

175 NORTH
CAROLINA
RAILROAD CO.

PAST &
PROGRESS

2024 ANNUAL REPORT



**North Carolina
Railroad Company**

VISION

A railroad company promoting and facilitating opportunities leading to economic gains for North Carolina.

MISSION

Focus on our rail & safety expertise, assets, and advantageous corridor to provide dynamic services and best-in-class solutions.

GUIDING PARTNERSHIP PRINCIPLES

We put collaboration at the core.

We harness the power of creativity in business.

Excellence is our standard.

We lead with integrity.

NCRR is the private railroad company that has been driving economic growth for North Carolina for over 175 years. Our rail corridor is the state's essential conduit for rail transportation, dynamic services and best-in-class, rail-centric solutions. We transform our trusted expertise and unique assets into economic advantages for all North Carolinians.



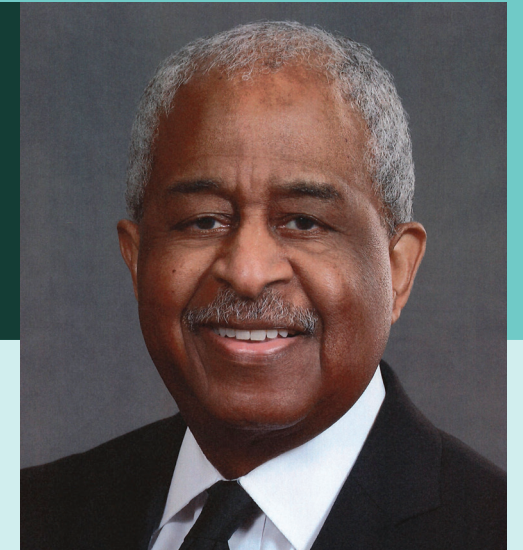
“At NCRR, our investments are driven by a vision of long-term value creation for North Carolina. That means enhancing rail connectivity, supporting local job growth and helping communities prepare for new opportunities. Every step we take is rooted in our mission to build a more connected and sustainable future for the state.”

CARL WARREN
PRESIDENT & CEO
NORTH CAROLINA RAILROAD COMPANY



CHAIRMAN'S REFLECTIONS

175 NORTH
CAROLINA
RAILROAD CO.



In January 2024, the North Carolina Railroad Company (NCRR) marked a significant milestone: 175 years of continuous service to the people and communities of North Carolina. Since our founding in 1849, NCRR has been a driving force in the state's progress—connecting towns and cities, facilitating the movement of goods and people, and fueling business and economic growth.

Today, that legacy is more relevant than ever.

Our 317-mile corridor remains a vital artery for economic development, running through rural communities and some of the fastest-growing urban regions in the country. NCRR's corridor links North Carolina to major seaports, national rail networks and countless opportunities. While the physical infrastructure is essential, it is NCRR's strategic vision and approach that transforms it into a powerful economic engine for North Carolina. As a private company generating revenue to drive public benefit, we have spent the last 175 years adapting to meet the growing needs of our state.

In 2024, we listened closely to our industry and local partners, identified gaps in the market, and developed new programs and services to encourage long-term

investment across the state. We understand that meaningful development begins at the local level. NCRR is committed to collaborating with stakeholders to provide practical, scalable solutions to bring jobs and investments to their communities.

Our focus on stewardship is foundational, but our mission goes even further. We invest in North Carolina's future—supporting local initiatives with innovative tools like our Microgrant Program and Back-on-Track Disaster Recovery Program. These efforts reflect NCRR's dedication to delivering value through rail expertise, investment, strong partnerships and forward-thinking infrastructure planning.

As we look to the future, I and the NCRR Board and Staff remain confident that NCRR will continue to be a trusted and visionary partner for North Carolina. While much of our work takes place behind the scenes, NCRR's impact is felt across the state. We are committed to keeping North Carolina connected, competitive and ready for the road—or the rail—ahead.

Sincerely,
WILLIAM V. "BILL" BELL
Chairman, North Carolina Railroad Company

We invest in
North Carolina's future...
These efforts reflect NCRR's
dedication to delivering value
through rail expertise,
investment, strong partnerships
and forward-thinking
infrastructure
planning.

BOARD OF DIRECTORS

WILLIAM V. “BILL” BELL
CHAIRMAN
PRESIDENT & CEO
UDI COMMUNITY DEVELOPMENT
CORPORATION (UDI/CDC)
DURHAM

MICHAEL L. WEISEL
VICE CHAIRMAN
MANAGING MEMBER
CAPITAL LAW GROUP
RALEIGH

JACOB F. ALEXANDER III
THE ALEXANDER COMPANIES, INC.
SALISBURY

CHARLES BOWMAN
RETIRED
BANK OF AMERICA
CHARLOTTE

MALCOMB COLEY
CENTRAL REGION PRIVATE LEADER
AND CHARLOTTE MANAGING
PARTNER, EY
CHARLOTTE

MICHAEL S. FOX
PARTNER
TUGGLE DUGGINS, P.A., AND
NORTH CAROLINA BOARD OF
TRANSPORTATION
GREENSBORO

TOMMY GLASGOW
RETIRED
CLANCY & THEYS CONSTRUCTION
COMPANY
MOREHEAD CITY

STEVE LERNER
FOUNDER AND MANAGING
PARTNER
BLUE HILL GROUP
CHAPEL HILL

JAMES E. NANCE
MANAGING MEMBER
NORTH STATE ACQUISITIONS, LLC
ALBEMARLE

GEORGE ROUNTREE III
ATTORNEY & SPECIAL COUNSEL
ROUNTREE LOSEE, LLP
WILMINGTON

FRANKLIN ROUSE
PRESIDENT
ROUSE INSURANCE AGENCY, INC.
LELAND

MICHAEL WALTERS
PRESIDENT
CLAYBOURN WALTERS LOGGING
CO., INC.
FAIRMONT

JORDAN WHICHARD
CHIEF DEPUTY SECRETARY
NORTH CAROLINA DEPARTMENT
OF COMMERCE
RALEIGH

NCRR CONNECTING COMMUNITIES AND COMMERCE IN NC

**\$4.9
Billion**
Annual GDP for NC
Along the Corridor

**\$120
Billion**
Total Economic
Impact Since 1929

15,020
Jobs Created
Direct Rail-served
Businesses
Along the Corridor

**\$247+
Million**
Annual Tax Revenue
Along the Corridor

“Reliable rail access can be the deciding factor between a good economic development site and a truly great one. That is why we partner closely with local leaders—to ensure communities have the infrastructure and support needed to attract new businesses. At NCRR, we take pride in laying the foundation for job creation and long-term economic momentum across North Carolina.”

CARL WARREN
PRESIDENT & CEO
NORTH CAROLINA RAILROAD COMPANY



LEGACY OF SERVICE TO NC

175 NORTH
CAROLINA
RAILROAD CO.

In 2024, the North Carolina Railroad Company marked 175 years of service. This milestone reflects more than longevity; it speaks to NCRR's important role in shaping the state's economy. Since its founding in 1849, the company has helped lay the foundation for North Carolina's growth by connecting regions, supporting commerce and fostering opportunity.

Over 175 years later, NCRR continues to prioritize the mission upon which it was founded and moves forward to enable growth and create new opportunities across the state.

NCRR is a private company wholly owned by the State of North Carolina. This unique structure enables the



company to operate independently with flexibility and efficiency, while remaining focused on its mission to drive economic development by attracting rail-centric industrial development and job creation. The rail corridor stretches 317 miles from the Port of Morehead City to Charlotte, connecting businesses and communities to global and domestic markets. Since 1929, investment activity along the corridor has generated over \$120 billion in economic impact for North Carolina. Manufacturing, wholesale, distribution and logistics industries rely on NCRR's corridor daily. By owning and managing the corridor, NCRR plays a vital role in supporting passenger rail and easing highway congestion.

Each year, this corridor helps remove 1.6 million trucks and over half a million cars from North Carolina's roads. This impact goes beyond numbers—it reflects NCRR's long-term commitment to serving the state through strategic investment and sustainable growth.

Over nearly two centuries, NCRR has adapted to changing needs and priorities. That history continues to guide the company as it works to create even more lasting value for North Carolina.

Since 1929,
investment activity along the
corridor has generated over

\$120 billion
in economic impact for
North Carolina.



PAST & PROGRESS



Photo courtesy of Durham County Public Library

DURHAM - past
West Chapel Hill Street Crossing



DURHAM - present
West Chapel Hill Street Underpass

CONNECTING
REGIONS

SUPPORTING
COMMERCE

FOSTERING
OPPORTUNITY



**North Carolina
Railroad Company**

FREIGHT ROUTES

- North Carolina Railroad Company
*Norfolk Southern Class | Freight Service
- Norfolk Southern
- CSX Transportation
- Various Shortlines

PASSENGER ROUTES

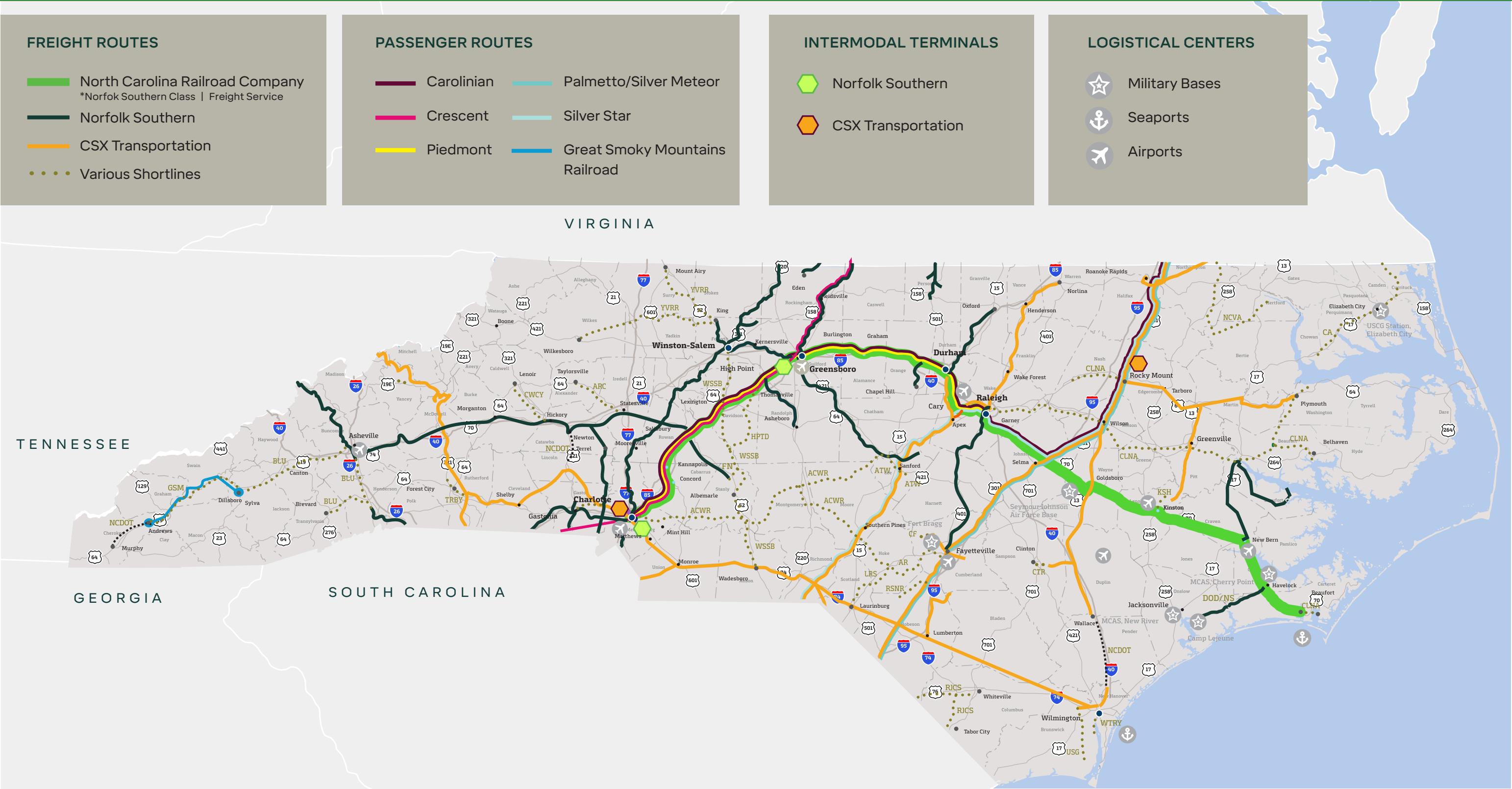
- Carolinian
- Crescent
- Piedmont
- Palmetto/Silver Meteor
- Silver Star
- Great Smoky Mountains Railroad

INTERMODAL TERMINALS

- Norfolk Southern
- CSX Transportation

LOGISTICAL CENTERS

- Military Bases
- Seaports
- Airports



NEW TOOLS FOR GROWTH: ECONOMIC DEVELOPMENT IN 2024

The North Carolina Railroad Company introduced four new programs in 2024 to strengthen its support for local communities and expand the state's economic potential. Each program is funded exclusively by the private revenue generated from NCRR's operations. These initiatives mark a strategic focus on a bottom-up economic development approach, targeting areas annually ranked by tiers through the North Carolina Department of Commerce, where early-stage investment can drive long-term economic well-being.

The **Microgrant, Brownfields and Options Programs** are designed to remove barriers to site development. They provide funding for environmental studies, due diligence and land control to help local governments and economic developers prepare sites for future business investment.

The **Back-on-Track Disaster Recovery Program** was created in response to Hurricane Helene. With a \$10 million impact fund approved just 12 days after Helene made landfall in North Carolina, this program offers financial relief to short lines, rail-served industries and economic development organizations recovering from storm-related damages.

Together, these four programs reflect NCRR's commitment to provide smart, responsive and meaningful

“NCRR's latest economic development programs strategically focus on assisting small, rural communities both on and off the rail corridor. Whether the investment helps attain a project feasibility study or repairs storm damaged infrastructure, the funding ensures that opportunities take root across every corner of our state.”

JAMES E. NANCE
NCRR BOARD MEMBER
MANAGING MEMBER
NORTH STATE ACQUISITIONS



support to help North Carolina communities and new and existing businesses grow. By creating a pipeline which helps connect smaller communities to larger economic development programs, NCRR continues to create meaningful momentum for North Carolina's economy.

“The strength of NCRR's new programs is in their focus on early, practical support for the communities that need it most. By taking a foundational investment approach, we are not just preparing sites—we are creating new pathways for economic growth across our corridor and across North Carolina. These efforts will translate into more job opportunities, stronger local economies, improved infrastructure and increased utilization of our freight rail network for years to come.”

JORDAN WHICHARD
NCRR BOARD MEMBER
CHIEF DEPUTY SECRETARY
NORTH CAROLINA DEPARTMENT
OF COMMERCE



Back-on-Track Disaster Recovery Program:
Delivers rapid disaster recovery funding to short lines, rail-served industries and EDOs impacted by storm-related damage.

Brownfields Program:
Helps prepare former industrial sites for redevelopment by funding additional site readiness work, it complements the Build Ready Sites Program.

Microgrant Program:
Funds industrial (rail or non-rail-served) site identification due diligence studies to help communities prepare properties for future investment.

Options Program:
Assists local governments and economic development organizations (EDOs) to secure land and expand the pipeline of sites available for future industrial development.

MICROGRANT

In 2024, the North Carolina Railroad Company introduced the Microgrant Program to help communities across the state take the first step toward site readiness for any industrial recruitment, not just those that are rail-served. Designed for early-stage investment needs, this program funds due diligence studies that can be cost prohibitive for smaller counties and local developers. With awards of up to \$50,000 per grant, the Microgrant Program removes a key barrier to growth, giving communities a real chance to prepare for future investment and increasing their competitiveness for future wins.

The program supports a wide range of pre-development work, including but not limited to Phase I and II environmental site assessments, geotechnical reports, wetland and stream delineations, American Land Title Association (ALTA) surveys, endangered species assessments and archaeological reports. These studies are essential to determine whether a property is suitable for future industrial use, which can be an underfunded or delayed step in less-resourced areas.

Any site owner or Economic Development Organization in North Carolina can apply, and rail access is not required. The program gives preference to Tier 1 and Tier 2 counties, areas where early-stage funding can open the door to long-term business and industry growth.

In just the first six months of the program, NCRR awarded ten Microgrants in seven counties totaling \$306,750. Tier 1 recipients included Columbus, Edgecombe and Warren Counties.

“The Microgrant Program is one of the many ways NCRR is turning potential into progress. By offering targeted support and removing common barriers to development, we are equipping local leaders with the tools they need to compete—and thrive—in today's rapidly evolving economy.”

TRISH HAVER
CHIEF COMMERCIAL OFFICER
NORTH CAROLINA RAILROAD COMPANY



“The North Carolina Railroad has been an excellent strategic partner for the ACWR. The support has enabled us to extend our resources toward preparing and marketing properties for industrial development opportunities along our rail line. The Microgrant Program has also bolstered our customers' growth plans and turned aspirations into reality. The North Carolina Railroad is an invaluable asset to the citizens and railroads of North Carolina!”

PAUL HOBEN
DIRECTOR OF BUSINESS DEVELOPMENT
ABERDEEN CAROLINA & WESTERN RAILWAY



NCRR is helping more communities prepare for future economic growth by facilitating strategic planning and the exploration of development opportunities. It also complements state and regional site development tools by offering flexible use of funds and broader eligibility.

For NCRR, small grants are about big impact. These early-stage investments lay the groundwork for future business recruitment, job creation and community resilience. They also position recipients to pursue NCRR's larger grant opportunities as projects progress, creating an economic development pipeline for smaller communities.

BACK-ON-TRACK AT A GLANCE

On October 8, 2024, less than two weeks after Hurricane Helene devastated western North Carolina, the North Carolina Railroad Company launched the Back-On-Track Program. This disaster recovery initiative was designed to help rail-dependent communities and businesses rebound after unexpected hardship. Created in response to the crisis in western North Carolina, the new grant program demonstrated NCRR's ability to act quickly, independently, and strategically to meet critical needs and support the systems that sustain local economies.

The Back-On-Track Program established a \$10 million impact fund in the form of grants for impacted short line railroads, rail-served industries and economic development organizations across the 25 North Carolina counties designated as FEMA disaster areas following Hurricane Helene. This funding helped address urgent needs ranging from damaged track systems to operational disruptions and organizational stabilization. The program was announced within 12 days of the event, with funds deployed within weeks, directing support where it was urgently needed.

NCRR awarded 13 grants totaling **\$8.2 million** that included:

- ~\$3.5 million among four grants to Class II and Class III short lines requiring rail infrastructure repairs, operations stabilization and/or wage support.
- ~\$4.5 million among four grants to rail-served industries for site recovery, rail infrastructure repair and/or operations stabilization.
- \$191 thousand among five nonprofit economic development organizations in need of temporary stabilization funding and/or disaster recovery strategic planning.

Award amounts were based on a needs assessment to ensure that resources were targeted effectively and aligned with long-term recovery priorities that allowed businesses to stay open and their employees to be paid.

NCRR is prepared to help the next time a natural disaster strikes. Our Back-on-Track program is an investment that supports the resiliency of North Carolinians. Helping key partners get "back on track," protects local and regional economies that rely on the connections short line railroads provide between rural areas and global markets. When those connections are interrupted, as they were by Hurricane Helene, entire supply chains are affected and jobs impacted. Back-On-Track grants restore and preserve those vital links.



Back-on-Track grants helped seven western NC counties.

“The storm left extensive damage to Sierra Nevada’s facilities and caused our rail spur to become non-operational. We heard from the North Carolina Railroad Company so quickly, right when we needed help. Their Back-on-Track program was essential to our recovery.”

MANDI MCKAY
CHIEF SUSTAINABILITY &
SOCIAL IMPACT OFFICER
SIERRA NEVADA



When disaster strikes, North Carolina communities need partners who understand the stakes, move quickly and bring practical solutions. NCRR is proud to be that partner.

**\$8.2
Million**
Awarded

Rapid Response
12 days
After Landfall

13
Recipients



“I never dreamed there would be a grant program to benefit a private company like Tweetsie Railroad. The North Carolina Railroad Company helped us repair 300 feet of track, ballasts and crossties. The grant was just a godsend.”

CHRIS ROBBINS
PRESIDENT
TWEETSIE RAILROAD INC.



Photos courtesy of Tweetsie Railroad Inc.

2024 BUILD READY SITES

The North Carolina Railroad Company's Build Ready Sites Program helps communities take early, practical steps to prepare industrial properties for future use. The program provides funding for land clearing, grading and utility extensions, making sites more competitive by reducing the time and cost needed to attract new employers.

Since the program's inception in 2021, NCRR has awarded over \$9.2 million in private grants to 17 counties across the state, creating over 3,500 build ready acres for rail-served industrial development.

Build Ready Sites are rail-served properties that demonstrate strong community support and coordination with partners such as local governments, railroads and utility providers. NCRR prioritizes projects in rural and economically distressed counties, where early investment can lead to much-needed business recruitment and job creation.

This program reflects NCRR's commitment to strategic, rail-centered economic development. By investing in site

readiness before a company is secured, this program creates a pipeline of prepped locations ready to meet future demand. NCRR grants can also be used as an incentive to attract potential companies to the site.

In 2024, NCRR awarded \$1.5 million in Build Ready Sites grants to three communities working to prepare rail-served sites for future industrial investment. Anson County received funding to clear and grade the 78-acre Atlantic Gateway Logistics Park. In Guilford County, a grant will help extend water and sewer service to the 115-acre Southeast 85 PowerPlex site. Randolph County will use grant funds for water and sewer improvements on a 67-acre property identified for industrial development.

NCRR Build Ready Sites Program creates a head start, turning potential into real opportunity by reducing risk for investors and accelerating the path to opportunity. For the first time since its inception, the program will expand to two application cycles in 2025.

2024 NCRR INVESTS RECIPIENTS

Through NCRR Invests, the North Carolina Railroad Company uses private revenue to support job creation, freight rail use and long-term economic growth across the state. The program has helped secure 23 new or expanded manufacturing facilities by funding rail-

related improvements that make business expansion possible. NCRR has awarded more than \$19 million through the NCRR Invests program, leading to more than 14,400 new jobs since the program began eight years ago.

IN 2024, NCRR ANNOUNCED THREE NEW NCRR INVESTS PROJECTS:

SIEMENS ENERGY, Mecklenburg County

NCRR is investing \$100,000 to support upgrades to existing rail infrastructure at Siemens Energy's manufacturing facility in Charlotte. The \$150 million expansion will create 475 new jobs with an average wage of over \$78,000. Once complete, the site will handle more than 50 railcars annually and strengthen North Carolina's position in the energy and electric vehicle industries.

INNOVATIVE CONSTRUCTION GROUP, Chatham County

A \$100,000 investment from NCRR will help fund the design and construction of a new rail spur for ICG's facility in Siler City. This \$39.8 million project will add approximately 150 jobs and enable the movement of at least 75 railcars each year, supporting continued growth in the construction and logistics sectors.

NATRON ENERGY, Edgecombe County

NCRR is investing \$750,000 in rail access for Natron Energy's sodium-ion battery gigafactory in Rocky Mount. The \$1.4 billion project is expected to create over 1,000 jobs and generate approximately 600 railcars each year. The facility will support U.S. battery supply chains and introduce new energy storage capabilities to North Carolina.



These strategic investments by NCRR advance North Carolina's competitiveness, drive job creation and promote rail use.

“North Carolina Railroad Company will help us upgrade our existing track, which is crucial to the manufacturing operations for our large power transformers. This will be Siemens Energy's first power transformer manufacturing facility in the United States, furthering the company's commitment to increasing the reliability and security of the U.S. power grid and enabling the U.S energy expansion.”

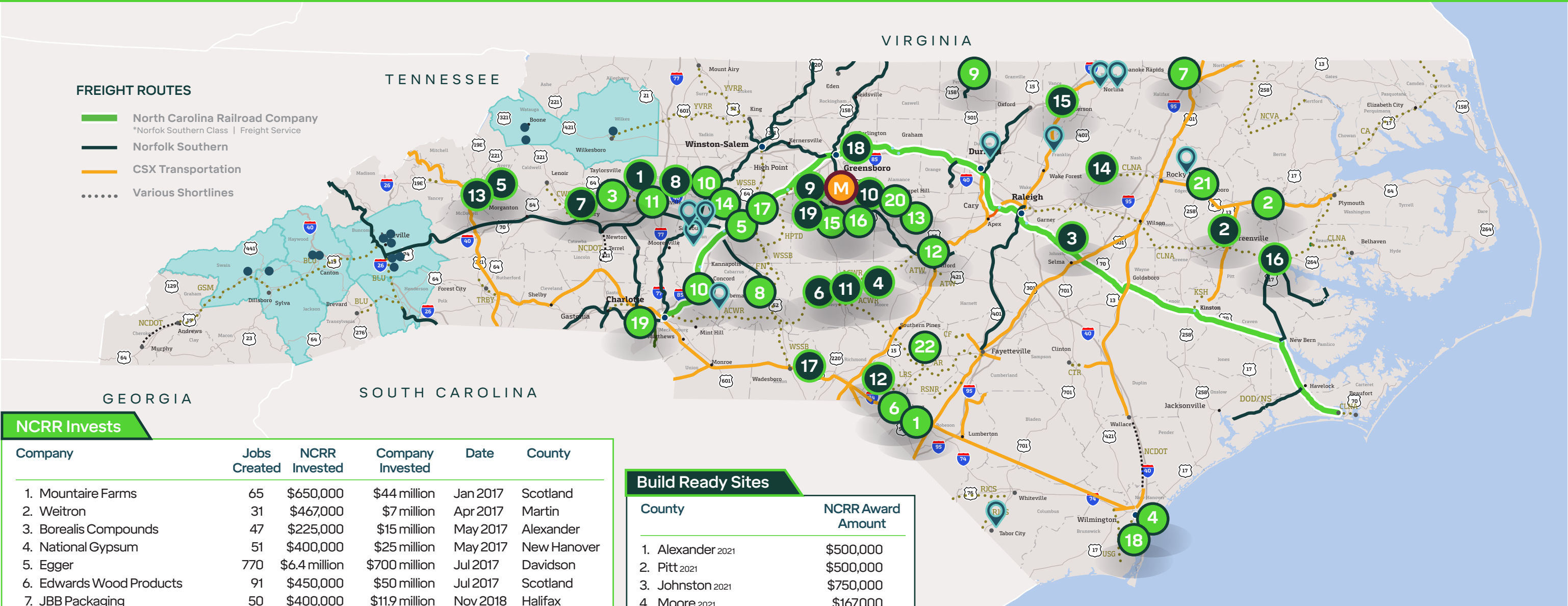
LEANDRO PALADINI
GENERAL MANAGER
SIEMENS ENERGY
POWER TRANSFORMERS FACILITY



“Eastern North Carolina is fortunate to have a strong economic development partnership with the North Carolina Railroad Company. Their Invests grant program helps us recruit rail-served industries, like Natron Energy, to support job growth and improve freight access to Rocky Mount and Tarboro.”

BOB PIKE
PRESIDENT & CEO
CAROLINAS GATEWAY PARTNERSHIP





NCRR Invests

Company	Jobs Created	NCRR Invested	Company Invested	Date	County
1. Mountaire Farms	65	\$650,000	\$44 million	Jan 2017	Scotland
2. Weitron	31	\$467,000	\$7 million	Apr 2017	Martin
3. Borealis Compounds	47	\$225,000	\$15 million	May 2017	Alexander
4. National Gypsum	51	\$400,000	\$25 million	May 2017	New Hanover
5. Egger	770	\$6.4 million	\$700 million	Jul 2017	Davidson
6. Edwards Wood Products	91	\$450,000	\$50 million	Jul 2017	Scotland
7. JBB Packaging	50	\$400,000	\$11.9 million	Nov 2018	Halifax
8. Charlotte Pipe and Foundry	400	\$1.5 million	\$325 million	June 2020	Stanly
9. Nestle Purina	300	\$2.1 million	\$450 million	Oct 2020	Rockingham
10. Red Bull/Rauch/Ball	633	\$700,000	\$900 million	July 2021	Cabarrus
11. Sherwin-Williams	183	\$300,000	\$324 million	Feb 2022	Iredell
12. Service Offsite Solutions	235	\$300,000	\$18 million	Mar 2022	Lee
13. VinFast	7,500	\$1 million	\$4 billion	Mar 2022	Chatham
14. Nucor	180	\$750,000	\$350 million	April 2022	Davidson
15. Technimark	220	\$250,000	\$62 million	April 2022	Randolph
16. Sumitomo Forestry America, Inc	129	\$200,000	\$19.5 million	Dec 2022	Randolph
17. Siemens Mobility	506	\$1 million	\$220 million	Mar 2023	Davidson
18. Epsilon Advanced Materials	500	\$500,000	\$650 million	Oct 2023	Brunswick
19. Siemens Energy	475	\$100,000	\$150 million	Feb 2024	Mecklenburg
20. Innovative Construction Group	150	\$100,000	\$39.8 million	Apr 2024	Chatham
21. Natron Energy	1,000	\$750,000	\$1.4 billion	Aug 2024	Edgecombe
22. Pennsylvania Transformer Technology	217	\$400,000	\$102.5 million	Feb 2025	Hoke
TOTAL		\$19 million			

Build Ready Sites

County	NCRR Award Amount
1. Alexander 2021	\$500,000
2. Pitt 2021	\$500,000
3. Johnston 2021	\$750,000
4. Moore 2021	\$167,000
5. Burke 2021	\$500,000
6. Montgomery 2021	\$500,000
7. Catawba 2022	\$500,000
8. Iredell 2022	\$500,000
9. Randolph 2022	\$500,000
10. Chatham 2022	\$500,000
11. Montgomery 2022	\$500,000
12. Scotland 2022	\$400,000
13. Burke 2023	\$500,000
14. Nash 2023	\$500,000
15. Warren 2023	\$500,000
16. Beaufort 2024	\$420,000
17. Anson 2024	\$500,000
18. Guilford 2024	\$500,000
19. Randolph 2024	\$500,000
TOTAL	\$9.2 million

Back-on-Track Disaster Recovery Program

Program provides relief funding of \$10 million within FEMA-designated disaster areas to Class II and Class III short line railroads, rail-served industries and nonprofit Economic Development Organizations.

Back-on-Track is an investment in the long-term success of communities impacted by natural disasters and other tragedies.

Microgrants

The statewide Microgrant program provides funding for site identification and awards up to \$50,000 for due diligence studies. Rail access is not a requirement. 10 grants awarded totaling \$306,750.

Greensboro-Randolph Megasite					
Company	Jobs Created	NCRR Invested	Company Invested	Date	County
Toyota	5,000	\$35 million	\$13.9 billion	Dec 2021	Randolph

REINVESTMENT HIGHLIGHTS ALONG THE CORRIDOR

The North Carolina Railroad Company continues to use private revenue for targeted investments that improve rail operations, enhance safety and support long-term economic development across the state. Since 2012, NCRR has invested more than \$43 million in capital improvement projects along its 317-mile corridor.

These investments include rail bridge upgrades, drainage improvements and support of grade separations in urban centers and rural communities. From Kinston and New Bern in the east to Charlotte and Greensboro in the west, these projects help rail traffic move efficiently and reliably.

NCRR has committed an additional \$41.8 million for future corridor projects to improve and provide passenger stations with a focus between urban centers. In 2024, NCRR was awarded a \$105.6 million federal grant from the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program. Projects such as curve improvements and siding extensions will address rail congestion and delays along the corridor.

These projects help maintain a safe, modern rail network that connects North Carolina communities and strengthens the state’s economic foundation. By reinvesting in its corridor, NCRR ensures a reliable and resilient asset for generations to come.



Neuse River, Kinston, NC



West of McCrimmon, Cary, NC



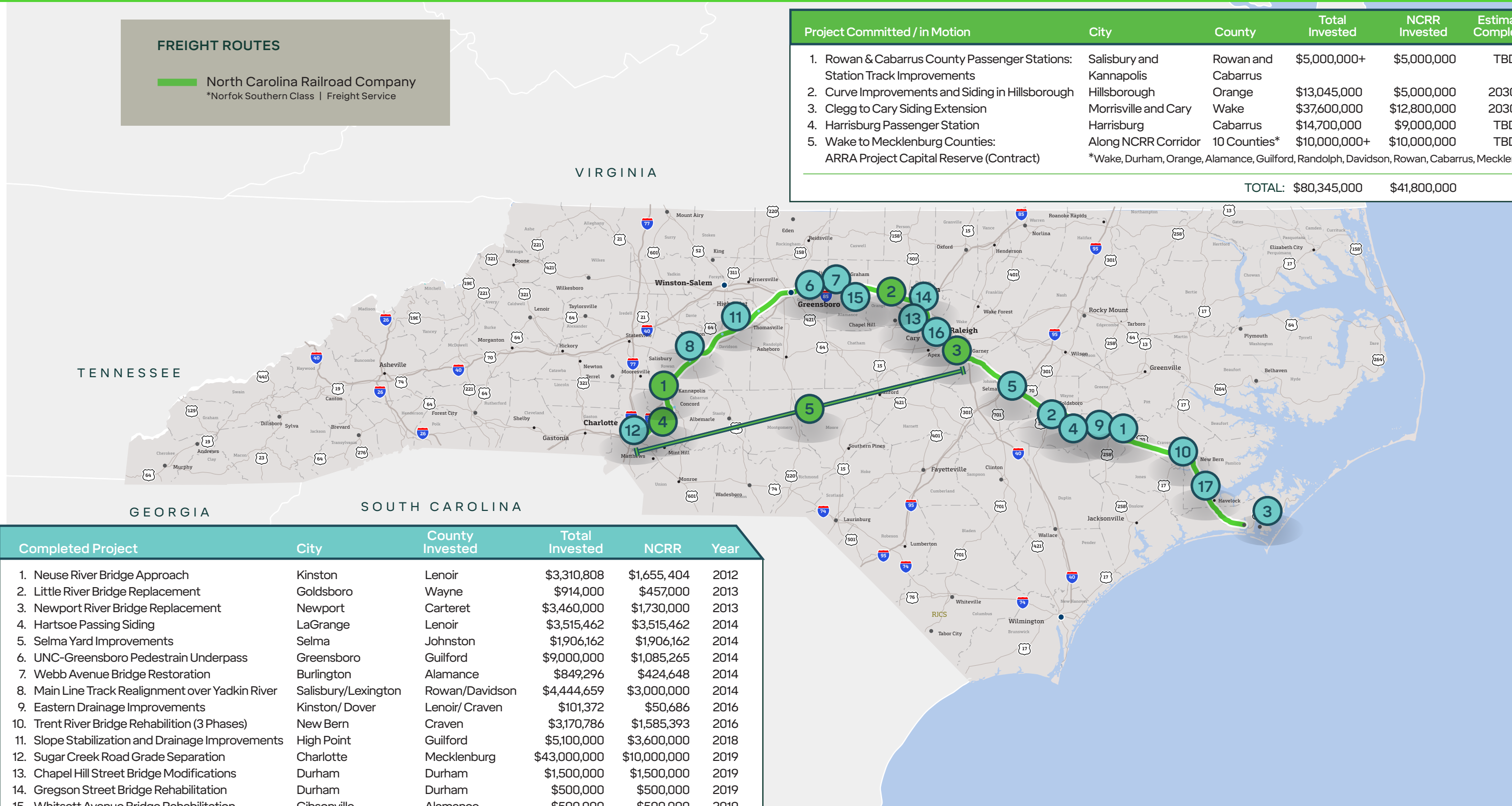
Klumac Road, Salisbury, NC

NCRR CAPITAL IMPROVEMENTS MAP

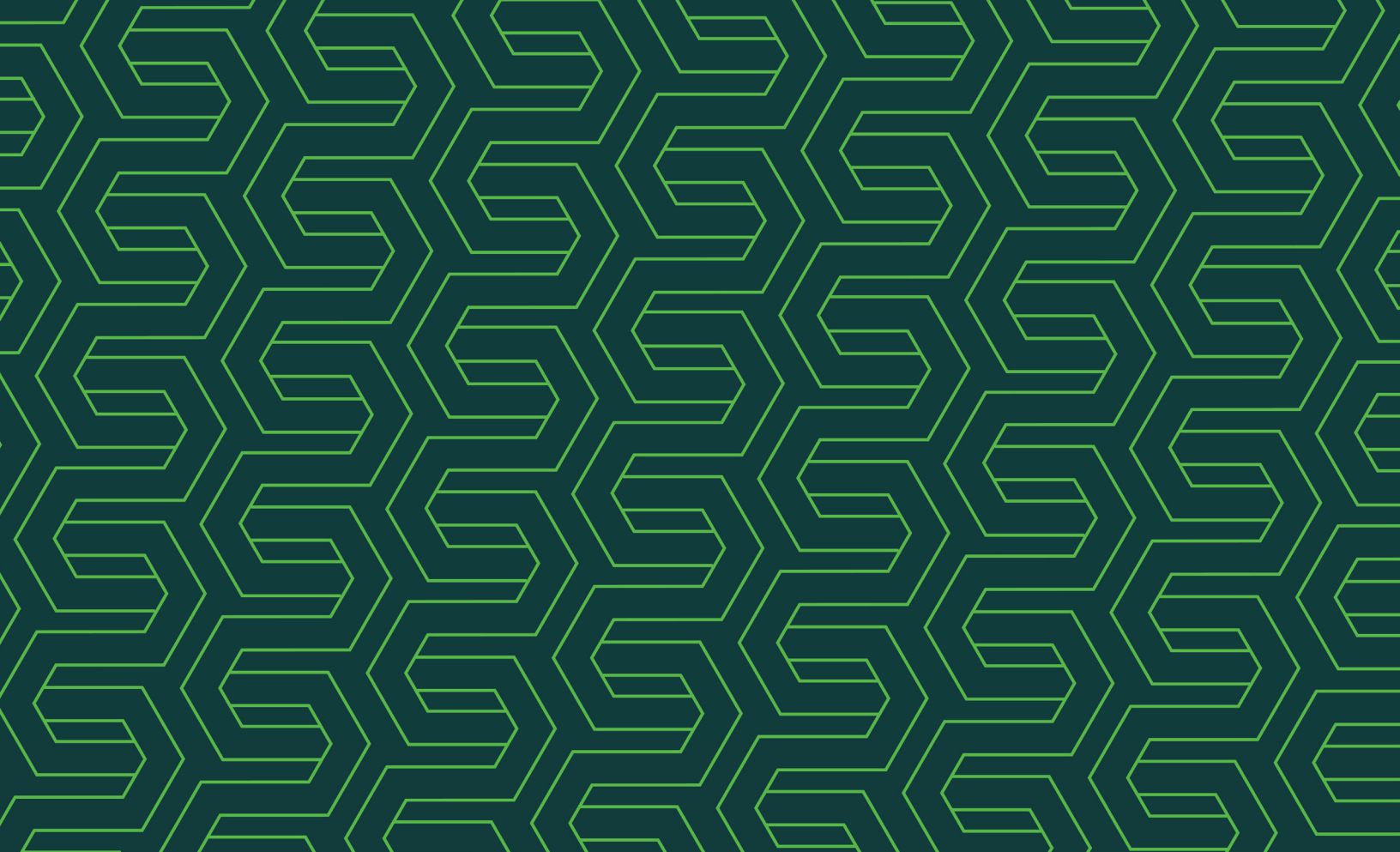
FREIGHT ROUTES

North Carolina Railroad Company
*Norfolk Southern Class | Freight Service

Project Committed / in Motion	City	County	Total Invested	NCRR Invested	Estimated Completion
1. Rowan & Cabarrus County Passenger Stations: Station Track Improvements	Salisbury and Kannapolis	Rowan and Cabarrus	\$5,000,000+	\$5,000,000	TBD
2. Curve Improvements and Siding in Hillsborough	Hillsborough	Orange	\$13,045,000	\$5,000,000	2030
3. Clegg to Cary Siding Extension	Morrisville and Cary	Wake	\$37,600,000	\$12,800,000	2030
4. Harrisburg Passenger Station	Harrisburg	Cabarrus	\$14,700,000	\$9,000,000	TBD
5. Wake to Mecklenburg Counties: ARRA Project Capital Reserve (Contract)	Along NCRR Corridor	10 Counties*	\$10,000,000+	\$10,000,000	TBD
			*Wake, Durham, Orange, Alamance, Guilford, Randolph, Davidson, Rowan, Cabarrus, Mecklenburg		
			TOTAL: \$80,345,000	\$41,800,000	



Completed Project	City	County Invested	Total Invested	NCRR	Year
1. Neuse River Bridge Approach	Kinston	Lenoir	\$3,310,808	\$1,655,404	2012
2. Little River Bridge Replacement	Goldsboro	Wayne	\$914,000	\$457,000	2013
3. Newport River Bridge Replacement	Newport	Carteret	\$3,460,000	\$1,730,000	2013
4. Hartsoe Passing Siding	LaGrange	Lenoir	\$3,515,462	\$3,515,462	2014
5. Selma Yard Improvements	Selma	Johnston	\$1,906,162	\$1,906,162	2014
6. UNC-Greensboro Pedestrian Underpass	Greensboro	Guilford	\$9,000,000	\$1,085,265	2014
7. Webb Avenue Bridge Restoration	Burlington	Alamance	\$849,296	\$424,648	2014
8. Main Line Track Realignment over Yadkin River	Salisbury/Lexington	Rowan/Davidson	\$4,444,659	\$3,000,000	2014
9. Eastern Drainage Improvements	Kinston/ Dover	Lenoir/ Craven	\$101,372	\$50,686	2016
10. Trent River Bridge Rehabilitation (3 Phases)	New Bern	Craven	\$3,170,786	\$1,585,393	2016
11. Slope Stabilization and Drainage Improvements	High Point	Guilford	\$5,100,000	\$3,600,000	2018
12. Sugar Creek Road Grade Separation	Charlotte	Mecklenburg	\$43,000,000	\$10,000,000	2019
13. Chapel Hill Street Bridge Modifications	Durham	Durham	\$1,500,000	\$1,500,000	2019
14. Gregson Street Bridge Rehabilitation	Durham	Durham	\$500,000	\$500,000	2019
15. Whitsett Avenue Bridge Rehabilitation	Gibsonville	Alamance	\$500,000	\$500,000	2019
16. Crabtree Creek Bridge Replacement	Morrisville	Wake	\$9,866,510	\$8,783,821	2020
17. New Bern to Havelock Rail Replacement	New Bern to Havelock	Craven	\$2,750,000	\$2,750,000	2021
TOTAL:			\$93,889,055	\$43,043,841	



North Carolina Railroad Company and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2024 and 2023

The report accompanying these financial statements was issued by
BDO USA, P.C., a Virginia professional corporation, and the U.S. member of
BDO International Limited, a UK company limited by guarantee.



North Carolina Railroad Company and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2024 and 2023

North Carolina Railroad Company and Subsidiaries
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Independent Auditor's Report

Board of Directors and Stockholder
North Carolina Railroad Company and Subsidiaries
Raleigh, North Carolina

Opinion

We have audited the consolidated financial statements of North Carolina Railroad Company and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related statements of operations and comprehensive income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

June 10, 2025

Consolidated Financial Statements

North Carolina Railroad Company and Subsidiaries

Consolidated Balance Sheets

December 31,	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 35,454,362	\$ 39,447,905
Accounts receivable, net of allowance of \$275,165 and \$207,684 as of December 31, 2024 and 2023, respectively	890,500	277,802
Prepaid expenses	817,578	631,988
Total current assets	37,162,440	40,357,695
Property and equipment:		
Roadway and land	7,848,742	7,848,742
Tracks, signals and bridges	423,263,948	423,263,948
Land	15,393,398	15,656,871
Buildings and improvements	19,619,141	19,619,141
Equipment and furniture	3,937,794	3,530,671
Construction in progress	3,880,200	764,659
	473,943,223	470,684,032
Less: accumulated depreciation	(333,823,970)	(306,723,231)
Property and equipment, net	140,119,253	163,960,801
Other assets:		
Investments reserved for capital projects	148,894,029	119,540,932
Long-term receivables	4,895,925	4,105,811
Other	17,889	26,127
Total other assets	153,807,843	123,672,870
Total Assets	\$ 331,089,536	\$ 327,991,366

North Carolina Railroad Company and Subsidiaries

Consolidated Balance Sheets (continued)

December 31,	2024	2023
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,221,886	\$ 2,891,136
Customer deposits	363,003	740,080
Current portion of unearned rent	200,455	200,455
Total current liabilities	4,785,344	3,831,671
Long-term liabilities:		
Other liabilities	146,300	46,300
Deferred tax liability	418,850	430,429
Unearned rent, less current portion	9,020,454	9,220,909
Total long-term liabilities	9,585,604	9,697,638
Total liabilities	14,370,948	13,529,309
Stockholder's Equity:		
Common stock, \$0.50 par value; 10,000,000 shares authorized; 317 shares issued and outstanding	159	159
Additional paid-in capital	473,812,602	473,812,602
Accumulated deficit	(157,124,263)	(159,355,142)
Accumulated other comprehensive income:		
Net unrealized gain on available-for-sale securities	30,090	4,438
Total stockholder's equity	316,718,588	314,462,057
Total Liabilities and Stockholder's Equity	\$ 331,089,536	\$ 327,991,366

See accompanying notes to consolidated financial statements.

North Carolina Railroad Company and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income

Years Ended December 31,	2024	2023
Income:		
Lease of roadway and land	\$ 18,487,379	\$ 17,691,272
Other lease income	11,890,631	7,723,992
Total lease income	30,378,010	25,415,264
Expenses:		
Wages and benefits	6,797,628	6,044,201
Professional fees	1,007,127	524,101
Contracted consulting services	2,437,071	1,495,733
Franchise and property taxes	809,022	894,772
Insurance	394,836	333,965
Reporting and public relations	188,553	112,394
Depreciation	27,404,429	27,579,573
Engineering, surveying and mapping	92,936	282,650
Property and corridor management	430,021	341,977
Bad debt expense	67,481	88,035
General and administrative	3,391,930	1,352,242
Economic development	2,508,430	3,681,545
Total expenses	45,529,464	42,731,188
Operating loss	(15,151,454)	(17,315,924)
Other Income:		
Investment income, net of expenses	17,990,590	8,553,987
Unrealized (loss) gain on marketable equity securities	(2,166,027)	5,289,943
Other income	1,778,802	4,999,865
Project contributions	-	(1,483,550)
Other income, net	17,603,365	17,360,245
Net income before income taxes	2,451,911	44,321
Income tax expense	221,032	112,304
Net Income (Loss)	\$ 2,230,879	\$ (67,983)
Other comprehensive income:		
Unrealized (losses) gains on securities:		
Unrealized holding (losses) gains	\$ (2,321,957)	\$ 909,271
Reclassification adjustments for unrealized holding gains included in net income (loss)	2,347,609	371,511
Other comprehensive income	25,652	1,280,782
Comprehensive Income	\$ 2,256,531	\$ 1,212,799

See accompanying notes to consolidated financial statements.

North Carolina Railroad Company and Subsidiaries

Consolidated Statements of Changes in Stockholder's Equity

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity
	Shares	Amount				
Balance, December 31, 2022	317	\$ 159	\$ 473,812,602	\$ (159,287,159)	\$ (1,276,344)	\$ 313,249,258
Net loss and other comprehensive income	-	-	-	(67,983)	1,280,782	1,212,799
Balance, December 31, 2023	317	\$ 159	\$ 473,812,602	\$ (159,355,142)	\$ 4,438	\$ 314,462,057
Net income and other comprehensive income	-	-	-	2,230,879	25,652	2,256,531
Balance, December 31, 2024	317	\$ 159	\$ 473,812,602	\$ (157,124,263)	\$ 30,090	\$ 316,718,588

See accompanying notes to consolidated financial statements.

North Carolina Railroad Company and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31,	2024	2023
Cash Flows from Operating Activities:		
Net income (loss)	\$ 2,230,879	\$ (67,983)
Adjustments to reconcile net loss to net cash and cash equivalents provided by operating activities:		
Bad debt expense	67,481	88,035
Depreciation	27,404,429	27,579,573
Loss on property and equipment contributed to projects	-	1,262,500
Deferred income tax	(11,579)	(40,976)
Income from investments reserved for capital projects	(15,824,563)	(13,843,930)
Changes in operating assets and liabilities:		
Accounts receivable	(680,179)	(28,646)
Prepaid expenses	(185,590)	(109,767)
Long-term receivable	(790,114)	603,115
Other assets	8,238	21,257
Accounts payable and accrued expenses	1,330,750	(180,571)
Customer deposits	(377,077)	559,586
Unearned rent	(200,455)	(200,454)
Other liabilities	100,000	-
Net cash and cash equivalents provided by operating activities	\$ 13,072,220	15,641,739
Cash Flows from Investing Activities:		
Purchases of property and equipment	(4,508,459)	(2,699,960)
Sale of property and equipment	945,578	-
Purchases of investments	(82,965,842)	(146,107,192)
Proceeds from sales of investments	69,462,960	147,258,300
Net cash and cash equivalents used in investing activities	(17,065,763)	(1,548,852)
Net (decrease) increase in cash and cash equivalents	(3,993,543)	14,092,887
Cash and Cash Equivalents, at beginning of year	39,447,905	25,355,018
Cash and Cash Equivalents, at end of year	\$ 35,454,362	\$ 39,447,905
Supplemental Disclosure of Cash Flows:		
Cash paid for income taxes	\$ 245,000	\$ 111,400
Supplemental Disclosure of Non-Cash Transactions:		
Property and equipment purchases in accounts payable	\$ -	\$ 47,613

See accompanying notes to consolidated financial statements.

North Carolina Railroad Company and Subsidiaries

Notes to Consolidated Financial Statements

1. Organization and Nature of Business

The North Carolina Railroad Company and Subsidiaries, a North Carolina company (collectively referred to as the “Company”), owns approximately 317 miles of continuous railroad line extending from Charlotte, North Carolina to Morehead City, North Carolina. The Company’s railroad facilities are operated by Norfolk Southern Railway Company (“NSR”). The State of North Carolina is the sole owner of all the common stock of the Company.

N.C. Railroad, Inc. (“NCRI”), a wholly owned subsidiary of the North Carolina Railroad Company (“NCRR”), was formed on December 15, 2006. NCRI conducts certain taxable activities, such as leasing of commercial real estate, while NCRR conducts all tax-exempt activities, such as leasing of railroad facilities and corridor management.

North Carolina Railroad Holdings I, LLC (“NCRR Holdings”), a wholly owned subsidiary of NCRR, was formed on April 5, 2016, for the purpose of acquiring real estate to be used in future economic development projects of NCRR.

NC Railway Services, LLC (“NCRS”), a wholly owned subsidiary of NCRI, was formed on August 13, 2024. NCRS conducts certain taxable activities relating to out of state services.

2. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements of the Company have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of NCRR and its wholly owned subsidiaries, NCRI, NCRR Holdings, and NCRS. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

In preparing its consolidated financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the consolidated balance sheet date and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful lives of property and equipment. Actual results could differ from those estimates.

North Carolina Railroad Company and Subsidiaries

Notes to Consolidated Financial Statements

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents include money market funds. Cash and cash equivalents that are restricted or designated by the Board of Directors for capital projects are reported as investments reserved for capital projects in the accompanying consolidated balance sheets. Cash and cash equivalents exclude amounts held in long-term investment portfolios as those amounts are commingled with investments reserved for capital projects.

At times, the Company places cash and cash equivalents and certificates of deposits with original maturities of three months or more with financial institutions in amounts that are in excess of Federal Deposit Insurance Company insurance limits. The Company has not experienced any losses in such accounts. The financial condition of financial institutions is periodically reassessed, and the Company believes the risk of any loss is minimal. At December 31, 2024 and 2023, the Company had cash balances of approximately \$34.7 million and \$38.5 million, respectively, that exceeded the Federal Deposit Insurance Corporation limits.

Accounts Receivable

Accounts receivable are uncollateralized obligations due under lease agreements. The Company estimates an allowance equal to the estimated losses that are expected to be incurred in their collection. The allowance is based on historical collection experience and management’s review of the current status of the existing receivables. An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. The Company computes depreciation using the straight-line method over the following estimated useful lives:

	Estimated Useful Lives (Years)
Buildings and improvements	10 - 25
Bridges	25
Tracks and signals	10
Equipment and furniture	3 - 7

Values of the properties included in roadway and land approximate 1916 valuations by the Interstate Commerce Commission. These properties represent fully depreciated roadway or undepreciated land. The Company assesses long-lived assets for impairment whenever events or changes indicate that the carrying amount of the assets may not be recovered based on estimated future undiscounted cash flows. In the event such cash flows are not expected to be sufficient to recover the carrying value of the assets, the useful lives of the assets are revised, or the assets are written down to their estimated fair values.

Investments Reserved for Capital Projects

Investments reserved for capital projects consist of investments in marketable equity securities and debt securities. The investments in debt securities are classified as available-for-sale and are reported at fair value, with changes in net unrealized gains and losses included in other comprehensive income, net of tax, if any. When debt securities are sold, gains and losses are determined using the specific identification method. Marketable equity securities are reported at fair value with all changes recorded through income. Realized and unrealized gains and losses are determined by using the average cost method. Investments are classified as noncurrent due to the board designations of investments for capital improvements. The Company reviews debt securities when quoted market prices are less than cost to determine if the impairment is other than temporary. Declines in the fair value of individual securities below their cost that are other than temporary would result in write-downs of the individual securities to their fair value with such write down being included in earnings as realized losses.

Long-Term Receivables

The Company's long-term receivables primarily consist of receivables under tax credit revenue agreements, plus accumulated interest. These amounts are due from one third party with history of paying the full amounts due. The Company continuously monitors the third party to ensure the credit quality of these receivables. The Company estimates an allowance for expected credit losses based on its historical collection experience, the length of time its receivables are outstanding, the continued financial condition of the third party as well as the past, current and projected write offs of these receivables. There were no material write offs or recoveries during the years ended December 31, 2024 and 2023. There were also no material past due amounts or any receivables with a non-accrual status as of December 31, 2024 and 2023. Based on these factors, there was no allowance for credit losses recognized on long-term receivables as of December 31, 2024 and 2023.

Unearned Rent

The Company's unearned rent consists of payments received in excess of the rent recognized on a straight-line basis over the term of the underlying lease agreement.

Revenue Recognition

The Company's operating income consists of the following and is recognized in accordance with the Financial Accounting Standards Board's ("FASB") Topic 842, *Leases*:

Lease of roadway and land: Revenue received from property that is operated by NSR is reflected in the consolidated statements of operations and comprehensive income on a straight-line basis in accordance with the lease term in the Company's lease arrangements.

Other lease income: The Company leases certain property that is not operated by NSR. Revenue is reflected in the consolidated statements of operations and comprehensive income on a straight-line basis in accordance with the lease term in the Company's lease arrangements. The Company also collects license fee revenue which is recognized in accordance with the lease term. The Company defers recognition of contingent rentals until the requirements are met.

Advertising

The Company incurred \$162,253 and \$54,119 in advertising costs in 2024 and 2023, respectively.

Income Taxes

Pursuant to Section 11146 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act of 2005 (the "Act"), a substantial portion of the Company's income is exempt from federal and state income taxes. The activities that generate income which is not exempt from federal and state income taxes pursuant to the Act are conducted in NCRI.

Deferred tax assets and liabilities are recognized by NCRI for the estimated future tax consequences attributable to differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that the tax benefits will not be realized.

3. Fair Value Measurements

Accounting Standard Codification 820 ("ASC 820"), *Fair Value Measurement*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in markets that are not active;
- Observable inputs other than quoted prices for the asset or liability; and
- Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

North Carolina Railroad Company and Subsidiaries

Notes to Consolidated Financial Statements

The following table summarizes the levels in the ASC 820 fair value hierarchy for the Company as of:

<i>December 31, 2024</i>	Level 1	Level 2	Total
Investments reserved for capital projects:			
Cash and cash equivalents:	\$ 55,895	\$ -	\$ 55,895
Mutual funds:			
Equity securities	95,003,124	-	95,003,124
Fixed income	43,186,456	-	43,186,456
Available for sale:			
U.S Government and federal agencies	-	2,224,227	2,224,227
Collateralized mortgage obligations	-	899,951	899,951
Corporate debt securities	-	7,524,376	7,524,376
Total investments reserved for capital projects	\$ 138,245,475	\$ 10,648,554	\$ 148,894,029

<i>December 31, 2023</i>	Level 1	Level 2	Total
Investments reserved for capital projects:			
Cash and cash equivalents:	\$ 1,459,685	\$ -	\$ 1,459,685
Mutual funds:			
Equity securities	68,162,667	-	68,162,667
Fixed income	43,833,860	-	43,833,860
Available for sale:			
U.S Government and federal agencies	-	1,789,013	1,789,013
Collateralized mortgage obligations	-	2,231,888	2,231,888
Corporate debt securities	-	2,063,819	2,063,819
Total investments reserved for capital projects	\$ 113,456,212	\$ 6,084,720	\$ 119,540,932

There were no purchases or sales of Level 3 investments nor any transfers into or out of Level 3 during the years ended December 31, 2024 and 2023.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses, which qualify as financial assets and financial liabilities, approximate fair value due to the relative terms and short maturity of these financial instruments. The carrying amount for the long-term receivables approximates fair value primarily based on the terms of the underlying tax credits receivable.

North Carolina Railroad Company and Subsidiaries

Notes to Consolidated Financial Statements

4. Investments Reserved for Capital Projects

The following is a summary of the investment portfolio by major classification included in investments reserved for capital projects at:

<i>December 31, 2024</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents:	\$ 55,895	\$ -	\$ -	\$ 55,895
Mutual funds:				
Equity securities	96,706,161	1,038,636	(2,741,673)	95,003,124
Fixed income	43,873,258	12,431	(699,233)	43,186,456
Total mutual funds	140,579,419	1,051,067	(3,440,906)	138,189,580
Available for sale:				
U.S. Government and federal agencies	2,213,900	12,311	(1,984)	2,224,227
Collateralized mortgage obligations	891,115	9,668	(832)	899,951
Corporate debt securities	7,518,524	40,987	(35,135)	7,524,376
Total available for sale	10,623,539	62,966	(37,951)	10,648,554
Total investments reserved for capital projects	\$ 151,258,853	\$ 1,114,033	\$ (3,478,857)	\$ 148,894,029

North Carolina Railroad Company and Subsidiaries

Notes to Consolidated Financial Statements

	Amortized	Gross	Gross	
	Cost	Unrealized	Unrealized	Fair Value
December 31, 2023		Gains	Losses	
Cash and cash equivalents:	\$ 1,459,685	\$ -	\$ -	\$ 1,459,685
Mutual funds:				
Equity securities	69,112,334	707,823	(1,657,490)	68,162,667
Fixed income	43,146,961	690,734	(3,835)	43,833,860
Total mutual funds	112,259,295	1,398,557	(1,661,325)	111,996,527
Available for sale:				
U.S. Government and federal agencies	1,775,872	13,141	-	1,789,013
Collateralized mortgage obligations	2,259,972	13,741	(41,825)	2,231,888
Corporate debt securities	2,049,513	22,512	(8,206)	2,063,819
Total available for sale	6,085,357	49,394	(50,031)	6,084,720
Total investments reserved for capital projects	\$ 119,804,337	\$ 1,447,951	\$ (1,711,356)	\$ 119,540,932

Investment management fees, totaling \$267,314 and \$241,155, respectively, in 2024 and 2023, are netted against investment income.

The Company recognized a net realized gain of \$9,827,226 and a net realized gain of \$4,277,353 during the years ended December 31, 2024 and 2023, respectively, on the sale of securities.

Accounting standards require management to evaluate certain investments whereby fair value is below cost to determine when an investment is considered impaired, whether that impairment is other-than-temporary, and the measurement of the impairment loss.

North Carolina Railroad Company and Subsidiaries

Notes to Consolidated Financial Statements

The following tables reflect the investments in an unrealized loss position as of December 31, 2024 and 2023 for which impairment loss has not been taken, aggregated by investment category and length of time that the individual securities have been in a continuous loss position:

	Less than 12 Months		More than 12 Months		Total	
	Unrealized		Unrealized		Unrealized	
December 31, 2024	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Government and federal agencies	\$ -	\$ -	\$ 696,360	\$ (1,984)	\$ 696,360	\$ (1,984)
Collateralized mortgage obligations	-	-	176,446	(832)	176,446	(832)
Corporate debt securities	127,230	(1,499)	5,441,520	(33,636)	5,568,750	(35,135)
Total	\$ 127,230	\$ (1,499)	\$ 6,314,326	\$ (36,452)	\$ 6,441,556	\$ (37,951)

	Less than 12 Months		More than 12 Months		Total	
	Unrealized		Unrealized		Unrealized	
December 31, 2023	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Government and federal agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collateralized mortgage obligations	123,511	(174)	944,884	(41,651)	1,068,395	(41,825)
Corporate debt securities	364,432	(2,193)	153,987	(6,013)	518,419	(8,206)
Total	\$ 487,943	\$ (2,367)	\$ 1,098,871	\$ (47,664)	\$ 1,586,814	\$ (50,031)

Management continually reviews the marketable securities portfolio and evaluates whether declines in the fair value of securities should be considered other-than-temporary. Factored into this evaluation are the general market conditions, the issuer’s financial condition and near-term prospects, the recommendation of investment advisors and the length of time and extent to which the market value has been less than cost and the Company’s ability and intent to hold the investment until maturity. Any such losses are characterized in the period of determination as investment loss and included in nonoperating income (loss).

Other-than-temporary does not mean permanent impairment. Management believes that the securities that are in an unrealized loss position at December 31, 2024 and 2023 for which other-than-temporary impairment was not taken will recover their losses. This assessment is based on the length of time the securities have been in an unrealized loss position and the nature of the security held. Management has determined that their available for sale securities are of high quality and the Company has the intent and ability to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value.

North Carolina Railroad Company and Subsidiaries

Notes to Consolidated Financial Statements

The amortized cost and fair values of available for sale securities at December 31, 2024 and 2023 by contractual maturity are shown below. Actual expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations.

<i>December 31, 2024</i>	<i>Amortized Cost</i>	<i>Fair Value</i>
Available for sale:		
Due within one year	\$ 1,420,067	\$ 1,448,906
Due after one year through five years	9,203,472	9,199,648
Total	\$ 10,623,539	\$ 10,648,554

<i>December 31, 2023</i>	<i>Amortized Cost</i>	<i>Fair Value</i>
Available for sale:		
Due within one year	\$ 1,391,989	\$ 1,394,578
Due after one year through five years	4,693,370	4,690,142
Total	\$ 6,085,359	\$ 6,084,720

The Company's investments reserved for capital projects were restricted as follows as of:

<i>December 31,</i>	<i>2024</i>	<i>2023</i>
Restricted under contracts	\$ 69,531,827	\$ 61,121,960
Board designated funds	79,362,202	58,418,972
Investments reserved for capital projects	\$ 148,894,029	\$ 119,540,932

See Note 6 below for discussion regarding the Company's capital project commitments.

5. Trackage Rights Agreement and Leases on Roadway and Land

Prior to 1999, substantially all of the Company's assets were leased to NSR or its predecessors in two leases originally dating back to 1895 and 1939. The terms of the leases did not require either the Company or NSR to renew the leases.

On August 10, 1999, the Board of Directors of the Company approved a Trackage Rights Agreement ("TRA") concurrent with NSR terminating the original leases. The TRA's term is 15 years with two 15-year renewal options by NSR (45 years) for a base annual rental of \$11,000,000 (minimum) beginning January 1, 2000, with annual adjustments based upon an inflation index and a 4.5% annual cap (arbitration of cap if it exceeds an average of 4.5% over any 7-year period). The TRA was approved by the Surface Transportation Board on September 1, 1999. During 2012, NSR exercised its option to renew the TRA for the 15-year period beginning January 1, 2015 and ending on December 31, 2029.

North Carolina Railroad Company and Subsidiaries

Notes to Consolidated Financial Statements

The TRA grants exclusive freight trackage rights to NSR to conduct all freight operations over the NCRR railroad line. Under federal law, the National Rail Passenger Corporation ("Amtrak") operates over NSR operated lines under agreements with NSR. NSR is obligated under the TRA to provide rail service to all industries on the NCRR line. NSR is obligated to maintain the NCRR line and any improvements made to the line by NSR for freight operations. Under the TRA, NSR does not have financial responsibility for passenger improvements made by the Company, North Carolina Department of Transportation ("NCDOT"), Amtrak, or other parties.

Under the TRA, approximately 38 parcels not used in railroad operations have been returned to the Company for separate (non-NSR) management. These noncorridor properties are managed by the Company after transition from NSR management. The TRA contains provisions for responsibility for environmental matters by NSR and the Company.

NSR is responsible for any taxes on its freight operations. A Policy Planning Committee comprised of NCRR and NSR representatives addresses all future planning issues, capital improvements, and any disputes that arise under the TRA. In the event of any disagreements, NCRR and NSR are subject to binding arbitration under the TRA.

A lease of certain properties in Charlotte, North Carolina to NSR (the "1968 Lease") expires on December 31, 2067 and provided for an annual rental of \$81,319 through December 2018. The 1968 Lease provides that beginning on January 1, 2019, the annual rental for the remaining term of the 1968 Lease is 6% of the appraised value of the property on that date resulting in an annual payment of \$2,700,000. Under the terms of the 1968 Lease, all taxes connected with the property, except income taxes, are paid by the lessee. The 1968 Lease was not affected by the TRA. During 2016, the Company sold a portion of the property subject to the 1968 Lease. The 1968 Lease was not affected by the sale.

Pursuant to agreements signed in each year since 2008, NCRR has assigned to NSR all of the NCRR lines that constitute eligible railroad tracks solely for purposes of allowing NSR to qualify as an eligible taxpayer with respect to such track and to claim tax credits under section 45G(a) for qualified railroad track maintenance expenditures it pays or incurs during each year under agreement with respect to such track. In exchange, NSR agrees to pay to NCRR fifty percent of the tax credits NSR claims. Payment of the amount owed under the agreement is not due until the amount of the allowable credit is not subject to further appeal, review or modification through proceedings or otherwise.

NSR Tax Credits

The Company's long-term receivable balances primarily consist of tax credits and related accrued interest receivable as follows:

<i>December 31,</i>	<i>2024</i>	<i>2023</i>
Tax credits receivable	\$ 4,266,500	\$ 3,486,724
Accrued interest (interest rates of 3.5% to 4.25%)	269,722	81,522
Total tax credits and related accrued interest receivable	\$ 4,536,222	\$ 3,568,246

The tax credits as of December 31, 2024 and 2023 were for the tax years 2020 to 2024 and tax years 2020 to 2023, respectively.

6. Capital Commitments

Project Agreements and Contracts

As of December 31, 2024 and 2023, the Company has commitments under various individual project agreements and other contracts totaling approximately \$69.5 million and \$61.1 million, respectively. The contractual commitments of the Company consist of capital improvement projects, American Recovery and Reinvestment Act of 2009 (“ARRA”) and the Passenger Rail Investment and Improvement Act of 2008 (“PRIIA”) High-Speed Passenger Rail improvement projects, and certain economic development projects, including NCRR Invests projects. The commitments to ARRA/PRIIA High-Speed Passenger Rail projects and NCRR Invests projects are described in more detail below. The various individual projects, capital improvements and strategic investments to which capital is committed are scheduled for completion between 2025 and 2027.

ARRA/PRIIA High-Speed Passenger Rail Projects

In 2011, the State of North Carolina was selected to receive certain federal grant awards through ARRA and PRIIA for the capital funding of certain high speed intercity passenger rail projects, under which NCDOT is the grantee of the awards. On December 15, 2010, the Company, the NCDOT, and NSR entered into an Agreement on Principles (“AOP”), which outlined certain terms for capital improvements within and along the NCRR corridor operated by NSR. On March 21, 2011, the Company, NCDOT, NSR and Amtrak entered into a Definitive Service Outcomes Agreement (“DSOA”), clarifying the individual parties’ responsibilities and further detailing the projects to be funded by the grants to NCDOT. On March 21, 2012, the Company and the NCDOT entered into a Railroad Corridor Property Acquisition Agreement (“RCPA”) regarding rail corridor property, including acquisition of additional railroad corridor property needed in connection with certain projects funded by the grants to NCDOT. Except as described below, as of December 31, 2017, substantially all of the ARRA and PRIIA projects were completed. The Company has recorded capital contributions and related assets for a portion of the improvements made by NCDOT.

Under the AOP, DSOA, and RCPA, the Company has committed up to a total of \$31,000,000 of capital investment toward certain projects in order to assist in completion of certain track capacity improvement projects and engineering. Out of its \$31,000,000 commitment, the AOP and DSOA provide that the Company reserve up to \$10,000,000 for a Capital Reserve Fund, which is designated by the Company for the purpose of making further capacity improvements to the NCRR line in the future in order to improve passenger and freight train reliability caused by identified unacceptable train delays. Investments by the Company under these agreements are ongoing and their costs are to be applied against and reduce the Company’s commitment under the agreements. Through both December 31, 2024 and 2023, the Company has expended approximately \$17 million of its commitments under these agreements. The Company also has committed use of the Company’s rail corridor lands for such capacity and other related improvement projects.

NCRR Invests

NCRR Invests is an economic development initiative started in 2016 to create a competitive advantage for the State of North Carolina in the recruitment of rail-served business and industry. NCRR Invests works with economic development partners at the state and local level to provide assistance to rail served companies that have committed to job creation in North Carolina. Through both December 31, 2024 and 2023, the Company has expended approximately \$37.4 of its commitments under NCRR Invests project agreements, with an additional \$6.7 million and \$5.8 million, respectively, committed. During fiscal year 2024 and 2023, NCRR Invests conveyed approximately 1,250 acres of land in northern Randolph County to Toyota as part of an economic development project. The loss on the property contributed to the project totaled \$0 million and \$1.3 million in 2024 and 2023, respectively, and is reported as “Project contributions” within “Other income (loss), net” on the accompanying consolidated statements of operations and comprehensive income. NCRR Invests expenditures that are not i) spent on NCRR property or ii) for the acquisition of NCRR owned assets, are expensed as incurred and are reported as “Economic development” expenses on the accompanying consolidated statements of operations and comprehensive income.

7. Employee Benefit Plan and Deferred Compensation

The Company established a Safe Harbor 401(k) Plan effective January 1, 2012 to provide retirement benefits for its employees. All full-time employees who meet certain eligibility requirements are qualified to participate in the 401(k) Plan. Participants may make pre-tax deferrals up to 90% of their compensation subject to Internal Revenue Service limitations. Participants are fully vested in their contributions plus actual earnings thereon and any rollovers into their accounts. The Company contributes 3% of the compensation of all eligible active participants. In addition, the Company may elect each plan year whether to make a discretionary employer contribution on behalf of eligible active participants. Employer contributions, including discretionary contributions, for the years ended December 31, 2024 and 2023 were \$261,770 and \$225,586, respectively.

8. Line of Credit

In July 2018, the Company executed a line of credit with a financial institution which provides maximum borrowings of up to \$5,000,000. The line of credit was renewed in May 2020, July 2021 and June 2023 with a maturity date of July 2028. The line of credit has a variable interest rate of the one-month TERM SOFR plus a 0.85% margin and is unsecured. There was no outstanding balance as of December 31, 2024 and 2023. The Company’s line of credit contains a restrictive covenant to maintain a minimum liquidity. The Company was in compliance with respect to this covenant as of December 31, 2024.

North Carolina Railroad Company and Subsidiaries

Notes to Consolidated Financial Statements

9. Future Minimum Lease Revenue

The Company derives income from leased commercial space and other property under non-cancellable operating leases. Of the non-cancellable leases, one lease, described in Note 5, comprises 61% of the lease income during the years ended December 31, 2024 and 2023. Rental income from this lease during 2024 and 2023 was approximately \$18.5 million and \$17.7 million, respectively. The remaining non-cancellable leases are related to the rental of commercial space. Future minimum rent receipts, excluding renewal periods, on the non-cancellable operating leases are as follows as of December 31, 2024:

<i>Year ending December 31,</i>	<i>Amount</i>
2025	\$ 23,190,196
2026	23,726,768
2027	24,578,610
2028	25,447,123
2029	26,249,341
Thereafter	384,769,471
Total	\$ 507,961,509

Minimum lease receipts do not include contingent rentals that may be received under certain leases. The Company's policy is to defer recognition of such contingent rentals until the requirements are met. There was no contingent rental income during the years ended December 31, 2024 and 2023.

10. City of Charlotte Lease Agreement

The Company and the City of Charlotte ("Charlotte") entered into an agreement ("Lease Agreement") dated May 3, 2012, whereby Charlotte leased a segment of the North Carolina Railroad corridor, approximately 2.7 miles in length parallel to the Company's main line railroad tracks and facilities, for the purpose of the extension of Charlotte's LYNX Blue Line light rail transit system. The Lease Agreement provides for a one time rent payment to be paid to the Company in the amount of \$11,760,000 for the 50 year lease term, all of which was received in full on October 16, 2013. The Lease Agreement provides that Charlotte is responsible for all construction, operations, maintenance, taxes, assessments and costs related to Charlotte's use of the segment.

Coincident with the execution of the Lease Agreement, Charlotte entered into a Construction and Reimbursement Agreement and an Operations Agreement with NSR related to Charlotte's use of the segment and the compatibility thereof with NSR's operation and maintenance of the Company's rail line.

The Lease Agreement provides that design and construction is to be provided by Charlotte at its expense, subject to the approval of the Company. The Lease Agreement is subject to early termination, in which event a portion of the lease fee may be refundable. The Lease Agreement contains one renewal term at a rate agreed upon by the parties, or in the absence of agreement, based upon an appraised value.

North Carolina Railroad Company and Subsidiaries

Notes to Consolidated Financial Statements

The Company has recognized unearned rent liability as follows as of:

<i>December 31,</i>	<i>2024</i>	<i>2023</i>
Current portion	\$ 200,455	\$ 200,455
Non-current portion	9,020,454	9,220,909
Total unearned rent liability	\$ 9,220,909	\$ 9,421,364

11. Income Taxes

The Company's income before income taxes was as follows:

<i>Years ended December 31,</i>	<i>2024</i>	<i>2023</i>
Net income (loss) before income taxes:		
Nontaxable entities	\$ 1,699,676	\$ (453,773)
Taxable entity	752,235	498,094
Net income before income taxes	\$ 2,451,911	\$ 44,321

The difference between the federal income tax computed by the statutory federal income tax rate of 21% and NCRI's income tax expense as reflected in the consolidated financial statements was as follows:

<i>Years ended December 31,</i>	<i>2024</i>	<i>2023</i>
Income tax at statutory federal income tax rates	\$ 207,418	\$ 136,601
Decrease attributable to:		
State income tax, net of federal income tax benefit	14,610	(20,775)
Other	(996)	(3,522)
Total	\$ 221,032	\$ 112,304

The Company's taxable subsidiary, NCRI, has deferred income tax balances as follows at:

<i>December 31,</i>	<i>2024</i>	<i>2023</i>
Asset:		
Allowances	\$ 777	\$ 15,087
Liability:		
Property and equipment	(419,627)	(445,516)
Net deferred tax liability	\$ (418,850)	\$ (430,429)

North Carolina Railroad Company and Subsidiaries

Notes to Consolidated Financial Statements

The Company's total tax expense is summarized as follows:

<i>Years ended December 31,</i>	<i>2024</i>		<i>2023</i>	
Current income tax expense	\$	232,611	\$	153,280
Deferred income tax benefit		(11,579)		(40,976)
Total income tax expense	\$	221,032	\$	112,304

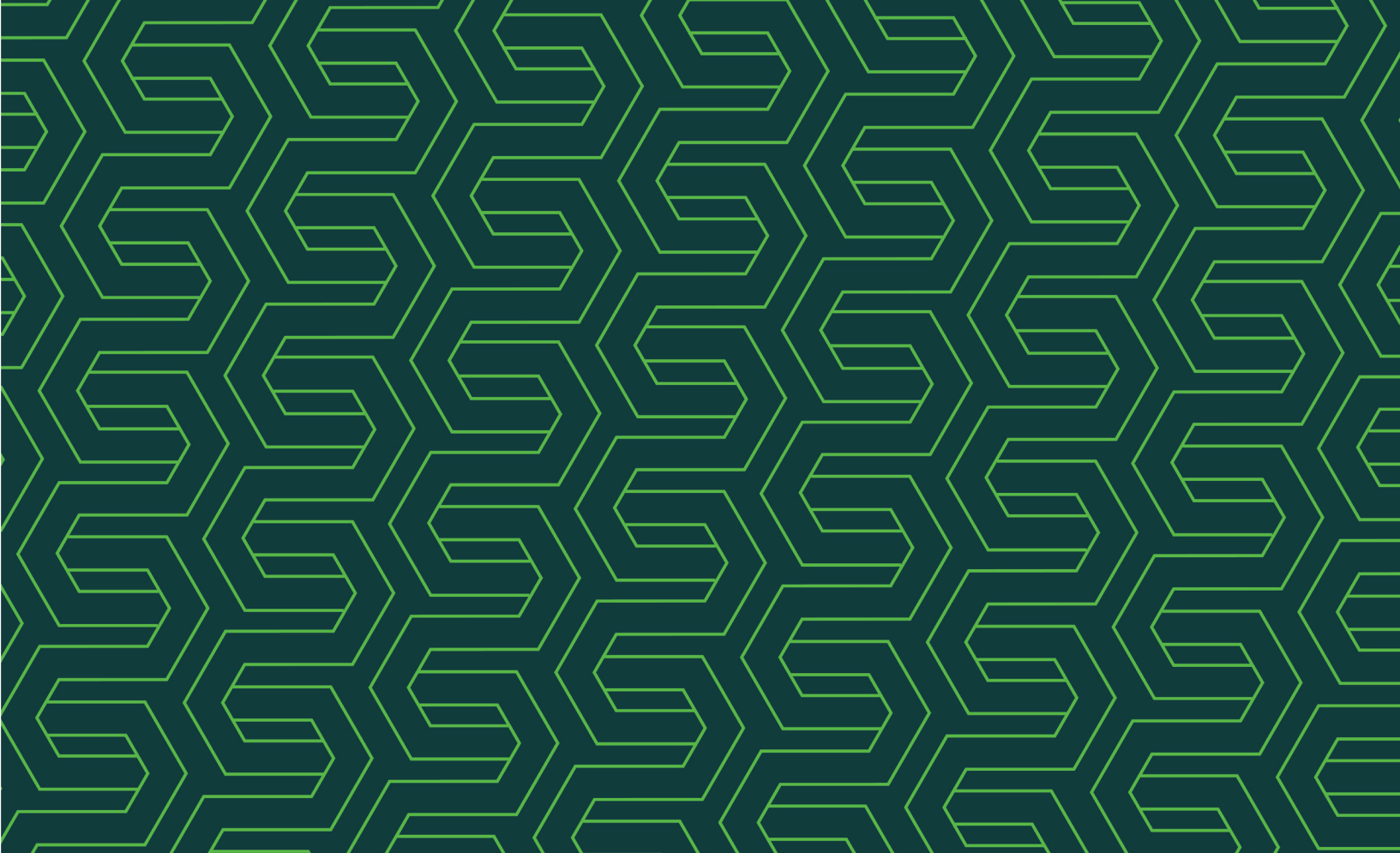
12. Commitments and Contingencies

The Company is subject to litigation in the ordinary course of business. Management believes that any potential liability thereto is not material to the Company’s consolidated balance sheets and results of operations and comprehensive income.

13. Subsequent Events

The Company has evaluated subsequent events and their potential effects on the accompanying consolidated financial statements from December 31, 2024 (the date of the most recent consolidated balance sheet presented) through June 10, 2025 (the date the accompanying consolidated financial statements were available to be issued). No material recognizable events were identified.

Since January 20, 2025, the President has issued multiple executive orders which have imposed potential restrictions on the Federal Railroad Administration and its activities including streamlining regulations, ensuring emergency preparedness, and reviewing rail safety standards. The full impact of the executive orders continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that these matters will have on the Company's financial condition, liquidity and future results of operations. Management is actively monitoring the impact of the situation on its financial condition, liquidity and operations.





Connecting North Carolina and sparking economic growth across the state since 1849.

1849 1851 1854 1856 1896 1989 1998 1999 2000 2003 2016 2021 2024

State lawmakers chartered the North Carolina Railroad

On January 27, 1849, state lawmakers chartered the North Carolina Railroad, which would extend from Charlotte to Goldsboro, improving rail access within the state. The legislature authorized the state to purchase \$2 million of NCRR stock, leaving \$1 million for private citizens to purchase.

NC Legislature approved \$3 million in shares

John Motley Morehead, first President of the North Carolina Railroad and former state governor, called upon the legislature to provide increased funding calling the railroad a "tree of life" for North Carolina. The legislature approved State purchase of an additional \$1 million in shares, making the railroad 75% owned by the State and 25% owned by private stockholders.

NCRR enters 99-year lease with Southern Railway

NCRR entered a 99-year lease with Southern Railway (now Norfolk Southern) commencing on January 1, 1896. Needing a "back shop" service facility on their eastern main line between Washington, DC and Atlanta, Southern Railway opened its own shops in 1896 in Spencer, North Carolina just north of Salisbury and NCRR's Company Shops fell permanently out of use.

State Buyout

The State of North Carolina bought out the 25% of private shares of NCRR stock making the NCRR a privately run company, fully owned by the state. At the time of the state's acquisition of NCRR in 1998, the total stock value of the NCRR was \$282 million.

Capital Improvement Program

The North Carolina Railroad Company begins its capital improvement program to serve as a blueprint to improve the maintenance, integrity and economic potential of the railroad corridor. In a partnership that is unique nationwide, NCRR, Norfolk Southern and the North Carolina Department of Transportation work together, to improve the quality of crossings and bridges, add double track and sidings, realign curves, and improve signaling and other infrastructure along the corridor.

NCRR Invests Launched

In 2016, NCRR created its first economic development program, NCRR Invests. Through this program, NCRR participates in the construction and expansion of rail-served industrial operations using private revenue to support job creation. The first NCRR Invests project was announced in January 2017, and the program has since supported more than 20 new or expanding rail-served facilities in North Carolina.

175 Years

NCRR celebrated its 175th charter year with several accomplishments, including the launch of a new logo and branding, the implementation of a Track Protection program to provide flagging services, the introduction of four new economic development programs, including the establishment of a \$10 million impact fund for disaster recovery, and the securing of a \$105.6 million federal grant award from the Consolidated Rail Infrastructure and Safety Improvements Program (CRISI).

Groundbreaking Ceremony

NC Senate President Calvin Graves received the honor of lifting the first shovel of dirt at a groundbreaking ceremony in Greensboro on July 11, 1851. Having cast the deciding vote for legislative approval, it ended his political career because it did not pass in his district.

First train runs the 223-mile corridor

On January 21, 1856, the first train ran the completed length of the 223-mile corridor from Charlotte to Goldsboro. Trains soon began hauling passengers and freight including tobacco, cotton, corn, wheat, bacon, lumber, naval stores, iron and machinery.

Company Shops

In 1856, the railroad built workshops on 632 acres of land purchased in Alamance County, the mid-way point on the line. The community that sprang up around these rail car and track repair shops was known as Company Shops and later became the town of Burlington, North Carolina. In addition to Burlington, several other towns developed at stops along the rail line.

Atlantic & North Carolina Railroad Merger

On September 29, 1899, the NCRR merged with the Atlantic and North Carolina Railroad (A&NCRR), consolidating a 317-mile east-west corridor from Charlotte to the Port of Morehead City. The A&NCRR charter in 1854 originally linked Shepard's Point (now Morehead City) with the NCRR terminus in Goldsboro.

Norfolk Southern Railway TRA

Norfolk Southern Railway Company (previously Southern Railway) and NCRR reached an exclusive trackage rights agreement for Norfolk Southern to continue freight and maintenance operations on the NCRR line for 15 years renewable for an additional 30 years. NSR operates with its own crews and rolling stock over lines and property owned by the NCRR. The agreement also allows for operations of the National Railroad Passenger Corporation (Amtrak) on the NCRR line.

Raleigh Depot & Burlington Engine House

NCRR completed renovations for both the former freight depot in downtown Raleigh and the Burlington Engine House. The restored freight depot now features a variety of food and beverage options in Raleigh's Warehouse District and received the 2003 Real Estate Deals of the Year (REDY) Award for Best Redevelopment Project in the Triangle area. Similarly, the Burlington Engine House has been transformed into the city's passenger station and also houses offices for a division of the City of Burlington's police department. This project won the Department of Commerce's 2003 Mainstreet Award for Best Adaptive Use Project and includes NCRR's Whistlestop exhibit, which highlights the Company's history.

Greensboro-Randolph Megasite Lands Toyota

On December 6, 2021, after nearly a decade of building partnerships and readying the site for a major tenant, the Greensboro-Randolph Megasite partners announced a transformative win for the state with Toyota's plan to build a next-generation automotive battery production facility on the site. NCRR invested over \$35 million to assemble and prepare the Greensboro-Randolph Megasite. Since its initial announcement in 2021, Toyota has announced additional expansion plans, resulting in 5,000 anticipated jobs and a \$13.9 billion investment.

\$120 Billion
Total Economic Impact Since 1929

\$4.9 Billion
Annual GDP for NC along the corridor

\$247+ Million
Annual Tax Revenue Along the Corridor

15,020
Jobs Created Direct Rail-served Businesses Along the Corridor