

APPRAISAL REPORT OF

**WAREHOUSE
EAGLE FEATHER DRIVE
SEVIERVILLE, TN 37876**

PREPARED FOR

**PORTLAND GRP, INC.
C/O CORBIN LOVELESS
431 PORTLAND AVE
SAINT PAUL, MN 55102-2214**

PREPARED BY

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DATE OF INSPECTION/EFFECTIVE DATE OF APPRAISAL: AUGUST 14, 2023

DATE OF REPORT: AUGUST 25, 2023

PROPERTY SERVICE GROUP SOUTHEAST

Real Estate Appraisals • Brokerage • Consulting

August 25, 2023

Portland Grp, Inc.
c/o Corbin Loveless
431 Portland Ave
Saint Paul, MN 55102-2214

**RE: Real Estate Appraisal
Warehouse
Eagle Feather Drive
Sevierville, TN 37876**

To Whom It May Concern:

At your request, we have made an appraisal of the above-described property in order to estimate the Fee Simple market value 'as is' as of the effective date, August 14, 2023. The subject property is known as Lot 128 of Eagle Springs Resort containing 5.121 acres or 223,079 S.F. along the north side of Eagle Feather Drive in Sevierville, Sevier County, Tennessee. The subject is improved with a 16,500 S.F. warehouse and secondary improvements built in 2002. The subject property is further identified as Parcel 128 on Tax Map 037I in Sevier County.

The following Appraisal Report contains a description of the property, market information, and methods used to estimate value. It has been written to conform to the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation; with the appraisal requirements of Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised June 7, 1994, and amendments thereto; and the Interagency Appraisal and Evaluation Guidelines.

Through this report, the Fee Simple market value of the subject property, as of the effective date, August 14, 2023 is estimated to be:

**EIGHT HUNDRED TWENTY THOUSAND DOLLARS
(\$820,000.00)**

Extraordinary Assumption: An extraordinary assumption is required to develop a credible opinion of value of the proposed improvements. The subject is appraised under the extraordinary assumption that rezoning to C-1 will be approved by Sevier County and that the HOA will allow commercial use on the site despite the declarations recorded as public record. The appraisers reserve the right to amend and adjust the appraisal accordingly if the property rezoning is not feasible or if the HOA restricts the use of the subject. Therefore, the value could be negatively affected.

Coronavirus Disease 2019 (COVID-19)

As of the date of this report, the United States economy is experiencing impacts from the Coronavirus Disease 2019 (COVID19) pandemic, which began in March 2020. This is an evolving situation, and it is unknown at this time, what, if any, long term impact COVID-19 will have on real estate markets. While consideration to overall market conditions is given in this report, specific impacts related to COVID-19 are not fully understood as of the date of this report and no material impact on the valuation has been considered. To date, the local real estate markets have continued to be strong despite the pandemic and have not been significantly affected by COVID-19. Should more information and market evidence of impacts from COVID-19 become available at a later date, this report is subject to review and revision, as necessary.

The reader is referred to the Certification, General Assumptions, and General Limiting Conditions included in the attached report. The appraisers certify that they have no present or contemplated future interest in the subject.

Thank you for the opportunity to provide this service. Please call if you have any questions.

Sincerely,



Ben A. Broome, MAI

TN Certified General Appraiser #CG-113



A.J. Tipton

TN Certified General Appraiser #CG-5290

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SUMMARY OF SALIENT FACTS

Identity of the Property:	Warehouse Eagle Feather Drive Sevierville, TN 37876
Tax Map Reference:	037I B 128
Property Owner:	Portland Grp Inc
Effective Date of Appraisal "As Is":	August 14, 2023
USPAP Report Type:	Appraisal Report
Property Rights Appraised:	Fee Simple
Site Area:	5.121 acres or 223,079 S.F.
Improvement Description:	16,500 S.F. warehouse with additional 3-sides storage buildings built in 2002
Zoning:	CI, Rural Commercial District
Highest and Best Use "As Vacant":	Tourist residential of campground use
Highest and Best Use "As Improved":	Continued warehouse use
Indicated Value by Each Applicable Approach:	
Cost Approach:	Not Applicable
Land Valuation:	Not Applicable
Sales Comparison Approach:	\$825,000
Income Approach:	\$810,000
Estimated Market Value "As Is":	\$820,000
Intended Use:	To establish market value for internal business use
Intended User:	Portland Grp, Inc.

SUBJECT PHOTOGRAPHS



MAIN PHOTO



MAIN PHOTO

PROPERTY IDENTIFICATION

The subject property is known as Lot 128 of Eagle Springs Resort containing 5.121 acres or 223,079 S.F. along the north side of Eagle Feather Drive in Sevierville, Sevier County, Tennessee. The subject is improved with a 16,500 S.F. warehouse and secondary improvements built in 2002. The subject property is further identified as Parcel 128 on Tax Map 037I, Group B, in Sevier County.

PURPOSE, INTENDED USE AND INTENDED USER

The purpose of this appraisal is to estimate the Fee Simple market value of the subject property as of the effective date, August 14, 2023. The intended use is to establish market value for internal business use and the intended user is Portland Grp, Inc. The appraisal is presented in an Appraisal Report format.

DEFINITION OF VALUE

Market Value¹, as used in this report, is defined as follows:

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

- 1) buyer and seller are typically motivated;
- 2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- 3) a reasonable time is allowed for exposure in the open market;
- 4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

¹ Title XI, Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), (Pub. L. No. 101-73, 103 Stat. 183 (1989), 12 U.S.C. 3310, 3331-3351, and section 5(b) of the Bank Holding Company Act, 12 U.S.C. 1844(b), Part 225, Subpart G: Appraisals; Paragraph 225.62(f).

Uniform Standards of Professional Appraisal Practice, Page 139

Federal Reserve System, 12 CFR Parts 208 and 225, Sec. 225.62

Office of the Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C-Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.

EXPOSURE AND MARKETING TIME

Exposure Time is defined as follows:

*"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."*²

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.

Marketing Time is defined as follows:

*"An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal."*³

The subject is a warehouse property with a highest and best use of continued warehouse use. The subject would appeal to local owner occupants. Given the current market conditions and the attributes associated with the subject property as described within this the analysis, it is the appraisers' opinion the Exposure Time and Marketing Time for the subject are estimated at 3-9 months with a reasonable value \$820,000.

PROPERTY RIGHTS APPRAISED

The property rights appraised in this report are defined as follows:

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."*⁴

² The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, Page 83.

³ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, Page 140.

⁴ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, Page 90.

SCOPE OF THE APPRAISAL

The scope of this real estate appraisal includes the following:

- 1) A physical inspection of the property. For properties with existing improvements, this consists of a walk-thru inspection. I do not warrant the structural integrity of the buildings, but, unless otherwise noted, it is assumed to be of sound construction with all mechanical, plumbing, and electrical systems in working order.
- 2) A search of the public records relative to the subject. This search encompasses, among other things, tax and assessment information, easement, and other private, as well as public, deed restrictions, zoning, history of the property, etc.
- 3) A summary of neighborhood and regional area characteristics, as well as an analysis of supply and demand within the subject's market segment.
- 4) Analysis of physically possible uses, legally permissible uses, and all feasible uses in order to estimate the highest and best use of the subject property.
- 5) Research of public records for comparable sales and listings. Telephone verification, where possible, of all the sales and listings with the buyer, seller, or their representatives. Comparison of the comparable properties to the subject with consideration of such differences as legal encumbrances, financing terms, conditions of sale, market conditions, location, physical characteristics, availability of utilities, zoning, and highest and best use.
- 6) The three recognized approaches to value - Cost, Sales Comparison, and Income - will be developed unless sufficient supporting data is not available, or the nature of this assignment precludes application of any approach.
- 7) The preparation of a narrative appraisal report in compliance with the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation. The appraiser has met the competency provision as required by USPAP and is capable of completing the appraisal assignment competently.

AREA DESCRIPTION

The subject property is located in Sevier County in East Tennessee. Sevierville is the county seat with other major cities including Gatlinburg and Pigeon Forge. Overall, the county is viewed nationally as a major tourist destination and much of the commerce in the area is a direct result of the tourist trade. This is especially true in Pigeon Forge and Gatlinburg, which include many of the major tourist attractions along with the Great Smoky Mountains National Park.

The county contains a total of 603 square miles. Its central location in the region places the city about 100 miles northeast of Chattanooga, 150 miles southwest of Bristol, 200 miles east of Nashville, and 120 miles west of Asheville, North Carolina. Sevier County combines with Knox, Blount, Loudon, Anderson, and Union counties to form the Knoxville Metropolitan Statistical

Area (MSA), which ranks as the 79th largest in the United States. The Knoxville MSA is similar in size to the Omaha, NE, Akron, OH, Albuquerque, NM, Tacoma, WA, and Gary, IN MSA's.



REGIONAL MAP

Population

The following chart shows recent population trends in Sevier County.

	1980	1990	2000	2010	Latest Available
Pigeon Forge	1,822	3,027	5,083	5,872	6,378 (2021)
Gatlinburg	3,500	3,417	3,382	3,944	3,726 (2021)
Sevierville	5,444	7,178	11,757	14,788	18,662 (2021)
Sevier County	41,418	51,043	71,170	89,887	99,517 (2021)
Tennessee	4,456,200	4,877,185	5,689,283	6,346,105	6,975,000 (2021)

Sevier County growth has far outstripped growth in Tennessee as a whole and has been more rapid than for the Knoxville MSA as well.

Economy

The economy of the Knoxville MSA is relatively diversified with no one sector accounting for more than one-third of total employment. The area's primary employment forces include a mixture of executive and professional jobs, health services, wholesale and retail trade, durable goods manufacturing, scientific and technological research and development, banking and insurance, education, and government. One of the leading technological centers in the southeast, The Knoxville MSA is home to the University of Tennessee, the Department of Energy's Oak Ridge research facilities, and the Tennessee Valley Authority (TVA).

Knoxville MSA Employment by Industry					
Sector	Years			% Change	
	2005	2006	2007	% Total	Per Year
Manufacturing	43,670	43,790	43,647	10.8%	-0.02%
Natural Resources, Mining & Construction	20,150	21,395	22,263	5.5%	3.16%
Trade, Transportation & Utilities	82,960	85,014	86,003	21.2%	1.18%
Information	6,270	6,429	6,304	1.6%	0.18%
Financial Activities	19,800	20,015	20,111	5.0%	0.52%
Professional & Business Services	47,690	48,140	48,219	11.9%	0.37%
Education & Health Services	43,250	44,762	45,051	11.1%	1.33%
Leisure & Hospitality	51,410	53,108	53,830	13.3%	1.50%
Other Services	15,320	15,486	15,590	3.9%	0.58%
Government	63,590	63,402	63,191	15.6%	-0.21%
Total Employment	394,750	402,065	404,764	100.0%	

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

The large proportion of employment in the service and trade sectors is due to several different factors. Knoxville is an important health care center serving the entire East Tennessee Valley area, which contributes to the high level of service sector employment. In addition, the presence of the Department of Energy's Oak Ridge facilities has created numerous spin-off technology firms specializing in finding commercial applications of government-funded research and technology programs.

Sevier County's economy is primarily driven by tourism, with millions of visitors flocking to the area each year. The county is also home to popular tourist destinations Gatlinburg and Pigeon Forge. The Great Smoky Mountains National Park is the most visited national park in the United States, attracting millions of visitors annually. The county's natural beauty, along with attractions

like Dollywood, Ripley's Aquarium of the Smokies, and numerous entertainment venues, contribute significantly to the tourism industry. The hospitality sector, including hotels, resorts, cabins, and vacation rentals, thrives in Sevier County to cater to the needs of tourists. Additionally, restaurants, cafes, and retail establishments flourish to serve the large influx of visitors. The tourism industry generates substantial employment opportunities for the local workforce and contributes significantly to tax revenues. Sevier County has a thriving arts and crafts industry. The area is known for its rich heritage in traditional Appalachian crafts, such as pottery, woodwork, quilting, and handmade crafts. Many artisans and craftsmen operate their businesses in the county, attracting tourists and buyers who appreciate unique, handcrafted products.

The tourism industry in Sevier County is the major economic driver and plays a vital role in shaping the local economy. The area is located within a day's drive of two-thirds of the U.S. population east of the Mississippi River. Due to that convenience, the town welcomes millions of visitors from around the country every year, making it one of the most popular vacation destinations in America. Pigeon Forge is primarily a drive destination, with the majority of visitors coming from within 500 miles of the city. The county is nestled in the picturesque Great Smoky Mountains, making it a popular destination for outdoor enthusiasts, nature lovers, and adventure seekers. The Great Smoky Mountains National Park is the most visited national park in the United States, attracting millions of visitors annually. The county's natural beauty, along with attractions like Dollywood, Ripley's Aquarium of the Smokies, and numerous entertainment venues, contribute significantly to the tourism industry.

Tourism is Sevier County's number one industry and economic driver for the area. The Pigeon Forge Department of Tourism handles all tourism-related marketing communications, focusing primarily on leisure and group travel. In 2015, for every dollar spent on advertising, the city generated a record \$65 in tourism spending as Calculation provided by Majority Opinion Research.

Pigeon Forge offers a selection of approximately 15,000 lodging units, including hotels, motels, cabins, chalets and campgrounds. In addition to an assortment of more than 80 attractions located

along or near its main Parkway, Pigeon Forge also is home to Dollywood, Tennessee's number one ticketed attraction. Pigeon Forge features more than a dozen variety shows and dinner theaters, offering a wide selection of music, variety, comedy and magic shows.

In October 2013, the city opened the LeConte Center at Pigeon Forge. The multipurpose facility is designed to host large assemblies, trade shows and competitive events. Positioned along the city's Riverwalk, the facility features a mountain-lodge ambiance reflective of the city's setting near the Great Smoky Mountains.

Major employers include:

- **Dollywood:** Dollywood is a major theme park and entertainment complex located in Pigeon Forge. It is the largest employer in Sevier County, providing thousands of jobs in various roles, including ride operators, performers, hospitality staff, and administrative positions.
- **LeConte Medical Center:** LeConte Medical Center, based in Sevierville, is a leading healthcare facility in the county. It offers a comprehensive range of medical services and employs a significant number of healthcare professionals, including doctors, nurses, technicians, and administrative staff.
- **Sevier County School System:** The Sevier County School System operates numerous public schools, employing teachers, administrators, support staff, and other educational professionals.
- **Ripley's Entertainment:** Ripley's Entertainment operates several popular attractions in Gatlinburg, including Ripley's Aquarium of the Smokies and Ripley's Believe It or Not! Museum. These attractions employ a substantial workforce in various roles, such as ticketing, guest services, exhibit maintenance, and administration.
- **Ober Gatlinburg:** Ober Gatlinburg is a ski resort and amusement park located in the Smoky Mountains.

- Great Smoky Mountains National Park: Although not an employer in the traditional sense, the Great Smoky Mountains National Park plays a significant role in the local economy. The park attracts millions of visitors each year, creating employment opportunities for park rangers, tour guides, maintenance staff, and others working in related industries such as transportation and hospitality.

Transportation

The Knoxville MSA has strong transportation systems, enhancing the area's overall economic position. The Knoxville MSA is intersected by three of the nation's busiest interstates: I-40, which extends from North Carolina to California, I-75, which stretches from the Canadian border to south Florida; and I-81, which starts in upper New York State and extends south to just north of Knoxville. As a result of Knoxville's proximity to the interstate highway system, over two-thirds of the nation's population lives within a day's drive of the region.

Interstate 81, a major north to south system, merges with Interstate 40 about 40 miles east of downtown Knoxville. Interstate 640 is a half-perimeter connection through east, north, and west Knoxville. The Pellissippi Parkway (Interstate 140) is a major route between West Knoxville, Oak Ridge, and Alcoa.

Sevier County is accessible from Interstate 40, Highway 441, Highway 321, and Highway 66 which is currently undergoing an expansion as growth has extended from Pigeon Forge northward into Sevierville and Kodak around the interstate. The area is served by two major rail systems, the Norfolk Southern Railway Lines, and the CSX Transportation System.

Commercial air service is available from McGhee-Tyson Airport located 13 miles from downtown Knoxville. About 13 commercial airlines operating over 120 flights daily serve the Knoxville area. There is also private air service from Gatlinburg-Pigeon Forge Airport that serves mostly small and privately-owned airplanes.

Education

Sevier County has about 25 schools with an enrollment of roughly 14,000 students in pre-kindergarten through 12th grade. The system has four primary schools, two intermediate

schools, four middle schools, seven elementary schools, four high schools and four specialty schools.

Higher education opportunities are available to area students in East Tennessee. The University of Tennessee in Knoxville has an enrollment of about 26,000. Other higher learning institutions include Pellissippi State Technical Community College in Knoxville and other satellite campuses, Carson-Newman College in Jefferson City, Walter State Community College with several satellite campuses, and East Tennessee State University in Johnson City.

Employment

As previously discussed, Sevier County has a tourist-oriented economy, which is subject to seasonal influence. The seasonal swings in business and unemployment were drastic until the early to mid-1990's when the Winterfest promotions narrowed the gap by increasing business during the winter months.

As of April 2023, Sevier County had a 2.20% unemployment rate. Due to the seasonal fluctuations in unemployment, Sevier County has generally had unemployment rates higher than those for the Knoxville MSA, the state of Tennessee or the United States. The following chart shows the unemployment rates for each in recent years.

Yearly Average Unemployment Rates						
Area	2018	2019	2020	2021	2022	April 2023
Sevier County	3.50%	3.20%	9.80%	4.10%	3.20%	2.20%
Knox MSA	3.30%	3.20%	6.20%	3.70%	3.10%	2.30%
Tennessee	3.50%	3.30%	7.50%	4.50%	3.40%	3.30%
United States	3.90%	3.68%	8.10%	3.70%	3.50%	3.60%

As shown in the chart above, the Knoxville MSA has generally had unemployment rates lower than state and national levels over the past several years. The job outlook had improved from 2012 through 2017. Part of the reduction in unemployment rates had been due to a decline in the workforce, but the local workforce has increased somewhat in the past several years. The Knoxville MSA per capita incomes have historically been above state averages. The table below

summarizes per capita income levels for the MSA as compared to state levels. Sevier County typically has large unemployment swings as the tourist industry has seasonal highs and lows. has large unemployment swings as the tourist industry has seasonal highs and lows.

Unemployment rose significantly in April 2020 as a result of the impact of the Coronavirus on the economy, but the full impact of that rise on the economy is not clear at the appraisal date. Conversations with local business owners suggest that many businesses are down 20%-30% in sales compared to average annual sales and that these numbers should improve as tourism resumes.

Knox County shows the highest per capita incomes in the MSA with Loudon and Anderson Counties just behind Knox County. Union County has the lowest per capita incomes for the Knoxville MSA and has historically lagged behind state levels. However, Loudon, Sevier, and Union Counties showed the greatest gross percentage growth in income from 1990 to 2008. For the remainder of the counties in the MSA, per capita incomes generally mirror statewide trends.

Conclusion

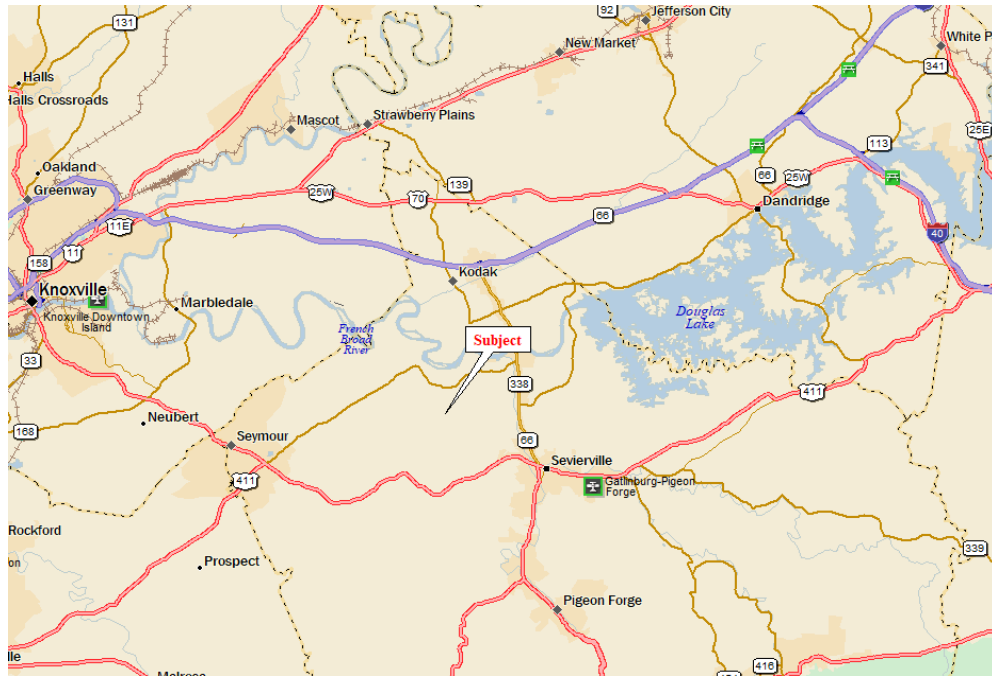
Population growth for Sevier County has been well above the MSA, regional and state levels. Business growth has been very strong, led mostly by tourist-related outlet malls, theaters, and motels. There are over eleven million visitors annually to the Great Smoky Mountains National Park, with at least 42% entering along U.S. 441 through Sevierville and Pigeon Forge. Sevierville and Pigeon Forge have grown rapidly over the past decades, and much of the development has centered along Highway 66 and U.S. 441. Other growth consisted of heavy construction of cabins, which are mostly rented on a nightly or weekly basis. Commercial development continues to be clustered along the Parkway and Highway 66 from the interstate through Pigeon Forge, and most of the cabin development has happened to either side of that corridor, as well as along Wears Valley to the south and in the Walden Creek area.

Sevier County suffered along with the rest of the nation in the economic downturn and recession that began in December 2007. Visits to the park declined significantly in 2008 but improved slightly over the next three years and rebounded significantly in 2012. Park visitation reached an all-time record in 2015 and 2016. Unemployment increased markedly during the recession as

well but has improved significantly since. Commercial development slowed significantly and residential development, especially for overnight rental cabins, reached a standstill. Commercial development has resumed over the past few years and is now considered good, though a few new cabins have been developed in recent years. The appraisers believe growth will continue at a fairly steady rate, and the tourist industry has rebounded back to levels seen before the recession.

The Gatlinburg area was severely affected by wildfires in late November 2016 that burned many cabins, residences, and businesses, as well as significant sections of the national park. The Park itself, along with Gatlinburg, was shut down for days while rescue efforts were conducted to make sure tourists and local residents were evacuated from the multiple wildfires. The wildfires reached the outskirts of the tourist and commercial areas of downtown Gatlinburg, but the Parkway stores and retail area were largely unaffected. The effects of the wildfires will be felt in the area for years to come, but tourism resumed in December 2016, and has been strong.

The local economy has traditionally been strong and remains stronger than it is in many other areas. As of the date of this report, the United States economy is experiencing impacts from the latest worldwide pandemic, Coronavirus Disease 2019 (COVID-19). This creates uncertainty in many markets including the market of the subject property. Typically, uncertainty creates more risk in an investment but without factual historical data yet available to make reasonable forecasts from, it is difficult to quantify that risk. However, this past year suggests that the pandemic has had a positive impact on the recreational uses in the market area, particularly outdoor and lake-oriented recreational uses of the area as many marinas and RV Park/Campgrounds are thriving. Visitation to the Great Smoky Mountains has also seen peak numbers consistently this past year positively impacting the entire tourist-oriented towns of Gatlinburg and Pigeon Forge as well as the areas surrounding Sevier County. Therefore, the overall effect is expected to be stable growth into the foreseeable future. Economic growth should be stable with continued positive trends for the near future in Sevier County.



AREA MAP

NEIGHBORHOOD DESCRIPTION

A neighborhood may be defined as: "a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises."⁵ Neighborhoods may be devoted to such uses as residential, commercial, industrial, agricultural, or a mixture of these uses. Analysis of the neighborhood in which a property is located is important due to the fact that the various economic, social, political, and physical forces that affect the neighborhood also directly influence the individual properties within it.

The subject property is located in a mountainous residential area south of Boyd Creek Highway, 3 miles west from Winfield Dunn Parkway in Sevier County. Boyds Creek Highway is the main commercial road in the neighborhood. Uses in the subject neighborhood are generally residential and tourist residential. Small clusters of commercial uses are scattered along the highway to the north. To the south, Gists Creek Road runs parallel to Boyds Creek Highway.

⁵ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, Page 156.

Residential uses vary greatly from larger acreage tracts or gentleman's farms to vacation rental developments to large mobile home communities including the Stables at Boyds Creek and Keenland Farms, which are upscale mobile home communities including approximately 300 modular homes. Subdivision development is present as well, typically developed with detached single family dwelling units. There is not any significant multi-family development in the area.

Growth along Boyd Creek Highway will come from the east and the west. The Seymour community to the east is a small, but considerable community along Chapman Highway from Knoxville. To the west, of course, is Winfield Dunn Parkway that extends south to Pigeon Forge. For now, however, residential growth is expected to be to the east end or west end of Boyds Creek. Land uses are expected to stay primarily residential with values increasing steadily into the future.



NEIGHBORHOOD MAP

SITE DESCRIPTION

The subject property contains 5.121 or 223,079 S.F. along the north side of Eagle Feather Drive in Sevierville, Sevier County, Tennessee.

Site Statistics	Eagle Feather Drive, Sevierville, TN 37876
Size:	5.121/223,079 S.F.
Shape:	Irregular
Frontage:	None
Topography:	Gently rolling, steep boundaries
Access:	Fair, Eagle Feather, Indian Gap Road
Utilities:	Water, electric, gas, sewer
Type & Zoning:	Rural, Rezone to Rural Commercial
Type/Setting:	Rural Residential
Easements, Restrictions & Encumbrances	Typical Utility & Setbacks, Community Restrictions
Access to Neighborhood:	Average, 3 miles to Winfield Dunn, 1 mile to Boyds Creek Highway
Adjacent Land Use:	Vacation rental development

The subject's narrow shape impacts its utility to some degree and its positioning within a PUD is not ideal for most commercial users. The roadways accessing the subject are two-lane.

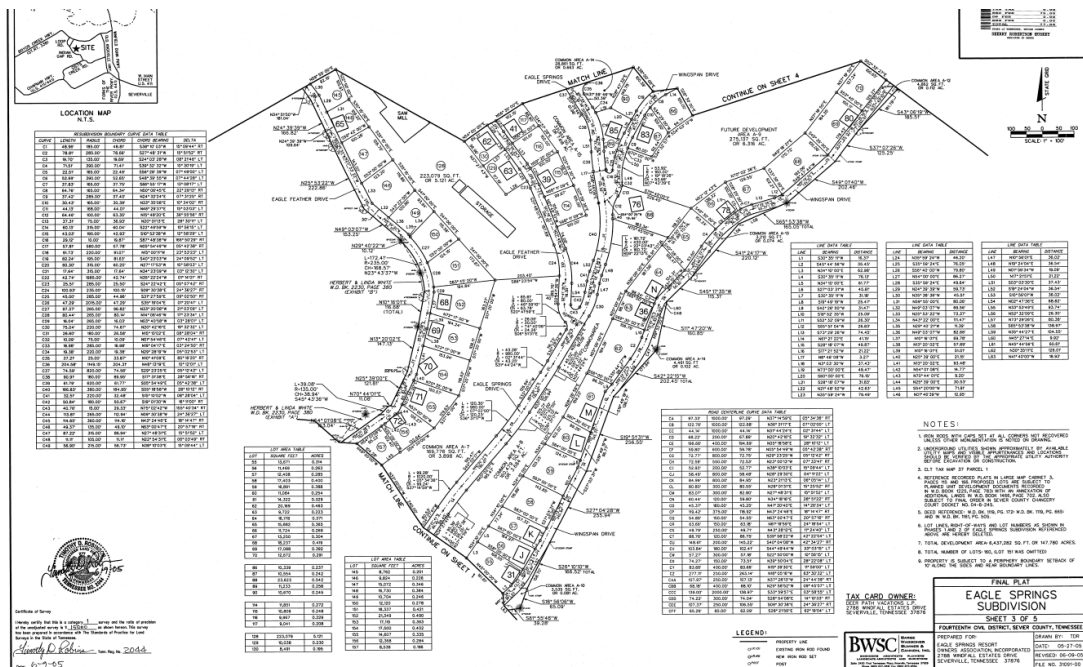
Typical utility easements and set-back requirements are present. Observation during my on-site visit did not indicate the presence of encroachments from surrounding property.

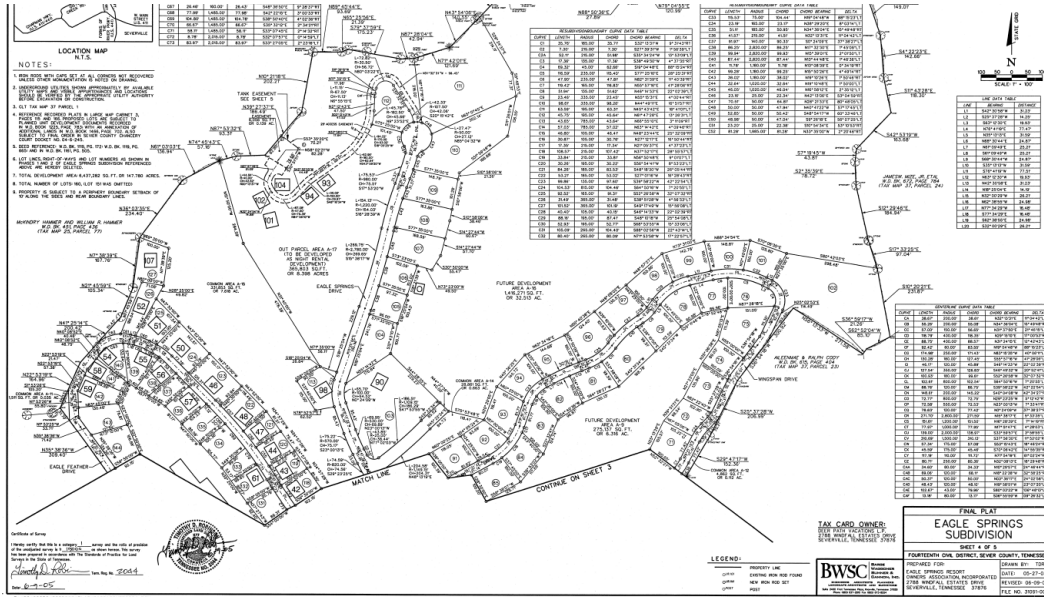
There was no Environmental Site Assessment provided to me by the ownership. The existence of potentially hazardous material and/or toxic waste may or may not be present on the property.

During my on-site visit I did not observe any signs of environmental contamination. However, I am not an expert on such matters, nor am I qualified to detect such substances. Therefore, no responsibility is assumed for any hazardous conditions, or for any expertise or engineering knowledge required to discover them.



AERIAL MAP

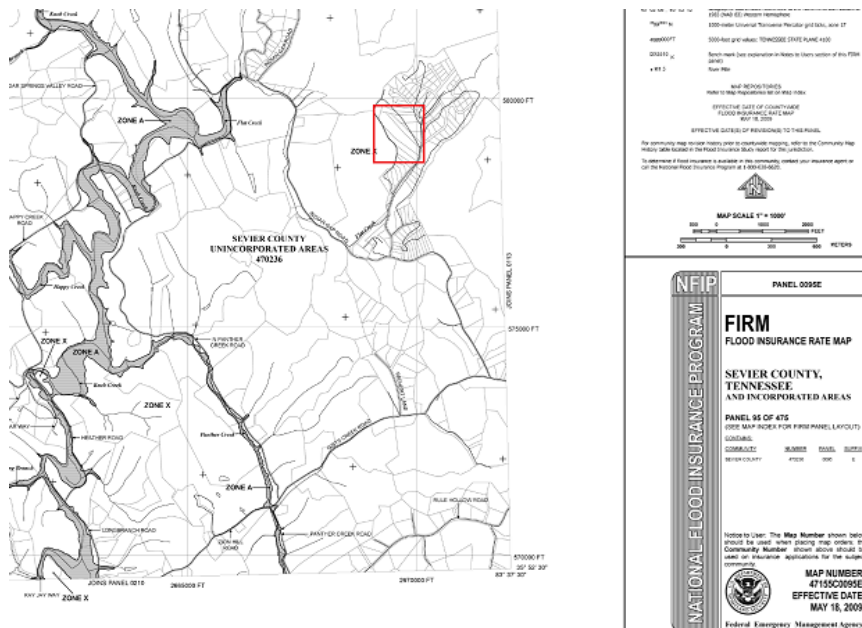
**PLAT/SURVEY**



PLAT/SURVEY

Flood Map Information

According to the Federal Emergency Management Agency (FEMA) Flood Map 47155C0095E dated May 18, 2009, the subject property is in Zone X. Zone X is an area determined to be outside the 0.2% annual chance floodplain.



FLOOD MAP

Zoning

The subject property is located within Sevier County and is to be rezoned C-1, Rural Commercial District. This district is established to provide areas for residential uses and business activities that serve local residents of the immediate area. These business uses should not require high visibility or accessibility and are encouraged to be located along collector roads or main intersections for maximum convenience for local residents, while maintaining the rural characteristics of the areas. The following allowable uses are included in the ordinance: any uses in R1, R2M & R2, rural retail businesses, campgrounds, restaurants, warehouses, offices, amusement and rural recreation, antique sales, motor vehicle sales, and animal clinics. The subject property is a conforming use under the current zoning.

Real Estate Taxes

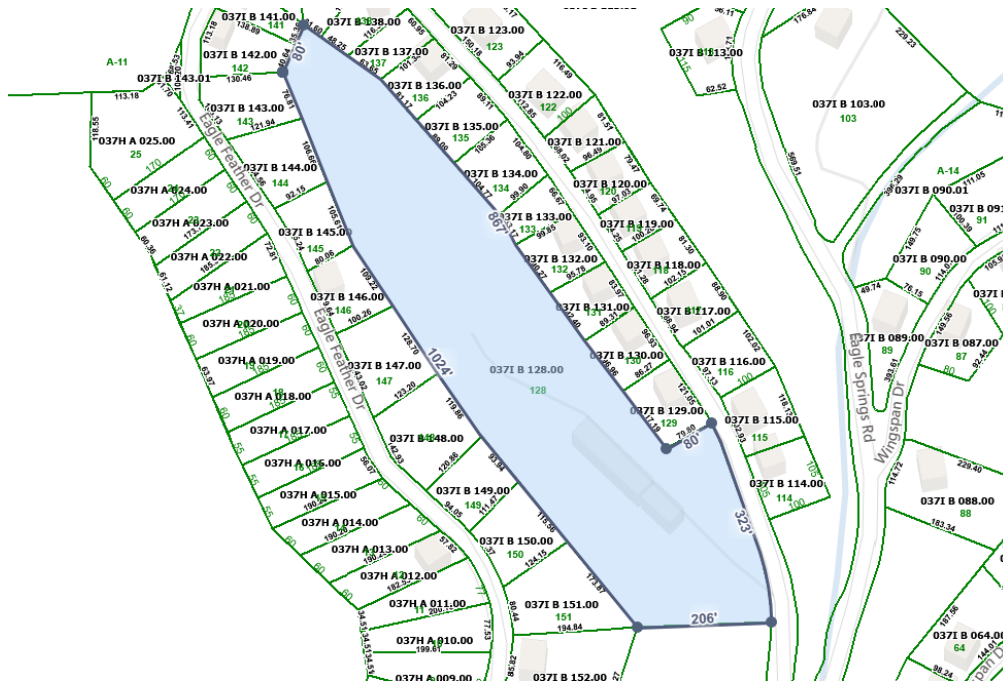
Based on the current assessment below, the subject property's total real estate taxes are calculated to be \$312.28.

TAX ASSESSMENT

Appraisal	Amount	Assessment	Amount	Jurisdiction	Rate
Appraisal Year	2022	Assessment Year	2022		
Appraised Land	\$25,600	Assessed Land		Sevier	1.48
Appraised Improvements	\$58,800	Assessed Improvements			
Total Tax Appraisal	\$84,400	Total Assessment	\$21,100		
		Exempt Amount			
		Exempt Reason			

TAXES

Tax Year	City Taxes	County Taxes	Total Taxes
2022		\$312.28	\$312.28



TAX MAP

IMPROVEMENT DESCRIPTION

General - Warehouse

Subject Size:	16,500 S.F. (12,500 S.F. (125' x 100' metal warehouse & 4,000 S.F. (100' x 40') original block building
Type	Warehouse
Class	C/D
Year Constructed:	2002 (original sawmill building is much older)
Number of Stories:	1-interior two level office
Basement	No
Eave/Ceiling Height:	18' - 24'
Current use:	Tenant occupied office
Condition:	Fair
Effective Age	20 years

Building Construction

Foundation/Substructure:	Concrete slab
Frame:	Block and Steel
Exterior Walls:	Block & Rigid Metal
Roof Structure	Steel frame on slope
Roof Cover	Metal - Standing seam
Sprinkler	No
Gutters/Downspouts	Typical exterior
Windows	None
Entry Doors	Metal, Typical
Garage Doors/Other	Metal roll-up

Warehouse - Interior

Walls:	Exposed Frame
Wall Coverings:	Exposed insulation
Floor Covering:	Exposed concrete
Ceiling:	Exposed frame or trusses
Interior Doors:	None
Lighting:	Hanging fluorescent
Bathrooms:	Poor condition
Kitchen:	None
Heating/Cooling:	None
Electrical	Assumed to be adequate
Quality/Appeal:	Average
Layout:	The main building is a wide open warehouse building with clear span. The rear building is open with a two-level office in the rear (north) portion. This office space is in poor condition and will need to be demolished. The space is unusable.

3 Sided Storage

Subject Size:	5,320 S.F.
Type	3-sided storage
Class	D
Year Constructed:	2002
Number of Stories:	1
Basement	No
Eave/Ceiling Height:	16'
Current use:	Outdoor Storage
Condition:	Fair
Effective Age	20 years

Building Construction

Foundation/Substructure:	Concrete pillar and block
Frame:	Steel frame on slope
Exterior Walls:	Rigid Metal
Roof Structure	Steel frame on slope
Roof Cover	Metal - Standing seam
Sprinkler	No
Garage Doors/Other	None
Heating/Cooling:	None

Site Improvements

Curbing:	None
Fencing:	None
Landscaping:	None, overgrown
Parking:	Gravel only, narrow drives

Property Condition

	Fair
Deferred Maintenance / Physical Deterioration	<ol style="list-style-type: none"> 1. Evidence of extensive water penetration throughout warehouse property 2. Two storage buildings have caved in or are damaged. The large storage building has structural damage.
Effective Age/Actual Age	21/20

Notes: Two of the storage buildings are damaged and not usable. These improvements are not described in detail above but can be viewed in the photographs.

Market Standard

The standard against which characteristics of the subject and competitive properties are compared to determine their competitive strength. The market standard is the quantity or quality of a property characteristic that market participants consider to be typical in a given market. The subject does not match the typical market standard of warehouse properties. The site is narrow with steep boundaries and is situated in a residential area with less favorable access than most industrial or commercial users require.

ADA Compliance

The Americans with Disabilities Act requires minimum access features for handicapped into and within the facilities. There was no ADA compliance survey provided to me, and I am not qualified to perform an ADA survey of the facility. There may be other issues related to ADA compliance, and it is recommended that a qualified expert in ADA requirements be engaged to

survey the facility. This appraisal assumes that any non-compliance would have little or no impact on the market value opinion.

Environmental

I was not provided with an environmental risk analysis report, and I am not qualified to perform an environmental risk analysis. It is recommended that the client engage a qualified expert to confirm the presence or absence of environmental contamination. With the above disclaimer, I did not note any signs of environmental contamination. If an expert were to confirm the presence of such contamination, the value conclusions of this appraisal report may change.

SUBJECT PHOTOGRAPHS



NORTHWEST AERIAL VIEW



SOUTH AERIAL VIEW

SUBJECT PHOTOGRAPHS



SOUTHEAST AERIAL VIEW



PRIMARY IMPROVEMENT AERIAL VIEW

SUBJECT PHOTOGRAPHS



VIEW OF SUBJECT FROM EAGLE FEATHER DRIVE



3 SIDED STORAGE BUILDING

SUBJECT PHOTOGRAPHS



3 SIDED STORAGE BUILDING



DAMAGED STORAGE BUILDING

SUBJECT PHOTOGRAPHS



DAMAGED STORAGE BUILDING



SECONDARY METAL STORAGE

SUBJECT PHOTOGRAPHS



NORTH VIEW ALONG EAGLE FEATHER DRIVE



SOUTH VIEW ALONG EAGLE FEATHER DRIVE

SUBJECT PHOTOGRAPHS



Warehouse Interior



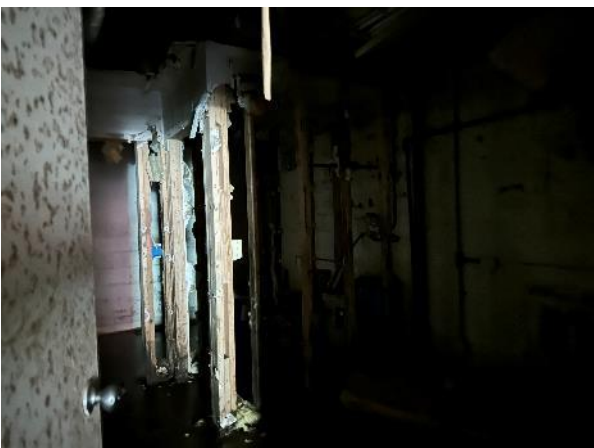
Warehouse Interior



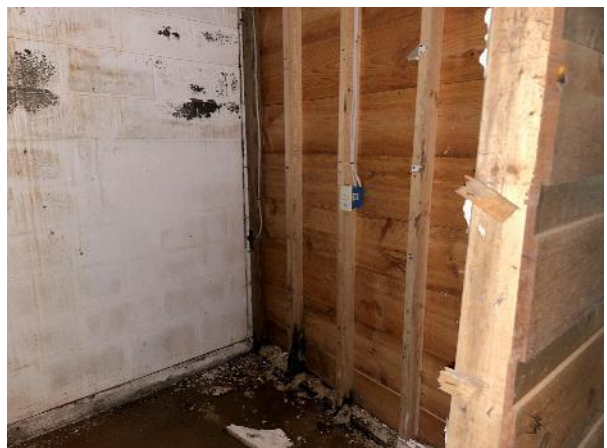
Warehouse Interior



Warehouse Interior



Warehouse Interior



Warehouse Interior

SUBJECT PHOTOGRAPHS



Warehouse Interior



Warehouse Interior



Warehouse Interior



Warehouse Interior



Warehouse Interior



Warehouse Interior

HISTORY

The subject property is currently under the ownership name as follows:

**Portland Grp Inc
431 Portland Ave
Saint Paul, MN 55102-2214**

The subject property was last transferred by Quit Claim Deed on September 1, 2022 for a consideration of \$1.00 as recorded in Instrument # 22037648 in the Sevier County Register of Deed's Office.

Prior to this transfer, the property was acquired on April 1, 2021 by the current owner for \$330,000 as recorded in Book 5756, Page 302. This recent transaction is indicative of an arm's length transaction. Other details were not available to the appraisers in the normal course of business.

There are no other known contracts or listings for the subject property within the last 36 months.

The appraisers reconcile the market value estimate well above the recent transaction price due to 1) improving market conditions since the height of the Covid-19 pandemic and 2) the use of an extraordinary assumption that rezoning to C-1 will be approved by Sevier County and that the HOA will allow commercial use on the site despite the declarations recorded as public record.

HIGHEST AND BEST USE

Highest and best use is defined as:

*"The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future."*⁶

⁶ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, Page 109.

Highest and best use is divided into two categories: 1) "as vacant" and 2) "as improved." The first category assumes the site is vacant and addresses the issue of what use should be made of the site. The second category addresses the use that should be made of the property, as it exists. The highest and best use "as improved" may well be different than the existing use. The existing use will continue until the value of the vacant land exceeds the total value of the property in its existing use.

Highest and Best Use, As Vacant

Highest and best use of land or a site as though vacant is defined as:

*"Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements."*⁷

Legally Permissible

The subject's use must be permitted within the current zoning laws, building codes, and other governmental restrictions, as well as conform to any deed restrictions that are recorded. If a more productive use falls outside of these criteria, the appraisers must consider whether it is feasible to rezone or otherwise change or remove the legal restraints. The subject property is located within Sevier County and is zoned C-1, Rural Commercial District. The following allowable uses are included in the ordinance: any uses in R1, R2M & R2, rural retail businesses, campgrounds, restaurants, warehouses, offices, amusement and rural recreation, antique sales, motor vehicle sales, and animal clinics. Any use of the subject that does not conform to this ordinance would not be legally permissible. In addition, there are PUD declarations that exclude commercial use (1225, 783). The property is appraised under the **extraordinary assumption** these restrictions do not apply. Based on this analysis, the legally permissible uses include: residential, rural retail businesses, campgrounds, restaurants, warehouses, offices, amusement and rural recreation, antique sales, motor vehicle sales and animal clinics.

Physically Possible

The subject's use must be physically possible given the property's size, shape, topography, and other physical characteristics. The subject property contains 5.121 acres or 223,079 along the north side of Eagle Feather Drive with a PUD development. The topography is gently rolling

⁷ The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, Page 93.

rising steeply at the boundaries. The subject has average access being 3 miles to Winfield Dunn Parkway to the east and 1 mile to Boyds Creek Highway to the north. All utilities are available. The subject's narrow shape impacts its utility to some degree. The subject could accommodate any of the permissible uses.

Financially Feasible

Determining the financial feasibility of a potential use involves evaluating whether the anticipated income or return on investment from a particular use is enough to justify the costs of acquisition, development, and maintenance. The financial feasibility test ensures that the proposed use can generate a reasonable profit and is economically viable and a financially feasible use generates a satisfactory return on investment and is economically viable compared to alternative uses. The previous two tests determined that variety of residential & commercial uses are legally permissible and physically possible. Based on acquisition and development costs of surveyed variety of residential & commercial properties in the subject market, as well as returns and market rate returns & established benchmarks, the financially feasible uses can be narrowed to vacation rental development use or campground use.

Maximally Productive

The maximally productive use is the use that generates the highest net return or present value among all the possible uses that are legally permissible, physically possible, and financially feasible for a property. It represents the optimal use of a property that maximizes its potential value, considering its attributes, constraints, and the local market conditions. The subject's maximally productive use would be to develop with a vacation rental use consistent with the neighborhood. Based on a survey of the similar uses within the subject neighborhood as well as the appraisers' knowledge of the market participants and competitive market with respect to the subject property, the typical user would be a local developer. Taking into account market conditions, demand and supply factors, and the macroeconomic horizon of the US and local economy, development would be supported in the current market.

Highest and Best Use, As Improved

Highest and best use of a property, as improved, is defined as:

“The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement

would more than offset the cost of demolishing the existing building and constructing a new one.”⁸

The subject property is improved with 16,500 S.F. warehouse with additional 3-sides storage buildings built in 2002. The improvements are in fair condition. The existing improvements have some deferred maintenance to be addressed and stormwater appears to be an issue. However, the current use is financially feasible and requires minimal capital investment. Therefore, based on the condition of the current improvements, the highest and best use of the subject property "as improved" is for continued warehouse use.

APPROACHES TO VALUE

In the appraisal process, under ideal conditions, there are three approaches to an estimate of value. These approaches are briefly defined as:

- 1) Cost Approach - In this approach, the indication of value is derived by estimating the value of the land based on sales of similar land, and adding to this value the replacement cost of improvements less accrued depreciation.
- 2) Sales Comparison or Market Approach - This method develops a value estimate by the direct comparison of the subject of the appraisal with properties that are similar in nature or which are adapted to the same use which have recently sold or which are listed for sale in the open market under competitive conditions.
- 3) Income Approach - In this approach, the value of the property is indicated by the capitalization of an anticipated net rental income stream over a specified period of time. Four steps are required: (1) gross income is estimated; (2) expenses are deducted to estimate net income; (3) a capitalization method is selected; and, (4) the net income estimate is capitalized into an indication of value by applying the selected capitalization method.

In the appraisal of the subject property, the Sales Comparison Approach and the Income Approach have been applied. The Cost Approach involves the deduction of accrued depreciation from the improvements cost new and then adding the land value. The subject property was originally built in 2002. The Cost Approach is most effective when the improvements are new and little accrued depreciation has occurred. Due to the age of the improvements and the difficulty in estimating accrued depreciation, the Cost Approach was not utilized. Also, this approach does not accurately reflect the typical investor for income producing commercial properties such as the subject property.

⁸ The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, Page 94.

Exclusion of the Cost Approach does not qualify as a departure from USPAP regulations, which only require approaches to be developed in order to obtain credible assignment results.

SALES COMPARISON APPROACH

The Sales Comparison Approach is defined as:

"The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison." ⁹

In this analysis, the comparable sales are analyzed based on the sales price per square foot technique. A thorough search of the subject market area was made to find comparable sales of warehouse properties. The comparable sales of similar properties that reflect the market appeal of the subject property are shown on the following pages.

⁹ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, Page 207.

IMPROVED SALE 1**Location Data**

Name: Unit 7, Zelig Industrial Park
 Location: 3275 Newport Hwy
 City & State: Sevierville, TN 37876-1195
 Tax Identification 30M-A-007

**Sale Information**

Grantor: Boyd Industrial Supply LLC
 Grantee: Cody Givens
 Sale Date: 3/10/2023
 Sale Price: \$468,750
 Terms of Sale: Cash to seller
 Recordation Instrument #: 23006778

Physical Description

Building Size: 12,800 S.F.
 Year Built: 2000
 Site Size: 44,431 S.F. or 1.02 acres
 Land to Building Ratio: 3.47 to 1.0

Operating Information

	<u>\$ Amount</u>	<u>Per SF</u>
Gross Income:		
Less Vacancy & Credit:	_____	_____
Effective Gross Income:		
Less Expenses:	_____	_____
Net Income:		

Analysis

Price Per S.F. of Bldg.: \$36.62/S.F.
 Eff. Gross Income Multiplier:
 Net Income Multiplier:
 Overall Cap Rate:

Comments: The sale of a warehouse building in Zelig Industrial Park, eight (8) miles east of Sevierville building with 16' ceilings, oversized bay doors (5), 100% warehouse with restroom facilities, small office buildout. Income information could not be obtained.

Source: Public records & appraisers files.

IMPROVED SALE 2**Location Data**

Name:
 Location: 1260 New Era Road
 City & State: Sevierville, TN 37862-4706
 Tax Identification 060-142.08

Sale Information

Grantor: Twelve Sixty, LLC
 Grantee: Chester A Ebanks
 Sale Date: 1/7/21
 Sale Price: \$325,000
 Terms of Sale: Cash to seller
 Recordation Book 5703, Page 376

**Physical Description**

Building Size: 7,200 S.F.
 Year Built: 2003 & 2013
 Site Size: 61,420 S.F. or 1.41 acres
 Land to Building Ratio: 8.53 to 1.0

Operating Information

	<u>\$ Amount</u>	<u>Per SF</u>
Gross Income:		
Less Vacancy & Credit:	_____	_____
Effective Gross Income:		
Less Expenses:	_____	_____
Net Income:		

Analysis

Price Per S.F. of Bldg.: \$45.14/S.F.
 Eff. Gross Income Multiplier:
 Net Income Multiplier:
 Overall Cap Rate:

Comments: The sale of two storage warehouses totaling 7,200 S.F. located on the west side of New Era Road in Sevier County. Built in 2003 and 2013, the buildings are pre-finished metal and steel buildings on concrete slabs. 5,000 S.F building has six drive in bays with overhead doors. The 2,200 S.F. building has four drive in bays with overhead doors. The ceiling height is estimated at 14', and zoning is C-1. Income information could not be obtained.

Source: Public records & appraisers files.

IMPROVED SALE 3**Location Data**

Name: Units 2 & 4, Zelig Industrial Park
 Location: 3275 Newport Hwy
 City & State: Sevierville, TN 37876-1195
 Tax Identification 30M-A-002 & 004

**Sale Information**

Grantor: Linda F. Nichols
 Grantee: Pepper Palace Properties LLC
 Sale Date: 3/4/2021
 Sale Price: \$1,650,000
 Terms of Sale: Cash to seller
 Recordation Instrument #: 21007610

Physical Description

Building Size: 32,320 S.F. (19,200 S.F. & 13,120 S.F.)
 Year Built: 1998 & 2000
 Site Size: 82,154 S.F. or 1.87 acres or (1.116 & 0.77 acres)
 Land to Building Ratio: 1.30 to 1.0

Operating Information

	<u>\$ Amount</u>	<u>Per SF</u>	
Gross Income:	\$142,646	\$4.41	
Less Vacancy & Credit:	-\$7,132	-\$0.22	5% allowance
Effective Gross Income:	\$135,514	\$4.19	
Less Expenses:	-\$5,421	-\$0.17	4% est.
Net Income:	\$130,091	\$4.02	

Analysis

Price Per S.F. of Bldg.: \$51.05/S.F.
 Eff. Gross Income Multiplier: 12.18
 Net Income Multiplier: 12.68
 Overall Cap Rate: 7.88%

Comments: The sale of two office warehouses in Zelig Industrial Park, eight (8) miles east of Sevierville. Unit 2 (19,200 S.F.) has 6,500 S.F. leased to JFK Canning \$5.54/S.F. triple net basis. The front 12,700 S.F. space was recently leased to Smokey's Auto Repair for \$3.78/S.F. on a triple net basis. Unit 4 is fully leased to Paula Deen for \$4.47/S.F. on a triple net basis through September 1, 2025.

Source: Public records & appraisers files.

IMPROVED SALE 4**Location Data**

Name: Sensible Concrete
 Location: 3107 Newport Hwy
 City & State: Sevierville, TN 37876-1137
 Tax Identification 041 033.01

**Sale Information**

Grantor: Michael Gibson
 Grantee: Sensible Concrete Works LLC
 Sale Date: 5/12/2022
 Sale Price: \$700,000
 Terms of Sale: Cash to seller
 Recordation Instrument #22021906

Physical Description

Building Size: 10,000 S.F.
 Year Built: 2008
 Site Size: 54,354 S.F. or 1.2478 acres
 Land to Building Ratio: 5.44 to 1.0

Operating Information

	<u>\$ Amount</u>	<u>Per SF</u>
Gross Income:	-	-
Less Vacancy & Credit:	-	-
Effective Gross Income:	-	-
Less Expenses:	-	-
Net Income:	-	-

Analysis

Price Per S.F. of Bldg.: \$70.00/S.F.
 Eff. Gross Income Multiplier: -
 Net Income Multiplier: -
 Overall Cap Rate: -

Comments: The sale of a 10,000 S.F. warehouse located along Newport Highway, 8 miles east of downtown Sevierville in Sevier County. The site has good visibility and access along Newport Highway and the building was constructed in 2008 with various roll-up doors, dock height floors, and a 16' eave height. Sale is indicative of a tenant option to purchase; however, details of the previous lease could not be obtained.

Source: CoStar/LoopNet, public records,

IMPROVED SALE 5**Location Data**

Name: Former Purpose Church
 Location: 1038 Charlotte's Court
 City & State: Pigeon Forge, TN 37863-6100
 Tax Identification 073-009.20

Sale Information

Grantor: Family Chapel Church of God
 Grantee: Facs Properties LLC
 Sale Date: 12/16/2020
 Sale Price: \$725,000
 Terms of Sale: Cash to seller
 Recordation Instrument #20045015

**Physical Description**

Building Size: 10,000 S.F.
 Year Built: 2008
 Site Size: 65,453 S.F. or 1.5026 acres
 Land to Building Ratio: 6.55 to 1.0

Operating Information

	<u>\$ Amount</u>	<u>Per SF</u>	
Gross Income:	\$67,500	\$6.75	*
Less Vacancy & Credit:	-\$3,375	-\$0.34	5% allowance
Effective Gross Income:	\$64,125	\$6.41	
Less Expenses:	-\$2,565	-0.26	4%
Net Income:	\$61,560	\$6.15	

Analysis

Price Per S.F. of Bldg.: \$72.50/S.F.
 Eff. Gross Income Multiplier: 11.31
 Net Income Multiplier: 11.78
 Overall Cap Rate: 8.49%

Comments: The sale of a 10,000 S.F. warehouse located in commercial park setting along Veterans Blvd that was formerly owner-occupied by Purpose Church. *Income above derived from rentals in the sale's park and interviews with listing broker with this sale, considered to be market rent. Building was 100% climate controlled. Large sanctuary was essentially a warehouse with carpet, the remaining area was good quality office, classroom, restrooms, etc.

Source: CoStar/LoopNet, public records, Dave Moore, Realty Execs.

IMPROVED SALE 6**Location Data**

Name: Smoky Mountain Pet Resort
 Location: 1868 Country Meadows Drive
 City & State: Sevierville, TN 37862-9357
 Tax Identification 062D-A-189

Sale Information

Grantor: Dennis Ryan
 Grantee: Jennifer Maggard
 Sale Date: 11/9/2022
 Sale Price: \$470,000
 Terms of Sale: Cash to seller
 Recordation Instrument #22043233

**Physical Description**

Building Size: 6,060 S.F.
 Year Built: 2002
 Site Size: 18,058 S.F. or 0.41 acres
 Land to Building Ratio: 2.98 to 1.0

Operating Information

	<u>\$ Amount</u>	<u>Per SF</u>
Gross Income:	-	-
Less Vacancy & Credit:	-	-
Effective Gross Income:	-	-
Less Expenses:	-	-
Net Income:	-	-

Analysis

Price Per S.F. of Bldg.: \$77.56/S.F.
 Eff. Gross Income Multiplier: -
 Net Income Multiplier: -
 Overall Cap Rate: -

Comments: The sale of the Smoky Mountain Pet Resort. Purchased by the long-time tenant. Building is 6,060 S.F, warehouse with kennel buildout located along Country Meadows Drive, south of Dolly Parton Parkway in Sevierville. Calls to the seller to obtain recent leasing rates were not returned.

Source: CoStar/LoopNet, public records,

IMPROVED SALE 7**Location Data**

Name:
 Location: 2063 Newport Hwy
 City & State: Sevierville, TN 37876
 Tax Identification 051 016.01 & 016.03

**Sale Information**

Grantor: Edward Grant Dale
 Grantee: Sevierville Storage, LLC
 Sale Date: 3/3/2022
 Sale Price: \$1,600,000
 Terms of Sale: Cash to seller
 Recordation Book 6041, Page 79

Physical Description

Building Size: 19,700 S.F.
 Year Built: 2004 & 2017
 Site Size: 64,469 S.F. or 1.48 acres
 Land to Building Ratio: 3.27 to 1.0

Operating Information

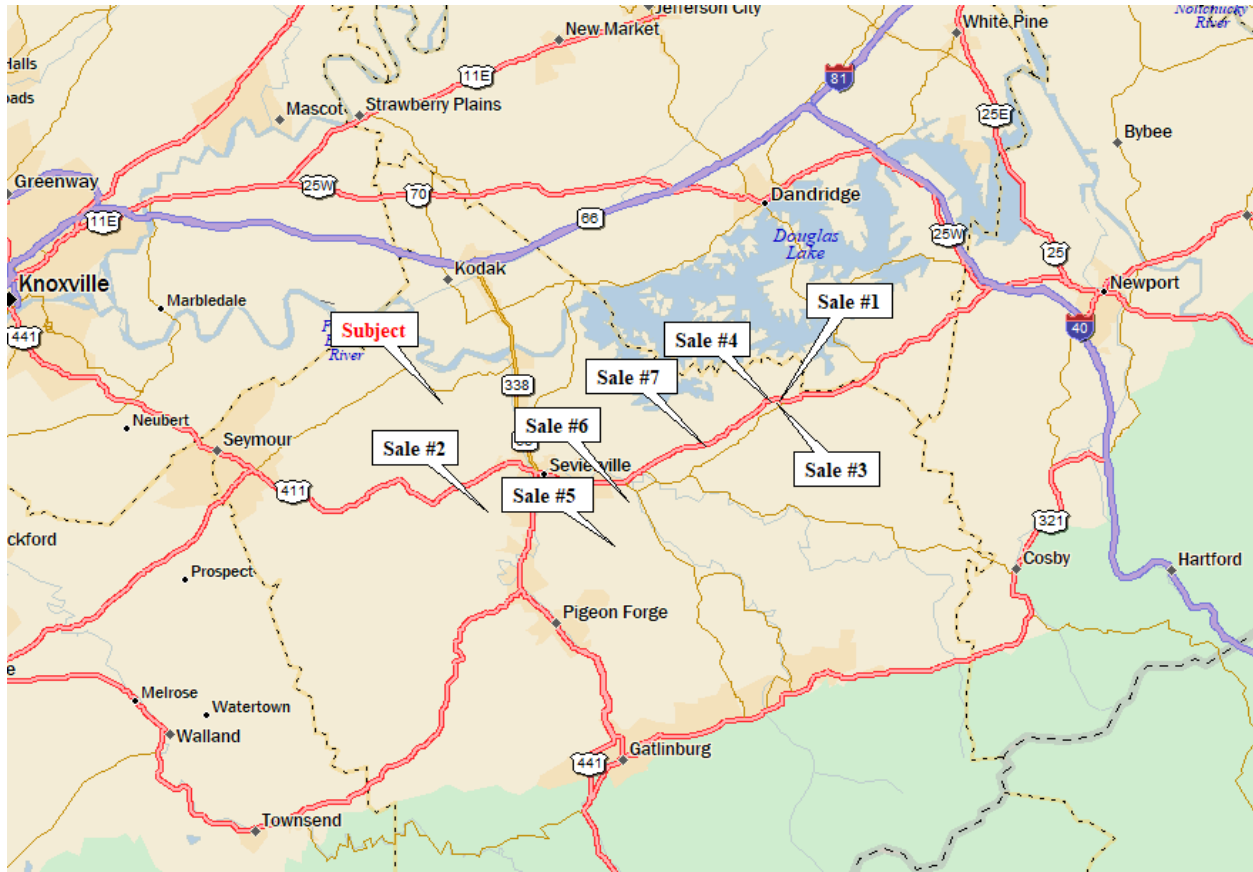
	<u>\$ Amount</u>	<u>Per SF</u>	
Gross Income:	\$157,600	\$8.00	
Less Vacancy & Credit:	\$7,880	\$0.40	5% allowance
Effective Gross Income:	\$149,720	\$7.60	
Less Expenses:	\$22,458	\$1.14	15% exp. allowance
Net Income:	\$127,262	\$6.46	

Analysis

Price Per S.F. of Bldg.: \$81.22/S.F.
 Eff. Gross Income Multiplier: 10.69
 Net Income Multiplier: 12.57
 Overall Cap Rate: 7.95%

Comments: The sale of two warehouse buildings off Newport Hwy built in 2004 and 2017 on adjacent parcels with highway frontage. Buildings has 14' eaves, multiple roll-up doors and a loading dock. Converted to oversized storage use with a portion of the buildings occupied by a commercial tenant. The income information above was publicly reported as \$8.00/S.F. on modified gross terms. Unable to verify with buying or selling parties.

Source: CoStar/LoopNet, public records,



SALES MAP

Comparable Sales Summary								
Sale	Location	Sales Price	Sales Date	Built	Avg Rent	Ro	Size (S.F.)	Price/S.F.
1	3275 Newport Hwy, Unit 7, Sevierville	\$468,750	3/10/23	2000	-	-	12,800 S.F.	\$36.62 /S.F.
2	1260 New Era Road, Sevierville	\$325,000	1/7/21	2003	-	-	7,200 S.F.	\$45.14 /S.F.
3	3275 Newport Hwy, Unit 2&4, Sevierville	\$1,650,000	3/4/21	1998	\$4.41/S.F.	7.88%	32,320 S.F.	\$51.05 /S.F.
4	3107 Newport Highway, Sevierville	\$700,000	5/12/22	2008	-	-	10,000 S.F.	\$70.00 /S.F.
5	1038 Charlotte's Court, Pigeon Forge	\$725,000	12/16/20	2008	\$6.75/S.F.	8.49%	10,000 S.F.	\$72.50 /S.F.
6	1868 Country Meadows Drive, Sevierville	\$470,000	11/9/22	2002	-	-	6,060 S.F.	\$77.56 /S.F.
7	2063 Newport Highway, Sevierville	\$1,600,000	3/3/22	2004	\$8.00/S.F.	7.95%	19,700 S.F.	\$81.22 /S.F.
Average Indication		\$848,393	12/16/21	2003	\$6.39/S.F.	8.11%	14,011 S.F.	\$62.01 /S.F.
<i>Min. Indication</i>		<i>\$325,000</i>	<i>12/16/20</i>	<i>1998</i>	<i>\$4.41/S.F.</i>	<i>7.88%</i>	<i>6,060 S.F.</i>	<i>\$36.62 /S.F.</i>
<i>Max. Indication</i>		<i>\$1,650,000</i>	<i>3/10/23</i>	<i>2008</i>	<i>\$8.00/S.F.</i>	<i>8.49%</i>	<i>32,320 S.F.</i>	<i>\$81.22 /S.F.</i>

Market research revealed seven comparable sales of warehouse properties along similar secondary corridors in Sevier County. The sales occurred from December 2021 to March 2023 and range in size from 6,060 S.F. to 32,320 S.F. with an average size of 14,011 S.F. The sales indicate a range in value from \$36.62/S.F. to \$81.22/S.F. with an average value indication of \$62.01/S.F. The comparable sales are adjusted to the subject property as shown below.

Comparison and Adjustment Table								
Legacy Vista Warehouse								
	Subject	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6	Sale #7
Physical Data								
Improvement S.F.	16,500	12,800	7,200	32,320	10,000	10,000	6,060	19,700
Sales Data								
Sales Price	-----	\$468,750	\$325,000	\$1,650,000	\$700,000	\$725,000	\$470,000	\$1,600,000
Date of Sale	-----	3/10/2023	1/7/2021	3/4/2021	5/12/2022	12/16/2020	11/9/2022	3/3/2022
Sales Price/unit	-----	\$36.62/S.F.	\$45.14/S.F.	\$51.05/S.F.	\$70.00/S.F.	\$72.50/S.F.	\$77.56/S.F.	\$81.22/S.F.
Market Adjustments								
Ownership Rights	Fee Simple	Fee Simple	Fee Simple	Leased Fee	Fee Simple	Fee Simple	Fee Simple	Leased Fee
Financing	No Concessions	None	None	None	None	None	None	None
Conditions of Sale	Typical	Typical	Typical	Typical	Typical	Typical	Typical	Typical
Market Conditions	Stable	Similar	Inferior	Inferior	Similar	Inferior	Similar	Similar
Physical Adjustment:								
Location/Access	Average	Similar	Similar	Similar	Superior	Superior	Superior	Superior
Size	16,500	12,800	7,200	32,320	10,000	10,000	6,060	19,700
		Similar	Superior	Inferior	Similar	Similar	Superior	Similar
Quality	Average	Similar	Inferior	Superior	Superior	Superior	Superior	Similar
Condition	Fair	Superior	Superior	Superior	Superior	Superior	Superior	Superior
Utility	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Overall		Inferior	Similar	Similar	Superior	Superior	Superior	Superior

Therefore, based on the analysis of these comparable sales, considering the subject's location, quality, condition, size, location, and access, it is concluded the market value of the subject property is best represented by the lower middle portion of the range, estimated to be \$50.00/S.F. or \$825,000 (R) for the 16,500 S.F. property. The presence of the secondary buildings is considered within this price/S.F. value estimate.

Summary of Sales Comparison Approach

16,500 S.F.	@	\$50.00/S.F.	\$825,000
Total Value Indication			\$825,000 (R)

INCOME APPROACH

The Income Capitalization Approach is defined as:

"Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income." ¹⁰

The Income Capitalization Approach develops a value estimate for a property through the treatment of an actual or projected net income stream. This recognizes value as the present worth of future benefits of ownership in the form of the net income received by the owner. In developing the value estimate through this approach, the potential or economic rental for the property is estimated and an allowance for vacancy and collection loss is deducted resulting in an effective gross or collected income. Typical expenses incurred in the operation of the real estate are then estimated and deducted from the effective gross income, resulting in a net operating income. This net income is then capitalized into value using a rate commensurate with the risks inherent in the ownership of the property and reflective of current market behavior for that type of investment.

The Direct Capitalization Method best reflects anticipated market behavior for the subject property and is used in application of the Income Approach method. This method is considered the most representative of investor purchase and sale criteria under present market conditions for properties of the subject's age and type. Market-derived rent and expense data have been analyzed for projection of a reasonable net income for the property. The estimated yearly net operating income will be converted into an estimate of value utilizing a capitalization rate based on local and regional market activity and nationally surveyed data for similar investments.

Gross Income Estimate

The property is currently vacant. A market rent estimate will be established by surveying similar leased properties. The rental rates derived from the comparable warehouses are shown below.

¹⁰ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2014, Page 115.

Comparable Sales Summary								
Sale	Location	Sales Price	Sales Date	Built	Avg Rent	Ro	Size (S.F.)	Price/S.F.
1	3275 Newport Hwy, Unit 7, Sevierville	\$468,750	3/10/23	2000	-	-	12,800 S.F.	\$36.62 /S.F.
2	1260 New Era Road, Sevierville	\$325,000	1/7/21	2003	-	-	7,200 S.F.	\$45.14 /S.F.
3	3275 Newport Hwy, Unit 2&4, Sevierville	\$1,650,000	3/4/21	1998	\$4.41/S.F.	7.88%	32,320 S.F.	\$51.05 /S.F.
4	3107 Newport Highway, Sevierville	\$700,000	5/12/22	2008	-	-	10,000 S.F.	\$70.00 /S.F.
5	1038 Charlotte's Court, Pigeon Forge	\$725,000	12/16/20	2008	\$6.75/S.F.	8.49%	10,000 S.F.	\$72.50 /S.F.
6	1868 Country Meadows Drive, Sevierville	\$470,000	11/9/22	2002	-	-	6,060 S.F.	\$77.56 /S.F.
7	2063 Newport Highway, Sevierville	\$1,600,000	3/3/22	2004	\$8.00/S.F.	7.95%	19,700 S.F.	\$81.22 /S.F.
Average Indication		\$848,393	12/16/21	2003	\$6.39/S.F.	8.11%	14,011 S.F.	\$62.01 /S.F.
<i>Min. Indication</i>		<i>\$325,000</i>	<i>12/16/20</i>	<i>1998</i>	<i>\$4.41/S.F.</i>	<i>7.88%</i>	<i>6,060 S.F.</i>	<i>\$36.62 /S.F.</i>
<i>Max. Indication</i>		<i>\$1,650,000</i>	<i>3/10/23</i>	<i>2008</i>	<i>\$8.00/S.F.</i>	<i>8.49%</i>	<i>32,320 S.F.</i>	<i>\$81.22 /S.F.</i>

The available rental rates derived from the sales range from \$4.41/S.F. to \$8.00/S.F. averaging \$6.39/S.F. Consistent with the qualitative analysis in the Sales Comparison Approach above, the subject is best represented by the lower middle portion of the range. Based on the comparables and active competitive offerings, a lease rate of \$5.00/S.F. triple net is considered reasonable for the 16,500 S.F. warehouse. This results in \$82,500 in annual rent. The presence of the secondary buildings is considered within this lease rate estimate.

Reimbursements & Other Income

The comparables are mostly leased on a triple net terms. The subject rent is estimated on a triple net basis with the tenant paying occupancy expenses directly. There is not common area maintenance or expense pass through estimated. The HOA payment required would be expected to be paid by the tenant.

Vacancy & Absorption

The vacancy factor of the subject neighborhood is very low. Similar trends persist across small warehouse and flex buildings in the greater East Tennessee area shown above, a vacancy rate of 5% is considered reasonable.

Expense Estimate

The second step in processing the Income Approach is that of estimating the typical expenses associated with the property. The subject property's rent is triple net rent, requiring the appraisers to only account for a Management Fee and Reserve Allowance for exterior and structural maintenance. The management fee is estimated at 1% of effective gross income and is intended to only account for the (tax preparation and cost of ownership items). Considering the age and condition of the building, a Reserve allowance of \$0.30/S.F. is reasonable. A reconstructed operating statement for the subject property is shown below.

<u>Eagle Feather Drive Operating Statement</u>			
Gross Rent	\$5.00 /S.F.	\$82,500.00	100.00%
Recapture	\$0.00 /S.F.	\$0.00	0.00%
Gross Receipts	\$5.00 /S.F.	\$82,500.00	
less Vacancy	5% \$0.25 /S.F.	\$4,125.00	
Effective Gross Income	\$4.75 /S.F.	\$78,375.00	
Operating Expenses			
Management Fees	\$0.05 /S.F.	\$783.75	1.00%
Reserves	\$0.30 /S.F.	\$4,950.00	6.32%
Total Expenses	\$0.35 /S.F.	\$5,733.75	7.32%
Net Operating Income		\$72,641.25	92.68%

Capitalization Process

Direct Capitalization is defined as:

*"A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year's income is used. Yield and value changes are implied, but not explicitly identified."*¹¹

Realty Rates Survey

The RealtyRates.com Investor Survey – 3rd Quarter 2022 was consulted for capitalization rates for Industrial - Warehouses. The survey shows capitalization rates ranging from 5.49% to 11.32% with a typical indication of 8.43%.

¹¹ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, Page 65.

RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2023*						
INDUSTRIAL - WAREHOUSES & DISTRIBUTION CENTERS						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	1.06%	DCR Technique	1.10	0.056362	0.80	4.96
Debt Coverage Ratio	1.10	Band of Investment Technique				
Interest Rate	4.81%	Mortgage	80%	0.056362	0.045089	
Amortization	40	Equity	20%	0.066576	0.013315	
Mortgage Constant	0.056362	OAR				5.84
Loan-to-Value Ratio	80%	Surveyed Rates				5.49
Equity Dividend Rate	6.66%					
Maximum						
Spread Over 10-Year Treasury	3.26%	DCR Technique	1.80	0.107926	0.60	11.66
Debt Coverage Ratio	1.80	Band of Investment Technique				
Interest Rate	7.01%	Mortgage	60%	0.107926	0.064756	
Amortization	15	Equity	40%	0.139149	0.055660	
Mortgage Constant	0.107926	OAR				12.04
Loan-to-Value Ratio	60%	Surveyed Rates				11.32
Equity Dividend Rate	13.91%					
Average						
Spread Over 10-Year Treasury	2.16%	DCR Technique	1.31	0.073659	0.70	6.75
Debt Coverage Ratio	1.31	Band of Investment Technique				
Interest Rate	5.91%	Mortgage	70%	0.073659	0.051561	
Amortization	28	Equity	30%	0.099234	0.029770	
Mortgage Constant	0.073659	OAR				8.13
Loan-to-Value Ratio	70%	Surveyed Rates				8.43
Equity Dividend Rate	9.92%					

Market Extracted Rates

The following capitalization rates were extracted from the subject property's competitive comparable sales analyzed above.

Comparable Sales Summary								
Sale	Location	Sales Price	Sales Date	Built	Avg Rent	Ro	Size (S.F.)	Price/S.F.
1	3275 Newport Hwy, Unit 7, Sevierville	\$468,750	3/10/23	2000	-	-	12,800 S.F.	\$36.62 /S.F.
2	1260 New Era Road, Sevierville	\$325,000	1/7/21	2003	-	-	7,200 S.F.	\$45.14 /S.F.
3	3275 Newport Hwy, Unit 2&4, Sevierville	\$1,650,000	3/4/21	1998	\$4.41/S.F.	7.88%	32,320 S.F.	\$51.05 /S.F.
4	3107 Newport Highway, Sevierville	\$700,000	5/12/22	2008	-	-	10,000 S.F.	\$70.00 /S.F.
5	1038 Charlotte's Court, Pigeon Forge	\$725,000	12/16/20	2008	\$6.75/S.F.	8.49%	10,000 S.F.	\$72.50 /S.F.
6	1868 Country Meadows Drive, Sevierville	\$470,000	11/9/22	2002	-	-	6,060 S.F.	\$77.56 /S.F.
7	2063 Newport Highway, Sevierville	\$1,600,000	3/3/22	2004	\$8.00/S.F.	7.95%	19,700 S.F.	\$81.22 /S.F.
Average Indication		\$848,393	12/16/21	2003	\$6.39/S.F.	8.11%	14,011 S.F.	\$62.01 /S.F.
<i>Min. Indication</i>		<i>\$325,000</i>	<i>12/16/20</i>	<i>1998</i>	<i>\$4.41/S.F.</i>	<i>7.88%</i>	<i>6,060 S.F.</i>	<i>\$36.62 /S.F.</i>
<i>Max. Indication</i>		<i>\$1,650,000</i>	<i>3/10/23</i>	<i>2008</i>	<i>\$8.00/S.F.</i>	<i>8.49%</i>	<i>32,320 S.F.</i>	<i>\$81.22 /S.F.</i>

Ellwood Method

In order to develop a capitalization rate using the Ellwood mortgage-equity method, certain factors pertaining to available financing and investor expectations must be derived. Based on interviews with knowledgeable local investors and lenders, the following investment parameters were concluded to be representative of the present market conditions for the subject property.

INPUTS:	
Loan-to-Value Ratio	65%
Mortgage interest rate	7.25%
Amortization period (years)	20
Projection period (years)	5
App./Dep. during projection	10.00%
Yield rate	12.00%
OVERALL RATE:	0.074180
	7.42%

The preceding mortgage loan terms were concluded to be the most likely terms of mortgage financing subsequent to the appraisers' interview with lending institutions indicating an overall capitalization rate of 7.42%.

Conclusion

Consideration is given to market extracted rates, the surveyed rates provided by the RealtyRates.com survey & the rate derived from the Ellwood Method. Further consideration is given to the following: The subject is in an average location, but access through the cabin resort is not ideal and the subject's topography does not lend itself to maximum utility for a warehouse property.

A capitalization rate of 9.00 % reflects a typical, prudent investor's objectives and risk tolerance with respect to the subject property.

<u>Eagle Feather Drive Operating Statement</u>			
Gross Rent	\$5.00 /S.F.	\$82,500.00	100.00%
Recapture	\$0.00 /S.F.	\$0.00	0.00%
Gross Receipts	\$5.00 /S.F.	\$82,500.00	
less Vacancy	5% \$0.25 /S.F.	\$4,125.00	
Effective Gross Income	\$4.75 /S.F.	\$78,375.00	
Operating Expenses			
Management Fees	\$0.05 /S.F.	\$783.75	1.00%
Reserves	\$0.30 /S.F.	\$4,950.00	6.32%
Total Expenses	\$0.35 /S.F.	\$5,733.75	7.32%
Net Operating Income		\$72,641.25	92.68%
Capitalization Rate	÷	9.00%	
Market Value	≈	\$810,000	

CORRELATION AND FINAL VALUE ESTIMATE

The indicated value of the subject property through the three approaches is:

Cost Approach.....	Not Applicable
Sales Comparison Approach	\$825,000
Income Approach	\$810,000

The Cost Approach involves the deduction of accrued depreciation from the improvements cost new then adding the land value. This approach is most useful when the subject property is new and there is little accrued depreciation involved. Since the subject property is older, constructed in 2002, this approach was not considered to be able to estimate a reliable indication of the market value of the subject property.

In the Sales Comparison Approach, an analysis of sales of similar commercial properties was made. These sales were directly compared to the subject property on the basis of size, quality, age, condition, and location. In this approach, it is important that sufficient data is available of recent sales to properly analyze the market. The appraisers feel that surveyed data provides a good estimate of value. Seven sales are detailed in the approach and the market activity of small warehouses appears strong. The sales offer owner occupied, and tenant occupied spaces. Spaces similar to the subject are often owner occupied. Based on the sales obtained in the local market, it is concluded that the Sales Comparison Approach is considered to be a reliable indication of value of the subject property.

The Income Approach is based on the anticipation of future benefits from the investment of income producing property. In this approach, the estimated expenses are deducted from the potential gross income to indicate a net operating income for the property. The net operating income is then capitalized into a market value indication based on the capitalization rate determined in the market. The Income Approach to value best represents the behavior of the typical investor for the income producing property. For this reason, the Income Approach is considered to produce a valid indication of the subject property.

Therefore, based on the Sales Comparison Approach and Income Approach, with more weight given to the Sales Comparison Approach, it is concluded that the Fee Simple “as is” market value of the subject property as of the effective date, August 14, 2023, is estimated to be:

EIGHT HUNDRED TWENTY THOUSAND DOLLARS

(\$820,000.00)

Extraordinary Assumption: An extraordinary assumption is required to develop a credible opinion of value of the proposed improvements. The subject is appraised under the extraordinary assumption that rezoning to C-1 will be approved by Sevier County and that the HOA will allow commercial use on the site despite the declarations recorded as public record. The appraisers reserve the right to amend and adjust the appraisal accordingly if the property rezoning is not feasible or if the HOA restricts the use of the subject. Therefore, the value could be negatively affected.

GENERAL ASSUMPTIONS

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

GENERAL LIMITING CONDITIONS

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.
3. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
5. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of 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 such substances or conditions. If the presence of such substances, such as asbestos, urea-formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.
6. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. The appraisal has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP).

CERTIFICATION

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, and 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 performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform the assignment.
- 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*.
- 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.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Ben A. Broome made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- As of the date of this report, Ben A. Broome, MAI has completed the continuing education program for designated members of the Appraisal Institute. A.J. Tipton has completed the requirements of the continuing education program for the State of Tennessee and is a licensed Certified General Appraiser who participated in the property inspection, market research and analyses, and preparation of the report.



Ben A. Broome, MAI
TN Certified General Appraiser #CG-113



A.J. Tipton
TN Certified General Appraiser #CG-5290

QUALIFICATIONS

BEN A. BROOME, MAI

President, Property Service Group Southeast, Inc.
1129 N. 6th Avenue
Knoxville, TN 37917-6754

Experience

Experience in real estate appraising in Tennessee, Kentucky, Virginia, North Carolina, and Florida since 1982.
Tennessee Certified General Appraiser #CG-113
Kentucky Real Property Appraiser #0127
Georgia Certified General Appraiser #243921
Virginia Certified General Appraiser #4001017906
North Carolina Certified General Appraiser #A8451
Qualified expert witness in Tennessee, Kentucky

Education

Bearden High School - Knoxville, TN
University of Tennessee - Knoxville, TN
Bachelor of Science in Business Administration, June 1982.
Major: Real Estate & Urban Development; Finance
American Institute of Real Estate Appraisers
Courses: 8-1; Real Estate Principles
8-2; Residential Valuation
8-3; Standards of Professional Practice
1B-A; Capitalization Theory, Part A
1B-B; Capitalization Theory, Part B
2-1; Case Studies in Real Estate Valuation
2-2; Valuation Analysis and Report Writing
Uniform Appraisal Standards for Federal Land Acquisitions 2018

I received a Certificate of Completion for the Valuation of Conservation Easements certificate program, 11/2/2012, as offered by the Appraisal Institute and endorsed by the Land Trust Alliance. This certificate indicates that I have completed the Valuation of Conservation Easements educational requirements and passed the examination.

Professional Organizations

Appraisal Institute (MAI Designation)	Board of Directors, Volunteer State Chapter 1994-96
President, Greater Tennessee Chapter, 2002	Regional Representative, 2001
Education Chairman, Volunteer State Chapter, 1994-95	Young Advisory Council, 1999

Appraisal Clients

American Trust Bank	Greeneville Federal Bank
Andrew Johnson Bank	Habitat for Humanity
Appalachian Electric Cooperative	Home Federal Bank
Bank of Athens	Jefferson Federal Bank
Bank of East Tennessee	Knox County
Bank of the West	Knoxville Utilities Board
BB&T	Knoxville's Community Development Corporation
CapitalMark Bank & Trust	Mountain Commerce Bank
Citizens First Bank	Mountain National Bank
City of Kingsport	National Park Service
City of Knoxville	Norfolk Southern Corp.
Clayton Bank & Trust	Pellissippi State Community Technical College
Comerica Bank	Peoples Bank of the South
Commercial Bank	Pinnacle National Bank
Community South Bank	Public Building Authority
CSX Real Property	Regions Bank
Department of Energy	Small Business Administration
Dept. of the Army – Corps of Engineers	SmartBank
Dept. of General Services	State of Franklin Bank
Development Corporation of Knox County	SunTrust Bank
First Century Bank	Tennessee Clean Water Network
First Community Bank	Tennessee Dept. of Transportation (TDOT)
First National Bank of Oneida	Tennessee Nature Conservancy
First Tennessee Bank	Tennessee Parks & Greenways
First Trust & Savings Bank	Tennessee State Bank
FSGBank	The Citizens Bank of East Tennessee
General Services Administration	University of Tennessee

Alexander J. Tipton

◆ Property Service Group Southeast, Inc.
1129 N. 6th Avenue
Knoxville, Tennessee 37917-6754

Experience:

Property Service Group Southeast, Inc. June 2016 - present

Commercial appraisal services and financial analysis for commercial real estate owners, developers, and financial clients. Properties include retail developments, offices, industrial properties, residential subdivisions, and special use property types.

Education:

University of Arizona, Tucson, AZ

Bachelor of Science, Agricultural Business and Economics 2012

Appraisal Institute Chicago, IL

General Appraiser Income Approach I & II
General Appraiser Sales Comparison Approach
Small Hotel/Motel Valuation
Analyzing Operating Expenses
Rates & Ratios: GIMS, OARs and DCF
Real Estate Finance, Statistics & Valuation Modeling
USPAP Update
General Appraiser Market Analysis and Highest & Best Use
General Appraiser Site Valuation and Cost Approach
Basic Appraisal Principles

McKissock Learning, Warren, PA

Basic Appraisal Procedures
15 Hour National USPAP, 2022-2023 National USPAP Update Course
Expert Witness for Commercial Appraisers
Commercial Appraisal Review

Tennessee Real Estate Educational Systems, Inc. Chattanooga, TN

Basic Appraisal Procedures
15 Hour National USPAP

State Certification/Licensure:

State of Tennessee Certified General Appraiser #5290
State of Tennessee Affiliate Broker, License #369655

ADDENDA

- Quitclaim Deed
- Engagement Letter
- Appraisers' License

Quitclaim Deed

OWNER/RESPONSIBLE TAXPAYER:
Portland Group, Inc.
431 Portland Avenue
St. Paul, MN 55102
CLT# 0371 B 128.00

THIS INSTRUMENT PREPARED BY:
L. Caesar Stair IV, Esq.
Bernstein, Stair & McAdams LLP
116 Agnes Road
Knoxville, Tennessee 37919

QUITCLAIM DEED

THIS INDENTURE made as of the 1st day of September, 2022, between **TENNESSEE RV FLEXARMOR LIMITED LIABILITY COMPANY, LLC**, a Tennessee limited liability company, First Party, and **PORTLAND GROUP, INC.**, a Minnesota corporation, Second Party:

WITNESSETH

THAT SAID FIRST PARTY, for and in consideration of the sum of ONE AND NO/100 (\$1.00) DOLLAR, and other good and valuable consideration, to it in hand paid by said Second Party, the receipt of which is hereby acknowledged, has bargained, sold, remised, released and QUITCLAIMED, and does by these presents bargain, sell, remise, release and QUITCLAIM unto Second Party all of First Party's right, title and interest in and to the following described premises, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

With the hereditaments and appurtenances thereto appertaining, hereby releasing all claims therein to the said Second Party, its successors and assigns forever.

Whenever in this instrument a pronoun is used it shall be construed to represent either singular or plural, as the case may demand.

IN WITNESS WHEREOF, the said First Party hereunder has executed this instrument as of the day and year first above written.

TENNESSEE RV FLEXARMOR
LIMITED LIABILITY COMPANY,
LLC

By:

Paul Olson
Paul Olson, Member

BK/PG: 6186/64-66	
22037648	
SYSS: QUIT CLAIM DEED	
BATCH: 621480	
09/19/2022 - 08:00 AM	
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	15.00
DP FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	17.00

STATE OF TENNESSEE, SEVIER COUNTY
CYNDI B PICKEL
REGISTER OF DEEDS

Book 6186 Page 64

STATE OF Wisconsin)
COUNTY OF Door) SS

PERSONALLY appeared before me, the undersigned authority, a Notary Public in and for said County and State, PAUL OLSON, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged himself to be a Member of TENNESSEE RV FLEXARMOR LIMITED LIABILITY COMPANY, LLC, a Tennessee limited liability company, the within named bargainer, and that he, as such Member, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself as such Member.

WITNESS my hand and official seal at office this 7th day of September, 2022.



Melody Langrick
Notary Public
My Commission Expires: July 17th 2023

I hereby swear or affirm that the actual consideration or true value of this transfer, whichever is greater, is \$0.00. Total dollar amount written \$1.00 and

Paul Olson
Affiant

Subscribed and sworn to before me this 7th day of September, 2022.



Melody Langrick
Notary Public
My Commission Expires: July 17th 2023

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EXHIBIT "A"

SITUATE in the Fourteenth (14th) Civil District of Sevier County, Tennessee and being Lot 128 of Eagle Springs Resort as the same appears on a plat of record in Large Map Book 6, Page 118 in the Register's Office for Sevier County, Tennessee to which reference is here made for a more particular description.

SUBJECT to restrictions, reservations and easements as set forth in Book 1225, Page 783; Book 1466, Page 702; Book 2817, Page 141; Book 2321, Page 1, and Large Map Book 6, Page 118 in the said Register's Office.

ALSO SUBJECT TO any and all applicable restrictions, easements and building setback lines as are shown in the records of the said Register's Office.

BEING the same property conveyed to Tennessee RV Flexarmor Limited Liability Company, LLC by Warranty Deed from Devin J. Koester and wife, Leslie B. Koester, dated April 1, 2021, and of record in Book 5756, Page 302 in the Register's Office for Sevier County, Tennessee.

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Engagement Letter

◆ PROPERTY SERVICE GROUP SOUTHEAST

Real Estate Appraisals • Brokerage • Consulting

APPRAISAL ENGAGEMENT LETTER

August 10, 2023

Portland Grp, Inc.
c/o Corbin Loveless
431 Portland Avenue
Saint Paul, MN 55102-2214

Email: corbin.loveless@exprealty.com

Re: Real Estate Appraisal
Eagle Feather Drive
Sevier County, TN
Parcel 037I-B-128

To Whom It May Concern:

Pursuant to your request, I am submitting a fee and time frame to prepare an appraisal of the above-referenced property located in Sevier County, Tennessee. This letter is intended to constitute a legal commitment of your acceptance by signing below.

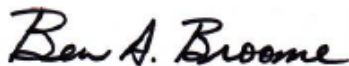
I agree to provide an appraisal to estimate the market value of the fee simple interest as is of the above-referenced property for a fee of \$2,000. The estimated completion date of the written appraisal in an Appraisal Report format is 2 weeks from signed engagement letter return. Should it become necessary for the firm to take legal action to recover any fees, you will be responsible for costs and attorneys' fees incurred in collecting our fee.

The appraisal shall be prepared for Portland Grp, Inc. and assigns and is for the sole and exclusive use of establishing the market value of the property. Written authorization is required before releasing the report to any other party for any other use.

You further understand and agree that this firm makes no guarantees regarding the value estimate. I reserve the right to withdraw from this assignment if the fee is not paid as agreed or if a lack of cooperation otherwise makes it unreasonably difficult to perform the appraisal.

I will proceed with the preparation of the appraisal after receipt of a signed copy of this letter and the retainer fee as specified above. I appreciate the opportunity to be of service. If you have any questions, please do not hesitate to contact me.

Sincerely,



Ben A. Broome, MAI
Tennessee Certified General Appraiser #CG-113

I hereby agree to the terms of this engagement letter as outlined above.

Digitally signed by



6BC5688436FA677

(Date)

1129 N. 6th Avenue • Knoxville, Tennessee 37917-6754
(865)-544-4242 • Fax (865) 544-4226 • www.PropertyServiceGroup.com

Appraisers' License

