

Uniform Agricultural Appraisal Report

an improved 13 acre tract located at
3237 Lonesome Road
Cedar Grove, NC 27231
Orange County

Prepared For:

Dock Jones, FLS
USDA-FARM SERVICE AGENCY
4407 Bland Road, Site 175
Raleigh, NC 27609

Intended User:

USDA-FARM SERVICE AGENCY
(The appraiser has NOT identified any other Intended Users
or Intended Uses at the time of the assignment)

Prepared By:

GEORGE L. PLESS, JR.
NC STATE-CERTIFIED GENERAL REAL ESTATE APPRAISER
A3175
2727B OLD CONCORD ROAD, SALISBURY, NC 28146-8388

Date Prepared:

August 9, 2016



Farm
Service
Agency

Rowan Farm Service Agency
2727B Old Concord Road
Salisbury, NC 28146-8388
(704)637-1602

August 9, 2016

TO: Mr. Dock Jones
Farm Loan Specialist
Raleigh, NC

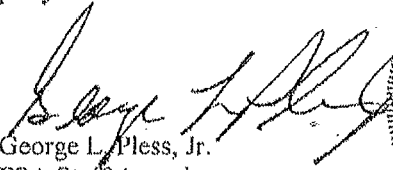
SUBJECT: Appraisal for Taylor Fish Farm
Orange County, NC
Appraisal Assignment No. 3-68-112-16

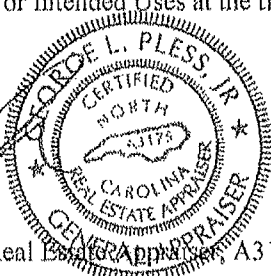
As requested, I have made a study of the property owned by Taylor Fish Farm for the purpose of estimating the market value of the fee simple interest, subject to the normal restrictions of ownership.

Therefore, given the analysis of available data, the final opinion of value of the improved 13 acre tract located at 3237 Lonesome Road as of July 26, 2016 is \$771,000.

This letter is substantiated by the data and reasoning set forth in the attached summary appraisal report and statement of limiting conditions and appraiser's certification.

The attached appraisal report is intended for Farm Service Agency use only. The appraiser has NOT identified any other Intended Users or Intended Uses at the time of the assignment. Use by any other party is not authorized.


George L. Pless, Jr.
FSA Staff Appraiser
NC Certified Residential/General Real Estate Appraiser, A3175



Encl.



USDA is an equal opportunity provider, employer and lender.

Table of Contents

Page Title	Page #
Report Summary	1
Scope of Work	2
Market Value Definition	3
Limiting Conditions	4
Area Description	5
Subject Land Description	6
Subject Improvements	7
Subject History and Use	8
Cost Approach (1-5)	9
Cost Approach (6-10)	10
Improvements (1-10)	11
Reconciliation	12
Certification	13
ADDENDA	
Subject Photo Addendum	14
Comparable Location Map	19
Property Survey	20
Subject - Aerial Photo Map	21
Subject - NRCS Soils Map	22
Orange County Tax Record Card	24
Orange County Tax Map	25
VACANT LAND SALES DATA	
Sale 68-16-09	26
Sale 68-16-07	28
Sale 68-16-03	30
Sale 68-16-02	32
Sale 68-15-06	34
Sale 68-14-03	36
Qualifications of George L. Pless, Jr.	38

Uniform Agricultural Appraisal Report

Owner/Occupant:	Taylor Fish Farm		Total Deeded Acres:	13.00
Property Address:	3237 Lonesome Road, Cedar Grove		Effective Unit Size:	13.00
State/County:	NC	Orange	Zip Code:	28163
Property Location:	8 miles northwest of Hillsborough in Cedar Grove Twp		Property Code #:	
Highest & Best Use:	Agricultural	"As If" Vacant	FAMC Comd'ty Gp:	
	Agricultural/Fish Farming	"As Improved"	Primary Land Type:	Cleared
Zoning:	County AR - Agricultural Residential		Primary Commodity:	Fish
Unit Type:	<input checked="" type="checkbox"/> Economic Sized Unit	<input type="checkbox"/> Supplemental/Add-On Unit		
FEMA Community #	37	FEMA Map #	3710982800K	FEMA Zone/Date:
				X 2/2/2007
Legal Description:	Lot 1 as recorded in PB 98, pg 40. SEC NA TWPCdr Grv RNG NA Attached <input checked="" type="checkbox"/>			
Purpose of Report:	Develop and present an opinion of Market Value of the fee simple interest "as is."			
Use/Intended User(s):	Loan Servicing Decisions/Farm Service Agency and no others.			
Rights Appraised:	Fee Simple			
Value Definition:	Market Value as specifically defined on page 3.			Attached <input checked="" type="checkbox"/>
Assignment:	USPAP Compliant Appraisal		Report Type:	Appraisal Report
Extent of Process/Scope of Work: See detailed Scope of Work on page 2.				

Summary of Facts and Conclusions

Date of Inspection:	07/26/16	Effective Date of Appraisal:	07/26/16
Value Indication	- Cost Approach:	\$	771,385
	- Income Approach:	\$	NA
	- Sales Comparison Approach:	\$	NA
Opinion of Value:	(Estimated Marketing Time 6 to 24 months)	\$	771,000
Cost of Repairs:	\$ na	Cost of Additions:	\$ na
Allocation:			
	Land:	\$ 84,500	\$ 6,500 / acre (11 %)
	Land Improvements:	\$ 57,500	\$ 4,423 / acre (7 %)
	Structural Improvement Contribution:	\$ 629,000	\$ 48,385 / acre (82 %)
	Non-Really Items:	\$	\$ 0 / (0 %)
Leased Fee Value (Remaining term of encumbrance)	\$	\$ 0 / (0 %)	
Leasehold Value:	\$	\$ 0 / (0 %)	
	Overall Value:	\$ 59,308 / acre (100 %)	

Income and Other Data Summary:	<input checked="" type="checkbox"/> Cash Rent	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator	<input type="checkbox"/> FAMC Suppl. Attached
Income Multiplier	()	Income Estimate:	\$ / (unit)	
Expense Ratio	%	Expense Estimate:	\$ / (unit)	
Overall Cap Rate:	%	Net Property Income:	\$ / (unit)	

Area-Regional-Market Area Data and Trends:

	Above Avg.	Avg.	Below Avg.	N/A
Value Trend		X		
Sales Activity Trend		X		
Property Compatibility		X		
Effective Purchase Power		X		
Demand		X		
Development Potential		X		
Desirability		X		

Subject Property Rating:

	Above Avg.	Avg.	Below Avg.	N/A
Location		X		
Soil Quality/Productivity		X		
Improvement Rating		X		
Compatibility		X		
Rentability		X		
Market Appeal		X		
Overall Property Rating		X		

FARM SERVICE AGENCY

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File No # 3-68-112-16

USPAP: Organizational or Other Requirements**Report Type:** Appraisal Report**Date of Inspection:** 07/26/16**Date of Value Opinion:** 07/26/16**Date of Report:** 8/9/16

Scope of Work (Describe the amount and type of information researched and the analysis applied in this assignment. The Scope of Work includes, but is not limited to the degree and extent of the property inspection; the extent of research into physical and economic factors affecting the property; the extent of data research; and the type and extent of analysis applied to arrive at the opinions or conclusions. Additionally, describe sales availability & ability to demonstrate market - "as vacant" - and "as improved" if applicable - or describe sales available to form value opinion "as completed" or proposed if requested; describe income sources and ability of income to support existing or proposed construction; discuss extent of third party verification of RCN, if applicable.);

The Farm Service Agency requested a current value of the Taylor Fish Farm in Orange County. The appraisal is needed by FSA for loan servicing decisions related to an outstanding direct loan. Subject data was obtained from a physical inspection on July 26, 2016; from deed and tax records, FSA and NRCS records, and from information supplied by the client and the owner. Land comparables were considered from the geographic area of northwestern Orange County. Triangle MLS and Orange County Tax scrolls were searched for transfers since July 2014 of 10 to 15 acre vacant land tracts. Comparable data was confirmed by deed and tax records, FSA and NRCS records, and buyer and/or seller. Comparable sales were inspected to the extent feasible, from the public road right-of-way as a minimum.

All three approaches to value were considered. The Cost Approach was developed. The Sales Comparison Approach was not developed due to the specialized enterprise and scarcity of viable tilapia tank farms and even more scarcity of improved tilapia barn sales for comparison. The Income Approach is appropriate; however, due to the noted scarcity of sales, there is insufficient data to derive supportable cap rate or projections of income and expenses. The Income Approach is not necessary for credible results and was not used.

No significant real property appraisal assistance was provided to the person signing this report.

Subject Property Sale & Marketing History: (Analyze and report any agreements of sale, options, or current listings as of the date of the appraisal - and all sales within three (3) years prior to the effective date of appraisal. For UASFLA assignments, report the details of the LAST SALE OF THE SUBJECT - no matter when it occurred); Property is not listed for sale. Property is under contract; see details on page 8. Property has not been transferred within the past 36 months.

Market Conditions (Volume of Competing Listings, Volume of Sales, Amenities Sought by Buyers): Data for competitive listings is not readily available as most acreage tracts are sold by private transactions and not by realtor listings. The subject is in an active market with an adequate quantity and quality of comparable vacant land sales. All three approaches to value were considered. There appears to be good demand for land suitable for producing typically grown crops as well as for pasture.

Approaches to Value (Explain Approaches Used and/or Omitted): All three of the typical approaches to value were considered. The Sales Comparison Approach is appropriate and reliable when adequate improved comparable sales are available. Due to the specialized nature of the improvements and scarcity of fish farm sales, the Sales Comparison Approach was not applied. Although an income producing property, the Income Approach was not applied due to the previously mentioned lack of sales data from which to derive a supportable cap rate and due to the lack of viable tilapia tank farms from which to base income and expense estimates. The Sales Comparison and Cost approaches are not necessary to produce credible assignment results and conclusions. The cost approach is appropriate for new or recently constructed improvements. Although the primary improvements are six years old, the Cost Approach is the only approach applicable to appraise the specialized Subject tilapia fish farm. The cost approach was developed for this appraisal.

MARKET VALUE DEFINITION

Regulations published by federal regulatory agencies pursuant to title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)

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

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

Other:

EXPOSURE AND MARKETING TIME ESTIMATES

Market value (see above definition) conclusion and the costs and other estimates used in arriving at conclusion of value is as of the date of the appraisal. Because markets upon which these estimates and conclusions are based upon are dynamic in nature, they are subject to change over time. Further, the report and value conclusion is subject to change if future physical, financial, or other conditions differ from conditions as of the date of appraisal.

In applying the market value definition to this appraisal, a reasonable exposure time of 6 to 24 months has been estimated. Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; exposure time is always presumed to precede the effective date of the appraisal.

Marketing time, however, is an estimate of the amount of time it takes to sell a property interest at the market value conclusion during the period **after** the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of a date of sale. It is inappropriate to assume that the value as of the effective date of appraisal remains stable during a marketing period. Additionally, the appraiser(s) have considered market factors external to this appraisal report and have concluded that a reasonable marketing time for the property is 6 to 24 months.

Comments: Based on market data.

Assumptions and Limiting Conditions

The certification of the Appraiser(s) appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report.

1. The Appraiser(s) assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser(s) render any opinion as to title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Sketches in the report may show approximate dimensions and are included only to assist the reader in visualizing the property. The Appraiser(s) have made no survey of the property. Drawings and/or plats are not represented as an engineer's work product, nor are they provided for legal reference.
3. The Appraiser(s) are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
4. Any distribution of the valuation in the report applies only under the existing program of utilization. The separate valuations of components must not be used outside of this appraisal and are invalid if so used.
5. The Appraiser(s) have, in the process of exercising due diligence, requested, reviewed, and considered information provided by the ownership of the property and client, and the Appraiser(s) have relied on such information and assumes there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser(s) assume no responsibility for such conditions, for engineering which might be required to discover such factors, or the cost of discovery or correction.
6. While the Appraiser(s) ☒ have ☐ have not inspected the subject property and ☒ have ☐ have not considered the information developed in the course of such inspection, together with the information provided by the ownership and client, the Appraiser(s) are not qualified to verify or detect the presence of hazardous substances by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value conclusion is based on the subject property being free of hazardous waste contaminations, and it is specifically assumed that present and subsequent ownerships will exercise due diligence to ensure that the property does not become otherwise contaminated.
7. Information, estimates, and opinions furnished to the Appraiser(s), and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser(s) can be assumed by the Appraiser(s).
8. Unless specifically cited, no value has been allocated to mineral rights or deposits.
9. Water requirements and information provided has been relied on and, unless otherwise stated, it is assumed that:
 - a. All water rights to the property have been secured or perfected, that there are no adverse easements or encumbrances, and the property complies with Bureau of Reclamation or other state and federal agencies;
 - b. Irrigation and domestic water and drainage system components, including distribution equipment and piping, are real estate fixtures;
 - c. Any mobile surface piping or equipment essential for water distribution, recovery, or drainage is secured with the title to real estate; and
 - d. Title to all such property conveys with the land.
10. Disclosure of the contents of this report is governed by applicable law and/or by the Bylaws and Regulations of the professional appraisal organization(s) with which the Appraiser(s) are affiliated.
11. Neither all nor any part of the report, or copy thereof, shall be used for any purposes by anyone but the client specified in the report without the written consent of the Appraiser.
12. Where the appraisal conclusions are subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner consistent with the plans, specifications and/or scope of work relied upon in the appraisal.
13. Acreage of land types and measurements of improvements are based on physical inspection of the subject property unless otherwise noted in this appraisal report.
14. EXCLUSIONS. The Appraiser(s) considered and used the three independent approaches to value (cost, income, and sales comparison) where applicable in valuing the resources of the subject property for determining a final value conclusion. Explanation for the exclusion of any of the three independent approaches to value in determining a final value conclusion has been disclosed in this report.
15. SCOPE OF WORK RULE. The scope of work was developed based on information from the client. This appraisal and report was prepared for the client, at their sole discretion, within the framework of the intended use. The use of the appraisal and report for any other purpose, or use by any party not identified as an intended user, is beyond the scope of work contemplated in the appraisal, and does not create an obligation for the Appraiser.
16. Acceptance of the report by the client constitutes acceptance of all assumptions and limiting conditions contained in the report.
17. Other Contingent and Limiting Conditions:
18. The opinion of value is based on the condition of the property on the date of inspection.

FARM SERVICE AGENCY

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File No #

3-68-112-16

Area-Regional Description	Area-Regional Boundary: Orange County is part of the 13-County Research Triangle Region of North Carolina. Orange is one of the westernmost counties of this north central NC region that extends to the Virginia line and includes Wake County and Raleigh, the state capital.				On and Off Property:																																																	
	Major Commodities: Orange County is not a major agricultural County, ranking 67th of 100 counties for cash receipts from agriculture in 2014. Orange ranks 16th for hay and 18th for dairy cows and layers.				<table border="0"> <tr> <td></td> <td>Up</td> <td>Stable</td> <td>Down</td> </tr> <tr> <td>Value Trend:</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Sales Activity Trend:</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Population Trend:</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Employment Trend:</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>					Up	Stable	Down	Value Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sales Activity Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Population Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Employment Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>																										
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Forces of Value: <i>(Discuss social, economic, governmental, and environmental forces.)</i> Orange County is located in the northern Piedmont of North Carolina and within an hour's commute from Raleigh and Greensboro and less than 1/2 hour from Durham and Burlington. It is a part of the Raleigh/Durham/Chapel Hill MSA. The population of Orange County is over 133,000. Hillsborough is the county seat but Chapel Hill is the largest city with a population of over 57,000. Education and health care are the major employing sectors with UNC-CH, UNC Healthcare and the Chapel Hill and Orange County public schools as the largest employers. The unemployment rate for Orange County is historically one of the lowest in the state and was 4.1% in May 2016 as compared with North Carolina's May unemployment rate of 4.7%. Agriculture & Agribusiness employ over 11% of the workforce but account for less than 6% of total annual county revenues. Orange county is served by I-85 and I-40, U. S. Hwy's 70 and 501 and five state highways; NC 49, NC 54, NC 57, NC 86, and NC 157 as well as a secondary road system. The RDU airport is less than 30 miles from Hillsborough.																																																						
Exposure Time: 6 to 24 months. <i>(See attached definition and discussion)</i>																																																						
Specific Market Area Boundaries: Northwestern Orange County, north of I-40 and west of Walnut Grove Church Road and NC 86 Hwy.																																																						
Market Area Description	Market Area: <table border="0"> <tr> <td>Rural</td> <td>Suburb</td> <td>Urban</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>				Rural	Suburb	Urban	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Market Area: <table border="0"> <tr> <td>Above Avg.</td> <td>Avg.</td> <td>Below Avg.</td> <td>N/A</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>				Above Avg.	Avg.	Below Avg.	N/A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																
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Analysis/Comments: <i>(Discuss positive and negative aspects of market area.)</i> The subject is in a rural part of Orange County; however, the market is driven more by the health care and education jobs in Chapel Hill area. The proximity to I-40 and RDU airport are major positive aspects of the Subject location. Aquaculture in North Carolina generates nearly \$12,000,000 (2014) in annual revenues, most of which is trout and catfish sales. This accounts for less than 0.1% of ag commodity receipts (2014).																																																						

FARM SERVICE AGENCY

UAAR®

File No #

3-68-112-16

Property Description: (Location, use and physical characteristics) Subject of this assignment is a 13 acre tract in northwestern Orange County, located approximately 6 miles northeast of Mebane and 8 miles northwest of Hillsborough. The tract has no road frontage but lies north of NCSR 1350, Lonesome Road and is accessible by a 30' exclusive access easement. The property is improved with a 51'x200' metal warehouse type building equipped to grow tilapia. This "fish barn" is partitioned with an office/lab, nursery with two 4,000 gallon fiberglass tanks, two grow out rooms with three 25,000 gallon formed concrete tanks each (6 total), the biosump pit room, a "quarantine" room accessible only from the exterior with one 4,000 gallon fiberglass tank, and a full bath with shower. Approximately 1 acre serves as the building and waste pond site. Site improvements include a well and septic tank. Approximately 45% of the tract is open and the remaining 55% is wooded. No part of the subject property is within a FEMA designated flood hazard zone. The current property use is in compliance with the Orange County zoning of "AR" Agricultural Residential. It also lies within the Upper Eno critical watershed overlay district.

The subject is identified by Orange County as Parcel ID 9838907767; further identified as Tract 1 on a survey plat recorded in PB 98, Pg 40 of the Orange County Register of Deeds. The subject 13 acres is a part of FSA FSN 4234, Tr 11291.

Land Use	Deeded Acres	Unit Type	Unit Size	Subject Description:	Above Avg.	Avg.	Below Avg.	N/A
Home site	1.00	Acres	(7.7%)	Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cropland	4.80	Acres	(36.9%)	Legal Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Woodland	7.20	Acres	(55.4%)	Physical Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Acres	(0.0%)	Contiguity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Acres	(0.0%)	Shape/Ease Mgt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Building Pad		Sq Ft	10,200.00 (0.0%)	Adequacy Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Waste Storage Pond		Sq Ft	30,000.00 (0.0%)	Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Rentability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	FEMA Zone/Date	<input checked="" type="checkbox"/>	2/2/2007		
Total Deeded Acres	13.00	Total Units	40,200.00 (100 %)	Building Location				

Climatic: 46 " Annual Precipitation _____ ' to _____ ' Elevation _____ Frost-Free Days _____
Utilities: Wells Water public Electric private Sewer private Gas public Telephone _____
Distance To: 10 Schools 10 Hospital 6 Markets 4 Major Hwy. 18 Service Center

Comments Located within the Central Elementary; Gravelly Hill Middle; and Orange High School attendance districts. The Subject tract is approximately 4 miles from NC 49 and about 7 miles to the nearest I-40 interchange. State of the art UNC medical facilities are conveniently located in Chapel Hill in southeastern Orange County. Subject is convenient to shopping and markets in nearby Mebane and Hillsborough.

FARM SERVICE AGENCY

UAAR®

File No #3-68-112-16

Type	Size	Construction	Qty	Foundation	Roof	Floor	Exterior	Act. Age	Eff. Age	Rem. Life	Con-formity	Utility	Cond.
Fish Barn	10,200	Steel	Ave	Conc.	Mtl	Slab	Mtl	6	6	34	Ave	Ave	Ave
Equipment/Fixtures	10,200							6	6	9	Ave	Ave	Ave
Generator	100 Kw							6	2	23	Ave	Ave	Ave

Improvement Comments: *(Discuss and/or expand any items affecting value structure-by-structure, if necessary)*

Fish Barn is a 51'x200' steel frame metal building with concrete floor; insulated sides and roof; heat pump HVAC. In addition to the intricate plumbing for the tanks and recirculating systems, there is a full bath with shower. Also included as a part of the fish barn are six 25,000 pre-formed concrete fish grow out tanks and three 4,000 gallon fiberglass tanks in the nursery and quarantine rooms. Cost of plumbing and wiring is also included in the building cost. RCN for the building is derived from Marshall Commercial Service, a national cost service for commercial construction. The subject is a special use structure and does not fit well into any of the standard occupancies Marshall collects data on. The appraiser has selected Occupancy 406, Storage Warehouse as the most appropriate type structure to estimate replacement costs for the Fish Barn. Based on the 406 Storage Warehouse description, costs are based on Class S (Metal frame and walls) construction using Average quality to reflect the Subject's heat pump HVAC, superior insulation, plumbing and wiring for the specific purpose.

Equipment which is oftentimes considered personal or chattel property is included in this real property appraisal as it is an intricate essential part of the facility without which the structure cannot function for its intended use. This equipment is considered as fixtures and is broken out on a separate line item to avoid any confusion and not be misleading to the reader.

Equipment includes, but is not limited to, feed bins, feeders, pumps, meters, monitors, blowers, filters, oxygen saturator cones; all related tubing, piping, valves and controls; emergency alarm systems, and other related fish management equipment.

Replacement costs of the equipment is not as readily available due to its specialized nature. RCN was derived from multiple sources including original actual costs, aquaculture technology companies, water quality monitoring and equipment companies, and pool equipment companies. The appraiser has made a diligent effort to estimate current replacement costs based on the information readily available in the market place, and in the absence of current quotes.

Site Improvements: Well, septic tank.
Waste effluent pond; access driveway.

	Above Avg.	Avg.	Below Avg.	N/A
Overall Structural Balance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Structural Condition	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improvement Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Property Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Building REL	34 years			

FARM SERVICE AGENCY

UAAR®

File No #

3-68-112-16

History	<input checked="" type="checkbox"/> Ownership Longer Than <u>3</u> Years					
		Owner	Recording/Reference	Date	Price Paid	Terms
	Previous:	Valee L. Taylor	3838/406	8/15/05	\$ 0	
	Present:	Taylor Fish Farm	4592/578	8/21/08	\$ 0	
Zoning	Currently: <input type="checkbox"/> Optioned <input type="checkbox"/> Under Contract Contract Price: \$ _____ Buyer: _____ <input type="checkbox"/> Currently Listed Listing Price: \$ _____ Listing Date: _____ Property is not listed for sale or under contract.					
	Current Zoning: <u>County AR - Agricultural Residential</u> Zoning Conformity: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Zoning Change: <input checked="" type="checkbox"/> Unlikely <input type="checkbox"/> Probable To: _____ Comments: AR zoning is intended to preserve land suitable for agricultural, silvacultural or horticultural uses and protect from the adverse effects of incompatible uses. Minimum lot size is 40,000 sf in the AR district. The Upper Eno watershed critical area overlay district further restricts residential development to 1 dwelling unit per 2 acres. The last countywide reevaluation was effective January 2009. Next reevaluation will become effective January 2017.					
	Tax Basis: <input checked="" type="checkbox"/> Agricultural <input type="checkbox"/> Market Value Parcel #: <u>9838907767</u>		Assessment Year <u>2016</u> Land \$ <u>6,185</u> Building(s) \$ <u>32,086</u> Total Assessed Value \$ <u>38,271</u>		Forecast: Current Tax \$ <u>412.00</u> Estimated/Stabilized \$ <u>412</u> Or (<u>13.00</u> Ac.) = \$ <u>31.69</u> /acre Trend: <input type="checkbox"/> Up <input type="checkbox"/> Down <input type="checkbox"/> Stable	
	Comments: Orange County Tax Rate = 0.878/\$100 + 0.0736 Cedar Grove FD tax = 0.9516/\$100 value + \$107 SW fee. Assessment above reflects the Ag Use Values. Full FMV assessment is \$97,502. Annual taxes on FMV would be \$1,035.					
Highest & Best Use Analysis	Highest & Best Use is defined as that reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legally alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.					
	Analysis: <i>(Discuss legally permissible, physically possible, financially feasible, and maximally productive uses)</i> 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 property is zoned agricultural residential which is common in the area. As with many rural properties where zoning is flexible or nonexistent, there are at least two uses that are legally permissible, physically possible, economically feasible, and maximally productive. The primary competing use with the present use is for residential development; however, the preponderance of sales of other properties equally or better suited for residential development are not being developed but kept in agricultural or forestry uses with the owner occasionally building a personal residence. Soils information was obtained from NRCS Soil Data Mart which is the most current soils data available.					
	Highest and Best Use: "As if" Vacant <u>Agricultural</u> "As Improved" <u>Agricultural/Fish Farming</u>					
	Discussion: Subject soils data was analyzed for their Highest and Best Uses. Applicable zoning rules and ordinances were reviewed. The existing improvements contribute significant value to the property above vacant land value. The market indicates that the present agricultural use for fish production is the Highest & Best Use.					
Value Methods	Valuation Methods: <input checked="" type="checkbox"/> Cost Approach <input type="checkbox"/> Income Approach <input type="checkbox"/> Sales Comparison Approach (Explain and support exclusion of one or more approaches) All three of the typical approaches to value were considered. The Sales Comparison Approach is appropriate and reliable when adequate improved comparable sales are available. Due to the specialized nature of the improvements and scarcity of fish farm sales, the Sales Comparison Approach was not applied. Although an income producing property, the Income Approach was not applied due to the previously mentioned lack of sales data from which to derive a supportable cap rate and due to the lack of viable tilapia tank farms from which to base income and expense estimates. The Sales Comparison and Cost approaches are not necessary to produce credible assignment results and conclusions. The Cost Approach is the only approach applicable to appraise the specialized Subject tilapia fish farm. The cost approach was developed for this appraisal.					

FARM SERVICE AGENCY

UAAAR@

File No #

3-68-112-16

Cost Approach (Sales 1-5)

Item: Sale #1 d441 Sale #2 d430 Sale #3 d431 Sale #4 d438 Sale #5 d435

Sale Land Allocation	Grantor	Hester, Larry	REW Land, LLC	Giral, Ruben A	Branch, Patricia	Wagner, Joseph	
	Grantee	King, Robert	McClish, Mark	Sankofa Farms	Fowler, Donald	Dengler, John D	
	Source	Combination	Combination	Combination	Combination	Combination	
	Date	06/16	05/16	03/16	02/16	04/15	
	CEV Price	71,000	77,500	60,000	71,500	115,000	
	Deeded Acres	12.29	14.10	11.87	10.17	13.56	
	Location	Cheeks Twp	Cedar Grove Tw	Cedar Twp	Cheeks Twp	Cedar Grove Tw	
	Historic Allocation	X	X	X	X	X	
	Time Adjusted Allocation						
	Acres	Home site	0.00	0.00	0.00	0.00	0.00
1	Allocated Value (100%)	\$ 14,442.64	\$ 14,491.40	\$ 12,636.90	\$ 17,581.91	\$ 22,030.65	
Acres	Cropland	0.00	10.10	0.00	5.60	10.50	
4.8	Allocated Value (40.00 %)	\$ 5,777.05	\$ 5,796.56	\$ 5,054.76	\$ 7,032.76	\$ 8,812.26	
Acres	Woodland	12.29	2.17	11.87	4.57	0.55	
7.2	Allocated Value (40.00 %)	\$ 5,777.05	\$ 5,796.56	\$ 5,054.76	\$ 7,032.76	\$ 8,812.26	
Acres		0.00	0.00		0.00	0.00	
	Allocated Value (%)	\$ 5,777.05	\$ 5,796.56	\$	\$ 7,032.76	\$ 8,812.26	
Acres		0.00	1.10			2.00	
	Allocated Value (%)	\$ 5,777.05	\$ 5,796.56	\$	\$	\$ 8,812.26	
Sq Ft	Building Pad						
10,200.00	Allocated Value (%)	\$	\$	\$	\$	\$	
Sq Ft	Waste Storage Pond		0.73			0.51	
30,000.00	Allocated Value (%)	\$	\$ 0.00	\$	\$	\$ 0.00	
	Allocated Value (%)	\$	\$	\$	\$	\$	
	Allocated Value (%)	\$	\$	\$	\$	\$	
	Allocated Value (%)	\$	\$	\$	\$	\$	
	Allocated Value (%)	\$	\$	\$	\$	\$	
	Land Use	Acres	\$/Acre	Unit Type	Unit Size	\$/Unit	Total
	Home site	1.00	\$ 16,000.00	Acres		\$	16,000.00
	Cropland	4.80	\$ 6,500.00	Acres		\$	31,200.00
	Woodland	7.20	\$ 6,500.00	Acres		\$	46,800.00
			\$	Acres		\$	
			\$	Acres		\$	
	Building Pad		\$	Sq Ft	10,200.00	\$ 0.90	9,180.00
	Waste Storage Pond		\$	Sq Ft	30,000.00	\$ 1.30	39,000.00
			\$			\$	
			\$			\$	
			\$			\$	
	Total Acres:	13.00	\$ 10,936.92	Total Units:	40,200.00	\$	142,180.00

Cost Approach Summary: (Check one of the following methods applicable to the subject and sale analyses)

<input type="checkbox"/>	Lump Sum Depreciation:	Improvement Contribution _____ % of Cost Estimate	\$ 0
<input type="checkbox"/>	Breakdown Depreciation:	Improvement Contribution Indication	\$ 0
<input checked="" type="checkbox"/>	Breakdown Depreciation:	Age/Life Depreciation Improvement Contribution Indication	\$ 629,205

OTHER

\$

COST APPROACH INDICATION (Land & Improvements)

\$

771,385

Cost Approach (Sales 6-10)

Item:		Sale #6	d434	Sale #7	Sale #8	Sale #9	Sale #10
Grantor		Compton, Dwight					
Grantee		Murad, Thierry					
Source		Combination					
Date		08/14					
CEV Price		75,000					
Deeded Acres		10.27					
Location		Cedar Grove Twp					
Historic Allocation		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Time Adjusted Allocation		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Acres	Home site	0.00					
1	Allocated Value (100%)	\$ 19,152.20	\$	\$	\$	\$	\$
Acres	Cropland	8.20					
4.8	Allocated Value (40.00 %)	\$ 7,660.88	\$	\$	\$	\$	\$
Acres	Woodland	1.59					
7.2	Allocated Value (40.00 %)	\$ 7,660.88	\$	\$	\$	\$	\$
Acres		0.00					
	Allocated Value (%)	\$ 0.00	\$	\$	\$	\$	\$
Acres		0.00					
	Allocated Value (%)	\$ 0.00	\$	\$	\$	\$	\$
Sq Ft	Building Pad						
10,200.00	Allocated Value (%)	\$	\$	\$	\$	\$	\$
Sq Ft	Waste Storage Pond	0.48					
30,000.00	Allocated Value (%)	\$ 0.00	\$	\$	\$	\$	\$
	Allocated Value (%)	\$	\$	\$	\$	\$	\$
	Allocated Value (%)	\$	\$	\$	\$	\$	\$
	Allocated Value (%)	\$	\$	\$	\$	\$	\$

Comments: The quantity and quality of available market data is good. The six vacant land sales selected for comparison to derive the land value component in the Cost Approach all transferred within 24 months (four within 6 months) prior to the effective date; range in size from 10 to 14.1 acres; and are all located within 5 miles of the Subject property.

Sale #1 is the most recent sale; a mostly wooded tract located 4½ miles south of the Subject.

Sale #2 is located 2¼ miles west/northwest and is ¾ open.

Sale #3 is the closest in proximity to the Subject of the six sales listed, only 1 mile south. It is wooded with small trees.

Sale #4 is located 4½ miles southeast and is 55% open.

Sale #5 is located 4 miles northeast and over ¾ open.

Sale #6 is located 3 miles east/northeast and 80% open

The six vacant land sales indicate a value range \$5,055 to \$8,800 /acre.

Building site value includes site improvements of the well and septic tank.

Improvement Contribution (1-10)

IMPROVEMENT	1	2	3	4	5
Type	Fish Barn	Equipment/Fixtures	Generator		
Size	10,200	10,200	100 Kw		
Age	6	6	2		
Remaining Life	34	9	23		
RCN \$/Unit	51.62	26.00	245.00		
RCN	526,524	265,200	24,500		
\$/Unit Contribution	43.88	15.60	225.40		
Total Depreciation	78,979	106,080	1,960		
Total Depreciation %	15	40	8		
% Physical	15	40	8		
Physical Depreciation	78,979	106,080	1,960		
RCN Rem. After Phys. Depr.	447,545	159,120	22,540		
% Functional					
Functional Obsolescence					
RCN Rem. After Phys./Funct. Depr.	447,545	159,120	22,540		
% External					
External Obsolescence					
Improvement Contribution	447,545	159,120	22,540		
IMPROVEMENT	6	7	8	9	10
Type					
Size					
Age					
Remaining Life					
RCN \$/Unit					
RCN					
\$/Unit Contribution					
Total Depreciation					
Total Depreciation %					
% Physical					
Physical Depreciation					
RCN Rem. After Phys. Depr.					
% Functional					
Functional Obsolescence					
RCN Rem. After Phys./Funct. Depr.					
% External					
External Obsolescence					
<input checked="" type="checkbox"/> Age/Life Depreciation					
Improvement Contribution					
Overall Contribution (All Improvements)	\$ 629,205	Cost Approach Est. \$ 771,385	Improvement Contribution 82 %	Cost: <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Reproduction	
Total RCN \$	816,224	Total \$ 187,019	Total \$ 0	Total \$ 0	Total \$ 187,019
		Total % 23	Total % 0	Total % 0	Total % 23
		Physical Depreciation	Functional Obsolescence	External Obsolescence	Depreciation

Reconciliation and Opinion of Value

Summary

Cost Approach	\$	771,385
Income Approach	\$	NA
Sales Comparison Approach	\$	NA

Discussion & Correlation of Values

Analysis of Each Approach and Opinion of Value:

All three of the typical approaches to value were considered.

The Sales Comparison Approach is appropriate and reliable when adequate improved comparable sales are available. Due to the specialized nature of the improvements and scarcity of fish farm sales, the Sales Comparison Approach was not applied. Although an income producing property, the Income Approach was not applied due to the previously mentioned lack of sales data from which to derive a supportable cap rate and due to the lack of viable tilapia tank farms from which to base income and expense estimates. The Sales Comparison and Cost approaches are not necessary to produce credible assignment results and conclusions.

The cost approach is appropriate for new or recently constructed improvements. Although the primary improvements are six years old, the Cost Approach is the only approach applicable to appraise the specialized Subject tilapia fish farm. The cost approach was developed for this appraisal. The Cost Approach is a reliable and supportable approach to value for the Subject property and was relied on in reconciling the opinion of value at \$771,000.

Allocation of Value

Opinion Of Value - (Estimated Marketing Time 6 to 24 months, see attached)

\$ 771,000

Cost of Repairs \$ na

Cost of Additions \$ na

Allocation: (Total Deeded Units: 13.00) Land: \$ 84,500 \$ 6,500 / acre (11 %)
 Land Improvements: \$ 57,500 \$ 4,423 / acre (7 %)
 Structural Improvement Contribution: \$ 629,000 \$ 48,385 / acre (82 %)

Value Estimate of Non-Realty Items:

Value of Personal Property (local market basis) \$
 Value of Other Non-Realty Interests: \$
 Non-Realty Items: \$ 0 / (0 %)
 Leased Fee Value (Remaining Term of Encumbrance) \$ 0 / (0 %)
 Leasehold Value \$ 0 / (0 %)
 Overall Value \$ 771,000 \$ 59,308 / acre (100 %)

Appraiser Certification

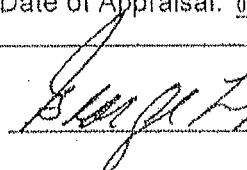
I certify that, to the best of my knowledge and belief:

1. the statements of fact contained in this report are true and correct.
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analysis, opinions, and conclusions.
3. I have ☒ no ☐ the specified present or prospective interest in the property that is the subject of this report and I have ☒ no ☐ the specified personal interest with respect to the parties involved.
4. I have performed ☒ no ☐ the specified services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. my engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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 opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. I ☒ have ☐ have not made a personal inspection of the property that is the subject of this report.
10. ☒ no one ☐ the specified persons provided significant real property appraisal assistance to the person signing this certification.
11. This is a summary report and contains 40 total pages. Parts of this report should not be interpreted and analyzed without considering the entire contents. Additional documentation is included in the appraiser's work file.

Effective Date of Appraisal: 07/26/16

Opinion of Value: \$ 771,000

Appraiser:

Signature: 

Name:

George L. Pless, Jr.

License #:

Certification #: A3175

N.C. Certified General Real Estate Appraiser

Property Inspection: ☒ Yes ☐ No

Inspection Date: 07/26/16

Appraiser has ☒ inspected ☒ verified ☒ analyzed the sales contained herein.

Date Signed: 08/09/16

ADDENDA

to Appraisal on Taylor Fish Farm

Subject Photo Addendum

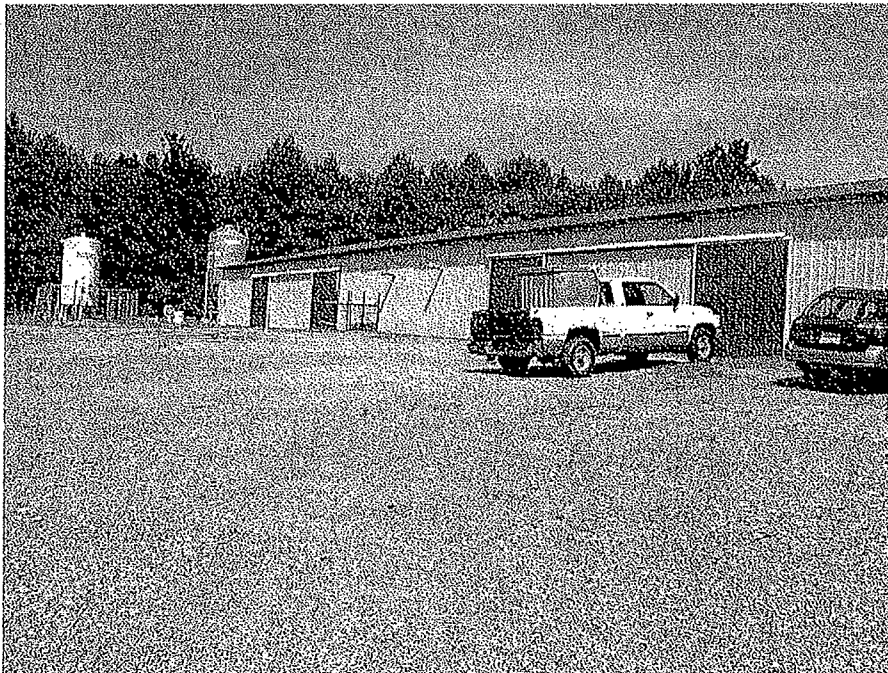


ABOVE:

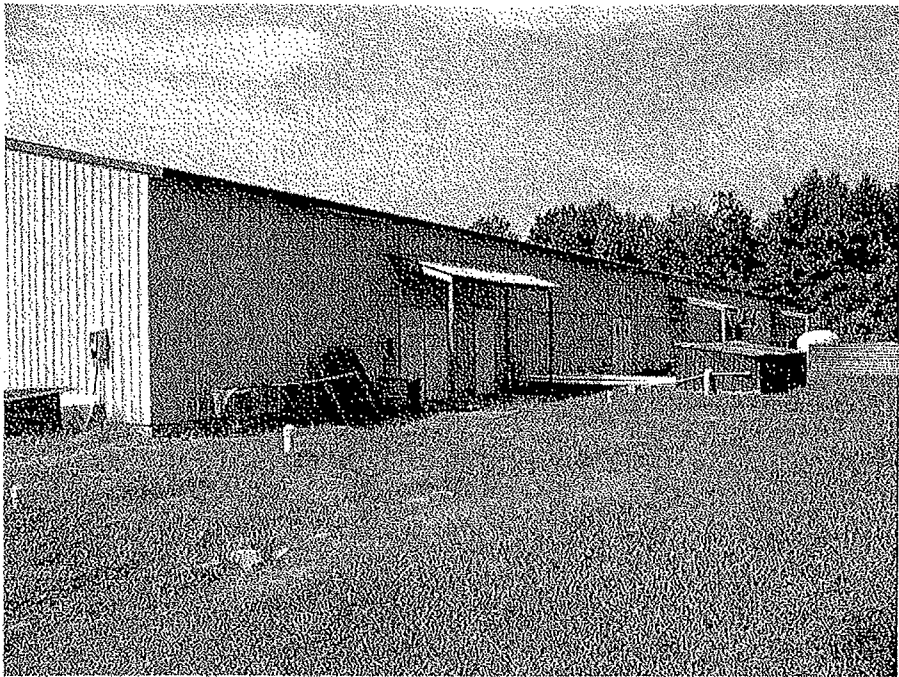
Entrance to Subject Property from Lonesome Road (30' access easement)

BELOW:

Front of Fish Barn



Subject Photo Addendum

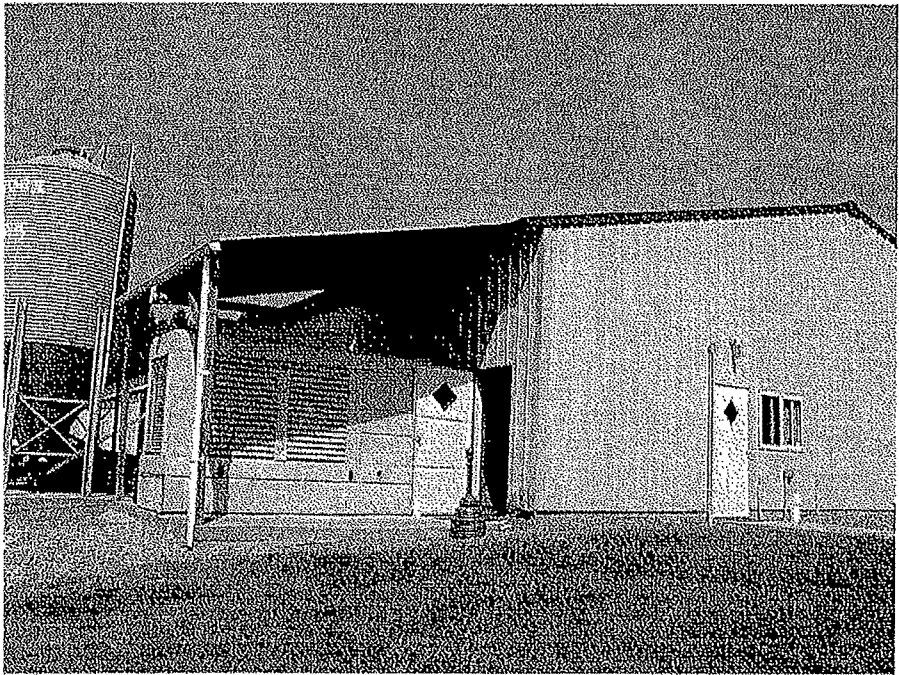


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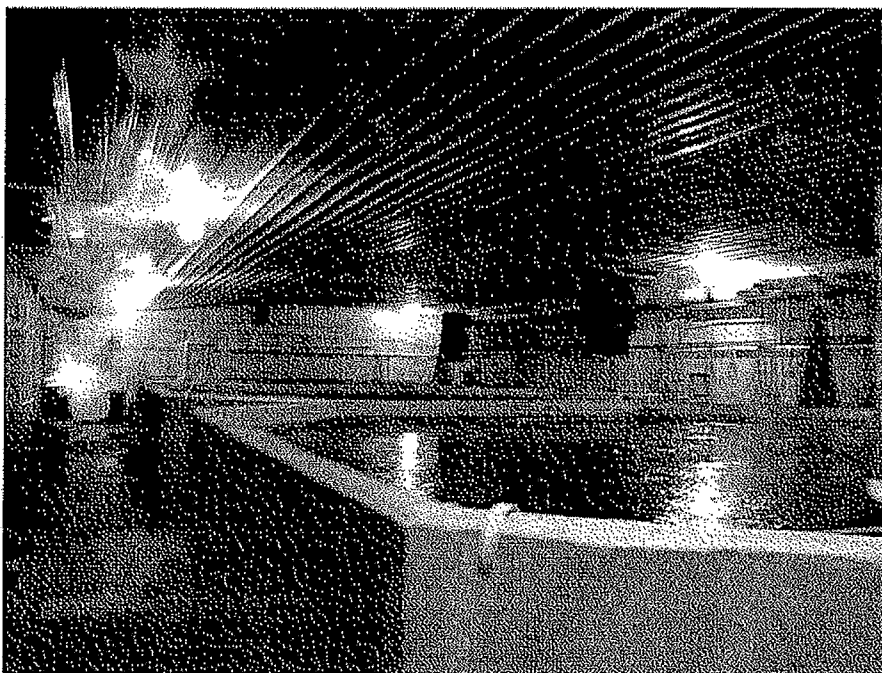
Back of Fish Barn

BELOW:

Generator



Subject Photo Addendum

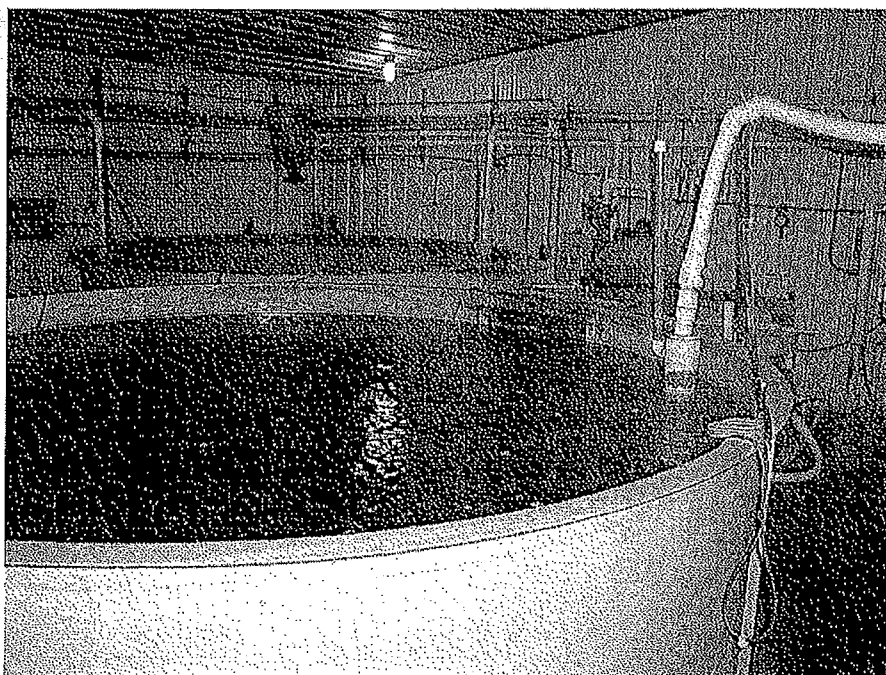


ABOVE:

Grow-out Room/25,000 gal concrete tanks

BELOW:

Nursery Room/two 4,000 gallon nursery tanks



Subject Photo Addendum

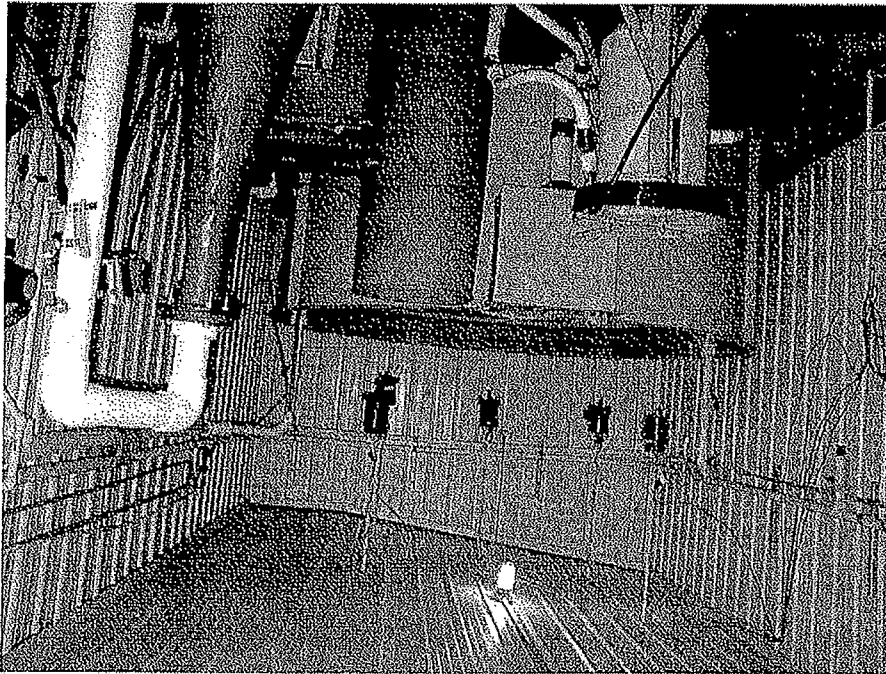


Biosump room and Hydrotech drum filter

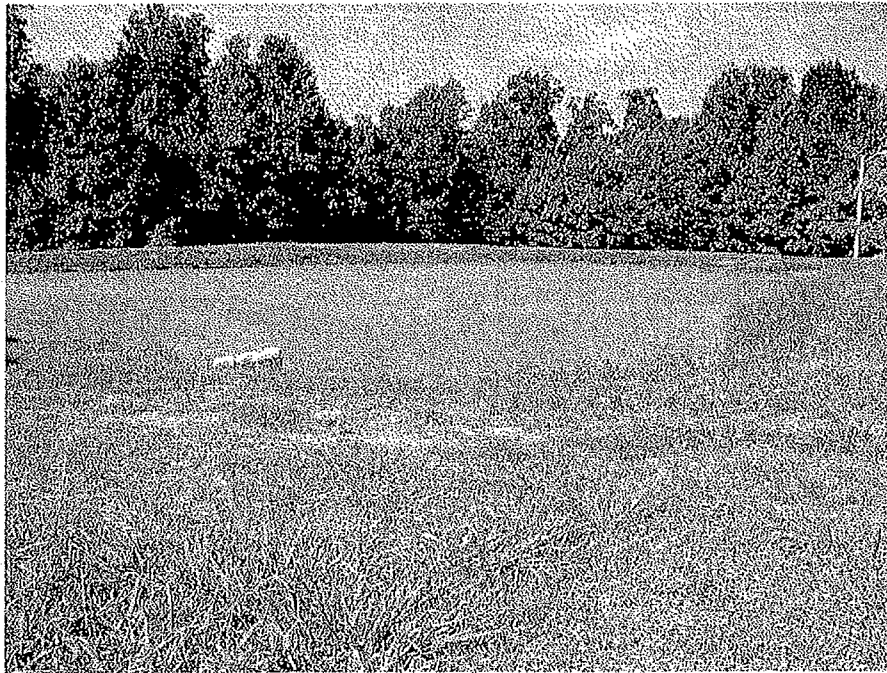
ABOVE:

BELOW:

Quarantine Room/4,000 fiberglass tank



Subject Photo Addendum



ABOVE:

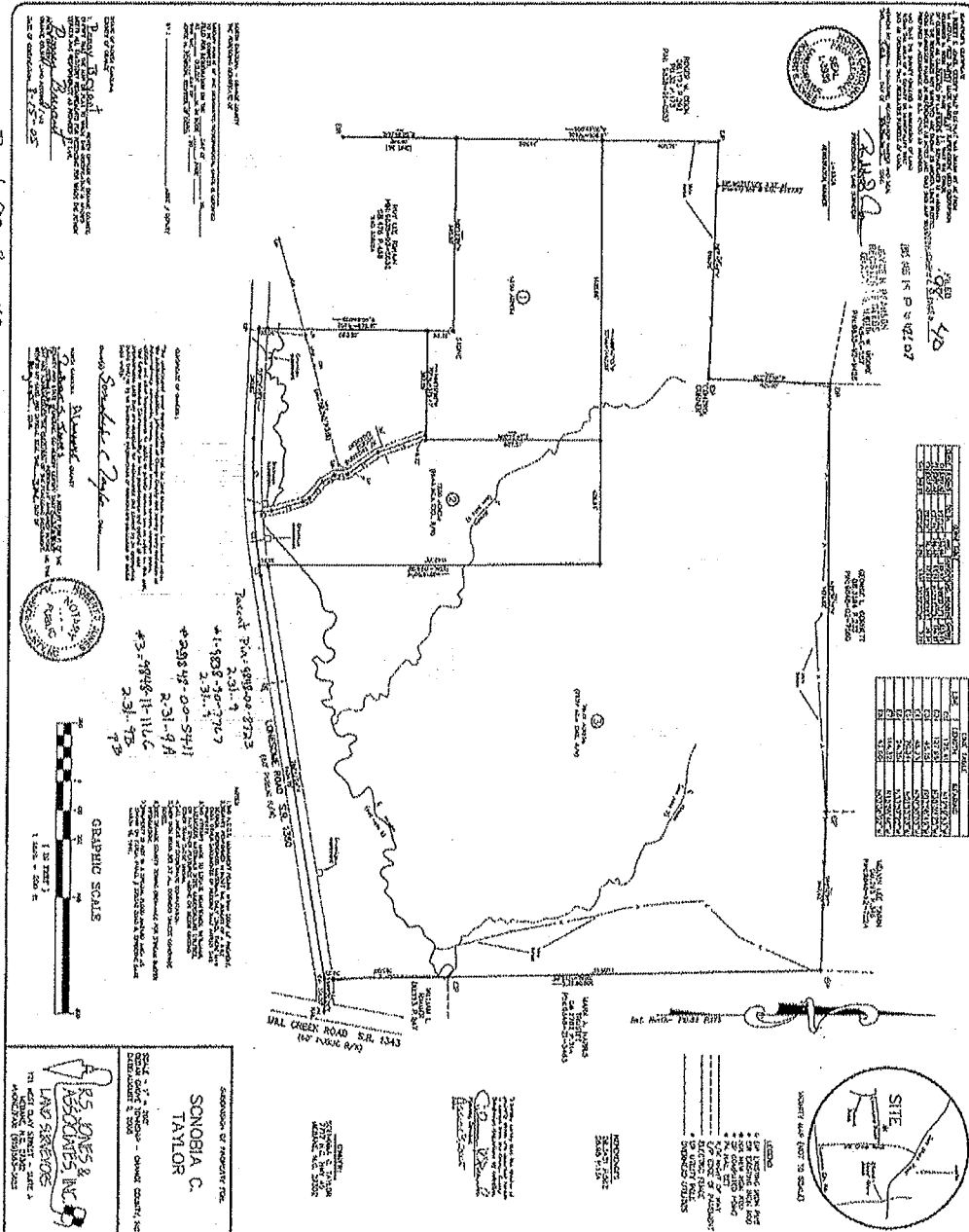
Waste Storage Pond

BELOW:

Disclaimer: Tract boundary lines are approximate and are not intended to imply the precision of a survey.

Ronde (NCDOT)

Property Survey



Book 98 Page 40