

**Appraisal of Real Property**

**Capital Chevrolet**

Retail Property

1816, 1818 & 1820 Capital Blvd. & 121 Fenton St.  
Raleigh, Wake County, North Carolina 27604

**Prepared For:**

Wake County Public School System

**Effective Date of the Appraisal:**

December 28, 2016

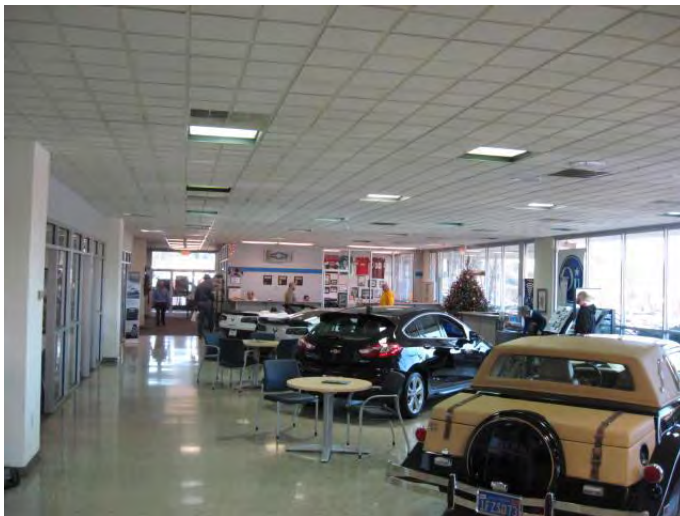
**Report Format:**

Appraisal Report – Comprehensive Format

**IRR - Raleigh**

File Number: 167-2016-0785





**Capital Chevrolet**

1816, 1818 & 1820 Capital Blvd. & 121 Fenton St.  
Raleigh, North Carolina



December 30, 2016

Ms. Margaret Sutter  
Sr. Administrator, Real Estate Services  
Facilities Building  
Wake County Public School System  
1429 Rock Quarry Rd., Ste. 116  
Raleigh, North Carolina 27610

SUBJECT:       Market Value Appraisal  
                  Capital Chevrolet  
                  1816, 1818 & 1820 Capital Blvd. & 121 Fenton St.  
                  Raleigh, Wake County, North Carolina 27604  
                  IRR - Raleigh File No. 167-2016-0785

Dear Ms. Sutter:

Integra Realty Resources – Raleigh is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value of the leased fee interest in the property. The client for the assignment is Wake County Public School System, and the intended use is for property acquisition purposes.

The subject is an existing retail property consisting of 6 buildings and containing 72,266 square feet of gross leasable area. The improvements were constructed between 1966 and 1995 and are 100% leased as of the effective appraisal date. The gross leasable area excludes the parts storage mezzanine area with limited clearance and the covered canopy area between the showroom building and the fleet sales building. The site area is 12.13 acres or 528,383 square feet.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and applicable state appraisal regulations. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Comprehensive Format. This format contains the greatest depth and detail of IRR's available report types.

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

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value	Leased Fee	December 28, 2016	\$6,230,000

#### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. We assume that there are no environmental issues requiring remediation on the subject property, which is contrary to information provided by the owner.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

**Integra Realty Resources - Raleigh**

*Chris R Morris*



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Certified General Real Estate Appraiser  
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# Summary of Salient Facts and Conclusions

## Part One

Property Name	Capital Chevrolet	
Address	1816, 1818 & 1820 Capital Blvd. & 121 Fenton St. Raleigh, Wake County, North Carolina 27604	
Property Type	Retail - Automotive Dealership	
Owner of Record	Murray Investment Company No. 2 LLC	
Tax ID	1714.06-37-5678, 1714.06-37-2566, 1714.10-37-1388 and 1714.10-37-2161	
Land Area	12.13 acres; 528,383 SF	
Gross Building Area	72,266 SF	
Gross Leasable Area	72,266 SF	
Percent Leased	100%	
Year Built	1966-1995	
Zoning Designation	CX- 4 & 7-UL, Commercial Mixed-Use, 4 & 7 story, Urban	
Highest and Best Use - As if Vacant	Retail use	
Highest and Best Use - As Improved	Continued retail use	
Exposure Time; Marketing Period	6 to 12 months; 6 to 12 months	
Effective Date of the Appraisal	December 28, 2016	
Date of the Report	December 30, 2016	
Property Interest Appraised	Leased Fee	
Market Value Indications		
Cost Approach	\$6,120,000	(\$84.69/SF)
Sales Comparison Approach	\$6,140,000	(\$84.96/SF)
Income Capitalization Approach	\$6,230,000	(\$86.21/SF)
Market Value Conclusion	\$6,230,000	(\$86.21/SF)

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Wake County Public School System may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

## Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

### 1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. We assume that there are no environmental issues requiring remediation on the subject property, which is contrary to information provided by the owner.

<b>Part Two</b>		
Number of Tenants	1	
Average Contract Rent/SF	\$7.80	
Average Market Rent/SF	\$7.75	
Major Tenant and Expiration	2/28/2018	with options through 2/29/2020
Major Tenant SF and Contract Rent	Capital Chevrolet	\$7.80
Land Value	\$3,430,000	(\$6.49/SF)
<b>Cost Approach</b>		
Replacement Cost New (Including Dev. Profit)	\$7,475,900	(\$103.45/SF)
Depreciated Cost	\$2,690,000	(\$37.22/SF)
Market Value as % of Cost New Including Land	57%	
Indicated Value	\$6,120,000	(\$84.69/SF)
<b>Sales Comparison Approach</b>		
Number of Sales	5	
Range of Sale Dates	Jun-14 to Aug-16	
Range of Unit Prices	\$91.32 - \$124.67	
Indicated Value	\$6,140,000	(\$84.96/SF)
<b>Income Capitalization Approach</b>		
Potential Gross Income	\$664,689	(\$9.20/SF)
Stabilized % Vacancy & Collection Loss	5.0%	
Effective Gross Income	\$631,455	(\$8.74/SF)
Operating Expenses	\$117,181	(\$1.62/SF)
Operating Expense Ratio	18.6%	
Net Operating Income	\$514,274	(\$7.12/SF)
Capitalization Rate Applied and Value	8.25%	\$6,230,000
Indicated Value	\$6,230,000	(\$86.21/SF)
Market Value Conclusion	\$6,230,000	(\$86.21/SF)

## General Information

### Identification of Subject

The subject is an existing retail property consisting of 6 buildings and containing 72,266 square feet of gross leasable area. The improvements were constructed between 1966 and 1995 and are 100% leased as of the effective appraisal date. The gross leasable area excludes the parts storage mezzanine area with limited clearance and the covered canopy area between the showroom building and the fleet sales building. The site area is 12.13 acres or 528,383 square feet. A current legal description of the property was not available and Wake County GIS records were relied upon.

Property Identification	
Property Name	Capital Chevrolet
Address	1816, 1818 & 1820 Capital Blvd. & 121 Fenton St. Raleigh, North Carolina 27604
Tax ID	1714.06-37-5678, 1714.06-37-2566, 1714.10-37-1388 and 1714.10-37-2161
Owner of Record	Murray Investment Company No. 2 LLC
Census Tract Number	50500

### Sale History

The most recent closed sale of the subject is summarized as follows:

Sale Date	June 25, 2003
Seller	Bobby L. Murray, Sr.
Buyer	Murray Investment Company No. 2 LLC
Sale Price	\$0
Recording Instrument Number	Deed Book 10222, Pages 531, 534, 537 and 540 of the Wake County Register of Deeds
Expenditures Since Purchase	Unknown

The prior transaction was between related parties. To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

### Pending Transactions

The property is under contract of sale as of the effective appraisal date. Information about the contract is summarized as follows:

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Contract Date	November 3, 2016
Seller	Murray Investment Company No. 2 LLC
Buyer	Wake County Board of Education
Sale Price	\$6,351,695
Comments	Except as disclosed in the environmental reports provided to the buyer, seller has no additional knowledge of hazardous material on the property or any knowledge of penetration of hazardous materials into streams on-site or adjacent to the property or the aquifer below the property.

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We contacted the seller's agent, Mr. Neil Gustafson, who provided the purchase contract and indicated that the property had been exposed to bids, with two offers, including the accepted bid, above \$6,000,000.

Our value conclusion of \$6,230,000 is less than 2% below the contract price, which is considered a reasonable disparity.

### **Purpose of the Appraisal**

The purpose of the appraisal is to develop an opinion of the market value of the leased fee interest in the property as of the effective date of the appraisal, December 28, 2016. The date of the report is December 30, 2016. The appraisal is valid only as of the stated effective date or dates.

### **Definition of Market Value**

Market value is defined as:

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

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

*(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*



## Definition of As Is Market Value

As is market value is defined as, “The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal’s effective date.”

(Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015); also *Interagency Appraisal and Evaluation Guidelines*, *Federal Register*, 75 FR 77449, December 10, 2010, page 77471)

## Definition of Property Rights Appraised

Leased fee interest is defined as, “A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).”

Lease is defined as: “A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.”

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

## Intended Use and User

The intended use of the appraisal is for property acquisition purposes. The client and intended user is the Wake County Public School System. The appraisal is not intended for any other use or user. No party or parties other than Wake County Public School System may use or rely on the information, opinions, and conclusions contained in this report.

## Applicable Requirements

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

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised June 7, 1994;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;

## Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Comprehensive Format. This format contains the greatest depth and detail of IRR’s available report types.

## Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have prepared two appraisals of the subject property for another client within the three-year period immediately preceding acceptance of this assignment.

## Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

## Valuation Methodology

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

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Applicable	Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

The **income capitalization approach** is the most relevant valuation method because:

- The property is currently leased.
- There is an active rental market for similar properties that permits us to estimate the subject's income generating potential. Estimated income is converted to a market value indication through capitalization.

The **sales comparison approach** is a reliable valuation method for the subject due to the following:

- There is an active market for similar properties, and sufficient sales data is available for analysis.
- This approach directly considers the prices of alternative properties having similar utility.
- This approach is typically most relevant for owner-user properties.

The **cost approach** is applicable to the assignment considering the following:

- The subject improvements are older construction, which reduces the relevance of the cost approach, but accrued depreciation can be reasonably estimated.
- There is an active land market, making estimates of underlying land value reasonably reliable.

**Research and Analysis**

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

**Inspection**

Chris R. Morris, MAI, FRICS, conducted an interior and exterior inspection of the property on December 28, 2016.

## Economic Analysis

### Wake County Area Analysis

Wake County is located in central North Carolina. The county is approximately 835 square miles in size and has a population density of 1,227 persons per square mile. Wake County is part of the Raleigh, NC Metropolitan Statistical Area, hereinafter called the Raleigh MSA, as defined by the U.S. Office of Management and Budget.

### Population

Wake County has an estimated 2016 population of 1,025,174, which represents an average annual 2.2% increase over the 2010 census of 900,993. Wake County added an average of 20,697 residents per year over the 2010-2016 period, and its annual growth rate exceeded the State of North Carolina rate of 0.9%.

Looking forward, Wake County's population is projected to increase at a 1.7% annual rate from 2016-2021, equivalent to the addition of an average of 17,666 residents per year. Wake County's growth rate is expected to exceed that of North Carolina, which is projected to be 1.0%.

<b>Population Trends</b>					
	Population			Compound Ann. % Chng	
	2010 Census	2016 Est.	2021 Est.	2010 - 2016	2016 - 2021
Wake County	900,993	1,025,174	1,113,502	2.2%	1.7%
North Carolina	9,535,483	10,089,413	10,586,956	0.9%	1.0%

Source: The Nielsen Company

### Employment

Total employment in Wake County is currently estimated at 502,624 jobs. Between year-end 2004 and the present, employment rose by 101,714 jobs, equivalent to a 25.4% increase over the entire period. There were gains in employment in eight out of the past ten years despite the national economic downturn and slow recovery. Wake County's rate of employment growth over the last decade surpassed that of North Carolina, which experienced an increase in employment of 7.6% or 292,853 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Wake County unemployment rate has been consistently lower than that of North Carolina, with an average unemployment rate of 5.7% in comparison to a 7.4% rate for North Carolina. A lower unemployment rate is a positive indicator.

Recent data shows that the Wake County unemployment rate is 4.5% in comparison to a 5.5% rate for North Carolina, a positive sign that is consistent with the fact that Wake County has outperformed North Carolina in the rate of job growth over the past two years.

<b>Employment Trends</b>						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Wake County	% Change	North Carolina	% Change	Wake County	North Carolina
2004	400,910		3,849,400		4.3%	5.5%
2005	418,173	4.3%	3,926,923	2.0%	4.1%	5.2%
2006	442,960	5.9%	4,065,884	3.5%	3.6%	4.8%
2007	460,427	3.9%	4,126,685	1.5%	3.5%	4.7%
2008	448,378	-2.6%	4,000,278	-3.1%	4.6%	6.1%
2009	431,419	-3.8%	3,804,059	-4.9%	8.3%	10.6%
2010	438,436	1.6%	3,835,921	0.8%	8.3%	10.9%
2011	448,376	2.3%	3,889,178	1.4%	7.9%	10.2%
2012	464,601	3.6%	3,969,167	2.1%	7.1%	9.2%
2013	485,050	4.4%	4,044,954	1.9%	6.0%	7.9%
2014	502,624	3.6%	4,142,253	2.4%	4.8%	6.1%
Overall Change 2004-2014	101,714	25.4%	292,853	7.6%		
Avg Unemp. Rate 2004-2014					5.7%	7.4%
Unemployment Rate - November 2015					4.5%	5.5%

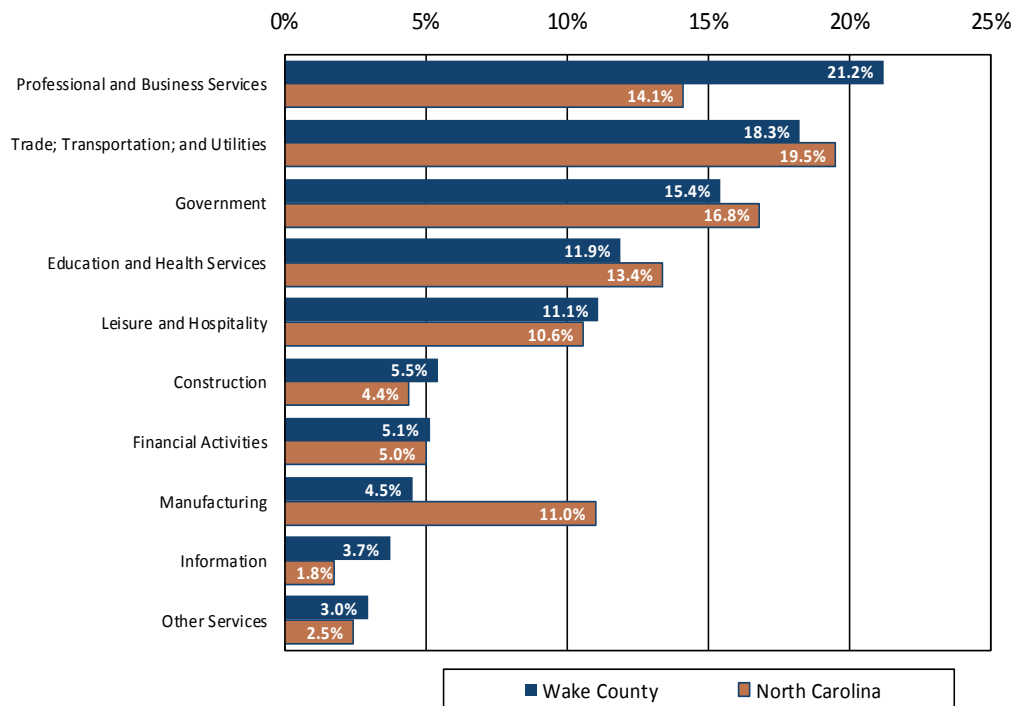
Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

## Employment Sectors

The composition of the Wake County job market is depicted in the following chart, along with that of North Carolina. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Wake County jobs in each category.



### Employment Sectors - 2014



Source: Bureau of Labor Statistics and Economy.com

Wake County has greater concentrations than North Carolina in the following employment sectors:

1. Professional and Business Services, representing 21.2% of Wake County payroll employment compared to 14.1% for North Carolina as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
2. Leisure and Hospitality, representing 11.1% of Wake County payroll employment compared to 10.6% for North Carolina as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
3. Construction, representing 5.5% of Wake County payroll employment compared to 4.4% for North Carolina as a whole. This sector includes construction of buildings, roads, and utility systems.
4. Financial Activities, representing 5.1% of Wake County payroll employment compared to 5.0% for North Carolina as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

Wake County is underrepresented in the following sectors:

1. Trade; Transportation; and Utilities, representing 18.3% of Wake County payroll employment compared to 19.5% for North Carolina as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.

2. Government, representing 15.4% of Wake County payroll employment compared to 16.8% for North Carolina as a whole. This sector includes employment in local, state, and federal government agencies.
3. Education and Health Services, representing 11.9% of Wake County payroll employment compared to 13.4% for North Carolina as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
4. Manufacturing, representing 4.5% of Wake County payroll employment compared to 11.0% for North Carolina as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

### Major Employers

Major employers in Wake County are shown in the following table.

Major Employers - Wake County		
	Name	Number of Employees
1	Wake County Public Schools	1,000+
2	NC State University - Raleigh	1,000+
3	Wake Med	1,000+
4	SAS Institute Inc.	1,000+
5	REX Hospital Inc.	1,000+
6	Walmart Associates Inc.	1,000+
7	City of Raleigh	1,000+
8	Cisco Systems Inc.	1,000+
9	State of Nc Dept of Public Safety	1,000+
10	County of Wake	1,000+

Source: Nc Commerce, Labor & Economic Analysis Division

### Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area. Although GDP figures are not available at the county level, data reported for the Raleigh MSA is considered meaningful when compared to the nation overall, as Wake County is part of the MSA and subject to its influence.

Economic growth, as measured by annual changes in GDP, has been considerably higher in the Raleigh MSA than the United States overall during the past eight years. The Raleigh MSA has grown at a 2.4% average annual rate while the United States has grown at a 0.8% rate. As the national economy improves, the Raleigh MSA continues to perform better than the United States. GDP for the Raleigh MSA rose by 2.6% in 2014 while the United States GDP rose by 2.2%.

The Raleigh MSA has a per capita GDP of \$52,890, which is 8% greater than the United States GDP of \$49,110. This means that Raleigh MSA industries and employers are adding relatively more value to the economy than their counterparts in the United States overall.

<b>Gross Domestic Product</b>				
Year	(\$ Mil)		(\$ Mil)	
	Raleigh MSA	% Change	United States	% Change
2007	55,834		14,798,367	
2008	56,853	1.8%	14,718,304	-0.5%
2009	56,274	-1.0%	14,320,114	-2.7%
2010	58,900	4.7%	14,628,169	2.2%
2011	60,453	2.6%	14,833,680	1.4%
2012	61,482	1.7%	15,127,489	2.0%
2013	64,091	4.2%	15,317,517	1.3%
2014	65,741	2.6%	15,659,221	2.2%
Compound % Chg (2007-2014)		2.4%		0.8%
GDP Per Capita 2014	\$52,890		\$49,110	

Source: Bureau of Economic Analysis and Economy.com; data released September 2015. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2009 dollars.

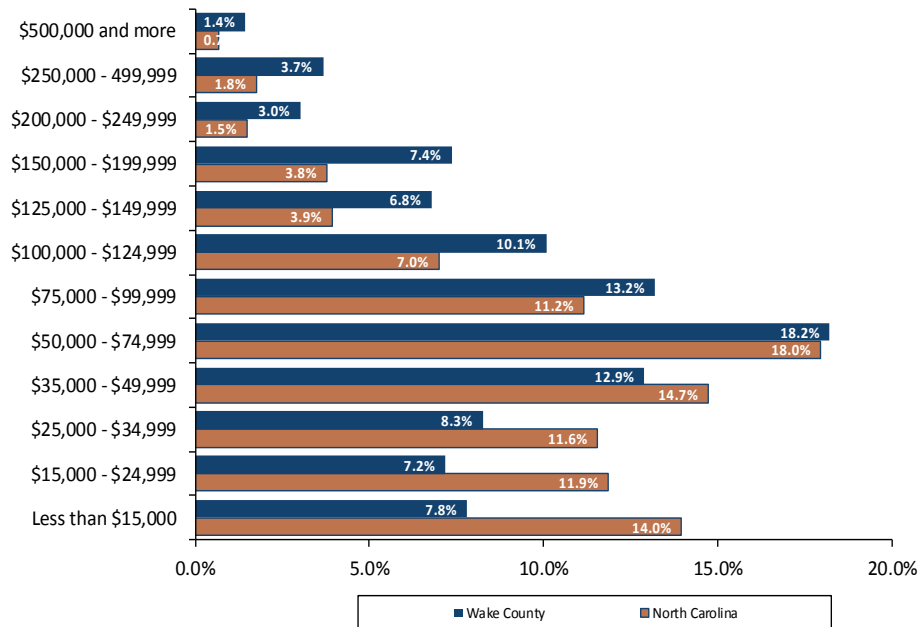
### Household Income

Wake County is more affluent than North Carolina. Median household income for Wake County is \$68,949, which is 44.2% greater than the corresponding figure for North Carolina.

<b>Median Household Income - 2016</b>	
	Median
Wake County	\$68,949
North Carolina	\$47,811
Comparison of Wake County to North Carolina	+ 44.2%
Source: The Nielsen Company	

The following chart shows the distribution of households across twelve income levels. Wake County has a greater concentration of households in the higher income levels than North Carolina. Specifically, 46% of Wake County households are at the \$75,000 or greater levels in household income as compared to 30% of North Carolina households. A lesser concentration of households is apparent in the lower income levels, as 23% of Wake County households are below the \$35,000 level in household income versus 37% of North Carolina households.

## Household Income Distribution - 2016

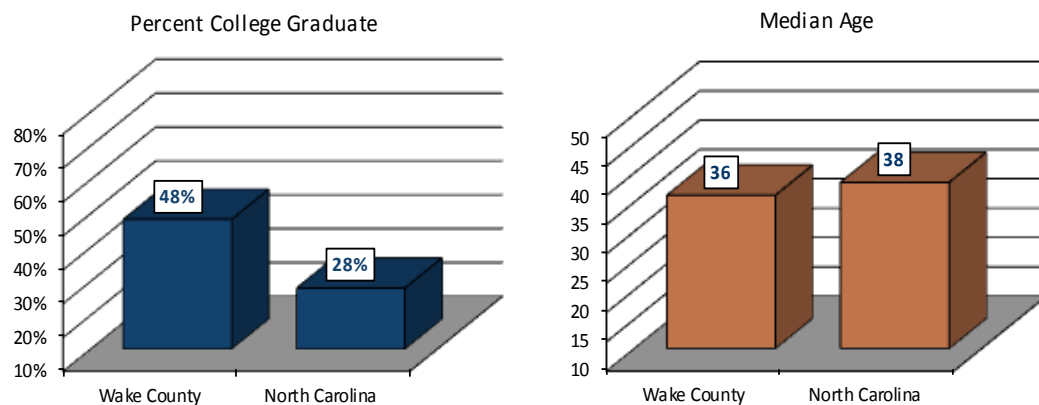


Source: The Nielsen Company

## Education and Age

Residents of Wake County have a higher level of educational attainment than those of North Carolina. An estimated 48% of Wake County residents are college graduates with four-year degrees, versus 28% of North Carolina residents. People in Wake County are younger than their North Carolina counterparts. The median age for Wake County is 36 years, while the median age for North Carolina is 38 years.

## Education &amp; Age - 2016

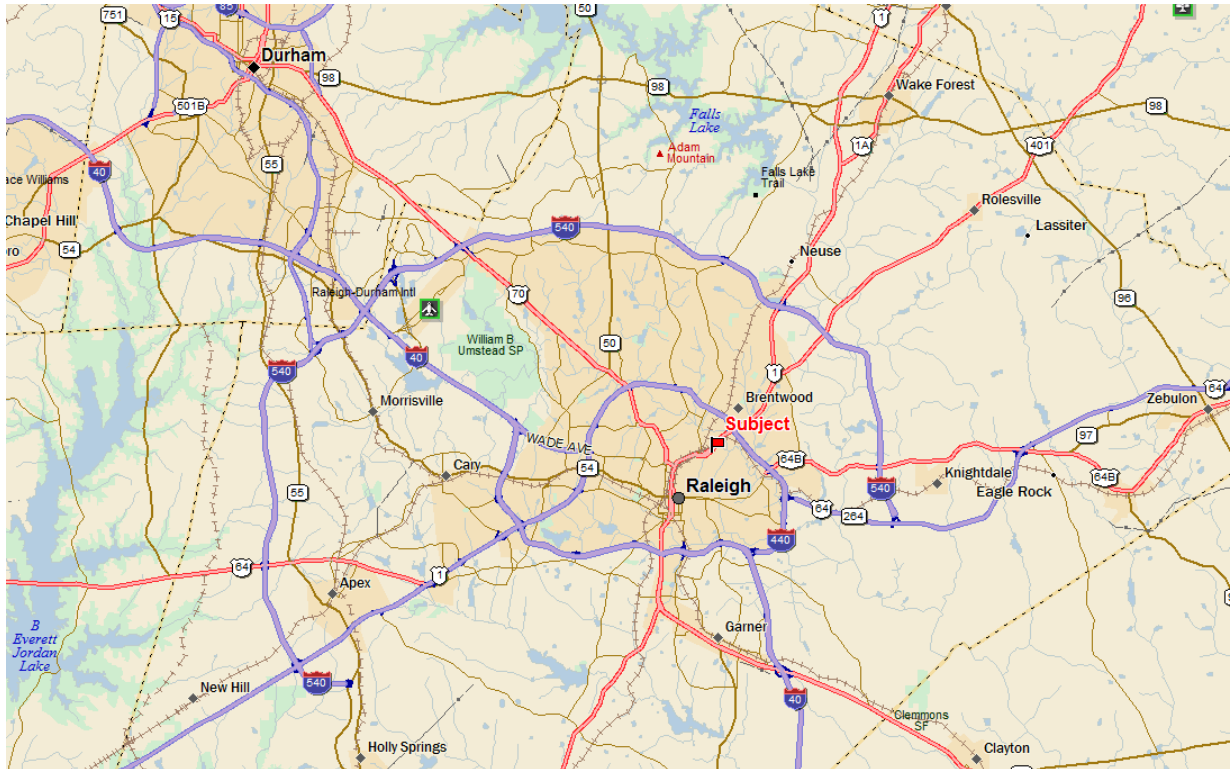


Source: The Nielsen Company

## Conclusion

The Wake County economy will benefit from a growing population base and higher income and education levels. Wake County experienced growth in the number of jobs and has maintained a consistently lower unemployment rate than North Carolina over the past decade. Moreover, Wake County benefits from being part of the Raleigh MSA, which exhibits both a higher rate of GDP growth and a higher level of GDP per capita than the nation overall. We anticipate that the Wake County economy will improve and employment will grow, strengthening the demand for real estate.

## Area Map





## Surrounding Area Analysis

The subject is located just north of the CBD of Raleigh. This area is generally delineated as follows:

<b>North</b>	I-440
<b>South</b>	Peace Street
<b>East</b>	Raleigh Boulevard
<b>West</b>	Wake Forest Road

A map identifying the location of the property follows this section.

### Access and Linkages

Primary access to the area is provided by I-440, a major arterial that encircles the older urban area of Raleigh. Access to the subject from I-440 is provided by Capital Boulevard, and travel time from the major arterial to the subject is about 3 minutes. Overall, vehicular access is above average.

Traffic reports available from NCDOT indicate that 39,000 vehicles travel past along this section of Capital Boulevard each day, as of 2015. However, the southbound lanes are physically separated from the northbound lanes by a developed median strip and carry 19,000 cars per day, as of 2015. The northbound lanes, which front the subject property, carry 20,000 vehicles per day, as of 2015.

Public transportation is provided by GoRaleigh, which provides bus service throughout much of Raleigh. The nearest bus station (Trailways) is located just north of subject on Capital Boulevard, while the nearest train station is located 3 miles south in the CBD. The local market perceives public transportation as average compared to other areas in the region. However, the primary mode of transportation in this area is the automobile.

The Raleigh-Durham International Airport is located about 11 miles from the property; travel time is about 15 to 20 minutes, depending on traffic conditions. The Raleigh CBD, the economic and cultural center of the region, is approximately 2.5 miles from the property.

### Employment Base

Major employers that generate demand for the residential communities surrounding the subject include State of North Carolina, City of Raleigh, Wake County Schools, Duke Energy, NC State University, PNC Bank, Red Hat and others.

### Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

<b>Surrounding Area Demographics</b>					
2016 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Wake County	North Carolina
Population 2010	7,753	85,041	225,532	900,993	9,535,483
Population 2016	8,207	90,041	244,778	1,025,174	10,089,413
Population 2021	8,583	94,116	259,834	1,113,502	10,586,956
Compound % Change 2010-2016	1.0%	1.0%	1.4%	2.2%	0.9%
Compound % Change 2016-2021	0.9%	0.9%	1.2%	1.7%	1.0%
Households 2010	3,485	33,838	87,293	345,645	3,745,155
Households 2016	3,767	37,118	96,232	392,779	3,976,162
Households 2021	3,971	39,511	103,101	426,889	4,180,534
Compound % Change 2010-2016	1.3%	1.6%	1.6%	2.2%	1.0%
Compound % Change 2016-2021	1.1%	1.3%	1.4%	1.7%	1.0%
Median Household Income 2016	\$49,567	\$46,747	\$49,360	\$68,949	\$47,811
Average Household Size	2.1	2.2	2.4	2.6	2.5
College Graduate %	41%	41%	41%	48%	28%
Median Age	36	35	34	36	38
Owner Occupied %	52%	48%	51%	65%	67%
Renter Occupied %	48%	52%	49%	35%	33%
Median Owner Occupied Housing Value	\$226,497	\$246,348	\$204,344	\$252,106	\$166,216
Median Year Structure Built	1967	1977	1985	1996	1987
Avg. Travel Time to Work in Min.	24	23	24	26	26
Source: The Nielsen Company					

As shown above, the current population within a 3-mile radius of the subject is 90,041, and the average household size is 2.2. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to Wake County overall, the population within a 3-mile radius is projected to grow at a slower rate.

Median household income is \$46,747, which is lower than the household income for Wake County. Residents within a 3-mile radius have a lower level of educational attainment than those of Wake County, while median owner occupied home values are lower.

### **Drawing Power of Nearby Retail Uses**

The area contains a variety of older retail uses, but several blighted properties (Capital Inn, Milner Inn, and Zanziba Club) have been purchased and removed by the City of Raleigh in recent years. Other remaining uses include older used car and auto service businesses, Salvation Army, Greenchair, Mutual Distributors, First Citizens, Food Bank, Gateway Plaza Shopping Center, Trailways and Extra Space Storage.

### **Land Use**

In the immediate vicinity of the subject, predominant land uses are commercial on Capital Boulevard, industrial to the west on Hodges Street and Atlantic Avenue and residential to the east. Other land use characteristics are summarized in the following table.

<b>Surrounding Area Land Uses</b>	
Character of Area	Urban
Predominant Age of Improvements	30 to 60 years
Predominant Quality and Condition	Average
Approximate Percent Developed	95%
Infrastructure/Planning	Below Average
Predominant Location of Undeveloped Land	N/A (infill location)
Prevailing Direction of Growth	Redevelopment occurring to south at Peace St. intersection
<b>Subject's Immediate Surroundings</b>	
North	Food Bank
South	Auto service and Tivoli Gardens Apts.
East	Woodcrest subdivision
West	First Citizens

### Development Activity and Trends

During the last five years, development has been limited. However, the City of Raleigh has cleared out most of the former development between the northbound and southbound lanes of Capital Boulevard that is flood-prone due to the presence of Pigeon House Branch. This removal of blighted properties and the potential future realignment/improvement of Capital Boulevard enhance the status of the neighborhood, but significant private investment is also required to significantly improve neighborhood prospects.

### Outlook and Conclusions

The area is in the early revitalization stage of its life cycle. Given the history of the area and the growth trends, we expect that property values will increase in the near future.

In comparison to other areas in the region, the area is rated as follows:

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<b>Surrounding Area Attribute Ratings</b>	
Highway Access	Average/Above Average
Demand Generators	Average
Convenience to Supporting Land Uses	Below Average
Employment Stability	Average
Demographic Trends	Below Average
Property Compatibility	Below Average
General Appearance of Properties	Average/Below Average
Appeal to Market	Average/Below Average
Price/Value Trend	Average

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## Automobile Dealership Market Overview

The purpose of this analysis is to describe and discuss retail trends in the automobile industry, dealership incomes and profits, automobile sales trends, and the subject's competitive position as it relates to the above topics and other local dealerships. This market analysis provides an overview of - the national automotive dealership market.

### Local Market Data

As of January 1, 2014, there were 575 new car dealerships in North Carolina, which has remained relatively stable since January 1, 2013 (579 dealerships). By year end of 2014, total sales of all new-vehicle dealerships were \$23,356,000,000 (17% increase), with average sales per dealership of \$40,620,000. The total sales were up from \$19,930,000,000 in 2013 and the sales per dealership were up from \$34,421,000 (18% increase). In 2012, dealership payroll in North Carolina totaled \$1.63 billion.

### Subject Property

The subject is an automotive sales facility including parts and service departments located along Capital Boulevard, south of the I-440 corridor. According to the Traffic Count Map from the NCDOT, as of 2015, the average daily traffic count map shown on the previous page estimates approximately 39,000 vehicles travel along this section of Capital Boulevard daily.

### Automotive Trend and Sales Projections

According to the most recent NADA forecasts, 2015 was a very good year for dealerships. This was the seventh year of growth for automotive sales with the average growth rate up over 9% since 2010. Dealerships have also grown during this time, and employment is now over 1.1 million for new-car and commercial-truck dealerships. Dealership wages also increased an average of 3.3% since 2011.

The outlook for 2016 is robust and expectations for total light- and heavy duty sales to top \$17.71 million, 2.3% increase from our forecast of 17.3 million sales in 2015. However the NADA does see some challenges ahead, including rising interest rates, increasing regulatory compliance costs and wage and income pressure. Wages will only grow about 2% over the next 12 months and interest rates are likely to rise by 50 to 75 basis points by year end 2016. According to the NADA, 2016 is expected to be an excellent year; however, new vehicles sales are forecasted to fall to 17.2 million units in 2017.

### Automotive Dealership Retail Trends

Automotive dealerships have changed greatly since their inception. The first dealerships were primarily small businesses in central locations. As automobiles became more affordable, dealerships transformed from small buildings to large sites that could accommodate more product lines and keep a larger inventory of vehicles. Dealerships began to relocate into suburban areas where land was cheaper and more plentiful.

Some important changes took place in the 1960s and 1970s. The first change was an increase in the number of import vehicles being sold in the U.S. The import manufacturers desired to locate their dealerships near existing domestic dealerships to benefit from the exposure and foot traffic. This led to the development of the "auto row." An "auto row" is an area where multiple dealerships are

located close to each other, generally along a major traffic artery. These were typically not planned developments, but consisted of a variety of retail and commercial uses surrounding the automotive dealerships. The next major change involved the way domestic vehicles were marketed. Major domestic car manufacturers eliminated the requirement that dealers market only their make of vehicle. This change opened the door for dealers to sell multiple vehicle makes from one dealership, or from multiple dealerships along an “auto row.”

During the 1980s and 1990s the trend shifted from “auto rows” to the “auto malls.” The “auto mall” was created as a planned development for automotive dealerships. The trend was slow to take off though, and through the mid-1980s only a handful of “auto malls” existed in the United States, with the majority in western states. In the mid to late 1980s a number of new automotive names were introduced (e.g. Infinity, Saturn, Hyundai, Lexus and Acura). The majority of these new models were marketed separately from the other vehicles made by the same company. This individual marketing led to higher demand for new dealership development, which in turn, helped to fuel the creation and expansion of the “auto mall” nationwide.

The creation and success of the “auto row” and “auto mall” is due to the synergy created by placing multiple dealerships in the same area. Unlike many other markets, the multiple buying opportunities presented by numerous dealerships are a benefit that typically outweighs the negatives associated with competition. This is especially true for multiple dealerships owned by the same person. Most potential buyers prefer not to travel long distances to multiple dealerships to look at various car choices. The stand-alone dealer located away from the rest is often at a disadvantage in terms of customer traffic volume attracted to the dealership. In the same way that shopping malls benefit from multiple anchors, each dealership in an “auto row” or “auto mall” benefits from the draw of the others. In addition to the draw of multiple dealerships, the separate merchants in an “auto row” or “auto mall” can pool their resources for advertising and promotion, giving them all more purchasing power.

In the recent decade, the auto industry faced a number of significant challenges. Industry experts point to rising fuel costs; increasing labor costs; environmental expectations related to emissions and fuel efficiency; healthcare and retirement benefits; decreased sales of higher-margin sport utility vehicles and pick-up trucks; and tightening credit standards that made it more difficult to secure financing as several of the reasons the auto industry suffered over the course of the decade. However, none of these trends compared with the shock to the industry related to the global economic recession that began in 2008.

### **Dealership Trends**

According to National Automobile Dealers Association (NADA) Industry Analysis Division, the number of new-car dealerships as of year-end 2014 was 16,396, representing a gain of more than 200 retail outlets, commonly referred to as rooftops, from the previous year.

### **Dealership Profits**

Automotive dealerships have three main centers of profit: new car sales; used car sales; and vehicle service and parts retailing. The following tables and charts are a summary of new vehicle sales, used

vehicle sales, and service and parts sales as a percent of total sales, and average dealership net profits, as reported by the NADA in its latest available State of the Industry Report for 2014 data.

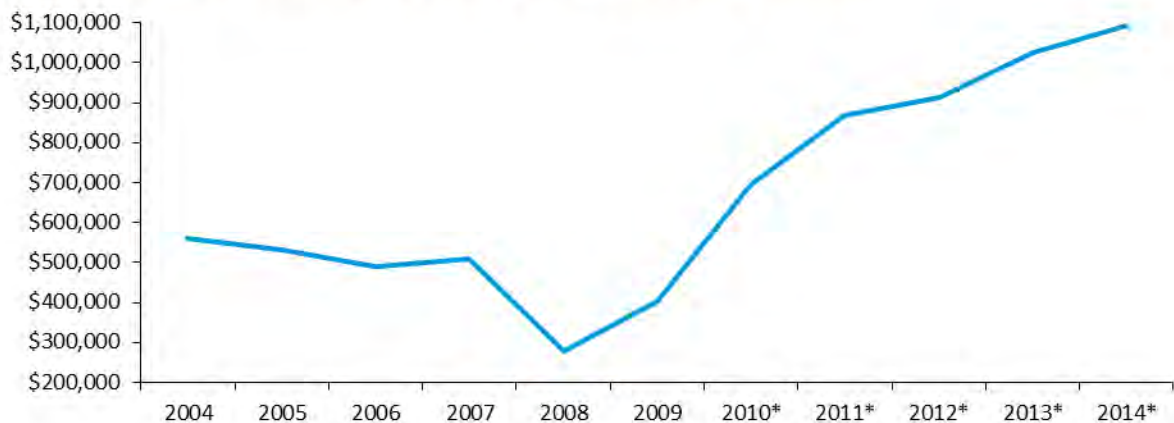
### Average Dealership Profile

Year	Total Dealership Sales	Total Dealership Gross Profit	Total Dealership Expenses	Net Profit Before Tax	Net Profit Before Taxes %
2004	\$33,009,335	\$4,363,870	\$3,804,184	\$559,686	1.7%
2005	\$32,318,461	\$4,307,479	\$3,776,446	\$531,033	1.6%
2006	\$31,855,768	\$4,338,448	\$3,848,964	\$489,484	1.5%
2007	\$33,379,501	\$4,546,212	\$4,038,084	\$508,128	1.5%
2008	\$28,517,867	\$4,077,497	\$3,800,451	\$277,045	1.0%
2009	\$26,645,303	\$4,060,649	\$3,658,560	\$402,090	1.5%
2010*	\$33,842,655	\$4,920,734	\$4,225,189	\$695,545	2.1%
2011*	\$38,387,875	\$5,515,624	\$4,647,373	\$868,251	2.3%
2012*	\$41,549,519	\$5,704,443	\$4,790,592	\$913,850	2.2%
2013*	\$45,901,608	\$6,151,839	\$5,126,568	\$1,025,272	2.2%
2014*	\$49,165,223	\$6,459,256	\$5,365,451	\$1,093,805	2.2%

Source: NADA Industry Analysis Division

\* Note that the NADA methodology changed for several statistics in 2015 (for the 2014 report). Thus, the historical figures in each of the columns above changed for each year dating back to 2010 in the 2014 report. The figures in each column prior to 2009 are based on NADA's methodology in place prior to 2014.

### Average Dealership Net Profit Before Taxes



Source: NADA Industry Analysis Division

The average dealership profile information presented in the previous table and graph shows significant industry improvement each year since 2010 in all sales categories measured relative to 2008 and 2009 figures. The percentage of net profit before taxes in 2014 was 2.2%, which has remained flat over the past three years.

### Vehicle Sales Trends & Forecast

The United States automobile market has historically been a very cyclical industry. New vehicle sales volume peaked in 2000 at 17.3 million units sold. A significant decline in sales occurred in 2008 and 2009. Sales in 2008 were down 18% from 2007 and 2009 sales were down 21% from 2008. In 2009, new vehicle sales volume reached a 20 year low of 10.4 million units sold.

However, since 2009 the number of new vehicles sold has increased each year. In addition, the average retail price improved. A summary of nationwide new vehicle sales since 1999 is presented in the following table.

Number of New Vehicles Sold				
Year	Vehicles (Millions)	Percent Change	Avg. Retail Price	Percent Change
1999	16.9	9.0%	\$24,450	9.0%
2000	17.3	2.4%	\$24,900	1.8%
2001	17.1	-1.2%	\$25,800	3.6%
2002	16.8	-1.8%	\$26,150	1.4%
2003	16.6	-1.2%	\$27,550	5.4%
2004	16.9	1.8%	\$28,050	1.8%
2005	16.9	0.0%	\$28,400	1.2%
2006	16.5	-2.4%	\$28,450	0.2%
2007	16.1	-2.4%	\$28,800	1.2%
2008	13.2	-18.0%	\$28,350	-1.6%
2009	10.4	-21.2%	\$28,966	2.2%
2010	11.6	11.1%	\$29,793	2.9%
2011	12.7	10.0%	\$30,659	2.9%
2012	14.4	13.4%	\$30,910	0.8%
2013	15.5	7.6%	\$31,762	2.8%
2014	16.4	5.8%	\$32,618	2.7%

Source: NADA Industry Analysis Division

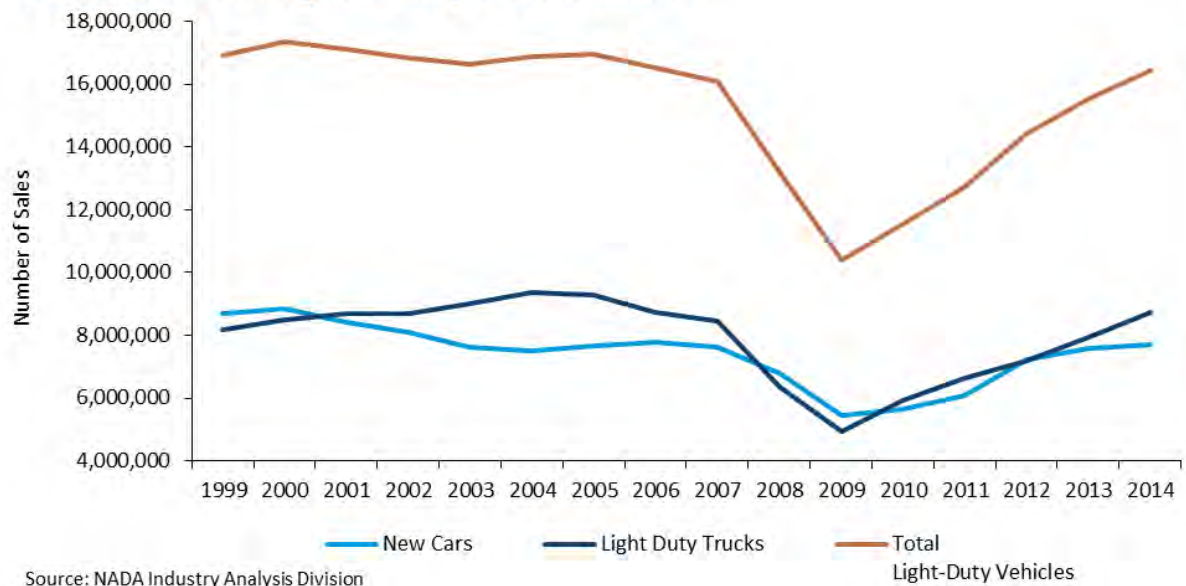
A historic breakdown of car versus truck sales is shown in the following table and graph. Despite industry-wide improvement, total sales of all vehicle types are still below historical sales levels during the previous decade.

### New Car vs Light Truck Sales

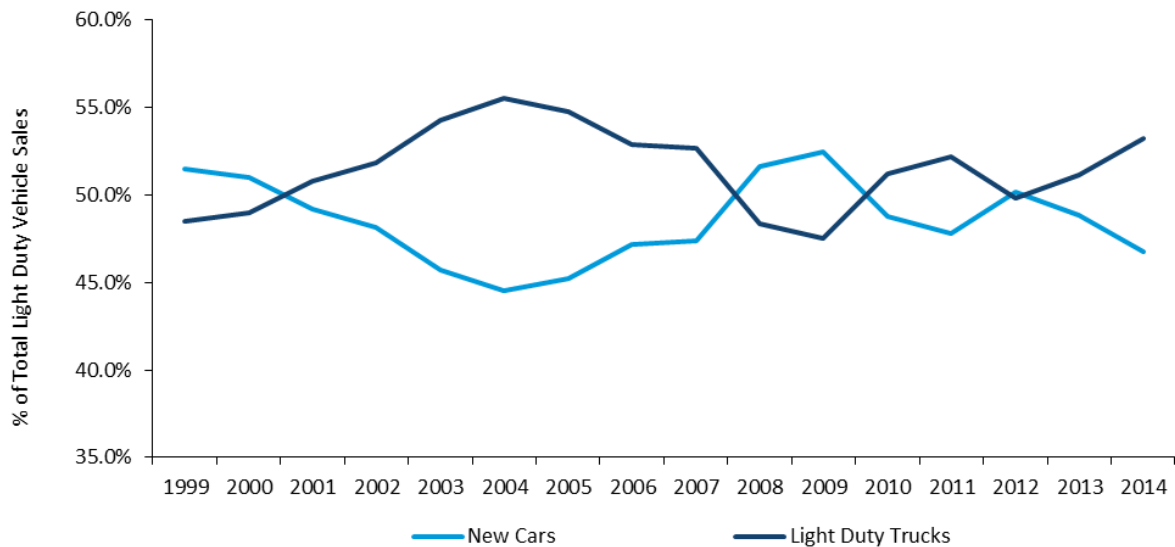
Year	New Cars	Percent of Total	Light Duty Trucks	Percent of Total	Total Light-Duty Vehicles
1999	8,698,600	51.5%	8,197,200	48.5%	16,895,800
2000	8,846,900	51.0%	8,502,800	49.0%	17,349,700
2001	8,422,600	49.2%	8,699,300	50.8%	17,121,900
2002	8,103,200	48.2%	8,714,300	51.8%	16,817,500
2003	7,609,800	45.7%	9,024,900	54.3%	16,634,700
2004	7,505,900	44.5%	9,360,600	55.5%	16,866,500
2005	7,666,700	45.2%	9,278,300	54.8%	16,945,000
2006	7,780,800	47.2%	8,721,000	52.8%	16,501,800
2007	7,618,400	47.4%	8,470,900	52.6%	16,089,300
2008	6,813,550	51.6%	6,381,050	48.4%	13,194,600
2009	5,456,300	52.5%	4,945,400	47.5%	10,401,700
2010	5,635,400	48.8%	5,919,100	51.2%	11,554,500
2011	6,089,300	47.8%	6,644,900	52.2%	12,734,200
2012	7,242,800	50.2%	7,199,000	49.8%	14,441,800
2013	7,582,500	48.8%	7,942,300	51.2%	15,524,800
2014	7,688,900	46.8%	8,748,100	53.2%	16,437,000

Source: NADA Industry Analysis Division

### New Cars vs Light-Duty Truck Sales



## New Cars vs Light-Duty Truck Sales



Source: NADA Industry Analysis Division

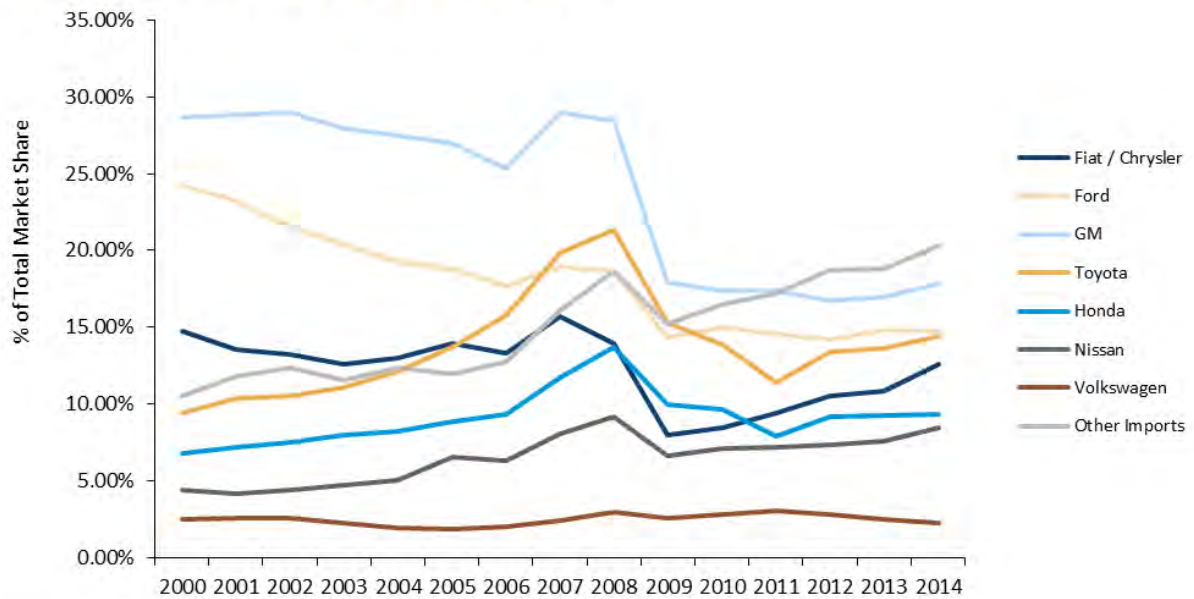
Among the various automakers, GM is at the top of overall market share along with Ford and Toyota. Combined, these three manufacturers accounted for approximately 47% of the vehicles sold in 2014. A summary of vehicle sales by manufacturer is presented in the following table.

**New Vehicle Sales and Market Share by Manufacturer**

	Fiat / Chrysler	Ford	GM	Toyota	Honda	Nissan	Volkswagen	Other Imports	Total
2000	2,522,700 14.73%	4,147,700 24.22%	4,911,700 28.69%	1,619,200 9.46%	1,158,900 6.77%	752,800 4.40%	435,900 2.55%	1,800,800 10.52%	17,349,700 101.33%
2001	2,273,200 13.52%	3,915,500 23.28%	4,852,500 28.85%	1,741,300 10.35%	1,207,600 7.18%	703,700 4.18%	438,900 2.61%	1,989,200 11.83%	17,121,900 101.81%
2002	2,205,450 13.26%	3,576,250 21.50%	4,815,150 28.95%	1,756,150 10.56%	1,247,850 7.50%	739,850 4.45%	423,850 2.55%	2,052,950 12.34%	16,817,500 101.10%
2003	2,127,450 12.61%	3,437,700 20.38%	4,716,050 27.96%	1,866,300 11.07%	1,349,850 8.00%	794,800 4.71%	389,100 2.31%	1,953,450 11.58%	16,634,700 98.63%
2004	2,206,000 13.02%	3,271,100 19.30%	4,657,400 27.49%	2,060,050 12.16%	1,394,400 8.23%	855,000 5.05%	334,050 1.97%	2,088,500 12.33%	16,866,500 99.54%
2005	2,304,900 13.97%	3,106,900 18.83%	4,456,800 27.01%	2,260,300 13.70%	1,462,500 8.86%	1,076,900 6.53%	307,250 1.86%	1,969,450 11.93%	16,945,000 102.68%
2006	2,142,500 13.32%	2,848,100 17.70%	4,067,600 25.28%	2,542,500 15.80%	1,509,400 9.38%	1,019,500 6.34%	325,300 2.02%	2,047,800 12.73%	16,502,700 102.57%
2007	2,076,100 15.73%	2,502,000 18.96%	3,824,550 28.99%	2,620,800 19.86%	1,551,550 11.76%	1,068,500 8.10%	324,050 2.46%	2,121,750 16.08%	16,089,300 121.94%
2008	1,447,750 13.92%	1,942,050 18.67%	2,955,900 28.42%	2,217,700 21.32%	1,428,800 13.74%	951,450 9.15%	310,900 2.99%	1,940,050 18.65%	13,194,600 126.85%
2009	927,200 8.02%	1,656,100 14.33%	2,072,200 17.93%	1,770,200 15.32%	1,150,800 9.96%	770,100 6.67%	296,200 2.56%	1,758,900 15.22%	10,401,700 90.03%
2010	1,079,700 8.48%	1,905,400 14.96%	2,211,300 17.37%	1,763,600 13.85%	1,230,500 9.66%	908,600 7.14%	358,500 2.82%	2,096,500 16.46%	11,554,100 90.73%
2011	1,361,600 9.43%	2,110,800 14.62%	2,503,800 17.34%	1,644,700 11.39%	1,147,300 7.95%	1,042,500 7.22%	442,000 3.06%	2,481,500 17.18%	12,734,200 88.19%
2012	1,641,500 10.57%	2,205,500 14.21%	2,595,700 16.72%	2,082,500 13.41%	1,422,800 9.16%	1,141,700 7.35%	438,100 2.82%	2,912,260 18.76%	14,440,060 93.01%
2013	1,789,500 10.89%	2,435,300 14.82%	2,786,100 16.95%	2,236,000 13.60%	1,525,300 9.28%	1,248,400 7.60%	407,700 2.48%	3,096,500 18.84%	15,524,800 94.45%
2014	2,076,200 12.63%	2,418,300 14.71%	2,935,000 17.86%	2,373,800 14.44%	1,540,900 9.37%	1,386,900 8.44%	367,000 2.23%	3,338,900 20.31%	16,437,000 100.00%

Source: NADA Industry Analysis Division

## Market Share by Manufacturer



Source: NADA Industry Analysis Division

We have included the most recent data compiled by Autodata, Corp, which is the Seasonally Adjusted Annual Rate (SAAR). This is a term used in the industry to depict the selling rate of vehicles for a particular month.

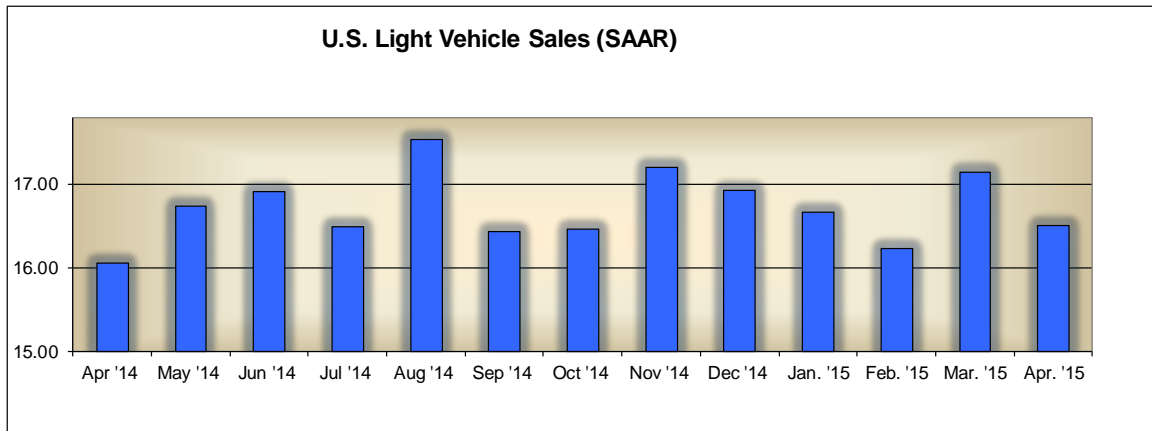


**Total U.S. Light Vehicle Retail Sales (SAAR, Mil. Units)**

Observations from April 2014 - April 2015

\*This analysis reflects the restated BEA seasonal factors as of August 1, 2014

	Apr '14	May '14	Jun '14	Jul '14	Aug '14	Sep '14	Oct '14	Nov '14	Dec '14	Jan. '15	Feb. '15	Mar. '15	Apr. '15
<b>TOTAL S.A. ANNUAL RATE</b>	16.05	16.73	16.90	16.48	17.53	16.43	16.46	17.20	16.92	16.66	16.23	17.15	16.50
<b>TOTAL CAR SAAR</b>	7.57	8.09	8.29	8.00	8.44	7.74	7.97	8.18	8.16	7.54	7.23	7.70	7.36
<b>TOTAL TRUCK SAAR</b>	8.49	8.64	8.61	8.49	9.10	8.69	8.49	9.03	8.76	9.12	9.01	9.44	9.14
<b>DOMESTIC CAR</b>	5.28	5.70	5.90	5.78	6.19	5.63	5.88	6.08	5.88	5.47	5.21	5.45	5.31
<b>DOMESTIC TRUCK</b>	7.47	7.58	7.49	7.38	7.89	7.54	7.41	7.88	7.69	8.07	7.92	8.24	7.86
<b>TOTAL DOMESTIC SAAR</b>	12.75	13.28	13.38	13.16	14.08	13.16	13.29	13.96	13.57	13.54	13.13	13.69	13.17
<b>IMPORT CAR</b>	2.29	2.39	2.40	2.21	2.24	2.12	2.10	2.10	2.27	2.07	2.02	2.26	2.06
<b>IMPORT TRUCK</b>	1.01	1.07	1.12	1.10	1.21	1.15	1.08	1.14	1.08	1.04	1.09	1.20	1.28
<b>TOTAL IMPORT SAAR</b>	3.30	3.45	3.52	3.32	3.45	3.27	3.17	3.25	3.35	3.11	3.11	3.46	3.34



(C) Autodata Corp.

**Conclusion**

The low point for the auto industry during 2008 and 2009 coincided with the global financial downturn that rocked car and truck manufacturers worldwide and pushed two of the three Big Three U.S. automakers into bankruptcy. However, since 2009, the auto industry has shown significant improvement in sales and a high percentage of dealers expect profits to increase.

The national trends seem to bode well for the subject, which represents an average-quality dealership that benefits from a location with good access and adequate freeway visibility. Demographically, the subject is well positioned to capture sales from able buyers. On balance, we anticipate the current automotive dealership use will remain economically viable into the foreseeable future.

## Property Analysis

### Land Description and Analysis

#### Location

The property is located on the east side of Capital Boulevard, approximately 170 feet north of its intersection with Fenton Street.

#### Land Area

The following table summarizes the subject's land area.

Land Area Summary			
Tax ID	Address	SF	Acres
1714.06-37-5678	1820 Capital Blvd.	344,995	7.92
1714.06-37-2566	1818 Capital Blvd.	22,216	0.51
1714.10-37-1388	1820 Capital Blvd.	108,900	2.50
1714.10-37-2161	121 Fenton St.	52,272	1.20
Total		528,383	12.13

#### Shape and Dimensions

The site is irregular in shape, with dimensions of approximately 820 feet in width and 550 feet in depth. Site utility based on shape and dimensions is average.

#### Topography

The site is moderately sloping upward the fronting roadway. The topography does not result in any particular development limitations.

#### Drainage

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

#### Flood Hazard Status

The following table provides flood hazard information.

Flood Hazard Status	
Community Panel Number	3720171400J
Date	May 2, 2006
Zone	X primarily; minor amount of Shaded X along Capital Blvd.
Description	X is outside 500-year floodplain, while Shaded X is within 500-year floodplain
Insurance Required?	No, Shaded X is without improvements

### Environmental Hazards

We have been advised that a prior environmental study had identified issues with the property. While one of the issues has been fully remediated, the other item has not. Because of the uncertain cost to fully remediate the property, we have appraised the property as if environmentally clean, which is a hypothetical condition.

### Ground Stability

A soils report was not provided for our review. Based on our inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. However, we are not experts in soils analysis. We assume that the subject's soil bearing capacity is sufficient to support the existing improvements.

### Streets, Access and Frontage

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

Streets, Access and Frontage		
Street	Capital Blvd.	Fenton St.
Frontage Feet	808	231
Paving	Asphalt	Asphalt
Curbs	Yes	Yes
Sidewalks	No	No
Lanes	2 way, 4 lanes each way	2 way, 1 lane each way
Direction of Traffic	Northeast/Southwest	Northwest/Southeast
Condition	Average	Average
Traffic Levels	High	Low
Signals/Traffic Control	None	None
Access/Curb Cuts	Yes, 3	Yes, 1
Visibility	Good	Below average

### Utilities

The availability of utilities to the subject is summarized in the following table.

Utilities		
Service	Provider	Adequacy
Water	City of Raleigh	Adequate
Sewer	City of Raleigh	Adequate
Electricity	Duke Energy	Adequate
Natural Gas	PSNC Energy	Adequate
Local Phone	Various providers	Adequate

### Zoning

The subject is zoned CX- 4 & 7-UL, Commercial Mixed-Use, 4 & 7 story, Urban Limited, by the City of Raleigh. The CX- 4 & 7-UL zone is intended to promote commercial mixed-use development. The

following table summarizes our understanding and interpretation of the zoning requirements that affect the subject.

<b>Zoning Summary</b>	
Zoning Jurisdiction	City of Raleigh
Zoning Designation	CX- 4 & 7-UL
Description	Commercial Mixed-Use, 4 & 7 story, Urban Limited
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Residential, retail, service and commercial uses
Category	Zoning Requirement
Minimum Lot Area	None
Minimum Street Frontage (Feet)	None
Minimum Lot Width (Feet)	None
Minimum Lot Depth (Feet)	None
Minimum Setbacks (Feet)	5' front, 0' or 6' side and rear
Maximum Building Height	7 stories primarily, but 4 stories on Fenton St. lot
Maximum Floor Area Ratio	N/A
Parking Requirement	Dependent on use
Source: City of Raleigh UDO	

According to the local planning department, there are no pending or prospective zoning changes. It appears that the current use of the site is a legally conforming use.

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

### Other Land Use Regulations

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

### Easements, Encroachments and Restrictions

We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

### Conclusion of Site Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include residential, retail, service and commercial uses. We are not aware of any other particular restrictions on development.

## Tax Map

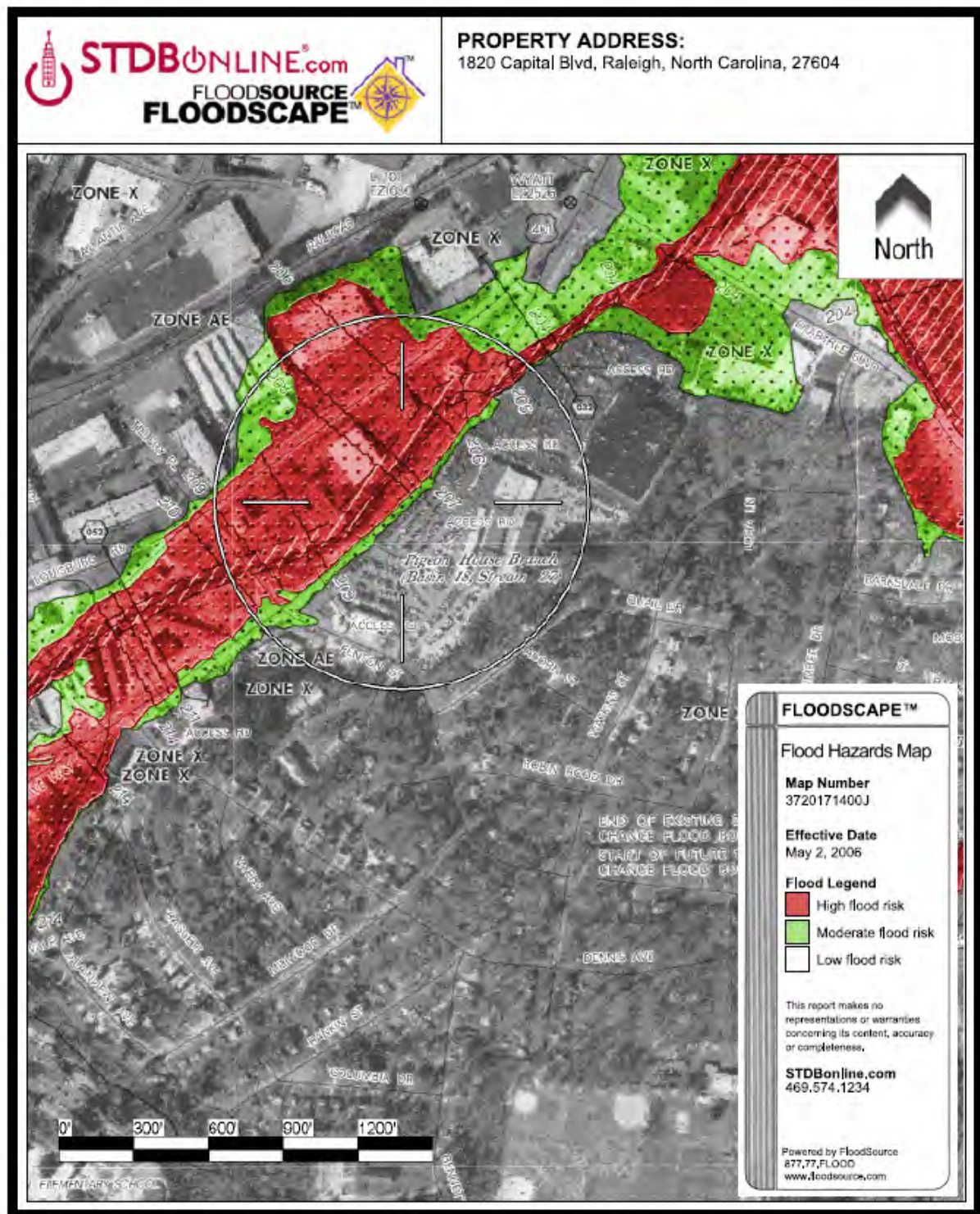


## Aerial Map

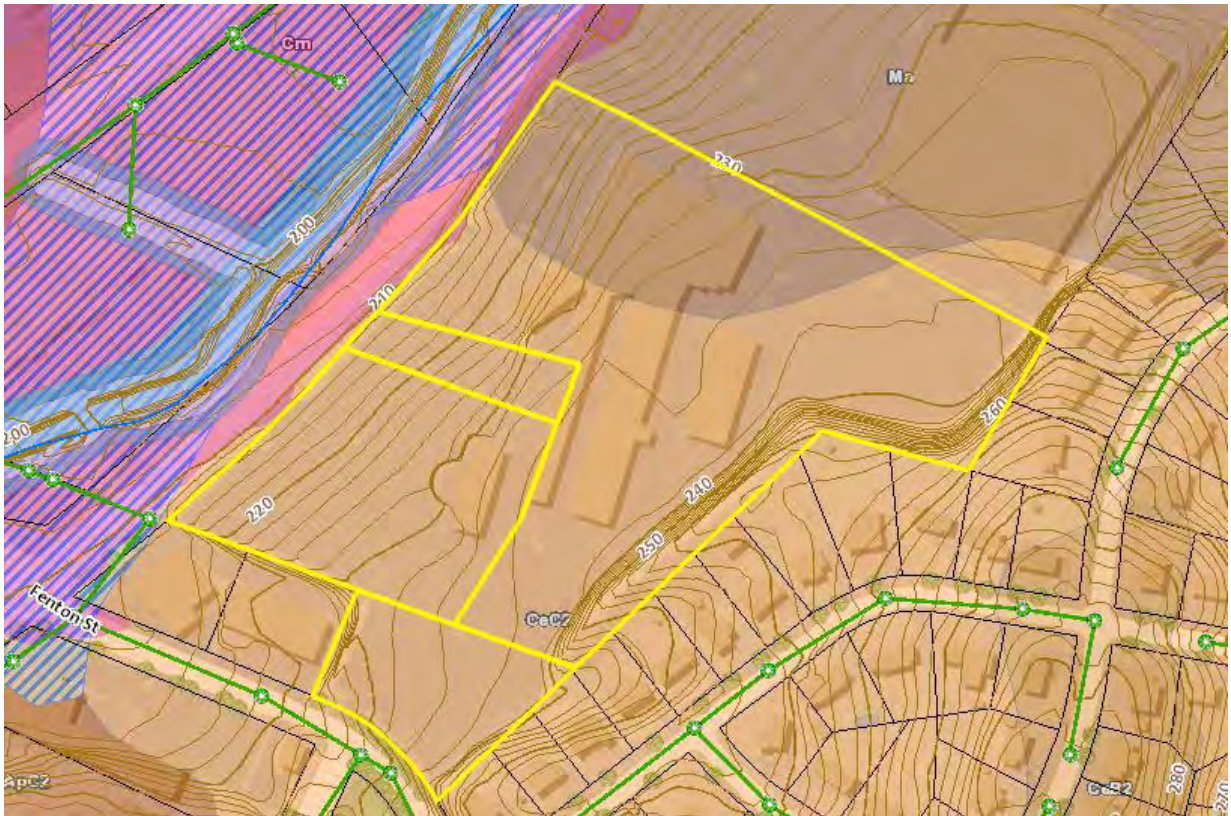




## Flood Map

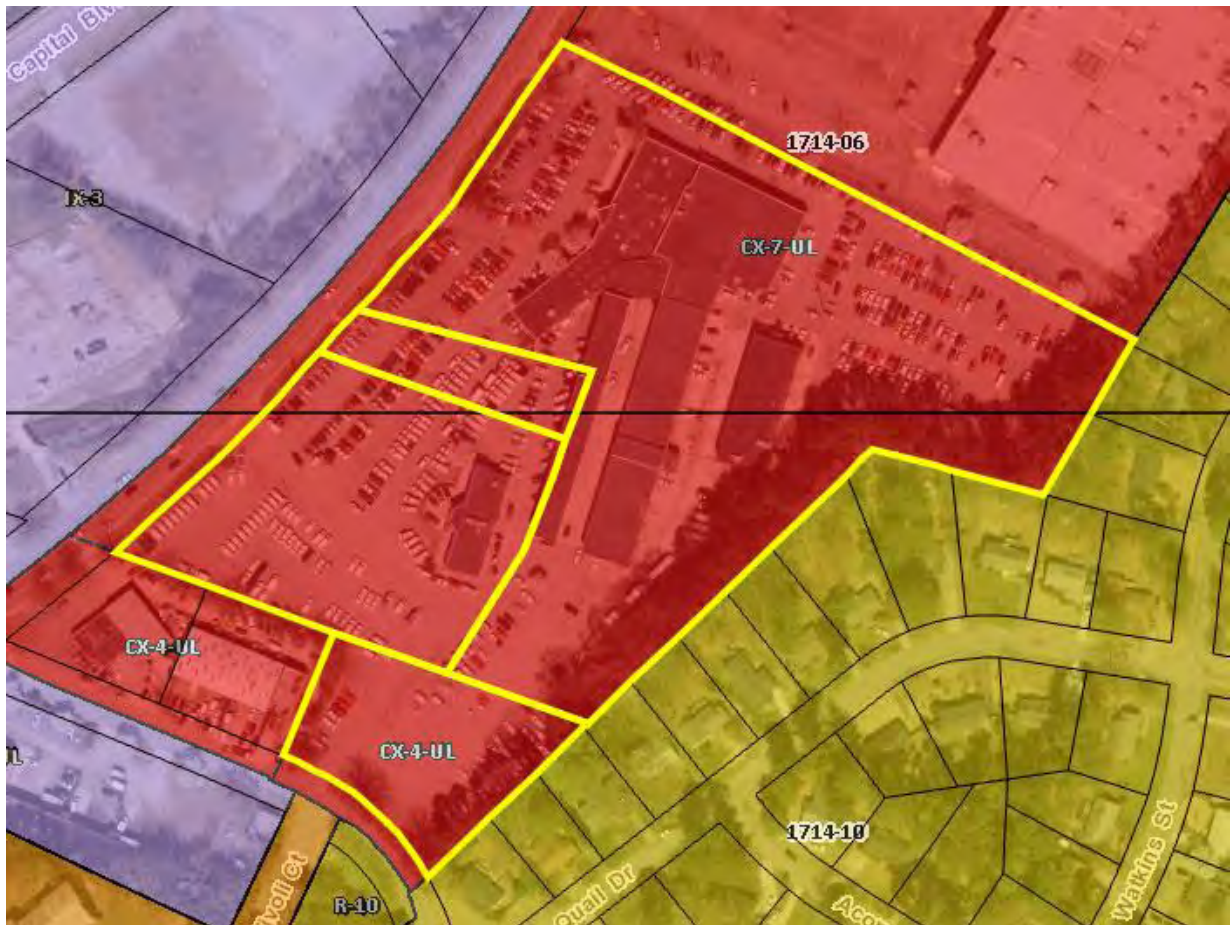


## Topography/Soils/Sewer Map





## Zoning Map





## Improvements Description and Analysis

### Overview

The subject is an existing retail property consisting of 6 buildings and containing 72,266 square feet of gross leasable area. The improvements were constructed between 1966 and 1995 and are 100% leased as of the effective appraisal date. The gross leasable area excludes the parts storage mezzanine area with limited clearance and the covered canopy area between the showroom building and the fleet sales building. The site area is 12.13 acres or 528,383 square feet. The following description is based on our inspection of the property, discussions with ownership, and a review of the site plan included in this report.

Improvements Description							
	Overall Property	Showroom/Parts/ Parts Storage	Body Shop	Car & Truck Service Garage	New PDI & Used Recon	Fleet Commercial	Fleet Sales
Name of Property	Capital Chevrolet	Showroom/Parts/ Parts Storage	Body Shop	Car & Truck Service Garage	New PDI & Used Recon	Fleet Commercial	Fleet Sales
General Property Type	Retail	Retail	Retail	Retail	Retail	Retail	Retail
Property Sub Type	Automotive Dealership	—	—	—	—	—	—
Competitive Property Class	C	C	C	C	C	C	C
Occupancy Type	Single Tenant	Single Tenant	Single Tenant	Single Tenant	Single Tenant	Single Tenant	Single Tenant
Percent Leased	100%	100%	100%	100%	100%	100%	100%
Number of Tenants	1	—	—	—	—	—	—
Number of Buildings	6	1	1	1	1	1	1
Stories	1	1	1	1	1	1	1
Building Shape	—	Rectangular	Rectangular	Rectangular	Rectangular	Rectangular	Rectangular
Construction Class	C	C	C	C	C	C	C
Construction Type	Masonry	Masonry	Masonry	Masonry	Masonry	Masonry	Masonry
Construction Quality	Average	Good to Low Cost	Average	Average	Average	Good	Good
Condition	Average	Average	Average	Average	Average	Average	Average
Gross Building Area (SF)	72,266	26,393	9,480	19,080	9,728	2,431	5,154
Gross Leasable Area (SF)	72,266	26,393	9,480	19,080	9,728	2,431	5,154
Building Efficiency Ratio	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Land Area (SF)	528,383	—	—	—	—	—	—
Floor Area Ratio (GLA/Land SF)	0.14	—	—	—	—	—	—
Floor Area Ratio (GBA/Land SF)	0.14	—	—	—	—	—	—
Building Area Source	Tax Cards supported by measurement	Tax Cards supported by measurement	Tax Cards supported by measurement	Tax Cards supported by measurement	Tax Cards supported by measurement	Tax Cards supported by measurement	Tax Cards supported by measurement
Year Built	1966-1995	1966	1967	1966	1973	1995	1980
Year Renovated	—	1995-1997	—	—	—	—	2006
Actual Age (Yrs.)	—	50	49	50	43	21	36
Estimated Effective Age (Yrs.)	—	21	21	21	21	16	12
Estimated Economic Life (Yrs.)	—	40	35	35	35	45	45
Remaining Economic Life (Yrs.)	—	19	14	14	14	29	33
Number of Parking Spaces	—	—	—	—	—	—	—
Source of Parking Count	—	—	—	—	—	—	—
Parking Type	Surface asphalt and concrete (+/- 390,000 SF)	—	—	—	—	—	—
Parking Spaces/1,000 SF GLA	—	—	—	—	—	—	—
Landscaping	Seeding and	—	—	—	—	—	—
Special Features	7,200 SF canopy and 30 parking light poles	—	—	—	—	—	—

<b>Construction Details</b>						
	Showroom/Parts/ Parts Storage	Body Shop	Car & Truck Service Garage	New PDI & Used Recon	Fleet Commercial	Fleet Sales
Foundation	Concrete slab	Concrete slab	Concrete slab	Concrete slab	Concrete slab	Concrete slab
Structural Frame	Steel frame	Steel frame	Steel frame	Steel frame	Steel frame	Steel frame
Exterior Walls	Stucco, brick and	Brick	Brick	Brick	Brick	Brick
Windows	Storefront glass	None	None	None	Storefront glass	Storefront glass
Roof	1996-2001	1993 membrane	1996 membrane	2004 membrane	1995 membrane	2006
Ceiling Height in Feet	14'	18'	18'	18'	14'	12'
Bay Depth in Feet	N/A	60'	60'	32'	N/A	N/A
Drive-in Doors	1	12	23	13	—	—
Interior Finishes	9,712 SF showroom, 2,064 SF finished parts & 14,617 SF parts warehouse	200 SF finished & 9,280 SF garage	565 SF finished & 18,515 SF garage	All service garage	100% office	100% office and showroom
Floors	Terrazzo, vinyl, carpet and concrete	Concrete	Concrete	Concrete	Carpet and vinyl tile	Carpet and vinyl tile
Walls	Painted gypsum board and exposed masonry	Exposed masonry	Exposed masonry	Exposed masonry	Painted gypsum board	Painted gypsum board
Ceilings	Acoustical tile, painted gypsum board and exposed	Exposed	Exposed	Exposed	Acoustical tile	Acoustical tile
Lighting	Suspended and affixed fluorescent	Affixed fluorescent and high bay	Affixed fluorescent	Affixed fluorescent	Recessed fluorescent	Recessed fluorescent
Electrical	Assumed	Assumed	Assumed	Assumed	Assumed	Assumed
Plumbing	Assumed	Assumed	Assumed	Assumed	Assumed	Assumed
Heating	100%	100%	100%	100%	100%	100%
Air Conditioning	45%	—	3%	—	100%	100%
Utility Meters - Tenants	All	All	All	All	All	All
Utility Meters - Central	None	None	None	None	None	None
Rest Rooms	5	2	1	1	2	2
Sprinklers	None	None	None	None	None	None

## Occupancy Status

The property is 100% leased to 1 tenant, Capital Chevrolet.

## Improvements Analysis

### Quality and Condition

The improvements are of average quality construction and are in average condition. Within the past 2 years, the following capital improvements have been made:

- Roof replacement for front of main building, fleet sales and canopy
- Replacement of stained ceiling tiles
- Repair of pothole areas

The quality of the subject is considered to be inferior to that of competing new car dealerships, and maintenance appears to have been inferior to that of competing properties. Overall, the market appeal of the subject is inferior to that of competing properties.

**Functional Utility**

The improvements appear to be less than adequately suited to their current use, as the layout of the buildings on the property would not likely be replicated, as the separation between the two primary service buildings is limited, as is the separation between the new sales showroom and the service areas. This design has not been replicated with other dealership development in the market area. In addition, the size of the improvements significantly exceeds the typical size of a new car dealership in the area. While the size itself might not be as problematic on a larger site with better internal circulation, it is a deficiency on the subject tract. In addition to these major items, the mezzanine in the parts storage area has reduced clearance and could easily be removed. It is concluded that this mezzanine adds no value to the property and it is not even included in the replacement cost approach.

**Deferred Maintenance**

No deferred maintenance is apparent from our inspection, and none is identified based on discussions with ownership.

**ADA Compliance**

Based on our inspection and information provided, we are not aware of any ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

**Hazardous Substances**

**We have been advised that a prior environmental study had identified issues with the property. While one of the issues has been fully remediated, the other item has not. Because of the uncertain cost to fully remediate the property, we have appraised the property as if environmentally clean, which is a hypothetical condition.**

**Personal Property**

No personal property items were observed that would have any material contribution to market value.

**Conclusion of Improvements Analysis**

In comparison to other competitive properties in the region, the subject improvements are rated as follows:

Improvements Ratings	
Visibility/Exposure	Average
Design and Appearance	Below Average
Age/Condition	Average
Adaptability of Space to other Retail Users	Below Average
% Sprinklered	Below Average
Interior Amenities	Average
Layout - Store to Store Proximity	Below Average
Parking Ratios	Above Average
Distance of Parking to Store Access	Average
Landscaping	Below Average

Overall, the quality, condition, and functional utility of the improvements are average/ below average for their age and location.



Front view of showroom/parts bldg.  
(Photo Taken on December 28, 2016)



Rear view of showroom/parts bldg.  
(Photo Taken on December 28, 2016)



Showroom interior  
(Photo Taken on December 28, 2016)



Customer lobby  
(Photo Taken on December 28, 2016)



Parts counter  
(Photo Taken on December 28, 2016)



Parts warehouse  
(Photo Taken on December 28, 2016)





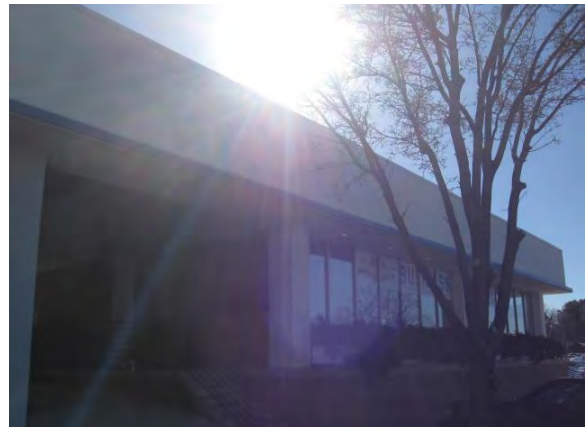
Canopy  
(Photo Taken on December 28, 2016)



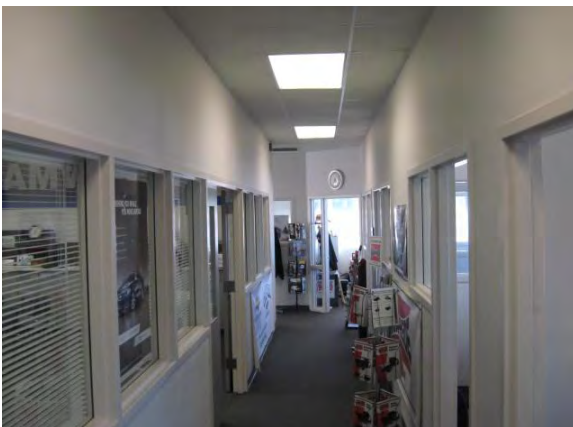
Fleet commercial bldg.  
(Photo Taken on December 28, 2016)



Fleet commercial interior  
(Photo Taken on December 28, 2016)



Fleet sales bldg.  
(Photo Taken on December 28, 2016)



Fleet sales interior  
(Photo Taken on December 28, 2016)



Body shop exterior  
(Photo Taken on December 28, 2016)

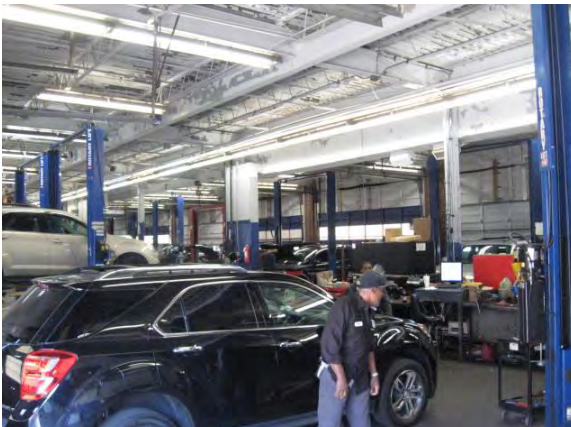




Body shop interior  
(Photo Taken on December 28, 2016)



Car & truck service bldg.  
(Photo Taken on December 28, 2016)



Car & truck service interior  
(Photo Taken on December 28, 2016)



New PDI & Recon bldg.  
(Photo Taken on December 28, 2016)



New PDI & Recon bldg.. interior  
(Photo Taken on December 28, 2016)



Capital Blvd. facing north  
(Photo Taken on December 28, 2016)

## Real Estate Taxes

The subject property is located in Wake County and is subject to City of Raleigh and Wake County taxes. Property in Wake County was last revalued in 2016 and the next revaluation is slated for 2020.

Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2016							
Tax ID	Assessed Value			Taxes and Assessments			
	Land	Improvements	Total	Tax Rate	Ad Valorem Taxes	Direct Assessments	Total
1714.06-37-5678	\$2,328,716	\$1,699,874	\$4,028,590	1.018800%	\$41,043	\$0	\$41,043
1714.06-37-2566	\$149,958	\$18,320	\$168,278	1.018800%	\$1,714	\$0	\$1,714
1714.10-37-1388	\$735,076	\$339,781	\$1,074,857	1.018800%	\$10,951	\$0	\$10,951
1714.10-37-2161	\$338,723	\$41,250	\$379,973	1.018800%	\$3,871	\$0	\$3,871
	\$3,552,473	\$2,099,225	\$5,651,698		\$57,579	\$0	\$57,579

Based on the concluded market value of the subject, the assessed value appears low.

## Highest and Best Use

### Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

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

### Highest and Best Use As If Vacant

#### Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

#### Legally Permissible

The site is zoned CX- 4 & 7-UL, Commercial Mixed-Use, 4 & 7 story, Urban Limited. Permitted uses include residential, retail, service and commercial uses. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only retail use is given further consideration in determining highest and best use of the site, as though vacant.

#### Financially Feasible

Based on our analysis of the market, there is currently adequate demand for retail use in the subject's area. It appears that a newly developed retail use on the site would have a value commensurate with its cost. Therefore, retail use is considered to be financially feasible.

#### Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than retail use. Accordingly, it is our opinion that retail use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

### Conclusion

Development of the site for retail use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as if vacant.

### As Improved

The subject site is developed with 72,266 square foot automobile dealership, which is consistent with the highest and best use of the site as if it were vacant.

The existing improvements are currently leased and produce a significant positive cash flow that we expect will continue. Therefore, a continuation of this use is concluded to be financially feasible.

Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the value of the existing improved property exceeds the value of the site, as if vacant. For these reasons, continued retail use is concluded to be maximally productive and the highest and best use of the property as improved.

**Most Probable Buyer**

Taking into account the size and characteristics of the property and its likely short-term tenancy, the likely buyer is an investor or an owner-user that can delay occupancy for more than 3 years while collecting the rental income from the current tenant who will be relocating to Wake Forest once their new building is completed. While redevelopment might be contemplated by some potential buyers, the market indicators do not support the financial feasibility of that option at this time.

# Valuation

## Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

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

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

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

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

<b>Approaches to Value</b>		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Applicable	Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

## Land Valuation

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties. Our sales research focused on transactions within the following parameters:

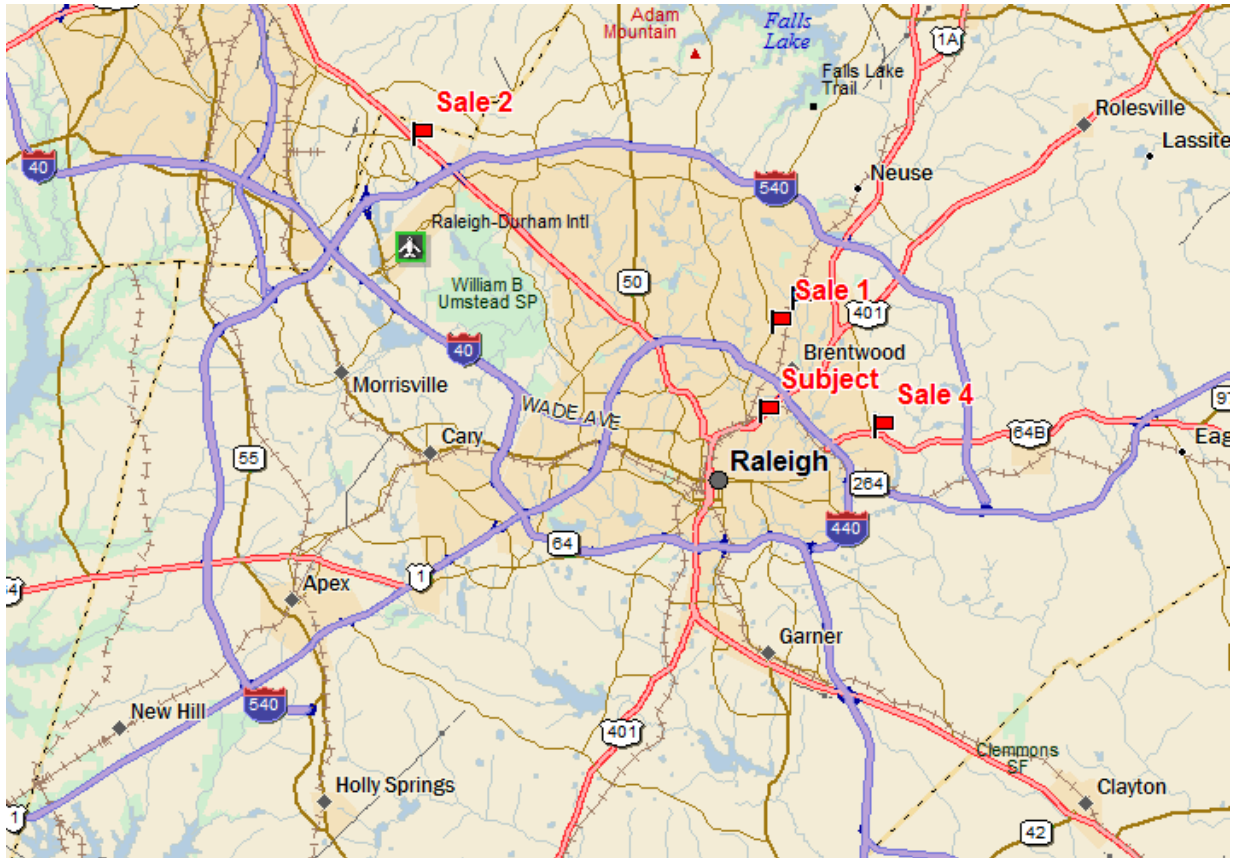
- Location: Raleigh
- Size: 4 to 15 acres
- Use: Retail and mini-storage uses
- Transaction Date: 2014-2016

For this analysis, we use price per square foot as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table:

**Summary of Comparable Land Sales**

No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Zoning	\$/SF Land	\$/Acre
1	Lidl site 1603 Ronald Dr. Raleigh Wake County NC Tax ID: 1716505487, 1716504796, 1716507739 Grantor: Wake Forest Road Property, LLC...et.al Grantee: LIDL US Operations, LLC <i>Comments: Arms length. This is an assemblage of 3 parcels purchased for development of a Lidl grocery.</i>	Jun-16 Closed	\$2,750,500	312,761 7.18	Commercial Mixed Use	\$8.79	\$383,078
2	10401 Glenwood 10401 Glenwood Ave. Raleigh Wake County NC Tax ID: 0768-28-6308 Grantor: CIP Brier Creek, LLC Grantee: Pharo Raleigh, LLC (66%) & Hess Raleigh, LLC (33%) <i>Comments: About a 20% stream buffer/wetlands on the eastern side of the property.</i>	Apr-15 Closed	\$1,631,000	260,924 5.99	Conditional Use Thoroughfare District	\$6.25	\$272,287
3	Proposed Stallings Self- Storage Site 2013-2015 E. Millbrook Rd. Raleigh Wake County NC Tax ID: 1716-84-4482 and 1716-84-5169 Grantor: Tsing Tao, Inc. Grantee: SOC Millbrook, LLC <i>Comments: 2105 E. Millbrook Road is under contract for \$850,000 and 2013 E. Millbrook Road is under contract for \$110,000. Purchase of two separate parcels to be combined and developed with a 3-story, 70,000 SF, 518-unit self storage facility that will be fully climate-controlled upon completion. Site was improved with a 11,033 SF former restaurant building at time of sale. Buyer intends to demolish the restaurant but keep the existing asphalt paving and paved driveways from Millbrook Road and Atlantic Avenue. Demo cost is estimated at \$4/SF. Storage facility is scheduled to be completed by 08/2015.</i>	Oct-14 Closed	\$1,004,132	175,547 4.03	Industrial	\$5.72	\$249,164
4	4.89 Acres 4550 New Bern Ave. Raleigh Wake County NC Tax ID: 1734-05-5402 Grantor: Judy Allen Taylor Grantee: Ample Storage Lake Worth, LLC <i>Comments: Buyer purchased to develop with a mini-storage facility. About \$700K of the proceeds was from a 1031 exchange.</i>	Aug-14 Closed	\$1,400,000	213,008 4.89	Industrial 1	\$6.57	\$286,299
<b>Subject</b>				528,383	Commercial		
Capital Chevrolet				12.13	Mixed-Use, 4 & 7 story, Urban		
Raleigh, NC							

## Comparable Land Sales Map







Sale 1  
Lidl site



Sale 2  
10401 Glenwood



Sale 3  
Proposed Stallings Self-Storage Site



Sale 4  
4.89 Acres

## Adjustment Factors

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

Adjustment Factors	
Effective Sale Price	Accounts for atypical economics of a transaction, such as demolition cost, expenditures by the buyer at time of purchase, or other similar factors. Usually applied directly to sale price on a lump sum basis.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale, related parties transaction.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on sale price; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Inverse relationship that often exists between parcel size and unit value.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.
Entitlements	The specific level of governmental approvals attained pertaining to development of a site.

When considering market conditions, we note that the sales took place from August 2014 to June 2016, and that market conditions generally have been strengthening over this period through the effective date of value. Accordingly, we apply upward adjustments of 3.0% per year to account for this trend.

## Analysis and Adjustment of Sales

Our analysis of the comparable sales is described in the following paragraphs.

**Land Sale 1** is a 7.18 acre, or 312,761 square foot, parcel located at 1603 Ronald Dr., Raleigh, Wake County, NC. The property sold in June 2016 for \$2,750,500, or \$8.79 per square foot. Downward adjustments are made for superior location and smaller size.

**Land Sale 2** is a 5.99 acre, or 260,924 square foot, parcel located at 10401 Glenwood Ave., Raleigh, Wake County, NC. The property sold in April 2015 for \$1,631,000, or \$6.25 per square foot. A downward adjustment is made for smaller size, with an upward adjustment for inferior topography.

**Land Sale 3** is a 4.03 acre, or 175,547 square foot, parcel located at 2013-2015 E. Millbrook Rd., Raleigh, Wake County, NC. The property sold in October 2014 for \$960,000. Adjusting for demolition costs, the effective sale price is \$1,004,132, or \$5.72 per square foot. A downward adjustment is made for smaller size, with upward adjustments for inferior location and topography.

**Land Sale 4** is a 4.89 acre, or 213,008 square foot, parcel located at 4550 New Bern Ave., Raleigh, Wake County, NC. The property sold in August 2014 for \$1,400,000, or \$6.57 per square foot. A downward adjustment is made for smaller size, with an upward adjustment for inferior location.

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

<b>Land Sales Adjustment Grid</b>					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	Capital Chevrolet	Lidl site	10401 Glenwood	Proposed Stallings Self-Storage Site	4.89 Acres
Address	1816, 1818 & 1820 Capital Blvd. & 121 Fenton St.	1603 Ronald Dr.	10401 Glenwood Ave.	2013-2015 E. Millbrook Rd.	4550 New Bern Ave.
City	Raleigh	Raleigh	Raleigh	Raleigh	Raleigh
County	Wake	Wake	Wake	Wake	Wake
State	North Carolina	NC	NC	NC	NC
Sale Date		Jun-16	Apr-15	Oct-14	Aug-14
Sale Status		Closed	Closed	Closed	Closed
Sale Price		\$2,750,500	\$1,631,000	\$960,000	\$1,400,000
Price Adjustment		—	—	\$44,132	—
Description of Adjustment				Demolition	
Effective Sale Price		\$2,750,500	\$1,631,000	\$1,004,132	\$1,400,000
Square Feet	528,383	312,761	260,924	175,547	213,008
Acres	12.13	7.18	5.99	4.03	4.89
<b>Price per Square Foot</b>		<b>\$8.79</b>	<b>\$6.25</b>	<b>\$5.72</b>	<b>\$6.57</b>
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length
% Adjustment		—	—	—	—
Market Conditions	12/28/2016	Jun-16	Apr-15	Oct-14	Aug-14
Annual % Adjustment	3%	2%	5%	7%	7%
<b>Cumulative Adjusted Price</b>		<b>\$8.97</b>	<b>\$6.56</b>	<b>\$6.12</b>	<b>\$7.03</b>
Location		-20%	—	5%	5%
Access/Exposure		—	—	—	—
Size		-5%	-5%	-10%	-10%
Shape and Topography		—	5%	5%	—
Zoning		—	—	—	—
Entitlements		—	—	—	—
Net \$ Adjustment		-\$2.24	\$0.00	\$0.00	-\$0.35
Net % Adjustment		-25%	0%	0%	-5%
<b>Final Adjusted Price</b>		<b>\$6.73</b>	<b>\$6.56</b>	<b>\$6.12</b>	<b>\$6.68</b>
Overall Adjustment		-24%	5%	7%	2%
<b>Range of Adjusted Prices</b>		<b>\$6.12 - \$6.73</b>			
<b>Average</b>		<b>\$6.52</b>			
<b>Indicated Value</b>		<b>\$6.50</b>			

**Land Value Conclusion**

Prior to adjustments, the sales reflect a range of \$5.72 - \$8.79 per square foot. After adjustment, the range is narrowed to \$6.12 - \$6.73 per square foot, with an average of \$6.52 per square foot. To arrive at an indication of value, we place relatively equal emphasis on the four sales.

Based on the preceding analysis, we reach a land value conclusion as follows:

<b>Land Value Conclusion</b>	
Indicated Value per Square Foot	\$6.50
Subject Square Feet	528,383
Indicated Value	\$3,434,488
Rounded	\$3,430,000

## Cost Approach

The steps taken to apply the cost approach are:

- Develop an opinion of the value of the land as though vacant and available to be developed to its highest and best use, as of the effective date of the appraisal;
- Estimate the replacement cost new of the existing improvements under current market conditions;
- Estimate depreciation from all causes and deduct this estimate from replacement cost new to arrive at depreciated replacement cost of the improvements; and
- Add land value to the depreciated replacement cost of the improvements to arrive at a market value indication for the property overall.

## Replacement Cost

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

### Direct Costs

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

### Indirect Costs

MVS does not include all of the indirect costs that are appropriate in a replacement cost estimate. Therefore, we add an allowance for the following indirect costs that are not contained within MVS: taxes and carrying costs on land during construction; legal and accounting fees; and marketing and finance costs prior to stabilization. We estimate that a 5% allowance for additional indirect costs is appropriate.

### Entrepreneurial Profit

The final component of the replacement cost estimate is entrepreneurial profit, the financial reward that a developer would expect to receive in addition to recovering all direct and indirect costs. This is the expected compensation that would be necessary to motivate a developer to undertake the project. It is our estimate that an allowance of 0% of total direct and indirect costs is appropriate.

### Replacement Cost New

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

**Replacement Cost Estimate****Building Improvements**

<i>Bldg Name</i>	<i>MVS Building Type</i>	<i>MVS Class</i>	<i>Quality</i>	<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
Showroom/Parts/Parts Storage	Showroom	C	Good to Low Cost	26,393	SF	\$90.37	\$2,385,135
Body Shop	Service Garage	C	Average	9,480	SF	\$58.52	\$554,770
Car & Truck Service Garage	Service Garage	C	Average	19,080	SF	\$56.87	\$1,085,080
New PDI & Used Recon	Service Garage	C	Average	9,728	SF	\$67.73	\$658,877
Fleet Commercial	Showroom	C	Good	2,431	SF	\$152.50	\$370,728
Fleet Sales	Showroom	C	Good	5,154	SF	\$137.75	\$709,964
Canopy	Canopy	S	Average	7,200	SF	\$36.16	\$260,352
Subtotal - Replacement Cost New							\$6,024,905
Plus: Indirect Cost						5%	\$301,245
Subtotal							\$6,326,150
Plus: Entrepreneurial Profit						0%	\$0
<b>Total Replacement Cost New</b>							<b>\$6,326,150</b>

**Site Improvements**

Item	Quality	Quantity	Unit	Unit Cost	Cost New
Paving	Average	390,000	SF	\$2.50	\$975,000
Exterior Lighting	Average	30	Pole	\$3,000.00	\$90,000
Landscaping/Fencing	Average	1	Lump Sum	\$30,000.00	\$30,000
Subtotal - Replacement Cost New					\$1,095,000
Plus: Indirect Cost				5%	\$54,750
Subtotal					\$1,149,750
Plus: Entrepreneurial Profit				0%	\$0
<b>Total Replacement Cost New</b>					<b>\$1,149,750</b>

**Overall Property**

Building Improvements						\$6,024,905
Site Improvements						\$1,095,000
Subtotal - Replacement Cost New						\$7,119,905
Plus: Indirect Cost					5%	\$355,995
Subtotal						\$7,475,900
Plus: Entrepreneurial Profit					0%	\$0
<b>Total Replacement Cost New</b>						<b>\$7,475,900</b>

Source: Marshall Valuation Service except for Indirect Costs and Entrepreneurial Profit, which are appraiser's estimates.



<b>Building Improvements - Unit Costs</b>					
<b>Building 1 Name: Showroom/Parts/Parts Storage</b>					
MVS Building Type:	Showroom	Unit	SF	Current Multiplier	1.030
Const Class:	C	Unit Cost	\$97.36	Local Multiplier	0.930
Quality:	Good to Low Cost	Sprinklers:		Story Ht Multiplier	1.000
Quality Rating:	Good (45%)/Low (55%)	HVAC Adjust		Perimeter Multiplier	0.969
Section/Page	14/31	Other:			
Economic Life	40	Subtotal:	\$97.36	Final Unit Cost	\$90.37
<b>Building 2 Name: Body Shop</b>					
MVS Building Type:	Service Garage	Unit	SF	Current Multiplier	1.030
Const Class:	C	Unit Cost	\$54.94	Local Multiplier	0.930
Quality:	Average	Sprinklers:		Story Ht Multiplier	1.086
Quality Rating:	Average	HVAC Adjust		Perimeter Multiplier	1.024
Section/Page	14/32	Other:			
Economic Life	35	Subtotal:	\$54.94	Final Unit Cost	\$58.52
<b>Building 3 Name: Car &amp; Truck Service Garage</b>					
MVS Building Type:	Service Garage	Unit	SF	Current Multiplier	1.030
Const Class:	C	Unit Cost	\$54.94	Local Multiplier	0.930
Quality:	Average	Sprinklers:		Story Ht Multiplier	1.086
Quality Rating:	Average	HVAC Adjust		Perimeter Multiplier	0.995
Section/Page	14/32	Other:			
Economic Life	35	Subtotal:	\$54.94	Final Unit Cost	\$56.87
<b>Building 4 Name: New PDI &amp; Used Recon</b>					
MVS Building Type:	Service Garage	Unit	SF	Current Multiplier	1.030
Const Class:	C	Unit Cost	\$54.94	Local Multiplier	0.930
Quality:	Average	Sprinklers:		Story Ht Multiplier	1.086
Quality Rating:	Average	HVAC Adjust		Perimeter Multiplier	1.185
Section/Page	14/32	Other:			
Economic Life	35	Subtotal:	\$54.94	Final Unit Cost	\$67.73
<b>Building 5 Name: Fleet Commercial</b>					
MVS Building Type:	Showroom	Unit	SF	Current Multiplier	1.030
Const Class:	C	Unit Cost	\$134.35	Local Multiplier	0.930
Quality:	Good	Sprinklers:		Story Ht Multiplier	1.000
Quality Rating:	Good	HVAC Adjust		Perimeter Multiplier	1.185
Section/Page	14/31	Other:			
Economic Life	45	Subtotal:	\$134.35	Final Unit Cost	\$152.50
<b>Building 6 Name: Fleet Sales</b>					
MVS Building Type:	Showroom	Unit	SF	Current Multiplier	1.030
Const Class:	C	Unit Cost	\$134.35	Local Multiplier	0.930
Quality:	Good	Sprinklers:		Story Ht Multiplier	0.960
Quality Rating:	Good	HVAC Adjust		Perimeter Multiplier	1.115
Section/Page	14/31	Other:			
Economic Life	45	Subtotal:	\$134.35	Final Unit Cost	\$137.75
<b>Building 7 Name: Canopy</b>					
MVS Building Type:	Canopy	Unit	SF	Current Multiplier	1.030
Const Class:	S	Unit Cost	\$37.75	Local Multiplier	0.930
Quality:	Average	Sprinklers:		Story Ht Multiplier	1.000
Quality Rating:	Average	HVAC Adjust		Perimeter Multiplier	1.000
Section/Page	14/37	Other:			
Economic Life	30	Subtotal:	\$37.75	Final Unit Cost	\$36.16

Source: Marshall Valuation Service

<b>Site Improvements - Unit Costs</b>					
<b>Site Improvement 1 Name:</b>		Paving			
Quality:	Average	Unit Cost	\$2.50	Current Multiplier	1.000
Section:	66	Other:		Local Multiplier	1.000
Page:	1	Other:			
Unit:	SF	Subtotal:	\$2.50	Final Unit Cost	\$2.50
<b>Site Improvement 2 Name:</b>		Exterior Lighting			
Quality:	Average	Unit Cost	\$3,000.00	Current Multiplier	1.000
Section:	66	Other:		Local Multiplier	1.000
Page:	1	Other:			
Unit:	Pole	Subtotal:	\$3,000.00	Final Unit Cost	\$3,000.00
<b>Site Improvement 3 Name:</b>		Landscaping/Fencing			
Quality:	Average	Unit Cost	\$30,000.00	Current Multiplier	1.000
Section:		Other:		Local Multiplier	1.000
Page:		Other:			
Unit:	Lump Sum	Subtotal:	\$30,000.00	Final Unit Cost	\$30,000.00
Source: Marshall Valuation Service					

For comparison purposes, the following table shows replacement cost plus land value in relation to the concluded market value.

<b>Replacement Cost vs. Market Value</b>		
	Including Entrepreneurial Profit	Excluding Entrepreneurial Profit
Replacement Cost New	\$7,475,900	\$7,475,900
Land Value	\$3,430,000	\$3,430,000
Replacement Cost New Including Land Value	\$10,905,900	\$10,905,900
Rounded	\$10,910,000	\$10,910,000
Market Value Conclusion	\$6,230,000	\$6,230,000
Market Value as % of RCN Including Land Value	57%	57%

## Depreciation

Depreciation is the difference between the replacement cost new of the improvements and their contribution to overall property value on the effective date of the appraisal.

## Deferred Maintenance

In the first step of estimating depreciation, we deduct the cost of curing deferred maintenance, which is discussed in the improvements description section of the report. No deferred maintenance is estimated.

## Age-Life Depreciation

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

economic life. Age-life depreciation for the site improvements is estimated separately from the building improvements, based on their shorter economic lives.

**Functional Obsolescence**

Functional obsolescence is a loss in value due to changes in market tastes and standards. In the case of the subject, a deduction for additional functional obsolescence over and above that accounted for in the age-life method is necessary due to the above-standard size of the dealership and the extremely poor circulation pattern within the property. The current configuration mixes new car sales with service operations in a tightly congested area. This design conflicts with new dealership design, where a greater separation between sales and service is offered. Based on these factors, we estimate additional functional obsolescence at 10% of the remaining replacements costs.

**External Obsolescence**

External obsolescence is a loss in value due to external causes, such as imbalances in supply and demand or negative location influences. A deduction for external obsolescence is not considered necessary for the subject.

**Final Estimate of Depreciation**

Our estimate of depreciation and calculation of depreciated replacement cost are shown in the following tables.

**Estimate of Depreciation****Building Improvements**

Replacement Cost New		\$6,326,150
Less: Deferred Maintenance		\$0
Remaining Cost		\$6,326,150
Age-Life Depreciation	51.9%	-\$3,282,445
Additional Functional Obsolescence	10%	-\$632,615
External Obsolescence	0%	\$0
Total Depreciation		-\$3,915,060
<i>Depreciated Replacement Cost</i>		<i>\$2,411,090</i>

**Site Improvements**

Replacement Cost New		\$1,149,750
Less: Deferred Maintenance		\$0
Remaining Cost		\$1,149,750
Age-Life Depreciation	65.8%	-\$756,000
Additional Functional Obsolescence	10%	-\$114,975
External Obsolescence	0%	\$0
Total Depreciation		-\$870,975
<i>Depreciated Replacement Cost</i>		<i>\$278,775</i>

**Overall Property**

Replacement Cost New		\$7,475,900
Deferred Maintenance		\$0
Remaining Cost		\$7,475,900
Age-Life Depreciation		-\$4,038,445
Additional Functional Obsolescence		-\$747,590
External Obsolescence		\$0
Total Depreciation		-\$4,786,035

**Depreciated Replacement Cost** \$2,689,865**Rounded:** \$2,690,000**Depreciation Worksheet - Building Improvements**

Bldg #	Bldg Name	Effective Age (Yrs)	Economic Life (Yrs)	S/L Deprec. %	Other Deprec. %	Replacement Cost New	% of Overall RCN	Wtd. Avg. S/L Deprec.	Wtd. Avg. Other Deprec.
1	Showroom/Parts/Parts Storage	21	40	52.5%		\$2,504,392	39.6%	20.8%	0.0%
2	Body Shop	21	35	60.0%		\$582,508	9.2%	5.5%	0.0%
3	Car & Truck Service Garage	21	35	60.0%		\$1,139,334	18.0%	10.8%	0.0%
4	New PDI & Used Recon	21	35	60.0%		\$691,821	10.9%	6.6%	0.0%
5	Fleet Commercial	16	45	35.6%		\$389,264	6.2%	2.2%	0.0%
6	Fleet Sales	12	45	26.7%		\$745,462	11.8%	3.1%	0.0%
7	Canopy	20	30	66.7%		\$273,370	4.3%	2.9%	0.0%
<b>Total</b>						<b>\$6,326,150</b>	<b>100.0%</b>	<b>51.9%</b>	<b>0.0%</b>

<b>Depreciation Worksheet - Site Improvements</b>									
Site		Effect	Life	S/L	Depr.		% of		Wtd. Avg.
Imp		Age	Expect	Deprec	Override	Replacement	Overall	Wtd. Avg.	Depr.
#	Item	(Yrs)	(Yrs)	%	%	Cost New	RCN	Deprec.	Override
1	Paving	10	15	66.7%		\$1,023,750	89.0%	59.4%	0.0%
2	Exterior Lighting	10	15	66.7%		\$94,500	8.2%	5.5%	0.0%
3	Landscaping/Fencing	5	15	33.3%		\$31,500	2.7%	0.9%	0.0%
Total						\$1,149,750	100.0%	65.8%	0.0%

### Value Indication

By combining our land value conclusion with the depreciated replacement cost of the improvements, we arrive at a value indication by the cost approach as shown in the following table.

<b>Value Indication by Cost Approach</b>	
Depreciated Replacement Cost	\$2,690,000
Land Value	<u>\$3,430,000</u>
Indicated Property Value	\$6,120,000
Rounded	\$6,120,000

## Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply the sales comparison approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

To apply the sales comparison approach, we searched for sale transactions within the following parameters:

- Property Type: Automobile dealerships
- Location: North Carolina
- Size: 20,000-100,000 SF
- Age/Quality: 1960-2015
- Transaction Date: 2014-2016

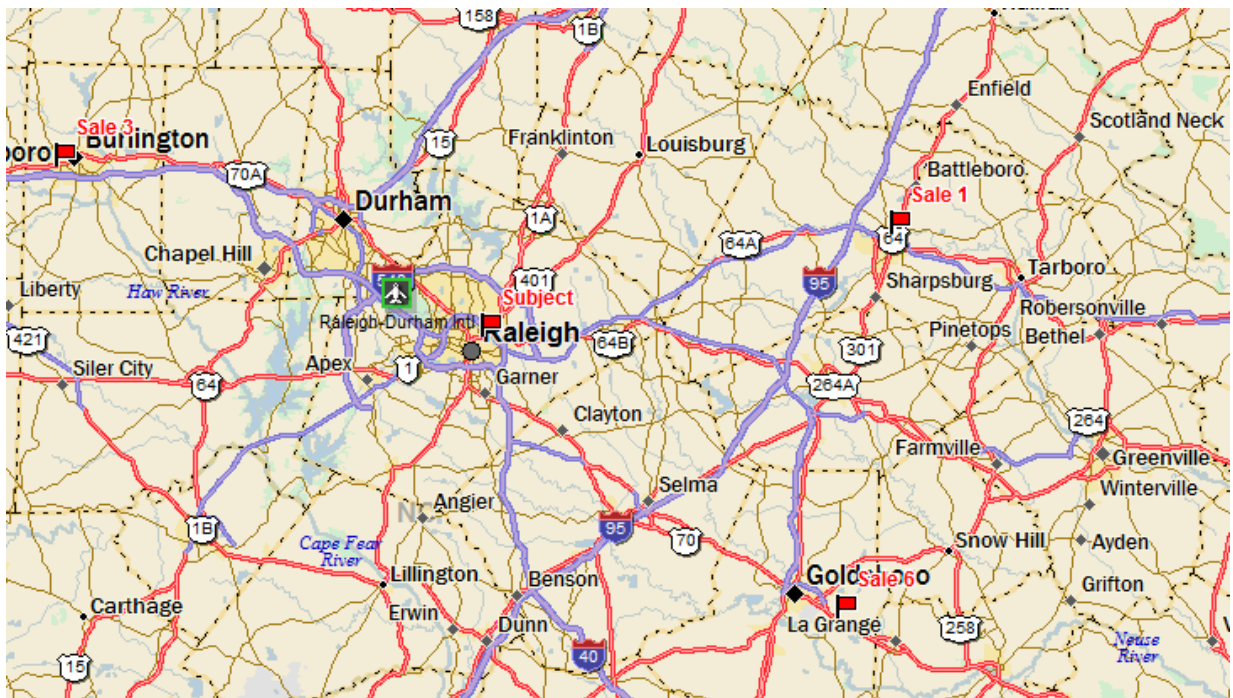
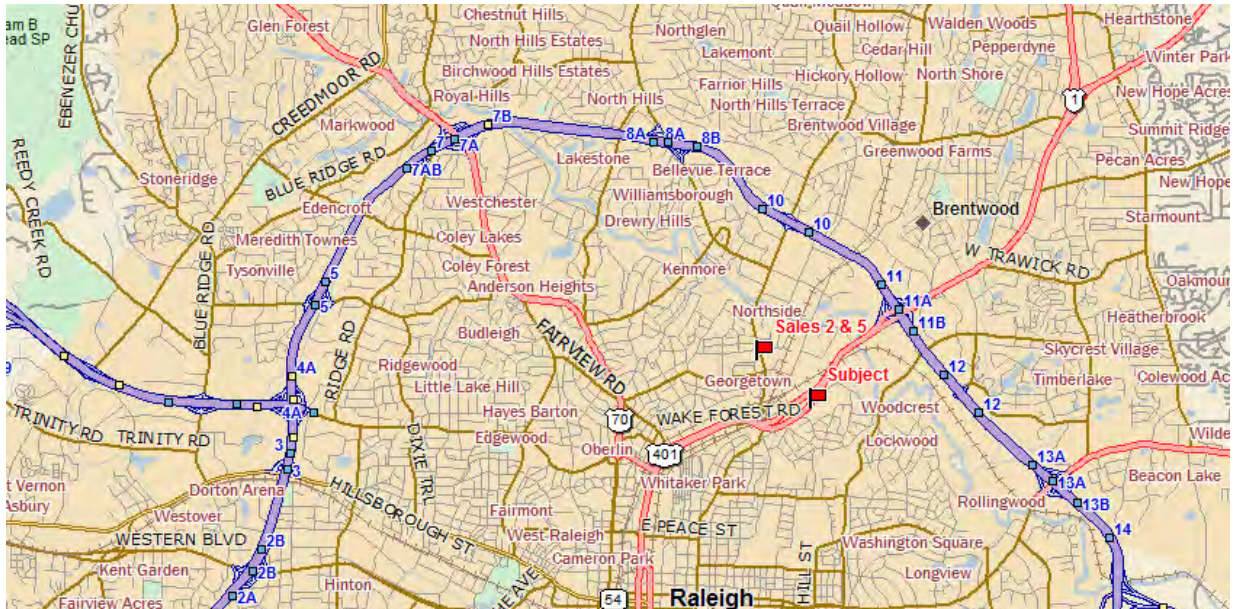
For this analysis, we use price per square foot of gross leasable area as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.

**Summary of Comparable Improved Sales**

No.	Name/Address	Sale Date; Status	Yr. Bldg; # Stories; % Occ.	Acres; FAR; Parking Ratio	Subtype; Anchor 1; Anchor 2	Effective Sale Price	Leasable SF	\$/Leasable SF
1	Former Bobby Murray 943 and 945 Wesleyan Rocky Mount Nash County NC	Aug-16 Closed	1979 1 100%	3.78 0.15 13.67/1,000	Dealership — —	\$3,120,000	25,027	\$124.67
<i>Comments: Sale includes two neighboring buildings, the Bobby Murray Toyota building and a former Mitsubishi building. The buyer will spend an additional \$500,000 - \$700,000 to upgrade the Toyota building to the current Toyota image program.</i>								
2	Car Dealership 2421 & 2425 Wake Forest Raleigh Wake County NC	Jun-16 Closed	1969 1 0%	4.18 0.15 11.16/1,000	Dealership — —	\$3,062,000	27,775	\$110.24
<i>Comments: Formerly occupied by Anderson Automotive, which moved to a new space and left the property vacant. Buyer owns adjoining dealership on Wake Forest Rd. (2407)</i>								
3	Burlington Honda 2920 S. Church St. Burlington Alamance County NC	Dec-15 Closed	1976, 2003 2 —	4.75 0.14 10.72/1,000	Dealership — —	\$3,000,000	27,998	\$107.15
4	Hanna Imports 2407 Wake Forest Rd. Raleigh Wake County NC	Sep-14 Closed	1983 1 —	6.10 0.09 5.48/1,000	Dealership — —	\$2,365,000	22,795	\$103.75
<i>Comments: Property sold for \$2,365,000. Vacant at time of sale. Property was in fair condition at time of sale. Buyer stated he would put approximately \$510,000 in renovation costs into the building to use as an imported car dealership. 4,200 SF office mezzanine included in GLA.</i>								
5	Chevrolet of Goldsboro 3300 US Hwy 70 Bypass E. Goldsboro Wayne County NC	Jun-14 Closed	1988 & 2015 1 —	7.67 0.14 6.18/1,000	Dealership — —	\$4,200,000	45,990	\$91.32
<i>Comments: Arm's length sale. The dealership was 42,240 square foot at the time of sale. After the sale, the buyer constructed a 3,750 square foot service building.</i>								
<b>Subject</b>			1966-1995	12.13	Automotive Dealership		72,266	
Capital Chevrolet			1	0.14				
Raleigh, NC			100%	—				



## Comparable Improved Sales Maps





Sale 1  
Former Bobby Murray Toyota Mitsubishi



Sale 2  
Car Dealership



Sale 3  
Burlington Honda



Sale 4  
Hanna Imports



Sale 5  
Chevrolet of Goldsboro

### Adjustment Factors

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

Adjustment Factors	
Effective Sale Price	Accounts for atypical economics of a transaction, such as excess land, non-realty components, expenditures by the buyer at time of purchase, or other similar factors. Usually applied directly to sale price on a lump sum basis.
Real Property Rights	Leased fee, fee simple, leasehold, partial interest, etc.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.
Conditions of Sale	Extraordinary motivation of buyer or seller, such as 1031 exchange transaction, assemblage, or forced sale.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on sale price; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Inverse relationship that often exists between building size and unit value.
Parking	Ratio of parking spaces to building area.
Building to Land Ratio	Ratio of building area to land area; also known as floor area ratio (FAR).
Building Quality	Construction quality, amenities, market appeal, functional utility.
Age/Condition	Effective age; physical condition.
Economic Characteristics	Non-stabilized occupancy, above/below market rents, and other economic factors. Excludes differences in rent levels that are already considered in previous adjustments, such as for location or quality

Issues requiring elaboration are addressed in the following paragraphs.

### Market Conditions

The sales took place from June 2014 to August 2016. Market conditions generally have been strengthening over this period through the effective date of value. As a result, we apply upward adjustments of 3.0% per year to account for this trend.

### Analysis and Adjustment of Sales

The analysis and adjustment of the comparable sales is discussed in the following paragraphs.

**Sale 1** is Former Bobby Murray Toyota Mitsubishi, located at 943 and 945 Wesleyan Blvd., Rocky Mount, Nash County, NC, a 25,027 square foot retail property. The property sold in August 2016 for \$3,120,000, or \$124.67 per square foot. Downward adjustments are made for superior location, smaller size and superior age/condition.

**Sale 2** is Car Dealership, located at 2421 & 2425 Wake Forest Rd., Raleigh, Wake County, NC, a 27,775 square foot retail property. The property sold in June 2016 for \$3,062,000, or \$110.24 per square foot. An upward adjustment is made for inferior age/condition, with downward adjustments for superior location, smaller size and superior building quality.

**Sale 3** is Burlington Honda, located at 2920 S. Church St., Burlington, Alamance County, NC, a 27,998 square foot retail property. The property sold in December 2015 for \$3,000,000, or \$107.15 per square foot. An upward adjustment is made for inferior location, with downward adjustments are made for smaller size, superior building quality and age/condition.

**Sale 4** is Hanna Imports, located at 2407 Wake Forest Rd., Raleigh, Wake County, NC, a 22,795 square foot retail property. The property sold in September 2014 for \$2,365,000, or \$103.75 per square foot. Downward adjustments are made for superior location, smaller size, superior FAR and superior building quality, with an upward adjustment for inferior age/condition.

**Sale 5** is Chevrolet of Goldsboro, located at 3300 US Hwy 70 Bypass E., Goldsboro, Wayne County, NC, a 45,990 square foot retail property. The property sold in June 2014 for \$4,200,000, or \$91.32 per square foot. An upward adjustment is made for inferior location, with downward adjustments for smaller size, superior building quality and age/condition.

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

<b>Improved Sales Adjustment Grid</b>						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Capital Chevrolet	Former Bobby Murray Toyota Mitsubishi	Car Dealership	Burlington Honda	Hanna Imports	Chevrolet of Goldsboro
Address	1816, 1818 & 1820 Capital Blvd. & 121 Fenton St.	943 and 945 Wesleyan Blvd.	2421 & 2425 Wake Forest Rd.	2920 S. Church St.	2407 Wake Forest Rd.	3300 US Hwy 70 Bypass E.
City	Raleigh	Rocky Mount	Raleigh	Burlington	Raleigh	Goldsboro
County	Wake	Nash	Wake	Alamance	Wake	Wayne
State	North Carolina	NC	NC	NC	NC	NC
Sale Date		Aug-16	Jun-16	Dec-15	Sep-14	Jun-14
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$3,120,000	\$3,062,000	\$3,000,000	\$2,365,000	\$4,200,000
Price Adjustment		—	—	—	—	—
Description of Adjustment						
Effective Sale Price		\$3,120,000	\$3,062,000	\$3,000,000	\$2,365,000	\$4,200,000
Gross Building Area	72,266	25,027	27,775	27,998	22,795	45,990
Gross Leasable Area	72,266	25,027	27,775	27,998	22,795	45,990
Year Built	1966-1995	1979	1969	1976, 2003	1983	1988 & 2015
FAR	0.14	0.15	0.15	0.14	0.09	0.14
Database ID		1387306	1356172	1244412	801976	1352749
<b>Price per SF of Gross Leasable Area</b>		<b>\$124.67</b>	<b>\$110.24</b>	<b>\$107.15</b>	<b>\$103.75</b>	<b>\$91.32</b>
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
% Adjustment		—	—	—	—	—
Market Conditions	12/28/2016	Aug-16	Jun-16	Dec-15	Sep-14	Jun-14
Annual % Adjustment	3%	1%	2%	3%	7%	7%
<b>Cumulative Adjusted Price</b>		<b>\$125.91</b>	<b>\$112.45</b>	<b>\$110.37</b>	<b>\$111.01</b>	<b>\$97.72</b>
Location		-5%	-10%	5%	-10%	20%
Access/Exposure		—	—	—	—	—
Size		-15%	-15%	-15%	-15%	-10%
Parking		—	—	—	—	—
Building to Land Ratio (FAR)		—	—	—	-5%	—
Building Quality		—	-5%	-5%	-5%	-5%
Age/Condition		-5%	5%	-10%	5%	-20%
Economic Characteristics		—	—	—	—	—
Net \$ Adjustment		-\$31.48	-\$28.11	-\$27.59	-\$33.30	-\$14.66
Net % Adjustment		-25%	-25%	-25%	-30%	-15%
<b>Final Adjusted Price</b>		<b>\$94.43</b>	<b>\$84.34</b>	<b>\$82.77</b>	<b>\$77.71</b>	<b>\$83.06</b>
Overall Adjustment		-24%	-24%	-23%	-25%	-9%
<b>Range of Adjusted Prices</b>		<b>\$77.71 - \$94.43</b>				
<b>Average</b>		<b>\$84.46</b>				
<b>Indicated Value</b>		<b>\$85.00</b>				

**Value Indication**

Prior to adjustment, the sales reflect a range of \$91.32 - \$124.67 per square foot. After adjustment, the range is narrowed to \$77.71 - \$94.43 per square foot, with an average of \$84.46 per square foot. To arrive at an indication of value, we place relatively equal weight on the five sales.

Based on the preceding analysis, we arrive at a value indication by the sales comparison approach as follows:

<b>Value Indication by Sales Comparison</b>	
Indicated Value per SF	\$85.00
Subject Square Feet	72,266
Indicated Value	\$6,142,610
Rounded	\$6,140,000

## Income Capitalization Approach

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

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

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

In this analysis, we use only direct capitalization because investors in this property type typically rely more on this method.

### Leased Status of Property

The property is leased to a single tenant. Pertinent lease terms are shown below.



**Lease Synopsis**

Lessor	Murray Investment Company No. 2 LLC			
Lessee	Capital Chevrolet			
Leased SF	72,266			
Lease Type	Triple Net			
Tenant Paid Expenses	Taxes, Insurance and CAM			
Owner Paid Expenses	Structural Maintenance			
Commencement	3/1/2016			
Expiration	2/28/2018			
Cancellation Clause	None			
Term	24	months	or	2.0 years
Remaining Term	14	months	or	1.2 years
Base Rent & Escalations	Period	Months	PSF/Yr	Annual Rent
Base Term	3/1/2016 - 2/28/2017	1 - 12	\$7.61	\$550,000
Base Term	3/1/2017 - 2/28/2018	13 - 24	\$7.84	\$566,500
Option Term	3/1/2018 - 8/31/2018	25 - 30	\$8.07	\$583,495
Option Term	9/1/2018 - 2/28/2019	31 - 36	\$8.32	\$601,000
Option Term	3/1/2019 - 8/31/2019	37 - 42	\$8.57	\$619,030
Option Term	9/1/2019 - 2/29/2020	43 - 48	\$8.82	\$637,600
Current Rent				\$550,000
Projected Rent - First Forecast Year				\$563,750

Source: Lease

**Market Rent Analysis**

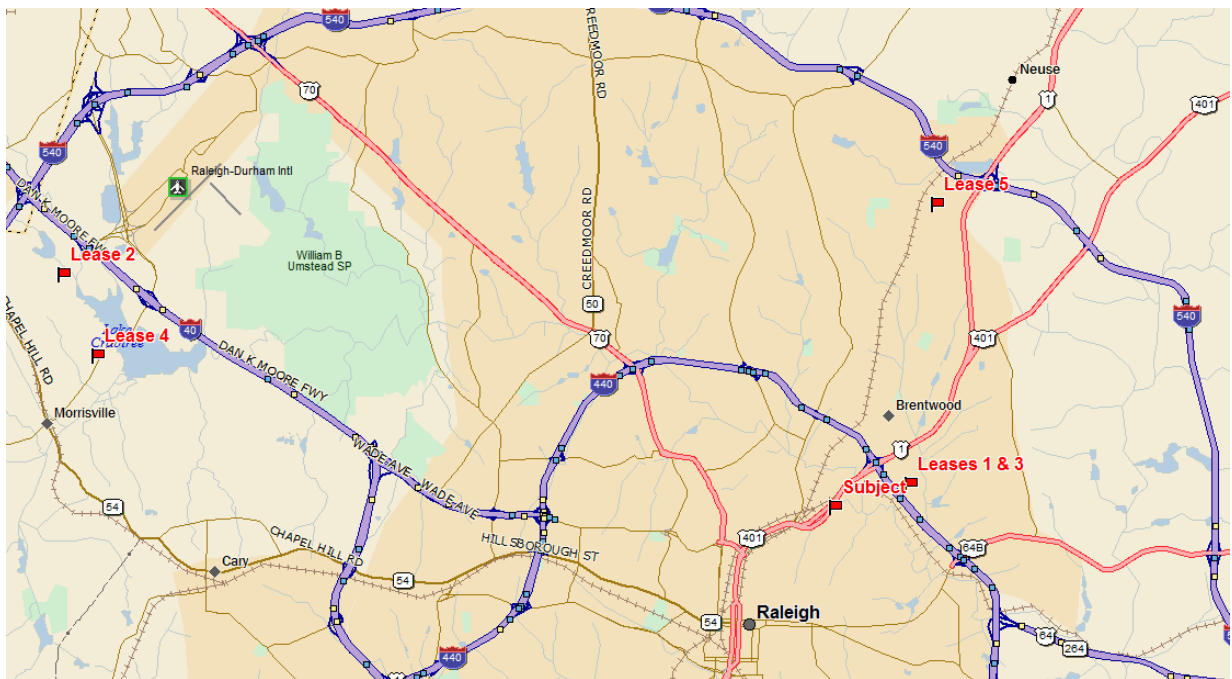
Contract rents typically establish income for leased space, while market rent is the basis for estimating income from future speculative re-leasing of space when the lease expires. Also, it is important to compare the current contract rent level with the market rent level. To estimate market rent for the subject, we searched for comparable rentals within the following parameters. As automobile dealerships are rarely leased, we considered flex leases (office/showroom/warehouse) as alternative use comparables.

- Location: Wake County
- Building Class: B
- Space Size: 10,000 SF+
- Date: 2014-2016

Comparable rentals considered most relevant are summarized in the following table.

Summary of Comparable Rentals - Retail									
No.	Property Information	Description	Tenant	SF	Lease Start	Term (Mos.)	Rent/SF	Escalations	Lease Type
1	Lincoln Park Central - Bldg 5 2300 Westinghouse Blvd. Raleigh Wake County NC	Yr Blt. 1997 Stories: - GLA: 34,618 Parking Ratio: -	Turn The Page	11,132	Jan-16	38	\$7.59	Fixed Percentage	Triple Net
<i>Comments: Tenant received 2 months of free rent.</i>									
2	East Ridge at Perimeter Park 100-1000 Perimeter Park Dr. Morrisville Wake County NC	Yr Blt. 1983-1986 Stories: 1 GLA: 478,061 Parking Ratio: 3.5 /1,000	Carrier Corp	19,986	Nov-15	120	\$10.50	Fixed Percentage	Triple Net
<i>Comments: New lease of 2nd generation space for an office tenant with 7 months free and \$40/SF TIA given. Rent escalates 3% annually. Tenant reimburses for all expenses, which are typically around \$2.50/SF annually.</i>									
3	Lincoln Park Central - Bldg 1 2101 Westinghouse Boulevard Raleigh Wake County NC	Yr Blt. 1996 Stories: - GLA: 96,902 Parking Ratio: -	Gexpro	19,056	Oct-15	60	\$7.32	-	Triple Net
4	Southport Business Park 860 Aviation Parkway Morrisville Wake County NC	Yr Blt. 1996 Stories: 1 GLA: 66,770 Parking Ratio: -	Confidential	14,328	Jun-15	63	\$9.90	Fixed Percentage	Triple Net
<i>Comments: Three months free rent given.</i>									
5	Industrial 6551 Meridian Dr. Raleigh Wake County NC	Yr Blt. 2000 Stories: 1 GLA: 28,820 Parking Ratio: 1.7 /1,000	New Hope Church	11,093	Jan-15	42	\$8.34	-	Triple Net

## Comparable Rentals Map





Lease 1  
Lincoln Park Central - Bldg 5



Lease 2  
East Ridge at Perimeter Park



Lease 3  
Lincoln Park Central - Bldg 1



Lease 4  
Southport Business Park



Lease 5  
Industrial

### Rental Analysis Factors

The following elements of comparison are considered in our analysis of the comparable rentals.

Rental Analysis Factors	
Expense Structure	Division of expense responsibilities between landlord and tenants.
Conditions of Lease	Extraordinary motivations of either landlord or tenant to complete the transaction.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on rent; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Difference in rental rates that is often attributable to variation in sizes of leased space.
Building Quality	Construction quality, amenities, market appeal, functional utility.
Age/Condition	Effective age; physical condition.
Economic Characteristics	Variations in rental rate attributable to such factors as free rent or other concessions, pattern of rent changes over lease term, or tenant improvement allowances.

### Analysis of Comparable Rentals

**Rent 1** is the January 2016 lease of 11,132 square feet to Turn The Page, located at Lincoln Park Central - Bldg 5, 2300 Westinghouse Blvd., Raleigh, Wake County, NC. The rent is \$7.59 per square foot, triple net. An upward adjustment is made for inferior exposure, with downward adjustments for smaller size and superior age/condition.

**Rent 2** is the November 2015 lease of 19,986 square feet to Carrier Corp, located at East Ridge at Perimeter Park, 100-1000 Perimeter Park Dr., Morrisville, Wake County, NC. The rent is \$10.50 per square foot, triple net. An upward adjustment is made for inferior exposure, with downward adjustments for smaller size, superior building quality and superior age/condition.

**Rent 3** is the October 2015 lease of 19,056 square feet to Gexpro, located at Lincoln Park Central - Bldg 1, 2101 Westinghouse Boulevard, Raleigh, Wake County, NC. The rent is \$7.32 per square foot, triple net. An upward adjustment is made for inferior exposure, with downward adjustments for smaller size and superior age/condition.

**Rent 4** is the June 2015 lease of 14,328 square feet to Confidential, located at Southport Business Park, 860 Aviation Parkway, Morrisville, Wake County, NC. The rent is \$9.90 per square foot, triple net.

An upward adjustment is made for inferior exposure, with downward adjustments for smaller size and superior age/condition.

**Rent 5** is the January 2015 lease of 11,093 square feet to New Hope Church, located at Industrial, 6551 Meridien Dr., Raleigh, Wake County, NC. The rent is \$8.34 per square foot, triple net. An upward adjustment is made for inferior exposure, with downward adjustments for smaller size and superior age/condition.

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

<b>Rental Adjustment Grid - Retail</b>						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Capital Chevrolet	Lincoln Park Central - Bldg 5	East Ridge at Perimeter Park	Lincoln Park Central - Bldg 1	Southport Business Park	Industrial
Address	1816, 1818 & 1820 Capital Blvd. & 121 Fenton St.	2300 Westinghouse Blvd.	100-1000 Perimeter Park Dr.	2101 Westinghouse Boulevard	860 Aviation Parkway	6551 Meridien Dr.
City	Raleigh	Raleigh	Morrisville	Raleigh	Morrisville	Raleigh
County	Wake	Wake	Wake	Wake	Wake	Wake
State		NC	NC	NC	NC	NC
Lease Start Date		Jan-16	Nov-15	Oct-15	Jun-15	Jan-15
Lease Term (Months)		38	120	60	63	42
Tenant Name		Turn The Page	Carrier Corp	Gexpro	Confidential	New Hope Church
Leased SF		11,132	19,986	19,056	14,328	11,093
Lease Type		Triple Net	Triple Net	Triple Net	Triple Net	Triple Net
<b>Base Rent/SF/Yr</b>		<b>\$7.59</b>	<b>\$10.50</b>	<b>\$7.32</b>	<b>\$9.90</b>	<b>\$8.34</b>
Expense Structure						
\$ Adjustment		—	—	—	—	—
Conditions of Lease						
% Adjustment		—	—	—	—	—
Market Conditions	12/28/2016	Jan-16	Nov-15	Oct-15	Jun-15	Jan-15
Annual % Adjustment	3%	3%	3%	4%	5%	6%
<b>Cumulative Adjusted Rent</b>		<b>\$7.82</b>	<b>\$10.82</b>	<b>\$7.61</b>	<b>\$10.40</b>	<b>\$8.84</b>
Location		—	—	—	—	—
Access/Exposure		20%	20%	20%	5%	20%
Size		-15%	-15%	-15%	-15%	-15%
Building Quality		—	-10%	—	—	—
Age/Condition		-15%	-10%	-15%	-15%	-15%
Economic Characteristics		—	—	—	—	—
Net \$ Adjustment		-\$0.78	-\$1.62	-\$0.76	-\$2.60	-\$0.88
Net % Adjustment		-10%	-15%	-10%	-25%	-10%
<b>Final Adjusted Price</b>		<b>\$7.04</b>	<b>\$9.19</b>	<b>\$6.85</b>	<b>\$7.80</b>	<b>\$7.96</b>
Overall Adjustment		-7%	-12%	-6%	-21%	-5%
<b>Range of Adjusted Rents</b>		<b>\$6.85 - \$9.19</b>				
<b>Average</b>		<b>\$7.77</b>				
<b>Indicated Rent</b>		<b>\$7.75</b>				

### Market Rent Conclusion

After analysis, the overall range is \$6.85 - \$9.19 per square foot per year. A rent in the middle of the range is most applicable to the subject.

Based on the preceding analysis of comparable rentals, we conclude market lease terms for the subject as follows:

**Concluded Market Lease Terms**

Space Type	Market		Rent		Lease Type	Lease Term (Mos.)
	SF	Rent	Measure	Escalations		
Retail	72,266	\$7.75	\$/SF/Yr	3%/yr.	Triple Net	60

**Stabilized Income and Expenses****Potential Gross Rent**

Potential gross rent is based on contract rent from the existing lease in place. Income is projected for the 12-month period following the effective date of the appraisal. In the following table, we compare potential income from contract rent to potential income from market rent.

**Potential Gross Rent**

Space Type	SF	Potential Rent at Contract (1)		Potential Rent at Market		Contract as % of Market
		Annual	\$/SF/Yr	\$/SF/Yr	Annual	
Retail	72,266	\$563,750	\$7.80	\$7.75	\$560,062	101%
Total Subject	72,266	\$563,750	\$7.80	\$7.75	\$560,062	101%

<sup>1</sup> Contract rent for leased space; vacant space at market.

**Expense Reimbursements**

The current lease structure is triple net, with the tenant responsible for taxes, insurance and common area maintenance. General/administrative expenses and management are the responsibility of the landlord.

**Vacancy & Collection Loss**

Stabilized vacancy and collection loss is estimated at 5.0% based on an estimated vacancy period of 3 months every 5 years.

**Effective Gross Income**

Effective gross income is calculated at \$631,455, or \$8.74 per square foot.

**Expenses**

The subject is leased on a triple net basis with the owner's net expense obligations limited to general/administrative expenses and property management.

The taxes are based on the actual amount, while insurance and CAM are based on industry norms.

General/administrative expenses are based on comparable properties. Management fees are considered an expense of operation, whether the services are contracted or provided by the property owner. We estimate this expense at 2.0% of effective gross income considering the limited managerial responsibilities associated with a property of this type.

### Net Operating Income

Based on the preceding income and expense projections, stabilized net operating income is estimated at \$514,274, or \$7.12 per square foot.

### Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. We use the following methods to derive a capitalization rate for the subject: analysis of comparable sales, review of national investor surveys and the band of investment method.

### Analysis of Comparable Sales

Capitalization rates derived from comparable sales are shown in the following table.

Capitalization Rate Comparables								
No.	Property Name	City	State	Year Built	Sale Date	Gross Leasable Area	Effective Price/SF	Cap Rate
1	Canton Auto Park	Canton	MS	1995	1/15/2015	19,050	\$123.36	8.01%
2	Spurgeon Chevrolet	Wooster	OH	1969	4/15/2015	34,888	\$97.45	8.82%
3	Auto Sales & Service	Tampa	FL	1973	1/28/2014	14,348	\$104.54	8.82%
4	Brookhaven Toyota	Brookhaven	MS	1992-96	12/30/2015	23,519	\$110.55	7.61%
Average (Mean) Cap Rate:								8.32%

Based on this information, a capitalization rate within a range of 7.50% to 9.00% could be expected for the subject.

### National Investor Surveys

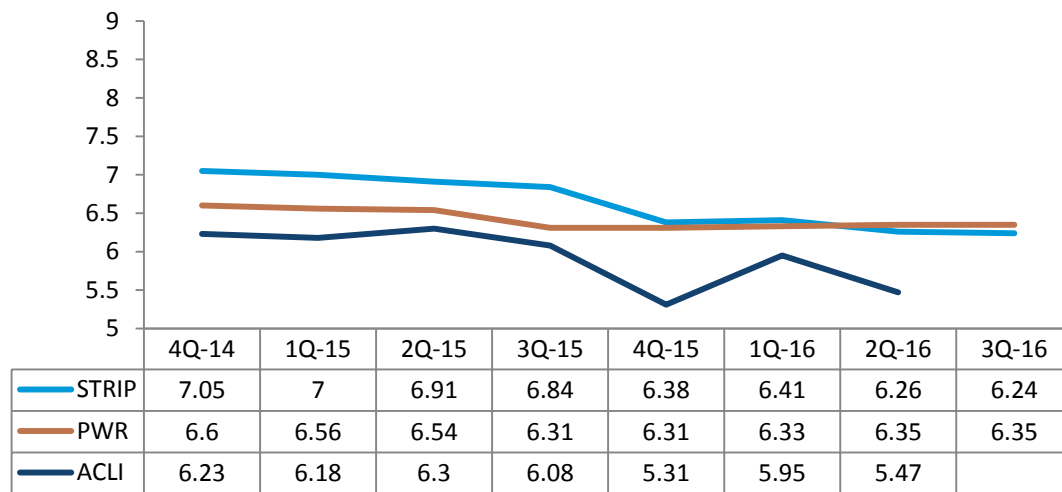
Data pertaining to investment grade properties from the PwC, ACLI, and Viewpoint surveys are summarized in the exhibits that follow.

Capitalization Rate Surveys – Retail Properties					
	IRR-ViewPoint	IRR-ViewPoint	PwC 3Q-16	PwC 3Q-16	ACLI
	Mid Year 2016	Mid Year 2016	National	National	2Q-16
	Natl Neighbor Retail	Natl Community Retail Center	Strip Shopping Center	Power Center	National Retail
Range	5.25% - 8.75%	4.75% - 8.50%	4.50 - 9.50	5.00% - 8.00%	NA
Average	7.00%	6.85%	6.24%	6.35%	5.47%

Source: IRR-Viewpoint 2015; PwC Real Estate Investor Survey; American Council of Life Insurers Investment



## Retail Capitalization Rate Trends



STRIP - PwC Real Estate Investor Survey - National Strip Shopping Center Market

PWR - PwC Real Estate Investor Survey - National Power Center Market

ACLI - American Council of Life Insurers Investment Bulletin - Retail Properties

### Band of Investment

The band of investment method derives a capitalization rate from the weighted average of the mortgage and equity demands on net income generated from the property. This method involves an estimate of typical financing terms as well as an estimated rate of return on equity capital sufficient to attract investors. The rate indicated by this method is shown in the following table.

Band of Investment Method				
Mortgage/Equity Assumptions				
Loan To Value Ratio	70%			
Interest Rate	4.50%			
Amortization (Years)	20			
Mortgage Constant	0.0759			
Equity Ratio	30%			
Equity Dividend Rate	10.00%			
Weighted Average of Mortgage and Equity Requirements				
Mortgage Requirement	70%	x	7.59% =	5.31%
Equity Requirement	30%	x	10.00% =	3.00%
Indicated Capitalization Rate				8.31%
Rounded				8.25%

### Capitalization Rate Conclusion

Based on the preceding analysis, a going-in capitalization rate for the subject is indicated within a range of 7.50% to 9.00%.

To conclude a capitalization rate, we consider each of the following investment risk factors to determine its impact on the capitalization rate. The direction of each arrow in the following table indicates our judgment of an upward, downward, or neutral impact of each factor.

<b>Risk Factor</b>	<b>Issues</b>	<b>Impact on Rate</b>
Income Characteristics	Credit strength of tenant, escalation pattern, above/below market rent, rollover risk.	↔
Competitive Market Position	Construction quality, appeal, condition, effective age, functional utility.	↑
Location	Market area demographics and life cycle trends; proximity issues; access and support services.	↔
Market	Vacancy rates and trends; rental rate trends; supply and demand.	↓↔
Highest & Best Use	Upside potential from redevelopment, adaptation, expansion.	↔
Overall Impact		↔

Accordingly, we conclude a capitalization rate as follows:

<b>Capitalization Rate Conclusion</b>	
Going-In Capitalization Rate	8.25%

### Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject. Valuation of the subject by direct capitalization is shown in the table immediately following.

<b>Direct Capitalization Analysis</b>			
		Annual	\$/SF Bldg.
<b>Income</b>			
Base Rent			
Potential Gross Rent		\$563,750	\$7.80
Expense Reimbursements		\$100,939	\$1.40
Potential Gross Income		\$664,689	\$9.20
Vacancy & Collection Loss	5.00%	-\$33,234	-\$0.46
Effective Gross Income		\$631,455	\$8.74
<b>Expenses</b>			
Real Estate Taxes		\$57,579	\$0.80
Insurance		\$7,227	\$0.10
Common Area Maintenance		\$36,133	\$0.50
General/Administrative		\$3,613	\$0.05
Management	2.00%	\$12,629	\$0.17
Total Expenses		\$117,181	\$1.62
<b>Net Operating Income</b>		<b>\$514,274</b>	<b>\$7.12</b>
Capitalization Rate		8.25%	
<b>Indicated Value</b>		<b>\$6,233,619</b>	<b>\$86.26</b>
<b>Rounded</b>		<b>\$6,230,000</b>	<b>\$86.21</b>

**Value Indication**

The income capitalization approach results in the following value indication.

<b>Income Capitalization Approach - Indicated Value</b>	
Direct Capitalization	\$6,230,000
Discounted Cash Flow	Not Used
Reconciled Value	\$6,230,000
Rounded	\$6,230,000
\$/SF	\$86.21

The sole method used is direct capitalization. A discounted cash flow analysis is not used because typical investors in this property type do not evaluate properties on this basis.

## Reconciliation and Conclusion of Value

Reconciliation involves the weighting of alternative value indications, based on the judged reliability and applicability of each approach to value, to arrive at a final value conclusion. Reconciliation is required because different value indications result from the use of multiple approaches and within the application of a single approach. The values indicated by our analyses are as follows:

Summary of Value Indications	
Cost Approach	\$6,120,000
Sales Comparison Approach	\$6,140,000
Income Capitalization Approach	\$6,230,000
Reconciled	\$6,230,000

### Cost Approach

The cost approach is most reliable for newer properties that have no significant amount of accrued depreciation. The cost approach is often utilized to value special-use properties like automotive dealerships, despite the subjectivity of estimating accrued depreciation. Accordingly, the cost approach is given consideration in the final value conclusion.

### Sales Comparison Approach

The sales comparison approach is most reliable in an active market when an adequate quantity and quality of comparable sales data are available. In addition, it is typically the most relevant method for owner-user properties, because it directly considers the prices of alternative properties with similar utility for which potential buyers would be competing. Accordingly, the sales comparison approach is given moderate weight in the value conclusion.

### Income Capitalization Approach

The income capitalization approach is usually given greatest weight when evaluating investment properties. The value indication from the income capitalization approach is supported by market data regarding income, expenses and required rates of return. As the subject is encumbered by a lease agreement potentially through February 2020, this approach is given greatest weight in the final conclusion.

### Final Opinion of Value

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

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value	Leased Fee	December 28, 2016	\$6,230,000

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### Extraordinary Assumptions and Hypothetical Conditions

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The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. We assume that there are no environmental issues requiring remediation on the subject property, which is contrary to information provided by the owner.
- 

### Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local retail market, it is our opinion that the probable exposure time for the subject at the concluded market value stated previously is 6 to 12 months.

### Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6 to 12 months.

Our estimate is supported by the following national investor survey data.

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#### Retail Average Marketing Time (Months)

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	PwC 3Q-16	PwC 3Q-16
	National	National
	Strip Shopping Center	Power Center
Range	2.0 - 12.0	2.0 - 18.0
Average	5.9	6.1

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Source: PwC Real Estate Investor Survey

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## Certification

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have prepared two appraisals of the subject property for another client within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Chris R. Morris, MAI, FRICS, made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, Chris R. Morris, MAI, FRICS, has completed the continuing education program for Designated Members of the Appraisal Institute.

*Chris R Morris*

Chris R. Morris, MAI, FRICS  
Certified General Real Estate Appraiser  
NC Certificate # A266



## Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
  8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
  9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
  10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
  11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
  12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
  13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
  14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
  15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
  16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
  17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Raleigh, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. Integra Realty Resources – Raleigh is not a building or environmental inspector. Integra Raleigh does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

- appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Raleigh, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

---

**Extraordinary Assumptions and Hypothetical Conditions**

---

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. We assume that there are no environmental issues requiring remediation on the subject property, which is contrary to information provided by the owner.
-

## **Addendum A**

### **Appraiser Qualifications**

# Chris R. Morris, MAI, FRICS

## Experience

Senior Managing Director of Integra Realty Resources-Raleigh. Mr. Morris has been actively engaged in real estate since 1986. He joined Integra after 11 years as a Principal with Shaw Boykin & Morris. Prior to becoming Principal, he was a Staff Appraiser for 6 years with Shaw/Boykin & Associates. Before joining Shaw/Boykin & Associates, Mr. Morris worked as a Staff Appraiser and Utilities Agent for the N.C. Department of Transportation. Mr. Morris has a broad range of experience in valuation and analysis of many types of real estate.

## Professional Activities & Affiliations

Member: International Right of Way Association, October 2010  
Board of Director: NC Chapter Appraisal Institute, January 2008 - December 2010  
Member: Appraisal Institute, June 1992  
Royal Institute of Chartered Surveyors, Fellow (FRICS) , June 2012

## Licenses

North Carolina, State Certified General Real Estate Appraiser, A266, Expires June 2017  
North Carolina, State Licensed Real Estate Broker, 084603, Expires June 2017  
South Carolina, State Certified General Real Estate Appraiser, CG 6958, Expires June 2018  
Virginia, State Certified General Real Estate Appraiser, 4001 015036, Expires August 2018

## Education

Phillips Academy, Andover, MA (1979)

B.A. Degrees, Economics and Organizational Behavior & Management, Brown University, Providence, RI (1984)

Real Estate courses completed are as follows:

Report Writing and Valuation Analysis  
Standards of Professional Practice  
Case Studies in Real Estate Valuation  
Capitalization Theory & Techniques, Part B  
Capitalization Theory & Techniques, Part A  
Residential Valuation  
Basic Valuation Procedures  
Real Estate Appraisal Principles  
Principles of Real Estate Management  
Commercial Real Estate Finance  
Commercial/Industrial Real Estate  
Cost Estimating  
Construction Methods and Materials  
Real Estate Brokerage Operations  
Real Estate Finance  
Real Estate Law  
Fundamentals of Real Estate

## Integra Realty Resources

### Raleigh

8382 Six Forks Road  
Suite 200  
Raleigh, NC 27615

T 919.847.1717  
F 919.847.1714

irr.com



**NORTH CAROLINA APPRAISAL BOARD**  
**APPRAISER QUALIFICATION CARD**  
*Expires June 30, 2017*

REGISTRATION / LICENSE / CERTIFICATE HOLDER		
<b>CHRISTOPHER R MORRIS</b>		
<b>A266</b>	<b>G</b>	<b>Y</b>
APPRAISER NUMBER	TYPE	NATIONAL REGISTRY

*Christopher R Morris*  
 APPRAISER'S SIGNATURE

*[Signature]*  
 EXECUTIVE DIRECTOR

BCD 073270

State of South Carolina  
 Department of Labor, Licensing and Regulation  
**Real Estate Appraisers Board**  
**CHRISTOPHER R MORRIS**  
 Is hereby entitled in practice as a:  
**Certified General Appraiser**  
 License Number: **6958**

Expiration Date: 06/30/2018  
**POCKET CARD**

*Laura L. Smith*  
**Administrator**

**COMMONWEALTH of VIRGINIA**  
 Department of Professional and Occupational Regulation  
 960 Mayland Drive, Suite 400, Richmond, VA 23233  
 Telephone: (804) 367-8500

**EXPIRES ON**  
**08-31-2018**

**NUMBER**  
**4001015036**

**REAL ESTATE APPRAISER BOARD**  
**CERTIFIED GENERAL REAL ESTATE APPRAISER**

**CHRISTOPHER R MORRIS**  
 8382 SIX FORKS ROAD  
 SUITE 200 - INTEGRA REALTY RESOURCES  
 RALEIGH, NC 27615

**DPOR**

*James W. DeBorja*  
 DPOR Administrator

Status can be verified at <http://www.dpor.virginia.gov>

(SEE REVERSE SIDE FOR PRIVILEGES AND INSTRUCTIONS)

DPOR-LIC (05/2015)





# Integra Realty Resources, Inc.

## Corporate Profile

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in North America with 58 independently owned and operated offices located throughout the United States and the Caribbean. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and virtually all are headed by a Senior Managing Director who is an MAI member of the Appraisal Institute.

A listing of IRR's local offices and their Senior Managing Directors follows:

ATLANTA, GA - Sherry L. Watkins, MAI, FRICS  
AUSTIN, TX - Randy A. Williams, MAI, SR/WA, FRICS  
BALTIMORE, MD - G. Edward Kerr, MAI, MRICS  
BIRMINGHAM, AL - Rusty Rich, MAI, MRICS  
BOISE, ID - Bradford T. Knipe, MAI, ARA, CCIM, CRE, FRICS  
BOSTON, MA - David L. Cary, Jr., MAI, MRICS  
CHARLESTON, SC - Cleveland "Bud" Wright, Jr., MAI  
CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE, FRICS  
CHICAGO, IL - Eric L. Enloe, MAI, FRICS  
CINCINNATI/DAYTON, OH - Gary S. Wright, MAI, FRICS, SRA  
CLEVELAND, OH - Douglas P. Sloan, MAI  
COLUMBIA, SC - Michael B. Dodds, MAI, CCIM  
COLUMBUS, OH - Bruce A. Daubner, MAI, FRICS  
DALLAS, TX - Mark R. Lamb, MAI, CPA, FRICS  
DENVER, CO - Brad A. Weiman, MAI, FRICS  
DETROIT, MI - Anthony Sanna, MAI, CRE, FRICS  
FORT WORTH, TX - Gregory B. Cook, MAI, SR/WA  
GREENSBORO, NC - Nancy Tritt, MAI, SRA, FRICS  
HARTFORD, CT - Mark F. Bates, MAI, CRE, FRICS  
HOUSTON, TX - David R. Dominy, MAI, CRE, FRICS  
INDIANAPOLIS, IN - Michael C. Lady, MAI, SRA, CCIM, FRICS  
JACKSON, MS - John R. Praytor, MAI  
JACKSONVILLE, FL - Robert Crenshaw, MAI, FRICS  
KANSAS CITY, MO/KS - Kenneth Jagers, MAI, FRICS  
LAS VEGAS, NV - Charles E. Jack IV, MAI  
LOS ANGELES, CA - John G. Ellis, MAI, CRE, FRICS  
LOS ANGELES, CA - Matthew J. Swanson, MAI  
LOUISVILLE, KY - Stacey Nicholas, MAI, MRICS  
MEMPHIS, TN - J. Walter Allen, MAI, FRICS

MIAMI/PALM BEACH, FL - Anthony M. Graziano, MAI, CRE, FRICS  
MINNEAPOLIS, MN - Michael F. Amundson, MAI, CCIM, FRICS  
NAPLES, FL - Carlton J. Lloyd, MAI, FRICS  
NASHVILLE, TN - R. Paul Perutelli, MAI, SRA, FRICS  
NEW JERSEY COASTAL - Halvor J. Egeland, MAI  
NEW JERSEY NORTHERN - Matthew S. Krauser, CRE, FRICS  
NEW YORK, NY - Raymond T. Cirz, MAI, CRE, FRICS  
ORANGE COUNTY, CA - Steve Calandra, MAI  
ORLANDO, FL - Christopher Starkey, MAI, MRICS  
PHILADELPHIA, PA - Joseph D. Pasquarella, MAI, CRE, FRICS  
PHOENIX, AZ - Walter "Tres" Winius III, MAI, FRICS  
PITTSBURGH, PA - Paul D. Griffith, MAI, CRE, FRICS  
PORTLAND, OR - Brian A. Glanville, MAI, CRE, FRICS  
PROVIDENCE, RI - Gerard H. McDonough, MAI, FRICS  
RALEIGH, NC - Chris R. Morris, MAI, FRICS  
RICHMOND, VA - Kenneth L. Brown, MAI, CCIM, FRICS  
SACRAMENTO, CA - Scott Beebe, MAI, FRICS  
ST. LOUIS, MO - P. Ryan McDonald, MAI, FRICS  
SALT LAKE CITY, UT - Darrin W. Liddell, MAI, FRICS, CCIM  
SAN DIEGO, CA - Jeff A. Greenwald, MAI, SRA, FRICS  
SAN FRANCISCO, CA - Jan Kleczewski, MAI, FRICS  
SARASOTA, FL - Carlton J. Lloyd, MAI, FRICS  
SEATTLE, WA - Allen N. Safer, MAI, MRICS  
SYRACUSE, NY - William J. Kimball, MAI, FRICS  
TAMPA, FL - Bradford L. Johnson, MAI, MRICS  
TULSA, OK - Owen S. Ard, MAI  
WASHINGTON, DC - Patrick C. Kerr, MAI, FRICS, SRA  
WILMINGTON, DE - Douglas L. Nickel, MAI, FRICS  
CARIBBEAN/CAYMAN ISLANDS - James Andrews, MAI, FRICS



## **Addendum B**

### **Definitions**

## Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), unless otherwise noted.

### **As Is Market Value**

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

### **Class of Retail Property**

For the purposes of comparison, retail properties are grouped into three classes. These classes represent a subjective quality rating of properties, which indicates the competitive ability of each property to attract similar types of tenants. The differences between these classifications vary by market, and Class B and C properties are generally classified relative to Class A properties.

Class A properties represent the highest quality properties in a market. They have the best locations for retail use and the best access. Construction tends to be new and of good quality, and maintenance standards are high. Building and site designs are functional. As a result, Class A properties attract the highest quality tenants and also command the highest rents.

Class B properties are a step down in quality from Class A properties. Class B buildings tend to be somewhat older, less functional, and less well maintained. Sometimes they are in less desirable locations. Class B properties command rents in the average range for the area.

Class C properties fall into the lowest classification. These properties are older and often in need of renovation. Locations may be inferior, and building and site designs exhibit functional obsolescence and lower standards of maintenance. Class C properties command rents that are below average for the area.

*(Source: Integra Realty Resources)*

### **Common Area**

1. The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.
2. In a shopping center, the walkways and areas onto which the stores face and which conduct the follow of customer traffic.

### **Common Area Charges**

Income collected from owners or tenants for the operation and maintenance of common areas; typically specified in commercial and retail leases.

### **Common Area Maintenance (CAM)**

1. The expense of operating and maintaining common areas; may or may not include

management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.

- a. CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings.
  - b. CAM can refer to all operating expenses.
  - c. CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative load. An example would be a 15% addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee.
2. The amount of money charged to tenants for their shares of maintaining a center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of the parking lots. The area maintained in common by all tenants, such as parking lots and common passages. The area is often defined in the lease and may or may not include all physical areas to be paid for by all tenants. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security, and upkeep.

#### **Deferred Maintenance**

Needed repairs or replacement of items that should have taken place during the course of normal maintenance.

#### **Depreciation**

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

#### **Discounted Cash Flow (DCF) Analysis**

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

#### **Disposition Value**

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

1. Consummation of a sale within a future exposure time specified by the client.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.

6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time specified by the client.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

### **Effective Date of Appraisal**

The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply.

### **Entrepreneurial Profit**

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

### **Excess Land; Surplus Land**

**Excess Land:** Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued independently.

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

### **Exposure Time**

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

**Fee Simple Estate**

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

**Floor Area Ratio (FAR)**

The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

**Gross Building Area (GBA)**

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

**Gross Leasable Area (GLA)**

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to outside wall surfaces.

**Highest and Best Use**

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.

**Investment Value**

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner for individual investment or operational objectives.

**Lease**

A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

**Leased Fee Interest**

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

**Leasehold Interest**

The tenant's possessory interest created by a lease.

### Lease Type

**Full Service Lease or Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses.

**Full Service + Tenant Electric Lease or Gross + Tenant Electric Lease:** A lease in which the tenant pays electric charges for its space but in other respects is a full service or gross lease as defined above. Tenant electric is often abbreviated as "TE". (Source: *Integra Realty Resources*)

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

**Net Lease:** A general term for a lease in which the tenant pays all or most of the operating and fixed expenses of a property. Whenever the term net lease is used, an analyst should identify the specific expense responsibilities of the tenant and owner. (Source: *Integra Realty Resources*)

**Triple Net Lease:** A lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called NNN, net net net, or fully net lease.

**Absolute Net Lease:** A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant.

### Liquidation Value

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

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars, or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

**Marketing Time**

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

**Market Rent**

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

**Market Value**

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

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

*(Source: Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*

**Overage Rent**

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakpoint sales volume.

**Percentage Rent**

Rental income received in accordance with the terms of a percentage lease; typically derived from retail store and restaurant tenants and based on a certain percentage of their gross sales.

**Prospective Opinion of Value**

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.



### **Replacement Cost**

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design and layout.

### **Reproduction Cost**

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

### **Shopping Center Classifications**

**Convenience Center:** provides for the sale of personal services and convenience goods similar to those of a neighborhood center. It contains a minimum of three stores, with a total GLA of up to 30,000 square feet. Instead of being anchored by a supermarket, a convenience center is usually anchored by some other type of personal/convenience service such as a minimarket. *(Source: Dollars & Cents of Shopping Centers, Urban Land Institute, Washington, DC, 2008[Dollars & Cents])*

**Neighborhood Center:** provides for the sale of convenience goods (foods, drugs, and sundries) and personal services (laundry and dry cleaning, barbering, shoe repairing, etc.) for the day-to-day living needs of the immediate neighborhood. It is built around a supermarket as the principal tenant and typically contains a GLA of about 60,000 square feet. In practice, it may range in size from 30,000 to 100,000 square feet. *(Source: Dollars & Cents)*

**Super Community / Community Center:** any center larger than a neighborhood center but with neither a traditional department store nor the trade area of a regional shopping center. This includes traditional community shopping centers, power centers, town centers, lifestyle centers, and outlet/off-price centers that meet these criteria. The traditional community shopping center contains many of the convenience tenants that are found in the neighborhood shopping centers, while offering a wider range of apparel, hardware, home furnishings, home improvement, and specialty stores. In addition, the center also may include banking and professional services, personal services, and recreational facilities. Many centers are built around a discount department store, super drugstore, mixed apparel (women/men/children) store, as well as a supermarket. *(Source: Dollars & Cents)*

**Power Center:** type of community center that contains at least four category-specific anchors of 20,000 or more square feet. These anchors typically emphasize hard goods such as consumer electronics, sporting goods, office supplies, home furnishings, home improvement goods, bulk foods, drugs, health and beauty aids, toys, and personal computer hardware/software. They tend to be narrowly focused but deeply merchandised “category killers” together with the more broadly merchandised, price-oriented warehouse club and discount department stores. Anchors in power centers typically occupy 85 percent or more of the total GLA. *(Source: Dollars & Cents)*

### **Stabilized Income**

Income at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the

economic life of the property; projected income that is subject to change, but has been adjusted to reflect an equivalent, stable annual income.

## **Addendum C**

### **Financials and Property Information**

WAKE COUNTY, NC 861  
 LAURA M RIDDICK  
 REGISTER OF DEEDS  
 PRESENTED & RECORDED ON  
 06/25/2003 AT 15:38:53

BOOK:010222 PAGE:00531 ~ 00533

Excise Tax: \$-0-

Tax Account # 0070896

Prepared by and return to: David E. Wagner, Esq., Kennedy Covington Lobdell & Hickman, L.L.P.  
 (Vault Box #123)

**TITLE NEITHER EXAMINED NOR CERTIFIED**

Brief Description for the Index 0.51 acre tract, Capital Boulevard

**NORTH CAROLINA SPECIAL WARRANTY DEED**

THIS DEED made this 24<sup>th</sup> day of June, 2003, by and between

GRANTOR	GRANTEE
<b>BOBBY L. MURRAY, SR</b>	<b>MURRAY INVESTMENT COMPANY NO. 2 LLC</b> , a North Carolina limited liability company c/o Bobby Murray Chevrolet 1820 Capital Boulevard Raleigh, NC 27604
Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g., corporation or partnership.	

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in Wake County, North Carolina and more particularly described as follows:

BEGINNING at a stake in the southeastern right-of-way line of the northbound lane of U.S. Highway #1, said stake being in the original dividing line between Tracts No. 5 and No. 6 of the W. F. Taylor property as shown on a map recorded in Book of Maps 1941, Page 2, Wake County Registry; runs thence South 71 degrees 10 minutes East 286.24 feet to a stake; runs thence South 25 degrees 07 minutes West 87.6 feet to a stake; runs thence North 66 degrees 11 minutes West 315.15 feet to a stake in the southeastern right-of-way line of the northbound lane of U.S. Highway #1; runs thence with the said right-of-way North 46 degrees 16 minutes East 67.10 feet to the point and place of beginning. See Book 1519, Page 571, Wake County Registry.

Together with all right, title and interest of the grantor in and to the property lying between the center line of the right-of-way of said northbound lane of U.S. No. 1 and the front line of the property hereinabove described lying on the southeast side of the said right-of-way.

\*Under N.C.G.S. § 105-228.29 no excise tax is due in association with a transfer where no consideration in property or money is due or paid by the grantee to the grantor.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 8726, Page 143, Wake County Registry.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, except for the exceptions hereinafter stated.

Title to the property hereinabove described is subject to the following exceptions:

This conveyance is made subject to all applicable restrictive covenants, easements and rights of way of record in the Wake County Registry and the lien for 2003 ad valorem taxes and subsequent years not yet due and payable.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal the day and year first above written.

Bobby L. Murray, Sr. [SEAL]  
Bobby L. Murray, Sr.

STATE OF NORTH CAROLINA  
COUNTY OF WAKE

I, Verlinda Anderson, a Notary Public of the County and State aforesaid, certify that BOBBY L. MURRAY, SR., Grantor, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 24 day of June, 2003.

My Commission Expires:

1-2-07

Verlinda Anderson  
Notary Public

VERLINDA ANDERSON  
NOTARY PUBLIC  
JOHNSTON COUNTY, NC  
My Commission Expires 1-2-2007

Laura M Riddick  
Register of Deeds  
Wake County, NC



Book : 010222 Page : 00531 - 00533

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Please retain with original document and submit for rerecording.**



**Wake County Register of Deeds  
Laura M. Riddick  
Register of Deeds**

**North Carolina - Wake County**

The foregoing certificate \_\_\_ of Verlinda Anderson

\_\_\_\_ Notary(ies) Public is (are) certified to be correct. This instrument  
and this certificate are duly registered at the date and time and in the book and  
page shown on the first page hereof.

Laura M. Riddick, Register of Deeds

By. George W. Carwin

Assistant/Deputy Register of Deeds

**This Customer Group**  
4 # of Time Stamps Needed

**This Document**  
3 New Time Stamp  
# of Pages

WAKE COUNTY, NC 864  
 LAURA M RIDDICK  
 REGISTER OF DEEDS  
 PRESENTED & RECORDED ON  
 06/25/2003 AT 15:30:54  
 BOOK: 010222 PAGE: 00534 - 00536

Excise Tax: \$-0-

Tax Account # 0049701

Prepared by and return to: David B. Wagner, Esq., Kennedy Covington Lobdell & Hickman, L.L.P.  
 (Vault Box #123)

**TITLE NEITHER EXAMINED NOR CERTIFIED**

Brief Description for the Index 7.92 acre tract, Capital Blvd.

**NORTH CAROLINA SPECIAL WARRANTY DEED**

THIS DEED made this 24<sup>th</sup> day of June, 2003, by and between

GRANTOR	GRANTEE
<b>BOBBY L. MURRAY, SR</b>	<b>MURRAY INVESTMENT COMPANY NO. 2 LLC</b> , a North Carolina limited liability company c/o Bobby Murray Chevrolet 1820 Capital Boulevard Raleigh, NC 27604

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g., corporation or partnership.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in Wake County, North Carolina and more particularly described as follows:

Located in the City of Raleigh, County of Wake, State of North Carolina. BEGINNING at a point in the southeastern right of way of U.S. Highway 1, said point being South 37 degrees 08 minutes West 241.72 feet from a point in Pigeon House Branch as shown on a map to which reference is hereinafter made, said point of beginning being 50 feet from the center line of the northbound lane of U.S. Highway 1; runs thence from said beginning point South 58 degrees 30 minutes East 769.95 feet to a point; runs thence South 37 degrees 30 minutes West 230 feet to an existing iron pipe; runs thence North 69 degrees 44 minutes West 209.91 feet to an existing iron pipe; runs thence South 51 degrees 39 minutes West 479.50 feet to a point; runs thence North 64 degrees 02 minutes West 169.90 feet to a point; runs thence North 37 degrees 46 minutes East 173 feet to a point; runs thence North 26 degrees 28 minutes East 140.83 feet to an existing iron pipe; runs thence North 26 degrees 28 minutes East 37.80 feet to a point; runs thence North 69 degrees 43 minutes West 286.24 feet to an existing iron pipe on the Southeastern right of way of U.S. Highway 1, said point being 55 feet from the center line of said northbound lane; runs thence North 45 degrees 51 minutes East 170 feet with the southeastern right of way line of U.S. Highway 1; runs thence North 40 degrees 01 minutes East 230 feet with the Southeastern right of way line of the highway to the point and place of Beginning; containing 7.92 acres according to a map entitled "Property Survey of Gateway Plaza" made by Boney & Newcomb, Engineers, dated January 7, 1966.

Together with all the right, title and interest of the party of the first part in and to all land lying between the center line of the northbound lane of U.S. Highway No. 1 and the northwestern line of the above described property.

\*Under N.C.G.S. § 105-228.29 no excise tax is due in association with a transfer where no consideration in property or money is due or paid by the grantee to the grantor.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 8726, Page 140, Wake County Registry.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, except for the exceptions hereinafter stated.

Title to the property hereinabove described is subject to the following exceptions:

This conveyance is made subject to all applicable restrictive covenants, easements and rights of way of record in the Wake County Registry and the lien for 2003 ad valorem taxes and subsequent years not yet due and payable.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal the day and year first above written.

Bobby L. Murray, Sr. [SEAL]  
Bobby L. Murray, Sr.

STATE OF NORTH CAROLINA  
COUNTY OF WAKE

I, Verlinda Anderson, a Notary Public of the County and State aforesaid, certify that BOBBY L. MURRAY, SR., Grantor, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 24 day of June, 2003.

My Commission Expires:

1-2-07

Verlinda Anderson  
Notary Public

[NOTARIAL SEAL]

VERLINDA ANDERSON  
NOTARY PUBLIC  
JOHNSTON COUNTY, NC  
My Commission Expires 1-2-2007



This Document 3 New Time Stamp  
# of Pages

WAKE COUNTY, NC 869  
 LAURA M RIDDICK  
 REGISTER OF DEEDS  
 PRESENTED & RECORDED ON  
 06/25/2003 AT 15:30:55

BOOK:010222 PAGE:00537 ~ 00539

Excise Tax: \$-0.\*

Tax Account # 0049697

Prepared by and return to: David E. Wagner, Esq., Kennedy Covington Lobdell & Hickman, L.L.P.  
 (Vault Box #123)

***TITLE NEITHER EXAMINED NOR CERTIFIED***

Brief Description for the Index 1.2 acre tract, Fenton Street

**NORTH CAROLINA SPECIAL WARRANTY DEED**

THIS DEED made this 24<sup>th</sup> day of June, 2003, by and between

GRANTOR	GRANTEE
<b>BOBBY L. MURRAY, SR</b>	<b>MURRAY INVESTMENT COMPANY NO. 2 LLC</b> , a North Carolina limited liability company c/o Bobby Murray Chevrolet 1820 Capital Boulevard Raleigh, NC 27604

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g., corporation or partnership.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in Wake County, North Carolina and more particularly described as follows:

BEGINNING at a point in the northern edge of the right of way of Fenton Street, the southeast corner of the property now or formerly owned by Storr Investment Company; thence with the eastern property line of Storr Investment Company North 26 degrees 17 minutes East 159.5 feet to a point in the southern property line of the property now or formerly owned by E.L. Torrance, being the site of the now or formerly Alamo Plaza Motel; thence with the southern property line of said property of E.L. Torrance South 66 degrees 10 minutes East 320.7 feet to a point in the western property line of Section 2 of Woodcrest Subdivision (see map recorded in Book of Maps 1956, Page 17 of the Wake County Registry), thence with said property line of Section 2 of Woodcrest Subdivision South 50 degrees 20 minutes West 266.4 feet to a point in the northern edge of the right of way of Fenton Street; thence with said right of way of Fenton Street in a northwesterly direction along a curve to the left with a radius of 339.8 feet a distance of 211.2 feet to a point; thence continuing with said right of Fenton Street North 59 degrees 34 minutes West 20.4 feet to the point of Beginning, containing approximately 1.2 acres, and being part of Tract 4 of the William F. Taylor Property shown on a map recorded in Book of Maps 1941, Page 2 of the Wake County Registry. For chain of title see Report of Commissioners recorded in Book 867, Page 420 of the Wake County Registry and the Wills of Hubert S. Gill and Dixie D. Gill recorded in the office of the Clerk of Superior Court of Wake County.

\*Under N.C.G.S. § 105-228.29 no excise tax is due in association with a transfer where no consideration in property or money is due or paid by the grantee to the grantor.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 8726, Page 134, Wake County Registry.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, except for the exceptions hereinafter stated.

Title to the property hereinabove described is subject to the following exceptions:

This conveyance is made subject to all applicable restrictive covenants, easements and rights of way of record in the Wake County Registry and the lien for 2003 ad valorem taxes and subsequent years not yet due and payable.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal the day and year first above written.

Bobby L. Murray, Sr. [SEAL]  
Bobby L. Murray, Sr.

STATE OF NORTH CAROLINA  
COUNTY OF WAKE

I, Verlinda Anderson, a Notary Public of the County and State aforesaid, certify that BOBBY L. MURRAY, SR., Grantor, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 24 day of June, 2003.

My Commission Expires:

1-2-07

Verlinda Anderson  
Notary Public

[NOTARIAL SEAL]  
VERLINDA ANDERSON  
NOTARY PUBLIC  
JOHNSTON COUNTY, NC  
My Commission Expires 1-2-2007

Laura M Riddick  
Register of Deeds  
Wake County, NC

Book : 010222 Page : 00537 - 00539

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**Wake County Register of Deeds**  
**Laura M. Riddick**  
**Register of Deeds**

## North Carolina - Wake County

The foregoing certificate of Verlinda Anderson

\_\_\_\_ Notary(ies) Public is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

**Laura M. Riddick, Register of Deeds**

By:

Assistant/Deputy Register of Deeds

**This Customer Group** \_\_\_\_\_ **# of Time Stamps Needed**

This Document 3 New Time Stamp  
# of Pages

WAKE COUNTY, NC 873  
 LAURA M RIDDICK  
 REGISTER OF DEEDS  
 PRESENTED & RECORDED ON  
 06/25/2003 AT 15:30:56

BOOK:010222 PAGE:00540 - 00542

Excise Tax: \$-0-\*

Tax Account # 0018437

Prepared by and return to: David E. Wagner, Esq., Kennedy Covington Lobdell & Hickman, L.L.P.  
 (Vault Box #123)

***TITLE NEITHER EXAMINED NOR CERTIFIED***

Brief Description for the Index 2.5 acre tract, Capital Boulevard

**NORTH CAROLINA SPECIAL WARRANTY DEED**

THIS DEED made this 24<sup>th</sup> day of June, 2003, by and between

GRANTOR	GRANTEE
<b>BOBBY L. MURRAY, SR</b>	<b>MURRAY INVESTMENT COMPANY NO. 2 LLC</b> , a North Carolina limited liability company c/o Bobby Murray Chevrolet 1820 Capital Boulevard Raleigh, NC 27604
Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g., corporation or partnership.	

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in Wake County, North Carolina and more particularly described as follows:

BEGINNING at a stake on the southeast side of U.S. Highway No. 1 North in the dividing line between Tracts 4 and 5 of the W.F. Taylor property as shown on plat in Book of Maps 1941, Page 2 of the Wake County Registry, runs thence with said dividing line between Tracts 4 and 5 South 65 degrees 30 minutes East 425.10 feet to a stake in the corner of land conveyed to Seby B. Jones by E.L. Torrance and others in September 1962, thence with said Seby B. Jones land North 36 degrees 25 minutes East 173 feet to a stake, runs thence North 25 degrees 07 minutes East 140.83 feet to a stake, said stake being located 1 foot northeast of and perpendicular to the original northeast line of that tract of land conveyed to E.L. Torrance by H.F. Faucette, Commissioner, recorded in Book 1045, Page 538, Wake County Registry; runs thence North 66 degrees 11 minutes West 315.15 feet in a line parallel with and 1 foot northeast of the original line of E.L. Torrance as above described to a stake in the southeast right of way of the northbound lane of U.S. Highway No. 1; thence along the line of the right of way of U.S. Highway No. 1 as it curves 341 feet (the cord being South 50 degrees 30 minutes West 340.8 feet) to the BEGINNING, it being part of the land conveyed by H.F. Faucette, Commissioner, to E.L. Torrance by deed recorded in Book 1045, at page 538, and by deed from E.N. Richards and others to E.L. Torrance and others by deed recorded in Book 1437, at Page 765, in the office of the Register of Deeds of Wake County, North Carolina.

Together with all right, title and interest of the grantor in and to the property lying between the center line of the right-of-way of said northbound lane of U.S. No. 1 and the front line of the property hereinabove described lying on the southeast side of the said right-of-way.

\*Under N.C.G.S. § 105-228.29 no excise tax is due in association with a transfer where no consideration in property or money is due or paid by the grantee to the grantor.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 8726, Page 137, Wake County Registry.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, except for the exceptions hereinafter stated.

Title to the property hereinabove described is subject to the following exceptions:

This conveyance is made subject to all applicable restrictive covenants, easements and rights of way of record in the Wake County Registry and the lien for 2003 ad valorem taxes and subsequent years not yet due and payable.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal the day and year first above written.

Bobby L. Murray, Sr. [SEAL]  
Bobby L. Murray, Sr.

STATE OF NORTH CAROLINA  
COUNTY OF WAKE

I, Verlinda Anderson, a Notary Public of the County and State aforesaid, certify that BOBBY L. MURRAY, SR., Grantor, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 24 day of June, 2003.

My Commission Expires:

1-2-07

Verlinda Anderson  
Notary Public

[NOTARIAL SEAL]  
VERLINDA ANDERSON  
NOTARY PUBLIC  
JOHNSTON COUNTY, NC  
My Commission Expires 1-2-2007

Laura M Riddick  
Register of Deeds  
Wake County, NC

Book : 010222 Page : 00540 - 00542

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**Wake County Register of Deeds**  
**Laura M. Riddick**  
**Register of Deeds**

## North Carolina - Wake County

The foregoing certificate of Verlinda Anderson

\_\_\_\_ Notary(ies) Public is (are) certified to be correct. This instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

**Laura M. Riddick, Register of Deeds**

By:

Assistant/Deputy Register of Deeds

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**This Document**  
3 **New Time Stamp**  
**# of Pages**


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## Wake County Real Estate Data Account Summary

[iMaps](#)
[Tax Bills](#)
Real Estate ID **0049701** PIN # **1714375678**
**WAKE  
COUNTY**  
NORTH CAROLINA

Location Address

**1820 CAPITAL BLVD**

Property Description

**3ATEWAY PLAZA**Account  
Search
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[Account](#)
[Buildings](#)
[Land](#)
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[Map](#)

<b>Property Owner</b> <b>MURRAY INVESTMENT COMPANY NO 2 LLC</b> (Use the Deeds link to view any additional owners)		<b>Owner's Mailing Address</b> <b>C/O BOBBY MURRAY</b> <b>CHEVROLET</b> <b>1820 CAPITAL BLVD</b> <b>RALEIGH NC 27604-2145</b>	<b>Property Location Address</b> <b>1820 CAPITAL BLVD</b> <b>RALEIGH NC 27604-2145</b>
<b>Administrative Data</b> Old Map # <b>495-00000-0015</b> Map/Scale <b>1714 06</b> VCS <b>ECRA001</b> City <b>RALEIGH</b> Fire District Township <b>RALEIGH</b> Land Class <b>COMMERCL</b> ETJ <b>RA</b> Spec Dist(s) Zoning <b>IND-2</b> History ID 1 History ID 2 Acreage <b>7.92</b> Permit Date <b>11/13/1995</b> Permit # <b>0000025076</b>		<b>Transfer Information</b> Deed Date <b>6/25/2003</b> Book & Page <b>10222 0534</b> Revenue Stamps Pkg Sale Date Pkg Sale Price Land Sale Date Land Sale Price  <b>Improvement Summary</b> Total Units <b>0</b> Recycle Units <b>0</b> Apt/SC Sqft Heated Area <b>67,112</b>	<b>Assessed Value</b> Land Value <b>\$2,328,716</b> Assessed Bldg. Value <b>\$1,699,874</b> Assessed  Tax Relief  Land Use Value Use Value Deferment Historic Deferment Total Deferred Value  Use/Hist/Tax Relief Assessed Total Value <b>\$4,028,590</b> Assessed*

\*Wake County assessed building and land values reflect the market value as of January 1, 2016, which is the date of the last county-wide revaluation. Any inflation, deflation or other economic changes occurring after this date does not affect the assessed value of the property and cannot be lawfully considered when reviewing the value for adjustment.

The January 1, 2016 values will remain in effect until the next county-wide revaluation. Until that time, any real estate accounts created or new construction built is assessed according to the 2016 Schedule of Values.

For questions regarding the information displayed on this site, please contact the Revenue Department at [RevHelp@wakegov.com](mailto:RevHelp@wakegov.com) or call 919-856-5400.

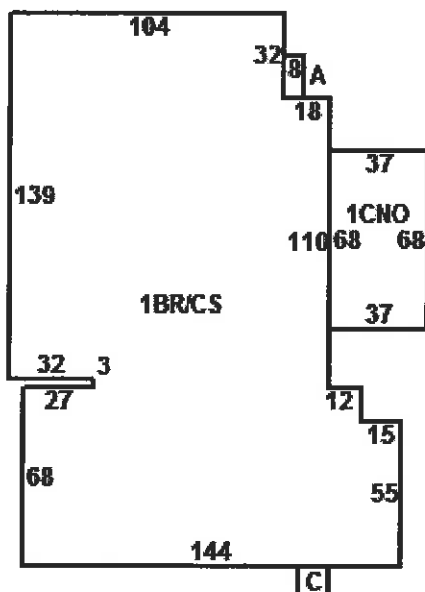


Real Estate ID **0049701** PIN # **1714375678**Location Address  
**1820 CAPITAL BLVD** Property Description  
**3ATEWAY PLAZA**Account  
Search[Pin/Parcel History](#) [New Search](#)[Account](#) | [Buildings](#) | [Land](#) | [Deeds](#) | [Notes](#) | [Sales](#) | [Photos](#) | [Tax Bill](#) | [Map](#)

Building Location Address		Building Description		Select Card	Card 01 Of 05
<b>1820 CAPITAL BLVD</b>		<b>BOBBY MURRAY CHEVROLET</b>		<input type="button" value="1"/> <input type="button" value="GO"/>	Card 2>
Bldg Type	<b>19 Sales &amp; Service</b>	Year Blt	<b>1966</b>	Eff Year	<b>1980</b>
Units		Addns	<b>1987</b>	Remod	<b>1997</b>
Heated Area	<b>26,393</b>	Int. Adjust.	<b>MEZZ-8% Partly Floor</b>		
Story Height	<b>1 Story</b>	Other Features			
Style	<b>Conventional</b>			Base Bldg Value	<b>\$2,380,564</b>
Basement	<b>Crawl Space</b>			Grade	<b>29.65 120%</b>
Exterior	<b>Brick</b>			Cond %	<b>B 50%</b>
Const Type	<b>Exposed Steel</b>			Market Adj.	<b>G 75%</b>
Heating	<b>Central</b>			Market Adj.	<b>O 80%</b>
Air Cond	<b>Central</b>			Accrued %	<b>30%</b>
Plumbing	<b>Adequate</b>			Incomplete Code	
				<b>Card 01 Value</b>	<b>\$1,006,893</b>
				All Other Cards	<b>\$692,981</b>
				Land Value Assessed	<b>\$2,328,716</b>
				Total Value Assessed	<b>\$4,028,590</b>

Main and Addition Summary					Other Improvements					
Story	Type	Code	Area	Inc	Units	DesItem	Code	Year	%	Inc Value
M	1	BR/CS	26249							
A	1	CN O	128		35500	SF PAVCONC	0035	1987	30	37280
B	1	CN O	2516		136500	SF PAVASPH	0028	1987	30	112610
C	1	S BR	144		6	UN LIGHTMED REF	1976	100		0
D					1090	UN FENCE6	0000	1966	20	0
E										
F										
G										
H										

Building Sketch

Photograph  
12/6/2011

0049701 12/06/2011

Real Estate ID **0049701** PIN # **1714375678**Location Address  
**1820 CAPITAL BLVD** Property Description  
**3ATEWAY PLAZA**Account  
Search[Pin/Parcel History](#) [New Search](#)[Account](#) | [Buildings](#) | [Land](#) | [Deeds](#) | [Notes](#) | [Sales](#) | [Photos](#) | [Tax Bill](#) | [Map](#)

Building Location Address <b>1820 CAPITAL BLVD</b>		Building Description		Select Card 1 <input type="button" value="GO"/>		Card <b>02</b> Of <b>05</b> <Card 1 Card 3>	
Bldg Type	<b>20 Service Garage</b>	Year Blt	<b>1966</b>	Eff Year	<b>1980</b>	Base Bldg Value	<b>\$726,513</b>
Units		Addns		Remod	<b>1997</b>	Grade	<b>29.63 115%</b>
Heated Area	<b>19,080</b>	Int. Adjust.				Cond %	<b>B 50%</b>
Story Height	<b>1 Story</b>	Other				Market Adj.	<b>G 75%</b>
Style	<b>Conventional</b>	Features				Market Adj.	<b>O 80%</b>
Basement	<b>Crawl Space</b>					Accrued %	<b>30%</b>
Exterior	<b>Brick and Cinde</b>					Incomplete Code	
Const Type	<b>Exposed Steel</b>					<b>Card 02 Value</b>	<b>\$260,087</b>
Heating	<b>Central</b>					All Other Cards	<b>\$1,439,787</b>
Air Cond	<b>No Air</b>					Land Value Assessed	<b>\$2,328,716</b>
Plumbing	<b>Conditio Adequate</b>					Total Value Assessed	<b>\$4,028,590</b>

Main and Addition Summary					Other Improvements							
	Story	Type	Code	Area	Inc	Units	DesItem	Code	Year	%	Inc	Value
M	1	BR&CB/C		19080								
A	1	STG	0439	270		20X20	SF CANPYEX	0189	1986	25		1890
B						32	SF KIOSK	1885	1986	25		1510
C						32	SF KIOSK	1885	1976	20		1210
D						32	SF KIOSK	1885	1976	20		1210
E						32	SF KIOSK	1885	1976	20		1210
F						64	SF KIOSK	1885	1976	20		2410
G												
H												

Building Sketch		Photograph 12/6/2011	
0049701 12/06/2011			

Real Estate ID **0049701** PIN # **1714375678**Location Address  
**1820 CAPITAL BLVD** Property Description  
**3ATEWAY PLAZA**Account  
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Building Location Address <b>1820 CAPITAL BLVD</b>		Building Description		Select Card 1 <input type="button" value="GO"/>		Card <b>03</b> Of <b>05</b> <Card 2 Card 4>	
Bldg Type	<b>20 Service Garage</b>	Year Blt	<b>1967</b>	Eff Year	<b>1980</b>	Base Bldg Value	<b>\$372,659</b>
Units		Addns		Remod		Grade	<b>29.63 115%</b>
Heated Area	<b>9,480</b>	Int. Adjust.				Cond %	<b>B 50%</b>
Story Height	<b>1 Story</b>					Market Adj.	<b>O 80%</b>
Style	<b>Conventional</b>	Other Features				Market Adj.	<b>G 75%</b>
Basement	<b>Crawl Space</b>					Accrued %	<b>30%</b>
Exterior	<b>Brick and Cinde</b>					Incomplete Code	
Const Type	<b>Exposed Steel</b>					<b>Card 03 Value</b>	<b>\$128,567</b>
Heating	<b>Central</b>					All Other Cards	<b>\$1,571,307</b>
Air Cond	<b>No Air</b>					Land Value Assessed	<b>\$2,328,716</b>
Plumbing	<b>Conditio Adequate</b>					Total Value Assessed	<b>\$4,028,590</b>

Main and Addition Summary					Other Improvements				
	Story	Type	Code	Area	Inc	Units	DesItem	Code Year	% Inc Value
M	1	BR&CB/C		9480					
A									
B									
C									
D									
E									
F									
G									
H									

<p>Building Sketch</p>	<p>Photograph 12/6/2011</p> <p>0049701 12/06/2011</p>
------------------------	---



Real Estate ID **0049701** PIN # **1714375678**Location Address  
**1820 CAPITAL BLVD** Property Description  
**3ATEWAY PLAZA**Account  
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Building Location Address <b>1820 CAPITAL BLVD</b>		Building Description		Select Card 1 <input type="button" value="v"/> <input type="button" value="GO"/>		Card <b>04</b> Of <b>05</b> <Card 3 Card 5>	
Bldg Type	<b>20 Service Garage</b>	Year Blt	<b>1973</b>	Eff Year	<b>1980</b>	Base Bldg Value	<b>\$343,987</b>
Units		Addns	<b>1984</b>	Remod		Grade	<b>29.63 115%</b>
Heated Area	<b>9,728</b>	Int. Adjust.				Cond %	<b>B 50%</b>
Story Height	<b>1 Story</b>	Other				Market Adj.	<b>G 75%</b>
Style	<b>Conventional</b>	Features				Market Adj.	<b>O 80%</b>
Basement	<b>Crawl Space</b>					Accrued %	<b>30%</b>
Exterior	<b>Brick and Cinde</b>					Incomplete Code	
Const Type	<b>Exposed Steel</b>					<b>Card 04 Value</b>	<b>\$118,676</b>
Heating	<b>Central</b>					All Other Cards	<b>\$1,581,198</b>
Air Cond	<b>No Air</b>					Land Value Assessed	<b>\$2,328,716</b>
Plumbing	<b>Conditio Adequate</b>					Total Value Assessed	<b>\$4,028,590</b>

Main and Addition Summary					Other Improvements				
	Story	Type	Code	Area	Inc	Units	DesItem	Code Year	% Inc Value
M	1	BR&CB/C		3328					
A	1	S BR	BPM	6400					
B									
C									
D									
E									
F									
G									
H									

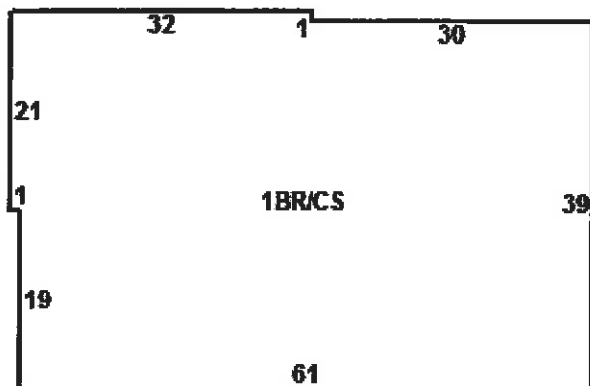
Building Sketch					Photograph 12/6/2011				
									
<div> <div>104</div> <div>32 1BR&amp;CB/C 32 32</div> </div>					<div> <div>1SBR</div> <div>200</div> </div>				
					0049701 12/06/2011				

Real Estate ID **0049701** PIN # **1714375678**Location Address  
**1820 CAPITAL BLVD** Property Description  
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Building Location Address <b>1820 CAPITAL BLVD</b>		Building Description		Select Card 1 <input type="button" value="GO"/>	Card <b>05</b> Of <b>05</b> <Card 4
Bldg Type	<b>34 Typical Office</b>	Year Blt	<b>1995</b>	Eff Year	<b>1995</b>
Units		Addns		Remod	
Heated Area	<b>2,431</b>	Int. Adjust.			
Story Height	<b>1 Story</b>	Other Features			
Style	<b>Conventional</b>				
Basement	<b>Crawl Space</b>				
Exterior	<b>Brick</b>				
Const Type	<b>Exposed Steel</b>				
Heating	<b>Central</b>				
Air Cond	<b>Central</b>				
Plumbing	<b>Adequate</b>				
		Base Bldg Value	<b>\$279,687</b>		
		Grade	<b>25.55</b>	<b>100%</b>	
		Cond %	<b>B</b>	<b>74%</b>	
		Market Adj.	<b>O</b>	<b>80%</b>	
		Market Adj.	<b>G</b>	<b>75%</b>	
		Accrued %	<b>44%</b>		
		Incomplete Code			
		Card 05 Value	<b>\$185,651</b>		
		All Other Cards	<b>\$1,514,223</b>		
		Land Value Assessed	<b>\$2,328,716</b>		
		Total Value Assessed	<b>\$4,028,590</b>		

Main and Addition Summary					Other Improvements					
Story	Type	Code	Area	Inc	Units	DesItem	Code	Year	%	Inc Value
M	1	BR/CS	2431		7228	SF CANPYEX	0189	1995	45	61470
A										
B										
C										
D										
E										
F										
G										
H										

Building Sketch

Photograph  
12/6/2011

0049701 12/06/2011


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Land Class	COMMERCL	Deeded Acres	7.92	Farm Use Year
Soil Class	4	Calculated Acres		Farm Use Flag

Land Value Detail - Market								
Sch	ETJ	Zoning	Description	Units	Rate	Cnd% Reason	Inf% Reason	Value
5	RA	IND-2	BSITE1	344,995	\$3.00	75 TOPO	200	\$2,328,716
Total Land Value Assessed								\$2,328,716

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**1820 CAPITAL BLVD**

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Owner Name	Type	% Own	Stamps	Book	Page	Date
Current <b>MURRAY INVESTMENT COMPANY NO 2 LLC</b>		<b>ALL</b>		<b>10222</b>	<b>0534</b>	<b>06-25-2003</b>
1 Back <b>MURRAY, BOBBY L SR</b>		<b>ALL</b>		<b>08726</b>	<b>0140</b>	<b>11-03-2000</b>
2 Back <b>MURRAY, BOBBY L &amp; JACQUELINE SUE</b>		<b>ALL</b>		<b>01810</b>	<b>0549</b>	

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Location Address

1820 CAPITAL BLVD

Property Description

3 GATEWAY PLAZA

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Card 01 Of 05

Code Descriptions

Card 2&gt;

Date	Line	Notes
06-08-2009	1	REPLACED EXISTING HVAC UNITS/NCIV F
05-20-2008	1	RESULT LETTER PRINTED
04-10-2008	1	APPEAL CLOSED
04-10-2008	1	IH-C/RA/GKW/04-10-08/RECENT APPRAISAL OF SUBJECT PROPERTY
05-01-1998	1	4-29-98/FWP/DOUG RAY/REMODELED SMALL OFFICE IN PARTS & REPLACE
05-01-1998	2	HT&AC, CD2/ADDED OFFICE 23X24 ADJ EFF AGE F98
05-01-1998	1	4-29-98/FWP/DOUG RAY/REMODELED SMALL OFFICE IN PARTS & REPLACE
08-20-1996	1	8-15-96/MWR 6X90 ADDN & 1S GLASS ADDN TO FRONT & TOTAL RENOV TO
08-20-1996	2	SHOWROOM/OFFICES-100% F97
08-20-1996	1	8-15-96/MWR 6X90 ADDN & 1S GLASS ADDN TO FRONT & TOTAL RENOV TO
08-20-1996	2	SHOWROOM/OFFICES (CD#1) F97
06-17-1996	1	6-13-96/OLH/ADD NEW OFFICE BLDG & CANOPY (CARD#5) 100% COMP F96
02-06-1996	1	1-22-96/MWR SHOWROOM UNDERGOING RENOVATION-GUTTED AS OF 1-1-96-
02-06-1996	2	BLDG INC F96
02-06-1996	1	1-22-96/MWR SHOWROOM (CD#1) UNDERGOING RENOV-GUTTED AS OF 1-1-
02-06-1996	2	96-BLDG INC F96
12-14-1995	1	BLDG PERMIT #25096 B ISSUE DATE 11-13-95 CONST TYPE B \$600,000
11-16-1995	1	BLDG PERMIT #24257B ISSUED 9/19/95 CONST TYPE D COST \$15,000
07-13-1995	1	BLDG PERMIT #21216 B ISSUE DATE 02-13-95 CONST TYPE C \$180,000
02-09-1995	1	1-25-95/STEVE KIRBY/MWR BLDG (CD#5) RAZED F95
02-19-1991	1	BOBBY MURRAY CHEVROLET
01-01-1990	1	BLDG PERMIT#19179B ISSUED 9/7/94 CONST TYPE D 5,000/11/14/94
11-17-1989	1	IMPRVMENTS = 708 L/F OF CURB & GUTTERS
11-17-1989	1	ADD 1S BR ADDS FOR 88/GG

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**\*\*Duplicate Billing Statement\*\***

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**MURRAY INVESTMENT COMPANY NO 2 LLC** Acct #: **0000049701-2016-2016-000000** Acct Status:  
 Bill Date: **07/18/2016**  
 Due Date: **09/01/2016**  
 Interest Begins: **01/06/2017**

Description: **GATEWAY PLAZA**  
 Location: **1820 CAPITAL BLVD RALEIGH 27604-2145**

Municipality: **Raleigh**  
 Fire District:  
 Special Dist:  
 Recycle Units:

REID: **0049701** Acres: **7.92** Class: **1** PIN: **1714375678**

Assessed Value	Orig	Adj	Rate	Taxing Units	Amt Billed	Adj Billed	Payment Allocation
Real	4,028,590		.4183	Raleigh	16,851.59		Raleigh
Deferred				Special District			Special District
Use	4,028,590			Late List Penalty			Late List Penalty
Personal				Vehicle Fee			Vehicle Fee
Exclusion							City Interest
<b>Total Value</b>	<b>4,028,590</b>			<b>Total Raleigh</b>	<b>16,851.59</b>		<b>Wake County</b>
			.6005	Wake County	24,191.68		Fire District
				Fire District			Special District
				Special District			Late List Penalty
				Late List Penalty			Recycle Fee
				Recycle Fee			County Interest
				<b>Total Wake County</b>	<b>24,191.68</b>		<b>Costs</b>
				<b>Total Billed</b>	<b>41,043.27</b>		<b>Total Paid</b>
							<b>0.00</b>
							Principal Due
							<b>41,043.27</b>
							Interest Due
							<b>0.00</b>
							Costs
							<b>0.00</b>
							<b>Total Due</b>
							<b>41,043.27</b>

**If Paid By 01/05/2017 Pay \$41,043.27**

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The property records and tax bill data provided herein represent information as it currently exists in the Wake County collection system. This data is subject to change daily. Wake County makes no warranties, express or implied, concerning the accuracy, completeness, reliability, or suitability of this data. Furthermore, this office assumes no liability whatsoever associated with the use or misuse of such data.


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## Wake County Real Estate Data Account Summary

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Real Estate ID **0070896** PIN # **1714372566**
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Property Description

**1818 CAPITAL BLVD PT LOUISBURG RD TR5**Account  
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<b>Property Owner</b> <b>MURRAY INVESTMENT COMPANY NO 2 LLC</b> (Use the Deeds link to view any additional owners)		<b>Owner's Mailing Address</b> <b>C/O BOBBY MURRAY</b> <b>CHEVROLET</b> <b>1820 CAPITAL BLVD</b> <b>RALEIGH NC 27604-2145</b>	<b>Property Location Address</b> <b>1818 CAPITAL BLVD</b> <b>RALEIGH NC 27604-2145</b>
<b>Administrative Data</b> Old Map # <b>495-00000-0009</b> Map/Scale <b>1714 06</b> VCS <b>ECRA001</b> City <b>RALEIGH</b> Fire District Township <b>RALEIGH</b> Land Class <b>AC-W/IMP</b> ETJ <b>RA</b> Spec Dist(s) Zoning <b>IND-2</b> History ID 1 History ID 2 Acreage <b>.51</b> Permit Date Permit #		<b>Transfer Information</b> Deed Date <b>6/25/2003</b> Book & Page <b>10222 0531</b> Revenue Stamps Pkg Sale Date <b>1/1/1978</b> Pkg Sale Price <b>\$85,000</b> Land Sale Date Land Sale Price  <b>Improvement Summary</b> Total Units <b>0</b> Recycle Units <b>0</b> Apt/SC Sqft Heated Area	<b>Assessed Value</b> Land Value <b>\$149,958</b> Assessed Bldg. Value <b>\$18,320</b> Assessed  Tax Relief  Land Use Value Use Value Deferment Historic Deferment Total Deferred Value  Use/Hist/Tax Relief Assessed Total Value <b>\$168,278</b> Assessed*

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Real Estate ID **0070896** PIN # **1714372566**Location Address  
**1818 CAPITAL BLVD**Property Description  
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Building Location Address <b>1818 CAPITAL BLVD</b>		Building Description <b>ECRA001</b>		Card 01 Of 01	
Bldg Type Units Heated Area Story Height Style Basement Exterior Const Type Heating Air Cond Plumbing		Year Blt Addns Eff Year Remod Int. Adjust. Other Features		Base Bldg Value Grade Cond % Market Adj. Market Adj. Accrued % Incomplete Code <b>Card 01 Value</b> <b>\$18,320</b> All Other Cards Land Value Assessed <b>\$149,958</b> Total Value Assessed <b>\$168,278</b>	
Main and Addition Summary			Other Improvements		
Story	Type	Code	Area	Inc	Value
M					
A					
B					
C					
D					
E					
F					
G					
H					
			Units	DesItem	Code Year % Inc Value
			22200	SF PAVASPH	0028 1987 30 18320
Building Sketch			Photograph 3/14/2013 		
			0070896 03/14/2013		


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Location Address

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Property Description

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Land Class	AC-W/IMP	Deeded Acres	0.51	Farm Use Year
Soil Class	4	Calculated Acres		Farm Use Flag

Land Value Detail - Market										
Sch	ETJ	Zoning	Description	Units	Rate	Cnd%	Reason	Inf%	Reason	Value
5	RA	IND-2	BSITE1	22,216	\$3.00	75	TOPO	200		\$149,958
Total Land Value Assessed										\$149,958

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Owner Name	Type	% Own	Stamps	Book	Page	Date
Current <b>MURRAY INVESTMENT COMPANY NO 2 LLC</b>		<b>ALL</b>		<b>10222</b>	<b>0531</b>	<b>06-25-2003</b>
1 Back <b>MURRAY, BOBBY L SR</b>		<b>ALL</b>		<b>08726</b>	<b>0143</b>	<b>11-03-2000</b>
2 Back <b>MURRAY, BOBBY L</b>		<b>ALL</b>	<b>85.00</b>	<b>02603</b>	<b>0335</b>	

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Owner Name	Type	% Own	Stamps	Book	Page	Date
Current <b>MURRAY INVESTMENT COMPANY NO 2 LLC</b>		<b>ALL</b>		<b>10222</b>	<b>0531</b>	<b>06-25-2003</b>
1 Back <b>MURRAY, BOBBY L SR</b>		<b>ALL</b>		<b>08726</b>	<b>0143</b>	<b>11-03-2000</b>
2 Back <b>MURRAY, BOBBY L</b>		<b>ALL</b>	<b>85.00</b>	<b>02603</b>	<b>0335</b>	

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Date	Line	Notes
05-20-2008	1	RESULT LETTER PRINTED
04-15-2008	1	RESULT LETTER PRINTED
04-11-2008	1	APPEAL CLOSED
04-10-2008	1	IH-B/ID/GKW/04-10-08/INSUFFICIENT DATA FOR CONSIDERATION
01-16-2008	1	PROPERTY VALUE APPEALED

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**\*\*Duplicate Billing Statement\*\***



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**MURRAY INVESTMENT COMPANY NO 2 LLC** Acct #: **0000070896-2016-2016-000000** Acct Status:  
 Bill Date: **07/18/2016**  
 Due Date: **09/01/2016**  
 Interest Begins: **01/06/2017**

Description: **TR5 PT LOUISBURG RD**  
 Location: **1818 CAPITAL BLVD RALEIGH 27604-2145**

Municipality: **Raleigh**  
 Fire District:  
 Special Dist:  
 Recycle Units:

REID: **0070896** Acres: **.51** Class: **1** PIN: **1714372566**

Assessed Value	Orig	Adj	Rate	Taxing Units	Amt Billed	Adj Billed	Payment Allocation
Real	168,278		.4183	Raleigh	703.91		Raleigh
Deferred				Special District			Special District
Use	168,278			Late List Penalty			Late List Penalty
Personal				Vehicle Fee			Vehicle Fee
Exclusion							City Interest
<b>Total Value</b>	<b>168,278</b>			<b>Total Raleigh</b>	<b>703.91</b>		<b>Wake County</b>
			.6005	Wake County	1,010.51		Fire District
				Fire District			Special District
				Special District			Late List Penalty
				Late List Penalty			Recycle Fee
				Recycle Fee			County Interest
				<b>Total Wake County</b>	<b>1,010.51</b>		<b>Costs</b>
				<b>Total Billed</b>	<b>1,714.42</b>		<b>Total Paid</b>
							0.00
							Principal Due
							1,714.42
							Interest Due
							0.00
							Costs
							0.00
							<b>Total Due</b>
							<b>1,714.42</b>

**If Paid By 01/05/2017 Pay \$1,714.42**

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## Wake County Real Estate Data Account Summary

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Real Estate ID **0018437** PIN # **1714371388**

Location Address

**1816 CAPITAL BLVD**

Property Description

**PT LOUISBURG ROAD TR5**Account  
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<b>Property Owner</b> <b>MURRAY INVESTMENT COMPANY NO 2 LLC</b> (Use the Deeds link to view any additional owners)		<b>Owner's Mailing Address</b> <b>C/O BOBBY MURRAY</b> <b>CHEVROLET</b> <b>1820 CAPITAL BLVD</b> <b>RALEIGH NC 27604-2145</b>	<b>Property Location Address</b> <b>1816 CAPITAL BLVD</b> <b>RALEIGH NC 27604-2145</b>
<b>Administrative Data</b> Old Map # <b>495-00000-0038</b> Map/Scale <b>1714 10</b> VCS <b>ECRA001</b> City <b>RALEIGH</b> Fire District Township <b>RALEIGH</b> Land Class <b>COMMERCL</b> ETJ <b>RA</b> Spec Dist(s) Zoning <b>IND-2</b> History ID 1 History ID 2 Acreage <b>2.50</b> Permit Date Permit #		<b>Transfer Information</b> Deed Date <b>6/25/2003</b> Book & Page <b>10222 0540</b> Revenue Stamps Pkg Sale Date Pkg Sale Price Land Sale Date Land Sale Price  <b>Improvement Summary</b> Total Units <b>0</b> Recycle Units <b>0</b> Apt/SC Sqft Heated Area <b>5,154</b>	<b>Assessed Value</b> Land Value <b>\$735,076</b> Assessed Bldg. Value <b>\$339,781</b> Assessed  Tax Relief  Land Use Value Use Value Deferment Historic Deferment Total Deferred Value  Use/Hist/Tax Relief Assessed Total Value <b>\$1,074,857</b> Assessed*

\*Wake County assessed building and land values reflect the market value as of January 1, 2016, which is the date of the last county-wide revaluation. Any inflation, deflation or other economic changes occurring after this date does not affect the assessed value of the property and cannot be lawfully considered when reviewing the value for adjustment.

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Real Estate ID **0018437** PIN # **1714371388**Location Address  
**1816 CAPITAL BLVD**Property Description  
**PT LOUISBURG ROAD TR5**Account  
Search[Pin/Parcel History](#) [New Search](#)[Account](#) | [Buildings](#) | [Land](#) | [Deeds](#) | [Notes](#) | [Sales](#) | [Photos](#) | [Tax Bill](#) | [Map](#)

Building Location Address <b>1816 CAPITAL BLVD</b>		Building Description		Card <b>01</b> Of <b>01</b>	
Bldg Type	<b>34 Typical Office</b>	Year Blt	<b>1980</b>	Eff Year	<b>1980</b>
Units		Addns		Remod	
Heated Area	<b>5,154</b>	Int. Adjust.			
Story Height	<b>1 Story</b>	Other Features			
Style	<b>Conventional</b>				
Basement	<b>Crawl Space</b>				
Exterior	<b>Brick</b>				
Const Type	<b>Exposed Steel</b>				
Heating	<b>Central</b>				
Air Cond	<b>Central</b>				
Plumbing	<b>Adequate</b>				
		Base Bldg Value	<b>\$584,729</b>		
		Grade	<b>25.59</b>	<b>110%</b>	
		Cond %	<b>B</b>	<b>50%</b>	
		Market Adj.	<b>G</b>	<b>80%</b>	
		Market Adj.			
		Accrued %	<b>40%</b>		
		Incomplete Code			
		<b>Card 01 Value</b>	<b>\$339,781</b>		
		All Other Cards			
		Land Value Assessed	<b>\$735,076</b>		
		Total Value Assessed	<b>\$1,074,857</b>		

Main and Addition Summary					Other Improvements					
	Story	Type	Code	Area	Inc	Units	DesItem	Code	Year	% Inc Value
M	1	BR/CS		5154						
A	1	PATIO	0043	4082		100000	SF PAVASPH	0028	1987	30 82500
B						23	UN LIGHTMED	REF	1980	100 0
C										
D										
E										
F										
G										
H										

<p>Building Sketch</p>		<p>Photograph 1/30/2015</p>	
		0018437 01/30/2015	


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## Wake County Real Estate Data Land Valuation

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Real Estate ID **0018437** PIN # **1714371388**

Location Address

Property Description

Account  
Search**1816 CAPITAL BLVD PT LOUISBURG ROAD TR5**
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Land Class	COMMERCL	Deeded Acres	2.50	Farm Use Year
Soil Class	4	Calculated Acres		Farm Use Flag

Land Value Detail - Market										
Sch	ETJ	Zoning	Description	Units	Rate	Cnd%	Reason	Inf%	Reason	Value
5	RA	IND-2	BSITE1	15,462	\$3.00	75	TOPO	200		\$104,369
5	RA	IND-2	BALANCE	93,438	\$3.00	75	TOPO	200		\$630,707
Total Land Value Assessed										\$735,076

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## Wake County Real Estate Data Ownership History

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Real Estate ID **0018437** PIN # **1714371388**

Location Address

**1816 CAPITAL BLVD**

Property Description

**PT LOUISBURG ROAD TR5**Account  
Search
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Owner Name	Type	% Own	Stamps	Book	Page	Date
Current <b>MURRAY INVESTMENT COMPANY NO 2 LLC</b>		<b>ALL</b>		<b>10222</b>	<b>0540</b>	<b>06-25-2003</b>
1 Back <b>MURRAY, BOBBY L SR</b>		<b>ALL</b>		<b>08726</b>	<b>0137</b>	<b>11-03-2000</b>
2 Back <b>MURRAY, BOBBY L &amp; JACQUELINE D</b>		<b>ALL</b>		<b>02261</b>	<b>0593</b>	

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## Wake County Real Estate Data Assessment Notes

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Real Estate ID **0018437** PIN # **1714371388**

Location Address

Property Description

Account  
Search**1816 CAPITAL BLVD PT LOUISBURG ROAD TR5**
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Card 01 Of 01		Code Descriptions
Date	Line	Notes
05-20-2008	1	RESULT LETTER PRINTED
04-10-2008	1	APPEAL CLOSED
04-10-2008	1	IH-C/RA/GKW/04-10-08/RECENT APPRAISAL OF SUBJECT PROPERTY
02-13-1991	1	BOBBY MURRAY CHEVROLET

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**\*\*Duplicate Billing Statement\*\***

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**MURRAY INVESTMENT COMPANY NO 2 LLC** Acct #: **0000018437-2016-2016-000000** Acct Status:  
 Bill Date: **07/18/2016**  
 Due Date: **09/01/2016**  
 Interest Begins: **01/06/2017**

Description: **TR5 PT LOUISBURG ROAD**  
 Location: **1816 CAPITAL BLVD RALEIGH 27604-2145**

Municipality: **Raleigh**  
 Fire District:  
 Special Dist:  
 Recycle Units:

REID: **0018437** Acres: **2.5** Class: **1** PIN: **1714371388**

Assessed Value	Orig	Adj	Rate	Taxing Units	Amt Billed	Adj Billed	Payment Allocation
Real	1,074,857		.4183	Raleigh	4,496.13		Raleigh
Deferred				Special District			Special District
Use	1,074,857			Late List Penalty			Late List Penalty
Personal				Vehicle Fee			Vehicle Fee
Exclusion							City Interest
<b>Total Value</b>	<b>1,074,857</b>			<b>Total Raleigh</b>	<b>4,496.13</b>		<b>Wake County</b>
			.6005	Wake County	6,454.52		Fire District
				Fire District			Special District
				Special District			Late List Penalty
				Late List Penalty			Recycle Fee
				Recycle Fee			County Interest
				<b>Total Wake County</b>	<b>6,454.52</b>		<b>Costs</b>
				<b>Total Billed</b>	<b>10,950.65</b>		<b>Total Paid</b>
							0.00
<b>If Paid By 01/05/2017 Pay \$10,950.65</b>							Principal Due
							10,950.65
							Interest Due
							0.00
							Costs
							0.00
							<b>Total Due</b>
							<b>10,950.65</b>

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## Wake County Real Estate Data Account Summary

[iMaps](#)[Tax Bills](#)Real Estate ID **0049697** PIN # **1714372161**Location Address  
**121 FENTON ST**Property Description  
**TAYLOR LD**Account  
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COUNTY**  
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[Pin/Parcel History](#) [New Search](#)

Property Owner <b>MURRAY INVESTMENT COMPANY NO 2 LLC</b> (Use the Deeds link to view any additional owners)		Owner's Mailing Address <b>C/O BOBBY MURRAY CHEVROLET 1820 CAPITAL BLVD RALEIGH NC 27604-2145</b>	Property Location Address <b>121 FENTON ST RALEIGH NC 27604-2105</b>
<b>Administrative Data</b> Old Map # <b>495-00000-0041</b> Map/Scale <b>1714 10</b> VCS <b>ECRA001</b> City <b>RALEIGH</b> Fire District Township <b>RALEIGH</b> Land Class <b>AC-W/IMP</b> ETJ <b>RA</b> Spec Dist(s) Zoning <b>NB</b> History ID 1 History ID 2 Acreage <b>1.20</b> Permit Date Permit #		<b>Transfer Information</b> Deed Date <b>6/25/2003</b> Book & Page <b>10222 0537</b> Revenue Stamps Pkg Sale Date Pkg Sale Price Land Sale Date Land Sale Price  <b>Improvement Summary</b> Total Units <b>0</b> Recycle Units <b>0</b> Apt/SC Sqft Heated Area	<b>Assessed Value</b> Land Value <b>\$338,723</b> Assessed Bldg. Value <b>\$41,250</b> Assessed  Tax Relief  Land Use Value Use Value Deferment Historic Deferment Total Deferred Value  Use/Hist/Tax Relief Assessed Total Value <b>\$379,973</b> Assessed*

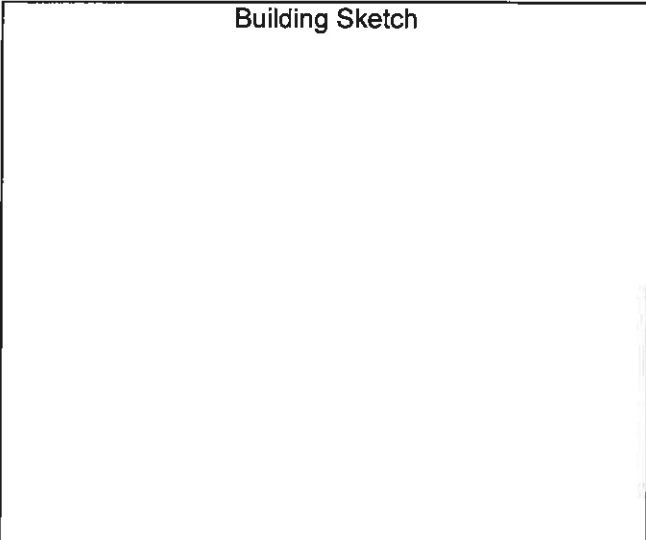

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Real Estate ID **0049697** PIN # **1714372161**Location Address  
**121 FENTON ST**Property Description  
**TAYLOR LD**Account  
Search[Pin/Parcel History](#) [New Search](#)[Account](#) | [Buildings](#) | [Land](#) | [Deeds](#) | [Notes](#) | [Sales](#) | [Photos](#) | [Tax Bill](#) | [Map](#)

Building Location Address <b>121 FENTON ST</b>		Building Description <b>ECRA001</b>		Card <b>01</b> Of <b>01</b>																																																																	
Bldg Type Units Heated Area Story Height Style Basement Exterior Const Type Heating Air Cond Plumbing		Year Blt Addns Int. Adjust. Other Features		Base Bldg Value Grade Cond % Market Adj. Market Adj. Accrued % Incomplete Code <b>Card 01 Value</b> <b>\$41,250</b> All Other Cards Land Value Assessed <b>\$338,723</b> Total Value Assessed <b>\$379,973</b>																																																																	
Main and Addition Summary <table border="1"> <thead> <tr> <th>Story</th> <th>Type</th> <th>Code</th> <th>Area</th> <th>Inc</th> </tr> </thead> <tbody> <tr><td>M</td><td></td><td></td><td></td><td></td></tr> <tr><td>A</td><td></td><td></td><td></td><td></td></tr> <tr><td>B</td><td></td><td></td><td></td><td></td></tr> <tr><td>C</td><td></td><td></td><td></td><td></td></tr> <tr><td>D</td><td></td><td></td><td></td><td></td></tr> <tr><td>E</td><td></td><td></td><td></td><td></td></tr> <tr><td>F</td><td></td><td></td><td></td><td></td></tr> <tr><td>G</td><td></td><td></td><td></td><td></td></tr> <tr><td>H</td><td></td><td></td><td></td><td></td></tr> </tbody> </table>			Story	Type	Code	Area	Inc	M					A					B					C					D					E					F					G					H					Other Improvements <table border="1"> <thead> <tr> <th>Units</th> <th>DesItem</th> <th>Code</th> <th>Year</th> <th>%</th> <th>Inc</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>50000</td> <td>SF PAVASPH</td> <td>0028</td> <td>1987</td> <td>30</td> <td>ADJ</td> <td>41250</td> </tr> </tbody> </table>			Units	DesItem	Code	Year	%	Inc	Value	50000	SF PAVASPH	0028	1987	30	ADJ	41250
Story	Type	Code	Area	Inc																																																																	
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Building Sketch 			Photograph <b>12/6/2011</b> 																																																																		
			0049697 12/06/2011																																																																		


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## Wake County Real Estate Data Land Valuation

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Real Estate ID **0049697** PIN # **1714372161**Location Address  
**121 FENTON ST**Property Description  
**TAYLOR LD**Account  
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Land Class	AC-W/IMP	Deeded Acres	1.20	Farm Use Year
Soil Class	4	Calculated Acres		Farm Use Flag

Land Value Detail - Market										
Sch	ETJ	Zoning	Description	Units	Rate	Cnd%	Reason	Inf%	Reason	Value
5	RA	NB	BSITE1	52,272	\$9.00	72				\$338,723
Total Land Value Assessed										\$338,723

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## Wake County Real Estate Data Ownership History

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[Tax Bills](#)
Real Estate ID **0049697** PIN # **1714372161**Location Address  
**121 FENTON ST**Property Description  
**TAYLOR LD**Account  
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Owner Name	Type	% Own	Stamps	Book	Page	Date
Current <b>MURRAY INVESTMENT COMPANY NO 2 LLC</b>		<b>ALL</b>		<b>10222</b>	<b>0537</b>	<b>06-25-2003</b>
1 Back <b>MURRAY, BOBBY L SR</b>		<b>ALL</b>		<b>08726</b>	<b>0134</b>	<b>11-03-2000</b>
2 Back <b>MURRAY, BOBBY L &amp; JACQUELINE S</b>		<b>ALL</b>	<b>27.50</b>	<b>01744</b>	<b>0045</b>	

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## Wake County Real Estate Data Assessment Notes

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Real Estate ID **0049697** PIN # **1714372161**Location Address  
**121 FENTON ST**Property Description  
**TAYLOR LD**Account  
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Card 01 Of 01		Code Descriptions
Date	Line	Notes
05-20-2008	1	RESULT LETTER PRINTED
04-10-2008	1	APPEAL CLOSED
04-10-2008	1	IH-B/ID/GKW/04-10-08/INSUFFICIENT DATA FOR CONSIDERATION
01-16-2008	1	PROPERTY VALUE APPEALED

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**\*\*Duplicate Billing Statement\*\***



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**MURRAY INVESTMENT COMPANY NO 2 LLC** Acct #: **0000049697-2016-2016-000000** Acct Status:  
 Bill Date: **07/18/2016**  
 Due Date: **09/01/2016**  
 Interest Begins: **01/06/2017**

Description: **TAYLOR LD**  
 Location: **121 FENTON ST RALEIGH 27604-2105**

Municipality: **Raleigh**  
 Fire District:  
 Special Dist:  
 Recycle Units:

REID: **0049697** Acres: **1.2** Class: **1** PIN: **1714372161**

Assessed Value	Orig	Adj	Rate	Taxing Units	Amt Billed	Adj Billed	Payment Allocation
Real	379,973		.4183	Raleigh	1,589.43		Raleigh
Deferred				Special District			Special District
Use	379,973			Late List Penalty			Late List Penalty
Personal				Vehicle Fee			Vehicle Fee
Exclusion				<b>Total Raleigh</b>	<b>1,589.43</b>		City Interest
<b>Total Value</b>	<b>379,973</b>						Wake County
			.6005	Wake County	2,281.74		Fire District
				Fire District			Special District
				Special District			Late List Penalty
				Late List Penalty			Recycle Fee
				Recycle Fee			County Interest
				<b>Total Wake County</b>	<b>2,281.74</b>		Costs
				<b>Total Billed</b>	<b>3,871.17</b>		<b>Total Paid</b>
							0.00
<b>If Paid By 01/05/2017 Pay \$3,871.17</b>							Principal Due
							3,871.17
							Interest Due
							0.00
							Costs
							0.00
							<b>Total Due</b>
							<b>3,871.17</b>

For questions regarding the information displayed on this site, please contact the Revenue Department at RevHelp@wakegov.com or call 919-856-5400.

The property records and tax bill data provided herein represent information as it currently exists in the Wake County collection system. This data is subject to change daily. Wake County makes no warranties, express or implied, concerning the accuracy, completeness, reliability, or suitability of this data. Furthermore, this office assumes no liability whatsoever associated with the use or misuse of such data.

NORTH CAROLINA

WAKE COUNTY

**OFFER TO PURCHASE AND CONTRACT**  
(this "contract")

WHEREAS, The Wake County Board of Education, a body corporate, ("Buyer") hereby agrees to purchase and Murray Investment Company No. 2 LLC, a North Carolina limited liability company ("Seller") hereby agrees to convey an assemblage including four parcels of land together with all improvements, structures, and fixtures thereon, collectively totaling 12.13 acres more or less, located on the southern side of Capital Boulevard east of its intersection with Fenton Street, Raleigh, Wake County, North Carolina, together with all right, title and interest which Seller may have in all creeks, streams, rights-of-way, roads, streets and ways bounding said property further identified by Exhibit "A" (the "Property") and upon a Map shown on Exhibit "B". Exhibit "A" and Exhibit "B" are attached hereto and made a part of this Offer to Purchase, with the exact location and acreage of the subject property to be determined by a formal survey to be obtained by Buyer. The Property is more particularly described as all of those parcels described as 1816 Capital Boulevard (Wake County PIN #1714-37-1388), 1818 Capital Boulevard (Wake County PIN #1714-37-2566), 1820 Capital Boulevard (Wake County PIN #1714-37-5678) and 121 Fenton Street (Wake County PIN #1714372161).

NOW, THEREFORE, in consideration of the mutual covenants and undertakings herein contained and the earnest money deposit set forth below and for other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged and confessed, the parties hereto agree to the following terms and conditions:

1. PURCHASE PRICE: The purchase price is Six Million Three Hundred Fifty-One Thousand Six Hundred Ninety-Five and no/100 (\$6,351,695.00) Dollars and shall be paid by Buyer to Seller as follows:
  - A. \$25,000.00 in earnest money (the "Earnest Money") shall be paid by check or wire transfer to Metro Title Insurance Company ("Escrow Agent"), with the execution of this contract, to be held in trust until the sale is closed, at which time it will be credited to Buyer, applied to payment of the purchase price and disbursed to Seller at closing, or until this contract is otherwise terminated and it is disbursed in accordance with the terms of this contract. The Earnest Money shall be non-refundable upon the expiration of the Due Diligence Period, except as otherwise expressly provided in this contract in Sections 2 or 3.
  - B. Buyer shall pay Seller the balance of the purchase price, subject to prorations and the Earnest Money as provided herein, at closing by check or wire transfer of funds to Escrow Agent.
  - C. Buyer and Seller acknowledge that the "Property" to be purchased includes  $\pm 12.139$  acres of land, and commercial buildings containing a total of approximately 72,266 heated square feet. The exact location and acreage shall be determined by a formal survey to be provided by Buyer.
2. CONDITIONS: The obligation of Buyer to purchase the Property is subject to the satisfaction at or prior to time periods specified within this Section 2 of the following conditions:

- A. Within the Due Diligence Period (as defined herein), the Wake County Board of Education must approve all terms and conditions of this contract.
- B. The Wake County Board of Commissioners must, prior to closing disburse to Buyer sufficient funds to pay the full balance of the purchase price for the Property.
- C. Within one hundred thirty-five (135) days from the Effective Date ("Due Diligence Period") (subject to extension pursuant to Section 18 below), Buyer must be able to obtain, at its expense, the following:
  - (1) A survey of the Property, acceptable to Buyer by a registered land surveyor and a legal description that conforms to the survey.
  - (2) A determination that there will be no adverse effect to the intended use of the Property due to the existence of rock or other unsuitable soil conditions;
  - (3) An environmental assessment of the Property to determine the existence of conditions that may be governed by Federal, State, or Local Environmental Laws. Buyer shall not deliver to Seller a copy of such environmental assessment unless Seller specifically requests the same. The results of the Buyer's tests and investigations shall be confidential information subject to disclosure to the public records law in North Carolina and as required for the Buyer to seek any approvals and inspections it needs to receive prior to Closing, including but not limited to those of the County of Wake, the Wake County Board of Commissioners and the Wake County Board of Education. An appraisal by a MAI appraiser, acceptable to Buyer, that reflects the value of the subject property as equal to or exceeding the purchase price. If the subject property does not equal or exceed the purchase price but sufficiently supports the price so as to be acceptable to the Board of Education and the Board of Commissioners for approval of the contract and funding, this condition will be deemed satisfied. If the property does not appraise for at least the specified Purchase Price then Buyer shall notify Seller of such and Seller shall have five (5) business days to notify the Buyer in writing of its election either (i) to reduce the Purchase Price to the appraised price or (ii) elect not to reduce the Purchase Price to the appraised price. If the Seller elects to reduce the Purchase Price to the appraised price, this contract shall be deemed amended accordingly and each party shall remain bound thereunder. If Seller elects to not reduce the Purchase Price to the appraised price, the Buyer shall have the option to either (i) proceed under the this contract or (ii) elect to terminate this contract in which event the Earnest Money shall be returned to the Buyer and neither party shall have any further obligation to the other.
  - (4) Approval of the Wake County Board of Commissioners of funding of Buyer's purchase of the Property under N.C. G.S. Section 115C-426.
  - (5) The Wake County Board of Education must be able to acquire a zoning designation to its satisfaction to construct and operate educational and related facilities.

- (6) Approval from the City of Raleigh, Wake County and/or the North Carolina Department of Transportation to utilize the existing means of ingress and egress from the "Property" to Capital Boulevard and Fenton Street.
- (7) Approval from the, City of Raleigh, Wake County and/or the North Carolina Department of Environmental Quality or such other governmental agencies as are necessary to utilize the existing sewer system to support a public school and administrative use upon the subject property.

D. Intentionally Omitted

- E. At closing, there must be no restrictions, easements, or governmental regulations other than zoning regulations that would prevent the reasonable use of the real property for public school and administrative purposes unless waived by Buyer pursuant to this Section 2E. If such conditions exist, it is the responsibility of Buyer to ascertain any such conditions and Buyer shall notify Seller of all of Buyer's objections, if any, to the Property prior to the expiration of the Due Diligence Period ("Buyer's Notice"). Any conditions existing as of the Due Diligence Period and not timely objected to by Buyer shall be waived by Buyer; provided however, Buyer may reexamine title to the Property up to and including the closing date and give Seller written notice of any additional objections appearing of record subsequent to the Due Diligence Date. Seller shall have no obligation to cure any of Buyer's objections other than Required Cure Items (as defined herein) or objections that render Seller's title less than "good and marketable fee simple title", subject to the Permitted Exceptions. Seller shall have until the closing to satisfy all valid objections other than those waived by Buyer. If Seller is unsuccessful in timely curing said conditions, Buyer may cancel this contract, whereupon all deposit monies shall be returned to Buyer, or, in the alternative, Buyer may waive the objectionable conditions and close pursuant to the terms of this contract.

For the purposes of this contract, "Permitted Exceptions" shall mean (i) any and all easements, covenants, restrictions, reservations, rights of way, the lien for taxes not due and payable on or before the closing date, survey matters and other similar matters not objected to by Buyer by the Due Diligence Period or otherwise waived by Buyer (ii) the rights of parties in possession under the Lease and (iii) zoning ordinances affecting the Property. There must be no zoning regulations that could prevent the reasonable use of the real property for public school and administrative purposes ("Permitted Use") unless waived by Buyer. If such conditions exist, it is the responsibility of the Buyer to file a petition to rezone the Property to such zoning classification, or classifications as shall reasonably allow for the Permitted Use, and Buyer shall submit such petition within the Due Diligence Period and shall use its best efforts to prosecute the rezoning of the Property during the Due Diligence Period. Seller shall assist the Buyer in the Buyer's rezoning effort to whatever extent the Buyer may request, but the Seller shall have no duty to incur any expense in such rezoning effort. Buyer assumes the expense of any rezoning requirements.

- F. All deeds of trust, liens, leases and other monetary charges against the Property which can be satisfied by the payment of money ("Required Cure Items") must be paid and canceled by Seller prior to or at closing. Any liens and charges resulting from the actions of Buyer or Buyer's agents, employees or other representatives are the responsibility of Buyer and are excluded herefrom.



- G. Title must be delivered at closing by Special Warranty Deed which will include a legal description matching the Seller's vesting deed and must be fee simple marketable title, free of all encumbrances and assessments except ad valorem taxes for the current year (prorated as described in Paragraph 5-A), utility easements and unviolated restrictive covenants, neither of which materially affect the value of the Property and such other encumbrances as may be assumed or specifically approved by Buyer. At Buyer's option, the survey obtained by Buyer will be utilized as the basis for the preparation of a legal description of the Property to be included in a quitclaim deed to be delivered by Seller to Buyer at Closing in addition to the Special Warranty Deed. The Property must have legal access to a public right-of-way.
- H. Seller shall provide to Buyer copies of any studies and/or reports in their entirety which Seller may have commissioned and to the extent in Seller's possession, regarding the property within 5 business days of the execution of this contract by all parties ("Due Diligence Materials"); it is understood that Seller will not re-deliver the Environmental Reports, survey or the Lease to Buyer. The Due Diligence Materials may include, but are not limited to, streams and wetlands delineations, geotechnical reports, surveys (including but not limited to boundary and topographic surveys), transportation studies, Phase 1 Environmental Site Assessment, other environmental reports, and evaluations of the building structure, building envelope, HVAC and Plumbing/Mechanical/Electrical systems. The Due Diligence Materials will be provided to Buyer without representation or warranty of any kind or nature whatsoever and merely for Buyer's informational purposes. Until closing, Buyer and Buyer's Designees (as defined herein) shall maintain all Due Diligence Materials in conformance with Section 2(C)(3) above. If the purchase and sale of the Property is not consummated in accordance with this contract, regardless of the reason or the party at fault, Buyer shall immediately re-deliver to Seller all copies of the Due Diligence Materials, whether such copies were actually delivered by Seller or are duplicate copies made by Buyer or Buyer's Designees. No termination of this contract by Buyer pursuant to any provision of this contract permitting termination by Buyer shall be deemed effective unless and until Buyer shall have re-delivered to Seller all copies of all Due Diligence Materials, as required by this Section 2(I). Seller shall execute such appropriate releases as Buyer may request to authorize and direct the appropriate consultant to release and transfer consultants' work product to the Buyer for its use and benefit.
- I. Buyer shall have until the expiration of the Due Diligence Period, to perform such investigations, examinations, tests and inspections as Buyer shall deem necessary or desirable to determine whether the Property is suitable and satisfactory to Buyer. If Buyer shall elect for any reason not to proceed with the acquisition of the Property prior to the expiration of the Due Diligence Period, Buyer shall notify Seller and the Escrow Agent that it has elected to terminate this contract. and (ii) deliver to Seller, on or before Due Diligence Date, the items required by Section 2(K) and Section 2(I) of this contract. If requested by the Escrow Agent, Seller shall confirm in writing that this contract has been terminated, that the Earnest Money shall be returned to Buyer, and that neither Seller nor Buyer has any further rights, duties and obligations one to the other except as specifically provided in this contract. If Buyer does not terminate this contract in accordance with this Section, Buyer shall have no further right to terminate this contract except for failure of a condition precedent in Section 2 or a Seller default.

- J. If the purchase and sale of the Property is not consummated in accordance with this contract, regardless of the reason or the party at fault, Buyer shall immediately deliver to Seller, at Buyer's cost and expense and at no cost or expense to Seller: (i) a list setting forth the names of all persons or entities who conducted investigations, examinations, tests or inspections of or with respect to the Property on behalf of or at the instance of Buyer; (ii) all reports, studies, surveys, site plans and other written or graphic material of any kind or nature whatsoever generated, collected, prepared or compiled in connection with such investigations, examinations, tests or inspections; and (iii) an instrument in form and substance reasonably satisfactory to Seller transferring and assigning to Seller all of Buyer's rights, title and interest in or to the materials described in clause (ii), above.

- 3. **FAILURE OF CONDITIONS; DEFAULTS AND REMEDIES:** If any of the conditions precedent to Buyer's obligations set forth in this document are not satisfied within the time period specified in this contract, Buyer has the option to waive the satisfaction of any unsatisfied conditions. If Seller breaches the contract in any other way, Buyer may as Buyer's sole and exclusive remedies either: (i) terminate this contract and recover its Earnest Money or (ii) if, and only if, Seller's breach is a refusal by Seller to convey the Property to Buyer as required by this contract, then Buyer shall have the right to sue Seller for specific performance of this contract; *provided however*, if Seller refuses to convey the Property to Buyer as required by this contract or conveys the Property to a third party, Buyer, shall have the right to collect actual, verifiable expenses incurred in Buyer's attempt to acquire the Property, up to a maximum of \$100,000. If Buyer breaches the contract, Seller shall be entitled to terminate this contract and retain the earnest money deposit as liquidated damages as Seller's sole remedy.

- 4. **SELLER REPRESENTATIONS AND WARRANTIES:** Seller makes the following representations and warranties to and for the benefit of Buyer which shall be true on the date of closing as though such representations and warranties were made at such time and shall survive the passing of title for a period of one (1) year:

- A. **ASSESSMENTS:** Seller warrants that there are no or special assessments, either pending or confirmed, for sidewalk, paving, sewer, water, or other improvements on or adjoining the Property, unless otherwise disclosed to Buyer in writing prior to closing. Any encumbrances and assessments resulting from the actions of Buyer or Buyer's agents, employees or other representatives are the responsibility of Buyer and are excluded herefrom.
- B. **CLAIMS AND SUITS:** Except as disclosed in Section 4.[F]. below, Seller has not entered into any agreement including leases or rental agreements for occupancy of the Property and neither Seller nor the Property are subject to any claim, demand, suit, unfiled lien, proceeding or litigation of any kind, pending or outstanding, or to the knowledge of Seller, threatened or likely to be made or instituted which would in any way be binding upon Buyer or its successors or assigns or affect or limit Buyer's full use and enjoyment of the Property or which would limit or restrict in any way Seller's right or ability to enter into this contract and consummate the sale and purchase contemplated hereby.
- C. **COMPLIANCE WITH APPLICABLE LAWS:** To the best of Seller's knowledge, Seller has complied in all material respects with all applicable laws, ordinances, regulations, statutes, rules and regulations affecting the Property, except as disclosed in the Environmental Reports. Notwithstanding any provision of this contract to the

contrary, Seller has provided Buyer a copy of those certain due diligence reports and information regarding environmental issues on the site as itemized on Exhibit "C" attached hereto, receipt of which is hereby acknowledged by Buyer ("Environmental Reports").

- D. FOREIGN PERSON: Seller is not a "foreign persons" as defined in the Foreign Investor Reporting and Property Tax Act and shall provide an affidavit at closing in a form satisfactory to Buyer to such effect.
- E. IRAN DIVESTMENT ACT CERTIFICATION REQUIRED BY N.C.G.S. 147-86.59: As of the date listed below, the Seller entity listed herein is not listed on the Final Divestment List created by the State Treasurer pursuant to N.C.G.S. 147-86.58.
- F. EXISTING LEASE DISCLOSURE: Notwithstanding the foregoing, Seller has disclosed that there is a lease encumbering the property by and among Seller, as landlord, and Capital Chevrolet, Inc., as tenant ("Tenant") (the "Lease") , a copy of which is set forth as Exhibit "D" attached hereto, which shall be binding upon and inure to the benefit of Buyer from and after closing.
- G. ENVIRONMENTAL: To the best of Seller's knowledge, the Property is not the subject of any active or pending action by the North Carolina Department of Environmental Quality or its successor agencies, or any federal, state or local agencies under any federal, state or local environment laws or regulations.
- H. ENVIRONMENTAL: Except as disclosed in the Environmental Reports and except for chemicals, paints and other materials customarily stored and used at the car dealership on the Property, (a) to the best of Seller's knowledge, there is no Hazardous Material (as hereinafter defined) on the Property, whether such Hazardous Material was placed by spill, release, discharge, disposal or storage, (b) nor, to the best of Seller's knowledge, has any Hazardous Material penetrated any waters, including, but not limited to, streams crossing or abutting the Property or the aquifer underlying the Property. Hazardous Material as used in this Offer to Purchase and Contract means any hazardous or toxic substance, material, waste or similar term which is regulated by local authorities, the State of North Carolina and/or the Federal Government including, but not limited to, any material substance, waste or similar term which is:
  - (a) defined as Hazardous Material under the laws of the State of North Carolina, as amended from time to time;
  - (b) defined as a hazardous substance under Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317), as amended from time to time;
  - (c) defined as a hazardous waste under Section 1004 of the Federal Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et. seq.), as amended from time to time;
  - (d) defined as a hazardous waste substance under Section 101 of the Comprehensive Environmental Response, Compensation and

Liability Act (42 U.S.C. Section 9601 et. seq.), as amended from time to time;

- (e) defined as hazardous waste or toxic substance, waste, material or similar term in any rules and regulations, as amended from time to time, which are adopted by any administrative agency including, but not limited to, the Environmental Protection Agency, the Occupational Safety and Health Administration, and any such similar State or Local agency having jurisdiction over the Property whether or not such rules and regulations have the force of law; or
  - (f) defined as hazardous or toxic waste, substance, material or similar term in any statute, regulation, rule or law enacted or adopted at any time after the date of this contract by local authorities, the State of North Carolina, and/or the Federal Government.
- I. ENVIRONMENTAL: Except as disclosed in the Environmental Reports, to the best of Seller's knowledge, Seller has complied and caused the Property to comply with all laws and ordinances, and all rules and regulations of all authorities having jurisdiction over the Seller, the Property, or the use thereof, relative to any Hazardous Material.
  - J. ENVIRONMENTAL: There is no other property presently owned or used by Seller, the existence of such Hazardous Material upon or discharge of such Hazardous Material from, which might cause any charge or lien upon the Property.

EXCEPT AS AFORESAID, WITH RESPECT TO ENVIRONMENTAL MATTERS, SELLER DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE WHATSOEVER, WITH RESPECT TO THE PROPERTY, AND ALL SUCH WARRANTIES ARE HEREBY DISCLAIMED.

- 5. PRORATIONS AND ADJUSTMENTS: Unless otherwise provided, the following items shall be prorated and adjusted between the parties or paid at closing:
  - A. Ad valorem taxes on real property are the obligation of the Tenant under the Lease. To the extent the owner of the Property is liable for any ad valorem taxes, ad valorem taxes shall be pro-rated between Buyer and Seller to the date of closing for the year in which closing occurs. All "roll back" taxes, if any, shall be the responsibility of Seller. All ad valorem and "roll back" taxes (if any), shall be calculated and paid at closing from the proceeds due at closing. Buyer and Seller understand that the prorated amounts may be based upon tax rates and/or valuations that may change after closing but before the end of the year in which closing occurs. Should the actual tax bill be different than the amount estimated at closing, Buyer and Seller will promptly adjust and pay to the other party as appropriate any additional taxes prorated against the actual tax bill. As part of the consideration of this sale, this term and condition shall survive closing and shall not merge upon delivery of the deed.
  - B. All late listing penalties, if any, shall be paid by Seller.
  - C. Rents, if any, for the Property shall be retained by Seller, calculated to the date of closing.



- D. Seller shall be responsible for any brokerage commissions due as a result of this sale. Buyer by its execution hereof confirms that i) licensed real estate broker C. Neal Coker ("Coker") of Trademark Properties Inc. presented the property to Buyer for its consideration in the capacity of Seller's Agent or Sub-Agent, ii) Buyer's dealings with Coker were as a Seller's Agent or Sub-Agent and not as a Buyer's agent, and iii) Buyer has not been represented by a real estate broker in a Buyer's agent capacity in this transaction. Buyer agrees to indemnify and hold Seller harmless against any real estate commission claimed by any other parties allegedly representing Buyer in this transaction. Seller by its execution hereof states that if it has been represented by a real estate broker in this transaction, the identity of said broker has been disclosed (Neil C. Gustafson, Worthy & Wachtel, Inc.), and that Seller is solely responsible for any brokerage commissions due said broker as a result of this sale.
6. LABOR AND MATERIAL: Seller shall furnish at closing an affidavit and indemnification agreement in a form satisfactory to Buyer at closing showing that all charges for labor or materials, if any, furnished to the Property within 120 days before the date of closing have been paid and agreeing to indemnify Buyer against all loss from any claim arising therefrom.
  7. CLOSING EXPENSES: Seller shall pay for the preparation of a deed which shall be prepared by Seller's attorney and for the revenue stamps required by law. Seller shall pay for any affidavits required by this contract. Buyer shall pay for recording the deed, its survey, title policy, environmental site assessment and Buyer's other diligence and investigations and reports. Buyer and Seller shall each pay their respective attorney's fees.
  8. EVIDENCE OF TITLE: Seller shall deliver to Buyer within 5 business days after the acceptance of this offer copies that are reasonably available without cost of all title information available to Seller, including but not limited to the most recent title insurance policies and surveys of the Property.
  9. ASSIGNMENT: This contract may be assigned in its entirety, not in part, by Buyer with prior written consent by Seller and any assignment shall be binding on the assignee and its successors and assigns; provided however, an assignment by Buyer to any party under common control with Buyer or to Wake County or any of its agencies shall not require Seller's prior written consent but Buyer shall provide written notice thereof to Seller within ten (10) days of such assignment.
  10. BINDING EFFECT: This contract shall be binding and shall inure to the benefit of the parties and their heirs, successors and assigns.
  11. SURVIVAL: Any provision of this contract which by its nature and effect is required to be observed, kept or performed after the closing shall survive the closing and remain binding upon and for the benefit of the parties until fully observed, kept or performed, or such earlier period as expressly provided herein.
  12. SELLER'S AUTHORITY: Seller warrants and represents that it has full and complete power and authority to enter into this contract in accordance with all the provisions contained herein and that there is no person or entity that has any interest in the Property other than the parties to this contract, except for Tenant.
  13. RIGHTS OF BUYER PRIOR TO CLOSING:

- A. Buyer, its agents, employees or other representatives (hereinafter collectively called "Buyer's Designees") shall have the right between the Effective Date and the closing, at reasonable times and in any event upon 24 hours' notice to Seller to go upon the Property for the purpose of making such examinations, evaluations, investigations, surveys, engineering, topographical, geological and other tests and measurements as Buyer deems necessary or advisable ("Buyer's Activities"). Buyer agrees to return the Property to as near its original condition as is possible after completion of tests the Buyer or its agents conduct on the Property. Buyer indemnifies and holds Seller harmless from loss, cost, damage or expense resulting from Buyer's activities on site for purposes contained herein. Notwithstanding any provision of this contract to the contrary, Buyer shall not have the right to undertake any environmental studies or testing beyond the scope of a standard "Phase I" environmental site assessment without the prior written consent of Seller, which consent shall not be unreasonably withheld, conditioned or delayed in the event the results of such Phase I assessment reasonably warrant the same. The cost of any of Buyer's investigations shall be paid by the Buyer.
  - B. Prior to any entry by Buyer or any of Buyer's Designees onto the Property, Buyer shall: (i) if Buyer does not then have such a policy in force, procure a policy of commercial general liability insurance, issued by an insurer reasonably satisfactory to Seller, covering all Buyer's Activities, with a single limit of liability (per occurrence and aggregate) of not less than \$1,000,000.00; and (ii) deliver to Seller a Certificate of Insurance, evidencing that such insurance is in force and effect, and evidencing that Seller has been named as an additional insured thereunder with respect to any Buyer's Activities conducted by Buyer (such Certificate of Insurance shall be delivered to Seller, at the address for notices set forth below Seller's execution of this contract). Such insurance shall be written on an "occurrence" basis, and shall be maintained in force until the earlier of (x) the termination of this contract and the conclusion of all Buyer's Activities, or (y) closing. Upon Seller's request, Buyer shall provide to Seller evidence of the following insurance retained by its environmental consultant or contractor and in effect during Buyer's inspections of the Property: general liability, contractor pollution liability, professional liability, and automobile liability.
- 14. RISK OF LOSS: The risk of loss prior to closing, which shall include personal property, shall be upon the Seller.
- 15. POSSESSION: Other than as described in the Lease, exclusive possession of the Property free and clear of occupancy by all persons, firms or corporations, whether or not under claim of right or color of title, shall be delivered to Buyer at closing on the conditions required in this contract.
- 16. CLOSING: The closing of the transaction shall occur on the date specified by Buyer upon five (5) business days written notice; provided that the closing shall occur no later than thirty (30) days after expiration of the Due Diligence Period. The parties agree to execute any and all documents and papers reasonably necessary in connection with the closing, including the following, in form mutually approved by the parties:
  - A. a Special Warranty Deed, in recordable form, conveying the Property; The deed is to be made to Wake County Board of Education, Facilities Building, 1551 Rock Quarry Road, Raleigh, North Carolina, 27610, Attention: Betty L. Parker, Real Estate Services Senior Director.

- B. a Bill of Sale conveying Seller's interest in the personal property constituting the Property but in no event shall such Bill of Sale include personal property of Tenant;
  - C. an Assignment of Tenant Leases, whereby Seller transfers and assigns to Buyer all of Seller's right, title and interest as "landlord" or "lessor" in, to and under the Lease, and whereby Buyer assumes and agrees to perform the duties and obligations of the "landlord" or "lessor" under the Leases arising from and after the Closing Date (which assignment of tenant leases shall be accepted and executed by Buyer);
  - D. if Seller is not a Foreign Person, a Certificate and Affidavit of Non-Foreign Status;
  - E. a completed 1099-S request for taxpayer identification number and certification, and acknowledgment;
  - F. if requested by Buyer, a quitclaim deed conveying all of Seller's right, title and interest in and to the Property in accordance with the legal description prepared from the survey obtained by Buyer; and
  - G. an affidavit and indemnity agreement in standard form regarding contractor's and materialmen's liens on the Property acceptable to Buyer's title insurer.
17. TIME IS OF THE ESSENCE: Time is of the essence with regard to the terms and conditions contained in this Offer to Purchase and Contract.
18. EXTENSION: Notwithstanding the foregoing, Buyer shall have one (1) option to extend the Due Diligence Period by up to forty-five (45) days if such additional time is necessary for the completion of due diligence studies, to obtain approvals from the Board of Education, Board of Commissioners, or such other agencies necessary to satisfaction of the conditions hereinabove described. The Extension Option may be elected by Buyer by providing written notice to the Seller of its desire to extend ten (10) days prior to the expiration of the current Due Diligence Period and delivering to Escrow Agent simultaneously therewith an additional \$25,000.00 of earnest money ("Additional Deposit"). The Additional Earnest Money shall be considered part of Earnest Money and shall be applied to the purchase price and shall be non-refundable upon expiration of the Due Diligence Period, except in the event of a Seller default or as otherwise expressly provided in Section 2.
19. COUNTERPARTS; EFFECTIVE DATE: This offer shall become a binding contract when signed by both Buyer and Seller in two (2) counterparts with an executed counterpart being retained by each party. The effective date of this contract shall be the date of last execution by the Seller and the Chairman of the Wake County Board of Education for Buyer ("Effective Date").
20. NOTICES: All notices, requests and other communications hereunder shall be deemed to have been fully given, by either Party to the other, when made in writing and either a) deposited in the United States mail (sent certified, return receipt requested); b) personally delivered; c) transmitted by overnight courier for next business day delivery, or d) by electronic mail but, in the case of electronic mail, only if followed by transmittal by overnight courier or hand for delivery on the next Business Day, to the addresses of Buyer and Seller set forth below or to such other addresses as the Parties may, from time to time, designate by written notice.

To Seller: J. Brent King, Manager

Murray Investment Company No. 2 LLC  
 PO Box 40639  
 Raleigh NC 27629-0639  
 Email: bkingbmc@gmail.com

w/copy to: Murray Investment Company No. 2 LLC  
 C/O Branch Banking & Trust Company  
 434 Fayetteville Street, 11<sup>th</sup> Floor  
 Raleigh, NC 27601  
 Attn: Kevin Ward  
 Email: KWard@bbandt.com

w/copy to: Kilpatrick, Townsend & Stockton LLP  
 4208 Six Forks Road, Suite 1400  
 Raleigh, NC 27609  
 Attn: B. Ford Robertson, Esq.  
 Email: frobertson@kilpatricktownsend.com

To Buyer: Wake County Public School System  
 Attn: Superintendent  
 5625 Dillard Drive  
 Cary, North Carolina 27518  
 Email: \_\_\_\_\_

w/copy to: Wake County Public School System  
 Attn: Real Estate Services Senior Director  
 1429 Rock Quarry Road, Suite 116  
 Raleigh, North Carolina 27610  
 Email: bparker@wcpss.net

& w/copy to: Kenneth C. Haywood, Esq.  
 Boxley, Bolton, Garber & Haywood, L.L.P.  
 Post Office Drawer 1429  
 Raleigh, North Carolina 27602  
 Email: khaywood@bbghlaw.com

21. ENTIRE UNDERSTANDING: This contract constitutes the entire understanding between the parties. It may not be modified orally or in any manner except by agreement in writing by the parties hereto.
22. TAX-DEFERRED EXCHANGE: In the event Buyer and Seller wish to effect a tax-deferred exchange or bargain sale transaction in connection with the conveyance of the Property, Buyer and Seller agree to cooperate in effecting such exchange, providing, however, that the exchanging party shall be responsible for all additional costs associated with such exchange, and providing further that the non-exchanging party shall not assume any additional liability with respect to such tax-deferred exchange or bargain sale. Seller and Buyer shall execute such additional documents, at no cost to the non-exchanging party, as shall be required to give effect to this provision, including the execution of Form 8283 to be attached to Seller's tax return.

\*\*\* Balance of page left intentionally blank. Signatures appear on subsequent pages \*\*\*




IN WITNESS THEREOF, the parties have hereunto set their hands and seal the day and year indicated below.

**BUYER:**

THE WAKE COUNTY BOARD OF EDUCATION



By:   
THOMAS C. BENTON, CHAIR

Attest:   
JAMES G. MERRILL, Secretary/Superintendent

Date: 11/3/16

[Signature Pages Continue]

**SELLER:**

MURRAY INVESTMENT NO. 2 LLC  
A North Carolina Limited Liability Company

By: J. Brent King  
J. BRENT KING, Manager

Date: \_\_\_\_\_

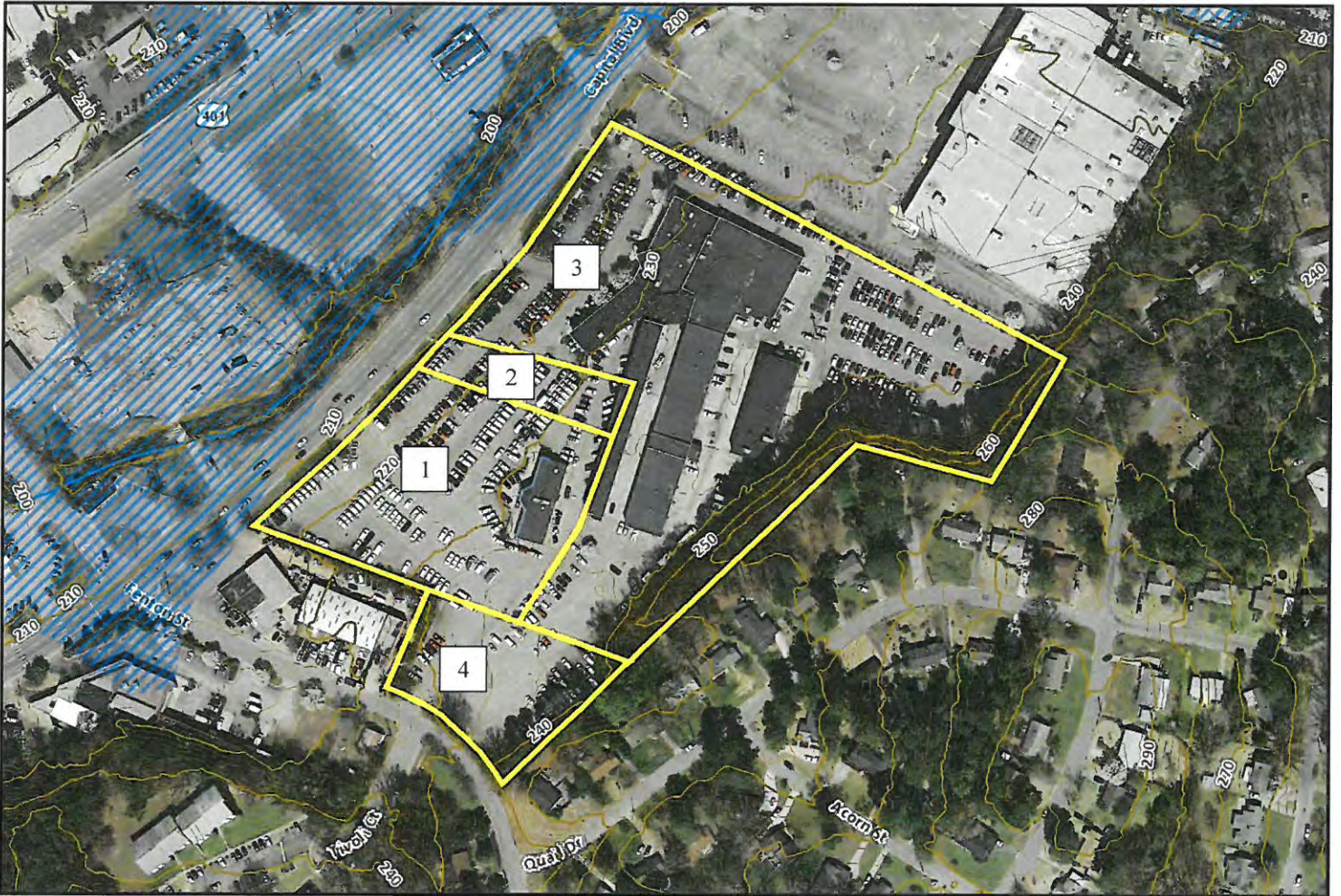
**Exhibit "A":**

The subject Property is located on the southern side of Capital Boulevard west of its intersection with Fenton Street, Raleigh, Wake County, North Carolina, and consists of an assemblage of four parcels containing a total of ±12.13 acres, and being more particularly described as follows:

Street Address	Wake County PIN	REID	Acreage (±)	Deed Book/Page
1816 Capital Blvd	1714-37-1388	0018437	2.5	10222/540
1818 Capital Blvd	1714-37-2566	0070896	0.51	10222/531
1820 Capital Blvd	1714-37-5678	0049701	7.92	10222/534
121 Fenton Street	1714-37-2161	0049697	1.2	10222/537

The exact dimensions and description of the Property will be determined in accordance with the Survey/Subdivision/Recombination Plat, but Seller and Buyer agree that the description of the Property set forth above shall be deemed sufficient to describe the Property to be conveyed, and Seller and Buyer each hereby waives any defense to enforcement of this contract based on vagueness of the description of the Property. The legal description of the Property to be conveyed by deed to Buyer shall be drawn from the Survey.

**Exhibit "B"**  
**Wake County GIS Aerial Photo of Subject Property Assemblage:**



Parcel # Above	Street Address	Wake County PIN	REID	Acreage (±)	Deed Book/Page
1	1816 Capital Blvd	1714-37-1388	0018437	2.5	10222/540
2	1818 Capital Blvd	1714-37-2566	0070896	0.51	10222/531
3	1820 Capital Blvd	1714-37-5678	0049701	7.92	10222/534
4	121 Fenton Street	1714-37-2161	0049697	1.2	10222/537



**Exhibit "C"**

**Information Regarding Site Environmental Matters Provided by Seller to Buyer**  
(Paragraph 4.C. Schedule)

1. Letter from AECOM dated as of November 13, 2009.
2. AECOM Groundwater Monitoring Report dated June, 2009.
3. AECOM Groundwater Monitoring Report dated June, 2010.
4. AECOM Groundwater Monitoring Report dated March, 2011.
5. ENSR letter regarding Hydraulic Lift Removal and Report dated as of January 12, 2007.
6. ENSR letter dated as of November 11, 2005.
7. ENSR Phase 2 Environmental Site Assessment Report dated September, 2004.
8. ENSR Phase I/II Limited Site Assessment Report dated January, 2005.
9. 2007 Groundwater Monitoring Report Bobby Murray Chevrolet.
10. S&ME Phase I Environmental Site Assessment dated as of December 23, 2003.
11. AECOM -BMC UST Closure Report -Final - CD dated January, 2009.
12. Notice of Residual Petroleum recorded in the Wake County Register of Deeds at Book 014404, Page 01954.

**Exhibit "D"**

**Existing Lease:**

Lease of Murray Investment Company No. 2 LLC and Capital Chevrolet Inc. of March 1, 2106

*(Copy of lease appears on subsequent pages)*

## LEASE AGREEMENT

This Lease Agreement (this "Agreement" or this "Lease") is made, entered into and effective as of March 1, 2016 (the "Effective Date"), by and between Murray Investment Company No. 2 LLC ("Landlord") and Capital Chevrolet, Inc. ("Tenant" and with Landlord, collectively, the "Parties" and, individually, each a "Party").

1. **Description of Leased Premises.** Landlord leases to Tenant and Tenant leases from Landlord that certain real property and the buildings situated thereon (the "Building") (including the land surrounding the Building), which buildings bear municipal number 1820 Capital Boulevard, Raleigh, North Carolina 27604, and which property is more particularly described on Exhibit 1 attached hereto (the "Premises").

2. **Condition of the Premises.** By accepting possession of the Premises, Tenant acknowledges that the Premises is suitable for Tenant's use. Except as otherwise set forth in this Agreement, Tenant accepts the Premises in their present "AS IS WHERE IS" condition and acknowledges that no representation as to the condition or repair of the Premises, or as to Landlord's intention with respect to any improvement, alteration, decoration, or repair of the Premises, has been made to Tenant.

3. **Term.** The term of this Lease shall begin on the Effective Date (the "Commencement Date") and shall terminate twenty-four (24) months from the Commencement Date, provided, however, Tenant shall have four (4) additional six (6) month option periods to renew this Lease, each of which Tenant may exercise by giving notice to Landlord of Tenant's desire to exercise such option at least ninety (90) days prior to the expiration of the then existing term (the initial 24-month term and each option, as exercised, collectively, the "Term").

4. **Rent.** For the initial twelve (12) months of the Term, Tenant shall pay to Landlord an aggregate amount of \$550,000, payable to Landlord, on a monthly basis, in the amount of \$45,833.33 (although the 12<sup>th</sup> payment shall be for \$45,833.37). For the next twelve (12) months of the Term (i.e., months 13-24), Tenant shall pay to Landlord an aggregate amount of \$566,500 (i.e., an increase of 3%), payable to Landlord, on a monthly basis, in the amount of \$47,208.33 (although the 12<sup>th</sup> payment shall be for \$47,208.37). Thereafter, for each 6-month option period exercised by Tenant, if and as applicable, the aggregate annualized rent shall be increased by 3% from the prior period, and paid on a monthly basis by Tenant to Landlord for the remainder of the Term, as exercised), specifically, the aggregate amounts for each 6-month period, as exercised, and the corresponding monthly payment amounts are as follows:

Months	Aggregate Rental Amount	Monthly Payment Amounts
25-30	\$291,747.50	Months 1-5: \$48,624.60 6th month: \$48,624.50
31-36	\$300,500.00	Months 1-5: \$50,083.50 6th month: \$50,082.50

37-42	\$309,515.00	Months 1-5: \$51,585.90 6th month: \$51,585.50
43-48	\$318,800.00	Months 1-5: \$53,133.50 6th month: \$53,132.50

Each rental payment shall be due on the first day of each month in advance during the Term of this Lease (and a pro rata amount for the remainder of the month, due on the Effective Date, if the Effective Date is any day other than the 1<sup>st</sup> of the applicable month), payable to Landlord at P.O. Box 40639 Raleigh, NC 27629-0639, or at such other place as Landlord shall designate, in writing to Tenant, at least ten (10) days prior to the next ensuing rental payment date. If Tenant shall fail to pay any monthly installment by the tenth (10<sup>th</sup>) day of the month in which such installment is due, a late charge equal to five percent (5%) of the amount due shall be assessed and made payable by Tenant.

5. **Holding Over.** Upon the expiration of the Term or earlier termination of this Lease as set forth herein, Tenant shall quit and surrender to Landlord the Premises, broom clean and in as good order and condition as the Premises was at the time of Tenant's occupancy, ordinary wear and tear excepted, and Tenant shall remove from the Premises all of Tenant's property pursuant to Section 13 hereof. In the event that Tenant remains in possession of the Premises after termination of this Lease without Landlord's written consent, the continued possession of Tenant shall create a month-to-month tenancy with rent payable at 110% of the amount of rent due for the last month of the Term subject to the same covenants and conditions as provided in this Lease.

6. **Use and Compliance with Laws.** Tenant shall use the Premises solely for an automobile dealership and parts and service operation (including body and paint repair) and for no other purpose unless agreed upon by Landlord and Tenant. After the Commencement Date, at its sole cost and expense, Tenant shall comply, and shall cause the Premises to comply with all federal, state, regional, county, municipal and other governmental statutes, laws, rules, orders, regulations and ordinances, including, but not limited to, zoning ordinances (the "Laws"), affecting any part of the Premises or the use thereof, regardless of whether any statute, law, rule, order, regulation or ordinance is hereafter enacted and results in a change of policy on the part of the governmental body enacting same and creates an additional compliance requirement. To the best of Landlord's knowledge, the Premises complies in all material respects with all Laws as of the Commencement Date; *provided however*, if this representation is untrue, during the Term Landlord shall cause the Premises to comply with such Laws in effect as of the Commencement Date to the extent such Laws are being enforced against the Premises by any applicable authority.

7. **Alterations and Renovations.** No alterations shall be made to the Premises without the prior written consent of Landlord, which consent shall not be withheld unreasonably, provided, however, upon termination of this Lease, such alterations and renovations shall become the sole property of Landlord.

8. **Triple Net Lease.** This Lease shall be a triple net lease. Consequently, throughout the Term, in addition to the daily upkeep of the Premises incident to Tenant's use,



Tenant, at Tenant's sole cost and expense, shall: (i) maintain insurance for the Premises as set forth herein; (ii) pay, before past due, all real estate and, if applicable (i.e. if Tenant has personal property at the Premises), personal property taxes and special assessments assessed to the Premises (or Tenant's personal property located thereon); and (iii) maintain the Premises, in good condition and repair (at least in the condition that the Premises was delivered to Tenant hereunder), performing all maintenance and repair, and the replacement of all items, provided, however, Tenant's obligations concerning repairs and replacement shall not include (i.e., shall exclude) the replacement of HVAC units/systems and any repair or replacement costing more than \$7,500.00, each of which shall be the responsibility of Landlord in Landlord's sole discretion, at Landlord's sole cost and expense (unless such repair or replacement is caused by Tenant's actions; in which case same shall be Tenant's responsibility, at Tenant's cost and the repair of which shall be paid for by Tenant within ten (10) days of Landlord's written demand). Tenant shall enter into a quarterly preventative maintenance contract for the HVAC unit/systems serving the Premises at Tenant's sole cost and expense. In addition to the above and for purposes of clarification, the following shall also be the responsibility of Landlord, at Landlord's sole cost and expense (unless caused by the actions of Tenant, Tenant's employees, guests, agents, customers, independent contractors or invitees, the repair of which shall be paid for by Tenant within ten (10) days of Landlord's written demand): repairing and/or replacing to the extent commercially reasonable any structural components including foundation and the roof. Landlord shall be under no obligation to inspect the interior of the Building. Tenant shall promptly report in writing to Landlord any defective condition known to it which Landlord is required to repair, and if any such defective condition known to Tenant is not so reported and such failure results in other damage, Tenant shall be responsible to Landlord for any liability incurred by Landlord for damage resulting from the failure to report.

9. **Liens.** If Tenant conducts work at the Premises, including any alterations or renovations as contemplated herein, as applicable, Tenant shall promptly pay all contractors and materialmen incident thereto, so as to minimize the possibility of a lien attaching to the Premises, and if any lien is made or filed concerning such work, Tenant shall bond against or discharge same within ten (10) days after written request by Landlord. Additionally, if Landlord conducts work at the Premises, Landlord shall be obligated to adhere to the same requirements as Tenant as contemplated above in this Section 9.

10. **Assignment and Subletting.** Tenant shall not assign this Lease, pledge, or encumber by mortgage or other instrument, Tenant's interest in this Lease, nor sublease the Premises or any part thereof, without the prior written consent of Landlord, which consent shall not be withheld unreasonably.

11. **Insurance.**

(a) **Property and Casualty.** Throughout the term, Tenant shall maintain fire and extended casualty insurance and such other property insurance on the Premises as Landlord deems necessary and as reasonably requested by Landlord. The Tenant shall also be responsible for the insurance for Tenant's personal property located at the Premises for the full replacement value thereof.

(b) **Liability.** Throughout the term, Tenant shall provide and keep in force, for the protection of Tenant, the general public and Landlord, commercial general

liability insurance for the Premises in the amount of One Million and 00/100 Dollars (\$1,000,000.00) combined single limit (bodily injury and property damage).

(c) **Policy Requirements.** All companies writing any insurance which Tenant is required to carry and maintain or cause to be carried or maintained pursuant to this Lease, as well as the form of such insurance, shall at all times be subject to Landlord's approval, which approval shall not be withheld unreasonably, and any such company shall be licensed and authorized to do business in the State of North Carolina. Each policy required to be maintained by Tenant shall name Landlord as an additional insured with loss payable thereunder in accordance with Landlord's interest. Each such policy shall also contain a valid provision or endorsement that any such policy may not be canceled, terminated, changed, or modified except after thirty (30) days written notice is given to Landlord and an endorsement concerning the waiver of subrogation rights. Tenant shall provide to Landlord a certificate evidencing such insurance prior to the Commencement Date and prior to the commencement of each renewal period contemplated above.

## 12. Indemnity.

(a) **Tenant's Obligations.** To the extent permitted by law, Tenant agrees and shall indemnify and hold harmless Landlord and, at Landlord's option, defend it, from and against any and all claims, actions, damages, liabilities and expenses (including reasonable attorneys' and other professional fees), judgments, settlement payments, and fines paid, incurred or suffered by Landlord in connection with the loss of life, personal injury and/or damage to property suffered by Landlord, its agents, or other third parties, arising from or out of (i) any act or omission of Tenant, its officers, agents, contractors or employees, in connection with Tenant's occupancy or use of the Premises or any part thereof; (ii) Tenant's breach of any of Tenant's obligations, agreements or covenants set forth in this Lease, or (iii) any Release or presence of Hazardous Substances by Tenant, its officers, agents, contractors or employees, in violation of applicable environmental law, rule, or regulation into or over the Premises during the Term.

(b) **Landlord's Obligations.** To the extent permitted by law, Landlord agrees to and shall indemnify and hold harmless Tenant and, at Tenant's option, defend it, from and against any and all claims, actions, damages, liabilities and expenses (including reasonable attorney's fees and other professional fees), judgments, settlement payments, fines paid, incurred or suffered by Tenant in connection with the loss of life, personal injury and/or damage to property suffered by Tenant, its agents, or other third parties, arising from or out of (i) Landlord's breach of any of Landlord's obligations, agreements, representations or covenants set forth in this Lease or (ii) any Release or presence of Hazardous Substances by Landlord in violation of applicable environmental law, rule, or regulation into or over the Premises prior to the Commencement Date, except for those Releases or Hazardous Substances disclosed in Schedule 12(c).

(c) **Environmental Matters.** Except as disclosed in Schedule 12(c), to its knowledge, prior to the Commencement Date Landlord has not released, in violation of any applicable environmental law, rule or regulation, any Hazardous Substance or constituents thereof upon, into or over the Premises; and there have been no criminal

penalties or civil assessments for violations, of or under any applicable environmental law, rule or regulation issued to, assessed or paid by Landlord concerning the Premises; and there is no civil, criminal or administrative action, suit, demand, claim, hearing, notice or demand letter, notice of violation, investigation, or proceeding pending or, to Landlord's knowledge, threatened against Landlord relating in any way to any applicable environmental law, rule or regulation concerning the Premises. For purposes of this Section 12, "Release" shall have the meaning as is ascribed to it in the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., as amended ("CERCLA"), and the term "Hazardous Substance" shall mean (i) any substance defined as a "hazardous substance" under CERCLA, (ii) petroleum, petroleum products, natural gas, natural gas liquids, liquefied natural gas, and synthetic gas, and (iii) any other substance or material deemed to be hazardous, dangerous, toxic, or a pollutant under any federal, state or local law, code, ordinance or regulation. Tenant shall not (either with or without negligence) cause or permit the escape, disposal or release of any biologically active or other Hazardous Substances, or materials in, on, or under the Premises. Tenant shall not allow the storage or use of such substances or materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such substances or materials, nor allow to be brought into the Premises any such materials or substances except to use in the ordinary course of Tenant's business. Tenant covenants and agrees that Tenant and Tenant's officers, agents, contractors or employees shall cause the Premises at all times during Tenant's use or occupancy thereof to be kept or maintained so as to comply with all now existing or hereafter enacted or issued environmental law, rule or regulation.

13. **Property of Tenant.** Tenant shall, at the expiration of the Term or the earlier termination of this Lease, remove all of Tenant's furniture, equipment, and other personal property located at the Premises; however, Tenant shall repair any damage to the Premises caused by such removal. Any such property not removed at the expiration or earlier termination of this Lease shall be deemed abandoned, and Landlord may dispose of same in any manner whatsoever at the sole cost and expense of Tenant, and Tenant shall pay the invoice therefor upon demand by Landlord within thirty (30) days. Notwithstanding the foregoing, Tenant shall not be required to remove the following items of personal property: above-ground lifts, paint booth, mezzanine flooring and metal racks in the Premises.

14. **Tenant's Default.** The occurrence of any one of the following shall constitute a default by Tenant:

(a) **Rent.** Tenant's failure to pay rent when due, following the expiration of five (5) days from Tenant's receipt of written demand for same, if Tenant fails to pay such rent before the expiration of the five (5) days;

(b) **Bankruptcy.** Declaration as bankrupt, or an assignment made voluntarily by Tenant for the benefit of Tenant's creditors or the appointment of a receiver or trustee for Tenant's property; or

(c) **Failure to Perform.** Tenant's failure to perform any other provision of this Lease if the failure to perform is not cured within thirty (30) days after written notice thereof has been given to Tenant, provided, however, if such cure cannot be completed

within such thirty (30) days, Tenant shall be given sufficient time to cure same as long as Tenant is actively and reasonably proceeding with same. Such notice shall specify the alleged default and the applicable Lease provision, and shall demand that Tenant perform the provision of the Lease within the applicable period of time. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord so elects in the notice.

15. **Landlord's Remedies.** Landlord shall have the following remedies if Tenant commits a default of the terms and conditions of this Lease; these remedies are not exclusive, but instead, they are cumulative and in addition to any remedies now or later allowed by law:

(a) **Continue Possession; Reletting.** Landlord shall have the right to continue this Lease in full force and effect, and the Lease shall continue in effect as long as Landlord does not terminate this Lease, and until such time, Landlord shall have the right to collect rent when due. During any period Tenant shall be in default, Landlord shall have the right to relet the Premises, and in connection with such reletting, to enter the Premises without notice to vacate (any right to which is hereby waived by Tenant), remove the property of Tenant therefrom, such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant, and relet the Premises, without prior notice or demand, using such reasonable force as may be necessary, changing any or all locks on the Premises, all without being liable for forcible entry, trespass, or other tort. To the extent that Landlord relets the Premises, the lease term can be for a period shorter or longer than the remaining portion of the Term, and Tenant shall be immediately liable to Landlord for all actual costs Landlord incurs in reletting the Premises or any part thereof, including, without limitation, actual broker's commissions, actual expenses of cleaning and redecorating the Premises required by the reletting and like costs. Landlord's reletting of the Premises shall terminate the Lease; *provided however*, despite such termination, Landlord's remedies under this Lease and at law shall remain in full force and effect and Tenant shall pay to Landlord the rent due under this Lease and other sums owing to Landlord under this Lease on the date that the rent or other sums are due, less the rent Landlord is to receive from any reletting. The Parties further acknowledge and agree that Landlord has an affirmative obligation, and Landlord covenants, to use reasonable efforts to mitigate Landlord's damages upon Tenant's default.

(b) **Terminate the Lease.** Landlord shall have the right to terminate this Lease without notice to vacate (any right to which is hereby waived by Tenant) and to terminate Tenant's rights to possession of the Premises at any time, and, in connection therewith, to re-enter the Premises as described in Subsection (a) above. No act by Landlord other than the giving notice of termination to Tenant shall terminate this Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession. Upon termination, Landlord shall have the right to eject Tenant and pursue its remedies at law or in equity to recover from Tenant all amounts of rent or other sum then accrued and due at the time of such termination, provided, however, Landlord shall not have the right to recover or receive any amount otherwise owed following the termination of this Lease, including monthly rental amounts for the months following termination.

(c) **Perform Covenants.** If Tenant fails to perform any covenant under this Lease, then, after ten (10) days prior written notice and without waiving or releasing Tenant from the performance of such covenant or obligation, Landlord may, but is not obligated to, perform any such covenant, and in exercising any such right, to pay all necessary and incidental costs and expenses. All sums so paid by Landlord, together with interest at the rate of ten percent (10%) per annum on such amount, shall be deemed additional rent and shall be payable to Landlord on the first day of the next month following the date Landlord pays such sums.

16. **Landlord's Default.** Landlord's failure to perform any provision of this Lease shall constitute a default by Landlord, if the failure to perform is not cured within thirty (30) days after written notice thereof has been given to Landlord, provided, however, if such cure cannot be completed within such thirty (30) days, Landlord shall be given sufficient time to cure same as long as Landlord is actively and reasonably proceeding with same, provided, however, to the extent that Tenant cannot operate its business during such cure period, rent shall be abated, and if Tenant's use is limited during such cure period but usable, rent shall be reduced proportionately during such time; regardless, if, during such cure period, Tenant is unable to operate its business at the Premises for thirty (30) days due to Landlord's default, Tenant shall have the right to, but is not obligated to, perform any such covenant, and in exercising any such right, to pay all necessary and incidental costs and expenses. Landlord shall pay such costs and expenses within thirty (30) days of demand.

17. **Intentionally Deleted.**

18. **Eminent Domain.** In the event that the twenty percent (20%) or more of the Premises or such portion as renders the Premises unsuitable for Tenant's business consistent with Tenant's historical operations shall be taken by any public or quasi-public authority under the power of eminent domain or like power, then, the Term of this Lease shall terminate as of the date possession of the Premises shall be taken pursuant to the applicable laws of North Carolina. Rent shall be computed between Landlord and Tenant and paid through that date. All damages and compensation awarded for the taking of the Premises, shall be payable in the full amount to and the same shall be the property of Landlord, except damages and compensation for the fair market value of the leasehold estate or for Tenant's lost profits.

If less than twenty percent (20%) of the Premises or only part of the Premises not required for Tenant's business consistent with Tenant's historical operations shall be taken under this power of eminent domain, then in such event, this Lease shall continue in full force and effect, except that Tenant's rent shall be reduced proportionately to the amount of floor area lost due to such taking (or, if applicable, also accounting for other parts of the Premises lost, if used in, or in connection with, Tenant's business).

If Landlord, in its sole discretion, elects to restore the portion of the Premises subject to the taking, then Landlord shall notify Tenant within ten (10) days from the date of such taking of Landlord's election to repair or restore such taken area, and this Lease shall continue in full force and effect, except that during the period of rebuilding or restoration, rent shall be abated if Tenant is unable to operate its business consistent with Tenant's historical operations at the Premises during such period, and if Tenant can operate its business consistent with Tenant's



historical operations during such period, Tenant's rent shall be reduced proportionately to the amount of floor area lost due to such taking (or, if applicable, also accounting for other parts of the Premises lost, if used in, or in connection with, Tenant's business). Upon completion of such replacement or restoration, going forward, the full rental, as provided herein, shall be paid to Landlord.

19. **Access to Premises.** Upon reasonable notice (except in the case of emergency in which no notice shall be required) to Tenant and provided that Tenant's business shall not be adversely affected, Landlord and Landlord's authorized representatives shall have the right to enter upon the Premises at all reasonable business hours for the purpose of inspecting the Premises, or for making repairs, additions or alterations.

20. **Damage to or Destruction of the Premises.** In the event that the Building on the Premises, or any substantial part of such Building, shall be destroyed or become untenable by reason of fire or other casualty, not caused by Tenant or any of its employees, contractors or other agents, or its customers, and such damage cannot be repaired by Landlord within sixty (60) days, either Party shall have the option of terminating this Lease, by written notice delivered to the other Party within sixty (60) days of such fire or casualty, with Tenant's obligation to pay rent terminating as of the date of fire and other casualty. If applicable, rent shall be abated during any such repair.

21. **Intentionally Omitted.**

22. **Notices.** All notices to a Party shall be in writing and shall be delivered or sent by hand delivery, recognized overnight courier or registered or certified mail, postage fully prepaid and addressed to the recipient at such address appearing below or to such other address as a Party may by proper notice designate, and shall be deemed given in the case of hand delivery upon delivery to the recipient's address, in the case of overnight courier one (1) day after deposit with such courier and in the case of mailing three (3) days after deposit in the mail:

**Landlord:** Murray Investment Company No. 2 LLC  
C/O Branch Banking and Trust Company  
434 Fayetteville Street, 11th Floor  
Raleigh, NC 27601  
Attention: Kevin Ward

J. Brent King  
Murray Investment Company No. 2 LLC  
5408 Rockholly Court  
Garner, NC 27529

**Tenant:** Capital Chevrolet, Inc.  
4900 Leigh Drive  
Raleigh, NC 27616  
Attention: Timothy W. Michael

23. **Subordination.** At the option of Landlord, this Lease may be subject and subordinated to the lien of existing mortgages and mortgages which may hereafter be made a lien on the Premises. Although an instrument or act on the part of the Tenant may not be necessary to effectuate such subordination, if requested, Tenant will nevertheless execute and deliver such further instruments subordinating this Lease to the lien of any such mortgages as may be desired by the mortgagee. Notwithstanding the foregoing provisions, Tenant shall not be required to subordinate its leasehold interest to the lien of any mortgage, nor shall Landlord permit or otherwise effectuate same, unless the mortgagee in said mortgage executes a nondisturbance agreement recognizing the validity and continuance of this Lease for so long as Tenant is not in default.

24. **Utilities.** Landlord shall not be liable in the event of any interruption in the supply of any utility service to the Premises, including, but not limited to, all sewer, water, gas, electricity, heat, janitorial services, or any other utility or service necessary or convenient for the occupancy of the Premises, unless same is caused by, or the result of, Landlord's action or inaction; regardless, if such interruption continues for thirty (30) days and adversely affects Tenant's business, for whatever reason, Tenant shall have the right to terminate this Lease upon the expiration of the thirty (30) days. Additionally, if as a result of any such interruption, Tenant is unable to operate its business at the Premises, or a portion thereof (and such interruption is not caused by the actions or inaction of Tenant), for more than two (2) continuous days, then, effective the third day, Tenant's rent shall be abated or reduced, as applicable, accordingly, until Tenant's ability to operate its business in its normal course is restored. Tenant shall be responsible for all charges for its use or consumption of heat, sewer, water, gas, electricity or any other utility services.

25. **Signs.** Subject to Landlord's prior consent, which consent shall not be withheld unreasonably, Tenant shall have the right to place and maintain a sign or signs on the Premises on the front of the Building and elsewhere on the Premises, as long as same does not cause or create any condition which shall make or constitute a nuisance or danger to the general public, or violate any Laws or easements burdening the Premises. Tenant shall fully and faithfully comply with all applicable laws, ordinances, regulations and requirements of governmental or other regulatory bodies, commissions or agencies, with respect to the size, shape, color, illumination, placement and contents of said signs.

26. **Covenant of Title and Quiet Enjoyment.** Landlord warrants and covenants with Tenant that Landlord is seized of the Premises in fee simple and has the right and authority to enter into and perform this Lease for the Term; and Landlord covenants and agrees that upon Tenant paying the rent and observing and performing all of the terms, covenants and conditions on Tenant's part to be observed and performed under this Lease, that Tenant may peaceably and quietly have, hold, occupy and enjoy the Premises in accordance with the terms of this Lease without hindrance from Landlord or any persons lawfully claiming through Landlord.

27. **Waivers.** No waiver by either Party of any breach of any one or more of the terms, covenants, conditions and agreements of this Lease shall be deemed to imply or constitute a waiver of any succeeding or other breach hereunder, and the failure of a Party to insist upon the strict performance of the terms, conditions, covenants, and agreements herein contained or any of them, shall not constitute or be considered as a waiver or relinquishment of

such Party's rights thereafter to enforce any such default of the terms, conditions, covenants, or agreements and the same shall continue in full force and effect.

28. **Attorneys' Fees.** In the event that it becomes necessary for either Party to retain the services of an attorney to enforce any of the terms of this Lease by any legal means, the prevailing party, in addition to all other rights and remedies under this Lease, or as provided by law or in equity, shall be entitled to reimbursement of its reasonable attorney's fees and costs concerning same by the non-prevailing Party.

29. **Memorandum.** Each Party, at the request of the other, agrees to execute a short form memorandum of this Lease in recordable form.

30. **Governing Law.** The laws of the State of North Carolina shall govern the interpretation of this Lease.

31. **Binding Nature of Lease.** This Lease shall be binding upon, and shall inure to the benefit of, the Parties and their respective heirs, successors and permitted assigns.

32. **Entire Agreement.** This Lease is the entire agreement between the Parties with respect to the subject matter, and there are no other representations or understanding except those written in this Lease with respect to such subject matter. No changes, alterations, or additions can be made to this Lease except in writing signed by the Parties.

33. **Counterparts.** This Lease may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Lease delivered by facsimile, e-mail (e.g. pdf) or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Lease.

**IN WITNESS WHEREOF,** Landlord and Tenant have duly executed this Lease as of the Effective Date.

[Separate Signature Page Follow]



SEPARATE SIGNATURE PAGE  
TO  
LEASE AGREEMENT

LANDLORD:

Murray Investment Company No. 2 LLC

By: J. Brent King  
Name: J. Brent King  
Title: Manager

TENANT:

Capital Chevrolet, Inc.

By: [Signature]  
Name: Timothy W. Michael  
Title: President

EXHIBIT I  
DESCRIPTION OF PREMISES

Legal Description

1820 Capital Boulevard

Tract 1

Located in the City of Raleigh, County of Wake, State of North Carolina. BEGINNING at a point in the southeastern right of way of U.S. Highway 1, said point being South 37 degrees 08 minutes West 241.72 feet from a point in Pigeon House Branch as shown on a map to which reference is hereinafter made, said point of beginning being 50 feet from the center line of the northbound lane of U.S. Highway 1; runs thence from said beginning point South 58 degrees 30 minutes East 769.95 feet to a point; runs thence South 37 degrees 30 minutes West 230 feet to an existing iron pipe; runs thence North 69 degrees 44 minutes West 209.91 feet to an existing iron pipe; runs thence South 51 degrees 39 minutes West 479.50 feet to a point; runs thence North 64 degrees 02 minutes West 169.90 feet to a point; runs thence North 37 degrees 46 minutes East 173 feet to a point; runs thence North 26 degrees 28 minutes East 140.83 feet to an existing iron pipe; runs thence North 26 degrees 28 minutes East 37.80 feet to a point; runs thence North 69 degrees 43 minutes West 286.24 feet to an existing iron pipe on the Southeastern right of way of U.S. Highway 1, said point being 55 feet from the center line of said northbound lane; runs thence North 45 degrees 51 minutes East 170 feet with the southeastern right of way line of U.S. Highway 1; runs thence North 40 degrees 01 minutes East 230 feet with the Southeastern right of way line of the highway to the point and place of Beginning; containing 7.92 acres according to a map entitled "Property Survey of Gateway Plaza" made by Boney & Newcomb, Engineers, dated January 7, 1966.

Together with all the right, title and interest of the party of the first part in and to all land lying between the center line of the northbound lane of U.S. Highway No. 1 and the northwestern line of the above described property.

Tract 2:

BEGINNING at a stake in the southeastern right-of-way line of the northbound lane of U.S. Highway #1, said stake being in the original dividing line between Tracts No. 5 and No. 6 of the W. F. Taylor property as shown on a map recorded in Book of Maps 1941, Page 2, Wake County Registry; runs thence South 71 degrees 10 minutes East 286.24 feet to a stake; runs thence South 25 degrees 07 minutes West 87.6 feet to a stake; runs thence North 66 degrees 11 minutes West 315.15 feet to a stake in the southeastern right-of-way line of the northbound lane of U.S. Highway #1; runs thence with the said right-of-way North 46 degrees 16 minutes East 67.10 feet to the point and place of beginning. See Book 1519, Page 571, Wake County Registry.

Together with all right, title and interest of the grantor in and to the property lying between the center line of the right-of-way of said northbound lane of U.S. No. 1 and the front line of the property hereinabove described lying on the southeast side of the said right-of-way.

Tract 3:

BEGINNING at a point in the northern edge of the right of way of Fenton Street, the southeast corner of the property now or formerly owned by Storr Investment Company; thence with the eastern property line of Storr Investment Company North 26 degrees 17 minutes East 159.5 feet to a point in the southern property line of the property now or formerly owned by E.L. Torrance, being the site of the now or formerly Alamo Plaza Motel; thence with the southern property line of said property of E.L. Torrance South 66 degrees 10 minutes East 320.7 feet to a point in the western property line of Section 2 of Woodcrest Subdivision (see map recorded in Book of Maps 1956, Page 17 of the Wake County Registry), thence with said property line of Section 2 of Woodcrest Subdivision South 50 degrees 20 minutes West 266.4 feet to a point in the northern edge of the right of way of Fenton Street; thence with said right of way of Fenton Street, in a northwesterly direction along a curve to the left with a radius of 339.8 feet a distance of 211.2 feet to a point; thence continuing with said right of Fenton Street North 59 degrees 34 minutes West 20.4 feet to the point of Beginning, containing approximately 1.2 acres, and being part of Tract 4 of the William F. Taylor Property shown on a map recorded in Book of Maps 1941, Page 2 of the Wake County Registry. For chain of title see Report of Commissioners recorded in Book 267, Page 420 of the Wake County Registry and the Wills of Hubert S. Gill and Dixie D. Gill recorded in the office of the Clerk of Superior Court of Wake County.

Tract 4:

BEGINNING at a stake on the southeast side of U.S. Highway No. 1 North in the dividing line between Tracts 4 and 5 of the W.F. Taylor property as shown on plat in Book of Maps 1941, Page 2 of the Wake County Registry, runs thence with said dividing line between Tracts 4 and 5 South 65 degrees 30 minutes East 425.10 feet to a stake in the corner of land conveyed to Seby B. Jones by E.L. Torrance and others in September 1962, thence with said Seby B. Jones land North 36 degrees 25 minutes East 173 feet to a stake, runs thence North 25 degrees 07 minutes East 140.83 feet to a stake, said stake being located 1 foot northeast of and perpendicular to the original northeast line of that tract of land conveyed to E.L. Torrance by H.P. Faucette, Commissioner, recorded in Book 1045, Page 538, Wake County Registry; runs thence North 66 degrees 11 minutes West 315.15 feet in a line parallel with and 1 foot northeast of the original line of E.L. Torrance as above described to a stake in the southeast right of way of the northbound lane of U.S. Highway No. 1; thence along the line of the right of way of U.S. Highway No. 1 as it curves 341 feet (the cord being South 50 degrees 30 minutes West 340.8 feet) to the BEGINNING, it being part of the land conveyed by H.P. Faucette, Commissioner, to E.L. Torrance by deed recorded in Book 1045, at page 538, and by deed from E.N. Richards and others to E.L. Torrance and others by deed recorded in Book 1437, at Page 765, in the office of the Register of Deeds of Wake County, North Carolina.

**Schedule 12 (c)**

**Environmental Matters**

1. Letter from AECOM dated as of November 13, 2009.
2. AECOM Groundwater Monitoring Report dated June, 2009.
3. AECOM Groundwater Monitoring Report dated June, 2010.
4. AECOM Groundwater Monitoring Report dated March, 2011.
5. ENSR letter regarding Hydraulic Lift Removal and Report dated as of January 12, 2007.
6. ENSR letter dated as of November 11, 2005.
7. ENSR Phase 2 Environmental Site Assessment Report dated September, 2004.
8. ENSR Phase I/II Limited Site Assessment Report dated January, 2005.
9. 2007 Groundwater Monitoring Report Bobby Murray Chevrolet.
10. S&ME Phase I Environmental Site Assessment dated as of December 23, 2003.
11. AECOM – BMC UST Closure Report – Final – CD dated January, 2009.
12. Notice of Residual Petroleum recorded in the Wake County Register of Deeds at Book 014404, Page 01954.

## **Addendum D**

### **Comparable Data**

## Land Sales

## Location & Property Identification

Property Name: Lidl site  
 Sub-Property Type: Commercial  
 Address: 1603 Ronald Dr.  
 City/State/Zip: Raleigh, NC 27609  
 County: Wake  
 Market Orientation: Suburban  
 IRR Event ID: 1361168



## Sale Information

Sale Price: \$2,750,500  
 Effective Sale Price: \$2,750,500  
 Sale Date: 06/02/2016  
 Sale Status: Closed  
 \$/Acre(Gross): \$383,078  
 \$/Land SF(Gross): \$8.79  
 \$/Acre(Usable): \$383,078  
 \$/Land SF(Usable): \$8.79  
 Grantor/Seller: Wake Forest Road Property, LLC...et.al  
 Grantee/Buyer: LIDL US Operations, LLC  
 Assemblage: Yes  
 Assets Sold: Real estate only  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Terms of Sale: Arm's Length  
 Document Type: Deed  
 Recording No.: 16408/1731/1738/1744  
 Verified By: David L. Keely, MAI  
 Verification Date: 06/15/2016  
 Confirmation Source: Sam Costello - Lidl  
 Verification Type: Confirmed-Buyer

Legal/Tax/Parcel ID: 1716505487, 1716504796, 1716507739  
 Acres(Usable/Gross): 7.18/7.18  
 Land-SF(Usable/Gross): 312,761/312,761  
 Usable/Gross Ratio: 1.00  
 Shape: Irregular  
 Topography: Hilly  
 Corner Lot: No  
 Frontage Feet: 175  
 Frontage Desc.: Ronald Drive  
 Zoning Code: CX  
 Zoning Desc.: Commercial Mixed Use  
 Flood Plain: No  
 Utilities: Electricity, Water Public, Sewer  
 Source of Land Info.: Other

## Comments

Arms length. This is an assemblage of 3 parcels purchased for development of a Lidl grocery.

Future site of Lidl Grocery Store.

## Improvement and Site Data

MSA: Raleigh, NC

## Location & Property Identification

Property Name: 10401 Glenwood  
 Sub-Property Type: Commercial, Other  
 Address: 10401 Glenwood Ave.  
 City/State/Zip: Raleigh, NC 27617  
 County: Wake

Market Orientation: Suburban

IRR Event ID: 1130962



## Sale Information

Sale Price: \$1,631,000  
 Effective Sale Price: \$1,631,000  
 Sale Date: 04/24/2015  
 Sale Status: Closed  
 \$/Acre(Gross): \$272,287  
 \$/Land SF(Gross): \$6.25  
 \$/Acre(Usable): \$272,287  
 \$/Land SF(Usable): \$6.25  
 Grantor/Seller: CIP Brier Creek, LLC  
 Grantee/Buyer: Pharo Raleigh, LLC (66%) & Hess Raleigh, LLC (33%)  
 Assets Sold: Real estate only  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Terms of Sale: Arms Length  
 Document Type: Deed  
 Recording No.: 15992/746  
 Verified By: Chris R. Morris, MAI, FRICS  
 Confirmation Source: Pat Crosby, Crown Companies, 336-386-9790  
 Verification Type: Confirmed-Seller

## Sale Analysis

Current Use at T.O.S.: Vacant  
 Proposed Use Change: Yes  
 Proposed Use Desc.: Mini Storage

## Improvement and Site Data

MSA: Raleigh-Cary, NC MSA  
 Legal/Tax/Parcel ID: 0768-28-6308  
 Acres(Usable/Gross): 5.99/5.99  
 Land-SF(Usable/Gross): 260,924/260,924  
 Usable/Gross Ratio: 1.00  
 Shape: Irregular  
 Topography: Gently Sloping  
 Corner Lot: No  
 Frontage Feet: 722  
 Frontage Desc.: Glenwood Avenue-701', Little Brier Creek Lane-21'  
 Zoning Code: CUD-TD/Raleigh  
 Zoning Desc.: Conditional Use Thoroughfare District  
 Flood Plain: Yes  
 Flood Zone: Large portion of parcel in flood zone  
 Utilities: Electricity, Water Public, Sewer  
 Source of Land Info.: Other

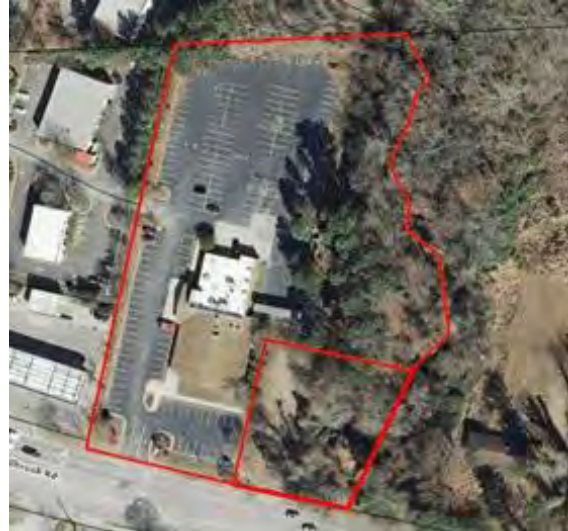
## Comments

About a 20% stream buffer/wetlands on the eastern side of the property.



## Location & Property Identification

Property Name:	Proposed Stallings Self-Storage Site
Sub-Property Type:	Commercial, Industrial
Address:	2013-2015 E. Millbrook Rd.
City/State/Zip:	Raleigh, NC 27604
County:	Wake
Market Orientation:	Suburban
Property Location:	S/S E. Millbrook Rd. east of Atlantic Ave.
IRR Event ID:	1055931



## Sale Information

Sale Price:	\$960,000
Effective Sale Price:	\$1,004,132
Sale Date:	10/14/2014
Sale Status:	Closed
\$/Acre(Gross):	\$249,164
\$/Land SF(Gross):	\$5.72
\$/Acre(Usable):	\$287,075
\$/Land SF(Usable):	\$6.59
Grantor/Seller:	Tsing Tao, Inc.
Grantee/Buyer:	SOC Millbrook, LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Terms of Sale:	Arm's length
Document Type:	Warranty Deed
Recording No.:	15808/2641
Verified By:	Brandon L. Peterson
Verification Date:	09/08/2014
Verification Type:	Confirmed-Buyer

Acres(Usable/Gross):	3.50/4.03
Land-SF(Usable/Gross):	152,362/175,547
Usable/Gross Ratio:	0.87
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Feet:	315
Frontage Desc.:	E. Millbrook Rd.
Frontage Type:	2 way, 1 lane each way
Traffic Flow:	Moderate
AccessibilityRating:	Average
Visibility Rating:	Average
Zoning Code:	IND-1
Zoning Desc.:	Industrial
Flood Plain:	Yes
Flood Zone:	Within 100-year floodplain
Flood Zone Designation:	AE
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone
Utilities Desc.:	All available.
Source of Land Info.:	Other

## Improvement and Site Data

MSA:	Raleigh, NC
Legal/Tax/Parcel ID:	1716-84-4482 and 1716-84-5169

## Comments

2105 E. Millbrook Road is under contract for \$850,000 and 2013 E. Millbrook Road is under contract for \$110,000. Purchase of two separate parcels to be combined and developed with a 3-story, 70,000 SF, 518-unit self storage facility that will be fully

## Comments (Cont'd)

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climate-controlled upon completion. Site was improved with a 11,033 SF former restaurant building at time of sale. Buyer intends to demolish the restaurant but keep the existing asphalt paving and paved driveways from Millbrook Road and Atlantic Avenue. Demo cost is estimated at \$4/SF. Storage facility is scheduled to be completed by 08/2015.

5181716-84-5169 2013 E. Millbrook Rd contains .68 acres.  
1716-84-4482 2105 E. Millbrook Rd contains 3.35 acres.  
Approximately 0.53 acres of both tracks is contained within a floodway. Total usable is 3.50 acres.

## Location & Property Identification

Property Name: 4.89 Acres  
 Sub-Property Type: Commercial, Industrial  
 Address: 4550 New Bern Ave.  
 City/State/Zip: Raleigh, NC 27610  
 County: Wake  
 Market Orientation: Suburban  
 IRR Event ID: 803259



## Sale Information

Sale Price: \$1,400,000  
 Effective Sale Price: \$1,400,000  
 Sale Date: 08/14/2014  
 Sale Status: Closed  
 \$/Acre(Gross): \$286,299  
 \$/Land SF(Gross): \$6.57  
 \$/Acre(Usable): \$286,299  
 \$/Land SF(Usable): \$6.57  
 Grantor/Seller: Judy Allen Taylor  
 Grantee/Buyer: Ample Storage Lake Worth, LLC  
 Assets Sold: Real estate only  
 Property Rights: Fee Simple  
 Financing: Cash to seller  
 Terms of Sale: Arm's Length  
 Document Type: Warranty Deed  
 Recording No.: 15751/2725  
 Verified By: Chris R. Morris, MAI, FRICS  
 Confirmation Source: Ed Brown, NAI Carolantic, 919-345-5939  
 Verification Type: Confirmed-Seller Broker

Acres(Usable/Gross): 4.89/4.89  
 Land-SF(Usable/Gross): 213,008/213,008  
 Usable/Gross Ratio: 1.00  
 Shape: Rectangular  
 Topography: Level  
 Corner Lot: Yes  
 Frontage Feet: 900  
 Frontage Desc.: 378' New Bern Ave., 522' Partin Rd.  
 Zoning Code: IND-1/Raleigh  
 Zoning Desc.: Industrial 1  
 Flood Plain: No  
 Utilities Desc.: All available  
 Source of Land Info.: Public Records

## Comments

Buyer purchased to develop with a mini-storage facility. About \$700K of the proceeds was from a 1031 exchange.

## Improvement and Site Data

MSA: Raleigh-Cary, NC Metropolitan Statistical Area  
 Legal/Tax/Parcel ID: 1734-05-5402

## Improved Sales

## Location & Property Identification

Property Name:	Former Bobby Murray Toyota Mitsubishi
Sub-Property Type:	Auto Related, Dealership
Address:	943 and 945 Wesleyan Blvd.
City/State/Zip:	Rocky Mount, NC 27804
County:	Nash
Market Orientation:	Suburban
IRR Event ID:	1387306



## Sale Information

Sale Price:	\$3,120,000
Effective Sale Price:	\$3,120,000
Sale Date:	08/29/2016
Sale Status:	Closed
\$/SF GBA:	\$124.67
\$/SF NRA:	\$124.67
Grantor/Seller:	Jacqueline D. Murray et.al.
Grantee/Buyer:	Hudson Rocky Mount Real Property LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Terms of Sale:	Arm's Length
Document Type:	Deed
Recording No.:	2840/804
Verified By:	Chris R. Morris, MAI, FRICS
Verification Date:	08/31/2016
Confirmation Source:	Brent King, Bobby Murray Chevrolet
Verification Type:	Confirmed-Other

## Sale Analysis

Current Use at T.O.S.:	Auto Dealership
Proposed Use Change:	No

## Occupancy

Occupancy Type Before Sale:	Owner Occupied
Occupancy Type After Sale:	Owner Occupied
Occupancy at Time of Sale:	100.00%

## Improvement and Site Data

MSA:	Rocky Mount, NC Metropolitan Statistical Area
Legal/Tax/Parcel ID:	020494 and 044633
GBA-SF:	25,027
GLA-SF:	25,027
Acres(Usable/Gross):	3.78/3.78
Land-SF(Usable/Gross):	164,657/164,657
Usable/Gross Ratio:	1.00
Year Built:	1979
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Construction Desc.:	Masonry
No. of Buildings/Stories:	2/1
Total Parking Spaces:	342
Park. Ratio 1000 SF GLA:	13.67
No. Surface Spaces:	342
Park. Ratio 1000 SF GBA:	13.67
Roof Comm.:	Metal roof. HVAC-pad mounted.

Improvement and Site Data (Cont'd)

Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Feet:	453
Frontage Desc.:	453
Bldg. to Land Ratio FAR:	0.15
Zoning Code:	B-2
Zoning Desc.:	Commercial Corridor District
Flood Plain:	No
Flood Zone Designation:	X
Utilities:	Electricity, Water Public, Sewer, Gas
Utilities Desc.:	All Available
Source of Land Info.:	Other

Comments

Sale includes two neighboring buildings, the Bobby Murray Toyota building and a former Mitsubishi building. The buyer will spend an additional \$500,000 - \$700,000 to upgrade the Toyota building to the current Toyota image program.



## Location & Property Identification

Property Name: Car Dealership  
 Sub-Property Type: Auto Related, Dealership  
 Address: 2421 & 2425 Wake Forest Rd.  
 City/State/Zip: Raleigh, NC 27609  
 County: Wake  
 Market Orientation: Suburban  
 IRR Event ID: 1356172

## Sale Information

Sale Price: \$3,062,000  
 Effective Sale Price: \$3,062,000  
 Sale Date: 06/01/2016  
 Sale Status: Closed  
 \$/SF GBA: \$110.24  
 \$/SF NRA: \$110.24  
 Grantor/Seller: Anderson Crabtree Real Property LLC  
 Grantee/Buyer: Hanna Properties LLC  
 Assets Sold: Real estate only  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Terms of Sale: Arm's Length  
 Document Type: Deed  
 Recording No.: 16406/1811  
 Verified By: Chris R. Morris, MAI, FRICS  
 Verification Date: 07/11/2016  
 Confirmation Source: Elie Hanna, 919-878-5855  
 Verification Type: Confirmed-Buyer

MSA: Raleigh-Cary, NC Metropolitan Statistical Area  
 Legal/Tax/Parcel ID: 1715-01-4869 & 1715-02-6097  
 GBA-SF: 27,775  
 GLA-SF: 27,775  
 Acres(Usable/Gross): 4.18/4.18  
 Land-SF(Usable/Gross): 181,906/181,906  
 Usable/Gross Ratio: 1.00  
 Year Built: 1969  
 Most Recent Renovation: 1980/1997  
 Property Class: C  
 M&S Class: C  
 Construction Quality: Average  
 Improvements Cond.: Average  
 Exterior Walls: Stucco  
 Construction Desc.: Stucco on Masonry  
 No. of Buildings/Stories: 1/1  
 Multi-Tenant/Condo.: No/No  
 Total Parking Spaces: 310  
 Park. Ratio 1000 SF GLA: 11.16  
 Park. Ratio 1000 SF GBA: 11.16  
 Air-Conditioning Type: Units  
 Roof Comm.: HVAC: HVAC in showroom and office only, heat only in warehouse  
 Shape: Irregular  
 Topography: Level

## Occupancy

Occupancy at Time of Sale: 0.00%

## Improvement and Site Data

Improvement and Site Data (Cont'd)

Corner Lot:	No
Frontage Feet:	584
Frontage Desc.:	Hodges St/Wake Forest Rd
Frontage Type:	2 way, 2 lanes each way
Bldg. to Land Ratio FAR:	0.15
Zoning Code:	CX-3-PL/Raleigh
Zoning Desc.:	Commercial Mixed-Use
Flood Plain:	Yes
Flood Zone:	1% Annual chance of flood
Utilities:	Electricity, Water Public, Sewer, Gas
Utilities Desc.:	All available
Improve. Info. Source:	Past Appraisal
Source of Land Info.:	Other

Comments

Formerly occupied by Anderson Automotive, which moved to a new space and left the property vacant. Buyer owns adjoining dealership on Wake Forest Rd. (2407)





## Location & Property Identification

Property Name:	Burlington Honda
Sub-Property Type:	Auto Related, Dealership
Address:	2920 S. Church St.
City/State/Zip:	Burlington, NC 27215
County:	Alamance
Market Orientation:	Suburban
IRR Event ID:	1244412



## Sale Information

Sale Price:	\$3,000,000
Effective Sale Price:	\$3,000,000
Sale Date:	12/01/2015
Sale Status:	Closed
\$/SF GBA:	\$107.15
\$/SF NRA:	\$107.15
Grantor/Seller:	Ingold Investments LLC
Grantee/Buyer:	Flow 2920 South Church, LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale:	Arm's Length
Document Type:	Deed
Recording No.:	3491/987
Verified By:	Ellie Paolantonio
Verification Date:	11/19/2015
Confirmation Source:	Buyer
Verification Type:	Confirmed-Buyer
Vehicle-Related Comments:	7 drive in doors - Dealership / 4 drive in doors - Car Wash

Land-SF(Usable/Gross):	206,779/206,779
Usable/Gross Ratio:	1.00
Year Built:	1976, 2003
Most Recent Renovation:	2003
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Construction Desc.:	Masonry, steel frame and metal, concrete block - Dealership / Masonry - Car Wash

No. of Buildings/Stories:	2/2
Multi-Tenant/Condo.:	No/No
Ceiling Height Minimum:	14.00
Ceiling Height Maximum:	18.00
Total Parking Spaces:	300
Park. Ratio 1000 SF GLA:	10.72
No. Surface Spaces:	300
Park. Ratio 1000 SF GBA:	10.72
No. Of Elevators:	None
Fire Sprinkler Type:	None
Air-Conditioning Type:	Office
Roof Comm.:	Roof: Metal on Dealership, Concrete on Car Wash

## Improvement and Site Data

MSA:	Burlington, NC
Legal/Tax/Parcel ID:	113493
GBA-SF:	27,998
GLA-SF:	27,998
Acres(Usable/Gross):	4.75/4.75

Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Feet:	821
Frontage Desc.:	S Church St 329', International Dr 492'

Improvement and Site Data (Cont'd)

Bldg. to Land Ratio FAR:	0.14
Zoning Code:	B-2
Zoning Desc.:	General Business District
Flood Plain:	No
Flood Zone Designation:	X
Utilities:	Electricity, Water Public, Sewer, Gas
Utilities Desc.:	All available
Improve. Info. Source:	Other
Source of Land Info.:	Other



## Location & Property Identification

Property Name: Hanna Imports  
 Sub-Property Type: Auto Related, Dealership  
 Address: 2407 Wake Forest Rd.  
 City/State/Zip: Raleigh, NC 27609  
 County: Wake  
  
 Market Orientation: Suburban  
 Property Location: W/S Wake Forest Rd.  
 between Hodges St and McNeil St.  
  
 IRR Event ID: 801976



## Sale Information

Sale Price: \$2,365,000  
 Effective Sale Price: \$2,365,000  
 Sale Date: 09/03/2014  
 Sale Status: Closed  
 \$/SF GBA: \$103.75  
 \$/SF NRA: \$103.75  
 Grantor/Seller: MLC Automotive, LLC  
 Grantee/Buyer: Hanna Properties, LLC  
 Assets Sold: Real estate only  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Terms of Sale: Cash to seller  
 Document Type: Deed  
 Recording No.: 15771/1589  
 Verified By: Chris R. Morris, MAI, FRICS  
 Confirmation Source: Elie Hanna, buyer  
 Verification Type: Confirmed-Buyer

Vehicle-Related Comments: 3 drive-in doors 14' ht.; 4,200 SF office mezzanine included in GLA calculation

## Improvement and Site Data

MSA: Raleigh-Cary, NC Metropolitan Statistical Area  
  
 Legal/Tax/Parcel ID: 1715.17-01-3476  
 GBA-SF: 22,795  
 GLA-SF: 22,795  
 Acres(Usable/Gross): 6.10/6.10  
 Land-SF(Usable/Gross): 265,716/265,716  
 Usable/Gross Ratio: 1.00  
 Year Built: 1983  
 Property Class: B  
 M&S Class: C  
 Construction Quality: Average  
 Improvements Cond.: Average  
 Exterior Walls: Metal  
 Construction Desc.: Metal exterior, exposed steel frame construction  
  
 No. of Buildings/Stories: 1/1  
 Total Parking Spaces: 125  
 Park. Ratio 1000 SF GLA: 5.48  
 Park. Ratio 1000 SF GBA: 5.48  
 No. Of Elevators: None

## Gas Station/C-Store/Auto/Car Wash

No. of Bays: 3  
 Price/Bay: \$788,333  
 Showroom Area (SF/% GBA): 13,715 / 60.17%  
 Service Area (SF/% GBA): 9,080 / 39.83%

## Improvement and Site Data (Cont'd)

Fire Sprinkler Type:	None
Air-Conditioning Type:	Central
Roof Comm.:	Roof - steel joists, metal deck, membrane roof and metal panels on service garage. HVAC - Forced air in showroom/office and space heater in service garage.
Shape:	Irregular
Topography:	Gently Sloping
Corner Lot:	No
Frontage Feet:	670
Frontage Desc.:	338' Wake Forest, 332' McNeill
Bldg. to Land Ratio FAR:	0.09
Zoning Code:	SC & NB/Raleigh
Zoning Desc.:	Shopping Center & Neighborhood Business
Flood Plain:	Yes
Flood Zone:	Within 100-year FEMA floodplain
Flood Zone Designation:	AE
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone
Utilities Desc.:	All public
Improve. Info. Source:	Public Records
Source of Land Info.:	Public Records

## Comments

Property sold for \$2,365,000. Vacant at time of sale. Property was in fair condition at time of sale. Buyer stated he would put approximately \$510,000 in renovation costs into the building to use as an imported car dealership. 4,200 SF office mezzanine included in GLA.

Formerly Southern States Nissan. 13,715 square feet of showroom/office and 9,080 square feet of service garage. 6,440 SF canopy, and 4,200 SF of concrete floor, partially finished, mezzanine space that is included in the rentable area . Proposed renovations to the interior as a imported car dealership.

## Location & Property Identification

Property Name: Chevrolet of Goldsboro  
 Sub-Property Type: Auto Related, Dealership  
 Address: 3300 US Hwy 70 Bypass E.  
 City/State/Zip: Goldsboro, NC 27534  
 County: Wayne

Market Orientation: Suburban

IRR Event ID: 1352749

## Sale Information

Sale Price: \$4,200,000  
 Effective Sale Price: \$4,200,000  
 Sale Date: 06/30/2014  
 Sale Status: Closed  
 \$/SF GBA: \$91.32  
 \$/SF NRA: \$91.32  
 Grantor/Seller: Eugene A. & Lillie W. Taylor  
 Grantee/Buyer: NCTP 3300 Real Estate Investment Co., LLC  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Terms of Sale: Cash to seller  
 Document Type: Deed  
 Recording No.: 3097/287  
 Verified By: Samuel Bryan  
 Verification Date: 06/02/2016  
 Confirmation Source: Paul Benton, 919-751-2200  
 Verification Type: Confirmed-Buyer

Land-SF(Usable/Gross): 334,105/334,105  
 Usable/Gross Ratio: 1.00  
 Year Built: 1988 & 2015  
 Most Recent Renovation: 2012  
 M&S Class: S  
 Construction Quality: Average  
 Improvements Cond.: Average  
 Exterior Walls: Metal  
 Construction Desc.: Metal construction.  
 No. of Buildings/Stories: 2/1  
 Overhead/Grade/Bay: 19  
 Percent Office: 21%  
 Clear Height(Feet): 18.00  
 Total Parking Spaces: 284  
 Park. Ratio 1000 SF GLA: 6.18  
 No. Surface Spaces: 284  
 Park. Ratio 1000 SF GBA: 6.18  
 No. Of Elevators: None  
 Fire Sprinkler Type: None  
 Air-Conditioning Type: Heat Pump  
 Roof Comm.: Pitched metal  
 Shape: Irregular  
 Topography: Level  
 Corner Lot: Yes  
 Frontage Feet: 740  
 Frontage Desc.: Commercial Dr.  
 Bldg. to Land Ratio FAR: 0.14  
 Zoning Code: I-2  
 Zoning Desc.: General Industry

## Improvement and Site Data

MSA: Goldsboro, NC Metropolitan Statistical Area  
 Legal/Tax/Parcel ID: 3519-80-3324  
 GBA-SF: 45,990  
 GLA-SF: 45,990  
 Acres(Usable/Gross): 7.67/7.67

Improvement and Site Data (Cont'd)

Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	37191C3519J
Date:	12/02/2005
Utilities:	Electricity, Water Public, Gas
Utilities Desc.:	All Available.
Improve. Info. Source:	Inspection
Source of Land Info.:	Public Records

Comments

Arm's length sale. The dealership was 42,240 square foot at the time of sale. After the sale, the buyer constructed a 3,750 square foot service building.



## Improved Leases

## Location & Property Identification

Property Name: Lincoln Park Central - Bldg 5  
 Sub-Property Type: Industrial-Business Park  
 Address: 2300 Westinghouse Blvd.  
 City/State/Zip: Raleigh, NC 27615  
 County: Wake  
  
 Market Orientation: Suburban  
  
 IRR Event ID: 1342464



## Lease Information

Lessee: Turn The Page  
 Init Year Contract Rate: \$7.59 /\$/SF/YR  
 Effective Lease Rate: \$7.59 /\$/SF/YR  
 Lease Commencement: 01/19/2016  
 Lease Expiration: 03/31/2019  
 Term of Lease: 38 months  
 Space Type: Industrial  
 Escalations: Fixed Percentage  
 Transaction Reliability: IRR Confirmed  
 Leased Area: 11,132  
 Suite #: 104  
 Renewal Options: No

Property Class: B  
 M&S Class: B  
 Construction Quality: Average  
 Improvements Cond.: Average  
 Exterior Walls: Concrete Precast  
 Bldg. to Land Ratio FAR: 0.34  
 Zoning Desc.: IX-3  
 Flood Plain: No  
 Source of Land Info.: Public Records

## Comments

Tenant received 2 months of free rent.

## Lease Expense Information

Lease Reimburse. Type: Triple Net

## Improvement and Site Data

MSA: Raleigh-Cary, NC Metropolitan Statistical Area  
  
 Legal/Tax/Parcel ID: 1715-90-8271  
 GBA-SF: 34,618  
 NRA-SF: 34,618  
 Acres(Usable/Gross): 2.34/2.34  
 Land-SF(Usable/Gross): 101,930/101,930  
 Usable/Gross Ratio: 1.00  
 Year Built: 1997



## Location & Property Identification

Property Name:	East Ridge at Perimeter Park
Sub-Property Type:	Industrial-Business Park
Address:	100-1000 Perimeter Park Dr.
City/State/Zip:	Morrisville, NC 27560
County:	Wake
Submarket:	I-40/RTP
Market Orientation:	Suburban
IRR Event ID:	1225779



## Lease Information

Lessee:	Carrier Corp
Init Year Contract Rate:	\$10.50 /\$/SF/YR
Effective Lease Rate:	\$10.50 /\$/SF/YR
Lease Commencement:	11/01/2015
Lease Expiration:	10/31/2025
Term of Lease:	120 months
Space Type:	Office
Escalations:	Fixed Percentage
Verified with:	Rent roll, lease
Transaction Reliability:	IRR Confirmed
Leased Area:	19,986
Suite #:	200-A

Acres(Usable/Gross):	42.78/42.78
Land-SF(Usable/Gross):	1,863,497/1,863,497
Usable/Gross Ratio:	1.00
Year Built:	1983-1986
Most Recent Renovation:	2006
Property Class:	B
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Average
Exterior Walls:	Brick
Construction Desc.:	Masonry and concrete block exterior

No. of Buildings/Stories:	8/1
Ceiling Height Minimum:	18.00
Ceiling Height Maximum:	20.00
Percent Office:	93.00
Office Finishes Quality:	Average
Clear Height(Feet):	19.00
Mezzanine:	No
Total Parking Spaces:	1692
Park. Ratio 1000 SF GLA:	3.54
No. Surface Spaces:	1692
Park. Ratio 1000 SF GBA:	3.54
Elevators Count:	None
Fire Sprinkler Type:	Yes
Air-Conditioning Type:	Roof Central Mounted
Roof,Heating,AC Comments:	Standing seam metal roof
Shape:	Irregular
Topography:	Gently Sloping
Frontage Feet:	2240

## Lease Expense Information

Lease Reimburse. Type:	Triple Net
------------------------	------------

## Improvement and Site Data

MSA:	Raleigh-Cary, NC Metropolitan Statistical Area
Legal/Tax/Parcel ID:	0756-25-0514, 0756-25-0838, 0756-25-6799, 0756-25-5327, 0756-25-8293, 0756-35-2770, 0756-36-2207, 0756-26-7276, 0756-35-1137
GBA-SF:	478,061
NRA-SF:	478,061

Improvement and Site Data (Cont'd)

Frontage Desc.:	680' Airport Blvd; 1560' Perimeter Park Dr
Bldg. to Land Ratio FAR:	0.26
Excess/Surplus Land:	No
Zoning Code:	IM & CC
Zoning Desc.:	Industrial Management
Easements:	No
Environmental Issues:	No
Flood Plain:	Yes
Flood Zone:	Small area in NW corner of property
Flood Area(SF):	19,602
Flood Zone Designation:	AE
Comm. Panel No.:	3720075600J
Date:	05/02/2006
Utilities:	Electricity, Water Public, Sewer, Gas
Utilities Desc.:	All available
Bldg. Phy. Info. Source:	Other
Source of Land Info.:	Other

Comments

Industrial Flex/Office property.

New lease of 2nd generation space for an office tenant with 7 months free and \$40/SF TIA given. Rent escalates 3% annually. Tenant reimburses for all expenses, which are typically around \$2.50/SF annually.



## Location & Property Identification

Property Name: Lincoln Park Central - Bldg 1  
 Sub-Property Type: Industrial-Business Park  
 Address: 2101 Westinghouse Boulevard  
 City/State/Zip: Raleigh, NC 27615  
 County: Wake  
 Market Orientation: Suburban  
 IRR Event ID: 1341772



## Lease Information

Lessee: Gexpro  
 Init Year Contract Rate: \$7.32 /\$/SF/YR  
 Effective Lease Rate: \$7.32 /\$/SF/YR  
 Lease Commencement: 10/01/2015  
 Lease Expiration: 09/30/2020  
 Term of Lease: 60 months  
 Space Type: Industrial  
 Transaction Reliability: IRR Confirmed  
 Leased Area: 19,056  
 Suite #: 104

Improvements Cond.: Average  
 Exterior Walls: Concrete Precast  
 Bldg. to Land Ratio FAR: 0.26  
 Zoning Desc.: I-2  
 Source of Land Info.: Other

## Lease Expense Information

Lease Reimburse. Type: Triple Net

## Improvement and Site Data

MSA: Raleigh-Cary, NC Metropolitan Statistical Area  
 GBA-SF: 96,902  
 NRA-SF: 96,902  
 Acres(Usable/Gross): 8.56/8.56  
 Land-SF(Usable/Gross): 372,873/372,873  
 Year Built: 1996  
 Property Class: B  
 M&S Class: B  
 Construction Quality: Average

## Location & Property Identification

Property Name: Southport Business Park  
 Sub-Property Type: Flex Space  
 Address: 860 Aviation Parkway  
 City/State/Zip: Morrisville, NC 27560  
 County: Wake

Market Orientation: Industrial Park

IRR Event ID: 1224642



## Lease Information

Lessee: Confidential  
 Init Year Contract Rate: \$9.90 /\$/SF/YR  
 Effective Lease Rate: \$9.90 /\$/SF/YR  
 Lease Commencement: 06/01/2015  
 Lease Expiration: 08/31/2020  
 Term of Lease: 63 months  
 Space Type: Industrial  
 Escalations: Fixed Percentage  
 Verified with: Leasing agent  
 Transaction Reliability: Confirmed  
 Leased Area: 14,328

Construction Desc.: Exposed steel frame with precast concrete exterior  
 Fire Sprinkler Type: Yes  
 Air-Conditioning Type: Central  
 Shape: Irregular  
 Topography: Level  
 Corner Lot: Yes  
 Frontage Feet: 1090  
 Frontage Desc.: 340' Aviation Pkwy. and 750' Southport Dr.  
 Bldg. to Land Ratio FAR: 0.29  
 Zoning Code: IM  
 Zoning Desc.: Industrial Management District  
 Flood Plain: No  
 Utilities: Water Public, Sewer  
 Utilities Desc.: All Available  
 Bldg. Phy. Info. Source: Public Records  
 Source of Land Info.: Public Records

## Lease Expense Information

Lease Reimburse. Type: Triple Net

## Improvement and Site Data

MSA: Raleigh-Cary, NC Metropolitan Statistical Area

Legal/Tax/Parcel ID: 0755598399  
 GBA-SF: 66,700  
 NRA-SF: 66,770  
 Acres(Usable/Gross): 5.23/5.23  
 Land-SF(Usable/Gross): 227,819/227,819  
 Usable/Gross Ratio: 1.00  
 Year Built: 1996  
 Exterior Walls: Concrete Precast

## Comments

Three months free rent given.

## Location & Property Identification

Property Name: Industrial  
 Sub-Property Type: Flex Space  
 Address: 6551 Meridien Dr.  
 City/State/Zip: Raleigh, NC 27616  
 County: Wake  
  
 Market Orientation: Suburban  
  
 IRR Event ID: 1131350



## Lease Information

Lessee: New Hope Church  
 Init Year Contract Rate: \$8.34 /\$/SF/YR  
 Effective Lease Rate: \$8.34 /\$/SF/YR  
 Lease Commencement: 01/01/2015  
 Lease Expiration: 06/30/2018  
 Term of Lease: 42 months  
 Transaction Reliability: IRR Confirmed  
 Leased Area: 11,093  
 Suite #: 131

Ceiling Height Minimum: 22.00  
 No. of Truck Doors: 5.00  
 Overhead/Grade/Bay: 2.00  
 Percent Office: 60.00  
 Total Parking Spaces: 49  
 Park. Ratio 1000 SF GLA: 1.70  
 No. Surface Spaces: 49  
 Park. Ratio 1000 SF GBA: 1.70  
 Elevators Count: None  
 Fire Sprinkler Type: Yes  
 Roof,Heating,AC Comments: HVAC-Mixture of split system electric heat pumps and roof mounted package systems

## Lease Expense Information

Lease Reimburse. Type: Triple Net

## Improvement and Site Data

MSA: Raleigh, NC  
 Legal/Tax/Parcel ID: 1727-02-6194  
 GBA-SF: 28,820  
 NRA-SF: 28,820  
 Acres(Usable/Gross): 2.39/2.39  
 Land-SF(Usable/Gross): 104,248/104,248  
 Usable/Gross Ratio: 1.00  
 Year Built: 2000  
 M&S Class: C  
 Construction Quality: Average  
 Improvements Cond.: Average  
 Exterior Walls: Concrete Precast  
 No. of Buildings/Stories: 1/1

Shape: Rectangular  
 Topography: Level  
 Corner Lot: No  
 Frontage Feet: 252  
 Frontage Desc.: Meridien Dirve  
 Bldg. to Land Ratio FAR: 0.28  
 Zoning Code: TD-CUD  
 Zoning Desc.: Thoroughfare District  
 Flood Plain: No  
 Flood Zone Designation: X  
 Utilities: Electricity, Water Public, Sewer, Gas  
 Utilities Desc.: All Available  
 Bldg. Phy. Info. Source: Other  
 Source of Land Info.: Other

## **Addendum E**

### **Engagement Letter**





WAKE COUNTY PUBLIC SCHOOL SYSTEM  
1551 ROCK QUARRY ROAD  
RALEIGH, NC 27610-4145

**PURCHASE ORDER**

**193492**

Page 1 of 1

INVOICE  
TO

WAKE COUNTY PUBLIC SCHOOL SYSTEM  
ACCOUNTING DEPARTMENT  
110 CORNING ROAD  
CARY, NC 27518

**PAYMENT TERMS**

Net 30

**PO REVISION**

0

CORRECT PURCHASE ORDER AND  
STOCK NUMBERS MUST APPEAR  
ON ALL PACKAGES, INVOICES,  
SHIPPING PAPERS AND  
CORRESPONDENCE. PACKING  
SLIPS MUST ACCOMPANY ALL  
SHIPMENTS. CONDITIONS AND  
BILLING INSTRUCTIONS ON  
REVERSE.

TO

INTEGRA REALTY RESOURCES - CHARLOTTE, LLC  
214 W. TREMONT AVE., SUITE 200  
CHARLOTTE, NC 28203

SHIP  
TO

Real Estate Services  
1429 Rock Quarry Road, Suite 116  
Raleigh, NC 27610

DATE	FOB	FREIGHT TERMS	FOR QUESTIONS REGARDING THIS ORDER CONTACT
12-DEC-16	Destination	Prepaid	Adams, Kris, kwadams@wcpss.net 919-588-3457 EXT. 83457

WCPSS Deliver To Only: Parker, Ms. Betty L

Real Estate Services

LINE	WCPSS ITEM NO	WCPSS ACCOUNT CODE ITEM DESCRIPTION	QTY	UOM	UNIT PRICE	AMOUNT
1		04.6570.861.529.0746.0840.000 ENCUMBER FUNDS FOR APPRAISAL SERVICES ON AN ASSEMBLAGE OF PARCELS AND BUILDINGS LOCATED ON CAPITAL BLVD. RALEIGH AND BEING ALL OR A PORTION OF WAKE COUNTY PIN 1714-37-5678 - PIN 1714-37-2566 - PIN 1714-37-1388 AND PIN 1714-37-2161 AND OWNED  BY MURRAY INVESTMENT COMPANY NO 2 LLC  BOE APPROVAL: 8/16/16	3250	Dollar	1.00	3,250.00
Net Total:						3,250.00

**PRE-AUDIT CERTIFICATE**

THIS INSTRUMENT HAS BEEN PRE-AUDITED IN THE MANNER  
REQUIRED BY THE SCHOOL BUDGET AND FISCAL CONTROL ACT.

*Mark H. Winton*  
FINANCE OFFICER

\* WAKE COUNTY PUBLIC SCHOOL SYSTEM \*

\* IS NOT TAX EXEMPT. PLEASE ASSESS 6.75% NC \*

\* SALES TAX WHEN INVOICING. \*

*B. A. Q.*  
SENIOR DIRECTOR OF PURCHASING

VENDOR COPY



# PURCHASE ORDER TERMS AND CONDITIONS

1. **ACCEPTANCE** – Acceptance of this order includes acceptance of all terms, conditions, prices, delivery instructions and specifications as shown on this order or attached to and made a part of this order. By accepting this purchase order, the vendor grants to the purchaser the right to audit vendor's books and records and to make any copies and extracts of any books or records related to the performance of this contract.
2. **PRICES** – Invoices cannot exceed the net total of this order with the exception of sales tax. Sales tax must be invoiced by the vendor. Sales tax is applicable on all orders and the vendor is required to collect and remit to the N.C. Department of Revenue.
3. **PRICE INCREASES** – All requests for price increases or additional shipping charges must be approved by the Purchasing Department prior to shipment. Send request to Purchasing Department, Wake County Public School System, 1551 Rock Quarry Road, Raleigh, N.C. 27610-4145, or Phone (919) 588-3444, or Fax (919) 856-8107.
4. **DELIVERY** – Each shipment must be plainly labeled with the Purchase Order Number and delivered to the address and marked to the attention of the individual or department indicated on the face of this order. A complete packing list must accompany each shipment with any cancellation/back orders indicated.
5. **REJECTED MATERIALS** – Substitute items which are rejected will be returned to the vendor at the vendor's risk and expense.
6. **INVOICES** - Mail or deliver all invoices to Accounting Department, Wake County Public School System, 110 Corning Rd, Cary, N.C. 27518. Phone (919) 694-0316. Invoices must show our Purchase Order Number. Invoices will not be paid prior to receipt of items ordered. Adequate and reasonable descriptions and/or written documentation are required for all invoices. All invoices must be in U.S. Dollars.
7. **CANCELLATION** - Wake County Public School System reserves the right to cancel this order in whole or in part at any time by written or telephone notice effective upon receipt by vendor. Any item on this order not received within 61 days from the date of the order, will automatically be cancelled.
8. **ASSIGNMENT** - This Purchase Order may not be assigned by the vendor in whole or in part without prior approval from Wake County Public School System's Purchasing Department.
9. **FREIGHT** - Freight charges and cash discounts are indicated on the face of this Purchase Order.
10. **LEGAL** - It is agreed that the goods, materials, equipment or services rendered shall comply with all Federal, State or Local laws relative thereto. Also, the vendor shall defend actions or claims brought and save harmless Wake County Public School System or its officials or employees from loss, cost, or damage by reason of actual or alleged violation.
11. **COMPLIANCE WITH E-VERIFY** - Provider shall comply with all applicable laws and regulations in providing services under this contract. In particular, Provider shall not employ any individuals to provide services to the School System who are not authorized by federal law to work in the United States. Provider represents and warrants that it is aware of and in compliance with the Immigration Reform and Control Act and North Carolina law (Article 2 of Chapter 64 of the North Carolina General Statutes) requiring use of the E-Verify system for employers who employ twenty-five (25) or more employees and that is and will remain in compliance with these laws at all times while providing services pursuant to this Contract. Provider shall also ensure that any of its subcontractors (of any tier) will remain in compliance with these laws at all times while providing subcontracted services in connection with this Contract.
12. **COMPLIANCE WITH AFFORDABLE CARE ACT** - Provider is responsible for providing affordable health care coverage to all of its full-time employees providing services to the School System. The definitions of "affordable coverage" and "full-time employee" are governed by the Affordable Care Act and accompanying IRS and Treasury Department regulations.
13. **IRAN DIVESTMENT ACT** - Provider certifies that as of the date of this Contract, Provider is not listed on the Final Divestment List created by the North Carolina State Treasurer pursuant to N.C. Gen. Stat. § 147-86.58. Provider understands that it is not entitled to any payments whatsoever under this Contract if this certification is false. The individual signing this Contract certifies that he or she is authorized by Provider to make the foregoing statement.

Vendor is specifically reminded that state law and board policy prohibit vendors from giving gifts or favors to school system employees in any way involved in the contracting process.



**WAKE COUNTY PUBLIC SCHOOL SYSTEM  
CONTRACT FOR APPRAISAL SERVICES  
(Pre-Acquisition Due Diligence: Capital Blvd Assemblage)**

This contract for Appraisal Services (the "Contract") is made and entered into this 8th day of December, 2016, between the **Wake County Board of Education** (the "Owner"), 1429 Rock Quarry Road, Suite 116, Raleigh, NC 27610, and **Integra Realty Resources – Charlotte, LLC** (the "Provider"), 214 West Tremont Avenue, Suite 200, Charlotte, NC 28203.

For and in consideration of the mutual promises set forth in the Contract the parties do mutually agree as follows:

1. Obligations of Provider- Fee Simple Appraisal. The Provider hereby agrees to provide services to Owner as follows:
  - 1.1. Provider will provide a Complete Summary appraisal report of the properties located at: 1816 Capital Boulevard (Wake County PIN #1714-37-1388); 1818 Capital Boulevard (Wake County PIN #1714-37-2566); 1820 Capital Boulevard (Wake County PIN #1714-37-5678); and, 121 Fenton Street (Wake County PIN #1714-37-2161), Raleigh, Wake County, NC.
  - 1.2. An electronic (pdf) copy of the draft report of value to be delivered to Owner prior to completion/printing of a full and final written appraisal report.
  - 1.3. Two paper copies and one electronic (pdf) copy of full written appraisal report to be delivered to Owner should such a full and final report be requested by Owner.
2. Obligations of Owner.
  - 2.1. The Owner hereby agrees to compensate Provider in the amount of Three Thousand Two Hundred Fifty and 00/100 Dollars (\$3,250.00) for services rendered as described in Paragraph 1.1 above. If a full and final written report is requested by Owner, then the total compensation due the Provider shall not exceed Three Thousand Two Hundred Fifty and 00/100 Dollars (\$3,250.00).
  - 2.2. In the event of inclement weather, fire, power failure, or other similar occurrence, which may necessitate the cancellation of the delivery of the service(s), and an alternate date cannot be agreed upon, Owner will be under no obligation to compensate the Provider for services not rendered.
  - 2.3. The parties acknowledge that the Owner has authorized the Superintendent or his designee to enter into service contracts involving expenditures of up to \$100,000. The parties further acknowledge that the Owner may perform all or part of its obligations pursuant to this Agreement through the Superintendent or his designee.
3. Term. The services described in the Contract will be provided on or before January 20, 2017. Time is of the essence.
4. Termination for Convenience. The Owner may terminate this Contract at any time at its complete discretion upon twenty (20) calendar days' notice in writing from the Owner to the Provider prior to the date of termination. In addition, all finished or unfinished documents and other materials produced by the Provider pursuant to this contract shall, at the request of the Owner be turned over to it and become its property. If the contract is terminated by the Owner in accordance with this section, the Owner will pay the Provider at the hourly rate for all services performed as of the date of termination.

5. Termination for Default. At any time, the Owner may terminate this contract immediately and without prior notice if provider is unable to meet goals and timetables or if the Owner is dissatisfied with the quality of services provided.
6. Terms and Methods of Payment. Provider shall submit to the Owner monthly invoices itemized by service provided, the number of hours worked and by whom, the date(s) that services were provided, and the amount owed. Such invoices shall be submitted within thirty (30) days of the rendering of services. The Owner shall process payments to Provider within forty-five (45) days of submission of such invoices. Invoices should be sent to Attn: Betty L. Parker, 1429 Rock Quarry Road, Ste., 116, Raleigh, N.C., 27610 for review and approval.
7. Contract Funding. It is understood and agreed between the Provider and the Owner that the Owner's payment obligation under this Contract is contingent upon the availability of appropriated funds from which payment for Contract purposes can be made.
8. Insurance. The Provider agrees to maintain \$1,000,000 in general liability, \$1,000,000 in automobile liability, and other appropriate insurance, as well as Workers Compensation in the required statutory amount, for all employees participating in the provision of services under this Contract. The Owner, Wake County and Wake County Board of Education, shall be named by endorsement as additional insureds on the General Liability policy. A certificate of insurance documenting evidence of such insurance shall be furnished to the Owner. The Provider shall also provide a policy endorsement requiring the Owner to receive thirty (30) days prior written notice of cancellation for any statutorily permitted reason other than non-payment of premium. In addition, the Provider shall provide at least five (5) business days written prior notice to the Owner's Representative at the address noted above and via email ("fdc-insure@wcpss.net") of the cancellation, non-renewal (without replacement), or the material reduction of coverage or limits of any of the policies. Upon notice of such cancellation, nonrenewal or reduction, the Provider shall procure substitute insurance so as to assure the Owner that the minimum limits of coverage are maintained continuously throughout the period of this Agreement. Failure to furnish insurance certificates or maintain such insurance shall be a default under this contract and shall be grounds for immediate termination of this Contract.
9. Taxes. The Provider shall pay all federal, state and FICA taxes for all employees participating in the provision of services under this Contract.
10. Monitoring and Auditing. The Provider shall cooperate with the Owner, or with any other person or agency as directed by the Owner, in monitoring, auditing, or investigating activities related to this Contract. The Provider shall permit the Owner to evaluate all activities conducted under this contract as dictated by the Owner. The Provider shall provide auditors retained by the Owner with access to any records and files related to the provision of services under this Contract. The Owner agrees that its auditors will maintain the confidentiality of any trade secrets of Provider accessed during an audit conducted under this Contract.
11. Records and Confidentiality of Student Information. The Provider agrees that all student records obtained in the course of providing services to the Owner under this contract shall be subject to the confidentiality and disclosure provisions of applicable federal and state statutes and regulations, and the Owner's policies. All student records shall be kept in a secure location preventing access by unauthorized individuals. Provider will maintain an access log delineating date, time, agency, and identity of individual accessing student records who is not in the direct employ of the Provider. Provider shall not forward to any person other than parent or the Owner any student record, including, but not limited to, the student's identity, without the written consent of the parent and the Owner. Upon

termination of this Agreement, Provider shall turn over to the Owner all student records of The Owner's eligible students to whom Provider has provided services under this agreement.

12. Lunsford Act/Criminal Background Checks. The Provider also acknowledges that G.S. § 14-208.18 prohibits anyone required to register as a sex offender under Article 27A of Chapter 14 of the General Statutes from knowingly being on the premises of any school. The Provider shall conduct or arrange to have conducted, at its own expense, sexual offender registry checks on each of its employees, agents, ownership personnel, or contractors ("contractual personnel") who will engage in any service on or delivery of goods to school system property or at a school-system sponsored event, except checks shall not be required for individuals who are solely delivering or picking up equipment, materials, or supplies at: (1) the administrative office or loading dock of a school; (2) non-school sites; (3) schools closed for renovation; or (4) school construction sites. The checks shall include at a minimum checks of the State Sex Offender and Public Protection Registration Program, the State Sexually Violent Predator Registration Program, and the National Sex Offender Registry ("the Registries"). For the Provider's convenience only, all of the required registry checks may be completed at no cost by accessing the United States Department of Justice Sex Offender Public Website at <http://www.nsopw.gov/>. The Provider shall provide certification on the Sexual Offender Registry Check Certification Form that the registry checks were conducted on each of its contractual personnel providing services or delivering goods under this Agreement prior to the commencement of such services or the delivery of such goods. The Provider shall conduct a current initial check of the registries (a check done more than 30 days prior to the date of this Agreement shall not satisfy this contractual obligation). In addition, the Contractor agrees to conduct the registry checks and provide a supplemental certification form before any additional contractual personnel are used to deliver goods or provide services pursuant to this Agreement. The Provider further agrees to conduct annual registry checks of all contractual personnel and provide annual certifications at each anniversary date of this Agreement. The Provider shall not assign any individual to deliver goods or provide services pursuant to this Agreement if said individual appears on any of the listed registries. The Provider agrees that it will maintain all records and documents necessary to demonstrate that it has conducted a thorough check of the registries as to each contractual personnel, and agrees to provide such records and documents to the Owner upon request. The Provider specifically acknowledges that the Owner retains the right to audit these records to ensure compliance with this section at any time in the Owner's sole discretion. Failure to comply with the terms of this provision shall be deemed a material breach of the Agreement. In addition, the Owner may conduct additional criminal records checks at the Owner's expense. If the Owner exercises this right to conduct additional criminal records checks, the Provider agrees to provide within seven (7) days of request the full name, date of birth, state of residency for the past ten years, and any additional information requested by the Owner for all contractual personnel who may deliver goods or perform services under this Agreement. The Provider further agrees that it has an ongoing obligation to provide the Owner with the name of any new contractual personnel who may deliver goods or provide services under the Agreement. The Owner reserves the right to prohibit any contractual personnel of the Provider from delivering goods or providing services under this Agreement if the Owner determines, in its sole discretion, that such contractual personnel may pose a threat to the safety or well-being of students, school personnel or others.
13. Anti-Nepotism. Provider warrants that, to the best of its knowledge and in the exercise of due diligence, none of its corporate officers, directors, or trustees and none of its employees who will directly provide services under this Agreement are immediate family members of any member of the Wake County Board of Education or of any principal or central office



staff administrator employed by the Board. For purposes of this provision, "immediate family" means spouse, parent, child, brother, sister, grandparent, or grandchild, and includes step, half, and in-law relationships. Should Provider become aware of any family relationship covered by this provision or should such a family relationship arise at any time during the term of this Agreement, Provider shall immediately disclose the family relationship in writing to the Superintendent of the Schools. Unless formally waived by the Board, the existence of a family relationship covered by this Agreement is grounds for immediate termination by Owner without further financial liability to Provider.


14. Compliance with Iran Divestment Act of 2015. Provider certifies that as of the date of this Contract, Provider is not listed on the Final Divestment List created by the North Carolina State Treasurer pursuant to N.C. Gen. Stat. § 147-86.58. Provider understands that it is not entitled to any payments whatsoever under this Contract if this certification is false. The individual signing this Contract certifies that he or she is authorized by Provider to make the foregoing statement.
15. Indemnification. Provider shall indemnify, defend and hold harmless the Owner, its agents, and employees, from and against all claims, actions, demands, costs, damages, losses and/or expenses of any kind whatsoever resulting solely from the omission or commission of any act, lawful or unlawful, by Provider, its agents and/or employees, including but not limited to court costs and attorney's fees incurred by Provider in connection with the defense of said matters. The parties agree that this indemnification clause is an "evidence of indebtedness" for the purpose of N.C. Gen. Stat. § 6-21.2. The parties also specifically acknowledge that the Owner is a public body and it is the intent of the parties that the Owner not incur any expenses when the Contractor is solely responsible for the claims.
16. Relationship of Parties. The Provider shall be an Independent Provider of the Owner and nothing herein shall be construed as creating a partnership or joint venture; nor shall any employee of the Provider be construed as an employee, agent or principal of the Owner.
17. Compliance with Applicable Laws. Provider shall comply with all applicable laws and regulations in providing services under this Contract. In particular, the Provider shall not employ any individuals who are not authorized under federal law to work in the United States. Provider represents and warrants that it is aware of and in compliance with the Immigration Reform and Control Act and North Carolina law (Article 2 of Chapter 64 of the North Carolina General Statutes) requiring use of the E-Verify system for employers that employ twenty-five (25) or more employees. Provider specifically represents and warrants that it is and will remain in compliance with these laws at all times while providing services pursuant to this Contract. Provider shall also ensure that any of its subcontractors (of any tier) will remain in compliance with these laws at all times while providing subcontracted services in connection with this Contract. Provider is responsible for providing affordable health care coverage to all of its full-time employees providing services to the school system. The definitions of "affordable coverage" and "full-time employee" are governed by the Affordable Care Act and accompanying IRS and Treasury Department regulations.
18. Applicable Wake County Board of Education Policies. Provider acknowledges that the Wake County Board of Education has adopted policies governing conduct on all property owned by the Board of Education and leased to Wake County, and agrees to abide by any and all relevant board policies while on its property. The Provider acknowledges that it has received copies of and will abide by the following Wake County Board of Education policies:
  - Policy 2212: Prohibited Conduct on School Property and at School Events
  - Policy 2302: Weapons Prohibited on School Property
  - Policy 2305: Code of Ethics and Standard of Conduct

Policy 2306: Drug and Alcohol Testing of Commercial Motor Vehicle Operators  
Policy 2307: Drug-Free Workplace Environment  
Policy 2308: Tobacco-Free Environment  
Policy 2321: Conduct of Employees Toward Students  
Policy 2334: Registered Sex Offenders  
Policy 3225: Technology Responsible Use


19. Assignment. The Provider shall not assign, subcontract, or otherwise transfer any interest in this contract without the prior written approval of the Owner.
20. Contract Modifications. This contract may be amended only by written amendments duly executed by and between the Owner and the Provider.
21. North Carolina Law. North Carolina law will govern the interpretation and construction of the Contract.
22. Entire Agreement. This Contract constitutes and expresses the entire agreement and understanding between the parties concerning the subject matter of this contract. This document, the purchase order, if any, used in connection herewith and, any other document attached to or incorporated in this Contract by reference; supersede all prior and contemporaneous discussions, promises, representations, agreements and understandings relative to the subject matter of this contract. Included and made part of this agreement are the Wake County Board of Education Policies, Sexual Offender Registry Check Certification Form (Exhibit 2), Certificate of Insurance (with required endorsements) and Exhibit 1 emailed Proposal dated December 8, 2016.
23. Severability. If any provision of this Contract shall be declared invalid or unenforceable, the remainder of the Contract shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first indicated above.

**Wake County Board of Education**

By:  (Seal)  
Betty L. Parker  
Sr. Director, WCPSS Real Estate Services

**Integra Realty Resources-Charlotte, LLC**

By:  (Seal)  
Name:  
Title: Senior Managing Director



## Sexual Offender Registry Check Certification Form

**PLEASE SUBMIT THIS FORM TO YOUR OWNER'S REPRESENTATIVE**

Project Name: \_\_\_\_\_ Contract: \_\_\_\_\_

Check the appropriate box to indicate the type of check: ☒ Initial ☐ Supplemental ☐ Annual

I, Chris R. Morris (Name), Senior Managing Director (Title)

of Integra Realty Resources - Charlotte, LLC (Company Name) hereby certify that I have performed all of the required sexual offender registry checks required under this Agreement for all contractual personnel (employees, agents, ownership personnel, or contractors) who may be used to deliver goods or provide services under this Agreement, including the North Carolina Sex Offender and Public Protection Registration Program, the North Carolina Sexually Violent Predator Registration Program, and the National Sex Offender Registry (Note: all of the required registry checks may be completed at no cost by accessing the United States Department of Justice Sex Offender Public Website at <http://www.nsopw.gov/>). I further certify that none of the individuals listed below appears on any of the above-named registries and that I will not assign any individual to deliver goods or perform services under this Agreement if said individual appears on any of the sex offender registries. I agree to maintain all records and documents associated with these registry checks, and that I will provide such records and documents to the school system upon request. I specifically acknowledge that the school system retains the right to audit these records to ensure compliance with this section at any time in the school system's sole discretion. I acknowledge that I am required to perform these checks and provide this certification form before any work is performed under the Agreement (initial check), any time additional contractual personnel may perform work under the Agreement (supplemental check), and at each anniversary date of the Agreement (annual check).

Contractual Personnel Names	Job Title
1. <u>Chris R. Morris</u>	<u>Senior Managing Director</u>
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____

I attest that the forgoing information is true and accurate to the best of my knowledge.

Chris R. Morris Print Name Ch R Morris Sign Name

cmorris@irs.com Email 12/12/16 Date



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
12/12/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> BB&T INSURANCE SERVICES INC 414 GALLIMORE DAIRY RD STE F GREENSBORO, NC 27409 (888) 661-3938	<b>CONTACT NAME:</b>	
	<b>PHONE</b> (A/C, No, Ext): (888) 661-3938	<b>FAX</b> (A/C, No): (888) 872-8921
<b>INSURED</b> INTEGRA REALTY RESOURCES- CHARLOTTE LLC; DBA INTEGRA REALTY RESOURCES-CHARLOTTE 214 W. TREMONT AVE, STE 200 CHARLOTTE, NC 28203	<b>E-MAIL</b> ADDRESS: Service.center@travelers.com	
	<b>INSURER(S) AFFORDING COVERAGE</b>	
	<b>INSURER A : THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT</b>	
	<b>INSURER B : THE TRAVELERS INDEMNITY COMPANY</b>	
	<b>INSURER C : THE TRAVELERS INDEMNITY COMPANY OF AMERICA</b>	
	<b>INSURER D :</b>	
<b>INSURER E :</b>		
<b>INSURER F :</b>		
<b>NAIC #</b>		

**COVERAGES****CERTIFICATE NUMBER:** 580491130201743**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:	X		660-180N340A-15	12/16/2015	12/16/2016	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence)	\$1,000,000 \$100,000
							MED EXP (Any one person)	\$5,000
							PERSONAL & ADV INJURY	\$1,000,000
							GENERAL AGGREGATE	\$2,000,000
							PRODUCTS - COMP/OP AGG	\$2,000,000
								\$
B	<b>AUTOMOBILE LIABILITY</b>  <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS  <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			BA-180N3411-15	12/16/2015	12/16/2016	COMBINED SINGLE LIMIT (Ea accident)	\$1,000,000
							BODILY INJURY (Per person)	\$
							BODILY INJURY (Per accident)	\$
							PROPERTY DAMAGE (Per accident)	\$
								\$
B	<input checked="" type="checkbox"/> <b>UMBRELLA LIAB</b> <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 5,000			CUP-2D278546-15	12/16/2015	12/16/2017	EACH OCCURRENCE	\$1,000,000
							AGGREGATE	\$1,000,000
								\$
C	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	UB-438L774A-15	12/16/2015	12/16/2016	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER	
							E.L. EACH ACCIDENT	\$1,000,000
							E.L. DISEASE - EA EMPLOYEE	\$1,000,000
							E.L. DISEASE - POLICY LIMIT	\$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

AS RESPECTS TO GENERAL LIABILITY, CERTIFICATE HOLDER IS ADDITIONAL INSURED-BLANKET ADDITIONAL INSURED-OWNERS, LESSEES OR CONTRACTORS, CG D1 05, BUT ONLY AS RESPECTS TO WORK PERFORMED BY THE INSURED.

**CERTIFICATE HOLDER****CANCELLATION**WAKE COUNTY & WAKE COUNTY  
BOARD OF EDUCATION  
1429 ROCK QUARRY ROAD, STE 116  
RALEIGH, NC 27610

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

*Mary J. Swan*

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DATE (MM/DD/YYYY)  
12/12/2016

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A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:	X		660-180N340A-16	12/16/2016	12/16/2017	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 \$
B	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			BA-180N3411-16	12/16/2016	12/16/2017	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
C	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 5,000			CUP-2D278546-16	12/16/2016	12/16/2017	EACH OCCURRENCE \$1,000,000 AGGREGATE \$1,000,000 \$
D	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		UB-438L774A-16	12/16/2016	12/16/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

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AUTHORIZED REPRESENTATIVE

*Mary J. Swan*

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**PROHIBITED CONDUCT  
ON SCHOOL PROPERTY AND AT SCHOOL EVENTS**

**Regulation of Conduct**

In an effort to promote safe schools, good character, and a safe working environment, and to reduce the opportunities for disruption of or interference with school operations and school-related activities, while preserving school property for its intended purposes and promoting the basic educational mission of the schools, the following conduct shall be prohibited at all times on school property and at all school-related events:

1. Profane, lewd, obscene or offensive conduct, including the use of profane, lewd, obscene or offensive language.
2. Conduct that creates a material and substantial disruption of school activity or appropriate discipline in the operation of the school or the rights of students.
3. Rude or riotous noise or conduct.
4. Disorderly or assaultive conduct.
5. Defacing public property.
6. Commission of any nuisance.
7. Threatening the health or safety of others.
8. Any other conduct that violates any applicable laws or policies of this Board.

Staff or any other individuals who engage in such conduct are subject to immediate expulsion from school property or from a school-related activity. Where appropriate, individuals engaging in such conduct may be subject to arrest and prosecution.

The school principal or other appropriate personnel shall have the authority to take other reasonable measures to implement this policy, including invoking state trespassing laws.

For purposes of this policy statement, "School Property" shall include school system parking lots, auditoriums, gymnasiums, athletic fields, buildings, school buses, and all lands surrounding such places that are school property.

Use of school property for school events is expressly reserved to benefit the character and education of our students. During these times school property is deemed to be a nonpublic forum.

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Legal Reference: G.S. 115C-47(18)

Adopted: August 17, 1998 (3012)

Adopted: September 27, 1999 (4012/2212)

Copyright 2002: Wake County Public Schools

It is the policy of the Wake County Board of Education that all schools and places of employment within the Wake County Public School System shall be free of all unauthorized weapons. No employee or other person shall carry, or encourage another person to carry, whether openly or concealed, an unauthorized weapon as defined below, onto school property at any time.

2302.1 **Weapon** is defined as any gun, rifle, pistol, or other firearm of any kind, or any dynamite cartridge, bomb, grenade, mine, or powerful explosive as defined in G.S. 14-284.1, any BB gun, stun gun, air rifle, air pistol, bowie knife, dirk, dagger, slingshot, leaded cane, switchblade knife (a knife containing a blade that opens automatically by the release of a spring or a similar contrivance), blackjack, metallic knuckles, razors and razor blades (except solely for personal shaving), and any sharp-pointed or edged instrument except instructional supplies, unaltered nail files and clips and tools used solely for preparation of food, instruction, and maintenance, on school property.

2302.2 **School property** is defined as any public or private school building or bus, public or private school campus, grounds, recreational area, athletic field, or other property owned, used, or operated by the Wake County Board of Education.

2302.3 This policy shall not apply to:

- (a) A weapon used solely for educational or school-sanctioned ceremonial purposes, or used in a school-approved program conducted under the supervision of an adult whose supervision has been approved by the school authority;
- (b) Firefighters, emergency service personnel, North Carolina Forest Service personnel, and any private police employed by Wake County Board of Education when acting in the discharge of their official duties, law enforcement officers, or any of those persons specifically exempted by G.S. 14-269 (b).

2302.4 Any employee who is aware that an unauthorized weapon has been carried onto school property must immediately notify the school principal or superintendent.

2302.5 Violation of this policy may subject the employee to dismissal.

2302.6 The principal shall immediately report violations of this policy to law enforcement.

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Legal Reference: G.S. 14-269; G.S. 14-269.2

Adopted: August 17, 1998

Copyright 2002: Wake County Public Schools

All school system employees hold positions of public trust; they are responsible for the education of students and also serve as examples and role models to students. Each employee is responsible for both the integrity and the consequences of his or her own actions. The highest standards of honesty, integrity, and fairness must be exhibited by each employee when engaging in any activity concerning the school system, particularly in relationships with vendors, suppliers, students, parents, the public, and other employees. Employee conduct should be such as to protect both the person's integrity and/or reputation and that of the school system. An unswerving commitment to honorable behavior by each and every employee is expected. Integrity can accommodate the inadvertent error and the honest difference of opinion; it cannot accommodate deceit or subordination of principle.

Employees shall perform their jobs in a competent and ethical manner without violating either the public trust or applicable law, policies, and regulations. It is not practical or possible to enumerate all of the situations that might fall under the guidelines of this policy. In addition to other policies, regulations, and approved practices that have been established covering specific areas of activity, (such as purchasing), the absence of a law, policy, or regulation covering a particular situation does not relieve an employee from the responsibility to exercise the highest ethical standards at all times.

Failure to comply with this policy will result in disciplinary action up to and including dismissal.

The superintendent has developed in Regulations and Procedures (R&P 2305/3005/4005) guidelines which address the specifics related to this policy.

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Legal Reference: G.S. 14-234 to 14-236, G.S. 115C-47(18), and  
G.S. 15C-308

Adopted: November 21, 1988

Revised: August 17, 1998

**DRUG AND ALCOHOL TESTING OF  
COMMERCIAL MOTOR VEHICLE OPERATORS**

The purpose of this policy is to help ensure safe operation of school vehicles and to comply with federal law and regulations by establishing a comprehensive program of drug and alcohol testing for school bus drivers and all other commercial motor vehicle operators who volunteer or are employed by the board of education.

2306.1      **Applicability:** Persons subject to this policy include any employee, volunteer, or independent contractor who operates a commercial motor vehicle in the course of duties for the board of education, including anyone who regularly or intermittently drives a school bus, activity bus, or other vehicle designed to transport sixteen or more people, including the driver.

2306.2      **Prohibited Acts:** Commercial motor vehicle operators, either volunteers or those employed by the board, shall not be impaired by alcohol or by prescription or nonprescription drugs while on duty or while operating any motor vehicle. For the purposes of this policy, a driver will be considered impaired by alcohol in all cases when testing reveals a blood alcohol content of .02 or higher. Further, no driver will be permitted to perform safety sensitive functions if evidence exists of alcohol consumption. In addition, commercial motor vehicle operators, and anyone who supervises commercial motor vehicle operators, shall not commit any act prohibited by Controlled Substance and Alcohol Use Testing (49 C.F.R. part 382), by this policy and its regulations, or by board policy 2307/3007/4007.

2306.3      **Testing:** The administration shall carry out pre-employment testing for drugs, and post-accident, random, reasonable suspicion, return-to-duty and follow-up testing for drugs and alcohol as required by 49 C.F.R. part 382. School bus drivers and others employed by the board for the primary purpose of operating a commercial motor vehicle shall undergo pre-employment testing. Employees whose duties include occasional driving will not be subject to pre-employment testing but must undergo all other testing required by 49 C.F.R. part 382. Volunteer drivers who are not employees will be initially tested prior to operating a school or activity bus and tested on a random basis thereafter. Refusal of any test required pursuant to this policy or 49 C.F.R. part 382 shall be cause for dismissal.

2306.4      **Preemployment Inquiry:** All applicants who would be subject to this policy if employed shall consent in writing to the release of any information gathered pursuant to 49 C.F.R. part 382 by any of the applicant's previous employers.

Before employing any applicant covered by this policy or part 382, the administration shall obtain, pursuant to written consent, all records maintained by the applicant's previous employer of prohibited acts by the applicant that have taken place in the two years prior to the inquiry date.

2306.5      **Training and Education:** Each commercial motor vehicle operator and supervisory employee, including principals and assistant principals, shall be provided with educational materials that inform the employees of drug testing procedures, prohibited acts, consequences, and other aspects of 49 C.F.R. part 382, this policy, and any attached regulations. The information also shall identify a school system employee who will be responsible for providing information on substance abuse. Each employee shall sign a statement certifying receipt of these materials.

Each supervisor responsible for overseeing the performance of commercial motor vehicle operators, including principals and assistant principals, shall undergo at least one hour of training concerning alcohol misuse and an additional hour of training concerning drug abuse.

2306.6      **Referrals:** Each motor vehicle operator who violates acts prohibited by 49

C.F.R. part 382, other than provisions governing pre-employment testing, shall be provided with information concerning resources available for evaluating and resolving drug or alcohol misuse. This information shall include names, addresses, and telephone numbers of substance abuse professionals and counseling and treatment programs.

2306.7       **Procedures:** The superintendent shall implement appropriate regulations and procedures to ensure compliance with the collection and testing procedures outlined in the Federal Highway Administration's "Procedures for Transportation Workplace Drug Testing Programs" (49 C.F.R. part 40), and to ensure compliance with testing, reporting, record retention, training, confidentiality, and other requirements of 49 C.F.R. part 382.

2306.8       **Penalties:** Employees who violate this policy or applicable laws or regulations will be disciplined and may be dismissed.

Non-employees who refuse to be tested or who test positive will be prohibited from driving students in the future.

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Legal Reference: 49 U.S.C. App. 2717; 49 C.F.R. parts 40 and 382; and *American Trucking Association, Inc. v. FHWA*, 51 F.3d. 405 (4th Cir. 1995).

Adopted: February 27, 1995

Revised: August 17, 1998

Renumbered (4006): September 27, 1999

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It is the policy of the Wake County Board of Education that a drug-free workplace shall be maintained. This policy shall govern each employee while on any property owned by the board, at any time during which an individual employee is acting within the course and scope of his/her employment with the board, or at any other time that the employee's violation of this policy has a direct and adverse affect upon the performance of his/her job. For the purposes of this policy "employee" shall include independent contractors and volunteers.

2307.1 The board prohibits the unlawful manufacture, transmission, conspiring to transmit, possession, use, or being under the influence of any alcoholic or other intoxicating beverage, narcotic drug, hallucinogenic drug, amphetamine, barbiturate, marijuana, anabolic steroids, counterfeit drugs, other intoxicants of any kind, or other controlled substance as defined in schedules I through V of Section 202 of the Controlled Substances Act (21 U.S.C. 812) and further defined by regulation at 21 CFR 1300.11 through 1300.15. In addition, no employee shall exude the odor of any alcoholic beverage or controlled substance while acting within the course and scope of his/her employment. The board prohibits the possession, use, transmission, or conspiring to transmit drug paraphernalia.

2307.2 No employee shall be impaired by the excessive use of prescription or nonprescription drugs in the workplace. The proper use of a drug authorized by valid medical prescription from a legally authorized health care provider shall not be considered a violation of this policy when the drug is taken by the person for whom the drug was prescribed. Any employee with prior knowledge that the use of a prescribed medication under a doctor's direction or an over-the-counter medication could alter the employees' ability to perform the duties and responsibilities of his/her position must notify the appropriate supervisory person. An employee is responsible for finding out from a health care professional the effects of any prescribed drug being taken. Failure to obtain such information will not preclude disciplinary action under this policy.

2307.3 If, in the opinion of the employee's supervisor, an employee's action and/or behavior are considered unsafe as a result of the proper use of medication, the employee may be sent home. A conference shall be conducted with the employee prior to the employee's resuming his/her duties. Prior to the employee's returning to work, the employee must provide written assurance that:

- A. The medication's use has been terminated; or
- B. The medication has been adjusted/modified to avoid impairment.

2307.4 Each employee shall be given a copy of this policy and shall be responsible for knowing and adhering to the requirements of this policy.

2307.5 Any employee having reasonable grounds to believe that another employee is using or in possession of any illegal drug, or is under the influence of or in possession of alcohol while in the workplace shall immediately report the facts and circumstances to a supervisor/principal. Any employee who has been convicted of violating any criminal drug statute for activities occurring in the workplace shall notify his/her supervisor within five (5) days of such conviction.

2307.6 Violation of this policy shall subject an individual to disciplinary actions up to and including termination of employment and referral for criminal prosecution

2307.7 Employees shall be provided information concerning available counseling, rehabilitation, and re-entry programs.

2307.8 The board has a strong commitment to assist any employee who voluntarily asks for help. It is the employee's responsibility to seek help for drug and alcohol problems

before they must be addressed at the workplace or otherwise become apparent as unsatisfactory job performance and/or work habits. Such action on the part of the employee shall be viewed as responsible and shall be supported by the board and the supervisor to the extent that this is consistent with protecting the safety and welfare of students, staff, and the public.

- 2307.9 When there are reasonable grounds to believe that an employee is in violation of the board's Drug-Free Workplace Environment Policy, the superintendent may require that the employee submit to a medical examination, including a drug or alcohol assessment. The drug or alcohol assessment will be conducted to determine whether the employee has been under the influence of illegal drugs, under the influence of alcohol while on duty, or impaired by the use of prescription or nonprescription drugs while on duty. If the drug or alcohol assessment is positive and there is no legitimate medical explanation for the results, the employee may be subject to disciplinary action, including termination of employment. Any drug testing shall conform with the state procedures on administering controlled substance examinations.

Any employee who refuses a drug or alcohol screening test may be terminated. An independent contractor or volunteer who refuses a drug or alcohol screening test may be removed from further duties with the school district.

The superintendent may devise procedures to implement this policy.

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Legal Reference: 20 U.S.C. 3171-3232; Drug Free Workplace Act of 1988, 41 U.S.C. § 701, et seq.; 21 U.S.C. § 812

Adopted: June 19, 1989

Revised: June 18, 1990

Revised: April 20, 1992

Revised: June 15, 1992

Revised: November 20, 1995

Revised: August 17, 1998

Revised: September 27, 1999

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## TOBACCO-FREE ENVIRONMENT

The Board of Education believes employees and students of the Wake County Public School System have a right to work and study in a tobacco-free environment. The Board recognizes that the use of tobacco products is a health, safety, and environmental hazard for students, employees, visitors, and school facilities. In addition, the Board recognizes that it has an obligation to promote a healthy learning and working environment, free from unwanted smoke, for the students, employees, and visitors of the school system.

- 2308.1 The use or display of any tobacco product by any person in school buildings, school facilities or school vehicles; on school campuses; and
- 3008.1 in or on any other school property owned, operated or contracted for by the school system is prohibited except as provided in this policy. This
- 4008.1 prohibition also applies to the use or display of tobacco products by any person at any other location during a school sponsored event when in the presence of students or school personnel.
- 2308.2 The exceptions to this policy are as follows:
  - 3008.2 A. The display of tobacco products does not extend to display that has a legitimate instructional or pedagogical purpose and is approved by a teacher or school administrator, and
  - 4008.2 B. A principal may permit tobacco products to be included in instructional or research activities in the school building if the activity is conducted or supervised by the faculty member overseeing the instruction or research and the activity does not involve smoking, chewing, or otherwise ingesting the tobacco product.
- 2308.3 School personnel, students and parents will be provided notice of this
- 3008.3 policy through personnel or student handbooks, or in any other manner deemed appropriate by the principal or supervisor. In addition,
- 4008.3 principals or other persons in charge of a facility will ensure that signs are posted in a manner and locations that adequately notify staff, students, parents and the public of this policy.
- 2308.4
- 3008.4 Principals and supervisors are responsible for enforcing and ensuring that school personnel comply with this policy. An employee's failure to
- 4008.4 comply with this policy, whether by enforcement or otherwise, shall be grounds for disciplinary action up to and including dismissal.
- 2308.5 For the purposes of this policy "display" is defined as having any tobacco product in a location or position that is visible to students or



- 3008.5 school personnel. "Tobacco product" is defined to include cigarettes, cigars, pipes, chewing tobacco, snuff, and any other items containing or
- 4008.5 reasonably resembling tobacco or tobacco products. "Tobacco use" includes smoking, chewing, dipping, or any other use of tobacco products.

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Legal Reference: G.S. 115C-36; G.S. 115C-47; G.S. 143-595 through -601; 20 USC §§ 7181-7184; G.S. 115C-391; G.S. 115C-407, and Craig O. v. Buncombe County Board of Education 80 NC App. 683

Adopted: March 19, 1990

Revised: September 21, 1992

Revised: November 16, 1992

Revised: August 17, 1998

Revised: May 30, 2001

Revised: June 3, 2003 (cross reference Policy 6410.10)

Revised: September 18, 2007 (cross reference Policy 6410.10)

**2321**

**CONDUCT OF EMPLOYEES TOWARD STUDENTS**

**2321**

All employees of the Wake County Board of Education, student teachers, and contractors hired to perform instructional or professional services, are prohibited from dating, courting, or entering into a romantic or sexual relationship with any student enrolled in the Wake County Public School System, regardless of the student's age. Employees engaging in such inappropriate conduct will be subject to disciplinary action, up to and including dismissal.

Any employee who has reason to believe that another employee is inappropriately involved with a student, as described above, shall report this information to the assistant superintendent of human resources – employee relations. An employee who fails to inform the assistant superintendent of human resources – employee relations of a reported or suspected inappropriate relationship between an employee and a student may be subject to disciplinary action.

2321.1 "Employees" as defined in this policy does not include part- time employees who are also current students of the school system.

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Legal Reference: Title IX of the Education Amendments of 1972; G.S. 115C-47(18); G.S. 14-202.4; and G.S. 14-27.7.

Adopted: December 21, 1992

Revised: August 17, 1998

Revised: September 27, 1999

Revised: May 21, 2002

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It is the goal of the Board of Education to provide a safe environment for all students and staff of the district. Accordingly, no registered sex offender may be in school buildings, in school facilities, on school campuses, in or on any other school property owned, leased, or maintained by the district, or in attendance at a school-sponsored event except as provided in this policy.

**A. Notification to Principals**

All principals must sign-up with the Sex Offender and Public Protection Registry to receive email notifications when a registered sex offender moves within a one-mile radius of their school. Principals shall notify the Superintendent or designee any time he or she receives such a notification. Also, principals shall notify the Superintendent or designee any time they become aware that a parent or guardian of a student or a student at the principal's school is a registered sex offender.

**B. Parents/Guardians of Students**

A registered sex offender who is the parent or guardian of a student in the district may only be present in school buildings, in school facilities, on school campuses, in or on any other school property owned, leased, or maintained by the district, or in attendance at a school-sponsored event with the prior written permission from the Superintendent or designee. A copy of such written permission also shall be provided to the school principal.

1. If permission is granted by the Superintendent, the parent or guardian may be on school property only for one of the following purposes:
  - a. to attend a conference at the school with school personnel to discuss the academic or social progress of the parent/guardian's child; or
  - b. when the parent/guardian's presence has been requested by the principal or his/her designee for any other reason relating to the welfare or transportation of the parent/guardian's child.
2. In addition, if permission is granted, the following conditions must be met:
  - a. the parent/guardian must notify the principal of the nature of the visit and the hours when the visit will occur before he/she enters school system property;
  - b. the parent/guardian must notify the principal's office upon arrival to and departure from the school system property; and
  - c. the parent/guardian must remain under the direct supervision of school personnel at all times while on school system property.
  - d. If no school personnel are reasonably available to supervise the parent/guardian on a particular occasion, then the parent/guardian will not be permitted on school property at that time even for one of the permitted purposes.

**C. Students**

Except as may be limited by state and federal laws governing the education of children with disabilities, the Board, upon the recommendation of the Superintendent/designee and principal, may expel any student who is a registered sex offender based on clear and convincing evidence that the student's continued presence in school constitutes a clear threat to the safety of other students or employees. If the Board chooses not to expel a student who is a registered sex offender and the

student receives educational services on school property, then the student must be under the supervision of school personnel at all times.

**D. Voters**

Voters who are subject to the Jessica Lunsford Act (G.S. 14-208.18) and are eligible to vote may be present on school property as follows:

1. the voter may be present for the sole purpose of voting if the school property is being used as a voting place;
2. the voter must notify the principal of the school that he or she is registered on the Sex Offender and Public Protection Registry before coming onto school system property to vote;
3. the voter must remain at all times in the portion of the school being used as the polling place; and
4. the voter must leave school grounds immediately after voting.

**E. Contractual Personnel**

If the district contracts with an outside person or entity to perform a job on a school campus or at a school-sponsored program, the contract must require the provider to conduct annual checks of contract personnel on the State Sex Offender and Public Protection Registry, the State Sexually Violent Predator Registry, and the National Sex Offender Registry, except checks shall not be required for individuals who are solely delivering or picking up equipment, materials, or supplies at the administrative office or loading dock of the school, at non-school sites, at schools closed for renovation, or at school construction sites. The contract with the outside person or entity shall provide that no individual who is on the State Sex Offender and Public Protection Registry, the State Sexually Violent Predator Registry, or the National Sex Offender Registry may be used to deliver goods or services on school system property under the contract. This provision does not apply to individuals who are carrying out duties that are customarily performed by school personnel, such as custodians, bus drivers or substitute teachers. Criminal history checks of individuals in these positions is required by Board policy pursuant to G.S. 115C-332.

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Legal References: G.S. 14-208.18; 25A; 115C-332; -332.1

Adopted: February 17, 2009

Revised: August 10, 2010

**3225/4312/7320 Technology Responsible Use**

The board provides its students and staff access to a variety of technological resources. These resources provide opportunities to enhance learning and improve communication within the school community and with the larger global community. Through the school system's technological resources, users can observe events as they occur around the world, interact with others on a variety of subjects, and acquire access to current and in-depth information.

The board intends that students and employees benefit from these resources while remaining within the bounds of safe, legal, and responsible use. Accordingly, the board establishes this policy to govern student and employee use of school system technological resources. This policy applies regardless of whether such use occurs on or off school system property, and it applies to all school system technological resources, including but not limited to computer networks and connections, the resources, tools, and learning environments made available by or on the networks, and all devices that connect to those networks.

**A. EXPECTATIONS FOR USE OF SCHOOL TECHNOLOGICAL RESOURCES**

The use of school system technological resources, including access to the Internet, is a privilege, not a right. Individual users of the school system's technological resources are responsible for their behavior and communications when using those resources. Responsible use of school system technological resources is use that is ethical, respectful, academically honest, and supportive of student learning. Each user has the responsibility to respect others in the school community and on the Internet. Users are expected to abide by the generally accepted rules of network etiquette. General student and employee behavior standards, including those prescribed in applicable board policies, the Code of Student Conduct, and other regulations and school rules, apply to use of the Internet and other school technological resources.

In addition, anyone who uses school system computers or electronic devices or who accesses the school network or the Internet using school system resources must comply with the additional rules for responsible use listed in Section B, below. These rules are intended to clarify expectations for conduct but should not be construed as all-inclusive.

Before using the Internet, all students must be trained about appropriate online behavior.

All students and employees must be informed annually of the requirements of this policy and the methods by which they may obtain a copy of this policy. Before using school system technological resources, students and employees must sign a statement indicating that they understand and will strictly comply with these requirements and acknowledging awareness that the school system uses monitoring systems to monitor and detect inappropriate use of technological resources. Failure to adhere to these requirements will result in disciplinary action, including revocation of user privileges. Willful misuse may result in disciplinary action and/or criminal prosecution under applicable state and federal law.

**B. RULES FOR USE OF SCHOOL TECHNOLOGICAL RESOURCES**

1. School system technological resources are provided for school-related purposes only. Acceptable uses of such technological resources are limited to responsible, efficient, and legal activities that support learning and teaching. Use of school system technological resources for commercial gain or profit is prohibited. Student personal use of school system technological resources for amusement or entertainment is also prohibited. Because some incidental and occasional personal use by employees is inevitable, the board permits infrequent and brief personal use by employees so long as it occurs on personal time, does not interfere with school system business, and is not otherwise prohibited by board policy or procedure.
2. Under no circumstance may software purchased by the school system be copied for personal use.
3. Students and employees must comply with all applicable laws, including those relating to copyrights and trademarks, confidential information, and public records. Any use that violates state or federal law is strictly prohibited. Plagiarism of Internet resources will be treated in the same manner as any other incidents of plagiarism, as stated in the Code of Student Conduct.
4. No user of technological resources, including a person sending or receiving electronic communications, may engage in creating, intentionally viewing, accessing, downloading, storing, printing, or transmitting images, graphics (including still or moving pictures), sound files, text files, documents, messages, or other material that is obscene, defamatory, profane, pornographic, harassing, abusive, or considered to be harmful to minors.
5. The use of anonymous proxies to circumvent content filtering is prohibited.
6. Users may not install or use any Internet-based file sharing program designed to facilitate sharing of copyrighted material.
7. Users of technological resources may not send electronic communications fraudulently (i.e., by misrepresenting the identity of the sender).
8. Users must respect the privacy of others. When using e-mail, chat rooms, blogs, or other forms of electronic communication, students must not reveal personal identifying information or information that is private or confidential, such as the home address or telephone number, credit or checking account information, or social security number of themselves or fellow students. In addition, school employees must not disclose on school system websites or web pages or elsewhere on the Internet any personally identifiable, private, or confidential information concerning students (including names, addresses, or pictures) without the written permission of a parent or guardian or an eligible student, except as otherwise permitted by the Family Educational Rights and Privacy Act (FERPA). Users also may not forward or post personal communications without the author's prior consent.
9. Users may not intentionally or negligently damage computers, computer systems, electronic devices, software, computer networks, or data of any user connected to school system technological resources. Users may not knowingly or negligently transmit computer viruses or self-replicating messages or deliberately try to degrade or disrupt system performance. Users must scan any downloaded files for viruses.
10. Users may not create or introduce games, network communications programs, or any foreign program or software onto any school system computer, electronic device, or network without the express permission of the technology director or designee.
11. Users are prohibited from engaging in unauthorized or unlawful activities, such as "hacking" or using the computer network to gain or attempt to gain unauthorized or unlawful access to other computers, computer systems, or accounts.
12. Users are prohibited from using another individual's ID or password for any technological resource without permission from the individual. Students must also have permission from the teacher or other school official.
13. Users may not read, alter, change, block, execute, or delete files or communications belonging to another user without the owner's express prior permission.
14. Employees shall not use passwords or user IDs for any data system (e.g., the state student information and instructional improvement system applications, time-keeping software, etc.) for an unauthorized or improper purpose.
15. If a user identifies a security problem on a technological resource, he or she must immediately notify a system administrator. Users must not demonstrate the problem to other users. Any user identified as a security risk will be denied access.
16. Teachers shall make reasonable efforts to supervise students' use of the Internet during instructional time.
17. Views may be expressed on the Internet or other technological resources as representing the view of the school system or part of the school system only with prior approval by the superintendent or designee.

**C. RESTRICTED MATERIAL ON THE INTERNET**

The Internet and electronic communications offer fluid environments in which students may access or be exposed to materials and information from diverse and rapidly changing sources, including some that may be harmful to students. The board recognizes that it is impossible to predict with certainty what information on the Internet students may access or obtain. Nevertheless school system personnel shall take reasonable precautions to prevent students from accessing material and information that is obscene, pornographic, or otherwise harmful to minors, including violence, nudity, or graphic language that does not serve a legitimate pedagogical purpose. The superintendent shall ensure that technology protection measures are used and are disabled or minimized only when permitted by law and board policy. The board is not



responsible for the content accessed by users who connect to the Internet via their personal mobile telephone technology (e.g., 3G, 4G service).

#### **D. PARENTAL CONSENT**

The board recognizes that parents of minors are responsible for setting and conveying the standards their children should follow when using media and information sources. Accordingly, before a student may independently access the Internet, the student's parent must be made aware of the possibility that the student could obtain access to inappropriate material while engaged in independent use of the Internet. The parent and student must consent to the student's independent access to the Internet and to monitoring of the student's Internet activity and e-mail communication by school personnel.

In addition, in accordance with the board's goals and visions for technology, students may require accounts in third party systems for school related projects designed to assist students in mastering effective and proper online communications or to meet other educational goals. Parental permission will be obtained when necessary to create and manage such third party accounts.

#### **E. PRIVACY**

Students, employees, visitors, and other users have no expectation of privacy in anything they create, store, send, delete, receive, or display when using the school system's network, devices, Internet access, email system, or other technological resources owned or issued by the school system, whether the resources are used at school or elsewhere, and even if the use is for personal purposes. Users should not assume that files or communications created, transmitted, or displayed using school system technological resources or stored on servers or on the storage mediums of individual devices will be private. The school system may, without notice, (1) monitor, track, and/or log network access, communications, and use; (2) monitor and allocate files server space; and (3) access, review, copy, store, delete, or disclose the content of all user files, regardless of medium, the content of electronic mailboxes, and system outputs, such as printouts, for any lawful purpose. Such purposes may include, but are not limited to, maintaining system integrity, security, or functionality, ensuring compliance with board policy and applicable laws and regulations, protecting the school system from liability, and complying with public records requests. School system personnel shall monitor online activities of individuals who access the Internet via a school-owned device.

By using the school system's network, Internet access, email system, devices, or other technological resources, individuals consent to have that use monitored by authorized school system personnel as described in this policy.

#### **F. USE OF PERSONAL TECHNOLOGY ON SCHOOL SYSTEM PROPERTY**

Each principal may establish rules for his or her school site as to whether and how personal technology devices (including, but not limited to smart phones, tablets, laptops, etc.) may be used on campus. The school system assumes no responsibility for personal technology devices brought to school.

#### **G. PERSONAL WEBSITES**

The superintendent may use any means available to request the removal of personal websites that substantially disrupt the school environment or that utilize school system or individual school names, logos, or trademarks without permission.

##### **1. Students**

Though school personnel generally do not monitor students' Internet activity conducted on non-school system devices during non-school hours, when the student's online behavior has a direct and immediate effect on school safety or maintaining order and discipline in the schools, the student may be disciplined in accordance with board policy.

##### **2. Volunteers**

Volunteers are to maintain an appropriate relationship with students at all times. Volunteers are encouraged to block students from viewing personal information on volunteer personal websites or online networking profiles in order to prevent the possibility that students could view materials that are not age-appropriate. An individual volunteer's relationship with the school system may be terminated if the volunteer engages in inappropriate online interaction with students.

**Legal References:** U.S. Const. amend. I; Children's Internet Protection Act, 47 U.S.C. 254(h)(5); Electronic Communications Privacy Act, 18 U.S.C. 2510-2522; Family Educational Rights and Privacy Act, 20 U.S.C. 1232g; 17 U.S.C. 101 et seq.; 20 U.S.C. 6777; G.S. 115C-325(e) (applicable to career status teachers), 325.4 (applicable to non-career status teachers)

**Cross References:** Curriculum and Instructional Guides (policy 3115), Technology in the Educational Program (policy 3220), Internet Safety (policy 3226/4205), Copyright Compliance (policy 3230/7330), Web Page Development (policy 3227/7322), Student Behavior Policies (all policies in the 4300 series), Student Records (policy 4700), Confidentiality of Personal Identifying Information (policy 4705/7825), Public Records - Retention, Release, and Disposition (policy 5070/7350), Use of Equipment, Materials, and Supplies (policy 6520), Network Security (policy 6524), Staff Responsibilities (policy 7300), Employee Use of Social Media (policy 7335)

Adopted: July 21, 2015

WAKE COUNTY BOARD OF EDUCATION