrances.

You are instructed to appraise the property in its **actual state of development**, in other words, the current "as is" market value of the property in its *actual physical condition* and *subject to the zoning in effect* as of the date of the appraisal.

For income producing properties the appraisal report must include an income capitalization approach and/or discounted cash flow. All assumptions and projections should be reasonable and supported and conform to current market conditions. These assumptions include the capitalization rate, discount rate, net income/loss projections, cash flow, financing terms, and absorption rate. Document and explain how discount and capitalization rates used in calculating the present value estimates were derived.

For proposed developments that involve the sale of individual houses, units, or lots, analyze and report appropriate deductions and discounts for holding costs, marketing costs and entrepreneurial profit. For developments containing 5 or more homes, units, or lots, the aggregate retail sales prices of individual lots may not be used as the market value for the development.

All appraisal reports must also include a site value, the cost approach performed, and final reconciliation.

Anderson Brothers Bank is requesting this appraisal to be used in its loan underwriting and loan administration formulation.

By accepting this assignment you have agreed with Anderson Brothers Bank that you will comply with all of the requirements of the most current edition of the *Uniform Standards of Professional Appraisal Practice* as published by The Appraisal Foundation in processing and reporting your appraisal. It is further agreed that you will provide Anderson Brothers Bank with an Appraisal Report as defined and described under the *Uniform Standards of Professional Appraisal Practice* Standard 2.

We are requesting that your report be addressed as follows:

Attention: Anderson Brothers Bank  
PO Box 310  
Mullins, South Carolina 29574

Your report should be delivered in a PDF electronic format to [ABB-Appraisal@ABBank.com](mailto:ABB-Appraisal@ABBank.com).

Please sign below and return a copy of this letter with your proposal upon your acceptance of this assignment. Once we have accepted your proposal, we will return the completed form with the bank's signature of approval. If you have any questions or need further information please call or email, my contact information is as follows:

[ABB-Appraisal@ABBank.com](mailto:ABB-Appraisal@ABBank.com) or, 843-464-6271.

The Appraisal Assignment as described above is proposed at the fee stated below and that the appraisal will be delivered on date noted below.

| <b>Proposal</b>        |                                         | <b>Bank Acceptance</b> |                                                                                     |
|------------------------|-----------------------------------------|------------------------|-------------------------------------------------------------------------------------|
| Date of Proposal:      | <u>11/14/2025</u>                       | Date Accepted:         | <u>11/14/2025</u>                                                                   |
| Date of Est. Delivery: | <del>12/21/2025</del> <u>12/12/2025</u> |                        |                                                                                     |
| Fee:                   | <u>\$2375.00</u>                        |                        |                                                                                     |
| Signature:             | <u>By Email</u>                         | Accepted by:           |  |
| Print Name & Title:    |                                         | Print Name:            | <u>Robert B Brown</u>                                                               |