

An aerial photograph of a city skyline, featuring a prominent skyscraper in the center. The image is overlaid with a teal color scheme and numerous small, glowing teal circles, suggesting a digital or data-driven theme. The text is positioned in the top right corner, and the logo is in the bottom left corner.

APPRAISAL OF
BIG-BOX LOCATED AT
1003 BOSTON DRIVE
BURLINGTON, ALAMANCE
COUNTY, NORTH CAROLINA
27215



- LOCATION ANALYTICS
- REAL ESTATE ECONOMICS
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APPRAISAL OF
BIG-BOX LOCATED AT 1003 BOSTON DR
BURLINGTON, ALAMANCE COUNTY, NORTH CAROLINA 27215
UEI - 3554

FOR
Michael T. Medford, Esq.
Manning Fulton
Glenwood Plaza
3605 Glenwood Avenue, Suite 500
Raleigh, North Carolina 27612

TABLE OF CONTENTS

| | |
|--|----|
| Letter of Transmittal | - |
| Opinion of True Value | - |
| Certification | - |
| Identification of the Appraisal Problem | 1 |
| Client | 1 |
| Purpose of the Appraisal | 1 |
| Intended User | 1 |
| Intended Use | 1 |
| Type of Value | 1 |
| Real Property Rights Appraised | 2 |
| Effective Date of the Appraisal | 2 |
| Date of Report | 2 |
| Scope of Work | 3 |
| Market Area | 3 |
| Subject Property | 4 |
| Cost Approach | 4 |
| Sales Comparison Approach | 5 |
| Income Capitalization Approach | 5 |
| Assignment Conditions | 6 |
| Hypothetical Condition | 6 |
| Extraordinary Assumption | 6 |
| Description of the Real Property Appraised | 7 |
| Market Area Location, Description and Trend | 7 |
| Social Considerations | 9 |
| Economic Considerations | 12 |
| Governmental Considerations | 14 |
| Environmental Considerations | 14 |
| Three Year History of Subject Property Ownership | 15 |
| Physical Description of the Subject Property | 15 |
| Legal Description | 15 |
| Site Description | 15 |
| Improvement Description | 18 |
| Legal Encumbrances | 23 |
| Land Ordinance | 23 |
| Future Land Use Element | 23 |
| Private Encumbrances | 23 |
| Highest and Best Use Analysis | 24 |
| Highest and Best Use, as if Vacant | 25 |
| Highest and Best Use, as Improved | 26 |
| Exposure Time | 27 |

| | |
|--|----|
| Introduction to the Appraisal Process | 28 |
| Cost Approach | 28 |
| Sales Comparison Approach | 28 |
| Income Capitalization Approach | 28 |
| Reconciliation of Value Indications | 29 |
| Valuation Methodology | 29 |
| Cost Approach | 29 |
| Comparable Land Sales | 30 |
| Qualitative Analysis of Comparable Land Sales | 32 |
| Reproduction Cost Estimate New | 35 |
| Depreciation | 36 |
| True Value Estimate by Cost Approach | 39 |
| Sales Comparison Approach | 40 |
| Comparable Big-Box Sales | 42 |
| Qualitative Analysis of Comparable Big-Box Sales | 44 |
| True Value Estimate by Sales Comparison Approach | 48 |
| Income Capitalization Approach | 49 |
| Direct Comparison Method | 49 |
| Comparable Big-Box Rentals | 50 |
| Qualitative Analysis of Comparable Rentals | 52 |
| Direct Overall Capitalization Rate | 55 |
| True Value by Income Capitalization Approach | 57 |
| Reconciliation of True Value Estimates | 58 |
| Assumptions and Limiting Conditions | 60 |
| Appraiser's Qualifications | - |
| Addenda | - |



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December 6, 2018

Michael T. Medford, Esq.
Manning Fulton
Glenwood Plaza
3605 Glenwood Avenue, Suite 500
Raleigh, North Carolina 27612

Re: Big-box Located at 1003 Boston Drive, Burlington, Alamance County, North Carolina 27215

Dear Mr. Medford:

As requested, I completed the discovery necessary to produce a highly credible opinion of the true value of the fee simple estate of the referenced real property as of the retrospective date of January 1, 2017. A summary of the market data that I analyzed, my analysis of the market data, and my true value opinion is contained in the attached appraisal report.

Based on discussions with my client and the intended use of the appraisal opinion, the true value estimate of the referenced real property is conveyed in an appraisal report format. The attached appraisal report complies with the reporting requirements of Standards Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice*, Effective January 1, 2018 through December 31, 2019. As such, the attached report presents a summary of the market data and analysis of the data that I used in the appraisal process to develop my opinion of true value. Supporting documentation concerning the data, reasoning and analysis is retained in my Workfile. The depth of discussion contained in the attached appraisal report is specific to the needs of my client and to the intended use stated within the report.

The opportunity to have been of service is appreciated. If you have questions or comments, or require additional information, please contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'A. McElveen', with a stylized initial 'M'.

Michael A. McElveen, MAI, CCIM, CRE
North Carolina State-Certified General Real Estate Appraiser A7986

OPINION OF TRUE VALUE

Upon request for valuation by Michael T. Medford, Esq., Manning Fulton, Glenwood Plaza, 3605 Glenwood Avenue, Suite 500, Raleigh, North Carolina 27612, I personally inspected, collected and analyzed pertinent data, and performed an appraisal of the true value of the fee simple estate of the real property located at 1003 Boston Drive, Burlington, Alamance County, North Carolina 27215, as of the retrospective valuation date of January 1, 2017. The subject real property and the real estate are more fully described in the accompanying appraisal report.

I am of the opinion the true value of the fee simple estate of the real property located at 1003 Boston Drive, Burlington, Alamance County, North Carolina, as of the retrospective date of January 1, 2017 was **FIVE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS, (\$5,250,000).**

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 any 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, Effective January 1, 2018 through December 31, 2019.*

- Michael A. McElveen has made a personal inspection of the real estate that is the subject of this report.
- Caroline R. Kiernan provided significant real estate appraisal assistance to the person signing this certification. Ms. Kiernan researched market area demographics, researched land sales data, verified land sales data, verified some big-box sales data and verified some big-box rentals.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Michael A. McElveen, MAI, CCIM, CRE has completed the continuing education program of the Appraisal Institute.



Michael A. McElveen, MAI, CCIM, CRE
North Carolina State-Certified General Real Estate Appraiser A7986



IDENTIFICATION OF THE APPRAISAL PROBLEM

Client

The Client of this specific appraisal assignment with whom I, the appraiser have an appraiser-client relationship and who engaged me for this specific assignment, is Michael T. Medford, Esq., Manning Fulton, Glenwood Plaza, 3605 Glenwood Avenue, Suite 500, Raleigh, North Carolina 27612.

Purpose of the Appraisal

The purpose of this appraisal is to estimate the true value of the fee simple estate of the real property located at 1003 Boston Drive, Burlington, Alamance County, North Carolina 27215, as of the retrospective valuation date of January 1, 2017.

Intended User

Based on communication with my Client, at the time of this assignment, the intended user of the true value opinion contained in this appraisal report is Michael T. Medford, Esq., Manning Fulton, Glenwood Plaza, 3605 Glenwood Avenue, Suite 500, Raleigh, North Carolina 27612.

Intended Use

The intended use of an appraiser's reported appraisal is why the client and intended user need the appraisal service and it is this use to which I intend my appraisal opinion and conclusion to be used. Based on communication with my Client, the intended use of the opinion and conclusion contained in this appraisal report is to assist the client and intended user with determining the appropriateness of the true value estimate by the Alamance County Tax Department on the retrospective date of value, as evidence before the Alamance County Board of Equalization and Review; and as evidence in litigation.

Type of Value

The type of value to be estimated is true value. True value is defined as: "the price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used."¹

¹ N.C. Gen. Stat. § 13-105-283

Real Property Rights Appraised

I am appraising is the fee simple estate. Fee simple estate is defined as: "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat."²

Estate is defined as: "The amount, degree, nature, and quality of a person's interest or other property; esp., a real-estate interest that may become possessory, the ownership being measured in terms of duration."³

Real Property is defined as: "An interest or interests in real estate."⁴

Effective Date of the Appraisal

The effective date of the appraisal opinion is important because my conclusion is reflected as of that date and that date alone. The true value estimate contained in this appraisal report is as of the retrospective date of January 1, 2017.

A retrospective value opinion is: "A value opinion effective as of a specified historical date."⁵

Date of Report

The date of this appraisal report is December 6, 2018.

²The Appraisal Institute. "Fee Simple." *The Dictionary of Real Estate Appraisal*, 6th ed., The Appraisal Institute, 2015, p. 90.

³ Garner, B. A. (Ed.). (2014). Estate [Def. 15c]. In *Black's Law Dictionary* (10th ed., p. 664). St. Paul, MN: West Publishing.

⁴The Appraisal Institute. (2015). Real property. In *The Dictionary of Real Estate Appraisal* (6th ed., p. 188). Chicago, IL: The Appraisal Institute.

⁵ The Appraisal Institute. (2015). Retrospective value opinion. In *The Dictionary of Real Estate Appraisal* (6th ed., p. 201). Chicago, IL: The Appraisal Institute.

SCOPE OF WORK

Scope of work is "The type of data and the extent of research and analyses."⁶

The scope of work of this appraisal is to:

- inspect the subject real estate sufficiently to describe the property in the appraisal report;
- develop an opinion of highest and best use, as if vacant and as improved; and to make meaningful comparisons in the appraisal of the property;
- research and analyze physical and economic factors that affect the quantity, quality or durability of the value of the subject property;
- collect, verify and analyze relevant publicly available data that materially contributes to the understanding of the true value of the subject real property and/or increases the validity and quality the true value opinion;
- and apply the most relevant valuation methodologies, based on the type, the quantity and the quality of data, and that results in a credible true value opinion.

The valuation methodologies that may be applicable in the valuation of the subject real property can include the cost approach, sales comparison approach, and income capitalization approach. The scope of work of this assignment has not been limited by my Client in any manner.

In my valuation of the subject real property, I inspected the subject real estate and the immediate and extended market area of the property on October 6, 2018.

Market Area

I inspected the market area of the subject property to ascertain the social, economic, environmental and governmental characteristics of the area. I inspected the area around the subject property to estimate the market area boundaries, identify building development types, development trends, development intensity, and population characteristics.

Data for the analysis of the social and economic characteristics of the market area was obtained from my inspection of the area and demographic data by STDBonline.com. Economic data was provided STDBonline.com and Wells Fargo Securities Economics Group.

Data for the analysis of the environmental and governmental characteristics of the market area was obtained from my inspection of the market area, Alamance County and the City of Burlington.

⁶ The Appraisal Institute. (2015). Scope of work. In *The Dictionary of Real Estate Appraisal* (6th ed., p. 209). Chicago, IL: The Appraisal Institute.

Subject Property

The subject real estate is located at 1003 Boston Drive, Burlington, Alamance County, North Carolina 27215. I performed a walk-around inspection of the site and the site improvements and a walk-through inspection of the interior of the building on October 6, 2018.

During my inspection of the site, I analyzed the spatial orientation of the site, the site linkages, visibility, road frontage, access, topography, site size, site configuration, environmental features, and the spatial relationship of the site to potential users of the site, competing uses, externalities and other true value influencing site characteristics.

During my inspection of the improvements, I analyzed the building size, floor plate size, floor plate configuration, building material composition, building orientation, effective age of the improvements, design style, building functional utility, the level of maintenance and other true value influencing improvement characteristics.

I obtained and analyzed information on the subject real property and real estate from the Alamance County Tax Department and the Alamance County Register of Deeds.

Cost Approach

I estimated the reproduction cost new of the improvements using construction cost data from RSMeansonline.com and construction cost comparables.

Curable physical depreciation, if any, was estimated by the cost to cure method. The curable physical depreciation, if any, was deducted from the reproduction cost new estimate.

I estimated the total depreciation of the subject improvements by analysis of big-box total depreciation comparables. I estimated big-box total depreciation by extracting total depreciation indications from the sales price of the fee simple estate of comparable big-box improvements.

The true value of the fee simple estate of the land was estimated by the sales comparison approach. To perform this sales comparison approach, I researched and analyzed data from the following sources:

- Alamance County Tax Department;
- Alamance County Register of Deeds;
- Alamance County GIS;
- Reis.com;
- Real estate broker websites active in Alamance County;
- Loopnet.com; and
- CoStar.com.

Sales Comparison Approach

I performed the sales comparison approach to estimate the true value of the fee simple estate as improved. The initial step of the sales comparison approach was research and collection of big-box sales that have a highest and best use, as improved that is the same as, or similar to the highest and best use of the subject as improved, as of the retrospective date of value. I searched geographically for big-box sales and listings that are in the southeast United States, the sale or listing occurred between January 1, 2012 and December 31, 2017, and the gross building area was between 50,000 square feet and 200,000 square feet. A sufficient quantity of big-box sales is available to produce a highly credible opinion of the true value of the subject fee simple estate by the sales comparison approach.

To credibly perform the sales comparison approach, I researched big-box sales and listings by real estate brokers that are active in the brokerage of big-boxes, big-box market participants, and I researched information at the following websites and sales databases:

- Loopnet.com;
- Reis.com;
- CoStar.com;
- Respective county property appraiser websites; and
- Internet searches of real estate brokerage web sites.

I inspected some, but not all, of the comparable big-box sales. For each of the comparable big-box sales public record information was obtained and the sale was verified with a party involved with the transaction to ascertain that the sale conformed to the tenets of true value.

The comparable big-box transactional and property characteristics were compared with the subject for similarities, superiorities, and inferiorities, and then I performed a qualitative analysis and/or a quantitative analysis to study the correlation and strength of the correlation between sale price and the independent physical characteristic as indicated by market data to render a highly credible opinion of the true value of the fee simple estate by the sales comparison approach.

Income Capitalization Approach

I estimated market rent by analysis of the effective rent commanded by big-boxes that had a highest and best use as improved that is the same as or similar to the highest and best use as improved of the subject big-box on the retrospective date of value. To obtain a sufficient quantity of big-box rentals, I researched market data and contacted leasing agents and big-box management companies. Additionally, I researched real estate brokerage web sites and real estate publications to gather big-box rental data.

I used qualitative and quantitative analysis of the comparable big-box rentals to study the relationships indicated by the rental data to form a highly credible opinion of market rent, operating expenses, and the net income of the subject property. Net income was converted to an estimate of true value through direct fee simple capitalization.

The appropriate fee simple overall capitalization rate applied to the subject net income was estimated by analyzing the actions of market participants as revealed by their preference for net income and thus their overall rate of return expectation.

ASSIGNMENT CONDITIONS

Hypothetical Conditions

No hypothetical condition was used in the valuation of the subject real property.

Extraordinary Assumption

I used an extraordinary assumption in my analysis to estimate the true value of the subject fee simple estate. An extraordinary assumption is defined as: "an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions."⁷

The true value estimate assumes the condition of the subject property and market area was similar on the retrospective date of value as on the date of my inspection.

⁷ Appraisal Standards Board. (2018-2019). *Uniform Standards of Professional Appraisal Practice* [PDF]. Washington DC: The Appraisal Foundation.

DESCRIPTION OF THE REAL PROPERTY APPRAISED

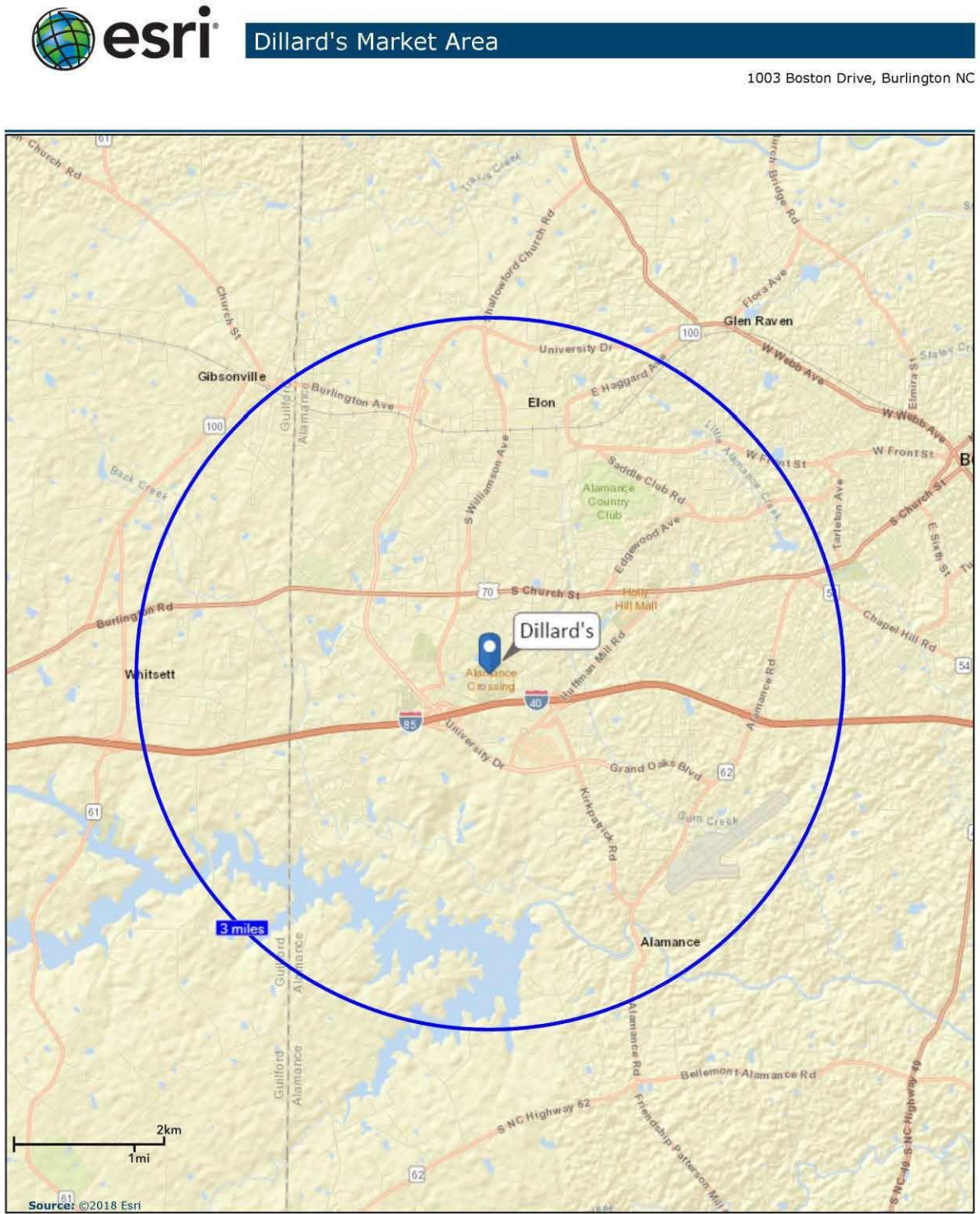
Market Area Location, Description, and Trend

A market area is an area where occupants usually have an observable commonalty of interests. Habitats, buildings, and business enterprises are relatively uniform; that is, the market area exhibits a greater degree of commonalty than the larger area.

The productivity of real estate is strongly influenced by its economic and physical location. The analysis of economic location goes beyond identification of the physical position of one property in relation to another. Analysis of economic location begins with identification of the economic activities in the neighborhood or trade area, which is delineated by physical, political, social and economic boundaries, or by the time/distance relationships represented by travel times to and from common destinations. The geographic extent of the market for a property is determined by the real estate itself, and these boundaries can be established using various criteria. The boundaries for neighborhoods and trade areas can be based on geographic features such as lakes, hills, mountains, structures, patterns, terrain, vegetation, and lot sizes. Market areas can also be delineated by topographic features that prevent development or impede transportation between sections of a community. Man-made features such as expressways, divided highways, one-way streets, walls, building bulk lines, bridges, infrastructure, and designated environments can create market area boundaries, as can political or legal jurisdictions. The time/distance variable is a major economic determinant of market area delineation. The cost of transporting people or goods from a facility to other specific locations must be considered in relation with the cost to access competitive sites.

The subject is a single-story, single-tenant big-box with a gross building area of 124,683 square feet on a site of 11.149 gross acres. The subject big-box is located in an area with good quality retail synergy and above average quality linkages provided primarily by US Highway 70 (Church Street), University Drive, Huffman Mill Road, Williamson Avenue, and the close proximity to Interstate-85/40. Based on the foregoing and considering the Huff Retail Gravity Model theorem of the importance of store size, distance and population, I estimated the primary market area as within a 3-mile radius of the subject property. Refer to Figure 1 for a depiction of the 3-mile radius market area boundary.

Figure 1



October 26, 2018

The majority of the market area is located within Alamance County with a small part of the western portion of the market area located in Guilford County, North Carolina. The market area contains 28.3 square miles and includes portions of the City of Burlington.

For purposes of demographic comparison, I will compare the 3-mile radius market area with the social and economic characteristics of Alamance County.

Social Considerations

Population

The estimated 2018 population within the market area is 35,924 persons, and it is projected that by 2023 the market area population will increase 6.5 percent to 38,271 persons.

Within Alamance County the estimated 2018 population is 165,289 persons, and it is projected to increase at the slightly slower rate of 5.8 percent to 174,812 persons by 2023. The higher rate of population growth in the market area as compared with Alamance County is due to the market area's location to the west of downtown Burlington and the linkages provided by Interstate-40/85. The market area is home to new suburbs and has available land for population expansion.

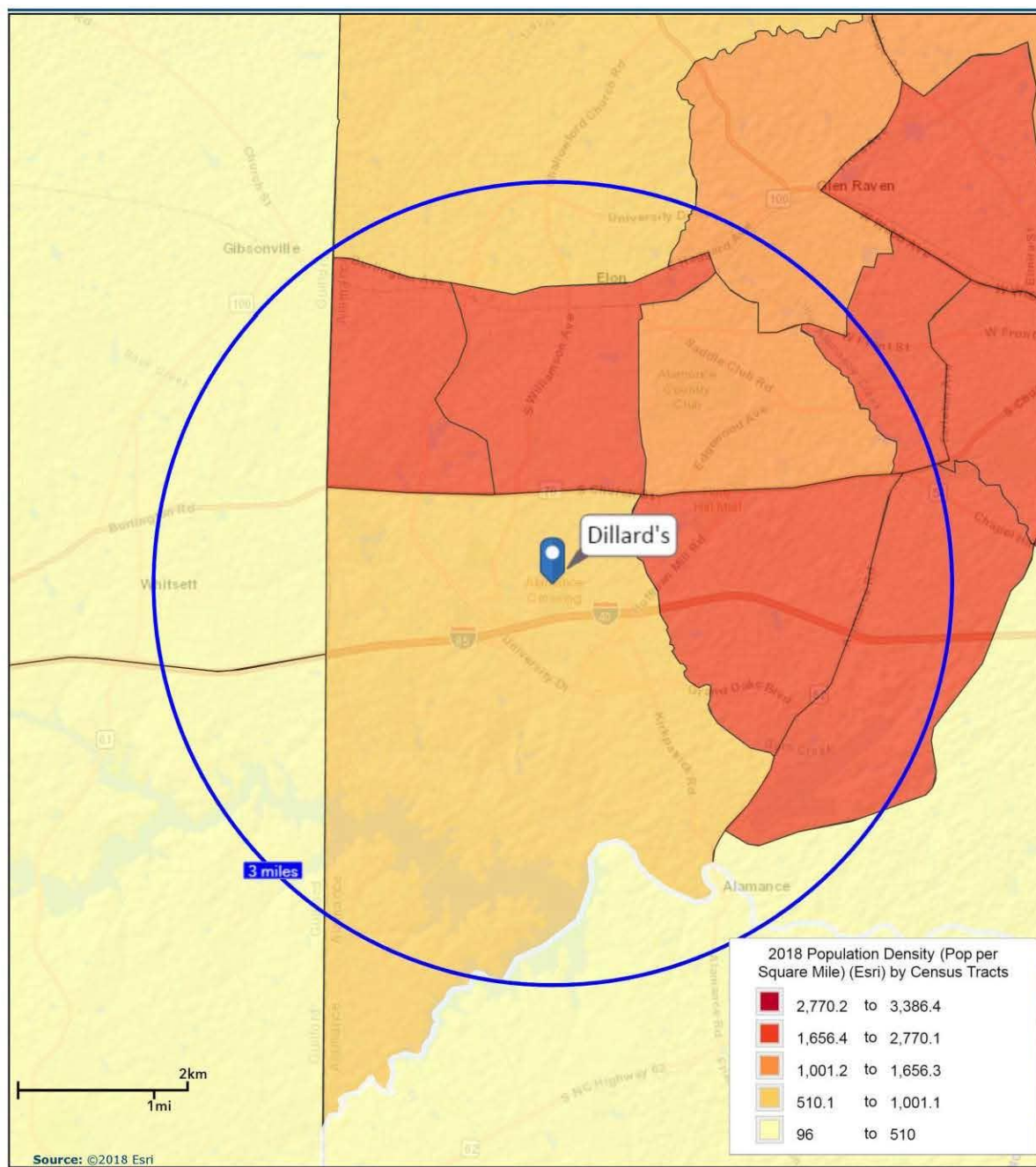
Figure 2 depicts the estimated 2018 population density per square mile per census tract within the market area. The higher market area population densities are generally in the northern and eastern portions of the market area, closer to the central business district of Burlington. Lower population densities are in the southern and western portion of the market area.

Figure 2



2018 Population Density by Census Tract

1003 Boston Drive, Burlington NC



October 26, 2018

Households

Within the market area in 2010 there were 12,659 households, and by 2018 it is estimated the number of households has increased 12.4 percent to 14,232. It is projected that the number of households within the market area will increase an additional 6.9 percent to 15,213 households by 2023.

The 2018 estimated household size within the market area is 2.33 persons, which is 12 basis points less than the 2018 estimated household size within Alamance County of 2.46 persons per household. Typically a larger household size is an indication of a younger population in their family formative years.

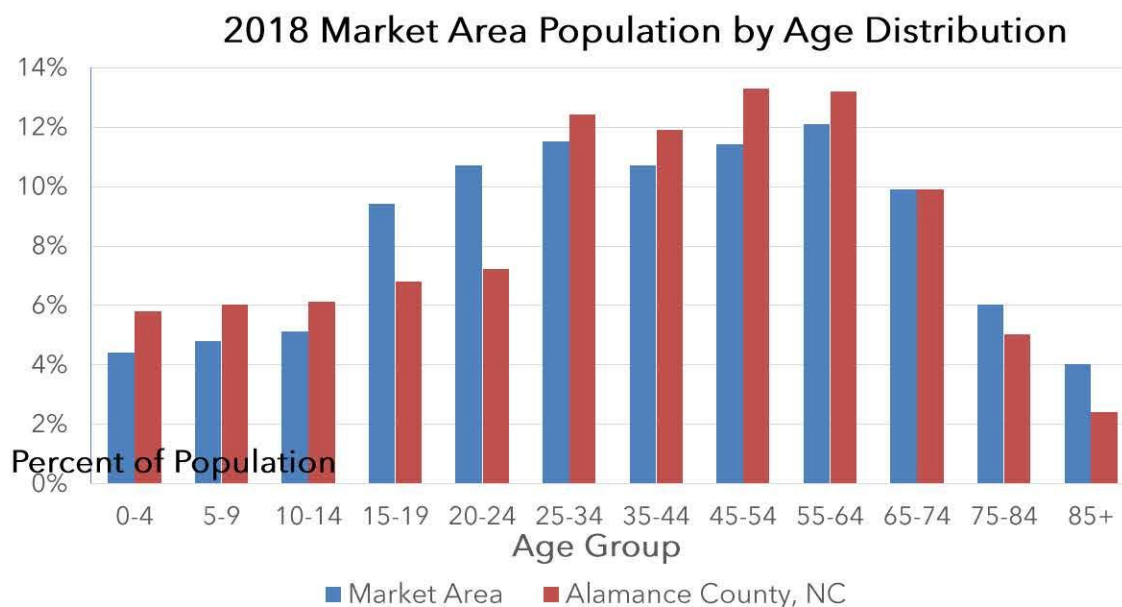
Age

Within the market area in 2018, the estimated median age is 38.8 years, and the market area estimated median age is projected to increase 1.0 percent to 39.2 years by 2023.

Within the market area in 2018, the largest age group is estimated to be the 55 to 64-year old age group, comprising 12.1 percent of the market area population. This age group is followed by the 25 to 34-year old age group and the 45 to 54-year old age group. These age groups comprise 11.5 percent and 11.4 percent of the market area population, respectively.

Within Alamance County the largest age group is the 45 to 54-year-old age group, comprising 13.3 percent of the county population. This age group is followed by the 55 to 64-year-old age group and the 25 to 34-year-old age group. These age groups comprise 13.2 percent and 12.4 percent of the county population, respectively.

Figure 3



Economic Considerations

Per Capita Income

The per capita income within the market area in 2018 is estimated at \$33,126, and it is projected to increase 10.2 percent to \$36,489 by 2023. Within Alamance County the estimated 2018 per capita income is \$26,123, and it is projected to increase 13.0 percent to \$29,527 by 2023.

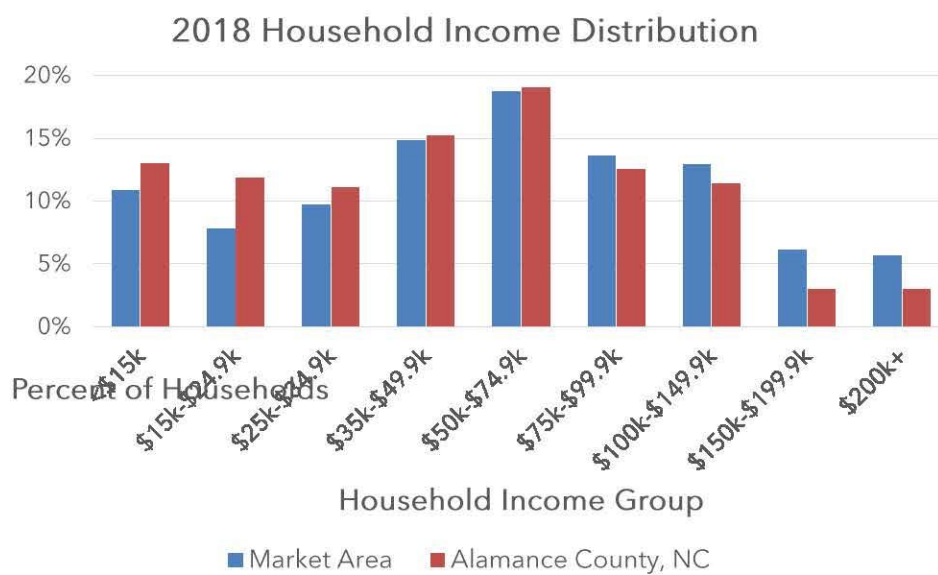
The estimated 2018 per capita income within the market area is 26.8 percent higher than the per capita income within Alamance County as a whole. This higher per capita income is most probably reflective of the market area's setting in an affluent suburb of Burlington.

Median Household Income

In 2018, the largest household income category in the market area is estimated to be the \$50,000 to \$74,999 category, accounting for 18.7 percent of the market area households. This household income category is followed by the \$35,000 to \$49,999 category and \$75,000 to \$99,999 category. These two household income categories account for 14.8 percent and 13.6 percent of the market area households, respectively.

The household income categories less than \$75,000 had higher representation within Alamance County as compared with the market area. The household income categories \$75,000 and greater had higher representations in the market area as compared with Alamance County. The household income category of greatest discrepancy is the \$15,000 to \$24,999 category, which has 400 basis points higher representation within Alamance County than the market area. Refer to the figure below for reference and comparison.

Figure 4



Housing Unit Summary

In 2018, there is an estimated 15,524 housing units within the market area. Of these housing units, 57.5 percent are owner-occupied, 34.2 percent are renter-occupied, and 8.3 percent are vacant.

The estimated 2018 average home value of the occupied housing units within the market area is \$250,149 and the largest home value category is estimated to be the \$150,000 to \$199,999 category, comprising 21.5 percent of the owner-occupied housing stock.

Within Alamance County, the average home value of owner-occupied housing units in 2018 is \$193,837 which is 22.5 percent less than in the market area. The largest home value category in Alamance County is the \$100,000 to \$149,999 category, which comprises 23.3 percent of the owner-occupied housing stock. As previously discussed, the most probable reason for the higher 2018 average home value within the market area is the setting in an affluent suburb of the City of Burlington and good quality linkages to employment centers.

Employment

Within the market area in 2018, there is an estimated 1,491 businesses with 23,071 employees. This equates to an employee per total population ratio of 64:1. This ratio is greater than the employee to total population ratio in Alamance County of 40:1 which indicates that either the employed within the extended market area travel to the market area for work or there is a large retiree population in the extended market area.

The largest employment category within the market area is Services which comprises 40.3 percent of the 2018 employed. The largest subcategory in Services is Health Services with 15.2 percent of employed. Within Alamance County in 2018, the largest employment category is also Services, comprising 35.6 percent of the employed.

Economic Outlook

The North Carolina Gross Domestic Product (GSP) bested the US by just over 100 basis points through the third quarter 2016. Wells Fargo Securities, Economic Group estimates GSP 2016 growth at 2.4 percent which is well ahead of the nation's at 1.6 percent. Employers in North Carolina added 99,600 net new jobs in 2016, a 2.4 percent increase which also exceeded the nation's employment growth rate of 1.7 percent.

The North Carolina economy should continue to see strong gains through 2017 as the state remains an attractive location for new and expanding businesses. The Wells Fargo Economic Group expects the North Carolina GSP to rise 2.8 in 2017 and 3.3 percent in 2018. Growth is likely to be more geographically balanced in the coming two years. Recent years have seen the bulk of economic gains accrue to Charlotte and Raleigh but more recent conditions are improving in most of the state's metropolitan areas and smaller losses in those areas that are lagging.

One of the more distinctive features of this economic recovery is how much more growth has been concentrated in larger metropolitan areas, which reflects the strong growth seen in creative industries. North Carolina has two of the nation's fastest growing metro areas. Charlotte posted the fifth strongest job growth among the nation's 50 largest metros in 2016 and Raleigh posted the seventh fastest percentage-point gain. Charlotte and the Research Triangle area (RTP), or the combined Raleigh-Durham-Chapel Hill metropolitan area, accounted for 70 percent of North Carolina's new jobs in 2016. This performance has been a long-running trend. Employment outside of Charlotte and RTP has yet to return to pre-recession levels, even though the state as whole got back to its pre-recession level more than two years ago. North Carolina's economic recovery has been spotty. Wilmington, Fayetteville, Asheville and Greenville have all seen nonfarm employment surpass their pre-recession peaks. Winston-Salem passed its pre-recession peak in June 2016, and Burlington is now just 1,300 jobs shy of its previous peak. Nonfarm employment remains well below previous highs in Goldsboro, Rocky Mount, Hickory and New Bern.

Labor market conditions improved during the past year and hiring picked up across more parts of the state. Most metro areas saw employment rise solidly in 2016, with only Goldsboro and Jacksonville losing jobs, combining for a total loss of 550 jobs.

Retail Market Overview

According to the CBRE Market Overview 2016, the defined subject market area is within the CBRE West Burlington/Airport market area. Within this retail market area, there was 3.86 million square feet of retail space, of which, 8.2 percent was vacant. Year-to-date retail absorption within the West Burlington/Airport market area was 28,068 square feet, and there was no retail space under construction. The West Burlington/Airport retail market area is the largest retail area in Alamance County. In Alamance County total retail space is estimated at 7.15 million square feet, with an average vacancy rate of 9.7 percent.

Governmental Considerations

The market area contains 28.3 square miles and includes portions of the city of Burlington, the largest subarea within the market area. Burlington is located in Alamance County.

Environmental Considerations

The market is bisected in a north/south direction by Williamson Avenue, University Drive, and Alamance Road. East/west arterials include Interstate-85/40 and US Highway 70 (Church Street).

Neighborhood/community-scale retail centers are located along University Drive, Huffman Mill Road, and Church Street.

Overall, the linkages within the market area are above average in quality.

THREE YEAR HISTORY OF SUBJECT PROPERTY OWNERSHIP

A review of the Public Records of the Alamance County Tax Department and the Official Records of the Alamance County Register of Deeds indicates the owner of the subject land was JB Ivey and Company.

Based on my review of the Public Records of the Alamance County Tax Department, the Alamance County Register of Deeds and conversations with my client, I am not aware of a sale of the subject property that occurred within the three years prior to the effective date of this appraisal.

As of the effective date of this appraisal and in the normal course of business, I am not aware of a current agreement of sale, option or listing to sell a real property interest that is the subject of this appraisal.

PHYSICAL DESCRIPTION OF THE SUBJECT PROPERTY

Legal Description

The subject real estate is identified by the Alamance County Tax Department's office as Parcel ID 107173. The subject site is legally described as Lot 3 on the Subdivision Map plan entitled "Alamance Crossing Subdivision Plat" prepared by MSS Land Consultants, recorded in Alamance County Plat Book 71, Pages 96-102.

Site Description

The subject has a situs of 1003 Boston Drive, Burlington, Alamance County, North Carolina 27215 and it is generally located in the northwest quadrant of Garden Road and Boone Station Drive. Boone Station Drive in the vicinity of the subject property is a four lane collector road that intersects with University Drive to the west and Garden Road to the east. The subject site has 38.3 linear feet of frontage on the Boone Station Drive roundabout and this frontage serves as the site's only direct public road frontage. Garden Road in the vicinity of the subject is a two lane collector road that intersects Boone Station Drive and further south Huffman Mill Road. Boston Drive is a two lane local road that bisects Alamance Crossing in an east/west direction. Additional access to the subject site is via non-exclusive ingress/egress easements with and through the adjoining Alamance Crossing shopping center. Refer to Figure 5 a Subject Property aerial photograph for orientation.

The site contains 11.149 gross acres and the site's primary axis is in an east/west direction, perpendicular with Boone Station Drive and parallel with Boston Drive. The subject site is highly irregular in configuration but of sufficient configuration for efficient development of neighborhood scale commercial. The site is level and the elevation is similar to adjoining sites.

The subject site is about 600 feet west of Boone Station Drive and west of several retail stores, which collectively severely limit the visibility of the site from Boone Station Drive which is a negative site characteristic.

The subject is within Alamance Crossing, a 785,368 square foot lifestyle center with 71 stores on a 145 acre site. Major retailers in Alamance Crossing include, Dick's Sporting Goods, Hobby Lobby, Dillard's, JCPenney, and Belk.

According to Flood Insurance Rate Map, Community Panel No. 3710884400L, effective November 11, 2017, the subject site is located within Flood Zone X, an area of minimal flood hazard.

Sanitary sewer and potable water are provided to the subject site by the City of Burlington.

Overall, the subject site is of sufficient size, configuration, topography, and linkages to be developed with a variety of neighborhood/community-scale commercial uses.

Figure 5

Subject Property



Improvement Description

Building Improvement

The subject building is a single-story, single-tenant big-box containing 124,683 square feet of gross building area that was constructed in 2007.

Substructure

The building substructure is comprised of concrete thickened edge slab footer, along with spread concrete footers supporting loadbearing pipe columns in the interior of the structure.

Superstructure

The exterior loadbearing walls are approximately 21 foot high reinforced concrete unit masonry with concrete pilasters to carry vertical concentrated loads and lateral support for the concrete unit masonry wall. The floor is a concrete slab floor at grade level.

The exterior elevations of the building have a split concrete block façade with decorative stucco accents that is over the reinforced concrete unit masonry. Along the top of the exterior load bearing walls there is decorative moulding.

There are three building entrances set on the east, west and south sides of the building. The building entrances are comprised of three sets of double stile doors and a vestibule.

On the north elevation is a truckwell supporting three dock high loading docks and space for a trash compactor. The three loading docks have an aluminum slatted manually driven roll-up overhead door.

The roof structure is an open-web steel joist system with corrugated metal roof decking with a lightweight insulated concrete topping and the roof cover is an elastomeric membrane.

Interior Description

The interior partition walls are 5/8th inch thick drywall on studs. Wall covering is a combination of wall covering or paint.

In the retail area the ceiling is a combination of suspended acoustical tile in a metal grid system or a tray ceiling with a smooth finish.

Lighting in the retail area is a combination of flush mounted fluorescent lights, canned light fixtures and spots. Lighting in the stockrooms and loading dock is ceiling mounted fluorescent light fixtures.

Mechanical Systems

Plumbing fixtures are limited to the men's and women's restrooms, and employee breakroom.

Heating, ventilation and air-conditioning is provided by multiple roof mounted package systems with thru roof diffusers.

Fire protection is provided throughout the building by a wet pipe system that is ceiling mounted with sprinkler heads.

Site Improvements

The primary site improvement is an asphalt paved parking lot with drive aisles that is on the north, east, and west sides of the building. The parking and drive aisles are asphalt paving over a subbase. Parking lot lighting is pylons on concrete pedestals with light fixtures.

This building is a prototypical single-story, single-tenant big-box allowing for minimal intrusion of competing building uses. Based on my inspection of this property, analysis of the comparable big-box sales and competing properties no items of deferred maintenance were observed.

PHOTOGRAPHS OF BIG-BOX AT 1003 BOSTON DRIVE, ALAMANCE COUNTY NC



TYPICAL ENTRY



TYPICAL AISLE



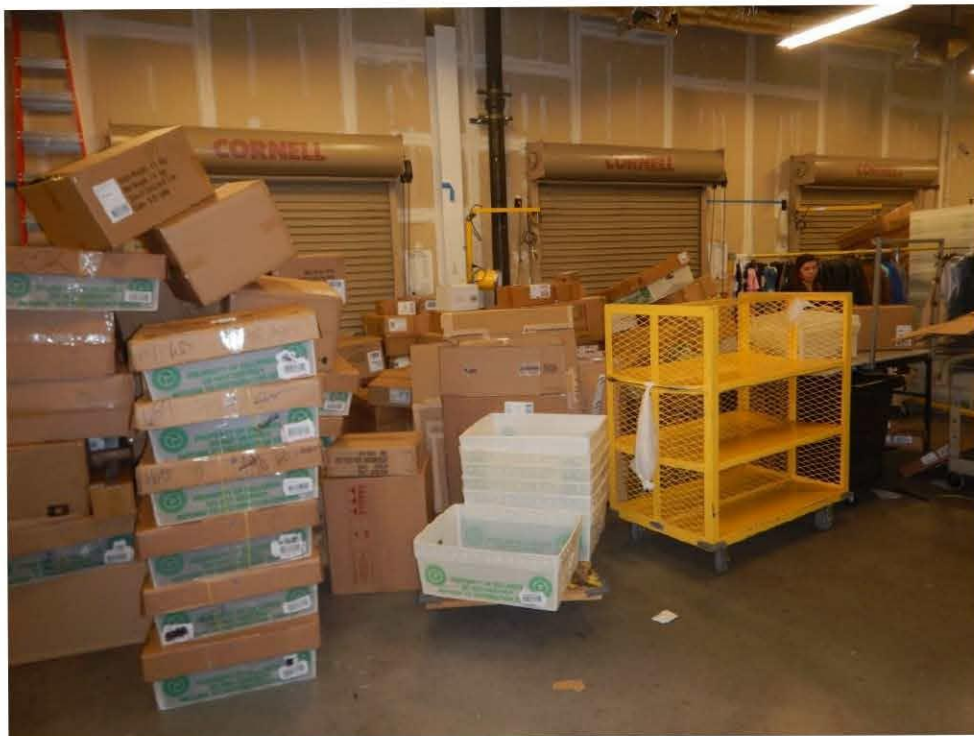
CENTER AISLE



TYPICAL AISLE



TYPICAL SALES AREA



LOADING DOCK

LEGAL ENCUMBRANCES

Land Ordinance

The City of Burlington Zoning Ordinance regulations have been adopted in accordance with the comprehensive plan of the city of Burlington, North Carolina in order to promote the health, safety, and general welfare of the community; lessening congestion in the streets; securing safety from fire, panic and other dangers; providing adequate light and air; preventing the overcrowding of land; avoiding undue concentration of population; and facilitating the adequate provision of transportation, water, sewerage, schools, parks and other public requirements in accordance with the comprehensive plan of the City Council of Burlington, North Carolina.

According to the City of Burlington Zoning Ordinance, adopted in 1971, the subject site is zoned Conditional Business District. The purpose of Conditional Business District is to accommodate the development of planned commercial developments.

Future Land Use Element

The purpose of the Future Land Use Element of City of City of Burlington Comprehensive Plan, Destination Burlington, adopted on September 1, 2015, is to focus development within the existing urban footprint, protect the rural periphery, create a Carolina Corridor Commerce Park, strengthen and seed neighborhood centers, and focus regional commerce at interstate exits.

According the Future Land Use Element of City of City of Burlington the subject site has a Future Land Use designation of Regional Commercial. The Regional Commercial designation includes higher-intensity commercial uses that generally include retailers, offices, food services, lodging, and entertainment. These uses are typically located along major retail arterial routes and interstate interchanges. Uses planned for these areas require high visibility, high traffic counts, convenient access, and connectivity to the greater region. They are generally sited on larger parcels with dedicated parking lots for customers, and are predominately one-story buildings. New regional commercial development should have cohesive architectural styles and high-quality materials, landscaping, screening from adjacent residential areas, and internal vehicular circulation to reduce congestion on main thoroughfares.

Private Encumbrances

The subject property is encumbered with an Operating and Easement Agreement between J.B. Ivey & Company and Alamance Crossing, LLC, as developer, recorded in Official Record Book 2510, Page 1 of Alamance County, North Carolina.

The common areas defined in the Operating and Easement Agreement may be used only for vehicular driving, parking and pedestrian traffic and such other purposes as are usual and customary in shopping centers in the metropolitan area in which the shopping center is located. Each party to the Operating and Easement Agreement grants to the other parties,

for the use of each of the other parties' officer, partners, directors, members, agents, employees, customers, invitees, licensees, tenants, successors and assigns, non-exclusive easements over all common area on each party's tract, for the purpose of ingress and egress. Each party to the Operating and Easement Agreement grants to the other parties, for the use of each of the other parties' officer, partners, directors, members, agents, employees, customers, invitees, licensees, tenants, successors and assigns, the full and unrestricted right to use all commons area and the driveways, sidewalks, and parking area therein on their respective portions of the shopping center premises for their intended purposes and the customer, tenants, invitees, and licensees of each party may use such common area and driveways, sideways, and parking areas on the granting party's tract.

The Operating and Easement Agreement provides for common areas that include drainage facilities providing storm drainage from the shopping center premises to onsite stormwater retention ponds.

The developer and the department stores grant to each other non-exclusive perpetual easements to provide rights-of-way for utility services to each party's respective tracts and access to and use of the gas, electrical, communications, water, storm, and sanitary sewer systems and other utilities.

HIGHEST AND BEST USE ANALYSIS

Highest and best use is: "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 the 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."⁸

The first determination reveals the fact that land value is derived from potential land use. Land has limited value unless there is a present or anticipated use for it; the amount of value depends on the nature of the land's anticipated use. According to the concept of surplus productivity, the highest and best use of a site is that use among all reasonable alternative uses that yields the highest present land value after payments are made for labor, capital, and coordination.

The highest and best use of a property as improved refers to the optimal use that could be made of the property, including all existing structures. The implication is that the existing improvement should be renovated or retained as long as it continues to contribute to the value of the site, or until the return from a new improvement would more than off-set the cost of demolishing the existing building and constructing a new one.

⁸ The Appraisal Institute. (2015). Highest and best use. In *The Dictionary of Real Estate Appraisal* (6th ed., p. 109). Chicago, IL: The Appraisal Institute.

Highest and Best Use of Land, as if Vacant

Legally Permissible

The subject site is designated Conditional Business District by the City of Burlington Zoning Ordinance and it has a Future Land Use designation of Regional Commercial. The purpose of the Highway Business district is to accommodate commercial developments.

The Operating and Easement Agreement between J.B. Ivey & Company and Alamance Crossing, LLC provides for pedestrian and vehicular nonexclusive cross ingress/egress between the subject site and the adjoining Alamance Crossing retail center. The intent of the City of Burlington zoning and land use is large scale commercial development and the operating agreement provides for increased quality linkages to the nearby road network and provides for complimentary adjoining land uses.

Physically Possible

The site contains 11.149 gross acres and is about 600 feet west of Boone Station Drive. The site is west of Boone Station Drive and several retail buildings lie between the developable portion of the site and Boone Station Drive. The distance from Boone Station Drive and the intervening retail buildings collectively reduce the subject site visibility from Boone Station Drive. The subject site has only 38.63 linear feet of frontage on the Boone Station Drive roundabout and this is the only direct connection with a public road. Additional site access is via the operating agreement with Alamance Crossing which provides for pedestrian and vehicular nonexclusive cross ingress/egress between the subject site and the adjoining Alamance Crossing lifestyle center.

The subject site has limited visibility which is a negative site characteristic which is partially overcome by the operating agreement. Overall the subject site is of adequate size, configuration, topography, and linkages to be developed with a community-scale commercial use.

Financially Feasible

On the date of valuation, the subject site was developed with a single-story, single-tenant big-box that was constructed in 2007. The site is within and shares access through Alamance Crossing, a 785,386 square foot lifestyle center anchored by big-boxes occupied by Dick's Sporting Goods, Hobby Lobby, JCPenney, and Belk.

Alamance Crossing is generally located in the northeast quadrant of Interstate-85/40 and University Drive, University Drive and Huffman Mill Road. Within the vicinity of the subject site are numerous neighborhood/community-scale retail uses. West of the subject property is University Commons which is at the northwest quadrant of University Drive and Interstate-85/40. University Commons is a 227,735 square-foot community retail center with big-boxes occupied by Target and TJ Maxx. There is big-box occupied by a Walmart Supercenter east of the subject property at the northeast quadrant of Huffman Mill Road and Garden Road.

Additionally, there is the newly built Huffman Mill Commons lifestyle center, consisting of 150,000 square feet of retail and a big-box that is occupied by Academy Sports + Outdoors that is at the northeast quadrant of Huffman Mill Road and Forestdale Drive.

Based on the current utilization of the subject site and land uses within the immediate vicinity of the subject property along University Drive and Huffman Mill Road, neighborhood/community-scale retail is financially feasible.

Maximally Productive

Based on my analysis of the legally permissible, physically possible, and financially feasible uses of the subject site, I am of the opinion the maximally productive use of the site, as if vacant, is neighborhood/community-scale retail.

Highest and Best Use, As Improved

Legally Permissible

The subject site is designated Conditional Business District by the City of Burlington Zoning Ordinance and has a future land use designation of Regional Commercial.

The Operating and Easement Agreement between J.B. Ivey & Company and Alamance Crossing, LLC provides for pedestrian and vehicular nonexclusive cross ingress/egress between the subject site and the adjoining Alamance Crossing lifestyle center.

The subject site developed with a single-tenant, single-story big-box containing 124,683 square feet of gross building area which is in conformance with the intent of the City of Burlington zoning and land use designation.

Physically Possible

The subject building is single-tenant, single-story big-box containing 124,683 square feet of gross building area. The building was constructed in 2007 and has a chronological age on the date of valuation of 10 years. The physical characteristics of building size, height and configuration significantly limit the uses of the building and thus reduce the size of the pool of occupants and buyers.

The building was constructed to the prototype standards of Dillard's as they existed in 2007 which is a limiting physical characteristic. On inspection, the building has an average level of maintenance.

Financially Feasible

Based on analysis of similar big-boxes in the sales comparison approach a single-story big-box is financially feasible.

Maximally Productive

Based on my analysis of the legally permissible, physically possible and financially feasible uses of the subject as improved, I am of the opinion the maximally productive use of the subject as improved is a single-story big-box.

EXPOSURE TIME

Exposure time is the estimated length of time that the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at true value on the effective date of the appraisal. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. Exposure time is different for various types of properties and under various market conditions. The overall concept of reasonable exposure time encompasses not only adequate, sufficient, and reasonable time, but also adequate, sufficient, and reasonable effort. The opinion of exposure time may be expressed as a range and can be based on one or more of the following:

- statistical information about days on the market;
- information gathered from sales verification; and
- interview of market participants.

I estimated the reasonable exposure time of the subject property based on the estimated highest and best use as improved. To form this opinion, I interviewed market participants and analyzed comparable sale data. Based on this analysis, I am of the opinion the reasonable exposure time, if adequately marketed and appropriately priced, is 12 to 18 months.

INTRODUCTION TO THE APPRAISAL PROCESS

Traditionally, three approaches are used to arrive at an estimate of true value; the Cost, Sales Comparison, and Income Capitalization Approaches. Ideally, each approach, properly employed, provides an accurate indication of true value; but due to the unique characteristics of various types of properties, one or more of the approaches may be inappropriate or inapplicable at arriving at an estimate of true value. The three approaches are:

Cost Approach

The Cost Approach is based on the principle of substitution; that no prudent person would pay more for a property than the cost to acquire a similar site and construct a building of equal desirability and utility, assuming no undue or costly delay. The procedure involves, first, estimating the true value of the site, as if vacant. Anticipated costs necessary to reconstruct all improvements are then estimated, predicated upon labor and material prices prevailing on the date of valuation. From this construction cost estimate, deductions are made for accrued depreciation caused by physical deterioration and functional or economic obsolescence. This depreciated cost figure is added to the estimated true value of the site, resulting in an indication of true value of the fee simple estate by the Cost Approach.

Sales Comparison Approach

The Sales Comparison Approach is also based on the principle of substitution; that a prudent person would pay no more for a property than the cost to acquire another property of similar desirability or utility. The process involves the collecting, analyzing, and comparing of sales, listings, and offers for properties similar to the property under appraisal. After the most comparable transactions are identified, qualitative or quantitative adjustments are made for such variables as a difference in market conditions between the date of sale and date of value, location, size, physical characteristics, and terms of sale.

The Sales Comparison Approach permits direct comparison of the property under appraisal to factual market transactions involving similar properties, and it is probably the approach most easily understood.

Income Capitalization Approach

The Income Capitalization Approach is based on the principle of anticipation; that value of a property may be measured by the present worth of anticipated future benefits accruing to the ownership and use of the property. This procedure involves estimating the gross income the property is capable of producing, then deducting expenses, which might be incurred in the operation of the real property. The resultant net income is converted to an indication of true value through direct capitalization.

Reconciliation of Value Indications

The final step in the valuation process is reconciliation of the true value estimates indicated by the approaches outlined above, weighing each according to their relative importance, based on market appropriateness and availability and reliability of data. Dependent on the type of property and purpose of appraisal, one or all of the approaches may be considered reliable. The result of this final reconciliation of true values is the estimate of true value as enumerated in the report.

VALUATION METHODOLOGY

Three traditional approaches to estimate true value were considered; the cost or summation, the sales comparison and income capitalization approaches. A sufficient sample of arm's length land sales was available within the market area to estimate the true value of the fee simple estate of the land. The cost of the building improvements and site improvements was estimated using a reproduction cost new estimate by RSMeansonline.com and cost comparables. Incurable physical depreciation was estimated using economic life estimates by market participants. I estimated all forms of depreciation by market extraction. The true value estimate by the cost approach provides a credible estimate of the true value of the subject property on the retrospective date of value.

The sales comparison approach was used to estimate the true value of the fee simple estate of the subject property. A sufficient quantity of comparable big-box sales were found within the southeast United States that sold within a meaningful time frame.

To apply the income capitalization approach, market rent was estimated from analysis of comparable big-box rentals. This method provides a highly credible estimate of market rent. An overall capitalization rate to apply to the estimated net income was extracted from market data.

COST APPROACH

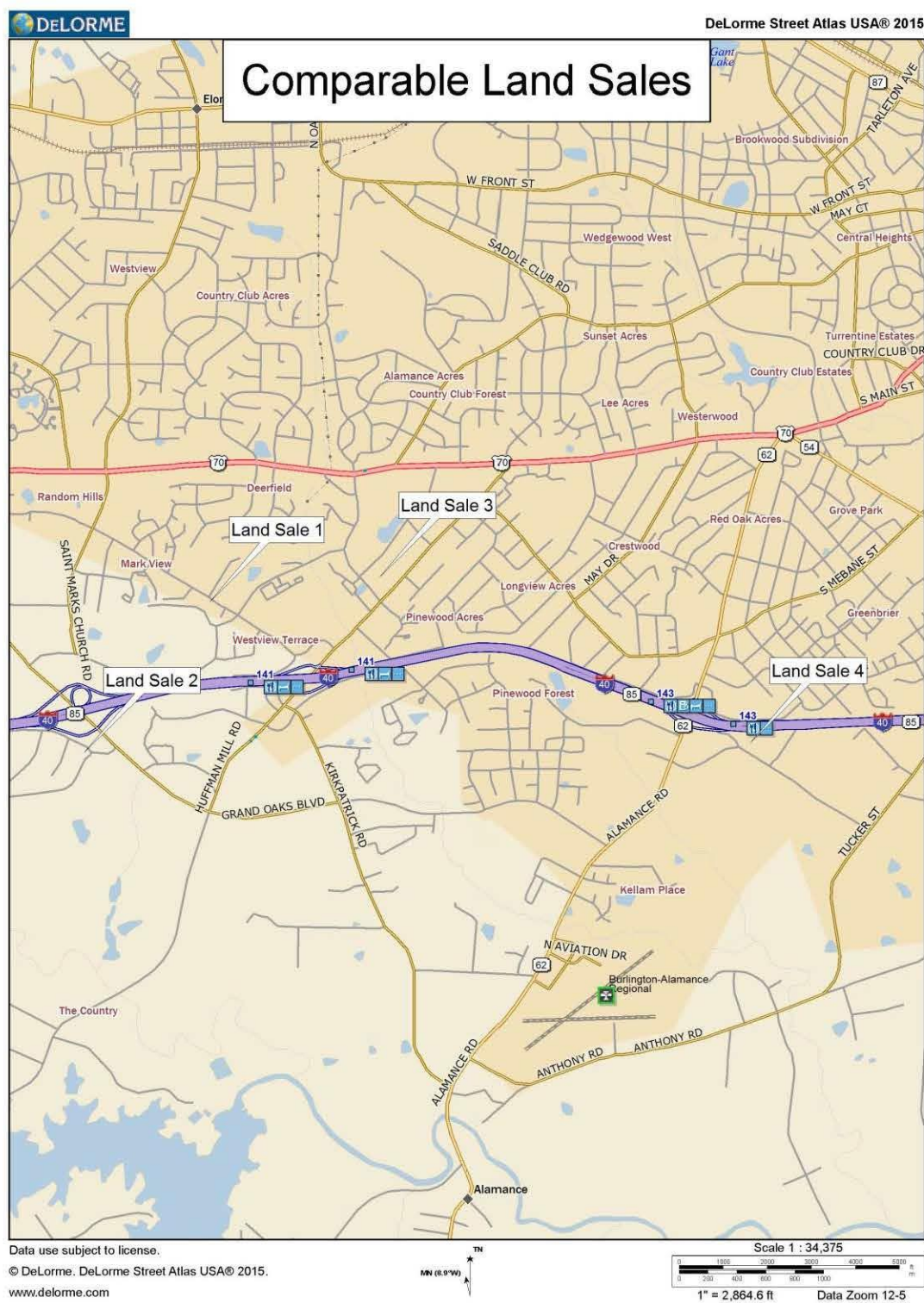
The first step in the application of the cost approach is estimation of the true value of the fee simple estate of the land. Refer to the following land sales summary chart and location map for summary details of the comparable land sales.

Table 1

UEI Comparable Land Sales

| Sale # | Location | Sale Date | Sale Price | Land Size | \$/SF | Zoning |
|--------|--|-----------|--------------|-----------|---------|--------|
| 1 | 3432 Garden Rd, Burlington | Dec-13 | \$ 900,000 | 5.25 | \$ 3.94 | B-2 |
| 2 | SWC Danbrook Rd & Bonnar Bridge Rd, Burlington | Nov-14 | \$ 795,500 | 5.51 | \$ 3.31 | CPEC |
| 3 | 529 Huffman Mill Rd, Burlington | Mar-17 | \$ 5,500,000 | 19.97 | \$ 6.32 | B-2 |
| 4 | 2149 Hatchery Road, Burlington | Oct-16 | \$ 675,000 | 4.427 | \$ 3.50 | B-2 |

Figure 6



Qualitative Analysis of Comparable Land Sales

Based on my assignment, the real property rights that I am appraising is the fee simple estate. Predicated on my analysis of the official records of each comparable land sale and my verification of each land sale, each comparable land sale is the sale of the fee simple estate. Therefore the sale price of each comparable land sale is reflective of the fee simple estate and is similar to the real property rights that I am appraising.

Real Property Rights Conveyed

Based on my assignment, the real property rights that I am appraising is the fee simple estate. Predicated on my analysis of the official records of each comparable land sale and my verification of each land sale, each comparable land sale is the sale of the fee simple estate. Therefore the sale price of each comparable land sale is reflective of the fee simple estate and is similar to the real property rights that I am appraising.

Financing Terms

The purpose of this appraisal is to estimate true value and one of the tenets of true value is that the exchange of the real property is for cash or with a cash equivalent instrument. Each of the comparable land sales sold for cash or with a cash equivalent instrument, therefore the sale price of each comparable land sale is similar to the cash tenet of true value.

Conditions of Sale

A tenet of true value is that the transaction is the result of typical motivations of buyers and sellers. Based on my verification of each land sale transaction with a party involved with the land sale, I am of the opinion that each land sale is the result of typical motivations of the buyers and sellers.

Extraordinary Costs

Extraordinary site development cost is any cost to ready the site for use that is atypical for land similar to the subject. Extraordinary site development cost if any, has been added to the nominal purchase price of the site to render the adjusted purchase price.

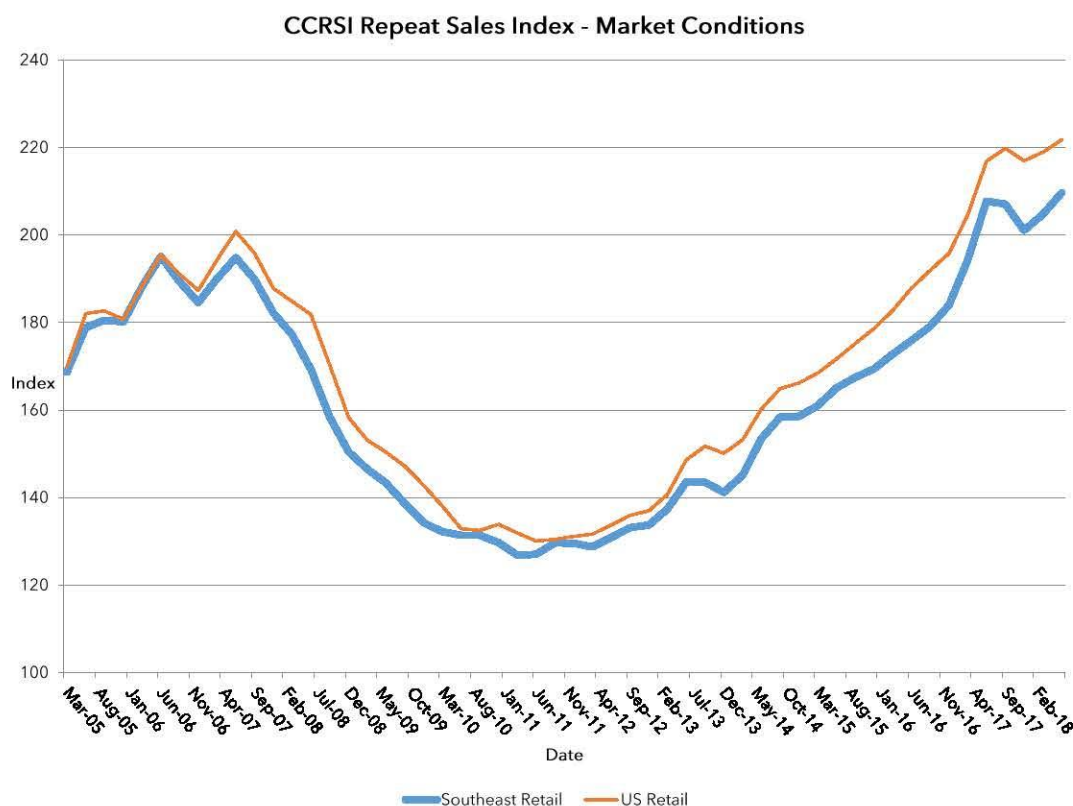
Market Conditions

Land sales that occurred under market conditions that are different from the market conditions existing on the date of value may require an adjustment for a difference in market conditions that affected their sale price. An adjustment for market conditions is made if the sales price of properties similar to the subject have increased or decreased between the date of sale and date of value. A proxy for market conditions is the CCRSI Repeat Sales Index which provides a measure of the change in sales price as revealed by the actions of buyers

and sellers in the market. The CCRSI repeat sales index is highly robust as it is based on more than 125,000 repeat sale transactions across the United States.

Based on my analysis of a paired sales study of the comparable land sales and the CCRSI Repeat Sales Index I am of the opinion that market conditions have improved in the market area since 2012. On the date of value the CCRSI Repeat Sales Index was 184 and on the date of the sale of Comparable Land Sale 1 and 2 the CCRSI Repeat Sales Index was 141 and 159 respectively, indicating a change of market conditions. Comparable Land Sales 3 and 4 sold very near the date of value and I am of the opinion the market conditions at the time of these land sales was similar to the market conditions existing on the date of value.

Figure 7



Based on the preceding analysis I am of the opinion that market conditions on the sales dates of Comparable Land Sales 1 and 2 were inferior to the market conditions existing on the date of value. The magnitude of the inferiority is in proportion to the quantity of time that passed between the date of the comparable land sale and the date of value.

Location

Comparable Land Sale 1 is located at 3432 Garden Road, Burlington and this comparable land sale is located about 200 yards north of the subject site. Garden Road is in a general northwest to southeast alignment and intersects Boone Station Drive about 200 yards east of Alamance Crossing. In the vicinity of this comparable land sale, Garden Road is a two-lane, asphalt paved and crowned arterial. This comparable land sale is in the immediate proximity of Alamance Crossing and the Walmart Super Center at Garden Road and Huffman Mill Road. This comparable land sale has lower quality linkages with the interchange of Interstate-40/85 and University Drive. Overall, this comparable land sale has a location that is slightly inferior to the location of the subject property.

Comparable Land Sale 2 is located on the southwest quadrant of Danbrook Road and Bonnar Bridge Road. This comparable land sale is adjacent to the off-ramp of Interstate-40/85, and is in the immediate proximity of the interchange of University Drive with Interstate-40/85. This comparable land sale has visibility from Interstate-40/85 which is a benefit to the site. Land south of Interstate-40/85 has lower quality retail synergies compared with land north of Interstate-40/85 which is an inferior characteristic. Overall, this comparable land sale has a location that is slightly inferior to the location of the subject property.

Comparable Land Sale 3 is located at 529 Huffman Mill Road. This comparable land sale is on the west side of Huffman Mill Road and on the north side of Forest Dale Drive. Huffman Mill Road, in the vicinity of this comparable land sale, is a four-lane, north/south arterial, and Forest Dale Drive is a two-lane arterial. There is a traffic signal light at the intersection of Huffman Mill Road and Forest Dale Drive which is an enhancement to the quality of linkages. This comparable land sale is in the immediate proximity of the Walmart Super Center located at the intersection of Garden Road and Huffman Mill Road, and is proximate to Holly Mill Mall and Business Center. The retail synergies in the immediate area of this land sale are slightly inferior to the subject site retail synergies. This comparable land sale has generally similar linkages with Interstate-40/85 via the Interstate-40/85 interchange with Huffman Mill Road. Overall, this comparable land sale has a location that is slightly inferior to the location of the subject property.

Comparable Land Sale 4 is located at 2149 Hatchery Road. In the vicinity of this comparable land sale, Hatchery Road is a two-lane, asphalt paved and crowned collector road that generally runs parallel with the south side of Interstate-40/85. This comparable land sale has similar quality linkages with Interstate-40/85 via the interchange of Alamance Road with Interstate-40/85. The south side of Interstate-40/85 has lower quality retail synergy compared with land uses north of Interstate-40/85. The immediate market area of this comparable land sale is of lower quality retail synergistic uses and lower population density compared with the subject market area. Overall, this comparable land sale has a location that is inferior to the location of the subject property.

Physical Characteristics

Comparable Land Sales 1, 2, and 4 have a smaller land area than the subject land area and based on the economic principal of diminishing marginal returns, these land sales are superior to the subject site on a per square foot basis for size. Comparable Land Sale 3 has a

land area that is larger than the subject site area and again based on the economic principal of diminishing marginal returns, Comparable Land Sale 3 is inferior to the subject site on a per square foot basis for size.

Legal Characteristics

In the valuation of land, zoning is one of the primary determinants of the highest and best use of the property because it serves as the test of legal permissibility. Thus, zoning or the reasonable probability of a zoning change is typically a primary criterion in the selection of market data. All of the comparable land sales had a zoning appropriate for the development of neighborhood/community-scale retail, therefore each of the comparable land sales is similar to the subject property for this legal characteristic.

Land Value Reconciliation

Comparable Land Sales 1, 2 and 3 are located within the immediate proximity of the subject, and these three comparable land sales have either the least number of adjustments or the least magnitude of adjustment and are, therefore, accorded primary consideration. Secondary consideration is accorded Comparable Land Sale 4. Based on the preceding qualitative analysis, I am of the opinion the subject site had a true value of the fee simple estate of \$6.25 per square foot. Applying this estimate of true value to the subject land area indicates the following:

Table 2

Just Value of Land

| | |
|----------------------------|---------------------|
| Just Value per Square Foot | \$ 6.25 |
| * Land Area (SF) | 485,650 |
| Just Value of Land | <u>\$ 3,035,315</u> |
| Rounded | \$ 3,035,000 |

Reproduction Cost New Estimate

Reproduction cost new is the estimated cost to construct, as of the effective appraisal date, an exact duplicate or replica of the building being appraised, in so far as possible, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all deficiencies, superadequacies, and obsolescence of the subject improvements.

I estimated the reproduction cost of the subject improvements by analysis of construction cost comparables and reproduction cost data from RSMeansonline.com. Based on my analysis, I am of the opinion the reproduction cost new, as of the retrospective date of value was \$12,120,701, or \$97.21 per square foot of gross building area.

Depreciation

Big-box market participants recognize a loss in the value of improvements (depreciation) due to the effects of age, wear and tear, and other causes. The extraction of total depreciation from the fee simple sale of big-boxes during the probative time frame reveals market participant's pricing of big-boxes that are not new. Total depreciation is the difference between the sales price of improvements at the time of sale and their reproduction cost new at the time of sale, as depicted in the formula below;

$$\text{Reproduction Cost New} - \text{Sales Price of Improvements} = \text{Total Depreciation}$$

Total depreciation of an improvement results from three major causes operating separately or in combination:

- Wear and tear from regular use, the impact of the elements, or damage, which is known as physical deterioration and may be curable or incurable;
- A flaw in the structure, materials or design that diminishes the functional utility and value of the improvement, which is known as functional obsolescence and, again may be curable or incurable;
- A temporary or permanent impairment of the utility or salability of an improvement or property due to negative influences outside the property, which is known as external obsolescence and is incurable.

In the cost approach, depreciation attributable to all causes is extracted from the market and deducted from the current reproduction costs to arrive at the depreciated cost as depicted in the formula below.

$$\text{Reproduction Cost New} - \text{Total Depreciation} = \text{Depreciated Cost}$$

Market Extraction of Total Depreciation

Total depreciation is extracted from the comparable big-box sales, by performing the following:

1. Analysis of comparable big-box sales for property rights conveyed, financing, and conditions of sale. An adjustment for market conditions is not made because reproduction cost and total depreciation are extracted at the time of the sale;
2. Estimate the true value of the land as of the date of sale for each of the big-box sales using comparable land sale data within the market area of the sale and the assessed value of the land during the year of sale. The estimated land value at the time of sale is subtracted from the total sale price of each big-box sale to obtain the contribution of the improvements to total sales price;
3. Estimate the reproduction cost new of the improvements for each comparable big-box sale at the time of the sale;
4. Subtract the sale price of the improvements from the reproduction cost new to render the total dollar amount of depreciation of the improvements as of the date of the sale. The extracted depreciation includes all forms of depreciation;

5. Calculate total depreciation as percentage of reproduction cost new by dividing the total dollar amount of depreciation by the reproduction cost new;

I estimated total depreciation applicable to the subject improvements by my analysis of the following big-box data.

Table 3

Big Box Total Depreciation Comparables

| Location | DC 1346 | DC 1347 | DC 1349 | DC 1051 | DC 1394 | DC 1392 | DC 1395 | DC 1000 | DC 1302 | DC 1298 | DC 991 | DC 1389 | DC 1348 | DC 1390 | DC 1393 |
|---------------------------------------|--|--|---|--|---|--|---|---|--|--|--|---|--|-----------------------------|-------------------------------------|
| 2055 W Park Place Blvd, Stone Mtn, GA | 3003 W Vine St, Kissimmee, FL | 7697 Winchester Rd, Memphis, TN | 4411 Tacoma Dr, Port Richey, FL | 1911 Saville Row, Hampton, VA | 801 E Arrowood Rd, Charlotte, NC | 801 E Arrowood Rd, Charlotte, NC | 401 International Centre Dr, Sandston, VA | 3811 Tamiame Trl, Punta Gorda, FL | 5720 Crossings Blvd, Antioch, TN | 100 Peachwood Centre Dr, Spartanburg, SC | 11100 E Colonial Dr, Orlando, FL | 4700 Green Rd, Raleigh, NC | 5330 Cane Ridge Rd, Antioch, TN | 1010 MLK Jr Pkwy, Durham NC | 733 Pleasant Hill Rd NW, Lilburn GA |
| Market Area Variables | | | | | | | | | | | | | | | |
| Nearby Uses | Hobby Lobby, Marshalls, Ross Dress for Less, Lowe's Home Improvement, new car dealerships, LA Fitness, Walmart Supercenter | Burlington, Best Buy, JC Penney, Dick's, Markhalls, Office Depot, Lowe's Home Improvement, Walmart Supercenter, Aldi's, Sam's Club | Gulf View Square Mall, Dillard's, Best Buy, TJ Maxx, The Home Depot, Ross, Bed Bath & Beyond, Petco, Office Depot | Walmart, Super Center, new car dealerships, Bass Pro Shops, Lowe's Home Improvement Center, Target, JC Penney, FetSMART, Burlington, Marshalls, BJ's | Target, AMC Carolina Pavilion 22, Ross, Nordstrom Rack, Target, Conn's Home Plus, Bed Bath & Beyond, new car dealerships, Supermarket, Aldi, The Home Depot, Maxx | Hampton Inn, Hilton Garden Inn, Holiday Inn, new car dealerships, Michaels, JC Penney, Lowe's Home Improvement, JC Penney, Public Supermarket, Target, Office Max, Conn's Home Plus, Walmart | The Home Depot, Publix new car dealerships, Walmart Bealls, Walmart Supercenter | New car dealerships, Kroger Supermarket, TJ Maxx, Belk, Dillard's, Ashley Home Store, Conn's Home Plus, Floor & Decor, The Home Depot | Ingles Supermarket, Academy Sports, Kohl's, Belk, Dillard's, JC Penney, Costco, Burlington, The Home Depot, Walmart Supercenter, Ross, TJ Maxx, Lowe's Home Improvement, Sams Club | Walmart Supercenter, Rooms to Go, Dick's Sporting Goods, Kohl's, Michaels, The Home Depot, Target, Best Buy, LA Fitness, Office Max, Ross, TJ Maxx, Regal Cinemas, Hobby Lobby, Academy Sports, Publix Supermarket, Burlington | Sam's Club, Lowe's Home Improvement, The Home Depot, Kohl's, Michaels, Dick's Sporting Goods, new car dealerships, Dillard's, Belk, Macy's, Hobby Lobby, Best Buy, Total Wine, BJ's Warehouse, Marshalls | The Home Depot, Carmike Cinema, new car dealerships, Kroger Supermarket, Bed Bath & Beyond, TJ Maxx | Kroger Supermarket, Lowe's Home Improvement, Supercenter, Kroger Commons Supermarket, Shopping Center, Super Public Target, Petco, Sam's Club, At Home | The Home Depot, Walmart | |
| Transactional Variables | | | | | | | | | | | | | | | |
| Gross Sale Price | \$3,800,000 | \$2,650,000 | \$4,612,000 | \$3,672,000 | \$3,700,000 | \$3,830,000 | \$3,784,250 | \$6,500,000 | \$5,569,200 | \$5,556,675 | \$8,200,000 | \$3,850,000 | \$6,600,000 | \$2,500,000 | \$4,600,000 |
| - Land Sale Price | \$1,773,000 | \$1,437,000 | \$3,311,000 | \$1,830,000 | \$1,795,000 | \$2,701,000 | \$2,351,250 | \$5,719,000 | \$2,543,904 | \$2,500,000 | \$7,586,000 | \$2,318,000 | \$2,374,000 | \$2,313,000 | \$3,238,000 |
| Improvement Sale Price | \$2,027,000 | \$1,213,000 | \$1,301,000 | \$1,842,000 | \$1,905,000 | \$1,129,000 | \$1,433,250 | \$781,000 | \$3,025,296 | \$3,056,675 | \$614,000 | \$1,532,000 | \$4,226,000 | \$187,000 | \$1,362,000 |
| Physical Descriptors | | | | | | | | | | | | | | | |
| GBA | 178,354 | 114,386 | 124,287 | 101,909 | 117,803 | 119,234 | 141,588 | 97,235 | 122,800 | 128,983 | 107,400 | 116,244 | 117,020 | 107,441 | 132,847 |
| Year Built | 1999 | 1992 | 2005 | 1991/2012 | 1996 | 1990 | 1990 | 1992 | 1998 | 1993 | 1993 | 1994 | 1981/2012 | 2011 | 1997 |
| Chronological Age | 15 | 21 | 9 | 21 | 16 | 27 | 13 | 16 | 8 | 8 | 13 | 18 | 32 | 6 | 19 |
| Total Depreciation Residual | | | | | | | | | | | | | | | |
| Reproduction Cost New | \$18,996,485 | \$12,053,997 | \$13,033,978 | \$10,854,328 | \$9,457,816 | \$10,341,879 | \$10,694,337 | \$6,969,863 | \$10,326,694 | \$9,692,752 | \$9,894,377 | \$10,364,986 | \$11,015,894 | \$10,446,224 | \$12,620,465 |
| - Improvement Value | \$2,027,000 | \$1,213,000 | \$1,301,000 | \$1,842,000 | \$1,905,000 | \$1,129,000 | \$1,433,250 | \$781,000 | \$3,025,296 | \$3,056,675 | \$614,000 | \$1,532,000 | \$4,226,000 | \$187,000 | \$1,362,000 |
| Total Depreciation \$ | \$16,969,485 | \$10,840,997 | \$11,732,978 | \$9,012,328 | \$7,552,816 | \$9,212,879 | \$9,261,087 | \$6,188,863 | \$7,301,398 | \$6,636,077 | \$9,280,377 | \$8,832,986 | \$6,789,894 | \$10,259,224 | \$11,258,465 |
| Total Depreciation as % of Cost New | 89.33% | 89.94% | 90.02% | 83.03% | 79.86% | 89.08% | 86.60% | 88.79% | 70.70% | 68.46% | 93.79% | 85.22% | 61.64% | 98.21% | 89.21% |

A clear pattern of total depreciation is revealed by the market data with total depreciation ranging between 61.64 percent and 98.21 percent.

The total depreciation indications are highly consistent regardless of the chronological age of the improvements on the sale date. This observation can be shown systematically. The coefficient of variation of total depreciation indications is 11.94 percent which is about 1/4th the coefficient of variation of allocated functional/external obsolescence of 41.90 percent. The relatively low coefficient of variation of total depreciation is an undeniable indicator that using total depreciation in the cost approach instead of a combination of incurable physical depreciation and functional/external obsolescence will most accurately reflect the actions of big-box market participants.

The subject improvements on the date of value had a chronological age of 10 years which is similar to the chronological age of the improvements of Big-Box Depreciation Comparables DC 1349 and DC 1302 and somewhat similar to DC 1395, DC 1298 and DC 1390. The mean total depreciation of these five comparables is 82.8 percent, well within the overall range of the 15 total depreciation comparables and very similar to the population mean total depreciation of 84.26 percent.

Based on my analysis of all depreciation comparables and placing greatest consideration on Big-Box Depreciation Comparables DC 1349, DC 1302, DC 1395, DC 1298 and DC 1390, I am of the opinion total depreciation is 82.5 percent of reproduction cost new. Following in Table 4 is my estimate of the true value of the fee simple estate by the cost approach.

Table 4

True Value Estimate by the Cost Approach - 2017

| | | |
|--|--------|---------------------|
| Reproduction Cost New | | \$ 12,120,701 |
| Physical Deterioration | | |
| Curable | \$ - | |
| Reproduction Cost New less Curable | | \$ 12,120,701 |
| * Total Depreciation Percentage | 82.50% | |
| - Total Depreciation \$ | | \$ 9,999,579 |
| Depreciated Reproduction Cost | | \$ 2,121,123 |
| + True Value of the Land | | \$ 3,035,000 |
| True Value by the Cost Approach | | \$ 5,156,123 |
| Rounded | | \$ 5,156,000 |

SALES COMPARISON APPROACH

In the sales comparison approach, an opinion of true value is developed by comparing properties similar to the subject that have sold, are listed for sale, or are under contract. The major premise of the sales comparison approach is that an opinion of the true value of a property can be supported by studying the market's revealed reaction to comparable and competitive properties.

Concepts of anticipation and change, which underlie the principles of supply and demand, substitution, balance, and externalities are basic to the sales comparison approach.

Property prices result from negotiations between buyers and sellers. In a market with many buyers and sellers acting in their interests, buyers make up the market demand and the properties offered for sale currently or in the foreseeable future make up the supply.

The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time.

The forces of supply and demand tend toward equilibrium, or balance, in the market, but absolute equilibrium is almost never obtained. Principle of balance also holds that both the relationship between land and improvements and the relationship between a property and its environment must be in balance for a property to achieve its optimum true value.

External forces affect all types of property in positive or negative ways. Periods of economic growth and economic decline influence property values.

Comparable big-box sales are analyzed on a relative qualitative basis. A relative qualitative comparison is the study of the relationships indicated by market data. This technique reflects the nature of real estate markets. To apply this technique, I analyzed comparable big-box sales to determine whether the physical, transactional and environmental characteristics of the comparable sales are inferior, superior or equal to those same characteristics of the subject property.

In my qualitative analysis of the comparable big-box sales, each of the comparable big-box sales is analyzed for real property rights conveyed, financing, conditions of sale, market conditions, location, and physical characteristics. To address locational differences between the comparable big-box sales, I extracted the sales price of the land from the overall sales price using comparable land sales in the area of the improved big-box sale. The resulting remaining sales price is the sales price contribution of the improvements which are immune to locational distinctions. The following qualitative analysis is only of the contributory price of the improvements. After this analysis and reconciliation to the true value of the subject improvements I added to the true value of the improvements the previously estimated true value of the land from the cost approach section of this report to render my estimate of the true value of the subject fee simple estate by the sales comparison approach.

Refer to the following comparable big-box sales chart and location map for summary details of the comparable big-box sales that were analyzed to estimate the true value of the subject fee simple estate. Comparable Big-Box Sale DC 1350 closed on July 11, 2017 which is six

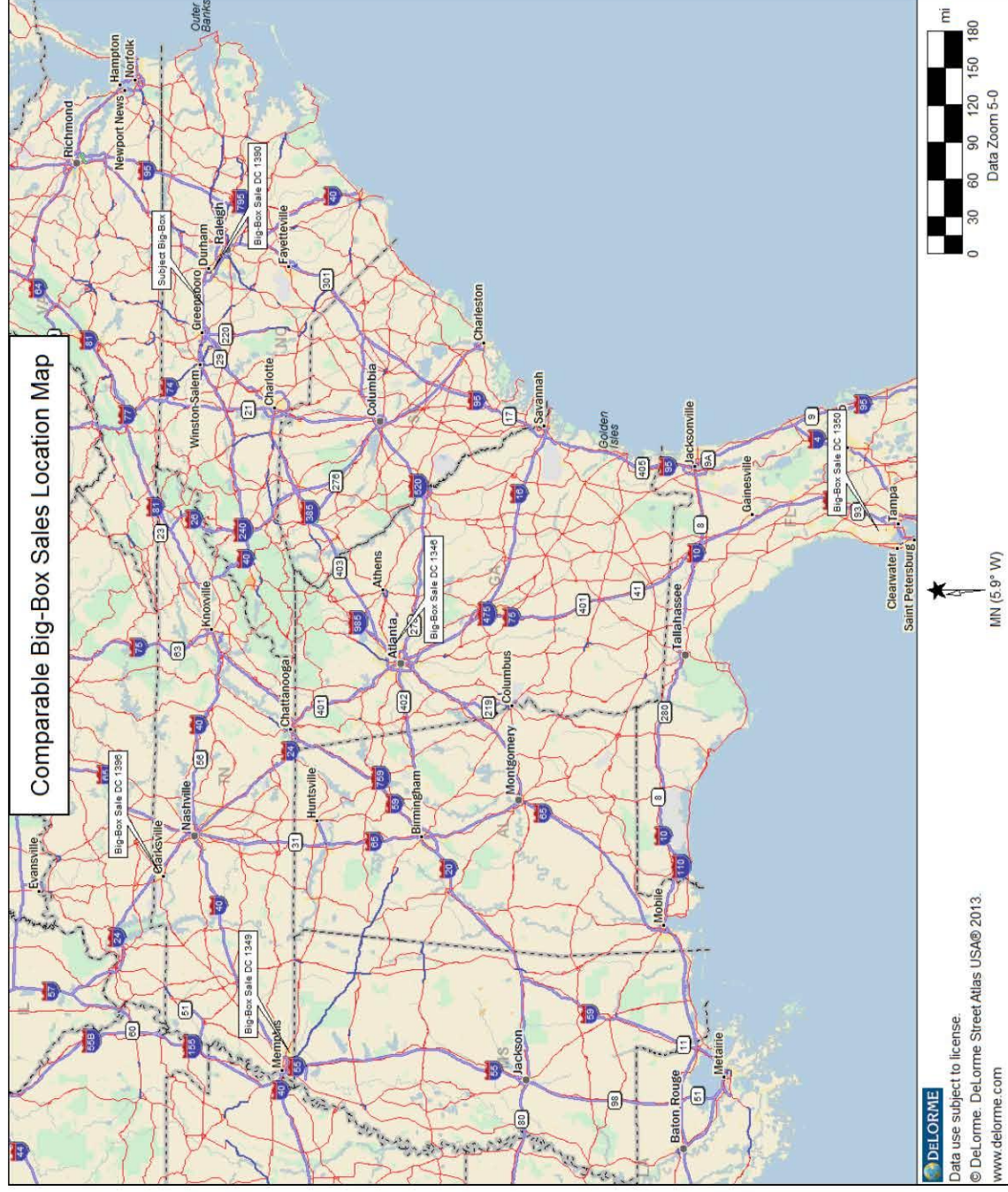
months, 11 days after the date of valuation. This big-box sale is included for trending purposes only. Refer to the Addenda of this report for detailed information on each of the comparable big-box sales I analyzed in performing the sales comparison approach analysis.

Table 5

Comparable Big-Box Sales

| Sale ID | DC 1349 | DC 1346 | DC 1390 | DC 1350 | DC 1396 |
|------------------------------------|--|--|--|--|--|
| Address | 7697 Winchester Rd, Memphis TN | 2055 W Park Place Blvd, Stone Mountain GA | 1010 MLK Jr Pkwy, Durham NC | 16400 SR 54, Odessa FL | 2780 Wilma Rudolph Blvd, Clarksville TN |
| Former Occupant | Target | Target | Walmart | Target | Kmart |
| Current Occupant | At Home | StorageMax | Gym and Retail | Vacant | At Home |
| Market Area Characteristics | | | | | |
| Nearby Uses | Burlington, Best Buy, JC Penney, Dick's, Marshalls, Office Depot, Lowe's Home Improvement, Walmart Supercenter, Aldi's, Sam's Club | Hobby Lobby, Marshalls, Ross Dress for Less, Lowe's Home Improvement, new car dealerships, LA Fitness, Walmart Supercenter | Kroger's Supermarket, Lowe's Home Improvement Center, Hope Valley Commons Shopping Center, Super Target, Petco, Sam's Club, and At Home | Marriott Residence Inn, Starbucks, Publix Supermarket, Citibank, Organic Farmers Market, Hilton Garden Inn, Northpointe Village Shopping Center | Sams Club, Hilton Garden Inn, Courtyard by Marriott, Walmart Supercenter, Kohl's, Target, Bed Bath Beyond, Best Buy, Dillards, JCPenney, Dicks Sporting Goods, Old Navy, TJ Maxx, Office Depot, Hobby Lobby, The Home Depot, Lowes Home Improvement Center, Kroger |
| Physical Characteristics | | | | | |
| Land Area | 15.2 | 13.6 | 13.3 | 13.7 | 10.5 |
| Building Size (SF) | 124,287 | 178,354 | 107,441 | 147,106 | 100,252 |
| Year Built | 2005 | 1999 | 2011 | 2006 | 1992 |
| Transaction Characteristics | | | | | |
| Sale Date | Jun-14 | Jul-14 | Jan-17 | Jul-17 | 17-Jan |
| Gross Sale Price | \$4,612,000 | \$3,800,000 | \$2,500,000 | \$4,900,000 | \$4,825,000 |
| Gross Price / SF | \$37.11 | \$21.31 | \$23.27 | \$33.31 | \$48.13 |
| Land Price | \$3,311,000 | \$1,773,000 | \$2,313,000 | \$3,280,000 | \$3,209,588 |
| Improvement Price | \$1,301,000 | \$2,027,000 | \$187,000 | \$1,620,000 | \$1,615,412 |
| Improvement Price / SF | \$10.47 | \$11.37 | \$1.74 | \$11.01 | \$16.11 |

Figure 8



Qualitative Analysis of Comparable Big-Box Sales

Property Rights Conveyed

Based on my conversation with my client and the definition of true value, I am appraising the fee simple estate. Founded on my analysis of the official records of each sale and my verification of the transaction, each of the comparable big-box sales is the sale of the fee simple estate in real property which is a bundle of rights that is the same as the bundle of real property rights that I am appraising. Therefore the sale price of each of the comparable big-box sales is reflective of the fee simple estate.

Financing Terms

The definition of true value requires payment in cash or in terms equivalent to cash. All of the comparable big-box sales sold for cash or with a cash equivalent instrument; therefore the sale price of each of the comparable big-box sales is reflective of a cash transaction which is similar to the payment in cash tenet of true value.

Conditions of Sale

The purpose of this assignment is to estimate true value and true value requires a sale to be the result of typical motivations of buyers and sellers in an open and competitive market. Based on my verification of the comparable big-box sales and analysis of official records of the sale, the sale price of the comparable big-box sales is reflective of typical conditions of sale and each of the big-box sales took place in an open and competitive market. Thus, the sale price of each of the comparable big-box sales is reflective of the typical conditions of sale tenet of true value and each sale was derived in an open and competitive market.

Expenditures Made Immediately After Purchase

Expenditures made immediately after purchase to remedy the property for deferred maintenance, extraordinary interior demolition, zoning change or environmental contamination, if any have been added to the nominal sale price to render the adjusted sale price. Refer to the comparable big-box sales data sheets in the Addenda of this report for adjustments, if any.

Market Conditions

A change in market conditions may result from changes in income tax laws, building moratoriums, the availability of financing, employment, interest rates, and fluctuations in supply and demand.

To form my opinion as to the market conditions that existed on the date of the big-box sale and the date of value and the magnitude of the difference I performed a paired sales analysis of 16 big-box sales that occurred between September 2006 and April 2017. From this data, I

performed 37 pairs comparing the sales price per square foot of the improvements between to different points in time. Of the 37 pairs, 67.6 percent or 25 of the 37 pairs indicated market conditions had deteriorated over the study period. The mean change in market conditions over the study period was negative 13.6 percent and the median change in market conditions was negative 55.8 percent. From my analysis of the data, it is my opinion that market conditions for big-box improvements deteriorated between the dates of the comparable big-box sales and the retrospective date of value. Therefore, the market conditions existing on the date of each of the comparable big-box sales was superior to the market conditions that existed on the date of value. The magnitude of the superiority is in proportion to the quantity of time that has passed between the date of the big-box sale and the date of valuation.

Location

To control for the influence of location on sales price, I subtracted the contributory sales price of the land from the overall sale price of the comparable big-box to render the sale price of the improvements. Locational characteristics are inherent in land and not improvements, thus the subtraction of the price of land from the overall sales price removes the locational effect of land on price. The following discussion of the location of each comparable big-box sale is only to put the location of the big-box into context with the subject big-box location.

Comparable Big-Box Sale DC 1349 is located on the southeast quadrant of Winchester Road and State Route 385, Memphis Tennessee. This comparable big-box does not have direct frontage on Winchester Road. Access from Winchester Road to the site is via non-exclusive driveway connections. This comparable big-box does not have a direct connection with State Route 385 either. There is an interchange of State Route 385 and Winchester Road that is immediately northwest of this comparable sale. This big-box is within the Centennial Place Shopping Center and indirect access is from Centennial Drive through the Centennial Place Shopping Center.

Within the vicinity of this comparable big-box, Winchester Road is a six-lane, east/west arterial, State Route 385 is a north/south, four-lane, limited access expressway, and Centennial Drive is a two-lane, north/south collector road.

Nearby retailers include Burlington, Best Buy, JC Penney, Dick's Sporting Goods, Marshalls, Office Depot, and nearby is Lowe's Home Improvement Center, Walmart Super Center, Aldi's Supermarket, Sam's Club, and several new car dealerships.

Within the market area of this comparable big-box, the estimated population is 85,261 persons, and the estimated median household income is \$56,678.

Comparable Big-Box Sale DC 1346 is at 2055 West Park Place Boulevard, Stone Mountain, Georgia. This comparable big-box is a free-standing, single-story, single-tenant building on the southeast corner of West Park Place Boulevard and Bermuda Road SW. Within the vicinity of this comparable big-box, West Park Place Boulevard is a four-lane, north/south arterial, and Bermuda Road SW is a two-lane, east/west, local road. This big-box is also located on the southwest quadrant of Stone Mountain Freeway and West Park Place

Boulevard. There is a nearby interchange of Stone Mountain Freeway and West Park Place Boulevard.

Within the market area of this big-box is Hobby Lobby, Marshalls, Ross Dress for Less, Lowe's Home Improvement Center, several new car dealerships, LA Fitness, Stone Mountain Cinema, and a Walmart Supercenter. This comparable big-box is near the gateway to Stone Mountain Park, one of Georgia's top entertainment attractions drawing over 4 million customers a year.

Within the market area of this comparable big-box, the estimated population is 37,175 persons, and the median household income is \$78,189.

Comparable Big-Box Sale DC 1390 is located at 1010 Martin Luther King Jr. Parkway, Durham North Carolina. This comparable big-box is on an interior site on the east side of Martin Luther King Jr. Parkway, north of South Roxboro Street. Within the vicinity of this comparable big-box, Martin Luther King Jr. Parkway is a four-lane, asphalt paved and crowned arterial, and South Roxboro Street is a four-lane, east/west arterial. There is a traffic signal light at the intersection of Martin Luther King Jr. Parkway and South Roxboro Street. This comparable big-box has a single driveway connection on Martin Luther King Jr. Parkway and three driveway connections on South Roxboro Street.

Retailers in the vicinity of this comparable big-box are Kroger's Supermarket, Lowe's Home Improvement Center, Hope Valley Commons Shopping Center, Super Target, Petco, Sam's Club, and At Home.

Within the three-mile market area of this comparable big-box the estimated population is 83,614 persons, and the median household income is \$52,696.

Comparable Big-Box Sale DC 1350 is at 16400 State Road 54, Odessa Florida which is also the southwest quadrant of State Road 54 and the Suncoast Expressway. State Road 54 is the primary east/west arterial in south Pasco County connecting US Highway 41 to the east with Fivay Road to the west. The Suncoast Expressway is a limited access expressway connecting the suburban areas of west Pasco County with employment centers in the City of Tampa to the south.

Within the market area of this comparable big-box are Marriott Residence Inn, Starbucks, Publix Supermarket, Citibank, Organic Farmers Market, Hilton Garden Inn, Northpointe Village Shopping Center and Marriott Springhill Suites.

The estimated market area population is 24,579 persons and the estimated median household income is \$84,049.

Comparable Big-Box Sale DC 1396 is at 2780 Wilma Rudolph Boulevard, Clarksville, Tennessee. This comparable big-box is also on the west side of Wilma Rudolph Boulevard (US Highway 79) approximately one-quarter mile south of Interstate-24. There is an interchange at Interstate-24 with Wilma Rudolph Boulevard. In the vicinity of this comparable big-box, Wilma Rudolph Boulevard is a six-lane, asphalt paved and crowned, north/south arterial. Wilma Rudolph Boulevard connects the Clarksville central business district to the south with Interstate-24 to the north.

Nearby this comparable big-box rental is Sam's Club, Hilton Garden Inn, Courtyard by Marriott, Walmart Super Center, Kohl's, Target, Bed, Bath & Beyond, Best Buy, Dillard's, JC Penney, Dick's Sporting Goods, Old Navy, TJ Maxx, Office Depot, Hobby Lobby, The Home Depot, Lowe's Home Improvement Center, and Kroger Supermarket.

Within the market area of this comparable big-box, the estimated market area population is 29,535 persons, and the estimated median household income is \$56,311.

Physical Characteristics

Differences in the physical characteristics of the comparable big-box improvements and the subject improvements considers differences in building size, quality of construction, architectural style, building materials, age, condition, attractiveness, and other characteristics.

Size of Building Improvement

The subject building contains 124,683 square feet of gross building area which is similar to the size of Comparable Big-Box Sale DC 1349. Comparable Big-Box Sales DC 1390 and DC 1396 have a smaller gross building area than the subject and based on the economic principal of diminishing marginal return these big-box sales are superior to the subject on a per square foot basis. Comparable Big-Box Sales DC 1346 and DC 1350 have a larger gross building area than the subject and are therefore inferior to the subject on a per square foot basis.

The magnitude of the inferiority or superiority is in rough proportion to absolute difference in gross building area between the comparable big-box sales and the subject.

Age

As of the date of valuation, the subject improvements had a chronological age of 10 years. Incurable physical deterioration has a negative effect on the sale price of big-box improvements and it is correlated with the age of the improvements. Comparable Big-Box Sales DC 1346 and DC 1350 had a chronological age at the time of sale that was greater than the chronological age of the subject improvements on the retrospective date of value; therefore these comparable big-box sales are inferior to the subject property. Comparable Big-Box Sale DC 1390 had a chronological age at the time of sale that was less than the chronological age of the subject improvements on the retrospective date of value; therefore this comparable big-box sale has a chronological age that is superior to the chronological age of the subject property improvements. The remaining comparable big-box sales had a chronological age at the time of sale that was similar to the chronological age of the subject improvements on the date of valuation.

Architectural Style and Building Material Composition

Each of the comparable big-box sales has either a stucco exterior finish, split concrete finish or a brick façade which are of lower quality than the subject. None of the comparable big-box sales have exterior crown moulding or contrasting exterior. Overall, each of the comparable big-box sales is inferior to the subject for these physical characteristics.

True Value Estimate by Sales Comparison Approach

Considering the qualitative analysis of the five comparable big-box sales, and placing greatest emphasis on Comparable Big-Box Sales DC 1349, DC 1346 and DC 1396, and secondary consideration on Comparable Big-Box Sale DC 1390, I am of the opinion the true value of the fee simple estate of the improvements was \$13.00 per square foot of gross building area. The total true value of the fee simple estate of land and the improvements is as follows:

Table 6

True Value Estimate by the Sales Comparison Approach

| | |
|---|---------------------|
| Gross Building Area | 124,683 |
| * True Value of Improvements / SF | \$ 13.00 |
| Gross Improvement Value | \$ 1,620,879 |
| + True Value Land | \$ 3,035,000 |
| True Value Estimate by Sales Comparison | \$ 4,655,879 |
| Rounded | \$ 4,656,000 |

INCOME CAPITALIZATION APPROACH

The subject market rent (land and improvements) was estimated using the direct comparison method and the rent/retail sales relationship method. Market rent is "The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term concessions, renewal and purchase options, and tenant improvements (TIs)."⁹

Estimating market rent based on the direct comparison method I researched comparable big-box rentals and had conversations with brokers active in the leasing of big-boxes in the Atlantic Coastal area and southeast United States. The comparable big-box rentals are compared with the subject big-box on a qualitative basis to estimate market rent by this method. The provision of term concessions and/or a tenant improvement allowance is endemic in the market for big-boxes. I accounted for the provision of term concessions and a tenant improvement allowance by using the effective rent as the unit of comparison.

I used two methods to estimate market rent, the direct comparison method and rent to retail sales relationship method.

Direct Comparison Method

Following in Table 7 are the comparable big-box rentals that I analyzed to estimate market rent by the direct comparison method.

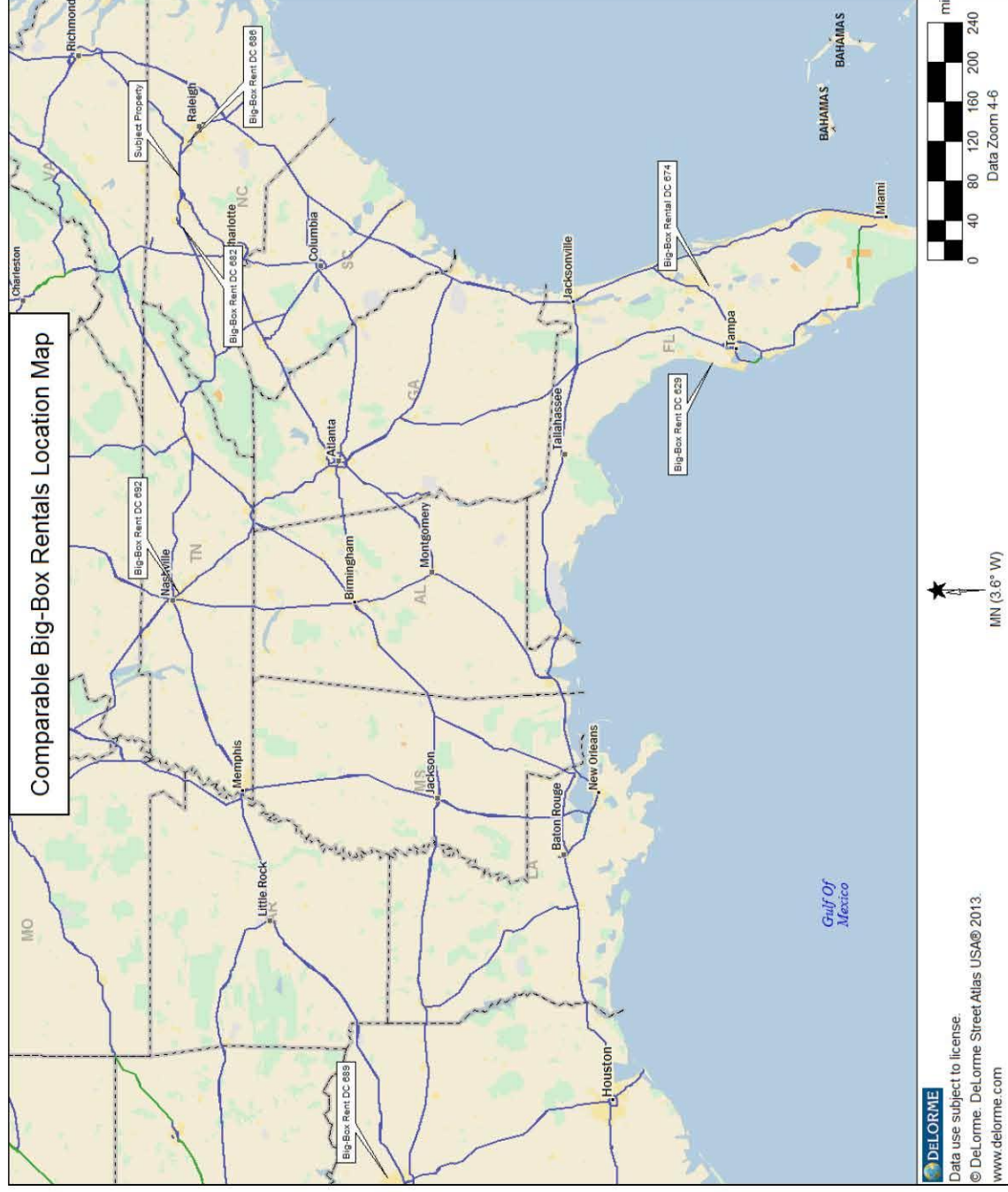
⁹ McKinley, M. (Ed.). (2015). Market rent. In *The dictionary of real estate appraisal* (6th ed., p. 140). Chicago, IL: Appraisal Institute.

Table 7

Comparable Big-Box Rentals

| Rent ID | DC 674 | DC 629 | DC 682 | DC 686 | DC 692 | DC 689 |
|------------------------------------|---|---|---|---|---|--|
| Location | 2671 W Osceola Pkwy, Kissimmee, FL | 6411 Tacoma Dr, Port Richey, FL | 2455 Lewisville- Clemmons Rd, Clemmons, NC | 1010 MLK Jr Pkwy, Durham NC | 5330 Cane Ridge Rd, Anitoch TN | 2704 North Central Exwy, Plano TX |
| Market Area Characteristics | | | | | | |
| Nearby Uses | Bonefish Grill, Books-a-Million, JC Penney, TJ Maxx, Kohl's, Ross Dress for Less, Bed Bath & Beyond, Pler 1, Petco, Regal Cinema, Ashley Home Store, Lowe's Home Improvement Center, Best Buy | Gulf View Square Mall, Dillard's, Best Buy, TJ Maxx, The Home Depot, Ross, Bed Bath & Beyond, Petco, Office Depot | Big Lots, Tractor Supply, Lowe's Foods, Staples, Publix Supermarket | Kroger's Supermarket, Lowe's Home Improvement Center, Hope Valley Commons Shopping Center, Super Target, Petco, Sam's Club, and At Home | The Home Depot, Carmike Cinema, new car dealerships, Kroger Supermarket, Bed Bath & Beyond, TJ Maxx | Best Buy, Crest Volvo, Super Target, Burlington, Sports Authority, Ross Dress for Less, Costco, Sam's Club, Super Wal-Mart, and Lowe's Home Improvement Center |
| Physical Characteristics | | | | | | |
| Gross Bldg Area | 95,278 | 101,909 | 93,336 | 107,441 | 117,020 | 88,304 |
| Year Built | 2008 | 1991/2013 | 1992 | 2011 | 1992/2013 | 1999 |
| Lease Terms | | | | | | |
| Nominal Rent | \$6.00 | \$8.50 | \$7.50 | \$10.48 | \$7.36 | \$3.54 |
| Lease Status | Listing, 2017 | Leased 2012 | Listing, 2013 | Listing, 2017 | Leased 2015 | Leased, 2015 |
| Use Restrictions | Usual & Customary | Usual & Customary | None | None | None | None |
| Rent Basis | NNN | NNN | NNN | NNN | NNN | NNN |
| Initial Lease Term (Mos) | 72 | 120 | 120 | Neg | N/A | 41 |
| Tenant Imp Allowance | None | A Lot | \$12.50 | Neg | N/A | N/A |
| Free Rent (Most) | 6 UNK | | 6 | Neg | N/A | N/A |
| Effective Rent | \$5.50 | < \$8.50 | \$5.52 | < \$10.48 | < \$7.36 | \$3.54 |
| Former Use | Bealls | Target | Kmart | Walmart | Target | Kohl's |
| Current Use | Vacant | Burlington/HH Greg | N/A | Planet Fitness | Floor Decor/Conn's Home | At Home |

Figure 9



Qualitative Analysis of Comparable Big-Box Rentals

Comparable Big-Box Rental DC 674 is located at 2671 West Osceola Parkway, Kissimmee, Florida. This comparable big-box rental is within the Loop West, a 400,000 square foot community-scale shopping center occupied by JCPenney, TJ Maxx, Babies R Us, and Books a Million. Adjacent to this comparable big-box rental is The Loop Shopping Center with tenants Kohl's, Ross, Michaels, Bed, Bath & Beyond, Old Navy, Petco, and Pier 1. Additional retail within the market area of this comparable big-box rental is Bonefish Grill, Regal Cinema, Ashely Home Store, Lowe's Home Improvement Center, and Best Buy.

Osceola Parkway within the vicinity of this comparable big-box rental is a four-lane, east/west arterial, and North Thacker Drive is a four-lane, north/south arterial. This is a single-story CMU big-box with a good quality front elevation with decorative brick and stucco highlights, crown molding, stile door entryway with vestibule, and two dock high loading dock doors within a truckwell.

Within the market area of this comparable big-box rental the estimated population is 77,659 persons, which is more than twice the subject market area population. The estimated median household income within this market area is \$58,003, which is slightly less than the median household income within the subject market area. Overall, this comparable big-box rental has a location that is slightly superior to the location of the subject property.

Comparable Big-Box Rental DC 629 is located at 6411 Tacoma Drive, Port Richey, Florida. This comparable big-box rental is within The Piers Shopping Center, which is on the west side of U.S. Highway 19, north of Embassy Boulevard. U.S. Highway 19, in the vicinity of this comparable big-box rental, is the primary north/south commercial arterial in west Pasco County. Along U.S. Highway 19 within the immediate vicinity of this comparable big-box rental is Gulfview Square Mall, Regal Cinemas, Walmart, The Home Depot Home Improvement Center, Michael's, Bed, Bath and Beyond, and Ross Dress for Less. U.S. Highway 19 is the primary north/south arterial in west Pasco County.

This comparable big-box rental has a larger gross building area than the subject and it has a higher chronological age than the subject, and these are both inferior characteristics.

The estimated population within the market area of this comparable big-box rental is 56,397 persons which is superior to the population count in the subject market area. The estimated median household income in this market area is \$35,577 which is inferior to the subject market area. Overall this comparable big-box rental is inferior to the subject property.

Comparable Rental DC 682 is located at 2455 Lewisville-Clemmons Road, Clemmons, North Carolina. This comparable big-box rental was formerly occupied by Kmart within the Village Square Shopping Center. This comparable big-box rental is offered at \$7.50 per square foot on an NNN basis. This comparable big-box rental is on the northeast corner of Lewisville-Clemmons Road and Stadium Drive. Within the vicinity of this comparable big-box rental, Lewisville-Clemmons Road is a four-lane, north/south arterial, and Stadium Drive is a two-lane, east/west collector road. There is a traffic signal light at the intersection of Lewisville-Clemmons Road and Stadium Drive providing enhanced linkages to this rental. This big-box is less than one-quarter mile south of Interstate-40 and the interchange of Lewisville-Clemmons Road and Interstate-40.

Within the market area of this comparable big-box rental is Lowe's Food Supermarket, Staples, Tractor Supply, Walmart Supercenter, and Big Lots Super Market.

The improvements of this comparable rental have a higher chronological age than the subject, lower quality architecture and a similar gross building area.

Within the three-mile market area of this comparable big-box rental the estimated population count is 29,521 persons, and the estimated median household income is \$72,220. Overall this comparable big-box rental is inferior to the subject big-box.

Comparable Big-Box Rental DC 686 is also Comparable Big-Box Sale DC 1390 and its relationship with the subject market area is the same as described in the Sales Comparison section of this report.

Comparable Rental DC 692 is located at 5330 Cane Ridge Road, Antioch, Tennessee. This comparable big-box rental is located on an interior site and is also located on the southeast quadrant of Interstate-24 and Bell Road. Additionally, this comparable big-box rental is on the southeast quadrant of Bell Road and Cane Ridge Road. In the vicinity of this comparable, Bell Road is a six-lane, east/west arterial, and Interstate-24 is an eight-lane, north/south limited access expressway. There is an interchange at Interstate-24 and Bell Road which enhances the property linkages. Cane Ridge Road, adjacent to this property, is a four-lane, north/south arterial. There is a traffic signal light at the intersection of Bell Road and Cane Ridge Road.

These comparable big-box improvements have a higher chronological age than the subject improvements. This comparable big-box rental was leased fully renovated upon leasing which minimized the effects of the higher chronological age on rent. This comparable rental has inferior architecture and fenestration compared with the subject property.

Within the nearby vicinity of this comparable big-box rental is the Home Depot, Carmike Cinemas, several new car dealerships, Kroger's Supermarket, Bed, Bath & Beyond, and TJ Maxx. This comparable big-box rental has inferior quality nearby synergistic retail uses compared with the subject property.

Within the market area of this comparable big-box rental the estimated population is 45,498 persons, and the median household income is estimated at \$50,354. The market area of this comparable big-box rental has a higher population count and a slightly lower median household income compared with the subject market area population characteristics.

Overall, this comparable big-box rental is inferior to the subject.

Comparable Big-Box Rental DC 689 is at 2704 North Central Expressway, Plano, Texas. This comparable big-box rental is also located on the northeast corner of North Central Expressway also known as Interstate-75 and Exchange Drive. Exchange Drive, in the vicinity of this comparable big-box rental, is a two-lane, local road.

The improvements of this comparable big-box rental have a higher chronological age than the subject improvements and a slightly inferior architecture style and fenestration compared with the subject improvements.

Within the market area of this comparable big-box rental is Best Buy, Crest Volvo, Super Target, Burlington, Sports Authority, Ross Dress for Less, Costco, Sam's Club, Super Walmart, and Lowe's Home Improvement Center.

The population count within the market area of this comparable big-box rental is over five times greater than the population count in the subject market area and the median household income within this market area is approximately 50 percent higher than the median household income within the subject market area.

Overall, this comparable big-box rental is superior to the subject property.

Comparable Big-Box Rentals DC 674, DC 682, and DC 686 are listings. After the interaction of lessor and lessee it is common for the listed rent to be discounted. Therefore the rent indications by these comparable big-box rentals are considered to be superior to the subject.

Opinion of Effective Rent by Comparison Approach

Comparable Big-Box Rentals DC 674, DC 686 and DC 689 are most similar to the subject property and are accorded the greatest weight. These comparable big-box rentals required the least magnitude of adjustment or the fewest number of adjustments. Secondary weight is accorded the remaining comparable big-box rentals. Based on the preceding qualitative analysis I am of the opinion effective rent is \$5.75 per square foot on a NNN basis.

Operating Expenses

Based on my analysis of discussions with market participants I estimated a management fee of 2 percent of effective gross income and an administrative fee of 1 percent of effective gross income.

Following in Table 8 is my pro forma of the subject real property.

Table 8

INCOME APPROACH

INCOME

| | |
|----------------------------|------------------|
| Effective Rent / SF of GBA | \$5.75 |
| * Gross Building Area | 124,683 |
| Gross Effective Rent | <u>\$716,927</u> |

OPERATING EXPENSES

| | |
|--------------------------|----------------|
| Management Fee | \$14,339 |
| General & Administrative | <u>\$7,169</u> |
| Total Operating Expenses | \$21,508 |

| | |
|------------|-----------|
| NET INCOME | \$695,419 |
|------------|-----------|

Direct Overall Capitalization Rate

Direct capitalization is the method used in the income capitalization approach to convert a single year's income expectancy into a true value indication. This conversion is accomplished in one step, by dividing the net operating income estimate by an appropriate income rate.

Overall capitalization rates (OAR's) can be estimated with various techniques. The techniques used depend on the quantity and quality of data available. When supported by appropriate market data, accepted techniques include:

- extraction from comparable sales;
- Band of investment - mortgage and equity components;
- Band of investment - land and building components;
- The debt coverage analysis;
- Analysis of yield capitalization rates; and
- Surveys.

An extraction of OAR's from big-box sales is the most credible method to base one's opinion of OAR when there is a sufficient quantity of comparable big-box data that is timely. Following in Table 9 are the comparable big-box OAR's that I analyzed.

Table 9

Comparable Big-Box OAR's

| Location | Freestanding Big-Boxes | | | | | | Mall Big-Boxes | | | | |
|---------------------|---------------------------|--------------------------------------|--------------------------------------|--|--|--|---|------------------------|------------------|-------------------|--------------------|
| | 16400 SR 54, Odessa FL | 5330 Cane Ridge Rd, Antioch TN | 6411 Tacoma Dr, Port Richey FL | 8600 Glenwood Ave, Raleigh NC | 325 Clover Dew Dairy Rd, Princeton, WV | 8421 N US Hwy 281, San Antonio, TX | 135 Brockman Dr, Meridian, Ft Collins, CO | 3700 S Puyallup, WA | Oak Brook, IL | Cincinnati, OH | San Antonio, TX |
| Date of Sale | July 2017 | Jul 2013 | May 2012 | Feb 2006 | 2007 | April 2013 | July 2005 | Feb 2007 | Nov 2005 | May 2006 | July 2006 |
| Sale Price | \$4,900,000 | \$2,700,000 | \$2,872,000 | \$5,750,000 | \$5,500,000 | \$3,150,000 | | | | | |
| + Building Out Cost | \$0 | \$5,900,000 | \$2,300,000 | \$0 | \$0 | \$1,739,050 | | | | | |
| Total Cost | \$4,900,000 | \$8,600,000 | \$5,172,000 | \$5,750,000 | \$5,500,000 | \$4,889,050 | | | | | |
| GBA | 173,776 | 116,949 | 101,909 | 64,164 | 135,196 | 119,525 | 99,284 | 76,682 | 112,000 | 180,866 | 177,101 |
| Year Built | 2006 | 1981/2013 | 1991/2012 | 1988 | 1998 | 1997 | | | | | |
| Net Income | \$1,042,656 | \$861,406 | \$785,718 | \$672,735 | \$675,980 | 821538 | | | | | |
| OAR | 21.3% | 10.0% | 15.2% | 11.7% | 12.3% | 16.8% | 11.3% | 10.2% | 12.0% | 12.7% | 12.8% |
| Status | Listing | Leased | Leased | Leased | Listing | Leased | Leased | Leased | Leased | Leased | Leased |

The OAR indications of the six freestanding big-boxes range from 10.0 percent to 21.3 percent. The OAR's of the four freestanding big-box sales are in a more narrow range from 10.0 percent to 16.8 percent. The OAR indications from the five Mall big-boxes range from 10.2 percent to 12.8 percent. The mall big-box OAR's are influenced by their connection with the adjoining mall and the mall operating agreement and are illustrated only to provide context to the freestanding big-box OAR indications. Based on my analysis of the OAR data I am of the opinion the appropriate OAR to apply to the subject net income is 13.0 percent.

Table 10

True Value by Income Approach

| | |
|-----------------------------|--------------------|
| Net Income | \$695,419 |
| Overall Capitalization Rate | 13.00% |
| True Value Estimate | <u>\$5,349,380</u> |
| Rounded | \$5,349,000 |

RECONCILIATION OF TRUE VALUE ESTIMATES

The true value of the fee simple estate indications by the cost, sales comparison and income approaches are:

Table 11

Just Value Indications - 2017

| | |
|--------------------------|--------------|
| Cost Approach | \$ 5,156,000 |
| Sale Comparison Approach | \$ 4,656,000 |
| Income Approach | \$ 5,349,000 |

The true value indications are very similar indicating great reliability between approaches and the resulting true value opinion.

My true value estimate by the cost approach of \$5,156,000 used construction cost comparables and reproduction cost new date from RSMeansonline.com which corroborates the reproduction costs new estimate. This reproduction cost estimate mirrors the size of the building and the quality and quantity of fenestration. I extracted total depreciation from 15 big-box sales which is a sufficient sample size to provide a highly credible indication of total depreciation.

I analyzed four comparable land sales to estimate the true value of the land. The four land sales are timely, located in the same or a competing market area near the subject site and these land sale have a highest and best use, as vacant that is the same as or similar to the highest and best use, as vacant of the subject site. These four comparable land sales produce a highly credible opinion of the true value of the fee simple estate of the land.

Based on the quantity and quality of the data I am of the opinion the true value estimate by the cost approach is highly credible.

The true value estimate by the sales comparison approach was estimated based on my analysis of five comparable big-box sales. Five big-box sales is a sufficient sample size to provide a highly credible opinion of true value by this method. To account for the locational differences of the sales and the subject I deducted the sales price of the land from the overall sales price to provide the sales price of the improvements. Making this calculation and using the previously estimated true value of the subject land greatly increased the credibility of the sales comparison approach. The five comparable big-box sales have a highest and best use as improved that is the same or very similar to the highest and best use of the subject property as improved. The comparable big-box sales are timely, some have a similar chronological age but all of them are of an inferior architectural style and building material composition. Overall, the true value estimate by the sales comparison approach is credible.

The true value estimate by the income approach of \$5,349,000 is based on reconciling the effective rent indications of six big-boxes rentals in the Atlantic Coastal area, Southeast US and Texas. From the estimated effective rent was deducted operating expenses rendering an indication of net income. The resulting net income was capitalized at 13.0 percent based

on market extracted overall capitalization rates from the sale and listing of six big-boxes. Overall the true value indication by the income approach is highly credible.

Based on the preceding analysis I am of the opinion the true value of the subject fee simple estate as of the retrospective date of January 1, 2017 was **FIVE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS, (\$5,250,000).**

ASSUMPTIONS AND LIMITING CONDITIONS

1. The conclusions as to market value contained herein represent the opinion of the undersigned and are not to be construed in any way as a guarantee or warranty, either expressed or implied, that the property described herein will actually sell for the market value contained in this opinion.
2. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
3. No furniture, furnishings, or equipment, unless specifically indicated herein, has been included in my value conclusions. Only the real estate has been considered.
4. The property is appraised free and clear of all encumbrances, unless otherwise noted.
5. No survey of the property was made or caused to be made by the appraiser. It is assumed the legal description closely delineates the property. It was checked with public records for accuracy. Drawings in this report are to assist the reader in visualizing the property and are only an approximation of grounds or building plan.
6. It is assumed that there are no hidden or unapparent conditions of the property's subsoil or structure that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. Subsurface rights (minerals, oil, or water) were not considered in this report.
8. Description and condition of physical improvements, if any, described herein are based on visual observation. As no engineering tests were conducted, no liability can be assumed for soundness of structural members.
9. The appraiser has inspected improvements. Unless otherwise noted, subject improvements are assumed to be free of termites, dry rot, wet rot, or other infestation. Inspection by a reputable pest control company is recommended for any existing improvement.
10. All value estimates have been made contingent on zoning regulations and land use plans in effect as of the date of appraisal, and based on information provided by governmental authorities and employees.
11. It is assumed that there is full compliance with all applicable federal, state, and local environmental laws and regulations, unless noncompliance is stated, defined, and considered in the appraisal report.
12. It is assumed that all applicable zoning and land use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.

13. It is assumed that all required licenses, certificates of occupancy, consents, or 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 value estimate contained in this report is predicated.
14. No responsibility is assumed by the appraiser for applicability of "concurrency laws", referring to the 1985 amendments to Chapter 163, Florida Statutes. At this time it is unclear what effect, if any, these laws might have on any property in any given county. As various legislative and judicial action is pending, the reader is cautioned to fully investigate the likelihood of development moratorium or other governmental action with appropriate municipal, county, or state officials.
15. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
16. Appraisal does not constitute an inspection for compliance with local building, fire, or zoning codes. Reader is advised to contact local government offices to ensure compliance with applicable ordinances.
17. This appraisal report covers only the premises herein; and no figures provided, analysis thereof, or any unit values derived therefrom are to be construed as applicable to any other property, however similar they may be.
18. Distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Separate valuations of land and improvements must not be used in any other manner, nor in conjunction with any other appraisal, and are invalid if so used.
19. Certain data used in compiling this report was furnished by the client, his counsel, employees, and/or agent, or from other sources believed reliable. However, no liability or responsibility may be assumed for complete accuracy.
20. An effort was made to verify each comparable sale noted in the report. There are times when it is impossible to confirm a sale with the parties involved in the transaction; however, all sales are confirmed through public records.
21. Consideration for preparation of this appraisal report is payment in full by the client of all charges due the appraiser in connection therewith. Any responsibility by the appraiser for any part of this report is conditioned upon full and timely payment.
22. The appraiser, by reason of this report, is not required to give testimony in court with reference to the property herein, nor obligated to appear before any governmental body, board, or agent, unless arrangements have been previously made therefor.
23. This appraisal has been prepared solely for the private use of the client who is listed above as the addressee. No other party is entitled to rely on the information, conclusions, or opinions contained herein.

24. Neither all nor any portion of the contents of this appraisal shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the appraiser, particularly as to valuation conclusions, identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute or to the MAI designation. Furthermore, neither all nor any portion of the contents of this appraisal shall be used in connection with any offer, sale, or purchase of a security (as that term is defined in Section 2(l) of the Securities Act of 1933) without the prior express written consent of the appraiser.
25. Possession of this report or copy thereof does not convey any right of reproduction or publication, nor may it be used by any but the client, the mortgagee, or its successors or assigns, mortgage insurers, or any state or federal department or agency without the prior written consent of both the client and the appraiser, and, in any event, only in its entirety.
26. Before any loans or commitments are made predicated on value conclusions reported in this appraisal, the mortgagee should verify facts and valuation conclusions contained in this report with the appraiser.
27. Cost estimates for construction or reproduction of improvements are based on information from Marshall Valuation Service and other sources referenced in the report and are assumed accurate.
28. Estimates of expenses, particularly as to assessment by the County Property Appraiser and subsequent taxes, are based on historical or typical data. Such estimates are based on assumptions and projections which, as with any prediction, are affected by external forces, many unforeseeable. While all estimates are based on our best knowledge and belief, no responsibility can be assumed that such projections will come true.
29. Responsible ownership and competent property management are assumed.
30. Unless stated otherwise, the possibility of hazardous material, which may or may not be present on the property, was not observed by the appraiser during the course of the normal inspection and research conducted during the appraisal assignment. The appraiser, however, is not professionally qualified to detect such substances, and inspection by a professional in the field is recommended for any property. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials could affect the value of the property, if found. The value estimate 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 any such conditions, or for any expertise or engineering knowledge required to discover them. This appraisal report is subject to receipt of an environmental audit confirming that no hazardous or toxic material is located on the premises. Should such material be discovered, final value estimates herein would be reduced by the cost to remove such substances and to restore the premises to serviceable condition, and would further be reduced by indirect expenses and income losses incurred by the owner during abatement. Such adjustments to the value estimate contained herein may be made only by the appraiser and only upon receipt of the environmental audit, construction cost estimates and other data satisfactory to the appraiser at his sole discretion.

31. The Americans With Disabilities Act (ADA), enacted in 1990, provided civil rights protection to persons with disabilities. Title III of this act provides that persons with disabilities are to be provided access equal to, or similar to, that available to the general public in all areas of "public accommodation," which generally means any retail, recreation, social service or lodging establishment. It does not apply to "commercial facilities," which could be a single-tenant office or manufacturing facility, and generally does not require alterations to existing buildings, unless other alterations are made. This latter is subject to interpretation, but it should be assumed that any significant renovation requiring a building permit will also require that the building be brought to current handicap requirements for all or a portion of the building. The appraiser is not professionally qualified in these matters, this appraisal does not constitute an inspection as to compliance with the provisions of the act, and no responsibility is assumed for any known or unknown conditions related to the act, civil rights or building code provisions. A number of professional engineering firms specialize in these matters, and such professional advice should be obtained if any doubt as to conformity exists.

MICHAEL A. MCELVEEN, MAI, CCIM, CRE

President

Urban Economics, Inc.

810 South Sterling Avenue

Tampa, FL 33609-4516

Urban Economics, Inc. - Tampa, Florida - Michael A. McElveen is president of Urban Economics, Incorporated, a real estate consultancy providing econometrics, valuation, spatial analytics, economic impact and stigma effect advice and opinions for 28 years. The focus of Michael A. McElveen has been expert witness testimony, having testified numerous times at either a jury trial, hearing or by deposition. Mr. McElveen has performed valuations, evaluations, counseling and expert witness testimony on many types of real estate including offices, aviation and port related real estate, manufacturing, hospitality, golf courses, regional scale retail, master-planned residential communities, Developments of Regional Impact, condominiums, apartments, convenience stores, gas stations, and either entitled or unentitled land.

Environmental Impairment

Mr. McElveen has been recognized by his peers as an expert in the valuation and marketability of real property that is affected by an environmental impairment. He has written articles on the marketability and valuation of impaired properties and lectured many professional groups on development within Brownfields. Mr. McElveen has been accepted by the courts of Florida as an expert on the effect of contamination (stigma) on the value of real property. A brief summary of environmental impairment experience follows:

- Jacksonville, FL - Cleaning solvents, VOC's and heavy metals in the ground water of 86 single-family homes;
- St. Thomas, USVI - Petroleum Groundwater Contamination;
- Orlando, FL - Unexploded World War II ordinance and associated stigma on residential community;
- Tallevast, FL - Groundwater contamination and proximity to super fund site on 150 homes, lots, and commercial properties;
- Tampa, FL - Arsenic based solvents in the ground water of commercial development site;
- Jacksonville, FL - Solvents, heavy metals, and VOC's in groundwater and soil of development site;
- Tampa, FL - Mulberry Phosphate acidic wastewater slurry spill into Alafia River and impact on homes & commercial;
- Clearwater, FL - Asbestos contamination in regional shopping mall;
- Port St. Joe - Impaired fill material in single-family community;
- Largo, FL - Off site source of groundwater contamination on retail site;
- Largo, FL - Off site source of groundwater contamination on business park;
- Sarasota, FL - Petroleum groundwater contamination of single-family home;
- Tavernier, FL - sewage contamination of single-family home;
- Florida - Numerous dry cleaning solvent sites;
- Florida - Numerous landfill sites and site proximate to landfills;
- Florida - Numerous brownfield sites.

Aviation/Port Related Real Estate

As an active single engine land - instrument rated private pilot and US Merchant Marine Captain, Mr. McElveen has broad practical knowledge based experience with the distinctive aspects of aviation/port real estate. As a result of this combination of knowledge and experience, Mr. McElveen has been sought out to provide counseling and instruction to The Center for Transportation Research of the University of South Florida as it relates to the valuation of aviation real estate and aviation real estate rent and leasing. Mr. McElveen's recent aviation/port related accomplishments are:

- Instrument Rated, Single-engine Land (SEL) Private Pilot;
- US Merchant Marine Officer of uninspected passenger vessels (Captain), near coastal waters, 100 tons;
- Port Canaveral - Land lease rent and terms study of all Port property south of shipping channel and proposed The Cove at Port Canaveral retail center;
- Clearwater, FL - US Army Corp of Engineers corporate aircraft hangar rent and terms study;
- Orange County, FL - Approved aviation and non-aviation related real estate appraiser with OCAA;
- Opa Locka, FL - Real estate appraisal review and consulting of ground leases with Miami-Dade Aviation Department;
- FDOT Aviation & Space Ports - Advisor to The Center for Transportation Research (CUTR) publication *Guidelines for Determining Market Value & Market Rent of Airport Property*;
- FDOT Aviation & Space Ports - Advisor to The Center for Transportation Research (CUTR) publication *Florida Aviation Facilities Rent Study*;
- Florida Aviation Trades Association - Author and analyst of *Florida Hangar Rent Survey*, Spring 2012.

Economic Analysis

Economic Impact Studies - An economic Impact study is the quantification of the effect of a change within a community's economic structure. This analysis requires the analyst to establish assumptions and key relationships that direct how change occurs and the magnitude of the change. Mr. McElveen uses the latest version of the IMPLAN economic impact modeling solution software to measure the economic benefits of real estate development on a community, county or region.

Econometric/Meta-analysis

- Meta-analysis of the impact of a Home Depot Improvement Store on the value of nearby homes, Cape Coral, FL and Jacksonville Beach, FL;
- Economic Impact study of a 9,400-acre aggregate mine on Levy County, FL;
- Econometric study of the sales price effect of an aggregate mine on the sales prices of nearby homes, Hernando County, FL;
- Economic Impact study of 1 million square foot regional mall on Hillsborough County, FL;
- Economic Impact study of urban infill condominiums, Tampa, FL;
- Econometric study of the marginal impact of an additional 18-hole golf course and equestrian facility on the value of residential lots, Lake County, FL;
- Meta-analysis of the marginal impact of a 9-hole executive golf course and swimming pool on the value of homes, Trinity, FL;
- ANOVA analysis of delay damages caused by construction defects of residential condominium, Jacksonville Beach, FL;
- Analysis of damages caused by change of development plan for residential condominiums, St. Johns, USVI;
- Review of economic loss damages of a single-family home from loss of view Cruz Bay, St. John, USVI;

- Use of comparison of means to estimate economic benefit and marginal property tax increase of navigable residential canals on the tax base of the City of Tampa;
- Sales price index trend of fractured condominium sales in Osceola County;
- Econometric study of the rent effect of deficient parking at neighborhood retail centers, Charlotte County, FL;
- Econometric study of the sales price effect of location and community waterfront in Martin County, FL;
- Economic Impact of 84 room hotel, Tampa, FL;
- Hedonic regression model analysis of the sales price effect vehicular traffic volume and roadway elevation on nearby homes in Duval County, Florida.

Counseling

Spatial Analytics – The change of location of real estate can have a most dramatic impact on value, marketability, and/or use of real property. Mr. McElveen has performed studies of the impact on real estate from a change of location. Some of the locational studies are the impact of a frontage road and overpass on convenience retail and service stations, impact on residences of increased traffic flow into a residential community and proximity of interstate externalities on apartment communities. He has provided extensive counseling to The Home Depot Corporation in their effort to educate neighborhood groups on the development of big box uses near residential communities. Mr. McElveen provides spatial analysis with the use of ESRI ArcView GIS software and econometrics that provides a compelling visual depiction of the value impact of a change of location on the use and value of real estate.

Education

Bachelor of Arts Finance, University of South Florida Bachelor of Science, Florida State University
Florida

Professional Associations

| | |
|---|---|
| Appraisal Institute (MAI), Certificate No. 7569 | Florida Real Estate Broker, BK89611 |
| CCIM Institute of the National Association of Realtors (CCIM) | State of Florida Certified General Real Estate Appraiser, RZ360 |
| American Real Estate Society (ARES) | American Real Estate and Urban Economics Association |
| National Association of Business Economists (NABE) | The Counselors of Real Estate (CRE), Member ID 2592 |

Expert Witness

Expert Witness in Federal Bankruptcy Court, Florida Middle District and Florida Lower District, Courts of Miami-Dade, Pasco, Hillsborough, Pinellas, Lee, Broward, Orange, Polk, Alachua, Hardee, Hernando, Manatee, Palm Beach, St. Johns, Sumter, Washington and Volusia Counties.

Publications

Published

McElveen, M. A., & Diskin, B. A., Ph. D. (1990). Valuation of anchor department stores. *The Assessment Digest*, 12(5), 20-22.

McElveen, M. A. (2012, Spring). Florida Hangar Rent Survey. *Florida Aviation Business*, 7-8.

McElveen, M. A., Haynes, J. B., & Diskin, B. A., Ph. D. (1990). Lender perceptions of value influences of asbestos contamination in income-producing buildings. *Assessment Digest*, 12(6), 10-12.

McElveen, M. A., MAI, CCIM, CRE, Brown, B. E., MA, & Gibbons, C. M., MAURP. (2017). Natural gas pipelines and the value of nearby homes: A spatial analysis. *Journal of Housing Research*, 26(1), 27-38. doi:1052-7001

Working Papers

McElveen, M. A., MAI, CCIM, Brown, B. E., MA, & Gibbons, C. M., MAURP. (2017). *Timeshares real property and the vacation experience* (Working paper).

McElveen, M. A., MAI, CCIM, Brown, B. E., MA, & Gibbons, C. M., MAURP. (2017). The sales price effect of an elevated expressway on nearby homes. (Working paper).

Presentations/Service

March 2018 - Institute of Property Taxation/American Bar Association, The Next Chapter of the Dark Store Saga: Does the IAAO Commercial Big-Box Retail White Paper Simply Attempt to Change the Rules?

September 2017 - Appraisal Institute, Real Property Rights Symposium.

November, 2017 - Institute of Property Tax Professionals, Fee Simple Round Table.

September 2015 - *Natural gas pipelines and the valuation of nearby homes*, International Right of Way Association, Southeast Chapter, Annual Conference, Panama City, Florida.

April, 2015 - *Natural gas pipelines and the valuation of nearby homes: A spatial analysis* was accepted for presentation at the American Real Estate Society, 2015 Annual Conference, Ft. Myers, Florida.

April 2015 - *Spatial Analytics/GIS Applications*, presentation at the American Real Estate Society, 2015 Annual Conference, Ft. Myers, Florida.

2015 ARES Manuscript Awards Committee, Spatial Analytics/GIS Applications

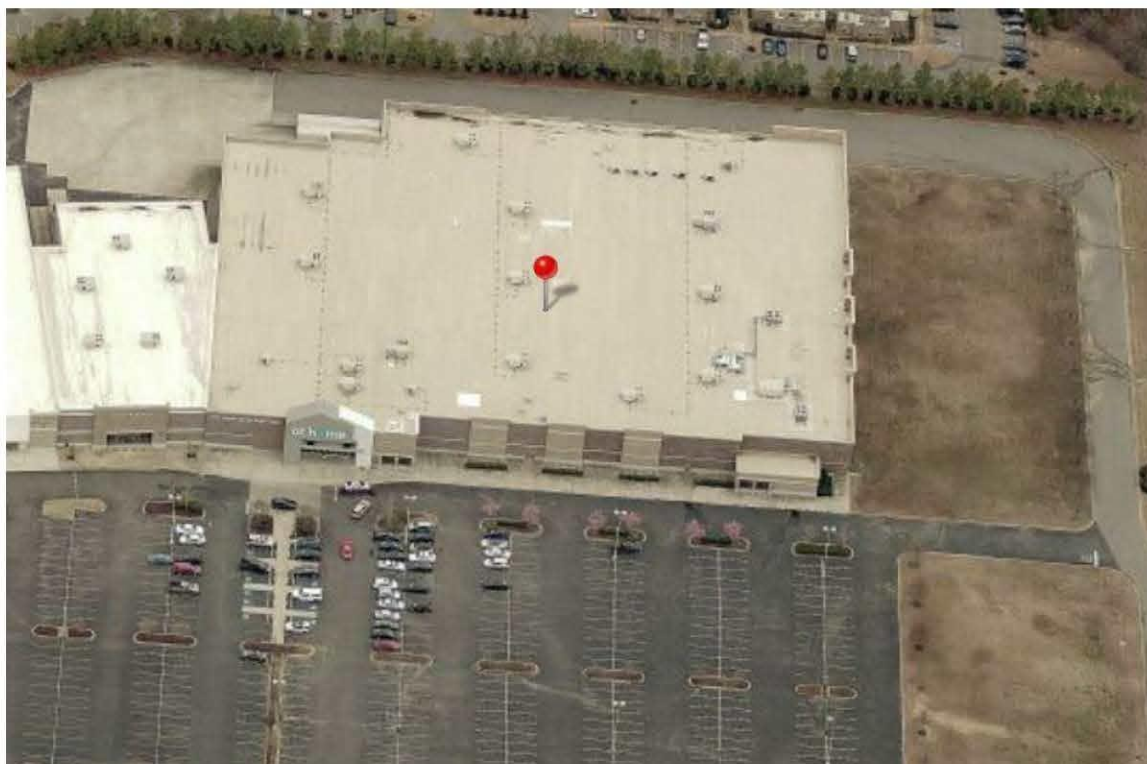
Past President, Florida State University Trends Conference

Past Board Member, Florida State University Trends Conference

ADDENDA

COMPARABLE BIG-BOX SALES

Improved Sale No. 1349



Property Identification

| | |
|---------------------|---|
| Record ID | 1349 |
| Property Type | Big Box, Big Box |
| Property Name | At Home |
| Address | 7697 Winchester Rd, Memphis, Shelby County, Tennessee 38125 |
| Location | SS Winchester R, 1,050 ft. E of SR 385 |
| Tax ID | D0242 00415C |
| Longitude, Latitude | W35.04667, N-89.80718 |
| MSA | Memphis, TN-MS-AR |

Sale Data

| | |
|--------------------|--|
| Grantor | Target Corporation |
| Grantee | 7697 Winchester Rd, LLC |
| Sale Date | June 05, 2014 |
| Deed Book/Page | 14057688 |
| Recorded Plat | 210/15 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's Length |
| Financing | Cash to Seller |
| Verification | Suzann Hayes Washburn, Broker; Confirmed by Michael McElveen |

Improved Sale No. 1349 (Cont.)

| | |
|----------------|-------------|
| Sale Price | \$4,612,000 |
| Adjusted Price | \$4,612,000 |

Land Data

| | |
|------------|----------------------------|
| Land Size | 15.160 Acres or 660,370 SF |
| Zoning | CA, Commercial |
| Topography | Generally Level |
| Utilities | All to site |
| Dimensions | Typical |
| Shape | Typical |

General Physical Data

| | |
|---------------|---------------|
| Building Name | At Home |
| Building Type | Single Tenant |
| Gross SF | 124,287 |

| | |
|-------------------|---------------------------|
| Construction Type | CMU |
| Roof Type | Flat, membrane roof cover |
| Foundation | Concrete footers/slab |
| Electrical | Yes |
| HVAC | Package |
| Sprinklers | Yes |
| Stories | 1 |
| Year Built | 2005 |
| Condition | Avg |

Indicators

| | |
|------------------------|------------------|
| Sale Price/Gross SF | \$37.11 Adjusted |
| Bldg. Price/Gross SF | \$10.47 Adjusted |
| Floor Area Ratio | 0.19 |
| Land to Building Ratio | 5.31:1 |

Remarks

This comparable big-box was constructed in 2005 for occupancy by Target store. The building is currently occupied by At Home. This big-box sale is located on the southeast quadrant of Winchester Road and State Route 385 but does not have direct frontage on Winchester Road. Access from Winchester Road to the site is via non-exclusive driveway connections. This comparable does not have a direct connection with State Route 385. There is an interchange of State Route 385 and Winchester Road that is immediately northwest of this site. This big-box sale is located within the Centennial Place Shopping Center and indirect access is provided from Centennial Drive through the Centennial Place Shopping Center.

Within the vicinity of this comparable sale, Winchester Road is a six-lane, east/west arterial, State Route 385 is a north/south, four-lane, limited access expressway, and

Centennial Drive is a two-lane, north/south collector road.

Within the Centennial Place Shopping Center there is Burlington, Best Buy, JC Penney, Dick's Sporting Goods, Marshalls, Office Depot, and located nearby is Lowe's Home Improvement Center, Walmart Super Center, Aldi's Supermarket, Sam's Club, and several new car dealerships.

Within the market area of this comparable big-box sale, the estimated population is 85,261 persons, and the estimated median household income is \$56,678.

Improved Sale No. 1346



Property Identification

| | |
|---------------------|--|
| Record ID | 1346 |
| Property Type | Big Box, Big Box |
| Property Name | SpaceMax Storage |
| Address | 2055 W Park Place Blvd, Stone Mountain, Gwinnett County, Georgia 30087 |
| Location | SE Cor Bermuda Rd SW & W Park Place Blvd |
| Tax ID | 2578238 et al |
| Longitude, Latitude | W33.81845, N-84.12208 |

Sale Data

| | |
|--------------------|---|
| Grantor | Target Corporation |
| Grantee | CK Spacemax Stone Mountain LLC |
| Sale Date | July 16, 2014 |
| Deed Book/Page | 53027/225 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's Length |
| Financing | Cash to Seller |
| Verification | Suzanne Hayes Washburn, Broker; Confirmed by Michael McElveen |

| | |
|----------------|-------------|
| Sale Price | \$3,800,000 |
| Adjusted Price | \$3,800,000 |

Land Data

| | |
|---------------|---|
| Land Size | 13.571 Acres or 591,153 SF |
| Front Footage | 1947 ft. Total Frontage: 822 ft. W Park Place Blvd; 1125 ft. Bermuda Rd |
| Zoning | C2, Commercial |
| Topography | Generally Level |

Improved Sale No. 1346 (Cont.)

| | |
|-------------|---------------------------|
| Utilities | All to site |
| Dimensions | Typical |
| Shape | Approximately Rectangular |
| Landscaping | Avg |
| Depth | 1125 |

General Physical Data

| | |
|---------------|------------------|
| Building Name | SpaceMax Storage |
| Building Type | Single Tenant |
| Gross SF | 178,354 |

| | |
|-------------------|-------------------|
| Construction Type | CMU |
| Roof Type | Flat, elastomeric |
| Foundation | Concrete footers |
| Electrical | Typical |
| HVAC | Package |
| Sprinklers | Wet system |
| Stories | 1 |
| Year Built | 1999 |
| Condition | Avg |

Indicators

| | |
|------------------------|------------------|
| Sale Price/ SF | \$21.31 Adjusted |
| Bldg. Price/ SF | \$11.37 Adjusted |
| Floor Area Ratio | 0.30 |
| Land to Building Ratio | 3.31:1 |

Remarks

This comparable big-box sale is located at 2055 West Park Place Boulevard, Stone Mountain, Georgia. It was built for occupancy by Target and currently is occupied by Spacemax self-storage. This comparable is a free-standing, single-story, single-tenant building located on the southeast corner of West Park Place Boulevard and Bermuda Road SW. Within the vicinity of this comparable big-box sale, West Park Place Boulevard is a four-lane, north/south arterial, and Bermuda Road SW is a two-lane, east/west, local road. The property also is located on the southwest quadrant of Stone Mountain Freeway and West Park Place Boulevard. There is an interchange at Stone Mountain Freeway and West Park Place Boulevard.

Within the market area of this big-box sale is located Hobby Lobby, Marshalls, Ross Dress for Less, Lowe's Home Improvement Center, several new car dealerships, LA Fitness, Stone Mountain Cinema, and a Walmart Super Center. This comparable big-box sale is located near the gateway to the Stone Mountain Park one of Georgia's top entertainment attractions drawing over 4 million customers a year.

Within the market area of this comparable big-box sale, the estimated population is 37,175 persons, and the median household income is \$78,189.

Improved Sale No. 1390



Property Identification

| | |
|---------------------|--|
| Record ID | 1390 |
| Property Type | Big Box, Big Box |
| Address | 1010 Martin Luther King Jr Pkwy, Durham, Durham County, North Carolina 27713 |
| Location | ES Martin Luther King Jr Pkwy & Ns Roxboro St |
| Tax ID | 146337 |
| Longitude, Latitude | W35.95077, N-78.92529 |
| MSA | Durham-Chapel Hill |

Sale Data

| | |
|--------------------|-------------------------------|
| Grantor | Wal-Mart Stores East, LP |
| Grantee | TOL, LLC |
| Sale Date | January 31, 2017 |
| Deed Book/Page | 8119/811 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's Length |
| Financing | Cash to Seller |
| Verification | David Urban; January 22, 2018 |

| | |
|----------------|-------------|
| Sale Price | \$2,500,000 |
| Adjusted Price | \$2,500,000 |

Land Data

| | |
|-----------|----------------------------|
| Land Size | 13.276 Acres or 578,303 SF |
|-----------|----------------------------|

Improved Sale No. 1390 (Cont.)

| | |
|---------------|--|
| Front Footage | 1006 ft. Total Frontage: 936 ft. Martin Luther King Jr Pkwy; 70 ft. S Roxboro St |
| Zoning | CC(D), Commercial Center |
| Topography | Above Grade |
| Utilities | All Available |
| Dimensions | Typical |
| Shape | Irregular |
| Landscaping | Avg |
| Depth | 650 |

General Physical Data

| | |
|-------------------|--------------------------------|
| Building Name | Planet Fitness |
| Building Type | Multi-Tenant |
| Gross SF | 107,441 |
| Construction Type | CBS |
| Roof Type | Flat/Elastomeric Membrane |
| Foundation | Concrete footers/slab at grade |
| Electrical | Yes |
| HVAC | Package |
| Sprinklers | Yes |
| Stories | 1 |
| Year Built | 2011 |
| Condition | Avg |

Indicators

| | |
|------------------------|------------------|
| Sale Price/Gross SF | \$23.27 Adjusted |
| Bldg. Price/Gross SF | \$1.74 Adjusted |
| Floor Area Ratio | 0.19 |
| Land to Building Ratio | 5.38:1 |

Remarks

This comparable big-box sale is located on an interior site on the east side of Martin Luther King Jr. Parkway, north of South Roxboro Street in Durham, North Carolina. Within the vicinity of this comparable big-box sale, Martin Luther King Jr. Parkway is a four-lane, asphalt paved and crowned arterial, and South Roxboro Street is a four-lane, east/west arterial. There is a traffic signal light at the intersection of Martin Luther King Jr. Parkway and South Roxboro Street. This comparable big-box sale has a single driveway connection on Martin Luther King Jr. Parkway and three driveway connections on South Roxboro Street.

This building was designed and built as a Walmart Supercenter. After the sale of the building was subdivided for multiple tenant occupancy. Current tenants are Planet Fitness, Triangle Rock Club and Aldi Supermarket.

After the purchase the Walmart interior removed to the concrete floor, exposed ceiling joists and load bearing exterior walls.

Within the vicinity of this comparable big-box sale is Kroger's Supermarket, Lowe's Home Improvement Center, Hope Valley Commons Shopping Center, Super Target, Petco, Sam's Club, and At Home.

Within the three-mile market area of this comparable big-box sale the estimated population is 83,614 persons, and the median household income is \$52,696.

Improved Sale No. 1350



Property Identification

| | |
|---------------------|--|
| Record ID | 1350 |
| Property Type | Big Box, Big Box |
| Property Name | Former Target |
| Address | 16400 SR 54, Odessa, Pasco County, Florida 33556 |
| Location | SWC SR 54 & Suncoast Pkwy |
| Tax ID | 30-26-18-0000-00400-0050 |
| Longitude, Latitude | W28.18687, N-82.54504 |
| MSA | Tampa-St Petersburg-Clearwater MSA |

Sale Data

| | |
|--------------------|---|
| Grantor | Target Corporation |
| Grantee | 24/7 Debar LLC |
| Sale Date | June 01, 2017 |
| Deed Book/Page | 9572/3001 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's length |
| Financing | Cash to Seller |
| Verification | Suzanne Hayes Washburn, Broker; Confirmed by Michael McElveen |

| | |
|----------------|-------------|
| Sale Price | \$4,900,000 |
| Adjusted Price | \$4,900,000 |

Improved Sale No. 1350 (Con't)

Land Data

| | |
|---------------|--|
| Land Size | 13.730 Acres or 598,079 SF |
| Front Footage | 30 ft. Total Frontage: SR 54;30 ft. Crossings Blvd |
| Zoning | MPUD, Mixed Planned Unit Development |
| Topography | Level |
| Utilities | Public |
| Dimensions | Typical |
| Shape | Typical |
| Landscaping | Avg |
| Depth | 830 |

General Physical Data

| | |
|-------------------|----------------------------------|
| Building Type | Single Tenant |
| Gross SF | 147,106 |
| Construction Type | CMU |
| Roof Type | Open Web Joists, Metal pan, Flat |
| Foundation | Concrete poured footers, slab |
| Electrical | Yes |
| HVAC | Package |
| Sprinklers | Wet Sprinklers |
| Stories | 1 |
| Year Built | 2006 |
| Condition | Avg |

Indicators

| | |
|------------------------|------------------|
| Sale Price/Gross SF | \$33.31 Adjusted |
| Bldg Price/Gross SF | \$11.01 Adjusted |
| Floor Area Ratio | 0.25 |
| Land to Building Ratio | 4.07:1 |

Remarks

This listing for sale is located on the southeast corner of State Road 54 and Crossings Boulevard. This property has 830 linear feet of frontage on the west side of the Suncoast Expressway. There is an interchange at SR 54 and the Suncoast Expressway. Access to this property is via Crossings Boulevard. This property does not have direct frontage on SR 54 and is separated from SR 54 by four outparcels. Crossings Boulevard is a boulevard style road providing access to multi-family housing to the north.

An office park is located on the southeast corner of State Road 54 and the Suncoast Parkway. This office park is developed with a Residence Inn by Marriott, Hilton Garden Inn and Carrabbas's Italian Grill. The area is developed with large master planned communities such as Suncoast Meadows, Meadowbrook Estates and Tuscano at Suncoast Crossings.

Improved Sale No. 1396



Property Identification

| | |
|---------------------|---|
| Record ID | 1396 |
| Property Type | Big Box, Big Box |
| Address | 2780 Wilma Rudolph Blvd, Clarksville, Montgomery County, Tennessee 37040 |
| Tax ID | 032 11202 000 |
| Longitude, Latitude | W-87.29801, N36.58486 |
| MSA | Clarksville-Hopkinsville |

Sale Data

| | |
|--------------------|--|
| Grantor | Troy Coolidge No 1 LLC |
| Grantee | 2780 Wilma Rudolph Boulevard LLC |
| Sale Date | January 17, 2017 |
| Deed Book/Page | 1720/1229 |
| Recorded Plat | 13/10 |
| Property Rights | Fee Simple |
| Conditions of Sale | Typical market conditions |
| Financing | All cash to Grantor |
| Verification | Kmart Real Estate; Confirmed by Michael McElveen |

| | |
|-----------------|-------------|
| Sale Price | \$4,825,000 |
| Cash Equivalent | \$4,825,000 |

Land Data

| | |
|---------------|---|
| Land Size | 10.500 Acres or 457,380 SF |
| Front Footage | 30 ft. Total Frontage: 30 ft. Wilma Rudolph P |

Improved Sale No. 1396 (Cont.)

| | |
|------------|---------------------------|
| Zoning | Commercial |
| Topography | Level |
| Utilities | All to site |
| Shape | Approximately rectangular |

General Physical Data

| | |
|-------------------|----------------------------------|
| Building Name | At Home |
| Building Type | Single Tenant |
| Gross SF | 100,252 |
| Construction Type | CMU |
| Roof Type | Open web joists, metal pan, flat |
| Foundation | Thick edge concrete slab |
| Electrical | Avg |
| HVAC | Package roof mounted |
| Sprinklers | Wet pipe |
| Stories | 1 |
| Year Built | 1992 Renovated 2016 |
| Condition | Avg |

Indicators

| | |
|------------------------|---------|
| Sale Price/Gross SF | \$48.13 |
| Bldg Price/Gross SF | \$16.11 |
| Floor Area Ratio | 0.22 |
| Land to Building Ratio | 4.56:1 |

Remarks

This comparable big-box is located on the west side of Wilma Rudolph Boulevard (US Highway 79) approximately one-quarter mile south of Interstate 24. There is an interchange of Interstate 24 with Wilma Rudolph Boulevard. In the vicinity of this comparable big-box, Wilma Rudolph Boulevard is a six-lane, asphalt paved and crowned, north/south arterial. Wilma Rudolph Boulevard connects the Clarksville central business district to the south with Interstate 24 to the north. Nearby is Sam's Club, Hilton Garden Inn, Courtyard by Marriott, Walmart Super Center, Kohl's, Target, Bed, Bath & Beyond, Best Buy, Dillard's, JC Penney, Dick's Sporting Goods, Old Navy, TJ Maxx, Office Depot, Hobby Lobby, The Home Depot, Lowe's Home Improvement Center, and Kroger Supermarket. Within the market area of this comparable big-box, the estimated market area population is 29,535 persons, and the estimated median household income is \$56,311.

This big-box rental is in the Shoppes at Austin Square, a 97,005 square foot retail center.

The effective grantee of this property in 2017 was At Home. In 2018 At Home entered into a sale lease back transaction for multiple properties in the United States with VEREIT Real Estate LP. This sale lease back transaction does not conform to the tenets of market value.

COMPARABLE BIG-BOX RENTALS

Improved Lease No. 674



Property Identification

| | |
|---------------|---|
| Record ID | 674 |
| Property Type | Big Box, Big Box |
| Address | 2671 Osceola Pkwy, Kissimmee, Osceola County, Florida 34741 |

Physical Data

| | |
|-------------------|--------------------------------|
| Gross SF | 95,278 |
| Construction Type | CMU |
| Roof Type | Flat |
| Foundation | Thickened edge concrete/Spread |
| Electrical | Typical |
| HVAC | Package |
| Sprinklers | Wet system |
| Stories | 1 |
| Year Built | 2008 |

General Tenant

Summary

| | |
|--------------|---|
| Verification | Scott Corbin, broker; Confirmed by Michael McElveen |
|--------------|---|

Remarks

This comparable rental is an in line big-box located within the Loop West Shopping Center. The Loop West Shopping Center is a community-scale retail center occupied by JC Penney, TJ Maxx, Babies R Us, and Books a Million. The Loop West Shopping Center is adjacent to the Loop Shopping Center occupied with Kohl's, Ross Dress for Less, Michaels, Bed, Bath & Beyond, Old Navy, Petco, and Pier 1. Within the 3-mile

market area of this comparable rental is over 2.1 million square feet of retail shops including recently opened Crosslands Shopping Center. This building is of a good quality architectural style and building material composition. On the front elevation, the exterior is a combination of brick and stucco facade for architectural highlights, and there is crown moulding along the top of the exterior walls.

Within the market area of this comparable big-box rental, the estimated population is 77,659 persons, and the estimated median household income is \$58,003.

Improved Lease No. 629



Property Identification

| | |
|---------------------|--|
| Record ID | 629 |
| Property Type | Big Box, Big Box |
| Address | 6411 Tacoma Dr, Port Richey, Pasco County, Florida 34668 |
| Location | NW cor US Hwy 19 & Tacoma Dr |
| Tax ID | 21-25-16-0000-00200-0062 |
| Longitude, Latitude | W29.29812, N-82.70868 |
| MSA | Tampa-St Petersburg-Clearwater MSA |

Physical Data

| | |
|-------------------|---------------------------------|
| Land Size | 8.400 Acres or 365,904 SF |
| Gross SF | 101,909 |
| Construction Type | CMU |
| Roof Type | Open web joist, metal pan, flat |
| Foundation | Concrete footers, slab |
| Electrical | Avg |
| HVAC | Package, roof mounted |
| Sprinklers | Wet sprinkler |
| Stories | 1 |
| Year Built | 1991 Renovated 2012 |
| Condition | Avg |

Improved Lease No. 629 (Cont.)

| <u>Suite No.</u> | <u>Tenant Name</u> | <u>Tenant Rent Roll</u> | | | <u>Beg. Date</u> | <u>Term</u> |
|----------------------|----------------------------|-------------------------|---------------------------|-----------------------------|----------------------|-------------|
| | | <u>Size</u> | <u>Rent/S</u> <u>F</u> | <u>Lease</u> <u>Type</u> | | |
| | Burlington Coat Factory | 65,00 0 | \$5.58 | | | |
| | hhgregg | 26,00 0 | \$10.69 | | 2012 | |

General Tenant

Summary

Verification David Conn, Broker CBRE; David Coppa, Gtor;
Confirmed by Michael McElveen

Percent Finished 100

Rent Analysis

Effective Rent \$7.71/SF Average

Remarks

This property is located in the northwest quadrant of Tacoma Drive and US Highway 19 in Port Richey. This is a former Target Store. The building is an anchor in the Peers Shopping Center. Other anchor tenants include Toys R Us, Staples, and Room-to-Go. The shopping center is adjacent to the north of the Gulf View Square Mall.

The building was purchased for redeveloped into a two tenant retail building for Burlington Coat Factory and hhgregg. According to verification, the cost to demo, demise, and remodel the space cost approximately \$2,300,000 or \$22.57 per square foot. This estimate did not include \$150,000 paid for a new roof which has been added to the sale price.

Burlington Coat Factory leased 65,000 square feet space with occupancy commencing in October 2012 and rent commencing in February 2013. hhgregg leased 26,000 square feet of space with rent and occupancy commencing October 2012. Each lease had a 10 year initial term with 4 five year options to extend. The combined effective rent, after adjusting for 2.5% inflation, was \$7.71 per square foot. This effective rent does not include free rent and TI

Improved Lease No. 682



Property Identification

| | |
|---------------|---|
| Record ID | 682 |
| Property Type | Big Box, Big Box |
| Address | 2455 Lewis-Clemmons Rd, Clemmons, Forsyth County, North Carolina 27012 |
| Tax ID | PIN 5893-13-5451 |
| MSA | Greensboro-Winston-Salem-High Point |

Physical Data

| | |
|-------------------|----------------------------------|
| Land Size | 10.490 Acres or 456,944 SF |
| Gross SF | 93,336 |
| Construction Type | CMU |
| Roof Type | Open web joists, metal pan, flat |
| Foundation | Concrete footers, slab |
| Electrical | Avg |
| HVAC | Package, roof mounted |
| Sprinklers | Wet system |
| Stories | 1 |
| Year Built | 1992 |
| Condition | Avg |

General Tenant

Summary

| | |
|----------------|---|
| Owner | ERBS Associates |
| Management Co. | The Providence Group |
| Verification | Henry Breaux, Broker; Confirmed by Michael McElveen |
| Rent Charges | 7.50 |

Improved Lease No. 682 (Cont.)

Rent Analysis

Effective Anchor Tenant \$7.50/SF Average
Rent

Remarks

Comparable Rental DC 682 is located at 2455 Lewisville-Clemmons Road, Clemmons, North Carolina. This comparable big-box rental was formerly occupied by K-Mart within the Village Square Shopping Center. This comparable big-box rental is offered at \$7.50 per square foot on an NNN basis.

This comparable big-box rental is located on the northeast corner of Lewisville-Clemmons Road and Stadium Drive. Within the vicinity of this comparable big-box rental, Lewisville-Clemmons Road is a four-lane, north/south arterial, and Stadium Drive is a two-lane, east/west collector Road. There is a traffic signal light at the intersection of Lewisville-Clemmons Road and Stadium Drive. This big-box is less than one-quarter mile south of Interstate-40 and the interchange of Lewisville-Clemmons Road and Interstate-40.

Within the market area of this comparable big-box rental is Lowe's Foods Supermarket, Staples, Tractor Supply, Walmart Supercenter, and Big Lots Super Market.

Within the three-mile market area of this comparable big-box rental is an estimated 29,521 persons, and the estimated median household income is \$72,220.

Improved Lease No. 686



Property Identification

| | |
|---------------------|---|
| Record ID | 686 |
| Property Type | Big Box, Big Box |
| Address | 1010 Martin Luther King Jr Pkwy, Durham, Durham County, North Carolina 27713 |
| Location | ES Martin Luther King Jr Pkwy & Ns Roxboro St |
| Tax ID | 146337 |
| Longitude, Latitude | W35.95077, N-78.92529 |
| MSA | Durham-Chapel Hill |

Physical Data

| | |
|-------------------|----------------------------------|
| Land Size | 13.276 Acres or 578,303 SF |
| Gross SF | 107,441 |
| Construction Type | CMU, brick exterior |
| Roof Type | Open web joists, metal pan, flat |
| Foundation | Concrete footers, slab |
| Electrical | Avg |
| HVAC | Package, roof mounted |
| Sprinklers | Wet sprinkler |
| Stories | 1 |
| Year Built | 2011 |
| Condition | Avg |

Improved Lease No. 686 (Cont.)

General Lease Data

Tenant Planet Fitness, Triangle Rock Club

General Tenant

Summary

Owner TOL, LLC
Management Co. Urben Commercial
Verification David Urben, Grtee, Lessor; Confirmed by Michael McElveen

Rent Analysis

Actual Rent \$9.95 - \$18.00/SF; \$10.48/SF Average

Remarks

This comparable big-box sale is located on an interior site on the east side of Martin Luther King Jr. Parkway, north of South Roxboro Street in Durham, North Carolina. Within the vicinity of this comparable big-box sale, Martin Luther King Jr. Parkway is a four-lane, asphalt paved and crowned arterial, and South Roxboro Street is a four-lane, east/west arterial. There is a traffic signal light at the intersection of Martin Luther King Jr. Parkway and South Roxboro Street. This comparable big-box sale has a single driveway connection on Martin Luther King Jr. Parkway and three driveway connections on South Roxboro Street.

This building was designed and built as a Walmart Supercenter. After the sale of the building was subdivided for multiple tenant occupancy. Current tenants are Planet Fitness, Triangle Rock Club and Aldi Supermarket.

After the purchase the Walmart interior removed to the concrete floor, exposed ceiling joists and load bearing exterior walls.

Within the vicinity of this comparable big-box sale is Kroger's Supermarket, Lowe's Home Improvement Center, Hope Valley Commons Shopping Center, Super Target, Petco, Sam's Club, and At Home.

Within the three-mile market area of this comparable big-box sale the estimated population is 83,614 persons, and the median household income is \$52,696.

Improved Lease No. 692



Property Identification

| | |
|---------------------|---|
| Record ID | 692 |
| Property Type | Big Box, Big Box |
| Property Name | Conns HomePlus/Floor Decor |
| Address | 5330 Cane Ridge Rd, Antioch, Davidson County, Tennessee 37013 |
| Location | ES Cane Ridge Rd, 528 ft. S of Bell Rd |
| Tax ID | 1630000272.00 |
| Longitude, Latitude | W36.0422, N-86.659 |
| MSA | Nashville-Davidson-Murfreesboro-Franklin |

Physical Data

| | |
|-------------------|----------------------------------|
| Land Size | 15.570 Acres or 678,229 SF |
| Gross SF | 117,020 |
| Construction Type | CMU |
| Roof Type | Open web joists, metal pan, flat |
| Foundation | Concrete footers, slab |
| Electrical | Avg |
| HVAC | Package |
| Sprinklers | Wet system |
| Stories | 1 |
| Year Built | 1981 Rehabed 2015 |
| Condition | Avg |

Improved Lease No. 692 (Cont.)

General Lease Data

| | |
|--------------------|------------------------------|
| Tenant | Conn's Home Plus/Floor Decor |
| Typical Lease Term | 10 Yrs |
| Lease Type | NN |

General Tenant Summary

| | |
|-----------------|---|
| Owner | D3 Hickory Hollow LLC |
| Management Co. | Oldacre McDonald |
| Verification | Bill Oldacre, Lessor; Confirmed by Michael McElveen |
| Tenant Expenses | < \$7.36 |

Rent Analysis

| | |
|------------------------------|-------------------|
| Effective Anchor Tenant Rent | \$7.36/SF Average |
|------------------------------|-------------------|

Remarks

This comparable big-box sale is located on the southeast quadrant of Interstate-24 and Bell Road, Antioch, Tennessee. Additionally, this comparable big-box is located on the southeast quadrant of Bell Road and Cane Ridge Road. In the vicinity of this comparable, Bell Road is a six-lane, east/west arterial, and Interstate-24 is an eight-lane, north/south, limited access expressway. There is an interchange at Interstate-24 and Bell Road. Cane Ridge Road, adjacent to this property, is a four-lane, north/south arterial. There is a traffic signal light at the intersection of Bell Road and Cane Ridge Road.

Within the nearby proximity of this comparable big-box sale is the Home Depot, Carmike Cinemas, several new car dealerships, Kroger's Super Market, Bed, Bath & Beyond, and TJ Maxx.

Within the market area of this comparable, the estimated population is 45,498 persons, and the median household income is estimated at \$50,354.

According to verification, the nominal purchase price of this property was \$2,700,000. The buyer expended \$3,900,000 renovating the building and curing deferred maintenance, producing an adjusted price of \$6,600,000. The buyer/lessor expended an additional \$2,000,000 to demise the space and provide tenant improvements for Conns and Floor & Décor, indicating a total cost to lease of \$8,600,000. The net income generated from the Conns and Floor & Décor lease is \$861,406, indicating an overall capitalization rate of 10.0 percent.

Improved Lease No. 689



Property Identification

| | |
|---------------------|--|
| Record ID | 689 |
| Property Type | Big Box, Big Box |
| Address | 2704 N Central Expressway, Plano, Collin County, Texas 75074 |
| Location | SE quadrant US Route 75 & W Parker Rd |
| Tax ID | 2623240 |
| Longitude, Latitude | W-96.70547, N33.03457 |
| MSA | Dallas-Fort Worth-Arlington |

Physical Data

| | |
|-------------------|----------------------------------|
| Land Size | 7.642 Acres or 332,886 SF |
| Gross SF | 88,304 |
| Construction Type | CMU, brick front elevation |
| Roof Type | Open web joists, metal pan, flat |
| Foundation | Concrete footer, slab |
| Electrical | Avg |
| HVAC | Package, roof mounted |
| Sprinklers | Wet sprinkler system |
| Stories | 1 |
| Year Built | 1999 |
| Condition | Avg |

Tenant Rent Roll

| <u>Suite No.</u> | <u>Tenant Name</u> | <u>Size</u> | <u>Rent/S</u> | <u>Lease Type</u> | <u>Beq. Date</u> | <u>Term</u> |
|------------------|--------------------|-------------|---------------|-------------------|--------------------|-------------|
| | At Home Stores LLC | 88,304 | \$3.54 | NNN | Septemb er 2015 | 41 |

Improved Lease No. 689 (Cont.)

General Tenant

Summary

Owner

Kohl's Illinois Inc.

Remarks

This comparable big-box rental is located at 2704 North Central Expressway, Plano, Texas. This comparable big-box rental was constructed in 1999 and it contains 88,304 square feet of gross building area. The initial occupant of this building was Kohl's and the current occupant is At Home Stores, LLC. The lease commencement was September 2015 with an initial lease term of 41 months and four, five-year options to renew. Twelve months of free rent was provided within the initial lease term, indicating an effective rent of \$3.54 per square foot.

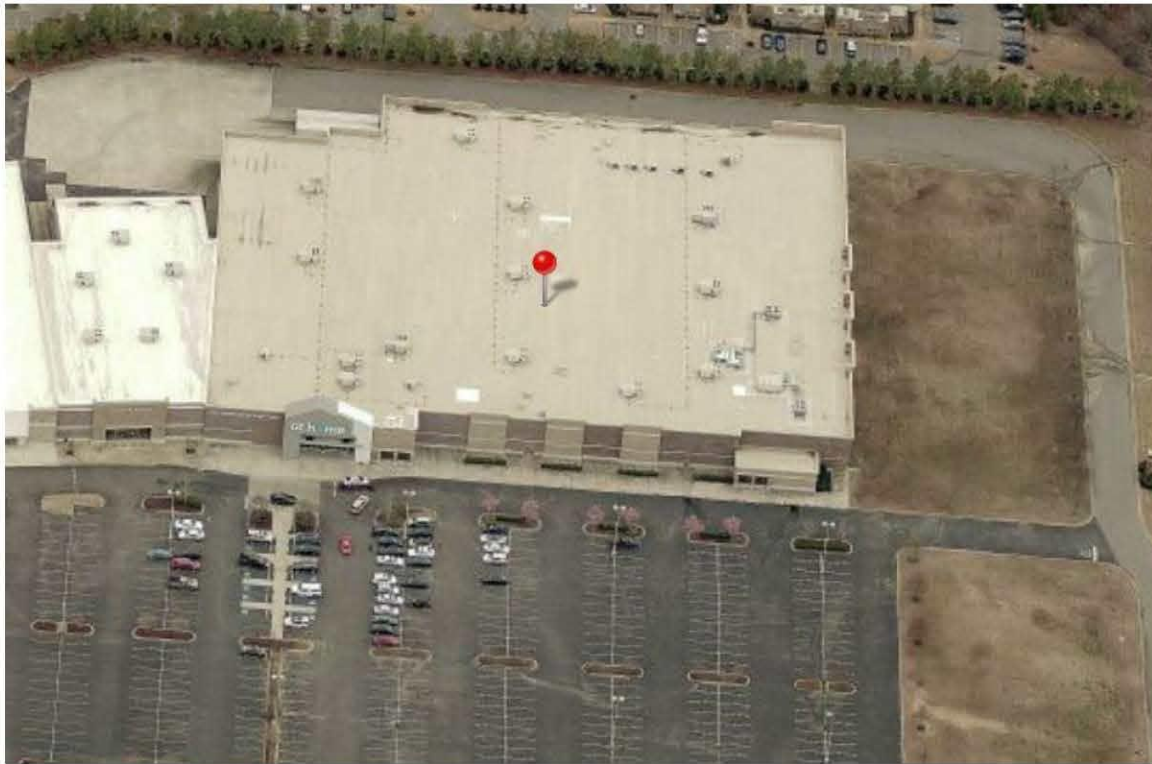
This comparable big-box rental is located on the northeast quadrant of Central Expressway and Exchange Drive. Within the vicinity of this comparable big-box rental, Central Expressway is a frontage road for US Route 75 (Sam Johnson Highway). Exchange Drive is a two-lane, local road connecting Central Expressway with Archerwood Street. There is a nearby interchange of US Route 75 and Parker Road approximately one-quarter mile northwest of this property.

Within the market area of this comparable big-box rental is Target, Burlington, Ross Dress for Less, Best Buy, the Home Depot, Sears, JC Penney, Big Lots, Floor Décor, and Michaels.

Within the market area of this comparable big-box rental the market area population is estimated at 118,145 persons, and the estimated median household income is \$68,962.

COMPARABLE BIG-BOX SALES

Improved Sale No. 1349



Property Identification

| | |
|---------------------|---|
| Record ID | 1349 |
| Property Type | Big Box, Big Box |
| Property Name | At Home |
| Address | 7697 Winchester Rd, Memphis, Shelby County, Tennessee 38125 |
| Location | SS Winchester R, 1,050 ft. E of SR 385 |
| Tax ID | D0242 00415C |
| Longitude, Latitude | W35.04667, N-89.80718 |
| MSA | Memphis, TN-MS-AR |

Sale Data

| | |
|--------------------|---|
| Grantor | Target Corporation |
| Grantee | 7697 Winchester Rd, LLC |
| Sale Date | June 05, 2014 |
| Deed Book/Page | 14057688 |
| Recorded Plat | 210/15 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's Length |
| Financing | Cash to Seller |
| Verification | Suzanne Hayes Washburn, Broker; Confirmed by Michael McElveen |

Improved Sale No. 1349 (Cont.)

| | |
|----------------|-------------|
| Sale Price | \$4,612,000 |
| Adjusted Price | \$4,612,000 |

Land Data

| | |
|------------|----------------------------|
| Land Size | 15.160 Acres or 660,370 SF |
| Zoning | CA, Commercial |
| Topography | Generally Level |
| Utilities | All to site |
| Dimensions | Typical |
| Shape | Typical |

General Physical Data

| | |
|---------------|---------------|
| Building Name | At Home |
| Building Type | Single Tenant |
| Gross SF | 124,287 |

| | |
|-------------------|---------------------------|
| Construction Type | CMU |
| Roof Type | Flat, membrane roof cover |
| Foundation | Concrete footers/slab |
| Electrical | Yes |
| HVAC | Package |
| Sprinklers | Yes |
| Stories | 1 |
| Year Built | 2005 |
| Condition | Avg |

Indicators

| | |
|------------------------|------------------|
| Sale Price/Gross SF | \$37.11 Adjusted |
| Bldg. Price/Gross SF | \$10.47 Adjusted |
| Floor Area Ratio | 0.19 |
| Land to Building Ratio | 5.31:1 |

Remarks

This comparable big-box was constructed in 2005 for occupancy by Target store. The building is currently occupied by At Home. This big-box sale is located on the southeast quadrant of Winchester Road and State Route 385 but does not have direct frontage on Winchester Road. Access from Winchester Road to the site is via non-exclusive driveway connections. This comparable does not have a direct connection with State Route 385. There is an interchange of State Route 385 and Winchester Road that is immediately northwest of this site. This big-box sale is located within the Centennial Place Shopping Center and indirect access is provided from Centennial Drive through the Centennial Place Shopping Center.

Within the vicinity of this comparable sale, Winchester Road is a six-lane, east/west arterial, State Route 385 is a north/south, four-lane, limited access expressway, and Centennial Drive is a two-lane, north/south collector road.

Within the Centennial Place Shopping Center there is Burlington, Best Buy, JC Penney, Dick's Sporting Goods, Marshalls, Office Depot, and located nearby is Lowe's Home Improvement Center, Walmart Super Center, Aldi's Supermarket, Sam's Club, and several new car dealerships.

Within the market area of this comparable big-box sale, the estimated population is 85,261 persons, and the estimated median household income is \$56,678.

Improved Sale No. 1346



Property Identification

| | |
|---------------------|---|
| Record ID | 1346 |
| Property Type | Big Box, Big Box |
| Property Name | SpaceMax Storage |
| Address | 2055 W Park Place Blvd, Stone Mountain, Gwinnett County, Georgia 30087 |
| Location | SE Cor Bermuda Rd SW & W Park Place Blvd |
| Tax ID | 2578238 et al |
| Longitude, Latitude | W33.81845, N-84.12208 |

Sale Data

| | |
|--------------------|--|
| Grantor | Target Corporation |
| Grantee | CK Spacemax Stone Mountain LLC |
| Sale Date | July 16, 2014 |
| Deed Book/Page | 53027/225 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's Length |
| Financing | Cash to Seller |
| Verification | Suzanne Hayes Washburn, Broker; Confirmed by Michael McElveen |

| | |
|----------------|-------------|
| Sale Price | \$3,800,000 |
| Adjusted Price | \$3,800,000 |

Land Data

| | |
|---------------|--|
| Land Size | 13.571 Acres or 591,153 SF |
| Front Footage | 1947 ft. Total Frontage: 822 ft. W Park Place Blvd; 1125 ft. Bermuda Rd |
| Zoning | C2, Commercial |
| Topography | Generally Level |

Improved Sale No. 1346 (Cont.)

| | |
|-------------|---------------------------|
| Utilities | All to site |
| Dimensions | Typical |
| Shape | Approximately Rectangular |
| Landscaping | Avg |
| Depth | 1125 |

General Physical Data

| | |
|---------------|------------------|
| Building Name | SpaceMax Storage |
| Building Type | Single Tenant |
| Gross SF | 178,354 |

| | |
|-------------------|-------------------|
| Construction Type | CMU |
| Roof Type | Flat, elastomeric |
| Foundation | Concrete footers |
| Electrical | Typical |
| HVAC | Package |
| Sprinklers | Wet system |
| Stories | 1 |
| Year Built | 1999 |
| Condition | Avg |

Indicators

| | |
|------------------------|------------------|
| Sale Price/ SF | \$21.31 Adjusted |
| Bldg. Price/ SF | \$11.37 Adjusted |
| Floor Area Ratio | 0.30 |
| Land to Building Ratio | 3.31:1 |

Remarks

This comparable big-box sale is located at 2055 West Park Place Boulevard, Stone Mountain, Georgia. It was built for occupancy by Target and currently is occupied by Spacemax self-storage. This comparable is a free-standing, single-story, single-tenant building located on the southeast corner of West Park Place Boulevard and Bermuda Road SW. Within the vicinity of this comparable big-box sale, West Park Place Boulevard is a four-lane, north/south arterial, and Bermuda Road SW is a two-lane, east/west, local road. The property also is located on the southwest quadrant of Stone Mountain Freeway and West Park Place Boulevard. There is an interchange at Stone Mountain Freeway and West Park Place Boulevard.

Within the market area of this big-box sale is located Hobby Lobby, Marshalls, Ross Dress for Less, Lowe's Home Improvement Center, several new car dealerships, LA Fitness, Stone Mountain Cinema, and a Walmart Super Center. This comparable big-box sale is located near the gateway to the Stone Mountain Park one of Georgia's top entertainment attractions drawing over 4 million customers a year.

Within the market area of this comparable big-box sale, the estimated population is 37,175 persons, and the median household income is \$78,189.

Improved Sale No. 1390



Property Identification

| | |
|---------------------|---|
| Record ID | 1390 |
| Property Type | Big Box, Big Box |
| Address | 1010 Martin Luther King Jr Pkwy, Durham, Durham County, North Carolina 27713 |
| Location | ES Martin Luther King Jr Pkwy & Ns Roxboro St |
| Tax ID | 146337 |
| Longitude, Latitude | W35.95077, N-78.92529 |
| MSA | Durham-Chapel Hill |

Sale Data

| | |
|--------------------|--|
| Grantor | Wal-Mart Stores East, LP |
| Grantee | TOL, LLC |
| Sale Date | January 31, 2017 |
| Deed Book/Page | 8119/811 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's Length |
| Financing | Cash to Seller |
| Verification | David Urban; January 22, 2018, by Michael McElveen |

| | |
|----------------|-------------|
| Sale Price | \$2,500,000 |
| Adjusted Price | \$2,500,000 |

Land Data

| | |
|-----------|----------------------------|
| Land Size | 13.276 Acres or 578,303 SF |
|-----------|----------------------------|

Improved Sale No. 1390 (Cont.)

| | |
|---------------|--|
| Front Footage | 1006 ft. Total Frontage: 936 ft. Martin Luther King Jr Pkwy; 70 ft. S Roxboro St |
| Zoning | CC(D), Commercial Center |
| Topography | Above Grade |
| Utilities | All Available |
| Dimensions | Typical |
| Shape | Irregular |
| Landscaping | Avg |
| Depth | 650 |

General Physical Data

| | |
|-------------------|--------------------------------|
| Building Name | Planet Fitness |
| Building Type | Multi-Tenant |
| Gross SF | 107,441 |
| Construction Type | CBS |
| Roof Type | Flat/Elastomeric Membrane |
| Foundation | Concrete footers/slab at grade |
| Electrical | Yes |
| HVAC | Package |
| Sprinklers | Yes |
| Stories | 1 |
| Year Built | 2011 |
| Condition | Avg |

Indicators

| | |
|------------------------|------------------|
| Sale Price/Gross SF | \$23.27 Adjusted |
| Bldg. Price/Gross SF | \$1.74 Adjusted |
| Floor Area Ratio | 0.19 |
| Land to Building Ratio | 5.38:1 |

Remarks

This comparable big-box sale is located on an interior site on the east side of Martin Luther King Jr. Parkway, north of South Roxboro Street in Durham, North Carolina. Within the vicinity of this comparable big-box sale, Martin Luther King Jr. Parkway is a four-lane, asphalt paved and crowned arterial, and South Roxboro Street is a four-lane, east/west arterial. There is a traffic signal light at the intersection of Martin Luther King Jr. Parkway and South Roxboro Street. This comparable big-box sale has a single driveway connection on Martin Luther King Jr. Parkway and three driveway connections on South Roxboro Street

This building was designed and built as a Walmart Supercenter. After the sale of the building was subdivided for multiple tenant occupancy. Current tenants are Planet Fitness, Triangle Rock Club and Aldi Supermarket. This comparable big-box was under contract on January 1, 2017.

After the purchase the Walmart interior removed to the concrete floor, exposed ceiling joists and load bearing exterior walls.

Within the vicinity of this comparable big-box sale is Kroger's Supermarket, Lowe's Home Improvement Center, Hope Valley Commons Shopping Center, Super Target, Petco, Sam's Club, and At Home.

Within the three-mile market area of this comparable big-box sale the estimated population is 83,614 persons, and the median household income is \$52,696.

Improved Sale No. 1350



Property Identification

| | |
|---------------------|--|
| Record ID | 1350 |
| Property Type | Big Box, Big Box |
| Property Name | Former Target |
| Address | 16400 SR 54, Odessa, Pasco County, Florida 33556 |
| Location | SWC SR 54 & Suncoast Pkwy |
| Tax ID | 30-26-18-0000-00400-0050 |
| Longitude, Latitude | W28.18687, N-82.54504 |
| MSA | Tampa-St Petersburg-Clearwater MSA |

Sale Data

| | |
|--------------------|---|
| Grantor | Target Corporation |
| Grantee | 24/7 Debar LLC |
| Sale Date | July 11, 2017 |
| Deed Book/Page | 9572/3001 |
| Property Rights | Fee Simple |
| Conditions of Sale | Arm's length |
| Financing | Cash to Seller |
| Verification | Suzanne Hayes Washburn, Broker; Confirmed by Michael McElveen |

| | |
|----------------|-------------|
| Sale Price | \$4,900,000 |
| Adjusted Price | \$4,900,000 |

Improved Sale No. 1350 (Cont)

Land Data

| | |
|---------------|--|
| Land Size | 13.730 Acres or 598,079 SF |
| Front Footage | 30 ft Total Frontage: SR 54;30 ft Crossings Blvd |
| Zoning | MPUD, Mixed Planned Unit Development |
| Topography | Level |
| Utilities | Public |
| Dimensions | Typical |
| Shape | Typical |
| Landscaping | Avg |
| Depth | 830 |

General Physical Data

| | |
|-------------------|----------------------------------|
| Building Type | Single Tenant |
| Gross SF | 147,106 |
| Construction Type | CMU |
| Roof Type | Open Web Joists, Metal pan, Flat |
| Foundation | Concrete poured footers, slab |
| Electrical | Yes |
| HVAC | Package |
| Sprinklers | Wet Sprinklers |
| Stories | 1 |
| Year Built | 2006 |
| Condition | Avg |

Indicators

| | |
|------------------------|------------------|
| Sale Price/Gross SF | \$33.31 Adjusted |
| Bldg Price/Gross SF | \$11.01 Adjusted |
| Floor Area Ratio | 0.25 |
| Land to Building Ratio | 4.07:1 |

Remarks

This listing for sale is located on the southeast corner of State Road 54 and Crossings Boulevard. This property has 830 linear feet of frontage on the west side of the Suncoast Expressway. There is an interchange at SR 54 and the Suncoast Expressway. Access to this property is via Crossings Boulevard. This property does not have direct frontage on SR 54 and is separated from SR 54 by four outparcels. Crossings Boulevard is a boulevard style road providing access to multi-family housing to the north.

An office park is located on the southeast corner of State Road 54 and the Suncoast Parkway. This office park is developed with a Residence Inn by Marriott, Hilton Garden Inn and Carrabbas's Italian Grill. The area is developed with large master planned communities such as Suncoast Meadows, Meadowbrook Estates and Tuscano at Suncoast Crossings.

Improved Sale No. 1396



Property Identification

| | |
|---------------------|--|
| Record ID | 1396 |
| Property Type | Big Box, Big Box |
| Address | 2780 Wilma Rudolph Blvd, Clarksville, Montgomery County, Tennessee 37040 |
| Tax ID | 032 11202 000 |
| Longitude, Latitude | W-87.29801, N36.58486 |
| MSA | Clarksville-Hopkinsville |

Sale Data

| | |
|--------------------|--|
| Grantor | Troy Coolidge No 1 LLC |
| Grantee | 2780 Wilma Rudolph Boulevard LLC |
| Sale Date | January 17, 2017 |
| Deed Book/Page | 1720/1229 |
| Recorded Plat | 13/10 |
| Property Rights | Fee Simple |
| Conditions of Sale | Typical market conditions |
| Financing | All cash to Grantor |
| Verification | Kmart Real Estate; Confirmed by Michael McElveen |

| | |
|-----------------|-------------|
| Sale Price | \$4,825,000 |
| Cash Equivalent | \$4,825,000 |

Land Data

| | |
|---------------|---|
| Land Size | 10.500 Acres or 457,380 SF |
| Front Footage | 30 ft Total Frontage: 30 ft Wilma Rudolph P |

Improved Sale No. 1396 (Cont.)

| | |
|------------|---------------------------|
| Zoning | Commercial |
| Topography | Level |
| Utilities | All to site |
| Shape | Approximately rectangular |

General Physical Data

| | |
|---------------|---------------|
| Building Name | At Home |
| Building Type | Single Tenant |
| Gross SF | 100,252 |

| | |
|-------------------|--------------------------------|
| Construction Type | CMU |
| Roof Type | Open web joists, metal pan, fl |
| Foundation | Thick edge concrete slab |
| Electrical | Avg |
| HVAC | Package roof mounted |
| Sprinklers | Wet pipe |
| Stories | 1 |
| Year Built | 1992 Renovated 2016 |
| Condition | Avg |

Indicators

| | |
|------------------------|---------|
| Sale Price/Gross SF | \$48.13 |
| Bldg Price/Gross SF | \$16.11 |
| Floor Area Ratio | 0.22 |
| Land to Building Ratio | 4.56:1 |

Remarks

This comparable big-box is located on the west side of Wilma Rudolph Boulevard (US Highway 79) approximately one-quarter mile south of Interstate 24. There is an interchange of Interstate 24 with Wilma Rudolph Boulevard. In the vicinity of this comparable big-box, Wilma Rudolph Boulevard is a six-lane, asphalt paved and crowned, north/south arterial. Wilma Rudolph Boulevard connects the Clarksville central business district to the south with Interstate 24 to the north. Nearby is Sam's Club, Hilton Garden Inn, Courtyard by Marriott, Walmart Super Center, Kohl's, Target, Bed, Bath & Beyond, Best Buy, Dillard's, JC Penney, Dick's Sporting Goods, Old Navy, TJ Maxx, Office Depot, Hobby Lobby, The Home Depot, Lowe's Home Improvement Center, and Kroger Supermarket. This big-box sale is in the Shoppes at Austin Square, a 97,005 square foot retail center.

Within the market area of this comparable big-box, the estimated market area population is 29,535 persons, and the estimated median household income is \$56,311.

The effective grantee of this property in 2017 was At Home and this big-box was under contract on January 1, 2017. In 2018 At Home entered into a sale lease back transaction for multiple properties in the United States with VEREIT Real Estate LP. This sale lease back transaction does not conform to the tenets of market value and is not a market value indicator.

COMPARABLE BIG-BOX RENTALS

Improved Lease No. 674



Property Identification

| | |
|---------------|---|
| Record ID | 674 |
| Property Type | Big Box, Big Box |
| Address | 2671 Osceola Pkwy, Kissimmee, Osceola County, Florida 34741 |

Physical Data

| | |
|-------------------|--------------------------------|
| Gross SF | 95,278 |
| Construction Type | CMU |
| Roof Type | Flat |
| Foundation | Thickened edge concrete/Spread |
| Electrical | Typical |
| HVAC | Package |
| Sprinklers | Wet system |
| Stories | 1 |
| Year Built | 2008 |

General Tenant

Summary

| | |
|--------------|---|
| Verification | Scott Corbin, broker; Confirmed by Michael McElveen |
|--------------|---|

Remarks

This comparable rental is an in line big-box located within the Loop West Shopping Center. The Loop West Shopping Center is a community-scale retail center occupied by JC Penney, TJ Maxx, Babies R Us, and Books a Million. The Loop West Shopping Center is adjacent to the Loop Shopping Center occupied with Kohl's, Ross Dress for Less, Michaels, Bed, Bath & Beyond, Old Navy, Petco, and Pier 1. Within the 3-mile

market area of this comparable rental is over 2.1 million square feet of retail shops including recently opened Crosslands Shopping Center. This building is of a good quality architectural style and building material composition. On the front elevation, the exterior is a combination of brick and stucco facade for architectural highlights, and there is crown moulding along the top of the exterior walls.

Within the market area of this comparable big-box rental, the estimated population is 77,659 persons, and the estimated median household income is \$58,003.

Improved Lease No. 629



Property Identification

| | |
|---------------------|--|
| Record ID | 629 |
| Property Type | Big Box, Big Box |
| Address | 6411 Tacoma Dr, Port Richey, Pasco County, Florida 34668 |
| Location | NW cor US Hwy 19 & Tacoma Dr |
| Tax ID | 21-25-16-0000-00200-0062 |
| Longitude, Latitude | W29.29812, N-82.70868 |
| MSA | Tampa-St Petersburg-Clearwater MSA |

Physical Data

| | |
|-------------------|---------------------------------|
| Land Size | 8.400 Acres or 365,904 SF |
| Gross SF | 101,909 |
| Construction Type | CMU |
| Roof Type | Open web joist, metal pan, flat |
| Foundation | Concrete footers, slab |
| Electrical | Avg |
| HVAC | Package, roof mounted |
| Sprinklers | Wet sprinkler |
| Stories | 1 |
| Year Built | 1991 Renovated 2012 |
| Condition | Avg |

Improved Lease No. 629 (Cont.)

| <u>Suite No.</u> | <u>Tenant Name</u> | <u>Tenant Rent Roll</u> | | <u>Lease Type</u> | <u>Beg. Date</u> | <u>Term</u> |
|----------------------|----------------------------|-------------------------|---------------------|-----------------------|----------------------|-------------|
| | | <u>Size</u> | <u>Rent/S F</u> | | | |
| | Burlington Coat Factory | 65,00 0 | \$5.58 | | 2012 | |
| | hhgregg | 26,00 0 | \$10.69 | | 2012 | |

General Tenant

Summary

Verification David Conn, Broker CBRE; David Coppa, Gtor;
Confirmed by Michael McElveen

Percent Finished 100

Rent Analysis

Effective Rent \$7.71/SF Average

Remarks

This property is located in the northwest quadrant of Tacoma Drive and US Highway 19 in Port Richey. This is a former Target Store. The building is an anchor in the Peers Shopping Center. Other anchor tenants include Toys R Us, Staples, and Room-to-Go. The shopping center is adjacent to the north of the Gulf View Square Mall.

The building was purchased for redeveloped into a two tenant retail building for Burlington Coat Factory and hhgregg. According to verification, the cost to demo, demise, and remodel the space cost approximately \$2,300,000 or \$22.57 per square foot. This estimate did not include \$150,000 paid for a new roof which has been added to the sale price.

Burlington Coat Factory leased 65,000 square feet space with occupancy commencing in October 2012 and rent commencing in February 2013. hhgregg leased 26,000 square feet of space with rent and occupancy commencing October 2012. Each lease had a 10 year initial term with 4 five year options to extend. The combined effective rent, after adjusting for 2.5% inflation, was \$7.71 per square foot. This effective rent does not include free rent and TI

Improved Lease No. 682



Property Identification

| | |
|---------------|---|
| Record ID | 682 |
| Property Type | Big Box, Big Box |
| Address | 2455 Lewis-Clemmons Rd, Clemmons, Forsyth County, North Carolina 27012 |
| Tax ID | PIN 5893-13-5451 |
| MSA | Greensboro-Winston-Salem-High Point |

Physical Data

| | |
|-------------------|----------------------------------|
| Land Size | 10.490 Acres or 456,944 SF |
| Gross SF | 93,336 |
| Construction Type | CMU |
| Roof Type | Open web joists, metal pan, flat |
| Foundation | Concrete footers, slab |
| Electrical | Avg |
| HVAC | Package, roof mounted |
| Sprinklers | Wet system |
| Stories | 1 |
| Year Built | 1992 |
| Condition | Avg |

General Tenant

Summary

| | |
|----------------|--|
| Owner | ERBS Associates |
| Management Co. | The Providence Group |
| Verification | Henry Breau, Broker; Confirmed by Michael McElveen |
| Rent Charges | 7.50 |

Improved Lease No. 682 (Cont.)

Rent Analysis

Effective Anchor Tenant \$7.50/SF Average
Rent

Remarks

Comparable Rental DC 682 is located at 2455 Lewisville-Clemmons Road, Clemmons, North Carolina. This comparable big-box rental was formerly occupied by K-Mart within the Village Square Shopping Center. This comparable big-box rental is offered at \$7.50 per square foot on an NNN basis.

This comparable big-box rental is located on the northeast corner of Lewisville-Clemmons Road and Stadium Drive. Within the vicinity of this comparable big-box rental, Lewisville-Clemmons Road is a four-lane, north/south arterial, and Stadium Drive is a two-lane, east/west collector Road. There is a traffic signal light at the intersection of Lewisville-Clemmons Road and Stadium Drive. This big-box is less than one-quarter mile south of Interstate-40 and the interchange of Lewisville-Clemmons Road and Interstate-40.

Within the market area of this comparable big-box rental is Lowe's Foods Supermarket, Staples, Tractor Supply, Walmart Supercenter, and Big Lots Super Market.

Within the three-mile market area of this comparable big-box rental is an estimated 29,521 persons, and the estimated median household income is \$72,220.

Improved Lease No. 686



Property Identification

| | |
|---------------------|---|
| Record ID | 686 |
| Property Type | Big Box, Big Box |
| Address | 1010 Martin Luther King Jr Pkwy, Durham, Durham County, North Carolina 27713 |
| Location | ES Martin Luther King Jr Pkwy & Ns Roxboro St |
| Tax ID | 146337 |
| Longitude, Latitude | W35.95077, N-78.92529 |
| MSA | Durham-Chapel Hill |

Physical Data

| | |
|-------------------|----------------------------------|
| Land Size | 13.276 Acres or 578,303 SF |
| Gross SF | 107,441 |
| Construction Type | CMU, brick exterior |
| Roof Type | Open web joists, metal pan, flat |
| Foundation | Concrete footers, slab |
| Electrical | Avg |
| HVAC | Package, roof mounted |
| Sprinklers | Wet sprinkler |
| Stories | 1 |
| Year Built | 2011 |
| Condition | Avg |

Improved Lease No. 686 (Cont.)

General Lease Data

Tenant Planet Fitness, Triangle Rock Club

General Tenant

Summary

Owner TOL, LLC
Management Co. Urben Commercial
Verification David Urben, Grtee, Lessor; Confirmed by Michael McElveen

Rent Analysis

Actual Rent \$9.95 - \$18.00/SF; \$10.48/SF Average

Remarks

This comparable big-box sale is located on an interior site on the east side of Martin Luther King Jr. Parkway, north of South Roxboro Street in Durham, North Carolina. Within the vicinity of this comparable big-box sale, Martin Luther King Jr. Parkway is a four-lane, asphalt paved and crowned arterial, and South Roxboro Street is a four-lane, east/west arterial. There is a traffic signal light at the intersection of Martin Luther King Jr. Parkway and South Roxboro Street. This comparable big-box sale has a single driveway connection on Martin Luther King Jr. Parkway and three driveway connections on South Roxboro Street.

This building was designed and built as a Walmart Supercenter. After the sale of the building was subdivided for multiple tenant occupancy. Current tenants are Planet Fitness, Triangle Rock Club and Aldi Supermarket.

After the purchase the Walmart interior removed to the concrete floor, exposed ceiling joists and load bearing exterior walls.

Within the vicinity of this comparable big-box sale is Kroger's Supermarket, Lowe's Home Improvement Center, Hope Valley Commons Shopping Center, Super Target, Petco, Sam's Club, and At Home.

Within the three-mile market area of this comparable big-box sale the estimated population is 83,614 persons, and the median household income is \$52,696.

Improved Lease No. 692



Property Identification

| | |
|---------------------|---|
| Record ID | 692 |
| Property Type | Big Box, Big Box |
| Property Name | Conn's HomePlus/Floor Decor |
| Address | 5330 Cane Ridge Rd, Antioch, Davidson County, Tennessee 37013 |
| Location | ES Cane Ridge Rd, 528 ft S of Bell Rd |
| Tax ID | 1630000272.00 |
| Longitude, Latitude | W36.0422, N-86.659 |
| MSA | Nashville-Davidson-Murfreesboro-Franklin |

Physical Data

| | |
|-------------------|----------------------------------|
| Land Size | 15.570 Acres or 678,229 SF |
| Gross SF | 117,020 |
| Construction Type | CMU |
| Roof Type | Open web joists, metal pan, flat |
| Foundation | Concrete footers, slab |
| Electrical | Avg |
| HVAC | Package |
| Sprinklers | Wet system |
| Stories | 1 |
| Year Built | 1981 Rehabbed 2015 |
| Condition | Avg |

Improved Lease No. 692 (Cont.)

General Lease Data

| | |
|--------------------|------------------------------|
| Tenant | Conn's Home Plus/Floor Decor |
| Typical Lease Term | 10 Yrs |
| Lease Type | NN |

General Tenant Summary

| | |
|-----------------|---|
| Owner | D3 Hickory Hollow LLC |
| Management Co. | Oldacre McDonald |
| Verification | Bill Oldacre, Lessor; Confirmed by Michael McElveen |
| Tenant Expenses | < \$7.36 |

Rent Analysis

| | |
|------------------------------|-------------------|
| Effective Anchor Tenant Rent | \$7.36/SF Average |
|------------------------------|-------------------|

Remarks

This comparable big-box sale is located on the southeast quadrant of Interstate-24 and Bell Road, Antioch, Tennessee. Additionally, this comparable big-box is located on the southeast quadrant of Bell Road and Cane Ridge Road. In the vicinity of this comparable, Bell Road is a six-lane, east/west arterial, and Interstate-24 is an eight-lane, north/south, limited access expressway. There is an interchange at Interstate-24 and Bell Road. Cane Ridge Road, adjacent to this property, is a four-lane, north/south arterial. There is a traffic signal light at the intersection of Bell Road and Cane Ridge Road.

Within the nearby proximity of this comparable big-box sale is the Home Depot, Carmike Cinemas, several new car dealerships, Kroger's Super Market, Bed, Bath & Beyond, and TJ Maxx.

Within the market area of this comparable, the estimated population is 45,498 persons, and the median household income is estimated at \$50,354.

According to verification, the nominal purchase price of this property was \$2,700,000. The buyer expended \$3,900,000 renovating the building and curing deferred maintenance, producing an adjusted price of \$6,600,000. The buyer/lessor expended an additional \$2,000,000 to demise the space and provide tenant improvements for Conns and Floor & Décor, indicating a total cost to lease of \$8,600,000. The net income generated from the Conns and Floor & Décor lease is \$861,406, indicating an overall capitalization rate of 10.0 percent.

Improved Lease No. 689



Property Identification

| | |
|---------------------|--|
| Record ID | 689 |
| Property Type | Big Box, Big Box |
| Address | 2704 N Central Expressway, Plano, Collin County, Texas 75074 |
| Location | SE quadrant US Route 75 & W Parker Rd |
| Tax ID | 2623240 |
| Longitude, Latitude | W-96.70547, N33.03457 |
| MSA | Dallas-Fort Worth-Arlington |

Physical Data

| | |
|-------------------|----------------------------------|
| Land Size | 7.642 Acres or 332,886 SF |
| Gross SF | 88,304 |
| Construction Type | CMU, brick front elevation |
| Roof Type | Open web joists, metal pan, flat |
| Foundation | Concrete footer, slab |
| Electrical | Avg |
| HVAC | Package, roof mounted |
| Sprinklers | Wet sprinkler system |
| Stories | 1 |
| Year Built | 1999 |
| Condition | Avg |

Tenant Rent Roll

| <u>Suite No.</u> | <u>Tenant Name</u> | <u>Size</u> | <u>Rent/S</u> | <u>Lease Type</u> | <u>Beg. Date</u> | <u>Term</u> |
|------------------|--------------------|-------------|---------------|-------------------|--------------------|-------------|
| | At Home Stores LLC | 88,304 | \$3.54 | NNN | Septemb er 2015 | 41 |

Improved Lease No. 689 (Cont.)

General Tenant

Summary

Owner

Kohl's Illinois Inc.

Remarks

This comparable big-box rental is located at 2704 North Central Expressway, Plano, Texas. This comparable big-box rental was constructed in 1999 and it contains 88,304 square feet of gross building area. The initial occupant of this building was Kohl's and the current occupant is At Home Stores, LLC. The lease commencement was September 2015 with an initial lease term of 41 months and four, five-year options to renew. Twelve months of free rent was provided within the initial lease term, indicating an effective rent of \$3.54 per square foot.

This comparable big-box rental is located on the northeast quadrant of Central Expressway and Exchange Drive. Within the vicinity of this comparable big-box rental, Central Expressway is a frontage road for US Route 75 (Sam Johnson Highway). Exchange Drive is a two-lane, local road connecting Central Expressway with Archerwood Street. There is a nearby interchange of US Route 75 and Parker Road approximately one-quarter mile northwest of this property.

Within the market area of this comparable big-box rental is Target, Burlington, Ross Dress for Less, Best Buy, the Home Depot, Sears, JC Penney, Big Lots, Floor Décor, and Michaels.

Within the market area of this comparable big-box rental the market area population is estimated at 118,145 persons, and the estimated median household income is \$68,962.