

ENHANCEMENT APPRAISAL REPORT

As a Result Of

Adding 5.76 Acres of Vacant Land to

That Certain 111.39 Acres of Land and Improvements

Located

On the South Side of Humie Olive Road
At its Intersection with Whistling Quail Run
In Apex, Wake County, North Carolina

OWNED BY

Wake County Board of Education

INTEREST VALUED

Fee Simple Interest

PREPARED BY

Neil C. Gustafson, MAI

EFFECTIVE DATE OF VALUATION

May 12, 2020

DATE OF THE REPORT

May 29, 2020



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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Effective Date of Appraisal: May 12, 2020 (the date of my inspection of the property)

Owner: Wake County Board of Education

Owners of Adjoining Property: 1071 Classic Road, LLC, 3 Boys Capital, LLC and G. H. Harris heirs.

Location: Located on the south side of Humie Olive Road at its intersection with Whistling Quail Run in the Town of Apex, in Wake County, N.C. Reference is made to Exhibit A, entitled "Area Map."

Land Area: 111.94 acres based on Wake County Tax Department records (shown in RED on see attached Exhibit B)

Land Area of Adjoining Property: 5.76 acres of vacant land (shown in yellow on Exhibit B)

General Characteristics: The subject is a gentry rolling tract of land improved with two public schools with land suitable for an additional school. Reference is made to Exhibit C for a topographic map of the subject. Public utilities are nearby.

Improvements: Two public schools described later in this report

Zoning: Rural Residential by the Town of Apex

Zoning of Adjoining Land: PUD-CZ by the Town of Apex

Tax References: PIN 0720 69 5801 (also being REID 0343098)

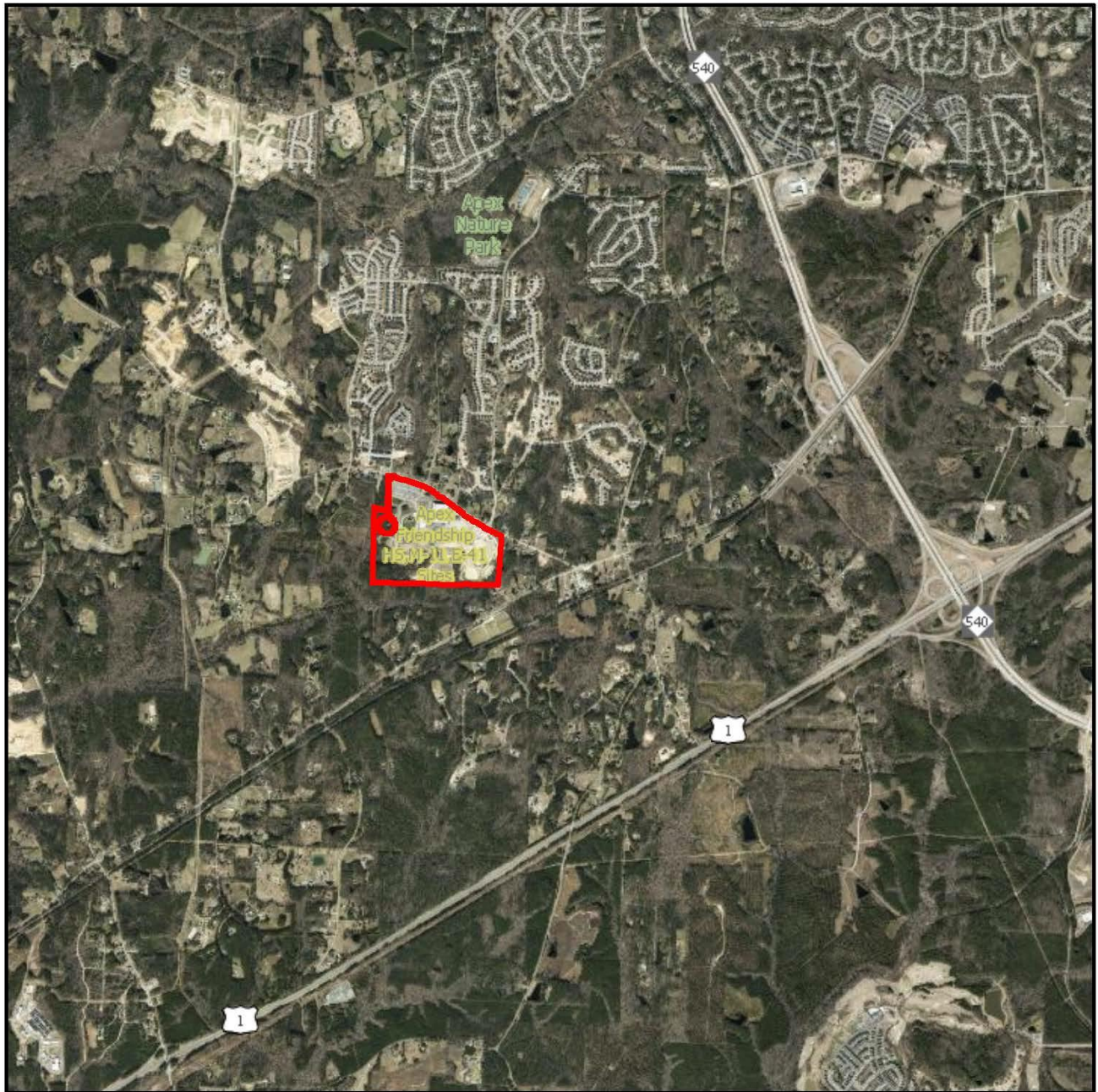
Tax References of Adjoining Land: A portion of PINs 0720 49 6990 (also being REID 0059857), 0720 49 3535 (also being REID 0310487) and 0720 59 0123 (also being REID 0252735)

Highest and Best Use: Continued use as two schools with additional land for a third school.

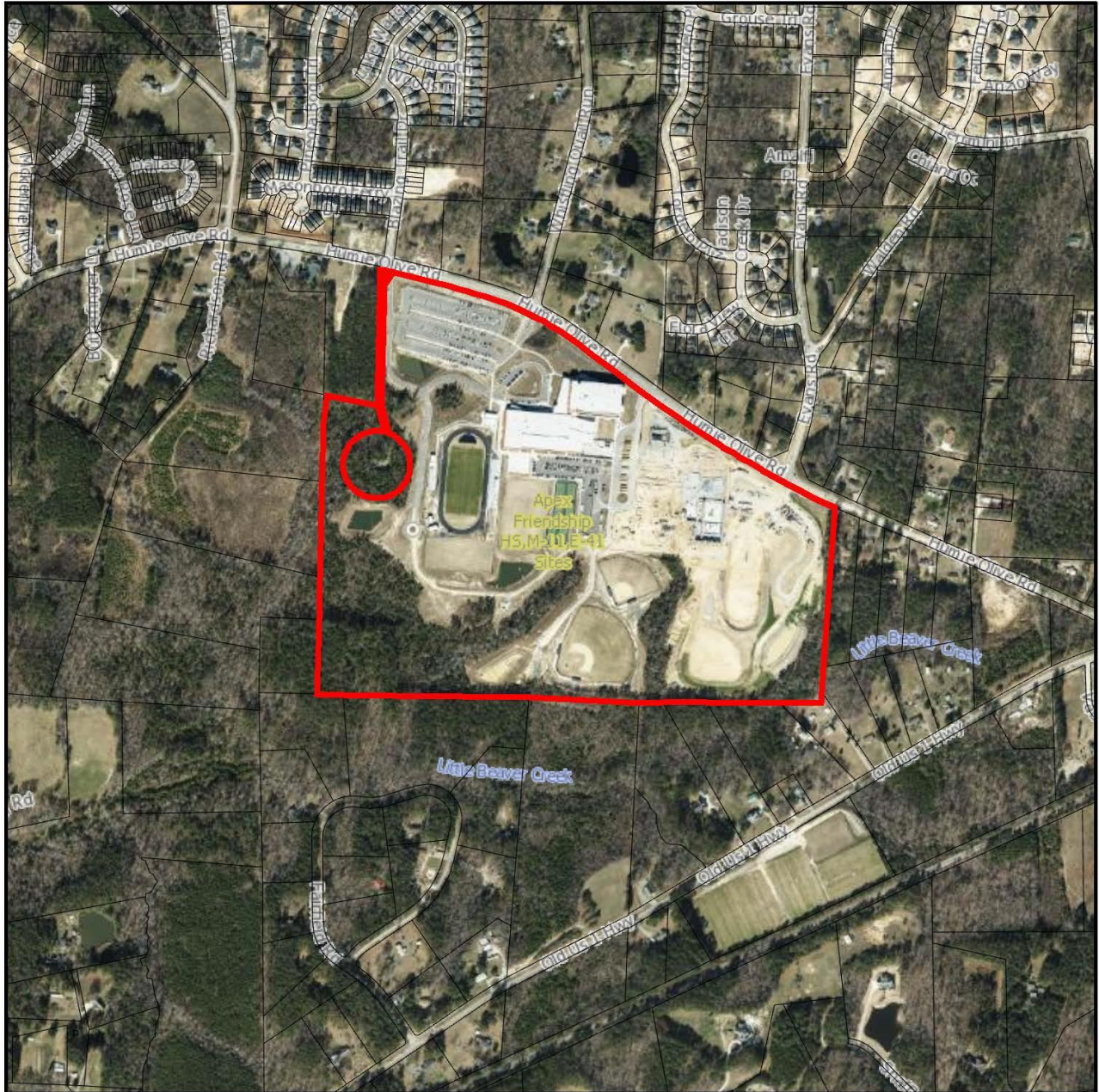
Market Value Before Enhancement: \$12,253,000 + IV (IV represents the improvement value)

Market Value After Enhancement: \$12,887,000 + IV

Enhancement: **\$634,000**



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-Facilities Building
111 Corning Road, Ste. 100
Cary, North Carolina 27518

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

Subject Property: That certain 111.39 acres of land improved with two schools located at the south side of Humie Olive Road at its intersection with Whistling Quail Run in the Town of Apex, Wake County, North Carolina (herein referred to as the “subject” or “subject property”). The subject is to be assembled with three parcels (‘adjacent property’), containing a total of a 5.76 acres, located along the subject property’s western property line. Reference is made to Exhibit A entitled, "Area Map" for a map showing the approximate location of the subject.

Ownership: Wake County Board of Education (also sometimes hereinafter referred to WCBOE).

Purpose and Intended Use of the Appraisal: The purpose of this appraisal is to estimate the enhancement as a result of adding 5.76 acres of vacant land to 111.39 acres of land and improvements owned by WCBOE located on the south side of Humie Olive Road at its intersection with Whistling Quail Run in Apex, North Carolina. The intended use of this report is to aid the WCBOE in establishing a value for the purchase of this adjacent property.

Interest Valued: This is an appraisal of the market value of the fee simple interest in the subject property subject to easements of record. The fee simple interest 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.

Definition of Enhancement: For this report, I will define enhancement as the improvement to a property by adding additional property rights. The difference between the value of the subject and the value of the subject including the additional rights is the measure of the enhancement.

Definition of Market Value: As defined in, The Appraisal of Real Estate, 14th Edition, market value is “The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”

Effective Date of the Appraisal: The appraiser inspected the subject property on May 12, 2020 which will serve as the effective date of this appraisal.

Existing Use of the Property: The subject is currently improved with two public schools with additional land planned for a third school.

Extent of Research and Type of Analyses Used: Estimating the market value of real property involves a process of defining the valuation problem; inspecting the subject property and collecting information on the subject, the area, and like properties; researching, confirming and analyzing recent sales transactions involving improved and unimproved properties that are comparable to the property under appraisal; and reconciling the indicated values from the analysis into a final conclusion of market value.

The proposed action by the WCBOE consists of the possible acquisition of an adjacent 5.76 acres. I will first estimate the market value of the subject property (111.39 acres and improvements). This will be the before value. I will then estimate the market value of the 117.15 acres (the subject property plus the adjacent 5.76 acres) and improvements. This will be the after value. The difference between these two values will be the measure of the 'enhancement,' or the value these adjacent property adds to the subject property.

The subject property is improved with two schools. Clearly these improvements contribute to the highest and best use, as improved, in both before and after values. Because the value these improvements contribute are the same in both the before and after values, they will not impact the measure of the enhancement. For this reason, rather than trying to estimate the market value of these improvements, I will merely call the value of these improvements "TV" (improvement value) in both the before and after values.

General 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 property having a land area of 111.39 acres. The date of this appraisal is May 12, 2020 which is the date of my inspection. I have made no survey of the subject and assume no responsibility for such matters. I also assume no responsibility for legality of title, which is assumed to be good and marketable. 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. I am not aware of any uncontrolled hazardous substances such as polychlorinated biphenyls, petroleum leakage, agricultural chemicals, asbestos, or unacceptable levels of radon gas either in the subject building, or on the subject property. I am not experts in such fields and make no claim of technical knowledge with regard to such hazardous substances. The value estimate in this report assumes that there are no such substances present on the subject property. 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, and the income lost, if any, during this elimination. If the client wishes to assess such matters, I would urge the client to retain an expert in the field of environmental hazards.
4. I assume that there are no hidden conditions of the subject property such as structural defects that affect the value of the subject property.
5. 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 that has been supplied to us.
6. 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.
7. 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 properties, unless further arrangements acceptable to me are made, regarding compensation for my time.

For properties subject to eminent domain procedures, assumptions are made regarding both the before and after valuation conditions. In the valuation analysis, the appraiser consider data assuming that there is no street project either proposed or underway.

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

DESCRIPTION OF THE REAL ESTATE APPRAISED

Legal Description and Ownership History:

According to Wake County Tax Department records, Wake County Board of Education acquired the majority of the subject property (108.456 acres) from Apex Olive, LLC by a deed recorded on May 13, 2011 in Deed Book 14349 Page 58. Revenue stamps on this deed indicated a price of \$4,193,500. Apex Olive, LLC acquired this property and another property from William G. Hendrix and others on April 28, 2006 by a deed recorded in Deed Book 11930 Page 849. Revenue stamps indicated a price of \$4,113,500. William G. Hendrix and others acquired this property, along with other properties, from Boise Cascade Corporation by a deed recorded on March 22, 1979 in Deed Book 2715 Page 382. A deed of correction of this deed was recorded on April 10, 1979 in Deed Book 2720 Page 496. The Wake County Board of Education also acquired a small (3.919 acre) portion of the subject from Missionary Ministry of Greater Christian Chapel Church,

by two deeds recorded on June 21, 2012 in Deed Book 14811 Pages 2128 and 2133. A survey of the subject property was recorded on August 24, 2015 in Book of Map 2015 Page 1373. A copy of the recorded survey is included in the addendum of this report as Exhibit B page 1. All of these instruments are recorded in the Wake County Registry.

City and County 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.

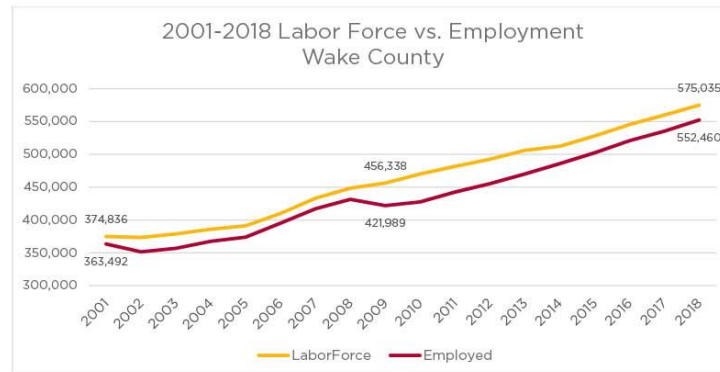
The healthy economy draws people to the Triangle and provides employment for local residents. Accordingly, population in the six county metropolitan statistical area has grown considerably since 1970:

<u>Population Trends</u>		
<u>Year</u>	<u>Population</u>	<u>%Change</u>
1970	537,365	N/A
1980	664,788	24%
1990	858,485	29%
2000	1,187,941	38%
2010	1,595,383	34%

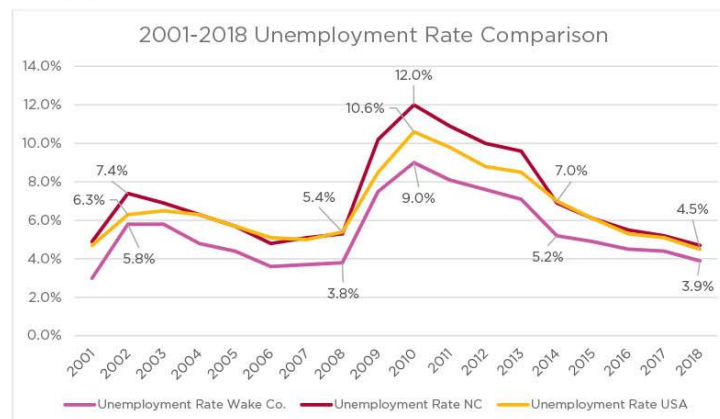
Source: U.S. Census Bureau

Employment levels have also grown steadily of the past decade. The following charts FROM THE Raleigh Chamber of Commerce show the increase in employment, the unemployment rate for the past years as well as the 2018 job types. The seasonally adjusted unemployment rate for the Raleigh-Cary MSA was about 3.8% in August 2019 compared to the state's overall rate of about 4.2% while the national average is 3.7%. As a result of the pandemic, I expect all of these rates to increase significantly in the coming reports.

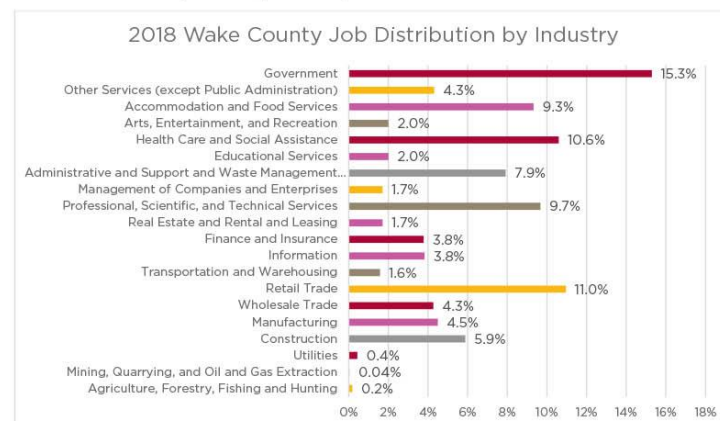
Labor Force & Employment:



Unemployment Rate:



2018 Wake County Jobs by Industry



Like the rest of the country, the Triangle was experiencing strong growth until it was interrupted by the COVID-19 pandemic. Unemployment has skyrocketed. While I expect employment rates to drop rapidly after the pandemic fears subside, I believe it will be years before the national economy fully recovers. Likewise, while the Triangle economy typically recovers more rapidly than the nation as a whole, it will likely take some time for this market to fully recover.

Neighborhood Description:

Neighborhood use is defined by the *Dictionary of Real Estate Appraisal*, second edition, as "a group of complementary land uses." The neighborhood is typically bounded by either natural or man-made barriers, although they may also be defined by changes in land uses. The subject neighborhood consists of that land along or near Humie Olive Road between Old US 1 and Ragan Road in southern Apex. Public utilities were introduced into this area a decade or so ago. With the introduction of public utilities has come an increase in residential development. Subdivisions built since 2014 include McKenzie Ridge (2017), Friendship Station (2019), Madison (2016), Parkside @ Bella Casa (2014), Manors @ Bella Casa (2018), Traditions @ Bella Casa (2012), Siena @ Bella Casa (2016) and Verona @ Bella Casa (2016).

In spite of the pandemic induced depression, the Triangle residential real estate market has not seemed to be affected. This is probably due to the low interest rates. Still, the adverse impact on jobs will eventually be felt. However, I believe this impact will be relatively short term so I expect the Triangle real estate market to remain strong for the foreseeable future.

Site Characteristics:

The subject property is a 111.39 acre tract of land well located on the south side of Humie Olive Road at its intersection with Whistling Quail Run in Apex. The subject has excellent exposure and frontage on Humie Olive Road, a paved road (varying from two to four lanes in front of the subject) mostly without curb and gutter. There is a sidewalk along the subject's Humie Olive Road frontage. The subject has a typical gently rolling topography with some areas likely subject to stream buffer regulations. While the topography offers some development constraints, it is not unusual for a tract of this size. All Apex public utilities are immediately available. Reference is made to Exhibit A for a map showing the general location, to Exhibit B for a tax map, Exhibit C for a topographic map and to Exhibit E for photographs of the subject property.

Description of the Improvements:

The subject property is currently improved with two Wake County public schools. Apex Friendship high school is a 310,879 square feet of buildings built in 2015 with a capacity of 2,241 students (2,615 students attended Apex Friendship high school in the 2019-20 school year). This high school has typical site improvements (parking, traffic handling improvements, a football stadium with track, ball fields, etc.). It also has six modular classrooms to handle the excess student capacity. Apex Friendship middle school contains 235,947 square feet of buildings built in 2018 with a capacity of 1,040 students (1,137 students attended Apex Friendship middle school in the 2019-20 school year). This middle school has typical school site improvements including parking, traffic handling improvements, and athletic fields. Reference is made to Exhibit E for photographs of the improvements on the subject property.

As discussed earlier in this report, the value of these improvements are the same before and after the enhancement. For this reason, rather than estimating the value of these improvements, I will include a value of IV in the before and after values. Because the values ‘cancel themselves out,’ they do not impact the measurement of the enhancement of the subject property.

Zoning:

The subject property is zoned Rural Residential by the Town of Apex. According to section 3.3. of the Apex Unified development ordinance (or UDO), “*RR Rural Residential District The purpose and intent of the RR Rural Residential District is to provide for lower density rural and residential development while accommodating smaller lot sizes than the RA Residential Agricultural District. Single family homes in the Rural Residential (RR) District shall have an average lot size of 1 acre or greater per residential development.* Permitted uses in the RR classification include single family houses, schools (public and private), government buildings, farms, parks and cemeteries. Other uses permitted with a special use permit include day care facilities, group homes, nursing homes, assembly halls, cell towers and kennels. For a complete list of permitted uses, reference is made to section 4.2 of the Apex UDO. Reference is made to Exhibit D for a map showing the zoning of the subject as well as the surrounding properties.

The Apex 2045 Land Use Plan (Apex’s long term plan) calls for the subject to a school site.

Clearly, the current zoning and long term plan anticipate the subject being used for the existing use as a public school. The surrounding property is zoned (and planned) for residential development. For this reason, if the subject were vacant, I believe that the subject could be rezoned to permit higher density residential development.

Ad Valorem Taxes:

The property is identified as being Wake County Parcel Identification Number (PIN) 0720 69 5801 (also REID 0343098). The 2020 tax value values are shown below.

<i>PIN 0720 69 5801</i>	
Land	\$ 6,800,195
Buildings	<u>\$57,245,168</u>
Total Tax Assessed Value	<u>\$64,045,363</u>

The 2020 combined tax rate by Wake County and the town of Apex has not been announced. For this report, I will use the 2019 tax rate of \$0.011357 of tax assessed value, which includes the Wake County rate of \$0.007207 and Apex tax rate of \$0.004150. Applying this combined tax rate, the 2020 taxes are estimated as follows:

2020 Total Tax Assessed Value	\$64,045,363
2019 Combined Tax Rate	\$0.011357
Estimated 2020 Ad Valorem Taxes	\$727,363

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 is currently undergoing reassessment (as of January 2020). The current property owner is not required to pay property taxes. For this reason, they have no incentive to appeal the tax assessed value. While the tax assessed value may or may not approximate the actual property value, there is little reason to consider the tax assessed value of the subject property to approximate market value.

Public and Private Restrictions:

Allowing for easements cited in the deed, none of which are considered to be onerous, there are no known restrictions that would have an impact on the value of the subject.

APPRAISER'S OPINION OF THE HIGHEST AND BEST USE BEFORE ENHANCEMENT

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 that will alter the property's development potential.

Legally Permissible: The highest and best use must be a use that is legally allowable. Private restrictions, zoning, building codes, historic district controls, 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.

For improved properties, a distinction must be made between highest and best use as though vacant and as though improved. The former identifies the use of the site as though vacant that would produce the highest present land value. The latter takes into account the presence of the existing improvements. The determination must be made whether the existing improvements should be maintained as is, expanded, renovated, or partially or totally demolished in favor of a different use altogether.

Highest and Best Use – As Vacant

The subject property is a 111.39 acre tract of land located on Humie Olive Road at its intersection with Whistling Quail Run in Apex. It has excellent frontage and access on Humie Olive Road and all public utilities are immediately available. The subject has a gently rolling topography. The development of the subject is only physically limited by its size and shape.

The subject property is zoned Rural Residential by the Town of Apex. This classification permits low density residential development as well and institutional uses (government buildings, churches and schools). However, given the surrounding development, I believe the subject could be rezoned for residential development to a higher density than is currently allowed.

The property is well located for residential development. While institutional uses (schools, churches, etc.) would also be feasible, demand for residential land for development would likely be the strongest.

Given the physical characteristics of the subject site and the current condition of the area real estate market, the highest and best use of the subject site, that is the subject property assumed vacant, is for residential development. Of all of the physically possible, legally permitted and financially feasible uses, residential development maximizes the land value.

Highest and Best Use – As Improved

The subject property is a 111.39 acre tract of land improved with two schools with additional land for a third school. The improvements are in excellent condition and are certainly physically capable for use as schools. Some 15 acres of surplus land is also available which would allow for the development of an additional school.

The subject conforms with all of the governmental restrictions. Again, based on the zoning a third school is allowed, although limited in size by the size of the surplus land.

Continued use of the property for school purposes is obviously the most feasible use of the subject, as improved. The surplus land also provides for future school development on this site.

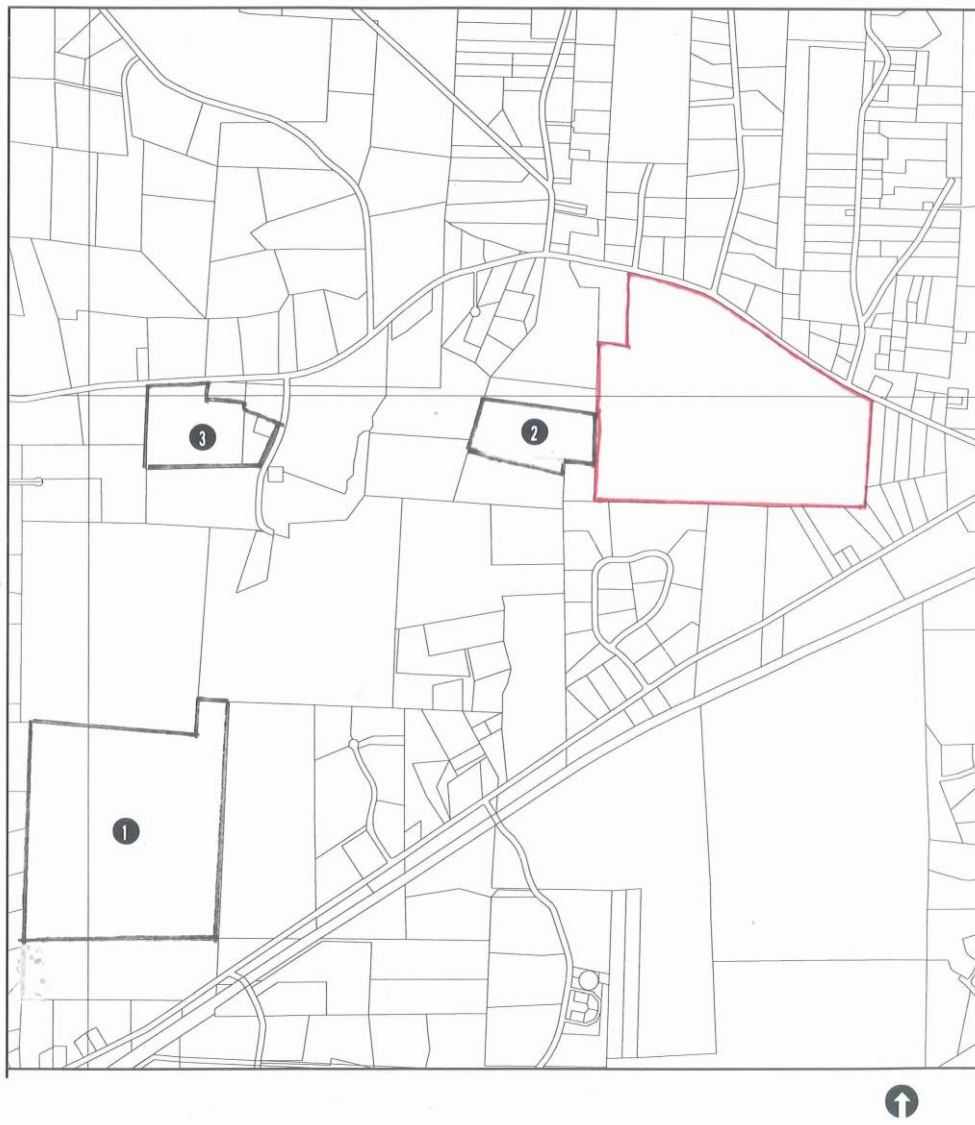
Given the current market conditions, continued use of the existing improvements for a school with the surplus land to be developed for a third school is the highest and best use for the subject property, as improved. Of all of the physically possible, legally permitted and financially feasible uses, this use will maximize the value of the subject property.

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 there are no improvements of marketable value on the subject property, I have employed the sales comparison approach to value for comparable land sales to determine the fee simple interest of the property, again, with the assumption that the site can be developed on its own attributes.

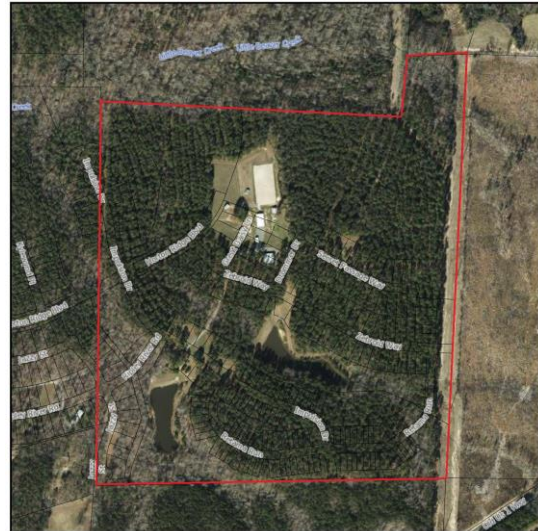
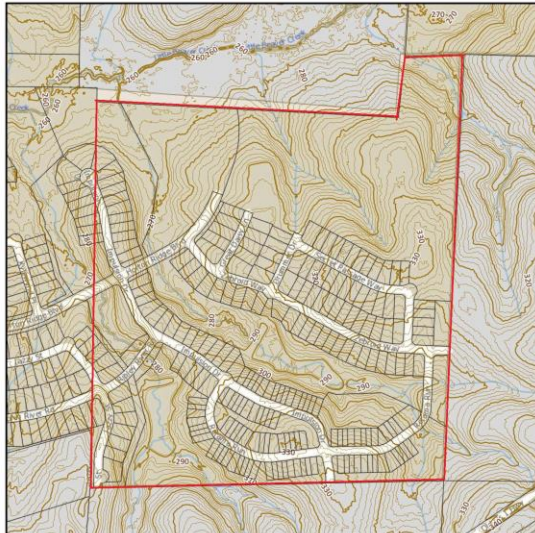
SALES COMPARISON APPROACH TO LAND VALUE:

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 of similar tracts of land. In estimating the land value of the subject property, I have included three land sales which help give an indication of the value of the subject property. All sold in 2017, which is older than I would like but more recent sales are sales of entitled properties; that is, sales of land that already have all necessary governmental approvals. Two are significantly smaller but are located in close physical proximity to the subject. A summary of information are included on the following pages as well as a map showing their location which is shown below. These land sales have been compared to the subject property noticing differences, such as the time between the date of sale and the date of this appraisal, size, access and topography, between these sales and the subject property. I have discussed these differences following the information about these sales.



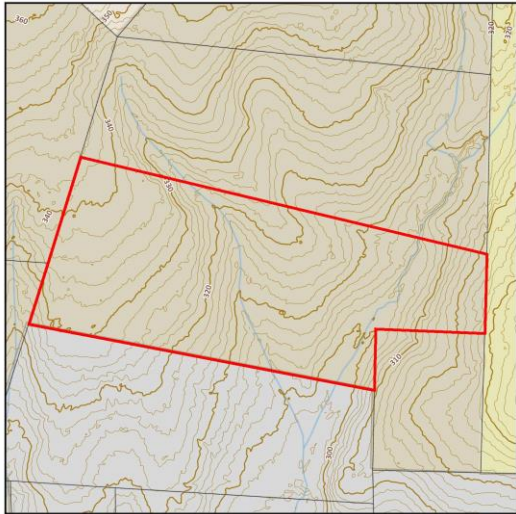
Land Sale Number 1

Date of Sale: May 25, 2017
Grantor: David G. Bristol and Susan M. Bristol
Grantee: Pulte Home Company, LLC
Location: Off the north side of Old U. S. Highway 1 east of New Hill Olive Chapel Road in Apex, Wake County, NC
Land Area: 100.56 acres
Frontage: Excellent frontage and success as part on a proposed subdivision
Shape: Irregular
Drainage: Good, typical low land.
Topography: Gently rolling
Utilities: All public utilities are available
Zoning: PUD by Apex
Improvements: None at sale
Present Use: Residential subdivision
Highest and Best Use: Residential development
Revenue Stamps: \$25,841.00
Confirmed Asking Price: \$12,920,500, or \$128,485 per acre
Confirmed by: Stamps
Financing: Cash to seller
Condition of Sale: Market
Deed Reference: Deed Book 16792 Page 2444, Wake County Registry
Tax Reference: PIN 0720 05 6812
Remarks: Part of a larger assemblage



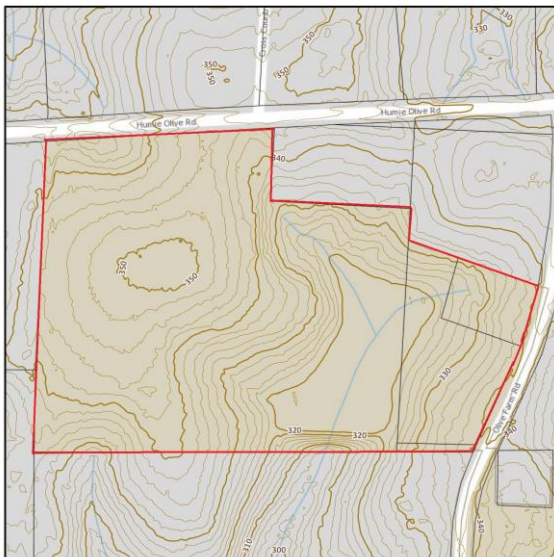
Land Sale Number 2

Date of Sale: December 15, 2017
Grantor: Donald F. Richardson
Grantee: 3 Boys Capital, LLC
Location: Off the south side of Humie Olive Road south of the southern end of Richardson Road in Apex, Wake County, NC
Land Area: 12.8 acres
Frontage: None. Access on a private access and utility easement.
Shape: Irregular
Drainage: Good. Small creek along the eastern property line.
Topography: Gently rolling, some low areas
Utilities: All public utilities are nearby
Zoning: PUD by the Town of Apex
Improvements: None
Present Use: Vacant
Highest and Best Use: Residential development
Revenue Stamps: \$2,176.00
Confirmed Asking Price: \$1,088,000, or \$85,000 per acre
Confirmed by: Brad Zadell, with grantee
Financing: Cash to seller
Condition of Sale: Market
Deed Reference: Deed Book 16998 Page 80, Wake County Registry
Tax Reference: REID 00310487
Remarks: Purchased as part of an assemblage



Land Sale Number 3

Date of Sale: August 18, 2017
Grantor: Robert and Mildred Kelly
Grantee: Town of Apex
Location: On the south side of Humie Olive Road just west of its intersection with Olive Farm Road in Apex, Wake County, NC
Land Area: 21.73 acres
Frontage: Some 619 feet on Humie Olive Road and some 460 feet on Olive Farm Road.
Shape: Irregular
Drainage: Good, attractive pond on the property
Topography: Gently rolling
Utilities: All public utilities are nearby
Zoning: Thoroughfare Conditional Use by the City of Raleigh
Improvements: Dwelling of no long term value
Present Use: Vacant (dwelling being leased until the property is developed)
Highest and Best Use: Residential development
Revenue Stamps: \$4,500 (\$1,545 + \$2,960)
Confirmed Asking Price: \$2,252,500, or \$103,659 per acre
Confirmed by: Drew Havens, town manager
Financing: Cash to seller
Condition of Sale: Market
Deed Reference: Deed Book 16881 Pages 553 and 556, Wake County Registry
Tax Reference: REIDs 0038803, 0038802, 0448650 and 0448649
Remarks: Purchased by the Town at a market price for future park use.



Land Sale Number 1 is the 2017 sale of a 100 acre tract of land located just west of the subject. This property sold in 2017 so an upward adjustment is necessary for the increasing value of land since that time. While it does not have access, it is part of a larger assemblage with access so no adjustment is necessary for the lack of access. This sale gives a good indication of the value of the subject property.

Land Sale Number 2 is the 2017 of a 12.8 acre tract adjacent to the subject's western property line. This property sold in 2017 so, again, an upward adjustment is necessary for time. While it was landlocked, it again was part of an assemblage so no adjustment was necessary for access. The property is much smaller so a downward adjustment is necessary for size. Smaller tracts typically sell for more, on a per acre basis, than larger tracts.

Finally, Land Sale Number 3 is the 2017 sale of a 21.73 Acre tract of land to the Town of Apex for a future park. I like this sale because, like the subject, it is to be used for institutional purposes. An upward adjustment is necessary for time and a downward adjustment is necessary for size.

There have been a number of smaller sales to end users north of the subject. These entitled sites were all smaller and sold for over \$125,000 per acre for a variety of residential uses. I did not use these sales because entitled tracts typically for significantly more, on a per acre basis, than do tracts that are not entitled.

After reviewing these sales and comparing them to the subject property, I have concluded that, as of May 12, 2020, the land value of the subject site is \$110,000 per acre with the overall value estimated as follows:

111.39 acres times 100,000 per acre =	\$12,252,900
Rounded	\$12,253,000

VALUE OF THE IMPROVEMENTS BEFORE THE ENHANCEMENT:

As described earlier in this report, the improvements on the subject property clearly contribute value to the overall subject property. However because the value of the improvements does not change as a result of the enhancement, I will use "IV" as the value of the improvements both before and after the enhancement.

OVERALL VALUE BEFORE THE ENHANCEMENT:

Land Value	\$12,253,000
Improvement Value	IV
Total Value Before the Enhancement	\$12,253,000 + IV

DESCRIPTION OF THE ADJACENT PROPERTY:

According to the WCBOE, three parcels of vacant land, containing 5.762 acres (rounded to 5.76 acres) are adjacent to the subject's western property line. Two parcels are actually part of two larger parcels and the third is a landlocked parcel. Together they have a roughly rectangular shape. While the two larger parcels have access by way of a 30 foot wide easement, this adjacent property has no access. Public utilities are not immediately available but are located nearby. Reference is made to Exhibit B which shows the adjacent property (outlined in yellow).

This adjacent property has a gently rolling topography with a small creek which runs north/south thru the adjacent property. This creek will likely be subject to stream buffer regulations.

The zoning of these adjacent property is PUD. This allows residential development. This zoning also permits the development of schools.

Reference is again made to Exhibits B, C and D for maps showing the size, shape, topography and zoning of the adjacent 5.76 acres (marked in yellow on these attached exhibits).

DESCRIPTION OF THE ASSEMBLED PROPERTY:

With the exception of its larger land area, the 117.15 acre assembled property (that is the 111.39 acre subject property plus the 5.76 adjacent property) has the same features after the enhancement as before the enhancement. It has good frontage and access on Humie Olive Road. The topography remains the same. Public utilities are immediately available to the larger site. The adjacent property is zoned PUD which permits residential development while the subject property remains zoned rural residential.

HIGHEST AND BEST USE AFTER ENHANCEMENT:

As Vacant

This assembled site, that is the assembled property as though vacant, is well located in an area of residential development. It has excellent frontage and access and has a usable shape. The topography is typical of a larger tract of land with a rolling topography with some low areas. All public utilities are immediately available. The assembled site is limited only by its size.

While a larger portion of the assembled site is zoned Rural Residential, I believe the entire property could be rezoned to permit a wide variety of residential uses.

Feasible uses of the assembled site include not only a wide variety of residential uses but also institutional uses like a school of church.

It is my opinion that the highest and best use of the assembled site remains as it was in the before value, which is for residential development.

As Improved

Physically the assembled property is suitable for its continued use a two schools with additional land for a third school. Given the additional land, the third school could be larger than before the assemblage.

Again, the existing improvements conform to all existing governmental regulations.

Obviously, continued use of the assembled property for two schools with additional land for a third school is most feasible.

It is my opinion that the highest and best use of the assembled property remains as it was before the enhancement, which is for two schools with an additional site for a third school.

LAND VALUE BY COMPARISON AFTER ENHANCEMENT:

Because the assembled property is the same in almost any way from before the enhancement, the per acre price remains the same. While the assembled property is slightly larger, it is not significant enough to justify an adjustment. Therefore, as of May 12, 2020, my estimate of the assemble site is estimated as follows:

117.15 acres times \$110,000 per acre =	\$12,886,500
Rounded	\$12,887,000

VALUE OF THE IMPROVEMENTS AFTER THE ENHANCEMENT:

As described previously, I will use IV as the value of the improvements after the enhancement.

OVERALL VALUE AFTER THE ENHANCEMENT:

Land Value	\$12,887,000
Improvement Value	IV
Total Value After the Enhancement	\$12,887,000 + IV

ENHANCEMENT:

After Enhancement Value	\$12,887,000 + IV
Less: Before Enhancement Value	<u>\$12,253,000 + IV</u>
Difference (Or Enhancement)	\$634,000

Based on the preceding analysis, as of May 12, 2020, the enhancement created by the assembly of 5.76 acres of adjacent land to that certain 111.39 acres of land and improvements owned by Wake County Board of Education located on the south side of Humie Olive Road at its intersection with Whistling Quail Run in Apex, North Carolina is **\$634,000**.

CERTIFICATION:**May 29, 2020**

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.

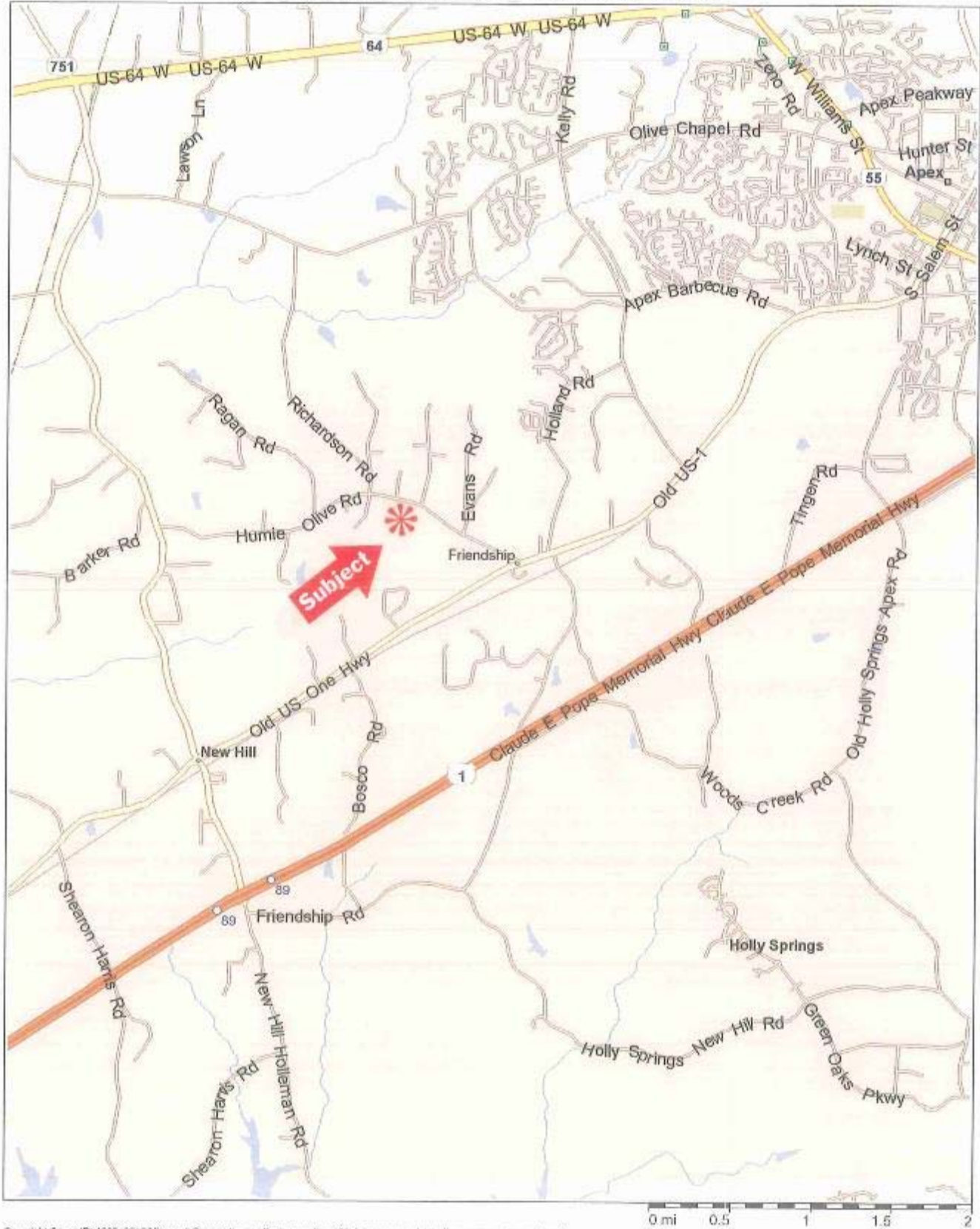
Neither all nor any part of the contents of this appraisal report shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communications without the prior written consent and approval of the undersigned.

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 May 12, 2020, the enhancement created by the assembly of 5.76 acres of adjacent land to that certain 111.39 acres of land and improvements owned by Wake County Board of Education located on the south side of Humie Olive Road at its intersection with Whistling Quail Run in Apex, North Carolina is **\$634,000.**



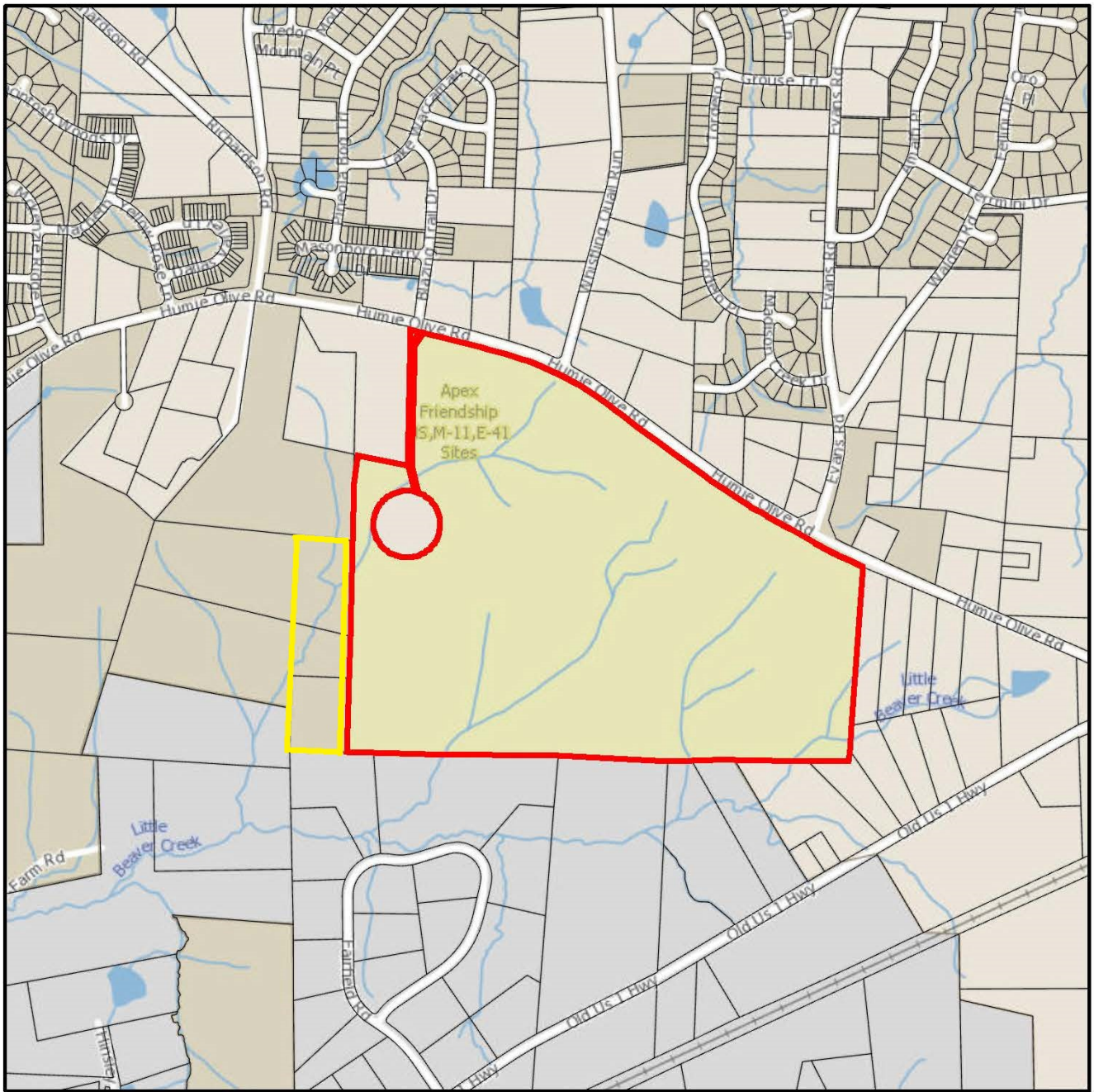
Neil C. Gustafson, MAI

Friendship, North Carolina, United States

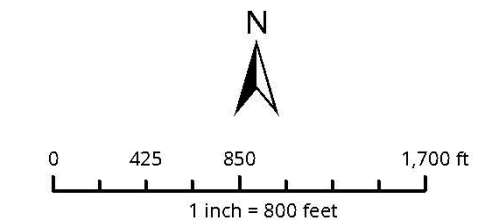


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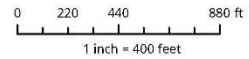
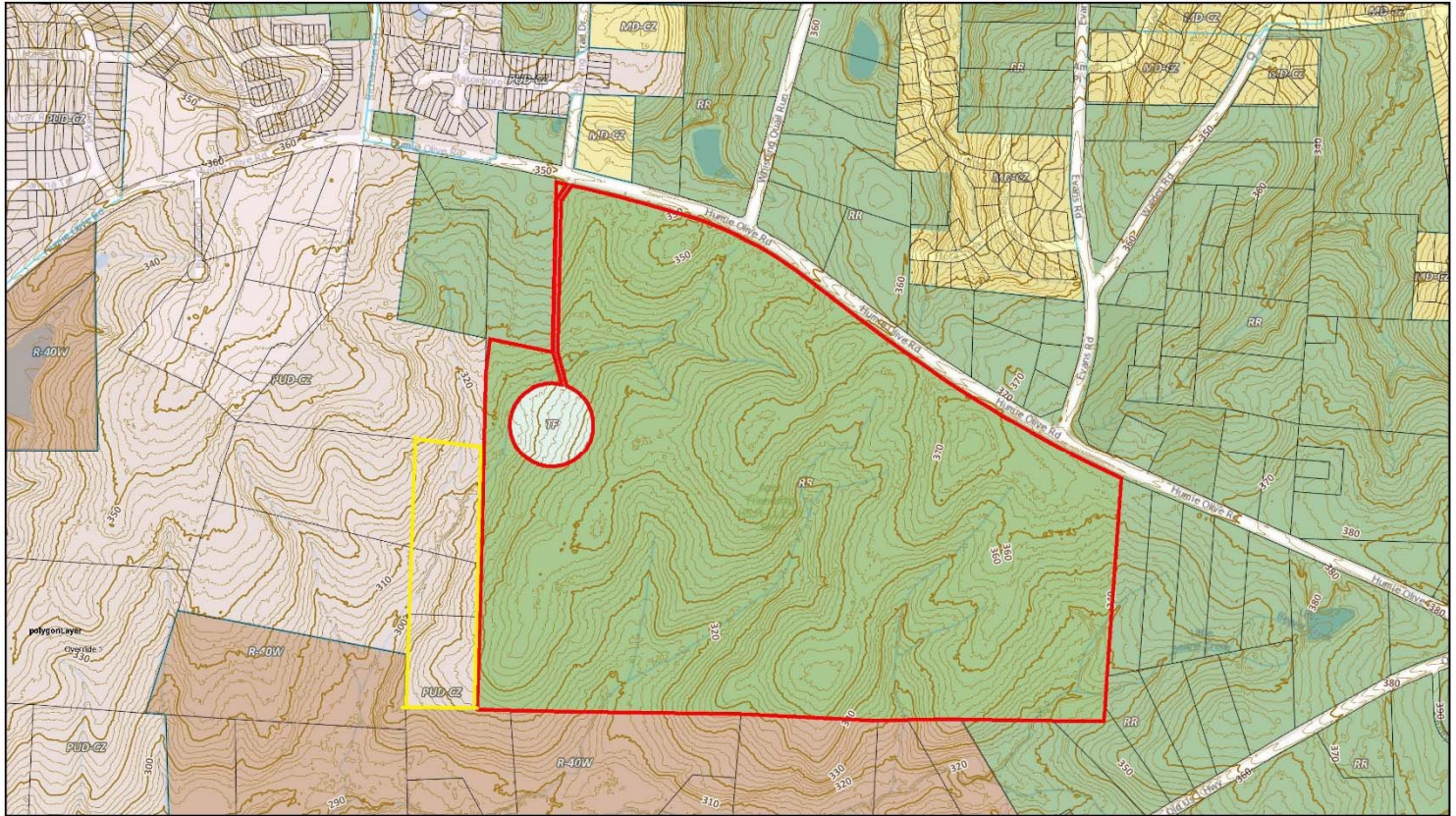
Exhibit A: Area Map



Subject Property marked in red
Adjoining Property marked in yellow



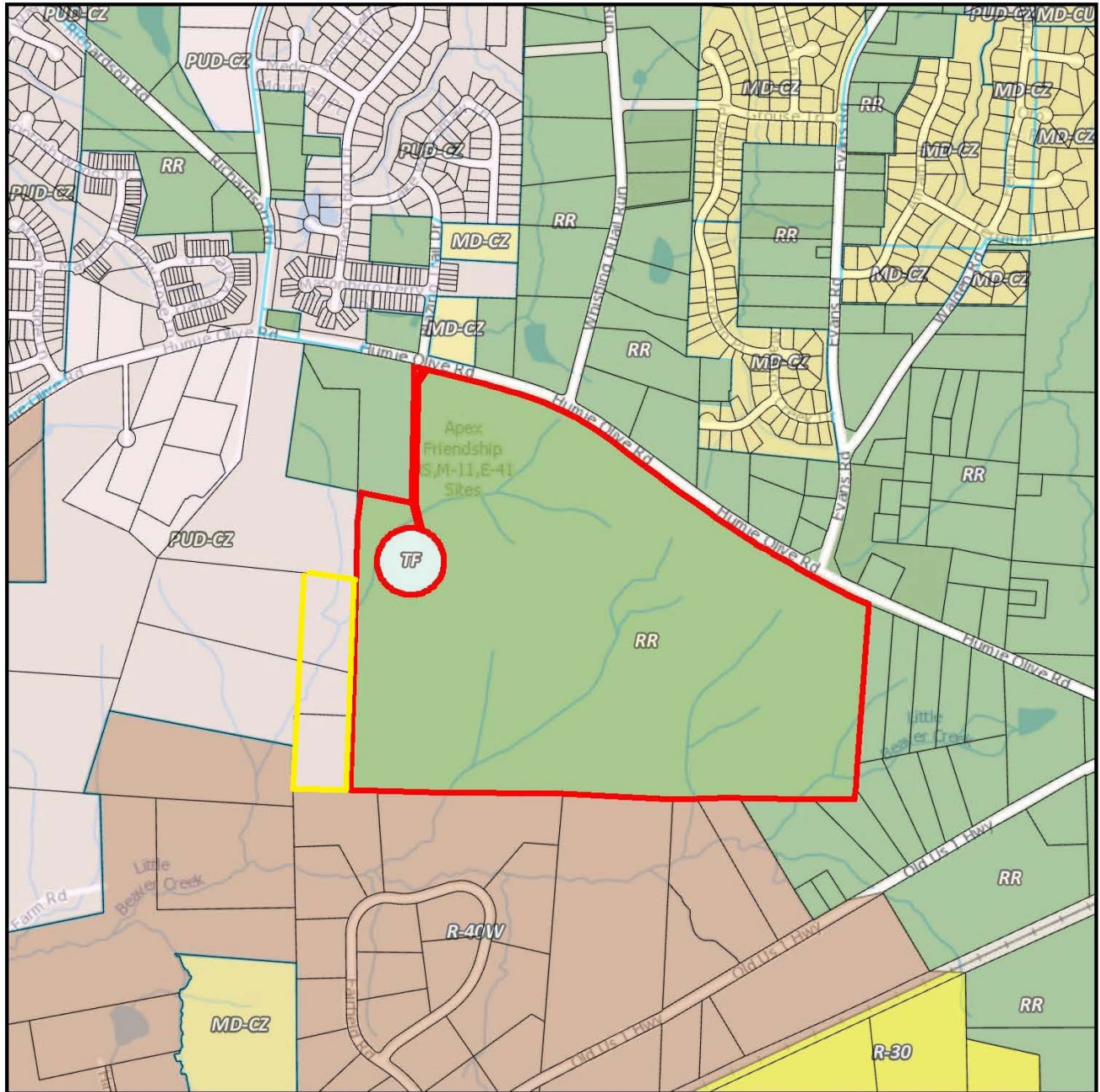
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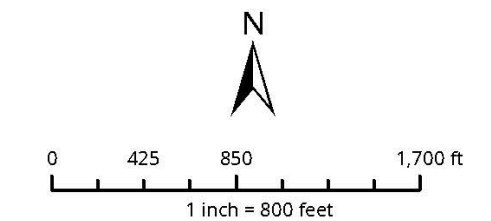
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Subject Property marked in red
Adjoining Property marked in yellow

Exhibit C: Wake County GIS Topographic Map



Subject Property marked in red
Adjoining Property marked in yellow



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Exhibit D: Wake County GIS Zoning Map



Humie Olive Road Frontage



Humie Olive Road Frontage



Humie Olive Road Frontage



Humie Olive Road Frontage



Humie Olive Road Frontage



Humie Olive Road Frontage



High School Improvement



High School Improvement



Middle School Improvement



Middle School Improvement



Southern Edge of Improved Area



Retention Pond



Typical View of the Creek on Adjacent Property



View of Creek near the Eastern Edge of the Property

**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 |
| FAA | |
- 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, 2018-19, 2019-20

Personal

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