

APPRAISAL REPORT



APPRAISAL OF REAL PROPERTY

Appraisal Report of:
Proposed Gaffney Mill Apartments, Senior Affordable Housing Property
West Buford Street
Gaffney, Cherokee County, South Carolina 29341

PREPARED FOR:

J. M. Cope Construction

EFFECTIVE DATE OF THE APPRAISAL:

April 18, 2026

PREPARED BY:

Brantley R. Clark, MAI
Palmetto State Appraisal and Consulting
Job Number 2026-010
303 South Lake Drive
Lexington, SC 29072



PALMETTO STATE
APPRAISAL AND CONSULTING

May 14, 2026

Mr. Andrew Cope
J. M. Cope Construction
199 South Cherry Road
Rock Hill, South Carolina 29732

Re: Real Estate Appraisal
Proposed Gaffney Mill Apartments
Senior Affordable Housing Property
West Buford Street
Gaffney, Cherokee County, South Carolina 29341

To Whom It May Concern:

Palmetto State Appraisal and Consulting is pleased to submit the following appraisal report containing an opinion of value of the fee simple interest in the referenced property in its “as is” condition as well as in its “as if complete” condition. Please reference page 7 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis and valuation methodology.

I certify that I have no present or contemplated future interest in the property beyond this opinion of value. Within the three years prior to the date of this report, no additional appraisals of the subject property have been prepared by Palmetto State Appraisal and Consulting. This report is a stand-alone appraisal. The market value reported in this appraisal is not influenced by any prior appraisal of the subject property. The market value is reported herein with no bias to the subject property.

The appraiser uses impartiality, independence and objectivity in reporting the market value. The accompanying appraisal report is intended to comply with the Uniform Standards of Professional Appraisal Practice; the Financial Institutions Reform, Recovery, and Enforcement Act of 1989; the most recent version of the Interagency Appraisal and Evaluation Guidelines; and any specific requirements of J. M. Cope Construction and/or SC Housing.

The subject site is made up of one parcel of vacant land totaling 2.2 acres, more or less. The purchaser of the site plans to develop it with Gaffney Mill Apartments, a proposed 60-unit, new construction, age-restricted (55+), four-story senior affordable housing apartment

complex containing 55,680 square feet of gross building area. The units will be a mixture of one bedroom/one bathroom units and two bedroom/two bathroom units. Construction is planned to begin later this year, with completion estimated in the spring of 2028. The site is the former Cherokee Finishing Plant, a textile mill property that qualifies for the South Carolina Textile Communities Revitalization Act credits. The property is identified as a portion of parcel 081-15-00-003.000 by the Cherokee County Assessor's Office.

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

Hypothetical Conditions:

- The value of the fee simple estate, based on market rents, and using market comparables for estimating expenses, is subject to the hypothetical condition that the current rent restrictions are not in place at the subject property. This particular analysis is subject to the hypothetical condition that the property is operated as a conventional multifamily complex, with no restrictions, and at market lease rates and based on market expense estimates. We know this is not the intent for the subject property; however, we execute this scenario due to a requirement in the 2026 QAP.

Extraordinary Assumptions:

- We make the extraordinary assumption that the property will maintain its exemption from real estate taxes, even if sold. If this is found to be erroneous or inaccurate, this appraisal would be subject to revision.

Based on the valuation analysis reported herein, and subject to the definitions, assumptions, and limiting conditions expressed in the report, my opinion of value is as follows:

MARKET VALUE OPINION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is"	Fee Simple	April 18, 2026	\$420,000
Market Value "As if Complete"	Leased Fee	April 18, 2026	\$3,610,000
Market Value "As if Complete and Stabilized"	Leased Fee	April 18, 2026	\$3,860,000
Hypothetical Market Value "As if Complete"	Leased Fee	April 18, 2026	\$11,790,000
Hypothetical Market Value "As If Complete and Stabilized"	Leased Fee	April 18, 2026	\$12,040,000

Respectfully submitted,
Palmetto State Appraisal and Consulting



Brantley R. Clark, MAI
Certified General Real Estate Appraiser
SC Certificate #5073



Proposed Gaffney Mill Apartments
Senior Affordable Housing Property
West Buford Street
Gaffney, Cherokee County, South Carolina 29341

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SUBJECT PHOTOGRAPHS



View of subject site
(Photo Taken on April 18, 2026)



View of subject site
(Photo Taken on April 18, 2026)



View of subject site
(Photo Taken on April 18, 2026)



View of subject site
(Photo Taken on April 18, 2026)



West Buford Street facing northwest
(Photo Taken on April 18, 2026)



West Buford Street facing southeast
(Photo Taken on April 18, 2026)



S. Oliver Street facing south
(Photo Taken on April 18, 2026)



S. Oliver Street facing north
(Photo Taken on April 18, 2026)



Irene Park Drive facing east
(Photo Taken on April 18, 2026)



Irene Park Drive facing west
(Photo Taken on April 18, 2026)

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

PART ONE

Name of Property	Proposed Gaffney Mill Apartments
Address	West Buford Street, Gaffney, Cherokee County, South Carolina 29341
Property Type	Multifamily / Senior Housing
Owner of Record	Hamrick Mills
Tax ID	Portion of 081-15-00-003.000
Land Area	95,832 SF; 2.2 acres
Building Area	55,680 SF proposed
Rentable Area	53,666 SF proposed
Number of Units	60
Unit Layout	26 one bedroom/one bathroom units 34 two bedroom/two bathroom units
Unit Square Footage	• 1 BR/1 BA units contain 742 SF • 2 BR/2 BA units contain 1,011 SF
Occupancy	0% (proposed for construction)
Year Built	Proposed to begin in 2026 with completion in 2028
Zoning Designation	GC, General Commercial, by the City of Gaffney
Highest and Best Use	
As Is	Multifamily Residential Use
Exposure Time; Marketing Period	12 months; 12 months
Effective Date of the Appraisal	April 18, 2026
Date of the Report	May 14, 2026
Property Interest Appraised	Fee Simple and Leased Fee

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No parties other than JM Cope and/or SC Housing may use or rely on the information, opinions, and conclusions contained in the report. The summary shown above is for the convenience of JM Cope and therefore it is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained herein.

GENERAL INFORMATION

PURPOSE OF THE APPRAISAL, PROPERTY RIGHTS AND EFFECTIVE DATE

The purpose of this appraisal is to form an opinion of the current market value of the fee simple estate of the subject property as of the effective date of the appraisal, April 18, 2026.

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject site is made up of one parcel of vacant land totaling 2.2 acres, more or less. The purchaser of the site plans to develop it with Gaffney Mill Apartments, a proposed 60-unit, new construction, age-restricted (55+), four-story senior affordable housing apartment complex containing 55,680 square feet of gross building area. The units will be a mixture of one bedroom/one bathroom units and two bedroom/two bathroom units. Construction is planned to begin later this year, with completion estimated in the spring of 2028. The site is the former Cherokee Finishing Plant, a textile mill property that qualifies for the South Carolina Textile Communities Revitalization Act credits. The property is identified as a portion of parcel 081-15-00-003.000 by the Cherokee County Assessor's Office.

The property is located near downtown Gaffney, the county seat for Cherokee County. The site is located at the corner of Buford Street, South Oliver Street and Irene Park Drive. The size of the site equals 2.2 acres, or 95,832 square feet of land area.

The proposed improvements are to contain 55,680 square feet of gross building area, which is made up of 53,666 square feet of rentable area and 2,014 square feet of common areas. The improvements will be rented to low-income seniors (over the age of 55). Construction is planned to begin in 2026 with completion estimated for 2028. The property is identified as a portion of parcel 081-15-00-003.000 by the Cherokee County Assessor's Office. The street address is West Buford Street, Gaffney, Cherokee County, South Carolina.

PROPERTY IDENTIFICATION

Property Name	Proposed Gaffney Mill Apartments
Address	West Buford Street Gaffney, South Carolina 29341
Tax ID	Portion of 081-15-00-003.000

Tax Map

**PURPOSE OF THE APPRAISAL**

The purpose of the appraisal is to develop an opinion of the market value of the property in the following scenarios:

- Fee simple estate “as is”
- Fee simple estate “as if complete”
- Fee simple estate “as if complete and stabilized”

It should be noted that the fee simple interest in the property “as if complete” and “as if complete and stabilized” is subject to short-term multifamily leases. The date of the report is May 14, 2026.

INTENDED USE AND USER

The intended use of the appraisal is for loan underwriting purposes. The client and intended user is J. M. Cope Construction, with SC Housing identified as an additional user. The appraisal is not intended for any other use or user. Palmetto State Appraisal and Consulting is not responsible for unauthorized use of this report.

CURRENT OWNERSHIP AND SALES HISTORY

The owner of record is the Hamrick Mills. This party acquired the property from Southern Powell Corporation, on October 13, 1997 for a price of \$35,000, according to Deed Book 160, Page 125 of the Cherokee County public records.

To the best of our knowledge, no arm's length sale or transfer of ownership has occurred within the past three years. As of the effective date of this appraisal, the property is subject to an agreement of sale to J. M. Cope, Inc. for a price of \$418,000. The purchaser is planning to develop the property with Gaffney Mill Apartments following purchase.

The most recent sale price is not reflective of current market value due to changing values and market conditions over the past 29 years, as well as changes to the property during that time.

DEFINITION OF MARKET VALUE

Market value is defined as:

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.” (Source: *The Dictionary of Real Estate Appraisal*, Fourth Edition, Appraisal Institute, Chicago, Illinois, 2002)

DEFINITION OF PROPERTY RIGHTS APPRAISED

Fee simple estate is defined as an: “Absolute ownership interest unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.” (Source: *The Dictionary of Real Estate Appraisal*, Fourth Edition, 2002.)

Leased fee interest is defined as: “An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.” (Source: *The Dictionary of Real Estate Appraisal*, Fourth Edition, 2002.)

In the case of the subject, the property rights of the improvements are fee simple.

PRIOR SERVICES

Within the three years prior to the date of this report, no additional appraisals of the subject property have been prepared by Palmetto State Appraisal and Consulting. This report is a stand-alone appraisal. The market value is reported herein with no bias to the subject property. The appraisers use impartiality, independence and objectivity in reporting the market value.

SCOPE OF WORK

Brantley R. Clark, MAI, conducted a site inspection on April 18, 2026. I have identified the subject through tax records, and assembled information about the characteristics of the property that are relevant to the value of the fee simple property rights being appraised and the intended use of the appraisal.

APPLICABLE REQUIREMENTS

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute

VALUATION METHODOLOGY

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

APPROACHES TO VALUE		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Applicable	Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties. In the case of the subject property, the Cost Approach is applicable due to the proposed nature of the improvements.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is an applicable, reliable and valid method in estimating value for the subject property.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties. The subject property is an income-producing property; therefore, the income capitalization approach is an applicable, reliable and valid method in estimating value for the subject property.

OTHER RESEARCH AND ANALYSIS

Additional steps taken to gather, confirm, and analyze relevant data, are detailed in individual sections of the report.

PROPERTY INSPECTION

I conducted a property inspection on April 18, 2026.

PROPERTY DESCRIPTION AND PRODUCTIVITY ANALYSIS

SITE DESCRIPTION AND ANALYSIS

LOCATION

The subject property is located at the corner of West Buford Street, South Oliver Street and Irene Park Drive, near downtown Gaffney. The property has average interstate access. The area is an older residential area of Gaffney, and the subject site was previously the site of a textile mill, which was demolished in recent years. The subject's neighborhood has seen new development in the form of multifamily properties in recent years. The neighborhood is well-established, and has plenty of land available for new development. For these reasons, the neighborhood has seen moderate growth over the past ten years.

LAND AREA

The following table summarizes the subject's land area.

Parcel ID	Land Summary				Topography	Shape
	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)		
p/o 081-15-00-003.000	2.20	95,832	2.20	95,832	Slopes to the South	Flag
Totals	2.20	95,832	2.20	95,832		

TOPOGRAPHY

The site slopes down to the south. The topography does not appear to result in any particular development limitations. The plans for the proposed improvements accommodate the sloping site by including a walk out basement. Copies of the building plans are included in the addenda of this report.

SOIL AND SUB-SOIL CONDITIONS

A soils report was not provided for my review. I assume that the subject's soil bearing capacity is sufficient to support the proposed improvements.

DRAINAGE

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.

UTILITIES AND SERVICES

The availability of utilities to the subject is summarized in the following table. The utilities available to the site are adequate.

UTILITIES	
Service	Provider
Water	Municipal
Sewer	Municipal
Electricity	Duke Power
Natural Gas	Duke Power
Local Phone	Spectrum

STREETS, ACCESS AND FRONTAGE

Details pertaining to street access and frontage for the subject property are provided in the following table.

STREETS, ACCESS AND FRONTAGE			
Street	West Buford Street	South Oliver Street	Irene Park Drive
Frontage Feet	303' +/-	301' +/-	480' +/-
Paving	Asphalt	Asphalt	Asphalt
Curbs	Yes	No	No
Sidewalks	Yes	No	No
Lanes	2	2	2
Direction of Traffic	East/West	North/South	East/West
Condition	Average	Average	Average
Traffic Levels	Moderate	Low	Low
Signals/Traffic Control	None	None	None
Access/Curb Cuts	None	One	One
Visibility	High	High	High

HAZARDS, NUISANCES AND DETRIMENTAL INFLUENCES

An environmental assessment report was not provided for review, and during the inspection, I did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond my scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.

No nuisances or detrimental influences were noted, and it is assumed that the property is not adversely affected by any nuisances or detrimental influences.

The following information was provided by the purchaser of the property:

4. Environmental History & Site Conditions

The subject property is the former Cherokee Finishing Plant, a textile mill facility located near the intersection of Buford Street and Oliver Street in Gaffney. The facility had been out of operation for several years by 1996. Historic uses at the site included textile-related finishing operations, with a metal plating operation in a portion of the basement and a silver recovery area also identified on site.

Prior to additional assessment work, the former plant structure—including the basement slab—was demolished and removed. The building interior was carefully cleaned before demolition. The site was then evaluated through Phase I and Phase II environmental assessment work in 1996, including soil borings, monitoring wells, and soil and groundwater sampling. Based on those investigations, S&ME concluded that no further assessment was recommended at that time, and South Carolina DHEC stated it would not require further site assessment or remediation. Separate correspondence confirmed the site was approved to be closed, capped, and stabilized.

The site has remained a cleared, stabilized parcel since remediation approximately 30 years ago. While the historical Phase I and DHEC closure provide a strong environmental baseline, J.M. Cope has commissioned updated environmental testing which is currently underway to confirm current site conditions and satisfy lender and SC Housing due diligence requirements. Results are anticipated in advance of the full application submission.

FLOOD HAZARD STATUS

The following table provides flood hazard information.

FLOOD HAZARD STATUS	
Community Panel Number	4500460159D
Date	September 16, 2011
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

The subject is not affected by any FEMA flood zone. During the inspection, no wetlands or environmentally sensitive areas were observed.

EASEMENTS, ENCROACHMENTS AND RESTRICTIONS

Other than normal utility easements, I am not aware of any adverse or augmenting easements, encumbrances, or restrictions that would affect value. This valuation assumes no adverse or augmenting easements, encroachments or restrictions and that the subject has a clear and marketable title.

A current survey was not provided for review.

ZONING

The subject is zoned GC, General Commercial District, by the City of Gaffney. The GC zone is “to provide for and promote the development and maintenance of commercial and business uses strategically located to serve the traveling public, the resident population and the larger region of which the City is a part. Toward this end, a wide range of business, and commercial uses are permitted in this District.”

The GC District allows for multifamily uses. The proposed subject improvements would need to adhere to the applicable requirements set forth for multifamily developments. Additional details pertaining to zoning are included in the addenda of this report.

According to the local planning department, there are no pending or prospective zoning changes. Based on my research and discussions with the City of Gaffney Zoning department, the proposed use of the site is a legally conforming use.

OTHER LAND USE REGULATIONS

We are not aware of any other land use regulations that would affect the property.

IMPROVEMENTS DESCRIPTION AND ANALYSIS**OVERVIEW**

The proposed subject improvements are made up of one 4-story building containing 60 multifamily units. The building contains a combined area of 53,666 rentable square feet (55,680 gross square feet). There are to be a total of two different floorplans/unit layouts. There are 26 smaller one bedroom/one bathroom units (742 SF each), and 34 larger two bedroom/two bathroom units (1,011 SF each).

The plumbing fixtures and appliances are the typical, basic fixtures and appliances found in an apartment complex of this class and age. Each unit has one entry door from an interior hallway. The four story building is served by one elevator, and two sets of stairs.

The property is planned to be operated as a low-income senior housing complex. Residents must be over the age of 55, with income of 60% of the Area Median Income or lower. The complex is proposed, with construction to begin later this year. The improvements are to be in excellent condition as of completion of construction.

IMPROVEMENTS DESCRIPTION	
Name of Property	Proposed Gaffney Mill Apartments
General Property Type	Multifamily
Property Sub Type	Garden Apartments
Competitive Property Class	B
Percent Leased	0% (proposed)
Number of Buildings	1
Stories	4 with walk-out basement
Building Shape	Rectangular
Construction Class	D
Construction Type	Wood Frame
Construction Quality	Good
Condition	Good
Number of Units	60
Gross Building Area (SF)	55,680 SF
Net Leasable Area (SF)	53,666 SF
Floor Area Ratio (Net/Gross)	0.96
Land Area (SF)	95,832 SF
Floor Area Ratio (RFA/Land SF)	0.13
Floor Area Ratio (GBA/Land SF)	0.13
Building Area Source	Public records, field measurements, lease
Year Built	Planned for 2026
Year Renovated	N/A
Actual Age	0
Estimated Effective Age (Years)	0
Estimated Economic Life (Years)	45
Remaining Economic Life (Years)	45
Number of Parking Spaces	96
Parking Type	Asphalt paved
Landscaping	Minimal; typical
Special Features	Laundry in units, balconies

CONSTRUCTION DETAILS	
Foundation	Crawl space
Basement	Walk out basement containing 8,924 gross square feet (see plans)
Structural Frame	Wood and concrete block
Windows	Double hung
Roof	Composition shingle
Heating and Air	Central HVAC
Elevators	One
Sprinklers	100%
Entry Type	Interior doors (one per unit, opens to hallway)
Interior Walls	Painted drywall
Floor covering	Vinyl

PROPOSED IMPROVEMENTS ANALYSIS**Actual Age**

The improvements are proposed.

Quality and Condition

The improvements are proposed. They are to be of good quality construction and in good condition upon completion of construction. The quality of the improvements is to be considered to be consistent with that of competing properties, and maintenance is expected to be performed consistently with that of competing properties.

Overall, the market appeal of the subject is expected to be comparable to that of competing properties, considering the quality, condition, size and age of the improvements.

No external obsolescence exists, and none is calculated.

Deferred Maintenance

The improvements are proposed; therefore, no deferred maintenance exists. No deductions are made for deferred maintenance.

Functional Utility

The subject has all of the characteristics that are required by the market, but with no superadequacies. The improvements appear to be adequately suited to their use and in-line with market demands.

CONCLUSION OF IMPROVEMENTS ANALYSIS

In comparison to other competitive properties in the region, the proposed subject improvements are rated as good. Overall, the quality, condition, and functional utility of the improvements are expected to be good for their age and location.

REAL ESTATE TAX ANALYSIS

The real estate tax assessment of the subject is administered by Cherokee County. In 2006, the State of South Carolina passed a real estate tax law which changes the way real estate taxes are assessed.

The South Carolina Real Property Valuation Reform Act of 2006 provides that any increase in the fair market value of real property attributable to the periodic countywide reassessment program is limited to fifteen percent of the prior year's fair market value. However, this limit does not apply to the fair market value of real property when an assessable transfer of interest (ATI) occurred in the year that the transfer value is first subject to tax.

Under the prior law, property tax values only changed during County-wide reassessments. Under the current law, property tax values are adjusted following a sale (ATI).

Real estate taxes in South Carolina are Ad Valorem, meaning a tax applied in proportion to value. Historically, Assessor's Market Values have generally been lower than true market value. Due to the current tax law, as properties sell at market value, the old Assessor's Market Value is replaced with true market value. Assessed values are based on a current conversion ratio of 6% of assessor's market value. The formula for calculating taxes is presented below.

$$\text{Assessor's Market Value} \times 6\% = \text{Assessed Value}$$

$$\text{Assessed Value} \times \text{Millage Rate} = \text{Gross Taxes}$$

$$\text{Gross Taxes} - \text{Tax Credits} = \text{Net Taxes}$$

The subject property currently benefits from a tax exemption under Section 12-37-220 of the Code of Laws of South Carolina, which states that all property of nonprofit housing corporations or instrumentalities of these corporations when the property is devoted to providing housing to low or very low income residents shall be exempt from ad valorem taxation. After the sale transaction, the general partner of the subject property will continue to receive tax-exempt status for the subject property.

ECONOMIC ANALYSIS

MARKET AREA ANALYSIS

The subject is located near downtown Gaffney at the site of a former textile mill. It is located at the corner of West Buford Street, South Oliver Street and Irene Park Drive.

Gaffney is located in the northern portion of South Carolina, between Spartanburg and Charlotte, North Carolina. Interstate access within the submarket is very good, with excellent access to Interstate 85. Gaffney is known as the Peach Capital, and many people recognize the 135 foot tall water tower depicted as a giant peach that can be seen from I-85, known as the Peachoid. The town hosts the annual South Carolina Peach Festival each year during the month of July, including a parade, mud bog, beauty pageant, car and bike show, road race and carnival.

Gaffney's history is highlighted by its Revolutionary War legacy, with two major battles being significant to American independence. The city's attractions include the Cowpens National Battlefield, a preserved Revolutionary War site, the King's Mountain National Military Park, and the Cherokee County History and Arts Museum.

This area of South Carolina is referred to as the "Upstate," which is generally defined as Greenville County, Spartanburg County, Anderson County and the surrounding counties in northwestern South Carolina.

The subject's submarket is defined as the downtown submarket.

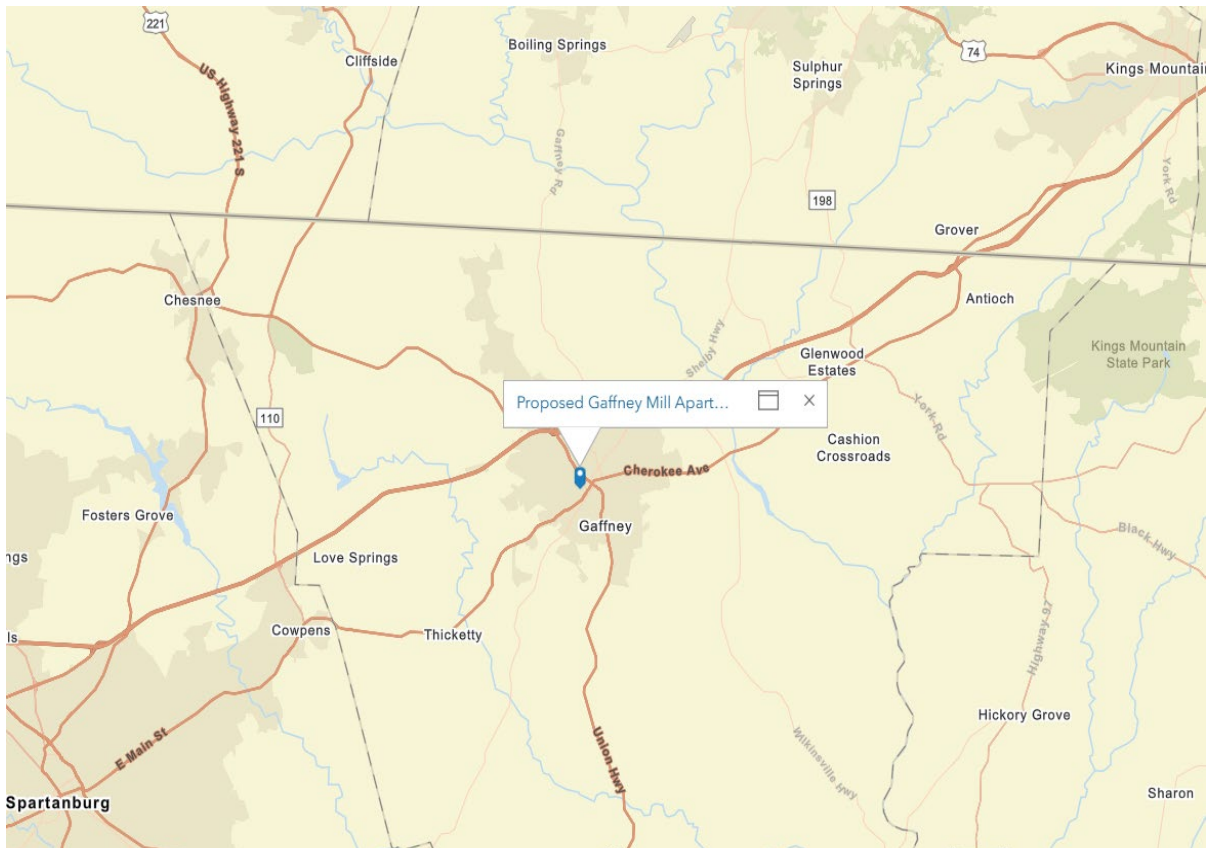
ACCESS AND LINKAGES

Primary access to the area is provided by Interstate 85, which passes through Gaffney. I-85 provides access to Spartanburg to the west and Charlotte to the east.

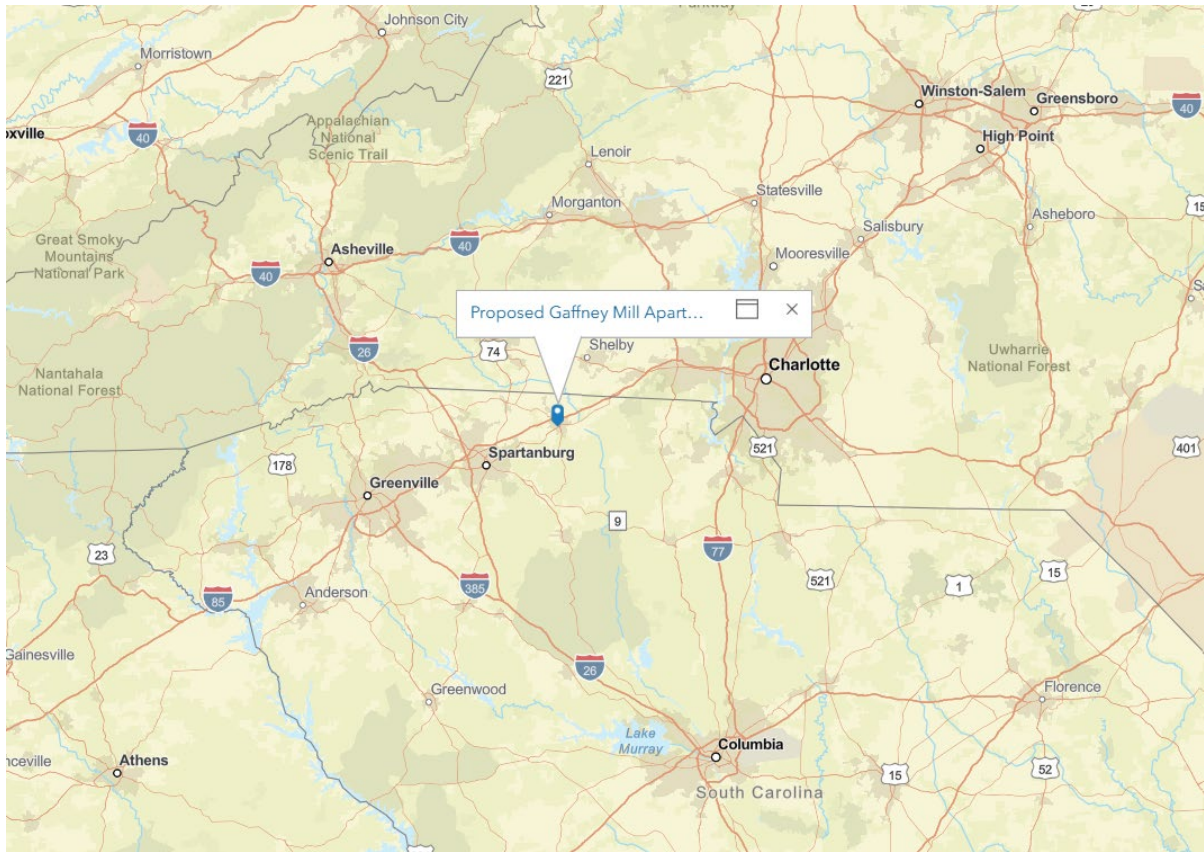
Public transportation is available in the area and is provided by the Country Club Express, operated by the City of Gaffney. The primary mode of transportation in this area is the automobile.

The Greenville/Spartanburg International Airport is located 38 miles southwest of the property; travel time is about 41 minutes, depending on traffic conditions.

NEIGHBORHOOD MAP



AREA MAP



RETAIL AND PUBLIC SERVICES

The nearest shopping facilities serving the area are located near the subject along Cherokee Avenue (US Highway 29), and East Frederick Street. Several retail facilities are located in this area, including the following:

- Wal-Mart Supercenter
- Lowe's Home Improvement
- Food Lion
- Dollar General
- Ingles Supermarket
- Various convenience stores
- Walgreens
- Various branch banks
- Various fast food restaurants, including Waffle House, Chic-Fil-A, Cook Out, McDonald's, Wendy's and others.

A large variety of restaurants, including fast food restaurants and full-service restaurants, are within a 10-minute travel time of the property and are principally located along the major arterials.

LAND USE

Land uses in the subject's immediate neighborhood primarily include single family residences, with some mixed commercial uses on the main thoroughfares. This area of Gaffney is considered older, and both the residential and the commercial properties for the most part were built 30+ years ago, with several newly developed apartment complexes in the neighborhood..

Across the street from the subject is Irene Park, which has a baseball field, skateboard park, and public swimming pool. Downtown Gaffney is east of the subject, and has many local restaurants and shops.

The larger neighborhood includes a mixture of commercial properties, such as churches, schools, chain restaurants, automobile repair shops, banks, and small retail stores. The secondary roads contain single-family residential properties.

SURROUNDING AREA LAND USES

Character of Area	Small town
Predominant Housing Age	30+ years
Predominant Quality and Condition	Good
Approximate Percent Developed	60%
Percent Developed by Land Use	25% Single Family; 5% Apartments; 25% Commercial; 5% Industrial; 40% Agricultural
Infrastructure/Planning	Good
Prospective Change in Land Use	Not Likely
Prevailing Direction of Growth	West

DEVELOPMENT ACTIVITY AND TRENDS

The Gaffney submarket is historically an agricultural area, and continues to predominantly be agricultural in nature. As previously mentioned, many peaches are produced from the numerous peach farms in Gaffney. It is a small town with many farms and agricultural uses in the area.

The downtown area is home to restaurants and shops, as well as small convenience and retail stores, boutiques, and other businesses that support the agricultural and residential nature of the small town.

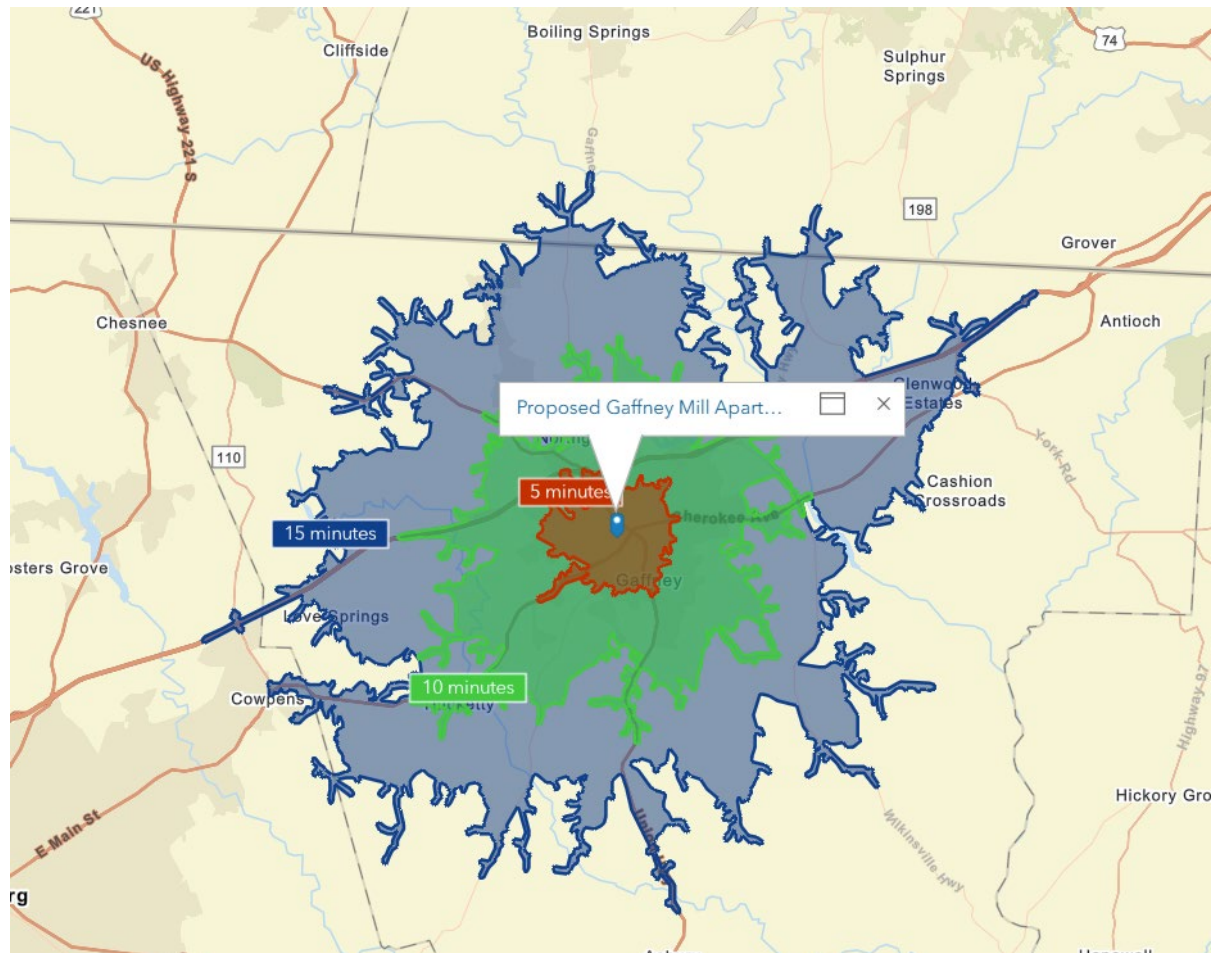
One new multifamily development was recently completed in the subject's neighborhood, with another under construction.

MOST PROBABLE USERS

The most probable users of the subject property are multifamily residence users.

MARKET AREA LOCATION AND BOUNDARIES

The market area is a 10-minute drive-time from the subject property. The map below depicts the market area, with the 10-minute drive-time outlined in green. It is from this market area that the majority of the anticipated potential users for the subject would be drawn.



MARKET AREA AND PROPERTY CHARACTERISTICS

The market area is large enough such that it contains all of the major property types. The subject site would draw from this large market area.

Surrounding Area Demographics			
	10 Minute Drive Time	Greenville- Spartanburg	State of South Carolina
Population 2010 (Actual)	23,454	2,177,408	4,625,344
Population 2020 (Actual)	23,355	2,373,572	5,118,425
Population 2025 (Estimate)	23,159	2,489,032	5,391,458
Population 2030 (Projection)	23,089	2,600,648	5,626,237
Compound % Change 2000-2010	0.0%	0.9%	1.0%
Compound % Change 2010-2025	-0.1%	0.3%	0.3%
Compound % Change 2025-2030	-0.1%	0.9%	0.9%
Households 2010 (Actual)	9,271	872,421	1,801,170
Households 2025 (Estimate)	9,635	1,031,878	2,178,547
Households 2030 (Projection)	9,795	1,093,317	2,304,278
Compound % Change 2010-2025	0.3%	1.1%	1.3%
Compound % Change 2025-2030	0.3%	1.2%	1.1%
Average Household Size 2010 (Actual)	2.45	2.43	2.49
Average Household Size 2025 (Estimate)	2.28	2.35	2.41
Average Household Size 2030 (Projection)	2.24	2.32	2.38
Median Household Income 2025 (Estimate)	\$38,451	\$67,473	\$66,981
Median Household Income 2030 (Projection)	\$42,530	\$76,561	\$79,671
Compound % Change 2025-2030	2.0%	2.6%	3.5%
2025 Median Age (Estimate)	39.3	42	41
2025 Owner Occupied % (Estimate)	59.4%	71.2%	63.3%
2025 Renter Occupied % (Estimate)	40.6%	28.8%	24.3%
2025 Median Home Value (Estimate)	\$155,713	\$298,209	\$280,920
Unemployment Rate as of March*		5.50%	4.90%
Source: STDB/ESRI & *Bureau of Labor Statistics			

POPULATION TRENDS

The population in this area is projected to increase at a lower rate as compared to both the Greenville-Spartanburg DMA and the State of South Carolina. The number of households is also projected to increase at a lower rate as compared to both the Greenville-Spartanburg DMA and the State of South Carolina. This indicates that it is reasonable to expect demand to increase in this market area at a lower rate as compared to both the Greenville-Spartanburg DMA and the State of South Carolina in the future.

HOUSING TRENDS

The market area has a lower percentage of owner-occupied housing as compared to the Greenville-Spartanburg DMA and the State of South Carolina. Also, the market area has a higher percentage of renter occupied housing as compared to the Greenville-Spartanburg DMA and the State of South Carolina. This indicates that there is more of a transitory population in the subject area as compared to the Greenville-Spartanburg DMA and the State of South Carolina.

INCOME TRENDS

The median household income is estimated to be lower than both the Greenville-Spartanburg DMA and the State of South Carolina. The median home value is estimated to be lower than that of both the Greenville-Spartanburg DMA and the State of South Carolina.

UNEMPLOYMENT TRENDS

Data available from the Bureau of Labor Statistics typically reflects two months prior. Therefore, as of the writing of this report, the most recent unemployment data available is for March 2026, as reflected in the table on the previous page.

MAJOR EMPLOYERS

The major employers for the area are shown below.

20 LARGEST EMPLOYERS

AMBASSADOR PERSONNEL INC
BOYSEN USA LLC
BRODER BROS CO
Brown Packing Co Inc
CHAMPION FOODS LLC
CHEROKEE COUNTY
CHEROKEE COUNTY SCHOOL DISTRICT #1
CHEROKEE COUNTY SCHOOL DISTRICT 1
CORRELL INSURANCE GROUP INC
DOLLAR TREE DISTRIBUTION INC
FREIGHTLINER CHASSIS CORPORATION
HAMRICK MILLS
HAMRICKS INC
Milliken & Company Magnolia Finishi
NESTLE FOOD COMPANY
PERSONNEL ASSOCIATES INC
Real Time Staffing Services, LLC
THE TIMKEN COMPANY
WAL-MART ASSOCIATES INC
WH Operating Group LP

Source: South Carolina Department of Employment & Workforce QCEW

OUTLOOK AND CONCLUSIONS

The characteristics of the market area indicate a population that is growing at a slower rate as compared to both the Greenville-Spartanburg DMA and the State of South Carolina. The population of the area, on average, has a lower income as compared to the Greenville-Spartanburg DMA and the State of South Carolina. This area has a slightly younger population with less education overall. These factors typically indicate that property values in the area should remain stable or decrease slightly until demand increases.

The subject site, near Downtown Gaffney, was previously home to an old textile mill, but that was demolished and it is now vacant land. The neighborhood is well-established, and has plenty of land available for new development. For these reasons, the neighborhood has seen moderate growth over the past ten years.

Population in the area is expected to decrease slightly in the coming years. This indicates that demand will remain stable or decrease slightly.

HIGHEST AND BEST USE ANALYSIS

PROCESS

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use of a property is “the reasonably probable and legal use of vacant land or an improved property, which 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.” (The Dictionary of Real Estate Appraisal, Fourth Edition, Appraisal Institute, Chicago, Illinois, 2002).

To summarize, the highest and best use must be:

- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Physically possible.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

HIGHEST AND BEST USE AS IF VACANT

The site is zoned GC, General Commercial District, by the City of Gaffney. This district allows for multifamily uses.

As discussed in the “Market Area Analysis” section of this report, the neighborhood is currently in a stage of growth or stability. The location of the site within an established residential neighborhood should be considered. Development for multifamily residential use is the only use that meets the four tests of highest and best use.

CONCLUSION

Development of the site for multifamily residential use is the only use that meet the four tests of highest and best use. Therefore, a new multifamily residential property is concluded to be the highest and best use of the property as if vacant.

MOST PROBABLE BUYER

Based on the characteristics of the property, the likely buyer is a developer.

VALUATION ANALYSIS

VALUATION METHODOLOGY

The three traditional methods to estimating the market value of real property are the cost approach, the sales comparison approach and the income capitalization approach.

The cost approach is defined by The Dictionary of Real Estate Appraisal, 4th Edition, 2002 as:

“A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost 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.”

The cost approach is especially applicable when the improvements being appraised are relatively new and represent the highest and best use of the land, or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The sales comparison approach is defined by The Dictionary of Real Estate Appraisal, 4th Edition, 2002 as:

“A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales is available.”

The sales comparison approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market, or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The income capitalization approach is defined by The Dictionary of Real Estate Appraisal, 4th Edition, 2002 as:

“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.”

The income capitalization approach is relied on most heavily when appraising income-producing properties. It is less reliable with special purpose properties and properties that are not commonly leased.

In the case of the subject, the Cost Approach is the most applicable method for estimating market value. We have reliable cost estimates for construction, as well as construction cost comparables, in addition to construction cost manuals.

The Sales Comparison Approach is less reliable in the case of the subject, because when complexes sell with income/rent restrictions in place, due to varying motivations and intricacies of each particular deal (LIHTC acquisition/rehab, non-profit ownership, tax abatements, etc.), these sales are not well-suited for direct comparison. Simply using sales comparables of conventional apartment communities does not lead to a reliable value indication due to the difficulty in measuring the stigma and/or functional obsolescence that the market associates with a low-income complex. One of the basic tenets of employing the Sales Comparison Approach is selecting truly comparable properties. For an appraiser to knowingly rely upon a set of comparables that are not comparable is misleading to the reader of the appraisal.

Typically, the Income Capitalization Approach receives most emphasis in determining value for a multifamily development. However, it should be noted that conventional multifamily developments operate “for profit.” Purchasers of a property would base a purchase decision on the income generated. In the case of a property such as the subject, a potential purchaser would instead look to income and/or incentives that would be generated in other ways that would make the property appealing, such as income and/or incentives generated from grants, tax credits, tax abatements, and the like. The IRS and state LIHTC allocating agencies do not allow establishing a fair market value for a development by including the added value of receiving a LIHTC allocation (which would then be deemed investment value).

As a LIHTC property, the subject will operate under a flat rent schedule, with tenants paying a portion of their income to rent. The rent is not market-oriented; the development’s operations are to be subsidized and will operate on a break-even basis, not in a profit-generating manner. Furthermore, projected expenses are not in line with market expenses, and are significantly higher.

As such, relying on the subject’s projected income and expenses, and not taking into factor the benefits of any subsidies or abatements, would not lead to a reliable estimate of value, as it does not replicate the purchase decision made by a prudent buyer.

For the reasons outlined above, the cost approach receives most emphasis in the Reconciliation of Value in this assignment, because potential purchasers of the subject property would base a purchase decision on the replacement cost of the improvements. The reconciliation discusses the relative strengths and weaknesses of each approach, and the applicability of each approach to the property type.

COST APPROACH

The cost approach is based on the principle of substitution – that a prudent and rational person would pay no more for a property than the cost to construct a similar and competitive property, assuming no undue delay in the process. The applied process is as follows:

- Estimate the land value according to its highest and best use. We have used the sales comparison approach; the process is as follows:
 - Comparable sales, contracts for sale and current offerings are researched and documented.
 - Each comparable is analyzed and adjusted to equate with the subject property.
 - The value indication of each comparable is analyzed and the data reconciled for a land value indication.
- Estimate the replacement cost of the building and site improvements.
- Estimate the physical, functional and/or external depreciation accrued to the improvements.
- Sum the depreciated value of the improvements with the value of the land for an indication of value.

LAND VALUATION

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. The sales comparison approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the sales comparison approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value of indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the sales comparison approach.

Our search for comparable sales focused on transactions most relevant to the subject in terms of location, size, highest and best use, and transaction date.

For this analysis, we use price per acre as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis.

LAND COMPARABLES

We have researched three comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified.

LAND COMPARABLES					
	Address	City Date	State Price	Land SF Acres	Price/Land SF Price/Acre
	Comments				
1	West Montgomery Ave. Gaffney, SC	Gaffney June 9, 2025	SC \$975,000	226,076 5.19 usable	\$4.31 \$187,970
2	9031 Asheville Hwy. Boiling Springs, SC	Boiling Springs January 15, 2026	SC \$1,000,000	171,626 3.94	\$5.83 \$253,807
3	Gaffney Ave. Gaffney, SC	Gaffney January 15, 2026	SC \$75,000	21,780 0.50	\$3.44 \$150,000

LAND SALE PROFILE NO. 1

**Property Identification**

Property Type	Land
Address	W. Montgomery St. West, Gaffney, Cherokee County, SC
Tax ID	081-15-00-004.003

Sale Data

Grantor	Hamrick Mills
Grantee	HD Belle Haven LLC
Sale Date	June 9, 2025
Deed Book/Page	185/1779
Recorded Plat	185/968
Property Rights	Fee simple
Financing	Typical
Verification	Other sources: Appraisal file, Grantor, Public records; Confirmed by Brantley Clark

Sale Price	\$975,000
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LAND SALE PROFILE NO. 1 (Cont.)**Land Data**

Land Size	7.98 Acres or 347,609 SF
Usable Land Size	5.19 Acres or 226,076 SF
Front Footage	Montgomery Street
Zoning	GC, General Commercial, City of Gaffney
Topography	Gently sloping
Shape	Generally Rectangular

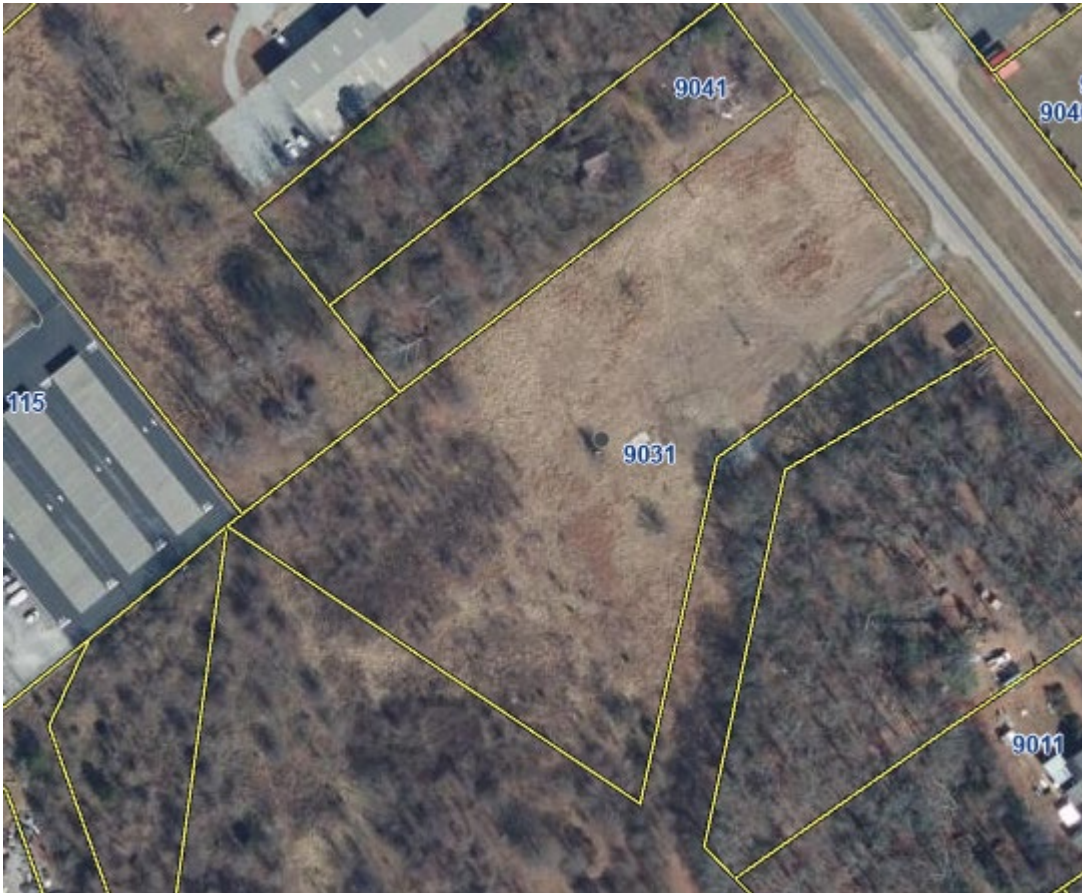
Indicators

Sale Price/Acre	\$122,180
Sale Price/Land SF	\$2.80
Sale Price/Usable Acre	\$187,861
Sale Price/Usable SF	\$4.31

Remarks

This is the sale of a site that was purchased for development of a multifamily housing property. At the time of purchase, the site was vacant. The site contains approximately 2.79 acres of unusable land due to wetlands and/or floodplain.

LAND SALE PROFILE NO. 2

**Property Identification**

Property Type	Raw Land
Address	9031 Asheville Highway, Boiling Springs, Spartanburg County, SC
Tax ID	2-50-00-094.15

Sale Data

Grantor	Wesley Farms LLC
Grantee	BB&F Enterprises LLC
Sale Date	January 15, 2026
Deed Book/Page	155V/200
Recorded Plat	N/A
Property Rights	Fee simple
Financing	Typical
Verification	Other sources: Grantee, Public records; Confirmed by Brantley Clark
Sale Price	\$1,000,000

LAND SALE PROFILE NO. 2 (Cont.)**Land Data**

Land Size	3.94 Acres or 171,626 SF
Front Footage	Asheville Highway
Zoning	No zoning in Spartanburg County
Topography	Generally level and at grade
Shape	Slightly irregular

Indicators

Sale Price/Acre	\$253,807
Sale Price/Land SF	\$5.83

Remarks

This site was purchased for development of a multifamily apartment complex. It is located in Boiling Springs, in close proximity to Interstate 26.

LAND SALE PROFILE NO. 3

**Property Identification**

Property Type	Raw Land
Address	Gaffney Avenue, Gaffney, Cherokee County, SC
Tax ID	081-13-00-007.000

Sale Data

Grantor	BMK Properties LLC
Grantee	Storage Yard LLC
Sale Date	January 15, 2026
Deed Book/Page	193/1873
Recorded Plat	188/2668
Property Rights	Fee simple
Financing	Typical
Verification	Other sources: Grantee, Public records; Confirmed by Brantley Clark
Sale Price	\$75,000

LAND SALE PROFILE NO. 3 (Cont.)**Land Data****Land Size**

0.50 Acres or 21,780 SF

Front Footage

Gaffney Avenue and Golden Lane

Zoning

GC, General Commercial, by the City of Gaffney

Topography

Generally level

Shape

Generally rectangular

Indicators**Sale Price/Acre**

\$150,000

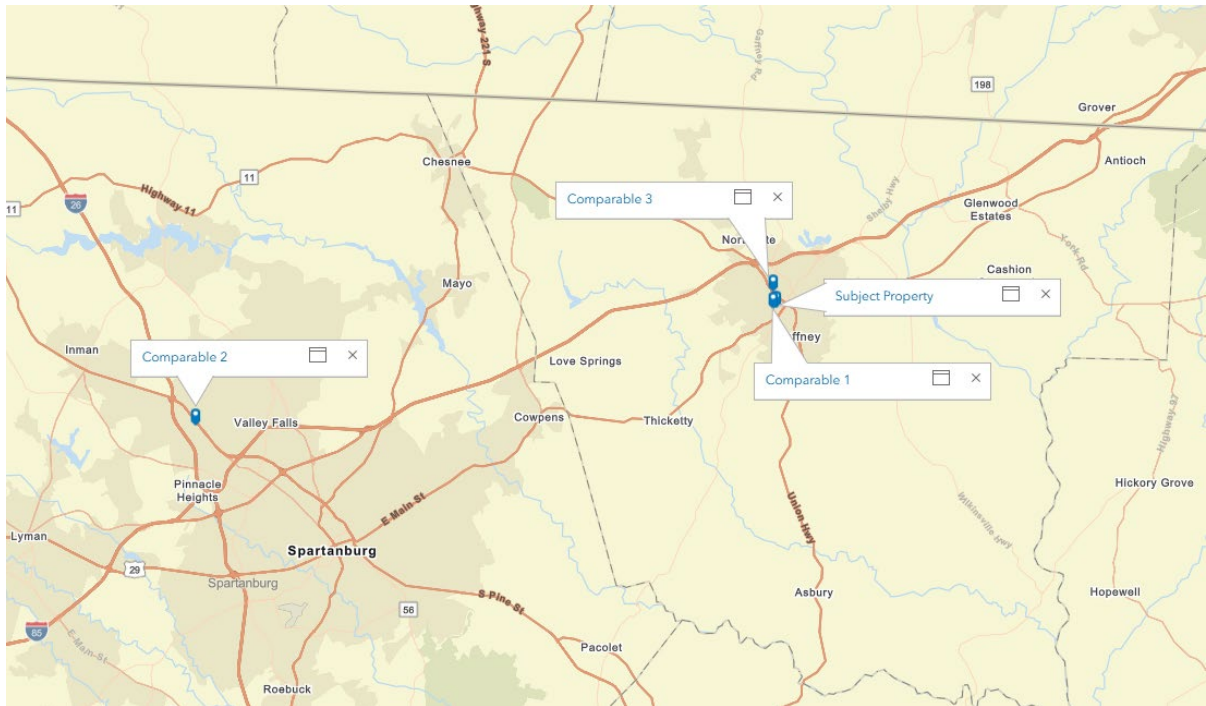
Sale Price/Land SF

\$3.44

Remarks

This is the sale of a property located in Gaffney. It is located at the corner of Gaffney Avenue and Golden Lane, just east of West Floyd Baker Boulevard.

COMPARABLE LAND SALES MAP



ANALYSIS AND ADJUSTMENT OF SALES

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	No adjustments required.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	No adjustments required.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	No adjustments required.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustments required.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	Market conditions continue to see increases, despite uncertainties surrounding interest rates. For this reason, we apply an upward annual adjustment to each comparable of 2%.
Location	Market or submarket area influences on sale price; surrounding land use influences.	Comparables 1 and 3 are located in Gaffney, like the subject, and do not require adjustment for location. Comparable 2 is located in Boiling Springs, in Spartanburg County, and requires a downward adjustment of 10%.
Size	Inverse relationship that often exists between parcel size and unit value.	No adjustments required.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	The subject has gently sloping topography, as does Comparable 1. Comparables 2 and 3 are generally level and at grade, which is considered superior to the subject's sloping topography. For this reason, we apply a downward adjustment of 5% to Comparables 2 and 3 for topography. Comparable 1 does not require adjustment. No adjustments are warranted for differences in shape.

Adjustment Factor	Accounts For	Comments
Utilities	The availability of utilities to a site affects the desirability to a purchaser and the expenditures following purchase to provide the site with utilities.	No adjustments required.
Access/Visibility	Access and visibility have an effect on property value, particularly retail properties such as the subject, which rely on motorists to see signage. Ease of access from multiple roads is most desirable, and corner lots are preferred.	No adjustments required.
Zoning	Zoning has an effect on property value because it can limit the potential development uses of a site.	No adjustments required.

The following table summarizes the adjustments we make to each sale.

Land Analysis Grid		Comp 1		Comp 2		Comp 3	
Address	West Buford Street	W. Montgomery Ave. Lot 2		9031 Asheville Highway		Gaffney Avenue	
City	Gaffney	Gaffney		Boiling Springs		Gaffney	
State	South Carolina	South Carolina		South Carolina		South Carolina	
Date	4/18/2026	6/9/2025		1/15/2026		1/15/2026	
Price		\$975,000		\$1,000,000		\$75,000	
Acres	2.20	7.98		3.94		0.50	
Usable Acres	1.24	5.19		3.94		0.50	
Usable Acre Unit Price		\$187,970		\$253,807		\$150,000	
Transaction Adjustments							
Property Rights	Fee Simple	Fee simple	0.0%	Fee simple	0.0%	Fee simple	0.0%
Financing	Conventional	Cash	0.0%	Cash	0.0%	Cash	0.0%
Conditions of Sale	Typical	Typical	0.0%	Normal	0.0%	Normal	0.0%
Expenditures After Sale		\$0		\$0		\$0	
Adjusted Usable Acre Unit Price		\$187,970		\$253,807		\$150,000	
Market Trends Through	4/18/26	2.0%	1.7%	0.5%		0.5%	
Adjusted Usable Acre Unit Price		\$191,189		\$255,091		\$150,759	
Location	Good	Similar		Superior		Similar	
% Adjustment		0%		-10%		0%	
\$ Adjustment		\$0		-\$25,509		\$0	
Usable Acres	2.20	5.19		3.94		0.50	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Topography	Gently sloping	Similar		Level		Level	
% Adjustment		0%		-5%		-5%	
\$ Adjustment		\$0		-\$12,755		-\$7,538	
Shape	Generally rectangular	Generally rectangular		Generally rectangular		Generally rectangular	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Utilities	Public	Public		Public		Public	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Access/Visibility	Excellent	Similar		Similar		Similar	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0	
Adjusted Usable Acre Unit Price		\$191,189		\$216,827		\$143,221	
Net Adjustments		1.7%		-14.6%		-4.5%	
Gross Adjustments		35.0%		15.0%		20.0%	

LAND VALUE CONCLUSION – AS IS

We place most emphasis on Comparable 1 due to its location across the street from the subject site. Secondary emphasis is placed Comparables 2 and 3. We arrive at an overall indication of value as follows:

LAND VALUE CONCLUSION – OVERALL, AS IS	
Indicated Value per acre	\$190,000
Subject Acres	2.20
Indicated Value	\$418,000
Rounded	\$420,000

COST APPROACH

The steps taken to apply the cost approach are:

- Develop an opinion of the value of the land as though vacant and available to be developed to its highest and best use, as of the effective date of the appraisal;
- Estimate the replacement cost new of the proposed improvements using Marshall Valuation Service, an analysis of market construction cost comparables, and a review of the subject's construction budget;
- Estimate depreciation from all causes and deduct this estimate from replacement cost new to arrive at depreciated replacement cost of the improvements; and
- Add land value to the depreciated replacement cost of the improvements to arrive at a market value indication for the property overall.

ESTIMATE OF REPLACEMENT COST

Replacement cost is the current cost to construct improvements with equivalent utility to the subject, using modern materials and current standards, design, and layout. Estimates of replacement cost for the purpose of developing a market value opinion include three components: direct costs, indirect costs (also known as soft costs) and entrepreneurial profit.

Direct Costs

Direct costs are expenditures for labor, materials, equipment and contractor's overhead and profit. We use Marshall Valuation Service (MVS) as the basis of our direct cost estimate. In addition to direct costs, MVS includes certain indirect costs such as architectural and engineering fees, and interest on building loan funds during construction.

Soft Costs

MVS does not include all of the soft, or indirect costs that are appropriate in a replacement cost estimate. Therefore, we add an allowance for the following indirect costs that are not contained within MVS: taxes and carrying costs on land during construction; legal and accounting fees; and marketing and finance costs prior to stabilization. We estimate that a 15% allowance for additional indirect costs is appropriate.

Entrepreneurial Profit

The final component of the replacement cost estimate is entrepreneurial profit, also referred to as entrepreneurial incentive, the financial reward that a developer would expect to receive in addition to recovering all direct and indirect costs. This is the

expected compensation that would be necessary to motivate a developer to undertake the project.

Typically, entrepreneurial profit is between 10% and 30%. In the case of the subject, which is a well-located property, the entrepreneurial profit is expected at the upper end of the range. It is our estimate that an allowance of 30% of total direct and indirect costs is appropriate.

Replacement Cost New

The following tables show our replacement cost estimates for the subject building improvements and site improvements.

Marshall & Swift						
Cost Source: Marshall & Swift			# 12: Dwellings, Multiples, Motels			
No. of Stories Multiplier:	1.000		Local Multiplier: 0.930			
Height/Story Multiplier:	1.090		Current Cost Multiplier: 1.210			
Perimeter Multiplier:	1.000		Combined Multipliers: 1.227			
Building Improvements						
Item	Unit Type	Cost	Quantity	Multiplier	Total	
Multiple Residences	Sq. Ft.	\$157.00	55,680	1.227	\$10,722,442	
In-Unit Appliances	Per Unit	\$1,400.00	60	1.227	\$103,032	
Sprinklers	Sq. Ft.	\$3.25	55,680	1.227	\$221,961	
Total Building Improvement Costs					\$11,047,436	
Price per SF Gross Building Area					\$198.41	
Site Improvements						
Item	Unit Type	Cost	Quantity	Total		
Parking	Per Unit	\$1,800	96	\$172,800		
Site Work	Sq. Ft.	\$15.00	55,680	\$835,200		
Total Site Improvement Costs					\$1,008,000	
Subtotal: Building & Site Costs					\$12,055,436	
Price per SF Gross Building Area					\$216.51	
Soft Costs						
Item				Percent Type	Total	
Soft Costs	15.0%	% Bld. & Site Cost		\$1,808,315		
Total Soft Costs					\$1,808,315	
Total Costs						
Subtotal: Building, Site & Soft Costs					\$13,863,751	
Entrepreneurial Incentive					30.0%	\$4,159,125
Total Cost					\$18,022,876	
Price per SF Gross Building Area					\$323.69	

ESTIMATE OF DEPRECIATION

Depreciation is the difference between the replacement cost new of the improvements and their contribution to overall property value on the effective date of the appraisal. The subject improvements are new, and do not suffer from any form of depreciation.

Deferred Maintenance

No items of deferred maintenance exist because the improvements are proposed.

Age-Life Depreciation

After deducting deferred maintenance, if any, we use the age-life method to estimate depreciation applicable to the remaining replacement costs. This method indicates the loss in value due to physical deterioration and some functional obsolescence based on the age and condition of the improvements. The age-life method is applied on a straight-line basis, by dividing the subject's effective age by its economic life. Age-life depreciation for the site improvements is estimated separately from the building improvements, based on their shorter economic lives.

Functional Obsolescence

Functional obsolescence is a loss in value due to changes in market tastes and standards. In the case of the subject, it is not necessary to make a deduction for additional functional obsolescence over and above that accounted for in the age-life method.

External Obsolescence

External obsolescence is a loss in value due to external causes, such as imbalances in supply and demand or negative location influences.

A deduction for external obsolescence is intentionally withheld from the preceding effective age/total economic life ratio in the LIHTC market value scenario. In the *Income Capitalization* section of this report, we will discuss and calculate projected income, expenses, and capitalization rates for both valuation scenarios. Our external obsolescence estimate is based on the hypothetical market rent net operating income and deducting the net operating income of the LIHTC market scenario, and capitalizing that figure by the market scenario going-in capitalization rate. Our calculation is shown as follows.

FURNITURE, FIXTURES AND EQUIPMENT

As a multifamily property, the subject has furniture, fixtures, and equipment, commonly abbreviated as FF&E, in the form of in-unit appliances. The cost of the FF&E is included in the Cost Analysis.

VALUE INDICATION BY COST APPROACH

By combining our land value conclusion with the depreciated replacement cost of the improvements, we arrive at a value indication by the cost approach as shown in the table below. This value indication reflects the property at stabilized occupancy. To estimate market value at completion, adjustments are applied to the stabilized value as shown below.

Marshall & Swift					
Cost Source: Marshall & Swift		# 12: Dwellings, Multiples, Motels			
No. of Stories Multiplier: 1.000		Local Multiplier: 0.930			
Height/Story Multiplier: 1.090		Current Cost Multiplier: 1.210			
Perimeter Multiplier: 1.000		Combined Multipliers: 1.227			
Building Improvements					
Item	Unit Type	Cost	Quantity	Multiplier	Total
Multiple Residences	Sq. Ft.	\$115.00	55,680	1.227	\$7,854,018
In-Unit Appliances	Per Unit	\$1,400.00	60	1.227	\$103,032
Total Building Improvement Costs					\$7,957,050
Price per SF Gross Building Area					\$142.91
Site Improvements					
Item	Unit Type	Cost	Quantity		Total
Parking	Per Unit	\$2,700	96		\$259,200
Site Work	Sq. Ft.	\$16.00	55,680		\$890,880
Total Site Improvement Costs					\$1,150,080
Subtotal: Building & Site Costs					\$9,107,130
Price per SF Gross Building Area					\$163.56
Soft Costs					
Item			Percent Type		Total
Soft Costs	12.0%		% Bld. & Site Cost		\$1,092,856
Total Soft Costs					\$1,092,856
Total Costs					
Subtotal: Building, Site & Soft Costs					\$10,199,986
Entrepreneurial Incentive 20.0%					\$2,039,997
Total Cost					\$12,239,983
Price per SF Gross Building Area					\$219.83
Depreciation: Section 1 of 1					
Component	Eff. Age	Life	Percent		Amount
Physical Deterioration: Building	0	45	0%		\$0
Physical Deterioration: Site Improvements	0	25	0%		\$0
Functional Obsolescence Building			0%		\$0
External Obsolescence Building			0%		\$0
Total Depreciation					\$0
Depreciated Value of Improvements					\$12,239,983
Cost Per Square Foot Gross Building Area					\$219.83
Land Value					
Land Value					\$418,000
Other					\$0
Cost Approach Value Indication					\$12,657,983
Rounded					\$12,660,000
Price per SF Gross Building Area					\$227.37

VALUE INDICATION BY COST APPROACH

Depreciated Replacement Cost

Land Value

Indicated Property Value, "As Is"

"As Is" Property Value, Rounded

SALES COMPARISON APPROACH

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The sales comparison approach is most applicable when sufficient recent and reliable transactions exist to indicate value trends. The steps taken to apply the sales comparison approach are:

- Identify relevant property sales;
- Research and assemble pertinent data for the most relevant sales;
- Analyze the sales for material differences compared with the subject;
- Reconcile the analysis of the sales into a value indication for the subject.
- Deduct the cost of the renovations to arrive at an “as is” value.

Our search for comparable sales focused on transactions within the following parameters:

Property Type: Garden Apartment Complexes

Size: More than 20 units

Location: South Carolina and North Carolina

Transaction Date: Within 24 months preceding the effective date of the appraisal

The sales most relevant to analyzing the value of the subject as improved to its highest and best use are detailed on the following pages.

IMPROVED SALE NO. 1

**Property Identification****Property Type**

Garden Apartment Complex

Address

9054 McDowell Creek Court, Cornelius, Mecklenburg County, NC

Tax ID

00507199

Sale Data**Grantor**

McDowell Creek Court, LLC

Grantee

McDowell CC, LLC

Sale Date

September 3, 2024

Deed Book/Page

39049/302

Recorded Plat

N/A

Property Rights

Fee simple

Financing

Conventional

Verification

Other sources: Grantee, Appraisal files, Public records; Confirmed by Brantley Clark

Sale Price

\$4,800,000

IMPROVED SALE NO. 1 (Cont.)

Land Data

Land Size	1.2 Acres or 52,272 SF
Zoning	NMX, Neighborhood Mixed Use
Topography	Gently sloping
Dimensions	NA
Shape	Irregular
Landscaping	Typical, attractive

General Physical Data

No. of Buildings	1
Construction Type	Vinyl siding / Masonry
Stories	3
Year Built	2018
Gross SF	35,412
Net SF	35,412
No. Units	24

Indicators

Sale Price/Unit	\$200,000
Occupancy at Sale	92%
Actual Capitalization Rate	4.40%

Remarks

This is the sale of a garden apartment complex in Cornelius, NC. The property contains 24 units total in one building. The units are a mixture of 2 BR/2 BA and 3 BR/2 BA. The property was 92% occupied at the time of sale (2 vacant units). The property sold at a 4.40% capitalization rate. The property sold in September 2024 for \$4,800,000. According to the broker, the property was not publicly listed. Broker stated that the lower capitalization rate associated with the sale was due to a low debt ratio.

IMPROVED SALE NO. 2

**Property Identification****Property Type**

Garden Apartment

Address

202 Walnut Hill Drive, Easley, Pickens County, SC 29642

Tax ID**Sale Data****Grantor**

JTS Development LLC

Grantee

White Horse Plaza LLC

Sale Date

June 28, 2024

Deed Book/Page

2690/341

Recorded Plat

NA

Property Rights

Fee simple

Financing

Conventional

Verification

Other sources: Grantee, Appraisal files, Public records; Confirmed by Brantley Clark

Sale Price

\$3,760,000

IMPROVED SALE NO. 2 (Cont.)

Land Data

Land Size	1.42 Acres or 61,855 SF
Topography	Generally level and at grade
Dimensions	NA
Shape	Irregular
Landscaping	Typical, attractive

General Physical Data

No. of Buildings	2
Construction Type	Wood frame with vinyl siding exterior
Stories	2
Year Built	2023
Gross SF	25,708
Net SF	23,760
No. Units	24

Indicators

Sale Price/Unit	\$156,667
Occupancy at Sale	92%
Actual Capitalization Rate	7.86%

Remarks

This is the sale of a garden apartment complex in Easley, SC. It is made up of two buildings with 24 total units. The unit mix contains all 2-bedroom/2-bathroom units, each containing 990 square feet of rentable area. The property sold at a 7.86% overall rate.

IMPROVED SALE NO. 3

**Property Identification****Property Type**

Garden Apartment Complex

Address

130 Sherman Court, Raeford, Hoke County, NC 28376

Tax ID**Sale Data****Grantor**

Cumberland Park LLC

Grantee

EW&J Property Management LLC

Sale Date

February 27, 2024

Deed Book/Page

1522/730

Recorded Plat

NA

Property Rights

Fee simple

Financing

Conventional

Verification

Other sources: Grantee, Appraisal files, Public records; Confirmed by Brantley Clark

Sale Price

\$3,200,000

IMPROVED SALE NO. 3 (Cont.)

Land Data

Land Size	1.87 Acres or 81,457 SF
Topography	Generally level and at grade
Dimensions	NA
Shape	Irregular
Landscaping	Typical, attractive

General Physical Data

No. of Buildings	10
Construction Type	Wood frame with vinyl siding
Stories	2
Year Built	2012
Gross SF	29,200
Net SF	29,200
No. Units	20

Indicators

Sale Price/Unit	\$160,000
Occupancy at Sale	100%
Actual Capitalization Rate	6.20%

Remarks

This is the sale of a townhome-style apartment complex in Raeford, NC. It is made up of 20 units in 10 buildings. The property was 100% occupied at the time of sale.

IMPROVED SALE NO. 4

**Property Identification****Property Type**

Garden Apartment Complex

Address10615 Steele Creek Road, Charlotte, Mecklenburg County, NC
28273**Tax ID**

201-341-54

Sale Data**Grantor**

Steele Creek 36 LLC

Grantee

MC Exchange At Steele Creek LLC

Sale Date

June 23, 2025

Deed Book/Page

39673/197

Recorded Plat

NA

Property Rights

Fee simple

Financing

Conventional

VerificationOther sources: Grantee, Appraisal files, Public records; Confirmed
by Brantley Clark**Sale Price**

\$7,450,000

IMPROVED SALE NO. 4 (Cont.)

Land Data

Land Size	2.27 Acres or 98,968 SF
Topography	Generally level and at grade
Dimensions	NA
Shape	Irregular
Landscaping	Typical, attractive

General Physical Data

No. of Buildings	1
Construction Type	Masonry and vinyl siding
Stories	3
Year Built	2023
Gross SF	32,484
Net SF	32,484
No. Units	36

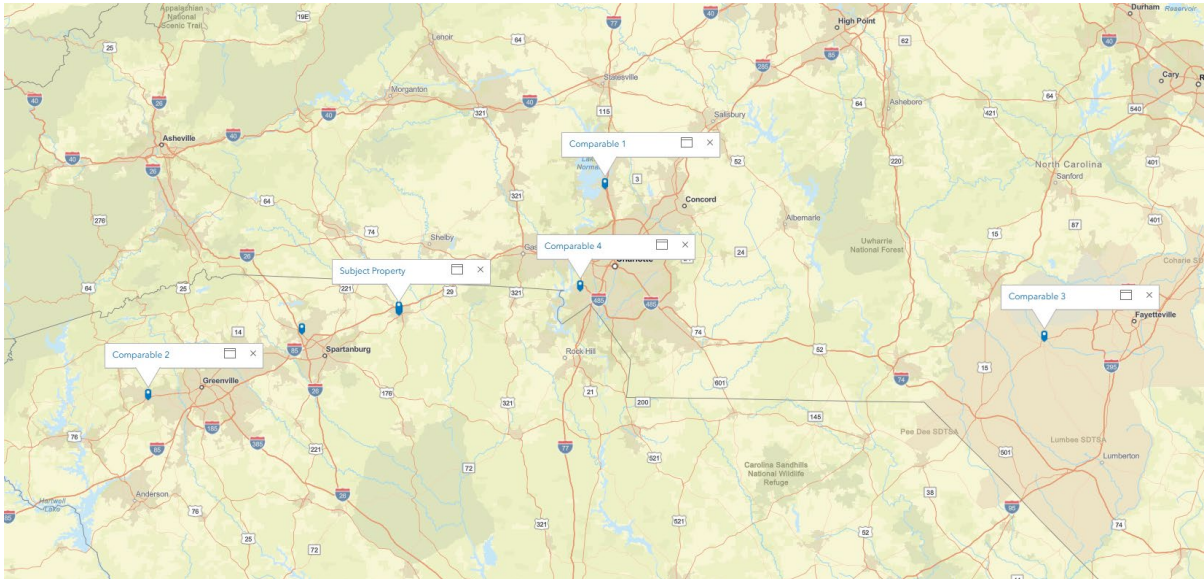
Indicators

Sale Price/Unit	\$206,944
Occupancy at Sale	86.11%
Actual Capitalization Rate	Not disclosed

Remarks

This is the sale of an affordable housing apartment complex in Charlotte, NC.

IMPROVED SALES MAP



ADJUSTMENT FACTORS

The comparables are compared to the subject and adjusted according to the generally accepted adjustment categories. The first four categories – property rights conveyed, financing terms, conditions of sale, and market conditions – are cumulative. A comparable is adjusted for the cumulative adjustments first before the remaining adjustments are applied. Location, physical characteristics and other adjustments are additive and may take place in any order. An explanation of each adjustment category accompanies the adjustment.

Property Rights Conveyed

This adjustment is applied to reflect the transfer of property rights that might differ from those of the subject, such as fee simple, leased fee, leasehold, or a partial interest. The subject and comparables are all leased fee, and no adjustment is required.

Financing Terms

This adjustment is applied to a comparable that did not transfer under typical financing terms. Examples of atypical financing include seller financing, the assumption of favorable existing financing, or other financing at non-market terms. No adjustment for any atypical financing is required.

Conditions of Sale

This adjustment is applied to reflect any extraordinary motivations of the buyer or seller to complete the sale. These can include a forced sale for less or more than market value, a transaction between related parties, and any significant buyer expenditures immediately after purchase if not considered previously. No adjustments are required for conditions of sale.

Market Conditions

This adjustment reflects market differences occurring between the effective date of the appraisal and the transaction date of the comparable when values have increased or decreased. I note that the sales took place from February 2024 through June 2025, and that market conditions and that market conditions have continued to strengthen through mid-2026. For this reason, we apply an annualized upward adjustment of 2% to each comparable.

Physical Characteristics

Adjustments for physical characteristics consider differences between the comparables and subject in such areas as location, size, age/year built, land size, building quality and condition.

Location: Comparables 1 and 4 require a downward adjustment of 5% to account for superior location.

Size: The comparables are of similar size as compared to the subject; therefore, no adjustments are warranted for size.

Age/Year Built: Comparables 1 and 3 are older construction as compared to the subject, and require upward adjustments of 5% and 10%, respectively.

Land Size: Comparables 1, 2 and 3 are smaller than the subject and require upward adjustments of 5% for land size.

Access/Visibility: All of the comparables are located in residential areas on secondary roads, with similar access/visibility as compared to the subject. No adjustments are warranted for differences in access/visibility.

Quality of Construction: Comparables 2 and 3 are of inferior construction quality and require upward adjustments of 20%.

Condition: The comparables are of similar condition as compared to the subject; therefore, no adjustments are warranted for condition.

The following table summarizes the adjustments I make to the comparable sales.

Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4	
Address	West Buford Street	9054 McDowell Creek Ct.		202 Walnut Hill Drive		130 Sherman Ct.		10615 Steele Creek Rd.	
City	Gaffney	Cornelius		Easley		Raeford		Charlotte	
State	South Carolina	North Carolina		South Carolina		North Carolina		North Carolina	
Date	4/18/2026	9/3/2024		6/28/2024		2/27/2024		6/23/2025	
Price		\$4,800,000		\$3,760,000		\$3,200,000		\$7,450,000	
No. of Units	60	24		24		20		36	
Price per Unit		\$200,000.00		\$156,666.67		\$160,000.00		\$206,944.44	
Transaction Adjustments									
Property Rights	Fee Simple	Fee simple	0.0%	Fee simple	0.0%	Fee simple	0.0%	Fee simple	0.0%
Financing	Conventional	Typical	0.0%	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%
Conditions of Sale	Typical	Arm's length	0.0%	Arm's length	0.0%	Arm's length	0.0%	Arm's length	0.0%
Expenditures After Sale		\$0		\$0		\$0		\$0	
Adjusted Price per Unit		\$200,000.00		\$156,666.67		\$160,000.00		\$206,944.44	
Market Trends Through	4/18/26	2.0%	3.3%	3.6%		4.3%		1.6%	
Adjusted Price per Unit		\$206,527.92		\$162,369.34		\$166,925.23		\$210,328.85	
Location	Good	Superior		Similar		Similar		Superior	
% Adjustment		-5%		0%		0%		-5%	
\$ Adjustment		-\$10,326.40		\$0.00		\$0.00		-\$10,516.44	
No. of Multi-family Units	60	24		24		20		36	
% Adjustment		0%		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00		\$0.00	
Year Built	Proposed	2018		2023		2012		2023	
% Adjustment		5%		0%		10%		0%	
\$ Adjustment		\$10,326.40		\$0.00		\$16,692.52		\$0.00	
Acres	2.20	1.2		1.4		1.9		2.3	
% Adjustment		5%		5%		5%		0%	
\$ Adjustment		\$10,326.40		\$8,118.47		\$8,346.26		\$0.00	
Access/Visibility	Good	Similar		Similar		Similar		Similar	
% Adjustment		0%		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00		\$0.00	
Quality of Construction	Good	Similar		Inferior		Similar		Similar	
% Adjustment		0%		20%		20%		0%	
\$ Adjustment		\$0.00		\$32,473.87		\$33,385.05		\$0.00	
Condition of Improvements	Excellent	Similar		Similar		Similar		Similar	
% Adjustment		0%		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00		\$0.00	
Adjusted Price per Unit		\$216,854.31		\$202,961.68		\$225,349.07		\$199,812.41	
Net Adjustments		8.4%		29.6%		40.8%		-3.4%	
Gross Adjustments		18.8%		29.6%		40.8%		6.7%	

VALUE INDICATION – SALES COMPARISON APPROACH

Prior to adjustments, the sales reflect prices in the following range:

- \$156,668 to \$206,944 per unit

After adjustment, the range is narrowed as follows:

- \$199,812 to \$225,349 per unit

To arrive at an indication of value, I place equal emphasis, more or less, on each comparable.

Based on the preceding analysis, I reach a value conclusion for the subject “as if complete” of \$13,500,000 via the Sales Comparison Approach, as shown in the table below:

VALUE INDICATION BY SALES COMPARISON APPROACH	
Indicated Value per Unit	\$200,000
Subject Units	60
Indicated Property Value “As Is”	\$12,000,000
Rounded	\$12,000,000

INCOME CAPITALIZATION APPROACH

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization methods to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, I use only direct capitalization because investors in this property type rely almost exclusively on this method.

OCCUPANCY AND RENTAL RATES

The subject is a proposed senior affordable housing property, however, for purposes of this appraisal, it is analyzed as if it were operated as a traditional long-term multifamily garden complex. Therefore, the current rent roll and vacancy are not applicable, and market rates are utilized.

MARKET RENT ANALYSIS - INTRODUCTION

We have researched three comparables for this analysis. All rental comparables have been researched through numerous sources, inspected and verified by a party to the transaction.

MARKET RENT CONCLUSIONS

Based on the information obtained from the market, market rent is estimated for the subject property as shown below. Equal emphasis, more or less, was placed on each comparable in the conclusion of market rent.

Market Rent by Unit Type			
Space Type	Rent	Increases	Term
1 BR/1 BA	\$917	Market	12 months
2 BR/2 BA	\$1,101	Market	12 months

ESTIMATE OF GROSS INCOME – AS IF RENOVATED**Vacancy & Collection Loss Allowance**

Vacancy and collection loss is calculated at 10% of potential gross income. This is in line with market vacancy.

Effective Gross Income

Based on the preceding estimates of gross income, less allowances for vacancy and collection loss, effective gross income is calculated at \$60,192.

ANALYSIS OF OPERATING EXPENSES

The appraiser was provided with year-to-date income and expenses for 2023, as well as year-end income expenses for 2022. It should be noted that some of the expenses, such as real estate taxes, landscaping and insurance, are fixed expenses, and are not expected to fluctuate based on the property being rented on a short-term basis versus a long-term basis. However, some of the expenses, such as replacement reserves and management, are expected to be less for a long-term rental scenario.

To develop projections of stabilized operating expenses, I analyze the subject's historical expenses as well as comparable data.

Operating Expense Analysis by Category

Discussions of operating expense projections are presented in the following paragraphs.

Real Estate Taxes

We have estimated rental income based on typical expense appropriations at the subject and as indicated by the market, which means property taxes, insurance, and overall maintenance are paid by the landlord; whereas utilities are the responsibility of the tenant (with the exception of the utilities for the office/shop/laundry and the utilities for units between tenants). As discussed previously in this appraisal, real estate taxes will increase significantly upon closing of the pending sale. Our estimate of real estate taxes during the first forecast year is \$5,686.

Insurance

According to the property owner, the insurance expense is \$2,204 annually. This is within the range indicated by the market and expense comparables.

Repairs/Maintenance

The repairs and maintenance category includes expenditures to repair and maintain the property in an ongoing basis and between tenants. Typically repairs and maintenance range from \$75 per unit to \$300 per unit, depending on the age and condition of the improvements. Due to the subject's age and condition, we estimate this expense at the mid-range indicated by the market. Repairs and maintenance are estimated to be \$200 per unit, annually.

Management

Management charges are typically a percentage of collected revenues and cover the supervision of rent collections, leasing, property maintenance, and bookkeeping, but exclude payroll and benefits costs of onsite personnel. A property of the subject's class and size typically does not have on-site management. Typical management fees for properties of this type consistently fall at 10% of effective gross income. We estimate management fees at 10%, as indicated by the market.

Total Operating Expenses

Total operating expenses are projected at \$19,846 overall, or \$3,969 per unit. The following table summarizes my analysis.

NET OPERATING INCOME

Based on the preceding income and expense projections, stabilized net operating income is projected at \$***, or \$*** per unit.

CAPITALIZATION RATE SELECTION

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. Two methods are considered to be relevant in deriving a capitalization rate for the subject: analysis of comparable sales and the band of investment method.

Capitalization Rate Comparables

RECONCILIATION AND CONCLUSION OF VALUE

The values indicated by my analyses are as follows:

MARKET VALUE OPINION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is"	Fee Simple	April 18, 2026	\$420,000
Market Value "As if Complete"	Leased Fee	April 18, 2026	\$3,610,000
Market Value "As if Complete and Stabilized"	Leased Fee	April 18, 2026	\$3,860,000
Hypothetical Market Value "As if Complete"	Leased Fee	April 18, 2026	\$11,790,000
Hypothetical Market Value "As If Complete and Stabilized"	Leased Fee	April 18, 2026	\$12,040,000

FINAL VALUE ESTIMATE

Based on the preceding valuation analysis, and subject to the definitions, assumptions, and limiting conditions expressed in the report, my opinion of value is as follows:

MARKET VALUE OPINION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is"	Fee Simple	April 18, 2026	\$420,000
Market Value "As if Complete"	Leased Fee	April 18, 2026	\$3,610,000
Market Value "As if Complete and Stabilized"	Leased Fee	April 18, 2026	\$3,860,000
Hypothetical Market Value "As if Complete"	Leased Fee	April 18, 2026	\$11,790,000
Hypothetical Market Value "As If Complete and Stabilized"	Leased Fee	April 18, 2026	\$12,040,000

EXPOSURE AND MARKETING TIMES

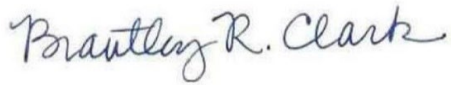
The market exposure time preceding *** would have been 12 months and the estimated marketing period as of *** is 12 months.

CERTIFICATION STATEMENT

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, and also in conformity with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- I certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- Within the three years prior to the date of this report, additional appraisals of the subject property have been prepared by Palmetto State Appraisal and Consulting. This report is a stand-alone appraisal. The prior appraisal presents no conflicts of interest and the market value reported in this appraisal is not influenced by any prior appraisal of the subject property. The market value is reported herein with no bias to the subject property. The appraisers use impartiality, independence and objectivity in reporting the market value.
- The value conclusions and other opinions expressed herein are not based on a requested minimum value, a specific value or approval of a loan.

- Brantley Clark, MAI has made a personal inspection of the property that is the subject of this report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Brantley Clark, MAI has completed the continuing education program of the Appraisal Institute.



Brantley R. Clark, MAI
Certified General Real Estate Appraiser
SC Certificate #5073

ASSUMPTIONS AND LIMITING CONDITIONS

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Palmetto State Appraisal & Consulting. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise state in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) Palmetto State Appraisal & Consulting's regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

The value of the subject property excludes the value of the non-contributory structures. The value excludes any inherent timber value, as this would be negotiated separately.

Americans with Disabilities Act (ADA) of 1990 A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Palmetto State Appraisal & Consulting has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.**

ADDENDUM A

APPRAISER QUALIFICATIONS

PALMETTO STATE
APPRAISAL AND CONSULTING

Professional Qualifications of Brantley R. Clark, MAI

Experience

Founded Palmetto State Appraisal and Consulting in September 2013. Currently providing high-quality appraisals and consultations of various types of commercial real estate in South Carolina, North Carolina and Georgia.

Past experience includes 11 years with Integra Realty Resources - South Carolina. Entered the real estate appraisal field in 2002 as a support assistant, and began appraising full time in 2003. Moved into the role of Senior Appraiser in 2008. Received the Appraisal Institute's MAI designation in September 2009.

Valuation and consulting assignments have been completed on the following property types: Office buildings, convenience stores, multi-family developments, retail stores, shopping centers, hotels, branch banks, automobile dealerships, restaurants, vacant land, warehouses, distribution facilities, processing plants, self storage facilities, flex buildings, equestrian centers, churches, schools, golf courses, fraternity/sorority houses and subdivisions.

Professional Activities

Member of the Appraisal Institute (MAI designation was received 9/2009).

Served as a delegate to AI's Leadership Development and Advisory Council in Washington, DC in 2010 and 2011.

Served in the following capacities in the SC Appraisal Institute Chapter:

Public Relations Committee Chair (2012, 2009, 2008)

Public Relations Committee Vice Chair (2007)

Associate Council President (2007)

Associate Council Vice President (2006)

License

South Carolina Certified General Appraiser #5073

North Carolina Certified General Real Estate Appraiser #A7805

Georgia Certified General Real Property Appraiser #354870

Education

Bachelor of Arts Degree, University of South Carolina, May 2002

Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.



ADDENDUM B

DEFINITIONS

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These definitions have been extracted, solely or in combination, from definitions and descriptions printed in:

- *The Dictionary of Real Estate Appraisal*, Fourth Edition, Appraisal Institute, Chicago, Illinois, 2002 (*Dictionary*).
- *The Appraisal of Real Estate*, Twelfth Edition, Appraisal Institute, Chicago, Illinois, 2001 (*Twelfth Edition*).
- *Income/Expense Analysis*, 2006 Edition – Conventional Apartments, Institute of Real Estate Management, Chicago, Illinois (*IREM*)
- *Marshall Valuation Service*, Marshall & Swift, Los Angeles, California, (*MVS*).

Accrued Depreciation

The difference between the reproduction or replacement cost of the improvements on the effective date of the appraisal and the market value of the improvements on the same date. (*Dictionary*)

Amenity

A tangible or intangible benefit of real property that enhances its attractiveness or increases the satisfaction of the user, but is not essential to its use. Natural amenities may include a pleasant location near water or a scenic view of the surrounding area; man-made amenities include swimming pools, tennis courts, community buildings, and other recreational facilities. (*Dictionary*)

Class of Apartment Property

(The following definitions have been adapted from “Class of Office Building” in the Dictionary of Real Estate Appraisal, Fourth Edition.)

For the purposes of comparison, apartment properties are grouped into three classes. These classes represent a subjective quality rating of buildings, which indicates the competitive ability of each building to attract similar types of tenants. Combinations of factors such as rent, building finishes, system standards and efficiency, building amenities, location/accessibility, and market perception are used as relative measures. (Note that national cost estimating services may classify office buildings differently than local markets.)

Class A apartment properties are the most prestigious properties competing for the premier apartment tenants, with rents above average for the area. Buildings have high-quality standard finishes, state-of-the-art systems, exceptional accessibility, and a definite market presence.

Class B apartment properties compete for a wide range of users, with rents in the average range for the area. Building finishes are fair to good for the area and systems are adequate, but the buildings do not compete with Class A buildings at the same price.

Class C apartment properties compete for tenants requiring functional space at rents below the average for the area.

Deferred Maintenance

Curable, physical deterioration that should be corrected immediately, although work has not commenced; denotes the need for immediate expenditures, but does not necessarily suggest inadequate maintenance in the past. (*Dictionary*)

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams as well as the quantity and timing of the reversion and discounts each to its present value at a specified yield rate. DCF analysis can be applied with any yield capitalization technique and may be performed on either a lease-by-lease or aggregate basis. (*Dictionary*)

Effective Date

The date at which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. (*Dictionary*)

Entrepreneurial Incentive

A market-derived figure that represents the amount an entrepreneur expects to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. (*Twelfth Edition*)

Entrepreneurial Profit

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 development cost of a property and its market value upon completion and stabilization, which represents the entrepreneur's compensation for the risk and expertise associated with development. Entrepreneurial profit is an amount earned, estimated after completion, while entrepreneurial incentive is an amount anticipated, prior to development. (*Twelfth Edition*)

Exposure Time

The time a property remains on the market. The estimated length of time 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; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. (*Dictionary*)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (*Dictionary*)

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a

decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. (*Dictionary*)

Garden Apartments

An apartment development of two- or three-story, walk-up structures built in a garden-like setting; customarily a suburban or rural-urban fringe development. (*Dictionary*)

Gross Building Area (GBA)

The total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded. (*Dictionary*)

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property, which 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. (*Dictionary*)

High-Rise Apartment Building

An imprecise term used since World War II to distinguish a modern elevator apartment building from its prewar counterpart; usually a tall building, but this standard varies in different areas. (*Dictionary*)

Insurable Value

Value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction cost plus allowances for debris removal or demolition less deterioration and noninsurable items. Sometimes cash value or market value, but often entirely a cost concept. (*MVS*)

Leased Fee Interest

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease. (*Dictionary*)

Leasehold Interest

The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions. (*Dictionary*)

Market Rent

The rental income a property would probably command in the open market; indicated by the current rents that are either paid or asked for comparable space as of the date of the appraisal. (*Twelfth Edition*)

Market Value

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

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- 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. *(Dictionary; 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)*

Marketing Time

The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. *(Dictionary)*

Prospective Value Opinion

A forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written. *(Dictionary)*

Rentable Floor Area (RFA)

An area computed by measuring the inside finish of permanent outer building walls or from the glass line where at least 50% of the outer building wall is glass. Rentable floor area also includes all areas within outside walls less stairs, elevator shafts, flues, pipe shafts, vertical ducts, air conditioning rooms, fan rooms, janitor closets, electrical closets, balconies and such other rooms not actually available to the tenant for his furnishings and personnel and their enclosing walls. No deductions are made for columns and projections necessary to the building. *(IREM)*

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design and layout. *(Dictionary)*

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. *(Dictionary)*

Room Count

The number of rooms in a building; a unit of comparison used primarily in residential appraisal. No national standard exists on what constitutes a room. The Federal Housing Administration counts an alcove opening off the living room as one-half room, but does not count dining space within a kitchen. The generally accepted method is to consider as separate rooms only those rooms that are effectively divided and to exclude bathrooms. *(Dictionary)*

Stabilized Occupancy

Occupancy at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property; the optimum range of long-term occupancy which an income-producing real estate project is expected to achieve under competent management, after exposure for leasing in the open market for a reasonable period of time at terms and conditions comparable to competitive offerings. *(Dictionary)*

Townhouse

A single-family, attached dwelling unit with party walls; usually an individual unit in a series of five to 10 houses, with common walls between the units and side yards on the end units only; may have one to three stories and all necessary facilities and amenities. *(Dictionary)*

Value As Is

The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. *(Dictionary)*

ADDENDUM C

SUBJECT PHOTOGRAPHS



View of subject site
(Photo Taken on April 18, 2026)



View of subject site
(Photo Taken on April 18, 2026)



View of subject site
(Photo Taken on April 18, 2026)



View of subject site
(Photo Taken on April 18, 2026)



West Buford Street facing northwest
(Photo Taken on April 18, 2026)



West Buford Street facing southeast
(Photo Taken on April 18, 2026)



S. Oliver Street facing south
(Photo Taken on April 18, 2026)



S. Oliver Street facing north
(Photo Taken on April 18, 2026)



Irene Park Drive facing east
(Photo Taken on April 18, 2026)



Irene Park Drive facing west
(Photo Taken on April 18, 2026)

ADDENDUM D

COMPARABLE DATA

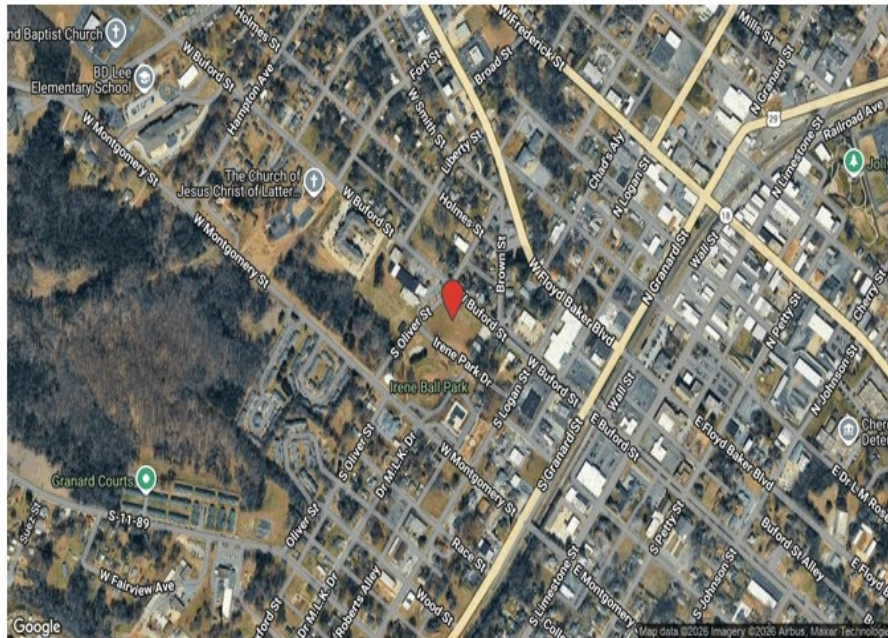
ADDENDUM E

FINANCIALS AND PROPERTY INFORMATION

Flood Map

Cotality RiskMeter.

Overview Map



LOCATION ACCURACY: *User-defined location*

Flood Zone Determination: **OUT**

TAX MAP



ADDENDUM F

LETTER OF AUTHORIZATION

