

**Integra Realty Resources**  
**Charlotte**

**Appraisal of Real Property**

**Office/Retail Property**

216 W. North Main Street  
Waxhaw, Union County, North Carolina 28173

**Prepared For:**

Town of Waxhaw

**Effective Date of the Appraisal:**

November 15, 2018

**Report Format:**

Appraisal Report – Standard Format

**IRR - Charlotte**

File Number: 105-2018-1851





**Office/Retail Property**  
216 W. North Main Street  
Waxhaw, North Carolina



November 29, 2018

Mr. Curt White  
Downtown Development Manager  
Town of Waxhaw  
1150 N. Broome Street  
Waxhaw, NC 28173

SUBJECT:       Market Value Appraisal  
                  Office/Retail Property  
                  216 W. North Main Street  
                  Waxhaw, Union County, North Carolina 28173  
                  IRR - Charlotte File No. 105-2018-1851

Dear Mr. White:

Integra Realty Resources – Charlotte is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value as is of the fee simple interest in the property. The client for the assignment is the Town of Waxhaw, and the intended use is for asset valuation.

The subject is an existing retail and office property containing 9,576 square feet of gross leasable area. The improvements were constructed in 1920 and are 100% leased as of the effective appraisal date. The property is located in Downtown Waxhaw and it is listed on the National Register of Historic Places. The subject is a portion of a larger parcel containing 0.70 acre or 30,324 square feet. We have been asked to only consider the building and not the rear parking lot. The estimated land area under the improvements is 0.253 acre or 11,025 square feet. The property is zoned MS, Main Street.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and applicable state appraisal regulations.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an

Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

<b>Value Conclusion</b>			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	November 15, 2018	\$1,250,000

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#### **Extraordinary Assumptions and Hypothetical Conditions**

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The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We have been asked to only consider the building improvements and not the rear parking lot. Therefore, we have estimated the land area under the improvements using the Union County GIS system.
2. The property is currently 100% leased and occupied. All of the leases expire in March 2019 and are considered below market. We have applied a market rent to the rentable area for this analysis.
3. We assume that the property will have adequate on-street parking and that the rear parking lot will remain available for public use and the subject property's tenants with cross parking easements and access easements in perpetuity.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
- 

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

Mr. Curt White  
Town of Waxhaw  
November 29, 2018  
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If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

**Integra Realty Resources - Charlotte**

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## Summary of Salient Facts and Conclusions

Property Name	Office/Retail Property	
Address	216 W. North Main Street Waxhaw, Union County, North Carolina 28173	
Property Type	Retail - Office	
Owner of Record	Town of Waxhaw	
Tax ID	Portion of 05113027	
Estimated Land Area - Pad Site	0.253 acre; 11,025 SF	
Gross Building Area	9,576 SF	
Gross Leasable Area	9,576 SF	
Percent Leased	100%	
Year Built; Year Renovated	1920; Various	
Zoning Designation	MS, Main Street	
Highest and Best Use - As if Vacant	Commercial use	
Highest and Best Use - As Improved	Continued retail and office use	
Exposure Time; Marketing Period	12 months; 12 months	
Effective Date of the Appraisal	November 15, 2018	
Date of the Report	November 29, 2018	
Property Interest Appraised	Fee Simple	
Market Value Indications		
Cost Approach	Not Used	
Sales Comparison Approach	\$1,230,000	(\$128.45/SF)
Income Capitalization Approach	\$1,260,000	(\$131.58/SF)
Market Value Conclusion	\$1,250,000	(\$130.53/SF)

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Town of Waxhaw may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We have been asked to only consider the building improvements and not the rear parking lot. Therefore, we have estimated the land area under the improvements using the Union County GIS system.
2. The property is currently 100% leased and occupied. All of the leases expire in March 2019 and are considered below market. We have applied a market rent to the rentable area for this analysis.
3. We assume that the property will have adequate on-street parking and that the rear parking lot will remain available for public use and the subject property's tenants with cross parking easements and access easements in perpetuity.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

## Quality Assurance

Delivering superior value is a top priority at IRR and we place a premium on feedback from our valued clients. By learning more about your experience with IRR, we will be better able to serve your needs – to enhance our products, service offerings, and client communications.

Attached is a short survey applicable to this appraisal report and the service that you received. Please take a few minutes to share your experience of IRR with us. Your feedback will be reviewed by our Quality Control team. If you desire a follow-up telephone call, please provide your contact information and a member of our Quality Control team will contact you.

Access the online survey here: [quality.irr.com](http://quality.irr.com).

Thank you in advance for assisting us with this important endeavor. Please feel free to contact your Local Office using the contact information provided within the letter of transmittal or our Quality Control team at [quality@irr.com](mailto:quality@irr.com), with any questions or suggestions you may have.

## General Information

### Identification of Subject

The subject is an existing retail and office property containing 9,576 square feet of gross leasable area. The improvements were constructed in 1920 and are 100% leased as of the effective appraisal date. The property is located in Downtown Waxhaw and it is listed on the National Register of Historic Places. The subject is a portion of a larger parcel containing 0.70 acre or 30,324 square feet. We have been asked to only consider the building and not the rear parking lot. The estimated land area under the improvements is 0.253 acre or 11,025 square feet. The property is zoned MS, Main Street. A legal description of the property is in the addenda.

#### Property Identification

Property Name	Office/Retail Property
Address	216 W. North Main Street Waxhaw, North Carolina 28173
Tax ID	Portion of 05113027
Owner of Record	Town of Waxhaw
Census Tract Number	210.13

### Sale History

The most recent closed sale of the subject is summarized as follows:

Sale Date	December 28, 2012
Seller	Mar-Lou, LLC
Buyer	Town of Waxhaw
Sale Price	\$1,000,000
Recording Instrument Number	Deed Book 5903, Page 445 at the Union County Register of Deeds
Expenditures Since Purchase	We are not aware of any expenditures since the time of purchase.

The sale price of \$1,000,000 includes two properties; however, the majority of the value was allocated to the subject. To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date. Based on our appraised value, the sales price is indicative of market value considering the passage of time.

### Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

## Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value as is of the fee simple interest in the property as of the effective date of the appraisal, November 15, 2018. The date of the report is November 29, 2018. The appraisal is valid only as of the stated effective date or dates.

## Definition of Market Value

Market value is defined as:

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

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

*(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*

## Definition of As Is Market Value

As is market value is defined as, “The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.”

*(Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015); also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471)*

## Definition of Property Rights Appraised

Fee simple estate is defined as, “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.”

*Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)*

## Intended Use and User

The intended use of the appraisal is for asset valuation. The client and intended user is The Town of Waxhaw. The appraisal is not intended for any other use or user. No party or parties other than Town of Waxhaw may use or rely on the information, opinions, and conclusions contained in this report.

## Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;

## Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

## Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

## Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

## Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

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### Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

The **sales comparison approach** is a reliable valuation method for the subject due to the following:

- There is an active market for similar properties, and sufficient sales data is available for analysis.
- This approach directly considers the prices of alternative properties having similar utility.
- This approach is typically most relevant for owner-user properties.

The **income capitalization approach** is also a reliable valuation method because:

- There is an active rental market for similar properties that permits us to estimate the subject's income generating potential. Estimated income is converted to a market value indication through capitalization.

The **cost approach** is not applicable to the assignment considering the following:

- The age of the property would limit the reliability of an accrued depreciation estimate.
- This approach is not typically used by market participants, except for new or nearly new properties.

### Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

### Inspection

Melissa D. Thompson conducted an interior and exterior inspection of the property on November 15, 2018. Fitzhugh L. Stout, MAI, CRE, did not inspect the property but did review the report.

## Economic Analysis

### Union County Area Analysis

Union County is located in North Carolina. This county is approximately 632 square miles in size and has a population density of 367 persons per square mile. Union County is part of the Charlotte-Concord-Gastonia, NC-SC Metropolitan Statistical Area, hereinafter called the Charlotte MSA, as defined by the U.S. Office of Management and Budget.

### Population

Union County has an estimated 2018 population of 231,496, which represents an average annual 1.8% increase over the 2010 census of 201,292. Union County added an average of 3,776 residents per year over the 2010-2018 period, and its annual growth rate exceeded the State of North Carolina rate of 1.0%.

Looking forward, Union County's population is projected to increase at a 1.4% annual rate from 2018-2023, equivalent to the addition of an average of 3,413 residents per year. Union County's growth rate is expected to exceed that of North Carolina, which is projected to be 1.0%.

	Population			Compound Ann. % Chng	
	2010 Census	2018 Estimate	2023 Projection	2010 - 2018	2018 - 2023
Union County, NC	201,292	231,496	248,560	1.8%	1.4%
North Carolina	9,535,483	10,300,541	10,817,218	1.0%	1.0%
United States	308,745,538	326,533,070	337,947,861	0.7%	0.7%

Source: EnviroNics Analytics

### Employment

Total employment in Union County is currently estimated at 62,644 jobs. Between year-end 2006 and the present, employment rose by 6,205 jobs, equivalent to a 11.0% increase over the entire period. There were gains in employment in seven out of the past ten years despite the national economic downturn and slow recovery. Union County's rate of employment growth over the last decade surpassed that of North Carolina, which experienced an increase in employment of 6.3% or 258,160 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Union County unemployment rate has been consistently lower than that of North Carolina, with an average unemployment rate of 6.4% in comparison to a 7.4% rate for North Carolina. A lower unemployment rate is a positive indicator.

Recent data shows that the Union County unemployment rate is 3.9% in comparison to a 4.5% rate for North Carolina, a positive sign that is consistent with the fact that Union County has outperformed North Carolina in the rate of job growth over the past two years.

<b>Employment Trends</b>						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Union County	% Change	North Carolina	% Change	Union County	North Carolina
2006	56,439		4,065,884		3.5%	4.5%
2007	59,436	5.3%	4,126,685	1.5%	4.0%	4.7%
2008	55,932	-5.9%	4,000,278	-3.1%	5.5%	6.1%
2009	52,070	-6.9%	3,804,059	-4.9%	10.0%	10.6%
2010	51,522	-1.1%	3,835,921	0.8%	10.0%	10.9%
2011	52,740	2.4%	3,889,178	1.4%	9.1%	10.3%
2012	54,885	4.1%	3,969,167	2.1%	7.8%	9.3%
2013	56,793	3.5%	4,044,954	1.9%	6.6%	8.0%
2014	59,361	4.5%	4,142,253	2.4%	5.3%	6.3%
2015	60,417	1.8%	4,249,766	2.6%	4.9%	5.8%
2016	62,644	3.7%	4,324,044	1.7%	4.3%	5.1%
Overall Change 2006-2016	6,205	11.0%	258,160	6.3%		
Avg Unemp. Rate 2006-2016					6.4%	7.4%
Unemployment Rate - November 2017					3.9%	4.5%

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Major employers in Union County are shown in the following table.

<b>Major Employers - Union County, NC</b>		
	Name	Number of Employees
1	Union County Schools	1000+
2	Tyson Farms Inc	1000+
3	Tdy Industries Llc	1000+
4	Harris Teeter	1000+
5	County Of Union	1000+
6	Wal-Mart Associates Inc	500-999
7	Pilgrims Pride Corporation	500-999
8	City Of Monroe	500-999
9	Food Lion	500-999
10	Charlotte Pipe & Foundry Company	500-999

Source: <http://d4.ncommerce.com/QCEWLargestEmployers.aspx>

## Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area. Although GDP figures are not available at the county level, data reported for the Charlotte MSA is considered meaningful when compared to the nation overall, as Union County is part of the MSA and subject to its influence.

Economic growth, as measured by annual changes in GDP, has been considerably higher in the Charlotte MSA than the United States overall during the past eight years. The Charlotte MSA has grown at a 2.7% average annual rate while the United States has grown at a 1.9% rate. As the national

economy improves, the Charlotte MSA continues to perform better than the United States. GDP for the Charlotte MSA rose by 3.4% in 2016 while the United States GDP rose by 1.5%.

The Charlotte MSA has a per capita GDP of \$56,911, which is 13% greater than the United States GDP of \$50,577. This means that Charlotte MSA industries and employers are adding relatively more value to the economy than their counterparts in the United States overall.

### Gross Domestic Product

Year	(\$ Mil)		(\$ Mil)	
	Charlotte MSA	% Change	United States	% Change
2009	117,225		14,320,114	
2010	115,827	-1.2%	14,628,165	2.2%
2011	122,522	5.8%	14,833,679	1.4%
2012	125,472	2.4%	15,126,281	2.0%
2013	126,707	1.0%	15,348,034	1.5%
2014	130,280	2.8%	15,690,349	2.2%
2015	136,196	4.5%	16,094,516	2.6%
2016	140,815	3.4%	16,342,925	1.5%
Compound % Chg (2009-2016)		2.7%		1.9%
GDP Per Capita 2016	\$56,911		\$50,577	

Source: Bureau of Economic Analysis and Economy.com; data released September 2016. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2009 dollars.

### Income, Education and Age

Union County is more affluent than North Carolina. Median household income for Union County is \$77,585, which is 50.6% greater than the corresponding figure for North Carolina.

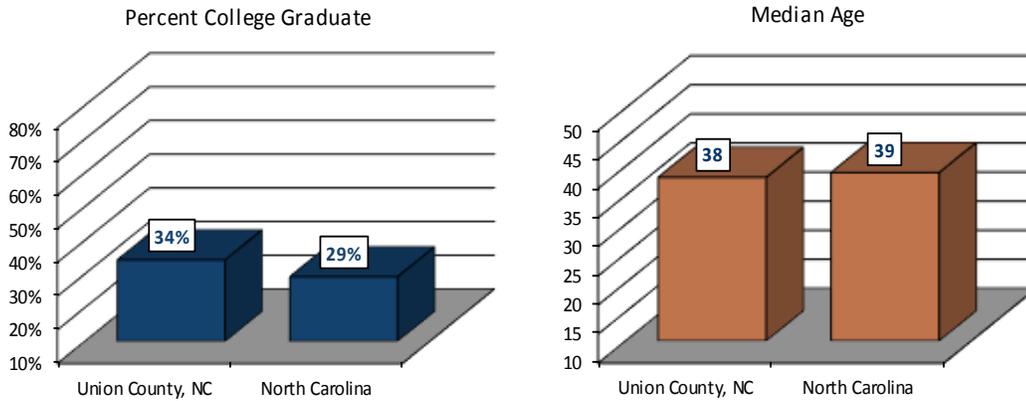
#### Median Household Income - 2018

	Median
Union County, NC	\$77,585
North Carolina	\$51,525
Comparison of Union County, NC to North Carolina	+ 50.6%

Source: Environics Analytics

Residents of Union County have a higher level of educational attainment than those of North Carolina. An estimated 34% of Union County residents are college graduates with four-year degrees, versus 29% of North Carolina residents. People in Union County are slightly younger than their North Carolina counterparts. The median age for Union County is 38 years, while the median age for North Carolina is 39 years.

**Education & Age - 2018**



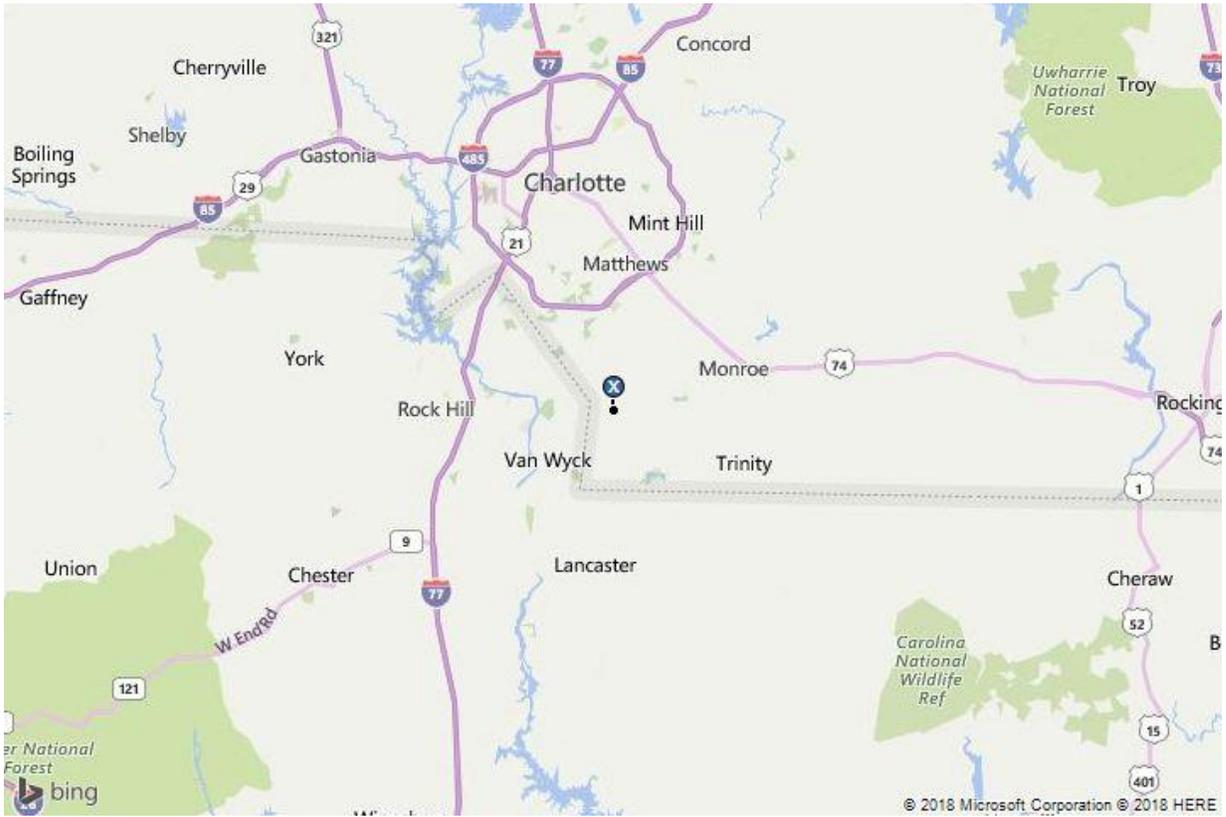
Source: Environics Analytics

**Conclusion**

The Union County economy will benefit from a growing population base and higher income and education levels. Union County experienced growth in the number of jobs and has maintained a consistently lower unemployment rate than North Carolina over the past decade. Moreover, Union County benefits from being part of the Charlotte MSA, which exhibits both a higher rate of GDP growth and a higher level of GDP per capita than the nation overall. We anticipate that the Union County economy will improve and employment will grow, strengthening the demand for real estate.



### Area Map



## Surrounding Area Analysis

### Location

The subject is located in the downtown area of the Town of Waxhaw on the north side of W. North Main Street. A 100-foot wide, railroad right of way extends between w. North and W. South Main Streets.

### Access and Linkages

Primary access to the area is provided by Highway 75, a major arterial that crosses the Town of Waxhaw area in an east/west direction and Highway 16, which traverses the area in a north/south direction. The subject is located along Highway 75 just east of Waxhaw's central business district. Overall vehicular access is average.

There is no public transportation offered in the Town of Waxhaw. The nearest bus or train stations are located at the city of Charlotte. The primary mode of transportation in this area is the automobile.

The Charlotte Douglas International Airport is located about 23 miles northwest from the property; travel time is about 30 to 40 minutes, depending on traffic conditions. The Charlotte CBD, the economic and cultural center of the region, is approximately 22 miles from the property.

### Demand Generators

Waxhaw, North Carolina is a suburb of Charlotte, North Carolina and the majority of major employers are located north of the subject and within the City of Charlotte. Major employers in Charlotte include Bank of America, Wells Fargo Bank, Charlotte – Mecklenburg Schools, Duke Energy, American Airlines, and Atrium Health (formerly known as Carolinas Health Care System). In addition to its strong employment base in Charlotte, the area is easily accessible to the Rock Hill, South Carolina submarket, which also provides employment opportunities to the west and serves as a secondary demand driver.

### Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

<b>Surrounding Area Demographics</b>					
2018 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Union County, NC	North Carolina
Population 2010	3,257	13,647	29,644	201,292	9,535,483
Population 2018	3,975	18,068	39,354	231,496	10,300,541
Population 2023	4,297	19,804	43,391	248,560	10,817,218
Compound % Change 2010-2018	2.5%	3.6%	3.6%	1.8%	1.0%
Compound % Change 2018-2023	1.6%	1.9%	2.0%	1.4%	1.0%
Households 2010	1,173	4,469	9,931	67,864	3,745,155
Households 2018	1,392	5,765	13,153	76,778	4,061,714
Households 2023	1,493	6,285	14,506	82,091	4,272,245
Compound % Change 2010-2018	2.2%	3.2%	3.6%	1.6%	1.0%
Compound % Change 2018-2023	1.4%	1.7%	2.0%	1.3%	1.0%
Median Household Income 2018	\$73,341	\$89,013	\$94,295	\$77,585	\$51,525
Average Household Size	2.9	3.0	3.0	3.0	2.5
College Graduate %	37%	46%	47%	34%	29%
Median Age	38	39	40	38	39
Owner Occupied %	83%	88%	90%	82%	67%
Renter Occupied %	17%	12%	10%	18%	33%
Median Owner Occupied Housing Value	\$219,335	\$293,963	\$333,045	\$238,502	\$173,298
Median Year Structure Built	2000	2003	2004	1998	1988
Avg. Travel Time to Work in Min.	32	35	35	32	26

Source: Envirionics Analytics

As shown above, the current population within a 3-mile radius of the subject is 18,068, and the average household size is 3.0. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to Union County overall, the population within a 3-mile radius is projected to grow at a faster rate.

Median household income is \$89,013, which is higher than the household income for Union County. Residents within a 3-mile radius have a considerably higher level of educational attainment than those of Union County, while median owner occupied home values are considerably higher.

### Land Use

In the immediate vicinity of the subject, predominant land uses are office and retail along the major road arteries and residential along secondary roadways.

Other land use characteristics are summarized as follows:

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### Surrounding Area Land Uses

---

Character of Area	Suburban
Predominant Housing Age (Both Ownership and Rental)	30 to 70 years
Predominant Quality and Condition	Average
Approximate Percent Developed	55%
Percent Developed by Land use	10% Single-family; 5% Apartments; 40% Commercial
Infrastructure/Planning	Average
Prevailing Direction of Growth	North

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### Development Activity and Trends

During the last five years, development has been predominantly of retail and residential uses (single-family), and has included a variety of strip retail centers north of the subject along Providence Road. The pace of development has generally been intermittent over this time.

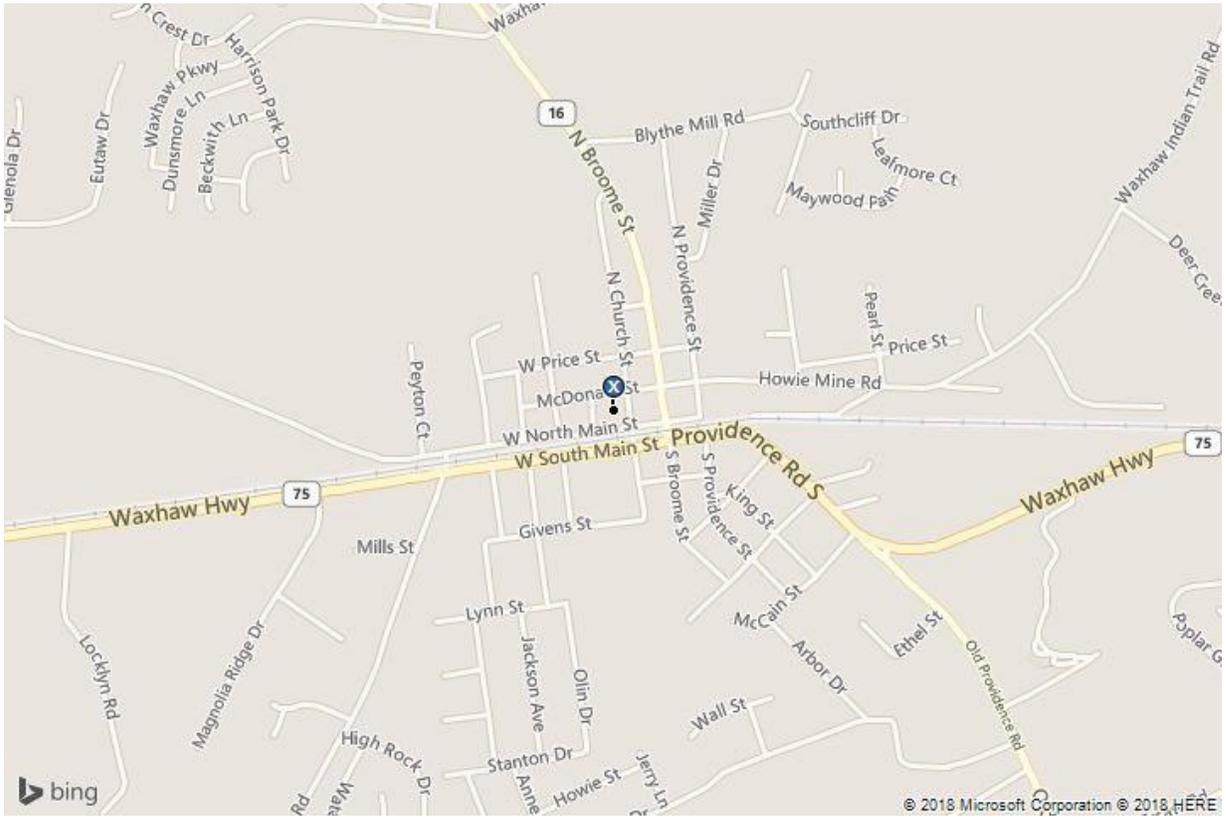
### Nearby Retail Uses

The subject is located in the center of Waxhaw's downtown district. The nearest shopping facilities serving the area are located within the neighborhood. More modern facilities are located north of the subject along Providence Road. They offer basic convenience goods and personal services. Recently, there have been two major mixed-use developments underway along Providence Road in Charlotte. These two projects are Waverly and Rea Farms. The subject also has easy access to the Stonecrest and Ballantyne retail centers in Charlotte. Restaurants are found principally along Providence Road, north of the subject, with some located in the downtown district.

### Outlook and Conclusions

The area is in the growth/revitalization stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

### Surrounding Area Map



## Retail Market Analysis

### Metro Area Overview

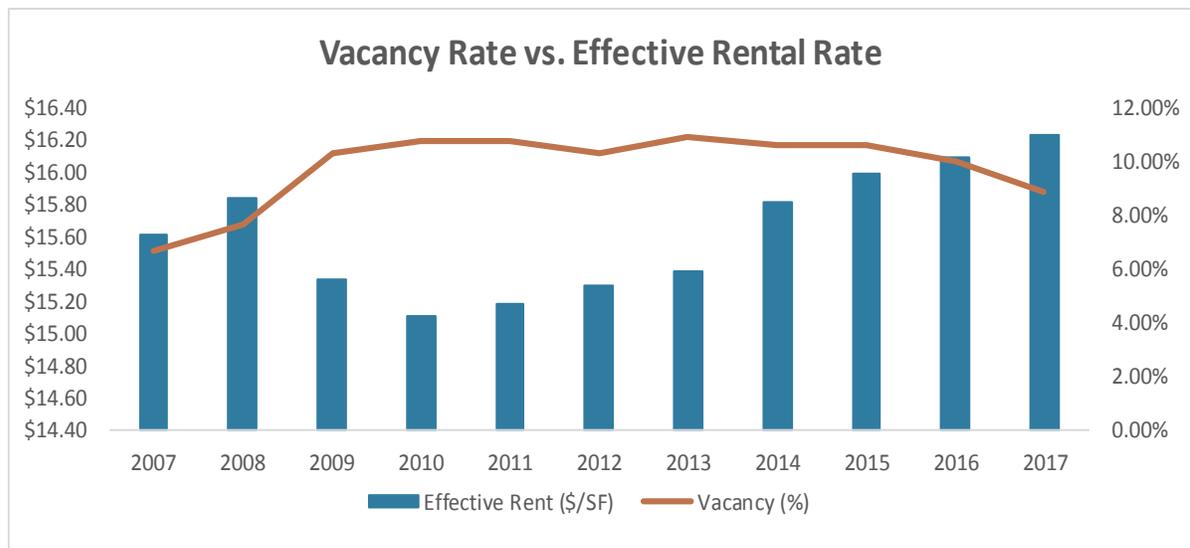
There is not a retail market analysis for Union County. The subject is located just outside of the Charlotte metro area as defined by REIS. Supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for neighborhood retail space types are presented in the ensuing table.

#### Charlotte Neighborhood Retail Market Trends

Year	Inventory (SF)	Occupied (SF)	Vacancy (SF)	Vacancy (%)	Completions (SF)	Absorption (SF)	Effective Rent (\$/SF)	Effective Rate (% Change)	Gross Revenue (\$/SF)
2007	11,923,000	11,125,000	798,000	6.70%	169,000	254,000	\$15.62	2.30%	\$16.37
2008	12,365,000	11,414,000	951,000	7.70%	442,000	289,000	\$15.84	1.40%	\$16.38
2009	12,430,000	11,150,000	1,280,000	10.30%	65,000	-264,000	\$15.34	-3.20%	\$15.67
2010	12,430,000	11,089,000	1,341,000	10.80%	0	-61,000	\$15.11	-1.50%	\$15.42
2011	12,478,000	11,135,000	1,343,000	10.80%	48,000	46,000	\$15.18	0.50%	\$15.50
2012	12,543,000	11,256,000	1,287,000	10.30%	65,000	121,000	\$15.30	0.80%	\$15.70
2013	12,543,000	11,171,000	1,372,000	10.90%	0	-85,000	\$15.39	0.60%	\$15.68
2014	12,609,000	11,271,000	1,338,000	10.60%	66,000	100,000	\$15.82	2.80%	\$16.17
2015	12,828,000	11,469,000	1,359,000	10.60%	219,000	198,000	\$16.00	1.10%	\$16.33
2016	12,951,000	11,662,000	1,289,000	10.00%	172,000	193,000	\$16.10	0.60%	\$16.53
2017	13,097,000	11,935,000	1,162,000	8.90%	146,000	273,000	\$16.24	0.90%	\$16.83
Q3 2018	13,097,000	11,802,000	1,295,000	9.90%	0	-4,000	\$16.49	0.70%	\$16.91
2007 - 2017 Average	12,563,364	11,334,273	1,229,091	9.78%	126,545	96,727	\$15.63	0.57%	\$16.05

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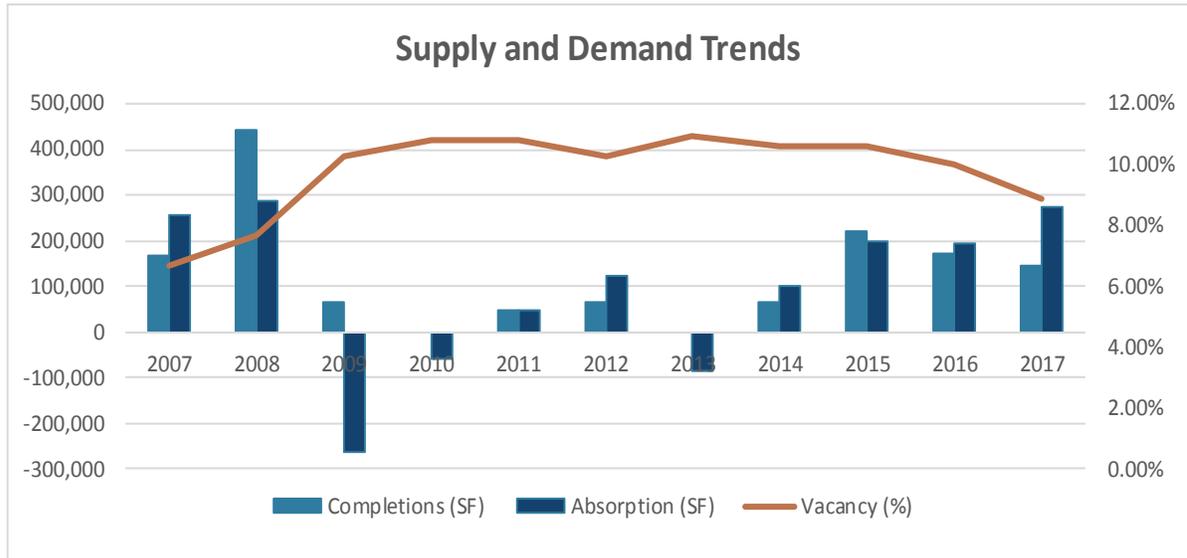
### Market Trends Key Takeaways



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- The current vacancy rate in the metro area is 9.90%; the vacancy rate has decreased by 40 bps from 2012.

- From 2012, gross revenue in the metro area has averaged \$16.21/SF and has increased by 7.8%.
- Effective rent averages \$16.49/SF in the metro area; effective rents have increased by 7.8% from 2012.



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- The inventory in the metro area has increased by 4.4% from 2012, while the occupied stock has increased by 4.9%.
- Between 2012 and 2017, completions have averaged 111,333 SF annually and reached a peak of 219,000 SF in 2015.
- Between 2012 and 2017, absorption figures reached a peak of 273,000 SF in 2017 and a low of -85,000 SF in 2013.

### Submarket Overview

The subject is located in the South submarket. In order to evaluate the market appeal of the subject's submarket in comparison to others in the Charlotte metro area, we compare key supply and demand indicators for all retail space types in the following table.

**Charlotte Retail Submarket Comparison**

Submarket	Anchor/ Non-anchor	Inventory (Buildings)	Inventory (SF)	Asking Rent		Free Rent (mos)	Tenant Improvements (\$)
	Flag			(\$/SF)	Vacancy (%)		
North	A	63	3,600,000	\$12.91	13.60%	3.03	\$19.77
North	N	85	3,365,000	\$17.08	8.00%	3.03	\$18.50
East	A	34	2,406,000	\$9.50	10.00%	3.80	\$33.79
East	N	50	2,217,000	\$15.15	11.30%	3.80	\$25.13
South	A	69	4,591,000	\$15.04	6.30%	4.99	\$23.24
South	N	106	4,782,000	\$24.50	9.10%	5.08	\$21.19
Gaston County	A	27	1,718,000	\$7.28	12.90%	1.53	\$14.24
Gaston County	N	27	948,000	\$13.20	11.70%	1.53	\$10.83
Anchor Averages/Totals		193	12,315,000	\$11.18	10.08%	3.34	\$22.76
Nonanchor Averages/Totals		268	11,312,000	\$17.48	9.42%	3.36	\$18.91

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**South Submarket Snapshot**

- The submarket's anchor asking rent is \$15.04, which is greater than the market average of \$11.18.
- The submarket's non-anchor asking rent is \$24.50, which is greater than the market average of \$17.48.
- The submarket's vacancy rate for anchor locations is 6.30%, which is less than the market average of 10.08%.
- The submarket's vacancy rate for non-anchor locations is 9.10%, which is less than the market average of 9.42%.
- The submarket contains 35.75% of the market anchor building inventory and 39.55% of the market non-anchor building inventory.
- Both the anchor and non-anchor submarket locations are offering free rent period greater than the free rent period offered by the overall market.
- Both the anchor and non-anchor submarket locations are offering a TI (\$/SF) greater than the TI (\$/SF) offered by the overall market.

In comparison to other submarkets in the region, the South submarket is rated as follows:

**Submarket Attribute Ratings**

Market Size/Stature	Average
Market Demand	Increasing
Vacancy Trends	Decreasing
Threat of New Supply	Average
Rental Trends	Increasing

**Submarket Analysis**

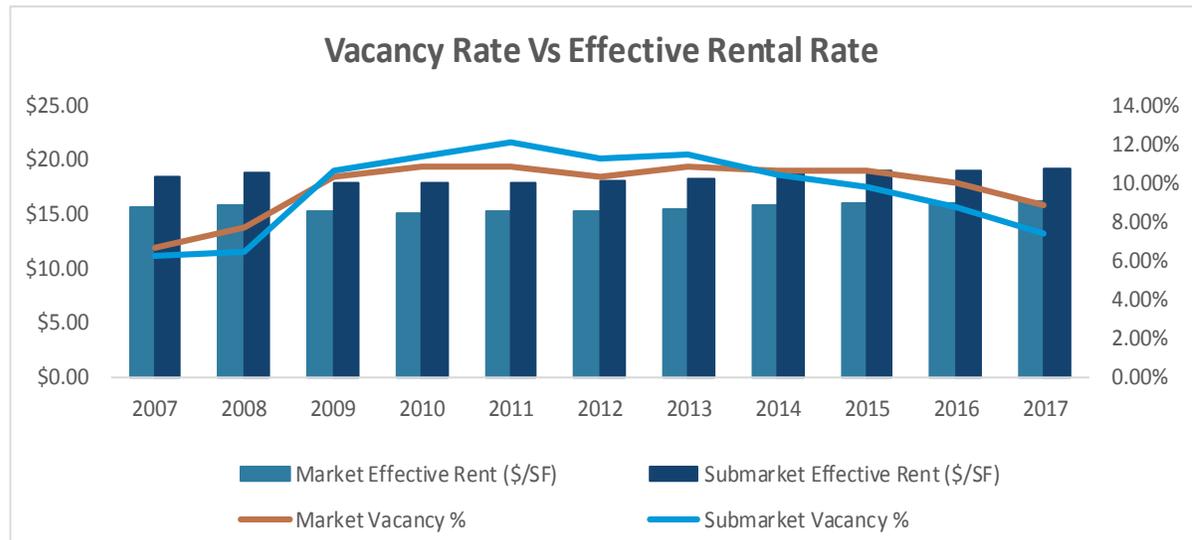
Supply and demand indicators for neighborhood retail space types in the South submarket are displayed in the ensuing table.

**South Neighborhood Retail Submarket Trends**

Year	Inventory (SF)	Occupied (SF)	Vacancy (SF)	Vacancy (%)	Completions (SF)	Absorption (SF)	Effective Rent (\$/SF)	Effective Rate (% Change)	Gross Revenue (\$/SF)
2007	4,357,000	4,087,000	270,000	6.20%	40,000	20,000	\$18.45	3.10%	\$19.50
2008	4,639,000	4,337,000	302,000	6.50%	282,000	250,000	\$18.78	1.80%	\$19.67
2009	4,639,000	4,147,000	492,000	10.60%	0	-190,000	\$17.96	-4.40%	\$18.41
2010	4,639,000	4,110,000	529,000	11.40%	0	-37,000	\$17.82	-0.80%	\$18.21
2011	4,687,000	4,120,000	567,000	12.10%	48,000	10,000	\$17.89	0.40%	\$18.13
2012	4,752,000	4,215,000	537,000	11.30%	65,000	95,000	\$18.02	0.70%	\$18.41
2013	4,752,000	4,206,000	546,000	11.50%	0	-9,000	\$18.32	1.70%	\$18.70
2014	4,818,000	4,317,000	501,000	10.40%	66,000	111,000	\$18.85	2.90%	\$19.46
2015	4,883,000	4,404,000	479,000	9.80%	65,000	87,000	\$19.03	0.90%	\$19.76
2016	4,936,000	4,502,000	434,000	8.80%	102,000	98,000	\$19.00	-0.20%	\$19.91
2017	5,013,000	4,642,000	371,000	7.40%	77,000	140,000	\$19.18	1.00%	\$20.35
Q3 2018	5,013,000	4,597,000	416,000	8.30%	0	10,000	\$19.64	1.40%	\$20.64
2007 - 2017 Average	4,737,727	4,280,636	457,091	9.64%	67,727	52,273	\$18.48	0.65%	\$19.14

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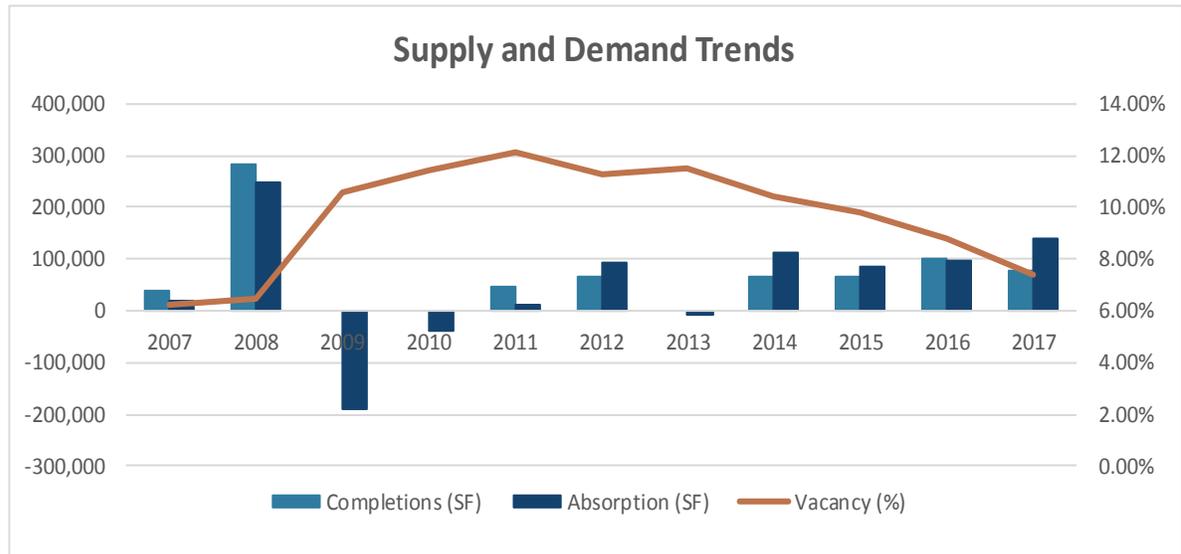
**South Submarket Retail Trends and Forecasts Key Takeaways**



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- The current vacancy rate in the submarket is 8.3%; the vacancy rate has decreased by 300 bps from 2012.
- From 2012, gross revenue in the submarket area has averaged \$19.43/SF and has increased by 12.1%.
- Effective rent averages \$19.64/SF in the submarket; effective rents have increased by 9.0% from 2012.



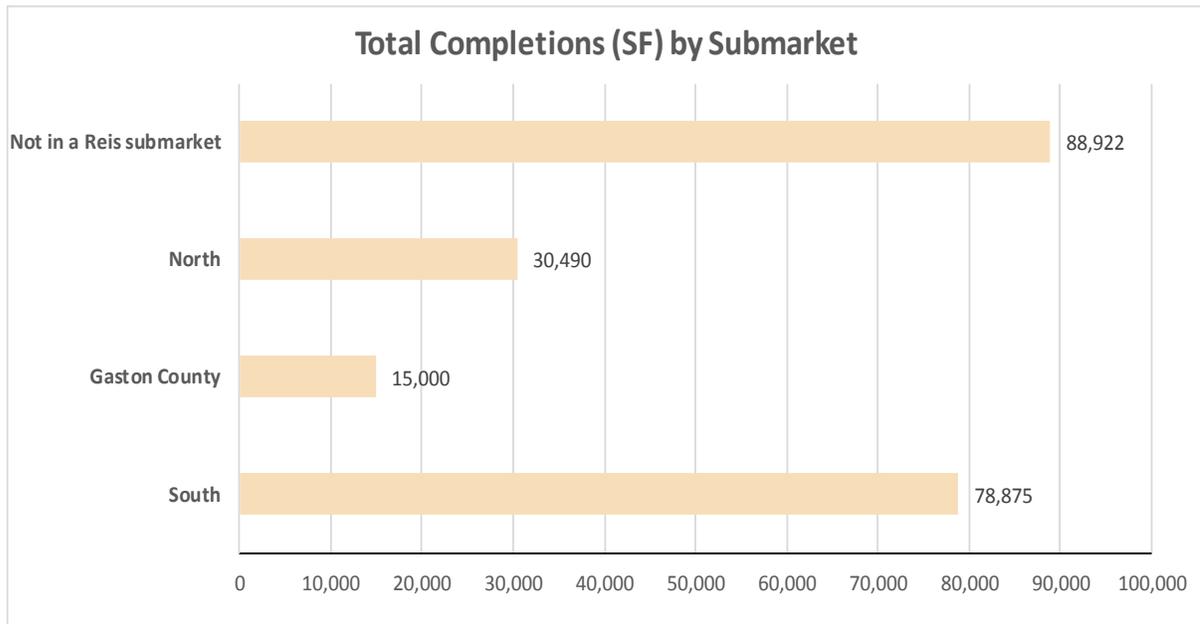


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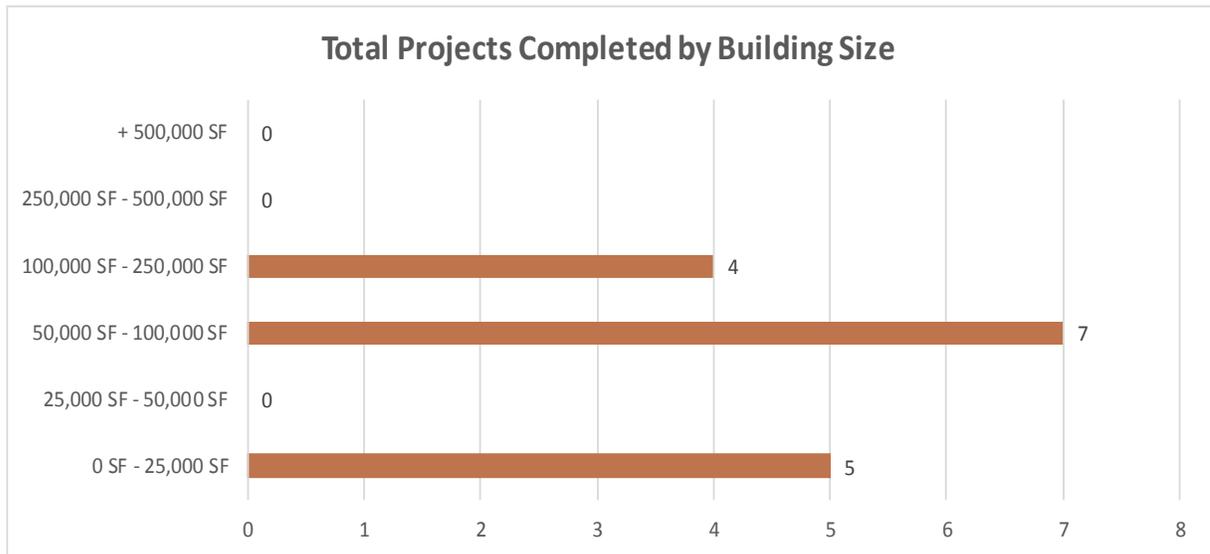
- The inventory has increased by 5.5% from 2012, while the occupied stock has increased by 9.1%.
- Between 2012 and 2017, completions have averaged 62,500 SF annually and reached a peak of 102,000 SF in 2016.
- Between 2012 and 2017, absorption figures reached a peak of 140,000 SF in 2017 and a low of -9,000 SF in 2013.

### New and Proposed Construction

The following charts summarize the properties that have been completed in the subject's metro area.



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The following table summarizes properties that are under construction, planned, and/or proposed in the subject’s metro area.



<b>Charlotte Retail Construction by Phase and Subtype</b>						
Retail Subproperty Type	Under Construction		Planned Construction		Proposed Construction	
	Properties	Sq. Ft.	Properties	Sq. Ft.	Properties	Sq. Ft.
Neighborhood	2	175,000	5	352,260	5	228,672
Mixed Use	2	112,243	13	1,514,500	8	1,050,500
Power Center	0	0	2	1,160,000	2	700,000
Community	0	0	5	800,000	3	524,000
Free Standing	0	0	0	0	0	0
Regional	0	0	0	0	1	200,000
<b>Totals</b>	<b>4</b>	<b>287,243</b>	<b>25</b>	<b>3,826,760</b>	<b>19</b>	<b>2,703,172</b>

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### Retail Market Construction Key Takeaways

- There are 4 properties under construction, 25 properties in the planned construction phase, and 19 properties in the proposed construction phase in the metro area.
- Neighborhood properties within the under construction phase have an average size of 87,500 SF and range in size between 75,000 SF and 100,000 SF.
- Mixed Use properties within the planned construction phase have an average size of 116,500 SF and range in size between 57,000 SF and 324,000 SF.
- Mixed Use properties within the proposed construction phase have an average size of 131,313 SF and range in size between 10,500 SF and 300,000 SF.
- Of the 287,243 SF under construction, 60.92% are Neighborhood properties, 39.08% are Mixed Use properties, and 0.0% are Community properties.
- Of the 3,826,760 SF planned for construction, 9.21% are Neighborhood properties, 39.58% are Mixed Use properties, and 20.91% are Community properties.
- Of the 2,703,172 SF proposed for construction, 8.46% are Neighborhood properties, 38.86% are Mixed Use properties, and 19.38% are Community properties.

The following table summarizes properties that are under construction, planned, and/or proposed in the subject's submarket.

<b>South Submarket Construction by Phase and Subtype</b>						
Retail Subproperty Type	Under Construction		Planned Construction		Proposed Construction	
	Properties	Sq. Ft.	Properties	Sq. Ft.	Properties	Sq. Ft.
Neighborhood	2	175,000	2	140,000	2	80,000
Mixed Use	1	60,500	6	659,000	3	455,000
Power Center	0	0	0	0	0	0
Community	0	0	2	275,000	1	250,000
Free Standing	0	0	0	0	0	0
Regional	0	0	0	0	0	0
<b>Totals</b>	<b>3</b>	<b>235,500</b>	<b>10</b>	<b>1,074,000</b>	<b>6</b>	<b>785,000</b>

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## Retail Marketplace Profile

Retail sales trends in the market area are a key indicator of demand. Therefore, we have reviewed the retail market power (RMP) data from Environics Analytics, which is included in the ensuing table. The opportunity gap or surplus available represents the difference between demand and supply. When the demand is greater than supply, there is an opportunity gap, but when demand is less than supply, there is a surplus. A positive value signifies an opportunity gap, while a negative value signifies a surplus.

### Retail Marketplace Overview

Industry Summary - 3 Mile Radius	Demand (Retail Potential)	Supply (Retail Sales)	Opportunity Gap (+) /Surplus (-)
Motor Vehicle Parts/Accessories	\$76,515,109	\$28,203,381	\$48,311,728
Furniture and Home Furnishings Stores	\$7,193,727	\$2,408,796	\$4,784,931
Electronics and Appliance Stores	\$5,401,664	\$230,218	\$5,171,446
Building Material, Garden Equip Stores	\$22,543,871	\$5,964,387	\$16,579,484
Food and Beverage Stores	\$38,594,172	\$48,658,045	(\$10,063,873)
Health & Personal Care Stores	\$18,067,386	\$32,482,985	(\$14,415,599)
Gasoline Stations	\$29,804,299	\$2,326,979	\$27,477,320
Clothing & Clothing Accessories Stores	\$14,939,843	\$35,039	\$14,904,804
Sporting Goods, Hobby, Book, Music Stores	\$4,835,761	\$758,414	\$4,077,347
General Merchandise Stores	\$39,343,671	\$2,718,837	\$36,624,834
Miscellaneous Store Retailers	\$6,796,391	\$2,109,366	\$4,687,025
Non-Store Retailers	\$36,349,335	\$7,899,407	\$28,449,928
Foodservice and Drinking Places	\$39,684,685	\$23,360,941	\$16,323,744
<b>Total Retail Sales<sup>1</sup></b>	<b>\$340,069,914</b>	<b>\$157,156,795</b>	<b>\$182,913,119</b>

<sup>1</sup>Includes Eating and Drinking Places; excludes Automotive and Other Motor Vehicle Dealers

Source: The Nielsen Company

### Retail Opportunity Gap Key Takeaways

There are 11 main retail category groups that present an opportunity gap based on consumer demand. The only two categories that do not represent an opportunity gap are Food & Beverage Stores and Health & Personal Care Stores.

### Retail Market Outlook and Conclusions

Based on the key metro and submarket area trends, construction outlook, and the performance of competing properties, IRR expects the mix of property fundamentals and economic conditions in the Charlotte metro area to have a positive impact on the subject property's performance in the near-term.

## Office Market Analysis

### Metro Area Overview

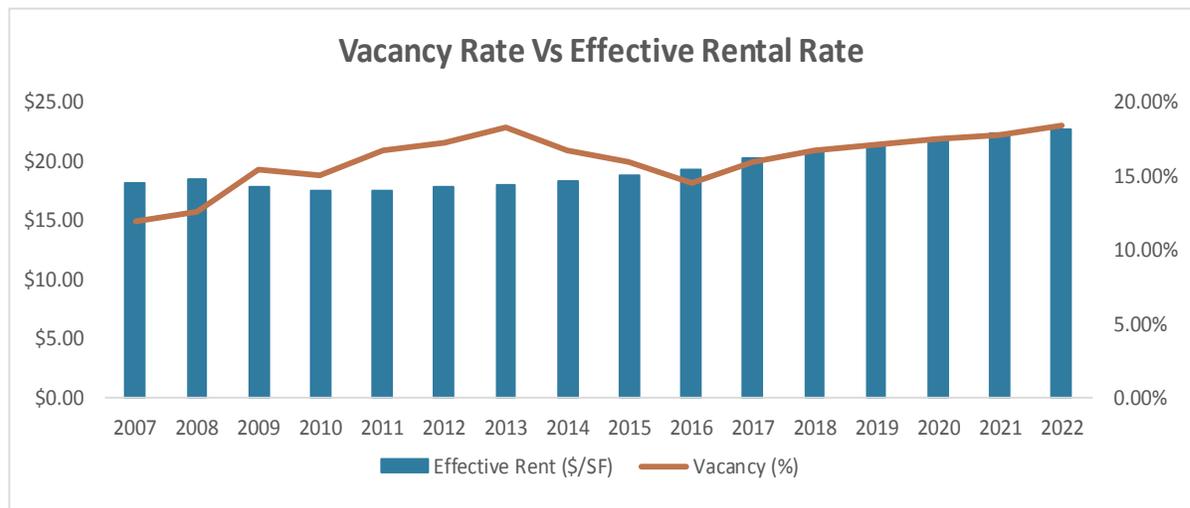
There is not an office market analysis for Union County. The subject is located just outside of the Charlotte metro area as defined by REIS. Supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the ensuing table.

#### Charlotte Office Market Trends and Forecasts

Year	Inventory (SF)	Occupied (SF)	Vacancy (SF)	Vacancy (%)	Completions (SF)	Absorption (SF)	Effective Rent (\$/SF)	Effective Rental Rate (% Change)	Gross Revenue (\$/SF)	% Office Employment
2007	40,409,000	35,600,000	4,809,000	11.90%	507,000	414,000	\$18.12	5.60%	\$18.61	30.79%
2008	40,678,000	35,552,000	5,126,000	12.60%	389,000	-48,000	\$18.58	2.50%	\$19.09	30.99%
2009	42,379,000	35,859,000	6,520,000	15.40%	1,852,000	307,000	\$17.86	-3.90%	\$18.22	31.64%
2010	42,660,000	36,202,000	6,458,000	15.10%	398,000	343,000	\$17.52	-1.90%	\$18.10	32.23%
2011	42,960,000	35,765,000	7,195,000	16.70%	300,000	-437,000	\$17.51	-0.10%	\$17.77	32.20%
2012	43,528,000	35,991,000	7,537,000	17.30%	568,000	226,000	\$17.80	1.70%	\$17.93	32.03%
2013	43,853,000	35,827,000	8,026,000	18.30%	0	-164,000	\$18.02	1.20%	\$17.94	32.16%
2014	44,089,000	36,700,000	7,389,000	16.80%	136,000	873,000	\$18.29	1.50%	\$18.53	32.23%
2015	44,333,000	37,256,000	7,077,000	16.00%	355,000	556,000	\$18.89	3.30%	\$19.29	32.19%
2016	44,575,000	38,123,000	6,452,000	14.50%	324,000	867,000	\$19.39	2.60%	\$20.11	32.25%
2017	46,470,000	39,036,000	7,434,000	16.00%	1,895,000	913,000	\$20.27	4.50%	\$20.66	32.38%
Q3 2018	46,640,000	38,919,000	7,721,000	16.60%	170,000	17,000	\$20.87	0.40%	\$21.11	32.42%
2018	47,269,000	39,338,000	7,931,000	16.80%	799,000	302,000	\$20.92	3.20%	\$21.15	32.41%
2019	48,100,000	39,861,000	8,239,000	17.10%	831,000	523,000	\$21.37	2.20%	\$21.53	32.36%
2020	48,486,000	40,000,000	8,486,000	17.50%	386,000	139,000	\$21.84	2.20%	\$21.90	32.34%
2021	48,879,000	40,157,000	8,722,000	17.80%	393,000	157,000	\$22.33	2.20%	\$22.28	32.39%
2022	49,304,000	40,240,000	9,064,000	18.40%	425,000	83,000	\$22.78	2.00%	\$22.58	32.48%
2007 - 2017 Average	43,266,727	36,537,364	6,729,364	15.51%	611,273	350,000	\$18.39	1.55%	\$18.75	31.92%

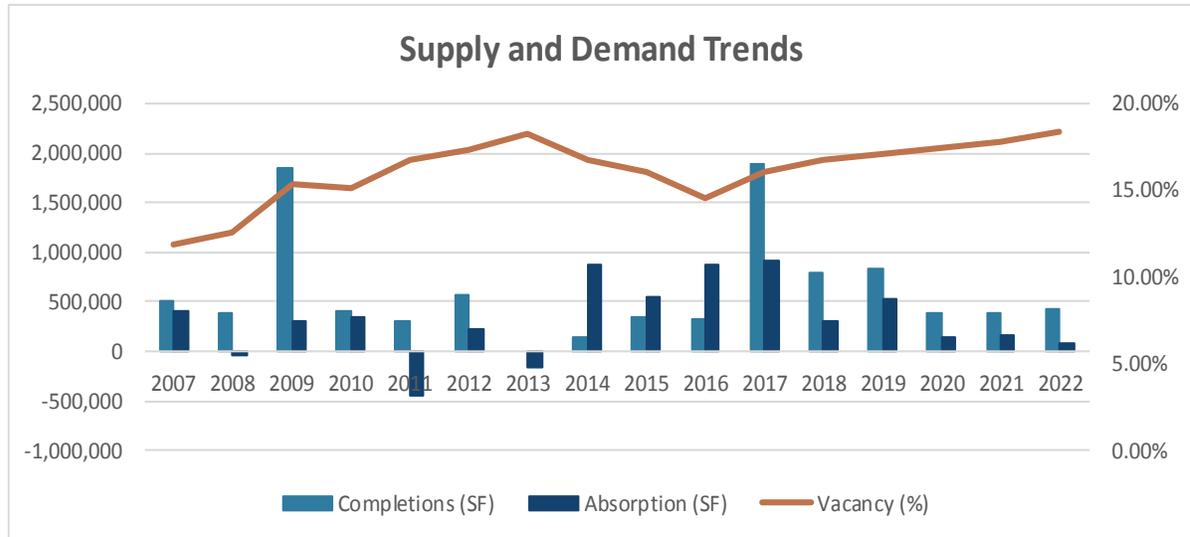
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### Market Trends Key Takeaways



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- The current vacancy rate in the metro area is 16.6%; the vacancy rate has decreased by 70 bps from 2012.
- Four-year forecasts project a 18.4% vacancy rate in the metro area, representing an increase of 180 bps by year end 2022.
- Effective rent averages \$20.87/SF in the metro area; future rent values are expected to increase by 9.2% to \$22.78/SF by year end 2022.



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- The inventory in the metro area has increased by 7.1% from 2012, while the occupied stock has increased by 8.1%.
- Between 2012 and 2017, completions have averaged 546,333 SF annually and reached a peak of 1,895,000 SF in 2017.
- Between 2012 and 2017, absorption figures reached a peak of 913,000 SF in 2017 and a low of -164,000 SF in 2013.
- 32.4% of the labor force in the metro area work in office properties and this employment rate has increased by 0.35% between 2012 and 2017.

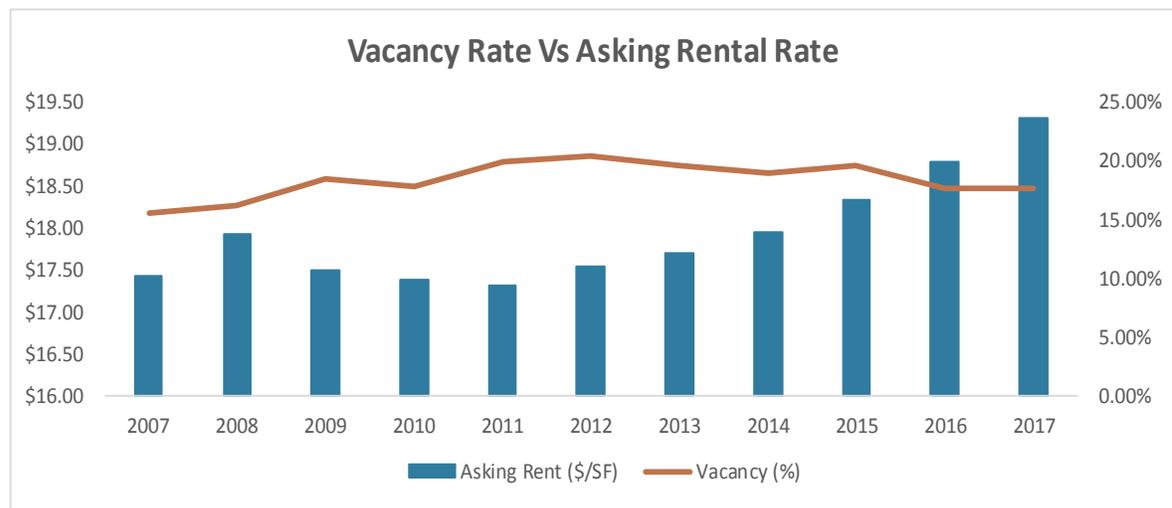
### Class B/C Office Market

The subject is a Class B property as defined by REIS. Supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for all Class B/C space in the Charlotte metro area are presented in the following table.

**Charlotte Office Class B/C Market Trends**

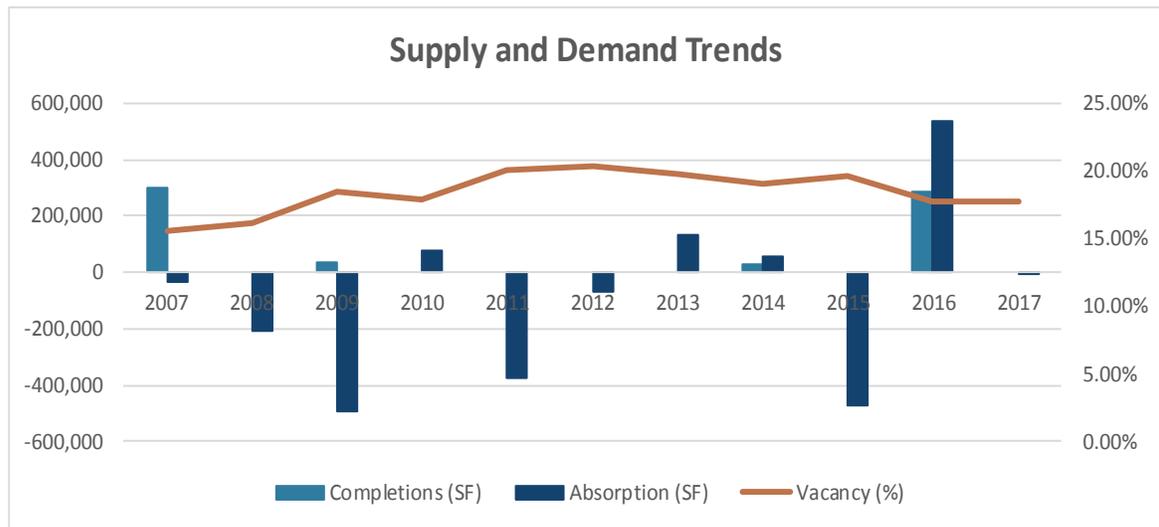
Year	Inventory (SF)	Occupied (SF)	Vacancy (SF)	Vacancy (%)	Completions (SF)	Absorption (SF)	Asking Rent (\$/SF)	Asking Rental Rate (% Change)	Gross Revenue (\$/SF)
2007	18,413,000	15,548,000	2,865,000	15.60%	301,000	-32,000	\$17.44	3.00%	\$14.73
2008	18,313,000	15,343,000	2,970,000	16.20%	0	-205,000	\$17.93	2.80%	\$15.02
2009	18,226,000	14,851,000	3,375,000	18.50%	36,000	-492,000	\$17.49	-2.50%	\$14.25
2010	18,179,000	14,927,000	3,252,000	17.90%	0	76,000	\$17.39	-0.60%	\$14.28
2011	18,196,000	14,549,000	3,647,000	20.00%	0	-378,000	\$17.33	-0.30%	\$13.86
2012	18,196,000	14,481,000	3,715,000	20.40%	0	-68,000	\$17.55	1.30%	\$13.97
2013	18,196,000	14,612,000	3,584,000	19.70%	0	131,000	\$17.71	0.90%	\$14.22
2014	18,113,000	14,669,000	3,444,000	19.00%	28,000	57,000	\$17.96	1.40%	\$14.55
2015	17,652,000	14,198,000	3,454,000	19.60%	0	-471,000	\$18.35	2.20%	\$14.76
2016	17,895,000	14,736,000	3,159,000	17.70%	288,000	538,000	\$18.79	2.40%	\$15.47
2017	17,895,000	14,729,000	3,166,000	17.70%	0	-7,000	\$19.32	2.80%	\$15.90
Q3 2018	17,895,000	14,566,000	3,329,000	18.60%	0	-27,000	\$20.02	0.80%	\$16.30
2007 - 2017 Average	18,115,818	14,785,727	3,330,091	18.39%	59,364	-77,364	\$17.93	1.22%	\$14.64

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**Office Class B/C Market Key Takeaways**

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- The current vacancy rate for Class B/C properties in the metro area is 18.6%; the vacancy rate has decreased by 180 bps from 2012.
- Asking rent currently averages \$20.02/SF and has increased by 14.1% from 2012.



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- Class B/C metro area inventory has decreased by 1.7% from 2012, while the occupied stock has increased by 0.6%.
- Between 2012 and 2017, completions have averaged 52,667 SF annually and reached a peak of 288,000 SF in 2016.
- Between 2012 and 2017, absorption figures reached a peak of 538,000 SF in 2016 and a low of -471,000 SF in 2015.
- Between 2012 and 2017, gross revenue for Class B/C properties in the metro area averaged \$14.81/SF and has increased by 13.8%.

### Submarket Overview

The subject is located in the NC 51 submarket. In order to evaluate the market appeal of the subject's submarket in comparison to others in the Charlotte metro area, we compare key supply and demand indicators for all space types in the ensuing table.

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**Charlotte Office Submarket Comparison**


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Submarket	Inventory (Buildings)	Inventory (SF)	Asking Rent (\$/SF)	Vacancy (%)	Free Rent (mos)	Tenant Improvements (\$)
Airport/Parkway	45	4,183,000	\$22.25	20.80%	2.30	\$18.85
Uptown	56	16,597,000	\$30.55	14.80%	2.30	\$19.64
I-77	76	4,194,000	\$17.62	20.10%	2.10	\$20.11
Medical/Randolph	35	828,000	\$24.23	10.60%	0.90	\$16.29
Midtown	35	1,259,000	\$26.23	11.00%	1.90	\$21.86
Park Road	13	985,000	\$20.73	24.10%	2.70	\$16.84
Cotswold	45	2,072,000	\$16.70	17.70%	2.90	\$17.38
East	27	1,131,000	\$15.60	18.60%	1.20	\$14.76
North/University	103	4,814,000	\$21.02	21.10%	2.70	\$18.14
South Park	53	5,016,000	\$28.55	18.30%	2.90	\$18.76
NC 51	78	5,561,000	\$24.39	10.40%	2.00	\$19.66
<b>Market Averages/Totals</b>	<b>566</b>	<b>46,640,000</b>	<b>\$22.53</b>	<b>16.56%</b>	<b>2.17</b>	<b>\$18.39</b>

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**NC 51 Submarket Snapshot**

- The submarket contains 13.8% of the metro building inventory and 11.9% of the metro unit inventory.
- The submarket's asking rent is \$24.39/SF, which is greater than the metro average of \$22.53/SF.
- The submarket's vacancy rate is 10.40%, which is less than the metro average of 16.56%.
- Tenant Improvement average \$19.66/SF in the submarket compared to \$18.39/SF for the overall metro area.
- Average free rent in the subject property's submarket is less than the free rent for the metro area.

In comparison with other submarkets in the region, the NC 51 submarket is rated as follows:

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**Submarket Attribute Ratings**


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Market Size/Stature	Average
Market Demand	Increasing
Vacancy Trends	Stable
Threat of New Supply	Average
Rental Trends	Increasing

---

**Submarket Analysis**

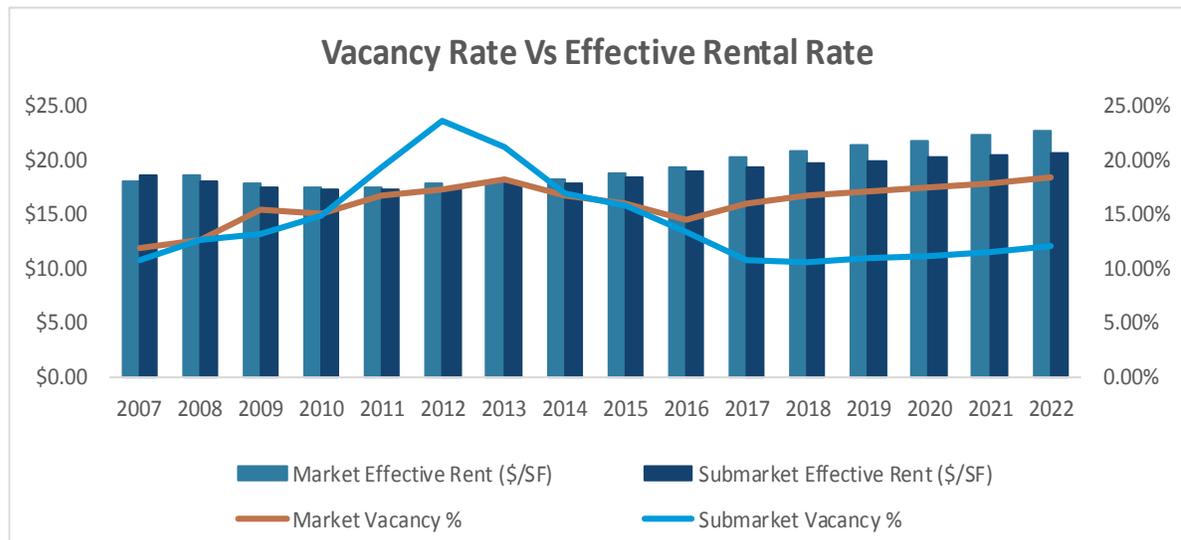
Supply and demand indicators for all classes of space in the NC 51 submarket are displayed in the following table.

**NC 51 Office Submarket Trends and Forecasts**

Year	Inventory (SF)	Occupied (SF)	Vacancy (SF)	Vacancy (%)	Completions (SF)	Absorption (SF)	Effective Rent (\$/SF)	Effective Rental Rate (% Change)	Gross Revenue (\$/SF)
2007	4,137,000	3,690,000	447,000	10.80%	64,000	45,000	\$18.66	3.20%	\$19.00
2008	4,241,000	3,702,000	539,000	12.70%	104,000	12,000	\$18.03	-3.40%	\$18.78
2009	4,253,000	3,692,000	561,000	13.20%	12,000	-10,000	\$17.60	-2.40%	\$18.63
2010	4,253,000	3,619,000	634,000	14.90%	0	-73,000	\$17.41	-1.10%	\$18.33
2011	4,553,000	3,674,000	879,000	19.30%	300,000	55,000	\$17.32	-0.50%	\$17.38
2012	5,121,000	3,907,000	1,214,000	23.70%	568,000	233,000	\$17.59	1.60%	\$16.75
2013	5,121,000	4,030,000	1,091,000	21.30%	0	123,000	\$17.82	1.30%	\$17.50
2014	5,121,000	4,250,000	871,000	17.00%	0	220,000	\$17.82	0.00%	\$18.47
2015	5,121,000	4,307,000	814,000	15.90%	0	57,000	\$18.40	3.30%	\$19.34
2016	5,409,000	4,690,000	719,000	13.30%	288,000	383,000	\$18.92	2.80%	\$20.39
2017	5,561,000	4,960,000	601,000	10.80%	152,000	270,000	\$19.45	2.80%	\$21.49
Q3 2018	5,561,000	4,983,000	578,000	10.40%	0	-5,000	\$19.70	0.10%	\$21.85
2018	5,561,000	4,977,000	584,000	10.50%	0	17,000	\$19.78	1.70%	\$21.91
2019	5,759,000	5,133,000	626,000	10.90%	198,000	156,000	\$20.02	1.20%	\$22.07
2020	5,807,000	5,164,000	643,000	11.10%	48,000	31,000	\$20.23	1.00%	\$22.24
2021	5,872,000	5,197,000	675,000	11.50%	65,000	33,000	\$20.46	1.10%	\$22.34
2022	5,940,000	5,219,000	721,000	12.10%	68,000	22,000	\$20.65	0.90%	\$22.35
2007 - 2017 Average	4,808,273	4,047,364	760,909	15.72%	135,273	119,545	\$18.09	0.69%	\$18.73

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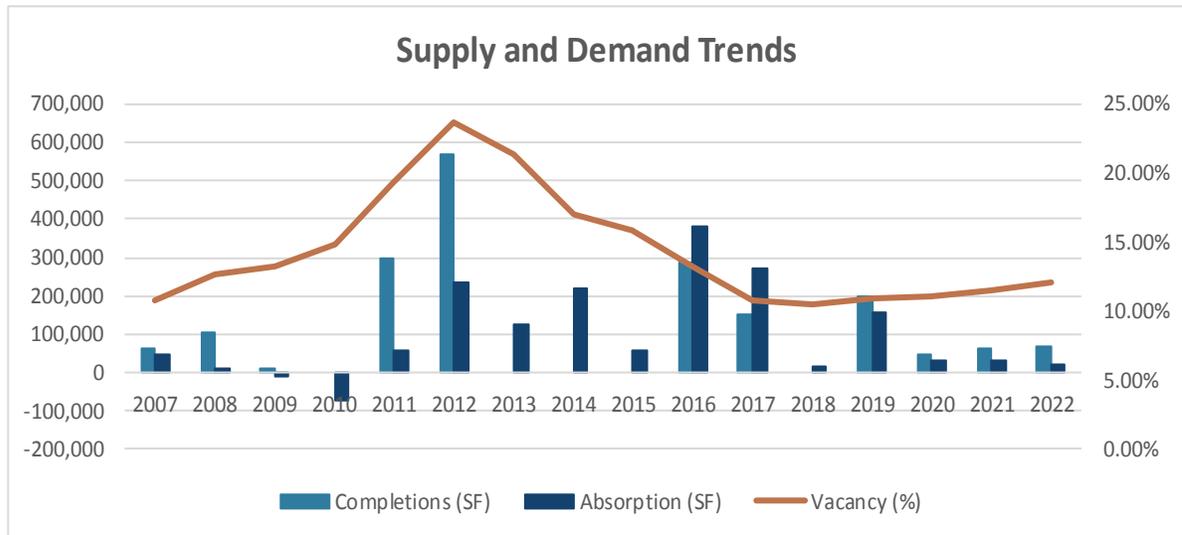
**NC 51 Submarket Office Trends and Forecasts Key Takeaways**



Source: REIS, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the submarket is 10.4%; the vacancy rate has decreased by 1,290 bps from 2012.
- Four-year forecasts project a 12.1% vacancy rate in the submarket, representing an increase of 170 bps by year end 2022.

- Effective rent averages \$19.70/SF in the submarket; future rent values are expected to increase by 4.8% to \$20.65/SF by year end 2022.



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- Current inventory level of 5,561,000 SF is expected to increase by 6.8% through year end 2022.
- The inventory in the submarket has increased by 8.6% from 2012, while the occupied stock has increased by 27.0%.
- Between 2012 and 2017, completions have averaged 168,000 SF annually and reached a peak of 568,000 SF in 2012.
- Between 2012 and 2017, absorption figures reached a peak of 383,000 SF in 2016 and a low of 57,000 SF in 2015.

#### NC 51 Submarket Class B/C Trends

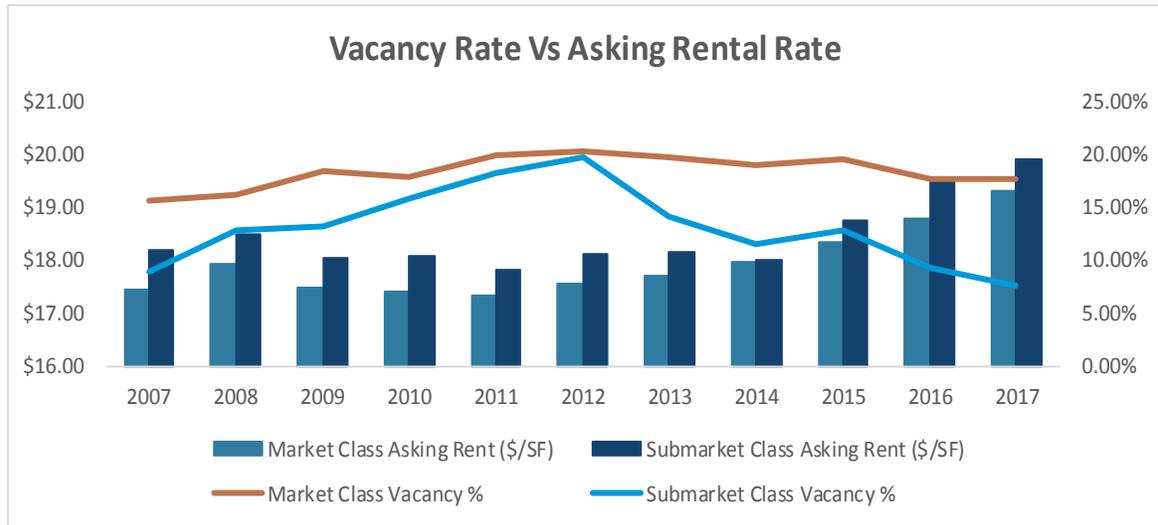
Supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for Class B/C space in the submarket are presented in the ensuing table.

**NC 51 Office Class B/C Submarket Trends**

Year	Inventory (SF)	Occupied (SF)	Vacancy (SF)	Vacancy (%)	Completions (SF)	Absorption (SF)	Asking Rental		Gross Revenue (\$/SF)
							Asking Rent (\$/SF)	Rate (% Change)	
2007	1,447,000	1,317,000	130,000	8.90%	0	21,000	\$18.21	2.40%	\$16.57
2008	1,447,000	1,260,000	187,000	12.90%	0	-57,000	\$18.48	1.50%	\$16.09
2009	1,447,000	1,256,000	191,000	13.20%	0	-4,000	\$18.03	-2.40%	\$15.65
2010	1,447,000	1,217,000	230,000	15.90%	0	-39,000	\$18.08	0.30%	\$15.21
2011	1,447,000	1,183,000	264,000	18.20%	0	-34,000	\$17.82	-1.40%	\$14.57
2012	1,447,000	1,160,000	287,000	19.80%	0	-23,000	\$18.13	1.70%	\$14.53
2013	1,447,000	1,241,000	206,000	14.20%	0	81,000	\$18.15	0.10%	\$15.57
2014	1,447,000	1,279,000	168,000	11.60%	0	38,000	\$18.00	-0.80%	\$15.91
2015	1,447,000	1,261,000	186,000	12.90%	0	-18,000	\$18.76	4.20%	\$16.35
2016	1,735,000	1,574,000	161,000	9.30%	288,000	313,000	\$19.55	4.20%	\$17.74
2017	1,735,000	1,604,000	131,000	7.60%	0	30,000	\$19.91	1.80%	\$18.41
Q3 2018	1,735,000	1,610,000	125,000	7.20%	0	5,000	\$20.23	-0.10%	\$18.77
2007 - 2017 Average	1,499,364	1,304,727	194,636	13.14%	26,182	28,000	\$18.47	1.05%	\$16.05

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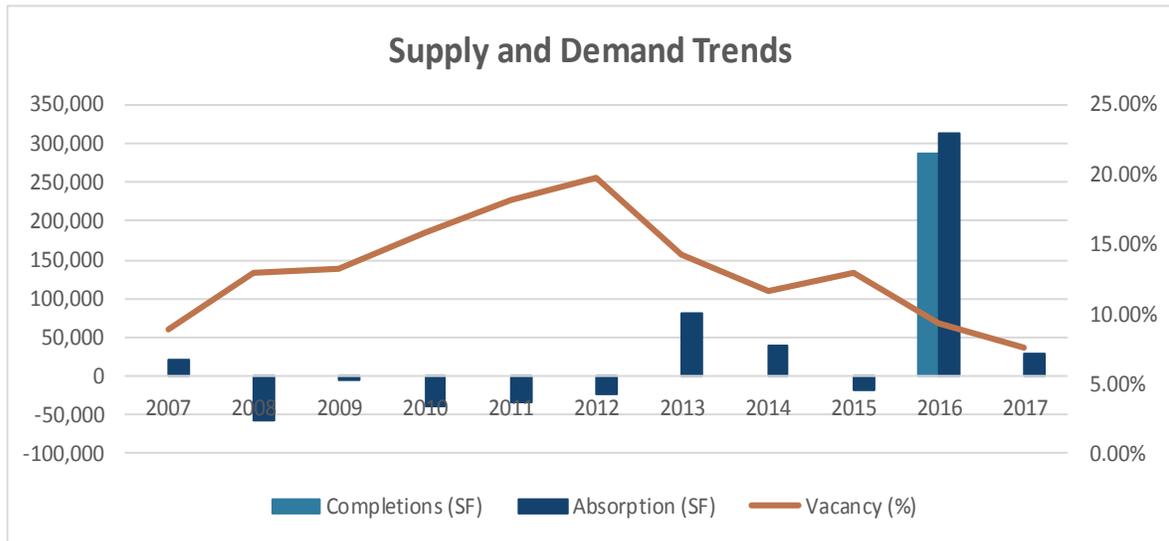
**NC 51 Submarket Class B/C Key Takeaways**



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- The current vacancy for Class B/C properties in the submarket area is 7.2%; the vacancy rate has decreased by 1,260 bps from 2012.
- Asking rent currently averages \$20.23/SF and has increased by 11.6% from 2012.



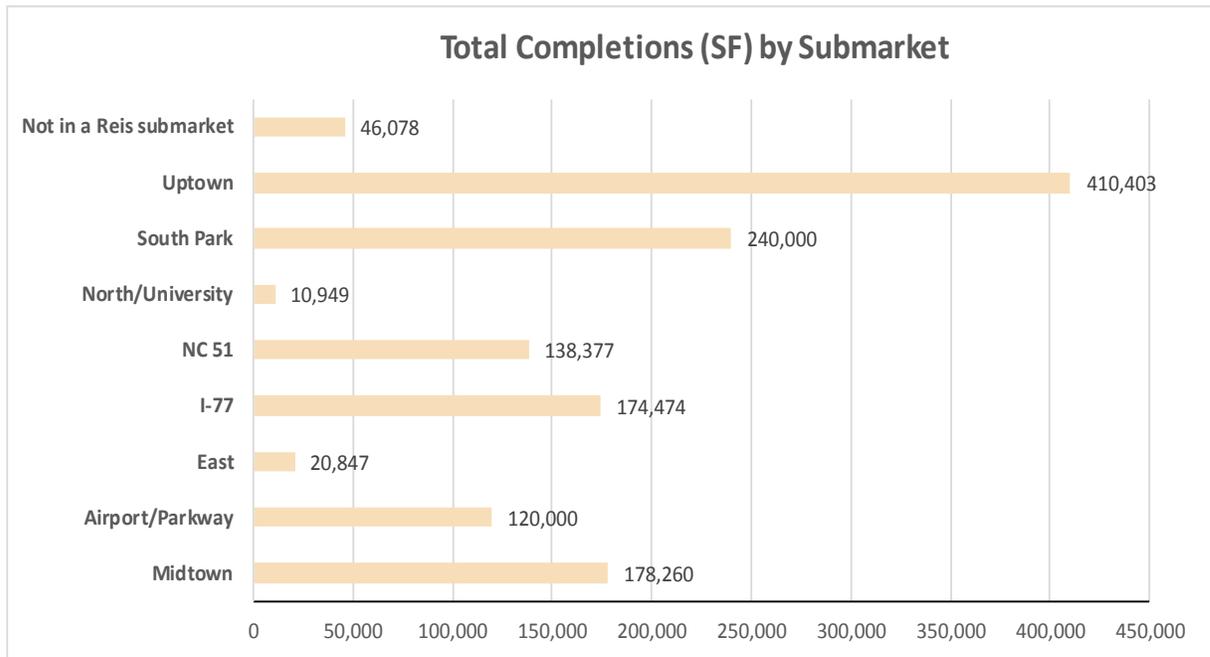


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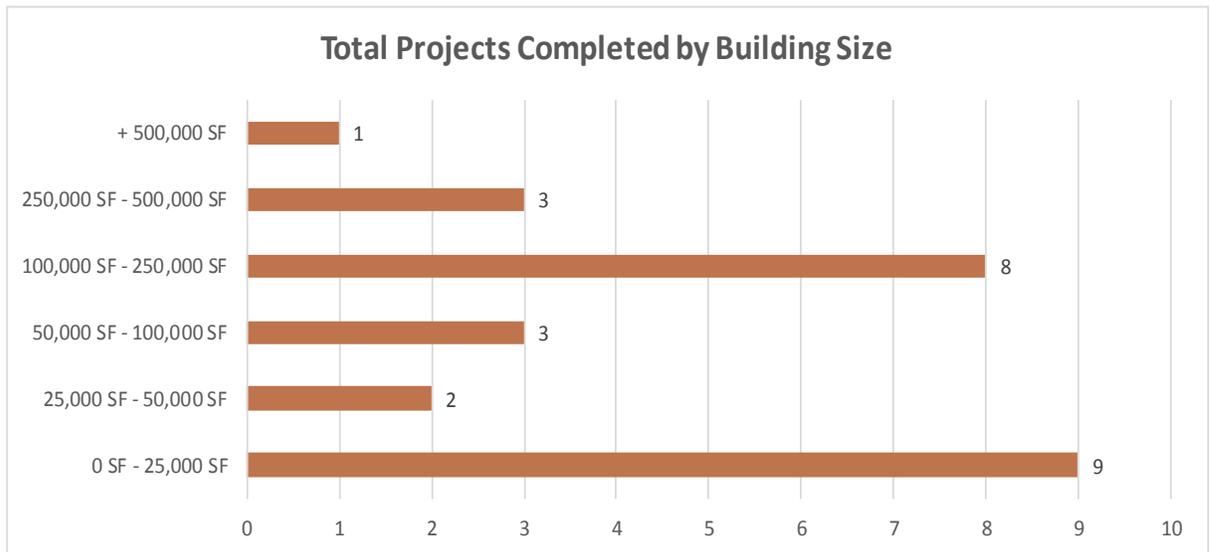
- Class B/C submarket inventory has increased by 19.9% from 2012, while the occupied stock has increased by 38.8%.
- Between 2012 and 2017, completions have averaged 48,000 SF annually and reached a peak of 288,000 SF in 2016.
- Between 2012 and 2017, absorption figures reached a peak of 313,000 SF in 2016 and a low of -23,000 SF in 2012.
- Between 2012 and 2017, gross revenue for Class B/C properties in the submarket area averaged \$16.42/SF and has increased by 18.2%.

### New and Proposed Construction

The following charts summarize the properties that have been completed in the subject's metro area.



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The following table summarizes properties that are under construction, planned, and/or proposed in the subject’s metro area.



**Charlotte Office Construction by Phase and Subtype**

Office Subproperty Type	Under Construction		Planned Construction		Proposed Construction	
	Properties	Sq. Ft.	Properties	Sq. Ft.	Properties	Sq. Ft.
Office	12	2,501,700	31	7,580,062	26	7,797,500
Medical Office	0	0	5	82,032	10	672,900
Office--Owner Occ.	0	0	1	26,917	0	0
Office Condominiums	0	0	0	0	0	0
<b>Totals</b>	<b>12</b>	<b>2,501,700</b>	<b>37</b>	<b>7,689,011</b>	<b>36</b>	<b>8,470,400</b>

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**Office Market Construction Key Takeaways**

- There are 12 properties under construction, 37 properties in the planned construction phase, and 36 properties in the proposed construction phase in the metro area.
- Office properties within the under construction phase have an average size of 208,475 SF and range in size between 11,000 SF and 850,000 SF.
- Office properties within the planned construction phase have an average size of 244,518 SF and range in size between 16,500 SF and 1,200,000 SF.
- Office properties within the proposed construction phase have an average size of 299,904 SF and range in size between 30,000 SF and 1,600,000 SF.
- Of the 2,501,700 SF under construction, 100.00% are Office properties, 0.0% are Medical Office properties, and 0.0% are Office-Owner Occupied properties.
- Of the 7,689,011 SF planned for construction, 98.58% are Office properties, 1.07% are Medical Office properties, and 0.35% are Office-Owner Occupied properties.
- Of the 8,470,400 SF proposed for construction, 92.06% are Office properties, 7.94% are Medical Office properties, and 0.0% are Office-Owner Occupied properties.

The following table summarizes properties that are under construction, planned, and/or proposed in the subject's submarket.

**NC 51 Submarket Construction by Phase and Subtype**

Office Subproperty Type	Under Construction		Planned Construction		Proposed Construction	
	Properties	Sq. Ft.	Properties	Sq. Ft.	Properties	Sq. Ft.
Office	2	352,195	1	650,000	2	2,250,000
Medical Office	0	0	0	0	0	0
Office--Owner Occ.	0	0	0	0	0	0
Office Condominiums	0	0	0	0	0	0
<b>Totals</b>	<b>2</b>	<b>352,195</b>	<b>1</b>	<b>650,000</b>	<b>2</b>	<b>2,250,000</b>

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**Office Market Outlook and Conclusions**

Based on the key metro and submarket area trends, construction outlook, and the performance of competing properties, IRR expects the mix of property fundamentals and economic conditions in the Charlotte metro area to have a positive impact on the subject property's performance in the near-term.

## Property Analysis

### Land Description and Analysis

<b>Land Description</b>	
Estimated Land Area - Pad Site	0.253 acre; 11,025 SF
Source of Land Area	Public Records
Primary Street Frontage	W. North Main Street - 105 feet
Shape	Rectangular
Corner	No
Rail Access	No
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	37179C44735
Date	October 16, 2008
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No
<b>Zoning; Other Regulations</b>	
Zoning Jurisdiction	Town of Waxhaw
Zoning Designation	MS
Description	Main Street
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Consists of historic, mixed use buildings that accommodate retail, offices, townhomes, and apartments.
Minimum Lot Area	None
Maximum Floor Area Ratio	None
Parking Requirement	None
Rent Control	No
Other Land Use Regulations	None reported or observed
<b>Utilities</b>	
Service	Provider
Water	Union County
Sewer	Union County
Electricity	Union Power Cooperative
Natural Gas	Piedmont Natural Gas
Local Phone	Various Providers

As stated earlier, we have been asked to only consider the building improvements and not the rear parking lot. Therefore, the land area under the improvements has been estimated using the Union County GIS system (105 feet x 105 feet = 11,025 square feet). We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a

determination of compliance with zoning is required. The parking lot, to be retained by the Town of Waxhaw, has frontage on three streets to include McDonald Street, Hicks Street, and North Church Street.

### **Easements, Encroachments and Restrictions**

We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title. We also assume that the building will have cross access and parking easements in perpetuity.

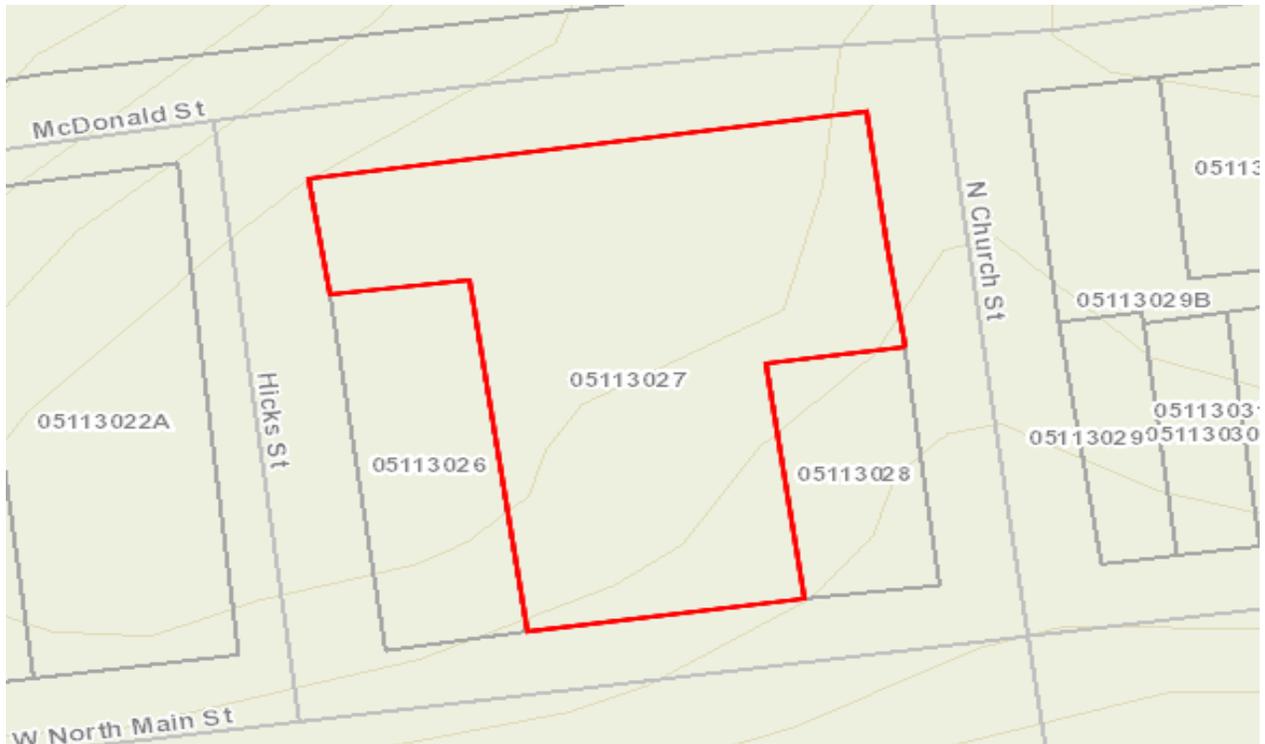
### **Conclusion of Land Analysis**

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

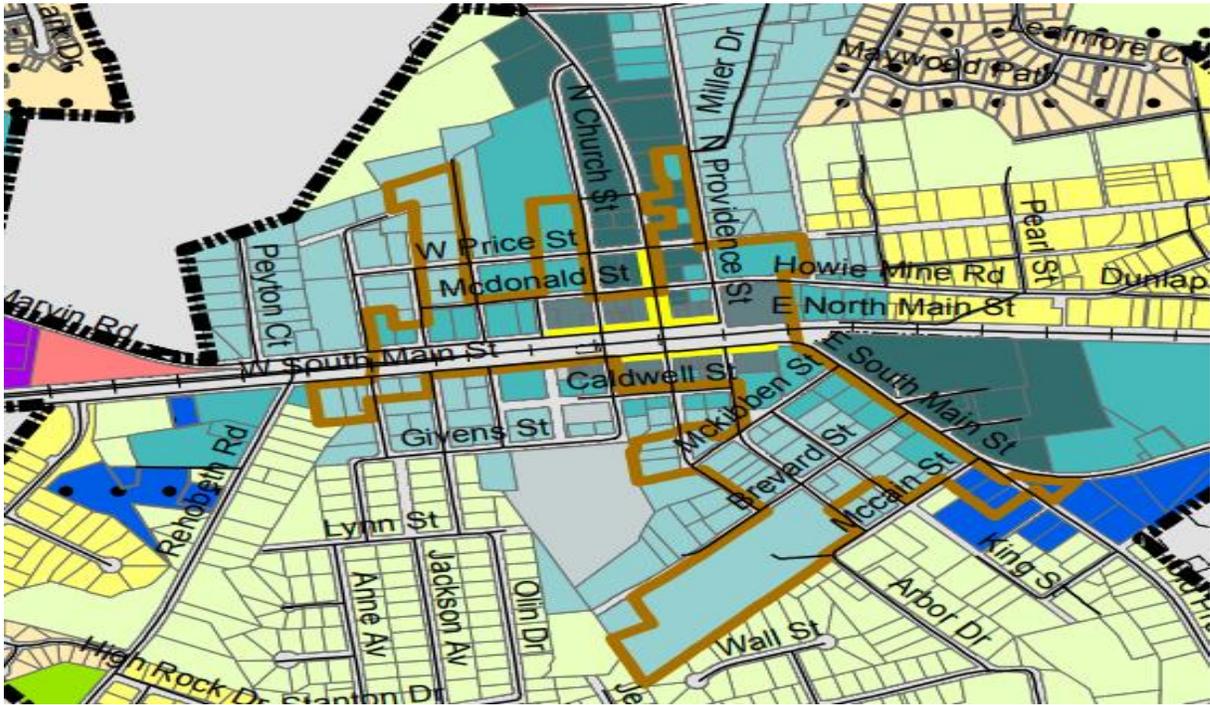
### Tax Map



### Topography Map



### Zoning Map



### Aerial Map



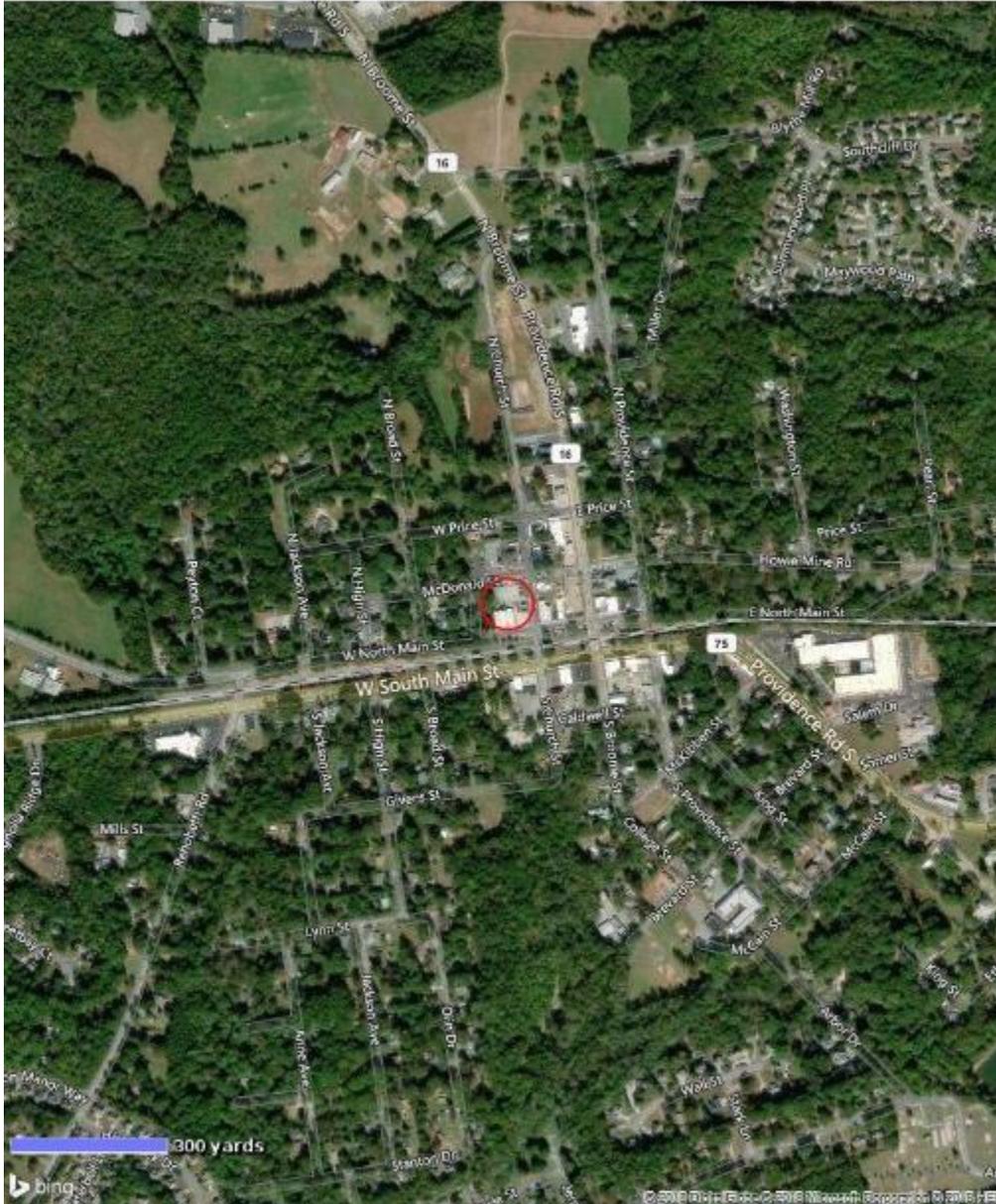
Office/Retail Property



# Flood Map

**InterFlood** by a la mode

Prepared for: Integra Realty Resources  
216 W North Main St  
Waxhaw, NC 28173-6049



**MAP DATA**

FEMA Special Flood Hazard Area: **No**  
Map Number: **37179C4473J**  
Zone: **X**  
Map Date: **October 16, 2008**  
FIPS: **37179**

**MAP LEGEND**

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard
- Protected Areas
- Floodway
- Subject Area

Powered by CoreLogic





## Improvements Description and Analysis

The subject is an existing retail and office property containing 9,576 square feet of gross leasable area. The improvements were constructed in 1920 and are 100% leased as of the effective appraisal date. The property is located in Downtown Waxhaw and it is listed on the National Register of Historic Places. The subject is a portion of a larger parcel containing 0.70 acre or 30,324 square feet. We have been asked to only consider the building and not the rear parking lot. The estimated land area under the improvements is 0.253 acre or 11,025 square feet. The property is zoned MS, Main Street.

Improvements Description	
Name of Property	Office/Retail Property
General Property Type	Retail
Property Sub Type	Office
Occupancy Type	Multi-Tenant
Percent Leased	100%
Number of Tenants	4
Tenant Size Range (SF)	2,320 - 2,468
Number of Buildings	1
Stories	2
Construction Class	C
Construction Type	Masonry
Construction Quality	Good
Condition	Average
Gross Building Area (SF)	9,576
Gross Leasable Area (SF)	9,576
Land Area (SF)	11,025
Floor Area Ratio (GLA/Land SF)	0.87
Floor Area Ratio (GBA/Land SF)	0.87
Building Area Source	Other
Year Built	1920
Year Renovated	Various
Actual Age (Yrs.)	98
Estimated Effective Age (Yrs.)	30
Estimated Economic Life (Yrs.)	50
Remaining Economic Life (Yrs.)	20

According to the Town of Waxhaw zoning ordinance, there are no parking requirements for the C-4, Central Business zoning district. Since we are only considering the improvements and not the rear parking lot, we assume that the improvements would have adequate on-street parking and that tenants would have cross access and parking easements to the rear parking lot in perpetuity.

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**Construction Details**


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Foundation	Concrete
Structural Frame	Masonry
Exterior Walls	Brick
Roof	Membrane
Interior Finishes	Average
Floors	Cement, wood and carpet
Walls	Exposed brick and painted drywall
Ceilings	Exposed and acoustical tile
Lighting	Fluorescent
HVAC	Central
Electrical	Assumed adequate
Plumbing	Assumed adequate
Heating	Assumed adequate
Air Conditioning	Assumed adequate
Elevators	None
Sprinklers	None

---

**Improvements Analysis**
**Quality and Condition**

The quality and condition of the subject is considered to be consistent with that of competing properties.

**Functional Utility**

The improvements appear to be adequately suited to their current use, and there do not appear to be any significant items of functional obsolescence. Primary access to the upper level office is provided by an exterior staircase. Secondary access is provided by an interior stairwell from the center retail unit. The upper level office contains 2,400 square feet while the lower level retail space contains 7,176 square feet divided into three tenant spaces containing 2,320, 2,388, and 2,468 square feet each.

**Deferred Maintenance**

Excluding typical on-going maintenance, no deferred maintenance is apparent from our inspection, and none is identified based on discussions with ownership.

**Planned Capital Expenditures**

There are no planned capital expenditures.

**ADA Compliance**

Based on our inspection and information provided, we are not aware of any ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

**Hazardous Substances**

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, we assume no hazardous conditions exist on or near the subject.

**Personal Property**

No personal property items were observed that would have any material contribution to market value.

**Conclusion of Improvements Analysis**

In comparison to other competitive properties in the region, the subject improvements are rated as follows:

<b>Improvements Ratings</b>	
Visibility/Exposure	Average
Design and Appearance	Average
Age/Condition	Average
Adaptability of Space to other Retail Users	Average
Interior Amenities	Average
Parking Ratios	Average
Distance of Parking to Store Access	Average
Landscaping	Average

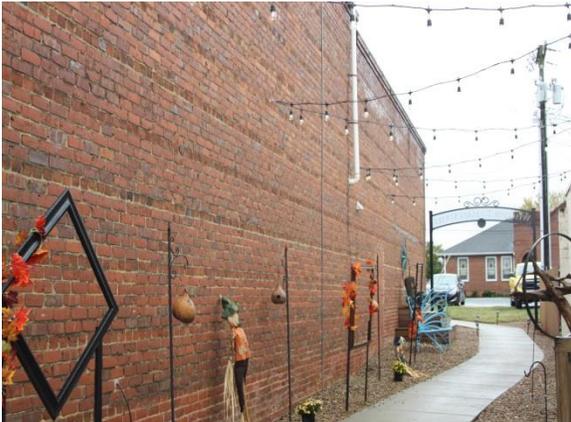
Overall, the quality, condition, and functional utility of the improvements are average for their age and location.



Front Elevation  
(Photo Taken on November 15, 2018)



Front Elevation  
(Photo Taken on November 15, 2018)



East Elevation and Alley  
(Photo Taken on November 15, 2018)



Rear Elevation  
(Photo Taken on November 15, 2018)



West Elevation  
(Photo Taken on November 15, 2018)



W. North Main Street  
(Photo Taken on November 15, 2018)



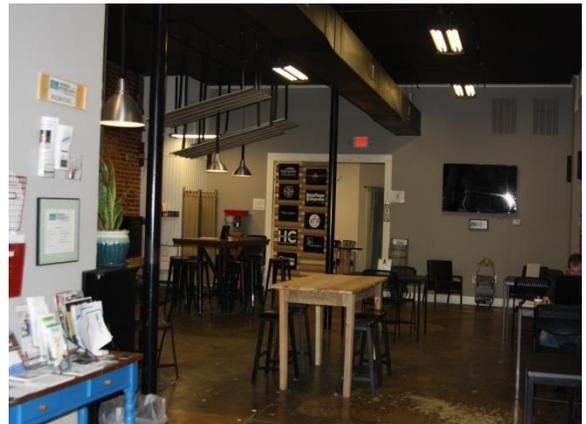
Unit 1  
(Photo Taken on November 15, 2018)



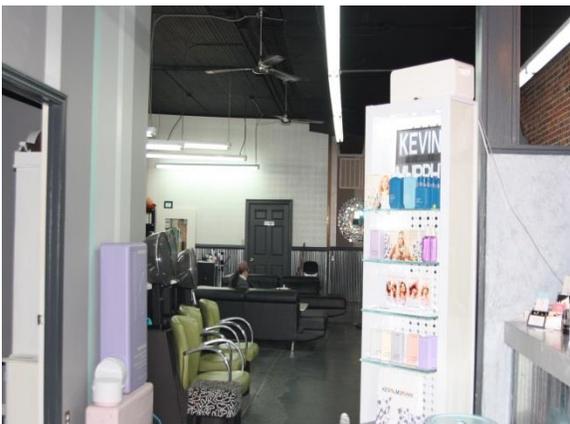
Unit 1  
(Photo Taken on November 15, 2018)



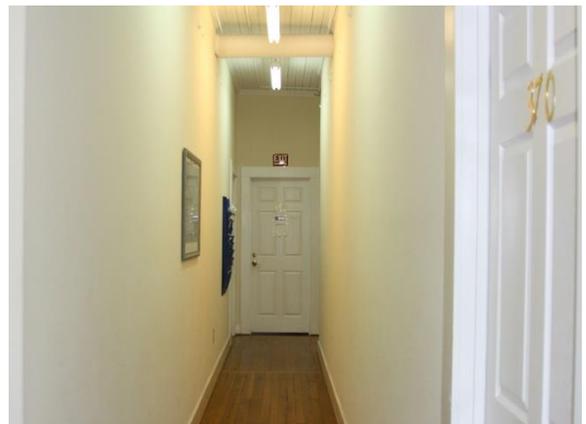
Unit 2  
(Photo Taken on November 15, 2018)



Unit 2  
(Photo Taken on November 15, 2018)

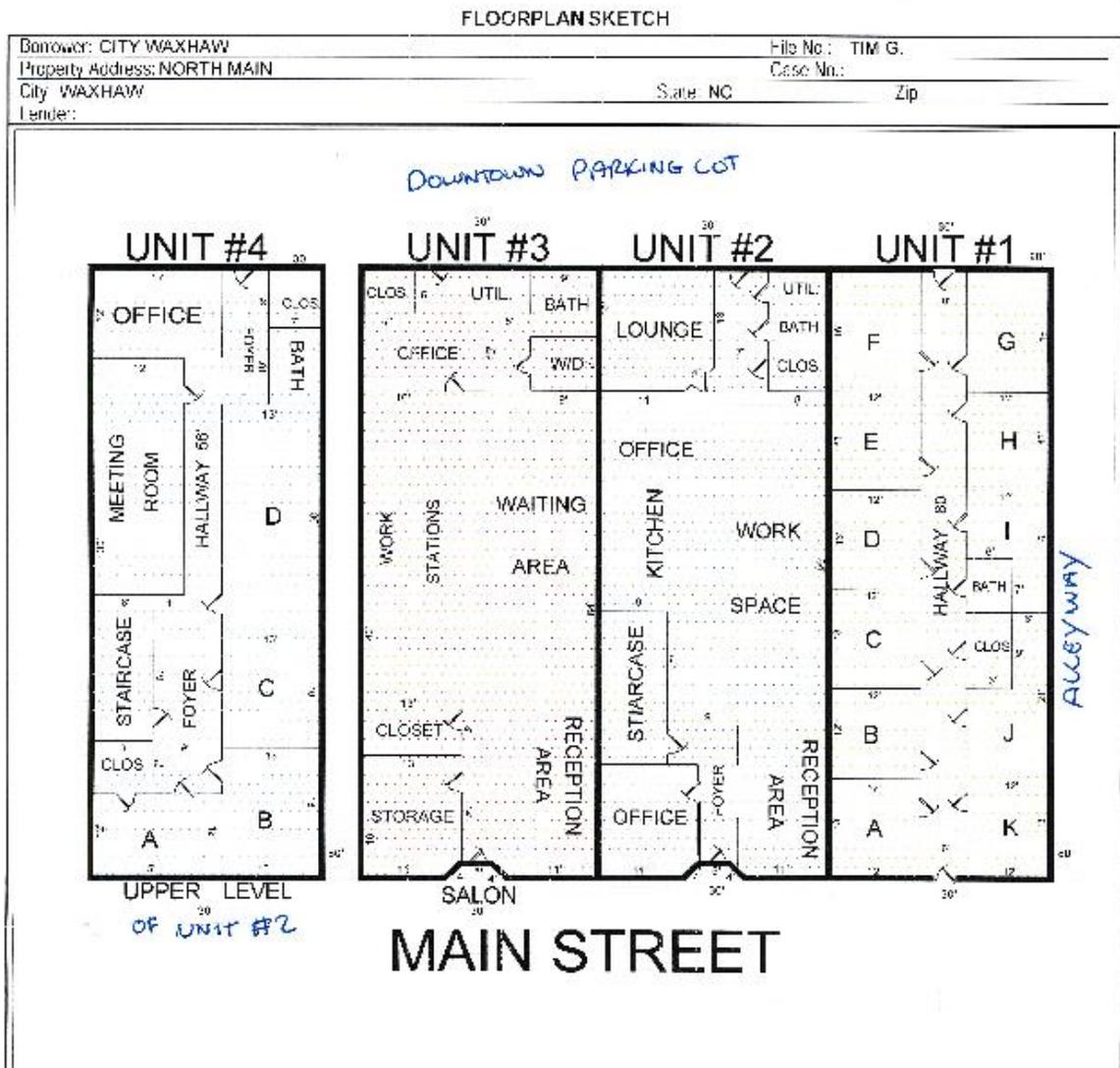


Unit 3  
(Photo Taken on November 15, 2018)



Unit 4  
(Photo Taken on November 15, 2018)

### Floor Plan



## Real Estate Taxes

Real estate tax assessments are administered by Union County and are based on 100% of assessed value. The tax burden is determined by dividing the assessed value by \$100 and multiplying the estimate by the applicable combined tax rates. North Carolina is required to reassess property values a minimum of once every eight years. Union County's last revaluation was effective January 1, 2015 and the next revaluation is likely planned for January 1, 2022. In Union County a property transfer does not trigger a reassessment of the property.

As stated earlier, the subject property is listed on the National Register of Historic Places and therefore, it is a candidate for federal and state tax credits for any future renovation. In addition, the building is eligible for a 50% tax abatement for being an historic property. The property is owned by the Town of Waxhaw and since the property owner is exempt from taxes, they have not applied for tax credits and they have not applied to have the property designated a Local Historic Landmark which is necessary for the 50% tax abatement. For the purposes of this analysis, we have estimated taxes for use in the income approach to value and we have assumed that the 50% abatement would apply based on the assumption that a new owner would apply for the designation due to the significance of the abatement.

Since we have been asked to only consider the improvements and the land underneath the improvements, we have estimated the land assessment based on the current land assessment for the entire 0.70 acres or 30,492 square feet. The current land assessment is \$242,700 or \$7.96 per square foot. We have estimated that the land underneath the improvements consists of 0.253 acre or 11,025 square feet. Based on an assessment of \$7.96 per square foot, the estimated land assessment is \$87,759. The estimated assessment is as follows.

<b>Assessor's Market Value - Estimated</b>			
Tax ID	Land (0.253 acre)	Improvements	Total
Portion of 05113027	\$87,759	\$544,700	\$632,459

As stated earlier, we have assumed that the 50% tax abatement would apply for the historical property and we have applied it to the improvements assessment. Therefore the improvement assessment is \$272,350.

The appraised property is subject to the following tax jurisdictions.

- Union County \$0.2184
- Countywide Fire \$0.0103
- Countywide EMS \$0.0263
- Special School \$0.4450
- Voter Approved Debt Tax \$0.0309
- Town of Waxhaw \$0.3850

The above jurisdiction totals \$1.1159 per \$100 of assessed value (2018 tax rate).

Real estate taxes and assessments for the current tax year are shown in the following table.

<b>Taxes and Assessments - 2018</b>						
Tax ID	Assessed Value			Taxes and Assessments		
	Land (0.253 acres)	Improvements	Total	Tax Rate	Ad Valorem Taxes	Total
Portion of 05113027	\$87,759	\$272,350	\$360,109	1.115900%	\$4,018	\$4,018

As stated earlier, the Town of Waxhaw is exempt from paying taxes on this property; however, we have estimated taxes for use in the income approach to value.

Based on the concluded market value of the subject, the assessed value is low and is favorable to the property owner.



## Highest and Best Use

### Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

### As If Vacant

#### Physically Possible

Excluding the small size, the physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses. We assume that the pad site would have cross access and parking easements to the adjoining parking lot in perpetuity.

#### Legally Permissible

The site is zoned MS, Main Street. This district consists of historic, mixed use buildings that accommodate retail, offices, townhomes, and apartments. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only commercial use is given further consideration in determining highest and best use of the site, as though vacant. We assume that the property would have adequate on-street parking for commercial development.

#### Financially Feasible

Based on our analysis of the market, there is currently adequate demand for commercial use in the subject's area. It appears that a newly developed commercial use on the site would have a value commensurate with its cost. Therefore, commercial use is considered to be financially feasible.

#### Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than commercial use. The most likely use would be ground level retail and office on the upper level. Accordingly, it is our opinion that commercial use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

### Conclusion

Development of the site for commercial use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as if vacant.

**As Improved**

The subject site is developed with a retail and office property containing 9,576 square feet of gross leasable area, which is consistent with the highest and best use of the site as if it were vacant.

The existing improvements are currently leased and produce a positive cash flow that we expect will continue. Therefore, a continuation of this use is concluded to be financially feasible.

Since the property is listed on the National Register of Historic Places, it qualifies for Federal (20%) and State (15%-25%) rehabilitation tax credits for certified rehabilitation of income-producing historic properties. Although we do not consider the historic tax credits in our analysis, it is an incentive for rehabilitating the structure and should assist reducing the exposure/marketing periods.

Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the value of the existing improved property exceeds the value of the site, as if vacant. For these reasons, continued retail and office use is concluded to be maximally productive and the highest and best use of the property as improved.

**Most Probable Buyer**

Taking into account the size and characteristics of the property and its multitenant occupancy, the likely buyer is a local investor.

# Valuation

## Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

<b>Approaches to Value</b>		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

## Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply this approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

To apply the sales comparison approach, we searched for sale transactions within the following parameters:

- Property Type: Office, retail and mixed use properties located in or near Central Business Districts
- Location: After an extensive search within Union County, few sales were found. Therefore, we expanded our search to include similar tertiary markets in North Carolina.
- Size: 5,000 to 40,000 square feet
- Age/Quality: Similar to the subject property
- Transaction Date: Three years from the effective appraisal date

For this analysis, we use price per square foot of gross leasable area as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. We have considered fee simple and leased fee sales. The most relevant sales are summarized in the following table.

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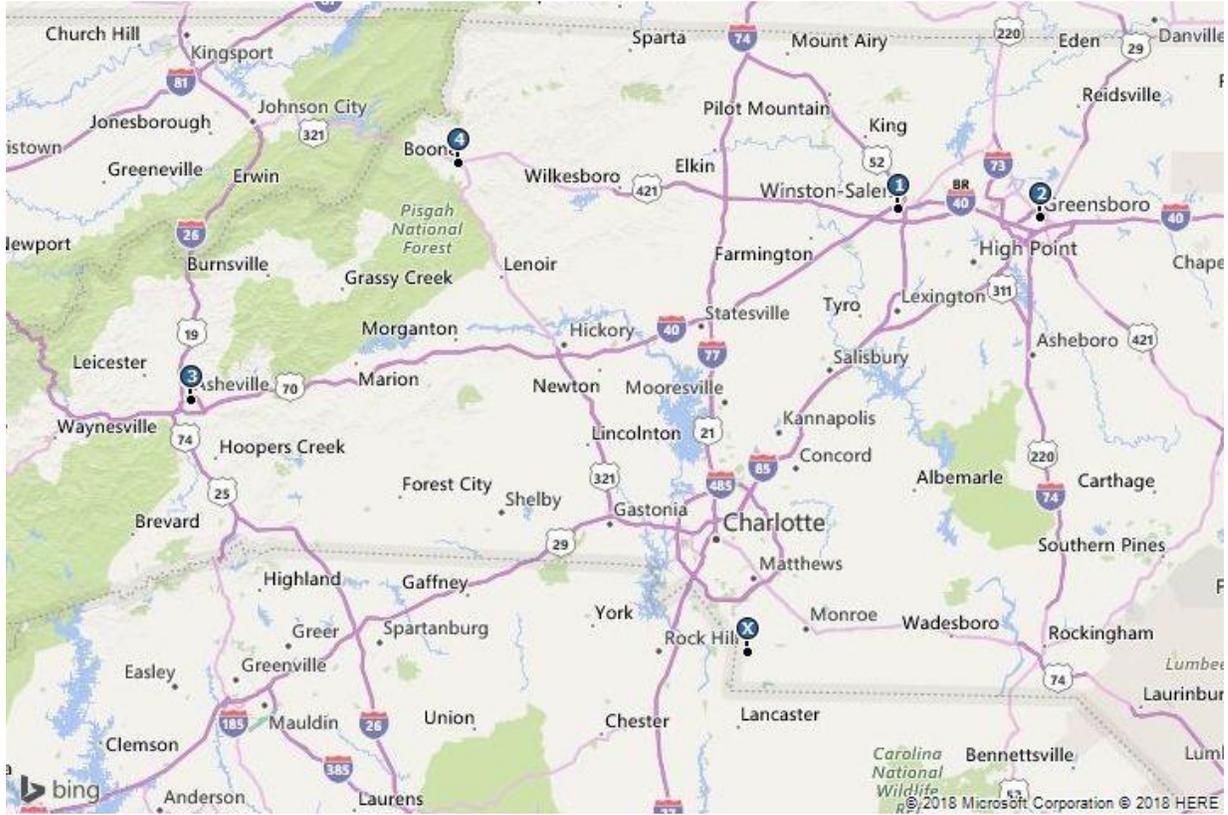
**Summary of Comparable Improved Sales**


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No.	Name/Address	Sale Date; Status	Year Built	Acres; FAR	Effective Sale Price	Leasable SF	\$/Leasable SF	Cap Rate
1	Fifth Street Office 720 W. Fifth St. Winston Salem Forsyth County NC	May-18 Closed	1964	0.50 0.37	\$1,350,000	8,025	\$168.22	N/A
<i>Comments: Subsequent to the purchase, the property will be 24% leased to a single tenant and 76% owner occupied.</i>								
2	Undercurrent / Transplace 327 Battleground Ave. Greensboro Guilford County NC	Nov-17 Closed	1951	0.51 0.65	\$2,125,000	14,398	\$147.59	7.22%
3	Office/Retail 120 College St. Asheville Buncombe County NC	Apr-17 Closed	1925	0.07 2.91	\$1,015,000	8,875	\$114.37	N/A
<i>Comments: Broker: Doug Trusilo 828-713-4575. Purchased as an investment. Sold as cold shell.</i>								
4	Retail 611 W. King St. Boone Watauga County NC	Jan-17 Closed	1949	0.10 1.96	\$1,272,000	8,546	\$148.84	N/A
<i>Comments: Former Artwalk retail building with Main level, upper level and lower level space. Sale is confirmed with a broker who had the property listed for sale but the listing expired close to the time of sale. The seller reportedly did not have to pay a broker's commission, allowing the property to be sold for less. The prior owner reportedly completed \$750,000 in work to the building (steel reinforcement, sprinklers, etc.). Portion of building is below-grade. Buyers purchased to convert into a 15-room boutique hotel with a roof-top bar.</i>								
<b>Subject</b>			1920	0.25		9,576		
Office/Retail Property				0.87				
Waxhaw, NC								

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### Comparable Improved Sales Map





Sale 1  
Winston Salem, NC



Sale 2  
Greensboro, NC



Sale 3  
Asheville, NC



Sale 4  
Boone, NC

## Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

<b>Adjustment Factor</b>	<b>Accounts For</b>	<b>Comments</b>
Effective Sale Price	Atypical economics of a transaction, such as excess land or non-realty components.	No adjustments necessary.
Real Property Rights	Leased fee, fee simple, leasehold, partial interest, etc.	No adjustments necessary.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	No adjustments necessary.
Conditions of Sale	Extraordinary motivation of buyer or seller.	No adjustments necessary.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	An upward adjustment of 3.0% was applied to all sales for an improving market.
Location	Market or submarket area influences on sale price; surrounding land use influences.	A negative adjustment was applied to all sales for superior locations.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	No adjustments necessary.
Size	Inverse relationship that often exists between building size and unit value.	No adjustments necessary.
Parking	Ratio of parking spaces to building area.	No adjustments necessary.
Building to Land Ratio	Ratio of building area to land area; also known as floor area ratio (FAR).	A negative adjustment was applied to sale one for a superior FAR and a positive adjustment was applied to sales three and four for inferior FARs.
Building Quality	Construction quality, amenities, market appeal, functional utility.	A positive adjustment was applied to sale three which was in shell condition at the time of sale.
Age/Condition	Effective age; physical condition.	Negative adjustments were applied to sales one and four for superior age and condition.
Economic Characteristics	Non-stabilized occupancy, above/below market rents, and other economic factors.	No adjustments necessary.

The following table summarizes the adjustments we make to each sale.

<b>Improved Sales Adjustment Grid</b>					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property Name	Office/Retail Property	Fifth Street Office	Undercurrent / Transplace	Office/Retail	Retail
Address	216 W. North Main Street	720 W. Fifth St.	327 Battleground Ave.	120 College St.	611 W. King St.
City	Waxhaw	Winston Salem	Greensboro	Asheville	Boone
County	Union	Forsyth	Guilford	Buncombe	Watauga
State	North Carolina	NC	NC	NC	NC
Sale Date		May-18	Nov-17	Apr-17	Jan-17
Sale Status		Closed	Closed	Closed	Closed
Sale Price		\$1,350,000	\$2,125,000	\$1,015,000	\$1,200,000
Other Adjustment		-	-	-	\$72,000
Description of Adjustment					Broker's commission
Effective Sale Price		\$1,350,000	\$2,125,000	\$1,015,000	\$1,272,000
Gross Building Area	9,576	8,025	14,398	8,875	8,546
Gross Leasable Area	9,576	8,025	14,398	8,875	8,546
Year Built	1920	1964	1951	1925	1949
Year Renovated	Various	2007	N/A	N/A	2005
FAR	0.87	0.37	0.65	2.91	1.96
Cap Rate	7.50%	N/A	7.22%	N/A	N/A
Database ID		1965117	1875593	1602266	1461521
<b>Price per SF of Gross Leasable Area</b>		<b>\$168.22</b>	<b>\$147.59</b>	<b>\$114.37</b>	<b>\$148.84</b>
Property Rights		Leased Fee	Leased Fee	Fee Simple	Fee Simple
% Adjustment		-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-
Conditions of Sale		Arms Length	Arms Length	Arms Length	Arms Length
% Adjustment		-	-	-	-
Market Conditions	11/15/2018	May-18	Nov-17	Apr-17	Jan-17
Annual % Adjustment	3%	1%	3%	5%	5%
<b>Cumulative Adjusted Price</b>		<b>\$169.91</b>	<b>\$152.02</b>	<b>\$120.08</b>	<b>\$156.28</b>
Location		-5%	-5%	-5%	-5%
Access/Exposure		-	-	-	-
Size		-	-	-	-
Parking		-	-	-	-
Building to Land Ratio (FAR)		-5%	-	5%	5%
Building Quality		-	-	20%	-
Age/Condition		-10%	-	-	-10%
Economic Characteristics		-	-	-	-
Net \$ Adjustment		-\$33.98	-\$7.60	\$24.02	-\$15.63
Net % Adjustment		-20%	-5%	20%	-10%
<b>Final Adjusted Price</b>		<b>\$135.93</b>	<b>\$144.42</b>	<b>\$144.10</b>	<b>\$140.66</b>
Overall Adjustment		-19%	-2%	26%	-6%
<b>Range of Adjusted Prices</b>		<b>\$135.93 - \$144.42</b>			
<b>Average</b>		<b>\$141.27</b>			
<b>Indicated Value</b>		<b>\$143.00</b>			

### Value Indication

We are not aware of any comparable properties that are listed for sale.

Prior to adjustment, the sales reflect a range of \$114.37 - \$168.22 per square foot. After adjustment, the range is narrowed to \$135.93 - \$144.42 per square foot, with an average of \$141.27 per square foot. We give greatest weight to the average of all of the sales and sale two which is considered the most comparable, and arrive at a value indication as follows:

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#### Value Indication by Sales Comparison

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##### Stabilized

Indicated Value per SF	\$143.00
Subject Square Feet	9,576
Indicated Value	<u>\$1,369,368</u>

##### As Is

Stabilized Value Indication	\$1,369,368
Adjustments	
Lease-Up Costs	-\$140,000
Total Adjustments	<u>-\$140,000</u>
Indicated Value	\$1,229,368
Rounded	<u>\$1,230,000</u>

---

Since all of the leases are short term and are considered below market, we deduct lease up costs for the property to arrive at a market value as is. The lease-up costs are discussed in more detail in the income approach to value.

## Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization method, either direct capitalization or discounted cash flow analysis, or both, to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, we use only direct capitalization because investors in this property type typically rely more on this method.

### Leased Status of Property

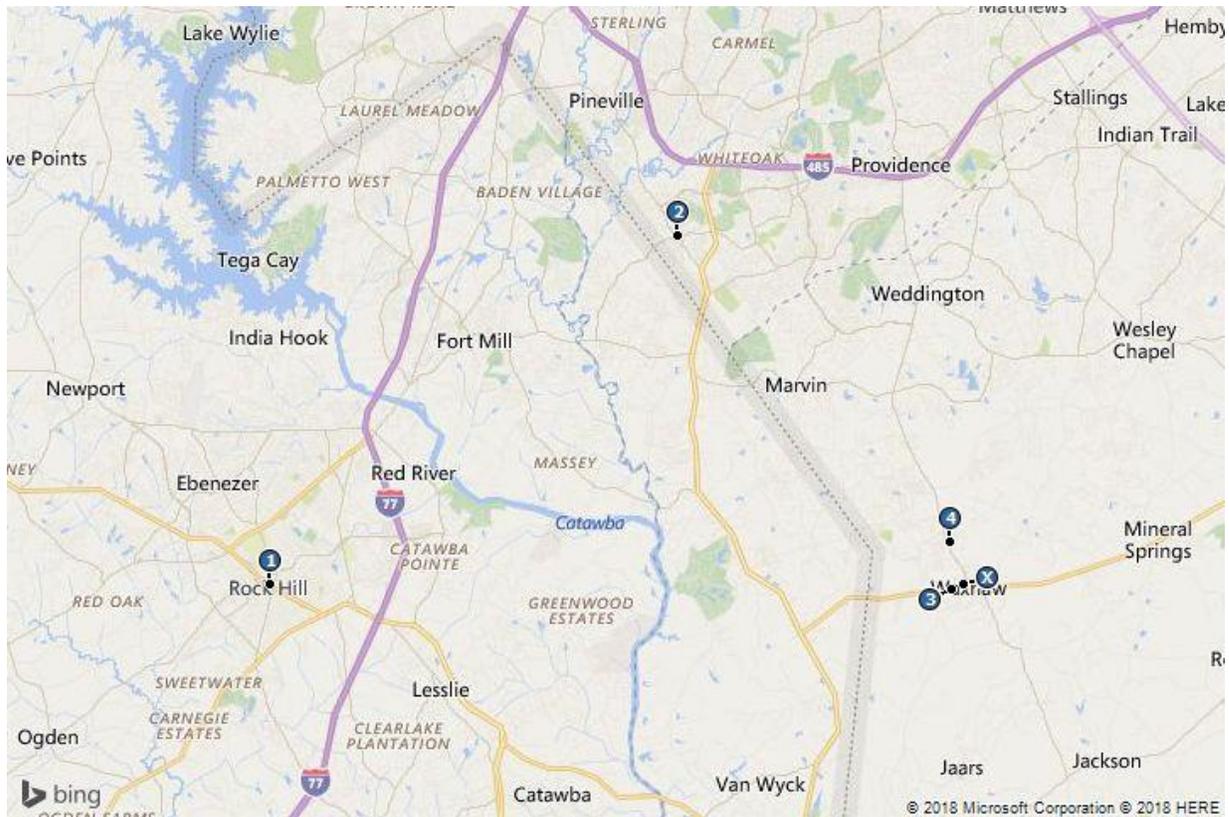
The property is currently leased and all of the leases expire in March 2019. The leases are considered below market. Due to the short terms of the leases and the below market rents, we have applied a market rent to the property.

### Market Rent Analysis

To estimate market rent, we analyze comparable rentals most relevant to the subject in terms of location, property type, size, and transaction date. Since the property is currently leased to retail and office tenants and the highest and best use would be a continuation of this use, we have considered retail and office leases in the immediate area and in tertiary markets. One of the comparables is in Rock Hill and is considered similar due to the property type, its age and location in a Central Business District. Comparables used in our analysis are summarized in the following table.

Summary of Comparable Rentals - 1st Floor/Retail									
No.	Property Information	Description	Tenant	SF	Lease Start	Term (Mos.)	Rent/SF	Escalations	Lease Type
1	Office/Retail 140-148 E. Main St. Rock Hill York County SC	Yr Blt. 1974 Stories: 4 GLA: 50,276	State Farm	1,385	Sep-18	41	\$16.00	Fixed Steps	Triple Net
<i>Comments: TI/CAM \$5.00/SF</i>									
2	Olde Lancaster Town 15101 Lancaster Hwy. Charlotte Mecklenburg County NC	Yr Blt. 2007 Stories: 1 GLA: 78,044	Beautiful Nails	1,300	Oct-17	120	\$21.00	Fixed Steps	Triple Net
<i>Comments: Renewal with no free rent or TIA given.</i>									
3	Restaurant Anchored 701 W. South Main St. Waxhaw Union County NC	Yr Blt. 2003 Stories: 1 GLA: 14,405	Allstate	1,209	Jun-17	60	\$15.00	Fixed Steps	Triple Net
<i>Comments: New lease. No TIA or free rent.</i>									
4	Retail Strip 3901 Providence Rd. S. Waxhaw Union County NC	Yr Blt. 2004 Stories: 1 GLA: 18,993	Smart Phone City	1,351	Mar-17	39	\$18.00	Fixed Steps	Triple Net

### Comparable Rentals Map





Lease 1  
Rock Hill, SC



Lease 2  
Charlotte, NC



Lease 3  
Waxhaw, NC



Lease 4  
Waxhaw, NC

### Rental Analysis Factors

The following elements of comparison are considered in our analysis of the comparable rentals.

<b>Rental Analysis Factors</b>	
Expense Structure	Division of expense responsibilities between landlord and tenants.
Conditions of Lease	Extraordinary motivations of either landlord or tenant to complete the transaction.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on rent; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Difference in rental rates that is often attributable to variation in sizes of leased space.
Building Quality	Construction quality, amenities, market appeal, functional utility.
Age/Condition	Effective age; physical condition.
Economic Characteristics	Variations in rental rate attributable to such factors as free rent or other concessions, pattern of rent changes over lease term, or tenant improvement allowances.

### Analysis of Comparable Rentals

The comparable rentals are compared to the subject and adjusted to account for material differences that affect market rental value. The following table summarizes our analysis of each comparable.

<b>Rental Adjustment Grid - Retail/Office</b>					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property Name	Office/Retail Property	Office/Retail	Olde Lancaster Town Center	Restaurant Anchored Retail Center	Retail Strip
Address	216 W. North Main Street	140-148 E. Main St.	15101 Lancaster Hwy.	701 W. South Main St.	3901 Providence Rd. S.
City	Waxhaw	Rock Hill	Charlotte	Waxhaw	Waxhaw
County	Union	York	Mecklenburg	Union	Union
State		SC	NC	NC	NC
Lease Start Date		Sep-18	Oct-17	Jun-17	Mar-17
Lease Term (Months)		41	120	60	39
Tenant Name		State Farm	Beautiful Nails	Allstate	Smart Phone City
Leased SF		1,385	1,300	1,209	1,351
Lease Type		Triple Net	Triple Net	Triple Net	Triple Net
Year Built	1920	1974	2007	2003	2004
Renovation Date	Various	1997	N/A	N/A	N/A
Database ID		2142664	1597356	1597633	1915259
<b>Base Rent/SF/Yr</b>		<b>\$16.00</b>	<b>\$21.00</b>	<b>\$15.00</b>	<b>\$18.00</b>
Expense Structure					
\$ Adjustment		—	—	—	—
Conditions of Lease		Arms Length	Arms Length	Arms Length	Arms Length
% Adjustment		—	—	—	—
Market Conditions	11/15/2018	Sep-18	Oct-17	Jun-17	Mar-17
Annual % Adjustment	2%	—	2%	3%	3%
<b>Cumulative Adjusted Rent</b>		<b>\$16.00</b>	<b>\$21.42</b>	<b>\$15.45</b>	<b>\$18.54</b>
Location		—	-10%	10%	-10%
Access/Exposure		—	—	—	—
Size		-5%	-5%	-5%	-5%
Building Quality		—	—	—	—
Age/Condition		-15%	-25%	-20%	-20%
Economic Characteristics		—	—	—	—
Net \$ Adjustment		-\$3.20	-\$8.57	-\$2.32	-\$6.49
Net % Adjustment		-20%	-40%	-15%	-35%
<b>Final Adjusted Price</b>		<b>\$12.80</b>	<b>\$12.85</b>	<b>\$13.13</b>	<b>\$12.05</b>
Overall Adjustment		-20%	-39%	-12%	-33%
<b>Range of Adjusted Rents</b>		<b>\$12.05 - \$13.13</b>			
<b>Average</b>		<b>\$12.71</b>			
<b>Indicated Rent</b>		<b>\$13.00</b>			

The adjusted leases range from \$12.05 to \$13.13 per square foot with an average of \$12.71 per square foot. Lease 3 is considered the most comparable due to its location near the subject property.

### Market Rent Conclusion

We are not aware of any comparable lease listings in the immediate area due to the uniqueness of the property. The Mill, located at 401 E. South Main Street, is the most comparable property and currently has 1,600 square feet listed for \$23.50 per square foot for a triple net lease. This property is superior to the subject in age and condition. All other retail and office lease listings in the immediate area range from \$16.00 to \$33.00 per square foot for a triple net lease and are all considered superior in

age and condition. Based on the layout of the property we have assumed that the ground floor would be leased to retail tenants and the second floor would be leased to an office tenant. We have discounted the second floor rent 5%.

Based on the preceding analysis of comparable rentals and recent leases at the subject, we conclude market lease terms for the subject as follows.

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#### Concluded Market Lease Terms

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Space Type	SF	Market		Rent		Lease Type	Lease Term (Mos.)
		Rent	Measure	Escalations			
1st Floor/Retail	7,176	\$13.00	\$/SF/Yr	Fixed Steps		Triple Net	36
2nd Floor/Office	2,400	\$12.35	\$/SF/Yr	Fixed Steps		Triple Net	36

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### Stabilized Income and Expenses

#### Potential Gross Rent

The market rental rates are applied to the subject's gross leasable area to arrive at Potential Gross Rent of \$122,928 or \$12.84 per square foot. (Retail - \$93,288 + Office - \$29,640)

#### Expense Reimbursements

The market indicates a triple net lease whereby the tenant reimburses the landlord for taxes, insurance and common area maintenance. Expense reimbursements amount to \$18,382 or \$1.92 per square foot.

#### Vacancy & Collection Loss

Stabilized vacancy and collection loss is estimated at 10.0%. This estimate considers the submarket vacancy rate and vacancy rates at competing properties. The retail vacancy rate for non-anchored centers is 9.1%. The office vacancy rate is 10.4% and 7.2% for B/C class properties.

#### Expenses

Operating expenses are estimated based on expense data from comparable properties, as summarized in the following tables.

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**Operating History and Projections**


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	IRR Projection
<b>Income</b>	
Base Rent	\$122,928
Expense Reimbursements	18,382
Potential Gross Income*	\$141,310
Vacancy & Collection Loss @ 10.0%	-14,131
Effective Gross Income	\$127,179
<b>Expenses</b>	
Real Estate Taxes	\$4,018
Insurance	2,394
Common Area Maintenance	11,970
General/Administrative	958
Management	2,544
Total Expenses	\$21,883
<b>Net Operating Income</b>	<b>\$105,296</b>
Operating Expense Ratio	17.2%

\*IRR projected income is the total potential income attributable to the property before deduction of vacancy and collection loss. Historical income is the actual income that has been collected by the property owner.

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**Expense Analysis per Square Foot**


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	Comp Data*			Subject
	Comp 1	Comp 2	Comp 3	Projected Expenses
Year Built	1923	1920	1958	1920
SF	12,071	16,295	19,622	9,576
	Modified			
Prevailing Lease Type	Gross	Triple Net	Triple Net	Triple Net
Operating Data Type	In Place	In Place	In Place	
Year	2016	2016	2017	IRR Projection
Real Estate Taxes	\$0.54	\$0.92	\$0.43	\$0.42
Insurance	\$0.20	\$0.30	\$0.38	\$0.25
Common Area Maintenance	\$1.74	\$1.64	\$0.61	\$1.25
General/Administrative	\$0.05	\$0.13	\$0.33	\$0.10
Management	\$0.35	\$0.86	\$0.35	\$0.27
Total	\$2.87	\$3.85	\$2.10	\$2.29
Operating Expense Ratio	45.4%	22.2%	14.2%	17.2%

\*Comp 1: Mixed Use Retail Building, 117 N. Main St. , Mount Holly, NC

Comp 2: 307 W. Main St., 307 W. Main St. , Durham, NC

Comp 3: Commercial Retail, 1306 Central Ave. , Charlotte, NC

The estimated expenses are within the range of the comparables and are considered reasonable.

## Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. We consider the following data in selecting a capitalization rate for the subject.

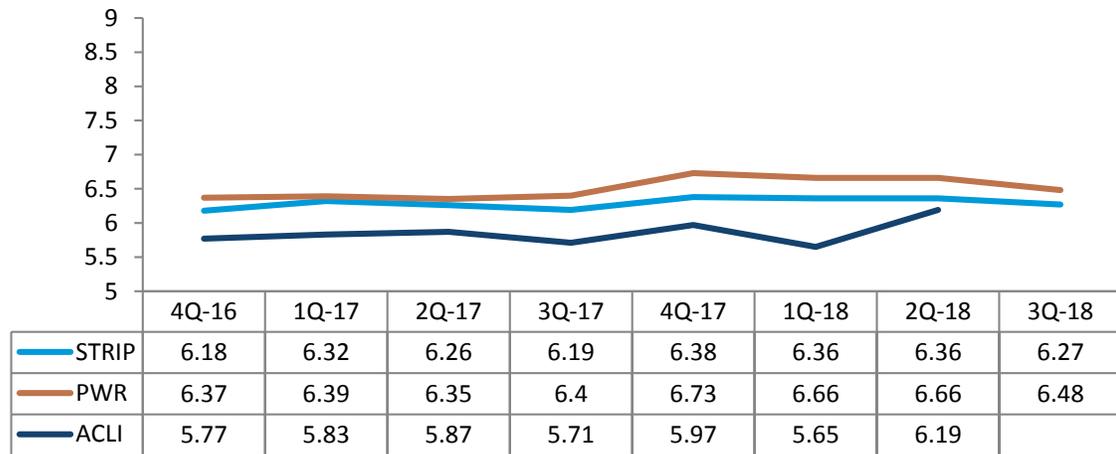
<b>Capitalization Rate Comparables</b>										
No.	Property Name	City	State	Year Built	Sale Date	Gross Leasable Area	Effective Price/SF	Cap Rate		
1	Retail	Hickory	NC	1900	3/29/2018	6,375	\$61.95	7.60%		
2	Undercurrent / Transplace	Greensboro	NC	1951	11/30/2017	14,398	\$147.59	7.22%		
3	Mixed Use Retail Building	Mount Holly	NC	1923	10/20/2017	12,071	\$77.04	8.89%		
4	Tobacco & Mule Exchange	Apex	NC	1917	6/15/2015	15,983	\$176.75	7.77%		
Average (Mean) Cap Rate:										7.87%

The comparable properties have capitalization rates ranging from 7.22% to 8.89% with an average of 7.87%. It is reasonable to assume that the subject property would have a capitalization rate within this range.

<b>Capitalization Rate Surveys – Retail Properties</b>					
	IRR-ViewPoint	IRR-ViewPoint	PwC 3Q-18	PwC 3Q-18	ACLI
	Mid Year 2018	Mid Year 2018	National	National	2Q-18
	Natl Neighborhood Retail	Natl Community Retail Center	Strip Shopping Center	Power Center	National Retail
Range	5.25% - 8.75%	4.75% - 8.50%	4.00 - 9.50	5.25% - 9.00%	NA
Average	6.99%	6.84%	6.27%	6.48%	6.19%

Source: IRR-Viewpoint 2018; PwC Real Estate Investor Survey; American Council of Life Insurers Investment Bulletin.

## Retail Capitalization Rate Trends



STRIP - PwC Real Estate Investor Survey - National Strip Shopping Center Market

PWR - PwC Real Estate Investor Survey - National Power Center Market

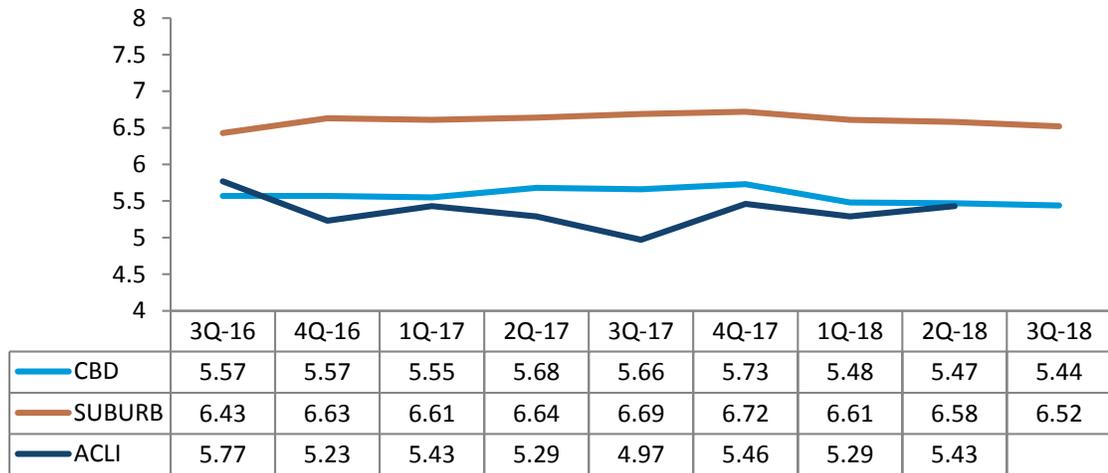
ACLI - American Council of Life Insurers Investment Bulletin - Retail Properties

### Capitalization Rate Surveys – Office Properties

	IRR-ViewPoint Mid Year 2018 National CBD Office	IRR-ViewPoint Mid Year 2018 National Suburban Office	PwC 3Q-18 National CBD Office	PwC 3Q-18 National Suburban Office	ACLI 2Q-18 National Office
Range	6.00% - 12.00%	5.00% - 9.50%	3.00% - 7.50%	4.00% - 10.00%	NA
Average	8.40%	7.41%	5.44%	6.52%	5.43%

Source: IRR-Viewpoint 2018; PwC Real Estate Investor Survey; American Council of Life Insurers Investment Bulletin.

## Office Capitalization Rate Trends



CBD - PwC Real Estate Investor Survey - National CBD Office Market

SUBURB - PwC Real Estate Investor Survey - National Suburban Office Market

ACLI - American Council of Life Insurers Investment Bulletin - Office Properties

### Band of Investment Method

#### Mortgage/Equity Assumptions

Loan To Value Ratio	70%
Interest Rate	5.25%
Amortization (Years)	25
Mortgage Constant	0.0719
Equity Ratio	30%
Equity Dividend Rate	8.00%

#### Weighted Average of Mortgage and Equity Requirements

Mortgage Requirement	70%	x	7.19% =	5.03%
Equity Requirement	30%	x	8.00% =	2.40%

#### Indicated Capitalization Rate

**7.43%**

#### Rounded

**7.50%**

To reach a capitalization rate conclusion, we consider each of the following investment risk factors to gauge its impact on the rate. The direction of each arrow in the following table indicates our judgment of an upward, downward, or neutral influence of each factor.

<b>Risk Factor</b>	<b>Issues</b>	<b>Impact on Rate</b>
Income Characteristics	Rollover risk, escalation pattern, above/below market rents, major tenant credit strength.	↑
Competitive Market Position	Construction quality, appeal, condition, effective age, functional utility.	↑
Location	Market area demographics and life cycle trends; proximity issues; access and support services.	↓
Market	Vacancy rates and trends; rental rate trends; supply and demand.	↓
Highest & Best Use	Upside potential from redevelopment, adaptation, expansion.	↔
Overall Impact		↔

Accordingly, we conclude a capitalization rate as follows:

<b>Capitalization Rate Conclusion</b>	
Going-In Capitalization Rate	7.50%

## Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject. Valuation of the subject by direct capitalization is shown in the following table.

<b>Direct Capitalization Analysis</b>						
	SF	Space Type	Rent Applied	\$/SF	Annual	\$/SF Bldg.
<b>Income</b>						
Base Rent						
Unit 1	2,320	1st Floor/Retail	Market	\$13.00	\$30,160	
Unit 2	2,388	1st Floor/Retail	Market	\$13.00	\$31,044	
Unit 3	2,468	1st Floor/Retail	Market	\$13.00	\$32,084	
Unit 4	2,400	2nd Floor/Office	Market	\$12.35	\$29,640	
Potential Gross Rent	9,576				\$122,928	\$12.84
Expense Reimbursements					\$18,382	\$1.92
Potential Gross Income					\$141,310	\$14.76
Vacancy & Collection Loss	10.00%				-\$14,131	-\$1.48
Effective Gross Income					\$127,179	\$13.28
<b>Expenses</b>						
Real Estate Taxes					\$4,018	\$0.42
Insurance					\$2,394	\$0.25
Common Area Maintenance					\$11,970	\$1.25
General/Administrative					\$958	\$0.10
Management	2.00%				\$2,544	\$0.27
Total Expenses					\$21,883	\$2.29
<b>Net Operating Income</b>					<b>\$105,296</b>	<b>\$11.00</b>
Capitalization Rate					7.50%	
<b>Stabilized Value Indication</b>					<b>\$1,403,944</b>	<b>\$146.61</b>
<b>As Is</b>						
Stabilized Value Indication					\$1,403,944	\$146.61
Lease-Up Costs					-\$140,000	-\$14.62
<b>Indicated Value As Is</b>					<b>\$1,263,944</b>	<b>\$131.99</b>
<b>Rounded</b>					<b>\$1,260,000</b>	<b>\$131.58</b>

### Lease-Up Costs

Based on the short terms of the current leases, we are applying a market rent to the property. The following table summarizes our estimate of lease-up costs for the subject's vacant space. According to brokers active in the market, typical tenant upfit allowances range from \$5.00 to \$15.00 for second generation space depending on the condition of the property. Due to the age and condition of the subject property, we have assumed a tenant upfit allowance of \$10.00 per square foot for units 1 and 4 and \$5.00 per square foot for units 2 and 3 which are in better condition.

Lease-Up Costs												
Tenant	SF/Units	Months Vacant	Assumptions					Costs				
			Annual Rent/SF/Unit	Expense Recovery/ SF/Unit	Lease Term (Mos.)	TI's/SF	LC %	Fore- gone Rent	Expense Recovery Loss	TI's	LC	Total
Unit 1	2,320	3	\$13.00	\$2.24	36	\$10.00	6.0%	\$7,540	\$1,299	\$23,200	\$5,429	\$37,468
Unit 2	2,388	3	\$13.00	\$2.24	36	\$5.00	6.0%	\$7,761	\$1,337	\$11,940	\$5,588	\$26,626
Unit 3	2,468	3	\$13.00	\$2.24	36	\$5.00	6.0%	\$8,021	\$1,382	\$12,340	\$5,775	\$27,518
Unit 4	2,400	6	\$12.35	\$2.24	36	\$10.00	6.0%	\$14,820	\$2,688	\$24,000	\$5,335	\$46,843
Total												\$138,456
Rounded												\$140,000

The lease-up costs are deducted from the stabilized market value in determining the market value as is.

## Reconciliation and Conclusion of Value

The values indicated by our analyses are as follows:

<b>Summary of Value Indications</b>	
Cost Approach	Not Used
Sales Comparison Approach	\$1,230,000
Income Capitalization Approach	\$1,260,000
Reconciled	\$1,250,000

Both the sales comparison approach and the income approach are considered reliable approaches to value and value between these two approaches is considered reasonable.

<b>Value Conclusion</b>			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	November 15, 2018	\$1,250,000

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We have been asked to only consider the building improvements and not the rear parking lot. Therefore, we have estimated the land area under the improvements using the Union County GIS system.
2. The property is currently 100% leased and occupied. All of the leases expire in March 2019 and are considered below market. We have applied a market rent to the rentable area for this analysis.
3. We assume that the property will have adequate on-street parking and that the rear parking lot will remain available for public use and the subject property's tenants with cross parking easements and access easements in perpetuity.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot be reasonably foreseen at this time.

**Exposure Time**

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market value stated previously, it is our opinion that the probable exposure time is 12 months.

**Marketing Period**

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. We estimate the subject's marketing period at 12 months.

## Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our 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.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. 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.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Melissa D. Thompson made a personal inspection of the property that is the subject of this report. Fitzhugh L. Stout, MAI, CRE, has not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, Fitzhugh L. Stout, MAI, CRE has completed the continuing education program for Designated Members of the Appraisal Institute.

*Melissa D. Thompson*



Melissa D. Thompson  
Certified General Real Estate Appraiser  
North Carolina Certificate # A4120

*Fitzhugh L. Stout*



Fitzhugh L. Stout, MAI, CRE  
Certified General Real Estate Appraiser  
North Carolina Certificate # A1093

## Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
  8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
  9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
  10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
  11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
  12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
  13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
  14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
  15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
  16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
  17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
  19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
  20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Charlotte, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
  21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
  22. Integra Realty Resources – Charlotte is not a building or environmental inspector. Integra Charlotte does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
  23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
  24. Integra Realty Resources – Charlotte, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of

- the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
25. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
26. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

27. The appraisal is also subject to the following:

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**Extraordinary Assumptions and Hypothetical Conditions**

---

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We have been asked to only consider the building improvements and not the rear parking lot. Therefore, we have estimated the land area under the improvements using the Union County GIS system.
2. The property is currently 100% leased and occupied. All of the leases expire in March 2019 and are considered below market. We have applied a market rent to the rentable area for this analysis.
3. We assume that the property will have adequate on-street parking and that the rear parking lot will remain available for public use and the subject property's tenants with cross parking easements and access easements in perpetuity.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
-

**Addendum A**  
**Appraiser Qualifications**



# Melissa D. Thompson

## Experience

Independent contracting Appraiser currently working with Integra Realty Resources – Charlotte. Former partner and appraiser for Integra Fitzhugh L. Stout & Associates of Charlotte, North Carolina. Melissa started appraising in September 1992 with Stout-Beck & Associates under the supervision of Fitzhugh L. Stout, MAI. In March 1998, she became a North Carolina State-Certified General Real Estate Appraiser. Melissa also became a North Carolina Real Estate Salesman in 1992. In 2006, she converted her North Carolina Real Estate Salesman license to a North Carolina Real Estate Broker license. She has appraised a variety of property types to include hotels, shopping centers, retail buildings, offices, apartments, industrial buildings, adaptive reuse properties and vacant land. In addition, her experience includes numerous feasibility studies and marketability consultations.

## Licenses

North Carolina, Certified General Appraiser, A4120, Expires June 2019

North Carolina, Real Estate Broker, 138560, Expires June 2019

South Carolina, State Certified General Real Estate Appraiser, CG7224, Expires June 2020

## Education

Bachelor of Science degree in Commerce & Business Administration, with a major in finance, from the University of Alabama (1990). Successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute.

**Integra Realty Resources**  
**Charlotte**

214 W. Tremont Avenue  
Suite 200  
Charlotte, NC 28203

T 704-376-0295  
F 704-342-3704

[irr.com](http://irr.com)



**NORTH CAROLINA APPRAISAL BOARD**  
**APPRAISER QUALIFICATION CARD**  
*Expires June 30, 2019*

REGISTRATION / LICENSE / CERTIFICATE HOLDER		
<b>18</b>	<b>MELISSA D THOMPSON</b>	<b>19</b>
<b>A4120</b>	<b>G</b>	<b>Y</b>
APPRAISER NUMBER	TYPE	NATIONAL REGISTRY

*Melissa D. Thompson*  
APPRAISER'S SIGNATURE

*David M. [Signature]*  
EXECUTIVE DIRECTOR

BCD1234525

State of South Carolina  
Department of Labor, Licensing and Regulation  
Real Estate Appraisers Board

**MELISSA THOMPSON**

Is hereby entitled in practice as a:  
**Certified General Appraiser**

License Number: 7224

Expiration Date: 06/30/2020  
OFFICE COPY

*Laura L. Smith*  
Administrator



# Fitzhugh L. Stout, MAI, CRE

## Experience

Senior Managing Director of Integra Realty Resources - Charlotte. Actively engaged in real estate since 1975 in the fields of real estate valuation and consulting as well as development and ownership of investment real estate. Mr. Stout has a broad range of experience in valuation and analysis of all types of real estate including apartments; business parks; hotels/motels; offices; medical offices; adaptive reuse projects; manufacturing facilities; warehouses; bulk distribution facilities; mini-warehouses; shopping centers; residential subdivisions; planned unit developments; vacant land; golf courses; churches; restaurants; marinas and special purpose properties. Other services include consultation, market studies, feasibility studies, condemnation, tax appeals and expert court testimony. Areas of specialty include adaptive reuse and mixed-use, urban infill valuation and consulting.

## Professional Activities & Affiliations

Affiliate: National Association of Realtors  
Chairman: N.C./S.C. CRE Chapter, January 2001  
President: NC Chapter of Appraisal Institute, January 1996  
Member: Appraisal Institute, October 1982  
Member: The Counselors of Real Estate, April 1999  
Member: Charlotte Region Commercial Board of Realtors  
Member: Lamda Alpha International, an Honorary Land Economics Society  
Member: The Greater Charlotte Hospitality and Tourism Alliance  
Royal Institute of Chartered Surveyors, Fellow (FRICS) , December 2007 - February 2017

## Licenses

North Carolina, Appraiser, A1093, Expires June 2019  
South Carolina, State Certified General Real Estate Appraiser, CG 1790, Expires June 2020  
Virginia, Appraiser, 4001017499, Expires January 2019

## Education

B.S. Degree, N.C. State University (1972).

Successfully completed numerous real estate related courses & seminars sponsored by the Appraisal Institute.

Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.

## Qualified Before Courts & Administrative Bodies

United States Federal Bankruptcy Court, Charlotte, North Carolina  
Mecklenburg County District Court, Charlotte, North Carolina  
North Carolina Superior Court  
Mecklenburg County Board of Equalization and Review  
Wilkes County Board of Equalization and Review  
North Carolina State Property Tax Commission  
Cabarrus County Board of Equalization and Review  
Lincoln County Board of Equalization and Review

**Integra Realty Resources**  
**Charlotte**

214 W. Tremont Avenue  
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**NORTH CAROLINA APPRAISAL BOARD**  
**APPRAISER QUALIFICATION CARD**  
*Expires June 30, 2019*

REGISTRATION / LICENSE / CERTIFICATE HOLDER		
<b>18</b>	<b>FITZHUGH L STOUT</b>	<b>19</b>
<b>A1093</b> APPRAISER NUMBER	<b>G</b> TYPE	<b>Y</b> NATIONAL REGIST
<i>Fitzhugh L Stout</i> APPRAISER'S SIGNATURE	<i>[Signature]</i> EXECUTIVE DIRECTOR	

BCD725008

State of South Carolina  
Department of Labor, Licensing and Regulation  
Real Estate Appraisers Board

**FITZHUGH L STOUT**

Is hereby entitled in practice as a:  
**Certified General Appraiser**

License Number: **1790**

Expiration Date: 06/30/2020  
**OFFICE COPY**

*Laura L Smith*  
**Administrator**

<b>EXPIRES ON</b> 01-31-2019	<b>COMMONWEALTH of VIRGINIA</b> Department of Professional and Occupational Regulation 9960 Mayland Drive, Suite 400, Richmond, VA 23233 Telephone: (804) 367-8500	<b>NUMBER</b> 4001017499
<b>REAL ESTATE APPRAISER BOARD</b> <b>CERTIFIED GENERAL REAL ESTATE APPRAISER</b>		
	<b>FITZHUGH LEE STOUT</b> 214 W TREMONT AVENUE SUITE 200 CHARLOTTE, NC 28203	 <i>Jimmy W. DeBoer</i> By: W. DeBoer, Director
Status can be verified at <a href="http://www.dpor.virginia.gov">http://www.dpor.virginia.gov</a>		
(SEE REVERSE SIDE FOR PRIVILEGES AND INSTRUCTIONS)		
DPOR-LIC (05/2015)		



## About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

*Local Expertise...Nationally!*

# irr.com



**Addendum B**  
**Property Information**



5903  
0445

FILED  
UNION COUNTY, NC  
**CRYSTAL CRUMP  
REGISTER OF DEEDS**

FILED Dec 28, 2012  
AT 09:47 am  
BOOK 05903  
START PAGE 0445  
END PAGE 0447  
INSTRUMENT # 42076  
EXCISE TAX \$2,000.00  
AH

**NORTH CAROLINA GENERAL WARRANTY DEED**

Excise Tax: \$2,000

Parcel Identifier No. 05113027 and 0511329 Verified by \_\_\_\_\_ County on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
By: \_\_\_\_\_

Mail/Box to: Spencer & Spencer, P.A. (RBT), P.O. Box 790, Rock Hill, SC 29731-6790

This instrument was prepared by: R. Brent Thompkins, Esquire, Spencer & Spencer, P.A.

Brief description for the Index: Portion of Tax Parcel Number 05113029 and all of tax parcel number 05113027, W North Main Street, Waxhaw, NC

THIS DEED made this 27th day of December, 2012, by and between

GRANTOR	GRANTEE
<b>MAR-LOU, LLC</b> 3514 Providence Road South Waxhaw, NC 28173	<b>TOWN OF WAXHAW, N.C.</b> 317 N. Broome Street (P.O. Box 6) Waxhaw, NC 28173 Attention: Town Manager

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

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

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

See Exhibit A attached hereto and incorporated herein by this reference.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 3263 page 128.

All or a portion of the property herein conveyed does not include the primary residence of a Grantor.

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

And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever, other than the following exceptions: None

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

MAR-LOU, LLC

Margaret H. Ezzell (SEAL)  
Print/Type Name: Margaret H. Ezzell, Member/Manager

Roberta H. Parker (SEAL)  
Print/Type Name: Roberta H. Parker, Member/Manager

State of North Carolina - County or City of Union  
Town

I, the undersigned Notary Public of the ~~County or City~~ of Waxhaw and State aforesaid, certify that Margaret H. Ezzell and Roberta H. Parker personally came before me this day and acknowledged that they are the sole members/managers of Mar-Lou, LLC, a North Carolina limited liability company, and that by authority duly given and as the act of such entity, each signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial stamp or seal, this 21 day of December, 2012.



Bonnie B. McManus  
BONNIE B. McMANUS Notary Public

Notary's Printed or Typed Name

Exhibit A

Tract 1

That certain Tract of land lying and being situate in the Town of Waxhaw, and more particularly described as follows: BEGINNING at an iron stake on the North edge of the right of way of North Front Street, a corner of property owned, now or formerly, by J.P. Gamble and runs thence two (2) lines with said Gamble property as follows: lot, North 07 degrees 00 minutes West 157.50 feet to an iron stake; 2<sup>nd</sup>, South 83 degrees 00 minutes West 52.50 feet to an iron stake on the eastern edge of the right of way of Hicks Street; thence with the eastern edge of the right of way of Hicks Street North 07 degrees 00 minutes West 52.50 feet to an iron stake at the intersection of the eastern edge of the right of way of Hicks Street and the southern edge of the right of way of McDonald Street; thence with the southern edge of the right of way of McDonald Street North 83 degrees 00 minutes East 210.0 feet to an iron stake at the intersection of the southern edge of the right of way of McDonald Street and the western edge of the right of way of Church Street; thence with the western edge of the right of way of Church Street South 07 degrees 00 minutes East 105.0 feet to an iron stake, a corner of the D.B. Davis property (U.S. Post Office Building); thence with two (2) lines of said Davis property as follows: 1<sup>st</sup>, South 83 degrees 00 minutes West 52.50 feet to an iron stake; 2<sup>nd</sup>, South 07 degrees 00 minutes East 105.0 feet to an iron stake on the northern edge of the right of way of North Front Street; thence with the northern edge of the right of way of North Front Street South 83 degrees 00 minutes West 105.00 feet to the point and place of Beginning, and being Lots Nos. 82, 83, 105, 106, 107, and 108 in Block "M" on plat of the Town of Waxhaw, recorded in the front of Deed Book 54, Union County Registry, Less the southern one-half (1/2) of Lot No. 108 conveyed to J.P. Gamble by deed recorded in Book 105, page 349, Union County Registry, surveyed by John R. Yarbrough, R.L.S., on July 23, 1973. Being the First Tract described in deed to Roberta H. Parker and Margaret H. Ezzell, recorded in Deed Book 447 at Page 731 of the Union County Registry.

Tract 2

All that certain piece, parcel, or lot of land lying, being and situate near the intersection of N. Church Street and McDonald Street in the Town of Waxhaw, Union County, North Carolina, containing .13 ACRES, more or less, being shown and more particularly described as "LOT 2 TOTAL AREA = .13 ACRES (5,748 SQ FT.) PARCEL # 05113029 (Portion) MAR-LOU, LLC" on plat of survey entitled "FINAL PLAT - .20 ACRES LOTS 1 & 2 OF THE MAR-LOU SUBDIVISION, Owner/Property of MAR-LOU, LLC 122 W. North Main Street Waxhaw, NC 28173 Union County, Jackson Township" dated December 14, 2012 and recorded on December \_\_\_ in PLAT BOOK L, PAGE 818, Office of the Register of Deeds for Union County, North Carolina (the "Plat"). Refer to the Plat for a more particular description of the property

→ 28, 2012

**Parcel Number**

05113027

**Owner**

TOWN OF WAXHAW NC ATTENTION: TOWN MANAGER

**Mailing Address**

PO BOX 6  
WAXHAW  
NC, 28173



**Account Information**

<b>Land Value</b>	\$242,700.00	<b>Subdivision</b>	
<b>Building Value</b>	\$544,700.00	<b>Description</b>	EZZELL & PARKER OPCL819
<b>Total Value</b>	\$787,400.00	<b>Situs Address</b>	216 NORTH MAIN ST
<b>Acreage</b>	0.7000	<b>Property Class</b>	GOVERNMENT/SCHOOL/CHURCH

**Sales Information**

Sale Date	Sale Amount	Book & Page	Grantor
12/28/2012	\$0.00	5903 448	TOWN OF WAXHAW NC
12/28/2012	\$1,000,000.00	5903 445	MAR-LOU LLC
10/29/2003	\$0.00	3263 128	MAR-LOU ENTERPRISES

**Location Information**

<b>Municipal Administration</b>	Waxhaw	<b>12 Mile Service Area</b>	Yes
<b>County Zoning Code</b>	CITY	<b>School</b>	<a href="#">School Assignment Information</a>
<b>Zoning Administration</b>	Waxhaw	<b>Census Tract Number</b>	210.13
<b>ETJ</b>		<b>FEMA Panel</b>	4473
<b>Fire District</b>	Waxhaw	<b>FEMA Zone</b>	
<b>Soils</b>	TuB		

**Building Information - [View Real Property Site](#)**

<b>Total Living Area</b>	9680	<b>Type of Building</b>	COMMERCIAL
<b>Year Build</b>	1920	<b>Improvement Type</b>	General Retail

**District Voting Assignments (Jurisdictions)**

<b>Polling Place</b>	Waxhaw VFD	<b>School District</b>	2	<b>Congressional District</b>	9
<b>Precinct District</b>	#20A	<b>State House</b>	68	<b>Senate District</b>	35

**Addendum C**  
**Comparable Data**



## Improved Sales



## Location & Property Identification

Property Name:	Fifth Street Office
Sub-Property Type:	General Purpose, Low Rise
Address:	720 W. Fifth St.
City/State/Zip:	Winston Salem, NC 27101
County:	Forsyth
Submarket:	Forsyth East
Market Orientation:	Suburban
IRR Event ID:	1965117



## Sale Information

Sale Price:	\$1,350,000
Effective Sale Price:	\$1,350,000
Sale Date:	05/22/2018
Listing Price:	\$1,650,000
Sale Status:	Closed
\$/SF GBA:	\$168.22
\$/SF NRA:	\$168.22
Grantor/Seller:	Baby Needs Shoes, LLC
Grantee/Buyer:	The Falcon, Thistle adn Harp, LLC
Property Rights:	Leased Fee
% of Interest Conveyed:	100.00
Exposure Time:	6 (months)
Financing:	Cash to seller
Terms of Sale:	Arm's Length
Document Type:	Deed
Recording No.:	3405/4171
Verified By:	Jay S. Navarro
Verification Date:	03/15/2018
Confirmation Source:	John Reece, Commercial Realty Advisors
Verification Type:	Confirmed-Seller Broker

NRA-SF:	8,025
Acres(Usable/Gross):	0.50/0.50
Land-SF(Usable/Gross):	21,780/21,780
Usable/Gross Ratio:	1.00
Year Built:	1964
Most Recent Renovation:	2007
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Good
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Ceiling Height Minimum:	10.00
Ceiling Height Maximum:	16.00
Total Parking Spaces:	19
Park. Ratio 1000 SF GLA:	2.37
Park. Ratio 1000 SF GBA:	2.37
Elevators/Count:	None
Fire Sprinkler Type:	None
Air-Conditioning Type:	Roof Central Mounted
Roof,Heating,AC Comm.:	Flat
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	218
Frontage Desc.:	North Broad Street
Bldg. to Land Ratio FAR:	0.37
Zoning Code:	PB
Zoning Desc.:	Pedestrian Business
Flood Plain:	No

## Improvement and Site Data

MSA:	Winston-Salem, NC
Legal/Tax/Parcel ID:	6825-97-6059
GBA-SF:	8,025

## Improvement and Site Data (Cont'd)

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Flood Zone Designation:	X
Comm. Panel No.:	37067C6835J
Date:	01/02/2009
Source of Land Info.:	Engineering Report

## Comments

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Subsequent to the purchase, the property will be 24% leased to a single tenant and 76% owner occupied.

2007 renovations included new HVAC units, roof, as well as completion renovation of 76% of the improvements (new flooring, electrical, duct work, and an updated general office layout/upfit). The remaining 24% was not renovated at this time, but has been renovated over the years and is in average condition.

## Location & Property Identification

Property Name:	Undercurrent / Transplace
Sub-Property Type:	Shopping Center, Strip/Convenience Center
Address:	327 Battleground Ave.
City/State/Zip:	Greensboro, NC 27401
County:	Guilford
Submarket:	Greensboro CBD
Market Orientation:	Suburban
IRR Event ID:	1875593



## Sale Information

Sale Price:	\$2,125,000
Effective Sale Price:	\$2,125,000
Sale Date:	11/30/2017
Sale Status:	Closed
\$/SF GBA:	\$147.59
\$/SF NRA:	\$147.59
Grantor/Seller:	Greene Street Management, LLC
Grantee/Buyer:	J.C.C.M. Properties, Inc.
Assets Sold:	Real estate only
Property Rights:	Leased Fee
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Terms of Sale:	Arm's Length
Document Type:	Deed
Recording No.:	7999/2668
Verified By:	W. Christopher Morris
Verification Date:	05/02/2018
Confirmation Source:	BCA
Verification Type:	Confirmed-Seller Broker

## Operating Data and Key Indicators

Operating Data Type:	Pro-forma Broker
Net Operating Income:	\$ 153,526
Cap Rate - Derived:	7.22%

## Occupancy

Occupancy Type Before Sale:	Multi-Tenant
Occupancy Type After Sale:	Multi-Tenant
Occupancy at Time of Sale:	100.00%

## Improvement and Site Data

MSA:	Greensboro-High Point, NC
Legal/Tax/Parcel ID:	7864-57-8603
GBA-SF:	14,398
GLA-SF:	14,398
Acres(Usable/Gross):	0.51/0.51
Land-SF(Usable/Gross):	22,216/22,216
Usable/Gross Ratio:	1.00
Year Built:	1951
Property Class:	B
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Air-Conditioning Type:	Central
Shape:	Rectangular
Topography:	Gently Sloping
Corner Lot:	No
Frontage Feet:	184
Bldg. to Land Ratio FAR:	0.65
Zoning Code:	CB (Guilford)

## Improvement and Site Data (Cont'd)

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Zoning Desc.:	Central Business
Flood Plain:	No
Utilities:	Electricity, Water Public, Sewer, Telephone
Improve. Info. Source:	Public Records
Source of Land Info.:	Public Records

## Location & Property Identification

Property Name:	Office/Retail
Sub-Property Type:	Mixed Use, Office-Retail
Address:	120 College St.
City/State/Zip:	Asheville, NC 28801
County:	Buncombe
Market Orientation:	Suburban
Property Location:	Not on a corner, but touches 2 streets
IRR Event ID:	1602266



## Sale Information

Sale Price:	\$1,015,000
Effective Sale Price:	\$1,015,000
Sale Date:	04/25/2017
Sale Status:	Closed
\$/SF GBA:	\$114.37
\$/SF NRA:	\$114.37
Grantor/Seller:	Western Branch LLC
Grantee/Buyer:	College 120 LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	5542/1041
Verified By:	George John
Verification Date:	04/17/2018
Confirmation Source:	Doug Trusilo, 828-713-4575
Verification Type:	Confirmed-Seller Broker

NRA-SF:	8,875
Acres(Usable/Gross):	0.07/0.07
Land-SF(Usable/Gross):	3,049/3,049
Usable/Gross Ratio:	1.00
Year Built:	1925
M&S Class:	B
Construction Quality:	Average
Improvements Cond.:	Average
Construction Desc.:	Masonry
No. of Buildings/Stories:	1/3
Multi-Tenant/Condo.:	Yes/No
Roof,Heating,AC Comm.:	HVAC: Assumed adequate.
Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Frontage Feet:	50
Frontage Desc.:	25' College St / 25' Lawers Walk
Bldg. to Land Ratio FAR:	2.91
Zoning Code:	CBD
Zoning Desc.:	Central Business District
Flood Plain:	No
Utilities:	Electricity, Water Public, Sewer, Gas
Source of Land Info.:	Other

## Occupancy

Occupancy at Time of Sale:	0.00%
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## Improvement and Site Data

Legal/Tax/Parcel ID:	96494067920000
GBA-SF:	8,875

## Comments

Broker: Doug Trusilo 828-713-4575. Purchased as an

## Comments (Cont'd)

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investment. Sold as cold shell.

## Location & Property Identification

Property Name: Retail  
 Sub-Property Type: Freestanding  
 Address: 611 W. King St.  
 City/State/Zip: Boone, NC 28607  
 County: Watauga  
  
 Market Orientation: Suburban  
  
 IRR Event ID: 1461521



## Sale Information

Sale Price: \$1,200,000  
 Effective Sale Price: \$1,272,000  
 Sale Date: 01/20/2017  
 Sale Status: Closed  
 \$/SF GBA: \$148.84  
 \$/SF NRA: \$148.84  
 Grantor/Seller: Canyon Ridge, Inc  
 Grantee/Buyer: STEC NO. 16-4555, LLC  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Terms of Sale: Arm's Length  
 Document Type: Deed  
 Recording No.: 1901/162  
 Verified By: Baker Haynes  
 Verification Date: 02/23/2017  
 Verification Type: Secondary Verification

## Sale Analysis

Other Adj.: \$72,000  
 Adjust. Comments: Broker's commission

## Improvement and Site Data

MSA: Boone, NC Micro MSA  
 Legal/Tax/Parcel ID: 2900883953000  
 GBA-SF: 8,546

GLA-SF: 8,546  
 Acres(Usable/Gross): 0.10/0.10  
 Land-SF(Usable/Gross): 4,356/4,356  
 Usable/Gross Ratio: 1.00  
 Year Built: 1949  
 Most Recent Renovation: 2005  
 M&S Class: C  
 Construction Quality: Average  
 Improvements Cond.: Good  
 Exterior Walls: Brick  
 No. of Buildings/Stories: 1/2  
 No. Of Elevators: Yes/1  
 Air-Conditioning Type: Heat Pump  
 Roof Comm.: Roof-Flat, Built-up tar & gravel  
  
 Shape: Rectangular  
 Topography: Level  
 Corner Lot: No  
 Frontage Feet: 32  
 Frontage Desc.: West King  
 Bldg. to Land Ratio FAR: 1.96  
 Zoning Code: B1 & O&I  
 Zoning Desc.: Central Business and Office and Institutional  
  
 Flood Plain: No  
 Utilities: Electricity, Water Public, Sewer, Gas  
  
 Utilities Desc.: All Available  
 Improve. Info. Source: Other  
 Source of Land Info.: Other

## Comments

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Former Artwalk retail building with Main level, upper level and lower level space. Sale is confirmed with a broker who had the property listed for sale but the listing expired close to the time of sale. The seller reportedly did not have to pay a broker's commission, allowing the property to be sold for less. The prior owner reportedly completed \$750,000 in work to the building (steel reinforcement, sprinklers, etc.). Portion of building is below-grade. Buyers purchased to convert into a 15-room boutique hotel with a roof-top bar.

Building was brought up to code in 2012-2013 and in good condition.

## Lease Comparables



## Location & Property Identification

Property Name: Office/Retail  
 Sub-Property Type: Mixed Use, Retail-Office  
 Address: 140-148 E. Main St.  
 City/State/Zip: Rock Hill, SC 29730  
 County: York  
 Submarket: Rock Hill/Fort Mill  
 Market Orientation: Suburban



IRR Event ID: 2142664

## Space Information

Space Type: Office  
 Suite #: 220  
 Full Building Lease: No  
 Leased Area: 1,385

## Lease Information

Lease Status: Signed Lease  
 Lessor: Rock Hill City Plaza  
 Lessee: State Farm  
 Start/Available Date: 09/01/2018  
 Expiration Date: 02/01/2022  
 Term of Lease: 41 months  
 Lease Measure: \$/SF/Yr  
 Face Rental Rate: \$16.00  
 Effective Rental Rate: \$16.00  
 Escalation Type: Fixed Steps  
 TI Allowance (\$/SF): \$5.00  
 Verified by: Regina Reid  
 Verification Date: 10/22/2018  
 Verification Source: Chase Tollison - SVN  
 Transaction Reliability: Confirmed

## Lease Expense Information

Reimbursement Method: Triple Net

## Improvement and Site Data

MSA: Charlotte-Concord-Gastonia, NC-SC  
 Legal/Tax/Parcel ID: 6271803002, 003, 004, and 005  
 GBA-SF: 50,276  
 GLA-SF: 50,276  
 Acres(Usable/Gross): 0.25/0.25  
 Land-SF(Usable/Gross): 10,890/10,890  
 Usable/Gross Ratio: 1.00  
 Year Built: 1974  
 Most Recent Renovation: 1997  
 Property Class: A  
 Construction Quality: Average  
 Improvements Cond.: Average  
 Exterior Walls: Concrete Precast  
 No. of Buildings/Stories: 1/4  
 Air-Conditioning Type: Roof Central Mounted  
 Shape: Rectangular  
 Topography: Level  
 Corner Lot: Yes  
 Frontage Feet: 502  
 Frontage Desc.: Main-206', Hampton-140', Elk-156'  
 Bldg. to Land Ratio FAR: 4.62  
 Zoning Code: DTWN  
 Zoning Desc.: Downtown  
 Flood Plain: No  
 Flood Zone Designation: X  
 Comm. Panel No.: 45091C0317F  
 Date: 05/16/2017

## Improvement and Site Data (Cont'd)

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Utilities: Electricity, Water Public,  
Sewer

Improve. Info. Source: Public Records

Source of Land Info.: Public Records

## Comments

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TI/CAM \$5.00/SF

## Location & Property Identification

Property Name:	Olde Lancaster Town Center
Sub-Property Type:	Mixed Use, Retail-Office
Address:	15101 Lancaster Hwy.
City/State/Zip:	Charlotte, NC 28277
County:	Mecklenburg
Submarket:	Outer South/Ballantyne
Market Orientation:	Suburban
IRR Event ID:	1597356



## Space Information

Space Type:	Retail
Suite #:	D-5
Leased Area:	1,300

## Lease Information

Lease Status:	Signed Lease
Lessee:	Beautiful Nails
Start/Available Date:	10/01/2017
Expiration Date:	09/30/2027
Term of Lease:	120 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$21.00
Effective Rental Rate:	\$21.00
Escalation Type:	Fixed Steps
Verification Source:	Rent Roll
Transaction Reliability:	IRR Confirmed

## Lease Expense Information

Reimbursement Method:	Triple Net
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## Improvement and Site Data

MSA:	Charlotte-Concord-Gastonia, NC-SC
Legal/Tax/Parcel ID:	223-135-96
GBA-SF:	81,042
GLA-SF:	78,044

Acres(Usable/Gross):	10.68/10.68
Land-SF(Usable/Gross):	465,003/465,003
Usable/Gross Ratio:	1.00
Year Built:	2007
Property Class:	B
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Average
Exterior Walls:	Stucco
No. of Buildings/Stories:	6/1
Total Parking Spaces:	308
Park. Ratio 1000 SF GLA:	3.95
Park. Ratio 1000 SF GBA:	3.80
No. Of Elevators:	None
Air-Conditioning Type:	Roof Central Mounted
Roof Comments:	Membrane
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	770
Frontage Desc.:	Lancaster Highway
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	Turn lane
Traffic Flow:	Moderate
Visibility Rating:	Good
Bldg. to Land Ratio FAR:	0.17
Zoning Code:	NS
Zoning Desc.:	Neighborhood Service District
Flood Plain:	No
Flood Zone Designation:	X

## Improvement and Site Data (Cont'd)

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Comm. Panel No.:	37119C4447K
Date:	02/19/2014
Source of Land Info.:	Engineering Report

## Comments

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Three buildings are multi-tenant retail use, two are single-tenant office use, and one is single-tenant daycare use.

Renewal with no free rent or TIA given.

## Location & Property Identification

Property Name:	Restaurant Anchored Retail Center
Sub-Property Type:	Shopping Center
Address:	701 W. South Main St.
City/State/Zip:	Waxhaw, NC 28173
County:	Union
Submarket:	Outer South/Ballantyne
Market Orientation:	Suburban
IRR Event ID:	1597633



## Space Information

Space Type:	Retail
Full Building Lease:	No
Leased Area:	1,209

## Lease Information

Lease Status:	Signed Lease
Lessee:	Allstate
Start/Available Date:	06/01/2017
Expiration Date:	05/31/2022
Term of Lease:	60 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$15.00
Effective Rental Rate:	\$15.00
Escalation Type:	Fixed Percentage
Escalation Desc.:	3% annual escalations
Verified by:	Jay Navarro
Verification Date:	08/29/2017
Verification Source:	Gina Collias, Leasing Broker
Transaction Reliability:	Confirmed

## Lease Expense Information

Reimbursement Method:	Triple Net
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## Improvement and Site Data

MSA:	Charlotte-Gastonia-Concord, NC-SC Metropolitan Statistical Area
Legal/Tax/Parcel ID:	05114012
GBA-SF:	14,405
GLA-SF:	14,405
Acres(Usable/Gross):	1.64/2.35
Land-SF(Usable/Gross):	71,438/102,366
Usable/Gross Ratio:	0.70
Year Built:	2003
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Construction Desc.:	Masonry
No. of Buildings/Stories:	1/1
Total Parking Spaces:	151
Park. Ratio 1000 SF GLA:	10.48
Park. Ratio 1000 SF GBA:	10.48
Fire Sprinkler Type:	None
Roof Comments:	Ply membrane roof. HVAC-packaged.
Shape:	Irregular
Topography:	Gently Sloping
Corner Lot:	Yes
Frontage Feet:	820
Frontage Desc.:	460'South Main St, 360'Reehobeth Rd
Bldg. to Land Ratio FAR:	0.14
Zoning Code:	C-2 CU

## Improvement and Site Data (Cont'd)

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Zoning Desc.:	Highway Business Conditional Use
Flood Plain:	No
Utilities:	Electricity, Water Public, Sewer, Gas
Utilities Desc.:	All public utilities available
Source of Land Info.:	Other

## Comments

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Masonry brick and block construction. Major tenant is restaurant taking 57% of area. Six additional tenant spaces ranging from 896 sf to 1,209 sf.

New lease. No TIA or free rent.

## Location & Property Identification

Property Name: Retail Strip  
 Sub-Property Type: Shopping Center  
 Address: 3901 Providence Rd. S.  
 City/State/Zip: Waxhaw, NC 28173  
 County: Union  
 Submarket: Outer South/Ballantyne  
 Market Orientation: Suburban



IRR Event ID: 1915259

## Space Information

Space Type: Retail  
 Suite #: 3901-D  
 Leased Area: 1,351

## Lease Information

Lease Status: Signed Lease  
 Lessee: Smart Phone City  
 Start/Available Date: 03/15/2017  
 Expiration Date: 06/01/2020  
 Term of Lease: 39 months  
 Lease Measure: \$/SF/Yr  
 Face Rental Rate: \$18.00  
 Effective Rental Rate: \$18.00  
 Escalation Type: Fixed Percentage  
 Escalation Desc.: 3.0% annual  
 Verification Source: Rent Roll  
 Transaction Reliability: IRR Confirmed

## Lease Expense Information

Reimbursement Method: Triple Net

## Improvement and Site Data

MSA: Charlotte-Concord-Gastonia, NC-SC  
 Legal/Tax/Parcel ID: 06-141-008  
 GBA-SF: 18,993

GLA-SF: 18,993  
 Acres(Usable/Gross): 3.56/3.56  
 Land-SF(Usable/Gross): 155,073/155,073  
 Usable/Gross Ratio: 1.00  
 Year Built: 2004  
 Most Recent Renovation: N/A  
 M&S Class: C  
 Construction Quality: Average  
 Improvements Cond.: Average  
 Exterior Walls: Brick  
 No. of Buildings/Stories: 2/1  
 Multi-Tenant/Condo.: Yes/No  
 Total Parking Spaces: 119  
 Park. Ratio 1000 SF GLA: 6.27  
 Park. Ratio 1000 SF GBA: 6.27  
 No. Of Elevators: None  
 Fire Sprinkler Type: None  
 Air-Conditioning Type: Central  
 Roof Comments: Flat, membrane  
 Shape: Rectangular  
 Topography: Level  
 Corner Lot: Yes  
 Frontage Feet: 485  
 Frontage Desc.: Providence Road South  
 Bldg. to Land Ratio FAR: 0.12  
 Zoning Code: CU C-3  
 Zoning Desc.: Conditional Use - General Commercial  
 Flood Plain: No  
 Flood Zone Designation: X  
 Comm. Panel No.: 37179C4473J

## Improvement and Site Data (Cont'd)

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Date:	10/16/2008
Utilities:	Electricity, Water Public, Sewer, Gas
Source of Land Info.:	Other

**Addendum D**  
**Engagement Letter**



Integra Realty Resources  
Atlanta | Charlotte | Raleigh | Richmond  
Columbia | Greensboro | Charleston

214 W. Tremont Avenue  
Suite 200  
Charlotte, NC 28203

T 704.376.0295  
F 704.342.3704  
www.irr.com



October 26, 2018

Curt White  
Downtown Development Manager  
Town of Waxhaw  
1150 N. Broome St.  
Waxhaw, NC 28173

Telephone: 704-843-2195 x. 250  
Email: cwhite@waxhaw.com

SUBJECT: Proposal/Authorization for Valuation and Consulting Services  
Mixed Use/Multi-Tenant Building – 216 W. N. Main Street, Waxhaw, NC 28173  
(the “Subject Property”)

Dear Mr. White:

Upon your acceptance of this letter agreement, Integra Realty Resources – Charlotte (“IRR – Charlotte”), will prepare an appraisal of the Subject Property.

The purpose of the appraisal is to provide an opinion of the market value of the fee simple interest in the Subject Property. The intended use of the appraisal is for asset valuation. The use of the appraisal by anyone other than you is prohibited. The appraisal will be prepared in conformance with and subject to, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation. The Ethics Rule of USPAP requires us to disclose to you any prior services we have performed regarding the Subject Property within a three year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity. We have not completed any services regarding the Subject Property in the past three years.

In accordance with our correspondence, the scope of this assignment will require IRR – Charlotte to consider all relevant and applicable approaches to value as determined during the course of our research, Subject Property analysis and preparation of the report.

The appraisal will be communicated in an **Appraisal Report-Standard Format**. All work will be performed by the undersigned and IRR-analysts. The appraisal and this letter agreement will be subject to our standard assumptions and limiting conditions a copy of which is attached as Attachment I.

Curt White  
Town of Waxhaw  
October 26, 2018  
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**IRR – Charlotte is an independently owned and operated company. The parties hereto agree that Integra Realty Resources, Inc. (“Integra”) shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR – Charlotte. In addition, it is expressly agreed that in any action which may be brought against IRR – Charlotte and/or any of its officers, owners, managers, directors, agents, subcontractors or employees (the “Integra Parties”), arising out of, relating to, or in any way pertaining to this engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.**

The total fee for this assignment will be \$2,900 [including expenses] and the delivery date will be **three weeks from authorization**, but subject to extension based upon late delivery of the requested data and scheduled access for inspection. The fees will be due and payable within 30 days of the delivery of the reports. It is understood that simple interest of 15% per annum will accrue on any unpaid balance for compensation due, subject to reduction pursuant to any applicable usury law. We shall also be entitled to recover our costs (including attorneys’ fees), associated with collecting any amounts owed or otherwise incurred in connection with this assignment. If the assignment is cancelled by either party prior to completion, you agree to pay us for all our expenses and our time to date based upon the percentage of work completed.

An electronic copy (.pdf) of each appraisal report will be provided. A hard copy is available on request. The delivery date is contingent upon the absence of events outside our control, timely access for inspection of the Subject Property, as well as our receipt of all requested information necessary to complete the assignment.

Please be advised that we are not experts in the areas of building inspection (including mold), environmental hazards, ADA compliance or wetlands. Therefore, unless we have been provided with appropriate third party expert reports, the appraisals will assume that there are no environmental, wetlands, or ADA compliance problems. The agreed upon fees for our services assume the absence of such issues inasmuch as additional research and analysis may be required. If an expert is required, you are responsible for their selection, payment and actions.

Curt White  
Town of Waxhaw  
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In the event that we receive a subpoena or are called to testify in any litigation, arbitration or administrative hearing of any nature whatsoever or as a result of this engagement or the related report, to which we are not a party, you agree to pay our then current hourly rates for such preparation and presentation of testimony. You agree that: (i) the data collected by us in this assignment will remain our property; and (ii) with respect to any data provided by you, IRR – Charlotte and its partner companies may utilize, sell and include such data (either in the aggregate or individually), in the Integra database and for use in derivative products. You agree that all data already in the public domain may be utilized on an unrestricted basis. Finally, you agree that we may use commercially available as well as proprietary software programs to perform your assignment (web based and others).

If you are in agreement with the terms set forth in this letter and wish us to proceed with the engagement, please sign below and return one copy to us. Thank you for this opportunity to be of service and we look forward to working with you.

Sincerely,

**INTEGRA REALTY RESOURCES – CHARLOTTE**



Fitzhugh L. Stout, MAI, CRE  
Senior Managing Director

Attachments

AGREED & ACCEPTED THIS 5th DAY OF November, 2018.

**BY: Town of Waxhaw**

  
\_\_\_\_\_  
**AUTHORIZED SIGNATURE**

Greg Ferguson - Town Manager  
\_\_\_\_\_  
**NAME (PRINT)**

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

11-5-2018

  
\_\_\_\_\_  
**Finance Director**

## ATTACHMENT I

### STANDARD ASSUMPTIONS & LIMITING CONDITIONS

The appraisal report and any work product related to the engagement will be limited by the following standard assumptions:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The Subject Property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the Subject Property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the Subject Property more or less valuable. Furthermore, there is no asbestos in the Subject Property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The Subject Property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

The appraisal report and any work product related to the engagement will be subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the Subject Property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the Subject Property without compensation relative to such additional employment.
6. We have made no survey of the Subject Property and assume no responsibility in connection with such matters. Any sketch or survey of the Subject Property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the Subject Property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the Subject Property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other

engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.

9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the Subject Property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the Subject Property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the Subject Property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the Subject Property or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The *Americans with Disabilities Act (ADA)* became effective January 26, 1992. We have not made a specific survey or analysis of the Subject Property to determine whether the physical aspects of the improvements meet the *ADA* accessibility guidelines. We claim no expertise in *ADA* issues, and render no opinion regarding compliance of the Subject Property with *ADA* regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the Subject Property or in the improvements, and our valuation is predicated upon the assumption that the Subject Property is free and clear of any environment hazards including, without limitation, hazardous

wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the Subject Property. IRR – Charlotte and/or any of its officers, owners, managers, directors, agents, subcontractors or employees (the “Integra Parties”) shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the Subject Property.

21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the Subject Property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the Subject Property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the Subject Property is free of defects or environmental problems. Mold may be present in the Subject Property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
- 24. IRR – Charlotte is an independently owned and operated company. The parties hereto agree that Integra Realty Resources, Inc. (“Integra”) shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR – Charlotte. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.**
25. IRR – Charlotte is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client’s use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are

subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of the Subject Property.

27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

As will be determined during the course of the assignment, additional extraordinary or hypothetical conditions may be required in order to complete the assignment. The appraisal shall also be subject to those assumptions.