APPRAISAL REPORT

7101 Dorsey Run Road Jessup, MD 20794 Howard County, Election District 1



Howard County Capital Project: C-0309 Purchase Order: #2000014243

EFFECTIVE DATE OF APPRAISAL: March 30, 2015 Benchmark File #2015-033.bt

PREPARED BY:

BENCHMARK APPRAISALS, LLC 10450 Shaker Drive, Suite 213 Columbia, Maryland 21046 410-995-5070 appraisals@revalues.info

PREPARED FOR:

Howard County Department of Public Works Real Estate Services Division Attention: Ms. Tina Hackett 3430 Courthouse Drive Ellicott City, MD 21043 Telephone: 410-313-3260

Benchmark Appraisals, LLC

MARY McGINNIS, MAI, SRA

10450 Shaker Drive, Suite 213 Columbia, Maryland 21046 Tel: 410-995-5070 / Fax: 410-995-5074 appraisals@revalues.info

April 2, 2015

Howard County Department of Public Works Real Estate Services Division Attention: Ms. Tina Hackett 3430 Courthouse Drive Ellicott City, MD 21043 Telephone: 410-313-3260

Re: Appraisal of: 7101 Dorsey Run Road Jessup, MD 20794

> Howard County Capital Project: C-0309 Purchase Order: #2000014243

Dear Ms. Hackett,

In accordance with your request, we have prepared an appraisal of the above referenced property. *The intended user* of this report is Howard County Department of Public Works. *The intended use* of this appraisal is for internal planning. The appraisal was developed consistent with the scope specified by our client and agreed upon by the appraiser. We <u>have not</u> performed services, as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

According to our client's request, the purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property as of the effective appraisal date, March 30, 2015, the date of inspection.

The subject property is located in the Jessup area of southeast Howard County. The subject site comprises 2.142 acres zoned M-2 - Heavy Industrial. The property is owned by Howard County and was formerly used as a maintenance shop / storage yard. The site is improved by a one-story, 3,200sf, metal maintenance shop constructed in 1996. There is also a construction trailer located at the front of the site. However, per our client's instruction, we have excluded this trailer from our analysis since it is considered personal property.

Howard County has granted an 18-month temporary license to a contractor to use the site until March 2016 while working on the Dorsey Run Road improvement project. Per our client's

instruction, we have disregarded this encumbrance and have analyzed the subject property under the hypothetical condition that it is readily marketable. In addition, the contractor's three construction trailers are not included in this analysis.

The scope of this appraisal encompassed the necessary research and analysis to prepare a report in accordance with the client's intended use, the appraisal guidelines and ruling of the Office of the Comptroller of the Currency, Appraisal Standards, 12 CFR, Part 34, the *Standards of Professional Practice of the Appraisal Institute*, and the *Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation*.

In addition, we have considered other facts and data which, in our opinion, were pertinent for the completion of this assignment. In view of our research and analysis, it is our opinion that the market value of the subject property is as follows:

| Final Market Value Estimate, in Fee Simple, As of March 30, 2015 |
|--|
| \$530,000 |
| Our analysis excludes the contributing value, if any, of the furniture, fixtures, equipment, and construction trailers |

We hope this information will assist as part of your due diligence, and we ask that you contact us if you have any questions, or if we may be of any further assistance.

Respectfully submitted,

Bornie D. Junke

Bonnie D. Tuerke, MAI Certified General Appraiser, #2878 MD #04-2878, Expiration 1/31/16 Direct: 410-442-2382 westf@aol.com

many In bins

Mary McGinnis, MAI, SRA Certified General Appraiser MD #04-82, Expiration 8/12/15 Direct: 410-995-5070, ext. 14 mary@revalues.info

SUMMARY OF FACTS AND CONCLUSIONS

| Property Type: | Industrial maintenand Howard County Capi Purchase Order: #20 | |
|------------------------|---|---|
| Appraisal Description: | Effective Date: Interest Appraised: Benchmark File: | March 30, 2015 Fee Simple 2015-033.bt |
| Property Location: | 7101 Dorsey Run Ro Jessup, MD 20794 | bad |
| Owner of Record: | Howard County, MD, | which acquired the property in 2012 |
| Legal Description: | Metes and bounds s | urvey |
| Identification: | Tax Map 43, Grid 12 Tax Acct #: 01-25986 Howard County, Elec Census Tract: 24027 | ction District 1 |
| Land Area: | 2.142 acres | |
| Zoning: | M-2, Heavy Industria | I |
| Improvements: | One-story, 3,200sf, r | netal maintenance shop constructed in 1996 |
| FEMA Мар: | 24027C0170D, date | most recent Flood Insurance Rate Map, d 11/6/13, the site is located within a Zone X de of the 100-year flood zone. |
| Highest and Best Use: | As vacant - Industria As improved - Existir | • |
| _ // / / / / / / | | |

Estimated Marketing And Exposure Periods:

6 to 10 Months

| Final Market Value Estimate, in Fee Simple, As of March 30, 2015 |
|--|
| \$530,000 |
| Our analysis excludes the contributing value, if any, of the furniture, fixtures, equipment, and construction trailers |

APPRAISAL REPORT

<u>SCOPE OF ASSIGNMENT:</u> The scope of this appraisal included the necessary research and analysis to support the value conclusions and to meet the requirements of the *Standards of Professional Practice of the Appraisal Institute* and the *Uniform Standards of Professional Appraisal Practice*. The addendum contains some of the exhibits supporting the process and value conclusion. The scope of this analysis included the following:

- Mr. John Cappelletti, of the Howard County Bureau of Facilities, provided access to the building.
- We reviewed and researched public records including deed, tax assessments and zoning ordinances. Additionally, we researched commercial data sources and our inhouse data base for comparable rental and investment data.
- We developed the sales comparison approach and income approach to analyze the subject's value.

<u>ASSUMPTIONS AND LIMITING CONDITIONS</u>: In addition to the underlying assumptions provided at the conclusion of this report, our analysis is premised on the following:

- 1] We have relied upon the information provided by our client. Information included the plat and photos.
- 2] Howard County has granted an 18-month temporary license to a contractor to use the site until March 2016 while working on the Dorsey Run Road improvement project. Per our client's instruction, we have disregarded this encumbrance and have analyzed the subject property under the hypothetical condition that it is readily marketable. In addition, the contractor's three construction trailers are not included in this analysis.
- 3] Per our client's instruction, we have excluded the construction trailer (located at the front of the site) from our analysis since it is considered personal property.
- 4] We have not been provided an environmental assessment and we are not qualified to make any determinations regarding this matter; the reader is advised to seek expert advice in this profession. Consequently, this appraisal is based on the assumption that there are no significant environmental or hazardous waste issues that would impede marketability. The presence of hazardous materials and toxic waters may negate the validity of this analysis.
- 5] We assume that the soils are adequate to support commercial development with typical engineering practices, although *we have not* been provided with a soils report.

To the best of our knowledge, there are no known special conditions which adversely affect our value conclusions.

INTENDED USER AND INTENDED USE OF THE ASSIGNMENT: **The intended user** of this report is Howard County Department of Public Works. **The intended use** of this appraisal is for internal planning. The appraisal was developed consistent with the scope specified by our client and agreed upon by the appraiser. We <u>have not</u> performed services, as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

<u>PURPOSE OF THE ASSIGNMENT</u>: According to our client's request, the purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property, as of the effective appraisal date, March 30, 2015, the date of inspection.

DATE OF THE INSPECTION / EFFECTIVE DATE OF APPRAISAL: The subject site and neighborhood were last inspected on March 30, 2015. The effective date of appraisal is March 30, 2015.

DEFINITIONS:

*Market Value*¹: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, 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 passing of title from seller to buyer under conditions whereby:

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

"As Is" Value reflects the current condition of a property as it physically and legally exists without hypothetical conditions, assumptions, or qualifications.

Hypothetical Condition is that which is contrary to what exists but is supposed for the purpose of analysis.

Extraordinary Assumption is an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

¹ Federal Register, Volume 55, Number 165, Page 34696, published August 24, 1990.

PROPERTY RIGHTS APPRAISED: The property rights appraised are the fee simple estate. The fee simple estate is defined as "absolute ownership unencumbered by any other interests or estate, subject only to the limitations imposed by governmental power and taxation, eminent domain, police power and escheat". Other than the above, we are not aware of any encumbrances that effect the subject property such as liens, title defects, or deed restrictions, but we have not been provided with a current title report for the property.

OWNERSHIP AND SALES HISTORY: Title to the subject property is currently vested in the name of Howard County, MD, which acquired the property 9/27/12 from MD Environmental Service. A copy of the deed is contained in the addenda. No consideration was paid. To the best of our knowledge, the property has not otherwise transferred during the past 3 years nor is it listed or under contract for sale. Howard County Department of Public Works no longer has a need for the property, (beyond the 18-month license period to the contractor), and is proposing disposition of the property.

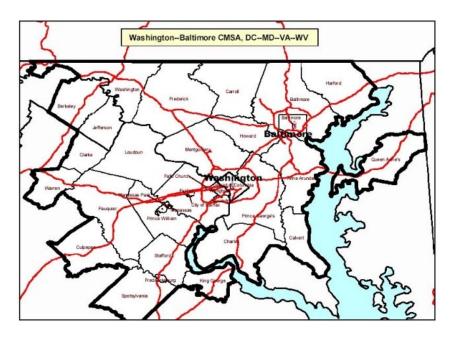
<u>EXPOSURE AND MARKETING TIME</u>: It is necessary to estimate a reasonable exposure and marketing time linked to the opinion of value. The Appraisal Standards Board of The Appraisal Foundation defines exposure time as:

"The estimated length of time the property interest being appraised would have been offered on the market <u>prior</u> to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."

The marketing time definition, per Advisory Opinion G-7, states: "The reasonable marketing time is an estimate of the amount of time it might take to sell a property interest in real estate at the estimated market value level during the period immediately <u>after</u> the effective date of an appraisal."

These estimates are often expressed as a range of time, and are typically based on historical marketing periods for comparable properties, with the support of input from market participants and adjusted to reflect any anticipated changes in market conditions. Given current economic conditions, the improving market for industrial properties, as well as the favorable location of this property in an affluent and growing area, we would anticipate to a 6 to 10 month exposure and marketing period for the subject property if offered at the appraised value.

REGIONAL DESCRIPTION: The subject property is located within the Washington/Baltimore CMSA, or Consolidated Metropolitan Statistical Area. This is the fourth largest market in the United States, surpassed only by New York, Los Angeles and Chicago. The formal recognition of these two dynamic metropolitan areas is viewed as a positive factor; the areas should capitalize on the strengths of each other as they move toward a blending of the regional economy.



- Approximately 90 percent of Maryland's 5.6 million residents live in the densely populated corridor between Baltimore and Washington, D.C. Maryland's population increased 9% between 2000 and 2010.
- The Washington-Baltimore CSA (broad metro area) comprises over 8 million people and is the 4th most populous CSA in the U.S.
- The combined area is significantly larger than even the faster growing metros in the U.S. such as Dallas, Houston and Atlanta.
- □ The Baltimore-Washington area ranks 3rd in per capita income, just behind San Francisco and Boston.
- □ This greater metro area ranks 4th in the nation in effective buying income (\$199 billion) and 4th in retail sales (more than \$123 billion).
- The CSA generates over \$340 billion in personal income.
- □ The Baltimore-Washington region has one of the most highly educated workforces in the U.S., just behind the San Francisco region in the number of residents with bachelor's degrees.

Geographically, Baltimore and Washington, D. C. are a mere 37 miles apart, and each is encircled by modern beltways, which at given points pass to within 20 miles of each other. Historically, Baltimore has been associated with a strong manufacturing and industrial base, although the area is moving toward a more service oriented economy, while Washington has been viewed as the more polished business and government center. The proximity of these large metropolitan centers, and the presence of excellent connecting infrastructure, have acted as a magnet in attracting a diverse mix of people and businesses to the region.

Both the Baltimore and Washington areas have demonstrated sound economic bases, excellent job stability, and diversified cultural and educational opportunities. These benefits, coupled with other social and environmental advantages, have made this region one of the most desirable in the nation. Geographic considerations further enhance the importance of the region. Within 600 miles is located 51% of the United States population, 48% of its employment, 62% of its manufacturing, 50% of its retail trade, and 58% of all wholesaling. The location provides overnight truck access to 33 percent of the nation's population and 36 percent of its manufacturing facilities. The CMSA is ranked fourth among the leading markets in the nation in terms of population, household, aggregate effective buying income, and retail sales.

The region's defense industry will experience a significant boost as the recent Base Realignment and Closure (BRAC) initiative brings new jobs to Maryland. The Washington-Baltimore Corridor is a dynamic area, with a diverse mix of businesses and a sound economic base. The region is growing and should continue to expand in the foreseeable future. Properties within the Corridor benefit from the close proximity of two major employment centers, good infrastructure, and excellent linkage.

The Mid-Atlantic location of the subject, and the close proximity of Washington, D.C. provide desirable conditions for residential and commercial development. While the nation has entered a period of economic uncertainty, the Washington Metropolitan area has reflected more positive economic trends in comparison to other major regions in the nation. This is partly due to the presence of the federal government, good infrastructure and stable employment opportunities in the regional area. The December 2014, the unemployment rate in Maryland is reported at 5.5% compared to 5.6% in the nation.

In conclusion, the Washington / Baltimore Metropolitan Area is a vital region which offers a variety of opportunities. The population is well educated, and the quality of life is generally very good. Overall, the area is expected to continue long-term growth and expansion as the economy recovers.

HOWARD COUNTY: Howard County is situated in the heart of the dynamic corridor between Washington, D.C. and Baltimore, which combined comprise the fourth largest consolidated market in the United States. Howard County's ideal geographic location has resulted in the substantial growth of a wide variety of industries, including high-tech and life science businesses. Conveniently accessible to I-95 and I-70, the county is located within a 20-minute drive of Baltimore/Washington International - Thurgood Marshall Airport and the Port of Baltimore.

Howard County has been one of Maryland's fastestgrowing regions, increasing its population by 34% over the past decade. The Howard County Department of Planning and Zoning reports that as of January 2015, approximately 304,000 people live in the county. Population is projected to grow to 327,635 by 2035, according to the Howard County Department of Planning and Zoning. Most people reside in the east half of the County which is served by public water and sewer and designated for mid- to high-density residential development, commercial development and employment centers. Columbia is the most populated area followed by Ellicott City and Elkridge.



Currently, the County's citizens are the wealthiest in

Maryland and among the most affluent in the nation. The County's median household income as of January 2014 is reported at \$108,800. The public school system has an excellent reputation, and it is estimated that about 95% of the residents are high school graduates and 60% have advanced degrees.

A diverse business base thrives in the county, taking advantage of a friendly business climate, a highly educated workforce, and superb quality of life. Howard County's corporate citizens range from information technology, telecommunications and biotechnology companies to multinational corporations, research and development firms, and wholesale distributors. Howard County's 9,200 businesses employ 140,100 workers; an estimated 250 of these businesses have 100 or more workers. Major private sector employers include Arbitron, Dreyer's Ice Cream, The Johns Hopkins University Applied Physics Laboratory, Lorien Health Systems, MICROS Systems, Northrop Grumman, SAIC, Sysco Food Services and Verizon Wireless. The December 2014 unemployment rate in the County is reported at 3.9%. This rate is below the Maryland unemployment rate of 5.5% and the National rate of 5.6% during the same period.

The County is divided into seven regional planning districts, and a map is provided below that depicts these divisions. (*The subject is located within the Elkridge Planning District*). The majority of people live in Columbia, followed by Ellicott City and Elkridge. For planning purposes, Howard

County further divides the County into five subdistricts: Downtown Columbia, Growth and Revitalization, Established Communities, Green Neighborhood, and Rural West.



Even from a national standpoint, the area is well regarded. In 2010 and 2012, Money Magazine ranked the Columbia /Ellicott City area 2nd and 8th respectively as "Best Places to Live". The area was touted as an economic powerhouse with a low jobless rate, proximity to NSA and Fort Meade, and proximity to Baltimore and Washington, DC. In 2009, *Forbes* magazine ranked Columbia 7th in "America's Top 25 Towns to Live Well." In 2008, *Forbes* ranked Columbia 17th in its "Best Places to Raise a Family."

More recently, in 2014, Money Magazine ranked the Columbia /Ellicott City area the 6th "Best Places to Live". "Ellicott City has quaint older homes and a charming downtown. Columbia is a planned community stocked with pools and sports facilities, plus lots of big-box shopping and other practical amenities. Though the two unincorporated places have their own unique feel, they function as a single city in many respects. For residents, that means shared access to parks, rec facilities, and a diverse and outstanding school district. The area is also rife with good jobs—many of which require only a short commute. Lorien Health Systems (Ellicott City) and Howard Community College (Columbia) are right there, and the NSA and Johns Hopkins Applied Physics Lab are less than a 25-minute drive. While Baltimore and Washington, D.C., are close, public transportation is limited, as is local nightlife".

<u>Housing - Residential Development</u>: According to the 4th Quarter 2014 Metrostudy housing report, new homes in Howard County command the highest prices in the Baltimore metropolitan area, with the combined average of both attached and detached units at \$566,022. Detached single family houses averaged \$761,935, a gain of 16.5% from 4th quarter 2013, while attached units were at \$443,576, up 5.8% from the prior year. Additionally, the average size of new dwellings has decreased, with detached houses under 3,500sf, and attached units near 2,100sf feet in size.

Commercial, Office and Industrial: The following chart summarizes general commercial and industrial vacancy rates throughout Howard County.

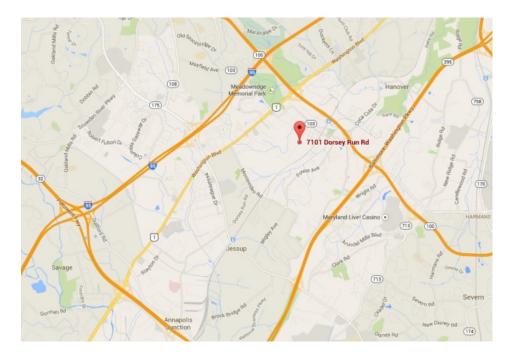
| l Bldgs. | Existing / SF Rentable | Vacant w/Relet | Vacant w/Sublet | Avg. \$\$ |
|-------------|---------------------------|---|--|---|
| | | | | · |
| 234 | 11,775,786 | 6.7% | 7.2% | \$12.04 net |
| 397 | 31,133,344 | 11.4% | 11.5% | \$5.60 net |
| 569 | 18,121,290 | 10.0% | 11.0% | \$22.78 fs |
| 700 | 1,156,064 | 3.2% | 3.3% | \$24.51 net |
| | 397 569 700 | 397 31,133,344 569 18,121,290 700 1,156,064 | 397 31,133,344 11.4% 569 18,121,290 10.0% 700 1,156,064 3.2% | 397 31,133,344 11.4% 11.5% 569 18,121,290 10.0% 11.0% |

ource: Co-Star - Realty Information Group - December 2014

The office and industrial sectors have the highest vacancy rates in the County, with double digit vacancy, while retail has the lowest. Over the last year, markets tightened as vacancy rates have declined in all categories. In the past, all vacancy rates in Howard County were below 10%. As conditions gradually improve, we anticipate that supply and demand will again move closer to equilibrium.

In conclusion, Howard County is well positioned to move forward and remain a significant player in the growth and development that occurs in the metropolitan area. The high quality of life, healthy public school system, good infrastructure and proximity to employment are factors that continue to attract people to this jurisdiction.

NEIGHBORHOOD DESCRIPTION: The subject is located along the I-95 / Route 1 corridor in the Jessup area of southeast Howard County. The Route 1 corridor is a major commercial corridor and truck route between Baltimore and Washington. Interchanges to I-95 and I-295 are located at Route 100, Route 175, and Route 32. Major highway access is very good. The Dorsey MARC commuter station is located at Deerpath Road, two miles north of the subject.



The subject site is located along Dorsey Run Road, midway between Montevideo Road to the south and Dorsey Road to the north. Access to Route 1, I-95 and I-295 are available within 1 mile. Dorsey Run Road has been upgraded and extended during the past 5 years between Route 32 and Dorsey Road. This construction project is nearing completion (at the Montevideo Road intersection) and will provide the subject with improved north / south access.

The subject is located at the entrance to Howard Business Park. This park includes six industrial and flex buildings with a combined area of 220,000sf. The first building was constructed in 2000; the remaining were constructed in 2007. Two of the buildings offer condominium units, three are single tenant buildings, and one is a multi-tenant building. Costar reports the current vacancy at 1.2% and the average rent over the past 5 years at \$5.60/sf.

Northeast of the Howard Business Park is the Lennox Park residential subdivision. South of the park is the Manheim Auto Auction Company, Dorsey Run Industrial Center and the recently developed Dorsey Commerce Center. Dorsey Run Road terminates just prior to Montevideo Road. As described above, the final extension / connection of Dorsey Run Road is nearing completion.

During the past ten years, The Route 1 corridor has experienced tremendous growth in all market segments (residential, commercial, and industrial). This is largely due to the revitalization effort implemented in 2003 which focused on the Route 1 corridor. Several mixed use developments have been completed and several are underway and proposed for the Corridor during the next five years. Population within the area is projected to grow approximately 4% per year during the next five years.

South of the subject, Guilford Road and Route 175 are major east / west commuter routes between I-95 and the National Business Park and Fort Meade, both located one mile east of the subject. Fort Meade is Home to the National Security Agency and is one of the largest employers for Howard County residents. The subject's proximity to these areas is a favorable amenity.

As a result of the Howard County 2003 and 2013 comprehensive rezoning, over 1,740 acres of land along Route 1 were rezoned to one of the three major new zoning districts to establish new development patterns along the Route One corridor. These districts, which became effective in February 2004, are the Corridor Activity Center (CAC), the Corridor Employment (CE) and the Transit Oriented Development (TOD) Districts. The subject's M-2 (Heavy Industrial) zoning *was not changed*. This is a very favorable marketing characteristic since M-2 zoning is now more scarce.

Based on statistical information both the median household income and average house value are well above the national levels. The following chart summarizes demographic data for Elkridge and adjacent planning areas:

| | Demographics | | | | | | | | | |
|--------------------------|--------------|------------------|---------------|--------------|------------------|--|--|--|--|--|
| | Elkridge | Ellicott City | Columbia | Laurel | Howard County | | | | | |
| Population, Jan 2015 | 43,463 | 65,409 | 100,268 | 40,471 | 304,066 | | | | | |
| Households, Jan 2015 | 16,370 | 23,924 | 40,505 | 153,034 | 113,446 | | | | | |
| 2011 Median Hshld Income | \$94,200 | \$99,893 | \$90,615 | \$89,062 | \$118,700 | | | | | |
| 2011 Per Capita Income | \$39,873 | \$43,402 | \$43,550 | \$36,920 | \$43,133 | | | | | |
| Source: Howard County Pl | anning Depa | artment, Co | nstruction Re | eport, Janua | ry 2015 | | | | | |

Conclusion: In summary, the subject's location benefits from its proximity to major highway access, the surrounding industrial development and central location between Baltimore and Washington D.C. The proximity to Route 1 and the surrounding industrial parks is also a particular advantage for service businesses. Although the current economic conditions have caused the commercial market to weaken, we anticipate that the subject's area will continue to be one of the stronger markets and that the subject's marketability is above average, locally and regionally.

MARKET SUMMARY: We have used the CoStar database to research the state of the local industrial and flex markets. The CoStar Database reports the following for the *entire* Baltimore Region:

| | SURVEY OF INDUSTRIAL MARKET, Baltimore Region | | | | | | | | | | |
|---------------|--|------------------|---------------------------|-----------------------|--------------------------|----------------------|--|--|--|--|--|
| Period | Flex Vacancy Rate | Flex Avg Rent | Warehouse Vacancy Rate | Warehouse Avg Rent | Combined Vacancy Rate | Combined Avg Rent | | | | | |
| Year End 2014 | 9.3% | \$11.30/sf | 8.4% | \$4.74/sf | 8.8% | \$5.75/sf | | | | | |
| Year End 2013 | 10.4% | \$10.97/sf | 8.9% | \$4.77/sf | 9.2% | \$5.74/sf | | | | | |
| Year End 2012 | 10.9% | \$11.26/sf | 9.7% | \$4.76/sf | 9.9% | \$5.64/sf | | | | | |
| Year End 2011 | 10.9% | \$10.22/sf | 10.7% | \$4.66/sf | 10.7% | \$5.41/sf | | | | | |
| Year End 2010 | 11.4% | \$10.28/sf | 10.7% | \$4.66/sf | 10.8% | \$5.40/sf | | | | | |
| Year End 2009 | 10.2% | \$11.27/sf | 11.6% | \$4.78/sf | 11.3% | \$5.57/sf | | | | | |
| Year End 2008 | 9.3% | \$11.56/sf | 10.6% | \$4.88/sf | 10.3% | \$5.79/sf | | | | | |
| Year End 2007 | 8.9% | \$11.46/sf | 10.7% | \$5.00/sf | 10.3% | \$5.97/sf | | | | | |
| | | | Source: CoSta | ar | | | | | | | |

The Baltimore investor and broker surveys indicate that the market shows signs of recovery, with increased investor activity. Several new bulk warehouses were developed during the past year. Net absorption was positive as pre-leased buildings were delivered. However, vacancy and rental rates have remained flat. The surveys report that while financing is becoming more available, underwriting standards are still conservative; this factor creates difficulty for small and mid-sized businesses to obtain financing. Landlords are offering fewer concessions and minimal build-out, however, tenants are still able to obtain some free rent during their build-out period.

In regard to the rental market, most brokers interviewed during the course of this market survey indicated that tenants are still cautious in leasing decisions. Some tenants are negotiating shorter lease terms (1 to 2 years vs. 3 to 5 years) on space leased "as is"; however, premiums are usually paid for the shorter terms. Brokers also reported that landlords are restructuring leases for existing tenants to maintain occupancy.

The subject is located within the <u>Route 1 / BWI Market Cluster</u> which includes four <u>Sub-markets</u>: BWI / Anne Arundel, BWI / North Linthicum, Route 1 Corridor, and Route 1 / BWI Howard County. The subject is located within the Route 1 Corridor Submarket.

The *Route 1/ BWI Market Cluster* currently has a combined industrial vacancy of 9.4%. Since 1st Quarter 2008, the vacancy rate has ranged from 9.6% to 15.2%. The lowest vacancy of 9.6% occurred in the 4th quarter of 2008, at the start of the recession. Subsequently, the vacancy rate rose to 10.3% and continued to rise to 15.2% in the 1st quarter 2011. Since then, the vacancy rate

has gradually declined to the current level of 9.4% despite new construction. Approximately 720,000sf has been delivered since 2013. The following chart summarizes vacancy rates within the subject's sub-market and adjoining sub-markets.

| SURVEY OF INDUSTRIAL MARKET, Sub-Markets - 1 ^{s⊤} Quarter 2015 | | | | | | | | | | |
|--|-------------------------|---------------------------|------------------------------|-----------------------|-----------------------------|----------------------|--|--|--|--|
| Submarket | Flex Vacancy Rate | Flex Avg Rent (NNN) | Warehouse Vacancy Rate | Warehouse Avg Rent | Combined Vacancy Rate | Combined Avg Rent | | | | |
| BWI North /Linthicum | 10.2% | \$14.00/sf | 5.5% | \$6.13/sf | 7.8% | \$7.58/sf | | | | |
| BWI / Anne Arundel County | 11.3% | \$10.33/sf | 15.2% | \$5.69/sf | 14.1% | \$5.93/sf | | | | |
| Subject - Route 1 Corridor | 8.1% | \$9.09/sf | 10.2% | \$5.49/sf | 10.0% | \$5.63/sf | | | | |
| Route 1 / BWI Howard County | 5.3% | \$7.50/sf | 6.2% | \$5.61/sf | 6.0% | \$5.71/sf | | | | |
| | | | | | | | | | | |
| Entire Route 1 / BWI Cluster | 9.4% | \$9.65/sf | 10.5% | \$5.60/sf | 10.3% | \$5.84/sf | | | | |
| | | Source | e: CoStar | | | | | | | |

<u>Conclusions</u>: The industrial market has historically been strong within the subject's market. The subject's location offers good access to government agencies, major employment centers including the BWI / Fort Meade areas, Columbia, Baltimore, and Washington, D.C. The subject offers open warehouse space that could accommodate a variety of users. We believe that the most likely buyer of the subject is an owner-user that wants to occupy all or a portion of the property for a service type business. In addition, the subject's M-2 zoning permits yard storage.

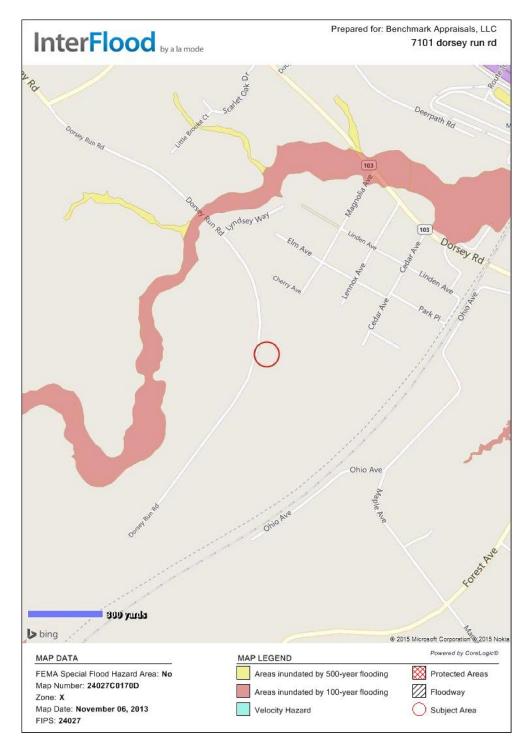
Given these trends, we believe that there is demand for well-located properties like the subject, especially those suitable for some degree of owner occupancy. For the long term, the market will be dependent upon the strength of the economy and business growth, as well as the amount of new speculative development activity. We anticipate that the supply of available industrial and flex space will continue to be absorbed as the economy grows, albeit slowly; new construction has caused the vacancy rates to remain flat. Considering the above factors, we see the subject property as having good marketability for continued warehouse use.

The subject offers a maintenance shop that could accommodate a variety of users. In addition, the property offers ample yard storage. We believe that the most likely buyer of the subject is an owner-user wanting to occupy all or a portion of the property for a service type business.

<u>SITE DESCRIPTION</u>: The site description is based on a visual inspection of the property and public records.

| | 7101 Dorsey Run Road |
|------------------|---|
| Site Size | 2.142 acres; the usable area is reduced to approximately 1.25 acres due to the topography and earth berm at the front of the site |
| Shape | Irregular rectangle |
| Frontage | 165' along Dorsey Run Road |
| Access | One curb cut from Dorsey Run Road. There is also shared access from the entrance to Howard Business Park. |
| Topography | Below grade of Dorsey Run Road, level at the building envelope |
| Utilities | Public water and sewer. Publicly-owned, private utility companies supply telephone and electricity. |
| SWM | Public |
| Easements | None other than typical underground utility easements which are not considered to have an adverse impact on value |
| Nuisance Factors | Irregular shape plus berm along road frontage limits usable yard storage area |
| FEMA Map: | #24027C0170D, dated 11/6/13; the site is located within a Zone X district which is outside of the 100-year flood zone |
| Zoning | M-2, the heaviest industrial zoning in the County. Permitted uses include a variety of service businesses and manufacturing, offices, most industrial uses, contractor's storage yards, warehouses, limited retail sales, and institutional uses. |

FLOOD MAP



AERIAL MAP



DESCRIPTION OF IMPROVEMENTS: The following description is based on our inspection and information provided by the property owner:

| | 7101 Dorsey Run Road |
|----------------------------|---|
| Туре | 1-Story Industrial Maintenance Shop |
| Gross Size | 3,200 sf (40' x 80') |
| FAR | Gross: 0.03 Net: 0.06 (excluding unusable front portion) |
| Year Built | 1996 |
| Age, Condition | 19 years old; Average condition, but showing wear and tear on the interior and exterior. Some areas of the ceiling and wall insulation have been damaged and are exposed (likely from squirrels or birds). The exterior metal walls have dents. |
| Remaining Economic Life | 30 to 35 Years |
| Functional Utility | Average |
| Foundation | Concrete Slab |
| Basement | No |
| Exterior Walls | Insulated metal on metal frame; 14' clear height |
| Roof | Insulated metal on clear span metal frame |
| Windows | Single pane slide windows in metal frame with metal security grates |
| Loading | Four drive-in doors |
| HVAC | Ceiling mounted space heaters, no air-conditioning |
| Electric | 225 amp, 3 phase, 4 wire |
| Fire Protection | Smoke detectors, no sprinkler system |
| Plumbing / Bathrooms | None |
| Handicapped Facilities | Building is at grade |
| Office Finish | None |
| Other | Outside water pump |
| Site Improvements | Security gates at entrances, asphalt on parking and yard storage areas |

Exterior Photographs



Front View



Side and Rear View

Exterior Photographs



View of Storage Yard from Building to Shared Entrance



View of Storage Yard from Building

Interior Photographs





View of Entrances



Entrance from Dorsey Road



Entrance Shared with Howard Business Park

REAL ESTATE TAX AND ASSESSMENT: Real estate tax assessments are a function of the Maryland State Department of Assessments and Taxation; the State tax rate is the same for all counties while each County's tax rate varies. Real estate taxes represent ad valorem taxes, i.e., taxes are applied in proportion to value. Property taxes are based on the State's estimate of full cash value:

Taxes and Municipal Levies = Full cash value / 100 x State, County and Municipal tax rates

The 2014-2015 tax rate for the subject is \$1.382 per \$100 of assessed value plus the watershed protection fee. According to the tax assessment records, the subject property *was last assessed January 1, 2015* as follows:

| Address | Account # | Land Assessment | Building Assessment | Total | Current Tax Levy |
|--------------------|-----------|--------------------|------------------------|-----------|---------------------|
| 7101 Dorsey Run Rd | 01-259865 | \$419,400 | \$95,600 | \$515,000 | \$620.16 |

Since the property is owned by a government entity, it is exempt from real estate taxes. We have projected the likely tax levy for the subject as if it is not owned by a government entity. Based on the subject's current assessment and the current tax rate, we project the subject's tax levy would be approximately \$7,200, plus approximately \$2,000 for the watershed protection fee. The total projected tax levy is \$9,200, equal to \$2.85 /sf of building area. We have included the \$9,200 tax levy as an expense in the Proforma prepared for the subject (within the Income Approach section of this report).

STATEMENT OF HIGHEST AND BEST USE: Highest and Best Use is a market driven approach through which the appraiser evaluates the market forces that influence the subject property and identifies the use upon which the final value estimate is based. It is largely premised upon the concept that the highest value is based upon the most profitable, competitive use for the property. In this respect, it is a critical assumption in the market valuation process. Highest and Best Use can be defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.²

1] <u>As If Vacant</u>: Considering the physical, legal and economic characteristics of the subject property, we conclude the highest and best use of the subject's 2.142 acre site, if vacant,

² *The Appraisal of Real Estate* (Appraisal Institute, Chicago, 14th Edition.)

would be industrial development. There is a scarcity of M-2 zoned land within the subject's market and recent market activity indicates rising land values.

2] <u>As Improved</u>: The site is improved by a 19-year old metal maintenance shop. The improvements show wear and tear, but are in average condition. As previously noted, the subject's gross FAR is only 0.03 (net FAR is 0.06), reflecting the existing operation as a contractor's yard. We believe this use is very marketable and represents the highest and best use of the site as improved.

VALUATION PROCESS: The appraisal process is a systematic method of gathering data regarding sociological, physical, economic and governmental forces for the purpose of analyzing and interpreting their influences, in terms of value, on a specific real property. In this process, the cost, sales comparison and income approaches can be employed. Each is based on the *principle of substitution*, which states that a well informed purchaser will pay no more for the rights in a particular real property than the cost of acquiring, without undue delay, another that is equally desirable. The Sales Comparison Approach and Income Approach were used to analyze the subject property.

Cost Approach: The cost approach is not considered as reliable as the other Sales and Income Approaches since the improvements are over 25 years old and a typical buyer of the subject would not base their purchase decision on this approach.

Sales Comparison: Typically, this approach is applicable in most valuations; recent sales of properties comparable to the subject are analyzed in order to estimate an appropriate value for the subject. This approach is considered meaningful in the analysis of the subject since the most likely buyer is an owner - user.

Income Capitalization: The income approach analyzes the subject from an investor's point of view. It is largely premised on the principle of anticipation and considers the property's income potential, tax implications, and future marketability. The information derived in this approach is considered to be recent and reliable. <u>SALES COMPARISON APPROACH</u>: This approach is largely premised on the principle of substitution and serves as an indicator of what a potential buyer would be willing to pay for the subject property.

The accompanying chart entitled **"Comparable Building Sales"** summarizes the most recent comparable building sales in the subject's metro area. The next exhibit entitled **"Adjustment Grid for Comparable Building Sales"** summarizes the adjustments necessary for differences in the conditions of sale, market appreciation, and physical characteristics.

Property Rights Transferred: If the right of possession is not transferred to the seller (i.e., the estate being sold is a leased fee instead of a fee simple), the appraiser must investigate to determine whether the leasehold tenant(s) pays a rent equivalent or close to market rent. If the property is burdened by a below-market rent, there is a high degree of likelihood that the price paid was similarly below market. No adjustments are required for this factor.

Favorable seller financing: If the seller provided below market rate financing, the difference between the cash equivalency of that note and its face value is to be deducted from the price paid. No such situation was reported for the sales.

Conditions of Sale: No adjustments are necessary for this factor.

Market Conditions / Time adjustment: Price appreciation or depreciation from the sale date to the date of analysis is recognized here. During the past two years, market conditions and activity have improved. We therefore believe that a slight 2% appreciation rate is applicable to the Sale 3 which occurred prior to 2013.

The next section of the exhibit draws comparisons between each comparable and the subject in terms of significant variables which affected selling prices. The percentage adjustments reflect market premiums and discounts for differences in physical and economic characteristics. In comparing each sale to the subject, the appraiser notes a superiority of the comparable over the subject with a negative (-) percentage adjustment, and inferiorities to the subject are noted with a positive (+) percentage adjustment. The following are specific comments regarding adjustments:

Location: The adjustments for location are based on achievable rent levels, as well as amenities and occupancy rates in each area. Sale 1 was adjusted for its inferior access when compared to the subject.

Building Condition and Age: The sales were adjusted for their difference in age and recent renovations when compared to the subject. Additional adjustments were made for items of deferred maintenance.

Office Build-Out: Adjustments were made to each sale for the difference in quantity of finished build-out. We note that the subject has no build-out, however, most contractors do not require a significant amount of office area and seldom pay a full premium.

FAR: This measure is the ratio of total building area to land area. Typically, industrial buildings have an FAR of 0.30 to maximize the amount of building on the site and to provide enough of parking and loading area. A low FAR typically indicates some excess land or under-utilization of the site; a high FAR typically indicates an inadequate amount of parking / loading area. The subject's low FAR reflects the land suitable for yard storage.

Zoning: The subject and the sales have similar zoning that permits outside yard storage.

Size: The sales are listed in order of size, from smallest to largest. Typically, larger buildings sell for less than smaller buildings, due to an economy of scale. In estimating the direction of an adjustment, this makes small buildings "superior" since they require a downward adjustment when compared to larger buildings.

Conclusions to the Sales Comparison Approach: Based on our analysis of the sales, current market conditions, and the size of the subject, it is our opinion that the Sales Comparison Approach indicates a value for the subject at **\$165/sf, equal to \$530,000, rounded**.

| | | | Date of | Purcha se | | Price/SF | Land | | |
|----|--|--|--|---|--|---|--|---|--|
| | Address | Location | Sale | Price | Bldg. Size | | Size | FAR | Zonin |
| | | | | | | | | | |
| I) | 50 Thomas Ave | Brooklyn | Oct-13 | \$617,000 | 4,000 sf | \$154.25 | 47,916sf | 0.08 | W-2 |
| | Located off of Belle G exterior, built 1986, a mezzanine, bath with Site is fully fenced. Th 5 months at \$750,000 indicated there was c primary objective. | verage conditio shower, and to he office HVAC). The property | n with abo vo 12' x 1 unit is mi was also i | out 24% offic 4' drive-in do ssing; estima listed for ren | e finish. Wa ors; served ted to repla t at \$4,400/i | arehouse h I by propan cement cos month mod | as 14' heig e fired heat st was \$5,0 ified gross. | ht, 384 ing uni 00. Lis The b | sf ts. sted fo woker |
| | | | | | | | | | |
| :) | 7440 Roosevelt Blvd Located west of Rout average condition, de fenced site. The buye to a truck maintenand | signed for a sir r is using half o | ngle user, of the site i | nominal finis for bus stora | hed area.(ge and leas | One 10' x14 ing the othe | t' overhead er half with | 1984, door, t the bu | fully ild ing, |
|) | 7440 Roosevelt Blvd Located west of Rout average condition, de fenced site. The buye | e 1, adjacent to signed for a sir r is using half o re business. Th and fathered un narket for 6 mo time required 1 | Meadown ngle user, of the site e anticipat der the foi nths befoi to obtain t | ridge Busine nominal finis for bus stora ted use requi rmer M-2 zor re contract. 7 he zoning va | ss Park. Me hed area. (ge and leas ired a speci ing. The lis he due dilig riance unde | etal wareho Dne 10' x14 ing the ot h al exception t price was gence perio | use built in l'overhead er half with n under the \$699,000 a d was long | 1984, door, i the bui new z and the er than | fully ilding, oning |
| | 7440 Roosevelt BIvd Located west of Rout average condition, de fenced site. The buye to a truck maintenanc (CE-CLI), but was gra property was on the r anticipated due to the | e 1, adjacent to signed for a sir r is using half o re business. Th and fathered un narket for 6 mo time required 1 | Meadown ngle user, of the site e anticipat der the foi nths befoi to obtain t | ridge Busine nominal finis for bus stora ted use requi rmer M-2 zor re contract. 7 he zoning va | ss Park. Me hed area. (ge and leas ired a speci ing. The lis he due dilig riance unde | etal wareho Dne 10' x14 ing the ot h al exception t price was gence perio | use built in l'overhead er half with n under the \$699,000 a d was long | 1984, door, i the bu new z and the er than toricall | fully ilding, oning y, the |
| | 7440 Roosevelt BIvd Located west of Rout average condition, de fenced site. The buye to a truck maintenanc (CE-CLI), but was gra property was on the r anticipated due to the property has been us | e 1, adjacent to signed for a sir r is using half o e business. Th and fathered un narket for 6 mo time required to ed for vehicle s Jessup e 1, and just ea s zoned M-2 an ommercial use ce. 2] A 4,800 | b Meadown ngle user, of the site is e anticipal der the fount to obtain the torage and Jul-12 st of Dorsi d improve in 1995; 1 st metal w | ridge Busine nominal finis for bus stora ted use requi rmer M-2 zor re contract. T he zoning va d maintenan \$700,000 ey Run Road d by two bui st level and arehouse / s | ss Park Me hed area. (ge and leas ired a speci ing. The lis he due dilig riance unde ce. 6,000 sf I (which is n klings: 1] a basement e hop built cir | etal wareho Dne 10' x14 ing the othe al exception t price was gence perio t the new 2 \$116.67 for w being en former house ach comprise ta 1995, pa | use built in t'overhead er half with n under the \$699,000 a d was long coning. His 43,124 sf extended to use constru ise 1,200sf artitioned in | 1984, i door, i the bui new zi and the er than toricall 0.14 provid cted ci and bo | fully ilding, oning y, the M-2 e irca oth are |

| AD JUS TMEN | T GRID FOR | BUILDING S | SALES | |
|--|--|--|--|-------------------|
| Location: Date of Valuation: | 7101 Dorsev Run Mar-15 | Road | | |
| Adj for Market Conditions - 0.00% Per Year, average | Sale 1 | Sale 2 | Sale 3 | Subject |
| Address | 50 Thomas Ave | 7440 Roosevelt Blvd | 7546 Montevideo Rd | |
| Date of Sale | Oct-13 | Aug-13 | Jul-12 | |
| Building Area Above Grade | 4,000sf | 4,200sf | 6,000sf | 3,200sf |
| Site Size | 47,916sf | 45,302s f | 43,124sf | 93,306sf |
| FAR | 0.08 | 0.09 | 0.14 | 0.03 |
| Zoning | W-2 | CE-CLI | M-2 | M-2 |
| Property Rights Transferred | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| % of Office | 25% | 5% | 25% | 096 |
| Year Built | 1989 | 1984 | 1938 & 1995 | 1996 |
| Renovated / Updated | n/a | n/a | 1995 | n/a |
| Acquisition Price Price Paid per sf of Building Area | \$817,000 \$154.25/sf | \$635,000 \$151.19/sf | \$700,000 \$116.67/sf | |
| Adjustment for Property Rights Conveyed Adjusted Price | \$0 \$817,000 | \$0 \$635,000 | \$0 \$700,000 | |
| Adjustment for Financing Terms Adjusted Price | 0% \$817,000 | \$0 \$635,000 | \$0 \$700,000 | |
| Adj for Conditions of Sale/ Other Considerations Adjusted Price | \$0 \$617,000 | 0% \$635,000 | 0% \$700,000 | |
| Adjustment for Market Conditions/Time Price Adjusted for Atypical Conditions and Time | 0.00% \$817,000 | 0.00% | 2.00% \$714,000 | |
| Adjusted Price Paid per sf of Building Area | \$154.25/sf | \$151.19/sf | \$119.00/sf | |
| Compare: Comparable to the Subject; Plus % ages co Location / Access / Visibility Building Condition / Age Office Build-out FAR Zoning <u>Building Size</u> Total Adjustments | nnote inferiority to 10% -0% 5% 5% 0% 0% 9% | the subject while N 0% 5% 0% 5% 0% 0% 10% | legative %ages conr 0% 20% -8% 10% 0% 10% 32% | note superiority. |
| i otal Adjustments | 370 | 1070 | 3270 | |
| Adjusted Price Paid per sf of Building Area, | \$167.39/sf | \$166.31/sf | \$156.60/sf | |

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INCOME APPROACH: The Income Approach analyzes the subject from an investor's point of view. It is largely premised on the principle of anticipation which reflects the present worth of all future benefits accruing to ownership. This approach considers the property's income potential, tax implications, and future marketability. Income capitalization techniques and methods are attempts to quantify these expected future benefits.

There are two capitalization methods available to convert a property's net operating income into value. These are *direct capitalization* and *yield capitalization* (also referred to as *discounted cash flow analysis*). *Direct capitalization* focuses on the relationship between stabilized annual net income and value, and is accomplished through application of an appropriate overall rate. We have selected the *direct capitalization* technique. The steps involved in the *income approach* include the following:

- 1. Estimate the potential gross income based upon, a] an analysis of the subject's rental history and, b] an analysis of rental rates at other similar properties deemed competitive to the subject;
- 2. Estimate an appropriate occupancy rate for the subject through the holding period. If the subject is not at stabilized occupancy, an appropriate lease-up analysis must be performed;
- 3. Estimate and deduct the subject's operating expenses to derive net operating income;
- 4. Develop an appropriate overall cap or yield rate;
- 5. Select the appropriate capitalization technique and complete the computations necessary to derive an indication of economic value.

The following pages present our projection of operating performance and explain the development of the income analysis of the property.

Income in Place: To our knowledge, the subject has never been leased.

<u>Market Rental Survey</u>: We have researched the rental terms for several yard storage sites including contractor's storage yards and car storage sites. The rentals are located within the Baltimore / Washington Corridor and are shown on the accompanying exhibit.

Our research revealed very few recent rentals of properties that are comparable to the subject; most properties like the subject are owner occupied and seldom leased. In addition, industrial land for rent is not typically offered on the open market; most of these transactions are negotiated directly between the owner and the tenant. We have expanded our research to include Baltimore County, Anne Arundel County and Prince George's County.

We have used the Costar and MRIS databases and interviewed brokers within the subject's market and the surrounding markets. Current achieved and asking rents for industrial storage yards in the subject's market, range from \$36,000 /acre /year to \$42,000 /acre /year, depending on zoning and amenities such as paving, lighting, fencing, electric, water. The rental rates for this property type have increased 10% to 20% since 2011 and 2012. The increase is due to the improved economy and the limited amount of land available for yard storage.

The subject offers a 3,200sf maintenance building with yard storage. The site is paved, but not fenced. The usable site area is reduced to approximately 1.25 acres due to the berm and topography at the front of the site. Based on our survey of rental rates and vacancy rates in the area, we estimate the market rent for the subject improvements at \$16/sf of building area, on a triple net basis, equal to \$51,200 per year. This rate also equates to \$41,000 per usable acre.

The triple net rental terms would require the tenant to pay for real estate taxes, insurance and CAM in addition to base rent. Our projection of gross potential rental income is summarized on the accompanying Pro Forma exhibit.

| SUMMARY OF RENTAL SURVEY | | | | | | | | | | | | | |
|--------------------------|---------------------------|-------------|----------------------------|------------|--|---------------|--------------|------------------------------|--------------------------------|-------------|---------------|--|--|
| | Address Location | | Rental Annual Date Rent | | Annual Site Rent/Ac Size of Land | | Bidg Size | Rental Rate/sf of Bldg | Lease Basis | | Lease Term | Comments | |
| 1] | 8797 Veteranis Hwy | Milersville | Listing | Varies | 1/2 to 2 ac | \$40-\$54,000 | n/a | r/a | NNN | Neg | Neg | Former utilitycon tractor yard, good fron tage, zoned C-4. Fenced, graveled, (1,200 sfbidg available, no public utilities, but heat and elec) | |
| 2] | 8594 Old Dorsey Run Rd | Jessup | Listing | \$46,800 | 1.00 acs | \$46,800/ac | n/a | n/a | NNN | Neg | Neg | Vacant, level lot, fenced, Zoned M-2 | |
| 3] | 7381 Montevideo Road | Je ssup | Listing | \$42,000 | 1.00 acs | \$42,000/ac | n/a | n/a | NNN | Neg | Neg | Vacantsite, zoned M-2, some paving | |
| 4] | 7430 Montevideo Rd | Jessup | Listing | \$23 1,600 | 5.80 acs | \$39,931/ac | 15,490 sf | \$14.95/sf | NNN | Neg | Neg | Former equipment ren tal bldg, 20% office, wash bay; Di loading, 25' ht, built 1989 | |
| 5] | 1230 Cronson Blvd | Crofton | Listing | \$490,050 | 9.00 acs | \$54,450/ac | n/a | n/a | NNN | Neg | Neg | Vacantsit, some gravel and some paving, zoned W-3 | |
| 6] | 2950 Dundalk Ave | Dundalk | Jul-14 | \$192,000 | 8.00 acs | \$24,000/ac | n/a | n/a | NNN | 3% | 3 ys | Leased for auto storage, paved, fenced and lighted, Zoned ML, Light Industrial | |
| 7] | 1320 Chesapeake Ave | Bat City | Mar-14 | \$283,100 | 8.77 acs | \$30,000/ac | n/a | n/a | NNN | 3% | 5 ys | Leased for auto storage, paved, fen oed and lighted, Zoned M-3, Heavy Industrial | |
| 8] | 6719 Ammendale Rd | Beltsvile | Jul-13 | \$42,000 | Minimal | n/a | 4,200 sf | \$10.00/sf | Gross plus Util | 3% | 1 ys | Located in industrial pocket offo fRt 1, no high way exposure. Service bay with in a 19,880sf multi-tenant bldg constructed 1965. Tenant has use of some equipment in fair condition during tenure. Two 1-yr options. Leased "as is" to speed shop. No office area. Add t 1,800-3,800sf units avail under the same terms. Fenced stg yard a vail for add'l fee. | |
| 9] | 6051 Belle Grove | Brooklyn | Jun-13 | \$48,000 | 0.46 acs | \$104,346ac | 4,800 sf | \$10.00/sf | NNN | 3% | 5 yrs | Auto-ne lated use, 3-bay, 2400 sf garage plus 2,500 sf 2n d le vel office, pave d lot, zo ned C-4. One 5-yr option in cluded. | |
| 10] | Jessup | Jessup | May-13 | \$29,700 | 0.54 acs | \$55,001/ac | 1,300 sf | \$22.85/sf | NNN | Unkno wn | 2 ys | Office (former residence) leased for car rental business, fenced storage yard, zo ned M-2-industrial. | |
| 11] | Confidential | Pasaden a | Feb-13 | \$36,000 | 0.24 acs | \$149,349ac | 900 sf | \$40.00/sf | NNN | 4% | 3 ys | Used car lot with small sale soffice (front section of 6,000 sf metal building), paved and lighted lot, zoned C-4. Two 5-yr options included. | |
| 12] | 5816 Ritchie Hwy | Brooklyn | Jan-13 | \$54,000 | 0.47 acs | \$115,988ac | 4,500 sf | \$12.00/sf | NNN | 3% | 5 yrs | Auto-related use, 3 buildings, showroom, shop, garage, paved and fenced lot, zoned C-4; Two 5-yr options included. | |
| 13] | 13350 Baltimore Ave | Laurel | Jul-12 | \$62,200 | 0.48 acs | \$129,021.ac | 1,000 sf | \$62.20/sf | Gross plus CAM & Util | Sep | - | 21,000 sfused carlotwith small sales office, zoned CM. Rent increase 12% in 2nd year and 7% in 3cd renewal year. Served by well and septic. Owner signed shortterm lease, hoping b lease entire 2-a cre site at \$ 150,000/yr = to \$75,000 / acre | |
| 14] | Confidential | Beltsville | Jan-12 | \$216,000 | 2.00 acs | \$108,000.a c | 18,000 sf | \$12.00/sf | NNN | 7% | 5 ys | Ware house built 1987, leased to equipment rental business, Two 3-yr options @ 4% every2-years. Te nant paid lease commission. | |
| 15] | 5020-5 120 Odell Rd | Beltsville | Nov-11 | \$33,600 | 0.25 acs | \$133,056/ac | 600 sf | \$58.00/sf | NNN | 3% | 3 yrs | Small shop with fenced and gravel lot, leased for towing business. Located in small industrial site located in older industrial pocket on east side of Route 1. No highwayfrontage. Zoned I-2 | |
| 16] | Hider Ave | Jessup | Oct-11 | \$33,000 | 0.93 acs | \$35,332/ac | n/a | n/a | NNN | 3% | 2 ys | Vacantsite, zoned M-2, fen oed, minimal paving, leased for material storage | |

Vacancy: As noted in the market summary section of this report, vacancy rates for warehouses and flex buildings within the subject's market cluster have averaged 11% during the past 5 years; stabilized vacancy is typically 10%. For the subject, we have estimated a stabilized vacancy at 10% per year.

Expense Analysis: We have estimated the expenses for the subject property based on our survey of expenses at surrounding industrial properties. Our expense projections are based on the following:

- The tax expense is estimated, based on the current assessment and tax rate
- The insurance expense is estimated
- CAM is projected at \$0.50/sf. This expense is nominal since the common area maintenance is limited to snow removal and landscaping
- Management is projected at 3% of effective gross income
- Capital reserves is an estimated allowance for repairs and replacements and is projected at \$0.20/sf

Direct Capitalization: The attached proforma summarizes the projected operating income for the subject property. This net operating income is then capitalized into a value by dividing the net cash flow by an appropriate overall capitalization rate. We have researched the COMPS database and investor surveys and interviewed brokers to estimate the likely going-in capitalization rate appropriate for the subject property.

Third Party Surveys: The following summarizes the most recently published surveys of investor expectations of going-in cap rates for industrial properties.

| INDUSTRIAL CAPITALIZATION RATE SURVEYS - 4th Quarter 2014 | | | | | | |
|---|--|---------------------------------|--|--|--|--|
| SOURCE | PROPERTY TYPE | CAP RATE | | | | |
| PriceWaterhouse Coopers | Industrial, Flex Institutional Grade | 6% to 10% Average - 7.75% | | | | |
| PriceWaterhouse Coopers | Industrial, Flex Non-Institutional Grade | 6.25% to 14% Average - 9.21% | | | | |
| Realty Rates | Washington D. C. / Baltimore, Class A & B Flex/ R &D | 9.2% / 9.5% | | | | |
| Realty Rates | Washington D. C. / Baltimore, Class A & B Warehouse/ Distribution | 9.5% / 9.7% | | | | |
| RERC | 1 st Tier, Eastern Region Warehouse / Flex | 7.6% / 7.7% | | | | |
| RERC | 2 nd Tier, Eastern Region Warehouse / Flex | 8.4% / 8.5% | | | | |
| RERC | 3rd Tier, Eastern Region Warehouse / Flex | 9.5% / 9.5% | | | | |

PwC reports that the majority of warehouse market participants (70%) base the going-in cap rate on NOI, <u>before</u> deductions for capital reserves, TI's and leasing commissions. (30% base the going-in cap rate on NOI, <u>after</u> deductions for capital reserves, but before deductions for TI's and leasing commissions). No participants deduct TI's and leasing commissions from the capitalized NOI.

Market Sales: Overall rates for sales of large industrial properties, office and flex buildings are as follows:

| CAPITALIZATION RATES FROM SALES | | | | | | | |
|---------------------------------|--|-----------|-----------|-------|--|--|--|
| Location | Property Type | Size | Sale Date | OAR | | | |
| 9020 Junction Dr | Class B Whse, Leased to Northrop Gruman | 96,666sf | 11/14 | 7.6% | | | |
| 4801 Hollins Ferry Rd | Class B Warehouse | 279,000sf | 6/14 | 6.7% | | | |
| 7447 Candlewood Rd | Class B Warehouse | 117,600sf | 4/14 | 6.0% | | | |
| 8215 Dorsey Run Rd | Class C Whse | 88,438sf | 11/13 | 6.7% | | | |
| 9176 Red Branch Rd | Class B Flex Bldg, Subject to ground lease | 81,067sf | 12/12 | 8.5% | | | |
| 7125 Troy Hill Dr | Class B Warehouse | 65,685sf | 8/12 | 7.1% | | | |
| 1025 Airport Way | Class B Whse, Leased to MICROS & Express Global | 134,400sf | 12/11 | 6.6% | | | |
| 6350-60 South Hanover Rd | Multi-tenant, Small bay Office / Whse | 55,000sf | 12/11 | 8.4% | | | |
| 6310 & 6315 Hillside Center | Two Class B Office Buildings | 86,000sf | 11/11 | 8.4% | | | |
| 8704 Bollman Place | Class B Bulk Dist Whse, Leased to Coastal Sunbelt | 171,100sf | 10/11 | 7.8% | | | |
| 7549 Harmans Rd | Class B Whse, Leased to Verizon | 40,000sf | 8/11 | 7.7% | | | |
| 8730 Bollman Place | Class B Warehouse | 98,700sf | 6/11 | 8.5% | | | |
| 4835 Hollins Ferry Rd | Class B Dist Whse, Leased to FedEx | 125,500sf | 6/11 | 7.95% | | | |
| 7700 Montpelier Rd | Flex Building w/ 100% Office, Leased to Johns Hopkins APL | 43,785sf | 1/11 | 7.5% | | | |

Conclusion to Cap Rate: On a national level, cap rates for Class A and B industrial properties *decreased* slightly over the past year and investors anticipate that cap rates will remain flat during the coming year. Within the Washington DC and Baltimore regions, investment returns for all commercial property types are more favorable than the national averages. Costar reports that investment grade industrial cap rates within the subject's market cluster have averaged 7.4% during the past year and 7.6% during the past 5 years.

The subject's location, design and M-2 zoning are conducive to service businesses and would attract local and regional businesses. Based on the range of rates indicated by the national and local surveys, local brokers, the location attributes of the subject and the current leasing terms, we have selected a going-in capitalization rate of 8% for the subject property. As shown on the proforma, the capitalized value of the subject's projected stabilized net operating income is **\$530,000, rounded.**

Although the most likely buyer of the subject is an owner user, a pure investor *may* consider the lease-up costs of the vacant building and adjust his purchase price accordingly. However, as noted above, PriceWaterhouse Coopers (PwC) and RERC report that <u>none of the market participants</u> deduct TI's and leasing commissions from the capitalized NOI. Therefore, we have not deducted these lease-up expenses from the subject's capitalized net operating income.

PROFORMA - "AS IS"

Building Area: 3,200 sf

Projected Pass Thru Expenses: Taxes, Ins, CAM

| PROJECTED INCOME: | | | | | | |
|---------------------------------|----------------------------------|--------------|----------------|-----------------|-----------------|--|
| % of Bldg | Occupancy | Unit Size | Annual Rent | Rent Per NSF | Monthly Rent | |
| 100.00% Mainten an ce Shop | | 3,200 sf | \$51,200 | \$16.00 | \$4,267 | |
| 100.00% G ross Potential Income | | 3,200 sf | \$51,200 | | \$4,267 | |
| Add: Reimburse | ement From Pass-Thru Expenses: | | \$11.440 | \$3.58 | \$9.53 | |
| Tot | al Potential GrossIncome (PGI) | | \$62,640 | \$19.58 | \$5,220 | |
| | Less Stabilized Vacancy Factor @ | 10.00% | (\$6.264) | (\$1,96) | (\$522) | |
| | Effective Gross Income (EGI) | | \$56,376 | \$17.62 | \$4,698 | |

| I | PROJECTED EXPENSES: | | | | | | |
|---|--|--|--|---|---|--|--|
| | E xp en se Item | Basis for Expense | Annual Expense | Annual Expense PerNSF | M on th ly Expense | | |
| | Real Estate Taxes Insurance CAM Expense Utilities Professional Fees / Admin. Management Fee @ Capital Reserves | Estimate Estimate By Tenant Estimate 3.00% Estimate | \$9,200 \$640 \$1,600 \$0 \$224 \$1,691 <u>\$640</u> | \$2.88 \$0.20 \$0.50 \$0.00 \$0.07 \$0.53 <u>\$0.20</u> | \$7 67 \$53 \$1 33 \$0 \$ 19 \$1 41 <u>\$53</u> | | |
| | Total Operating Expenses | | (\$13,995) | (\$4.37) | (\$1,166) | | |
| J | PROJECTED NET OPERATING INCOME: | | <u>Annual</u> \$42,381 | Per NSF \$13.24 | <u>M on th Iv</u> \$3,532 | | |
| 4 | CAPITALIZED VALUE: | 8.00% Rounded | \$529,759 \$530,000 | <u>Per NSF</u> \$165.55 | | | |

<u>**RECONCILIATION**</u>: As discussed in the preceding sections of this report, we have developed two generally accepted approaches to valuation.

| Final Market Value Estimates | | | | |
|------------------------------|-----------|--|--|--|
| Cost Approach Not Developed | | | | |
| Sales Comparison Approach | \$530,000 | | | |
| Income Approach | \$530,000 | | | |

In the Sales Comparison Approach, recent sales of properties comparable to the subject are analyzed in order to estimate an appropriate value for the subject. This approach is largely premised on the Principle of Substitution in that it assumes the market will pay an equal price for a substitute property with comparable characteristics.

In developing the Income Approach to value, we have analyzed the subject's value using the Direct Capitalization method. The information derived in this approach is considered to be recent and reliable.

Based on the subject's characteristics and our interviews with brokers, the most likely buyer of the subject is an owner user. There is an active market for properties like the subject. Based on our analysis, the value of the subject is estimated as follows:

| | Final Market Value Estimate, in Fee Simple, As of March 30, 2015 |
|----|---|
| | \$530,000 |
| of | Our analysis excludes the contributing value, if any, the furniture, fixtures, equipment, and construction trailers |

CERTIFICATION OF THE APPRAISER

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

- 1. I have no present or contemplated future interest in the subject of the report, and I have no personal interest or bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 2. I have not performed 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.
- 3. My compensation is not contingent upon the 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.
- 4. The appraisal assignment was not contingent upon a request minimum valuation, a specific valuation, the approval of a loan, or any other predetermined results.
- 5. To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.
- 6. 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.
- 7. This appraisal report sets forth all of the limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analyses, opinions and conclusions contained in this report.
- 8. 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 Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- 9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 10. As of the date of this report, Bonnie Tuerke, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- 11. No one other than the undersigned and the co-signer provided significant real property appraisal assistance in preparing the analyses, conclusions, and opinions concerning real estate that are set forth in this appraisal report.
- 12. I have made a personal inspection of the property that is the subject of this report.
- 13. I have the education and experience necessary to perform this appraisal.

Borne D. Junken

Bonnie Tuerke, MAI Certified General Appraiser, #82

CERTIFICATION OF THE APPRAISER

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

- 1. I have no present or contemplated future interest in the subject of the report, and I have no personal interest or bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 2. I have not performed 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.
- 3. My compensation is not contingent upon the 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.
- 4. The appraisal assignment was not contingent upon a request minimum valuation, a specific valuation, the approval of a loan, or any other predetermined results.
- 5. To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.
- 6. 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
- 7. This appraisal report sets forth all of the limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analyses, opinions and conclusions contained in this report.
- 8. 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 Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- 9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 10. As of the date of this report, Mary E. McGinnis, MAI, SRA has completed the requirements of the continuing education program of the Appraisal Institute.
- 11. No one other than the undersigned and the co-signer provided significant real property appraisal assistance in preparing the analyses, conclusions, and opinions concerning real estate that are set forth in this appraisal report.
- 12. I have <u>not</u> made a personal inspection of the property that is the subject of this report.
- 13. I have the education and experience necessary to perform this appraisal.

man fripines

Mary E. McGinnis, MAI, SRA Certified General Appraiser, #82

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is made with the following understanding:

- 1. This property has been evaluated as though free of liens and encumbrances, in responsible ownership, and under competent management.
- 2. No responsibility is to be assumed for matters legal in nature, nor is any opinion of title rendered herewith. Good title is assumed.
- 3. Both legal descriptions and dimensions are taken from sources thought to be authoritative; however, no responsibility is assumed for either unless a survey, by a competent engineer, is furnished us.
- 4. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected, or any reference to the Appraisal Institute or its professional designations.
- 5. Possession of any copy of this report does not carry with it the right of publication, nor may it be used for any but the applicant without consent of the appraiser or the applicant and, in any event, only in its entirety.
- 6. That we assume no responsibility for matters legal in nature, and we render no opinion as to title, which is assumed to be marketable. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
- 7. The values for land/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation evaluation by a combination of values created by another appraiser. Either is invalidated if so used. The current purchasing power of the dollar is the basis for the value.
- 8. The appraiser has not been informed, nor has the appraiser any knowledge of the existence of any environmental or health impediment, which if known, could have a negative impact on the market value of the subject property. The valuation contained herein is not valid if any hazardous items are found in the subject property and not stated within the evaluation report, including but not limited to: Urea-formaldehyde Foam Insulation, Radon Gas, Asbestos Products, Lead or Lead Based Products, Toxic Waste Contaminants.
- 9. The appraisers are not required to give testimony or to attend court by reason of this evaluation unless prior arrangements have been made.
- 10. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey or analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

QUALIFICATIONS OF BONNIE D. TUERKE, MAI

PROFESSIONAL AFFILIATIONS:

Appraisal Institute, MAI - #86-2179

LICENSES:

State Certified General Real Estate Appraiser, Maryland #04-2878 Licensed Real Estate Associate Broker, State of Maryland - #03-64949

EDUCATION:

American University, Washington D.C., Undergraduate Studies - Real Estate University of Maryland, College Park, Undergraduate Studies - Real Estate Catonsville Community College, Undergraduate Studies - Real Estate

REAL ESTATE APPRAISAL EDUCATION:

Appraisal Institute

Principles of Real Estate, Valuation & Procedures, Standards of Professional Practice Capitalization Theory & Technique Parts A & B, Case Studies, Report Writing Valuation Analysis Highest and Best Use Analysis, Real Estate Risk Analysis, Real Estate Due Diligence Commercial Construction Costs Seminar, Residential Subdivision Analysis Commercial Lease Clauses, Land Valuation Assignments, Howard County Economic Update Economic Trends and Outlook in the MD and Baltimore Region Uniform Standards for Federal Land Acquisitions Agency Perspectives: The Challenge of Easements, Eminent Domain Business Practices and Ethics, Appraisal Curriculum Overview, Site Analysis, Retail Center Analysis

PROFESSIONAL EXPERIENCE:

Bonnie Tuerke, MAI

Independent Fee Appraiser, January 1995 to Present

Benchmark Appraisal Group, LLC Field Appraiser, November 1993 - January 1995

MNC Financial Appraisal Officer - Reviewer, July 1992 - November, 1993

C. Gordon Gilbert Associates Field Appraiser, September, 1987 - June, 1992

L.S. Wilson Associates Field Appraiser, December, 1985 - August, 1987

APPRAISAL ASSIGNMENT RANGE:

Expert Witness Testimony, Appraisal Review, Warehouses, Multi-tenant Flex Buildings, Special Purpose Industrial Buildings, Community and Neighborhood Shopping Centers, Medical and General Office Buildings, Restaurants, Kennels, Fitness Centers, Religious Facilities, Car Dealerships, Service Stations, Car Washes, Motels, Apartment Buildings, Senior Assisted Living Facilities, Mobile Home Parks, Proposed Single Family, Townhouse and Multi-family Residential Subdivisions, Vacant Land (Industrial, Commercial, Residential, Agricultural).

REPRESENTATIVE CLIENTS:

Columbo Bank Howard Bank PNC Bank Bank of Glen Burnie Premier Bank OBA Bank Wells Fargo Howard County Government M & T Bank Community Bank of Carroll County Fulton Financial Bay Bank Susquehanna Bank The Harbor Bank of MD Revere Bank BB & T Bank Sandy Spring National Bank Eagle Bank

PROFESSIONAL DESIGNATIONS/LICENSES:

Appraisal Institute, MAI, SRA / Certified General - Maryland #04-082

PROFESSIONAL EDUCATION: Appraisal Institute Courses

Real Estate Appraisal Principles Residential Valuation Standards of Professional Practice Residential Case Studies & Report Writing Capitalization Theory and Technique A Capitalization Theory and Technique B Highest and Best Use Market Analysis Advanced Cost and Sales Comparison Report Writing and Valuation Analysis Advanced Applications Condemnation Valuation of Conservation Easements - 4/2009

EDUCATION:

M.S. Real Estate Development - Johns Hopkins University B.A. Business - College of Notre Dame, Baltimore, MD

SEMINARS:

Green Technology & Real Estate, Appraising in 2009, Appraisal Tools Tune-Up, Appraising the Appraisal Business, USPAP 7/08, Analyzing Properties in Distressed Real Estate Markets, Partial Interests, Business Practices and Ethics, Real Estate Finance, Value & Investment Performance, Case Studies in Commercial Highest and Best Use, Uniform Standards for Federal Land Acquisitions, Valuation of Detrimental Conditions in Real Estate, Valuation of Wetlands, Attacking & Defending an Appraisal, Current Issues and Misconceptions in Appraisal, Federal Estate and Gift Tax, Adult Communities & Assisted Living, Hotel/Motel Valuation, Expert Witness Testimony, Auto Dealerships, Condemnation

PROFESSIONAL EXPERIENCE:

Benchmark Appraisals, LLC - Principal October, 2010 - present

Benchmark Appraisal Group, LLC - Partner September, 1995 - September, 2010

Independent Fee Appraiser May, 1987 - August, 1995

Tidewater Associates - Associate Broker September ,1980 - May, 1987

APPRAISAL ASSIGNMENT RANGE:

Subdivisions, Office, Retail, Industrial, Multi-Family, Special Purpose, Residential, Expert Witness

REPRESENTATIVE CLIENTS:

Acacia Federal, Am Trust Bank, BB&T, Bank of America, Bank of Glen Burnie, Chesapeake Bank, Citibank, F.S.B., Columbia Bank, Commerce Bank, Eagle Bank, Harbor Bank, Howard County, Howard County Bank, K Bank, M&T Bank, MidAtlantic Farm Credit, Peoples Bank, PNC Bank, Zions First National Bank, Regions Bank, Sandy Spring Bank, Sittig Mortgage, Suburban Federal, Susquehanna Bank, Valley National Bank, Catonsville Homes, Cherrywood Development, Coca Cola, Inc., Columbia Builders, Diversified Investments, Elm Street Developers, Grayson Development, Koch Associates, Northridge Development, Ryan/NVR Inc., Security Development, Selfridge Builders

ADDENDA

COMPARABLE BUILDING SALES



Sale 1 - 50 Thomas Ave



Sale 2 - 7440 Roosevelt Blvd

COMPARABLE BUILDING SALES



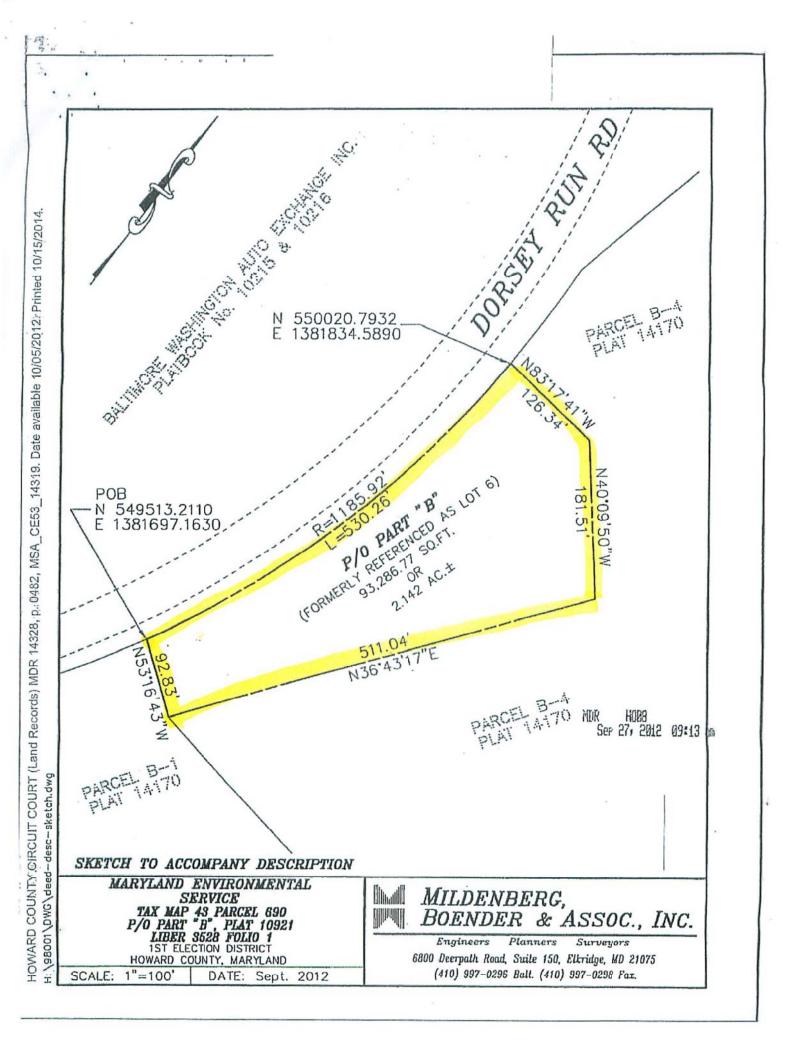
Sale 3 - 7545 Montevideo Rd

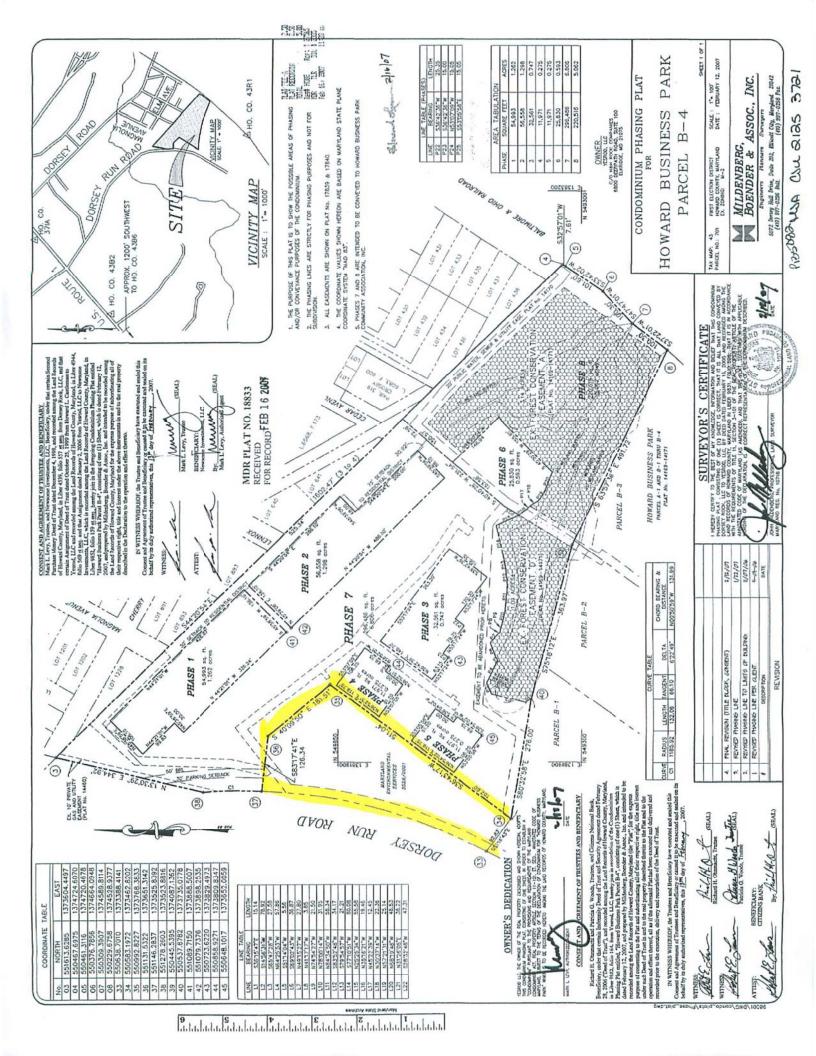
Real Property Data Search (w1)

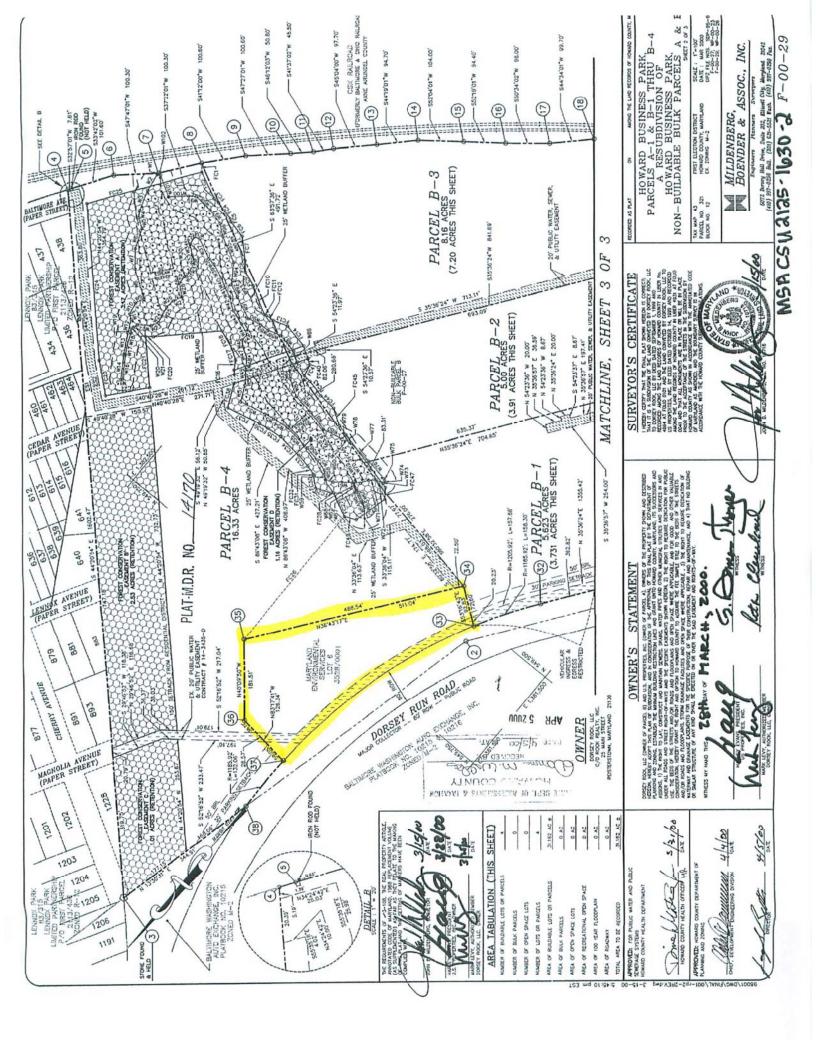
Search Result for HOWARD COUNTY

| View Map | View GroundRent | | | the second second second | View Groun | ndRent Regi | stration |
|--------------------------------|------------------------------------|-----------------------------|--------------------|--------------------------|---------------|----------------------------------|---------------------|
| Account Identifier: | District - 01 | Account Num | | 65 | | | |
| | | Owner Info | | | | | |
| Owner Name: | HOWARD (C/O REAL SERVICES | COUNTY MD | Use: Princi | pal Res | idence: | EXEMPT ON | COMMERCIAL |
| Mailing Address: | 3430 COUR | T HOUSE DR CITY MD 21043 | | Referen | Ce: | /14328/ 00 | 477 |
| | Lo | cation & Struct | ure Inform | ation | | | |
| Premises Address: | 7101 DORS JESSUP 20 | EY RUN RD 794-0000 | Legal | Descrip | tion: | LOT 6 2.14 7101 DOR JESSUP | 12 A. Sey Run Rd |
| Map: Grid: Parc | el: Sub So District: | ubdivision: S | ection: | Block: | | Assessment Year: | Plat No: |
| 0043 0012 0690 | 00 | 000 | | | 6 | 2015 | Plat Ref: |
| Special Tax Areas: | | Тоу | vn: | | | NON | E |
| - | | | Valorem: Class: | | | 102 | _ |
| Primary Structure Built | Above Grade End Area | losed Fini Area | shed Base a | ement | Prope Area | rty Land | County Use |
| 1996 | 3200 | | | | 2.1420 |) AC | 000000 |
| Stories Basement | Type SERVICE GARAO | Exterior SE | Full/Hal | f Bath | Garage | Last Majo | or Renovation |
| | | Value Info | rmation | | _ | | |
| | Base Valu | e Valu | 10 | F | hase-in A | sessments | |
| | | As c | | | As of | As | |
| Land: | 419,400 | 01/0 419, | 1/2015 | C C | 7/01/2014 | 077 | 01/2015 |
| Improvements | 103,300 | 95.6 | | | | | |
| Total: | 522,700 | 515, | | ŧ | 522,700 | 51 | 5,000 |
| Preferential Land: | 0 | | | | | 0 | |
| | | Transfer Inf | ormation | | | | |
| Seller: MARYLAND E SERVICE | NVIRONMENTAL | Date: 09/27 | /2012 | | P | rice: \$0 | |
| Type: NON-ARMS LE | NGTH OTHER | Deed1: /143 | 328/ 00477 | | D | eed2: | |
| Seller: HOWARD CO | JNTY MARYLAND | Date: 07/26 | /1995 | | P | rice: \$3,524, | 850 |
| Type: NON-ARMS LE | | Deed1: /035 | 528/ 00001 | | D | eed2: | |
| Seller: NEWSOME DO PARK LTD | | Date: 09/10 | | | | rice: \$3,648, | 295 |
| Type: ARMS LENGT | | Deed1: /029 | | | D | eed2: | |
| | | Exemption In | | | | | |
| Partial Exempt Assessments: | Class | | 07/01/2 | | | 07/01/2015 | |
| County: State: | 580 580 | | 522,70 522,70 | | | 515,000.00 515,000.00 | |
| Municipal: | 580 | | 0.00 0. | | | 0.00 0.00 | , |
| Tax Exempt: | | Special Tax | • | | | • | |
| Exempt Class: | | NONE | | | | | |
| | Hon | | | | | | |

Homestead Application Status: No Application







LINEN | 4328 FOLD 477

INTERGOVERNMENTAL TRANSFER NOT SUBJECT TO RECORDATION or TRANSFER TAX MD Tax-Property Ann. Code Sections 12-108(a) and 13-207(a)(1)

| | 7/20/2012 02:01 PM USI | 1 UU45 Keg 0047 - |
|-----|--------------------------|-------------------|
| 7 | 7/Ref 0047048777 Grp 000 | 0001 R/Lne 000001 |
| | 01 - Main Location | |
| | \$0.00 | 000150 |
| | Validation Number: 0047- | -051950 |
| | 100000000-1300-409910-1 | |
| 999 | 99999999 | |
| 7 | Parcel Number: 1259865 | |

010110010

2

DEED

THIS DEED is made this 25 day of September 20 2; by and between MARYLAND ENVIRONMENTAL SERVICE ("Grantor"), a body politic and comportate constituted as an agency and instrumentality of the State of Maryland, and HOWARD COUNTY, MARYLAND ("Grantee"), a body corporate and politic.

WHEREAS, the Grantor is the fee simple owner of certain real property comprising 2.142 acres, shown as Parcel 690, Block 12, Lot 6 on Tax Map 43, located within the First Election District of Howard County, Maryland and more commonly known as 7101 Dorsey Run Road, Jessup, Howard County, Maryland (the "Property"), and shown as P/O Part "B" on Plat M.D.R. No. 10921 recorded in the Land Records of Howard County, Maryland.

WHEREAS, pursuant to a Second Amendatory and Termination Agreement Yard Debris Composting Intergovernmental Agreement (the "Second Amendatory and Termination Agreement"), dated September 25, 2012, the Grantor, with the agreement of all other parties thereto, agreed to convey to Grantee all of Grantor's right, title and interest in and to the Property, so that the Grantee will hold all rights, title and interest in and to the Property, in fee simple, as sole owner.

NOW, THEREFORE WITNESSETH, in consideration of Zero Dollars (\$0.00) and in accordance with the terms of the Second Amendatory and Termination Agreement, the Grantor hereby grants and conveys unto the Grantee, its respective successors and assigns, in fee simple, all of Grantor's right, title and interest in and to the Property, as more particularly described in <u>Exhibit "A"</u> attached hereto and made a part hereof.

BEING THE REMAINING LAND of all of that certain real property conveyed by deed delivered from Grantee to the Grantor by deed dated July 12, 1995 and recorded among the aforesaid Land Records in Liber 3528, folio 001 on or about July 26, 1995, after a subsequent out conveyance from the larger parcel of said property made by the Grantor by that certain deed conveyed and delivered to Dorsey Rock, LLC, said deed dated December 4, 1998 and recorded among the aforesaid Land Records in Liber 4539, folio 532 on December 9, 1998.

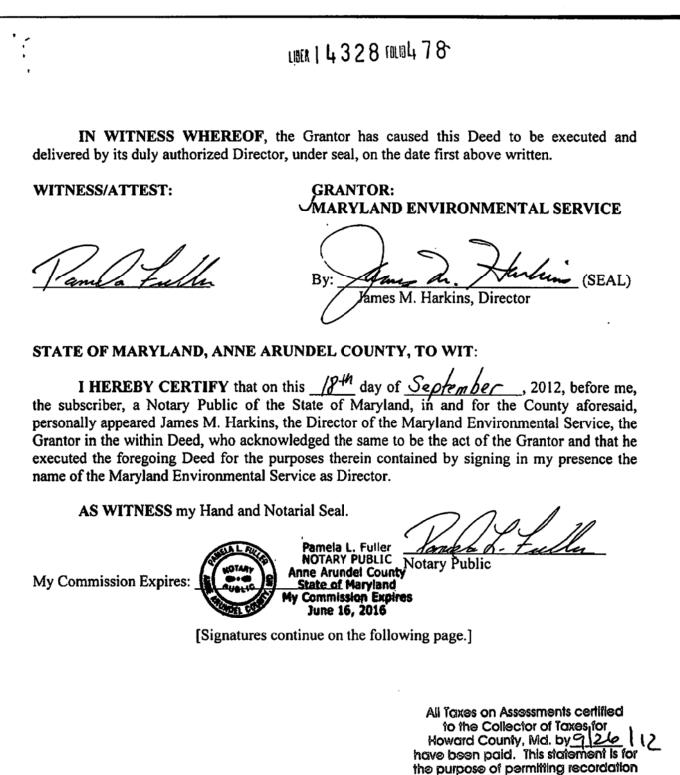
TOGETHER with all buildings and improvements thereon and all rights, alleys, ways, easements, waters, privileges, appurtenances and advantages to the same belonging or in anywise appertaining thereto.

TO HAVE AND TO HOLD the Property unto the Grantee, its respective successors and assigns, in fee simple forever as sole owner.

THE GRANTOR hereby covenants that it is the sole owner of the Property, that Grantor has not done or suffered to be done any act, matter or thing whatsoever to encumber the Property, that Grantor warrants specially the Property subject to matters of public record, that Grantor will execute such further assurances of the same as may be requisite, and that Grantor is duly authorized and has the power and right to convey the Property. All references herein to Grantor shall be deemed plural if more than one person has an interest in the Property. Any pronoun reference herein shall be deemed to apply to the appropriate gender or person, as the case may be.

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MES RCF Deed 08.15.12 (Rev.09.24.12)



MES RCF Deed 08.15.12

2

and is not assurance against further taxation even for prior periods, nor does it guarantee satisfaction of outstanding tax sales

LINER | 4328 FOLD 479

ACCEPTED by the Grantee on this 25 day of 52012.

ATTEST:

Mille Able

Lonnie R. Robbins Chief Administrative Officer

APPROVED:

James M. Irvin, Director Department of Public Works

APPROVED FOR SUFFICIENCY OF FUNDS:

Stanley J. Milesky, Director

Department of Finance

APPROVED FOR FORM AND LEGAL SUFFICIENCY this <u>5</u> day of <u>Septemper</u>, 2012.

Margarel Ann Nolan County Solicitor 165

COUNTY EXECUTIVE: STATE OF MARYLAND, <u>Frederick</u> COUNTY, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 2012, before me, the subscriber, a Notary Public of the State of Maryland, in and for the County aforesaid, personally appeared Ken-Ulman, the County Executive for Howard County, Maryland, the Grantee in the within Deed, who acknowledged the same to be the act of the County and that he executed the foregoing Deed for the purposes therein contained by signing in my presence the name of Howard County, Maryland as County Executive.

AS WITNESS my Hand and Notarial Seal.

Notary Public NAIO

WAA HA

My Commission Expires: 10 30 2015

[Signatures continue on the following page.]

MES RCF Deed 08.15.12

GRANTEE: HOWARD COUNTY, MARYLAND (SEAL) Ken Ulman County Executive

LIBER | 4328 FOLTO 480

THIS IS TO CERTIFY that this instrument was prepared by Maryland Environmental Service, the Grantor named in the within Deed.

Sean L. Coleman Assistant Attorney General

After Recording, Return To: Howard County, Maryland Real Estate Services Division 3430 Court House Drive Ellicott City, Maryland 21043

MES RCF Deed 08.15.12 ŧ

4

LINER | 4328 FOLIN 481

DESCRIPTION OF LAND MARYLAND ENVIRONMENTAL SERVICE TAX MAP 43, PARCEL 690 FIRST ELECTION DISTRICT HOWARD COUNTY, MARYLAND

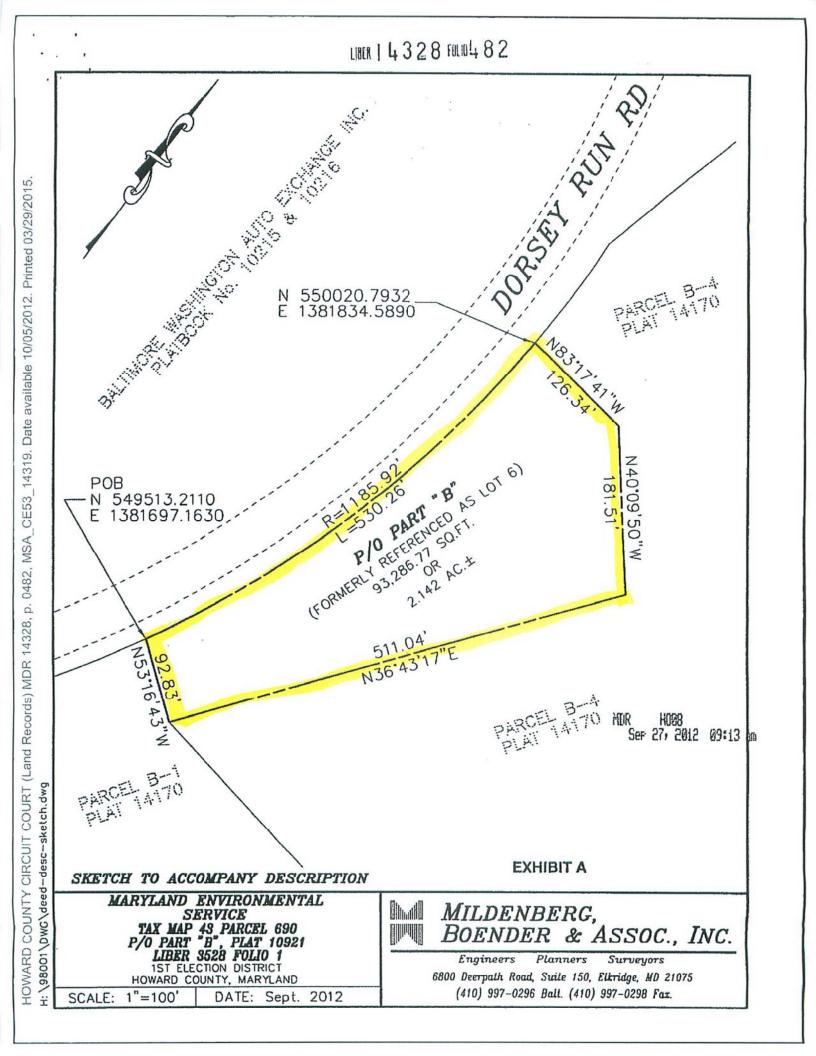
Being a portion of the parcel of land shown and described as Part "B" on a plat titled "Lennox Park Limited Partnership Property", said plat recorded as Plat M.D.R. No. 10921 among the land Records of Howard County Maryland, and said parcel of land also being described in a deed recorded at Liber 3528, Folio 1 among the aforesaid Land Records, said parcel of land described herein previously intended to be designated as lot 6 of Maryland Environmental Service, and being more particularly described as follows:

Beginning at a point located on the northwest corner of PARCEL B-1 said point being described in a Record Plat entitled HOWARD BUSINESS PARK, and being record in Plat Book 14170 in the Land Records of Howard County Maryland, and said point being on the east right-of-way of Dorsey Run Road, thence with said point and binding on said Parcel B-1 and Parcel B-4 the following four (4) courses,

- 1. S 53°16'43"E 92.83 feet to a point, thence;
- 2. N 36°43'17"E 511.04 feet to a point, thence;
- N 40°09'50"W 181.51 feet to a point, thence;
- 4. N 83°17'41"W 126.34 feet to a point on the east right-of-way of Dorsey Run Road, thence leaving said Parcel B-4 and running with said east right-of-way;
- 5. along the arc of a curve to the right, said curve having a radius of 1185.92 feet, an arc length of 530.26 feet, a delta angle of 25°37'08", a tangent of 269.64 feet, a chord of 525.86 feet, and a chord bearing of S 15°08'58"W to the point-of-beginning, containing 93,286.77 square feet or 2.142 acres of land more or less.



EXHIBIT A



| · | • | | | | 8 | | |
|--|---|---|---|--|-------------------------------------|--|--|
| | INSER 14328 (100483 Provide 83 State of Maryland Land Instrument Intake Sheet Provide 83 Baltimore City County: Houses Provide 93 Information provided is for the use of the Clerk's Office, State Department of Assessments and Taxation, and County Finance Office Only.) Provide 93 (Type or Print in Black Ink Only—All Copies Must Be Legible) Provide 93 Provide 93 1 Type(s) (f) Check Box if addendum Intake Form is Atlached.) Provide 93 of Instruments Deed Mongage Other Other | | | | | | |
| | | ολ δ | | | | | |
| | Sta | Condi | | | | | |
| | 🖵 Baltin | te of Maryland Land more City Cour | ity: _HowanD | | 8 | | |
| | Information provided is for the use of the Clerk's Office, State Department of Assessments and Taxation, and County Finance Office Only.) | | | | | | |
| | | (Type or Print in Black Ink O | | ;ible) | Co | | |
| | 1 Type(s) of Instruments | Check Box if addendum | | Other | iconi | | |
| | or manufactories | н | Deed or Trust Lease | | | | |
| | 2 Conveyance Type Check Box | ע יע | proved Sale Multiple Acc | | perce | | |
| | 3 Tax Exemptions | Arms-Length [1] Arms Recordation | s-Length [2] Arms-Length | [3] Length Sale [9] | space Reserved for | | |
| | (if Applicable) | State Transfer | ullo-Cou | NTY Acquisition | - Space | | |
| | Cite or Explain Authority | County Transfer | ion Amount | | e Office Use Only | | |
| | | Purchase Price/Consideration | s | | cordation Tax Consideration | | |
| | Consideration and Tax | Any New Mortgage | s | Transfer Tax Consideration | | | |
| | Calculations | Balance of Existing Mortgage Other: | \$ | X () % Less Exemption Amount | = S - S | | |
| | an state | | | Total Transfer Tax | = \$ | | |
| | HIA Covery NIA Acquisition | Other: | s | Recordation Tax Considera X () per \$500 | | | |
| | | Full Cash Value: | 8 | TOTAL DUE | = S S | | |
| | 5 | Amount of Fees | Doc. 1 | Doc. 2 | Agent: | | |
| 15. | Fcos | Recording Charge Surcharge | 5 | s s | Tax Bill: | | |
| 4319. Date available 10/05/2012. Printed 03/29/2015. | NIA Gunty Acquisition | State Recordation Tax | 5 | 5 | | | |
| 3/26 | NIMisition | State Transfer Tax County Transfer Tax | 5 | s s | C.B. Credit: | | |
| g | N V | Other | 5 | 5 | Ag. Tax/Other: | | |
| ii. | | Other District Property Tax ID | No. (1) Granter Liber/Follo | S | Developing and the second | | |
| N N N | 6 Description of | 01 25986s | | Map OOY3 | Parcel No. Var. LOG | | |
| 1201 | Property | Subdivision Na | ame Lot (3a) | Block (3b) Sect/AR (3c) | Plat Ref. SqFt/Acreage (4) | | |
| 192 | SDAT requires submission of all | | Location/Address of Pro | perty Being Conveyed (2) | 2.14 AC | | |
| le 1 | applicable information. | 3101 Dorsey Bur | Bd, Tessue, MD 2 roperty Identifiers (if applicable | 0794 | | | |
| ilab | A maximum of 40 characters will be | Other P | roperty Identifiers (if applicabl | e) | Water Meter Account No. | | |
| ava | indexed in accordance | Residential] or Non-Resident | | Ground Rent Amount | | | |
| ate | with the priority cited in Real Property Article | Partial Conveyance? 🗌 Yes 👿 | No Description/Amt. of Sq | Ft/Acreage Transferred: | 2.14 ACRES | | |
| 6 | Section 3-104(g)(3)(i). | If Partial Conveyance, List Imp | rovements Conveyed: | | | | |
| 143 | 7 | Doc. 1 - Gran | tor(s) Name(s) | Doc. 2 - | Grantor(s) Name(s) | | |
| 23 | Transferred | Maryland Environ | Mentel Stivice | | | | |
| W ₁ | From | Doc. 1 - Owner(s) of Record, | if Different from Grantor(s) | Doc. 2 - Owner(s) of Re | cord, if Different from Grantor(s) | | |
| HOWARD COUNTY CIRCUIT COURT (Land Records) MDR 14328, p. 0483, MSA_CE53_ | 8 Transferred | Doc. 1 - Gran | tee(s) Name(s) | Doc. 2 - | Grantee(s) Name(s) | | |
| 3. 6 | To | Howard County | , Mergland | | | | |
| 048 | | | New Owner's (Gra | tee) Mailing Address | | | |
| . p. | | | use Dr. Ellicatt C | | | | |
| 1326 | 9 Other Names | Doc. 1 - Additional Names | in be indexed (Optional) | Uoc 2 - Additional N | iames to be Indexed (Optional) | | |
| 4 | to Be Indexed | | 4 Coloridado a | | | | |
| Q | 10 Contact/Mail | Name: Ting Harkett | at Submitted By or Contact Per | 500 | Return to Contact Person | | |
| rds) | Information | Firm Howard County | Macyland | | Hold for Pickup | | |
| lec 0 | | Address: 3430 Court | House Da, Ellion | City MD 21043 | Return Address Provided | | |
| В В В | | | HE ORIGINAL DEED AND | A PHOTOCOPY MUST A | CCOMPANY EACH TRANSFER | | |
| (Lar | | | No Will the property being co No Does transfer include perso | | | | |
| RT | | | | | | | |
| l Q | u contra | V Yes | (if recorded, no copy required). | | | | |
| Ē | Valide | Terminal Verification | Assessment Use Only - Do Agricultural Verification Date Received: | Whole Par | t Tran. Process Verification | | |
| มี | , Aun | Year 20 | 20 Goo. | Deed Reference: Map | Assigned Property No.: Sub Block | | |
| NO N | <u>ة</u> | Land Buildings | Zoning Use | Grid Parcel | Plat Lot Section Occ. Cd. | | |
| I L | l ben | Total REMARKS: | Town Co | d. Ex. St. | Ex. Cd. | | |
| ğ | Rese Rese | | | | | | |
| ê | 8 | | | | | | |
| MA | | Distribution: White · Clerk's Office | | | | | |
| ١Ŷ | | Canary - SDAT Pink - Office of Finance | | | | | |
| | | Goldenrod - Preparer AOC-CC-300 (6/95) | | | | | |
| | | | | | | | |

t

Real Estate Bills

| View Bill | |
|-----------|------------------|
| Bill Year | 2014 |
| Bill | 1916127 |
| Owner | HOWARD COUNTY MD |
| Parcel ID | 01259865 |

| Installment | Pay By | Amount | Payments/Credits | Balance | Due |
|--------------|-----------|----------|------------------|---------|--------|
| 1 | 1/7/2015 | \$620.16 | \$620.16 | \$0.00 | \$0.00 |
| Interest and | Penalties | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| TOTAL | | \$620.16 | \$620.16 | \$0.00 | \$0.00 |

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Real Estate Property Taxes

Charges

1

| Owner | HOWARD COUNTY MD |
|-----------|------------------|
| Parcel ID | 01259865 |
| Bill Year | 2014 |

Tax Charges

| | Taxable Value | Tax Rate | Amount |
|-------------------|----------------------|----------|----------|
| AD VALOREM CHARGE | 522,700 | 0.080000 | \$418.16 |
| FRONT FOOT WATER | | | \$202.00 |
| OVERPAYMENT | 522,700 | | \$0.00 |
| Total | | | \$620.16 |
| 2014 Charges | | | \$620.16 |

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HOWARD COUNTY DEPARTMENT OF PUBLIC WORKS

3430 Courthouse Drive Ellicott City, Maryland 21043

410-313-4401

James Irvin, Director jirvin@howardcountymd.gov

FAX 410-313-3408 TDD 410-313-2323

February 3, 2015

Mary McGinnis, MAI, SRA Benchmark Appraisal Group, LLC 10440 Shaker Drive Suite 105 Columbia, Maryland 21046

Re: RESD Bid No. 2015-017 Capital Project No. C-0309 Name of Project: Land Acquisition Contingency Fund Number of Appraisals: 1

Dear Ms. McGinnis:

Howard County is the current owner of approximately 2.142 acres located at 7101 Dorsey Run Road, Jessup, Maryland. The property is shown as Parcel 690 on Tax Map 43. A copy of a plat showing the property is enclosed for your use.

This office requires an appraisal to estimate the fair market value of the property. If you are able to complete this assignment, please sign the acceptance statement on Page 2 and return to me by February 11, 2015. If you accept, a Purchase Order will be issued which will authorize you to start work.

If you are unable to accept the assignment, please sign in the appropriate space on the acceptance statement and return so that I can assign to the next appraisal company.

If you have any questions or require additional information regarding this matter, please feel free to contact me at (410) 313-3260.

Sincerely.

Tina D. Hackett

Tina D. Hackett, Chief **Real Estate Services Division**

Enclosures Project No. C-0309-10 (Master File) CC: Appraiser's File



Deliver To:

Howard County, Maryland

OFFICE OF PURCHASING

6751 Columbia Gateway Drive, Suite 501 Columbia, MD 21046 (410) 313-6370 Tax Exemption No. 30001219 Page 1 / 5 Purchase Order: 2000014243

| Purchase Order | | |
|------------------------|-------------------------|--|
| Purchase Order: | 2000014243 | |
| Vendor Number: | 1100701 | |
| Date: | 02/12/2015 | |
| Contact Person: | Dean Hof | |
| Telephone: | 410-313-4239 | |
| Fax: | 410-313-6388 | |
| Email: | dhof@howardcountymd.gov | |
| | | |

BENCHMARK APPRAISALS LLC 10450 SHAKER DRIVE-SUITE 213 COLUMBIA MD 21046 USA

DPW/REAL ESTATE SVCS HOWARDBODGANDFLUSC ON

Payment Terms: Net Due Within 30 Days

3430 COURT HOUSE DR

ELLICOTT CITY MD 21043

Delivery date: 03/09/2015

Mail Invoice To: DPW/REAL ESTATE SVCS HOWARD BLDG 2ND FL 3430 COURT HOUSE DR ELLICOTT CITY MD 21043

| Item Product No. | Description | Delivery Dt | Qty U/M | Price U/M | Net Value |
|------------------|---------------------------------------|-------------|---------|-----------|-----------|
| 1 | Appraisals, Residential Properties | | | - | |
| Vendor Text: | Ve. Re | EBAL - 4/6. | 115 | | |

Capital Project C-0309 Land Acquisition Contingency Reserve RESD Bid No. 2015-017

Appraisal required for property located at 7101 Dorsey Run Road, Parcel 690 on Tax Map 43.

This appraisal is required to be completed and delivered to the Real Estate Services Division within twenty-five days (25) days after the award by Howard County, Maryland. Failure to comply with restrictions placed on submittal of a finished acceptable product to the Real Estate Services Division may result in a period of outright dismissal based on past performance rated by the Real Estate Services Division.