

**Appraisal Report
Of:**

Commercial/Retail Facility

**Old Stone Winery
6235 US 52
Salisbury, NC 28146**

**First National Bank ID # 17-002079-01-01
for**

**First National Bank
Commercial Appraisal Group
One FNB Blvd., Hermitage, PA 16148
Dale Mauch**



**Opinion of Market Value—as is
As of
July 6, 2017
by:**

**J. Scott Robinson, MAI, SRA, AI-GRS
State Certified General Appraiser
Robinson Associates Real Estate Appraisers & Consultants**

LETTER OF TRANSMITTAL

Robinson Associates

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(704) 636-4151

July 11, 2017

**Dale L. Mauch
First National Bank
Commercial Appraisal Group
One FNB Blvd.
Hermitage, PA 16148**

Mr. Mauch,

RE: Appraisal Report/ Market value opinion—Old Stone Ventures, LLC

Attached please find the appraisal report I have completed on the above referenced property. *This report expresses a final value opinion of \$ 600,000 —as is as described in the report, as of the date of the appraisal which was July 6, 2017. This opinion is based on fee simple (non-arm’s length business lease in place among related parties) property rights.*

An additional statement, “the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan,” is applicable. No personal property is considered in this value opinion, nor is any furniture, fixtures, or equipment. I am of the opinion no business or intangible asset value is present. None is included in this value opinion.

One extraordinary assumption is made within this appraisal and report regarding the environmental soundness of the property. I am not an environmental expert, and cannot render an opinion related to such conditions which may affect the utility or marketability of the subject. None were noted at inspection.

Based on previous agreement, this report constitutes an appraisal report as defined by USPAP.

The appraisal and this report are subject to the attached certification limiting conditions, and other conditions as stated prominently within the appraisal report.

I trust that you will find this in order. If there are any questions or if you need further information, please feel free to call me. I greatly appreciate your business and stand ready to serve you at any time.

Regards,



J. Scott Robinson, MAI, SRA, AI-GRS
State Certified General Real Estate Appraiser--A-2889

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

PREPARED FOR: First National Bank
C/O Dale Mauch

PREPARED BY: J. Scott Robinson, MAI, SRA, AI-GRS
Robinson Associates
123 S. Main St., Suite 202
Salisbury, NC 28144

SUBJECT PROPERTY LOCATION: 6235 US 52 Salisbury, NC 28146

PROPERTY OWNER: Old Stone Ventures, LLC—see addenda.

DATE OF APPRAISAL: July 6, 2017

PURPOSE OF APPRAISAL Develop an opinion of the market value of the subject property as is, as of the effective date of the appraisal

PROPERTY RIGHTS APPRAISED Fee Simple

ZONING: The property is zoned HB--Highway Business—subject allowed

TAX MAP REFERENCE: Map 628 Parcel 162

LAND AREA: 0.65 +/- Acres

EXISTING IMPROVEMENTS: 1 story retail shop, working warehouse, and support improvements paved parking, access, landscaping and signage— 7,910 square feet

LEGAL DESCRIPTION: See attached exhibits

PRESENT USE: Retail facility--one tenant

HIGHEST AND BEST USE: As vacant—retail development to density allowed
As is—5,000-8,000+/- sf retail strip center multi tenant

APPRAISAL PROCEDURES APPLIED:

**Sales Comparison Analysis
Income Analysis**

**VALUE ESTIMATE BY SALES
COMPARISON APPROACH**

\$ 633,000--as is stable occupancy fee simple

**VALUE ESTIMATE BY
INCOME APPROACH**

\$ 561,000-- as is—stabilized—fee simple

FINAL opinion OF MARKET VALUE

\$ 600,000—as is—fee simple

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SCOPE OF THE APPRAISAL

The Appraiser has through applicable methods followed a valuation process which attempts to produce a report that is meaningful to the client and not misleading. In this report:

The problem has been defined as the determination of market value for the subject property as of the appraisal date. All definitions, limiting conditions, etc. are obtained from materials provided by the Appraisal Institute. The Appraiser continually attends courses, seminars, and receives publications which keep him current on acceptable terminology and techniques.

General data including information on the region, city and neighborhood are obtained from local demographic providers, census data and public records.

Specific data is constantly updated and verified from local participants in the market. This includes comparable sales, comparable rents, expense, rates and expectations. The Appraiser subscribes to Marshall Valuation service which is used where applicable to verify local contractors' bids or indication of estimated replacement/reproduction costs. Data on vacancies, tax trends, competition, and other relevant information is maintained such that accurate and objective determination with regard to the subject can be made.

Sales Comparison and Income Analyses are performed to the extent that they are relevant and the subject and the defined appraisal problem. In this case these are fully employed and all data is verified by at least two sources one direct.

Finally, all information pertinent to the appraisal is analyzed for substantive relevance and final value estimate is determined through correlation.

The appraisal is done in accordance with the attached contingent and limiting conditions provided at the end of the report. This is an appraisal report as defined by USPAP and is intended to fulfill any additional requirements of First National Bank.

All inspections were made by the Appraiser (7-6-2017) and include basic interior and exterior inspections. The Appraiser is not a licensed contractor and cannot make judgments that relate to the operating order of major systems within the subject. Sketches, pictures, etc. are provided to aid reader in understanding.

No assumptions can be made by me or inferred by statements in this appraisal report regarding structural integrity, mechanical condition(s), or environmental factors.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is the stated scope of this assignment which is to examine the subject property, the local market and through appropriate and effective methods *develop an opinion of market value of the subject property as of the specified date of the appraisal.*

Market value as defined in this report is:

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 own best interests:
- (3) A reasonable time is allowed for exposure in the open market:
- (4) Payment is made in terms of cash in U.S. 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 sales concessions granted by anyone associated with the sale.

Federal Register, vol.55, no. 163, August 22, 1990, pages 34228 and 34229; also quoted in the introduction to the Standards of Professional Appraisal Practice of the Appraisal Institute.

PROPERTY RIGHTS APPRAISED

In this report, the Appraiser will provide an opinion of market value of the fee simple interests, for the subject property as of July 6, 2017.

These interests are of course subject to the normal limitations of taxation, eminent domain, police power, and escheat.

FUNCTION OF THE APPRAISAL (Intended Use & User)

The function of this appraisal is developing an opinion of market value of the subject property for First National Bank. It is the Appraiser's understanding that this report will serve as an aid to determine collateral value for internal financial or mortgage lending purposes. First National is the sole intended user and the use defined above is based on the attached engagement letter.

SITE ANALYSIS

DIMENSIONS:	Irregular x 0.65 +/- acres
CORNER LOT?	No
DO PRESENT IMPROVEMENTS CONFORM TO ZONING REGULATION?	yes
ELECTRICITY:	Public
GAS:	Public
WATER:	Well
SAN. SEWER:	Septic
UNDERGROUND ELECTRICITY & TELEPHONE?:	No
STREET ACCESS:	Public
SURFACE:	Asphalt Paved
MAINTENANCE:	Public
STORM SEWER:	Yes
SIDEWALK:	Internal
CURB/GUTTER:	Concrete
STREET LIGHTS:	Utility
TOPOGRAPHY:	Generally Level to rolling
SIZE	Average for Area
SHAPE:	Irregular
VIEW:	Average for Area
DRAINAGE:	Appears Normal
LANDSCAPING:	Typical
IS PROPERTY IN A DESIGNATED FLOOD HAZARD AREA	No

The subject site is a single tax parcel commercial site located in Granite Quarry, in southern Rowan County.

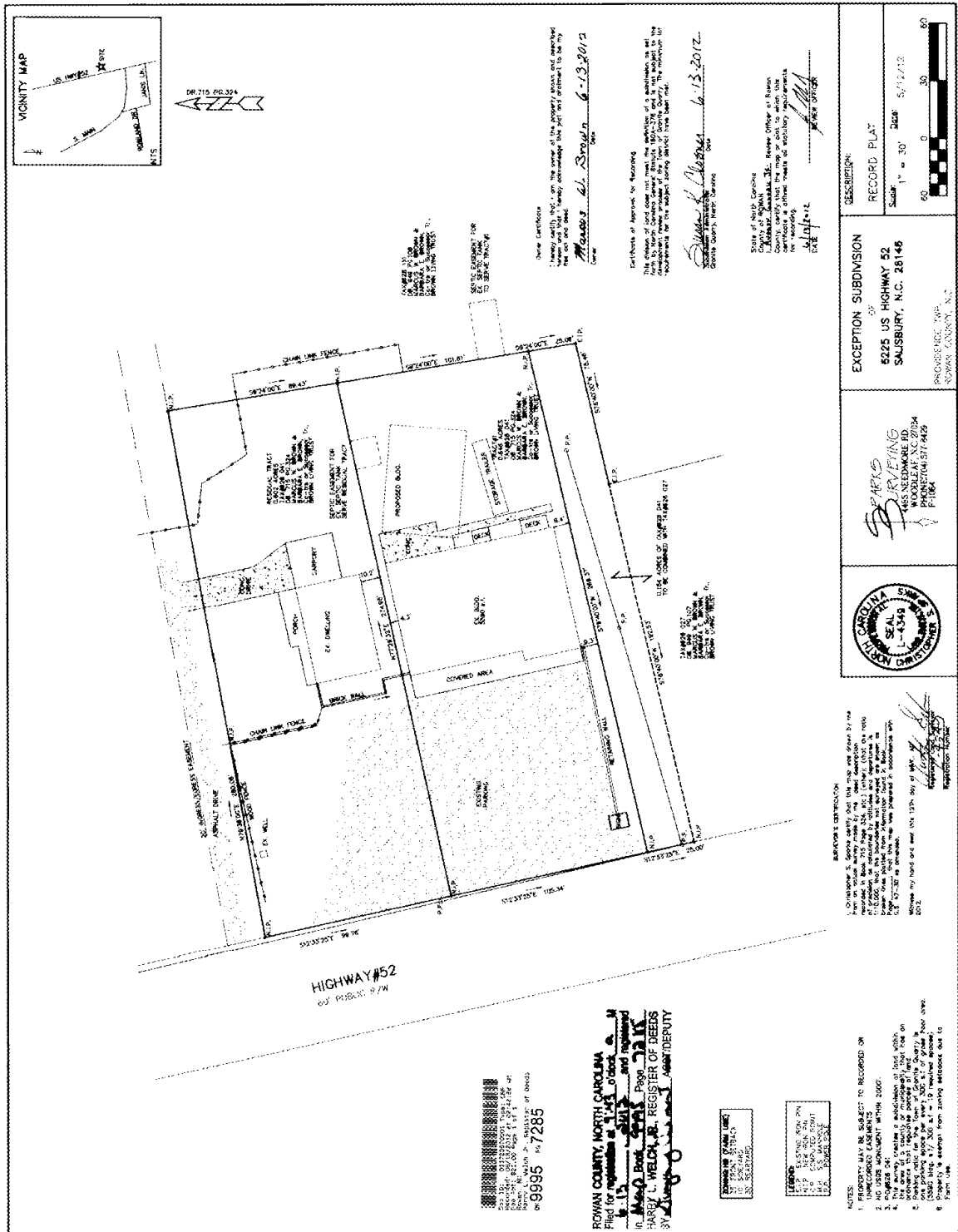
The site is relatively level and generally slightly below the grade of the surrounding streets. It is served by full city utilities and services.

The site is mostly improved with building or paved/graveled parking areas. There are some landscaped areas on the site.

Access to the site is good along US highway 52 which is a major connector for the area. There is additional access from a side street (Brown Street).

No adverse soil, subsoil or environmental conditions are known to exist which would affect the subject property. No adverse environmental factors were observed upon inspection. The appraisal assumes none exist. Any existence of environmental problems, past or present renders this report subject to revision. The appraisal assumes adequate compacting of the soil has occurred and that the site is essentially suitable for construction if it were vacant. In general, the subject site is suitable for development as it has been.

See exhibits which follow



9/28/18/1

Plat Map

0-9995 7285

ROWAN COUNTY, NORTH CAROLINA
 Filed for registration at 1:43 o'clock P.M.
 on 11/13/2017 and registered
 in **Map Book 311** Page 731K
 HARRY L. WELCH, JR., REGISTER OF DEEDS
 BY *[Signature]*

I HEREBY CERTIFY THAT
 THIS IS A TRUE AND CORRECT
 COPY OF THE ORIGINAL

I HEREBY CERTIFY THAT
 THIS IS A TRUE AND CORRECT
 COPY OF THE ORIGINAL

- NOTES:
1. PROPERTY MAY BE SUBJECT TO RECORDOR'S
 2. NO 2025 MONUMENT WITHIN 2000'
 3. EGRESS OR EGRESS EASEMENTS OR RIGHTS OF WAY
 4. THE OWNER IS RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM ALL APPLICABLE AGENCIES AND AUTHORITIES.
 5. THE PROPERTY IS NOT TO BE USED FOR ANY PURPOSES OTHER THAN THOSE SPECIFIED IN THE DEEDS.
 6. PROPERTY IS SEPARATE FROM ANY OTHER PROPERTY OWNED BY THE SAME OWNER.

SUPERVISOR'S CERTIFICATION
 I, *[Signature]*, Supervisor of Rowan County, North Carolina, hereby certify that the map and plat shown on this page were prepared in accordance with the provisions of the General Statutes of North Carolina, Chapter 40A, Article 1, Section 17.1, and that the same are a true and correct copy of the original.



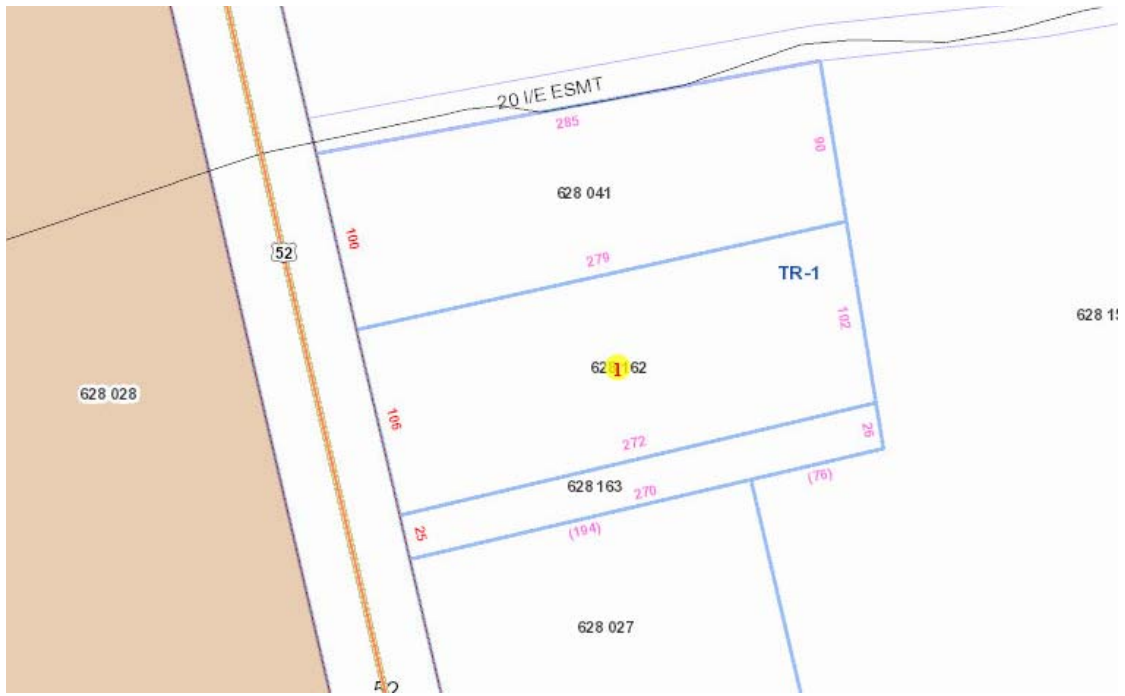
[Signature]
 BRYANT
 465 NEEDHAM RD
 WOODLAWN, NC 27094
 PLUMBER

EXCEPTION SUBDIVISION
 52
 6225 US HIGHWAY 52
 SALISBURY, N.C. 28146
 PROPOSED MAP NO. 1704
 ROWAN COUNTY, N.C.

DESCRIPTION:
 RECORD PLAT:
 Scale 1" = 30' Date: 5/7/17

These certificates
 were prepared by the undersigned
 on this 13th day of November, 2017, at
 Salisbury, North Carolina.
[Signature]
 6-13-2017
 Surveyor

Certificate of Approval for Recording
 This plat was prepared in accordance with the provisions of the General Statutes of North Carolina, Chapter 40A, Article 1, Section 17.1, and that the same are a true and correct copy of the original.
[Signature]
 6-13-2017
 State of North Carolina
 L. Mark Alexander, III, Register of Deeds
 Rowan County, North Carolina



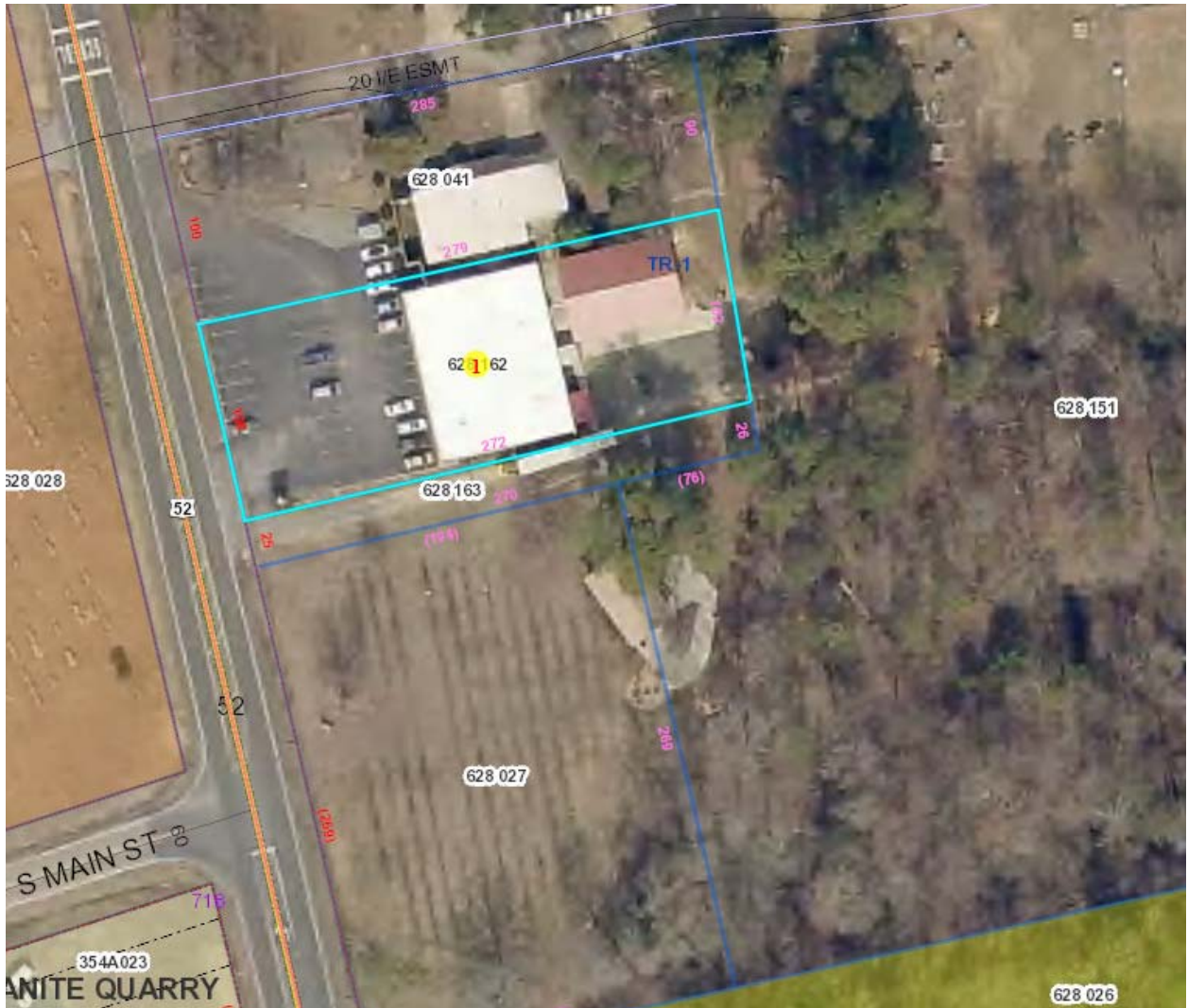
Tax map



Zoning



Topo map



Aerial

Photographs



Storage/retail space



Front view



US 52





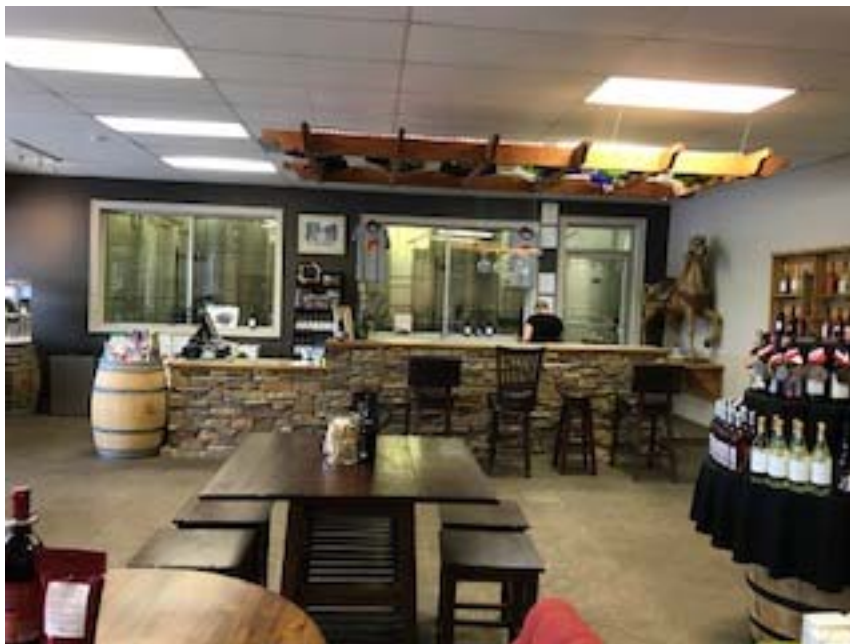
Front covered porch



Interior offices area



Break room



Retail showroom



Retail showroom





Storage



Production area main building



Production areas main building





Production areas



Office



Rear of main building





New production and warehouse building





Production and warehouse building



Side of main building



Rear of main building



Exterior of new production and warehouse building



Front views





Storage area
All areas of both buildings are both heated and cooled.

IMPROVEMENT ANALYSIS

The subject consists of two buildings (see plat map), one of which was originally constructed in the early 1970's and one constructed in 2012. The older building is part of what was an Indian River Retail facility. It has since been used for other retail operations including the current winery. A portion of that original building is attached, but has been separately platted and is a residence for the most previous owner. The subject area has recently been upfit to the retail winery with retail, office, work/production, and storage areas. It is a good quality masonry building and has an overall effective age of +/- 12 years. It is fully heated and cooled and has a functional layout that includes cooled storage, retail, office, work/production, and other areas.

The second building is a metal class s good quality production and warehouse building. It has 20+ ceiling heights and high end HVAC, good lighting and generally an open format floor plan with average distribution capabilities.

The overall utility and condition of the buildings is good with significant remaining economic life from a physical and locational/supply and demand standpoint. This is a high traffic portion of Granite Quarry and the building suits the local needs well.

The buildings were constructed in 1972 and 2012 and are estimated to have an effective age of 8 average overall years. This is due to positive levels of maintenance over time and the care shown for the property. Overall depreciation from all causes is estimated to be 20 % with an estimated remaining economic life of 32 years+/-.

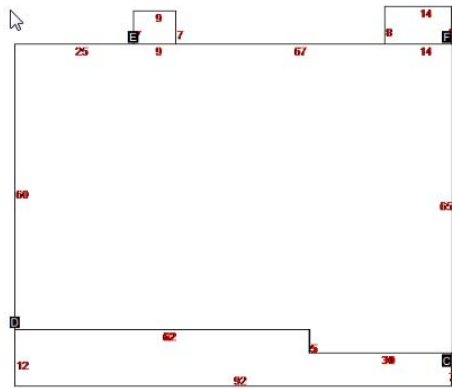
All systems including the roof cover, HVAC, plumbing, and electrical are assumed to be in good working order. No significant items of deferred maintenance are observed or known. No adverse factors or conditions of an environmental, soil/subsoil, or other factor are known or assumed to exist.

I have visually inspected each of the buildings (all areas) and find the interior condition to be similar to the exterior. All finishes are of average quality and are in average to good condition. Finish materials include:

Tile and/or carpet floors, painted drywall or block or insulated interior walls, ceiling tiles, fluorescent lights, full HVAC, adequate plumbing for each unit, and individually metered utility services. The units and the overall center function well in their intended use.

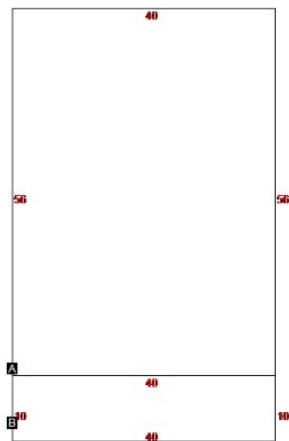
Current Occupancy, as stated in the income analysis is 100% owner occupied. Market vacancy is showing 8-12% in the general area for similar use properties.

Various exhibits follow to aid the reader. See also the photographs.



Label	Description	Base SF	Total SF
C	MASONRY STOOP	954.00	.00
D	RETAIL STORE 40	5670.00	5670.00
E	COVERED PORCH	63.00	.00
F	COVERED PORCH	112.00	.00

(Building 2) - Sketch for Parcel ID: 628 162



Label	Description	Base SF	Total SF
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Open format in the rear building. Mixture of retail and production in the front building—see photos.

OWNERSHIP & HISTORY

The subject property was purchased by the current owners October 10, 2012 per deeds records. The purchase price was \$474,500 and appears to have been arm's length. There have been no out conveyances since that purchase, and the prior owners (see deed) had owned the property for many years. Since the purchase, the current owners have renovated and upfit the original building to its current state and added a 2,240 square foot building at the rear. It was constructed late 2012. Overall the two buildings work well together as a retail use that requires both production areas and storage. The adaptability of the facility to other uses makes it marketable to more than the current user. As is, the current layout and physical attributes of the facility serve the owner and their use well.

TAX & ASSESSMENT ANALYSIS

ASSESSED VALUE: \$ 370,039

TAX RATE \$ 0.7525 per 100.00 Valuations

TOTAL TAX: \$ 2,785 (\$0.35 /SF)

SPECIAL ASSESSMENTS **NONE KNOWN TO APPRAISER**

Real Estate in Rowan County is assessed according to the North Carolina Machinery Act. This act states that the assessment should be based on 100% of market value. The current tax rate is applied to this market value.

Local tax rates are not prohibitive to the average owner. The estimated assessed value and subsequent tax on the subject is within the norm for the area and property type and highest and best use and does not affect the subject property in either a positive or negative manner. The assessment and subsequent tax liability is lower than the current market value.

I have compared the subject's assessment with other retail properties in the area and it appears to be appropriately assessed given the local norms for this type property.

Line	Year	Account	Bill No.	Owner Name(s)	Asset Description	Value	Taxes Paid	Status	Taxes Owed	View Tax Bill
1	2016	6324980	4588537	OLD STONE LAND HOLDINGS L...	6235 US 52 HWY	\$370,039.00	2,784.55	○○●	\$ 0.00	View Tax Bill
2	2015	6324980	4496462	OLD STONE LAND HOLDINGS L...	6235 US 52 HWY	\$370,039.00	2,784.55	○○●	\$ 0.00	View Tax Bill
3	2014	6324980	4403962	OLD STONE LAND HOLDINGS L...	6235 US 52 HWY	\$365,653.00	2,632.70	○○●	\$ 0.00	View Tax Bill
4	2013	6324980	4235501	OLD STONE LAND HOLDINGS L...	6235 US 52 HWY	\$365,653.00	2,532.15	○○●	\$ 0.00	View Tax Bill

Rowan County Property Record Card 628 162

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DATE 7/05/16 ROWAN COUNTY, NC PARCEL# 628 162 PAGE 1
TIME 8:25:50 PROPERTY CARD
USER RECTORGD FOR YEAR 2016 PROG# AS2006
OLD STONE LAND HOLDINGS LLC PARCEL ID... 628 162 PIN... 628 162
4010 CONNER GLENN DR LOCATION... 6235 US 52 HWY DEED YEAR/BOOK/PAGE.. 2012 1204 920
HUNTERSVILLE NC 28078-0000 LEGAL DESC.. 65AC CALC TR1 TOWNSHIP... 9 PROVIDENCE OWNER ID.. 6324980 DISTRICT.. 113 ROCKWELL RURAL
DESCRIPTION ROCKWELL COMMERCIALS COMMERCIAL NBRHOOD... 28C NBRHOOD 28C
MAINTAINED... 6/19/2015 BY MCGUIRBA VALUED.. 6/09/2015 BY HOUCKNC NH CLASS.. 009 TWP-PROVIDENC MAP 600-650
VISITED... BY JR PREV PARCEL 628 041 ROUTING#.. CATEGORY... REAL-PER PROP - EXC RGVS
PARCEL STATUS... ACTIVE SALES HISTORY
DEED BK/PAGE SALE DATE SALES INSTRUMENT DISQUALIFIED SALE AMOUNT STAMP AMOUNT DEED NAME
1204 920 10/05/2012 WARRANTY DEED QUALIFIED 474,500 949.00 OLD STONE LAND HOLDINGS LLC
715 324 1/01/2012 SPL-NEW PARCEL SPLIT FROM PARE BROWN BARBARA E & BROWN MARCUS
----- LAND SEGMENTS -----
LND # ZONE STRAT LAND TYPE/CODE LAND QTY LAND RATE DPT% SHP% LOC% SZ% OTH% TOP% ADJ FMV
1 04 AC B .650 70,000.00 .00 .00 100.00 133.00 .00 .00 133.00 TOTAL LAND FMV.. 60,515
TOTAL ACRES... .650
----- IMPROVEMENT # 1 MAJOR IMPR-M -----
MAIN FIN AREA.. 5,670.00 ACT/EFF YR/AGE.. 1971 1990 25 VISITED.. 11/01/1987 BY
STRAT... 04 DESCRIPT... RETAIL STORE MAINTAINED.. 6/19/2015 BY MCGUIRBA
MAIN PERIM... 314.00 MAIN GROUND SF.... 5,670.000
LOCATION #... 6235 US 52 HWY
----- COMPONENT TYPE/CODE/DESC PCT UNITS RATE STR# STR% SZ% HGT% PER% CDS% COST %CMPL -----
AC 04 CANOPY 100 954.00 10.00 90.00 8,586 *
AC 06 COVERED PORCH 100 63.00 24.00 120.00 1,814 *
AC 06 COVERED PORCH 100 112.00 24.00 115.00 3,091 *
AC 20 MASONRY STOOP 100 954.00 15.00 90.00 12,879 *
MA 34M RETAIL STORE 100 5670.00 42.00 1.00 102.00 242,902 *
EN 03 CONCRETE BLOCK 100 314.00 .00 0 *
- HC 57 PACKAGED HEAT/COOL 100 5670.00 2.85 16,159 +
- PL C COMMERCIAL PLUMBING/100 20.00 1000.00 20,000 *
NOTE: REFLECTS LAST REVAL SCHEDULES
RCN... PCT COMPLETE 100 x 305,432
QUAL... QS C++ QUALITY C++ 100.00 x 305,432
DEPR... 40 AVERAGE LIFE 40 AGE 45.00 - 137,443 T
--FMV... HH 28C MARKET ADJUSTMENT 101.00 x 169,668
    
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NEIGHBORHOOD ANALYSIS

The subject is located in an area of southern Rowan County known as the Granite Quarry area (actually just south of Granite Quarry). Granite Quarry is a small town that relies on the local population and county demographics for economic support. Within this area there are a number of varied, but interdependent uses typical of a small town. Immediate uses are more commercial as the area has developed over recent years and these are surrounded by mixed uses including residential and light manufacturing.

The “neighborhood”, beyond good accessibility, is surrounded by fairly dense population. This portion of Rowan County has over the recent years experienced solid residential growth, and is influenced by commercial traffic. Schools, varied and numerous employers, and mixed levels of housing are all within typical distances of the subject neighborhood.

As mentioned earlier, the subject neighborhood is in a “modest growth” stage, with land values, rental rates, and occupancies showing positive trends. These trends are fairly steady, but not so fast as to increase competitive available properties to the point that vacancies would increase and rent rates decline. This is, even in the current market, not a speculative market.

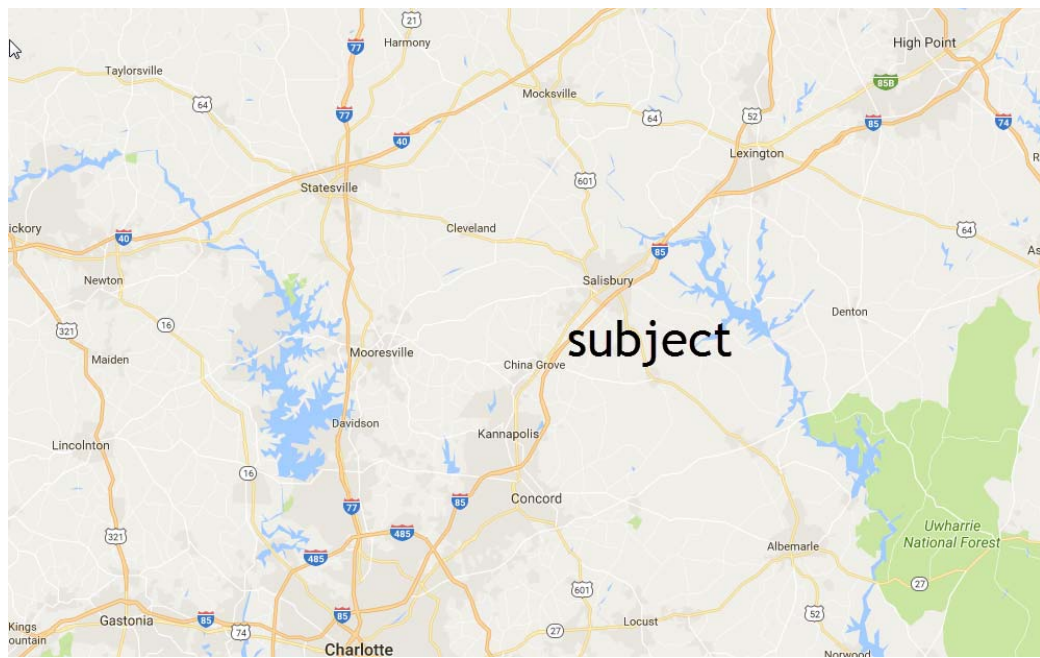
In summary, the subject neighborhood provides a positive environment for development in a manner consistent with the subject’s current and long term commercial/retail use. No adverse factors, physical or environmental, are known to exist which would negatively affect the neighborhood.

The subject is subject to tax by both the county of Rowan and Providence volunteer fire district. The predominate commercial uses in the area support the subject’s property type and use.

In summary, the subject neighborhood provides a positive environment for development in a manner consistent with needs for good access and exposure, including professional office, service, and retail uses. No adverse factors, physical or environmental, are known to exist which would negatively affect the neighborhood.

Location Maps





ZONING CONSIDERATIONS

The subject property is currently zoned HB Highway business. This is typical of the area, and appropriate for the subject's current and highest use.

The appraisal assumes that the subject complies with all local zoning and other codes, etc. The appraisal is based on the fact that the subject is zoned such that it is allowed outright. Any deviation from this assumption would render this appraisal subject to revision.



3.2.8 Highway Business (HB) District

The Highway Business District is established to provide a wide array of retail and service uses to a large trading area for persons residing in and/or traveling through Granite Quarry. Given the large traffic volumes generated by uses located in such a district, any area so zoned shall have access onto an arterial or collector thoroughfare.

HIGHEST AND BEST USE ANALYSIS

Purpose and Function of the Analysis

The purpose of the highest and best use analysis is to determine the use of the property that would provide the highest value. The highest and best use conclusion also defines important market factors which affect the valuation and other sections of the appraisal.

Definition

The definition of Highest and Best Use found in The Dictionary of Real Estate Appraisal second edition is: "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 the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."

Highest & Best Use of the Land as Vacant

Purpose

In this section, consideration is given to potential uses of the site which meet the criteria mentioned above and provide the highest land value. These considerations aid in the selection of comparable sales used in the site valuation. Potential obsolescence exists if the highest and best use of the site as though vacant differs from the highest and best use of the site as improved.

Conclusion

The subject site, if vacant, would have the highest value if available for construction of a 5,000-6,000 sq. ft. commercial or retail space, multi-tenant. This use is permitted under the current zoning and restrictive covenants, is supported by existing land use patterns within the immediate area, is physically possible, and is financially feasible. Supply and demand suggests that construction could begin on the subject site in the near term. The most likely occupant would be pre-arranged tenants.

Highest & Best Use of the Property as Improved—"AS IS"

Purpose

In this section, the possible uses which will produce the highest rate of return are considered. After a comparison with the ideal improvement seen in the as vacant section, the subject is considered for the following uses of the improvements:

- * **No Change**
- * **Remodeling**
- * **Renovation**
- * **Conversion**
- * **Demolition**

This section also serves to aid in identifying appropriate comparable improved sales for the sales comparison analysis, and income comparisons.

As is the subject improvements maximize the site, possibly beyond what would be built today, so there is no surplus or excess land. The subject has been well maintained and is in good condition with an estimated 30+ years' remaining economic life. There are no modifications other than occupancy of a small section of the building that would enhance the value or marketability. As is the building provides substantial value in use or potential income generation that supports an overall property value far in excess of the vacant land.

Conclusion

Earlier discussion identified the possible highest and best uses of the subject as; keep with no change, keep with remodeling, keep with renovation, conversion, or demolition. **The subject property as is represents, in my opinion, an optimum use for the site from use or from an income potential.** Additionally, the subject—as is—essentially maximizes the site and is currently fully owner occupied.

The subject is therefore appraised as is, a 7,910+/- square foot retail commercial center.

Estimated Marketing Time for the Subject

The subject property is well positioned for positive growth in value over the next few years. This coupled with the current demand for accessible retail areas and other relevant characteristics makes the subject marketable in the current market. ***It is estimated based on past sales and current conversations with investors, that a sale of the subject would most likely occur in 9-12 months. The subject is assumed to have a marketing time of 9-12 months based on the factors presented above. Exposure time of 9-12 months is assumed to have already occurred. These relationships suggest a stable market.***

Valuation methodology—applicable analyses

The valuation process is the process by which data used to estimate the value of the subject property are gathered, classified, analyzed, and presented. The first step is to define the problem, which is in this case to estimate the market value of the subject property as of the effective date of the appraisal. Once this is accomplished, the appraiser gathers and analyzes the factors that have an effect on the market value of the subject property. These factors are addressed throughout the report. A market value estimate requires an analysis of supply and demand in the subject's area. This is incorporated in the area, neighborhood, and highest and best use sections of this report. The supply and demand factors are the basis for the valuation as they drive each of the value approaches in the appraisal.

Generally, three approaches to value are applied; the cost approach, sales comparison approach, and income capitalization approach. The income and sales comparison approaches are considered relevant to the subject of this appraisal and are included in this report as per the engagement letter and agreed upon scope of work. Each of these approaches is explained in detail at the beginning of that section.



The final step in the valuation process is the reconciliation of all indications into a final opinion of market value. Each approach is tested for strengths and weaknesses with regard to data and procedures. The purpose of the appraisal and the type of property have influential effects on the reconciliation as well. The logic behind the determination of emphasis on one or more approaches and the final value opinion is summarized and the final opinion of market is stated.

Sales Comparison Approach

Introduction

The Sales Comparison Approach is based upon a comparison of prices that are paid for similar, competitive properties in the same or similar markets. This approach is most useful when an abundance of recent, relevant data exists from which one can base conclusions. Arm's length transactions are preferable in this approach. The economic principle behind this method of valuation is that an informed and rational buyer will pay no more for the property than the cost of acquiring a substitute property with the same utility. In this section, as in the others, the highest and best use of the subject is considered when selecting comparables. In other words, the market value of a property is directly related to the prices of comparable, competitive properties, which have similar highest and best uses. The concepts of anticipation and change, along with the principles of supply and demand, substitution, balance, and externalities, are basic to this approach to value.



The sales comparison approach is considered for this appraisal problem, and is employed and the results summarized following.

1	2202 N Cannon Blvd Kannapolis, NC 28083 Sale on 5/22/2017 for \$400,000 (\$83.33/SF) - Public Record 4,800 SF Retail Freestanding Building Built in 2000	SOLD		
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%; text-align: center;">  </div> <div style="width: 50%;">  </div> </div>				
Buyer & Seller Contact Info				
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>Recorded Buyer: Sowers Holdings Llc 9750 Twin Lakes Pky Charlotte, NC 28269 (704) 525-0049</p> <p>True Buyer: -</p> </td> <td style="width: 50%; vertical-align: top;"> <p>Recorded Seller: Steadman Douglas H</p> <p>True Seller: Squeeky Kleen of Kannapolis Doug Steadman 1633 Red Bird Cir Concord, NC 28025 (704) 791-7993</p> <p>Listing Broker: Marcus & Millichap Inc Bob Filley (202) 536-3736 Marcus & Millichap Inc Nick Lore (704) 831-4643</p> </td> </tr> </table>			<p>Recorded Buyer: Sowers Holdings Llc 9750 Twin Lakes Pky Charlotte, NC 28269 (704) 525-0049</p> <p>True Buyer: -</p>	<p>Recorded Seller: Steadman Douglas H</p> <p>True Seller: Squeeky Kleen of Kannapolis Doug Steadman 1633 Red Bird Cir Concord, NC 28025 (704) 791-7993</p> <p>Listing Broker: Marcus & Millichap Inc Bob Filley (202) 536-3736 Marcus & Millichap Inc Nick Lore (704) 831-4643</p>
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Transaction Details ID: 3917748				
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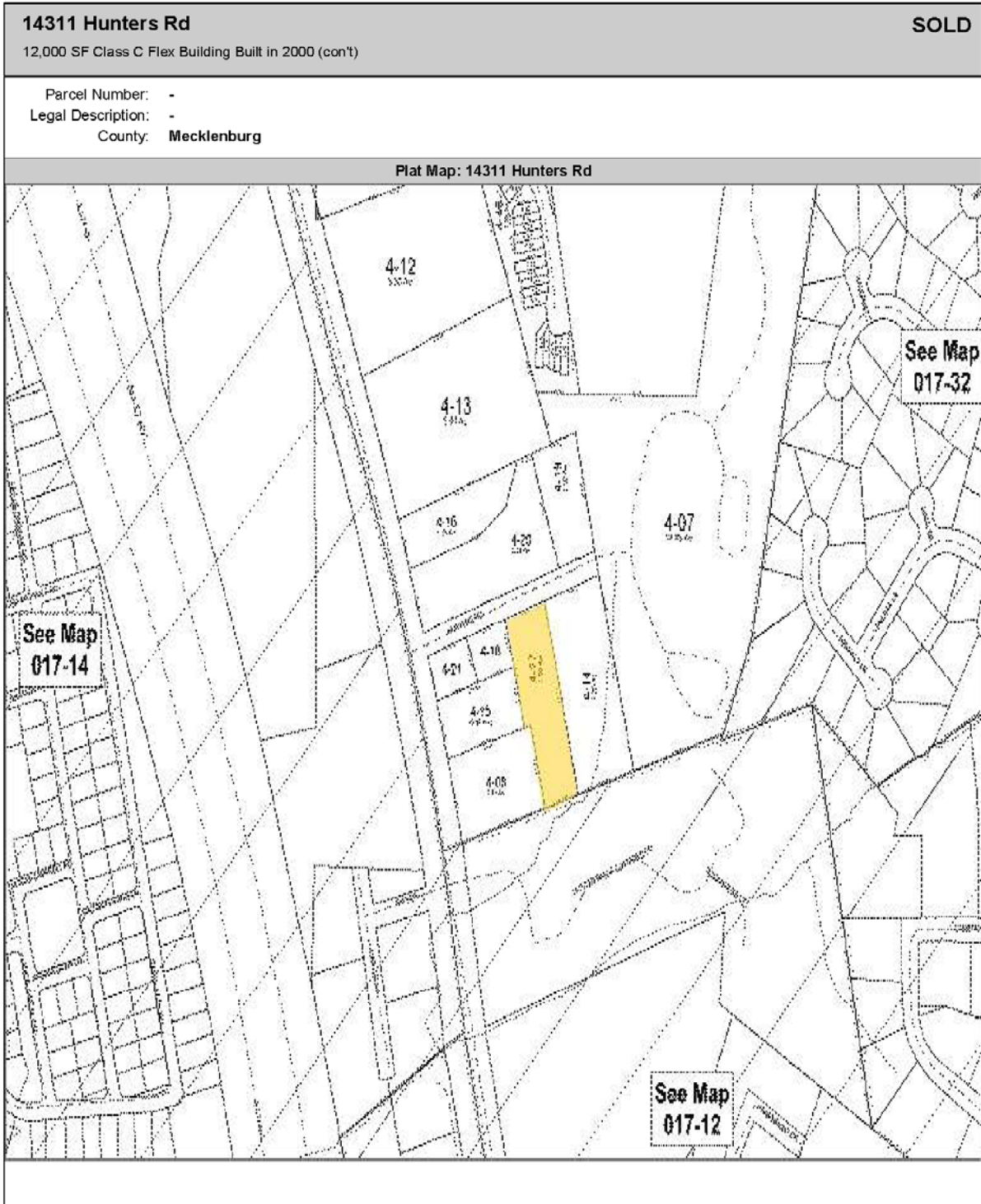
2202 N Cannon Blvd		SOLD
4,800 SF Retail Freestanding Building Built in 2000 (cont)		
Parcel No:	161078	
Document No:	1290-0418	
Current Retail Information		ID: 8210515
Property Type:	Retail - Freestanding	GLA: 4,800 SF
Center:	-	Total Avail: 0 SF
Bldg Status:	Built in 2000	% Leased: 100.0%
Owner Type:	-	Bldg Vacant: 0 SF
Zoning:	C2	Land Area: 0.90 AC
Owner Occupied:	No	Lot Dimensions: -
		Building FAR: 0.12
Rent/SF/Yr:	-	No. of Stores: -
CAM:	-	
Street Frontage:	183 feet on N Cannon Blvd	
	155 feet on E 22nd St	
Expenses:	2016 Tax @ \$1.16/sf; 2015 Est Ops @ \$1.15/sf	
Parking:	35 Surface Spaces are available	
Location Information		
Metro Market:	Charlotte	
Submarket:	Rowan County Ret/Rowan County Ret	
County:	Rowan	
CBSA:	Charlotte-Concord-Gastonia, NC-SC	
CSA:	Charlotte-Concord, NC-SC	
DMA:	Charlotte, NC-SC	

2	<p>1073-1087 S Cannon Blvd - Scottish Square</p> <p>Kannapolis, NC 28083 Sale on 2/13/2017 for \$550,000 (\$75.58/SF) 7,277 SF Retail (Strip Center) Building Built in 1950</p>	SOLD		
				
				
Buyer & Seller Contact Info				
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Transaction Details				
		ID: 3830774		
<p>Sale Date: 02/13/2017 (266 days on market)</p> <p>Escrow Length: -</p> <p>Sale Price: \$550,000</p> <p>Asking Price: \$400,000</p> <p>Price/SF: \$75.58</p> <p>Price/AC Land Gross: \$204,309.06</p> <p>Percent Leased: 100.0%</p> <p>Tenancy: Multi</p> <p>No. of Tenants: 3</p> <p>Tenants at time of sale: A & A Rental; Aude's Touch African Hair; S & S Tax Svc</p>	<p>Sale Type: Investment</p> <p>Bldg Type: Retail - (Strip Center)</p> <p>Year Built/Age: Built in 1950 Age: 67</p> <p>GLA: 7,277 SF</p> <p>Land Area: 2.69 AC (117,264 SF)</p>			

1073-1087 S Cannon Blvd - Scottish Square		SOLD
7,277 SF Retail (Strip Center) Building Built in 1950 (con't)		
Current Retail Information		ID: 6432250
Property Type: Retail - (Strip Center)	GLA: 7,277 SF	
Center: Scottish Square	Total Avail: 0 SF	
Bldg Status: Built in 1950	% Leased: 100.0%	
Owner Type: -	Bldg Vacant: 0 SF	
Zoning: RV	Land Area: 2.69 AC	
Owner Occupied: No	Lot Dimensions: -	
	Building FAR: 0.06	
Rent/SF/Yr: -	No. of Stores: -	
CAM: -		
Street Frontage: 260 feet on Mclain Rd		
	245 feet on S. Cannon Blvd	
Expenses: 2008 Tax @ \$0.85/sf		
Parking: 58 free Surface Spaces are available		
Location Information		
Park Name: Scottish Square		
Metro Market: Charlotte		
Submarket: Cabarrus County Ret/Cabarrus County Ret		
County: Cabarrus		
CBSA: Charlotte-Concord-Gastonia, NC-SC		
CSA: Charlotte-Concord, NC-SC		
DMA: Charlotte, NC-SC		



3	<p>14311 Hunters Rd</p> <p>Huntersville, NC 28078</p> <p>Sale on 6/9/2015 for \$950,000 (\$79.17/SF) - Research Complete</p> <p>12,000 SF Class C Flex Building Built in 2000</p>	SOLD	
 			
Buyer & Seller Contact Info			
<p>Recorded Buyer: LKN Affiliates, LLC</p> <p>True Buyer: Bradley Hauck Bradley Hauck 18610 Starcreek Dr Cornelius, NC 28031</p>		<p>Recorded Seller: Chittenden Properties LLC</p> <p>True Seller: Chittenden Properties LLC Donna Lepage 143 Castle Gates Dr Mooresville, NC 28117 (704) 875-0271</p> <p>Listing Broker: Compass Real Estate Solutions Inc Melanie Hamilton (704) 677-9100</p>	
Transaction Details			
		ID: 3618387	
Sale Date:	06/09/2015 (67 days on market)	Sale Type:	Investment OR Owner/User
Escrow Length:	-	Bldg Type:	Flex
Sale Price:	\$950,000-Full Value	Year Built/Age:	Built in 2000 Age: 15
Asking Price:	\$1,075,000	RBA:	12,000 SF
Price/SF:	\$79.17	Land Area:	1.56 AC (67,954 SF)
Price/AC Land Gross:	\$608,974.36		
Percent Leased:	100.0%		
Tenancy:	Multi		
No. of Tenants:	2		
Tenants at time of sale:	Fun 2 Be Fit; Matrix Lawn and Landscaping		
Document No:	30946-387		
Sale History:	Sold for \$950,000 (\$79.17/SF) on 6/9/2015 Sold for \$880,000 (\$73.33/SF) on 4/25/2007		
Transaction Notes			
<p>On June 9, 2016, the 12,000 SF Flex Building at 14311 Hunters Rd was sold for \$950,000, or \$79.17 per SF.</p> <p>The sale date, sale price, seller, buyer, and what sold were verified with public record.</p>			

14311 Hunters Rd		SOLD
12,000 SF Class C Flex Building Built in 2000 (con't)		
Income Expense Data		
Expenses	- Taxes	\$5,952
	- Operating Expenses	
	Total Expenses	\$5,952
Current Building Information		ID: 1133515
Bldg Type: Flex	RBA: 12,000 SF	
Bldg Status: Built in 2000	% Leased: 100.0%	
Rent/SF/Yr: -	Stories: 1	
Bldg Vacant: 0 SF	Total Avail: 0 SF	
Building FAR: 0.18	Warehouse Avail: 0 SF	
Office Avail: 0 SF	CAM: -	
Max Contig: -	Zoning: B2	
Smallest Space: -	Owner Type: -	
Land Area: 1.56 AC	Owner Occupied: -	
Lot Dimensions: -	Tenancy: Multi	
Ceiling Height: -	Column Spacing: -	
Loading Docks: None (bldg. total)	Levelators: None	
Cross Docks: -	Crane: -	
Drive Ins: 5 (total)	Const Type: Metal	
Sprinklers: -	Rail Spots: None	
Rail Line: None		
Expenses: 2016 Tax @ \$0.50/sf		
Parking: 39 Surface Spaces are available; Ratio of 3.25/1,000 SF		
Location Information		
Cross Street: US-21		
Located: SE of Intersection		
Metro Market: Charlotte		
Submarket: North Ind/North Ind		
County: Mecklenburg		
CBSA: Charlotte-Concord-Gastonia, NC-SC		
CSA: Charlotte-Concord, NC-SC		
DMA: Charlotte, NC-SC		



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4	<p>10714 Independence Pointe Pky SOLD</p> <p>Matthews, NC 28105</p> <p>Sale on 7/28/2015 for \$910,000 (\$75.83/SF) - Research Complete 12,000 SF Retail Veterinarian/Kennel Building Built in 1992</p>
	
Buyer & Seller Contact Info	
<p>Recorded Buyer: Pet Paradise-Matthews, LLC True Buyer: Pet Paradise 5130 University Blvd W Jacksonville, FL 32216 (904) 363-3330</p> <p>Buyer Type: Corporate/User Buyer Broker: Gibson Smith Realty Franklin "Buddy" Hege (704) 333-7151</p>	<p>Recorded Seller: James Edward Riggins and wife True Seller: James Edward Riggins and wife James Riggins 16920 Green Dolphin Ln Cornelius, NC 28031 (704) 987-9502</p> <p>Seller Type: Individual Listing Broker: Coldwell Banker Commercial MECA Zach Daniel (704) 971-2000</p>
Transaction Details ID: 3358861	
<p>Sale Date: 07/28/2015 (386 days on market)</p> <p>Escrow Length: 120 days</p> <p>Sale Price: \$910,000-Confirmed</p> <p>Asking Price: \$975,000</p> <p>Price/SF: \$75.83</p> <p>Price/AC Land Gross: \$722,222.22</p> <p>Percent Leased: 100.0%</p> <p>Tenancy: Single</p> <p>Transfer Tax: \$1,820</p> <p>No. of Tenants: 1</p> <p>Tenants at time of sale: Monroe Road Technology Center, LLC</p> <p>Financing: Down payment of \$170,000.00 (18.7%) \$740,000.00 from Fifth Third Bank</p> <p>Legal Desc: Lengthy. See Deed.</p> <p>Parcel No: 193-291-22</p> <p>Document No: 30159-602</p> <p>Sale History: Portfolio sale of 9 properties sold for \$24,127,047 (\$185.74/SF) on 8/2/2016 Sold on 6/21/2016 Sold for \$910,000 (\$75.83/SF) on 7/28/2015</p>	<p>Sale Type: Owner/User</p> <p>Bldg Type: Retail - Veterinarian/Kennel</p> <p>Year Built/Age: Built in 1992 Age: 23</p> <p>GLA: 12,000 SF</p> <p>Land Area: 1.26 AC (54,886 SF)</p>

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10714 Independence Pointe Pky		SOLD
12,000 SF Retail Veterinarian/Kennel Building Built in 1992 (cont)		
Transaction Notes		
<p>James Edward Riggins and wife sold the industrial building at 10714 Independence Pointe Pkwy in Matthews, NC, to an affiliate of Pet Paradise on 7/28/2015 or \$910,000, or approximately \$xx per square foot.</p> <p>The subject property is a 12,000 SF industrial facility sitting on 1.26 acres. It was constructed in 1989 in the East Industrial submarket and features a internal loading dock, 1 drive-in bay, and a clear height of 19.5 feet.</p> <p>The property had been on the market for 8 months and the contract period lasted approximately 120 days. This was an owner/user sale. The buyer, purchased the facility to serve business use.</p> <p>The buyer received a mortgage of \$740,000 from Fifth Third Bank. The remaining balance of \$170,000 was the down payment. There were no unusual factors that impacted the sales price.</p> <p>Zach Daniel of Coldwell Banker represented the seller and Buddy Hege of Gibson Smith Realty represented the buyer.</p> <p>The buyer confirmed the information for this comparable.</p>		
Income Expense Data		
Expenses	- Taxes	\$5,483
	- Operating Expenses	
	Total Expenses	\$5,483
Current Retail Information		ID: 9433562
Property Type:	Retail - Veterinarian/Kennel	GLA: 12,000 SF
Center:	-	Total Avail: 0 SF
Bldg Status:	Built in 1992	% Leased: 100.0%
Owner Type:	Public REIT	Bldg Vacant: 0 SF
Zoning:	I-1/CD	Land Area: 1.26 AC
Owner Occupied:	No	Lot Dimensions: -
		Building FAR: 0.22
Rent/SF/Yr:	-	No. of Stores: -
CAM:	-	
Property Mix:	Office	8,000 SF (66.7%)
Expenses:	2016 Tax @ \$0.46/sf	
Parking:	35 Surface Spaces are available	
Features:	Mezzanine	
Location Information		
Metro Market:	Charlotte	
Submarket:	East Ret/East Ret	
County:	Mecklenburg	
CBSA:	Charlotte-Concord-Gastonia, NC-SC	
CSA:	Charlotte-Concord, NC-SC	
DMA:	Charlotte, NC-SC	

5	<p>145 N Nc-49 Hwy N SOLD</p> <p>Richfield, NC 28137</p> <p>Sale on 1/20/2017 for \$815,000 (\$88.59/SF) - Public Record</p> <p>9,200 SF Retail Freestanding Building Built in 1999</p>
	
Buyer & Seller Contact Info	
<p>Recorded Buyer: Autozone Dev Llc 123 S Front St Memphis, TN 38103</p>	<p>Recorded Seller: Dolgencorp Llc</p>
Transaction Details ID: 3829518	
<p>Sale Date: 01/20/2017</p> <p>Escrow Length: -</p> <p>Sale Price: \$815,000</p> <p>Asking Price: -</p> <p>Price/SF: \$88.59</p> <p>Price/AC Land Gross: \$582,142.86</p> <p>Percent Leased: 100.0%</p> <p>Tenancy: Multi</p> <p>No. of Tenants: 2</p> <p>Tenants at time of sale: Dollar General; redbox Kiosk</p> <p>Parcel No: 6622-01-39-4642</p> <p>Document No: 1595-0945</p>	<p>Sale Type: -</p> <p>Bldg Type: Retail - Freestanding</p> <p>Year Built/Age: Built in 1999 Age: 18</p> <p>GLA: 9,200 SF</p> <p>Land Area: 1.40 AC (60,984 SF)</p> <p>Percent Improved: 51.3%</p> <p>Total Value Assessed: \$524,815 in 2016</p> <p>Improved Value Assessed: \$269,215</p> <p>Land Value Assessed: \$255,600</p> <p>Land Assessed/AC: \$182,571</p>

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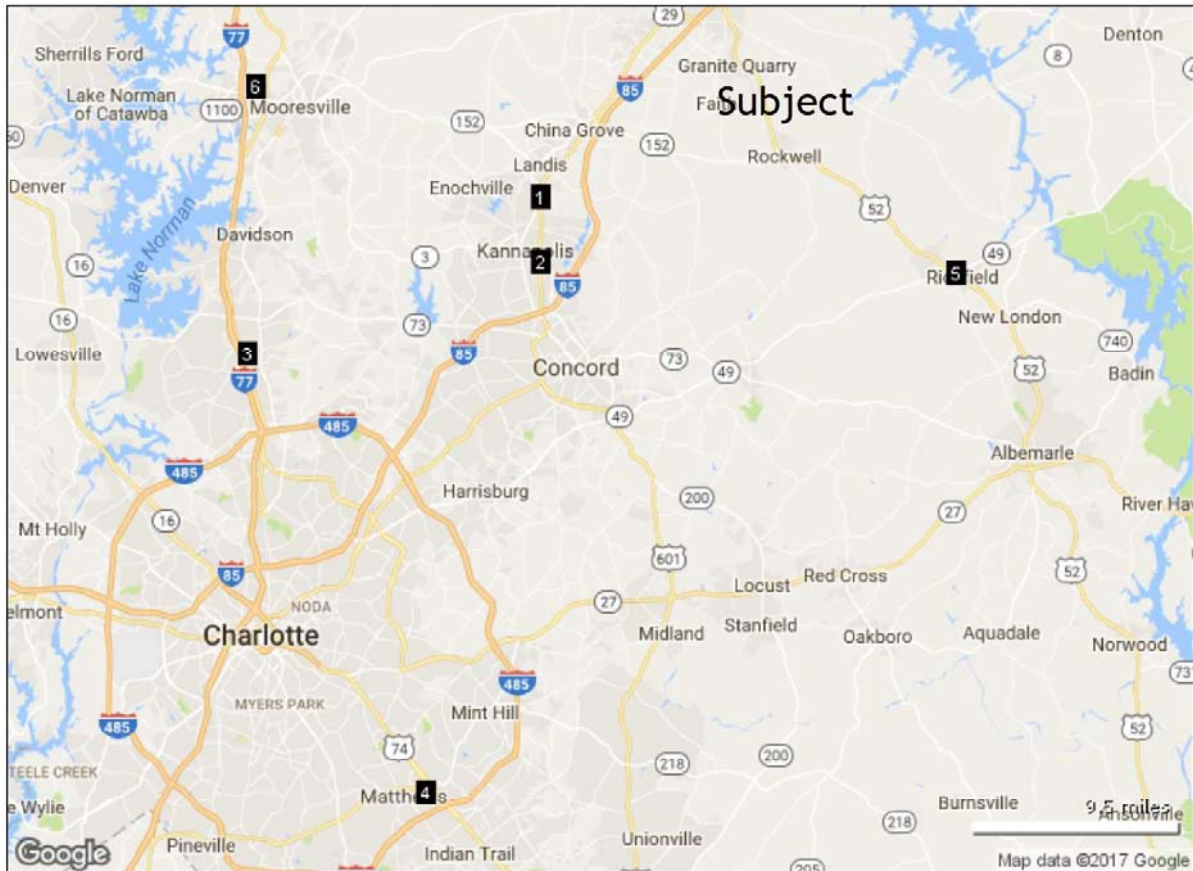
145 N Nc-49 Hwy N		SOLD
9,200 SF Retail Freestanding Building Built in 1999 (con't)		
Current Retail Information		ID: 6327271
Property Type:	Retail - Freestanding	GLA: 9,200 SF
Center:	-	Total Avail: 0 SF
Bldg Status:	Built in 1999	% Leased: 100.0%
Owner Type:	Corporate/User	Bldg Vacant: 0 SF
Zoning:	N-B	Land Area: 1.40 AC
Owner Occupied:	No	Lot Dimensions: -
		Building FAR: 0.15
Rent/SF/Yr:	-	No. of Stores: -
CAM:	-	
Street Frontage:	75 feet on Nc-49 Hwy 240 feet on Parker Ln	
Expenses:	2016 Tax @ \$0.54/sf	
Parking:	18 free Surface Spaces are available	
Features:	Freeway Visibility, Pylon Sign, Signage	
Location Information		
Metro Market:	Charlotte	
Submarket:	Stanly County Ret/Stanly County Ret	
County:	Stanly	
CBSA:	Albemarle, NC	
CSA:	Charlotte-Concord, NC-SC	
DMA:	Charlotte, NC-SC	

6	<p>107 Overhill Dr</p> <p>Mooresville, NC 28117</p> <p>Sale on 11/30/2016 for \$765,000 (\$81.56/SF)</p> <p>9,380 SF Class B Showroom Building Built in 2005</p>	<p>SOLD</p>																
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%; text-align: center;">  </div> <div style="width: 50%;">  <p style="font-size: 8px; text-align: right;">Map data ©2017 Google</p> </div> </div>																		
Buyer & Seller Contact Info																		
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>Recorded Buyer: Zip Properties, Inc.</p> <p>True Buyer: Zip Properties, Inc.</p> <p style="font-size: 8px;">PO Box 3818 Mooresville, NC 28117 (866) 226-1569</p> <p>Buyer Type: Developer/Owner-RGNL</p> </td> <td style="width: 50%; vertical-align: top;"> <p>Recorded Seller: Sv Real Estate Lic</p> <p>True Seller: -</p> <p>Listing Broker: SouthMark Properties, Inc</p> <p style="font-size: 8px;">Tami Little (704) 650-9799</p> </td> </tr> </table>			<p>Recorded Buyer: Zip Properties, Inc.</p> <p>True Buyer: Zip Properties, Inc.</p> <p style="font-size: 8px;">PO Box 3818 Mooresville, NC 28117 (866) 226-1569</p> <p>Buyer Type: Developer/Owner-RGNL</p>	<p>Recorded Seller: Sv Real Estate Lic</p> <p>True Seller: -</p> <p>Listing Broker: SouthMark Properties, Inc</p> <p style="font-size: 8px;">Tami Little (704) 650-9799</p>														
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<p>Sale Date: 11/30/2016 (101 days on market)</p> <p>Escrow Length: -</p> <p>Sale Price: \$765,000-Confirmed</p> <p>Asking Price: \$895,000</p> <p>Price/SF: \$81.56</p> <p>Price/AC Land Gross: \$843,812.05</p> <p>Percent Leased: 100.0%</p> <p>Parcel No: 4657-08-7120.000</p>	<p>Sale Type: Investment</p> <p>Bldg Type: Showroom</p> <p>Year Built/Age: Built in 2005 Age: 11</p> <p>RBA: 9,380 SF</p> <p>Land Area: 0.91 AC (39,491 SF)</p>																	
Income Expense Data																		
<table style="width: 100%; border: none;"> <tr> <td style="width: 30%;"></td> <td style="width: 30%; text-align: center;">Expenses</td> <td style="width: 30%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td></td> <td style="text-align: center;">- Taxes</td> <td></td> <td style="text-align: right;">\$8,067</td> </tr> <tr> <td></td> <td style="text-align: center;">- Operating Expenses</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">Total Expenses</td> <td style="border-top: 1px solid black;"></td> <td style="text-align: right;">\$8,067</td> </tr> </table>				Expenses				- Taxes		\$8,067		- Operating Expenses				Total Expenses		\$8,067
	Expenses																	
	- Taxes		\$8,067															
	- Operating Expenses																	
	Total Expenses		\$8,067															

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7/12/2017

107 Overhill Dr		SOLD
9,380 SF Class B Showroom Building Built in 2005 (cont)		
Current Building Information		ID: 9848404
Bldg Type:	Showroom	RBA: 9,380 SF
Bldg Status:	Built in 2005	% Leased: 100.0%
Rent/SF/Yr:	\$8.32	Stories: 1
Bldg Vacant:	0 SF	Total Avail: 9,380 SF
Building FAR:	0.24	Warehouse Avail: 9,380 SF
Office Avail:	0 SF	CAM: -
Max Contig:	9,380 SF	Zoning: GI
Smallest Space:	3,167 SF	Owner Type: Developer/Owner-RGNL
Land Area:	0.91 AC	Owner Occupied: -
Lot Dimensions:	-	Tenancy: -
Ceiling Height:	18'0"	Column Spacing: -
Loading Docks:	-(bldg. total)	Levelators: -
Cross Docks:	-	Crane: -
Drive Ins:	1 (total)	Const Type: -
Sprinklers:	-	Rail Spots: -
Rail Line:	None	
Expenses:	2016 Tax @ \$0.86/sf	
Location Information		
Metro Market:	Charlotte	
Submarket:	Iredell County Ind/Iredell County Ind	
County:	Iredell	
CBSA:	Charlotte-Concord-Gastonia, NC-SC	
CSA:	Charlotte-Concord, NC-SC	
DMA:	Charlotte, NC-SC	



	Address	City	Property Info	Sale Info
1	2202 N Cannon Blvd	Kannapolis	4,800 SF General Retail/Freestanding	Sold: \$400,000 (\$83.33/SF)
2	1073-1087 S Cannon Blvd	Kannapolis	7,277 SF General Retail	Sold: \$550,000 (\$75.58/SF)
3	14311 Hunters Rd	Huntersville	12,000 SF Class C Flex	Sold: \$950,000 (\$79.17/SF)
4	10714 Independence Pointe Pky	Matthews	12,000 SF General Retail/Veterinarian/Kennel	Sold: \$910,000 (\$75.83/SF)
5	145 N Nc-49 Hwy N	Richfield	9,200 SF General Retail/Freestanding	Sold: \$815,000 (\$88.59/SF)
6	107 Overhill Dr	Mooresville	9,380 SF Flex/Showroom	Sold: \$765,000 (\$81.56/SF)

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7/12/2017

1	2202 N Cannon Blvd			SOLD
Kannapolis, NC 28083				
Property sale on 5/22/2017 for \$400,000 (\$83.33/SF) - Public Record 4,800 SF Freestanding General Retail building, built in 2000				
Associations	Company Name	Address	Phone No.	
Recorded Buyer	Sowers Holdings Llc	9750 Twin Lakes Pky Charlotte, NC 28269	(704) 525-0049	
Recorded Seller	Steadman Douglas H			
True Seller	Squeeky Kleen of Kannapolis Doug Steadman	1633 Red Bird Cir Concord, NC 28025	(704) 791-7993	
Listing Broker	Marcus & Millichap Inc Bob Filley	7200 Wisconsin Ave Bethesda, MD 20814	(202) 536-3700	
Listing Broker	Marcus & Millichap Inc Nick Lore	201 S Tryon St Charlotte, NC 28202	(704) 831-4600	
2	1073-1087 S Cannon Blvd			SOLD
Kannapolis, NC 28083				
Property sale on 2/13/2017 for \$550,000 (\$75.58/SF) - 7,277 SF General Retail building, built in 1950				
Associations	Company Name	Address	Phone No.	
Recorded Seller	Howard V Wyrick	1087 S Cannon Blvd Kannapolis, NC 28083	(704) 932-2577	
True Seller	Howard V Wyrick	1087 S Cannon Blvd Kannapolis, NC 28083	(704) 932-2577	
Listing Broker	Locus Real Estate Advisors, Inc. Ed McAfee	300 McGill Ave NW Concord, NC 28027	(704) 723-6550	
3	14311 Hunters Rd			SOLD
Huntersville, NC 28078				
Property sale on 6/9/2015 for \$950,000 (\$79.17/SF) - Full Value 12,000 SF Class C Flex building, built in 2000				
Associations	Company Name	Address	Phone No.	
Recorded Buyer	LKN Affiliates, LLC	18610 Starcreek Dr Cornelius, NC 28031		
True Buyer	Bradley Hauck	18610 Starcreek Dr Cornelius, NC 28031		
Recorded Seller	Chittenden Properties LLC	143 Castle Gates Dr Mooresville, NC 28117	(704) 875-0271	
True Seller	Chittenden Properties LLC Donna Lepage	143 Castle Gates Dr Mooresville, NC 28117	(704) 875-0271	
Listing Broker	Compass Real Estate Solutions Inc Melanie Hamilton	5300 Atlantic Ave Raleigh, NC 27609	(704) 677-9100	
4	10714 Independence Pointe Pky			SOLD
Matthews, NC 28105				
Property sale on 7/28/2015 for \$910,000 (\$75.83/SF) - Confirmed 12,000 SF Veterinarian/Kennel General Retail building, built in 1992				
Associations	Company Name	Address	Phone No.	
Recorded Buyer	Pet Paradise-Matthews, LLC	5130 W University Blvd Jacksonville, FL 32216	(904) 363-3330	
True Buyer	Pet Paradise	5130 University Blvd W Jacksonville, FL 32216	(904) 363-3330	
Buyer Broker	Gibson Smith Realty Franklin "Buddy" Hege	1100 Kenilworth Ave Charlotte, NC 28204	(704) 333-7151	
Recorded Seller	James Edward Riggins and wife	16920 Green Dolphin Ln Cornelius, NC 28031	(704) 987-9502	
True Seller	James Edward Riggins and wife James Riggins	16920 Green Dolphin Ln Cornelius, NC 28031	(704) 987-9502	
Listing Broker	Coldwell Banker Commercial MECA Zach Daniel	2459 Wilkinson Blvd Charlotte, NC 28208	(704) 971-2000	
Lender	Fifth Third Bank			
Title Company	Fifth Third Bk			

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7/12/2017

5	145 N Nc-49 Hwy N			SOLD
Richfield, NC 28137				
Property sale on 1/20/2017 for \$815,000 (\$88.59/SF) - Public Record 9,200 SF Freestanding General Retail building, built in 1999				
Associations	Company Name	Address	Phone No.	
Recorded Buyer	Autozone Dev Llc	123 S Front St Memphis, TN 38103		
Recorded Seller	Dolgencorp Llc			
6	107 Overhill Dr			SOLD
Mooresville, NC 28117				
Property sale on 11/30/2016 for \$765,000 (\$81.56/SF) - Confirmed 9,380 SF Class B Showroom Flex building, built in 2005				
Associations	Company Name	Address	Phone No.	
Recorded Buyer	Zip Properties, Inc.	PO Box 3818 Mooresville, NC 28117	(866) 226-1569	
True Buyer	Zip Properties, Inc.	PO Box 3818 Mooresville, NC 28117	(866) 226-1569	
Recorded Seller	Sv Real Estate Llc			
Listing Broker	SouthMark Properties, Inc Tami Little	179 Gasoline Aly Mooresville, NC 28117	(704) 483-5888	

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7/12/2017

Quick Stats Report

Comps Statistics					
	Low	Average	Median	High	Count
Flex					
Sale Price	\$765,000	\$857,500	\$857,500	\$950,000	2
RBA	9,380 SF	10,690 SF	10,690 SF	12,000 SF	2
Price per SF	\$79.17	\$80.22	\$80.37	\$81.56	2
Actual Cap Rate	-	-	-	-	-
Days on Market	67	84	84	101	2
Sale Price to Asking Price Ratio	85.47%	86.92%	86.92%	88.37%	2
General Retail					
Sale Price	\$400,000	\$668,750	\$682,500	\$910,000	4
Center Size	4,800 SF	8,319 SF	8,238 SF	12,000 SF	4
Price per SF	\$75.58	\$80.39	\$79.58	\$88.59	4
Actual Cap Rate	-	-	-	-	-
Days on Market	87	246	266	386	3
Sale Price to Asking Price Ratio	93.33%	110.28%	100.00%	137.50%	3
Totals					
Sold Transactions	Total Sales Volume: \$4,390,000		Total Sales Transactions:		6
Survey Criteria					
basic criteria: Type of Property - Flex, Retail, Shopping Center ; Property Size - 3,000 - 20,000 SF ; Price/SF - \$60.00 - \$90.00 SF/Yr ; - Include Undisclosed Sale Price ; Sale Date - from 1/1/2015 ; Sale Status - Sold ; Return and Search on Portfolio Sales as Individual Properties - No ; Exclude Non-Arms Length Comps - Yes geography criteria: Radius - 45.00 mile(s) radius from Lat : -80.4077224731445, Long : 35.5519905090332 additional criteria: - * This result set has been amended with criteria to add and/or remove records.					
<p>Subject is hybrid of both flex and retail space and \$80/sf is estimated to best reflect overall market value on a per square foot basis</p>					

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7/12/2017

Qualitative analysis = \$80/sf overall for all areas of subject

Summary of Sale Data—2 best from each category—subject is hybrid					
Characteristic	Subject	Sale 1	Sale 3	Sale 4	Sale 6
	Salis/Granite Quarry	Cannon Blvd. Kannapolis	Hunter Rd. Huntersville	Independent Pt. Pkwy Matthews	Overhill Rd. Mooresville
Sale Price	\$N/A	\$ 400,000	\$ 950,000	\$ 910,000	\$ 765,000
Cash Equiv. Adj	-	Cash =	Cash =	Cash =	Cash =
Date	7-2017				
Market Conditions Adj	None	None	+5%	+5%	None
Time Adjusted Sale Price at cash equiv.	\$	\$400,000	\$997,500	\$955,500	\$765,000
Adj \$/sf	\$	\$83.33	\$83.13	\$79.63	\$81.56
OAR	-	N/A	N/A	N/A	N/A
SF	7,910	4,800	12,000	12,000	9,380
Use	Retail/flex	Retail	Flex	Retail/flex	Flex/retail
Location	Granite Quarry	Kannapolis	Huntersville	Matthews	Mooresville
Location Adjustment	-	None	None	None	None
Age/Condition	46/4 act good	16 act	16 act	25 act	12 act
Age/Condition adjustment	-	-5%	-5%	-0-	-5%
Quality/size/other	Mixed—class c/s	Class s	Class s	Class s	mixed
Site features/excess	Full build	Sim	Sim	Sim	Sim
Total adjustment	-	-5%	-5%	-0-	-5%
Adjusted price/sf	-0-	\$ 79.16	\$ 78.97	\$ 79.63	\$ 77.48

The sales above, offer some units of comparison indications that support an opinion of value for the subject. These sales required few and relatively small adjustments, and due to the subject having a blend of both types (retail and flex) these offer solid support for the unit of measure indication expressed.

Sales 1, 3, 4, and 6 used for comparison by quantitative analysis.

Adjusted range = \$77.48 to \$ 79.63—upper end more reflective of subject due to ratio of retail to flex area

Median is \$79.50

Overall opinion of market value based on quantitative analysis of sales summarized = \$79.50--as is stable occupancy
 Qualitative analysis = \$80/sf +
 Reconciled to \$80/sf

Adjustments:

I have attempted to locate sales with limited adjustments. Where none are made, the market data does not support a measurable difference.

Market conditions—in the past two years there has been some slow growth mainly in line with inflation at 2-3% annually. In this data set, sales 3 and 4 require 5% adjustments based on that.

Location—thought the Kannapolis location is most similar, the other areas' surrounding demand population is similar in effect though larger population, there is more supply. The subject is well positioned in its local market and this is considered as a locational comparison.

Age/Condition—in these sales, NOI/sf or observed condition offer market support for the percentages shown. Overall performance of the property is directly a function of the condition and utility. Three of the sales are somewhat newer than the subject and require consideration for this item, though it is small because of the subject's upfits, maintenance, and new building.

Size—Sensitivity in the range of sales considered here is not seen for economies of scale, especially in light of the subject's two buildings and possible division if needed by another owner or occupant. None of note here in this data set

Site/other—No difference of measurable note here.

Overall, though there are differences in the data, there is strong support of a fairly narrow range of value for the subject. These sales bracket the subject in many ways and after minor adjustment relate well to the subject overall.

Based on these analysis, the subject's value on a per square foot basis is estimated to be \$80 by sales comparison. $\$80 \times 7,910 = \$633,000$ —as is.

**Value indication by sales comparison:
\$ 633,000 fee simple and stable occupancy—as is**

Income Capitalization Approach

Introduction

The income capitalization approach involves estimating the present value of the future benefits of property ownership. The property's income streams and resale value upon reversion may be capitalized into a present, lump sum value. This method of valuation, like the other two in this report, requires extensive market research and consideration of properties with similar highest and best use as that of the subject. It, also like the other approaches to value, is not an independent method of valuation unrelated to the other approaches. Anticipation and change, supply and demand, substitution, balance, and externalizes influence this approach to value as in the cost and sales comparison methods.

The income capitalization approach generally consists of three main sections. The first section concerns the estimation of the potential gross income. This is the total annual income that can be expected to be produced by the property assuming it is leased at market rates. In the second section of this approach, vacancy allowances and operating expenses are analyzed from the subject and market data. The resulting indications are then applied to the subject property's potential gross income so that a net operating income can be obtained. In the third section, the net operating income (NOI) is capitalized into a value indication using one or more appropriate capitalization rate(s). This is performed through consideration of not only overall capitalization rates, but also of expected yield rates based on comparative risk.

Income Analysis

Potential Gross Income

The potential gross income for the subject property is normally estimated by analyzing current contract rents for the subject property and comparable rental rates for similar facilities within the subject's market area. These properties relate directly to the "ideal improvement" as defined in highest and best use. Again, as in the sales comparison analysis, the comparables selected were selected for their compatibility with the subject regarding locational factors, occupancies, trends, etc. The subject is currently fully owner occupied and no contract rents exist. Market data is considered to establish market rent rates and terms for the subject to develop an opinion of value by the income approach. As in the sales comparison approach, a mixture of properties is considered as the subject is a hybrid of retail and flex type space. The following pages are summaries of some of the more relevant data considered to establish the market rent basis for the subject if it were to be leased on the market.

Comparable rental data

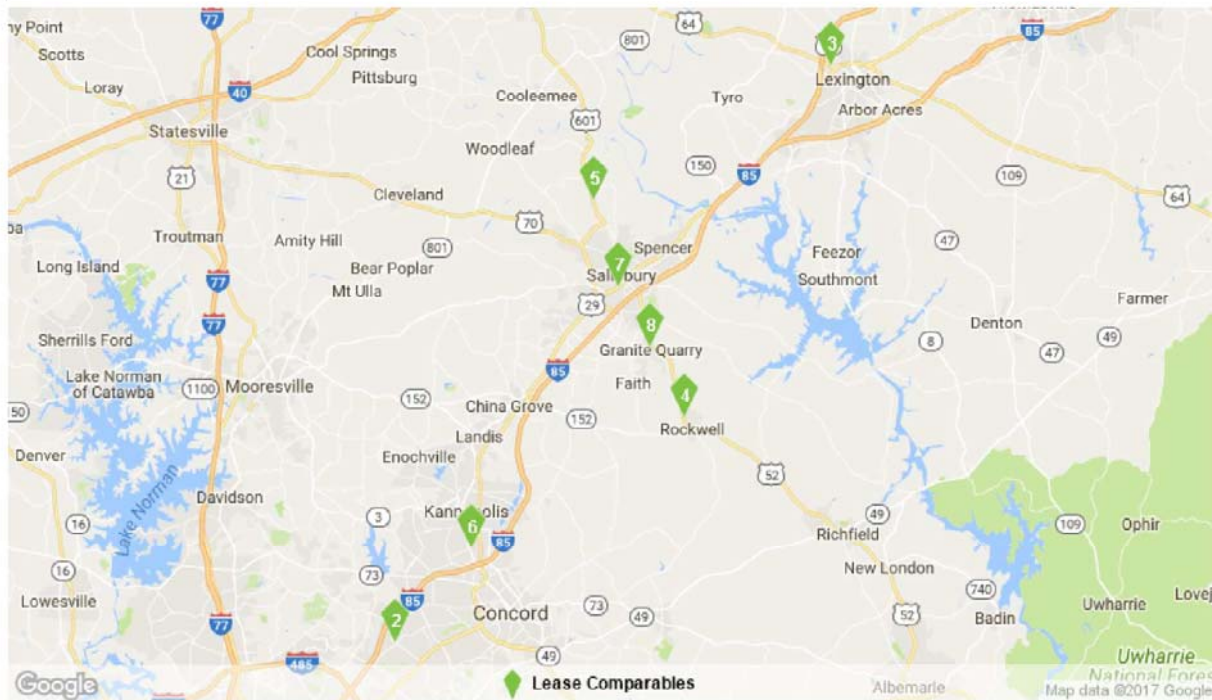
The subject property is competitive in the local market and has features about it which increase its desirability. The market rental comparables show a range of between \$ 7 and \$ 10 + per square foot at triple net terms. I have considered locations and rentals that relate as closely to the subject as possible, and there is solid support for the subject's estimated current market rent of \$8.00 per square foot triple net.

Lease Comps Summary

Lease Comps Report

Deals	Asking Rent Per SF	Starting Rent Per SF	Avg. Months On Market
8	\$8.25	\$8.33	21

LEASE COMPARABLES



SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Asking Rent Per SF	8	\$7.33	\$8.25	\$7.75	\$10.00
Starting Rent Per SF	8	\$7.00	\$8.33	\$8.00	\$10.00
Effective Rent Per SF	6	\$7.00	\$8.31	\$7.63	\$9.75
Asking Rent Discount	8	-21.9%	-1.0%	0.0%	6.7%
TI Allowance	-	-	-	-	-
Months Free Rent	2	2	2	2	2

Lease Attributes	Deals	Low	Average	Median	High
Months on Market	7	1	21	5	66
Deal Size	8	2,000	3,993	3,424	9,100
Lease Deal in Years	8	1.0	4.1	2.5	15.0
Floor Number	8	1	1	1	1

Lease Comps Summary

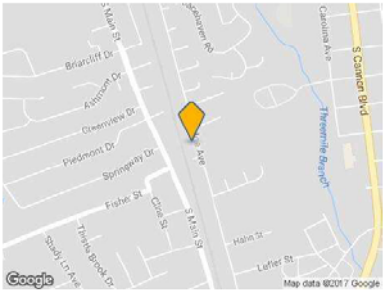
Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
1 2606-2608 S Ridge Ave	★★★★★	4,800	1st	5/29/2017	New	\$7.00/+util	Effective
2 505 NW Pitts School Rd	★★★★★	2,000	1st	11/1/2016	New	\$7.75/mg	Effective
3 Lexington Center II 48-86 W US Highway 64	★★★★★	2,000	1st	7/2/2016	New	\$10.00/nnn	Starting
4 Country Oaks Shopping ... 956-968 W Main St	★★★★★	3,200	1st	5/2/2016	New	\$9.75/mg	Effective
5 Dollar General 5150 US Highway 601	★★★★★	9,100	1st	4/1/2016	New	\$9.25/nnn	Effective
6 2606 S Ridge Ave	★★★★★	4,800	1st	3/1/2016	New	\$7.50/hnn	Effective
7 714 S Main	★★★★★	2,400	1st	10/7/2014	New	\$7.50/hnn	Effective
8 215 N Salisbury Ave	★★★★★	3,649	1st	1/21/2012	New	\$7.20/+util	Starting

Lease Comps Details

Lease Comps Report

1 2606-2608 S Ridge Ave
 Kannapolis, NC 28083 - Cabarrus County Ind Submarket



LEASE	
SF Leased:	4,800 SF
Sign Date:	May 2017
Space Use:	Flex
Lease Type:	Direct
Floor:	1st Floor

RENTS	
Asking Rent:	\$7.50/+UTIL
Starting Rent:	\$7.00/+UTIL
Effective Rent:	\$7.00/+UTIL

LEASE TERM	
Start Date:	Jun 2017
Expiration Date:	May 2020
Lease Term:	3 Years

CONCESSIONS AND BUILDOUT	
Asking Discount:	6.67%

PROPERTY EXPENSES	
Taxes:	\$1.13/SF (2008)

TIME ON MARKET	
Date On Market:	Jan 2017
Date Off Market:	Jun 2017
Months on Market:	5 Months

TIME VACANT	
Date Vacated:	Mar 2017
Date Occupied:	Jun 2017
Months Vacant:	3 Months

LEASING REP
Michael Crouch
 Michael Crouch (704) 786-5140

MARKET AT LEASE

Vacancy Rate	2017 Q2	YOY
Current Building	0.0%	↔ 0.0%
Submarket 1-2 Star	5.7%	▲ 1.1%
Metro Overall	5.7%	▼ 1.9%

Asking Rent Per SF	2017 Q2	YOY
Current Building	\$7.50	-
Submarket 1-2 Star	\$5.04	▲ 17.5%
Metro Overall	\$4.14	▲ 13.8%

Submarket Leasing Activity	2017 Q2	YOY
12 Mo. Leased SF	795,806	▼ 14.6%
Months On Market	3.3	▼ 5.5

PROPERTY

Property Type:	Industrial	Rentable Area:	4,800 SF
Status:	Built 1995	Stories:	1
Tenancy:	Multi	Floor Size:	4,800 SF
Class:	C	Vacancy at Lease:	0.0%
Parking:	12 free Surface Space...	Land Acres:	1.36

Lease Comps Details

Lease Comps Report

2 505 NW Pitts School Rd
 Concord, NC 28027 - Cabarrus County Ind Submarket



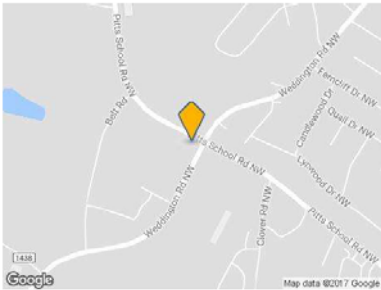
LEASE	
SF Leased:	2,000 SF
Sign Date:	Nov 2016
Space Use:	Flex
Lease Type:	Direct
Floor:	1st Floor
Suite:	555-C

RENTS	
Asking Rent:	\$8.50/MG
Starting Rent:	\$8.50/MG
Effective Rent:	\$7.75/MG

CONCESSIONS AND BUILDOUT	
Asking Discount:	0.00%
Mo. Free Rents:	2 Months

LEASE TERM	
Start Date:	Nov 2016
Expiration Date:	Nov 2018
Lease Term:	2 Years

PROPERTY EXPENSES	
Taxes:	\$3.59/SF (2008)



TIME ON MARKET	
Date On Market:	Oct 2016
Date Off Market:	Nov 2016
Months on Market:	1 Months

TIME VACANT	
Date Vacated:	Oct 2016
Date Occupied:	Nov 2016
Months Vacant:	1 Month

LEASING REP
John Hatcher Realty
 1318 Central Ave, Suite F
 Charlotte, NC 28205-5047
 Linda Allred (704) 375-8515

MARKET AT LEASE

Vacancy Rate	2016 Q4	YOY
Current Building	50.0%	▲ 50.0%
Submarket 1-3 Star	2.9%	▼ 1.5%
Metro Overall	6.3%	▼ 1.1%

Asking Rent Per SF	2016 Q4	YOY
Current Building	\$8.50	-
Submarket 1-3 Star	\$5.27	▲ 26.8%
Metro Overall	\$3.89	▲ 10.7%

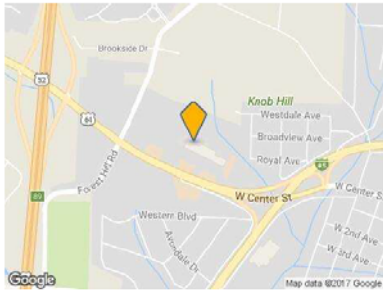
Submarket Leasing Activity	2016 Q4	YOY
12 Mo. Leased SF	985,276	▲ 60.6%
Months On Market	8.8	▼ 2.1

PROPERTY			
Property Type:	Industrial	Rentable Area:	8,000 SF
Status:	Built 1999	Stories:	1
Tenancy:	Multi	Floor Size:	8,000 SF
Class:	B	Ceiling Height:	16'
Construction:	Masonry	Vacancy at Lease:	50.0%
Parking:	24 free Surface Space...	Land Acres:	8.38

Lease Comps Details

Lease Comps Report

3 48-86 W US Highway 64 - Lexington Center II
 Lexington, NC 27295 - South Davidson County Submarket



TENANT

Tenant Name: **Tobacco Land**
 Industry: **Retailers/Wholesalers**

LEASE

SF Leased: **2,000 SF**
 Sign Date: **Jul 2016**
 Space Use: **Retail**
 Lease Type: **Direct**
 Floor: **1st Floor**
 Suite: **62**

RENTS

Asking Rent: **\$10.00/NNN**
 Starting Rent: **\$10.00/NNN**

CONCESSIONS AND BUILDOUT

Asking Discount: **0.00%**

LEASE TERM

Start Date: **Aug 2016**
 Lease Term: **3 Years**

PROPERTY EXPENSES

Taxes: **\$0.31/SF (2012)**
 Operating Exp.: **\$0.89/SF (2012)**
 Total Exp.: **\$1.21/SF (2012)**

TIME ON MARKET

Date On Market: **Aug 2011**
 Date Off Market: **Aug 2016**
 Months on Market: **59 Months**

TIME VACANT

Date Vacated: **Aug 2011**
 Date Occupied: **Aug 2016**
 Months Vacant: **60 Months**

MARKET AT LEASE

Vacancy Rate	2016 Q3	YOY
Current Building	27.4%	▼ 2.5%
Submarket 2-4 Star	3.4%	▼ 1.1%
Metro Overall	4.2%	▼ 1.1%

NNN Asking Rent Per SF	2016 Q3	YOY
Current Building	\$10.00	-
Submarket 2-4 Star	\$8.36	▼ 1.5%
Metro Overall	\$10.69	▲ 5.9%

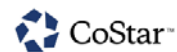
Submarket Leasing Activity	2016 Q3	YOY
12 Mo. Leased SF	32,554	▲ 57.7%
Months On Market	29.7	▲ 5.5

LEASING REP

Neari & Associates, Inc.
 322 N Spring St
 Winston-Salem, NC 27101
 Phillip G. Neari (336) 831-0521 X303

PROPERTY

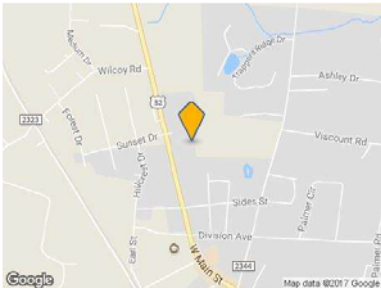
Property Type:	Retail	Rentable Area:	81,313 SF
Status:	Built 1969	Stories:	1
Tenancy:	Multi	Floor Size:	81,313 SF
Class:	B	Vacancy at Lease:	27.4%
Construction:	Masonry	Land Acres:	9.34
Parking:	688 free Surface Spa...		



Lease Comps Details

Lease Comps Report

4 956-968 W Main St - Country Oaks Shopping Center
 Rockwell, NC 28138 - Rowan County Ret Submarket



TENANT

Tenant Name: **Mexican Restuarant**
 Industry: **Retailers/Wholesalers**

LEASE

SF Leased: **3,200 SF**
 Sign Date: **May 2016**
 Space Use: **Retail**
 Lease Type: **Direct**
 Floor: **1st Floor**

RENTS

Asking Rent: **\$8.00/MG**
 Starting Rent: **\$9.75/MG**
 Effective Rent: **\$9.75/MG**

CONCESSIONS AND BUILDOUT

Asking Discount: **-21.88%**
 Buildout Status: **Full Build-Out**

LEASE TERM

Start Date: **Aug 2016**
 Expiration Date: **Aug 2021**
 Lease Term: **5 Years**

PROPERTY EXPENSES

Taxes: **\$0.64/SF (2016)**
 Operating Exp.: **\$0.61/SF (2011-Est)**

TIME ON MARKET

Date On Market: **Nov 2010**
 Date Off Market: **Jun 2016**
 Months on Market: **66 Months**

TIME VACANT

Date Vacated: **Jun 2009**
 Date Occupied: **Aug 2016**
 Months Vacant: **86 Months**

MARKET AT LEASE

Vacancy Rate	2016 Q2	YOY
Current Building	15.2%	▼ 21.3%
Submarket 1-3 Star	5.2%	▼ 1.5%
Metro Overall	4.9%	▼ 0.9%

NNN Asking Rent Per SF	2016 Q2	YOY
Current Building	-	-
Submarket 1-3 Star	\$8.37	▲ 4.9%
Metro Overall	\$14.29	▲ 2.9%

Submarket Leasing Activity	2016 Q2	YOY
12 Mo. Leased SF	53,176	▲ 15.2%
Months On Market	20.6	▼ 1.8

LEASING REP

SVN Commercial Real Estate Advisors

19901 W Catawba Ave, Suite 102
 Cornelius, NC 28031-4038
 Paula Quickel (704) 892-5653
 Lisa Schaefer (704) 892-5653

PROPERTY

Property Type: **Retail** Rentable Area: **39,286 SF**
 Status: **Built 1986** Stories: **1**
 Tenancy: **Multi** Floor Size: **39,286 SF**
 Class: **C** Vacancy at Lease: **15.2%**
 Parking: **170 Surface Spaces ...** Land Acres: **5.14**

Lease Comps Details

Lease Comps Report

5 5150 US Highway 601 - Dollar General
 Salisbury, NC 28147 - Rowan County Ret Submarket



TENANT

Tenant Name:	Dollar General
Industry:	Retailers/Wholesalers
NAICS:	All Other General Merchandise Stores - 452990

LEASE

SF Leased:	9,100 SF
Sign Date:	Apr 2016
Space Use:	Retail
Lease Type:	Direct
Floor:	1st Floor

RENTS

Asking Rent:	\$9.25/NNN
Starting Rent:	\$9.25/NNN
Effective Rent:	\$9.25/NNN

CONCESSIONS AND BUILDOUT

Asking Discount:	0.00%
Buildout Status:	Shell Space

LEASE TERM

Start Date:	May 2016
Expiration Date:	Apr 2031
Lease Term:	15 Years

PROPERTY EXPENSES

Taxes:	\$0.45/SF (2016)
--------	------------------

TIME ON MARKET

Date On Market:	Jun 2016
Date Off Market:	May 2016
Months on Market:	0 Mos

TIME VACANT

Date Vacated:	May 2016
Date Occupied:	May 2016
Months Vacant:	1 Day

MARKET AT LEASE

Vacancy Rate	2016 Q2	YOY
Current Building	0.0%	-
Submarket 2-4 Star	6.2%	▼ 3.1%
Metro Overall	4.9%	▼ 0.9%

NNN Asking Rent Per SF	2016 Q2	YOY
Current Building	\$9.25	-
Submarket 2-4 Star	\$9.36	▲ 16.9%
Metro Overall	\$14.29	▲ 2.9%

Submarket Leasing Activity	2016 Q2	YOY
12 Mo. Leased SF	53,176	▲ 15.2%
Months On Market	20.6	▼ 1.8

LEASING REP

Vanguard Property Group
 3825 Barrett Dr, Suite 100
 Raleigh, NC 27609-7221
 George C. Venters, Jr (919) 459-2602 X2602

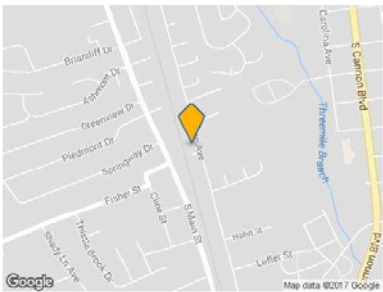
PROPERTY

Property Type:	Retail	Rentable Area:	9,100 SF
Status:	Built Apr 2016	Stories:	1
Tenancy:	Single	Floor Size:	9,100 SF
Class:	B	Vacancy at Lease:	0.0%
Parking:	Reserved Spaces @ ...	Land Acres:	1.50

Lease Comps Details

Lease Comps Report

6 2606 S Ridge Ave
 Concord, NC 28025 - Cabarrus County Ind Submarket



TENANT

Tenant Name: **Golf Communications**
 Industry: **Communications**

LEASE

SF Leased: **4,800 SF**
 Sign Date: **Mar 2016**
 Space Use: **Flex**
 Lease Type: **Direct**
 Floor: **1st Floor**

RENTS

Asking Rent: **\$7.50/NNN**
 Starting Rent: **\$7.50/NNN**
 Effective Rent: **\$7.50/NNN**

CONCESSIONS AND BUILDOUT

Asking Discount: **0.00%**
 Buildout Status: **Full Build-Out**

LEASE TERM

Start Date: **Apr 2016**
 Expiration Date: **Mar 2017**
 Lease Term: **1 Year**

PROPERTY EXPENSES

Taxes: **\$1.25/SF (2015)**

TIME ON MARKET

Date On Market: **Feb 2016**
 Date Off Market: **Apr 2016**
 Months on Market: **1 Months**

TIME VACANT

Date Vacated: **Mar 2016**
 Date Occupied: **Apr 2016**
 Months Vacant: **1 Month**

MARKET AT LEASE

Vacancy Rate	2016 Q1	YOY
Current Building	100%	▲ 100%
Submarket 2-4 Star	5.2%	▼ 0.8%
Metro Overall	7.5%	▼ 0.7%

LEASING REP

Michael Crouch
 Michael Crouch (704) 786-5140

Asking Rent Per SF	2016 Q1	YOY
Current Building	\$7.50	-
Submarket 2-4 Star	\$8.31	▲ 29.9%
Metro Overall	\$8.75	▼ 2.2%

PROPERTY

Property Type:	Flex	Rentable Area:	4,800 SF
Status:	Built 1995	Stories:	-
Tenancy:	-	Floor Size:	4,800 SF
Class:	C	Ceiling Height:	18'
Parking:	7 Surface Spaces are...	Vacancy at Lease:	100%
		Land Acres:	1.36

Submarket Leasing Activity	2016 Q1	YOY
12 Mo. Leased SF	29,072	▼ 28.4%
Months On Market	10.1	▲ 3.4

Lease Comps Details

Lease Comps Report

7 714 S Main

Salisbury, NC 28144 - Rowan County Ret Submarket



LEASE	
SF Leased:	2,400 SF
Sign Date:	Oct 2014
Space Use:	Retail
Lease Type:	Direct
Floor:	1st Floor

RENTS	
Asking Rent:	\$7.50/NNN
Starting Rent:	\$7.50/NNN
Effective Rent:	\$7.50/NNN

LEASE TERM	
Start Date:	Nov 2014
Expiration Date:	Nov 2016
Lease Term:	2 Years

CONCESSIONS AND BUILDOUT	
Asking Discount:	0.00%
Buildout Status:	Full Build-Out

PROPERTY EXPENSES	
Taxes:	\$0.76/SF (2013)
Operating Exp.:	\$1.50/SF (2013-Est)
Total Exp.:	\$2.26/SF (2013-Est)

TIME ON MARKET	
Date On Market:	Sep 2013
Date Off Market:	Oct 2014
Months on Market:	14 Months

TIME VACANT	
Date Vacated:	Apr 2013
Date Occupied:	Nov 2014
Months Vacant:	19 Months

LEASING REP
Jerry McGee
 Jerry McGee (704) 786-5247

MARKET AT LEASE

Vacancy Rate	2014 Q4	YOY
Current Building	0.0%	▼ 100%
Submarket 1-3 Star	6.4%	▼ 0.6%
Metro Overall	5.9%	▼ 0.8%

NNN Asking Rent Per SF	2014 Q4	YOY
Current Building	\$7.50	-
Submarket 1-3 Star	\$8.25	▼ 10.0%
Metro Overall	\$13.79	▲ 10.7%

PROPERTY	
Property Type:	Retail
Status:	Built 1986
Tenancy:	Single
Class:	C
Parking:	7 free Surface Space...

Rentable Area:	2,400 SF
Stories:	1
Floor Size:	2,400 SF
Vacancy at Lease:	0.0%
Land Acres:	0.33

Submarket Leasing Activity	2014 Q4	YOY
12 Mo. Leased SF	44,431	▼ 62.4%
Months On Market	19.5	▲ 8.0

Lease Comps Details

Lease Comps Report

215 N Salisbury Ave
 Granite Quarry, NC 28146 - Rowan County Ret Submarket



TENANT

Tenant Name: **El Acapulco Mexican Restaurant**
 Industry: **Retailers/Wholesalers**

LEASE

SF Leased: **3,649 SF**
 Sign Date: **Jan 2012**
 Space Use: **Retail**
 Lease Type: **Direct**
 Floor: **1st Floor**

RENTS

Asking Rent: **\$7.33/+UTIL**
 Starting Rent: **\$7.20/+UTIL**
 Escalations: **Increased Amt**

CONCESSIONS AND BUILDOUT

Asking Discount: **1.77%**
 Mo. Free Rents: **2 Months**

LEASE TERM

Start Date: **Feb 2012**
 Expiration Date: **Feb 2014**
 Lease Term: **2 Years**

PROPERTY EXPENSES

Taxes: **\$0.56/SF (2012-Est); ...**
 Operating Exp.: **\$2.73/SF (2012-Est); ...**
 Total Exp.: **\$3.29/SF (2012-Est)**

OPTIONS

Renewal Option; 5 year renewal option once tenant pays off equipment fee

MARKET AT LEASE

Vacancy Rate	2012 Q1	YOY
Current Building	0.0%	↔ 0.0%
Submarket 1-3 Star	8.1%	▲ 1.3%
Metro Overall	7.8%	▼ 0.3%

NNN Asking Rent Per SF	2012 Q1	YOY
Current Building	-	-
Submarket 1-3 Star	\$10.04	▲ 6.7%
Metro Overall	\$13.65	▼ 0.6%

Submarket Leasing Activity	2012 Q1	YOY
12 Mo. Leased SF	79,140	▲ 56.5%
Months On Market	17.6	▲ 4.2

TIME ON MARKET

Date On Market: **Dec 2011**
 Date Off Market: **Jan 2012**
 Months on Market: **1 Months**

TIME VACANT

Date Vacated: **Dec 2011**
 Date Occupied: **Feb 2012**
 Months Vacant: **2 Months**

LEASING REP

Eli Fisher
 311 Brookwood Dr
 Salisbury, NC 28146
 Eli Fisher (704) 202-3742

PROPERTY

Property Type: **Retail**
 Status: **Built 1980**
 Tenancy: **-**
 Class: **C**
 Construction: **Metal**
 Rentable Area: **7,920 SF**
 Stories: **1**
 Floor Size: **7,920 SF**
 Vacancy at Lease: **0.0%**
 Land Acres: **1.07**

Rents

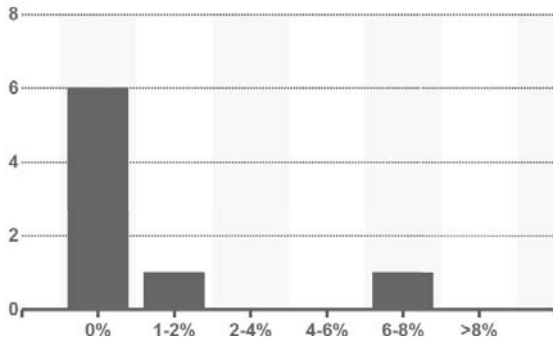
Lease Comps Report

Asking Rent Per SF	Starting Rent Per SF	Effective Rent Per SF	Avg. Months Free Rent
\$8.25	\$8.33	\$8.31	2.0

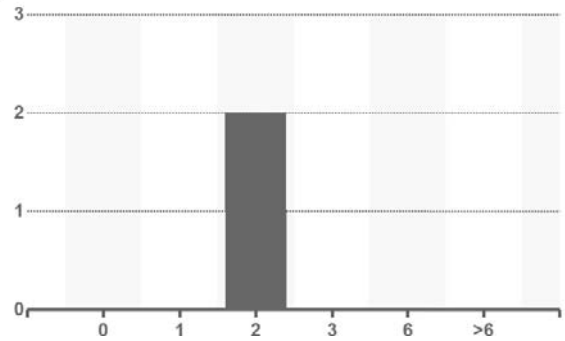
DEALS BY ASKING, STARTING AND EFFECTIVE RENT







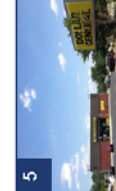

DEALS BY ASKING RENT DISCOUNT





DEALS BY MONTHS FREE RENT



Lease Comparables

Address	Tenant Landlord	SF Leased Type	Start Date Term	Starting Rent Effective Rent	Free Rent TI Allow	Escalations Expenses
 <p>1 2606-2608 S Ridge Ave Kannapolis, NC 28083 <i>Cabarrus County Ind Submarket</i></p>	Abc Self Storage Lic A Nc Lic	4,800 New Direct	Jun 2017 3 Years	\$7.00/H/UTIL \$7.00/H/UTIL		
 <p>2 505 NW Pitts School Rd Concord, NC 28027 <i>Cabarrus County Ind Submarket</i></p>	JCH Enterprises, LLC	2,000 New Direct	Nov 2016 2 Years	\$8.50/MG \$7.75/MG	2 Mos at Start	
 <p>3 Lexington Center II 48-86 W US Highway 64 Lexington, NC 27295 <i>South Davidson County Submarket</i></p>	Tobacco Land	2,000 New Direct	Aug 2016 3 Years	\$10.00/NNN		
 <p>4 Country Oaks Shopping Center 956-968 W Main St Rockwell, NC 28138 <i>Rowan County Ret Submarket</i></p>	Mexican Restaurant Loboda Properties	3,200 New Direct	Aug 2016 5 Years	\$9.75/MG \$9.75/MG		
 <p>5 Dollar General 5150 US Highway 601 Salisbury, NC 28147 <i>Rowan County Ret Submarket</i></p>	Dollar General	9,100 New Direct	May 2016 15 Years	\$9.25/NNN \$9.25/NNN		
 <p>6 2606 S Ridge Ave Concord, NC 28025 <i>Cabarrus County Ind Submarket</i></p>	Golf Communications Michael Crouch	4,800 New Direct	Apr 2016 1 Year	\$7.50/NNN \$7.50/NNN		

Lease Comparables

Address	Tenant Landlord	SF Leased Type	StartDate Term	Starting Rent Effective Rent	Free Rent TI Allow	Escalations Expenses
 <p>7 714 S Main Salisbury, NC 28144 Rowan County Ret Submarket</p>	Mcgee Jerry M	2,400 New Direct	Nov 2014 2 Years	\$7.50/NNN \$7.50/NNN		\$2.26/SF
 <p>8 215 N Salisbury Ave Granite Quarry, NC 28146 Rowan County Ret Submarket</p>	El Acapulco Mexican Restaurant	3,649 New Direct	Feb 2012 2 Years	\$7.20/H-UTIL	Spread Over	Steps \$3.29/SF

Estimate of Potential Gross Income (PGI)

Potential gross income (PGI) refers to possible income from all sources resulting from the ownership of a property. Under the current market rate and terms lease scenarios, the Potential gross income is \$ 63,280 + reimbursable expenses marketable at \$ 8/sf annually to triple net terms.

Note: I have considered a 10% vacancy overall for the subject property based on market norms in this type at 8-12 %. This is due to supply and demand factors for this space as compared with others in the market and within the subject building

Vacancy and Collection Loss

The Appraisal of Real Estate states that, "Vacancy and collection loss is an allowance for reductions in potential gross income attributable to vacancies, tenant turnover, and non-payment of rent." I have relied on current market data for the estimate of the subject property's vacancy and collection loss amount. The estimate of vacancy and collection loss is supported by the local market, and more specifically the immediate area experience. Locally these combined expenses have stabilized at 0-12% based on location, condition of the improvements, and other factors. The subject is estimated to have a realistic V + C loss that mirrors what is typical for newer properties is average demographic locations. The actual vacancy as of the effective date of the appraisal is 0% as stated earlier. Based, however on market norms, I have applied a market vacancy level of 10% over the term. This is at the middle to upper end of the range but is, in my opinion reflective of the actual vacancy to be expected over time, plus some consideration for credit losses.

Effective Gross Income (EGI)

Effective gross income is "the anticipated income from all operations of the real property after allowance is made for vacancy and collection loss." The subject's EGI is estimated as follows:

<u>PGI:</u>	
<u>Rent:</u>	\$63,280
<u>Reimbursements:</u>	\$5,485 (Tax and insurance)
<u>Less VC loss (10%)</u>	-\$6,877
<u>EGI:</u>	\$61,888
Management 5%	\$ 3,094
Reserves/Rep	\$ 3,000
Insurance	\$ 2,700
Taxes	\$ 2,785
Accounting/Misc	\$ 1,200
Total Expense—netnetnet	\$ 12,779 (7,924 owner (12%))
<u>Estimated (stabilized) NOI =</u>	\$ 49,109

Estimate of Operation Expenses

Operating Expenses - are those periodic costs to the owner of the property which are required to maintain it and allow for the continuation of production of gross income. Operating expenses are generally broken down into fixed expenses, variable expenses, and replacement allowance. **These costs to the owner are gathered from the actual costs of the subject property and competitive market data.** Fixed expenses do not generally vary with occupancy, and have to be paid whether the building is occupied or not. The owner does incur some variable expenses, which fluctuate with occupancy and time. **NOTE: Though the subject may be owner managed, prudent appraisal practice in this market dictates that management expense be considered in the estimation of the Net Operating Income.**

These estimated expenses are detailed below:

Management - at 5% - this is typical of the local market as experienced by several developers and property managers. This is the middle of the local range of 6-10% annually and is appropriate given the subject's property type, location and tenant number and mix.

Reserves as shown annually. This is based on necessary costs above common area maintenance needed to be accrued by the owner to cover major capital expectations such as HVAC, Roof, paving etc. This is based on estimated sinking fund needed to replace these items as time elapses. In this case, these are estimated to total \$40,000+ every 15 years. Most of this is attributable to HVAC replacement, with some consideration for paring lot and other exterior repairs. This is extended to \$ annually.

Taxes at the estimated actual amount or \$2,785. This is estimated to remain stable

Insurance at \$2,700 based on local information and actual costs typical of the area.

Other CAM Costs (landscape maintenance, garbage, utilities—tenant only.

Property Owner's Association none

Professional Fees/other \$1,200—based on accounting fees for this type property for normal returns and some administrative costs.

The projected expenses as a percent of the effective gross income total %. This falls within the typical percentages seen in the local market.

Estimate of Net Operating Income (NOI)

Net operating income is the anticipated net income remaining after all operating expenses are deducted from effective gross income but before mortgage debt service and book Depr. are deducted. The net operating income is what is capitalized by an extracted rate to give a value estimate via this approach. The reliability of this analysis is dependent on the objectivity of the income and expense projections for the subject property and upon the support for the capitalization rate applied to the new operating income. The income and expense information for the subject has been well supported and is summarized within various sections of the income analysis.

Capitalization of the Income

One method used in the income capitalization approach to convert a single year's income estimate into a value indication is direct capitalization. This conversion is accomplished through dividing the net operating income by an appropriate overall income rate.

$$\frac{\text{Net Operating Income}}{\text{Value}} = \text{Overall Capitalization Rate}$$

Various techniques for estimating an appropriate overall capitalization rate, depending on the quality and quantity of data can be employed. In the local market, typical buyers and sellers are knowledgeable about overall rates and the components which produce them. Derivation through sales indications is common and the best understood method of arriving at an estimated capitalization rate in the local market by its participants. The scarcity of overall sales precludes using this as the derivation method. Based on the reasons discussed above, the capitalization rate to be applied to the subject is derived not only from what limited sale data is available, but also from available investor and lender data relating to expected return of and on investments over time. The inputs are market derived and result in an overall rate range of roughly 8.25% to 9% (8.5 selected) which reflects some expected growth in both income and value over the period of ownership.

The range of Overall rates per market rates as published in AI and other journals range from below 7% to over 10%. Median rates in the region fall in the over 8-9+% range. The subject is in good condition and is considered with current rent rates and upside potential. These factors support cap rates more toward the middle of the range. 8.5-9 % is most appropriate given the market factors related directly to the subject.

Band of Investment Calculation

The Band of Investment is a yield capitalization method that is used to build a capitalization rate using just two components; financing and equity. The formula is:

$$\text{Cap Rate} = F + E$$

where:

- F = Financing Component
- E = Equity Component

Band of investment at 6.5% interest rate for 25 years and Equity yield expectations of 11% with an 80/20 mix supports

$$\begin{aligned} & \underline{.0810 \times .80 = 0.0648} \text{—mortgage component} \\ & \underline{.11 \times .20 = 0.022} \\ & \text{Total} = 0.0868 \end{aligned}$$

without consideration for equity build up/or increase in value—supports 8.5-9 OAR as seen in regional market data

Debt Coverage Ratio Analysis

This method synthesizes a capitalization rate with typical mortgage terms and is therefore geared toward the lender's perspective. The formula is:

$$\text{Debt Coverage Ratio} \times \text{Loan to Value Ratio} \times \text{Mortgage Constant} = \text{Cap Rate}$$

Debt coverage Ratio analysis: 1.3 market

$$\text{@ 6.5\%/25 years/80\% LTV} = 1.3 \times .8 \times 0.0810 = .0848$$

This offers additional support for the estimated appropriate overall rate of 8.5-9%.

RealtyRates.com MARKET SURVEY - 2nd Quarter 2017*										
South Atlantic - Class A & B Industrial Buildings										
	Atlanta		Charlotte/Gastonia		Raleigh/Durham		Richmond		Region	
	VH Dist	Flex R&D	VH Dist	Flex R&D	VH Dist	Flex R&D	VH Dist	Flex R&D	VH Dist	Flex R&D
Operating Data										
Income										
Asking Rent	\$4.12	\$8.20	\$4.54	\$9.59	\$5.31	\$11.20	\$4.39	\$9.39	\$4.64	\$9.74
Effective Rent	\$3.95	\$7.85	\$4.09	\$8.56	\$4.94	\$10.32	\$4.27	\$9.14	\$4.42	\$9.19
Reimbursable Exp.	\$1.95	\$4.12	\$1.94	\$4.12	\$1.98	\$4.20	\$1.97	\$4.17	\$1.96	\$4.16
Total Income	\$5.90	\$11.97	\$6.03	\$12.68	\$6.92	\$14.52	\$6.24	\$13.31	\$6.38	\$13.35
Vacancy Rate	11.5%	11.7%	2.7%	6.6%	10.0%	9.9%	9.8%	9.9%	8.8%	9.6%
EGI	\$5.22	\$10.57	\$5.87	\$11.84	\$6.23	\$13.09	\$5.63	\$11.99	\$5.82	\$12.07
Expenses										
Total Expenses	\$2.09	\$4.43	\$2.08	\$4.43	\$2.12	\$4.52	\$2.12	\$4.49	\$2.11	\$4.48
Expense Ratio	40.15%	41.91%	35.48%	37.44%	34.12%	34.54%	37.63%	37.42%	36.20%	37.08%
NOI	\$3.12	\$6.14	\$3.79	\$7.41	\$4.10	\$8.57	\$3.51	\$7.50	\$3.72	\$7.60
Investment Data										
Avg Sale Price	\$34	\$65	\$41	\$79	\$44	\$95	\$37	\$88	\$39	\$84
OAR	9.2%	9.4%	9.2%	9.4%	9.3%	9.0%	9.5%	8.5%	9.5%	9.1%
GRM	8.61	8.28	10.02	9.23	8.90	9.21	8.67	9.63	8.88	9.11
EGIM	6.52	6.15	6.98	6.67	7.07	7.26	6.57	7.34	6.75	6.93

*1st Quarter 2017 Data

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Since subject is blended in use, the flex (above) market data and the retail market data (following) are considered as blended as well. Good support for 8.75% as estimated as the market overall rate appropriate for the subject property.

RealtyRates.com MARKET SURVEY - 2nd Quarter 2017*										
South Atlantic - Class A & B Neighborhood, Community & Strip Retail Centers										
	Atlanta		Charlotte/Gastonia Rock Hill		Raleigh/Durham Chapel Hill		Richmond Petersburg		Region	
	Anch	Un-Anch	Anch	Un-Anch	Anch	Un-Anch	Anch	Un-Anch	Anch	Un-Anch
Operating Data										
Income										
Asking Rent	\$17.66	\$17.23	\$18.70	\$18.25	\$18.14	\$17.57	\$16.68	\$16.28	\$17.72	\$17.25
Effective Rent	\$15.65	\$15.29	\$16.44	\$15.89	\$16.12	\$15.78	\$14.95	\$14.67	\$15.74	\$15.37
Other Income	\$0.78	\$0.76	\$0.82	\$0.79	\$0.81	\$0.79	\$0.75	\$0.73	\$0.79	\$0.77
Total Income	\$16.43	\$16.05	\$17.26	\$16.69	\$16.93	\$16.57	\$15.69	\$15.40	\$16.53	\$16.14
Vacancy Rate	9.2%	9.0%	8.0%	7.6%	6.4%	6.1%	7.7%	7.4%	7.7%	7.4%
EGI	\$14.92	\$14.61	\$15.87	\$15.41	\$15.85	\$15.56	\$14.49	\$14.26	\$15.26	\$14.95
Expenses										
Total Expenses	\$9.03	\$8.33	\$7.48	\$6.79	\$7.63	\$6.92	\$7.49	\$6.85	\$7.84	\$7.15
Expense Ratio	60.49%	57.03%	47.13%	44.03%	48.15%	44.48%	51.71%	48.02%	51.37%	47.86%
NOI	\$5.90	\$6.28	\$8.99	\$8.63	\$8.22	\$8.64	\$7.00	\$7.41	\$7.42	\$7.80
Investment Data										
Avg Sale Price	\$74	\$77	\$95	\$94	\$92	\$105	\$77	\$84	\$85	\$91
OAR	8.0%	8.2%	8.8%	8.2%	8.9%	8.2%	9.1%	8.8%	8.8%	8.6%
GRM	4.73	5.04	5.78	5.92	5.71	6.65	5.15	5.73	5.37	5.91
EGIM	4.96	5.27	5.98	6.10	5.80	6.75	5.31	5.89	5.54	6.08
*1st Quarter 2017 Data										
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Summary

PGI:	
Rent:	\$63,280
Reimbursements:	\$5,485 (Tax and insurance)
Less VC loss (10%)	-\$6,877
EGI:	\$61,888
Management 5%	\$ 3,094
Reserves/Rep	\$ 3,000
Insurance	\$ 2,700
Taxes	\$ 2,785
Accounting/Misc	\$ 1,200
Total Expense—netnetnet	\$ 12,779 (7,924 owner (12%))
Estimated (stabilized) NOI =	\$ 49,109
Opinion of market OAR	.0875%
Capitalized value	\$ 561,000 —rounded

Opinion of value by income analysis: \$ 561,000--rounded

Reconciliation & Final Value Opinion

Reconciliation is defined as the last phase of any valuation assignment in which two or more value indications derived from market data are resolved into a final value opinion, which may be either a final range of value or a single point estimate.

The subject property and the local market have been analyzed, and appropriate methods employed to estimate the market value of the fee simple estate of the subject property as of the date of the appraisal which is the purpose of the appraisal. Three major methods of estimating value; the cost, sales comparison, and income approaches have been considered and two (sales and income approaches) have been developed using market data that is actual, verified, and as current to the appraisal date as is possible. The indications of the applied approaches considered in this appraisal are outlined below.

In all approaches the appraiser considered the local factors of supply and demand (social, economic, governmental, and environmental) and highest and best use.

Value Indications

Cost Analysis = \$ n/a

Sales Comparison Analysis = \$ 633,000

Income Analysis = \$ 561,000

The range of indications from the two approaches employed shows a range of 11% which is wider than desired but not atypical for this type property. Though the indications are reasonably similar there are still reasons for consideration of both approaches. The appropriateness, accuracy, and quantity of evidence must be weighed in each analysis to help in the determination of the indication(s) to be most considered.

The sales comparison analysis is typically a “best measure” for the subject property type if data is readily available, local and relevant. Though there is some relevant data, it is not as abundant as desired, and requires somewhat of a hybrid approach. This is unavoidable. I was able to extract some meaningful units of measure that are applied to the subject for a reasonable indication of subject value by this approach.

The Income Analysis in this appraisal problem provided good quality and quantity of data, and in the local market at the effective date of the appraisal is considered an appropriate method of estimating the value of an office type property. Blended uses were considered here as in the sales comparison. The availability data which required little or no adjustment, the favorable competitiveness of the subject in the local market, and the tightness of the range of indication from the data, results in an analysis which is accurate, objective, and appropriate in the local market.

The two applied approaches support each other, and in the final analysis, each indication is considered equally in the development of my opinion of market value for the subject.

Based on the analyses set forth in this report and the conclusions above, the subject is estimated to have an “as is” market value as of the date of appraisal (7-6-2017) of;

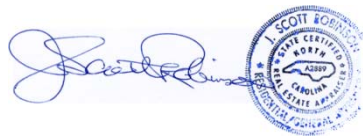
Six Hundred Thousand Dollars
\$ 600,000--as is—fee simple—stable occupancy

My value opinion is subject to the Certification, Assumptions, & Limiting conditions contained in this report, and to other assumptions as set forth in this document.

Certification of Value

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, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- my compensation is not contingent upon the 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.
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- no one provided significant professional assistance to the person signing this report
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of this date I have completed the requirements of the continuing education program of the Appraisal Institute.
- I have not completed any appraisal or professional services on the property in the past three years prior to engagement.



Signed

Date

7-13-2017

J. Scott Robinson, MAI, SRA, AI-GRS

Assumptions and Limiting Conditions

This Appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise of engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
12. Based on previous agreement, this report constitutes an appraisal report as defined by USPAP. Prior to July 2006 and as such the scope of work is defined at the onset of this report and based upon the agreement in the attached engagement letter.

This appraisal report has been made with the following general limiting conditions:

1. Possession of the report, or a copy thereof, does not carry with it the right of publication.
2. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
3. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public in any form.
4. The forecasts, projections, or operating estimates are based on current market conditions, anticipated short term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

ADDENDA

- Deed copy
- Engagement
- Appraisers qualifications

MAP	SM	PAR	S/P	WIN	L/N	C/C	PART	INT
628		041					P	9

Rowan County Assessor's Office

Doc ID: 011797230003 Type: CRP
 Recorded: 10/05/2012 at 11:20:28 AM
 Fee Amt: \$975.00 Page 1 of 3
 Revenue Tax: \$949.00
 Rowan, NC
 Harry L. Welch Jr., Register of Deeds
 BK 1204 PG 920

3
 26.00
 949.00
 2HB

NORTH CAROLINA GENERAL WARRANTY DEED

Excise Tax \$ 949
Tax Map No. 628

Parcel Identifier No. part of 041

Prepared by: Carl M. Short, Jr, a Licensed North Carolina Attorney
225 N. Main Street, Suite 200, Salisbury, NC 28144

Brief Description for the Index:

THIS DEED, made this 3rd day of October, 2012, by and between

MARCUS W. BROWN and BARBARA E. BROWN, as Co-Trustees of the BROWN LIVING TRUST, dated July 28, 1993

Whose mailing address is 6225 U.S. Highway 52, Salisbury, NC 28146

Hereinafter referred to as GRANTOR

and

OLD STONE LAND HOLDINGS, LLC, a North Carolina limited liability company

Hereinafter referred to as GRANTEE,

Whose mailing address is 4010 Conner Glenn Drive, Huntersville, NC 28076

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, in and to all that certain lot or parcel of land situated in Rowan County, North Carolina, and more particularly described as follows:

BEGINNING at a new iron pipe, located in the Eastern margin of the right of way of US Highway 52 and running thence from said new iron pipe North 77-29-32 East 274.95 feet to a new iron pipe; thence South 9-24-0 East 101.61 feet to a new iron pipe; thence South 76-40-0 West 269.37 feet to a new iron pipe located in the Eastern margin of the right of way of US Highway 52; thence North 12-33-25 West 105.34 feet to the point of BEGINNING, and being shown as Tract 1 on the map and survey prepared by Christopher S. Sparks, dated May 12, 2012 and consisting of 0.646 acres, out of Parcel 41 as shown on Tax Map 628 in the Office of the Tax Assessor for Rowan County, North Carolina.

Carl M. Short
 Book: 1204 Page: 920 Page 1 of 3

The property hereinabove described was acquired by Grantor by instrument recorded in Book 715, Page 324, Rowan County Registry.

A map showing the above described property is recorded in Book of Maps 9995 at Page _____.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto with any fixtures situated thereon, belonging to the Grantee in Fee Simple.

And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever except for the exceptions herein after stated.

Title to the property hereinabove described is subject to the following exceptions: Easements, restrictions, and/or rights of way of record.

Delinquent taxes, if any, to be paid by the closing attorney to the County Tax Administrator upon disbursement of closing proceeds.

This conveyance is given subject to restrictions and covenants and any and all rights of way and easements recorded which may affect above property.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal, or if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

Marcus W. Brown Co-Trustee (SEAL)
MARCUS W. BROWN, Co-Trustee

Barbara E. Brown Co-Trustee
BARBARA E. BROWN, Co-Trustee

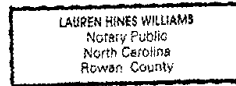
STATE OF NORTH CAROLINA, COUNTY OF ROWAN

I, the undersigned, a Notary Public of the County and State aforesaid, certify that MARCUS W. BROWN and BARBARA E. BROWN, as Co-Trustees of the BROWN LIVING TRUST, dated July 23, 1993, personally appeared before me this day and acknowledged the execution of the foregoing instrument, being personally well known to me or produced _____ as identification and being the person(s) who executed this instrument and acknowledged the same to be their act and deed.

Witness my hand and official seal, this the 30 day of October, 2012.

My commission expires
12-3-2016

Lauren Hines Williams
NOTARY PUBLIC



CERTIFICATE OF TRUST

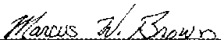
As used in this Certificate of Trust (this "Certificate"):

- The "Trust" refers to: **The Brown Living Trust, dated July 23, 1993**
- The Settlor of the Trust (the "Settlers", whether one or more) is: **Marcus W. Brown and Barbara E. Brown**
- The trustee(s) of the Trust (the "Trustees", whether one or more) is: **Marcus W. Brown and Barbara E. Brown**

The undersigned agrees and certifies as follows:

1. The Trust is in full force and effect and has not been revoked. The Trust has not been amended to limit the powers of the Trustees in relation to Trust property.
2. The Trustee identified above is presently serving as Trustee of the Trust with full authority to act on behalf of the Trust.
3. In addition to the powers of the Trustee set forth in the Trust agreement, the Trustee is hereby authorized and empowered:
 - a. To sell and transfer Trust property in such manner and for such purposes as the Trustee may deem advisable, and to have, enjoy and exercise all powers and rights over and concerning the trust property and the proceeds thereof as fully and as simply as though the Trustee was the absolute and unrestricted owner of the same.
4. The contents of this Certificate shall be deemed instructions and directions from the Settlor to the Trustee and, to the extent necessary to effect the intent of this Certificate, a modification of the Trust Agreement. No person or entity delivering property or lending or paying money to the Trustee shall be required to see to its application. This Certificate is signed, at least in part, to induce third parties (including one or more financial institution and/or title insurance companies) to rely upon its contents. All persons and entities may rely upon this Certificate and shall be held harmless for any loss or liability resulting from such reliance. A copy of this Certificate shall be just as valid as the original.

Date: 10-3-12

 (SEAL)
 MARCUS W. BROWN, Settlor and Co-Trustee

 (SEAL)
 BARBARA E. BROWN, Settlor and Co-Trustee



First National Bank

June 30, 2017

Appraisal Order #: 17-002079-01-01

Scott Robinson, MAI, SRA, AI-GRS.
Robinson and Associates
123 S. Main Street Ste. 202
Salisbury, NC28144

Borrower: Old Stone Ventures LLC
Current Owner:
Property: 6235 US-52, Salisbury, NC28146
Description: Parcel ID 628 162 .65 Acre 6235 US 52 Hwy address, online address is 6245
Property Contact(s): Naomi Griffin, Borrower
Phone: 704-564-5312
Appraisal Type: Appraisal Report (fka Summary)
Narrative

<u>Premise</u> Market Value	<u>Premise Qualifier</u> As-Is	<u>Interest Appraised</u> Fee Simple	<u>Comment</u>
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Explain any approaches considered not appropriate.

Intended Use: The intended use of this appraisal is for loan underwriting and-or credit decisions by First National Bank and-or participants

Intended User: The intended users of this report is First National Bank and-or affiliates

Approaches to Value: Sales Comparison Approach
Income Approach

Inspection Requirements: An interior and exterior inspection of the subject property in sufficient detail to determine marketability

Additional Work Scope: Exclude (or separately report) any Going Concern or FF&E value
An appropriately state certified or licensed appraiser must inspect the subject property

RFP Comments: Sales, and Income Approaches, base on market rents.

Award Comments: When completed, please upload an electronic copy of your report to the www.rimscentral.com web site, in addition to your instructions for hard-copy report distribution.

Dear Scott Robinson:

Please prepare a Appraisal Report (fka Summary) for First National Bank on the above described property. The scope and content of the appraisal are to follow accepted practices as set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) and the Federal Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA).

The purpose of this appraisal is to estimate the market value of the specified property. This must be stated in the report and defined as follows:

Market value is defined by the Comptroller of the Currency in 12 CFR34.42(g) as: "the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, and knowledgeably, and assuming the price is not affected by undue stimulus." Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated.
- both parties are well informed or well advised, and both acting in what they consider their own best interest,
- 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 arrangement 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.

It is our understanding that, as required under the 2010-2011 USPAP, your firm has disclosed any services performed in regards to this property in the previous three years.

If you are unable to deliver a Appraisal Report (fka Summary), please contact me prior to commencing this assignment. All services performed by your firm in connection with this letter will be conducted with the highest level of care and skill which is ordinarily exercised by a state certified appraiser and in accordance with standard professional practices.

First National Bank requires that an appropriately state certified or licensed appraiser inspect the subject property.

It is our understanding that this completed appraisal will be delivered no later than July 17, 2017. **Time is of the essence with respect to the completion date of this appraisal.** We ask that you request any required information from the property contact within three business days of engagement and that you notify us immediately if anything arises which may delay our receipt of this appraisal. If an appraisal is not completed and received on or before the scheduled due date (unless otherwise notified), First National Bank reserves the right in its sole discretion to cancel your employment under this agreement, in which case no fee will be paid.

The agreed upon fee is \$1,850. The bank will not be responsible for costs in excess of the amount quoted, without prior approval and written consent. If upon review, the appraisal report or evaluation is deemed unacceptable by First National Bank for non-compliance issues, and requested changes and/or additions are not properly made, First National Bank may elect to refuse payment of the appraisers invoice.

All requested corrections and additional data should be provided within 2 business days of the request.

Capitalization, discount, and absorption rates are very important. The selected rates should be derived from more than one source (e.g., recent sales and listings, investor and broker interviews, weighted average cost of capital techniques, published investor surveys).

Please provide a detailed description, with photographs, of all sale and listing comparables.

The market analysis must be current and should emphasize key risk factors in the valuation of the property type. Please provide an overview of the supply and demand trends within the submarket that impacts the appraisal.

Appraisal conclusions, fees, and due dates may only be discussed with First National Bank Commercial Appraisal Group staff. Failure to abide by these instructions may result in the termination of the engagement.

The appraisal report is to be addressed to: First National Bank, Commercial Appraisal Group, One FNB Blvd.,

Hermitage, PA 16148, Attn: Dale Mauch. A complete copy of the appraisal (in .pdf format), including any addenda and a signed copy of this engagement letter, and your billing statement (with a summary of your services and a unique invoice number) MUST be uploaded onto the www.rimscentral.com website. **Please be sure to upload your invoice separately to RIMSCentral to insure payment.**

Please deliver 2 complete originals of the report to:

Ryan Montambo
First National Bank
197 Medical Park rd
 Mooresville, NC 28117

Your completed appraisal report may be submitted for review to an independent third party appraiser.

If you have any questions or need additional information, please contact us via email at AppraisalRequests@fnb-corp.com.

Please sign below to indicate your acceptance of the terms and conditions of this assignment and return one copy via email.

Sincerely,
FIRST NATIONAL BANK

Dale L. Mauch
Vice President

ACCEPTANCE



Scott Robinson

7-1-2017
Date

SCOTT ROBINSON, MAI, SRA, AI-GRS



EDUCATION

1977 - 1981 Wake Forest University, Winston-Salem, NC---Bachelor of Arts
Tri-Beta Biology Honor Society, Kappa Sigma Fraternity
1986-Present---All Courses required for SRA, MAI, and AI-GRS Designations and extensive continuing education from Appraisal Institute and other organizations. Specific listing available on request.....

PERSONAL

Age, 59
Wife Kim---Two Children; Molly, Miles
Hobbies; Scouts/outdoor, Golf, Running, Tennis, Travel, Triathlons, Reading

PROFESSIONAL EXPERIENCE

1986 - Present Robinson Associates Real Estate Appraisers & Consultants

- **Residential Practice**
Experience Includes assignments of various property types for lending, condemnation, transaction, litigation, estates, and consultation, conservation & other easements (ASFMRA & AI Courses)-Review Appraisal and forensic appraisal
- **Commercial Practice**
Experience includes various office, retail, light industrial, multi-family, condemnation, commercial land, special purpose, impact studies, partitions, feasibility, expert witness/litigation, and other valuation and consultation. Review appraisal and forensic appraisal assignments.

PROFESSIONAL MEMBERSHIPS

- MAI, SRA, and AI-GRS Member, Appraisal Institute; MRICS Royal Institute of Charter Surveyors
- NC State Certified General/Residential Real Estate Appraiser
- NC Real Estate Broker, NAR Member
- Realtor Member Salisbury Board of Realtors, National Association of Realtors

ADDITIONAL PROFESSIONAL ACTIVITIES

National Level-Appraisal Institute

- 2017 Immediate Past President, 2016 President, 2015 President-Elect. 2014 Vice President
- 2010-2012 member Strategic Planning Cmtee.2009-2012 China trips on behalf of Appraisal Institute for experience screening and comp exam proctoring--National Board of directors--Region V representative 2004-2007(Chair Region V 2006); Long Range Planning committee, 2004vice chair; Residential Admissions Project Team Chair 2004-2005; Strategic Planning Committee 2005-2009. 2006-2009 member /chair ADQC; 2005-2006 member Professionalism Project Team; 2006-2007 member National Audit Committee, various project teams--Bert Thornton Award, 2008. Currently on 3 project teams.
- 2000-2005 Region V member to Residential Council--elected Chair 2003,
- 1996-2001--member-Residential Experience Subcommittee (1997, Vice-Chair, 1998--2001, Chair)
- 1999-2001--member Curriculum Subcommittee, admissions committee '98-'03
- Experience Screener and National Review Committee Panel for Residential and General Experience. National trainer for experience reviewers for designation
- Young Advisory Council, 1992-1994 (Discussion Leader 1994);
- 1993 participant--Liaison group from Appraisal Institute to Latvia and Russia

International activities

- 2014-present--Member and Executive Committee member International Property Measurement Standards Committee(IMPSC)
- Executive Committee member of Board of World Association of Valuation Organizations (WAVO)
- MRICS--Royal Institute of Chartered Surveyors
- Significant speaking engagements at ANEVAR, WAVO, UPAV, FECOVAL, TEGoVA, PPC, CREA, CAS, HypZERT others
-

Regional & State Level-Appraisal Institute

- 2013 NC region Rep and Chair NC International relations committee
- 2010 Volunteer of Distinction Appraisal Institute Region V
- 2010-2011 region Rep for NC
- 2006 Chair Region V, Appraisal Institute
- 2005 President NC Chapter--Appraisal Institute
- 2005 Vice Chair Region V; 2006 Chair Region V
- 2001 Secretary for NC Chapter, 2002 Treasurer, 2003-4 Vice Pres.
- 2000-2005- Region Rep. for NCAI
- 1998-present--director, NC Chapter
- 1999-2000--Co-chair Admissions--NCAI
- 1998 --vice chair Piedmont Subchapter of NCAI
- 1995-1998--Co-chair, Associate Guidance for NCAI
- Experience review committee panel member --on-going

COMMUNITY ACTIVITIES

- Past Chair, Planning & Zoning Board--City of Salisbury; Past member and Chair member ZBA, Downtown Master Plan committee member
- Member and Past President--Salisbury Kiwanis Club--Awarded George F. Hickson Fellowship February, 1999
- St. John's Lutheran-Capital Campaign Co- chair, member, Usher Team Captain, Finance Committee, Past Chair Personnel Committee, Past worship Board Member, Property Board Member, Men's Group member, Past Congregation Council Secretary, Facilities needs task force--St. John's Lutheran Church

- Past Member Lutheran Services For The Aging Foundation Board
- Grievance Committee, Member, 2nd term Director, MLS & Strategic Planning Committees, Rowan/Salisbury Board of Realtors
- Past Board of Directors and Corporate Secretary—Rowan Lutheran Education Association //Salisbury Academy—(Independent School, K-8)
- Member—Rowan Salisbury Chamber of Commerce
- Past Member East Innes Street Vision Committee
- Boy Scouts of Central NC—Eagle Scout, Brotherhood Member Order of the Arrow, District Board of review member, Friends of Scouting volunteer, Past Pack 443 Cub Den Leader/Committee Chair, Woodbadge Recipient, Troop 443 Assistant Scoutmaster, Rowan District Award of Merit 2009, National eagle Scout Association, Trained leader, Woodbadge Staff spring 2011, fall 2012.
- Shelter cook/volunteer—Rowan Helping Ministries

REFERENCES

National & State Appraisal Institute officers, directors or committee chairs; International references from representatives and officers of ANEVAR, TEGoVA, HypZERT, PPC, WAVO, UPAV, FECOVAL, and others; Various Banks, Attorneys, Land Trust Associations, Accountants, Rowan Clerk of Court, Rowan County and Salisbury Planning Departments, Civic & Religious Leaders-HUD Approved. Individual references and detailed course/seminar attendance is available on request.

Robinson Associates Appraisers & Consultants

123 South Main Street, Suite 202

Salisbury, NC 28144

Ph:704.636.4151/Fax:704.637.6082/Cell:704.798.7063(*preferred#)

Email: jsr104@gmail.com//Website: www.resolutionsnc.com