

August 18, 2005

Mr. M. Travis Blake
Blake & Associates, Inc.
9668 Highway 15-501 North
Chapel Hill, NC 27517

Dear Mr. Blake,

Our firm has been engaged to provide certain estimates related to the Williams Corner Project proposed in northeastern Chatham County. The project is situated on 98 acres and is planned to accommodate 40 luxury town homes and approximately 392,000 square feet of mixed-use retail/office space.

Property Tax and Employment Impacts

The attached table summarizes the Chatham County property taxes expected from the project at buildout. Only real property taxes are estimated; however, the project will also create vehicle property taxes, other personal property taxes, and sales taxes. The County's existing ad Valorem tax rate of .597% was used in the calculations. Blake & Associates, Inc. provided all sales value estimates.

Employment estimates for potential usage are based on (1) the Weighted Average 10 to 99 Employees Per Reporting Unit as provided by the N.C. Employment Security Commission Third Quarter 2004 Estimates for the Raleigh-Durham-Chapel Hill MSA (2) 10 to 19 Employees Per Reporting Unit as provided by the N.C. Employment Security Commission Third Quarter 2004 Estimates for the Raleigh-Durham-Chapel Hill MSA and (3) other square footage per employee estimates deemed appropriate for the usage described. For conservatism, the estimates for non-defined usage were based primarily on retail usage since retail per square footage employment typically results in lower anticipated new employees than office square footage employment assumptions.

Public School Impacts:

Based on 2000 U.S. Census data for Chatham County, town homes produce .16 public school students per unit. Therefore, the project is expected to generate six public school students. Each of the 40 town homes will be assessed the \$2,900 Chatham County Public School Impact Fee; therefore, \$116,000 will be generated for new school facilities.

Sincerely,



Lucy L. Gallo, CPA
Principal, Research Triangle Park, NC

Williams Corner Blake & Associates, Inc. Chatham County, North Carolina			Chatham County			
Usage Description	Potential Tenant	Square Footage	Value Per Unit/SF	Total Value	Annual	
					Property Tax	Estimated Employees
Flex Space I	Flooring Distributor	60,000	\$ 165	\$ 9,900,000	\$ 59,103	29
Flex Space II	Contractor Offices					30
Flex Space III	Silk Screening Distributor					30
Medical Bldg I	UNC Health Care	70,000	\$ 185	12,950,000	77,312	64
Medical Bldg II	Out-Clinics UNC	40,000	\$ 185	7,400,000	44,178	31
Medical Bldg III	Doctors' Offices	40,000	\$ 185	7,400,000	44,178	31
Veterinarian		6,000	\$ 185	1,110,000	6,627	5
Specialty Grocery		25,000	\$ 150	3,750,000	22,388	28
Retail/Office I	Coffee, Deli, Gift Shop	10,000	\$ 165	1,650,000	9,851	13
Retail/Office II	Book Store	16,000	\$ 165	2,640,000	15,761	25
Retail/Office III	Restaurant	5,000	\$ 165	825,000	4,925	14
Retail/Office IV	Health Store, Medical Supplies	9,000	\$ 165	1,485,000	8,865	22
Retail/Office V		10,000	\$ 165	1,650,000	9,851	17
Retail/Office VI	Insurance Agency	15,000	\$ 165	2,475,000	14,776	25
Retail/Office VII		15,000	\$ 165	2,475,000	14,776	25
Retail/Office VIII	Specialty Furniture Store	14,000	\$ 165	2,310,000	13,791	18
Optician		10,000	\$ 185	1,850,000	11,045	8
Retail/Office IX		12,000	\$ 165	1,980,000	11,821	20
Drug Store		15,000	\$ 175	2,625,000	15,671	22
Daycare: Infant - 5 years		15,000	\$ 165	2,475,000	14,776	23
Bank		5,000	\$ 185	925,000	5,522	8
Residential Townhomes		40	\$ 450,000	18,000,000	107,460	
				\$ 85,875,000	\$ 512,674	485