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Appraisal Report of:

Town of Edenton Property
Commercial Office Building
119 West Water Street
Edenton, NC 27932



Client and Intended User:

Mr. Bud Powell, Purchasing Agent
Town of Edenton
400 S. Broad Street
Edenton, NC 27932

Effective Date of Valuation: November 21, 2014

Prepared by:

Andy E. Piner, State Certified General Appraiser
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APPRAISALS - BROKERAGE - CONSULTING - DEVELOPMENT



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November 26, 2014

Mr. Bud Powell, Purchasing Agent
Town of Edenton
400 S. Broad Street
Edenton, NC 27932

Re: Appraisal Report of:
Town of Edenton Property
Commercial Office Building
119 West Water Street
Edenton, NC 27932

Dear Mr. Powell:

As requested, I have made an appraisal of the above referenced property for the purpose of estimating the market value of subject's unencumbered fee simple estate. I am submitting my valuation findings within this Appraisal Report which has been prepared according to Standards 2-2 (a) of the Uniform Standards of Professional Appraisal Practice (USPAP), and the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) regulatory requirements. In addition, I have adhered to the Competency Provision of USPAP. The effective date of valuation is November 21, 2014.

The subject of this appraisal study consists of a commercial office building located at 119 West Water Street in Edenton, Chowan County, North Carolina. The subject site is a portion of a 5.1 acre tract of land identified as the Colonial Waterfront Park at Edenton Bay and is under the ownership of the Town of Edenton. The entire site is identified by the Chowan County Tax Office as PIN 780407671849. The specific site of this appraisal study comprises 0.27 acres and is identified on a map of record for the Town of Edenton in Deed Book 231, Page 548 of the Chowan County Registry. The site is improved with the former Edenton Ice Plant (ca 1896) which has been converted to an approximate 4,758 square foot masonry office building with 688 square foot unfinished garage. The estimate of market value reported herein is of the land and real property improvements only. Specifically excluded from this valuation are all tangible and intangible personal property such as office furnishings, fixtures, equipment, going concern, etc.

After carefully considering all the information compiled in my investigations, it is my opinion that the market value of subject's fee simple estate as of November 21, 2014 is approximately:

TWO HUNDRED EIGHTY-TWO THOUSAND DOLLARS
(\$282,000)

Since the subject site is currently part of an overall larger parcel of land, this report is based on the Extraordinary Assumption that the subject site would have necessary ingress/egress easements to allow for proper access to and from the property through surrounding sites, and sufficient parking is available to satisfy municipal parking requirements. This appraisal makes no use of any other extraordinary assumptions or hypothetical conditions. The reader's attention is directed to the detailed list of standard assumptions and limiting conditions provided with the addenda of the attached report. I certify that I have no present or contemplated future interest in the properties appraised. The estimate of market value reported herein is not predicated upon a minimum valuation, a specific valuation, or an amount that would favor the client. Significant professional assistance rendered by Collice C. Moore, Jr., is hereby acknowledged.

Respectfully submitted,



Andy E. Piner, State Certified General Appraiser

Attachment:



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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

My investigations in connection with this appraisal assignment have revealed the following facts and conclusions:

Client/Intended User:	Mrs. Bud Powell, Purchasing Agent/Town of Edenton
Property Location:	119 N. Water Street Edenton, NC 27932
Property Type:	Commercial Office
Current Ownership of Record:	Town of Edenton
Market Area:	Office-Institutional, Retail, Residential
Interest Appraised:	Fee Simple Estate
Land Area:	0.27 Acres; Portion of a 5.1 acre tract
Utilities:	All Public (W,S,E,T,NG)
Improvement Data:	One-story approximate 4,758 square foot masonry office building with 688 square foot unfinished garage. The site improvements include shared asphalt paving with concrete curb and gutter, parking lot lighting and landscaping. There are 18 parking spaces.
Tax PIN:	780407671849 (portion of)
Zoning:	Downtown Commercial/Historic Overlay
Highest and Best Use:	Commercial office (as improved)
Date of Valuation:	November 21, 2014
Date of Report:	January 23, 2015
Estimated Value of Fee Simple Estate:	\$282,000

IDENTITY OF THE CLIENT AND INTENDED USER

The Client/Intended User is Mr. Bud Powell and the Town of Edenton. The use of this report by others is not intended by the appraiser and I assume no responsibility for the unauthorized use of this report.

PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose of this appraisal is to estimate the current market value of subject's fee simple estate. It is my understanding that the intended use of this report is for internal purposes to assist the client and intended user in asset management which may include negotiations with a prospective purchaser. This appraisal is not intended to be used for any other purpose.

IDENTIFICATION OF THE PROPERTY

The subject of this appraisal study consists of a commercial office facility located at 119 West Water Street in Edenton, Chowan County, North Carolina. The subject site is a portion of a 5.1 acre tract of land identified as the Colonial Waterfront Park at Edenton Bay which is listed under the ownership of the Town of Edenton. The entire site is identified by the Chowan County Tax Office as PIN 780407671849. The specific site of this appraisal study is identified as 0.27 acres as recorded in Deed Book 231, Page 548 of the Chowan County Registry. The site is improved with an approximate 4,758 square foot masonry office building with 688 square foot unfinished garage. For further identifications of the property, please refer to the sketches, exhibits, and photographs included within the addenda.

PROPERTY RIGHTS APPRAISED

My estimate of value is of the fee simple estate. I am unaware of any third-party market leases encumbering the subject property and no specific lease information has been made available. As of the date of valuation, the property is vacant. The estimate of market value reported is therefore of subject's unencumbered fee simple estate in the land and real property improvements as described herein. The fee simple estate is described on Page 78 of The Dictionary of Real Estate Appraisal, Fifth Edition, 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."*

I have not been provided a title opinion and I am unaware of any adverse easements or encumbrances affecting the use or marketability of the property. The estimate of market value

reported herein is of subject's land and real property improvements only. Specifically excluded from this valuation are all tangible personal property and intangible property, such as office furnishings and equipment, going concern, etc. The property is subject to all matters of public record.

DEFINITION OF MARKET VALUE

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

- a. buyer and seller are typically motivated;*
- b. both parties are well informed or well advised, and acting in what they consider their best interest;*
- c. a reasonable time is allowed for exposure in the open market;*
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- e. the price represents the normal consideration for the property sold unaffected by special or creative financing, or sales concessions granted by anyone associated with the sale".¹*

The estimate of market value reported herein is not predicated upon a minimum valuation, a specific valuation, or an amount that would favor the client.

DATE OF REPORT AND EFFECTIVE DATE OF VALUATION

November 21, 2014 is identified as the date of valuation which coincides with my initial date of inspection. The date of this report is January 23, 2015.

¹Office of the Comptroller of the Currency, 12CFR, Part 34

SCOPE OF WORK

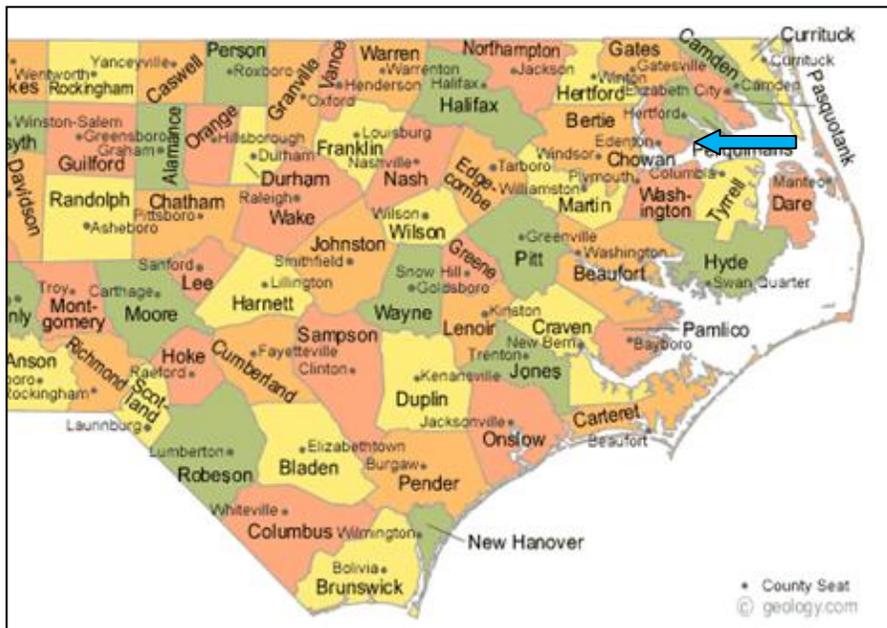
After accepting this appraisal assignment and defining the appraisal problem, an inspection of the property was made. Afterwards, I began my preliminary analysis and data collection for the subject property and the sale properties analyzed for comparative purposes. Information obtained for use in this appraisal was gathered from the public records of the Town of Edenton and Chowan County such as the Chowan County Register of Deeds, the Chowan County Tax Office and the Town of Edenton Planning Department. I have also utilized my office file data and reference materials.

Based upon my analysis of the highest and best use, I have utilized the Sales Comparison Approach and the Income Approach in my valuation of the subject property. The Cost Approach has been omitted which is not particularly applicable or necessary in the valuation of this property type. I have prepared my findings within this Appraisal Report which has been prepared in accordance with Standards Rule 2-2 (a) of USPAP and the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) regulatory requirements. In addition, I have adhered to the Competency Provision of USPAP.

ASSUMPTIONS AND LIMITING CONDITIONS

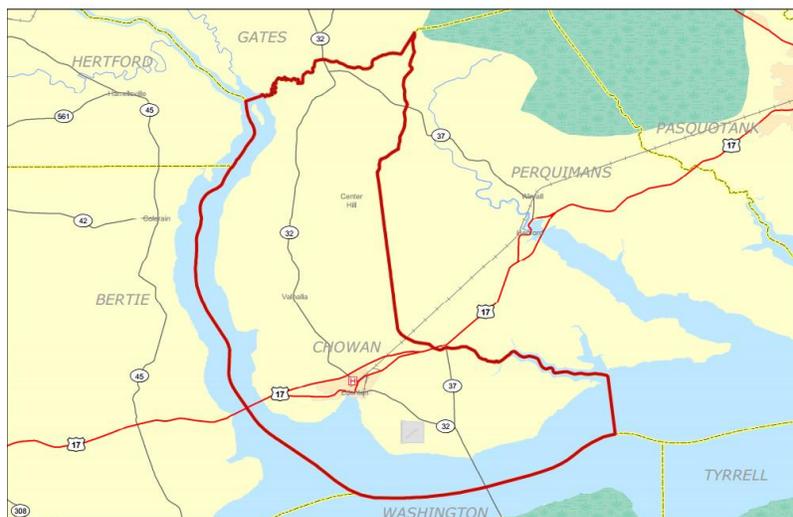
Since the subject site is currently part of an overall larger parcel of land, this report is based on the Extraordinary Assumption that the subject site would have necessary ingress/egress easements to allow for proper access to and from the property through surrounding sites, and that sufficient parking is available according to the municipal requirements. This appraisal makes no use of any other extraordinary assumptions or hypothetical conditions. The reader's attention is directed to the detailed list of standard assumptions and limiting conditions provided with the addenda of the attached report.

MARKET AREA ANALYSIS



The subject property is located in Edenton, Chowan County, which is situated in northeastern North Carolina approximately 115 miles eastward of Raleigh (Wake County), the state capital. Chowan County comprises approximately 233.35 square miles of area, and 172.75 square miles of land area with an elevation of about 16 feet above sea level. Edenton is Chowan County's largest town as well as the county seat. According to the 2010 US Census, the Year 2010 population estimate of Chowan County is noted at 14,793. The Year 2010 population estimate for Edenton is noted as 5,004. The Census Bureau reported a Year 2013 population estimate for Chowan County at 14,726.

Chowan County is served by US Highway 17, NC Highways 32, 37 and 94, as well as a number of paved state-maintained secondary roads.



Also, Chowan County lies along the eastern side of the Chowan River and the northern side of the Albemarle Sound. These waterways have an impact on the local market, providing for typical commercial and recreational opportunities, such as boating, fishing, etc.

Chowan County is a typical rural county in eastern North Carolina, with much of the land area throughout the county consisting predominantly of undeveloped agricultural and woodlands, and with a typical mix of residential uses and neighborhood businesses scattered along the surrounding rural road frontages and waterways. According to information provided by the local economic development commission, the leading employment sectors for Chowan County are health care and social assistance, government, manufacturing, and retail. The two largest employers in Chowan County are referenced as East Carolina Health, Inc. and Edenton-Chowan Schools. The Vidant Chowan Hospital, which is affiliated with the Vidant Health Systems, is located in Edenton. This is an 89-bed licensed facility that employs approximately 511 people with salaries, wages, and benefits reportedly exceeding \$25,000,000.

According to the North Carolina Department of Agriculture, Chowan County farm land comprised 74,689 acres of the total 110,460 acres in the county. In Statistical Year 2012, Chowan County ranked 31st in the State of North Carolina with regards to overall crop production and it ranked 10th in the State in peanut production. There are approximately 5,000 harvested acres of peanuts and approximately 10,900 harvested acres of cotton in Chowan County. More than 62% of the peanut production in the State of North Carolina is grown in the North Coastal area which includes eleven adjoining counties including Chowan County. Agriculture, therefore, also provides significant economic impetus to this region.

The historical unemployment rates for Chowan County over the past few years as reported by the North Carolina Employment Security Commission, as compared to those of North Carolina and the United States, are summarized as follows:

Historical Average Unemployment Rates

Year	Chowan County	North Carolina	United States
2006	5.0%	4.8%	4.6%
2007	6.1%	4.8%	4.6%
2008	8.7%	6.3%	5.8%
2009	12.0%	10.5%	9.3%
2010	11.4%	10.9%	9.6%
2011	11.6%	10.5%	9.0%
2012	10.4%	9.5%	8.1%
2013	9.6%	8.4%	7.4%
2014 Jan-Sept	7.9%	6.5%	6.3%

As shown, the historical average unemployment rates for Chowan County are generally slightly higher than, those of the state and national averages. As a result of economic conditions in 2008, unemployment rates began trending upward toward the later part of the year. Recently, unemployment rates appear to have since leveled off and have trended downward.

The North Carolina Department of Revenue reports retail sales on a fiscal year basis, and the following chart reflects the reported gross retail sales over the past few fiscal years for Edenton and Chowan County, as well as the neighboring counties of Bertie, Hertford and Perquimans:

TAXABLE/RETAIL SALES

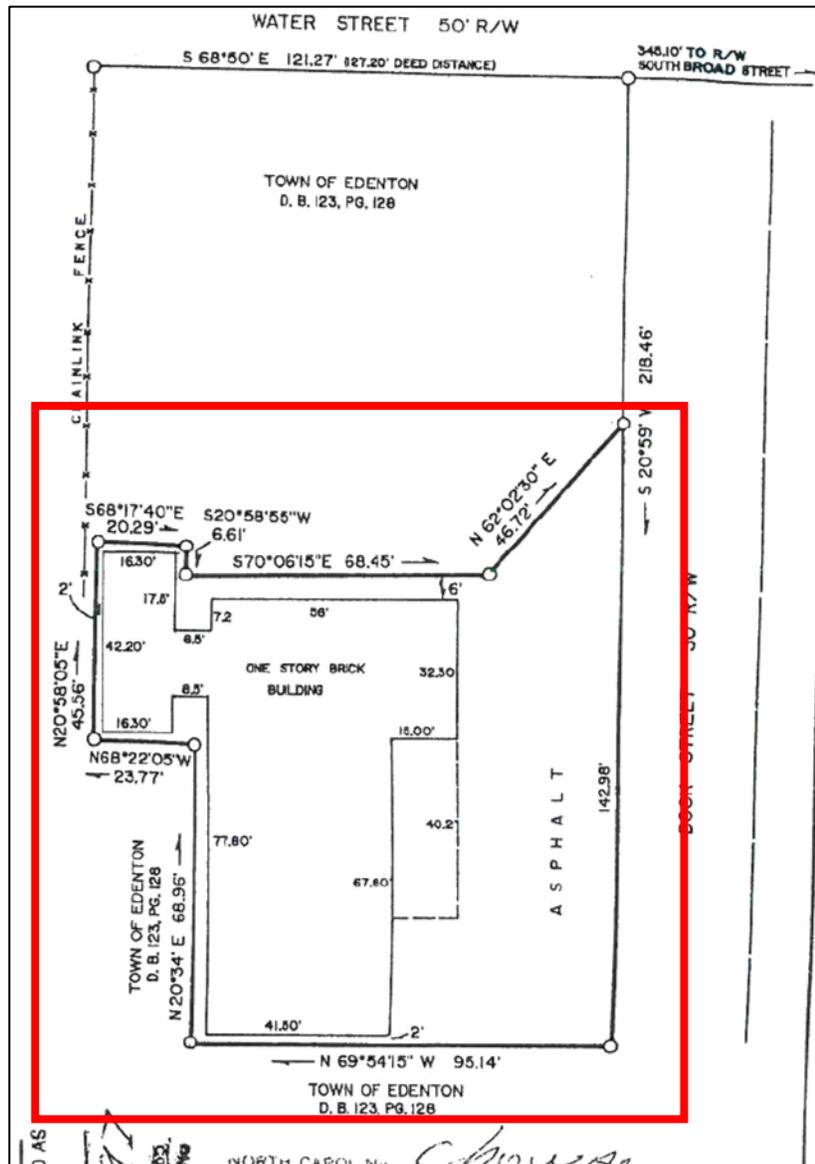
Fiscal Year	Chowan County	Bertie County	Hertford County	Perquimans County
2006-2007	\$83,169,546	\$37,340,887	\$175,753,267	\$43,974,481
2007-2008	\$78,265,718	\$36,533,313	\$153,955,373	\$45,728,042
2008-2009	\$70,724,228	\$36,536,032	\$157,700,619	\$36,055,807
2009-2010	\$90,019,652	\$52,156,248	\$156,447,790	\$41,252,194
2010-2011	\$94,155,344	\$61,433,073	\$175,887,675	\$41,614,880
2011-2012	\$98,658,950	\$64,021,627	\$194,621,923	\$42,395,352
2012-2013	\$97,456,191	\$69,449,385	\$192,873,792	\$46,836,157
2013-2014	\$101,836,399	\$72,189,706	\$199,232,031	\$50,792,415

Edenton, the county seat, accounts for a significant amount of the retail sales for the overall county. Edenton is the home of the town and county municipal offices, as well as a mix of older commercial storefront buildings, historic residential dwellings, etc. Local shopping facilities are provided in Edenton, but the area is also within close proximity to larger retail markets in the nearby cities of Greenville (Pitt County, NC) and Elizabeth City (Pasquotank County, NC), as well as southeastern Virginia. Overall, the general economy is considered stable with new developments being demand driven.

Neighborhood: The subject property is more specifically located at 119 Water Street in Edenton in an area identified as Colonial Waterfront Park at Edenton Bay. This park is in the downtown area of Edenton and borders the Albemarle Sound. This entire area involves a 5.1 acre tract of land and the subject of this report comprises 0.27 acres of this total. The entire tract of land is owned by the Town of Edenton and features a park, transient boat slip (two night maximum stay) visitor parking areas and local business and associations. For example, just east of the subject within the same park area are the offices of the Chowan County Arts Council/Community Arts Center at the corner of Water Street and Broad Street. Also, the Edenton-Chowan Chamber of Commerce and the Chowan County Tourism Development Authority are both located in a masonry office just north of the subject along Water Street.

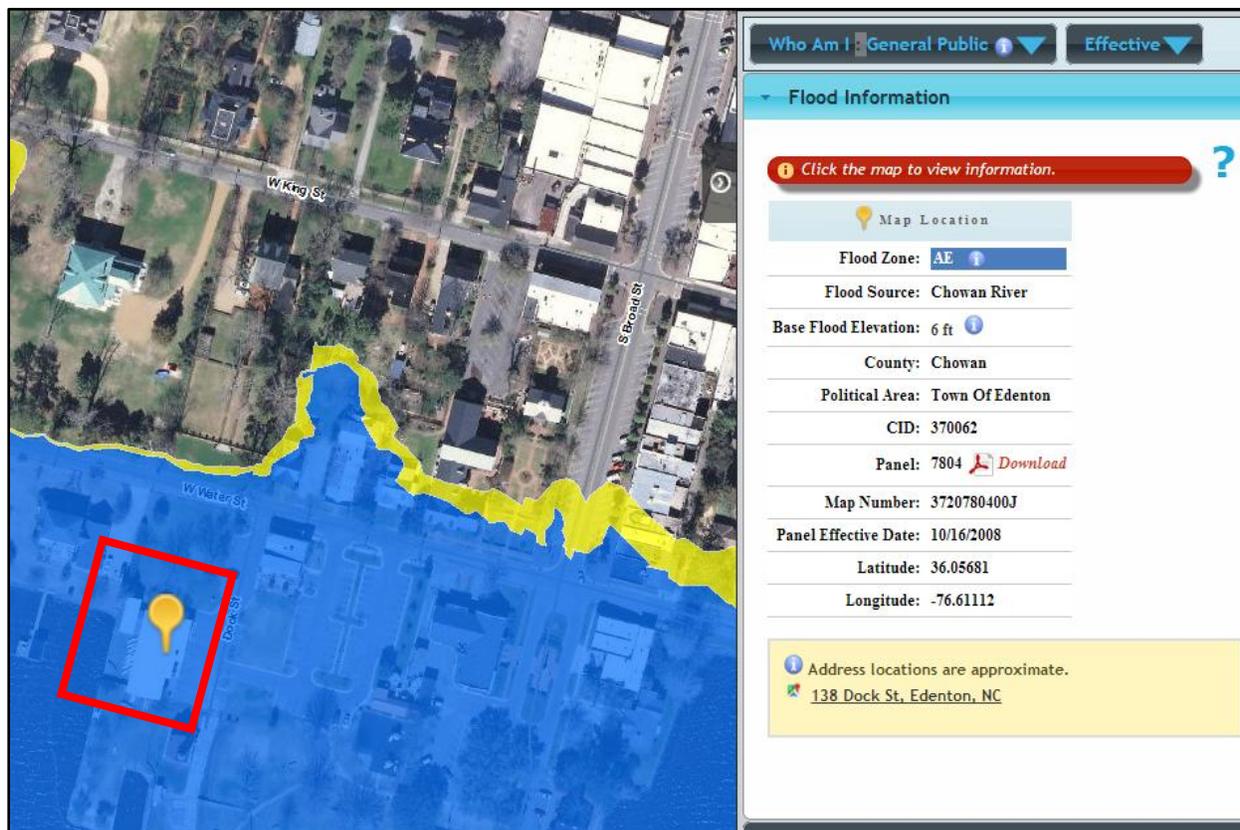
In addition, the Roanoke River Lighthouse is situated adjacent to the subject to the south along the frontage of Edenton Bay. This lighthouse was originally constructed in 1887 and was purchased by the Town of Edenton in 2007 and moved to its current site.

In my market analysis, I have had discussions with other local area market participant including local area real estate brokers, developers, etc. In the subject's market area, new commercial and industrial developments are typically demand driven and speculative development is generally



The site is subject to matters of public record in regards to easements, ingress/egress, etc. As mentioned earlier, this report is based on the Extraordinary Assumption that the subject site would have necessary ingress/egress easements to allow for proper access to and from the property through surrounding sites, and provide adequate parking.

The site is generally level and lies at street grade. According to FEMA Flood Insurance Rate Map 3720780400J, dated October 16, 2008, the subject site is located within the AE flood hazard area as shown below in blue:



All public utilities are available to the site. Other than flood hazard regulations, typical utility easements, drainage easements, etc., no apparent adverse easements or encroachments are noted. No environmental, geo-technical or subsoil's analyses have been performed or submitted for use with this report, and this is beyond the scope of the appraisal assignment and my level of expertise. No adverse conditions were immediately apparent upon inspection, and it is assumed none are present.

Improvement Data: According to the recorded survey, the primary building has 4,758 square feet of gross building area. The building has been extensively renovated. The primary improvement consists of a one-story masonry office building that has a raised pier foundation, brick veneer and masonry block exterior walls, and a wood truss roof structure with an insulated metal roof cover. The building exterior also features painted wood window casings with glass windows with jack arches, insulated metal and wood exterior doors, and aluminum gutters and downspouts. The building also has a wood ramp with metal rails that provides handicap access. There are also five ground HVAC units that are raised and on platforms. There is an approximate 688 square foot attached masonry, unfinished storage area along the rear of the building. This is a brick veneer building constructed on a concrete slab foundation with a metal roof cover. The unfinished area has exposed pre-engineered wood trusses, brick walls and fluorescent lighting. There is no plumbing or HVAC.

The interior of the office building is divided among a number of offices, a reception area, a conference room, restrooms, lounge, an open work area and storage areas. The interior finishes

include commercial grade finishes such as carpet and vinyl tile floors, rubber base mouldings, painted sheet rock and concrete block walls, fluorescent lighting, and flush metal doors with hollow metal frames. The ceiling heights range from 9' to 10' with the conference room featuring 12' ceilings and track lighting.

There is also a lounge area with base wood and wall cabinets and a double stainless steel sink. The men's room features one toilet, one urinal and one sink with the women's room having two toilets and two sinks. There is also a small restroom off of the conference room that has a sink and a toilet.

The building layout and design appears functional for its intended use as commercial office space. The building is physically adaptable for a variety of professional office uses. No measurable deferred maintenance was noted during my inspection. I have not been provided a structural or mechanical report, and the plumbing, mechanical, and electrical systems/units are considered operable. No functional obsolescence exists. Buildings of this nature have an economic life expectancy of about 40-50 years.

TAX DATA

The Chowan County Tax Assessor's Office reports that the subject property is a tax exempt property and therefore not subject to the tax rates for Chowan County or the Town of Edenton. However, if the subject property were sold, it would be subject to the taxes of the Town of Edenton and Chowan County. Subject's current tax value reflects the entire value of the Colonial Park in Edenton. Therefore, I have utilized similar buildings in the area in order to estimate the tax value of the subject's 0.27 acres and existing building.

For example, the building located at 113 Water Street, just north of the subject is an approximate 2,800 square foot building situated on an approximate 0.9 acre site. This property is valued for tax purposes at \$286,720 and includes for land and building. This reflects a unit price of \$102.40 per square foot of building area.

Also, the building located at 321 S. Broad Street, just north of the subject is an approximate 10,789 square foot office building. This building is operated as the Gaslight Square Office Complex with a number of smaller office units. The building is situated on an approximate 0.17 acre site and is valued for tax purposes at \$705,750 and includes for land and building. This reflects an ad valorem tax value of \$65.41 per square foot of building area.

For purposes of this report, I am estimating the subject's tax value at \$65 per square foot of finished area which reveals an estimated tax value of \$309,270. The current combined tax rate for the Town of Edenton and Chowan County is \$1.07 per \$100 of valuation which reflects an estimated annual tax burden of about \$3,309. However, this is only an estimate and could vary upon assessment by the Chowan County Tax Assessor.

ZONING DATA/PUBLIC & PRIVATE RESTRICTIONS

According to the Town of Edenton's City Planner, the subject property is located within the Town of Edenton's Downtown Commercial (CD) Zoning District with a Historic District Overlay (HD). According to the Town of Edenton's Unified Development Ordinance, the *CD District is established as a district in which to accommodate a wide variety of commercial activities (particularly those that are pedestrian-oriented) in an intensive development pattern in the town's central business district. The regulation of this district are intended to (1) preserve the general character and integrity of the current development in the central business district; (2) encourage land uses which provide for a multi-purpose central business district including retail, offices, services, entertainment, and living space; (3) encourage land uses which do not require large amounts of outdoor uses areas; and (4) encourage common or shared off-street parking.* The minimum dimensional requirements in the CD District include; no minimum lot size, minimum lot width – 50', and no minimum setback requirements for rear, side or front.

Furthermore, the Historic Overlay District Requirements state that; *“(a) The use and development of any land or structure within the Historic Overlay District shall comply with the use regulations and intensity regulations applicable to the underlying zoning district except that (1) no manufactured home shall be located within an Historic Overlay District, (2) no building or part of a building shall extend nearer to or be required to be set back further from the front street right-of-way than the average distance of the setbacks of the nearest principal structures in the vicinity of such building and fronting on the same side of the street, and (3) no principal or accessory building shall be required to be set back further from a side or rear property line than the average distance of the setbacks of the nearest principal or accessory structures in the vicinity of such building.*

(b) No exterior portion of any building or other structure (including masonry walls, fences, light fixtures, steps and pavement, or other appurtenant features), or any above-ground utility structure, or any type of outdoor advertising sign shall be erected, altered, restored, moved, or demolished within the Historic District until after an application for a Certificate of Appropriateness as to exterior architectural features has been submitted to and approved by the Historic District Commission.”

There are a number of permitted commercial uses within the CD Zoning District. In addition to municipal office uses, other legally permitted uses include, but are not limited to, professional offices, medical/dental clinics, general retail, personal services, library and galleries, and indoor theaters. Based on my inspection of subject and review of the applicable zoning ordinance, it is my understanding that the property has been developed in accordance with local zoning regulations, as well as the surrounding land use development pattern. No change in zoning is expected for the foreseeable future.

The property is subject to typical local and state building code ordinances, flood hazard regulations, regulations regarding the treatment of water and sewer, parking requirements, utility easements, drainage easements, and ingress-egress easements or other matters of public record. No title search or opinion of title has been performed or submitted for use with this report, and

this procedure is beyond the scope of the appraisal assignment. To the best of my knowledge, I am unaware of any public or private restrictions which would adversely impact the use or marketability of subject, and it is assumed none are present.

HISTORY OF THE PROPERTY

The subject site was purchased by the Town of Edenton from J. H. Conger and Son, Inc. on October 20, 1978 as recorded in Deed Book 123, Page 128 of the Pitt County Registry. I am unaware of any transfers involving the ownership of the subject property within five years preceding the date of this appraisal. It is my understanding the property is in the process of either being sold or leased; however, the details of this transaction have not been made available to me for use in this report. The subject property is not known to be currently listed for sale and I am unaware of any pending sales or offers to purchase. Reportedly, the property had been previously leased at about \$2,100 per month.

HIGHEST AND BEST USE

Highest and Best Use is defined as follows:

1. *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 land value.*
2. *The probable use of land or improved property – with respect to the user and timing of use – that is adequately supported and results in the highest present value.*

The highest and best use of the site as if vacant would be for municipal or public park use given the physical features of the site, the current zoning, market conditions and the surrounding land use development pattern. Given current economic conditions, speculative developments are not likely.

The subject improvements are in good physical condition and are functionally suited for their intended use. The demand for this property type is somewhat limited. The likely user is an end-user or owner-occupant, or a government facility occupied by the Town of Edenton, Chowan County or the State of North Carolina. The market value of the property as improved exceeds the estimated land value estimate as if vacant. The demolition or conversion of the existing improvements to an alternative use is not considered likely or financially feasible. Commercial office use as currently exists is the highest and best use as improved.

VALUATION OF SUBJECT PROPERTY

The market value of a property is contingent upon all factors affecting real estate within a given area at a particular time. The techniques generally employed in real estate valuation include the Cost, Sales Comparison, and Income Capitalization Approaches. These approaches are based upon three (3) major facets of value:

1. the current cost of reproducing a property less loss in value from deterioration and functional and economic obsolescence (accrued depreciation);
2. the market value indicated by recent sales of comparable properties in the market; and
3. the investment value that a property's net earning power will support based upon capitalization of the income stream.

I have utilized the Sales Comparison Approach and the Income Approach in my valuation analysis.

SALES COMPARISON APPROACH

In the Sales Comparison Approach, the subject property is compared to similar properties that have sold or for which offers to purchase have been made. A major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties. The real estate appraisal principle of substitution plays a significant factor in the Sales Comparison Approach in that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility or desirability without undue delay. To apply the Sales Comparison Approach, an appraiser follows a systematic procedure:

1. Research the competitive market for information on properties that are similar to the subject property and that have recently sold, are listed for sale, or are under contract.
2. Verify the information by confirming that the data obtained is factually accurate and that the transactions reflect arm's length market considerations.
3. Select relevant units of comparison (e.g. price per acre, price per square foot, or per front foot) and develop a comparative analysis for each unit.
4. Look for differences between the comparable sale properties and the subject property using all appropriate elements of comparisons. Then adjust the price of

each sale property, reflecting how it differs, to equate it to the subject property or eliminate that property as a comparable.

5. Reconcile the various value indications produced from the analysis of comparables to a value bracket and then to a single value indication.²

The typical unit of comparison in analyzing properties of this nature is the sales price paid per square foot. The following improved sales are offered for comparison to subject:

²The Appraisal of Real Estate, 13th Edition, Page 301-302

IMPROVED SALE NO. 1

Location: 401 S. Broad Street, Edenton, NC 27932
Tax Parcel: 7804-07-68-6328
Township/County: Edenton / Chowan
Grantor: The Dixon Company of Edenton, LLC
Grantee: William Vogedes, III, et.ux.
Date of Sale: July 30, 2013
Deed Book/Page: 457 / 339
Stamps: \$450
Sales Price: \$225,000
Financing: DT – Southern Bank - \$260,000
Cash Equivalent Price: \$225,000
Land Area: 1,518 SF
Utilities: All Public
Improvements: 2-story attached commercial office building with slab foundation, brick veneer exterior, and conventional roof structure. The building was constructed in 1900. The building has commercial grade interior finishes.

GBA: 2,388 SF Price/SF: \$94.22/SF
Comments: According to the Listing Agent, “The 1st level is used as retail space w/incredible storefront. Upstairs has separate entry and offers 3 offices, each currently rented separately.” Listing agency reported current rents as being \$1,000/Mo. for retail suite & \$300/Mo., \$300/Mo. & \$350/Mo. for office suites, with tenants responsible for utilities. Grantor acquired property in Nov. 2007 for indicated price of \$225,000. Property listed 11-08-2010; \$275,000 original list price.



IMPROVED SALE NO. 2

Location: 207-209 S. Broad St. & 204 Court St., Edenton, NC
Tax Map: 7804-07-68-8924, 7804-07-68-8948 & 7804-07-68-9896
Township/County: Town of Edenton/Chowan
Grantor: Byron P. Kehayes & wife, & Opal W. Kehayes
Grantee: West Town Savings Bank
Date of Sale: December 21, 2009
Deed Book/Page: 417/111
Stamps: \$1,100
Sales Price: \$550,000
Financing: Cash to seller
Cash Equivalent Price: \$550,000
Land Area: 30,816 SF (Street to street; 121.5' – E/S Broad Street & 40.5' – W/S Court Street)
Utilities: All Public
Improvements: 1-story attached, commercial storefront-retail building comprising +-9,300 SF of gross area, with miscellaneous related site improvements including a paved parking lot with +-30 striped spaces, a 1-story, detached +-1,540 SF storage building, etc; reportedly constructed around 1952.
GBA: 9,300 SF Price/SF: \$59.14
Comments: This involves a former Super 10 retail building, which includes an adjacent paved parking lot parcel, as well as an unpaved parcel which extends to Court Street. Property was acquired by a local area financial institution, reportedly for intentions of converting to bank use. Building is currently vacant. Property listed 12-23-2008; \$775,000 original list price.



IMPROVED SALE NO. 3

Location: 313 S. Broad Street, Edenton, NC
Tax Map: 7804-07-68-6691
Township/County: Town of Edenton/Chowan
Grantor: Sawyer & Sawyer, LLC
Grantee: Thomas K. Gandee
Date of Sale: July 24, 2012
Deed Book/Page: 444 / 846
Stamps: \$442
Offering Price: \$221,000
Financing: DT - \$209,000 – Southern Bank
Cash Equivalent Price: \$221,000
Land Area: +-2,544 SF
Utilities: All Public
Improvements: 2-story attached, commercial storefront building, comprising 2,294 SF office-retail area on first floor, 1,527 SF furnished 3-bedroom, 1-bathroom apartment on second floor, & 1,305 SF basement; Originally constructed around 1910 & reportedly completely renovated in 2003.
GBA: 3,821 SF Price/SF: \$57.84/SF
Comments: Listing agency reported upstairs apartment was rented at \$700/Mo. with tenant paying utilities, & a portion of the first floor area (3 offices comprising +-360 SF) was rented at \$1,000/Mo. inclusive of utilities. The entire first floor area was reportedly previously rented at \$2,400/Mo., but this lease has since expired. Prior to current market conditions the apartment reportedly was rented at \$900/Mo. Property listed 08-18-2010; \$365,000 original list price.



IMPROVED SALE NO. 4

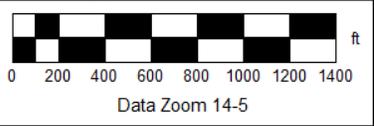
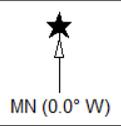
Location:	112 West Water Street, Edenton, Chowan County, NC
Tax Map:	7804-07-68-2211
Township/County	Town of Edenton/Chowan
Grantor:	Bayview Loan Financing, LLC
Grantee:	Marlin, LLC
Date of Sale:	September 26, 2012
Deed Book/Page:	446 / 771
Stamps:	\$360
Sales Price:	\$179,000
Financing:	Cash to seller
Cash Equivalent Price	\$179,000
Land Area:	7,359 SF
Utilities:	All Public
Improvements:	1-story free standing commercial storefront-retail building comprising +4,736 SF of gross area, there are 3,776 SF on the first floor and a 960 SF apartment on the second floor, etc; reportedly constructed around 1920.
GBA:	4,736 SF Price/SF: \$37.80/SF
Comments:	This property is currently listed for sale at \$447,000 or \$94.38/SF. The first floor retail/restaurant area is leased for \$18,000 per year or \$4.77/SF. According to the listing agent, the building has all new HVAC and the upstairs apartment area has been completely updated. The upstairs apartment area is currently rented for \$500 per month.



Location Map - Edenton, NC



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Identity	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Location	119 W. Water Street Edenton, NC	401 S. Broad Street Edenton, NC	207-209 S Broad St. Edenton, NC	313 S. Broad St. Edenton, NC	112 W. Water St. Edenton, NC
Date	01/2015	07/2013	12/2009	07/2012	09/2012
Land Area	11,761 SF	1,758 SF	30,816 SF	2,544 SF	7,359 SF
Building Size (finished)	4,758 SF	2,388 SF	9,300 SF	3,821 SF	4,736 SF
Sales Price	N/A	\$225,000	\$550,000	\$221,000	\$179,000
Unit Price	N/A	\$94.22/SF	\$59.14/SF	\$57.84/SF	\$37.80/SF
Adjustments					
Property Rights	Fee Simple	-0-	-0-	-0-	-0-
Sale Conditions	Arms Length	-0-	-0-	-0-	1.50
Financing	Conventional	-0-	-0-	-0-	-0-
Expenditures After Sale	None	-0-	-0-	-0-	-0-
Market Conditions	Current	-0-	-0-	-0-	-0-
Location/Site	Average-Good	-0-	-0-	-0-	-0-
Physical Characteristics	Average-Good	.70	1.20	-0-	1.15
Net Adjustment	-	.70	1.20	-0-	1.725
Adjusted Unit Price	-	\$65.95/SF	\$70.97/SF	\$57.84/SF	\$65.21/SF

Analysis of Improved Sales:

Based upon my analysis, no adjustments are needed for property rights conveyed, financing, or expenditures after sale. Improved Sale 4 was sold by a bank and is adjusted upward for conditions of sales based upon my comparisons of the market sales. All of the sales are located in Edenton and are therefore similar in regards to market demographics. Improved Sale 1 has been adjusted downward since it is smaller than the subject and smaller properties typically sell at higher per unit prices. Improved Sale 2 is an older sale that occurred in 2009 but is a larger building in downtown Edenton. This building was formerly a retail store that was reportedly purchased by a bank for conversion to a bank facility. This building is larger than the subject and requires an upward adjustment for size. However, the sale property is superior in land area to building area ratio. Improved Sale 3 is a two-story commercial storefront building located along Broad Street in Edenton. This building has a 1-bedroom apartment on the second floor and a 1,305 SF basement area. Overall, this building is considered similar or equal to subject and requires no adjustments. After adjusting for market conditions, Improved Sale 4 is adjusted upward for interior finishes. Overall, this building is similar in size to subject.

After making the necessary adjustments, the market sales reflect adjusted unit prices ranging from \$57.84 to \$70.97 per square foot. It is my opinion that the market would support an overall unit price for subject of approximately \$65.00 per square foot of the finished area. The estimated market value of subject by the Sales Comparison Approach is summarized as follows:

Applied to Subject:

Finished Building Area: 4,758 SF @ \$65.00/SF = \$309,270

Estimated Market Value by Sales Comparison Approach: ® \$309,000

INCOME CAPITALIZATION APPROACH

By definition, the Income Approach follows a procedure which converts anticipated benefits (dollar income or amenities) derived from ownership of the property into an estimate of value. The principle of anticipation underlying this approach is that prudent investors recognize a relationship between income and an assets value. In order to value the anticipated economic benefits of a particular property, potential income and expense must be estimated and the most appropriate capitalization method selected. The two (2) most common methods of converting net income into value are Direct Capitalization and Discounted Cash Flow analysis. In Direct Capitalization, net operating income is divided by an overall rate extracted from the market to indicate a value. In the Discounted Cash Flow Method, anticipated future net income streams and a reversionary value are discounted to an estimated present value. In the valuation of subject, I will utilize the Direct Capitalization Method. This is the preferred valuation method by local market participants for property types such as subject.

Estimate of Economic (Market) Rent:

In my market analysis, I have reviewed the actual rentals of other similar commercial properties in Edenton, and the rentals are submitted as follows:

Comparable Rental Summary Chart Survey Date: November 2014					
Rental	Year Built	Term/Exp.	Size	Current Rent/SF	Tenant Expenses
1. 112 W. Water St. Edenton, NC	1920	Vary	3,776 SF	\$4.77/SF/Year	All utilities & Janitorial
2. 814 N. Broad St. Edenton, NC	1900	Vary	1,800 SF	\$7.20/SF/Year	All utilities & Janitorial
3. 300 N. Virginia Rd, Edenton, NC	1989	Year to Year	4,332 SF	\$11.00/SF/Year	Gross
4. 431 S. Broad St. Edenton, NC	1960	Offering	1,050 SF	\$9.14/SF/Year	Negotiable
5. 518 Coke Ave. Edenton, NC	2008	Offering	6,000 SF	\$10.00/SF/Year	Negotiable

Rental 1 involves a 3,776 square foot retail space located across the street from the subject that is renting for \$4.77/SF. This is a month-to-month lease with the tenant paying utilities and

janitorial. **Rental 2** involves a 1,800 SF space that is leased to the Chowan County Probation office for \$7.20/SF. This is reported by the owner to be a month-to-month lease. **Rental 3** involves a year-to-year lease located at 300 N. Virginia Road in the Chowan Crossing Shopping Center north of the subject just east of US Highway 17. This lease is a 4,332 square foot building area that is leased to the NC Employment Security Commission. This is a gross lease and is currently in its second renewal. The current rental rate is \$11.00 per square foot. **Rental 4** involves a 1,050 square foot office space in the historic area of Edenton. **Rental 5** is an offering located north of the subject off of Cooke Avenue and east of Broad Street. This is a retail building that is an outparcel of the Edenton Village Shopping Center. The asking rent is \$9.14/SF. I have also spoken with Mr. John Dowd who is a real estate Broker and also owns property in the downtown area of Edenton. He has informed me that he has leases in this market area ranging from \$8.50 per square to \$10.00 per square foot. These are smaller buildings than the subject.

Reportedly, the subject property was previously leased at \$2,100 per month or \$25,200 annually which equates to \$5.30/SF of finished area. The Lessee was responsible for utilities and janitorial. The property was tax exempt; therefore, there were no rent requirements for taxes; however, the Lessor was reportedly responsible for flood hazard insurance.

It is my judgment that a market rental rate of \$6.30/SF of finished area is appropriate on a net effective basis, and would indicate potential gross annual income of \$29,975 at 100% occupancy. I am rounding the estimate of annual rent to \$30,000 which equates to \$2500 per month.

Estimate of Vacancies and Collection Losses:

With any income producing property, vacancies occur with tenants exchanging headquarters, failing to pay rent, and paying rent late. Edenton Village is an approximate 105,900 square foot multi-tenant retail center located at 1316 N. Broad Street in Edenton and is anchored by a Food Lion, Dollar General and CVS. This building is advertised as having 42,062 square feet of available space for rent. This reflects a vacancy rate of about 40 percent. Mr. Dowd also informed me that, "there are a number of vacant locations in this community." Overall, the demand for commercial office area is somewhat limited in this market. I am utilizing a stabilized occupancy of about 85 percent, which would indicate vacancies and collection losses at 15 percent for this property type. This equates to a lease-up period between leases of twelve months and a typical lease term of five years.

Estimate of Operating Expenses:

The market rent analyzed above is on the basis whereby the Lessee is responsible for all fixed and variable expenses. However, the Lessor is responsible for management and miscellaneous expenses, as well as provisions for reserves for replacement. These expense estimates are provided as follows:

Management: Management expense is estimated at 3.0 percent for a single tenant building. This accounts for leasing commissions that would be incurred.

Miscellaneous Expense: This expense is estimated at 2.0 percent of effective gross income and includes miscellaneous expenses that are incurred during the ownership period, including annual legal and accounting costs, advertising fees, ownership expenses such as utilities during periods of vacancies, etc.

Structural/Reserves: Typically, the lessor is responsible for major structural repairs, as well as the replacement of the long life items such as mechanical, roof, parking lot repairs, etc. As the improvements age or if maintenance is neglected, then this expense would typically be in the upper range. The subject property has been well-maintained and an allowance for structural repairs and replacement of 5 percent is reasonable. This equates to about \$.27/SF annually.

Selection of Overall Capitalization Rate:

Net operating income is capitalized into an indication of value by an overall capitalization rate. The overall capitalization rate is simply a ratio of a property's net operating income and sales price. On October 2, 2014 a 6,000 square foot, 5-unit retail building located at 133 W. Hwy. 158 in nearby Camden, NC sold for \$630,000. The property was occupied by two tenants (Farm Bureau & Happy Howie's), which comprised 60% of the building. The current annual income from these two tenants was identified as \$40,800. Two (2) 1,200 square foot suites (40% of building area) were vacant; however, based on discussions with the selling agent and the buyer's appraiser, the grantee reportedly purchased this property with the plans of locating two family businesses in the vacant suites. Based on the buyer's reported proposed rents for these two suites, the total indicated projected gross annual income for this property was equivalent to \$70,800. Based on the location, size, etc., of this building, a vacancy-collection loss allowance of 5% was considered reasonable and a deduction of 25% was adopted for operating expenses. Therefore, this sale would reflect an estimated net operating income of about \$50,445 and an overall capitalization rate of 8.0%.

In addition, an approximate 10,245 square foot office building located in the medical district in Greenville sold for \$1,385,000 in October 2014. This building is occupied by Vidant Health and a new 5 year lease was negotiated prior to the sale. The net operating income, after allowances for market vacancies, management expenses and reserves, was equivalent to \$12.00/SF or \$122,940 which reveals an overall rate of 8.9%.

RealtyRates.com ® reports weighted (weighted by methodology: Band of Investment, DCR Technique, Sales Survey) overall rates of 9.07 % for office properties in the Fourth Quarter 2014. The survey is submitted as follows:

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2014*																								
CURRENT & HISTORICAL CAP RATE INDICES																								
Method-Weighted* Property Category Indices																								
Year	Apts		Golf		Healthcare Senior Housing		Industrial		Lodging		MH/RV Park		Office		Retail		Restaurant		Self Storage		Special Purpose		Weighted* Composite Indices	
	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg
2014	8.27	-12	11.86	-6	8.91	1	9.05	-2	10.44	-15	9.20	-2	9.07	-21	9.28	17	11.82	-3	9.77	-18	11.26	17	9.54	-5
3rd Qtr.	8.19	-7	11.78	-9	8.85	-6	8.99	-5	10.38	-6	9.12	-7	9.01	-5	9.22	-5	11.76	-7	9.70	-7	11.19	-7	9.47	-6
2nd Qtr.	8.26	-8	11.87	-7	8.91	-5	9.04	-7	10.44	-7	9.19	-8	9.06	-9	9.27	-7	11.83	-5	9.77	-8	11.27	-7	9.53	-7
1st Qtr.	8.34	-4	11.94	-5	8.96	-5	9.11	2	10.51	-10	9.27	-6	9.15	-18	9.34	2	11.88	-7	9.85	-8	11.34	24	9.60	-4

The RealtyRates.com survey reflects an overall rate of 9.07 % for the Fourth Quarter 2014. The two sales referenced previously reflect overall capitalization rates from 8% to 8.9%. Considering the physical and financial characteristics of the subject property, an overall rate of 9% is considered reasonable. Based upon this reasoning and analysis, the following value estimate is offered for subject via the Income Capitalization Approach:

Income Capitalization Approach Summary

Potential Gross Annual Income @ 100% Occupancy

Market Rent: \$2,500/month =	\$30,000	
Less Vacancies & Collection Losses Estimated @ 15%, or	- 4,500	
Effective Gross Income:		\$25,500

Less Operating Expenses:

Management Estimated @ 3%, or	\$ 765	
Miscellaneous Estimated @ 2%, or	\$ 510	
Reserves Estimated @ 5%, or	<u>+ 1,275</u>	
Total Estimated Operating Expenses:		- 2,550
Net Operating Income:		\$22,950

Capitalization:

Net Operating Income: \$22,950 / .09 =	\$255,000
Estimated Market Value by Income Approach:	\$255,000

RECONCILIATION AND FINAL VALUE CONCLUSION

The purpose of this appraisal is to estimate the present market value of subject's fee simple estate as of November 21, 2014. My market analysis has produced the following value indications:

Sales Comparison Approach:	\$309,000
Income Approach:	\$255,000

The two valuation methods produce a close range in value given the quality and quantity of available data. The Sales Comparison Approach best reflects the attitudes of buyers and sellers of this property type in the local market area and is well supported by the results of the Income Approach. The market sales and rentals analyzed for comparative purposes are located in Edenton and are therefore similar in regards to market demographics. Based upon the strengths and weaknesses of the two valuation methods, equal weight is given the Sales Comparison Approach and Income Approach. After considering all factors of my investigations, it is my opinion that the market value of subject's fee simple estate, as of November 21, 2014, is approximately:

TWO HUNDRED EIGHTY-TWO THOUSAND DOLLARS
(\$282,000)

ESTIMATED EXPOSURE-MARKETING TIME

On Page 73 of *The Dictionary of Real Estate Appraisal, Fifth Edition* as published by the Appraisal Institute, exposure time is identified as *“The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.”*

Also, on Page 121 of *The Dictionary of Real Estate Appraisal, Fifth Edition* marketing time is identified as *“An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, “Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions” address the determination of reasonable exposure and marketing time.)”*

Improved Sale 1 from the Sales Comparison Approach is identified as having been on the market for 120 days. In addition, Improved Sale 4 is reported as having been listed on the Loopnet Marketplace for 115 days. Local area MLS sales data reports that there have been 22 commercial sales in the area between January 1, 2013 and the effective date of this report with an average days-on-the-market of 247. These sales include property types such as office, retail, food service and business uses. The sales range in sales prices from \$30,000 to \$630,000. An exposure and marketing time of about 12 months is considered reasonable given this property type. This assumes that the property is actively marketed for sale within a reasonable range of estimated market value, and with appropriate marketing techniques.

ADDENDA

PHOTOGRAPHS OF SUBJECT PROPERTY



Front View of Building



Front View of Building

PHOTOGRAPHS OF SUBJECT PROPERTY



Side/Rear View of Building



Side View of building Showing Edenton Bay in Distance

PHOTOGRAPHS OF SUBJECT PROPERTY



Side View of Building Showing Unfinished Storage Area



View of Unfinished Storage Area

PHOTOGRAPHS OF SUBJECT PROPERTY



Interior View of Subject's Office Area



Interior View of Conference Room Area

PHOTOGRAPHS OF SUBJECT PROPERTY



Interior View of Lounge Area



Interior View of Wood Trusses and Metal Stud

PHOTOGRAPHS OF SUBJECT PROPERTY



View of Edenton Bay from Subject



View of Parking Area



NORTH CAROLINA
CHowan COUNTY

WARRANTY DEED

THIS DEED, made this *24th* day of October, 1978, by J. H. CONGER AND SON, INCORPORATED, a North Carolina corporation with offices in Edenton, GRANTOR to TOWN OF EDENTON, a municipal corporation of the State of North Carolina, GRANTEE;

WITNESSETH:

THAT the Grantor, in consideration of Ten Dollars and other valuable considerations to it paid by the Grantee, receipt of which is hereby acknowledged, has bargained and sold, and by these presents does grant, bargain, sell and convey unto Grantee, its successors and assigns, the parcels of land in First Township, Chowan County, North Carolina, more particularly described as follows:

Tract #1: In First Township, BEGINNING at the Southwest corner of the intersection of Water Street and Dock Street; thence Northwardly 71° West 127.2 feet along the South side of Water Street to an iron pipe at the corner of the land of the Standard Oil Company; thence along the line of the Standard Oil Company South 20° 15' West 416 feet to the Southwest corner of a wharf; thence the same course continued 50 feet more or less to the Port Warden's line of Edenton Bay; thence along the said Port Warden's line Southeastwardly to a point in the projection of the Western boundary of the Texas Company; thence along said line and Western line of the lands of the Texas Company North 20° 15' East 198 feet to the Northwest corner of the land of the Texas Company; thence along the line of the said Texas Company South 71° East 40 feet to Dock Street; thence along the Western side of Dock Street North 20° 15' East 336 feet to Water Street, the beginning.

Tract #2: In First Township, BEGINNING on the Eastern side of Dock Street at a point 154 feet from Water Street, being the Southwest corner of the E. I. Warren land and running thence along the Eastern side of Dock Street South 20° 15' West 45 feet to an alley; thence Eastwardly along the North side of said alley 51 feet to Franklin Street; thence along the Western side of Franklin Street North 20° 15' East 45 feet to the Southeastern corner of the E. I. Warren land; thence Westwardly along the line of Warren's land 51 feet to the beginning.

Tract #3: In First Township, BEGINNING on the East side of Dock Street 15 feet from the Southwest corner of the second tract of land above described, said point being also 214 feet from Water Street and being also the South side of the alley mentioned in the description of the second tract above mentioned; thence Southwardly along the East side of Dock Street 170.5 feet to the edge of Water Street; thence along the same course to the Port Warden's line of Edenton Bay; thence Eastwardly along said Port Warden's line to a point in the projection of the West side of Franklin Street; thence along said line North 20° 15' East 150 feet, more or less, to the land; thence along the West side of Franklin Street North 20° 15' East 170.5 feet to the said alley, said point being 15 feet from the Southeast corner of the second tract of land above described and thence along the said alley West 51 feet to the beginning.

LESS AND EXCEPT from Tract #3 the real estate bounded and described as follows:

BEGINNING on the Northern shore line of Edenton Bay at a wharf log

COPPINHART & BUSH, P.A.
ATTORNEYS AT LAW
EDENTON, NORTH CAROLINA

and at the boundary line between the property of the Edenton Ice Company and J. M. Jones' "Edenton Bay Packing Company" property, which boundary line is an extension of the Western boundary line of Franklin Street from the Southern end of said street to Edenton Bay, thence Northwardly along said boundary line seven (7) feet; thence Westwardly at right angles from said boundary line five (5) feet; thence Southwardly parallel with said boundary line to the Northern shore line of Edenton Bay; thence Eastwardly along said shore line to the beginning, together with the riparian rights to the Edenton Fort Marden line and all other riparian rights pertaining to said land hereby conveyed, and being a part of the Third Tract described in a deed from E. C. Conger and wife to the Edenton Ice Company, dated August 1, 1931 and recorded in Book R#4, page 340, in the Public Registry of Chowan County, North Carolina. And being the same property conveyed to J. M. Jones by deed dated September 22, 1945 and recorded in Book 5, page 531 of the Chowan County Registry.

Tract #4: Beginning at a point on the Western side of Dock Street or Dock Street Extended South 22° 28' West 330.8 feet from the Southwest corner of Dock Street and West Water Street, thence North 67° 16' West 49 feet to the water of Edenton Bay, where it runs into a slip, thence Southwardly and Eastwardly along Edenton Bay to the point where said Edenton Bay intersects with the Western side of Dock Street or Dock Street Extended, thence North 22° 28' East along the Western side of Dock Street, or Dock Street Extended, 125.4 feet to the place of beginning, bounded North by the property of the Edenton Ice & Cold Storage Company, East by Dock Street or Dock Street Extended, South and West by Edenton Bay and being a part of the land conveyed by J. A. Woodard and wife to the Edenton Ice & Cold Storage Company by deed dated February 8, 1901 registered in Book G, page 70 in the office of the Registrar of Deeds of Chowan County.

Tract #5: Situated on Edenton Bay and beginning at an iron stake located at the Northwest corner of the property owned by the Texas Company and running thence Westwardly 110 feet to the outer bulkhead or wharf timber of the property described at Edenton Bay; thence along said outer bulkhead or wharf timber along the Edenton Bay Southwardly 141 feet to a corner, the outer bulkhead or wharf timber of the Southern end of the property herein described; thence Eastwardly along the outer bulkhead or wharf timber 65 feet to a corner the outer bulkhead or wharf timber on the Eastern side of the property herein described; thence along the outer bulkhead or wharf timber Northwardly 90 feet to a corner; thence Eastwardly 45 feet to the property of the Texas Company; thence Northwardly along the Western line of the property of the Texas Company 51 feet to an iron stake, the point of beginning.

Tract #6: Beginning at a point on the East side of Dock Street at a spike driven in a tree the South line of an alley and running thence Eastwardly along the South line of said alley 55 feet to Franklin Street; thence along Franklin Street Southwardly 126 feet 7 inches; thence Westwardly 55 feet to Dock Street; thence along Dock Street Northwardly 126 feet 7 inches to the point of beginning.

By this conveyance, it is the grantor's intention to grant and convey unto the Town of Edenton all of the property in the Town of Edenton bounded on the North by Water Street, on the East by the Town of Edenton, on the South by Edenton Bay, and on the West by the Standard Oil Company, EXCEPTING THEREFROM so much land as belongs to the Norfolk & Carolina Telephone Company and TOGETHER WITH all riparian rights to Edenton Bay.

TO HAVE AND TO HOLD the aforesaid parcel of land and all privileges and appurtenances thereunto belonging to the said Grantee, its successors and assigns, in fee simple, FOREVER.

And the said Grantor for itself, its successors and assigns, covenants

with the Grantee, its successors and assigns, that it is seized of said premises in fee and has the right to convey the same in fee simple; that the same are free from encumbrances except as set forth in this instrument, and that it will WARRANT and DEFEND the title to the same against the claims of all persons whomsoever.

IN TESTIMONY WHEREOF, the Grantor has caused this instrument to be executed in its name by its President, attested by its Secretary and its Corporate Seal affixed hereto, the day and year first above written.

J. M. CONGER AND SON, INCORPORATED

By: [Signature]
President



(CORPORATE SEAL)

ATTEST:

[Signature]
Secretary

STATE OF North Carolina
CITY/COUNTY Chowan

I, the undersigned Notary Public in and for the State and County aforesaid do hereby certify that Terry M. Phillips personally came before me this day and acknowledged that he is Secretary of J. M. CONGER AND SON, INCORPORATED, a North Carolina corporation and by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by himself as its Secretary.

Witness my hand and Notarial Seal this 20th day of October, 1978.



[Signature]
Notary Public

NORTH CAROLINA
CHOWAN COUNTY

The foregoing certificate of Laura S. Evans, Notary Public of Chowan County, North Carolina, is certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the office of Register of Deeds, Chowan County, North Carolina. This 23rd day of October, 1978, at 10:56 o'clock A.M.

Anne K. Spruill, Register of Deeds

By: [Signature]
Assistant Register of Deeds

Filed, verified & recorded:
October 23, 1978
Deed Stamped: One hundred forty dollars (\$140.00)

Prepared by: Earnhardt & Busby, PA

EARNHARDT & BUSBY, P.A.
ATTORNEYS AT LAW
EDDINGTON, NORTH CAROLINA

ASSUMPTIONS AND LIMITING CONDITIONS FOR APPRAISAL REPORT

1. This is an Appraisal Report which is intended to comply with Standards Rule 2-2(a) of USPAP. The final conclusion of value expressed in this appraisal is the appraiser's opinion which is based upon a careful investigation and analysis of all of the known facts and conditions which are believed to influence or affect the market value (as defined elsewhere in this report) of the property under appraisement. The market price of the property may differ from its market value dependent upon the motivations and the knowledge of the buyer and/or seller. The market value of the subject property expressed herein is the appraiser's opinion of the probable price at which it would sell in the open market free of abnormal conditions.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. No survey or analysis of sub-surface minerals and/or deposits has been made and, unless stated otherwise in the report, they have not been considered as a contributing factor to the market value of the property.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been compiled with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental, or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. 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 otherwise stated in this report.

13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's 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 unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with property written qualification and only in its entirety.
18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
19. The appraiser will not be required to give testimony or appear in court or before any other commission or body by reason of this appraisal unless arrangements are previously made.
20. The estimate of market value reported herein is not contingent upon the reporting of a predetermined value or a direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
21. No termite inspection has been provided to me or conducted by me of this property. This report and value estimate is based upon the assumption that the property has been inspected by a reputable, licensed exterminator and that there is no active termite infestation or hidden damage.

QUALIFICATIONS OF THE APPRAISER

Andy E. Piner, Candidate for Designation of the Appraisal Institute
1105-A Corporate Drive
Greenville, North Carolina 27858
Phone: (252) 752-1010
Fax: (252) 830-1240
Email: andy@mooreandpiner.com

License/Certifications:

NC State-Certified General Real Estate Appraiser
Licensed Real Estate Broker, State of North Carolina

Professional Affiliations:

Greenville-Pitt Board of Realtors

Employment History:

2000-Present	Moore & Piner, LLC Appraisals, Brokerage, Consulting & Development
1984-2000	Collice C. Moore & Associates Real Estate Appraisers
1980-1983	Moore & Sauter Associates Real Estate Appraisers

Education:

East Carolina University-Bachelor of Science in Business Administration - 1982

Appraisal Courses/Education:

<u>Course/Education Title</u>	<u>Place Taken</u>	<u>Year</u>	<u>Passed</u>
Residential Valuation	Univ. of N.C.	1982	Yes
Real Estate Appraisal Principles	Univ. of N.C.	1982	Yes
Basic Valuation Procedures	Univ. of N.C.	1982	Yes
Capitalization Theory & Techniques-Part A	Athens, GA	1984	Yes
Capitalization Theory & Techniques-Part B	Univ. of N.C.	1987	Yes
Case Studies in Real Estate Valuation	Univ. of N.C.	1988	Yes

Valuation Analysis & Report Writing	Univ. of N.C.	1988	Yes
Standards of Professional Practice	Univ. of N.C.	1989	Yes
Matched Pairs and Market Extraction	Wilson Community College	1998	Yes
General Demonstration Appraisal Report Writing Seminar	Atlanta, GA	1999	Yes
USPAP-Part C	Appraisal Institute Atlanta Area Chapter, Atlanta, GA	2000	Yes
General Market Analysis and Highest and Best Use	UNC-Greensboro	2008	Yes
Advanced Sales Comparison and Cost Approaches	UNC-Greensboro	2008	Yes
Comprehensive Examination, Modules I, II, III & IV	N/A	2010	Yes

The above courses are sponsored by The Appraisal Institute

Approved Appraiser for the Following Clients:

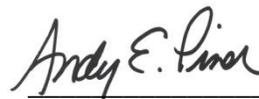
N. C. Department of Transportation	First Citizens Bank
N. C. Department of Administration	Bank of America
Pitt-Greenville Airport Authority	Paragon Bank
City of Greenville	TrustAtlantic Bank
City of Rocky Mount	Poyner and Spruill
PNC Bank (RBC Bank)	Colombo Kitchin Attorneys
Southern Bank & Trust Company	Wells Fargo
Branch Bank & Trust Company	VantageSouth Bank (ECB)

Appraisal clients include attorneys, investors, and developers in Eastern North Carolina, as well as various cities and towns throughout Eastern North Carolina including the City of Greenville, Town of Tarboro, City of Rocky Mount, Town of Ayden, etc. The appraiser has appeared as an expert witness in the following counties: Pitt, Halifax, Edgecombe, Craven, Brunswick, Martin, Perquimans, Wayne, and Beaufort.

CERTIFICATION OF THE APPRAISER

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, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have 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 analysis, opinions, and conclusions were developed, and this report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- Collice C. Moore, Jr. provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement for Candidates/Practicing Affiliates of the Appraisal Institute.



Andy E. Piner