

APPRAISAL OF
A PARKING DECK AND SURFACE PARKING PROPERTY

LOCATED AT

125 EAST ROSEMARY STREET
AND ADJACENT LOT TO THE EAST
CHAPEL HILL, NORTH CAROLINA

AS OF

FEBRUARY 12, 2020

FOR

DWIGHT BASSETT, ECONOMIC DEVELOPMENT OFFICER
TOWN OF CHAPEL HILL
405 MARTIN LUTHER KING JR. BLVD
CHAPEL HILL, NC 27514-5705

BY

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PART ONE - INTRODUCTION



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February 14, 2020

Dwight Bassett, Economic Development Officer
Town of Chapel Hill
405 Martin Luther King Jr. Blvd
Chapel Hill, NC 27514-5705

As requested, I have inspected and appraised a parcel of real estate located at 125 East Rosemary Street and the adjacent lot to the east in Chapel Hill, North Carolina. At time of inspection, the property was a 1.67 acre site improved with a parking garage, a surface parking lot and related on-site improvements.

The purpose of the appraisal is to develop an opinion of the market value, as defined, of the fee simple estate of the land only if placed for sale on the open market. The intended use of the appraisal is for internal purposes. The intended users of this report are officers and employees of the Town of Chapel Hill.

As requested, a standard appraisal report has been prepared.

The property was inspected on February 12, 2020 which is the effective date of this appraisal. The effective date of this report is February 14, 2020. I made all necessary investigations and analyses. Based on an inspection of the property, an analysis of data gathered and facts and conclusions as contained in the following report of 37 pages, and subject to the assumptions and limiting conditions as stated, it is my opinion that the market value of the fee simple estate of the land only as of February 12, 2020 is:

SIX MILLION NINE HUNDRED AND ELEVEN THOUSAND DOLLARS
\$6,911,000.00

This value does not include any personal, non-real property or equipment. It also does not include the business value of any operations that may be associated with the property. No consideration was made for any demolition costs.

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

Respectfully submitted,

David A. Smith

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



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CERTIFICATION

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

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

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

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

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

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

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

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

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

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

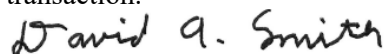
No one provided significant real property appraisal assistance to the person signing this certification.

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

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

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

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



David A. Smith, MAI, SRA

SUMMARY OF IMPORTANT CONCLUSIONS

Location: 125 East Rosemary Street
And adjacent lot to the east
Chapel Hill, North Carolina

Report type: Standard appraisal report

Special and Extraordinary assumptions or hypothetical conditions: That the property is vacant

Effective date of the appraisal: February 12, 2020

Date of the report: February 14, 2020

Type property: Parking garage and surface parking lot

Property ownership: Franklin Office Chapel Hill, LLC
and Investors Title Company

Purpose of the appraisal: To develop an opinion of the market value, as defined, of the fee simple estate of the land only if placed for sale on the open market.

Land Area: 1.67 acres

Tax Parcel Reference Numbers: 9788-37-4748 and 9788-37-6817

Zoning: TC-2 – Town Center 2

Highest and best use: Mixed use

OPINIONS OF VALUE:

Land Value	\$6,911,000
Final Value	\$6,911,000

SCOPE OF WORK

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

Identifying the problem means determining the following:

- A. client
- B. intended users other than the client
- C. intended use
- D. objective or type of value in an appraisal
- E. effective date
- F. relevant property characteristics
- G. assignment conditions

For the subject the clients are the officers and employees of the Town of Chapel Hill. They are also the intended users. The intended use of the appraisal is for internal purposes. The type of value requested is the market value. The effective date of the appraisal is the date of inspection, February 12, 2020. The property is improved but is valued as though vacant. The interest appraised is the fee simple interest. There are no other atypical assignment conditions. This information was from the client.

To determine the solution and perform the scope of work necessary to develop credible assignment results, I gathered information about the property and the real estate market. Information about the property was provided by Dwight Bassett, Economic Development Officer Town of Chapel Hill. I inspected the property on February 12, 2020, alone.

Public records were researched for tax, deed, plat, zoning, topographical, floodplain information and an aerial view of the site. Area and neighborhood information was gathered from a variety of sources including the chamber of commerce, city and county websites and internet sites.

Information about the real estate market was gathered from local and national multiple listings services, surveys, public records and information from appraisers, brokers, property managers, buyers, seller and other associated with real estate. From the information gathered, a highest and best use is selected and appropriate valuation techniques selected. The highest and best use of the subject property as though vacant is for mixed use. An opinion of the fee simple value is developed using the sales comparison approach to value.

PART TWO – PREMISES OF THE APPRAISAL

STATEMENT OF COMPETENCE

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

IDENTIFICATION OF TYPE OF APPRAISAL AND TYPE OF REPORT

The client requested a standard appraisal report. The most recent *Uniform Standards of Professional Appraisal Practice* (USPAP) is for 2020 - 2020. This allows for two types of written appraisal reports: appraisal report and restricted appraisal report.

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

SPECIAL AND EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

An extraordinary assumption is an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which if found to be false, could alter the appraiser's opinions or conclusions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis. Either of these may affect value.

The value appraised is appraised as though vacant. Since the property is improved with a parking garage this is a hypothetical condition. No other special or extraordinary assumptions or hypothetical conditions are made.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

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

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

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

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

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

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

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

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

15. The land description is based on a personal inspection of the site, public records and information supplied by those associated with the property. I assume that all information gathered and supplied is correct.

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

1. Any allocation of the total opinion of value in this report between the land and improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraiser by reason of this appraisal is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales or other media without the prior written consent and approval of the appraiser.
5. In estimating the value of the subject property, a computer was used to calculate some of the value indications. For display purposes, these calculations are generally rounded off to the nearest dollar or the nearest 100th of a percent on the calculation pages. The computer, however, retains considerably more significant digits and the result is that some of the calculations appear to be off by small amounts. These amounts are, however, more accurate since they reflect more precise amounts internal to the computer. These amounts are not rounded off at each stage since doing so could result in a significant rounding error at the end of all the calculations.
6. Definitions used in this report have been taken from *The Dictionary of Real Estate Appraisal*, 5th ed., published by the Appraisal Institute, copyright 2010.

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

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

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

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

PURPOSE, INTENDED USE AND INTENDED USERS OF THE APPRAISAL

The purpose of the appraisal is to develop an opinion of the market value, as defined, of the fee simple estate of the property if placed for sale on the open market. The intended use of the appraisal is for internal purposes. The intended users of this report are officers and employees of the Town of Chapel Hill.

DEFINITION OF VALUE

The opinion of value in this appraisal is the market value. The definition of market value is that used by federally regulated financial institutions

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:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

DATE OF THE REPORT AND OPINIONS OF VALUE

The effective date of the opinion of value is February 12, 2020. The date of the report is February 14, 2020.

PROPERTY RIGHTS APPRAISED

The ownership interest appraised is that of the Franklin Office Chapel Hill, LLC and Investors Title Company who own the property according to public records. The property is used for parking and spaces are rented. However, these are short term rentals and the value requested is an as though vacant value. For this reason the property rights appraised is the fee simple estate. The definition of fee simple estate as used in this report is:

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

PART THREE – PRESENTATION OF DATA

IDENTIFICATION OF THE PROPERTY

The subject is identified as a 1.67 acre site improved with a parking garage, surface parking lot and related on-site improvements located at 125 East Rosemary Street and the adjacent lot to the east in Chapel Hill, North Carolina. According to public records, it is owned by the Franklin Office Chapel Hill, LLC and Investors Title Company. The tax property identification numbers for the property are 9788-37-6817 and 9788-37-4748.

IDENTIFICATION OF ANY PERSONAL OR NON-REALTY PROPERTY

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

HISTORY OF THE PROPERTY

According to public records, the parking garage parcel, 9788-37-4748, is owned by Franklin Office Chapel Hill, LLC and the surface lot, 9788-37-6817 is owned by Investors Title Company.

Franklin Office Chapel Hill, LLC acquired the property along with another from 137 E. Franklin, LP on April 17, 2019 according to a deed recorded in real estate book 6603, page 282. Revenue stamps on the deed were \$47,000. The other property was a multi-story office and commercial building located on Franklin Street. Prior to this it was 137 E. Franklin Street acquired the property from Franklin Street Plaza, LLC on April 24, 2014. This was also for the same two parcels and revenue stamps were \$52,400.00. Both of these transfers appear to be market.

Investors Title Company received the property from Investors Title Company, a North Carolina Company. The deed is not dated but was recorded on February 21, 1989. There were no revenue stamps paid and it does not appear to be a market transaction.

I am not aware of any more recent transfers of the property and it is not for sale on the open market. These sales do not indicate value of the property. One is between related parties and is 31 years old. The other includes a large office/commercial building.

AREA DESCRIPTION

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

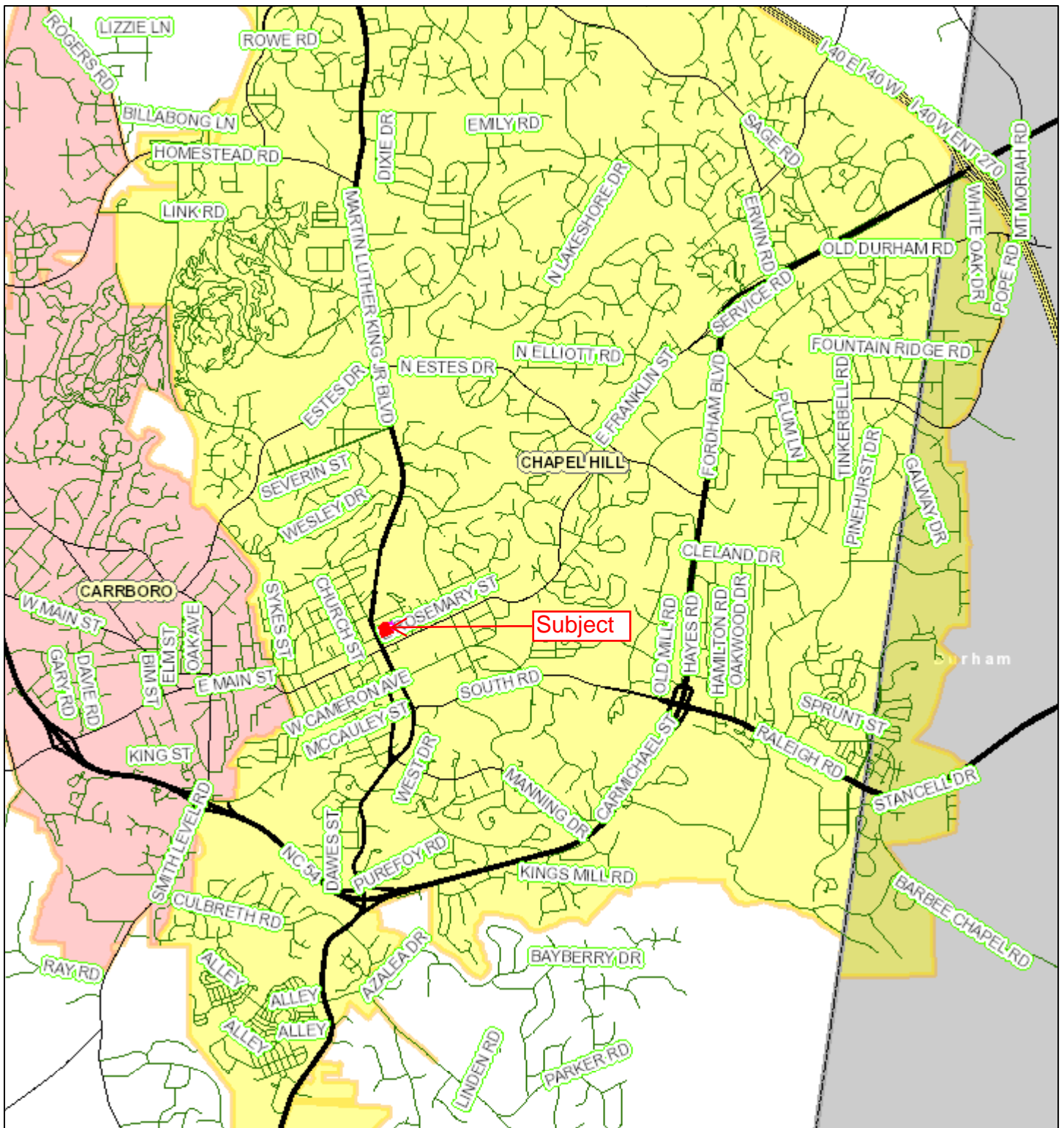
Environmental - The subject is located in the town of Chapel Hill, in Orange County, North Carolina. This county is located in the Piedmont area of the state approximately equal distance between the Appalachian Mountains and the Atlantic Ocean. The county is also in the northern area of the Piedmont with only one county between it and the Virginia state line. A location map for the subject is on the following page.

There are three municipalities in Orange County. Hillsborough, the county seat, is located roughly in the center of the county; Chapel Hill and Carrboro, which are contiguous, are located in the southeast portion of the county. The population of Orange County in 2018 was 146,027 and the population of Chapel Hill in 2020 is 60,988.

Orange County is part of the Durham-Chapel Hill Metropolitan Statistical Area (MSA) which also includes Durham, Chatham and Person Counties. The MSA was home to an estimated 608,784 people in 2017. Chapel Hill is also part of the Raleigh-Durham-Chapel Hill (CSA) which had a population of 2,238,315 in 2018. Durham is contiguous with Chapel Hill at many points and Raleigh about 21 miles to the southeast.

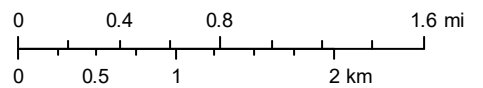
Major routes of access through Orange County are Interstates 85 and 40. I-85 crosses in an east/west direction through the center of the county just south of Hillsborough. It leads northward to Durham and continues on to Henderson and Petersburg, Virginia where it merges

Area Map



February 13, 2020

1:48,000



with I-95. Immediately west of Hillsborough, I-85 merges with I-40 and together they proceed westward to Burlington and Greensboro before they split about 36 miles away. At this point, I-85 continues southerly to Charlotte, Gastonia, and into South Carolina, Georgia, and points south.

I-40 enters the county from the southeast near Chapel Hill and continues northwest where it merges with I-85 near Hillsborough. At the point near Greensboro where they split, I-40 leads westward to Winston-Salem, Statesville, Asheville, and across the country to Barstow, California where it terminates. Eastward, it passes through Durham, the Research Triangle Park, and Raleigh before continuing to Wilmington, North Carolina where it terminates.

Also passing through the county is US 15/501 which crosses through the southeastern portion of the county. This road is the major access route to Durham. US 70 roughly parallels I 85 near Hillsborough. There are also four North Carolina highways in the county. NC 54 which crosses east to west through the southern portion of the county, NC 86 which leads north to south through the county, NC 57 which leads from Hillsborough to the northeast, and NC 157 which crosses the county in a north/south direction at the northeast corner of the county.

Economic - Chapel Hill is primarily a college town and is the location of the main campus in the University of North Carolina system as well as the headquarters of the system itself. The town was created when the state of North Carolina decided to build the nation's first state supported university in 1792.

The university remains the town's main employer and major economic influence with about 12,000 employees. In 2019 the university has an enrollment of 30,011 students of which 19,117 are undergraduates with 84 majors departments and 138 distinct undergraduate degrees. The university is also the leading employer in Orange County. The other major public employers in Orange County are: UNC Health Care System, Chapel Hill-Carrboro City Schools, Orange County Schools, Orange County, Town of Chapel Hill, Town of Carrboro and Town of Hillsborough. The top 25 private employers at last report were: Sports Endeavors/Eurosport, Harris Teeter, PHE, Inc., A Southern Season, Carol Woods, Food Lion, LLC, Wal-Mart Associates, Inc., General Electric Corporation, Whole Foods Market Group, AKG of American,

Inc., Residential Services, Inc., Performance Chevrolet, Inc., Chapel Hill-Carrboro YMCA, Inc., Carolina Inn, US Postal Service, HR Prime LLC, Weaver Street Market, Inc., Aramark Food and Support Services and Chapel Hill Restaurant Management.

Of major importance to Chapel Hill and Orange County is the Research Triangle Park (RTP) which is located about 8 miles east in Durham and Wake Counties. "The Park" as it is also known is the largest research park in the United States. It covers 7,000 acres and has 22,500,000 square feet of built space. The park is home to more than 300 companies with 55,000 employees and an additional 10,000 contractors.

The park was originally limited to organizations engaged in research, development, and scientifically oriented production but is in the process of widening its focus. The Park is designed to encourage these industries, but also places strict requirements on development. Each site must be at least eight acres in size. Much of the site cannot be improved and must be left natural. The result has been highly successful and many corporations and government agencies have facilities in the Park. The major employers are IBM, Cisco Systems Inc., GlaxoSmithKline, RTI International, NetApp Inc., Credit Suisse, Biogen Idec, U.S. Environmental Protection Agency, BASF Corporate Agriculture, and National Institute of Environmental Health Sciences.

Also of importance to Orange County is the Raleigh Durham International Airport (RDU) located between Raleigh and Durham in Wake County. This airport is the second busiest in the state and it had reported 14,218,621 passengers in 2019. It has more than 400 flights daily to 66 destinations.

The estimated median annual family income in Chapel Hill was \$62,620 compared to the national average of \$53,482. Unemployment is 3.8% compared to the national average of 3.9%. The median home value is \$486,649.

The stability of the university, the hospital, and the Research Triangle Park contribute to a stable economy for the area in general and Chapel Hill/Carrboro specifically.

Governmental - Chapel Hill and Carrboro most directly influence real estate values by way of real estate taxes and zoning. Taxes are felt to be moderate and should not have an adverse effect on values. They have both been very protective of their downtowns and in the past has had very strict development policies. These policies have eased recently and there have been a number of mixed use developments in downtown as well as the outlying commercial areas.

Social - Due to the presence of the University of North Carolina, the area has a larger number of amenities such as plays and concerts than would be expected of a community the size of Chapel Hill and Carrboro. Also the larger percentage of highly educated people provides a basis of support for cultural events. The area has long been popular due to its climate, relatively low cost of living, and high quality of life. In addition Nearby Durham and Raleigh have numerous arts and cultural facilities.

The University of North Carolina at Chapel Hill is active in college athletics and draws large crowds to its basketball and football games. Nearby, Duke University in Durham and North Carolina State University in Raleigh also have major college athletic programs. These three are members of the Atlantic Coast Conference and the rivalries between them are intense. Raleigh is also home to a major league hockey team, the Carolina Hurricanes, and there is an AAA minor league baseball team, The Durham Bulls, in nearby Durham. The Carolina Mud Cats, another minor league team are located about an hour away in Zebulon.

Summary - Chapel Hill is located in the central portion of the state with numerous interstates and highways providing excellent access. The town is also part of the Raleigh-Durham MSA which ranks as the 55th largest in the country. The economy is stable due to the presence of the University of North Carolina and other stable employers. Unemployment has historically been low and the standard of living is at or above the state and national averages.

NEIGHBORHOOD DESCRIPTION

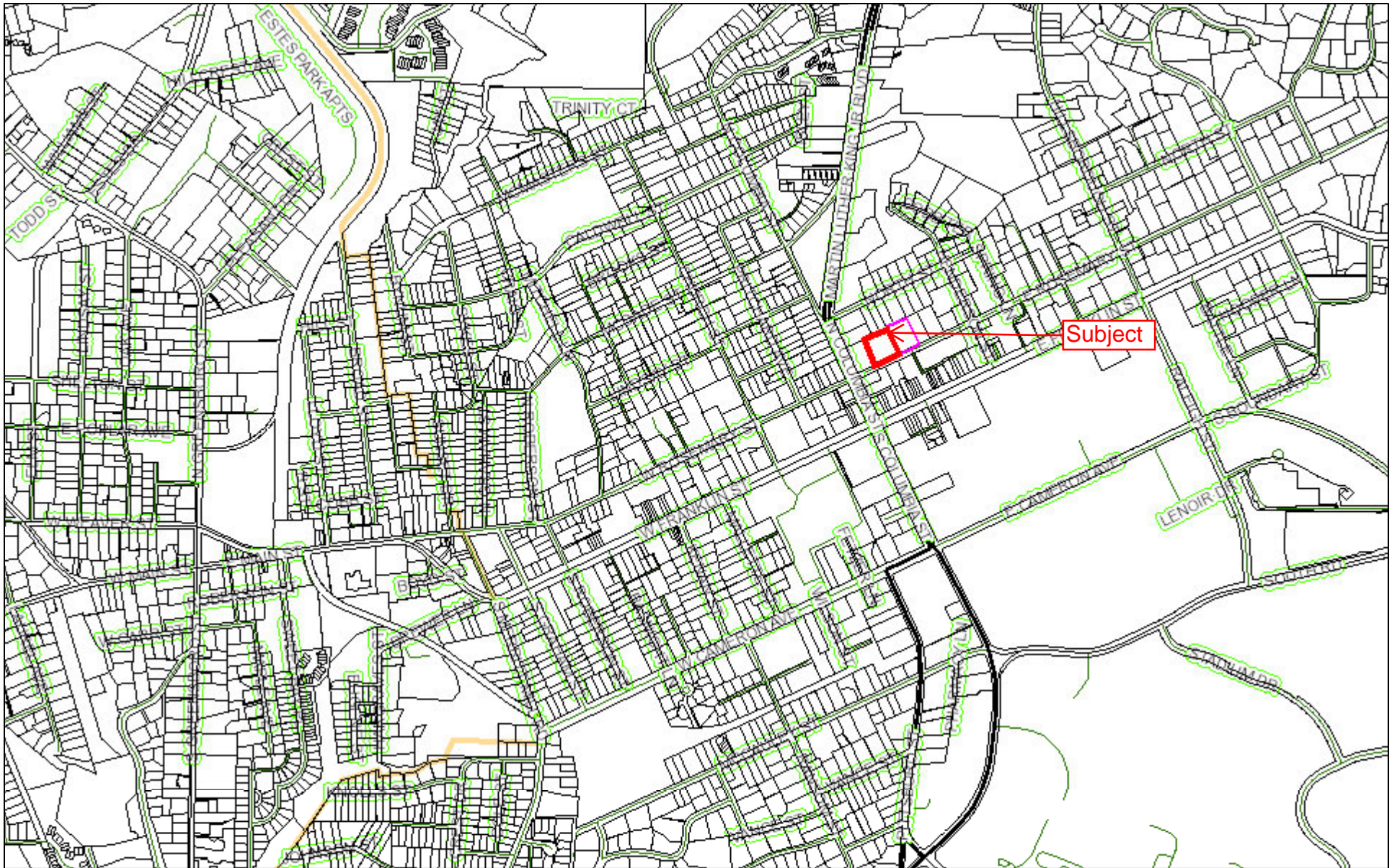
The subject property is located within the city limits of Chapel Hill in the downtown central business district. The neighborhood is generally defined as those commercial and office uses located along both sides of Franklin Street and Rosemary Street from Henderson Street to the Carrboro city limits (Merritt Mill Road).

The neighborhood is the main commercial center for Chapel Hill and is primarily commercial in nature. There are a variety of retail uses such as restaurants, bars and various shops which cater primarily to the students of the University of North Carolina.

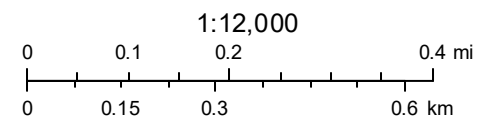
This area of Chapel Hill is almost 100% built up. Because of this, older buildings have been purchased and extensively renovated, while maintaining the original façade of the structure. Some of the older buildings have been removed to make way for newer developments. Most recently 123 West Franklin Street on the site of the former University Square shopping center and Granville Towers student housing. This is a mixed use development with about 275,000 square feet of office space, 150 apartment units, 40,000 square feet of retail and restaurant space, 90,000 square feet of flexible use space and 1,000 parking spaces. Also the Greenbridge development, a mixed use property located at 601 West Rosemary Street close to the subject. It has 97 condominium units as well as 36,000 square feet of ground floor retail and second floor office space with two floors of underground parking. A new hotel, AC Marriott, has been constructed at 214 West Rosemary Street.

To the west is the downtown central business district of Carrboro and to the south and east are residential areas. The residences are owner occupied and are some of the most desirable properties in the state due to their historical ages and the popularity of Chapel Hill in general. These owners typically have higher incomes, but some of the older houses have been converted to sororities, fraternities or boarding houses for the students. These students supply a steady source of inexpensive labor.

Neighborhood Map



February 13, 2020



The primary influence in the area is the university which borders the neighborhood to the south. In addition to the students, the university also has a large work force which also shops, eats and lives in the area. The university also has a major medical institution, UNC Medical Center, with more than 7,100 employees and a total of 905 beds. The medical center is comprised of five hospitals: N.C. Cancer Hospital, N.C. Children's Hospital, N.C. Memorial Hospital, N.C. Neurosciences Hospital and N.C. Women's Hospital.

Chapel Hill also has an excellent reputation which makes it one of the most desirable places in the state and the country to live. It has kept its small town charm while providing all of the services expected in a much larger city.

The major route of access through the neighborhood is Franklin Street (US 15/501 Business) which is also the main street of Chapel Hill. Franklin Street leads eastward to Durham and westward to Carrboro. Martin Luther King and Columbia Street are other major roads through the neighborhood with Martin Luther King leading north and Columbia Street leading south. I-40 is located a short distance to the north and east and is easily accessible by either Franklin Street or Martin Luther King. I-40 leads westward to Greensboro and points west and eastward to Durham, the Research Triangle Park, Raleigh and Wilmington. NC 54 also crosses the town south of the neighborhood and provides additional east to west access.

The primary mode of access to the neighborhood is by means of individual automobile or pedestrian traffic from the university. Parking can be a problem at times. Public transportation through the area is good and frequently used especially by the students. All utilities and services are available to the neighborhood.

In conclusion, the neighborhood is popular due to its close location to UNC. Both pedestrian, public transportation and automobile traffic have access to the subject and all are used. Retail and office vacancy is about average. The proximity and stability of UNC should continue to benefit the neighborhood and there are no adverse influences in the area. The popularity of the town should continue and the long term outlook for the neighborhood should remain good.

LAND DESCRIPTION

The land description is based on a personal inspection of the site, public records and on a site plan entitled "Rosemary Street Parking Deck 125 E. Rosemary Street, Chapel Hill, North Carolina," dated March 2, 2020 and prepared by Ballentine Associates, P.A. The area of the site is not shown on this plan and the area is selected based on the GIS data. For purposes of this appraisal, this is assumed to be the correct description of the property. A copy of the site plan is on the following page.

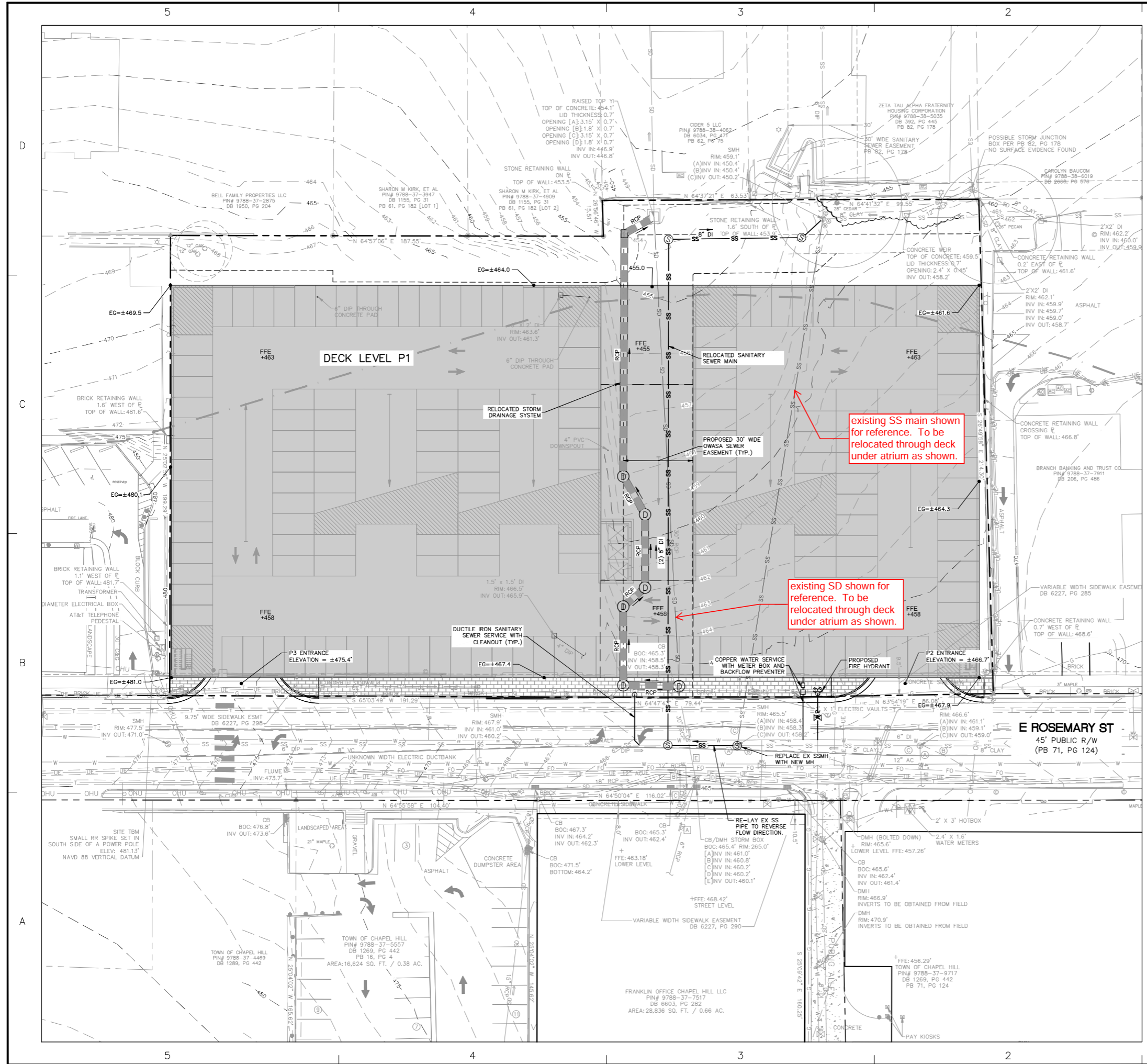
The property is located on the north side of Rosemary Street about 140 feet east of its intersection with Columbia Street. The frontage along Rosemary Street follows three distances of 191.29 feet, 79.44 feet and 86.08 feet. The western boundary is 199.29 feet, and the rear boundary follows four distances of 187.55 feet, 15.51 feet, 63.53 feet and 99.55 feet. The eastern boundary is 214.30 feet and the area is reported in GIS records to be 0.80 acre.

The topography of the site slopes downward from south to north, but is not severe. None is low or in the floodplain. A copy of the topography map is in the addenda.

In front of the subject, Rosemary Street is an asphalt surface public street with two lanes in each direction and a central left turn lane. All public utilities are available.

According to the site plan, the property is crossed by a sanitary sewer line and a storm drainage line. No easement for these lines is indicated and it is assumed they can be relocated.

To my knowledge, there are no easements or encroachments on the site and any that may exist are assumed not to adversely affect value. There are no known adverse soil or sub-soil conditions, nuisances or hazards environmental or otherwise located on the site.



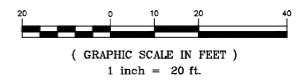
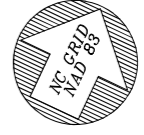
DRAWING LEGEND

SYMBOL/ABBREVIATION	EXISTING	PROPOSED	DESCRIPTION
---	---	---	PROPERTY LINE
---	---	---	RIGHT-OF-WAY LINE
---	---	---	ADJOINER PROPERTY LINE
SD - SD	SD - SD	SD - SD	STORM DRAIN LINE
W	W	W	WATER LINE
SS	SS	SS	SANITARY SEWER LINE
UE	UE	UE	UNDERGROUND ELECTRIC LINE
OHE	OHE	OHE	OVERHEAD ELECTRIC LINE
G	G	G	GAS LINE
T	T	T	TELEPHONE LINE
460	460	460	MAJOR CONTOUR
462	462	462	MINOR CONTOUR
⊙	⊙	⊙	EXISTING IRON PIPE SIGN
⊙	⊙	⊙	CATCH BASIN
⊙	⊙	⊙	DROP INLET
⊙	⊙	⊙	JUNCTION BOX
⊙	⊙	⊙	WATER VALVE
⊙	⊙	⊙	FIRE HYDRANT
⊙	⊙	⊙	SANITARY SEWER MANHOLE
⊙	⊙	⊙	SANITARY SEWER CLEANOUT
⊙	⊙	⊙	POWER POLE
⊙	⊙	⊙	LIGHT POLE
⊙	⊙	⊙	ELECTRIC BOX
⊙	⊙	⊙	HVAC UNIT
⊙	⊙	⊙	TELEPHONE PEDESTAL
⊙	⊙	⊙	TELEPHONE VAULT
⊙	⊙	⊙	FIBER OPTIC MARKER

existing SS main shown for reference. To be relocated through deck under atrium as shown.

existing SD shown for reference. To be relocated through deck under atrium as shown.

**Deck Option A
Sanitary Sewer Main Routed
Through Deck Beneath Atrium**



**REVIEW DRAWING
NOT FOR CONSTRUCTION**

BALLENTINE ASSOCIATES, P.A.
221 PROVEDENCE ROAD, CHAPEL HILL, NC 27514
COPYRIGHT © 2020 BALLENTINE ASSOCIATES, P.A.
ASSOCIATION OF PROFESSIONAL ENGINEERS AND SURVEYORS
WITHOUT FURTHER WRITING FROM THE DESIGN PROFESSIONAL ASSOCIATES, P.A. WILL BE SUBJECT TO LEGAL ACTION.

DRAWING REVISIONS

DATE	REVISIONS

OWNER INFORMATION
GRUBB PROPERTIES, INC.
4500 CAMERON VALLEY PKWY.
SUITE 350
CHARLOTTE, NC 28211
OWNER REPRESENTATIVE:
JOE DYE
PH: (919) 388-5774
FAX: (919) 461-3939
EMAIL: jody@grubbsproperties.com

DRAWING ISSUED

DATE	ISSUED

**ROSEMARY STREET PARKING DECK
125 E. ROSEMARY ST
CHAPEL HILL, NORTH CAROLINA**

JOB NUMBER: 119016.00
DATE: 02 MAR 20
SCALE: AS NOTED
DRAWN BY: J.B.M.
REVIEWED BY: G.J.R.

SHEET

IMPROVEMENTS DESCRIPTION

The property is improved with a parking garage and surface parking. However for purposes of this report the property is valued as though vacant and no further description is given.

TAXES AND ASSESSMENT DATA

The parcel with the parking garage, 9788-37-4748, does not have a tax value. It appears that its tax value is included with the office/commercial building across the street. For the other parcel, its parcel reference number, land value, improvement value, total tax value, tax rate and tax burden are on a chart as follows. Copies of the property tax cards are on the following pages. The last tax valuation was in 2017 and the next is planned for 2021.

Parcel Reference #	Land Value	Improvement Value	Total	Tax Rate	Tax Burden
9788-37-6817	\$1,741,600	\$0	\$1,741,600	0.016837	\$29,323.32

The tax value and burden appear to be low.

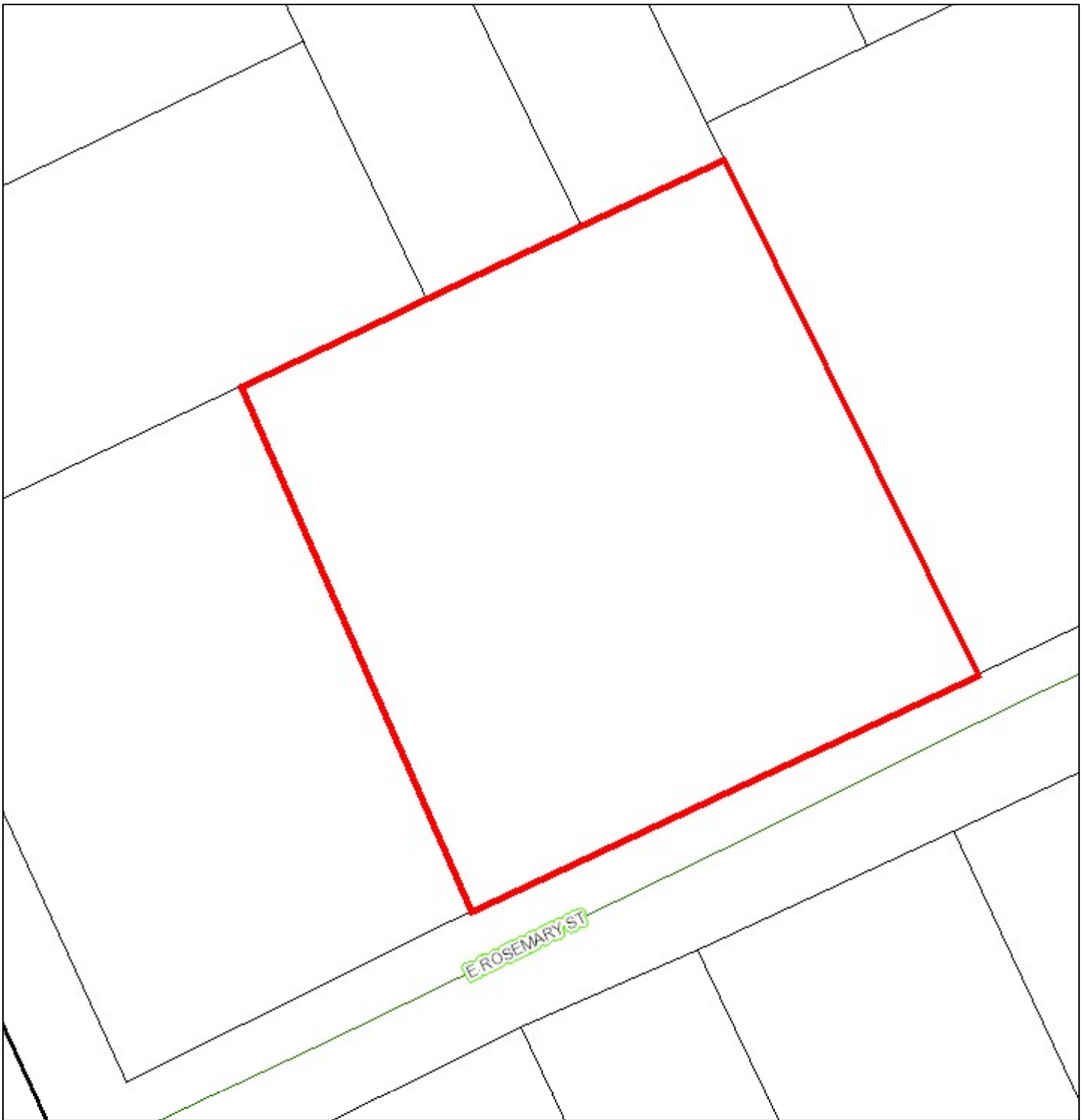
I am not aware of any current or future assessments.

ZONING AND OTHER LEGAL RESTRICTIONS

The Chapel Hill GIS shows the property located in a TC-2 Town Commercial zoning district. A copy of this map is on the following page. The following description is a general one and is not meant to be an exhaustive discussion of all of the zoning regulations. According to the Land Use Management Ordinance:

The town center (TC) districts are intended to provide for the development of the commercial, service, and social center of Chapel Hill while maintaining its character, its pedestrian-oriented scale, and its nature as a concentration of business, administrative,

Tax Data



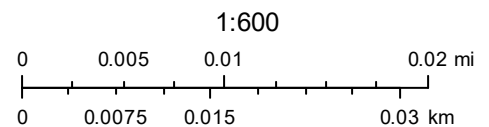
This map contains parcels prepared for the inventory of real property within Orange County, and is compiled from recorded deed, plats, and other public records and data. Users of this map are hereby notified that the aforementioned public primary information sources should be consulted for verification of the information contained on this map. The county and its mapping companies assume no legal responsibility for the information on this map.

February 14, 2020

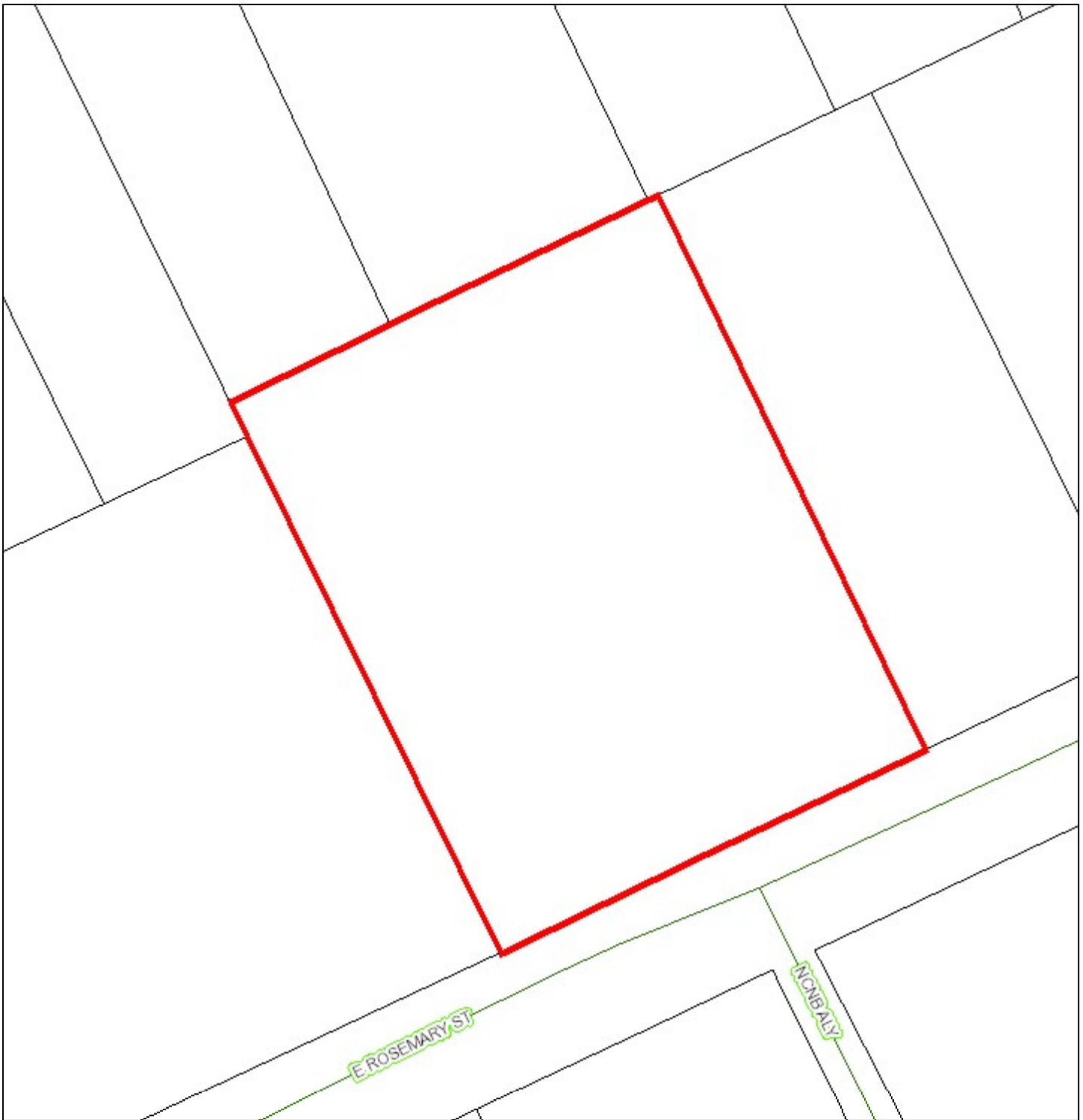
PIN: 9788374748
OWNER 1: FRANKLIN OFFICE CHAPEL HILL LLC
OWNER 2:
ADDRESS 1: 4601 PARK RD #450
ADDRESS 2: C/O GRUBB PROPERTIES INC
CITY: CHARLOTTE
STATE, ZIP: NC 28209
LEGAL DESC: PARKING LOT

SIZE: 0.87 A
DEED REF: 6603/282
RATECODE: 32
DATE SOLD: 4/18/2019
BLDG SQFT: 58714
YEAR BUILT: 1972

BUILDING COUNT: 2
LAND VALUE:
BLDG_VALUE:
USE VALUE:
TOTAL VALUE:



Tax Data



This map contains parcels prepared for the inventory of real property within Orange County, and is compiled from recorded deed, plats, and other public records and data. Users of this map are hereby notified that the aforementioned public primary information sources should be consulted for verification of the information contained on this map. The county and its mapping companies assume no legal responsibility for the information on this map.

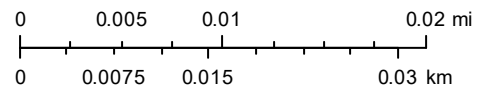
February 14, 2020

PIN: 9788376817
OWNER 1: INVESTORS TITLE COMPANY
OWNER 2:
ADDRESS 1: 121 N COLUMBIA ST
ADDRESS 2:
CITY: CHAPEL HILL
STATE, ZIP: NC 27514
LEGAL DESC: N/S ROSEMARY ST

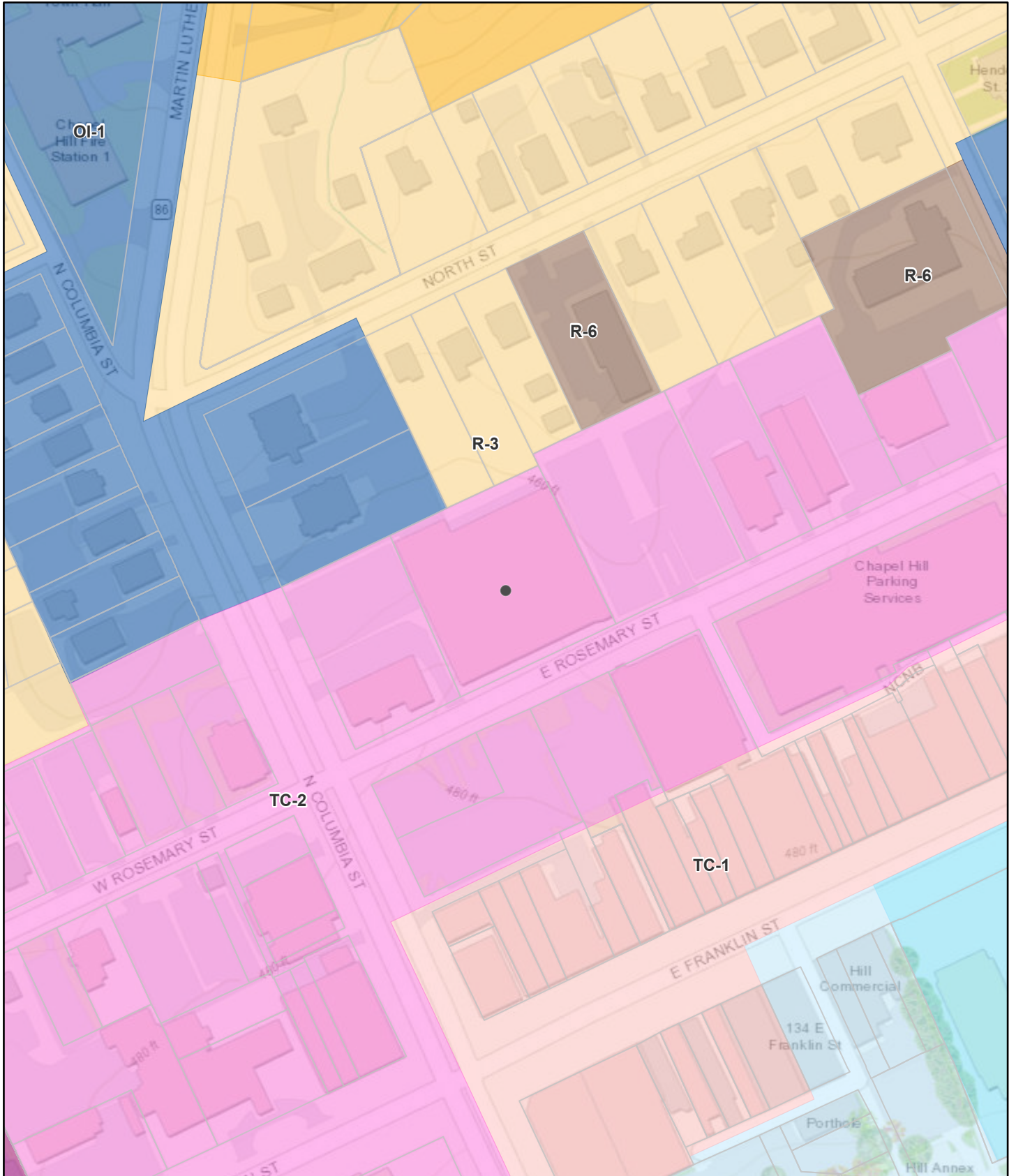
SIZE: 0.8 A
DEED REF: 778/87
RATECODE: 32
DATE SOLD: 2/21/1989
BLDG SQFT:
YEAR BUILT:

BUILDING COUNT:
LAND VALUE: \$1,741,600
BLDG_VALUE: \$0
USE VALUE: \$0
TOTAL VALUE: \$1,741,600

1:600



Zoning Map



2/14/2020, 4:00:27 PM

-  Chapel Hill Jurisdictional Limits
-  Chapel Hill Urban Service Area
-  Chapel Hill Corporate Limits
-  Orange County Parcel Data

Zoning Districts

-  R-3 - Medium Density Residential, 7 units/acre

Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), (c) OpenStreetMap contributors, and the GIS User Community, North Carolina Flood Risk Information System

Web AppBuilder for ArcGIS

financial, governmental, and support functions serving the community; and to encourage further residential development in the central area of Chapel Hill. The zoning regulations for the TC districts are designed to achieve the following objectives:

- Buildings are designed and located so that they provide visual interest and create enjoyable, human-scale spaces.
- Building design blends with the natural terrain by means such as terracing or other techniques that minimize grading.
- Designs are compatible, in form and proportion, with the neighboring area.
- Designers strive for creativity in form and space wherever contrast and variety are appropriate to the larger environment.
- Buildings and projects include visual variety and also maintain a strong sense of unity.
- Buildings and projects include a high level of architectural detailing to help maintain a sense of scale.
- Buildings are designed and located so that they provide visual interest and create enjoyable, human-scale spaces.
- Building design blends with the natural terrain by means such as terracing or other techniques that minimize grading.
- Designs are compatible, in form and proportion, with the neighboring area.
- Designers strive for creativity in form and space wherever contrast and variety are appropriate to the larger environment.
- Buildings and projects include visual variety and also maintain a strong sense of unity.
- Buildings and projects include a high level of architectural detailing to help maintain a sense of scale.

This zoning generally allows for all types of residential uses, offices and commercial type uses. Other uses such as schools, churches and daycare centers are allowed, but require additional

approval. Heavier commercial, industrial and agricultural uses are not allowed.

Physical requirements are as follows:

Minimum lot size:	NA
Maximum density:	NA
Minimum frontage:	12 feet
Minimum lot width	15 feet
Maximum building heights	44 feet setback, 90 feet core
Minimum street setback	0 feet
Minimum interior setback	0 feet
Minimum solar setback	0 feet
Impervious Surface Ratio:	NA
Maximum floor area ratio	1.97
Maximum street setback	NA

Parking: On-site parking is not required

The site as improved appears to conform to the current zoning requirements. To my knowledge, the subject is not located in any overlay districts and there are no other known restrictions of any kind. It is not likely that the site could be rezoned.

PART FOUR – ANALYSIS OF DATA AND CONCLUSIONS

HIGHEST AND BEST USE

Highest and best use is defined as follows:

The reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property - specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.

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

Legal Permissibility - Legal restrictions to the site are those from the Chapel Hill Planning Department. As more thoroughly discussed in the zoning section, the property is located in an TC-2, town center zoning district. This zoning generally allows for all types of residential uses, offices and commercial type uses. Other uses such as schools, churches and daycare centers are allowed, but require additional approval. Heavier commercial, industrial and agricultural uses are not allowed.

Physical Possibility - As discussed in the Land Data section of this report, the property has access to a publicly maintained street and all city utilities. The topography is mostly level and should not restrict improvement. There is no evidence of any easements or encroachments that would significantly restrict improvement. The site is also of sufficient size for most uses. Therefore, all of the uses that are legally permissible are physically possible.

Financial Feasibility - The test of financial feasibility is whether a use would produce a positive return to the land. Of the legally permissible and physically possible uses, it is not financially feasible to improve the site with any of the special uses. While the site could be used for one of these uses, the pool of potential buyers for these uses is small and they can be built in virtually any zoning. For this reason, the only financially feasible use would be for some type of office commercial or residential use.

Maximum Profitability - The use that produces the highest return to the land is the use with the maximum profitability. In this area, commercial land sells for more per square foot than office or residential. However, commercial uses generally require street level. Office and residential uses do not. For this reason the most profitable use is for a mixed use development with commercial on the first floor and office or residential on upper floors. No one particular type of these uses is the most profitable as long as the site is used to its maximum potential.

OPINIONS OF VALUE

To develop an opinion of the value of the property I will use the sales comparison approach only. Land of this nature rarely produces income if vacant for use in the income capitalization approach and the cost approach cannot be used to value vacant land. The sales comparison approach defined as:

The process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.

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

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

Real property rights conveyed – The comparables are either fee simple transfers or sold at fee simple rates. No adjustments are made for this factor.

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

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

ANALYSIS AND ADJUSTMENT CHART OF VACANT COMMERCIAL LAND SALES					
Comparable		1	2	3	4
Reference #		2020-1	2016-129	2016-130	2019-18
Location	125 E Rosemary	100 W Rosemary	212 W Rosemary	109 Church	610 Franklin
Tax Ref		9788371539, et al	9788275353, et al	9788274180	9788066054
Zoning		TC-2 & OI-1	TC-2	TC-1	TC-2
Date	2/12/2020	Under Contract	6/6/2016	3/31/2016	12/18/2019
Sales Price		\$4,500,000	\$3,250,000	\$2,000,000	\$1,795,500
Size (Acres)	1.67	1.05	0.72	0.58	0.52
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing Terms		Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Conditions of Sale		Arms Length	Arms Length	Arms Length	Arms Length
Expenditures		\$0	\$0	\$0	\$0
Including Expenditures		\$4,500,000	\$3,250,000	\$2,000,000	\$1,795,500
Market Condition Adjustment		-10.00%	18.00%	19.00%	1.00%
Adjusted for Market Condition		\$4,050,000	\$3,835,000	\$2,380,000	\$1,813,455
Adjusted for					
Location		0.00%	5.00%	5.00%	20.00%
Size		-3.00%	-5.00%	-5.00%	-6.00%
Access		0.00%	0.00%	0.00%	0.00%
Utilities		0.00%	0.00%	0.00%	0.00%
Topography		0.00%	0.00%	0.00%	0.00%
Net Adjustment		-3.00%	0.00%	0.00%	14.00%
Adjusted Value		\$3,928,500	\$3,835,000	\$2,380,000	\$2,067,339
Economic Characteristics		Similar	Similar	Similar	Similar
Use		Similar	Similar	Similar	Similar
Non-Realty Items		None	None	None	None
INDICATED PER SQUARE FOOT VALUE OF SUBJECT					
		\$85.89	\$122.28	\$94.20	\$91.27

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

Market Conditions (Time) – Three of the comparables are adjusted upward since property values have been increasing. The fourth is a pending sale and the actual sales price was not disclosed. The asking price was known and this was adjusted downward since properties rarely sell for full asking price.

Location – The subject is behind the most desirable section of Franklin Street in downtown. It currently provides parking for this area. One of the comparables is located on Rosemary and Columbia Street and felt to have a similar location. Two of the other comparables are close to the subject but are further from the prime section of Franklin Street and are not as desirable. The other comparable is further away at the border with Carrboro. While all of the comparables have very good locations three are not as desirable as the subject and upward adjustments are made.

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

Size – All of the comparables are significantly smaller and a downward adjustments are made since smaller parcels will sell for more on a per square foot basis.

Access – The subject and comparables have access to paved public roads.

Utilities – The subject and comparables have access to all city utilities and no adjustments are made.

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

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

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

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

The comparables give indicated values of \$85.89, \$122.28, \$94.20 and \$91.27 per square foot after adjusting. Based on this, the per square foot value of the subject is selected at \$95.00. My opinion of the land value of the subject is therefore:

72,745 square feet (1.67 Acres) @ \$95.00 per Sq Ft = \$6,910,775
Rounded \$6,911,000

RECONCILIATION AND FINAL OPINION OF VALUE

Since the only approach available is the sales comparison approach, the value from this approach is selected. It should be noted that no estimate of demolition cost was considered since the value requested was land only.

The comparables used were not straight land sales since there is virtually no vacant land in downtown Chapel Hill that has sold. The comparables were redevelopment sites that were redeveloped after purchase or are being held for future redevelopment.

Based on the indicated values of the comparables it is my opinion that the market value of the fee simple estate of the land only is:

SIX MILLION NINE HUNDRED AND ELEVEN THOUSAND DOLLARS
(\$6,911,000)

EXPOSURE TIME AND MARKETING TIME

The definition of exposure time as used in this report is that as defined by the Appraisal Foundation and found in a publication entitled, *Uniform Standards of Professional Appraisal Practice*, 2020-2021 Ed. This definition is:

Exposure Time: estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

Marketing Time: an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.

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

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



DAVID A. SMITH, MAI, SRA

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



QUALIFICATIONS OF DAVID A. SMITH, MAI, SRA

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

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

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

APPRAISAL INSTITUTE COURSES:

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

APPRAISAL INSTITUTE SEMINARS:

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

Effective Appraisal Writing, 2009
Appraisal Curriculum Overview, 2009
Discounted Cash Flow Model: Concepts, Issues and Apps, 2010
National USPAP Update, 2010
Rates and Ratios: Making sense of GIMs, OARs and DCFs, 2011
National USPAP Update, 2012
Business Practices and Ethics, 2012
Marketability Studies: Advanced Considerations & Applications, 2013
Real Estate Valuation Conference, 2013
2014 Real Estate Valuation Conference, 2014
7-Hour National USPAP Update Course, 2014
2014 Real Estate Valuation Conference, 2014
Analyzing the Effects of Environmental, 2015
7-Hour National USPAP Update Course, 2016
Online Business Practices and Ethics, 2017
Commercial Real Estate Finance, 2017
Spring 2017 Real Estate Valuation, 2017
7-Hour National USPAP Update Course, 2018
The End of Experts: Mission Battleground and the Intelligent Layperson, 2018
Ignorance Isn't Bliss: Understanding and Investigation by a State Appraiser
Regulatory Board or Agency, 2018
Advanced Land Valuation: Sound Solutions to Perplexing Problems, 2019
Uniform Appraisal Standards for Federal Land Acquisitions, 2019

OTHER SEMINARS AND COURSES:

Commercial Segregated Cost Seminar, Marshall & Swift, 1988
Appraisal Guide and Legal Principles, Department of Transportation, 1993
The Grammar Game, Career Track, 1994
Property Tax Listing and Assessing in NC, 2014

MEMBERSHIPS:

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

CERTIFICATION:

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

OTHER:

Durham Civilian Police Review Board, 2009 - Present, Past Chair
Durham County Board of Equalization and Review, 2013 – Present, Current Chair
Durham Public Schools Budget Advisory Committee, 2013 - 2018
NC Property Tax Commission, 2013 – 2017
City of Durham Audit Oversight Committee, 2002 – 2006
Durham Board of Adjustment, 1994 - 2002
Durham City/County Zoning Commission, 1990 – 1995
John Avery Boys and Girls Club, 1994-2002
Historical Preservation Society, 1992 - 1995
Vice President of the Candidates, 1989, NC Chapter 40
President of the Candidates, 1990, NC Chapter 40
Candidate of the Year, 1990, NC Chapter 40

RECENT CLIENTS:

LENDING INSTITUTIONS

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

MUNICIPALITIES AND OTHER GOVERNMENT AGENCIES

City of Durham
Town of Chapel Hill
Town of Hillsborough
NC Department of Administration
Durham County
Orange County
Durham Public Schools
Durham Technical Community College
Housing Authority of the City of Durham
NCDOT

Orange Water and Sewer Authority
Person County

OTHER

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

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

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

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

ADDENDA

PHOTOGRAPHS OF SUBJECT



Street Scene along Rosemary Street Looking East



Street Scene along Rosemary Street Looking West

PHOTOGRAPHS OF SUBJECT

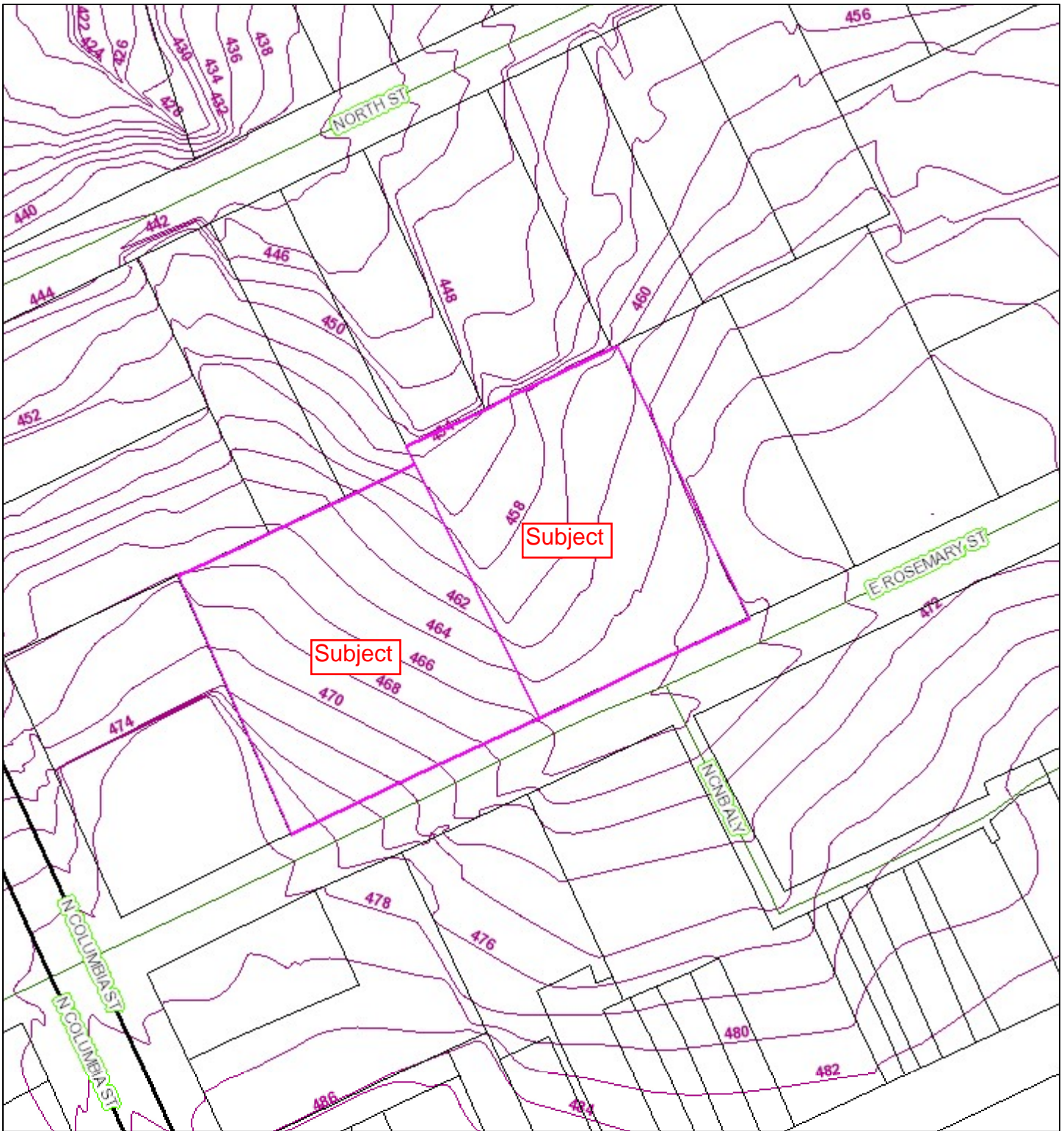


Parking Garage



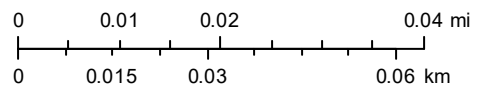
Surface Parking Lot

Topography



February 14, 2020

1:1,200

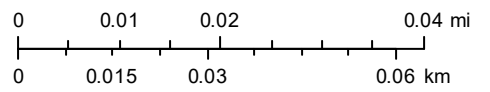


Aerial



February 14, 2020

1:1,200





20190418000067210 DEED
Bk:RB6603 Pg:282
04/18/2019 01:29:03 PM 1/10

FILED Mark Chilton
Register of Deeds, Orange Co, NC
Recording Fee: \$26.00
NC Real Estate TX: \$47000.00

mk

NORTH CAROLINA SPECIAL WARRANTY DEED

Excise Tax: \$47,000.00

Parcel Identifier No.: 9788377517 and 9788374748

mab

Mail after recording to:
Grantee

This instrument was prepared by: Moore & Van Allen PLLC, 100 N. Tryon Street, Suite 4700, Charlotte, North Carolina, 28202, Attn: Christopher D. Thompson, Esq.

Brief Description for the Index: 137 E. Franklin Street, Chapel Hill, North Carolina

THIS DEED made this 17th day of April, 2019, by and between:

GRANTOR	GRANTEE
137 E. FRANKLIN, LP, a Delaware limited partnership	FRANKLIN OFFICE CHAPEL HILL, LLC, a Delaware limited liability company
c/o ATCO Properties & Management, LLC 97-77 Queens Boulevard, 11th Floor Rego Park, New York 11374	c/o Grubb Properties, Inc. 4601 Park Road, Suite 450 Charlotte, North Carolina 28209

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

Those certain lands as are more particularly described in Exhibit A which is attached hereto and made a part hereof by reference.

Submitted electronically by "Kennon Craver, PLLC"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Orange County Register of Deeds.



20190418000067210
RB6603 283 2/10

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

The property hereinabove described was acquired by Grantor by instrument recorded in Book RB5782, Page 1, Orange County Registry.

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

And Grantor covenants with Grantee that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, other than the following exceptions:

See attached Exhibit B which is attached hereto and made a part hereof by reference.

(Signature page follows)



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

GRANTOR:

137 E. FRANKLIN, LP,
a Delaware limited partnership

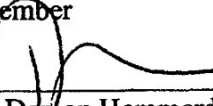
By: 137EFGP, LLC, its general partner

By: ZH Franklin, LLC, its co-managing member

By: Zapolski Holdings, its Manager

By: _____
Name: _____
Title: _____

By: ACCRE Chapel Hill, LLC, its co-managing member

By:  _____
Name: Damon Hemmerdinger
Title: Authorized Signatory

[notary acknowledgments on following page]



STATE OF _____
COUNTY OF _____

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ as Manager of Zapolski Holdings, Manager of ZH Franklin, LLC, co-managing member of 137EFGP, LLC, general partner of 137 E. Franklin, LP.

Date: _____, 2019

Signature of Notary

Notary Printed Name

My Commission Expires: _____

(Official Seal)

STATE OF New York
COUNTY OF Queens

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Damon Hemmerdinger, Authorized Signatory of ACCRE Chapel Hill, LLC, co-managing member of 137EFGP, LLC, general partner of 137 E. Franklin, LP.

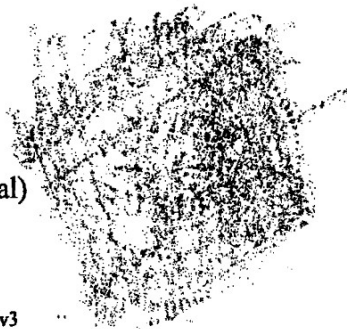
Date: 4/11, 2019

Wanda Rodriguez
Signature of Notary

Notary Printed Name **WANDA RODRIGUEZ**
Notary Public, State of New York
No.01RO6270719

My Commission Expires: **Qualified in Queens County**
Commission Expires Oct 22, 2020

(Official Seal)





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

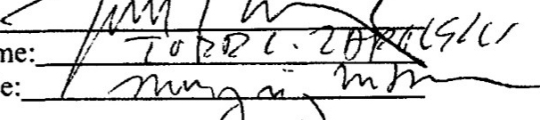
GRANTOR:

137 E. FRANKLIN, LP,
a Delaware limited partnership

By: 137EFGP, LLC, its general partner

By: ZH Franklin, LLC, its co-managing member

By: Zapolski Holdings, its Manager

By: 
Name: TOROL ZAPOLSKI
Title: Managing Member

By: ACCRE Chapel Hill, LLC, its co-managing member

By: _____
Name: Damon Hemmerdinger
Title: Authorized Signatory

[notary acknowledgments on following page]



STATE OF _____
COUNTY OF _____

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____ as Manager of Zapolski Holdings, Manager of ZH Franklin, LLC, co-managing member of 137EFGP, LLC, general partner of 137 E. Franklin, LP.

Date: _____, 2019

*See Attached
WRabe
4/11/19*

Signature of Notary

Notary Printed Name

My Commission Expires: _____

(Official Seal)

STATE OF _____
COUNTY OF _____

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Damon Hemmerdinger, Authorized Signatory of ACCRE Chapel Hill, LLC, co-managing member of 137EFGP, LLC, general partner of 137 E. Franklin, LP.

Date: _____, 2019

Signature of Notary

Notary Printed Name

My Commission Expires: _____

(Official Seal)



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

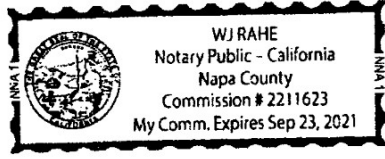
State of California }
County of NAPA

On 04/11/2019 before me, WJ RAHE, NOTARY PUBLIC
Date Here Insert Name and Title of the Officer
personally appeared TODD ZAPOLSKI
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal and/or Stamp Above

Signature WJ Rahe
Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: North Carolina Special Warranty Deed
Document Date: 04/11/2019 Number of Pages: 4 + Exhibits A & B
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: TODD ZAPOLSKI Signer's Name: _____
 Corporate Officer - Title(s): Managing Partner Corporate Officer - Title(s): _____
 Partner - Limited General Member Partner - Limited General
 Individual Attorney in Fact Individual Attorney in Fact
 Trustee Guardian of Conservator Trustee Guardian of Conservator
 Other: _____ Other: _____
Signer is Representing: Zapolski Holdings Signer is Representing: _____



EXHIBIT A

Legal Description

LYING AND BEING SITUATE IN CHAPEL HILL, ORANGE COUNTY, NORTH CAROLINA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

TRACT 1:

TO LOCATE THE POINT AND PLACE OF BEGINNING COMMENCE AT THE INTERSECTION OF THE EASTERN MARGIN OF THE RIGHT-OF-WAY OF NORTH COLUMBIA STREET WITH THE SOUTHERN MARGIN OF THE SIXTY FOOT (60') WIDE PAVED PUBLIC RIGHT-OF-WAY OF EAST ROSEMARY STREET AND RUN N64°32'00"E 298.67' TO AN IRON PIN MARKING THE POINT AND PLACE OF BEGINNING; AND RUNNING THENCE WITH THE SOUTHERN MARGIN OF THE RIGHT-OF-WAY OF EAST ROSEMARY STREET N64°31'51"E 116.02' TO AN IRON PIN IN THE WESTERN BOUNDARY OF THE LAND CONVEYED TO TOWN OF CHAPEL HILL BY INSTRUMENT RECORDED IN DEED BOOK 1269, PAGE 442, ORANGE COUNTY PUBLIC REGISTRY; THENCE WITH THE WESTERN BOUNDARY OF THE TOWN OF CHAPEL HILL PROPERTY (NOW OR FORMERLY) S25°28'00"E 160.25 TO A NAIL IN AN ALLEY DESCRIBED IN INSTRUMENT RECORDED IN DEED BOOK 278, PAGE 1632, ORANGE COUNTY PUBLIC REGISTRY; THENCE WITH THE SAID ALLEY TWO (2) COURSES AND DISTANCES AS FOLLOWS: (1) N64°32'00"E 4.00' TO A NAIL AND (2) S25°28'00"E 5.95' TO A NAIL IN THE SOUTHERN MARGIN OF THE SAID ALLEY; THENCE WITH THE SOUTHERN MARGIN OF THE SAID ALLEY N64°32'44"E 27.30' TO NEW IRON SPIKE IN THE WESTERN BOUNDARY OF THE LAND CONVEYED TO STEVE KUTAY BY INSTRUMENT RECORDED IN DEED BOOK 886, PAGE 360, ORANGE COUNTY PUBLIC REGISTRY; THENCE WITH THE WESTERN BOUNDARY OF THE KUTAY PROPERTY (NOW OR FORMERLY) S24°07'40"E 130.07' TO A POINT ON THE NORTHERN MARGIN OF THE ONE HUNDRED FOOT (100') WIDE PAVED PUBLIC RIGHT-OF-WAY OF EAST FRANKLIN STREET; THENCE WITH THE NORTHERN MARGIN OF THE RIGHT-OF-WAY OF EAST FRANKLIN STREET S64°28'00"W 74.72' TO A POINT IN THE EASTERN BOUNDARY OF THE LAND CONVEYED TO RABBITS CROSSING PROPERTIES BY INSTRUMENT RECORDED IN DEED BOOK 1506, PAGE 251, ORANGE COUNTY PUBLIC REGISTRY; THENCE WITH THE EASTERN BOUNDARY OF THE RABBITS CROSSING PROPERTIES (NOW OR FORMERLY) N25°22'52"W 136.07' TO A NAIL IN THE AFORESAID ALLEY; THENCE S64°32'00"W 70.03' TO ANOTHER NAIL IN THE ALLEY; AND THENCE CROSSING THE ALLEY AND CONTINUING WITH THE EASTERN BOUNDARY OF THE TOWN OF CHAPEL HILL PROPERTY, N25°22'20"W 160.25' TO THE POINT AND PLACE OF BEGINNING, CONTAINING 28,817 SQUARE FEET, MORE OR LESS, ALL AS SHOWN ON SURVEY ENTITLED "FRANKLIN STREET PLAZA LLC", PREPARED BY MARY E. AYERS, NORTH CAROLINA PROFESSIONAL LAND SURVEYOR L-3260, DATED APRIL 22, 2005, REFERENCE TO SAID SURVEY BEING MADE IN SAID OF DESCRIPTION.



TRACT 2:

TO LOCATE THE POINT AND PLACE OF BEGINNING, COMMENCE AT THE INTERSECTION OF THE EASTERN MARGIN OF THE RIGHT-OF-WAY OF NORTH COLUMBIA STREET WITH THE NORTHERN MARGIN OF THE RIGHT-OF-WAY OF EAST ROSEMARY STREET AND RUN N64°32'00"E 140.00' TO AN IRON PIN ON THE SOUTHEASTERN CORNER OF LAND CONVEYED TO CENTURA BANK BY INSTRUMENT RECORDED IN DEED BOOK 1078, PAGE 71 IN THE ORANGE COUNTY PUBLIC REGISTRY, SAID IRON PIN MARKING THE POINT AND PLACE OF BEGINNING, THENCE RUNNING WITH THE NORTHERN MARGIN OF THE RIGHT-OF-WAY OF EAST ROSEMARY STREET N64°38'44"E 191.29' TO AN IRON PIN LOCATED ON THE SOUTHWESTERN CORNER OF THE LAND CONVEYED TO INVESTORS TITLE COMPANY BY INSTRUMENT RECORDED IN DEED BOOK 778, PAGE 87 IN THE ORANGE COUNTY PUBLIC REGISTRY; THENCE RUNNING WITH THE WESTERN BOUNDARY OF THE INVESTORS TITLE COMPANY PROPERTY (NOW OR FORMERLY) N26°32'23"W 199.70' TO AN IRON PIN LOCATED ON THE SOUTHEASTERN CORNER OF THE LAND CONVEYED TO SHARON KIRK BY INSTRUMENT RECORDED IN DEED BOOK 1151, PAGE 31 IN THE ORANGE COUNTY PUBLIC REGISTRY; THENCE RUNNING WITH THE SOUTHERN BOUNDARY OF THE SHARON KIRK PROPERTY (NOW OR FORMERLY) S64°32'00"W 117.37' TO AN IRON PIN LOCATED ON THE SOUTHEASTERN CORNER OF THE LAND CONVEYED TO BELL FAMILY PROPERTIES BY INSTRUMENT RECORDED IN DEED BOOK 1950, PAGE 204 IN THE ORANGE COUNTY PUBLIC REGISTRY; THENCE RUNNING WITH THE SOUTHERN BOUNDARY OF THE BELL FAMILY PROPERTIES LAND (NOW OR FORMERLY) S64°32'00"W 70.18' TO AN IRON PIN LOCATED ON THE NORTHEASTERN CORNER OF THE CENTURA BANK PROPERTY (NOW OR FORMERLY) AND RUNNING THENCE WITH THE EASTERN BOUNDARY OF THE CENTURA BANK PROPERTY (NOW OR FORMERLY) S25°28'00"E 199.29' TO THE POINT AND PLACE OF BEGINNING, CONTAINING 37,785 SQUARE FEET, MORE OR LESS, ALL AS SHOWN ON SURVEY ENTITLED "FRANKLIN STREET PLAZA, LLC", PREPARED BY MARY E. AYERS, NORTH CAROLINA PROFESSIONAL LAND SURVEYOR L-3260, DATED APRIL 22, 2005, REFERENCE TO SAID SURVEY BEING MADE IN SAID OF DESCRIPTION.

TRACTS 1 AND 2 ARE CONVEYED TOGETHER WITH, AND SUBJECT TO AN EASEMENT FOR AN OVERHEAD PEDESTRIAN BRIDGE AS MORE PARTICULARLY DESCRIBED IN A DEED OF EASEMENT RECORDED IN BOOK 234, PAGE 654 IN THE ORANGE COUNTY PUBLIC REGISTRY AND THE EASEMENTS DESCRIBED IN THE DEED RECORDED IN BOOK 278, PAGE 1632 IN THE ORANGE COUNTY PUBLIC REGISTRY, ALL AS SHOWN ON SURVEY ENTITLED "FRANKLIN STREET PLAZA, LLC", PREPARED BY MARY E. AYERS, NORTH CAROLINA PROFESSIONAL LAND SURVEYOR L-3260, DATED APRIL 22, 2005, REFERENCE TO SAID SURVEY BEING MADE IN SAID OF DESCRIPTION.



EXHIBIT B

Exceptions to Title

1. Taxes for 2019 and subsequent years' *ad valorem* real estate taxes.
2. Terms and conditions of the Declaration of Easements for a pedestrian bridge over East Rosemary Street from the Town of Chapel Hill recorded in Book 234 at Page 654 and easements described in the deed recorded in Book 278 at Page 1632.
3. Deed granting easements to the Town of Chapel Hill recorded in Book 6227 at Page 290. (As to Tract 1)
4. Deed granting easements to the Town of Chapel Hill recorded in Book 6227 at Page 296. (As to Tract 2)
5. Memorandum of Lease with Bellsouth Carolinas PCS, LP, recorded in Book 1814 at Page 159.
6. Memorandum of Lease with CVS, recorded in Book 5523 at Page 588.
8. Rights or claim of parties in possession.
9. Rights of adjoining lot owners to the lateral support and encroachment of the party walls and common areas situate on side lot lines.
10. Any matters that would be shown on a true and accurate survey of the Property.
11. The impact of any federal, state, local or other laws, rules, regulations and ordinances, including, without limitation, zoning ordinances.

2/6



20140429000069850 DEED
Bk:RB5782 Pg:1
04/29/2014 04:57:18 PM 1/6

DML

FILED Deborah B. Brooks
Register of Deeds, Orange Co., NC
Recording Fee: \$26.00
NC Real Estate TX: \$52400.00



SPECIAL WARRANTY DEED

Excise Tax \$52,400.00

Tax Lot No.: 9788377517 and 9788374748 *LKB*

Drawn by: Brent M. Milgrom, Jr., Parker Poe Adams & Bernstein LLP

Mail after recording to: Grantee

Brief description for the Index:

Bank of America Plaza and Parking Deck

NORTH CAROLINA SPECIAL WARRANTY DEED

THIS DEED made as of this 24th day of April, 2014, by and between

GRANTOR

Franklin Street Plaza, LLC,
a North Carolina limited liability company
c/o Metro Consultants, Ltd.,
5970 Fairview Road, Suite 720
Charlotte, NC 28210

GRANTEE

137 E. Franklin, LP,
a Delaware limited partnership
c/o Zapolski Real Estate, LLC
501 Washington Street, Suite K2
Durham, NC 27701

27701ville

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 (the "Property") situated in the City of Chapel Hill, Orange County, North Carolina, and more particularly described as follows:

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



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

The Property does not contain the primary residence of Grantor.

The Property was acquired by Grantor by instrument recorded in Book RB3742, Page 242.

Title to the Property is subject to the following matters: See **Exhibit B**.

[SIGNATURE APPEARS ON FOLLOWING PAGE]



IN WITNESS WHEREOF, Grantor has caused this instrument to be signed and delivered as of the day and year first above written.

FRANKLIN STREET PLAZA, LLC, a North Carolina limited liability company

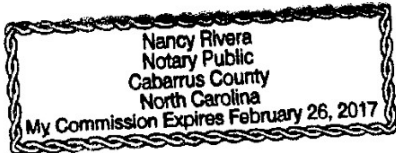
By: Milgrom-Franklin Street, LLC, a North Carolina limited liability company
Its: Manager

By: Brent M. Milgrom
Brent M. Milgrom, Manager

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Brent M. Milgrom.

Date: March 31, 2014.



Nancy Rivera
Official Signature of notary

NANCY RIVERA
Notary's printed or typed name, Notary Public



Exhibit A

LYING AND BEING in Chapel Hill, Orange County, North Carolina, and more particularly described as follows:

TRACT 1:

To locate the point and place of BEGINNING commence at the intersection of the eastern margin of the right-of-way of North Columbia Street with the southern margin of the sixty foot (60') wide paved public right-of-way of East Rosemary Street and run N 64° 32' 00" E 298.67' to an iron pin marking the point and place of BEGINNING; and running thence with the southern margin of the right-of way of East Rosemary Street N 64° 31' 51" E 116.02' to an iron pin in the western boundary of the land conveyed to Town of Chapel Hill by instrument recorded in Deed Book 1269, Page 442, Orange County Public Registry; thence with the western boundary of the Town of Chapel Hill property (now or formerly) S 25° 28' 00" E 160.25 to a nail in an alley described in instrument recorded in Deed Book 278, Page 1632, Orange County Public Registry; thence within the said alley two (2) courses and distances as follows: (1) N 64° 32' 00" E 4.00' to a nail and (2) S 25° 28' 00" E 5.95' to a nail in the southern margin of the said alley; thence with the southern margin of the said alley N 64° 32' 44" E 27.30' to new iron spike in the western boundary of the land conveyed to Steve Kutay by instrument recorded in Deed Book 886, Page 360, Orange County Public Registry; thence with the western boundary of the Kutay property (now or formerly) S 24° 07' 40" E 130.07' to a point on the northern margin of the one hundred foot (100') wide paved public right-of-way of East Franklin Street; thence with the northern margin of the right-of-way of East Franklin Street S 64° 28' 00" W 74.72' to a point in the eastern boundary of the land conveyed to Rabbits Crossing Properties by instrument recorded in Deed Book 1506, Page 251, Orange County Public Registry; thence with the eastern boundary of the Rabbits Crossing Properties (now or formerly) N 25° 22' 52" W 136.07' to a nail in the aforesaid alley; thence S 64° 32' 00" W 70.03 to another nail in the alley; and thence crossing said alley and continuing with the eastern boundary of the Town of Chapel Hill property, N 25° 22' 20" W 160.25' to the point and place of BEGINNING, containing 28,817 square feet, more or less, all as shown on survey entitled "FRANKLIN STREET PLAZA, LLC", prepared by Mary E. Ayers, North Carolina Professional Land Surveyor L-3260, dated April 22, 2005, reference to said survey being made in aid of description.

TRACT 2:

To locate the point and place of BEGINNING, commence at the intersection of the eastern margin of the right-of-way of North Columbia Street with the northern margin of the right-of-way of East Rosemary Street and run N 64° 32' 00" E 140.00' to an iron pin on the southeastern corner of land conveyed to Centura Bank by instrument recorded in Deed Book 1078, Page 71 in the Orange County Public Registry, said iron pin marking the point and place of BEGINNING, thence running with the northern margin of the right-of-way of East Rosemary Street N 64° 38' 44" E 191.29' to an iron pin located on the southwestern corner of the land conveyed to Investors Title Company by instrument recorded in Deed Book 778, Book 87 in the Orange County Public Registry; thence running with the western boundary of the Investors Title Company Property (now or formerly) N 26° 32' 23" W 199.70' to an iron pin located on the southeastern corner of the land conveyed to Sharon Kirk by instrument recorded in Deed Book 1151, Page 31 in the Orange County Public Registry; thence running with the southern boundary of the Sharon Kirk property (now or formerly) S 64° 32' 00" W 117.37' to an iron pin located on the southeastern corner of the land conveyed to Bell Family Properties by instrument recorded in Deed Book



1950, Page 204 in the Orange County Public Registry; thence running with the southern boundary of the Bell Family Properties land (now or formerly) S 64°32' 00" W 70.18' to an iron pin located on the northeastern corner of the Centura Bank property (now or formerly) and running thence with the eastern boundary of the Centura Bank property (now or formerly) S 25° 28' 00" E 199.29' to the point and place of BEGINNING, containing 37,785 square feet, more or less, all as shown on survey entitled "FRANKLIN STREET PLAZA, LLC", prepared by Mary E. Ayers, North Carolina Professional Land Surveyor L-3260, dated April 22, 2005, reference to said survey being made in aid of description.

Tracts 1 and 2 are conveyed TOGETHER WITH, AND SUBJECT TO an easement for an overhead pedestrian bridge as more particularly described in a Deed of Easement recorded in Book 234, page 654 in the Orange County Public Registry and the easements described in the deed recorded in Book 278, Page 1632 in the Orange County Public Registry, all as shown on survey entitled "FRANKLIN STREET PLAZA, LLC", prepared by Mary E. Ayers, North Carolina Professional Land Surveyor L-3260, dated April 22, 2005, reference to said survey being made in aid of description.



Exhibit B

Permitted Exceptions

1. All matters of record;
2. All matters which would be revealed by a current, accurate ALTA survey or physical inspection of the Property;
3. All applicable laws, rules, ordinances and regulations;
4. The lien for ad valorem taxes not yet due and payable for the year 2014;
5. Terms and conditions of the Declaration of Easements for a pedestrian bridge over East Rosemary Street from the Town of Chapel Hill, recoded in Book 234, page 654, Orange County Registry;
6. Rights of others for ingress and egress purposes in and to the use of the alley crossing Tract I, as shown on survey by Mary E. Ayers, PLS, dated April 22, 2005 and recorded in Deed Book 278, Page 1634, Orange County Registry;
7. Subordination, Non-Disturbance and Attornment Agreement ("SNDA") (Bank of America) recorded in Book 3742, Page 346, Orange County Registry;
8. Subordination, Non-Disturbance and Attornment Agreement (UNC) recorded in Book 3742, Page 315, Orange County Registry;
9. Subordination, Non-Disturbance and Attornment Agreement recorded in and Book 5556, Page 94 (CVS), Orange County Registry;
10. Memorandum of Lease with BellSouth Carolinas PCS, LP recorded in Book 1814, Page 159, Orange County Registry; Subordination, Non-Disturbance and Attornment Agreement ("SNDA") (Cingular) recorded in Book 3742, Page 331, Orange County Registry;
11. Memorandum of Lease with CVS recorded in Book 5523, Page 588, Orange County Registry (Tract 1 only);
12. Memorandum of Lease with UNC recorded in Book 5608, Page 586; and Book 5701, Page 4, Orange County Registry (Tract 1 only);
13. Memorandum of Lease with Bank of America recorded in Book 5560, Page 338, Orange County Registry;
14. Rights of tenants in possession, as tenants only, under unrecorded leases;
15. Rights of others in and to any party walls and common areas; and
16. Rights of others in and to the alleys lying within the adjacent boundaries of subject property.

19890221000020820 DEED
Bk: RB778 Pg: 87
2/21/1989 1/2

BOOK 778 PAGE 87



FILED
BOOK XXXX778 PAGE 87

FEB 21 1 12 PM '89

BETTY JUNG BATES
RECORDER
ORANGE COUNTY, N.C.

\$0.00 *CEW* Excise Tax

Recording Time, Book and Page

Tax Lot No. 7.80. G.17

Parcel Identifier No. 9788-37-687

Verified by _____ County on the _____ day of *PB*, 19
by _____

Mail after recording to Investors Title Company, P. O. Drawer 2687
Chapel Hill, North Carolina 27515-2687

This instrument was prepared by Investors Title Insurance Company, 137 E. Rosemary St., Chapel Hill,
Brief description for the Index *Carl Wallace* North Carolina 27514
135 and 137 East Rosemary Street

NORTH CAROLINA NON-WARRANTY DEED

THIS DEED made this _____ day of _____, 19 _____, by and between

GRANTOR

GRANTEE

INVESTORS TITLE COMPANY,
a North Carolina Corporation

INVESTORS TITLE COMPANY
137 East Rosemary Street
Chapel Hill, North Carolina

ORANGE COUNTY
RECORDS
FEB 21 1989

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

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

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in the City of Chapel Hill, Chapel Hill Township,

Orange County, North Carolina and more particularly described as follows:
All that certain lot or parcel of land, together with the improvements thereon, situate, lying and being on the North side of Rosemary Street in the Town of Chapel Hill, North Carolina and more particularly described as BEGINNING at an iron stake, said stake being located North 64° 26' 26" East 331.2 feet from the Northeast corner of the intersection of Rosemary Street and Columbia Street, said iron stake also being the Southeast corner of the property of Franklin Street Plaza Limited; running thence from said BEGINNING with the North margin of Rosemary Street North 64° 26' 26" East 80.0 feet to an iron stake, Southwest corner of Investors Title Company property (See Deed recorded in Book 308, page 608); thence continuing with the North margin of Rosemary Street North 64° 35' East 83.35 feet to an existing iron stake, Harold H. Harville's Southwest corner; running thence in a Northern direction with Harville's line, North 26° 51'W 214.44' to an existing iron stake in the South property line of the property formerly belonging to the Orange County Building and Loan Association; running thence with said line in a Western direction and parallel with Rosemary Street South 63° 59'W 84.3 feet to an existing iron stake, Bush's Northeast corner; running thence North 26° 24' 15" West 1.46' to an existing iron stake; running thence South 65° 32' 48" West 17.04 feet to an existing iron stake; running thence South 64° 08' 15" West 63.39 feet to an existing iron stake; running thence South 26° 31' 00" East 215.02 feet to an existing iron stake, the point and place of BEGINNING, and being that property conveyed to Investors Title Company by Deed recorded in Book 308, page 608, and by Deed recorded in Book 484, page 42, Orange County Registry.
Together with all right, title and interest of the Grantor, if any, in and to a strip of land approximately 10 feet in width and lying along the northern boundary line of the property



The property hereinabove described was acquired by Grantor by instrument recorded in Book 308, page 608 and Book 484, page 42, Orange County Registry

A map showing the above described property is recorded in Plat Book page TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

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

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

INVESTORS TITLE COMPANY

By: E. Allen Fine (Corporate Name) President

ATTEST: Carl E. Wallace, Jr. Secretary (Corporate Seal)



USE BLACK INK ONLY

NORTH CAROLINA, County. I, a Notary Public of the County and State aforesaid, certify that Grantor, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this day of 19 My commission expires: Notary Public



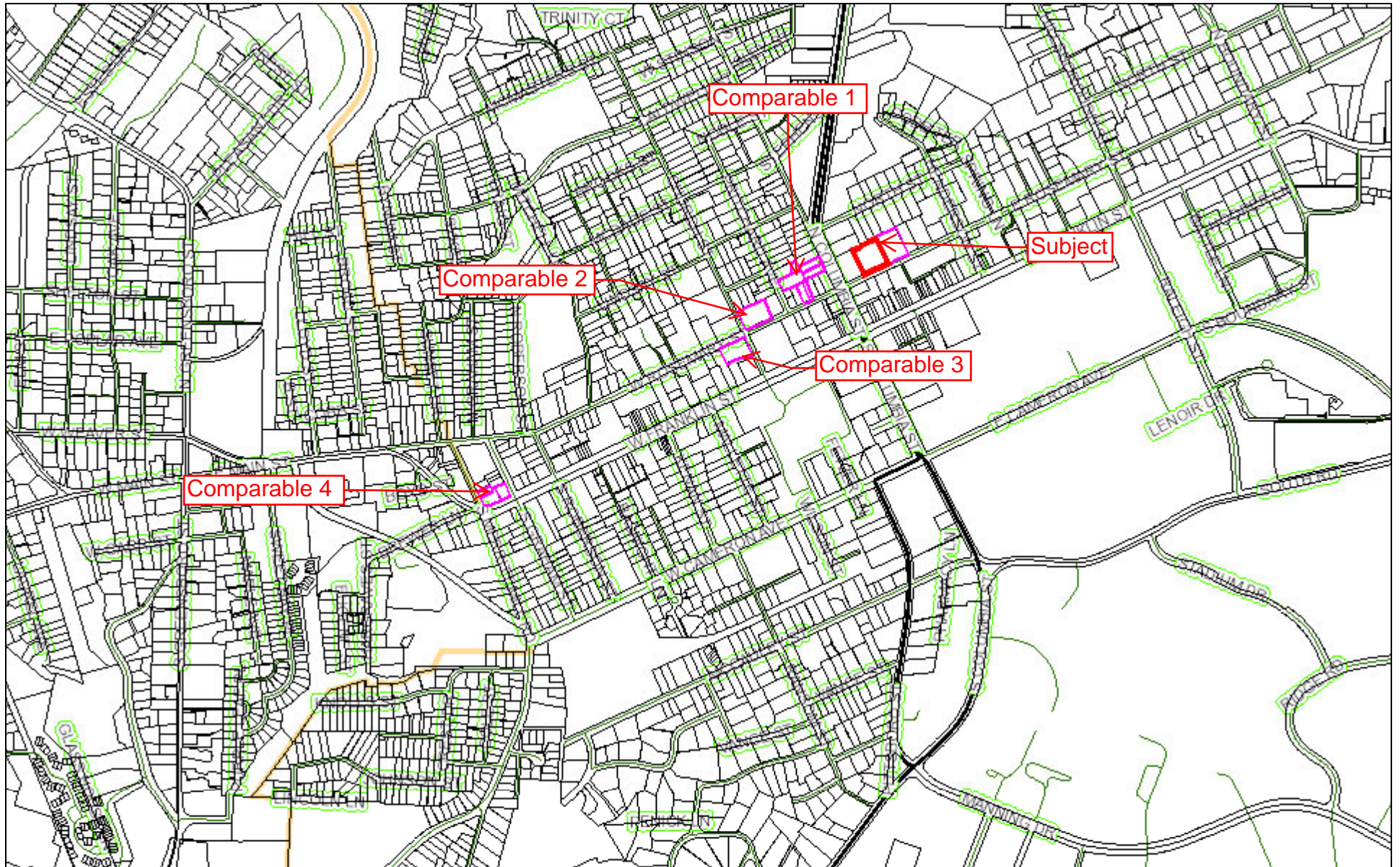
SEAL - STAMP NORTH CAROLINA, Orange Alamance County. I, a Notary Public of the County and State aforesaid, certify that Carl E. Wallace, Jr. personally came before me this day and acknowledged that he is Secretary of Investors Title Company a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by him as its Secretary. Witness my hand and official stamp or seal, this 16th day of February, 1989. My commission expires: November 20, 1993 Teresa Crisson Kelly Notary Public

The foregoing Certificate(s) of Teresa Crisson Kelly, Notary Public of the designated governmental unit is

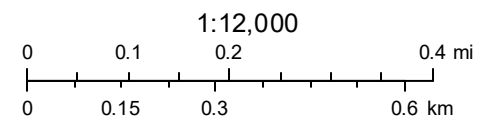
certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

This 21st day of February, 1989 Betty June Hayes REGISTER OF DEEDS FOR Orange COUNTY By Betty A. Owens Deputy, Assistant-Register of Deeds

Location Map of Comparables



February 13, 2020



COMPARABLE 1

REFERENCE NUMBER: 2020-1

TYPE PROPERTY: Vacant

COUNTY: Orange

LOCATION: 108 & 114 Rosemary, 205 Columbia, 208 Pritchard, Chapel Hill

TAX REFERENCE: 9788-37-0549, 9788-37-0680, 9788-37-0647, 9788-37-0721,
9788-27-9667 & 9788-27-9700

ZONING: TC-2, OI-1 and R-3

GRANTOR: & Joseph J. Polcaro

GRANTEE: Confidential

DATE OF SALE: Under Contract

DEED REFERENCE: NA

STAMPS: NA

PRESENT USE: Various

BEST USE: Commercial or Mixed Use

UTILITIES: All City

IMPROVEMENTS: None of value

SALES PRICE: \$94,500

CONFIRMED BY: John Morris, Broker

CONDITION OF SALE: Arms-Length

PROPERTY RIGHTS TRANSFERRED: Fee simple

FINANCING: Cash to seller

LAND SIZE: 1.05 Acres

ACCESS/FRONTAGE: Paved Public Road

TOPOGRAPHY: Downward slope from north to south

COMMENTS:



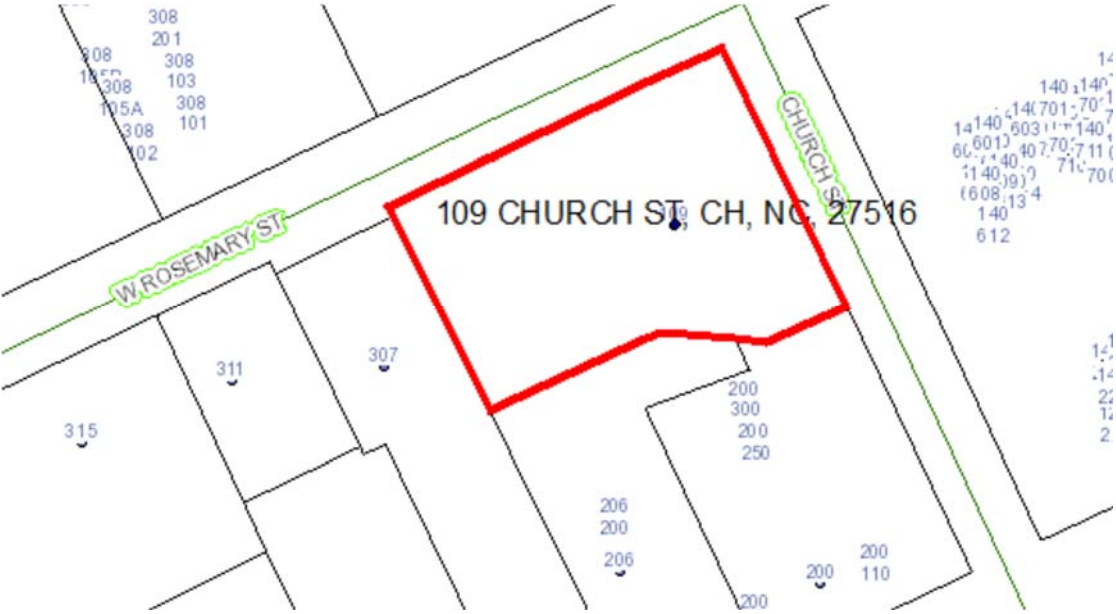
COMPARABLE 2

REFERENCE NUMBER: 2016-129
TYPE PROPERTY: Vacant Commercial
COUNTY: Orange
LOCATION: 212, 214 & 220 W Rosemary, Chapel Hill
TAX REFERENCE: 9788-27-5353, 9788-27-6326 and 9788-27-6387
ZONING: TC-2
GRANTOR: Michael Slomiany and wife Kimberly F. Slomiany
GRANTEE: Chapel Hill Hotels, LLC
DATE OF SALE: 5/31/2016
DEED REFERENCE 6134/313
STAMPS: \$6,500.00
PRESENT USE: AC Hotel
BEST USE: Commercial
UTILITIES: All City
SALES PRICE: \$3,250,000
CONFIRMED BY: Burt Shuler & John Morris, Brokers
CONDITION OF SALE: Arms-Length
PROPERTY RIGHTS TRANSFERRED: Fee simple
FINANCING: Cash to seller
LAND SIZE: 0.72 Acre
ACCESS/FRONTAGE: Paved Public Road
TOPOGRAPHY: Mostly Level
COMMENTS: Assembled for Hotel



COMPARABLE 3

REFERENCE NUMBER: 2016-130
TYPE PROPERTY: Vacant Commercial
COUNTY: Orange
LOCATION: 109 Church, Chapel Hill
TAX REFERENCE: 9788-27-4180
ZONING: TC-2
GRANTOR: The North Carolina Pharmaceutical Association Endowment Fund, Inc.
GRANTEE: Antoine A. Puech
DATE OF SALE: 3/30/2016
DEED REFERENCE 6097/199
STAMPS: \$4,000.00
PRESENT USE: Office
BEST USE: Redevelopment for Commercial
UTILITIES: All City
SALES PRICE: \$2,000,000
CONFIRMED BY: Andrew Cable, Appraiser
CONDITION OF SALE: Arms-Length
PROPERTY RIGHTS TRANSFERRED: Fee simple
FINANCING: Cash to seller
LAND SIZE: 0.58 Acre
ACCESS/FRONTAGE: Paved Public Road
TOPOGRAPHY: Mostly Level
COMMENTS: Corner of Rosemary



COMPARABLE 4

REFERENCE NUMBER: 2019-18
TYPE PROPERTY: Vacant Commercial
COUNTY: Orange
LOCATION: 600 & 610 W Franklin & 108 N Merritt Mill, Chapel Hill
TAX REFERENCE: 9788-06-6054, 9788-06-7190 and 9788-06-8185
ZONING: TC-2
GRANTOR: (1) Nancy McLaine Pierce and Carol Ann McLain and spouse Roger Massie
(2) James S. Stewart, Trustee of the James A. Stewart Revocable Trust
(3) Eugene F. Hamer, Jr.
GRANTEE: Barrier Island Properties, LLC
DATE OF SALE: (1) 12/10/2019, (2) 12/9/2019 & (3) 7/30/2019
DEED REFERENCE (1) 6639/581, (2) 6639/573 (3) 6621/450
STAMPS: \$3,591.00 (total)
PRESENT USE: Commercial
BEST USE: Redevelopment for Commercial
UTILITIES: All City
SALES PRICE: \$1,795,500,000
CONFIRMED BY: Paul Snow, Appraiser
CONDITION OF SALE: Arms-Length
PROPERTY RIGHTS TRANSFERRED: Fee simple
FINANCING: Cash to seller
LAND SIZE: 0.5216 Acre (7,767 SF, 10,176 SF and 4,779 SF)
ACCESS/FRONTAGE: Paved Public Road
TOPOGRAPHY: Mostly Level
COMMENTS:

