

Certification Addendum

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

BEFORE AND AFTER APPRAISAL OF

A CONVERTED DWELLING

LOCATED AT

3039 UNIVERSITY DRIVE
DURHAM, NORTH CAROLINA

AS OF

APRIL 2, 2015

FOR

AMY SEARS
REAL ESTATE OFFICER
CITY OF DURHAM
2011 FAY STREET
DURHAM, NC 27704

BY

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PART ONE - INTRODUCTION



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April 20, 2015

Amy Sears
Real Estate Officer
City Of Durham
2011 Fay Street
Durham, NC 27704

Ms. Sears:

As requested, I have inspected and appraised a parcel of real estate located at 3039 University Drive in Durham, North Carolina. At time of inspection, the property was a 0.495 acre parcel improved with a 2,335 square foot converted dwelling and related on-site improvements

The purpose of the appraisal is to develop an opinion of the market value, as defined, of the fee simple estate of the property if placed for sale on the open market both before and after part of the property is acquired by the City of Durham for a sidewalk. The intended use of the appraisal is to assist in negotiations for purchase of part of the property. The intended users of this report are officers and employees of the City of Durham.

As requested, a standard appraisal report has been prepared.

The property was inspected on April 2, 2015 and this is the effective date of this appraisal. The effective date of this report is April 20, 2015. I made all necessary investigations and analyses. Based on an inspection of the property, an analysis of data gathered and facts and conclusions as contained in the following report of 52 pages, and subject to the assumptions and limiting conditions as stated, it is my opinion that the market values of the property as of April 2, 2015 are:

Value Before Acquisition	\$297,300
Value After Acquisition	\$282,700
Difference	\$ 14,600

This value does not include any personal, non-real property or equipment. It also does not include the business value of any operations that may be associated with the property.

I certify that I have personally inspected the property. I further certify that I have no interest either present or contemplated in the property and that neither the employment to make the appraisal nor the compensation is contingent upon the amount of valuation reported.

Respectfully submitted,

David A. Smith

David A. Smith, MAI, SRA
NC State-Certified General Real Estate Appraiser #A281



TABLE OF CONTENTS

	PAGE
PART ONE-INTRODUCTION	
Letter of Transmittal	1
Table of Contents	2
Certification of Value	3
Summary of Important Conclusions	4
Scope of Work	5
PART TWO-PREMISES OF THE APPRAISAL	
Statement of Competence	7
Identification of Type of Appraisal and Type of Report	7
Extraordinary Assumptions and Hypothetical Conditions	7
General Assumptions and Limiting Conditions	8
Purpose, Intended Use and Intended Users of the Appraisal	12
Definition of Value	12
Date of the Report and Opinions of Value	12
Property Rights Appraised	13
PART THREE-PRESENTATION OF DATA	
Identification of the Property	14
Identification of Any Personal or Non-Realty Property	14
History of the Property	14
Area Description	14
Neighborhood Description	21
Land Description	23
Improvements Description	24
Taxes and Assessment Data	27
Zoning and Other Legal Restrictions	27
PART FOUR-ANALYSIS OF DATA AND CONCLUSIONS	
Highest and Best Use	29
Opinions of Value – Before the Acquisition	32
Land Value – Before the Acquisition	32
Cost Approach – Before the Acquisition	36
Sales Comparison Approach - Before the Acquisition	40
Reconciliation and Final Opinion of Value - Before the Acquisition	43
Opinion of Value – After the Acquisition	43
Description of the Acquisition	43
Summary of the Appraisal	45
Exposure Time and Marketing Time	46
Qualifications of the Appraiser	47
ADDENDA	
Photographs of the Property	
Flood/Topo Map	
Aerial Map	
Deed	
Location Map of Vacant Commercial Land Comparables	
Vacant Commercial Land Comparables	
Location Map of Converted Dwelling Comparables	
Vacant Converted Dwelling Comparables	

CERTIFICATION OF VALUE

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

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.

I have performed no services, as an appraiser or in other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.

I have made a personal inspection of the property that is the subject of this report.

No one provided significant real property appraisal assistance to the person signing this certification.

The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of the report, I have completed the continuing education program of the Appraisal Institute.

This appraisal assignment was not made, nor was the appraisal rendered on the basis of a requested minimum valuation, specific valuation, or an amount, which would result in approval of a credit transaction.



David A. Smith, MAI, SRA

SUMMARY OF IMPORTANT CONCLUSIONS

Location: 3039 University Drive
Durham, North Carolina

Report type: Standard appraisal report

Extraordinary assumptions or hypothetical conditions: That the sidewalk is in place

Date of the report: April 20, 2015

Effective date of the appraisal: April 2, 2015

Type property: Commercial Dwelling

Property ownership: Richard Gregory Burkett

Purpose of the appraisal: To develop an opinion of the market value, as defined, of the fee simple estate of the property if placed for sale on the open market both before and after part of the property is acquired by the City of Durham

Land Area: 0.495 acre

Building Area: 2,335 Square Feet

Year Built: 1925

Tax Parcel Reference Number: 123182

Zoning: CN – Commercial Neighborhood

Highest and best use as though vacant: Commercial

Highest and best use as improved: As improved, Commercial

OPINIONS OF VALUE:

Value Before Acquisition	\$297,300
Value After Acquisition	\$282,700
Difference	\$ 14,600

SCOPE OF WORK

Scope of work is the most critical decision in an appraisal assignment. Appraisal assignments are really about finding a solution to a particular problem. They answer a question usually involving an opinion of value. Scope of work is divided into three major steps: identify the problem to be solved, determine the solution and perform the scope of work necessary to develop credible assignment results and disclose the scope of work in the report. Following is the disclosure of the scope of work.

Identify the problem involves six key elements as follows:

- 1) Client and any other intended users
- 2) Intended use of the appraiser's opinion and conclusions
- 3) Type and definition of value
- 4) Effective date of the appraiser's opinion and conclusions
- 5) Subject of the assignment and its relevant characteristics
- 6) Assignment conditions

For the subject, the client, The City of Durham, is the intended user. The intended use is to assist in negotiations for sale of part of the property for a sidewalk and the value requested is the fee simple estate. The effective date of this appraisal is April 2, 2015 and the date of the report is April 20, 2015. The subject of the assignment is a former dwelling converted to commercial use located at 3039 University Drive in Durham, North Carolina. There are no atypical assignment conditions. This information was from the client.

To determine the solution and perform the scope of work necessary to develop credible assignment results, I gathered information about the property and the real estate market. Information about the property was provided by the owner, Doctor Burkett, and the City of Durham. I inspected the property on April 2, 2015 with Doctor Burkett. Public records were researched for tax, deed, plat, zoning, topographical, floodplain information and an aerial view of

the site. Area and neighborhood information was gathered from a variety of sources including the chamber of commerce, visitor's center and city and county websites.

Information about the real estate market was gathered from local and national multiple listings services, and surveys, public records and information from appraisers, brokers, property managers, buyers, seller and other associated with real estate. From the information gathered, a highest and best use is selected and appropriate valuation techniques selected. The highest and best use of the property before the acquisition is for continued use as commercial. An opinion of the fee simple value is developed using two of the three standard approaches to value. From these values, a final opinion of value is selected. The highest and best use after the acquisition is for continued use as commercial. This value is developed using the cost approach. From these indications, the effect on value can be determined.

PART TWO – PREMISES OF THE APPRAISAL

STATEMENT OF COMPETENCE

I have completed all of the requirements to become a state certified-general appraiser for the State of North Carolina and all of the requirements for the MAI designation. In addition I have successfully completed USPAP courses and continuing education seminars for over thirty years. More detailed information about these courses and seminars are in the qualifications section of this report. I have appraised a variety of properties including those of a similar type to the subject and feel competent to appraise the subject property.

IDENTIFICATION OF TYPE OF APPRAISAL AND TYPE OF REPORT

The client requested a standard appraisal report. The most recent *Uniform Standards of Professional Appraisal Practice* (USPAP) is for 2014 - 2015. This allows for two types of written appraisal reports: appraisal report and restricted appraisal report.

Generally appraisal reports are used. A restricted appraisal report is prepared when the intended user does not need the level of information required in an appraisal report and when the client is the only intended user.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

An extraordinary assumption is an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which if found to be false, could alter the appraiser's opinions or conclusions. A hypothetical condition is 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 the analysis. Either of these may affect value. One value assumes that the sidewalk is in place. No other extraordinary assumptions or hypothetical conditions are made.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described, and considered in the appraisal report.

9. It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.

10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

11. It is assumed that there are no structural problems with the buildings and that all of the systems (HVAC, electric, plumbing, etc.) are in good working order unless otherwise stated.

12. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on or in the property, were not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, lead paint, mold, and other potentially hazardous materials may affect the value of the property. The opinion of value is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

13. I have researched the property for zoning, zoning overlays and other restrictions from the state and local authorities. This appraisal assumes that all of these restrictions have been considered in the valuation of this report. If any additional restrictions are discovered, the value may need to be adjusted.

14. The subject property may also be subject to tree protection and tree coverage, stream buffers, reservoir buffers, steep slopes buffers, wetland protection, Neuse or Cape Fear River basin regulations or inventory of natural areas and rare species. For purposes of this appraisal, none of these items affect the value of the property unless otherwise stated.

15. The land description is based on the dimensions in the metes and bounds description found with the deed. The size was not given and this is taken from the tax records. No survey of the property was found. For purposes of this appraisal, this is assumed to be the correct description of the property and a copy of the tax map is in the land description section.

16. The improvements description is based on a personal inspection of the property, public records and information supplied by the owner. This includes floor plans supplied by the owner. For purposes of this appraisal, this information is assumed to be correct and copies of the floor plans are in the improvement description section.

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

1. Any allocation of the total opinion of value in this report between the land and improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraiser by reason of this appraisal is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales or other media without the prior written consent and approval of the appraiser.
5. In estimating the value of the subject property, a computer was used to calculate some of the value indications. For display purposes, these calculations are generally rounded off to the nearest dollar or the nearest 100th of a percent on the calculation pages. The computer, however,

retains considerably more significant digits and the result is that some of the calculations appear to be off by small amounts. These amounts are, however, more accurate since they reflect more precise amounts internal to the computer. These amounts are not rounded off at each stage since doing so could result in a significant rounding error at the end of all the calculations.

6. Definitions used in this report have been taken from *The Dictionary of Real Estate Appraisal*, 4th ed., published by the Appraisal Institute, copyright 2002.

7. Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value reported, unless such proration or division of interests has been set forth in the report.

8. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

9. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

10. Unless otherwise stated in this report, the value reported is not a fractional interest, physical segment or partial holding.

PURPOSE, INTENDED USE AND INTENDED USERS OF THE APPRAISAL

The purpose of the appraisal is to develop an opinion of the market value, as defined, of the fee simple estate of the property if placed for sale on the open market both before and after part of the property is acquired by the City of Durham. The intended use of the appraisal is to assist in negotiations for the sales of part of the property. The intended users of the report are officers and employees of The City of Durham.

DEFINITION OF VALUE

The opinion of value in this appraisal is the market value. The definition of market value is that used by federally regulated financial institutions. I found this definition on page A-105 of the *2014-2015 Uniform Standards of Professional Appraisal Practice* (USPAP). This definition is as follows:

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

DATE OF THE REPORT AND OPINIONS OF VALUE

The effective date of the opinion of value is April 2, 2015. The date of the report is April 20, 2015.

PROPERTY RIGHTS APPRAISED

The ownership interest appraised is that of Richard Gregory Burkett who owns the property according to public records. The property is owner occupied and to my knowledge no property rights have been transferred. For this reason, the property rights appraised are the fee simple interest. The definition of fee simple as used in this report is:

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.

PART THREE – PRESENTATION OF DATA

IDENTIFICATION OF THE PROPERTY

The subject is identified as a dwelling converted to commercial use located at 3039 University Drive in Durham, North Carolina. According to public records, it is owned by Richard Gregory Burkett. The tax parcel number for the property is 123812.

IDENTIFICATION OF ANY PERSONAL OR NON-REALTY PROPERTY

The value reported does not include any personal or non-realty property. It also does not include the business value of any operations that may be associated with the property.

HISTORY OF THE PROPERTY

According to public records, the property is owned by Richard Gregory Burkett. He received the property in on December 10, 1993 according to a deed recorded in deed book 1927, page 971. This deed was from Marshall T. Spears, Jr, executor and trustee for Roland E. Lloyd. Revenue stamps of the deed were \$360.00.

After purchase, Dr. Burkett renovated the property and converted it to a commercial property.

I am not aware of any more recent transfers of the property and it is not for sale on the open market.

AREA DESCRIPTION

There are four basic forces that influence value: environmental, economic, governmental, and social. Since these forces are broader than the property or neighborhood itself, they must be considered on a regional and citywide basis.

Environmental Forces: The subject is located in the City of Durham in Durham County, North Carolina. Durham County is located in the Piedmont area of the state approximately equal distance from the Appalachian Mountains and the Atlantic Ocean. The county is also in the northern area of the Piedmont with only one county between it and the Virginia State line. A location map of the area is on the following page.

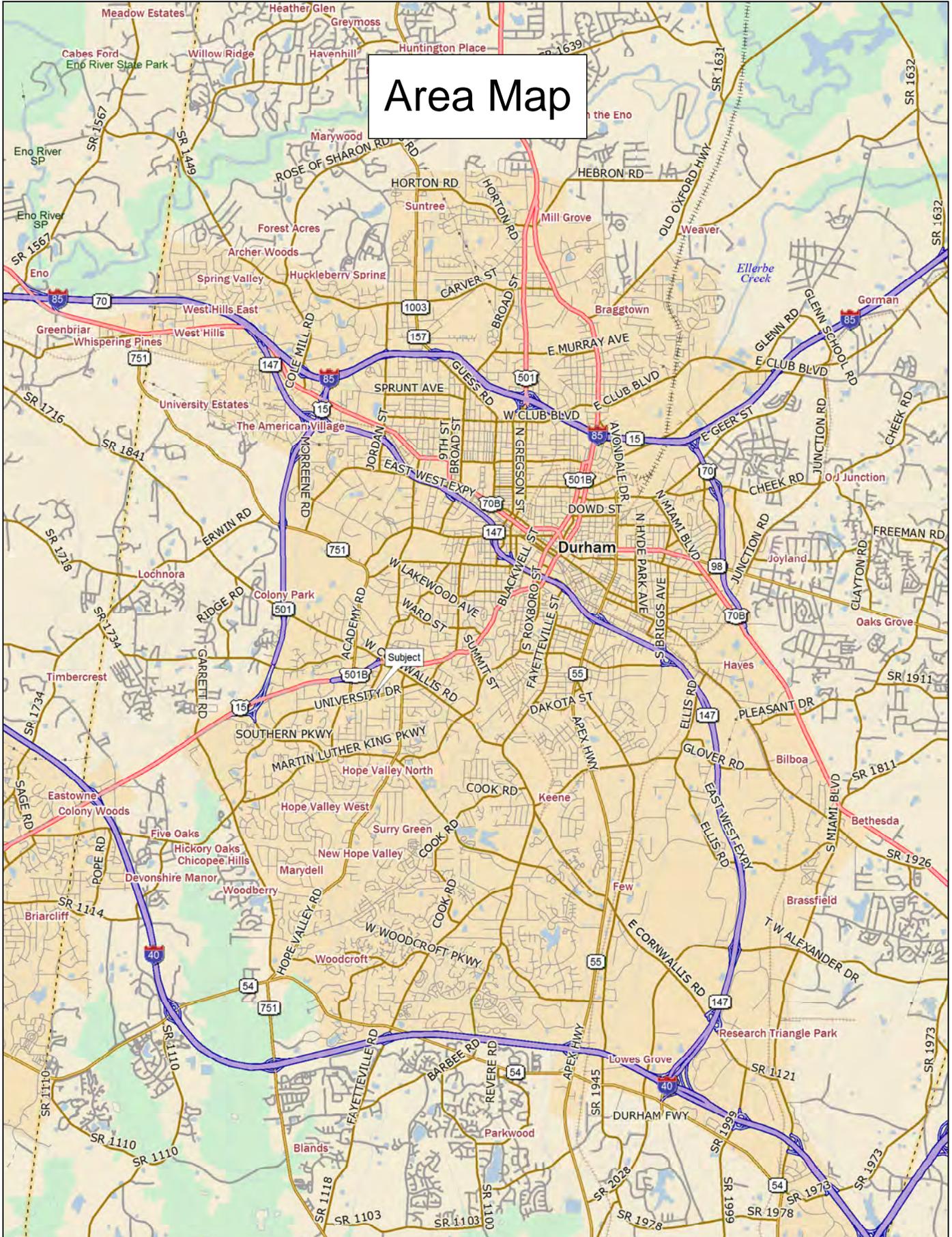
The city is the only municipality in the county and is the county seat. Durham County has a population of 284,587 of which 244,704 live in the city. Durham is the fourth-largest city in the state, and the 85th-largest in the United States by population. Durham is part of the four-county Durham-Chapel Hill Metropolitan Area which has a population of 522,826 as of U.S. Census 2012 Population Estimates. The US Office of Management and Budget also includes Durham as a part of the Raleigh-Durham-Chapel Hill Combined Statistical Area, which has a population of 1,998,808 as of U.S. Census 2012 Population Estimates. Population in Durham has been increasing at a rate of about 2.5% per year. This trend is expected to continue.

Durham is classified as a subtropical climate with warm and humid summers, cool winters, and mild spring and autumn. The average high temperature is 70 degrees and the average low is 48. Durham receives an average of 48 inches of precipitation per year including an average of 6.8 inches of snow which usually melts within a few days.

Major routes of access through the county are Interstates 85 and 40. I-85 crosses east to west through the center of the county and passes through the northern portion of the city. It continues northward to Petersburg, Virginia and points north and westward to Greensborough, Charlotte, and points south. I-40 enters the county from the southwest near Chapel Hill and continues southeast to the Research Triangle Park, the Raleigh-Durham International Airport, and Raleigh before terminating at Wilmington on the coast. To the west it leads to Greensborough, Winston-Salem, and points west.

Also passing through the county are US Highways 15, 501, and 70. US 15 and 501 together enter the county at the southeast near Chapel Hill. About three miles into the county, they split into

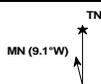
Area Map



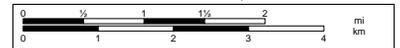
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Scale 1 : 100,000



1" = 1.58 mi

Data Zoom 11-0

business and bypass. Business continues to downtown Durham and the Bypass leads northward where it connects with I-85. US 15/501 Business is one of the busiest commercial areas in Durham. US 501 separates from I-85 at Roxboro Road and continues to that town. US 15 continues with I-85 northward out of the county.

US 70 enters the county from the west near I-85. US 70 Bypass joins with I-85 about three miles from the county line and continues with this interstate through most of the city. Near the city limits on the east side it separates and continues eastward to Raleigh. The business portion of US 70 leads through downtown before joining up with the bypass east of town. Together, I-85, US 15/501 Bypass, and US 70 Bypass form a controlled access loop around the northern three quarters of the city.

There are also five North Carolina highways passing through the county. NC 147 is controlled access and connects I-85 and US 15/501 Bypass with I-40 in the Research Triangle Park. This highway also provides a direct link to downtown from I-85, I-40, and the Research Triangle Park. NC 98 leads eastward from downtown, NC 55 and NC 751 lead southward from downtown and NC 157 leads northward. NC 54 crosses the southern portion of the county roughly parallel to I-40.

Land development to the southeast is restricted by the Research Triangle Park (RTP) which, by state law, cannot be annexed by a municipality. To the south, there is limited expansion potential due to the B. Everett Jordan Lake. To the southwest, Chapel Hill and Durham are already contiguous at several points and the remaining land is rapidly developing. To the northeast is another Corps of Engineers lake, Falls of the Neuse Lake and its watershed is protected as a drinking source for Wake County. However, there is potential for growth to the east and north with large amounts of undeveloped land available.

Economic Forces: The city of Durham began as an industrial center for tobacco and textiles in the early 1900's. It is now the fourth largest city in North Carolina. The major employer in the county according to the Greater Durham Chamber of Commerce is Duke University and Medical Center which employs 33,750.

Of the other top 15 employers in the county, seven are located in the Research Triangle Park (IBM with 10,000, GlaxoSmithKline with 4,500, Research Triangle Institute with 2,200, Cree with 2,000, Quintiles with 1,500, National Institute of Environmental Health Sciences with 1,400 and the U.S. Environmental Protection Agency with 1,400, three are governmental (Durham Public Schools with 5,440, Durham City Government with 2,336, and Durham County Government with 1,700) and two are health related (Blue Cross/Blue Shield with 2,43768, and the Veteran Administration Medical Center with 2,162). The others are Fidelity Investments with 1,800 and North Carolina Central University with 1,435. This clearly shows how Durham has moved away from manufacturing and has developed into what is called a "white smock" economy.

Durham promotes itself as "The City of Medicine" since health care is the county's largest employment cluster. Over 30% of the work force is engaged in health related occupations. The physician to population ratio is almost 4.5 times the national average and the bed to population ratio is twice the national average.

There are six hospitals in the county and patients come from all over the country and world to be treated at these centers. Duke University Hospital and Medical Center is the best known and most highly regarded. It is considered one of the top ten hospitals in the country and has a medical school and various research programs in addition to its hospital. The Veterans Administration Medical Center, located near Duke provides general medical and surgical services to veterans from a four state area. Duke Regional Hospital a general-services hospital that is was previously a county owned facility is now part of the Duke University Health System. Duke Children's Hospital & Health Center is a hospital providing healthcare for children from birth through young adulthood. North Carolina Specialty Hospital is a private eye, ear, nose, and throat hospital, and Lenox Baker Children's Hospital provides medical treatment and rehabilitation for children with special problems from around the state.

The Research Triangle Park contains almost 7,000 acres mostly in Durham County. It is home to more than 170 companies which employ 39,000 full time workers and 10,000 contract workers in a variety of industries. It currently has more than 22.5 million square feet of developed space and is home to many of the major employers in the area.

"The Park" as it is also known is limited to organizations engaged in research, development, and scientifically oriented production. The Park is designed to encourage these industries, but also places strict requirements on development. Each site must be at least eight acres in size. Much of the site cannot be improved and must be left natural. The result has been highly successful and many corporations and government agencies have facilities in the Park.

Education also plays an important economic role in Durham. As stated, Duke University is the leading employer in Durham. Also in Durham is North Carolina Central University (NCCU) and Durham Technical College. Duke has an annual student enrollment of about 6,495 undergraduate and 8,105 graduate and professional students. NCCU was the first state supported liberal arts college in the nation for African American. Enrollment is about 8,359 students. Durham Technical Community College offers vocational and technical career programs for the community. It is one of the most highly regarded community colleges in the state with an enrollment of about 8,124 students.

Durham is also home to the North Carolina School of Science and Mathematics. This school was set up to help gifted junior and senior high school students from across the state who show strong interest and potential in the areas of science and mathematics. There are currently 680 students who live at the school and attend classes. The result has been tremendous with a greater percentage of students becoming National Merit Scholar semifinalists than any other high school in the country.

The area is served by an international airport, Raleigh-Durham International Airport (RDU). The airport is located in southwestern Wake County near the Durham County line. The airport serves about 4.5 million passengers annually which makes it the 37th busiest airport in the country. The airport handles on average about 352 arrivals and departures daily from 8 major carriers.

According to the North Carolina Department of Commerce, the per median household income in Durham County is about \$46,440.

The stability of the universities, the hospitals, and the Research Triangle Park contribute to a stable economy for the area in general and Durham in particular. Unemployment has consistently been below the state and the nation and is currently about 7.5%.

Governmental Forces: Durham City and County most directly influence real estate values by way of real estate taxes and zoning. Taxes are moderate and should not have an adverse effect on values. Zoning is also moderate with the government allowing zoning provided it meets what it considers to be its best interest. Neighborhood groups are well organized and have a significant effect on rezoning, but as long as they do not perceive a threat to the neighborhood, they do not oppose changes.

The city is committed to expanding water and sewer and to increasing capacity at existing sewer plants. Natural resources are well protected in Durham with significant restrictions placed on developments in the watershed.

The city and county have also been active in encouraging development in the downtown area. In addition to the performing arts center, a new baseball stadium was constructed for the Durham Bulls AAA team, a downtown hotel/civic center complex was developed to provide a central area for conventions and other community-wide functions, an old historical theater, the Carolina Theater, was renovated and is used for the performing arts. In addition, the city and county also provide incentives to developers willing to build in downtown. The most notable examples are West Village and the American Tobacco complex. Other development is current in the planning stages.

Social Forces: Durham has also become a cultural center for the area. The most recent example of this is the Durham Performing Arts Center. This city supported facility is the largest performing arts center in the Carolinas with a seating capacity of 2,712. It hosts over 200 performances a year including touring Broadway productions, high-profile concert and comedy events, family shows and the American Dance Festival. DPAC has the third highest attendance of any theater in the country and the tenth highest in the world. The Carolina Theater is a smaller venue with more specialized performances. It has two movie theaters as well as the renovated stage area with seating for 1,014. It is also one of the top 100 most attended theaters in the country.

Durham also has an arts council, which is housed in the old city hall. The arts council was established to promote excellence of the arts in order to improve the quality of life in the

community. It serves as an advocate for the arts to stimulate a variety of cultural opportunities accessible to the community. This council also produces several events in the area, the most well know is Centerfest, an outside arts festival held annually in the downtown area.

There are several museums and historical sites in Durham. Most notable are the Nasher Museum of Art at Duke University, the North Carolina Museum of Life and Science, the NC Central University Art Museum, Duke Homestead, Bennett Place, Stagville Preservation Center, and West Point on the Eno.

Durham has numerous parks and recreational facilities. There are 57 parks with approximately 1,800 acres in area as well as access to Jordan and Falls lakes which are large enough for most types of water sports. Durham has eight golf courses (4 public and 4 private), and a total of 147 tennis courts (72 public and 75 private).

Duke and NCCU are both active in college athletics and draw large crowds to their basketball and football games. Nearby, the University of North Carolina at Chapel Hill and North Carolina State University in Raleigh have major college athletic programs. These two along with Duke are members of the Atlantic Coast Conference and the rivalries between the three are intense. Durham is also home to the Durham Bulls, a class AAA farm club of the Tampa Devil Rays.

Durham has been identified nationally by many surveys. To name few recent ones it was recognized (along with Raleigh) as part of "10 Up and Coming Cities for Entrepreneurs". The Durham and Chapel Hill MSA was listed at #22 on the "25 Best U.S. Cities for Tech Startups." Durham was recognized as #10 on the "Best Places for Business and Careers 2013." Durham was named 6th out of "America's Top 10 Cities for Small Business" The City of Durham was globally recognized for its economic potential, ranking #2 in the Top 10 Small American Cities of the Future. The Durham-Chapel Hill metro area came in at No. 6 in the nation among the top markets for health and wealth. The area has long been popular due to its climate, relatively low cost of living and high quality of life.

Summary: Durham and the Durham MSA have a pleasant climate and more than adequate transportation by way of an extensive road system and airports. It is a major metropolitan area that

attracts national clients. The economy is based on stable industries such as education, medical facilities, and research institutions. The local government is active in trying to protect the community and increase the quality of life. Socially, Durham is a cultural, recreation and sports center for the central part of the state. All of these make Durham an attractive place to live as evidenced by the various surveys.

NEIGHBORHOOD DESCRIPTION

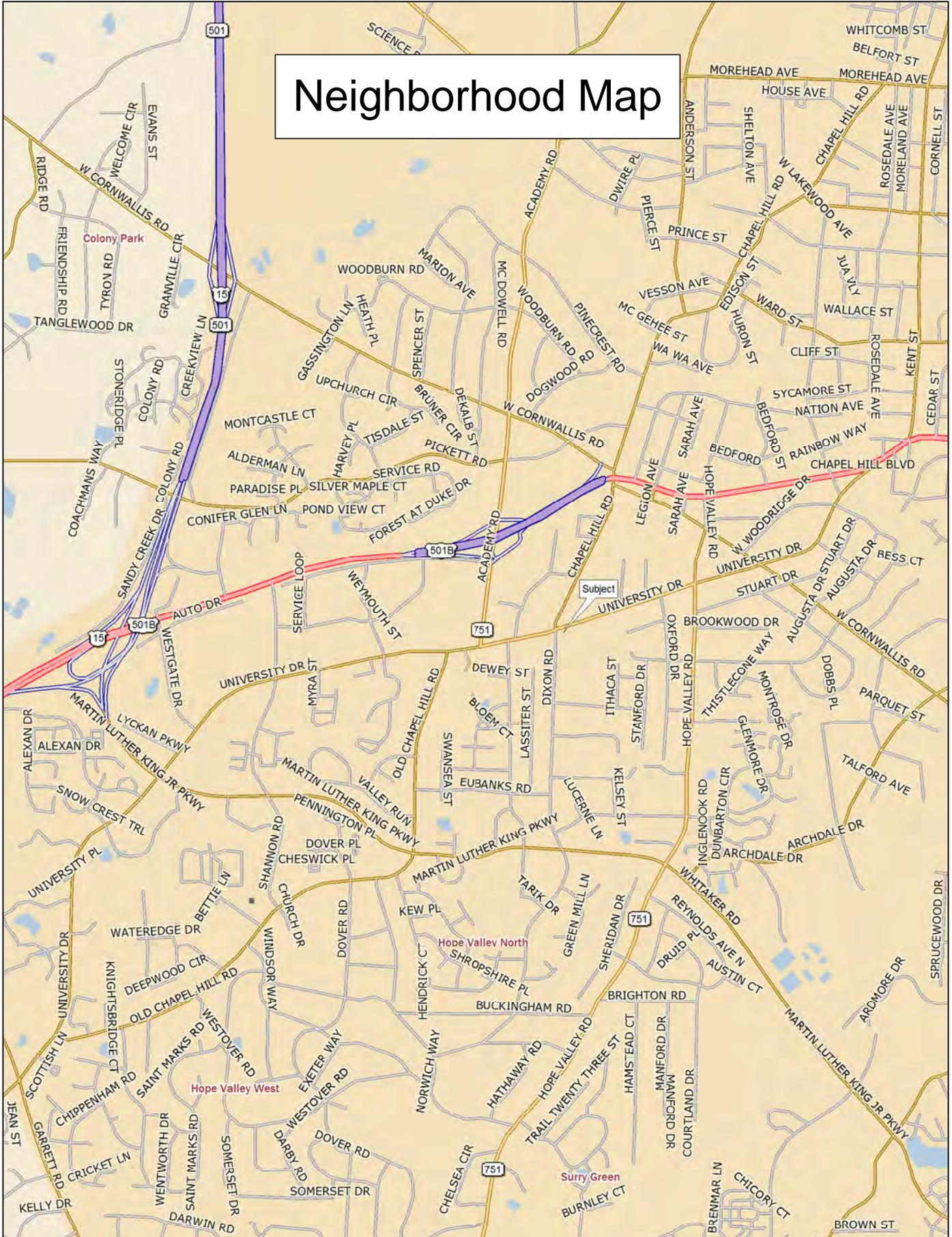
The subject is located within the city limits of Durham, North Carolina about 4 miles southwest of the downtown central business district in an area generally known as South Square. The area is generally bounded by Pickett Road on the north, University Drive and Chapel Hill Road on the south, Academy Road (NC 751) on the east and Garrett Road on the west. A location map for the subject neighborhood is on the following page.

The neighborhood is primarily commercial in nature and is one of the largest concentrations of commercial and office uses outside of the central business district. The primary influence in the neighborhood is South Square. The primary tenants are a Sam's Club and a Target in addition to smaller new retail and restaurants. The total amount of leasable space is 435,486 square feet located in 12 stores.

South Square is surrounded by several other smaller centers, Parkway Plaza, South Square Plaza and Westgate. Together these centers have about 519,000 square feet of area and about 72 stores. Also in the neighborhood are Oakcreek Village on Garrett Road with 112,115 square feet of area in 27 stores and Willow Park Mall with 32,000 square feet of area in a number of stores. In addition to these centers, there are various individual commercial uses along Chapel Hill Boulevard including most of the automobile dealerships in Durham.

There are significant office uses in the neighborhood, the most prominent of which is University Tower. This building is 17 stories in height and has 116,194 square feet of net leasable area. Other large buildings and complexes in the area are Valley View with 54,000 square feet of

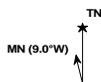
Neighborhood Map



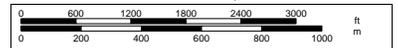
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Scale 1 : 25,000



1" = 2,083.3 ft

Data Zoom 13-0

leasable area, South Court with 147,000 square feet, South Park Office Center with 58,494 square feet, One University Place with 45,000 square feet, South Square Corporate Centers I & II with 109,465 square feet, Westgate Plaza with 90,000 square feet, BB&T Plaza with 21,094 square feet of area and Cedar Terrace with 34,350 square feet of area.

The neighborhood is served by the local bus system, but the primary mode of transportation is automobile for which there is ample parking. Pedestrian traffic is light. The area is about 75% built up and development has been taking place at a steady pace. Since the neighborhood is in the city limits, all city utilities are available.

As seen, there are considerable retail, office, and multi-family uses in the area. The neighborhood enjoys a good reputation and is one of the most popular locations in the city. North and south of the neighborhood the uses are primarily upper income residential. To the east are more commercial and residential uses and to the west the area is largely undeveloped.

In conclusion, the neighborhood is one of the most popular locations in Durham. It is a convenient place to live and work since it has the largest concentration of commercial and office uses outside of the central business district. Access to other parts of Durham is good and Duke University is nearby. For these reasons, the neighborhood should remain strong and property values should modestly increase.

LAND DESCRIPTION

The land description is based on the dimensions in the metes and bounds description found with the deed. The size was not given and this is taken from the tax records. No survey of the property was found. For purposes of this appraisal, this is assumed to be the correct description of the property and a copy of the tax map is on the following page.

The property is located on the south side of University Drive and the east side of Dixon Road. The frontage along University Drive is 85.6 feet and along Dixon Road is 191.86 feet. The southern boundary is 151.12 feet and the eastern boundary is 180.8 feet. The area of the site is reported to be 0.495 acre.

The topography of the site is mostly level but is above the grade of University Drive. The northern portion of the Dixon Road frontage is also above grade but the rear of the property is mostly level with Dixon Road.

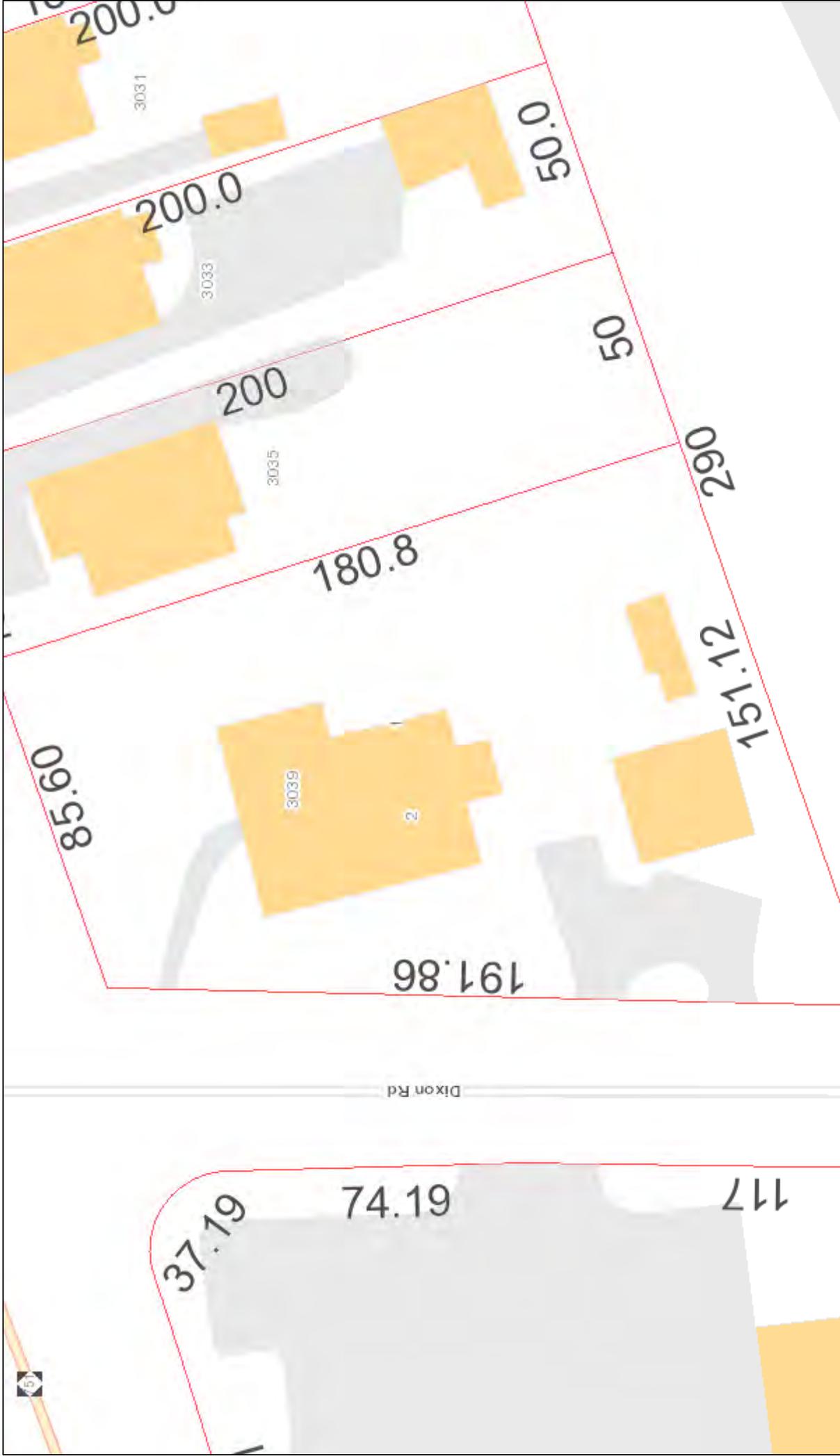
None of the site is low or in the floodplain. A copy of the GIS map showing the topography and flood plain information is in the addenda.

University Drive at this point has three lanes one of which is a center turn lane. Dixon Road has two lanes. Both are paved city streets. All public utilities are available.

To my knowledge, there are no easements or encroachments on the site. There are no known adverse soil or sub-soil conditions, nuisances or hazards environmental or otherwise located on the site. If any adverse site conditions exist that I am not aware of, the value as reported may need to be adjusted.

In summary, from a physical standpoint, the site is functional and buildable and suffers from no significant physical attributes that would restrict improvement. It has access to public streets and all municipal utilities are available. There are no known easements or encroachments located on the site.

Land Map



April 13, 2015

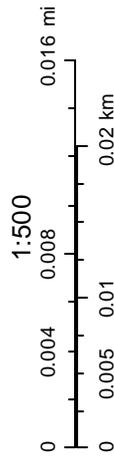
—+ Railroads

□ City of Durham

□ Neighboring Counties

City-County Labels

House Numbers



Sources: Esri, HERE DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

IMPROVEMENTS DESCRIPTION

The improvements description is based on a personal inspection of the property, public records and information supplied by the owner. This includes floor plans supplied by the owner. For purposes of this appraisal, this information is assumed to be correct and copies of the floor plans are on the following pages.

The property is improved a former dwelling which has been converted to commercial use. It contains about 1,557 square feet on the first floor and 778 square feet on the second for a total of 2,335. Further descriptions of the building and other improvements follow.

Structure:

Foundation -	Concrete footings
Floor Structure -	Wood joists supporting wood deck
Wall Structure -	Wood
Roof structure -	Wood beams supporting wood deck

Exterior:

Exterior walls -	Vinyl siding over wood siding
Roof Cover -	Composition shingles
Doors -	Wood and glass with wood frame and metal and glass with wood frame
Gutters and downspouts -	Aluminum

Interior:

Floors -	Refinished hardwood, carpet and vinyl
Walls -	Paint and vinyl over plaster, drywall or wood

Ceilings -	Suspended acoustic tile and textured drywall
Doors -	Solid and hollow wood in wood frames
Systems:	
Plumbing -	Two lavatory rooms, one with a toilet and sink and one with toilet, sink and tub with shower over. Sink in examination room, lab area, surgery area, wash room and laundry room.
Electrical -	Standard electrical service with recessed fluorescent fixtures and incandescent fixtures.
HVAC -	Central heating and air conditioning throughout.
Quality:	The building is of average quality construction.
Other:	Two level storage building 1,512 square feet in size 192 square foot storage shed
On-Site Improvements:	Gravel drives and parking Landscaping and exterior lighting
Age & Condition:	According to tax records, the dwelling was constructed in 1925 and the garage was reported to have been built in 1955. After Dr. Burkett purchased the property in 1993, the buildings were completely renovated. The electrical and HVAC systems have been completely replaced in the main building and the exterior has been covered with vinyl siding. The windows in the main building have been replaced with vinyl clad replacement windows. The roof has been completely replaced on both buildings and the floor covers have been replaced or refinished. The walls in the main building have been painted and the old ceilings have been replaced with suspended acoustic tile. A fence was added that surrounds the garage building. The exterior of the garage is in need of painting,

however, the owner desires to keep the external appearance of the building as it is as to not attract attention to the building. Overall, the main building is in average to good condition for its age and the storage buildings are in poor condition.

Functional Utility: Based on inspection of the site and the improvements, they do not suffer from any significant functional obsolescence.

External Influences: There are no detrimental influences in the area that would have a negative impact on the value of the improvements, and they do not suffer any external obsolescence.

Hazards: To my knowledge, there are no underground fuel tanks, asbestos, lead paint or other hazardous materials on the site or in the improvements. If any such hazards are found, the value as appraised may need to be adjusted. The property has had an environmental study performed and no hazardous materials were reported to be present.

TAXES AND ASSESSMENT DATA

The tax parcel reference number, tax values, tax rate, tax burden and land size from the tax records for the subject are on a chart as follows. Copies of the property tax cards are on the following pages. The last tax valuation was in 2008 and the next is scheduled for 2016. The tax values and burdens appear to be in line.

Tax Parcel Reference Number	Land Value	Improvement Value	Total	Tax Rate	Tax Burden	Land Size
123812	\$202,145	\$74,910	\$277,055	1.3843	\$3,835.27	0.495

The City of Durham has a storm water utility ordinance that was created “to develop and operate the storm water management program.” Every property in Durham is assessed based on the amount of impervious surface on the property. Non-residential uses must pay \$4.50 per month per 2,400 square feet of impervious surface. Single family residential uses with less than 2,000 square feet of impervious surface pay \$2.17 per month and those with more than 2,000 square feet pay \$4.50 per month. I am not aware of any current or future assessments.

ZONING AND OTHER LEGAL RESTRICTIONS

According to the Zoning Atlas for the property, it is located in a Commercial Neighborhood (CN) district. It is also located in the Suburban Tier. According to the Unified Development Ordinance (UDO),

The CN District is established to provide for modest-scale commercial centers (as defined in Article 6) in close proximity to residential areas that offer limited commercial uses to satisfy the needs of the surrounding neighborhood. Compatibility is facilitated through design standards and buffering that provide for walkable, pedestrian-oriented development that complements nearby residential neighborhoods. The district is not intended for use by major or large-scale commercial sales, service or automotive-oriented activities. The CN District is only appropriate in locations that have direct access to

residential neighborhoods. The CN District is used to implement the Comprehensive Plan within those areas shown as the Rural, Suburban, Urban or Compact Neighborhood Tiers.

Within the district, most types of single family, multi-family, office and lighter commercial uses are allowed. Not allowed are heavy commercial and industrial uses. Also allowed are special uses such as schools, places of worship and daycare centers.

Dimensional requirements in the Suburban tier are as follows:

Minimum site area:	5,000 square feet
Minimum lot width:	50 feet
Minimum street yard setback:	25 feet
Minimum side yard setback:	15 feet
Minimum rear yard setback:	25 feet
Maximum building coverage	60.00%
Maximum building height	35 feet

Off-street parking is required, but is dependent upon use. However for retail establishments dealing frequently with the public, one space is required for every 200 square feet of gross floor area.

The site as improved appears to conform to the current zoning requirements with the exception of setback requirements. However, since the improvements predate the zoning this is allowed as a legal nonconforming use. To my knowledge, the subject is not located in any overlay districts and there are no other known restrictions of any kind. It is not likely that the site could be rezoned.

PART FOUR – ANALYSIS OF DATA AND CONCLUSIONS

HIGHEST AND BEST USE

Highest and best use is defined as follows:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

To estimate the highest and best use of a property, two conditions are considered, as though vacant and as improved. As stated in the definition, under both of these conditions, a property is analyzed on four criteria. A use must pass one criteria in order be considered for the next one. A discussion of each criterion and the uses that do and do not pass it follows.

HIGHEST AND BEST USE OF THE LAND AS THOUGH VACANT

Legal Permissibility - Legal restrictions to the site are those from the Durham Planning Department. As more thoroughly discussed in the zoning section, the property is located in a CN (Commercial Neighborhood) zoning district for the city of Durham. Within the district, most types of single family, multi-family, office and lighter commercial uses are allowed. Not allowed are heavy commercial and industrial uses. Also allowed are special uses such as schools, places of worship and daycare centers.

Physical Possibility - As discussed in the Land Data section, the property has access to a publicly maintained street and all city utilities. There is no evidence of any easements or encroachments that would significantly restrict improvement. Therefore, all of the uses that are legally permissible are physically possible.

Financial Feasibility - The test of financial feasibility is whether a use would produce a positive return to the land. It is not feasible to improve the property with the special uses. While they can be built on the site, the demand for these type uses is small and they can be built in virtually any zone. Multi-family residential, office and light commercial uses are feasible.

Maximum Profitability - The use that produces the highest return to the land is the use with the maximum profitability. In this area of Durham, commercial land typically sells for more per square foot than office or multi-family residential land. For this reason, the most profitable use of the land is for commercial use.

HIGHEST AND BEST USE - AS IMPROVED

In this analysis, the same four criteria will be considered, but the improvements are included.

Legal Permissibility - The site as improved appears to conform to the requirements of the zoning ordinance and is therefore, legally permissible.

Physical Possibility – Since the improvements have already been built, the use of the site as improved is physically possible.

Financial Feasibility - In order to be financially feasible, a property must produce a positive return to the land. The property if rented would produce enough income to pay all expenses and provide a positive return.

Maximum Profitability - The maximally productive use is that use that would result in the highest possible return to the land. As stated in the as though vacant section, the most profitable use would be for some type of commercial use.

To be the most profitable use of the property, three possible scenarios for the improvements need to be considered. Would the most likely buyer: 1) keep using the improvements the way they exist, 2) Make modifications to what exists or 3) demolish the existing improvements to obtain a vacant site.

The current improvements add substantial value to the site and it would not make economic sense to demolish them to obtain a vacant site. The value of the property as improved is higher than the land value if vacant. The main building is in good condition and no significant modifications are necessary. The other buildings are in poor condition and should be removed or renovated. The current improvements do not fully utilize the site and there is room for additional improvement. However, to fully utilize the site, the existing improvements would need to be removed and new ones constructed. At some point in the future, the land value will exceed the value with the improvements and the property should be redeveloped.

Summary - The highest and best use of the site as though vacant is for improvement with some type of commercial use. The highest and best use as improved is for continued use as improved, commercial with eventual removal and redevelopment.

OPINIONS OF VALUE – BEFORE THE ACQUISITION

To develop an opinion of the fee simple value of this section of the property, I will use two of the three standard approaches to value, cost sales comparison and sales comparison. Also an opinion of the value of the land is developed for use in the cost approach.

LAND VALUE – BEFORE THE ACQUISITION

In order to develop an opinion of land value, I will use the sales comparison approach defined as:

A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when comparables sales data are available.

As stated, the highest and best use of the site as though vacant is for some type of commercial use. In order to develop an opinion of value of the subject land, I researched the area for recent sales and listings of land with a similar highest and best use. Of those found, the most comparable are analyzed on an analysis and adjustment chart on the following page. Further information about the comparables is in the addenda.

Adjustments are considered for any significant differences, however, for appraisal purposes they are grouped into 10 categories. These categories are considered in a specific order. A discussion of the categories and the order in which they are adjusted follows the chart.

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ANALYSIS AND ADJUSTMENT CHART OF VACANT COMMERCIAL LAND SALES				
Comparable		1	2	3
Reference #		2014-131	2013-196	2013-11
Location	University	Knox	Roxboro	Garrett
Tax Ref		103821	172078	140006
Zoning	CN	CG	CC(D)	CN(D)
Date		8/19/2014	9/30/2013	2/25/2013
Sales Price		\$55,000	\$350,000	\$110,000
Size (Acres)	0.495	0.219	1.062	0.520
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple
Financing Terms		Cash to Seller	Cash to Seller	Cash to Seller
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length
Expenditures		\$0	\$0	\$0
Including Expenditures		\$55,000	\$350,000	\$110,000
Market Condition Adjustment		0.00%	0.00%	0.00%
Adjusted for Market Condition		\$55,000	\$350,000	\$110,000
Adjusted for				
Location		10.00%	0.00%	0.00%
Size		-3.00%	6.00%	0.00%
Shape		0.00%	0.00%	25.00%
Access		0.00%	0.00%	0.00%
Utilities		0.00%	0.00%	0.00%
Topography		0.00%	0.00%	0.00%
Net Adjustment		7.00%	6.00%	25.00%
Adjusted Value		\$58,850	\$371,000	\$137,500
Economic Characteristics		Similar	Similar	Similar
Use		Similar	Similar	Similar
Non-Realty Items		None	None	None
		\$6.17	\$8.02	\$6.07

Real property rights conveyed - All of the comparables are fee simple transfers and no adjustments are made for this factor.

Financing terms - All of the comparables are cash to seller and financing had no affect on the sales prices.

Conditions of sale – All of the comparables are arms length transactions and no adjustments are needed.

Expenditures made immediately after purchase – No expenditures were made on any of the comparables and no adjustments are necessary.

Market Conditions (Time) – No adjustments are made for market conditions since market conditions are similar for vacant land.

Location – One of the comparables has a less desirable location and a downward adjustment is made. The other comparables have similar locations and no adjustments are made.

Physical Characteristics - For the subject, four physical characteristics are significant.

Size – One of the comparables is significantly smaller in size and a downward adjustment is made since smaller parcels will sell for more on a per square foot basis. One of the comparables is significantly larger and an upward adjustments is made. The other comparable is similar in size.

Shape – The subject and two of the comparables have regular shapes that would not adversely affect value. The other has an irregular shape and an upward adjustment is made.

Access – The subject and comparables have access to paved roads and no adjustments are needed.

Utilities – The subject and all of the comparables have access to all expected public utilities and no adjustments are necessary.

Topography – The subject and comparables have topographies that would not significantly affect value and no adjustments are needed.

Economic characteristics – The subject and comparables have similar economic characteristics and no adjustments are needed for this factor.

Use – All of the comparables were purchased for similar uses and no adjustments are needed.

Non-realty components of value – No non-realty components transferred with any of the comparable properties or the subject and no adjustments are made.

The comparables give indicated values of \$6.17, \$8.02 and \$6.07 per square foot after adjusting. Based on the indications, the per square foot value of the subject land is selected at \$7.00. My opinion of the land value of the subject land is therefore:

21,562 Sq Ft (0.495 acre) @ \$7.00 per Sq Ft = \$150,934
Rounded \$150,900

COST APPROACH – BEFORE THE ACQUISITION

The cost approach is defined as follows:

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

In order to develop an opinion of the cost new of the property, I considered a national cost survey, Marshall Valuation Service. This survey gives detailed costs of construction for a wide variety of properties. I frequently compare the costs from this survey with actual local costs and have found it to be consistently accurate. The cost new selected is the "replacement" cost as opposed to "reproduction" cost since the intent is for similar improvements with equivalent utility rather than exact reproductions. This cost is for appraisal purposes only and should not be used for insurance or other purposes.

The cost for the main building was selected from section 15, page 35 (Classes C, D and S: Shell Office Buildings) as average quality class D construction. To this was added the cost new of veterinary upfit for the first floor and standard office for the second. The cost of the outbuildings is selected at shell office. Costs of other items are selected from appropriate sections of the survey.

After estimating the per square foot costs, current and local multipliers are applied to these costs. The current multiplier brings the costs up to date and the local multiplier adjusts the costs for local conditions. These multipliers are also selected from the Marshall Survey. These costs include most costs and are reported to be the final cost to the owner. Included in these costs are engineering fees, plans, building permits, survey costs, interest on building funds, sales tax, normal site preparation, utilities to the lot line, contractor's overhead and profit, insurance, equipment, architect's fee and

security. Not included in these costs is the developer's profit, which is selected at 16.00% of the other costs. A chart showing the cost new follows:

ESTIMATE REPLACEMENT COST NEW				
Office - Shell	2,335	Sq Ft @	\$49.83	\$116,353
1st Floor - Upfit	1,557	Sq Ft @	\$77.25	\$120,278
2nd Floor - Upfit	778	Sq Ft @	\$48.25	\$37,539
Outbuildings	1,704	Sq Ft @	\$49.83	\$84,910
Landscaping and Other On-Site Improvements				\$11,635
Total				\$370,715
Multipliers		Current	Local	
	\$370,715	1.04	0.92	\$354,701
Developer's Profit	16.00%	of	\$354,701	\$56,752
TOTAL ESTIMATED REPLACEMENT COST NEW				\$411,453

DEPRECIATION

Depreciation is defined as "a loss in value from any cause" and will be measured using the breakdown method. In this method, depreciation is divided into three categories: physical deterioration, functional obsolescence, and external obsolescence.

Physical deterioration is wear and tear from regular use, the impact of the elements, or damage. This depreciation is based on the effective age-life method. The main building was built in 1925 as a dwelling and the lower level was converted to office in 1993. The structure of the building and the upper level upfit is therefore 90 years old. There have been repairs to both of these areas and a lesser age of 45 year is selected. The age of the upfit of the veterinary section is selected at its actual age, 22 years. The outbuildings were constructed in 1955 and are 60 years old. They are in poor condition but they have been maintained to some degree. An effective age of 50 years is selected. The landscaping and other on-site improvements were done in 1993 and their actual age, 22 years is selected.

Buildings of this type will last virtually forever if they are properly maintained, but components will become obsolete and there will be a time when the improvements have been renovated to the point where they have been essentially replaced. The life selected for the subject building is the economic life which is defined as "The period over which improvements to real property contribute to property value (without significant renovation)." For the subject improvements, this is selected at 60 years.

Functional obsolescence curable and incurable - Functional obsolescence is defined as "An element of accrued depreciation resulting from deficiency or superadequacies in the structure" of a building. The difference between curable and incurable is that it is economically feasible to correct the curable while it is not for the incurable. The subject does not suffer from any significant functional obsolescence.

External Obsolescence - External obsolescence is defined as "an element of accrued depreciation; a defect, usually incurable, caused by negative influences outside a site and generally incurable on the part of the owner, landlord, or tenant." There are no adverse influences in the area of the subject that would adversely affect the improvements and they do not suffer from any significant external obsolescence.

A chart showing the accrued depreciation follows:

ESTIMATE OF ACCRUED DEPRECIATION					
Physical Depreciation					
	Replacement Cost	Effective Age	Total Life	Percent Depreciation	
Office - Shell	\$129,139	45	60	75.00%	\$96,854
1st Floor - Upfit	\$133,495	22	60	36.67%	\$48,948
2nd Floor - Upfit	\$41,664	45	60	75.00%	\$31,248
Outbuildings	\$94,241	50	60	83.33%	\$78,534
Landscaping and Other On-Site Imp.	\$12,914	22	30	73.33%	\$9,470
Total	\$411,453				\$265,054
Functional Obsolescence Curable					\$0
Functional Obsolescence Incurable					\$0
External Obsolescence					\$0
TOTAL ACCRUED DEPRECIATION					\$265,054

LAND VALUE

The land value developed in the land section was \$150,900.

Summary of the Cost Approach	
Cost New	\$411,453
Depreciation	\$265,054
Depreciated Cost New	\$146,399
Rounded	\$146,400
Land Value	\$150,900
Final Value	\$297,300

SALES COMPARISON APPROACH – BEFORE THE ACQUISITION

The sales comparison approach is a direct measure of comparable properties and can use a number of different units of comparison. The sales comparison approach is defined as:

A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.

To develop an opinion of value of the property by the sales comparison approach, I located sales of properties comparable to the subject. As with the land sales, the comparables are adjusted for comparison to the subject. Again, adjustments are grouped into 10 categories. The order and a brief discussion of each of these categories follow. An analysis and adjustment chart of the comparables is on the following page. More information about the comparables is in the addenda.

Real property rights conveyed – The property rights appraised for the subject is the fee simple estate. The property rights sold for all of the comparables was either the fee simple estate or the leased fee estate with rates close to market. Since the rates were at or near market rates, the property rights transferred were substantially the same as fee simple. No adjustments are made.

Financing terms - All of the comparables are cash to seller and financing had no effect on the sales prices. For this reason, no adjustments are made.

Conditions of sale - All of the comparables are arm's length transactions with no undue stimulus and no adjustments are made.

DAVID A. SMITH, MAI, SRA

ANALYSIS AND ADJUSTMENT CHART OF CONVERTED DWELLINGS SALES					
Comparable	Subject	1	2	3	4
Reference Number		2015-2	2013-170	2013-162	2013-148
Location	University	University	Chapel Hill	Guess	Howard
Tax Reference		121868	108486	100920	108774
Date		2/18/2015	12/6/2013	10/11/2013	10/15/2013
Sales Price		\$210,000	\$182,500	\$57,000	\$129,000
Land Size (Acres)	0.495	0.35	0.227	0.166	0.25
Size	2,335	1,389	3,031	885	1,695
Land/Bld	9.23	10.98	3.26	8.17	6.42
Eff Year Blt	1993	1957	1938	1955	1930
Property Rights Conveyed	Fee Simple				
Financing Terms	Cash to Seller				
Cond. of Sale	Arm's Length				
Expenditures		\$0	\$0	\$0	\$0
Adjusted for Expenditures		\$210,000	\$182,500	\$57,000	\$129,000
Market Condition Adjustment		0.00%	6.00%	6.00%	6.00%
Adjusted for Market Condition		\$210,000	\$193,450	\$60,420	\$136,740
Adjusted for					
Location		0.00%	10.00%	20.00%	10.00%
Building Size		-4.00%	3.00%	-6.00%	-3.00%
Land Size		-2.00%	6.00%	1.00%	3.00%
Quality		-15.00%	30.00%	30.00%	30.00%
Age & Condition		0.00%	0.00%	0.00%	0.00%
Net Adjustment		-21.00%	49.00%	45.00%	40.00%
Adjusted Sales Price		\$165,900	\$288,241	\$87,609	\$191,436
Economic Characteristics		Similar	Similar	Similar	Similar
Use		Similar	Similar	Similar	Similar
Non-Realty Components		None	None	None	None
Adjusted Sales Price		\$165,900	\$288,241	\$87,609	\$191,436
INDICATED PER SQUARE FOOT VALUE OF THE SUBJECT					
		\$119.44	\$95.10	\$98.99	\$112.94

Market conditions (time) – Property values have been increasing and upward adjustments are made on three of the comparables.

Location – Three of the comparables have less desirable locations compared to the subject and upward adjustments are made. The other has a similar location.

Physical characteristics – Four physical characteristics are significant as follows:

Building Size – One of the comparables is significantly larger and an upward adjustment is made since smaller buildings will typically sell for more on a per square foot basis. The others are significantly smaller and downward adjustments are made.

Land Size – This adjustment is based on the land to building ratio. Since this analysis is based on the square footage of the building, those properties with less land per square feet of building are adjusted upward and those with more are adjusted downward.

Quality – One of the comparables is fully medical and a downward adjustment is made. The others are of lesser quality and upward adjustments are made.

Age and Condition – All of the comparables are similar in age and no adjustments are made.

Economic characteristics – The economic characteristics of the comparables and the subject are similar and no adjustments are needed.

Use – The subject and comparables are all similar type uses and no adjustment is made.

Non-realty components of value – None of the comparables sold with any non-realty items and no adjustment is necessary.

The comparables are analyzed on a price per square foot basis. In this method, the adjusted sales price of the comparable is divided by the finished square footage of the comparable. The comparables give indications of \$119.44, \$95.10, \$98.99 and \$112.94 per square foot after adjusting. Comparable one is the closest and most similar. Based on this, the per square foot value is selected at \$120.00. This does not include the outbuildings. The contributing value of these buildings is selected based on \$9.00 per square foot. The final indicated value is therefore:

Main Building	2,335	Sq Ft @	\$120.00	=	\$280,200
Outbuildings	1,704	Sq Ft @	\$9.00	=	\$15,336
Total					\$295,536
				Rounded	\$295,500

RECONCILIATION AND FINAL OPINION OF VALUE – BEFORE THE ACQUISITION

Cost Approach	\$297,300
Sales Comparison Approach	\$295,500

The two approaches give similar values. The cost approach is better able to show changes in the property and since this is a before and after appraisal, the value from this approach I selected. It is well supported by the sales comparison approach. It is my opinion that the market value of the fee simple estate of the property before the acquisition is:

TWO HUNDRED NINETY-FIVE THOUSAND AND FIVE HUNDRED DOLLARS
(\$297,300)

DESCRIPTION OF THE ACQUISITION

The acquisition is along both University Drive and Dixon Road. It consists of two types of taking, fee and a temporary construction easement. The area of the fee taking is 1,843.70 square feet and the temporary construction easement is 2,510 square feet. The only improvements in the taking is a small portion of a gravel drive. Also in the acquisition are three mature trees.

In addition, the current traffic pattern will be disrupted. Currently, traffic enters the property from Dixon Road travels around the main building before exiting on Dixon Road. After the acquisition, this will no longer be possible due to a change in the slope of the property along

Dixon Road. However, there is adequate space on the site to allow for a change in the traffic pattern to allow for vehicles to turn around on the rear of the site.

The owner was concerned about the loss of the trees along Dixon Road and the potential increase in utility costs due to the loss of shade. While there may be a small increase in utility expense this would not affect the overall property value. When commercial property of this nature is bought or rented, no value is given to the number of trees present and any additional cost would be slight compared to the overall expenses including taxes, insurance, maintenance and mortgage.

OPINION OF VALUE AFTER THE ACQUISITION

The highest and best use of the property after the acquisition would be the same, commercial, but the land size would be smaller and part would be subject to a temporary construction easement. The land outside of the acquisition would be unaffected and the per square foot value, \$7.00, would be the same. The area in the fee acquisition would be owned by the city and would have no value to the owner. The area in the easement will revert to the owner after construction, but could not be used during construction. This would be similar to renting this land. Land leases are typically based on 10.00% of the value of the land per year. It is estimated that it will take one year to complete the sidewalk indicating a loss in value of 10.00% or the value of the land in the easement is \$6.30 (\$7.00 X 70.00%). The indicated value of the land after the acquisition is therefore:

Unaffected Land	17,208	\$7.00	\$120,456
Land in Fee	1,844	\$0.00	\$0
Land in Temporary Construction Easement	2,510	\$6.30	\$15,813
Total			\$176,269
		Rounded	\$136,300

VALUE OF THE PROPERTY AFTER THE ACQUISITION

Since the improvements are unaffected by the acquisition, the depreciated cost new from the cost approach, \$146,400 is used. When this is combined with the land value after the acquisition, the resulting value is:

TWO HUNDRED AND EIGHTY-TWO THOUSAND AND SEVEN HUNDRED DOLLARS

\$282,700

SUMMARY OF THE APPRAISAL

Value Before Acquisition	\$297,300
Value After Acquisition	\$282,700
Difference	\$ 14,600

EXPOSURE TIME AND MARKETING TIME

The definition of exposure time as used in this report is that as defined by the Appraisal Foundation and found in a publication entitled, *Uniform Standards of Professional Appraisal Practice*, 2014-2015 Ed. This definition is:

Exposure Time: 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.

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.

Exposure time occurs before the effective date of the appraisal, whereas marketing time occurs after the effective date. Exposure time answers the question, “If the property sold on the effective date of the appraisal, how long was it on the market?” Marketing time answers the question, “How long will it take the property to sell if placed for sale on the market as of the effective date of the appraisal?”

The average time on the market for properties in the Triangle area is about twelve months according to statistics from the commercial listing service and from discussions with local market participants. Based on this historical data, the exposure time of the subject is selected at twelve months. Marketing time is more difficult to estimate since it is a projection into the future. However, the general economy appears to be improving. Days on the market in the future should be the same or less than in the recent past and the marketing time, if the property is correctly priced and actively marketed is also selected at twelve months.



DAVID A. SMITH, MAI, SRA

DAVID A SMITH & ASSOCIATES, INC.
P.O. BOX 51597
DURHAM, NORTH CAROLINA 27717-1597
PHONE (919) 493-1534
smithappraiser@frontier.com



QUALIFICATIONS OF DAVID A. SMITH, MAI, SRA

The appraiser, David A. Smith, has been involved in the appraisal of real estate for over thirty years. He worked with his father, Charles W. Smith, from 1976 to 2003. After the retirement of Charles W. Smith in 2003 he formed Smith & Whitfield, Inc. and later David A. Smith & Associates. In 1988 he was awarded the RM designation. With the merger of the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers in January of 1991, the RM designation was changed to the SRA designation. In 1991 he was awarded the MAI designation of the Appraisal Institute. He became a state-certified real estate appraiser in 1991 the year the state first began licensing real estate appraisers and his certification number is A281.

He has also trained and supervised several appraisers and has prepared all types of appraisal reports. His primary focus is Durham County and the adjoining counties of Orange, Person, Granville and Chatham.

EDUCATION: Graduate Episcopal High School, Alexandria, VA, 1976
A.B., Duke University, Durham, NC, 1981

APPRAISAL INSTITUTE COURSES:

Real Estate Appraisal Principles (Exam 1A-1/8-1), University of North Carolina, 1981
Residential Valuation (Exam 8-2), University of North Carolina, 1981
Basic Valuation Procedures (Exam 1A-2), University of North Carolina, 1983
Standards of Professional Practice (Exam SPP), University of North Carolina, 1983
Capitalization Theory & Techniques, A (Exam 1B-A), University of Colorado, 1984
Capitalization Theory & Techniques, B (Exam 1B-B), University of Colorado, 1984
Valuation Analysis and Report Writing (Exam 2-2), University of North Carolina, 1987
Case Studies in Real Estate Valuation (Exam 2-1), University of North Carolina, 1987
Advanced Sales Comparison & Cost Approaches, Atlanta, Georgia, 2002
General Appraiser Market Analysis and Highest and Best Use, Atlanta, Georgia, 2007
Online Business Practices and Ethics, Chicago, Illinois, 2007
Appraisal Curriculum Overview, 2009
Condemnation Appraising: Principles & Applications, Greensborough, NC, 2011

APPRAISAL INSTITUTE SEMINARS:

Highest and Best Use, 1988
Industrial Valuation, 1988
Rates, Ratios and Reasonableness, 1988
Valuation of Leased Fee Interests, 1989
Current Problems in Industrial Valuation, 1989
Methods of Subdivision Analysis, 1989
Expert Witness in Litigation, 1989
Discounted Cash Flow, 1990
RTC Appraisal Standards, 1990
Preparation and Use of the UCIAR Form, 1990
Standards of Professional Practice Update, 1990
Commercial Construction Overview, 1991
Appraising Troubled Properties, 1991
Appraisal Regulations of the Federal Banking Agency, 1992
Real Estate Law for Appraisals, 1992
Appraising Apartments, 1993
Discounted Cash Flow Analysis, 1994
Appraiser's Legal Liabilities, 1994
Understanding Limited Appraisals, 1994
Analysis Operating Expenses, 1995
Future of Appraisals, 1996
Highest and Best Use Applications, 1996
Standards of Professional Practice, Parts A & B, 1997
Litigation Skills for the Appraiser, 1997
Eminent Domain & Condemnation Appraising, 1998
Matched Pairs/Highest & Best Use/Revisiting Report Options, 1998
Valuation of Detrimental Conditions, 1998
Appraisal of Nonconforming Uses, 2000
How GIS Can Help Appraisers Keep Pace with Changes in R E Industry, 2001
Feasibility Analysis, Market Value and Investment Timing, 2002
Analyzing Commercial Lease Clauses, 2002
Standards of Professional Appraisal Practice, 2002
Effective Appraisal Writing, 2003
Supporting Capitalization Rates, 2004
National USPAP Update, 2004
Rates and Ratios: Making Sense of GIMs, OARs, and DCFs, 2005
The Road Less Traveled: Special Purpose Properties, 2005
National USPAP Update, 2006
Appraisal Consulting: A Solutions Approach for Professionals, 2006
What Clients Would Like Their Appraisers to Know, 2007
Valuation of Detrimental Conditions, 2007
Business Practice and Ethics, 2007
Office Building Valuation: A Contemporary Perspective, 2008
Subdivision Valuation, 2008
National USPAP Update, 2009
Effective Appraisal Writing, 2009
Appraisal Curriculum Overview, 2009
Discounted Cash Flow Model: Concepts, Issues and Apps., 2010

National USPAP Update, 2010
Rates and Ratios: Making sense of GIMs, OARs and DCFs, 2011
National USPAP Update, 2012
Business Practices and Ethics, 2012
Marketability Studies: Advanced Considerations & Applications, 2013
Real Estate Valuation Conference, 2013
National USPAP Update, 2014

OTHER SEMINARS:

Commercial Segregated Cost Seminar, Marshall & Swift, 1988
Appraisal Guide and Legal Principles, Department of Transportation, 1993
The Grammar Game, Career Track, 1994

MEMBERSHIPS:

Appraisal Institute, MAI #09090
Appraisal Institute, SRA/RM #2248
Durham Board of Realtors
North Carolina Association of Realtors
National Association of Realtors

CERTIFICATION:

State Certified General Real Estate Appraiser for North Carolina, #A281

OTHER:

NC Property Tax Commission, 2013 – Present
Durham Civilian Police Review Board, 2009 - Present, Past Chair
Durham County Board of Equalization and Review, 2013 – Present
Durham Public Schools Budget Advisory Committee, 2013 - Present
City of Durham Audit Oversight Committee, 2002 – 2006
Durham Board of Adjustment, 1994 - 2002
Durham City/County Zoning Commission, 1990 – 1995
John Avery Boys and Girls Club, 1994-2002
Historical Preservation Society, 1992 - 1995
Vice President of the Candidates, 1989, NC Chapter 40
President of the Candidates, 1990, NC Chapter 40
Candidate of the Year, 1990, NC Chapter 40

RECENT CLIENTS (within the past five years):

LENDING INSTITUTIONS

American National Bank & Trust Company
AMEX Financial
BB&T
Citizens National Bank
CommunityOne Bank NA
Fidelity Bank
First South Bank
Harrington Bank
KeySource Commercial Bank
Live Oak Banking Company
Mechanics & Farmers Bank
Pacific International Bank
PNC Bank
RBC Bank
Self-Help
State Farm Bank
SunTrust Bank
Wells Fargo Bank

MUNICIPALITIES AND OTHER GOVERNMENT AGENCIES

Chapel Hill Transit
City of Durham
NC Department of Administration
Durham County
Durham Public Schools
Durham Technical Community College
Housing Authority of the City of Durham
NCDOT
Orange County
Orange Water and Sewer Authority
Person County
Town of Chapel Hill

OTHER

Allenton Management
AND Associates
Barcosnic
Builders of Hope
BCG Properties
Blanchard, Miller, Lewis & Styers Attorneys at Law
Blue Cross & Blue Shield of NC
Boulevard Properties
Bugg & Wolf Attorneys at Law
Carolina Land Acquisitions

CRC Health Corporation
Development Ventures Inc.
Duke Energy
Durham Academy
Durham Rescue Mission
Durham Technical Community College
Edward Jones Trust Company
Farrington Road Baptist Church
Forest History Society
GBS Properties of Durham, LLC
Hayden Stanziale
Georgia Towers, LLC
Hawthorne Retail Partners
Integral
Investors Title Insurance
IUKA Development
Joelepa Associates LP
John and Mary Hebrank
LCFCU Financial Partners
Manor Associates
McDonald's USA
Mt. Gilead Baptist Church
Northgate Realty, LLC
Property Advisory Services, Inc.
Rand Enterprises
Research Triangle Foundation
Sehed Development Corporation
Simba Management
Southwest Durham Partners, LLC
Stirling Bridge Group, LLC
Styers, Kemerait & Mitchell, PLLC
Talbert & Bright Attorneys at Law
Teer Associates
Thalle Construction
The Bogey Group
TKTK Accountants
Treyburn Corporate Park, LLC
Trinity Properties
UNC Hospitals
Voyager Academy
Wilhekan Associates

In addition, Mr. Smith has made appraisals for other lending institutions, municipalities, individuals, corporations, estates and attorneys. Appraisal assignments have been made throughout the Triangle, North Carolina, and South Carolina.

Properties appraised include all types of single family residential, multi-family residential, office, retail, commercial, industrial, churches, schools and other specialty type uses, vacant and improved, existing and proposed.

Appraisal assignments were for a variety of purposes including: mortgage loans, estate planning, condemnation, bankruptcy and equitable distribution.

ADDENDA

PHOTOGRAPHS OF SUBJECT



Front View of Main Building



Side View of Main Building

PHOTOGRAPHS OF SUBJECT



Side and Rear View of Main Building



Upper Level Lavatory

PHOTOGRAPHS OF SUBJECT



Upper Level Storage



Upper Level Storage

PHOTOGRAPHS OF SUBJECT



Upper Level Storage



Reception Area

PHOTOGRAPHS OF SUBJECT



Retail Supplies Room



Retail Supplies Room

PHOTOGRAPHS OF SUBJECT



Exam Room



Lab Area

PHOTOGRAPHS OF SUBJECT



Surgery Area



First Floor Lavatory

PHOTOGRAPHS OF SUBJECT



Office/Laundry Area



Street Scene Along University Drive

PHOTOGRAPHS OF SUBJECT



Street Scene Along Dixon Road



View of Large Storage Building

PHOTOGRAPHS OF SUBJECT



View of Large Storage Building



Interior of Large Storage Building

PHOTOGRAPHS OF SUBJECT



Interior of Large Storage Building



Interior of Large Storage Building

PHOTOGRAPHS OF SUBJECT



Interior of Large Storage Building



Interior of Large Storage Building

PHOTOGRAPHS OF SUBJECT



Interior of Large Storage Building



Small Shed

PHOTOGRAPHS OF SUBJECT



Area of Acquisition Along University Drive



Area of Acquisition Along Dixon Road

PHOTOGRAPHS OF SUBJECT

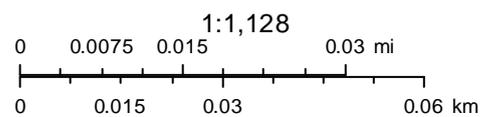


View of Temporary Construction Easement Along Dixon Road

Topo Map



March 10, 2015

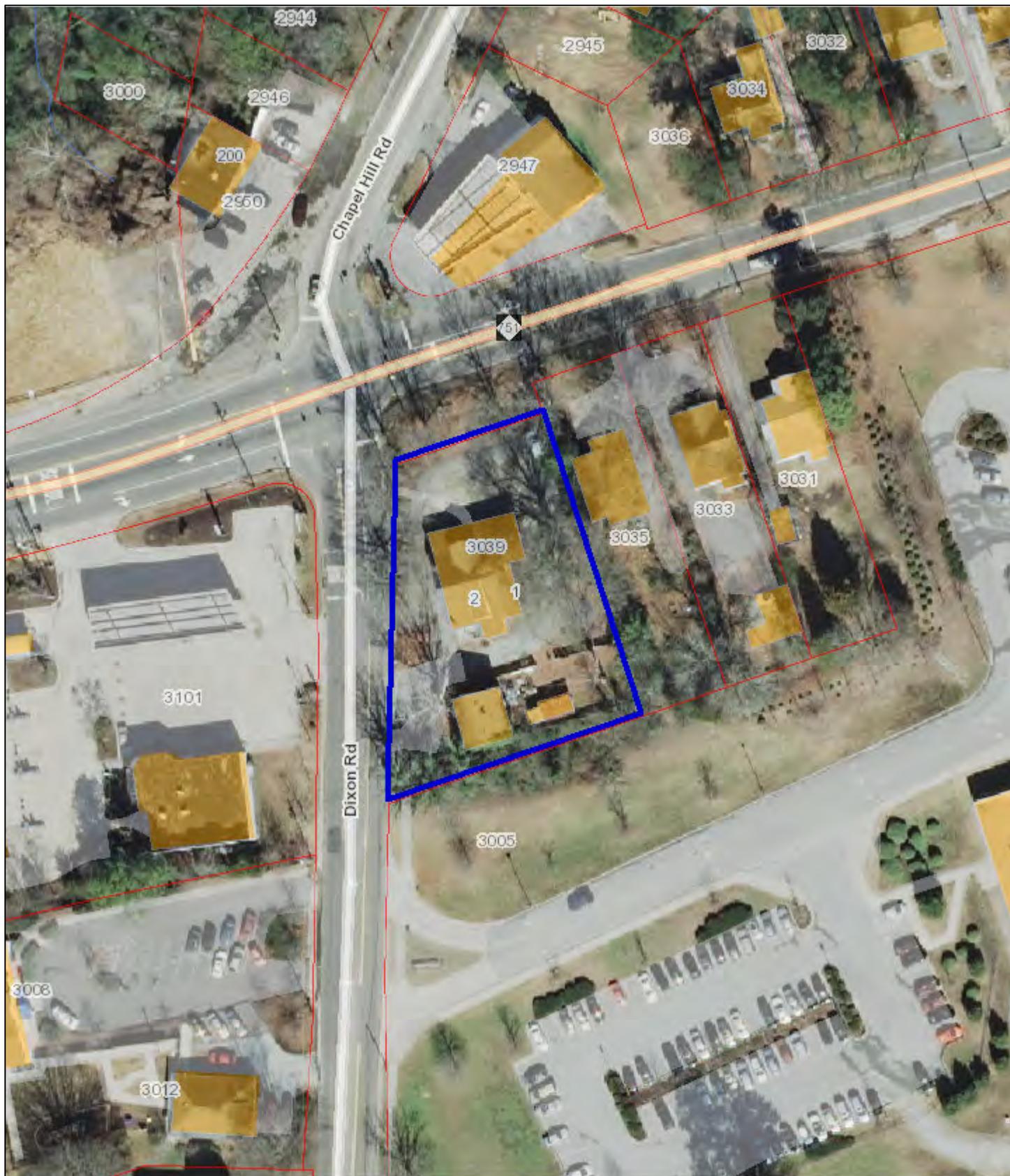


- Override 1
- + Railroads
- City of Durham
- Neighboring Counties
- City-County Labels

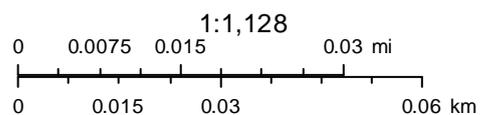
House Numbers
 <all other values>

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

Aerial Map



March 10, 2015



- Override 1
- + Railroads
- City of Durham
- Neighboring Counties
- City-County Labels

Prepared by Marshall T. Spears, Jr.
Mail to Grantee at 3033 University Drive, Durham, NC 27707

NORTH CAROLINA

DURHAM COUNTY

BOOK 1927 PAGE 971

FILED
BOOK 1927 PAGE 971-973

'93 DEC 14 PM 1 17

RUTH C. GARRETT
REGISTER OF DEEDS
DURHAM COUNTY, N.C.

THIS DEED made this 10th day of December, 1993, by and between Marshall T. Spears, Jr., Executor and Trustee under the Last Will and Testament of Roland E. Lloyd, Grantor, and Richard Gregory Burkett, single, Grantee.

WITNESSETH:

THAT WHEREAS Roland E. Lloyd died on July 17, 1992 leaving a Last Will and Testament dated March 5, 1991, which is of record in Estate File 92-E-823 in the Office of the Clerk of Superior Court of Durham County and whereas, Marshall T. Spears, Jr. was also named as Trustee under the Trust established pursuant to said Will, and the said Marshall T. Spears, Jr. is the duly qualified and acting Executor and Trustee (see File 93-E-1277) under said Will; and

WHEREAS under the provisions of Article VI of said Will, the Executor and Trustee is authorized to sell for any purpose any real or personal property not otherwise specifically bequeathed or devised; and

WHEREAS the Grantor has determined that it is for the best interest of the estate and trust that the property hereinafter described be sold and the obligations against it be satisfied from the proceeds.

NOW, THEREFORE, the Grantor, for and in consideration of the sum of \$180,000.00 paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents

DURHAM COUNTY

DEC 14 93

_____ NT

360.00

43989

STATE OF
NORTH
CAROLINA



Real Estate
Excise Tax

1200

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 Durham, State of North Carolina, and more particularly described as follows:

Beginning at an existing iron pin in the eastern right of way line of Dixon Road at the southwest corner of that small parcel of land acquired by the City of Durham in Book 1027 page 429; and running thence from said point of beginning north 74° 49' 00" east 85.6 feet to an existing iron pin in the western line of the property of Angela U. Meyer as shown in Book 1145 page 521; thence with the western line of the Meyer property south 15° 26' 45" east 180.8 feet to an existing iron pin in the north line of the property of the Durham Public Schools System; thence with the north line of said property south 74° 52' 56" west 151.12 feet to a concrete monument in the eastern right of way line of Dixon Road; thence along and with the eastern right of way line of Dixon Road north 04° 31' 14" east 191.86 feet to an iron pin, the point of beginning, and being that property described by deed recorded in Deed Book 261 page 253 with the exception of that northern portion thereof acquired by the City of Durham as aforementioned. See plat of property of Richard Gregory Burkett by Larry W. Poole & Associates dated October 21, 1993.

To have and to hold the aforesaid lot or parcel of land and all privileges and appurtenances thereunto belonging to the Grantee, in fee simple, in as full and ample a manner as the Grantor is empowered to convey the same.

IN TESTIMONY WHEREOF, Marshall T. Spears, Jr., Executor and Trustee under the Last Will and Testament of Roland E. Lloyd, Grantor, has hereunto set his hand and seal as of the day and year first above written.



Marshall T. Spears, Jr., Executor
and Trustee under the Last Will
and Testament of Roland E. Lloyd (SEAL)

NORTH CAROLINA

DURHAM COUNTY

I, Mary S. Clark, a Notary Public of the County and State aforesaid, certify that Marshall T. Spears, Jr., Executor and Trustee under the Last Will and Testament of Roland E. Lloyd, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and notarial seal, this 10th day of December, 1993.



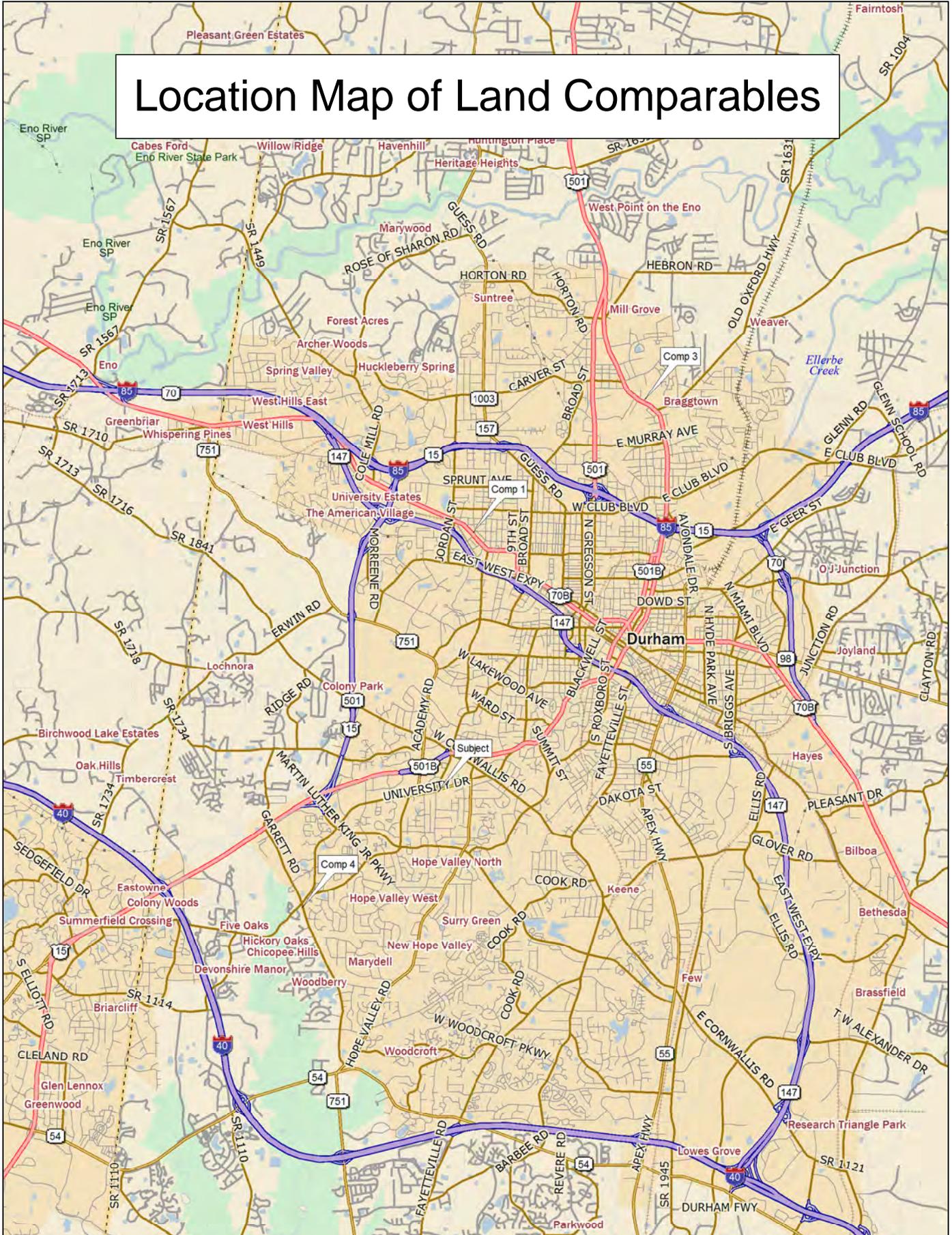
My commission expires: 3-19-97

Mary S. Clark
Notary Public

State of North Carolina-Durham County
The foregoing certificate(s) of
Mary S. Clark
A Notary (Notaries) Public for the Designated Governments
units is (are) certified to be correct.

This the 14 day of Dec A.D. 1993
Ruth C. Garrett [Signature]
Register of Deeds By: Assistant, Deputy
Register of Deeds

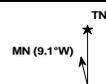
Location Map of Land Comparables



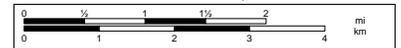
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www.delorme.com



Scale 1 : 100,000



1" = 1.58 mi Data Zoom 11-0

COMPARABLE #1

REFERENCE NUMBER: 2014-131
TYPE PROPERTY: Vacant Commercial
COUNTY: Durham
LOCATION: 2706 W. Knox Street
TAX REFERENCE: 103821
ZONING: CG
GRANTOR: Tamara Tibisay Nieto Taylor
GRANTEE: Durham County ABC Board
DATE OF SALE: 08/19/2014
DEED REFERENCE: 7552/60
STAMPS: \$110.00
USE AT PURCHASE: Vacant Commercial
BEST USE: Commercial
SALES PRICE: \$55,000
CONFIRMED BY:
CONDITION OF SALE: Arm's Length Transaction
PROPERTY RIGHTS TRANSFERRED: Fee Simple
FINANCING: Cash to Seller
LAND AREA: 0.219 acres
SOURCE: PR
COMMENTS:



COMPARABLE #2

REFERENCE NUMBER: 2013-196
TYPE PROPERTY: Vacant Commercial
COUNTY: Durham
LOCATION: 3520 N. Roxboro Road
TAX REFERENCE: 172078
ZONING: CC(D)
GRANTOR: DDR Corp.
GRANTEE: Insite Durham LLC
DATE OF SALE: 09/30/2013
DEED REFERENCE: 7373/693
STAMPS: \$ 700.00
USE AT PURCHASE: Vacant Commercial
BEST USE: Commercial
SALES PRICE: \$ 350,000
CONFIRMED BY:
CONDITION OF SALE: Arm's Length Transaction
PROPERTY RIGHTS TRANSFERRED: Fee Simple
FINANCING: Cash to Seller
LAND AREA: 1.062 acres
SOURCE:
COMMENTS:



COMPARABLE #3

REFERENCE NUMBER: 2013-011

TYPE PROPERTY: Vacant Commercial

COUNTY: Durham

LOCATION: 5314 Garrett Road

TAX REFERENCE: 140006

ZONING: CN(D)

GRANTOR: Lorraine Simpson, Carol Simpson Liberty and spouse, Harold Liberty III, James Calton Simpson et al

GRANTEE: Scott S. Smith and spouse, Alanna K. Smith

DATE OF SALE: 02/25/2013

DEED REFERENCE: 7199/998

STAMPS: \$ 220.00

USE AT PURCHASE: Vacant Commercial

BEST USE: Commercial

SALES PRICE: \$110,000

CONFIRMED BY: PR

CONDITION OF SALE: Arm's Length Transaction

PROPERTY RIGHTS TRANSFERRED: Fee Simple

FINANCING: Cash to Seller

LAND AREA: 0.52 acres

SOURCE: LN

COMMENTS:



COMPARABLE #1

REFERENCE NUMBER: 2015-002
TYPE PROPERTY: Commercial
COUNTY: Durham
LOCATION: 3520 University Drive
TAX REFERENCE: 121868
ZONING: OI
GRANTOR: Renee G. & Matthew M. Foley
GRANTEE: Absolute Investment Properties
DATE OF SALE: 02/18/2015
DEED REFERENCE: 7649/360
STAMPS: \$ 420.00
USE AT PURCHASE: Commercial
BEST USE: Commercial
SALES PRICE: \$210,000
CONFIRMED BY: PR
CONDITION OF SALE: Arm's Length Transaction
PROPERTY RIGHTS TRANSFERRED: Fee Simple
FINANCING: Cash to Seller
LAND AREA: 0.35 acre
BUILDING SIZE: 1,389 SF
YEAR BUILT: 1957
SOURCE: CS
COMMENTS: Class C Medical Building



COMPARABLE #2

REFERENCE NUMBER: 2013-170
TYPE PROPERTY: Office - Converted Residence
COUNTY: Durham
LOCATION: 1812 Chapel Hill Road
TAX REFERENCE: 108486
ZONING: OI
GRANTOR: J. Harold Coclough Associates, Inc.
GRANTEE: First Category, LLC
DATE OF SALE: 12/06/2013
DEED REFERENCE: 7412/517
STAMPS: \$ 365.00
USE AT PURCHASE: Office – Converted Residence
BEST USE: Office
SALES PRICE: \$ 182,500
CONFIRMED BY: Mark Micol
CONDITION OF SALE: Arm's Length Transaction
PROPERTY RIGHTS TRANSFERRED: Fee Simple
FINANCING: Cash to Seller
LAND AREA: 0.227 acres
BUILDING SIZE: 3,031 SF
YEAR BUILT: 1938
SOURCE: MLS# 1883901
COMMENTS:



COMPARABLE #3

REFERENCE NUMBER: 2013-162
TYPE PROPERTY: Commercial - Converted Residence
COUNTY: Durham
LOCATION: 1906 Guess Road
TAX REFERENCE: 100920
ZONING: OI
GRANTOR: Quality Properties Asset Management Company
GRANTEE: Alex M. Velez
DATE OF SALE: 10/11/2013
DEED REFERENCE: 7379/186
STAMPS: \$ 114.00
USE AT PURCHASE: Commercial
BEST USE: Commercial
SALES PRICE: \$ 57,000
CONFIRMED BY: Jeanette Hussey
CONDITION OF SALE: Arm's Length Transaction
PROPERTY RIGHTS TRANSFERRED: Fee Simple
FINANCING: Cash to Seller
LAND AREA: 0.166 acres
BUILDING SIZE: 885 SF
YEAR BUILT: 1955
SOURCE: MLS# 1908457
COMMENTS:

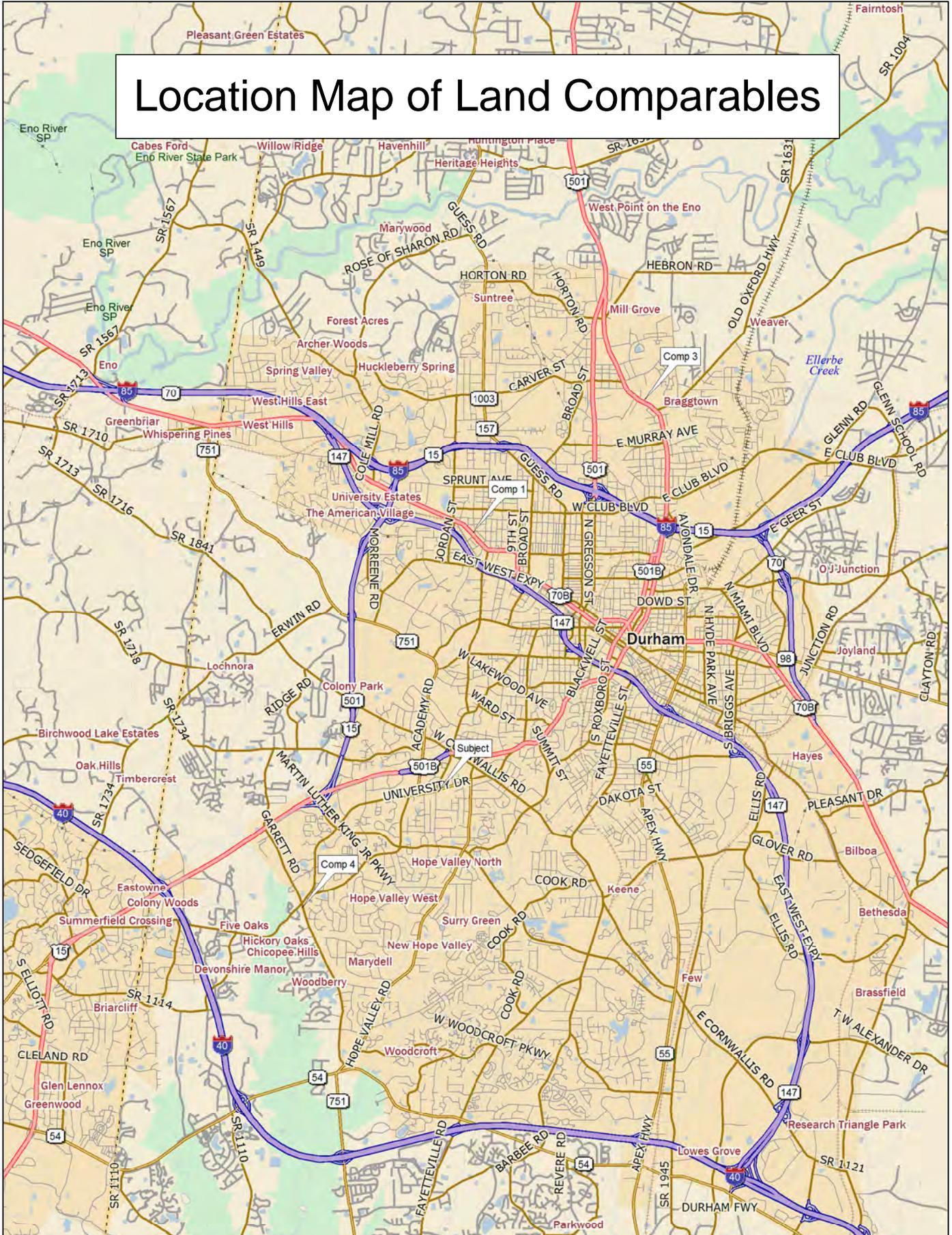


COMPARABLE #4

REFERENCE NUMBER: 2013-148
TYPE PROPERTY: Office
COUNTY: Durham
LOCATION: 311 Howard Street
TAX REFERENCE: 108774
ZONING: CN
GRANTOR: Betty C. Duty and husband, Peter J. Duty
GRANTEE: Diogenes Delossantos
DATE OF SALE: 10/15/2013
DEED REFERENCE: 7380/987
STAMPS: \$ 258.00
USE AT PURCHASE: Office
BEST USE: Office
SALES PRICE: \$ 129,000
CONFIRMED BY:
CONDITION OF SALE: Arm's Length Transaction
PROPERTY RIGHTS TRANSFERRED: Fee Simple
FINANCING: Cash to Seller
LAND AREA: 0.25 acres
BUILDING SIZE: 1,695 SF
YEAR BUILT: 1930
SOURCE: CS
COMMENTS:



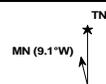
Location Map of Land Comparables



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Scale 1 : 100,000



1" = 1.58 mi Data Zoom 11-0