

COMPLETE SUMMARY APPRAISAL REPORT

Of

That 3.99 Acres of Land

Located

On the South Side of Tryon Road
Some 200 feet east of Campbell Road
In Swift Creek Township, Wake County, North Carolina

OWNED BY

William S. Mann

INTEREST VALUED

Fee Simple Interest

PREPARED BY

Neil C. Gustafson, MAI

EFFECTIVE DATE OF VALUATION

July 10, 2018



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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Effective Date of Appraisal: July 10, 2018

Owner: William S. Mann

Location: On the south side of Tryon Road some 200 feet east of Campbell Road in Swift Creek Township, Wake County, North Carolina. Reference is made to Exhibit A, entitled "Area Map."

Land Area: 3.99 acres (reference is made to Exhibit B for a tax map of the subject property). **I would recommend a new survey of the subject property to determine an exact land area.**

General Characteristics: The property is a partially wooded tract of land with a good topography roughly ten feet below the elevation of Tryon Road. It has access and frontage on Tryon Road. Reference is made to Exhibit C for a topographic map of the subject.

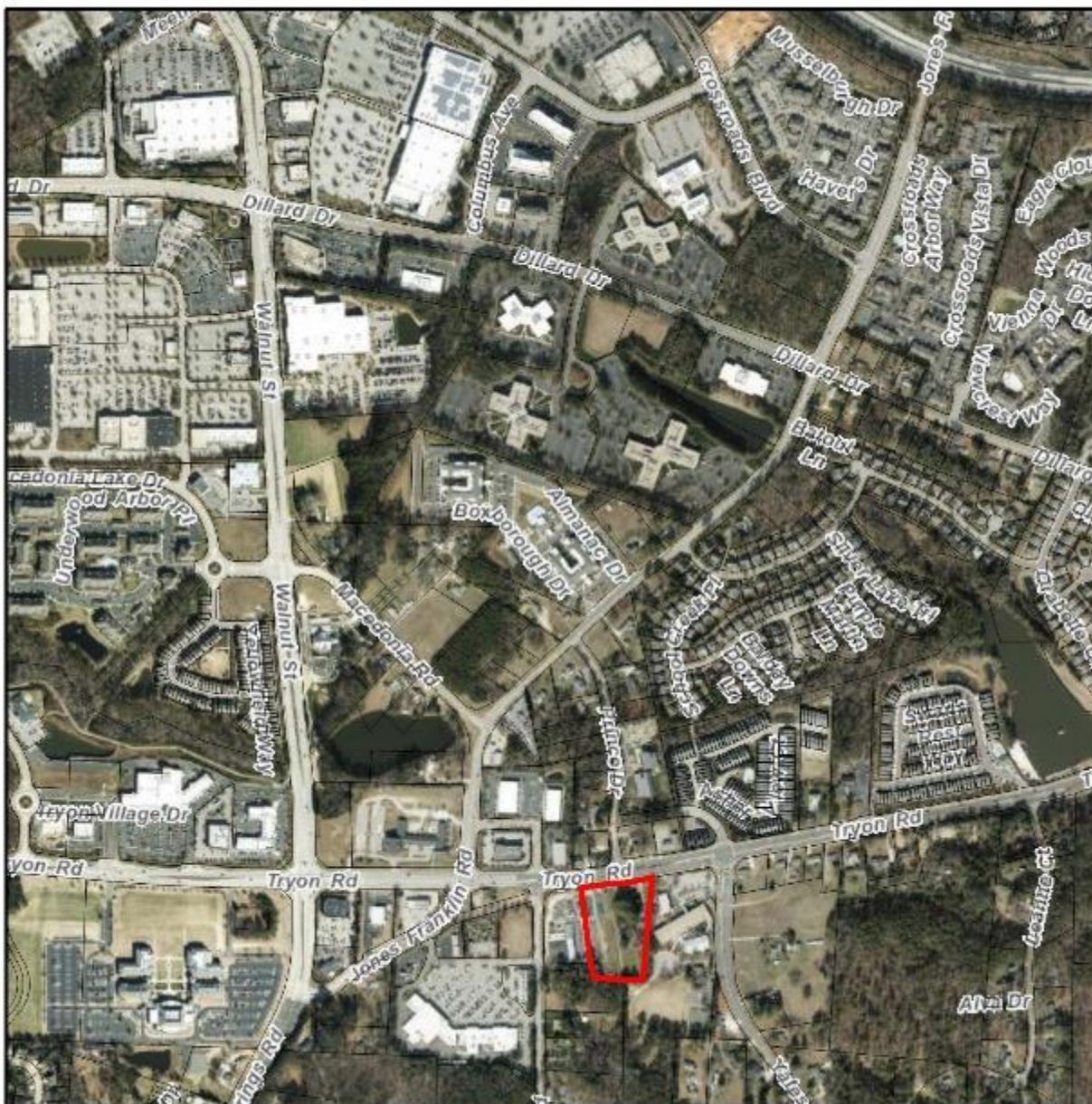
Utilities: All Cary utilities are nearby.

Zoning: R-40W by Wake County. Reference is made to Exhibit D page 1 for a map showing the zoning on the subject property and to Exhibit D page 2 for a map showing the Cary long term plan for this property.

Tax Reference: PIN 0772 86 6148 (REID 0043856)

Highest and Best Use: Commercial development

Estimate of Market Value: **\$1,215,000 or around \$7.00 per square foot**



2017 AERIAL PHOTOGRAPH
(from a distance)



2017 AERIAL PHOTOGRAPH
(close up of the property)



SCOPE OF WORK

Client: Ms. Betty L. Parker
Wake County Public School System
Real Estate Services
1429 Rock Quarry Road, Suite 116
Raleigh, North Carolina 27610

Appraiser: Neil C. Gustafson, MAI
Worthy & Wachtel, Inc.
Post Office Box 17843
Raleigh, North Carolina 27619
(919)781-6300

Subject: 3.99 acres of land located on the south side of Tryon Road some 200 feet east of Campbell Road in Swift Creek Township, Wake County, North Carolina.

Ownership: William S. Mann

Definition of Market Value:

Market value estimated in this report is the market value as defined by Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989. Market value has been defined as the most probable price which a property should bring in competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is consummation of a sale as of a specified date and passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and each acting in what he considers his own best interest;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and
- e. 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.

Purpose and Intended Use of Report: The purpose of this appraisal is to provide an estimate of the fee simple market value of the subject property owned by William S. Mann as of July 10, 2018. This appraisal is intended for the usage by my client (and no other intended users) for potential acquisition proposes.

Interest Valued: In this appraisal, I will estimate the 100% fee simple market value of that certain 3.99 acre tract of land held by William S. Mann. Fee simple is an absolute fee: a fee without limitation to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation.

Date of Appraisal: The effective date of the valuation is July 10, 2018, the date I inspected the subject property.

Extent Of Research And Type Of Analyses Used: In preparing this appraisal, the appraiser:

- inspected the subject property hereinbefore described;
- gathered information on comparable property sales;
- confirmed and analyzed the data; and
- applied the appropriate approach to value, which I concluded was the land value by comparison approach. The land value by comparison approach is where the subject property is compared to other vacant properties which have sold in order to determine the value of the subject.

The subject consists of 3.99 acre tract of vacant land and improvements. After inspecting the improvements I have concluded that the improvements do not contribute to the value of the subject property.

DESCRIPTION OF REAL ESTATE APPRAISED:

Ownership History and Legal Description

According to Wake County tax records, as of the date of this appraisal, the subject property is owned by William S. Mann. William S. Mann obtained ownership of this property from Gladys Prince Elledge and Clifford Elledge by a deed recorded on April 16, 1958 in Deed Book 1312 Page 466 in the Wake County Registry. Reference is made to Exhibit B, entitled "Tax Map," for a tax map which shows the general size and shape of the subject. This will serve as my legal description for this appraisal. The tax department shows the acreage of the subject as 3.99 acres, which I will use as the land area of the subject for this report. **I would recommend a new survey of the subject to determine the exact acreage of the subject.** My value estimate should be adjusted based on the actual acreage.

Location Description

The subject property is located in a large regional market known as the Research Triangle area, or Triangle. The economy of the Triangle is based in great measure on several components, which have combined create one of the country's fastest growing metropolitan areas:

- Raleigh is the capital of North Carolina, and as such, is the location for many state and federal agencies. According to the 2010 census, the city's population was 403,892, roughly a 46.3% increase from its 2000 census numbers. Wake County shows a population of over 900,993. Raleigh's median household income is \$69,212 compared to the national average of \$50,054. The Wake County public school system currently has an enrollment of over 134,000 students.
- The Triangle has emerged as a center for high tech research, development and manufacturing. The role of the 7,000-acre Research Triangle Park has been crucial in this evolution. Currently about 38,000 people work in the Park, down from 42,000 in 2000. Numerous spin-off companies also exist in the Triangle, especially in the I-40 corridor and in Cary. The high tech fields of computer software, telecommunications, pharmaceuticals, biomedicine and transportation equipment are especially important in the Triangle.
- The Triangle is an important medical research and training center. The presence of nationally prominent hospitals at Duke University in Durham and the University of North Carolina at Chapel Hill, combined with research ongoing at many private businesses and laboratories, helps to attract professionals to the Triangle.
- Over 60,000 students attend colleges and universities full-time in the Triangle. This reserve of students and faculty help create an environment conducive to innovation and research, and attracts to the Triangle some of the nation's most active research and development-oriented corporations. Few metropolitan areas of similar size can boast of having three major universities.
- As the largest metropolitan area in eastern North Carolina, the Triangle is a center for shopping, services, government, culture and recreation for much of that section of the state.

The healthy economy draws people to the Triangle and provides employment for local residents. Accordingly, population in the six county metropolitan statistical area has grown considerably since 1970:

<i>Population Trends</i>			
<i>Year</i>	<i>Population</i>		<i>Change</i>
1970	537,365.00		NA
1980	664,788.00		23.7%
1990	858,485.00		29.1%
2000	1,187,941.00		38.4%
2010	1,595,383.00		34.3%
Source: U.S. Census Bureau			

Employment levels also grew over the past decade. Even during the recession of 1991-1992 employment growth continued, although at a reduced level. Currently, the rate of growth is once again improving and is slightly better than the national and state levels. The seasonally adjusted unemployment rate for the Raleigh-Cary MSA was about 4.1% in February 2018 compared to the state's overall rate of about 4.5% while the national average is 4.1%. A history of the employment trends for the Raleigh-Cary area is summarized on the following table:

Dec	Total					Unemployment
Year	Labor Force	Employed	Unemployed	Gain (loss)	Growth	Rate
2017	573,596	552,253	21,343	10,347	1.9%	3.7%
2016	564,980	541,906	23,074	21,844	4.0%	4.1%
2015	543,391	520,062	23,329	17,696	3.4%	4.3%
2014	524,621	502,366	22,255	19,286	3.8%	4.2%
2013	507,824	483,080	24,744	13,264	2.7%	4.9%
2012	503,688	469,816	33,872	16,600	3.5%	6.7%
2011	489,105	453,216	35,889	10,491	2.3%	7.3%
2010	479,489	442,725	36,764	27,433	6.2%	7.7%
2009	454,210	415,292	38,918	(14,074)	-3.4%	8.6%
2008	458,344	429,366	28,978	1,265	0.3%	6.3%
2007	443,605	428,101	15,504			3.5%

Overall, the Triangle economy is going strong and, while another downturn is inevitable, it does not appear likely in the near future.

Neighborhood Description

Neighborhood use is defined by the *Dictionary of Real Estate Appraisal*, second edition, as "a group of complementary land uses." It is typically bounded by either natural or man-made barriers, although they may also be defined by changes in land uses. The neighborhood of the subject property is defined as the area along Tryon Road near Holly Springs Road. For the most part the land in the neighborhood has been developed for commercial purposes. To the east of the neighborhood, activity turns residential in nature, with the land on the north side of Tryon Road being developed for medium density residential purposes and the land on the south side of Tryon Road being developed for low density residential purposes. The low density development south of Tryon Road is a result of the policy of limiting development in the Swift Creek watershed (a potential future Raleigh water supply). Public utilities are generally not permitted into the watershed, effectively limiting development to larger size lots (requiring private well and septic systems). A change in the policy would increase development but it is unlikely that this policy will change for the foreseeable future.

The land in this area has been developed with a variety of commercial uses. This includes two shopping centers. The Tryon Village shopping center, located at the intersection of Tryon Road and Holly Springs Road, is a 90,000 square foot center built in 2007. The Swift Creek shopping center is an 80,000 square foot center developed in 1990. Both are typical neighborhood shopping centers anchored by grocery stores with a variety of shops and stores. There are a variety of other uses in the neighborhood including drug stores, a bank branch, a service garage, a convenience store and smaller retail shops. There is a volunteer fire department and an animal hospital as well as office condominiums near the subject. There are two churches in the neighborhood including Colonial Baptist, one of the largest churches in Cary.

There is little development immediately surrounding the subject, primarily due to the fact that all of the property is located within the Swift Creek watershed. Land to the south transitions immediately to low density residential development on large lots. To the east is Swift Creek elementary school. This is one of the few times Raleigh has allowed extension of public utilities into the watershed.

Immediately to the west of the subject is a nursery. This site is currently under contract and is proposed to be developed for self-storage.

Like the rest of Cary, the neighborhood is in strong demand. I expect the little remaining land in the neighborhood to be developed in the foreseeable future with probation of utility extension being the limiting factor.

SITE DATA

Site Characteristics

The subject property an irregularly (but usable) shaped, mostly cleared parcel of land located on the south side of Tryon Road some 200 feet east of Campbell Road, in Swift Creek Township, Wake County, North Carolina. According to the Wake County tax department, the site contains 3.99 acres of land and has almost 400 feet of frontage Tryon Road, a four lane road with a median, sidewalks and curb and gutter. Reference is made to Exhibit A, for a map showing the general location of the subject, to Exhibit B for a tax map, which shows the size and shape of the subject, to Exhibit F for photographs of the property and to the aerial photographs located on pages iv and v.

Public water and sewer are nearby. There is a 12 inch water line which runs along Tryon Road in front of the subject property. Public sewer is more complicated. While the school, located to the east, has a lift station south (and downhill) from the subject, the developer of the subject will not be able to use this line. This is a Raleigh sewer line. When Raleigh permitted public sewer to be extended into the Swift Creek watershed for this school, it specifically prohibited anyone else using this sewer line. The shopping center located west of the subject has Cary public sewer. This public sewer line will be extended in the near future to serve the proposed self-storage facility immediately west of the subject. However, given the elevation of this line, not all of the subject could be served with a gravity flow line into this sewer line. I spoke with Kim Baker of the Cary utility department and she advised me that the Town would allow for a small (relatively inexpensive) pump station to pump the sewer from the lower elevations of the subject property into this a gravity flow sewer line. A lift station may not even be necessary if the improvements can be located on the higher ground. I note that the subject will be required to be annexed into the Cary town limits in order to access Cary utilities.

The subject has a gently rolling topography that is roughly eight to ten feet below the grade of Tryon Road. Reference is made to Exhibit C for a map showing the topography of the property. The subject does not appear to have any low, unusable areas, or areas encumbered with stream buffer regulations. Land-use restrictions on land subject to stream buffer restrictions can be quite severe (basically prohibiting development within 50 feet of any ponds, streams, intermittent streams etc.). For this report, I am assuming that there are no areas on the subject encumbered by stream buffer regulations or other areas designated floodplain or subject to wetland regulations. I would recommend on engineering study to confirm this assumption.

The subject property is located in the Swift Creek watershed basin. Lake Wheeler is considered a potential future water source for the City of Raleigh. As such, Wake County has imposed rather stringent regulations on development of land in the Swift Creek watershed. The primary impact of the Swift Creek watershed regulations is to limit runoff. Specific limitations include prohibiting development within 50 feet from the edge of streams and intermittent streams and limiting

impervious surfaces. Ordinarily, the impact of these regulations would severely limit the future development of the subject. However, the immediate area around the subject is in the Cary extraterritorial jurisdiction and will therefore not be subject to the Wake County regulations. Accordingly, development of the subject will not be limited by Swift Creek watershed regulations. I will discuss the limitations on the subject in the zoning section below.

According to the Wake County tax department and my physical inspection of the property, the subject is improved with a 1,472 square foot single family dwelling built in 1948 and in good condition as well as a number of other outbuildings. While these improvements are in good condition and certainly suitable for their continued use, given the current land value, I have concluded that the improvements do not contribute any value to the overall property. Their interim rental value will offset the eventual cost of demolition. Reference is again made to Exhibit F for photographs of the improvements.

Zoning

The subject property is zoned *R - 40W* by *Wake County*, a rural residential zoning permitting all agricultural uses as well as dwellings on lots containing a minimum of 40,000 square feet (reference is made to Exhibit E for a map showing the zoning of the subject and surrounding area). Other permitted uses can include professional offices, churches, schools, museums and libraries, plant nurseries and consolidated open space developments. This zoning district established March 5, 1984 to control development in watersheds of future sources of Raleigh's water supply. This classification differs from the former *R - 40* zoning in requiring control of water runoff in developed property, undisturbed buffers along streams (50 feet) and other drainageways (25 feet), and care in laying out streets so as to follow land contours and to intersect streams at an angle of at least 60 degrees. Reference is made to Section 1-1-37 of the Wake County Zoning Ordinance for further information on the *R - 40W* zoning district. Reference is made to Exhibit D for a map showing the zoning of the subject property.

However, while the subject is currently in the Wake County zoning jurisdiction, it is anticipated to be developed under Cary regulations. According to Cary's "Future Growth Framework," the subject property is in an area designated "Destination Center." According to the Town of Cary, "*Destination Centers are Cary's premiere mixed use centers that include an integrated mix of commercial (shopping, services), office and residential uses arranged in a walkable pattern with an active pedestrian realm where buildings front streets. Destination Centers are intended to contain the greatest development intensities found in Cary, and be regional destinations. As such, they may include unique and special uses, such as prominent and unique entertainment venue. Uses may be mixed both vertically (within multi-story buildings) and horizontally (adjacent sites) within the center, however by far the greatest emphasis should be on vertical mixing, with ground floor retail, and offices and housing on upper floors. Urban character creates active public spaces. The overall intensity of development in a Commercial Mixed Use Center is less than in a Destination Center, but substantially more than found in Commercial Centers.*" In short, this area is anticipated to be developed for an intense mix of residential and/or commercial uses. Reference is made to Exhibit D for information concerning the Destination Center designation on the property.

Ad Valorem Taxes

The subject is identified as being Wake County Parcel Identification Number (PIN) 0772 86 6148 (or REID 0043856). The total current tax assessed values for the subject are shown below. The 2018 ad valorem tax rates for the subject property have not been set. While I expect the County tax rate to increase, for this report I will use the 2017 of \$0.00711 of tax assessed value, which includes the Wake County rate of \$0.006150 and the fire district tax rate of \$0.00096.

Based on the current tax assessed values and 2017 tax rates, the 2018 taxes are estimated below.

PIN	0772 86 6148
Buildings	\$ 72,385
Land	<u>\$259,400</u>
Total Tax Assessed Value	\$331,785
2017 Tax Rate	\$0.00711
Estimated 2017 Ad Valorem Taxes	\$2,359

The State of North Carolina requires that all of the real estate in every county be revalued for tax purposes at least every eight years. Wake County revalues its real estate every four years and the last revaluation was as of January 1, 2016. I note that this tax assessed value is significantly lower than my estimated market value. This is due a number of factors including the current zoning and the rezoning potential of the property.

HIGHEST AND BEST USE:

Highest and best use, as defined, is that use which, at the time of appraisal, is the most profitable and likely use to which a property can be put. It may also be defined as that available use and program of future utilization which produces the highest present land value.

According to *The Appraisal of Real Estate*, 9th Edition, the highest and best use must be 1) physically possible, 2) legally permissible, 3) financially feasible, and 4) maximally productive.

Physically Possible: The size, shape, area and terrain of a parcel of land affects the uses to which it may be developed. The highest and best use of a property must be a use to which the property is capable of being developed. It must consider factors including capacity and availability of utilities, topography, and sub-soil conditions and any other physical characteristics of a property which will alter the property's development potential.

Legally Permissible: The highest and best use must be a use which is legally allowable. Private restrictions, zoning, building codes, and environmental regulations must allow for the development of a site's highest and best use.

Financially Feasible: In the highest and best use analysis, all uses that generate a positive return on the property should be considered. If a use does not generate a positive return, it is not considered financially feasible and would not be considered as a potential highest and best use of a property.

Maximally Productive: Of the financially feasible uses, that use which produces the highest price, or value, (given a constant rate of return), is the highest and best use.

The subject property is an irregularly shaped parcel of land containing 3.99 acres located on the south side of Tryon Road some 200 feet east of Campbell Road in Swift Creek Township, Wake County, North Carolina. Cary has seen substantial growth in the past few years and I would expect this growth to continue for the foreseeable future. The subject has adequate frontage and access on Tryon Road, a four lane paved road with a median and curb and gutter. The subject has a usable topography, public utilities nearby and is partially wooded. Development of the subject is limited by its size and shape.

The subject property is zoned **R-40W** by Wake County. This is a low density residential classification which limits the potential development of the property. However, the subject is in the Cary extraterritorial zoning jurisdiction and is expected to be developed under Cary land use regulations. Based on conversations with Cary Town officials as well as Jason Barron, a prominent land use attorney active in Cary, I believe the subject has an excellent chance of being rezoned to a commercial classification. I note that the adjacent property, subject to the same regulations as the subject, is currently being rezoned and will be developed for self-storage. Accordingly, I have concluded that it is very likely that the subject could be rezoned to a classification which will permit commercial development and will not be encumbered with the onerous Swift Creek watershed regulations.

Overall, the Triangle real estate market is strong. Like the rest of the Triangle, Cary has seen dramatic change in the past decade, particularly with an explosion of single family development. Certainly single family residential development would be feasible of the subject. However, more likely, the subject will be rezoned to a commercial classification and will be developed for commercial purposes.

Given the physical characteristics of the subject, the public restrictions and the current conditions of the area's real estate market, the highest and best use is for commercial development. Of all of the physically possible, legally permitted and financially feasible uses, these property uses maximizes the land value.

SUMMARY OF ANALYSIS AND VALUATION:

As stated in the **Interest Valued** section of this report, I am seeking to estimate the fee simple interest of the subject property. Since the site is vacant, I have employed the sales comparison approach to value to determine the fee simple interest of the property.

SALES COMPARISON APPROACH TO VALUE:

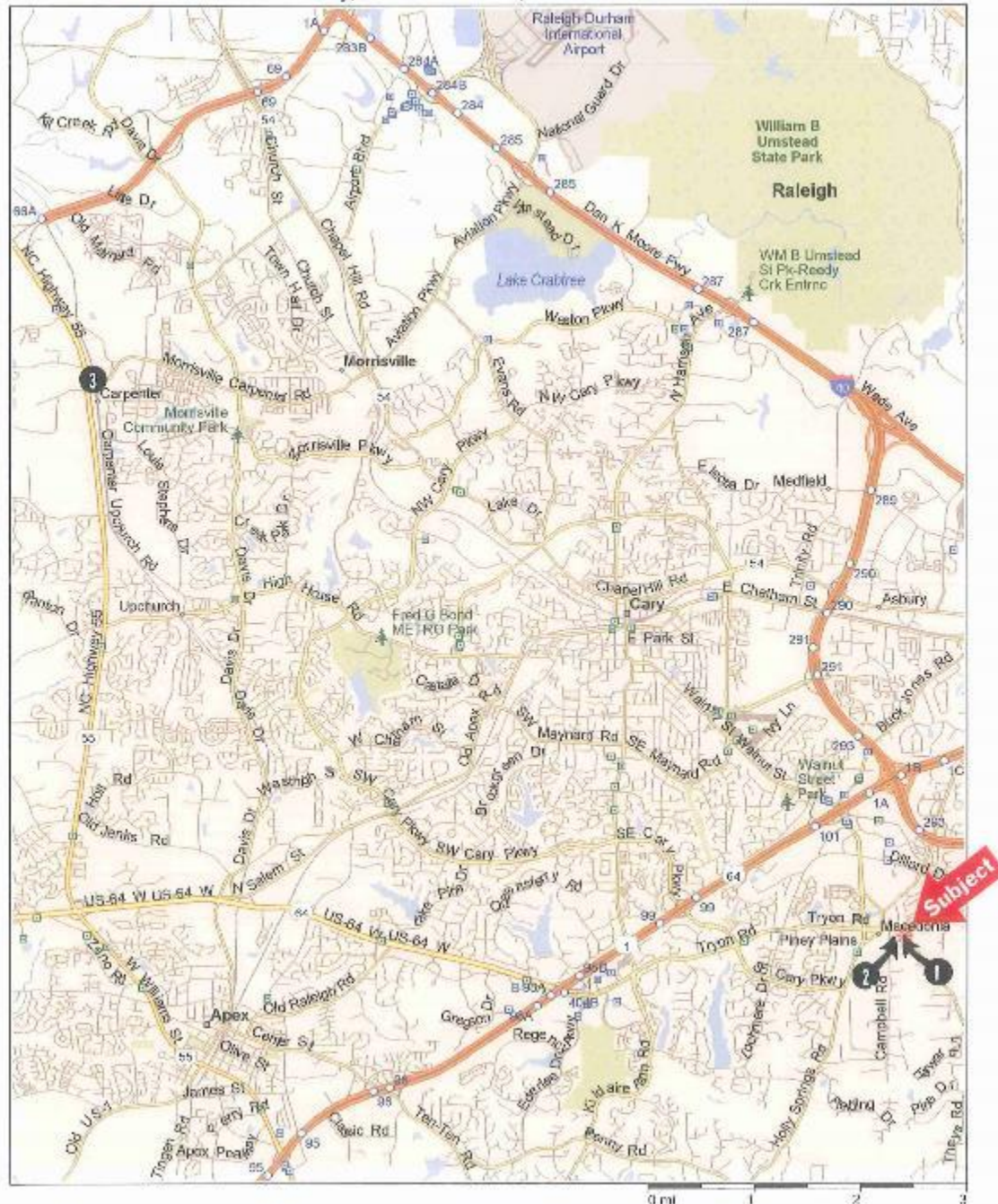
The Sales Comparison Approach to Value, or Land Value by Comparison, is an appraisal technique in which the market estimate is predicated upon prices paid in actual market transactions and current listings of similar tracts of land. In estimating the land value of the subject property, I have included the following land sales for comparison purposes with the subject tract. A summary of pertinent information regarding these land transactions is included on the following pages along with a map showing their location shown on the following page. I compared these transactions to the subject tract making adjustments to the sales prices for differences in such items as time, location, size, and utilities. A chart summarizing the adjustments and showing the value each sale indicates to the subject tract is included following the sales information. The adjustments are positive where the sale property is considered inferior to the subject property and negative where it is considered superior.

These adjustments are based primarily on my decades of experience as appraisers and brokers in the Triangle real estate market and my close monitoring of sales activity in this market over the same time.

Because one of the sales is a current contract and another is the current listing of the subject property, I did not make any adjustment to those sales for the time between the date of this appraisal and the date of these sales. I did adjust Land Sale Number 3 slightly upward for time.

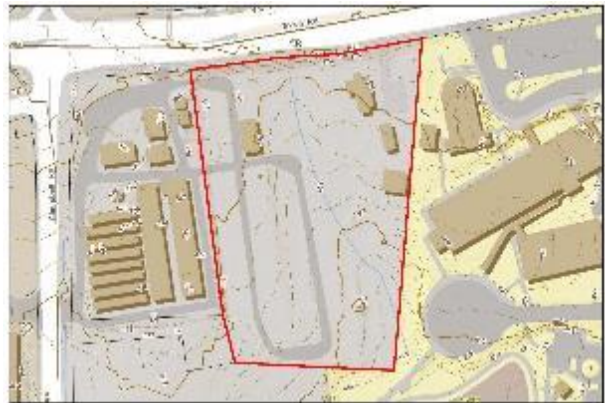
LAND SALE LOCATION MAP

Cary, North Carolina, United States



Land Sale Number 1 (Subject Property)

Date of Sale: Current listing
Grantor: William S. Mann
Grantee: Not applicable
Location: On the south side of Tryon Road some 200 feet east of Campbell Road in Swift Creek Township, Wake County, N. C.
Land Area: 3.99 acres
Frontage: Some 400 feet on Tryon Road
Shape: Irregular
Drainage: Good
Topography: Gently sloping
Utilities: All nearby
Zoning: R-40W by Wake County
Improvements: Dwelling and out buildings (of no value)
Present Use: Single family dwelling
Highest and Best Use: Commercial; possible mixed use
Revenue Stamps: Not applicable
Confirmed Asking Price: \$1,350,000, or \$7.77 per square foot
Confirmed by: Tommy Drake, broker
Financing: Cash to seller
Condition of Sale: Market
Deed Reference: Not applicable
Tax Reference: PIN 0772 86 6148 (also being REID 0043856)
Remarks: None



Land Sale Number 2

Date of Sale: Current contract
Grantor: Campbell Investment of NC, LLC
Grantee: Unknown
Location: On the southeast corner of Tryon Road and Campbell Road in Cary, township, Wake County, North Carolina
Land Area: 2.116 acres
Frontage: Some 279 feet on Tryon Road and some 400 feet on Campbell Road
Shape: Irregular
Drainage: Good. Minimal (no) low land
Topography: Gently sloping
Utilities: All nearby
Zoning: R-40W (to be rezoned to Industrial Conditional use prior to closing) by the Town of Cary
Improvements: None
Present Use: Nursery
Highest and Best Use: Self storage
Revenue Stamps: Not applicable
Confirmed Asking Price: \$1,200,000, or \$13.00 per square foot
Confirmed by: Tommy Drake, broker
Financing: Cash to seller
Condition of Sale: Market
Deed Reference: Not applicable
Tax Reference: PIN 0772 86 3165 (also being REID 0023876)
Remarks: Closing is imminent



Land Sale Number 3

Date of Sale: July 12, 2016
Grantor: Glenn and Joy Futrell
Grantee: Indus Investments Cary, LLC
Location: On the southeast corner of N. C. Highway 55 and Carpenter Fire Station Road in Cary, Wake County, North Carolina
Land Area: 2.808 acres
Frontage: Some 545 feet on N. C. Highway 55, some 300 feet on Carpenter Fire Station Road and 395 feet on Durham & Southern Railroad right of way.
Shape: Irregular
Drainage: Good. Minimal low land
Topography: Gently sloping
Utilities: All available (seller to extend sewer at seller's expense)
Zoning: GC CU (General Commercial Conditional Use) by the Town of Cary
Improvements: None of value at sale
Present Use: Strip shopping center
Highest and Best Use: Commercial
Revenue Stamps: \$2,500.00
Confirmed Asking Price: \$1,250,000, or \$10.22 per square foot
Confirmed by: Glenn Futrell, grantor
Financing: Cash to seller
Condition of Sale: Market
Deed Reference: Deed Book 16453 Page 2289, Wake County Registry
Tax Reference: PIN 0735 74 5188 (also being REID 0340048)
Remarks: None



LAND SALE ADJUSTMENT CHART

Item	Subject	Land Sale Number 1	Land Sale Number 2	Land Sale Number 3
Date of Sale (Appraisal)	10-Jul-18	Under listing	Current contract	12-Jul-16
Location	S side of Tryon Rd, E of Campbell Rd, Swift Creek Twmsp, Wake County NC	S side of Tryon Rd, E of Campbell Rd, Swift Creek Twmsp, Wake County NC	SE corner of Tryon Rd and Campbell Rd, Cary, Wake County NC	SE corner of NC Hwy 55 and Fire Station Carpenter Rd, Cary, Wake County, NC
Grantor	Not applicable	Drake Commercial Properties	Campbell Investment of NC, LLC	Glenn and Joy Futrell
Grantee (Owner)	William S. Mann	not applicable	not applicable	Indus Investments Cary, LLC
Land Area	3.99 acres	3.99 acres	2.116 acres	2.808 acres
Zoning	R-40W by Wake County	R-40W by Wake County	Sale contingent of rezoning to I CU by Cary	GC CU by the Town of Cary
Utilities	All nearby	All nearby	All nearby	All
Access	Good	Good	Good - corner site	Good - corner site
Topography	Gently sloping below the road grade of Tryon Rd	Gently sloping below the road grade of Tryon Rd	Gently sloping Minimal low land	Gently rolling Minimal low land
Other Characteristics	None	None	None	None
Indicated Land Sales Price		\$1,350,000	\$1,200,000	\$1,250,000
Sales Price Per Square Foot		\$ 7.77	\$ 13.02	\$ 10.22
ADJUSTMENTS				
Time		\$ -	\$ -	\$ -
Location		\$ -	\$ (1.30)	\$ (1.02)
Size		\$ -	\$ (0.65)	\$ (0.51)
Topography		\$ -	\$ (1.30)	\$ (1.02)
Sewer		\$ -	\$ (0.65)	\$ (0.51)
Miscellaneous		\$ (0.78)	\$ -	\$ -
Total Adjustments		\$ (0.78)	\$ (3.91)	\$ (3.07)
Indicated Value Per Square Foot		\$ 6.99	\$ 9.11	\$ 7.15

Land Sale Number 1 is the current listing of the subject property. Obviously, no adjustments are necessary to this sale for physical features. However, I should point out that this is a listing and properties are typically listed above the eventual sales price. For this reason, I will make a downward adjustment for the fact that this is a listing and not a sale. The amount of this adjustment is subjective. After this adjustment has been made to Land Sale Number 1, it indicates a value of \$6.99 per square foot to the subject.

Land Sale Number 2 is the current contract to purchase a 2.116 acre parcel adjacent to the subject property. A downward adjustment is necessary to this sale because it is located on a corner, which is preferred over a parcel with a single access in the middle of the block. In addition, a downward adjustment is necessary to this sale for its superior topography. The grade of the subject is well below the grade of Tryon Road. A small downward adjustment is necessary to this sale for the higher cost to extend sewer at the subject. The only other adjustment necessary to this sale is a downward adjustment for the smaller size of this sale. Smaller tracts typically sell for less, on a per acre basis, than do larger tracts. After this adjustment has been made to Land Sale Number 2, it indicates a value of \$9.11 per square foot to the subject property.

Land Sale Number 3 is the July 2016 sale of a 2.8 acre parcel of land on N. C. Highway 55. In spite of the fact that this sale is physically far from the subject, I consider this sale to have a similar location: on a four land divided road in a good, but not great, location for commercial development. A downward adjustment is necessary to this sale for its corner location as well as a downward adjustment for its superior topography. A small downward adjustment is necessary to the cost to extend sewer to the subject. After these adjustments have been made to Land Sale Number 3, it indicates a value of \$7.15 per square foot to the subject.

Before adjustment the prices of these sales ranged from \$7.77 to \$13 per square foot. After adjustment the indicated values range from \$6.99 to 9.11 per square foot.

In spite of that fact that this is only a contract, Land Sale Number 2 is a very good comparable sale. Because it is located on a corner, is smaller and has a superior topography when compared to the subject, this sale would normally represent the upper limit of the expected value of the subject. However, the subject is listed for sale, which are considered the upper limit of value of a property. It is the price that a willing seller would sell. I have adjusted this listing down slightly for the fact that it is a listing and not a sale. The adjusted price, \$6.99 per square foot, gives the best value indication.

After reviewing all of these sales and comparing them to the subject, I have concluded that the market value of the subject property, as of July 10, 2018, is \$7.00 per square foot with the overall value estimated as follows:

3.99 acres times 43,560 sf/acre times \$7.00 per square foot =	\$1,216,631
Rounded	\$1,215,000

ASSUMPTIONS AND LIMITING CONDITIONS:

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

1. The basic limitation of this and any appraisal is that the appraisal is an opinion of value, and is, therefore, not a guarantee that the property will sell at exactly the appraised value. The market price may differ from the market value, depending upon the motivation and knowledge of the buyer and/or seller, and may, therefore, be higher or lower than the market value. The market value, as defined herein, is my opinion of the probable price that is obtainable in a market free of abnormal influences.
2. This appraisal is being made based on the subject having a land area of 3.99 acres excluding public road rights-of-way. I have made no survey of the subject and assume no responsibility for legality of title, which is assumed to be good and marketable. My value estimate is based on the estimated size of 3.99 acres and, would change based on a different land area. **I would recommend a new survey of the property in order to determine the exact acreage.** All existing liens and encumbrances have been disregarded, and the property is appraised as though free and clear under responsible ownership and competent management.
3. Exhibits in this report are included to assist the reader in visualizing the subject property. I assume responsibility for these exhibits only to the extent that they are based upon information which has been supplied to me. I believe this information to be reliable; however, further on-site physical inspections and tests may reveal different information that could cause me to change my opinion of value.
4. I am not aware of any hazardous substances such as polychlorinated biphenyl, petroleum leakage, or agricultural chemicals on the subject property. The value estimated in this report assumes that there are no such substances present on the subject property. I note that I am not experts in such fields and make no claim of technical knowledge with regard to such hazardous substances. If any of these hazards are in fact present on the subject, the value of the subject would be reduced by at least the expense necessary to eliminate any potential hazard. If the client wishes to assess such matters, I urge the client to retain an expert in the field of environmental hazards.
5. I assume that there are no hidden conditions of the subject property such as subsoil conditions which affect the value of the subject property.
6. Based on my inspection of the property as well as pertinent publicly available maps, there are no areas on the subject which are likely subject to floodplain, wetland or stream buffer regulations, which is an assumption for this report. **I recommend an engineering study to determine the accuracy of this conclusion.**
7. Possession of this report does not carry with it the right of publication, nor may it be used for any purpose other than that designated by my client without my previous written consent, and then only with proper qualifications.
8. It is my specific understanding that I am not required to give testimony or to appear in court by reason of this appraisal with reference to the subject property, unless further arrangements acceptable to me are made, regarding compensation for my time.

I, the undersigned, do hereby certify that the information and statements contained in this appraisal, and upon which the appraisal is based, are correct, subject to the limiting conditions hereinbefore set forth.

CERTIFICATION:

July 25, 2018

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent upon the reporting of a pre-determined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with Uniform Standards of Professional Appraisal Practice.
6. I have made a personal inspection of the property that is the subject of this report.
7. No one provided significant professional assistance to the persons signing this report.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review of its duly authorized representatives.
9. I have not appraised the property in the past three years.
10. As of the date of this report, I have completed the continuing education program of the Appraisal Institute.

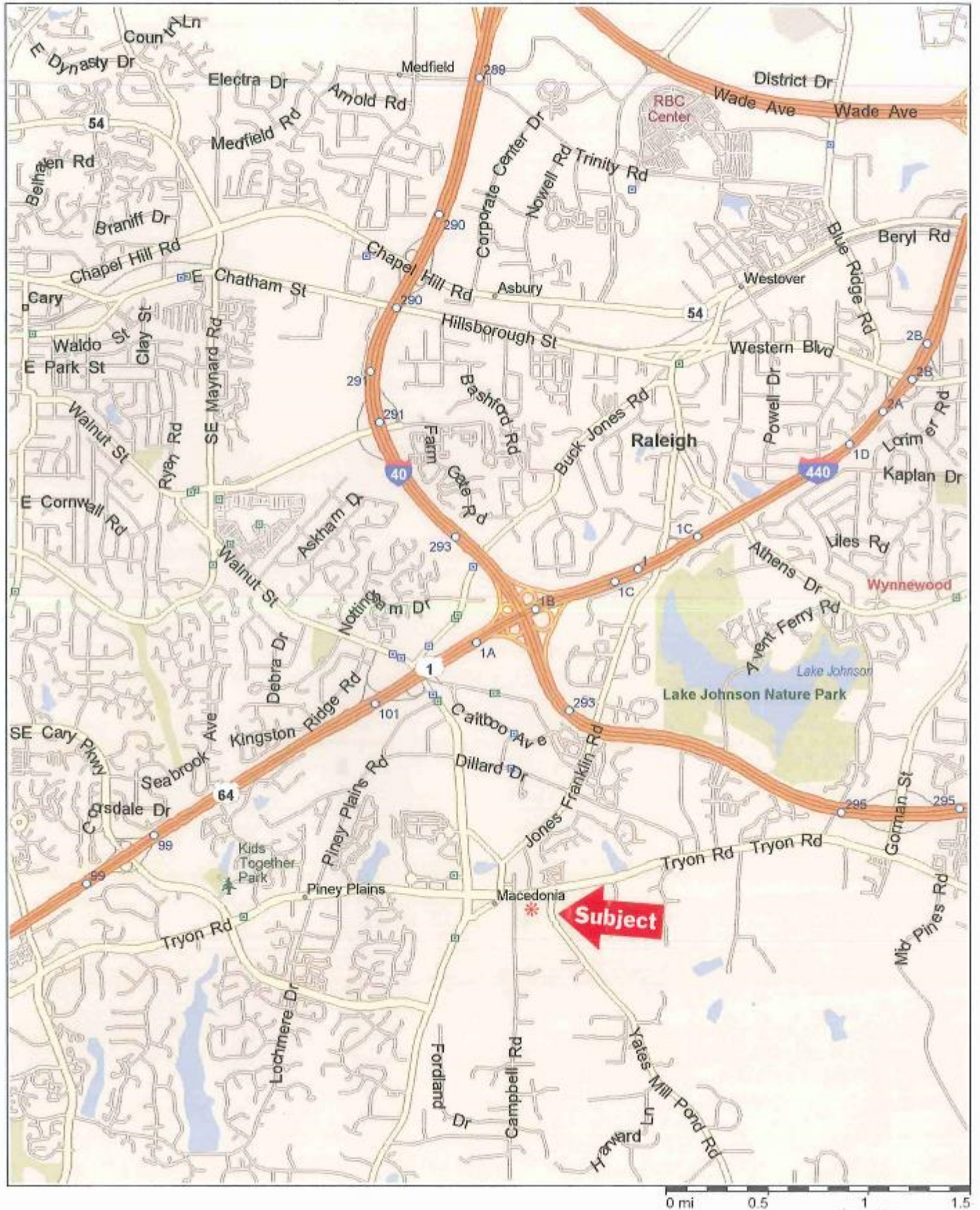
Neither all nor any part of the contents of this appraisal report shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communications without the prior written consent and approval of the undersigned.

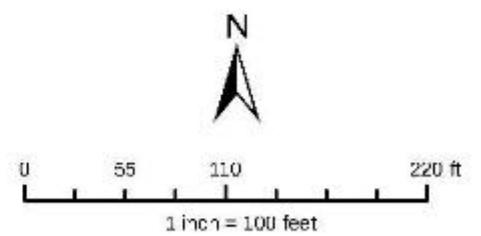
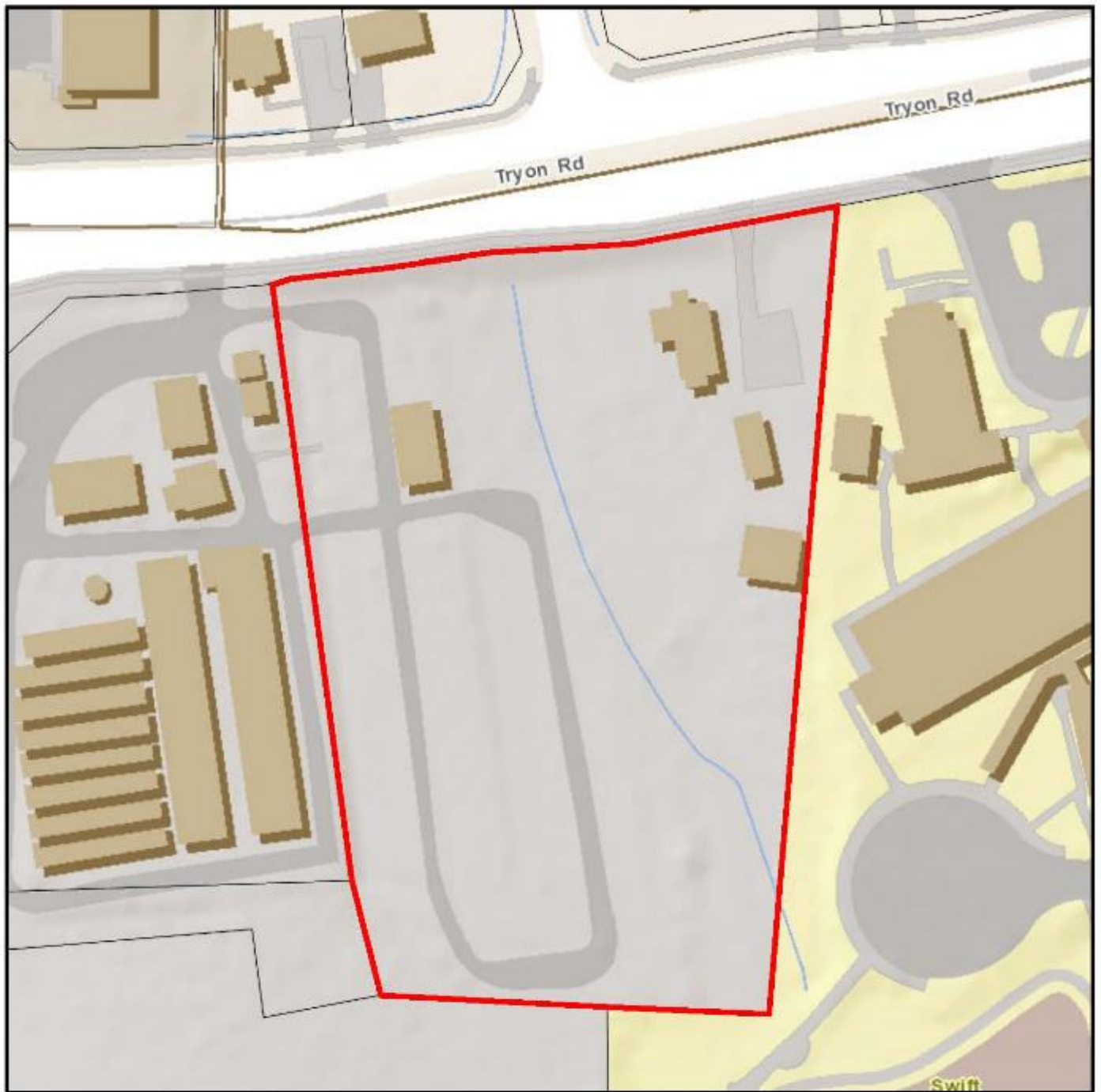
Based upon the information obtained regarding the property, and in the application of my best judgment, along with the use of sound appraisal techniques, it is my opinion that, as of July 10, 2018, the market value of that 3.99 acre tract of land located on the south side of Tryon Road some 200 feet east of Campbell Road in Swift Creek Township, Wake County, North Carolina and owned by William S. Mann is **\$1,215,000**.



Neil C. Gustafson, MAI

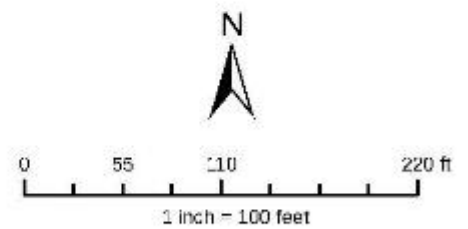
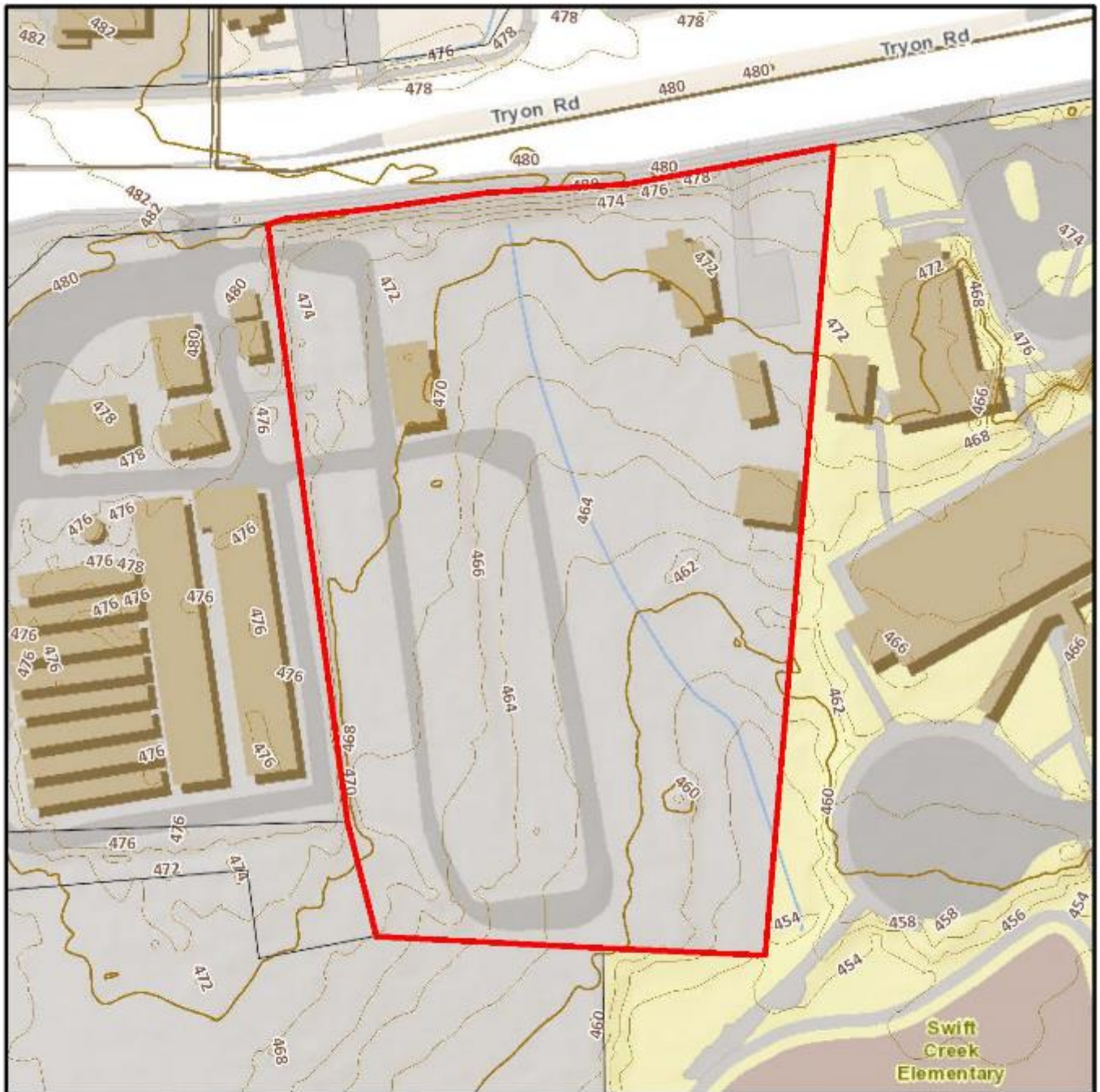
Cary, North Carolina, United States





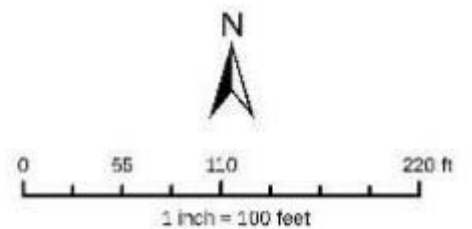
Disclaimer
iMap makes every effort to produce and publish the most current and accurate information possible. However, the maps are produced for information purposes, and are **NOT** surveys. No warranties, expressed or implied, are provided for the data therein, its use or its interpretation.

Exhibit B: Wake County GIS Tax Map



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Exhibit C: Wake County GIS Topographic Map



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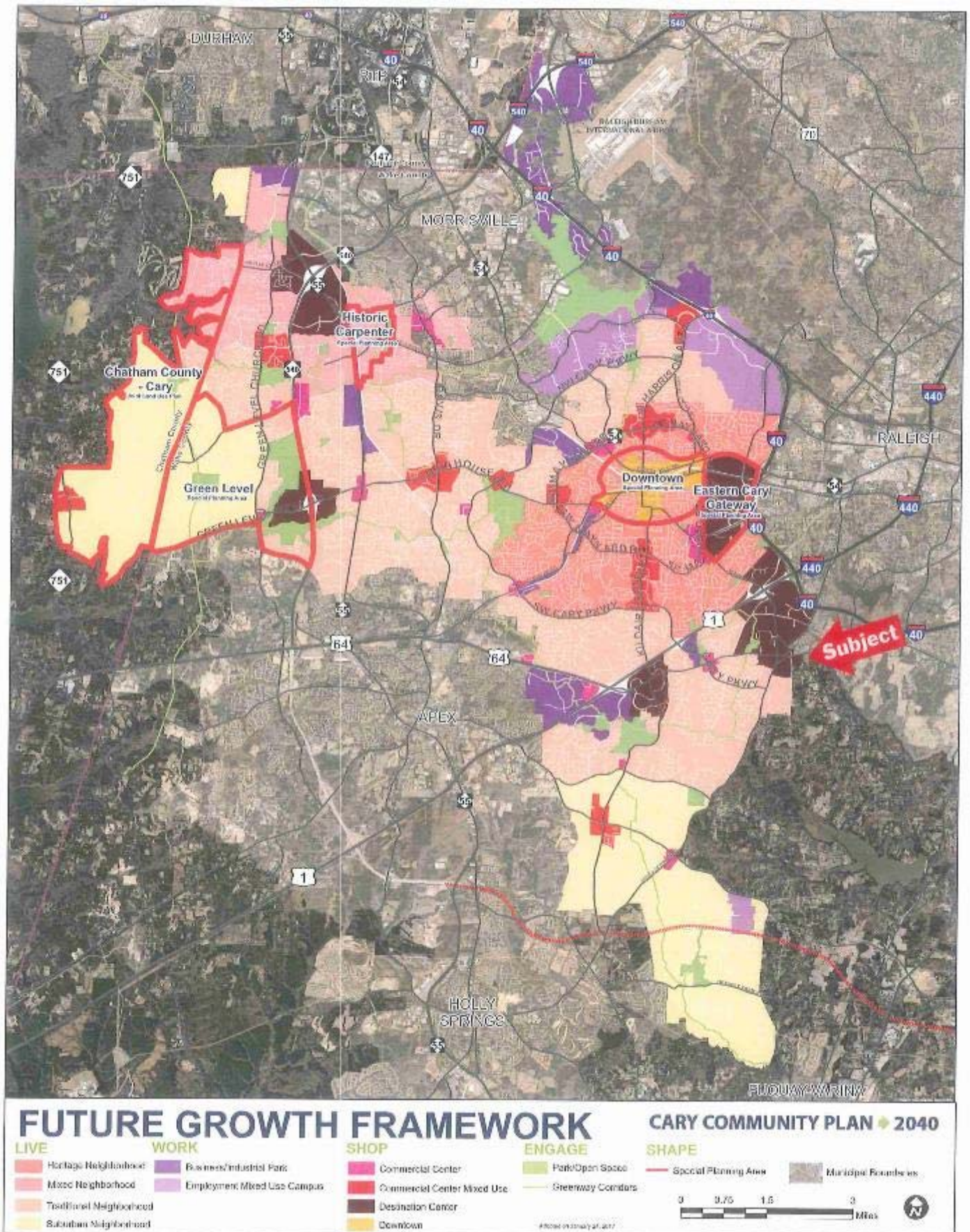


Exhibit D: Wake County GIS Zoning and Future Use Maps
Page 2

Destination Center

Destination

Destination Centers are Cary's premiere mixed use centers that include an integrated mix of commercial (shopping, services), office, and residential uses, arranged in a walkable pattern with an active pedestrian realm where buildings front streets. Destination Centers are intended to contain the greatest development intensities found in Cary, and be regional destinations. As such, they may include unique and special uses, such as a prominent and unique entertainment venue. Uses may be mixed both vertically (within multi-story buildings) and horizontally (adjacent sites) within the center, however by far the greatest emphasis should be on vertical mixing, with ground floor retail, and offices and housing on upper floors. Urban character creates active public spaces. The overall intensity of development in a Commercial Mixed Use Center is less than in a Destination Center, but substantially more than found in Commercial Centers.

Character

- Urban designs frame the street with multi-story buildings and active public spaces.
- In order to achieve the densities needed to create the desired character, a large share of parking needs should be met using structured parking
- Buildings of about three to seven stories predominate
- A well-defined and interconnected street and pedestrian network
- Multiple and central outdoor public gathering spaces create focal points

Predominant Use Types

- Mixed use, high-rise
- Mixed use, mid-rise
- Plaza, open space, park, community open space

- Specialty destination uses, such as a public events venue

Incidental and Other Use Types

- Commercial, small format
- Commercial, medium format
- Commercial, large format (designed for walkable environment)
- Office, mid-rise
- Office, high-rise
- Single family attached, townhome
- Multi-family, small (duplex, triplex, etc.)
- Multi-family, large (apartment and condominium)
- Civic and Institutional

Infill & Redevelopment Opportunities of Existing Destination Center Sites

Create "main street" design; redevelop surface parking to new uses; improve pedestrian and bicycle crossings; connect to the greenway network; widen sidewalks; add bike parking, street trees, outdoor plazas and pocket parks

Preferably designed as part of larger master plan for destination center

New Development Opportunities

Connected medium and short blocks; street trees; design organized around centralized civic/public space; diverse building types; vertically mixed uses; iconic views that terminate inside the development

Relevant Special Planning Areas

Eastern Cary Gateway, Green Level

Appropriate Zoning

- New mixed use destination center zoning district
- Mixed Use Overlay District and Mixed Use District
- Planned Development District

Example Character





Tryon Road frontage



Tryon Road frontage



View of Property from Tryon Road



View of Property from Tryon Road



Typical View of the Property



Typical View of the Property



Typical View of the Property



Typical View of the Property



View of the Dwelling



View of the Dwelling



View of Outbuilding



View of Outbuilding

**QUALIFICATIONS
OF
NEIL C. GUSTAFSON, MAI**

Professional Affiliations

- MAI Designation since 1992, Appraisal Institute (Formerly American Institute of Real Estate Appraisers). Currently Certified under Continuing Educational Program
- State Certified General Real Estate Appraiser (North Carolina) since 1991 (#A391)
- Licensed Real Estate Broker in the State of North Carolina since 1979 (#57817)

Formal Education

- 1973 Graduate of Needham B. Broughton High School, Raleigh, N.C.
- 1977 Graduate of North Carolina State University, Raleigh, N.C.
B. S. Civil Engineering
- 1985 Graduate of Fuqua School of Business, Duke University, Durham, N.C.
Master in Business Administration

Experience

- Principal, Worthy & Wachtel, Inc., 3803-B Computer Drive, Suite 100-A, Raleigh, N.C. 27609, 1985 to present
- Staff Appraiser, Worthy & Wachtel & Associates, 1978 to 1985

**QUALIFICATIONS
OF
NEIL C. GUSTAFSON
PAGE 2**

Partial List Of Clients Assisted In Appraisals For:

Smith Leatherwood, LLP	Kilpatrick & Stockton
Branch Bank & Trust	Bobby Murray Chevrolet
City of Raleigh	State of North Carolina
Poyner & Spruill	United States Postal Service
Smith Anderson Blount & Dorsett	Town of Cary
Research Triangle Foundation	Hatch Little & Bunn

- Types of properties appraised includes office buildings, apartment complexes, shopping centers, tracts of land, commercial and industrial sites, industrial facilities, and commercial buildings.

Civic

- Boy Scout Troop 357 - Highland Methodist Church
Treasurer - Troop Committee 2000-2002
Chairman - Troop Committee 2002 to 2008
- Needham B. Broughton Parent Teacher Student Association
Treasurer Elect 2004-05
Treasurer 2005-06
- LeRoy Martin Middle School Parents Teacher Association
Treasurer, 2001-02, 2002-03
- E. C. Brooks Elementary School Parents Teacher Association
President, 1997-98
Executive Board 1995-96, 1996-97, 1997-98, 1998-99, 1999-2000
- Bible Study Fellowship 1998-present
Children's Leader 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08,
2008-09, 2009-10, 2010-2011, 2011-12, 2012-13, 2013-14, 2014-15, 2015-
16, 2016-17, 2017-18

Personal

- Born May 15, 1955 in Raleigh, North Carolina
- Married Sharon Ayers Wilson on August 24, 1985, three children