

**Appraisal
of**



**Bank Branch Building
509 East Greer Street
Honea Path, Anderson County, South Carolina 29654**

Project #: 19-004925-01-01

Appraisal Report

**Prepared for
Mr. Keith Bolte
South State Bank
817 Dave Gibson Blvd.
Fort Mill, South Carolina 29708**

**Date of Inspection
November 21, 2019**

**Date of Valuation Estimate
November 21, 2019– As Is**

**Prepared by
Sarah G. Guthrie, MAI
Allen D. McCravy, MAI
Stone & Associates
1100A Rutherford Road
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November 26, 2019

Mr. Keith Bolte
South State Bank
817 Dave Gibson Blvd.
Fort Mill, South Carolina 29708

Subject: Bank Branch Building
509 East Greer Street
Honea Path, Anderson County, South Carolina 29654
Project #: 19-004925-01-01

Dear Mr. Bolte:

In accordance with your request, we have personally made an inspection of the above referenced property and have made an appraisal. We are submitting herewith an appraisal report with applicable exhibits and addenda, which summarize the process used in completing this assignment.

This is an appraisal report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice for an appraisal report. As such, it presents in-depth discussions of the data, reasoning, and analysis that were used in the appraisal process to develop the appraisers' opinion of value. Additional supporting documentation concerning the data, reasoning, and analysis is retained in the appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. The appraisers are not responsible for unauthorized use of this report.

The subject property is comprised of a 2,301-square foot (GBA), one-story bank branch building. These improvements are situated upon a total 1.178-acre, or 51,314 square foot site, located off the northern side of East Greer Street, within the Town Limits of Honea Path, in Anderson County, South Carolina. The physical address for the subject property is 509 East Greer Street, Honea Path, South Carolina 29654. The subject property is further identified as all of Anderson County Tax Parcel 275-08-12-024. The subject is currently vacant.

The purpose of this appraisal is to estimate the as is market value of the fee simple estate of the subject property as of our date of inspection, which was November 21, 2019. It is also the purpose of this report to determine a disposition value for the subject property based on a 90-day marketing period. As is market value, market value, fee simple estate, and disposition value are further defined and qualified in the following appraisal report.

Mr. Bolte
November 26, 2019
Page Two

After analyzing the subject property and its market and considering the various factors entering into the appraisal analysis, including the Assumptions and Limiting Conditions contained in the attached report, it is our opinion that the as is market value of the fee simple estate, of the subject, as of November 21, 2019, is:

As Is – November 21, 2019
One Hundred Eighty-Five Thousand Dollars
(\$185,000)

It is our opinion that the disposition value of the fee simple estate of the subject property, subject to a 90-day marketing period, is:

90-Day Disposition Value
One Hundred Twenty Thousand Dollars
(\$120,000)

In this assignment, the existence of hazardous waste material, which may or may not be present on or in the subject property, was not observed by us. We have no knowledge of the existence of such materials on or near the subject property; however, we are not qualified to detect such substances. The presence of such material may have an effect on the value or use of the subject property. It is assumed that there are no hazardous material spills resulting from underground storage tanks or other causes associated with the subject property. Full compliance with all environmental laws is assumed. The client is urged to retain an expert in this field, if further clarification is desired. We wish to clearly emphasize that the detection of any such hazardous materials is beyond the scope of this valuation analysis. Furthermore, it is assumed that the presence of any hazardous materials, gases or toxic substances that would cause a loss in value is assumed not to exist on the property.

The value estimate assumes no impact on value because of “Section 404 – Wetlands” as defined by the US Army Corp. of Engineers. We have found no evidence of wetlands; however, we are unqualified in this field and urge the client to seek the advice of an expert to determine any potential impact of wetlands on the above referenced property.

The appraisal analysis, opinions and conclusions were developed and this appraisal report has been prepared in conformance with (and the use of this report is subject to) all regulations issued under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Uniform Standards of Professional Appraisal Practice (USPAP) 2018 - 2019 Edition as promulgated by the Appraisal Standards Board of the Appraisal Foundation.

Mr. Bolte
November 26, 2019
Page Three

We certify that we have the experience and knowledge to competently complete an appraisal of this type, and have made other appraisals of similar properties in the past. We further certify that Allen D. McCravy, MAI and Sarah G. Guthrie, MAI have performed an inspection of the subject property.

This appraisal assignment was not conditional upon the production of a specified value, or a value within a given range. Future employment prospects are not dependent upon a specified value. Employment and the payment of the fee are not based on whether a loan application is approved or disapproved.

We appreciate the opportunity to be of service. If you have any questions, or require any additional information, please feel free to contact us anytime.

Respectfully submitted,

Stone & Associates



Sarah G. Guthrie, MAI
State Certified General Real Estate Appraiser
SC Certificate No. CG 4581



Allen D. McCravy, MAI
State Certified General Real Estate Appraiser
SC Certificate No. CG 3617



Front View of Subject Property (Eastern Elevation)



Side View of Subject Property (Southern Elevation)



Side View of Subject Property (Northern Elevation)



Rear View of Subject Property (Western Elevation)



View of Drive Thru Tellers



General View of Parking Area



**Street View of East Greer Street Looking Westerly
(Subject on Right)**



**Street View of East Greer Street Looking Easterly
(Subject on Left)**

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Summary of Important Facts and Conclusions

Property	Bank Branch (Currently Vacant)
Location:	
Street	509 East Greer Street
City/Town	Town of Honea Path
County	Anderson County
State	South Carolina, 29654
Tax Parcel Number	275-08-12-024
Owner of Record	South State Bank
Date of Inspection	November 21, 2019
Date of Valuation Estimate	November 21, 2019
Land Area	1.178 acres, or 51,314 square feet
Zoning	GC, General District – Town of Honea Path (Anderson County)
Flood Zone – Panel # – Date	X – 45007C 0434E – September 29, 2011
Description of Improvements:	
Property Type	Bank Branch Building
Size	2,301 Square Feet (GBA)
Construction	Class C – Masonry Block with Brick Veneer
Highest and Best Use – Vacant	Retail, Office or Service-Related Use
Highest and Best Use – Improved	As Improved
Cost Approach	N/A, See Limiting Condition No. 24
Sales Comparison Approach	\$185,000
Income Capitalization Approach	\$185,000
Reconciled Value Conclusion	\$185,000
90-Day Disposition Value	\$120,000
Estimated Exposure Time	Approximately 6 to 12 months
Inspecting Appraiser	Sarah G. Guthrie, MAI
Inspecting/Reviewing Appraiser	Allen D. McCravy, MAI

Assumptions and Limiting Conditions

The following report is prepared subject to these Limiting Conditions. Do not rely on report unless you accept the following conditions:

Condition No. 1

Unless otherwise stated, the value appearing in this appraisal represents our opinion of the Market Value or the Value Defined AS OF THE DATE SPECIFIED. Market Value of Real Estate is affected by national and local economic conditions and consequently will vary with future changes in such conditions. If the value reported herein is as of a future date, no liability can be assumed for changes that may occur in any conditions or factors that would impact the value conclusions reported.

Condition No. 2

Title to the subject property is assumed to be good and marketable and is free and clear of all liens and encumbrances, unless otherwise stated herein. No responsibility is assumed for matters legal in nature, nor any opinion of title rendered herewith. Good and marketable title is assumed.

Condition No. 3

The information contained herein has been gathered from sources thought to be reliable; however, no responsibility is assumed for their accuracy.

Condition No. 4

Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report.

Condition No. 5

This appraisal report covers only the property described, and the values and rates used do not apply to any other property, however similar it may be.

Condition No. 6

It is assumed that the description of the property is correct, that the improvements are entirely and correctly located on the described property and that there are no encroachments on this property; however, no investigation or survey has been made.

Assumptions and Limiting Conditions - Continued

Condition No. 7

This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

Condition No. 8

No responsibility is assumed for matters legal in nature, nor is any opinion of title rendered.

Condition No. 9

Neither all nor any part of the contents of this report shall be conveyed to any person or entity, other than the appraiser's or firm's client, through advertising, solicitation materials, public relations, news, sale, or other media without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected, or any reference to (The Appraisal Institute or any of its designations.) Further, the appraiser or firm assumes no obligation, liability, or accountability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all the assumptions and limiting conditions of the assignment.

Condition No. 10

It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would make it more or less valuable. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are 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. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

Condition No. 11

This appraisal assumes competent management and marketing.

Assumptions and Limiting Conditions - Continued

Condition No. 12

The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraisers have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed 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 fact could have a negative effect upon the value of the property. Since the appraisers have no direct evidence relating to this issue, possible noncompliance with the requirements of ADA in estimating the value of the property has not been considered.

Condition No. 13

The distribution, if any, of the total valuation of this report between land and improvement applies only under the stated program of utilization. Separate valuations of land and improvements must not be used for any other purposes and are invalid if done so.

Condition No. 14

The projections of income and expenses including the reversionary value are based on economic trends as of the date of the appraisal. The real estate market is constantly fluctuating, and we cannot accept responsibility for economic variables that may occur in the future which was not known as of the date of the appraisal.

Condition No. 15

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.

Condition No. 16

It is assumed that all required licenses, 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 estimates contained in this report are based.

Assumptions and Limiting Conditions - Continued

Condition No. 17

No liability is assumed for the condition of the mechanical equipment, plumbing, roof, or electrical systems of the building. These components are considered to be in good condition and needed no repairs at the time of this appraisal.

Condition No. 18

Possession of this report, or a copy thereof, does not carry with it the rights of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event, only with properly written qualification and only in its entirety.

Condition No. 19

The exact location and the determination of specific availability of any particular utility are beyond the scope of this appraisal. The client and prospective user of the property must make such additional investigations and inquiries with professional engineers or directly with utility providers concerning specific utility services(s) as a part of the client's due diligence studies required for the client's intended use(s) of the property, all as the client, in the client's judgment, may deem appropriate. Any comments as to utilities contained herein are strictly limited to our physical observations, and we expressly do not warrant such comments or service(s) in any fashion. Any lack of particular utility service(s) will have a direct impact upon the valuation contained in this appraisal.

Condition No. 20

The appraisal analysis, opinions and conclusions were developed and this appraisal report has been prepared in conformance with (and the use of this report is subject to) all regulations issued under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Uniform Standards of Professional Appraisal Practice and Advisory Opinions (USPAP) 2018 - 2019 Edition as promulgated by the Appraisal Standards Board of the Appraisal Foundation.

Condition No. 21

An extraordinary assumption is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions (USPAP 2018 - 2019 Edition, ASB of The Appraisal Foundation). "Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the

Assumptions and Limiting Conditions - Continued

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 2018 - 2019 Edition, ASB of The Appraisal Foundation, Comment). **This appraisal employs no extraordinary assumptions.**

Condition No. 22

A hypothetical condition is defined as 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 (USPAP 2018 - 2019 Edition, ASB of The Appraisal Foundation). “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 2018 - 2019 Edition, ASB of The Appraisal Foundation, Comment). **This appraisal employs no hypothetical conditions.**

Condition No. 23

This is an appraisal report, which is intended to comply with the reporting requirements set forth under STANDARDS RULE 2-2 of the Uniform Standards of Professional Appraisal Practice and Advisory Opinions (2018 - 2019 Edition) for an appraisal report. As such, it presents in-depth discussions of the data, reasoning, and analysis that were used in the appraisal process to develop the appraisers’ opinion of value. Additional supporting documentation concerning the data, reasoning, and analysis is retained in the appraisers’ file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. The appraisers are not responsible for unauthorized use of this report.

Condition No. 24

Due to the chronological and effective age of the improvements, and the difficulty in accurately estimating any depreciation present, it is our opinion that the cost approach would not provide a meaningful indication of value. Therefore, we consider it reasonable to exclude this approach from the appraisal report.

Scope of Work

Intended Users

This appraisal report has been prepared for the exclusive benefit of our client and intended user, Mr. Keith Bolte with South State Bank. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparers' written consent, does so at his own risk.

Intended Use / Effective Date

The purpose of this appraisal is to estimate the as is market value of the fee simple estate of the subject property as of our date of inspection, which was November 21, 2019. It is also the purpose of this report to determine a disposition value for the subject property based on a 90-day marketing period.

It is our understanding that the intended use of this appraisal is for loan underwriting, loan renewal and or-credit decisions by South State and-or affiliates.

Value Type & Definition

As is market value, market value, fee simple estate, and disposition value are defined as follows:

As is market value is defined as: *"the estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date".¹*

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

- 1) buyer and seller typically are motivated;*
- 2) both parties are well informed or well advised, and acting in what they consider their own best interest;*
- 3) a reasonable time is allowed for exposure in the open market;*
- 4) payment is made in terms of cash in US Dollars or in terms of financial arrangements comparable thereto; and*

¹ The Dictionary of Real Estate Appraisal, 5th Edition, Chicago: The Appraisal Institute, 2010

Scope of Work - Continued

*5) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."*²

Fee simple estate is defined as: *"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."*³

Disposition value is defined as: *"the most probable price that a specified interest in real property should bring under the following conditions:*

- 1. Consummation of a sale within a future exposure time specified by the client.*
- 2. The property is subjected to market conditions prevailing as of the date of valuation.*
- 3. Both the buyer and seller are acting prudently and knowledgeably.*
- 4. The seller is under compulsion to sell.*
- 5. The buyer is typically motivated.*
- 6. Both parties are acting in what they consider to be their best interests.*
- 7. An adequate marketing effort will be made during the exposure time specified by the client.*
- 8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.*
- 9. 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."*⁴

Subject

The subject property is comprised of a 2,301-square foot (GBA), one-story bank branch building. These improvements are situated upon a total 1.178-acre, or 51,314 square foot site, located off the northern side of East Greer Street, within the Town Limits of Honea Path, in Anderson County, South Carolina. The physical address for the subject property is 509 East Greer Street, Honea Path, South Carolina 29654. The subject

² Office/Warehouse of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].

³ The Dictionary of Real Estate Appraisal, 5th Edition. (Chicago: Appraisal Institute, 2010), p. 78.

⁴ The Dictionary of Real Estate Appraisal, 5th Edition, Chicago: The Appraisal Institute, 2010, p. 59-60

Scope of Work - Continued

property is further identified as all of Anderson County Tax Parcel 275-08-12-024. The subject is currently vacant.

Subject Sales History

Again, the subject property is identified as all of Anderson County Tax Parcel 275-08-12-024. According to current public records, the owner of record is listed as South State Bank. In the most recent transaction, the property was conveyed from Park Sterling Bank to South State Bank through a merger, dated November 27, 2017. This transaction is recorded in the Clerk of Court for Anderson County in Deed Book 13158, beginning at Page 216. This conveyance is not an arm's length transaction. A copy of this deed may be found in the addenda section of this report.

This being the same property conveyed to Park Sterling Bank by notice of name change from CapitalBank to Park Sterling Bank, effective December 1, 2011, and dated December 14, 2011. This transaction was recorded in the Clerk of Court for Anderson County in Deed Book 10266, beginning at Page 262.

The subject property is currently listed for sale for \$189,900. The property has been listed for approximately 20 months and was originally listed at \$225,000 and then reduced to \$199,900. The property was reduced to the current list price approximately 30 days ago. The Listing Broker indicated that there has been some interest with some feedback relating to the smaller market and the cost of renovating a bank. To our knowledge, the property has not otherwise sold or been transferred in the past three years. We have not performed a title search, and therefore, do not warrant the title history as presented. The most likely purchaser of the subject property would be an owner/user or local investor.

Scope of Work - Continued

Assignment Conditions

In preparing this appraisal, these appraisers performed both interior and exterior inspections of the subject property and gathered information on comparable improved sales and lease information within the subject's market. The data was analyzed and the sales comparison and income capitalization approaches to value were applied. The cost approach was not performed in this analysis. ***Please see Limiting Condition No. 24.***

The scope of this appraisal encompasses the necessary research and analysis to prepare a report in accordance with the intended use, the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practices of the Appraisal Foundation. The scope of the assignment included making a physical inspection of the subject property, gathering regional, county and neighborhood data from various public information sources and determining the Highest and Best Use of the subject property. A final estimate of value is determined after assembling and analyzing the data defined in this category. It is our opinion that this analysis leads to a credible estimation of value for the subject property.

This appraisal report is a brief recapitulation of the appraisers' data, analyses and conclusions. Supporting documentation is retained in the appraisers' file. We have identified the subject property by information received from the client and owner, and were assisted by the Anderson County GIS System, as well as public information found in the Anderson County Register of Deeds, Tax Assessor, and Treasurer's offices.

We have assumed no specific hypothetical conditions or extraordinary assumptions during the valuation of the subject property, except those listed under the Assumptions and Limiting Conditions section.

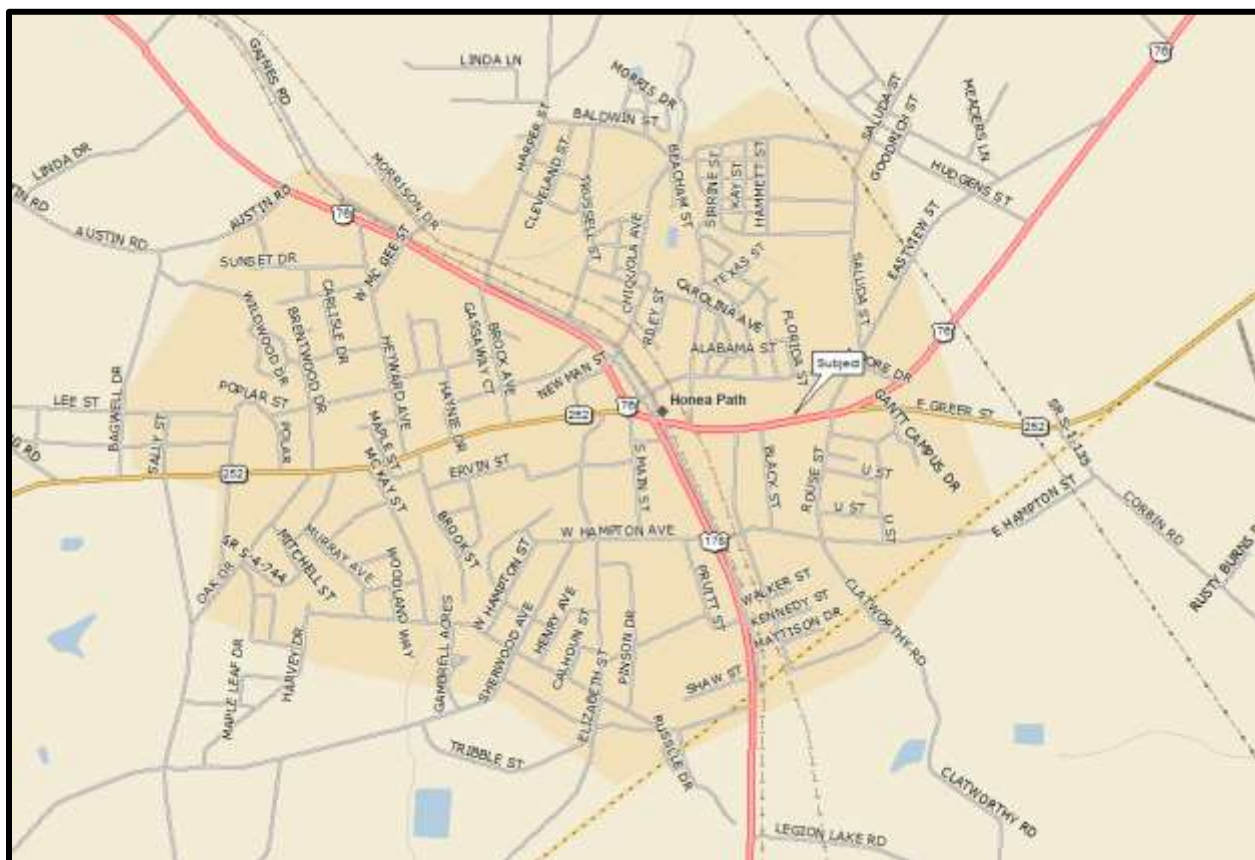
Scope of Work - Continued

Anderson County GIS Map # 275-08-12-024



Scope of Work - Continued

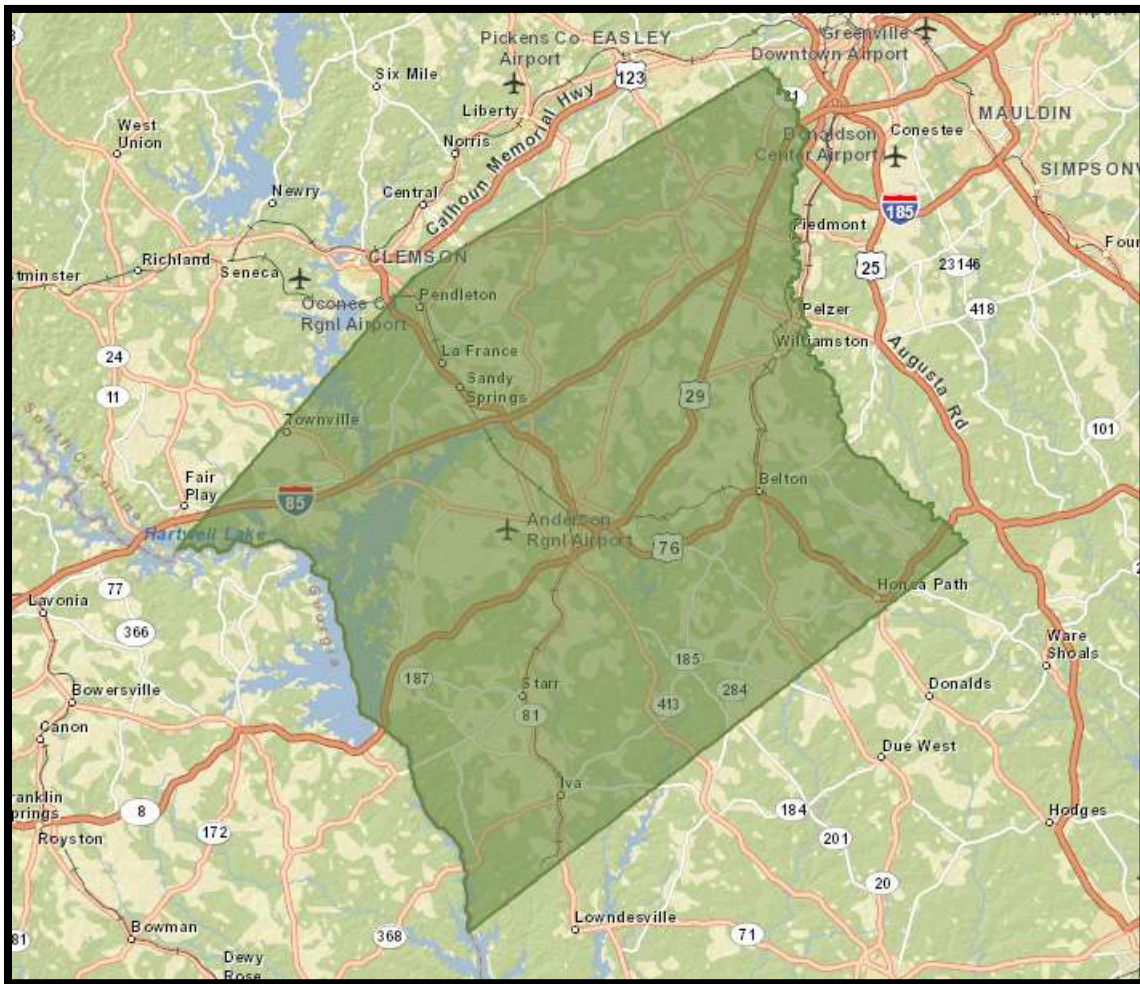
Location Map



Market Analysis

County Information

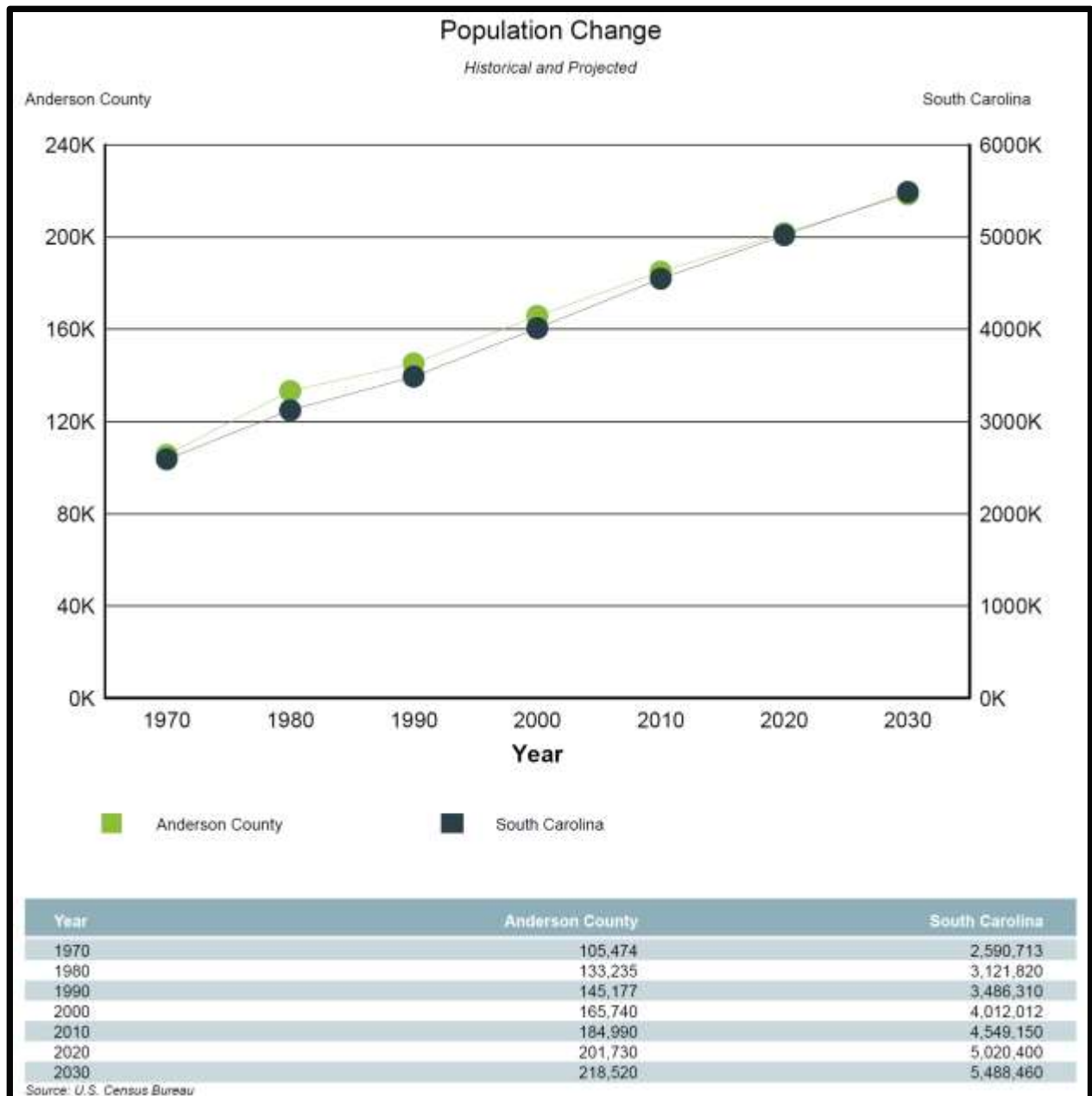
Situated on the Anderson Plateau in northwestern South Carolina, Anderson County joins Greenville and Abbeville Counties on the east and southeast, Oconee and Pickens County on the northwest. The Savannah River and Hartwell Reservoir separate it from the State of Georgia on the southwest. The City of Anderson is located 113 miles from Columbia, the State Capitol and 217 miles from the City of Charleston. Anderson County has a land area of 776 square miles, or 496,640 acres. In its approximate center is the county seat, the City of Anderson with an altitude of 764 feet. Anderson also has 37 miles of frontage property, the most I-85 frontage land available for development.



Market Analysis – Continued

Population

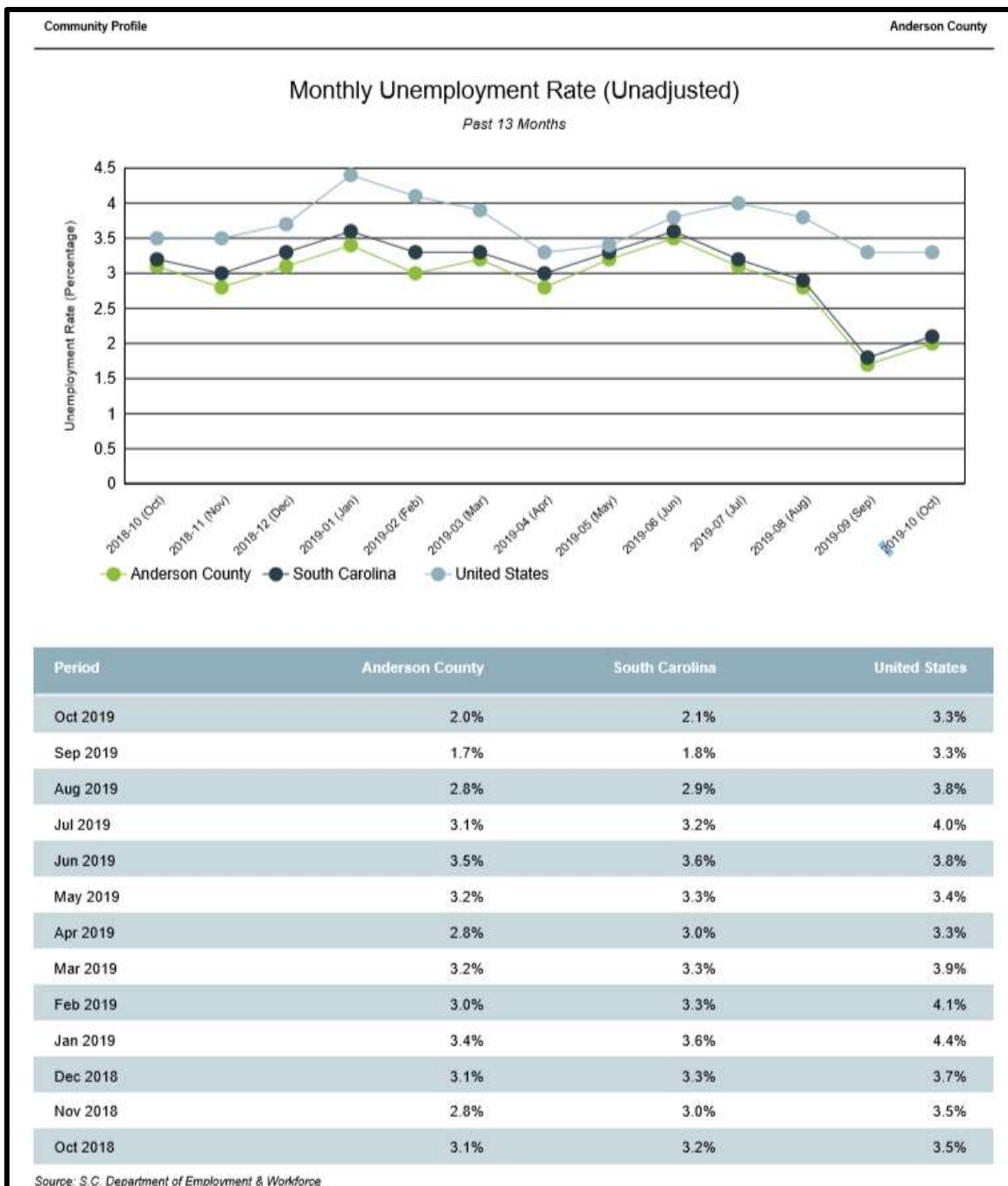
Each year, Anderson is contributing more and more residents to the Metropolitan Statistical Area (MSA), which comprises Greenville, Spartanburg, Anderson, Cherokee and Pickens counties. Part of the large, high-growth Greenville-Spartanburg-Anderson metropolitan area, Anderson County's population is 184,990, according to the 2010 US Census Bureau. The 2010 census report shows that the City of Anderson's population has grown to 28,686.



Market Analysis – Continued

Employment

Based on the most recent statistics by the US Bureau of Labor Statistics, the unemployment rate for Anderson County was 2.0% as of October 2019, which was below the rate reported for South Carolina of 2.1% and below the US unemployment rate of 3.3% for the same period. All three regions have enjoyed a steady unemployment rate over the last year and a declining rate overall from the heights of the most recent recession.



Market Analysis – Continued

Economy

Anderson is one of the only ten communities in the nation to be designated as an All-America City in 2000 by the National Civic League. With over 200 major manufacturers, and 22 international companies in the county, Anderson has a thriving business climate. The top major industries in Anderson include metal products, industrial machinery, plastics, publishing and textiles.

Two industries which many times inter-connect are the plastic and automotive sectors. There are more than 27 BMW suppliers in the Upstate, which is recognized internationally as an automotive supplier hub. The plastic industry has a strong presence in the Upstate with 244 plastic companies located within the 10 counties of the northwest corner of South Carolina. Anderson has 11 automotive suppliers and is a major player in the plastic industry since 27 plastic companies are located in the county.

Overall, Anderson County has received various recognitions based on its quality work force, access to I-85 and premiere quality of life features.

Manufacturing is the foundation of Anderson County's economy, with textile employment making up the largest manufacturing category. Diversification of the manufacturing base has brought about the development of dozens of new plants where old-line production methods have been replaced by enhanced technology requiring highly skilled workers.

Several of the county's major employers include auto suppliers, such as Robert Bosch, Michelin Tire Corporation, and AFCO. The Swiss based Mikron Corporation is one of the newest auto suppliers to locate in Anderson County. Many new companies are attracted to Anderson County due to the presence of the Clemson Research Park, located in Pendleton.

Anderson's economy is also dependent upon the strong trade and tourism of the area. The retail market has expanded significantly in recent years, as dozens of national retailers have added Anderson to their service areas.

Market Analysis – Continued

Community Profile	Anderson County
20 Largest Employers <i>(Listed Alphabetically)</i>	
Corporation Name	
ANDERSON AREA MEDICAL CENTER	
ANDERSON COUNTY	
ANDERSON COUNTY SCHOOL DISTRICT #2	
ANDERSON COUNTY SCHOOL DISTRICT #5	
ANDERSON COUNTY SCHOOL DISTRICT 1	
ANDERSON COUNTY SCHOOL DISTRICT 4	
ANDERSON UNIVERSITY	
CITY OF ANDERSON	
E&I ENGINEERING USA CORPORATION	
ELECTROLUX HOME PRODUCTS INC	
FIRST QUALITY TISSUE SE LLC	
GLEN RAVEN CUSTOM FABRICS LLC	
INGLES MARKET INC	
MICHELIN NORTH AMERICA INC	
ONE WORLD TECHNOLOGIES INC	
PLASTIC OMNIUM AUTO EXTERIORS LLC	
ROBERT BOSCH CORPORATION	
TRI COUNTY TECHNICAL EDUCATION CENT	
WAL-MART ASSOCIATES INC	
WALGREEN CO	
Source: S.C. Department of Employment & Workforce - 2019 Q2	

Market Analysis – Continued

Transportation

Anderson County maintains 1,700 miles of highway, while the Upstate of South Carolina has more than 14,000 miles of state and county-maintained highways. Interstate 85 is the backbone of the Upstate-manufacturing region. Passing through the Upstate, I-85 connects the South with the Northeast. Anderson is only 30 miles south of I-385 and 50 miles south of I-26. The county is well served with a network of U.S. and State (S.C.) highways crisscrossing the county.

Anderson County is strategically located near all three South Carolina seaports, including the Port of Charleston, the Georgetown Port and Port Royal. The Port of Charleston, which is operated by the SC Ports Authority, is an important amenity to the Upstate economy. Located just over 200 miles from Anderson, the Port of Charleston is the fifth-largest facility of its kind in the United States and second-largest container port on the Atlantic. The Port Authority also operates the Port of Georgetown, a dedicated break bulk and bulk facility, and Port Royal, which handles specialty bulk and break-bulk cargo.

Currently Anderson County is served by two major aviation facilities, the Anderson County Airport and the Greenville/Spartanburg International Airport. The Anderson County Airport is situated on 950-acres along SC 24 west of the City of Anderson. This facility provides charter service and hosts business executives, government officials and tourists traveling via private carrier. The airport has two 5,000-foot runways and is equipped with ILS and approach lights. The state's only flight service station is located at the airport, in addition to the 170-acre Anderson Airport Business Park. Greenville-Spartanburg (GSP) serves the Upstate with 10 passenger airlines and 90 flights daily to 13 non-stop destinations and is South Carolina's largest airport. GSP is located on Interstate 85, 12 miles northeast of the City of Greenville. GSP Airport was recently ranked the sixth fastest-growing small hub airport in the nation by Aviation Daily.

The City of Anderson provides three fixed bus routes in conjunction with a demand/response program. The trolleys and buses are handicap accessible and transfer points are located on Main Street in front of the courthouse. The transit system serves senior citizen centers, the hospital and major shopping areas in the urban area. Anderson County is served by two major railroads, Norfolk-Southern and CSX Transportation, and a short line railroad, the Pickens Railroad Company. All major metropolitan areas in the United States are accessible within three-to-six days by rail.

Market Analysis – Continued

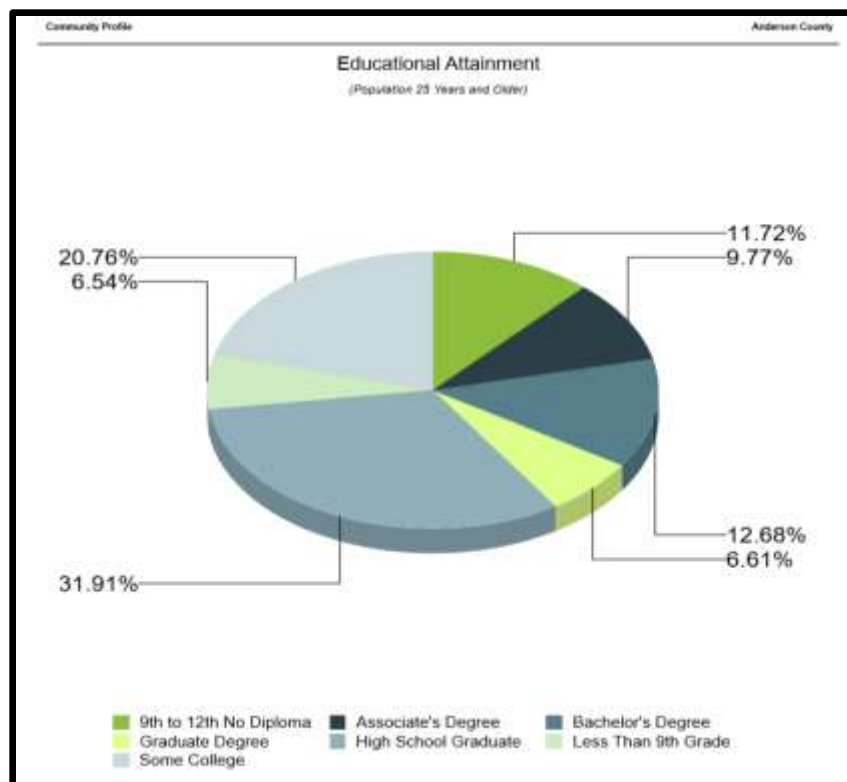
The Crescent, an Amtrak passenger train, serves the area with stops in Clemson and Greenville. The Crescent runs from New York to New Orleans.

Government

Anderson County is governed by a Council-Administrator form of government consisting of five elected councilmen, each elected from a specific district and one supervisor elected at large, who serves as chairman of the council. Anderson County shares four state senators with Abbeville, Oconee and Pickens Counties and Anderson has eight seats in the SC House of Representatives. The City of Anderson has a Council-City Manager form of government, with a mayor and eight councilmen representing the eight wards of the city.

Education

Excellence in education is the central focus for Anderson County schools, with many of its elementary, middle and high schools winning state and national awards. Anderson County's public-school system consists of five districts and serves more than 27,000 students. In addition to the public schools, there are eight private schools located within the county.



Market Analysis – Continued

Conclusion

Anderson is part of the five-county Metropolitan Statistical Area (MSA) covering the Upstate. Officially known as the Greenville-Spartanburg MSA, the counties of Anderson, Pickens and Cherokee are also included. This is the largest MSA in the State.

As the Upstate attracts new industry and jobs, Anderson County is in a good position to capture its share of this growth. New employment generates population increases and demand for commercial services. Anderson County benefits from its proximity to I-85 and has the available land to support new growth. The future outlook for Anderson and the region is considered to be favorable with the continued industrial growth occurring in the area. However, this growth has slowed significantly due to the effects of the recent recession.

Overall, the property values for the Anderson area should continue to stabilize and should increase in the years to come as the economy continues to improve and demand is renewed for land to be developed for industrial, commercial and residential uses. If the industrial base continues this demand, there will be growth from all aspects of supporting developments. Anderson County appears to be continuing with an increasing population, but the overall increase appears to be slowing. The future outlook remains positive considering the overall location and stability of the local economy. The Anderson market is considered to be stabilized and typical growth is expected within the coming 12 to 24 months.

Market Analysis – Continued

Regional Map



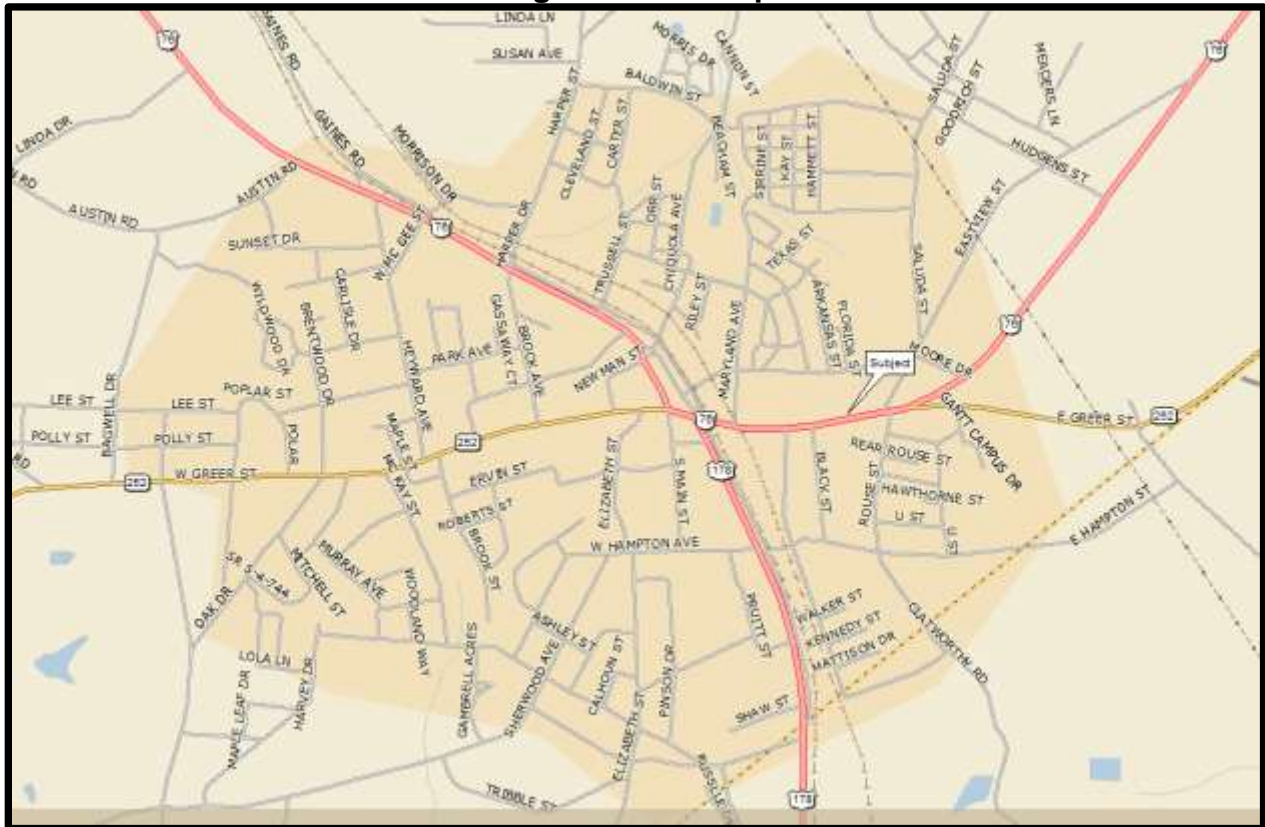
Market Analysis – Continued

Neighborhood Description

Location

The subject neighborhood is considered to be that area located along both sides of East Greer Street. The subject is located within the Town Limits of Honea Path, in Anderson County, South Carolina.

Neighborhood Map



Access

East Greer Street is a main traffic thoroughfare for Honea Path, which connects the subject neighborhood with North Main Street to the west, which then becomes Belton Honea Path Highway and connects to Belton to the northwest. Other major thoroughfares in the neighborhood are Church Street and West Greer Street. These thoroughfares connect the immediate neighborhood with the commercial and service-related developments in and around the Town of Honea Path, and the extensive residential developments around the perimeter of the subject neighborhood. There are numerous secondary roads serving the subject neighborhood as well.

Market Analysis – Continued

Land Uses

Land uses in the subject neighborhood include a wide combination of office, retail, light industrial, special purpose, and some residential development. Commercial uses include community shopping centers, churches, and other businesses that provide service for local residents. The residential uses are a combination of single-family and multi-family developments. The subject neighborhood is a predominately mature area, with limited new development. Some of the specific uses within the surrounding area include Stop A Minit, Fred's, Bi-Lo, CVS, Family Dollar, Burger King, Chiqola Baptist Church, Subway, Ace hardware, Hardee's, Citgo, Spinx, McCall's Produce, Dollar General, Honea Path Plaza, Title Loans, Dollar Tree and O'Reilly's Auto.

Demographics & Traffic Count

Neighborhood demographic, traffic counts and traffic flow are considerations when analyzing the potential demand for a development site. A good commercial site would experience good exposure and visibility in order to generate a market share of demand. This demand is facilitated by proximity to densely populated residential housing and high traffic counts through the neighborhood and around the site. A drive-time demographics report and a neighborhood traffic count map are included in the following pages. A drive-time analysis is most appropriate for this type of property because it narrows down the market to those people that are most likely to frequent and to make use of the subject properties' services, and/or uses.

The 2019 neighborhood demographics indicate a strong residential base with roughly 1,770 households within a five-minute drive from the site and 2,965 households within a ten-minute drive from the site. The typical household has average levels of income which can dictate demand for commercial uses within close proximity to the residential base.

Traffic flow can be another consideration when analyzing the potential demand for a commercial or service-related site. Ideally, the site would experience good exposure and visibility in order to generate a market share of demand. This can be facilitated by good traffic counts around the site. A traffic count map is included on the following pages. The traffic count map indicates approximately 7,262 cars per day along East Greer Street within the immediate neighborhood. This would be considered good for a suburban area.

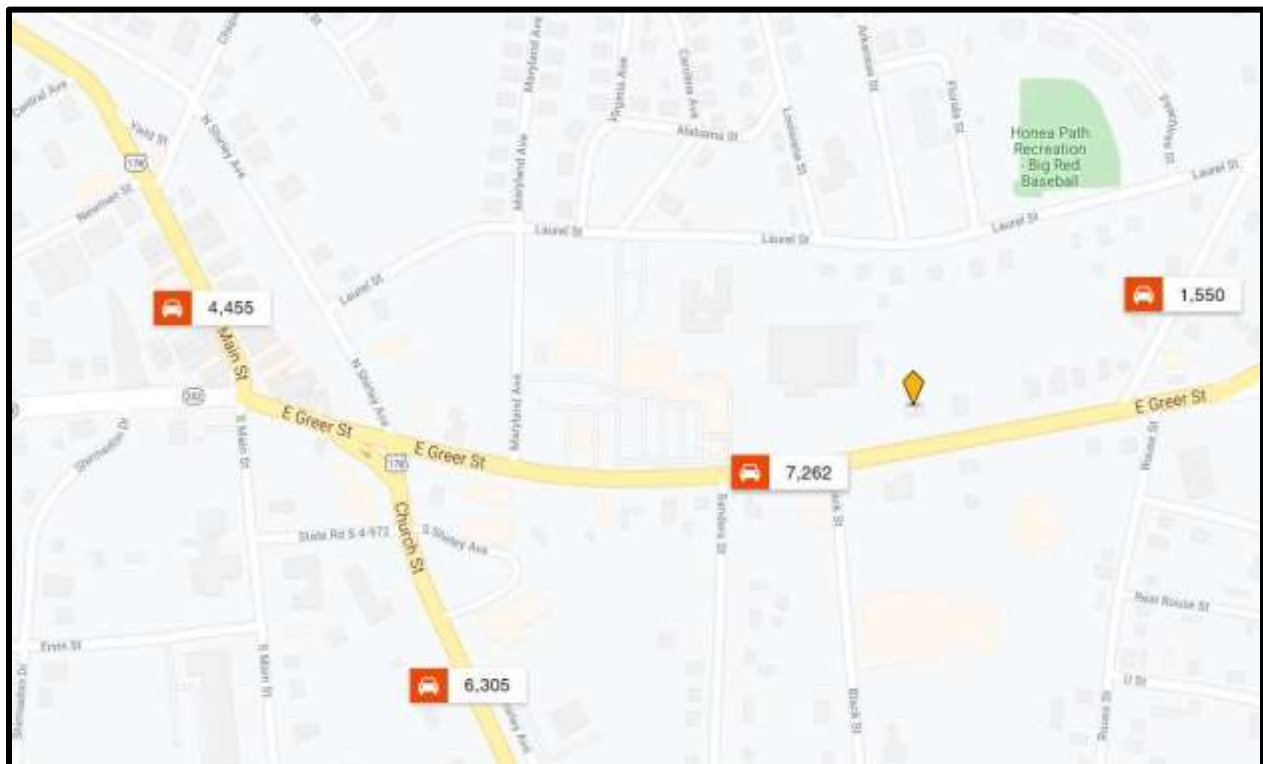
Market Analysis – Continued

Conclusion

The neighborhood has good highway systems that include state highways and two US highways. The subject neighborhood should continue to benefit as the residential development grows in this four-county area (Anderson, Abbeville, Laurens, and Greenwood Counties) and regains some momentum. The commercial uses should continue to be a draw for traffic and exposure along these thoroughfares (US Highway 178 and US Highway 76). It is our opinion that growth in the neighborhood will continue at a rate paralleling the changes in local economic conditions.

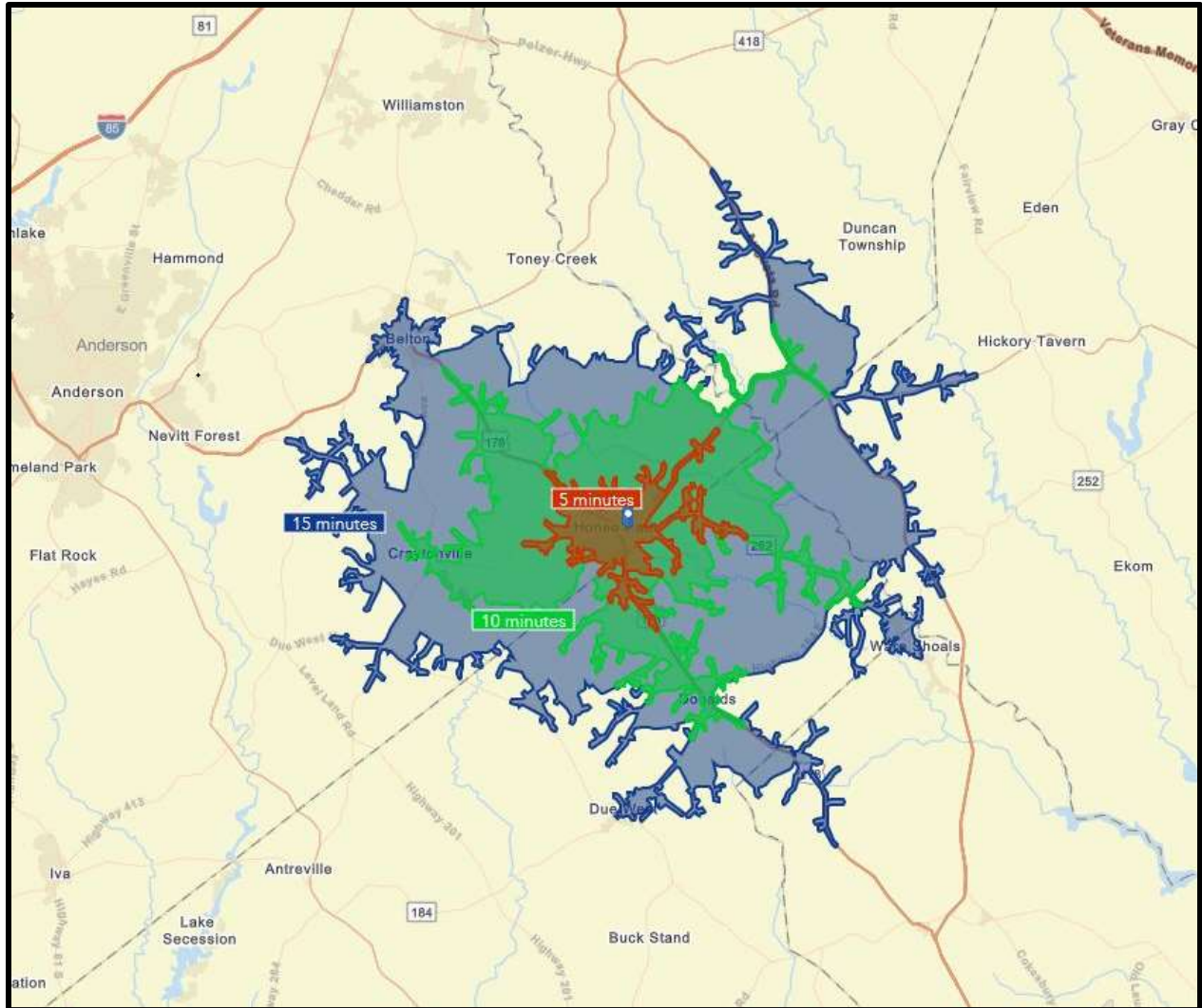
Market Analysis – Continued

Traffic Count Map




Market Analysis – Continued

Neighborhood Demographics (5, 10, 15 Minute Drive Time)



Market Analysis – Continued

			
Demographic and Income Comparison Profile			
509 E Greer St, Honea Path, South Carolina, 29654 Drive Time: 5, 10, 15 minute radii			
Prepared by Esri Latitude: 34.44612 Longitude: -82.38629			
	5 minutes	10 minutes	15 minutes
Census 2010 Summary			
Population	3,828	6,732	15,500
Households	1,653	2,800	6,226
Families	1,130	1,952	4,326
Average Household Size	2.32	2.40	2.45
Owner Occupied Housing Units	1,134	2,072	4,682
Renter Occupied Housing Units	519	728	1,544
Median Age	40.2	41.3	41.0
2019 Summary			
Population	4,138	7,186	16,416
Households	1,770	2,965	6,553
Families	1,186	2,031	4,476
Average Household Size	2.34	2.42	2.46
Owner Occupied Housing Units	1,180	2,138	4,795
Renter Occupied Housing Units	590	827	1,759
Median Age	41.7	43.2	42.8
Median Household Income	\$36,905	\$40,407	\$41,675
Average Household Income	\$50,332	\$54,310	\$56,979
2024 Summary			
Population	4,316	7,449	16,943
Households	1,841	3,067	6,757
Families	1,226	2,089	4,589
Average Household Size	2.34	2.43	2.47
Owner Occupied Housing Units	1,220	2,201	4,935
Renter Occupied Housing Units	621	866	1,822
Median Age	42.5	44.3	43.9
Median Household Income	\$44,982	\$48,687	\$49,544
Average Household Income	\$57,914	\$61,977	\$65,309
Trends: 2019-2024 Annual Rate			
Population	0.85%	0.72%	0.63%
Households	0.79%	0.68%	0.62%
Families	0.67%	0.56%	0.50%
Owner Households	0.67%	0.58%	0.58%
Median Household Income	4.04%	3.80%	3.52%

Market Analysis – Continued



Demographic and Income Comparison Profile

509 E Greer St, Honea Path, South Carolina, 29654
Drive Time: 5, 10, 15 minute radii

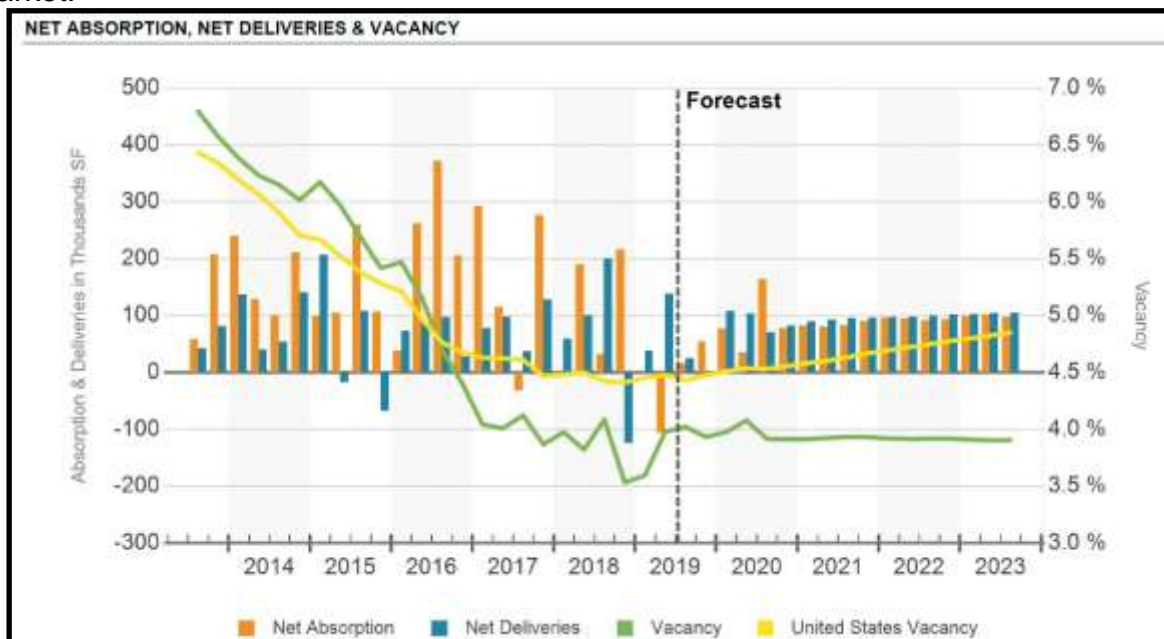
Prepared by Esri
Latitude: 34.44612
Longitude: -82.38629

	5 minutes		10 minutes		15 minutes	
2019 Households by Income	Number	Percent	Number	Percent	Number	Percent
<\$15,000	334	18.9%	512	17.3%	1,052	16.1%
\$15,000 - \$24,999	249	14.1%	386	13.0%	842	12.8%
\$25,000 - \$34,999	270	15.3%	436	14.7%	944	14.4%
\$35,000 - \$49,999	195	11.0%	342	11.5%	840	12.8%
\$50,000 - \$74,999	380	21.5%	633	21.3%	1,211	18.5%
\$75,000 - \$99,999	170	9.6%	337	11.4%	836	12.8%
\$100,000 - \$149,999	132	7.5%	224	7.6%	552	8.4%
\$150,000 - \$199,999	22	1.2%	42	1.4%	153	2.3%
\$200,000+	18	1.0%	51	1.7%	122	1.9%
Median Household Income	\$36,905		\$40,407		\$41,675	
Average Household Income	\$50,332		\$54,310		\$56,979	
Per Capita Income	\$20,939		\$22,274		\$22,878	
2024 Households by Income	Number	Percent	Number	Percent	Number	Percent
<\$15,000	293	15.9%	451	14.7%	921	13.6%
\$15,000 - \$24,999	219	11.9%	343	11.2%	749	11.1%
\$25,000 - \$34,999	268	14.6%	424	13.8%	902	13.3%
\$35,000 - \$49,999	194	10.5%	339	11.1%	825	12.2%
\$50,000 - \$74,999	434	23.6%	702	22.9%	1,320	19.5%
\$75,000 - \$99,999	198	10.8%	389	12.7%	960	14.2%
\$100,000 - \$149,999	180	9.8%	297	9.7%	713	10.6%
\$150,000 - \$199,999	33	1.8%	61	2.0%	214	3.2%
\$200,000+	22	1.2%	62	2.0%	152	2.2%
Median Household Income	\$44,982		\$48,687		\$49,544	
Average Household Income	\$57,914		\$61,977		\$65,309	
Per Capita Income	\$24,040		\$25,378		\$26,163	

Market Analysis – Continued

Anderson County Retail Market Information

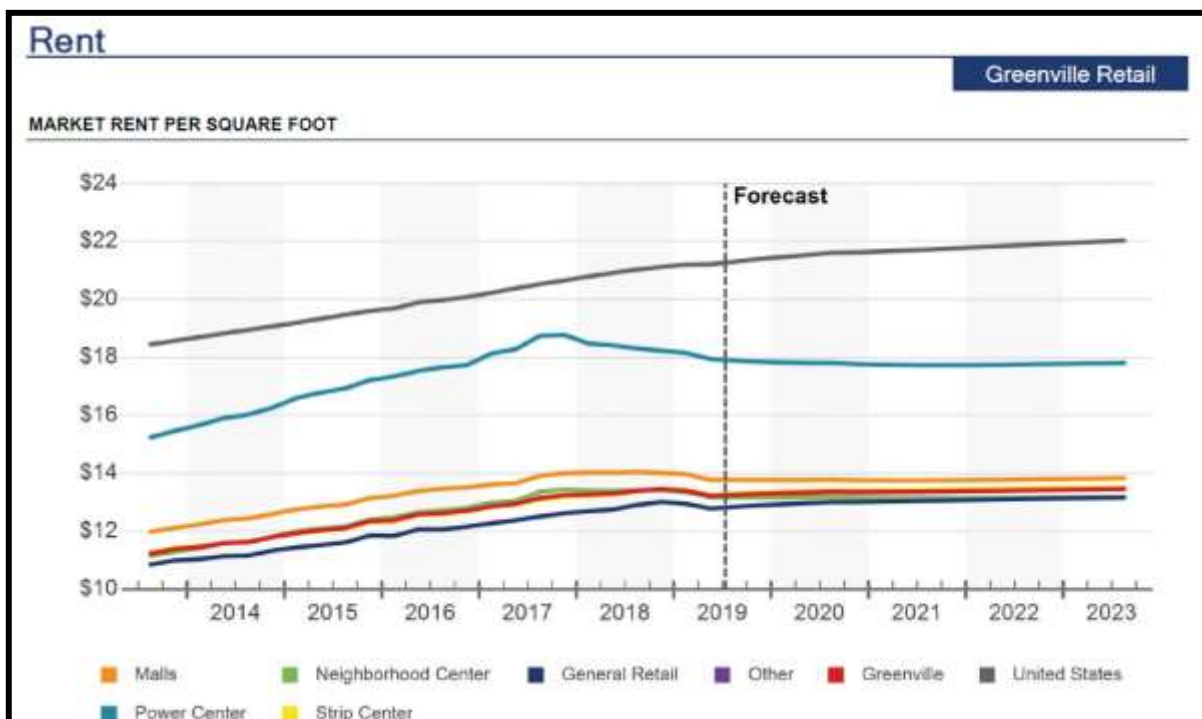
We have researched and analyzed the Greenville Retail Market, which included Anderson County. The following charts and information reflect the current retail market as it relates to vacancy and absorption for all type of retail related properties in the market.



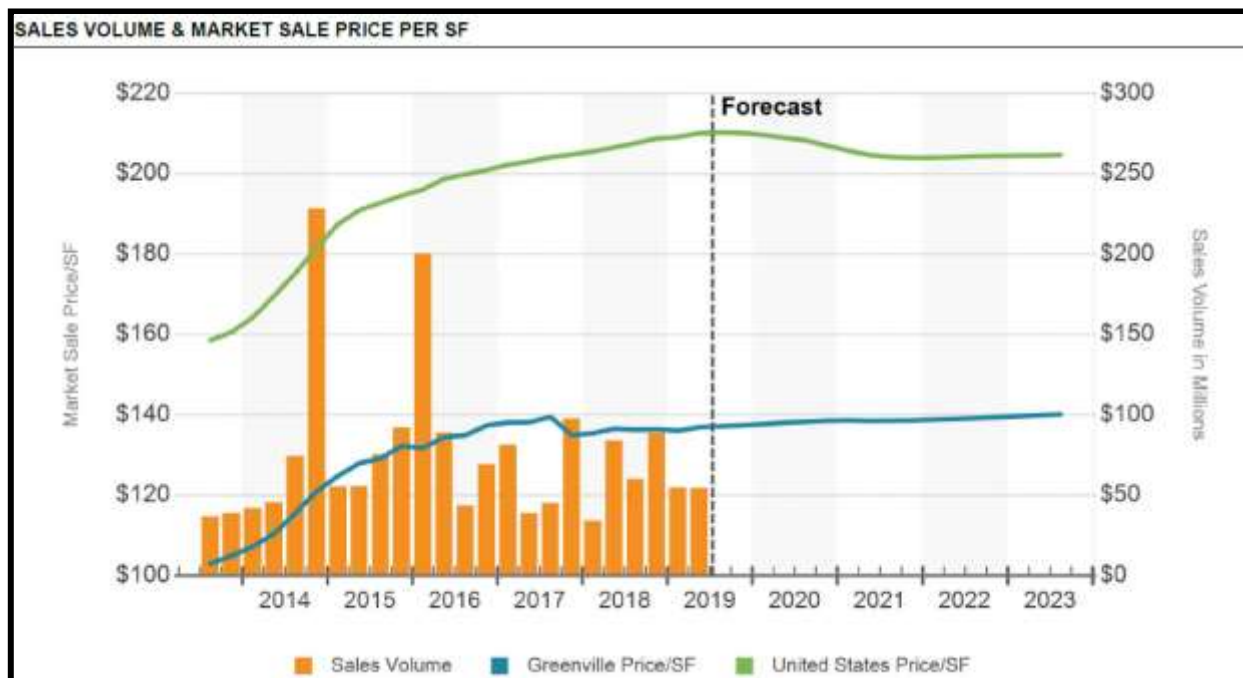
The graph above is from CoStar and is from a custom market report for the Greenville Retail Market, which included Anderson County, for retail related properties. As shown, the market has seen both positive and negative absorption over the previous years (orange). Over the last 12 months there has been 56,200 square feet absorbed with a historical average of 490,800 square feet absorbed. Absorption is projected to have an average of 314,682 square feet absorbed over the next few years. The market's retail fundamentals remain on solid ground. Vacancies are near historical lows and consistent positive net absorption outpaced new deliveries for the bulk of the cycle. New deliveries and strong absorption have effectively occurred in sync in recent Quarters, allowing for a stable vacancy rate and positive rent appreciation. Vacancy rates are currently around 4.0%. It should also be noted that there has also been new square footage delivered to the market (blue), which indicates new commercial construction has occurred. In the last 12 months there has been 436,000 square feet delivered to the market with a historical average of 489,911 square feet delivered. Deliveries are projected to have a forecasted average of 385,300 square feet delivered.

Retail space in the market rents on average from \$13.30/SF for strip centers to \$18.02/SF for power centers, with a total average of \$14.48/SF. Although it took a few years to recover from early-cycle losses following the recession, rents are not more than 15% above their prerecession peak.

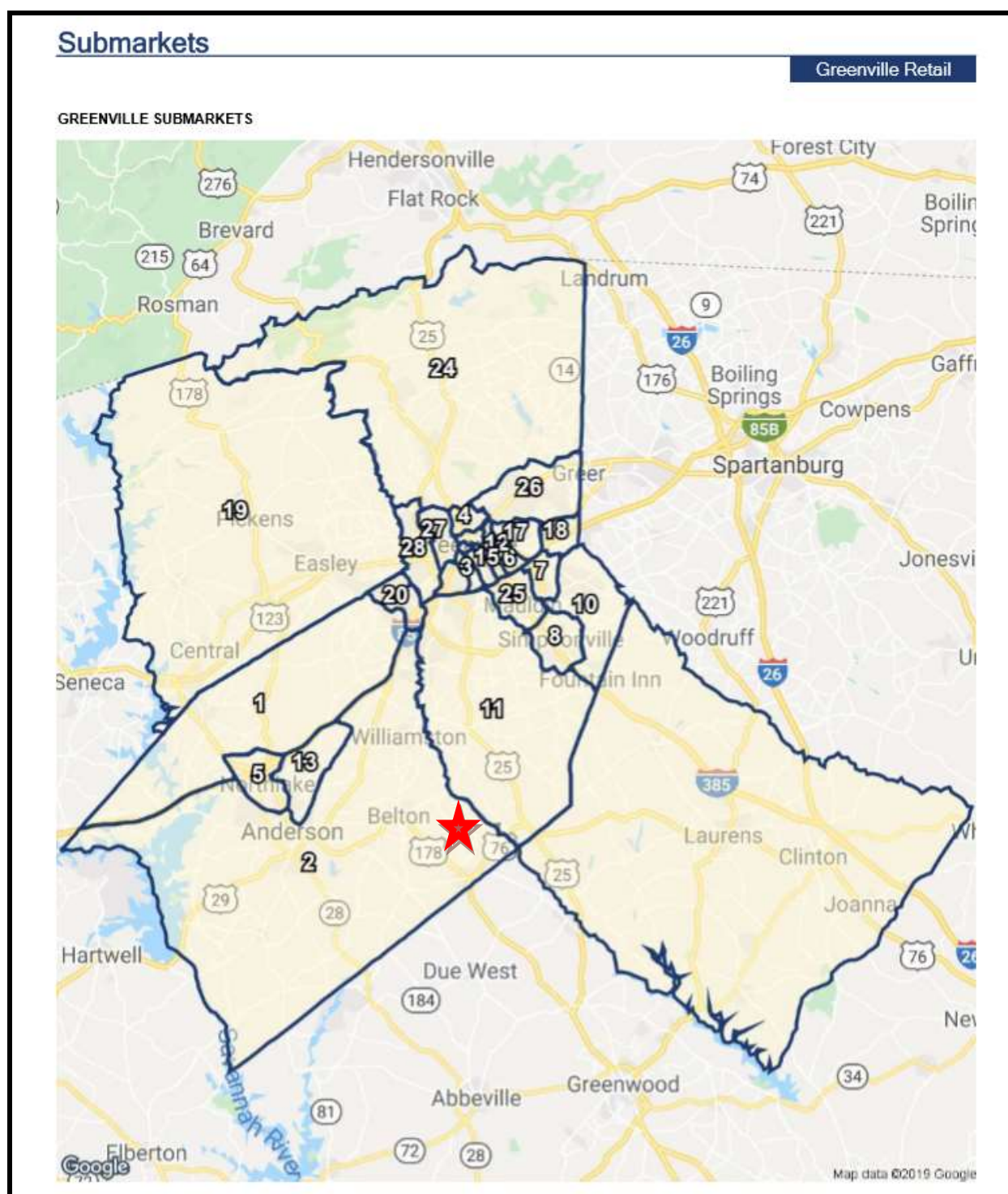
Market Analysis – Continued



Investment in market's retail space has held steady in recent years. Total transaction volume has surpassed the metro's historical norm every year since 2014, and pricing trends in 2018 also remained in line with previous years. The average deal traded at roughly \$1 million (about \$120/SF) in 2018 and cap rates continue to hover around 7.6%. Halfway through 2019, investments remain on solid footings.



Market Analysis – Continued



The subject is located in the Anderson Cy South of I-85 Submarket. The Submarket currently has 1,043 buildings with 7,114,000 square feet in retail space. The gross asking rent is \$9.22/SF. The current vacancy is 5.8%.

Market Analysis – Continued

Submarkets

Greenville Retail

SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Anderson Cy N of I-85	96	462	0.8%	27	1	5	1.0%	12	0	-	-	-
2	Anderson Cy S of I-85	1,043	7,114	11.6%	1	5	48	0.7%	4	1	5	0.1%	6
3	Augusta Corridor	247	1,783	2.9%	14	1	50	2.8%	3	0	-	-	-
4	Cherrydale	218	1,740	2.8%	15	0	0	0%	-	0	-	-	-
5	Clemson Blvd	313	4,760	7.8%	4	5	21	0.4%	8	1	20	0.4%	3
6	Congaree Rd Corridor	99	2,180	3.6%	12	0	0	0%	-	1	50	2.3%	2
7	E Butler Rd	174	3,058	5.0%	6	2	110	3.6%	1	0	-	-	-
8	Fairview Rd	267	2,860	4.7%	7	1	8	0.3%	11	0	-	-	-
9	Greenville CBD	104	873	1.4%	20	0	0	0%	-	1	80	9.2%	1
10	Greenville Cy/I-385 E	149	1,079	1.8%	17	0	0	0%	-	1	7	0.7%	5
11	Greenville Cy/I-385 W	182	1,066	1.7%	18	2	42	3.9%	5	1	2	0.2%	9
12	Haywood Rd Corridor	114	2,841	4.7%	8	0	0	0%	-	0	-	-	-
13	Highway 81	80	768	1.3%	23	0	0	0%	-	0	-	-	-
14	Laurens County	437	3,136	5.1%	5	0	0	0%	-	0	-	-	-
15	Laurens Rd Corridor	223	2,722	4.5%	9	0	0	0%	-	1	8	0.3%	4
16	N Pleasantburg	100	936	1.5%	19	1	22	2.3%	7	0	-	-	-
17	Pelham Road Corridor	54	687	1.1%	24	1	14	2.1%	9	1	4	0.6%	7
18	Pelham/I-85	101	864	1.4%	21	0	0	0%	-	1	3	0.3%	8
19	Pickens County	790	6,857	11.2%	2	1	8	0.1%	10	1	2	0%	10
20	Powdersville/Easley	94	860	1.4%	22	2	71	8.3%	2	0	-	-	-
21	S Greenville	85	594	1.0%	26	0	0	0%	-	0	-	-	-
22	S Pleasantburg	55	368	0.6%	28	0	0	0%	-	0	-	-	-
23	Stone Ave/E North St	135	660	1.1%	25	0	0	0%	-	0	-	-	-
24	Travelers Rest	236	1,820	3.0%	13	0	0	0%	-	0	-	-	-
25	W Butler/Mauldin	196	1,685	2.8%	16	2	5	0.3%	13	0	-	-	-
26	Wade Hampton	587	4,902	8.0%	3	5	33	0.7%	6	0	-	-	-
27	West Greenville	348	2,196	3.6%	10	0	0	0%	-	0	-	-	-
28	White Horse Corridor	279	2,193	3.6%	11	0	0	0%	-	0	-	-	-

Market Analysis – Continued

Submarkets

Greenville Retail

SUBMARKET RENT

No.	Submarket	Asking Rent		12 Month Asking Rent		Annualized Quarterly Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Anderson Cy N of I-85	\$7.62	28	0.7%	5	-6.0%	27
2	Anderson Cy S of I-85	\$9.22	26	0.4%	13	12.7%	19
3	Augusta Corridor	\$16.64	5	-0.3%	18	9.0%	20
4	Cherrydale	\$14.11	11	0.4%	11	17.5%	9
5	Clemson Blvd	\$13.71	14	-0.3%	19	27.9%	2
6	Congaree Rd Corridor	\$18.39	4	-2.4%	28	0.6%	23
7	E Butler Rd	\$20.56	3	-1.2%	25	16.2%	16
8	Fairview Rd	\$15.65	7	-0.8%	21	17.1%	11
9	Greenville CBD	\$20.71	2	-0.6%	20	16.4%	15
10	Greenville Cy/I-385 E	\$14.94	8	0.7%	4	0.3%	24
11	Greenville Cy/I-385 W	\$10.80	23	0.4%	10	3.5%	22
12	Haywood Rd Corridor	\$14.21	10	8.2%	1	272.5%	1
13	Highway 81	\$12.32	18	0.2%	17	17.1%	12
14	Laurens County	\$9.16	27	0.4%	12	14.8%	18
15	Laurens Rd Corridor	\$12.23	19	-1.3%	26	15.7%	17
16	N Pleasantburg	\$11.84	20	0.2%	16	17.1%	13
17	Pelham Road Corridor	\$14.72	9	-1.1%	23	21.6%	3
18	Pelham/I-85	\$21.08	1	-1.5%	27	-0.7%	25
19	Pickens County	\$13.72	13	0.3%	14	20.5%	5
20	Powdersville/Easley	\$15.90	6	0.7%	3	20.6%	4
21	S Greenville	\$13.43	16	0.5%	8	20.3%	6
22	S Pleasantburg	\$13.59	15	-1.0%	22	8.8%	21
23	Stone Ave/E North St	\$12.94	17	0.5%	7	-2.3%	26
24	Travelers Rest	\$10.87	22	0.5%	9	16.8%	14
25	W Butler/Mauldin	\$11.01	21	0.2%	15	18.7%	8
26	Wade Hampton	\$13.80	12	1.0%	2	17.2%	10
27	West Greenville	\$10.41	24	-1.1%	24	-34.0%	28
28	White Horse Corridor	\$9.94	25	0.5%	6	19.1%	7

Market Analysis – Continued

Submarkets

Greenville Retail

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Net Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construct. Ratio
1	Anderson Cy N of I-85	3,912	0.8%	2	9,371	2.0%	10	0.5
2	Anderson Cy S of I-85	414,532	5.8%	26	(38,074)	-0.5%	24	-
3	Augusta Corridor	130,817	7.3%	28	39,727	2.2%	4	-
4	Cherrydale	49,851	2.9%	7	(29,434)	-1.7%	23	-
5	Clemson Blvd	136,885	2.9%	8	(28,404)	-0.6%	22	-
6	Congaree Rd Corridor	97,012	4.5%	17	(64,651)	-3.0%	28	-
7	E Butler Rd	67,745	2.2%	4	105,013	3.4%	1	2.4
8	Fairview Rd	95,055	3.3%	14	(16,579)	-0.6%	20	-
9	Greenville CBD	49,037	5.6%	23	4,550	0.5%	15	-
10	Greenville Cy/I-385 E	34,875	3.2%	12	21,469	2.0%	6	-
11	Greenville Cy/I-385 W	61,025	5.7%	25	36,816	3.5%	5	-
12	Haywood Rd Corridor	76,841	2.7%	6	(24,459)	-0.9%	21	-
13	Highway 81	25,025	3.3%	13	(1,250)	-0.2%	18	-
14	Laurens County	126,480	4.0%	16	7,598	0.2%	14	-
15	Laurens Rd Corridor	125,417	4.6%	19	(45,635)	-1.7%	26	-
16	N Pleasantburg	24,031	2.6%	5	46,125	4.9%	3	0.5
17	Pelham Road Corridor	26,314	3.8%	15	8,681	1.3%	13	1.6
18	Pelham/I-85	54,372	6.3%	27	14,751	1.7%	7	-
19	Pickens County	306,000	4.5%	18	12,970	0.2%	8	-
20	Powdersville/Easley	25,295	2.9%	9	(45,499)	-5.3%	25	-
21	S Greenville	5,300	0.9%	3	(9,404)	-1.6%	19	-
22	S Pleasantburg	19,423	5.3%	21	3,700	1.0%	16	-
23	Stone Ave/E North St	36,422	5.5%	22	10,217	1.5%	9	-
24	Travelers Rest	93,987	5.2%	20	8,758	0.5%	12	-
25	W Butler/Mauldin	11,254	0.7%	1	1,817	0.1%	17	-
26	Wade Hampton	280,576	5.7%	24	(61,922)	-1.3%	27	-
27	West Greenville	69,082	3.1%	11	81,036	3.7%	2	-
28	White Horse Corridor	64,750	3.0%	10	8,924	0.4%	11	-

Site Description

Location

As stated earlier, the subject site is located off the northern side of East Greer Street, within the Town Limits of Honea Path, in Anderson County, South Carolina. The physical address for the subject property is 509 East Greer Street, Honea Path, South Carolina 29654. The subject property is further identified as all of Anderson County Tax Parcel 275-08-12-024.

Anderson County GIS Map Tax Parcel # 275-08-12-24



Access

Access to the subject site is from two curb cuts off East Greer Street. The subject site enjoys good access and visibility from East Greer Street. The subject has approximately 151.39 liner feet of frontage along East Greer Street.

Site Description - Continued

Size and Dimensions

According to the metes and bounds found in the subject's most recent plat as recorded on Plat Slide 899, at Page 7-B in the Clerk of Court for Anderson County, the subject site contains a total of 1.178 acres, or approximately 51,314 square feet. The shape of the subject site is mostly rectangular and appears to function well based on our physical inspection.

Topography

The site has a generally level topography and is at grade along East Greer Street. Drainage appears adequate and flows with the natural contour of the site.

Anderson County Topographic Map



Site Description - Continued

Right-of-ways, Easements and Encroachments

We are unaware of any other right-of-way's or easements other than the typical utility easements and road right-of-way's. These easements are typical of the neighborhood, and do not adversely affect the utility of the subject property. This appraisal is based upon the assumption that there are no unknown adverse easements, encroachments or restrictions impacting the subject property.

ASPECT	DESCRIPTION
Address	509 East Greer Street, Honea Path (Anderson County), SC 29654
Tax Parcel Number	275-08-12-024
Access	East Greer Street (direct)
Road Frontage	East Greer Street – 151.39'
Road(s)	East Greer Street - 4-Lane Roadway
Visibility	East Greer Street & adjacent sites
Size	1.178 acres, or 51,314 square feet
Boundaries North South East West	Residential East Greer Street/Commercial Commercial Commercial
Shape	Rectangular
Topography	Generally, level. At grade along East Greer Street. Based on our physical inspection of the site.
Utilities	Public water, sewer, electricity & telephone/cable/internet services
Zoning	GC, General Commercial District, Town of Honea Path (Anderson County)
Easements	We are unaware of any additional easements, other than the utility easements that are necessary for the development of this property. Overall, these easements appear to be typical of the neighborhood and do not appear to adversely affect the utility or value of the subject site.
Flood Zone Number Date Zone Note	Community Panel No. 45007C 0434E September 29, 2011 Zone X – Low-risk flood zone. Our observation of the subject site's flood zone status should not be relied upon as being accurate. The client should employ a professional engineer or surveyor to verify the actual flood zone status.

Plat



Site Description - Continued

Zoning

The subject property is located within the Town Limits of Honea Path, in Anderson County, South Carolina and is zoned GC, General Commercial District. The GC district is primarily intended to accommodate commercial and retail uses that serve the surrounding neighborhood. This zoning district allows for a wide-range number of commercial uses as well. It appears that the existing improvements meet all the requirements; therefore, the current use is considered to be a legal conforming use.

Zoning Summary

Jurisdiction	Town of Honea Path (Anderson County)
Designation	GC, General Commercial District

No additional zoning information was made available.

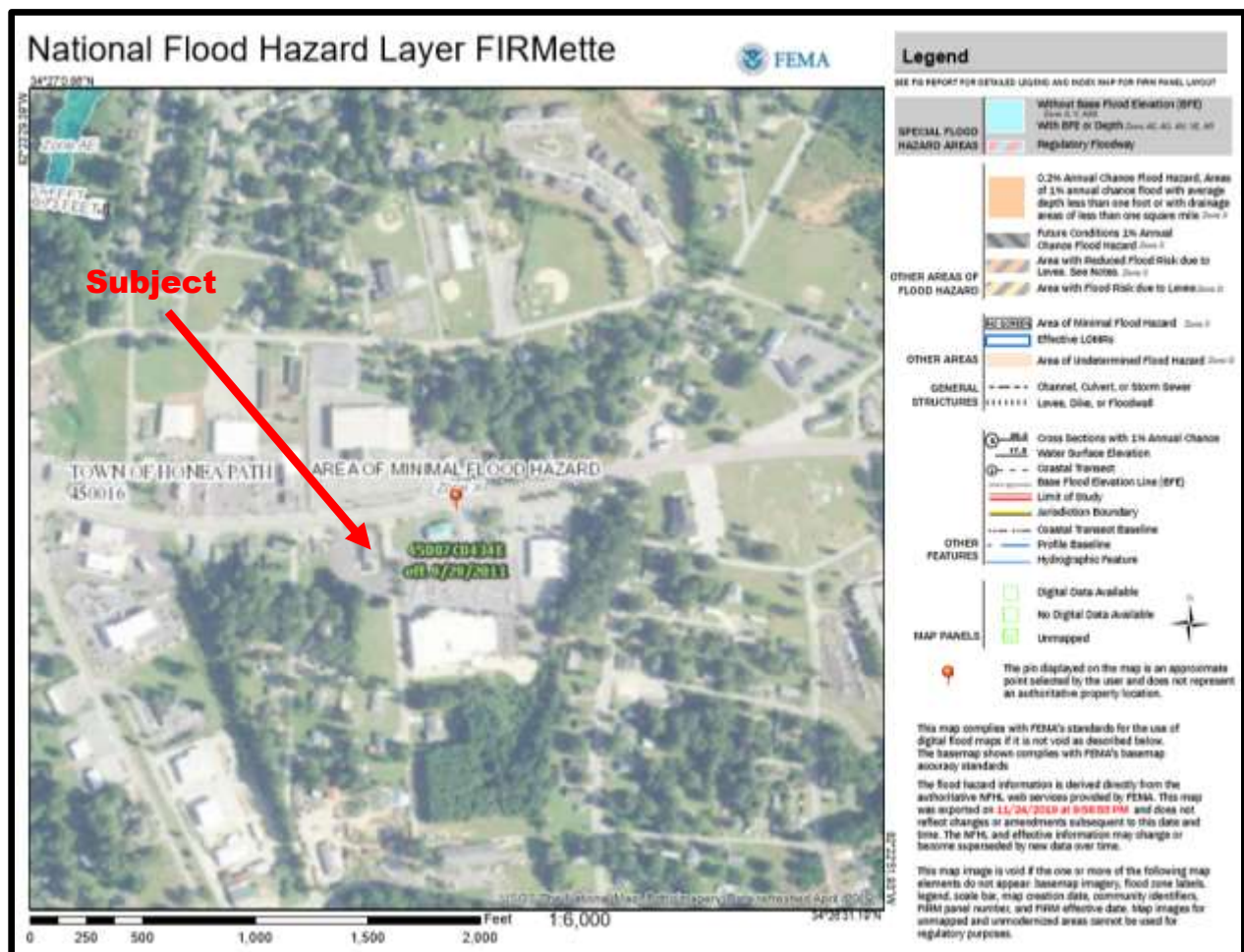
Site Description - Continued

Flood Zone

(Flood Insurance Rate Map)

Based on our observation of Flood Map 45007C 0434E, dated September 29, 2011, the subject appears to be located in Zone X, which is designated a low flood risk area. Please note that the appraisers 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.

Our observations of the subject site's flood zone status should not be relied upon as being accurate and it is recommended that the client obtain a confirmation of the subject's flood zone classification from a licensed surveyor.



Description of Improvements

The existing improvements to the subject site include a one-story, bank branch building consisting of a total of 2,301 square feet of gross building area. The building was originally constructed in 1980 and is considered to be an average to good quality Class C bank building. The subject is currently vacant.

The building has a concrete slab foundation and brick veneer exterior walls. The building appears to have a membrane roof. The interior consists of a lobby area, waiting area, teller area and service counter, several offices, vault room, a break room, one employee restroom and one public restroom. The building also contains a walk-up ATM area and a drive-up ATM area. The ATMs have been removed. The building also contains two drive-up teller lanes. The interior upfit consists of painted and papered sheetrock walls, ceramic tile and vinyl tile floor coverings, and 2' x 2' acoustical tile ceilings with strip mounted fluorescent. The building is fully heated and air-conditioned, with electric heat and air. The subject property is dated, and the overall condition of the property is considered to be average.

Site Improvements

Site improvements include asphalt paved parking with approximately 24+/- marked parking spaces, concrete sidewalks at the front and side of the building, concrete curbing and landscaping.

Conclusion

The quality of the construction is considered to be average to good. The building is in overall average condition compared to market standards. Our limited visual inspection did not reveal any deferred maintenance which is atypical for a facility of similar age or condition and there is no functional obsolescence that may significantly limit the property's utility to the typical user. No adverse factors were noted that would impact the marketability of the improvements. *No personal property, FF&E, or other types of tangible and intangible non-realty assets were identified that would be considered to be significant to the overall valuation.*

Description of Improvements - Continued

Construction Breakdown

General Building Type	Bank Branch Building
Occupancy Type	Single-Tenant
Stories	One-Story
Building Shape	Irregular
Construction Class	Class C, Masonry Block
Construction Quality	Average to Good
Condition	Average
Gross Building Area (SF)	2,301+/- SF (per onsite measurements)
Foundation	Concrete Slab
Structural Frame	Masonry Block
Exterior Walls	Brick Veneer
Roof Type	Flat; Membrane
Windows	Aluminum Frame
Doors	Aluminum Frame with Fixed Glass & Metal Exterior Doors; Solid Wood Interior Doors
Lighting	Strip Fluorescent Lighting
Floors	Ceramic Tile, Vinyl Tile and Carpet
Interior Walls	Sheetrock with Paint and Paper
Ceiling	Acoustical Tile
HVAC	Electric Heat Pump System; Appears adequate, professional inspection recommended
Electrical	Appears adequate, professional inspection recommended
Plumbing	Appears adequate, professional inspection recommended
Restrooms	Two, two-fixture restrooms with one toilet & one lavatory; Appears adequate, professional inspection recommended

Effective Age

The subject consists of a 2,301-square foot bank branch building that is considered to be a good quality Class C building. The building was constructed in 1980. The effective age of the subject property is estimated to be 25 years. The estimated economic life for the subject property according to Marshall & Swift Valuation Services is 50 years for good quality bank buildings.

Total Expected Life	Less Effective Age	Remaining Economic Life
50 Years	25 Years	25 Years

Description of Improvements - Continued

Building Sketch

SKETCH/AREA TABLE ADDENDUM					
SUBJECT INFO					
File No.:		Parcel No.:			
Property Address:					
City:	County:	State:	ZipCode:		
Owner:					
Client:		Client Address:			
Appraiser Name:		Inspection Date:			
SKETCH					
Sketch by Apex Sketch					
AREA CALCULATIONS SUMMARY					COMMENT TABLE 1
Code	Description	Factor	Net Size	Perimeter	Net Totals
GBA1	First Floor	1.0	2301.4	238.2	2301.4
Net BUILDING					
(rounded)					
2,301					
					COMMENT TABLE 2
					COMMENT TABLE 3

Description of Improvements - Continued



Interior View of Subject – Lobby/Waiting Area



Interior View of Subject – Service Counter

Description of Improvements - Continued



Interior View of Subject – Office Area



Interior View of Subject – Office Area

Description of Improvements - Continued



Interior View of Subject – Teller Area



Interior View of Subject – Drive-Up Teller Area

Description of Improvements - Continued



Interior View of Subject – Break Room



Interior View of Subject – Employee Restroom

Description of Improvements - Continued



Interior View of Subject – Drive-Up ATM Area



Interior View of Subject – Drive-Up ATM Area

Tax and Assessment Analysis

In South Carolina, all properties with the exception of agricultural uses, manufacturing, and owner-occupied residences are assessed at a rate of 6.00% of the market value established by the Anderson County Tax Assessor's Office. Manufacturing and utility companies are assessed by the South Carolina State Tax Commission at a rate of 10.5%. Agricultural property and owner-occupied residential dwelling are assessed at a rate of 4.00%. The SC Department of Revenue provides the following chart for assessment of property types:

Manufacturing Property	10.5% of fair market value
Utility Property	10.5% of fair market value
Railroads, Private Carlines, Airlines and Pipelines	9.5% of fair market value
Primary Residences	4.0% of fair market value
Agricultural Property (privately owned)	4.0% of use value
Agricultural Property (corporate owned)	6.0% of use value
Other real estate	6.0% of fair market value
Personal property	10.5% of income tax depr. value

We have highlighted the appropriate category for the subject property.

As stated earlier, in South Carolina, commercial related properties are assessed at a rate of 6.00% of the established market value by the Tax Assessor's Office. Once this is derived, a specific tax district millage rate is used to apply to determine the tax burden of that specific year.

As part of Act 388, a tax bill adopted by the South Carolina General Assembly in 2006, property reassessments are subject to a 15% cap. A reassessment is mandated every five years, so the cap does not allow the new reassessed value to be greater than 15% of the previous fair market value.

The county assessor illustrates his market value in two figures; taxable market value and fair market value. The fair market value is exactly what it indicates; it is the market value established via mass appraisal methodology. The taxable market value is the figure by which the ad valorem taxes are calculated, and is the figure that is subject to the reassessment cap. Although, any property that incurs an assessable transfer of

Tax and Assessment Analysis - Continued

interest will be taxed at the full fair market value in the tax year following the transaction and is not subject to the 15% cap.

On June 2, 2011, the South Carolina Senate and the House of Representatives passed point of sale legislation that corrects the unintended consequences of Act 388. Under the new law, owner's that apply by the established deadlines may receive a 25% exemption from the sales value for taxation purposes. The Bill also provides for a minimum level of valuation established as the Fair Market Value documented on the county tax assessor's records.

The Assessor's Fair Market Value could be lowered if the property sells for less than this recorded value. All properties will continue to be subject to each county's reassessment program and will be subject to the 15% cap on tax increases for each five (5) year reassessment period.

As stated earlier, the subject property is all of Anderson County Tax Parcel 275-08-12-024 and is located in Anderson County's Tax District 234. The total 2019 millage rate for Tax District 234 was 0.4588 mills with Anderson County at 0.3373 at the Town of Honea Path at 0.1215. The taxable market value established by Anderson County totaled \$265,100. The total 2019 property taxes due (inclusive of county taxes and fees) are \$7,299.51. According to public records, the 2019 property taxes for the subject property were paid on November 6, 2019.

Since the appraisal is based on the premise that the property will sell for the appraised value, a prudent investor would consider the possible effect the current "Point of Sale Statute" may have on the property tax expense. The reconciled value of \$185,000 less a 25% exemption equals \$138,750. This is less than the total current assessor's taxable. Therefore, since the reconciled value is lower than the taxable market value, the assessor's taxable market value will be utilized to estimate the property taxes for the subject property. The tax analysis spreadsheet is shown on the following page as **Exhibit I and I-A.**

Tax and Assessment Analysis - Continued

EXHIBIT I - TAX ASSESSOR VALUE ESTIMATED PROPERTY TAX

509 East Greer Street
Honea Path, SC

ADDRESS: 509 East Greer Street
CITY, STATE: Honea Path, SC
COUNTY: Anderson County
TAX DISTRICT: 234
TAX NUMBER(S): 275-08-12-024

MILLAGE RATES:

City & County	+	458.80
Other	+	0.00
TOTAL MILLAGE	=	458.80

Total Assessment	=	\$265,100
Assessment Ratio	x	0.06
Assessed Value	=	\$15,910
Millage Rate	x	.45880
Taxes		\$7,300
Plus: Fees	+	\$0.00
Less: Other		\$0.00
Total Taxes & Fees		\$7,300

2019 Taxes were Paid on 11/6/2019

EXHIBIT I-A - ESTIMATED VALUE ESTIMATED PROPERTY TAX

509 East Greer Street
Honea Path, SC

ADDRESS: 509 East Greer Street
CITY, STATE: Honea Path, SC
COUNTY: Anderson County
TAX DISTRICT: 234
TAX NUMBER(S): 275-08-12-024

MILLAGE RATES:

City & County	+	458.80
Other	+	0.00
TOTAL MILLAGE	=	458.80

Total Assessment	=	\$138,750
Assessment Ratio	x	0.06
Assessed Value	=	\$8,325
Millage Rate	x	.45880
Taxes		\$3,820
Plus: Fees	+	\$0.00
Less: Other		\$0.00
Total Taxes & Fees		\$3,820

Highest and Best Use Analysis

Highest and Best Use may be defined as follows:

*"the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, and financially feasible, and that results in the highest value."*⁵

The Highest and Best Use of a specific site is typically estimated based on market actions, which reflect prices paid for similar sites under certain uses and in certain locations. The more intense or profitable the use to which the land is put, the higher the price. These actions establish growth or expansion patterns within a geographic location. Surrounding land uses typically determine the most profitable use and the highest price expected for a site.

In performing the Highest and Best Use analysis of vacant land and improved properties, consideration must be given essential criteria:

CRITERIA FOR HIGHEST AND BEST USE
LEGALLY PERMISSIBLE
PHYSICALLY POSSIBLE
FINANCIALLY FEASIBLE
MAXIMALLY PROFITABLE

Presumed in these definitions is that determination of Highest and Best Use takes into account the contribution of a specific use to the community as well as benefits to individual property owners. Also, the motivation of a particular purchaser or investor contributes to this determination. The concept of Highest and Best Use represents the premise upon which value is based. If Market Value is defined as "most probable selling price", then the Highest and Best Use may be considered most probable use, or in the context of investment value, the "most profitable use".

When determining the Highest and Best Use of a property, one must address the Highest and Best Use of the site as vacant and the highest and best use of the site as

⁵The Appraisal of Real Estate, 12th ed. (Chicago: Appraisal Institute, 2001), p. 305.

Highest and Best Use Analysis - Continued

improved. The existing use of the property may or may not be different from the Highest and Best Use of the site. If a site is improved, the existing use will continue unless and until land value as if vacant exceeds the sum of the value of the entire property in its existing use and the cost to remove the improvements.

Land as Vacant

Legally Permissible

The subject property is located within the Town Limits of Honea Path, in Anderson County, South Carolina and is zoned GC, General Commercial District. The GC district is primarily intended to accommodate commercial and retail uses that serve the surrounding neighborhood. This zoning district allows for a wide-range number of commercial uses as well.

Physically Possible

The subject property contains a total of approximately 1.187 acres, or 51,314 square feet. The shape of the site is rectangular and the site's utility is good. Infrastructure is available to the area to support development. The overall contour of the subject site has a mostly level terrain and the site at road grade along. Visibility and access from this access road is considered to be good. Drainage appears adequate. Utilities are available in sufficient quantity to serve most feasible uses.

Considering the physical characteristics of the subject parcel, physically possible uses that will be accommodated a variety of uses. Additionally, there are certain uses that may be physically possible, but not legally permissible. Based on the uses permitted by the Town of Honea Path, the subject's location within an area with primarily commercial related uses and any additional restrictions imposed on the site, it is reasonable to conclude that the site could be developed with a commercial related use that is characteristic of the neighborhood to include a retail, office or service related development.

Financially Feasible

The financial feasibility of a specific property is market driven, and is influenced by surrounding land uses. The subject site is located within the Town Limits of Honea Path along East Greer Street that is characterized by commercial related uses. Considering the cost to construct a commercial oriented building, prevailing market rents, and our

Highest and Best Use Analysis - Continued

reconciled value conclusion, it is our opinion that it would be financially feasible to construct a retail, office or service related facility on the subject site.

Maximally Productive

The maximally profitable use is that use which provides the highest return to the underlying land. The uses that are physically possible and legally permissible have been narrowed down, and the financially feasible uses are considered to be commercial related in nature. The ideal improvement to the subject site would be one of the legally permitted uses that would benefit from the site's location on East Greer Street and the surrounding market area. Given the cost associated with the land and development costs, a retail, office or service related use would maximize the value of the land.

Conclusion

Based on the preceding analysis, it is our opinion that a retail, office or service related development provides the highest residual land value and maximizes the utility of the site. The ideal improvements to the subject would be some type of commercial development that would complement existing development and uses in the area and capitalize on its location. Based on the preceding analysis it appears that the highest and best use of the subject site is currently for a retail, office or service related uses and the most likely purchaser would be an owner/user or developer.

Land as Improved

Legally Permissible

As previously stated, the subject property is located within the Town Limits of Honea Path and is zoned, GC, General Commercial District by the Town of Honea Path. Therefore, a wide variety of uses would be legally permissible. The overall site is improved with a 2,301-square foot bank branch building. The subject is a permitted use according to the Town of Honea Path.

Physically Possible

As stated earlier, the subject site totals 1.178 acres, or 51,314 square feet. The shape of the site is rectangular and the site's utility is good. Infrastructure is available to the area to support development. The overall contour of the subject site has a mostly level terrain and is at road grade along East Greer Street. Visibility and access from East Greer Street is considered to be good. Drainage appears adequate. Utilities are available in sufficient quantity to serve most feasible uses.

Highest and Best Use Analysis - Continued

Considering our physical inspection of the subject site and the location of the improvements, it is our opinion that the existing improvements represent a physically possible use.

Financially Feasible

Similar buildings were surveyed within or around the immediate market area. Based on the value indications determined in the report, the existing improvements contribute value to the underlying value of the land; as a result, we consider the existing improvements to be financially feasible.

Maximally Productive

As stated, the subject property is well located on East Greer Street within the Town Limits of Honea Path. The ideal improvement to the subject site would be one of the legally permitted uses that would benefit from the site's proximity to the primary corridors serving subject neighborhood and surrounding market area. The current use results in the highest residual land value. Based on the preceding analysis, the existing improvements represent a maximally profitable use of the site.

Conclusion

The existing improvements are functional in design and are legally permissible. It is our opinion that conversion to another use would require substantial risk and investment capital and would not provide a higher NPV after the deduction of the associated costs. Therefore, based our reconciled valuation conclusion, the highest and best use of the site is represented by the existing improvements with the most likely purchaser being an owner/user or investor within a 6 to 12-month period.

Appraisal Process

There are three approaches used to estimate the value of income producing real estate: the cost approach the sales comparison approach, and the income capitalization approach. The values concluded by each approach are reconciled into a final estimate of value.

Cost Approach

The cost approach includes an estimate of land value and depreciated site and building improvements. Land value is estimated by the sales comparison approach, which uses recent comparable land sales. Either replacement or reproduction cost new of the site and building improvements are then calculated. Depreciation estimates are deducted from the cost new and the resulting amount is added to the land value. The assumption is that an informed investor will pay no more for the subject property than the cost of developing a similar property with the same utility. ***The cost approach was omitted from this analysis. Please see Limiting Condition No. 24.***

Sales Comparison Approach

The sales comparison approach compares the subject property to similar properties, which have recently sold, are listed or are under contract. The sales are analyzed using appropriate units of comparison, such as price per square foot, gross income multiplier (GIM) and price per room. Each unit will result in a value conclusion for the subject property and will be reconciled into a value indication by the sales comparison approach.

Income Capitalization Approach

The income capitalization approach estimates value by using one and or two methods of capitalization. Direct capitalization processes net operating income into value using an overall capitalization rate extracted from market data.

Yield capitalization considers the projected net operating income and subsequent resale proceeds over the estimated holding period. These cash flows are discounted to present value at a yield rate that would attract the necessary equity capital. The resulting amount is an indication of value by yield capitalization.

Reconciliation

Typically, the three indications of value are then compared, based on their strengths, weakness and appropriateness. After considering these characteristics, a final estimate of value is then concluded.

Sales Comparison Approach

The sales comparison approach estimates market value by analyzing the market for similar properties that have recently sold, are listed for sale, or are under contract. A primary premise of this approach is that value is directly related to the prices of comparable, competitive properties.

Basic to the sales comparison approach are the concepts of anticipation and change, supply and demand, substitution, balance, and externalities. These principles consider all issues relevant to the estimation of value in a consistent manner that reflects local market conditions.

“A major premise of the sales comparison approach is that an opinion of the market value of a property can be supported by studying the market’s reaction to comparable and competitive properties”.⁶ In the analysis of comparable sales the central question asked is why did the property sell for this particular price? The natural extension of this question is given the sales prices and their respective sales conditions and characteristics, what do they indicate as a reasonable selling price/market value for the subject property, considering its conditions and characteristics?

The Appraisal of Real Estate, 14th Edition describes comparative analysis as *“the general term used to identify the process in the sales comparison approach in which quantitative and qualitative techniques are applied to comparable sales data to derive a value indication. An appraiser may use both quantitative adjustments and qualitative analysis in comparative analysis.”⁷*

An appraiser follows a systematic procedure in analyzing and adjusting the market information gathered in the sales comparison approach in accordance with the following steps:

- 1) *Research the market to obtain information on sales transactions, listings, and offers to purchase or sell properties that are similar to the subject property in terms of characteristics such as property type, date of sale, size, location, and zoning.*

⁶The Appraisal of Real Estate, 14th Ed. (Chicago: Appraisal Institute, 2013), p. 377.

⁷ The Appraisal of Real Estate, 14th Ed. (Chicago: Appraisal Institute, 2013), p. 396.

Sales Comparison Approach - Continued

- 2) *Verify the information by confirming that the data obtained are factually accurate and that the transactions reflect arm's-length market considerations. Verification may also elicit additional information about the market.*
- 3) *Select relevant units of comparisons (e.g., dollars per acre or per square foot) and develop a comparative analysis for each unit.*
- 4) *Compare comparable sale properties with the subject property using the elements of comparison and adjust the sale price of each comparable appropriately to the subject property or eliminate the property as a comparable.*
- 5) *Reconcile the various value indications produced by the analysis of comparables into a single value indication or a range of values. In an imprecise market subject to varying occupancies and economies, a range may be a better conclusion than a single estimate.⁸*

We have found that the reliability of the sales comparison approach for traditional real estate is excellent when valuing vacant land or small commercial type properties where there is more activity, a larger database of sales, and a greater degree of comparability. For more complex and larger investment grade properties such as shopping centers, office buildings, hotels, and other property types, the required adjustments are often numerous and the degree to which they can be performed without considerable amount of subjectivity is difficult.

Market Data

In order to estimate the value of the subject site, it was necessary to research the neighborhood or surrounding market areas considered to be similar to the subject for recent improved sales that could adequately be compared to the subject. For the purpose of this report, we analyzed a number of sales; however, we have included in this section of the appraisal report the pertinent information regarding sales of five similar properties. We believe these sales are representative of the market and provide a reasonable indication of market value after necessary adjustments for location and physical characteristics.

⁸The Appraisal of Real Estate, 14th Ed. (Chicago: Appraisal Institute, 2013), p. 382.

Sales Comparison Approach - Continued

Unit of Comparison

Bank properties are usually priced per square foot of gross building area, per square foot of rentable area, or per square foot of useable area. It is our opinion that the most appropriate unit of comparison for the subject property is the price per square foot of gross building area.

Property Rights

All the sales conveyed fee simple property rights. No adjustments are considered appropriate. Additionally, all the sales were vacant at the time of sale; therefore, no rent deficit is taken into consideration in this approach.

Financing

A financing adjustment is actually a specific motivation adjustment and often is not capable of being accurately derived from the mathematical discounting process. The most reliable financing adjustment is from paired sales that are generally not available through sales information. Cash equivalency is the adjustment of a sales price to an equivalent price if sold for cash absent the contract term of the loan. The adjustment may be negative to reflect favorable terms or positive to reflect unfavorable terms. All of the sales were considered cash or cash equivalent transactions and therefore no adjustments were required.

Conditions of Sale

Typical adjustments under this category include adjustments for plottage, purchasing additional land for expansion, or other typically motivated sales. Each sale was an arm's length transaction; no adjustments were necessary.

Post Purchase Expenditures

No post purchase expenditures were identified.

Market Conditions

It is market conditions and not the passage of time that cause prices to change. This is an example of the principle of change. The sale dates range from December 2016 to July 2019. An upward adjustment of 9% is considered appropriate to the sale that occurred in 2016 and an upward adjustment of 6% is considered appropriate to the sale that occurred in 2017. Upward adjustments of 3% are considered appropriate to the sale that occurred in 2018. No adjustments are considered appropriate to the sale that occurred in 2019.

Sales Comparison Approach - Continued

Summary of Adjustments

Not all adjustments in the sales comparison approach can be directly extracted or supported by the available market data with a high degree of accuracy. Some adjustments have an element of subjectivity and professional judgment which the appraiser has applied based on prior observations of the reactions of and conversations with typical/knowledgeable buyers and sellers in the marketplace. However, the magnitude of the adjustments may not necessarily be reflected in the available market data.

This is a standard and well accepted practice within the appraisal industry when there is an absence of like elements of comparison; or in instances where the market data is inadequate to draw better supported adjustments and overall value conclusions. Reasonable effort has been made to support the adjustments either through quantifiable empirical methods, reasonably inferred market data, or conversations with market participants.

Prior to making the appropriate adjustments, the minimum indication was \$47.64 per square foot. The maximum indication was \$123.11 per square foot. The mean was \$75.79 per square foot with the median being \$74.10 per square foot. The standard deviation was \$28.83 per square foot, or 38.04% of the mean.

Location

Factors directly related to location as well as trends and characteristics such as population, income level, and transportation and existing land uses are considered when evaluating the subject and each comparable. We have measured the population and household income within a 10-minute drive time to determine any location differences between the subject and the comparable, as well as average daily traffic counts.

Site	2019 Total Population	2019 Median Household Income	ADT	Adjustment
SUBJECT	7,186	\$40,407	7,262 - E. Greer Street	-
SALE 1	7,471	\$26,808	10,367 - W. Greenwood Street	0%
SALE 2	11,890	\$44,276	3,988 - S. Main Street	-10%
SALE 3	36,484	\$53,470	3,710 - State Park Road 13,733 - S. Main Street	-20%
SALE 4	7,186	\$40,407	7,262 - E. Greer Street	0%
SALE 5	12,359	\$35,582	3,811 - Elizabeth Street 7,758 - N. Broad Street	0%

Sales Comparison Approach - Continued

The subject is located on East Greer Street in Honea Path, SC. Sale 1 is located on W. Greenwood Street in Abbeville, SC. The sale has relatively similar locational characteristics. Sale 2 is located on N. Main Street in Anderson, SC. The sale also has relatively similar locational characteristics, but it is located within the CBD of Anderson. Therefore, a downward adjustment of 10% is considered appropriate. Sale 3 is located on State Park Road in Travelers Rest, SC. The sale has superior locational characteristics, as well as being located in an area with significant redevelopment. A downward adjustment of 20% is considered appropriate. Sale 4 is located in close proximity to the subject and has similar locational characteristics. Lastly, Sale 5 is located on W. Pitts Avenue in Clinton, SC. This sale also has relatively similar locational characteristics.

Improvement Size

The subject contains a total of approximately 2,301 square feet of gross building area. The comparable sales range in size from 2,456 square feet to 8,000 square feet. Typically, this relationship is inversely proportional; that is to say as size increases unit/SF decreases. Sales 1, 4 and 5 are similar in size. Therefore, no adjustments are considered appropriate. Sales 2 and 3 are larger in size and upward adjustments are made accordingly to the sales for size when compared to the subject.

Site Size

As mentioned, approximately 1.187 acres; thus, indicating a land to building ratio of 22.30:1. The sales have land to building ratios ranging from 2.89 to 22.77. No adjustments are considered appropriate to Sales 1 and 5. Sales 2, 3 and 4 have lower ratios and upward adjustments are considered appropriate.

Age/Condition

A properties age and condition are sometime related. As buildings age, their condition deteriorates. While in other cases, proper maintenance and renovation can greatly extend the life of a building and its condition can be better than is typical for a similar aged structure. The reverse is also true; buildings can be greatly stressed due to heavy uses or improper maintenance or lack of renovation. The subject was built in 1980 and is considered to be in average condition. The sales are all in varying degrees of condition. Adjustments were made accordingly.

Quality of Construction

The subject is a masonry block and brick veneer bank building. The sales all vary in quality of construction. Adjustments were made accordingly.

Sales Comparison Approach - Continued

Summary

After making the appropriate adjustments, the minimum indication was \$59.56 per square foot. The maximum indication was \$114.12 per square foot. The mean was \$81.03 per square foot with the median being \$79.09 per square foot. The standard deviation was \$20.30 per square foot, or 25.05% of the mean.

Conclusion

The comparable data presented a moderate range after adjustment. We realize that there is a variance between the sales; however, all the sales are similar vacant bank buildings located in the Upstate of South Carolina. We believe these sales are the most comparable to the subject. Based on the subject's location, overall condition, as well as other characteristics the subject would align along the mean and median of the range; the concluded value of the subject property on a per unit basis equates to \$80.00 per square foot. With a total of 2,301 square feet, the value indication is \$184,080, which has been rounded to **\$185,000**.

The Improved Sales adjustment grid can be found below as **Exhibit II**.

Sales Comparison Approach - Continued

EXHIBIT II
IMPROVED SALES ADJUSTMENT GRID
 509 East Greer Street
 Greer, SC

	SUBJECT PROPERTY	COMPARABLE SALE 1	COMPARABLE SALE 2	COMPARABLE SALE 3	COMPARABLE SALE 4	COMPARABLE SALE 5
RID NO.		8430	9619	9620	9621	9622
NAME	Bank Building	Bank Building	Bank Building	Bank Building	Bank Building	Bank Building
STREET	509 East Greer Street	104 Greenwood Street W	304 N. Main Street	6708 State Park Road	23 W. Greer Street	300 W. Pitts Avenue
CITY, STATE	Honea Path	Abbeville, SC	Anderson, SC	Travelers Rest, SC	Honea Path, SC	Clinton, SC
TMS NO.	275-08-12-024	122-01-04-012	123-29-19-002	0490.00-04-027.02	275-07-05-002 & 003	901-12-02-009
GENERAL DATA						
Size (SqFt GBA)	2,301	2,564	8,000	5,280	3,757	2,456
Year Built	1980	Unknown	Unknown	1987	1975	1985
Construction	Masonry	Frame with BV	Masonry	Masonry	Wood Frame with BV	Wood Frame with BV
Condition	Average	Average	Average	Average/Good	Average	Average
Land-to-Building Ratio	22.30	22.77	2.89	13.94	10.43	18.76
SALES PRICE		\$190,000	\$470,000	\$650,000	\$179,000	\$185,000
Plus: Post-Purchase Expenses		\$0	\$0	\$0	\$0	\$0
Less: Other		\$0	\$0	\$0	\$0	\$0
EFFECTIVE PRICE		\$190,000	\$470,000	\$650,000	\$179,000	\$185,000
PRICE \$/SF		\$74.10	\$58.75	\$123.11	\$47.64	\$75.33
PROPERTY RIGHTS		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		0%	0%	0%	0%	0%
FINANCING TERMS		Cash	Cash	Cash	Cash	Cash
Adjustments		0%	0%	0%	0%	0%
CONDITION OF SALE		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjustments		0%	0%	0%	0%	0%
MARKET CONDITIONS		December 5, 2016	August 23, 2017	May 11, 2018	April 30, 2019	July 15, 2019
Adjustment		9%	6%	3%	0%	0%
ADJUSTMENT %		9%	6%	3%	0%	0%
ADJ. PRICE \$/SF		\$80.77	\$62.28	\$126.80	\$47.64	\$75.33
LOCATION						
Adjust: Location		0%	-10%	-20%	0%	0%
Adjust: Other		0%	0%	0%	0%	0%
PHYSICAL						
Adjust: Size		0%	20%	10%	0%	0%
Adjust: Age/Condition		-10%	-5%	-10%	5%	-5%
Adjust: Quality		10%	0%	0%	10%	10%
Adjust: Land-to-Building Ratio		0%	10%	10%	10%	0%
ADJUSTMENT %		0%	15%	-10%	25%	5%
Adjusted \$/SqFt		\$80.77	\$71.62	\$114.12	\$59.56	\$79.09

ALL COMPARABLES:	UNADJUSTED PRICE PER SQFT	ADJUSTED PRICE PER SQFT
Minimum	\$47.64	\$59.56
Maximum	\$123.11	\$114.12
Mean	\$75.79	\$81.03
Median	\$74.10	\$79.09
Standard Deviation	\$28.83	\$20.30
% of Mean	38.04%	25.05%

\$/SqFt	
Per Unit of Comparison	\$80.00
Subject Size (SqFt)	2,301
Value Indication As Is	\$184,080
Plus: Other	\$0
Value Indication As Is	\$184,080
"As Is" Rounded To	\$185,000

As mentioned, all the sales were vacant at the time of sale, which is similar to the subject. Therefore, a rent deficit has not been taken into consideration in the sales comparison approach.

Sales Comparison Approach - Continued

Improved Sales Summary Chart

No.	Location	Sale Date	Price	Building Size (SF)	Price/ SF
1.	104 Greenwood Street W	12/05/2016	\$190,000	2,564	\$74.10
2.	304 N. Main Street	08/23/2019	\$470,000	8,000	\$58.75
3.	6708 State Park Road	05/11/2018	\$650,000	5,280	\$123.11
4.	21 W. Greer Street	04/30/2019	\$179,000	3,757	\$47.64
5.	300 W. Pitts Street	07/15/2019	\$185,000	2,456	\$75.33

Improved Comparable Sales Map



Sales Comparison Approach - Continued

Improved Sale No. 1



Property Identification

Record ID	8430
Property Type	Office, Office
Property Name	Office Building - Former Bank Branch
Address	104 Greenwood Street W, Abbeville, Abbeville County, South Carolina 29620
Tax ID	122-01-04-012

Sale Data

Grantor	South State Bank
Grantee	My Family 2 SC, LLC
Sale Date	December 05, 2016
Deed Book/Page	322/21
Recorded Plat	26/158
Property Rights	Fee Simple
Conditions of Sale	Arm's length
Financing	Cash
Verification	Public Records; LoopNet; Assessor; Confirmed by Tara Setzler

Sale Price	\$190,000
Cash Equivalent	\$190,000
Adjusted Price	\$190,000

Land Data

Land Size	1.340 Acres or 58,370 SF
Front Footage	420 ft Total Frontage: 130 ft Whitehall St; 260 ft Greenwood St W; 30 ft Main St;
Zoning	Commercial
Topography	Level, along road grade

Sales Comparison Approach - Continued

Improved Sale No. 1 (Cont.)

Utilities	All available
Shape	Irregular
Landscaping	Typical

General Physical Data

Building Name	Office - Former Bank
Building Type	Single Tenant
SF	2,564

Construction Type	Frame w/ brick
Roof Type	Single slope
Foundation	Slab
Stories	1
Year Built	N/A
Condition	Average

Indicators

Sale Price/ SF	\$74.10 Actual or \$74.10 Adjusted
Floor Area Ratio	0.04
Land to Building Ratio	22.77:1

Remarks

This building is a former bank branch in proximity to downtown Abbeville. The lot is 1.37 acres and is a corner site with additional frontage along and access to Main Street (the lot is two lots off the major intersection of Greenwood Street and Main Street). The building 2,564 square feet and is suitable for use as a financial institution, retail, or office user. The building was formerly operated as South State Bank prior to selling in December 2016. (The photo included with this record was taken while South State Bank occupied the building). The property was listed for \$199,900 before selling for \$190,000.

Sales Comparison Approach - Continued

Improved Sale No. 2



Property Identification

Record ID	9619
Property Type	Commercial/Retail
Property Name	Bank
Address	304 N. Main Street, Anderson, Anderson County, South Carolina 29621
Tax ID	123-29-19-002

Sale Data

Grantor	Carolina Alliance Bank
Grantee	Regions Bank (successor-in-interest to Anderson national Bank)
Sale Date	August 23, 2019
Deed Book/Page	13002/196
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash
Verification	Other sources: Public Records, Deed, CoStar, Broker to Sale - Doug Webster, Confirmed by Sarah Guthrie

Sale Price	\$470,000
Cash Equivalent	\$470,000
Adjusted Price	\$470,000

Land Data

Land Size	0.530 Acres or 23,087 SF
Front Footage	N. Main Street;
Zoning	CBD
Topography	Generally Level
Utilities	All Public
Shape	Rectangular

Sales Comparison Approach - Continued

Improved Sale No. 2 (Cont.)

Flood Info

Zone X

General Physical Data

Building Name

Bank

Building Type

Single Tenant

SF

8,000

Construction Type

Masonry

Foundation

Concrete Slab

Year Built

Unknow

Condition

Average

Indicators

Floor Area Ratio

0.35

Land to Building Ratio

2.89:1

Remarks

This is the sale of a bank building located on N. Main Street within the CBD of Anderson, SC. The bank contained 8,000 square feet and was vacant at the time of sale. The Buyer was Carolina Alliance and operates a branch out of the building. The Broker to Sale indicated that the parking lot had some deferred maintenance, but no estimate was provided.

Sales Comparison Approach - Continued

Improved Sale No. 3



Property Identification

Record ID	9620
Property Type	Commercial/Retail
Property Name	Bank
Address	6708 State Park Road, Travelers Rest, Greenville County, South Carolina 29690
Tax ID	0490.00-04-027.02

Sale Data

Grantor	Vereit Real Estate, LP
Grantee	DWH JR Properties
Sale Date	May 11, 2018
Deed Book/Page	2538/1976
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash
Verification	Other sources: Public Records, Deed, CoStar, Broker to Sale - Frank Hammond, Confirmed by Sarah Guthrie

Sale Price	\$650,000
Cash Equivalent	\$650,000
Adjusted Price	\$650,000

Land Data

Land Size	1.690 Acres or 73,616 SF
Front Footage	State Park Road;
Zoning	C-2
Topography	Generally Level
Utilities	All Public

Sales Comparison Approach - Continued

Improved Sale No. 3 (Cont.)

Shape Rectangular

General Physical Data

Building Name Bank
Building Type Single Tenant
SF 5,280

Construction Type Masonry
Roof Type Metal
Foundation Concrete Slab
Year Built 1987
Condition Average/Good

Indicators

Floor Area Ratio 0.07
Land to Building Ratio 13.94:1

Remarks

This is the sale of a bank building located on State Park Road in Travelers Rest, SC. The bank contained 5,280 square feet and was vacant at the time of sale. The Seller was a REIT and the previous Suntrust lease had expired. The Buyer purchased the building and renovated it into an orthodontist office.

Sales Comparison Approach - Continued

Improved Sale No. 4



Property Identification

Record ID	9621
Property Type	Commercial/Retail
Property Name	Bank
Address	21 W. Greer Street, Honea Path, Anderson County, South Carolina 29654
Tax ID	257-05-002 & 003

Sale Data

Grantor	Enlow Wilkie Investments, LLC
Grantee	First Baptist Church of Honea Path
Sale Date	April 30, 2019
Deed Book/Page	13884/24
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash
Sale History	Sold for \$125,000 in 2018 (bulk sale)
Verification	Other sources: Deed, CoStar, Appraisal File, Broker to Sale/Grantor-Reggie Enlow, Confirmed by Sarah Guthrie

Sale Price	\$179,000
Cash Equivalent	\$179,000
Adjusted Price	\$179,000

Land Data

Land Size	0.900 Acres or 39,204 SF
Front Footage	W. Greer Street;
Zoning	CC
Topography	Generally Level
Utilities	All Public
Shape	Rectangular

Sales Comparison Approach - Continued

Improved Sale No. 4 (Cont.)

General Physical Data

Building Name	Bank
Building Type	Single Tenant
SF	3,757
Construction Type	Wood Frame with Brick Veneer
Roof Type	Hip; Composition Shingle
Foundation	Concrete Slab
Stories	2
Year Built	1975
Condition	Average

Indicators

Floor Area Ratio	0.10
Land to Building Ratio	10.43:1

Remarks

This is the sale of a bank building located on W. Greer Street in Honea Path, SC. The bank was two-story and contained 3,757 square feet . The building was previously used as a BB&T, but was vacant at the time of sale. The building sold in 2018 for \$125,000, but the Seller indicated that it was part of a bulk sale. The adjacent church purchased the property for office use.

Sales Comparison Approach - Continued

Improved Sale No. 5



Property Identification

Record ID	9622
Property Type	Commercial/Retail
Property Name	Bank
Address	300 W. Pitts Street, Clinton, Laurens County, South Carolina 29325
Tax ID	901-12-02-009

Sale Data

Grantor	Founders Federal Credit Union
Grantee	City of Clinton
Sale Date	July 15, 2019
Deed Book/Page	1457/283
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash
Verification	Other sources: Deed, CoStar, Appraisal File, Broker to Sale-Guy Harris, Confirmed by Sarah Guthrie

Sale Price	\$185,000
Cash Equivalent	\$185,000
Adjusted Price	\$185,000

Land Data

Land Size	1.057 Acres or 46,043 SF
Front Footage	W. Pitts Street;
Topography	Generally Level
Utilities	All Public

Sales Comparison Approach - Continued

Improved Sale No. 5 (Cont.)

Shape Rectangular

General Physical Data

Building Name Bank
Building Type Single Tenant
SF 2,456

Construction Type Wood Frame with Brick Veneer
Roof Type Composition Shingle
Foundation Concrete Slab
Stories 1
Year Built 1985
Condition Average

Indicators

Floor Area Ratio 0.05
Land to Building Ratio 18.75:1

Remarks

This is the sale of a bank building located on W. Pitts Street in Clinton, SC. The bank contained 2,456 square feet and was vacant at the time of sale. The building was previously used as a credit union. The City of Clinton purchased the property for municipal offices.

Income Capitalization Approach

Introduction

The income capitalization approach is based on the theory of anticipation, which is the present worth of future benefits, net operating incomes, cash flows and the reversionary value that the property will produce during the remainder of its productive life or over a reasonable holding period or ownership. The anticipated future benefits or income is then discounted through the capitalization process.

An appropriate capitalization rate is applied in order to discount the net income rate into an indication of value. Two procedures may be utilized in deriving this rate as follows:

- 1) A market derived overall capitalization rate can be obtained by gathering market sales with similar income producing properties and dividing that particular property's net income by its sales price. This method is typically referred to as the direct capitalization method. **This method is used in this report.**
- 2) The second method is yield capitalization. This is a procedure of discounting which converts future benefits or cash flows to present value by basing a required level of profit or rate of return on invested capital. **This method was not used in this report.**

As discussed in the sales comparison approach, the income capitalization approach considers basic appraisal principles that include supply and demand, substitution, balance and externalities. The income capitalization approach also takes into consideration anticipation and change. Anticipation is the principle that value is created by the expected benefits that are to be received in the future. Whereas, change is based on potential levels of income and expenses that over time fluctuate during the generation of the income over the holding period and can increase or decrease property values.

The appraisal follows a systematic procedure in the income capitalization approach to value:

- 1) *Estimate the gross annual income for the subject property by gathering actual market rentals of similar properties.*

Income Capitalization Approach – Continued

- 2) *Deduct the percentage of vacancy and credit loss to obtain the effective gross income.*
- 3) *Establish the operating expenses both fixed and variable as well as reserves for replacement expenses.*
- 4) *Selection of a capitalization rate.*
- 5) *Capitalized the net income into an indication of value.*

This systematic procedure will be discussed in detail with supporting market information.

Direct Capitalization

Direct capitalization makes use of a single year's income and a market derived factor or capitalization rate. Initially a reconstructed operating statement is developed for the subject property. Leased fee value reflects current leases and the associated expense structure, while fee simple value starts with an income based on market rent.

Fee simple estate is defined as: *"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."*⁹

Market Rent Analysis & Conclusion – As Is

Since, the subject is currently vacant; we have estimated a market rental rate for the subject. Due to the subject being a vacant bank building being located within a smaller market and the lack of similar bank rents and that the subject could potentially be used for an office or retail related uses, we have surveyed several leases of tenants located in retail and office buildings. The properties range in size from 2,000 square feet to 5,651 square feet with an average size of 3,759 square feet. The lease surveys of COMPETITIVE PROPERTIES range from \$8.60 up to \$12.00 per square foot (with an average of \$11.03 and a median of \$11.44) and are shown on the following page as **Exhibit III**.

It is our opinion that due to the subject's size, age, location in a smaller market, dated condition and average quality of the improvements, the rental rate for the subject

⁹The Dictionary of Real Estate Appraisal, 5th Edition. (Chicago: Appraisal Institute, 2010), p. 78.

Income Capitalization Approach – Continued

property would be **\$9.00** per square foot on an NNN lease basis. We feel that this rate would be appropriate given the range of market rents.

EXHIBIT III COMPETITIVE PROPERTIES - RETAIL/OFFICE 509 East Greer Street Honea Path						
PROPERTY	SQFT	\$/SQFT	LEASE TYPE	LEASE TERM	ORIGINATION	COMMENTS
<u>Office/Retail Rents</u>						
210 Birchtree Drive, Greenwood, SC	5,000	\$12.00	NNN	5 Years	Oct-16	Class C Office Building. Built in 1998. 16 Parking Spaces.
312 Montague Ave., Greenwood, SC	2,400	\$8.60	NNN	5 Years	Dec-15	Class C Retail/Office Building. Built in 1985.
1324 SC Highway 72 Bypass NE, Greenwood, SC	4,000	\$11.83	NNN	10 Years	May-16	Unit in Piedmont Plaza
38 Pointe Circle, Greenville, SC	5,651	\$12.00	NNN	5 Years	Oct-17	General Office Building. NNN lease for 5 Years.
2810 N. Main Street, Anderson, SC	2,000	\$11.04	NNN	Current	Renewal	In highly commercialized section on N. Main.
2812 N. Main Street, Anderson, SC	3,500	\$10.70	NNN	5 Years	Feb-16	5-year net lease. Bump in year 3.
TOTALS	<u>22,551</u>					
MINIMUM	2,000	\$8.60				
MAXIMUM	5,651	\$12.00				
MEAN	3,759	\$11.03				
MEDIAN	3,750	\$11.44				
STANDARD DEVIATION	1,427	\$1.31				
% OF MEAN	37.98%	11.85%				

Potential Gross Income

Considering a fee simple analysis, we have utilized a market rental rate or **\$9.00** per square foot on a triple net basis. This estimated rental rate equates to a potential gross income of \$20,709.

Vacancy and Collection Loss

According to the market analysis for the overall Greenville Market in the previous pages of this report, vacancy rates for retail buildings is around 4.0% with the Anderson Cy South of I-85 Submarket vacancy rate at 5.8%. Based on this analysis, vacancy and collection loss is estimated to be 5.00% of potential gross income, or \$1,035 annually.

Income Capitalization Approach – Continued

Effective Gross Income

Deducting the \$1,035 vacancy and collection loss from the potential gross income of \$20,709, results in an effective gross income of \$19,674.

Operating Expenses

Fixed

Fixed expenses, which typically include taxes and insurance, are passed through to the tenant within a net lease structure. In this case, taxes and insurance are the direct responsibility of the Lessee. However, it is necessary to account for the prorated share of fixed expenses, which would be applicable with the vacancy rate. The vacancy rate was estimated at 5.00%. Property taxes have been discussed earlier in the report and it was determined that the estimated prorated taxes will amount to approximately \$365 annually. Prorated insurance expense is estimated to be \$35 annually.

Variable

Typically, variable expenses consist of repairs and maintenance, management and leasing, accounting and legal, grounds maintenance, janitorial, and utilities. Considering that the lease is being structured on a triple net basis, we have estimated that the Lessee will be responsible for all of the operating expenses and there is a 3.00% management fee. Variable expenses are estimated to be \$590 due to the nature of the lease. No further variable expenses have been identified.

Reserve Allowance

A reserve allowance provides for the intermittent replacement of building components such as roof covering, asphalt paving and mechanical systems that wear out more rapidly than the building itself and must be periodically replaced. The allowance is typically estimated from figures gathered from Marshall Valuation Cost Service, property managers, and market participants. This expense is typically projected to remain stable throughout the holding period based on reserves being placed in an interest-bearing account, which should offset any increase in the cost of the replacement. An appropriate reserve allowance has been estimated to be \$0.15 per square foot, or \$345 annually.

Total Estimated Operating Expenses

Total operating expenses, which include all variable, fixed and reserve expenses, are estimated to be \$1,335 annually.

Income Capitalization Approach – Continued

Net Operating Income

Subtracting the operating expenses from the effective gross income of \$19,674 produces a net operating income of \$18,339.

Direct Capitalization

Once the net operating income is obtained, an indication of value may be estimated using an overall rate by direct capitalization. In this case, the overall rate has been established using four methods, which are as follows:

Four Methods of Direct Capitalization
Market Extraction
Band of Investment (Mortgage and Equity Components)
Debt Coverage Ratio ($R_o = DCR \times R_m \times M$)
Published Surveys

Market Extraction Method

The first method for the development of an overall rate is by extracting actual capitalization rates from four of the comparable sales included in the sales comparison section of this report. A direct capitalization rate is derived by dividing the net operating income of the property by its sales price as of the date of transfer.

The overall capitalization rates range from a minimum of 7.39% to a maximum of 10.76% and produce mean and median rates of 8.94% and 8.54%. The properties below are representative samples of similar retail and office related properties that have sold over the last several years. While building size, quality, and condition differ from the subject property, these properties tend to be leased, used, and operated in a similar manner and should produce similar return expectations.

MARKET EXTRACTION METHOD				
10701 Anderson Road, Piedmont, SC	Mar-18	10.76%		
104 Commons Blvd., Piedmont, SC	Dec-18	10.57%		
106 Commons Blvd., Piedmont, SC	Dec-18	9.22%	Minimum	7.39%
1818 E. Main Street, Easley, SC	Mar-19	7.39%	Maximum	10.76%
3004 N. Main Street, Anderson, SC	Sep-18	7.85%	Mean	8.94%
120 Scenic Road, Anderson, SC	Jun-19	7.83%	Median	8.54%

Income Capitalization Approach – Continued

Band of Investment Method

The next method of calculating the capitalization rate has been utilized to support the concluded overall rate. This method involves a survey of the financial marketplace in order to arrive at the typical financing terms for a property similar to the subject.

The band of investment technique is based on current financial market conditions as well as projected equity dividend rates or equity capitalization rates derived from the market. Based on the current financial market conditions, typical financing for this type of property would include a 5.0% interest rate with a 20-year amortization and with the loan-to-value ratio of 80%.

A final component for the band of investment analysis is to estimate the equity capitalization rate. The best method used to arrive at an equity capitalization rate is to divide the net operating income, after debt service, of the leased property by the equity investment. An equity dividend rate of 12.0% percent would be necessary to attract the required equity capital for this type of investment. The indicated overall rate is 8.74%.

BAND OF INVESTMENT METHOD				
Mortgage Interest Rate	5.00%			
Schedule: Years	20			
Loan to Value Ratio	80%			
Equity Dividend Rate (EDR)	12.00%			
Debt to Value Ratio	80.00%	Loan Constant	0.07919	0.06336
Equity to Value %	20.00%	EDR	0.12000	0.02400
				0.0874
Overall Rate				8.74%

Debt Coverage Ratio

The last method used in estimating an overall capitalization rate is by the use of a debt coverage ratio (DCR). The debt coverage ratio is the ratio of net operating income to the annual debt service, which includes the payment that covers interest on, and retirement of the outstanding principal of the mortgage loan. The formula shown below is used in estimating the overall rate by the debt coverage ratio (DCR). Where R_o is the overall capitalization rate, DCR is the debt coverage ratio, M is percentage of mortgage, and R_m is the mortgage capitalization rate.

$$R_o = DCR \times R_m \times M$$

Income Capitalization Approach – Continued

The projected debt coverage ratio of 1.50 is supported by figures reported by RealtyRates.com 4th Quarter 2019 investor survey. Based on the preceding conclusions in regard to the current financial marketplace, an overall capitalization rate utilizing a debt coverage ratio formula is 9.50%.

DEBT COVERAGE RATIO METHOD	
Debt Coverage Ratio	1.50
Mortgage Capitalization Rate	0.07919
Percentage of Mortgage	0.80000
	0.0950
Overall Rate	9.50%

Published Surveys

In addition to the above methods, investor surveys also provide good indications of overall capitalization rates. The 3rd Quarter 2019 PwC (Korpaz) and the 4th Quarter 2019 RealtyRates.com investor surveys for the retail market are summarized below.

NATIONAL PUBLISHED SURVEYS		Min	Max	Mean
Realty Rates 4th Quarter 2019	Free Standing Retail	4.72%	13.37%	9.89%
PcW Real Estate Investor Survey 3rd Quarter 2019	Retail	4.50%	10.00%	6.77%

Conclusion of OAR

Considering the rates discussed, the minimum overall rate is 7.39% and the maximum is 10.76%. The average is 8.98%. Considering the location and characteristics of the subject property, it is our opinion that an overall capitalization rate of 9.00% is appropriate and reasonable based upon the above analysis. The overall rate analysis is shown in the following summary chart.

Summary of Above Methods (Excluding Surveys)	
Minimum	7.39%
Maximum	10.76%
Mean	8.98%
Variance	12.46%

Income Capitalization Approach – Continued

Revenue Deficit

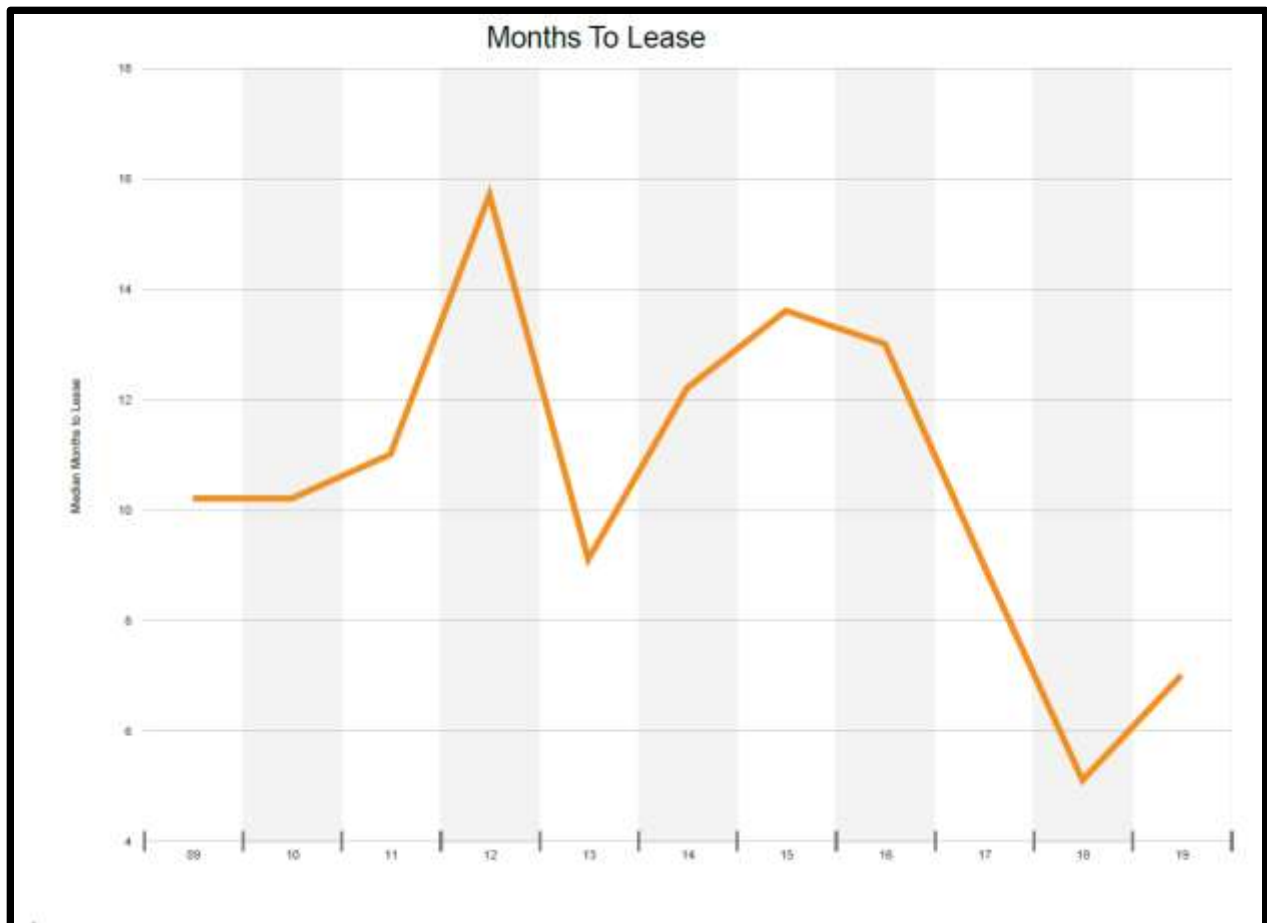
Since, the subject is vacant, the calculations for the cost to lease the subject, as well as projected tenant improvements for the subject are shown below. A tenant improvement allowance of \$2.00 per square foot for the unit has been estimated due to the dated condition.

It is our understanding that the subject property does not currently have any pending leases. Based on information provided, time to lease for similar retail/office space in Anderson County equated to anywhere from 0 to 12+ months. Therefore, we have assumed that the subject would lease along the middle of this range or within 8 months. Based on conversations with local market participants, as well as a survey from CoStar analyzing retail/office properties, indicated an absorption period ranging from 4 to 12 months. An absorption period along the middle end of the range is estimated based on the location of the subject in Honea Path, SC.

Exhibit IV, which is found below, summarizes the cost to lease the subject. We believe the subject property will achieve a stabilized occupancy in approximately 8 months. The total cost to lease the vacant space is estimated to be **\$20,000**.

Exhibit IV Revenue Deficit 509 East Greer Street Honea Path						
ABSORPTION VACANCY	GLA	\$/SQFT	ANNUAL	MONTHLY	MONTHS	TOTALS
Bank Building	2,301	\$9.00	\$20,709	\$1,726	8	\$13,806
Totals	2,301		\$20,709	\$1,726		\$13,806
LEASING COMMISSIONS	ANNUAL	TERM	TOTAL	FEE %		
Net Leasable	\$20,709	5	\$103,545	3.00%		\$3,106
TENANT IMPROVEMENTS	GLA	\$/SQFT	TOTAL			
Bank Building	2,301	\$2.00	\$4,602			\$4,602
						\$21,514
TOTAL REVENUE LOSS						\$20,000

Income Capitalization Approach – Continued



Source: CoStar, Retail & Office Properties, Anderson County, SC

Income Capitalization Approach – Continued

Conclusion- As Is

Capitalizing the net operating income of \$18,339 by the overall rate of 9.00% results in an as is value indication for the subject property of \$203,763. From this value, **\$20,000** has been deducted to account for the cost to lease the vacant space, as well as the necessary tenant improvement allowances. The resulting as is value indication is **\$185,000 rounded**. The income capitalization approach summarizing the fee simple estate value indication is shown on the chart below and the direct capitalization method is shown on the following page as **Exhibit V**.

Summary	
Net operating income	\$18,339
Divided by the overall rate	9.00%
Value indication	\$203,763
Less: Rent Deficit	\$20,000
Value indication	\$183,763
Rounded	\$185,000

Income Capitalization Approach – Continued

EXHIBIT V

DIRECT CAPITALIZATION METHOD

509 East Greer Street

Honea Path

Gross Leasable Area 2,301

POTENTIAL GROSS INCOME

Rents	SqFt	\$ Per SqFt	\$\$\$	\$ Per SqFt GLA	% of PGI
509 East Greer Street	2,301	\$9.00	\$20,709	\$9.00	100.00%
Totals	2,301	\$9.00	\$20,709	\$9.00	100.00%

POTENTIAL GROSS INCOME			\$20,709	\$9.00	100.00%
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Potential Gross Reimbursements \$0 \$0.00 0.00%

TOTAL POTENTIAL GROSS INCOME **\$20,709** **\$9.00** **100.00%**

Less: Vacancy & Collection Loss 5.00% \$1,035 \$0.45 5.00%

EFFECTIVE GROSS INCOME			\$19,674	\$8.55	95.00%
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OPERATING EXPENSES

Fixed

Taxes			\$365	\$0.16	1.76%
Insurance		\$0.30	\$35	\$0.02	0.17%
Subtotal			\$400	\$0.17	1.93%

Variable

Utilities			\$0	\$0.00	0.00%
Rubbish			\$0	\$0.00	0.00%
Management & Leasing Fee	3.00%		\$590	\$0.26	2.85%
CAM			\$0	\$0.00	0.00%
Other			\$0	\$0.00	0.00%
Subtotal			\$590	\$0.26	2.85%
Reserve Allowance	\$0.15		\$345	\$0.15	1.67%
Total Operating Expenses			\$1,335	\$0.58	6.45%

NET OPERATING INCOME			\$18,339	\$7.97	88.55%
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Overall Rate 9.00%

Value Indication As Is \$203,763

Less: Rent Deficit (\$20,000)

Valuation Indication As is \$183,763

"As Is" Rounded To			\$185,000		\$80.40
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Reconciliation and Final Value Conclusion

The reconciliation, or correlation of the various processes, includes the three traditional approaches to value: the cost approach, the sales comparison approach, and the income capitalization approach. They are assimilated to determine the respective values of the subject property. The relevant approaches resulted in the following values:

"As Is" Market Value	
Cost Approach	N/A
Sales Comparison	\$185,000
Income Capitalization	\$185,000

Cost Approach

The cost approach to value is based upon the replacement cost new estimate of the subject building and site improvements provided by Marshall Valuation Cost Service. Once this is determined, accrued depreciation is then deducted and the value of the site, "As If Vacant" and available for development to its Highest and Best Use is then added. ***The cost approach was omitted from this analysis. Please see Limiting Condition No. 24.***

Sales Comparison Approach

The sales comparison approach is appropriate if very similar properties are available to compare to the subject. The strength to this approach is the five sales of similar vacant bank related buildings within the subject's market area, as well as from surrounding area. It appears market participants in the subject's immediate market are more concerned with the price per square foot methodology than by the potential income stream a property may generate. Therefore, weight is placed on this approach in arriving at a final value conclusion for the subject.

The sales comparison approach is recognized in this appraisal as an objective interpretation of actual market values. It is our opinion that this approach provides a good, reasonable indication of value for the subject property.

Reconciliation and Final Value Conclusion - Continued

Income Capitalization Approach

In this approach to value, we used the Direct Capitalization Method. After the potential gross income was calculated, operating expenses were deducted to arrive at the Net Operating Income. The Net Operating Income (NOI) is then capitalized into an indication of value using an appropriate overall capitalization rate. The overall capitalization rate was determined by Market Extraction, Band of Investment, and Debt Coverage Ratio methods.

The strength to this approach included the rental properties surveyed as well as the market extracted overall rates from similar bank related buildings. However, given that the majority of the leases were located outside of the subject's immediate market area, as well as being retail and office rents, emphasis has been placed on the sales comparison approach in arriving at a final value conclusion.

Reconciliation and Final Value Estimate

As stated, the data available for the sales comparison and income capitalization approach are considered to be the relevant and provided for a consistent range of value. While all the approaches may reflect the actions of market participants and lead to a more credible conclusion the sales comparison approach is considered to be the most reliable indication of value of the subject.

After analyzing the subject property and its market and considering the various factors entering into the appraisal analysis, including the Assumptions and Limiting Conditions contained in the attached report, it is our opinion that the as is market value of the fee simple estate, of the subject, as of November 21, 2019, is:

As Is – November 21, 2019
One Hundred Eighty-Five Thousand Dollars
(\$185,000)

Disposition Value

As stated earlier, it is also the purpose of this appraisal to determine the *disposition value* of the subject property. Disposition value was defined previously in the Scope of Work section of this report.

The obtainable price at forced and semi-forced liquidation is typically below the market value of the property, often by a significant amount. Most definitions of market value require that “a reasonable time is allowed for exposure in the open market” or that “marketing efforts were adequate and a reasonable time was allowed for exposure in the open market.” Absence of these requirements of market value usually results in a liquidation value. Liquidation and disposition value are typically used interchangeably; however, they differ in that the client specifies the future exposure time in disposition value whereas liquidation value is a sale within a short time that is unspecified by the client. Additionally, a disposition value is when a seller is under compulsion to sell and an adequate marketing effort will be made while a liquidation value is when a seller is under extreme compulsion to sell and a normal marketing effort is not possible.

When there is limited exposure time, there is less opportunity to find the marginal buyer. When calculating the diminution in market value of the property due to liquidation, the estimate of reasonable time to find a buyer is critical. The diminution in market value is the result, not the cause, of the diminution. The exposure time is the primary cause. A forced sale is defined first as offering and transferring property for a valuable consideration under conditions of compulsion. Evidence for a market value/liquidation price ratio for properties comparable to the subject is scarce. Evidence of such an existing ratio should be studied in terms of the method of sale, the type of property, the relative demand for the product, and the type of buyer. While the liquidation price can relate to the market value of a normal sale, this ratio is less significant than the factors, which influence the price obtainable from liquidation. No uniform ratio exists and what limited market evidence exists is complicated by numerous variables. Relative demand influences the subject’s liquidation price. While the general real estate market and overall economic conditions are important, the most significant aspect of relative demand is the demand for the subject’s specific property type. The relative demand for the specific type of property influences the financing availability. Experience indicates no assurance that some properties will sell in 30, 60, 90, or even 180 days with the possible exception of an absolute auction.

Disposition Value - Continued

We have consulted with brokers or relied on surveys with respect to liquidation prices. Indications are that the properties have sold at approximately 40 to 60% of their market values. As previously stated, the sale prices are generally determined by the location of the subject property and the demand for the type of property.

We would like to offer the following data from the 2010 Liquidation Value Percentage Survey Results prepared by Integra Realty Resources-SC. Invitations were sent to 113 designated real estate professionals (MAI, SIOR, CCIM) in SC. There were a total of 28 respondents for a response rate of 24.8%.

The most appropriate subcategory for the subject property is considered to be Suburban Office. The heaviest concentration of respondents for these categories believes a 20-25% discount was appropriate.

Based on the above analysis, and considering a 90-day exposure period with an adequate marketing effort, a 25% discount for the subject property is considered to be appropriate.

Conclusion

Considering current market conditions as well as the subject property's location, and physical characteristics, it has been determined that the subject property could sell at a disposition value amounting to approximately 75% of its market value within a 90-day marketing period. In addition to the discount required for disposition, there are other costs incurred when liquidating a property. These costs have been accounted for and are shown on the following page, which depicts the disposition value calculations.

It is our opinion that the disposition value of the fee simple estate of the subject property, subject to a 90-day marketing period, as of November 21, 2019, is:

90-Day Disposition Value
One Hundred Twenty Thousand Dollars
(\$120,000)

Insurable Replacement Cost Analysis

Insurable value is full replacement cost new, including all direct and indirect costs, without exclusions for the foundation or architect's fees, and without depreciation. Insurable value should not include entrepreneurial incentive or land value. It is defined as:

- 1) *The value of an asset or asset group that is covered by an insurance policy; can be estimated by deducting costs of noninsurable items (e.g., land value) from market value.*
- 2) *Value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction cost plus allowances for debris removal or demolition less deterioration and noninsurable items. Sometimes cash value or market value, but often entirely a cost concept. (Marshall & Swift LP).*

Insurable Replacement Cost provides the loss settlement, in the event of damage by an insured peril, will cover the cost of replacing damaged property without deduction for depreciation.

Insurable replacement cost should include direct construction costs inclusive of general contractor overhead and profit and sales taxes for building materials as well as indirect costs such as a portion (about 50%) of typical architectural/engineering fees, releasing expense, building permits and reconstruction fees and owner's supervision expense for reconstruction. Insurable replacement cost should exclude land value, site improvements, the cost of foundations, entrepreneurial profit, developer's fees, construction loan fee and interest, real estate taxes during construction, closing costs, title insurance, legal fees and a portion (about 50%) of typical architectural/engineering fees and leasing expense.

The Marshall Valuation Service (MVS) includes in its "calculator" costs several items (e.g. excavation and backfill, construction loan interest, etc.) that are not recoverable under most insurance policies. In deriving insurable value via MVS, depreciation should not be considered, however, adjustments such as local and current costs, perimeter and height adjustments, etc., should be considered. Therefore, the "calculator" costs may form the basis for the insurable replacement cost estimate prior to exclusions for excavation, footings and foundations below grade.

Insurable Replacement Cost Analysis - Continued

Insurable replacement cost should include direct construction costs inclusive of general contractor overhead and profit and sales taxes for building materials as well as indirect costs such as typical architectural/engineering fees, releasing expense, building permits and reconstruction fees and owner's supervision expense for reconstruction.

In order to estimate the insurable replacement cost, we have utilized the Marshall Valuation Service Cost Manual. In deriving insurable value via MVS, depreciation should not be considered; however, adjustments such as local and current costs, perimeter and height adjustments, etc., should be considered.

According to this national publication, the subject building is best described as: Class C, Masonry Bank Building. The base costs for the existing structure of this type is approximately \$178.00 per square foot. This amount is further adjusted by the height, perimeter, and current and local multipliers. The result of these multipliers is a composite multiplier of 0.900, which results in an indicated cost per square foot for the improvements of \$160.11. The total building improvement costs have been estimated at \$368,422. The indirect costs include such items as accounting, appraisal, engineering fees, and a contingency allowance. We have estimated the total indirect costs to be \$14,737. The summation of the direct costs and the estimated indirect costs results in an insurable value of \$383,159, which has been rounded to **\$380,000**. This figure does not include FF&E items. The insurable replacement cost estimate is shown on the following page as **Exhibits VI and VII**.

Insurable Replacement Cost Analysis - Continued

Exhibit VI Marshall Valuation Estimate

Appraiser's Cost Estimate	Bank Building
---------------------------	---------------

Section: 15
Page: 21
Class Building: C
Quality: Average

Calculator Method

Base Cost	\$178.00
Sprinklers	\$0.00
Total	\$178.00

Height Multiplier	0.928
Perimeter Multiplier	1.105
Current Multiplier	1.020
Local Multiplier	0.860
Composite Multiplier	0.900

Indicated Cost Per Square Foot	\$160.11
--------------------------------	----------

Exhibit VII Insurable Value

				\$\$\$	%%%	\$/SF
Direct Costs						
<u>Building Improvements:</u>						
Existing Office Warehouse	2,301	SF @	\$160.11	\$368,422		
Total Building Improvements				\$368,422	96.15%	\$160.11
Total Direct Costs				\$368,422	96.15%	\$160.11
Indirect Costs						
Accounting, Appraisal & Legal	1%	@	Direct Costs	\$3,684		
Architectural, Engineering & Environmental	1%	@	Direct Costs	\$3,684		
Loan Fees	1%	@	Direct Costs	\$3,684		
Contingency & Miscellaneous	1%	@	Direct Costs	\$3,684		
Total Indirect Costs				\$14,737	3.85%	\$6.40
Total Direct & Indirect Costs				\$383,159	100.00%	\$166.52
Entrepreneurial Incentive		@	0%	0	0.00%	0.00
Replacement Cost New				\$383,159	100.00%	\$166.52
Insurable Value (Rounded)				\$380,000		

Exposure Time

Exposure Time is defined as:

"Reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to precede the effective date of the appraisal.

Exposure Time may be defined as the estimated length of time that a 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.

Exposure time is different for various types of real estate and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. This statement focuses on the time component.

The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process: supply/demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer); and the analysis of future income expectancy projected from the effective date of the appraisal."¹⁰

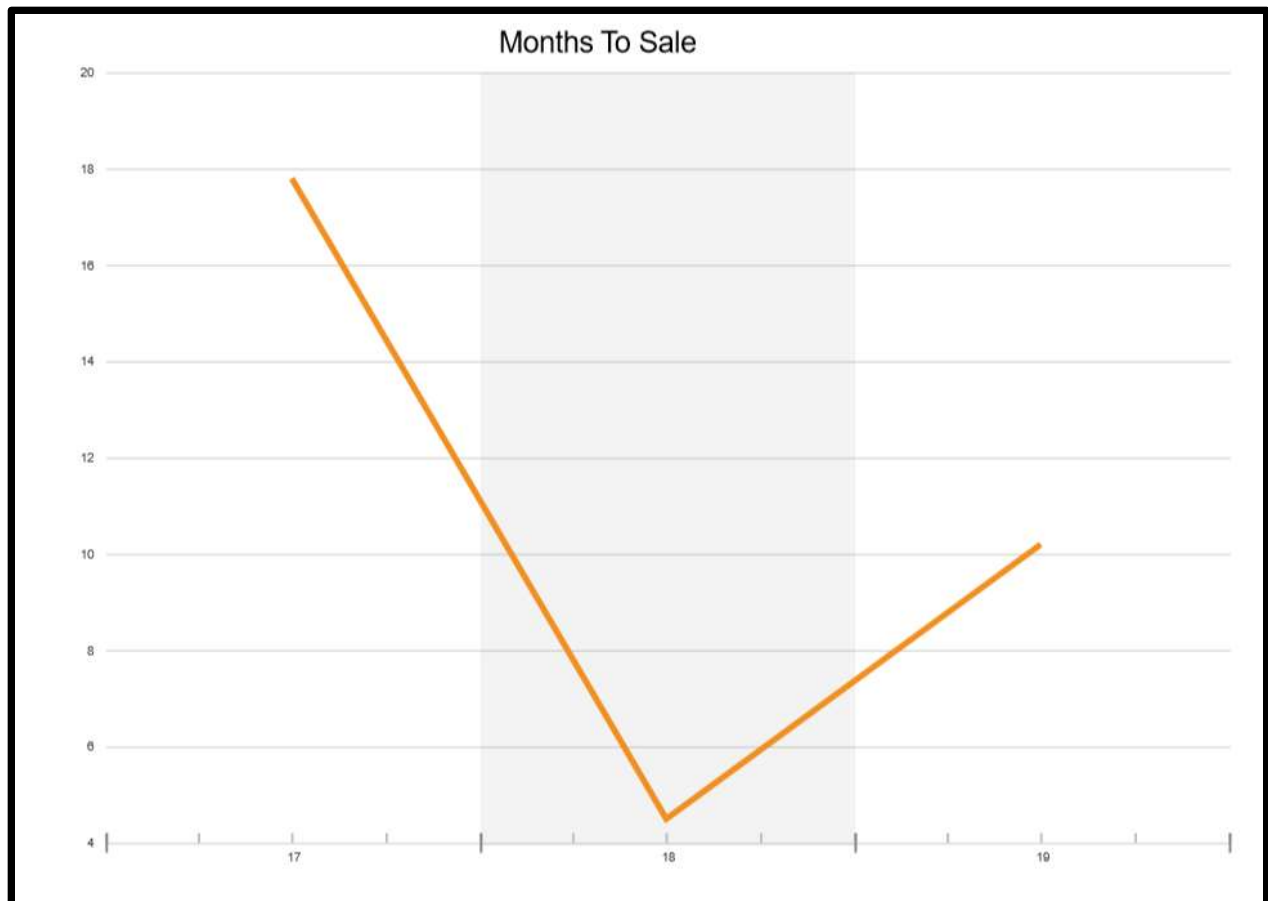
Discussions with local appraisers, bankers, and real estate brokers combined with sales of comparable properties, lead me to believe that a reasonable exposure time for a property such as the subject, would be approximately 6 to 12 months.

Refer to the following page for a table illustrating the typical months on the market for various sales of office and retail uses in the Anderson County, SC.

¹⁰*Statement on Appraisal Standards No. 6 (SMT-6), "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions, (USPAP 2016 - 2017 Edition) Appraisal Standards Board of The Appraisal Foundation.*

Exposure Time - Continued

Commercial Uses in Anderson County-Months to Sale



**Provided by Costar*

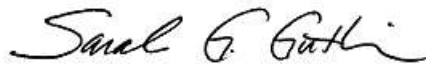
Certification

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We 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.
- We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- Sarah G. Guthrie, MAI and Allen D. McCravy, MAI have made personal inspections of the property that is the subject of this report.

Certification - Continued

- No one provided significant real property appraisal assistance to the persons signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Allen D. McCravy, MAI and Sarah G. Guthrie, MAI have completed the continuing education program of the Appraisal Institute.



Sarah G. Guthrie
State Certified General Real Estate Appraiser
SC Certificate No. CG 4581



Allen D. McCravy, MAI
State Certified General Real Estate Appraiser
SC Certificate No. CG 3617

November 26, 2019

Date

Appraiser's Qualifications

Allen D. McCravy, MAI

EDUCATION:

- Graduated Presbyterian College, B.S. in Business Administration, 1997.
- Appraisal Procedures, Charlotte, North Carolina, 1999.
- Appraisal Principles, Charlotte, North Carolina, 1999.
- Standards of Professional Practice – Part A, Greensboro, North Carolina, 1999.
- Standards of Professional Practice – Part B, Greensboro, North Carolina, 1999.
- Highest and Best Use Applications, 2000.
- Valuation of Detrimental Conditions, 2000.
- Basic Income Capitalization, 2000.
- General Applications, 2001.
- Advance Income Capitalization, 2001.
- Income Valuation of Small, Mixed-Use Properties, 2001.
- Appraisal of Eminent Domain Acquisitions, 2002.
- Highest and Best Use and Market Analysis, 2003.
- Advanced Sales Comparison & Cost Approach, 2003.
- Business Practices & Ethics, 2004.
- National USPAP Update, 2004.
- Report Writing, 2004.
- Advanced Applications, 2005.
- Standards of Professional Practice Update, Greenville, South Carolina, 2006.
- Inverse Condemnation, 2007.
- Analyzing Effects of Contamination on Real Property, 2011.
- Appraising the Appraisal, 2012.
- Fundamentals of Separating Real, Personal Property, and Intangible Business Assets, Columbia, South Carolina, 2012.
- Appraisal of Self Storage Facilities, 2014.
- Multiple other continuing education classes sponsored by the Appraisal Institute.

PROFESSIONAL AFFILIATIONS:

Member of Appraisal Institute with the MAI Designation
Board of Directors – Greer Chamber of Commerce (2006 – 2009)
President of Associate Council for the Appraisal Institute (2009)
Chairman of Education Committee SC Appraisal Institute (2012-2013)
Secretary of SC Chapter Appraisal Institute (2014)
Treasurer of SC Chapter Appraisal Institute (2015)
Vice President of SC Chapter Appraisal Institute (2016)
President of SC Chapter Appraisal Institute (2017)

COURT EXPERIENCE

Qualified as an expert witness in Circuit Court, Family Court, Master in Equity Court

LICENSED:

South Carolina, State Certified General - License No. CG 3617
North Carolina, State Certified General – License No. A7985
Georgia, State Certified General – License No. 364211
Texas, State Certified General – License No. 1380801

EMPLOYMENT:

September 2015-Current: Stone & Associates, Greenville, SC, Principal/Owner, Real Estate Appraiser/Consultant
February 1999-September 2015: Stone & Associates, Inc., Greenville, SC, Real Estate Appraiser/Consultant

APPRAISAL EXPERIENCE:

Appraisal experience consists of various types of income-producing properties, including office buildings, mixed-use properties, industrial properties, apartments, shopping centers and motel/hotel operations. Also appraised retail establishments, highway condemnation and unimproved land. Other specific properties include church structures, convenience stores, restaurant buildings, medical office buildings, converted residences, and manufacturing facilities.

Appraiser's Qualifications

Sarah G. Guthrie, MAI

EDUCATION:

- Graduated Clemson University, B.S. in Business Management, 2002
- Appraiser Principles
- Appraiser Procedures
- Appraiser Standards and Ethics
- Standards of Professional Practice
- Appraisal Methods
- Income Capitalization
- Appraisal Applications
- Business Practice and Ethics
- General Appraiser Income Approach Part 1
- General Appraiser Income Approach Part 2
- General Appraiser Market Analysis and Highest and Best Use
- Advanced Income Capitalization
- General Appraiser Report Writing and Case Studies
- Advanced Concepts and Case Studies
- Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets
- General Demonstration Report-Capstone Program
- National USPAP Update

PROFESSIONAL AFFILIATIONS:

Member of the Appraisal Institute with the MAI Designation
Appraisal Institute Leadership Development and Advisory Council-Representative for SC (2009)
Appraisal Institute Leadership Development and Advisory Council-Representative for SC (2010)
Appraisal Institute Leadership Development and Advisory Council-Representative for SC (2011)
Associate Member Chair of the SC Appraisal Institute (2012)
Vice Chair of the Education Committee SC Appraisal Institute (2015-2016)
Chair of the Education Committee SC Appraisal Institute (2017-2019)
Secretary of SC Chapter Appraisal Institute (2018)
Treasurer of SC Chapter Appraisal Institute (2019)

LICENSED:

South Carolina, State Certified General – License No. 4581
North Carolina, State Certified General - License No. A7573
Virginia, State Certified General – License No. 4001016356
Texas, State Certified General – License No. TX 1380800 G

EMPLOYMENT:

July 2016 – Present: Stone & Associates, Greenville, SC, Real Estate Appraiser
June 2008 – July 2016: Crider, Bouye & Goodwin, LLC, Greenville, SC, Real Estate Appraiser
February 2003 – June 2008: CAA Real Property Services, Inc., Greenville, SC, Real Estate Appraiser

APPRAISAL EXPERIENCE:

Appraisal experience consists of various types of income-producing properties including, but not limited to, office buildings, industrial properties, apartments, shopping centers and motel/hotel operations. Also appraised highway condemnation, retail establishments, convenience stores, medical offices, and unimproved land

Partial Listing of Company Clients

Lending Institutions

- Ameris Bank
- Arthur State Bank
- Bank of America
- Bank of Travelers Rest
- Bank One
- Bank Greenville
- Barclay's Business Credit, Inc.
- Bank of North Carolina
- Branch Banking and Trust Co.
- Capital Bank
- Capital Corporation
- Chemical Bank of New York
- Columbus Bank and Trust
- CertusBank
- County Bank
- First Citizens
- First National Bank of the South
- First Trust Mortgage Corporation
- First Savers Bank
- Fleet Funding
- Great Western Bank
- Greer State Bank
- Harris Bank
- Independence Bank
- LJ Melody
- Laureate Capital
- Magna Bank
- National Bank of South Carolina
- Palmetto Bank
- Park Sterling Bank
- Pinnacle Bank
- Professional Mortgage
- Regions Bank
- South Carolina Bank and Trust
- Southern First
- SunTrust Bank
- TD Bank, N.A.
- Wachovia/Wells Fargo
- WesBanco

Commercial and Other

- Alice Manufacturing
- American United Life Insurance Co.
- Belk Simpson Co.
- City of Anderson, SC
- City of Easley, SC
- City of Greenville, SC
- City of Greer, SC
- City of Simpsonville, SC
- City of Travelers Rest, SC
- Clemson University
- Coopers & Lybrand
- County of Greenville, SC
- Cryovac/Sealed Air
- Duke Power Company
- Elliott Davis
- Fidelity Mutual Life Insurance Co.
- Flagstar
- Greenville Hospital System
- Haynsworth, Marion, McKay & Guerard
- Jefferson Pilot Life Insurance Co.
- J. P. Stevens and Company, Inc.
- Love, Thornton, Arnold and Thomason
- Mays Department Stores
- McNair Law Firm
- Merrill Lynch
- Metropolitan Sewer District
- Mission Hospital
- National Housing Corporation
- Nature Conservancy
- Nelson, Mullins, Riley & Scarborough
- North Greenville College
- Saluda River Electric Cooperative, Inc.
- Santee Cooper Electric
- Smith, Moore, Leatherwood, LLP
- S.C. Dept. of Highways and Public
- S. C. Dept. of Natural Resources
- S. C. Master and Equity Court
- University of South Carolina
- USC Upstate
- U. S. Internal Revenue Service
- U. S. Postal Service
- Womble Carlyle Sandridge & Rice

Addenda



Date: November 7, 2019

Appraisal Order #: 19-004925-01-01

Allen McCravy, MAI
Stone & Associates, Inc.
1100A Rutherford Road
Greenville, SC29609

Dear Allen McCravy,

This is our request for a professional appraisal service, which requires your endorsement. The assignment must be prepared in accordance with South State Bank's Appraisal Policy and Guidelines. In addition, the appraisal must conform with the specific conditions indicated on the following pages.

Authorization: This is your authorization to proceed with the assignment.

Requestor: South State Bank

Confidentiality: The undersigned authority is your confidential client. You are to take all reasonable steps to ensure that you and your organization divulge no information concerning your report to any person other than the undersigned.

Transmittal: The following information has been provided to aid you in the assignment: (plans and specs, cost analysis, etc.)

Property Contact(s): John Wright Jr, Re Agent
Phone: 864-934-5261

BorrowerName(s): Fixed Asset - 513 E Greer St

Fee: \$1,700 **Due Date:** November 27, 2019

Property Location: 513 E Greer Street, Honea Path, SC29654

Parcel Number(s): 275-08-12-024-000

Property Description: Former bank branch

Property Type: Retail-Commercial - Free Standing Building-Bank Branch

Intended Use: The intended use of this appraisal is for loan underwriting, loan renewal and-or credit decisions by South State Bank and-or participants

Intended User: The intended users of this report is South State Bank and-or affiliates

Approaches to Value: All Applicable Approaches

Inspection Requirements: An interior and exterior inspection of the subject property is required. Please include a building sketch with field measurements, exterior and interior photos documenting layout and significant characteristics impacting market value. Photos of all comparables are required. Please include a copy of the most recent recorded plat or survey of the subject property and all land comparables in report. Measurements based

8.13017.0



on GIS information will not be accepted unless there are no legal documents recorded.

Taxes: The property taxes must be discussed and should include Assessor's estimate of Market Value, assessment and millage rates, payment status, any delinquent amount due and date. If current, next payment date and amount. Any potential escalation of the property taxes on the property being appraised due to state mandatory statutes concerning changes in taxes upon the sale of the property must be discussed and considered in the valuation process.

File Identification: Display the Client File number with the property information on the invoice, cover page, transmittal letter, and summary of salient facts page.

Marketing: The subject property history must include a discussion about the details and adequacy of the marketing effort, if applicable.

Report Requirements: A copy of the engagement letter, appraiser's qualifications and copies of current applicable state license cards will be included in the addenda. The report will include applicable assumptions and limiting conditions as well as a signed certification for each appraiser. Please include a copy of the most recent recorded deed, containing a legal description of the subject property, in the Addenda of the appraisal.

Additional Work Scope: None.

Report Type: Appraisal Report

Format: Narrative

<u>Appraisal Premise</u>	<u>Premise Qualifier</u>	<u>Property Interest</u>	<u>Comment</u>
Market Value	As-Is	Fee Simple	
Liquidation Value - 90-Days	Liquidation Value	Fee Simple	

Award Comments (If any): When completed, please upload an electronic copy of your report to the www.rimscentral.com web site, in addition to your instructions for hard-copy report distribution. Please also include the compliance checklist at the end of your report.

Hard Copy Distribution (if any): 0 Copy to:
Keith Bolte
South State Bank
817 Dave Gibson Blvd
Fort Mill, SC 29708

Job Manager Contact: Keith Bolte
Phone: 704-323-4316
Email: keith.bolte@southstatebank.com

Effective Date: The date of valuation must be within thirty (30) days of the date of delivery, unless instructed otherwise.

Appraisal Premise

As an additional requirement, this engagement letter must be signed and included in the addendum of your report.

Addressee: The reports are to be addressed to the undersigned.

8.1.3017.0



Conflict of Interest: All members and/or appraisal sub-contractors of your organization certify that they have no personal, business or other relationship with the subject property's ownership, or have attached an explanation disclosing the nature of such relationship(s). Further, your acceptance of this assignment certifies that you agree not to accept or pursue the appraisal, or related assignment, of the subject property, or other assignments with the subject property's ownership (excluding limited partners, who are not primary principals, and other financial institutions), for a period extending one year from the later of the effective date of the assignment, its delivery date, or the conclusion of ongoing or pending litigation, without prior written notification to South State Bank.

Commitment: It is our understanding that an electronic copy of the report and an original be submitted to the undersigned on or before 11/27/2019, together with your bill for services in the amount of \$1,700. Time is of the essence. You agree that if any problems are encountered that would delay completion of the assignment; you will notify this office immediately.

A \$100 per day fine will be imposed for appraisal reports not delivered as promised or without prior notice as outlined herein. This penalty does not apply to single family residential property appraisal or evaluations. If an appraisal or evaluation is not completed and received on or before the scheduled due date (unless otherwise notified), South State Bank reserves the right, at its sole discretion, to cancel your employment under this agreement, in which case no fee will be paid. Notwithstanding the right to cancel, South State Bank may at its sole discretion elect to accept the appraisal report subject to the late penalty previously stated.

Your appraisal report will be reviewed upon receipt by an association reviewer; and an outside professional appraisal review firm may be utilized. The assignment is not considered complete until these reviews reveal the report to be in compliance with the requirements of South State Bank's appraisal policies. Our request for additional support or clarification, based on these reviews should be performed expeditiously.

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 an appraisal report will comply with the most current USPAP and all guidelines specified.

All appraisal assignments completed for South State Bank are subject to review by South State Bank's authorized reviewers. Acceptance of an appraisal assignment from South State Bank indicates the signing appraiser(s) will cooperate with our reviewers in providing clarification or supplemental information to the report. Appraisers should respond to the reviewer in a timely manner. In the event South State Bank elects to pay the appraisal fee prior to the completion of the appraisal review process, the appraiser's obligation to cooperate during the review process may extend beyond the payment of the appraisal fee.

The signatory of this engagement letter must be a signatory to the assignment report and must inspect the property to be valued. Any changes to this agreement must be agreed to, in writing, by the undersigned.

Your acceptance of the appraisal assignment indicates the following:

- Certifies that neither you, nor your employees, nor appraiser associates have an interest in the real estate described in the engagement and/or appraisal order; and that neither you, nor your employees, nor appraiser associates have a personal, business or client relationship with either the owner or the prospective purchaser of the property identified.
- Certifies the competency of the signing appraiser(s) to complete this assignment in accordance with the Competency Provision in USPAP.
- Certifies the persons preparing and signing the appraisal report are appropriately state certified or licensed in the subject property's state. A copy of each signing appraiser's license(s) must be included in the addendum of the appraisal report.
- Certifies that you agree to provide appraisal services in accordance with South State Bank's appraisal policy.

FIRREA Appraisal Standards

For federally related transactions, all appraisals shall, at a minimum:

- (1) Comply with the Uniform Standards of Professional Appraisal Practice ("USPAP");
- (2) Be sufficiently informative to support the institution's lending decision;
- (3) Analyze and report deductions and discounts, when appropriate;

≈ 1.1017.0



- (4) State a Market Value estimate, as defined by this appraisal regulation;
- (5) Be performed by a State licensed or certified appraiser.

The following items should be included in every report:

- Signed copy of engagement letter
- Copy of appropriate state certifications in addenda
- Properly completed invoice

Please contact me at keith.bolte@southstatebank.com if you have any questions.

Sincerely,

Keith Bolte

This document was created 11/7/2019 6:30:27 AM\0 by Keith Bolte for South State 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.

≈ 1.50E7 B



ACCEPTED:

Stone & Associates, Inc.

A handwritten signature in black ink, appearing to read 'Allen McCravy', written over a horizontal line.

Allen McCravy

11-07/19

Date

8130170

E Record - Regus-Townsend + Thomas

170030193 12/11/2017 Bk: 13158 Pg: 216

NOTE TO RECORDER: Please index under the following (a) Park Sterling Bank, a North Carolina corporation; and (b) South State Bank, a South Carolina corporation;

STATE OF SOUTH CAROLINA)
)
)
COUNTY OF ANDERSON) **AFFIDAVIT OF MERGER**
) **("Affidavit")**

WHEREAS, Park Sterling Bank, a North Carolina corporation ("Park Sterling"), entered into and consummated a merger (the "Bank Merger") with South State Bank, a South Carolina corporation ("SSC"), pursuant to Articles of Merger filed with the South Carolina Secretary of State on November 30, 2017, a copy of which is attached hereto as Exhibit "A", and as further evidenced by Articles of Merger filed with the North Carolina Secretary of State, a copy of which is attached hereto as Exhibit "B";

WHEREAS, the Bank Merger was accomplished in accordance with the terms of that Agreement and Plan of Merger dated as of November 29, 2017;

WHEREAS, this Affidavit is being filed for record pursuant to South Carolina Code of Laws (1976), as amended, Section 33-4-104(a) to provide record notice of the Bank Merger; ;

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the undersigned after being duly authorized and empowered does hereby execute this Affidavit on behalf of South State, after being duly sworn, and certify as follows:


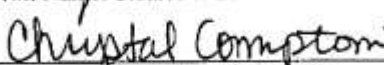
1. The undersigned affiant is Senior Vice President, Corporate Counsel, and has served in that capacity at all times relevant hereto.
2. Pursuant to an Agreement and Plan of Merger dated November 29, 2017, by and between South State Bank, a South Carolina corporation, and Park Sterling Bank, a North Carolina corporation, Park Sterling merged with and into South State Bank, with South State Bank being the surviving entity and as evidenced by the duly filed articles contained in Exhibit "A" and Exhibit "B" attached hereto.

3. This affidavit is provided to give record notice that all assets owned by or in the name of Park Sterling Bank are now deemed owned and effectively titled in South State Bank, a South Carolina state chartered banking corporation, including but not limited to real property, loan documents, mortgages, assignments of leases and rents, uniform commercial code filings and other liens or collateral positions which may have been previously owned or held by Park Sterling Bank.
4. This Affidavit shall be deemed to be effective as of November 30, 2017 at 11:59:59 PM Eastern Standard Time notwithstanding the execution date hereof.

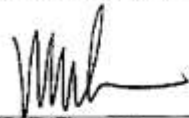
[SIGNATURE PAGE TO FOLLOW]

Executed this 29th day of November, 2017.

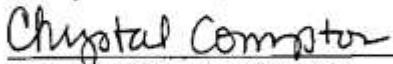
Witnesses:


Print Name: Stuart M. Lee

Print Name: Chrystal A. Compton

SOUTH STATE BANK

By: 
V. Nicole Comer, Senior Vice
President Corporate Counsel

Sworn to before me this
29th day of November, 2017.


Print Name: Chrystal A. Compton
Notary Public for South Carolina
My Commission Expires: April 1, 2024



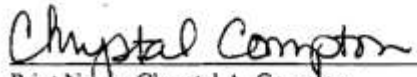
State of South Carolina)
)
County of Richland)

Notary Acknowledgement

I, Chrystal Compton, a Notary Public for the State of South Carolina, certify that V. Nicole Comer personally appeared before me this day and acknowledge that she is the Senior Vice President, Corporate Counsel of South State Bank, a South Carolina state chartered banking corporation and that she as Senior Vice President, Corporate Counsel of South State Bank, a South Carolina state chartered banking corporation, being authorized to do so, executed the foregoing instrument on behalf of the said corporation.

Witness my hand and office seal, this 29th day of November, 2017.




Print Name: Chrystal A. Compton
Notary Public for South Carolina
My Commission Expires: April 1, 2024

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EXHIBIT "A"

ARTICLES OF MERGER-SOUTH CAROLINA
PARK STERLING BANK INTO SOUTH STATE BANK

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STATE OF SOUTH CAROLINA
SECRETARY OF STATE

ARTICLES OF MERGER

Corporation – Domestic
Filing Fee – \$110.00

TYPE OR PRINT CLEARLY IN BLACK INK

Pursuant to S.C. Code of Laws § 33-11-105, the undersigned, as the surviving corporation in the Merger (as defined below), hereby submits the following information:

1. The name of the surviving corporation is **South State Bank**.
2. Attached hereto and made a part hereof is a copy of the Plan of Merger (see S.C. Code of Laws, Title 33, Ch. 11). Duplicate copies of the Plan of Merger must be attached in order for this form to be filed.

Attached hereto as Appendix A is a copy of the Agreement and Plan of Merger dated November 29, 2017, by and between South State Bank, a South Carolina banking corporation, and Park Sterling Bank, a North Carolina-chartered commercial bank.

3. Complete the following information to the extent it is relevant with respect to each corporation which is a party to the transaction:

(a) Name of the corporation: **Park Sterling Bank**.

Complete either (1) or (2), whichever is applicable:

- (1) ☐ Shareholder approval of the merger was not required (see S.C. Code of Laws § 33-11-103(h)).
- (2) ☒ The Plan of Merger was duly approved by shareholders of the corporation as follows:

Voting Group	Number of Outstanding Shares	Number of Votes Entitled to be Cast	Number of Votes Represented at the Meeting ⁽¹⁾	Total Number of Votes Cast FOR	Total Number of Votes Cast AGAINST
Common stock	28,051,098	28,051,098	28,051,098	28,051,098	0

*NOTE: Pursuant to S.C. Code of Laws § 33-11-105(a)(3)(ii), the corporation can alternatively state the total number of undisputed votes cast for the Plan of Merger separately by each voting group with a statement that the number cast for the plan by each voting group was sufficient for approval by that voting group.

⁽¹⁾ The merger was approved by written consent of Park Sterling Corporation, the sole shareholder of Park Sterling Bank.

SC Secretary of State
Mark Hammond

(b) Name of the corporation: South State Bank.

Complete either (1) or (2), whichever is applicable:

- (1) ☐ Shareholder approval of the merger was not required (see S.C. Code of Laws § 33-11-103(h)).
- (2) ☒ The Plan of Merger was duly approved by shareholders of the corporation as follows:

Voting Group	Number of Outstanding Shares	Number of Votes Entitled to be Cast	Number of Votes Represented at the Meeting ⁽¹⁾	Total Number of Votes Cast FOR	Total Number of Votes Cast AGAINST
Common stock	566,290	566,290	566,290	566,290	0

*NOTE: Pursuant to S.C. Code of Laws § 33-11-105(a)(3)(ii), the corporation can alternatively state the total number of undisputed votes cast for the Plan of Merger separately by each voting group with a statement that the number cast for the plan by each voting group was sufficient for approval by that voting group.

⁽¹⁾ The merger was approved by written consent of South State Corporation, the sole shareholder of South State Bank.

4. Unless a delayed date is specified, the effective date of this document shall be the date it is accepted for filing by the Secretary of State (see S. C. Code of Laws § 33-1-230(b)):

The merger shall become effective at 11:59 p.m. Eastern Time on November 30, 2017.

Date: November 30, 2017

South State Bank

Name of the Surviving or Acquiring Corporation



Signature and Office

Name: John F. Windley

Office: Chief Executive Officer and President

Type or Print Name and Office

Filing Checklist

- Articles of Merger (filed in duplicate)
- Attach a copy of the Plan of Merger
- \$110.00 made payable to the South Carolina Secretary of State
- Self-Addressed, Stamped Return Envelope
- Make sure the proper individual has signed the form (please see S.C. Code of Laws § 33-1-200(f)).

Corporate form filed with the Secretary of State should be signed by:

- (1) the Chairman of the Board of Directors, president or another of its officers
- (2) if directors have not been selected or the corporation has not been formed, by incorporators, or
- (3) if the corporation is in the hands of a receiver, trustee or other court appointed fiduciary, by that fiduciary.

- Return all documents to: South Carolina Secretary of State's Office
Attn: Corporate Filings
1205 Pendleton Street, Suite 525
Columbia, SC 29201

[Signature Page to Articles of Merger]

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Appendix A
Agreement and Plan of Merger
(see attached)

**AGREEMENT AND PLAN OF MERGER OF
SOUTH STATE BANK
AND
PARK STERLING BANK**

This Agreement and Plan of Merger (this "Agreement"), dated as of November 29, 2017, is made by and between South State Bank, a South Carolina banking corporation, and Park Sterling Bank, a North Carolina-chartered commercial bank. Each of South State Bank and Park Sterling Bank may be referred to individually as a "Party," or together as the "Parties."

WITNESSETH:

WHEREAS, South State Bank is a South Carolina banking corporation, all the issued and outstanding capital stock of which is owned as of the date hereof directly by South State Corporation, a South Carolina corporation ("South State");

WHEREAS, Park Sterling Bank is a North Carolina-chartered commercial bank, all the issued and outstanding capital stock of which is owned as of the date hereof directly by Park Sterling Corporation, a North Carolina corporation ("PSTB");

WHEREAS, South State and PSTB have entered into an Agreement and Plan of Merger, dated as of April 26, 2017 (as amended and/or supplemented from time to time, the "Merger Agreement"), pursuant to which, subject to the terms and conditions thereof, PSTB will merge with and into South State (the "Merger"), with South State surviving the Merger as the surviving corporation and as the direct parent of Park Sterling Bank;

WHEREAS, contingent upon the Merger, on the terms and subject to the conditions contained in this Agreement, the Parties intend to effect the merger of Park Sterling Bank with and into South State Bank, with South State Bank surviving the merger (the "Bank Merger"); and

WHEREAS, the board of directors of South State Bank and the board of directors of Park Sterling Bank deem the Bank Merger desirable and in the best interests of their respective banks, and have authorized and approved the execution and delivery of this Agreement and the transactions contemplated hereby.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the Parties do hereby agree as follows:

ARTICLE I

BANK MERGER

Section 1.01 The Merger. Subject to the terms and conditions of this Agreement, at the Effective Time (as defined below), Park Sterling Bank shall be merged with and into South State Bank pursuant to the provisions of, and with the effect provided in, applicable law. At the Effective Time, the separate existence of Park Sterling Bank shall cease, and South State Bank, as the surviving entity (the "Surviving Bank"), shall continue unaffected and unimpaired by the

Bank Merger. All assets of Park Sterling Bank as they exist at the Effective Time of the Bank Merger shall pass to and vest in the Surviving Bank without any conveyance or other transfer. The Surviving Bank shall be responsible for all of the liabilities of every kind and description of each of the merging banks existing as of the Effective Time of the Bank Merger.

Section 1.03 Closing. The closing of the Bank Merger will take place immediately following the Merger, or at such other time and date as specified by the Parties, but in no case prior to the Merger or the date on which all of the conditions precedent to the consummation of the Bank Merger specified in this Agreement shall have been satisfied or duly waived by the Party entitled to satisfaction thereof, at such place as is agreed by the Parties.

Section 1.05 Effective Time. Subject to applicable law, the Bank Merger shall become effective as of the date and time specified in the Articles of Merger filed with the Secretary of State of the State of South Carolina and, if required, with the Secretary of State of the State of North Carolina (such date and time being herein referred to as the "Effective Time").

Section 1.04 Articles of Association and Bylaws. The articles of association and bylaws of South State Bank in effect immediately prior to the Effective Time shall be the articles of association and the bylaws of the Surviving Bank, in each case until amended in accordance with applicable law and the terms thereof.

Section 1.05 Board of Directors. At the Effective Time, the board of directors of the Surviving Bank shall consist of (a) those persons serving as directors of South State Bank immediately prior to the Effective Time, (b) James C. Cherry and (c) one other current non-employee member of the board of directors of PSTB mutually agreed upon by South State and PSTB (it being understood that such non-employee member must be approved by the Governance Committee of the board of directors of South State).

Section 1.06 Name and Main Office. The name of the Surviving Bank shall be "South State Bank" and the main office of the Surviving Bank shall be at 520 Gervais Street, Columbia, South Carolina 29201.

Section 1.07 Tax Treatment. It is the intention of the Parties that the Bank Merger be treated for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended.

ARTICLE II

CONSIDERATION

Section 2.01 Effect on Park Sterling Bank Capital Stock. By virtue of the Bank Merger and without any action on the part of the holder of any capital stock of Park Sterling Bank, at the Effective Time, all shares of Park Sterling Bank capital stock issued and outstanding shall be automatically cancelled and retired and shall cease to exist, and no cash, new shares of common stock, or other property shall be delivered in exchange therefor.

Section 2.02 Effect on South State Bank Capital Stock. Each share of South State Bank capital stock issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding and unaffected by the Bank Merger.

ARTICLE III

COVENANTS

Section 3.01 During the period from the date of this Agreement and continuing until the Effective Time, subject to the provisions of the Merger Agreement, each of the Parties agrees to use all reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement.

ARTICLE IV

CONDITIONS PRECEDENT

Section 4.01 The Bank Merger and the respective obligations of each Party to consummate the Bank Merger are subject to the fulfillment or written waiver of each of the following conditions prior to the Effective Time:

- a. The approval of (i) the Federal Deposit Insurance Corporation, (ii) the South Carolina State Board of Financial Institutions and (iii) to the extent required, the North Carolina Commissioner of Banks, in each case with respect to the Bank Merger, shall in each case have been obtained and shall be in full force and effect, and all related waiting periods shall have expired, and all other material approvals and authorizations of, filings and registrations with, and notifications to, all governmental authorities required for the consummation the Bank Merger shall have been obtained or made and shall be in full force and effect, and all waiting periods required by law shall have expired.
- b. The Merger shall have been consummated in accordance with the terms of the Merger Agreement.
- c. No jurisdiction or governmental authority shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, judgment, decree, injunction or other order or law (whether temporary, preliminary or permanent) which is in effect and prohibits consummation of the Bank Merger.
- d. This Agreement shall have been approved by the sole shareholder of each of South State Bank and Park Sterling Bank.

ARTICLE V

TERMINATION AND AMENDMENT

Section 5.01 Termination. This Agreement may be terminated at any time prior to the Effective Time by an instrument executed by each of the Parties. Notwithstanding the approval of this Agreement by the sole shareholder of South State Bank or the sole shareholder of Park Sterling Bank, this Agreement will terminate automatically prior to the Effective Time upon the termination of the Merger Agreement. In the event of termination of this Agreement as provided in this Section 5.01, this Agreement shall forthwith become void and have no effect.

Section 5.02 Amendment. This Agreement may not be amended, except by an instrument in writing signed on behalf of each of the Parties.

ARTICLE VI

GENERAL PROVISIONS

Section 6.01 Representations and Warranties. Each of the Parties represents and warrants that this Agreement has been duly authorized, executed and delivered by such Party and (assuming due authorization, execution and delivery by the other Party) constitutes the legal, valid and binding obligation of such Party, enforceable against it in accordance with the terms hereof, except as such enforceability may be limited by (x) the effect of bankruptcy, insolvency, fraudulent transfer, reorganization, receivership, conservatorship, arrangement, moratorium or other laws affecting or relating to the rights of creditors generally or (y) the rules governing the availability of specific performance, injunctive relief or other equitable remedies and general principles of equity, regardless whether considered in a proceeding in equity or at law.

Section 6.02 Nonsurvival of Agreements. None of the agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time.

Section 6.03 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and sent by facsimile, by nationally recognized overnight courier service or by registered mail and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section 6.03 prior to 5:00 p.m. (New York City time) on a Business Day (as defined in the Merger Agreement), (ii) the Business Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section 6.03 later than 5:00 p.m. (New York City time) or at any time on a date that is not a Business Day, (iii) when received, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the Party to whom such notice is required to be given if sent by registered mail. The address for such notices and communications shall be as follows:

If to South State Bank, to:

South State Corporation
520 Gervais Street
Columbia, South Carolina 29201
Attention: John C. Pollok
Facsimile: (803) 531-0524

with a copy (which shall not constitute notice) to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Matthew M. Guest, Esq.
Facsimile: (212) 403-2000

If to Park Sterling Bank, to:

Park Sterling Bank
1043 East Morehead Street, Suite 201
Charlotte, North Carolina 28204
Attention: Donald K. Truslow
Facsimile: (704) 716-2138

with a copy (which shall not constitute notice) to:

McGuireWoods LLP
201 North Tryon Street
Suite 3000
Charlotte, North Carolina 28202
Attention: Chris Scheurer, Esq.
Facsimile: (704) 444-8772

Section 6.04 Interpretation. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section references are to this Agreement unless otherwise specified. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 6.05 Counterparts. This Agreement may be executed in two (2) or more counterparts (including by facsimile or other electronic means), all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the Parties and delivered to the other Party, it being understood that each Party need not sign the same counterpart.

Section 6.06 Entire Agreement. This Agreement (including any exhibits thereto, and the documents and instruments referred to in this Agreement) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter of this Agreement, other than the Merger Agreement.

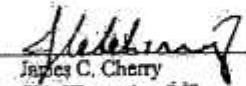
Section 6.07 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to any choice- or conflict-of-law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware; provided, that the North Carolina Business Corporation Act shall govern to the extent mandatorily applicable to North Carolina corporations and North Carolina banks, as applicable, and the South Carolina Business Corporation Act shall govern to the extent mandatorily applicable to South Carolina corporations and South Carolina banks, as applicable.

Section 6.08 Assignment. Neither this Agreement nor any of the rights, interests or obligations may be assigned by any of the Parties and any attempted assignment in contravention of this Section 6.08 shall be null and void.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in counterparts by their duly authorized officers and attested by their officers thereunto duly authorized, all-as of the day and year first above written.

PARK STERLING BANK


By: James C. Cherry
Title: Chief Executive Officer

SOUTH STATE BANK

By: John F. Windley
Title: President and Chief Executive Officer

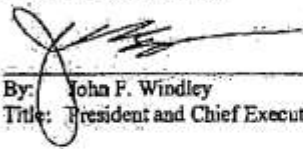
[Signature Page to the Agreement and Plan of Merger]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in counterparts by their duly authorized officers and attested by their officers thereunto duly authorized, all as of the day and year first above written.

PARK STERLING BANK

By: James C. Cherry
Title: Chief Executive Officer

SOUTH STATE BANK

By: 
Title: President and Chief Executive Officer

[Signature is Page to the Agreement and Plan of Merger]

EXHIBIT "B"

CERTIFICATE OF MERGER-NORTH CAROLINA
PARK STERLING BANK INTO SOUTH STATE BANK

STATE OF NORTH CAROLINA
DEPARTMENT OF SECRETARY OF STATE

ARTICLES OF MERGER

Pursuant to North Carolina General Statute Sections 55-11-05(a), the undersigned entity does hereby submit the following Articles of Merger as the surviving business entity in a merger between two or more business entities.

1. The name of the surviving entity is South State Bank, a corporation organized under the laws of South Carolina (the "Surviving Entity").
2. The address of the Surviving Entity is 520 Gervais Street, Columbia, South Carolina 29201, County of Richland.
3. The name of the merged entity is Park Sterling Bank, a corporation organized under the laws of North Carolina (the "Merged Entity").

The mailing address of the Merged Entity is 1043 East Morehead Street, Suite 201, Charlotte, North Carolina 28204, County of Mecklenburg.
4. The Agreement and Plan of Merger between the Surviving Entity and the Merged Entity has been duly approved in the manner required by law by each of the Surviving Entity and the Merged Entity.
5. These Articles of Merger will be effective at 11:59 p.m. Eastern Time on November 30, 2017.

This is the 30th day of November, 2017.

[Signature page follows]

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South State Bank has caused these Articles of Merger to be signed by the authorized officer below as of the date first set forth above.

SOUTH STATE BANK

By: 

Name: John F. Windley

Title: Chief Executive Officer and President

(Signature page to North Carolina Articles of Merger of Banks)



OFFICE OF THE COMMISSIONER OF BANKS

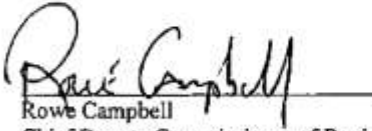
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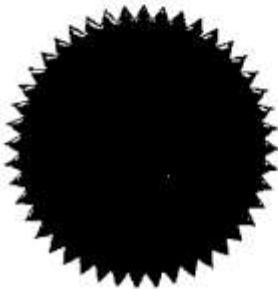
**CERTIFICATE OF AUTHORITY
FOR ARTICLES OF MERGER**

South State Bank, Columbia, South Carolina, a South Carolina state-chartered bank, and
Park Sterling Bank, Charlotte, North Carolina, a North Carolina state-chartered bank, have
submitted to me as Chief Deputy Commissioner of Banks for the State of North Carolina,
Articles of Merger between the said institutions for the purpose of merging Park Sterling Bank
into South State Bank with the surviving institution being South State Bank, pursuant to the
Supervisory Order of the Commissioner of Banks.

I hereby certify that these Articles of Merger were approved by the Office of the
Commissioner of Banks on the 9th day of October, 2017. Authority to file the Articles of Merger
is, therefore, granted.

This the 23rd day of October, 2017.


Rowe Campbell
Chief Deputy Commissioner of Banks



170030193 12/11/2017 02:18:25 PM
FILED, RECORDED, INDEXED
Bk: 13158 Pg: 216 Pages: 20
Rec Fee: 26.00 St Fee: 0.00
Co Fee: 0.00
REGISTER OF DEEDS, ANDERSON CO, SC
Wendy Reffel

Property Name:	Retail - Former Bank Branch	Project Number:	19-004925-01-01
Location:	513 E Greer Street	Borrower Name:	Fixed Asset
	Honea Path, SC 29654		
Appraiser(s) / Firm:	Stone & Associates	Assignment	Appraisal Report
	1100A Rutherford Road	/Report Type:	
	Greenville, SC 29609		

USPAP REQUIREMENTS		Compliance Page(s)
1.	Does the appraisal consider and analyze all agreements of sale, purchase options, or listings of the subject property current as of the effective date of appraisal. S.R. 1-5 (a)	YES 7-9
2.	Does the appraisal consider and analyze all sales of the subject property that occurred within the three years prior to the effective date of the appraisal. S.R. 1-5 (b)	YES 7-9
3.	Does the appraisal reconcile the quality and quantity of data available and analyzed within the approaches used, and reconcile the applicability or suitability of the approaches used to arrive at the value conclusions(s). S.R. 1-6 (a) (b)	YES 7-9
4.	Does the appraisal state the identity of the client and any intended users (except Restricted Appraisal Report). S.R. 2-2 (abc) (i).	YES 7-9
5.	Does the report state the intended use of the appraisal. S.R. 2-2 (abc) (ii)	YES 7-9
6.	Does the appraisal identify and state/summarize/describe the real estate being appraised. S.R. 2-2 (abc) (iii)	YES 7-9
7.	Does the report state the real property interest being appraised. S.R. 2-2 (abc) (iv)	YES 7-9
8.	Does the appraisal state the type and definition of value and its source. S.R. 2-2 (abc) (v)	YES 7-9
9.	Does the report state the effective date of the appraisal and the date of the report. S.R. 2-2 (abc) (vi)	YES 1
10.	Does the report state/summarize/describe sufficient information to disclose to the client and any intended users of the appraisal the scope of work used to develop the appraisal. S.R. 2-2 (abc) (vii)	YES 7-9
11.	Does the appraisal state all extraordinary assumptions and hypothetical conditions, and state that their use might have affected the assignment results. S.R. 2-1C, 2-2 (abc) (viii)	YES 2-6
12.	Does the appraisal describe/summarize/state the information analyzed, the appraisal procedures followed, and the reasoning that supports the analyses, opinions and conclusions. S.R. 2-2 (abc) (ix)	YES 10, 55
13.	Does the appraisal describe/summarize/state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal; and when reporting an opinion of market value, describe the support and rationale for the appraiser's opinion of Highest and Best Use of the real estate. S.R. 2-2 (abc) (x)	YES 51-54
14.	Does the appraisal state and explain any permitted departures from specific requirements of Standard 1, and the reason for excluding any of the usual valuation approaches. S.R. 2-2 (abc) (xi)	YES 2-6
15.	Does the appraisal contain a prominent use restriction (applicable for Restricted Appraisal Reports only). S.R. 2-2 (c) (xi)	YES N/A
16.	Does the appraisal include a signed certification in accordance with Standards Rule 2-3. S.R. 2-2 (abc) (xii)	YES 94-95
FIRREA REQUIREMENTS		YES/NO/N/A
A.	Does the appraisal conform to USPAP or stricter underwriting standards.	YES
B.	Does the written report contain sufficient information and analysis.	YES
C.	Do the analyses within the appraisal apply appropriate discounts/deductions for proposed construction or renovation, partially leased buildings, non-market lease terms, or tract developments with unsold units.	YES
D.	Does the appraisal include a definition of market value as defined in 12 CFR 34.42.	YES
E.	Was the appraisal performed by a state licensed or certified appraiser.	YES

Note: The above sections of this compliance checklist are intended to ensure that the appraisal meets the minimum requirements of the Uniform Standards of Professional Appraisal Practice and FIRREA. The scope of this work is not that of an appraisal review. Furthermore, this checklist is not required to conform to Standard 3 of the Uniform Standards of Professional Appraisal Practice. The reviewer does not make judgments on the analysis or conclusions within the report.

Initiated: SGG

Date: 11/26/2019



APPRAISAL COMPLIANCE CHECKLIST

Property Name: Retail - Former Bank Branch
Location: 513 E Greer Street
 Honea Path, SC 29654
Appraiser(s) / Firm: Stone & Associates
 1100A Rutherford Road
 Greenville, SC 29609

Project Number: 19-004925-01-01
Borrower Name: Fixed Asset
Assignment / Report Type: Appraisal Report

SOUTH STATE BANK REQUIREMENTS		Compliance Page(s)
1.	The type of inspection, i.e. Complete Interior & Exterior Inspection, Off-Site Observation, Exterior Access Only, as well as the Effective Date(s) of the inspection must be clearly and prominently set forth in the appraisal report.	YES 7-9
2.	The appraiser(s) conclusion of the most likely purchaser of the property, i.e. owner-occupant, local investor or entity, regional investor or entity, national / institutional investor or entity, REIT, public complex, etc. must be presented in the report.	YES 51-54
3.	The property taxes must be discussed and should include the Assessor's estimate of Market Value, assessment and millage rates, payment status, & any delinquent amount due and date. If current, please disclose the amount due for the current taxable year. Any potential escalation of the property taxes on the property being appraised due to state mandatory statutes concerning changes in taxes upon the sale of the property must be discussed and considered in the valuation process.	YES 49-50
4.	Display the Client File number (RIMS Project/Job #) with the property information on the Invoice, Cover Page, Transmittal Letter, and Summary of Salient Facts & Conclusions page.	YES Cover, Letter
5.	If the subject property is currently listed for sale or rent, a discussion about the details and adequacy of the marketing effort must be addressed.	YES 7-9
6.	A copy of the engagement letter, appraiser's qualifications and copies of current applicable state license cards will be included in the addenda.	YES Addenda
7.	The report will include applicable assumptions and limiting conditions as well as signed certification of value for each appraiser.	YES 2-6, 94-95
8.	The report includes a copy of the most recent recorded deed and plat of the subject property.	YES Addenda
9.	The report includes a minimum of three closed sale transactions in the Sales Comparison Approach to Value section of the report.	YES 56-73
10.	The report includes a minimum of three lease transactions in the Income Approach to Value. The rent survey must include but not be limited to, unit size and lease amounts, dates (commencement & expiration), terms (NNN, Mod. Gross, Gross, etc.), escalations and option(s) to renew.	YES 75-84
11.	The report includes photographs and a map of all sale and/or lease comparables.	YES 56-84
12.	A survey or recorded plat (if available) of all land comparables is provided in the report.	YES 38
13.	An "as built" survey or building sketch of the subject improvements is provided in the report.	YES 43
14.	The report includes the actual and effective age & total and remaining economic/useful life of the subject improvements.	YES 42
15.	Describe or summarize the four tests of Highest and Best Use, incorporating conclusions from inferred or fundamental analysis of market data. Please do not simply state the Highest and Best Use conclusion without support. If the Highest and Best Use of the property "As Improved" is different than the existing use, please call the RFP Contact for possible changes to the Scope of Work.	YES 51-54
16.	Overall capitalization rates must be supported by comparable sales from the market that have recently sold. At least two closed sales having capitalization rate information are required. Pending sales and listings are acceptable along with the two required close sales in an attempt to bracket the subject property. The two sales do not necessary have to be used in the Sales Comparison Approach, but must be sale of a relatively comparable property of similar utility as the subject.	YES 75-84
17.		YES
18.		YES

Note: This section of the compliance checklist is intended to ensure that the appraisal meets the minimum requirements of South State Bank Appraisal Guidelines and Reporting Requirements. The scope of this work is not that of an appraisal review. The reviewer is required to assure that these items are included in Appraisal Reports completed for South State Bank.

This Compliance Checklist was completed by: *Samuel G. Gathin* Date: 11/26/2019

BCD1252408

State of South Carolina
Department of Labor, Licensing and Regulation
Real Estate Appraisers Board

ALLEN DEAN MCCRAVY

Is hereby entitled in practice as a:
Certified General Appraiser

License Number: **3617**

Expiration Date: 06/30/2020
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Administrator

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State of South Carolina
Department of Labor, Licensing and Regulation
Real Estate Appraisers Board

SARAH G GUTHRIE

Is hereby entitled in practice as a:
Certified General Appraiser

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