North Carolina Department of Transportation-Right of Way Unit
REVIEW CERTIFICATION

TIP/Parcel No.: B-5121/039 **WBS Element:** 42263.2.1 **County:** Wake

Owner(s): NCDOT **FedAid Project:** BRNH5-0070(119)

I HEREBY CERTIFY THAT, to the best of my knowledge and belief the facts and data reported by me and used in the review process are true and correct.

I understand that this estimate of value is to be used in connection with a highway project and/or NCDOT Real Estate transaction.

The analyses, opinions, and conclusions in this **Review Report** are limited only by the critical assumptions and limiting conditions stated in this **Review Report** and are my personal, unbiased professional analyses, opinions, and conclusions.

I have no direct or indirect, present or prospective interest in the subject property or in any benefit from the acquisition of the subject property and I have no personal interests or bias with respect to the parties involved.

I have ☐, have not ☒, performed an appraisal and / or other services as an appraiser or any other capacity, regarding the property that is the subject of this appraisal within the three year period immediately preceding acceptance of this assignment.

My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this **Review Report**.

My estimate of the value of all items which are Compensable under State law but not eligible for Federal Aid reimbursement is $ 0

I did ☒, did not ☐, personally inspect the subject parcel. **I did ☒, did not ☐,** personally inspect all sales/rentals considered to be comparable to the subject parcel. ***If "did not", please explain in detail.***

My analyses, opinions, and conclusions were developed and this **Review Report** was prepared in compliance with **NCDOT Real Estate Appraisal Standards and Legal Principles** and the **Uniform Standards of Professional Appraisal Practice**. The appraisals in this assignment are to be made in accordance with all of the requirements set out in the **NCDOT Real Estate Appraisal Standards and Legal Principles** and the **Uniform Standards of Professional Appraisal Practice** and shall also comply with all applicable **Local, State, and Federal** laws, ordinances, regulations, restrictions and/or requirements; and any additions, revisions and/or supplements thereto. No one provided me with significant professional assistance with this **Review Report**.

The value opinion stated in the appraisal report is adequately supported as the estimate of just compensation. The difference indicated, if any, in the "**Market Value"** of the entire tract **Before the Acquisition** and the **"Market Value"** of the remaining property immediately **After the Acquisition** is
$3,761,800

Allocation

Right Of Way	$ NA
Permanent Easements	$ NA
Temporary Easements	$ NA
Total Value of Land	$ 3,761,800
Value of Improvements Acquired	$ NA
Damage to Remainder	$ NA
Benefits to Remainder	$ NA
DIFFERENCE	$ 3,761,800

May 12, 2021
DATE OF CERTIFICATION

R. Thomas
REVIEW APPRAISER

Un-Economic Remnant to the Owner is a Factor ☐Yes ☒No
Area Amount $

Fred Lowe 6/1/2021

Administrative Approval Only

James R. McKinney

7-26-21
ADMINISTRATIVE APPROVAL BY: DATE:

FRM5-S
Revised: 05-01-2020

North Carolina Department of Transportation
Right of Way Branch
Appraisal Summary Sheet

1. **TIP/Parcel No.:** B-5121/**039** **WBS Element:** 42263.2.1 **County:** WAKE

2. **Owner(s):** NCDOT **Fed Aid Project:** BRNH5-0070(119)

3. Plan Sheet No.: 8 Survey Stations: SS 14+50 to SS 15+00, Left of –Y1-

4. **Land Areas:**

	AREA LT.OF R/W	AREA IN R/W	AREA RT. OF R/W	TOTAL
	0.000 ac.	0.000 ac.	0.000 ac.	0.664 ac.
5. Less: Land Area in Existing R/W:	0.000 ac.	0.000 ac.	0.000 ac.	0.000 ac.
6. **Appraise Net Areas**	0.000 ac.	0.000 ac.	0.000 ac.	0.664 ac.

7. **Easements:** TCE: 0.00 ac. DRAINAGE: PDE 0.00 ac. TDE 0.00 ac.
PUE: 0.00 ac. OTHER:

8. **Improvements Lt. of R/W**	**Improvements to be Acquired**	**Improvements Rt. of R/W**
N/A	N/A	N/A

9. Rights and Interests to be Appraised: **Unencumbered Fee Simple Interest**
(Subject to Existing Easements and Restrictions as Affected by Highway Acquisition.)

10. Estimated **"MARKET VALUE"** of Property Immediately Before:

Land $ 3,761,800
Improvements $ 0
TOTAL $ 3,761,800

11. Estimated **"MARKET VALUE"** of Property Immediately After:

Land $ 0
Improvements $ 0
TOTAL $ 0
Enhancement Value

12. "**DIFFERENCE**" Between Before and After Value (If Benefited, Type **"BENEFITS"**) $ 3,761,800

Signed

March 4, 2021
Date of Appraisal

Name: Neil C. Gustafson, MAI Phone: (919)781-6300
Address: Worthy & Wachtel, Inc.
3803-B Computer Dr., Ste. 100-A,
Raleigh, NC 27609
E-Mail Address: mikemoore@worthyandwachtel.com

NEIL C. GUSTAFSON STATE CERTIFIED NORTH CAROLINA REAL ESTATE APPRAISER A391 GENERAL APPRAISER

FRM5-H
Revised: 3/08

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SCOPE OF WORK

Client and Intended Users:

North Carolina Department of Transportation (NCDOT) is my client. Intended users of this report include the North Carolina Department of Justice and the Federal Highway Administration. Other intended users of this report could include, but are not limited to, consulting firms acting on behalf of the NCDOT and the appropriate trial court and jury.

Purpose and Intended Use of the Appraisal:

The purpose of this appraisal is to estimate the market value, as of March 4, 2021, of that certain 0.664 acre parcel of land and improvements located on the north side of Peace Street with an address of 418 West Peace Street in Raleigh, Wake County, North Carolina. The property, which will hereinafter sometimes be referred to as the "subject" or "subject property," is identified as Wake County Tax PIN 1704 52 4340 or REID 0001833 in the Wake County GIS System. The intended use of this report is to assist in the potential sale of this property by the North Carolina Department of Transportation.

Subject:

The property is identified that certain 0.664 acre parcel of land and improvements located on the north side of Peace Street with an address of 418 West Peace Street in Raleigh, Wake County, North Carolina (herein referred to as the "subject" or "subject property"). It is further identified as Parcel 39 on State Project TIP No. B-5121/039 and WBS Element: 42263.2.1. The acquisition by the NCDOT was for the relocation of access from Capital Boulevard to Peace Street. Reference is made to Exhibit A entitled, "Area Map" for a map showing the approximate location of the subject.

Definition of Market Value:

Market value estimated in this report is the market value as defined by Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989. Market value has been defined as the most probable price which a property should bring in competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is consummation of a sale as of a specified date and passing of title from seller to buyer under conditions whereby:

a. Buyer and seller are typically motivated;
b. Both parties are well informed or well advised, and each acting in what he considers his own best interest;
c. A reasonable time is allowed for exposure in the open market;
d. Payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and
e. 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.

Worthy & Wachtel, Inc. *Post Office Box 17843* *3803-B Computer Drive, Ste. 100A* *Tel 919-781-6300*
Commercial Real Estate *Raleigh, NC 27619* *Raleigh, NC 27609* *Fax 919-781-9209*

Interest Valued:

This is an appraisal of the market value of the fee simple interest in the subject property subject to easements of record. The fee simple interest is an absolute fee: a fee without limitation to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation.

Effective Date of the Appraisal and Date of the Report:

The appraiser made a personal inspection of the subject on March 4, 2021.

Existing Use of the Property:

As of the date of this appraisal, the improvements on the subject were unoccupied.

Extent of Research and Type of Analyses Used:

The subject property consists of 0.664 acres of land plus currently vacant improvements. After inspecting the property, I have concluded that the improvements do not contribute to the highest and best use of the property. The improvements on most, if not all, recent sales of older properties in this area of Raleigh, were razed after closing supporting this conclusion. Because the improvements do not contribute value, the cost approach, the sales comparison approach (with improved sales) and the income approach are not applicable. I concluded that the Land Value by Sales Comparison Approach is the only reliable method estimate the current value of the property. To develop the opinion of value, the appraiser performed a complete appraisal process, as defined by the Uniform Standards of Professional Appraisal Practice.

Valuing the subject will involve the process of defining the valuation problem; collecting information on the property, the area, and like properties; and researching and analyzing recent sale transactions that are comparable to the subject property being appraised. I process the data according to various techniques to arrive at a conclusion of market value of the subject.

Legal Description and Ownership History

The NCDOT acquired the subject property from James H. Anderson Co. by a deed recorded on August 25, 2016 in Deed Book 16505 Page 2319. According to the deed, the purchase price was $2,477,000. The NCDOT acquired the property for the Capital Boulevard/Peace Street bridge improvement project. James H. Anderson Co., a North Carolina corporation, by general warranty deed from Elizabeth E. Anderson recorded on July 31, 1987 in Deed Book 4075, Page 306. A recorded map showing the subject property was recorded in Book of Maps 1993 Page 1441. All of these deeds and maps were recorded in the Wake County Registry. Reference is made to Exhibit B for a recorded survey of the subject property which will serve as the legal description in this report.

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ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

1. The basic limitation of this and any appraisal is that the appraisal is an opinion of value, and is, therefore, not a guarantee that the property will sell at exactly the appraised value. The market price may differ from the market value, depending upon the motivation and knowledge of the buyer and/or seller, and may, therefore, be higher or lower than the market value. The market value, as defined herein, is my opinion of the probable price that is obtainable in a market free of abnormal influences.
2. This appraisal is being made based on the subject property having a land area of 0.664 acres and a sales and distribution warehouse facility totaling of approximately 16,778 square feet. The date of this appraisal is March 4, 2021 which is the date of my inspection. I have made no survey of the subject and assume no responsibility for such matters. I also assume no responsibility for legality of title, which is assumed to be good and marketable. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. I am not aware of any uncontrolled hazardous substances such as polychlorinated biphenyls, petroleum leakage, agricultural chemicals, asbestos, or unacceptable levels of radon gas either in the subject building, or on the subject property. I am not experts in such fields and make no claim of technical knowledge with regard to such hazardous substances. The value estimate in this report assumes that there are no such substances present on the subject property. If any of these hazards are in fact present on the subject, the value of the subject would be reduced by at least the expense necessary to eliminate any potential hazard, and the income lost, if any, during this elimination. If the client wishes to assess such matters, I would urge the client to retain an expert in the field of environmental hazards.
4. I assume that there are no hidden conditions of the subject property such as structural defects that affect the value of the subject property.
5. Exhibits in this report are included to assist the reader in visualizing the subject property. I assume responsibility for these exhibits only to the extent that they are based upon information that has been supplied to us.
6. Possession of this report does not carry with it the right of publication, nor may it be used for any purpose other than that designated by my client without my previous written consent, and then only with proper qualifications.
7. It is my specific understanding that I am not required to give testimony or to appear in court by reason of this appraisal with reference to the subject properties, unless further arrangements acceptable to me are made, regarding compensation for my time.
8. For properties subject to eminent domain procedures, assumptions are made regarding both the before and after valuation conditions. In the before valuation analysis, the appraisers consider data assuming that a street project is either proposed or underway. In the after valuation, the appraisers analyze data and the resulting impact of a completed project, whether or not the project is realized.

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

Extraordinary Assumption

An extraordinary assumption is an assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. **For this assignment, I am assuming that that the floodway and floodplain component will have minimal impact on the development of the subject property** (see Site Data for details).

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CITY AND COUNTY DESCRIPTION

The subject property is located in the eastern edge of a large regional market known as the Research Triangle area, or Triangle. The economy of the Triangle is based in great measure on several components, which have combined create one of the country's fastest growing metropolitan areas:

- Raleigh is the capital of North Carolina, and as such, is the location for many state and federal agencies. According to the 2010 census, the city's population was 403,892, roughly a 46.3% increase from its 2000 census numbers. Wake County shows a population of over 900,993. Raleigh's median household income is $69,212 compared to the national average of $50,054. The Wake County public school system currently has an enrollment of over 134,000 students.
- The Triangle has emerged as a center for high tech research, development and manufacturing. The role of the 7,000-acre Research Triangle Park has been crucial in this evolution. Currently about 50,000 people work in the Park. Numerous spin-off companies also exist in the Triangle, especially in the I-40 corridor and in Cary. The high tech fields of computer software, telecommunications, pharmaceuticals, biomedicine and transportation equipment are especially important in the Triangle.
- The Triangle is an important medical research and training center. The presence of nationally prominent hospitals at Duke University in Durham and the University of North Carolina at Chapel Hill, combined with research ongoing at many private businesses and laboratories, helps to attract professionals to the Triangle.
- Almost 100,000 students attend colleges and universities full-time in the Triangle. This reserve of students and faculty help create an environment conducive to innovation and research, and attracts to the Triangle some of the nation's most active research and development-oriented corporations. Few metropolitan areas of similar size can boast of having three major universities.
- As the largest metropolitan area in eastern North Carolina, the Triangle is a center for shopping, services, government, culture and recreation for much of that section of the state.

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

	Population Trends	
Year	*Population*	*Change*
1970	537,365.00	NA
1980	664,788.00	23.7%
1990	858,485.00	29.1%
2000	1,187,941.00	38.4%
2010	1,595,383.00	34.3%
Source: U.S. Census Bureau		

The economy for the country was roaring until March of 2020 when government imposed COVID restrictions ground the world economy of a halt. While the national and state economies are slowly reopening, the economy has not fully recovered. Many areas of the Triangle real estate market (primarily residential housing) have fully recovered and are quite strong. The unadjusted unemployment rate for the Raleigh metro statistical area was 5.2% in December 2020 compared to the state's overall seasonally unadjusted rate of about 6.0 % and the national seasonally unadjusted rate of 6.8%.

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NEIGHBORHOOD DESCRIPTION

In regard to the subject's neighborhood, a neighborhood is defined by the Dictionary of Real Estate Appraisal, third edition, as "A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises." It is typically bounded by either natural or man-made barriers, although they may also be defined by changes in land uses. The subject property is located on the northeastern edge of an area informally identified as the Glenwood South. Glenwood South is a former mixed use area lying on or near Glenwood Avenue between Peace Street and Hillsborough Street. In the past decade or so this area has transitioned into one of Raleigh's attractive neighborhoods. New development includes an excellent mix of bars and restaurants, offices and high density residential development. While activity started along Glenwood Avenue, there have been a number of multi-story high density residential projects both east and west of Glenwood.

While Glenwood South, located southwest of the subject, has seen excellent development activity, the area directly north of the subject remains industrial in nature. The most prominent tract of land is the 18 acre +/- tract owned by the City of Raleigh to the east of the subject property. This tract, which was formerly called Devereaux Meadows, was the site of Raleigh's minor league baseball field. After minor league baseball vacated the site in the 1960s, the site remained unused for years until the City of Raleigh converted it into a storage area for the city's garbage trucks. Raleigh's long term plan calls for this site to be converted into a city park. To the west of the subject, along both sides of North West Street, are a series of older industrial buildings. This area is ripe for redevelopment with some of the individual properties already undergoing this redevelopment.

The area immediately around the subject south and along the Peace Street corridor east of Glenwood has seen an explosion in development. This includes the recently opened 397,000 square foot mixed use development immediately south of the subject which includes a Publix grocery store and multifamily residential development. Just south of the Publix is the also recently completed 260,000 square foot multistory office building. Developed in 2008 is West at North, a 15-story high rise condominium development with retail on the ground floor located a couple of blocks south of the subject. This entire area is being redeveloped with a mix of retail, office and mostly residential units.

Overall the subject neighborhood would be considered in the revitalization phase. This phase is a period of renewal, modernization and increasing demand. The redevelopment is resulting in rapidly escalating land prices. We expect demand for land in this area to continue to be strong.

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SITE DATA

The subject property is located along the northern margin of West Peace Street approximately 135 feet east of North West Street. It contains a land area of 0.664 acres (28,937 square feet) and is also encumbered with a 1,481 square foot permanent utility easement and a 479 square foot permanent drainage/utility easement. This property has some 130 feet of frontage on West Peace Street. The site has been completely developed and formerly occupied by by Anderson Sanitary Maintenance Products for its sales and distribution operation. The subject has sloping topography with the elevation falling off to the site's eastern boundary along Pigeon House Branch creek.

According to the Wake County GIS Floodplain Map overlay, approximately 0.48 acres of the subject site lie within the 100-year floodplain. In studying the representation of this floodplain in relation to the actual creek bed with a concrete flume along the eastern boundary of the subject, I concluded that the current GIS Floodplain Map is clearly incorrect. I contacted the City of Raleigh Stormwater Management Section for additional clarification. The Stormwater section was reluctant to concur with my assertions other than to suggest I contact FEMA with my conclusions. This section did, however, provide me with a weblink that shows preliminary mapping underway by FEMA to redraw flood areas in Wake County and the City of Raleigh. A copy of the preliminary revised FEMA floodplain mapping is shown as Exhibit E.

The preliminary FEMA revisions show the floodway and floodplain area for Pigeon House Branch to lie east of the subject's boundary. In fact, the new preliminary flood maps will show none of the subject's land in the floodway, 0.06 acres within the 100-year floodplain, and 0.63 acres within the 500-year floodplain. It is my recommendation that a survey be commissioned by the parties at risk to better determine the floodway location of Pigeon House Branch given its significant impact on the value of the subject property. Additionally, although the revised FEMA maps are not due for public release for another year or so, it is my presumption that the floodplain liability for the subject shown in the existing GIS system is greatly exaggerated and will be minimized greatly upon the release of the revised FEMA map study. **Based on these findings, I will base my value findings on the extraordinary assumption that the floodway and floodplain component will have minimal impact on the development of the subject property.**

A visual depiction of the floodplain component is presented as Exhibit C, entitled "Topographic Map" and Exhibit E, entitled "Wake County FEMA Comparison Maps" for a better idea what changes are currently under advisement for the subject property. Although the subject site has areas that could be encumbered by Neuse River buffer regulations, the standing building improvements would be grandfathered as a non-conforming use. All public utilities are immediately available.

Hazardous Materials

For this report, I am assuming that there are no hazardous materials on the subject property. If the client has concerns regarding hazardous materials that may be located on or in the subject, then I recommend getting a comprehensive environmental audit to determine if hazardous materials are still present on the subject.

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Zoning

The subject property is zoned *Industrial Mixed Use – 12 (IX-12)* by the City of Raleigh. According to the Raleigh Unified Development Ordinance (UDO) the *IX classification* "is intended to provide for a variety of light industrial and manufacturing uses while allowing for retail, service and commercial activity and limited housing opportunities. To help ensure that land is reserved for manufacturing and employment, residential uses are limited to the upper stories of mixed use buildings. IX- is not intended to provide for areas exclusively dominated by light industrial or manufacturing but provide for developments that incorporate commercial uses with housing, retail and service related activity. IX- can serve as a land use transition between heavy industrial areas and mixed use districts." The "*12*" following the IX refers to the maximum number of stories permitted.

The long-term plan for the City of Raleigh calls for the subject to be developed for *Central Business District.* According to the Raleigh Unified Development Ordinance the Central Business District "is intended to enhance Downtown Raleigh as a vibrant mixed-use urban center. The category recognizes the area's role as the heart of the city, supporting a mix of high-intensity office, retail, housing, government, institutional, visitor-serving, cultural, and entertainment uses. Multiple zoning districts apply within the CBD, corresponding to the different character and vision for its various neighborhoods. The closest conforming zoning district to this designation with DX being the primary district for the mixed-use core of downtown. Heights in the downtown could reach as high as 40 stories in the core, but would taper down to meet the adjacent neighborhoods at a height of three to four stories." Based on the long-term plan, it is possible that the subject could be rezoned a more favorable classification. That said, it is doubtful that any rezoning would significantly increase the land value of the subject property.

Reference is made to Exhibit D for maps showing the current and future zoning of the subject.

Public and Private Restrictions

I am not aware of any private restrictions on the subject property.

Description of the Improvements

The subject property has been improved with a sales and distribution building with the original structure dated at 1947. Several additions have been made over the years with the last being in 1990. The sales portion of the structure is located closest to the Peace Street frontage while the warehouse distribution portion is located around the rear of the total structure. Freight delivery and distribution access are provided by an asphalt lot along the eastern side of the building that abuts the Pigeon House Branch creek along the property's eastern boundary. According to Wake County Tax Department records, the building has an irregular footprint totaling 16,778 square feet of building area. The improvements are in good condition with brick and masonry exterior walls, steel support structure. Reference is made to Exhibit F for photographs of the property.

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AD VALOREM TAXES:

The subject is identified as Wake County Parcel Identification Numbers (PIN) 1704 52 4340 (REID 0001833). The current tax assessed values for this parcel is shown below.

PIN 1704 52 4340	
Land Value	$3,680,820
Building Value	$ 32,626
Total Assessed Value	$3,713,446

The current property owner is tax exempt and therefore does not pay ad valorem taxes. I will still estimate the ad valorem taxes expected to be paid if this property loses its tax-exempt status. The 2021 combined tax rates have not been set so I will use the 2020 tax rate of $0.009552 of tax assessed value. This combined rate includes the Wake County rate of $0.006000 and the City of Raleigh rate of $0.003552. Applying the above listed tax rates, the 2021 taxes are estimated as follows:

2021 Total Tax Assessed Value	$3,713,446
2020 Combined Tax Rate	$0.009552
Estimated 2015 Ad Valorem Taxes	**$17,307**

The State of North Carolina requires that all of the real estate in every county be revalued for tax purposes at least every eight years. Wake County revalues its real estate every four years and last established new tax assessed values in January 2020, so the next reassessment for Wake County will be January 2024. My estimated value is very similar to the current tax assessed value.

HIGHEST AND BEST USE

Highest and best use, as defined, is that use which, at the time of appraisal, is the most profitable and likely use to which a property can be put. It may also be defined as that available use and program of future utilization that produces the highest present land value. According to *The Appraisal of Real Estate*, 9th Edition, the highest and best use must be 1) physically possible, 2) legally permissible, 3) financially feasible, and 4) maximally productive.

Physically Possible: The size, shape, area and terrain of a parcel of land affects the uses to which it may be developed. The highest and best use of a property must be a use to which the property is capable of being developed. It must consider factors including capacity and availability of utilities, topography, and sub-soil conditions and any other physical characteristics of a property that will alter the property's development potential.

Legally Permissible: The highest and best use must be a use that is legally allowable. Private restrictions, zoning, building codes, historic district controls, and environmental regulations must allow for the development of a site's highest and best use.

Financially Feasible: In the highest and best use analysis, all uses that generate a positive return on the property should be considered. If a use does not generate a positive return, it is not considered financially feasible and would not be considered as a potential highest and best use of a property.

Maximally Productive: Of the financially feasible uses, that use which produces the highest price, or value, (given a constant rate of return), is the highest and best use.

Highest and Best Use as Vacant

The subject property is a well located 0.664 acre tract of land with good access and exposure on West Peace Street. It has sloping topography and all public utilities immediately available. The subject is limited by its size, topography, floodplain component and shape. As described previously, I think that the new (proposed) FEMA maps give a better indication of the floodplain on the subject property. Accordingly, for this report, I am assuming that the topography (floodplain) will not limit the future development of the subject property.

The subject is currently zoned IX-12, or industrial mixed use up to 12 stories high, by the city of Raleigh. Basically, this zoning will encourage light industrial and manufacturing uses with mixed use applications that would encourage housing, retail and service related activity. Higher density, with residential on the upper floors, will be permitted and encouraged. I do not believe that subject could be rezoned to a classification which would result in a greater land value.

Adjoining neighborhoods to the subject property have experienced dramatic growth in the past decade and I believe that this area is ready for a transition from a largely industrial area to significant retail and high-density residential development. I believe that the subject is well located to be similarly developed. Given the small size of the subject, assemblage with adjoining property will allow maximum development.

In summary, the highest and best use, as if vacant, is for assemblage with adjoining properties for high density residential development with some sort of commercial development on the ground floor. Of all of the feasible uses, this development would result in the highest land value.

Highest and Best Use - As Improved

The subject is improved with an older building formerly used for sales and distribution and currently vacant. While old, the building is in fair condition and a physically capable of being used. Use of these improvements is limited only by their design and age.

The current improvements were recently being used for sales and distribution and likely meet Raleigh code requirements.

Certainly the existing improvements are feasible in the fact that it allows for a productive use. These improvements were used for an owner-occupant's ongoing business enterprise and had been used as such for decades.

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The highest and best use is that use which generates the highest value of the property. Based on the income this property would generate if it were available for lease, it is clear that the value of this property if the improvements are used is significantly less that the value of this property as vacant. Accordingly, it is my opinion that the improvements do not contribute to the highest and best use of this property.

This conclusion is consistent to what I have observed in the Downtown Raleigh market in the last decade. Many of the sites acquired in Downtown Raleigh have had older buildings on the site that were razed to make way for new development and combined with adjacent properties to increase the size of the development. Some larger older buildings have survived and been redeveloped for generous tax credits for redevelopment although this process would be labeled the exception and not the rule. The improvements on the subject are small and not well suited for redevelopment independently but would project better if the property were assembled with other adjacent properties.

It is my opinion that the current improvements on the subject do not contribute to the highest and best use of the property and that if the subject property was sold, the buyer would raze the improvements for redevelopment. The interim rent that this property would generate would offset the cost of building demolition.

EXPLANATION OF APPROACHES TO VALUE

Normally, several approaches can be undertaken to valuing improved properties, including the cost approach, the sales comparison approach, and the income approach. However I have concluded that the improvements do not contribute to the highest and best use of the subject property. As a result, the cost approach, the sales comparison approach (using improved sales) and the income approach are not applicable. Accordingly, I will only use the land value by comparison approach to valuing the subject property.

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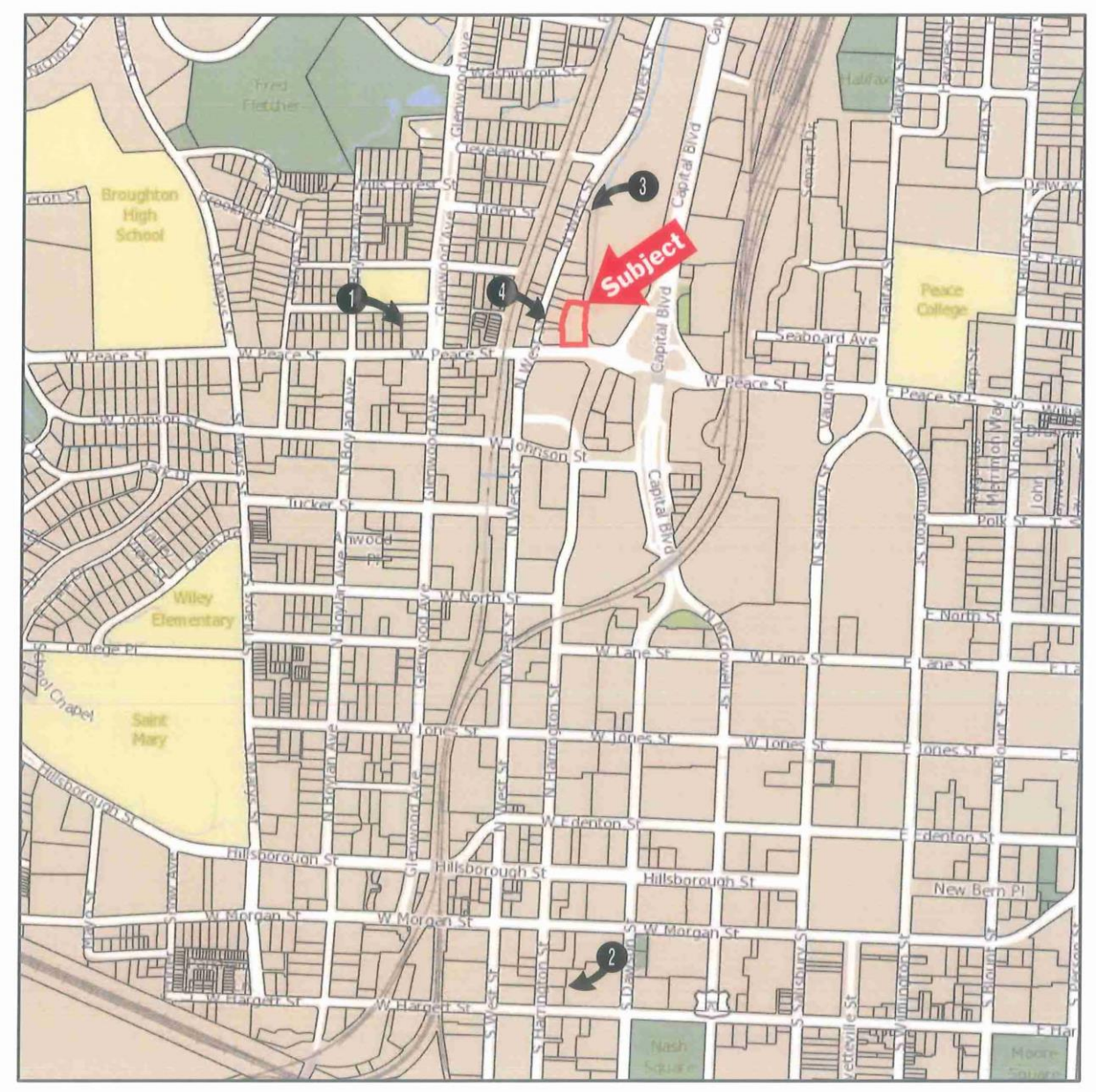
LAND VALUE BY COMPARISON

Land Value by Comparison is an appraisal technique in which the land value estimate is based upon prices paid in actual market transactions. I have researched the area and found four sales that I felt were the most comparable to the subject site. A map showing their general location is included below. I compared these sales to the subject noting adjustments to the sales prices for differences in such characteristics as time, size, location, zoning and utility. A summary of information about the sales are included following the location map. The adjustments are positive where the sale property is considered inferior to the subject property and negative where it is considered superior.



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NORTH CAROLINA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY BRANCH
COMPARABLE NO: 1

Date: 12/01/20 **Deed Book:** 18217 **Page:** 552 **Stamps:** $3100 **County:** Wake
Grantor: Peace Street Partners 3, LLC **Grantee:** CityPlat Modalia, LLC
Location: On the northwest corner of West Peace Street and Glenwood Avenue, in Raleigh
Sales Price: $1,550,000 Confirmed by (Name): Nikita Zhitov, with Grantee
Financing: Cash to Seller
Condition of Sale and Reason Bought/Sold: Market /Future Re-development

Present Use: Old service station Zoning: NX-3 (neighborhood mixed use) by City of Raleigh
Highest and Best Use: Retail of mixed use
Size: 0.31 ACRES Shape: Rectangular Topography: Gently sloping
Existing R/W Area: N/A Area Cleared/Wooded: 100% Cleared
Soil Type: N/A Drainage: Excellent Available Utilities: All public utilities
Access: W. Peace Street Frontage: 132.86' on W. Peace St. and 100.45' on Glenwood Ave.
Improvements: Old service station

Lessor: N/A Lessee: N/A
Rentable Area: N/A Rent: N/A V & C: N/A Expenses: N/A Term: N/A
Unit Price: $114.46 per s.f. of land Tax ID: REIDs 00400005

Other Pertinent Information: None

Taken by: Neil C. Gustafson / Wake County GIS

Date Inspected: April 7, 2021

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NORTH CAROLINA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY BRANCH
COMPARABLE NO: 2

Date: 11/24/20 **Deed Book:** 18204 **Page:** 2081* **Stamps:** $8600 **County:** Wake
Grantor: Carolina Spirits, Inc. & ** **Grantee:** CityPlat Legends, LLC
Location: On the northeast corner of West Hargett St. and South Harrington St., in Raleigh
Sales Price: $4,300,000 Confirmed by (Name): Nikita Zhitov, with Grantee
Financing: Cash to Selller
Condition of Sale and Reason Bought/Sold: Market / Future Re-development

Present Use: Bar and restaurant Zoning: DX 12 by the city of Raleigh
Highest and Best Use: Retail or mixed use
Size: 0.49 ACRES Shape: Irregular Topography: Fully developed
Existing R/W Area: N/A Area Cleared/Wooded: 100% Cleared
Soil Type: UNK Drainage: Excellent Available Utilities: All public
Access: S. Harrington Street Frontage: 210' S. Harrington and 98.3' W. Hargett
Improvements: 5,613 s.f. bar and 4,732 s.f. restaurant

Lessor: N/A Lessee: N/A
Rentable Area: N/A Rent: N/A V & C: N/A Expenses: N/A Term: N/A
Unit Price: $201.58 per s.f. of land Tax ID: REIDs 0077129 and 0018871

Other Pertinent Information:

*Also Page 2022

** Madison Joint Venture, LLC

Taken by: Neil C. Gustafson / Wake County GIS

Date Inspected: April 7, 2021

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NORTH CAROLINA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY BRANCH
COMPARABLE NO: 3

Date: 11/15/19 **Deed Book:** 17651 **Page:** 464 **Stamps:** $4800 **County:** Wake
Grantor: Edwin G. Brandle, Trustee **Grantee:** Raleigh Development Company II, LLC
Location: On the east corner of North West St. some 500 feet north of West Peace St, in
Raleigh Sales Price: $2,400,000 Confirmed by (Name): Grantee
Financing: Cash to Seller
Condition of Sale and Reason Bought/Sold: Market / Assemblage for mixed use development

Present Use: Vacant Zoning: IX 12 by City of Raleigh
Highest and Best Use: Assemblage with adjoining property for a mixed use development
Size: 0.54 ACRES Shape: Irregular Topography: Fully developed
Existing R/W Area: N/A Area Cleared/Wooded: 100% Cleared
Soil Type: UNK Drainage: Excellent Available Utilities: All public
Access: N. West Street Frontage: 308.3 feet on North West Street
Improvements: 10,148 s.f. light industrial building

Lessor: N/A Lessee: N/A
Rentable Area: N/A Rent: N/A V & C: N/A Expenses: N/A Term: N/A
Unit Price: $102.03 per s.f. of land Tax ID: REID 0007770

Other Pertinent Information:

Taken by: Neil C. Gustafson / Wake County GIS

Date Inspected: April 7, 2021

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Commercial Real Estate *Raleigh, NC 27619* *Raleigh, NC 27609* *Fax 919-781-9209*

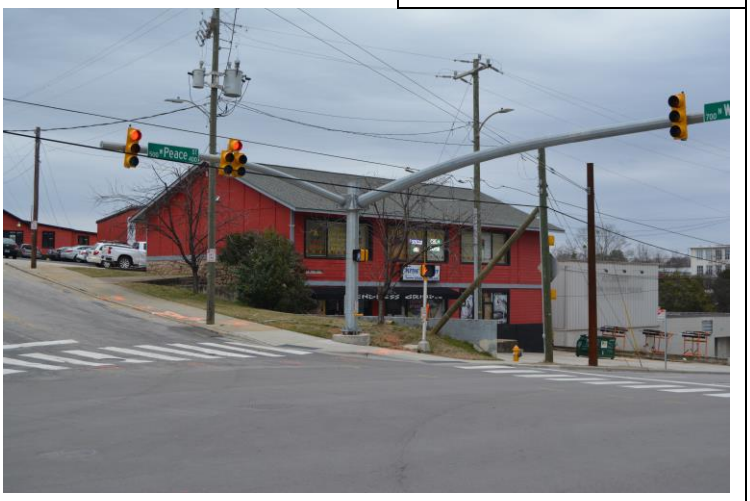
NORTH CAROLINA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY BRANCH
COMPARABLE NO: 4

Date: 03/3/17 **Deed Book:** 16727 **Page:** 334 **Stamps:** $5,500 **County:** Wake
Grantor: Edwin E. Flythe and Agnes P. Flythe **Grantee:** Raleigh Development Company II, LLC
Location: Northeast corner of Peace Street and North West Street
Sales Price: $2,750,000 Confirmed by (Name): Skip Flythe, grantor
Financing: Cash to Seller
Condition of Sale and Reason Bought/Sold: Market \assemblage for future development

Present Use: Future mixed use development Zoning: IX 12 by the city of Raleigh
Highest and Best Use: Assemblage for mixed use development
Size: 0.53 ACRES Shape: Irregular Topography: Gently rolling
Existing R/W Area: N/A Area Cleared/Wooded: 100% Cleared
Soil Type: N/A Drainage: Good Available Utilities: All municipal
Access: Excellent Frontage: Some 217 feet N. West Street and some 128 feet on Peace Street
Improvements: 8,300 sf of retail and warehouse space (to be razed).

Lessor: N/A Lessee: N/A
Rentable Area: N/A Rent: N/A V & C: N/A Expenses: N/A Term: N/A
Unit Price: $119.12 per s.f. of land Tax ID: REIDs 0022819, 0039523 and 0019233

Other Pertinent Information: None



Taken by: Neil C. Gustafson / Wake County GIS

Date Inspected: April 7, 2021

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Commercial Real Estate *Raleigh, NC 27619* *Raleigh, NC 27609* *Fax 919-781-9209*

LAND SALES ADJUSTMENT CHART					
Item	**Subject**	**Land Sale Number 1**	**Land Sale Number 2**	**Land Sale Number 3**	**Land Sale Number 4**
Date of Sale (Appraisal)	4-Mar-21	1-Dec-20	24-Dec-20	15-Nov-19	3-Mar-17
Location	On the N side of W. Peace St East of N. West St Raleigh, Wake County, NC	NW corner of Glenwood Ave and W Peace St Raleigh, Wake County, NC	NE corner of W. Hargett St and S Harrington St Raleigh, Wake County, NC	On the E side of N. West St N of W Peace St Raleigh, Wake County, NC	On the NE corner of N. W Street and W Peace St Raleigh, Wake County, NC
Grantor	Not applicable	Peace Street Partners 3, LLC	Carolina Spirits, Inc. and Madison Joint Venture, LLC	Edwin G. Brandle, trustee	Edwin E. Flythe and Ahnes P. Flythe
Grantee (Owner)	NCDOT	CityPlat Modalia, LLC	CityPlat Legends, LLC	Raleigh Development Company II, LLC	Raleigh Development Company II, LLC
Land Area	28,937 sf	13,542 sf	21,331 sf	23,522 sf	23,087 sf
Zoning	IX-12 (Raleigh)	NX-3 (Raleigh)	DX-12 (Raleigh)	IX-12 (Raleigh)	IX-12 (Raleigh)
Utilities	All	All	All	All	All
Access	Good	Excellent	Excellent	Good	Good
Topography	Slightly sloping	Level	Level	Level	Level
Other Characteristics	Building of interim value	Building of interim value	Buildings of interim value	Building of interim value	Building of interim value
Indicated Land Sales Price		$1,550,000	$4,300,000	$2,400,000	$2,750,000
Sales Price Per Sqaure Foot		**$114.46**	**$201.58**	**$102.03**	**$119.12**
ADJUSTMENTS					
Time		$0.00	$0.00	$3.06	$11.91
Location		$0.00	-$50.40	$25.51	$0.00
Size		$0.00	$0.00	$0.00	$0.00
Zoning		$11.45	$0.00	$0.00	$0.00
Miscellaneous		$0.00	$0.00	$0.00	$0.00
Total Adjustments		$11.45	-$50.40	$28.57	$11.91
Indicated Value Per SF		**$125.90**	**$151.19**	**$130.60**	**$131.03**

Land Sale Number 1 is the December 2020 sale of a small lot on the northwest corner of Glenwood Avenue and Peace Street at a price of $114.46 per square foot. I do not believe than any adjustment is necessary to this sale for time, location or size. The only adjustment is an upward adjustment for the inferior zoning of this sale; it only permits three stories. After adjustment, Land Sale Number 1 indicated a value of $125.90 per square foot to the subject property.

Land Sale Number 2 is the November 2020 sale of two lots in the heart of downtown Raleigh that sold for $201.58 per square foot. Like the subject this site permits development of up to 12 stories. It has a superior location and is a recent sale. This sale represents the upper limit of the value of the subject. After adjustment, Land Sale Number 2 indicated a value of $151.19 per square foot to the subject property.

Land Sale Number 3 is the November 2019 sale of land located along North West Street just north of the subject. It sold for $102.03 per square foot. This sale is older so a small adjustment is necessary for time. It is zoned the same as the subject but, being located off Peace Street, is considered an inferior location. After adjustment, Land Sale Number 3 indicated a value of $130.60 per square foot to the subject property.

Finally, Land Sale Number 4 is the 2017 sale of the property adjoining the subject on Peace Street at a price of $119.12 per square foot. Obviously, being adjacent to the subject, it has a similar location and zoning. It also has a similar size and other physical features. In spite of its age, it is clearly the most comparable sale. The only adjustment necessary to this sale is an upward adjustment for time. After adjustment, Land Sale Number 4 indicated a value of $131.03 per square foot to the subject property.

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Prior to any adjustments, the sales indicate a price range of $102.03 per square foot to $201.03 per square foot. The highest sale is located in the heart of the new development in downtown Raleigh and the price reflects this. Excluding this sale, the sales prices ranged from $102.03 per square foot to $119.12 per square foot.

After adjustment these sales ranged from $125.90 to $151.19 per square foot.

There has been significant redevelopment in downtown Raleigh in the past decade. I spoke with Ms. Billie Redmond regarding the 2018 sale of the Seaboard Station, the most significant redevelopment in the neighborhood currently underway. She confirmed that a number of parcels, totaling around 6.7 acres, sold in 2018 for $34,000,000 or around $116 per square foot. This site was zoned DX-7.

After reviewing these sales and comparing them to the subject property, I have concluded that the 2017 sale of the adjacent property is still the best comparable concerning the land value of the subject. Therefore, it is my opinion that, as of March 4, 2021, the market value of the subject property is $130 per square foot with the overall value estimated as follows:

28,937 SF	x $130 per SF =	$3,761,810
Rounded		**$3,761,800**

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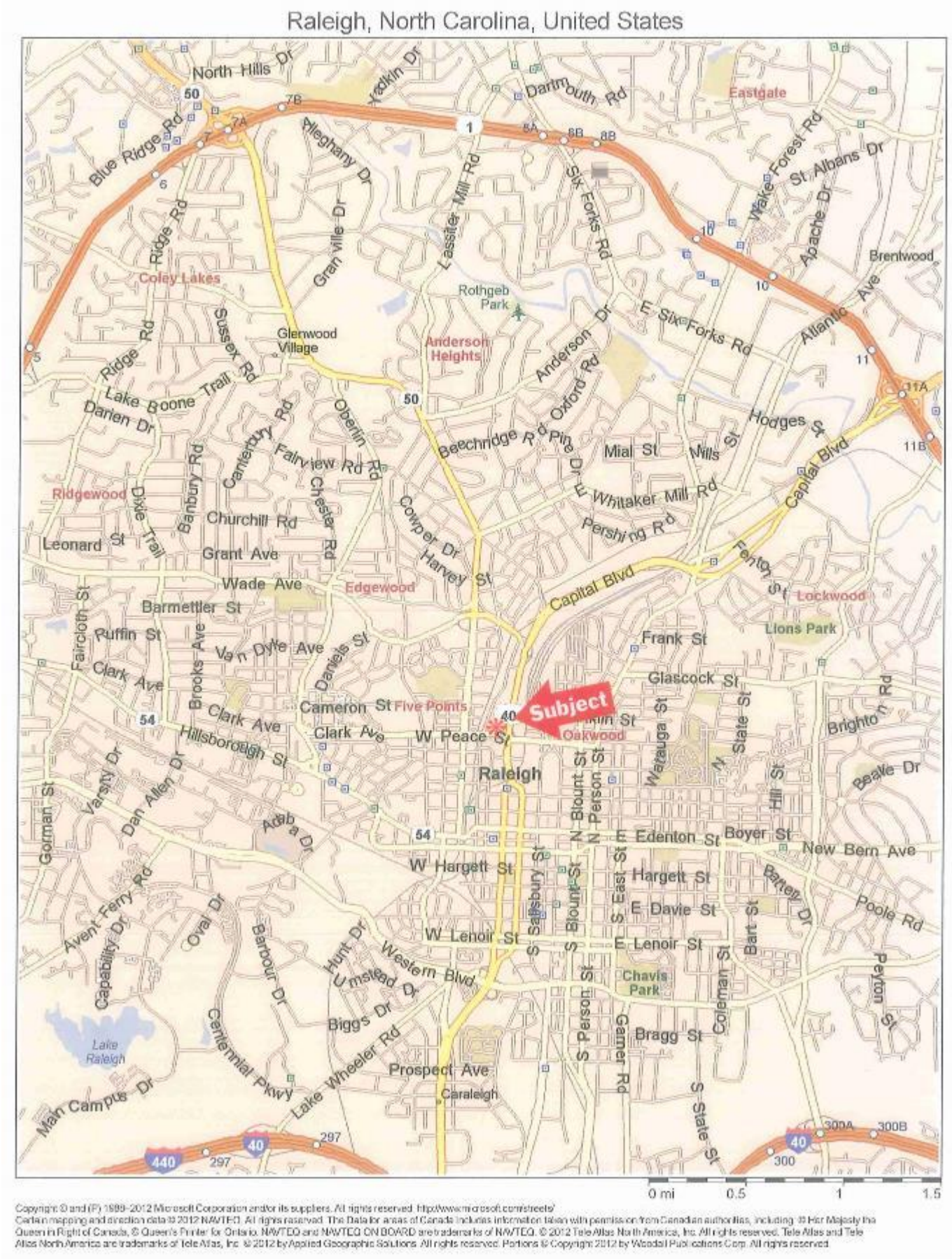
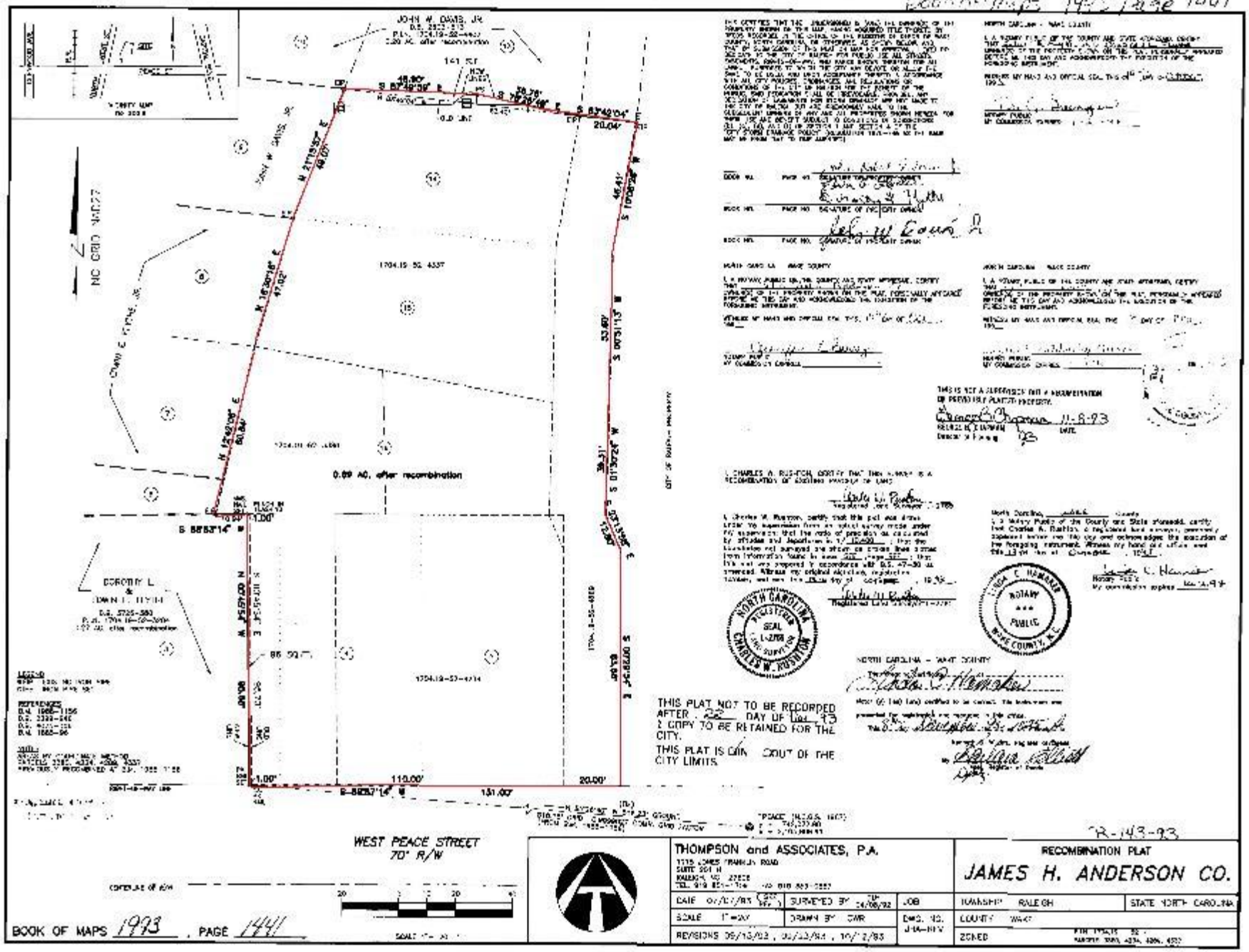
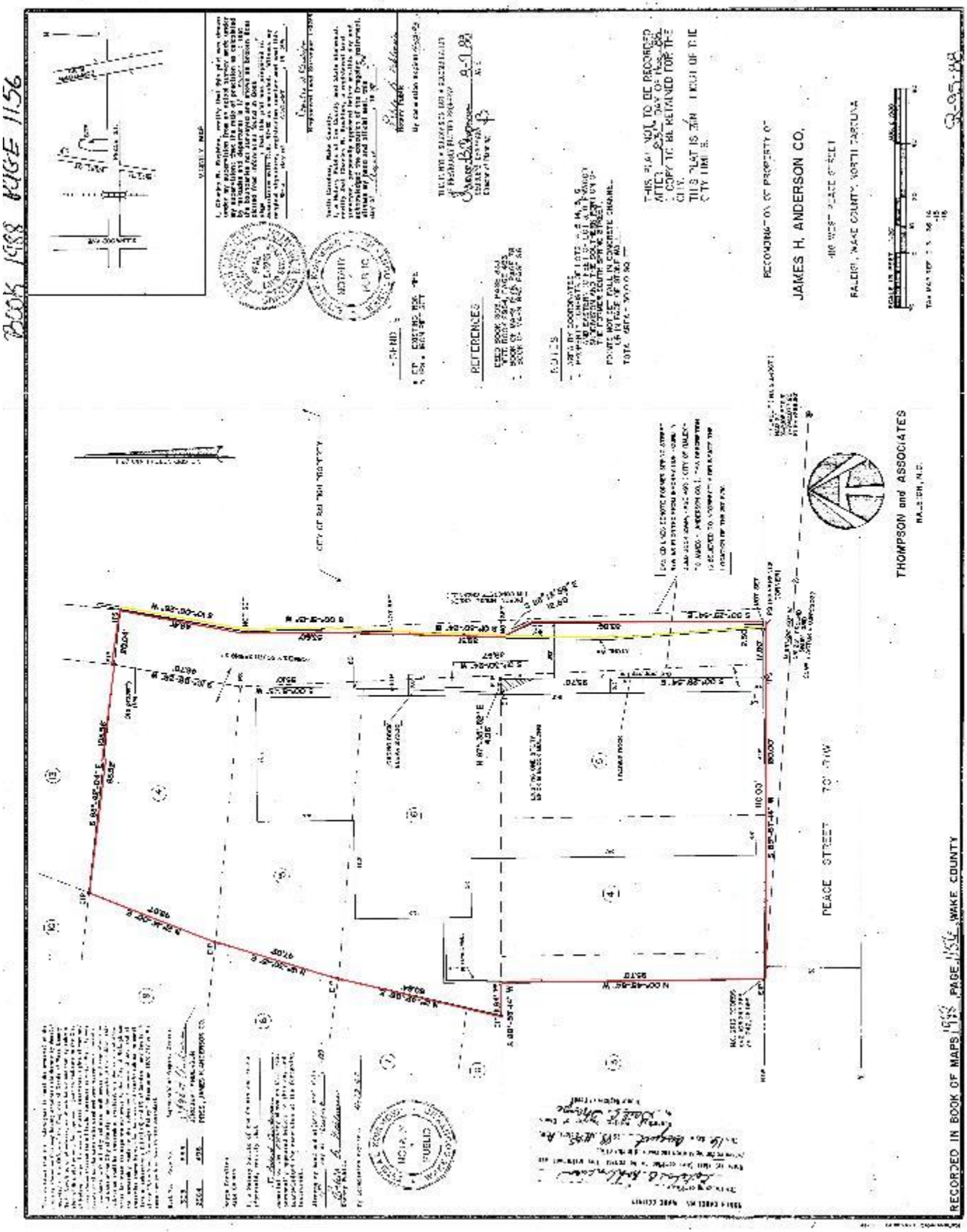


Exhibit A: Area Map

Exhibit B: Recorded Survey
Page 1

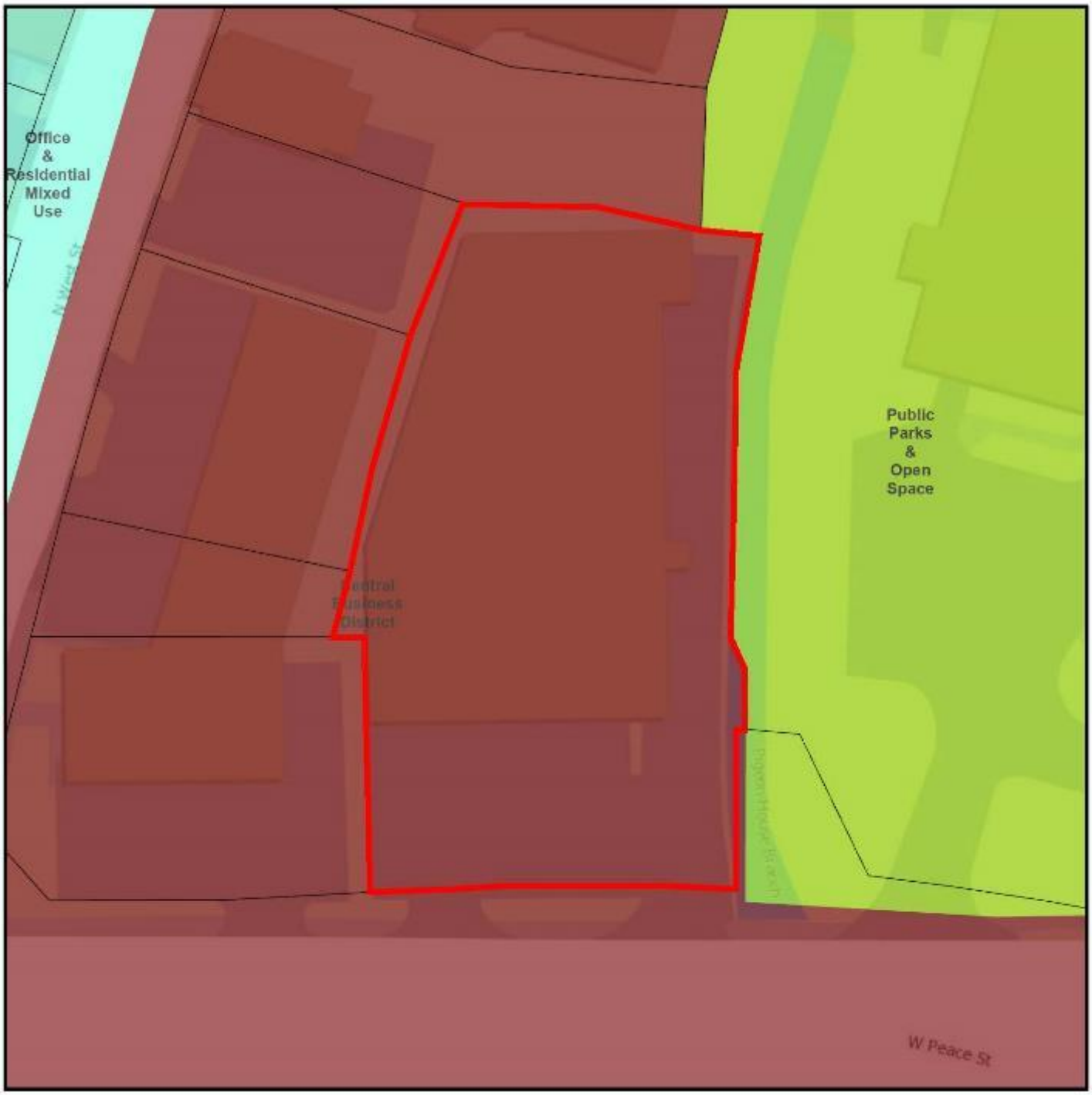




Yellow line represents the stone wall which is the western wall for the concrete flume and channel of Pigeon House Branch Creek. Red line represents the subject property line.

Exhibit C: Wake County GIS Topographic Map

Exhibit D: Wake County GIS Zoning and Future Use Maps


Office
&
Residential
Mixed
Use
Public
Parks
&
Open
Space
W Peace St
N
0
25
50
100 ft
1 inch = 50 feet

Effective

Flood Zones

AE
0.48 acres

Zone AE is the flood insurance rate zones that correspond to the 1-percent annual chance floodplains that are determined in the Flood Insurance Study by detailed methods of analysis. In most instances, Base Flood Elevations derived from the detailed hydraulic analyses are shown at selected intervals within this zone. Mandatory flood insurance purchase requirements apply.

X
0.20 acres

Zone X is the flood insurance rate zones that correspond to areas outside the 1-percent annual chance floodplain – Areas protected from the 1-percent annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones.

X - 0.2% Annual Chance Flood Hazard
0.01 acres

Zone X is the flood insurance rate zones that correspond to areas outside the 1-percent annual chance floodplain – Areas protected from the 1-percent annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones.

Preliminary

Flood Zones

A
0.00 acres

Zone A is the flood insurance rate zone that corresponds to the 1-percent annual chance floodplains that are determined in the Flood Insurance Study by approximate methods of analysis. Because detailed hydraulic analyses are not performed for such areas, no Base Flood Elevations or depths are shown within this zone. Mandatory flood insurance purchase requirements apply.

AE
0.06 acres

Zone AE is the flood insurance rate zones that correspond to the 1-percent annual chance floodplains that are determined in the Flood Insurance Study by detailed methods of analysis. In most instances, Base Flood Elevations derived from the detailed hydraulic analyses are shown at selected intervals within this zone. Mandatory flood insurance purchase requirements apply.

X
0.63 acres

Zone X is the flood insurance rate zones that correspond to areas outside the 1-percent annual chance floodplain – Areas protected from the 1-percent annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones.

Front of Building

View of the Front of the Building

View of the Southeast Corner of the Building

View Along the Eastern Property Line

View of Peace Street Frontage Looking West

View of Peace Street Frontage Looking East

Exhibit F: Photographs of Subject

Mr. Brad Lopp
Area Appraiser
North Carolina Department of Transportation
1020 Birch Ridge Drive
Raleigh, NC 27699-1572

Re: Commentary on Ground Leases

Dear Mr. Lopp:

You have asked to discuss the potential ground lease of the Anderson Supply building located on East Peace Street in Raleigh, North Carolina. This letter is a discussion of ground leases. I have never negotiated a ground lease so this is based on my observations of the ground leases is have seen in my over 40 years of appraising in the Triangle. Specific ground lease negotiations should be handled by one more competent than me.

A ground lease is "*a lease that grants the right to use and occupy land*" (all of the following definitions are from the Dictionary of Real Estate Appraisal). The interests in a ground lease are the leased fee estate ("*an ownership interest held by a landlord with the right use and occupancy conveyed by lease to others*") and the leasehold estate ("*the right to use and occupy real estate for a stated term and under certain conditions; conveyed by lease*"). The leased fee estate can also be called the landlord's interest and the leasehold interest can be called the tenant's interest.

While ground leases are not common, they are also not rare. They generally fall into two categories: outparcels (typically retail in nature) and more substantial improvements (typically office or mixed use). The difference is based on the economic life of the improvements.

Many ground leases are for smaller outparcels; typically outparcels in shopping centers. The leasehold interests (that is, the 'tenant' of the ground lease) is a fast food restaurant, convenience store or other typical outparcel users. The lease term is typically dictated by the economic life of the improvements. The terms of these leases and be as little as 25 years, often with a number of say five-year extensions. The anticipation is that at the end of the ground lease, the improvements will be torn down and a new ground lease tenant will come in and builds a new improvement. The owners of the leasehold just view their payments as they would a lease. An excellent example of this is the current Chick-Fil-A in the Lake Boone Trail shopping center (Lake Boone Trail and the Beltline). When the ground lease term for the Wendy's expired in 2014, Chick-Fil-A signed a new ground lease, razed the Wendy's and built their new improvements in 2015.

The second kind of ground lease is for more substantial properties (i.e. large office buildings and the like). Developers and owners much prefer outright ownership. Financing and other details are much easier for fee simple ownership and they just understand ownership better. They resort to ground leases only as a last resort. As a result, these leases typically are for properties in areas where demand for land is high but it is difficult to purchase land. Because of the higher cost of construction and longer economic life of these improvements, the lease terms of these properties are much longer. The lease terms of these buildings, with options, often allow the leasehold owners control of the property for up to 99 years, the maximum term of a ground lease by North Carolina law. Rarely are lease terms, including extensions, less than say 50 years. Examples of these types of ground leases are several office buildings located along Glenwood Avenue between Pasquotank Drive and National Drive. When this office location became attractive in the late 1970's, the owner, Garland Tucker, would not sell land but would enter into ground leases. Because developers so coveted this location, a number of these buildings are on ground leases.

Obviously, the subject property would be the second type of ground lease. The anticipated improvements will have a long economic life and would therefore require a long lease term, say 50 years with multiple lease term extensions. The details of the ground lease are obviously just negotiated. Factors negotiated include ground rent, lease term and escalations. All of these factors are interrelated.

The ground rent is based on a return of the value of the underlying land. Historically, the required return has been in the 5 to 10 percent range. This rate is dependent of a number of factors including the prevailing interest rate when the ground lease is signed and the type and interval of escalations. The longer the time between escalations, the higher the required return. The more favorable the escalations terms, the lower the required rate. Interest rates have dropped dramatically in the past decade and I have not seen any negotiated ground leases in the past few years so I do not know if the current required rate of return has changed from the 5 to 10 percent range mentioned above.

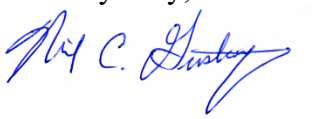
Pre-1970, lease terms were often fixed for the term of the ground lease (the York leasehold of the land in the vicinity of Capital Boulevard and the Beltline being a notable example). Since the inflation of the 1970's, escalation clauses are always included. Escalations can be as often as annually but are more commonly every five or ten years. Escalations can be based on factors including changes in the Consumer Price Index (CPI), fixed escalations (say 3 percent per year), or are based on a negotiated return on an appraised value as of the date of the escalation.

Again, all of these factors mentioned above are subject to negotiation. And even when a deal is consummated the parties may not agree on the details. When I confirmed the details of the ground lease under the office building located at 3737 Glenwood Avenue, there was disagreement between the landlord and the tenant. The landlord (owner of the leased fee estate) confirmed the rent based on his land value and his required return. The tenant (Highwoods Properties who was the owner of the leasehold interest) had a different value and a different return. What they did agree on was the actual ground rent.

Attached as Exhibit A are examples of how a ground lease on the Anderson Sanitary property might be negotiated. Again, this will be negotiated between the landlord and tenant. These examples merely are to show how these deals could be structured.

I hope that this commentary is suitable for your purposes. If you need additional information from me, please do not hesitate to call.

Yours very truly,



Neil C. Gustafson

HYPOTHETICAL SCENARIOS OF A GROUND LEASE FOR THE ANDERSON SANITARY PROPERTY LOCATED AT 418 WEST PEACE STREET OWNED BY THE NORTH CAROILINA DEPARTMENT OF TRANSPORTATION

Scenario Number 1

Property Value:	$3,761,800
Lease Term:	99 years
Renewal Options:	None
Ground Lease Rate:	7 percent per year
Initial Annual Rent:	$263,326 (paid monthly in advance)
Escalations:	Every ten years based on changes in the Consumer Price Index, US City Average (CPI)

Scenario Number 2

Property Value:	$3,761,800
Lease Term:	50 years
Renewal Options:	9 – five year options
Ground Lease Rate:	5 percent per year
Initial Annual Rent:	$188,090 (paid monthly in advance)
Escalations:	15 percent every five years

Scenario Number 3

Property Value:	$3,761,800
Lease Term:	50 years
Renewal Options:	9 – five year options
Ground Lease Rate:	3 percent per year
Initial Annual Rent:	$112,854 (paid monthly in advance)
Escalations:	Annually based on changes in the CPI

QUALIFICATIONS
OF
NEIL C. GUSTAFSON, MAI

Professional Affiliations

- MAI Designation since 1992, Appraisal Institute (Formerly American Institute of Real Estate Appraisers). Currently Certified under Continuing Educational Program

- State Certified General Real Estate Appraiser (North Carolina) since 1991 (#A391)

- Licensed Real Estate Broker in the State of North Carolina since 1979 (#57817)

Formal Education

- 1973 Graduate of Needham B. Broughton High School, Raleigh, N.C.

- 1977 Graduate of North Carolina State University, Raleigh, N.C.
  B. S. Civil Engineering

- 1985 Graduate of Fuqua School of Business, Duke University, Durham, N.C.
  Master in Business Administration

Experience

- Principal, Worthy & Wachtel, Inc., 3803-B Computer Drive, Suite 100-A, Raleigh, N.C. 27609, 1985 to present

- Staff Appraiser, Worthy & Wachtel & Associates, 1978 to 1985

QUALIFICATIONS
OF
NEIL C. GUSTAFSON
PAGE 2

Partial List Of Clients Assisted In Appraisals For:

Smith Leatherwood, LLP	Kilpatrick & Stockton
Branch Bank & Trust	Bobby Murray Chevrolet
City of Raleigh	State of North Carolina
Poyner & Spruill	United States Postal Service
Smith Anderson Blount & Dorsett	Town of Cary
Research Triangle Foundation	Hatch Little & Bunn

- Types of properties appraised includes office buildings, apartment complexes, shopping centers, tracts of land, commercial and industrial sites, industrial facilities, and commercial buildings.

Civic

- Boy Scout Troop 357 - Highland Methodist Church
  Treasurer - Troop Committee 2000-2002
  Chairman - Troop Committee 2002 to 2008

- Needham B. Broughton Parent Teacher Student Association
  Treasurer Elect 2004-05
  Treasurer 2005-06

- LeRoy Martin Middle School Parents Teacher Association
  Treasurer, 2001-02, 2002-03

- E. C. Brooks Elementary School Parents Teacher Association
  President, 1997-98
  Executive Board 1995-96, 1996-97, 1997-98, 1998-99, 1999-2000

- Bible Study Fellowship 1998-present
  Children's Leader 2002-03 – present

Personal

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

North Carolina Department of Transportation - Right of Way Unit
Certificate of Appraiser

TIP/Parcel No.: B-5121/**039** **WBS Element:** 42263.2.1 **County:** Wake

Description: Bridge No. 227 on US-70/US-401/NC-50 (Capital Blvd.) over Peace St. and Bridge No. 213 on US-70/NC-50 (Wade Ave.) over US 401 (Capital Blvd.)

Property Owner's Name: NCDOT **Fed Aid Project:** BRNH5-0070(119)

I HEREBY CERTIFY THAT:

I have ☐, have not ☒, performed AN appraisal and NO other services as an appraiser or any other capacity, regarding the property that is the subject of this appraisal within the three year period immediately preceding acceptance of this assignment. If "Have" box is marked, please see Scope of Appraisal Section for details.

I have personally inspected the property herein appraised and that I have also made a personal field inspection of the comparable sales/rentals relied upon in making said appraisal. The subject and the comparables relied upon in making said appraisal were as represented by the photographs contained in said appraisal.

I have given the owner or his designated representative the opportunity to accompany me during my inspection of the subject property.

Any decrease or increase in the "**Market Value"** of real property prior to the date of valuation caused by the public improvement for which such property is acquired or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner, is disregarded in determining the compensation for the property.

The statements of fact contained in this appraisal report are true and correct, and the reported analyses, opinions and conclusions, subject to the critical assumptions and limiting conditions herein set forth, are my personal, unbiased, professional analyses, opinions and conclusions.

I understand such appraisal may be used in connection with the acquisition of or disposal of right-of-way for a highway to be constructed by the **State of North Carolina**, and that such appraisal has been made in conformity with appropriate State laws, regulations, and policies and procedures applicable to appraisal of right-of-way for such purposes, and that to the best of my knowledge, no portion of the value assigned to such property consists of items which are **"Non-Compensable"** under established laws of the **State of North Carolina**.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in compliance with **NCDOT Real Estate Appraisal Standards and Legal Principles** and the **Uniform Standards of Professional Appraisal Practice**. The appraisals in this assignment are to be made in accordance with all of the requirements set out in the **NCDOT Real Estate Appraisal Standards and Legal Principles** and the **Uniform Standards of Professional Appraisal Practice** and shall also comply with all applicable **Local, State, and Federal** laws, ordinances, regulations, restrictions and/or requirements; and any additions, revisions and/or supplements thereto.

Neither my employment nor my compensation for making this appraisal is in any way contingent on the values reported herein.

I have no direct or indirect, present or prospective interest in neither the subject property nor any benefit from the acquisition of this property nor any bias with respect to the parties involved.

In addition to the undersigned, those persons duly noted in this report and under my direct supervision and responsibility, in so far as this particular appraisal is concerned, have contributed to the production of this appraisal. The analyses, conclusions or value estimates set forth in this appraisal are those of the undersigned.

I will not reveal the findings and results of such appraisal to anyone other than the proper officials of **the State of North Carolina** or officials of the **Federal Highway Administration** until authorized by State officials to do so, or until I am required to do so by **due process of law**, or until I am released from this obligation by having publicly testified as to such findings or to a duly authorized professional peer review committee.

My independent opinion of the difference in Market Value as of the 4th day of March **, 20** 21 **, is $ 3,761,800 based upon my independent appraisal and the exercise of my professional judgment.**

Specified Appraiser

4/14/2021
Date

FRM5-J
Revised: 03/13