



**APPRAISAL REPORT
REAL ESTATE APPRAISAL**

Of
Noble Brothers Cabinets



107 Marine Dr
Edenton, NC 27932
Chowan County

As of
November 8, 2017

Prepared For
Mr. Howard Frey
Xenith Bank
1580 Laskin Rd
Virginia Beach, VA 23451

Client File:
EW Wilson Properties, LLC & Noble Brothers Cabinets and Millwork

Prepared by
COMMERCIAL APPRAISAL SOLUTIONS
Alex Underhill
NC Certified General Real Estate Appraiser, NC-A7444

File Name:
Nov 17-2

COMMERCIAL APPRAISAL SOLUTIONS



205 N Water St
Elizabeth City, NC 27909

252-621-1623
Fax: 866-783-3163
commercialappraisalsolutions@gmail.com
www.commercialappraisalsolutions.com

November 13, 2017

Mr. Howard Frey
Xenith Bank
1580 Laskin Rd
Virginia Beach, VA 23451

Re: Appraisal Report, Real Estate Appraisal
Noble Brothers Cabinets
107 Marine Dr
Edenton, NC 27932
Chowan County

Client File: EW Wilson Properties, LLC & Noble Brothers Cabinets and
Millwork
File Name: Nov 17-2

Dear Mr. Frey:

At your request, I have prepared an appraisal for the above referenced property, which may be briefly described as follows:

The subject consists of an 8,458 SF flex building on a 2 acre site with 4,330 SF of warehouse, 2,145 SF of showroom/office space on the 1st floor, and 1,983 SF of office space on the 2nd floor. There is also a 1,020 metal storage building attached to the rear of the main building.

Please reference page 10 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis and valuation methodology.

I certify that I have no present or contemplated future interest in the property beyond this estimate of value. The appraiser has performed the following prior services regarding the subject within the previous three years of the appraisal date: Appraisal 8/20/2014.

Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 8). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, I note the following:

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

- There are no Extraordinary Assumptions for this appraisal.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), I have made the following value conclusion(s):

Current As Is Market Value:

The "As Is" market value of the Fee Simple estate of the property, as of November 8, 2017, is

Subject #	Market Value "As Is"		
1	\$400,000	Four Hundred Thousand Dollars	
Exposure Time	12 months	Marketing Period	12 months

Current As Is 90 Day Upon Liquidation Value:

The "As Is" liquidation value of the Fee Simple estate of the property, as of November 8, 2017, is

Parcel #	Liquidation Value	
1	\$240,000	Two Hundred Forty Thousand Dollars

Insurable Value:

The insurable value of the property, as of November 8, 2017, is

Subject #	Insurable Value	
1	\$520,000	Five Hundred Twenty Thousand Dollars

Respectfully submitted,

Commercial Appraisal Solutions



Alex Underhill
NC Certified General Real Estate Appraiser
NC-A7444

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Summary of Important Facts and Conclusions

GENERAL

Subject: Noble Brothers Cabinets
107 Marine Dr
Edenton, NC 27932
Chowan County

The subject consists of an 8,458 SF flex building on a 2 acre site with 4,330 SF of warehouse, 2,145 SF of showroom/office space on the 1st floor, and 1,983 SF of office space on the 2nd floor. There is also a 1,020 metal storage building attached to the rear of the main building.

Owner: EW Wilson Properties, LLC & Noble Brothers Cabinets and Millwork.

Legal Description: See Addenda

Effective Date of Report: November 8, 2017

Date of Report: November 13, 2017

Client: Xenith Bank, its subsidiaries or assigns

Intended Use: The intended use is for portfolio management.

Intended User(s): Xenith Bank, its subsidiaries or assigns.

Assessment:

Real Estate Assessment and Taxes									
Tax ID	Land	Improvements	Other	Total	City	County	Other	Tax	Taxes
					Rate	Rate	Rate	Rate	
781300764604	\$40,000	\$169,670	\$6,100	\$215,770	\$0.384	\$0.740	\$0.000	\$1.124	\$2,427

Sale History: The subject has not sold in the last three years, according to public records. The deed for the most recent transfer of the subject is in the addenda.

Current Listing/Contract(s): None of our sources indicate that the subject is currently listed for sale, or under contract.

Land:

Land Summary					
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Location	Shape	Topography
781300764604	2.00	87,120	Interior	Rectangular	Level

Improvements:

Building Summary						
Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area	Percent Office	Number of Units
Noble Brothers	1999	Good	1.5	8,458	49%	1

Zoning:

A-1

Highest and Best Use of the Site:

Industrial

Highest and Best Use as Improved:

Professional Services

Type of Value:

Market Value, Liquidation Value, Insurable Value

Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Commercial Appraisal Solutions. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) Commercial Appraisal Solutions regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed.

Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Commercial Appraisal Solutions has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.**

Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for Mr. Howard Frey, Senior Commercial Appraisal Review Analyst for Xenith Bank. The problem to be solved is to estimate the 'as is' market value, 90 day liquidation value, and insurable value of the subject property. The intended use is for portfolio management. This appraisal is intended for the use of Xenith Bank, its subsidiaries or assigns.

SCOPE OF WORK	
Report Type:	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.
Property Identification:	The subject has been identified by the legal description and the assessors' parcel number.
Inspection:	An interior and exterior inspection of the readily observable features of the subject properties has been made, and photographs taken.
Market Area and Analysis of Market Conditions:	An analysis of market conditions has been made. The appraiser maintains and has access to databases for this market area and has reviewed the market for sales and listings relevant to this analysis.
Highest and Best Use Analysis:	An as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.
Type of Value:	Market Value

Valuation Analyses

Cost Approach:

A cost approach was applied as there is adequate data to develop a land value and the depreciation accrued to the improvements can be reasonably measured.

Sales Comparison Approach:

A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

Income Approach:

An income approach was applied as subject #1 has the potential to generate an income stream and there is adequate data to develop a value estimate with this approach.

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

- There are no Extraordinary Assumptions for this appraisal.

Market Area Analysis

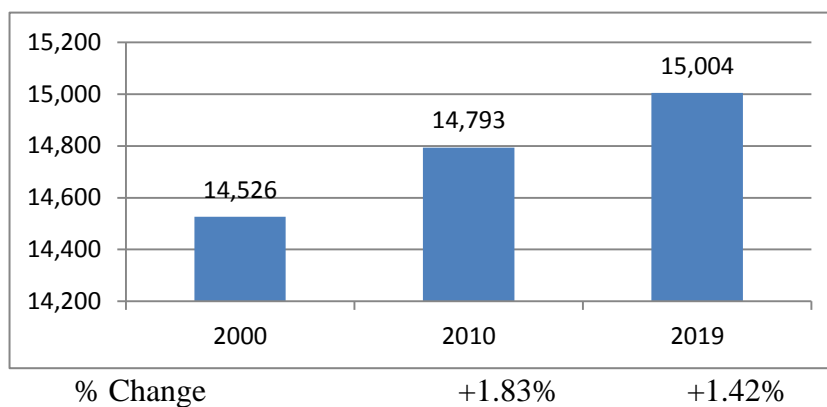
Boundaries:

The physical and political market area for the subject is the county of Chowan in northeastern North Carolina. Chowan County is about 233 square miles in area including 61 square miles of water. It is the smallest county in North Carolina. The county includes five townships (Arrowhead Beach, Edenton, Rocky Hock, Wardville, Yeopim). The county seat is held in Edenton. Chowan County is bordered by Gates County to the north; Albemarle Sound to the south, the Chowan River and Bertie County to the west. The map below shows the county borders.

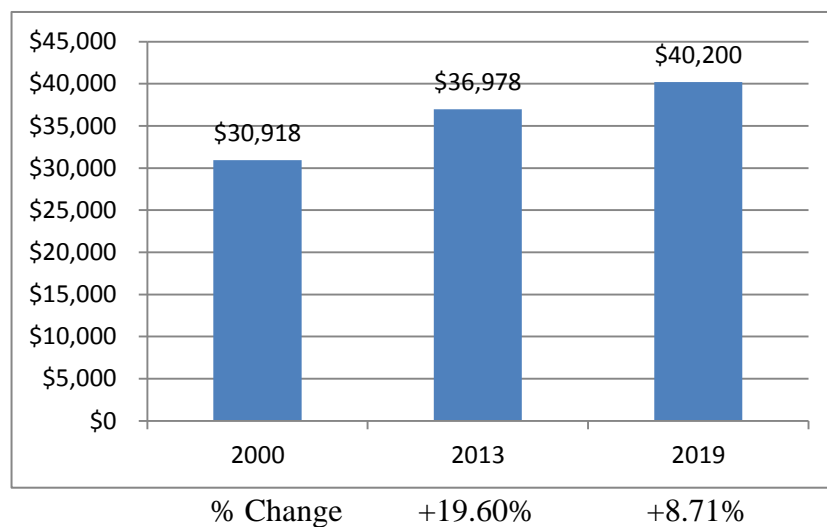
Subject



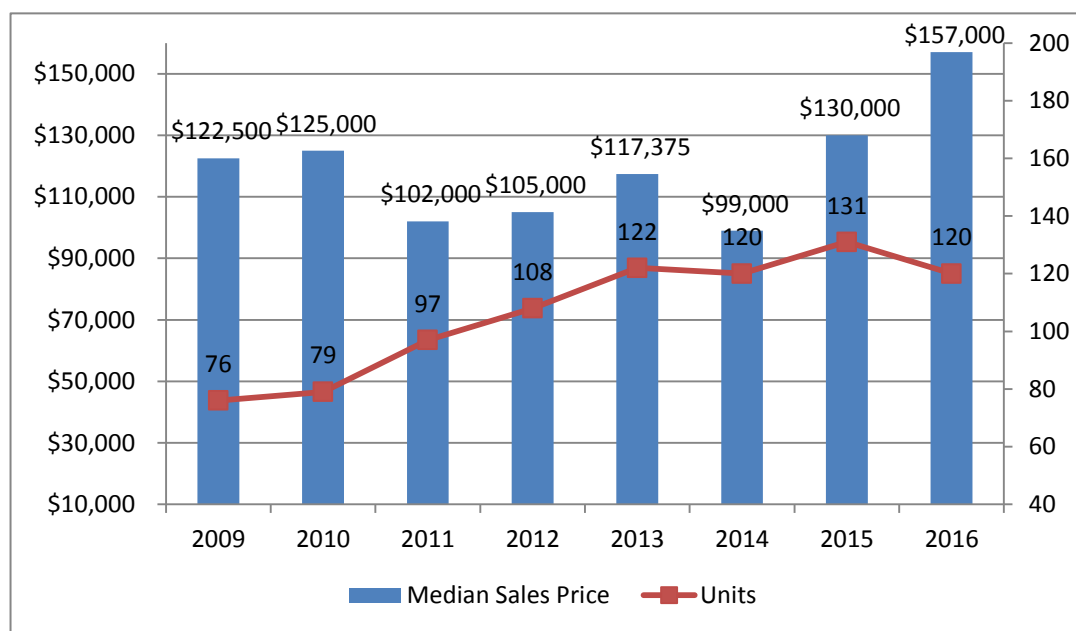
Population:



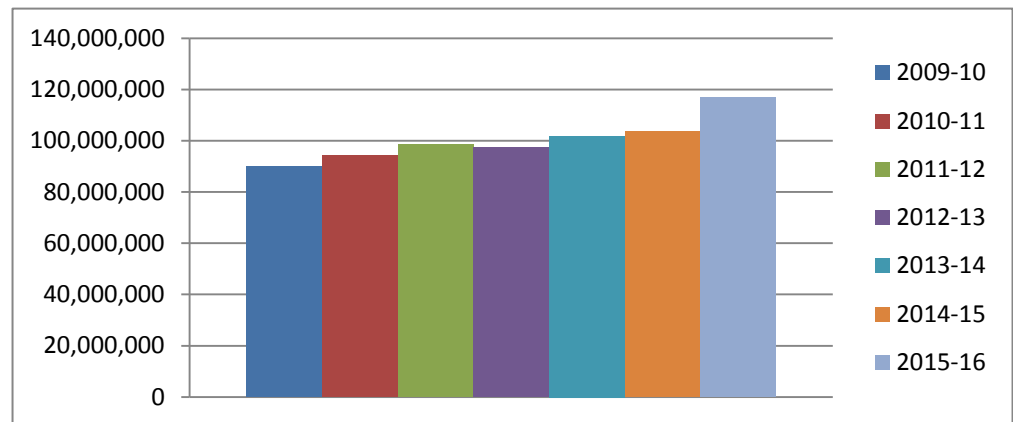
Income:



Real Estate Sales Data:

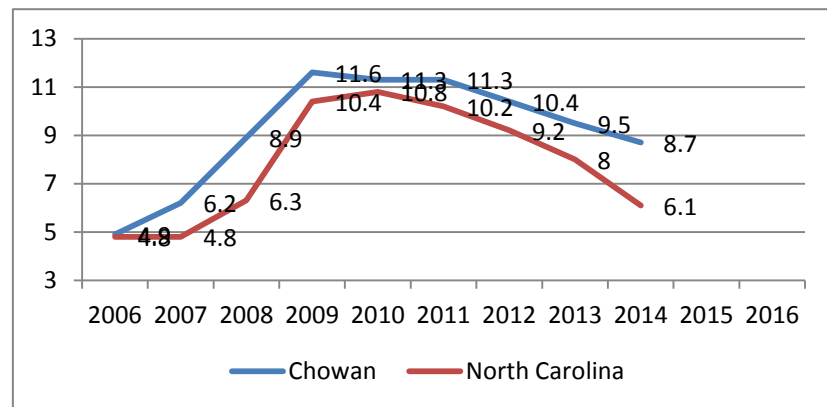


Taxable Sales:



+24% change from 2010-11 through 2015-16

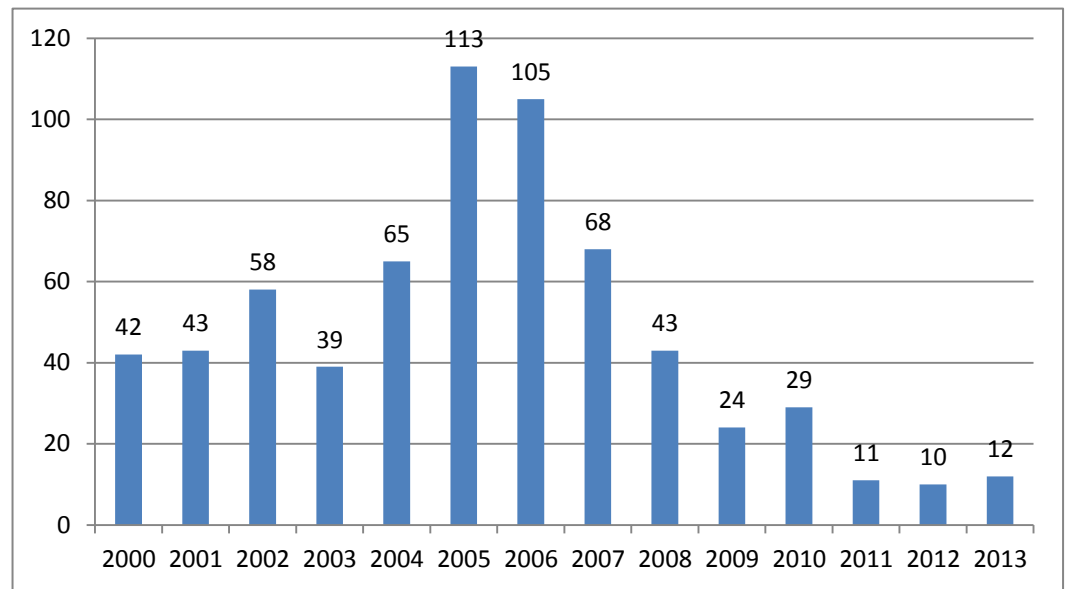
Unemployment Rate:



Largest Employers:

Top 25 Employers			
Rank	Company	Industry	Employment Range
1	Edenton-Chowan Schools	Education & Health Services	250-499
2	Vidant Medical Center	Education & Health Services	250-499
3	Mcchem Agricultural & Chem Co	Trade, Transportation, & Utilities	250-499
4	Chowan County	Public Administration	100-249
5	Colony Tire Corporation	Trade, Transportation, & Utilities	100-249
6	Regulator Marine Inc	Manufacturing	100-249
7	United Parcel Service Inc.	Trade, Transportation, & Utilities	100-249
8	Seabrook Ingredients	Manufacturing	50-99
9	Principle Long Term Care Inc	Education & Health Services	50-99
10	Food Lion	Trade, Transportation, & Utilities	50-99
11	Home Life Care Inc	Education & Health Services	50-99
12	Town Of Edenton	Public Administration	50-99
13	Life Inc	Education & Health Services	50-99
14	Mitek Industries Inc	Manufacturing	50-99
15	Interim Health Care Morris Group	Professional & Business Services	50-99
16	Economic Improvement Council Inc	Other Services	50-99
17	McDonalds	Leisure & Hospitality	50-99
18	Nc Dept Of Transportation	Public Administration	50-99
19	Southern Ag Carriers Inc	Trade, Transportation, & Utilities	50-99
20	Murray L Nixon Fishery Inc	Manufacturing	Below 50
21	Pizza Of Clinton Inc	Leisure & Hospitality	Below 50
22	C A Perry & Son Transit Inc	Trade, Transportation, & Utilities	Below 50
23	Waff Contracting Inc	Construction	Below 50
24	Edenton Motors Inc	Trade, Transportation, & Utilities	Below 50
25	Jla International Inc	Professional & Business Services	Below 50

Building Permits:



Summary:

Chowan County is a rural county with a diverse group of small employers and an economy based on agriculture. The farming, timber, and poultry industries are the major contributors to the economy. The population has been stable with no real growth projected in the future. Median household income is anticipated to increase slightly. Taxable sales appear to have rebounded to pre recession levels though unemployment remains above historical averages. Chowan County does have a manufacturing presence but few other large employers. Median home prices are trending up after an -18% decline from 2010 to 2011. Construction activity is limited.

The neighborhood includes the historic town of Edenton. The town of Edenton is the second largest retail center in the region based on taxable sales, with a population of about 5,000. There are several community shopping centers and an active downtown district. All goods and services required to support the local population are present such as a hospital, regional grocery stores, national pharmacy, and hotel. Most goods and services are provided by local merchants. Edenton is a historic town with over 25 original homes and buildings restored, which is more original buildings than Williamsburg, VA. The tourism industry continues to grow for the area, but the economy is based primarily in agricultural, specifically the peanut industry. Colony Tire is a regional supplier of tires and automotive repair services that is based in Edenton. The area also has a significant boat building industry.

With no significant changes expected to population, income, or the employment base, the demand for goods and services would be expected to remain consistent with historic demand. The current state of the subject market area is therefore considered stabilized.

Market Trends: The subject is located in a town of 5,000 people in an otherwise rural area. There are few market participants and few competing properties. As such, it is difficult to discuss property specifics without violating the confidentiality of those interviewed. The following is a summary of information obtained by the appraiser.

Looking forward, operators have raised rates over the last two years and will balance future increases with occupancy levels. Operators also indicated no need to lower rental rates to maintain occupancy levels because demand for units remains reasonable.

Based on the interviews with market participants, industrial buildings have trended up for the last several years based on an increase in rental rates with minimal decrease in occupancy rates. As discussed earlier in this report, there is insufficient sales data to determine if sales prices for this property type are changing.

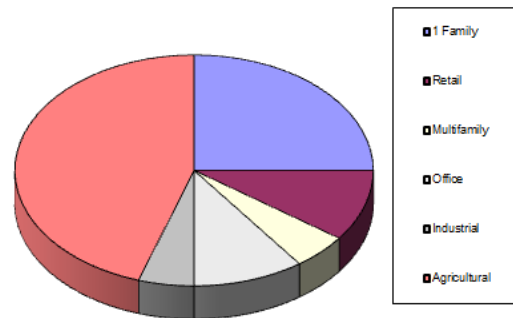
Area & Property Use Characteristics

Location	<input type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input checked="" type="checkbox"/> Rural	Population Trend	<input type="checkbox"/> Up	<input checked="" type="checkbox"/> Stbl	<input type="checkbox"/> Dn
Build Up	<input type="checkbox"/> Over 75%	<input type="checkbox"/> 25% to 75%	<input checked="" type="checkbox"/> Under 25%	Employment Trend	<input checked="" type="checkbox"/> X	<input type="checkbox"/>	<input type="checkbox"/>
Built Up <input type="checkbox"/> Fully Dev.	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Steady	<input type="checkbox"/> Slow	Personal Income Level	<input checked="" type="checkbox"/> X	<input type="checkbox"/>	<input type="checkbox"/>
Property Values	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	Retail Sales	<input checked="" type="checkbox"/> X	<input type="checkbox"/>	<input type="checkbox"/>
Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply	New Construction	<input checked="" type="checkbox"/> X	<input type="checkbox"/>	<input type="checkbox"/>
Vacancy Trend	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	Vacancy Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>
Change in Economic Base	<input type="checkbox"/> Likely	<input checked="" type="checkbox"/> Unlikely	<input type="checkbox"/> Taking Place	Rental Demand	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>

Land Use Trends

Present Land Use	Supply/Demand		
	Under	In Bal.	Over
25% 1 Family	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>
10% Retail	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>
5% Multifamily	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>
10% Office	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>
5% Industrial	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>
45% Agricultural	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>
100%			

Land Use



Summary of Market Area Trends

Chowan County is a rural county with a diverse group of small employers and an economy based on agriculture. The farming, timber, and poultry industries are the major contributors to the economy. The population has been stable with no real growth projected in the future. Median household income is anticipated to increase slightly. Taxable sales appear to have rebounded to pre recession levels though unemployment remains above historical averages. Chowan County does have a manufacturing presence but few other large employers. Median home prices are trending up after the recession. Construction activity is up, but has not yet stabilized. Although values are up, there is an over supply of vacant residential lots that renders new developments not financially feasible. Considering the economic base of Chowan County, the demand for goods and services would be expected to remain consistent with historic demand.

Property Description

The following description is based on our property inspection, assessment records, property deeds, survey, and information provided by the owner.

SITE

Location: The subject is located in central Chown County adjacent to the airport.



Current Use of the Property: Site 1: Retail

Site Size, Location, Shape:

Land Summary					
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Location	Shape	Topography
781300764604	2.00	87,120	Interior	Rectangular	Level

Aerial:



Characteristics:

Frontage	Visibility	Utilities All Public Water	Site Improvements
594.94' Marine Dr	Fair	Private Sewer	Paved Parking

Soil Conditions:

The soil conditions at the sites appear to be adequate to support development.

Zoning:

**Chowan County
A-1 Agricultural District**

This district is primarily intended to accommodate very low density residential uses as well as associated public and institutional uses, low intensity commercial uses, and agricultural-related industrial uses which are interspersed throughout areas that are principally characterized as rural in nature. This district reflects the diverse nature of land uses within predominantly rural areas and, therefore, permits a wide array of land uses. However, those intensive land uses, which could have an adverse impact on the rural nature, are not permitted or are allowed only on a special use permit basis following a formal review and approval process. The district is specifically established for the following purposes:

1. To preserve and encourage the continued use of land for agricultural, forestry, and open space purposes;
 2. To encourage small-scale and low intensity commercial uses that primarily provide goods and services to residents of the surrounding rural areas;
 3. To encourage only those industries which are agricultural-related;
 4. To encourage the concentration of more intensive urban land uses in and around identified growth areas that have the capacity to accommodate the utility and traffic demands of such development, thereby avoiding premature conversion of farmland to urban uses; and
 5. To discourage any use which, because of its character, would create premature or extraordinary public infrastructure and service demands.
- Both sites are legally conforming uses to their current zoning districts.

Flood Zone: The subjects are located in an area mapped by the Federal Emergency Management Agency (FEMA). Sites 1 & 2 are located in FEMA flood zone X, which is not classified as a flood hazard area.



FEMA Map Number: 3720780200J

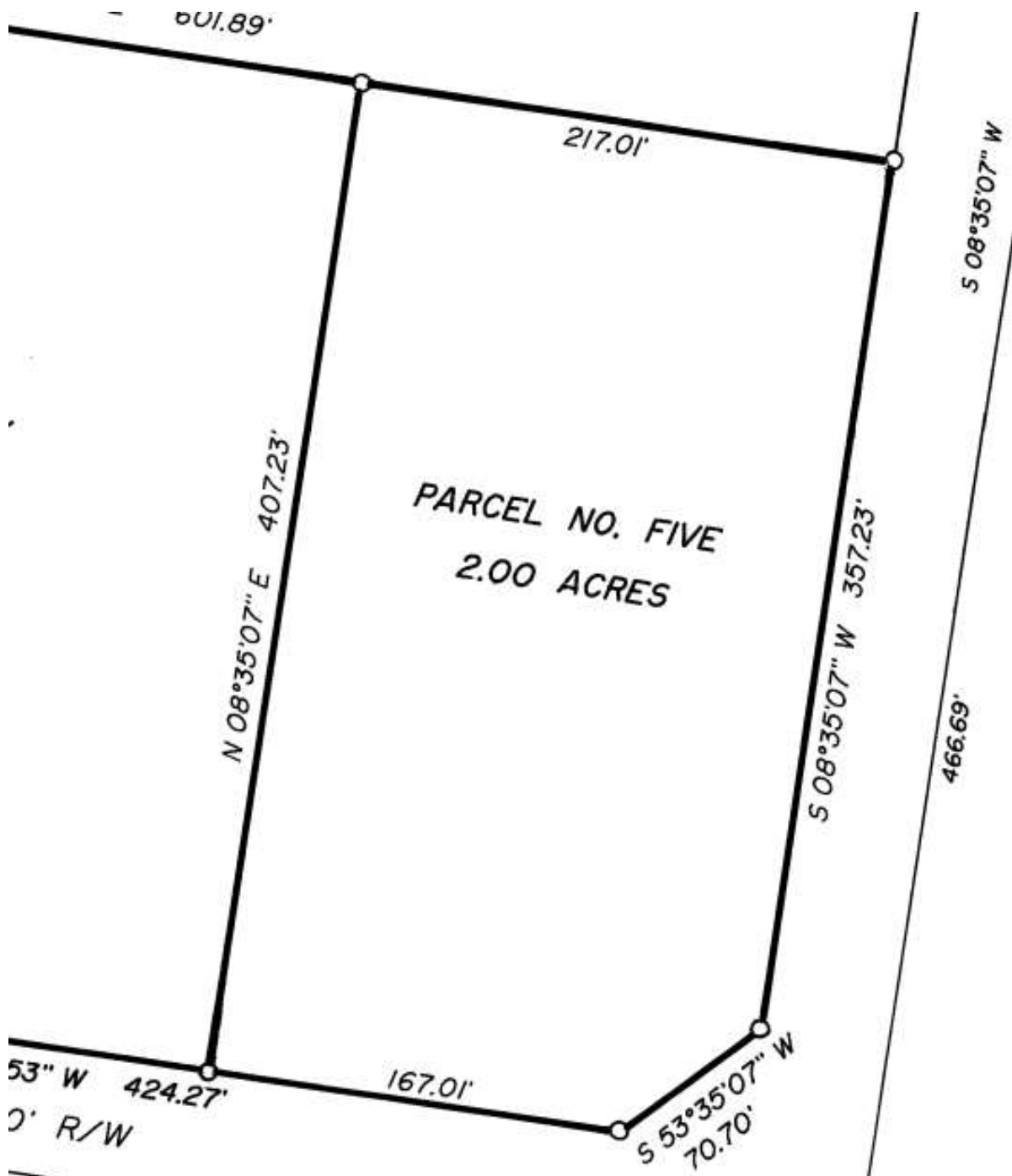
FEMA Map Date: 2/4/2009

Wetlands/Watershed: No wetlands were observed during our site inspection.

Environmental Issues: There are no known adverse environmental conditions on the subject sites. Please reference Limiting Conditions and Assumptions.

Encumbrance / Easements: There no known adverse encumbrances or easements other than ROW, utility, and restrictive covenants.

Survey (Subject 1)



IMPROVEMENTS DESCRIPTION

Overview: The subject consists of an 8,458 SF flex building on a 2 acre site with 4,330 SF of warehouse, 2,145 SF of showroom/office space on the 1st floor, and 1,983 SF of office space on the 2nd floor. There is also a 1,020 metal storage building attached to the rear of the main building.

IMPROVEMENTS DESCRIPTION

Building Identification: Subject 1
107 Marine Dr
Edenton, NC 27932

Exterior Front Photo:



Construction: Class S (Marshall & Swift)

Construction Quality: Average

Year Built: 1999

Renovations: 2007 (Showrooms/Offices Added)

Effective Age: 10 years

Remaining Useful Life: 40 years

Condition: Average for the competitive market area

Appeal/Appearance: Average for the competitive market area

Number of Stories: 1.5

Gross Building Area: 4,128 SF (Showroom/Office)
4,330 SF (Warehouse)
8,458 SF (Main Building)
1,020 SF (Storage Building)

Land to Building Ratio: 10.30 to 1

Foundation: Poured concrete slab

Structural Frame: Metal Frame

Exterior: Metal Siding

Windows: Aluminum Fixed/Double Pane

Roof/Cover: Gable/Metal

Interior Layout:

- 7 Offices
- Showroom
- 2 Half Baths, 1 Full Bath

Floor Cover: Carpet, Vinyl, Wood, Tile, Concrete

Walls: Drywall, Insulated Panels

Ceilings & Ceiling Height: Ceiling Tiles/Dry wall, 8' to 9'
Insulated Panels, 23' Ridge

Heating & Cooling: Heat Pumps (Showroom/Office)
Space Heaters (Warehouse)

Electrical: Assumed Adequate

Plumbing Condition: Assumed Adequate

Sprinkler: None

Parking: 10 Cars Gravel (none marked)

Assessment: Taxing Authority - Edenton & Chowan County
Assessment Year – 2014

Real Estate Assessment and Taxes									
Tax ID	Land	Improvements	Other	Total	City	County	Other	Tax	Taxes
					Rate	Rate	Rate	Rate	
781300764604	\$40,000	\$169,670	\$6,100	\$215,770	\$0.384	\$0.740	\$0.000	\$1.124	\$2,427

PROPERTY ANALYSIS

Design & Functional Utility:	The subject is designed well for its current use as a cabinet showroom/warehouse.
Deferred Maintenance:	None Noted
Capital Improvements:	No capital improvements are planned.
Marketability:	The subject is a flex building located in an industrial park adjacent to an airport. It has good proximity to downtown Edenton, which lends easy access to shopping, recreational, and schools. The subject has above average marketability for the property type.

Americans With Disabilities Act

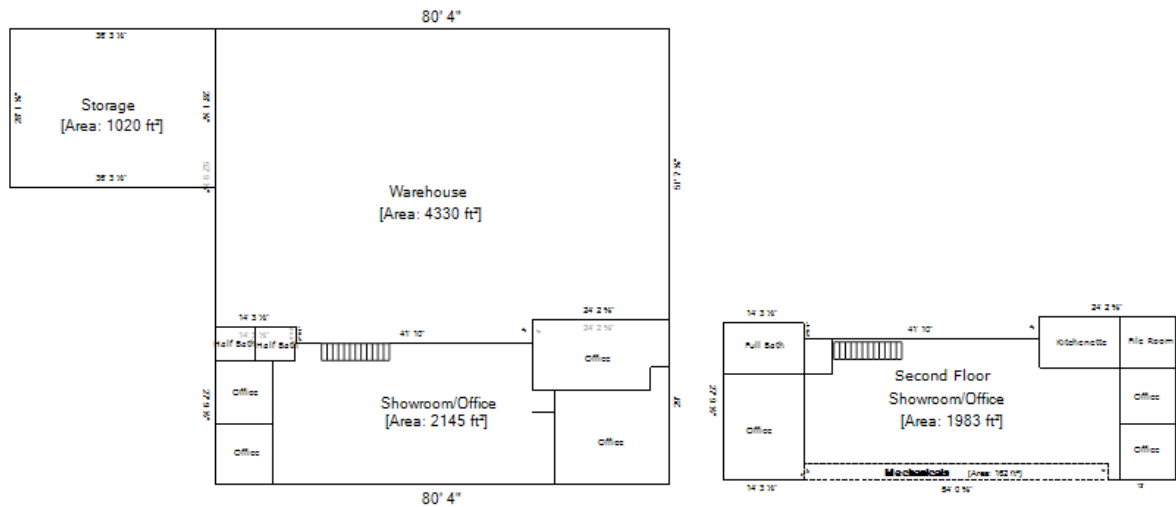
Please reference the Limiting Conditions and Assumptions section of this report on page 9.

Hazardous Substances

Please reference the Limiting Conditions and Assumptions section of this report on page 9.

Improvements Plan

Sketch



Living Area		Area Calculation	
Warehouse	4329.69 ft²	Warehouse	x 1.00 = 4329.69 ft²
Showroom/Office	2145.17 ft²	80' 4" x 51' 7 1/2" x 1.00 =	4145.2 ft²
Showroom/Office	1983.07 ft²	4' x 41' 10" x 1.00 =	167.33 ft²
Storage	1020.03 ft²	14' 3 1/2" x 1' 2 3/4" x 1.00 =	17.16 ft²
Nonliving Area		Showroom/Office	
Mechanicals	162.10 ft²	4' x 24' 2 3/4" x 1.00 =	96.80 ft²
		2' 9 1/2" x 14' 3 1/2" x 1.00 =	40.04 ft²
		25' x 80' 4" x 1.00 =	2008.33 ft²
		Showroom/Office	x 1.00 = 1983.07 ft²
		3' x 12' x 1.00 =	36 ft²
		27' 9 1/2" x 14' 3 1/2" x 1.00 =	397.54 ft²
		41' 10" x 22' x 1.00 =	920.33 ft²
		24' 2 3/4" x 26' x 1.00 =	629.20 ft²
		Storage	x 1.00 = 1020.03 ft²
		36' 3 1/2" x 28' 1 1/2" x 1.00 =	1020.03 ft²
Total Living Area (rounded):		9478 ft²	

Photographs



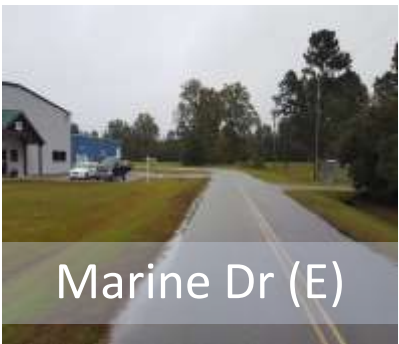
Front



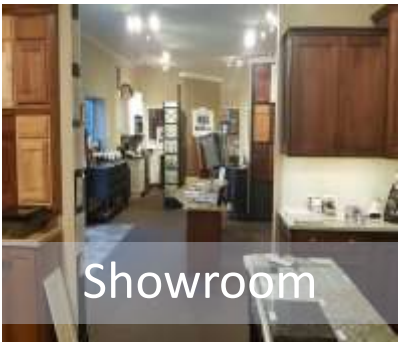
Side



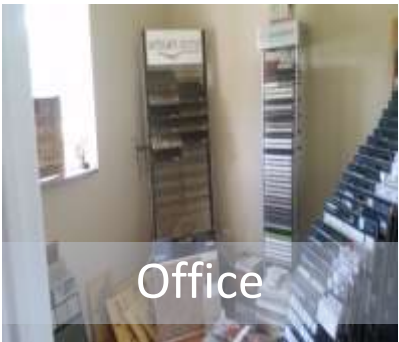
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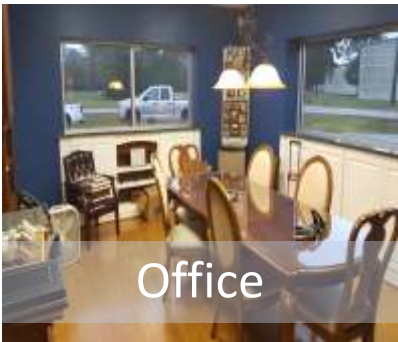
Marine Dr (E)



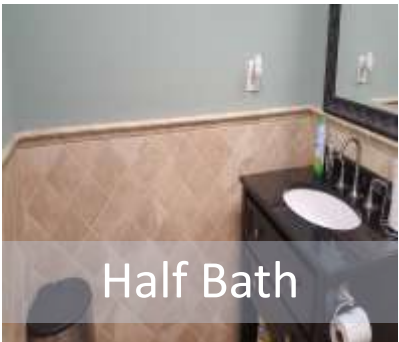
Showroom



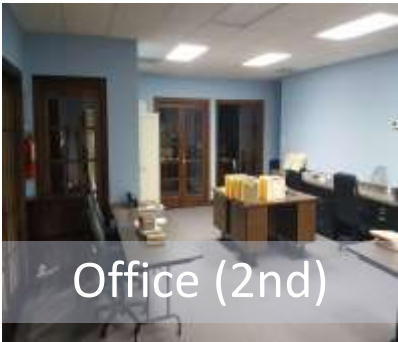
Office



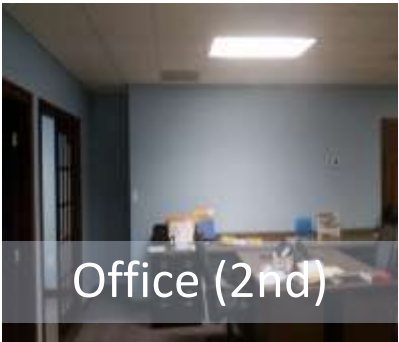
Office



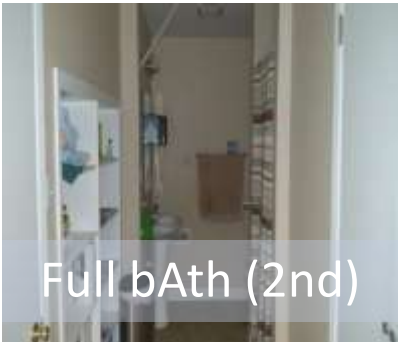
Half Bath



Office (2nd)



Office (2nd)



Full bAth (2nd)



Warehouse

Highest and Best Use (As Vacant)

Overview

Highest and best use is defined as "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria that highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of the land or improved property-specific with respect to user and timing of the use-that is adequately supported and results in the highest present value." (Source: *The Dictionary of Real Estate Appraisal*, 5 ed., save. 'Highest and best use.')

Analysis

The table of permitted uses for A-1 zoning was used to determine which uses are legally permissible. The use category will be stated for each test.

Legally Permissible	Physically Possible	Financially Feasible	Maximally Productive
Residential	Residential	Residential	Residential
Accessory	Accessory	-	-
Institutional	Institutional	Institutional	-
Office	Office	-	-
Professional Services	Professional Services	Professional Services	Professional Services
Retail	Retail	Retail	-
Wholesale	Wholesale	-	-
Special Purpose	Special Purpose	-	-

Conclusion

Comments: The uses that are financially feasible will be inferred by their prevalence in the market. The subject is located in an industrial park. Most sites in the park have been improved with flex buildings similar to the subject for a professional service use. The market has proven that a professional service use of a site as vacant is the maximally productive use of the subject.

Highest and Best Use: Professional Service

Timing of Use: The timing of the use is now.

Market Participants: The likely participant would be an owner occupant.

Highest and Best Use (As Improved)

Overview

Highest and best use is defined as "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria that highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of the land or improved property-specific with respect to user and timing of the use-that is adequately supported and results in the highest present value." (Source: *The Dictionary of Real Estate Appraisal*, 5 ed., save. 'Highest and best use.')

Analysis

The table of permitted uses for A-1 zoning was used to determine which uses are legally permissible. The use category will be stated for each test.

Legally Permissible	Physically Possible	Financially Feasible	Maximally Productive
Residential	Residential	-	-
Accessory	Accessory	-	-
Institutional	Institutional	Institutional	-
Office	Office	-	-
Professional Services	Professional Services	Professional Services	Professional Services
Retail	Retail	Retail	-
Wholesale	Wholesale	-	-
Special Purpose	Special Purpose	-	-

Conclusion

Comments: The subject is configured with 49% office/showroom space and 51% warehouse space. Its current professional service use requires both space types. Reconfiguring the building for a different use would not render a greater return than the current use. The maximally productive use of the subject is for continued professional service use.

Highest and Best Use: Subjects 1 & 2: Professional Service

Timing of Use: The timing of the use is now.

Market Participants: The likely participant would be an owner occupant.

As Vacant

The estimated value of the subject as improved exceeds that of the site as vacant. The estimated value of the subject will be as it is currently improved.

VS

As Improved

Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

Cost Approach

The Cost Approach is summarized as follows:

$$\begin{array}{l} \text{Cost New} \\ - \text{Depreciation} \\ + \text{Land Value} \\ = \text{Value} \end{array}$$

Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

Analyses Applied

A **cost analysis** was considered and was developed because there is adequate data to develop a land value and the depreciation accrued to the improvements can be reasonably measured.

A **sales comparison analysis** was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

An **income analysis** was considered and was developed because subject #1 has the potential to generate an income stream and there is adequate data to develop a value estimate with this approach.

Cost Approach

The Cost Approach is based on the principle of substitution - that a prudent and rational person would pay no more for a property than the cost to construct a similar and competitive property, assuming no undue delay in the process. The Cost Approach tends to set the upper limit of value before depreciation is considered. The applied process is as follows:

- Estimate the land value according to its Highest and Best Use. I have used the Sales Comparison Approach; the process is as follows:
 - Comparable sales, contracts for sale and current offerings are researched and documented.
 - Each comparable is analyzed and adjusted to equate with the subject property.
 - The value indication of each comparable is analyzed and the data reconciled for a land value indication.
- Estimate the replacement cost of the building and site improvements.
- Estimate the physical, functional and/or external depreciation accrued to the improvements.
- Sum the depreciated value of the improvements with the value of the land for an indication of value.

Land Value

The subject's land value has been developed via the sales comparison approach.

Land Comparables

I have researched three comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified.

Land Comparable 1



Transaction

ID	1526	Date	6/29/2017
Address	101 Investors Way	Price	\$75,000
City	Camden	Price per Acre	\$37,500
State	NC	Financing	Cash
Tax ID	2.8945E+16	Property Rights	Fee Simple
Grantor	Masuki, Inc	Days on Market	Unknown
Grantee	Three Can, LLC	Verification Source	ROD, Tax Dept.
Verification Source	ROD, Tax Dept.		

Site

Acres	2.0	Topography	Level
Land SF	87,120	Actual Zoning	HC
Road Frontage	860'	Flood Zone	X
Shape	Square	Encumbrance or	None other than utility
Utilities	Public E/W, Private Sewer	Environmental Issues	None Noted

Comments

This property consists of 2 acres of vacant land zoned for commercial use. It is located in central Camden in a commercial park that has not seen any new development activity since 2009.

Land Comparable 2



Transaction

ID	1369	Date	4/29/2015
Address	TBD Hwy 158	Price	\$70,000
City	Gatesville	Price per Acre	\$35,000
State	NC	Financing	Cash
Tax ID	10-03033	Property Rights	Fee Simple
Grantor	Briarwood Forest	Days on Market	Unknown
Grantee	Oriental Partners, Inc	Verification Source	ROD, Tax Dept.
Verification Source	ROD, Tax Dept.		

Site

Acres	2.0	Topography	Level
Land SF	87,352	Actual Zoning	C-1
Road Frontage	558	Flood Zone	X
Shape	Square	Encumbrance or	None other than utility
Utilities	City water & sewer	Environmental Issues	None Noted

Comments

This property consists of a 2 acre lot in a commercial park in Gates County, NC. The property fronts Hwy 158 and is located adjacent to a bank.

Land Comparable 3



Transaction

ID	985	Date	6/17/2014
Address	104 Beau Pkwy East	Price	\$60,000
City	Elizabeth City	Price per Acre	\$29,703
State	NC	Financing	Conventional
Tax ID	8903 101160	Property Rights	Fee Simple
Grantor	Zack & Lescelles	Days on Market	Unknown
Grantee	Nation After God Holy	Verification Source	ROD, Tax Dept.
Verification Source	ROD, Tax Dept.		
#REF!			

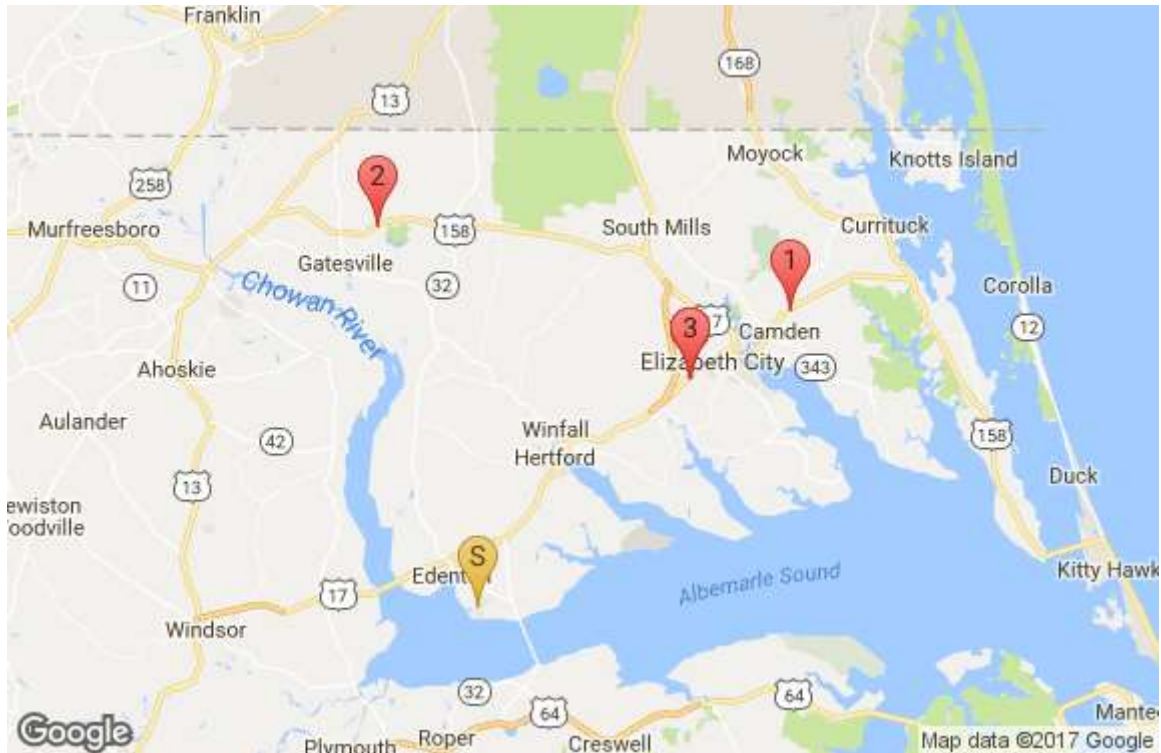
Site

Acres	2.0	Topography	Level
Land SF	87,991	Actual Zoning	C-1
Road Frontage	200'	Flood Zone	X
Shape	Rectangular	Encumbrance or	None other than utility
Utilities	Private Sewer	Environmental Issues	None Noted

Comments

This property consists of a 2.02 acre vacant site in Parkway Center. It was purchased by a church for the construction of a new facility.

Comparables Map



Analysis Grid

The above sales have been analyzed and compared with the subject property. I have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Land Analysis Grid	Subject	Comp 1	Comp 2	Comp 3
Address	107 Marine Dr	101 Investors Way	TBD Hwy 158	104 Beau Pkwy East
City	Edenton	Camden	Gatesville	Elizabeth City
State	NC	NC	NC	NC
Date	8/18/2016	6/29/2017	4/29/2015	6/17/2014
Price	N/A	\$75,000	\$70,000	\$60,000
Acres	2.00	2.00	2.00	2.02
Acre Unit Price	N/A	\$37,500	\$35,000	\$29,703
Transaction Adjustments				
Property Rights	Fee Simple	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%
Financing	Conventional	Cash 0.0%	Cash 0.0%	Conventional 0.0%
Conditions of Sale	Normal	Normal 0.0%	Normal 0.0%	Normal 0.0%
Expenditures After Sale	\$0	\$0	\$0	\$0
Market Trends Through	8/18/2016 0.0%	0.0%	0.0%	0.0%
Adjusted Acre Unit Price		\$37,500	\$35,000	\$29,703
Location	Average	Average	Average	Good
% Adjustment		0%	0%	-20%
Acres	2.00	2.00	2.00	2.02
% Adjustment		0%	0%	0%
Highway	No	Yes	Yes	No
% Adjustment		-30%	-30%	0%
Flood Zone	X	X	X	X
Utilities	Public Water, Electricity, Private Sewer	Similar	Similar	Similar
Actual Zoning	A-1	HC	C-1	C-1
Topography	Level	Level	Level	Level
Distance	N/A	32.89	30.08	23.79
Adjusted Acre Unit Price		\$26,250	\$24,500	\$23,762
Net Adjustments		-30.0%	-30.0%	-20.0%
Gross Adjustments		30.0%	30.0%	20.0%

Comparable Land Sale Adjustments

There have been no recent sales of similar sites from Edenton to compare to subject 1. The most similar market from which sales have occurred is Pasquotank County. Pasquotank County is a slightly superior market and the sales will be adjusted for location. Using sales from Pasquotank County was the only viable way to value subject 1 via this approach. Listed on the preceding pages are sales deemed to be the most comparable as compared to the subject. In order to arrive at a value conclusion for the subject, it is necessary to adjust the comparable sales prices for characteristics that are dissimilar from those of the subject property. The characteristics that may require adjustments include real property rights conveyed, financing terms (cash equivalency), conditions of sale, non-sale status, market conditions (time), and physical characteristics. Differences between the subject and comparable sales that could not be quantified will be qualified in the reconciliation of this approach.

Property Rights

The transaction price of a sale is always based on the real property interest conveyed. In this instance, no adjustment for this attribute was considered necessary.

Financing Terms

Prices paid in acquiring property may differ significantly due to the financing involved, if any. Cash or cash equivalencies are the basis of value, whereas extended, above market interest rate and/or leverage investor terms sales, generally represent the higher portion of a sales price range. Therefore, some methods of converting these financing terms to cash must occur so that the adjustment process may be applied to the sales. In reviewing the comparables, no adjustment was required for atypical financing.

Conditions of Sale

Adjustments made for conditions of sale usually reflect atypical motivations of the buyer and seller at the time of conveyance. A sale may be transacted at a below market price if the seller needs cash in a hurry. A financial, business, or family relationship between the parties may also affect the price of property. Interlocking corporate entities may record a sale at a non-market price to serve their business interest. When non-market conditions of sale are detected in a transaction, the sale must be thoroughly researched before an adjustment is made. Within the confirmation process, detailed attention was made to ensure the conditions of each sale. It is believed that no sales involved irregular transactions with the presence of duress or adverse market influence, as such, no adjustment was warranted.

Expenditures after Sale

Prices paid in acquiring property may differ significantly due to the cost associated with putting the property to immediate use, if any. Generally, expenditures after sale include correcting deferred maintenance in improved properties or removing improvements that contribute no value so the site can be put to its highest and best use. When reviewing the comparable sales, no adjustment for this attribute was required.

Market Conditions/Time

Market conditions may change between the time of sale of a comparable property and the date of the appraisal of the subject property. Changed market conditions often result from various causes, such as inflation, changing demand, and changing supply. Time itself is not the cause for the adjustment. It is the general consensus among brokers, developers and property owners that property prices of vacant commercial have been stable over the past 2 years, thus no adjustment will be made.

Location

Location considerations include such factors as proximity to surrounding land use plus accessibility to supporting development and transportation routes. Comp 3 is located in a superior market vs the subject. When reviewing the comparables, the sales which had superior locational attributes were adjusted down 20%.

Size

The subject is 2 acres in size. Typically, with all factors being equal, larger sites tend to sell for a lower price per square foot than do smaller sites. The primary reason is larger sites are more capital intensive, thus less desirable to the general masses. All of the sites are approximately the same size and no adjustment is necessary.

Highway

Highway located commercial properties generally bring a premium in the marketplace due to increased visibility and ease of access. The subject is not a highway located property and comps 1 7 2 are located on the highway and required an adjustment.

Other Characteristics

No quantifiable adjustment for traffic count, zoning, and utilities could be made. They were included to illustrate their comparability to the subjects. Any differences that can't be quantified will be qualified in the reconciliation of this approach.

Sales Comparison Approach Conclusion – Land Valuation

The adjusted values of the comparable properties ranged from \$23,762 to \$26,250; with a mean of \$24,837 acre and a median of \$24,500 acre. All of the comps could be reasonably rounded to \$25,000 acre. The estimated site value of the subject is \$25,000 acre (Rounded).

As Is Market Value Site	
Indicated Value per Acre:	\$25,000
Subject 1 Size:	2 Acres
Indicated Value:	\$50,000
Fifty Thousand Dollars	

Cost Analysis

The next step in the Cost Approach is to estimate the replacement cost of the buildings and site improvements. The replacement cost of the subject site and building improvements are based on Swift Estimator, a nationally recognized cost service.

Direct Cost

Salient details regarding the direct costs are summarized in the Cost Approach Schedule that follows this section. The *MVS* cost estimates include the following:

1. Average architect's and engineer's fees for plans, plan check, building permits and survey(s) to establish building line;
2. Normal interest in building funds during the period of construction plus a processing fee or service charge;
3. Materials, sales taxes on materials, and labor costs;
4. Normal site preparation including finish grading and excavation for foundation and backfill;
5. Utilities from structure to lot line figured for typical setback;
6. Contractor's overhead and profit, including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities, security, etc.;
7. Site improvements (included as lump sum additions); and
8. Initial tenant improvement costs are included in *MVS* cost estimate. However, additional lease-up costs such as advertising, marketing and leasing commissions are not included.

Base building costs (direct costs), indicated by the *MVS* cost guide are adjusted to reflect the physical characteristics of the subject. Making these adjustments, including the appropriate local and current cost multipliers, the Direct Building Cost is indicated.

Site Improvements

Items not included in the direct building cost estimate include parking and walks, signage, landscaping, and miscellaneous site improvements. The cost for these items is estimated separately using the segregated cost sections of the *MVS* cost guide.

Soft Costs

Where appropriate, I have included the following soft costs:

Permits and Legal

Permitting and legal costs have been applied at \$10,000.

Developer's Profit

This factor reflects the profit necessary for the developer to undertake the management, responsibility and risks of construction associated with the subject property. Current valuation theory states that the four components that create value are land, labor, capital and coordination. Developer's profit as used in the Cost Approach reflects the coordination component of value. Typically, developer's profit runs 10% to 20%: I have computed developer's profit at 10.0% of construction costs, based on discussions with developers active in this market.

Depreciation Analysis

Depreciation may be defined as any loss of value from any cause. There are three general areas of depreciation: physical deterioration, functional obsolescence and external obsolescence. Depreciation may be curable or incurable, the test being that money spent to cure the depreciation be gained in value. If the depreciation costs more to fix than will be gained in value, then the depreciation is considered incurable.

Physical Deterioration

This results from deterioration from aging and use. This type of depreciation may be curable or incurable.

Functional Obsolescence

This results from a lack of utility or desirability due to design or market perception of the improvements. This type of depreciation may be curable or incurable.

External Obsolescence

This is due to circumstances outside the property itself, such as industry, demographic and economic conditions or an undesirable proximate use. This type of depreciation is rarely curable.

Analysis

Physical depreciation will be based on the age/life method. The subject has an effective age of 12 years and a remaining useful life of 38 years, which indicates 24% depreciation. Based on a review of the design and layout of the improvements, no forms of curable functional obsolescence were noted. Because replacement cost considers the construction of the subject improvements utilizing modern materials and current standards, design and layout, functional incurable obsolescence is not applicable. Based on a review of the local market and neighborhood, no forms of external obsolescence affect the subject.

Cost Approach Conclusion

Based on the analysis detailed on the following page, as of November 8, 2017 I have reconciled to cost approach values of:

As Is Market Value	
Insurable Value:	\$506,281
Cost Approach Value (Rounded):	\$500,000
Five Hundred Thousand Dollars	

Swift Estimator

Building Improvements					
Item	Unit Type	Cost	Quantity	Multiplier	Total
Main Building	Sq. Ft.	\$59.19	8,458	1.000	\$500,629
Storage building	Sq. Ft.	\$10.30	1,020	1.000	\$10,506
Total Building Improvement Costs					\$511,135

Site Improvements					
Item	Unit Type	Cost	Quantity		Total
Site Preparation & Improvements	Lump Sum	\$25,000	1		\$25,000
Total Site Improvement Costs					\$25,000
Subtotal: Building & Site Costs					\$536,135

Soft Costs		
Item	Percent Type	Total
Permits & Legal		\$10,000
Total Soft Costs		\$10,000
Insurable Value (Excludes Site Improvements, related Site Soft Costs and Developer's Profit)		\$521,135
Total Costs		
Subtotal: Building, Site & Soft Costs		\$546,135
Developer's Profit 10.0%		\$54,614
Total Cost		\$600,749

Depreciation: Section 1 of 1					
Component	Eff. Age	Life	Percent		Amount
Physical Depreciation: Building	10	50	20%		\$114,650
Total Depreciation					\$114,650
Depreciated Value of Improvements					\$486,099

Total Insurable Value (Excludes Site Improvements, related Costs & Dev. Profit)	\$521,135
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Land Value	
Land Value	\$50,000
Cost Approach Value Indication	\$536,099
Rounded	\$535,000

Sales Comparison Approach

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

Comparables

I have researched three comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified.

Comparable 1



Transaction			
ID	1470	Date	1/23/2017
Address	726-728 Pitts Chapel Rd	Price	\$550,000
City	Elizabeth City	Price Per SF	\$54.67
State	NC	Transaction Type	Closed
Tax ID	8922 334608	Financing	Conventional
Grantor	Johnny Layden	Property Rights	Fee Simple
Grantee	Northeastern Property	Days on Market	Unknown
Deed Book/Page	1273/604	Verification Source	ROD, Tax Dept., Owner
Site			
Acres	5.3	Topography	Level
Land SF	229,126	Actual Zoning	I-1
Road Frontage	598'	Flood Zone	X, AE
Shape	Rectangular	Encumbrance or	None other than utility
Utilities	Public E/W, Septic	Environmental Issues	None Noted
Improvements & Financial Data			
Source For SF Area	Appraiser's	PGI	\$60,000
GBA	10,060	NOI	\$40,500
No. of Units	2	Cap Rate	7.36%
Year Built	2006	Percent Office	NA
Effective Age	10 yrs		
Condition	Average		
Comments			

The comparable is located in Elizabeth City, NC; part of Pasquotank County. The site is improved with two office/warehouse buildings built in 2006. Both buildings consist of 5,030 SF. The building to the north contains 12% office area and the building to the south contains 3% office area, the remaining square footage of both buildings is garage area.

Comparable 2



Transaction

ID	1461	Date	12/29/2016
Address	1233 Hwy 17 S	Price	\$300,000
City	Elizabeth City	Price Per SF	\$41.67
State	NC	Transaction Type	Closed
Tax ID	#8902 04636	Financing	NA
Grantor	H. Gerry Anderson	Property Rights	Fee Simple
Grantee	Carolina Harbor	Days on Market	298
Deed Book/Page	1272/156	Verification Source	MLS#81766

Site

Acres	3.9	Topography	Level
Land SF	169,231	Actual Zoning	C-1
Road Frontage	502'	Flood Zone	X
Shape	Irregular	Encumbrance or	Restrictive Covenants
Utilities	Septic System	Environmental Issues	None Noted

Improvements & Financial Data

Source For SF Area	Tax Card	PGI	\$46,875
GBA	7,200	NOI	\$35,156
No. of Units	1	Cap Rate	9.79%
Year Built	1996	Percent Office	\$0
Effective Age	20 yrs		
Condition	Average		

Comments

The comparable is located south of Elizabeth City, NC; part of Pasquotank County. The building was used for motorcycle/ATV sales and repairs. It has 2,400 SF of showroom, 900 SF of office, and 3,900 SF of shop area. The original asking price was \$500,000. It was purchased by an adjoining used car dealer. Broker David Cross 252-338-5786.

Comparable 3



Transaction

ID	1509	Date	6/9/2017
Address	104 Enterprise Dr	Price	\$220,000
City	Elizabeth City	Price Per SF	\$41.48
State	NC	Transaction Type	Closed
Tax ID	8922 542960	Financing	Conventional
Grantor	Johnny Layden	Property Rights	Fee Simple
Grantee	Needham Properties, LLC	Days on Market	Unknown
Deed Book/Page	1284/219	Verification Source	ROD, Tax Dept.

Site

Acres	1.0	Topography	Level
Land SF	44,867	Actual Zoning	I-1
Road Frontage	150'	Flood Zone	X
Shape	Rectangular	Encumbrance or	None other than utility
Utilities	Public E/W, Septic	Environmental Issues	None Noted

Improvements & Financial Data

Source For SF Area	Tax Card	PGI	\$57,080
GBA	5,304	NOI	\$42,810
No. of Units	1	Cap Rate	6.07%
Year Built	1995	Percent Office	\$15
Effective Age	\$15		
Condition	Average		

Comments

This property consists of a 5,304 SF industrial building on a 1.03 acre site. It is located in an industrial park near the Elizabeth City Coast Guard Base. The building contains 2 large roll up garage doors and approximately 15% of office space.

Comparables Map



Analysis Grid

The above sales have been analyzed and compared with the subject property. I have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Analysis Grid	Subjects	Comp 1	Comp 2	Comp 3
Address	107 Marine Dr	726-728 Pitts Chapel Rd	1233 Hwy 17 S	104 Enterprise Dr
City	Edenton	Elizabeth City	Elizabeth City	Elizabeth City
State	NC	NC	NC	NC
Date	8/18/2016	1/23/2017	12/29/2016	6/9/2017
Price	N/A	\$550,000	\$300,000	\$220,000
GBA	8,458	10,060	7,200	5,304
GBA Unit Price	N/A	\$54.67	\$41.67	\$41.48
Transaction Adjustments				
Property Rights	Fee Simple	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%
Financing	Conventional	Conventional 0.0%	0 0.0%	Conventional 0.0%
Conditions of Sale	Normal	Normal 0.0%	Normal 0.0%	Normal 0.0%
Expenditures After Sale	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted GBA Unit Price		\$54.67	\$41.67	\$41.48
Market Trends Through 8/18/2016	0.0%	0.0%	0.0%	0.0%
Adjusted GBA Unit Price		\$54.67	\$41.67	\$41.48
Location	Average	Good	Good	Good
% Adjustment		-20%	-20%	-20%
Acres	2.00	5.26	3.89	1.03
\$ Adjustment		-\$4.71	-\$3.86	\$4.71
GBA	8,458	10,060	7,200	5,304
% Adjustment		0%	0%	-15%
Effective Age	10	10 yrs	20	15
% Adjustment		0%	20%	10%
Office Area	4,128	730	900	533
\$ Adjustment		\$7.00	\$9.00	\$14.00
Storage Area	1,020	None	None	None
\$ Adjustment		\$1.00	\$1.00	\$1.00
Utilities	Public Water, Private	Similar	Similar	Similar
Actual Zoning	A-1	I-1	C-1	I-1
Distance	N/A	25.97	21.37	26.40
Adjusted GBA Unit Price		\$47.03	\$47.81	\$50.82
Net Adjustments		-14.0%	14.7%	22.5%
Gross Adjustments		43.2%	73.3%	92.5%

Comparable Sale Adjustments

Listed on the preceding pages are the improved sales deemed to be the most comparable as compared to the subject. In order to arrive at a value conclusion for the subject, it is necessary to adjust the comparable sales prices for characteristics that are dissimilar from those of the subject property. The characteristics that may require adjustments include real property rights conveyed, financing terms (cash equivalency), conditions of sale, non-sale status, market conditions (time), and physical characteristics. Differences between the subject and comparable sales that could not be quantified will be qualified in the reconciliation of this approach.

Property Rights

The transaction price of a sale is always based on the real property interest conveyed. In this instance, no adjustment for this attribute was considered necessary.

Financing Terms

Prices paid in acquiring property may differ significantly due to the financing involved, if any. Cash or cash equivalencies are the basis of value, whereas extended, above market interest rate and/or leverage investor terms sales, generally represent the higher portion of a sales price range. Therefore, some methods of converting these financing terms to cash must occur so that the adjustment process may be applied to the sales. In reviewing the comparables, no adjustment was required for atypical financing.

Conditions of Sale

There have been no recent sales of similar sites from Edenton to compare to subject 1. The most similar market from which sales have occurred is Pasquotank County. Pasquotank County is a slightly superior market and the sales will be adjusted for location. Using sales from Pasquotank County was the only viable way to value subject 1 via this approach. Adjustments made for conditions of sale usually reflect atypical motivations of the buyer and seller at the time of conveyance. A sale may be transacted at a below market price if the seller needs cash in a hurry. A financial, business, or family relationship between the parties may also affect the price of property. Interlocking corporate entities may record a sale at a non-market price to serve their business interest. When non-market conditions of sale are detected in a transaction, the sale must be thoroughly researched before an adjustment is made. Within the confirmation process, detailed attention was made to ensure the conditions of each sale. It is believed that no sales involved irregular transactions with the presence of duress or adverse market influence, as such, no adjustment was warranted.

Expenditures after Sale

Prices paid in acquiring property may differ significantly due to the cost associated with putting the property to immediate use, if any. Generally, expenditures after sale include correcting deferred maintenance in improved properties or removing improvements that contribute no value so the site can be put to its highest and best use. When reviewing the comparable sales, no adjustment for this attribute was required.

Market Conditions/Time

Market conditions may change between the time of sale of a comparable property and the date of the appraisal of the subject property. Changed market conditions often result from various causes, such as inflation, changing demand, and changing supply. Time itself is not the cause for the adjustment. It is the general consensus among brokers, developers and property owners that property prices have been stable over the past two years. Rents for the subject property type have remained stable since 2012.

Location

Location considerations include such factors as proximity to surrounding land use plus accessibility to supporting development and transportation routes. When reviewing the comparables, all of the comps are located in a superior market and required adjustments of 20%.

Site Size

Subject 1 consists of 2 acres and has a site value of \$50,000. The comps were adjusted based on their respective site values compared to the subject.

Building Size

Subject 1 contains 8,458 SF. Typically, with all factors being equal, larger buildings tend to sell for a lower price per square foot than do smaller buildings. The primary reason is larger buildings are more capital intensive, thus less desirable to the general masses. When reviewing the comparables, the sales that were smaller were adjusted downward 15% and the sales that were larger were adjusted down 20%. The adjustment is based on sales data, with consideration for construction costs indicated by Marshall Valuation Service.

Effective Age

Based on the condition of the improvements; the subject's effective age is estimated at 10 years and subject. The comparables used in this analysis varied in effective age, with the older comparables being adjusted upward 10% to 20%. Based on the age life method, depreciation is estimated at 2% per year.

Percent Office

The subject contains approximately 4,128 SF of office space. The comps ranged from 533 to 900 SF of office space. The adjustment applied to each comp was based on the depreciated build-out cost of similar office space in a shell building.

Storage Area

Subject 1 has an additional 1,020 SF storage area. None of the comps have additional storage areas and were adjusted accordingly. The adjustment is based on depreciated construction costs.

Utilities & Zoning

The utilities and zoning of the subjects and comparable sales allows for similar uses and thus no adjustment will be made.

Sales Comparison Approach Conclusion

The adjusted values of the comparable properties range from \$47.03 SF to \$50.82 SF; with a mean of \$48.55 SF and a median of \$47.81 SF. Both measures of central tendency can reasonably be rounded to \$48 SF. Based on the central tendency of the data set, I have estimated a value of \$48 SF for the subject property.

As Is Market Value	
Indicated Value per Square Foot:	\$48
Subject Size:	8,458
Indicated Value:	\$405,984
Rounded:	\$400,000
Four Hundred Thousand Dollars	

Income Approach

The Income Approach to value is based on the present worth of the future rights to income. This type of analysis considers the property from an investor's point of view, the basic premise being that the amount and quality of the income stream are the basis for value of the property.

Direct Capitalization Analysis

The steps involved in capitalizing the subject's net operating income are as follows:

- Develop the subject's Potential Gross Income (PGI) through analysis of the subject's actual historic income and an analysis of competitive current market income rates.
- Estimate and deduct vacancy and collection losses to develop the Effective Gross Income (EGI).
- Develop and subtract operating expenses to derive the Net Operating Income (NOI).
- Develop the appropriate capitalization rate (R_o).
- Divide the net operating income by the capitalization rate for an estimate of value through the income approach.

Potential Gross Income (PGI)

Current Income

The subject is owner occupied. The subject has been owner occupied since 2007, thus the PGI will be based on market data. The typical lease structure for similar properties is modified gross. The tenant pays a base rent and utilities, with the landlord responsible for all other expenses associated with owning the real estate.

Market Rent

Market Rent Comparables

I have researched three comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All comparable rentals have been researched through numerous sources, inspected and verified.

Lease Comparable 1



Location		Building	
ID	343	Name	IC 103 Anchors Way Dr
Address	103 Anchors Way Dr	Year Built	1998
City	Edenton	Condition	Average
State	NC	No. of Buildings	1
Market	Elizabeth City	GBA	5,900
Property Sub	Flex	No. of Units	1

Leases					
Tenant	Size	\$/SF	Type	Date	Term
Layton's Custom Boat	5,900	\$4.88	Modified	2/1/2017	Yr2Yr

Comments
The comparable is located at 103 Anchors Way Dr in Edenton, NC. The building consists of 5,900 SF, of which most is comprised of warehouse space. The building is leased by a boat manufacturing and repair shop on a year to year basis.

Lease Comparable 2



Location		Building	
ID	408	Name	IC 124 Marine Dr
Address	124 Marine Dr	Year Built	2005
City	Edenton	Condition	Average
State	NC	No. of Buildings	--
Market	Edenton	GBA	4,750
Property Sub	Flex	No. of Units	2

Leases					
Tenant	Size	\$/SF	Type	Date	Term
Lazy Weekends Land:	4,750	\$3.98	Modified	5/1/2017	Yr2Yr

Comments
The comparable is located at 124 Marine Dr in Edenton, NC. The tenant leases two separate units located on the same property. One of the units consists of 1,000 SF of office space and the other unit consists of 3,750 SF office warehouse (16% Office).

Lease Comparable 3



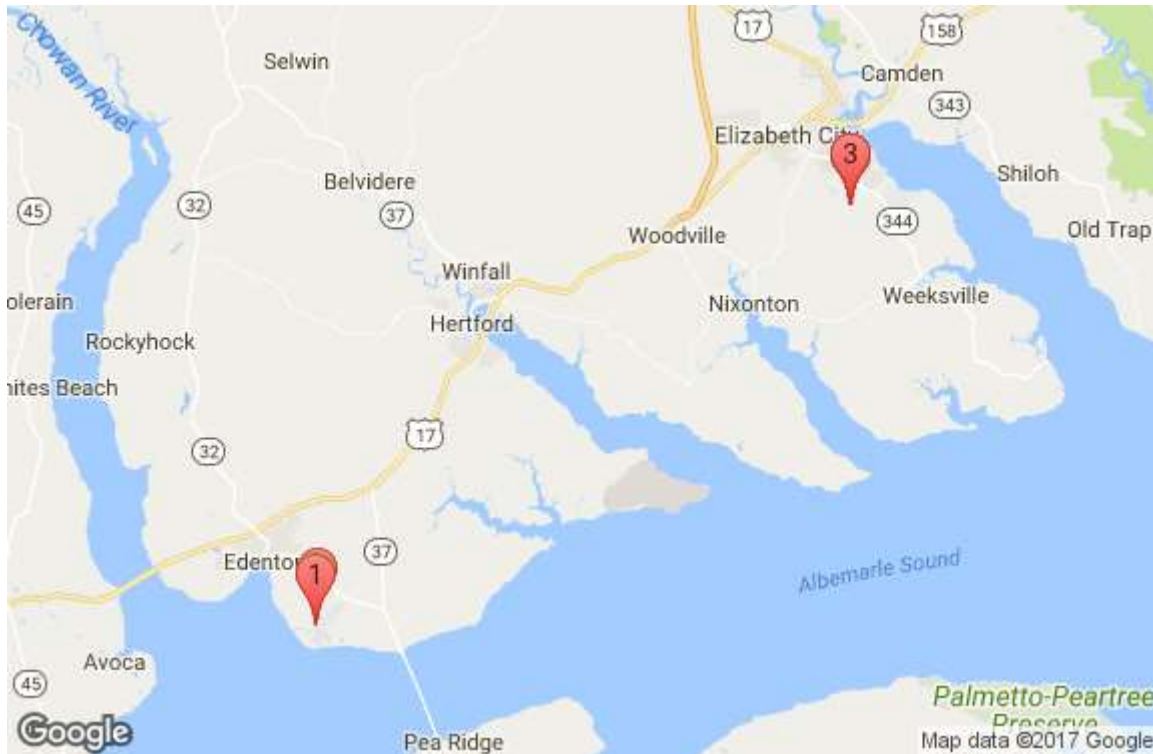
Location		Building	
ID	19	Name	726 Pitts Chapel Road
Address	726 Pitts Chapel Road	Year Built	2006
City	Elizabeth City	Condition	Average
State	North Carolina	No. of Buildings	2
Market	Elizabeth City	GBA	10,060
Property Sub	Flex	No. of Units	1

Leases					
Tenant	Size	\$/SF	Type	Date	Term
Not Disclosed	5,030	\$5.96	Modified Gross	1/1/2017	Year/Year

Comments

This site has two building that are 5,030 square feet each for a total of 10,060 square foot. It is located on Pitts Chapel Road with close proximity to a US Coast Guard Base, Elizabeth City State University, and Weeksville Road. Weeksville Road is a main roadway in southern Pasquotank County. The site has a large asphalt parking lot and good visibility along Pitts Chapel Road.

Comparables Map



Analysis Grid

The above rentals have been analyzed and compared with the subject property. I have considered adjustments in the areas of:

- Lease Terms
- Conditions of Lease
- Other
- Economic Trends (time)
- Location
- Physical Characteristics

On the following page is a rental comparison grid displaying the subject property, the comparables and the adjustments applied.

Lease Analysis Grid		Subject	Comp 1	Comp 2	Comp 3
Address		107 Marine Dr	103 Anchors Way Dr	124 Marine Dr	726 Pitts Chapel Road
City		Edenton	Edenton	Edenton	Elizabeth City
State		NC	NC	NC	North Carolina
Tenant		Owner	Layton's Custom	Lazy Weekends	Not Disclosed
Date		8/18/2016	2/1/2017	5/1/2017	1/1/2017
Rent/SF		N/A	\$4.88	\$3.98	\$5.96
Lease Type		N/A	Modified	Modified	Modified Gross
Term		N/A	Yr2Yr	Yr2Yr	Year/Year
Size		8,458	5,900	4,750	5,030
Transaction Adjustments					
Conditions of Lease		Normal	Normal 0%	Normal 0%	Normal 0%
Adjusted Rent			\$4.88	\$3.98	\$5.96
Market Trends/Year		0.0%	0.0%	0.0%	0.0%
Adjusted Rent			\$4.88	\$3.98	\$5.96
Expenses			\$0.00	\$0.00	\$0.00
Adjusted Rent			\$4.88	\$3.98	\$5.96
Location		Average	Average	Average	Good
% Adjustment			0%	0%	-20%
Condition		Good	Average	Average	Good
% Adjustment			20%	20%	0%
GBA		8,458	5,900	4,750	10,060
Terms		Modified Gross	Modified Gross	Modified Gross	Modified Gross
\$ Adjustment			\$0.00	\$0.00	\$0.00
Distance		N/A	0.12	0.13	25.95
Adjusted Rent			\$5.86	\$4.78	\$4.77
Net Adjustments			20.0%	20.0%	-20.0%
Gross Adjustments			20.0%	20.0%	20.0%

Comparable Rent Adjustments

Listed on the preceding pages are the comparable rentals deemed to be the most comparable as compared to the subject. In order to arrive at a value conclusion for the subject, it is necessary to adjust the comparables for characteristics that are dissimilar from those of the subject property. The characteristics that may require adjustments include real property rights conveyed, financing terms (cash equivalency), conditions of sale, non-sale status, market conditions (time), and physical characteristics. Differences between the subject and comparable sales that could not be quantified will be qualified in the reconciliation of this approach.

Conditions of Lease

Adjustments made for conditions of lease usually reflect atypical motivations of the tenant and landlord at the time the lease was signed. A lease may be executed at a below market rate for the following reasons; family relation, chronic vacancy, and imprudent management. Within the confirmation process, detailed attention was made to ensure the conditions of each lease. It is believed that no leases involved irregular conditions with the presence of duress or adverse market influence, as such, no adjustment was warranted.

Market Trends

Market trends may change between the time a comparable lease was consummated and the date of the appraisal of the subject property. Changed market conditions often result from various causes, such as inflation, changing demand, and changing supply. Time itself is not the cause for the adjustment. No adjustment for market trends is necessary.

Location

Location considerations include such factors as proximity to surrounding land use plus accessibility to supporting development and transportation routes. Comps 1-3 are all located in a superior market and required an adjustment of 20%. This adjustment is based on rental differences for retail and office space, from Edenton vs Pasquotank County.

Condition

Subject 1 is in good condition. The comparables used in this analysis varied in condition, with the older inferior comparables being adjusted upward 10% to 20%.

Building Size

The subject building is 8,458 SF in size. Typically, with all factors being equal, larger buildings tend to rent for a lower price per square feet than do smaller buildings. The comps, which are deemed the most similar properties to the subject, do not suggest a size adjustment is currently applicable.

Terms

The typical lease structure for the subject is modified gross. Comp 3 is subject to a NNN lease, with the tenant responsible for reimbursing for taxes, insurance, and CAM fees. Comp 3 was adjusted up \$.50 SF of GBA to account for the additional cost associated with paying those expenses.

Market Rent Reconciliation

The comps indicate a range of \$4.77 SF to \$5.86 SF. Comp 2 is the most recently negotiated lease and is the median of the three lease comps. Based on comp 2, I have reconciled to a market rent of \$5 SF (Rounded up due to the higher percentage of office space), as of November 8, 2017, for the subject.

Vacancy and Collection Loss

The subject is owner occupied and does not have a rental history to analyze. The vast majority of similar properties in the Edenton area are owner occupied. Our MLS sources indicate that there is only one vacant industrial building vacant in the subject's industrial park. That would indicate a physical vacancy rate of 12.5%. A secondary source of vacancy rates, RealtyRates.com, indicates an average vacancy rate of 7.9% for flex industrial property types for the 2nd quarter of 2017. Considering a vacancy rate range of 7.9% to 12.5%, I have projected vacancy and collection loss at 10.00%. Based on a review of market conditions and the subject's operating history I have projected vacancy and collection loss at 10.00%.

Effective Gross Income

Potential Gross Income	\$42,290
Less: Vacancy & Collection Loss	10.00%
Effective Gross Income	\$38,061

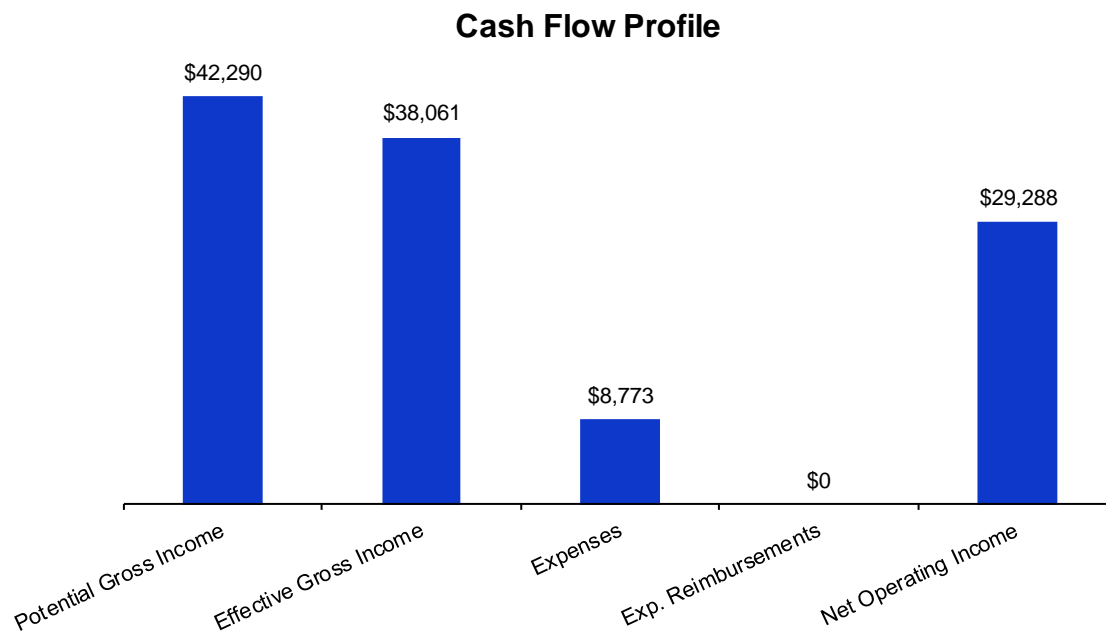
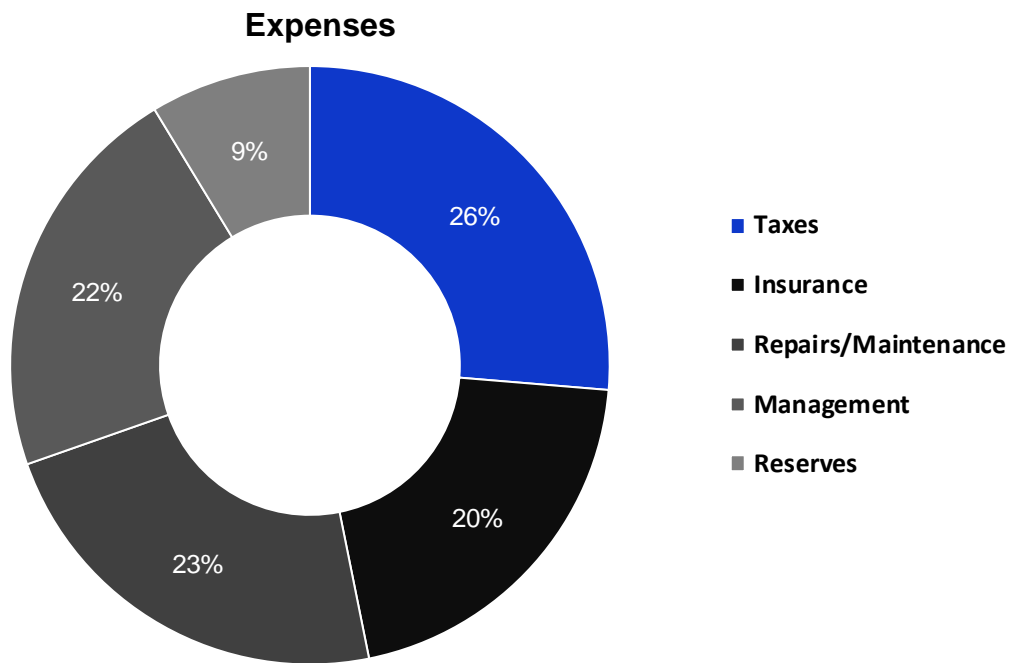
Expenses Analysis and Projection

There are three categories of expenses, which are to be considered in the operation of a typical income property: fixed, operating, and reserves for replacement. In order to determine the reasonableness of the subject's historical, as well as, budgeted operating expenses, we have held discussions with local real estate brokers and building manager's and have made comparisons with operating expenses of other office buildings.

Fixed expenses include real estate taxes and insurance. They are so designated because they do not fluctuate with occupancy (i.e. taxes and insurance). In addition to the fixed expenses, there are other costs incurred in the operation of the property. These operating expenses are considered necessary for the preservation of the asset's income-producing potential. Operating expenses for a typical income property includes management, utilities, janitorial, building maintenance, supplies, legal and accounting, and additional items including advertising.

The third expense category is reserves for replacement. It is a fact that short-lived building components will require periodic replacement over the economic life of the subject property. Obviously, rental rates cannot be increased by an amount adequate to cover the expense if a roof covering needs repair or an air conditioning compressor is replaced. The prudent investor would set aside a portion of the project income each year so that adequate funds are available for such capital replacement. The required reserves for replacement should be typical of similar properties for the remainder of the economic life of the improvements. This must be reflected in the income projection for the subject over a typical holding period.

The tax expense was calculated earlier in this report and is based on the current applicable tax rates and the old assessed value of the subject. The insurance expense is based on annual premiums for similar properties. The repairs/maintenance was based on data compiled by the appraiser, which typically range from \$0.25 to \$.50 SF for this property type. Due to the good condition of the subject, the repair/maintenance expense was applied at \$0.25 SF. Single tenant buildings are usually managed by the property owner in the local market. However, a 5% management fee will be applied to compensate the owner for the efforts of management. In the local market major components are replaced as needed and result in a lump sum expense in the year incurred. Since market value assumes prudent management, a yearly reserve allowance will be applied. A reserve allowance of 2% was applied for this property type.



Cash Flow	Potential Gross Income	Effective Gross	Expenses	Exp. Reimbursements	NOI
Amount	\$42,290	\$38,061	\$8,773	\$0	\$29,288

Capitalization Rate

The capitalization rate is the factor that converts the stabilized net operating income (NOI) to a present value. It is the ratio of net income to value or sale price.

$$\text{NOI} \div \text{Sale Price} = \text{Capitalization Rate}$$

For example, if a property sells for \$500,000, and has a stabilized NOI of \$50,000, the indicated capitalization rate is 10%.

Market Extracted Rates

The table below details pro forma capitalization rates based on the sales used in the sales comparison approach section of this report. The NOI and expenses were estimated for each of the comparable sales, as none of them were leased when they sold.

Comparable Sale Cap Rates					
Comparable	City	Price	Date	NOI	Cap Rate
1	Elizabeth City	\$550,000	1/23/2017	\$40,500	7.36%
2	Elizabeth City	\$300,000	12/29/2016	\$35,156	9.79%
3	Elizabeth City	\$220,000	6/9/2017	\$42,810	6.07%

Survey Data

A secondary source for cap rate information is RealtyRates.com. This source indicates an average cap rate of 8.92% for flex properties (2nd Quarter 2017). This is based on a national survey of class A & B properties nationwide.

Capitalization Rate Conclusion

The local sales rates are pro forma and are not deemed as reliable as the survey data, which is based on actual income and expense figures. Consideration has been given to the relative risk that the subject properties represents to a potential investor, and a final capitalization rate of 9.00% is selected as most appropriate, considering all relevant aspects of the subject's economic environment and the relative age of the subject. The 9.00% rate will accordingly be applied within the analysis which follows.

Capitalization to Value

Income Capitalization Analysis					
Unit/Space Type	Income	Method	Units/SF	Annual	% of PGI
Industrial Flex	\$5.00	\$/SF/Year	8,458	\$42,290	100.0%
Potential Gross Income:				\$42,290	100.0%
Vacancy & Collection Loss 10.00%				\$4,229	
Effective Gross Income (EGI):				\$38,061	90.0%
Expense	Amount	Method	Annual	\$ / SF	
Taxes	\$2,309	\$/Year	\$2,309	\$0.27	
Insurance	\$1,800	\$/Year	\$1,800	\$0.21	
Repairs/Maintenance	\$2,000	\$/Year	\$2,000	\$0.24	
Management	5%	% of EGI	\$1,903	\$0.23	
Reserves	2.0%	% of EGI	\$761	\$0.09	
Total Expenses:				\$8,773	\$1.04
Expense Ratio (Expenses/EGI):				23.05%	
Net Operating Income (NOI):				\$29,288	\$3.46
Capitalization Rate:				9.00%	
Value (NOI/Cap Rate):				\$325,419	\$38.47
Rounded:				\$325,000	\$38.43

Direct Capitalization Analysis Conclusion

Based on the above analysis detailed above, as of November 8, 2017 I have reconciled to a direct capitalization approach value of:

\$325,000

Three Hundred Twenty Five Thousand Dollars

Final Reconciliation

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

Value Indications

	Site Value	Cost Approach	Sales Approach	Income Approach
Subject	\$50,000	\$535,000	\$400,000	\$325,000

Cost Approach

The reliability of the Cost Approach depends on the accuracy of the cost estimates and the depreciation estimate. Typically, the cost approach is more reliable when analyzing the following property types; new properties, properties with little to no depreciation, properties where the improvements contribute little to the overall value, and special use properties. The accuracy of this approach decreases as the percentage of depreciation increases.

Sales Comparison Approach

The reliability of the Sales Comparison Approach depends, to a large extent, upon the degree of comparability between the sales and the subject. The major strengths of this approach include the reflection of actual market transactions and the fact that common denominators are fairly easily determined. The potential weaknesses of this approach arise from the fact that the data is historical and ideal comparables are usually very difficult to obtain.

Income Approach – Direct Capitalization

The reliability of the Income Capitalization Approach depends upon the reliability of income and expense estimates, the duration of the net annual income, and the method of capitalization. The weakness of this approach lies in the estimation of income and expenses and the fact that not all properties are suitable for this approach. The strength of this approach is its reflection of typical investor considerations as they analyze income-producing properties.

Conclusion

The cost approach is a better indicator of market value when depreciation is minimal and market conditions are increasing rapidly. The cost approach far exceeds the estimated value indicated by the sales and income approaches. It would not be feasible to construct the subject under current market conditions. The sales and income approaches indicated a relatively narrow range. Ultimately, all of the comparable sales were purchased to be owner occupied and were not bought based on their income potential. Thus, the sales approach is deemed the most reliable indicator of value for the subject.

Liquidation Value

The term liquidation value is defined in The Dictionary of Real Estate Appraisal, Fourth Edition as follows: The most probable price that a specified interest in real estate property is likely to bring under all of the following conditions: Consummation of a sale will occur within a severely limited future marketing period specified by the client. The actual market conditions currently prevailing are those to which the appraised property interest is subject. The buyer is acting prudently and knowledgeably. The seller is under extreme compulsion to sell. The buyer is typically motivated. The buyer is acting in what he or she considers his or her best interest. A limited marketing effort and time will be allowed for the completion of a sale. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. The price represents the normal consideration for the property sold, unaffected by special or creative financing concessions granted by anyone associated with the sale.

The following are sales that meet the definition of liquidation value. Their market value has been estimated as of the effective date of the sale to determine the discount rate.

Address	Sales Date	Sales Price	Market Value	Discount
205 N Water St Elizabeth City, NC 27909	December 8, 2011	\$100,000	\$200,000	50%
201 N Water St Elizabeth City, NC 27909	February 2, 2012	\$60,000	\$100,000	40%
850 Halstead Blvd Elizabeth City, NC 27909	December 15, 2011	\$199,000	\$500,000	60%
404A Tatem St Elizabeth City, NC 27909	March 21, 2011	\$610,000	\$760,000	20%
404 A/B Grice St Elizabeth City, NC 27909	December 16, 2011	\$60,000	\$140,000	57%
400 E Church St Elizabeth City, NC 27909	February 14, 2011	\$184,000	\$230,000	20%
Harbor Bay Dr Elizabeth City, NC 27909	March 29, 2011	\$1,703,500	\$2,200,000	23%
Mean Discount				39%
Median Discount				40%

Conclusion

The seven sales indicate a discount rate range of 20% to 60% for a quick sale to ensue. The mean discount is 39% and the median discount is 40%. Based on the above sales a discount rate of 40% will be applied to the market value of the subject with normal exposure to determine its' liquidation value.

	Market Value "As Is"	40% Discount	Liquidation Value
Subject	\$400,000	-\$160,000	\$240,000

Exposure Time

Overview

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

Exposure time is different for various types of property and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable effort.

The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process: supply/demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information; and the analysis of future income expectancy projected from the effective date of the appraisal.

Developing an Opinion of Reasonable Exposure Time

The opinion may be expressed as a range and can be based on one or more of the following:

- Statistics on days on market (DOM)
- Information gathered through sales verification
- Interviews with market participants

Estimated Exposure Time

Comp 2 sold after 298 days on market. The average days on market for the past 50 sales of improved commercial properties documented in the Albemarle Area MLS is 287. Based upon actual marketing times of properties in the Subject area and conversations with local real estate broker and other real estate professionals, I estimate an exposure period of less than 12 months for the Subjects. This assumes that experienced, knowledgeable, and diligent personnel are retained to manage and market the property. In addition, this time estimate is based upon the valuation assumptions and conclusions found in this appraisal report, and the availability of financing.

Value Conclusion

Based on the data and analyses developed in this appraisal, I have reconciled to the following value conclusion(s), as of November 8, 2017, subject to the Limiting Conditions and Assumptions of this appraisal.

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

- There are no Extraordinary Assumptions for this appraisal.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), I have made the following value conclusion(s):

Current As Is Market Value:

The "As Is" market value of the Fee Simple estate of the property, as of November 8, 2017, is

Subject # Market Value "As Is"			
1	\$400,000	Four Hundred Thousand Dollars	
Exposure Time	12 months	Marketing Period	12 months

Current As Is 90 Day Upon Liquidation Value:

The "As Is" liquidation value of the Fee Simple estate of the property, as of November 8, 2017, is

Parcel # Liquidation Value		
1	\$240,000	Two Hundred Forty Thousand Dollars

Insurable Value:

The insurable value of the property, as of November 8, 2017, is

Subject # Insurable Value		
1	\$520,000	Five Hundred Twenty Thousand Dollars

Respectfully submitted,

Commercial Appraisal Solutions



Alex Underhill
NC Certified General Real Estate Appraiser
NC-A7444

Certification Statement

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- I certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- The appraiser has performed the following prior services regarding the subject within the previous three years of the appraisal date: Appraisal 8/20/2014.
- Alex Underhill has made an inspection of the subject property.



Alex Underhill
NC Certified General Real Estate Appraiser
NC-A7444

Addenda

Deed

FILED in CHOWAN County, NC
on 08/20/07 at 11:35am
By: SUSAN S ROUNTREE
REGISTER OF DEEDS
BOOK 385 PAGE 925

CHOWAN County
LAND TRANSFER TAX
\$2,700.00

NC REAL PROPERTY
EXCISE TAX
\$540.00

NORTH CAROLINA GENERAL WARRANTY DEED

Excise Tax: \$ 540.00

Parcel Identifier No. 7813-00-76-4604 Verified by Chowan County on the 20th day of September, 2007
By: [Signature]

Mail/Box to: HIGH & CROWE, LLP, PO BOX 92/ 102 EAST QUEEN ST., EDENTON, NC 27932

This instrument was prepared by: HIGH & CROWE, LLP, PO BOX 92/ 102 EAST QUEEN ST., EDENTON, NC 27932

Brief description for the Index: _____

THIS DEED made this 17th day of September, 2007, by and between

GRANTOR	GRANTEE
DAVID B. PHELPS and wife, SANDRA D. PHELPS	E.W. WILSON PROPERTIES, LLC 334 Evans Bass Road Edenton, NC 27932

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

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

The property hereinabove described was acquired by Grantor by instrument recorded in Book 283 page 692.

A map showing the above described property is recorded in Plat Book _____ page _____.

NC Bar Association Form No. L-3 © 1976, Revised © 1977, 2002

Printed by Agreement with the NC Bar Association - 1981 SoftPro Corporation, 333 E. Six Forks Rd., Raleigh, NC 27609

270752

ATTACHMENT

TRACT ONE: (CHOWAN COUNTY)

BOOK 385 PAGE 927

Parcel No. five, 2.00 Acres, as shown and delineated on map entitled "A Survey and Plat for the Town Edenton", by Josiah A. Webb, III, Surveyor, dated July 10, 1997, recorded in Plat Cabinet 1 at Slide 166-C, reference to which is made for complete description, and being the property described in a deed to Stephen Mizell and wife, Lovey Mizell, recorded in book 259 at page 288.

TOGETHER WITH a perpetual easement and right of way providing ingress and egress over and along the proposed and existing roadways as shown on the map recorded in Plat Cabinet 1 at Slide 166-C.

SUBJECT TO the Protective Provisions and Covenants of the Edenton-Chowan Industrial Park recorded in Book 231 at page 712, and the specific reservations, restrictions and provisions recited in the Deed to Stephen Mizell and Lovey Mizell recorded in Book 259 at page 288.

Engagement Letter



Commercial Award Notice

This assignment is subject to all of the conditions of the Bank's Master Real Estate Appraisal Service Agreement previously agreed to by your firm.

Ordered By:	Appraisal Dept.	appraisaldepartment@XenithBank.com
Address Appraisal To:	Xenith Bank	PO Box 1908 Elizabeth City, NC 27906
Order Date:	10/30/2017	

Appraiser Info:	Caro, Ronald W. Jr. Commercial Appraisal Solutions 252-207-2658	
Borrower & Property Info	Borrower(s):	Owner(s):
	E. W. Wilson Properties, LLC-	same
	Property Address:	City, State, Zip:
	107 Marina Dr.	Edenton, NC
	Legal or other Id:	Contact #:
	Tax ID 7813-00-78-4804	Scott Noble- 252 221 8418 252 333 0018 or 252 335 1213

Due Date:	11/14/2017	Fee:	\$1,500
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Assignment Type:		Value Type:	
	Collateral Classification	X	"As-Is" Market Value
	Foreclosure/Loss Mitigation court		Prospective Market Value Upon Completion
	New Construction	X	Upon Liquidation (90 days)
X	Other: Annual Value Update		Prospective Market Value Upon Stabilization
		X	Insurable Value
			Other:
Please be aware that Xenith Bank requires the Insurable Value (Replacement Cost) to be developed on all improved properties.			

Interest Appraised:	Fee simple	Notes:
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Intended User: The Intended User is Xenith Bank, its subsidiaries or assigns. Since the bank will be relying on the report and many users within the bank may use the report in their own analysis, the report shall not be limited to individuals but only as noted.

Property Description: Subject property consists of an owner-occupied 2 acre site on which an 8,458 SF building (4,330 W/H, 2,145 showroom, and 1,983 upstairs office) is located and trading as Noble Brothers Cabinetry.

Work Scope: The appraiser work scope is not limited but must at least meet USPAP, FIRREA, Interagency Appraisal & Evaluation Guidelines, and bank standards. Bank Standards include such additional items as photos, flood maps, location maps, comparison grids, write-ups of comparables, ect. Independence, and competency, must meet Guidelines as a minimum. Feel free to contact Eddie Winters at 757-422-8026 or Howard Frey at 757-422-4055 ext. 4236 if there are any questions.

If any extraordinary assumptions or hypothetical conditions are needed in the appraisal the appraiser must contact the Appraisal Department prior to completion of the appraisal.

Appraisers Qualifications Alex Underhill

Core Competencies

- Possess good organizational and leadership skills
- Very good verbal and written communication skills
- In-depth knowledge of appraisal practices and procedures
- Ability to meet critical deadlines
- Specialize in appraising commercial properties of all types and complexity
- Experience with market analysis and marketability studies

Technical Skills

- Microsoft Word, Excel, Access, Outlook Express
- Narrative One Commercial Report Writing Software & Database
- Windows 7

College Education

- Virginia Wesleyan College (2001-2005)
- Magna Cum Laude 3.7 GPA
- BS Sociology

Appraisal Education

Introduction to Real Estate Appraisal (R-1), Valuation Principles and Procedures (R-2), Applied Residential Property Valuation (R-3), 15-Hour National USPAP, Introduction to Income Property (G-1), General Appraiser Income Approach Part I, General Appraiser Income Approach Part II, General Appraiser Market Analysis & Highest and Best Use, General Appraiser report Writing and Case Studies, General Appraiser Sales Comparison Approach, General Appraiser Site Valuation and Cost Approach.

Appraisal Experience

- Over 15,000 hours experience appraising the following property types: Single-Family, Multi-Family, Residential & Commercial Lots, Commercial Single-Tenant & Multi-Tenant, Retail, Office, Industrial, Institutional, Proposed Commercial & Residential, Commercial & Residential Subdivisions, Agriculture, and Estates.



Glossary

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the **Works Cited** section below for more information.

Works Cited:

- Appraisal Institute. *The Appraisal of Real Estate*. 13th ed. Chicago: Appraisal Institute, 2008. Print.
- Appraisal Institute. *The Dictionary of Real Estate Appraisal*. 5th ed. 2010. Print.

Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment. (Dictionary, 5th Edition)

Common Area

1. The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.
2. In a shopping center, the walkways and areas onto which the stores face and which conduct the flow of customer traffic. (ICSC) (Dictionary, 5th Edition)

Common Area Maintenance (CAM)

1. The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.
 - CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings.
 - CAM can refer to all operating expenses.
 - CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative

load. An example would be a 15% addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee.

2. The amount of money charged to tenants for their shares of maintaining a center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. The area maintained in common by all tenants, such as parking lots and common passages. The area is often defined in the lease and may or may not include all physical area to be paid for by all tenants. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenances, snow removal, security, and upkeep. (ICSC) (Dictionary, 5th Edition)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/Im$), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary, 5th Edition)

Discount Rate

A yield rate used to convert future payments or receipts into present value; usually considered to

be a synonym for yield rate. (Dictionary, 5th Edition)

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (Dictionary, 5th Edition)

Effective Date

1. The date on which the analyses, opinion, and advice in an appraisal, review, or consulting service apply.
2. In a lease document, the date upon which the lease goes into effect. (Dictionary, 5th Edition)

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. (Dictionary, 5th Edition)

External Obsolescence

An element of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, tenant. (Dictionary, 5th Edition)

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.) (Dictionary, 5th Edition)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations

imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary, 5th Edition)

Functional Obsolescence

The impairment of functional capacity of a property according to market tastes and standards. (Dictionary, 5th Edition)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (The Appraisal of Real Estate, 13th Edition)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region. (Dictionary, 5th Edition)

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (Dictionary, 5th Edition)

Highest & Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value. (Dictionary, 5th Edition)

Highest and Best Use of Land or a Site as Though Vacant

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (Dictionary, 5th Edition)

Highest and Best Use of Property as Improved

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. (Dictionary, 5th Edition)

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary, 5th Edition)

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Dictionary, 5th Edition)

Market Area

The area associated with a subject property that contains its direct competition. (Dictionary, 5th Edition)

Market Rent

The most probable rent that a property should bring is a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (Dictionary, 5th Edition)

Market Value

The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.
2. Market value is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. (USPAP, 2010-2011 ed.) USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:
 - Identification of the specific property rights to be appraised.
 - Statement of the effective date of the value opinion.
 - Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
 - If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above—or below—market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.

3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
 - Buyer and seller are typically motivated;
 - Both parties are well informed or well advised, and acting in what they consider their best interests;
 - A reasonable time is allowed for exposure in the open market;
 - Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
 - The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)
4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. (International Valuation Standards, 8th ed., 2007)
5. Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure of time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with

neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Standards for Federal Land Acquisitions) (Dictionary, 5th Edition)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary, 5th Edition)

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. (Dictionary, 5th Edition)

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (Dictionary, 5th Edition)

Parking Ratio

A ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios of various land uses are often stated in zoning ordinances. (Dictionary, 5th Edition)

Rentable Area

For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is

computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice. (Dictionary, 5th Edition)

Replacement Cost

Scope of Work

The type and extent of research and analyses in an assignment. (Dictionary, 5th Edition)

Stabilized Occupancy

An expression of the expected occupancy of a property in its particular market considering current and forecasted supply and demand, assuming it is priced at market rent. (Dictionary, 5th Edition)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed and paid for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary, 5th Edition)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income reductions due to vacancies, tenant turnover, and non-payment of rent; also called vacancy and credit loss or vacancy and contingency loss. Often vacancy and collection loss is expressed as a percentage of potential gross income and should reflect the competitive market. Its treatment can differ according to the interest being appraised, property type, capitalization method, and whether the property is at stabilized occupancy. (Dictionary, 5th Edition)

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (Dictionary, 5th Edition)