

**COVER PAGE FOR SAMPLE APPRAISAL**

**NOTE – SELECT VERBIAGE IN THE REPORT HAS BEEN  
DELETED TO ENSURE THE PRIVACY OF CLIENT AND  
PROPERTY LOCATION**

**WE HAVE ALSO DELETED THE AREA AND NEIGHBORHOOD  
MAPS AND SUBJECT PHOTOGRAPHS**

**APPRAISAL REPORT**

**On**

**[OMITTED]  
MARIETA, COBB COUNTY, GEORGIA 30066**

**For**

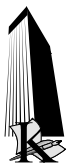
**[OMITTED]**

**As Of**

**FEBRUARY 13, 2013**

**By**

**QUENTIN BALL APPRAISAL CO. LLC**



QUENTIN BALL, MAI

NASH BALL  
LINDA BRENNER  
RANA BARNES  
LARRY CHECKETTS  
CATHERINE GREER  
RICHARD GRAGG  
CARRIE SALITURO  
JASON STOUTAMIRE

**QUENTIN BALL APPRAISAL CO. LLC**  
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February 18, 2013

[qball@kirklandco.com](mailto:qball@kirklandco.com)

QUENTIN'S DIRECT LINE  
(404) 617-9165

[ADDRESSEE OMITTED]

Dear [OMITTED]:

We estimated the Market Value of the industrial building at [OMITTED]. We inspected the subject property on February 13, 2013, which coincides with the date of the appraisal. We appraised the Fee Simple Estate.

The Market Value of the subject property, as of February 13, 2013, is:

**[OMITTED]**

This summary report complies with the latest edition of the guidelines established by the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation.

Thank you for this assignment.

Sincerely,

Quentin Ball, MAI  
President

Ga. Certified General Real Property Appraiser 1041  
QB/RG/jad/12671

Richard Gragg  
Senior Appraiser

Ga. Certified General Real Property Appraiser 244822

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**ADDENDUM:**

Engagement Letter [OMITTED]

Appraisers' Licenses

Tax Card [OMITTED]

Comparable Rentals

Comparable Sales

## **SUMMARY AND CONCLUSIONS**

PROPERTY IDENTIFICATION	: Industrial building, [OMITTED], Marietta, Cobb County, Georgia 30066.
TAX PARCEL IDENTIFICATION	: [OMITTED]
DATE OF APPRAISAL	: February 13, 2013
DATE OF INSPECTION	: February 13, 2013
DATE OF REPORT	: February 18, 2013
PROPERTY RIGHTS APPRAISED	: Fee Simple Estate.
LAND AREA	: 2.31 Acres (100,624 <del>sq</del> )
IMPROVEMENT DESCRIPTION	: 41,202 <del>sq</del> warehouse originally constructed in 1974 and subsequently expanded, with approximately 14,500 <del>sq</del> of office space and air-conditioned assembly area, and 26,702 <del>sq</del> storage and distribution space with a clear height of 16' to 18' and building front access to two dock-high doors and one grade-level (via concrete ramp) overhead door. Fire safety sprinkler system covers 100% of the building.
ZONING	: LI, Light Industrial by the City of Marietta.
HIGHEST AND BEST USE	: Industrial.
EXPOSURE PERIOD	: 12 months.
MARKETING PERIOD	: 12 months.

### **MARKET VALUE - FEBRUARY 13, 2013**

INCOME APPROACH	: \$[OMITTED]
SALES COMPARISON APPROACH	: \$[OMITTED]
MARKET VALUE CONCLUSION	: \$[OMITTED] (\$[OMITTED]/ <del>sq</del> )

## **LIMITING CONDITIONS**

This appraisal is subject to the following conditions:

- ❖ We assume the survey furnished to be correct. We assume no responsibility for matters legal in character nor render any opinion as to the title, which we assume to be good and marketable.
- ❖ We disregard all existing liens and encumbrances unless otherwise stated, and we appraise the property as though free and clear under responsible ownership and competent management.
- ❖ We assume any proposed or incomplete improvements included in this report completed in accordance with approved plans and specifications and in a workmanlike manner.
- ❖ We assume reliable information furnished by others, but take no responsibility for its accuracy.
- ❖ The Bylaws and Regulations of the Appraisal Institute govern disclosure of the contents of this appraisal report.
- ❖ Quentin Ball is a Member of the Appraisal Institute. The Bylaws and Regulations of the Institute require each Member and Candidate to control the use and distribution of each appraisal report signed by such Member. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report, in its entirety, to such third parties as may be selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatory of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media, or other media for public communication without the prior written consent of the signatory of this appraisal report.
- ❖ Qualified experts proficient in conducting environmental audits must determine the presence of hazardous or toxic materials. As appraisers, we cannot endorse or sanction an environmental audit. However, the presence of hazardous or toxic materials may require a deduction from value. Unless stated in the report, we have not been notified of and were unable to discern any hazardous or toxic materials that might be a detriment to Market Value, nor have we made a deduction from value due to the presence of hazardous or toxic materials.
- ❖ We recommend that the client obtain a qualified engineer, architect, or other Americans With Disabilities Act (ADA) expert to inspect the subject property, determine the level of ADA compliance/non-compliance and estimate the cost to bring the subject property into compliance. Any non-conformity could have an effect on the Market Value conclusion. Unless otherwise stated, we assume the value conclusion of this appraisal on the subject property in ADA compliance.

## **PURPOSE, DATE, AND INTENDED USE OF APPRAISAL**

This appraisal estimates the Market Value of the warehouse building at [OMITTED] in Marietta, Cobb County, Georgia 30066. We provided a summary report as requested. The Fee Simple Estate represents the ownership interest appraised. The date of the Market Value estimate is February 13, 2013, which coincides with the date of inspection. This report is intended to assist the intended user, Brookhaven Bank, in analyzing the collateral for a mortgage loan.

**"Market Value"** is defined by the *Dictionary of Real Estate Appraisal (4<sup>th</sup> Edition)* as 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 are 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 each acting in what they consider their 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.

**"Fee Simple Estate"** is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations of eminent domain, escheat, police power, and taxation.



## **SCOPE OF WORK**

The appraisal problem is to provide the client with an estimate of the Market Value of the subject industrial building at [OMITTED] in Marietta, Cobb County, Georgia 30066.

The scope of work includes an inspection of the property on February 13, 2013, which coincides with the effective date of the appraisal. We analyzed the topography, access, and exposure from the street of the site. We analyzed surrounding property uses. We analyzed market influences that emanate from the area, city, and neighborhood and the market for supply of and demand for similar buildings. We analyzed similar and competitive facilities and considered the effects of the current economic environment on the marketability of the subject property. We determined the market for the development as determined as the highest and best use for the subject. We used information available in the public domain and contacted market participants. We researched and analyzed sales of similar land in the immediate subject area. We researched and analyzed sales of similar buildings. We inspected the subject and verified the sales with the participants and public records as needed.

We used the Income Approach and Sales Comparison Approach for an estimate of Market Value of the subject property as of February 13, 2013. We surveyed market capitalization rates in estimating the market value in the Income Approach. We selected the most similar industrial building sales and compared them to the subject property in the Sales Comparison Approach. The Cost Approach was omitted in this report. The subject property is over 30 years old and the Cost Approach is most appropriate for buildings that are new or nearly new, which is not the case in this appraisal. We correlated the values indicated by the approaches for an estimate of Market Value as of February 13, 2013.

**AERIAL PHOTOGRAPH**

[AERIAL OMITTED]

**TAX MAP**

The Cobb County Tax Assessor identifies the subject as parcel number [OMITTED].

[TAX MAP OMITTED]

**LEGAL DESCRIPTION**

[LEGAL DESCRIPTION OMITTED]

## **PROPERTY HISTORY**

[OMITTED] currently owns the subject property. On February 24, 2010, [OMITTED], individually (50% interest) and as Executor of the last will and testament of the late [OMITTED] (50% interest), transferred ownership into the name of [OMITTED]. The transactions were recorded in Cobb County public records Deed Book [OMITTED], pages [OMITTED]. Prior to the transfer, [OMITTED] owned the property for more than five years.

On May 15, 2007, [OMITTED] leased the building to [OMITTED], a company owned by [OMITTED]. The lease was amended and assigned to [OMITTED], on February 24, 2010, concurrent with the transfer into the ownership of [OMITTED]. The property is also encumbered by a lease to [OMITTED], which was also assigned to and assumed by [OMITTED], on February 24, 2010.

We are not aware of the details of any pending offers or the existence of any contracts of sale. The property history was provided by individuals involved with the chain of title and, if available, various documents such as contracts, deeds, leases, and closing statements.

### **COMPETENCY PROVISION**

Prior to accepting this assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the appraisal problem to be considered and have the knowledge and experience to complete the assignment competently. Our acceptance of this assignment is a statement of competency. No information or conditions were discovered during the course of this assignment to cause the appraisers to believe we lacked the required knowledge or experience to complete this assignment competently. Quentin Ball Appraisal Co. LLC (formerly Kirkland & Company) and the signatories hereto have experience in the appraisal of properties similar to the subject and are deemed qualified by education, training, and experience in the preparation of such reports to comply with the competency provisions of USPAP. The professional qualifications of the individuals who prepared this appraisal are included at the end of the report. We have not previously appraised this property.

## **THE ATLANTA AREA**

The subject property is located [OMITTED] in Marietta, Cobb County, Georgia, which is part of the 28-county, Atlanta-Sandy Springs-Marietta, Georgia Metropolitan Statistical Area (MSA). Population and employment growth, the diversity of businesses, the capacity of the transportation infrastructure, and the quality of the educational facilities drive current and future economic development.

### **Population Growth**

The Atlanta Regional Commission (ARC) estimated that the 10-county Atlanta region added 34,550 new residents between April 1, 2010 and April 1, 2011. This growth is dramatically slower than what metro Atlanta region is accustomed to as the anemic national economy continues to take its toll on the region's growth. Over the last three years, essentially since the recession began, the 10-county region has added approximately 91,000 people.

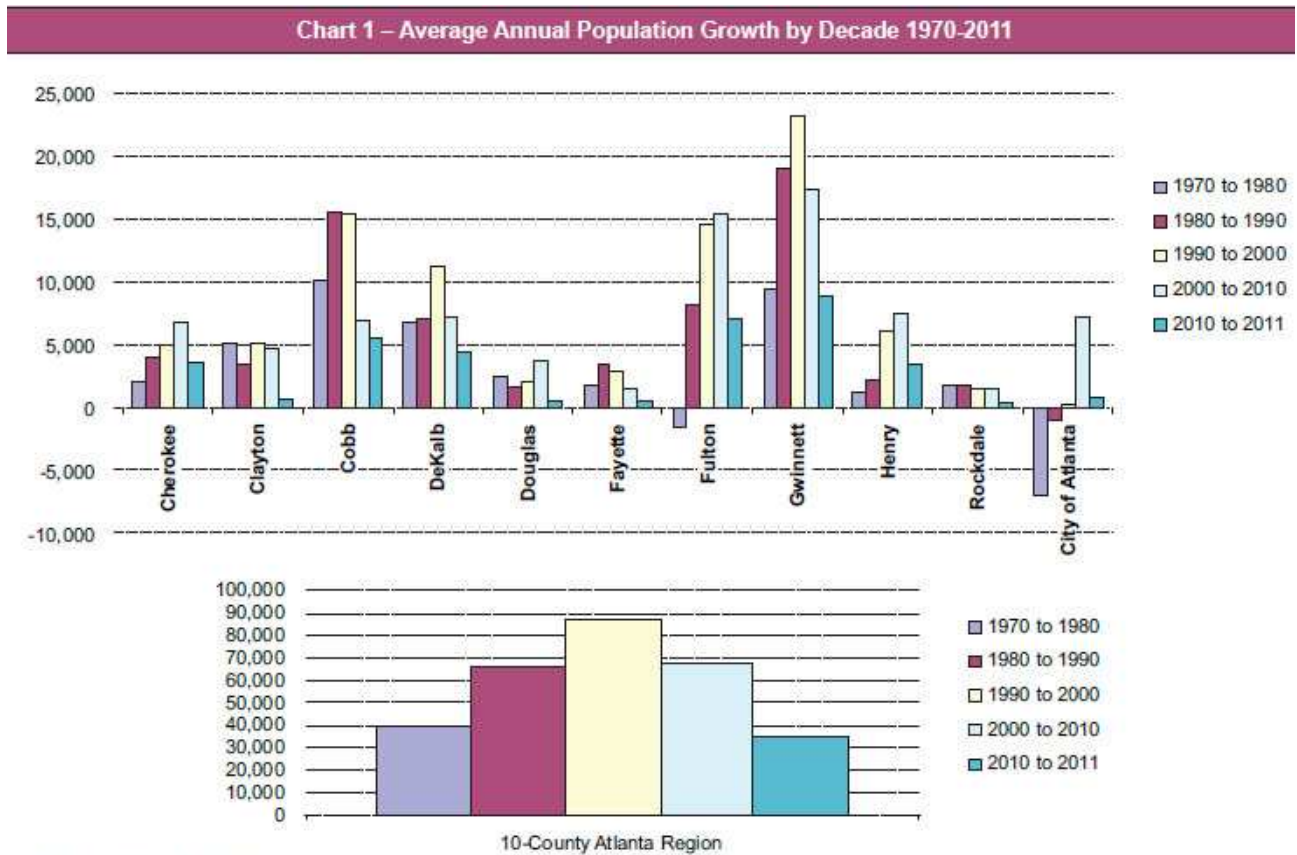
To put this into perspective, during the fast-growing 1990s and the 2000 decade, the Atlanta region routinely added 100,000 new residents each year. The Atlanta region's slowdown is directly attributable to the national economy. During weak economic periods, people don't relocate as much because job opportunities are slim (people aren't moving to take new jobs). Secondly, with the housing market in such disarray, it is hard to sell a house, which tends to keep people in place. According to the 2010 Census, Metro Atlanta (28 counties) ranked third in overall growth in the nation between 2000 and 2010, adding more than 1,000,000 people. Only Dallas and Houston added more population during that period. Further, the 10-county Atlanta region is now home to 4,142,300 people, a population larger than 24 states, according to the latest census figures.

Explanations for the stagnating growth of the region are found in the increasing number of vacant units and the decrease in household size. In 2000, there were just over 69,000 vacant units in the 10-county region, and of the occupied housing units, the average size was 2.62 persons per household. By 2010, due mostly to the recession of 2007, vacant units increased almost threefold to 181,000. And the average household size dipped to 2.58. Overall, the 2000 decade will be remembered for fast growth, but the recession of 2007 largely stopped that growth in its tracks and the region is still trying to recover.

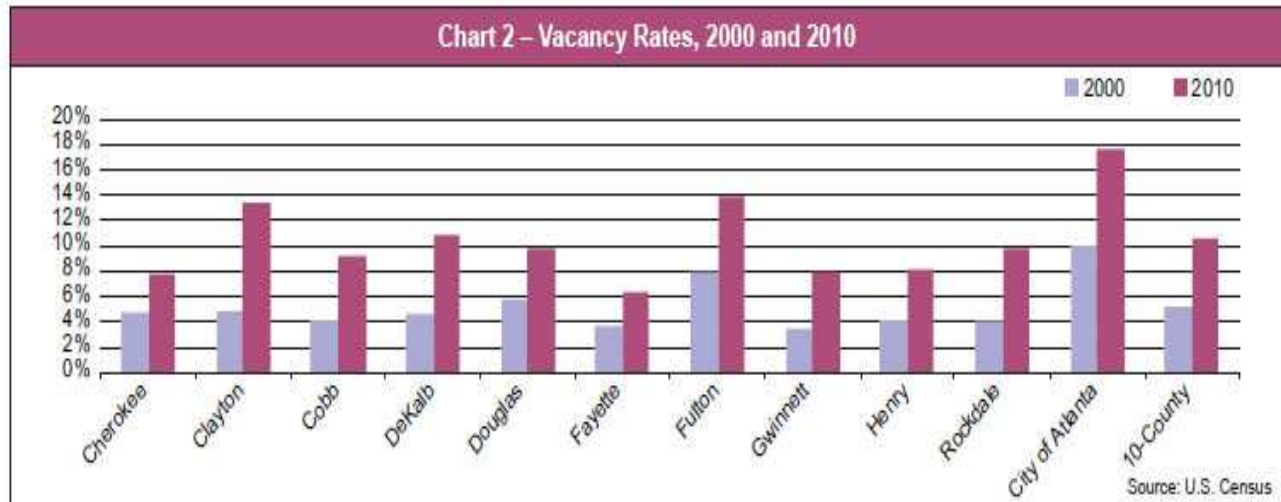
Gwinnett County, which has long been a leader among metro Atlanta counties in population growth, once again led the region in growth last year (2010-2011), adding almost 8,800 new

residents. This growth, as in almost every other county in the region, is well below the annual average growth experienced in the 1990s and 2000s, where Gwinnett averaged approximately 22,000 new residents each year.

Fulton County added about 7,600 new residents last year, ranking second in the 10-county region. Next are Cobb (+5,500) and Cherokee (+4,200). Between 1990 and 2010, the 10-county region added 77,500 new residents each year, for a total of almost 1,600,000 people in that 20-year time frame. As can be seen in the table below, the 2011 indications are that every county in the region is well below the historic pace.







**Table 1 – Atlanta Region Population 1970-2011**

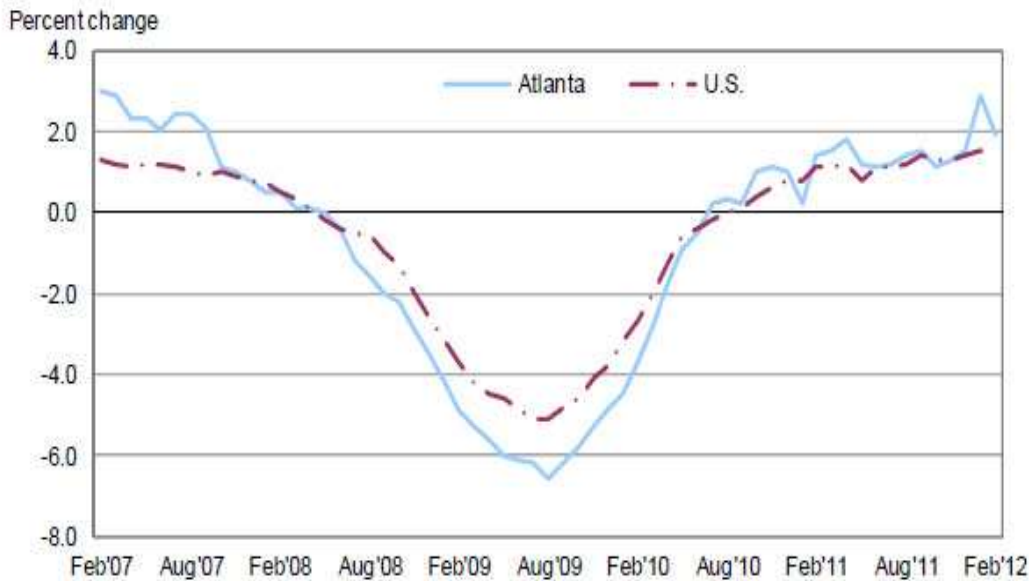
	1970	1980	1990	2000	2010	2011	Change 2010-2011	Average Annual Change 1990-2001
Atlanta Region	1,500,823	1,896,182	2,557,800	3,429,379	4,107,750	4,142,300	34,550	77,498
Cherokee	31,059	51,699	91,000	141,903	214,346	218,500	4,154	6,167
Clayton	98,126	150,357	184,100	236,517	259,424	260,000	576	3,766
Cobb	196,793	297,718	453,400	607,751	688,078	693,600	5,522	11,734
DeKalb	415,387	483,024	553,800	665,865	691,893	694,400	2,507	6,905
Douglas	28,659	54,573	71,700	92,174	132,403	133,000	597	3,035
Fayette	11,364	29,043	62,800	91,263	106,567	107,100	533	2,188
Fulton	605,210	589,904	670,800	816,006	920,581	928,200	7,619	12,489
Gwinnett	72,349	166,808	356,500	588,448	805,321	814,100	8,779	22,441
Henry	23,724	36,309	59,200	119,341	203,922	207,800	3,878	7,236
Rockdale	18,152	36,747	54,500	70,111	85,215	85,600	385	1,536
City of Atlanta	495,039	424,922	415,200	416,474	420,003	420,700	697	240

Source: ARC; U.S. Census Bureau

### **Employment Growth**

Total nonfarm employment for the Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area (MSA) stood at 2,316,400 in February 2012, an increase of 43,900, or 1.9%, from one year ago, the U.S. Bureau of Labor Statistics reported. Regional Commissioner Janet S. Rankin noted that the newly benchmarked series shows the Atlanta area has recorded over-the-year employment gains each month dating back to July 2010. Nationally, nonfarm employment increased 1.6%, the largest increase since December 2006.

**Total nonfarm employment, over-the-year percent change in the U.S. and Atlanta metropolitan area, February 2007–February 2012**



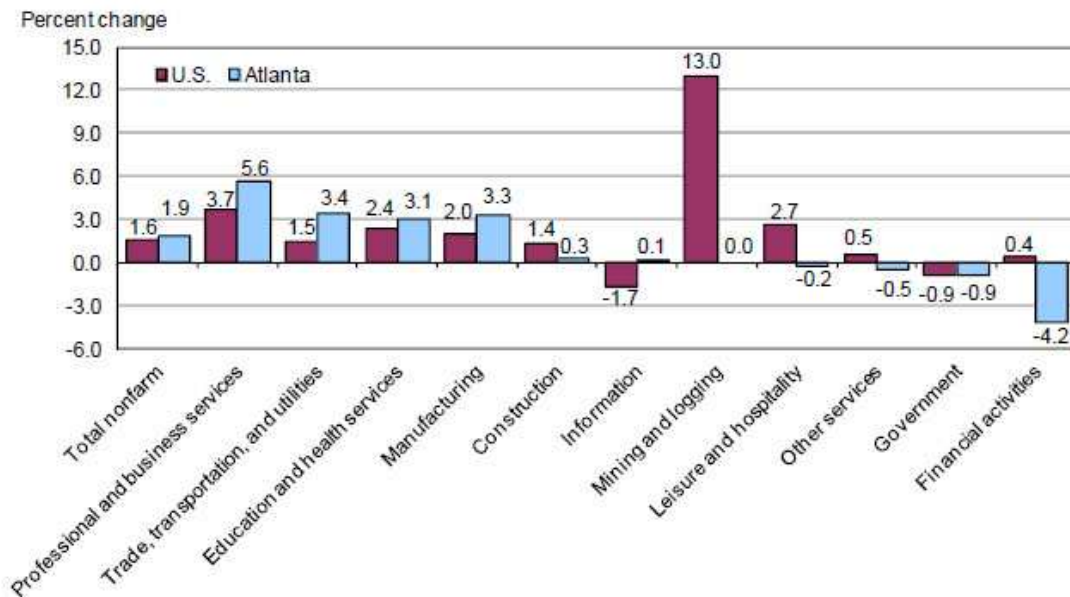
Source: U.S. Bureau of Labor Statistics

### **Industry Employment**

In the Atlanta metropolitan area, professional and business services added the most jobs in February 2012, up 21,800 over the 12-month period, accounting for half of the jobs gained. Compared to Atlanta's 5.6% increase, professional and business services nationwide grew at a slower pace, 3.7%. Trade, transportation, and utilities had the second largest over-the-year increase in jobs locally, growing by 17,700. Employment in this super sector rose at a 3.4% rate, more than twice the 1.5% growth averaged nationally.

Both the education and health services and manufacturing super sectors also added jobs in Atlanta over the year, up 8,900 and 4,800, respectively. Employment in education and health services grew 3.1% over the 12-month period outpacing the national increase of 2.4%. Similarly, manufacturing employment advanced 3.3% in the local area compared to 2.0% nationwide.

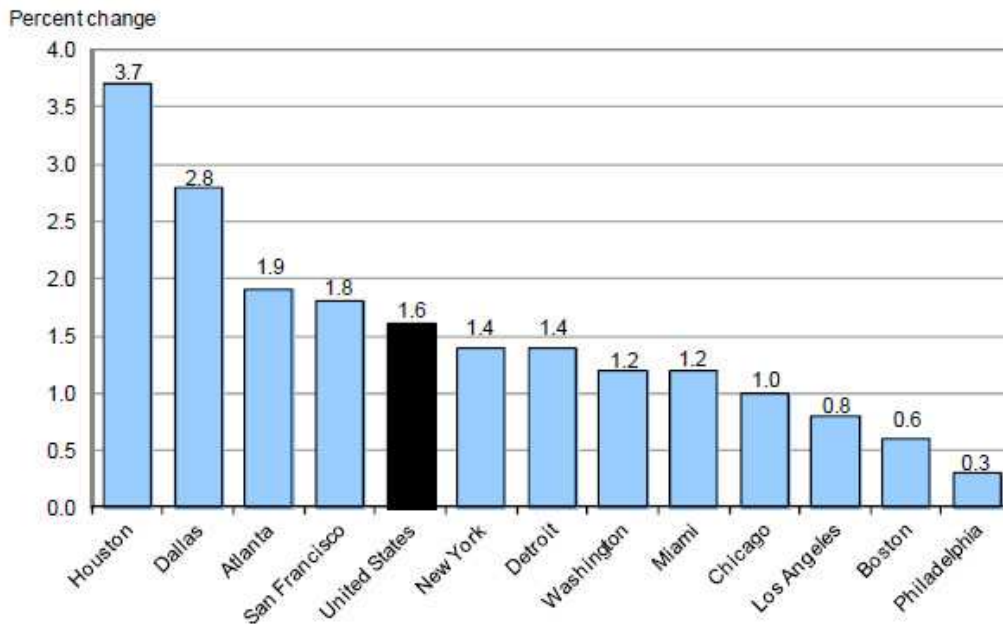
**Over-the-year percent change in employment by industry supersector, United States and the Atlanta metropolitan area, February 2012**



In the Atlanta metropolitan area, financial services experienced the largest loss of jobs over the year, down 5,900. Locally, this super sector has sustained losses in 50 out of the last 55 months, with the small employment gains made during mid-2011 the only exception. The 4.2% decline in financial activities locally compared to a 0.4% increase nationally.

The Atlanta area was 1 of the nation's 12 largest metropolitan statistical areas in February 2012. All of these areas experienced over-the-year job gains during the period, though the rates of growth were varied. Four of these areas expanded at a pace above the 1.6% national average and three others grew by less than 1.0%. Employment growth was strongest in Houston, up 3.7%, more than twice the U.S. average, and slowest in Philadelphia, up 0.3%.

**Over-the-year percent change in employment, United States and 12 largest metropolitan areas, February 2012**



Source: U.S. Bureau of Labor Statistics

Among the 12 areas, New York added the most jobs since February 2011, up 117,700. Houston and Dallas followed with the addition of 93,400 and 79,400 jobs, respectively. Five other areas added between 44,000 and 34,000 jobs. Only Philadelphia gained fewer than 10,000 jobs over the 12-month period.

Two industry super sectors accounted for most of the job growth in the 12 metropolitan areas from February a year ago. Professional and business services registered the largest employment gains in six areas (Atlanta, Chicago, Detroit, Los Angeles, New York, and San Francisco), and education and health services led in five other areas (Boston, Houston, Miami, Philadelphia, and Washington).

Widespread losses were recorded in the public sector over the year. Government experienced the largest loss of jobs in eight areas and had the second largest drop in three additional areas. Only Washington added public sectors jobs from the prior February, up 5,800. The decline in government employment was largest in New York, down 13,400, followed by Los Angeles (-9,300), and Philadelphia (-9,000).

### **Diversity of Business**

No one industry dominates the local economy. Retail trade accounts for 14.1% of employment, health care and social assistance represents 13.3%, education services represents 12.1%, accommodation and food services represent 11.4%, and the remaining categories each represent less than 10%.

Top Industries in the Atlanta MSA, 2nd Quarter 2010

<u>Industry Sector</u>	<u>Employees</u>	<u>% of Total</u>
Retail Trade	240,630	14.1%
Health Care and Social Services	226,101	13.3%
Education Services	205,909	12.1%
Accommodation and Food Services	194,360	11.4%
Admin., Support, Waste Mgmt., Remediation	161,767	9.5%
Professional, Scientific & Technical Svcs.	153,592	9.0%
Manufacturing	140,422	8.3%
Wholesale Trade	127,540	7.5%
Public Administration	125,279	7.4%
Transportation and Warehousing	<u>125,046</u>	<u>7.4%</u>
	1,700,646	100.0%

The largest employers in the area have the greatest impact on the economy. The following is a list of the major employers. Note that only corporate employers are included. Retail companies are included only if the location is a corporate headquarters and if so, only the employment at the headquarters is listed.

Top Corporate Employers, Atlanta MSA

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Delta Air Lines	22,257
AT&T	21,915
Emory University	21,000
Cox Enterprises	13,583
United Parcel Service (UPS)	10,745
Wellstar Health Systems	10,112
SunTrust Banks	7,700
Lockheed Martin Aeronautics	7,531
IBM Corporation	7,500
Georgia Institute of Technology	7,342
Northside Hospital	7,100
Turner Broadcasting systems	6,600
The Southern Company (includes GA Power)	6,000
AirTran Airways	6,000
The Home Depot (HQ, not including retail branches)	5,500
Children's Healthcare of Atlanta	5,220
Coca-Cola	5,136
Wachovia Corporation (now Wells Fargo)	5,100

### **Transportation**

The interstate highway system provides direct access to a number of major cities in the Southeast. Atlanta is 117 miles southeast of Chattanooga, Tennessee; 146 miles east of Birmingham, Alabama; 160 miles northeast of Montgomery, Alabama; 109 miles north east of Columbus, Georgia; 84 miles northwest of Macon, Georgia; 250 miles northwest of Savannah, Georgia; 145 miles west of Augusta, Georgia; 215 miles west of Columbia, South Carolina; 145 miles southwest of Greenville, South Carolina; and 245 miles southwest of Charlotte, North Carolina.

The Atlanta Hartsfield-Jackson International Airport serves numerous carriers that provide non-stop service to 165 U.S. destinations and 85 international destinations in more than 50 countries. In 2011, passenger volume increased 1.51% to 89.33 million, with international passengers increasing 3.47% to 9.14 million. This allowed the airport to retain the title of the busiest passenger airport in the world for the 13<sup>th</sup> consecutive year. More than 1,300 flights, on average, depart daily.

The airport also serves the air freight industry. In 2011, air cargo volume increased by 17.05% to 659,129 metric tons, with international air cargo increasing 24.22% to 385,136 metric

tons. The airport's current \$6 billion-plus capital improvements project includes the recently completed fifth runway, a new, energy-efficient rental car center, a new 12-gate international terminal, and aesthetic and functional upgrades to its concourses, people movers and parking services.

In addition to Hartsfield-Jackson, the region boasts 20 regional airports with runways 5,000 feet or longer, suitable for corporate jets. Six of these are designated by the FAA to serve as reliever airports for Hartsfield-Jackson.

Passenger rail service is provided by AMTRAK and locally by MARTA's light rail system. Freight rail service is provided by CSX and Norfolk Southern. CSX operates a 24-hour intermodal terminal in Fairburn, where its Hulsey Yard processes 1,000 trucks and 16 trains daily. Atlanta is CSX's fourth largest metro operation in lift volume. In 2008, CSX announced major investments that shorten rail shipment time from Atlanta to California by approximately a day. CSX teams with Burlington Northern Santa Fe to offer direct service from California's ocean ports. Norfolk Southern operates an intermodal hub in Cobb County, where it is investing \$11 million to expand its operation, and the company also operates its East Point Yard, which is the largest Road-Railer hub in the world. The carriers also operate two other yards in metro Atlanta and four other yards in Georgia.

Current efforts are underway to expand the Port of Savannah. The Port of Savannah is directly responsible for an estimated 3,500 new transportation and logistics jobs in Atlanta during 2011. The hope is to expand the port to coincide with the scheduled completion of the expansion of the Panama Canal in 2014, when an estimated 25% of U.S. import freight volume will shift to the East Coast. The Panama Canal's new locks will be able to transport ships that are 235 feet longer, 54 feet wider and will be able to carry nearly three times as many containers than the existing locks.

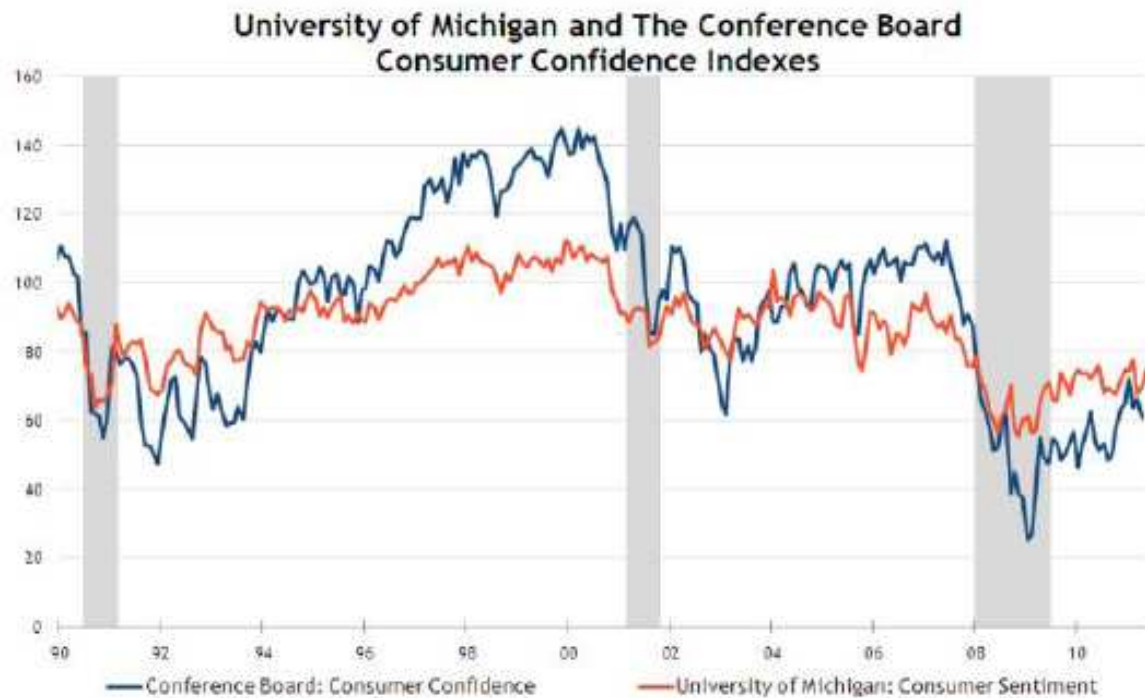
### **Education**

The Atlanta metro area ranks 7<sup>th</sup> among major U.S. metro areas in producing graduates with bachelor's degrees or higher. Nearly 40 accredited degree-granting colleges and universities in the region offer more than 400 fields of study. More than 220,000 students are enrolled. The largest colleges and universities, ranked by enrollments, are the University of Georgia (33,831), Georgia State University (21,449), Kennesaw State University (20,607), Georgia Institute of Technology (18,747), and Emory University (12,570). The largest college offering two-year degrees is Georgia Perimeter College (21,473).



### **Forward-Looking Economic Indicators**

Some of these indicators of future economic activity include the consumer confidence index, retail sales trends, and employment trends. Since the second half of 2009, the two main national consumer confidence indexes have showed a trend of increased consumer confidence, as measured by consumers' opinions about the current economic conditions and their expectations for the future.



Source: The Conference Board, Reuters/University of Michigan

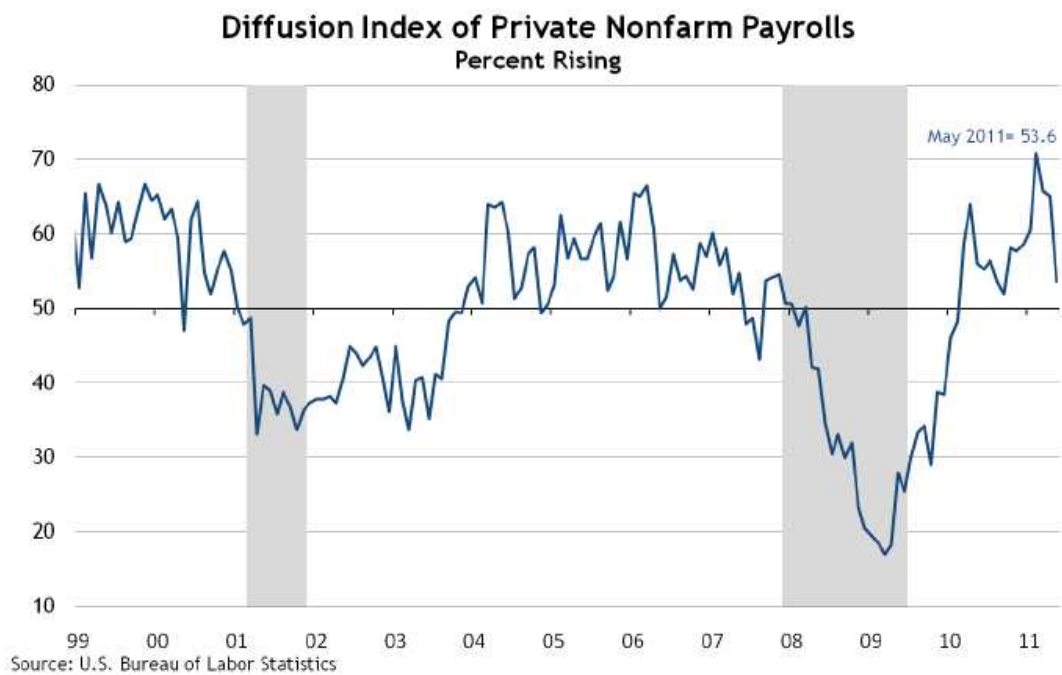
The increase in consumer confidence has had some short-term variation. For example, the indexes provided mixed signals for May. The University of Michigan's consumer sentiment index increased 4.5 points in May to 74.3, stemming from an increase in the expectations component. The Conference Board's consumer confidence index fell 5.2 points in May to 65.4. Both the expectations component and present situation component of their survey fell during May. However, both surveys reflect relative weakness compared to previous recoveries/expansions.

Retail sales nationally have continued to increase on a year-over-year basis after experiencing significant adjustment between the second half of 2008 through the end of 2009. At the end of 2009, the rate of decline in retail sales volume slowed significantly. By the beginning of 2011, retail sales volume started to recover. Core retail sales were up 5.5% in April and have been above a 5% pace since the beginning of the year.





Another indicator of future growth is the Diffusion Index of Private Nonfarm Payrolls. A result that is greater than 50% suggests future employment growth.



Since the first quarter 2011, the index has been above 50%. In May, this index declined from 64.6% to 53.6%. Though still above 50%, it suggests the growth rate in nonfarm employment may be slowing.

After the significant declines experienced during the Great Recession, the positive growth rates experienced in retail sales and in employment show continuing recovery. The recovery, however, is much less robust than previous recoveries. Consumer confidence shows a gradual upward trend, and employment continues to increase.

There are a few areas that undermine future growth. The greatest source of uneasiness seems to be the percentage of homeowners who have negative equity in the residence. CoreLogic reported that at the end of the first quarter of 2011, the average number of mortgagees who owe more on their home than what they are worth (negative equity) in Georgia is approximately 30%. Nationally, only California, Michigan, Florida, Arizona, and Nevada have a higher percentage.

**Conclusion** - Atlanta is the center of transportation, communications, education, and business in the southeastern United States. Traditionally, Atlanta has been a national leader in economic growth and diversified employment. However, Atlanta has not fared well during the recent recession. Unemployment in Atlanta is higher than Georgia and the nation, and employment in Atlanta is not expected to improve significantly until 2013 or later.

## **NEIGHBORHOOD**

The subject property situates within the [OMITTED]. The immediate neighborhood consists of a large industrial area that extends primarily south of the Canton Road Connector on both sides of Interstate 75. The neighborhood features a mixture of older and newer industrial buildings.

Traffic along Interstate 75 has access to the neighborhood from the Canton Road Connector (Exits 267 A and 267B) to Canton Road, either from Sandy Plains Road for northbound traffic or from N. Cobb Parkway for southbound access. Allgood Road, situated to the south, crosses I-75 and connects to N. Cobb Parkway to the west and Sawyer Road and Sandy Plains Road to the east.

We expect a continued stable environment for the industrial space in the subject's neighborhood, attributed to the access and the surrounding population density.

## **ATLANTA WAREHOUSE MARKET**

The Atlanta Industrial market ended the fourth quarter 2012 with a vacancy rate of 12.0%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 1,953,676<sup>sq</sup>ft in the fourth quarter. Vacant sublease space decreased in the quarter, ending the quarter at 3,013,082<sup>sq</sup>ft. Rental rates ended the fourth quarter at \$3.80/<sup>sq</sup>ft, an increase over the previous quarter. A total of one building delivered to the market in the quarter totaling 8,500<sup>sq</sup>ft, with 1,598,581<sup>sq</sup>ft still under construction at the end of the quarter.

### **Absorption**

Net absorption for the overall Atlanta Industrial market was positive 1,953,676<sup>sq</sup>ft in the fourth quarter 2012. That compares to positive 1,395,656<sup>sq</sup>ft in the third quarter 2012, positive 1,497,988<sup>sq</sup>ft in the second quarter 2012, and positive 807,687<sup>sq</sup>ft in the first quarter 2012.

Tenants moving out of large blocks of space in 2012 include: Unilever United States, Inc. moving out of (1,044,288<sup>sq</sup>ft) at 8095 McLarin Rd, Phillips-Van Heusen Corporation moving out of (561,600<sup>sq</sup>ft) at Lee Distribution Center - 420 Lee Industrial, and Georgia Pacific moving out of (429,600<sup>sq</sup>ft) at 250 Declaration Drive.

Tenants moving into large blocks of space in 2012 include: Owens Corning moving into 1,044,288<sup>sq</sup>ft at 8095 McLarin Road, Georgia Pacific moving into 612,070<sup>sq</sup>ft at 150 Greenwood Industrial Pkwy, and Nestle Purina Petcare Co moving into 448,172<sup>sq</sup>ft at 5005 Terminus Drive.

The Flex building market recorded net absorption of negative (269,935<sup>sq</sup>ft) in the fourth quarter 2012, compared to negative (40,723<sup>sq</sup>ft) in the third quarter 2012, negative (74,520<sup>sq</sup>ft) in the second quarter 2012, and negative (43,852<sup>sq</sup>ft) in the first quarter 2012. The Warehouse building market recorded net absorption of positive 2,223,611<sup>sq</sup>ft in the fourth quarter 2012 compared to positive 1,436,379<sup>sq</sup>ft in the third quarter 2012, positive 1,572,508<sup>sq</sup>ft in the second quarter 2012, and positive 851,539<sup>sq</sup>ft in the first quarter 2012.

### **Vacancy**

The Industrial vacancy rate in the Atlanta market area decreased to 12.0% at the end of the fourth quarter 2012. The vacancy rate was 12.3% at the end of the third quarter 2012, 12.4% at the end of the second quarter 2012, and 12.6% at the end of the first quarter 2012. Flex projects reported a vacancy rate of 15.7% at the end of the fourth quarter 2012, 15.3% at the end of the third

quarter 2012, 15.2% at the end of the second quarter 2012, and 15.1% at the end of the first quarter 2012. Warehouse projects reported a vacancy rate of 11.6% at the end of the fourth quarter 2012, 12.0% at the end of third quarter 2012, 12.0% at the end of the second quarter 2012, and 12.3% at the end of the first quarter 2012.

### **Largest Lease Signings**

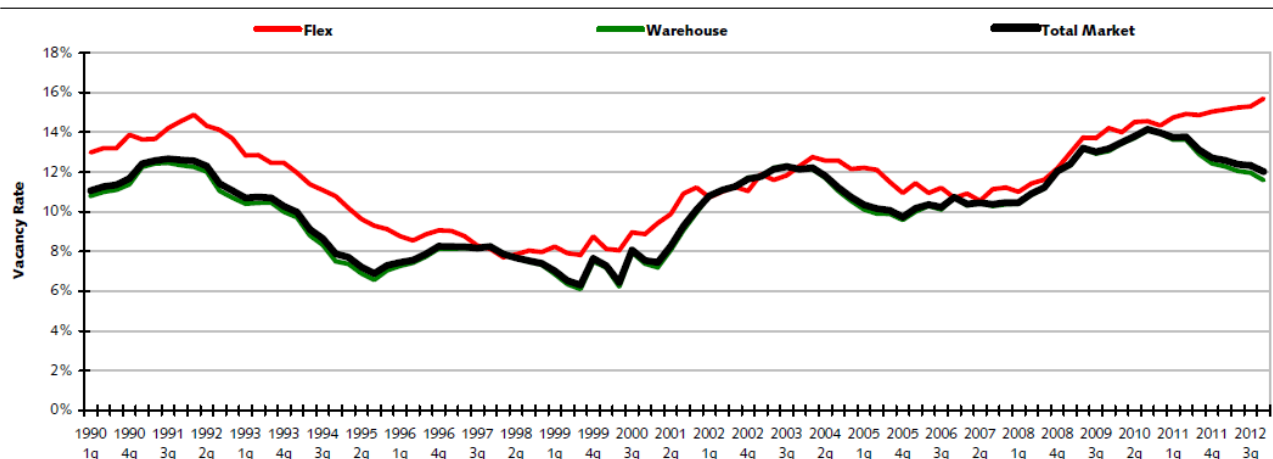
The largest lease signings occurring in 2012 included: the 1,044,288 $\pm$  lease signed by Owens Corning at 8095 McLarin Road in the South Atlanta market; the 612,070 $\pm$  deal signed by Georgia Pacific at Greenwood Industrial Bldg 400 in the South Atlanta market; and the 448,172 $\pm$  lease signed by Nestle Purina Petcare Co at Southpark - Phase one in the South Atlanta market.

### **Sublease Vacancy**

The amount of vacant sublease space in the Atlanta market decreased to 3,013,082 $\pm$  by the end of the fourth quarter 2012, from 3,137,832 $\pm$  at the end of the third quarter 2012. There were 3,142,170 $\pm$  vacant at the end of the second quarter 2012 and 3,175,900 $\pm$  at the end of the first quarter 2012. Atlanta's Flex projects reported vacant sublease space of 264,356 $\pm$  at the end of fourth quarter 2012, down from the 290,676 $\pm$  reported at the end of the third quarter 2012. There were 282,014 $\pm$  of sublease space vacant at the end of the second quarter 2012, and 303,983 $\pm$  at the end of the first quarter 2012. Warehouse projects reported decreased vacant sublease space from the third quarter 2012 to the fourth quarter 2012.

Sublease vacancy went from 2,847,156 $\pm$  to 2,748,726 $\pm$  during that time. There were 2,860,156 $\pm$  at the end of the second quarter 2012, and 2,871,917 $\pm$  at the end of the first quarter 2012.

### **VACANCY RATES BY BUILDING TYPE 1990-2012**



### **Rental Rates**

The average quoted asking rental rate for available Industrial space was \$3.80/□ per year at the end of the fourth quarter 2012 in the Atlanta market area. This represented a 0.5% increase in quoted rental rates from the end of the third quarter 2012, when rents were reported at \$3.78/□. The average quoted rate within the Flex sector was \$7.79/□ at the end of the fourth quarter 2012, while Warehouse rates stood at \$3.38/□. At the end of the third quarter 2012, Flex rates were \$7.76/□, and Warehouse rates were \$3.39/□.

### **Deliveries and Construction**

During the fourth quarter 2012, one building totaling 8,500□ was completed in the Atlanta market area. This compares to three buildings totaling 1,155,640□ were completed in the third quarter 2012, one building totaling 215,000□ completed in the second quarter 2012, and 27,502□ in one building completed in the first quarter 2012. There were 1,598,581□ of Industrial space under construction at the end of the fourth quarter 2012.

Some of the notable 2012 deliveries include: Interstate South #5- Georgia-Pacific, a 900,640□ facility that delivered in third quarter 2012 and is now 100% occupied, and FedEx Ground Building, a 215,000□ building that delivered in second quarter 2012 and is now 100% occupied. The largest projects underway at the end of fourth quarter 2012 were Riverside Business Center, a 653,484□ building with no space pre-leased, and 1340 Satellite Blvd, a 559,407□ facility that is 100% pre-leased.

### **Inventory**

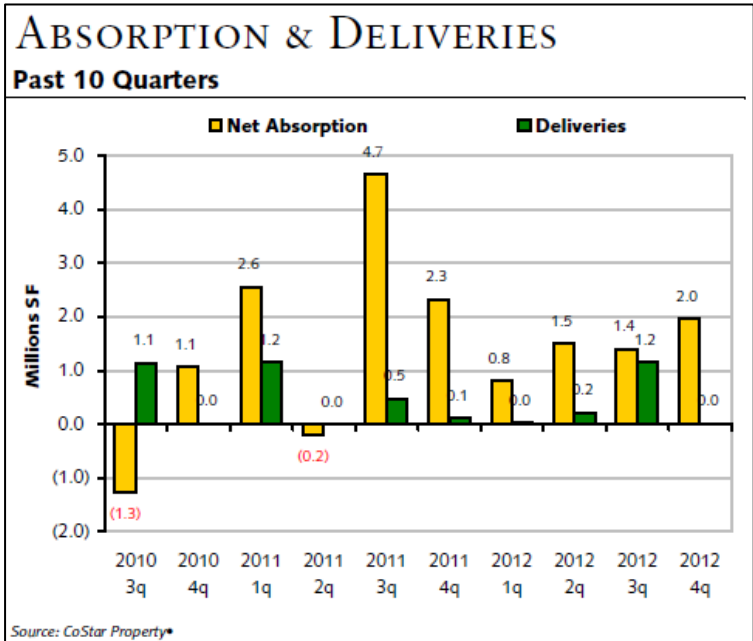
Total Industrial inventory in the Atlanta market area mounted to 646,684,276□ in 15,614 buildings as of the end of the fourth quarter 2012. The Flex sector consisted of 68,677,160□ in 4,205 projects. The Warehouse sector consisted of 578,007,116□ in 11,409 buildings. Within the Industrial market, there were 1,871 owner-occupied buildings accounting for 133,604,878□ of Industrial space.

### **Sales Activity**

Tallying industrial building sales of 15,000□ or larger, Atlanta industrial sales figures rose during the third quarter 2012 in terms of dollar volume compared to the second quarter of 2012. In the third quarter, 68 industrial transactions closed with a total volume of \$329,175,288. The 68

buildings totaled 10,305,572<sup>sq ft</sup> and the average price equated to \$31.94/<sup>sq ft</sup>. That compares to 66 transactions totaling \$259,562,041 in the second quarter. The total was 8,432,776<sup>sq ft</sup> for an average price of \$30.78/<sup>sq ft</sup>.

Total year-to-date industrial building sales activity in 2012 was up compared to the previous year. In the first nine months of 2012, the market saw 187 industrial sales transactions with a total volume of \$780,845,511. The price has averaged \$32.16/<sup>sq ft</sup> this year. In the first nine months of 2011, the market posted 163 transactions with a total volume of \$610,141,312. The price averaged \$32.40/<sup>sq ft</sup>. Cap rates have been lower in 2012, averaging 7.89%, compared to the first nine months of last year when they averaged 8.88%. One of the largest transactions that occurred within the last four quarters in the Atlanta market is the portfolio sale including, 335 Greenwood Place in McDonough, 930 Highway 124 in Braselton, and 8095 McLarin Rd in Palmetto. These three distribution buildings totaling 2,798,874<sup>sq ft</sup> sold together for \$106,880,000, or \$38.19/<sup>sq ft</sup>. The properties sold in October, at an undisclosed cap rate.



ATLANTA – YEAR-END 2012

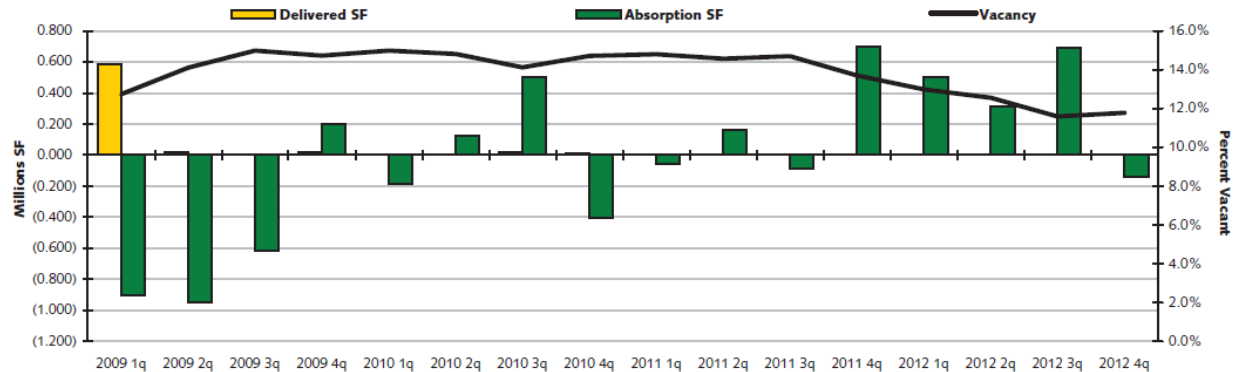


## ATLANTA INDUSTRIAL MARKET

### NORTHWEST ATLANTA MARKET

MARKET HIGHLIGHTS - FLEX & WAREHOUSE

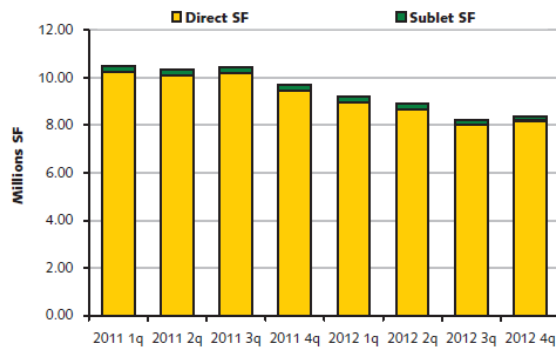
### DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse



Source: CoStar Property®

### VACANT SPACE

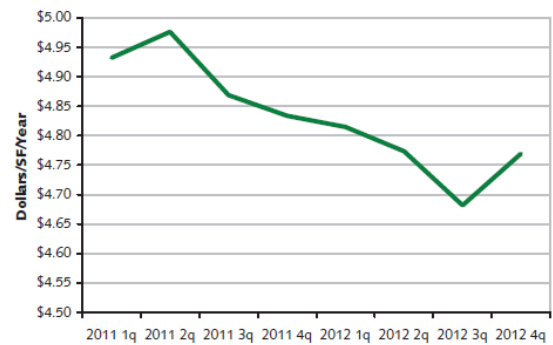
#### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

### QUOTED RENTAL RATES

#### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2012 4q	2,292	70,929,643	8,353,711	11.8%	(140,345)	0	0	0	0	\$4.77
2012 3q	2,292	70,929,643	8,213,366	11.6%	690,508	0	0	0	0	\$4.68
2012 2q	2,292	70,929,643	8,903,874	12.6%	308,683	0	0	0	0	\$4.77
2012 1q	2,292	70,929,643	9,212,557	13.0%	505,808	0	0	0	0	\$4.81
2011 4q	2,292	70,929,643	9,718,365	13.7%	700,091	0	0	0	0	\$4.83
2011 3q	2,292	70,929,643	10,418,456	14.7%	(89,845)	0	0	0	0	\$4.87
2011 2q	2,292	70,929,643	10,328,611	14.6%	159,469	0	0	0	0	\$4.98
2011 1q	2,292	70,929,643	10,488,080	14.8%	(61,295)	0	0	0	0	\$4.93
2010 4q	2,292	70,929,643	10,426,785	14.7%	(406,283)	1	7,200	0	0	\$4.92
2010 3q	2,291	70,922,443	10,013,302	14.1%	505,908	1	18,750	1	7,200	\$4.89
2010 2q	2,290	70,903,693	10,500,460	14.8%	125,302	0	0	2	25,950	\$5.00
2010 1q	2,290	70,903,693	10,625,762	15.0%	(187,545)	0	0	0	0	\$5.10
2009 4q	2,290	70,903,693	10,438,217	14.7%	200,907	1	22,400	0	0	\$5.20
2009 3q	2,289	70,881,293	10,616,724	15.0%	(619,679)	0	0	1	22,400	\$5.31
2009 2q	2,289	70,881,293	9,997,045	14.1%	(951,299)	2	19,500	1	22,400	\$5.38
2009 1q	2,287	70,861,793	9,026,246	12.7%	(901,879)	8	587,183	3	41,900	\$5.62

Source: CoStar Property®

**Conclusion**

The subject property is located in a submarket that outperforms the Atlanta Market, but is still in bad shape. From 2009-2011, the northwest Atlanta area saw negative absorption in seven of the twelve quarters with two quarters at nearly one-million negative absorption each. The submarket is beginning to recover. Four of the last five quarters saw space absorption. The vacancy rate is trending downward from a high near 16% to under 12% and trending downward. Although the vacancy rate is improving, the rental rate has not moved much and continues to remain stable. As the market continues to recover, we expect to see continued positive absorption. Rental rates will likely remain flat until the vacancy rate drops below 10%. We envision continued stabilization with signs of recovery in the next two years.



## **REASONABLE EXPOSURE AND MARKETING TIME**

According to the definition in the Uniform Standards of Professional Appraisal Practice, **Exposure Time** is 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. This is a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is different for various types of real estate and under various market conditions. We note that the overall concept of reasonable exposure encompasses not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable effort. This statement focuses on the time component. The fact that exposure time is always presumed to occur prior to the effective date of the appraisal derives from related facts in the appraisal process: supply-and-demand conditions as of the effective date of the appraisal, the use of current cost information, the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer), and the analysis of future income expectancy estimated from the effective date of the appraisal. We envision a 12-month exposure time.

We define **Marketing Time** as the reasonable time it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of an appraisal. From our research, marketing times for similar buildings ranged from less than one month to more than 24 months with the majority selling in 12 months. The subject property situates in a stable and desirable area of metropolitan Atlanta, Georgia. We envision a 12-month marketing time.

## **SITE DESCRIPTION**

LOCATION	:	The subject is located in [OMITTED] in Marietta, Cobb County, Georgia 30066.
TAX PLAT NUMBER	:	[OMITTED].
SIZE	:	2.31 Acres (100,624 <del>sq</del> ft).
FRONTAGE	:	628' – south side of [OMITTED]. 411' – northeast side of [OMITTED].
SHAPE	:	Irregular.
TOPOGRAPHY	:	The property slopes downward to the south. The site is terraced with a retaining wall on the southeastern border.
UTILITIES	:	Georgia Power Company provides electricity service to the site. The City of Roswell provides water, sewer, and trash service.
ACCESS	:	The property has two curb cuts on [OMITTED].
FLOOD PLAIN	:	According to FEMA Map Panel [OMITTED], dated December 16, 2008, the subject property locates in Zone X and is not in a flood hazard area. A copy of the flood map is on the following page.
SUMMARY	:	The subject site possesses adequate size, shape, and utility to support development similar to those in the surrounding area. No adverse odors, hazards, or nuisances were noted. The site contains typical utility easements. The size and location of the utility easements do not adversely affect the use and marketability of the site.

**FLOOD MAP**

[FLOOD MAP OMITTED]

## **IMPROVEMENT DESCRIPTION**

The improvements consist of a 41,202<sup>sq</sup> ft warehouse originally constructed in 1974, according to county records. It appears the building was subsequently expanded along the front, though no additional details of such expansion were available. The building features approximately 14,500<sup>sq</sup> ft of office space and air-conditioned assembly area, and 26,702<sup>sq</sup> ft of storage and distribution space.

The building features a clear height of 16' to 18'. Three overhead doors along the front of the building provide access to the warehouse, two are dock high with levelers and one is grade level via a concrete ramp. The building features a lift slab to account for the site's downward slope to the south. The exterior walls consist of tilt-up concrete panels, some with a pebble finish and the front portion with a smooth finish, suggesting the building was expanded at some point.

The interior finish uses wood framing. The office area features several private offices and an open area for partitioned offices. The space features a drop tile ceiling with recessed fluorescent fixtures and recessed vent ducts. The walls are painted sheetrock on wood framing and the floor cover is medium grade carpet. The office area has separate men's and women's rest rooms with two fixtures. The production area includes large sterile rooms with a drop tile ceiling with recessed fluorescent light fixtures and vent ducts, with a high clear height (approximately 14') and linoleum tile floors. The service area includes a hallway with an emergency wash area, five-fixture men's and women's rest rooms, and an employee break room.

The electrical system functions adequately for the existing occupant's light manufacturing. Service is provided to a 30 KVA transformer routed to seven panel boxes with 480 / 277 service. The HVAC system features roof-mounted compressors.

## **ZONING**

CLASSIFICATION	:	LI, Light Industrial District.
ZONED BY	:	City of Marietta.
PURPOSE & INTENT	:	This zoning district is intended to provide suitable areas for business distribution/service facilities, transportation terminals and manufacturing/assembly processes which do not emit noise, vibration, smoke, gas, fumes, or odors from an enclosed building. These districts should have access to arterial roadways and utilities and discourage uses which are incompatible with light manufacturing.
PERMITTED USES	:	A variety of uses including light manufacturing with a maximum lot size of five acres, office service and supply facilities (non-retail), research laboratories including medical and dental labs, wholesale trade and distribution facilities including office showrooms and display areas, industrial/warehouse parks, cultural facilities, commercial recreation and entertainment facilities, and other similar uses.
RESTRICTIONS	:	The development standards include a minimum lot size of 20,000 <del>sq</del> <sup>sq</sup> ft, minimum lot width of 100', maximum building height of 50', maximum floor area ratio of 0.50, maximum impervious surface at 75%, front setback of 50' front collector and local streets, side setback of 20' along minor streets and 50' along major streets, and a rear setback of 40'.
SUMMARY/COMMENTS	:	The subject improvements violate the required rear setback. The improvements represent a legal non-conforming use.

## **TAXES**

The subject property is responsible for taxes to Cobb County, and is identified as tax parcel number [OMITTED]. Cobb County bases taxes on an assessment of 40% of the county's estimate of Fair Market Value times the current millage rate. The taxes shown below are favorable with a Fair Market Value of \$[OMTTED]. The taxes were paid in November 2012.

[TAX DETAIL OMITTED]

## **HIGHEST AND BEST USE**

*The Appraisal of Real Estate, 13<sup>th</sup> Edition*, published by the Appraisal Institute defines Highest and Best Use as follows:

**"The reasonable, probable and legal use of vacant land or an improved property, that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value."**

### **HIGHEST AND BEST USE AS VACANT**

From the site analysis, no defects preclude development of most uses. With a total area of 2.31 acres, level topography, adequate access, and a functional shape, no physical barriers preclude development. Typical utilities and services are available. The site maintains good utility to facilitate development of most uses.

The primary restrictions for legal use are set by the zoning ordinance. The site is zoned LI, Light Industrial, presented in the previous City, Neighborhood, and Market Overview analyses. The subject site is located in a stable industrial neighborhood along Interstate 75 and maintains good access within the subject neighborhood and to major thoroughfares. The site lies proximate to other neighborhood industrial uses. We conclude that the most financially feasible use of the subject site as vacant is industrial use consistent with surrounding uses and zoning.

An industrial use represents the maximally productive use of the financially feasible uses. Accordingly, the highest and best use of the subject property, as vacant, is an industrial development consistent with surrounding uses in the subject neighborhood.

### **HIGHEST AND BEST USE AS IMPROVED**

The subject improvements have been well maintained and exhibit substantial remaining economic life. The major potential capital items include the roof, structure, and pavement. The roof was resurfaced with a membrane roof within the past five years. We noticed no structural issues, and the pavement is in good condition. The zoning ordinance allows light industrial use of the property. The financially feasible use is continued use as industrial space. The current use, an industrial warehouse, is the maximally productive use and the highest and best use as improved.

## **INCOME APPROACH**

In order to value the anticipated economic benefits of a particular property, potential income and expenses must be estimated and the most appropriate capitalization method selected. In direct capitalization, net operating income is divided by an overall rate extracted directly from market sales to indicate a value. The following discussion details the reasoning for this income, the capitalization rate, and the resulting value.

### **INCOME**

The subject is owner-occupied with a billboard leased to [OMITTED] for \$[OMITTED]/year. We were not provided with a copy of this lease.

### **Market Rent**

The subject's design lends itself to a single-tenant use. The configuration of the improvements is designed for warehouse use. We searched for comparable rentals throughout the subject market and metro Atlanta. We used the following comparable rentals in our analysis:

No.	Name/Location	GBA Sq. Ft.	Lease Date	Lease Term (Yrs)	Leased Area	Ceiling Height	Year Built	Rent Per Sq. Ft.
1	<b>Multi-tenant Industrial</b> 1755 W Oak Parkway Marietta, Cobb County GA	87,248	Mar-11	7 years	48,484	24'	1998	\$4.30
2	<b>Multi-tenant Industrial</b> 4300 Highlands Parkway SE Smyrna, Cobb County, GA	106,739	Jun-12	7 years	22,224	22'	1986	\$4.35
3	<b>Multi-tenant Industrial</b> 6400 Highlands Parkway SE Smyrna, Cobb County, GA	102,000	May-12	5 years	7,000	18'	1989	\$4.80
4	<b>FedEx Building</b> 401 Windsor Street Atlanta, GA 30312	37,500	Nov-11	5 Years	37,500	22'	1991	\$6.18
5	<b>Commerce Park</b> 485 Commerce Park Drive Marietta, Cobb County GA	34,050	Aug-10	5 Years	22,279	20'	1984	\$3.75

Rents range from \$3.75/□ to \$6.18/□ and vary due to location, size, age, condition, quality of construction, and other physical characteristics. We present the adjustments to the rent comparables as follows.



**Terms** - Our first adjustment states all rentals in equivalent lease terms. The comparable rentals are net leases, where the tenant pays all expenses except structural maintenance. Our first adjustment, the terms adjustment, recognizes the differences in lease structures and endeavors to present all rents in their equivalent net terms. As evidenced, typical leases are net leases.

**Market Conditions** - Increase in costs and general price levels typically exert inflationary pressure on rents provided that the local market is in balance. The local market peaked in 2006 before asking rents fell, while bottoming out in the 3<sup>rd</sup> Quarter 2011. The submarket began to recover in late 2011 and 2012. In 2012, the subject area showed good absorption with falling vacancy rates; however, the rental rates have remained flat.

**Other Adjustments** - We adjusted for miscellaneous adjustments as described in the text box of the following adjustments grid. The subject was built for storage and distribution warehouse use. Some of the comparables may have qualities that enhance their value. The adjustments are shown in the following chart.

COMPARABLE LEASES SUMMARY OF ADJUSTMENTS					
	Rental 1	Rental 2	Rental 3	Rental 4	Rental 5
Rent per Square Foot	\$4.30	\$4.35	\$4.80	\$6.18	\$3.75
Date of Lease	Mar-11	Jun-12	May-12	Nov-11	Aug-10
Date of Appraisal	Feb-13	Feb-13	Feb-13	Feb-13	Feb-13
Number of Months	23	8	9	15	30
Time Adjustment Per Year	0.00%	0.00%	0.00%	0.00%	0.00%
Time Adjustment Per Month	0.00%	0.00%	0.00%	0.00%	0.00%
Total Time Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%
Time-Adjusted Lease Rate	\$4.30	\$4.35	\$4.80	\$6.18	\$3.75
<b>Adjustments:</b>					
Location	0%	0%	0%	-25%	0%
Size	0%	-5%	-15%	0%	-5%
Age/Condition	-10%	0%	0%	-5%	0%
Office/Assembly Buildout	5%	10%	10%	10%	25%
Construction Quality	0%	0%	0%	0%	0%
Ceiling Height	-5%	-5%	0%	-5%	0%
Total Adjustments	-10%	0%	-5%	-25%	20%
Adjusted Lease Rate Per Sq. Ft.	\$3.87	\$4.35	\$4.56	\$4.64	\$4.50
Average -	\$4.38				
Median -	\$4.50				
Rent/SF Applied	\$4.20				
<p>We apply upward adjustments to account for inferior characteristics of the comparables and downward adjustments to account for superior characteristics of the comparables. <b>Location:</b> Rental 4 is in a superior area requiring a downward adjustment. <b>Size:</b> Industrial tenants lease only the space needed. Partitioning industrial buildings to smaller spaces is a relatively inexpensive cost. Adjustments are made to equate the Rentals to 41,202 sf. Rentals 1 and 4 are superior in <b>Age/Condition</b> to the subject, requiring a downward adjustment. <b>Office Buildout:</b> The subject has good quality office space. In addition to office space, the subject has a finished assembly area that is heated/cooled. This is superior to unfinished warehouse space and a unique upgrade not typical in most warehouse spaces. All of the Rentals are adjusted upward. The subject's <b>ceiling height</b> is 16' - 18'. Rentals 1, 2, and 4 are superior requiring a downward adjustment.</p> <p><b>Conclusion:</b> After considering the above elements, Rentals 1 and 2 provide the best indication of market rent and we estimate market rent for the subject at \$4.20 per square foot.</p>					

### Vacancy And Credit Loss

Larger industrial buildings and spaces are typically leased on long-term leases. Shorter term leases generally create a higher vacancy rate. The local industrial market is struggling with high

vacancy rates that have fallen from about 15.00% in 2011 to about 12% now, and trending downward. We apply an 11.00% vacancy rate. This rate includes minimal credit loss.

## **EXPENSES**

We rely on our experience with analyzing operating figures for comparable industrial warehouse buildings when necessary. Management fees, leasing commissions, miscellaneous expense, and replacement allowances are typically not recovered. The following discussion shows expense estimates.

### **Fixed Expenses**

**Real Estate Taxes** – We assume a triple-net lease would apply to potential tenants. The tenant is responsible for reimbursing the landlord for 100% of these taxes; therefore, no expenses for property tax are deducted to estimate net operating income.

**Insurance** – An investor would cover the subject property with an all-risk umbrella policy based on replacement cost. Because triple-net leases call for the cost to be paid by the lessee, we do not deduct insurance expenses in arriving at net operating income.

### **Operating Expenses**

**Management Fees** - Based on our survey, management fees for office buildings in the Atlanta area typically range from 1.5% to 5% of effective gross income. Fees vary based on size, occupancy, management requirements, and the specifics of the management contracts. Based on the relatively smaller size of the subject, the most probable management fee is 5%. Based on an effective gross income of \$[OMITTED], the 5% management fee equates to \$[OMITTED].

**Utilities** - Leases of comparable properties provide for the lessee to be responsible for all utilities. Therefore, there is no utilities expense for which the lessor is responsible. The utilities could be shut off during periods of vacancy; therefore, the owner would incur no utilities expenses.

**Maintenance and Repairs** - Typical leases are set up with the lessee responsible for maintenance and repairs, with the exception of reserves for replacement. Additionally, the lease typically would require that the lessor pay structural maintenance, including roof repair.

**Miscellaneous** - A prudent investor includes a miscellaneous expense to allow for unexpected costs. This is a non-recoverable expense incurred by the owner for miscellaneous

expenses. We estimate a reasonable expense of \$0.03/sq ft, or \$1,236 per year. This expense is not recovered.

**Replacement Allowance** - A reserve for replacing the roof, paving, and structural maintenance is appropriate. A \$0.10/sq ft allowance is typical for industrial buildings.

### **CAPITALIZATION RATE**

We surveyed the Atlanta market for sales of similar buildings that reported capitalization rates over the last two years. The survey follows:

Property Name	Property Address	Property City	Size	Sale Price	Sale Date	Age	Cap Rate
Barrett Distribution Center	1950 Vaughn Rd	Kennesaw	162,451	\$12,800,000	Jan-12	21	7.40
Northmont Dist Ctr - Bldg 600	2995 Evergreen Dr	Duluth	157,280	\$9,325,000	Apr-12	12	6.58
Atlanta Airport Dist Ctr	5290 Old Dixie Hwy	Forest Park	226,239	\$9,275,000	Oct-11	21	7.00
Cobb International Park	7000 Cobb International Blvd	Kennesaw	150,724	\$6,200,000	Aug-12	23	6.80
	14101 Industrial Park Blvd NE	Covington	92,160	\$3,605,000	Sep-11	29	9.00
	1824 Willow Trail	Norcross	144,000	\$2,700,000	Jun-11	7	8.62
Pleasantdale Commons	2440 Pleasantdale Rd	Doraville	77,200	\$2,300,000	Jul-11	21	9.50
<b>AVERAGE</b>			<b>144,293</b>	<b>\$6,600,714</b>	<b>Dec-11</b>	<b>19</b>	<b>7.84</b>

The above sales reflect a range of capitalization rates ranging from 6.58% to 9.50%, with an average of 7.84%. The sales were gathered from the Atlanta industrial market between 2011 and 2012. The more recent transactions have lower capitalization rates; however, the average age of the sales in the survey is 19 years, superior to the subject. We account for the subject's inferior age by rounding up to 8.00%.

### **BILLBOARD LEASE**

The subject property includes a billboard leased to [OMITTED]. The terms of the lease were not available. However, the owner's representative stated that the rental rate is \$[OMITTED] per year. We consulted with one of Atlanta's largest private real estate investment companies that owns a large portfolio of properties, several with billboard leases. He reported that the income from the billboard lease is typically capitalized with the rate consistent with the property. The estimated potential income from the property is capitalized at 8%. Therefore, we capitalize the billboard income at the same rate. We estimated the contributory value of the billboard lease at \$[OMITTED].

The Income Approach summary follows.

INCOME APPROACH SUMMARY OMITTED

## **SALES COMPARISON APPROACH**

Valuation of the subject property by the Sales Comparison Approach uses a direct comparison of the comparable manufacturing and warehouse facilities to estimate a value for the subject property based on a sale price/⌘. Our search was focused within the Atlanta Market, nearest the subject property. The Addendum includes detailed write-ups of the sales and a location map. The sales array below:

BUILDING SALES SUMMARY								
No.	Name Location	Sale Date	Sale Price	Year Built	% Office	L/B Ratio	GLA S.F	Price/ S.F.
1	Industrial Building 1869 S Cobb Industrial Blvd Smyrna, GA 30082	Sep-12	\$2,042,000	1985	20%	2.89	50,000	\$40.84
2	Industrial Building 311 Marble Mill Rd NW Marietta, GA 30060	Jan-12	\$1,500,000	1985	20%	3.80	31,500	\$47.62
3	1141 Atlanta Industrial Drive W/s, south of Canton Road Marietta, Cobb County GA 30066	Jun-11	\$2,160,000	1975	8%	2.22	60,400	\$35.76
4	Industrial Building 5884 Peachtree Road Chamblee, GA 30341	Nov-11	\$1,775,000	1968	12%	5.82	37,337	\$47.54
5	1000, 1100, & 1200 Williams Dr. S/s, east of Bells Ferry Road Marietta, Cobb County GA	Mar-11	\$9,035,000	1988	9%	2.91	212,837	\$42.45
SUBJECT PROPERTY		Feb-13		1974	35%	2.44	41,202	

The comparable sale prices range from \$35.76/⌘ to \$47.62/⌘. The differences and adjustments to these comparable sales follow:

### **Property Rights Conveyed**

Each sale involves the transfer of a specific bundle of rights. We define the real property rights conveyed in each comparable transaction and adjust for any differences in the rights transferred with a real-property-rights-conveyed adjustment. All sales involved were transactions

that involved transfers of the fee simple estate or were encumbered by leases at market levels; therefore, no adjustments were required for property rights conveyed.

### **Financing and Conditions of Sale**

An analysis of the comparable sales indicates no special financing terms were involved. Each sale was a cash-to-seller transaction or was financed at, or near, market rates; therefore, no financing adjustments were required.

The conditions-of-sale adjustment equates all sale prices to those that would have registered had all sales resulted from arm's-length transactions. Each comparable sale resulted from an arm's-length transaction between willing buyers and sellers with no excessive or unusual influence. The sales require no conditions-of-sale adjustment.

### **Market Conditions (Date of Sale)**

We make this adjustment to the sales to analyze them based on current market conditions. Although we often refer to the adjustment for market conditions as a "time adjustment," time is not the cause of the adjustment. Market conditions, which shift over time, create the need for an adjustment. If market conditions have not changed, the sales require no adjustment. Our research revealed no resales.

All of the sales occurred within the last two years. During the last two years, industrial vacancy rates have improved slightly, but very little movement occurred in rental rates. No adjustments are warranted for market conditions. The sales are compared to the subject, and the adjustments are presented on the following page.

SALES COMPARISON SUMMARY OF ADJUSTMENTS					
	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Sale Price/SF	\$40.84	\$47.62	\$35.76	\$47.54	\$42.45
Date of Sale	Sep-12	Jan-12	Jun-11	Nov-11	Mar-11
Date of Appraisal	Feb-13	Feb-13	Feb-13	Feb-13	Feb-13
Number of Months	4	13	20	15	23
Time Adjustment/Year	0%	0%	0%	0%	0%
Time Adjustment/Mo.	0.00%	0.00%	0.00%	0.00%	0.00%
Total Time Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%
Time-Adjusted Price	\$40.84	\$47.62	\$35.76	\$47.54	\$42.45
<b>Adjustments:</b>					
Location	0%	0%	0%	-20%	0%
Age & Condition	-5%	-5%	0%	0%	-5%
Size	5%	-5%	5%	0%	0%
Quality of Construction	0%	0%	0%	0%	0%
Office Finish	10%	10%	20%	15%	20%
Ceiling Height	-5%	-5%	-5%	-5%	-5%
Land/Building	0%	0%	0%	0%	0%
Total Adjustments	5%	-5%	20%	-10%	10%
Adjusted Price/SF	\$42.88	\$45.24	\$42.91	\$42.79	\$46.70
Mean	\$44.10				
Median	\$42.91				
Unit Used	\$44.00				
<p>We apply upward adjustments to account for inferior characteristics of the comparables and downward adjustments to account for superior characteristics of the comparables. <b>Location:</b> Sale 1 is located on a rail line, but in an inferior location canceling out an adjustment. Sale 4 is located in a superior neighborhood both requiring a downward adjustment. <b>Age/Condition:</b> Sales 1, 2, and 5 are adjusted for their variance to the subject's construction date of 1975. <b>Size:</b> Sale 2 is smaller than the subject, which requires a downward adjustment due to larger buildings sell for less per square foot. Sales 1 and 3 are slightly larger than the subject requiring upward adjustments. Sale 5 is larger than the subject, but the purchase was three buildings of similar size to the subject. This sale was not discounted for size. <b>Quality of Construction:</b> All of the sales are masonry construction. <b>Office Finish:</b> The subject has good quality office space. In addition to office space, the subject has a finished assembly area that is heated/cooled. This is superior to unfinished warehouse space and a unique upgrade not typical in most warehouse spaces. All of the Sales are adjusted upward. <b>Ceiling Height:</b> The subject has a ceiling height of 16'-18'. All of the Sales have superior ceiling height requiring a downward adjustment. <b>Land/Building Ratio:</b> Although the ratios vary, there are no significant LTB ratios that require adjustments since industrial land is relatively inexpensive. <b>Conclusion:</b> The adjusted sale prices range from \$42.79/SF to \$46.70/SF. Sales 1 and 2 are the most recent sales and given the greatest weight. We estimate Market Value at \$44.00/SF.</p>					



Based on the above analysis, the Sales Comparison Approach indicates a value of \$44.00/~~sq~~  
for the subject, or:

<b>[OMITTED] =</b>	<b>\$[OMITTED]</b>
<b>Contributory Value of the Billboard</b>	<b><u>\$[OMITTED]</u></b>
	<b>\$[OMITTED]</b>
<b>Rounded</b>	<b>\$[OMITTED]</b>

## **RECONCILIATION**

**INCOME APPROACH..... \$[OMITTED]**

**SALES COMPARISON APPROACH ..... \$[OMITTED]**

### **Income Approach**

Investors in triple-net properties rely heavily on the Income Approach. Overall capitalization converts income into value by dividing a stabilized net operating income by an appropriate market-derived capitalization rate. The current contract rent is in the market rent range. Appropriate adjustments were made to equate the rentals to the subject. The triple-net structure simplifies the analysis of Income/Expenses. The Income Approach provides a reliable indication of Market Value.

### **Sales Comparison Approach**

Recent sales of similar buildings provide a reliable indication of Market Value for the subject property. All of the selected Comparable Sales represent land and building only, and do not include business value or furniture, fixtures, and equipment. The Sales Comparison Approach provides a reliable indication of value.

### **Conclusion**

The subject property is owner-occupied. Since this property is not encumbered with an existing lease, the Market Value is best indicated by the Sales Comparison Approach. The Income Approach supports the Market Value.


The Market Value of the subject as of February 13, 2013, is:

**[OMITTED]**

## **CERTIFICATION**

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have performed no service, in any capacity, for this property within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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.
- Our analyses, opinions, and conclusions were developed, and the report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- Quentin Ball and Richard Gragg made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- The reported analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Quentin Ball, have completed the continuing education program of the Appraisal Institute.

  
 \_\_\_\_\_  
 Quentin Ball, MAI  
 Ga. Certified General Real Property Appraiser 1041

02/18/2013  
 Date

  
 \_\_\_\_\_  
 Richard Gragg, Senior Appraiser  
 Ga. Certified General Real Property Appraiser 244822

02/18/2013  
 Date

***Quentin Ball Appraisal Co. LLC***

## **QUALIFICATIONS OF APPRAISERS**

**Quentin Ball, MAI**  
President

**Waterfront** – Specialist on islands, ocean front, river front, marinas, and ports. Island appraisals include Cat Island, Deer Island, and Round Island in Mississippi; South Padre Island in Texas; and numerous other islands off the coasts of Georgia, Florida and South Carolina. Recently appraised closed Naval Base at Singing River Island near Pascagoula. Since Hurricane Katrina, appraised many profoundly affected beachfront properties along the Gulf Coast.

**Hospitality Industry** - Appraised over 520 hotel and/or restaurant properties. Understands the complexities to be addressed in the valuation of beachfront/resort properties, downtown landmark hotels, and problem properties.

**Health Care/Retirement Industry** - Nursing homes, hospitals, personal care centers, substance abuse centers, and retirement communities appraised. Provided seminar at NASLI national convention on "How to Appraise Senior Living Facilities."

**Retail** - Experience includes freestanding retail facilities to regional shopping malls.

**Apartments** – Appraised apartments nationally for past 25 years. Experienced with high-rise, live/work, condo conversions, and government-subsidized projects.

**Office** - Appraised the following office buildings: NationsBank Plaza, Atlanta, GA - 1,429,254<sup>sq</sup>ft, 500 Northpark Town Center, Atlanta, GA - 564,491<sup>sq</sup>ft, 1818 Market Street Building, Philadelphia, PA - 1,192,531<sup>sq</sup>ft, Tower Place, Atlanta, GA - 1,000,000<sup>sq</sup>ft, 37 West 57<sup>th</sup> Street Building, Manhattan, New York City, NY - 70,767<sup>sq</sup>ft, ARA Tower, Philadelphia, PA - 782,740<sup>sq</sup>ft, The Goodwin Square Complex, Hartford, CT - 348,809<sup>sq</sup>ft, Parkway Center, Marietta, GA - 520,000<sup>sq</sup>ft, NationsBank Plaza, Charlotte, NC - 802,638<sup>sq</sup>ft.

**Industrial** - Appraisals performed on major industrial properties in southern California, San Francisco Bay area, Northwest, Midwest, South, and other regions. Also experienced in analyzing deep-water ports, industrial wasteland, and obsolete heavy industrial plants.

**Education and Professional Affiliations** - Georgia State University, Bachelor of Business Administration with a major in Real Estate (1971). Member of Appraisal Institute (MAI No. 7286), serving on the Admissions Committee of the Georgia Chapter. Certified Toastmaster (CTM) and frequent speaker. Guest lecturer at Georgia State University and Southern College of Technology.

**Technology** – Quentin Ball Appraisal Co. LLC is a virtual office delivering reports digitally. Mr. Ball is an industry leader in paperless office technology and has written articles and given seminars on the subject.

***Quentin Ball Appraisal Co. LLC***

**Richard Gragg**  
 Senior Appraiser  
**rgragg@kirklandco.com**

### **EXPERIENCE:**

Eleven years of appraisal and real estate consulting experience.

- Retail - Anchored and unanchored strip shopping centers, new urbanism lifestyle centers, fast-food restaurants, family-style restaurants, freestanding retail buildings, fireworks sales centers, automotive services buildings, and many others.
- Office – General office, medical office, veterinarian office, office building shells, institutional office buildings, and office condominiums.
- Industrial – Appraised two \$250 million portfolios of industrial properties, Distribution warehouses from 8,000☐ to 500,000☐ , refrigerated warehouses, manufacturing facilities, flex-space buildings, industrial showrooms, and R&D centers.
- Land – Residential, commercial, industrial, agricultural, timberland, ground leases, single-family and multi-family subdivisions, river front land, coastal properties, horse farms, and quarries.
- Residential – Single-family residences, various attached and detached subdivisions, apartment complexes, condominiums, condominium conversion properties, loft apartment projects, mansions, estates, and compounds.
- Special Purpose – Various special purpose properties and appraisal requests, rent studies, market/feasibility studies, court testimony for eminent domain cases and division of assets cases.

### **EDUCATION:**

Bachelor of Business Administration, Real Estate, University of West Georgia (West Georgia College), 1999. Courses include Principles of Real Estate, Real Estate Investment Analysis, Commercial Appraisal of Real Property, Residential Appraisal of Real Property, Real Estate Finance, Uniform Standard of Professional Appraisal Practice, and various continuing education courses.

State of Georgia Certified General Real Property Appraiser No. 244822

# STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

**QUENTIN O BALL**

**1041**

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A  
**CERTIFIED GENERAL REAL PROPERTY APPRAISER**

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WILLIAM R. COLEMAN, JR.  
D. SCOTT MURPHY  
MARILYN R. WATTS

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Vice Chairperson

13711454

**QUENTIN O BALL**

# 1041  
Status ACTIVE

**CERTIFIED GENERAL REAL PROPERTY  
APPRAISER**

THIS LICENSE EXPIRES IF YOU FAIL TO PAY  
RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY  
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State of Georgia  
Real Estate Commission  
Suite 1000 - International Tower  
229 Peachtree Street, N.E.  
Atlanta, GA 30303-1605

**ORIGINALLY LICENSED**

06/26/1991

**END OF RENEWAL**  
02/28/2013



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

13711454

**QUENTIN O BALL**

# 1041  
Status ACTIVE

**CERTIFIED GENERAL REAL PROPERTY  
APPRAISER**

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State of Georgia  
Real Estate Commission  
Suite 1000 - International Tower  
229 Peachtree Street, N.E.  
Atlanta, GA 30303-1605



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

13711454

# STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

**CONNIE R GRAGG, JR**  
**244822**

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A  
**CERTIFIED GENERAL REAL PROPERTY APPRAISER**

THE PRIVILEGE AND RESPONSIBILITIES OF THIS APPRAISER CLASSIFICATION SHALL CONTINUE IN EFFECT AS LONG AS THE APPRAISER PAYS REQUIRED APPRAISER FEES AND COMPLIES WITH ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39-A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

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Chairperson

SANDRA MCALISTER WINTER  
Vice Chairperson

WILLIAM R. COLEMAN, JR.  
D. SCOTT MURPHY  
MARILYN R. WATTS

17750407

**CONNIE R GRAGG, JR**

# 244822

Status **ACTIVE**

**CERTIFIED GENERAL REAL PROPERTY  
APPRAISER**

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RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY  
REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia  
Real Estate Commission  
Suite 1000 - International Tower  
229 Peachtree Street, N.E.  
Atlanta, GA 30303-1605

**ORIGINALLY LICENSED**

08/13/2001

**END OF RENEWAL**  
03/31/2013



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

17750407

**CONNIE R GRAGG, JR**

# 244822

Status **ACTIVE**

**CERTIFIED GENERAL REAL PROPERTY  
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State of Georgia  
Real Estate Commission  
Suite 1000 - International Tower  
229 Peachtree Street, N.E.  
Atlanta, GA 30303-1605



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

17750407

## Industrial Building Rental No. 1



<b>Address</b>	: Multi-tenant Industrial : 1755 W Oak Parkway : Marietta, Cobb County GA
<b>Tax I.D.</b>	: 16087800040
<b>Lessor</b>	: Cabot Industrial Partners LP
<b>Lessee</b>	: Amendia
<b>Lease Type</b>	: NNN
<b>Lease Term</b>	: 7 years
<b>Lease Date</b>	: Mar-11
<b>Leased Area</b>	: 48,484
<b>Base Yr. Sq. Ft. Rent</b>	: \$4.30
<b>Escalations</b>	: 3% / year
<b>Concessions</b>	: 4 months free
<b>Expense Reimbursement</b>	: N/A
<b>T. I. Allowance</b>	: \$4.00/SF
<b>Office Finish</b>	: 25% office area, standard finish
<b>Rentable Building Area</b>	: 87,248
<b>Ceiling Height</b>	: 24'
<b>Year Built</b>	: 1998

The property sits in the West Oak Center, an industrial/business park located north of Allgood Road and east of Sawyer Road. The space is within an 87,248 SF warehouse building with an attractive brick facade on the front (office) side, and a truck court on the rear.



## Industrial Building Rental No. 2



<b>Address</b>	: Multi-tenant Industrial : 4300 Highlands Parkway SE : Smyrna, Cobb County, GA
<b>Tax I.D.</b>	: 17-0609-0-006-0
<b>Lessor</b>	: MDH Highlands, LLC
<b>Lessee</b>	: Airamark
<b>Lease Type</b>	: New, NNN
<b>Lease Term</b>	: 7 years
<b>Lease Date</b>	: Jun-12
<b>Leased Area</b>	: 22,224
<b>Base Yr. Sq. Ft. Rent</b>	: \$4.35
<b>Escalations</b>	: 3%/year
<b>Concessions</b>	: None
<b>Expense Reimbursement</b>	: N/A
<b>T. I. Allowance</b>	: N/A
<b>Office Finish</b>	: 4,000 SF (18%)
<b>Rentable Building Area</b>	: 106,739
<b>Ceiling Height</b>	: 22'
<b>Year Built</b>	: 1986

The property situates in the office and industrial park north of the South Cobb Drive exit of I-285. The building, part of the Lakeview at Highlands business park, overlooks a small lake along the south side of Highlands Parkway. The building features masonry construction, 30' x 40' column spacing, 14 dock-high overhead doors, 2 drive-in overhead doors, fire safety sprinkler coverage, 110'-deep truck court, and parking for 51 vehicles. The building features office and dock-high access along the front of the building. The building was 0% leased prior to this transaction, now it is 21% leased.

## Industrial Building Rental No. 3



<b>Address</b>	: Multi-tenant Industrial : 6400 Highlands Parkway SE : Smyrna, Cobb County, GA
<b>Tax I.D.</b>	: 17-0535-0-004-0
<b>Lessor</b>	: Northwest Partners I, LP
<b>Lessee</b>	: Undisclosed
<b>Lease Type</b>	: New, NNN
<b>Lease Term</b>	: 63 months
<b>Lease Date</b>	: May-12
<b>Leased Area</b>	: 7,000
<b>Base Yr. Sq. Ft. Rent</b>	: \$4.80
<b>Escalations</b>	: 3%/year
<b>Concessions</b>	: Three months free
<b>Expense Reimbursement</b>	: \$1.18/SF (taxes, insurance, and maintenance)
<b>T. I. Allowance</b>	: Minimal (Paint & Carpet)
<b>Office Finish</b>	: 20%
<b>Rentable Building Area</b>	: 102,000
<b>Ceiling Height</b>	: 18'
<b>Year Built</b>	: 1989

The property situates in the office and industrial park north of the South Cobb Drive exit of I-285. The two-building complex, referred to as Highlands Park industrial/business park, is on the north side of Highlands Parkway. The building features masonry construction, 11 dock-high overhead doors, 3 ramped, drive-in overhead doors, fire safety sprinkler coverage, 85'-deep truck court, and parking for 143 vehicles. The building features office access on one side of the building and truck access on the other. The building is 69% leased.

## Industrial Building Rental No. 4



<b>Name</b>	:	FedEx Building	
<b>Street Address/Location</b>	:	401 Windsor Street	
<b>City/County/State</b>	:	Atlanta, GA 30312	
<b>Lessee</b>	:	FedEx	
<b>Verification</b>	:	Philip Thomas MAI	
<b>Lease Term</b>	:	5 Years	
<b>Lease Date</b>	:	Nov-11	
<b>Leased Area</b>	:	37,500	Sq. Ft.
<b>Rent Per Square Foot</b>	:	\$6.18	NNN
<b>Gross Building Area</b>	:	37,500	Sq. Ft.
<b>Land Area</b>	:	3.55	acres
<b>Year Built</b>	:	1991	
<b>Office Buildout</b>	:	20%	
<b>LTB Ratio</b>	:	4.12	

**Remarks:** Comparable rental locates in the southwest quadrant of the intersection of Interstates 75/85 and Interstate 20 in Downtown Atlanta. Metal and brick construction. 18' ceiling height. 11 Grade-level/drive-in doors designed for FedEx's specific use. 100 surface parking spaces. ESFR Sprinkler. Built to suit for FedEx in 1991. Most recent lease is for 5 years with one, 5-year option. 7,500sf office space (20%).

## Industrial Building Rental No. 5

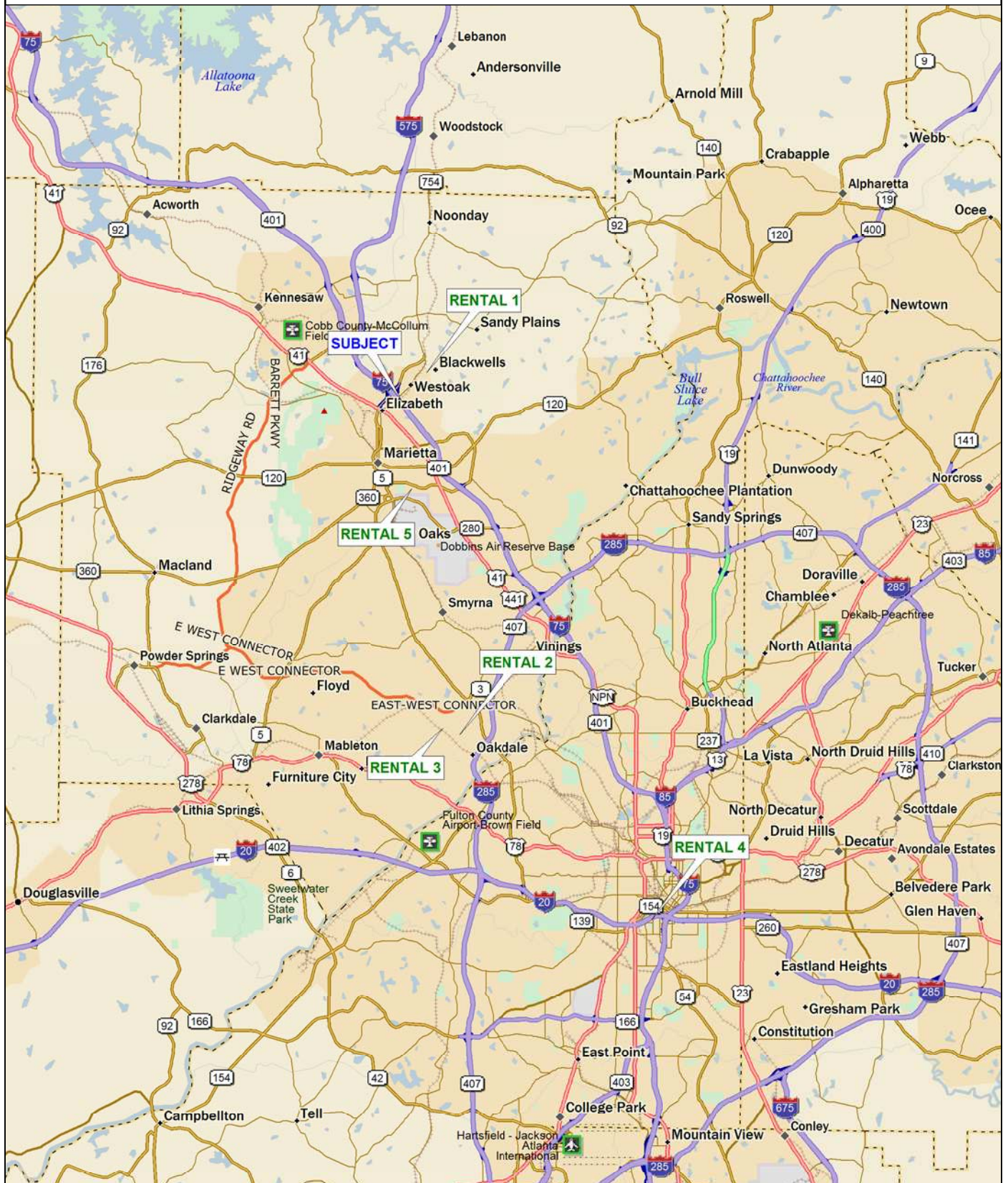


<b>Address</b>	: Commerce Park : 485 Commerce Park Drive : Marietta, Cobb County GA
<b>Tax I.D.</b>	: 17043100060
<b>Lessor</b>	: Cobalt Capital Partners
<b>Lessee</b>	: WorldPac Inc
<b>Lease Type</b>	: NNN
<b>Lease Term</b>	: 62 months
<b>Lease Date</b>	: Aug-10
<b>Leased Area</b>	: 22,279
<b>Base Yr. Sq. Ft. Rent</b>	: \$3.75
<b>Escalations</b>	: \$0.25 in yrs 4, 5
<b>Concessions</b>	: 2 months free
<b>Expense Reimbursement</b>	: N/A
<b>T. I. Allowance</b>	: \$1/SF
<b>Office Finish</b>	: 4% office area, standard finish
<b>Rentable Building Area</b>	: 34,050
<b>Ceiling Height</b>	: 20'
<b>Year Built</b>	: 1984

The property situates in an office and industrial park on the east side of Fairground Street between Ga. Highway 120 (South Marietta Parkway) and Ga. Highway 280 (S. Cobb Drive), both of which provide access to Interstate 75 to the east. The west side of Fairground Street is a large public park. The building features office and dock-high access along the front of the building. The building depth is 120', the truck court is 100' wide, shared with the similar styled bulding to the north.



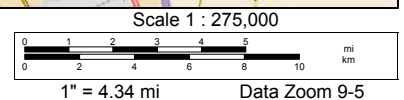
# RENT LOCATION MAP



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www.delorme.com



## Building Sale No. 1



<b>Name</b>	:	Industrial Building	
<b>Location</b>	:	1869 S Cobb Industrial Blvd	
<b>City/County/State</b>	:	Smyrna, GA 30082	
<b>Tax Parcel No.</b>	:	17-0678-0-002-0	
<b>Grantor</b>	:	D & P Holding, LLC	
<b>Grantee</b>	:	Allison-Smith Company, LLC	
<b>Verification</b>	:	Avison Young Commercial Real Estate	
<b>Sale Price</b>	:	\$2,042,000	
<b>Sale Date</b>	:	Sep-12	
<b>Land Area</b>	:	3.32	Acres
<b>G. L. A.</b>	:	50,000	Sq. Ft.
<b>Sale Price/Sq. Ft.</b>	:	\$40.84	
<b>Land/Building Ratio</b>	:	2.89	
<b>Year Built</b>	:	1985	
<b>Office Space</b>	:	20%	

**Remarks:** One-story brick warehouse, located on a side street along the west side of South Cobb Drive, between the East-West Connector and Interstate 285. Features include 20% office space, 24' clear ceiling height, 4 loading docks, 1 drive-in ramp, rail access and 30 surface parking spaces. Building improvements are in good condition.



## Building Sale No. 2



<b>Name</b>	:	Industrial Building
<b>Location</b>	:	311 Marble Mill Rd NW
<b>City/County/State</b>	:	Marietta, GA 30060
<b>Tax Parcel No.</b>	:	16-1005-0-020-0

<b>Grantor</b>	:	Dunaway William B
<b>Grantee</b>	:	Snapfinger Properties Llc
<b>Deed Book/Page</b>	:	Deed 14908, Page 2103

<b>Sale Price</b>	:	\$1,500,000
<b>Sale Date</b>	:	Jan-12
<b>Land Area</b>	:	2.75 Acres
<b>G. L. A.</b>	:	31,500 Sq. Ft.
<b>Sale Price/Sq. Ft.</b>	:	\$47.62
<b>Land/Building Ratio</b>	:	3.80
<b>Year Built</b>	:	1985
<b>Office Space</b>	:	20.00%

**Remarks:** Property locates at the southwest quadrant of Cobb Parkway and Canton Road, in an industrial neighborhood. One-story, brick/block industrial building. Features include 20% office space, 24' clear ceiling height, 5 loading docks, 1 drive-in ramp, 50 on-site parking spaces, and 100% wet sprinkler system. Building improvements are in average condition.

### Building Sale No. 3



<b>Location</b>	:	1141 Atlanta Industrial Drive			
	:	W/s, south of Canton Road			
	:	Marietta, Cobb County GA 30066			
<b>Tax I.D. No.</b>	:	16094600060			
<b>Grantor</b>	:	1141 Atlanta Industrial LLC; DHMT Properties LP			
<b>Grantee</b>	:	1141 AMG LLC			
<b>Deed Book / Page</b>	:	14858 / 696	<b>Sale Date</b>	:	Jun-11
<b>Sale Price</b>	:	\$2,160,000	<b>Price Per SF</b>	:	\$35.76
<b>Building Size (SF)</b>	:	60,400	<b>Year Built</b>	:	1975
<b>Office (SF)</b>	:	5,000	<b>Office %</b>	:	8%
<b>Building Depth</b>	:	150'	<b>Ceiling Height</b>	:	20'
<b>Land Area (Acres)</b>	:	3.08	<b>Land/Building</b>	:	2.22
<b>Gross Income</b>	:	\$0	<b>Occupancy</b>	:	0%
<b>Net Income</b>	:	\$0	<b>Cap Rate</b>	:	N/A
<b>Zoning</b>	:	HI			

The property situates within the Cobb Marietta Industrial Park located on the east side of Interstate 75 south of Canton Road. The warehouse/distribution building features office access on one side and warehouse access on the other. The building has a lift slab to provide dock-high access from the 100'-wide truck court. The construction features tilt-up panels with a pebble finish, 8 dock-high overhead doors and 1 ramped grade-level overhead doors. The building was in average condition at time of sale.

The building sold vacant to an end user.



## Building Sale No. 4



<b>Name</b>	:	Industrial Building
<b>Location</b>	:	5884 Peachtree Road
<b>City/County/State</b>	:	Chamblee, GA 30341
<b>Tax Parcel No.</b>	:	18-323-05-047
<b>Grantor</b>	:	Jerry M & Annette Lovell
<b>Grantee</b>	:	Capital Group Investments LLC
<b>Deed Book/Page</b>	:	Deed Book 22740, Page 178
<b>Sale Price</b>	:	\$1,775,000
<b>Sale Date</b>	:	Nov-11      18 months on market
<b>Land Area</b>	:	4.99      Acres
<b>G. L. A.</b>	:	37,337      Sq. Ft.
<b>Sale Price/Sq. Ft.</b>	:	\$47.54
<b>Land/Building Ratio</b>	:	5.82
<b>Year Built</b>	:	1968
<b>Office Space</b>	:	12.00%

**Remarks:** One-story brick industrial facility located along the west side of Peachtree Road, about one mile from Interstate 285 at Peachtree Industrial Boulevard. Features include 12% office space, 20' clear ceiling height, 6 loading docks and 1 drive-in door, 30 onsite parking spaces, and wet sprinkler system. Building improvements are in average condition. All-cash-to-seller transaction.

## Building Sale No. 5



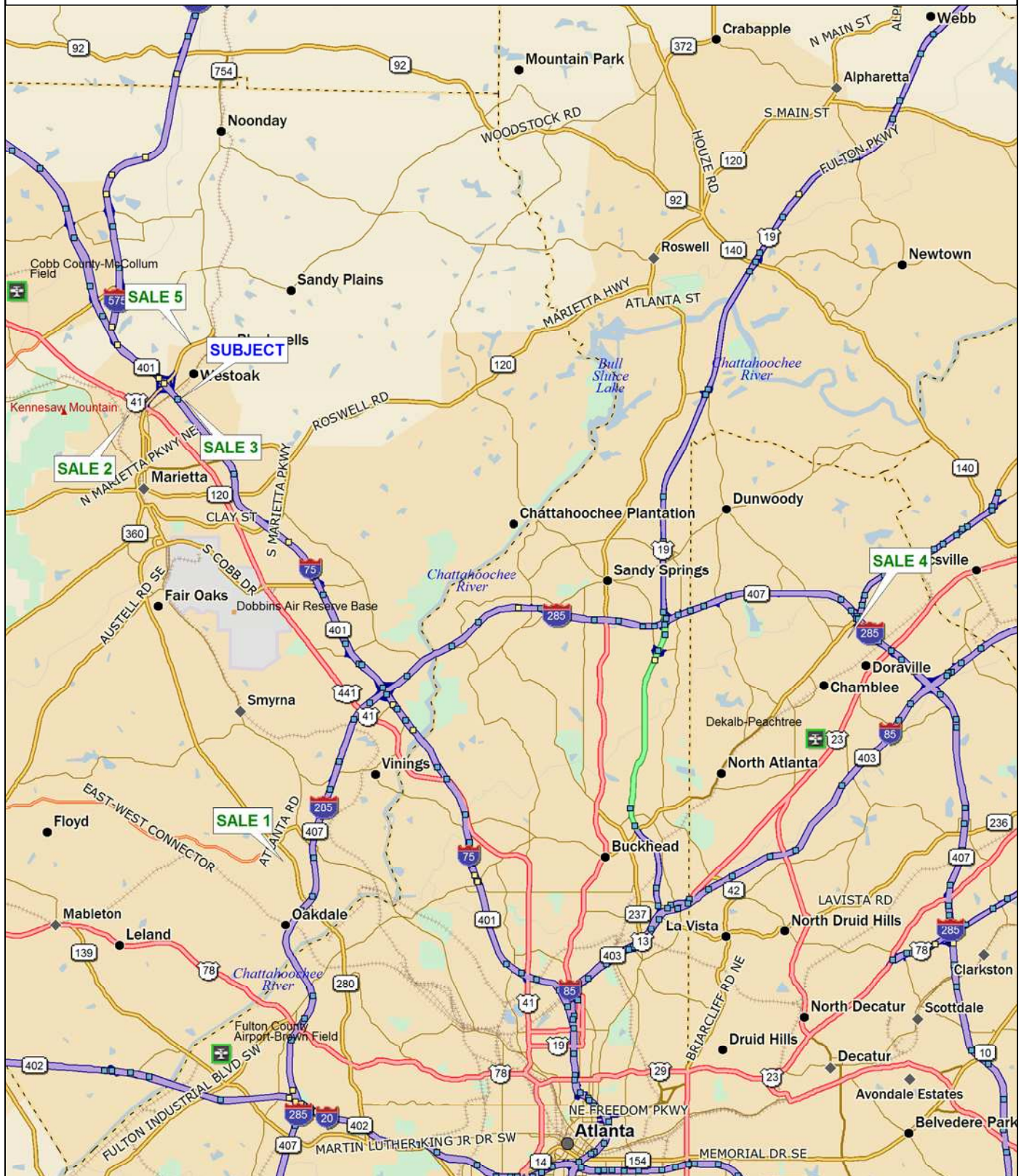
<b>Location</b>	: 1000, 1100, & 1200 Williams Dr. : S/s, east of Bells Ferry Road : Marietta, Cobb County GA		
<b>Tax I.D. No.</b>	: 16080200020		
<b>Grantor</b>	: TCI Atlanta LLC		
<b>Grantee</b>	: CIT Williams Drive LLC; RREEF America LLC		
<b>Deed Book / Page</b>	: 14838 / 3682	<b>Sale Date</b>	: Mar-11
<b>Sale Price</b>	: \$9,035,000	<b>Price Per SF</b>	: \$42.45
<b>Building Size (SF)</b>	: 212,837	<b>Year Built</b>	: 1988
<b>Office (SF)</b>	: 20,000	<b>Office %</b>	: 9%
<b>Building Depth</b>	: 130' - 160'	<b>Ceiling Height</b>	: 18-20'
<b>Land Area (Acres)</b>	: 14.23	<b>Land/Building</b>	: 2.91
<b>Gross Income</b>	: N/A	<b>Occupancy</b>	: 85%
<b>Net Income</b>	: \$722,800	<b>Cap Rate</b>	: 8.00%
<b>Zoning</b>	: LI		

The three-building office-warehouse park sits north of the intersection of Interstate 75 and Canton Road Connector between Bells Ferry Road and Griffin Lane, an extension of Sandy Plains Road. The neighborhood consists of industrial uses to the east and residential to the west, including some multi-family development constructed during the latest period of economic expansion. The park consists of three buildings, each with office access on one side and warehouse access on the other. One building has a 100'-wide truck court, the other two share a 130'-wide truck court. The buildings were constructed on a terraced site that provides grade-level access from the office side and dock-high access on the other side using lift slabs. The buildings, constructed with concrete tilt-up panels, were in good condition at time of sale.

The park was 85% occupied at time of sale with tenants having a variety of lease types including net and modified gross leases. The reported overall capitalization rate of 8% indicates a net income of \$3.40 per square foot. The property was on the market for only 30 days before an offer was accepted.



# SALES LOCATION MAP



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