

REAL PROPERTY APPRAISAL REPORT



Prepared For:

Mr. Reynolds McFarlane
Carolina Land Experts
310 S. Harrington Street
Raleigh, NC 27601

Prepared By:

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Jessica H. Williams
Certified General Real Estate
Appraiser North Carolina # A8433

Efird File #230131

Convenience Store/Food Mart
873 S. Salisbury Street
Mocksville, Davie County, North Carolina 27028

Report Date:
March 27, 2023

Inspection Date:
March 20, 2023

“As Is” Value Date:
March 20, 2023

efird

March 27, 2023

Mr. Reynolds McFarlane
Carolina Land Experts
310 S. Harrington Street
Raleigh, NC 27601



Subject: **Real Property Appraisal Report**
873 S. Salisbury Street
Mocksville, Davie County, North Carolina 27028

Mr. McFarlane:

At the client's request, we have prepared an Appraisal Report of the above-referenced property, which sets forth our opinion(s) of value as identified in the Letter of Engagement. The objective of this assignment is to appraise the Market Value of the subject's Fee Simple estate of the real property on an 'As Is' basis as of March 20, 2023.

The subject property is briefly described as follows: The improvements consist of a convenience store/food mart described as a single-story building of masonry frame, built in 1979 and is located on an interior site with no excess or surplus land. The gross building area and rentable area of the improvements is 2,436 square feet. The subject is a(n) owner-occupied building. The subject property was owner-occupied at inspection.

The subject parcel contains 0.3660 acres or 15,943 square feet as obtained from Legal Description. The subject has level topography at grade and has a roughly rectangular shape. The site is located along the west side of S. Main Street and E. Lexington Road and is within the town limits of Mocksville. The site is comprised of (1) Davie County tax parcel having a parcel identifier of J4-120-B0-007.

It should be noted that the most recently recorded legal description on file for the subject property as recorded in Deed Book 1184, page 753 (dated June 25, 2021) shows the subject property area to be 0.3360 acres. There was a Consent Judgement filed and recorded in Deed Book 1180, Page 713 (dated May 21, 2021) that notes the property area to be 0.386 acres. It is assumed the property area to be 0.3660 acres for the purposes of this report per the legal description in the most recently recorded warranty deed on file.

The subject property was vacant at the time of inspection and appeared to have been operated as a retail petroleum outlet and convenience store in the past. At the time of inspection there was a metal covered canopy located towards the front entrance. There were no gas pumps underneath the canopy. It is unknown if there are any underground storage tanks on site from a former retail petroleum operation. We did not give any consideration to the canopy due to the actual age and condition as noted during the property inspection.

The subject property has a permanent utility easement running east and west on the northern boundary of the subject parcel due to a NCDOT roadway project. This permanent utility easement run parallel to the northern most property line/boundary. The utility easement runs directly through the metal canopy on site. It is the appraiser's opinion that this easement does not affect the highest and best use of the site.

As noted, at the time of inspection the subject property was vacant, and had appeared vacant for some time. There were no utilities on during the time of inspection. Thus, it is unknown if the HVAC and or interior coolers were working properly. For the purposes of this report, it is assumed that the HVAC and all other electrical components are working and functioning properly and all electrical items are working, functioning property and up to current building standards and codes.

It should be noted that there was notable evidence of deferred maintenance in the form of water leakage and damage from the roof needing to be replaced/leaking. The HVAC on site was older and dated from 1998. The deferred maintenance has been considered in the analysis herein.

Based on the age of the canopy, the utility easement running right through the canopy, and the comments regarding the unknowing presence of underground storage tanks, the property has been appraised as a general retail building, as opposed to a petroleum outlet/convenience store. The subject property lends itself to a wide variety of retail uses based on its location and traffic count of roughly 12,500 average daily traffic count.

To the appraiser's knowledge, the subject property is not under a formal purchase agreement.

This letter will define the structure of the report, which was developed with market-derived data and appraiser analysis to solve the appraisal problem. The extent of the descriptions and analysis was developed for the client to form a conclusion and opinion as to the credibility of this appraisal report. All applicable valuation methods were applied to render a credible value opinion in concert with the scope of the assignment and the intended use of the report.

This report was completed in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice promulgated by The Appraisal Foundation (2022-2023 edition, valid through December 31, 2023), as adopted by the Appraisal Institute, FIRREA (12 space CFR space 34.44), FDIC (12 CFR, Chapter III, Subchapter B, part 323), the Interagency Appraisal and Evaluation Guidelines (December 2, 2010), and in compliance with the client's Letter of Engagement. All appropriate analyses have been completed within the requirements of the Uniform Standards of Professional Appraisal Practice, 2022-2023 edition (valid through December 31, 2023). As such, under Standards Rule 2-2(a), it represents summary discussions of the data, reasoning, and analysis that were used in the appraisal process to develop the appraiser(s)' opinion of value(s).

Further, in accordance with the terms of the Letter of Engagement between Carolina Land Experts and The Efirm Corporation, doing business as Efirm Appraisals (Firm) as the valuation service provider, the Firm is advising the Client that this real property appraisal has been prepared in conformance with the terms and conditions of our engagement and for use in a federally related transaction by our Client identified as Carolina Land Experts and-or affiliates, the intended user(s), and no others, the intended user of this report.

In performing an appraisal assignment, Extraordinary Assumptions may be needed to complete the assignment, and therefore, they become a part of the report. The General Assumptions and Limiting Conditions are in the addenda of the report. The appraisers have included in the valuation of the improvements all building service equipment and mechanical systems necessary for the operation of the property typically found in other similar property types. No consideration was given to personal property such as Furniture, Fixtures, and Equipment (FF&E), Trade Fixtures, whether attached or detached that serve the business interests of the property owner or tenant, if not specifically identified as real property. Please note that this report or any part thereof may not be disseminated to others not named as intended

users of this report without the written consent of George H. Efird Jr, MAI as this report is the work product of The Efird Corporation.

Extraordinary Assumptions:

- It is not known if there are currently any underground storage tanks on site. Thus, it is assumed that there is no soil or groundwater contamination.
- The electricity or utilities were not on during the time of inspection. For the purposes of this report, it is assumed that the HVAC and all other electrical components are working and functioning properly and all electrical items are working, functioning property and up to current building standards and codes.
- It should be noted that the most recently recorded legal description on file for the subject property as recorded in Deed Book 1184, page 753 (dated June 25, 2021) shows the subject property area to be 0.3360 acres. There was a Consent Judgement filed and recorded in Deed Book 1180, Page 713 (dated May 21, 2021) that notes the property area to be 0.386 acres. It is assumed the property area to be 0.3660 acres for the purposes of this report per the legal description in the recorded warranty deed on file.

The use of Extraordinary Assumptions might have affected the assignment results.

Hypothetical Conditions:

- None

Market Value “As Is” of the Fee Simple Estate

After analysis of all relevant market data and the reconciliation of the values produced by the applied valuation approaches, the appraisers have formed an opinion that the Market Value of the Fee Simple estate of the real property on an “As Is” basis being subject to any Extraordinary Assumptions, Limiting Conditions, and General Assumptions contained within this report as of the effective date of valuation of March 20, 2023 is estimated to be:

**Two Hundred Thousand Dollars
\$200,000**

The market exposure time preceding March 20, 2023 would have been 6 to 12 months and the estimated marketing as of March 20, 2023 is 6 to 12 months.

Respectfully submitted,

Jessica H. Williams



Jessica H. Williams
Certified General Real Estate Appraiser NC #A8433
jwilliams@efirdappraisals.com

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Certification Statements

Certification Statement - Jessica H. Williams

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice (2022-2023 Edition)*.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this report.

Jessica H. Williams

Jessica H. Williams

Certified General Real Estate Appraiser NC #A8433

jwilliams@efirdappraisals.com



Appraisal Overview and Summary Findings

General Data	
<u>Client</u>	Carolina Land Experts
<u>Property Type</u>	Convenience Store
<u>Address</u>	873 S. Salisbury Street
<u>City, County, State, Zip</u>	Mocksville, Davie County, North Carolina 27028
<u>Tax Parcel Identifier</u>	J4-120-B0-007
<u>Current Use</u>	Vacant Convenience Store/Food Mart
<u>Property Owner</u>	Department of Transportation
Report Description	
<u>Report Option</u>	Appraisal Report (USPAP Standards Rule 2-2(a))
<u>Intended Users</u>	Carolina Land Experts and-or affiliates, the intended user(s), and no others
<u>Specific Assignments Requests by Client:</u>	None
<u>Intended Use:</u>	The intended use of this appraisal is internal planning purposes and/or disposition purposes.
<u>Purpose of the Appraisal</u>	To estimate the Market Value of the fee simple estate of the real property on an "as is" basis as of the effective date of valuation.
<u>Type of Value Estimate</u>	Market Value "As Is"
<u>Estate(s):</u>	Fee Simple
Appraisal Dates	
<u>Report Date:</u>	March 27, 2023
<u>Inspection Date:</u>	March 20, 2023
<u>"As Is" Value Date:</u>	March 20, 2023
Sales History	
<u>Discussion of Sales History:</u>	<p>The subject property was acquired by the owner, Department of Transportation, on June 25, 2021 as recorded in the Davie County Registry, Deed Book/Page (1184/753). The reported purchase price of the property was \$210,000 or approximately \$86.21 per square foot of gross building area.</p> <p>Per the client, the property was purchased as a result of condemnation for a NCDOT roadway project. It is not known how the purchase price was agreed upon. However, the purchase price does appear to be near or close to market levels.</p>

Purchase Agreement

Comments and Analysis: To the appraiser's knowledge, the subject property is not under a formal purchase agreement.

Improvements

Construction

Property Type and Design:	Convenience Store/Food Mart
Year Built:	1979
Condition:	Fair
Effective Age:	35 Years
Remaining Economic Life:	5 Years

Areas

Gross Building Area:	2,436 Square Feet
Rentable Area:	2,436 Square Feet

Site Characteristics

<u>Site Area</u>	0.3660 Acres or 15,943 Square Feet (Gross)
<u>Usable Land Area</u>	0.3660 Acres or 15,943 Square Feet (Usable)
	According to the most recently recorded deed on file, the subject site contains 0.366 acres or 15,943 square feet.
<u>Shape</u>	Roughly rectangular
<u>Utilities</u>	Duke Power, Municipal Water, Municipal Sewer,
<u>Flood Zone Classification:</u>	FEMA Map Panel 3710573700J (Zone X)
Areas of Encumbrance:	None
<u>Land Use Regulations:</u>	Town of Mocksville
Zoning District:	NC and WS-IV-P (Neighborhood Center District and Watershed Overlay District)
Legally Conforming:	Yes
Adverse Deed Restrictions:	No

Ad Valorem Taxes and Assessments

<u>Tax Authority:</u>	Davie County & Town of Mocksville
<u>Revaluation Year:</u>	2022
<u>Assessment:</u>	\$169,100
<u>Total Taxes Payable:</u>	\$1,797.53
<u>Delinquent Taxes:</u>	None

Highest and Best Use

<u>As Vacant:</u>	Mixed Use
<u>As Improved</u>	Convenience Store/Food Mart
<u>Existing Property Use:</u>	Vacant Convenience Store/Food Mart
<u>Most Probable Purchaser:</u>	Owner/User

Value Indications	
	"As Is"
The Income Capitalization Approach	\$205,000
The Sale Comparison Approach	\$195,000
The Cost Approach	Not Developed
Reconciled Final "As Is" Value:	\$200,000
Exposure and Marketing Time linked to the Value Indication: 6 to 12 months	

General Descriptions and Conditions

This Real Property Appraisal Report has been developed under the Appraisal Report option as defined in Standards Rule 2-2 (a) of the *Uniform Standards of Professional Appraisal Practice* (2022-2023 Edition, valid through December 31, 2023) and was prepared in a narrative format that provides a summary of the appraisal process, subject and market data, and valuation analyses. All appropriate analyses have been completed within the requirements of the *Uniform Standards of Professional Appraisal Practice (USPAP)* and conform to the *Interagency Appraisal and Evaluation Guidelines* dated December 2, 2010.

The Addenda of this report contains the General Assumptions & Limiting Conditions, Definitions of Terms, and salient data/exhibits applicable to the understanding of the report. The appraiser(s) are not qualified as professional inspectors that have competency in identifying the actual condition, specific remaining physical/economic lives, or the functionality of individual building components such as the roof cover, mechanical, electrical, and plumbing systems. The appraisers made a visual, noninvasive inspection of the improvements and reliance was placed on professionally prepared property condition reports if we had the benefit thereof.

We assumed a reasonable period of remaining physical/economic life based on our inspection and market analysis unless otherwise stated in this report. Further, unless the appraiser(s) were made aware by professional studies or property condition reports, including verbal communication with a knowledgeable party, we are not qualified to render an opinion as to building contamination such as asbestos-containing materials, water intrusion or mold unless clearly evident as of the inspection date, as well as condition of the site surface or subsurface soil conditions/groundwater in regards to the presence of contamination.

Supporting documentation concerning the data, reasoning, and analyses are retained in the appraisers' workfile. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in the report. The appraisers are not responsible for unauthorized use of this report which is considered to be the work product of The Efirm Corporation.

Extraordinary Assumptions and Hypothetical Conditions

Extraordinary Assumptions:

- It is not known if there are currently any underground storage tanks on site. Thus, it is assumed that there is no soil or groundwater contamination.
- The electricity or utilities were not on during the time of inspection. For the purposes of this report, it is assumed that the HVAC and all other electrical components are working and functioning properly and all electrical items are working, functioning property and up to current building standards and codes.

- It should be noted that the most recently recorded legal description on file for the subject property as recorded in Deed Book 1184, page 753 (dated June 25, 2021) shows the subject property area to be 0.3360 acres. There was a Consent Judgement filed and recorded in Deed Book 1180, Page 713 (dated May 21, 2021) that notes the property area to be 0.386 acres. It is assumed the property area to be 0.3660 acres for the purposes of this report per the legal description in the recorded warranty deed on file.

The use of Extraordinary Assumptions might have affected the assignment results.

Hypothetical Conditions:

- None

Purpose of the Appraisal/Problem to be Solved

The purpose of this report is to develop an opinion of the Market Value of the Fee Simple Estate of the real property on an 'As Is' basis as of March 20, 2023. The appraiser(s) will also develop an opinion of reasonable Exposure Time linked to the value opinions presented.

Definition of Market Value

Market Value: As defined by the Office of the Comptroller of Currency (OCC) under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions, the Board of Governors of the Federal Reserve System (FRS) and the Federal Deposit Insurance Corporation in compliance with Title XI of FIRREA, as well as by the Uniform Standards of Appraisal Practice as promulgated by the Appraisal Foundation and in compliance with the Interagency Appraisal and Evaluation Guidelines (December 2, 2010), is as follows.

Market value means 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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their 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 arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: (The Dictionary of Real Estate Appraisal, Seventh Edition – Appraisal Institute (2022))

Type of Market Value Appraised

“As Is” Market Value is the estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date as taken from *The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute.*

Intended Use:

This report was prepared for our client, identified as Carolina Land Experts, the intended user whom Efird Appraisals has entered into an agreement for the development and delivery of a real property appraisal

report to the party identified in the Letter of Engagement. The intended use of this appraisal is internal planning purposes and/or disposition purposes by the client and/or other intended users identified as Carolina Land Experts and-or affiliates, the intended user(s), and no others.

Intended User(s):

Carolina Land Experts and-or affiliates, the intended user(s), and no others.

Property Rights/Interests Appraised

As of the effective date of valuation, the property was owner-occupied and the appraisers are not aware of any known lease encumbrances or agreements that would create any form of tenancy. Therefore, the Fee Simple Estate is the appropriate estate to be appraised.

Appraisal Dates

“As Is”:	March 20, 2023
Date of Inspection:	March 20, 2023
Report Date:	March 27, 2023

Scope of Work

According to the *Uniform Standards of Professional Appraisal Practice (2022-2023 Edition, valid through December 31, 2023)*, it is the appraiser(s)’ responsibility to develop and report a Scope of Work that produces credible results that are appropriate to solve the appraisal problem and deliver reliable results to the client and intended user(s) of the report so that our findings and conclusions may be properly understood. This report was developed to satisfy client expectations and conform to a typical work product which would be produced by the appraiser(s)’ peers for similar assignments. The appraisal problem to be solved is to estimate the Market Value of the identified estate of the property being appraised in concert with client assignment conditions and the expectations of the intended users of the report as of a specified date(s) as described herein. From the Scope of Work Rule (USPAP), “Credible assignment results require support by relevant evidence and logic. The credibility of the assignment results is always measured in the context of the intended use.”

Appraisal Problem to be Solved

The objective of this assignment is to appraise the Market Value of the subject’s Fee Simple Estate in the real property on an 'As Is' basis as of March 20, 2023. As of said date, the property is distressed and operating below market levels for its property type. Pertinent information and identification follow for the understanding of the subject property about solving the appraisal problem and the process and the methodologies employed to render credible assignment results.

Report Contents and Sources of Data

This report conforms with all accepted reporting requirements such as the identification of the client, the intended use and users of the report, the type and definition of value, the effective date of valuation, specific client assignment conditions and expectations, and conforms to a typical work product developed by the appraisers’ peers for similar assignments.

Inspection of the Property

Ms. Williams conducted a physical exterior inspection of the site and improvements, as well as an interior inspection of the improvements. Visual observations were made of all aspects of the property readily visible during inspection. No building components, equipment, or systems were tested or disturbed.

Improvement/building areas were obtained from the physical measurements taken by Ms. Williams on the inspection date. On the inspection date, a representative sample of interior and exterior photographs were taken.

The Type and Extent of Data Researched

The following sources of data were researched:

1. CoStar Realty Information, Inc.
2. Davie County Government Information Systems (GIS)
3. Davie County Register of Deeds
4. Land Use Control Authority: Town of Mocksville
5. Site to do Business
6. The Efird Corporation Database
7. Interviews with Real Estate Brokers and Professionals
8. Property Owners, Listing Agent, and Tenants if applicable

Professional Documentation and Exhibits

The appraisers received highway plans from the NC Department of Transportation regarding the subject property. They also received other documents related to the roadway project that affected the property. No other documents were provided.

Appraisal Valuation Process

The valuation process involves the classification and analysis of data gathered from all data sources. The data is organized by type and presented in a format designed to produce a logical value conclusion. In the estimation of Market Value, there are three accepted valuation approaches. These three approaches provide data from the market from three different sources when all are available. These approaches are the Income Capitalization Approach, the Sales Comparison Approach, and the Cost Approach. Our investigation from all described sources produces sufficient data for the appraisal of the property using the Income Capitalization Approach and the Sales Comparison Approach. The Cost Approach was omitted as a result of the amount of accrued depreciation present in the improvements. The physical and economic lives of the Building Components vary such that accurately measuring depreciation from all causes was difficult and therefore rendering the value conclusion of this approach unreliable. The omission of this approach does not affect the credibility of the value estimate. Typically, there will be a divergence of value indications that will be reconciled by analysis of the appropriateness of each approach. A "point estimate" or single value conclusion is then adopted as the appraisers' final estimate of value and reconciled as to the appraisers' reasoning which concludes the appraisal process. This reconciliation of value recognizes the interrelationships and interdependence that exist between the approaches to value.

Methodology Adopted to Solve the Problem

The appraisers employed the Income Capitalization Approach using the Direct Capitalization method to arrive at a value conclusion that was reflective of the actions of typical market participants for similar properties as the subject property type. The Sales Comparison Approach was used as a result of an active market and the availability of sales of similar property types. Hence, this approach is most applicable when an active market provides a sufficient number of similar sold and listed properties that can be verified from authoritative sources. Further, the Sales Comparison Approach is extremely valuable in interpreting the price action between buyers and sellers in the marketplace. The Cost Approach is relevant when the improvement is not affected by substantial accrued depreciation, which limits the reliability of producing an accurate value estimate. The Cost Approach is most applicable when the improvement is new or recently built. In this report, the Cost Approach was omitted as a result of the

amount of accrued depreciation present in the improvements. The physical and economic lives of the Building Components vary such that accurately measuring depreciation from all causes was difficult and therefore rendering the value conclusion of this approach unreliable. The omission of this approach does not affect the credibility of the value estimate.

Scope of Work Summary

This report was prepared under the report option as identified as an Appraisal Report as defined in USPAP Standards Rule 2- 2 (a) and conforms to the Scope of Work Rule as outlined in the *Uniform Standards of Professional Appraisal Practice*. The appraiser(s) that developed this report were competent in the valuation of the subject property type and employed accepted appraisal approaches and methodology to arrive at a credible value conclusion that meets the expectations of the client and conforms to the appraisers' peer group actions in performing the same or similar assignments as well as satisfying the Intended Use of this report. All relevant data to solve the appraisal problem was gathered, analyzed, and confirmed which was employed in the applicable appraisal approaches to value. The Scope of Work as outlined in this report was not limited in scope by the data sources cited in this section as a comprehensive investigation of data material relevant to the solving of the appraisal problem was made. In our opinion, credible assignment results were obtained. Further, the appraisers submit that the appraisal format, the quality of data employed, and the application of the approaches to value formed a logical basis such that the client will be led to the same conclusion as the appraisers. No analysis or approaches to value relevant to solving the appraisal problem were omitted from this report unless so specified in this report.

Property Description: Identification, Legal and Encumbrances, Taxes



General Remarks

The improvements consist of a convenience store/food mart described as a single-story building of masonry frame, built in 1979 and is located on an interior site with no excess or surplus land. The gross building area and rentable area of the improvements is 2,436 square feet. The subject is a(n) owner-occupied building. The property is situated on an interior site that contains 0.3660 acres or 15,943 square feet. The site is zoned NC and WS-IV-P (Neighborhood Center District and Watershed Overlay District) and the property is a conforming use. On-Site parking is adequate to conform to zoning and market demands. All municipal utilities are provided to the site which the building systems are connected thereto. There is no floodplain encumbering the site, and no adverse site externalities were observed as of the date of inspection.

Identification of the Property and the Street Address

The subject is located along the west side of S. Salisbury Street, approximately 3,600 feet south of the intersection of S. Main Street and E. Lexington Road, just south of the central business district of the town of Mocksville. The subject is located within the corporate limits of Mocksville having a street address of 873 S. Salisbury Street, Mocksville, Davie County, North Carolina 27028. The Davie County tax parcel identifier is: J4-120-B0-007.

Property History and Legal Description

Property Sale History	
Owner of Record:	Department of Transportation
Date of Deed:	June 25, 2021
Deed Reference:	1184/753

Sales Price at Conveyance:	\$210,000
Sale Price per SF of GBA:	\$86.21

Comments and Analysis: The subject property was acquired by the owner, Department of Transportation, on June 25, 2021 as recorded in the Davie County Registry, Deed Book/Page (1184/753). The reported purchase price of the property was \$210,000 or approximately \$86.21 per square foot of gross building area.

Per the client, the property was purchased as a result of condemnation for a NCDOT roadway project. It is not known how the purchase price was agreed upon. However, the purchase price does appear to be near or close to market levels.

Other than the transaction as noted above, there are no other known or discovered transactions immediately preceding a three year period from the effective date of this appraisal.

Analysis of Purchase Agreement

Comments and Analysis: To the appraiser's knowledge, the subject property is not under a formal purchase agreement.

The appraisers are not aware of any additional listings, contracts, or sales of the subject property in the three-year period preceding the date of this report.

Legal Description as taken from the most Recently Recorded Deed of Record

BEGINNING at an iron pipe on the West side of Salisbury Street, said point being 300 feet from the intersection of U.S. 601 and being the Northeast corner of the Mary Bryant lands as seen in Will Book 4, Page 469, running thence with the MARY BRYANT line South 83 degrees 49 minutes 46 seconds West 200 feet to an existing iron in the G.W. YOKELY line, thence with the YOKELY line North 23 degrees 15 minutes 27 seconds West 56.09 feet to an existing iron, thence North 65 degrees 52 minutes East 179.43 feet to a new iron pipe on the West side of Salisbury Street, thence with said street South 28 degrees, 58 minutes East 118.18 to the BEGINNING, containing .366 acres more or less, as surveyed by Grady L. Tutterow, R.L. S., July 31, 1979.

The above legal description was taken from the most recent deed recorded in the Davie County Registry, Deed Book/Page 1184/753, dated June 25, 2021.

Adverse Title and Deed Restrictions

None, typical title exceptions noted. A title search is recommended for certainty.

Lease Encumbrances

The subject property is owner occupied with no known or discovered leases in place.

Ad Valorem Assessment, Real Estate Taxes, and Other Assessments

Taxing Authority : Davie County & Town of Mocksville
Revaluation Year : 2022

Real Estate Assessment and Taxes

Tax ID	Land	Improvements	Other	Total Assessment	City Rate	County Rate	Other Rate	Tax Rate	Taxes
J4-120-B0-007	\$49,990	\$112,280	\$6,830	\$169,100	0.2900	0.7330	0.0400	1.0630	\$1,797.53
Totals	\$49,990	\$112,280	\$6,830	\$169,100					\$1,797.53

Property Tax Comments:

Based on the analysis contained within this report, the subject property is assessed below current market expectations.

All 2022 and prior year taxes are paid as of the date of this report.

Market Analysis

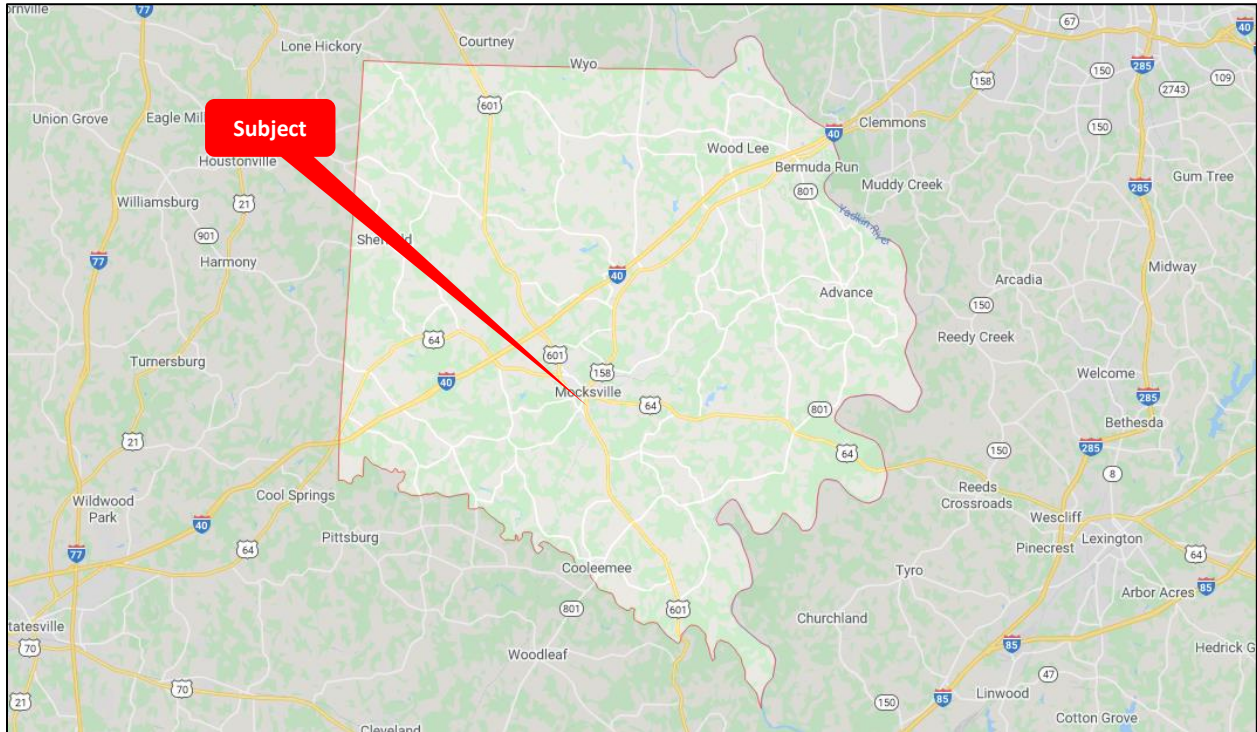
In the analysis of a property’s competitive position within a specific geographical area, we have examined the Economic, Socio-Economic, and Demographic Factors with emphasis on the Supply and Demand factors affecting the subject market area. Reference is made to the Neighborhood Analysis section of this report for charts, graphs, and analyses that are pertinent to the area’s economic metrics. Market Analysis narrows the focus of our analysis to the subject’s submarket or the micro-market, Area or the immediate MSA, and Neighborhood, as opposed to the macro-market, regional, and national markets. The appraisers have utilized published sources such as *CoStar Realty Information Inc.*

Our analysis explores the general market within the MSA, Neighborhood, and submarket, evaluating the subject’s market share potential. We considered the market’s perception of the submarket, the occupancy/tenant composition, and the current market equilibrium. Additionally, we weighed the subject’s ability to attain a competitive stabilized market equilibrium.

Individual properties can be at an equilibrium specific to their location and physical attributes without being at a market stabilization. This occurs when a property is operating at its maximum economic capacity but is limited by locational, functional, or physical factors. The property is characterized as operating at its highest level of efficiency or at an income and occupancy level that represents the property’s maximal income-producing ability. The market value of the subject property is determined by its competitive position in its’ submarket in comparison to other competing properties of the same property type. Appraisers survey the submarket to ascertain the economic characteristics present concerning the subject’s compatibility. Competing properties of similar physical and economic attributes are identified and compared to the subject property. A conclusion is then reached regarding the subject’s competitive market position in the submarket.

Area Analysis - Davie County

REGIONAL MAP



The Appraisal of Real Estate¹ identifies four forces that influence value. These forces are: **Social, Economic, Environmental, and Governmental**. The dynamics and interplay of these forces impact real estate values. Thus, these four forces will serve as the foundation for the Area Analysis section. The subject property is located in Davie County, North Carolina and is not part of a metropolitan area.

Environmental Considerations

Environmental considerations consist of any natural or man-made features contained in or affecting a geographic location. The subject property is situated in Davie County, which is located in central North Carolina.

The area lies in a moderate climate zone with area residents enjoying four distinct seasons. The area is not generally subjected to extreme winter temperatures. The moderate climate helps to attract business to the area and has led to a continual population increase over the last 30 years.

Transportation Linkages

Davie County has good accessibility to the interstate expressway system with convenient access to Interstate 40. There are ample state and US Highways throughout the county.

The area has good access to both freight and passenger rail service and the region is served by the Charlotte-Douglas International Airport to the southwest and the Piedmont-Triad International Airport to the northeast.

¹ The Appraisal of Real Estate, Appraisal Institute, 14th Edition

Social Considerations

The analysis of social considerations focuses on the demographic characteristics of an area. Population and employment factors are keys for assessing the anticipated supply and demand for particular types of real property in an area.

Population Trends

The subject property is situated near the Town of Mocksville, which is located in the Winston-Salem Metropolitan Area. Population in the region has increased steadily over the last 30 years. The population in the Town of Mocksville and Davie County has increased at a moderate rate during this same time period. The following table indicates population trends in the Winston-Salem MSA, the Town of Mocksville and Davie County between 2010 and 2022.

Population Trends 2010-2022			
Radius of Subject	2010	2022	Percent Change
One Mile	1,693	1,798	6.20%
Three Miles	8,256	8,914	7.97%
Five Miles	16,512	17,176	4.02%

Source: Site to do Business

Employment

The subject property is located in a less developed area of North Carolina between 2 metropolitan areas. Since many area residents are employed in the nearby metropolitan areas, we have considered recent unemployment trends in Davie County, the Charlotte MSA, the Winston-Salem MSA and the United States between 2012 and 2022.

UNEMPLOYMENT TRENDS			
Year	Davie County	Winston-Salem MSA	United States
2012	9.0%	9.1%	8.1%
2013	7.5%	7.7%	7.4%
2014	5.9%	6.1%	6.2%
2015	5.0%	5.5%	5.3%
2016	4.5%	4.8%	4.9%
2017	4.0%	4.3%	4.4%
2018	3.4%	3.8%	3.9%
2019	3.4%	3.7%	4.4%
2020	6.4%	7.0%	8.1%
2021	4.9%	4.3%	5.3%
2022	5.5%	3.1%	3.6%

Source: Bureau of Labor Statistics (compiled by Texas A&M Real Estate Center)

Governmental Considerations

Forces that are associated with government involve political and legal actions, which can influence property values. The Town of Mocksville and Davie County have professional management and all services are available.

Recreational Facilities / Attractions

Residents enjoy many typical recreational facilities including the Charlotte Motor Speedway, an NFL franchise, the Carolina Panthers, an NBA team, and the Charlotte Hornets in nearby Charlotte plus various lakes, area parks and other recreational opportunities. Additionally, there are restaurants, theaters, night clubs and various other forms of entertainment throughout the region.

Summary

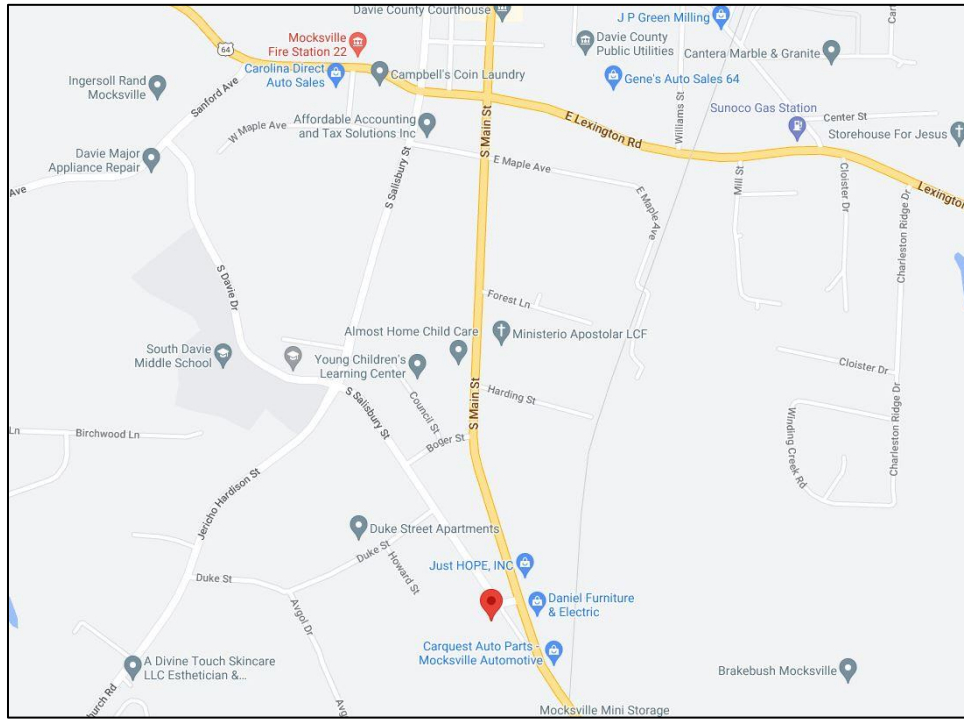
The General area and the Town of Mocksville, have attributes that make it attractive for business and local residents. It has average transportation services, good recreational facilities and an adequate housing supply, which makes the area a desirable destination for relocation. The Region has a good commercial base with an adequate supply of labor and support services. Data suggests that the area of the subject should maintain steady population and employment growth for the foreseeable future. Based on the above factors, the Region of the subject should continue to be a desirable location for various commercial, residential and industrial developments.

Neighborhood Analysis

A neighborhood can be described as the area within which there is a commonality of economic, environmental, governmental, and social forces which affect all surrounding properties in the same way as they affect the property being appraised. Further, a neighborhood is defined in the Dictionary of Real Estate Appraisal seventh edition as:

“A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.”

Neighborhood Map



Frontage Photographs



View looking south along S. Salisbury Street.
Subject is at left in this view.



View looking north along S. Salisbury Street.
Subject is at right in this view.

The subject is located along the west side of S. Salisbury Street, approximately 3,600 feet south of the intersection of S. Main Street and E. Lexington Road, just south of the central business district of the town of Mocksville. The subject is located within the corporate limits of Mocksville having a street address of 873 S. Salisbury Street, Mocksville, Davie County, North Carolina 27028. The property is situated in an area with mixed uses.

Access

The neighborhood is accessed from S. Main Street. Mocksville can be accessed from Yadkinville Road (US Hwy 601), US Highway 158, US Highway 64, and Interstate 40.

Predominant Area Developments and Land Uses

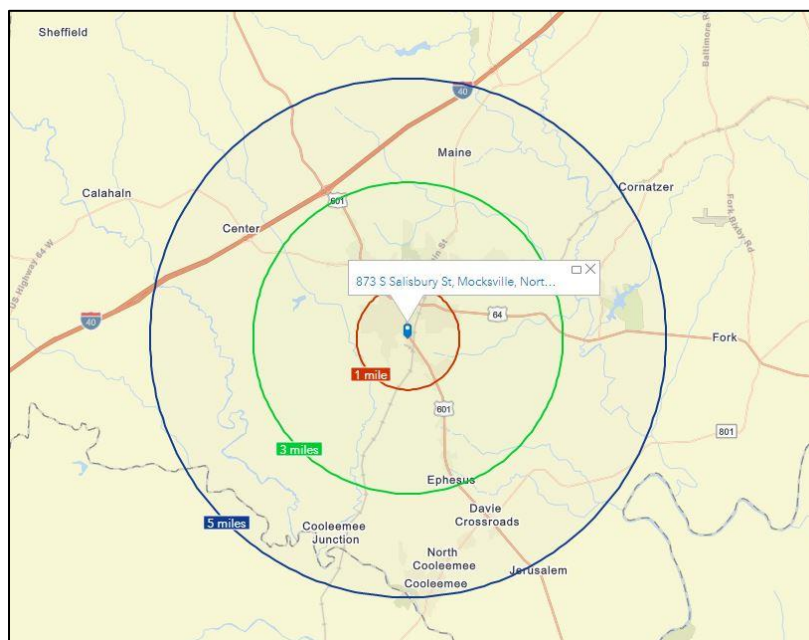
The predominant land uses surrounding the subject property include mixed uses. The subject property lies just south of the central business district of the town of Mocksville. The main intersection in town is W. Lexington Road and S. Main Street, which is north of the subject. To the south of the subject was a single family residence and single family restaurant. To the north of the subject property there was an automotive shop and more residential uses. To the east of the subject property was a row of commercial buildings that were operated by local mom and pop users. There was vacant land to the west of the subject.

Neighborhood Life Cycle (Real Estate Cycle)

The neighborhood was observed to be in an Equilibrium state characterized by stable vacancy rates, property values, and rental rates.

Local Demographics from Published Sources

The population and income demographics within a one, three, and five-mile radius of the subject, as taken from *Site to do Business*.



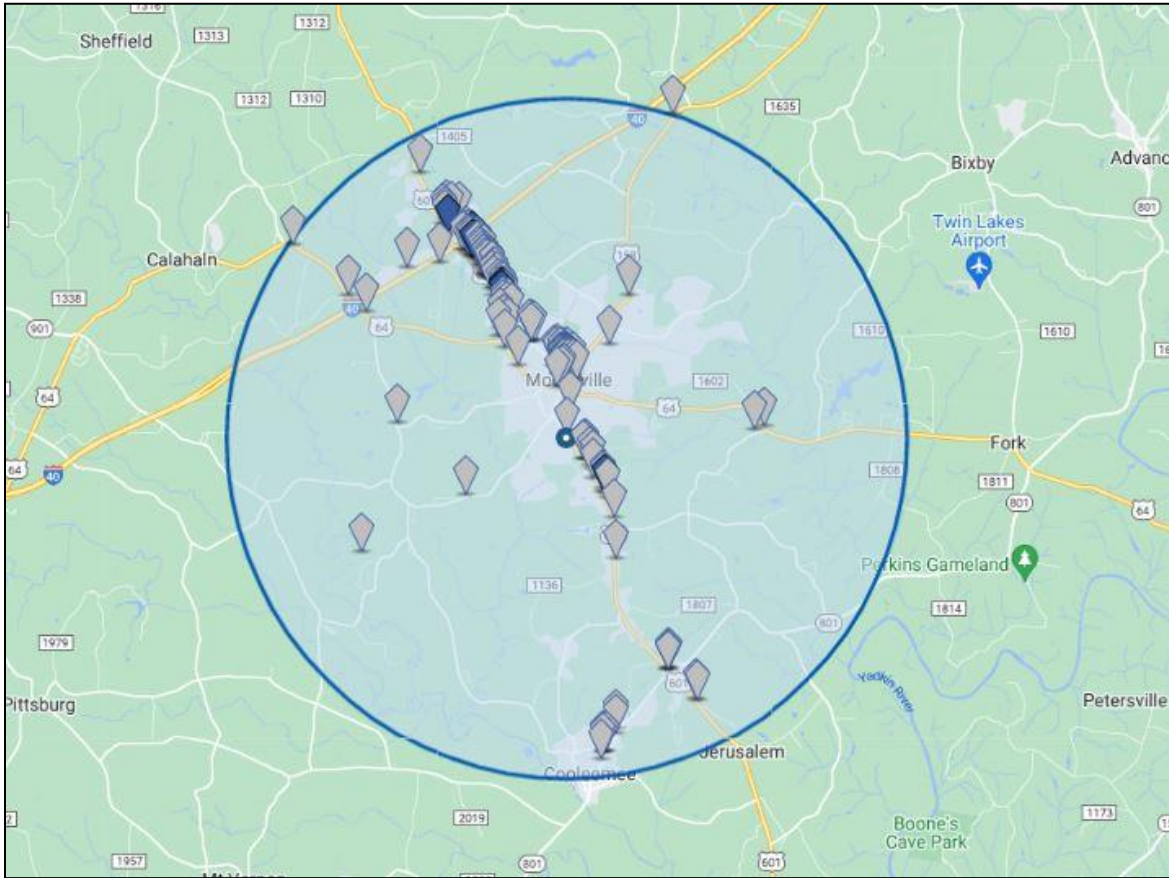
Population in the subject's market area has increased steadily over the past (12) years. In the subject's immediate area, the population as of 2022 was 8,914 within a 3-mile radius of the subject property which represents a 7.97% increase from the 2010 Census.

The following table indicates the population trends within a 1-mile, 3-mile, and 5-mile radius of the subject.

Population Trends 2010-2022			
Radius of Subject	2010	2022	Percent Change
One Mile	1,693	1,798	6.20%
Three Miles	8,256	8,914	7.97%
Five Miles	16,512	17,176	4.02%

Retail Market Analysis – CoStar

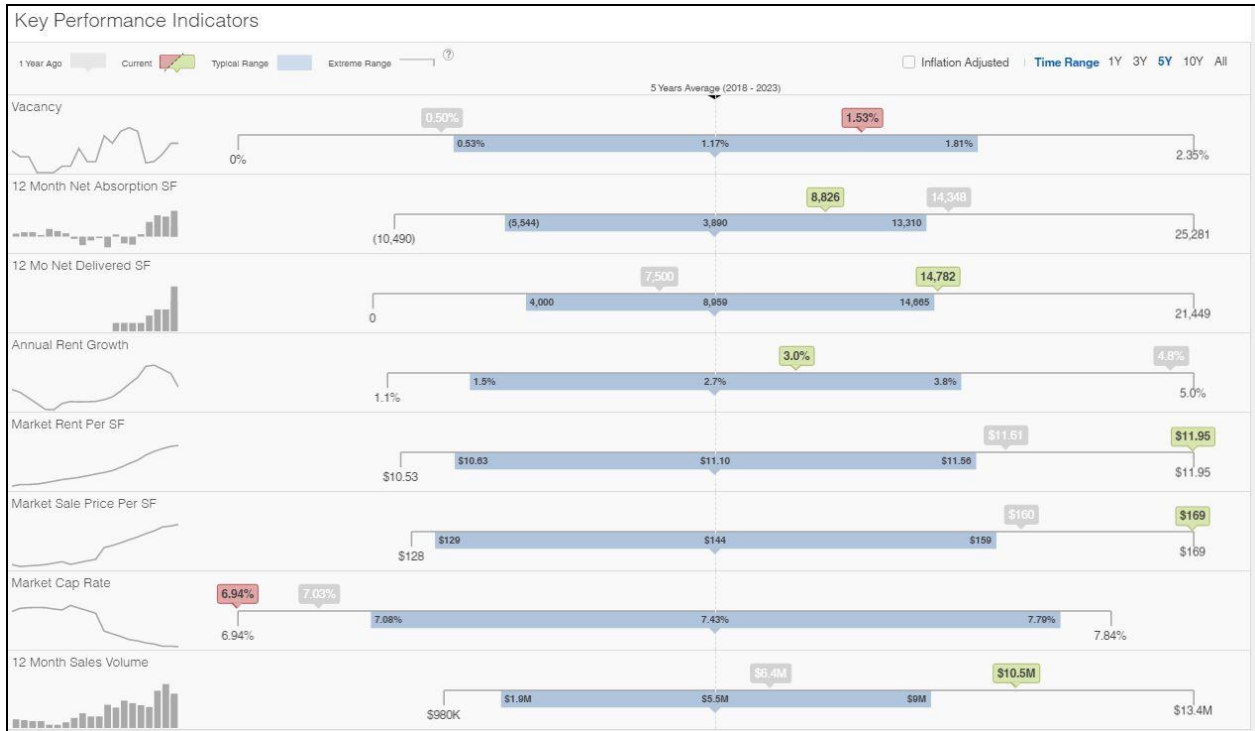
The appraisers have utilized CoStar analytics, which is a national database of commercial real estate activity, in order to determine the trends for the retail market within 5 miles of the subject.



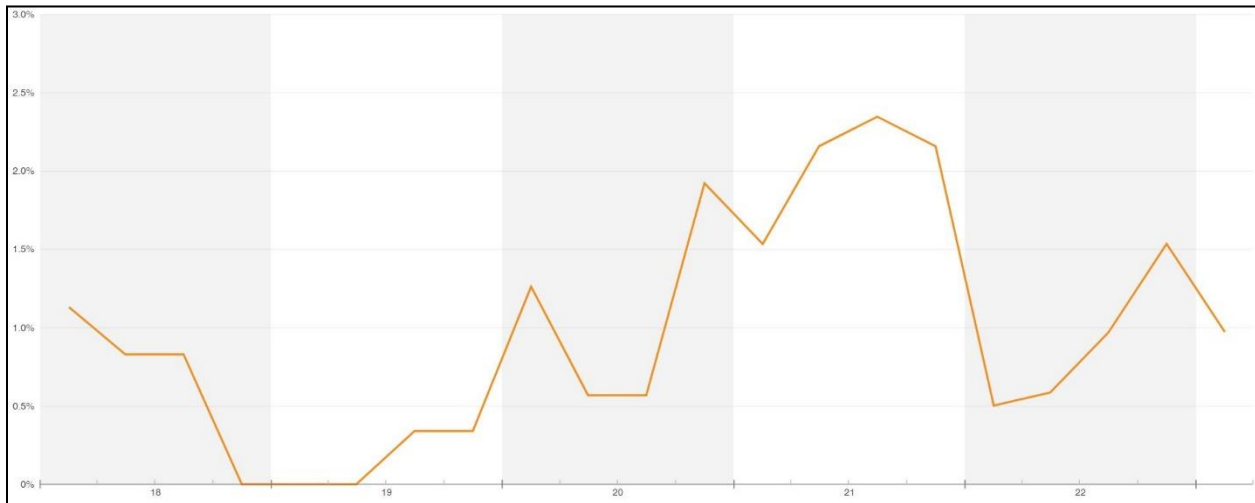
CoStar has surveyed 151 retail properties within a 5-mile radius of the subject ranging in size between 0 and 20,000 square feet. CoStar Analytics reports that these properties include a total rentable building area of over 689,000 square feet and have a current vacancy of 1.5% with a 5-year average vacancy of 1.0%. Historic vacancy and rental rate performance are shown in the following tables.

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE	MARKET RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
689K +2.2%	13K +230.1%	8.8K -30.9%	1.5% +0.8%	\$11.95 +3.1%	\$169 +5.9%	6.9% -0.1%
Prior Period 674K	Prior Period 3.9K	Prior Period 12.8K	Prior Period 0.7%	Prior Period \$11.59	Prior Period \$159	Prior Period 7.0%

Availability		Inventory		Sales Past Year		Demand	
Vacant SF	10.6K ▲	Existing Buildings	147 ▲	Asking Price Per SF	\$426 ▲	12 Mo Net Absorp % of Inventory	1.3% ▼
Sublet SF	0 ▲	Under Construction Avg SF	6.5K ▲	Sale to Asking Price Differential	-0.8% ▲	12 Mo Leased SF	5.9K ▼
Availability Rate	1.5% ▲	12 Mo Demolished SF	0 ▲	Sales Volume	\$10.5M ▲	Months on Market	12.4 ▲
Available SF	10.7K ▲	12 Mo Occupancy % at Delivery	100.0% ▲	Properties Sold	10 ▼	Months to Lease	3.3 ▼
Available Asking Rent/SF	\$18.00 ▲	12 Mo Construction Starts SF	24K ▲	Months to Sale	8.2 ▼	Months Vacant	4.3 ▼
Occupancy Rate	98.5% ▼	12 Mo Delivered SF	14.8K ▲	For Sale Listings	-	24 Mo Lease Renewal Rate	94.4%
Percent Leased Rate	99.0% ▼	12 Mo Avg Delivered SF	7K ▼	Total For Sale SF	-	Population Growth 5 Yrs	5.8%

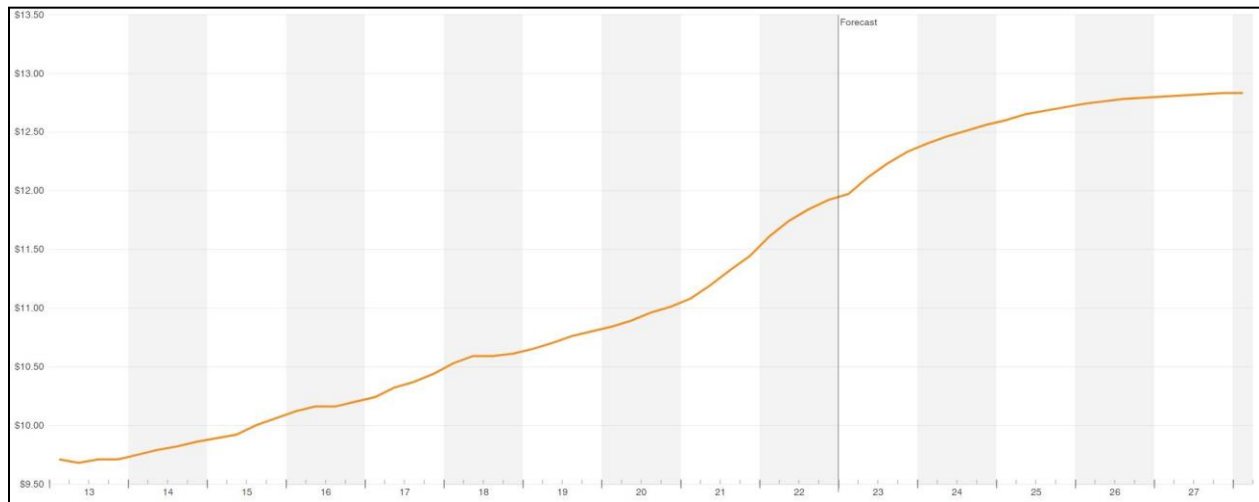


Vacancy Rate



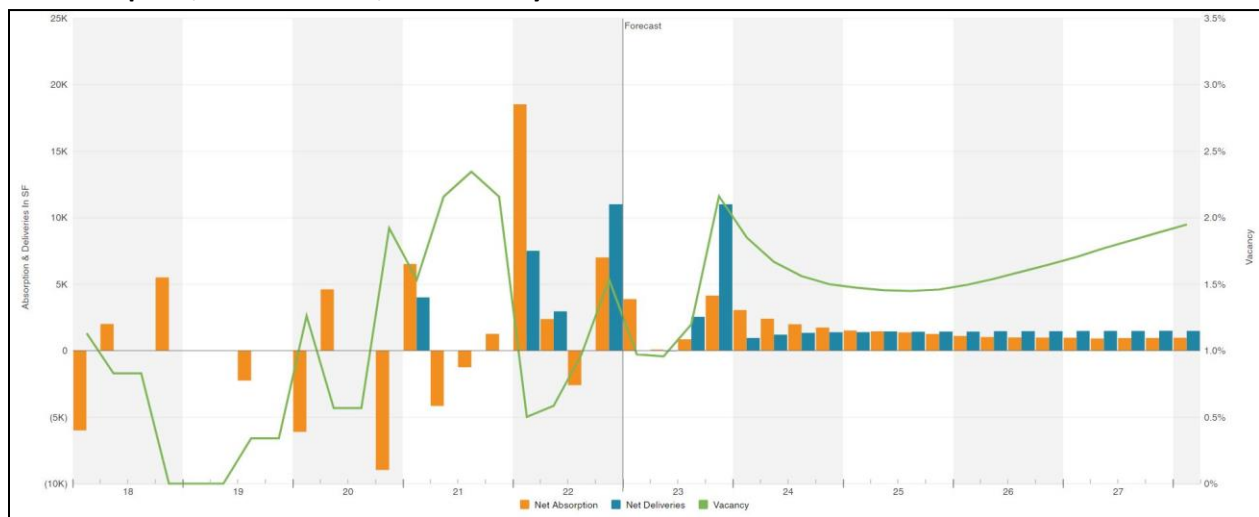
Vacancy for the last 3 years has fluctuated between 2.3% and 0.0% with a current rate of 1.5%. As can be seen by the preceding table, vacancy rates began increasing in late 2019 to the current rate of 1.5%. The 5-year average vacancy rate is 1.0%.

Market Rent



According to the previous chart, average rental rates for retail space in this market area have been generally trending upward since 2016 to a current average rate of ~\$12.00 per square foot.

Net Absorption, Net Deliveries, and Vacancy



The preceding chart shows a trend of positive absorption since 2020, which has resulted in an decreasing vacancy rate.

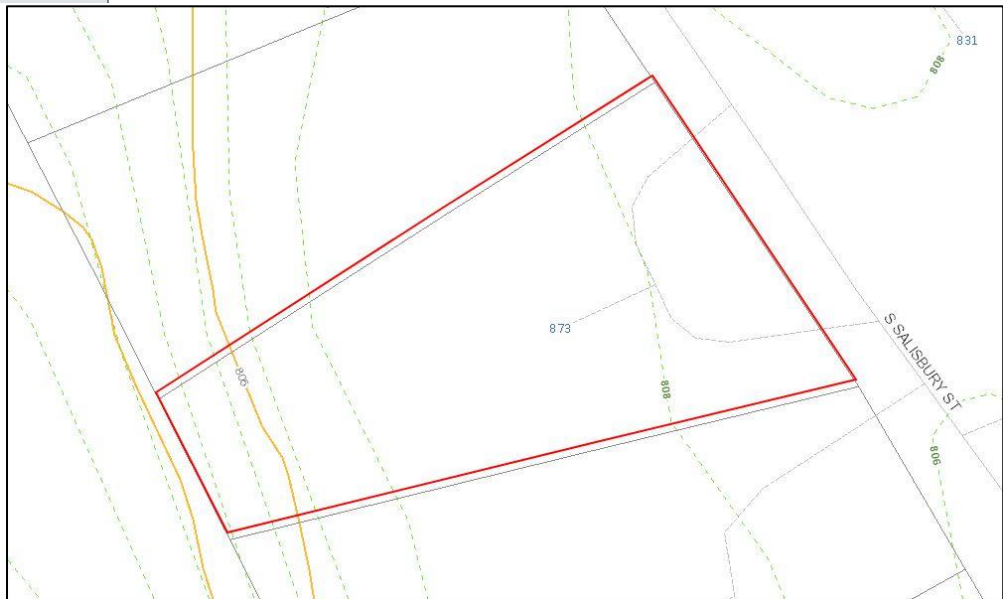
Conclusion

Overall, the retail market in the area of the subject appears to remain stable with very low vacancy rates. The area of the subject is one that is more rural, less densely population. Retail vacancy rates are typically higher in these types of neighborhoods and areas. However, the data suggests a strong retail market with generally low vacancy rates. Market cap rates are around 7% and sales prices are roughly \$170 per square foot. The retail properties captured in the analysis are most likely chain fast food, automotive, etc. retail stores. Leased retail and chain properties will generally bring a much higher sales price and much lower cap rate due to the lease in place at the time of sale and the quality of tenant. These properties are

typically along the most busiest commercial corridors in an area. The subject property is an older, vacant building just south of the CBD of Mocksville. This type of retail property is typically owner operated and locally owned.

Site Descriptions and Analysis

Site Characteristics and Site Areas	
Site Size:	
Total Area per Legal Description:	0.3660 Acres or 15,943 Square Feet (Gross)
Usable Area:	0.3660 Acres or 15,943 Square Feet (Usable)
	According to the most recently recorded deed on file, the subject site contains 0.366 acres or 15,943 square feet.
Frontage	130 linear feet of frontage along S. Salisbury Street
Shape	Roughly rectangular
Access	The site is accessed via S. Salisbury Street
Traffic Counts*	12,500 Annual Average Daily Traffic along S. Salisbury Street <i>*Source: NCDOT Traffic Volume Map</i>
Visibility	Good
Topography	The subject has level topography at grade.



Utilities:

Electricity: Duke Power
Sewage Disposal: Municipal Sewer
Water: Municipal Water

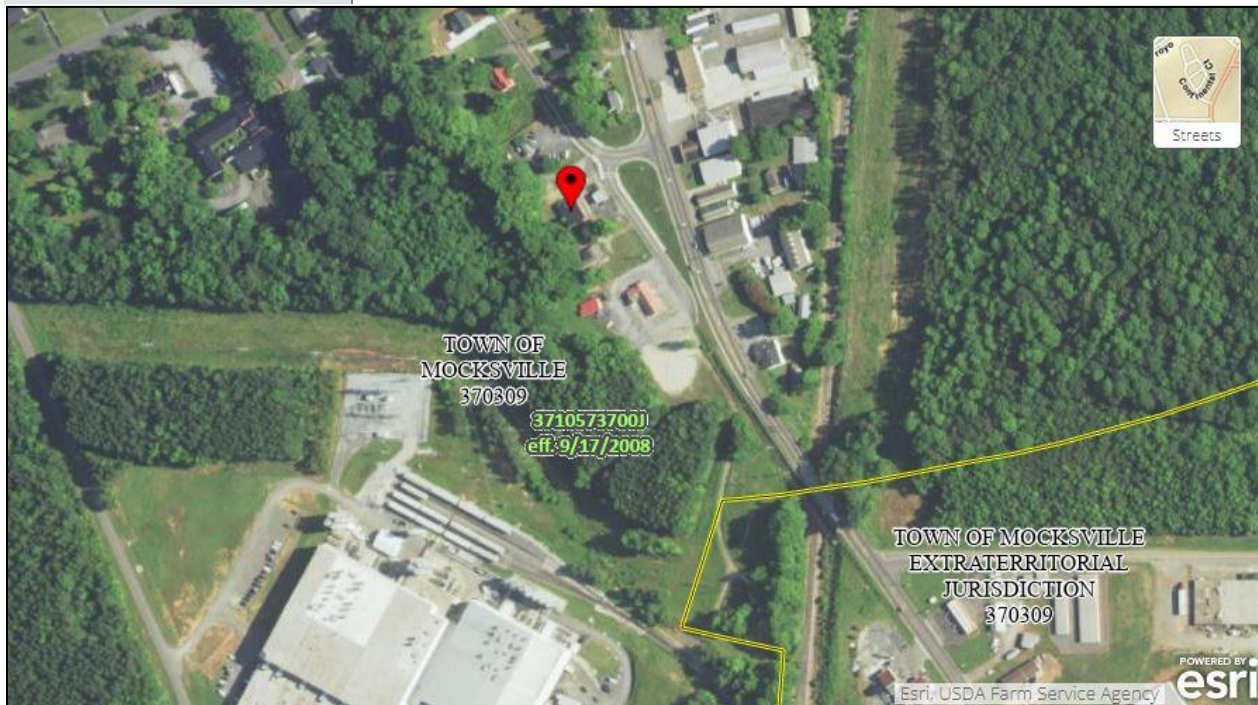
Drainage:

Appears adequate at the location of the improvements

Flood Zone

FEMA Map Panel Number: 3710573700J
FEMA Map Panel Date: September 17, 2008

Comments: The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The site is located in FEMA Flood Zone X, which is not classified as a flood hazard area.



Environmental Issues:

This report was developed without the benefit of a professionally prepared Environmental Study. No representations were made to the appraisers that soil contamination or other environmental contaminants whether surface or subsurface was present during the period that this report was prepared. The appraisers are not aware of any prior or ongoing remediation of environmental events affecting the subject property or groundwater contamination emanating from the surrounding properties.

The appraisers were not provided soil compaction studies, or do we have knowledge of the soil load-bearing capacity of the subject site at the location of the building footprint. It is assumed to be adequate to support the existing/proposed improvements as well as the ideal improvement which would represent the Highest and Best Use of the site. Any variation from these assessments by the appraisers could significantly affect the value estimated in this report. Please reference the Limiting Conditions

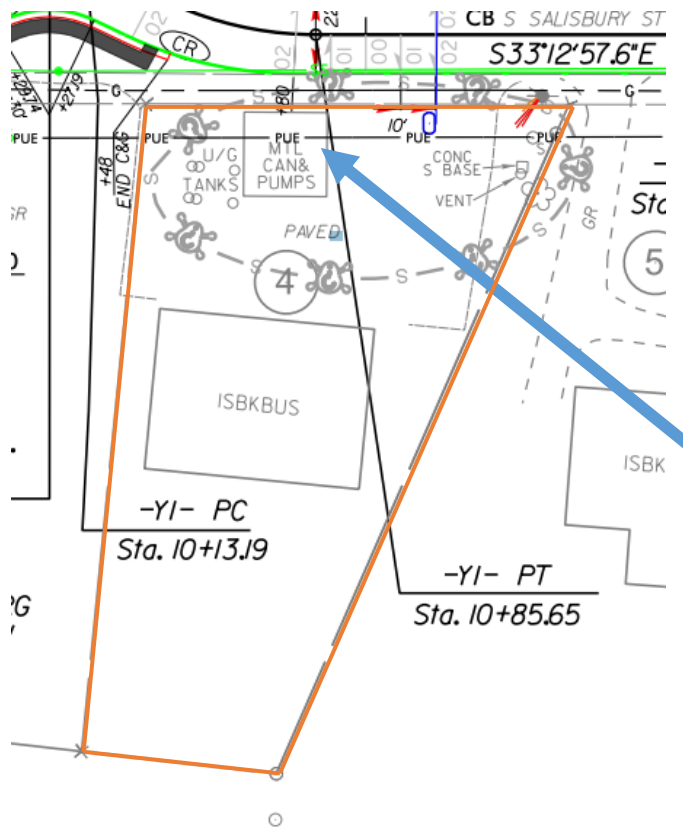
and General Assumptions, including any Extraordinary Assumptions, stated in this report.

Street Improvements:

S. Salisbury Street has a 50 foot right of way at the subject's frontage, with the roadway being asphalt paved (concrete curb and gutter) and provides for two lanes of bidirectional moving traffic. The off-site road improvements are publicly maintained.

Recorded Easements:

The subject property has a permanent utility easement running east and west on the northern boundary of the subject parcel due to a NCDOT roadway project. This permanent utility easement runs parallel to the northern boundary/property line. The utility easement runs directly through the metal canopy on site. It is the appraiser's opinion that this easement does not affect the highest and best use of the site.



The subject is labeled parcel number four on the map shown above and the property boundary is shown by the orange lines. The permanent utility easement is seen as indicated by the blue arrow. It is the appraiser's opinion that this easement does not affect the highest and best use of the site.

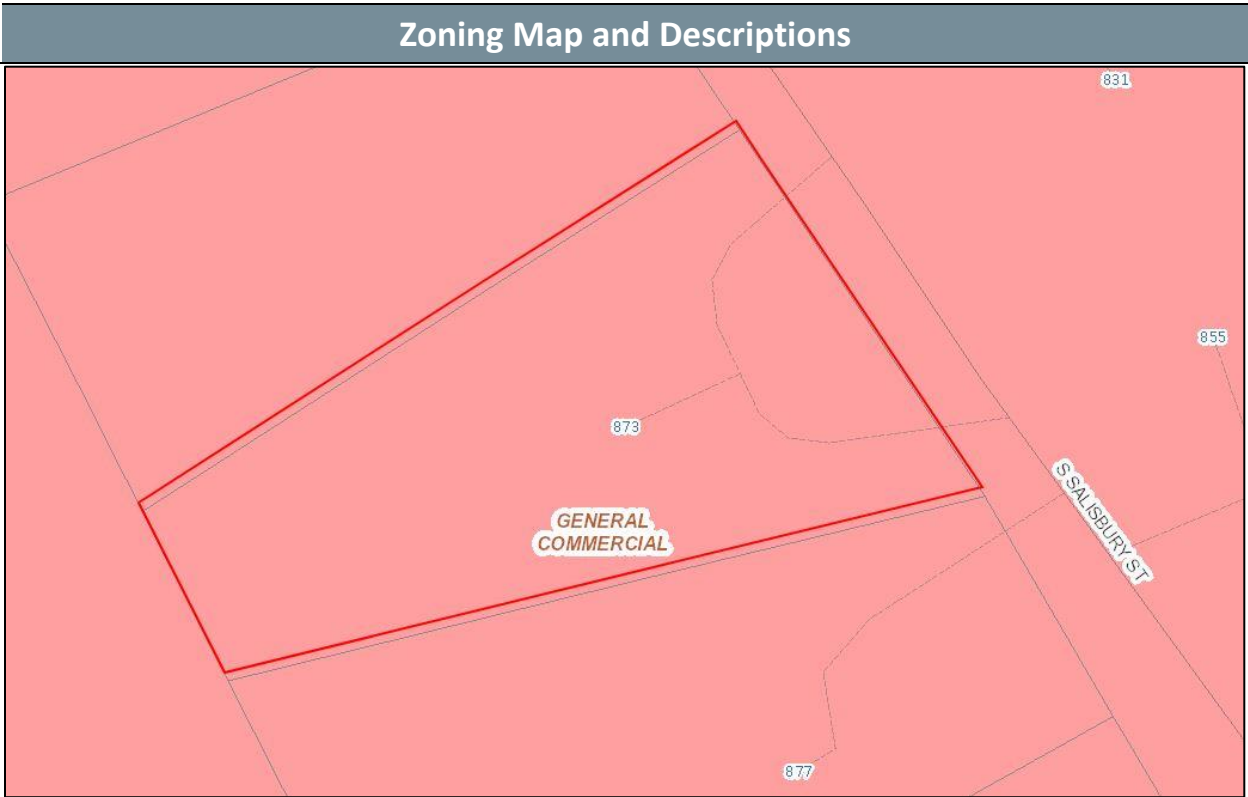
Otherwise, it is assumed typical public utility easements and road right-of-way were noted which have no adverse effect on the utility of the site or the placement of vertical improvements.

<u>Present Use of the Site:</u>	Vacant Convenience Store/Food Mart
<u>Public or Private Improvements:</u>	None known that would adversely affect the value of the site
<u>Site Description Summary:</u>	In concluding the site analysis, the appraisers are not aware of any site conditions that would prohibit the maximum utilization of the property. The site has no disadvantages known to the appraisers that would limit it from being utilized for the Highest and Best Use of the property.

Land Use Regulations

The legally permissible uses of the site are governed by zoning regulations as established by the Town of Mocksville. The subject site is zoned NC and WS-IV-P (Neighborhood Center District and Watershed Overlay District) and the property is a conforming use. An excerpt of the zoning map is shown below with descriptive information to follow.

Although the map below shows the property to be zoned General Commercial, the appraiser called the town of Mocksville and Davie County to verify the zoning. Per conversations with Michelle Walsh with Davie County the zoning is Neighborhood Center District. The zoning map below was taken from the Davie County GIS as the town of Mocksville zoning map could not be located online.



<u>Zoning Authority</u>	Town of Mocksville
<u>Zoning Code</u>	NC and WS-IV-P
<u>Zoning Description:</u>	Neighborhood Center District and Watershed Overlay District

	<p>The Neighborhood Center district is provided to allow for the location of shops, services, small workplaces, civic and residential buildings central to a neighborhood or grouping of neighborhoods and within walking distance of dwellings. The purpose of the Watershed Overlay District The purpose of this district is to impose more restrictive development standards upstream from the drinking water supply than shall generally be imposed on land uses in the planning area. The intent is to maintain a development pattern which does not increase the pollution associated with urbanization. A WS IV classification has been applied to the South Yadkin watershed by the state and allows for a moderate to high land-use intensity pattern.</p>
<p><u>Legal Conformance:</u></p>	<p>The property is a conforming use</p>
<p><u>Public and Private Restrictions</u></p>	<p>None known beyond existing zoning, described easements, and right of ways.</p>
<p><u>Deed Restrictions as to Use</u></p>	<p>No restrictive covenants were stated in the deed; however, reliance is placed in a legal professional’s title opinion.</p>

Improvement Analysis



Left facing view of the property



Rear view



View of canopy and area of the easement



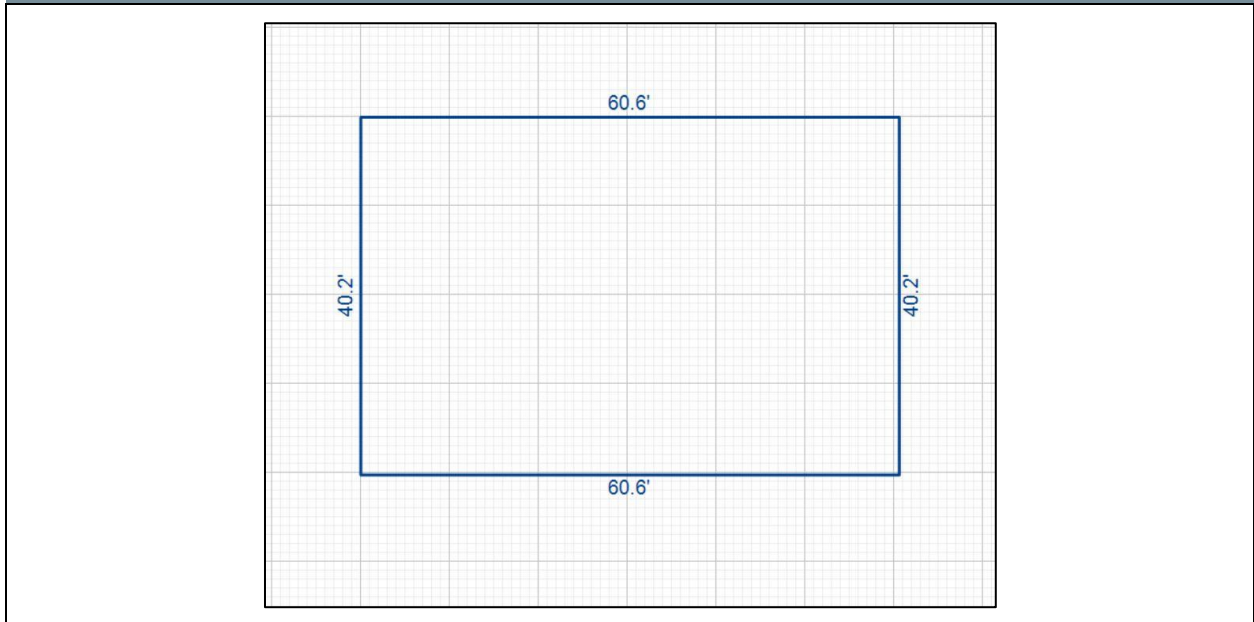
View of HVAC unit

The following is a summary description of the improvements, based upon the Ms. Williams's inspection and information provided by the property contact. The improvements consist of a convenience store/food mart described as a single-story building of masonry frame, built in 1979 and is located on an interior site with no excess or surplus land. The gross building area and rentable area of the improvements is 2,436 square feet. The subject is a(n) owner-occupied building. The following is a summary description of the improvements as observed, including data provided by the named sources in the Scope of Work section of this report.

Summary of Improvements

<p><u>Gross Building Area (GBA):</u> 2,436 Square Feet</p> <p><u>Rentable Area (RA):</u> 2,436 Square Feet</p> <p><u>Year Built:</u> 1979</p> <p><u>Chronological Age:</u> 44 Years</p> <p><u>Effective Age:</u> 35 Years</p> <p><u>Remaining Economic Life:</u> 5 Years</p> <p><u>Condition:</u> Fair</p> <p><u>Building Shape:</u> Rectangular</p> <p><u>Exterior Components:</u></p>	<p>Foundation: Poured concrete slab</p> <p>Framing: Masonry Frame</p> <p>Exterior Walls: Brick</p> <p>Roof Covering: Tar and Gravel</p>
<p>Condition of Roof</p>	<p>It should be noted that there was notable evidence of deferred maintenance in the form of water leakage and damage from the roof needing to be replaced. The HVAC on site was older and dated from 1998. The deferred maintenance has been considered in the analysis herein.</p>
<p>Windows: Storefront</p> <p><u>Interior Components:</u></p>	<p>Wall Finish: Drywall</p> <p>Ceilings: Dropped Ceiling with Acoustical Tile</p> <p>Plumbing: Assumed adequate</p> <p>Lighting: Fluorescent</p> <p>Floor Coverings: Carpet</p> <p>Sprinklers: None noted</p> <p>HVAC: Package System; As noted, at the time of inspection the subject property was vacant, and had appeared vacant for some time. There were no utilities on during the time of inspection. Thus, it is unknown if the HVAC is working properly or the electrical wiring is working throughout. For the purposes of this report, it is assumed that the HVAC is working and functioning properly and all electrical items are working, functioning property and up to current building standards and codes.</p>
<p><u>Deferred Maintenance:</u></p>	<p>It should be noted that there was notable evidence of deferred maintenance in the form of water leakage and damage from the roof needing to be replaced. The HVAC on site was older and dated from 1998. The deferred maintenance has been considered in the analysis herein.</p>
<p><u>Land to Building Ratio:</u> 6.54 to 1</p> <p><u>Functional Utility:</u> Average</p>	

Appraisers' Building Sketch



Furniture, Fixtures, and Equipment (FF&E)

No Furniture, Fixtures, or Equipment are included in this valuation except normal operating mechanical equipment, plumbing, and electrical systems that are parts of the real estate.

Site Improvements

<u>Asphalt Pavement:</u>	The subject property has paved asphalt pavement on site for vehicles. The little striping that was done on the pavement, adjacent to the building, was nearly faded. The asphalt was also in fair condition with a shorter economic life remaining.
<u>Concrete Work:</u>	There were concrete sidewalk surrounding the storefront of the building. There was also concrete underneath the canopy on site. All of the concrete work appeared to be in average/fair condition.
<u>Landscaping:</u>	Minimal grassed area and shrub plantings but harmonious with neighborhood properties.
<u>Ancillary Improvements:</u>	None noted during the inspection

Subject Photographs



Front view



Rear view of the property and potential deferred maintenance



Right facing, side exterior view



Left facing, side exterior view



Interior view, main retail area



Interior view, main retail area and coolers



Interior view, ceiling and evidence of roof leaks



Interior view, storage room



Interior view, ceiling and evidence of roof leaks



Interior view, bathroom to the left front as you walk in



Interior view of retail area



Front storefront view

Highest and Best Use

Market behavior for real property is studied based on an analysis of the interaction of market participants comprising the competitive set of the group desiring to purchase or sell properties having a similarity of physical and economic characteristics which are located in the subject's immediate area or micro-market. The analysis is performed in concert with the Highest and Best Use of the property as developed by the examination of market forces whereby the uses of real property are determined. Appraisers typically evaluate the Highest and Best Use of a property based on its use as though "Vacant" and "Improved."

First, the appraisers will examine the subject land/site As Vacant. The uses of real estate are dependent upon the market behavior of typical market participants for an identified use in a determined location and correlated with current market demand and supply relationships. The potential uses of the property require the satisfaction of four criteria:

1. Legally Permissible - the use of real estate must conform to all applicable land use regulations if it is to function at its intended use.
2. Physically Possible - the underlying land must be physically compatible to support the improvements
3. Financially Feasible - after the property satisfies the first two criteria, then the appraiser analyzes the proposed use to determine if the same produces a positive return to the land. The timing of development and price trends play an important role in determining the financial feasibility of an identified use.
4. Maximally Productive - this use produces the highest residual value to the land. It represents the most profitable use of the site, which is typically evidenced by the construction of the ideal improvement on the land that will produce the highest return in terms in terms of dollars. However, economic conditions may preclude the development of the property and therefore, the Highest and Best Use of the site would be to remain in its' present condition until economic conditions warrant otherwise.

Highest and Best Use of Property "As Vacant"

In determining the Highest and Best Use of a vacant site or land parcel, the appraisers' must first answer the question as to whether the land should be developed or left vacant. In doing so, appraisers determine if the land is financially feasible to develop based upon the four criteria previously discussed. If feasible, the appraisers then explore the type of improvement that would produce the highest residual land value.

Highest and Best Use of Property "As Improved"

Appraisers evaluate the improved property based on the existing use and alternative uses of the existing improvements. Several of the alternative uses are to demolish the existing improvements and redevelop the site, renovate or modify the improvements or convert the existing improvements into adaptive reuse that conforms to current market demands or retain the existing use. If said use does not conform to the ideal improvement, said use is considered to be an Interim Use which may provide a return to the land that is greater than the property as vacant, but less than the ideal improvement. The various uses of the improved property can be tested against alternative uses of the improvements to determine the Highest Best Use of the property.

Highest and Best Use Conclusion

Based on our analysis and consideration of all factors, including supply and demand conditions, availability of financing, construction cost, and market trends, the appraisers have concluded that the Highest and Best Use of the property is as follows:

Highest and Best Use “As Vacant”

The subject property is located in the Town of Mocksville, North Carolina and is subject to its zoning ordinance. As previously discussed, the site is zoned a NC and WS-IV-P (Neighborhood Center District and Watershed Overlay District). The NC and WS-IV-P district allows for a variety of mixed uses by right. The subject is a conforming use 'as is'. According to the most recently recorded deed on file, the subject site contains 0.366 acres or 15,943 square feet. The subject has level topography at grade.

Based on the subject's location, along S. Salisbury Street, a main roadway within the town with daily traffic volume of approximately 12,500 vehicles per day, as well as its zoning for mixed use development, the highest and best use of the site 'as vacant' would be for a mixed use.

Highest and Best Use “As Improved”

The site is currently improved with a owner-occupied convenience store/food mart containing 2,436 square feet of gross building area and rentable area, which was constructed in 1979 and is currently 100.0% owner occupied. The current improvements represent the highest and best use of the site. Therefore, the highest and best use of the property 'as improved' is for continued use as a convenience store/food mart.

Valuation Process

The valuation process involves the classification and analysis of data gathered in the data collection process as described in the Scope of Work section of this report. The data is organized by type and presented in a format designed to produce a logical value conclusion that is supported by the acquired data. Appraisers, in the estimation of Market Value, use three accepted methods or approaches to value. These approaches provide data from the market from three different sources when all are available. These three approaches are the Income Capitalization Approach, the Sales Comparison Approach, and the Cost Approach. The premise of the approaches is to interpret the actions of the market participant's investment criteria with regard to their anticipation of future benefits and the motivation for purchase. Buyer/Seller motivations are interpreted by a transactional analysis which is based on the subject property type as influenced by current demand and supply relationships that are present as of the date of valuation. Inherent in the premise is that buyers and sellers will enter into a transaction based on the principles as stated in the definition of Market Value. The appraisers recognize that individual buyers and sellers have their own motivations to buy or to sell, but it is assumed that their collective actions in seeking to maximize their individual interest mirror the actions of the whole and that a sale of the property will occur.

All valuation methods, the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach have interrelated foundational concepts such as anticipation of future benefits; the understanding that buyers can locate similar substitute properties; and that all properties compete in are subject to the economic forces of supply and demand. In this section, each approach will be described as to the logic and reasoning for their application in developing a credible opinion of value. Any approaches that are not relevant to the valuation process and hence, omitted from the analysis, will be described in this section.

Identification and Reasoning for the Omission of a Valuation Approach

The Cost Approach was omitted as a result of the amount of accrued depreciation present in the improvements. The physical and economic lives of the Building Components vary such that accurately measuring depreciation from all causes was difficult and therefore rendering the value conclusion of this approach unreliable. The omission of the Cost Approach does not affect the intended use of this assignment, and a credible valuation was developed by employing the other approaches to value. It is the opinion of the appraisers that the peers of the appraisers and other clients requesting similar valuation services would agree with the omission of this approach.

Transactional and Quantitative Valuation Adjustment Process and Source Application

Our firm has access to data suppliers such as *CoStar Realty Information, Inc.*, which is a national data provider of sales and leases of real property data. The appraisers employed this service to extract relevant data such as Sales, Leases, Market and Econometric Data, which was used in the development of this report for analysis of the subject real estate market. Additionally, this information was employed in the comparison of markets where the comparable data is located outside of the immediate geographic area of the subject property.

Site to do Business (STDB) is another source that we employ for demographic data and traffic count statistics in the correlation of comparable data with the subject's market's characteristics. A standard methodology of extracting adjustments from the market data is using the "Paired Sales Analysis" techniques. To produce credible results, a sufficient number of similar sales from the subject's market are necessary for extraction to produce a high confidence level in the findings. The local real estate markets were not active such that an adequate number of similar sales/leases could be obtained to accurately measure the market recognition of the divergences. Hence, we employed logical assessments

based on inferences found in our database and from the described data providers as well as consulting with local real estate professionals.

To summarize, the appraisers applied sound reasoning and logic to provide support for the adjustments in the grid analyses on a narrative basis when market extraction was not reliable. The net and gross adjustments in the grid analyses found in this report were deemed to be reasonable and within an acceptable range for comparison purposes. The value conclusions estimated in this report represent, in our opinion, the best evidence of the market value of the subject's fee simple estate of the subject real property valued in this report.

Appraisal Approaches, Techniques, and Methodology Employed

The appraisers utilized the Sales Comparison Approach and the Income Capitalization Approach to develop a credible value conclusion of the subject property.

The Sales Comparison Approach

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principle of anticipation and change that are influenced by the economic forces of supply and demand, as well as the principle of substitution. This approach involves the comparison of similar sold properties to the subject property with adjustments made to the sales for divergences with the subject property. Crucial to the analysis of the sales data is the presence of trending data where recognizable patterns can be sure determined.

The Approach is considered reliable when there is a sufficient amount of similar data, such as property sales and current listings, available for comparison to the subject property, with all sale properties having the same Highest and Best Use as the subject property. The Sales Comparison Approach reflects the price action in the market, which is the premise of the approach that the Market Value of a property is directly related to the prices of comparable competing properties which are located in the same market as the subject property. The following steps describe the application of the Sales Comparison Approach.

- The market in which the subject property competes is investigated for sales of properties having similar physical, locational, and economic characteristics which typical market participants would sell or purchase properties of the same property type as the subject. Further, contracts for sale and offerings of similar property types were also investigated.
- Pertinent data of the sale is further analyzed, and the motivation for the transaction is determined as well as the property rights conveyed.
- The most meaningful unit of comparison, such as but not limited to, “per square foot, per acre, per unit” is chosen for the analysis and comparison of the sales to the subject property along with transactional and property adjustments which comprise the Elements of Comparison for this assignment.
- A Grid Analysis was created for the adjustment of the comparable sales to equate with the subject property based on Transactional and Property Adjustments. A negative adjustment to the sale represents that the sale is superior to the subject and conversely, a positive adjustment indicates the inferiority of the sale. The transactional adjustments are individually applied in a specific sequence to the sales price of the comparable property with the result being the adjusted sales price for the comparable property. After the transactional adjustments are applied, a unit of value on a per unit basis of the subject property is calculated. Then, the property adjustments are made on a percentage basis then summed and multiplied by the adjusted unit of comparison of each comparable sale. The result is the indicated value of the subject property as produced by that comparable sale. Therefore, the purpose of the Grid Analysis is to provide a means of comparing the chosen sales to the subject with percentage adjustments applied to the sales for divergences with the result being the indicated value of the subject property on a unit basis.
- The subject property and the sales chosen for analysis are rarely, if ever, identical. The Grid Analysis will produce a range of indicated values which will be reconciled by the appraisers, and an adopted unit value will be selected as being reflective of the subject property’s unit of value.

Adopted Unit of Comparison for the Sales Comparison Approach: *Price per Square Foot of GBA*

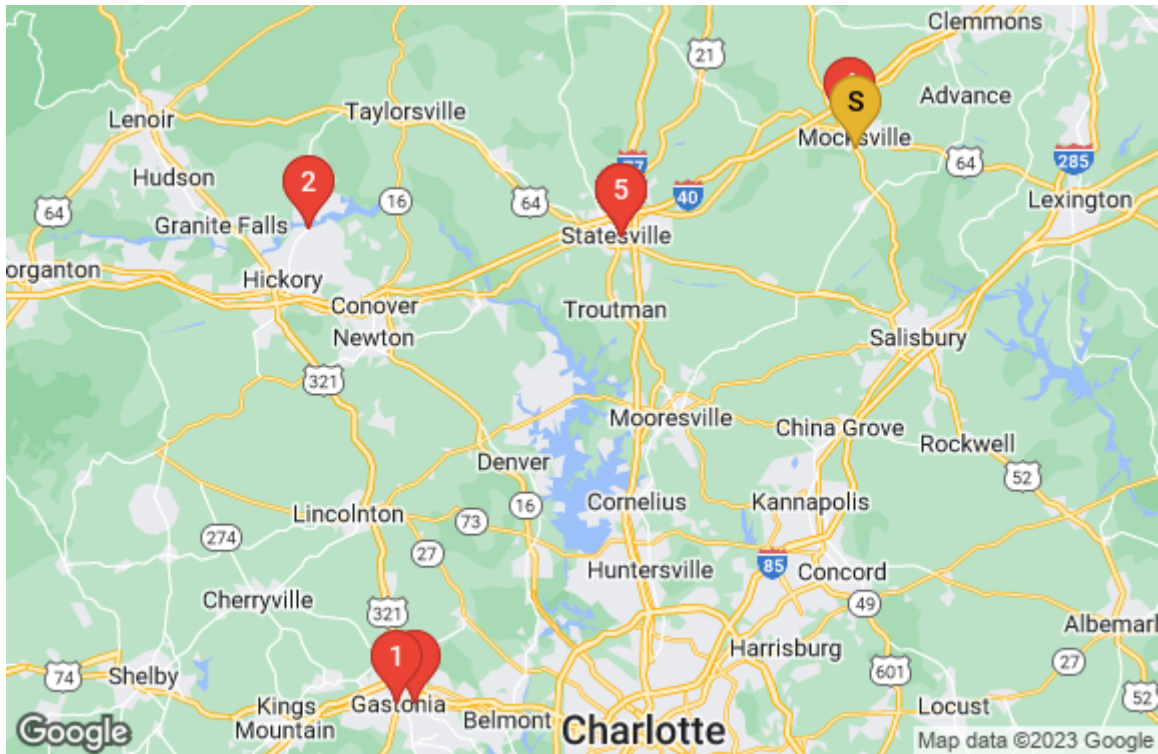
Sales Selected for Analysis as Comparables Sales

Based on the age of the canopy, the utility easement running right through the canopy, and the comments regarding the unknowing presence of underground storage tanks, the property has been appraised as a general retail building, as opposed to a petroleum outlet/convenience store. The subject property lends itself to a wide variety of retail uses based on its location and traffic count of roughly 12,500 average daily traffic count.

We have researched the subject’s local submarket for recent similar sales of the subject’s property type. If there was a lack of comparable data, the appraisers expanded their search to other markets outside the local. The appraisers have selected five sales of the same property type for this analysis, which are located in the same or similar markets, having the same Highest and Best Use, and have similar physical and economic characteristics equivalent to the subject property. All sales have been researched through numerous sources and verified by a party to the transaction when possible. A summary of the sales is listed below in Table Format.

Comp	Address	City	Date	Price	GBA	Price Per SF	Year Built
Subject	873 S. Salisbury Street	Mocksville			2,436		1979
1	511 West Franklin Boulevard	Gastonia	08/24/22	\$675,000	8,629	\$78.22	1952
2	4431 N Center St	Hickory	02/11/22	\$525,000	5,040	\$104.17	1989
3	1020 E Franklin Blvd	Gastonia	08/19/21	\$395,000	4,050	\$97.53	1990
4	643 Wilkesboro Street	Mocksville	03/02/21	\$225,000	3,690	\$60.98	1970
5	218 E. Front Street	Statesville	02/05/20	\$235,000	3,420	\$68.71	1970

Comparable Sales Location Map



Comparable 1



Transaction

ID	13188	Date	8/24/2022
Address	511 West Franklin	Price	\$675,000
City	Gastonia	Price per SF	\$78.22
State	NC	Transaction Type	Closed Sale
Tax ID	106095	Financing	Cash/Market
Grantor	My Ngoc Phung Tran	Property Rights	Fee Simple
Grantee	Gao-Vo Real Estate, LLC	Marketing Time	69 Days
Deed Book / Page #	5359/1930	Verification	Contract

Site

Acres	0.71	Topography	Slightly Sloping
Land SF	30,928	Zoning	UMU
Utilities	Public (W/S)	Flood Zone	None
Shape	Rectangular	Encumbrances	Typical
Road Frontage	119.96	Environmental Issues	None Reported

Improvements

GBA	8,629	Condition	Average to Fair
Rentable Area	8,629	FAR	0.28
Year Built	1952	Construction	Masonry

Comments

This is the sale of a two-story office/retail building located just west of Gastonia's central business district. The property was previously utilized by the owners as Powers Seafood, a wholesale/retail seafood sales company and was in average to fair condition. The purchaser plans to renovate the property for use as a Waterbean Coffee location, which will be their 11th location in North Carolina.

Comparable 2



Transaction

ID	16654	Date	2/11/2022
Address	4431 N Center St	Price	\$525,000
City	Hickory	Price per SF	\$104.17
State	NC	Transaction Type	Closed Sale
Tax ID	371518416327,	Financing	Conventional
Grantor	Stephen T Williams, Arthur Tab Williams	Property Rights	Fee Simple
Grantee	Jeffrey T Propst	Marketing Time	Not known
Deed Book / Page #	3723/0592	Verification	Owner, Jeff Propst

Site

Acres	2.05	Topography	Level
Land SF	89,298	Zoning	NC
Utilities	Public	Flood Zone	X
Shape	Irregular	Encumbrances	None
Road Frontage	NA	Environmental Issues	None reported

Improvements

GBA	5,040	Condition	Average
Rentable Area	5,040	FAR	0.06
Year Built	1989	Construction	Masonry

Comments

This is a convenience store located in Hickory, NC. The store was vacant at purchase for about one year, the current owner verified the price of \$525,000 or \$104.17 per square foot. No fixtures or equipment were included in the sales price just real estate.

Comparable 3



Transaction

ID	13068	Date	8/19/2021
Address	1020 E Franklin Blvd	Price	\$395,000
City	Gastonia	Price per SF	\$97.53
State	NC	Transaction Type	Closed Sale
Tax ID	105362	Financing	Cash/Market
Grantor	John M. McFarling and wife, Linda K. McFarling	Property Rights	Fee Simple
Grantee	Sophian II, Inc. and V&A Investments	Marketing Time	48
Deed Book / Page #	5257/2010	Verification	Coldwell Banker

Site

Acres	0.62	Topography	Level
Land SF	27,007	Zoning	Commercial
Utilities	Public (W/S)	Flood Zone	None
Shape	Rectangular	Encumbrances	None
Road Frontage	330	Environmental Issues	None

Improvements

GBA	4,050	Condition	Average
Rentable Area	4,050	FAR	0.15
Year Built	1990	Construction	Masonry

Comments

This is the sale of a vacant retail building located in eastern Gastonia, NC. The building had previously been utilized by a flooring center and was open retail area in average condition.

Comparable 4



Transaction

ID	16783	Date	3/2/2021
Address	643 Wilkesboro Street	Price	\$225,000
City	Mocksville	Price per SF	\$60.98
State	NC	Transaction Type	Closed Sale
Tax ID	5738477171	Financing	Cash to Seller
Grantor	Just Hope, Inc.	Property Rights	Fee Simple
Grantee	Full Measure Catering, Inc.	Marketing Time	Not known
Deed Book / Page #	1170/486	Verification	Broker

Site

Acres	0.48	Topography	Level
Land SF	20,735	Zoning	Highway Commercial
Utilities	All municipal	Flood Zone	X
Shape	Regular	Encumbrances	None noted
Road Frontage	NA	Environmental Issues	None noted

Improvements

GBA	3,690	Condition	Average
Rentable Area	3,690	FAR	0.18
Year Built	1970	Construction	Masonry

Comments

This is the sale of a stand alone retail building along a major roadway. Recent roof update, paint and carpet on the property at the time of sale.

Comparable 5



Transaction

ID	10279	Date	2/5/2020
Address	218 E. Front Street	Price	\$235,000
City	Statesville	Price per SF	\$68.71
State	NC	Transaction Type	Closed Sale
Tax ID	4744152318	Financing	Cash/Market
Grantor	L.C. Wagner Trust	Property Rights	Fee Simple
Grantee	PDG, LLC	Marketing Time	Not Disclosed
Deed Book / Page #	2675/866	Verification	Seller

Site

Acres	0.67	Topography	Level
Land SF	29,185	Zoning	CBP
Utilities	All available	Flood Zone	X
Shape	Rectangular	Encumbrances	Typical municipal
Road Frontage	144'	Environmental Issues	None reported






Improvements

GBA	3,420	Condition	Average
Rentable Area	3,420	FAR	0.12
Year Built	1970	Construction	Masonry

Comments

This comparable is located along a main commercial corridor in Statesville, NC. The improvements were in average condition at the time of sale. There were no atypical sales conditions reported.

Sales Comparison Approach Grid Analysis

Subject	Comp 1		Comp 2		Comp 3		Comp 4		Comp 5		
											
Address	873 S. Salisbury	511 West Franklin	4431 N Center St	1020 E Franklin Blvd	643 Wilkesboro Street	218 E. Front Street					
City	Mocksville	Gastonia	Hickory	Gastonia	Mocksville	Statesville					
State	North Carolina	NC	NC	NC	NC	NC					
Date	3/20/2023	8/24/2022	2/11/2022	8/19/2021	3/2/2021	2/5/2020					
Price		\$675,000	\$525,000	\$395,000	\$225,000	\$235,000					
GBA	2,436	8,629	5,040	4,050	3,690	3,420					
GBA Unit Price		\$78.22	\$104.17	\$97.53	\$60.98	\$68.71					
Transaction Adjustments											
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing		Cash/Market	0.0%	Conventional	0.0%	Cash/Market	0.0%	Cash to Seller	0.0%	Cash/Market	0.0%
Conditions of Sale		Typical	0.0%	Typical	0.0%	Typical	0.0%	Arm's Length	0.0%	Typical	0.0%
Adjusted GBA Unit Price		\$78.22	\$104.17	\$97.53	\$60.98	\$68.71					
Market Trends Through	3/20/2023	5.0%	2.8%	5.5%	8.0%	10.5%	16.4%				
Adjusted GBA Unit Price		\$80.43	\$109.92	\$105.37	\$67.39	\$80.01					
Location		Superior		Similar		Superior		Similar		Similar	
% Adjustment		-5%		0%		-5%		0%		0%	
GBA	2,436	8,629	5,040	4,050	3,690	3,420					
% Adjustment		0%		0%		0%		0%		0%	
Year Built / Condition	1979 / fair	1952 / Inferior	1989 / Superior	1990 / Superior	1970 / Inferior	1970 / Inferior					
% Adjustment		15%	-5%	-5%	5%	5%					
Quality	Average	Similar	Superior	Similar	Similar	Similar				Similar	
% Adjustment		0%	-10%	0%	0%	0%				0%	
Adjusted GBA Unit Price		\$88.47	\$93.43	\$94.83	\$70.76	\$84.01					
Net Adjustments		10.0%	-15.0%	-10.0%	5.0%	5.0%					
Gross Adjustments		20.0%	15.0%	10.0%	5.0%	5.0%					

Explanation of the Elements of Comparison and Adjustments

Transactional Adjustments

Real Property Rights: if leased where the tenant quality, remaining term of the lease, or the conditions of the lease were concluded to superior or inferior to the subject's property rights, then an adjustment was made.

Financing Terms: no adjustment was applied for financing terms, as all sales are reported to be cash to the seller or cash equivalent transactions. We are not aware of any atypical financing that would require an adjustment for cash equivalency.

Conditions of Sale: All sales are reported to represent arm's length or market transactions, and therefore, no adjustments were applied. Each sale was verified with one or more parties involved in the transaction and/or by public records. The verification source of each sale is stated on the sale datasheets.

Market Conditions: if there are changes in supply and demand relationships that are reflected in market price levels of the comparable sale properties, whether increasing or decreasing, the comparable sales were adjusted to reflect any changes in market conditions between the date of sale of the comparable property and the effective date of valuation of the subject property.

The subject's market area has been improving. Therefore, the appraisers have applied an adjustment of 5.0% per year from February 2020 through the "As Is" value date of the appraisal, March 20, 2023.

Property Adjustments

Location: adjustments for location reflect the difference in value attributed to a property's specific location within its recognized market area in comparison to the locations of the sale comparables.

The subject is located along the west side of S. Salisbury Street, approximately 3,600 feet south of the intersection of S. Main Street and E. Lexington Road, just south of the central business district of the town of Mocksville. The property has approximately 12,500 AADT.

Comparable 1 . This comparable is considered to be superior in location to the subject and a downward adjustment is applied.

Comparable 2 . This comparable is considered to be similar in location to the subject and no adjustment is applied.

Comparable 3 . This comparable is considered to be superior in location to the subject and a downward adjustment is applied.

Comparable 4 . This comparable is considered to be similar in location to the subject and no adjustment is applied.

Comparable 5 . This comparable is considered to be similar in location to the subject and no adjustment is applied.

Size/Area: in typical markets, the size or gross building area of an improvement or the area of a site is relevant given the impact on the price that is recognized by the market, an adjustment was made by the appraiser. Properties larger in size generally sell at a lower Unit Price than a similar but smaller in size property. The price divergence in size is usually reflected in the price between two similar but of unequal size properties. Adjustments for size is supported by the Economies of Scale theory where the larger property enjoys a competitive advantage over the smaller property as purchasers typically pay more per unit for a smaller sized property than for a larger size property.

The subject property contains 2,436 square feet of gross building area. No correlation between price and size was noted, thus no adjustment was warranted.

Year Built/Condition: the actual age or chronological age is the date that the improvements were constructed; however, improvements often undergo renovations, modernization, additions, or expansions over time. In areas of economic resurgence, the effective age, which is the result of physical changes and economic factors that influence the market's perception of the age of the improvements. The condition of an improvement is based upon the correction of deferred maintenance and the replacement of short-lived items during its economic life.

The subject property was constructed in 1979 and was observed to be in fair condition at inspection. Comparables 2 and 3 are considered significantly superior in age and condition compared to the subject and downward adjustments are applied. Comparables 1, 4 and 5 are considered inferior in age and condition compared to the subject and upward adjustments are applied.

Quality/Construction Class: the construction materials, design of the improvements, and workmanship define the quality of construction/materials, which in turn evidences the structural integrity, durability, and cost-effectiveness of the improvements. Assuming regular maintenance and replacement of short-lived items, the structure having a higher quality typically has a longer physical life. However, the effects of economic conditions, supply, and demand, as well as locational factors, can adversely affect the remaining economic life of improvements constructed with quality materials and finishes.

The subject property is a convenience store/food mart of average quality, masonry frame. Comparables 1, 3, 4 and 5 are considered similar in construction quality to the subject and no adjustments are applied.

Comparable 2 is considered superior in construction quality to the subject and a downward adjustment is applied.

Net and Gross Adjustments

The appraisers have considered the magnitude and frequency of adjustments made to the sale comparables on a Net and Gross basis. Typically, the fewer adjustments applied the sale property results in a higher degree of accuracy of the value indication for that sale. Therefore, adjusted sales with the fewest number of adjustments are generally given more weight and credence than others requiring substantial adjustments. In most cases, the appraisers give weight and attribute more accuracy to the value indication where the Gross adjustment for a comparable sale is a low percentage amount. A low Net adjustment percent of divergence can be misleading if there are a significant number of adjustments applied to the sale comparables. Hence, the greater the number of adjustments on a net basis, the less reliable the indicated values of the sales comparables.

Reconciliation and Estimate of Value “As Is” – Fee Simple

To arrive at a supported estimate of Market Value as developed by the Sales Comparison Approach, the appraisers have taken into consideration the similarity of the transactional and property characteristics of the sales comparables with respect to those of the subject property, and the magnitude and frequency of adjustment on a Net and Gross basis. Also, the appraisers examined the economic forces of supply and demand affecting the subject and sales given the date of the title transfer of the sale properties with respect to the market conditions present as of the date of valuation. Further, a similarity of Highest and Best Use was required for analysis, including the interchangeability as substitute properties for one another. Special emphasis was given to ensure that both subject and sales had similar economic similarities such as income and expense characteristics that would appeal to typical market participants and their motivations for purchase.

The adjusted values of the comparable properties range from \$70.76 to \$94.83; the average is \$86.30 and the median is \$88.47. Equal weight is given all sales in arriving at my final reconciled per square foot of gross building area of \$90.00 per square foot.

Estimate of Value - “As Complete” – Fee Simple	
Value Indication per Square Foot of GBA:	\$90.00
Gross Building Area:	2,436 SF
Indicated Value:	\$219,240
Estimate of Value developed by the Sales Comparison Approach:	\$220,000

Estimate of Value - “As Is” – Fee Simple

It should be noted that there was notable evidence of deferred maintenance in the form of water leakage and damage from the roof needing to be replaced. The HVAC on site was older and dated from 1998. The deferred maintenance has been considered in the analysis herein.

Based on the cost estimator, Marshall & Swift Valuation Service, we have estimated the cost for the roof at approximately \$15,000 and the cost for the interior ceiling work to be approximately \$10,000 due to the roof leak. These costs have been deducted from the reconciled value “as complete” to derive at the “as is” value.

Estimate of Value developed by the Sales Comparison Approach:	\$220,000
Deferred Maintenance:	\$25,000
Estimate of Value developed by the Sales Comparison Approach:	\$195,000

Listings

Listings will typically set the upper limit of the range. The following listings of similar retail buildings were uncovered. The listings are supportive of the value estimate herein.

For Sale Listings				
<u>Address</u>	<u>Size (SF)</u>	<u>Days on Market</u>	<u>Asking \$</u>	<u>Asking \$ / SF</u>
1003 S Fulton Street, Salisbury	1,900	86	\$ 249,000	\$131.05
4910 Reynolda Road, Winston-Salem	2,890	1164	\$ 375,000	\$129.76
2017 Bethel Drive, High Point	3,240	1421	\$ 389,000	\$120.06
3311 US Highway 601 N, Mocksville	3,857	44	\$ 439,900	\$114.05
Maximum:	3,857	1,421		\$131.05
Minimum:	1,900	44		\$114.05
Average:	2,972	679		\$123.73

The Income Capitalization Approach

This approach is based on the principle of anticipation in which an investor purchases an income-producing property in anticipation of receiving future dollars at an expected rate of return on the investment. The investor analyzes the capacity of the property to produce future income with respect to the property's competitive market position and gauges the earning power of the investment. Other considerations include operating cost efficiencies and the amount of resulting net income or Net Operating Income to be received. The Net Operating Income (NOI) can be converted into an indication of present value using market derived yield and capitalization rates. This process involves either utilizing Yield Capitalization (Discounted Cash Flow Analysis) which converts a series of cash flows including the reversion of the property into a present value or by dividing the Net Operating Income by an income rate such as an Overall Rate (Ro) which is used in the Direct Capitalization method.

Direct Capitalization

In Direct Capitalization, an income rate or Overall Rate (Ro) is developed from the sales of comparable property types having similar income and expense characteristics that are relatively stable. An overall rate analysis involves converting or capitalizing the stabilized Net Operating Income (NOI) of the property's anticipated following year's income by dividing the (NOI) by a market-derived overall rate. Hence, the appraiser converts a single year of the estimated net income expectancy into a value estimate by dividing the Net Operating Income (NOI) by an estimated Overall Rate. This methodology does not consider changes in cash flow, the cost of tenant improvements, or leasing commissions; however, adjustments to the indicated value can be made for a single occurrence to reflect said costs. Direct Capitalization is especially useful where the income and expenses are stabilized and are not expected to experience significant change over the investor's time horizon for holding the investment. If the property is not stabilized and income and expense patterns are irregular, then Yield Capitalization would produce more reliable results.

Potential Gross Income/Vacancy and Collection Loss

In the application of the Income Capitalization Approach, the appraisers first estimate the Potential Gross Income of the subject property, which also includes income from tenant expense recoveries. Then, a Vacancy and Collection Loss, which is developed from market-derived data, consideration of the subject property's history of occupancy, and the property's current competitive market position. After analysis, the appraisers adopt a Vacancy and Collection Loss on a percentage basis, which is then deducted from the Potential Gross Income to arrive at the Effective Gross Income of the property. The next step in the application of the Approach is to estimate the operating expenses that accrue to the property on an annual basis. These operating expenses are the responsibility of the property owner or if leased, can be distributed fully or partially to the tenant (s) as set forth in the lease agreement.

Operating Expense Distribution

An income-producing property incurs operating expenses such as taxes, insurance, association dues, management fees, janitorial costs, utility expenses, repairs, and maintenance cost as well as a provision for providing for the replacement of short-lived items or Replacement Allowance. These items include the improvements' roof cover, mechanical systems, flooring, and other items with economic lives shorter than the economic life of the entire structure. The responsibility for the payment of these future costs/expenses usually lies with the owner of the property except for properties which are leased that have a defined operating expense distribution agreement. Therefore, unless occupied by the owner of the property, the expenses can be distributed to tenants who lease the property, or a portion thereof based on the terms of occupancy or as stated in the lease agreement. The lease agreement(s) define the expense obligations of the Lessor and Lessee. If the Lessor or property owner pays all operating expenses,

then the lease agreement is referred to as a Gross Lease. A Modified Gross lease where the expense distribution is shared by both parties with the lease stipulating the responsibility of each party. A Net lease is where the Lessor passes all expenses to the Lessee with the possible exception of management and replacement allowance. Absolute Net leases pass all operating expenses to the tenant.

Contract and Market Rent

If the property is encumbered by a lease agreement, then the revenue or rent received from the tenant(s) is known as Contract Rent or Scheduled Rent, which is the actual rental income specified in the lease. Market Rent is the rent that a property could command in an open market. When the Contract Rent exceeds the Market Rent, the amount is known as Excess Rent. If the Contract Rent is below the Market Rent, then the amount is known as Deficit Rent.

Estate/Rights

The Letter of Engagement has requested that the appraisers develop the valuation of the Fee Simple estate. At inspection the property was owner-occupied and the appraisers are not aware of any known lease encumbrances or agreements that would create any form of tenancy. Therefore, the appropriate interest to be appraised is the Fee Simple, which is the estate valued in this report.

Application of the Income Capitalization Approach

The appraisers have been engaged to estimate the Market Value of the Fee Simple estate of the subject real property described in this report. The methodology employed to develop a credible estimate of value for each estate was Direct Capitalization. The appraisers will begin the application of this approach by the analysis and reporting of the Market Rent as estimated by the appraisers from the collection of data from similar properties from the subject's market area that has been leased, published market rental data, current lease offerings, and interviews with local brokers and market participants.

Careful consideration must be given to the allocation of the property's expense distribution as it has a direct impact on the number of property expenses that are to be reimbursed to the Lessor by the Lessee. Adjustments in the lease analysis have been made to the comparable leased properties where applicable, to equate a similar expense distribution of the lease comparables to the subject property's expense distribution.

The appraisers have identified four leased properties for analysis and are documented on the following pages, followed by a location map, and an analysis grid. The Lease Analysis Grid is a comparative chart in which the identified leased properties are compared to the subject property using both Transactional and Property adjustments to derive a market rent indication. If the subject property is leased, then the comparable leased properties are adjusted to the same expense distribution as the subject property. If the subject property is owner-occupied and the title is held in fee simple, the predominant expense distribution of the lease comparables is adopted with adjustments applied to comparables having an unequal expense distribution to maintain an equal expense distribution.

In the Property adjustment section of the grid, Percentage Adjustments are applied to the comparable leases for divergences from the subject property. All leased properties have been researched through numerous sources and verified by a party to the transaction and less otherwise stated. A chart of the leased properties that the appraisers have chosen to analyze concerning the subject property is included.

Operating Expense Distribution adopted in this Appraisal Report

Triple Net - Under a Triple Net expense distribution, the Lessor passes all expenses to the Lessee with the possible exception of Management and Replacement allowance.

Market Rent Analysis

Comp	Address	Year Built	Property Name					Eff.
1	1107-1119 Yadkinville Road Mocksville, NC	1978 Good/Average	1107-1119 Yadkinville Rd Gun Store	11/1/2019	5 Years	NNN	9,800	\$14.00
2	8341 Charlotte Highway Fort Mill, SC	1997 Average	8341 Charlotte Highway Wilson Petro Investments LLC	10/1/2022	3 Years	NNN	3,319	\$17.53
3	2442 W NC Highway 10 Newton, NC	1966 Average	Database Record 16656 Cicle K Stores, Inc.	3/20/2023	A term is five years	Absolute Net	2,500	\$11.48
4	104 Thornburg Drive NE Conover, NC	1986 Average	Database Record 16658 Solei Salon	6/1/2021	3 years	NNN	2,400	\$10.50

The appraisers have included individual datasheet of each leased property, which will be analyzed in a grid format.

Due to lack of similar retail sales in the market area of the subject, we have included two retail petroleum leases. They will set the upper limit of the range and are considered to be superior in nature in comparison to the subject.

Lease Comparable Location Map



Lease Comparable 1



Location		Building	
ID	9767	Name	1107-1119 Yadkinville Rd (Willow
Address	1107-1119 Yadkinville Road	Year Built	1,978
City	Mocksville	Condition	Good/Average
State	NC	Rentable Area	9800
Verification	Confidential	Construction	Masonry

Leases

Tenant	Size	Eff. Rent/SF	Type	Date	Term
Gun Store	9,800	\$14.00	NNN	11/1/2019	5 Years

Comments

this is the lease of a space in a shopping center located in Mocksville, NC that is leased on a triple net basis with a flat rental rate of \$14 per square foot of rentable area with no renewal options.

Lease Comparable 2



Location		Building	
ID	15598	Name	8341 Charlotte Highway
Address	8341 Charlotte Highway	Year Built	1,997
City	Fort Mill	Condition	Average
State	SC	Rentable Area	3319
Verification	Public Records	Construction	Brick/Masonry

Leases

Tenant	Size	Eff. Rent/SF	Type	Date	Term
Wilson Petro Investments LLC	3,319	\$17.53	NNN	10/1/2022	3 Years

Comments

This is a convenience store in Fort Mill, SC approximately 35 miles from Charlotte Douglas Int'l Airport. The store sits on the corner of Charlotte Highway and River Rd, Charlotte Highway has 4 lanes of bi-directional traffic with daily traffic volume of over 22,000 cars daily.

Lease Comparable 3



Location		Building	
ID	16656	Name	Database Record 16656
Address	2442 W NC Highway 10	Year Built	1,966
City	Newton	Condition	Average
State	NC	Rentable Area	2500
Verification	Public Record	Construction	Masonry

Leases

Tenant	Size	Eff. Rent/SF	Type	Date	Term
Circle K Stores, Inc.	2,500	\$11.48	Absolute Net	3/20/2023	A term is five years

Comments

Absolute Net Lease to Circle K Stores. Tenant has been in place for 40 years. The current lease expires in September 2023. And there are (4) options periods remaining.

Lease Comparable 4



Location		Building	
ID	16658	Name	Database Record 16658
Address	104 Thornburg Drive NE	Year Built	1,986
City	Conover	Condition	Average
State	NC	Rentable Area	2400
Verification	Broker/Co-Star	Construction	Class D





Leases

Tenant	Size	Eff. Rent/SF	Type	Date	Term
Solei Salon	2,400	\$10.50	NNN	6/1/2021	3 years

Comments

Retail leases in a Food Lion anchored shopping center. Other tenants in the plaza include: Jackson Hewitt, Chubby's, Amalfi Pizza, among others. This property sits on the corner of Conover Boulevard E and Thornburg Drive SE, just north of Emmanuel Church Road.

Lease Analysis Grid

Subject		Comp 1		Comp 2		Comp 3		Comp 4	
									
Address 873 S. Salisbury Street		1107-1119 Yadkinville Road		8341 Charlotte Highway		2442 W NC Highway 10		104 Thornburg Drive NE	
City	Mocksville	Mocksville		Fort Mill		Newton		Conover	
State	North Carolina	NC		SC		NC		NC	
Tenant	1/0/1900	Gun Store		Wilson Petro		Cicle K Stores, Inc.		Solei Salon	
Date	3/20/2023	11/1/2019		10/1/2022		3/20/2023		6/1/2021	
Eff. Rent/SF		\$14.00		\$17.53		\$11.48		\$10.50	
Lease Type	Triple Net	NNN		NNN		Absolute Net		NNN	
Original Term		5 Years		3 Years		A term is five years		3 years	
Size	2,436	9,800		3,319		2,500		2,400	
Transaction Adjustments									
Conditions of Lease		Normal	0%	Normal	0%	Normal	0%	Normal	0%
Other		Similar	0%	Similar	0%	Similar	0%	Similar	0%
Adjusted Rent		\$14.00		\$17.53		\$11.48		\$10.50	
Market Trends/Year	2.0%	0.0%		0.9%		0.0%		3.6%	
Adjusted Rent		\$14.97		\$17.69		\$11.48		\$10.88	
Operational Expense Adjustment		\$0.00		\$0.00		-\$1.00		\$0.00	
Adjusted Rent - Adjusted to Triple Net		\$14.97		\$17.69		\$10.48		\$10.88	
Location % Adjustment		Superior -10%		Superior -20%		Superior -5%		Superior -5%	
SF Leased % Adjustment		2,436 0%		9,800 0%		3,319 0%		2,500 0%	
Year Built / Condition % Adjustment		1979 / fair 0%		1978 / Similar 0%		1997 / Superior -10%		1966 / Similar 0%	
Quality % Adjustment		Superior -20%		Superior -10%		Similar 0%		Superior -5%	
Adjusted Rent		\$10.48		\$10.62		\$9.96		\$9.25	
Net Adjustments		-30.0%		-40.0%		-5.0%		-15.0%	
Gross Adjustments		30.0%		40.0%		5.0%		15.0%	

Note: The appraisers have employed the standard methodology of stating the amount of rent received as being on a dollar per square foot basis for ease of analysis although typical lease agreements state the rent on an annual basis. Therefore, the appraisers have adjusted the rent stated in the datasheet to the date of valuation if escalations were available as of the rental survey date. Further, the appraisers have applied adjustments in the Grid Analysis for changes in market conditions since the date of lease commencement.

For Lease Listings

Listings will generally set the upper limit of the range.

For Lease Listings			
<u>Address</u>	<u>Size (SF)</u>	<u>Asking Rent</u>	<u>Exp. Dist.</u>
1358-1362 Salisbury Road, Mocksville	5,800	\$12- 15	Not known
1107-1119 Yadkinville Road, Mocksville	3,200	\$8 - 9	Not known
1033 Yadkinville Road, Mocksville	7,854	\$7 - 8	Not known
	Maximum:	7,854	\$15.00
	Minimum:	3,200	\$7.00
	Average:	5,618	\$11.00

Narrative Explanation of the Comparable Lease Adjustment

Conditions of the Lease: the lessor/lessee are unrelated parties with no known conditions or incentives that would create a non-market transaction between knowledgeable parties.

Market Conditions: adjustments were applied to the lease comparable if economic/market conditions had materially changed as a result of the effect of market trends present as of the effective date of valuation, and the commencement of the comparable lease. The appraisers considered the amount of the contractual lease escalations but, moreover, we considered the change in market conditions since the commencement date of the comparable lease. Hence the appraisers adjusted the lease comparable to the prevailing market conditions.

The subject's market area has been improving. Therefore, the appraisers have applied an adjustment of 2.0% per year from November 2019 through the "as is" value date of the appraisal, March 20, 2023.

Expense Adjustment: the appraisers analyzed the terms and conditions of the operating expense distribution in comparison to that of the subject property. A Dollar Adjustment was made to equate the comparable lease property expense distribution with the chosen Lease Type (Triple Net) of the subject property.

Location of Comparable Lease: adjustments were made for the location to reflect the difference in market recognition of lease rates between the comparable lease properties and the subject property.

The subject is located along the west side of S. Salisbury Street, approximately 3,600 feet south of the intersection of S. Main Street and E. Lexington Road, just south of the central business district of the town of Mocksville. The property has approximately 12,500 AADT.

Comparable 1 . This comparable is considered to be superior in location to the subject and a downward adjustment is applied.

Comparable 2 . This comparable is considered to be superior in location to the subject and a downward adjustment is applied.

Comparable 3 . This comparable is considered to be superior in location to the subject and a downward adjustment is applied.

Comparable 4 . This comparable is considered to be superior in location to the subject and a downward adjustment is applied.

Size/Area: in typical markets, the size or gross building area of an improvement or the area of a site is relevant given the impact on the price that is recognized by the market, an adjustment was made by the appraiser. Properties larger in size generally sell at a lower Unit Price than a similar but smaller in size property. The price divergence in size is usually reflected in the price between two similar but of unequal size properties. Adjustments for size is supported by the Economies of Scale theory where the larger property enjoys a competitive advantage over the smaller property as purchasers typically pay more per unit for a smaller sized property than for a larger size property.

The subject property contains 2,436 square feet of rentable area. There was no correlation between size and rental rates, therefore no adjustments were applied. Comparables 1, 2, 3 and 4 are considered similar in size to the subject and no adjustments are applied.

Age/Condition: the appraisers reconciled the ages of the improvements of the comparable leases based on the chronological age and the effective age with consideration given to any renovations/updating,

additions or expansions concerning the age/condition of the subject property, including observed deferred maintenance items.

The subject property was constructed in 1979 and was observed to be in fair condition at inspection. Comparables 1 and 3 are considered similar in age and condition compared to the subject and no adjustments are applied. Comparables 2 and 4 are considered superior in age and condition compared to the subject and downward adjustments are applied.

Quality of Construction: if there is market recognition of the quality of construction such as masonry versus pre-engineered construction then an adjustment was made to the lease comparable whether positive or negative or if all comparable leased properties are similar, and construction quality to the subject and therefore, no adjustments were applied.

The subject property is a convenience store/food mart of ## quality, masonry frame. Comparable 3 is considered similar in construction quality to the subject and no adjustment is applied. Comparables 1, 2 and 4 are considered superior in construction quality compared to the subject and downward adjustments are applied.

Market Rent Reconciliation and Conclusion

The analysis of comparable leased properties indicated a market rent range for the subject property on a dollar per square foot basis of \$9.25 to \$10.62 with a mean of \$10.07 per square foot in a median of \$10.22 per square foot.

Given the described market rent indications, the appraisers have reconciled the data to the market rent for the subject property of \$10.00 per square foot on a Triple Net expense distribution basis.

Potential Gross Income Calculation

Appraiser analysis indicates a Market Rent level for the subject property of \$10.00 per square foot of Rentable Area as calculated on a triple net basis. Therefore, as the subject contains 2,436 square feet of Rentable Area, then the total Potential Gross Income on a market rent basis is:

$$\$10.00 \times 2,436 \text{ square feet} = \$24,360.$$

Vacancy and Collection Loss

The subject property is a owner-occupied building, which, as of the date of valuation, was owner occupied. Stabilized occupancy was estimated to be 98% in the subject market, which is supported by published surveys and appraiser analysis. Therefore, based upon the occupancy and rent levels of the subject property, the appraisers have concluded that the property is stabilized. According to *CoStar Realty Information, Inc.*, the current vacancy rate for vacant convenience store/food mart properties within a 5-mile radius of the subject is 1.5% with a five-year average of 1.0%. Thus, the appraisers estimate that an appropriate vacancy and collection loss for the subject will be 3.0% based on prevailing market conditions and the subject's strong historical occupancy levels.

Operating Expenses

Three operating expense categories are commonly evaluated for income-producing properties, which are fixed expenses, variable expenses, and a replacement allowance. The appraisers' developed expenses from consulting with city/county records, published and subscribed resources, as well as the use of market-derived data such as Expense Comparables.

1. The Fixed Operating Expenses are so designated because they do not fluctuate based on occupancy of the improvements. These include Property Taxes, Insurance Premiums, and Association Dues, when applicable.
2. Variable Operating Expenses include Management, Utilities, Janitorial and Building Maintenance, Repairs, Legal and Accounting, and other expenses necessary for the operation of the property.
3. Replacement allowance is a portion of the property's revenue set aside to adequately fund the capital cost of replacing short-lived Building Components such as roofs, HVAC systems, flooring, mechanical systems, and those items whose lives are less than the total economic life of the improvements. An appropriate replacement allowance should reflect those capital cost incurred by properties with similar use and remaining economic lives as the subject property during a typical ownership period.

Operating Expense Data adopted in the Application of Direct Capitalization

Fixed Operating Expenses

- Property Taxes \$1,797.53 per year
- Insurance \$0.50 per SF

Variable Operating Expenses

- Management 5.0% of EGI
- Repairs and Maintenance \$1.00 per SF
- Replacement Allowances \$0.50 per SF

Replacement Allowance

A provision was made for the periodic replacement of the short-lived items such as the roof cover, mechanical systems, and building components that wear out prior to the end of the economic life of the improvements. Published sources and appraiser data were used to calculate the allowance on a per square foot basis rather than on an individual component basis.

Operating Expense Data Conclusion

In summary, the fixed and variable expenses represent actual, and market extracted expenses that are considered typical for properties such as the subject. The appraisers had examined the historical operating data of the property when it was available. After analysis, the appraisers have concluded that the actual/estimated operating expenses are consistent with the operating expenses incurred by property types that are similar to the subject property and consistent with the operating expense distribution basis adopted for this approach.

Capitalization – Direct Capitalization

The appraisers have chosen the Direct Capitalization method to convert the Net Operating Income into a value conclusion by the application of an Overall Rate (Ro). An analysis of rate derivation for the Direct Capitalization method was made from extracted market data obtained from similar sales and confirmed with published data sources. Further, other accepted techniques, Debt Coverage Formula and Band of Investment, were utilized when necessary to produce credible results.

Reconstructed Operating Statement

Potential Gross Income (Market Rent)	\$	24,360
<u>Plus Expense Reimbursements</u>		
Property Taxes.....		
Insurance.....		
Total Expense Reimbursements	\$	5,452
Total Potential Gross Income	\$	29,812
Vacancy and Collection Loss (3.0%).....	\$	894
Effective Gross Income (EGI)	\$	28,917
 <u>Operating Expenses</u>		
<u>Fixed Expenses</u>		
Property Taxes.....	\$	1,798
Insurance.....	\$	1,218
Total Fixed Expenses	\$	3,016
<u>Variable Expenses</u>		
Management (5.0% of EGI).....	\$	1,446
Available.....	\$	2,436
Total Variable Expenses	\$	3,882
Replacement Allowance.....	\$	1,218
Total Operating Expenses	28.1% \$	8,115
Net Operating Income (NOI)	\$	20,802

Overall Rate Analysis

As stated, the Direct Capitalization method will be employed in estimating the Market Value of the property by dividing the Net Operating Income of the subject by a market extracted Overall Rate (Ro). The appraisers identified and efforts were made in verifying income and expense data about the sales utilized for rate extraction. Where possible, the appraisers sought to confirm the Replacement Allowance amounts in the sales so that consistency of rate extraction and application would be realized. Further, the appraisers sought to obtain sales of properties having similar Income/Expense ratios and Floor Area Ratios (FAR) as well as reflecting the market actions of purchasers having a commonality of risk tolerance and future income expectations.

The following market extracted rates are from (6) properties in the subject's market area. However, if in the subject's submarket, there was a limited amount of market activity of the subject's property type, the appraisers utilized similar property data from outside the immediate market area. If applicable and available, the appraisers obtained overall rates from the Comparable Sales found in the Sales Comparison Approach developed in this report. The following sales were analyzed in estimating the overall rate utilized in this appraisal.

Market Extracted Overall Capitalization Rates

Address	Property Type	Sale Date	Price	GBA or RA	Price/SF	OAR
709 Sullivan Rd (Part of Multi-Property Sale), Statesville, NC	Retail	11/16/22	\$ 548,392	6,474	\$ 84.71	7.00%
701 Sullivan Rd (Part of Multi-Property Sale), Statesville, NC	Retail	11/16/22	\$ 1,826,608	34,751	\$ 52.56	7.00%
1423 Yadkinville Rd, Mocksville, NC	Retail	12/23/21	\$ 1,575,000	7,500	\$ 210.00	7.10%
1301 E Innes St, Salisbury, NC	Retail	06/21/21	\$ 824,500	6,971	\$ 118.28	9.71%
335 N Salisbury Ave, Spencer, NC	Retail	03/31/21	\$ 645,000	8,655	\$ 74.52	8.60%
614 Brawley School Rd, Mooresville, NC	Retail	03/30/21	\$ 4,900,000	11,406	\$ 429.60	8.37%
				Maximum:		9.71%
				Minimum:		7.00%
				Average:		7.96%

Capitalization Rate Conclusion

The preceding table indicates overall rates ranging between 7.00% and 9.71% with an average overall rate of 7.96%. All of the rates listed above are for similar retail properties. These comparables are considered similar to the subject in terms of tenant profiles, age, and location to the subject. Therefore, giving consideration to the most recent sales data and investor market cap rates, we have estimated an overall rate of 9.00% for the subject.

Income Capitalization Analysis - Direct Capitalization

Unit/Space Type	Income	Method	Units/SF	Annual	% of PGI
Retail	\$10.00	\$/SF/Year	2,436	\$24,360	81.7%
		Total Rental Income:		\$24,360	81.7%
		Total Expense Reimbursements:		\$5,452	18.3%
		Potential Gross Income:		\$29,812	100%
		Vacancy & Collection Loss:		\$894	3.0%
		Effective Gross Income (EGI):		\$28,917	97.0%
Expense	Amount	Method		Annual	\$/SF
Taxes	\$1,798	\$/Year		\$1,798	\$0.74
Insurance	\$0.50	\$/SF		\$1,218	\$0.50
Repairs and Maintenance	\$1.00	\$/SF		\$2,436	\$1.00
Management	5.0%	% of EGI		\$1,446	\$0.59
Reserves	\$0.50	\$/SF		\$1,218	\$0.50
		Total Expenses:		\$8,115	\$3.33
		Expense Ratio (Expenses/EGI):		28.06%	
		Net Operating Income (NOI):		\$20,802	\$8.54
		Capitalization Rate:		9.00%	
		Value (NOI/Cap Rate):		\$231,131	\$94.88
		Rounded:		\$230,000	\$94.42
		Less Completion/Stabilization Costs:		-\$25,000	
		"As Is" Indicated Value:		\$205,000	\$84.15
		"As Is" Value Rounded:		\$205,000	\$84.15

Reconciliation of Value "As Is"

It should be noted that the deferred maintenance (as discussed in the Sales Comparison Approach) items were deducted from the "As Complete" value to derive at the "As Is" value.

Market and contractual rents, expenses, and rates were employed to estimate the value of the subject property based on the estate to be valued. The valuation of **\$205,000** was concluded to be reflective of the property's capability to produce future benefits that would be recognized by a typical market participant. The amount and availability of data were sufficient to apply the Direct Capitalization Method, and credible results were obtained.

Reconciliation of the Value Indications and Final Opinion of Value

The appraisers have considered all elements of this Appraisal Report in reconciling the value indications of each approach to arrive at a credible final opinion of value. All data, techniques, methodology, and logic employed was consistent in the development of the report. The individual value indications were reconciled based upon the quality and quantity of data available to the appraisers that reflected the price action in the market for similar property types. The appraisers sought to reflect the demands of typical investors for anticipated future benefits at a market return. Further, additional weight was placed on the observed interactions of market participants seeking to sell or purchase properties of the subject's property type. The appraisers have followed typical appraisal procedures consistent with those of our peers for this type of assignment, and the valuation was developed in concert with the intended use of this report. The strengths and weaknesses of each valuation approach are now discussed.

Value Indications

	<i>"As Is"</i>
The Income Capitalization Approach	\$205,000
The Sale Comparison Approach	\$195,000
The Cost Approach	Not Developed

The Sales Comparison Approach

The focus of this approach is to gather sales that have recently been sold, pending sales, and listings of properties that have similar physical and economic characteristics as the subject property. The data was analyzed and verified; then, each property was compared to the subject property with adjustments applied for divergences. The results are the indications of value for the subject property of each comparison property analyzed in a grid format. The Sales Comparison Approach is most effective when there is a number of sales of properties that are similar to the subject. In this report, the appraisers located sales of the same property type having the same Highest and Best Use. Therefore, we have concluded that the value indication chosen from the sales' grid analysis was reflective of the actions of current market participants for properties such as the subject.

- Strengths of the Approach: The Sales Comparison Approach reflects the actions of sellers and buyers in the market.
- Weaknesses of the Approach: The subject is a owner-occupied convenience store/food mart, the most likely purchaser of which is an owner/user. This approach does not consider the income stream of the subject property, which is the most relevant attribute to a typical purchaser.

The Income Capitalization Approach

The appraisers analyzed the capacity of the subject property to produce future benefits at a market return on investment given its competitive position in the subject's market area and its intercorrelations within the general market for properties similar in type and income/expense ratios. The demands of typical market participants were examined based on their risk tolerances and investment objectives for properties of the subject's type in relationship to other competing properties in the subject's market. The appraisers gathered and analyzed all data relevant to the physical and economic characteristics of the subject property. We have concluded that sufficient data was available to arrive at a supportable market value estimate was produced by the Income Capitalization Approach.

- Strengths of the Approach: The Income Capitalization Approach reflects the actions of investors in this market.
- Weaknesses of the Approach: The subject property is an owner-occupied Convenience Store/Food Mart, the most typical purchaser of which is an owner/user. Thus, this type of property is not typically purchased as an investment for income purposes.

Final Opinion of Value

Based upon the value conclusions of each approach and the strengths of same, the appraisers have placed equal weight on both approaches.

Market Value “As Is” of the Fee Simple Estate

After analysis of all relevant market data and the reconciliation of the values produced by the applied valuation approaches, the appraisers have formed an opinion that the Market Value of the Fee Simple estate of the real property on an “As Is” basis being subject to any Extraordinary Assumptions, Limiting Conditions, and General Assumptions contained within this report as of the effective date of valuation of March 20, 2023 is estimated to be:

**Two Hundred Thousand Dollars
\$200,000**

The market exposure time preceding March 20, 2023 would have been 6 to 12 months and the estimated marketing as of March 20, 2023 is 6 to 12 months.

Addenda

General Assumptions and Limiting Conditions

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

General Assumptions

1. No responsibility is assumed for legal description provided or for matters including legal or title considerations. Title to the property is assumed 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 correct. Plot plan(s) and/or other illustrative materials in this report are included only to help the reader visualize the property.
6. The soil and subsoil, unless otherwise detailed, appear firm and solid. No engineering study has been provided and the appraiser is not to be held responsible for any adverse condition that may be found in these matters.
7. 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.
8. It is assumed that the property conforms to all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
9. 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.
10. 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 opinion of value contained in this report is based.
11. 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.
12. 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 there are no such materials on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

Limiting Conditions

1. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. Separate values allocated to the land and buildings, if any, must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraiser, by reason of this report, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. 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 through advertising, public relations, news, sales, or other media without prior written consent and approval of the appraiser.
5. We do not have the required expertise for determining the presence of / or absence of hazardous substances; defined as all hazardous or toxic materials, wastes, pollutants, or contaminants (including, but limited to, asbestos, PCB, UFFI, radon, lead based paints, or other raw materials, chemicals, or gases) used in construction, or otherwise present on the property. We assume no responsibility for the studies or analyses, which would be required to determine the presence or absence of such substances. We do not assume responsibility for loss as a result of the presence of such substances.
6. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of ADA could reveal that the property does not comply with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property. This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part. Possession of this report, or a copy thereof, does not carry with it the right of publication.
7. Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the opinion of value unless such proration or division of interests has been set forth in the report.

Definitions

All definitions were taken from *The Dictionary of Real Estate Appraisal 7th Edition*, published by the Appraisal Institute.

Client

1. The individual, group, or entity who engages a value were to perform a service, (SVP).
2. The party or parties who engage, by employment or contract, and Appraiser in a specific assignment. Comment: The client may be an individual, group, or entity, and may engage and communicate with the appraiser directly or through an agent.
3. Generally, the party or parties ordering the appraisal report. It does not matter who pays for the work.

Intended Use

1. The valuer's intent as to how the report will be used.
2. The use or uses of an appraiser's reported appraisal or appraisal review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

Intended User

1. The party or parties the valuer intends will use the report.
2. The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser based on communication with the client at the time of the assignment.

Property Rights/Estate/Property Interests

Fee Simple: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Leased Fee: The ownership interest held by the lessor, which includes the right to receive the Contract Rent specified in the lease plus, the reversionary right when the lease expires.

Leasehold interest: the right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Exposure Time

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Real Property

An interest or interest in real estate. The interest, benefits, and rights inherent in the ownership of real estate.

Personal Property

The interest, benefits, and rights inherent in the ownership of tangible objects that are considered by the public as being personal; also called tangible personal property. *Note: in this real property appraisal report, tangible personal property is referred to as Furniture, Fixtures, and Equipment (FF&E).*

Extraordinary Assumption

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraisers' opinions or conclusions. Comments: Extraordinary Assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in the analysis.

Hypothetical Condition

1. A condition that is presumed to be true when it is known to be false.
2. A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in the analysis.

Gross Building Area (GBA)

The total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes, mezzanines and basements if and when typically included in the market area of the type of property involved.

Rentable Area (RA)

For office or retail buildings, the tenants pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor alternately, the amount of space on which the rent is based; calculated according to local practice. The **Gross Leasable Area (GLA)** is the total floor area designed for the occupancy and exclusive use of tenants, including basements and Mezzanines; measured from the center of the joint partitioning to the outside wall surfaces. As taken from BOMA Office Standard, the Rentable Area of an office area, store area or Building Common Area shall mean the Usable area of that office, store area or Building Common Area and its share of the Floor Common Areas on that floor. Appraisers note: for purposes of this report, the rentable area is considered to be the Usable Area of the Tenant's Space plus its pro rata share of the common area on that floor, including building common areas necessary for the operation of the building.

Usable Area

1. For office buildings, the actual occupy amble area of a floor or an office space; computed by measuring from the finished surface of the office side of the corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called *net building area or net floor area*.
2. The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.

For this report, the appraisers are adopting the following:

- Gross Building Area equals the area computed by measuring the exterior walls of the structure that is above grade. If there is a Mezzanine or Basement area, then these areas will be measured and reported as Gross Building Area if the utility and degree of finish would be recognized by the market as part of the Building area.
- Rentable Area is that area contained within the tenant's individual occupied area as measured from the interior of the exterior walls and the finished corridor or common walls within the tenant's space exclusive of any vertical penetrations (Usable Area) plus the tenant's pro rata share of building area located on the tenant's floor, including other common areas within the building that the tenant has right of use, such as lobbies and other building common area space.
- Usable Area equals Rentable area and any common areas. It is the space that the tenant occupies less vertical penetration area.

Inspection

Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector.

Inspection Date

The date on which an inspection is performed; distinct from, but often the same as, the date of the value opinion.

Business enterprise value (BEV)

The value contribution of the total intangible assets of a continuing business enterprise such as marketing and management scale, and assembled workforce, working capital, tradenames, franchises, patents, trademarks, contracts, leases, customer base, and operating agreements.

Going-Concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life as if sold in aggregate; more accurately termed the market value of the going concern or market value of the total assets of the business.

Intangible Property

Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.

Expense Recovery (Reimbursable Expenses paid by Lessee to the Lessor)

The dollar amount. A landlord receives from tenant as reimbursements for operating expenses such as maintenance and repair, Utilities, SECURITY, insurance, and taxes; also known as *pass-throughs*, *reimbursables*, or *billables*.

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.

Certificate of Occupancy

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy.

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

Remnant

A remainder that has negligible economic utility or value due to its size, shape, or other detrimental characteristics.

Absorption Period

The actual or expected period required from the time a property, group of properties, or commodity is initially offered for lease, purchase, or use by its eventual users until all portions have been sold or stabilized occupancy has been achieved.

Absorption Rate

1. Broadly, the rate at which vacant space in a property or group of properties for sale or lease has been or is expected to be successfully sold or leased over a specified period of time.
2. In subdivision analysis, the rate of sales of lots or units in a subdivision.

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FILED
DAVIE COUNTY NC
KELLY C. FUNDERBURK
REGISTER OF DEEDS

FILED Jun 25, 2021
AT 09:53 am
BOOK 01184
START PAGE 0753
END PAGE 0756
INSTRUMENT # 04573
EXCISE TAX \$420.00

ENV

Excise Tax \$420.00

WBS ELEMENT: 50220.2.1 ROUTE:
COUNTY: Davie TIP/PARCEL NUMBER: Project R-5728, Parcel 4
PIN: 5737793432

Mail after recording to GRANTEE

This instrument was prepared by NC Eminent Domain Law Firm, Grantor's legal counsel without title examination or opinion.

The hereinafter described property Does Does not include the primary residence of the Grantor

NORTH CAROLINA GENERAL WARRANTY DEED

THIS DEED made this 1 day of March 2020 by and between

GRANTOR

GRANTEE

Jerry F. Swicegood and wife, Judy G. Swicegood
1662 Jericho Church Rd., Mocksville, NC 27028

Charles F. Ramsey, widower
10139 Stewart's Ferry Pike., Lebanon, TN 37090

DEPARTMENT OF TRANSPORTATION,
an agency of the State of North Carolina
1546 Mail Service Center
Raleigh, NC 27611

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g. corporation or partnership.

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 in the amount of \$210,000.00 paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in the City of Mocksville, Township, Davie County, North Carolina and more particularly described as follows:

BEGINNING at an iron pipe on the West side of Salisbury Street, said point being 300 feet from the intersection of U.S. 601 and being the Northeast corner of the Mary Bryant lands as seen in Will Book 4, Page 469, running thence with the MARY BRYANT line South 83 degrees 49 minutes 46 seconds West 200 feet to an existing iron in the G.W. YOKELY line, thence with the YOKELY line North 23 degrees 15 minutes 27 seconds West 56.09 feet to an existing iron, thence North 65 degrees 52 minutes East 179.43 feet to a new iron pipe on the West side of Salisbury Street, thence with said street South 28 degrees, 58 minutes East 118.18 to the BEGINNING, containing .366 acres more or less, as surveyed by Grady L. Tutterow, R.L. S., July 31, 1979.

The property hereinabove described was acquired by Grantor by instrument recorded in Deed Book 111 Page 720, Davie County Registry

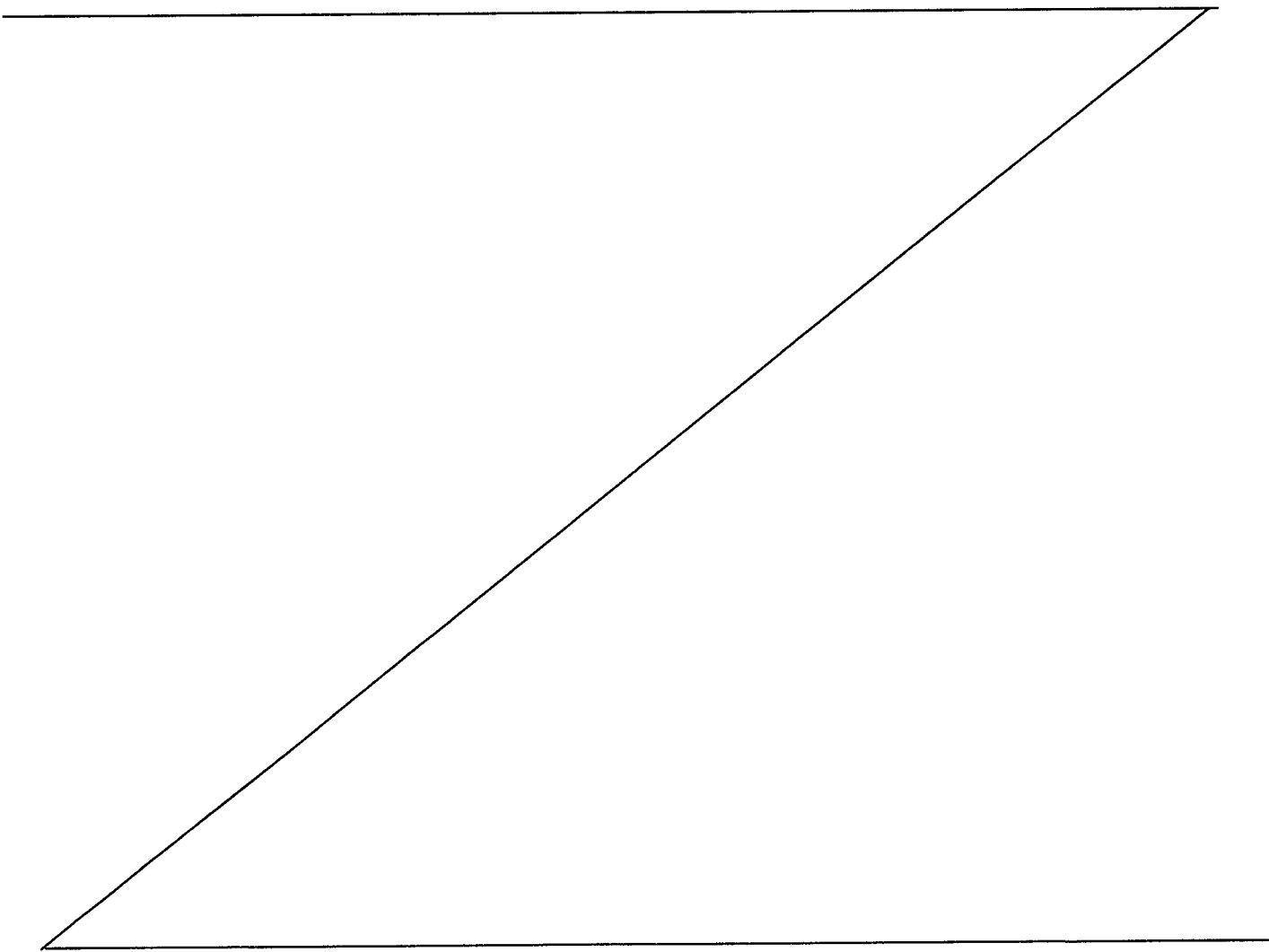
A map showing the above described property is recorded in Map Book _____ page _____

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

This deed is subject to the following provisions only: Subject to the permanent utility easement (PUE) described in the consent judgment.

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 hereinafter stated. Title to the property hereinabove described is subject to the following exceptions:

1. Restrictive covenants and easements of record, government regulations, and the lien of property taxes for the current year.
2. Grantors warrant that they have shared all environmental records in their possession with the Grantee in the interests of full disclosure, and have also made the property available to the Grantee for physical inspection, and do not make any warranties about the environmental condition of the property and rely upon the No Further Action letter/finding issued by the North Carolina Department of Environmental Quality and shared with the Grantee.



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COUNTY: Davie WBS ELEMENT: 50220.2.1 TIP/PARCEL NO.: Project R-5728/4

IN WITNESS WHEREOF, the GRANTORS have hereunto set their hands and seals (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.

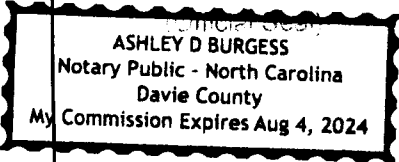
This instrument does not transfer the herein described interests unless and until this document is accepted by an authorized agent of the Department of Transportation.

Jerry F. Swicegood (SEAL)
Jerry F. Swicegood

Judy G. Swicegood (SEAL)
Judy G. Swicegood

ACCEPTED FOR THE DEPARTMENT OF TRANSPORTATION BY:

Heath Kelly

	North Carolina, <u>Davie</u> County I, <u>Ashley D Burgess</u> , a Notary Public for <u>Davie</u> County, North Carolina, do hereby certify that <u>Jerry F. Swicegood and Judy G. Swicegood</u>
	personally appeared before me this day and acknowledged the due execution of the foregoing instrument. Witness my hand and official seal this the <u>1st</u> day of <u>March</u> , 20 <u>21</u> . <u>Ashley D Burgess</u> Notary Public My commission expires: <u>8/4/2024</u>

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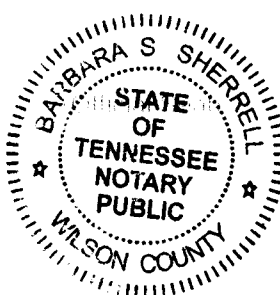
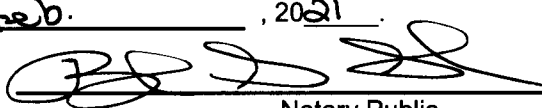
COUNTY: Davie WBS ELEMENT: 50220.2.1 TIP/PARCEL NO.: Project R-5728/4

IN WITNESS WHEREOF, the GRANTORS have hereunto set their hands and seals (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.

This instrument does not transfer the herein described interests unless and until this document is accepted by an authorized agent of the Department of Transportation.

Charles F. Ramsey (SEAL) _____ (SEAL)
Charles F. Ramsey

ACCEPTED FOR THE DEPARTMENT OF TRANSPORTATION BY: Heather Kelly

	Tennessee, <u>Wilson</u> County
	I, <u>Barbara S. Sherrell</u> , a Notary Public for <u>Wilson</u> County, Tennessee, do hereby certify that <u>Charles F. Ramsey</u>
	personally appeared before me this day and acknowledged the due execution of the foregoing instrument.
	Witness my hand and official seal this the <u>27</u> day of <u>Feb.</u> , 20 <u>21</u> .
	 _____ Notary Public
	My commission expires: <u>8-8-23</u>

APPRAISER QUALIFICATIONS

Qualifications of Jessica H. Williams

Mrs. Williams has been in the commercial appraisal field since 2014. She has appraised a wide variety of commercial properties including: retail, multi-family, eminent domain, industrial, land (all kinds), office, etc. She has worked with a wide array of clientele including: attorneys, financial institutions, private organizations and/or individuals, accountants, The North Carolina Department of Transportation, etc. She has experience with locally and nationally owned appraisal organizations which has given her a stronger range of competency. Mrs. Williams joined the Efir Corporation in 2022 as a staff commercial appraiser. The Efir Corporation services national and community financial institutions, tax and estate law firms, and corporate land developers.

Educational Background and Training

North Carolina State University – Bachelor of Arts in Communication

General Certified Appraising qualifying courses were all taken through the Appraisal Institute

Professional Affiliations

National Association of Realtors – Realtor/Broker

Certified General Appraiser License

NC Certificate #A8433

Real Estate Brokerage License

NC Real Estate Brokers License #336739



**NORTH CAROLINA
APPRAISAL BOARD**

APPRAISER QUALIFICATION CARD

REGISTRATION / LICENSE / CERTIFICATE HOLDER

22

JESSICA H WILLIAMS

23

A8433
APPRAISER NUMBER

G
TYPE

Y
NATIONAL REGISTRY

Jessica H. Williams

Appraiser's Signature

A handwritten signature in black ink, appearing to read "Dan M. H.", written over a horizontal line.

Executive Director

EXPIRES JUNE 30, 2023