

SUMMARY APPRAISAL REPORT

INDUSTRIAL WAREHOUSE
305 McCONNELL ROAD
CALHOUN, GORDON COUNTY, GEORGIA

PREPARED FOR

Ms. Tonya Haddock
Cherokee Mill Lofts, LLC
406 E. 4th Street
Wilson-Salem, NC 27101

April 26, 2012
File Number: 1531

Edward W. Collins
Georgia Certified General Appraiser
Real Property Appraiser #CG00476

TABLE OF CONTENTS

	Page
LETTER OF TRANSMITTAL.....	3
SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS.....	5
PURPOSE OF THE APPRAISAL.....	6
SCOPE OF WORK.....	7
HIGHEST AND BEST USE.....	8
NEIGHBORHOOD DATA.....	9
SITE DATA.....	10
CENSUS TRACT.....	11
FLOOD HAZARD INFORMATION.....	11
HISTORY OF OWNERSHIP.....	11
LEGAL DESCRIPTION.....	11
MARKETABILITY.....	11
ENVIRONMENTAL CONCERNS.....	11
BUILDING IMPROVEMENTS.....	12
THE APPRAISAL PROCESS.....	13
LAND VALUE BY COMPARISON.....	15
LOCATION MAP.....	18
SALES GRID.....	19
COST APPROACH.....	20
MARSHALL & SWIFT PRINTOUT.....	21
RECONCILIATION OF VALUES.....	22
SUBJECT SKETCH.....	Exhibit A
SUBJECT PHOTOS.....	Exhibit B
SUBJECT LOCATION MAP.....	Exhibit C
LEGAL DESCRIPTION.....	Exhibit D
TAX ASSESSORS PRINT-OUT.....	Exhibit E
FLOOD MAP.....	Exhibit F
CERTIFICATION OF APPRAISER.....	Exhibit G
LIMITING CONDITIONS.....	Exhibit H
LICENSE.....	Exhibit I
E&O INSURANCE.....	Exhibit J
QUALIFICATIONS OF APPRAISER.....	Exhibit K

April 26, 2012

Ms. Tonya Haddock
Cherokee Mill Lofts, LLC
406 E. 4th Street
Winston-Salem, NC 27101

RE: Appraisal of Industrial Warehouse (Old Ojay Building)
305 McConnell Road
Calhoun, Georgia 30701

Dear Ms. Haddock:

In compliance with your request, the undersigned has completed an appraisal of the above referenced property. The property is more particularly described in the attached report.

The purpose of the appraisal is to provide reasonable and documented Market Value estimate of **Fee Simple Interest** in the above referenced property. The effective date and date of inspection is April 26, 2012.

The method of valuation, together with the pertinent facts and data gathered in my investigation, is detailed in the attached Summary Report. The analysis that forms the basis of this report was conducted by the undersigned. This appraisal assignment was not contingent upon the reporting of a requested minimum or maximum value, a specific valuation, or the approval of a loan.

This Appraisal is intended to be in compliance with the appraisal requirements of the 2012-2013 Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation, and Title XI of the Federal Institutions reform, Recovery, and Enforcement Act of 1989 (FIRREA), revised June 7, 1994. At your request an appraisal process, which included the Cost, Income, and Sales Comparison Approach, was performed and is being transmitted in a summary report that is intended to comply with the reporting requirements set forth by USPAP Standards Rule 2-2 (b).

Please be informed that a careful and personal inspection was made of this site and the improvements thereon. The attached report contains an analysis of both general and specific data that was deemed essential to support the estimate of value as reported herein under the Cost Approach with applicable depreciation and the Site being appraised by the Comparable Sales method. This appraisal is for a proposed Special Use Property. When no comparable sales data are available, neither the direct sales comparison approach nor the gross rent multiplier analysis can be applied. This leaves only the Cost Approach to value for the appraiser, which is typical for a Special Use Property. The marketing time is expected to be 10-12 months.

These conclusions are subject to the Assumptions and Limiting conditions, excluding all furnishings, fixtures and equipment. As a result of my investigation and findings, it is my opinion that the estimated market value of the **fee simple interest** in the industrial building as described herein, as of April 26, 2012 is the amount of:

“As Is” Market Value Conclusion

\$950,000

I appreciate the opportunity to be of service on this property. Please let me know if I can be of further assistance in this or future matters.

Respectfully submitted,

Edward W. Collins



Georgia Certified General Appraiser
Real Property Appraiser #CG00476

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Property Information

Address:	305 McConnell Road Calhoun, GA 30701
County:	Gordon
Tax ID:	C12-038, C03-042A, & C03-043A
Owner of Record:	American Home Properties, INC
Property Type:	Industrial
Real Estate Taxes (YR):	\$3,172.77 (2011)

Building Characteristics

Number of Units:	1
Gross Building Area(SF):	121,736
Finished Office Area (SF):	0
Year Built:	Various: Early-mid 1940's through 1980.
Construction Type:	Class C

Site Characteristics

Land Area:	4.22 Acres
Zoning:	Industrial-G, General Industrial
Conforming:	Yes
Excess/Surplus Land:	None

Valuation Information

Property Interest Appraised:	Fee Simple
Effective Date of Appraisal:	April 26, 2012
Marketing Time:	10-12 Months

Market Value Indications

Land Value:	\$170,000
Cost Approach:	\$970,000
Income Approach:	\$N/A
Sales Comparison Approach:	\$N/A

Final "As Is" Market Value Estimate	\$950,000
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PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to estimate the Market Value of the fee simple interest of the subject property as of April 26, 2012.

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised and each acting in what he considers his own best interest;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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.

It is further assumed that the title to the property is good and marketable and that fee simple interest can be transferred free from all encumbrances except for those specified in the deed of public records.

SCOPE OF WORK

The Scope of Work includes identifying the property through various legal sources including deeds, plats, and tax assessors' records if they are available and by physically inspecting the property in relation to available information.

All improvements have been inspected from the exterior and the interior if admissible.

All improvements have been measured by the appraiser unless otherwise noted in the body of the report.

All known factors having an economic affect of the Subject have been analyzed and included in this report if considered relevant to the value or use of this report.

The analysis of the information included in this report is explained in the conclusion and used in the correlation and reconciliation.

The comparable data has been inspected and confirmed with a participating principal in the transaction if available.

This appraiser accepts no responsibility for items and components which are not readily visible such as structural components, infestations, hazardous materials, legalities, or other issues not known or revealed.

This appraisal is intended for use by the client only or his or her designees.

Edward W. Collins personally conducted inspections, analysis, and reconciliation. John Richardson assisted with gathering data and word processing. The appraiser only inspected the property from the exterior on April 26, 2012. On August 9, 2010, Edward W. Collins thoroughly inspected the interior and exterior of the property. Measurements of the building were also completed on August 9, 2010.

HIGHEST AND BEST USE

Highest and Best Use may be defined as, the utilization of a property to its best and most profitable use. It is that use, chosen from among reasonably probable and legal alternative uses, that is found to be physically possible, appropriately supported, and financially feasible to result in highest land value.¹

The Subject property is classified Light Industrial by the zoning ordinance of the City of Calhoun.

It is the appraiser's opinion that the Subject as found and with the described improvements thereon, on the date of inspection, April 26, 2012, comply with the principle of Highest and Best Use.

¹ HARRISON'S ILLUSTRATED DICTIONARY OF REAL ESTATE APPRAISAL
BY: HENRY S. HARRISON MAI, SRPA & JULIE HARRISON
COLLEGIATE COMPANIES, NEW HAVEN, CT. 1983, pg.138

NEIGHBORHOOD DATA

The neighborhood is considered to be those properties that are in the area bordered by Court Street on the North, Fair Street to the east, Pine Street to the south, and Oothcalooga Creek to the west.

This immediate neighborhood is made up of a variety of uses including carpet and carpet related industries, residences, the Calhoun High School campus including the athletic fields and related buildings, various retail stores, churches, and Calhoun Housing Authority homes. Most nearby land is presently in use.

Oothcalooga Street is also known as Georgia State Highway 53 Spur. Oothcalooga Street has curbs, gutters, sidewalks, street lights, and storm drains.

Interstate 75 is approximately four miles north via U S. Highway 41, two and half miles northeast via Georgia Highway 156, and two miles southeast via Georgia State Highway 53.

This neighborhood is predominantly zoned C-1 Commercial and I-G Industrial, however the land use varies from high-density Single-Family Residential, Apartments, Commercial, and Light Industrial.

All public and quasi-public utilities such as gas, water, sewerage, electricity, fiber-optics, telephone, and Cable TV are available in the area.

The neighborhood has adequate fire and police protection as both have stations conveniently located nearby.

Shopping and employment opportunities are located nearby as the Calhoun Central Business District is approximately five blocks east.

Mohawk and Shaw are both manufacturers of carpet and are the largest employers in Gordon County Each of these companies have manufacturing facilities in the neighborhood. Many jobs in this county are in the carpet manufacturing mills and textile related industries.

Other diversified employers include Kobelco, Gordon Hospital, and related medical clinics, City of Calhoun government and schools, Gordon County government and schools.

SITE DATA

The Site is inside the City Limits of Calhoun with all public and quasi-public utilities such as gas, water, sewerage, electricity, telephone and fiber-optics available on the Subject Site. The neighborhood has adequate fire and police protection as provided by the City of Calhoun and Gordon County. The Subject is Zoned Industrial G, by the City of Calhoun. The Calhoun Central Business District is approximately five blocks east.

The Site consists of 3.53 acres per the Tax Assessors' records; however, the Deed specifies 3.61 acres. The difference may be due to the widening of the streets.

There are two additional lots located across McConnell Road from the Subject that provide parking for employees. These lot sizes are 0.52 acre and 0.17 acre, totaling 0.69 Acre.

The total amount of land included in this appraisal is 3.53 acres + 0.52 acre + 0.17 acre totaling 4.22 Acres.

See the attached copy of Deed in the Addendum of this report. The subject fronts Oothcalooga Street for a distance of 460 ft. and the frontage on McConnell Road is 246 ft. The frontage on McConnell Road begins approximately 150 ft. north of its intersection with Oothcalooga Street.

Oothcalooga Street has a 60 ft. right-of-way including street lights and concrete curbs/gutters and sidewalks on each side of the street.

The lot has been graded to accommodate entry level parking off of McConnell Road and truck delivery from Oothcalooga Street. Various drive-ways from Oothcalooga Street serve the loading dock doors located in the building. Proper grading and drainage ditches adequately dispose of rainwater from this area.

Most of the lot that is covered with concrete paving and building with the remainder covered with grass and gravel. The lot is surrounded by a 6 ft. chain link fence with barb-wire top extensions.

CENSUS TRACT

The Subject is located in Gordon County, Georgia in the area identified by the U.S. Department of Commerce, Bureau of the Census as County 129 Tract 9706.

FLOOD HAZARD INFORMATION

The Site appears to have sufficient drainage and is not in a flood hazard area. The Subject is located in Zone X (areas determined to be outside the 500 year flood plain) per FEMA map #13129C 0064D effective date September 26, 2008.

HISTORY OF OWNERSHIP

On August 22, 1994 American Home Properties Inc. purchased the Subject property from O Jay Mills, Inc. by Limited Warranty Deed (see deed in Addendum). At present, there is an Agreement to Purchase and Sale with an execution date of on or prior to February 1, 2013 between Landmark Asset Services and American Home Properties, Inc.

LEGAL DESCRIPTION

See copy of deed in Addendum.

MARKETABILITY

Marketing time is estimated to be 10-12 months or more if offered for sale at a fair price considering the Location of the Subject property.

ENVIRONMENTAL CONCERNS

There has been no Phase I Environmental Study made of the Subject Site. There have been fuel tanks located on this site in years past, however some or all have been removed. Certain equipment in the boiler room should be checked for contaminates. An environment inspection is recommended, as this appraiser is not qualified to make judgment on environmental matters.

BUILDING IMPROVEMENTS

The building was constructed over a period of years with some sharing of common walls. From the outside the structure appears to be more homogeneous than an inside inspection reveals. The initial building was constructed approximately around the early-mid 1940's with the most recent addition being approximately 1980.

The site is improved with a steel and masonry building containing a total of 121,736 square feet with clear span heights varying from 10 to 16 ft. (See attached sketch in addendum) There is an area of 1,118 sq. ft. near the center of the building that does not have a roof. This area provides space for the large air conditioners that serve part of the building to exhaust the hot air. This large building is a combination of several buildings of various sizes built over a period of several years with part of it being built over 70 years ago with the latest addition being the office and shipping area being built approximately 25-30 years ago.

The floor is sealed concrete throughout and appears to be in good condition in most areas and fair in the dye house area. Lighting is provided by 8 ft. florescent fixtures.

The offices in the plant areas are finished with painted plywood or paneled walls. The floors were in the offices were concrete. They were considered to be in fair condition at the time on inspection.

There are five different two fixture restrooms located throughout the building finished with painted plywood or paneled walls. The floors are bare concrete.

Parking is located in front of the main office area and on the east side of the lot. Accommodations for access of delivery trucks are also at the east side of the building from Oothcalooga Street.

It appears from the street that a small portion of the boiler room has been demolished. The exact area is unknown.

Physical depreciation is attributed to normal wear and age. There are no apparent external inadequacies apparent. If the building were new, it would have an expected normal life expectancy of 40 to 45 years per Marshall & Swift Valuation Service. The building is judged to have an overall effective age of approximately 36 years and an estimated remaining life of approximately 10 years with some needed repairs and normal up-keep and maintenance.

The Gordon County Tax Assessor's office shows an estimate of value (including all three parcels) of \$80,292 for the land and \$225,190 for the improvements for a total value of \$305,482.

City of Calhoun property taxes on the building and land (C12-038) for 2011 were \$1,890. Gordon County Taxes for 2011 were \$1,079 for a total of \$2,969. The taxes for 2011 on the two parcels of land across McConnell Road from the Subject for the City of Calhoun are (C03-042A) \$72 and (C03-043A) \$58. Gordon County taxes for 2011 were (C03-042A) \$41 and (C03-043A) \$33.

The total property taxes due for the Subject for 2011 were \$3,173.

THE APPRAISAL PROCESS

The estimation of value of property is generally undertaken by one or more of the three following approaches:

1. Cost Approach
2. Market or Sales Comparison Approach
3. Income Approach

In this instance only the Cost Approach to value was used to provide means for valuation. The final value was based on the appraiser's judgment of the comparative reliability of the method used. A brief description of the basic procedure for each valuation approach follows:

COST APPROACH

Under this method, value is derived by estimating the replacement cost new of the building and other improvements, based on today's labor and material prices and present construction techniques. From this total, a subtraction is made for accrued depreciation and the land value found by market comparison is then added to derive a summation estimate of value.

In deriving the cost of the building, the total square feet contained within the outer walls of the structure were multiplied by the cost per square foot applicable to this type structure. The square foot method is used rather than the cubic foot method of estimating because the former is quoted more readily by builders in this area for this type building.

MARKET OR SALES COMPARISON APPROACH

Under this approach an estimate of value is derived by comparing the property under appraisal with other relevant properties of similar size, quality, and location that have sold in recent times. Any adjustments necessary to make the Comparable Sale more similar to the Subject are then made.

This approach was only used to derive a value for land. No recent relevant sales were located to provide a means for establishing a value using this approach.

INCOME APPROACH

This approach is of primary importance in estimating the value of income-producing properties since value may be defined as "the present worth of future rights to income or utility."

The value estimate under this approach is derived by ascertaining the economic rent of the property, deducting all reasonable operating expenses, and then capitalizing the result and net operating income by an appropriate rate of capitalization to obtain the present value of the forecasted income stream.

This approach to value has not been used due to lack of sufficient relevant data.

STEPS OF THE COST APPROACH INCLUDING SITE VALUATION

The following steps including site valuation were followed in order to derive a value indication via the Cost Approach:

1. Estimate the value of the site as though vacant and available to be developed. The value of the site is determined by its potential highest and best use. The value of the site has been estimated using the Sales Comparison Approach as this is the most applicable method of estimating the market value of an unimproved site.
2. Estimate the replacement cost of the structure on the effective appraisal date using current data from Marshall & Swift Valuation Service.
3. Estimate the amount of accrued depreciation in the structure, categorized by three major types:
 - a. physical deterioration
 - b. functional obsolescence
 - c. external obsolescence
4. Deduct the appropriate estimated applicable depreciation from the replacement cost of the structure to derive an estimate of the structures contribution to total value.
5. Add the estimated total present value of all improvements to the estimated site value to arrive at an indication of value for the subject property.

Replacement costs are computed rather than reproduction cost as construction methods for a building of this type at present is the typical pre-engineered steel, which is prevalent in this neighborhood.

SITE VALUE BY COMPARISON

Land Sale No. 1



Location:	Old Dixie Highway Calhoun, GA
County:	Gordon
Tax ID:	059-057
Grantor:	Oothcalooga, LLLP
Grantee:	Development Authority of Gordon County
Sale Price:	\$2,143,575
Date of Sale:	10/16/2009
Deed Book/Page:	1619/407
Total Land Area:	100.00 Acres
Sale Price/Acre:	\$21,436
Probable Use/Zoning:	Industrial
Sale Verified By:	Loopnet, Public Records, & Deed

Comments:

This sale is located approximately 5.4 miles southeast of the subject on Old Dixie Highway. The property is considered to be in a similar neighborhood as the Subject. The Property was purchased for industrial development. This sale is similar in location and utility as the Subject.

Land Sale No. 2



Location:	Experiment Station Road Calhoun, GA
County:	Gordon
Tax ID:	CG34-076
Grantor:	Development Authority of Gordon County
Grantee:	JBBS Holdings, LLC
Sale Price:	\$1,493,000
Date of Sale:	09/09/2008
Deed Book/Page	1558/32
Total Land Area	42.41 Acres
Sale Price/Acre:	\$35,204
Probable Use/Zoning:	Industrial
Sale Verified By:	Loopnet, Public Records, & Deed
Comments:	

Sale is located approximately 1 mile south of the subject in an Industrial development park. Access, Amenities, and Location are all considered similar to the Subject. This sale is most similar in proximity to the Subject. An industrial building was recently constructed on this parcel.

Land Sale No. 3



Location:	Union Grove Road Calhoun, GA
County:	Gordon
Tax ID:	Part of 058-060
Grantor:	Oothcalooga, LLLP
Grantee:	Hollander Corporation
Sale Price:	\$24,858
Date of Sale:	10/26/2011
Deed Book/Page	1729/330
Total Land Area	0.552 Acres
Sale Price/Acre:	\$45,033
Probable Use/Zoning:	Industrial
Sale Verified By:	Loopnet, Public Records, & Deed

Comments:

Sale is located approximately 4.5 miles southeast of the subject in and an industrial area of the county. The property is considered to be in a similar neighborhood as the Subject. An adjacent property owner purchased this tract for industrial development. This sale is the most recent sale located.

Vacant Land Sales Adjustment Grid				
Analysis Grid	Subject	Sale #1	Sale #2	Sale #3
Address	McConnell Rd	Old Dixie Hwy	Experiment Station R	Union Grove Rd
City	Calhoun	Calhoun	Calhoun	Calhoun
State	GA	GA	GA	GA
Date	N/A	10/16/09	09/09/08	10/26/11
Price	N/A	\$2,143,575	\$1,493,000	\$24,848
Land (acres)	4.22	100.00	42.41	0.552
Unit Price (acre)		\$21,436	\$35,204	\$45,014
Market Conditions through April 2012		-15.0%	-22.0%	-3.0%
Adjusted Acre Unit price		\$18,220	\$27,459	\$43,664
Location	Average	Average	Average	Average
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0
Land (acres)	4.22	100	42.41	0.552
% Adjustment		95.0%	40.0%	-5.0%
\$ Adjustment		\$17,309	\$10,984	-\$2,183
Access	Good	Good	Good	Good
% Adjustment		0.0%	0.0%	0.0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Adjusted Acre Unit price		\$35,530	\$38,443	\$41,481
Net Adjustments		80.0%	18.0%	-8.0%
Gross Adjustments		110.0%	62.0%	8.0%

Due to the recent downturn of the overall economy an adjustment to sale date is necessary. This adjustment is based on my opinion and familiarity with the market conditions. My market condition adjustment is estimated at a rate of 5-10% decrease in value per annum.

Smaller tracts of land typically sell for more per unit than larger tracts. Adjustments are necessary due to the differences in comparable tract sizes. All sales are considered on this basis and are adjusted to the market at a rate of 5% per 5 acre of variation.

Even though some of the listed sales are older, all sales are given consideration in this appraisal, as these are the only sales located in this neighborhood.

All sales are located in the same neighborhood with similar market appeal and values. A reasonable estimation of value for this site is considered to be 4.22 acres x \$40,000 per acre for a total of \$168,800. **Rounded to \$170,000**

COST APPROACH TO VALUE

Today this type building would not be constructed using the same building techniques and materials as are found in the Subject due to the expense of building and the limitations of utility. Swift Estimator, a service provided by Marshall & Swift Valuation Service, has been used to estimate the replacement costs of the Subject and the depreciation estimate.

Based on unit-in-place cost method of building construction, per Marshall & Swift Valuation Service and using local multipliers, the Subject property would require an expenditure of \$33.73 per square foot for basic structure cost. This is using Marshall & Swift's Light Manufacturing Industrial Building, Class C Average Classification.

Per Marshall & Swift the life expectancy for this type of building is 45 years. It is estimated that the effective age of the Subject is approximately 36 years, resulting in a 60% physical depreciation factor.

Functional inutility is a form of functional depreciation that depreciates the Subject due to the layout of the building. The layout is not considered appealing due to interior partitions that restrict workflow. The present layout generally would not appeal to market tastes and standards. Functional depreciation factor is estimated at 20%.

See next page for Cost Data Print out from Marshall & Swift.

Marshall & Swift Cost Estimate: \$973,799

Rounded to \$970,000

Based on my analysis detailed in this cost section, as of April 26, 2012, I have reconciled to a cost approach value of:

The Estimated "As Is" Market Value via the COST APPROACH is:

\$970,000

Marshall & Swift - SwiftEstimator Commercial Estimator - Summary Report

General Information

Estimate ID:	1531	Date Created:	04-25-2012
Property Owner:	Cherokee Mill Lofts, LLC	Date Updated:	04-25-2012
Property Address:	305 McConnell Road Calhoun, GA 30701	Date Calculated:	04-27-2012
Local Multiplier:	0.87	Cost Data As Of:	using report date
Architects Fee:		Report Date:	04-2012
Indicated Values By		Sales Comparison Approach:	\$0
Income Approach:	\$0		

Section 1

Area	120618	Overall Depreciation %	
Stories in Section	1	Physical Depreciation %	60
Stories in Building	1	Functional Depreciation %	20
Shape	Irregular	External Depreciation %	
Perimeter	(auto-calc)		
Effective Age	36		

Occupancy Detail

Occupancy	%	Class	Height	Quality
494 Industrials, Light Mftg.	100	C	13	2.0
Occupancy Total Percentage	100			

System : HVAC (Heating)

	%/Units	Quality	Depr %	Other
649 HVAC (Heating) : No HVAC		Occ.		
Total Percent for HVAC (Heating):	0			

System : Land and Site

	%/Units	Quality	Depr %	Other
61 Land and Site : Land	170000	Occ.		

Calculation Information (All Sections)

	Units	Unit Cost	Total Cost New	Less Depreciation	Total Cost Depreciated
Basic Structure					
Base Cost	120,618	24.64	2,972,028	1,783,217	1,188,811
Exterior Walls	120,618	8.68	1,046,964	628,178	418,786
Basic Structure Cost	120,618	33.32	4,018,992	2,411,395	1,607,597
Less Depreciation					
Physical	60.0%			2,411,395	1,607,597
Functional	20.0%			803,798	803,799
Depreciated Cost	120,618	6.66		3,215,193	803,799
Miscellaneous					
Land			170,000		170,000
Total Cost	120,618	34.73	4,188,992	3,215,193	973,799

RECONCILIATION OF VALUE ESTIMATES

Value via Cost Approach	\$970,000
Value via Income Approach	N/A
Value via Sales Comparison Approach	N/A

When no comparable sales data are available, neither the direct sales comparison approach nor the gross rent multiplier analysis can be applied. This leaves only the Cost Approach Appraisal for the appraiser, which is typical for a Special Use Property.

The Cost Approach is considered the most reliable guide to value where the buildings and site has been put to its highest and best use. The replacement costs estimates and physical depreciation is taken from Marshall & Swift Valuation Service and local costs. The depreciation is estimated to reflect physical deterioration and functional inadequacies.

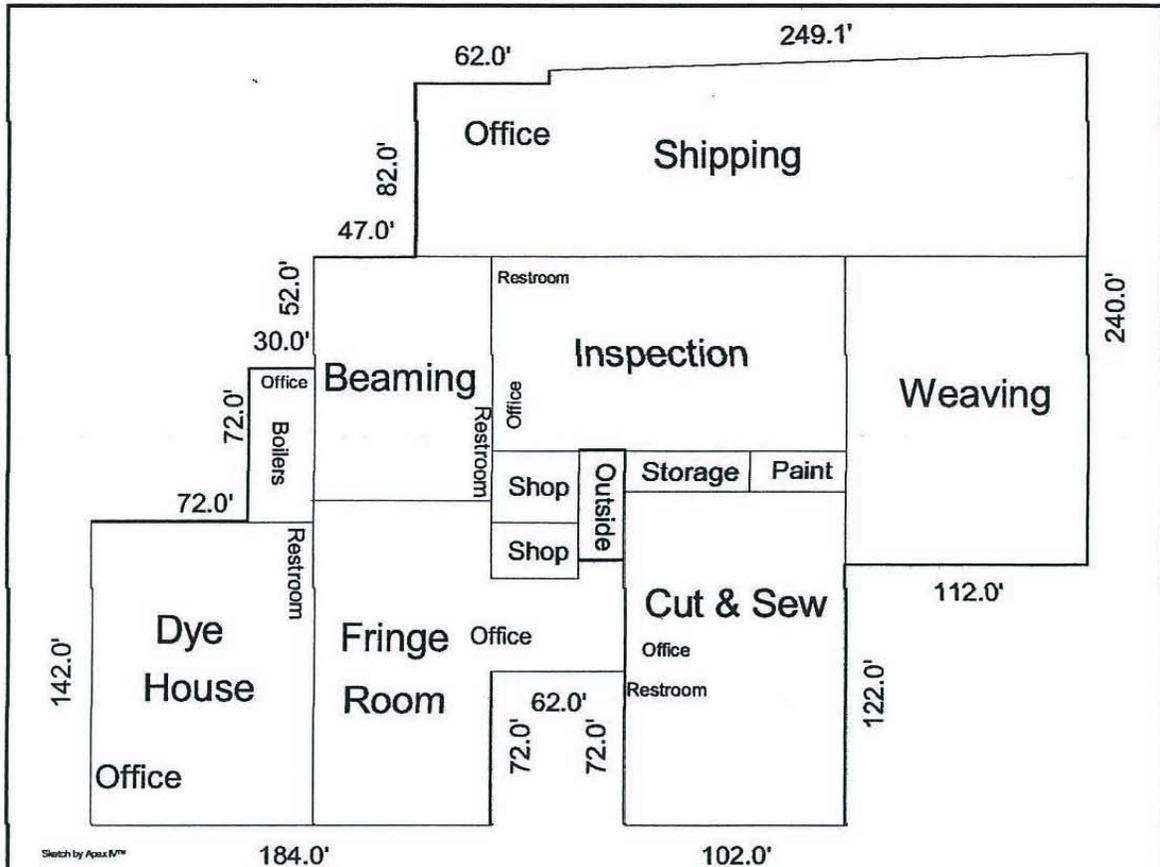
The Cost Approach is believed to best reflect the estimated value for property due to the advanced physical depreciation and the functional inadequacies of the improvements.

Utilizing only one approach to value inhibits the ability to setup an analysis grid. I have used the most recent and most similar comparable land sales and data I have access to. I have used the best sales available in my opinion and made adjustments that I consider necessary to best compare to the subject and reflect market reactions to the differences.

As a result of my appraisal and analysis, and considering the available facts and circumstances pertinent to an estimate of value, it is my opinion that the **Fee Simple Interest** "As Is" Estimated Market Value of the Subject property, as of April 26, 2012, is:

NINE HUNDRED FIFTY THOUSAND DOLLARS
(\$950,000)

EXHIBIT A
SKETCH



Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GBA1	First Floor	121736.0	
	Central Outside Area	-1118.0	120618.0
Net BUILDING Area		(Rounded)	120618

BUILDING AREA BREAKDOWN			
Breakdown		Subtotals	
First Floor			
0.5 x	8.0 x	249.0	996.0
	112.0 x	214.0	23968.0
	72.0 x	142.0	10224.0
	52.0 x	82.0	4264.0
	164.0 x	194.0	31816.0
	82.0 x	199.0	16318.0
	72.0 x	102.0	7344.0
	6.0 x	137.0	822.0
	112.0 x	232.0	25984.0
Central Outside Area			
	21.5 x	52.0	-1118.0
10 Items		(Rounded)	120618

EXHIBIT B
SUBJECT PHOTOS



West side of Building



South side of Building



Southeast side of Building



Southeast side of Building

EXHIBIT B
SUBJECT PHOTOS



South side of Building



Oothcalooga Street Scene (east)



West side of Building



Parking lot across McConnell Road from Building

EXHIBIT B
SUBJECT PHOTOS



Roof Damage



McConnell Road Scene (north)



Northwest side



West end of Building

EXHIBIT C
SUBJECT LOCATION MAP

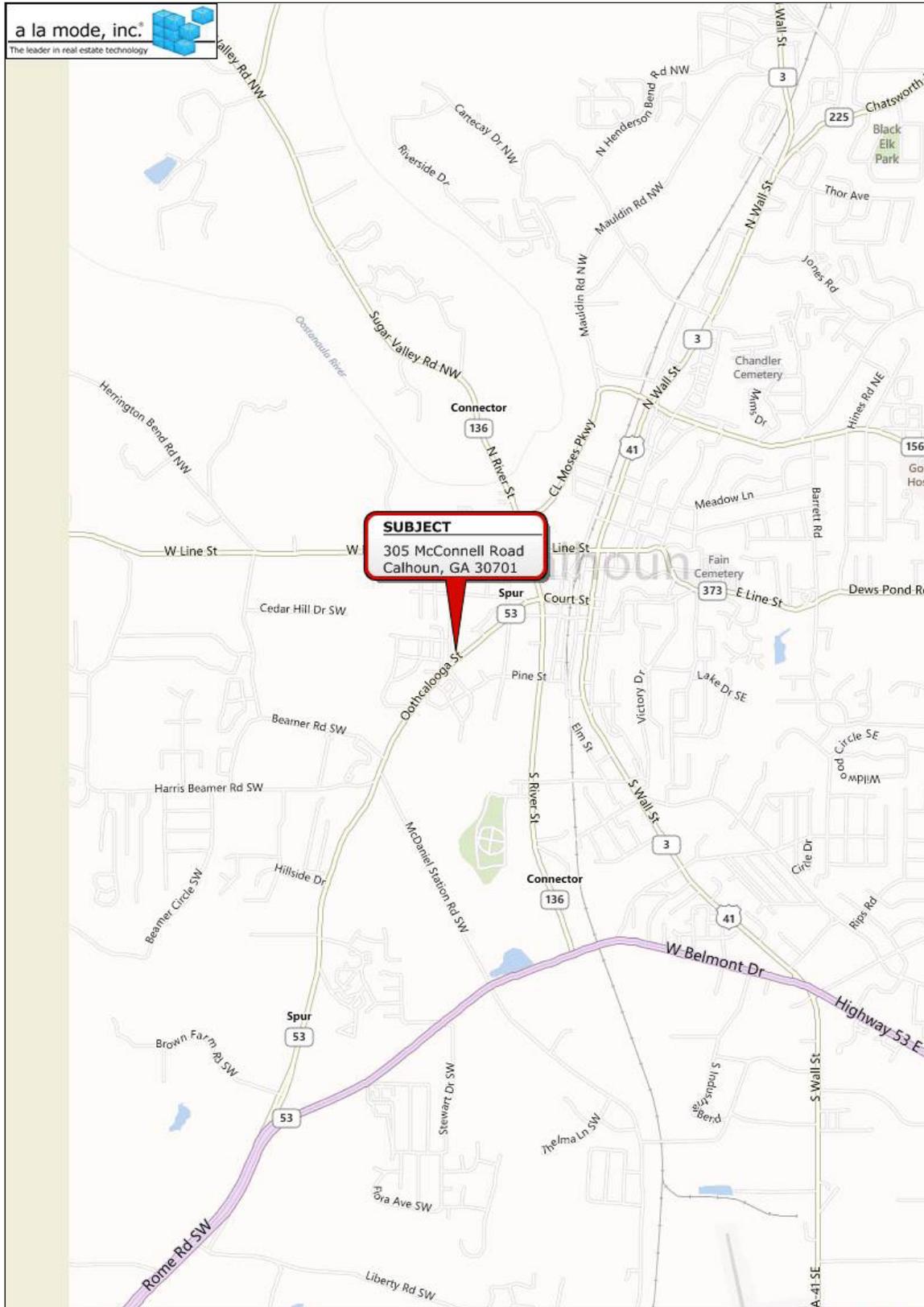


EXHIBIT D
LEGAL DESCRIPTION

Gordon County, Georgia
Real Estate Transfer Tax
Paid \$ 900.00
Date 8-25-94
STATE OF GEORGIA
COUNTY OF GORDON Lewis Couch
Lewis Couch, Clerk of Superior Court

3:30
8-25-94
432 372

LIMITED WARRANTY DEED

THIS INDENTURE, Made this 22nd day of August in the Year of Our Lord One Thousand Nine Hundred and Ninety-Four between O JAY MILLS, INC., a Georgia Corporation of the first part, and AMERICAN HOME PROPERTIES, INC., a Georgia Corporation of the second part,

WITNESSETH: That the said party of the first part, for and in consideration of the sum of Nine Hundred Thousand (\$900,000.00) Dollars, in hand paid, at and before the sealing and delivery of these presents, the receipt of which is hereby acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell and convey unto the said party of the second part, its successors and assigns, all those tracts or parcels of land as follows:

TRACT I: All that tract or parcel of land lying and being in the 14th District and 3rd Section of Gordon County, Georgia, located in the City of Calhoun and being a part of Land Lot 206 thereof described as follows: BEGINNING at an iron pin on the Northerly right of way of Oothcalooga Street, which said pin is North 48 degrees 40 minutes 40 seconds East 145.32 feet from the intersection of Oothcalooga Street and McConnell Road; thence North 40 degrees 42 minutes 24 seconds West 177.29 feet to the Easterly right of way of McConnell Road; thence North 01 degree 36 minutes 45 seconds West along McConnell Road 246.73 feet; thence North 45 degrees 03 minutes 00 seconds East 305.82 feet; thence South 40 degrees 42 minutes 24 seconds East 386.46 feet to the right of way of Oothcalooga Street; thence South 48 degrees 40 minutes 40 seconds West along Oothcalooga Street 460.60 feet to the point of beginning, containing 3.61 acres.

TRACT II: All that tract or parcel of land lying and being in the 14th District and 3rd Section of Gordon County, Georgia, located in the City of Calhoun and being a part of Land Lot 207 thereof described as follows: BEGINNING at the Southeast intersection of Powell Street and Gallman Street and running thence along Gallman Street North 88 degrees 22 minutes 46 seconds East 150.00 feet to McConnell Road; thence along McConnell Road South 01 degree 36 minutes 45 seconds East 210.00 feet; thence South 88 degrees 23 minutes 15 seconds West 153.00 feet to Powell Street; thence along Powell Street North 00 degree 47 minutes 38 seconds West 210.00 feet, containing 0.73 acres. This instrument also conveys all machinery, equipment and fixtures located on the above described property.

TO HAVE AND TO HOLD the said tract or parcel of land, with all and singular the rights, members and appurtenances thereof, to the same being, belonging, or in anywise appertaining, to the only proper use, benefit and behoof of the said party of the second part, its successors and assigns, forever, in Fee Simple.

EXHIBIT D
LEGAL DESCRIPTION

IN WITNESS WHEREOF, the said party of the first part has caused this deed to be executed and sealed, the day and year above written.

O JAY MILLS, INC.

By: [Signature]

Attest: [Signature]
(CORPORATE SEAL)

Signed, sealed and delivered
in the presence of

[Signature]
Unofficial Witness

[Signature]
Notary Public, State of New York
County of New York
My commission expires: May 20, 1995

N.P. 2024 520 03

MICHAEL JEFFREY SHAPIRO
NOTARY PUBLIC, State of New York
No. 31-4704616
Qualified in New York County
Commission Expires March 30, 1995
May 20, 1995

EXHIBIT E
TAX ASSESSORS' PRINT-OUT

Owner and Parcel Information

Owner Name:	AMERICAN HOME PROPERTIES INC	Today's Date:	4/24/2012
Mailing Address:	P O BOX 935 CALHOUN , GA 30703	Parcel Number:	C12 038
Location Address:	0 Hwy 53	Tax District:	Calhoun
Legal Description:		Neighborhood Code:	99999
Digest Class:	Industrial	Acres:	3.53
Preferential Use Covenant Year:		Homestead Exemption:	\$0
Tax Bill:	View Tax Bill	Building Sketch:	-- Select Document--
Parcel Map:	MapIt!	Property Photo:	-- Select Document--

Current Value Information

Land Value	Total Value	Previous Value
\$61,775	\$286,965	\$286,965

Residential Improvement Information

No Improvement Information

Commercial Improvement Information

Total Value	Year Built	Used As	Building Area
\$546,943	1962	Warehouse/Storage-C	123,014

Additional Features (Accessories)

Accessory Description	Year Built	Improvement Value	Override Value
Sprinklers	1962	\$0	\$0

Sales Information

Sale Date	Sale Price	Deed Page	Plat Page
1994-08-22	\$0	432 372	
1899-12-30	\$0	041 390	

EXHIBIT E
TAX ASSESSORS' PRINT-OUT

Owner and Parcel Information

Owner Name:	AMERICAN HOME PROPERTIES INC	Today's Date:	4/26/2012
Mailing Address:	P O BOX 935	Parcel Number:	C03 042A
	CALHOUN , GA 30703	Tax District:	Calhoun
Location Address:	0	Neighborhood Code:	99999
Legal Description:	143 207	Acres:	0.52
Digest Class:	Industrial	Homestead Exemption:	\$0
Preferential Use Covenant Year:		Conservation Use Covenant Year:	
Tax Bill:	View Tax Bill	Building Sketch:	N/A
Parcel Map:	MapIt!	Property Photo:	N/A

Current Value Information

Land Value	Total Value	Previous Value
\$9,100	\$10,327	\$12,946

Residential Improvement Information

No Improvement Information

Commercial Improvement Information

No Commercial Information

Additional Features (Accessories)

Accessory Description	Year Built	Improvement Value	Override Value
Fence-Comm Chain Link 6 ft	1998	\$1,227	\$0

Sales Information

Sale Date	Sale Price	Deed Page	Plat Page
1994-08-22	\$900,000	432 372	

EXHIBIT E
TAX ASSESSORS' PRINT-OUT

Owner and Parcel Information

Owner Name:	AMERICAN HOME PROPERTIES INC	Today's Date:	4/26/2012
Mailing Address:	P O BOX 935	Parcel Number:	C03 043A
	CALHOUN, GA 30703	Tax District:	Calhoun
Location Address:	0	Neighborhood Code:	
Legal Description:		Acres:	0.17
Digest Class:	Residential	Homestead Exemption:	S0
Preferential Use Covenant Year:		Conservation Use Covenant Year:	
Tax Bill:	View Tax Bill	Building Sketch:	N/A
Parcel Map:	MapIt	Property Photo:	N/A

Current Value Information

Land Value	Total Value	Previous Value
\$8,190	\$8,190	\$11,700

Residential Improvement Information

No Improvement Information

Commercial Improvement Information

No Commercial Information

Additional Features (Accessories)

No Additional Features Information

Sales Information

Sale Date	Sale Price	Deed Page	Plat Page
1994-08-22	\$0	432 372	
1971-05-25	\$0		

EXHIBIT E
TAX ASSESSORS' PRINT-OUT

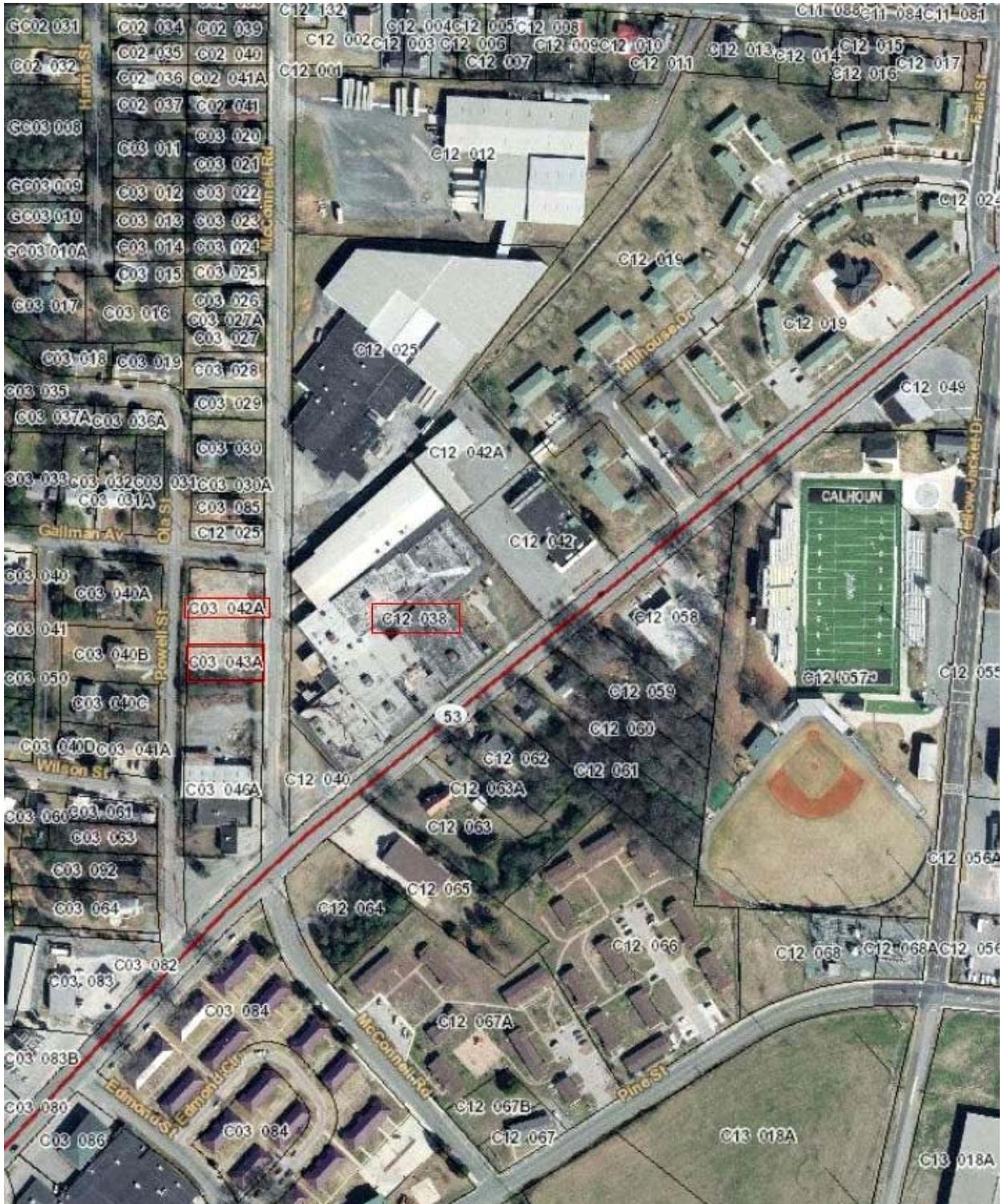


EXHIBIT F
FLOOD MAP

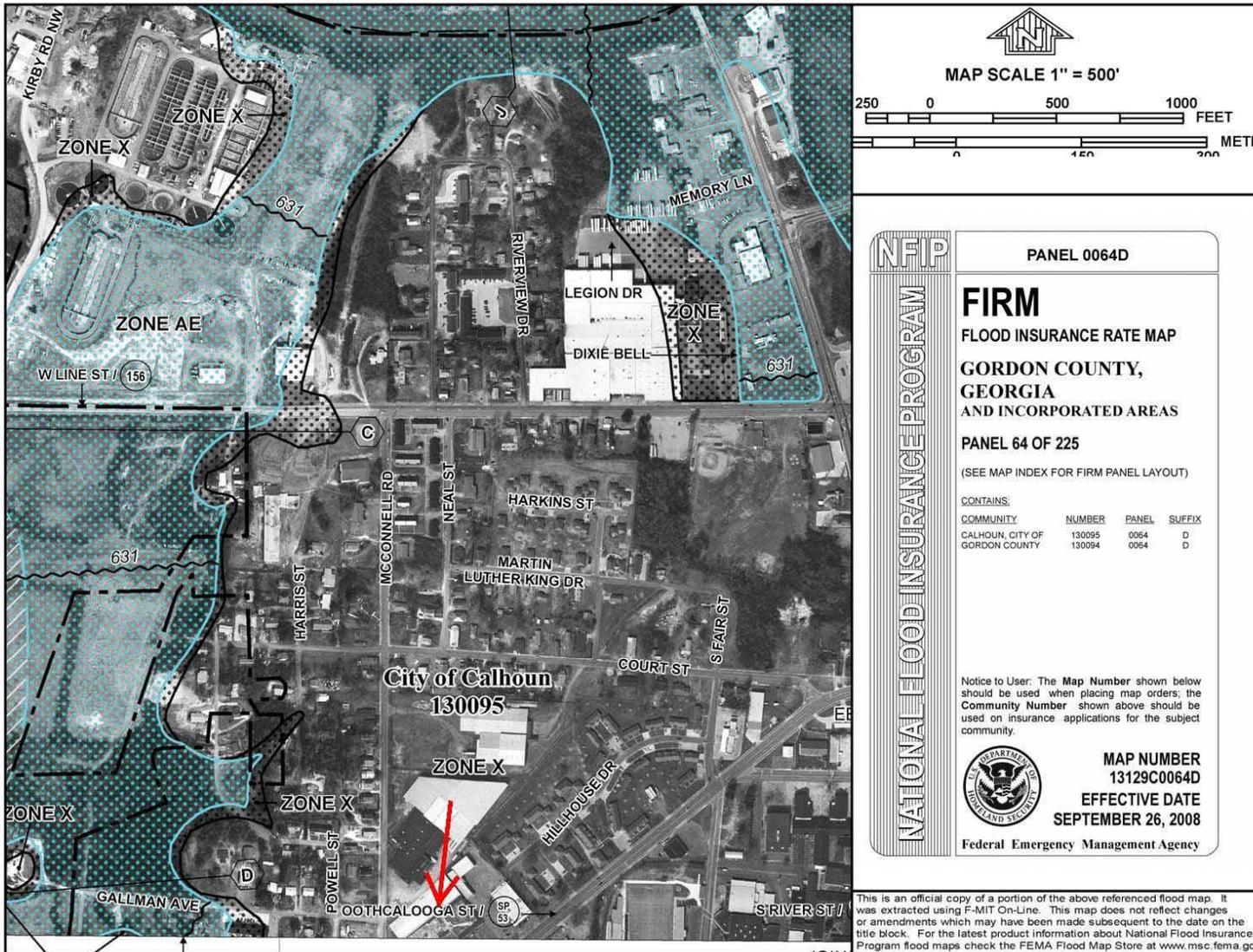


EXHIBIT G
CERTIFICATION OF APPRAISER

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- 1) The statements of fact contained with this report are true and correct
- 2) The reported analysis, opinions, and conclusions are limited only by the reported “assumptions and Limiting Conditions” and Special Assumption” (if any), and are my personal, impartial, and unbiased professional analysis, opinions and conclusions.
- 3) I 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.
- 4) I have performed other services, as an appraiser, regarding the property that is the subject of this report within the past three year period immediately preceding acceptance of this assignment.
- 5) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 6) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 7) My 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 attainment, 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.
- 8) My analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Practice (USPAP).
- 9) E. W. Collins has made a personal inspection of the Subject and all of the Comparable Sales.
- 10) Unless otherwise noted, no others provided significant professional assistance to the undersigned.
- 11) The undersigned currently hold a Georgia State Certified General Appraiser Certification, allowing the performance of real estate appraisals in connection with federally related transactions in the state.
- 12) As of the date of this report, the undersigned appraiser has completed the requirements of the continuing education program of the Georgia Real Estate Appraisers Board.

Edward W. Collins



Georgia Certified General Appraiser

Real Property Appraiser #CG00476

EXHIBIT H
LIMITING CONDITIONS

Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distributions of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser may be communicated to the public through advertising, public relations, media sales, or other media. All files, work papers and documents developed in connection with this assignment are the property of Edward W. Collins. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil, or structure, which would make the property more or less valuable, were discovered by the appraiser or made known to the appraiser. No responsibility is assumed for such conditions or engineering necessary to discover them, unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on, in the property, or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

EXHIBIT I
LICENSE

**STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD**

EDWARD WILLIAM COLLINS

476

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.

CHARLES B. BRAMLETT
Chairperson

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

SANDRA MCALISTER WINTER
Vice Chairperson

5377007

EDWARD WILLIAM COLLINS

476
Status ACTIVE

CERTIFIED GENERAL REAL PROPERTY
APPRAISER

ORIGINALLY LICENSED

06/10/1991
END OF RENEWAL
01/31/2013

THIS LICENSE EXPIRES IF YOU FAIL TO PAY
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 30303-1805



WILLIAM L. ROGERS, JR.
Real Estate Commissioner

5377007

EXHIBIT J
E&O INSURANCE



COVER NOTE

INSURED: Edward W. Collins

MAILING ADDRESS: 8363 Fairmount Highway SE
Fairmount, GA 30139

This is to certify that the undersigned has procured insurance coverage as hereafter specified from certain companies and/or underwriters.

EFFECTIVE: 02/11/2012 **EXPIRATION:** 02/11/2013 **RETROACTIVE:** 02/11/2009

COVERAGE: FREA Errors & Omissions Professional Liability Policy

Profession: Real Estate Appraiser
Claims Made Form: 90395 (3/06)
Limits: Per Occurrence: \$1,000,000 Annual Aggregate: \$1,000,000
\$1,000 Retention each wrongful act

CONDITIONS:

Real Estate Agent/ Broker Referral Indemnity
Known wrongful act exclusion
Pending/prior litigation exclusion
Defense within policy limit

COMPANIES PARTICIPATING:

National Union Fire Insurance Company of Pittsburgh, PA

COVER NOTE # FREA 09-9891

CUSTOMER #: 0035875

Issued at: 4907 Morena Blvd., Suite 1415
San Diego, CA 92117

DATE: 02/16/2012

By: *K Carpenter*

Insurance, when effected shall be subject to all terms and conditions of policy(ies) which will be issued, and in the event of any inconsistency herewith, the terms and provisions of the policy prevail.

EXHIBIT K
QUALIFICATIONS OF APPRAISER

E. W. Ted Collins
Georgia Certified
General Appraiser #476
8363 Fairmount Highway
Fairmount, Georgia 30139-2632
P. O. Box 306
Calhoun, Georgia 30703-0306

Appraisal Courses Completed

BAILEY SCHOOLS	USPAP Update 2012\2013
GEORGIA APPRAISAL SCSHOOOL	REO
GEORGIA APPRAISAL SCSHOOOL	Fannie Mae Appraisal Practices
NATIONAL COLLEGE OF APPRAISAL	Principles of Appraising
SOCIETY OF REAL ESTATE APPRAISERS	101
SOCIETY OF REAL ESTATE APPRAISERS	102
SOCIETY OF REAL ESTATE APPRAISERS	201
SOCIETY OF REAL ESTATE APPRAISERS	Residential Narrative Report Writing
SOCIETY OF REAL ESTATE APPRAISERS	Standards of Professional Practice
APPRAISAL INSTITUTE	310
WILLIAM H. SHARP & ASSOCIATES	Home Inspections
WILLIAM H. SHARP & ASSOCIATES	CABO Family Dwelling Code
WILSON SCHOOL OF CONTINUING EDUCATION	Marshall & Swift Residential Cost Approach
WILSON SCHOOL OF CONTINUING EDUCATION	Marshall & Swift Commercial Cost Approach
APPRAISAL STANDARDS BOARD	USPAP Instructors' Training Forum
GEORGIA REAL ESTATE EDUCATORS ASSOC.	Instructor Certification
LINCOLN GRADUATE CENTER	Farm and Land Appraisal
McKISSOCK DATA SYSTEMS	The Appraiser as an Expert Witness
McKISSOCK DATA SYSTEMS	Real Estate Fraud and the Appraiser's Role
McKISSOCK DATA SYSTEMS	Residential Construction
McKISSOCK DATA SYSTEMS	Appraisal Review
McKISSOCK DATA SYSTEMS	Construction Details & Trends
THE R. E. INFORMATION MANAGEMENT SCHOOL	Excel I & Excel II & Digital Photography
SMITHMEYER & ASSOCIATES	Foreclosure Appraisals

CLASSES TAUGHT FOR W. H. HUNT APPRAISAL SCHOOL

NINETY HOUR LICENSING CLASS
RURAL AND FARM APPRAISAL
FARM AND TIMBER LAND APPRAISAL
APPRAISAL MATH & STATISTICS
COST APPROACH
DEPRECIATION
BUILDING INSPECTIONS
ARE YOUR COMPARABLES COMPARABLE?
INCOME APPROACH
APPRAISING SPECIAL PURPOSE PROPERTIES
UNIFORM STANDARD OF PROFESSIONAL APPRAISAL PRACTICE
BACK TO BASICS

EXHIBIT K
QUALIFICATIONS OF APPRAISER

8363 Fairmount Highway
Fairmount, GA. 30139
P. O. Box 308
Calhoun, GA 30703-0308

Phone (Office) 706-629-8222
Fax: 706-629-7812
E-mail: nogaapp@Bellsouth.net

Edward Wm. Ted Collins d/b/a COLLINS APPRAISAL SERVICE

Georgia Certified Appraiser #CG476
Georgia Appraiser Instructor #216468

Education: Kennesaw State University—BBA Accounting Kennesaw, Georgia

Experience: Full Time Appraiser Last 20 years

Real Estate Appraisal Instructor 9 years

3.5 years V. P. Appraiser, First National Bank of Northwest Georgia
Calhoun, GA.

4 years Staff Appraiser Decatur Federal Savings & Loan
Decatur, GA. (Dalton Branch)

Contract Right of Way Condemnation Appraiser for
Tennessee Valley Authority, Knoxville, Tennessee

Contract Road Right of Way Appraiser Whitfield County
Dalton, Georgia

Contract Road Right of Way Appraiser
Georgia Department of Transportation

Sewer and Road Right of Way, City of Calhoun, Georgia

Commercial Appraisals for various Banks and Mortgage companies

Home Mortgage Appraisals for various Banks and Mortgage
companies

Appraisals for various attorneys for estates and divorces

Appraisal reviews for banks and mortgage companies

Real estate consultations and business valuations

Began appraising part-time in 1961 while in building construction
business.