Hilco Global
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HILCO REAL ESTATE APPRAISAL | VALUATION OF

Family Dollar

Family Dollar

8599 US Hwy 411

Centre, Cherokee County, Alabama

Report Date: July 12, 2021

LENDING • FINANCIAL REPORTING • STRATEGIC PLANNING • INSURANCE/RISK MANAGEMENT
ESTATE/TAX MANAGEMENT • PORTFOLIO VALUATION • DISPUTE RESOLUTION • FINANCIAL OPINIONS

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Hilco Real Estate Appraisal

July 12, 2021

Gina Johnson
Post-Closing Loan Specialist
First Bank of Alabama
P.O. Box 797
Talladega, AL 35161

Re: Appraisal of Real Property
Family Dollar
8599 US Hwy 411
Centre, Cherokee County, Alabama

Dear Ms. Johnson:

Hilco Real Estate Appraisal, LLC is pleased to transmit our appraisal estimating the *as is market value* of the fee simple estate and *prospective market value* of the leased fee property interest in the above-referenced property. The extent of the appraisal process is comprehensive in that all of the applicable valuation approaches are utilized or considered. The scope of work completed is detailed within the report.

The findings, conclusions and opinions are presented in this appraisal report format, which contains a presentation of the data, analysis and conclusions. Additional information may be contained in the appraisal file for this assignment. The report is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice (USPAP), Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

This report was prepared for First Bank of Alabama (client). The intended user(s) of the report are First Bank of Alabama, its affiliates and loan participants. The report(s) is not intended for distribution to or reliance upon by other persons or entities for other uses. The appraisal was developed consistent with the scope specified by First Bank of Alabama and agreed upon by the appraiser.

Per our agreed upon scope of work, **we did not inspect** the property but relied upon the plans and specifications provided, public records, internet sources, and market participant interviews.

The appraiser(s) has not provided any other services for the subject property in the three years prior to the date of acceptance of the assignment.

The user of this report should note that this appraisal was completed during the tail end of an economically volatile period with macroeconomic conditions stabilizing. A resumption in consumer confidence and buying patterns is anticipated as CDC guidelines recommend reopening of most businesses closed during the pandemic; however, significant unknowns in the global economy and pandemic containment linger.

Considering the macroeconomic environment, the user of this report may wish to consider a collateral review at more frequent intervals, depending on the company's policies as significant changes in the national or global economy could have a significant impact on the value conclusion reported within this appraisal.

The value opinion set forth in the attached report is qualified by certain assumptions, limiting conditions, certifications and definitions, which are set forth in the report.

Thank you for the opportunity to provide the outlined services. We look forward to working with you again in the near future.

Respectfully submitted,

HILCO REAL ESTATE APPRAISAL, LLC

John C. Satter, MAI, GAA
Senior Managing Director | Midwest
Hilco Real Estate Appraisal, LLC
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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Property Name:	Family Dollar
Location:	8599 US Hwy 411 Centre, Cherokee County, Alabama
General Overview:	The subject property is a proposed 10,500-square-foot, one-story masonry construction retail store planned for development with an estimated completion date scheduled for March 1, 2022. The subject will be occupied by and operate as a Family Dollar store. The improvements will be situated on an rectangular-shaped parcel totaling approximately 61,855 square feet or 1.42 acres.
Interest Appraised:	Fee Simple/Leased Fee
Effective Date of the Appraisal:	
As Is	June 30, 2021
As Complete and *As Stabilized*:	March 1, 2022
Date of the Report:	July 12, 2021
Zoning:	Not Zoned
Highest and Best Use	
As Vacant:	Hold for future development
As Improved:	Commercial development
Value Indicators *As Is Market Value as June 30, 2021*	
Cost Approach	Not Applicable
Sales Comparison Approach	$28,000
Income Capitalization Approach	Not Applicable
Market Value Conclusion	**$28,000**
Exposure Period	12 Months

Value Indicators *As Complete and Stabilized Market Value as of March 1, 2022*

Cost Approach	$1,130,000 (Fee Simple – As Complete)
Sales Comparison Approach	$1,250,000 (Leased Fee – As Stabilized)
Income Capitalization Approach	$1,230,000 (Leased Fee – As Stabilized)
Market Value Conclusion	**$1,240,000**
Exposure Period	12 Months

Extraordinary Assumptions

The use of the following extraordinary assumptions may have affected the assignment results.

We have relied on information provided by the client to complete the appraisal assignment. Specifically, the gross building area was obtained from the provided architectural plans and the site size was obtained from the provided land acquisition contract and verified via county representatives and GIS tax maps.

As per the provided lease, proposed construction to be completed and occupied by Family Dollar with rental payments commencing on March 1, 2022, the prospective date of valuation.

We assume the proposed improvements require no unusual expenditures for soft or hard costs and are a proto-typical Family Dollar store as specified in the lease agreement. Family Dollar will occupy the subject property upon completion for an initial 10-year term and no extended marketing period to attract tenancy is required.

We assume electric, natural gas and water/sewer are available at the street and can be tapped into without any atypical costs.

We have utilized an extraordinary assumption in forecasting the subjects tax liability. The real estate taxes are forecast based on our opinion of the fee simple, as complete value and the current tax and mill rate.

The 1.42 acre subject site is part of a 24-acre parcel that is yet to be subdivided by Cherokee County.

We have assumed this information to be accurate and reliable. Any discrepancies with the information provided could have a material impact on the value stated herein, and we reserve the right to amend the valuation.

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- Aerial View of the Subject
- Copy of the Lease
- Construction Budget
- Site Plan
- Flood Map
- Comparable Land Sales
- Improved Comparable Sales
- Copy of the Letter of Engagement
- Copy of the State Certification(s)
- Qualifications of the Appraiser(s)

INTRODUCTION

Identification of Property

The subject property is a proposed 10,500-square-foot, one-story masonry constructed retail store planned for development with an estimated completion date scheduled for March 1, 2022. The subject will be occupied by and operate as a Family Dollar store.

The improvements will be situated on a rectangular-shaped parcel totaling approximately 61,855 square feet or 1.42 acres after a likely subdivision. The subject is identified by the Cherokee County Assessor parcel number 1801020000034000 with a common address of 8599 US Hwy 411. The parcel is part of a larger 24-acre site and is yet to be subdivided.

Property Ownership and Recent History

Based on the provided sales contract dated February 9, 2021, Trey Perman (Buyer) purchased the 1.42 acres of parcel from Melvin Alred (Seller) for $25,000. The sale appears to have been an off market deal as it was not publicly listed for sale. The subdivision into a smaller 1.42 acre parcel has not yet been recorded in Cherokee County records. We assume the acquisition of land is an arms-length transaction between two nonrelated parties.

To our knowledge, there have not been any other market-oriented transactions involving the subject property, during the three years preceding the effective date of this appraisal.

The subject property is to be encumbered by a signed lease as indicated in the following table.

SUMMARY OF SUBJECT LEASE						
Tenant	**Type**	**Size (SF)**	**Term**	**Est. Commencement**	**Annual Rent**	**Rent/SF**
Family Dollar	NN	10,500	10 Yrs.	3/1/22	$95,025	$9.05

Please refer to the *Income Capitalization Approach* section for additional lease and rental rate details.

Purpose and Intended Use of the Appraisal

The purpose of this appraisal is to estimate the *market value of the fee simple estate* of the subject property as vacant land and as complete assuming all proposed construction is complete. In addition, the market value of the *as stabilized leased fee property interest* as of the prospective date of value, March 1, 2022 assuming Family Dollar has taken possession of the property and lease payments have commenced.

This report was prepared for First Bank of Alabama (client). The intended user(s) of the report are First Bank of Alabama, its affiliates and loan participants. The report(s) is not intended for distribution to or reliance upon by other persons or entities for other uses. The report is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice (USPAP), Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010, and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The appraisal was developed consistent with the scope specified by First Bank of Alabama and agreed upon by the appraiser.

Extent of the Appraisal Process (Scope of Work)

The scope of an appraisal is defined as "the amount and type of information researched, and the analysis applied in an assignment" (USPAP). The scope of this assignment involves:

- Research and analysis sufficient to form a credible opinion of value,
- Presentation of our research, analysis and final opinions in an appraisal report format.

In fulfillment of our agreement for services and the professional requirements noted below, our appraised value is based on a combination of primary and secondary data research. The depth of our research and analysis is based on the significance of each issue to the appraisal. The results of our research and analysis are described throughout the following report. In summary, during the course of this assignment, we:

- Requested subject property information and reviewed the information that was made available to us. Researched public source and vendor service based subject information.
- Please note that **<u>we did not inspect the property</u>**; however, to ascertain property details, we relied on a preliminary engineer report, aerials, county records, etc.
- Gathered published information on key economic, social, governmental and environmental factors in the region and local area that influence the subject's value.
- Researched the subject's zoning designation and key development restrictions.
- Formed an opinion of the subject's Highest and Best Use and determined which approaches to value were applicable and/or necessary.
- Completed the *Cost Approach* utilizing the Marshall Valuation Service and the proposed construction costs provided by the property contact to estimate replacement cost new of the property. This figure, less accrued depreciation, was then added to the land value and FF& E cost, resulting in a market value indication for the as complete fee simple estate of the subject property.
- Investigated and selected the most relevant and reliable improved sales for use in the *Sales Comparison Approach.*
- Investigated and selected a competitive set and relevant and reliable rent comparables, expense data and investment rates for use in the *Income Capitalization Approach*.
- Considered the input gathered from our interviews of buyers, sellers, brokers, property developers and public officials, as applicable in each approach. Concluded a final opinion of value after reconciling the indications from the approaches employed.

Additionally, this appraisal assignment was prepared to conform to the applicable professional requirements set forth under:

- The most recent edition of the *Uniform Standards of Professional Appraisal Practice* (USPAP).
- The current Code of Professional Ethics of the Appraisal Institute
- The Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), Title XI Regulations.
- First Bank of Alabama guidelines and required scope of work.

Data Verification and Sources

We have researched data sources and interviewed real estate professionals for comparable land, rent and improved sales and relied upon available online photographs and public record data to verify transactional information. We did not inspect the comparable sales or rents. Ultimately, we rely on multiple sources for verification of comparable data, including Costar, Loopnet and other internet-based sites, discussion with representatives familiar with the properties and/or transactions, non-confidential information from previous appraisals we have completed, data from other appraisers, clients, and real estate professionals, etc. We had discussion with Family Dollar developers in regard to comparable improved sales, land and development costs, and rental rates.

Competency Provision

We are aware of the competency provision promulgated by the USPAP, and the authors of this report meet the standards as: i.) the appraisers have knowledge and experience in the nature of this assignment and have experience with similar properties throughout the United States; ii.) necessary steps have been taken in order to complete the assignment competently; and iii.) there is no lack of knowledge or experience that would prohibit this assignment to be completed in a professional and competent manner or where a biased or misleading opinion of value would be rendered.

Date of Value and Property Inspection

The date of the *as is* value is June 30, 2021 and the prospective date of value *as complete/stabilized* is March 1, 2022. We did not inspect the subject property.

Prior Services Statement

The appraisers have not conducted any service(s) for the subject property during the previous three years.

Property Rights Appraised

We have appraised the *fee simple estate* in regard to the as is land value and the as complete improvement and land value assuming all construction is complete, and the asset is not encumbered by lease. We have also appraised the *leased fee property interest* assuming all construction is complete, and Family Dollar has taken possession of the property and has commenced rental payments.

Legal Description

A copy of the legal description was not provided.

Definitions of Value, Interest Appraised, and Other Pertinent Terms

The definition of **market value** as applied in this report 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, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is consummation of a sale as of a specified date and 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 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." [1]

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. [2]

Leased Fee Estate

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). [3]

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. [4]

Prospective Market Value "As Complete" and "As Stabilized"

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value - as completed - reflects the property's market value as of the time that development is expected to be completed. The prospective market value - as stabilized - reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties.[5]

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. [6]

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[1] *Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as adopted August 24, 1990*

[2] *Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, 2015*

[3] *Ibid*

[4] *Ibid*

[5] *Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, 2015*

[6] *Ibid*

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. [7]

The use of the following extraordinary assumptions may have affected the assignment results.

We have relied on information provided by the client to complete the appraisal assignment. Specifically, the gross building area was obtained from the provided architectural plans and the site size was obtained from the provided land acquisition contract and verified via county representatives and GIS tax maps.

As per the provided signed lease the proposed construction is to be completed and occupied by Family Dollar with rental payments commencing on March 1, 2022, the prospective date of valuation.

We assume the proposed improvements require no unusual expenditures for soft or hard costs and are a proto-typical Family Dollar store as specified in the lease agreement. Family Dollar will occupy the subject property upon completion for an initial 10-year term and no extended marketing period to attract tenancy is required.

We also assume electric, natural gas and water/sewer are available at the street and can be tapped into without any atypical costs.

We have utilized an extraordinary assumption in forecasting the subjects tax liability. The real estate taxes are forecast based on our opinion of the fee simple, as complete value and the current tax and mill rate.

The 1.42 acre subject site is part of a 24-acre parcel that is yet to be subdivided by Cherokee County.

We have assumed this information to be accurate and reliable. Any discrepancies with the information provided could have a material impact on the value stated herein, and we reserve the right to amend the valuation.

[7] *Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, 2015*

Exposure Time and Marketing Period

Exposure Time and Marketing Period are defined as follows.

Exposure Time

1. The time a property remains on the market. 2. [The] estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. [8]

Marketing Period

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) [9]

In determining the appropriate exposure and marketing times for the subject property, we have considered national, regional and local trends for commercial real estate. We have considered the national investor survey published by *PwC* (PricewaterhouseCoopers) for average marketing times.

Marketing Time – National Net Lease Market (Investment Grade) National Investor Surveys				
Survey	**Date**	**Average Marketing Time In Months**		
		Current	**Previous Survey**	**One Year Ago**
PwC	2nd Qtr. 2021	2.00-18.00 - Range 6.1 - Average	1.00-18.00 - Range 5.8 - Average	1.00-18.00 - Range 5.4 - Average

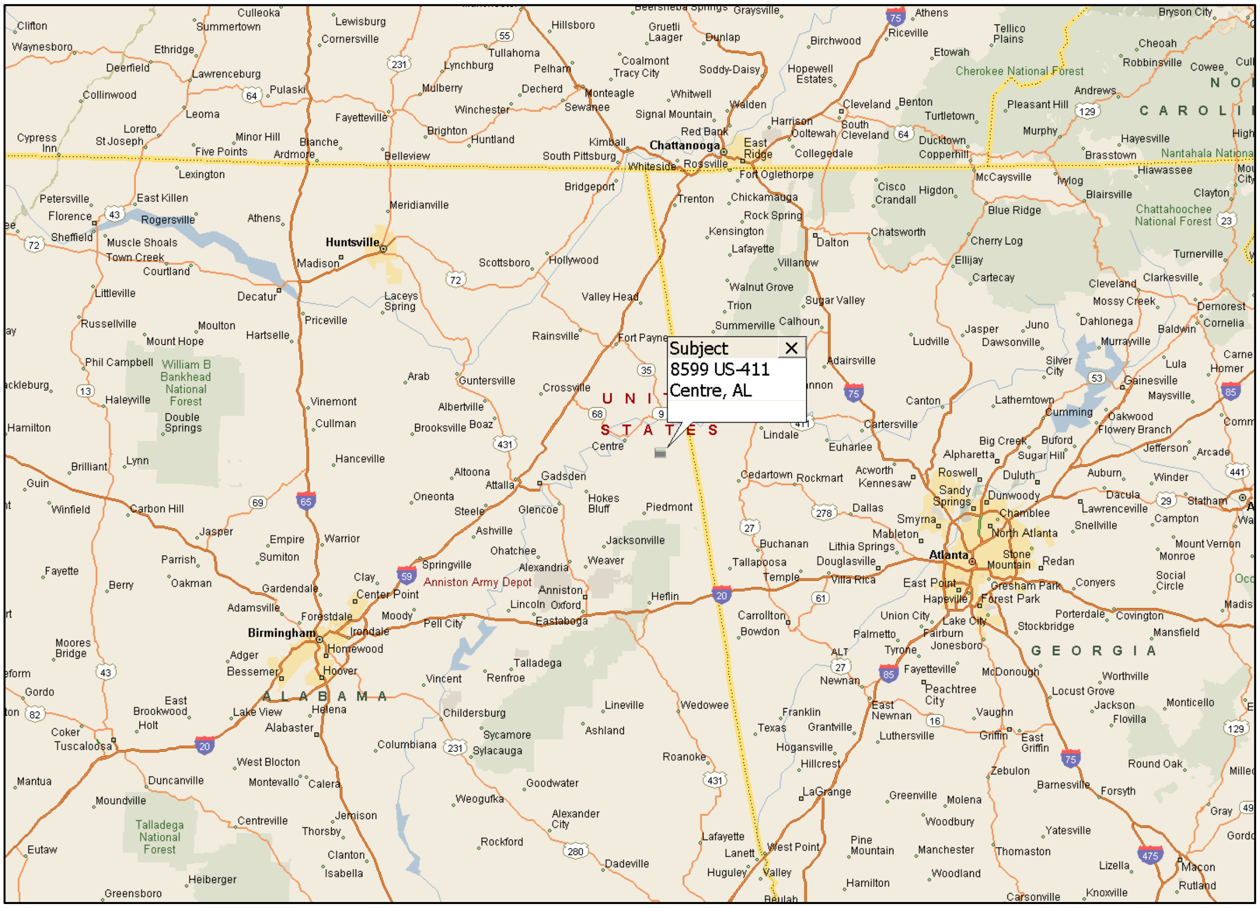
As recorded by *PwC*, average marketing times have been under seven months for the past year with a current range of 1.00 to 18.00 months. We note that the survey information reflected in the foregoing chart relates to investment grade properties, which are generally newer facilities, located in metropolitan areas. To determine marketing period trends within the subject's local and regional area, we have considered recent comparable sales as well as considered insight from local market participants. Based upon the foregoing and considering the physical and economic characteristics of the subject as more completely described throughout this report, a marketing period and exposure time of 12 months is concluded for the "*as is*" and "*as complete and stabilized*" subject property.

The exposure time estimate reflects the activity that has existed for properties in recent periods whereas the marketing time estimate is subject to variation depending upon evolving events and unforeseen changes in the economy or marketplace. The price that may be achieved in the future at the end of the marketing period may or may not be equal to the current appraised value estimate, depending on potential changed in the physical real estate, demographic and economic trends, the real estate market and the effectiveness of the marketing program, among other factors.

[8] *The Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, 2015*

[9] *Ibid*

REGIONAL MAP/DISCUSSION

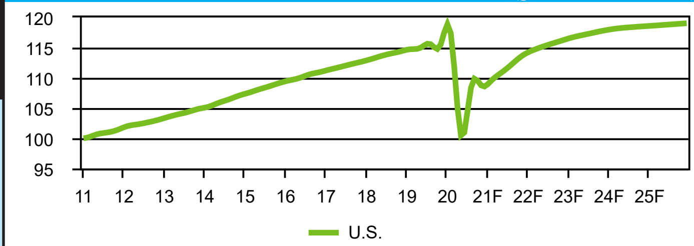


Moody's ANALYTICS

UNITED STATES

EMPLOYMENT GROWTH RATE		GROSS DOMESTIC PRODUCT	
2020-2022	2020-2025	2020-2022	2020-2025
3.0%	1.8%	5.9%	3.9%

RELATIVE EMPLOYMENT PERFORMANCE (JAN 2011=100)



Source: Moody's Analytics

STRENGTHS & WEAKNESSES

STRENGTHS

- Very productive workforce.
- Labor market attracts skilled and unskilled immigrants.
- High innovation and entrepreneurship.
- Mobile labor force, flexible labor system.

WEAKNESSES

- Large budget, current account deficits.
- Skewed income and wealth distribution.
- Polarized and fractured political system.
- Demographic challenges.

CURRENT EMPLOYMENT TRENDS

% CHANGE YR AGO, 3-MO MA

	Mar 20	Sep 20	Mar 21
Total	-3.8	-6.3	-0.4
Construction	-2.6	-3.4	2.4
Manufacturing	-4.0	-5.4	-0.3
Trade	-4.6	-4.0	1.6
Trans/Utilities	0.4	-3.0	1.3
Information	-1.0	-8.1	-4.7
Financial Activities	0.8	-0.9	0.2
Prof & Business Svcs.	-2.6	-5.9	0.6
Edu & Health Svcs.	-1.8	-4.7	-0.8
Leisure & Hospitality	-15.6	-20.0	-1.0
Other Services	-7.4	-7.9	2.0
Government	-0.2	-3.7	-4.2

FORECAST RISKS

SHORT TERM ↓ LONG TERM ↑

UPSIDE

- Rising equity prices lift consumer spending more than expected.
- Fiscal stimulus boosts economy sooner.

DOWNSIDE

- New COVID-19 strain and resistance to vaccination extend pandemic.
- Higher interest rates result in equity market correction and defaults for struggling highly indebted corporations.
- Weak global recovery weighs on trade.

MOODY'S RATING

Aaa

ANALYSIS

Recent Performance. I have been a professional economist for more than 30 years and have made many projections during that time. Some of those forecasts I have made with confidence, others not so much. But I cannot remember a time when I have been so sure of the U.S. economy's near-term prospects. It is going to be rip-roaring. For the next six months, probably for the next year, and perhaps even well into next year, real GDP growth and job gains will boom, and unemployment will quickly decline.

Gaining strength. The economy is already rapidly gaining strength. That is clear in the March jobs numbers. Employment increased by more than 900,000 in the month with an impressive over 70% of industries reporting job gains. Weather played a role with the rebound from awful winter storms in February, but business and school reopenings added a lot to payrolls. Unemployment fell to 6% at the same time labor force participation notched higher. The benefit from the $1.9 trillion in fiscal support provided by the American Rescue Plan did not materially impact the numbers, but it will starting in April. ARP-funded stimulus checks probably did help power the gangbuster 17.7 million new vehicles sold (at an annualized rate) in March. There are fewer than a dozen other months in history in which more vehicles were sold. No surprise then that manufacturing is booming. The ISM manufacturing survey posted its strongest reading since 1983. The other economic statistic that stood out was the quick revival in consumer confidence. According to the Conference Board, sentiment is already stronger than it has been on average in the more than 50-year history of the survey.

The pandemic's demographic blow may also begin to fade. According to microdata from the Current Population Survey, the number of households fell sharply when the pandemic hit a year ago, particularly among younger households. Households headed by someone less than 30 years old fell by close to 2.5 million between January and June of last year. Apparently, many young people chose to move back home or crash with roommates during the lockdown. But household formation rebounded with the economy's reopening last summer. Cushioning the hit to households early on during the pandemic was the increase in the number of households headed by those in their 60s and early 70s. That is tougher to explain. Is it possible that families segregated their elderly parents because they were worried about exposing them to the virus (see Chart 1)?

Long-term prospects. The economy's long-term prospects also brightened with President Biden's proposed American Jobs Plan, the part of his "Build Back Better" presidential campaign agenda focused on investing in the nation's infrastructure. There is no argument that the nation's infrastructure needs are great. The U.S. has underinvested in infrastructure for decades. Federal, state and local government spending on infrastructure peaked at close to 6% of GDP in the 1950s and 1960s when the Interstate Highway System was built. It fell sharply in the 1970s and again in the wake of the financial crisis in the early 2010s. Infrastructure investment as a share of GDP is well below 2% of GDP, the lowest in the data available since World War II (see Chart 2).

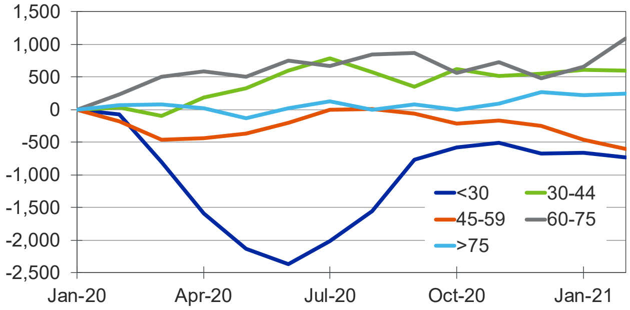
The result has been a steady aging of the nation's stock of public infrastructure. For example, the average age of the nation's highways is close to 30 years, double what it was in the 1960s. The average age of the nation's dams is even older. If maintained, this would not necessarily present a problem or urgent need for replacement, but

(Continued next page)

2015	2016	2017	2018	2019	2020	INDICATORS	2021	2022	2023	2024	2025	2026
17,432	17,731	18,144	18,688	19,092	18,426	**Gross domestic product (C12$ bil)**	19,600	20,648	21,119	21,718	22,268	22,763
3.1	*1.7*	*2.3*	*3.0*	*2.2*	*-3.5*	*% change*	*6.4*	*5.3*	*2.3*	*2.8*	*2.5*	*2.2*
141.8	144.3	146.6	148.9	150.9	142.3	**Total employment (mil)**	146.0	151.0	153.5	154.9	155.5	156.2
2.1	*1.8*	*1.6*	*1.6*	*1.3*	*-5.7*	*% change*	*2.6*	*3.4*	*1.6*	*0.9*	*0.4*	*0.4*
5.3	4.9	4.4	3.9	3.7	8.1	**Unemployment rate (%)**	5.4	4.0	3.8	3.8	3.9	4.0
4.9	2.8	4.9	5.3	3.9	6.1	**Personal income growth (%)**	3.0	1.2	4.8	4.8	4.5	4.4
320.7	323.1	325.1	326.8	328.3	329.5	**Population (mil)**	330.6	332.1	333.9	335.6	337.2	338.7
0.7	0.8	0.9	0.9	0.9	1.0	**Single-family starts (mil)**	1.3	1.4	1.4	1.5	1.5	1.4
0.4	0.4	0.4	0.4	0.4	0.4	**Multifamily starts (mil)**	0.5	0.4	0.4	0.5	0.5	0.4
1,679	2,036	1,759	1,680	2,147	3,513	**Mortgage originations ($ bil)**	2,501	2,019	1,866	1,656	1,619	1,609
820	771	766	751	752	523	**Personal bankruptcies (ths)**	526	752	885	1,005	1,081	1,116
0.1	0.3	0.9	1.9	2.1	0.4	**91-day Treasury bill (%)**	0.1	0.2	0.6	1.5	2.3	2.5
2.1	1.8	2.3	2.9	2.1	0.9	**10-year Treasury bond (%)**	1.7	2.2	2.8	3.4	3.7	4.0

Fewer Young Households

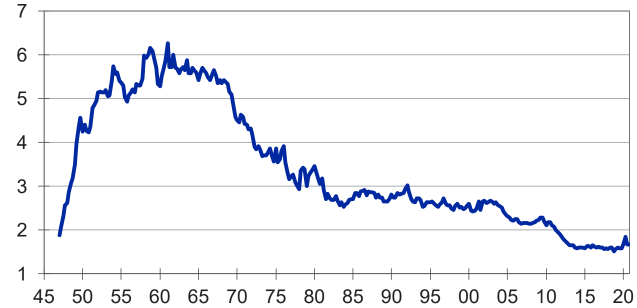
Householders, ths, change vs. Jan 2020



Sources: CPS - Basic monthly microdata, Moody's Analytics

Infrastructure Spending Flags

Federal, state and local govt investment in structures, % of GDP



Sources: BEA, Moody's Analytics

maintenance has not been performed in many cases, and the need for additional spending is intensifying. Take the nation's more than 600,000 bridges. The Department of Transportation classifies more than one-fourth as structurally deficient or functionally obsolete. Many of the larger and most heavily used of these bridges were built in the same period and will reach replacement age—the theoretical life of a bridge is approximately 50 years—around the same time.

American Jobs Plan. Biden's American Jobs Plan calls for $2.2 trillion in increased government spending over the 10-year period from 2022 to 2031, and $400 billion in tax credits. Two-thirds of the cost of the plan is paid for over the decade with $1.8 trillion in higher corporate taxes. The nation's budget deficit thus increases more than $800 billion over the decade on a static basis—that is, before accounting for the economic benefit of the plan on the government's finances. The biggest boost to spending goes to traditional infrastructure, including transportation projects such as roads, bridges and ports, and to shore up the nation's crumbling water and power infrastructure. Social infrastructure, including education, healthcare and housing, also receives substantially more financial support. To lift the nation's competitiveness, the plan allocates more funds to basic research and development, manufacturing, and broadband. Workforce development funds are also provided to fund the training needed to prepare the workforce for future jobs, including those created by the infrastructure projects. One seemingly incongruous part of the plan is $400 billion in spending on better care for the elderly and disabled. This has much more in common with Biden's next proposed fiscal package to build out the nation's social safety net.

Increasing infrastructure investment by more than 1% of GDP over the next decade as Biden has proposed has both near- and long-term benefits. Near term it has a large so-called multiplier—the increase in GDP for a dollar increase in investment. In a period of high unemployment and significant slack in the economy, like today, the one-year multiplier on traditional infrastructure spending is close to an estimated 1.5, among the highest compared with other types of federal government spending and tax policy. With close to 3 million more workers still permanently unemployed as a result of the COVID-19 pandemic, an infrastructure plan that provides new jobs in communities across the country would be particularly effective (see Chart 3).

Infrastructure benefits. Long term, economic research is in strong agreement that public infrastructure provides a significantly positive contribution to GDP and employment. It lowers business costs and thus improves competitiveness and productivity, allows workers to live closer to where they work and thus reduces commute times, improves labor participation, and reduces carbon emissions. There is more debate on whether public infrastructure spending boosts GDP by as much as private capital does. One reason for this is that, unlike private investment, federal investment is not driven solely by market forces or by maximizing economic returns of firms. Federal infrastructure also has the goal of improving quality of life, reducing inequities, supporting the work of the federal government itself, and addressing other broader social objectives that policymakers may have. The federal government also imposes various requirements that can increase the costs of the projects that it funds. We estimate the average return on private capital to be close to 10%—that is, a $1 increase in private investment, all else being equal, increases GDP by 10 cents over a year—while it is almost 7% for public infrastructure.

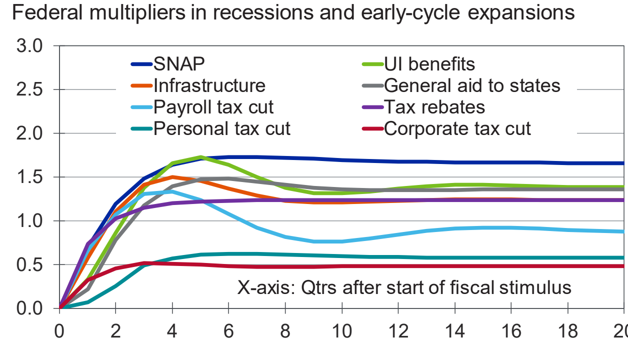
Still, the state of the economy makes this an especially propitious time to increase infrastructure investment, since extraordinarily low interest rates make the return on that investment substantially greater than the government's cost of financing. Thirty-year Treasury yields are just over 2%, while the return on almost any public infrastructure project is likely to be meaningfully greater than that.

The infrastructure plan results in a stronger economy over the coming decade, with higher GDP, more jobs and lower unemployment. However, the most immediate impact in early 2022 is to marginally reduce growth. That is because the higher corporate taxes take effect right away, while the increased infrastructure spending does not get going in earnest until later in the year. This changes quickly. By 2023 and throughout much of the middle of the decade the ramp-up in infrastructure spending significantly lifts growth. The apex in the boost to growth from the plan is in 2024, when real GDP is projected to increase 3.8%, compared with 2.2% if the plan fails to become law. In terms of jobs, with the infrastructure plan the economy recovers the jobs lost in the pandemic recession in the next couple of years, not much different than without the plan. But the plan does result in substantially more jobs mid-decade, with employment under Biden's term as president increasing by 13.5 million jobs. Unemployment is also meaningfully lower with the plan, falling to a low of 3.5% by the end of Biden's term in 2024, consistent with the low reached just prior to the pandemic. Labor force participation by then is also expected to fully recover from the impact of the pandemic (see Table).

Productivity, deficits, debt. Long term, the economy enjoys stronger productivity

Infrastructure's Big Bang for Buck

Federal multipliers in recessions and early-cycle expansions



Sources: BEA, Moody's Analytics

Macroeconomic Impact of American Jobs Plan

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Avg annual 2021-2030
Real GDP, % change												
With AJP	-3.49	7.23	3.86	2.30	3.77	2.85	1.86	1.63	2.02	2.23	2.24	2.99
Without AJP	-3.49	7.23	3.91	1.90	2.23	1.82	1.79	2.01	2.14	2.07	2.06	2.70
Difference	0.00	0.00	-0.04	0.41	1.54	1.03	0.07	-0.38	-0.13	0.16	0.18	0.29
Nonfarm employment, mil												
With AJP	142.26	146.37	150.89	152.47	155.14	156.89	157.82	158.60	159.47	160.35	161.24	
Without AJP	142.26	146.37	150.91	152.45	153.67	154.38	155.01	155.73	156.62	157.57	158.55	
Difference (ths)	0	0	-23	19	1,472	2,514	2,818	2,869	2,843	2,780	2,690	
Unemployment rate, %												
With AJP	8.12	5.59	4.44	4.38	3.76	3.63	3.67	3.81	3.83	3.84	3.83	
Without AJP	8.12	5.59	4.44	4.39	4.31	4.36	4.51	4.52	4.47	4.44	4.43	
Difference	0.00	0.00	0.01	-0.01	-0.55	-0.73	-0.83	-0.71	-0.64	-0.60	-0.59	

Sources: BEA, BLS, Moody's Analytics

growth. The improvement is marginal through the first half of the decade but will be measurable by decade's end as the stock of public infrastructure meaningfully increases, adding as much as 0.1 percentage point to annual real GDP growth.

The nation's deficits and debt load are higher over the 10-year budget horizon, because the infrastructure plan is not fully paid for. On a static basis, the 10-year cumulative deficit increases by nearly $850 billion. On a dynamic basis—accounting for the benefits of the stronger economy resulting from the plan on government revenues and expenditures—the 10-year cumulative deficit is expected to be close to $625 billion. It is important to note that the spending under the plan winds down after 10 years, while the increased tax revenue continues to accrue to the Treasury, so that after about 15 years the infrastructure plan is fully paid for.

There are many potential political impediments to passage of the plan, but we expect that an infrastructure plan similar in spirit and size to what the president has proposed will become law later this year via the budget reconciliation process.

Mark Zandi
April 2021

MOODY'S ANALYTICS

SOUTH

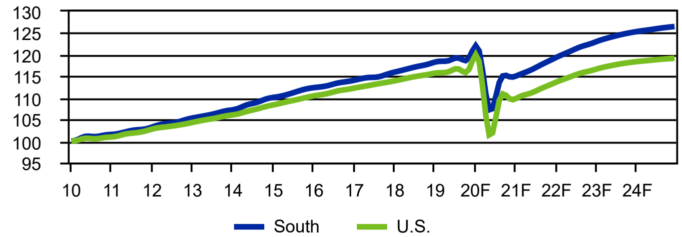
EMPLOYMENT GROWTH RATE

2020-2022	2020-2025
3.3%	2.1%

GROSS DOMESTIC PRODUCT

2020-2022	2020-2025
6.3%	4.4%

RELATIVE EMPLOYMENT PERFORMANCE (JAN 2011=100)



Source: Moody's Analytics

STRENGTHS & WEAKNESSES

STRENGTHS

- Lower costs, including taxes, attract businesses and households.
- Above-average population growth in some states drives household spending.

WEAKNESSES

- Workforce quality still lags in many places and per capita incomes are low.
- Foreign competition in manufacturing erodes the South's competitive advantage.

CURRENT EMPLOYMENT TRENDS

% CHANGE YR AGO, 3-MO MA

	Mar 20	Sep 20	Mar 21
Total	-7.7	-5.2	-4.4
Construction	1.4	-5.0	-3.5
Manufacturing	0.0	-5.9	-3.7
Trade	-0.1	-3.4	-1.9
Trans/Utilities	4.0	0.6	3.0
Information	0.6	-8.5	-5.8
Financial Activities	2.7	-1.1	-1.1
Prof & Business Svcs.	1.7	-4.2	-1.3
Edu & Health Svcs.	2.2	-4.4	-4.1
Leisure & Hospitality	0.9	-20.8	-15.6
Other Services	1.3	-9.8	-8.2
Government	1.3	-2.3	-3.8

FORECAST RISKS

SHORT TERM | LONG TERM

UPSIDE

- Oil prices rise more than expected, boosting energy states.
- Homebuilding rises faster than expected because of low interest rates.

DOWNSIDE

- Out-migration in smaller states like West Virginia rises amid the recovering economy.
- A new surge in infections limits the rebound in tourism in states like Florida.

COST OF DOING BUSINESS

96%

ANALYSIS

Recent Performance. The South is recovering at a pace comparable to the national average. Both the region and the nation have regained about three-fifths of jobs lost last spring. Almost all states have shared in the gains. Only in Louisiana is employment down significantly more year over year than the national average. Moreover, virtually all major industries are performing as well as, or even a bit better than, their national counterparts in terms of job growth. Housing markets across the region have been strong. Most states in the region have enjoyed house price growth year over year in the high single digits and close to the national average. Tennessee, Georgia, Alabama and North Carolina are leading the way with double-digit increases. The one laggard has been Louisiana.

Tourism. States with relatively large hospitality industries are set to accelerate, after having lagged thus far. Total employment is down 6.2% year over year in Florida and 7.8% in Louisiana, the biggest deficits in the South. However, as the vaccinated share of the population rises, the number of vacationers from out of state will grow significantly. In particular, Orlando, where employment is still down 12% year over year, will benefit as attendance at Disney World rises above the 35% cap in place in recent months. Likewise, New Orleans, where employment is down 11% year over year, should also begin to rebound, though full recovery there is not expected for a couple of years.

Energy. The recoveries of the oil-producing states will firm this year as the energy industry revives. West Texas Intermediate oil prices have steadily risen to more than $60 per barrel in the past half year after holding in the $40 per barrel range for much of 2020. The drivers have been rising global demand and the decision by OPEC in January to limit supply. Active drill rigs in oil-producing states have risen accordingly. In Texas the number has doubled since the trough last summer. Likewise, the rig counts in Oklahoma and Louisiana have risen 70% and 50%, respectively, during that time. These states will benefit from the rebound even more than Texas because of the higher reliance of their economies on the energy industry. The recovery in energy exploration will support manufacturing in such metro areas as Houston and Oklahoma City. Texas itself has already been recovering faster than the nation as a whole because of its wider industrial diversity. Specifically, its professional services and IT industries have recouped virtually all lost jobs. In particular, professional services employment in Austin is already 3% higher than a year ago.

Residential construction. Homebuilding will be elevated across the region. New permits for single-family homes have risen approximately 20% over the past year, roughly matching the national average pace. Mortgage rates have begun to rise but are still low, contributing to affordability. Moreover, the increases in house prices and low inventory on the market have sent a clear signal to developers. Additionally, the above-average population growth in the largest states in the region, including Texas, Florida, Georgia, North Carolina and Tennessee, is another positive factor. The South has about 40% of the total U.S. population but generates more than 55% of total new single-family permits.

The South's recovery will accelerate over the coming year at a rate faster than the nation. The travel and hospitality industries, especially in states like Florida, will recover as attractions reopen or expand their access. Further, strong homebuilding will lift construction and related manufacturing. Longer term, the South will benefit from its diversity, low business and living costs, and above-average population growth.

Edward Friedman
April 2021

2015	2016	2017	2018	2019	2020	INDICATORS	2021	2022	2023	2024	2025	2026
5,420.1	5,492.4	5,628.4	5,808.1	5,941.0	5,741.1	Gross regional product (C12$ bil)	6,139.2	6,497.5	6,695.2	6,920.5	7,126.1	7,315.4
47,834	48,684	49,429	50,368	51,232	48,799	Total employment (ths)	50,204	52,083	53,157	53,839	54,228	54,616
2.3	*1.8*	*1.5*	*1.9*	*1.7*	*-4.7*	*% change*	*2.9*	*3.7*	*2.1*	*1.3*	*0.7*	*0.7*
5.3	4.9	4.3	3.8	3.5	7.2	Unemployment rate (%)	5.0	4.0	3.8	3.7	3.8	3.8
4.2	1.9	5.6	5.7	4.0	5.9	Personal income growth (%)	3.9	1.3	5.3	5.3	4.8	4.8
113,395	114,714	115,867	116,867	117,855	118,661	Population (ths)	119,320	120,177	121,163	122,126	123,064	124,003
859.4	867.7	753.0	647.0	652.1	582.2	Net migration (ths)	482.2	604.5	754.0	744.4	738.9	755.9
362,601	389,925	429,608	456,344	468,374	553,531	Single-family permits (#)	645,594	725,299	739,563	753,663	762,386	723,034
182,944	177,061	168,443	191,536	210,955	190,423	Multifamily permits (#)	201,902	186,859	188,664	200,376	196,810	172,527
304	322	342	362	381	401	House price (1980Q1=100)	412	417	422	426	430	434
470	564	524	521	631	925	Mortgage originations ($ mil)	710	577	544	492	483	478
6,484.0	6,530.7	6,351.1	6,445.0	6,429.3	5,476.7	New vehicle registrations (ths)	6,444.6	6,642.8	6,610.6	6,449.6	6,446.7	6,553.6
310,963	294,152	289,495	283,451	285,734	240,112	Personal bankruptcies (#)	188,568	247,080	300,639	340,089	372,065	388,169

As additional supporting documentation for the previously presented information, the following items are retained in our files: 1.) a User's Guide related to the previously presented statistical and economic information; 2.) a Five-Year Forecasted Employment Growth Rankings for all MSAs within the U.S.; 3.) the Forecast Assumptions related to projections presented on the preceding pages; 4.) Employment Growth Rankings for all MSAs within the U.S.; 5.) Population Growth Rankings for all MSAs within the U.S.; 6.) Absolute Change in Employment & Population projections for all MSAs within the U.S.; 7.) Risk-Adjusted Return for each MSA within the U.S.

Key Comparisons and Projections

The following information is taken from the previously presented economic and statistical data provided by Moody's Analytics Economy.com. Centre, AL is in Cherokee County, AL which is part of the Gadsden, Alabama MSA.

UNITED STATES	SOUTH
Total Employment	
146,000,000	50,204,000
Employment Change %	
2.6	2.9
Unemployment Rate %	
5.4	5.0
Personal Income Growth	
3.0	3.9
Strengths	
• Very productive workforce. • Labor market attracts skilled and unskilled immigrants. • High innovation and entrepreneurship. • Mobile labor force, flexible labor system.	• Lower costs, including taxes, attract businesses and households. • Above-average population growth in some states drives household spending.
Weaknesses	
• Large budget, current account deficits. • Skewed income and wealth distribution. • Polarized and fractured political system. • Demographic challenges.	• Workforce quality still lags in many places and per capita incomes are low. • Foreign competition in manufacturing erodes the South's competitive advantage.

National Outlook

"For the next six months, probably for the next year, and perhaps even well into next year, real GDP growth and job gains will boom, and unemployment will quickly decline. The economy is already rapidly gaining strength. That is clear in the March jobs numbers. Employment increased by more than 900,000 in the month with an impressive over 70% of industries reporting job gains. Weather played a role with the rebound from awful winter storms in February, but business and school re-openings added a lot to payrolls. Unemployment fell to 6% at the same time labor force participation notched higher. The benefit from the $1.9 trillion in fiscal support provided by the American Rescue Plan did not materially impact the numbers.

The pandemic's demographic blow may also begin to fade. According to microdata from the Current Population Survey, the number of households fell sharply when the pandemic hit a year ago, particularly among younger households. Households headed by someone less than 30 years old fell by close to 2.5 million between January and June of last year. Apparently, many young people chose to move back home or crash with roommates during the lockdown. But household formation rebounded with the economy's reopening last summer.

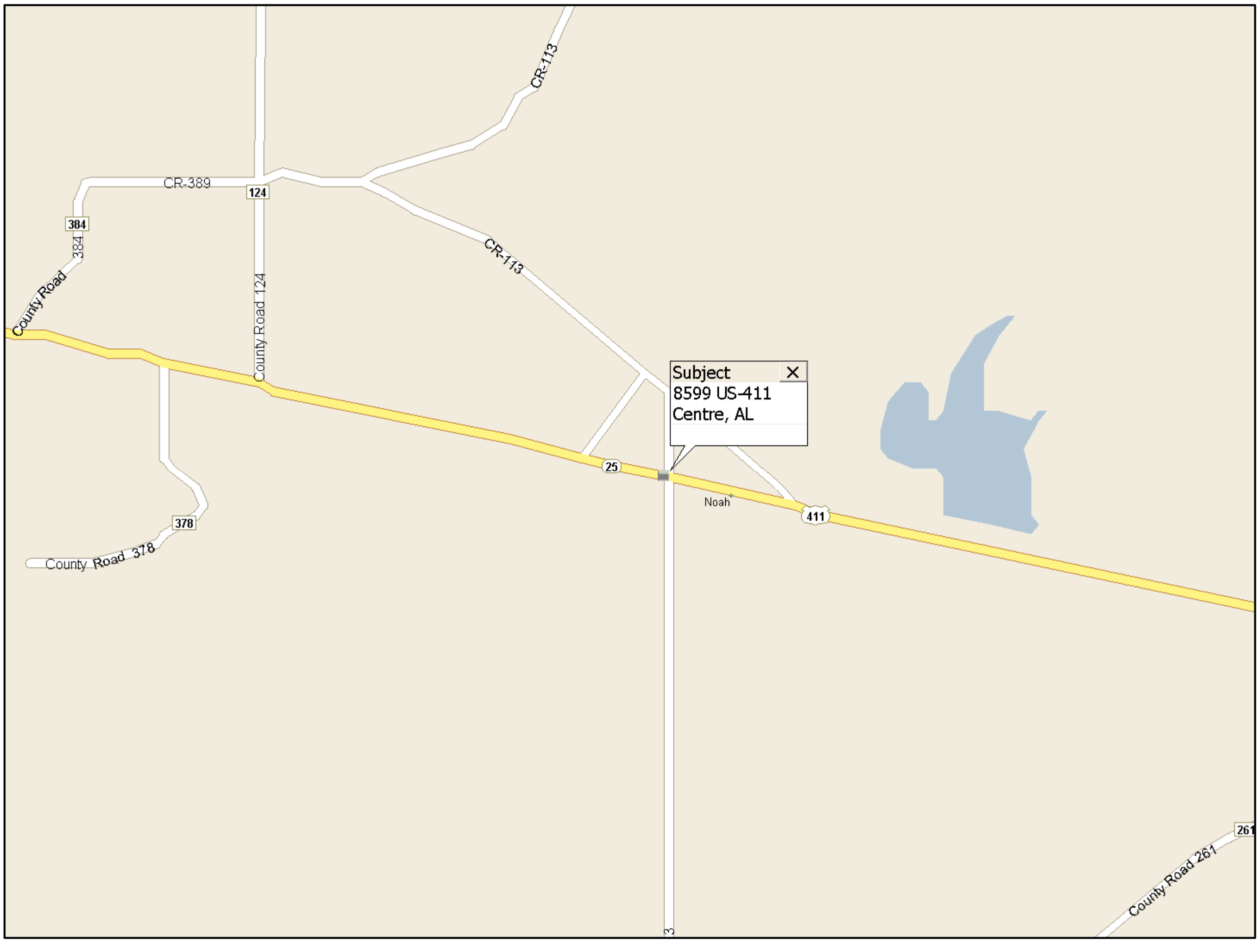
The economy's long-term prospects brightened with President Biden's proposed American Jobs Plan, the part of his "Build Back Better" presidential campaign agenda focused on investing in the nation's infrastructure. There is no argument that the nation's infrastructure needs are great. The U.S. has underinvested in infrastructure for decades. Federal, state and local government spending on infrastructure peaked at close to 6% of GDP in the 1950s and 1960s when the Interstate Highway System was built. It fell sharply in the 1970s and again in the financial crisis in the early 2010s. Infrastructure investment as a share of GDP is well below 2% of GDP, the lowest in the data available since World War II.

Long term, economic research is in strong agreement that public infrastructure provides a significantly positive contribution to GDP and employment. It lowers business costs and thus improves competitiveness and productivity, allows workers to live closer to where they work and thus reduces commute times, improves labor participation, and reduces carbon emissions. The nation's deficits and debt load are higher over the 10-year budget horizon, because the infrastructure plan is not fully paid for. It is important to note that the spending under the plan winds down after 10 years, while the increased tax revenue continues to accrue to the Treasury, so that after about 15 years the infrastructure plan is fully paid for. There are many potential political impediments to passage of the plan, but we expect that an infrastructure plan similar in spirit and size to what the president has proposed will become law later this year via the budget reconciliation process." (*Precis: Metro April 2021 Moody's Analytics*)

South Region Outlook

"The South's recovery will accelerate over the coming year at a rate faster than the nation. The travel and hospitality industries, especially in states like Florida, will recover as attractions reopen or expand their access. Further, strong homebuilding will lift construction and related manufacturing. Longer term, the South will benefit from its diversity, low business and living costs, and above-average population growth." (*Precis: Metro April 2021 Moody's Analytics*)

LOCAL AREA MAP/ANALYSIS



Introduction

The subject property is located in Centre, Cherokee County, Alabama. The subjects market area is located along US Highway 411. It is situated on the south side of US Highway 411 and just west of Country Road 113. As of the 2010 census the population of the city was 3,489.

Access

The local area is primary served by US Highway 411 which provides access to regional employment centers.

Development Characteristics

Centre is in the stability stage of its development cycle. The land along US Highway 411 is improved with low density residential, commercial, and agricultural uses.

COSTAR Group Market Analytics – 10 Mile Radius

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE	MARKET RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
954K	0	(8.8K)	7.4%	$8.82	$124	8.8%

Key Metrics

Availability	
Vacant SF	71K
Sublet SF	0
Availability Rate	9.1%
Available SF	86.4K
Available Asking Rent/SF	$7.85
Occupancy Rate	92.6%
Percent Leased Rate	92.6%

Inventory	
Existing Buildings	71
Under Construction Avg SF	-
12 Mo Demolished SF	0
12 Mo Occupancy % at Delivery	-
12 Mo Construction Starts SF	0
12 Mo Delivered SF	0
12 Mo Avg Delivered SF	-

Sales Past Year	
Asking Price Per SF	-
Sale to Asking Price Differential	-
Sales Volume	$2.9M
Properties Sold	2
Months to Sale	-
For Sale Listings	2
Total For Sale SF	100K

Demand	
12 Mo Net Absorp % of Inventory	-0.9%
12 Mo Leased SF	3.6K
Months on Market	77.2
Months to Lease	-
Months Vacant	-
24 Mo Lease Renewal Rate	90.8%
Population Growth 5 Yrs	2.0%

Based on data aggregated and published by CoStar regarding retail space in the 10-mile radius of the subject property, average rent is $8.82 per square foot. The average vacancy rate of 7.4 percent has risen from the prior period average of 6.5 percent.

Currently, there is 954,000 square feet of inventory within a 10-mile radius of the subject. As of the effective date, there has been zero square feet of inventory added to the market within the past 12 months, and there are zero square feet under construction at this time.

The average sale price, which includes all retail properties, is $124 per square foot. The average capitalization rate has remained similar at 8.8 percent.

The foregoing market statistics should be viewed with some caution as smaller markets are more statistically sensitive compared to larger markets, due to its small size and the limited number of transactions that have occurred. This is typical of tertiary market locations, like the subject's local area.

KEY PERFORMANCE INDICATORS		
Metric	**Current**	**10-Year Average**
Vacancy	7.44%	6.36%
Net Absorption	135 SF	(8,773 SF)
Deliveries	5,873 SF	0 SF
Annual Rent Growth	0.0%	-19.3%
Average Retail Rent PSF	$10.48	$8.82
Market Sale Price PSF	$110	$124
Market Cap Rate	8.80%	9.04%
Sales Volume	$2.0 MM	$2.9 MM

Demographics

The following is a demographic summary within a 1-mile, 3-mile and 5-mile radii of the subject.

DEMOGRAPHIC SUMMARY					
	1-Mile Radius	**3-Mile Radius**	**5-Mile Radius**	**Cherokee County**	**Alabama**
2026 Population Projection	301	1,258	3,203	26,663	4,982,696
2021 Population Estimate	305	1,261	3,176	26,317	4,920,630
Growth Rate 2010 to 2021	-7.58%	-4.47%	-0.84%	1.26%	2.95%
Proj. Growth 2021 to 2026	-1.31%	-0.24%	0.85%	1.31%	1.26%
Est of Households 2021	123	512	1,311	10,803	1,948,907
Est. of Median HH Income 2021	$45,663	$45,664	$46,660	$45,736	$53,175

Source: Claritas

As indicated in the table above the subject's market area has moderate population and household density similar to rural communities in the South. The median household income in the immediate area is similar the median household income for the county and lower than that of the State of Alabama.

Summary and Conclusion

The subject property is situated on the south side of Hwy 411 in Centre, Cherokee County, Alabama. Limited new construction is forecast in the near term given stable demographics and limited opportunities. Stable rents and vacancy are anticipated over the next few years.

TRIPLE NET INVESTMENT OVERVIEW

One of the most popular property types in commercial real estate are "triple net," also known as "NNN" deals. These are typically single-tenant retail properties leased to tenants with high credit ratings on "net, net, net" terms (hence the NNN acronym), meaning the tenant is responsible for real estate taxes, insurance, and all maintenance.

Triple Net Lease investing involves buying properties with free standing buildings that are leased to credit-worthy tenants. Credit worthy tenants such as Walgreen Drug Store, AutoZone, Dollar General, Bank of America, Burger King or Taco Bell, auto service and part stores like Bridgestone – Firestone, O'Reilly Auto Parts or Advance Auto.

A net net net lease is "An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called NNN lease, triple net lease, or fully net lease. [10]

NNN properties are leased to a single tenant for 10 to 30 year terms. Properties are typically new or nearly new, have limited management responsibilities, a long-term lease to a quality tenant, stable cash flow, attractive financing, and the unique tax benefits real estate provides.

The advantages have fueled a tremendous growth in demand from investors on every level. They appeal to part-time investors looking for guaranteed income with no management responsibility and large REITS that use leverage to capture a yield spread. They also provide an attractive exit strategy for those with mature portfolios. As with any investment, there are many factors to consider in valuing and structuring the deal.

Prices start in the range of a four percent capitalization rate for ground leases and the highest rated tenants, up to perhaps 9.0 percent for lesser credit quality or those with short terms remaining on the primary lease. Investors who use debt financing can produce leveraged returns in the 10 – 12 percent range.

NNN deals are generally evaluated based on a company's credit rating as determined by one of the three ratings firms (Standard and Poor's, Moody's, and Fitch). Those with a rating of BBB- and higher (S&P scale) are considered "investment grade."

Examples of the top-tier tenants include Walgreens (A+/Stable), CVS (A-/Stable), JP Morgan Chase (AA/Stable), Wal-Mart (AA/Stable), and Home Depot (AA/Stable). Not coincidentally, these are also the properties with the highest valuations (lowest cap rate), and they set the upper standard for valuation. Generally, as the tenant's credit rating declines, so does the price of their property. But the mere fact a tenant has an investment-grade credit rating does not mean it is risk free. The ratings establish the relative risk of default for a particular company, but no investment except a federal bond has a zero default rate.

[10] *Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, 2015*

This point is illustrated by the following chart of default rates of rated retail credits over a fifteen-year period:

NNN CREDIT RATING AND DEFAULT RATES	
Credit Rating	**Default Rate %***
AAA	0.52%
AA	1.31%
A	2.32%
BBB	6.64%
BB	19.52%
B	35.76%
CCC	54.38%

**Percentage of defaults by issuers rated by Standard and Poor's over the past fifteen years.*

Interest rate changes in US Treasuries impact the pricing of triple net investments as investor internal rate of return criteria is often indexed to or priced off five or ten-year treasuries. The higher cost of borrowing not only impacts transactions but also the cost related to developing new single-tenant product. Despite the concern, market participants view current market conditions as favoring sellers this quarter.

Review of *PwC Real Estate Investor Survey Second Quarter 2021* reveals an upward change of 13 basis points in the average discount rate from the previous quarter and a 12 basis points change in the capitalization rate for the triple net investment class. The table below summarizes the survey results for the *National Net Lease Market*. We note that the survey is in regard to improved property.

PwC NATIONAL NET LEASE MARKET – 2nd QUARTER 2021				
	Current	**Last Quarter**	**1 Year Ago**	**3 Years Ago**
Discount Rate				
Range	6.00% - 10.00%	6.00% - 10.00%	5.00% - 10.00%	6.50% - 12.00%
Average	7.48%	7.35%	7.10%	8.44%
Capitalization Rate				
Range	5.00% - 8.50%	5.00% - 8.00%	4.00% - 8.00%	5.00% - 8.50%
Average	6.28%	6.16%	6.22%	6.60%
Marketing Time				
Range	2 - 18 Months	1 - 18 Months	1 - 18 Months	2 - 12 Months
Average	6.1 Months	5.8 Months	5.4 Months	5.8 Months

Going-in capitalization rates for national net lease assets, based on the *PwC Real Estate Investor Survey*, second quarter 2021 range 5.00 to 8.50 percent, with an average of 6.28 percent. The average discount rate or yield rate for a net lease asset investment on an all cash basis is 120 basis points higher at 7.48 percent.

The average marketing time for national net lease asset investments has been under seven months for the past three years. We note that the survey information reflected in the foregoing chart relates to investment grade properties, which are generally newer facilities, located in metropolitan areas.

The following is from *The Boulder Group Q2 2020 Dollar Store Report*:

Cap rates within the single tenant net lease dollar store sector compressed by 12 basis points to 6.98% in the second quarter of 2020 when compared to the second quarter of 2019. This represented the lowest cap rates for the dollar store sector in the past three years. Cap rates for all three of the major dollar store retailers (Dollar General, Family Dollar and Dollar Tree) compressed during this time frame; however, the dollar store sector remained priced at a discount to the overall net lease retail market. Cap rates for Dollar General, Family Dollar and Dollar Tree compressed by 15, 10 and 7 basis points respectively

MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Dollar General	Family Dollar	Dollar Tree
12-15 Years	6.60%	6.85%	NA
9-11 Years	6.95%	7.15%	7.00%
6-8 Years	7.60%	7.55%	7.35%
3-5 Years	8.10%	8.35%	7.80%
Under 3 Years	8.75%	9.00%	8.50%

Source: Boulder Group

Throughout the majority of 2020, dollar stores represented an important niche within the net lease sector as they were categorized as essential retailers during the Covid-19 pandemic. Investors, especially those in 1031 exchanges, pursued dollar store assets over other net lease options as dollar stores were open for business, experienced high sales volumes and had financing available. The increased demand for this sector is the primary contributing factor for the decrease in cap rates. Furthermore, the median remaining lease term for available properties during the second quarter increased by one year to approximately eleven years.

1031 investors with lower absolute dollar amount exchanges continue to flock to this sector. Dollar store properties offer investors long term leases to investment grade tenants at higher cap rates compared to the overall net lease market. Dollar store properties were priced at a 73 basis point discount to the overall net lease retail market (6.25%) in the second quarter of 2020. While the overall net lease market experienced a sharp decline in transaction volume of more than 20% through the first two quarters of 2020, transactions in the single tenant dollar store sector increased by approximately 3%.

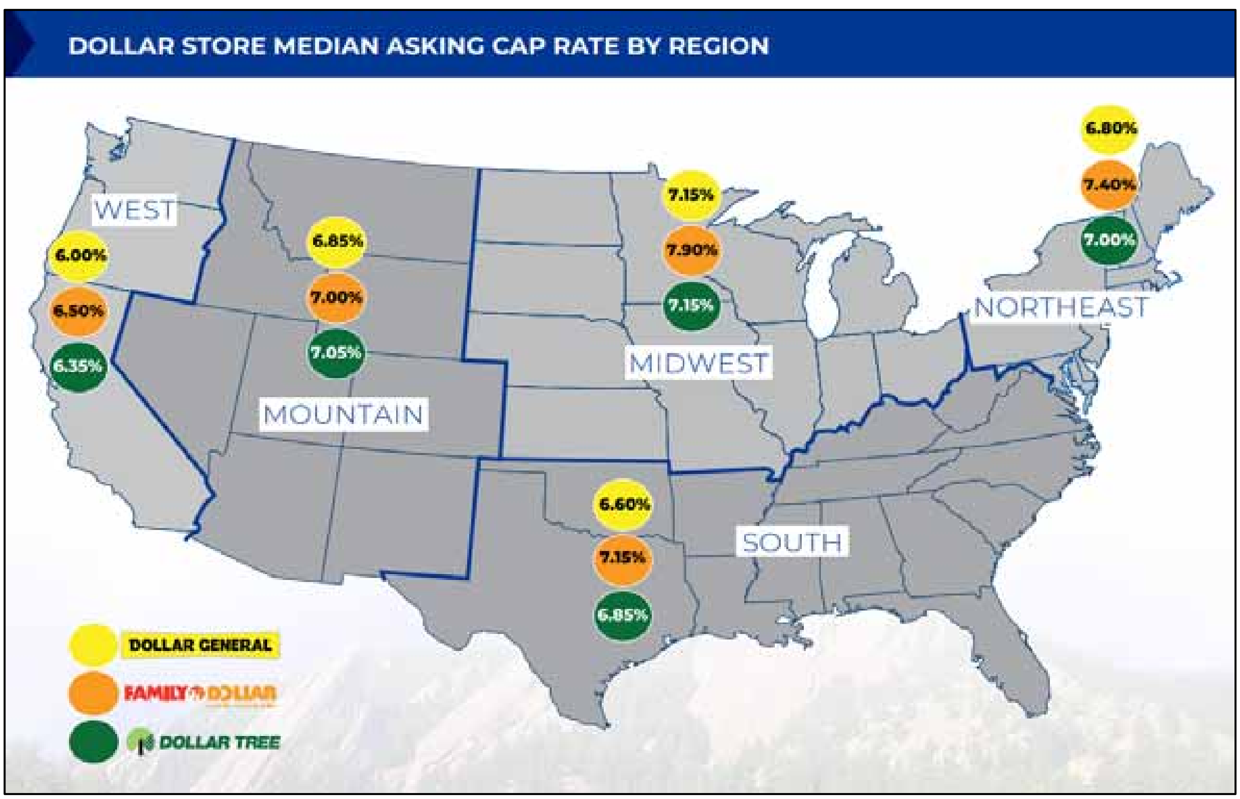
The net lease dollar store sector will continue to be active as investors are attracted to the higher yields this asset class generates when compared to other net lease sectors. As dollar store retailers continue to perform in all types of economic environments, investors of all classes will continue to seek out these investments. A recent poll conducted by The Boulder Group illustrated the majority of net lease participants (62%) expect dollar store transactions to increase in the last two quarters of 2020 when compared to 2019. New construction dollar stores will remain in the highest demand and the national expansion plans of the dollar store retailers will keep up supply regardless of their heightened demand.

The chart below highlights the market share of the three major dollar stores.

COMPANY AND LEASE OVERVIEW

	Dollar General	Family Dollar	Dollar Tree
Credit Rating:	BBB (Stable)	--	BBB- (Stable)
Stock Symbol:	DG	--	DLTR
Market Cap:	$47 billion	--	$23 billion
Revenue:	$28 billion	--	$23 billion
Number of Stores:	16,368	7,783	15,288*
Typical New Lease Type:	Triple Net	Double Net	Double Net
Typical New Lease Term:	15 years primary term with twenty years of options	10 years primary term with twenty years of options	7 or 10 years primary term with ten years of options
Typical Rent Increases:	None in primary term; 10% each option period	None in primary term; 10% each option period	$0.50 per square foot every five years
*Includes Family Dollar locations	DOLLAR GENERAL	FAMILY DOLLAR	DOLLAR TREE

The following chart highlights capitalization rates of the three major dollar stores.



Tenant Overview – Family Dollar

Family Dollar[11] is a chain of discount retailers.

Dollar Tree acquired Family Dollar, Inc. in July 2015. Together they are considered the nation's largest small-box discount retailer, operating over 14,000 stores nationwide. Family Dollar operates under a landlord friendly net lease structure. As a result, freestanding Family Dollar retail stores provide an attractive combination of a long-term lease and a growing market concept that continues to capture value conscious shoppers, which boosts store productivity.

With locations across 48 states, Family Dollar retail stores allow investors to evaluate property in metropolitan and rural settings. The typical Family Dollar net lease is 15 years with successive option periods of five (5) years each. The lease also includes rent increases of 10% every five (5) years and during the options. The Family Dollar net lease typically requires minimal responsibilities from the landlord, limited only to roof & structural maintenance while the tenant is responsible for insurance, taxes and all other maintenance and repairs. Recently, Family Dollar has offered sale leaseback with 15-year NNN leases along with build-to-suit programs that are structured as 15-year absolute NNN leases with 10% rent increases in year 10 or every five (5) years.

In November 1959, Leon Levine opened the first Family Dollar store in Charlotte, North Carolina, and was on his way to becoming a retailing legend. Leon Levine believed he could offer his customers a variety of high-quality, good value merchandise for under $2. The concept is a simple one, "The customers are the boss, and you need to keep them happy."

The average size of a Family Dollar store is between 6,000 and 8,000 square feet, and most stores are operated in leased facilities. This relatively small footprint allows the company to open new stores in rural areas and small towns, as well as in large urban neighborhoods. A general floor plan used in each of the stores allows customers to easily shop for their favorite products in any Family Dollar store. With the stores uniformly laid out and stocked, store managers are able to focus on providing good customer service. This concept for a self-serve, cash-and-carry neighborhood discount store in low to middle income neighborhoods proves so successful that today Family Dollar is a chain with over 8,000 stores from Maine to California.

Summary and Conclusion

The subject property is located on the south side of US Highway 411 in Centre, Cherokee County, Alabama. It will be new construction and will compete with comparable dollar stores at the midpoint of capitalization rate range in the South market due to its net-net lease structure and being located in a rural market.

[11] *netleaseadvisor.com*, Q2 2020

COVID-19 IMPACT ANALYSIS - RETAIL

The effect of the COVID-19 disruption to the economy and its impact on the retail sector of the market and its depth and degree of the impact varies by property type but in general has changed consumer shopping habits and behavior with increased work from home opportunities for many employers and industries and an increase in online shopping. In the near term, we have completed a survey of market participants for feedback with the following highlights:

- It's been over a year since the start of the COVID-19 pandemic, and its challenging impact on leasing trends can be felt across the U.S. commercial real estate (CRE) industry with the exception of warehouse. "Leasing activity has been negatively affected by the virus," says an Atlanta office investor. "Office tenant demand is down," states a Seattle office investor. "Apartment vacancies rose in 2020, but it is very specific to location," comments an apartment investor. "Tenant demand is minimal," remarks a retail investor. For the most part, tenant demand is way down from a year ago, prompting the need for property owners to offer more concessions and enticements in order to keep rental rates steady at a time when tenants are controlling much of the marketplace.
- According to PwC (Q2 2021) "After posting a negative-year market rent change rate average for four consecutive quarters, this key indicator surges 100 basis points to 0.15% this quarter, highlighting an increasingly positive outlook for this market. While now positive, the current average for this key assumption still sits below the ten-year average of 1.31%. Investors consider this market overpriced because the demand for quality assets exceeds available supply, creating a highly competitive transaction environment. Since the onset of the pandemic, some investors have shifted their strategy to focus on strictly investment grade tenants, particularly those in essential businesses.
- 2020 saw a rash of retail store closings and bankruptcies. Many retail stores in particular have been hit hard by the downturn. The year 2020 was already set to be a tough one for many retail stores before the pandemic, as 2019 saw a record number of permanent store closures, but 2020 broke that record, with over 12,000 store closures in the U.S. Even as retail stores have made the shift to online and curbside pickup to at least make it through the holiday season, 2021 could be on pace to break that record for store closing. Store closings includes temporary closings, permanently reducing locations, bankruptcy and going out of business.
- Retail tenants received short term rent deferrals or concessions or reductions often with the rent abatement moved to extend the lease term. Impacts on investment grade assets have been muted as the rent deferrals have largely burned off. Landlords report ongoing efforts to assist service retailers such as restaurants by converting rental terms to percentage rent. Sellers have cancelled listings and are choosing to wait out the disruption rather than accept discounts to asset value.
- Lenders are continuing to examine deal pipelines and focusing on stress testing asset class exposure with higher scrutiny on borrower legacy and credit.
- To date, lending rates have remained fairly stable with deals being priced similar to pre-Covid. Investment interest rates have declined sharply with the 10-year bond dropping to below 1.0 percent yield and hitting a historic low of sub 0.50 percent. Currently, the 10-year bond rate is at a yield of 1.7 percent.
- The consensus estimate for US growth in 2021 by economists surveyed is 4.0 percent. The recent $1.9 trillion stimulus bill passed in March 2021 has revised estimates upward to the 6.0 to 7.0 percent range. Federal reserve asset purchases and loans have assisted to stem the negative impact of the pandemic and by mid-year, GDP will have returned to pre-Covid levels.

Conclusion

Demand for the retail assets in the regional and local market is bifurcated with assets at stabilized occupancy having credit rated tenancy in demand by investors. Similarly, well capitalized corporate restaurants have weathered the pandemic with increased take out and burning through cash reserves, while underfunded local operators struggle to meet operating expenses due to marginalized revenue. Local tenant occupied strip centers are under significant stress as underfunded businesses struggle to stay open during the pandemic.

Rental rates have declined with few deals occurring outside of opportunist “move-up” deals by nationals seeking premium locations vacated due to store closings. The low interest rate environment has assisted to maintain capitalization rates and provide cheap financing for well-positioned retailers and projections for a retail recovery extend into 2022-2023.

Therefore, we will review transactional data to support a market conditions adjustment, if any.

PROPERTY DESCRIPTION

Site and building dimensions for the subject property were taken from information provided by the client or buyer, our research, an exterior viewing on google earth of the site, and public county records.

Site Description

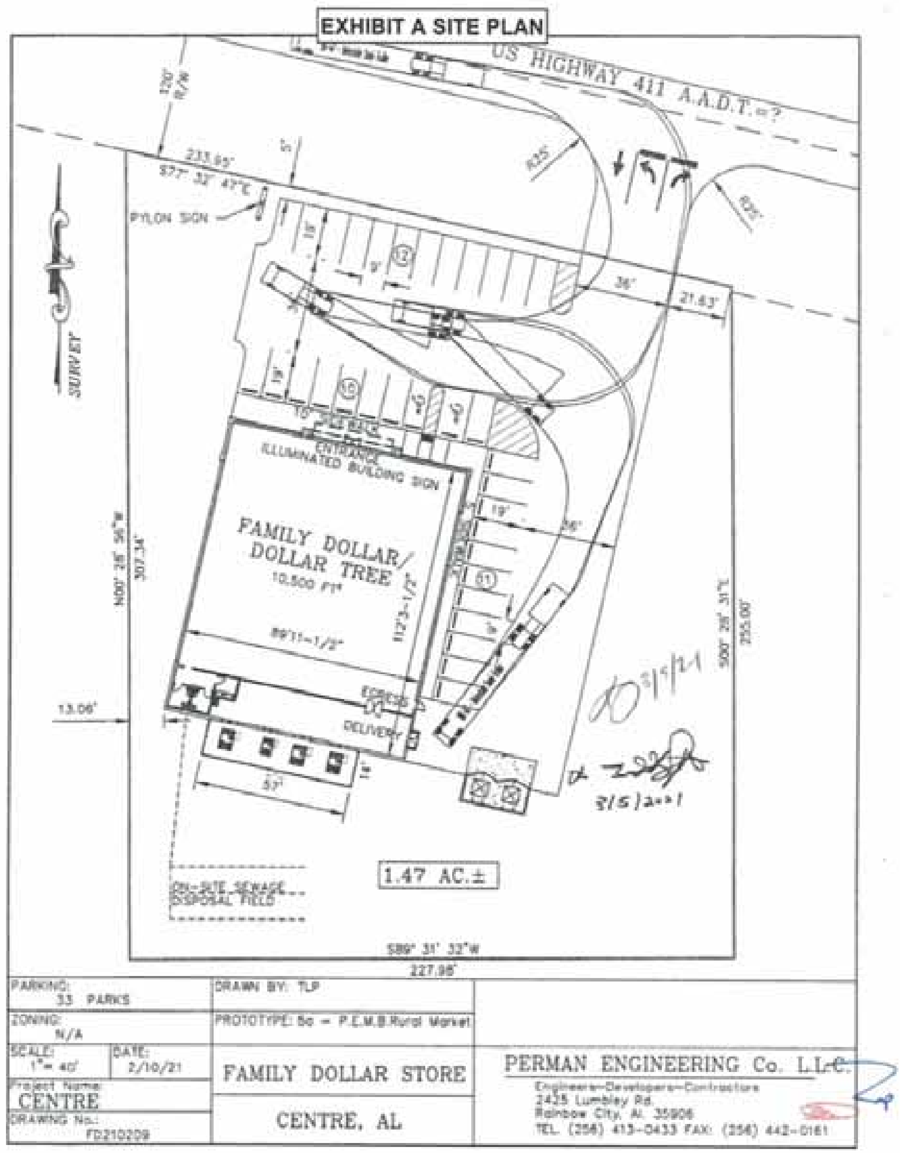
General	The subject is a rectangular-shaped site totaling 1.42-acres or 61,855 square feet. It is located on the south side of U.S. Hwy 411 and just west of Route 113.
Street Improvements	U.S. Hwy 411 is an east-west oriented two-lane primary roadway for the local market. Road improvements include asphalt pavement, and lighting.
Topography	Basically Level
Exposure/Access	Based on the site plan provided, the subject property will have one access point off U.S. Hwy 411. The site has good exposure for a tertiary market with traffic counts reported at 3,700 cars.
Abutting Properties	
North:	Vacant Lot/Dollar General
South:	Vacant Lot
East:	Commercial
West:	Residential
Utilities	We assume all utilities are available at the street.
Hazardous Waste/Asbestos	We did not review any hazardous waste related reports. This appraisal reflects sites free of all hazardous waste and toxic materials. Please refer to the *Assumptions and Limiting Conditions* section regarding this issue.
Easements/Encumbrances	According to the provided site plan a utility easement will be present on the northeast section of the subject site. Easements of this type are not atypical and have no impact on the subject's marketability and appeal. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.
Soils	The subject soils appear adequate for development, as evident by the improvements in the immediate area. We note roughly $95,000 is being spent on earthwork. Earthwork includes retention and detention ponds.
Flood Plain & Wetlands	Based on FEMA Flood Map Panel: 01019C0375C dated January 1, 2011, the site is in Zone X, an area with

minimal flood risk. A copy of the flood map is included in the Addenda.

Comments/Site Rating

Overall, the subject's parcel is adequately sized and shaped with adequate frontage for commercial development. It has average access and exposure, and its topography appears to be conducive for contemporary development. All utilities required for development of the proposed retail store are assumed in place or available.

Site Plan



Improvements Description

General	The proposed improvements consist of a 10,500-square-foot proto-typical Family Dollar store. The construction of the facility is estimated to be complete by March 1, 2022. The owner's hard and soft cost pro forma for site work and construction totals $1,114,602 or $106.15 per square foot, inclusive of construction interest, legal, closing costs and development fees. A copy is available for review in the *Addenda*.
Hazardous Materials/Asbestos	This appraisal assumes that the structure is free of all hazardous waste and toxic materials, including (but not limited to) asbestos. The appraisers were not provided with environmental reports or surveys indicating the presence of hazardous materials. Other than materials utilized under normal operating conditions, no visible evidence of hazardous materials was present at the time of inspection. Please refer to the *Assumptions and Limiting Conditions* section regarding this issue.
Layout & Design	The store will have a large open retail floor plan with rear storage/loading.
Year Built	Proposed Completion March 1, 2022
Foundation & Floor Design	Concrete slab.
Building Frame & Shell	Metal Frame/Masonry.
Wall Height	15-feet
Roof Structure	Metal structure.
Windows	Insulated, dual pane glass in aluminum frame
Plumbing	The subject has adequate restroom facilities for its intended use.
Electrical Service	Assumed 600 ampere
HVAC	Assumed split system forced air with central cooling units.
Sprinkler	The subject is assumed to not have a sprinkler system.
Interior Walls	All interior walls are metal or wooden stud with painted drywall walls.
Floors	Commercial grade vinyl composite tile or equivalent.

Ceiling	Acoustic ceiling tile.
Lighting	Hanging pendant light fixtures, recessed can, and fluorescent fixtures.
Condition	New construction, good condition at completion.
Land-to-Building Ratio	Based on the gross building area of 10,500 square feet and the net land area of 1.42-acres, the resulting land-to-building ratio is 5.89. This ratio is within the range of similar dollar retail stores in the regional market.
Site Improvements & Landscaping	The subject building improvements will be located on the central portion of the lot. An asphalt paved parking lot will be in front of the building on the south and east side, and there will be 33 asphalt paved parking spaces. We also assume there will be minimal landscaping around the lot and building perimeter.
Effective Age	The effective age of the building improvements (after construction) is estimated to be zero based on the improvement being new construction with a functional layout and design. Based on information from *Marshall Valuation Service,* similar buildings have an economic life of 40 years, indicating a remaining economic life of 40 years.
Comments	The information presented above is a basic description of the subject property improvements. This information is utilized in the valuation of the property. Reliance has been placed upon information provided by county records and the client. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted. If questions arise regarding the integrity of the structures or their operational components, it may be necessary to consult additional professional resources.

REAL PROPERTY TAXES AND ASSESSMENTS

The subject property is located in Cherokee County and subject to a real estate tax expense that is collected by the county treasurer. Real estate tax bills are due in arrears (i.e., 2020 taxes are payable in 2021, etc.). Real estate tax bills are currently sent to property owners in two installments.

The subject property is identified by property identification number 18-01-02-0-000-034.00 and its assessed value and most recent tax bill are summarized in the following table. The property taxes are current, and no special assessments were noted during our research of the property.

The current assessor's information is presented below.

SUMMARY OF 2020 ASSESSMENTS & TAXES (Payable 2021)			
Parcel ID Number	**Market Value**	**Assessed Value**	**Total Taxes**
18-01-02-0-000-034.00	$49,400	$4,940	$207.68

The proposed Family Dollar store once completed will result in a new real estate tax assessment, which we estimate by multiplying our fee simple opinion of value of $1,130,000 by 10 percent and by the tax rate of 0.42 percent. The estimated real estate tax for the as complete and stabilized scenarios is estimated at $4,788 or $0.45 per square foot of gross building area. Assuming a slightly higher levy, we project the taxes at $5,000 rounded. The real estate tax expense is paid by tenant.

ZONING

The subject site is not zoned by the city of Centre, Alabama or Cherokee County.

We know of no deed restrictions, private or public, which further limit the subject property's use. The research required to determine whether or not such restrictions exist, however, is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination can usually uncover such restrictive covenants. Thus, we recommend a title search to determine if any such restrictions do exist.

HIGHEST AND BEST USE

Highest and Best Use is defined as "the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value." [12]

Highest and best use analysis is conducted for the property as vacant and as improved. In both cases, highest and best use is estimated based on an analysis of four criteria. The concluded highest and best use, as vacant and as improved, must be the use that is 1) physically possible, 2) legally permissible, 3) financially feasible, and 4) maximally productive.

Highest and Best Use - As Vacant

Legally Permissible
Legally permissible uses of a site are those allowed under the existing zoning and/or land use designations. Other restrictions such as environmental regulations, historic district controls, deed and private restrictions, building codes, etc. may also limit the legally permissible uses of a site.

Based on the subject's lack of zoning, a wide variety of uses is allowed including retail.

Physically Possible
Physically possible uses of a site are those that are possible after consideration of physical characteristics that may affect development potential. These include size, shape, utility availability, terrain and the accessibility of land, as well as the risk of floods, earthquakes, etc.

Frontage, depth and shape characteristics affect the utility as a parcel with highly irregular shape characteristics may be more costly to develop or have diminished utility after development as compared to a regularly shaped parcel of similar size.

The capacity and availability of public utilities such as water and sewer are also important considerations. This relates to the fact that a property's utility is diminished if water and sewer are not readily available, or if there is insufficient capacity in the local utility system to support development. Such situations may result in extensive costs to extend service to the site boundary or negative impacts from building moratoriums as the result of lack of capacity.

Topography and subsoil conditions are also important considerations. For example, a cleared and graded site will be more time and cost efficient to develop as compared to a similar-sized site with dense vegetation and/or significant elevation changes. Essentially, high grading or foundation construction costs can have a negative impact on the feasibility of a site.

As stated in the *Property Description* section of this report, the subject site is a 1.42-acre rectangle site, which can accommodate a variety of commercial uses. Topography is adequate, and all utilities and sanitary sewers are assumed to be available. Overall, the site's physical characteristics do not limit its development potential. We know of no adverse offsite physical issues that would limit development.

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[12] *Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, 2015*

Financially Feasible/Maximally Productive

With respect to financial feasibility and maximum productivity, the greater market dynamics are considered. Further, only uses that meet the test of legal permissibility and physical possibility are considered.

Based on our analysis of the subject, including physically possible, legally permissible, financially feasible and maximally productive uses, it is our opinion that the highest and best use of the subject property, as if vacant, is for commercial development. As such, likely development of the subject site would be to hold for future development of a commercial use. Based on inferred analysis, timing of development is estimated at two to four years.

Highest and Best Use - As Improved/Proposed

Legally Permissible

The subject site is proposed to be improved with a 10,500-square-foot retail building that will be legally conforming with adequate parking.

Physically Possible

The subject's improvements were discussed in detail in the *Improvement Analysis* section of the report. Upon completion, the improvements will be in good condition (new construction) and have a functional design for their intended retail use. The subject will have average access, adequate on-site parking, and average exposure characteristics. Therefore, continued use of the proposed use is physically possible.

Financially Feasible/Maximally Productive

Based on our research and the conclusions drawn in the following valuation sections of this report, the improvements will result in the highest land value as the buyer has a tenant (Family Dollar) in hand.

The proposed retail use meets the tests of legally permissible, physically possible, financially feasible and maximally productive. Therefore, development of the proposed retail facility is considered the highest and best use of the site as improved.

Probable Purchaser

The following table summarizes our opinions regarding the probable purchaser of the subject. Our opinions are based on the preceding market analysis, our research into the comparable sales and rentals in this report, our familiarity with offering packages prepared by commercial brokerage houses for similar properties, and our periodic discussions with national investment brokers.

METRIC	CONCLUSION
Most Probable Purchaser	Regional or National investor
Subject's Primary Appeal	Net income generation
Purchaser's Main Analysis	Income Capitalization Approach
Purchaser's Secondary Analysis	Sales Comparison Approach
Depth of Demand	Adequate base of potential purchasers
Purchaser's Alternatives	Limited competitive offerings of similar assets in the market area
Likely Purchase Terms	All cash or market rate financing
Financing Availability	Abundant for creditworthy buyers at historically low interest rates

VALUATION PROCESS

The appraisal process is designed to evaluate all factors that influence value. General, regional, and local area information has been presented to inform the reader of general outside influences, which may affect value. In addition, the site and existing improvements have been described in detail. An analysis of the subject's highest and best use has been presented to evaluate the effects of legal, locational, physical, and market considerations which impact the use of the subject property. The next part of the appraisal process deals directly with the valuation of the property.

The *Cost Approach*, which is the first approach to value, is based upon the principle that the value of the property is significantly related to its physical characteristics, and that no one would pay more for a facility than it would cost to build a like facility in today's market on a comparable site. In this approach, the market value of the subject site is added to the depreciated cost of the improvements.

The second approach to value is the *Sales Comparison Approach*, which is based on the principle of substitution. This principle states that no one would pay more for the subject property than the value of a similar property in the market. In active markets with a large number of physically similar comparables, this approach is generally considered to be a good indicator of value. However, the use of this approach is limited, because many properties have unique characteristics that cannot be accounted for in the adjustment process. In addition, market data is not always available. Both of these factors may reduce the validity of this approach.

The final approach to value is the *Income Capitalization Approach*, which is based on the premise that industrial and commercial properties are income producing, and that investors purchase these properties based on their income-producing ability. In the *Income Capitalization Approach*, market rents for the subject property are estimated, the applicable operating expenses are deducted, and the resulting net income is capitalized into a value estimate. This approach is based on an analysis of information extracted from the market, and provides a comparison of the subject property to other properties of similar character and income-producing ability.

The approaches used to value the subject property will be correlated into a final estimated *market value* of the corresponding fee simple estate and leased fee interest in the *Reconciliation and Final Value Estimate* sections.

COST APPROACH

Introduction

The *Cost Approach* is "a set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised."[13]

Land Valuation – Analysis of Sales

Due to the limited data available, as well as the lack of uniformity among available data within the local market area, supporting specific adjustments for various factors of dissimilarity is considered subjective. As such, a qualitative analysis has been employed. This analysis allows the appraiser to make general comparisons (inferior, similar, superior) for various factors of dissimilarity, leading to an overall comparison of each sale to the subject.

Property Rights Conveyed

Adjustments for property rights must be made when the property rights conveyed in a sale transaction are different from those being appraised particularly when they have an impact on the sale price. As related earlier in this report, the fee simple estate is defined as "Absolute ownership unencumbered by any other interest or estate, subject to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

An example of a comparable sale that would require adjustment is a property that is encumbered by a lease where the tenant pays a rent lower than currently achievable in the open market, or a below-market rental rate. The below market lease would have a negative impact on the sale price because the purchaser would need to pay less to achieve the same return as a property currently rented at market rent levels. In this case, as the below-market lease has a negative impact on the sale price, the comparable would need to be adjusted upward to be considered similar to the subject property. Conversely, a sale property achieving above-market rental rates would be considered superior to a fee simple estate.

Financing

The transaction price of one property may differ from that of an identical property due to different financing arrangements. For example, the purchaser of a comparable property may have assumed an existing mortgage at a favorable interest rate. In another case, a developer or seller may have arranged a buy down, paying cash to the lender so that a mortgage with a below-market interest rate could be offered. In both of these examples, the buyers probably paid higher prices for the properties to obtain below-market financing. Conversely, interest rates at above-market levels may result in lower sales prices.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations, the conditions of sale significantly affect transaction prices. For example, a developer may pay more than market value for lots needed in a site assemblage because of the plottage value expected to result from the greater utility of the larger site. Conversely, a sale may be transacted at a below-market price if the seller needs cash in a hurry. A financial, business or family relationship between the parties to a sale may affect the price of the property. Interlocking corporate entities may record a sale at a non-market price to serve their business interests. One member of a family may sell a property to another at a reduced price,

[13] *Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, 2015*

or a buyer may pay a higher price for a property built by his ancestors. Further, listings, which have not been affected by typical negotiation, generally indicate a higher value than a completed sale.

Market Conditions (Date of Sale)

Comparable sales that occurred under market conditions different from those applicable to the subject on the effective date of value require adjustment for any differences that affect value. Changes in market conditions generally relate to supply and demand. National, regional and local economic trends or events may impact the value of a property over time. For example, the announcement of a major employer's entry into a market area may have a significant positive impact on values due to demand created for support uses in the area. Conversely, exodus of a major employer often has a negative impact on values.

Location

A property's location is analyzed in relation to the location of the comparable sale properties. An industrial location may be superior to another due to proximity to transportation facilities, including highways, railways, airports, etc. A commercial location may be superior to another due to proximity to a major retail development; access to traffic counts along major arteries, etc. A residential use may be superior to another due to location within a specific school district, economic makeup of residents within the neighborhood, taxation policies, etc.

Physical Characteristics

Size

Typically, larger sites sell for a lower per unit price due to economies of scale and greater capital outlay requirements. Conversely, smaller sites sell for higher per unit values due to economies of scale.

Zoning

In the valuation of vacant land, zoning is one of the primary determinants of the highest and best use of the property because it serves as the test for legal permissibility. Thus, zoning or the reasonable probability of a zoning change is typically a primary criterion in the selection of market data. The value of a site can be impacted based upon the type and density of development allowed on the site.

Topography

Topography refers to the site's relief features or surface configurations. These can include hills, valleys, slopes, lakes and rivers. Other factors include land that is heavily wooded or overgrown with scrub and vegetation. All of these factors affect the development cost of the site. Sites that are heavily wooded or overgrown with extreme changes in topography would be more expensive to develop as opposed to a site that is clear of trees or vegetation and is level.

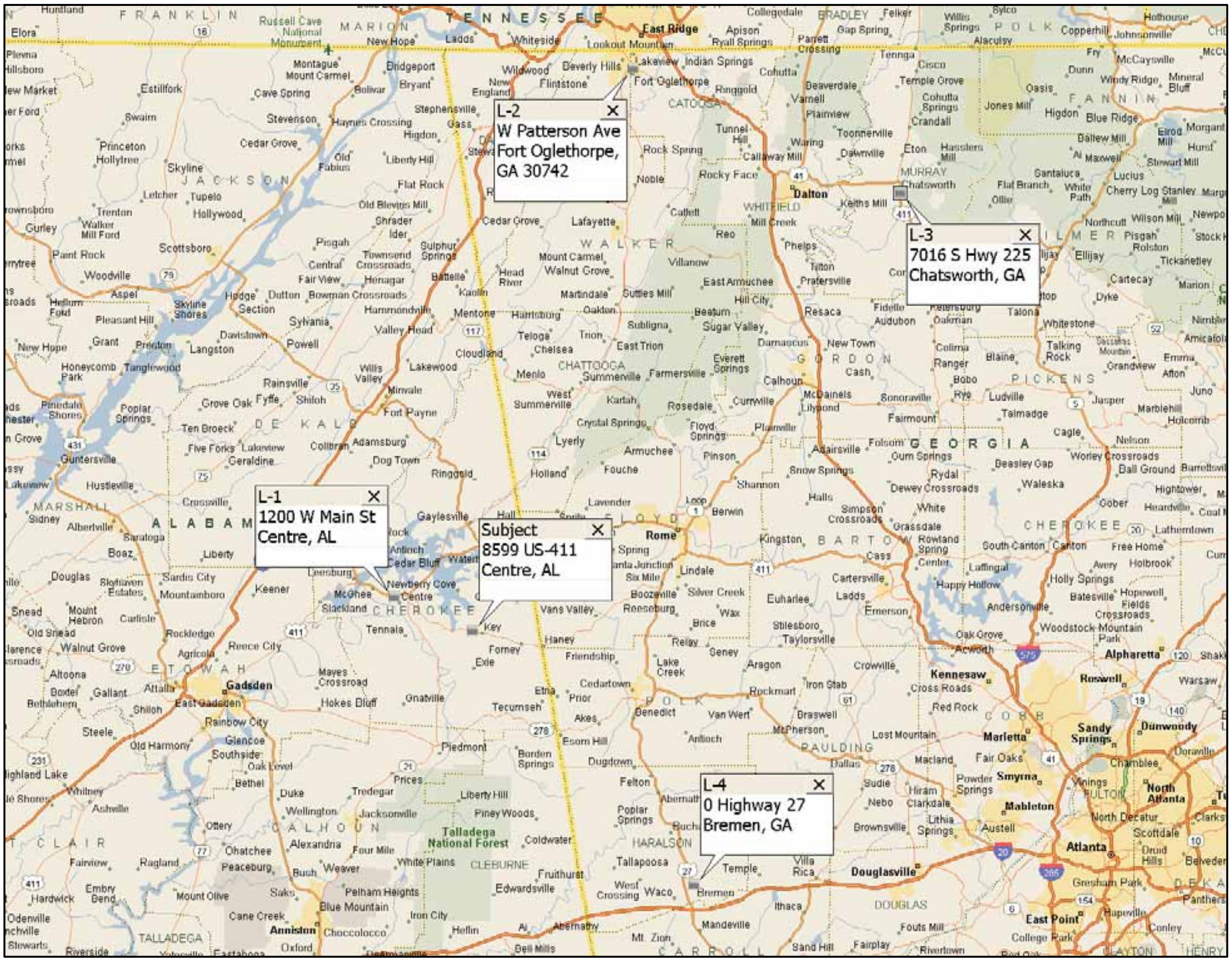
Utilities

Sites must be adjusted for the availability of utilities. In rural areas, public water, sewer, telephone and electric may not be immediately available to the site. The lack of utilities will have a negative impact on the value of this type of site versus a site that has been improved with utilities. The cost of bringing utilities to the site must be considered in the adjustment process.

Shape

Extreme shape irregularities impede development potential or result is abnormally high planning or development costs.

LAND SALES MAP



COMPARABLE LAND SALES SUMMARY AND ANALYSIS CHART					
	Subject	**L-1**	**L-2**	**L-3**	**L-4**
Address	8599 US Hwy 411	1200 W Main Street	0 W Patterson Ave	7016 S Hwy 225	0 Highway 27
City, State	*Centre, AL*	*Centre, AL*	*Fort Oglethorpe, GA*	*Chatsworth, GA*	*Bremen, GA*
Sale Date		11/25/2020	4/29/2021	5/29/2020	Listing
Comparison		Similar	Similar	Similar	Similar
Sale Price		$54,000	$21,777	$45,000	$100,000
Site Size (SF)	61,855	87,120	51,836	175,111	190,793
Price/SF		$0.62	$0.42	$0.26	$0.52
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing Terms		Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Con'd of Sale		Arm's Length	Arm's Length	Arm's Length	Listing
Adjustment		0.0%	0.0%	0.0%	-5.0%
Location	Centre, AL	Centre, AL	Fort Oglethorpe, GA	Chatsworth, GA	Bremen, GA
Adjustment		0.0%	0.0%	0.0%	0.0%
Size (SF)	61,855	87,120	51,836	175,111	190,793
Adjustment		0.0%	0.0%	5.0%	5.0%
Zoning	N/A	Commercial	Commercial	Commercial	Commercial
Adjustment		0.0%	0.0%	0.0%	0.0%
Access/Exposure	Interior, Average	Interior, Average	Interior, Good	Interior, Average	Interior, Average
Adjustment		0.0%	0.0%	0.0%	0.0%
Topography	Level	Level, Clear	Level, Clear	Level, Clear	Level, Clear
Adjustment		0.0%	0.0%	0.0%	0.0%
Utilities	All Available	All Available	All Available	All Available	All Available
Adjustment		0.0%	0.0%	0.0%	0.0%
Shape	Rectangular	Rectangular	Rectangular	Rectangular	Rectangular
Adjustment		0.0%	0.0%	0.0%	0.0%
Total Net Prop. Adj		0.0%	0.0%	5.0%	0.0%
Adjusted $/SF		**$0.62**	**$0.42**	**$0.27**	**$0.52**
Total Gross Adj. %		0.0%	0.0%	5.0%	10.0%

Analysis of Sales

The comparable sales are generally considered similar to the subject property; however, we have accounted for various transactional and physical differences. The three comparable sales and one listing indicate a sale price range of $0.26 to $0.62 per square foot, with an average of $0.46 and a median of $0.47 per square foot site area. The comparable sales range 51,836 to 190,793 square feet in size with an average of 126,215 square feet.

We note, the subject is in a tertiary market with limited sale activity and data available for analysis. Based on our conversations with brokers and market participants in the region, the data presented above is the best available for analysis and in our experience, the range is not atypical when appraising properties in tertiary markets.

Comparable I-1 is a sale of a commercial site located in Centre, AL. The sale required no adjustments. The value is $0.62 per square foot.

Comparable I-2 is a sale of a commercial site located in Fort Oglethorpe, TN. The sale required no adjustments. The value is $0.42 per square foot.

Comparable I-3 is a sale of a commercial lot located in Chatsworth, GA. We have applied an upward adjustment for its inferior land size characteristics. The adjusted value is $0.27 per square foot.

Comparable I-4 is a listing of a commercial site located in Bremen, GA. We have applied a downward adjustment for its inferior listing characteristics and an upward adjustment for inferior land area. The adjusted value is $0.52 per square foot.

Summary and Conclusion

Based on the foregoing, we estimate an adjusted range of $0.27 to $0.62 per square foot with a median of $0.47 per square foot and an average of $0.46 per square foot. Based on discussions with local area real estate professionals, and given the attributes of the subject, it is our opinion that an appropriate value for the subject will be toward the middle of the refined range, or $0.45 per square foot.

Therefore, we have estimated the *as-is market value* of the fee simple property interest, via the *Sales Comparison Approach*, as of the date of valuation, of **$0.45** per square foot, or **$28,000** as rounded, based on the subject site size of 61,855 square feet.

According to the provided sales contract, the subject property was purchased for $25,000 or $0.40 per square foot based on its size of 61,855 square feet. The acquisition price is considered to be market oriented.

Replacement Cost of Improvements

Replacement Cost is defined as "the estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout."[14]

Building Improvements

To estimate the replacement cost new of the subject's improvements, we have considered ownership's estimate of the construction cost and information published by *Marshall Valuation Service*, a nationally recognized cost information publication, has been used.

Ownership Cost Estimate

The owner's proposed construction budget is summarized below. A more detailed break down is copied to the addenda.

Owner's Construction Cost	
Land acquisition and closing costs	$56,500
Soft Costs	$40,100
Site Work	
On Site	$295,607
Off Site	$7,700
Construction Cost	
Building	$646,439
Miscellaneous	$13,500
Legal and Finance	$54,756
Total	$1,114,602

Marshall Valuation Service

The proposed structure is best characterized as a good quality, Class S Retail Store. Based upon information from *Marshall Valuation Service, Section 13, Page 26*, the base cost range for low to average quality is $55.50 to $79.50 per square foot as of May 2020. The proposed improvements are similar to the low cost quality in terms of lighting, plumbing, and mechanical, exterior walls and interior finish. Therefore, in consideration of the provided architectural plans and construction budget, we forecast the base replacement cost at the upper-aspect of the range, or $70.00 per square foot.

The base cost is further adjusted with a floor area/perimeter (1.00), current cost (1.02) and local area (0.88) multipliers (MVS Sec. 13; Page 41, MVS Sec. 99, Page 3 and 6), resulting in a refined base cost of $62.83 per square foot.

Site Improvements

Site improvements at the subject property include asphalt paving, landscaping, concrete, signage, etc. We have estimated the replacement cost of the subject's site improvements based on the following schedule.

[14] *Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, 2015*

Marshall Valuation Service provides cost estimates for asphalt and concrete paving in Section 66, Page 2. The concrete cost ranges $3.27 and $5.41 per square foot and we have used $4.50 per square foot. In addition, we added $85,000 for landscaping, lighting, signage, off site work, and miscellaneous costs.

SUMMARY OF THE SITE IMPROVEMENTS							
Component		**Units**	**@**	**Cost**			**Total Cost**
Parking Spaces	32	Spaces	@	$2,000.00	per	Space	$64,000
Concrete Paving	2,000	SF	@	$4.50	per	SF	$9,000
Landscaping, signage, and miscellaneous costs							$85,000
Retention/Detention Pond							$95,000
Total Site Improvements							**$253,000**

The owner's pro-forma cost for site work construction totals $295,607, and includes $95,000 for water detention, which we have relied on given the specific nature of this site work.

Soft Costs

The replacement cost estimated from *Marshall Valuation Service* does not include off-site costs such as road, utilities and park fees, jurisdictional hook-up, tap-in, impact or environmental fees and assessments, etc. Considering the smaller size of the subject and lack of economies of scale, a reasonable estimate for these items is 5.0 percent of the total hard construction cost.

Entrepreneurial Profit

Entrepreneurial incentive or profit is "a market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development."[15]

Based on discussion with active developers in the Midwest and Southeast regions, entrepreneurial incentive for speculative retail development projects range 10 to 30 percent based on the perceived risk of undertaking the development, pre-leasing, and the experience of the entrepreneur. For purposes of this analysis, we have utilized 15.0 percent of the total construction cost as an appropriate entrepreneurial incentive. It is felt the risk of the development has been minimized given long-term tenancy has been secured.

Accrued Depreciation

Accrued depreciation is the difference between the replacement cost of the improvements and the market value of the improvements. Deterioration or obsolescence in the property causes depreciation.

Physical Deterioration

Physical deterioration relates to the loss in value from wear and tear during normal operation. For purposes of this analysis, no depreciation has been applied as the as complete and stabilized improvements will be new.

Functional Obsolescence

Functional obsolescence is the result of deficiencies or super-adequacies in a structure. The subject property improvements are being constructed with a completion date estimated at March 1, 2022. The subject has an adequate parking ratio, market expected building finishes and layout, and quality of

[15] *Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, 2015*

construction to functional serve the intended purpose as a retail building. In this analysis, we are presenting the replacement cost of a metal retail building. Therefore, no functional obsolescence exists.

External (Economic) Obsolescence

External obsolescence is caused by negative influences outside a site, and can be caused by neighborhood decline, the property's location, local market conditions, etc. Local market conditions are stable, and development of pre-leased small-scale projects is occurring in the regional market.

Summary

The *as complete Cost Approach* summary is present in the following table.

SUMMARY OF THE COST APPROACH					
Replacement Cost New (RCN)					
Refined Base Cost	10,500	$70.00	/SF	$735,000	MVS, Sec. 13, Pg. 26
Floor Area/Perimeter Multiplier				1.00	MVS, Sec. 13, Pg. 41
Times Current Cost Multiplier				1.02	MVS, Sec. 99, Pg. 3
Times Local Multiplier				0.88	MVS, Sec. 99, Pg. 6
Adjusted Base Cost New				$659,736	
Plus:					
Site Improvements				$253,000	
Subtotal				$912,736	
Plus:					
Soft Costs	5.00%			$45,637	
Total				$958,373	
Plus:					
Entreprenurial Incentive	15.00%			$143,756	
Total Replacement Cost New				$1,102,129	
Less Depreciation					
Physical	0.00%			$0	
Functional	0.00%			$0	
Economic	0.00%			$0	
Total Depreciation	0.00%			$0	
Depreciated Cost of Improvements				$1,102,129	
Plus Land Value				$28,000	
Estimated Value by the Cost Approach				$1,130,129	
Rounded				**$1,130,000**	**$107.62**

Conclusion

We note the developer's contracted statement of hard and cost at $1,114,602 or $109.20 per square foot inclusive of land. We note the value included in the contractors budget includes a an overhear and profit of $42,768. Based on the foregoing, we have estimated the *prospective as complete market value* of the fee simple estate of the subject property, via the *Cost Approach*, as of March 1, 2022, at **$1,130,000** as rounded.

SALES COMPARISON APPROACH

Introduction

The *Sales Comparison Approach* is "the process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison."[16]

Comparable Sales

For this analysis, the research area consisted of the subject's regional market area. Due to the tenancy and specific design, it is necessary to expand the market area to locate comparable sales from the greater region. Information was obtained from data sources including brokerage firms regarding similar properties that had sold or are for sale in the greater region. Note that additional information regarding the comparable sales is located in the *Addenda* of this report.

Analysis of Sales

A quantitative analysis will be presented with adjustments applied to the comparable sales for differences in the elements of comparison based on contributory costs, our experience and judgment, as well as discussions with local area brokers and other market participants. The comparable sales are adjusted for the transactional elements of comparison including property rights appraised, financing, conditions of sale, and market conditions. Next, the comparable sales are adjusted for property elements with the aggregate net percentage of the property element adjustments applied to the adjusted transactional unit of comparison to conclude a final adjusted indication of value for each comparable sale.

Property Rights Conveyed

Adjustments for property rights must be made when the property rights conveyed in a sale transaction are different from those being appraised particularly when they have an impact on the sale price. As related earlier in this report, the fee simple estate is defined as "Absolute ownership unencumbered by any other interest or estate, subject to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

An example of a comparable sale that would require adjustment is a property that is encumbered by a lease where the tenant pays a rent lower than currently achievable in the open market, or a below-market rental rate. The below market lease would have a negative impact on the sale price because the purchaser would need to pay less to achieve the same return as a property currently rented at market rent levels. In this case, as the below-market lease has a negative impact on the sale price, the comparable would need to be adjusted upward to be considered similar to the subject property. Conversely, a sale property achieving above-market rental rates would be considered superior to a fee simple estate.

Financing

The transaction price of one property may differ from that of an identical property due to different financing arrangements. For example, the purchaser of a comparable property may have assumed an existing mortgage at a favorable interest rate. In another case, a developer or seller may have arranged a buy down, paying cash to the lender so that a mortgage with a below-market interest rate could be offered. In both of these examples, the buyers probably paid higher prices for the properties to obtain below-market financing. Conversely, interest rates at above-market levels may result in lower sales prices.

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[16] *Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, 2015*

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale significantly affect transaction prices. For example, a developer may pay more than market value for lots needed in a site assemblage because of the plottage value expected to result from the greater utility of the larger site. Conversely, a sale may be transacted at a below-market price if the seller needs cash in a hurry. A financial, business or family relationship between the parties to a sale may affect the price of the property. Interlocking corporate entities may record a sale at a non-market price to serve their business interests. One member of a family may sell a property to another at a reduced price, or a buyer may pay a higher price for a property built by his ancestors. Further, listings, which have not been affected by typical negotiation, generally indicate a higher value than a completed sale.

Market Conditions (Date of Sale)

Comparable sales that occurred under market conditions different from those applicable to the subject on the effective date of value require adjustment for any differences that affect value. Changes in market conditions generally relate to supply and demand. National, regional and local economic trends or events may impact the value of a property over time. For example, the announcement of a major employer's entry into a market area may have a significant positive impact on values due to demand created for support uses in the area. Conversely, exodus of a major employer often has a negative impact on values.

Location

A property's location is analyzed in relation to the location of the comparable sale properties. An industrial location may be superior to another due to proximity to transportation facilities, including highways, railways, airports, etc. A commercial location may be superior to another due to proximity to a major retail development, access to traffic counts along major arteries, etc. A residential use may be superior to another due to location within a specific school district, economic makeup of residents within the neighborhood, taxation policies, etc.

Size

Typically, larger buildings sell for a lower per unit price due to economies of scale and greater capital outlay requirements. Conversely, smaller buildings sell for higher per unit values due to economies of scale. The cost/size relationship is supported by information presented in cost publications such as *Marshall Valuation Service* as well as from a review of actual sale transactions.

Other Physical Factors

The remaining factors (age, construction quality, build out, finished area, fire protection, air conditioning, and land-to-building ratio) are relatively straightforward and obvious with respect to comparison. For example, buyers would typically desire a newer building versus an older building due to a longer remaining economic life, lower maintenance costs, etc. Additionally, buildings with higher ceiling heights and/or more extensive build outs are more expensive to construct and have greater utility than buildings with low ceiling heights (low storage capacity) and/or limited interior finishes. Further, buildings with higher land-to-building ratios have greater area for vehicle maneuvering, parking and/or building expansion.

IMPROVED COMPARABLE SALES MAP

The following table presents a summary and analysis of improved comparable sales and listing considered in valuing the *as stabilized leased fee property interest*.

IMPROVED COMPARABLE SALES SUMMARY AND ANAYSIS CHART

ID#	Subject	I-1	I-2	I-3	I-4	I-5
Address	8599 US Hwy 411	10876 Buffalo Creek Rd	8016 Ridge St	8791 KY-1	1330 Ridge Rd	204 E Route 133
City, State	*Centre, AL*	*Lorado, VW*	*Pollock, LA*	*Grayson, KY*	*Duson, LA*	*Oakland, IL*
Sale Date	N/A	04/2020	02/2020	01/2021	10/2020	05/2020
Comparison		Similar	Similar	Similar	Similar	Similar
Sale Price		$914,000	$1,128,000	$1,187,400	$1,070,000	$1,050,000
Area (SF)	10,500	8,400	8,800	9,180	8,320	8,320
Price/SF		$108.81	$128.18	$129.35	$128.61	$126.20
Cap Rate		N/A	7.80%	8.35%	8.13%	N/A
Transactional Adjustments						
Prop. Rights	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Adjusted $/SF		$108.81	$128.18	$129.35	$128.61	$126.20
Financing		Cash to Seller	Cash to Seller	Conventional	Cash to Seller	Cash to Seller
Adjusted $/SF		$108.81	$128.18	$129.35	$128.61	$126.20
Cond' of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjusted $/SF		$108.81	$128.18	$129.35	$128.61	$126.20
Market Conditions		Similar	Similar	Simlar	Simlar	Simlar
Adjusted $/SF		$108.81	$128.18	$129.35	$128.61	$126.20
Property Adjustments						
Location	Centre, AL	Lorado	Pollock	Grayson	Duson	Oakland
3-Mile Median HH Income	$41,285	$36,250	$44,499	$29,890	$65,048	$56,475
3-Mile Population	1,404	30	3,005	980	18,759	1,282
3-Mile Per Capita Consumer Spending	$11,612	$10,193	$8,426	$10,177	$6,417	$11,680
Traffic Counts (VPD)	3,700	1,000	3,500	300	12,000	2,500
Adjustment		5.0%	0.0%	5.0%	0.0%	0.0%
Size (GBA)	10,500	8,400	8,800	9,180	8,320	8,320
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Year Built	2022	2019	2020	2019	2018	2018
Condition	New Construction	Good	Good	Good	Good	Good
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Quality	Metal Panel	Masonry/Metal	Masonry/Metal	Masonry/Metal	Masonry/Metal	Masonry/Metal
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Tenant	Family Dollar	Family Dollar	Family Dollar	Family Dollar	Family Dollar	Family Dollar
Credit Rating S&P	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-
Basis and Remaining Term	NN, 10 Years	NN, 10 Years	NN, 10 Years	NN, 10 Years	NNN, 10 Years	NNN, 10 Years
Occupancy	100%	100%	100%	100%	100%	100%
NOI/$SF	$9.05	N/A	$10.00	$10.80	$10.46	N/A
Adjustment		0.0%	-5.0%	-5.0%	-7.5%	-7.5%
Land Area AC	1.42	1.08	0.66	0.93	1.09	0.71
LTB Ratio	5.89	5.60	3.27	4.41	5.71	3.72
Adjustment		0.0%	2.5%	0.0%	0.0%	2.5%
Total Net Prop. Adj		5.0%	-2.5%	0.0%	-7.5%	-5.0%
Overall Net Adj.		5.0%	-2.5%	0.0%	-7.5%	-5.0%
Adjusted $/SF		**$114.25**	**$124.98**	**$129.35**	**$118.96**	**$119.89**
Total Gross Adj. %		5.0%	7.5%	10.0%	7.5%	10.0%

Analysis of Sales

The comparable sales are generally considered similar to the subject property; however, we have accounted for various transactional and physical characteristic differences between the comparable sales and the subject. The five comparable sales indicate a price range of $108.81 to $129.35 per square foot, with an average of $124.23 per square foot, a median of $128.18 per square foot of gross building area. The comparable sales range in size from 8,400 to 9,180 square feet with construction dates ranging 2018 to 2020.

The subject property is in a tertiary retail market with limited sales available for analysis; as such, we have selected sales from the larger regional area with similar rural (tertiary) locations. While we note the range of the sales is somewhat wide, our discussions with brokers and market participants in the region indicate that such a range, given the subject's physical and locational characteristics, is not atypical and the comparable sales are the best available for analysis.

Comparable I-1 is the sale of a 10-year, NN leased, Family Dollar, constructed in 2019 with 10 years remaining on its lease in Lorado, West Virginia. We have applied an upward adjustment for its inferior location. Overall, the sale had 5.0 percent net adjustments and 5.0 percent gross adjustments. The adjusted value is $114.25 per square foot.

Comparable I-2 is the sale of a 10-year, NN leased, Family Dollar, constructed in 2020 with 10 years remaining on its lease in Pollock, Louisiana. We have applied an upward adjustment for its inferior land area characteristics and a downward adjustment for its superior net operating income. Overall, the sale had -2.5 percent net adjustments and 7.5 percent gross adjustments. The adjusted value is $124.98 per square foot.

Comparable I-3 is the sale of a 10-year, NN leased, Family Dollar, constructed in 2019, with ten years remaining on its lease in Grayson, Kentucky. We have applied an upward adjustment for its inferior location. Overall, the sale had 0.0 percent net adjustments and 10.0 percent gross adjustments. The adjusted value is $129.35 per square foot.

Comparable I-4 is the sale of a 10-year, NNN leased, Family Dollar, constructed in 2018, with 10 years remaining on its lease in Duson, Louisiana. We have applied a downward adjustment for its superior lease terms. Overall, the sale had -7.5 percent net adjustments and 7.5 percent gross adjustments.

Comparable I-5 is the sale of a 10-year, NNN leased, Family Dollar, constructed in 2018, with 10 years remaining on its lease in Oakland, Illinois. We have applied a downward adjustment for its superior lease characteristics and an upward adjustment for its inferior land size. Overall, the sale had -5.0 percent net adjustments and 10.0 percent gross adjustments.

Summary and Conclusion

Based on the foregoing, we estimate an adjusted range of $114.25 to $129.35 per square foot with a median of $119.89 per square foot and an average of $121.49 per square foot. Based on discussions with local area real estate professionals, and given the locational, physical, and rental attributes of the subject, it is our opinion that an appropriate value for the subject will be toward the mid-point of the refined range, between $118.00 and $120.00 per square foot or $119.00 per square foot.

Therefore, we have estimated the *as stabilized market value* of the leased fee property interest, via the *Sales Comparison Approach*, as of the prospective date of valuation, March 1, 2022, at **$119.00** per square foot, or **$1,250,000** as rounded.

INCOME CAPITALIZATION APPROACH

Introduction

The Income Capitalization Approach is "a set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate. [17]

The two most common methods of converting net income into value are direct capitalization and discounted cash flow analysis. In direct capitalization, net operating income is divided by an overall rate extracted from market sales to indicate a value. In the discounted cash flow method, anticipated future net income streams and a reversionary value are discounted to an estimate of net present value at a chosen yield rate (internal rate of return).

Methodology

As the subject property is proposed construction, the *direct capitalization method* is appropriate here. Furthermore, this is the technique most often employed by investors in the analysis of single tenant leased properties similar to the subject. We also note market participants typically capitalize **in-place base income** for credit tenant net leased dollar stores. The market does not typically recognize deductions for vacancy and collection loss or non-reimbursable expenses. Market derived capitalization rates reflect in-place base annual income divided by sale price.

Contract Rent

The subject property is leased to a Family Dollar retail store on a double net basis as outlined in the abstract below.

Lease Abstract	
Landlord	Delta T Properties, LLC
Tenant	Family Dollar Stores of Alabama, LLC
Primary Term	10 Years
Est. Lease Commencement	3/1/2022
Est. Expiration	3/1/2032
Base Year Rent	$95,025 or $9.05 psf.
Increases (Primary Term)	None
Tenant Paid Expenses	RE Taxes, Insurance, CAM
Landlord Paid Expenses	Roof and Structural Maintenance, Management, Replacement Reserves
(5) Optional 5-Year Terms	$0.50 psf. increases in each option term.

[17] *Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, 2015*

FAMILY DOLLAR TENANT OVERVIEW

Dollar Tree acquired Family Dollar, Inc. in July 2015. Together they are considered the nation's largest small-box discount retailer, operating over 14,000 stores nationwide. Family Dollar operates under a landlord friendly net lease structure. As a result, freestanding Family Dollar retail stores provide an attractive combination of a long-term lease and a growing market concept that continues to capture value conscious shoppers, which boosts store productivity.

With locations across 48 states, Family Dollar retail stores allow investors to evaluate property in metropolitan and rural settings. The typical Family Dollar net lease is 15 years with successive option periods of five (5) years each. The Family Dollar net lease typically requires minimal responsibilities from the landlord, limited only to roof & structural maintenance while the tenant is responsible for insurance, taxes and all other maintenance and repairs.

Average Cap Rate

6.83%

12 mo avg with 10+ yr lease term

Average Property & Lease	
Average Sale Price	$1,500,000
NOI	$109,000
$/Square Foot	$190 - $250
Building SF	6,000 - 8,000
Lot Size	0.5 - 1.5 Acres
Lease Term	15 Years
Escalations	Varies
Stock Symbol	DLTR

Recently, Family Dollar has offered sale leaseback with 15-year NNN leases along with build-to-suit programs that are structured as 15-year absolute NNN leases with 10% rent increases in year 10 or every five (5) years.

Credit Rating	
S&P	BBB-
Moody's	Baa3

Average Cap Rate Trend

2019	2020
7.61%	7.30%

In November 1959, Leon Levine opened the first Family Dollar store in Charlotte, North Carolina, and was on his way to becoming a retailing legend. Leon Levine believed he could offer his customers a variety of high-quality, good value merchandise for under $2. The concept is a simple one, "The customers are the boss, and you need to keep them happy."

	Recent Sales Comps
Fort Smith, AR	8.00%
Lander, WY	8.78%
Buffalo, NY	6.40%

The average size of a Family Dollar store is between 6,000 and 8,000 square feet, and most stores are operated in leased facilities. This relatively small footprint allows the company to open new stores in rural areas and small towns, as well as in large urban neighborhoods. A general floor plan used in each of the stores allows customers to easily shop for their favorite products in any Family Dollar store. With the stores uniformly laid out and stocked, store managers are able to focus on providing good customer service. This concept for a self-serve, cash-and-carry neighborhood discount store in low to middle income neighborhoods proves so successful that today Family Dollar is a chain with over 8,000 stores from Maine to California.

Source: netleaseadvisor.com, March 2020

Market Rental Rates

To determine an appropriate market base rental rate for the subject, we have researched Family Dollar leased located in the subject's expanded market area. The table below lists the rent comparables considered comparable to the subject property.

SUMMARY OF IMPROVED COMPARABLE RENTALS						
ID#	**Location**	**Tenant**	**Lease Date** **Lease Term**	**Net Rent Area (SF)** **Structure**	**Year Built**	**Rent/SF**
R-1	6280 Burlington Rd Roxboro, NC	Family Dollar	2020 10 Years	9,180 NNN	2020	$9.91
R-2	8016 Ridge St Pollock, LA	Family Dollar	2020 10 Years	8,800 NNN	2020	$10.00
R-3	8791 KY-1 Grayson, KY	Family Dollar	2019 10 Years	9,180 NN	2019	$10.80
R-4	1330 Ridge Rd Duson, LA	Family Dollar	2020 10 Years	8,320 NNN	2020	$10.46
R-5	12360 Highway 165 S Glenmora, LA	Family Dollar	2018 10 Years	8,320 NN	2018	$8.72
Avg.				***8,634***		***$9.98***

Based on the foregoing, the rental rates range $8.72 to $10.80 per square foot, double and triple net with an average of $10.32 per square foot, on a triple and double net lease basis. The initial rental terms are 10 years with several optional extensions. Each rental has base rent increases at the start of each option term.

Summary and Conclusions

Considering the subject's condition, layout, build-out, and location, it is our opinion that the subject would command a rental rate near the mid aspect of the indicated range, or approximately $9.00 to $10.00 per square foot. Therefore, it is our opinion that the proposed contract rental rate is market oriented. A comparable rental map is on the following page.

COMPARABLE RENTALS MAP

Potential Gross Income

SUMMARY OF SUBJECT LEASE						
Tenant	**Type**	**Size (SF)**	**Term**	**Est. Commencement**	**Annual Rent**	**Rent/SF**
Family Dollar	NN	10,500	10 Yrs.	3/1/22	$95,025	$9.05

Vacancy and Collection Loss

The subject is a built to suit for a national credit tenant for the next ten years. Therefore, considering the physical characteristics of the subject property and its tenancy, we have estimated no vacancy and collection loss.

Operating Expenses

Total expenses incurred in the production of income from the subject property are divided into two categories; reimbursable and non-reimbursable items. The major expenses that are *reimbursable* include real estate tax, insurance, and common area maintenance. The *non-reimbursable* expenses associated with the subject property include management fees, and professional fees, reserve expenditures.

As the subject property is proposed construction, the operating expenses have been forecast based on comparison with competitive properties, published sources, and our experience. While the typical lease structure for the subject will be on net-net basis, we have estimated expenses to accurately reflect pass-through of various expenses during periods of vacancy.

Reimbursable Operating Expenses

We have analyzed each item of expense individually and attempted to project what the typical investor in a property like the subject would consider reasonable. The following is a summary of operating expenses incurred during the initial year of the investment-holding period.

Real Estate Taxes - As previously discussed in the *Real Property Taxes and Assessments* section of this report, the stabilized real estate taxes are projected at $5,000 rounded or $0.48 per square foot.

Property Insurance – Property casualty insurance premiums range $0.10 to $0.30 per square foot for free standing retail properties. We estimate an insurance expense of $0.20 per square foot of gross building area or $2,100 for our income and expense analysis below.

Common Area Maintenance – This expense category includes interior and exterior repairs and maintenance such as cleaning, supplies, parking lot repairs and striping, parking lot sweeping, pest control, and snow removal. This expense is projected at about $1.00 per square foot or $10,500.

Non-Reimbursable Expenses

Management Fee - Management fees for freestanding single-tenant NNN properties are generally low from 1.0 to 3.0 percent of base income as the management function is minimal. We have included a management expense for administration of the leases and various other administrative costs associated with operation of the subject as a leased property, and have estimated the management expense at the midpoint of the range, or at 1.0 percent of effective base annual income.

Replacement Reserves - It is prudent to set aside an annual fund for the eventual replacement of short-lived capital items such as the roof, parking lot and certain mechanical items. Based upon conversations with local market participants, and the subject's age and leasing structure, we have estimated an expense toward the low end of the range of $0.15 per square foot applied to the gross building area.

Summary of Operating Expenses

The total operating expenses for the subject during the first year of analysis are estimated at $20,290 or $1.93 per square foot (inclusive of reserves).

Please note that for underwriting purposes, we provided a discussion of vacancy and collection loss and forecast stabilized expenses inclusive of a reserve and management fee. Market participants, including merchant developers, national firms that specialize in triple net lease deals, and investors do not typically recognize a deduction for vacancy and collection loss or utilize a reserve or management fee when analyzing the subject property type for potential sales or acquisition. Rather, these deductions or expenses are factored into the overall capitalization rate.

Direct Capitalization

In the direct capitalization method, we estimated market value by dividing **base annual income** by an overall rate. Three methods were utilized in the capitalization rate selection and include extraction from recent comparable sales, investor surveys and Band of Investment.

Market Sales

The improved sales are net-net-net leased properties with overall capitalization rates of 7.00 to 8.35 percent with an average of 7.80 percent and a median of 7.67 percent. Please note that the rates below do not reflect adjustments to income for vacancy or collection loss or non-recoverable expenses. The rates are based on in-place base rental income divided by the sale price.

Please note that the rates below do not reflect adjustments to income for vacancy or collection loss or non-recoverable expenses. The rates are in-place base rental income divided by the sales price.

CAPITALIZATION RATE COMPARABLES							
No.	**Address**	**City**	**State**	**Tenant**	**Sale Price**	**Sale Date**	**OAR**
S-1	2166 Brownsville Rd	Pittsburg	PA	Family Dollar	$2,345,000	7.73%	7.73%
I-2	8016 Ridge St	Pollock	LA	Family Dollar	$1,128,000	Feb-20	7.80%
I-3	8791 KY-1	Grayson	KY	Family Dollar	$1,187,400	Jan-21	8.35%
I-4	1330 Ridge Rd	Duson	LA	Family Dollar	$1,070,000	Oct-20	8.13%
S-2	6200 Burlington Rd	Roxboro	NC	Family Dollar	$1,163,240	7.50%	7.50%
S-3	8791 KY-1	Grayson	KY	Family Dollar	$1,187,400	Jan-21	8.35%
S-4	2166 Brownsville Rd	Pittsburg	PA	Family Dollar	$2,345,000	Feb-20	7.73%

As noted, the rates do not reflect adjustments to income for vacancy or collection loss or non-recoverable expenses. For underwriting purposes, "unloaded" capitalization rates can be imputed by subtracting approximately 3.62 percent of base income, the difference between base annual income and net operating income and dividing by the sale price. The unloaded capitalization rates range 7.42 to 8.01 percent.

Investor Surveys

To select appropriate investment parameters for the subject property, we have considered information from the *PwC Real Estate Investor Survey*. Overall capitalization rates NNN Investment properties; based on the *PwC Real Estate Investor Survey*, First Quarter 2021 ranged 5.00 to 8.00 percent, with an average of 6.16 percent. The properties included in the investor survey generally reflect return requirements for investment grade properties occupied by credit tenants on long term leases similar to the subject.

Boulder Group Report

A national NNN brokerage firm that produces market cap rate studies has published the following average dollar store capitalization rates information for March 2020.

DOLLAR STORE PROPERTIES MEDIAN ASKING CAP RATES			
Tenant	Q2 2019 (Previous)	Q2 2020 (Current)	Basis Point Change
Dollar General	7.05%	6.90%	-15
Family Dollar	7.25%	7.15%	-10
Dollar Tree	7.10%	7.03%	-7

Band of Investment Method

The band of investment method allocates risk to the investor and debt service. This technique requires several assumptions regarding the financing of the property and investment criteria.

Debt Service Position

A survey of regional banks indicates five-year fixed-rate loans for conforming commercial loans are being quoted at 4.0 to 5.0 percent nominal rates with a 25-year amortization. The United States Small Business Administration (SBA) is active in the market with its 504 program that provides funding up to 40 percent of a property' value in tandem with a partnering bank that provides an additional 50 percent. The program requires a minimum of 10 percent equity. Interest rates on 504 loans are pegged to an increment above the current market rate for 5-year and 10-year U.S. Treasury issues.

Financing for the subject property type is assumed to be a conforming commercial five-year balloon, fixed-rate note with a 70-percent loan-to-value, a nominal interest rate of 5.0 percent and a 25-year amortization.

Equity Position

The equity position accounts for 30 percent of the investment. Bloomberg publishes yields for three-month to 30-year treasury instruments. The current yields range 1.42 to 2.04 percent with the ten-year yield at 1.54 percent. *RealtyRates.com* lists equity dividend rates at 7.79 to 16.97 percent with a mean rate of 11.92 percent for freestanding retail properties.

A 9.0 percent pre-tax rate of return is forecast for the equity position to account for property type and condition, income stream, liquidity risk and management responsibilities which is toward the lower of the range and is reasonable given the property age, size, single tenancy and location. The implied basic capitalization rate by the band of investment method is calculated below:

BAND OF INVESTMENT			
Debt Service Position	0.70 x 0.0702	=	0.0491
Equity Position	0.30 x 0.0900	=	+0.0270
Basic Rate			0.0761
Capitalization Rate Rounded			**7.61%**

Rate Conclusion

The sources researched for capitalization rates are summarized below:

Summary of Capitalization Rate Analysis	
Type	**Rate**
Market & Supplemental Sales	7.00% to 8.35%
PwC NNN	5.00% to 8.00%
Band of Investment	7.61%
Boulder Group (Closed Deals)	7.15% to 7.39%
Hilco Conclusion	**7.75%**

Rate Reconciliation

Our experience with similar single-tenant properties is that overall capitalization rates range depending on the nature of the particular asset, lease length, and tenancy. In our discussions with local brokers, capitalization rates tend to be toward the low end of the range for single tenant net leased assets with lease terms of greater than 10 years. The *as stabilized* subject property has a 10-year lease term; Family Dollar's credit ratings by Moody's and Standard & Poor's reflect a low to moderate credit risk.

Based on our analysis of relevant improved sales, investor surveys, and Band of Investment analysis, as well as considering the physical and economic characteristics of the subject property, specifically its type, age, location, and tenancy, it is our opinion an appropriate capitalization rate for the subject would be between 7.50 and 8.00 percent, or 7.75 percent with most weight placed on the market derived rates.

Based on the information set forth in the preceding, we have estimated the as is market value of the subject, via the *Income Capitalization Approach*, as follows:

DIRECT CAPITALIZATION	
Base Rental Income	$95,025
Divided by Overall Capitalization Rate	7.75%
Estimated market Value	$1,226,129
Rounded to:	**$1,230,000**

Based on the foregoing, we have estimated the *market value* of the *as stabilized leased fee property interest* in the subject property, via the *Income Capitalization Approach*, as of the prospective date of valuation, at **$1,230,000** as rounded.

RECONCILIATION AND FINAL VALUE ESTIMATE AS IS

The three approaches indicated the following *As Is* values:

Cost Approach	Not Applicable
Sales Comparison Approach	$28,000
Income Capitalization Approach	Not Applicable

The *Cost Approach* is utilized not presented as the improvements are proposed and the subject property is a vacant land site.

The *Sales Comparison Approach* is a reflection of what users have been paying for similar vacant land sites in the recent past. An adequate number of land sales from the local area are available to complete the approach. We note the range of the comparable sales is somewhat wide; however, given the subject's tertiary location as well as conversations with local brokers and market participants, such a range is not atypical and deemed reliable for developing an estimate of land value for the subject property. The *Sales Comparison Approach* is the only approach completed.

The *Income Capitalization Approach* is not applicable in our as is analysis. As discussed in the highest and best use analysis, land in the local area is generally not leased. Therefore, the Income Capitalization Approach was not developed.

Based on our analysis of the subject property as presented in this appraisal report, giving all weight to the *Sales Comparison Approach*, we have estimated the *as is market value* of the fee simple estate of the subject property as of the effective date July 12, 2021 at:

TWENTY EIGHT THOUSAND DOLLARS
$28,000

RECONCILIATION AND FINAL VALUE ESTIMATE AS COMPLETE AND AS STABILIZED

The three approaches indicated the following *As Complete and Stabilized* values:

Cost Approach – *As Complete*	$1,130,000	(Fee Simple)
Sales Comparison Approach – *As Stabilized*	$1,250,000	(Leased Fee)
Income Capitalization Approach – *As Stabilized*	$1,230,000	(Leased Fee)

The *Cost Approach* is given primary consideration in this instance as an opinion of the fee simple estate market value of the *as complete* real estate. The improvements are proposed construction and published cost data plus the owner's proposed construction costs are available for analysis and recent land sale and listing data is available to estimate the site value. The weaknesses of the approach is the estimate of entrepreneurial incentive. The estimate is somewhat subjective and based on survey method. The *Cost Approach* reflects the fee simple position and is given no consideration in the as stabilized leased fee opinion of value.

The *Sales Comparison Approach* is a reflection of what investors/users have been paying for similar net leased single-tenant retail properties in the recent past. A sufficient amount of information regarding sales of comparable properties in the overall regional market. Family Dollar leased fee market sales provided the ability to formulate an opinion of value. We note the refined range is somewhat wide; however, given the tertiary location of the subject and the comparable sales, as well as our conversations with local brokers and market participants, the wider range is not atypical for the market and the data set is deemed reliable. Therefore, we have considered this approach appropriate in this instance and afforded this approach consideration in the final opinion of the *as complete/stabilized* value.

The *Income Approach* incorporates current market conditions that are relevant to income producing properties like the subject. Further, this approach is commonly utilized by investors in the analysis of retail assets similar to the subject. We were able to identify a sufficient amount of market rent and expense information and capitalization rate data to provide an opinion of value. Therefore, we have considered the *Income Capitalization Approach* appropriate in this instance and afforded this approach consideration for the *as complete/stabilized* opinion of value.

Based on our analysis of the property as presented in this appraisal report, we have estimated the *prospective as stabilized market value* of the lease fee interest in the subject property as of March 1, 2022 at:

ONE MILLION TWO HUNDRED FORTY THOUSAND DOLLARS
$1,240,000

ASSUMPTIONS & LIMITING CONDITIONS

"Appraisal" means the appraisal report and opinion of value stated therein; or the letter opinion of value, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Appraisal.

This appraisal is made subject to the following assumptions and limiting conditions:

1. No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
2. The information contained in the Appraisal or upon which the Appraisal is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor Hilco Real Estate Appraisal shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters.
3. The opinion of value is only as of the date stated in the Appraisal. Changes since that date in external and market factors or in the Property itself can significantly affect property value.
4. The Appraisal is to be used in whole and not in part. No part of the Appraisal shall be used in conjunction with any other appraisal. Publication of the Appraisal or any portion thereof without the prior written consent of Hilco Real Estate Appraisal is prohibited. Except as may be otherwise stated in the letter of engagement, the Appraisal may not be used by any person other than the party to whom it is addressed or for purposes other than that for which it was prepared. No part of the Appraisal shall be conveyed to the public through advertising, or used in any sales or promotional material without Hilco Real Estate Appraisal's prior written consent. Reference to the Appraisal Institute or to the MAI designation is prohibited.
5. Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
6. The Appraisal assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Appraisal; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value estimate contained in the Appraisal is based.
7. Upon completion of the designated plans, the physical condition of the improvements considered by the Appraisal is based on the assumption of good condition. Hilco Real Estate Appraisal assumes no responsibility for the soundness of structural members or for the condition of mechanical equipment, plumbing or electrical components.
8. The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best estimates of current market thinking on future income and expenses. The Appraiser and Hilco Real Estate Appraisal, LLC make no warranty or representation that these forecasts will materialize. The real

estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Appraisal, envisages for the future in terms of rental rates, expenses, and supply and demand.

9. Unless otherwise stated in the Appraisal, the existence of potentially hazardous or toxic materials, which may have been used in the construction or maintenance of the improvements or may be located at or about the Property, was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. Hilco Real Estate Appraisal recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.

10. Unless otherwise stated in the Appraisal, compliance with the requirements of the Americans With Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the property. Hilco Real Estate Appraisal recommends that an expert in this field be employed.

11. We assume the proposed construction will be complete and the property occupied by Family Dollar by March 1, 2022 the prospective date of valuation, that the proposed improvements require no unusual expenditures for soft or hard costs and are a proto-typical Family Dollar store as specified in the unsigned lease agreement. Family Dollar will occupy the subject property upon completion for an initial 10-year term and no extended marketing period to attract tenancy is required. The real estate taxes are forecast based on our opinion of the fee simple, as complete value.

12. It is assumed that all water, sewer facilities and utilities (existing or proposed) are or will be in good working order, are safe to use, and are or will be sufficient to serve the current or proposed uses of the property or any structures or improvements. Determining and reporting on such matters were not part of the scope of work for this assignment.

13. Use of or reliance on this appraisal or appraisal report, regardless of whether such use or reliance is known or authorized by the appraiser, constitutes acknowledgement of these general assumptions and limiting conditions, any extraordinary assumptions or hypothetical conditions, if any, and any other terms and conditions stated in the report.

CERTIFICATION OF THE APPRAISAL

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

1. John C. Satter, MAI, GAA **did not** inspect the subject property per agreement with the client.

2. The appraiser(s) has not provided any services for the subject property during the previous three years.

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

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

5. The appraiser(s) have no present or prospective interest, financial or otherwise, in the property that is the subject of this report, and have no personal interest or bias with respect to the parties or real property involved.

6. The appraiser(s) have not been sued by a regulatory agency or financial institution for fraud or negligence involving an appraisal report.

7. The compensation for appraisal services is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. The appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

8. Matas Lapkus provided significant assistance to the person signing this certification in the form of research and report writing.

9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the most recent issue of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

11. As of the date of this report John C. Satter, MAI, GAA has completed the requirements of the continuing education program for designated members of the Appraisal Institute.

John C. Satter, MAI, GAA
Senior Managing Director | Midwest
Hilco Real Estate Appraisal, LLC
AL Cert Gen Temporary Permit #2435

ADDENDA

Aerial View of the Subject

Copy of the Lease

Construction Budget

Site Plan

Flood Map

Comparable Land Sales

Improved Comparable Sales

Copy of the Letter of Engagement

Copy of the State Certification(s)

Qualifications of the Appraiser(s)

Aerial View of the Subject Property

Aerial View of the Subject

Copy of the Lease

Copy of the Lease

Project# 801312
Centre, AL

STATE OF ALABAMA

LEASE AGREEMENT

COUNTY OF CHEROKEE

THIS LEASE AGREEMENT ("Lease") is made and entered into this 11th day of May, 2021, by and between DELTA T PROPERTIES LLC, an Alabama limited liability company ("Landlord"), and FAMILY DOLLAR STORES OF ALABAMA, LLC a Virginia limited liability company("Tenant").

WITNESSETH:

In consideration of the covenants set forth in this Lease, to all of which Landlord and Tenant agree, Landlord demises to Tenant, and Tenant leases from Landlord the property, building and other improvements described below that are located at 8599 US Highway 411 in the City of Centre, County of Cherokee, State of Alabama. The property fronts approximately 234 feet on Highway 411 and extends approximately 307 feet to the rear as shown on Exhibit A - Site Plan. Landlord will construct a building that contains 10,500 (roughly 92' x 114') square feet and the paved, marked, lighted parking, service and access areas shown on Exhibit A - Site Plan. The property, building and improvements are the "Demised Premises."

Tenant will have and hold the Demised Premises together with all appurtenances, rights, privileges and easements belonging or appertaining to the Demised Premises for an initial term commencing as set forth in Paragraph 5 and ending on the last day of the month containing the tenth (10th) anniversary of the Rent Commencement Date, as hereinafter defined.

1. RENT. Tenant will pay to Landlord fixed rent as set forth in the table in Paragraph 6 below, payable on or before the first day of each month beginning on the rent commencement date as set forth in Paragraph 5. Tenant will not be deemed late in making a fixed rent payment unless Landlord does not receive the payment on or before the tenth day of the month.

2. COVENANT OF TITLE AND AUTHORITY. Landlord covenants and warrants that Landlord has full right and lawful authority to enter into this Lease for the full initial term and all extensions; that Landlord owns fee simple title to the Demised Premises; that the Demised Premises are free and clear of all encumbrances that could adversely affect Tenant's rights under this Lease and is free and clear of all mortgages and liens; that when construction is completed, the Demised Premises will comply with all health, safety and environmental laws, ordinances and regulations and building codes and that there are no laws, ordinances, government requirements or regulations or title restrictions or moratoriums or zoning or other matters that will restrict Tenant's rights under this Lease or limit or prevent the Demised Premises from being used for the retail

INITIAL HERE

Construction Budget

Construction Budget

Ground Up Budget	FAMILY DOLLAR	Work By:	Build To Suit (10 Year)

Conesville, OH

Project #:		Today's Date:	[illegible]
Store #:		Developer:	[illegible]
VP Approval:		Contact:	[illegible]
Lot Size SF:	[illegible]	Prototype Plan #:	[illegible]
Building SF Size:	[illegible]	Building Type:	[illegible]
Building SF Cost:	[illegible]	Other Items to Note:	

BUDGET COMMENTS to accompany this form (if comments are indicated).

This Ground Up Budget form must be used on all projects utilizing 2016-01 REV Prototype Plans and beyond.

LEGAL AND FINANCE WORKSHEET must accompany this form.

No.	Code	Description	%	Budget for BTS, OR Preliminary Budget (for Fee-Dev-Opt)	$PSF for BTS Budget or Fee Dev-Opt Pro Forma Budget	Construction Commencement Budget (for Fee-Dev-Opt)	$PSF for BTS Budget or Fee Dev-Opt Pro Forma Budget	Final Accounting (for Fee-Dev-Opt)	$PSF for BTS Budget or Fee Dev-Opt Pro Forma Budget
		LAND COST							
1		PURCHASE PRICE OF LAND (actual land cost only)		25,000.00	2.414	0.00	0.000	0.00	0.0
1.1		OTHER (must describe)		31,500.00	2.522	0.00	0.000	0.00	0.0
		TOTAL: LAND COST		**56,500.00**	**5.036**	**0.00**	**0.000**	**0.00**	**0.0**
		SOFT COST							
		REQUIRED:							
2		ALTA / BOUNDARY / TOPOGRAPHY SURVEY		4,000.00	0.381	0.00	0.000	0.00	0.0
3		GEOTECHNICAL INVESTIGATION		4,500.00	0.429	0.00	0.000	0.00	0.0
4		PHASE I ENVIRONMENTAL SITE ASSESSMENT		3,600.00	0.343	0.00	0.000	0.00	0.0
5		CIVIL ENGINEERING PLANS		15,000.00	1.429	0.00	0.000	0.00	0.0
6		ARCHITECTURAL PLANS (including Structural, MP & E's)		13,000.00	1.238	0.00	0.000	0.00	0.0
		AS REQUIRED:							
7		PHASE II ENVIRONMENTAL SITE ASSESSMENT		0.00	0.000	0.00	0.000	0.00	0.0
8		GROUND PENETRATING RADAR		0.00	0.000	0.00	0.000	0.00	0.0
9		COMPREHENSIVE ASBESTOS SURVEY		0.00	0.000	0.00	0.000	0.00	0.0
10		TRAFFIC IMPACT STUDY		0.00	0.000	0.00	0.000	0.00	0.0
11		REZONING ASSOCIATED COST		0.00	0.000	0.00	0.000	0.00	0.0
12		LANDSCAPE AND IRRIGATION PLANS		0.00	0.000	0.00	0.000	0.00	0.0
13		OTHER (must describe) Flood Study - LOMA - Elevation Certificate		0.00	0.000	0.00	0.000	0.00	0.0
		TOTAL: SOFT COST		**40,100.00**	**3.819**	**0.00**	**0.000**	**0.00**	**0.0**
		CONSTRUCTION COST							
		SITE WORK:							
14	1	GENERAL CONDITIONS - SITE WORK		0.00	0.000	0.00	0.000	0.00	0.0
15	2	DEMOLITION (INCL. ASBESTOS REMOVAL IF APPL.)		0.00	0.000	0.00	0.000	0.00	0.0
16	1	OVER HEAD & PROFIT - SITE WORK (note % here)	8%	31,393.12	0.354	0.00	0.000	0.00	0.0
		ON SITE - SITE WORK							
17	2	EARTHWORK (includes water/detention control)		65,000.00	1.574	0.00	0.000	0.00	0.0
18	2	EROSION CONTROL		3,000.00	0.050	0.00	0.000	0.00	0.0
19	2	PAVING		85,214.00	1.428	0.00	0.000	0.00	0.0
20	2	CURB AND GUTTER		0.00	0.000	0.00	0.000	0.00	0.0
21	2	LANDSCAPE		5,500.00	0.097	0.00	0.000	0.00	0.0
22	2	IRRIGATION		4,500.00	0.075	0.00	0.000	0.00	0.0
23	2	OTHER (must describe)		0.00	0.000	0.00	0.000	0.00	0.0
		OTHER SITE IMPROVEMENTS							
24	2	SIDEWALK		5,600.00	0.093	0.00	0.000	0.00	0.0
25	2	BOLLARDS		2,200.00	0.036	0.00	0.000	0.00	0.0
26	2	DUMPSTER ENCLOSURES		5,500.00	0.091	0.00	0.000	0.00	0.0
27	2	RETAINING WALLS		0.00	0.000	0.00	0.000	0.00	0.0
28	2	FENCES		3,200.00	0.053	0.00	0.000	0.00	0.0
29	2	SITE LIGHTING (pole or ground mounted)		12,000.00	0.199	0.00	0.000	0.00	0.0
30	2	ROAD SIGNAGE (installation only)		2,000.00	0.033	0.00	0.000	0.00	0.0
		UTILITIES							
31	2	WATER		7,500.00	0.124	0.00	0.000	0.00	0.0
32	2	SEWER		20,000.00	0.331	0.00	0.000	0.00	0.0
33	2	STORM (includes culverts, pipes, catch basins)		15,500.00	0.257	0.00	0.000	0.00	0.0
34	2	POWER		3,500.00	0.058	0.00	0.000	0.00	0.0
35	2	GAS		2,500.00	0.041	0.00	0.000	0.00	0.0
36	2	PHONE		500.00	0.008	0.00	0.000	0.00	0.0
		SUB TOTAL: ON SITE - SITE WORK		**255,607.12**	**4.897**	**0.00**	**0.000**	**0.00**	**0.0**
		OFF SITE - SITE WORK							
37	2	ROAD IMPROVEMENTS, CROSS ACCESS, EASEMENTS		0.00	0.000	0.00	0.000	0.00	0.0
38	2	SIDEWALKS		0.00	0.000	0.00	0.000	0.00	0.0
39	2	OFFSITE UTILITIES		7,700.00	0.128	0.00	0.000	0.00	0.0
40	2	OTHER (must describe)		0.00	0.000	0.00	0.000	0.00	0.0
		SUB TOTAL: OFF SITE - SITE WORK		**7,700.00**	**0.128**	**0.00**	**0.000**	**0.00**	**0.0**
		SUB TOTAL: ALL SITE WORK		**263,307.12**	**5.025**	**0.00**	**0.000**	**0.00**	**0.0**
		BUILDING:							
41	1	GENERAL CONDITIONS - BUILDING		55,037.37	5.327	0.00	0.000	0.00	0.0
42	1	OVER HEAD & PROFIT - BUILDING (note % here)	8%	42,765.03	4.073	0.00	0.000	0.00	0.0
43	3	SLAB AND FOOTINGS		99,243.46	9.454	0.00	0.000	0.00	0.0
44	6	METAL BUILDING		158,780.97	15.114	0.00	0.000	0.00	0.0
45	7	INSULATION		25,073.92	2.474	0.00	0.000	0.00	0.0
46	7	SKYLIGHT SYSTEM		0.00	0.000	0.00	0.000	0.00	0.0
47.1	4	BRICK		0.00	0.000	0.00	0.000	0.00	0.0
47.2	4	BLOCK		0.00	0.000	0.00	0.000	0.00	0.0
47.3	7	EXTERIOR INSULATION AND FINISH SYSTEM (EIFS)		0.00	0.000	0.00	0.000	0.00	0.0
47.4	7	FIBER CEMENT PANELS (NICHIHA)		0.00	0.000	0.00	0.000	0.00	0.0
48.1	8	STOREFRONT GLASS		12,007.00	1.133	0.00	0.000	0.00	0.0
48.2	8	STOREFRONT MANUAL DOORS		6,675.00	0.636	0.00	0.000	0.00	0.0
48.3	8	STOREFRONT AUTOMATIC DOORS (only when applicable) (labor only)		0.00	0.000	0.00	0.000	0.00	0.0
48.4	8	STOREFRONT AUTOMATIC DOORS (only when applicable) (material only)		0.00	0.000	0.00	0.000	0.00	0.0
49	8	ROLL DOWN GATES (as required)		0.00	0.000	0.00	0.000	0.00	0.0
50	9	FRAMING		14,307.30	1.362	0.00	0.000	0.00	0.0
51	9	DRYWALL		45,315.90	4.257	0.00	0.000	0.00	0.0

Page 1

Construction Budget

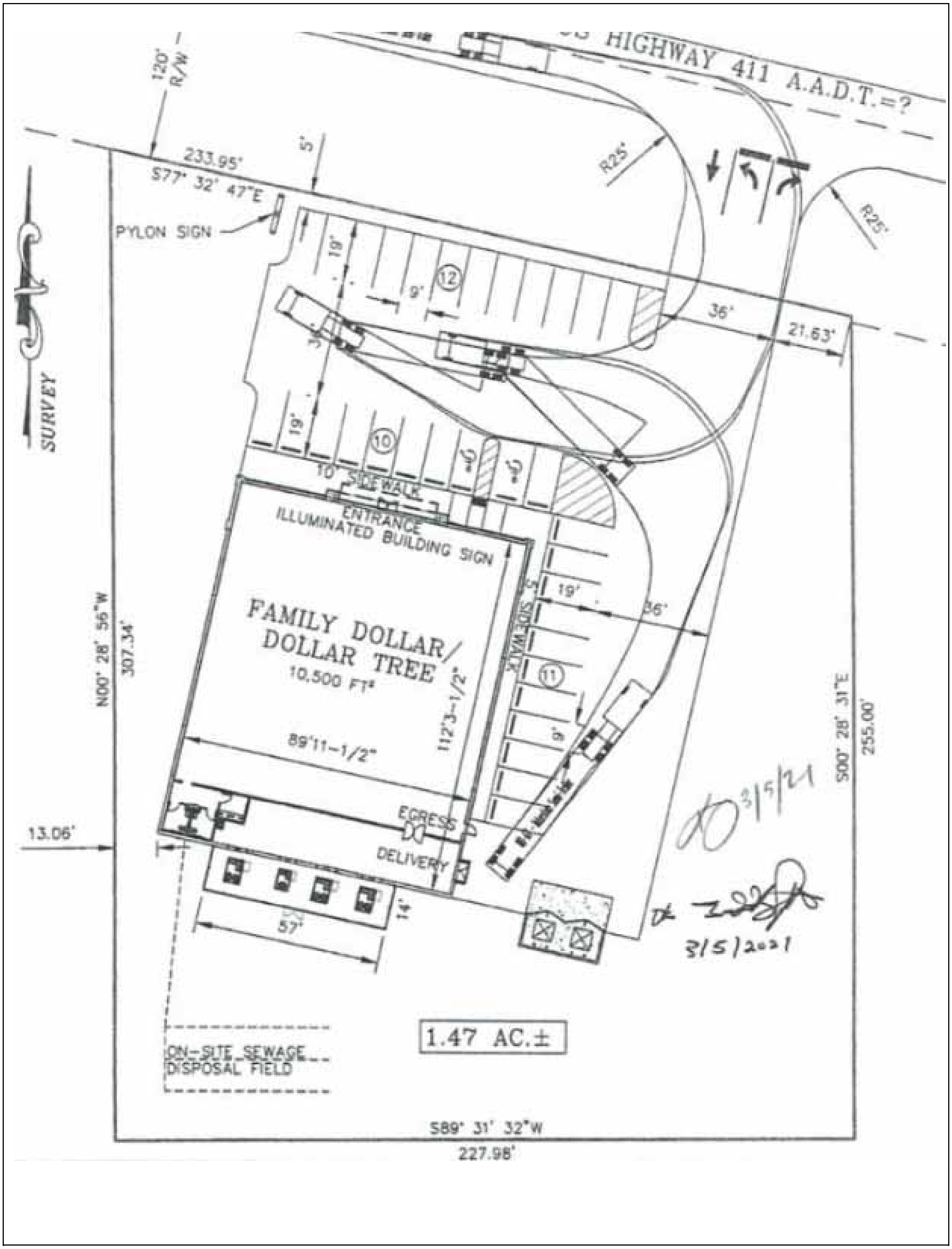
52	8	OTHER CARPENTRY	2,000.00	0.140	0.00	0.000	0.00	0.0
62.1	11	CASH WRAP INSTALLATION	0.00	0.000	0.00	0.000	0.00	0.0
63.1	8	DOOR KIT (excludes storefront doors) (labor only)	1,530.00	0.107	0.00	0.000	0.00	0.0
63.2	8	DOOR KIT (excludes storefront doors) (material only)	5,700.00	0.398	0.00	0.000	0.00	0.0
54	9	PAINTING	6,045.00	0.422	0.00	0.000	0.00	0.0
55	9	ACOUSTICAL CEILING TILE	27,997.37	1.955	0.00	0.000	0.00	0.0
57	9	VCT / SHEET VINYL	4,000.00	0.279	0.00	0.000	0.00	0.0
58	9	CARPET	0.00	0.000	0.00	0.000	0.00	0.0
59.1	9	WALK OFF MAT (labor only)	0.00	0.000	0.00	0.000	0.00	0.0
59	9	COVE BASE	900.00	0.063	0.00	0.000	0.00	0.0
60	10	BUILDING SIGNAGE (installation only)	2,000.00	0.140	0.00	0.000	0.00	0.0
		ELECTRICAL TOTAL	74,772.49	5.222	0.00	0.000	0.00	0.0
61.1	16	INTERIOR LED LIGHTING (labor only)	12,449.52	1.140	0.00	0.000	0.00	0.0
61.2	16	INTERIOR LED LIGHTING (material only)	14,073.53	1.002	0.00	0.000	0.00	0.0
62	16	EXTERIOR BUILDING MOUNTED LIGHTING	7,820.23	0.547	0.00	0.000	0.00	0.0
63	16	BUILDING SIGNAGE (electrical only)	2,000.00	0.140	0.00	0.000	0.00	0.0
64.1	16	ENERGY MANAGEMENT SYSTEM (labor only)	0.00	0.000	0.00	0.000	0.00	0.0
64.2	16	ENERGY MANAGEMENT SYSTEM (material only)	0.00	0.000	0.00	0.000	0.00	0.0
65.1	16	J-BOXES, RECEPTICALS, WIRING (excludes electrical panel package)	22,773.41	2.200	0.00	0.000	0.00	0.0
65.2	16	ELECTRICAL PANEL PACKAGE (labor only)	5,200.00	0.450	0.00	0.000	0.00	0.0
65.3	16	ELECTRICAL PANEL PACKAGE (material only)	9,600.00	0.690	0.00	0.000	0.00	0.0
		MECHANICAL TOTAL	77,993.46	7.888	0.00	0.000	0.00	0.0
66.1	15	HVAC MECHANICAL SYSTEM (labor only)	17,166.80	1.044	0.00	0.000	0.00	0.0
66.2	15	HVAC MECHANICAL SYSTEM (material only)	24,070.00	2.444	0.00	0.000	0.00	0.0
66.3	15	TESTING ADJUSTING & BALANCING	1,000.00	0.055	0.00	0.000	0.00	0.0
67.1	15	DUCTWORK (labor only)	27,727.77	2.041	0.00	0.000	0.00	0.0
67.2	15	DUCTWORK (material only)	8,802.74	0.644	0.00	0.000	0.00	0.0
		PLUMBING TOTAL	20,000.00	1.806	0.00	0.000	0.00	0.0
68.1	14	PLUMBING ROUGH IN	12,000.00	1.140	0.00	0.000	0.00	0.0
68.2	14	BATHROOM IN A BOX (labor only)	4,162.00	0.290	0.00	0.000	0.00	0.0
68.3	14	BATHROOM IN A BOX (material only)	3,838.00	0.300	0.00	0.000	0.00	0.0
68.4	14	OTHER PLUMBING (must describe)	0.00	0.000	0.00	0.000	0.00	0.0
69		OTHER (must describe): Fire Alarm	0.00	0.000	0.00	0.000	0.00	0.0
		SUB TOTAL: BUILDING COST	649,438.12	61.666	0.00	0.000	0.00	0.0
		MISCELLANEOUS:						
		PERMIT FEE TOTAL	6,000.00	0.571	0.00	0.000	0.00	0.0
70	1A	DOT PERMIT	1,000.00	0.095	0.00	0.000	0.00	0.0
71	1A	SITE OR LAND DISTURBANCE PERMIT	1,000.00	0.095	0.00	0.000	0.00	0.0
72	1A	STORM WATER PERMIT	1,000.00	0.095	0.00	0.000	0.00	0.0
73	1A	DEMOLITION PERMIT	1,000.00	0.095	0.00	0.000	0.00	0.0
74	1A	BUILDING PERMIT	1,000.00	0.095	0.00	0.000	0.00	0.0
75	1A	SIGNAGE PERMIT	1,000.00	0.095	0.00	0.000	0.00	0.0
76	1A	OTHER (must describe): Fire Marshal Review Fee	0.00	0.000	0.00	0.000	0.00	0.0
77	1A	IMPACT & CONNECTION FEES (provide details in comments section below)	2,500.00	0.238	0.00	0.000	0.00	0.0
78	2	TESTING & INSPECTION	5,000.00	0.476	0.00	0.000	0.00	0.0
79	1A	OTHER (must describe):	0.00	0.000	0.00	0.000	0.00	0.0
80	1A	OTHER (must describe):	0.00	0.000	0.00	0.000	0.00	0.0
		SUB TOTAL: MISCELLANEOUS COST	13,500.00	1.286	0.00	0.000	0.00	0.0
		SUB TOTAL: BUILDING PLUS MISCELLANEOUS COST	659,938.12	62.851	0.00	0.000	0.00	0.0
		TOTAL: CONSTRUCTION COST	903,246.25	67.876	0.00	0.000	0.00	0.0
LEGAL AND FINANCE:		(Must complete Legal and Finance Worksheet)						
81		LEGAL FEES (If this line exceeds $5000 for BTS or $8,500 for Fee Dev Opt, explanation required)	5,000.00	0.477	0.00	0.000	0.00	0.0
82		TITLE INSURANCE POLICY	4,307.00	0.410	0.00	0.000	0.00	0.0
83		TRANSFER TAXES	0.00	0.000	0.00	0.000	0.00	0.0
84		OTHER CLOSING COSTS	400.00	0.048	0.00	0.000	0.00	0.0
85.1		CONSTRUCTION LOAN FEE	12,002.00	1.140	0.00	0.000	0.00	0.0
85.2		CONSTRUCTION INTEREST __%	20,707.00	1.976	0.00	0.000	0.00	0.0
85.3		CARRYING COST DURING CONSTRUCTION	5,000.00	0.042	0.00	0.000	0.00	0.0
85.4		APPRAISAL	5,000.00	0.024	0.00	0.000	0.00	0.0
86.1		OTHER (must describe)	0.00	0.000	0.00	0.000	0.00	0.0
86.2		OTHER (must describe)	0.00	0.000	0.00	0.000	0.00	0.0
		TOTAL: LEGAL AND FINANCE	54,765.00	5.276	0.00	0.000	0.00	0.0
CONTINGENCY ALLOWANCE (NOT FOR BTS)								
		(For Fee Development Opt only, not for BTS projects. Include $25,000 on this line in the Preliminary Budget and Construction Commencement Budget Columns.)						
		(For Fee Development Opt at Final Accounting: If any amount of the Contingency Allowance was used, it must be included in specific line items.)						
		(Contingency Allowance is NOT to be used for BFF Cost or FDS Directed and Approved Change Order Cost.)						
87		CONTINGENCY ALLOWANCE	0.00	0.000	0.00	0.000	Include in specific lines	Include in specific lines
		TOTAL: CONTINGENCY ALLOWANCE	0.00	0.000	0.00	0.000	N/A	N/A
DEVELOPMENT FEE (NOT FOR BTS)		(Development Fee is for Fee Development Opt only.)						
88		DEVELOPMENT FEE	0.00	0.000	0.00	0.000	0.00	0.0
		TOTAL: DEVELOPMENT FEE	0.00	0.000	0.00	0.000	0.00	0.0
AMOUNT TO BE PAID AT CLOSING OF TOTAL DEVELOPMENT (NOT FOR BTS)			***1,114,602.25***	***77.846***	***0.00***	***0.000***	***0.00***	***0.00***
OTHER - PAID FOR BY FAMILY DOLLAR (NOT FOR BTS)		*(Not to be paid out at closing. Obtain Actual Cost from FDS prior to completing Final Accounting.)*						
		(For Fee Dev Opt only, insert numbers as indicated in parenthesis in Preliminary Budget and Construction Commencement Budget Columns.)						
89		PROTOTYPE PLANS TO DEVELOPER ($50.00)	0.00	0.000	0.00	0.000	0.00	0.0
90		THIRD PARTY INSPECTION FOR FDS PUNCH OUT ($760.00)	0.00	0.000	0.00	0.000	0.00	0.0
91		AS BUILT SURVEY ($2,500.00)	0.00	0.000	0.00	0.000	0.00	0.0
92		OTHER (must describe)	0.00	0.000	0.00	0.000	0.00	0.0
		TOTAL: OTHER - PAID FOR BY FAMILY DOLLAR	0.00	0.000	0.00	0.000	0.00	0.0
93	17	**FAMILY DOLLAR DIRECTED AND APPROVED PURCHASE ORDER (CHANGE ORDER) COST (EXCLUDING BFF)**	0.00	0.000	0.00	0.000	0.00	0.0
		(All Family Dollar Directed and Approved Purchase Order (Change Order) are to be noted here but paid separately through the Account System and should not be included in Line Items 1 - 88.)						
TOTAL DEVELOPMENT COST (Excluding BFF)			***1,114,602.25***	***77.846***	***0.00***	***0.000***	***0.00***	***0.00***

Building Square Footage Calculation: (All items under "Building" subcategory. Items 41 - 69).

$PSF Columns indicate cost per Building SF in all areas except for Land Cost and All Site Work Cost. $PSF for Land Cost and All Site Work Cost indicate cost per Lot Size SF.) Revised: 06/21

Site Plan

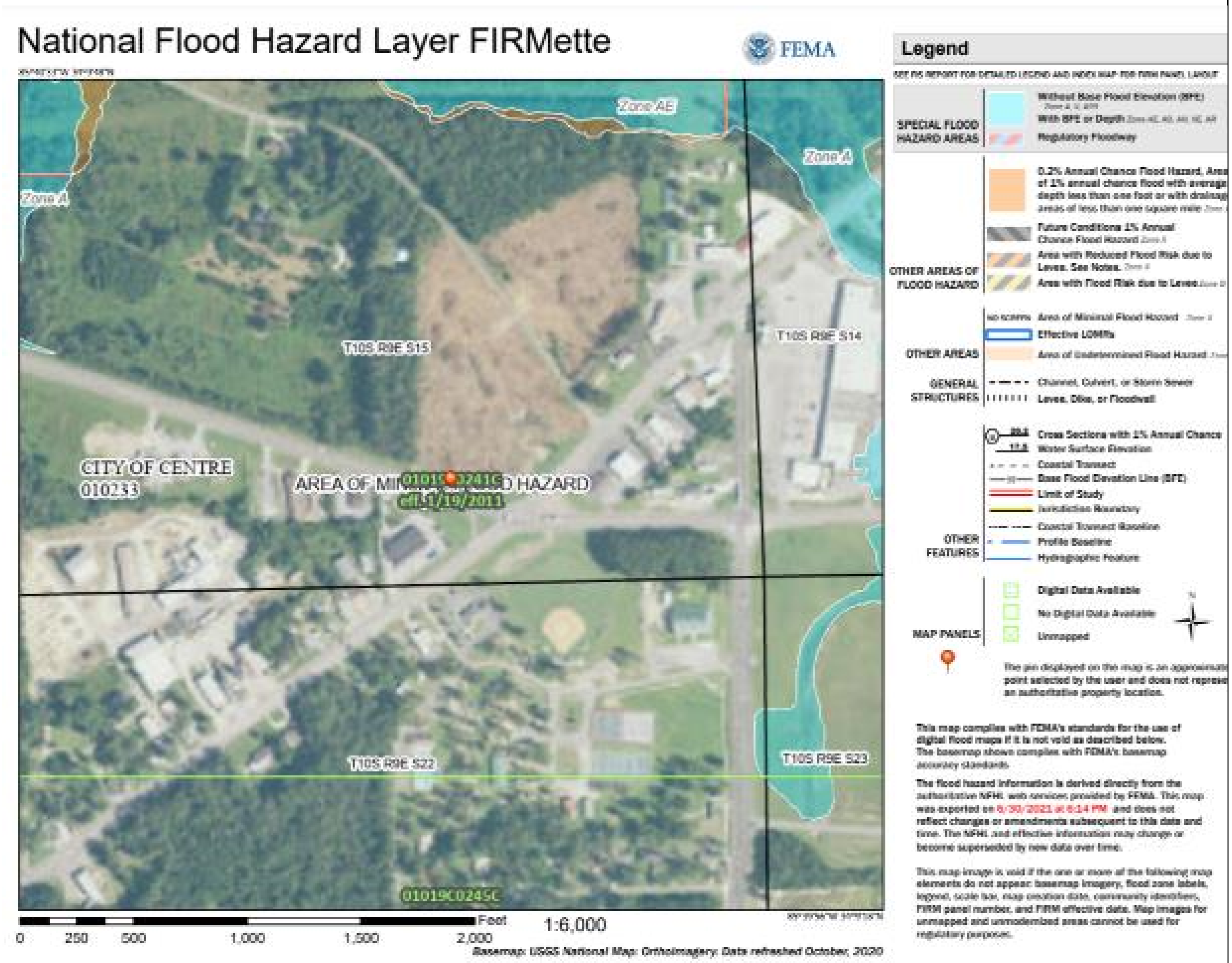
Site Plan



HIGHWAY 411 A.A.D.T.=?
120' R/W
233.95'
S77° 32' 47"E
5'
R25'
R25'
PYLON SIGN
SURVEY
19'
9'
12
36'
21.63'
19'
10
10' SIDEWALK
ENTRANCE
ILLUMINATED BUILDING SIGN
5' SIDEWALK
19'
36'
11
9'
FAMILY DOLLAR/
DOLLAR TREE
10,500 FT²
89'11-1/2"
112'3-1/2"
N00° 28' 56"W
307.34'
S00° 28' 31"E
255.00'
13.06'
EGRESS
DELIVERY
57'
14'
1.47 AC.±
ON-SITE SEWAGE
DISPOSAL FIELD
S89° 31' 32"W
227.98'
3/5/21
3/5/2021

Flood Map

Flood Map


National Flood Hazard Layer FIRMette
FEMA
Legend
Zone AE
Zone A
Zone A
T10S R9E S15
T10S R9E S14
CITY OF CENTRE
010233
AREA OF MINIMAL FLOOD HAZARD
01019C0241C
eff. 1/19/2011
T10S R9E S22
T10S R9E S23
01019C0245C
SPECIAL FLOOD HAZARD AREAS
Without Base Flood Elevation (BFE)
With BFE or Depth
Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD
Future Conditions 1% Annual Chance Flood Hazard
Area with Reduced Flood Risk due to Levee. See Notes.
Area with Flood Risk due to Levee
OTHER AREAS
Area of Minimal Flood Hazard
Effective LOMRs
Area of Undetermined Flood Hazard
GENERAL STRUCTURES
Channel, Culvert, or Storm Sewer
Levee, Dike, or Floodwall
Cross Sections with 1% Annual Chance Water Surface Elevation
Coastal Transect
Base Flood Elevation Line (BFE)
Limit of Study
Jurisdiction Boundary
Coastal Transect Baseline
OTHER FEATURES
Profile Baseline
Hydrographic Feature
MAP PANELS
Digital Data Available
No Digital Data Available
Unmapped
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 exported on 6/30/2021 at 6:14 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, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.
1:6,000
0 250 500 1,000 1,500 2,000 Feet
Basemap: USGS National Map: Orthoimagery: Data refreshed October, 2020

Comparable Land Sales

Comparable Land Sale # 1

Location Data

Street Address	1200 W Main Street
City, State	Centre, AL
County	Cherokee
Zip	35960

Transaction Data

Sale Date	11/25/2020
Buyer	N/A
Seller	Jack L Anderson Sr
Sale Price	$54,000
Property Rights	Fee Simple
Financing	Cash to Seller
Conditions of Sale	Arm's Length

Site Data

Acres (Gross)	2.00
Square Feet (Gross)	87,120
Acres (Net)	2.00
Square Feet (Net)	87,120
Shape	Rectangular
Topography	Level, Clear
Utilities	All Available
Zoning	Commercial
Access/Exposure	Interior, Average

Analysis

Price/Acre (Gross)	$27,000
Price/SF (Gross)	$0.62
Price/Acre (Net)	$27,000
Price/SF (Net)	$0.62
Marketing Period	112 Days

Comments

This is a sale of a commercial site located in Centre, AL. Source: Costar, loopnet and public records

Comparable Land Sale # 2

Location Data

Street Address	0 W Patterson Ave
City, State	Fort Oglethorpe, GA
County	Catoosa
Zip	30742

Transaction Data

Sale Date	4/29/2021
Buyer	N/A
Seller	Myra Joyce Whaley
Sale Price	$21,777
Property Rights	Fee Simple
Financing	Cash to Seller
Conditions of Sale	Arm's Length

Site Data

Acres (Gross)	1.19
Square Feet (Gross)	51,836
Acres (Net)	1.19
Square Feet (Net)	51,836
Shape	Rectangular
Topography	Level, Clear
Utilities	All Available
Zoning	Commercial
Access/Exposure	Interior, Good

Analysis

Price/Acre (Gross)	$18,300
Price/SF (Gross)	$0.42
Price/Acre (Net)	$18,300
Price/SF (Net)	$0.42
Marketing Period	Not Available

Comments

This is a sale of a commercial site located in Fort Oglethorpe, TN. Source: Costar and public records

Comparable Land Sale # 3

Location Data

Street Address	7016 S Hwy 225
City, State	Chatsworth, GA
County	Murray
Zip	30705

Transaction Data

Sale Date	5/29/2020
Buyer	West Ellijay Storage LLC
Seller Co.	Worley Keith
Sale Price	$45,000
Property Rights	Fee Simple
Financing	Cash to Seller
Conditions of Sale	Arm's Length

Site Data

Acres (Gross)	4.02
Square Feet (Gross)	175,111
Acres (Net)	4.02
Square Feet (Net)	175,111
Shape	Rectangular
Topography	Level, Clear
Utilities	All Available
Zoning	Commercial
Access/Exposure	Interior, Average

Analysis

Price/Acre (Gross)	$11,194
Price/SF (Gross)	$0.26
Price/Acre (Net)	$11,194
Price/SF (Net)	$0.26
Marketing Period	N/A

Comments

This is a sale of a commercial lot located in Chatsworth, GA. The site is located adjacent to a Dollar General store. Source: Costar and public records

Comparable Land Sale # 4

Location Data

Street Address	0 Highway 27
City, State	Bremen, GA
County	Haralson
Zip	30110

Transaction Data

Sale Date	Listing
Buyer	N/A
Seller Co.	N/A
List Price	$100,000
Property Rights	Fee Simple
Financing	Cash to Seller
Conditions of Sale	Listing

Site Data

Acres (Gross)	4.38
Square Feet (Gross)	190,793
Acres (Net)	4.38
Square Feet (Net)	190,793
Shape	Rectangular
Topography	Level, Clear
Utilities	All Available
Zoning	Commercial
Access/Exposure	Interior, Average

Analysis

Price/Acre (Gross)	$22,831
Price/SF (Gross)	$0.52
Price/Acre (Net)	$22,831
Price/SF (Net)	$0.52
Marketing Period	N/A

Comments

This is the listing of a commercial site in Bremen, GA. Source: Costar and public records

Improved Comparable Sales

Improved Comparable Sale # 1

Location Data		**Transaction Data**	
Street Address	10876 Buffalo Creek Rd	Sale Date	4/24/2020
City	Lorado	Buyer	Anpa Ltd Liability Co
County	Logan	Seller	PLC Timberlands LLC
State	WV	Sale Price	$914,000
Zip	25630	Property Rights	Leased Fee
		Financing	Cash to Seller
		Conditions of Sale/Status	Arm's Length
		Marketing Period	63 Days

Improvement Data		**Site Data**	
Building Area (SF)	8,400	Acres (Gross)	1.08
Year Built	2019	Square Feet (Gross)	47,045
Construction	Masonry/Metal	Acres (Net)	1.08
Condition	Good	Square Feet (Net)	47,045
Parking Spaces	N/A	Shape	Rectangular
Parking Ratio per 1,000 SF of GBA	N/A	Topography/Elevation	Generally level/ At grade
		Exposure/Access	Average
Analysis		Utilities	All available
Price/Sq. Ft GBA	$108.81	Zoning	Commercial
Land/Building Ratio	5.60		
Bldg. Coverage Ratio	0.18		
Cap Rate	N/A		

Comments

This is the sale of a leased, NN, freestanding Family Dollar with a 10 year term. Source: CoStar, public records, loopnet.

Improved Comparable Sale # 2

Location Data		**Transaction Data**	
Street Address	8016 Ridge St	Sale Date	2/27/2020
City	Pollock	Buyer	Pickle Investments
County	Grant	Seller	Hankins Development
State	LA	Sale Price	$1,128,000
Zip	71467	Property Rights	Leased Fee
		Financing	Cash to Seller
		Conditions of Sale/Status	Arm's Length
		Marketing Period	100 Days

Improvement Data		**Site Data**	
Building Area (SF)	8,800	Acres (Gross)	0.66
Year Built	2020	Square Feet (Gross)	28,750
Construction	Masonry/Metal	Acres (Net)	0.66
Condition	Good	Square Feet (Net)	28,750
Parking Spaces	26	Shape	Rectangular
Parking Ratio per 1,000 SF of GBA	2.95	Topography/Elevation	Generally level/ At grade
		Exposure/Access	Average
Analysis		Utilities	All available
Price/Sq. Ft GBA	$128.18	Zoning	Commercial
Land/Building: Ratio	3.27		
Bldg. Coverage Ratio	0.31		
Cap Rate	7.80%		

Comments

This is the sale of a leased, NN, freestanding Family Dollar with a 10 year term. Source: CoStar, public records, marketing brochure.

Improved Comparable Sale # 3

Location Data		**Transaction Data**	
Street Address	8791 KY-1	Sale Date	1/28/2021
City	Grayson	Buyer	N/A
County	Carter	Seller	Ferguson Andrew
State	KY	Sale Price	$1,187,400
Zip	41143	Property Rights	Leased Fee
		Financing	Conventional
		Conditions of Sale/Status	Arm's Length
		Marketing Period	371 Days

Improvement Data		**Site Data**	
Building Area (SF)	9,180	Acres (Gross)	0.93
Year Built	2019	Square Feet (Gross)	40,511
Construction	Masonry/Metal	Acres (Net)	0.93
Condition	Good	Square Feet (Net)	40,511
Parking Spaces	13	Shape	Rectangular
Parking Ratio per 1,000 SF of GBA	1.42	Topography/Elevation	Generally level/ At grade
		Exposure/Access	Average
Analysis		Utilities	All available
Price/Sq. Ft GBA	$129.35	Zoning	Commercial
Land/Building: Ratio	4.41		
Bldg. Coverage Raito	0.23		
Cap Rate	8.35%		

Comments

This is the sale of a leased, NN, freestanding Family Dollar with a 10 year term. Source: CoStar, public records, marketing brochure

Improved Comparable Sale # 4

Location Data		**Transaction Data**	
Street Address	1330 Ridge Rd	Sale Date	10/2/2020
City	Duson	Buyer	N/A
County	Lafayette	Seller	Kenneth Bugg
State	LA	Sale Price	$1,070,000
Zip	41727	Property Rights	Leased Fee
		Financing	Cash to Seller
		Conditions of Sale/Status	Arm's Length
		Marketing Period	704 Days

Improvement Data		**Site Data**	
Building Area (SF)	8,320	Acres (Gross)	1.09
Year Built	2018	Square Feet (Gross)	47,480
Construction	Masonry/Metal	Acres (Net)	1.09
Condition	Good	Square Feet (Net)	47,480
Parking Spaces	25	Shape	Rectangular
Parking Ratio per 1,000 SF of GBA	3.00	Topography/Elevation	Generally level/ At grade
		Exposure/Access	Average
Analysis		Utilities	All available
Price/Sq. Ft GBA	$128.61	Zoning	Commercial
Land/Building: Ratio	5.71		
Bldg. Coverage Ratio	0.18		
Cap Rate	8.13%		

Comments

This is the sale of a leased, NNN, freestanding Family Dollar with a 10 year term. Source: CoStar, public records, marketing brochure

Improved Comparable Sale # 5

Location Data

Street Address	204 E Route 133
City	Oakland
County	Coles
State	IL
Zip	61943

Transaction Data

Sale Date	5/26/2020
Buyer	Jignesh Panchel
Seller	Independence Bk Of Ky
Sale Price	$1,050,000
Property Rights	Leased Fee
Financing	Cash to Seller
Conditions of Sale/Status	Arm's Length
Marketing Period	162 Days

Improvement Data

Building Area (SF)	8,320
Year Built	2018
Construction	Masonry/Metal
Condition	Good
Parking Spaces	27
Parking Ratio per 1,000 SF of GBA	3.25

Site Data

Acres (Gross)	0.71
Square Feet (Gross)	30,928
Acres (Net)	0.71
Square Feet (Net)	30,928
Shape	Rectangular
Topography/Elevation	Generally level/ At grade
Exposure/Access	Average
Utilities	All available
Zoning	Commercial

Analysis

Price/Sq. Ft GBA	$126.20
Land/Building Ratio	3.72
Bldg. Coverage Ratio	0.27
Cap Rate	N/A

Comments

This is the sale of a leased, NNN, freestanding Family Dollar with a 10 year term. Source: CoStar, public records, marketing brochure.

Copy of Engagement Letter

Copy of Engagement Letter

First Bank OF ALABAMA
Post Office Box 797 Talladega, AL 35161

June 9, 2021

Hilco Real Estate Appraisal, LLC
5 Revere Drive, Suite 410
Northbrook, IL 60062
jsatter@hilcoglobal.com

RE:

Property location: Perman
8599 US Hwy 411
Centre, AL 35960

Dear Mr. Satter:

Please allow this letter to serve as a request for you to do an appraisal on the above referenced property. The appraisal should be performed in accordance with 12 C.F.R. Part 34, all pertinent requirements of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) and all requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) as provided by the Appraisal Foundation.

Upon completion, please send appraisal to appraisals@firstbankal.com. This appraisal assignment is with your firm. It cannot be sub-contracted outside of your firm without our expressed written consent. It is our policy, that any commercial appraisal $500,000.00 or more go for a third-party appraisal review. We use Mountain Seed Appraisal Services for this service. If you should require further information, please contact me at (256) 362-2334.

Sincerely,

Gina L. Johnson

Gina Johnson
Post Closing Loan Specialist
First Bank of Alabama

:gj

Copy of the State Certification(s)

State Certification(s)

ALABAMA REAL ESTATE APPRAISERS BOARD

P. O. Box 304355
Montgomery, Alabama 36130-4355

Kay Ivey
Governor

Lisa Brooks
Executive Director

June 11, 2021

John Satter
Hilco Real Estate Appraisal LLC
5 Revere Dr. #320
Northbrook, IL 60062

RE: Temporary Permit

Dear Mr. Satter:

In accordance with your recent request for a temporary permit, The Alabama Real Estate Appraisers Board has issued **Temporary Permit # 2435** for the below stated property in Alabama.

Family Dollar, TBD Cathedral Caverns Hwy & Old Union Rd., Grant
8599 US Hwy 411, Centre

While practicing under a temporary permit in Alabama you should affix to all appraisals and documents for use and execution in this state the added notation: '*Practicing in the State of Alabama under Temporary Permit Number 2435*'. Please be advised that anyone contributing to the appraisal of this property must be licensed or have a temporary permit issued by the Alabama Real Estate Appraisers Board. This Temporary Permit is effective for the above assignment only. Be advised, if the assignment is not completed within (6) months, an extension must be requested.

If we may be of further assistance, please let us know.

Sincerely,

Lisa Brooks

Lisa Brooks
Executive Director

Qualifications of the Appraiser(s)

Qualifications for John C. Satter, MAI, GAA

2011 - Present	Hilco Real Estate Appraisal, LLC Senior Managing Director | Midwest Region
1997 - 2011	JCS Real Estate Services, Inc. President
1992 – 1996	Wayne L. Wnek, MAI & Associates, Inc. Real Estate Appraiser

Scope of Experience:

Mr. Satter is the Senior Managing Director for the and Midwest Region for Hilco Real Estate Appraisal, LLC. Responsibilities include business development, staff management, and appraisal production and review. Mr. Satter has over 28 years of experience in the valuation of real property.

Mr. Satter has broad experience in the valuation of residential, commercial, industrial and special use real estate throughout the Chicago metropolitan and Midwest markets and valuation experience in 40 U.S. states.

Commercial experience includes a broad range of property and assignment types including single-tenant retail assets, shopping centers, industrial complexes, apartment complexes, live-work projects, professional and medical office properties, heath care, hospitality, proposed construction, partially-complete projects and distressed property valuations. Specialized assignments include diminution of value and right of way vacation assignments. Special use assignments include steel mills, movie theaters, synagogues, churches, detention facilities, hospital and critical care facilities and other specialized agricultural, industrial and manufacturing facilities. Residential experience includes valuing riparian rights, high value custom residences, façade easements and historic residences.

Mr. Satter has experience as an expert witness and has been qualified as an expert in the Circuit Courts of Cook, Lake, DuPage, and Will Counties of Illinois, the Chicago Zoning Board of Appeals, Lake and Cook County property tax appeal boards, the Chicago Planning and Zoning Commission, the U.S. District Court for Northern Illinois, the U.S. District Court for Eastern Michigan, and the U.S. Bankruptcy Court for the District of Delaware.

Mr. Satter is a designated Member of the Appraisal Institute (MAI) and General Accredited Appraiser (GAA) of the National Association of Realtors. He has been engaged in the appraisal of real estate since 1992 with experience rendering opinions of value for private clients, financial institutions, mortgage brokers, attorneys, governmental agencies, accountants, and public corporations.

Professional Associations and Affiliations:

Appraisal Institute MAI #12452 (Awarded March 2007)
National Association of Realtors General Accredited Appraiser #4683 (Awarded January 2005)
Certified General Real Estate Appraiser licensed in the States of AZ, IL, IA, IN, MI, MT, OH, TN, TX, VA, & WI
Illinois Coalition of Appraisal Professionals (ICAP) Secretary & Legislative Chair 2020-2024
Glencoe Zoning Board of Appeals & Plan Commission Committee Member

Formal Education:

Bachelor of Science - Civil Engineering, University of Illinois - Urbana/Champaign
Appraisal and Real Estate, Appraisal Institute and North Shore Barrington Board of Realtors