Appraisal Report

City of Raleigh Moore Square Assemblages
E. Martin Street at Person Street
Raleigh, Wake County, North Carolina 27601

Report Date: March 3, 2022

FOR:

City of Raleigh
Mr. Ralph Recchie
Real Estate Manager
One Exchange Plaza, Suite 1020
Raleigh, NC 27601

Valbridge Property Advisors | Raleigh-Durham
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Cary, NC 27511
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919-481-3823 fax
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Valbridge File Number:
NC02-22-0026-000
March 3, 2022

Diana Spencer MAI, CCIM
(919) 459-2612
dspencer@valbridge.com

Mr. Ralph Recchie
Real Estate Manager
City of Raleigh
One Exchange Plaza, Suite 1020
Raleigh, NC 27601

RE: Appraisal Report
City of Raleigh Moore Square Assemblages
E. Martin Street at Person Street
Raleigh, Wake County, North Carolina 27601

Dear Mr. Recchie:

In accordance with your request, we have performed an appraisal of the above referenced property. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. This letter of transmittal does not constitute an appraisal report and the rationale behind the value opinion(s) reported cannot be adequately understood without the accompanying appraisal report.

The subject property, as referenced above, consists of two assemblage blocks of City of Raleigh-owned parcels at Moore Square in downtown Raleigh. Assemblage 1, East of Moore Square, totals 2.53 acres and Assemblage 2, South of Moore Square, totals 0.92 acres. The purpose of the appraisal is to address the market value of the subject property under the recent rezoning approvals.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them.

The client in this assignment is the City of Raleigh and the intended user of this report is the City of Raleigh and no others. The sole intended use is to assist Client in establishing market value for decision making purposes. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.
The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

**Extraordinary Assumptions:**
- None

**Hypothetical Conditions:**
- None

Based on the analysis contained in the following report, our value conclusions are summarized as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Assemblage 1 &lt;br&gt;East of Moore Square</th>
<th>Assemblage 2 &lt;br&gt;South of Moore Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Type</td>
<td>Market Value</td>
<td>Market Value</td>
</tr>
<tr>
<td>Property Rights Appraised</td>
<td>Fee Simple</td>
<td>Fee Simple</td>
</tr>
<tr>
<td>Effective Date of Value</td>
<td>February 15, 2022</td>
<td>February 15, 2022</td>
</tr>
<tr>
<td><strong>Value Conclusion</strong></td>
<td><strong>$25,000,000</strong></td>
<td><strong>$8,600,000</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$227.00 psf</strong></td>
<td><strong>$215.00 psf</strong></td>
</tr>
</tbody>
</table>

Respectfully submitted,
Valbridge Property Advisors | Raleigh-Durham

Diana Spencer, MAI, CCIM
Senior Managing Director
North Carolina License #A3737
License Expires June 30, 2022
dspencer@valbridge.com
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# Summary of Salient Facts

## Property Identification

<table>
<thead>
<tr>
<th>Property Name</th>
<th>City of Raleigh Moore Square Assemblages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Address</td>
<td>E. Martin Street at Person Street</td>
</tr>
<tr>
<td></td>
<td>Raleigh, Wake County, North Carolina 27601</td>
</tr>
<tr>
<td>Latitude &amp; Longitude</td>
<td>35.776785, -78.634949</td>
</tr>
</tbody>
</table>

## Site

<table>
<thead>
<tr>
<th>Zoning</th>
<th>DX-12-SH, DX-20-SH, DX-12-UG</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEMA Flood Map No.</td>
<td>3720170300J</td>
</tr>
<tr>
<td>Flood Zone</td>
<td>Zone X</td>
</tr>
</tbody>
</table>

### Assemblage 1 (East of Moore Square)

- Land Area: 2.53 acres

### Assemblage 2 (South of Moore Square)

- Land Area: 0.92 acres

## Valuation Opinions

- **Highest & Best Use**: Mixed-use
- **Reasonable Exposure Time**: 6 to 9 months
- **Reasonable Marketing Time**: 6 to 9 months

## Assemblage 1 (East of Moore Square)

<table>
<thead>
<tr>
<th>PIN</th>
<th>Real Estate ID</th>
<th>Site Address</th>
<th>Owner</th>
<th>Land Area</th>
<th>Zoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>1703884007</td>
<td>0088343</td>
<td>215 S PERSON ST</td>
<td>City of Raleigh</td>
<td>0.56 acres</td>
<td>DX-20-SH</td>
</tr>
<tr>
<td>1703874926</td>
<td>0103166</td>
<td>219 S PERSON ST</td>
<td>City of Raleigh</td>
<td>0.36 acres</td>
<td>DX-20-SH</td>
</tr>
<tr>
<td>1703886253</td>
<td>0014973</td>
<td>330 E HARGETT ST</td>
<td>City of Raleigh</td>
<td>0.59 acres</td>
<td>DX-12-UG</td>
</tr>
<tr>
<td>1703876953</td>
<td>0004775</td>
<td>325 E MARTIN ST</td>
<td>City of Raleigh</td>
<td>0.08 acres</td>
<td>DX-12-UG</td>
</tr>
<tr>
<td>1703887004</td>
<td>0048492</td>
<td>218 S BLOODWORTH ST</td>
<td>City of Raleigh</td>
<td>0.04 acres</td>
<td>DX-12-UG</td>
</tr>
<tr>
<td>1703886088</td>
<td>0004770</td>
<td>214 S BLOODWORTH ST</td>
<td>City of Raleigh</td>
<td>0.10 acres</td>
<td>DX-12-UG</td>
</tr>
<tr>
<td>1703886024</td>
<td>0039069</td>
<td>319 E MARTIN ST</td>
<td>City of Raleigh</td>
<td>0.39 acres</td>
<td>DX-12-UG</td>
</tr>
<tr>
<td>1703876995</td>
<td>0004773</td>
<td>226 S BLOODWORTH ST</td>
<td>City of Raleigh</td>
<td>0.04 acres</td>
<td>DX-12-UG</td>
</tr>
<tr>
<td>1703876991</td>
<td>0004772</td>
<td>228 S BLOODWORTH ST</td>
<td>City of Raleigh</td>
<td>0.03 acres</td>
<td>DX-12-UG</td>
</tr>
<tr>
<td>1703875954</td>
<td>0066856</td>
<td>317 E MARTIN ST</td>
<td>City of Raleigh</td>
<td>0.06 acres</td>
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</tr>
<tr>
<td>1703876933</td>
<td>0071314</td>
<td>323 E MARTIN ST</td>
<td>City of Raleigh</td>
<td>0.08 acres</td>
<td>DX-12-UG</td>
</tr>
<tr>
<td>1703877908</td>
<td>0004774</td>
<td>224 S BLOODWORTH ST</td>
<td>City of Raleigh</td>
<td>0.04 acres</td>
<td>DX-12-UG</td>
</tr>
<tr>
<td>1703876898</td>
<td>0004771</td>
<td>327 E MARTIN ST</td>
<td>City of Raleigh</td>
<td>0.06 acres</td>
<td>DX-12-UG</td>
</tr>
<tr>
<td>1703886184</td>
<td>0006045</td>
<td>210 S BLOODWORTH ST</td>
<td>City of Raleigh</td>
<td>0.10 acres</td>
<td>DX-12-UG</td>
</tr>
</tbody>
</table>

**Assemblage 1 Total Land Area**: 2.53 acres

## Assemblage 2 (South of Moore Square)

<table>
<thead>
<tr>
<th>PIN</th>
<th>Real Estate ID</th>
<th>Site Address</th>
<th>Owner</th>
<th>Land Area</th>
<th>Zoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>1703871762</td>
<td>63187</td>
<td>228 E MARTIN ST</td>
<td>City of Raleigh</td>
<td>0.19 acres</td>
<td>DX-12-SH</td>
</tr>
<tr>
<td>1703871564</td>
<td>62084</td>
<td>225 E DAVIE ST</td>
<td>City of Raleigh</td>
<td>0.59 acres</td>
<td>DX-12-SH</td>
</tr>
<tr>
<td>1703872717</td>
<td>328770</td>
<td>230 E MARTIN ST</td>
<td>City of Raleigh</td>
<td>0.14 acres</td>
<td>DX-12-SH</td>
</tr>
</tbody>
</table>

**Assemblage 2 Total Land Area**: 0.92 acres
Aerial Views

ASSEMBLAGE 1

ASSEMBLAGE 2
Introduction

Client and Intended Users of the Appraisal
The client in this assignment is City of Raleigh and the sole intended user of this report is City of Raleigh. Under no circumstances shall any of the following parties be entitled to use or rely on the appraisal or this appraisal report:

i. The borrower(s) on any loans or financing relating to or secured by the subject property,
ii. Any guarantor(s) of such loans or financing; or
iii. Principals, shareholders, investors, members or partners in such borrower(s) or guarantors.

Intended Use of the Appraisal
The sole intended use of this report is to assist Client in establishing market value for decision making purposes.

Real Estate Identification
The subject property consists of two assemblage blocks located at E. Martin Street at Person Street, Raleigh, Wake County, North Carolina 27601 as shown below:

| Assemblage 1 (East of Moore Square) | Owner | Land Area |
| PIN            | Real Estate ID | Site Address     |           |
| 1703884007     | 0088343       | 215 S PERSON ST  | City of Raleigh 0.56 acres |
| 1703874926     | 0103166       | 219 S PERSON ST  | City of Raleigh 0.36 acres |
| 1703886253     | 0014973       | 330 E HARGETT ST | City of Raleigh 0.59 acres |
| 1703876953     | 0004775       | 325 E MARTIN ST  | City of Raleigh 0.08 acres |
| 1703887004     | 0048492       | 218 S BLOODWORTH ST | City of Raleigh 0.04 acres |
| 1703886088     | 0004770       | 214 S BLOODWORTH ST | City of Raleigh 0.10 acres |
| 1703886024     | 0039069       | 319 E MARTIN ST  | City of Raleigh 0.39 acres |
| 1703876995     | 0004773       | 226 S BLOODWORTH ST | City of Raleigh 0.04 acres |
| 1703876991     | 0004772       | 228 S BLOODWORTH ST | City of Raleigh 0.03 acres |
| 1703875954     | 0068566       | 317 E MARTIN ST  | City of Raleigh 0.06 acres |
| 1703876933     | 0071314       | 323 E MARTIN ST  | City of Raleigh 0.08 acres |
| 1703877908     | 0004774       | 224 S BLOODWORTH ST | City of Raleigh 0.04 acres |
| 1703876898     | 0004771       | 327 E MARTIN ST  | City of Raleigh 0.06 acres |
| 1703886184     | 0006045       | 210 S BLOODWORTH ST | City of Raleigh 0.10 acres |

Assemblage 1 Total Land Area 2.53 acres

| Assemblage 2 (South of Moore Square) | Owner | Land Area |
| PIN            | Real Estate ID | Site Address     |           |
| 1703871762     | 63187         | 228 E MARTIN ST  | City of Raleigh 0.19 acres |
| 1703871564     | 62084         | 225 E DAVIE ST   | City of Raleigh 0.59 acres |
| 1703872717     | 328770        | 230 E MARTIN ST  | City of Raleigh 0.14 acres |

Assemblage 2 Total Land Area 0.92 acres
Ownership & History of the Property

According to Wake County Registry, title to the subject property is vested in the City of Raleigh. Ownership of the subject property has not changed within the past three years. Shown below are the deed book and page associated with each parcel.

### Assemblage 1 (East of Moore Square)

<table>
<thead>
<tr>
<th>PIN</th>
<th>Real Estate ID</th>
<th>Site Address</th>
<th>Deed Book</th>
<th>Deed Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1703884007</td>
<td>0088343</td>
<td>215 S PERSON ST</td>
<td>15416</td>
<td>396</td>
</tr>
<tr>
<td>1703874926</td>
<td>0103166</td>
<td>219 S PERSON ST</td>
<td>15416</td>
<td>396</td>
</tr>
<tr>
<td>1703886253</td>
<td>0014973</td>
<td>330 E HARGETT ST</td>
<td>18428</td>
<td>1087</td>
</tr>
<tr>
<td>1703876953</td>
<td>0004775</td>
<td>325 E MARTIN ST</td>
<td>18428</td>
<td>1087</td>
</tr>
<tr>
<td>1703887004</td>
<td>0048492</td>
<td>218 S BLOODWORTH ST</td>
<td>18428</td>
<td>1087</td>
</tr>
<tr>
<td>1703886088</td>
<td>0004770</td>
<td>214 S BLOODWORTH ST</td>
<td>18428</td>
<td>1087</td>
</tr>
<tr>
<td>1703886024</td>
<td>0039069</td>
<td>319 E MARTIN ST</td>
<td>18428</td>
<td>1087</td>
</tr>
<tr>
<td>1703876995</td>
<td>0004773</td>
<td>226 S BLOODWORTH ST</td>
<td>18428</td>
<td>1087</td>
</tr>
<tr>
<td>1703876991</td>
<td>0004772</td>
<td>228 S BLOODWORTH ST</td>
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<td>1087</td>
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<td>1703875954</td>
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<td>1703876933</td>
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<td>1703877908</td>
<td>0004774</td>
<td>224 S BLOODWORTH ST</td>
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<td>1087</td>
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<td>1703876898</td>
<td>0004771</td>
<td>327 E MARTIN ST</td>
<td>18428</td>
<td>1087</td>
</tr>
<tr>
<td>1703886184</td>
<td>0006045</td>
<td>210 S BLOODWORTH ST</td>
<td>18428</td>
<td>1087</td>
</tr>
</tbody>
</table>

### Assemblage 2 (South of Moore Square)

<table>
<thead>
<tr>
<th>PIN</th>
<th>Real Estate ID</th>
<th>Site Address</th>
<th>Deed Book</th>
<th>Deed Page</th>
</tr>
</thead>
<tbody>
<tr>
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<td>228 E MARTIN ST</td>
<td>4604</td>
<td>73</td>
</tr>
<tr>
<td>1703871564</td>
<td>62084</td>
<td>225 E DAVIE ST</td>
<td>6644</td>
<td>258</td>
</tr>
<tr>
<td>1703872717</td>
<td>328770</td>
<td>230 E MARTIN ST</td>
<td>4604</td>
<td>73</td>
</tr>
</tbody>
</table>

Legal Description

See Addenda for the deeds noted above.

Analysis of Listings/Offer/Contracts

The subject property is not offered for sale on the open market.
Type and Definition of Value
The appraisal problem is to develop an opinion of the market value of the subject property. “Market Value,” as used in this appraisal, is defined as “the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.” Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

The value conclusions apply to the value of the subject property under the market conditions presumed on the effective date of value. Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value
Per the scope of our assignment, we developed opinions of value for the subject property under the following scenarios of value:

<table>
<thead>
<tr>
<th>Valuation Scenario</th>
<th>Effective Date of Value</th>
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</thead>
<tbody>
<tr>
<td>As Is Market Value of the Fee Simple Interest</td>
<td>February 15, 2022</td>
</tr>
</tbody>
</table>

We completed an appraisal inspection of the subject property on February 15, 2022.

Date of Report
The date of this report is March 3, 2022.

Exposure Time and Marketing Period
Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of 6 to 9 months and 6 to 9 months, respectively, are considered reasonable and appropriate for the subject property.

¹ Source: Code of Federal Regulations, Title 12, Banks and Banking, Part 722.2-Definitions
Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed as below.

Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- **Legal Characteristics** - The subject was legally identified via county and city records.
- **Economic Characteristics** - Economic characteristics of the subject property were identified via Wake County public records, Costar, STDB Online, Realty Rates, Loopnet, internal market data, as well as a comparison to properties with similar locational and physical characteristics.
- **Physical Characteristics** - The subject was physically identified via an exterior site inspection.

Extent to Which the Property Was Inspected

We inspected the subject on February 15, 2022.

Type and Extent of Data Researched

We researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions. We also interviewed people familiar with the subject market/property type.

Type and Extent of Analysis Applied (Valuation Methodology)

We observed surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations in concluding a highest and best use. We then valued the subject based on that highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the Cost Approach, Sales Comparison Approach, and Income Capitalization Approach. One or more of these approaches are used in all estimations of value.

- **Sales Comparison Approach** - In the Sales Comparison Approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.

- **Direct Capitalization: Land Residual Method** - The Land Residual Methodology involves estimating the residual net income to the land by deducting from total potential income the portion attributable to the improvements, assuming development of the site at its highest and best use. The residual income is capitalized at an appropriate rate, resulting in an indication of land value.

- **Direct Capitalization: Ground Rent Capitalization** – A market derived capitalization rate is applied to the net income resulting from a ground lease. This can represent the leased fee or
fee simple interest, depending on whether the income potential is reflective of a lease in place or market rental rates.

- **Yield Capitalization: Subdivision Development Method** – Also known as Discounted Cash Flow Analysis (DCF), the methodology is most appropriate for land having multiple lot development in the near term as the highest and best use. The current site value is represented by discounting the anticipated cash flow to a present value, taking into consideration all necessary costs of development, maintenance, administration, and sales throughout the absorption period.

All of these approaches to value were considered. We assessed the availability of data and applicability of each approach to value within the context of the characteristics of the subject property and the needs and requirements of the client. Based on this assessment, we relied upon the Sales Comparison Approach. Further discussion of the extent of our analysis and the methodology of each approach is provided later in the respective valuation sections.

**Appraisal Conformity and Report Type**

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them. This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

**Personal Property/FF&E**

All items of non-realty are excluded from this analysis. The opinion of market value developed herein is reflective of real estate only.

**Assumptions and Conditions of the Appraisal**

This appraisal assignment and the opinions reported herein are subject to the General Assumptions and Limiting Conditions contained in the report and the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results.

**Extraordinary Assumptions**

- None

**Hypothetical Conditions**

- None
Regional and Market Area Analysis

TRIANGLE REGION

Overview

The subject property is located in an area known as the ‘Triangle’ area, so called due to the shape formed by the area’s three major research universities - North Carolina State University in Raleigh, Duke University in Durham, and the University of North Carolina in Chapel Hill. Located in the center of this area is the largest research park in the United States, Research Triangle Park (RTP).

The Triangle Region is located in the eastern part of the Piedmont region of North Carolina and is approximately 125 miles west of the Atlantic Ocean, 175 miles east of the Blue Ridge Mountains, and 50 miles south of the North Carolina-Virginia state line.

This area includes two metropolitan statistical areas (MSA); the Raleigh/Cary MSA, which includes the counties of Wake, Franklin, and Johnston; and the Durham MSA, which includes the counties of Chatham, Durham, Orange, and Person. Prior to the creation of Raleigh-Cary MSA in June 2003, the Triangle area had been part of one MSA known as the Raleigh-Durham-Chapel Hill MSA.

A map of the various MSA’s in North Carolina is shown below:
Population

Population characteristics for the Triangle Region in comparison with the Charlotte-Gastonia-Rock Hill, NC-SC MSA, Fayetteville, NC MSA, North Carolina, and the United States are presented in the following table. Within the combined Raleigh-Cary MSA and Durham-Chapel Hill MSA, the reported 2020 Census population is 2,063,885.

### POPULATION

<table>
<thead>
<tr>
<th>Area</th>
<th>2020</th>
<th>Estimated 2021</th>
<th>Annual % Change 2020 - 21</th>
<th>Projected 2026</th>
<th>Annual % Change 2021 - 26</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>331,449,281</td>
<td>333,793,107</td>
<td>0.7%</td>
<td>346,021,282</td>
<td>0.7%</td>
</tr>
<tr>
<td>North Carolina</td>
<td>10,439,388</td>
<td>10,822,111</td>
<td>3.7%</td>
<td>11,430,355</td>
<td>1.1%</td>
</tr>
<tr>
<td>Raleigh-Cary, NC (MSA)</td>
<td>1,413,982</td>
<td>1,438,110</td>
<td>1.7%</td>
<td>1,593,401</td>
<td>2.1%</td>
</tr>
<tr>
<td>Durham-Chapel Hill, NC (MSA)</td>
<td>649,903</td>
<td>660,985</td>
<td>1.7%</td>
<td>707,498</td>
<td>1.4%</td>
</tr>
<tr>
<td>Charlotte-Concord-Gastonia, NC-SC (MSA)</td>
<td>2,660,329</td>
<td>2,713,817</td>
<td>2.0%</td>
<td>2,947,719</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

Source: 2020 Census & ESRI (ArcGIS)

At over 10.4 million people, according to 2020 Census data, North Carolina is the ninth most populous state in the nation and has grown 9.48% since the previous 2010 Census. As shown in the population growth chart the Office of State Budget and Management (OSBM) of North Carolina projects the population of 27 counties will decline, while 34 will experience a growth rate above 6.6%. Much of the growth is located in the metropolitan areas of Charlotte, Raleigh-Durham and Wilmington.

The Triangle area is expected to be one of the fastest-growing metro areas in North Carolina from 2020 - 2030, as shown on the population growth chart below.
Below is a list of some of the findings reported by the most recent annual population estimates for counties and metropolitan areas released by the U.S. Census Bureau.

- According to the 2020 Census, 1,129,420 people reside in Wake County, making it the most populous county in NC, now just slightly ahead of Mecklenburg County with 1,115,482 people. Wake County is one of the fastest growing counties in the country growing by 62 people per day with another 200,000+ residents over the next 10 years.
- Orange County has grown by 11.13% between the 2010 and 2020 Census, with close to a 2% increase in total growth from the previous year.
- Durham County has experienced explosive growth as well with a 2020 Census population of 324,833, an increase of 21.39% over the previous 10 years.
- The Raleigh-Durham-Chapel Hill combined statistical area, which covers 12 counties from Harnett to the Virginia state line, is home to nearly 2.1 million people, making it the 31st largest in the country.

Employment
The Triangle area is one of the most highly educated and diverse workforces in the nation. The area’s success can be attributed to its quality and quantity of educational institutions, both public and private. These include the three major universities, several smaller colleges, state supported technical colleges, and numerous public and private grade schools. Shown below is employment by industry in the Triangle.

<table>
<thead>
<tr>
<th>Industry</th>
<th>2021 Estimate</th>
<th>Percent of Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture/Forestry/Fishing/Hunting</td>
<td>2,833</td>
<td>0.39%</td>
</tr>
<tr>
<td>Mining/Quarrying/Oil &amp; Gas Extraction</td>
<td>415</td>
<td>0.06%</td>
</tr>
<tr>
<td>Construction</td>
<td>51,775</td>
<td>7.17%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>63,135</td>
<td>8.75%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>18,296</td>
<td>2.53%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>69,751</td>
<td>9.66%</td>
</tr>
<tr>
<td>Transportation/Warehousing</td>
<td>25,862</td>
<td>3.58%</td>
</tr>
<tr>
<td>Utilities</td>
<td>6,061</td>
<td>0.84%</td>
</tr>
<tr>
<td>Information</td>
<td>17,062</td>
<td>2.36%</td>
</tr>
<tr>
<td>Finance/Insurance</td>
<td>42,759</td>
<td>5.92%</td>
</tr>
<tr>
<td>Real Estate/Rental/Leasing</td>
<td>15,153</td>
<td>2.10%</td>
</tr>
<tr>
<td>Professional/Scientific/Tech Services</td>
<td>109,970</td>
<td>15.23%</td>
</tr>
<tr>
<td>Management of Companies/Enterprises</td>
<td>449</td>
<td>0.06%</td>
</tr>
<tr>
<td>Admin/Support/Waste Management Services</td>
<td>27,063</td>
<td>3.75%</td>
</tr>
<tr>
<td>Educational Services</td>
<td>63,851</td>
<td>8.85%</td>
</tr>
<tr>
<td>Health Care/Social Assistance</td>
<td>88,179</td>
<td>12.22%</td>
</tr>
<tr>
<td>Arts/entertainment/Recreation</td>
<td>10,128</td>
<td>1.40%</td>
</tr>
<tr>
<td>Accommodation/Food Services</td>
<td>40,571</td>
<td>5.62%</td>
</tr>
<tr>
<td>Other Services (excl Public Administration)</td>
<td>28,885</td>
<td>4.00%</td>
</tr>
<tr>
<td>Public Administration</td>
<td>39,664</td>
<td>5.49%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>721,862</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

*Source: ESRI (ArcGIS)*
Major Employers

Located in the center of the Triangle is the largest research park in the United States, Research Triangle Park (RTP). RTP is an internationally known institution and has a major economic influence in the area. Created in 1959, the ‘Park’ as it is known locally, is still owned by its developer, Research Triangle Foundation, a private, not-for-profit organization. With over 7,000 acres, RTP is currently home to more than 200 global companies and more than 50,000 full-time employees. Over 99% of RTP’s employees work for research and development-related organizations, in such industries as biotechnology, pharmaceuticals & chemicals, telecommunications, computer software & hardware, and microelectronics. Notable RTP businesses and organizations include IBM, GlaxoSmithKline, Cisco Systems, NetApp, U.S. Environmental Protection Agency (EPA), RTI International, National Institute of Environmental Health Sciences, and Syngenta, to name a few.

Other large Triangle area employers (i.e. over 2,500 employees) include the State of North Carolina, the three major universities in the area (North Carolina State University in Raleigh, University of North Carolina at Chapel Hill, and Duke University in Durham), Duke Medical Center, UNC Hospital, WakeMedical Center, Blue Cross Blue Shield, Rex Healthcare, and SAS Institute.

The top 10 employers for Wake County and Durham County (1,000+ employees) are as follows:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Duke University &amp; Health System</td>
</tr>
<tr>
<td>2</td>
<td>State of North Carolina</td>
</tr>
<tr>
<td>3</td>
<td>Wake County Public School System</td>
</tr>
<tr>
<td>4</td>
<td>Wal-Mart</td>
</tr>
<tr>
<td>5</td>
<td>IBM Corporation</td>
</tr>
<tr>
<td>6</td>
<td>WakeMed Health &amp; Hospitals</td>
</tr>
<tr>
<td>7</td>
<td>North Carolina State University</td>
</tr>
<tr>
<td>8</td>
<td>Target</td>
</tr>
<tr>
<td>9</td>
<td>UNC Rex Healthcare</td>
</tr>
<tr>
<td>10</td>
<td>SAS Institute, Inc.</td>
</tr>
</tbody>
</table>

Apple recently announced plans it is building a campus and engineering hub in the Research Triangle Park and creating at least 3,000 new jobs for the area.
Unemployment
The following table exhibits current and past unemployment rates as obtained from the Bureau of Labor Statistics. Overall, the Region boasts one of the lowest unemployment rates for metropolitan statistical areas in the Country.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>4.9%</td>
<td>4.4%</td>
<td>3.9%</td>
<td>3.7%</td>
<td>8.1%</td>
<td>5.3%</td>
</tr>
<tr>
<td>North Carolina</td>
<td>5.1%</td>
<td>4.5%</td>
<td>4.0%</td>
<td>3.8%</td>
<td>7.3%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Raleigh, NC (MSA)</td>
<td>4.4%</td>
<td>4.0%</td>
<td>3.5%</td>
<td>3.4%</td>
<td>6.4%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Wake County, NC</td>
<td>4.3%</td>
<td>3.9%</td>
<td>3.5%</td>
<td>3.3%</td>
<td>6.4%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Raleigh City, NC</td>
<td>4.6%</td>
<td>4.2%</td>
<td>3.7%</td>
<td>3.5%</td>
<td>7.3%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

Source: www.bls.gov  
data not seasonally adjusted; ¹Annual - most recent for US, others lag by 1-2 mos.

Median Household Income
Total median household income for the region is presented in the following table. Overall, the subject’s MSA compares favorably to the state and the country.

<table>
<thead>
<tr>
<th>Median Household Income</th>
<th>Estimated 2021</th>
<th>Projected 2026</th>
<th>Annual % Change 2021 - 26</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>$64,730</td>
<td>$72,932</td>
<td>2.4%</td>
</tr>
<tr>
<td>North Carolina</td>
<td>$56,585</td>
<td>$63,294</td>
<td>2.3%</td>
</tr>
<tr>
<td>Raleigh-Cary, NC (MSA)</td>
<td>$79,224</td>
<td>$88,286</td>
<td>2.2%</td>
</tr>
<tr>
<td>Durham-Chapel Hill, NC (MSA)</td>
<td>$65,195</td>
<td>$75,294</td>
<td>2.9%</td>
</tr>
<tr>
<td>Charlotte-Concord-Gaston, NC-SC (MSA)</td>
<td>$66,142</td>
<td>$75,030</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

Source: ESRI (ArcGIS)

Cost of Living Index
The Cost-of-Living Index measures differences in the cost of consumer goods and services, excluding taxes and non-consumer expenditures. The chart below indicates the cost-of-living indexes for the Raleigh area compared to the national average of 100.

<table>
<thead>
<tr>
<th>Numbeo Cost of Living Index</th>
<th>City</th>
<th>Cost Index</th>
<th>Rent Index</th>
<th>Groceries Index</th>
<th>Resturant Index</th>
<th>Purchasing Power Index</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Raleigh, NC</td>
<td>71.18</td>
<td>37.47</td>
<td>74.44</td>
<td>70.39</td>
<td>124.39</td>
</tr>
<tr>
<td></td>
<td>Charlotte, NC</td>
<td>72.66</td>
<td>46.07</td>
<td>67.66</td>
<td>70.95</td>
<td>120.00</td>
</tr>
<tr>
<td></td>
<td>Richmond, VA</td>
<td>68.31</td>
<td>36.52</td>
<td>65.01</td>
<td>72.14</td>
<td>106.27</td>
</tr>
<tr>
<td></td>
<td>Atlanta, GA</td>
<td>76.22</td>
<td>49.44</td>
<td>76.96</td>
<td>64.35</td>
<td>120.43</td>
</tr>
<tr>
<td></td>
<td>Jacksonville, FL</td>
<td>69.47</td>
<td>34.17</td>
<td>74.37</td>
<td>65.61</td>
<td>110.90</td>
</tr>
<tr>
<td></td>
<td>Nashville, TN</td>
<td>72.15</td>
<td>47.05</td>
<td>66.63</td>
<td>75.55</td>
<td>112.53</td>
</tr>
<tr>
<td></td>
<td>Austin, TX</td>
<td>63.04</td>
<td>50.35</td>
<td>61.38</td>
<td>65.30</td>
<td>129.63</td>
</tr>
</tbody>
</table>

Source: Numbeo Cost of Living Index (2021)
Health Care
Obviously, a growing concern among the large baby boomer population is healthcare. Extensive medical care is available throughout the area, including world-class medical research facilities and hospitals at Duke University and University of North Carolina at Chapel Hill.

Quality of Life
Living in the Triangle area means having access to cultural activities include Durham Performing Arts Center, the North Carolina Museum of Art, the Contemporary Arts Museum and the North Carolina Symphony. It’s also a family-friendly area with Marbles Kids Museum in Raleigh, 200-plus parks and a 152-mile greenway system for safe biking and hiking. Raleigh and Durham are a great place for sports fans, with college athletics and professional hockey, soccer and baseball teams.

Meanwhile, cafes and bars around the area's university campuses are enjoyed by students and residents alike. More than 20 craft breweries have made the region their home, further improving a growing food scene. Also, the area has the most live music venues in North Carolina. The relatively low crime rate, several cultural centers, and numerous parks also have contributed to the Triangle’s success.

Government Forces
Government forces include local public services like transportation, and land use controls such as zoning and subdivision regulations. The Triangle J Council of Governments is a voluntary organization of municipal and county governments in North Carolina's Region J (Chatham, Durham, Johnston, Lee, Moore, Orange, and Wake counties). It is one of 18 regional councils established in 1972 by the General Assembly. The organization works to meet the region’s needs in a wide range of areas, from land-use planning, economic development, and emergency medical services support to environmental protection, programs for the aging and information services. The staff also provides a number of services to the member governments, including mapping and geographic information services, web page design and maintenance, drug and alcohol testing, and cable television regulation and franchising assistance.
Transportation

Highways
Triangle area transportation is provided by three major interstates: I-40 (east-west), I-85 (northeast-southwest), and I-95 (north-south). The Cliff Benson Beltline (I-440) encircles a large portion of the city of Raleigh, while the still developing Wake Expressway (I-540) will eventually encircle most of Wake County. Currently I-540 circles the western part of the area from Highway 55 (Holly Springs) to the north and east to US Highway 64. Major area highways include US Highways 1, 15, 64, 70, 401, and 501.

Raleigh-Durham International Airport (RDU)
The Raleigh-Durham International Airport (RDU) is centrally located in the Triangle and offers daily flights to major national and international cities. RDU is served by nine airline carriers, flying to 50 nonstop destinations and more than 400 daily flights. Major airlines include Southwest, Alaska, Allegiant, Air Canada, American Airlines, Delta, Frontier, JetBlue, and United.

Public Transportation
Triangle Transit Authority (TTA) is a regional public transportation provider. Current services include bus lines, commuter shuttles, and vanpool service.

Conclusion
Throughout the past decade, the Triangle has received numerous awards and high rankings from various national publications, hailing the area as an excellent place to live and work. In October 2020, the Urban Land Institute’s “Emerging Trends in Real Estate” report ranked the Raleigh-Durham commercial property market as the top area for real estate prospects in 2021. The report cited the Triangle market areas, which include Raleigh, Durham, Cary, Morrisville, Chapel Hill, and Wake County, “offer growing and educated job bases, and some walkable urban submarkets, but unlike their coastal brethren, they have lower housing and business costs”.

The Triangle is expected to continue to enjoy population growth and a solid economic base. The long-term trend for this area remains positive.
**Overview**

The subject is located in Raleigh, North Carolina. The Raleigh metro area – defined as Wake, Johnston, and Franklin Counties – was the 16th fastest growing in the nation last year at 2.3%. With more than 1.3 million residents, the Raleigh Metro area is the country’s 41st largest, behind Memphis, TN and ahead of Richmond, VA.

Raleigh is the Capital of North Carolina and the second largest city in North Carolina behind Charlotte. Raleigh’s 2021 population estimate is 476,639. The following section goes into more detail regarding the subject property and its immediate market area as it pertains to neighboring land uses, boundaries and transportation routes.
Property Jurisdiction
County: Wake
Corporate Limits: Raleigh
Township: Raleigh
General Area Location: Downtown Raleigh
Area District: Moore Square

Neighborhood Location and Boundaries
The subject property is located in downtown Raleigh within the Moore Square District. This district’s name arises from Moore Square Park bounded by Hargett Street, Blount Street, Martin Street, and Person Street. This district contains a large concentration of arts venues.

The Moore Square District is bordered by New Bern Avenue to the north, S. Wilmington Street to the west, Western Boulevard to the south and S. East Street to the east.

Transportation Access
Martin Street and Hargett Street are both east-west thoroughfares through the Moore Square District and Blount Street and Person Street are the north-south thoroughfares. Hillsborough Street, Morgan Street, Wilmington Street, Dawson Street, and McDowell Street are the primary corridors through the downtown central business district surrounding area.

Major transportation routes in the larger area include Interstate 40 and Interstate 440. US 70 has an exit off of Interstate 40 which flows straight into downtown. US 70 and S. Wilmington Street are both considered primary access corridors into and out of downtown Raleigh from the south. Access to the area is considered good.

Neighborhood Land Use
The Moore Square district is characterized by Moore Square Park, Artspace, Marble’s Kids Museum/Wells Fargo IMAX theatre. City Market is also in this district and is an historic area adjacent to Moore Square with retail shops and restaurants surrounded by cobblestone. A $12.6 million renovation was completed on Moore Square in Fall 2019 that included a café, water feature, playground, new seating and improved walkways.

Nearby residential developments include SkyHouse, Edison, and The Lincoln.

The adjacent Fayetteville district features several high-rise Class A office buildings, restaurants, and an outdoor amphitheater. At the heart of Fayetteville Street, City Plaza is downtown’s premier location for outdoor events and festivals throughout the year. With a growing array of distinctive restaurants, bars, and boutiques, this district has been named “Great Main Street” of downtown.
**Demographics**

The following table depicts the area demographics in Raleigh within a one-, three-, and five-mile radius from the subject.

Source: Bing Maps - approximate 1/3/5 mile radii from subject at 35.776785, -78.634949

Microsoft product screen shots reprinted with permission from Microsoft Corporation
Neighborhood Demographics

<table>
<thead>
<tr>
<th>Radius (Miles)</th>
<th>1 Mile</th>
<th>3 Mile</th>
<th>5 Mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population Summary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010 Population</td>
<td>14,333</td>
<td>89,996</td>
<td>187,705</td>
</tr>
<tr>
<td>2021 Population Estimate</td>
<td>19,559</td>
<td>103,405</td>
<td>221,592</td>
</tr>
<tr>
<td>2026 Population Projection</td>
<td>22,568</td>
<td>112,317</td>
<td>242,336</td>
</tr>
<tr>
<td>Annual % Change (2021 - 2026)</td>
<td>2.9%</td>
<td>1.7%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Housing Unit Summary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010 Housing Units</td>
<td>6,595</td>
<td>36,256</td>
<td>78,177</td>
</tr>
<tr>
<td>% Owner Occupied</td>
<td>26.4%</td>
<td>39.4%</td>
<td>44.3%</td>
</tr>
<tr>
<td>% Renter Occupied</td>
<td>55.9%</td>
<td>49.4%</td>
<td>46.3%</td>
</tr>
<tr>
<td>2021 Housing Units</td>
<td>10,204</td>
<td>43,296</td>
<td>93,785</td>
</tr>
<tr>
<td>% Owner Occupied</td>
<td>21.0%</td>
<td>36.1%</td>
<td>40.6%</td>
</tr>
<tr>
<td>% Renter Occupied</td>
<td>62.4%</td>
<td>53.1%</td>
<td>49.8%</td>
</tr>
<tr>
<td>2026 Housing Units</td>
<td>11,811</td>
<td>47,859</td>
<td>103,143</td>
</tr>
<tr>
<td>% Owner Occupied</td>
<td>19.5%</td>
<td>35.3%</td>
<td>39.9%</td>
</tr>
<tr>
<td>% Renter Occupied</td>
<td>66.3%</td>
<td>54.5%</td>
<td>50.8%</td>
</tr>
<tr>
<td>Annual % Change (2021 - 2026)</td>
<td>3.0%</td>
<td>2.0%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Income Summary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021 Median Household Income Estimate</td>
<td>$52,956</td>
<td>$55,592</td>
<td>$57,863</td>
</tr>
<tr>
<td>2026 Median Household Income Projection</td>
<td>$66,422</td>
<td>$65,096</td>
<td>$66,625</td>
</tr>
<tr>
<td>Annual % Change</td>
<td>4.6%</td>
<td>3.2%</td>
<td>2.9%</td>
</tr>
<tr>
<td>2021 Per Capita Income Estimate</td>
<td>$36,458</td>
<td>$33,844</td>
<td>$34,841</td>
</tr>
<tr>
<td>2026 Per Capita Income Projection</td>
<td>$43,329</td>
<td>$38,602</td>
<td>$39,471</td>
</tr>
<tr>
<td>Annual % Change</td>
<td>3.5%</td>
<td>2.7%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Source: ESRI (ArcGIS) (Lat: 35.776785, Lon: -78.634949)

Neighborhood Life Cycle
Most neighborhoods are classified as being in four stages: growth, stability, decline, and renewal. Overall, the subject neighborhood is in the renewal/growth stage of its life cycle.

Analysis and Conclusions
Downtown Raleigh is currently experiencing historic growth. Since 2005, downtown Raleigh has had $3.9 billion spent in development completed or under construction for retail, office, residential, hotel, restaurants, convention space, and entertainment venues. The Downtown Raleigh Market Report is included in the Addenda.
Site Description

The subject property consists of two assemblage blocks of City of Raleigh-owned parcels at Moore Square in downtown Raleigh. Assemblage 1, East of Moore Square, totals 2.53 acres and Assemblage 2, South of Moore Square, totals 0.92 acres.

Property Identification

### Assemblage 1 (East of Moore Square)

<table>
<thead>
<tr>
<th>PIN</th>
<th>Real Estate ID</th>
<th>Site Address</th>
<th>Owner</th>
<th>Land Area</th>
<th>Zoning</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1703884007</td>
<td>0088343</td>
<td>215 S PERSON ST</td>
<td>City of Raleigh</td>
<td>0.56 acres</td>
<td>DX-20-SH</td>
<td>LO14 SURVEY OF EXISTING PROPERTIES BM2013 - 00998</td>
</tr>
<tr>
<td>1703874926</td>
<td>0103166</td>
<td>219 S PERSON ST</td>
<td>City of Raleigh</td>
<td>0.36 acres</td>
<td>DX-20-SH</td>
<td>LO13 SURVEY OF EXISTING PROPERTIES BM2013 - 00998</td>
</tr>
<tr>
<td>1703876953</td>
<td>0004775</td>
<td>325 E MARTIN ST</td>
<td>City of Raleigh</td>
<td>0.08 acres</td>
<td>DX-12-UG</td>
<td>LO10 SURVEY OF EXISTING PROPERTIES BM2013 - 00998</td>
</tr>
<tr>
<td>1703887004</td>
<td>0048492</td>
<td>218 S BLOODWORTH ST</td>
<td>City of Raleigh</td>
<td>0.04 acres</td>
<td>DX-12-UG</td>
<td>LO4 SURVEY OF EXISTING PROPERTIES BM2013 - 00998</td>
</tr>
<tr>
<td>1703886088</td>
<td>0004770</td>
<td>214 S BLOODWORTH ST</td>
<td>City of Raleigh</td>
<td>0.10 acres</td>
<td>DX-12-UG</td>
<td>LO3 SURVEY OF EXISTING PROPERTIES BM2013 - 00998</td>
</tr>
<tr>
<td>1703886253</td>
<td>0014973</td>
<td>330 E HARGETT ST</td>
<td>City of Raleigh</td>
<td>0.59 acres</td>
<td>DX-12-UG</td>
<td>LO1 SURVEY OF EXISTING PROPERTIES BM2013 - 00998</td>
</tr>
<tr>
<td>1703886024</td>
<td>0039069</td>
<td>319 E MARTIN ST</td>
<td>City of Raleigh</td>
<td>0.39 acres</td>
<td>DX-12-UG</td>
<td>LO5 SURVEY OF EXISTING PROPERTIES BM2013 - 00998</td>
</tr>
<tr>
<td>1703876995</td>
<td>0004773</td>
<td>226 S BLOODWORTH ST</td>
<td>City of Raleigh</td>
<td>0.04 acres</td>
<td>DX-12-UG</td>
<td>LO7 SURVEY OF EXISTING PROPERTIES BM2013 - 00998</td>
</tr>
<tr>
<td>1703876991</td>
<td>0004772</td>
<td>228 S BLOODWORTH ST</td>
<td>City of Raleigh</td>
<td>0.03 acres</td>
<td>DX-12-UG</td>
<td>LO8 SURVEY OF EXISTING PROPERTIES BM2013 - 00998</td>
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<tr>
<td>1703875954</td>
<td>0066856</td>
<td>317 E MARTIN ST</td>
<td>City of Raleigh</td>
<td>0.06 acres</td>
<td>DX-12-UG</td>
<td>LO12 SURVEY OF EXISTING PROPERTIES BM2013 - 00998</td>
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<tr>
<td>1703876933</td>
<td>0071314</td>
<td>323 E MARTIN ST</td>
<td>City of Raleigh</td>
<td>0.08 acres</td>
<td>DX-12-UG</td>
<td>LO11 SURVEY OF EXISTING PROPERTIES BM2013 - 00998</td>
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<tr>
<td>1703877908</td>
<td>0004774</td>
<td>224 S BLOODWORTH ST</td>
<td>City of Raleigh</td>
<td>0.04 acres</td>
<td>DX-12-UG</td>
<td>LO6 SURVEY OF EXISTING PROPERTIES BM2013 - 00998</td>
</tr>
<tr>
<td>1703876898</td>
<td>0004771</td>
<td>327 E MARTIN ST</td>
<td>City of Raleigh</td>
<td>0.06 acres</td>
<td>DX-12-UG</td>
<td>LO9 SURVEY OF EXISTING PROPERTIES BM2013 - 00998</td>
</tr>
<tr>
<td>1703886184</td>
<td>0006045</td>
<td>210 S BLOODWORTH ST</td>
<td>City of Raleigh</td>
<td>0.10 acres</td>
<td>DX-12-UG</td>
<td>LO2 SURVEY OF EXISTING PROPERTIES BM2013 - 00998</td>
</tr>
</tbody>
</table>

Assemblage 1 Total Land Area: 2.53 acres

### Assemblage 2 (South of Moore Square)

<table>
<thead>
<tr>
<th>PIN</th>
<th>Real Estate ID</th>
<th>Site Address</th>
<th>Owner</th>
<th>Land Area</th>
<th>Zoning</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1703871762</td>
<td>0063187</td>
<td>228 E MARTIN ST</td>
<td>City of Raleigh</td>
<td>0.19 acres</td>
<td>DX-12-SH</td>
<td>LO2 E MARTIN ST RCMB BM2018 - 01485</td>
</tr>
<tr>
<td>1703871564</td>
<td>0062084</td>
<td>225 E DAVIE ST</td>
<td>City of Raleigh</td>
<td>0.59 acres</td>
<td>DX-12-SH</td>
<td>225 E DAVIE ST</td>
</tr>
<tr>
<td>1703872717</td>
<td>0328770</td>
<td>230 E MARTIN ST</td>
<td>City of Raleigh</td>
<td>0.14 acres</td>
<td>DX-12-SH</td>
<td>LO3 E MARTIN ST RCMB BM2018 - 01485</td>
</tr>
</tbody>
</table>

Assemblage 2 Total Land Area: 0.92 acres
Zoning Designation
The subject parcels all have the same base zoning of Downtown Mixed Use (DX-). DX- is intended to allow for intense mixed-use developments in downtown Raleigh. The parcels differ in the height, or number of max stories allowed, ranging from 12 stories to 20 stories. The SH and UG portion of the zoning code relate to frontage. Frontages place additional limitations beyond the base dimensional standards. SH stands for shopfront, which is intended for walkability and mixed-use buildings are the primary type allowed. UG stands for Urban General and is intended for areas where parking between the building and street is not allowed.
A portion of the subject parcels have recently been rezoned as of February 6, 2022. The Ordinance is shown below:

**Ordinance (2022) 333 ZC 833**
*Adopted: 2/1/2022*  
**Effective: 2/6/2022**

**Z-69-21** - 225 East Davie Street, 226 (portion), 228, 230 (portion), 317, 319, 323, 325, and 327 East Martin Street; 210, 214, 218, 224, 226, and 228 South Bloodworth; and 330 East Hargett Street, multiple parcels located south and east of Moore Square, consisting of Wake County PINs 1703871564, 1703871749 (partial), 1703871762, 1703872717 (partial), 1703875954, 1703886024, 1703876933, 1703876953, 1703876898, 1703886184, 1703886088, 1703887004, 1703877908, 1703876995, 1703878691, and 1703886253. Approximately 2.46 acres rezoned as follows:

- **South of Moore Square:** Downtown Mixed Use-Twelve Stories-Shopfront (DX-12-SH)
- **East of Moore Square:** Downtown Mixed Use-Twelve Stories-Urban General (DX-12-UG)

**Conditions dated:** None.
Flood Zone Data
Flood Map Panel/Number: 3720170300J
Flood Map Date: May 2, 2006
Portion in Flood Hazard Area: 0%
Flood Zone: Zone X
TOPOGRAPHIC MAP
Existing Improvements
The subject parcels are mostly vacant parking lots with paving and some chain link fencing. There are two buildings as shown below.

### Building Location Address
215 S PERSON ST

### Building Description
SALVATION ARMY OFFICES & RESCUE MISS

<table>
<thead>
<tr>
<th>Bldg Type</th>
<th>Year Bt</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Rooming House</td>
<td>1980</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Heated Area</th>
<th>Eff Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,096</td>
<td>Remod</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Style</th>
<th>Const Type</th>
<th>Heating</th>
<th>Air Cond</th>
<th>Plumbing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional</td>
<td>Exposed Steel</td>
<td>Central</td>
<td>Central</td>
<td>Adequate</td>
</tr>
</tbody>
</table>

### Main and Addition Summary
<table>
<thead>
<tr>
<th>Story</th>
<th>Type</th>
<th>Code</th>
<th>Area</th>
<th>Inc</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>2 BR/CS</td>
<td>634B</td>
<td>634B</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>1 BPM</td>
<td>400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>1 DOCK</td>
<td>0184</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>D</td>
<td>E</td>
<td>F</td>
<td>G</td>
</tr>
<tr>
<td>H</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Other Improvements
<table>
<thead>
<tr>
<th>Code</th>
<th>Year</th>
<th>%ADJ</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>12132</td>
<td>0030</td>
<td>1980</td>
<td>20</td>
</tr>
<tr>
<td>40X80</td>
<td>0200</td>
<td>1980</td>
<td>20</td>
</tr>
<tr>
<td>500</td>
<td>0000</td>
<td>1980</td>
<td>20</td>
</tr>
<tr>
<td>10X36</td>
<td>0446</td>
<td>2000</td>
<td>45</td>
</tr>
</tbody>
</table>

### Building Sketch

### Photograph
1/25/2015

0088343 01/25/2015
<table>
<thead>
<tr>
<th>Building Location Address</th>
<th>Building Description</th>
<th>Card 01 Of 01</th>
</tr>
</thead>
<tbody>
<tr>
<td>230 E MARTIN ST</td>
<td>POLICE SUB STATION</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bldg Type</th>
<th>Year Blt</th>
<th>Eff Year</th>
<th>Base Bldg Value</th>
<th>Grade</th>
<th>Cond %</th>
<th>Market Adj</th>
<th>Market Adj</th>
<th>Accumd %</th>
<th>Incomplete Code</th>
<th>Card 01 Value</th>
<th>All Other Cards</th>
<th>Land Value Assessed</th>
<th>Total Value Assessed</th>
</tr>
</thead>
<tbody>
<tr>
<td>47 Single Tenant</td>
<td>1915</td>
<td>Remod</td>
<td>$109,693</td>
<td>20.45</td>
<td>80%</td>
<td>B</td>
<td>42%</td>
<td></td>
<td></td>
<td>$1,843</td>
<td></td>
<td>$1,070,199</td>
<td>$1,072,042</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Main and Addition Summary</th>
<th>Other Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Story</td>
<td>Type</td>
</tr>
<tr>
<td>1</td>
<td>BR/CS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Building Sketch</th>
<th>Photograph</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Building Sketch" /></td>
<td><img src="image2" alt="Photograph" /></td>
</tr>
</tbody>
</table>

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Page 26
Subject Photographs

230 E Martin Street

215 S Person Street
Assessment and Tax Data

Assessment Methodology
All real property is subject to ad valorem taxation in North Carolina unless it is constitutionally exempted or classified and excluded from taxation by statute. Real property is defined by the Machinery Act as "not only the land itself, but also buildings, structures, improvements, and permanent fixtures on the land, and all rights and privileges belonging or in any way appertaining to the property."

Real property – land and the improvements thereto – is valued on a countywide basis by the county tax assessor every eight years, unless the local taxing jurisdiction advances its revaluation schedule. The last revaluation in Wake County became effective January 1, 2020.

Assessed Values
The subject’s assessed values are shown in the following table:

<table>
<thead>
<tr>
<th>Assemblage 1 (East of Moore Square)</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIN 1703884007</td>
<td>0088343 215 S PERSON ST</td>
</tr>
<tr>
<td>PIN 1703874926</td>
<td>0103166 219 S PERSON ST</td>
</tr>
<tr>
<td>PIN 1703876953</td>
<td>0004775 325 E MARTIN ST</td>
</tr>
<tr>
<td>PIN 1703887004</td>
<td>0048492 218 S BLOODWORTH ST</td>
</tr>
<tr>
<td>PIN 1703886088</td>
<td>004770 214 S BLOODWORTH ST</td>
</tr>
<tr>
<td>PIN 1703886253</td>
<td>0014973 330 E HARGETT ST</td>
</tr>
<tr>
<td>PIN 1703886024</td>
<td>0039069 319 E MARTIN ST</td>
</tr>
<tr>
<td>PIN 1703876995</td>
<td>004773 226 S BLOODWORTH ST</td>
</tr>
<tr>
<td>PIN 1703876991</td>
<td>004772 228 S BLOODWORTH ST</td>
</tr>
<tr>
<td>PIN 1703875954</td>
<td>0066856 317 E MARTIN ST</td>
</tr>
<tr>
<td>PIN 1703876933</td>
<td>0071314 323 E MARTIN ST</td>
</tr>
<tr>
<td>PIN 1703877908</td>
<td>004774 224 S BLOODWORTH ST</td>
</tr>
<tr>
<td>PIN 1703876898</td>
<td>004771 327 E MARTIN ST</td>
</tr>
<tr>
<td>PIN 1703886184</td>
<td>006045 210 S BLOODWORTH ST</td>
</tr>
</tbody>
</table>

**Assemblage 1 Totals**
$769,717 Building Value
$15,223,190 Land Value
$15,992,907 Total Value
$145.12

<table>
<thead>
<tr>
<th>Assemblage 2 (South of Moore Square)</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIN 1703871762</td>
<td>0063187 228 E MARTIN ST</td>
</tr>
<tr>
<td>PIN 1703871564</td>
<td>0062084 225 E DAVIE ST</td>
</tr>
<tr>
<td>PIN 1703872717</td>
<td>0328770 230 E MARTIN ST</td>
</tr>
</tbody>
</table>

**Assemblage 2 Totals**
$35,133 Building Value
$7,032,987 Land Value
$7,068,120 Total Value

Since the subject is currently owned by the City of Raleigh, the parcels are Exempt from taxes.
Market Analysis

While Covid-19 continues to impact all aspects of the economy in some way, the pandemic’s impact on commercial real estate has been relatively muted in 2021. The market overall is experiencing growth, fueled by low lending rates and inflationary pressures. Demand for investment properties is expected to increase in secondary and tertiary markets as investors look for higher yields. Investors and owners are also expected to continue to watch federal involvement in business loans, as government may need to intervene if inflation continues to grow. This will influence the decision of business owners to choose between buying or leasing their commercial space. Supply chain issues have the potential to impact both inflation and the ability to keep up with space demand. A shortage of supplies as well as labor is continuing to cause delays in construction across the country.

Supply for commercial space is not keeping up with demand from buyers. High net worth individuals as well as institutions are seeking real estate assets as a hedge against inflation and are taking advantage of the low interest rates while they last. Unlike past recessions, during the brief Covid-19 recession, there has been no shortage of capital, and this has kept several CRE sectors not just solvent, but thriving, including multi-family, certain retail properties, self-storage, healthcare and especially industrial. Office and much retail space is undergoing a shift as companies and consumers continue to adapt to both pandemic concerns as well as changes in the ability to work remote. Many companies are expected to need to offer office employees hybrid work arrangements, which not only depressed square footage demands in office but daytime retail demand nearby.

Despite the space adjustments, retail tenants are paying their rents in higher percentages since April 2020, but many retailers, especially in suburban markets, are struggling to find hourly workers, which is impacting their ability to stay open for regular business hours. Overall office trends are flat or slightly negative, as companies sort out employee policies for being in office and workers continue to opt for and insist on flexible work arrangements. The Covid-19 pandemic upended economies globally beginning in Q1 2020. A year later, the virus continues to spread but is showing signs of relenting in many countries. Unprecedented vaccine development and manufacturing efforts, combined with mitigation strategies, have helped slow the virus’s progress in many places and most leaders expect to see a return to pre-pandemic level activity in the second half of 2021 for most industries. As of March 2021, approximately 1/3 of all adults in the United States have received at least the first dose of a Covid-19 vaccine, with the US averaging two million doses administered per day. Oxford Economics’ US Recovery Tracker rose 1.7 ppts to 85.3 in mid-March, a new high one year after the onset of the pandemic crisis.
Industrial continues to be the strongest sector, showing robust conditions in nearly every market. Rent growth and absorption rates are very strong everywhere except in some of the west coast markets. Ecommerce exploded during the lockdowns in 2020, creating new customer behavior that continues to persist, though not at the same levels as consumers have resumed some in-person shopping. Companies have taken the opportunity to innovate on mobile delivery options which has increased the demand for warehouse and distribution space nationally.

In the wake of strong demand, investors are seeking opportunities in alternative sectors, looking for higher returns at higher cap rates. The sectors that investors have most pivoted to are senior housing, student housing, self-storage and life sciences properties, which includes medical office space. Another factor impacting the markets is an increased focus on considering ESG (Environmental, Social and Corporate Governance) elements when making operational or investment decisions. A Q3 report by Loopnet found that 82% of respondents reported ESG considerations in underwriting, buying decisions or property selection and positioning of assets. The growing risk of climate-related property damage is beginning to factor into market-level risk decision making.

Sun-belt markets have emerged in the post-pandemic forecast as the target of growth and exponential development. While some of the pandemic exodus from top-tier cities has rebounded, the longer-term forecast is strongest in the southern part of the country where quality of life and tax-friendly structures attract workers and companies. The top 10 markets for overall real estate prospects, according to Loopnet are:

[Graph showing CRE Sales Volumes]
1. Nashville  
2. Raleigh/Durham  
3. Phoenix  
4. Austin  
5. Tampa/St. Petersburg  
6. Charlotte  
7. Dallas/Fort Worth  
8. Atlanta  
9. Seattle  
10. Boston  

Inflation is perhaps the biggest worry for CRE markets and investors. High inflation rates are being driven by both demand (stimulus, more businesses opening, high savings rates) and supply factors (labor shortages and supply chain disruptions). While at the highest rate in 30 years, inflation will likely stay high for the next year and then begin to ease as market corrections work themselves out.

The median CPI is now increasing at over a 6% annual rate, which is a pace not seen since the late 80’s. Because of the unique nature of the causes of this rate of inflation, the demand outlook does not point to accelerating inflation over the medium term, which is most important for the overall economic outlook and for decision makers at the Federal Reserve. Market participants anticipate that the Fed will hike interest rates higher in 2022 and this belief has reduced uncertainty around the longer path of inflation. The biggest risk is that unexpected runaway inflation would be damaging to the economy which would negatively affect property markets. This is not the expected scenario, however, and even elevated inflation can have a net positive impact on property values.

**Downtown Raleigh Market Conditions**

The Q4 2021 Market Report by the Downtown Raleigh Alliance is included in the Addenda.
Highest and Best Use

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Analysis of Highest and Best Use As Though Vacant

The primary determinants of the highest and best use of the property As Though Vacant are the issues of (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

Legally Permissible

The subject parcels are all zoned with the base DX, Downtown Mixed, with most of the parcels at 12 stories; the exception being 215 and 219 Person Streets, totaling 0.92 acres, which are zoned to allow for 20 stories. The parcels are further classified as SH, Shopfront, and UG, Urban General which are intended to allow for high density mixed use developments that are pedestrian friendly. The zonings are consistent with the neighborhood and are part of a recent rezoning; therefore, a change in zoning to a higher zoning is unlikely. There are no known easements, encroachments, covenants or other use restrictions that would unduly limit or impede development.

Physically Possible

The physical attributes allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences are described in the Site Description and have been considered. There are no items of a physical nature which would adversely impact development with the legal permitted uses.

Financially Feasible

Demand for commercial real estate in the Triangle remains strong despite the economic fallout from COVID-19 which has hit many businesses and led to many firms embracing work-from-home strategies. Downtown Raleigh is no exception with a pipeline of projects planned. Downtown Raleigh was one of the strongest submarkets in the region prior to COVID-19 crisis and those fundamentals remain in place. We conclude the long-term outlook for demand remains positive given the region’s continued economic growth. Both buyers and sellers remain bullish on Raleigh, and some high-end, well-located assets have sold for a premium, even amid the pandemic. Mixed-use development is the buzzword with good demand for full service hotels, large Class A office space, and apartments/residential condominiums. Storefront retail is also likely to continue to be strong with the new influx of residential coming online. All of the uses above, point to a mixed-use development under a combination of any of the above scenarios.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as though vacant is for mixed-use development.
Conclusion of Highest and Best Use As Though Vacant
The conclusion of the highest and best use As Though Vacant is for mixed-use development.

Analysis of Highest and Best Use As Improved
In determining the highest and best use of the property As Improved, we consider three possibilities for the property: 1) continuation of the existing use with or without modification to improvements, 2) a change in use, or 3) demolition and redevelopment of the land.

Based on existing layout and condition of the subject improvements, we conclude the highest and best use is to tear down the existing improvements to allow for redevelopment of the land maximizing the density of the site.

Conclusion of Highest and Best Use As Improved
The highest and best use of the subject property, As Improved, is mixed-use development.

Most Probable Buyer
As of the date of value, the most probable buyer of the subject property is a developer/investor.
Land Valuation

Methodology
Site Value is most often estimated using the sales comparison approach. This approach develops an indication of market value by analyzing closed sales, listings, or pending sales of properties similar to the subject, focusing on the difference between the subject and the comparables using all appropriate elements of comparison. This approach is based on the principles of supply and demand, balance, externalities, and substitution, or 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.

The process of developing the sales comparison approach consists of the following analyses: (1) researching and verifying transactional data, (2) selecting relevant units of comparison, (3) analyzing and adjusting the comparable sales for differences in various elements of comparison, and (4) reconciling the adjusted sales into a value indication for the subject site.

Unit of Comparison
The unit of comparison depends on land use economics and how buyers and sellers use the property. The unit of comparison in this analysis is per square foot.

Elements of Comparison
Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location and (7) physical characteristics.

Comparable Sales Data
To obtain and verify comparable sales of vacant land properties, we conducted a search of public records, field surveys, interviews with knowledgeable real estate professionals in the area, and a review of our internal database.

The sales selected and presented in our analysis were judged to be the most comparable to develop an indication of market value for the subject property. The following is a table summarizing each sale comparable and a map illustrating the location of each in relation to the subject. Relevant details of each comparable are located on the following summary table.
### COMPARABLE SALES MAP

<table>
<thead>
<tr>
<th>No.</th>
<th>Comp. Date</th>
<th>Usable Sq. Ft.</th>
<th>Location</th>
<th>Zoning</th>
<th>Sales Price</th>
<th>Per Sq. Ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>December-21</td>
<td>41,214</td>
<td>220 E Morgan Street, Raleigh, North Carolina</td>
<td>DX-40-UG-CU</td>
<td>$10,350,000</td>
<td>$251.13</td>
</tr>
<tr>
<td>2</td>
<td>December-21</td>
<td>62,025</td>
<td>521 S Wilmington Street, 529 S Wilmington Street, 112 Stronach's Alley, Raleigh, North Carolina</td>
<td>DX-7</td>
<td>$12,052,000</td>
<td>$194.31</td>
</tr>
<tr>
<td>3</td>
<td>November-21</td>
<td>31,799</td>
<td>401 Hillsborough Street, Raleigh, North Carolina</td>
<td>DX-20SH</td>
<td>$10,251,000</td>
<td>$322.37</td>
</tr>
<tr>
<td>4</td>
<td>February-21</td>
<td>7,841</td>
<td>600 Hillsborough Street, Raleigh, North Carolina</td>
<td>DX-7</td>
<td>$1,600,000</td>
<td>$204.06</td>
</tr>
<tr>
<td>5</td>
<td>November-20</td>
<td>21,780</td>
<td>119 S. Harrington Street &amp; 330 W Hargett Street, Raleigh, North Carolina</td>
<td>DX-12</td>
<td>$4,300,000</td>
<td>$197.43</td>
</tr>
</tbody>
</table>
LAND COMPARABLE 1

Property Identification

Property Name  | Marbles Parking Lot
Address        | 220 E Morgan Street
City County State Zip | Raleigh, Wake County, North Carolina 27601
MSA            | Raleigh-Durham-Chapel Hill
Tax ID         | PIN# 1703-88-1970, REID# 008305
VPA Property/Sale ID | 11215818/1577511

Transaction Data

Sale Status       | Closed
Sale Date         | 12-29-2021
Grantor/Seller    | Blount Hourly Parking Service, LLC
Grantee/Buyer     | 220 E Morgan Owner, LLC
Deed Book/Page    | 18864/459
Property Rights   | Fee Simple
Financing         | Cash to Seller
Conditions of Sale | Arm's length
Sales Price       | $10,350,000
Adjusted Sales Price | $10,350,000

Adjusted Sales Price Indicators

Price per Gross Acre | $10,939,184
Price per Gross SF   | $251.13
Price per Usable Acre | $10,939,184
Price per Usable SF  | $251.13
Price per Front Foot | $39,124.52

Verification

Confirmation Source | Public records, John Hibbits, broker, reliable third party

Property Description

Proposed Use   | Commercial
Gross Land Area | 0.95 Acres/41,214 SF
Usable Land Area | 0.95 Acres/41,214 SF
Frontage Feet  | 264.54
Street Access  | Average
Visibility     | Average
Corner/Interior | Corner
Shape          | Flag
Topography     | Level
Utilities      | All available
Drainage       | Adequate
Flood Hazard Zone | Zone X
Zoning Code    | DX-40-UG-CU Downtown
Mixed Use, 40 stories with conditions

Remarks

Existing parking lot adjacent to Marbles Kids Museum purchased by a multifamily developer with plans to develop a high-rise project. The site had been owned by Gordon Smith. The City of Raleigh approved a rezoning in April 2021 allowing up to 20 stories of development with a condition limiting height to just 30 stories. Mr. Smith facilitated the rezoning himself and has had the property listed for quite a while. Site has an existing 33' bus access easement through site.
## LAND COMPARABLE 2

### Property Identification

<table>
<thead>
<tr>
<th>Property Name</th>
<th>521 S Wilmington Street Assemblage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>521 S Wilmington Street, 529 S Wilmington Street, 112 Stronach's Alley</td>
</tr>
<tr>
<td>City County State Zip</td>
<td>Raleigh, Wake County, North Carolina 27601</td>
</tr>
<tr>
<td>MSA</td>
<td>Raleigh-Durham-Chapel Hill</td>
</tr>
<tr>
<td>Tax ID</td>
<td>Pins 1703765478, 1703765632, 1703763594</td>
</tr>
<tr>
<td>VPA Property/Sale ID</td>
<td>11203380/1569549</td>
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</tbody>
</table>

### Transaction Data

<table>
<thead>
<tr>
<th>Sale Status</th>
<th>Closed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale Date</td>
<td>12-21-2021</td>
</tr>
<tr>
<td>Grantor/Seller</td>
<td>Barnes Motor &amp; Parts Company and 529 South Wilmington, LLC</td>
</tr>
<tr>
<td>Grantee/Buyer</td>
<td>Wilmington Owner, LLC</td>
</tr>
<tr>
<td>Deed Book/Page</td>
<td>18853/853 &amp; 18853/863</td>
</tr>
<tr>
<td>Property Rights</td>
<td>Fee Simple</td>
</tr>
<tr>
<td>Financing</td>
<td>Cash to Seller</td>
</tr>
<tr>
<td>Conditions of Sale</td>
<td>Arm's length</td>
</tr>
<tr>
<td>Sales Price</td>
<td>$12,052,000</td>
</tr>
<tr>
<td>Adjusted Sales Price</td>
<td>$12,052,000</td>
</tr>
</tbody>
</table>

### Adjusted Sales Price Indicators

<table>
<thead>
<tr>
<th>Price per Gross Acre</th>
<th>$8,464,078</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price per Gross SF</td>
<td>$194.31</td>
</tr>
<tr>
<td>Price per Usable Acre</td>
<td>$8,464,078</td>
</tr>
<tr>
<td>Price per Usable SF</td>
<td>$194.31</td>
</tr>
<tr>
<td>Price per Front Foot</td>
<td>$88,617.65</td>
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### Property Description

<table>
<thead>
<tr>
<th>Proposed Use</th>
<th>Mixed-use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Land Area</td>
<td>1.42 Acres/62,025 SF</td>
</tr>
<tr>
<td>Usable Land Area</td>
<td>1.42 Acres/62,025 SF</td>
</tr>
<tr>
<td>Frontage Feet</td>
<td>136.00</td>
</tr>
<tr>
<td>Street Access</td>
<td>Good</td>
</tr>
<tr>
<td>Visibility</td>
<td>Good</td>
</tr>
<tr>
<td>Corner/Interior</td>
<td>Double Corner</td>
</tr>
<tr>
<td>Shape</td>
<td>Irregular</td>
</tr>
<tr>
<td>Topography</td>
<td>Level</td>
</tr>
<tr>
<td>Utilities</td>
<td>All available</td>
</tr>
<tr>
<td>Drainage</td>
<td>Adequate</td>
</tr>
<tr>
<td>Flood Hazard Zone</td>
<td>Zone X</td>
</tr>
<tr>
<td>Zoning Code</td>
<td>DX-7 Downtown Mixed use, 7 Stories</td>
</tr>
</tbody>
</table>

### Remarks

Purchased for assemblage of three parcels identified as 529 S Wilmington Street and 112 Stronach’s Aly (0.91 acres) 521 S Wilmington Street (0.41 acres). Property is located on northeast corner of S Wilmington Street and E Lenoir Street with additional frontage at E Lenoir St and S Blount Street and along Stronach’s Aly. Property is currently improved with a surface parking lot. The property owners are related family members and agreed to sell the properties. Several offers were made with the final offer at $12 million. A New York developer, Tidal Real Estate Partners, LP, is the buyer and they are currently seeking a rezoning for a high-end mixed-use development up to 20-stories on the property.
### Property Identification

**Property Name** | 401 Hillsborough Street Redevelopment  
**Address** | 401 Hillsborough Street  
**City County State Zip** | Raleigh, Wake County, North Carolina 27603  
**MSA** | Raleigh-Durham-Chapel Hill  
**Tax ID** | 1703-59-2007, REID 0070880 & 1703-59-0072, REID 0064260  
**VPA Property/Sale ID** | 11188202/1559710

### Transaction Data

**Sale Status** | Closed  
**Sale Date** | 11-01-2021  
**Grantor/Seller** | 401 Hillsborough, LLC  
**Grantee/Buyer** | Confidential  
**Deed Book/Page** | 18848/1564  
**Property Rights** | Fee Simple  
**Financing** | Cash to Seller  
**Conditions of Sale** | Arm's length  
**Sales Price** | $10,251,000  
**Adjusted Sales Price** | $10,251,000

### Adjusted Sales Price Indicators

- **Price per Gross Acre** | $14,042,466  
- **Price per Gross SF** | $322.37  
- **Price per Usable Acre** | $14,042,466  
- **Price per Usable SF** | $322.37  
- **Price per Front Foot** | $99,524.27

### Verification

**Confirmation Source** | Public records, Carter Worthy, broker, reliable third party

### Property Description

**Proposed Use** | Mixed-use development.  
**Gross Land Area** | 0.73 Acres/31,799 SF  
**Usable Land Area** | 0.73 Acres/31,799 SF  
**Frontage Feet** | 103.00  
**Street Access** | Good  
**Visibility** | Average  
**Corner/Interior** | Double Corner  
**Shape** | L-Shaped  
**Topography** | Gently sloping  
**Utilities** | All available  
**Drainage** | Adequate  
**Flood Hazard Zone** | Zone X  
**Zoning Code** | DX-20SH Downtown Mixed-Use, 20 stories

### Remarks

Loden Properties and Northpond Partners have jointly purchased a pair of parcels at 401 Hillsborough St. and 17 S. West St. Northpond Partners Managing Principal Sam Ankin said they have no plans for any major near term changes to the property, which is currently 100 percent occupied. The property currently features the Exploris Middle School and five other tenants. It's zoned for mixed-use development up to 20 stories tall. Ankin said they will likely seek some kind of rezoning. The property was listed by Carter Worthy Commercial Inc. at a price of $10MM minimum. Property is currently improved with a 2022 projected NOI of $400K. Carter Worthy, the broker, indicated there were several offers. There was a mix of buyers for redevelopment and as a hold with continuing use of existing buildings in the interim.
## Property Identification

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Snoopy’s</th>
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</thead>
<tbody>
<tr>
<td>Address</td>
<td>600 Hillsborough Street</td>
</tr>
<tr>
<td>City County State</td>
<td>Raleigh, Wake County, North Carolina 27603</td>
</tr>
<tr>
<td>MSA</td>
<td>Raleigh-Durham-Chapel Hill</td>
</tr>
<tr>
<td>Tax ID</td>
<td>PIN 1703-49-4345; REID 0027098</td>
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<td>VPA Property/Sale ID</td>
<td>11163906/1545156</td>
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## Transaction Data

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<tbody>
<tr>
<td>Sale Date</td>
<td>02-18-2021</td>
</tr>
<tr>
<td>Grantor/Seller</td>
<td>The Bar Stool, Inc.</td>
</tr>
<tr>
<td>Grantee/Buyer</td>
<td>Glenborough, LLC</td>
</tr>
<tr>
<td>Deed Book/Page</td>
<td>18369/1870</td>
</tr>
<tr>
<td>Property Rights</td>
<td>Fee Simple</td>
</tr>
<tr>
<td>Financing</td>
<td>Cash to Seller</td>
</tr>
<tr>
<td>Conditions of Sale</td>
<td>Arm’s length</td>
</tr>
<tr>
<td>Sales Price</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>Adjusted Sales Price</td>
<td>$1,600,000</td>
</tr>
</tbody>
</table>

## Adjusted Sales Price Indicators

<table>
<thead>
<tr>
<th>Price per Gross Acre</th>
<th>$8,888,889</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price per Gross SF</td>
<td>$204.06</td>
</tr>
<tr>
<td>Price per Usable Acre</td>
<td>$8,888,889</td>
</tr>
<tr>
<td>Price per Usable SF</td>
<td>$204.06</td>
</tr>
<tr>
<td>Price per Front Foot</td>
<td>$21,333.33</td>
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</table>

## Property Description

<table>
<thead>
<tr>
<th>Property Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Land Area</td>
</tr>
<tr>
<td>Usable Land Area</td>
</tr>
<tr>
<td>Frontage Feet</td>
</tr>
<tr>
<td>Street Access</td>
</tr>
<tr>
<td>Visibility</td>
</tr>
<tr>
<td>Corner/Interior</td>
</tr>
<tr>
<td>Shape</td>
</tr>
<tr>
<td>Topography</td>
</tr>
<tr>
<td>Utilities</td>
</tr>
<tr>
<td>Drainage</td>
</tr>
<tr>
<td>Flood Hazard Zone</td>
</tr>
<tr>
<td>Zoning Code</td>
</tr>
</tbody>
</table>

## Remarks

Sale of Snoopy’s Hot Dogs location in Glenwood South. Snoopy’s closed after the sale. Demolition costs estimated at $5,000.


**Property Identification**

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Legends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>119 S. Harrington Street &amp; 330 W Hargett Street</td>
</tr>
<tr>
<td>City County State Zip</td>
<td>Raleigh, Wake County, North Carolina 27603</td>
</tr>
<tr>
<td>MSA</td>
<td>Raleigh-Durham-Chapel Hill</td>
</tr>
<tr>
<td>Tax ID</td>
<td>PIN 1703583653, REID 0018871 &amp; PIN 1703583553, REID 0077129</td>
</tr>
<tr>
<td>VPA Property/Sale ID</td>
<td>11108960/1511481</td>
</tr>
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</table>

**Transaction Data**

<table>
<thead>
<tr>
<th>Sale Status</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Sale Date</td>
<td>11-24-2020</td>
</tr>
<tr>
<td>Grantor/Seller</td>
<td>Madison Joint Ventures, LLC &amp; Carolina Spirits, Inc.</td>
</tr>
<tr>
<td>Grantee/Buyer</td>
<td>CityPlat Legends, LLC</td>
</tr>
<tr>
<td>Deed Book/Page</td>
<td>18204/2022 &amp; 18204/2081</td>
</tr>
<tr>
<td>Property Rights</td>
<td>Fee Simple</td>
</tr>
<tr>
<td>Financing</td>
<td>Cash to Seller</td>
</tr>
<tr>
<td>Conditions of Sale</td>
<td>Arm’s length</td>
</tr>
<tr>
<td>Sales Price</td>
<td>$4,300,000</td>
</tr>
<tr>
<td>Adjusted Sales Price</td>
<td>$4,300,000</td>
</tr>
</tbody>
</table>

**Adjusted Sales Price Indicators**

- **Price per Gross Acre** $8,600,000
- **Price per Gross SF** $197.43
- **Price per Usable Acre** $8,600,000
- **Price per Usable SF** $197.43
- **Price per Front Foot** $43,000.00

**Verification**

| Confirmation Source | Public records, Vincenzo Verdino, a principal at CityPlat |

**Property Description**

- **Proposed Use**: Mixed use development
- **Gross Land Area**: 0.50 Acres/21,780 SF
- **Usable Land Area**: 0.50 Acres/21,780 SF
- **Frontage Feet**: 100.00
- **Street Access**: Average
- **Visibility**: Average
- **Corner/Interior**: Corner
- **Shape**: Rectangular
- **Topography**: Level
- **Utilities**: All available
- **Drainage**: Adequate
- **Flood Hazard Zone**: Zone X
- **Zoning Code**: DX-12 Downtown Mixed Use

**Remarks**

Two adjacent rectangular parcels across from the Dillon within the Warehouse District of downtown Raleigh. The one-story Legends complex, which includes View Bar & Gameroom is located at 330 W. Hargett St. and 119 S. Harrington St. across from Weaver Street Market and The Dillon, a large retail, restaurant and residential development. Purchased by a local, commercial real estate firm interested in owning downtown properties as they grow in value. They have no future plans for development at this time. The new owners plan to allow Legends bar to continue operations during the interim. Purchase included sale of two parcels under separate ownerships. The owners have successfully gotten the property rezoned to Downtown Mixed Use-40 Stories-Shopfront-Conditional Use,
Land Sales Comparison Analysis
When necessary, adjustments were made for differences in various elements of comparison, including property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, and other physical characteristics. If the element in comparison is considered superior to that of the subject, we applied a negative adjustment. Conversely, a positive adjustment was applied if inferior. A summary of the elements of comparison follows.

<table>
<thead>
<tr>
<th>Elements of Comparison</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Property Rights Conveyed</td>
<td>Adjustments for differences in property rights appraised.</td>
</tr>
<tr>
<td>Financing Terms</td>
<td>Comparable properties are adjusted for differences between a transaction’s financing terms and those assumed in the valuation of the subject property - e.g. seller financing, loan assumption, non-market terms.</td>
</tr>
<tr>
<td>Conditions of Sale</td>
<td>Comparable properties are adjusted for differences in the motivations of either the buyer or a seller in the transaction.</td>
</tr>
<tr>
<td>Expenditures After Purchase</td>
<td>Comparable properties can be adjusted for any additional investment required to make the property salable – e.g. costs to cure deferred maintenance, costs to demolish and remove any portion of the improvements, costs to remediate environmental contamination and/or costs to occupy or stabilize the property. The subject and comparable sales all have some level of improvement; either paved parking or buildings. Given the nature of sales in downtown Raleigh and the relatively low cost of demolition relative to our land value conclusions we did not deduct for demolition as the comparables will likely have similar costs for redevelopment.</td>
</tr>
<tr>
<td>Market Conditions</td>
<td>Comparable properties can be adjusted for changes in market conditions because of inflation, deflation, fluctuations in supply and demand, or other factors.</td>
</tr>
<tr>
<td>Location</td>
<td>Location adjustments may be required when the locational characteristics of a comparable are different from those of the subject.</td>
</tr>
<tr>
<td>Size</td>
<td>The size adjustment addresses variance in the physical size of the comparables and that of the subject, as a larger parcel typically commands a lower price per unit than a smaller parcel. However, for urban areas like downtown Raleigh, there is limited land available; and larger parcels command similar per square foot prices, especially when a lot of the purchases make up assemblages. Therefore, no adjustments were warranted for size.</td>
</tr>
<tr>
<td>Shape /Depth</td>
<td>This element address variance in utility due to shape and/or depth.</td>
</tr>
</tbody>
</table>
Elements of Comparison

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corner Exposure</td>
<td>Tracts featuring corner influence typically command higher prices in the market place, as opposed to interior locations.</td>
</tr>
<tr>
<td>Utilities</td>
<td>Adjustments for differences relating the availability of public utilities.</td>
</tr>
<tr>
<td>Topography</td>
<td>Physical factors relating to topographic features.</td>
</tr>
<tr>
<td>Floodplain</td>
<td>A property's location within flood zone areas is typically a negative factor due to the increased costs of raising improvements up out of the floodplain, as well as additional insurance costs associated with improvements.</td>
</tr>
<tr>
<td>Zoning</td>
<td>Adjustments for differences in the types of allowable uses and intensities of use.</td>
</tr>
</tbody>
</table>

Summary of Adjustments
Presented on the following page is a summary of the adjustments made to the sale comparables. As noted earlier, these quantitative adjustments were based on our market research, best judgment, and experience in the appraisal of similar properties.
Assemblage 1 (East of Moore Square)

### LAND SALES ADJUSTMENT GRID

<table>
<thead>
<tr>
<th>Subject</th>
<th>Sale # 1</th>
<th>Sale # 2</th>
<th>Sale # 3</th>
<th>Sale # 4</th>
<th>Sale # 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale ID</td>
<td>1577511</td>
<td>1569549</td>
<td>1559710</td>
<td>1545156</td>
<td>1511481</td>
</tr>
<tr>
<td>Date of Value &amp; Sale</td>
<td>February-22</td>
<td>December-21</td>
<td>November-21</td>
<td>February-21</td>
<td>November-20</td>
</tr>
<tr>
<td>Unadjusted Sales Price</td>
<td>$10,350,000</td>
<td>$12,052,000</td>
<td>$10,251,000</td>
<td>$1,600,000</td>
<td>$4,300,000</td>
</tr>
<tr>
<td>Total Acres</td>
<td>2.530</td>
<td>0.946</td>
<td>1.424</td>
<td>0.730</td>
<td>0.180</td>
</tr>
<tr>
<td>Total Square Feet</td>
<td>110,207</td>
<td>41,214</td>
<td>62,025</td>
<td>31,799</td>
<td>7,841</td>
</tr>
<tr>
<td>Unadjusted Sales Price</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unadjusted Sales Price per Gross Sq. Ft.</td>
<td>$251.13</td>
<td>$194.31</td>
<td>$322.37</td>
<td>$204.06</td>
<td>$197.43</td>
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</tbody>
</table>

#### Transnational Adjustments

<table>
<thead>
<tr>
<th>Property Rights Conveyed</th>
<th>Fee Simple</th>
<th>Fee Simple</th>
<th>Fee Simple</th>
<th>Fee Simple</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Sales Price</td>
<td>$251.13</td>
<td>$194.31</td>
<td>$322.37</td>
<td>$204.06</td>
<td>$197.43</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financing Terms</th>
<th>Cash to Seller</th>
<th>Cash to Seller</th>
<th>Cash to Seller</th>
<th>Cash to Seller</th>
<th>Cash to Seller</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Sales Price</td>
<td>$251.13</td>
<td>$194.31</td>
<td>$322.37</td>
<td>$204.06</td>
<td>$197.43</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Conditions of Sale</th>
<th>Typical</th>
<th>Arm's length</th>
<th>Arm's length</th>
<th>Arm's length</th>
<th>Arm's length</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Sales Price</td>
<td>$251.13</td>
<td>$194.31</td>
<td>$322.37</td>
<td>$204.06</td>
<td>$197.43</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures after Sale</th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Sales Price</td>
<td>$251.13</td>
<td>$194.31</td>
<td>$322.37</td>
<td>$204.06</td>
<td>$197.43</td>
</tr>
</tbody>
</table>

#### Market Conditions Adjustments

<table>
<thead>
<tr>
<th>Elapsed Time from Date of Value</th>
<th>0.13 years</th>
<th>0.15 years</th>
<th>0.29 years</th>
<th>0.99 years</th>
<th>1.23 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Trend Through</td>
<td>0.7%</td>
<td>0.8%</td>
<td>1.5%</td>
<td>5.0%</td>
<td>6.1%</td>
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<td>Analyzed Sales Price</td>
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<td>$195.80</td>
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<td>$209.55</td>
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#### Physical Adjustments

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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustment</td>
<td>5.0%</td>
<td>-</td>
<td>-15.0%</td>
<td>-15.0%</td>
<td>-</td>
</tr>
<tr>
<td>Size</td>
<td>2.530 acres</td>
<td>0.946 acres</td>
<td>1.424 acres</td>
<td>0.730 acres</td>
<td>0.180 acres</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shape/Depth</td>
<td>Irregular</td>
<td>Flag</td>
<td>Irregular</td>
<td>L-Shaped</td>
<td>Rectangular</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Corner Exposure</td>
<td>Double Corner</td>
<td>Corner</td>
<td>Double Corner</td>
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<td>Corner</td>
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<tr>
<td>Adjustment</td>
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<td>-</td>
<td>-</td>
<td>5.0%</td>
<td>5.0%</td>
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<tr>
<td>Utilities</td>
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<td>All available</td>
<td>All available</td>
<td>All available</td>
<td>All available</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Topography</td>
<td>Level</td>
<td>Level</td>
<td>Level</td>
<td>Gently sloping</td>
<td>Level</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Floodplain</td>
<td>Zone X</td>
<td>Zone X</td>
<td>Zone X</td>
<td>Zone X</td>
<td>Zone X</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Zoning</td>
<td>DX-20-SH &amp; DX-12-UG</td>
<td>DX-40-UG-CU</td>
<td>DX-7</td>
<td>DX-20SH</td>
<td>DX-7</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-20.0%</td>
<td>15.0%</td>
<td>-15.0%</td>
<td>15.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Net Physical Adjustment</td>
<td>-10.0%</td>
<td>15.0%</td>
<td>-30.0%</td>
<td>5.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Adjusted Sales Price per Square Foot</td>
<td>$227.50</td>
<td>$225.17</td>
<td>$228.93</td>
<td>$224.88</td>
<td>$230.50</td>
</tr>
</tbody>
</table>
Assemblage 1 (East of Moore Square) Conclusion
From the market data available, we used the relevant land sales in competitive market areas which were adjusted based on pertinent elements of comparison. The analysis of the sales in our set resulted in a range of unit pricing from which our value conclusion is drawn. The following table summarizes the unit prices resulting from our analysis:

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unadjusted</th>
<th>Analyzed</th>
<th>Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Sales Price per Square Foot</td>
<td>$194.31</td>
<td>$195.80</td>
<td>$224.88</td>
</tr>
<tr>
<td>Maximum Sales Price per Square Foot</td>
<td>$322.37</td>
<td>$327.05</td>
<td>$230.50</td>
</tr>
<tr>
<td>Median Sales Price per Square Foot</td>
<td>$204.06</td>
<td>$214.17</td>
<td>$227.50</td>
</tr>
<tr>
<td>Mean Sales Price Per Square Foot</td>
<td>$233.86</td>
<td>$239.87</td>
<td>$227.40</td>
</tr>
</tbody>
</table>

The most comparable sale was Sale 2, with an adjusted sale price of $225.17 per square foot. This is the most similar in location. It was zoned DX-7, which only allows for 7 stories; however, the new owner has already applied for a rezoning to 20 stories, which we conclude is likely given the recent rezonings in downtown Raleigh. With that said, the subject parcels (with exception of two) were part of a recent rezoning that removed a former conditional use but the height was kept at 12 stories. We adjusted the comparable sales accordingly for differences in zoning stories. Based on the different zonings at the subject property we conclude the two parcels totaling 0.92 acres zoned DX-20 have a market value of $250 per square foot and the remaining parcels zoned DX-12 have a market value of $215 per square foot. Based on the adjusted prices and the analysis of the sales presented, we have concluded a unit value for the subject property is near the mid-point of the adjusted range.

Based on this analysis, the land value conclusions are summarized as follows:

<table>
<thead>
<tr>
<th>Land Value Conclusion</th>
<th>Reasonable Adjusted Comparable Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>110,207 square feet</td>
<td>x $220.00 psf = $24,245,540</td>
</tr>
<tr>
<td>110,207 square feet</td>
<td>x $235.00 psf = $25,898,645</td>
</tr>
<tr>
<td><strong>Market Value Opinion</strong></td>
<td>(Rounded)</td>
</tr>
<tr>
<td>110,207 square feet</td>
<td>x $227.00 psf = $25,000,000</td>
</tr>
</tbody>
</table>
## LAND SALES ADJUSTMENT GRID

### Assemblage 2 (South of Moore Square)

<table>
<thead>
<tr>
<th>Subject</th>
<th>Sale # 1</th>
<th>Sale # 2</th>
<th>Sale # 3</th>
<th>Sale # 4</th>
<th>Sale # 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale ID</td>
<td>1577511</td>
<td>1569549</td>
<td>1559710</td>
<td>1545156</td>
<td>1511481</td>
</tr>
<tr>
<td>Date of Value &amp; Sale</td>
<td>February-22</td>
<td>December-21</td>
<td>November-21</td>
<td>February-21</td>
<td>November-20</td>
</tr>
<tr>
<td>Unadjusted Sales Price</td>
<td>$10,350,000</td>
<td>$12,052,000</td>
<td>$10,251,000</td>
<td>$1,600,000</td>
<td>$4,300,000</td>
</tr>
<tr>
<td>Total Acres</td>
<td>0.920</td>
<td>0.946</td>
<td>1.424</td>
<td>0.730</td>
<td>0.180</td>
</tr>
<tr>
<td>Total Square Feet</td>
<td>40,075</td>
<td>41,214</td>
<td>62,025</td>
<td>31,799</td>
<td>7,841</td>
</tr>
</tbody>
</table>

### Unadjusted Sales Price per Square Foot

<table>
<thead>
<tr>
<th>Subject</th>
<th>Sale # 1</th>
<th>Sale # 2</th>
<th>Sale # 3</th>
<th>Sale # 4</th>
<th>Sale # 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>$251.13</td>
<td>$194.31</td>
<td>$322.37</td>
<td>$204.06</td>
<td>$197.43</td>
<td></td>
</tr>
</tbody>
</table>

### Transactional Adjustments

<table>
<thead>
<tr>
<th>Property Rights Conveyed</th>
<th>Fee Simple</th>
<th>Fee Simple</th>
<th>Fee Simple</th>
<th>Fee Simple</th>
<th>Fee Simple</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Sales Price</td>
<td>$251.13</td>
<td>$194.31</td>
<td>$322.37</td>
<td>$204.06</td>
<td>$197.43</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financing Terms</th>
<th>Cash to Seller</th>
<th>Cash to Seller</th>
<th>Cash to Seller</th>
<th>Cash to Seller</th>
<th>Cash to Seller</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Sales Price</td>
<td>$251.13</td>
<td>$194.31</td>
<td>$322.37</td>
<td>$204.06</td>
<td>$197.43</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Conditions of Sale</th>
<th>Typical</th>
<th>Arm’s length</th>
<th>Arm’s length</th>
<th>Arm’s length</th>
<th>Arm’s length</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Sales Price</td>
<td>$251.13</td>
<td>$194.31</td>
<td>$322.37</td>
<td>$204.06</td>
<td>$197.43</td>
</tr>
</tbody>
</table>

### Expenditures after Sale Adjusted Sales Price

| Expenditures after Sale Adjusted Sales Price | $251.13 | $194.31 | $322.37 | $204.06 | $197.43 |

### Market Conditions Adjustments

<table>
<thead>
<tr>
<th>Elapsed Time from Date of Value</th>
<th>0.13 years</th>
<th>0.15 years</th>
<th>0.29 years</th>
<th>0.99 years</th>
<th>1.23 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analyzed Sales Price</td>
<td>$252.78</td>
<td>$195.80</td>
<td>$327.05</td>
<td>$214.17</td>
<td>$209.55</td>
</tr>
</tbody>
</table>

### Physical Adjustments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Admisment</td>
<td>5.0%</td>
<td>-</td>
<td>-15.0%</td>
<td>-15.0%</td>
<td>-</td>
</tr>
<tr>
<td>Size</td>
<td>0.920 acres</td>
<td>0.946 acres</td>
<td>1.424 acres</td>
<td>0.730 acres</td>
<td>0.180 acres</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shape/Depth</td>
<td>Almost rectangular</td>
<td>Flag</td>
<td>Irregular</td>
<td>L-Shaped</td>
<td>Rectangular</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Corner Exposure</td>
<td>Double Corner</td>
<td>Corner</td>
<td>Double Corner</td>
<td>Double Corner</td>
<td>Corner</td>
</tr>
<tr>
<td>Adjustment</td>
<td>5.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Utilities</td>
<td>All available</td>
<td>All available</td>
<td>All available</td>
<td>All available</td>
<td>All available</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Topography</td>
<td>Level</td>
<td>Level</td>
<td>Level</td>
<td>Gently sloping</td>
<td>Level</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Floodplain</td>
<td>Zone X</td>
<td>Zone X</td>
<td>Zone X</td>
<td>Zone X</td>
<td>Zone X</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Zoning</td>
<td>DX-12-SH</td>
<td>DX-40-UG-CU</td>
<td>DX-7</td>
<td>DX-20SH</td>
<td>DX-7</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-30.0%</td>
<td>10.0%</td>
<td>-35.0%</td>
<td>-20.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Net Physical Adjustment</td>
<td>-20.0%</td>
<td>10.0%</td>
<td>-35.0%</td>
<td>-20.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Adjusted Sales Price per Square Foot</td>
<td>$202.22</td>
<td>$215.38</td>
<td>$212.58</td>
<td>$214.17</td>
<td>$220.02</td>
</tr>
</tbody>
</table>
Assemblage 2 (South of Moore Square) Conclusion

From the market data available, we used the relevant land sales in competitive market areas which were adjusted based on pertinent elements of comparison. The analysis of the sales in our set resulted in a range of unit pricing from which our value conclusion is drawn. The following table summarizes the unit prices resulting from our analysis:

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unadjusted</th>
<th>Analyzed</th>
<th>Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Sales Price per Square Foot</td>
<td>$194.31</td>
<td>$195.80</td>
<td>$202.22</td>
</tr>
<tr>
<td>Maximum Sales Price per Square Foot</td>
<td>$322.37</td>
<td>$327.05</td>
<td>$220.02</td>
</tr>
<tr>
<td>Median Sales Price per Square Foot</td>
<td>$204.06</td>
<td>$214.17</td>
<td>$214.17</td>
</tr>
<tr>
<td>Mean Sales Price Per Square Foot</td>
<td>$233.86</td>
<td>$239.87</td>
<td>$212.88</td>
</tr>
</tbody>
</table>

The most comparable sale was Sale 2, with an adjusted sale price of $215.38 per square foot. This is the most similar in location. It was zoned DX-7, which only allows for 7 stories; however, the new owner has already applied for a rezoning to 20 stories, which we conclude is likely given the recent rezonings in downtown Raleigh. The subject parcels were part of a recent rezoning from 3 stories to 12 stories. We adjusted the comparable sales accordingly for differences in zoning stories. Based on the adjusted prices and the analysis of the sales presented, we have concluded a unit value for the subject property is near the mid-point of the adjusted range.

Based on this analysis, the land value conclusions are summarized as follows:

<table>
<thead>
<tr>
<th>Land Value Conclusion</th>
<th>Reasonable Adjusted Comparable Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>40,075 square feet x $200.00 psf</td>
<td>= $8,015,000</td>
</tr>
<tr>
<td>40,075 square feet x $220.00 psf</td>
<td>= $8,816,500</td>
</tr>
<tr>
<td><strong>Market Value Opinion</strong></td>
<td>(Rounded)</td>
</tr>
<tr>
<td>40,075 square feet x $215.00 psf</td>
<td>= $8,600,000</td>
</tr>
</tbody>
</table>
General Assumptions and Limiting Conditions

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

1. The legal description – if furnished to us – is assumed to be correct.

2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.

3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Raleigh-Durham will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.

4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.

5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.

6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.

7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Raleigh-Durham is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser’s then current hourly rate plus reimbursement of expenses.

8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.

9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client’s intended use.

10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.

11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.
12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.

13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.

14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Raleigh-Durham and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.

15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.

16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Raleigh-Durham.

17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.

18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property’s flood zone classification from a licensed surveyor.

20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our “Income and Expense Projection” are anticipated.

21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client’s responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.

23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.

24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or “as-built” plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.

25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.

26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.

27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.
28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and 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 or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.

29. The Americans with Disabilities Act (“ADA”) became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on 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 developing an opinion of value.

30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.

31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.

32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.

33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.

34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.
35. You and Valbridge Property Advisors | Raleigh-Durham both agree that any dispute over matters in excess of $5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Raleigh-Durham and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | Raleigh-Durham or any of its employees in connection with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Raleigh-Durham for this assignment, and under no circumstances shall any claim for consequential damages be made.

36. Valbridge Property Advisors | Raleigh-Durham shall have no obligation, liability, or accountability to any third party. Any party who is not the “client” or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Raleigh-Durham. “Client” shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Raleigh-Durham and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Raleigh-Durham harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Raleigh-Durham in such action, regardless of its outcome.

37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Raleigh-Durham. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.

38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.

39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.

40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

41. The global outbreak of a “novel coronavirus” (known as COVID-19) was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.
Certification – Diana Spencer, MAI

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. 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.
4. The undersigned has not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Diana Spencer has personally inspected the subject property. Hunter Howell, a state certified appraiser (NC A8436) with Valbridge Property Advisors inspected the property on the effective date of appraisal and provided the photographs included in the report.
10. No one provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.

Diana Spencer, MAI, CCIM
Senior Managing Director
North Carolina License #A3737
License Expires June 30, 2022
dspencer@valbridge.com
Addenda

Additional Subject Photographs
Deed
Market Report
Glossary
Qualifications
  • Diana Spencer, MAI, CCIM - Senior Managing Director

Information on Valbridge Property Advisors
Office Locations
Additional Subject Photographs

Assemblage 1
Assemblage 1
Assemblage 1
Assemblage 1
Assemblage 1
Assemblage 1
NORTH CAROLINA NON-WARRANTY DEED OF CORRECTION

Excise Tax: $0.00

Parcel Identifier Nos. 0014973, 00066045, 0004770, 0048492, 0030069, 0004774, 0004773, 0004772, 0004771, 0004775, 0071314, and 0066856

Mail/Box to: City of Raleigh Real Estate Services (SG) P.O. Box 590, Raleigh, NC 27602

This instrument was prepared by: Barry D. Mann of Manning, Fulton & Skinner, P.A.

Brief description for the Index: Twelve Tracts, Bloodworth, Hargent and Martin Streets, Raleigh

THIS DEED made this 8th day of MARCH, 2021, by and between

GRANTOR

The Wood Pile, L.L.C., a North Carolina limited liability company
3323 Alleghany Drive
Raleigh, NC 27609

GRANTEE

City of Raleigh, a North Carolina municipal corporation
222 W. Hargent Street
Raleigh, NC 27601

Enter in appropriate block for each Grantor and Grantee: name, mailing 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 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, parcel of land or condominium unit situated in the City of Raleigh, Raleigh Township, Wake County, North Carolina and more particularly described as follows:

See Exhibit A attached hereto and incorporated herein by reference.

Submitted electronically by "Manning Fulton & Skinner, P.A."
In compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Wake County Register of Deeds.

876218 v.2.BDM.11633.T27341
NC Bar Association Form No. 7 © 1/20/0, 2013
Printed by Agreement with the NC Bar Association

This standard form has been approved by:
North Carolina Bar Association – NC Bar Form No. 7
All or a portion of the property herein conveyed ___ includes or _X_ does not include the primary residence of a Grantor.

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.

The Grantor makes no warranty, express or implied, as to title to the property hereinabove described.

By that certain deed dated June 28, 2013, and recorded in Book 15339, page 909, Wake County Registry (the “Deed”), Grantor conveyed to Grantee various lots located on E. Hargett Street, S. Bloodworth Street, and E. Martin Street, Raleigh, NC. The legal description attached to the Deed contained the following errors or omissions and the purpose of this Non-Warranty Deed is to revise and supplement the legal description as follows:

A. The legal description of Tract 11 (323 E. Martin Street) is revised to reference the correct vesting deed, being Deed Book 7850, page 662.

B. The legal description of Tract 12 (317 E. Martin Street) is revised to reference the correct vesting deed, being Deed Book 7850, page 657.

C. The legal description of Tract 8 (228 S. Bloodworth Street) is revised to reference the correct acreage, being .03 acre vacant lot.

The Deed was made pursuant to that authority set out in that certain Order Allowing Private Sale of Real Property Free and Clear of Liens entered on June 17, 2013 by the United States Bankruptcy Court, Eastern District of North Carolina in Chapter 11 Case No. 09-01098-8-RDD, entitled The Wood Pile, LLC (the “Free and Clear Sale Order”), and set out in that Order Confirming Plan entered on December 16, 2009 by the United States Bankruptcy Court which confirmed the Modified Plan of The Wood Pile, LLC in its Chapter 11 Case (the “Confirmation Order”). A copy of the Free and Clear Sale Order is attached to the Deed as Exhibit B.

The Confirmation Order provides in declaratory paragraph 10 that: “Pursuant to 11 U.S.C. Section 1146, the transfer and/or sale of property under the Modified Plan, or pursuant to the provisions of the Modified Plan, shall not be subject to any transfer or revenue stamp tax.”

The Free and Clear Sale Order attached as Exhibit B to the Deed provides, among other provisions, that: “FURTHER ORDERED that the sale shall be free and clear of liens and encumbrances (except for ad valorem taxes which will be prorated to date of closing), including free and clear of any parking accommodations to the Wake County Board of Education, and free and clear of any purported rights or obligations, if any, pursuant to the Unrecorded Parking Lease or Parking Lease with the Wake County Board of Education, as those terms are defined in the Motion.”
IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

The Wood Pile, L.L.C.,
a North Carolina limited liability company

By:  
Gordon Smith, III, Member-Manager

STATE OF Florida
COUNTY OF Collier

I hereby certify that the following person(s) personally appeared before me this day each acknowledging to me that he or she signed the foregoing instrument for the purposes stated therein and in the capacity indicated: Gordon Smith, III, Member-Manager Witness my hand and Notarial stamp or seal this 15th day of March, 2021.

[Notary's Signature]
Notary's Printed or Typed Name
My Commission Expires: 22 May 2021
EXHIBIT A

The following described parcels or tracts of real property lying and being situate in Wake County, North Carolina, and more particularly described as follows:

1. 330 E. Hargett Street, Raleigh, NC 27601, .65 acre vacant lot, Real Estate ID 0014973, PIN 1703886253, Deed Book 7565, page 862.

2. 210 S. Bloodworth Street, Raleigh, NC 27601, .11 acre vacant lot, Real Estate ID 0006045, PIN 1703886184, Deed Book 7983, page 781.

3. 214 S. Bloodworth Street, Raleigh, NC 27601, .11 acre vacant lot, Real Estate ID 0004770, PIN 1703886088, Deed Book 7680, page 204.

4. 218 S. Bloodworth Street, Raleigh, NC 27601, .05 acre vacant lot, Real Estate ID 0048492, PIN 1703887004, Deed Book 7985, page 188.

5. 319 E. Martin Street, Raleigh, NC 27601, .4 acre vacant lot, Real Estate ID 0039069, PIN 1703886024, Deed Book 7591, page 376.

6. 224 S. Bloodworth Street, Raleigh, NC 27601, .04 acre vacant lot, Real Estate ID 0004774, PIN 1703877908, Deed Book 7680, page 204.

7. 226 S. Bloodworth Street, Raleigh, NC 27601, .04 acre vacant lot, Real Estate ID 0004773, PIN 1703887695, Deed Book 7680, page 204.

8. 228 S. Bloodworth Street, Raleigh, NC 27601, .03 acre vacant lot, Real Estate ID 0004772, PIN 1703887691, Deed Book 7680, page 204.

9. 327 E. Martin Street, Raleigh, NC 27601, .06 acre vacant lot, Real Estate ID 0004771, PIN 1703876898, Deed Book 7680, page 204.

10. 325 E. Martin Street, Raleigh, NC 27601, .08 acre vacant lot, Real Estate ID 0004775, PIN 1703876953, Deed Book 7680, page 204.

11. 323 E. Martin Street, Raleigh, NC 27601, .07 acre vacant lot, Real Estate ID 0071314, PIN 1703876933, Deed Book 7850, page 662.

12. 317 E. Martin Street, Raleigh, NC 27601, .06 acre vacant lot, Real Estate ID 0066856, PIN 1703875954, Deed Book 7850, page 657.
NORTH CAROLINA NON-WARRANTY DEED

Para: 000

Parcel Identification No. 060-116

Verified by ____________________________ County on the __________ day of __________, 20__

Mail/Box to: ____________________________

This instrument was prepared by: Harold W. Berry, Jr. **Without Title Search**

Brief description for the index:

THE DEED made this __________ day of __________, 20__, by and between

GRANTOR

THE SALVATION ARMY, a GEORGIA CORPORATION

GRANTEE

THE CITY OF RALES, a MUNICIPAL CORPORATION

PO Box 590

Raleigh, N.C. 27602

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

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

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

See Attached Exhibit A.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 761, Page 281, Book 1559 Page 63 and Book 2888 Page 713 of the Wake County Registry.

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

The Grantor makes no warranty, express or implied, as to title to the property hereinabove described.

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.
THE SALVATION ARMY GEORGIA CORPORATION

By: SAM HENRY, TREASURER

Title:

CANDACE STAIGN

Certify that SAM HENRY, TREASURER, personally came before me this day and acknowledged that he is the _______________________ of The Salvation Army, a corporation, and that he/she, as _______________________ being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand at this the 5th day of August, 2013.

Notary Public

My Commission Expires:

The foregoing Certificate(s) of ________________________ is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

Register of Deeds By: County

Deputy/Assistant - Register of Deeds

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Exhibit A

BEGINNING at a new iron pipe on South Person Street being a common corner with The Raleigh Rescue Mission, now or formerly; S 87 degrees 46 minutes 33 seconds East 209.73 feet; thence S 04 degrees, 01 minutes 22 seconds West 53.70 feet; S 02 degrees 19 minutes 24 seconds West 70.03 feet to a new iron pipe; thence N 87 degrees 43 minutes 44 seconds West 34.02 feet to a new iron pipe; thence S 02 degrees 25 minutes 14 seconds West 35.03 feet to a new iron pipe; thence N 80 degrees 48 minutes 26 seconds East 7.41 feet to a new iron pipe; thence S 02 degrees 25 minutes 01 seconds West 103.67 feet to an existing iron pipe in East Martin Street; thence N 87 degrees 47 minutes 03 seconds West 72.90 feet to an existing iron pipe and being a common corner with Henry Wall, now or formerly; thence N 02 degrees 20 minutes 12 seconds East 139.35 feet to a new iron pipe and being the northeast corner of Henry Wall, now or formerly; thence N 87 degrees 39 minutes 57 seconds West 88.13 feet to a new iron pipe in South Person Street; thence North 02 degrees 12 minutes 57 seconds East 420 feet to the POINT AND PLACE OF BEGINNING and being shown as Parcel Number 11, 12 and 13 as shown on that map entitled "Survey of the Existing Properties of The Salvation Army & The Wood Pile, LLC" by Al Prince & Associates, P.A. See plat recorded in Book of Maps 2013, page 988, Wake County Register.

Salvation Army – City of Raleigh Legal Description
Yellow probate sheet is a vital part of your recorded document. Please retain with original document and submit for rerecording.

Wake County Register of Deeds
Laura M. Riddick
Register of Deeds
STATE OF NORTH CAROLINA
COUNTY OF WAKE

CITY OF RALEIGH,

Plaintiff,

vs.

ELLEN J. SELIGSON,
deceased; ALAN B. MILLER,
Executor and Trustee
under the Last Will and
Testament of Ellen J.
Seligson, deceased and
COUNTY OF WAKE,

Defendants.

THIS CAUSE coming on to be heard and being heard before the
undersigned Judge of Wake County Superior Court pursuant to the
provisions of G. S. 40A-54, and it appearing to the Court and the
Court finds as a fact the following:

1. That this is an action pursuant to the provisions of G.
S. 40A-40 et. seq. by which the Plaintiff seeks to acquire by
eminent domain the free simple title to the tract of land
described in the Complaint and Declaration of Taking and also
described hereinafter.

2. That this action was instituted, after due notice, by
the filing of a Complaint, Declaration of Taking and Notice of
Deposit on August 25, 1987; that Summons, together with a copy of
said Complaint, Notice of Deposit and Declaration of Taking were
duly served upon the Defendants; that Answer was filed by
Defendants in apt time;
3. That all persons claiming or having an interest in the lands involved in this action are parties hereto and are duly before the Court;

4. That the Plaintiff is a body politic and corporate having the power of eminent domain for the purpose of acquiring property, including the lands of the Defendants, for public use and for all purposes for which the Plaintiff, its successors and assigns are authorized by law to subject the same;

5. That the parties have compromised and agreed that the sum of $60,000.00 is the fair, full and adequate value of and represents just compensation for the taking of the Defendants' property;

Based upon the foregoing findings of fact, the Court concludes as a matter of law the following:

1. That the Plaintiff is entitled to acquire by eminent domain the fee simple title to the hereinafter described land of the Defendants for all purposes for which the Plaintiff, its successors and assigns, are authorized by law to subject the same.

2. That the sum of $60,000.00 as agreed between the parties is the fair, full and adequate value of and represents just compensation for the taking of the Defendant's property as hereinafter described for all purposes for which the Plaintiff is authorized by law to subject the same.

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED:

1. That the Plaintiff was entitled to acquire and did acquire, on the date of taking, August 25, 1987, by eminent
domain the fee simple title to the herinafter described lands of
the Defendants for all purposes for which the Plaintiff, its
successors and assigns are authorized by law to subject the same.
That the Plaintiff has previously deposited with the Court the
sum of $40,200.00 toward just compensation; that the Plaintiff is
thereby ordered to pay the additional sum of $19,800.00 to the
Clerk of Wake County Superior Court for the use and benefit of
the Defendants and as just compensation for the taking of their
property;

2. That the property acquired herein is located in the City
of Raleigh, Wake County, North Carolina and is located within the
area designated as the Downtown East/Downtown East Side
Redevelopment Area by applicable ordinances of the City Council
of the City of Raleigh, and is more particularly described by
metes and bounds as follows:

220 E. Martin Street; Parcel A-41-9; ID#63167

BEGINNING at the Southwest intersection of E. Martin Street and
E. Person Street; runs thence along E. Person Street South 02°
12' 54" West 75.34 feet to a point; runs thence North 87° 17' 24"
West 54.66 feet to a point; runs thence North 81° 42' 20" East
75.34 feet to a point in the South line of E. Martin Street; runs
thence along E. Martin Street South 87° 17' 36" East 55.27 feet
to the point and place of BEGINNING and being the property shown
on a map entitled "Property of City of Raleigh, (Formerly in the
name of Charles Bellison Heirs) 220 E. Martin Street, Raleigh,
NC" by L. I. Chanak, Registered Land Surveyor, dated 1/9/86 and
being also known as Parcel A-41-9 in the tax maps of the City of
Raleigh, North Carolina.

3. That the City and County taxes on the subject property
have been paid thru the year 1988; that the subject property is
not subject to taxation for the year 1989.

4. That the amount of just compensation paid into the Court
by the Plaintiff shall be paid by the Clerk of Wake County

HATCH, LITTLE & BUSK
Superior Court to Alan Miller, Executor and Trustee under the
Last Will and Testament of Ellen J. Seligson or to his attorney,
Howard P. Satisky.

5. That a copy of this Judgment be certified under seal of
this Court to the Register of Deeds of Wake County and that said
Register of Deeds is ordered to record said Judgment among the
land records of Wake County in accordance with the provisions of
G. S. 40A-54.

6. That the Plaintiff herein pay the costs of this action.
This the 20th day of November, 1989.

Judge Presiding

CONSENT:
HATCH, LITTLE & BUNN

By: E. Richard Jones, Jr.
Attorney for the Plaintiff

GATISKY & SILVERSTEIN

By: Howard P. Satisky
Attorney for the Defendants

McMILLAN, KINZEY, SMITH & ROTEN

By: James M. Kinsey
Attorney for Defendants

HATCH, LITTLE & BUNN
I, [Name], Deputy Clerk of Superior Court of Wake County, State of North Carolina, said Court being a Court of Record, having an official seal, which is hereunto affixed, do hereby certify the foregoing is a true copy of Judgment as the same is taken from and compared with the original now on file in this office.

In witness whereof, I hereunto subscribed my name and affix the seal of the Superior Court of Wake County at my office in Raleigh, North Carolina, this the [Date] day of November, 1989.

[Signature]
Assistant Clerk of Superior Court
Deputy
NORTH CAROLINA SPECIAL WARRANTY DEED OF GIFT

THIS DEED made this 21st day of August, 1995, by and between

GRANTOR

NATIONAL BANX, N.A. (CAROLINAS), formerly known as National Bank of North Carolina, N.A., a national bank
NCR-001-10-1
91 West Trade, Suite 1020
Charlotte, NC 28202

GRANTEE

CITY OF RALEIGH,
a North Carolina municipal corporation
P.O. Box 350
Raleigh, NC 27602
Attention: City Attorney

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

The designation of 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 good and sufficient consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, give, bargain, sell and convey to the Grantee in fee simple, upon condition subsequent, all that certain lot or parcel of land situated in the City of Raleigh, Wake County, North Carolina and more particularly described as follows:

See EXHIBIT A attached hereto and incorporated herein by reference.

The foregoing property is conveyed in furtherance of the resolutions adopted by the City Council of Grantee at a regular session on June 23, 1995, and upon condition that, for a period of not less than three (3) years from the date hereof, the property shall be used only for vehicular parking by the public, including owners and tenants of "City Market" and their employees, customers, visitors, guests and invitees.
The property hereinafore described was acquired by Grantor by instrument recorded in Book 6075, Page 715, Wake County Register

A map showing the above described property is recorded in Plat Book N/A, page N/A.

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

And the Grantor covenants with the Grantee, that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, except for the exceptions hereinafter stated.

Title to the property hereinafore described subject to the following exceptions:

1. Ad valorem taxes for 1995 and subsequent years.
2. All valid and unenforceable easements, restrictions, covenants and conditions affecting the property.

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

NATIONS BANK, N.A. (CAROLINAS)

[Signature]

[Stamp]

[Notary Seal]

[Notary Public]

[Notary seal]

[Notary Public]

[Notary Public]

[Notary Public]

[Notary Public]

[Notary Public]
BEGINNING at an iron stake marking the intersection of
the northern right of way line of East Davis Street (66
foot right of way) with the western right of way line of
South Person Street (66 foot right of way); runs thence
with said line of East Davis Street North 83° 20' 14"
West 104.99 feet to a point, corner with property (now or
formerly) of Hewitt; runs thence (in part along Hewitt's
eastern line) North 06° 43' 03" East 240.29 feet to an
existing iron pipe; runs thence (along the south line of
Seligson (now or formerly) property) South 83° 46' 46"
East 104.57 feet to an existing iron pipe in the western
right of way line of South Person Street; runs thence
with said line of South Person Street South 06° 42' 42"
West 241.01 feet to the point and place of Beginning, and
containing 25,259 square feet, all according to a survey
entitled "Property of Sanders Investment Corporation"
dated January, 1995, prepared by Robert T. Newcomb, III,
Registered Land Surveyor.

And being all of the property conveyed to Grantor by deed
recorded in Book 3433 at Page 42 of the Wake County
Public Registry which is incorporated herein by this
reference.
Market Report

DOWNTOWN RALEIGH SUMMARY AND HIGHLIGHTS:

Downtown Raleigh continued to show signs of recovery throughout 2021 and in the fourth quarter. Downtown Raleigh saw unprecedented pre-pandemic levels in some economic indicators such as storefront business openings. In 2021, 57 new businesses opened or expanded in Downtown Raleigh, the highest number of storefront openings over tracked in a calendar year in downtown.

The downtown residential market remained strong as well, with 95.1% occupancy and over 1,000 residential units under construction as of the end of the year. This includes 412 units at Platform, which will be downtown’s largest multi-family development to date, and 242 units at the mixed-use project 400X, which will be a 20-story tower with office and retail space. There are an additional 5,065 residential units planned or proposed in downtown in response to continued demand.

Downtown’s office market showed sustained momentum in the fourth quarter with the end-of-year delivery of 287,252 SF of Class A office space at Raleigh Crossing Phase I. Pendo, a Raleigh-based startup recently valued at $2.6 billion, is occupying the top five floors of the new 10-story tower. There is approximately 16 million SF of additional office space planned or proposed in the downtown market.

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O the 37 new storefront business openings and expansions in 2021, there were 15 new retail businesses in Q4. After a sluggish start to 2020, there was a notable increase in new storefront businesses in Q4. In Q4, a new restaurant opened in Moore Square, and a new restaurant opened in Moore Square in the fourth quarter. With five storefront business openings in Q4, Moore Square saw a net gain of ten new storefront businesses in Q4. In Q4, a notable storefront opening in the fourth quarter include Habit, T&G Florist, Galleria, Zendo Raleigh, and the Pop Up Shops at Moore Square. The full list of openings and closings can be found on page 11.

Downtown food & beverage sales indicated continued recovery for the storefront economy prior to the Omicron variant, with a +13% increase in food and beverage sales from Q3 and a +147% increase from Q4 2020.

Pedestrian traffic continued to increase from the low point in 2020. A cross-five downtown pedestrian counter locations, average daily pedestrian traffic in Q4 increased +2% from Q3 and increased +14% from Q4 2020.

The Ballantyne upscale retail market saw an increase in sales with average monthly room sales in Q4 increased +16% from Q3 and increased +49% from Q4.

In Q4, there were eight major commercial real estate transactions accounting for over $438 million in downtown real estate sales investment. This includes the $330 million sale of Bloc931, which was the largest single private real estate transaction in the history of Downtown Raleigh. The sale included both office towers on the Bloc931 site: One Glenwood and Tower Two. The $495.1 million sale of office space across the question mark. Other notable sales this quarter were the $19.8 million sale of the Midway Inn, $12.5 million sale of the Glenwood 100, and the $6.5 million sale of Logan's Garden Shoppers. Several sales for assemblages of parcels took place in Q4 including a $34.75 million sale for 15 properties at the corner of S Saunders Street and Hamilton Drive, with plans for two 20-story towers. A residential sale includes a $12 million sale of an assemblage of parcels at 521 S Wilmington Street, a $10.25 million sale of 12 parcels at 421 N Hargeth (where the Exploris School is currently located), and a $10.35 million sale of the lot next to Maldives Pizza.

**Downtown Raleigh Market Report**

Overall, there is $4.76 billion of investment in the current Downtown Raleigh development pipeline. This includes $766 million in projects completed since 2020, $492 million in projects under construction, and $3.54 billion in proposed or planned developments.

**$765 Million**

Completed since 2020

**$492 Million**

Under Construction as of Q4

**$3.54 Billion**

Proposed/Planned Developments

**$4.76 Billion**

In Completion, Under Construction, and Planned Developments
The highly anticipated Raleigh Crossing Phase I delivered at the end of the 2021 year. The 10-story tower is a prominent part of the downtown skyline and adds 287,252 sf of Class A office space. Pendo, its anchor tenant, will occupy 152,663 sf on the top five floors which have been customized for the tech company and include features such as a pizza oven imported from Italy. The tower also now features Pendo’s name. There are plans for a future second phase of Raleigh Crossing, to include a residential apartment building with ground floor retail.

Construction is progressing on several major downtown projects, which includes 1,014 total residential units under construction across five projects: 615 Peace, Seaboard Station Block B, The Platform, 400H, and D+H at Cityview. 400H started construction in late 2021 and is a 20-story mixed-use development with 242 residential units, 144,000 sf of office space and 16,000 sf of retail space. Construction also continues at the dual-brand Hilton Garden Inn / Homewood Suites hotel in the Fayetteville Street District, which will add 259 hotel rooms. Site preparation work began at a new residential development in the Moore Square District, The Arm on Penson Street apartments. This development will soon begin construction on 106 residential units with a later phase to include 138 hotel rooms.

**Construction on 400H Platform**

Platform will add 440 residential units to the Warehouse District and will be downtown’s largest residential development to date. Platform is expected to finish in Spring of 2024 and the project will also have a major phase with office and retail space.
A interactive development map with updated listings of project information and images is viewable at [interactive link].
## CITY OF RALEIGH MOORE SQUARE ASSEMBLAGES

### ADDENDA

<table>
<thead>
<tr>
<th>Name</th>
<th>Address 1</th>
<th>Address 2</th>
<th>City</th>
<th>State</th>
<th>ZIP</th>
<th>Message</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total: 1**

| Total SF | 764,011,733 | 4,546,000 SF | 780 units / 138 rooms |

**LOD CONTRIBUTION**

Total SF: 492,035,675

**SLAH N.B. ADDENDA**

Total SF: 531,976,058

**Total: 1**

| Total SF | 5,540,179,737 | 4,546,000 SF | 5,665 units / 1,380 rooms |

**DOWNTOWN REAL ESTATE REPORT**
Downtown Raleigh had major office deliveries in 2021 with 754,002 SF delivered across three new office developments: Tower Two at Bloc83, 421 N. Harrison, and Raleigh Crossing Phase I. These deliveries significantly increased the amount of Class A office space in the downtown market, contributing to an increase in vacancy in the fourth quarter. Indicators show that demand persisted for Class A office space in downtown. Net absorption remained positive and there was a 94,898 SF net absorption of Class A office space in 2021. Additionally, the $330 million sale of the office towers at Bloc83 was the largest single private real estate transaction in the history of Downtown Raleigh.

**PERFORMANCE INDICATOR**

Parking deck occupancy across the nine City of Raleigh downtown parking decks has been increasing since the beginning of the year, with a 46% increase from Q1 to Q4. This is one indicator of workers returning to downtown offices.

**AV.IRAQ EPAKING DECK O CCUPANCY (%)**

- Q1 2021: 19%
- Q2 2021: 21%
- Q3 2021: 23%
- Q4 2021: 25%
A rental occupancy remains high in downtown at 95.1% occupancy as demand for downtown units has increased throughout the year, which has slightly increased downtown rental rates as well. There are currently 1,014 units under construction across several downtown projects which will help meet some of this increased demand.

Platform is still under construction in the Warehouse District, which will have 442 units and a later phase of this project will include retail and office space. Construction is also progressing on the residential projects at 615 Peace, Sea- board Station Block B, 400H, and Dukes at Cityview. There were 328 residential units delivered in 2021.

**Downtown Residential Pipeline Housing Units**

<table>
<thead>
<tr>
<th>Completed since 2015</th>
<th>Planned &amp; Proposed</th>
<th>Under Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,451</td>
<td>1,014</td>
<td>5,065</td>
</tr>
</tbody>
</table>

**Residential Market**

**Q4 2021**

- **Vacancy**: 95.1%
- **Effective Rent per SF**: $2.20
- **Units under construction**: 1,014
- **Units completed since 2015**: 3,451
- **Increase in downtown housing units since 2015**: 101%

---

**#2 Best Place to Live**

2021

(Raleigh-Durham)

U.S. News & World Report

---

**#2 Top Real Estate Market**

in 7th E.U.S.

Raleigh Metro

Urban Land Institute and
PricewaterhouseCoopers

2022
In Q4, the retail market continued its momentum with 15 new storefront openings and expansions, making a total of 57 new storefront businesses opened or expanded in 2021. This is the largest number of storefront business openings in downtown in the past ten years. There were 21 business closures in 2021, resulting in 36 net new storefront businesses for the year. Five of these storefront closings were in the fourth quarter, making a net of 10 new businesses in Q4. From 2020 to 2021, storefront openings in downtown increased 47%. A dedicated 30 businesses that temporarily closed in 2020 and 2021 have reopened since the beginning of the year.

In 2021, 110,624 SF of new retail space was delivered in downtown and there was +114% SF of net absorption for retail space in downtown.

**PERFORMANCE INDICATOR**

- AVERAGE DAILY COMBINED COUNTER CROSS-INS IN DOWNTOWN

<table>
<thead>
<tr>
<th></th>
<th>Q3 2020</th>
<th>Q4 2020</th>
<th>Q1 2021</th>
<th>Q2 2021</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counter 1</td>
<td>3,791</td>
<td>4,182</td>
<td>5,402</td>
<td>7,266</td>
<td>8,490</td>
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<tr>
<td>Counter 2</td>
<td>8,490</td>
<td>10,407</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**COMMENTS**

#1 BEST CITY TO START A BUSINESS

Raleigh (leasingtree.com)

+114% INCREASE FROM Q4 2020

+23% INCREASE FROM Q3 2021
Downtown food & beverage sales have increased throughout the past year, showing recovery from the pandemic and even exceeding pre-pandemic levels in some areas. There has been a +147% increase in sales from Q4 2020 for downtown overall. Fayetteville Street District continues to show improvement with a +218% increase in average monthly sales from Q4 2020 in this district. These numbers do not reflect the very recent and ongoing impact of the Omicron variant on storefront businesses.

Craft breweries & distilleries in downtown 9

+13% in CREASE from Q3 2021
+147% in CREASE from Q3 2020
### Q 4 2021 STOREFRONT TBU SN ESS ACTIVITY

<table>
<thead>
<tr>
<th>#</th>
<th>Business Name</th>
<th>Type</th>
<th>Location</th>
<th>Opening Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>T · Howdy Doo</td>
<td>c</td>
<td>at G.</td>
<td>October 2021</td>
</tr>
<tr>
<td>2</td>
<td>ArtWelt</td>
<td>at</td>
<td>Essential Lab</td>
<td>October 2021</td>
</tr>
<tr>
<td>3</td>
<td>Q Flowerly</td>
<td>o</td>
<td>at G</td>
<td>October 2021</td>
</tr>
<tr>
<td>4</td>
<td>NINO</td>
<td>o</td>
<td>at G</td>
<td>October 2021</td>
</tr>
<tr>
<td>5</td>
<td>Lumberjack Smokeshop</td>
<td>at</td>
<td>Essential Bar</td>
<td>October 2021</td>
</tr>
<tr>
<td>6</td>
<td>T · The Modern Builing Lounge</td>
<td>at</td>
<td>at N</td>
<td>November 2021</td>
</tr>
<tr>
<td>7</td>
<td>NASHONA</td>
<td>o</td>
<td>at N</td>
<td>November 2021</td>
</tr>
<tr>
<td>8</td>
<td>G · Gallery</td>
<td>o</td>
<td>at N</td>
<td>November 2021</td>
</tr>
<tr>
<td>9</td>
<td>T · ArtLife at Pulp Art Shops at Martin Street</td>
<td>at</td>
<td>at N</td>
<td>November 2021</td>
</tr>
<tr>
<td>10</td>
<td>C · Nance's at Pulp Art Shops at Martin Street</td>
<td>at</td>
<td>at N</td>
<td>November 2021</td>
</tr>
<tr>
<td>11</td>
<td>T · ArtWelt</td>
<td>o</td>
<td>at G</td>
<td>November 2021</td>
</tr>
<tr>
<td>12</td>
<td>T · ArtWelt</td>
<td>o</td>
<td>at G</td>
<td>November 2021</td>
</tr>
</tbody>
</table>

### Business Closings in Q 4

<table>
<thead>
<tr>
<th>#</th>
<th>Business Name</th>
<th>Type</th>
<th>Location</th>
<th>Closing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>R · Toast Five</td>
<td>a</td>
<td>at G</td>
<td>October 2021</td>
</tr>
<tr>
<td>2</td>
<td>B · Boris</td>
<td>a</td>
<td>at G</td>
<td>October 2021</td>
</tr>
<tr>
<td>3</td>
<td>M · Essential Medical Center</td>
<td>o</td>
<td>at G</td>
<td>November 2021</td>
</tr>
<tr>
<td>4</td>
<td>R · Essential Art Gallery</td>
<td>o</td>
<td>at G</td>
<td>November 2021</td>
</tr>
<tr>
<td>5</td>
<td>E · Panini Chai</td>
<td>Restaurant</td>
<td>at G</td>
<td>December 2021</td>
</tr>
</tbody>
</table>

### Coming Soon

<table>
<thead>
<tr>
<th>#</th>
<th>Business Name</th>
<th>Type</th>
<th>Location</th>
<th>Opening Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>E · Turnip Tops</td>
<td>Restaurant</td>
<td>at G</td>
<td>July 2022</td>
</tr>
<tr>
<td>2</td>
<td>V · Drift Beer</td>
<td>at</td>
<td>Taproom</td>
<td>July 2022</td>
</tr>
<tr>
<td>3</td>
<td>R · Aaron Quincey</td>
<td>Restaurant</td>
<td>at G</td>
<td>July 2022</td>
</tr>
<tr>
<td>4</td>
<td>D · Sore Yoga and Smoothie Bar</td>
<td>Restaurant</td>
<td>at G</td>
<td>July 2022</td>
</tr>
<tr>
<td>5</td>
<td>P · Round</td>
<td>Drink</td>
<td>at G</td>
<td>July 2022</td>
</tr>
<tr>
<td>6</td>
<td>T · Vice Versa</td>
<td>Drink</td>
<td>at G</td>
<td>July 2022</td>
</tr>
<tr>
<td>7</td>
<td>L · Magic Staff</td>
<td>Restaurant</td>
<td>at G</td>
<td>Spring 2022</td>
</tr>
<tr>
<td>8</td>
<td>S · Old Taco</td>
<td>Restaurant</td>
<td>at G</td>
<td>Spring 2022</td>
</tr>
<tr>
<td>9</td>
<td>D · Fizz R</td>
<td>Restaurant</td>
<td>at G</td>
<td>Spring 2022</td>
</tr>
<tr>
<td>10</td>
<td>B · Raleigh Smokehouse</td>
<td>Restaurant</td>
<td>at G</td>
<td>Spring 2022</td>
</tr>
<tr>
<td>11</td>
<td>J · Lights House &amp; Cafe</td>
<td>Restaurant</td>
<td>at G</td>
<td>Spring 2022</td>
</tr>
<tr>
<td>12</td>
<td>M · Addie</td>
<td>Restaurant</td>
<td>at G</td>
<td>Spring 2022</td>
</tr>
<tr>
<td>13</td>
<td>M · Addie</td>
<td>Restaurant</td>
<td>at G</td>
<td>Spring 2022</td>
</tr>
<tr>
<td>14</td>
<td>F · El Patron 325</td>
<td>Restaurant</td>
<td>at G</td>
<td>2022</td>
</tr>
<tr>
<td>15</td>
<td>F · Pod Vanish</td>
<td>Restaurant</td>
<td>at G</td>
<td>2022</td>
</tr>
<tr>
<td>16</td>
<td>J · ZCoffe</td>
<td>Restaurant</td>
<td>at G</td>
<td>2022</td>
</tr>
<tr>
<td>17</td>
<td>T · ZCoffe</td>
<td>Restaurant</td>
<td>at G</td>
<td>2022</td>
</tr>
<tr>
<td>18</td>
<td>J · El Patron</td>
<td>Restaurant</td>
<td>at G</td>
<td>2022</td>
</tr>
</tbody>
</table>
MARKET HIGHLIGHTS
HOE 6 & TOURISM

Hotel Room Addenda

Valbridge Rooftop Lounge at the new AC Hotels Raleigh Downtown

A for delivering 141 new hotel rooms in Q3, the ACH at Raleigh Downtown opened its new rooftop bar in the fourth quarter. The Willard Rooftop Lounge attracts visitors to its sweeping skyline views and lounge.

There were 156 new hotel rooms added in 2021 and there are 259 rooms currently under construction at the dual-brand Hilton Garden Inn / Hampton Garden Suites hotel in the downtown district. These rooms will be within immediate walking distance of the Raleigh Convention Center. Downtown Raleigh currently has over 1,600 hotel rooms with 338 rooms built since 2020.

PERFORMANCE IN DOWNTOWN RALEIGH

In Q4, the average monthly hotel room sales revenue was $6.2 million for Downtown Raleigh which is a +16% increase from Q3.

[Graph showing hotel room sales revenue]

+16% Increase in average monthly hotel room sales revenue Q3 2021 to Q4 2021

Whale County, The Administration Daw

#1 Most Affordable Southern City for 2022 Family Vacation Southerna Living
NEWS & EVENTS

POP UP SHOP AT MARTIN STREET
Downtown Raleigh’s Artspace has partnered with Wake Tech and LM Restaurants on a pop-up retail store program to offer downtown retail space at a discounted rent price for minority- and women-owned businesses. This storefront location provides a space for pop-up retail tenants looking to share an affordable retail space with other up-and-coming retailers while participating in business counseling. The first two tenants in the Martin Street space are TrésLife and Chance’s. Both businesses are minority-owned and looking for an opportunity to test out the downtown market and grow their businesses. Chance’s is a vintage & secondhand clothing store and is all about giving another second chance. TrésLife is hair and skin care company with products designed to provide a safe, lasting solution for hair to care for wavy, curly and coily hair textures. See more program details at this link.

ILLUMINATE ART WALK 2022
Illumination Art Walk was held for its second year in Downtown Raleigh and brought significant activity and foot traffic to downtown Raleigh this winter. The 4-week art walk featured 17 light installations in a variety of plazas, alleys, storefront windows and public spaces. DRA worked with 14 artists, largely local with several regional and one international. Average daily pedestrian traffic on Fayetteville Street on Fridays in December was +77% higher than in November and +42% higher than in October.
12,000+
Resident Population

48,000
Downtown Employees

32.9
Median Age

$85,871
Average Household Income

60%
Bachelor’s Degree or Higher

40%
Of population between ages 20-34
ABOUT DOWNTOWN RALEIGH ALLIANCE (DRA)

DRA has a mission of advancing the vitality of Downtown Raleigh for everyone. The DRA facilitates this mission through five goals:

1. Building a culture of authentic engagement and inclusion within Downtown’s diverse community,
2. Fostering a thriving and diverse storefront economy,
3. Facilitating strategic partnerships to produce positive, balanced activations across Downtown,
4. Improving physical connectivity and accessibility within and around Downtown,
5. Positioning the DRA as a reliable, responsive, representative, and mission-directed.

For additional information and resources visit:
downtownraleigh.org/business
Glossary
Definitions are taken from The Dictionary of Real Estate Appraisal, 6th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

Absolute Net Lease
A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

Amortization
The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

As Is Market Value
The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

Base Rent
The minimum rent stipulated in a lease. (Dictionary)

Base Year
The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area
In office buildings, the areas of the building that provide services to building tenants but which are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area
The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Bulk Value
The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

Certificate of Occupancy (COO)
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. (Dictionary)

Common Area Maintenance (CAM)
The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center’s common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security and upkeep. (ICSC – International Council of Shopping Centers, 4th Ed.)

Condominium
A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

Conservation Easement
An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

Contributory Value
A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)
Debt Coverage Ratio (DCR)
The ratio of net operating income to annual debt service (DCR = NOI/Im), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction
A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation
In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset’s life; calculated using a variety of standard techniques. (Dictionary)

Disposition Value
The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time;
- Payment will be made in cash in U.S. dollars (or the local currency) 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. (Dictionary)

Double Net (Net Net) Lease
An alternative term for a type of net lease. In some markets, a net lease is defined as a lease in which the tenant is responsible to pay both property taxes and premiums for insuring the building(s). (Valbridge)

(The market definition of a double net lease varies depending on the market)

Easement
The right to use another’s land for a stated purpose. (Dictionary)

EIFS
Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date
The date on which the appraisal or review opinion applies. (SVP)

In a lease document, the date upon which the lease goes into effect. (Dictionary)

Effective Gross Income (EGI)
The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

Effective Rent
Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

EPDM
Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

Escalation Clause
A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called escalator clause, expense recovery clause or stop clause. (Dictionary)

Estoppel Certificate
A signed statement by a party (such as a tenant or a mortgagee) certifying, for another’s benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black’s) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an estoppel letter. (Dictionary)

Excess Land
Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)
Excess Rent
The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

Expense Stop
A clause in a lease that limits the landlord’s expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

Exposure Time
The time a property remains on the market. 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; Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (Dictionary)

Extraordinary Assumption
An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions. Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP)

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

Floor Common Area
In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

Full Service (Gross) Lease
A lease in which the landlord receives stipulated rent and is obligated to pay all of the property’s operating and fixed expenses; also called a full service lease. (Dictionary)

Furniture, Fixtures, and Equipment (FF&E)
Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

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. (Dictionary)

Gross Building Area (GBA)
Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

Gross leasable area plus all common areas.
For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

Gross Measured Area
The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method
A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as “grossed up.” (_dictionary)

Gross Retail Sellout
The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the aggregate of the retail values, aggregate retail selling price or sum of the retail values. (Dictionary)

Ground Lease
A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)
Ground Rent
The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC
Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

Highest and Best Use
The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset’s existing use of for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)

[The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

Hypothetical Condition
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.

Comment: 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 data used in an analysis. (USPAP)

Insurable Value
A type of value for insurance purposes. (Typically this includes replacement cost less basement excavation, foundation, underground piping and architect’s fees). (Dictionary)

Investment Value
The value of a property to a particular investor or class of investors based on the investor’s specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

Just Compensation
In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (Dictionary)

Leased Fee Interest
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. (Dictionary)

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. (Dictionary)

See also Positive Leasehold and Negative Leasehold.

Lesse (Tenant)
One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)
One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value
The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a short time period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

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. (Dictionary)
Loan to Value Ratio (LTV)
The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

Major Vertical Penetrations
Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Rent
The most probable rent that a property should bring in a competitive and open market under all the conditions requisite to a fair lease transaction, the lessee and the lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby: Lessee and lessor are typically motivated; Both parties are well informed or well advised, and acting in what they consider their best interests; Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and The rent reflects specified terms and conditions, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, and tenant improvements (TIs). (Appraisal Institute)

Market Value
The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States 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. (Dictionary)

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 an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation)

Master Lease
A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

Modified Gross Lease
A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property’s operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease. (Dictionary)

Negative Leasehold
A lease situation in which the market rent is less than the contract rent. (Dictionary)

Operating Expense Ratio
The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., OER = 1 – NIR (Dictionary)

Option
A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the optionee) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest
Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. (Dictionary)

Pass Through
A tenant’s portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)
Percentage Lease
A lease in which the rent or some portion of the rent represents a specified percentage of the volume of business, productivity, or use achieved by the tenant. (Dictionary)

Positive Leasehold
A lease situation in which the market rent is greater than the contract rent. (Dictionary)

Potential Gross Income (PGI)
The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

Prospective Future Value Upon Completion
A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. ... The prospective market value – as completed – reflects the property’s market value as of the time that development is expected to be complete. (Dictionary)

Prospective Future Value Upon Stabilization
A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. ... The prospective market value – as stabilized – reflects the property’s market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (Dictionary)

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. (Dictionary)

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 of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

Retrospective Value Opinion
A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.” (Dictionary)

Sandwich Leasehold Estate
The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease
An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

Subordination
A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

Surplus Land
Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

TPO
Thermoplastic polyolefin, a resilient synthetic roof covering.

Triple Net (Net Net Net) Lease
An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called NNN lease, net net net lease, or fully net lease. (Dictionary)

(\text{The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.})

Usable Area
The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)
Value-in-Use
The value of a property assuming a specific use, which may or may not be the property’s highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

VTAB
Value of the Total Assets of a Business. The value of a going concern (i.e. the business enterprise). (Dictionary)
Qualifications
Qualifications of Diana Spencer, MAI, CCIM
Senior Managing Director
Valbridge Property Advisors | Raleigh-Durham

Independent Valuations for a Variable World

<table>
<thead>
<tr>
<th>State Certifications</th>
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<tr>
<td>Certified General</td>
<td>MAI (Member, Appraisal Institute) #11313 9/18/1997</td>
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<td>State of North Carolina</td>
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<td>Certified Commercial Investment Member (CCIM) #9933 10/31/2001</td>
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Experience
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Appraisal Institute & Related Courses
Continuing education courses taken through the Appraisal Institute and other real estate organizations.

Diana Spencer graduated from North Carolina State University in May 1992 with a Bachelor’s Degree in Business Administration with a concentration in Management and Computer Science. She began her appraisal career in 1991 as a research associate at Hester and Company in Raleigh, NC and became a full-time fee appraiser in January 1993 working under two MAI’s. She was awarded the coveted MAI designation in 1997 and went on to get her CCIM designation in 2001.

Diana Spencer is Senior Managing Director of Valbridge Property Advisors | Raleigh-Durham. Ms. Spencer originally opened Paramount Appraisal Group, Inc. in May 2003 after being a fee appraiser at Hester and Company for over 10 years. On March 19, 2013, Paramount joined Valbridge Property Advisors as one of the founding members. Valbridge is a nationwide appraisal firm with 58 offices.

Valbridge Property Advisors | Raleigh-Durham covers the Raleigh-Durham-Chapel Hill metropolitan area as well as the majority of the regions in the eastern part of state, such as Fayetteville, Wilmington, Greenville, and Jacksonville to name a few. Valbridge serves a comprehensive list of clients including financial institutions, attorneys, government agencies, mortgage brokers, institutional owners, individual owners, and other real estate professionals. Services include mortgage loans, construction loans, condemnation, appraisal review, and expert witness testimony.
FAST FACTS
COMPANY INFORMATION

- Valbridge is the largest independent commercial property valuation and advisory service firm in North America.
  - Total number of MAI-designated appraisers (200+ on staff)
  - Total number of office locations (80+ across the U.S.)
  - Total number of staff (675+ strong)
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge specializes in appraising all types of real property.
- Valbridge provides independent valuation services. We are NOT owned by a brokerage firm or investment company.
- Every Valbridge office is overseen by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by local offices.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market, and other bulk-property engagements.
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