

APPRAISAL REPORT OF:
TYRELL COUNTY FARM SERVICE CENTER BUILDINGS & EXCESS LAND
PARCELS C009-08-011A & C009-08-011
L.A. Keiser Road Columbia North Carolina



Prepared for:
Young Moore and Henderson, P.A
Attorneys At Law
Attn: Mr. Rudy L. Ogburn
P.O. Box 31627
Raleigh, NC 27622

Date of Valuation: November 21, 2017

Prepared by:
Coastal Carolina Group Inc. NC
223 Commerce Street, Suite E
Greenville, North Carolina 27858
252-756-4293

Paul A. Cuomo
N.C. Certified General Real Estate Appraiser A-7023

Coastal Carolina Group Inc.
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223 Commerce Street, Suite E Greenville N.C. 27858
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Telephone: (252) 756-4293

December 30, 2017

Young Moore and Henderson, P.A
Attn: Mr. Rudy L. Ogburn
P.O. Box 31627
Raleigh, NC 27622

RE: PARCELS: C009-08-011-A & C009-08-011

Dear Young Moore and Henderson, P.A Attn: Mr. Rudy L. Ogburn:

As requested, we have made an appraisal investigation of the above-referenced property.

Based on the data and analyses referenced in the attached report, the indicated value of the subject is as follows:

L. A. Keiser Road properties "as is" 11/21/2017 fee simple \$1,517,000 (R)

The value estimate is supported by the data and reasoning set forth in the attached report, and reflects prevailing economic conditions as of the date of the valuation. Your attention is invited to the Assumptions and Limiting Conditions set forth in the attached report.

The following appraisal report presents the most pertinent data gathered, the analysis, and the reasoning that support our value conclusions. This report is for the exclusive use of **Young Moore and Henderson, P.A** and its affiliates. It is not our intention for any other party to rely on this appraisal provided by Coastal Carolina Group Inc. Without prior written consent of the Coastal Carolina Group incorporated.

It is not our intention for any other party to rely on this appraisal provided by Coastal Carolina Group Inc.

The appraisal analysis, opinion and conclusions were developed, and this report has been prepared, in conformance with (and the use of this report is subject to) all regulations issued under the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation in Washington, DC. I certify that I have no present or contemplated future interest in the property appraised, and further, that this appraisal assignment was not made, nor was the appraisal rendered on the basis of a requested minimum valuation, specific valuation, or an amount, which would result in predetermined outcome. I further certify, as the appraiser, that I have completed all aspects of this valuation, including reconciling my opinion of value, free of influence from the client, client's representatives, or any other party to the transaction.

Respectfully submitted,



A handwritten signature in cursive script that reads "Paul Andrew Cuomo".

Paul Andrew Cuomo NC Certification No: A-7023

ASSIGNMENT INFORMATION #1 – Parcel C009-08-011, C009-08-011-A			
File No.:	PC 1966-1	Report Prepared By:	Paul A. Cuomo
Borrower:	Sandy Point Enterprises	Property Type:	Farm Service Center, Office Building, Excess land.
Property Name:	Farm Service Center / Excess land	Current Owner:	Sandy Point Enterprises
Street:	Highway 64 & L.A. Keiser Road Columbia	City/State/Zip Code:	Columbia, NC
County:	Tyrell		
Legal Description:	Deed Book 216 Page 148		

PROPERTY TAX INFORMATION						
Assessor's Parcel Number(s)	Land	Improvements	Total	Taxes	Special Assessments	Tax Year
C009-08-011-A	16.28 acres	None	City and County	\$ 7,462.84	N/A	2017
C009-08-011	4.30 acres	None	City and County	\$1.61	N/A	2017
Title Report was reviewed:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Comments: No title report was reviewed			

SALE, OPTION, LISTING, OFFER HISTORY		
Pending Sale Price: N/A	Anticipated Closing Date: N/A	Current Listed Price: N/A
Date Subject Listed: N/A	Listing Price Changes: N/A	Time on the Market: N/A
X According to the public records, there have been no sales of the subject property in the last 3 years.		
Analyze all sales of the subject property within the last 3 years, and current options, listings or offers to purchase.		
Comments: The most recent transaction regarding all of the subject parcels is recorded in Deed Book 216 Page 148 of the Tyrell County Registry recorded on March 31, 2008. The Grantor is stated as Alligator Enterprises Inc. The Grantee is stated as the Sandy Point Enterprises, Inc. Revenue stamps are stated as \$0.00 in consideration.		

MARKET AREA DESCRIPTION				
Surrounding Area	<input type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input checked="" type="checkbox"/> Rural	
Percent Built-Up	<input type="checkbox"/> Over 75	<input checked="" type="checkbox"/> 25-to-75	<input type="checkbox"/> Under 25	
Growth Rate	<input type="checkbox"/> Rapid	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Rural	
Neighborhood Composition	50% Commercial	% Industrial	% Office	% Retail
(Identify by Percentage)	25% Single Family	% Apartments	25% (specify: Vacant Land)	
Typical Property Condition	<input type="checkbox"/> Excellent	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Average	<input type="checkbox"/> Fair
Predominant Occupancy	<input checked="" type="checkbox"/> Owner	<input type="checkbox"/> Tenants	<input type="checkbox"/> 0 to 10%	<input type="checkbox"/> 10.1 to 20%
Evidence of Declining Occ.	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Comment Below)			
Prevalent Market Trend	<input type="checkbox"/> Growth	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Slow Decline	<input type="checkbox"/> Rapid Decline (Comment Below)
Overall Real Estate Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Slow Decline	<input type="checkbox"/> Rapid Decline (Comment Below)
Comments: The subject is located on the U.S. 64 Hwy corridor just outside the town limits of Columbia. This is the only Highway Commercial market in Tyrell County. This portion of Columbia is the only sub-market for commercial activity other than downtown Columbia. Development started in this corridor several years prior in the early 2000's. Development has sprawled some since with the development of private and government as well as institutional uses along this small area outside of town. Development is slow in the subject market. Columbia is a limited market with limited resources and alternatives for commercial growth. This pattern of cluster growth is limited due to scale and access to public utilities alike. However, the subject will benefit from the commercial traffic on U.S. 64 the OBX highway and the gateway to the Outer Banks of North Carolina. Columbia is the halfway point				

SITE DESCRIPTION	
Site	Area : 16.28 acres 4.30 acres Flood Zone : <input checked="" type="checkbox"/> Yes ; <input type="checkbox"/> No Designation: AE
Characteristics	Zoning: B-2 Earthquake Zone: <input type="checkbox"/> Yes; <input type="checkbox"/> No <input checked="" type="checkbox"/> Unknown
Current Improvements:	<input checked="" type="checkbox"/> Legal Conforming Use <input type="checkbox"/> Legal Non-Conforming Use <input type="checkbox"/> Illegal Use
Comments: (adverse easements, encroachments, special assessments, improvement district obligations, slide area, illegal or nonconforming use, etc. None observed	
The subject consists of 16.28 acres of commercial side of Columbia fronting the U.S. 64 Highway Approximately 1.0 acre is improved with the service center and annex office. The remainder of 15.28 acres is considered excess land... The site is within the Town of Columbia B-2 Zoning District. The highest and best use is for commercial use with the exception of the 4.30 acres of woodland which would be used for assemblage and does not appear practical to develop.	
The subject is located in a flood prone area as most of Tyrell County is low lying and flood prone. Improvements on site consist of 5,100 sft multi-tenant office as well as 1,528 sft office annex. Access to both of the improvements is via a driveway cut on LA Keiser Road with direct linkage to U.S. 64 Hwy. The excess land has 783 feet of road frontage on All improvements have paved and gravel parking areas as well as all public utilities to include public power, water, and public sewer provided by the Town of Columbia.	

CERTIFICATE OF APPRAISAL

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported contingent and limiting conditions, and is my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and have no personal interest or bias with respect to the parties involved.
- I have not performed appraisal or other professional services for the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- My compensation is not contingent upon the reporting or a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation; and the Code of Professional Ethics and Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- Samantha K. Harris (North Carolina Appraisal Board Registration Number T5671) has not made a personal inspection of the property that is the subject of this report.
- Samantha K. Harris (North Carolina Appraisal Board Registration Number T5671) provided significant professional assistance to the person signing this report. Ms. Harris assisted in finding market data, comparable sales data, assisted in formulating and writing the appraisal report, as well as assisted in calculating the market value of the subject.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the N.C Appraisal Board relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the requirements of the continuing education program of the N.C. Appraisal Board.

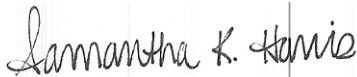


A handwritten signature in black ink, which appears to read "Paul Andrew Cuomo".

CERTIFICATE OF APPRAISAL

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported contingent and limiting conditions, and is my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and have no personal interest or bias with respect to the parties involved.
- I have not performed any appraisal or other professional services for the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
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- This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation; and the Code of Professional Ethics and Standards of Professional Appraisal Practice.
- Paul A. Cuomo A-7023 has made a personal inspection of the property that is the subject of this report.
- I have not made a personal inspection of the property that is the subject of this report.
- I have made provided significant professional assistance to Paul A. Cuomo A-7023. I assisted in finding market data, comparable sales data, assisted in formulating and writing the appraisal report, as well as assisted in calculating the market value of the subject.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Board of North Carolina.
- 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, I have completed the requirements of the continuing education program of the N.C. Appraisal Board.



Samantha K. Harris
Trainee Real Estate Appraiser
N.C. Registered Trainee No. T5671

ASSUMPTIONS AND LIMITING CONDITIONS

- 1) No responsibility is assumed for legal or title considerations. Title to the property is assumed good and marketable unless otherwise stated in this report.
- 2) The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
- 3) Responsible ownership and competent property management are assumed unless otherwise stated in this report.
- 4) The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
- 5) All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
- 6) It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
- 7) It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
- 8) It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been stated, defined, and considered in this appraisal report.
- 9) 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.
- 10) 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. No survey has been made for the purpose of this report.
- 11) It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

- 12) The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The appraiser's 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 unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them.

The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

- 13) Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
- 14) Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
- 15) The distribution, if any, of the total valuation in this report between land and improvements applied only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- 16) Possession of this report or a copy thereof does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event, only with proper written qualification and only in its entirety.

OVERVIEW OF THE APPRAISAL ASSIGNMENT

Client and Intended User

Young Moore and Henderson, P.A and its assigns are the intended users of this report. This report is not intended for the use of anyone other than the named client and its affiliates.

Date of Inspection/Value

The subject was inspected November 21, 2017. The intended effective date of value is November 21, 2017

Date of Report

December 30, 2017

Scope of Work

The *scope of work* encompasses the level of detail and documentation required by the appraiser to satisfy the purpose and premise of the appraisal. As indicated by the client, this assignment is for internal use for external valuation by the client. Therefore, the level of detail and documentation in this report has been tailored to meet the purpose of the assignment, including the type and definition of the value to be developed, and the credibility of the reported value conclusions.

This report reflects all necessary information about the subject, market conditions, and market data available for analysis and conclusions. The data obtained came from normal sources that include the County Tax Assessor's offices, Court House records, physical inspections, real estate brokers and agents, property owners, and parties familiar with the various properties and transactions. In addition, use was made of local MLS data as well as our extensive market research stored within our files and reference materials. Additional information about this assignment has also been retained in our file memoranda.

Purpose of the Appraisal

The purpose of this appraisal is to report the *market value* of the *fee simple estate* therein, of the subject property as of November 21, 2017 "as is".

Intended Use

This appraisal was prepared for **Young Moore and Henderson, P.A.** for the internal and external valuation purposes for Sandy Point Enterprises Inc. It is my intention for this report to comply with the Uniform Standards of Appraisal Practice (USPAP). This report is for the exclusive use by the named client and assigns. Coastal Carolina Group Inc. does not warrant any unauthorized use, nor is it our intention for another party to rely on this appraisal without prior written consent.

Competency Provision

The appraiser's specific qualifications are included within the Addenda of this report. These qualifications serve as evidence of my competence for the completion of this appraisal assignment in compliance with the competency provision contained within the Uniform Standards of Professional Appraisal Practice, as promulgated by the Appraisal Standards Board of the Appraisal Foundation. The appraiser's knowledge and experience, combined with their professional qualifications, are commensurate with the complexity of this assignment, based on the following:

- Professional experience
- Educational background and training
- Business, professional, academic affiliations and activities.

The Appraisal Process

The appraisal process is a systematic procedure by which the problem is defined; the work necessary to solve the problem is planned; and the data is collected, classified and analyzed to estimate a defined value. In defining the problem, this process must,

- Identify the property to be appraised
- Identify the property rights to be appraised
- Determine the date of the value estimate
- Understand the intended use of the report
- Define the value to be estimated
- Apply the appropriate methodology;
- Analyzed the comparable data to arrive at a probable range of value via each approach to value used in this report;
- Reconciled the results of each approach into a reasonable and defensible final estimate of value for the subject, as defined herein; and
- Estimated a reasonable exposure and marketing time associated with the property.
- State all other contingent and limiting conditions.

This appraisal and value conclusion reflect all pertinent known information about the subject, market conditions, and available data. The data obtained came from normal sources that include the County Tax Assessor's offices, Court House records, physical inspections, real estate brokers and agents, property owners, and parties familiar with the various properties and transactions. In addition, use was made of national and regional publications, as well as, my extensive market research stored within my files and reference materials.

Appraisal Report

According to the Uniform Standards of Professional Appraisal Practice, Standard Rule 2-2, each written real property appraisal report must be prepared as an Appraisal Report or Restricted Appraisal Report.

This is an *Appraisal Report*; which must, at a minimum, state the identity of the client and any intended users, by name or type; state the intended use of the appraisal; summarize information sufficient to identify the real estate involved in the appraisal, including the physical, legal, and economic property characteristics relevant to the assignment; state the real property interest appraised; state the type and definition of value and cite the source of the definition; state the effective date of the appraisal and the date of the report; summarize the scope of work used to develop the appraisal; summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained; 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; when an opinion of highest and best use was developed by the appraiser, summarize the support and rationale for that opinion; clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and state that their use might have affected the assignment results; and include a signed certification in accordance with Standards Rule 2-3.

Confidentiality Agreement

Acceptance and use of this appraisal is an implied confidentiality agreement between Coastal Carolina Group Inc. and the intended user and or named clients. Due to the nature of the appraisal industry, and most importantly, client and USPAP confidentiality requirements, the contents of this appraisal are considered confidential. In addition, the contents of this appraisal are also the intellectual property of Coastal Carolina Group Inc. not to be distributed without prior written agreement.

Property Rights Appraised

This appraisal is for the *fee simple estate* and will be valued accordingly.

Hypothetical Conditions

Hypothetical conditions is 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.

There are no hypothetical conditions in this report.

Extraordinary Assumptions

An extraordinary assumption is something that is assumed to be true, but it is not certain. If it turns out to be untrue, the value conclusion would be impacted. Extraordinary assumptions is 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.

There are extraordinary assumptions in this report

- 1. All income, rental and lease data has been given to the appraiser verbally via the owner's representative as well as some partial data from the client directly to the appraiser. It is assumed this data is correct and accurate.*
- 2. All land area relies of GIS for proximate boundary size of the parcels.*
- 3. The parent parcel is considered to be 16.28 acres. One acre is currently improved with the USDA Service Center and the Annex office building.*
- 4. The remainder of the unimproved commercial acreage or excess land is 15.28 acres.*
- 5. The woodlands are 4.30 acres per GIS.*

Special Instructions: The subject will be valued "as is".

SPECIFIC DEFINITION OF MARKET VALUE

The Specific Definition of Market Value:

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

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

Source: USPAP Advisory Opinions 2016-2017 Edition, Effective January 1, 2016 through December 31, 2017, Page 180. This Definition was taken from the agencies appraisal regulations prepared by the Office of the Comptroller of the Currency, Federal Reserve Board, Office of Thrift Supervision and the National Credit Union Administration.

FEE SIMPLE ESTATE

The Dictionary of Real Estate Appraisal 13th Edition defines Fee Simple Estate 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.”

LEASED FEE INTEREST

The Appraisal of Real Estate Appraisal 13th Edition defines Leased Fee Interest as: “An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.

Highest and Best Use

The Dictionary of Real Estate Appraisal 13th Edition defines Highest and Best Use as: “The reasonably probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible, and results in the highest value. The four criteria the highest and best use must meet are: legal permissibility, physical possibility, financial feasibility, and maximum productivity.

SUBJECT PHOTOS



U.S. 64 to L.A. Keiser Road





FARM SERVICE CENTER FRONT VIEW





PARKING LOT / SIDE VIEW OF SERVICE CENTER





SIDE AND REAR VIEW / SEPARATE METERED UNITS





SIDE AND REAR VIEW





Unit A: U.S. Dept. of Interior (U.S. Fish and Wildlife Service)
Unit B: Tyrell County Soil and Water Office





UNIT C & D USDA / Farm Service Agency



UNIT A (Interior view)



UNIT A / OFFICE / CONFERENCE ROOM



FRONT TO REAR INTERIOR VIEW





UNIT B / TYRELL COUNTY







UNIT C & D (USDA FARM SERVICE) CONNECTED UNITS / FRONT VIEW





CENTER OFFICE / VIEW





BREAK ROOM / WORK ROOM / FILE STORAGE





ANNEX OFFICE / FRONT VIEW / L.A. KEISER ROAD





FRONT / REAR / PARKING LOT VIEW





SIDE AND REAR VIEW





INTERIOR VIEW FRONT ENTRANCE / OFFICES





OFFICES





BATHROOM / OFFICE





CENTER VIEW / HALLWAY / OFFICES / SIDE ENTRANCE





WOODLANDS / FAR END OF PARCEL





WOODLANDS / FAR END OF PARCEL





U.S. 64 AND L.A. Keiser Road / EXCESS LAND





U.S. 64 / L.A. KEISER ROAD FRONTAGE





FRONT AND CENTER VIEWS





CENTRAL VIEW / TOWARDS USDA SERVICE CENTER BUILDING / SEWER LIFT STATION



IDENTIFICATION OF THE PROPERTY

The subject is identified by the Tyrell County Tax Department as parcels C009-08-011 & C009-08-011-A.

HISTORY OF THE PROPERTY

The most recent transaction regarding all of the subject parcels is recorded in Deed Book 216 Page 148 of the Tyrell County Registry recorded on March 31, 2008. The Grantor is stated as Alligator Enterprises Inc. The Grantee is stated as the Sandy Point Enterprises, Inc. Revenue stamps are stated as \$0.00 in consideration.

There have been no other sales or transfers of the subject property in the past 36 months other than previously stated as per a public records check with the Tyrell County Register of Deeds

DEED OF ANNEXATION

The subject was annexed into the Town of Columbia limits as per deed book 205 page 353 of the Tyrell County Registry as of July 20, 2005. The aforementioned deed is attached to the addenda of this report for a more perfect description.

LOCATION MAP – TYRELL COUNTY



LOCATION MAP – COLUMBIA



COLUMBIA

The area is predominately a mix of single family residences, multi-family residences, and light commercial & retail development, transected by US Highway 64 East.

Columbia is a rural town with a population of 891 persons as of the 2010 US Census. The median household income inside the town was \$20,588 with 33.7% of the population living below the federal poverty line as of 2010.

LAND USE

Land use in the neighborhoods of the parcels comprising the subject property consists primarily of residential neighborhoods with light retail and commercial uses interspersed among them. The area located in the U.S. 64 Highway just outside of Columbia is the central hub of commercial activity of Columbia and Tyrell County.

GROWTH PATTERNS

Growth in the area of the parcels comprising the subject property is approximately level. There has been a low volume of transfers of commercial use in the area. Most new or recent purchases or construction is owner occupied with few commercial investors in the market.

There have been no new residential subdivisions in the area that have sold a substantial percentage of lots within the last three years.

Primary employment in the area is in the agriculture, government, food service, and retail categories. There do not appear to be any indications of a shift in the predominant employment patterns in the immediate future. Growth patterns are presumed to remain stabilized in the near future with no expectation for change from the current status quo.

ZONING



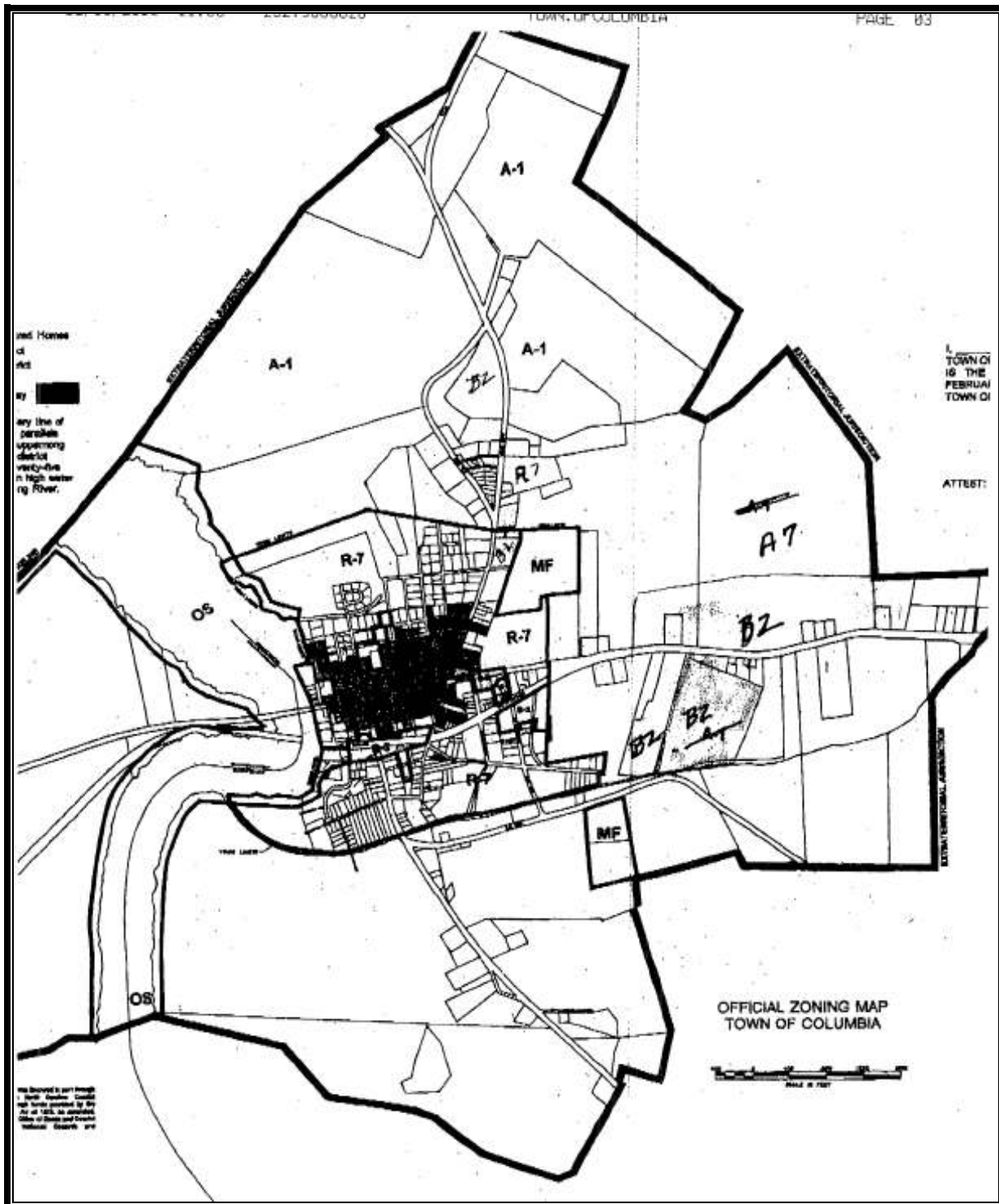
B-2 Highway Business District:

This district is defined as certain areas that are designed to serve both nonresidents and residents using the major arterials that run through or around the town. This district is designed to accommodate retail or service establishments customarily patronized by transient traffic as well as non-transient traffic.

**Source: Town of Columbia planning and zoning*

The subject was annexed into the Town of Columbia limits as per deed book 205 page 353 of the Tyrell County Registry as of July 20, 2005. The aforementioned deed is attached to the addenda of this report for a more perfect description.

ZONING MAP (Columbia NC)



TOPOGRAPHY AND DRAINAGE

The subject tract is level and at the grade of the surrounding roads. According to FEMA Flood Map 370232 Panel 8708J dated 01/16/2004; the subject is located in a flood zone. Zone AE. Census Tract 9601.00



DRAINAGE AND SOILS

Inspection of the subject revealed no visible evidence of hazardous materials nor was any such evidence brought to the attention of the appraiser by sight, hearsay, or any other means during the course of the subsequent investigation. A subsurface investigation was not made and since the appraiser is not qualified to detect environmentally hazardous substances, a complete soils study may be advisable. No known easements or encroachments affect the subject site other than the typical utility, drainage, and road right-of-way easements. No nuisances or hazards were observed in the immediate area that would prevent the current use.

ENVIRONMENTAL ISSUES

Coastal Carolina Group Inc. is not qualified to detect potentially hazardous materials such as mold, lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials, on or in the improvements. The existence of such substances may have an effect on the value of the property. For the purpose of this assignment, it is specifically assumed that there are no hazardous materials that would cause a loss in value unless otherwise stated

TAXES AND ASSESSMENT DATA

This data was confirmed with the Tyrell County Tax office. There are no known changes of the property tax rate anticipated at this time. Please refer to the attached exhibits from the Tyrell County Tax Collectors office in regards to the summary of assessed property tax values. All tax records and current tax bills are provided in the addenda of this report.

Refer to the report addenda for complete property tax cards regarding individual tax parcels.

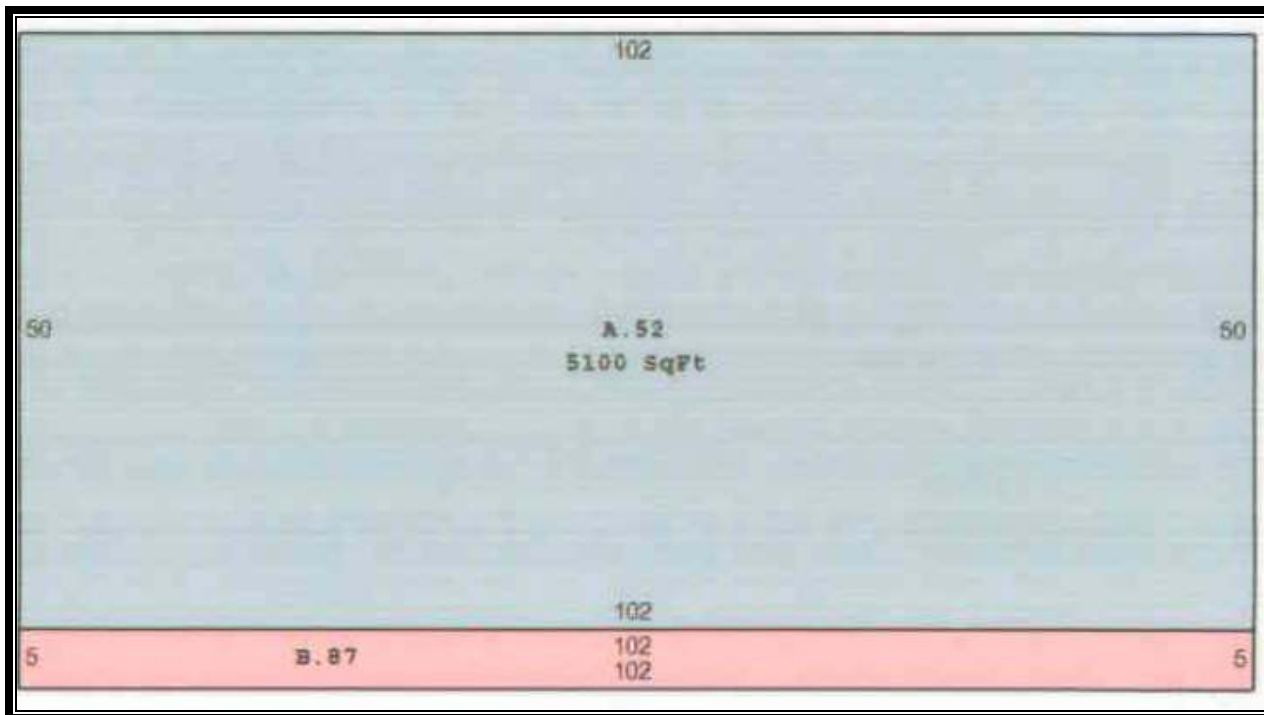
As per conversation with the Tyrrell County Tax Department on October 4, 2017 the following is the most recent information regarding the subject parcels current taxes owed.

C009 08 011 - \$1.61

C009 08 011A - \$7,462.84

DESCRIPTION AND ANALYSIS OF IMPROVEMENTS

OFFICE BUILDING IMPROVEMENT DESCRIPTION							
Bldg. No.	Floor	GBA (SF)	Year Built	Use & Type (specify)	% of Total	Remaining Econ. Life: 45	9 effective / remaining 45 9 years actual age
1	1	5,100	2008	One story multi-tenant facility	100%	Type of Construction: pre-engineered flex / office building.	Commercial office.
						Source of Area: Appraisal Measurement	Inspection
						Inspection(s) Made:	<input checked="" type="checkbox"/> Interior <input checked="" type="checkbox"/> Exterior inspection.
	Total living area	5,100 sft					
<p>Comments: (effect of physical characteristics on value – deferred maintenance, etc.): No deferred maintenance was observed.</p> <p>The subject is a one story steel frame pre-engineered metal framed masonry façade office building. The structure is a single story building with paved parking lot and side driveway access. The parking lot has forty marked spaces and two handicap spaces.</p> <p>The improvement is divided into four base units. Unit A & B is one thousand square feet each. Units A & B have five offices, reception, and one bathroom.</p> <p>Unit C & D is 3,100 sft combined into a single unit with an open floor plan. Other up-fit includes three offices, reception, kitchen, breakroom, file room, two bathrooms, and additional storage closets.</p> <p>The interior finish for all units is partitioned drywall with metal cased doors, drop ceilings, painted drywall, VCT flooring, vinyl cove base, wood trim. Each unit has separate electrical and central HVAC system. All units have their own bathrooms that are handicap accessible. The up-fit is similar to modern professional and government grade offices in the region. The layout and design have been customized for the U.S. Government.</p> <p>All of the units are maintained in above average condition and all units are under long term lease with the U.S. Government.</p>							



ANNEX OFFICE BUILDING IMPROVEMENT DESCRIPTION

Bldg. No.	Floor	GBA (SF)	Year Built	Use & Type (specify)	% of Total	Remaining Econ. Life: 40	10 effective / remaining 40 87 years actual age
1	1	1,528	1930	One story professional office	100%	Type of Construction: renovated to professional office 2008.	Commercial office.
						Source of Area: Appraisal Measurement	Inspection
						Inspection(s) Made:	<input checked="" type="checkbox"/> Interior <input checked="" type="checkbox"/> Exterior inspection.
	Total living area	1,528 sft					

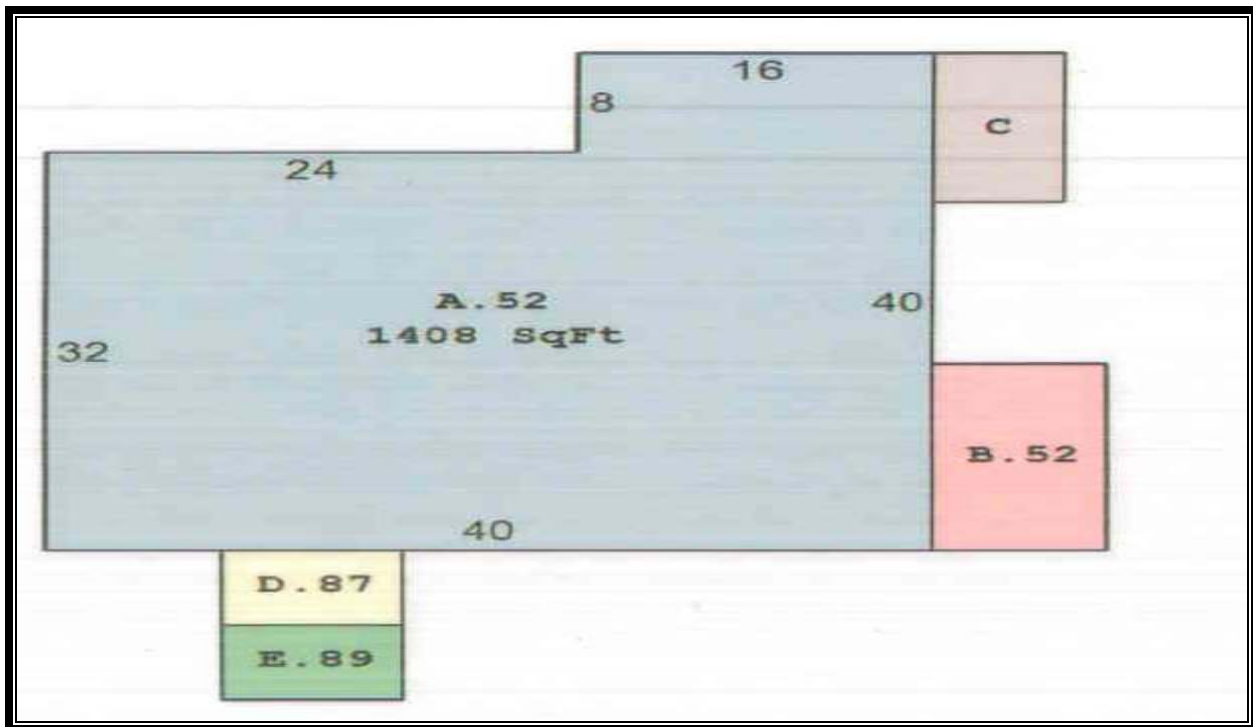
Comments: (effect of physical characteristics on value – deferred maintenance, etc.): No deferred maintenance was observed. The subject is a one story wood framed converted residential home to professional office (2008). The subject was completely renovated from the foundation to the attic. New roof, siding, windows, deck, handicap access ramp, HVAC, electrical, hot water heater, bathroom handicap accessible and renovated, carpet, tile, vinyl flooring, paint, fixtures. The improvement has been completely renovated to accommodate professional office use.

The structure is a single story building with partially paved as well as gravel parking lot and side driveway access. The parking lot has four marked spaces and one handicap space. In addition, there is handicap ramp and covered front porch.

The floor plan includes central reception, four offices, one handicap accessible bathroom, as well as a kitchenette

The interior finish for all units is partitioned drywall with wood cased doors, smooth ceilings, painted drywall, carpet, vinyl, and tile floors, wood trim.

The up-fit is similar to modern professional and government grade offices in the region. The layout and design have been customized for the U.S. Government or professional office use. The subject was most recently occupied by a local bank and chiropractor. The subject is currently vacant but is in the process of negotiation with a local tenant per the owner representative.



HIGHEST AND BEST USE

According to the Thirteenth Edition of The Appraisal of Real Estate, published by the Appraisal Institute, four common standards exist to help determine land or a site's highest and best use as vacant and improved. The highest and best use of land or a site must be:

1. **Physically Possible:** What uses of the subject tract of land or site are physically possible?
2. **Legally Permissible:** What uses of the subject tract of land or site are permitted by zoning or deed restrictions?
3. **Financially Feasible:** Which possible and permissible uses will produce the highest return to the owners of the subject tract of land or site?
4. **Maximally Productive:** The use that produces the highest price or value consistent with the rate of return warranted by the market for that use is the highest and best use.

The prior four standards are applied in order to the subject property both as vacant and as improved when applicable. To test the highest and best use as vacant and/or improved, all logical feasible alternatives are analyzed. Each alternative use must first meet the tests of legally permissible and physically possible. The uses that meet the first two tests then are analyzed to establish how many financially feasible alternatives must be considered. One use may be physically possible, but then not legally permissible. Only when there is a reasonable possibility that one of the prior, unacceptable conditions can be changed is it appropriate to proceed with the analysis.

HIGHEST AND BEST USE AS THOUGH VACANT

The highest and best use of the subject as vacant is for commercial use.

Legally Permissible: It appears that based on the preponderance of evidence that the subject site does comply with all Columbia zoning regulations. It is properly zoned as general commercial use under the current land use controls.

Physically Possible: The subject's size is sufficient to accommodate commercial use. There are no limits in regards to the topography or shape of the site or lots for general commercial use. The subject size and overall boundary appears adequate and meet all set back and height requirements for commercial use.

Financially Feasible: U.S. 64 Hwy and LA Keiser Road in Columbia has experienced stable planned development as well as general growth and new development over the past several years. There has been an established stable pattern of growth and retail development. Commercial development is the most feasible use of the site.

Maximally Productive: The maximally productive use of the subject is for commercial development. This will bring the highest known return to the land at this time.

HIGHEST AND BEST USE AS IMPROVED

The highest and best use of the subject as improved is for commercial use

Legally Permissible: It appears that based on the preponderance of evidence that the subject site as improved would be for commercial use. It is properly zoned as general commercial use under the current land use controls.

Physically Possible: The subject's size is sufficient to accommodate commercial improvement. There are no known impairments in regard to the topography or shape of the site or size. The subject size and overall boundary appears adequate and meet all set back and height requirements need for commercial improvement under the current zoning controls.

Financially Feasible: U.S.64 and L.A. Keiser Road in Columbia has experienced steady development as well as general growth and new development over the past several years. There has been an established stable pattern of growth and retail development in this neighborhood. Commercial development is the most feasible use of the site as improved.

Maximally Productive: Commercial improvement would maximize the four parts of the four pronged test needed to determine maximum productivity of the site.

No other alternative would appear to be a more productive or appropriate than commercial improvement.

HIGHEST AND BEST USE CONCLUSION

Since a limited feasibility study is within the scope of this appraisal assignment, only those reasonable and logical neighborhood alternatives will be analyzed.

However, no other clear and immediate alternative for the site is considered to be more appropriate than commercial development. The existing improvements on site have significant contributing value in terms of the leased fee and fee simple interest. These improvements represent the highest and best use of the land. The excess land currently vacant portion of the uplands has access to all public utilities, is zoned B-2, is ready from improvement. Its highest and best use is for future commercial development when economically feasible or ripe conditions exist for sale to and end user or developer for commercial development.

There is no other current demand or alternatively feasible need or desire for any other type of development that would be more appropriate than commercial development.

Therefore, the subject's highest and best use is for general commercial development as vacant and improved all four elements of Highest and Best use have been met or exceeded.

The 4.30 acre woodland portion of the subject does not appear to be suitable for development at this time. It is strictly assumed the land is wet and not feasible to develop. No other evidence has been presented to the contrary.

The highest and best use would be for detention of storm water or some form or greenway assemblage at this juncture.

Therefore, based on the primary data and preponderance of the market evidence the woodlands highest and best use is assemblage.

VALUATION – APPRAISAL METHODOLOGY

In the application of the various analytic appraisal methods, an approach to value is included or omitted based on its applicability to the property type being appraised and the quality and quantity of information available.

COST APPROACH

The Cost Approach is based on the premise that the informed buyer would pay no more for the property than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves new and or relatively new improvements, which represent the highest and best use of the land, or when relatively unique or specialized improvements are located on the site and for which there exist few sales or leases of comparable properties.

SALES COMPARISON APPROACH

The Sales Comparison Approach utilizes sales of comparable properties, adjusted for differences in characteristics, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as a price per acre, square foot, price per unit, and price per floor area, etc, or economic units of comparison such as gross rent or effective gross income multipliers. Adjustments are applied to the physical units of comparison derived from the comparable sales. The unit of comparison is then applied to the subject in the same manner as it was extracted from the comparables to estimate a total value.

INCOME APPROACH

The Income Approach reflects the subject's income-producing ability. This approach is based on the assumption that the value is created by the investor's expected benefits to be derived in the future. Specifically, the Income Approach estimates the value an investor would be willing to pay to receive an income stream plus the reversion over a specific period of time. The two principle techniques associated with the Income Capitalization Approach are Direct Capitalization and the Discounted Cash Flow (DCF) analysis.

SCOPE OF WORK & APPLICABLE VALUATION METHODOLOGY

The *scope of work* encompasses the level of detail and documentation required by the appraiser to satisfy the purpose and premise of the appraisal. As indicated by the client, this is assignment is for internal and external valuation.

The level of detail and documentation in this report has been tailored to meet the purpose of the assignment, including the type and definition of the value to be developed, and the credibility of the reported value conclusions.

In valuing the subject, the scope of this assignment calls for the appraiser to apply the most appropriate valuation method for the existing improvement.

The most rationale and predictable method of valuation is the Sales Comparison Approach to value for vacant land.

The Income Approach to value is developed as the subject improvements are leased fee investment property.

The Cost Approach to value is not considered relevant to the scope of work. Cost of the improvements is not relevant to current market conditions and would not be reliable for current value.

In conclusion, the most accurate determination of the subject value is the Sales Comparison and Income Approach are the most credible and applicable approaches to value.

In valuing the subject the comparison of the most recent and similar improved sales as well as comparable leased fee units is the most reasonable and transparent comparison to bring credible results in accordance with the scope of work.

The Sales Comparison Approach and Income Approach to value will be reconciled into a final opinion of value “as is”.

SALES COMPARISON APPROACH

PRINCIPLE OF SUBSTITUTION

The Sales Comparison Approach is based on the principal of substitution that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time.

APPLICATION OF THE UNIT OF MEASUREMENT

The Sales Comparison Approach utilizes sales of comparable properties, adjusted for differences in characteristics, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as a price per square foot, price per unit, per floor area, etc, or economic units of comparison such as gross rent or effective gross income multipliers. Adjustments are applied to the physical units of comparison derived from the comparable sales on a price per square foot. The unit of comparison is then applied to the subject in the same manner as it was extracted from the comparable sales to estimate a total value.

The unit of comparison is price per square acre.

LAND SALES SUMMARY TABLE

	Subject	Sale 1	Sale 2	Sale 3
	Sandy Point	U.S. 264 Hwy	1522 North Road Street	137 Jordan Plaza
Location :	Columbia	Washington	Elizabeth City	Elizabeth City
Recording Date		February-15	May-17	October-17
Sale Price		\$400,000	\$175,000	\$55,000
Size	15.280 acres	5.00	3.69	1.30
Price per acre		\$80,000.00	\$47,489.82	\$42,307.69

These sales indicate an unadjusted range in value from \$42,307.69 to \$80,000 per acre for commercial development land sales in North East North Carolina. In order to make the sales more comparable with the subject, adjustments have been considered for the following:

- Property Rights**
- Financing**
- Time/Market Conditions**
- Location**
- Size**
- Zoning**

LAND SALES LOCATION MAP



COMPARABLE COMMERCIAL LAND SALES

LAND SALE 1

Date: 02/06/15 **Deed Book:** 1864 **Page:** 236 **Stamps:** \$800 **County:** Beaufort
Grantor: Ophelia Dixon **Grantee:** Brenda Hardy
 Location: US 264 Hwy , Washington Beaufort County NC
 Sales Price: \$400,000 Confirmed by (Name): Deed, Tax records, buyer
 Finance: Cash to seller
 Condition of Sale and Reason Bought/Sold: Arm's Length bought for future development.

Present Use: Vacant Land Zoning: B-1
 Highest and Best Use: Development Site
 Size: 5.0 ACRES Shape Irregular Topography: Generally Level
 Existing R/W Area: N/A Area Cleared/Wooded: Cleared
 Soil Type: Unknown Drainage: Appears Adequate Available Utilities: All city utilities
 Access: US 264 Frontage US 264
 Improvement: N/A
 Lessor: N/A Lessee: N/A
 Rentable Area: N/A Rent: N/A V & C: N/A Expenses: N/A Term: N/A
 Unit Price: \$80,000 per acre Tax ID: 15028931

Other Pertinent Information:

Future site of Edge Water Motors. The site has a modular unit on it at the time of sales and some gravel site work. Was a used car lot. Modular unit was removed prior to sale. The subject is currently improved with a new car dealership building and service center.



LAND SALE 2

Date: 05/05/17 **Deed Book:** 1281 **Page:** 644 **Stamps:** \$350 **County:** Pasquotank

Grantor: Nannette Anthony **Grantee:** FIVE C's Inc.

Location: 1522 N Road Street, Elizabeth City NC

Sales Price: \$175,000 **Confirmed by (Name):** Tax records, grantee, deed, MLS

Financing: Cash to Seller

Condition of Sale and Reason Bought/Sold: Arm's Length; bought for future development.

Present Use: Unimproved lot at time of sale **Zoning:** C-1

Highest and Best Use: Commercial

Size: 3.685 ACRES **Shape:** Irregular **Topography:** Generally Level
160,518.6 SFT :

Existing R/W Area: N/A **Area Cleared/Wooded:** Cleared

Soil Type: SANDY LOAM **Drainage:** Appears Adequate **Available Utilities:** ETW&S

Access: Road Street **Frontage:** Road Street

Improvements: None at time of sale

Lessor: N/A **Lessee:** N/A

Rentable Area: N/A **Rent:** N/A **V & C:** N/A **Expenses:** N/A **Term:** N/A

Unit Price: \$47,489.82 per acre **Tax ID:** 891503333200

Other Pertinent Information:

Manufactured home sales lot. No permanent improvements site except for utilities and small portion of a paved parking lot. All mobile homes including the sales office were removed prior to closing.



LAND SALE 3

Date: 10/23/17 **Deed Book:** 1294 **Page:** 696 **Stamps:** \$110 **County:** Pasquotank
Grantor: First South Bank **Grantee:** VGEC LLC
Location: 137 Jordan Plaza, Elizabeth City NC
Sales Price: \$55,000 **Confirmed by (Name):** Tax records, grantee, deed, MLS
Finance : Cash to Seller
Condition of Sale and Reason Bought/Sold: Arm's Length; bought for future development.

Present Use: Unimproved lot at time of sale **Zoning:** C-1
Highest and Best Use: Commercial
Size: 1.3 ACRES **Shape** Irregular **Topography:** Generally Level
56,628 SFT **Area Cleared/Wooded:** Cleared
Existing R/W Area: N/A **Soil Type:** SANDY LOAM **Drainage:** Appears Adequate **Available Utilities:** ETW&S
Access: Jordan Plaza **Frontage:** Jordan Plaza
Improvements: None at time of sale. Out parcel on Jordan Plaza.

Lessor: N/A **Lessee:** N/A
Rentable Area: N/A **Rent:** N/A **V & C:** N/A **Expenses:** N/A **Term:** N/A
Unit Price: \$42,307.69 per acre **Tax ID:** 891310368413

Other Pertinent Information:

This sale was an REO resale by First South Bank.



SALES COMPARISON ANALYSIS & ADJUSTMENT GRID

Subject	Sale 1	Sale 2	Sale 3	
	Sandy Point	U.S. 264 Hwy	1522 North Road Street	137 Jordan Plaza
Location :	Columbia	Washington	Elizabeth City	Elizabeth City
Recording Date		February-15	May-17	October-17
Sale Price		\$400,000	\$175,000	\$55,000
Size	15.280 acres	5.00	3.69	1.30
Price per acre		\$80,000.00	\$47,489.82	\$42,307.69
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple
Percent Adjustment		0.0%	0.0%	0.0%
Dollar Adjustment		\$0.00	\$0.00	\$0.00
Adjusted Price		\$80,000.00	\$47,489.82	\$42,307.69
Financing Terms		Market	Market	Market
Percent Adjustment		0.0%	0.0%	0.0%
Dollar Adjustment		\$0.00	\$0.00	\$0.00
Adjusted Price		\$80,000.00	\$47,489.82	\$42,307.69
Time/Market Conditions				
Appraisal Date	11/21/2017			
Months Elapsed	-----	34	7	1
Annual % Adj.	0.00%			
Percent Adjustment		0.0%	0.0%	0.0%
Dollar Adjustment		\$0.00	\$0.00	\$0.00
Adjusted Price		\$80,000.00	\$47,489.82	\$42,307.69
Location		Superior	Superior	Superior
Percent Adjustment		-10.0%	-10.0%	-10.0%
Size 15.280 acres (Excess land)		5	4	1
Percent Adjustment		-10.0%	-10.0%	15.0%
Access / frontage		Similar	Similar	Similar
Percent Adjustment		0.0%	0.0%	0.0%
Topography / Woodlands ratio		Superior	Superior	Superior
Percent Adjustment		-5.0%	-5.0%	-5.0%
Zoning		Similar	Similar	Similar
Percent Adjustment		0.0%	0.0%	0.0%
Utilities		Similar	Similar	Similar
Percent Adjustment		0.0%	0.0%	0.0%
Net Percent Adjustment		-25.0%	-25.0%	0.0%
Adjusted Price		\$60,000.00	\$35,617.37	\$42,307.69
Minimum.....	\$35,617.37	Subject Size 15.280		
Maximum.....	\$60,000.00	Value \$50,000 per acre		
Mean (avg.).....	\$45,975.02	15.290 ac x 49,000 ac = \$750,000		
Standard Deviation.....	\$12,598.22	Value \$750,000 (R)		

RECONCILIATION

The comparable sales are derived from the market and are considered to be the most recent and proximate to the subject in the North Eastern Region of North East North Carolina. Sales of these types of properties do not move with great frequency.

Comparable sale two is an REO resale by a local bank. While these sales are infrequent they do occur. This is a limited market with limited sales. REO sales are part of the market but no adjustment is required for market condition.

Columbia and the North East Market is a limited and unique market. The North East has limited resources and awkward geography. Most of the activity in the North East is consolidated into the City of Washington, Town of Plymouth, Town of Edenton, Town of Camden, Town of Moyock, and Elizabeth City as the core centers of market activity. The North East Market is one of the largest in terms of land mass but is sparsely populated.

Due to sparse population limited sales and general geographic disposition, sales are infrequent in the speculative market for commercial land.

Comparable sales are superior in location. Washington and Elizabeth City have superior and more active markets.

Adjustment for size is based on the economy of scale. Comparable sales one, two, and three are adjusted downward for smaller size. This is not uncommon in the North East Region with limited commercial sales there is limited sample in terms of sizing to exact matched pairs.

All sales are considered equal in terms of access and road frontage. No adjustment is required. Adjustment is required for topography. Comparables have superior topographical disposition none of the comparables are close to flood prone or low lying areas. All comparables are adjusted downward for superior topography.

With regard to zoning and physical are comparables equal and have similar commercial zoning with similar general restriction, set back, and permissible uses.

Comparable sales all have equal access to all public utilities. No adjustment is warranted. In conclusion, the comparable sales used are the most recent, similar, and proximate to the subject in the North East Market.

The most emphasis for reconciliation falls primarily between sales one and three and supported in kind by comparable two.

The subject is believed to have typical market appeal due to its prime location on U.S. 64 Highway in the commercial district.

Based on the aforementioned the final opinion of value is considered to be \$49,000 per acre.

Refer to the final reconciled value below.

UNIT OF COMPARISON ON A PER ACRE BASIS:

APPLIED TO SUBJECT

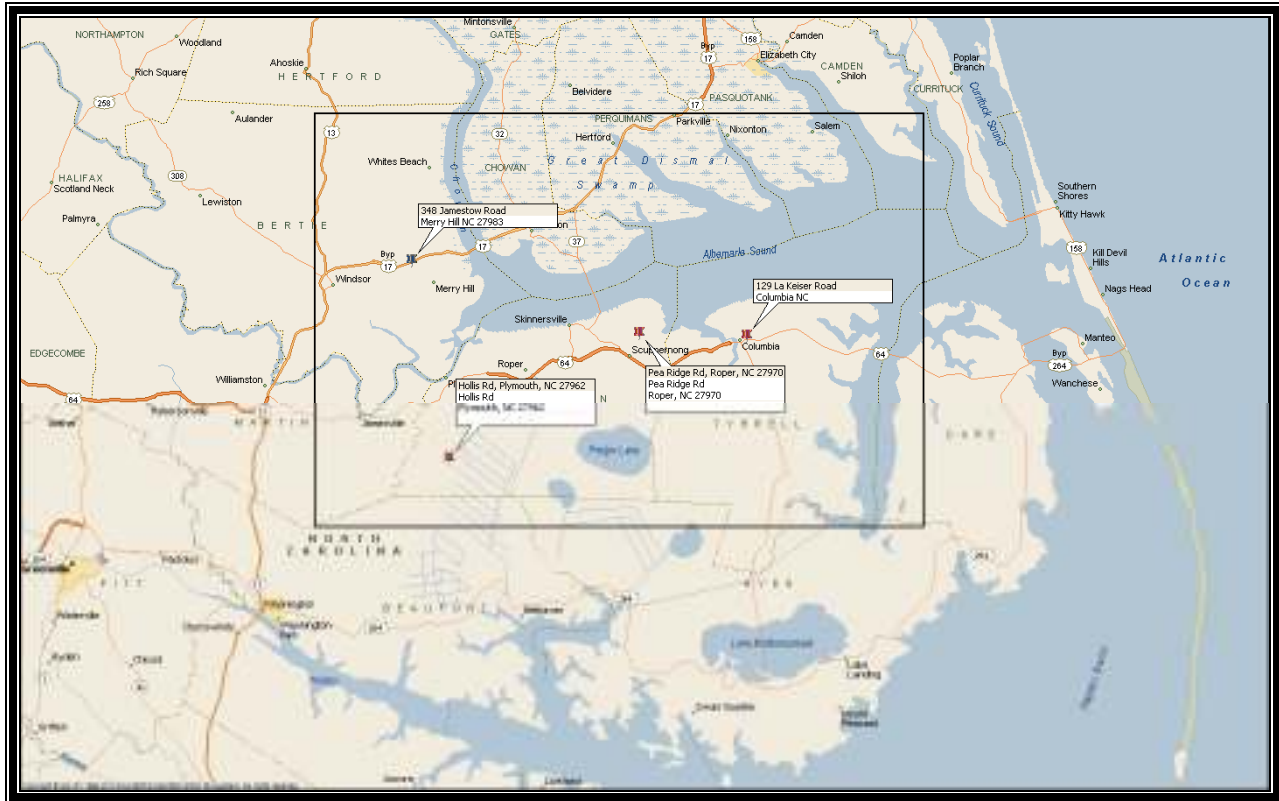
15.280 ACRES / EXCESS LAND X \$49,000 PER ACRE = \$750,000 (R)

FINAL VALUE: "AS IS"

\$750,000 (R)

WOODLAND SALES SUMMARY TABLE

These sales indicate an unadjusted range in value from \$995.82 to \$1,799.53 per acre for woodland sales in North East North Carolina.



COMPARABLE WOODLAND SALES

WOODLAND SALE 1

Date: 04/23/15 **Deed Book:** 492 **Page:** 851 **Stamps:** \$100 **County:** Washington
Grantor: Ronald Harrison Family, LLC **Grantee:** B5, LLC
Location: Pea Ridge Road, Creswell, NC 27928
Sales Price: \$50,000 Confirmed by (Name): Tax Office, Deed, MLS
Finance: Cash or Cash Equivalent
Condition of Sale and Reason Bought/Sold: Arm's Length / Woodlands
Present Use: Timber Zoning: Residential/Agricultural
Highest and Best Use: Timber
Size: 50.21 ACRES Shape Irregular Topography: Generally Level
Existing R/W Area: N/A Area Cleared/Wooded: Wooded
Soil Type: Sandy Loam Drainage: Appears Adequate Available Utilities: ETW
Access: Pea Ridge Road Frontage Pea Ridge Road
Improvement: None
Lessor: N/A Lessee: N/A
Rentable Area: N/A Rent: N/A V & C: N/A Expenses: N/A Term: N/A
Unit Price: \$995.82 / Acre Tax ID: 5779

Other Pertinent Information:



WOODLAND SALE 2

Date: 02/20/14 **Deed Book:** 937 **Page:** 597 **Stamps:** \$200 **County:** Bertie
Grantor: Richard P. & Joncel Hughes **Grantee:** Philip C. & Virginia A. Van Dongen
Location: 348 Jamestown Rd, Merry Hill, NC 27983
Sales Price: \$100,000 **Confirmed by (Name):** Tax Office, Deed, MLS
Finance: Cash or Cash Equivalent
Condition of Sale and Reason Bought/Sold: Arm's Length; Woodlands / Recreation
Present Use: Recreational/Hunting **Zoning:** None
Highest and Best Use: Timber
Size: 55.57 ACRES **Shape:** Irregular **Topography:** Generally Level
Existing R/W Area: N/A **Area Cleared/Wooded:** Cleared
Soil Type: Sandy Loam **Drainage:** Appears Adequate **Available Utilities:** ETW
Access: Jamestown Road/Easement **Frontage:** None
Improvement: None
Lessor: N/A **Lessee:** N/A
Rentable Area: N/A **Rent:** N/A **V & C:** N/A **Expenses:** N/A **Term:** N/A
Unit Price: \$1,799.53 / Acre **Tax ID:** 30786

Other Pertinent Information:



WOODLAND SALE 3

Date: 05/08/15 **Deed Book:** 493 **Page:** 120 **Stamps:** \$800 **County:** Washington
Grantor: Shirley G. Dinardo, et. Al. **Grantee:** B5, LLC
Location: Hollis Road, Pinetown, NC 27865
Sales Price: \$400,000 Confirmed by (Name): Tax Office, Deed, MLS
Finance: Cash or Cash Equivalent
Condition of Sale and Reason Bought/Sold: Appears Arm's Length; Timber
Present Use: Timber Zoning: Residential/Agricultural
Highest and Best Use: Timber
Size: 343 ACRES Shape Irregular Topography: Generally Level
Existing R/W Area: N/A Area Cleared/Wooded: Wooded
Soil Type: Sandy Loam Drainage: Appears Adequate Available Utilities: ETW
Access: Hollis Road Frontage Hollis Road, Long Ridge Road
Improvement: None
Lessor: N/A Lessee: N/A
Rentable Area: N/A Rent: N/A V & C: N/A Expenses: N/A Term: N/A
Unit Price: \$1,166.18 Tax ID: 7194

Other Pertinent Information:



RECONCILIATION

Woodland sales less than five acres are non-existent in the Town of Columbia. The subject is 4.30 acres of woodland that is surplus land with no foreseen development potential.

The subjects highest and best use would be for storm water detention, buffer, or general green space to enhance the development of the adjacent commercial parent tract.

Woodland that has little to no commercial or significant residential or general development value other than assemblage and recreation, generally sell at a market range of \$1,000 to \$1,800 per acre.

Due to the subjects location and ability to assemble to an existing commercial tract its utility is somewhat greater in terms of the ability to handle surface runoff or serve as a natural detention buffer.

Due to its location and potential for limited utility that is slightly above average the subject is reconciled at \$1,500 per acre at the mid-point of the range.

UNIT OF COMPARISON ON A PER ACRE BASIS:

APPLIED TO SUBJECT

4.30 ACRES / EXCESS LAND X \$1,500 (R) PER ACRE =\$6,500 (R)

FINAL VALUE: "AS IS"

\$6,500 (R)

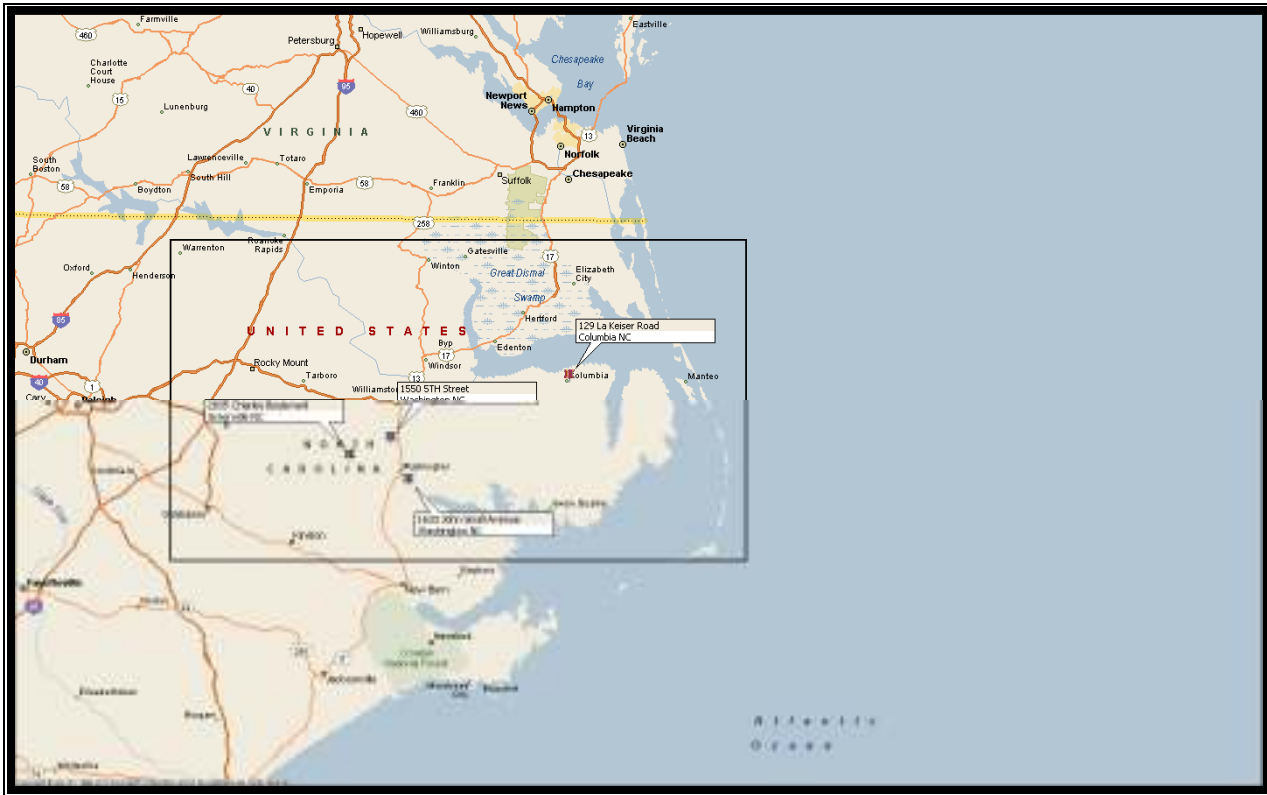
COMPARABLE SALES SUMMARY TABLE

Subject	Sale 1	Sale 2	Sale 3	
Identification:	L.A. Keiser Road	1633 John Small Avenue	1550 5th Street	2835 Charles Blvd.
Location :	Columbia	Washington	Washington	Greenville
Recording Date	-----	December-14	December-12	September-17
Sale Price	-----	\$1,020,000	\$377,000	\$1,910,000
Size sqft	6,628.00	6,440.00	4,084.00	11,600.00
Price/Square Foot		\$158.39	\$92.31	\$164.66

These sales indicate an unadjusted range in value from \$92.31 to \$164.66 per square foot for investment grade institutional office. In order to make the sales more comparable with the subject, adjustments have been considered for the following:

- Property Rights
- Financing
- Time/Market Conditions
- Location
- Size
- Zoning
- Design
- Quality, Condition & Up fit

IMPROVED SALES LOCATION MAP



GREENVILLE COMPARABLE OFFICE SALES

IMPROVED SALE 1

Date: 12/09/14 **Deed Book:** 1860 **Page:** 957 **Stamps:** \$2040 **County:** Beaufort
Grantor: Paradigm Development Group, LLC **Grantee:** Allen & Helen Michael
 Location: 1633 John Small Ave., Washington NC
 Sales Price: \$1,020,000 Confirmed by (Name): Tax Office, Deed, MLS, Owner: AR Chesson
 Finance: Cash to Seller
 Condition of Sale and Reason Bought/Sold: Length for professional office use. U.S. Government office

Present Use: Office Zoning: O & I
 Highest and Best Use: Commercial
 Size: 6,440 SFT Shape: Rectangular Topography: Generally Level
 Existing R/W Area: 0.97 acres Area Cleared/Wooded: Cleared
 Soil Type: Sandy Loam Drainage: Appears Adequate Available Utilities: ETW&S
 Access: John Small Ave Frontage: John Small Ave
 Improvement: 6,400 sft professional office. Regional Social Security office for U.S. Government.

Lessor: N/A Lessee: N/A
 Rentable Area: N/A Rent: N/A V & C: N/A Expenses: N/A Term: N/A
 Unit Price: \$158.39 per sft Tax ID: 5685-88-7688

Other Pertinent Information:

Social Security Administration office. This office is currently leased to the Social Security Administration under a long term lease.



IMPROVED SALE 2

Date: 12/24/12 **Deed Book:** 1804 **Page:** 187 **Stamps:** \$754 **County:** Beaufort
Grantor: Rick and Margaret Stevens **Grantee:** Reading H. Allen
Location: 1550 5th Street, Washington NC
Sales Price: \$377,000 Confirmed by (Name): Tax Office, Deed, MLS, Appraiser files
Finance: Cash to Seller
Condition of Sale and Reason Bought/Sold: Arm's Length for professional office use.

Present Use: Professional Office Zoning: O & I
Highest and Best Use: Office
Size: 4,048 SFT Shape Rectangular Topography: Generally Level
Existing R/W Area: 0.74 acres Area Cleared/Wooded: Cleared
Soil Type: Sandy Loam Drainage: Appears Adequate Available Utilities: ETW&S
Access: W 5th Street Frontage W 5th Street
Improvement: Subject was nearly vacant at time of purchase and is a mix of the owner and new tenants that consists of some medical and professional office.

Lessor: N/A Lessee: N/A
Rentable Area: N/A Rent: N/A V & C: N/A Expenses: N/A Term: N/A
Unit Price: \$92.31 per sft Tax ID: 15028065

Other Pertinent Information:

The original list price for this comparable was \$595,000 per the MLS listing.



IMPROVED SALE 3

Date: 9/15/17 **Deed Book:** 3601 **Page:** 17 **Stamps:** \$3,820 **County:** Pitt
Grantor: MMI Capital LLC **Grantee:** CoreCivic Inc.
Location: 2835 Charles Blvd. Greenville NC 27858
Sales Price: \$1,910,000 Confirmed by (Name): Tax office, Deed, Broker provided data, appraiser files.
Finance: Cash to Seller
Condition of Sale and Reason Bought/Sold: Arm's Length professional office building U.S. Government office
Present Use: Professional Office Zoning: O
Highest and Best Use: Professional Office
Size: 11,600 SFT Shape Rectangular Topography: Generally Level
Existing R/W Area: 1.24 acres Area Cleared/Wooded: Cleared
Soil Type: Sandy Loam Drainage: Appears Adequate Available Utilities: All public utilities
Access: Charles Blvd. Frontage Charles Blvd.
Improvement: U.S. Government Internal Revenue Service Regional Service Center.
Lessor: N/A Lessee: N/A
Rentable Area: N/A Rent: N/A V & C: N/A Expenses: N/A Term: N/A
Unit Price: \$164.66 per sft Tax ID: 63068 & 63069

Other Pertinent Information:

Internal Revenue Service office. This office is currently leased to the Internal Revenue Service under a long term lease.



SALES COMPARISON ANALYSIS & ADJUSTMENT GRID

Subject		Sale 1	Sale 2	Sale 3
Identification:	L.A. Keiser Road	1633 John Small Avenue	1550 5th Street	2835 Charles Blvd.
Location :	Columbia	Washington	Washington	Greenville
Recording Date	-----	December-14	December-12	September-17
Sale Price	-----	\$1,020,000	\$377,000	\$1,910,000
Size sqft	6,628.00	6,440.00	4,084.00	11,600.00
Price/Square Foot		\$158.39	\$92.31	\$164.66
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple
Percent Adjustment		0.0%	0.0%	0.0%
Dollar Adjustment		\$0.00	\$0.00	\$0.00
Adjusted Price		\$158.39	\$92.31	\$164.66
Financing Terms		Market	Market	Market
Percent Adjustment		0.0%	0.0%	0.0%
Dollar Adjustment		\$0.00	\$0.00	\$0.00
Adjusted Price		\$158.39	\$92.31	\$164.66
Time/Market Conditions				
Appraisal Date	11/21/2017			
Months Elapsed	-----	36	60	2
Annual % Adj.	0.00%			
Percent Adjustment		0.0%	0.0%	0.0%
Dollar Adjustment		\$0.00	\$0.00	\$0.00
Adjusted Price		\$158.39	\$92.31	\$164.66
Location		Superior	Superior	Superior
Percent Adjustment		-10.0%	-10.0%	-15.0%
Size - 6,628 sft		6,440	4,084	11,600
Percent Adjustment		-2.0%	-10.0%	20.0%
Design		Similar	Similar	Similar
Percent Adjustment		0.0%	0%	0.0%
Quality & Upfit / Tenancy		Superior	Similar	Superior
Percent Adjustment		-10.0%	0.0%	-10.0%
Effective age / Condition		Superior	Similar	Superior
Percent Adjustment		-5.0%	0.0%	-5.0%
Zoning		Similar	Similar	Similar
Percent Adjustment		0.0%	0.0%	0.0%
Net Percent Adjustment		-27.0%	-20.0%	-10.0%
Adjusted Price		\$115.62	\$73.85	\$148.19
Minimum.....	\$73.85	Subject Size 6,628 sft		
Maximum.....	\$148.19	Value per sqft \$115.00 Sft		
Mean (avg.).....	\$112.55	6,628 sft x \$115.00 per sft.		
Standard Deviation.....	\$37.27	Value \$760,000 (R)		

RECONCILIATION

The comparable sales are derived from the market and are considered to be the most recent and proximate to the subject in the North Eastern Region of North East North Carolina. Sales of these types of properties do not move with great frequency.

This is a limited market with limited sales of all types of office and commercial. In particular professional leased office particularly to the U.S. Government is non-existent in the Tyrell County Market except for the subject.

Columbia and the North East Market is a limited and unique market. The North East has limited resources and awkward geography. Most of the activity in the North East is consolidated into the City of Washington, Town of Plymouth, Town of Edenton, Town of Camden, Town of Moyock, and Elizabeth City as the core centers of market activity. The North East Market is one of the largest in terms of land mass but is sparsely populated.

Comparable sales are superior in location and location to flood prone areas. Washington and Greenville have superior and more active markets John Small Avenue as well as 5th Street extension are outside the flood zoned or flood prone areas.

Greenville is the most active in the east and the tenth largest city in North Carolina. Therefore Greenville is adjusted with greater disparity for location. South Charles Boulevard is not near a flood prone area and is in the heart of the office district in Greenville.

Adjustment for size is based on the economy of scale. Comparable sales one and two are adjusted downward for smaller size. Comparable sale three is adjusted upward for size. All sales have similar design for U.S. Government or institutional grade professional office buildings.

In terms of quality and general Up-fit and general tenancy comparable sales one and three are superior in terms of quality and up-fit. They are equal in terms of general tenancy.

Comparable two is the most similar to the subject in all areas and requires no adjustment. Comparable sales one and three are superior in terms of effective age and overall condition. Both comparable sale one and three are superior to the subject in terms of condition and effective age. Comparable two is the most similar to the subject in all areas and requires no adjustment.

With regard to zoning and physical are comparables equal and have similar zoning with similar general restriction, set back, and permissible uses for professional, institutional, government, and commercial office.

Comparable sales all have equal access to all public utilities. No adjustment is warranted. In conclusion, the comparable sales used are the most recent, similar, and proximate to the subject in the North and Eastern Regional Market.

RECONCILIATION

The most emphasis for reconciliation falls primarily on sale one and is supported by sale three and sale two.

The subject is believed to have typical market appeal due to its prime location on U.S. 64 Highway in the commercial district.

Based on the aforementioned the final opinion of value is considered to be \$115.00 per square foot.

Refer to the final reconciled value below.

UNIT OF COMPARISON ON A PER SQUARE FOOT BASIS:

APPLIED TO SUBJECT

6,628 SFT X \$115.00 PER SFT = \$760,000 (R)

FINAL VALUE: "AS IS"

\$760,000 (R)

THE INCOME APPROACH

The Income Approach develops an estimate of value through an analysis of the *net income stream* the subject is capable of producing. This approach is based on the principle of anticipation, which concludes that market value is indicated by the net return to the property, or the net present value of future benefits.

The gross income estimate is based on market rents from similar properties as well as data provided on the performance of the subject property by the client. The net income is determined by deducting appropriate allowances for vacancies and appropriate ownership expenses. After deducting appropriate ownership expenses from the gross income, the net income (cash flows) is capitalized into a present value based on direct capitalization, using a capitalization rate extracted from the market.

GROSS INCOME ESTIMATE

The Income Approach begins with an estimate of gross annual income which the property is capable of producing. As the subject is tenant occupied, lease rates are obtained from the market.

After discussions with several property owners and property managers in eastern North Carolina, the following lease rates are believed to be the most indicative of the subject's market position.

MARKET RENTAL RATE TERMS CONCLUSION

The scope of this appraisal includes a specific value definition and determination. The value determined is the "*fee simple value*". The fee simple value reflects the value of the real estate and other hard assets only. The "going concern" and other types of value estimations are not analyzed, nor relevant in this appraisal. The Income approach to value is but one approach in the final reconciliation.

The first step in this analysis is to determine the gross potential income. Market rent conditions vary with trends in the overall market and are subject to change. Change in the market place is a constant. Rents and other data are verified by the owners of other similar competitive properties.

Since the subject has an active lease history comparable properties in the market will be surveyed with other full service government leases. The lease rates for similar institutional buildings will be reconciled to determine the prevailing market rental rate. Once the rate is reconciled the Income Approach will be applied in similar terms as the comparable leased fee properties.

SUBJECT LEASE ANALYSIS

Limited lease data was given to the appraiser both from the client and owners representative. This data has been compiled based on the information provided including expenses, rental rates, lease terms and other data given both verbally and in writing.

The leases are full service with the U.S. Government for the entire 5,100 sft building the leased have been in place since 2008. The term of first lease is ten years in aggregate with renewals for the same period of time. The lease is approximately half way through the lease. The lease term was recently renegotiated and will remain flat for the balance of the term and full service terms remain the same. The annual rent on the service center building is \$70,000 per year.

The Additional 1,528 sft in the annex has leased at the same term to private parties most recently First Bank Corporation. The annex rent is estimated at \$14,000 per year based on its recent rental history.

The subject has a combined estimated rental income of \$84,000 per year or \$12.67sft per sft before full service expenses, taxes, and reserves, are deducted.

A summary of the full service expenses has been provided to the appraiser an average years expenses is approximately \$15,000 for fixed and variable as well as full service related expenses. Exclusive of property taxes which are \$12,670. Total expenses are \$27,670 per year on average.

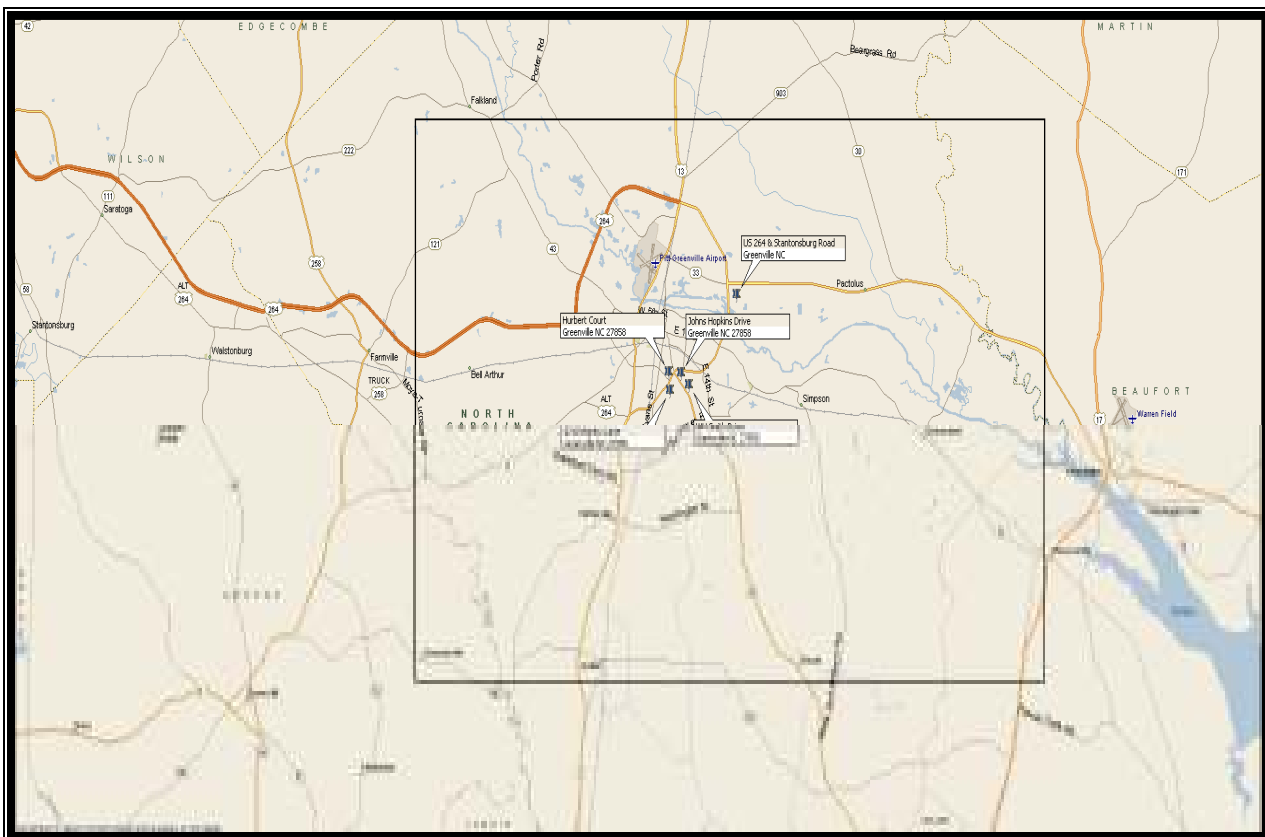
A market sample of full service leases in the Eastern Region has been studied in the closest active market which is Greenville North Carolina. The lease rate analysis is drawn from the lease comparables as well as some data from the sales comparables used in this report. N.C. State Government leases, East Carolina University, and Vidant Health are the most recent similar and proximate for matched pairs in the area. The State of North Carolina as well as the U.S. Government is considered to be credit worthy tenants with similar lease structures.

Refer to the analysis below.

MARKET ANALYSIS COMPETITOR RENTALS

The following competitors are located in the subject neighborhood. The following advertisements for rentals are within the past thirty days and have been verified via personal calls to the property managers of competing properties. The information below is believed to be the most accurate in the market place as of the date of this report. The subject rent is tempered and in line with the market place. The following competitors have similar amenities and in some cases newer facilities than the subject. Overall, the subject is in line with competitors rent pricing. In conclusion, the market place determines the overall success and appeal of one subject over another.

COMPETITOR RENTALS LOCATION MAP



MARKET RENTAL COMPARABLES

RENTAL COMPARABLE ONE: (VIDANT HEALTH CARE SYSTEMS) STANTONBURG ROAD.



**RENTAL COMPARABLE TWO: (VIDANT HEALTH CARE SYSTEMS) WH SMITH ROAD
GREENVILLE**



RENTAL COMPARABLE THREE: (ECU PHYSICIANS) HERBERT COURT GREENVILLE



RENTAL COMPARABLE FOUR: (ECU PSYCHIATRIC) JOHNS HOPKINS ROAD GREENVILLE





RENTAL COMPARABLE FOUR: (VOCATIONAL REHAB/ STATE OF N.C.) W.H. SMITH ROAD

RECONCILIATION OF MARKET RENT

The opinion of market rent is derived from the aforementioned market leases for similar type properties in the subject neighborhood. Based on the proximity and similarity of competitive properties the subject is within the range for similar type space in the current market.

Vacancy rates among competitive properties range from 0.0% for similar properties at this time. Stabilized vacancy for similar properties ranges from near zero vacancy to an average stabilized vacancy of three to five percent for the market as a whole for this particular type of tenant improvement.

Market rental rates range from \$11.50 to \$20.56 per square foot all leases. The comparables range in size from 5,000 to 21,000 sft. The comparable leases are all active and all have similar terms to the subject. All of the comparable leases are medical investment grade improvements.

These comparable subjects are all leased to medical clients such as ECU Physicians, Vidant Health Systems and the State of North Carolina at arms-length all are credit worthy tenants. All comparables are subject to similar type of governance and oversight as they are credit tenants.

In particular three of the five are or have set renewals for a five to ten year period within the past year.

The subject is well within this market range for this type and size of facility and is considered to be at market rent and within the market rent range of the similar rental comparables for full service government leases.

In aggregate the following comparables as well as the additional lease survey are the most recent, similar, and proximate to the subject in size, location, lease terms, structure, and disposition in the Eastern North Carolina Market.

The subject has been built to an institutional grade. Additional factors are limited inventory finite and unique alternatives exist in the market for this size of improvement there are no available substitutes in the Tyrell County market of this size county wide that meet the current need for the tenant.

The predicted market rate for the subject is \$12.67 per sft in aggregate is well within the fair market rental rate for similar full service buildings leased to GSE and State Government in Eastern North Carolina.

OPERATING INCOME ANALYSIS

This information is based on actual public and confidential lease data provided to the appraiser from multiple brokers, investors, and parties to leases in the Greenville rental community. A reconstructed an operating income statement based on a comparison of the subject with competitor properties and general market conditions. Competitor income and market data is retained in the work file of the appraiser from other assignments and is used to validate the reconstructed operating income statement.

COMPETITIVE MARKET RENTS / GROSS INCOME

The Income Approach begins with an estimate of gross annual income which the property is capable of producing, from which is deducted all owner expenses in order to derive an estimate of net income.

VACANCIES & COLLECTION LOSS

Ownership expenses associated with this property include management fees, real estate taxes, insurance, maintenance, and reserves for replacement. Also to be deducted from gross income is an allowance for vacancies. The comparable properties above have average vacancy rate of 0% to 5.0%.

The commercial market has more than its fair share of non-published rentals that are rented on an unlisted basis. This vacancy rate may even be higher than published rates. There are fluctuations that are normal in this market when vacancies occur.

Usually these vacancies are short lived and may be from 0% to 10.0% on average. However, no lease even a credit tenant is without some form of vacancy or collection loss over a period of time. Vacancy is estimated at 0.0% as stabilized during the lease term.

MANAGEMENT FEES

A survey of similar retail properties indicates that typical management fees for this type of property is around 3% to 10 % of total rents collected this also depends on the type of management structure and the amount of employees. A standard market rate for management fees in this market is estimated at 3% to 8% of effective gross income. The subject's management fee is 3.0% estimated to be with the current market standard.

REAL ESTATE TAXES

A survey of similar properties as well as the overall tax base shows no irregularities in the tax structure at preset. Fees for recycling and storm water assessment or other special assessments are passed on the owners of the units in their annual tax statements. Taxes in Tyrell County for business and personal property will not be revalued until 2020.

\$12,670 (R) is the current property taxes on the subject for city and county taxes.

INSURANCE

The insurance premium in this market varies in the age, condition, and overall construction type and fire class rating of the individual subject. Premiums from other similar properties have been reviewed and are estimated on per square foot or per unit basis. This depends on the code rating by the insurance institute or the underwriter for the construction specific type of risk. Wood and vinyl exteriors generally have a less favorable rating than masonry. Other considerations are the location and whether the subject is located in a flood hazard area and flood insurance is required or the owners decide to acquire it as a precaution. The subjects insurance was provided to the appraiser from the owner as follows.

Liability and master building policy for similar properties the total premium for all policies is \$4,600 on an annual basis or approximately 0.69 per sft.

UTILITIES & JANITORIAL

Utility and utility related expenses are \$4,700 per year. Janitorial is \$3,000 per year.

MAINTENANCE AND REPLACEMENT RESERVES

Maintenance and required reserves for replacement have also been estimated at various costs based on competitor operating income statements. Routine maintenance includes cleaning, painting, landscaping, and facilities maintenance, as well as scheduled renovations, hot water heaters and heating and cooling units. Replacement reserves will cover short lived items such as carpet, interior painting, heating and cooling, and exterior maintenance. Most routine maintenance is handled a direct expense and most short lived and longer lived items are reserved for years. Maintenance is handled by the owner general maintenance is \$1,000 per year.

REPLACEMENT RESERVES

Reserves are estimated at \$1,000 per year.

RECONSTRUCTED OPERATING INCOME STATEMENT

The subject parcels have had their operating statements reconstructed for the purposes of market comparison. The reconstructed statements allow for the examination of the subject properties performance to be measured in the market place against competitive properties. This also determines the subject's pre-tax pre leverage cash flow. The following statements are listed below for the subject properties.

POTENTIAL GROSS OPERATING INCOME

This rent is based on current market prediction of the entire rent schedule for the subject is \$84,000 per year or an average of \$12.67 per sft in aggregate.

OPERATING EXPENSES FIXED AND VARIABLE

FIXED EXPENSE CATEGORY:

Property Taxes
Insurance (all types)

GENERAL VARIABLE EXPENSES BY CATEGORY:

Facilities maintenance and ground maintenance
Structural maintenance
Mechanical maintenance
Management fees
Utilities
Reserves for replacement

NET OPERATING INCOME STATEMENT

\$ 84,000 Potential Gross Income (Base rental rate PGI)
\$ 0.00 (R) (0.0%) Vacancy and collection loss (lease term)
\$ 84,000 (R) EGI (Effective gross income
\$ 2,500 (3% management fees)
\$ 15,000 Full service expenses (Includes: insurance, janitorial, maintenance, utilities)
\$ 12,670 Taxes
\$ 1,000 Reserves for Replacement

NOI: \$53,000 (R)

MARKET CAPITALIZATION RATE

Cap rate is extracted from sales in the market over past three years as well as listings for sale local investor data and national publications. This is further supported by all sales and listings being used as strictly investment grade real estate in the subject market place. Additional data supporting the rate is based on current market leases used as comparables as well as operating income statements from competitor properties and appraiser files.

A weighted average of the cap rates was analyzed and applied to the subjects' unique disposition from comparables and national publications as well as qualified published regional data from Realty Rates (4th Quarter 2017 edition).

Cap rates on average range from 7.00% to 8.0% for these particular properties on a regional level.

RELEVANCE AND LIMITATION OF DIRECT CAPITALIZATION

Direct capitalization does not include the impact of leverage, equity, or property appreciation or depreciation of the subject. In direct capitalization the subject is merely measured as snapshot in time against basic factors in the market. Direct capitalization is a barometer of sorts of the market at a very particular time. For example in this analysis the sales are somewhat dated as are most commercial sales. The direct cap rate is generally the lagging indicator of the market is past sales. Once the income and expenses are known for those sales a basic idea of net operating income can be extracted and used to determine the "Local Cap Rate". Often this is market "Folk Lore" and not reality in some cases. As with all markets they have imperfections these imperfections can be the course of measure the market participants use to market, sell, give advice, and decide the information that a prospective buyer may use in the decision to purchase such an investment.

However, this is not an excuse or nor should it cloud the exercise of due diligence in the market place. For example, this analysis takes into account all these factors as well as the current level of activity in the market place. The capitalization rate is extracted from sales and listings in this report as well as appraiser files and actual market data. The Income is derived from the market comparables present and past performance.

Vacancy is 0.0% due to the current and past performance of the subject and its local competitors. Government leases have generally no vacancy under their tenured lease. The current cap rate has risen some in recent years for these properties due to economic conditions and an overall stable economy.

National trend data which is relied on secondary to the extracted data from the sales used in this report as well as local investor and property manager data in appraiser files is believed to compliment local rates.

The local rate is believed to range from 6.75% at a low to a high of 7.25 %. The subject is believed to fall near the low of the range end of the range at 7.0%.

RELEVANCE AND LIMITATION OF DIRECT CAPITALIZATION (continued)

The subject income approach is considered “as is” to current market conditions as follows:

** This capitalization rate is extracted from the market using competitor’s data in appraiser files, listings, and published market and sales data used in this report as well as active rentals in the subject market. This data is further complimented by national publications on investor properties retained in the appraisers work file.*

MARKET CAPITALIZATION RATE

Cap rate is extracted from sales in the market over past three years as well as listings for sale local investor data and national publications. This is further supported by all sales and listings being used as strictly investment grade real estate in the subject market place. Additional data supporting the rate is based on current market leases used as comparable as well as operating income statements from competitor properties and appraiser files.

A weighted average of the cap rates was analyzed and applied to the subjects’ unique disposition from comparable and national publications as well as qualified local data. Cap rates on average range from 7.0% to 8.0% for active investment grade office.

The current capitalization rate is extracted primarily from the rental comparables as well as sales used in the sales comparison analysis, appraiser files, and other active leases in the subject market. The following Cap rates are from active market investment grade real estate held in leased fee in the Greenville Market.

1. Vidant Health Leases cap rate at inception: 7.0% / full term 10 years
2. ECU Psychiatric Physicians cap rate at inception 7.0% / full term 10 years
3. ECU Pediatric Physicians cap rate at inception 7.25% / full term 10 years
4. Vocational Rehab State of NC cap rate at inception: 6.85% / full term 10 years
5. ECU Neurology Physicians cap rate at inception 7.0% / full term 10 years
6. ECU Women’s Physicians cap rate at inception 7.0% / full term 5 years with renewal
7. Med South HealthCare cap rate at inception 6.85% / full term 10 years

The subjects reconciled cap rate is 7.0% based on a credit worthy tenant and the current market average of comparable institutional investment grade leases.

A capitalization rate of 7.0 % is applied to the subject as follows:

\$53,000 Net Operating Income @ 7.0 % = \$760,000 (R) “as is”

RECONCILIATION OF APPROACHES TO VALUE

An investor or end user should pay only what the subject would reasonably return in the market place under reasonable market expectations.

The sales comparison reconciliation is \$760,000 (R) the Income Approach or leased fee value is \$760,000 (R).

The final and reconciled opinion of value follows:

\$760,000 (R) “AS IS”

FINAL RECONCILIATION

The sum total of all properties is considered the aggregate value of the subject portfolio known as the “bulk value”.

Improvements: \$760,000 (L.A. Keiser Road office buildings and one acre of land)
Land: \$750,000 (15.28 acres commercial excess land (16.28 less one acre for buildings site)
Woodlands: \$6,500 (4.30 acres of surplus land)

Total value: \$1,517,000 (Improvements and land “Bulk value” as is)

“BULK VALUE”

\$1,517,000 (R) “AS IS”

MARKETING AND EXPOSURE TIME

The *marketing time* is the anticipated time required to sell the property, as of the date of the appraisal, should the property be placed on the market.

The *exposure time* is assumed to reflect the time period required, prior to the valuation, to conclude a sale as of the date of valuation.

The Opinion of Marketing and Exposure time has been confirmed with market participants.

Based on conversations and the subjects unique disposition and market factors at this time it is believed the subject would need to be listed for one year for sale at a minimum.

Due to the subject's location it would likely have a marketing time of 1 year to 1.5 year at a minimum without significant discounting. The exposure time prior to the date of valuation would likely have been similar.

ADDENDA

ENGAGEMENT LETTER
TAX DATA
EXPENSE DATA
DEEDS
FLOOD MAP
ZONING