

EXHIBIT 3



RITE AID
841 South Main Street
Graham, Alamance County, NC 27253
CBRE File No. 12-341AT-0935

Self-Contained Appraisal Report

Prepared For:

Burton W. Wiand
As Court Appointed Receiver
BURTON W. WIAND
3000 Bayport Drive, Suite 600
Tampa, FL 33607

VALUATION & ADVISORY SERVICES

CBRE
CB RICHARD ELLIS

March 20, 2012

Burton W. Wiand
 As Court Appointed Receiver
 BURTON W. WIAND
 3000 Bayport Drive, Suite 600
 Tampa, FL 33607

RE: Appraisal of Rite Aid
 841 South Main Street
 Graham, Alamance County, NC 27253
 CBRE File No 12-341AT-0935

Dear Mr. Wiand:

At your request and authorization, CB Richard Ellis (CBRE) has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Self-Contained Appraisal Report.

The subject is a 13,824-square foot Rite Aid drug store located at 841 South Main Street in Graham, Alamance County, NC. The improvements were constructed in 2004 and are situated on a 1.18-acre site. Currently, the property is 100.0% occupied and is considered to be in good overall condition. Rite Aid has a 20-year lease through November 24, 2024 at an above market rent. Rite Aid has attempted to renegotiate the lease but the offer was not accepted. The subject is more fully described, legally and physically, within the enclosed report.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Leased Fee Interest	March 15, 2012	\$2,400,000
Compiled by CBRE			

Data, information, and calculations leading to the value conclusion are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed

based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



Jeffrey Skeahan, MAI
Vice President
North Carolina Certified General A3746

Phone: 336-714-0388
Fax: 336-373-0603
Email: Jeffrey.Skeahan@cbre.com



M. Donald Poore, MAI
Managing Director
North Carolina Certified General A1084

Phone: 404-812-5008
Fax: 404-812-5051
Email: Don.Poore@cbre.com

CERTIFICATION OF THE APPRAISAL

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of NC.
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 and Standards of Professional Appraisal Practice of the Appraisal Institute.
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, M. Donald Poore, MAI has completed the continuing education program of the Appraisal Institute.
11. As of the date of this report, Jeffrey Skeahan, MAI and M. Donald Poore, MAI have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.
12. Jeffrey Skeahan, MAI has and M. Donald Poore, MAI has not made a personal inspection of the property that is the subject of this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE. Although employees of other CBRE divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Jeffrey Skeahan, MAI and M. Donald Poore, MAI have not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Jeffrey Skeahan, MAI
North Carolina Certified General A3746

M. Donald Poore, MAI
North Carolina Certified General A1084

SUBJECT PHOTOGRAPHS



AERIAL VIEW



TYPICAL VIEW OF THE SUBJECT



VIEW OF THE CRESCENT SQUARE DRIVE ELEVATION



VIEW OF THE FRONT AND SIDE ELEVATIONS



VIEW OF SIDE ELEVATION



VIEW OF THE STORE INTERIOR



VIEW OF THE STORE INTERIOR



VIEW OF THE CRESCENT SQUARE DRIVE FRONTAGE



VIEW OF THE SOUTH MAIN STREET FRONTAGE

SUMMARY OF SALIENT FACTS

Property Name	Rite Aid	
Location	841 South Main Street, Graham, Alamance County, NC 27253	
Assessor's Parcel Number	144069	
Highest and Best Use		
As If Vacant	Speculative Hold	
As Improved	Retail	
Property Rights Appraised	Leased Fee Interest	
Land Area	1.18 AC	51,401 SF
Improvements		
Property Type	Retail	(Drug Store)
Number of Buildings	1	
Number of Stories	1	
Gross Leasable Area	13,824 SF	
Year Built	2004	
Condition	Good	
Major Tenants		
Rite Aid	13,824 SF	
Estimated Exposure Time	12 Months	
Financial Indicators		
Current Occupancy	100.0%	
Stabilized Occupancy	100.0%	
Stabilized Credit Loss	0.0%	
Overall Capitalization Rate	10.00%	
Pro Forma Operating Data	Total	Per SF
Effective Gross Income	\$241,920	\$17.50
Operating Expenses	\$0	\$0.00
Expense Ratio	0.00%	
Net Operating Income	\$241,920	\$17.50
VALUATION	Total	Per SF
Sales Comparison Approach	\$2,400,000	\$173.61
Income Capitalization Approach	\$2,400,000	\$173.61
Insurable Value	\$1,440,000	\$104.17

CONCLUDED MARKET VALUE

Appraisal Premise	Interest Appraised	Date of Value	Value
As Is	Leased Fee Interest	March 15, 2012	\$2,400,000

Compiled by CBRE

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

Strengths and weaknesses are internal to the subject; opportunities and threats are external to the subject.

Strengths

- The property is situated along a primary corridor within the neighborhood and features good visibility and access.
- The subject is net leased to Rite Aid, a national tenant which is a recognized brand in chain drug stores.
- The subject's lease has over 12 years remaining and four 5-year options available.

Weaknesses

- The subject is net leased to Rite Aid, which is generally regarded as the third performer in the national drug store sector, with a Standard & Poor's credit rating of B-.
- The contract rent is well above market
- The store is among the bottom 5% of Rite Aid stores
- Rite Aid has offered to renegotiate the rent to something lower because the store performance has negative EBITDA earnings

Opportunities

- The subject is located in a moderately growing trade area with a stable middle-income profile and an expanding household and population base.

Threats

- The weakened overall economy has contributed to depressed levels of consumer spending.
- There is uncertainty how the drug store sector may fare over the mid to long term, as the Patient Protection and Affordable Care Act of produces change in healthcare delivery and associated markets.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

Extraordinary assumptions are defined by the Uniform Standards of Professional Appraisal Practice as "...an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis." The following extraordinary assumptions have been incorporated into the analysis:

- None

Hypothetical conditions are defined by the Uniform Standards of Professional Appraisal Practice as "...that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical

conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in the analysis.” The following hypothetical conditions have been incorporated into the analysis:

- For the purposes of analysis, we have assumed a market rent that will replace the above market contract rent in order for Rite Aid to continue operation at this location. The contract rent is something higher, but not sustainable for the store to remain open. The concluded value is the same with either rent but the available data supports the use of the lower market rent for analysis purposes.

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INTRODUCTION

PROPERTY IDENTIFICATION

The subject is a 13,824-square foot Rite Aid drug store located at 841 South Main Street in Graham, Alamance County, NC. The improvements were constructed in 2004 and are situated on a 1.18-acre site. Currently, the property is 100.0% occupied and is considered to be in good overall condition. Rite Aid has a 20-year lease through November 24, 2024 at an above market rent. Rite Aid has attempted to renegotiate the lease but the offer was not accepted. The subject is more fully described, legally and physically, within the enclosed report.

OWNERSHIP AND PROPERTY HISTORY

Title to the property is currently vested in the name of Scoop Real Estate LP who purchased the property in May 2005 for \$5,310,000, as recorded in book 2247 page 702 of the Alamance County Deed Records. The property is in receivership and has been ordered by the U.S. District Court to be sold.

To the best of our knowledge, there has been no other ownership transfer of the property during the previous three years. The property is listed for sale by Holliday Fenoglio Fowler, L.P. with an asking price of \$4,500,000. According to the broker, Coler Yoakam, the property has been under contract at least six times and has fallen out of contract each time. The buyers have been unable to obtain financing. There is a current offer to purchase the property for \$2,400,000 all cash. The contract rent is above market rent, and the buyer has based their offer on a market rent of between \$17.00 and \$18.00 triple net capped at 10%.

In June 2009 Rite Aid, through DJM Realty, offered to renegotiate the rent to pay a gross occupancy of 5% of sales. Rite Aid provided financial statements for three years of operations at the subject, which show negative EBITDA earnings. These statements are included in the addenda. Based on 5% of sales at that time, the rent would be around \$10.75 per square foot. The offer was rejected by the court appointed receiver for the subject.

PREMISE OF THE APPRAISAL

The following table illustrates the various dates associated with the valuation of the subject, the valuation premise(s) and the rights appraised for each premise/date:

PREMISE OF THE APPRAISAL		
Item	Date	Interest Appraised
Date of Report:	March 20, 2012	
Date of Inspection:	March 15, 2012	
Date of Value		
As Is:	March 15, 2012	Leased Fee Interest
Compiled by CBRE		

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property. The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

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

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

TERMS AND DEFINITIONS

The Glossary of Terms in the Addenda provides definitions for additional terms that are, and may be used in this appraisal.

INTENDED USE AND USER OF REPORT

This appraisal is to be used by the court appointed receiver for possible disposition purposes. This report is not intended for and cannot be relied upon for any other use or by any other user.

¹ Office of Comptroller of the Currency (OCC), 12 CFR Part 34, Subpart C – Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th ed. (Chicago: Appraisal Institute, 2002), 177-178. This is also compatible with the RTC, FDIC, FRS and NCUA definitions of market value as well as the example referenced in the *Uniform Standards of Professional Appraisal Practice (USPAP)*.

SCOPE OF WORK

The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied, all based upon the following problem-identifying factors stated elsewhere in this report:

- Client
- Intended use
- Intended user
- Type of opinion
- Effective date of opinion
- Relevant characteristics about the subject
- Assignment conditions

This appraisal of the subject has been presented in the form of a Self-Contained Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. That is, this report incorporates, to the fullest extent possible, practical explanation of the data, reasoning and analysis that were used to develop the opinion of value. This report also includes thorough descriptions of the subject and the market for the property type. CBRE completed the following steps for this assignment:

Data Resources Utilized in the Analysis

RESOURCE VERIFICATION		
Site Data	Source/Verification:	
Size	1.180 AC	As reported in Alamance County tax records and a site plan dated 12/6/2004 by CE Robertson & Associates indicates area of 1.18 acres.
Improved Data	Source/Verification:	
Gross Size/Units	13,824 SF	As reported in lease documents. Alamance County tax records report heated area of 14,800 square feet. A site plan dated 12/6/2004 by CE Robertson & Associates indicates 14,590 square feet.
No. Bldgs.	1	CBRE property inspection and Alamance County tax records.
Parking Spaces	55 Spaces	As reported in site plan by CE Robertson & Associates
YOC	2004	As reported in Alamance County tax records.
Compiled by CBRE.		

Extent to Which the Property is Identified

CBRE collected the relevant information about the subject from the owner (or representatives), public records and through an inspection of the subject property. The property was legally identified through the following sources:

- postal address
- assessor's records
- legal description

Economic characteristics of the subject were identified via:

- analysis of leases and/or lease briefs between the lessor and lessee
- transcript of Rite Aid conference call to landlords and subsequent offer from DJM Realty on behalf of Rite Aid to renegotiate the rent
- Sales figures from Rite Aid
- Offering memorandum provided by Holliday Fenoglio Fowler L.P.

Extent to Which the Property is Inspected

CBRE inspected both the interior and exterior of the subject, as well as its surrounding environs on the effective date of appraisal.

Type and Extent of the Data Researched

CBRE reviewed the micro and/or macro market environments with respect to physical and economic factors relevant to the valuation process. This process included interviews with regional and/or local market participants, available published data, and other various resources. CBRE also conducted regional and/or local research with respect to the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- income and expense data
- comparable data

Type and Extent of Analysis Applied

CBRE analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section. CBRE then correlated and reconciled the results into a reasonable and defensible value conclusion, as defined herein. A reasonable exposure time associated with the value estimate presented has also been considered.

EXPOSURE/MARKETING TIME

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone. In consideration of these factors, we have analyzed the following:

- exposure periods for comparable sales used in this appraisal;
- exposure/marketing time information from the CBRE *National Investor Survey* and the PwC *Real Estate Investor Survey*; and
- the opinions of market participants.

The following table presents the information derived from these sources.

EXPOSURE/MARKETING TIME INFORMATION		
Investment Type	Exposure/Mktg. (Months)	
	Range	Average
<i>PwC Net Lease</i>		
National Data	1.0 - 12.0	4.9
CBRE Exposure Time Estimate		12 Months
Source: PwCReal Estate Investor Survey		

CBRE has concluded an exposure/marketing time of 12 months to be reasonable for the subject based upon surveys and discussions with local market participants.

This exposure/marketing time reflects current economic conditions, current real estate investment market conditions, the terms and availability of financing for real estate acquisitions, and property and market-specific factors. It assumes that the subject is (or has been) actively and professionally marketed. The marketing/exposure time would apply to all valuation premises included in this report.

AREA ANALYSIS



Moody's Economy.com provides the following Burlington, NC metro area economic summary as of November 2011. The full Moody's Economy.com report is presented in the Addenda.

BURLINGTON, NC - ECONOMIC ANALYSIS												
Indicators	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Gross Metro Product (C\$B)	4.5	4.6	4.5	4.6	4.5	4.2	4.4	4.5	4.6	4.8	5.0	5.2
% Change	2.3	1.9	-1.0	1.4	-2.6	-5.6	3.9	3.4	2.9	3.5	3.4	3.7
Total Employment (000)	59.5	58.8	59.2	61.1	60.6	56.4	55.5	55.6	55.4	55.6	56.8	58.1
% Change	-0.2	-1.1	0.6	3.3	-0.9	-6.9	-1.6	0.2	-0.4	0.4	2.2	2.3
Unemployment Rate	6.3	6.0	5.5	5.1	6.5	11.9	11.4	10.7	12.2	12.6	11.2	10.1
Personal Income Growth	3.8	3.1	7.6	6.6	4.5	-4.6	3.5	4.2	3.7	4.4	6.0	5.6
Population (000)	137.6	139.3	141.5	144.8	147.9	150.2	151.8	153.1	154.8	156.7	158.7	160.8
Single-Family Permits	1,222.0	1,480.0	1,726.0	1,441.0	704.0	441.0	443.0	474.1	698.1	1,117.0	1,316.2	1,337.0
Multifamily Permits	144.0	4.0	300.0	0.0	56.0	120.0	404.0	171.2	50.1	58.4	54.1	50.4
Existing-Home Price (\$Ths)	131.8	129.5	124.5	118.8	115.6	111.9	110.7	109.8	111.4	114.1	121.7	128.7
Mortgage Originations (\$Mil)	612.4	657.5	819.3	735.5	550.3	712.7	531.7	427.7	323.5	327.4	386.8	451.2
Net Migration (000)	1.2	1.4	1.8	2.7	2.5	1.8	1.1	0.8	1.2	1.4	1.5	1.6
Personal Bankruptcies	616.0	702.0	233.0	276.0	300.0	304.0	296.0	411.5	463.0	469.6	470.0	420.7

Source: Moody's Economy.com

RECENT PERFORMANCE

Labor market improvement is sustaining Burlington's sluggish recovery. Renewed hiring in leisure and hospitality services is compensating for modest job loss in goods production. The strength in public sector payrolls is more noteworthy; local government was responsible for the largest contribution to

payrolls over the past three months. At 10.7%, the unemployment rate has edged down from its highest level of the year and is approaching the state average. Housing's drag is lifting, as price declines are slowing and single-family permitting is rising from its recessionary trough. Elevated foreclosure inventories are still worrying, however.

MANUFACTURING

Manufacturing will shift from a recovery support to a drag as textile and apparel manufacturers cut production. National apparel output is expected to dip by 5%, while overall industrial production is expected to rise 3% over the same time frame. Because of Burlington's significant exposure to textile mill and apparel manufacturing industries that will be squeezed over the next year, manufacturing employment is expected to fall in the metro area. Moreover, clothing producers uprooting or closing operations is a real threat, as evidenced by Gold Toe Moretz's factory closure in 2008. This trend will play out in the long term. Manufacturing will diminish as producers look for cheaper labor elsewhere and productivity gains weigh on payrolls.

HEALTHCARE SERVICES

Slow and steady growth in health services will supplement the short-term stability provided by Burlington's goods producers. Healthcare, which has remained stagnant this year in contrast to the national trend of consistent growth, is poised for expansion. Labcorp, a clinical laboratory testing company, is in the process of acquiring a DNA testing company, thereby expanding its footprint among the world's medical and diagnostic laboratories. Labcorp already provides a wide variety of testing services for hospitals, laboratories, and pharmaceutical and biotechnology companies. Industry payrolls are expected to rise in the coming years, as the firm will have to add to payrolls to meet increasing demand for these types of activities. Moreover, above-average population growth will maintain healthcare's position as a key driver for the area's economy in the long run.

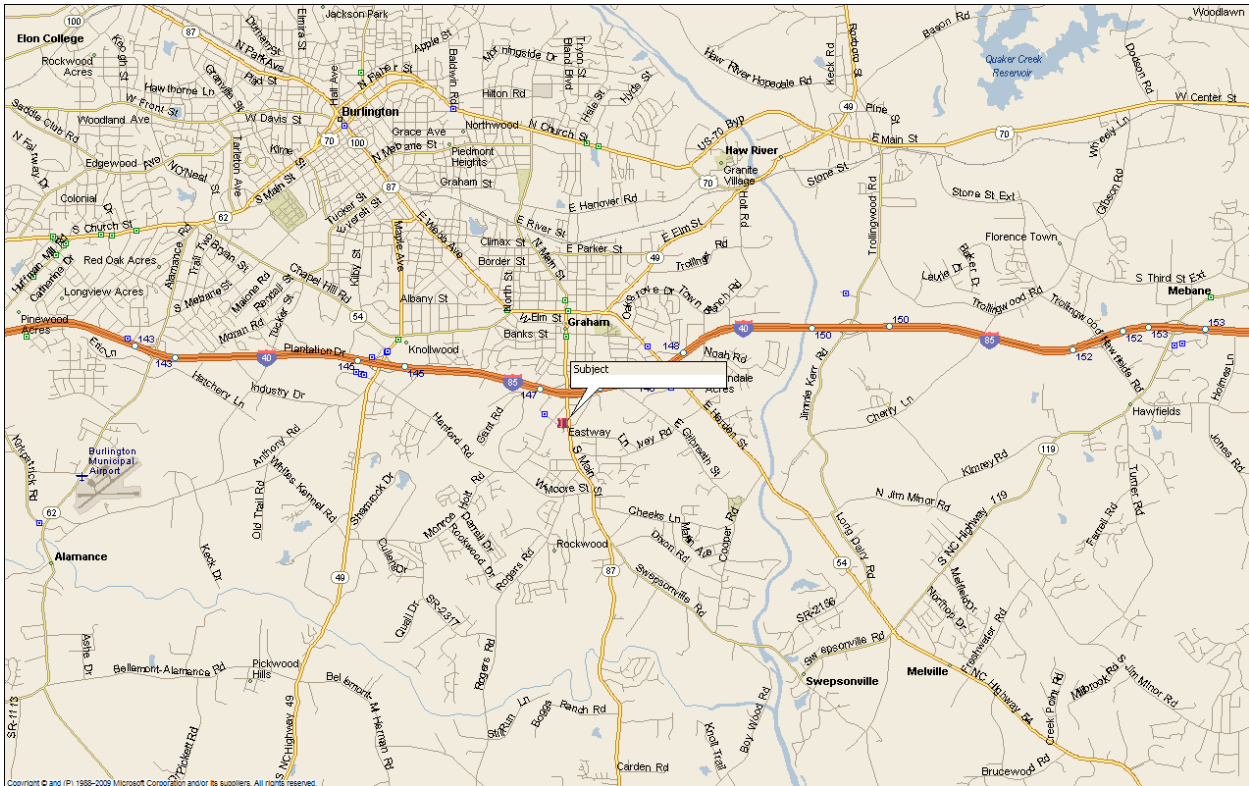
CONSUMERS

Healthy consumer balance sheets will enable Burlington's recovery to proceed. House prices are down less than 7% from their 2007 peak, which is roughly half of the statewide price decline and one-quarter of that nationally. The relatively modest decline in house prices has preserved household equity, mitigating the damage to household finances. The area's personal bankruptcy rate is noticeably below the national average. Relatively stable finances will allow residents to spend a greater percentage of their income. On the downside, a lack of high-paying positions outside manufacturing and healthcare will limit income growth, keeping per capita incomes depressed. Consumer spending will continue to grow, albeit slowly.

CONCLUSION

Burlington's recovery remains on course, but it will proceed more slowly than the national recovery. To some extent, manufacturing will provide near-term stability while the economy transitions into a service-oriented economy driven by healthcare, but employment growth across industries will be weak. Instead, Burlington will have to rely on its proximity to more dynamic areas for support. Longer term, strong demographics, driven by rapid in-migration, will increase the tax base and support service growth. Nevertheless, the metro area will struggle to attract new growth drivers to fill the void left by the secularly declining manufacturing base, resulting in a below-average performance over the long term.

NEIGHBORHOOD ANALYSIS



LOCATION

The subject is in the city of Graham and is considered a suburban location. The city of Graham is situated in central Alamance County along the Interstate 40/85 corridor.

BOUNDARIES

The neighborhood boundaries are not exact and include a three to five mile radius of the property. This includes downtown Graham which is just north of Interstate 40/85 and areas in the county south of the subject.

LAND USE

Land uses within the subject neighborhood consist of a mixture of commercial and residential development. The immediate area surrounding the subject is a developed part of Graham consisting primarily of commercial development along South Main Street and around the intersection with Interstate 40/85. Properties near the subject include low density office buildings, a shopping center anchored by Just Save and Family Dollar, Advance Auto, fast food restaurants, Richard Jones Phyllis Ford, Carolina Square shopping center anchored by Food Lion, and numerous free-standing commercial businesses. Crescent Oaks Apartments is located behind the subject to the west on Crescent Square Drive and single family houses are located in the surrounding neighborhood. To the

north of Interstate 40/85, Main Street is fully developed with commercial property including a Walgreen's, CVS, and Tarheel Drug at the corner of Gilbreath Street. The heart of downtown Graham is located one mile to the north of the subject on Main Street. A Super Wal-Mart is located just north of downtown on Graham-Hopedale Road near Highway 70 (Church Street). The majority of the single-family residential development within a one mile radius of the subject may be described as custom or tract homes in the \$100,000-\$300,000 price range. The median home value within a three-mile radius is \$121,343.

GROWTH PATTERNS

Growth patterns in the area have primarily been in the outlying area where residential land is available, and in in-fill sites in town. The larger developments in Alamance County have occurred to the west and east side of the county along Interstate 40/85. New retail development has recently included the second phase of Alamance Crossing on the west side of Burlington, and the new Tanger Outlet Mall in Mebane on the east side of Alamance County. The center of the county, including Burlington and Graham, has been developed for some time.

ACCESS

Primary access to the subject neighborhood is provided by Interstate Highway 40/85 which traverses the center of Alamance County in an east/west direction providing access to the Raleigh/Durham/Chapel Hill Triangle to the east, and the Greensboro, High Point, and Winston-Salem Triad area to the west. Local access is provided by South Main Street which connects to all primary local streets. Access to the neighborhood and the surrounding area and region is excellent.

DEMOGRAPHICS

Selected neighborhood demographics in 1-, 3-, and 5-mile radii from the subject are shown in the following table:

SELECTED NEIGHBORHOOD DEMOGRAPHICS			
841 S Main Street Graham, NC	1 Mile Radius	3 Mile Radius	5 Mile Radius
Population			
2016 Population	5,592	35,713	81,580
2011 Population	5,245	33,719	77,113
2000 Population	4,434	29,311	67,175
1990 Population	3,432	25,232	58,578
Annual Growth 2011 - 2016	1.29%	1.16%	1.13%
Annual Growth 2000 - 2011	1.54%	1.28%	1.26%
Annual Growth 1990 - 2000	2.59%	1.51%	1.38%
Households			
2016 Households	2,359	14,249	33,172
2011 Households	2,194	13,473	31,372
2000 Households	1,824	11,787	27,392
1990 Households	1,345	10,387	24,395
Annual Growth 2011 - 2016	1.46%	1.13%	1.12%
Annual Growth 2000 - 2011	1.69%	1.22%	1.24%
Annual Growth 1990 - 2000	3.09%	1.27%	1.17%
Income			
2011 Median HH Inc	\$44,138	\$37,413	\$37,954
2011 Estimated Average Household Income	\$51,151	\$45,556	\$47,644
2011 Estimated Per Capita Income	\$21,728	\$18,460	\$19,566
Age 25+ College Graduates - 2010	844	3,793	9,960
Age 25+ Percent College Graduates - 2011	18.7%	14.1%	15.8%
Source: CBRE			

CONCLUSION

The immediate neighborhood appears to be fairly fully developed while outer lying areas of the county are quite rural. Graham is a popular residential area because of its small town feel but with good proximity to the larger job centers in Raleigh/Durham and Greensboro/Winston-Salem via the interstate. The subject property fits well with the surrounding commercial development. Recent residential and retail growth in the neighborhood has primarily in other sections of the county. The subject is one of four drug stores within one mile of each other along South Main Street.

MARKET ANALYSIS

The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. Primary data sources utilized for this analysis includes Karnes Research and discussions with local brokers, regional shopping center brokers, and leasing agents.

The subject is in the Graham market and is considered a Class B freestanding drug store.

DEMOGRAPHIC ANALYSIS

Demand for additional retail property is a direct function of population change and household income. Retail properties are products of a clearly definable demand relating directly to population shifts and income patterns.

Housing, Population and Household Formation

The following table illustrates the population and household changes for the subject neighborhood with primary focus on the three-mile radius.

POPULATION AND HOUSEHOLD PROJECTIONS			
	1 Mile Radius	3 Mile Radius	5 Mile Radius
Population			
2016 Population	5,592	35,713	81,580
2011 Population	5,245	33,719	77,113
2000 Population	4,434	29,311	67,175
1990 Population	3,432	25,232	58,578
Annual Growth 2011 - 2016	1.29%	1.16%	1.13%
Annual Growth 2000 - 2011	1.54%	1.28%	1.26%
Annual Growth 1990 - 2000	2.59%	1.51%	1.38%
Households			
2016 Households	2,359	14,249	33,172
2011 Households	2,194	13,473	31,372
2000 Households	1,824	11,787	27,392
1990 Households	1,345	10,387	24,395
Annual Growth 2011 - 2016	1.46%	1.13%	1.12%
Annual Growth 2000 - 2011	1.69%	1.22%	1.24%
Annual Growth 1990 - 2000	3.09%	1.27%	1.17%

Source: CBRE

As shown, the subject's neighborhood is experiencing moderate positive increases in both population and households.

Income Distributions

Household income available for expenditure on consumer items is a primary factor in determining the retail supply and demand levels in a given market area. In the case of this study, a projection of household income identifies (in gross terms) the market from which the subject submarket draws. The following table illustrates estimated household income distribution for the subject neighborhood.

HOUSEHOLD INCOME DISTRIBUTION			
Households by Income Distribution - 2011	1 Mile Radius	3 Mile Radius	5 Mile Radius
Less than \$15K	13.26%	17.06%	16.47%
\$15K - \$25K	10.26%	14.38%	14.38%
\$25K - \$35K	11.35%	15.00%	15.06%
\$35K - \$50K	24.66%	20.47%	18.86%
\$50K - \$75K	23.79%	19.20%	20.03%
\$75K - \$100K	8.75%	7.69%	8.06%
\$100K - \$150K	6.11%	4.54%	4.85%
\$150K - \$250K	0.96%	0.77%	1.15%
\$250K - \$500K	0.77%	0.80%	0.99%
\$500K or more	0.14%	0.07%	0.14%

Source: CBRE

The following table illustrates the median and average household income levels for the subject neighborhood.

HOUSEHOLD INCOME LEVELS			
Income	1 Mile Radius	3 Mile Radius	5 Mile Radius
2011 Median HH Inc	\$44,138	\$37,413	\$37,954
2011 Estimated Average Household Income	\$51,151	\$45,556	\$47,644
2011 Estimated Per Capita Income	\$21,728	\$18,460	\$19,566

Source: CBRE

An analysis of the income data indicates that the submarket is generally comprised of middle-income economic cohort groups, which include the target groups to which the subject is oriented.

Retail Sales Volumes

The following table illustrates retail sales for the subject's market area at given radii intervals from the subject.

RETAIL EXPENDITURES (\$000's)									
SUBJECT'S SUBMARKET									
Product Sample	1 Mile Radius			3 Mile Radius			5 Mile Radius		
	2011	2016	%/Yr	2011	2016	%/Yr	2011	2016	%/Yr
All Retail Stores	58,487	66,190	2.5%	347,054	386,866	2.2%	822,800	917,885	2.2%
Grocery Stores	10,655	11,694	1.9%	65,073	70,264	1.5%	152,274	164,665	1.6%
Eating Places	4,394	4,792	1.7%	25,116	26,856	1.3%	59,203	63,498	1.4%
Drinking Places	124	136	1.8%	690	743	1.5%	1,648	1,774	1.5%
Health and Personal Care Stores	4,770	5,394	2.5%	27,778	31,058	2.3%	66,149	74,072	2.3%
Building Material & Garden Equipment & Supplies	1,426	1,624	2.6%	8,325	9,336	2.3%	20,109	22,528	2.3%
Hardware Stores	174	199	2.7%	1,028	1,158	2.4%	2,471	2,781	2.4%
Lawn & Garden Equipment & Supplies Dealers	233	267	2.7%	1,373	1,548	2.4%	3,316	3,736	2.4%
Furniture Stores	872	1,002	2.8%	4,960	5,594	2.4%	11,977	13,480	2.4%
Other Home Furnishing Stores	651	746	2.8%	3,699	4,160	2.4%	8,938	10,035	2.3%
Household Appliance Stores	224	270	3.8%	1,302	1,542	3.4%	3,123	3,693	3.4%
Radio/TV/Other Electronics Stores	793	1,157	7.8%	4,548	6,510	7.4%	10,832	15,482	7.4%
Department Stores (Excluding Leased)	4,723	5,551	3.3%	28,151	32,625	3.0%	66,630	77,139	3.0%
Clothing and Clothing Accessory Stores	3,571	4,188	3.2%	21,529	24,936	3.0%	50,889	58,786	2.9%
Shoe Stores	528	626	3.4%	3,338	3,913	3.2%	7,751	9,064	3.2%
General Merchandise Stores	9,582	11,105	3.0%	57,355	65,436	2.7%	135,423	154,510	2.7%
Warehouse Clubs and Superstores	4,928	5,642	2.7%	29,593	33,303	2.4%	69,721	78,543	2.4%
Full Service Restaurants	1,455	1,581	1.7%	8,072	8,578	1.2%	19,190	20,502	1.3%
Fast Food Restaurants	1,352	1,482	1.8%	8,012	8,615	1.5%	18,695	20,130	1.5%
Jewelry Stores	764	877	2.8%	4,123	4,641	2.4%	10,068	11,311	2.4%
Book Stores	384	457	3.5%	2,140	2,476	3.0%	5,192	5,999	2.9%
Gift, Novelty, and Souvenir Shops	190	219	2.8%	1,087	1,227	2.4%	2,590	2,930	2.5%
Florists	541	615	2.6%	3,103	3,479	2.3%	7,551	8,462	2.3%
Hobby, Toy, and Game Shops	352	407	2.9%	2,071	2,366	2.7%	4,863	5,562	2.7%
Sporting Goods Stores	476	647	6.3%	2,877	3,832	5.9%	6,820	9,059	5.8%
Camera/Photographic Supply Stores	61	83	6.6%	336	454	6.2%	807	1,090	6.2%
Luggage and Leather Goods Stores	50	58	2.8%	271	306	2.4%	658	742	2.4%
Sew/Needlework/Piece Goods Stores	87	102	3.1%	502	575	2.7%	1,199	1,371	2.7%
Convenience Stores	594	660	2.1%	3,584	3,895	1.7%	8,371	9,137	1.8%
Home Centers	648	741	2.7%	3,794	4,270	2.4%	9,152	10,284	2.4%
Nursery and Garden Centers	210	238	2.5%	1,230	1,374	2.2%	2,966	3,312	2.2%
Computer and Software Stores	333	495	8.2%	1,887	2,752	7.8%	4,499	6,557	7.8%
Clothing Accessory Stores	54	63	3.2%	318	366	2.9%	759	874	2.8%
Auto Dealers	10,849	11,956	2.0%	63,170	69,127	1.8%	151,630	166,275	1.9%
Automotive Part, Accessories & Tire Stores	559	597	1.3%	3,374	3,546	1.0%	8,039	8,443	1.0%
Gasoline Stations with Convenience Stores	5,337	5,627	1.1%	32,212	33,314	0.7%	75,637	78,317	0.7%
Gasoline Stations without Convenience Stores	1,514	1,554	0.5%	9,117	9,200	0.2%	21,505	21,685	0.2%
Electronic Shopping and Mail Order	2,479	3,075	4.4%	14,330	17,484	4.1%	34,221	41,750	4.1%
Total Accommodation and Food Services	6,141	6,712	1.8%	34,679	37,172	1.4%	82,218	88,338	1.4%

Source: CBRE

The annual rate of change for All Retail Stores is indicated as 2.5%, 2.2% and 2.2% on 1-, 3-, and 5-mile radii, respectively. When excluding the Auto Dealers category, the rate of change for all retail is 2.6%, 2.3% and 2.3%, respectively. As noted, demand for most retail products is expected to increase over the next five years.

Outlook

Based on this analysis, the immediate area surrounding the subject is projected to experience moderate, positive growth relative to households, population, income levels and retail expenditures into the near future. Given the area demographics, it appears that demand for both comparable surrounding area retail properties and the subject will continue to be moderately favorable in-line with the economic recovery.

The overall market is expected to experience a continuation of the operating environment that has existed recently and should remain stable. Further, new construction is moderate in most sectors and overbuilding is not anticipated during the near term.

MARKET OVERVIEW

The following discussion illustrates some general observations in the surrounding retail market.

Market Summary

Market statistics for the Graham area and the subject submarket are shown in the following table:

RETAIL MARKET STATISTICS		
Category	Triad Area	Alamance County
Existing Supply (SF)	37,683,864	6,302,039
Under Construction (SF)	22,481	0
Net Absorption - 2nd Half (SF)	9,000	1,111
Average Occupancy	88.5%	89.5%
Average Rent PSF	\$16.45	\$17.27
Date of Survey	4th Qtr 2011	4th Qtr 2011
Source: The Karnes Report; Triad Retail 4th Quarter 2011		

The retail market saw a small increase in vacancy to 11.5% in the fourth quarter from 11.4% in the previous quarter. Net absorption of 1,130 square feet in the third quarter was outpaced by the small amount of new supply, resulting in the increase. Despite strong leasing during the third quarter, net absorption during the year was a negative 424,318 square feet resulting in a 1.8% increase in vacancy from the 9.7% reported at the end of 2010. The largest contributors to the negative absorption during the year were in the Guilford-Southwest submarket where Old Time Pottery vacated 86,481 square feet at Holden Crossing; Borders vacated 30,213 square feet at 3603 High Point Road; and Doll Market vacated 23,010 square feet at Merritt Plaza. The Guilford-High Point submarket saw the second largest contraction with JC Penny vacating 86,250 square feet at Oak Hollow Mall. The strongest absorption in the third quarter was in Alamance County where Alamance Crossing West was completed. The highest level of demand in the fourth quarter was in Guilford County Northwest where net absorption totaled 32,293 square feet. Most of that leasing occurred at Friendly Center.

After delivering approximately 750,000 square feet of new retail space per year between 2007 and 2009, the Triad market completed 383,229 square feet in 2010 and 257,524 square feet in 2011. Of that total, 248,524 square feet is phase two of Alamance Crossing in Alamance County. The second phase is anchored by BJ's Wholesale Club, Kohl's, and Dick's Sporting Goods. There are two projects with a total of 22,481 square feet under construction. A total of 1,841,354 square feet is proposed with most of that in Southeast Guilford County.

Average triple net rents were \$16.45 across all center types. The highest average rent was in the regional center category with an average of \$31.49 per square foot and the lowest was \$12.78 in the strip center category. The Karnes survey includes Alamance, Davidson, Forsyth, Guilford and Randolph counties. The following chart shows conditions in the Triad market as of the fourth quarter of 2011.

Triad Average Retail Inventory, Rent, & Vacancy by Submarket

Submarket	Inventory	Avg. Rent	Vacancy
Alamance	6,302,039	\$17.27	10.5%
Davidson	3,332,600	\$9.82	11.3%
Forsyth - CBD	534,624	\$8.00	13.3%
Forsyth - Clemmons	301,022	\$12.73	30.7%
Forsyth - East	541,666	\$11.21	16.5%
Forsyth - Kernersville	555,822	\$18.58	6.8%
Forsyth - North	982,339	\$10.35	13.5%
Forsyth - Southeast	199,603	\$7.63	16.9%
Forsyth - West	6,318,638	\$15.14	9.5%
Forsyth Total	9,433,714	\$13.94	11.2%
Guilford - Airport	1,098,485	\$18.16	15.6%
Guilford - CBD	460,402	\$14.19	3.2%
Guilford - High Point	2,840,359	\$14.08	12.5%
Guilford - Northeast	901,542	\$10.07	20.2%
Guilford - Northwest	3,823,612	\$22.86	13.1%
Guilford - Southeast	987,347	\$11.73	13.9%
Guilford - Southwest	6,292,575	\$18.28	10.4%
Guilford Total	16,404,322	\$18.79	12.3%
Randolph	2,211,189	\$12.80	8.9%
Total	37,683,864	\$16.45	11.5%

Demand

Retail vacancy in the Triad has been slowly increasing since the end of 2007, to its present rate of 11.5%. The lowest vacancy rate in Guilford County was in the CBD (3.2%) while the highest was in the Forsyth-Clemmons submarket at 30.7%. The vacancy rate is increasing in the area as the recession has ended but a weak jobs recovery is going to keep downward pressure on occupancy and effective rents.

RETAIL | Triad Submarket Overview

Triad Retail Completions, Net Absorption, and Vacancy Trend by Submarkets

Submarket	Quarter		Year-To-Date		Vacancy Trends		
	Completions	Net Abs.	Completions	Net Abs.	Prior Vacancy	Current Vacancy	Vacancy Change
Alamance	0	1,111	248,524	226,388	10.6%	10.5%	0.0%
Davidson	0	18,901	0	-65,653	11.9%	11.3%	-0.6%
Forsyth - CBD	0	0	0	12,797	13.3%	13.3%	0.0%
Forsyth - Clemmons	0	-184	0	-41,692	30.6%	30.7%	0.1%
Forsyth - East	0	-20,915	0	-21,418	12.6%	16.5%	3.9%
Forsyth - Kernersville	0	0	0	18,330	6.8%	6.8%	0.0%
Forsyth - North	0	0	0	5,280	13.5%	13.5%	0.0%
Forsyth - Southeast	0	-65	0	-65	16.9%	16.9%	0.0%
Forsyth - West	9,000	23,285	9,000	-49,797	9.6%	9.5%	0.0%
Forsyth Total	9,000	2,121	9,000	-76,565	11.0%	11.2%	0.2%
Guilford - Airport	0	-61,282	0	-60,932	10.0%	15.6%	5.6%
Guilford - CBD	0	0	0	840	3.2%	3.2%	0.0%
Guilford - High Point	0	1,212	0	-210,562	12.6%	12.5%	0.0%
Guilford - Northeast	0	0	0	-2,816	20.2%	20.2%	0.0%
Guilford - Northwest	0	32,293	0	-55,738	14.0%	13.1%	-0.8%
Guilford - Southeast	0	0	0	-2,156	13.9%	13.9%	0.0%
Guilford - Southwest	0	5,374	0	-213,834	10.5%	10.4%	-0.1%
Guilford Total	0	-22,403	0	-545,198	12.2%	12.3%	0.1%
Randolph	0	1,400	0	36,710	9.0%	8.9%	-0.1%
Total	9,000	1,130	257,524	-424,318	11.4%	11.5%	0.1%

Construction Activity

Due to the lack of capital available for new construction, higher pre-leasing requirements and a lack of commitment from anchor tenants, new retail construction starts are expected to be minimal through 2012. Money sources will be watching for credit markets to settle before extending capital to any planned construction. Construction activity is at a low for the Triad market with minimal new construction. Besides the recently completed second phase of Alamance Crossing in Alamance County, only two other small construction projects are currently underway in the market.

Rental Rates

Landlords have become more willing to give concessions in order to get retailers to commit today and open in empty spaces. Existing tenants are trying to use competing property offers to negotiate lower rents. Landlords are willing to give free rent periods to those existing tenants that can prove hardship.

Landlords also have to be flexible due to bankruptcy filings, which require renegotiation of lease terms. The lengthy bankruptcy proceedings have slowed the landlords' ability to regain control of their space, forcing them to accept what payment they can in the meantime.

Barriers to Entry

While the city attitude toward development is positive and not a barrier to entry, there is adequate supply of retail space in the trade area.

Demand Generators

The Triad lost an average of 2,362 jobs per year over the seven-year period ending in December 2011, resulting in an average 0.4% annual contraction rate. Employment growth during 2006 was the highest level of growth reported during the past seven years with a total of 16,441 jobs added. After contracting by 30,424 jobs in 2009, the Triad market lost 111 jobs 2010. Preliminary data indicates the Triad gained 10,193 jobs in 2011. However, despite the good job growth in 2011, the labor force grew by 10,591 persons, resulting in only a modest change in unemployment.

Triad Combined MSA* Seasonal Employment

Year	Employment in		Dec. Unemployment	
	Dec.	Growth (Jobs)	Growth (%)	Rate
2005	571,332	13,133	2.4%	4.5%
2006	587,773	16,441	2.9%	4.4%
2007	573,957	-13,816	-2.4%	4.8%
2008	562,008	-11,949	-2.1%	7.9%
2009	531,584	-30,424	-5.4%	11.0%
2010	531,473	-111	0.0%	9.8%
2011	541,666	10,193	1.9%	9.7%
Avg.	557,113	-2,362	-0.4%	7.4%

Chart Key

Employment in Dec. - reported employment at the end of December for each year.

Growth (Jobs) - the 12-month net change in number of jobs.

Growth (%) - the percentage change from the corresponding job growth/contraction.

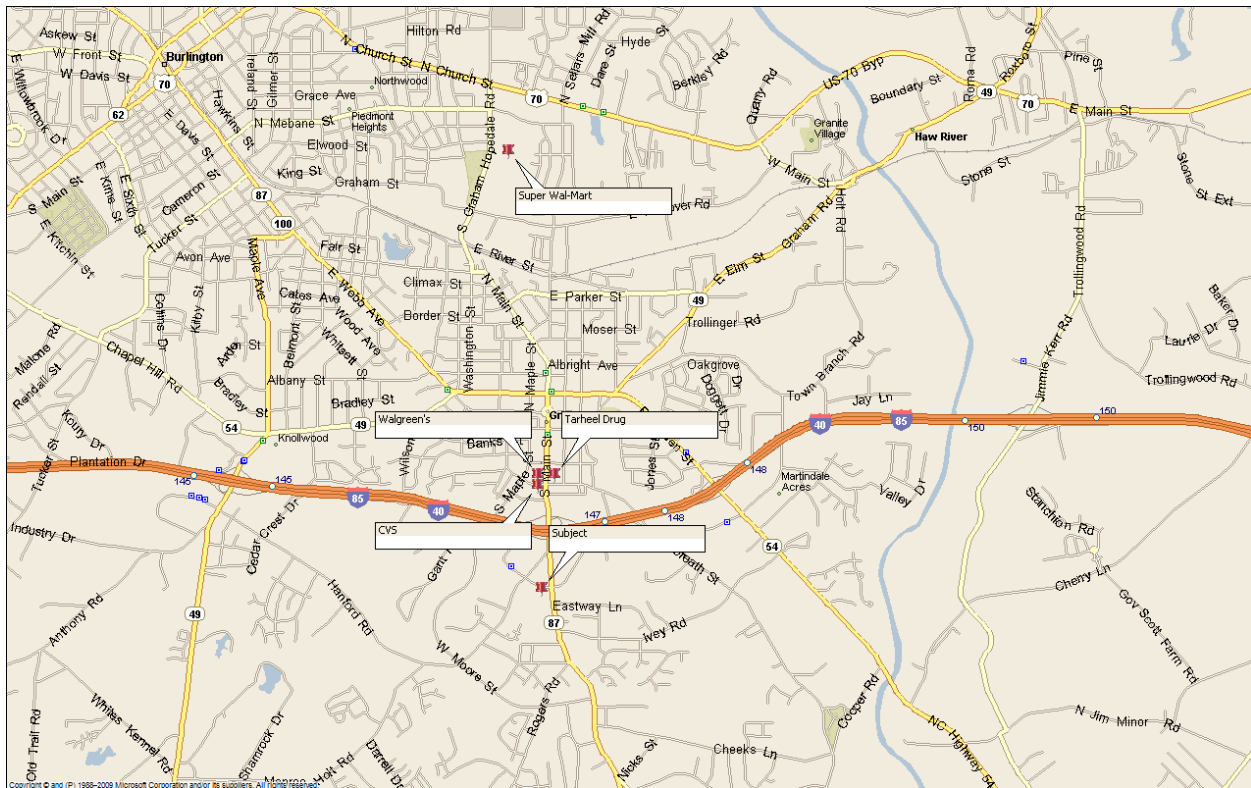
Dec. Unemployment Rate - unemployment figures as reported in December.

Note: The Triad Combined MSA includes both the Greensboro-High Point MSA and the Winston-Salem MSA which comprises the following counties: Guilford, Davie, Forsyth, Randolph, Rockingham, Stokes, and Yadkin. These numbers were gathered from the Employment Security Commission of NC in February 2012. Totals for 2010 and 2011 will likely be revised. Averages are through 2011.

LOCAL COMPETITION

The subject property is one of four drug stores along South Main Street in Graham. Walgreen's, CVS, and Tarheel Drug are located just north of Interstate 40/85 at Gilbreath Street. In addition, there is a Super Wal-Mart 2.5 miles north of the subject on Graham-Hopedale Road.

Nearby completion is shown on the following map:



SUBJECT TRENDS AND PROJECTIONS

Occupancy

Occupancy rate is the relationship between the actual income received from a property and the income that would be received if the entire space were occupied. Consequently, the occupancy rate is a product of both (1) the relationship between the amount of occupied space in a building or market (physical) and (2) the relationship between the contract rent for the occupied building or market space and the total rent estimated for all space in the building or market (economic).

Subject's Historical Trends

The subject's occupancy is detailed in the following chart.

OCCUPANCY	
Year	% PGI
CBRE Estimate	100%
Compiled by CBRE	

Conclusion

Based on the foregoing analysis, CBRE's conclusion of stabilized occupancy for the subject is illustrated in the following table. This estimate considers both the physical factors of the market.

OCCUPANCY CONCLUSIONS	
Triad Area	88.5%
Alamance County	89.5%
Subject's Current Occupancy	100.0%
Subject's Stabilized Occupancy	100.0%
Compiled by CBRE	

- A typical buyer is going to consider the contract versus market rent, location, credit, and re-leasing risk in the overall cap rate.

Tenant Analysis – Rite Aid (Ticker: RAD)

The subject is considered a Class B property operated as a Rite Aid Drug Store, a Class B- credit tenant. It trades on the NYSE under the ticker symbol RAD.

Tenant Background

The subject is a built-to-suit facility that is leased to Rite Aid through May 2028 (about 16 years remaining) on its initial term with an additional eight 5-year options available. Rite Aid is the third largest drug store, according to Standard & Poor's, which provides the following analysis of the company.

Headquartered in Camp Hill, Pennsylvania, Rite Aid (NYSE: RAD) is the third largest drug store chain in the U.S., operating about 4,700 stores in 31 states and Washington, DC. Store locations average about 12,500 square feet (10,000 selling square feet). Rite Aid locates its stores in what it believes are convenient locations in fast-growing metropolitan areas.

Stores sell prescription drugs and a wide variety of general merchandise (front-end products), including OTC medications, health and beauty aids, personal care items, cosmetics, greeting cards, household items, convenience foods, photo processing services, and seasonal merchandise. Sales of prescription drugs accounted for 68% of total sales in FY 11 (February). Over-the-counter medications and personal care items, health and beauty aids and general merchandise generated 32% of sales in FY 11.

The company distinguishes its stores from other national chain drug stores through its emphasis on private label brands and a store-within-Rite Aid stores program with General Nutrition Companies, Inc. (GNC). The company sells 2,900 private label products in its stores, contributing about 16% of front-end sales in categories where private label products are offered. The company plans to continue increasing the number of private label products. Rite Aid had opened over 2,000 GNC stores-within-

Rite Aid stores as of February 2011. The company has a contractual commitment to open additional GNC stores by December 2014.

Rite Aid is implementing programs directed toward its pharmacy business, including faster prescription delivery and an increased focus on attracting and retaining managed care customers. Rite Aid is focusing efforts and resources on improving operations in its existing store base. The company's new store prototype has 11,700 square feet of average selling space and 14,900 square feet in total.

To increase pharmacy sales, the company purchases pharmacy files from other drug stores and has recently added the capability to provide pharmacy benefit management services to employers, health plans, and insurance companies. Rite Aid intends to offer 90-day prescription refills to its customers as an alternative to mail order. The company acquired about 91% of the dollar volume of its prescription drugs in FY 11 from McKesson Corp., under a contract that runs until April 2013.

In June 2007, the company purchased about 1,850 U.S. Eckerd and Brooks drugstores from The Jean Coutu Group for approximately \$3.9 billion in total consideration. As a result of the sale, Jean Coutu Group is the largest shareholder, owning approximately 27.4% of Rite Aid voting power. The acquisition significantly increased the footprint and operating scale of the company's business.

The company posted a three-year compound annual growth rate for revenues of 3% through FY 07, as prescription price inflation was partially offset by increased sales of lower-priced generic drugs, reduced drug reimbursement rates and lower prescription volumes. Operating EPS declined from \$0.17 in FY 04 to a loss of \$0.01 in FY 07, as benefits from increased generic drug sales and improved inventory control were offset by higher advertising expenses and utility costs, and rising rent expense as expansion accelerated. Revenues in FY 08 increased 40%, reflecting the acquisition of Brooks Eckerd in June 2007. In FY 08, the company posted a loss of \$0.43 per share, reflecting increased operating expenses and higher interest costs related to the acquisition of Brooks Eckerd. In FY 09, revenues increased 8.1%, reflecting a full year of revenues from the acquired stores, comparable store sales growth of 0.8%, and the opening of 33 new stores, partially offset by the closure of 200 stores. However, margins narrowed and operating earnings declined to a loss due to higher occupancy and rent costs, the sale and leaseback of owned stores, higher labor costs, and increased store closing costs, despite lower new store integration and advertising costs. In FY 10, a loss per share of \$0.59 reflecting 121 fewer stores in operation, a 0.9% decline in same-store sales, and greater pharmacy margin pressure due to increased drug reimbursement. As of February 2011, the company had \$6.2 billion in debt, which Standard & Poor's think limits its flexibility and places it at a competitive disadvantage compared to peers, and requires it to dedicate a significant portion of its cash flow to debt service. The company has a significant amount of debt maturing in 2015.

According to Standard & Poor's Ratings Services, Rite Aid is rated B-/Stable, which is inferior to its competitive set. (Walgreens is rated A/Negative and CVS/pharmacy is rated BBB+/Stable.) A bond

is considered investment grade if its credit rating is BBB- or higher by Standard & Poor's. Thus, the subject is not considered to be rated as an investment grade asset.

Retail Sales

The following is a summary of the subject's retail sales and credit rating.

SUBJECT'S RETAIL SALES					
	2007	2008	2009	% Chg./Yr.	Credit Rating
Rite Aid	\$189/SF	\$197/SF	\$215/SF	6.6%	B-
Compiled by CBRE. Periods are trailing 12-month figures as of October 2009 and prior years as of June					

- The subject's inside sales are as provided by Rite Aid in negotiating a rent reduction. We do not have more recent sales figures. The sales are low for Rite Aid stores.

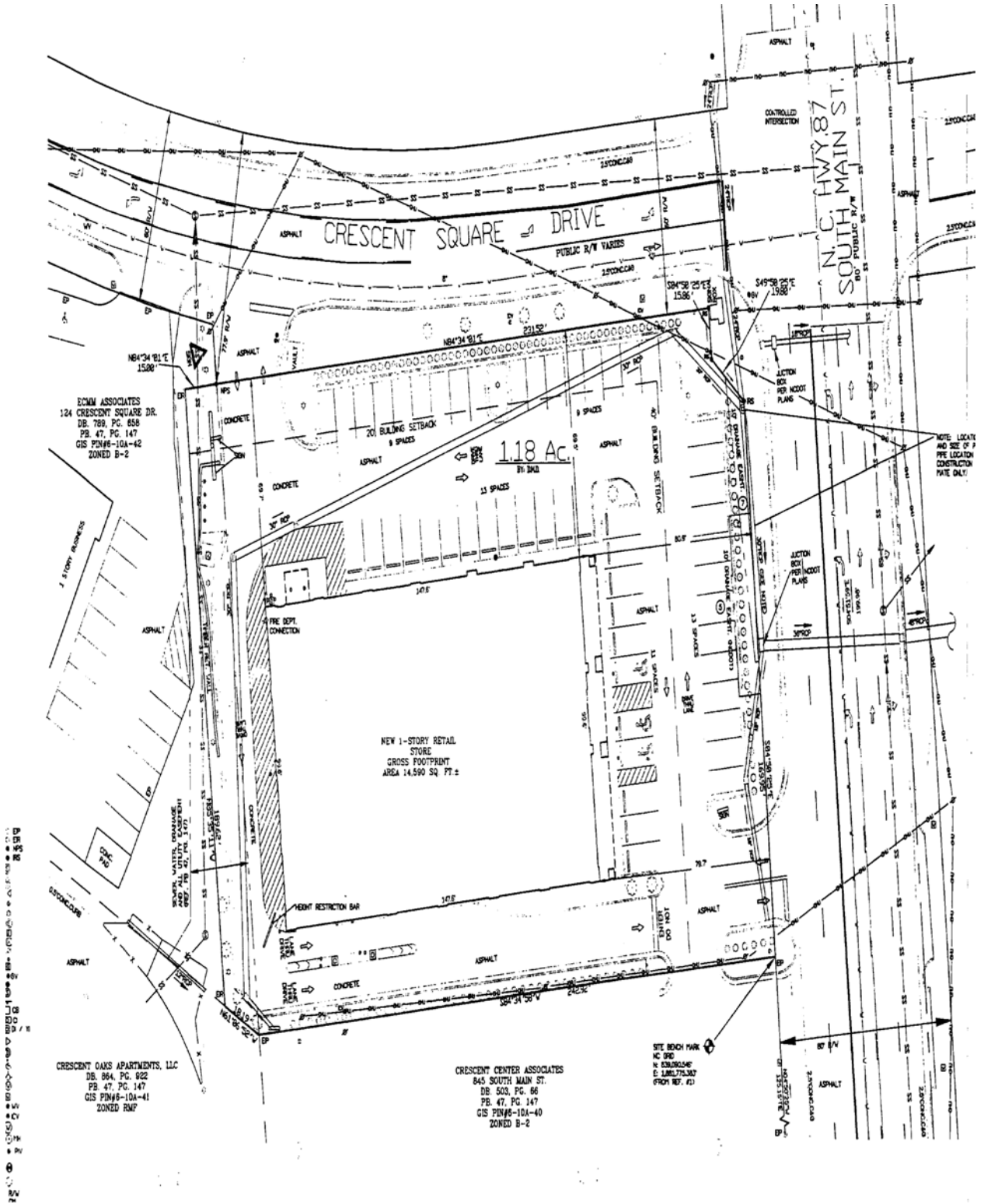
Rite Aid offered to renegotiate the subject's contract rent of \$28.71 per square foot in June 2009. The offer was to convert the rent to 5% of sales which would equate to around \$10.75 per square foot based on the trailing 12-month sales as of October 2009. The offer was rejected by the court appointed receiver. The financial records provided by Rite Aid showed the subject store had negative EBITDA earnings for the three years provided. The store had EBITDA earnings of (\$202,111) for the 12-months ending in October 2009, (\$169,408) for the 12-months ending in June 2008, and (\$171,815) for the 12-months ending in June 2007. These results placed the store among the lower 5% of Rite Aid stores.

CONCLUSION

The area retail market and the local submarket are exhibiting flat occupancy levels with softer rental rates due to the recession. Occupancy rates and rents are expected to improve but it will be a slow recovery. The addition of new product to the market is not expected to add downward pressure on occupancy as new construction has been contracting for some time and financing is still hard to obtain. The long-term projection for the subject submarket is for stability when the economy recovers as this is the central retail location in the MSA.

With respect to the subject in particular, we believe the subject is reasonably well located for a retail project, but has an inferior location as compared to Walgreens' and CVS' stores on the north side of Interstate 40/85. Backfilling the subject property with another drug store would be difficult if Rite Aid vacates.

PLAT MAP



SITE ANALYSIS

The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY		
Physical Description		
Gross Site Area	1.18 Acres	51,401 Sq. Ft.
Net Site Area	1.18 Acres	51,401 Sq. Ft.
Primary Road Frontage	S Main Street	170 Feet
Secondary Road Frontage	Crescent Sq Dr	232 Feet
Excess Land Area	None	
Surplus Land Area	None	
Primary Traffic Counts (24 hrs.)	S Main Street	28,000 (2009)
Zoning District	B-2, General Business	
Flood Map Panel No. & Date	3710888300J	09/06/06
Flood Zone	Zone X	
Source: FEMA Floodmaps, Alamance County tax records, other sources compiled by CBRE		

LOCATION

The subject is located at the southwest corner of South Main Street and Crescent Square Drive, one block south of Interstate 40/85 in Graham. The street address is 841 South Main Street.

LAND AREA

The site is considered adequate in terms of size and utility. There is no unusable, excess or surplus land area. Please refer to the Resource Verification table within the Scope of Work for the source of the land area size.

SHAPE AND FRONTAGE

The site is rectangular in shape and has adequate frontage along one primary thoroughfare and a secondary thoroughfare within the neighborhood.

INGRESS/EGRESS

Ingress and egress is available to the site via curb cuts along South Main Street and Crescent Square.

Please refer to the prior site/plat exhibit for the layout of the streets that provide access to the subject.

TRAFFIC COUNTS

Traffic counts along South Main Street in 2009 indicate average daily traffic volume of 28,000 cars. The subject has good traffic exposure.

TOPOGRAPHY AND DRAINAGE

The site is generally level and at street grade. The topography of the site is not seen as an impediment to the development of the property. During our inspection of the site, we observed no drainage problems and assume that none exist.

SOILS

A soils analysis for the site has not been provided for the preparation of this appraisal. In the absence of a soils report, it is a specific assumption that the site has adequate soils to support the highest and best use.

EASEMENTS AND ENCROACHMENTS

There are no known easements or encroachments impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a current title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

The site has a shared access easement with the property next door at the South Main Street driveway.

COVENANTS, CONDITIONS AND RESTRICTIONS

There are no known covenants, conditions or restrictions impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a copy of the current covenants, conditions and restrictions, if any, prior to making a business decision.

UTILITIES AND SERVICES

The site is within the jurisdiction of Alamance County or Graham and is provided all municipal services, including police, fire and refuse garbage collection. All utilities are available to the site in adequate quality and quantity to service the highest and best use as if vacant and as improved.

FLOOD ZONE

According to flood hazard maps published by the Federal Emergency Management Agency (FEMA), the site is within Zone X, as indicated on Community Map Panel No. 3710888300J. FEMA defines the flood zone(s) as follows:

Zones C and X (unshaded) are flood insurance rate zones used for areas outside the 0.2-percent-annual-chance floodplain. No Base Flood Elevations (BFEs) or depths are shown in this zone, and insurance purchase is not required.

ENVIRONMENTAL ISSUES

CBRE is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

A Phase 1 Environmental Site Assessment (ESA) was performed on the subject site by Irminger Consulting on March 5, 2005. This ESA indicated that the site was originally used as a gasoline station from the 1980s until the early 2000s. The storage tanks were removed in 2003 and contaminated soil and water removal was completed in 2004. Based on the finding of the report, the NCDENR reported that no further action was recommended on December 17, 2004.

ADJACENT PROPERTIES

The adjacent land uses are summarized as follows:

<i>North:</i>	Shopping center
<i>South:</i>	Low density office and commercial buildings
<i>East:</i>	Low density office buildings
<i>West:</i>	Low density office buildings and apartments

CONCLUSION

The site is well located and afforded average access and visibility from roadway frontage. Overall, there are no known factors which are considered to prevent the site from development to its highest and best use, as if vacant, or adverse to the existing use of the site.

IMPROVEMENTS ANALYSIS

The following chart shows a summary of the improvements.

IMPROVEMENTS SUMMARY		
Property Type	Retail	(Drug Store)
Number of Buildings	1	
Number of Stories	1	
Year Built	2004	
Gross Leasable Area	13,824 SF	
Major Tenants		
Rite Aid	13,824 SF	
Site Coverage	26.9%	
Land-to-Building Ratio	3.72 : 1	
Parking Improvements	Open	
Total Spaces:	55	
Parking Ratio (per 1,000 SF GLA)	3.98	

Source: ; and Alamance County tax records.

Building plans and specifications were not provided for the preparation of this appraisal. The following is a description of the subject improvements and basic construction features derived our inspection and lease documents.

BUILDING AREA

Please refer to the Resource Verification table in the Scope of Work for the source of the building area size. The following is a description of the subject improvements and basic construction features derived from CBRE's inspection.

YEAR BUILT

The subject was built in 2004.

FOUNDATION

The foundation is assumed to be of adequate load-bearing capacity to support the improvements.

CONSTRUCTION COMPONENTS

The construction components are assumed to be in working condition and adequate for the building.

FLOOR STRUCTURE

The floor structure is summarized as follows:

Ground Floor: Concrete slab on compacted fill

EXTERIOR WALLS

The exterior wall structure is a combination of concrete blocks and brick veneer. The retail storefront is plate glass set in anodized aluminum frames.

ROOF COVER

The roof covering is assumed adequate. We were unable to inspect.

INTERIOR FINISHES

The typical interior finish of the retail shop space is summarized as follows:

Floor Coverings:	Commercial grade short loop carpeting and vinyl tile over concrete.
Walls:	Textured and painted sheetrock.
Ceilings:	Combination textured and painted sheetrock and suspended acoustical tile.
Lighting:	Standard commercial fluorescent fixtures.
Summary:	The interior areas are typical building standard retail showroom finish, and are commensurate with competitors in the area.

BALCONY/MEZZANINE AREAS

Any potential balcony/mezzanine space is not included within the net rentable area calculations.

ELEVATOR/STAIR SYSTEM

The subject represents a ground floor retail use. As such, there are no elevators or stairwells.

HVAC

The HVAC system is assumed to be in good working order and adequate for the building.

ELECTRICAL

The electrical system is assumed to be in good working order and adequate for the building.

PLUMBING

The plumbing system is assumed to be in good working order and adequate for the building.

RESTROOMS

The restrooms are adequate and are assumed built to local code.

FIRE PROTECTION

The subject property is sprinklered. It is assumed the improvements have adequate fire alarm systems, fire exits, fire extinguishers, fire escapes and/or other fire protection measures to meet local fire marshal requirements. CBRE is not qualified to determine adequate levels of safety & fire protection, whereby it is recommended that the client/reader review available permits, etc. prior to making a business decision.

SECURITY

The improvements appeared to have a security camera system in place.

PARKING AND DRIVES

The property appears to feature an adequate number of surface and covered parking spaces, including reserved handicapped spaces. All parking spaces and vehicle drives are asphalt or concrete paved and considered to be in average condition. Patron parking areas are along the front and sides of the building.

LANDSCAPING

Landscaping is considered to be in average condition and well maintained.

QUALITY AND STRUCTURAL CONDITION

The overall quality of the facility is considered to be average for the neighborhood and age. However, CBRE is not qualified to determine structural integrity and it is recommended that the client/reader retain the services of a qualified, independent engineer or contractor to determine the structural integrity of the improvements prior to making a business decision.

FUNCTIONAL UTILITY

The overall layout of the property is considered functional in utility and provides adequate accessibility and visibility to the individual retail spaces.

ADA COMPLIANCE

All common areas of the property appear to have handicap accessibility. The client/reader's attention is directed to the specific limiting conditions regarding ADA compliance.

FURNITURE, FIXTURES AND EQUIPMENT

Any personal property items contained in the property are not considered in to contribute significantly to the overall value of the real estate.

ENVIRONMENTAL ISSUES

CBRE is not qualified to detect the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have specifically assumed that any hazardous materials that would cause a loss in value do not affect the subject.

DEFERRED MAINTENANCE

Our inspection of the property indicated no items of deferred maintenance. A PCA was requested, but was not provided.

ECONOMIC AGE AND LIFE

CBRE's estimate of the subject improvements effective age and remaining economic life is depicted in the following chart:

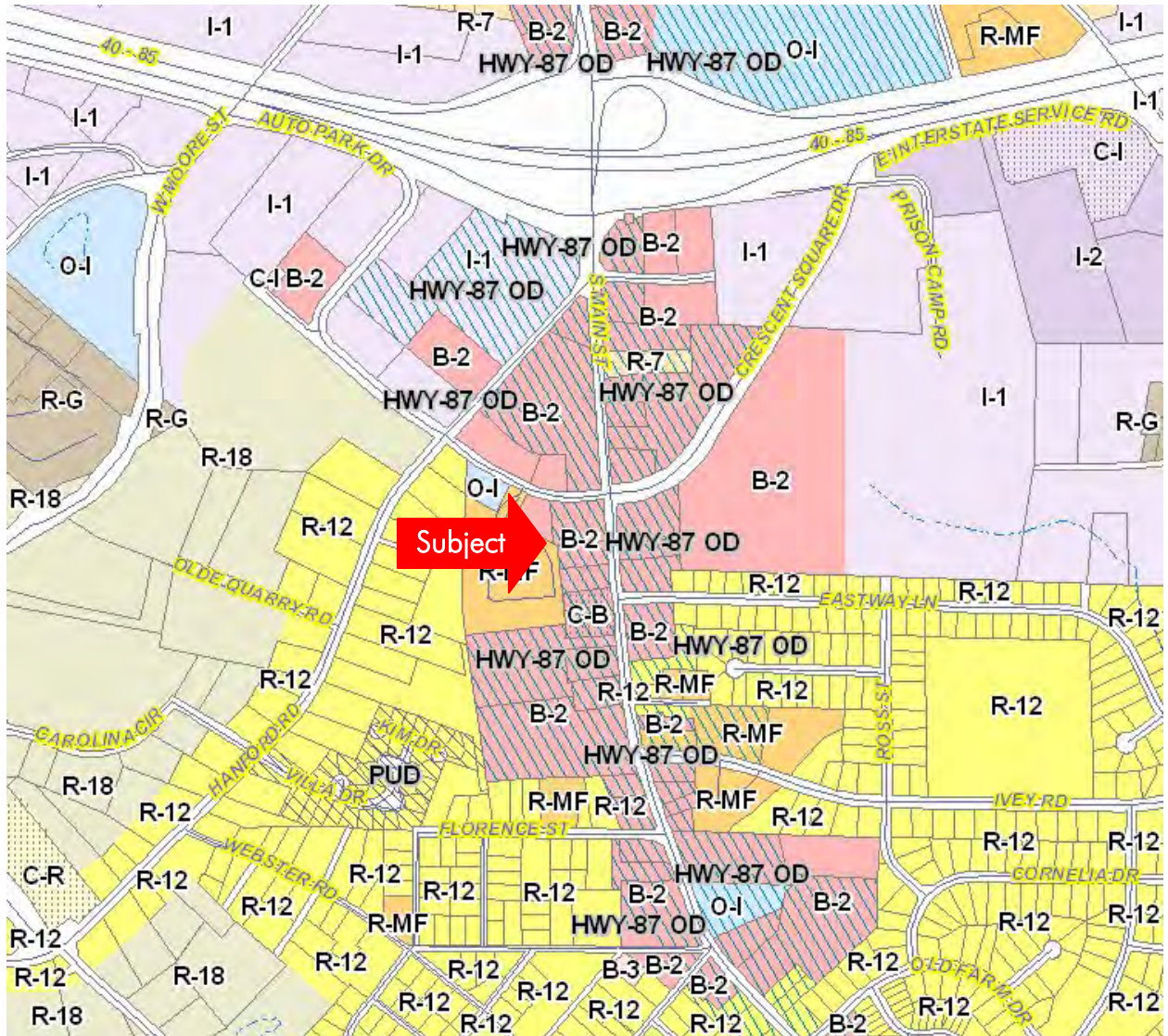
ECONOMIC AGE AND LIFE	
Actual Age	8 Years
Effective Age	8 Years
MVS Expected Life	55 Years
Remaining Economic Life	47 Years
Accrued Physical Incurable Depreciation	14.5%
Compiled by CBRE	

The overall life expectancy is based upon our on-site observations and a comparative analysis of typical life expectancies reported for buildings of similar construction as published by Marshall and Swift, LLC, in the *Marshall Valuation Service* cost guide. While CBRE did not observe anything to suggest a different economic life, a capital improvement program could extend the life expectancy.

CONCLUSION

The improvements are in average overall condition. Overall, there are no known factors that adversely impact the marketability of the improvements.

ZONING MAP



ZONING

The following chart summarizes the subject's zoning requirements.

ZONING SUMMARY	
Current Zoning	B-2, General Business
Legally Conforming	Appears to be legally conforming
Uses Permitted	The current use is permitted in the subject's districts.
Zoning Change	Not likely
Source: Graham Planning & Zoning Department	

ANALYSIS AND CONCLUSION

The improvements appear to represent a legally conforming use. It is recommended that local planning and zoning personnel be contacted regarding more specific information that might be applicable to the subject.

CBRE has gathered available zoning information from the appropriate municipal authorities and reviewed the subject's improvements with respect to applicable zoning requirements. CBRE is not qualified to inspect properties to determine zoning compliance; however we have not been made aware through our due diligence or outside sources of any issues that would prevent the property from being considered a legally conforming use.

CBRE recommends that the client/reader retain the services of the appropriate government authority or a qualified expert to inspect the property and determine whether the improvements fully conform to the stipulations of the subject's zoning prior to making a business decision.

TAX AND ASSESSMENT DATA

The following summarizes the local assessor's estimate of the subject's market value, assessed value, and taxes, and does not include any furniture, fixtures or equipment.

AD VALOREM TAX INFORMATION		
Assessor's Market Value		2011
144069		\$2,041,514
Subtotal		\$2,041,514
Assessed Value @		100%
		\$2,041,514
General Tax Rate	(per \$100 A.V.)	0.960000
Total Taxes		\$19,599
Source: Alamance County Assessor's Office		

The property tax in North Carolina is governed by Subchapter II of Chapter 105 of the General Statutes of North Carolina. (Also known as the Machinery Act).

The machinery act requires each county to revalue real property (land buildings and other improvements to land) at least every 8 years. The act also requires the counties to appraise real property uniformly at its true value in money. True value in money is the "price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller", neither being under any compulsion to buy or sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used. (NCGS 105-283).

In North Carolina, real estate is assessed on a calendar year basis as of January 1st. Corresponding taxes are due in full by December of the year following the actual assessment. State law requires reassessment no less than every eight years, however, counties can adopt a more frequent assessment cycle, if desired. Further properties are assessed on the basis of 100% of market value. The last countywide reassessment for Alamance County occurred in 2009 and the next will be 2017. Further, the sale of the property would not initiate an immediate reassessment. We assume that there are no delinquent property taxes encumbering the subject.

HIGHEST AND BEST USE

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legal permissibility;
- physical possibility;
- financial feasibility; and
- maximum profitability.

The highest and best use analysis of the subject is discussed on the following pages. This analysis incorporates the information presented in the Market Analysis section, as well as any unique characteristics of the subject described previously.

AS VACANT

Legal Permissibility

The legally permissible uses were discussed in the Site Analysis and Zoning Sections.

Physical Possibility

The subject is adequately served by utilities, and has an adequate shape and size, sufficient access, etc., to be a separately developable site. There are no known physical reasons why the subject site would not support any legally probable development (i.e. it appears adequate for development).

Existing structures on nearby sites provides additional evidence for the physical possibility of development.

Financial Feasibility

New retail projects have been decreasing in this market due to economic conditions. Specifically, there are proposed developments which are no longer moving forward due to inadequate construction financing and market conditions (increasing vacancy, declining effective rental rates, higher cap rates, etc.). Overall, there is significant risk in the retail market and most investors would not move forward with new construction at this time.

Maximum Profitability

The final test of highest and best use of the site as if vacant is that the use be maximally productive, yielding the highest return to the land. In the case of the subject as if vacant, the analysis has indicated that a new retail project would be most appropriate.

CONCLUSION: HIGHEST AND BEST USE AS VACANT

As noted, new development is not financially feasible at this time. Therefore, the highest and best use of the site, as vacant, would be to hold for future retail development when economic conditions improve.

AS IMPROVED

Legal Permissibility

As discussed, the subject site's zoning and legal restrictions permit a variety of land uses. The site has been improved with a retail development that is a legal conforming use.

Physical Possibility

The physical characteristics of the subject improvements were discussed in detail in the improvements analysis. Both the layout and positioning of the improvements are considered functional for retail use. While it would be physically possible for a wide variety of uses, based on the legal restrictions and the design of the improvements, the continued use of the property for retail users would be the most functional use.

Financial Feasibility

The financial feasibility of a retail property is based on the amount of rent which can be generated, less operating expenses required to generate that income; if a residual amount exists, then the land is being put to a productive use. As will be indicated in the income capitalization approach, the subject is producing a positive net cash flow and continued utilization of the improvements for retail purposes is considered financially feasible.

Maximum Profitability

The maximally profitable use of the subject as improved should conform to neighborhood trends and be consistent with existing land uses. Although several uses may generate sufficient revenue to satisfy the required rate of return on investment and provide a return on the land, the single use that produces the highest price or value is typically the highest and best use. As shown in the applicable valuation sections, buildings that are similar to the subject have been acquired or continue to be used by retail owners/tenants. None of the comparable buildings have been acquired for conversion to an alternative use. These comparables would indicate that the maximally productive use of the property is consistent with the existing use as a retail property.

CONCLUSION: HIGHEST AND BEST USE AS IMPROVED

Based on the foregoing, the highest and best use of the property, as improved, is consistent with the existing use as a retail development.

APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

COST APPROACH

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

SALES COMPARISON APPROACH

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

INCOME CAPITALIZATION APPROACH

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

METHODOLOGY APPLICABLE TO THE SUBJECT

In valuing the subject, the sales comparison and income approaches are applicable and have been utilized. The cost approach is not relevant in this instance because market participants are not using cost as a basis of making purchase decision for a property this age and design.

INSURABLE VALUE

Insurable value is defined as follows:

(1) the value of an asset or asset group that is covered by an insurance policy; can be estimated by deducting costs of noninsurable items (e.g., land value) from market value. (2) value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction cost plus allowances for debris removal or demolition less deterioration and noninsurable items. Sometimes cash value or market value, but often entirely a cost concept. (Marshall & Swift LP)²

CBRE has followed traditional appraisal standards to develop a reasonable calculation based upon industry practices and industry-accepted publications such as the Marshall Valuation Service. The methodology employed is a derivation of the cost approach and is not reliable for insurable value estimates. Actual construction costs and related estimates can vary greatly from this estimate.

The insurable value estimate presented herein is intended to reflect the value of the destructible portions of the subject, based on the replacement of physical items that are subject to loss from hazards (excluding indestructible items such as basement excavation, foundation, site work, land value and indirect costs). In the case of the subject, this estimate is based upon the base building costs (direct costs) as obtained via the Marshall Valuation Service handbook, with appropriate deductions.

This analysis should not be relied upon to determine proper insurance coverage as only consultants considered experts in cost estimation and insurance underwriting are qualified to provide an insurable value. It is provided to aid the client/reader/user as part of their overall decision making process and no representations or warranties are made by CBRE regarding the accuracy of this estimate and it is strongly recommended that other sources be utilized to develop any estimate of insurable value.

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th ed. (Chicago: Appraisal Institute, 2002), 147.

INSURABLE VALUE CONCLUSION

Primary Building Type:	Retail	Height per Story:	18'±
Effective Age:	8 YRS	Number of Buildings:	1
Condition:	Good	Gross Building Area:	13,824 SF
Exterior Wall:	Brick	Net Rentable Area:	13,824 SF
Number of Stories:	1		

Base Building Cost	<i>(via Marshall Valuation Service cost data)</i>	\$1,595,635
Insurable Value Exclusions	10.0% of Total Building Cost	<u>(\$159,564)</u>
Insurable Value Indication		\$1,436,072
Rounded		\$1,440,000
Value Per SF		\$104.17

Compiled by CBRE

SALES COMPARISON APPROACH

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE RETAIL SALES											
No.	Name	Transaction Type	Date	Year Built	GLA (SF)	Actual Sale Price	Adjusted Sale Price ¹	Price Per SF ¹	Occ.	NOI Per SF	OAR
1	Rite Aid - Burlington, Burlington, NC	Sale	Mar-11	2003	14,470	\$3,386,000	\$3,386,000	\$234.00	100%	\$21.53	9.20%
2	Rite Aid - Burlington, Burlington, NC	Sale	Feb-11	2000	10,908	\$2,567,500	\$2,567,500	\$235.38	100%	\$29.18	12.40%
3	Rite Aid - Clemmons, Clemmons, NC	Sale	Mar-11	2003	14,547	\$2,314,782	\$2,314,782	\$159.12	100%	\$14.64	9.20%
4	Rite Aid Concord, Concord, NC	Sale	Jan-12	2002	10,908	\$1,670,636	\$1,670,636	\$153.16	100%	\$20.89	13.64%
5	Rite Aid Salisbury, Salisbury, NC	Sale	Jun-11	2004	14,569	\$2,774,000	\$2,774,000	\$190.40	100%	\$17.52	9.20%
6	Rite Aid Wilson, Wilson, NC	Sale	Nov-11	2003	14,765	\$2,162,000	\$2,162,000	\$146.43	100%	\$13.47	9.20%
Subj.	Rite Aid, Pro Graham, NC Forma	---	---	2004	13,824	---	---	---	100%	\$17.50	---

¹ Transaction amount adjusted for cash equivalency and/or deferred maintenance (where applicable)
Compiled by CBRE

The sales utilized represent the best data available for comparison with the subject. They were selected from our research of comparable Rite Aids within the Southeast. As indicated in the preceding charts, Rite Aids trade at a wide range in cap rates. Since Rite Aid has considerable debt, a below investment grade rating, and has been losing money for the past several years, typical buyers consider the real estate. This differs from CVS and Walgreens whose credit is the driving factor behind investment sales. Note that the subject rent is based on our concluded market rent which is where we believe the current contract rent will be renegotiated for the store to remain occupied by Rite Aid.

DISCUSSION/ANALYSIS OF IMPROVED SALES

Improved Sale One

This comparable is located at a major signalized intersection of South Church Street and Williamson Avenue near Elon University in the western part of Burlington, NC. Construction is 2003, brick veneer and a later Eckerd's prototype. The property is leased to Rite Aid on a lease originally done in 2003 but that was recently renegotiated and re-signed in May 2008 at \$21.53/SF through April 2028. (The lease was renegotiated as part of a larger restructuring of terms Rite Aid has engaged in recently as it seeks to consolidate its Eckerd legacy stores.) The lease increases 10% in Year 11, and has eight 5-year options. Expenses are absolute net with the tenant responsible for roof and structure. The lease had 17 years and 2 months remaining at the time of sale. The property sold in March 2011 for \$3,386,000 or \$234 per square foot which equates to a 9.20% cap rate on existing income.

An other category adjustment was considered appropriate for this comparable given its different rental rate and terms as compared with the subject property. Because of this superior trait, a downward adjustment of -25% was considered appropriate. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

Improved Sale Two

This comparable is located in a commercial district one mile north of the I-40/NC 49 interchange in Burlington, NC. Construction is 2000 with stucco veneer typical of the older type of Rite Aid store. The 20-year lease commenced in May 2000 at \$29.38/SF flat through April 2020. There are four 5-year renewal options with \$0.50/sf increases. Expenses are net with the landlord responsible for roof and structure. The lease had 9 years and 3 months remaining at the time of sale. The cap rate is based on contract rent less \$0.20/sf for reserves. The buyer had to assume a 10-year non-recourse loan that expires in October 2012. Because of the high prepayment penalty it was not feasible to pay it off. The seller and the former listing broker (Sonny Molly, Marcus & Millichap 678-808-2700) said the loan assumption had a negative impact on the price because of the uncertainty of getting new financing when the loan expired. The seller said the price would have been \$200,000 higher or more if the buyer did not have to assume the loan. The property was listed for several years.

In terms of conditions of sale, this comparable was considered inferior and received an upward adjustment of 10% for this characteristic due to the assumption of existing debt. In terms of age/condition, this comparable was judged inferior due to the difference in age and condition and received an upward adjustment of 5% for this characteristic. An other category adjustment was considered appropriate for this comparable given its different rental rate and terms as compared with the subject property. Because of this superior trait, a downward adjustment of -45% was considered appropriate. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

Improved Sale Three

This comparable is located in the southwest quadrant of U.S. 421 and Lewisville Clemmons Road, in the western part of Winston-Salem. Specifically, the property is located in the northwestern corner of the lighted intersection of Lewisville-Clemmons Road and Styers Ferry Road, and abuts River Ridge Drive, which is a ring road with a neighborhood strip center anchored by a Food Lion. The building is on a built-up site and has excellent visibility. Construction is 2003, brick veneer and a later Eckerd's prototype. The property is leased to Rite Aid on a lease that was recently renegotiated and re-signed (5/2010) at \$14.64/SF through June 2028. (The lease was renegotiated as part of a larger restructuring of terms Rite Aid has engaged in recently as it seeks to consolidate its Eckerd legacy stores.) The lease increases 10% in Year 10, and has eight 5-year options. Expenses are absolute net with the tenant responsible for roof and structure.

An other category adjustment was considered appropriate for this comparable given its different rental rate and terms as compared with the subject property. Because of this inferior trait, an upward adjustment of 10% was considered appropriate. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

Improved Sale Four

This is a Rite Aid located at 3645 Concord Parkway South in Concord, North Carolina. The property was listed for sale at an asking price of \$2,119,000, or \$194.26 per square foot. The property sold on January 20, 2012 for \$1,670,636 or \$153.16/sf. The existing income is \$227,814, or \$20.89 per square foot. The broker's offering memorandum indicates that the existing lease has over 10 years remaining. Additionally, this asset is part of a portfolio of Rite Aid properties that was being marketed by Cushman and Wakefield. That being said, the asking price reflected what the broker considers to be market value of the asset on a "one off" basis. The property was on the market for over 2 years. Discussion with the broker indicated offers had been in the 12% capitalization rate range. The selling price cap rate was 13.64%.

In terms of age/condition, this comparable was judged inferior due to the difference in age and condition and received an upward adjustment of 5% for this characteristic. An other category adjustment was considered appropriate for this comparable given its different rental rate and terms as compared with the subject property. Because of this superior trait, a downward adjustment of -10% was considered appropriate. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

Improved Sale Five

This is a Rite Aid located one-half mile south on I-85 in Salisbury, Rowan County, North Carolina. The location is mid-block on E Innes Street just east of a large retail center anchored by Lowe's, Food Lion, Circuit City and Staples. Construction is brick veneer with a drive-thru window. The property was built in 2004 but Rite Aid executed a new 20-year NNN lease starting in May 2008 through 2028 at \$17.52/sf with a 10% increase in Year 11 and eight 5-year options. The property was listed for sale at an asking price of \$2,933,333, or \$201.35 per square foot and an 8.70% cap rate on existing income. The property sold on June 23, 2011 for \$2,774,000 or \$190.40/sf on an indicated cap rate of 9.2%. Based on an average 10-year NOI, the cap rate was 10.1%. The property was on the market for over 3 years.

The -10% downward adjustment for location reflects this comparable's superior feature with respect to the location in its submarket. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

Improved Sale Six

This is a Rite Aid located in Wilson, Wilson County, North Carolina. The location is a residential neighborhood at a corner parcel at a signalized intersection of Ward Boulevard (Hwy 301) and Martin Luther King Jr. Blvd. Construction is brick veneer with a drive-thru window. The property was built in 2003 but Rite Aid executed a new 20-year NNN lease starting in May 2008 through 2028 at \$13.47/sf with a 10% increase in Year 11 and eight 5-year options. The property was listed for sale at an asking price of \$2,285,977, or \$154.82 per square foot and an 8.70% cap rate on existing income. The property sold on November 30, 2011 for \$2,162,000 or \$146.43/sf on an indicated cap rate of 9.2%. Based on an average 10-year NOI, the cap rate was 10.1%. The property was on the market for over 3.5 years.

An other category adjustment was considered appropriate for this comparable given its different rental rate and terms as compared with the subject property. Because of this inferior trait, an upward adjustment of 25% was considered appropriate. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

RETAIL SALES ADJUSTMENT GRID							Subj. Pro Forma
Comparable Number	1	2	3	4	5	6	
Transaction Type	Sale	Sale	Sale	Sale	Sale	Sale	---
Transaction Date	Mar-11	Feb-11	Mar-11	Jan-12	Jun-11	Nov-11	---
Year Built	2003	2000	2003	2002	2004	2003	2004
GLA (SF)	14,470	10,908	14,547	10,908	14,569	14,765	13,824
Actual Sale Price	\$3,386,000	\$2,567,500	\$2,314,782	\$1,670,636	\$2,774,000	\$2,162,000	---
Adjusted Sale Price ¹	\$3,386,000	\$2,567,500	\$2,314,782	\$1,670,636	\$2,774,000	\$2,162,000	---
Price Per SF ¹	\$234.00	\$235.38	\$159.12	\$153.16	\$190.40	\$146.43	---
Occupancy	100%	100%	100%	100%	100%	100%	100%
NOI Per SF	\$21.53	\$29.18	\$14.64	\$20.89	\$17.52	\$13.47	\$17.50
OAR	9.20%	12.40%	9.20%	13.64%	9.20%	9.20%	---
Adj. Price Per SF	\$234.00	\$235.38	\$159.12	\$153.16	\$190.40	\$146.43	
Property Rights Conveyed	0%	0%	0%	0%	0%	0%	
Financing Terms ¹	0%	0%	0%	0%	0%	0%	
Conditions of Sale	0%	10%	0%	0%	0%	0%	
Market Conditions (Time)	0%	0%	0%	0%	0%	0%	
Subtotal - Price Per SF	\$234.00	\$258.92	\$159.12	\$153.16	\$190.40	\$146.43	
Location	0%	0%	0%	0%	-10%	0%	
Size	0%	0%	0%	0%	0%	0%	
Age/Condition	0%	5%	0%	5%	0%	0%	
Quality of Construction	0%	0%	0%	0%	0%	0%	
Traffic Counts/Exposure	0%	0%	0%	0%	0%	0%	
Parking	0%	0%	0%	0%	0%	0%	
Tenancy	0%	0%	0%	0%	0%	0%	
Other	-25%	-45%	10%	-10%	0%	25%	
Total Other Adjustments	-25%	-40%	10%	-5%	-10%	25%	
Indicated Value Per SF	\$175.50	\$155.35	\$175.03	\$145.50	\$171.36	\$183.04	

¹ Transaction amount adjusted for cash equivalency and/or deferred maintenance (where applicable)

Compiled by CBRE

MARKET PARTICIPANTS

As indicated earlier, the underlying real estate is typically the driving factor in Rite Aid sales given the chain's poor credit. As such, most net lease market participants quote a wide range or refuse to quote without detailed analysis of the location and nearby competition.

CURRENT CONTRACT

The subject property currently is under contract for \$2,400,000. According to the broker, the buyer is basing the offer on a market rent between \$17.00 and \$18.00 capped at 10%. While this is well below the contract rent of \$28.71, it is well above the offer Rite Aid made in June 2009 for 5% of sales. This store has negative earnings and Rite Aid may close the store if sales rather than keep losing money. The likely outcome is Rite Aid will be willing to renegotiate a rent that is between the contract rent and the 5% of sales indicated rent and that is what the buyer is betting will happen. The contract rent is \$28.71 and 5% of the 2009 sales indicated a rent of \$10.75. The midpoint would be about \$19.75 but that is probably high for this location. The buyer is assuming about \$17.50 is

where the rent will wind up. The rent comparables in the following income section includes six Rite Aid stores that had rents renegotiated in 2008 and the average rent was \$17.50.

Standard & Poor's has not changed their credit rating for Rite Aid. However, Rite Aid's (RAD) stock price has improved and now around \$1.80 a share as of the date of this report. The stock price had been below \$1.00 per share in the prior six months.

The risk is that Rite Aid will close the store and not survive as a company. The risk of default on the lease has to be considered, along with what the store could rent for if Rite Aid were to close it. All of that is factored into the buyers offer. The fact that the subject store has been under contract six times in the past and fallen out of contract each time indicates there is considerable risk associated with this store. Under the circumstances, the contract rent is discounted heavily and more emphasis is placed on a lower market rent, which is what the prospective buyer appears to be doing.

We have placed most weight on the current contract price of \$2,400,000, but have also placed weight on the sales, which have a predominant adjusted range of \$170 to \$180 per square foot.

SALE PRICE PER SQUARE FOOT CONCLUSION

Overall, we have considered the comparable sales and current contract in our concluded value estimate. The following chart presents the valuation conclusion:

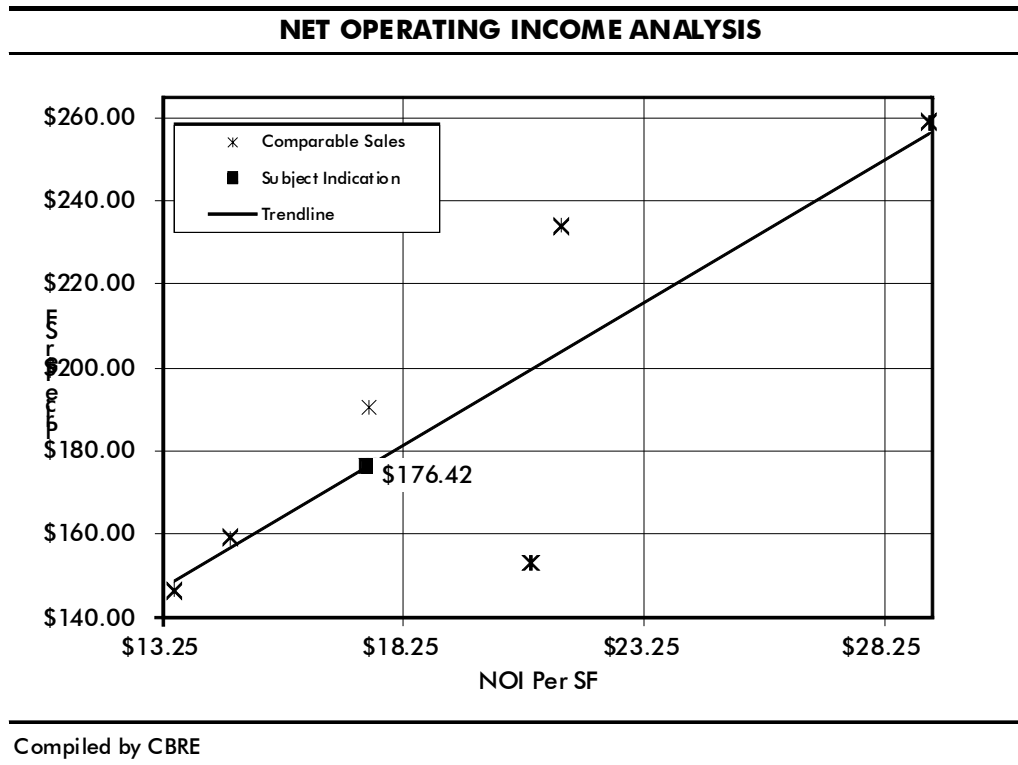
SALES COMPARISON APPROACH				
GLA/GBA (SF)	X	Value Per SF	=	Value
13,824	X	\$170.00	=	\$2,350,080
13,824	X	\$180.00	=	\$2,488,320
VALUE CONCLUSION				
Indicated Stabilized Value				\$2,400,000
Deferred Maintenance				\$0
Lease-Up Discount				\$0
Value Indication				\$2,400,000
Value Per SF				\$173.61
Compiled by CBRE				

NET OPERATING INCOME ANALYSIS

As a cross check to the foregoing analysis, the net operating income (NOI) being generated by the comparable sales as compared to the subject's pro forma NOI estimated in the following income capitalization approach has been analyzed. In general, it is a fundamental assumption that the

physical characteristics of a property (e.g., location, access, design/appeal, condition, etc.) are reflected in the net operating income being generated, and the resultant price paid for a property has a direct relationship to the NOI being generated.

The following NOI analysis chart illustrates the sale prices (after adjustments for conditions of sale and market conditions) of the individual sales plotted in comparison to their NOIs. In addition, a trend line has been plotted based on a linear regression analysis of the comparables. The subject's indicated value has been plotted along this trend line at its pro forma stabilized NOI.



INCOME CAPITALIZATION APPROACH

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE RETAIL RENTALS							
Comp. No.	Property Name	Location	Year Built	Occ.	GLA (SF)	Quoted Rental Rate	Expense Basis
1	Rite Aid	3465 S Church Street, Burlington, NC	2003	100%	14,470	\$21.53 PSF	Absolute Net
2	Rite Aid	1485 River Ridge Drive, Clemmons, NC	2003	100%	14,547	\$14.64 PSF	Absolute Net
3	Rite Aid	1605 E Innes Street, Salisbury, NC	2004	100%	14,569	\$17.52 PSF	Absolute Net
4	Rite Aid	1500 Martin Luther King Pky SE, Wilson, NC	2003	100%	14,765	\$13.47 PSF	Absolute Net
5	Rite Aid	599 S. Enota Drive, Gainesville, GA	1996	100%	11,352	\$15.05 PSF	Absolute Net
Subj.	Rite Aid	841 South Main Street, Graham, NC	2004	100%	13,824	---	---

Compiled by CBRE

The rentals utilized represent the best data available for comparison with the subject. They were selected from our research of other freestanding Rite Aid drug stores in the southeast. These are all stores where Rite Aid renegotiated the original lease to a lower rent with a new 20-year term.

As indicated earlier, there is a big spread between the lease rates for first generation build-to-suit properties and second generation space. The following chart shows former Rite Aid stores that are vacant and available for lease or have leased to an alternative use. As can be seen, the ones that have been released have done so at rents of \$9.00 to \$10.65 per square foot. Asking rents range from \$10.00 to \$20.00 but the leasing agent for the one with the \$20.00 rent believes it should be \$10.00 per square foot and excluding that rent, the range is \$9.00 to \$11.00.

SUMMARY OF COMPARABLE FORMER RITE AID STORE RENTALS								
Comp. No.	Property Name	Location	Year Built	Occ.	GLA (SF)	Quoted Rental Rate	Expense Basis	Pass Thru/ Stop Amt.
1	Former Rite Aid	2574 S Church Street, Burlington, NC	1997	0%	10,908	\$10.00 PSF	NNN	NNN
2	Former Rite Aid leased to Ace Hardware	North Elm St at Pisgah Church Rd, Greensboro, NC	1995	100%	9,600	\$9.00 PSF	NNN	Net
3	Former Rite Aid	774 East King Street, Boone, NC	1997	100%	10,938	\$11.00 PSF	Mod Gross	Mod Gross
4	Former Rite Aid Sublease - Verizon	3001 Hope Mills Rd, Hope Mills, NC	1998	100%	10,908	\$10.65 PSF	NNN	NNN
5	Former Eckerd Sublease - Trade It!	105 South West Greenville Blvd, Greenville, NC	2000	100%	10,908	\$9.75 PSF	NNN	NNN
6	Former Rite Aid	2100 N Elm Street, Greensboro, NC	1998	0%	11,200	\$20.00 PSF	NNN	NNN
Subj.	Rite Aid	841 South Main Street, Graham, NC	2004	100%	13,824	---	---	

Compiled by CBRE

DISCUSSION/ANALYSIS OF RENT COMPARABLES

Rent Comparable One

This comparable is located at a major signalized intersection of South Church Street and Williamson Avenue near Elon University in the western part of Burlington, NC. Construction is 2003, brick veneer and a later Eckerd's prototype. The property is leased to Rite Aid on a lease originally done in 2003 but that was recently renegotiated and re-signed in May 2008 at \$21.53/SF through April 2028. (The lease was renegotiated as part of a larger restructuring of terms Rite Aid has engaged in recently as it seeks to consolidate its Eckerd legacy stores.) The lease increases 10% in Year 11, and has eight 5-year options. Expenses are absolute net with the tenant responsible for roof and structure.

Rent Comparable Two

This comparable is located in the southwest quadrant of U.S. 421 and Lewisville Clemmons Road, in the western part of Winston-Salem. Specifically, the property is located in the northwestern corner of the lighted intersection of Lewisville-Clemmons Road and Styers Ferry Road, and abuts River Ridge Drive, which is a ring road with a neighborhood strip center anchored by a Food Lion. The building is on a built-up site and has excellent visibility. Construction is 2003, brick veneer and a later Eckerd's prototype. The property is leased to Rite Aid on a lease that was recently renegotiated and re-signed (8/2010) at \$14.64/SF through June 2028. (The lease was renegotiated as part of a larger restructuring of terms Rite Aid has engaged in recently as it seeks to consolidate its Eckerd legacy stores.) The lease increases 10% in Year 10, and has eight 5-year options. Expenses are absolute net with the tenant responsible for roof and structure.

Rent Comparable Three

This is a Rite Aid located one-half mile south on I-85 in Salisbury, Rowan County, North Carolina. The location is mid-block on E Innes Street just east of a large retail center anchored by Lowe's, Food Lion, Circuit City and Staples. Construction is brick veneer with a drive-thru window. The property was built in 2004 but Rite Aid executed a new 20-year NNN lease starting in May 2008 through 2028 at \$17.52/sf with a 10% increase in Year 11 and eight 5-year options.

Rent Comparable Four

This is a Rite Aid located in Wilson, Wilson County, North Carolina. The location is a residential neighborhood at a corner parcel at a signalized intersection of Ward Boulevard (Hwy 301) and Martin Luther King Jr. Blvd. Construction is brick veneer with a drive-thru window. The property was built in 2003 but Rite Aid executed a new 20-year NNN lease starting in May 2008 through 2028 at \$13.47/sf with a 10% increase in Year 11 and eight 5-year options.

Rent Comparable Five

This comparable is located along the east side of South Enota Drive, just north of Plaza Lane, on an outparcel to Sherwood Plaza (Food Lion anchor). The location is just northeast of the Gainesville CBD, near Northeast Georgia Medical Center and Brenau College. Construction is 1996, painted concrete masonry unit blocks and an Eckerd's prototype. The property is leased to Rite Aid on a lease that was recently renegotiated and re-signed (8/2010) at a slightly lower rate (\$15.05/SF) through July 2025. The lease is flat until options (five 5-year options). Expenses are absolute net with the tenant responsible for roof and structure. Sales were reported as \$595/SF for 2008 and \$543/SF for 2009.

The rent comparables are all Rite Aid stores with rents recently renegotiated by Rite Aid are rents ranging from \$13.50 to \$21.50 and averaging \$17.50. Four of the stores were built in 2003 and

2004 and are physically the same as the subject. The only difference is location and sales, and we do have sales figures for the comparables. The assumption is the rent was renegotiated with some compromise on both sides but with emphasis on a rent that would allow the store to have positive EBITDA earnings.

SUBJECT RENTAL INFORMATION

The following chart shows the subject's lease abstract:

LEASE ABSTRACT - RITE AID		
Lessor		Scoop Real Estate, LP
Lessee		Eckerd Corporation
Guarantor		None
Building Size (SF)		13,824
Lease Date		January 28, 2004
Lease Commence Date		November 25, 2004
Expiration Date (Base Lease)		November 24, 2024
Lease Term (Base Lease)		240 Months
Remaining Lease Term (Base Lease)		152 Months
No. & Term of Options		4 options @ 5 years
Expiration Date (Base + All Options)		11/24/2044
Remaining Lease Term (Base + All Options)		392 Months
Termination Clause		None
Contract Rental Rate	\$/SF/Yr.	Total \$/Yr.
Base Lease Term	\$28.71	\$396,877
Option Term 1	\$29.21	\$403,789
Option Term 2	\$29.71	\$410,701
Option Term 3	\$30.21	\$417,613
Option Term 4	\$30.71	\$424,525
Escalations		None
Lessor Expenses		None
Lessee Expenses		All - Absolute Net
Expense Cap		None
% Rent Clause:		None
Source: Lease		

MARKET RENT ESTIMATE

Base Rental Rate

The estimate of base rental rates is shown in the following chart.

BASE RENTAL RATES

Category	Retail Space
Rent Comparable Data	\$13.50-\$21.50
CBRE Estimate (Renegotiated Contract Rent)	\$17.50
Compiled by CBRE	

Typically the contract rental rate is capitalized into value but in this instance the contract rent is well above market. As explained, the store is producing a loss to Rite Aid and they will close this store if the rent is not lowered. The buyer is assuming the contract rent can be renegotiated to around \$17.50 per square foot and they have capitalized that rent to arrive at the purchase offer. The rent comparables, which are renegotiated Rite Aid stores, support that conclusion. Rather than value this property based on a non-supportable contract rent, we are using what is most likely to be the renegotiated rent.

Concessions

The estimate of concessions is shown in the following chart.

CONCESSIONS

Category	Retail Space
Rent Comparable Data	None
CBRE Estimate	None
Compiled by CBRE	

Reimbursements

The estimate of reimbursements is shown in the following chart.

REIMBURSEMENTS

Category	Retail Space
Rent Comparable Data	NNN-Gross
CBRE Estimate	NNN
Compiled by CBRE	

Escalations

The market rental rate for the subject is a base rate and does not include potential annual escalations. At the present time, annual escalations are not prevalent in the local market and the market rental rate reflects a flat rate over the term of the lease.

Tenant Improvements

The estimate of tenant improvements is shown in the following chart.

TENANT IMPROVEMENTS	
Category	Retail Space
Rent Comparable Data	
New Tenants	\$0.00
Renewals	\$0.00
CBRE Estimate	
New Tenants	\$0.00
Renewals	\$0.00
Compiled by CBRE	

Lease Term

The estimate of lease terms is shown in the following chart.

LEASE TERM	
Category	Retail Space
Rent Comparable Data	20 YRS
CBRE Estimate	20 YRS
Compiled by CBRE	

MARKET RENT CONCLUSIONS

The following chart shows the market rent conclusions for the subject:

MARKET RENT CONCLUSIONS	
Category	Retail Space
GLA (SF)	13,824
Percent of Total SF	100.0%
Market Rent (Contract Rent) - \$/SF/Yr.	\$17.50
Concessions	None
Reimbursements	NNN
Annual Escalation	None
Tenant Improvements (New Tenants)	\$0.00
Tenant Improvements (Renewals)	\$0.00
Average Lease Term	20 Years
Compiled by CBRE	

As indicated earlier, a typical buyer is going to capitalize the renegotiated contract rental rate estimate. The current contract rate is well above market and the store will be closed if the rent is not lowered. No buyer is going to assume Rite Aid will continue to lose \$100,000 to \$200,000 a year by keeping this store open.

RENT ROLL ANALYSIS

The subject's rent roll is illustrated as follows:

RENT ROLL ANALYSIS								
Suite No.	Tenant	Lease Start	Lease Expiration	Term (Mos.)	Size (GLA)		Contract Rental Rate	
					SF	% Total	\$/SF/Yr.	\$/Yr.
---	Rite Aid	Nov-04	Nov-24	240	13,824	100.0%	\$28.71	\$396,877
Property Totals - Contract Rent					13,824	100.0%	\$28.71	\$396,877
Property Totals - Market Rent					13,824	100.0%	\$17.50	\$241,920
Compiled by CBRE								

The contract rent is \$28.71 per square foot but we are using the estimated market rent of \$17.50 per square foot as that is the rent we believe will be the future rent for this property. All of our data supports this conclusion.

POTENTIAL RENTAL INCOME CONCLUSION

Within this analysis, potential rental income is estimated based upon estimated projected renegotiated rent.

VACANCY

The subject's estimated stabilized occupancy rate was previously discussed in the market analysis. The subject's vacancy is detailed as follows:

VACANCY	
Year	% PGI
Current	0%
CBRE Estimate	0%
Compiled by CBRE	

Vacancy risk is reflected in the overall cap rate.

CREDIT LOSS

The credit loss estimate is an allowance for nonpayment of rent or other income. The subject's credit loss is detailed as follows:

CREDIT LOSS	
Year	% PGI
CBRE Estimate	0.0%
Compiled by CBRE	

Credit risk is reflected in the overall cap rate.

EXPENSE REIMBURSEMENTS

Rite Aid is currently responsible for all operating expenses including roof and structural repairs. We recognize this and are capitalizing the contract rate with no deductions for our leased fee analysis.

EFFECTIVE GROSS INCOME

The subject's effective gross income is detailed as follows:

EFFECTIVE GROSS INCOME		
Year	Total	% Change
CBRE Estimate	\$241,920	N/A
Compiled by CBRE		

OPERATING EXPENSE ANALYSIS

The subject's lease is based on an absolute net structure whereby the tenant is directly responsible for all operating expenses and interior maintenance, including roof and structure. The landlord has no responsibility for operating expenses or maintenance. For the purposes of this analysis, we have utilized the subject's absolute net structure thus excluding tenant expenses and reimbursement.

NET OPERATING INCOME CONCLUSION

The subject's net operating income is detailed as follows:

NET OPERATING INCOME		
Year	Total	\$/SF
CBRE Estimate	\$241,920	\$17.50
Compiled by CBRE		

We are capitalizing the contract rent with no deductions for our leased fee analysis.

DIRECT CAPITALIZATION

Direct capitalization is a method used to convert a single year's estimated stabilized net operating income into a value indication. The following subsections represent different techniques for deriving an overall capitalization rate for direct capitalization.

Comparable Sales

The overall capitalization rates (OARs) confirmed for the comparable sales analyzed in the sales comparison approach are as follows:

COMPARABLE CAPITALIZATION RATES					
Sale	Sale Date	Sale Price \$/SF	Occupancy	OAR Basis	OAR
1	Mar-11	\$234.00	100%	Existing	9.20%
2	Feb-11	\$235.38	100%	Existing	12.40%
3	Mar-11	\$159.12	100%	Existing	9.20%
4	Jan-12	\$153.16	100%	Existing	13.64%
5	Jun-11	\$190.40	100%	Existing	9.20%
6	Nov-11	\$146.43	100%	Existing	9.20%
Indicated OAR:			100%		9.20%-13.64%
Compiled by: CBRE					

As indicated earlier and in the preceding charts, Rite Aids trade at a wide range in cap rates. Since Rite Aid has considerable debt, a junk credit rating, and has been losing money for the past several years, typical buyers consider the real estate. This differs from CVS and Walgreens whose credit is the driving factor behind investment sales.

The overall capitalization rates for these sales were derived based upon the actual income characteristics of each property with Sales 1, 3, 5 and 6 being stores with renegotiated rents. Sales 2 and 4 were not renegotiated rents and they sold at much higher cap rates. Sale 2 also had an assumption of debt that had a negative impact on the purchase price and cap rate. Each of these sales has the same tenant but the individual location and store sales differ. Rite Aid has continued to be the subject of speculation as to whether it will enter corporate bankruptcy, and until its successful debt refinancing in the latter part of 2010, uncertainty was heightened. However, the company appears to have strengthened its position with no debt reported as needing rollover until later in 2012. The sales at the upper end of the range were likely influenced by this past history. The sales at the lower end of the range include those where lease terms were recently renegotiated. It is also worthy of note that the sales with the renegotiated rents all had step ups in rent after ten years and the 10-year average rent provided a cap rate that is closer to 10%. We are capitalizing what we consider to be the most likely renegotiated rent. Thus, we believe an overall rate within the lower part of the range indicated in the foregoing table is appropriate, reflecting current market conditions. The following factors are taken into consideration in the cap rate choice.

Positive Attributes

- The property is situated along a primary corridor within the neighborhood and features good visibility and access.

- The subject is net leased to Rite Aid, a national tenant which is a recognized brand in chain drug stores.
- The subject's lease was has 12 years and 8 months remaining and four 5-year options available.
- The estimated rent is considered to be at market rent.
- The subject is located in a moderately growing trade area with a stable middle-income profile and an expanding household and population base.

Negative Attributes

- The subject is net leased to Rite Aid, which is generally regarded as the third performer in the national drug store sector, with a Standard & Poor's credit rating of B-.
- The existing contract rent is well above market and the store has negative EBITDA earnings
- The weakened overall economy has contributed to depressed levels of consumer spending.
- There are three other drug stores within one mile of the subject.
- There is uncertainty how the drug store sector may fare over the mid to long term, as the Patient Protection and Affordable Care Act of produces change in healthcare delivery and associated markets.

Published Investor Surveys

The results of the most recent investor surveys are summarized in the following chart.

OVERALL CAPITALIZATION RATES		
Investment Type	OAR Range	Average
<i>PwC Net Lease</i>		
National Data	6.00% - 8.75%	7.46%
Indicated OAR:		10.00%
Compiled by: CBRE		

The subject is considered to be a Class B property but a Class C investment. It has a very poor tenant quality and considerable nearby competition. The net lease range shown above is for better quality investments and the subject is above that range.

Market Participants

Market participants indicate that Rite Aids trade based on the underlying real estate given Rite Aids poor credit. Regional net lease brokers have quoted cap rates ranging from 9%-12%.

Band of Investment

The band of the investment technique has been utilized as a crosscheck to the foregoing techniques. The Mortgage Interest Rate and the Equity Dividend Rate (EDR) are based upon current market yields for similar investments. The analysis is shown in the following table.

BAND OF INVESTMENT			
Mortgage Interest Rate	6.00%		
Mortgage Term (Amortization Period)	20 Years		
Mortgage Ratio (Loan-to-Value)	60%		
Mortgage Constant (monthly payments)	0.08597		
Equity Dividend Rate (EDR)	12%		
Mortgage Requirement	60%	x	0.08597 = 0.05158
Equity Requirement	40%	x	0.12000 = 0.04800
	100%		0.09958
Indicated OAR:			10.00%
Compiled by: CBRE			

Capitalization Rate Conclusion

The following chart summarizes the OAR conclusions.

OVERALL CAPITALIZATION RATE - CONCLUSION	
Source	Indicated OAR
Comparable Sales	9.20%-13.64%
National Investor Survey	10.00%
Market Participants	10.00%
Band of Investment	10.00%
CBRE Estimate	10.00%
Compiled by: CBRE	

In concluding an overall capitalization rate for the subject, primary reliance has been placed upon the comparable sales considering the subject's location, above market rental rate, credit, and nearby competition.

Direct Capitalization Summary

A summary of the direct capitalization at stabilized occupancy is illustrated in the following chart.

DIRECT CAPITALIZATION SUMMARY

Income		\$/SF/Yr	Total
Contract Rent		\$17.50	\$241,920
Vacancy	0.00%	0.00	-
Credit Loss	0.00%	0.00	-
Net Rental Income		\$17.50	\$241,920
Effective Gross Income		\$17.50	\$241,920
Expenses			
Operating Expenses		\$0.00	\$0
Operating Expense Ratio			0.00%
Net Operating Income		\$17.50	\$241,920
OAR		/	10.00%
Indicated Stabilized Value			\$2,419,200
Rounded			\$2,400,000
Deferred Maintenance			-
Lease-Up Discount			-
Value Indication			\$2,419,200
Rounded			\$2,400,000
Value Per SF			\$173.61
Matrix Analysis		Cap Rate	Value
		9.75%	\$2,481,200
		10.00%	\$2,419,200
		10.25%	\$2,360,200

Compiled by CBRE

Based on the contract rent of \$396,877 per year or \$28.71 per square foot, the concluded price equates to a cap rate of 16.54%. While this is a high cap rate, it reflects the risk that this rent will be lower in the future if Rite Aid remains open. If Rite Aid closes, the risk of default is still there. The potential loss of Rite Aid as a tenant would mean the store goes to a second generation use and as shown by the comparables included, the rent for a second generation use is much lower.

RECONCILIATION OF VALUE

The value indications from the approaches to value are summarized as follows:

SUMMARY OF VALUE CONCLUSIONS	
Sales Comparison Approach	\$2,400,000
Income Capitalization Approach	\$2,400,000
Reconciled Value	\$2,400,000
Compiled by CBRE	

In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered highly comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. Market participants are currently analyzing purchase prices on investment properties as they relate to available substitutes in the market. Therefore, the sales comparison approach is considered to provide a reliable value indication. Additionally, the subject has a purchase offer at the concluded price which lends added weight to this approach.

The income capitalization approach is applicable to the subject since it is an income producing property leased in the open market. Market participants are primarily analyzing properties based on their income generating capability. Therefore, the income capitalization approach is considered a reasonable and substantiated value indicator and has been given primary emphasis in the final value estimate.

Based on the foregoing, the market value of the subject has been concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Leased Fee Interest	March 15, 2012	\$2,400,000
Compiled by CBRE			

ASSUMPTIONS AND LIMITING CONDITIONS

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. CBRE, however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. CBRE professionals are not engineers and are not competent to judge matters of an engineering nature. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of CBRE by ownership or management; CBRE inspected less than 100% of the entire interior and exterior portions of the improvements; and CBRE was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, CBRE reserves the right to amend the appraisal conclusions reported herein.
3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraisers. CBRE has no knowledge of the existence of such materials on or in the property. CBRE, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to CBRE. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, CBRE has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, CBRE reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify CBRE of any questions or errors.

6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, CBRE will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. CBRE assumes no private deed restrictions, limiting the use of the subject in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposit or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
9. CBRE is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
14. This study may not be duplicated in whole or in part without the specific written consent of CBRE nor may this report or copies hereof be transmitted to third parties without said consent, which consent CBRE reserves the right to deny. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of CBRE which consent CBRE reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. CBRE shall have no accountability or responsibility to any such third party.
15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that

environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to CBRE unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor CBRE assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
20. CBRE assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient or super-efficient.
21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
23. The *Americans with Disabilities Act* (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, CBRE has not made a specific compliance survey and analysis of this property to determine whether it is in conformance 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 ADA. If so, this fact could have a negative effect on the value estimated herein. Since CBRE has no specific information relating to this issue, nor is CBRE qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.
24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client approximately result in damage to Appraiser. Notwithstanding the foregoing, Appraiser shall have no obligation under this Section with respect to any loss that is caused solely by the active negligence or willful misconduct of a Client and is not contributed to by any act or omission (including any failure to perform any duty imposed by law) by Appraiser. Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover, from the other, reasonable attorney fees and costs.
25. The report is for the sole use of the client; however, client may provide only complete, final copies of the appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Appraiser is not required to explain or testify as to appraisal results other than to respond to the client for routine and customary questions. Please note that our consent to allow an appraisal report prepared by CBRE or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.
26. As part of the client's requested scope of work, an estimate of insurable value is provided herein. CBRE has followed traditional appraisal standards to develop a reasonable calculation based upon industry practices and industry accepted publications such as the *Marshall Valuation Service* handbook. The methodology employed is a derivation of the cost approach which is primarily used as an academic exercise to help support the market value estimate and therefore is not reliable for Insurable Value estimates. Actual construction costs and related estimates can vary greatly from this estimate.

This analysis should not be relied upon to determine proper insurance coverage which can only be properly estimated by consultants considered experts in cost estimation and insurance underwriting. It is provided to aid the client/reader/user as part of their overall decision making process and no representations or warranties are made by

CBRE regarding the accuracy of this estimate and it is strongly recommend that other sources be utilized to develop any estimate of insurable value.

ADDENDA

ADDENDUM A
GLOSSARY OF TERMS

assessed value Assessed value applies in ad valorem taxation and refers to the value of a property according to the tax rolls. Assessed value may not conform to market value, but it is usually calculated in relation to a market value base. †

cash equivalency The procedure in which the sale prices of comparable properties sold with atypical financing are adjusted to reflect typical market terms.

contract rent The actual rental income specified in a lease. †

disposition value The most probable price which a specified interest in real property is likely to bring under all of the following conditions: 1) Consummation of a sale will occur within a limited future marketing period specified by the client; 2) The actual market conditions currently prevailing are those to which the appraised property interest is subject; 3) The buyer and seller is each acting prudently and knowledgeably; 4) The seller is under compulsion to sell; 5) The buyer is typically motivated; 6) Both parties are acting in what they consider their best interests; 7) An adequate marketing effort will be made in the limited time allowed for the completion of a sale; 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. †

effective rent The rental rate net of financial concessions such as periods of no rent during the lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis. †

excess land In regard to an improved site, the land not needed to serve or support the existing improvement. In regard to a vacant site or a site considered as though vacant, the land not needed to accommodate the site's primary highest and best use. Such land may be separated from the larger site and have its own highest and best use, or it may allow for future expansion of the existing or anticipated improvement. See also surplus land. †

extraordinary assumption An assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. See also hypothetical condition. †

fee simple estate Absolute ownership unencumbered by any other interest or estate, subject only to the limitations

imposed by the governmental powers of taxation, eminent domain, police power, and escheat. †

floor area ratio (FAR) The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area; also called *building-to-land ratio*. †

full service lease A lease in which rent covers all operating expenses. Typically, full service leases are combined with an *expense stop*, the expense level covered by the contract lease payment. Increases in expenses above the expense stop level are passed through to the tenant and are known as *expense pass-throughs*.

going concern value Going concern value is the value of a proven property operation. It includes the incremental value associated with the business concern, which is distinct from the value of the real estate only. Going concern value includes an intangible enhancement of the value of an operating business enterprise which is produced by the assemblage of the land, building, labor, equipment, and marketing operation. This process creates an economically viable business that is expected to continue. Going concern value refers to the total value of a property, including both real property and intangible personal property attributed to the business value. †

gross building area (GBA) The total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded. †

hypothetical condition That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. See also extraordinary assumption. †

investment value Investment value is the value of an investment to a particular investor based on his or her investment requirements. In contrast to market value, investment value is value to an individual, not value in the marketplace. Investment value reflects the subjective relationship between a particular investor and a given investment. When measured in dollars, investment value is the price an investor would pay for an investment in light of its perceived capacity to satisfy his or her desires,

needs, or investment goals. To estimate investment value, specific investment criteria must be known. Criteria to evaluate a real estate investment are not necessarily set down by the individual investor; they may be established by an expert on real estate and its value, that is, an appraiser.[†]

leased fee

See leased fee estate

leased fee estate An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.[‡]

leasehold

See leasehold estate

leasehold estate The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.[‡]

liquidation value The most probable price which a specified interest in real property is likely to bring under all of the following conditions: 1) Consummation of a sale will occur within a severely limited future marketing period specified by the client; 2) The actual market conditions currently prevailing are those to which the appraised property interest is subject; 3) The buyer is acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated; 6) The buyer is acting in what he or she considers his or her best interests; 7) A limited marketing effort and time will be allowed for the completion of a sale; 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.[‡]

market rent The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby: 1) lessee and lessor are typically motivated; 2) both parties are well informed or well advised, and acting in what they consider their best interests; 3) a reasonable time is allowed for exposure in the open market; 4) the rent payment is made in terms of cash in U.S. dollars and is expressed as an amount per time period consistent with the payment schedule of the lease contract; and 5) the rental amount represents the normal consideration for the

property leased unaffected by special fees or concessions granted by anyone associated with the transaction.[‡]

market value Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: 1) A reasonable time is allowed for exposure in the open market; 2) Both parties are well informed or well advised, and acting in what they consider their own best interests; 3) Buyer and seller are typically motivated; 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 the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.[§]

marketing period The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.[‡]

net lease Lease in which all or some of the operating expenses are paid directly by the tenant. The landlord never takes possession of the expense payment. In a *Triple Net Lease* all operating expenses are the responsibility of the tenant, including property taxes, insurance, interior maintenance, and other miscellaneous expenses. However, management fees and exterior maintenance are often the responsibility of the lessor in a triple net lease. A *modified net lease* is one in which some expenses are paid separately by the tenant and some are included in the rent.

net rentable area (NRA) 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.^{*}

occupancy rate The relationship or ratio between the income received from the rented units in a property and the income that would be received if all the units were occupied.[‡]

prospective value opinion A forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not

achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written. †

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

rent

See

full service lease

net lease

market rent

contract, coupon, face, or nominal rent

effective rent

shell rent The typical rent paid for retail, office, or industrial tenant space based on minimal “shell” interior finishes (called plain vanilla finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes; mechanical systems, interior electric, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses. ‡

surplus land Land not necessary to support the highest and best use of the existing improvement but, because of physical limitations, building placement, or neighborhood norms, cannot be sold off separately. Such land may or may not contribute positively to value and may or may not accommodate future expansion of an existing or anticipated improvement. See *also* excess land. ‡

usable area 1) The area actually used by individual tenants. 2) The Usable Area of an office building is computed by measuring to the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Excludes areas such as mechanical rooms, janitorial room, restrooms, lobby, and any major vertical penetrations of a multi-tenant floor. *

use value Use value is a concept based on the productivity of an economic good. Use value is the value a specific property has for a specific use. Use value focuses on the value the real estate contributes to the enterprise of which it is a part, without regard to the property’s highest and best use or the monetary amount that might be realized upon its sale. †

value indication An opinion of value derived through application of the appraisal process. ‡

† *The Appraisal of Real Estate*, Thirteenth Edition, Appraisal Institute, 2008.

‡ *The Dictionary of Real Estate Appraisal*, Fourth Edition, Appraisal Institute, 2002.

§ Office of Comptroller of the Currency (OCC), 12 CFR Part 34, Subpart C – Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th ed. (Chicago: Appraisal Institute, 2002), 177-178. This is also compatible with the RTC, FDIC, FRS and NCUA definitions of market value as well as the example referenced in the *Uniform Standards of Professional Appraisal Practice (USPAP)*.

* 2000 BOMA Experience Exchange Report, Income/Expense Analysis for Office Buildings (Building Owners and Managers Association, 2000)

†† *Statement on Appraisal Standard No. 6*, Appraisal Standards Board of The Appraisal Foundation, September 16, 1993, revised June 15, 2004.

ADDENDUM B
IMPROVED SALE DATA SHEETS

RETAIL SALE No. 1

Rite Aid - Burlington

Location Data

Location: **3465 S. Church Road
Burlington, NC**
 County: **Alamance**
 Assessor's Parcel No: **107109**
 Atlas Ref: **N/A**



Physical Data

Type: **Drug Store**
 Land Area: **1.44 Acres**
 Excess Land: **None**
 Gross Leasable Area:
 Anchors:
 Rite Aid **14,470 SF**

Anchor Tenant GLA: **14,470 SF**

Local Tenant GLA: **N/A**

Total GLA: **14,470 SF**

GLA Purchased: **14,470 SF**

Year Built: **2003**

Parking: **Adequate Surface**

Condition: **Good**

Exterior Walls: **Brick Veneer**

Sale Data

Transaction Type: **Sale**
 Date: **3/2011**
 Marketing Time: **N/A**
 Grantor: **Sovereign RA II, LLC**
 Grantee: **37 RA, LLC**
 Document No.: **2993/692**
 Sale Price: **\$3,386,000**
 Financing: **Cash to Seller**
 Cash Eq.Price: **\$3,386,000**
 Req.Capital Cost: **\$0**
 Adj. Sale Price: **\$3,386,000**
 Verification: **Listing Broker, Deed Records**

Financial Data

Source: **Broker**
 Occupancy at Sale: **100%**
 Existing or ProForma Inc: **Existing**

	Total	Per SF
Potential Gross Income:	\$311,520	\$21.53
Vacancy and Credit Loss:	N/A	N/A
Effective Gross Income:	\$311,520	\$21.53
Expenses and Reserves:	N/A	N/A
Net Operating Income:	\$311,520	\$21.53

Analysis

Buyers Underwriting Criteria.: **Direct Cap**
 Overall Cap. Rate (OAR): **9.20 %**
 Projected IRR: **N/A %**
 Eff. Gross Multiplier (EGIM): **10.87**
 Oper. Expense Ratio (OER): **N/A %**
 Price Per Square Foot: **\$234.00**

Comments

This comparable is located at a major signalized intersection of South Church Street and Williamson Avenue near Elon University in the western part of Burlington, NC. Construction is 2003, brick veneer and a later Eckerd's prototype. The property is leased to Rite Aid on a lease originally done in 2003 but that was recently renegotiated and re-signed in May 2008 at \$21.53/SF through April 2028. (The lease was renegotiated as part of a larger restructuring of terms Rite Aid has engaged in recently as it seeks to consolidate its Eckerd legacy stores.) The lease increases 10% in Year 11, and has eight 5-year options. Expenses are absolute net with the tenant responsible for roof and structure. The lease had 17 years and 2 months remaining at the time of sale.

RETAIL SALE No. 2

Rite Aid - Burlington

Location Data

Location: **2127 Chapel Hill Road
Burlington, NC**
 County: **Alamance**
 Assessor's Parcel No: **132809**
 Atlas Ref: **N/A**



Physical Data

Type: **Drug Store**
 Land Area: **2.21 Acres**
 Excess Land: **None**
 Gross Leasable Area:
 Anchors:
 Rite Aid **10,908 SF**

Anchor Tenant GLA: **10,908 SF**
 Local Tenant GLA: **N/A**
 Total GLA: **10,908 SF**
 GLA Purchased: **10,908 SF**
 Year Built: **2000**
 Parking: **Adequate Surface**
 Condition: **Good**
 Exterior Walls: **Masonry**

Sale Data

Transaction Type: **Sale**
 Date: **2/2011**
 Marketing Time: **N/A**
 Grantor: **Burlington Land & Investments,**
 Grantee: **2127 Chapel Hill, LLC**
 Document No.: **2991/359**
 Sale Price: **\$2,567,500**
 Financing: **Cash to Seller**
 Cash Eq.Price: **\$2,567,500**
 Req.Capital Cost: **\$0**
 Adj. Sale Price: **\$2,567,500**
 Verification: **Ronald Turner, Grantee to Paul Carter, MAI**

Financial Data

Source: **Broker**
 Occupancy at Sale: **100%**
 Existing or ProForma Inc: **Existing**

	Total	Per SF
Potential Gross Income:	\$320,500	\$29.38
Vacancy and Credit Loss:	N/A	N/A
Effective Gross Income:	\$320,500	\$29.38
Expenses and Reserves:	\$2,182	\$0.20
Net Operating Income:	\$318,318	\$29.18

Analysis

Buyers Underwriting Criteria.: **Direct Cap**
 Overall Cap. Rate (OAR): **12.40 %**
 Projected IRR: **N/A %**
 Eff. Gross Multiplier (EGIM): **8.01**
 Oper. Expense Ratio (OER): **0.68 %**
 Price Per Square Foot: **\$235.38**

Comments

This comparable is located in a commercial district one mile north of the I-84/NC 49 interchange in Burlington, NC. Construction is 2000 with stucco veneer typical of the older type of Rite Aid store. The 20-year lease commenced in May 2000 at \$29.38/SF flat through April 2020. There are four 5-year renewal options with \$0.50/sf increases. Expenses are net with the landlord responsible for roof and structure. The lease had 9 years and 3 months remaining at the time of sale. The cap rate is based on contract rent less \$0.20/sf for reserves. The buyer had to assume a 10-year non-recourse loan that expires in October 2012. Because of the high prepayment penalty it was not feasible to pay it off. The seller and the former listing broker (Sonny Molly, Marcus & Millichap 678-808-2700) said the loan assumption had a negative impact on the price because of the uncertainty of getting new financing when the loan expired. The seller said the price would have been \$200,000 higher or more if the buyer did not have to assume the loan. The property was listed for several years.

Rite Aid - Clemmons

Location Data

Location: **1485 River Ridge Drive
Clemmons, NC 27012**
 County: **Forsyth**
 Assessor's Parcel No: **5884-98-0647.00**
 Atlas Ref: **N/A**



Physical Data

Type: **Drug Store**
 Land Area: **1.68 Acres**
 Excess Land: **None**
 Gross Leasable Area:
 Anchors:
 Rite Aid **14,547 SF**

 Anchor Tenant GLA: **14,547 SF**
 Local Tenant GLA: **N/A**
 Total GLA: **14,547 SF**
 GLA Purchased: **14,547 SF**
 Year Built: **2003**
 Parking: **Adequate Surface**
 Condition: **Good**
 Exterior Walls: **Brick Veneer**

Financial Data

Source: **Broker**
 Occupancy at Sale: **100%**
 Existing or ProForma Inc: **Existing**

	<u>Total</u>	<u>Per SF</u>
Potential Gross Income:	\$212,960	\$14.64
Vacancy and Credit Loss:	N/A	N/A
Effective Gross Income:	\$212,960	\$14.64
Expenses and Reserves:	N/A	N/A
Net Operating Income:	\$212,960	\$14.64

Sale Data

Transaction Type: **Sale**
 Date: **3/2011**
 Marketing Time: **N/A**
 Grantor: **Sovereign RA II, LLC**
 Grantee: **37 RA, LLC**
 Document No.: **2992/4229**
 Sale Price: **\$2,314,782**
 Financing: **Cash to Seller**
 Cash Eq.Price: **\$2,314,782**
 Req.Capital Cost: **\$0**
 Adj. Sale Price: **\$2,314,782**
 Verification: **Listing Broker, Deed Records**

Analysis

Buyers Underwriting Criteria.: **Direct Cap**
 Overall Cap. Rate (OAR): **9.20 %**
 Projected IRR: **N/A %**
 Eff. Gross Multiplier (EGIM): **10.87**
 Oper. Expense Ratio (OER): **N/A %**
 Price Per Square Foot: **\$159.12**

Comments

This comparable is located in the southwest quadrant of U.S. 421 and Lewisville Clemmons Road, in the western part of Winston-Salem. Specifically, the property is located in the northwestern corner of the lighted intersection of Lewisville-Clemmons Road and Styers Ferry Road, and abuts River Ridge Drive, which is a ring road with a neighborhood strip center anchored by a Food Lion. The building is on a built-up site and has excellent visibility. Construction is 2003, brick veneer and a later Eckerd's prototype. The property is leased to Rite Aid on a lease that was recently renegotiated and re-signed (5/2010) at \$14.64/SF through June 2028. (The lease was renegotiated as part of a larger restructuring of terms Rite Aid has engaged in recently as it seeks to consolidate its Eckerd legacy stores.) The lease increases 10% in Year 10, and has eight 5-year options. Expenses are absolute net with the tenant responsible for roof and structure.

RETAIL SALE No. 4

Rite Aid Concord

Location Data

Location: **3645 Concord Parkway South
Concord, NC 28027**
County: **Cabarrus**
Assessor's Parcel No: **55093492330000**
Atlas Ref: **N/A**



Physical Data

Type: **Drug Store**
Land Area: **0.95 Acres**
Excess Land: **N/A**
Gross Leasable Area:
Anchors:
Rite Aid **10,908 SF**

Anchor Tenant GLA: **10,908 SF**
Local Tenant GLA: **N/A**
Total GLA: **10,908 SF**
GLA Purchased: **10,908 SF**
Year Built: **2002**
Parking: **Surface Lot - Adequate**
Condition: **Average**
Exterior Walls: **Masonry**

Sale Data

Transaction Type: **Sale**
Date: **1/2012**
Marketing Time: **N/A**
Grantor: **DDR Southeast Concord LLC**
Grantee: **RA Concord LLC**
Document No.: **9847/0093**
Sale Price: **\$1,670,636**
Financing: **Cash to Seller**
Cash Eq.Price: **\$1,670,636**
Req.Capital Cost: **\$0**
Adj. Sale Price: **\$1,670,636**
Verification: **Brandon Beeson, Cushman and Wakefield**

Financial Data

Source: **Broker**
Occupancy at Sale: **100%**
Existing or ProForma Inc: **Existing**

	<u>Total</u>	<u>Per SF</u>
Potential Gross Income:	\$227,814	\$20.89
Vacancy and Credit Loss:	N/A	N/A
Effective Gross Income:	\$227,814	\$20.89
Expenses and Reserves:	N/A	N/A
Net Operating Income:	\$227,814	\$20.89

Analysis

Buyers Underwriting Criteria.: **Direct Cap**
Overall Cap. Rate (OAR): **13.64 %**
Projected IRR: **N/A %**
Eff. Gross Multiplier (EGIM): **7.33**
Oper. Expense Ratio (OER): **N/A %**
Price Per Square Foot: **\$153.16**

Comments

This is a Rite Aid located at 3645 Concord Parkway South in Concord, North Carolina. The property was listed for sale at an asking price of \$2,119,000, or \$194.26 per square foot. The property sold on January 20, 2012 for \$1,670,636 or \$153.16/sf. The existing income is \$227,814, or \$20.89 per square foot. The broker's offering memorandum indicates that the existing lease has over 10 years remaining. Additionally, this asset is part of a portfolio of Rite Aid properties that was being marketed by Cushman and Wakefield. That being said, the asking price reflected what the broker considers to be market value of the asset on a "one off" basis. The property was on the market for over 2 years. Discussion with the broker indicated offers had been in the 12% capitalization rate range. The selling price cap rate was 13.64%.

RETAIL SALE No. 5

Rite Aid Salisbury

Location Data

Location: **1605 E Innes Street
Salisbury, NC 28146**

County: **Rowan**

Assessor's Parcel No: **070-134**

Atlas Ref: **N/A**



Physical Data

Type: **Drug Store**

Land Area: **1.51 Acres**

Excess Land: **N/A**

Gross Leasable Area:

Anchors:

Rite Aid **14,569 SF**

Anchor Tenant GLA: **14,569 SF**

Local Tenant GLA: **N/A**

Total GLA: **14,569 SF**

GLA Purchased: **14,569 SF**

Year Built: **2004**

Parking: **Surface Lot - Adequate**

Condition: **Average**

Exterior Walls: **Masonry**

Financial Data

Source: **Broker**

Occupancy at Sale: **100%**

Existing or ProForma Inc: **Existing**

	<u>Total</u>	<u>Per SF</u>
Potential Gross Income:	\$255,200	\$17.52
Vacancy and Credit Loss:	N/A	N/A
Effective Gross Income:	\$255,200	\$17.52
Expenses and Reserves:	N/A	N/A
Net Operating Income:	\$255,200	\$17.52

Sale Data

Transaction Type: **Sale**

Date: **6/2011**

Marketing Time: **N/A**

Grantor: **Corporate Partners Capital Group**

Grantee: **Diverse Real Estate Group LLC**

Document No.: **9847/0093**

Sale Price: **\$2,774,000**

Financing: **Cash to Seller**

Cash Eq.Price: **\$2,774,000**

Req.Capital Cost: **\$0**

Adj. Sale Price: **\$2,774,000**

Verification: **Kase Abusharkh, Sperry Van Ness 925-348-1844**

Analysis

Buyers Underwriting Criteria.: **Direct Cap**

Overall Cap. Rate (OAR): **9.20 %**

Projected IRR: **N/A %**

Eff. Gross Multiplier (EGIM): **10.87**

Oper. Expense Ratio (OER): **N/A %**

Price Per Square Foot: **\$190.40**

Comments

This is a Rite Aid located one-half mile south on I-85 in Salisbury, Rowan County, North Carolina. The location is mid-block on E Innes Street just east of a large retail center anchored by Lowe's, Food Lion, Circuit City and Staples. Construction is brick veneer with a drive-thru window. The property was built in 2004 but Rite Aid executed a new 20-year NNN lease starting in May 2008 through 2028 at \$17.52/sf with a 10% increase in Year 11 and eight 5-year options. The property was listed for sale at an asking price of \$2,933,333, or \$201.35 per square foot and an 8.70% cap rate on existing income. The property sold on June 23, 2011 for \$2,774,000 or \$190.40/sf on an indicated cap rate of 9.2%. Based on an average 10-year NOI, the cap rate was 10.1%. The property was on the market for over 3 years.

RETAIL SALE No. 6

Rite Aid Wilson

Location Data

Location: **1500 Martin Luther King Pky SE
Wilson, NC 27893**

County: **Wilson**

Assessor's Parcel No: **3721-76-8961**

Atlas Ref: **N/A**



Physical Data

Type: **Drug Store**

Land Area: **1.57 Acres**

Excess Land: **N/A**

Gross Leasable Area:

Anchors:

Rite Aid **14,765 SF**

Anchor Tenant GLA: **14,765 SF**

Local Tenant GLA: **N/A**

Total GLA: **14,765 SF**

GLA Purchased: **14,765 SF**

Year Built: **2003**

Parking: **Surface Lot - 64 spaces**

Condition: **Average**

Exterior Walls: **Masonry**

Sale Data

Transaction Type: **Sale**

Date: **11/2011**

Marketing Time: **N/A**

Grantor: **Corporate Partners Capital Group**

Grantee: **James J & Mary A Carroll**

Document No.: **7833**

Sale Price: **\$2,162,000**

Financing: **Cash to Seller**

Cash Eq.Price: **\$2,162,000**

Req.Capital Cost: **\$0**

Adj. Sale Price: **\$2,162,000**

Verification: **Kase Abusharkh, Sperry Van Ness 925-348-1844**

Financial Data

Source: **Broker**

Occupancy at Sale: **100%**

Existing or ProForma Inc: **Existing**

	Total	Per SF
Potential Gross Income:	\$198,880	\$13.47
Vacancy and Credit Loss:	N/A	N/A
Effective Gross Income:	\$198,880	\$13.47
Expenses and Reserves:	N/A	N/A
Net Operating Income:	\$198,880	\$13.47

Analysis

Buyers Underwriting Criteria.: **Direct Cap**

Overall Cap. Rate (OAR): **9.20 %**

Projected IRR: **N/A %**

Eff. Gross Multiplier (EGIM): **10.87**

Oper. Expense Ratio (OER): **N/A %**

Price Per Square Foot: **\$146.43**

Comments

This is a Rite Aid located one-half mile south on I-85 in Salisbury, Rowan County, North Carolina. The location is a residential neighborhood at a corner parcel at a signalized intersection of Ward Boulevard (Hwy 301) and Martin Luther King Jr. Blvd. Construction is brick veneer with a drive-thru window. The property was built in 2003 but Rite Aid executed a new 20-year NNN lease starting in May 2008 through 2028 at \$13.47/sf with a 10% increase in Year 11 and eight 5-year options. The property was listed for sale at an asking price of \$2,285,977, or \$154.82 per square foot and an 8.70% cap rate on existing income. The property sold on November 30, 2011 for \$2,162,000 or \$146.43/sf on an indicated cap rate of 9.2%. Based on an average 10-year NOI, the cap rate was 10.1%. The property was on the market for over 3.5 years.

ADDENDUM C
RENT COMPARABLE DATA SHEETS

RETAIL COMPARABLE No. 1

Rite Aid

Location Data

Location: **3465 S Church Street
Burlington, NC**
 County: **Alamance**
 Assessor's Parcel No: **107109**
 Atlas Ref: **N/A**



Physical Data

Type: **Drug Store**
 Gross Leaseable Area: **14,470 SF**
 Year Built: **2003**
 Exterior Walls: **Brick Veneer**
 Condition: **Good**
 Parking: **Adequate Surface**
 Anchors:
 Rite Aid **14,470 SF**

Anchor Tenant GLA: **14,470 SF**
 Local Tenant GLA: **N/A**
 Total GLA: **14,470 SF**

Lease Data

Occupancy:
 Local: **100%**
 Overall: **100%**
 Typical Size: **14,470 SF**
 Term: **20 Years**
 Base Rent PSF: **\$21.53 PSF**
 Rent Escalations: **None**
 Basis: **Absolute Net**
 Expense Pass-Thru: **N/A**
 Free Rent (months): **None**
 Tenant Improvement: **BTS**
 Leasing Agent: **Listing Broker: SVN Commercial**
 Phone No.: **N/A**
 Survey Date: **3/2012**

Recent Leases

Date	Size (SF)	Tenant	Rent (PSF)	TI (PSF)	Free Rent (Months)	Escalations	Term (Yrs)
8/2010	14,470	Rite Aid	\$21.53	\$0.00		10% Yr. 10	20.00

Comments

This comparable is located at a major signalized intersection of South Church Street and Williamson Avenue near Elon University in the western part of Burlington, NC. Construction is 2003, brick veneer and a later Eckerd's prototype. The property is leased to Rite Aid on a lease originally done in 2003 but that was recently renegotiated and re-signed in May 2008 at \$21.53/SF through April 2028. (The lease was renegotiated as part of a larger restructuring of terms Rite Aid has engaged in recently as it seeks to consolidate its Eckerd legacy stores.) The lease increases 10% in Year 11, and has eight 5-year options. Expenses are absolute net with the tenant responsible for roof and structure.

RETAIL COMPARABLE No. 2

Rite Aid

Location Data

Location: **1485 River Ridge Drive
Clemmons, NC 27012**
 County: **Forsyth**
 Assessor's Parcel No: **4433E-0005**
 Atlas Ref: **N/A**



Physical Data

Type: **Drug Store**
 Gross Leaseable Area: **14,547 SF**
 Year Built: **2003**
 Exterior Walls: **Brick Veneer**
 Condition: **Good**
 Parking: **Adequate Surface**
 Anchors:
 Rite Aid **14,547 SF**

Anchor Tenant GLA: **14,547 SF**
 Local Tenant GLA: **N/A**
 Total GLA: **14,547 SF**

Lease Data

Occupancy:
 Local: **100%**
 Overall: **100%**
 Typical Size: **14,547 SF**
 Term: **18 Years**
 Base Rent PSF: **\$14.64 PSF**
 Rent Escalations: **None**
 Basis: **Absolute Net**
 Expense Pass-Thru: **N/A**
 Free Rent (months): **None**
 Tenant Improvement: **BTS**
 Leasing Agent: **Listing Broker: SVN Commercial**
 Phone No.: **N/A**
 Survey Date: **8/2011**

Recent Leases

Date	Size (SF)	Tenant	Rent (PSF)	TI (PSF)	Free Rent (Months)	Escalations	Term (Yrs)
8/2010	14,547	Rite Aid	\$14.64	\$0.00		10% Yr. 10	18.00

Comments

This comparable is located in the southwest quadrant of U.S. 421 and Lewisville Clemmons Road, in the western part of Winston-Salem. Specifically, the property is located in the northwestern corner of the lighted intersection of Lewisville-Clemmons Road and Styers Ferry Road, and abuts River Ridge Drive, which is a ring road with a neighborhood strip center anchored by a Food Lion. The building is on a built-up site and has excellent visibility. Construction is 2003, brick veneer and a later Eckerd's prototype. The property is leased to Rite Aid on a lease that was recently renegotiated and re-signed (8/2010) at \$14.64/SF through June 2028. (The lease was renegotiated as part of a larger restructuring of terms Rite Aid has engaged in recently as it seeks to consolidate its Eckerd legacy stores.) The lease increases 10% in Year 10, and has eight 5-year options. Expenses are absolute net with the tenant responsible for roof and structure.

RETAIL COMPARABLE No. 3

Rite Aid

Location Data

Location: **1605 E Innes Street
Salisbury, NC**
 County: **Rowan**
 Assessor's Parcel No: **070-134**
 Atlas Ref: **N/A**



Physical Data

Type: **Drug Store**
 Gross Leaseable Area: **14,569 SF**
 Year Built: **2004**
 Exterior Walls: **Brick Veneer**
 Condition: **Good**
 Parking: **Adequate Surface**
 Anchors:
 Rite Aid **14,569 SF**

Anchor Tenant GLA: **14,569 SF**
 Local Tenant GLA: **N/A**
 Total GLA: **14,569 SF**

Lease Data

Occupancy:
 Local: **100%**
 Overall: **100%**
 Typical Size: **14,569 SF**
 Term: **20 Years**
 Base Rent PSF: **\$17.52 PSF**
 Rent Escalations: **None**
 Basis: **Absolute Net**
 Expense Pass-Thru: **N/A**
 Free Rent (months): **None**
 Tenant Improvement: **BTS**
 Leasing Agent: **Listing Broker: SVN Commercial**
 Phone No.: **N/A**
 Survey Date: **3/2012**

Recent Leases

Date	Size (SF)	Tenant	Rent (PSF)	TI (PSF)	Free Rent (Months)	Escalations	Term (Yrs)
8/2010	14,569	Rite Aid	\$17.52	\$0.00		10% Yr. 10	20.00

Comments

This is a Rite Aid located one-half mile south on I-85 in Salisbury, Rowan County, North Carolina. The location is mid-block on E Innes Street just east of a large retail center anchored by Lowe's, Food Lion, Circuit City and Staples. Construction is brick veneer with a drive-thru window. The property was built in 2004 but Rite Aid executed a new 20-year NNN lease starting in May 2008 through 2028 at \$17.52/sf with a 10% increase in Year 11 and eight 5-year options.

RETAIL COMPARABLE No. 4

Rite Aid

Location Data

Location: **1500 Martin Luther King Pky SE
Wilson, NC**
 County: **Wilson**
 Assessor's Parcel No: **3721-76-8961**
 Atlas Ref: **N/A**



Physical Data

Type: **Drug Store**
 Gross Leaseable Area: **14,765 SF**
 Year Built: **2003**
 Exterior Walls: **Brick Veneer**
 Condition: **Good**
 Parking: **Adequate Surface**
 Anchors:
 Rite Aid **14,765 SF**

Anchor Tenant GLA: **14,765 SF**
 Local Tenant GLA: **N/A**
 Total GLA: **14,765 SF**

Lease Data

Occupancy:
 Local: **100%**
 Overall: **100%**
 Typical Size: **14,765 SF**
 Term: **20 Years**
 Base Rent PSF: **\$13.47 PSF**
 Rent Escalations: **None**
 Basis: **Absolute Net**
 Expense Pass-Thru: **N/A**
 Free Rent (months): **None**
 Tenant Improvement: **BTS**
 Leasing Agent: **Listing Broker: SVN Commercial**
 Phone No.: **N/A**
 Survey Date: **3/2012**

Recent Leases

Date	Size (SF)	Tenant	Rent (PSF)	TI (PSF)	Free Rent (Months)	Escalations	Term (Yrs)
8/2010	14,765	Rite Aid	\$13.47	\$0.00		10% Yr. 10	20.00

Comments

This is a Rite Aid located in Wilson, Wilson County, North Carolina. The location is a residential neighborhood at a corner parcel at a signalized intersection of Ward Boulevard (Hwy 301) and Martin Luther King Jr. Blvd. Construction is brick veneer with a drive-thru window. The property was built in 2003 but Rite Aid executed a new 20-year NNN lease starting in May 2008 through 2028 at \$13.47/sf with a 10% increase in Year 11 and eight 5-year options.

RETAIL COMPARABLE No. 5

Rite Aid

Location Data

Location: **599 S. Enota Drive
Gainesville,GA 30501**
 County: **Hall**
 Assessor's Parcel No: **01081-002037**
 Atlas Ref: **N/A**

Physical Data

Type: **Drug Store**
 Gross Leaseable Area: **11,352 SF**
 Year Built: **1996**
 Exterior Walls: **Masonry**
 Condition: **Average**
 Parking: **64 Surface Spaces**
 Anchors:
 Rite Aid **11,352 SF**

Anchor Tenant GLA: **11,352 SF**
 Local Tenant GLA: **N/A**
 Total GLA: **11,352 SF**



Lease Data

Occupancy:
 Local: **100%**
 Overall: **100%**
 Typical Size: **11,352 SF**
 Term: **15 Years**
 Base Rent PSF: **\$15.05 PSF**
 Rent Escalations: **None**
 Basis: **Absolute Net**
 Expense Pass-Thru: **N/A**
 Free Rent (months): **None**
 Tenant Improvement: **BTS**
 Leasing Agent: **Lease Review**
 Phone No.: **N/A**
 Survey Date: **8/2011**

Recent Leases

Date	Size (SF)	Tenant	Rent (PSF)	TI (PSF)	Free Rent (Months)	Escalations	Term (Yrs)
8/2010	11,352	Rite Aid	\$15.05	\$0.00		Flat	15.00

Comments

This comparable is located along the east side of South Enota Drive, just north of Plaza Lane, on an outparcel to Sherwood Plaza (Food Lion anchor). The location is just northeast of the Gainesville CBD, near Northeast Georgia Medical Center and Brenau College. Construction is 1996, painted concrete masonry unit blocks and an Eckerd's prototype. The property is leased to Rite Aid on a lease that was recently renegotiated and re-signed (8/2010) at a slightly lower rate (\$15.05/SF) through July 2025. The lease is flat until options (five 5-year options). Expenses are absolute net with the tenant responsible for roof and structure. Sales were reported as \$595/SF for 2008 and \$543/SF for 2009.

ADDENDUM D
OPERATING DATA

11332		LTM	% of Sales	Prior Yr	% of Sales	Prior Yr2	% of Sales
City, State		GRAHAM, NC					
Total SqFt		14,158					
Design Type		14					
Location Code		FS					
Activity/Date		Open 02/17/05					
LTM May 09		District:	33307	LTM May 08		LTM May 07	
FE Sales		848,955	28.71%	820,146	30.05%	854,320	32.89%
Cig Sales		23,059	0.78%	17,776	0.65%	16,956	0.65%
Liq Sales		12,202	0.41%	9,624	0.35%	7,210	0.28%
OHP Sales		6,559	0.22%	15,678	0.57%	22,771	0.87%
Total FE		890,776	30.13%	863,224	31.63%	901,257	34.49%
Rx Sales		2,065,862	69.87%	1,865,699	68.37%	1,712,025	65.51%
Total Sales		2,956,638	100.00%	2,728,923	100.00%	2,613,282	100.00%
FE GP		269,033	31.69%	289,246	35.27%	264,326	30.94%
Cig GP		4,727	20.50%	3,333	18.75%	16,956	100.00%
Liq GP		2,465	20.20%	31	0.33%	(614)	-8.52%
OHP GP		3,107	47.37%	3,644	23.24%	14,895	65.41%
Total FE		279,332	31.36%	296,254	34.32%	295,563	32.79%
Rx GP		601,815	29.13%	518,917	27.81%	493,136	28.80%
Gross Profit - Stores		881,147	29.80%	815,171	29.87%	788,699	30.18%
Salaries							
FE Wages		137,524	15.44%	132,897	15.40%	146,157	16.22%
RPh Wages		232,977	11.28%	236,810	12.69%	203,221	11.87%
Rx Support Wages		36,465	1.77%	30,808	1.65%	33,465	1.95%
Other Wages		-	0.00%	-	0.00%	-	0.00%
Total Salaries		406,967	13.76%	400,515	14.68%	382,843	14.65%
Utilities		23,612	0.80%	26,009	0.95%	25,049	0.96%
Computer Repairs		-	0.00%	8	0.00%	565	0.02%
Facilities Repair / Maint		21,493	0.73%	17,389	0.64%	28,202	1.08%
Supplies		6,693	0.23%	10,708	0.39%	9,652	0.37%
Incidence Charges		(1,645)	-0.06%	(1,397)	-0.05%	-	0.00%
Security		708	0.02%	1,086	0.04%	2,539	0.10%
Other Field Controllable Exp		18,285	0.62%	14,076	0.52%	13,037	0.50%
Total Operating Expense		69,146	2.34%	67,880	2.49%	79,043	3.02%
Other Income		(4,627)	-0.16%	(3,111)	-0.11%	(1,435)	-0.05%
Field Controllable EBITDA		409,662	13.86%	349,887	12.82%	328,248	12.56%
Corp Controlled Retail Exp/(Inc)							
Bonuses		3,753	0.13%	1,770	0.06%	-	0.00%
Non-Work Wages		34,743	1.18%	31,904	1.17%	34,887	1.33%
Benefits		30,030	1.02%	49,213	1.80%	47,195	1.81%
Payroll Taxes		33,597	1.14%	34,898	1.28%	31,377	1.20%
Bonus/Benefits/Pay Taxes		102,124	3.45%	117,785	4.32%	113,459	4.34%
B&T % of Salaries		15.6%		21.0%		20.5%	
Advertising		51,813	1.75%	48,925	1.79%	32,215	1.23%
Computer Maintenance		1,014	0.03%	1,112	0.04%	647	0.02%
Insurance		2,585	0.09%	7,268	0.27%	5,559	0.21%
Other Operating Exp		13,742	0.46%	10,272	0.38%	4,650	0.18%
Total Operating Exp		69,154	2.34%	67,577	2.48%	43,071	1.65%
Rent - Cash		395,337	13.37%	394,702	14.46%	403,322	15.43%
Rent - Noncash		-	0.00%	-	0.00%	2,762	0.11%
Other Occupancy		35,083	1.19%	28,980	1.06%	27,855	1.07%
Net Occupancy Exp		430,420	14.56%	423,683	15.53%	433,939	16.61%
Credit/Debit Card Exp		11,610	0.39%	12,384	0.45%	11,461	0.44%
Data Selling (Income)		(2,209)	-0.07%	(2,143)	-0.08%	-	0.00%
Promotional Income		(47,554)	-1.61%	(55,437)	-2.03%	(47,291)	-1.81%
Other Income		(49,763)	-1.68%	(57,580)	-2.11%	(47,291)	-1.81%
Total Corp Controlled Retail Exp/(Inc)		563,544	19.06%	563,850	20.66%	554,639	21.22%
Distribution & Region Off Alloc							
DC Handling Charge		43,439	1.47%	41,396	1.52%	-	0.00%
Dc Freight Charge		8,943	0.30%	12,951	0.47%	-	0.00%
Regional Office Alloc		23,521	0.80%	21,724	0.80%	-	0.00%
Total DC & Region Alloc		75,903	2.57%	76,071	2.79%	-	0.00%
RETAIL EBITDA		(229,785)	-7.77%	(290,034)	-10.63%	(226,391)	-8.66%
40% DC Handling		17,375	0.59%	16,558	0.61%	-	0.00%
DC Freight		8,943	0.30%	12,951	0.47%	-	0.00%
Net DC GP		22,175	0.75%	20,467	0.75%	19,600	0.75%
Advertising		51,813	1.75%	48,925	1.79%	32,215	1.23%
Rent - Noncash		-	0.00%	-	0.00%	2,762	0.11%
Regional Office Alloc		23,521	0.80%	21,724	0.80%	-	0.00%
LTM Store Adjustment		123,828	4.19%	120,626	4.42%	54,576	2.09%
INCREMENTAL EBITDA		(105,957)	-3.58%	(169,408)	-6.21%	(171,815)	-6.57%
Script Count		37,826	727	34,484	663	8,551	164

11332		LTM	% of Sales
<i>City, State</i>		GRAHAM, NC	
<i>Total SqFt</i>		14,158	
<i>Design Type</i>		14	
<i>Location Code</i>		FS	
<i>Activity/Date</i>		Open	02/17/05
LTM Sep 09		District: 33307	
FE Sales		828,350	27.88%
Cig Sales		26,414	0.89%
Liq Sales		14,573	0.49%
OHP Sales		5,125	0.17%
	Total FE	874,462	29.43%
Rx Sales		2,096,629	70.57%
	Total Sales	2,971,091	100.00%
FE GP		278,309	33.60%
Cig GP		7,139	27.03%
Liq GP		2,654	18.21%
OHP GP		2,428	47.38%
	Total FE	290,530	33.22%
Rx GP		608,677	29.03%
	Gross Profit - Stores	899,207	30.27%
Salaries			
	FE Wages	132,893	15.20%
	RPh Wages	233,199	11.12%
	Rx Support Wages	36,504	1.74%
	Other Wages	-	0.00%
	Total Salaries	402,596	13.55%
Utilities		24,346	0.82%
Computer Repairs		362	0.01%
Facilities Repair / Maint		18,894	0.64%
Supplies		6,320	0.21%
Incidence Charges		(1,428)	-0.05%
Security		825	0.03%
Other Field Controllable Exp		17,365	0.58%
	Total Operating Expense	66,684	2.24%
Other Income		(5,147)	-0.17%
	Field Controllable EBITDA	435,074	14.64%
Corp Controlled Retail Exp/(Inc)			
	Bonuses	3,822	0.13%
	Non-Work Wages	39,415	1.33%
	Benefits	25,556	0.86%
	Payroll Taxes	31,182	1.05%
	Bonus/Benefits/Pay Taxes	99,975	3.36%
	B&T % of Salaries	14.1%	
Advertising		50,189	1.69%
Computer Maintenance		1,228	0.04%
Insurance		2,274	0.08%
Other Operating Exp		13,106	0.44%
	Total Operating Exp	66,797	2.25%
Rent - Cash		395,790	13.32%
Rent - Noncash		-	0.00%
Other Occupancy		33,314	1.12%
	Net Occupancy Exp	429,104	14.44%
Credit/Debit Card Exp		11,782	0.40%
Data Selling (Income)		(1,979)	-0.07%
Promotional Income		(43,969)	-1.48%
	Other Income	(45,948)	-1.55%
	Total Corp Controlled Retail Exp/(Inc)	561,710	18.91%
Distribution & Region Off Alloc			
	DC Handling Charge	40,747	1.37%
	Dc Freight Charge	7,994	0.27%
	Regional Office Alloc	26,733	0.90%
	Total DC & Region Alloc	75,475	2.54%
	RETAIL EBITDA	(202,111)	-6.80%

ADDENDUM E
LEGAL DESCRIPTION



Doc ID: 004110890005 Type: CRP
Recorded: 05/24/2005 at 02:26:00 PM
Fee Amt: \$10,646.00 Page 1 of 5
Excise Tax: \$10,620.00
Alamance, NC
DAVID J.P. BARBER REGISTER OF DEEDS
BK **2247** PG **702-706**

Excise Tax: \$10,620.00

Tax Lot No.: 6-8-72

Parcel Identifier No.: 8883196148

Mail after recording to: Grantee

This instrument was prepared by: Jonathan W. Dion, Esq.

Brief Description For The Index:

Located at N.C. Highway 87 (also known as South Main Street) and Crescent Square Drive in Graham, North Carolina

NORTH CAROLINA SPECIAL WARRANTY DEED

THIS DEED made as of May 24 2005, by and between:

GRANTOR:	GRANTEE: ✓
GRAHAM EC, LLC, a North Carolina limited liability company	SCOOP REAL ESTATE, L.P., a Delaware limited partnership Address: 1618 Main Street Sarasota, FL 34236 Attention: Arthur Nadel

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

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

CLT 866379v1

26 (E)

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

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

The property hereinabove described was acquired by Grantor by instruments recorded in Book 2035, Page 344, and Book 2035, Page 347, Office of the Alamance County Register of Deeds.

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

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

[SEE ATTACHED SIGNATURE AND NOTARY ACKNOWLEDGMENT PAGE]

CLT 866379v1

IN WITNESS WHEREOF, Grantor has caused this deed to be duly executed as of the date first above written.

GRANTOR:

GRAHAM EC, LLC, a North Carolina limited liability company

By: W T Mitchener
William T. Mitchener

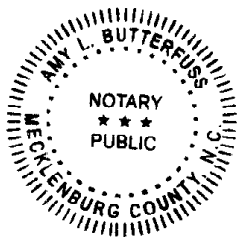
Its: Manager

STATE OF NORTH CAROLINA

COUNTY OF Mecklenburg

I, Amy L. Butterfuss, a Notary Public for the above State and Mecklenburg County, hereby certify that William T. Mitchener personally appeared before me this day and acknowledged that he is Manager of GRAHAM EC, LLC, a North Carolina limited liability company, and that he, as Manager, being authorized to do so, executed the foregoing instrument on behalf of the limited liability company.

Witness my hand and official stamp or seal, this 18th day of May, 2005.



Amy L. Butterfuss
Notary Public

Print Name: Amy L. Butterfuss
[Note: Notary Public must sign exactly as on notary seal]

My Commission Expires: 9/12/2007

[NOTARY SEAL] (MUST BE FULLY LEGIBLE)

State of North Carolina Alamance County
The foregoing certificate(s) of Amy L. Butterfuss

A Notary (Notaries) Public of the Designated Governmental units is (are) certified to be correct.

This the 24 day of May, 2005
DAVID J. P. BARBER [Signature]
Register of Deeds By-Associate Deputy

EXHIBIT A

LEGAL DESCRIPTION

LYING AND BEING in Graham Township, Alamance County, North Carolina, and more particularly described as follows:

BEGINNING at an existing iron pin (site bench mark with NC Grid coordinates of N: 839,090.546 feet, E: 1,881,775.383 feet, NAVD 88, elev: 593.21 feet, value published by National Geodetic Survey "OPUS" Solution on 09/11/03) on the western margin of the public right-of-way of NC Highway 87 (South Main Street) and in the northeastern corner of the land conveyed to Crescent Center Associates by instrument recorded in Deed Book 503, Page 66, Alamance County Public Registry, and running thence with the northern boundary of the Crescent Center Associates land (now or formerly) S. 84-34-58 W. 242.92 feet to an existing iron pin in the southeastern corner of the land conveyed to ECMM Associates by instrument recorded in Deed Book 789, Page 658, Alamance County Public Registry; thence with the southern boundary of the ECMM Associates land (now or formerly) N. 61-06-52 W. 18.19 feet to an iron rebar set; thence two new lines within the ECMM Associates land (now or formerly) as follows: (1) N. 05-35-11 W. 189.62 feet to an iron rebar set; and (2) N. 84-34-01 E. 15.00 feet to an existing iron pin in the southern margin of the public right-of-way of Crescent Square Drive; thence with the southern margin of the public right-of-way of Crescent Square Drive N. 84-34-01 E. 231.52 feet to an iron rebar set in the western margin of the right-of-way of NC Highway 87 (South Main Street); and thence with the western margin of the right-of-way of NC Highway 87 (South Main Street) three (3) courses and distances as follows: (1) S. 04-50-25 E. 15.86 feet to a nail; (2) S. 49-50-25 E. 19.80 feet to a nail; and (3) S. 04-50-25 E. 169.95 feet to the point and place of BEGINNING, containing 1.18 acres, more or less, all as shown on survey prepared by Clinton B. Osborne, North Carolina Professional Land Surveyor L-3834, of Allied Associates, P.A., Job No. PA030608, Map No. GSDelta.dwg., and dated October 31, 2003, reference to said survey being made in aid of description.

Together with:

Easement rights in favor of the property, as set forth in Cross Access Easement

Agreement recorded in Book 2108, Page 530, of the Alamance County Registry.

CLT 866379v1

EXHIBIT B

PERMITTED EXCEPTIONS

1. Real property taxes and assessments for 2005 and subsequent years.
2. Lease Agreement dated January 28, 2004 between Grantor and Eckerd Corporation, a memorandum of which is recorded in Book 2045, Page 348, Alamance County Register of Deeds.
3. All laws, ordinances, statutes, rules and regulations.
4. All matters which would be disclosed by a current and accurate survey and/or physical inspection of the property.
5. All easements, covenants, conditions, restrictions and other matters of record.
6. Easement recorded in Book 561, Page 995, Alamance County Register of Deeds.
7. Easement recorded in Book 706, Page 371, Alamance County Register of Deeds.
8. Easement recorded in Book 492, Page 562, Alamance County Register of Deeds.
9. Easement recorded in Book 641, Page 14, Alamance County Register of Deeds.
10. Cross Access Easement Agreement recorded in Book 2108, Page 530, Alamance County Register of Deeds.
11. Notice of Residual Petroleum recorded in Book 2167, Page 489, Alamance County Register of Deeds.
12. Right-of-way recorded in Book 561, Page 993, Alamance County Register of Deeds.

CLT 866379v1

ADDENDUM F
PRÉCIS METRO REPORT - ECONOMY.COM, INC.

BURLINGTON

EMPLOYMENT GROWTH RANK

2010-2012

313

4th quintile

2010-2015

356

5th quintile

Best=1, Worst=392

VITALITY

RELATIVE

107%

U.S.=100%

RANK

102

Best=1 Worst=384

RELATIVE COSTS

LIVING

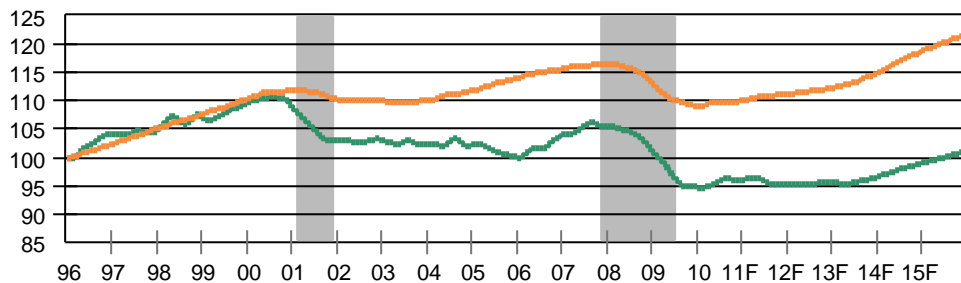
89%

U.S.=100%

BUSINESS

79%

RELATIVE EMPLOYMENT PERFORMANCE (1996=100)



DataBuffet® MSA code: MBUN

— U.S. — BUN

LIFE CYCLE PHASE

Growth/Mature

2004	2005	2006	2007	2008	2009	2010	INDICATORS	2011	2012	2013	2014	2015
4.5	4.6	4.5	4.6	4.5	4.2	4.4	Gross metro product (C\$B)	4.5	4.6	4.8	5.0	5.2
2.3	1.9	-1.0	1.4	-2.6	-5.6	3.9	<i>% change</i>	3.4	2.9	3.5	3.4	3.7
59.5	58.8	59.2	61.1	60.6	56.4	55.5	Total employment (000)	55.6	55.4	55.6	56.8	58.1
-0.2	-1.1	0.6	3.3	-0.9	-6.9	-1.6	<i>% change</i>	0.2	-0.4	0.4	2.2	2.3
6.3	6.0	5.5	5.1	6.5	11.9	11.4	Unemployment rate	10.7	12.2	12.6	11.2	10.1
3.8	3.1	7.6	6.6	4.5	-4.6	3.5	Personal income growth	4.2	3.7	4.4	6.0	5.6
137.6	139.3	141.5	144.8	147.9	150.2	151.8	Population (000)	153.1	154.8	156.7	158.7	160.8
1,222	1,480	1,726	1,441	704	441	443	Single-family permits	474	698	1,117	1,316	1,337
144	4	300	0	56	120	404	Multifamily permits	171	50	58	54	50
131.8	129.5	124.5	118.8	115.6	111.9	110.7	Existing-home price (\$ths)	109.8	111.4	114.1	121.7	128.7
612	657	819	736	550	713	532	Mortgage originations (\$mil)	428	323	327	387	451
1.2	1.4	1.8	2.7	2.5	1.8	1.1	Net migration (000)	0.8	1.2	1.4	1.5	1.6
616	702	233	276	300	304	296	Personal bankruptcies	412	463	470	470	421

STRENGTHS & WEAKNESSES

STRENGTHS

- Above-average population growth.
- Proximity to large, high-growth metro areas.
- Regionally low cost of doing business.

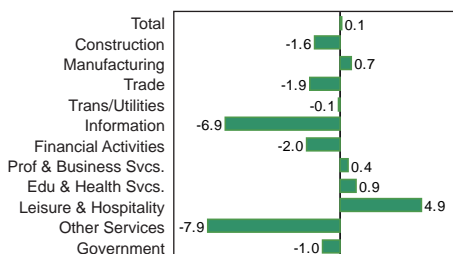
WEAKNESSES

- Below-average educational attainment levels.
- Lack of high-value positions keep incomes depressed across industries.
- Large manufacturing base concentrated in secularly declining textiles

CURRENT EMPLOYMENT TRENDS

OCTOBER 2011

% change yr ago, 3-mo MA



FORECAST RISKS

SHORT TERM

LONG TERM

RISK-ADJUSTED RETURN, '10-15

-0.60%

UPSIDE

- Affordable housing draws relocaters to BUN, boosting the tax base.
- Favorable cost structure attracts employers wishing to locate near the Research Triangle.

DOWNSIDE

- High-skill employment flows to competing metro areas.
- Loss of textile manufacturers spurs additional weakness in demand for goods and services.

ANALYSIS

Recent Performance. Labor market improvement is sustaining Burlington's sluggish recovery. Renewed hiring in leisure and hospitality services is compensating for modest job loss in goods production. The strength in public sector payrolls is more noteworthy; local government was responsible for the largest contribution to payrolls over the past three months. At 10.7%, the unemployment rate has edged down from its highest level of the year and is approaching the state average. Housing's drag is lifting, as price declines are slowing and single-family permitting is rising from its recessionary trough. Elevated foreclosure inventories are still worrying, however.

Manufacturing. Manufacturing will shift from a recovery support to a drag as textile and apparel manufacturers cut production. National apparel output is expected to dip by 5%, while overall industrial production is expected to rise 3% over the same time frame. Because of BUN's significant exposure to textile mill and apparel manufacturing industries that will be squeezed over the next year, manufacturing employment is expected to fall in the metro area. Moreover, clothing producers uprooting or closing operations is a real threat, as evidenced by Gold Toe Moretz's factory closure in 2008. This trend will play out in the long term. Manufacturing will diminish as producers look for cheaper labor elsewhere and productivity gains weigh on payrolls.

Healthcare services. Slow and steady growth in health services will supplement the short-term stability provided by BUN's goods producers. Healthcare, which has remained stagnant this year in contrast to the national trend of consistent growth, is poised for expansion. Labcorp, a clinical laboratory testing company, is in the process of acquiring a DNA testing company, thereby expanding its footprint among the world's medical and diagnostic laboratories. Labcorp already provides a wide variety of testing services for hospitals, laboratories,

and pharmaceutical and biotechnology companies. Industry payrolls are expected to rise in the coming years, as the firm will have to add to payrolls to meet increasing demand for these types of activities. Moreover, above-average population growth will maintain healthcare's position as a key driver for the area's economy in the long run.

Consumers. Healthy consumer balance sheets will enable BUN's recovery to proceed. House prices are down less than 7% from their 2007 peak, which is roughly half of the statewide price decline and one-quarter of that nationally. The relatively modest decline in house prices has preserved household equity, mitigating the damage to household finances. The area's personal bankruptcy rate is noticeably below the national average. Relatively stable finances will allow residents to spend a greater percentage of their income. On the downside, a lack of high-paying positions outside manufacturing and healthcare will limit income growth, keeping per capita incomes depressed. Consumer spending will continue to grow, albeit slowly.

Burlington's recovery remains on course, but it will proceed more slowly than the national recovery. To some extent, manufacturing will provide near-term stability while the economy transitions into a service-oriented economy driven by healthcare, but employment growth across industries will be weak. Instead, BUN will have to rely on its proximity to more dynamic areas for support. Longer term, strong demographics, driven by rapid in-migration, will increase the tax base and support service growth. Nevertheless, the metro area will struggle to attract new growth drivers to fill the void left by the secularly declining manufacturing base, resulting in a below-average performance over the long term.

Tim Daigle
November 2011

EMPLOYMENT & INDUSTRY

TOP EMPLOYERS

Laboratory Corporation of America	3,200
Alamance Regional Medical Center	2,057
Elon University	1,290
Wal-Mart Stores, Inc.	1,000
Gold Toe Moretz	725
Honda Power Equipment Manufacturing	675
Alamance Community College	664
GKN Driveline North America	500
Glen Raven Inc.	400
Buckner Companies	400
MeadWestvaco Healthcare Packaging	400
Kayser-Roth Corporation	380
AKG of America, Inc	350
Kernodle Clinic, Inc.	325
Sports Endeavors, Inc	325
General Electric Company	315
American Multimedia, Inc.	300
Liggett Group, LLC	297
ARMACELL, LLC	250
ITG	250

Source: Alamance County Area Chamber of Commerce, 2011

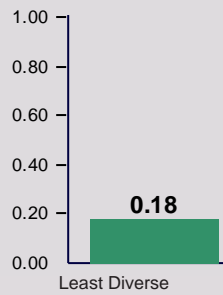
PUBLIC

Federal	256
State	1,275
Local	5,817

2010

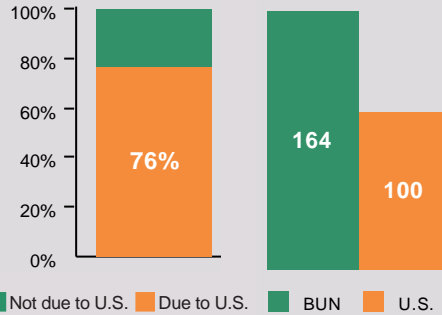
INDUSTRIAL DIVERSITY

Most Diverse (U.S.)



EMPLOYMENT VOLATILITY

Due to U.S. fluctuations Relative to U.S.



MIGRATION FLOWS

INTO BURLINGTON, NC

NUMBER OF MIGRANTS

Durham, NC	1,395
Greensboro, NC	1,352
Raleigh, NC	292
Winston, NC	159
Charlotte, NC	99
Wilmington, NC	70
Fayetteville, NC	42
Myrtle Beach, SC	32
Hickory, NC	31
Houston, TX	30
Total In-migration	6,421

FROM BURLINGTON, NC

Greensboro, NC	1,258
Durham, NC	915
Raleigh, NC	304
Charlotte, NC	138
Wilmington, NC	109
Winston, NC	108
Hickory, NC	31
Greenville, NC	30
Houston, TX	30
Myrtle Beach, SC	29
Total Out-migration	5,266

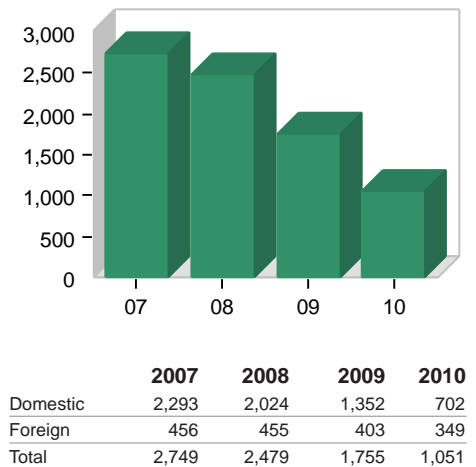
Net Migration **1,155**

COMPARATIVE EMPLOYMENT AND INCOME

Sector	% of Total Employment			Average Annual Earnings		
	BUN	NC	U.S.	BUN	NC	U.S.
Mining	0.1%	0.1%	0.5%	nd	\$33,803	\$67,309
Construction	4.6%	4.6%	4.3%	\$32,326	\$40,941	\$51,846
Manufacturing	15.2%	11.2%	8.9%	\$50,121	\$64,095	\$70,205
Durable	44.2%	51.4%	61.3%	nd	\$66,589	\$71,802
Nondurable	55.8%	48.6%	38.7%	nd	\$61,373	\$67,654
Transportation/Utilities	1.8%	2.9%	3.6%	\$43,355	\$51,313	\$58,428
Wholesale Trade	3.9%	4.2%	4.2%	\$49,965	\$65,544	\$72,720
Retail Trade	13.1%	11.2%	11.1%	\$23,915	\$28,307	\$30,042
Information	0.9%	1.8%	2.1%	\$39,441	\$66,592	\$87,045
Financial Activities	3.2%	5.2%	5.9%	\$23,902	\$38,609	\$45,142
Prof. and Bus. Services	11.5%	12.5%	12.8%	\$39,767	\$48,089	\$58,340
Educ. and Health Services	18.4%	14.0%	15.1%	\$44,886	\$44,468	\$48,812
Leisure and Hosp. Services	11.9%	10.1%	10.0%	\$16,081	\$19,291	\$22,600
Other Services	2.3%	4.0%	4.1%	\$28,405	\$28,233	\$32,053
Government	13.2%	18.2%	17.3%	\$45,996	\$60,876	\$65,089

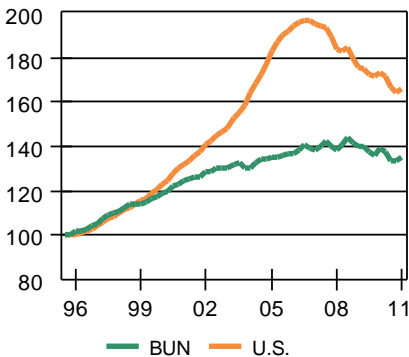
Sources: Percent of total employment — Moody's Analytics & BLS, 2010; Average annual earnings — BEA, 2009

Net Migration, BUN



Sources: IRS (top), 2009; Census Bureau, 2010

HOUSE PRICES



Source: FHFA, 1996Q1=100, NSA

LEADING INDUSTRIES

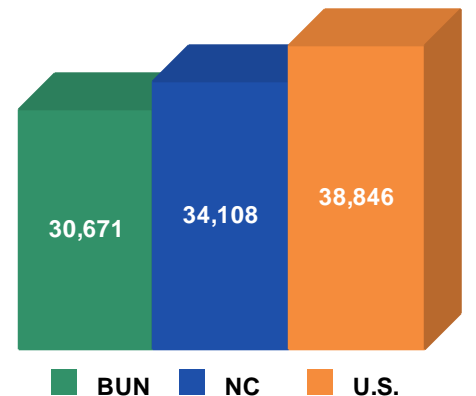
NAICS INDUSTRY EMPLOYEES (000)

GVSL State & Local Government	7.1
6221 General Medical and Surgical Hospitals	2.8
7222 Limited-Service Eating Places	2.6
7221 Full-Service Restaurants	2.5
5511 Management of Companies and Enterprises	2.3
5613 Employment Services	1.8
6215 Medical and Diagnostic Laboratories	1.7
4529 Other General Merchandise Stores	1.3
6113 Colleges, Universities & Professional Schools	1.2
3151 Apparel Knitting Mills	1.0
4451 Grocery Stores	0.9
6231 Nursing Care Facilities	0.9
2382 Building Equipment Contractors	0.8
3133 Textile & Fabric Fin. & Fabric Coating Mills	0.8
FR Farms	0.8

High-tech employment	3.0
As % of total employment	5.2

Sources: BLS, Moody's Analytics, 2010

PER CAPITA INCOME



Source: Bureau of Economic Analysis, 2009

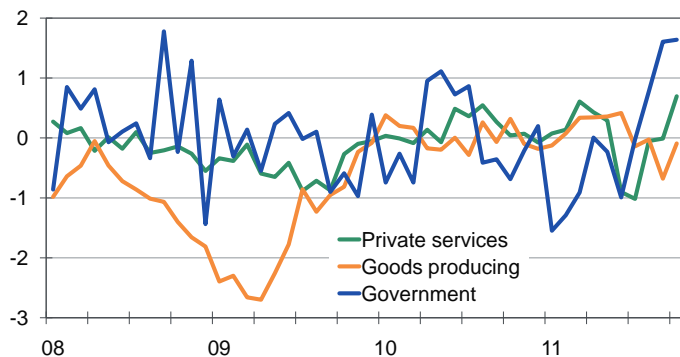
MOODY'S RATING

Aa1

COUNTY
AS OF MAY 01, 2010

Public Sector Goes From Lagging to Leading

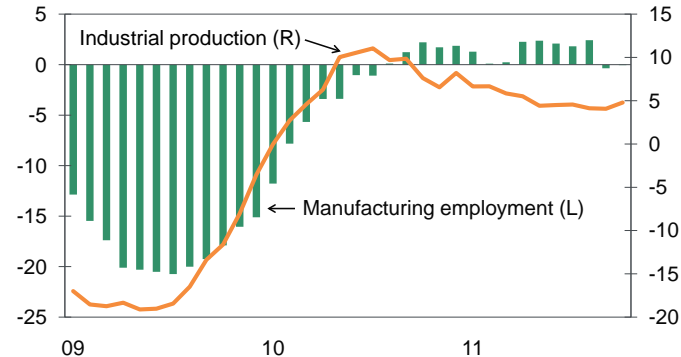
Employment, % change, 3-mo MA



Source: BLS

Productivity Gains Boost Manufacturing Output

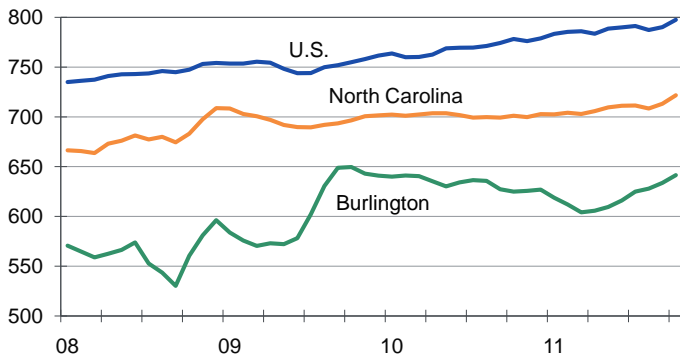
% change yr ago



Sources: BLS, Moody's Analytics

Lack of High-Valued Jobs Limits Income

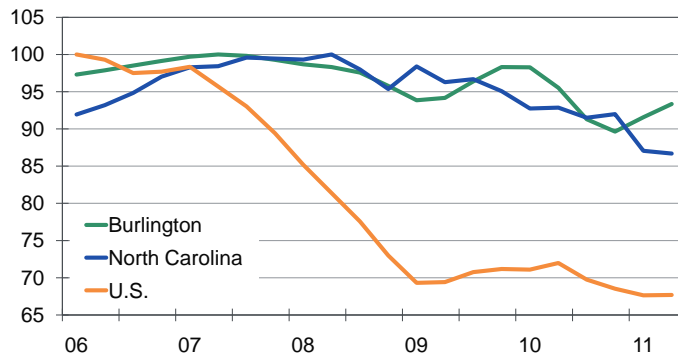
Private average weekly earnings, \$, 3-mo MA



Source: BLS

Little Loss of Equity From Price Declines...

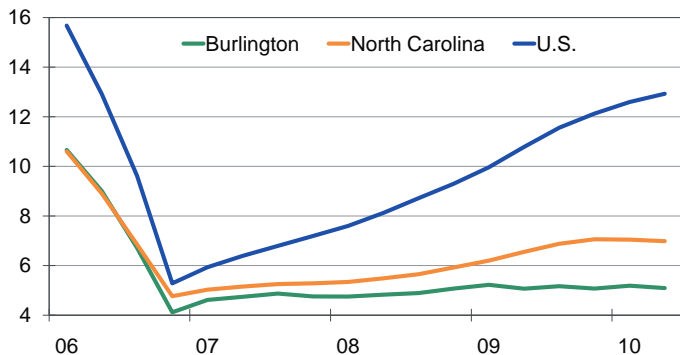
Case-Shiller® Home Price Index, peak=100



Sources: Fiserv, Moody's Analytics

...Is Positioning Consumers to Aid the Recovery

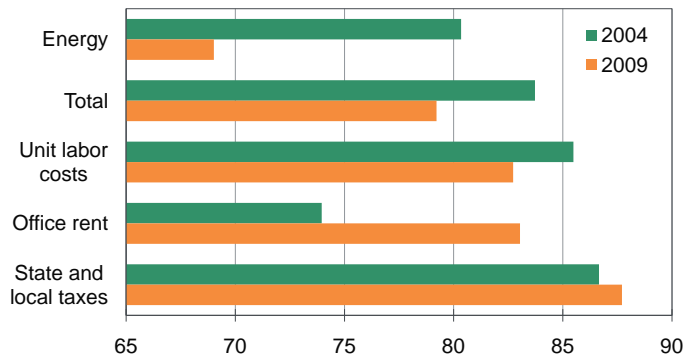
Personal bankruptcies per 1,000 households



Sources: U.S. District Courts, Census Bureau, Moody's Analytics

New Firms Yet to Take Advantage of Costs

Cost of doing business, U.S.=100



Source: Moody's Analytics

About Moody's Analytics

Economic & Consumer Credit Analytics

Moody's Analytics helps capital markets and credit risk management professionals worldwide respond to an evolving marketplace with confidence. Through its team of economists, Moody's Analytics is a leading independent provider of data, analysis, modeling and forecasts on national and regional economies, financial markets, and credit risk.

Moody's Analytics tracks and analyzes trends in consumer credit and spending, output and income, mortgage activity, population, central bank behavior, and prices. Our customized models, concise and timely reports, and one of the largest assembled financial, economic and demographic databases support firms and policymakers in strategic planning, product and sales forecasting, credit risk and sensitivity management, and investment research. Our customers include multinational corporations, governments at all levels, central banks and financial regulators, retailers, mutual funds, financial institutions, utilities, residential and commercial real estate firms, insurance companies, and professional investors.

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Moody's Analytics added Economy.com to its portfolio in 2005. Its economics and consumer credit analytics arm is based in West Chester PA, a suburb of Philadelphia, with offices in London and Sydney. More information is available at www.economy.com.

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ADDENDUM G
REQUIRED CLIENT INFORMATION

ADDENDUM H
QUALIFICATIONS

QUALIFICATIONS OF

THOMAS J. SKEAHAN, MAI **Vice President**

CBRE, Inc. - Appraisal Services
101 Centreport Drive, Suite 160
Greensboro, North Carolina 27409
(336) 373-8800
(336) 714, 0388 Direct
(336) 373-0603 FAX
jeffrey.skeahan@cbre.com

EDUCATIONAL

Bachelor of Business Administration, Finance - Florida International University

Appraisal Institute

AIREA #1A1	Real Estate Appraisal Principles, September 1987
AIREA #1A2	Basic Valuation Procedures, September 1987
AIREA #1BA	Capitalization Theory and Techniques Part A, March 1988
AIREA #1BB	Capitalization Theory and Techniques Part B, March 1989
AIREA #SPP	Standards of Professional Practice, December 1989
AIREA #2-1	Case Studies in Real Estate Valuation, September 1990
AIREA #2-2	Valuation Analyses and Report Writing, January 1991
CA1	Precertification Education Residential Appraisal, July 1991
Appraisal Institute	Accrued Depreciation Seminar, 1992
Appraisal Institute	Appraisers Complete Review, 1994
Appraisal Institute	Professional Standards USPAP Update, June 1994
Appraisal Institute	Standards of Professional Practice A and B, 1995
Appraisal Institute	Dynamics of Office Building Valuation, 1995
Appraisal Institute	The Internet and Appraising, 1997
Appraisal Institute	Standards of Professional Practice, Part C, 1998
Appraisal Institute	Conservation Easements, 2000
Appraisal Institute	Condemnation Appraising 710, 2000
Appraisal Review Spec.	Plan Reading, 2001
Appraisal Institute	Feasibility, Market Value and Investment Timing, 2002
Appraisal Institute	Analyzing Commercial Lease Clauses, 2002
Appraisal Institute	Standards of Professional Practice, Part C, 2002
Appraisal Institute	Appraising Manufactured Housing, 2004
Appraisal Institute	USPAP Update 2005
Appraisal Institute	Litigation Appraising: Specialized Topics and Applications 2005
Appraisal Institute	USPAP Update 2006
Appraisal Institute	Valuation of Detrimental Conditions 2007
Appraisal Institute	Subdivision Valuation Seminar, 2008
Appraisal Institute	Condemnation Appraising, Advanced Topics and Applications 720, 2008
Appraisal Institute	Condemnation Appraising, Principles and Applications, 2009
Appraisal Institute	Appraising Distressed Commercial Real Estate 2009
Appraisal Institute	Business Practices and Ethics 2009
Appraisal Institute	General Appraiser Market Analysis and Highest and Best Use 2011

Continuing education requirements met for current cycle.

LICENSE(S)/CERTIFICATION(S)

North Carolina Real Estate Appraisal Board - Certified General Real Estate Appraiser – A3746

PROFESSIONAL

Appraisal Institute


Designated Member, (MAI), Certification No. 10,419
Member-CBRE VAS National Litigation Support Practice

EMPLOYMENT EXPERIENCE


1986-1995	Charles V. Failla & Assoc., Real Estate Appraiser	Miami, Florida
1995-2005	John McCracken & Assoc., Real Estate Appraiser	Greensboro, NC
2006-Present	CBRE, Inc., Appraisal Services, Vice President	Greensboro, NC

NORTH CAROLINA APPRAISAL BOARD
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Expires June 30, 2012

REGISTRATION / LICENSE / CERTIFICATE HOLDER		
11	THOMAS J SKEAHAN	12
A3746	G	Y
APPRAISER NUMBER	TYPE	NATIONAL REGISTRY



APPRAISER'S SIGNATURE



EXECUTIVE DIRECTOR

THOMAS J SKEAHAN
CB RICHARD ELLIS
101 CENTREPORT DR SUITE 160
GREENSBORO, NC 27409

QUALIFICATIONS OF

Max Donald Poore, MAI Managing Director

CBRE, Inc. – Valuation & Advisory Services
3280 Peachtree Road, Suite 1100
Atlanta, Georgia 30305
(404) 812-5008
(404) 812-5051 FAX
don.poore@cbre.com

EDUCATIONAL

B.A. Wake Forest University, Winston Salem, North Carolina
M.S. in Real Estate, Georgia State University, Atlanta, Georgia

CERTIFICATION

Certified Real Estate Appraiser: State of Georgia - Certificate Number CG001683
Certified Real Estate Appraiser: State of Tennessee - Certificate Number 00001348
Certified Real Estate Appraiser: State of South Carolina - Certificate Number 4993
Certified Real Estate Appraiser: State of North Carolina - Certificate Number A1084
Certified Real Estate Appraiser: State of Kentucky - Certificate Number 003429
Certified Real Estate Appraiser: State of Alabama - Certificate Number G00693
Real Estate Broker State of North Carolina - 59070
Real Estate Broker State of Georgia - 250193

PROFESSIONAL

Appraisal Institute

Designated Member - Appraisal Institute (MAI), Certificate No. 7969

EMPLOYMENT EXPERIENCE

1984-1989	Shippett - Wilkins & Associates Appraiser	Charlotte, North Carolina
1989-1999	Arthur Andersen, LLP. Senior Real Estate Manager	Atlanta, Georgia
1999-2004	Andrews Street Realty Real Estate Consultant	Atlanta, Georgia
2004-Present	CBRE, Inc. Managing Director	Atlanta, Georgia

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11	MAX D POORE	12
A1084	G	Y
APPRAISER NUMBER	TYPE	NATIONAL REGISTRY

APPRAISER'S SIGNATURE EXECUTIVE DIRECTOR

MAX D POORE
CB RICHARD ELLIS VALUA & ADVIS SRVS
3280 PEACHTREE ROAD, STE. 1400
ATLANTA, GA 30305