



November 18, 2025

Ms Susan Ramsey, Real Estate Services Supervisor
Bank of Tennessee
P.O. Box 4980
Johnson City, TN 37602

Re: Appraisal Report, Real Estate Appraisal
An Existing Daycare Property
207 Iris Drive
Hendersonville, Sumner County, Tennessee 37075

Moffett-Revell File Number: 163-149-25

Dear Ms Ramsey:

At your request we have prepared an appraisal for the above referenced property. The accompanying appraisal report is intended to comply with the Uniform Standards of Professional Appraisal Practice; the Financial Institutions Reform, Recovery, and Enforcement Act of 1989; the most recent version of the Interagency Appraisal and Evaluation Guidelines; and any specific requirements of Bank of Tennessee.

Your attention is directed to the Assumptions and Limiting Conditions section of this report (Page 88). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, we note the following:

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

- The prospective opinion of value is based upon the extraordinary assumption that adequate landscaping will be completed by the prospective date of valuation. Use of the assumption may affect assignment results.

Ms Ramsey
Bank of Tennessee
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Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), our opinions of value are as follows:

Current Market Value of the Subject Property at Completion and Stabilization:

The opinion of market value of the leased fee estate in the subject property at completion and stabilization, as of December 1, 2025, is

**\$2,160,000
Two Million, One Hundred and Sixty Thousand Dollars**

The Exposure Time preceding December 1, 2025 would have been eight months. The subject is anticipated to be tenant occupied as of the prospective date of valuation, resulting in the valuation of the leased fee estate. No furniture, fixtures, and equipment (FF&E) or intangible business value are included in the opinion of market value.

Current Market Value of the Subject Property As Is:

The opinion of market value of the leased fee estate in the subject property as is as of November 12, 2025, is

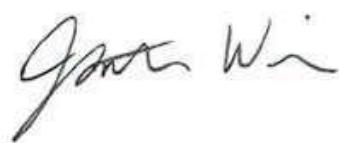
**\$2,140,000
Two Million, One Hundred and Forty Thousand Dollars**

The Exposure Time preceding November 12, 2025 would have been eight months. The subject is tenant occupied, resulting in the valuation of the leased fee estate. No furniture, fixtures, and equipment (FF&E) or intangible business value are included in the opinion of market value.

Respectfully submitted,
Moffett-Revell LLC



Mark Watson, MAI, CVA, CFA
Director
TN-3655



Jonathan Winn, MAI
Director
TN-4548

Surrounding Area Demographics			
	Five Minute Drive Time	Nashville MSA	State of Tennessee
Population 2010 (Actual)	9,747	1,670,890	6,346,105
Population 2020 (Actual)	10,166	2,014,444	6,910,840
Population 2025 (Estimate)	10,171	2,197,569	7,245,884
Population 2030 (Projection)	10,250	2,376,603	7,538,286
Compound % Change 2010-2020	0.42%	1.89%	0.86%
Compound % Change 2020-2025	0.01%	1.76%	0.95%
Compound % Change 2025-2030	0.15%	1.58%	0.79%
Households 2020 (Actual)	3,938	781,767	2,742,947
Households 2025 (Estimate)	3,986	862,365	2,922,711
Households 2030 (Projection)	4,047	939,304	3,068,643
Compound % Change 2020-2025	0.24%	1.98%	1.28%
Compound % Change 2025-2030	0.30%	1.72%	0.98%
Average Household Size 2020 (Actual)	2.55	2.52	2.46
Average Household Size 2025 (Estimate)	2.52	2.50	2.43
Average Household Size 2030 (Projection)	2.51	2.49	2.41
Median Household Income 2025 (Estimate)	\$80,865	\$89,724	\$72,259
Median Household Income 2030 (Projection)	\$91,750	\$103,070	\$82,174
Compound % Change 2025-2030	2.56%	2.81%	2.60%
2025 Owner Occupied % (Estimate)	65.5%	59.9%	60.4%
2025 Renter Occupied % (Estimate)	34.5%	32.7%	30.0%
2025 Median Home Value (Estimate)	\$339,989	\$451,640	\$331,079
Unemployment Rate as of August*	3.0**	3.0	3.6

Source: STDB/ESRI & *Bureau of Labor Statistics

**This rate is for Sumner County

Population Trends

The population in this area is projected to increase at a smaller percentage than both the Nashville MSA and the State of Tennessee. The number of households is also projected to increase at a rate slower than both the Nashville MSA and the State of Tennessee. This indicates that it is reasonable to expect demand to grow slower in this market area than in the Nashville MSA and the State of Tennessee in the future. It should be noted that the market area is mostly built-out which significantly limits the amount of growth.

Housing Trends

The market area has a larger percentage of owner occupied housing than the Nashville MSA and the State of Tennessee. Also, the market area has a larger percentage of renter occupied

housing than the Nashville MSA and the State of Tennessee. This higher owner occupation indicates that there is less of a transitory population in the subject's area.

Income Trends

The median household income is estimated to be lower than the Nashville MSA and higher than the State of Tennessee. The median household income is projected to increase at a rate that is slower than both the Nashville MSA and the State of Tennessee. The median home value is estimated to be lower than the Nashville MSA and higher than the State of Tennessee.

Unemployment Trends

As of August 2025, the unemployment rate for Sumner County is about the same as the Nashville MSA and lower than the State of Tennessee.

Major Employers

The major employers for the area are shown below.

Major Employers	
Company	# Employed
Sumner Regional Medical Center	1,077
Unipres USA Inc.	1,062
Xtend Healthcare	928
Gap, Inc.	815
Tristar Hendersonville Medical Center	658

Source: <https://www.nashvillechamber.com/economic-development/our-region/sumner-county/>

Adjacent Property Uses

The subject is located along a secondary road, just off of the busy New Shackle Island retail node. Land uses along secondary roads in the area generally consist of office, single-family, multifamily, and special purpose uses. Land uses along New Shackle Island Road general consist of highway service commercial uses and include several national chains and big box retailers. There is also a significant presence of medical office use in the market area just north of the subject surrounding TriStar Hendersonville Medical Center. Specific land uses that surround the subject include office to the northeast, multifamily to the southwest, retail to the southeast, and single-family to the northwest. The aerial map that follows provides a visual depiction of the general land uses that surround the subject.

Property Description

The following description is based on our property inspection, assessment records, property deed, and information provided by the property owner.

Site Description

Location: The subject is located on the south side of Iris Drive, just west of New Shackle Island Road, in the northern section of Hendersonville.

Current Use of the Property: The site is currently used as a daycare facility.

Site Size:

Total: 0.753 acres; 32,798 square feet

The site size was taken from a recorded plat for the subject.

Usable: 0.753 acres; 32,798 square feet

Shape: The site has a roughly rectangular shape.

Frontage and Access:

The site has average access with frontage as follows:

- Iris Drive: 185 feet

The site is not a corner lot. The frontage measurements were taken from a recorded plat for the subject.

Visibility: The site has average visibility.

Topography: The site has a mostly level topography that is generally at grade with Iris Drive.

Soil Conditions: The site's soil conditions appear to be typical of the region and adequate to support development.

Utilities:

Electricity: Public Electricity

Sewer: City Sewer

Water: City Water

Natural Gas: Public Gas

Underground Utilities: Electric wires are above ground

Adequacy: The utilities are typical and adequate for the market area.

Site Improvements:

Iris Drive has street lighting, sidewalks, curbs, and gutters fronting the subject.

Landscaping on the subject will reportedly include manicured grass at the front periphery and the side yard of the site, a mulched flower bed fronting the improvement, and a mulched playground area. The property currently lacks most of its landscaping, which is anticipated to be completed within two weeks of the current date of valuation.

Flood Zone:

The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone X, which is not classified as a flood hazard area.

FEMA Map Number: 47165C0384H

FEMA Map Date: 2/26/2021

Flood Zone X is for areas determined to be outside the 0.2% annual chance floodplain. The appraisers are not experts in this matter and are reporting data from FEMA maps.

Wetlands/Watershed: No wetlands were observed during our site inspection.

Environmental Issues: There are no known adverse environmental conditions on the site. Please reference Limiting Conditions and Assumptions.

Encumbrance / Easements: There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.

Site Comments:

The site benefits from its access just off a primary thoroughfare, its roughly rectangular shape, mostly level topography, access to utilities, lack of adverse easements or encroachments, and location outside of a flood hazard area. The site is judged to have good overall utility.

Recorded Plat Map



Subject outlined in red

Improvements Description

Development/Property Name: An Existing Daycare Property

Property Type: Special Purpose

Overview:

The subject property is a 0.75-acre site improved with a child daycare improvement with approximately 5,612 square feet constructed in 1987 and recently significantly renovated.

General – Daycare Facility

Construction: Class D

Construction Quality: Average

Year Built: 1987

Renovations/ Capital Improvements: The improvement was purchased by the current owner in April of 2024 and the improvements reportedly included several items of deferred maintenance at the time of sale. The owner has since undertaken a significant renovation project to cure deferred maintenance and update the functionality and overall appeal of the improvements in order to ready the property for a tenant. The owner provided an itemized list of renovations to the property which is included in the addenda to this appraisal report. Notable renovations include replacement of HVAC, plumbing, and electrical systems; repairing and painting the exterior of the improvement; repairs to the roof; sealing, striping, and expanding the parking area; installation of new exterior fencing, a French drain system, concrete pad/porch, landscaping, and playground area; installation of new windows and exterior doors; a total reconfiguration of the interior of the improvement, including all new interior upfit; and installation of new sprinkler, mechanical, and security systems. The renovation is mostly completed but the property lacks most of its landscaping, which is anticipated to be completed within two weeks of the current date of valuation. In all, the cost of the renovation is estimated to be roughly \$900,000. The renovation is considered to have significantly reduced the effective age and extended the useful life of the improvements.

Effective Age: 10 years

Total Useful Life: 50

Remaining Useful Life: 40 years

Remaining Economic Life: 40 years

Condition: Excellent



Appeal/Appearance: Good

Areas, Ratios & Numbers:

Number of Stories: 1.0

Gross Building Area: 5,612

Gross Leasable Area: 5,612

Floor Area Ratio: 0.175.84

Land-to-Building Ratio: 5.84

Building Efficiency Ratio: 100.0%

Foundation, Frame & Exterior - Daycare Facility

Foundation: Poured Concrete Slab

Basement/Sublevels: None

Structural Frame: Wooden Frame

Exterior: Stucco/Metal

Windows: Fixed Casement

Roof/Cover: Gable/Metal

Interior - Daycare Facility

Interior Layout: The improvement is configured to include a small reception room, a reception kiosk area, several classrooms, a commercial grade kitchen, a break room, storage and mechanical rooms, and three restrooms (including one handicapped and one children's). Each classroom is provided with a sink. The improvement is judged to have a typical layout for daycare centers of this type.

Floor Cover: LVT, ceramic tile in restrooms

Walls: Painted drywall, tile in restrooms

Ceilings & Ceiling Height: Acoustic Ceiling Panels / 10'

Lighting: Recessed Fluorescent

Restrooms: Three total restrooms: two with two fixtures (one handicapped accessible); one with two children's commodes and a sink

Mechanical Systems - Daycare Facility

Heating: Package Unit

Cooling: Package Unit

Electrical: Appears to be adequate

Plumbing Condition: Appears to be adequate

Sprinkler: Wet sprinkler system

Security: Video surveillance & alarm systems

Parking

Parking Type and Number of Spaces:

Type: Paved open surface parking

Spaces: 19

Condition: Good to Excellent

Parking Ratio: 1.02 per 300 SF of Gross Building Area.

Property Analysis

Design & Functional Utility:

The design of the improvement is considered to be mostly functional for its intended use as a daycare facility. The property has been recently renovated. The renovation is mostly completed but the property lacks most of its landscaping, which is anticipated to be completed within two weeks of the current date of valuation.

Deferred Maintenance:

The improvement is newly renovated and no items of deferred maintenance were noted during the inspection of the subject property.

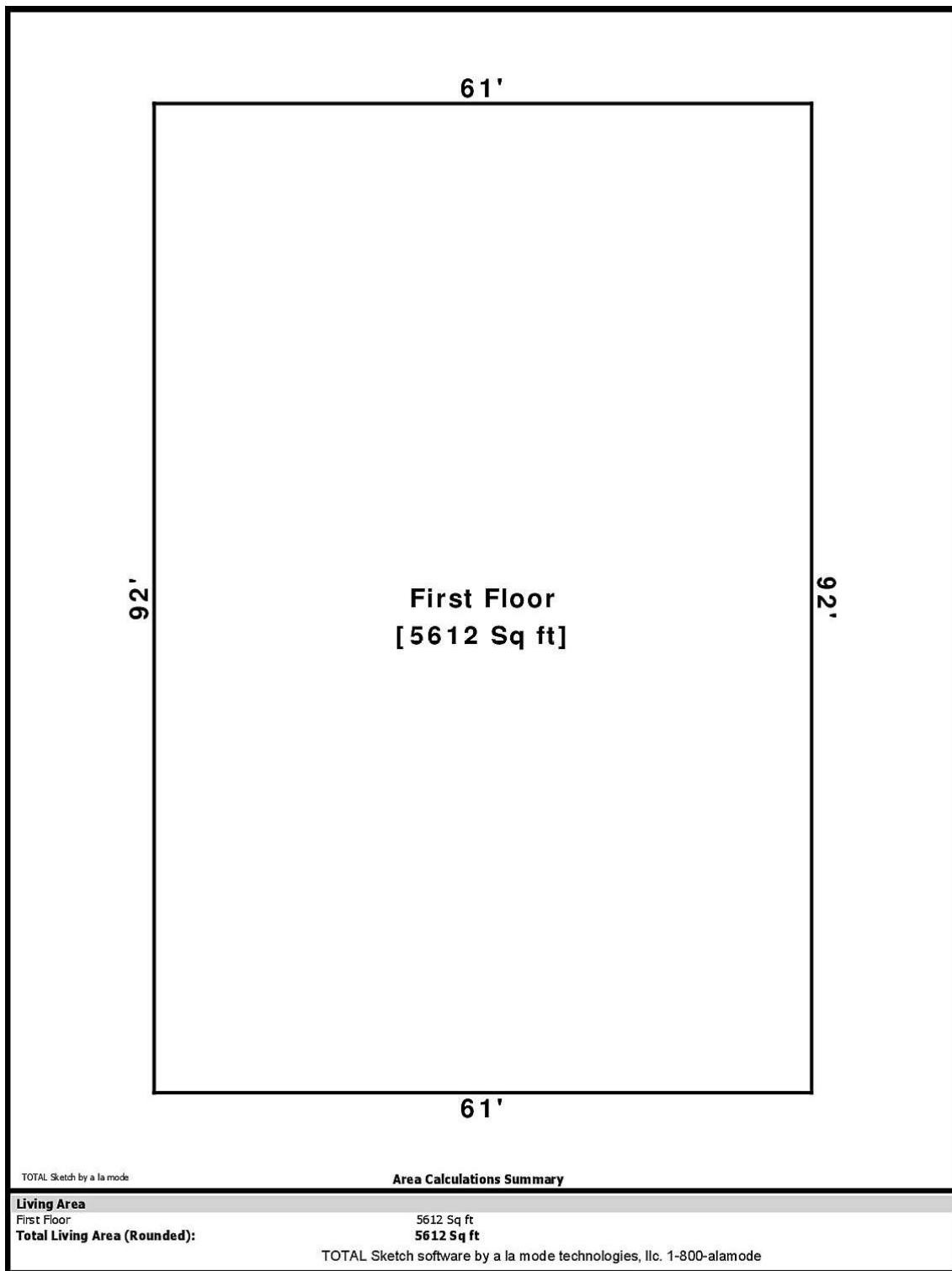
Americans with Disabilities Act

Please reference the Limiting Conditions and Assumptions section of this report on Page 89.

Hazardous Substances

Please reference the Limiting Conditions and Assumptions section of this report on Page 89.

Building Sketch



Assessment and Taxes

Real estate taxes in Tennessee are ad valorem taxes, meaning a tax based on the underlying value of the property being taxed. The assessor estimates the market value of the property, which opinion of value is multiplied by 40% for commercial property or 25% for residential property. The "Assessed Value" is then multiplied by the combined tax rate to calculate the tax levy.

Taxing Authority: Hendersonville/Sumner County

Assessment Year: 2025

Real Estate Assessment and Taxes						
Tax ID	Land Tax Appraisal	Improvements Tax Appraisal	Other Tax Appraisal	Total Tax Appraisal	Equalization Ratio	Total Assessment
160E G 006.00	\$159,200	\$387,300	\$0	\$546,500	40%	\$218,600

Real Estate Assessment Analysis					
Total					
Tax ID	Assessment	City Rate	County Rate	Total Tax Rate	Taxes
160E G 006.00	\$218,600	\$0.5883	\$1.4210	\$2.0093	\$4,392

Comments:

With the exception of the 2025 tax year, all prior city and county property taxes have been paid. Taxes for 2025 are unpaid and are due by the end of February of 2026. Based on the concluded opinion of market value, the assessment appears to be favorable.

The subject's improvements are in the process of being extensively renovated, and a projection of the property taxes that will apply to the subject after the improvements are completed is made in the table that follows. No useful data on properties that are reasonably similar to the subject that are located in the subject's market can be found. The subject's property taxes are projected per square foot of improvement based on the general projection of the subject's likely appraisal amount for property tax purposes.

Tax Projection for Subject as Proposed for	
Tax Appraisal Projection	\$2,160,000
Assessment Ratio	40%
Projected Assessment	\$864,000
Tax Rate	\$2.0093
Tax Rate per	\$100
Projected Taxes (Rounded)	\$17,500
Reconciled Tax Projection for the Subject per Square Foot of GBA	
	\$3.12

Zoning

Zoning Authority: City of Hendersonville

Zoning Description: Commercial

Zoning Code: GC

Zoning District: General Commercial

Zoning Summary:

The GC (General Commercial) district is intended to accommodate professional office uses, retail uses, restaurants, hotels, and other general commercial uses.

Current Use Legally Conforming: The subject is a legal and conforming use.

Zoning Change Likely: A zoning change is unlikely.

Requirements

Maximum FAR: 1.00

Minimum Lot Area: 5,000 Sq. Ft.

Minimum Front Yard: 10 ft.

Minimum Side Yard: 10 ft.

Minimum Back Yard: 20 ft.

Maximum Building Height: 75 ft.

Parking Requirements: Day Care Center: 1 per employee + 1 per 10 children + 2 passenger loading spaces

Zoning Comments:

The subject appears to comply with the standards set forth by the City of Hendersonville.

Zoning Data Source: Hendersonville Zoning Ordinance

Highest and Best Use

Highest and best use may be defined as

“The reasonably probable use of property that results in the highest value.”²⁰

Highest and Best Use of the Site as if Vacant and Available for Improvement

1. **Legally Permissible:** The subject’s GC zoning generally allows for a wide variety of commercial uses that generally consist of retail and office uses. These types of uses are given further consideration.
2. **Physically Possible:** The 0.753-acre site is large enough, of useful shape, and of adequate topography as to allow for small retail or office uses. These types of uses are given further consideration.
3. **Financially Feasible:** As summarized in the Market Area section of this appraisal report, the subject is located in a densely developed suburban area of a growing and rapidly developing bedroom community of Nashville. The area is impacted by its convenient access to Nashville via Vietnam Veterans Boulevard and the presence of Old Hickory Lake, major retail nodes, and several significant employers. The subject property is located along a secondary road in a densely developed section of Hendersonville, just off of the New Shackle Island Road retail node, near several significant national chains and big box retailers, as well as TriStar Hendersonville Medical Center. There is significant demand for most types of real estate in the market area. While there is significant retail development in the market area, much of this development is concentrated along primary commercial thoroughfares such as New Shackle Island Road. Given the subject’s secondary location away from significant traffic, the site would likely not be suitable for retail development. Economic conditions in the subject’s market are such that a newly constructed office improvement would have a market value commensurate with the construction cost.
4. **Maximally Productive:** Given positive feasibility for a new office improvement, the maximally productive use of the site would be to construct a new use of this type.

Conclusion

The highest and best use of the site as if vacant is to construct an office improvement. Given positive feasibility, a newly constructed office improvement would have a market value commensurate with the construction cost.

²⁰ *The Appraisal of Real Estate* 15th Edition (Chicago: The Appraisal Institute, 2020), 305.

Highest and Best Use of the Site as Proposed for Improvement

The highest and best use of the site as improved is to operate the property as a daycare facility as stipulated by the executed lease. No other use would be legally permissible on the site unless the tenant were to breach the executed lease agreement, which has a base term of 15 years.