



Valbridge
PROPERTY ADVISORS

Appraisal Report

William Glass Property
Robert Johnson Road
Covington, Tipton County, Tennessee 38019

Report Date: March 21, 2019



FOR:

Regions Bank
201 Milan Parkway
Birmingham, AL 35211

Client Number: 19-000537-01-1

Valbridge Property Advisors | Memphis

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Valbridge File Number:
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March 21, 2019

Dana Richardson
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Ms. Lekesia Lilly
Regions Bank
201 Milan Parkway
Birmingham, AL 35211

RE: Appraisal Report
William Glass Property
Robert Johnson Road
Covington, Tipton County, Tennessee 38019

Dear Ms. Lilly:

In accordance with your request, we have performed an appraisal of the above referenced property. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. This letter of transmittal is not valid if separated from the appraisal report.

The subject property, as referenced above, is located on the southeast quadrant of Robert Johnson Rd and Terry Ln S and is further identified as tax parcel numbers Map 078 Parcel 013.03. The subject site is a 43.56-acre or 1,897,474-square-foot parcel. The subject is undeveloped vacant land that has recently been used for cultivation. More than 35% of the site is within FEMA flood hazards. The site has the following notable characteristics: 2 streams; FEMA flood hazards; generally level topography; good road frontage; average appeal for cultivation and residential uses.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); and the requirements of our client as we understand them.

The client in this assignment is Regions Financial and the intended users of this report are Regions Bank and/or affiliates and no others. The sole intended use is loan underwriting and/or credit decisions by Regions Bank and/or participants. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

Extraordinary Assumptions:

- None.

Hypothetical Conditions:

- None.

Based on the analysis contained in the following report, our value conclusions are summarized as follows:

Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	March 16, 2019
Value Conclusion	\$185,000
	\$4,247 per acre

Respectfully submitted,
Valbridge Property Advisors | Memphis



Dana Richardson
Senior Appraiser
Tennessee License CG-1434



Todd Glidewell, MAI
Senior Managing Director
Tennessee License CG-41

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Summary of Salient Facts

Property Identification

Client Identification Number	19-000537-01-1
Property Name	William Glass Property
Property Address	Robert Johnson Road Covington, Tipton County, Tennessee 38019
Latitude & Longitude	35.498281, -89.629635
Tax Parcel Number	Map 078 Parcel 013.03
Property Owner	William A. Glass

Site

Zoning	Single-Family Residential (R-1)
FEMA Flood Map No.	47167C0 335F and 375F
Flood Zone	A and X
Primary Land Area	43.560 acres
Property Use	Agricultural Undeveloped Land
Occupancy Type	Owner occupied

Valuation Opinions

Highest & Best Use - As Vacant	Agricultural and/or residential
Reasonable Exposure Time	Less than 12 months
Reasonable Marketing Time	Less than 12 months

Value Indications

Approach to Value	As Is
Sales Comparison	\$185,000
Cost	Not Developed
Income Capitalization	Not Developed

Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	March 16, 2019
Value Conclusion	\$185,000
	\$4,247 per acre

Aerial and Front Views

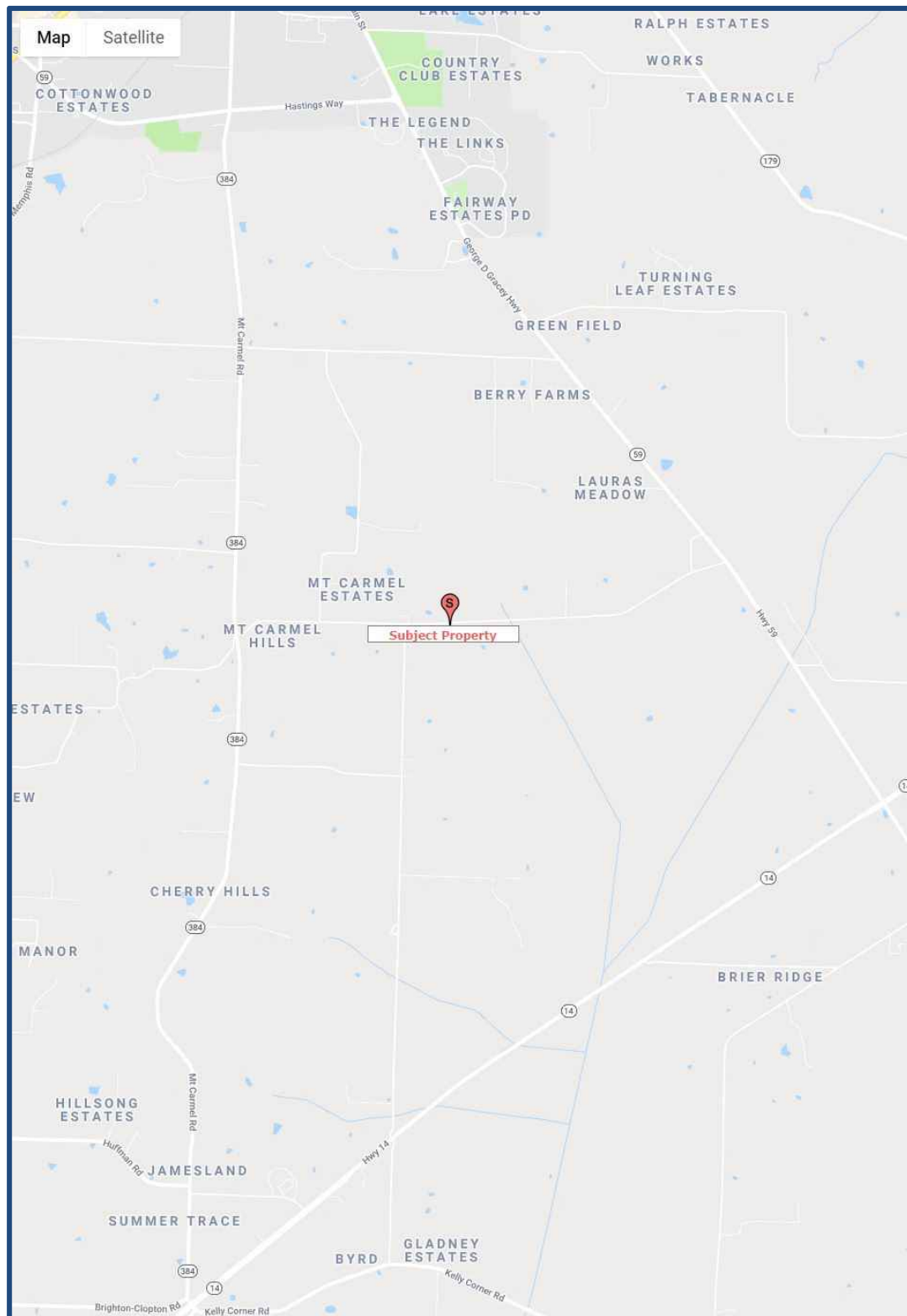
AERIAL VIEW



LOOKING SOUTH FROM ROBERT JOHNSON RD AT CENTRAL PART OF SITE



Location Map



Introduction

Client and Intended Users of the Appraisal

The client in this assignment is Regions Financial. The client, as stated in the report, is the sole intended user and there are no other intended users. Parties other than Regions Financial should not rely on this appraisal for any other use. Under no circumstances shall any of the following parties be entitled to use or rely on the appraisal or this appraisal report:

- i. The borrower(s) on any loans or financing relating to or secured by the subject property,
- ii. Any guarantor(s) of such loans or financing; or
- iii. Principals, shareholders, investors, members or partners in such borrower(s) or guarantors.
- iv.

If an appraisal for other uses is required an independent appraiser should be engaged. Please refer to Items 12 through 17 of the *General Assumptions and Limiting Conditions* shown later in this report.

Intended Use of the Appraisal

The sole intended use of this report is loan underwriting and/or credit decisions by Regions Bank and/or participants.

Real Estate Identification

The subject property address is Robert Johnson Road, Covington, Tennessee 38019 and it is located on the southeast quadrant of Robert Johnson Rd and Terry Ln S. It is further identified as Assessor's Parcel Number (APN) Map 078 Parcel 013.03. The property is not located within the city limits of a municipality but is within two postal zip codes that reflect Covington 38019 and Mason 38049.

The site contains approximately 43.56 acres or 1,897,474 square feet. The subject is undeveloped vacant land that has recently been used for cultivation. More than 35% of the site is within FEMA flood hazards. The site has the following notable characteristics: 2 streams; FEMA flood hazards; generally level topography; good road frontage; average appeal for cultivation and residential uses.

Use of Real Estate as of the Effective Date of Value

As of the effective date of the appraisal, the subject was a vacant tract of land that had recently been used for cultivation.

Use of Real Estate as Reflected in this Appraisal

The subject property is a vacant site that is conducive to agricultural and residential uses.

Ownership of the Property

According to Warranty Deed Book 1724 Pages 876-878, title to the subject property is vested in William A. Glass.

History of the Property

Ownership of the subject property has changed within the past three years. The current owner acquired the subject property on June 7, 2017 for a recorded consideration of \$200,000. The grantor was Cathy Jean Newkirk et al according to Warranty Deed 1724/876. This was an arms-length sale of the subject property; however, the buyer was atypically motivated to acquire the property. He stated that the property had historically been a part of his family and anxious to purchase it from the unrelated party. We have given this sale only moderate weight in the valuation of the subject. When appropriate, we have considered and analyzed the known history of the subject in the development of our opinions and conclusions.

Legal Description

The legal description is provided in the Addenda.

Analysis of Listings/Offer/Contracts

The subject is not offered for sale on the open market. There are no sale agreements or recent offers to purchase.

Type and Definition of Value

The appraisal problem is to develop an opinion of the market value of the subject property. "Market Value," as used in this appraisal, is defined as "the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus." Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *Buyer and seller are typically motivated.*
- *Both parties are well informed or well advised, each acting in what they consider their own best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale."*¹

The value conclusions apply to the value of the subject property under the market conditions presumed on the effective date of value. Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

¹ Source: Code of Federal Regulations, Title 12, Banks and Banking, Part 722.2-Definitions

Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value

Per the scope of our assignment we developed opinions of value for the subject property under the following scenarios of value:

Valuation Scenario	Effective Date of Value
As Is Market Value of the Fee Simple Interest	March 16, 2019

We completed an appraisal inspection of the subject property on March 16, 2019.

Date of Report

The date of this report is March 21, 2019.

List of Items Requested but Not Provided

- A survey was not provided for our review.

Assumptions and Conditions of the Appraisal

This appraisal assignment and the opinions reported herein are subject to the General Assumptions and Limiting Conditions contained in the report and the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results.

Extraordinary Assumptions

- None.

Hypothetical Conditions

- None.

Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed as below.

Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics - The subject was legally identified via a property inspection, examination of public records and review of the legal description.
- Economic Characteristics - Economic characteristics of the subject property were identified via information provided by the property owner, market surveys, discussions with market participants, and our database, as well as a comparison to properties with similar locational and physical characteristics.
- Physical Characteristics - The subject was physically identified via frontage road and dated aerial photography.

Extent to Which the Property Was Inspected

We inspected the subject on March 16, 2019.

Type and Extent of Data Researched

We researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions in competitive market areas. Our sources typically include, but are not limited to, our proprietary database, multiple on-line data providers, local government agencies, and others. We also draw upon data gained via periodic discussions and interviews with market participants.

Type and Extent of Analysis Applied (Valuation Methodology)

We observed surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations in concluding a highest and best use. We then valued the subject based on that highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the cost approach, sales comparison approach, and income capitalization approach. One or more of these approaches are used in all estimations of value.

- Sales Comparison Approach - In the sales comparison approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.

- Direct Capitalization: Land Residual Method - The land residual methodology involves estimating the residual net income to the land by deducting from total potential income the portion attributable to the improvements, assuming development of the site at its highest and best use. The residual income is capitalized at an appropriate rate, resulting in an indication of land value.
- Direct Capitalization: Ground Rent Capitalization – A market derived capitalization rate is applied to the net income resulting from a ground lease. This can represent the leased fee or fee simple interest, depending on whether the income potential is reflective of a lease in place or market rental rates.
- Yield Capitalization: Subdivision Development Method – Also known as Discounted Cash Flow Analysis (DCF), the methodology is most appropriate for land having multiple lot development in the near term as the highest and best use. The current site value is represented by discounting the anticipated cash flow to a present value, taking into consideration all necessary costs of development, maintenance, administration, and sales throughout the absorption period.

All of these approaches to value were considered. We assessed the availability of data and applicability of each approach to value within the context of the characteristics of the subject property and the needs and requirements of the client. Based on this assessment, we relied upon the sales comparison approach. There was a sufficient number of pertinent sales from which to value the subject, thus, the Cost and Income Approaches to value were not developed. The subject is not an investment grade agricultural tract, which is an additional reason why the Income Approach was not provided. Further discussion of the extent of our analysis and the methodology of each approach is provided later in the respective valuation sections.

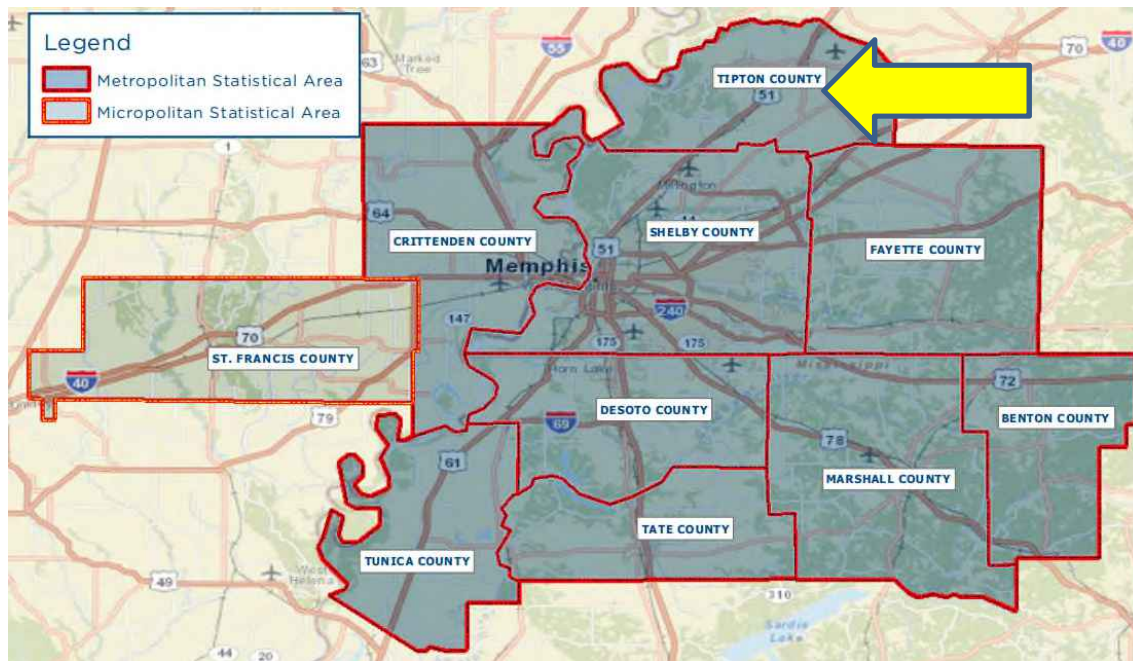
Appraisal Conformity and Report Type

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); and the requirements of our client as we understand them. This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

Personal Property/FF&E

All items of non-realty are excluded from this analysis. The opinion of market value developed herein is reflective of real estate only.

Memphis MSA Economic Summary



Memphis and the surrounding communities are a diversified metropolitan area mixing industry, service, and agribusiness to serve both national and international markets. The Memphis Metropolitan Area has established itself as a centrally located distribution point in the United States. The Memphis MSA (Metropolitan Statistical Area) consists of nine counties in three states: Tennessee, Mississippi, and Arkansas.

Population

The following charts illustrate the population changes and shifts in recent years.

Population Data

Area	2000	2010	Annual Change 2000-2010	Estimated 2018	Projected 2023	Annual Change 2018-2023
Memphis MSA	1,213,230	1,324,829	0.9%	1,374,938	1,406,235	0.5%
Shelby County, TN	897,472	927,644	0.3%	953,993	968,319	0.3%
Tipton County, TN	51,271	61,081	1.9%	62,930	64,001	0.3%
Fayette County, TN	28,806	38,413	3.3%	41,372	43,677	1.1%
Crittenden County, AR	50,866	50,902	0.0%	49,858	49,206	-0.3%
DeSoto County, MS	107,199	161,252	5.0%	181,116	196,147	1.7%
Marshall County, MS	34,993	37,144	0.6%	37,137	36,827	-0.2%
Tunica County, MS	9,227	10,778	1.7%	10,696	10,502	-0.4%
Tate County, MS	25,370	28,886	1.4%	29,215	29,093	-0.1%
Benton County, MS	8,026	8,729	0.9%	8,621	8,463	-0.4%

Source: Site-to-Do-Business (STDB Online)

The Memphis MSA population grew by approximately 50,000 between 2010 and 2018. This is a 0.5% annual change rate. That rate is expected to continue over the next five years. Shelby County captured 69% of that growth but DeSoto County had the highest growth rate of all the counties in the MSA. The table shows the migration of the population from the larger cities into suburban and semi-rural areas.

Income

The income trends in the Memphis MSA have also improved with an improving economy. The median household income for selected years is presented below.

Median Household Income

Area	Estimated 2018	Projected 2023	Annual % Change 2018 - 23
Memphis MSA	\$52,585	\$57,834	2.0%
Shelby County, TN	\$51,634	\$56,325	1.8%
Tipton County, TN	\$56,910	\$63,982	2.5%
Fayette County, TN	\$59,868	\$68,121	2.8%
Crittenden County, AR	\$39,889	\$45,169	2.6%
DeSoto County, MS	\$64,033	\$71,868	2.4%
Marshall County, MS	\$40,056	\$46,288	3.1%
Tunica County, MS	\$31,514	\$37,234	3.6%
Tate County, MS	\$45,076	\$51,523	2.9%
Benton County, MS	\$37,679	\$42,573	2.6%

Source: Site-to-Do-Business (STDB Online)

The United States Census Bureau records a national median household income of \$58,100. As shown in the table, the MSA is slightly below the U.S. average.

Employment

As of year-end 2017, the unemployment rate for the MSA was 3.7%. The rate has remained the same based on the most recent 2018 figures available.

Unemployment Rates

Area	YE 2011	YE 2012	YE 2013	YE 2014	YE 2015	YE 2016	YE 2017	YE 2018
Memphis, MSA	8.4%	8.3%	7.6%	6.8%	5.4%	4.9%	3.7%	3.7%
Shelby County, TN	8.4%	8.4%	7.9%	7.0%	5.3%	5.1%	3.6%	3.6%
Tipton County, TN	9.0%	9.0%	8.5%	7.7%	6.1%	5.3%	3.9%	3.6%
Fayette County, TN	8.6%	8.6%	8.1%	6.6%	5.5%	5.1%	3.6%	3.3%
Crittenden County, AR	10.1%	8.8%	7.4%	7.1%	4.7%	4.2%	4.1%	4.0%
DeSoto County, MS	6.8%	6.3%	5.3%	5.0%	4.7%	3.8%	3.2%	3.7%
Marshall County, MS	10.9%	10.4%	9.0%	7.5%	6.8%	5.1%	4.4%	4.7%
Tunica County, MS	13.8%	12.8%	11.6%	11.9%	8.5%	7.2%	5.1%	5.3%
Tate County, MS	9.5%	9.1%	8.0%	7.6%	6.6%	5.2%	4.5%	4.6%
Benton County, MS	11.5%	10.0%	9.5%	8.4%	7.3%	5.6%	5.0%	5.3%

Source: Bureau of Labor Statistics - Year End - National & State Seasonally Adjusted

Labor Statistics - Select Areas

County	2000		2010		2018	
	Labor Force	Unemployment	Labor Force	Unemployment	Labor Force	Unemployment
Shelby County, TN	447,720	3.90%	438,080	9.4%	449,242	3.6%
Tipton County, TN	23,610	3.70%	28,560	10.9%	28,343	3.6%
Fayette County, TN	13,350	5.20%	18,200	10.8%	18,936	3.3%
Crittenden County, AR	22,825	4.60%	21,870	11.4%	21,890	4.0%
Mississippi Portion	87,260	5.40%	110,330	12.8%	124,796	4.0%

Source: Tennessee Department of Labor and Workforce Development

*Mississippi Portion includes DeSoto/Marshall/Tate/Benton & Tunica Counties

Employment By Industry

Industry	2016 Estimate	Percent of Employment
Agriculture/Mining	4,014	0.6%
Construction	36,797	5.5%
Manufacturing	64,896	9.7%
Wholesale trade	22,078	3.3%
Retail trade	73,594	11.0%
Transportation/Utilities	76,939	11.5%
Information	7,359	1.1%
Finance/Insurance/Real Estate Services	37,466	5.6%
Services	314,446	47.0%
Public Administration	30,776	4.6%
Total	668,365	99.9%

Source: Site-to-Do-Business (STDB Online)

Employment levels in the Memphis area have been in line with other areas of the US and are expected to follow national trends in the improving economy. The Memphis MSA labor market is diverse. Several large corporations have regional or corporate headquarters in the area. Companies include FedEx, Auto Zone, Sedgewick, Smith & Nephew Orthopedics, Medtronics, Thomas and Betts, ServiceMaster, International Paper, Kroger and AT&T.

Location/Transportation

Memphis' geographic position has been the dominant factor in making the region one of the largest distribution hubs in the nation. Transportation of goods is enhanced by the city's position on the Mississippi River and by the Memphis International Airport. The Mid-South area is known as "America's Distribution Center" because of its ideal location and combination of four primary modes of transportation. Using air, rail, truck and water, companies can distribute goods and commodities to the majority of the United States quickly and economically.

Memphis is within 600 miles of over 40% of the U.S. population or over 130 million people. Memphis serves 152 metropolitan areas with overnight trucking or rail delivery, which is more than any city in the Midwest. Thirty-five states (including Canada and Mexico) can be reached in two-day ground service by the over 200 LTL carriers located in Memphis. This has created interest among major manufacturers and distributors in the U.S. Memphis offers multiple intermodal transportation options including: water to rail to truck, rail to truck, air to truck, and truck to air. Transportation and distribution facilities continue to grow in the region.

DRIVE TIMES FROM MEMPHIS



Tourism

The Greater Memphis Chamber of Commerce estimates an economic contribution of more than \$3.5 billion to the local economy through tourism and employs over 60,000 people directly and through third-party manufactures, vendors and suppliers. With attractions such as the Memphis Zoo which is ranked as one of the top zoos in the nation, Graceland being the second most visited private residence in the country after the White House, Shelby Farms with more than 2 million annual visitors, Bass Pro Shops at the Pyramid around 2 million annual visitors, and Beale Street with approximately 5 million visitors a year, Memphis has attracted a consistent and sizable flow of tourism.

Tourism Statistics

Category	Figures
Average Annual Visitors	11 million +
Avg Daily Expenditure (Convention Delegates)	\$514
Avg Daily Expenditure (Hotel Visitor)	\$584
Average Length of Stay (Nights)	2.7
Average Length of Stay (International Visitor)	3-4 Nights
Average Daily Room Rate (2016 MSA)	\$92.74
Hotel Occupancy (2016 MSA)	64.40%

Source: Memphis Regional Chamber

Conclusion

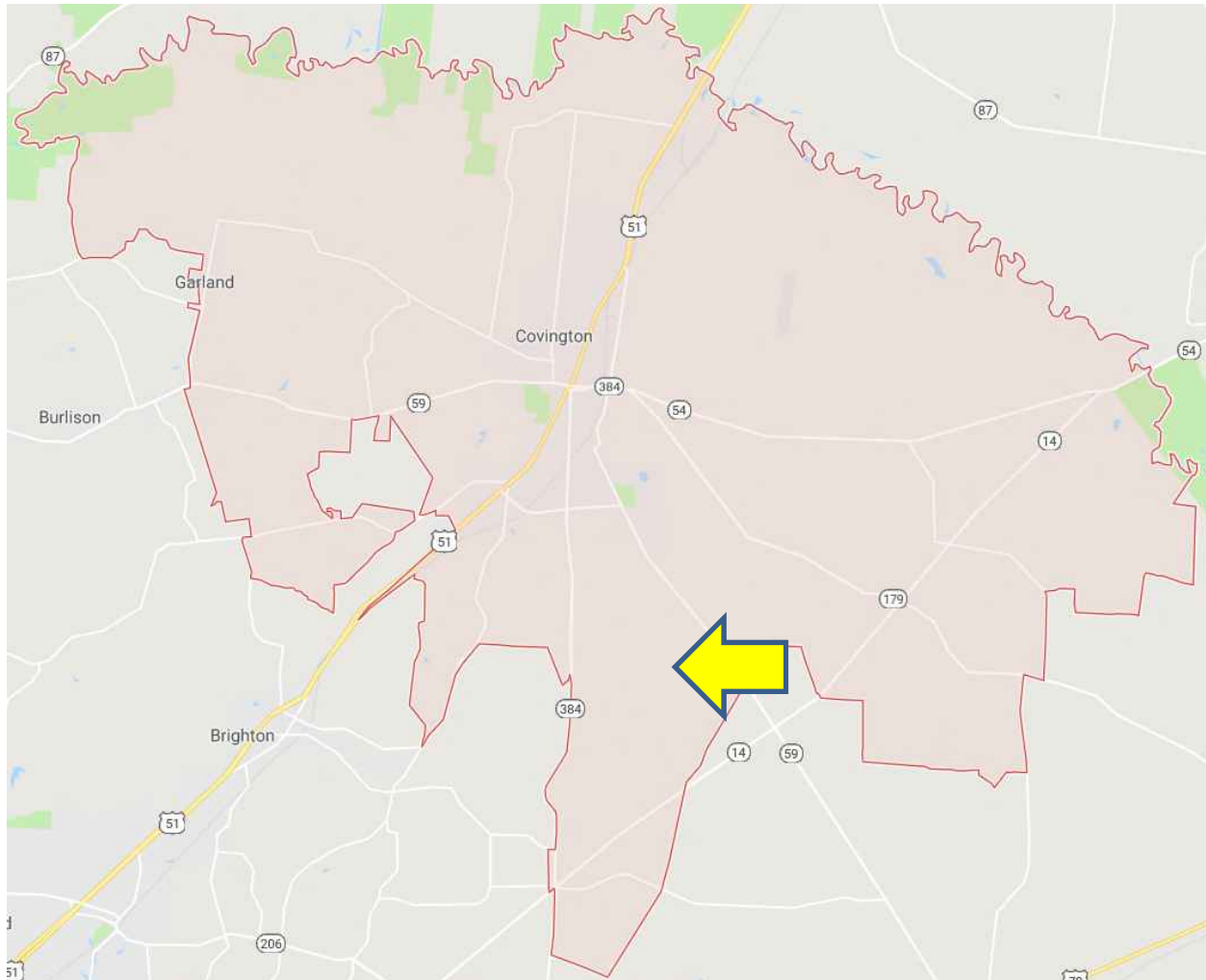
In conclusion, economic, social, governmental, and environmental forces are the four forces in an area that affect local and regional property values. These forces have interacted in such a way that Memphis has become recognized as a center for distribution and agribusiness. The Memphis MSA economic conditions are improving in step with the national economy. With low land costs, affordable housing and cost of living, mild climates, and diverse industries, the Memphis MSA is expected to parallel the national economy.

Neighborhood/Market Area

Boundaries

The general neighborhood of the Subject is commonly referred to as northern Tipton County and Covington. The boundaries are defined by differences in demographics, property types, classes, and/or uses beyond those roadways. The following map outlines the general area.

AREA MAP



Overview

The neighborhood is approximately 30% to 40% developed and with a variety of land uses represented. Commercial land uses are concentrated along the major thoroughfares with retail and service oriented properties located along interior streets. Properties in the neighborhood include low to moderate density single-family housing, strip retail centers, community retail centers, office buildings, restaurants, apartments, schools, and places of worship.

Most, if not all, public services are offered to land owners including utilities, schools, police/fire protection, and public transportation. The inhabitants have many services offered through the public and private sectors. Several aspects of the market are summarized in the following paragraphs.

Employment Centers

Employment providers of many types are situated in the neighborhood. While there are employment opportunities in every section of the MSA, there are three primary areas with a high concentration of employment: The Central Business District or "CBD", East Memphis, and the Airport area. The drive time between the Subject Property and the CBD is approximately 25 to 60 minutes. This highly commercialized area is commonly known as the "Downtown" area. Governmental buildings and services, along with many government related firms, are located in this district. There are numerous local, state, and federal agencies with offices located in the CBD. This area is also a major entertainment center for the region. FedEx Forum, Mud Island theme park, and the Beale Street entertainment district are located within the CBD.

The drive time between the Subject Property and East Memphis is approximately 45 to 90 minutes. East Memphis is generally centered at the intersection of Interstate 240 and Poplar Avenue. There are numerous Class A and B office buildings and many retail properties in the immediate area. There are two hospitals in this neighborhood, and many medical professionals have offices in this market. This area employs many individuals and will continue to be a major employment center for professionals and the service sector.

There is also a high concentration of employment in the area surrounding the Memphis International Airport. A wide variety of jobs for nearly all sectors of the workforce exists in the Southeast and Airport Submarkets. The drive time to this area of the MSA is approximately 45 to 60 minutes. The airport is surrounded by many service and industrial related properties. This section of Memphis is known for many distribution facilities, service companies, and manufacturing firms. This general area has the largest concentration of bulk industrial space in the county. The airport is also the site of the World Hub of Federal Express. This is the largest overnight package service in the world. It is estimated that this firm employs more than 30,000 individuals in the Memphis area with the majority of those employees living in this area of the MSA.

Traffic Patterns

The major traffic arteries in this market are US Highway 51 North and SR 59. The vast majority of streets and roads are public and maintained by local government. Curbs, gutters, storm sewers and sidewalks are common within the city limits. In general, the area is well served by streets and highways. Access to major roads and other parts of the MSA is rated as average.

Population/Income Data

The Subject is within the 38019 zip code and the demographic information drawn from that region is presented below. This data is believed to be a reasonable representation of the pertinent characteristics of the inhabitants in the market area. The information was compiled by the US Bureau of the Census. The data has been retrieved from The Site to Do Business (www.stdb.com).

Neighborhood Demographics

Radius	1 mile	3 miles	5 miles
Population Summary			
2000 Population	5,042	10,364	13,976
2010 Population	5,129	10,836	14,556
2017 Population	5,182	10,940	14,709
2022 Population Estimate	5,255	11,097	14,930
Annual % Change (2017 - 2022)	0.3%	0.3%	0.3%
Housing Unit Summary			
2000 Housing Units	2,057	4,093	5,456
% Owner Occupied	49.7%	56.4%	61.3%
% Renter Occupied	43.4%	38.7%	34.3%
2010 Housing Units	2,187	4,488	5,972
% Owner Occupied	41.2%	48.2%	53.6%
% Renter Occupied	47.9%	42.6%	37.8%
2017 Housing Units	2,207	4,557	6,065
% Owner Occupied	38.0%	44.7%	50.1%
% Renter Occupied	50.2%	44.7%	40.0%
2022 Housing Units	2,257	4,669	6,215
% Owner Occupied	36.9%	43.7%	49.0%
% Renter Occupied	50.3%	44.5%	39.9%
Annual % Change (2017 - 2022)	0.4%	0.5%	0.5%
Income Summary			
2017 Median Household Income	\$32,243	\$36,370	\$39,190
2022 Median Household Income Estimate	\$34,499	\$39,267	\$43,323
Annual % Change	1.4%	1.5%	2.0%
2017 Per Capita Income	\$18,460	\$19,951	\$21,305
2022 Per Capita Income Estimate	\$20,950	\$22,751	\$24,504
Annual % Change	2.6%	2.7%	2.8%

Source: Site-to-Do-Business (STDB Online)

Housing Data

Home sale and construction activity can be indicators of demand for commercial property. Demand has a direct impact on values. The following data is provided by Chandler Reports, and provides some insight regarding the housing market within the immediate area of the subject.

Annual Total Home Sales - Tipton County						
Item	2013	2014	2015	2016	2017	Totals
Home Sales	701	678	781	924	939	3,724
% Change	9.5%	-3.3%	15.2%	18.3%	1.6%	
Average Price	\$131,676	\$136,769	\$133,343	\$144,809	\$151,651	
% Growth	17.1%	3.9%	-2.5%	8.6%	4.7%	

Annual Total New Home Sales - Tipton County						
Item	2013	2014	2015	2016	2017	Totals
Home Sales	41	45	36	67	65	229
% Change	2.5%	9.8%	-20.0%	86.1%	-3.0%	
Average Price	\$223,208	\$264,768	\$238,976	\$272,505	\$273,296	
% Growth	6.1%	18.6%	-9.7%	14.0%	0.3%	

The recent housing data indicates growth within the sector. There has been an increase in total home sales and average price in the recent years. New home sales have declined slightly while the average price remained relatively stable. The growth trend in total home sales and average price are consistent with most of the MSA.

Multi-family is not a prevalent use in the immediate area; however, there are a few developments located within close proximity of Cottonwood Estates and north of Bull Circle Area. The apartments in the neighborhood are mostly considered Class B and Class C developments. Single family residential rentals are a more prevalent land use in the neighborhood. Recent market data for the MSA is presented below.

Total Apartment Submarket Statistics

Year-End 2017

Market	Existing Inventory		Vacancy	Net	Units Under	Effective	Rents	Year Growth
	# Properties	Units	%	Absorption	Const	Rents	PSF	
Collierville	18	2,477	6.1%	18	99	\$1,173.97	\$1.14	5.9%
Crittenden County	25	2,312	8.9%	-24	0	\$605.97	\$0.68	1.6%
DeSoto County	9	1,535	8.3%	-5	0	\$825.80	\$0.81	3.6%
Downtown Memphis	56	5,250	6.7%	5	432	\$1,167.22	\$1.27	0.2%
East Memphis	132	5,609	10.5%	-25	0	\$668.20	\$0.79	3.6%
Fayette County	3	48	7.9%	0	0			
Frayser-Raleigh	45	6,074	15.6%	5	0	\$546.96	\$0.62	4.1%
Germantown	31	9,105	5.7%	-59	258	\$962.61	\$0.91	3.6%
Marshall County	1	48	2.9%	0	0	\$515.92	\$0.57	1.9%
Midtown	323	6,006	6.6%	8	175	\$740.98	\$0.98	1.9%
Millington	5	885	3.5%	-5	0	\$965.27	\$0.90	1.5%
North Memphis	66	2,157	19.7%	5	0	\$657.01	\$0.80	-3.0%
Northeast Memphis	46	15,462	5.7%	-6	0	\$834.03	\$0.84	2.8%
South Memphis	154	8,469	30.4%	-7	0	\$533.01	\$0.60	0.3%
Southaven/Olive Branch Area	24	4,681	5.6%	-47	0	\$876.29	\$0.86	1.1%
Southeast Memphis	123	18,712	14.0%	97	180	\$615.41	\$0.66	2.2%
Tate County	1	80	6.1%	0	0	\$784.89	\$0.75	0.4%
Tipton County	6	439	5.9%	-2	0	\$787.18	\$0.79	3.0%
Tunica County	10	1,228	10.7%	-22	0	\$654.92	\$0.67	3.6%
Totals	1,078	90,577	9.5%	(64)	1,144	\$773	\$0.81	2.1%

Source: CoStar Property®

Commercial Land Uses


As stated, there is a wide variety of commercial land uses in the neighborhood. A brief summary of the retail, office, and industrial markets is shown in the following tables. More pertinent and specific data for properties similar to the Subject is presented later in the report.

Retail

Retail is a prominent land use within the neighborhood. The majority of the retail buildings are concentrated along the Highway 51 corridor and in close proximity of West Liberty Road. Most of commercial properties would compete in the 2nd and 3rd Tier categories. Commercial property values in the submarket have stabilized. Rent and vacancy levels are lower than the MSA as a whole.

Total Retail Submarket Statistics

Year-End 2017



Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Collierville Ret	243	4,062,718	208,528	208,528	5.1%	1,682	9,288	4,400	\$16.41
Cordova Ret	281	5,278,325	276,709	279,979	5.3%	51,890	128,540	26,570	\$16.35
Downtown/Midtown Ret	1,868	11,599,506	467,796	467,796	4.0%	39,240	2,640	77,681	\$14.05
East Ret	716	8,790,358	231,160	235,650	2.7%	97,883	143,700	36,080	\$14.85
Fayette County Ret	129	1,066,603	43,179	43,179	4.0%	(11,207)	6,800	0	\$14.09
Germantown Ret	176	3,224,253	140,291	140,291	4.4%	(25,987)	0	0	\$18.76
Marshall County Ret	180	1,025,034	17,021	17,021	1.7%	37,381	15,600	0	\$4.31
North Ret	1,067	10,370,439	439,890	446,890	4.3%	375,844	128,195	5,000	\$8.95
Northeast Ret	413	8,192,776	387,554	388,804	4.7%	54,427	36,500	187,040	\$12.85
Olive Branch Ret	272	3,029,415	100,376	100,376	3.3%	47,480	71,065	118,014	\$16.69
Outlying DeSoto Cnty Ret	152	1,148,328	32,335	32,335	2.8%	21,598	3,150	0	\$15.96
South Ret	574	5,367,671	298,168	298,168	5.6%	280,732	950	0	\$8.07
Southaven-Horn Lake Ret	562	7,861,867	185,792	185,792	2.4%	(52,148)	10,120	0	\$13.91
Southeast Ret	664	11,910,588	1,172,888	1,197,856	10.1%	69,530	1,868	0	\$7.27
Tate County Ret	197	1,206,089	26,170	26,170	2.2%	11,355	9,026	0	\$9.32
Tipton County Ret	251	2,084,070	74,421	74,421	3.6%	(6,201)	0	0	\$8.01
Tunica County Ret	138	919,471	60,298	60,298	6.6%	(49,798)	0	0	\$9.76
Totals	7,883	87,137,511	4,162,576	4,203,554	4.8%	943,701	567,442	454,785	\$11.27


Source: CoStar Property®

Office

Office properties vary from houses converted to office and residential style office facilities. Most are owner occupied and there is not substantial demand for office space in the market. This is consistent with all of Tipton County office space which is summarized in the table below. As shown, rents and vacancy levels are below the averages for the MSA as a whole and there is adequate supply in relation to demand.

Total Office Submarket Statistics

Year-End 2017



Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
385 Corridor	349	7,630,530	719,932	745,177	9.8%	53,897	122,112	9,400	\$18.30
Airport	262	6,681,143	1,408,237	1,408,237	21.1%	55,192	0	0	\$13.77
DeSoto County	356	2,122,219	130,394	137,594	6.5%	(36,150)	800	0	\$15.89
Downtown	277	10,680,656	1,708,982	1,714,753	16.1%	(76,556)	45,000	328,000	\$17.15
East	551	13,760,854	1,307,413	1,339,584	9.7%	5,389	163,805	159,909	\$20.77
Fayette County	55	408,675	15,317	15,317	3.7%	(7,017)	0	0	\$14.07
Marshall County	20	209,212	1,038	1,038	0.5%	(1,038)	0	0	\$0.00
Midtown	408	4,555,617	369,761	369,761	8.1%	461,595	552,258	0	\$15.35
North	247	2,160,947	174,657	174,657	8.1%	(67,816)	0	0	\$15.74
Northeast	291	4,425,695	513,547	514,797	11.6%	(73,047)	0	34,250	\$16.95
Tate County	42	154,135	7,250	7,250	4.7%	(5,950)	0	0	\$12.37
Tipton County	45	191,710	21,963	21,963	11.5%	7,698	4,400	0	\$8.25
Tunica County	20	74,219	0	0	0.0%	0	0	0	\$0.00
Totals	2,923	53,055,612	6,378,491	6,450,128	12.2%	316,197	888,375	531,559	\$17.45


Source: CoStar Property®

Industrial

This property category is a prominent land use in the northern section of the neighborhood near Industrial Road north and Hope Street. Most industrial properties are owner-occupied. The majority of industrial properties would compete in the 2nd and 3rd Tier categories. Industrial property values appear to be stabilizing. Rent and vacancy levels are below average for the MSA as a whole.

Total Industrial Submarket Statistics

Year-End 2017



Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Crittenden County Ind	153	5,388,869	336,750	336,750	6.2%	(309,842)	0	0	\$3.53
DeSoto Ind	493	50,975,644	2,112,918	2,116,218	4.2%	2,808,782	2,440,196	4,743,634	\$3.70
Fayette County Ind	63	2,858,320	72,066	72,066	2.5%	(25,556)	0	0	\$3.92
Marshall County Ind	51	7,460,478	6,600	196,600	2.6%	623,000	615,600	554,040	\$3.04
Northeast Ind	530	13,730,034	898,313	902,020	6.6%	(81,160)	104,745	30,000	\$7.10
Northwest Ind	424	23,030,235	1,701,048	1,701,048	7.4%	66,005	0	0	\$2.89
Southeast Ind	1,178	101,037,618	6,327,804	6,937,860	6.9%	1,353,371	1,222,990	1,052,420	\$3.09
Southwest Ind	980	47,016,424	2,609,327	2,646,557	5.6%	1,861,739	0	0	\$4.11
Tate County Ind	22	1,203,020	0	0	0.0%	0	0	0	\$0.00
Tipton County Ind	45	3,606,937	159,900	159,900	4.4%	185,791	0	0	\$2.64
Tunica County Ind	23	870,800	6,700	6,700	0.8%	123,300	0	0	\$0.00
Totals	3,962	257,178,379	14,231,426	15,075,719	5.9%	6,605,430	4,383,531	6,380,094	\$3.49

Source: CoStar Property®

Summary

The location within the neighborhood is regarded as average. The characteristics of the neighborhood can be summarized as follows:

- This area is in the Stabilization stage of the market life cycle;
- Population growth has been nominal, this trend is expected to continue;
- Employment centers are within reasonable driving times;
- The road system is modern and provides good access to adjoining markets;
- Land uses are varied with most property types represented;
- Improvements vary greatly in effective age ranging from new to over 30 years;
- Vacant land suitable for development is readily available;
- Home values and sales volume have improved in the recent years;
- Residential lot and new home inventory are at levels that generally do not support new development, which is not uncommon in an area with rural characteristics;
- The majority of commercial and industrial properties would compete in the 2nd and 3rd Tier categories;
- Commercial property values are stable;
- Rent levels for most property categories underperform, while occupancy is higher than MSA averages;
- The subject market area should realize advancement given the stable economy, suburban location, proximity to the employment districts, demographics, and road systems.

Site Description

The subject site is located on the southeast quadrant of Robert Johnson Rd and Terry Ln S. The property is located within two postal zip codes (see following map). Characteristics of the site are summarized as follows:

Site Characteristics

Gross Land Area:	43.56 Acres or 1,897,474 SF
Usable Land Area:	43.56 Acres or 1,897,474 SF
Usable Land %:	100.0%
Shape:	Irregular
Topography:	Level to Sloping
Drainage:	Appears adequate
Grade:	At street grade
Public Utilities:	All except sewer (water has limited capacity)
Off-Site Improvements:	Both frontage roads are two-lane bi-directional public streets. There are no municipal improvements, such as sidewalks. The immediate area is improved with sparse residential and agricultural improvements. There are also scattered commercial and religious uses.
Interior or Corner:	Interior
Signalized Intersection:	No
Excess or Surplus Land:	None

Street Frontage / Access

Frontage Road	Primary	Secondary
Street Name:	Robert Johnson Rd	Terry Ln S
Street Type:	Public	Public
Frontage (Linear Ft.):	1,115	410
Number of Curb Cuts:	1	1
Traffic Count (Cars/Day):	Low	Low

Additional Access

Water or Port Access:	No
Rail Access:	No

Flood Zone Data

Flood Map Panel/Number:	47167C0 335F and 375F
Flood Map Date:	December 19, 2006
Portion in Flood Hazard Area:	35.2% (estimated)
Flood Zone:	A and X, Inside and outside 0.2% and 1% annual chance flood

Other Site Conditions

Environmental Issues:	No environmental problems were disclosed by the owner or viewed at the time of inspection; however, there property is used for cultivation and relative products might include, at a minimum, petroleum and pesticides.
Easements/Encroachments:	Easements are believed to be within setbacks. There are no known encroachments.
Wetlands Classification:	Riverine; Freshwater Forested/Shrub Wetland; Freshwater Pond

Adjacent Land Uses

North:	Vacant land zoned agriculture/residential; residential dwellings
South:	Vacant land zoned agriculture/residential
East:	Vacant land zoned agriculture/residential
West:	Vacant land zoned agriculture/residential

Site Ratings

Access:	Average
Visibility:	Fair

Zoning Designation

Zoning Jurisdiction:	Tipton County
Zoning Classification:	R-1, Single-Family Residential
Recorded Development:	The subject is not within a recorded subdivision
Permitted Uses:	Agricultural, Residential and Religious
Zoning Comments:	The R-1, Single-Family Residential District, is intended to provide areas that are suitable for low-density single-family residential development. This district is particularly suitable for areas adjacent to or near urban areas, where an adequate public water supply and public sewer system or private wastewater treatment is available. The following regulations shall apply in the R-1, Single-Family Residential District, as defined on the Zoning Map of Tipton County, Tennessee.

Earthquake/Fault Zones

The Memphis MSA is located within the damage range of the New Madrid Fault Zone. The New Madrid Seismic Zone lies within the central Mississippi Valley. The northernmost point is in Southern Illinois and extends southward into Eastern Arkansas and West Tennessee. The southern edge is approximately 50 miles north of the geographic center of the Memphis MSA.

Analysis/Comments on Site

The site is vacant undeveloped land that is recently been used for cultivation. There is a stream along the southwest part of the site and one (Middle Beaver Creek Canal) on the eastern boundary. There are FEMA flood hazards within the east part of the site. The waterways provide a change in topography, but the site is otherwise gently sloping to level. The vegetation is predominantly ground cover. The road frontage is rated as good while exposure is rated as fair.

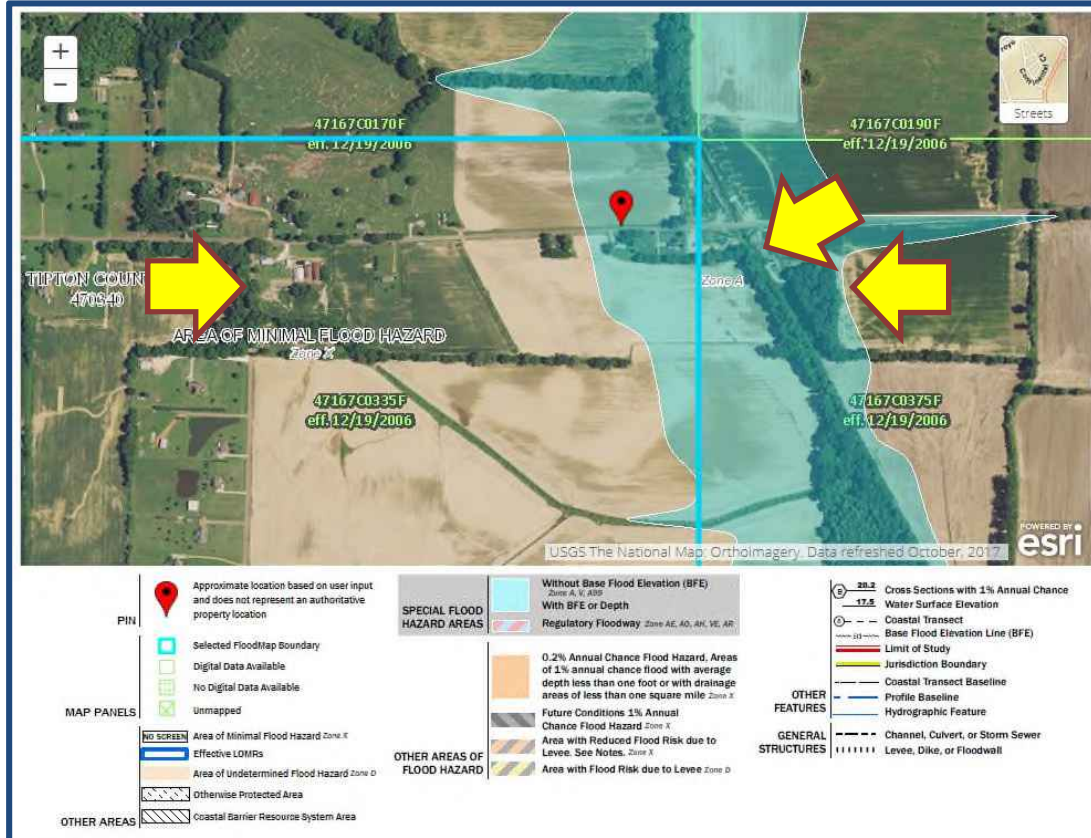
TAX/PLAT MAP



AERIAL VIEW



FEMA FLOOD MAP



TAX MAP WITH FEMA FLOOD OVERLAY



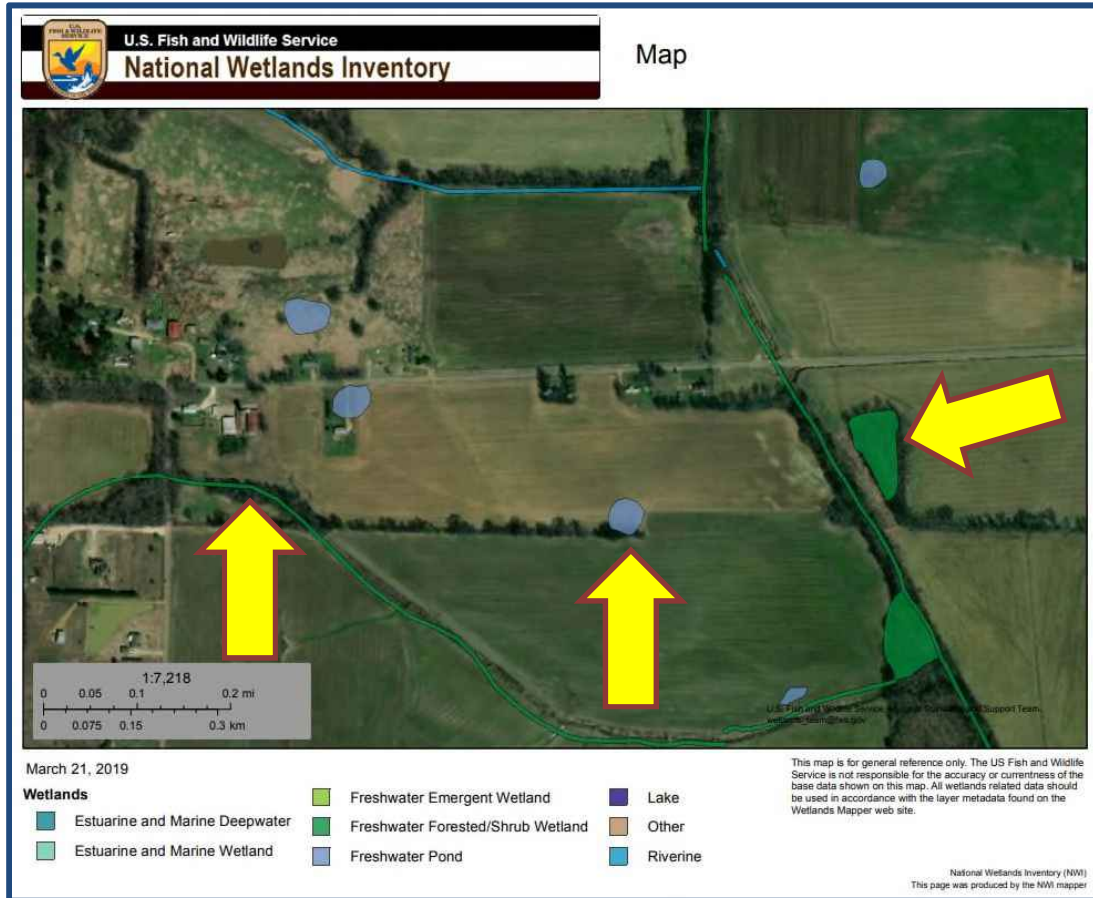
TAX MAP WITH 2 FOOT COUNTOURS AND UTILITY DISTRICT OVERLAY



ZONING MAP



WETLANDS MAP



Subject Photos



Looking east from Terry Ln S at west part of site



Looking southeast from Terry Ln S at southwest part of site



Looking south on Terry Ln S from west part of site



Looking north on Terry Ln S from west part of site



Looking northeast from southwest part of site



Looking southwest from Robert Johnson Rd and west-central part of site

Additional photos are included in the Addenda

Assessment and Tax Data

The Assessor Parcel Number is listed in the table below. The property is not located within the city limits of a municipality and is subject to county property taxes only. The current tax appraisals and most recent tax rates as of the date of the appraisal are used in this analysis.

Ad Valorem Tax Schedule

Tax Parcel Number: Map 078 Parcel 013.03

Tipton County Year	Actual 2018	Full Assessment 2018
Appraised Value		
Land:	\$73,900	\$187,100
Improvements:	\$0	\$0
Total:	\$73,900	\$187,100
Assessment Ratio	25.00%	25.00%
Assessed Value		
Land:	\$18,475	\$46,775
Improvements:	\$0	\$0
Total:	\$18,475	\$46,775
Tax Rate	\$2.420000	\$2.420000
Millage Rate	per \$100	per \$100
	Greenbelt	Full Assessment
Tax Expense	2018	2018
Total:	\$447	\$1,132

We have reviewed online data published by the applicable County Trustee Office. This research shows that the subject property taxes were current as of the date of value.

Greenbelt Assessment

The subject has been included in the Greenbelt classification, which reduces the taxes substantially. The Agricultural, Forest and Open Space Land Act of 1976 (Greenbelt Law) permits qualifying tracts of land that are:

- Owned by one individual
- Equal to, or greater than, 15 acres
- Have an average income of \$1,500 over 3 years

This allows the property to be assessed at its "use value" rather than its fair market value. The intent of this tax classification is to ease the burden of property taxes for the owner, help preserve farmlands, forestlands and open-space land for public enjoyment. The tax calculation based on the greenbelt classification is shown in the above table and is reflective of the actual, current tax burden.

Highest and Best Use

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Analysis of Highest and Best Use - As If Vacant

In determining the highest and best use of the property as if vacant, we examine the following criteria: (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

Legally Permissible

The subject is zoned R-1, Single-Family Residential which controls the general nature of permissible uses but is appropriate for the location and physical elements of the subject, providing for a consistency of use with the general neighborhood. The location of the subject is appropriate for the uses allowed and a change in zoning is unlikely. When applicable, atypical easements, encroachments, any other use restrictions or recorded covenants have been reported and are weighed. The legal controls in place would not limit or impede development.

Physically Possible

The physical attributes allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences are described in the Site Description and have been considered. There are no items of a physical nature that would materially limit appropriate and likely development.

Financially Feasible

The probable use of the site for single family housing development conforms to the pattern of land use in the market area. That use is a legal use and is physically possible. A review of published statistics on home starts and sales suggests that demand is insufficient to support development and timely absorption of home sites in this market. Therefore, near-term speculative development of the subject site is not financially feasible. When development is not feasible, sites like the subject are often purchased by adjacent owners or for single uses such as a single family home, religious or educational facility.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as if vacant is for agricultural and/or residential.

Conclusion of Highest and Best Use – As If Vacant

The conclusion of the highest and best use as if vacant is for agricultural and/or residential.

Most Probable Buyer

As of the date of value, the most probable buyer of the subject property is an owner user.

Land Valuation

Methodology

Site Value is most often estimated using the sales comparison approach. This approach develops an indication of market value by analyzing closed sales, listings, or pending sales of properties similar to the subject, focusing on the difference between the subject and the comparables using all appropriate elements of comparison. This approach is based on the principles of supply and demand, balance, externalities, and substitution, or the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership.

Unit of Comparison

The unit of comparison depends on land use economics and how buyers and sellers use the property. The unit of comparison in this analysis is per gross acre.

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location and (7) physical characteristics.

Comparable Sales Data

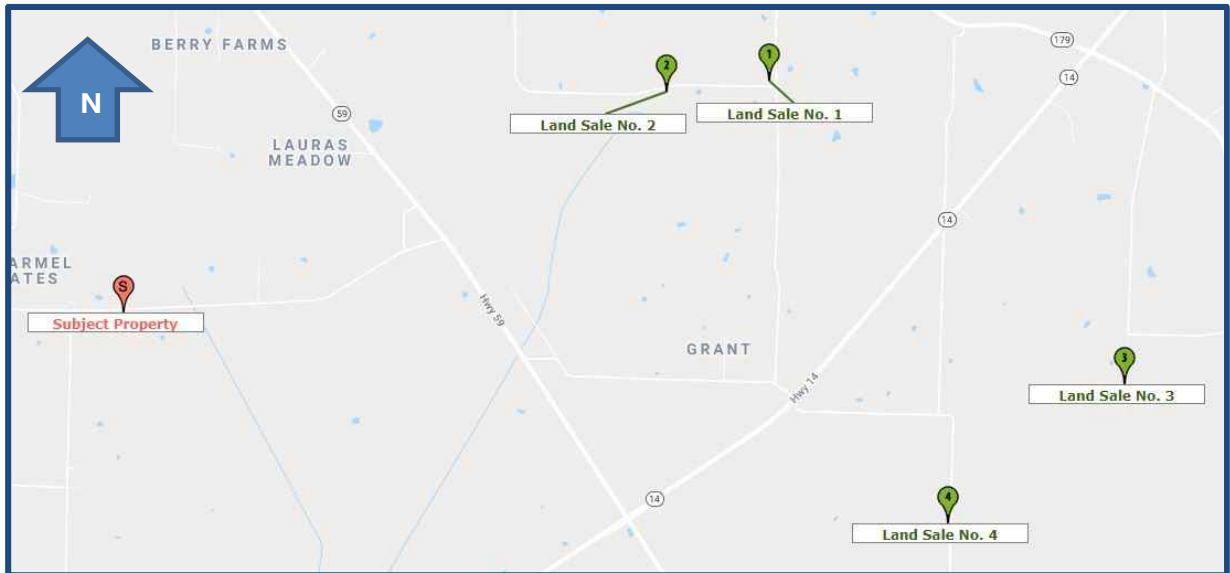
To obtain and verify comparable sales of vacant land properties, we conducted a search of public records, field surveys, interviews with knowledgeable real estate professionals in the area, and a review of our internal database. The sales presented in our analysis were judged to be the most comparable to develop an indication of market value for the subject property.

The following is a table summarizing each sale comparable and a map illustrating the location of each in relation to the subject. Details of each comparable follow the location map.

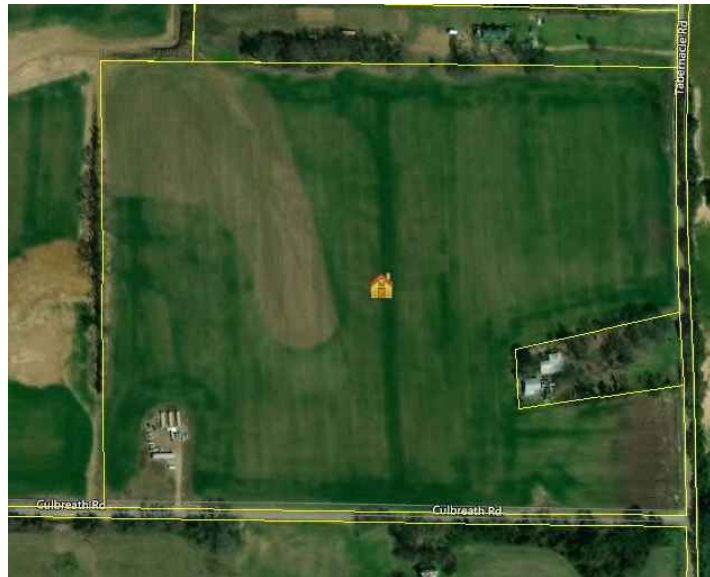
Land Sales Summary

Comp. No.	Date of Sale	Gross Acres	Location	Zoning	Proposed Use	Sales Price Actual	Per Acre
1	February-19	45.880	Culbreath Road	Covington, TN	FAR Agriculture	\$197,800	\$4,311
2	December-16	39.980	Culbreath Road	Covington, TN	FAR Agriculture	\$152,000	\$3,802
3	February-18	35.030	Whitehorn Road	Covington, TN	FAR Agriculture	\$86,610	\$2,472
4	February-19	57.930	Brammer Road	Mason, TN	FAR Agriculture	\$200,000	\$3,452

COMPARABLE SALES MAP



COMPARABLE LAND SALE 1



Property Identification

Property/Sale ID	10919872/1396791
Property Type	Agricultural Undeveloped
Property Name	Cook
Address	Culbreath Road
City, State Zip	Covington, Tennessee 38019
County	Tipton
MSA	Memphis, TN-AR-MS
Submarket	Tipton
Latitude/Longitude	35.512965/-89.579467
Tax ID	070 018.00

Transaction Data

Sale Date	02-13-2019	Financing	Cash to Seller
Sale Status	Closed	Conditions of Sale	Typical
Grantor	Linsey Griffith Hatchel et al	Deed Book/Page	1788/405
Grantee	William Leslie Cook et ux	Sale Price	\$197,800
Property Rights	Fee Simple	Adjusted Price	\$197,800

Property Description

Gross Acres	45.88	Corner/Interior	Corner
Gross SF	1,998,533	Shape	Irregular
Usable Acres	45.88	Topography	Rolling
Usable SF	1,998,533	Utilities	Electricity and Gas
Front Feet	1,060	Drainage	Appears adequate
Proposed Use	Agriculture	Flood Hazard Zone	Zone X (unshaded)
Access Rating	Average	Zoning Code	FAR
Rail Access	No	Zoning Description	Forestry, Agriculture, Residential
Water/Port Access	No		
Visibility	Fair		

Indicators

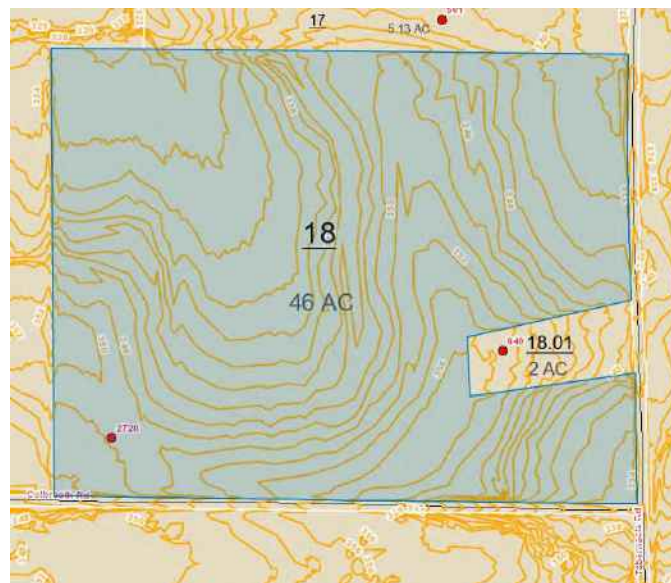
\$/Gross Acre	\$4,311	\$/Usable SF	\$.10
\$/Gross SF	\$.10	\$/FF	\$186.60
\$/Usable Acre	\$4,311		

Verification

Confirmed With	Deed
Confirmation Date	03-19-2019

Remarks

This is undeveloped vacant land that has recently been used for cultivation. More than 90% of the site is conducive to crop production and/or pasture. Gas transmission and electrical easements within site but are not adverse. The immediate area is improved primarily with scattered residential and agricultural improvements. There is an extensive amount of agricultural (crops) uses in the area. Highway 14 is located 1.4 miles south and Highway 59 is 3.1 miles west (by car) from this site. Highway 59 provides direct access to the city of Covington and is 4.4 miles northwest of the property.



COMPARABLE LAND SALE 2



Property Identification

Property/Sale ID	10919883/1396797
Property Type	Agricultural Undeveloped
Property Name	Brasfield
Address	Culbreath Road
City, State Zip	Covington, Tennessee 38019
County	Tipton
MSA	Memphis, TN-AR-MS
Submarket	Tipton
Latitude/Longitude	35.512267/-89.587377
Tax ID	070 030.00

Transaction Data

Sale Date	12-02-2016	Financing	Cash to Seller
Sale Status	Closed	Conditions of Sale	Typical
Grantor	Eula Ray Teamer Wright et al	Deed Book/Page	1706/1058
		Sale Price	\$152,000
Grantee	Marth B. Brasfield et al	Adjusted Price	\$152,000
Property Rights	Fee Simple		

Property Description

Gross Acres	39.98	Corner/Interior Shape	Interior Irregular
Gross SF	1,741,529	Topography	Rolling
Usable Acres	39.98	Utilities	Electricity and Gas
Usable SF	1,741,529	Drainage	Appears adequate
Front Feet	242	Flood Hazard Zone	Zone X (unshaded)
Proposed Use	Agriculture	Zoning Code	FAR
Access Rating	Average	Zoning Description	Forestry, Agriculture, Residential
Rail Access	No		
Water/Port Access	No		
Visibility	Fair		

Indicators

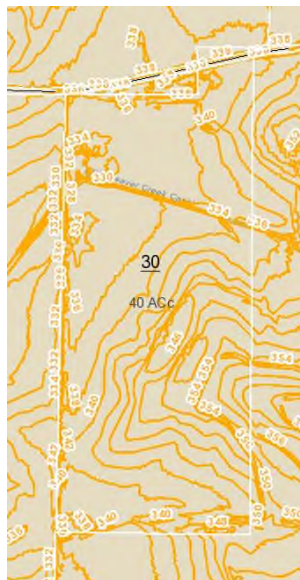
\$/Gross Acre	\$3,802	\$/Usable SF	\$.09
\$/Gross SF	\$.09	\$/FF	\$628.10
\$/Usable Acre	\$3,802		

Verification

Confirmed With	Deed
Confirmation Date	03-19-2019

Remarks

This is undeveloped vacant land that has recently been used for cultivation. More than 90% of the site is conducive to crop production and/or pasture. The immediate area is improved primarily with scattered residential and agricultural improvements. There is an extensive amount of agricultural (crops) uses in the area. Highway 14 is located 1.5 miles south and Highway 59 is 3 miles west (by car) from this site. Highway 59 provides direct access to the city of Covington and is 4.3 miles northwest of the property. The buyer acquired the adjacent (east) 139-acre property (and old, small farmhouse) at the same time for \$3,800 per acre.



COMPARABLE LAND SALE 3



Property Identification

Property/Sale ID	10919889/1396802
Property Type	Agricultural Undeveloped
Property Name	Rice
Address	Whitehorn Road
City, State Zip	Covington, Tennessee 38019
County	Tipton
MSA	Memphis, TN-AR-MS
Submarket	Tipton
Latitude/Longitude	35.493743/-89.551766
Tax ID	076 029.01

Transaction Data

Sale Date	02-01-2018	Financing	Cash to Seller
Sale Status	Closed	Conditions of Sale	Typical
Grantor	Cynthia Simpson et al	Deed Book/Page	1748/815
Grantee	Lary Rice	Sale Price	\$86,610
Property Rights	Fee Simple	Adjusted Price	\$86,610

Property Description

Gross Acres	35.03	Visibility	Poor
Gross SF	1,525,907	Corner/Interior	Interior
Usable Acres	35.03	Shape	Irregular
Usable SF	1,525,907	Topography	Rolling to Sloping
Front Feet	560	Utilities	Electricity and Gas
No. of Lots	560	Drainage	Appears adequate
Proposed Use	Agriculture	Flood Hazard Zone	Zone X (unshaded)
Access Rating	Average	Zoning Code	FAR
Rail Access	No	Zoning Description	Forestry, Agriculture, Residential
Water/Port Access	No		

Indicators

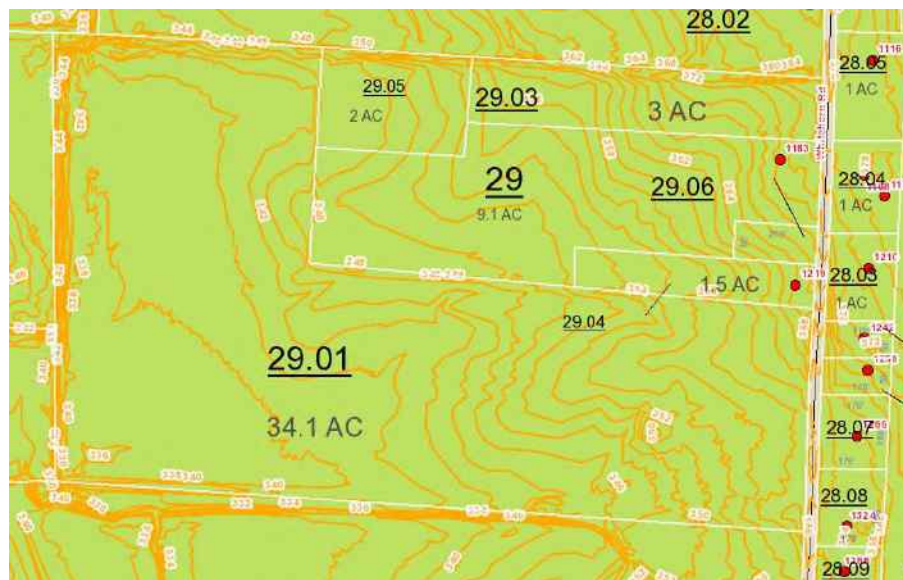
\$/Gross Acre	\$2,472	\$/Usable SF	\$.06
\$/Gross SF	\$.06	\$/FF	\$154.66
\$/Usable Acre	\$2,472	\$/Lot	\$155

Verification

Confirmed With	Deed
Confirmation Date	03-19-2019

Remarks

This is undeveloped vacant land that has recently been used for cultivation. More than 90% of the site is conducive to crop production and/or pasture. The immediate area is improved primarily with residential and scattered agricultural improvements. There is an extensive amount of agricultural (crops) uses in the area. Highway 14 is located 1.6 miles northwest (by car). The city of Covington and is 6.7 miles northwest of the property.



COMPARABLE LAND SALE 4



Property Identification

Property/Sale ID	10919891/1396803
Property Type	Agricultural Undeveloped
Property Name	Davis
Address	Brammer Road
City, State Zip	Mason, Tennessee 38049
County	Tipton
MSA	Memphis, TN-AR-MS
Submarket	Tipton
Latitude/Longitude	35.484894/-89.565522
Tax ID	070 018.00

Transaction Data

Sale Date	02-13-2019	Financing	Cash to Seller
Sale Status	Closed	Conditions of Sale	Typical
Grantor	Terry G. Gray et al	Deed Book/Page	1762/295
Grantee	Jordan Stone Davis	Sale Price	\$200,000
Property Rights	Fee Simple	Adjusted Price	\$200,000

Property Description

Gross Acres	57.93	Corner/Interior	Interior
Gross SF	2,523,431	Shape	Irregular
Usable Acres	57.93	Topography	Rolling to Sloping
Usable SF	2,523,431	Utilities	Electricity
Front Feet	1,310	Drainage	Appears adequate
Proposed Use	Agriculture	Flood Hazard Zone	Zone X (unshaded)
Access Rating	Average	Zoning Code	FAR
Rail Access	No	Zoning Description	Forestry, Agriculture, Residential
Water/Port Access	No		
Visibility	Poor		

Indicators

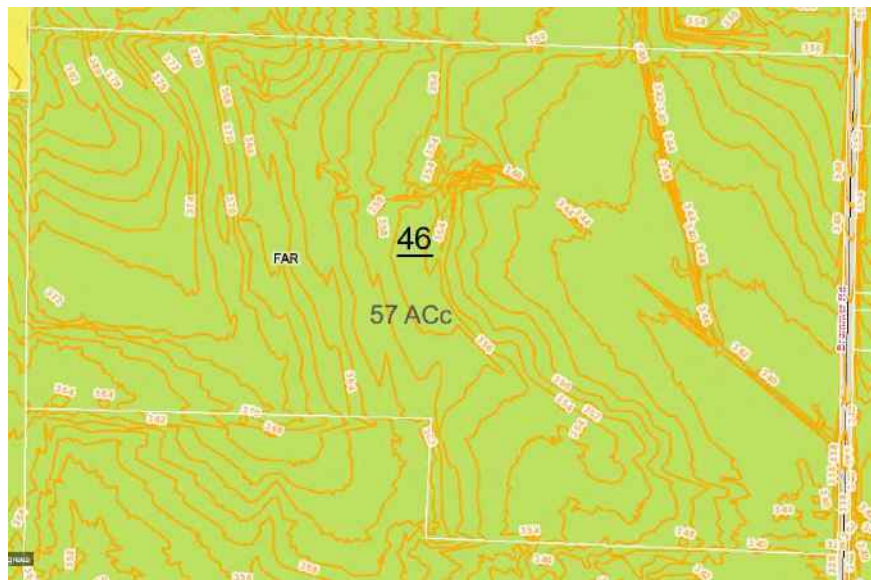
\$/Gross Acre	\$3,452	\$/Usable SF	\$.08
\$/Gross SF	\$.08	\$/FF	\$152.67
\$/Usable Acre	\$3,452		

Verification

Confirmed With	Deed
Confirmation Date	03-19-2019

Remarks

This is undeveloped vacant land that has recently been used for cultivation. More than 85% of the site is conducive to crop production and/or pasture. The immediate area is improved primarily with scattered residential and agricultural improvements. There is an extensive amount of agricultural (crops) uses in the area. Highway 14 is located 1 miles northwest and Highway 59 is 1.8 miles southwest (by car) from this site. Highway 59 provides direct access to the city of Covington and is 6.4 miles northwest of the property.



Land Sales Comparison Analysis

When necessary, adjustments were made for differences in various elements of comparison, including property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, and other physical characteristics. If the element in comparison is considered superior to that of the subject, we applied a negative adjustment. Conversely, a positive adjustment was applied if inferior. A summary of the elements of comparison follows.

Transaction Adjustments

Transaction adjustments include (1) real property rights conveyed, (2) financing terms, (3) conditions of sale and (4) expenditures made immediately after purchase. These items, which are applied prior to the market conditions and property adjustments, are discussed as follows:

Real Property Rights Conveyed

All sales involved the fee simple rights and there is no adjustment.

Financing Terms

All of the sales traded with cash to the seller or under typical market terms. There is no adjustment applied.

Conditions of Sale

Atypical conditions of sale may result in a price that is higher or lower than a normal transaction. Such atypical conditions of sale often occur in conjunction with sales between related parties or those in which one of the parties is atypically motivated to complete the transaction. Any necessary adjustments were addressed in the sale description.

Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures required upon purchase of a property, as these costs affect the price the buyer agrees to pay. Such expenditures may include: costs to demolish and remove any portion of the improvements, costs to petition for a zoning change, and/or costs to remediate environmental contamination. If any of the sales involved expenditures anticipated upon the purchase date, adjustments were applied and discussed in the sale summary.

Market Conditions Adjustment

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Changing market conditions may create a need for adjustment to comparable sale transactions completed during periods of dissimilar market conditions. Based upon our review of sales and other market factors there is not sufficient data to support adjustments to the sales presented. Changes have occurred but not to the extent or level to warrant an adjustment.

Property Adjustments

Property adjustments are usually expressed quantitatively as percentages or dollar amounts that reflect the differences in value attributable to the various characteristics of the property. In some instances, however, qualitative adjustments are used. These adjustments are based on locational and physical characteristics and are applied after transaction and market conditions adjustments.

Our reasoning for the property adjustments made to each sale comparable follows. The discussion analyzes each adjustment category deemed applicable to the subject property.

Location

Location adjustments may be required when the locational characteristics of a comparable property are different from those of the subject property. All of the sales are located in the same submarket. There were no adjustments applied for location. Differences in visibility and access, if any, are addressed in other adjustment categories.

Size

The size adjustment addresses variance in the physical size of the comparables and that of the subject, as a larger parcel typically commands a lower price per unit than a smaller parcel. This inverse relationship is due, in part, to the principle of "economies of scale." The sales do not provide a correlation between site size and price paid per acre. Additionally, they are generally similar in size as compared to the subject. For these reasons, the sales were not adjusted for size.

Utilities

The subject property does have public electricity, gas and water available on the date of value. Sites with all utilities have lower development costs which often equate to a higher price. All of the sites have electricity and Sales 1 through 3 also have gas service. All of the sales are considered inferior in this category as they do not have public water. An upward adjustment was applied to each sale for differences in the utilities in place.

Topography

The topography of a site can affect prices paid due to the amount of grading and/or fill dirt required for development. This characteristic of a site can impact the use and the development costs. The subject has a level to sloping topography. All four of the comparable sales have rolling, and in some cases sloping, topography. The subject is rated as superior in comparison to all of the sales and they have been adjusted upward.

Floodplain

A property's location within flood zone areas is typically a negative factor due to the increased costs of raising improvements up out of the floodplain, as well as additional insurance costs associated with improvements. Unlike the subject, none of the sales are in a designated flood hazard. A downward adjustment was applied to all of the sales.

Summary of Adjustments

Presented in the following table is a summary of the adjustments made to the sale comparables. As noted earlier, these quantitative adjustments were based on our market research, best judgment, and experience in the appraisal of similar properties.

LAND SALES ADJUSTMENT GRID

Subject		Sale # 1	Sale # 2	Sale # 3	Sale # 4
Sale ID		1396791	1396797	1396802	1396803
Date of Value & Sale	March-19	February-19	December-16	February-18	February-19
Unadjusted Sales Price		\$197,800	\$152,000	\$86,610	\$200,000
Gross Acres	43.560	45.880	39.980	35.030	57.930
Unadjusted Sales Price per Gross Acre		\$4,311	\$3,802	\$2,472	\$3,452
Transactional Adjustments					
Property Rights Conveyed	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>
Adjusted Sales Price		\$4,311	\$3,802	\$2,472	\$3,452
Financing Terms	<i>Cash to Seller</i>	<i>Cash to Seller</i>	<i>Cash to Seller</i>	<i>Cash to Seller</i>	<i>Cash to Seller</i>
Adjusted Sales Price		\$4,311	\$3,802	\$2,472	\$3,452
Conditions of Sale	<i>Typical</i>	<i>Typical</i>	<i>Typical</i>	<i>Typical</i>	<i>Typical</i>
Adjusted Sales Price		\$4,311	\$3,802	\$2,472	\$3,452
Expenditures after Sale					
Adjusted Sales Price		\$4,311	\$3,802	\$2,472	\$3,452
Market Conditions Adjustments					
Elapsed Time from Date of Value		<i>0.08 years</i>	<i>2.28 years</i>	<i>1.12 years</i>	<i>0.08 years</i>
Market Trend Through	March-19	-	-	-	-
Analyzed Sales Price		\$4,311	\$3,802	\$2,472	\$3,452
Physical Adjustments					
Location	<i>Robert Johnson Road Covington, Tennessee</i>	<i>Culbreath Road Covington, Tennessee</i>	<i>Culbreath Road Covington, Tennessee</i>	<i>Whitehorn Road Covington, Tennessee</i>	<i>Brammer Road Mason, Tennessee</i>
Adjustment		-	-	-	-
Size	<i>43.560 acres</i>	<i>45.880 acres</i>	<i>39.980 acres</i>	<i>35.030 acres</i>	<i>57.930 acres</i>
Adjustment		-	-	-	-
Utilities	<i>All except sewer</i>	<i>Electricity and Gas</i>	<i>Electricity and Gas</i>	<i>Electricity and Gas</i>	<i>Electricity</i>
Adjustment		5.0%	5.0%	5.0%	5.0%
Topography	<i>Level to Sloping</i>	<i>Rolling</i>	<i>Rolling</i>	<i>Rolling to Sloping</i>	<i>Rolling to Sloping</i>
Adjustment		5.0%	5.0%	5.0%	5.0%
Floodplain	<i>A and X</i>	<i>Zone X (unshaded)</i>	<i>Zone X (unshaded)</i>	<i>Zone X (unshaded)</i>	<i>Zone X (unshaded)</i>
Adjustment		-5.0%	-5.0%	-5.0%	-5.0%
Net Physical Adjustment		5.0%	5.0%	5.0%	5.0%
Adjusted Sales Price per Gross Acre		\$4,527	\$3,992	\$2,596	\$3,625

Conclusion

From the market data available, we used four land sales in competitive market areas which were adjusted based on pertinent elements of comparison. The following table summarizes the unadjusted and adjusted unit prices:

Land Sale Statistics

Metric	Unadjusted	Analyzed	Adjusted
Minimum Sales Price per Gross Acre	\$2,472	\$2,472	\$2,596
Maximum Sales Price per Gross Acre	\$4,311	\$4,311	\$4,527
Median Sales Price per Gross Acre	\$3,627	\$3,627	\$3,809
Mean Sales Price per Gross Acre	\$3,510	\$3,510	\$3,685

The most comparable sale was Sale #1, with an adjusted sale price of \$4,527 per gross acre. This sale is similar in its conduciveness to continued agricultural uses, accessibility, appeal to likely users (cultivation, residential). The value of the subject is supported at a unit price at, or near, the adjusted price of this sale. Based on this analysis, the land value indication is summarized as follows:

Land Value Indication

Market Value Opinion				(Rounded)
43.560 acres	x	\$4,250 per acre	=	\$185,000

Valuation Summary

The indicated value from the approaches used and our concluded market value for the subject property are summarized in the following table.

Value Indications

Approach to Value	As Is
Sales Comparison	\$185,000
Cost	Not Developed
Income Capitalization	Not Developed

Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	March 16, 2019
Value Conclusion	\$185,000
	\$4,247 per acre

Listings of Similar Properties

When available and pertinent, listings of similar properties have been compiled for analysis. Multiple online property listing services were viewed as part of our research.

Exposure and Marketing Periods

The subject is a vacant tract of land containing 25 acres or more. When estimating exposure and marketing times for the subject property, we considered the following data:

Months on Market - Marketing Period

Source	Property Type	Region/Area	Range	Avg/Med
CoStar	Land > 25 Acres	Memphis MSA	12 to 72	35.0
Market Participants	Land > 25 Acres	Memphis MSA	12 to 24	18.0

A search within CoStar resulted in 41 land sales of 25 acres or more within the MSA over the past 5 years. The range of Months to Sale for this data set is from 2 to 114 months. The majority of the sales within a range of 12 to 50 months and a statistical/frequency average of about 24 months.

According to interviews with active investment brokers in the competitive market area, demand for mid to large-sized tracts of land like the subject have improved, though only moderately in the past few years. Demand is favorable for sites in above average to good locations. The consensus is that exposure times for properties similar to the subject range from less than 12 months, if properly priced and aggressively marketed.

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of less than 12 months are considered reasonable and appropriate for the subject property.

General Assumptions and Limiting Conditions

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

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Memphis will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Memphis is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Memphis and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Memphis.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.

28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | Memphis both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Memphis and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | Memphis or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Memphis for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | Memphis shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Memphis. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Memphis and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Memphis harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Memphis in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by C&I Appraisal Services, Inc., dba Valbridge Property Advisors | Memphis. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

Certification – Dana Richardson

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

1. The statements of fact contained in this report are true and correct.
2. 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.
3. 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.
4. The undersigned has not performed 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 acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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 value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Dana Richardson has personally inspected the subject property. Todd Glidewell, MAI has not personally inspected the subject property.
10. No one provided significant real property appraisal assistance to those signing this certification, unless otherwise noted.
11. 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 and the Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the Standards and Ethics Education Requirement for Candidates/Practicing Affiliates of the Appraisal Institute.



Dana Richardson
Senior Appraiser
Tennessee License CG-1434

Certification – Todd Glidewell, MAI

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

1. The statements of fact contained in this report are true and correct.
2. 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.
3. 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.
4. The undersigned has not performed 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 acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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 value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Dana Richardson has personally inspected the subject property. Todd Glidewell, MAI has not personally inspected the subject property.
10. No one provided significant real property appraisal assistance to those signing this certification, unless otherwise noted.
11. 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 and the Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.



Todd Glidewell, MAI
Senior Managing Director
Tennessee License CG-41

Addenda

Legal Description

Subject Photos

Appraisal Engagement

Glossary

Qualifications

- Dana Richardson, - Senior Appraiser
- Todd Glidewell, MAI, - Senior Managing Director

Information on Valbridge Property Advisors

Office Locations

Legal Description

Description of a 46.56 Acre portion of the remaining Robert Edgar Johnson, Jr. property as being described in Deed Book 202 / Page 293 and being referred to in Will Book J / Page 269 - Item II-C. Said portion being located on the South side of R.E. Johnson Road and situated in the Eighth Civil District of Tipton County, Tennessee.

BEGINNING at a found cotton picker spindle in the centerline of the R.E. Johnson Road being an exterior corner of the remaining Robert Edgar Johnson, Jr. property as being referenced in Deed Book 202 / Page 293 and being referred to in Will Book J / Page 269 - Item II-C, also being the Northwest corner of Perry M. St. John et ux (731/696), also being the Northernmost Northeast corner of this herein described partition;

THENCE in a Southeastward direction along an East line of Johnson and this partition, also being the West line of St. John, S 06°-12'-38" E 180.00 feet to a set iron rod being an interior corner of Johnson and this partition, also being the Southwest corner of St. John;

THENCE in a Northeastward direction along a North line of Johnson and this partition, also being the South line of St. John, N 83°-28'-34" E 244.00 feet to a found cross-tie post being the Southeast corner of St. John;

THENCE in a Northeastward direction continuing along a North line of Johnson and this partition, also being a South line of Carolyn Smith (WB F/142), N 88°-39'-49" E 856.07 feet to a set iron rod at a rotted tree fence corner being an exterior corner of Johnson, an interior corner of Smith and the Easternmost Northeast corner of this herein described partition;

THENCE in a Southeastward direction along an East line of Johnson and this partition, also being a West line of Smith, S 02°-36'-37" E 491.70 feet to a set iron rod being the Southeast corner of Johnson and this partition, also being the Southwest corner of Smith;

THENCE in a Southwestward direction along a South line of Johnson and this partition, also being the North line of James A. Watkins et ux (716/491), S 86°-51'-57" W 1123.46 feet to a set iron rod being an interior corner of Johnson and this partition, also being an exterior corner of Watkins;

THENCE in a Southeastward direction along an East line of Johnson and this partition, also being a West line of Watkins, S 03°-30'-00" E 87.78 feet to an exterior corner of Johnson and this partition, also being an interior corner of Watkins;

THENCE in a Southwestward direction along a South line of Johnson and this partition, also being a North line of Watkins, S 86°-30'-00" W 2217.60 feet to a found cotton picker spindle in the centerline of Terry Lane South being the Southwest corner of Johnson and this herein described partition;

THENCE in a Northwestward direction along a West line of Johnson and this partition, following the general alignment of Terry Lane South, N 03°-41'-52" W 413.82 feet to a set cotton picker spindle being the Westernmost Northwest corner of this herein described partition, also being the Southwest corner of Marvin Webb (WB J / 269 - Item II-A);

THENCE in a Northeastward direction along a north line of this partition, also being the South line of Webb and Betty Webb McGee (WB J / 269 Item II-B), N 86°-06'-54" E 420.00 feet to a set iron rod being an interior corner of this herein described partition, also being the Southeast corner of McGee;

THENCE in a Northwestward direction along a West line of this partition, also being the East line of McGee, N 03°-41'-52" W 235.00 feet to a set cotton picker spindle in the centerline of R.E. Johnson Road being the Northernmost Northwest corner of this herein described partition;

THENCE in a Northeastward direction along the North line of this partition with the general alignment of R.E. Johnson Road, the following two (2) courses:

N 82°-55'-24" E 283.54 feet to an angle point;
thence N 82°-42'-19" E 1543.69 feet to the Point Of Beginning and containing 46.56 Acres by computation;

However, there is to be excepted out of the above described parcel that portion occupied by the R.E. Johnson Road and the Terry Lane South Road and their rights-of-way.

Subject Photographs



Looking west along Robert Johnson Rd from northwest part of site



Looking south from Robert Johnson Rd at north-central part of site



Looking southeast from Robert Johnson Rd at north-central part of site



Looking east from Robert Johnson Rd at north-central part of site



Looking east along Robert Johnson Rd from north-central part of site

Appraisal Engagement



March 07, 2019

Todd Glidewell
6750 Poplar Avenue, Suite 706
Germantown, TN 38138

Dear Todd Glidewell,

This letter will serve as REGION's engagement of your services to perform an appraisal on the property location listed on page 2 of this letter, Request for Proposal (RFP) Award Summary page. The specifics of the engagement including the agreed upon fee and delivery date are also included on the RFP Summary Page.

As confirmation of your acceptance of this assignment under the terms specified in this letter, please return a signed copy of this engagement letter to us and include a copy in the addenda to the report. Signing of this engagement letter indicates that your report will comply with the most current USPAP and all guidelines specified. Please note: all single family residential must be completed on the most current FNMA URAR form and comply with FNMA Guidelines. Also, by signing this engagement letter you understand that REGIONS is the client and that you are prohibited from appraising this property for the next six months without the express written permission of the undersigned or the Chief Appraiser of Regions Bank. Such permission will not be unreasonably withheld.

The appraisal must comply with the Uniform Standards of Professional Appraisal Practice, Title XI of "FIRREA" and the Regions Appraisal Guidelines. Failure to comply with any of the above requirements may result in rejection of the appraisal. In addition, payment of the fee is subject to a review of the appraisal for compliance with the above mentioned requirements. Should you experience any delays in the performance of this appraisal please notify us, in writing via fax or e-mail, no less than five days prior to the due date.

Please note that a \$100 per day fine will be imposed for reports not delivered as promised or without prior, one weeks' notice of delay.

Please make sure the following items are included in every report as indicated:

- (1) Final Report - with all required signatures (no "draft" versions)
- (2) Invoice file - Properly completed invoice addressed to Regions Bank. When prompted, remember to input 1) Invoice Number, 2) Total Invoice Amount, 3) Short Description, 4) Invoice Date
- (3) Other Files - Signed copy of engagement letter located in addenda
- (3) Other Files - Appraisal checklist located in addenda (if required)
- (3) Other Files - Copy of appropriate state certifications in addenda

When uploading your .pdf files into RIMSCentral, please submit three (3) separate uploads. The documents to be included in each separate upload are referenced by the (#) listed above.

For additional general appraiser requirements, please see Vendor Reference Document, Engagement Letter Terms & Conditions.

Sincerely,

This document was created 03-07-2019 by Lekesia Lilly for **REGIONS** Bank. The user's identity has been verified and authenticated by RIMS through a secure login. The original version of this document is retained in RIMS.

Accepted: _____

Date: _____





Request for Proposal (RFP) Award Summary

RIMS Project #: 19-000537-01-01
 Fee: \$
 Due Date:

Property Location: Robert Johnson Rd, Covington, TN 38019
 Property Type: Agricultural - Row Crops

Property Contact(s): William Glass, Borrower
 Phone: 901-476-0644
 Other Phone: 361-215-3743

Report Type: Appraisal Report
 Format: Narrative
 Valuation Scenarios: Premise Qualifier Interest
 Market Value As-Is Fee Simple

Appraisal Scope

Intended Use: Use - Loan Underwriting
 Intended User: User - Regions Bank
 Inspection Requirement: Inspect - All
 Approaches to Value: Approach - Sales Comparison
 Market Analysis Level: Level A

Comments: The scope of work includes the development of the most applicable approaches as defined in the Request for Proposal (RFP). The report summarizes significant data and analysis in support of the assignment results with an emphasis on critical data, analysis, and conclusions. Estimate the "As Is" market value per FIRREA and USPAP guidelines. Should you not be able to complete the appraisal by the requested date, please provide a best available due date.

We need value of this farmland "as is" using the sales comparison approach. Also see 19-000537-02 on Hwy. 59 in Covington, we would like the same appraiser to do both reports.

If you cannot bid on this project, please enter a "zero" in the bid amount & "no bid" in the comments section (you can explain if you want) so that we know you received but declined to bid.

If you cannot meet the delivery date but want to bid, please provide an alternate delivery date & bid amount for our consideration!

If you are awarded this project, as a "best practice", we expect you to make your initial contact with the borrower within 1-2 business days of award. If documentation is required from the borrower, follow up with an email and be sure to copy the REVS team so that we can assist in obtaining the required documentation.

NOTE: Appraisals that are delivered after the contracted delivery date are subject to a \$100 per day late penalty.

NOTE: Appraisals that are delivered after the contracted delivery date are subject to a \$100 per day late penalty.

REGIONS Contact Info:

Job Manager	Lekesia Lilly	Account Officer	Rick Baker
Phone:	205-420-4834	Phone:	901-684-6087
Email:	lekesia.lilly@regions.com	Email:	rick.baker@regions.com



Any changes in the scope of this assignment, appraisal fees, or due date extensions, etc. must be authorized in writing by the Job Manager.

The appraisal reports (0) must be addressed and sent to the client at the address shown below. In addition, an electronic copy of the report **MUST** be uploaded onto the RIMS Central website. Any questions pertaining to this assignment should be addressed with REGIONS first.

AFTER REPORT HAVE BEEN REVIEWED AND APPROVED, SEND REPORTS AND INVOICES TO:

REVS VM Team
201 Milan Parkway
Mail Code ALBH70321A
Birmingham, AL 35211

Telephone #205-420-4834

Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 6th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

In office buildings, the areas of the building that provide services to building tenants but which are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security and upkeep. (ICSC – International Council of Shopping Centers, 4th Ed.)

Condominium

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A

conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/Im$), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time;
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Easement

The right to use another's land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

The date on which the appraisal or review opinion applies. (SVP)

In a lease document, the date upon which the lease goes into effect. (Dictionary)

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

Effective Rent

Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

EPDM

Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause*, *expense recovery clause* or *stop clause*. (Dictionary)

Estoppel Certificate

A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

Exposure Time

The time a property remains on the market.

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal;

Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (Dictionary)

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP)

Fee Simple Estate

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

Floor Common Area

In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's

operating and fixed expenses; also called a *full service lease*. (Dictionary)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

Going-Concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. (Dictionary)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

Gross leasable area plus all common areas.

For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

Gross Retail Sellout

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the *aggregate of the retail values*, *aggregate retail selling price* or *sum of the retail values*. (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

Highest and Best Use

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. (IVS)

[The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future.

(Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP)

Industrial Gross Lease

A type of modified gross lease of an industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real property taxes, as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

Insurable Value

A type of value for insurance purposes. (Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees). (Dictionary)

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a pecuniary position as he or she would have been if the property had not been taken. (Dictionary)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (Dictionary)

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a short time period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

The price represents the normal consideration for the property sold, unaffected by special or

creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TIs). (Dictionary)

Market Value

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;

- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation)

Master Lease

A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, or *semi-gross lease*. (Dictionary)

Operating Expense Ratio

The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., $OER = 1 - NIR$ (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. (Dictionary)

Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

Prospective Future Value Upon Completion

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. ... The prospective market value –as completed- reflects the property's market value as of the time that development is expected to be complete. (Dictionary)

Prospective Future Value Upon Stabilization

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report ...The prospective market value – as stabilized – reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (Dictionary)

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

Reproduction Cost

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

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

Sandwich Leasehold Estate

The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease

An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

TPO

Thermoplastic polyolefin, a resilient synthetic roof covering.

Triple Net (Net Net Net) Lease

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

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

VTAB

Value of the Total Assets of a Business. The value of a going concern (i.e. the business enterprise). (Dictionary)



Qualifications

Qualifications of Dana B. Richardson

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Education

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Hotel Appraising: New Techniques for Today's Uncertain Times

Business Practices and Ethics

Subdivision Valuation

Apartment Appraisal, Concepts & Applications

The Lending World in Crisis

Analyzing Distressed Real Estate

Real Estate Appraisal Operations

Marketability Studies: Six Step Process and Basic Applications

Appraising the Appraisal: Appraisal review-General

Fundamentals of Separating Real Property, Personal Property and

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Small Hotel/Motel Valuation

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Business Practices & Ethics

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Staff Appraiser

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Experience in apartment buildings; retail buildings and shopping centers; office buildings; industrial buildings; religious and educational properties; hotels/ motels; residential subdivisions; multiple types of special use properties and vacant land. Assignments concentrated in the Memphis MSA.

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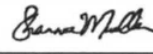


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Credential # CG-3287

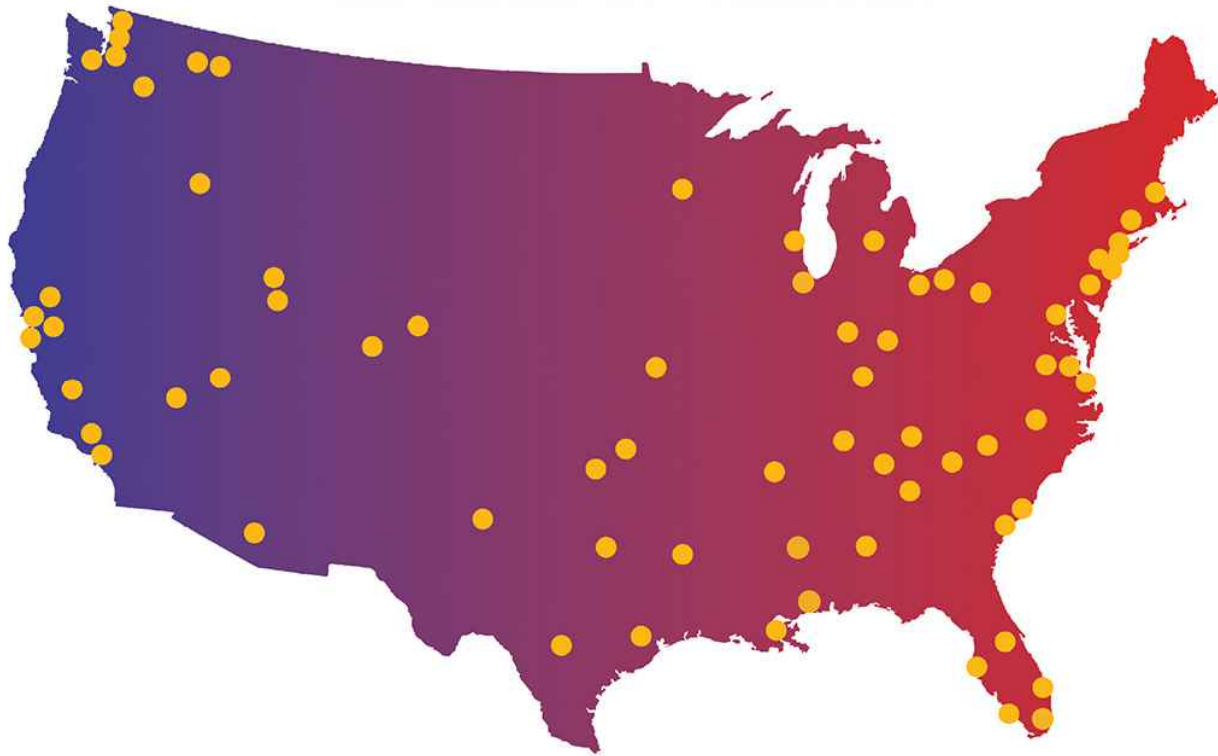
has complied with the requirements of Arkansas code 17-14-201 et seq.; and is the holder of a valid credential. This card is for identification purposes only.

Expiration Date: 10/18/2019


Chairman



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FAST FACTS

COMPANY INFORMATION

- Valbridge is the largest independent national commercial real estate valuation and advisory services firm in North America.
 - Total number of MAI-designated appraisers (200+ on staff)
 - Total number of office locations (70+ across U.S.)
 - Total number of staff (675+ strong)
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge services all property types, including special-purpose properties.
- Valbridge provides independent valuation services. We are not owned by a brokerage firm or investment company.
- Every Valbridge office is led by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by our local office leaders.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk-property engagements.

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