

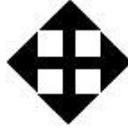
**THE SELF CONTAINED APPRAISAL OF
A SHELL BUILDING (28,530 SF) ON 2 ACRES
LOCATED AT 1 FREEDOM WAY
AUGUSTA, GEORGIA 30904**

Prepared for:

Robert L. Moody, President
AmeriVet Real Estate Services Inc.
A Service Disabled Veteran Owned Small Business
8359 Gunn Highway
Tampa, FL 33626

Prepared by:

*The William Fall Group
300 Madison Avenue
Suite 900
Toledo, Ohio 43604*



T H E W I L L I A M F A L L G R O U P

Real Estate Valuation and Analysis

November 3, 2011

Robert L. Moody, President
AmeriVet Real Estate Services Inc.
A Service Disabled Veteran Owned Small Business
8359 Gunn Highway
Tampa, FL 33626

RE: A Shell Building (28,530 SF) located on 2.0 Acres
 1 Freedom Way- Building 18
 Augusta, Georgia 30904

Dear Mr Moody,

At your request, we have performed a self-contained appraisal of the real property named above. The appraisal states our opinion of the Market Value as defined by the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) of the Fee Simple Interest in the property, subject to various Assumptions and Limiting Conditions described in the accompanying report. The physical viewing and analysis that form the basis of the valuation have been conducted by the undersigned. William Fall reviewed this report and concurs with the final value estimate.

The function of the appraisal is to assist in internal decision making for the potential renovation of a VA Medical Building (18) on the Charlie Norwood VA Medical Center Campus. The client and intended user of this report is Amerivet Real Estate Services Inc. and/or their assigns.

This appraisal is prepared in accordance with the minimum generally accepted appraisal standards as set forth by the Appraisal Subcommittee of the Federal Financial Institution Examination Council and the Appraisal Foundation. The appraisal was prepared by the undersigned with no significant professional assistance from others unless so stated and is reported in a Self – Contained format with all pertinent data included herein summarized. This appraisal was also completed under IAW UASFLA requirements.

This valuation consists of an appraisal conforming to generally accepted appraisal standards as evidenced by the Uniform Appraisal Standards for Federal Land Acquisitions and/or the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation. It is presented in self contained form prepared under Standards Rule 2-2(a).

No responsibility has been assumed for matters legal in nature, nor has any opinion on title been rendered and this appraisal assumed marketable title. Liens and encumbrances, if any, have been disregarded and the property appraised as though free of indebtedness.

Employment in and compensation for making this report are in no way contingent upon the value reported and we certify that we have no present or future interest in the subject property.

Based on the analysis presented in the following report, it is our opinion that the Market Value of the Fee Simple Interest in the subject property (Building 18) “*As Is*,” as of October 21, 2011, was:

\$570,000

Five Hundred Seventy Thousand Dollars

Additionally, based on the analysis presented in the following report, it is our opinion that the Market Value of the Fee Simple Interest in the subject property (2.0 Acres) "*As if Vacant*," as of October 21, 2011, was:

\$200,000

Two Hundred Thousand Dollars

Additionally, based on the analysis presented in this report, it is our opinion that the Market Value of the Leased Fee Rental Rate from the subject property (improved site based on a building size of 28,530 Square Feet -shell building) as of approximately October 21, 2011 was:

55 Year Lease- \$40,750 per year

65 Year Lease- \$40,100 per year

75 Year Lease- \$39,775 per year

Additionally, based on the analysis presented in this report, it is our opinion that the Market Value of the Leased Fee Rental Rate from the subject property (based on an as if vacant land size of 2.0 Acres) as of approximately October 21, 2011 was:

55 Year Lease- \$14,300 per year

65 Year Lease- \$14,075 per year

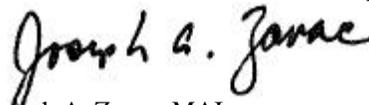
75 Year Lease- \$13,925 per year

This valuation is for 100% real estate.

We hereby certify that to the best of our knowledge and belief, the statements contained within this appraisal report, and upon which the opinions expressed herein are based, are correct, subject to the limiting conditions.

We trust that this report meets with your requirements, but if further service is needed, please contact us.

On behalf of The William Fall Group,



Joseph A. Zavac, MAI
Ohio General Appraiser 2001021272
Michigan Certification 1201069365
Indiana General Certification CG41001320
Georgia Temporary License 2011-128



William Fall MAI, SRA, ASA
Ohio General Appraiser 380178
Michigan Certification 1201000227
California General Certified, Certification No. AG043881
Indiana General Certified, License # CG40901110

Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above– Northeast view of subject building, Below– North view



Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above– East view & Below– North view



Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above, 1 Freedom Way view north, Below– 1 Freedom Way view south



Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above– Wrightsboro Road view west, Below– Wrightsboro Road view east



Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above– Entrance Signage, Below– Office Interior 1st floor



Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above- Office First Floor, Below– Restroom First Floor



Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above– Electrical Panels, Below– Offices First Floor



Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above– Utility room First Floor, Below– Office



Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above– Second Floor living quarters, Below– Living quarters



Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above & Below– Second floor Living quarters



Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above– Third Floor living quarters, Below– Restroom



Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above & Below – Third Floor living quarters



Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above & Below– Fourth Floor living quarters



Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above & Below– Fourth Quarter living quarters



Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above– Adjacent Building 19, Below– Nearby Building 20



Subject Photos–Building 18, Charles Norwood VA Campus Augusta Georgia



Above - Adjacent Maintenance Building west, Below - New Building east



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Photographs of Subject Property
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REPORT CONFORMANCE WITH APPRAISAL STANDARD ISSUES

- A. **Minimum Standards:** For Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) related transactions, all appraisals shall, at a minimum:
- (1) Conform to generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation.
 - (a) Disclose any steps taken that were necessary or appropriate to comply with the Competency Provision of the USPAP.
 - (b) In developing a real property appraisal, when the value opinion to be developed is market value, an appraiser must, if such information is available to the appraiser in the normal course of business:
 - (i) analyze all agreements of sale, options, or listings of the subject property current as of the effective date of the appraisal; and
 - (ii) analyze all sales of the subject property that occurred within the ten (10) years prior to the effective date of the appraisal.
 - (c) Analyze the report data on current revenues, expenses, and vacancies for the property if it is and will continue to be income-producing.
 - (d) Analyze and report on current market conditions and trends that will affect projected income or the absorption period, to the extent they affect the value of the subject property.
 - (f) Unavailability of information: If information required or deemed pertinent to the completion of an appraisal is unavailable, that fact shall be disclosed and explained in the appraisal.
 - (g) Include in the certification required by the USPAP an additional statement that the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
 - (h) Identify and separately value any personal property, fixtures, or intangible items that are not real property, but are included in the appraisal, and discuss the impact of their inclusion or exclusion on the estimate of market value.
 - (2) Be written and contain sufficient information and analysis.
 - (a) Be sufficiently descriptive to enable the reader to ascertain the estimated market value and the rationale for the estimate; and
 - (b) Provide detail and depth of analysis that reflect the complexity of the real estate appraised.
 - (3) Be based upon the definition of market value as set forth by the UASFLA.

- (4) Analyze and report appropriate deductions and discounts for any proposed construction, or any completed properties that are partially leased or leased at other than market rents as of the date of the appraisal, or any tract developments with unsold units.
- (5) Be performed by a State licensed or certified appraiser.
 - (a) Licensing Requirement: Appraisers are required to be licensed and regulated by the State in which the subject property is located. State of Georgia- Real Estate Commission, Suite 100-International Tower, 229 Peachtree Street NE, Atlanta Georgia 30303-1605

In Michigan, this process is handled by the Michigan Department of Labor and Economic Growth, P.O. Box 30018, Lansing, Michigan, 48909.

In Ohio, this process is handled by the Ohio Department of Commerce, 77 S. High Street, Columbus, Ohio 43266.

In Georgia, this process is handled by the Georgia Real Estate Commission.

Each report must contain a statement that the appraiser is currently and properly licensed.

CERTIFICATION

I hereby certify that I have not personally viewed the subject property and have considered the factors affecting its valuation, and have formed an opinion of value, with Joseph A. Zavač of a specified amount as of a specified time. Except as otherwise noted in this report, I hereby certify that to the best of my knowledge and belief:

To the best of my knowledge and belief, the statements of fact contained in this report, upon which the analysis, opinions and conclusions are based, are true and correct.

1. The reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions, (imposed by the nature of the assignment or the undersigned) and is my personal, impartial and unbiased professional analysis, opinions and conclusions.
2. I have no present or prospective future interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
3. I have no bias with respect to the property that is the subject matter of this appraisal report or the parties involved with this assignment.
4. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. 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 amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, the American Society of Appraisers and the Appraisal Foundation which include the Uniform Standards of Professional Appraisal Practice.
7. No one other than the undersigned and Joseph A. Zavač provided significant professional assistance to the person signing this report.
8. As of the date of this report, I, William Fall, have completed the continuing education program of the Appraisal Institute.
9. I have not previously appraised the subject property.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. This appraisal was made and the appraisal report was prepared in conformity with the Appraisal Foundation's *Uniform Standards for Professional Appraisal Practice*, except to the extent that the *Uniform Appraisal Standards for Federal Land Acquisitions* required invocation of USPAP's Jurisdictional Exception Rule, as described in Section D-1, of the *Uniform Appraisal Standards for Federal Land Acquisitions*.

1 Freedom Way
Augusta, Georgia 30904

12. I am presently certified under the continuing education program of the American Society of Appraisers. I am licensed by the State of Ohio as a Class GA Real Estate Appraiser, Certification No. 380178 through June 18, 2012 and by the State of California as a Certified General Real Estate Appraiser, Certification No. AG043881 through June 18, 2012. I am certified by the State of Michigan as a State Certified Real Estate Appraiser through July 31, 2012, Permanent ID No. 1201000227 and by the State of Indiana as a Certified General Real Estate Appraiser, License # CG40901110, through June 30, 2012. Appraisers in the State of Michigan are required to be licensed by the Department of Labor and Economic Growth, in the State of Ohio by the Division of Real Estate and Professional Licensing., in Indiana by The Indiana Real Estate Board and in California by the Office of Real Estate Appraisers.

A handwritten signature in black ink, appearing to read "William Fall". The signature is stylized and cursive.

William Fall, MAI, SRA, ASA

CERTIFICATION

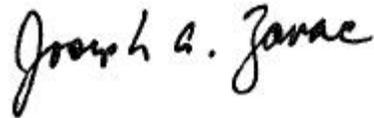
I hereby certify that I personally viewed the subject property, considered the factors affecting its valuation, and have formed an opinion of value together with William Fall of a specified amount as of a specified time.

Except as otherwise noted in this report, I hereby certify that to the best of my knowledge and belief:

1. I, Joseph A. Zovac, have viewed the property. To the best of my knowledge and belief, the statements of fact contained in this report, upon which the analysis, opinions and conclusions are based, are true and correct.
2. The reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions, (imposed by the nature of the assignment or the undersigned) and are my personal, impartial and unbiased professional analysis, opinions and conclusions.
3. I have no present or prospective future interest in the property that is the subject of this report, and no personal interest with respect to the parties involved with this assignment.
4. I have no bias with respect to the property that is the subject of this appraisal report or the parties involved.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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 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.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute and the Appraisal Foundation which include the Uniform Standards of Professional Appraisal Practice.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. I have not previously appraised the subject property.
10. No one other than the undersigned and William Fall provided significant professional assistance to the person signing this report.
11. I am presently certified by the State of Ohio as a Certified General Real Estate Appraiser through March 12, 2012, Certification No. 2001021272 and by the State of Michigan as a Certified General Appraiser through July 31, 2013, Permanent License Number 1201069365. I am also certified by the State of Indiana through June 30, 2012, License Number CG41001320 as a State Certified General Appraiser. I also have a Temporary Practice Permit from the State of Georgia, License Number 2011-128 which expires on May 7, 2012.

1 Freedom Way
Augusta, Georgia 30904

12. This appraisal was made and the appraisal report was prepared in conformity with the Appraisal Foundation's *Uniform Standards for Professional Appraisal Practice*, except to the extent that the *Uniform Appraisal Standards for Federal Land Acquisitions* required invocation of USPAP's Jurisdictional Exception Rule, as described in Section D-1, of the *Uniform Appraisal Standards for Federal Land Acquisitions*.

A handwritten signature in black ink that reads "Joseph A. Zavač". The signature is written in a cursive style with a large, prominent initial "J".

Joseph A. Zavač, MAI

SUMMARY OF SALIENT FACTS

LOCATION:	1 Freedom Way (Charles Norwood VA Campus) Streetsboro Road @ Freedom Way Augusta, Georgia 30904 (Richmond County)
DATE OF VIEWING:	October 21, 2011
DATE OF VALUE:	October 21, 2011 – “As Is”
PROPERTY INTERESTS APPRAISED:	Fee Simple– “As Is” (Shell Condition) Fee Simple– “As If Vacant” -2.0 Acres Vacant Commercial Land
SITE DATA:	
SITE AREA:	2.0 acres allocation from a 105.70 acre site per Richmond County public records and subject to survey (subject site per client)
ZONING:	R-3, Residential District per the City of Augusta Zoning Department. This residential zoning limits the number of units to 14. A petition to change the zoning to R3C is planned to allow a greater number of units. This zoning change is believed to be reasonable and probable according to Robert Moody of AmeriVets Real Estate Services Inc, a Prime Contractor of the VA, which is coordinating the EUL process for this building. The subject “as is” and “as complete” is considered a legal conforming use, per our understanding of the zoning in place and the proposed zoning and discussions with Bob Austin of Augusta Zoning. Mr. Austin (706-821-1796) indicated that this property is primarily excluded from zoning restrictions due to the Federal Government owning this land. According to Mr. Austin, the VA is free to use this land as they see fit. However, the VA will be in conformance with all zoning regulations for the proposed group home use for the subject building.
TOXIC WASTE:	None noted by or reported to this appraiser

HIGHEST AND BEST USE:

AS VACANT:

Future medical office development based on demand at the VA Medical Center Complex

AS IMPROVED:

Potential commercial medical office building/Group Home Care

IMPROVEMENT DATA:

TYPE:

The subject property contains a shell office & residential building- Building 18- 28,530 SF. Building 18 was formerly a home for veterans patients with offices on the first floor and living quarters on floors 2-4. This building has not been utilized in the last 5-6 years. It is considered a shell building as most mechanical and building components would need major renovations or replacement. HVAC, plumbing and electrical systems would need to be replaced as well as renovation to the building to be useable as indicated by Timothy Harris of the VA. However, the developer will need to verify utility of these items.

YEAR BUILT:

Building 18- 1913 with a major renovation occurring in 1985

SIZE:

Building 18- 28,530 SF

CONDITION:

Building 18- shell to fair- "As Is"

Note: Although the subject resides on the Federal VA Campus, the proposed group home use (as completed) will conform to Augusta municipal codes, planning, zoning and enforcement. The VA and eventual developer will abide by the reasonable governance of the city of Augusta Departments.

COST APPROACH Not Developed

SALES COMPARISON APPROACH

28,530 SF Shell Building \$570,000

2.0 Acres Land "As if Vacant" \$200,000

55 Year Lease Rate (Land & Building) \$40,750 per year

65 Year Lease Rate (Land & Building) \$40,100 per year

75 Year Lease Rate (Land & Building) \$39,775 per year

55 Year Lease Rate (Land As if Vacant) \$14,300 per year

65 Year Lease Rate (Land As if Vacant) \$14,075 per year

75 Year Lease Rate (Land As if Vacant) \$13,925 per year

INCOME APPROACH Not Developed

SPECIAL ASSUMPTIONS:

Please refer to the complete list of Assumptions and Limiting Conditions included on the following pages of this report.

Assumptions and Limiting Conditions

This appraisal is subject to the following assumptions and limiting conditions.

- 1) No survey of the subject property was undertaken by the appraiser.
- 2) No responsibility is assumed by the appraisers for matters which are of a legal nature, nor is any opinion on the title rendered herewith. Good and marketable title is assumed.
- 3) The information contained herein has been gathered from sources deemed to be reliable. No responsibility can be taken by the appraisers for its accuracy. Correctness of estimates, opinions, dimensions, sketches and other exhibits, which have been furnished and have been used in this report are not guaranteed. The value estimate rendered herein is considered reliable and valid only as of the date of the appraisal due to rapid changes in the external factors that can significantly affect the property value.
- 4) This study is to be used in whole and not in part. No part of it shall be used in conjunction with any other appraisal. Publication of this report or any portion thereof without the written consent of the appraiser is not permitted.
- 5) The appraisers herein, by reason of this report, are not required to give testimony in court with reference to the property appraised unless notice and proper arrangements have been previously made therefore.
- 6) The value estimate assumes responsible ownership and competent management. The appraiser assumes no responsibility for any hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions, or for engineering, which may be required to discover such factors.
- 7) Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraisers, or the firm with which they are connected, or any reference to the Appraisal Institute or the Appraisal Foundation.
- 8) That all mortgages, liens, encumbrances and leases have been disregarded except as specified within the report.
- 9) That it is assumed that all applicable zoning and use regulations and restrictions have been complied with unless a nonconformity has been stated, defined, and considered in the appraisal report.
- 10) That it is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the values contained in this report are based.
- 11) That it is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment, trespass, or easement unless stated within the report.
- 12) That this appraisal involves the real estate only and does not include equipment or personal property, unless otherwise stated.

- 13) The projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are the best estimate of current market thinking of what future trends will be. No warranty of representation is made these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of the appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand.
- 14) Unless otherwise stated within this report, the existence of any hazardous material, which may or may not be present on the subject property, was not observed by the appraiser. The Market Value Estimate is predicated on the assumption that there is not a significant amount of hazardous material on or in the subject property that would cause a loss in value. However, no responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. Thus, we recommend engaging an expert in this field to determine if any such conditions exist.
- 15) That no environmental impact studies were either requested or made in conjunction with this appraisal, and the appraiser hereby reserves the right to alter, amend, revise or rescind any of the value opinions, based upon any subsequent environmental impact studies, research or investigation.
- 16) That this appraisal was prepared for stated purposes and will not be used for any other purpose, or published, in whole or in part, without the written consent of the appraisers.
- 17) The improvement is considered to be within the lot line and except as noted herein, is in accordance with local zoning and building ordinances. Any plots, diagrams and drawings found herein are to facilitate and aid the reader in picturing the subject property and are not meant to be used as references in matters of survey.
- 18) The property is appraised as though under reasonable ownership and competent management.
- 19) The Americans with Disabilities Act ("ADA") became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.
- 20) That acceptance of and/or use of this appraisal report constitutes acceptance of the foregoing limiting conditions.

SPECIAL ASSUMPTIONS

In addition to the Assumptions and Limiting Conditions listed within this report, the values contained herein are contingent upon the following special assumptions and limiting conditions:

1. The subject's valuation is based upon information received both verbally and in documentation form from the VA (Timothy Harris) and from the AmeriVets Real Estate Services Inc. (Robert Moody), a Prime Contractor organization for the VA, which coordinates the EUL process as it pertains to the potential renovation of the building.
2. The subject valuation is based on two separate scenarios- A market lease rate for the improved property "as is" as shell building and a market lease rate for the subject property "as if vacant" land (clean- without known environmental contamination).
3. This appraisal does not consider the subject in an "as completed" scenario based on proposed renovations to the building. The subject is appraised as is based on the above two scenarios, only.
4. The subject building is reported to be applying for a designation to be placed on the National Register of Historic Places. The valuation of the building is for an as is basis. Acceptance on the National Registry of Historic Places is not believed to affect the valuation of the subject property on an as is basis. The plan for future renovation (not a part of this appraisal) to the building is believed to incorporate the requirements of the Registry to continue to keep the building on the Registry if accepted.

PROPERTY IDENTIFICATION

ADDRESS

1 Freedom Way- Building 18
Augusta, Richmond County, Georgia 30904

The property is identified for real estate tax purposes as Richmond County Permanent Parcel Number: 044-3-141-00-0.

LEGAL DESCRIPTION

The subject is briefly described as a plat of land being an allocation of 2.0 acres from a total site size of 105.70 acres (according to the Richmond County Property Record Card). The subject land is located on the western portion of the Charlie Norwood VA Campus in West Central Augusta. This property is legally identified as 1 Freedom Way located in the city of Augusta, Richmond County, Georgia.

RECENT PROPERTY OWNERSHIP AND SALES HISTORY

The subject property is in the ownership of the US Government VA Hospital. The appraisers are not aware of any market sales or transfers within the past ten-years. The subject property is reported to be donated or long term land leased (for a nominal amount) to a related government entity- the developer of the EUL, which will renovate the existing shell building to group home use. This is being coordinated by AmeriVets Real Estate Services Inc, Prime Contractor for the VA for the EUL process to coordinate the renovation of the existing building into housing for veterans according to Robert Moody of the Amerivets Organization.

VIEWING OF THE PROPERTY

The viewing of the subject building was completed on October 21, 2011 by Joseph A. Zovac, MAI & Licensed General Appraiser. Mr. Joseph A. Zovac took subject and most comparable photographs included in this appraisal report.

SCOPE OF THE APPRAISAL

The scope of this appraisal is to view the property, consider market characteristics and trends, collect and analyze pertinent data and develop a conclusion about the property's value using the Sales Comparison to Value in evaluating a mixed-use commercial four story building that will continue to undergo extensive renovations due to a conversion from shell space to group home use. The subject property will be evaluated on an “As Is” basis as improved with the shell building and “as if vacant” as clean land available for development. The subject is improved as a primarily shell office and group home building that will need to be nearly fully renovated for continued group home use. The subject was viewed both internally and externally. Many considerations will be indirectly implied even when not mentioned in this report due to the nature of this assignment. Market research for this appraisal was gathered from numerous sources including but not limited to the following:

- Public records of Richmond County
- The City of Augusta and Richmond County Building & Zoning Departments
- Various brokers and other real estate professionals identified where applicable within the report
- Associate appraisers from within the William Fall Group
- WFG files to reference market trends and locate sales and comparable rentals etc...
- Various online tax links, the Multiple Listing Service, Loop Net and Co-Star
- The VA representative- Mr. Timothy Harris of the VA (on site) & AmeriVets Real Estate Services Inc.
representative- Mr. Robert Moody

The search for comparable market data was accomplished primarily through the local auditor’s office, the Realtor Multiple Listing Service, various contacted local real estate brokers, Loop Net and Co-Star. We also referenced online data provided by various brokerage houses and appraisal web sites. Comparable data was also provided from our own records and verified by a party involved with each transaction and the local Auditor’s Office.

Our primary emphasis in the data research process originally centered within the immediate subject area that is described as the metropolitan area of Augusta. The subject is located along an actively traveled roadway in the west central portion of the city of Augusta. Our search provided comparable land and building sales from similar urban and suburban locations with similar appeal, quality of construction and utility as compared to the subject – as is improved and also as if vacant land in the Augusta Metropolitan market.

We personally reviewed each sale used in this report and made a determination of comparability based on factors including but not limited to, location, topography, size, shape and market conditions. Sales were verified with individuals involved or familiar with each transaction to determine if they were arm's length and to discover other factors such as availability of utilities, time on the market, financing and buyer seller motivation. All the sales were provided and verified through the local auditor's office. Further the appraisers extensively searched for building sales and rentals in the greater Augusta area in primarily urban or suburban settings to compare to the subject.

The three traditional approaches to value are considered and applied as follows.

The Cost Approach is based on the premise that the value of a property can be indicated by the current cost to construct a reproduction or replacement of the improvements minus the amount of depreciation evident in the structures from all causes, plus the value of the land. Due to the subjectivity of estimating accrued depreciation for the subject property in addition to the fact those properties similar to the subject typically would not sell on a cost to produce basis further compromising the Cost Approach to Value. Accordingly, the Cost Approach was not developed in conjunction with this appraisal due to the older age of the improvement and the Cost Approach was not considered in the final value estimate.

The Sales Comparison Approach is applied and considered within this report. Sales of buildings similar, but not exact to the subject were found with appropriate adjustments applied to arrive at adjusted prices per square foot, which were correlated to arrive at a price per square foot for the subject's overall building size. This approach is relied upon when sufficient data is available. This approach will be considered as a reliable value indicator in our estimate of value for the subject both "as is" and "as if vacant" land. Additionally, a lease rate will be estimated for the subject for a 55 year, 65 year and 75 year time frame on both an as is improved basis and an as if vacant land basis.

The Income Approach measures the present value of future benefits. Cash flows and reversion of the property upon sale are capitalized into a present value, explicitly over a designated holding period or capitalized implicitly using direct capitalization against the stabilized net operating income. The appraiser estimates gross potential income, allows for vacancy and credit allowance, adds other income relative to the project, and deducts operating fixed and variable expenses, arriving at a net operating income (NOI) before income taxes and depreciation allowances. It is the NOI that is capitalized using either a ratio model such as direct capitalization, or a yield model such as Discounted Cash Flow. The subject property does not have income producing characteristics for consideration due to its shell condition. No market data for lease information for shell buildings could be found in the subject's market as shell buildings are typically vacant. Therefore, The Income Approach was not utilized.

Competency of Appraisers

William Fall's prior experience and familiarity with this property type is believed sufficiently reasonable so as to comply with the Competency Provision of USPAP. Additionally, input was sought from market participants active in this type of property that further reinforced the background and conclusions developed. Appropriate sources are identified as needed.

Joseph A. Zovac's prior experience and familiarity with this property type is believed sufficiently reasonable so as to comply with the Competency Provision of USPAP. Additionally, input was sought from market participants active in this type of property that further reinforced the background and conclusions developed. Appropriate sources are identified as needed.

PURPOSE/FUNCTION/DATE

PURPOSE OF THE SELF CONTAINED APPRAISAL

The purpose of this appraisal is to estimate the market value of the Fee Simple Interest of the subject property “*as is*” as of the appraisal date for both the improved site (single shell building) and the 2 acres site “as if vacant”.

This valuation consists of an appraisal reported in a self contained format. It conforms to generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation.

FUNCTION OF THE SELF CONTAINED APPRAISAL

The function of this appraisal is to assist in internal decision making for the potential renovation of a VA Medical Building (18) on the Charlie Norwood VA Medical Center Campus. The client and intended user is Amerivets Real Estate Services Inc. and/or its assigns.

DATES OF VALUE AND PROPERTY VIEWING

The effective date of the appraisal “*As Is*” is October 21, 2011.

The date of the last viewing was October 21, 2011.

PROPERTY INTEREST APPRAISED

The property rights being appraised are Fee Simple– “As is” & “As if Vacant” Land.

Fee Simple is defined to be, "the maximum possible estate one can possess in property unencumbered by another interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation". Fee Simple Estate is the least limited interest and most complete and absolute ownership in land; it is of indefinite duration freely transferable and inheritable.

LEASEHOLD INTEREST

The subject is essentially a vacant building as of the as is date of value. The subject land (2.0 acres allocation out of a total site of 105.70 acres) and shell building is to be donated and/or land leased at a nominal amount to Amerivets Real Estate Services Inc. organization, a government sponsored Prime Contractor which coordinates the EUL process for veteran building renovation services according to Robert Moody of the VA. Therefore, no leasehold advantage is believed to exist.

SUMMARY OF THE APPRAISAL PROBLEM & LARGER PARCEL IDENTIFICATION

Larger Parcel Identification

The larger parcel is considered as only the 2.0 acre site due to the non-unity of highest and best use considerations of neighboring properties as completed. The subject will not measurably positively or negatively affect value of the neighboring properties by the renovation of the proposed subject VA medical building.

Definition of the Appraisal Problem

The appraisers' are to develop a credible market value opinion based for the subject property based on market sales (Sales Comparison Approach) for the subject property 2.0 acre site on an improved basis considering as is improved and as is “as if vacant” and clean. Land sales were found to estimate the as is value of the land “as if vacant”. Shell building sales were found in the immediate Metropolitan Augusta area market for comparison with the subject. The appraisers' researched comparable communities and nearby cities for sale comparables. The appraiser used these sales to determine a sales price per acre and a price per square foot conclusion for the subject property after adjusting for physical and locational characteristics. This approach was used on an as is improved basis for its current shell condition and for the property as if vacant and clean.

RESTRICTIONS, EASEMENTS & UTILITY LEASES

Title work was not provided to the appraisers. However, several maps were provided indicating typical utility easements and access points. There are several non-restrictive easements on the subject property. No easements or right of way agreements were believed to be a detriment to the subject property or would measurably negatively affect the subject property as completed.

MINERAL INTERESTS

Mineral rights are believed to be typical of residential and commercial nearby land with no land nearby being mined for subsurface minerals. All mineral rights would transfer with the property once this property is sold. Mineral rights are typically retained by the owner unless a transfer occurs. The mineral rights would typically transfer with the real estate for a medical office property sale if a transfer were to occur.

EXTROARDINARY ASSUMPTIONS

The appraisers were asked to value the subject site as if vacant and clean (no environmental contamination). The appraisers have made an extraordinary assumption that the building and improvements are not in place when valuing the property as if vacant and clean in this appraisal. No other extraordinary assumptions were made by the appraisers'.

HYPOTHETICAL CONDITIONS

None noted

JURISDICTIONAL EXCEPTION

None noted except for marketing time conditions being superseded by the UASFLA requirements as noted.

DEFINITIONS

Definitions of pertinent terms are taken from the Dictionary of Real Estate Appraisal published by the American Institute of Real Estate Appraisers and/or the UASFLA Handbook.

Market Value for Federal Land Acquisitions

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonable knowledgeable seller to a willing and reasonably knowledgeable buyer; with neither acting under any compulsion to buy or sell; giving due consideration to all available economic uses of the property at the time of the appraisal.

Report

Any communication of an appraisal, review, or consulting service, the document that is transmitted to the client upon completion of an assignment.

Self-contained report - A written appraisal report prepared under Standards Rule 2-2 (a).

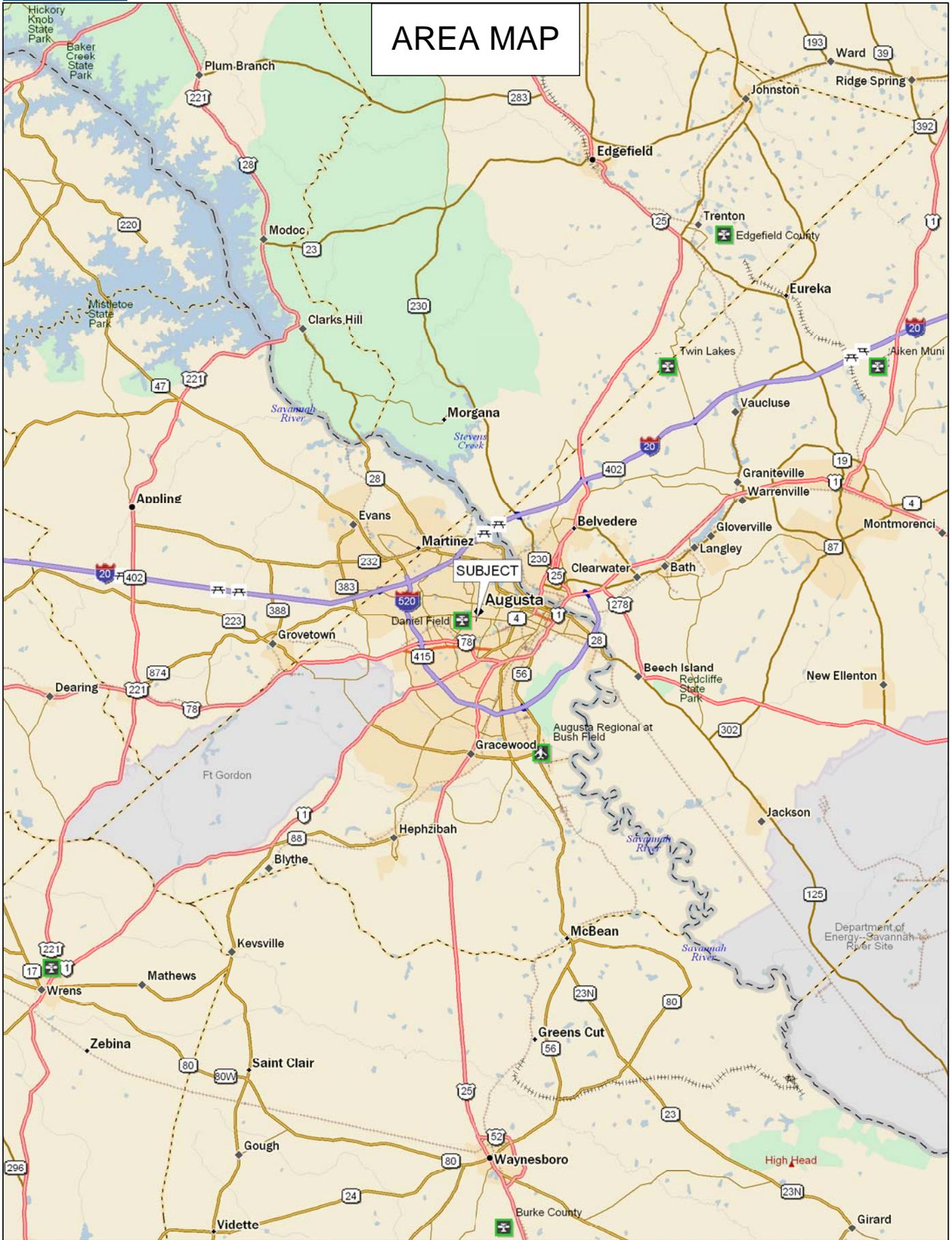
Summary report - A written appraisal report prepared under Standards Rule 2-2 (b).

Restricted report - A written appraisal report prepared under Standards Rule 2-2 (c).

Oral report - An appraisal report presented verbally to a client or in court testimony in accordance with Standards Rule 2-4.

Electronic report - An appraisal report transmitted electronically to a client in accordance with Standards Rule 2-6

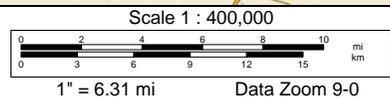
AREA MAP



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www.delorme.com



National Data Overview

2011 First Quarter Economic Overview

Commercial real estate activity continued its slow upward trend during the second and third quarters of 2010 and for the first time in more than a year, the delinquency rate for securitized commercial real-estate loans fell in October, according to the Wall Street Journal. Moreover, the number of distressed commercial real estate properties coming to market in October declined dramatically, nearly 60% over the second quarter of 2009. Complicating matters is the elevated delinquency rate of commercial loans that will continue to impede new lending until mortgagors clean their books of defaulted paper. “A total of \$58.3 billion of the commercial-mortgage loans sliced and diced on Wall Street are currently delinquent...the delinquency rate of 8.58% is still nearly twice as high as the year-ago level of 4.8%” according to Trepp LLC and reported at WSJ.com ([://blogs.wsj.com/developments/2010/11/03/in-commercial-real-estate-signs-of-moderating-pain](http://blogs.wsj.com/developments/2010/11/03/in-commercial-real-estate-signs-of-moderating-pain)).

However, the commercial leading indicator for real estate rose 0.9 percent to an index of 102.4 in the third quarter. The 101.5 level noted in the second quarter is the lowest level recorded since 1990 and shows commercial real estate will remain weak into 2011, but recent actions by the Federal Reserve should improve some flow of capital into commercial lending, according to the National Association of Realtors. “The recent deep economic downturn has had a pronounced impact on commercial real estate sectors, but credit availability is the big unknown that will determine how soon commercial markets recover” according to the National Association of Realtors. Lawrence Yun, NAR chief economist, has indicated that “The first commercial mortgage bond deal in over a year shows the Federal Reserve’s efforts to sell securities through the TALF program can be fruitful, but the level of activity is well below what is required to resuscitate the commercial market. Credit availability needs to significantly rebound for any hope of a meaningful commercial recovery in 2010.”

Yun said the modest index recovery follows steep declines in the past several quarters. “Gains in industrial production, durable goods shipments and retail sales; a rebound in the NAREIT price index; and improving figures on first-time unemployment claims were stabilizing factors,” he said. “Negative impacts include falling private sector income and fewer jobs involving commercial real estate. The office and industrial markets are the sectors most negatively impacted by the economic downturn.”

Looking at the overall market, commercial vacancy rates are rising and rents are declining, according to NAR’s latest *COMMERCIAL REAL ESTATE OUTLOOK*. The NAR forecast for four major commercial sectors analyzes quarterly data in the office, industrial, retail and multifamily markets. Historic data were provided by CBRE Econometric Advisors.

Office Market

Vacancy rates in the office sector are expected to rise from 16.1 percent in the third quarter 2009 to 18.5 percent in the third quarter of 2010, with job losses continuing to dampen the market.

Annual office rent should fall by 12.1 percent this year and decline another 8.5 percent in the upcoming year. In 57 markets tracked, net absorption of office space, which includes the leasing of new space coming on the market as well as space in existing properties, is seen at a negative 56.1 million square feet in 2009 and a negative 43.3 million next year.

Industrial Market

Industrial vacancy rates are forecasted to rise from 13.5 percent in the third quarter of this year to 15.4 percent in the third quarter of 2010.

Annual industrial rent is projected to fall 10.8 percent this year and another 11.5 percent in 2010. Net absorption of industrial space in 58 markets tracked is likely to be a negative 298.7 million square feet this year, and a negative 140.5 million in 2010.

With much of the construction in recent years customized for specific industrial needs, there is an overhang of obsolete structures on the market. "There is an opportunity for non-current owners to look at distressed industrial properties in the current market," Yun said.

Retail Market

Retail vacancy rates will probably rise around 12 percent to 13.0 percent in the third quarter of 2010. "Near term, retail is the most hopeful commercial sector with an expected rise in consumer confidence, resulting from a restoration of housing wealth as home prices stabilize and begin to rise around the spring of next year," Yun said.

Average retail rent should decline 1.3 percent this year and 3.0 percent next year. Net absorption of retail space in 53 tracked markets is forecast at a negative 4.7 million in 2010.

Multifamily Market

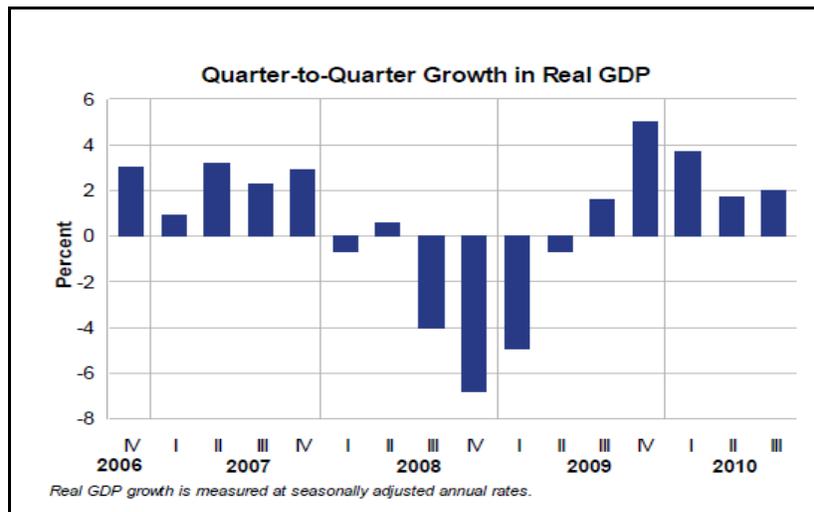
The apartment rental market – multifamily housing – is impacted by higher home sales to first-time home buyers. "However, as the economy turns around and consumer confidence returns, constraints on household growth will be released, which may help to unleash a pent-up rental demand," Yun said. Multifamily vacancy rates are projected to be fairly steady, edging up from 7.3 percent in the third quarter of 2009 to 7.4 percent in the third quarter of next year.

Average rent is likely to moderate to a 3.3 percent loss in 2010. Multifamily net absorption is forecast at 59,700 in 2010.

Source: National Association of Realtors

Gross Domestic Product

Gross domestic product (GDP), the most comprehensive measure of US economic activity increased a modest 2.0 percent in the third quarter following a 1.7 percent uptick in the second quarter of 2010 and strong first quarter growth of 3.7% due largely to Federal economic stimulus. The slowdown in gross domestic product (GDP) for the second quarter was the product of lower net exports and accelerates inventory investment as well as increased consumer spending. The increases were offset by sluggish home sales and business investment, which subtracted from the growth.



Source: US Bureau of Economic Analysis 11/2010

Real personal consumption expenditures increased 2.6 percent in the third quarter, 2.2 percent over second quarter consumption. Real exports of goods and services increased 5.0 percent in the third quarter, down from 9.1 percent in the second quarter and 11.4 percent in first quarter of 2010. Real imports of goods and services also posted a sharp decline from the second quarter with initial indications of 17.4 percent in the third period versus 33.5% during the second quarter. In addition, real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 0.1 percent in the second quarter and 0.8 percent in the third quarter 2010, compared to 3.9 percent in the first period of 2010. Real disposable personal income increased a slight 0.5 percent in the third quarter 2010 following 4.4 percent in the second quarter 2010 and increasing 3.4 percent in the first quarter, further proof of the sluggish economy

Federal Reserve Rate

The Federal Reserve effective rate for overnight funds has been below 1.00 percent since October 2008 and it appears 0%-0.25% is here for the foreseeable future. According to Fed Chair Ben Bernanke:

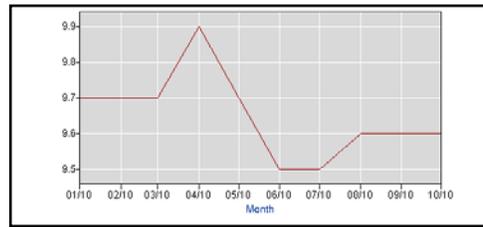
Information received since the Federal Open Market Committee met in September confirms that the pace of recovery in output and employment continues to be slow. Household spending is increasing gradually, but remains constrained by high unemployment, modest income growth, lower housing wealth, and tight credit. Business spending on equipment and software is rising, though less rapidly than earlier in the year, while investment in nonresidential structures continues to be weak. Employers remain reluctant to add to payrolls. Housing starts continue to be depressed. Longer-term inflation expectations have remained stable, but measures of underlying inflation have trended lower in recent quarters.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. Currently, the unemployment rate is elevated, and measures of underlying inflation are somewhat low, relative to levels that the Committee judges to be consistent, over the longer run, with its dual mandate. Although the Committee anticipates a gradual return to higher levels of resource utilization in a context of price stability, progress toward its objectives has been disappointingly slow.

To promote a stronger pace of economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate, the Committee decided today to expand its holdings of securities. The Committee will maintain its existing policy of reinvesting principal payments from its securities holdings. In addition, the Committee intends to purchase a further \$600 billion of longer-term Treasury securities by the end of the second quarter of 2011, a pace of about \$75 billion per month. The Committee will regularly review the pace of its securities purchases and the overall size of the asset-purchase program in light of incoming information and will adjust the program as needed to best foster maximum employment and price stability.

The Committee will maintain the target range for the federal funds rate at 0 to 1/4 percent and continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels for the federal funds rate for an extended period.

Board of Governors of the Federal Reserve System November 3, 2010.
<http://www.federalreserve.gov/newsevents/press/monetary/20101103a.htm>



Unemployment Rate

After finishing out 2009 with unemployment levels over 10%, the unemployment rate has fluctuated from 9.5% to 9.9% through August of this year and has held steady at 9.6% through October 2010. This reflects 14.8 million unemployed persons, an increase of 151,000 over September 2010. According to the Bureau of Labor Statistics, the number of U. S. unemployed has increased by 874,000 since December 2009. In addition to the 14.8 unemployed, an additional 2.6 million are considered marginally attached to the workforce, meaning that they are able to work but have stopped seeking employment over the preceding four weeks of the survey. One concern of the Federal Reserve and other economists is the number of long-term unemployed (more than 27 weeks). 6.2 million or 40 percent of all unemployed workers have been on the unemployment rolls for more than 27 weeks. The longevity of workers on public rolls for income has resulted in numerous federal and state extensions of financial allocations for funds, placing further strain on already thin fiscal budgets and policies, particularly at the state level.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2000	4.0	4.1	4.0	3.8	4.0	4.0	4.0	4.1	3.9	3.9	3.9	3.9	4.0
2001	4.2	4.2	4.3	4.4	4.3	4.5	4.6	4.9	5.0	5.3	5.5	5.7	4.7
2002	5.7	5.7	5.7	5.9	5.8	5.8	5.8	5.7	5.7	5.7	5.9	6.0	5.8
2003	5.8	5.9	5.9	6.0	6.1	6.3	6.2	6.1	6.1	6.0	5.8	5.7	6.0
2004	5.7	5.6	5.8	5.6	5.6	5.6	5.5	5.4	5.4	5.5	5.4	5.4	5.5
2005	5.3	5.4	5.2	5.2	5.1	5.0	5.0	4.9	5.0	5.0	5.0	4.9	5.1
2006	4.7	4.8	4.7	4.7	4.6	4.6	4.7	4.7	4.5	4.4	4.5	4.4	4.6
2007	4.6	4.5	4.4	4.5	4.4	4.6	4.6	4.6	4.7	4.7	4.7	5.0	4.6
2008	5.0	4.8	5.1	5.0	5.4	5.5	5.8	6.1	6.2	6.6	6.9	7.4	5.8
2009	7.7	8.2	8.6	8.9	9.4	9.5	9.4	9.7	9.8	10.1	10.0	10.0	9.3
2010	9.7	9.7	9.7	9.9	9.7	9.5	9.5	9.6	9.6	9.6			9.7

Employment Outlook:

Jobless recovery from the Great Recession has prompted the Fed to employ untested monetary policies to stimulate spending and job growth as noted earlier. And with economists predicting positive but protracted [GDP] growth, as low as 1.5% through the remainder of 2010, most federal stimulus programs expiring and business inventories at par, the jobs outlook for the remainder of 2010 appears less than optimistic. According to Christina Romer of the Council of Economic Advisors, “We need 2.5 percent growth just to keep the unemployment rate where it is...to get [unemployment] down quickly, you need substantially stronger growth than that”

([://www.nytimes.com/2010/07/31/business/economy/31econ.html](http://www.nytimes.com/2010/07/31/business/economy/31econ.html)).

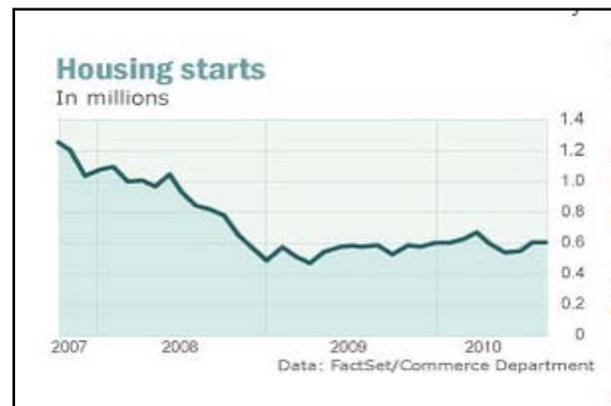
The national economy showed a strong first half (2010) with consumers spending increasing. This was driven largely by federal housing stimulus in the form of tax credits; housing starts increased and housing stock inventories decreased while overall personal consumption grew at an annualized rate of 3.9%. Business spending increased as inventories were replenished and delayed capital improvements were finally given the all clear. However much of the pent up demand has been met and federal stimulus monies are gone, leaving the private and business sectors, particularly consumers and small businesses with little access to credit, little confidence in the near term stability of the economy. Foreclosures remain a drag on housing. Ken Mayland of ClearView Economics (Cleveland) forecasts housing prices will continue to decline through midyear 2011 when most foreclosures will have been realized by lenders. Big business is hoarding cash reserves until the rate of growth accelerates and economic indicators reveal that the chance of a double dip recession is receding rather than accelerating as some experts feel is the case.

In response to the need for job creation, President Obama along with Congress passed the Small Business Jobs Act, which will create a \$30 billion dollar loan fund run by Treasury and administered through community banks (those with less than \$10B in assets). Experts predict that the fund will provide greater access to credit, both short and long term, which will allow existing small businesses to expand their workforce as well as provide start-up funds for new enterprise. The fund is expected to generate 500,000-700,000 new jobs and most experts consider small business hiring a “key driver of growth” (CNNMoney.com).

Still the outlook for employment in the short term is bleak as most indicators of job growth have stalled or turned negative, at least for the remainder of 2010. Despite the fact that the latest report from the National Bureau of Economic Research indicates that the Great Recession ended in June 2009, recovery has been generally anemic and it seems most likely that that it will reach well into 2011 and possibly beyond to recover to pre-recession employment levels.

According to the U.S. Department of Housing and Urban Development’s most recent report and the NATIONAL ASSOC. OF REALTORS®, housing affordability “remains high despite a decline in the second quarter of 2010”. This decline is attributable to a 7% increase in the median price of an existing family home. The national home ownership rate in fell to 66.9% in the second quarter and remained unchanged for the third quarter of 2010. This remains at the lower recorded levels since 1999 and is down from the 2004 peak at 69.4 percent. However, the family earning the medium income had decreased to 122 percent from 126 percent a year ago of the income needed to purchase the median-priced, existing single-family home, using standard lending guidelines. This value is an increase of 56 percent points from the fourth quarter of 2007.

Existing-home sales rose again in September, affirming that a sales recovery has begun, according to the National Association of Realtors®. Existing home sales, which are completed transactions that include single-family, townhomes, condominiums and co-ops, jumped 10.0 percent to a seasonally adjusted annual rate of 4.53 million in September from a downwardly revised 4.12 million in August, but remain 19.1 percent below the 5.60 million-unit pace in September 2009 when first-time



buyers were ramping up in advance of the initial deadline for the tax credit last November. Lawrence Yun, NAR chief economist, said the housing market is in the early stages of recovery...and the overall direction should be a gradual rising trend in home sales with buyers responding to historically low mortgage interest rates and very favorable affordability conditions.

New housing starts rose 0.3% last month to a seasonally adjusted, but historically low 610,000 annualized units. August starts were revised higher as well, to a 608,000-unit pace from the 598,000 previously reported. Housing starts are “up from 530,000 units at the trough in the first quarter of 2009 but it is still extremely low by the standards of the last 50 years. In fact, the rate of new construction is so low that there is barely any net growth in the U.S. housing stock these days,” said William Dudley, president of the New York Fed, in a speech on Tuesday. Starts hit a high-water mark of 679,000 in April just before the deadline to qualify for federal tax breaks. Starts fell sharply in May and June but have now managed to find more level ground. (<http://www.marketwatch.com/story/story/print?guid=1A057098-DB75-11DF-951A-002128049AD6>)

Consumer Confidence appears to be slightly trending upwards over the past year. The consumer confidence level now stands at 50.2 up from 48.6 in September of this year. The benchmark date is 1985=100; this level indicates strong growth and has not been recorded since mid 2007 according to an article by money.cnn.com. The article went on to explain “High unemployment and unfavorable business conditions have dragged the index down to a painfully low level, far below 90 -- the level which indicates a stable economy. Overall, the index has been volatile, not trending in any one direction for more than three months in a row this year.”

Financial Markets

2009, a year of net gains nearing 20% on the S&P, generally showed a steady incline in stock prices whereas 2010 has been a rollercoaster ride. The year started at 10,500 and by early February had declined 6%. By the end of May, a gain of 11% had been posted only to plummet nearly 14% by the beginning of July. Another bump of 1,000 basis points and fall of 713 points occurred followed by yet another sharp incline ending the third quarter at 10,829 for a net gain of 2.43% YTD. As of the second week of November, prices were up above 11,400 (DJA), the highest level in over two years. This equates to an 8.9% increase for 2010. The NASDAQ average is also up 19.1% for the year.



However, there are real concerns in the market including the persistent jobless recovery and the possibility of a double dip recession. Many consumer characteristics are still poor including reduced consumer spending, high foreclosure rates, bankruptcies at historical records and very tight credit standards. Financial companies have righted the ship after a disastrous 2008 and with some showing record quarterly profits in the first half of 2010. As of the first quarter 2010, the US has been out of the recession for three quarters. Most economists are now seeing a slower recovery taking shape than anticipated with real gains not projected until 2011 or later. Key indicators that illustrated the economy was improving in the second quarter have shown tepid growth since. Manufacturing indexes improved over the course of the year and were strong through the second quarter, however slowed as business spending tapered off after inventories were replenished early in the year. The national unemployment rate has remained steady at 9.6% since midyear further tempering consumer confidence and hopes of retailers for a better holiday season than 2009.

Interest rates are historically very low. The Federal Reserve rate has been 0% and one-quarter of a percent for nearly two years. However, credit to businesses and consumers remains stagnant as financial companies are loaning to only the strongest companies and individuals. The current administration is addressing the poor economic conditions. Despite several stimulus packages which may have helped the country out of the recession the economy remains persistently recessionary.

Personal income decreased \$16.8 billion, or 0.1 percent, and disposable personal income (DPI) decreased \$20.3 billion, or 0.2 percent, in September, according to the Bureau of Economic Analysis. Personal consumption expenditures (PCE) increased \$17.3 billion, or 0.2 percent. In August, personal income increased \$54.4 billion, or 0.4 percent, DPI increased \$47.9 billion, or 0.4 percent, and PCE increased \$52.5 billion, or 0.5 percent, based on revised estimates. Real disposable income decreased 0.3 percent in September, in contrast to an increase of 0.2 percent in August. Real PCE increased 0.1 percent, compared with an increase of 0.3 percent.

Wages and salaries

Employment costs in the US rose minimally in the third quarter 2010 posting an increase of 0.4 percent, according to data released by the Labor Department (10/29/2010). Wages and salaries rose 0.3 percent while the cost of benefits increased 0.6%. Year over year compensations costs for civilian workers has increased by a weighted average of 1.9 percent (1.5% salaries and 2.7% benefits). Private industry costs increased 2.0 percent (1.6% wages and 2.8% benefits) over the same 12-month period ending September 2010.

Meanwhile, compensation costs for the three-month period ending in September 2010 increased by 0.4 percent, among the lowest level since quarterly records began in 2001. This figure was down slightly from the previous quarter.

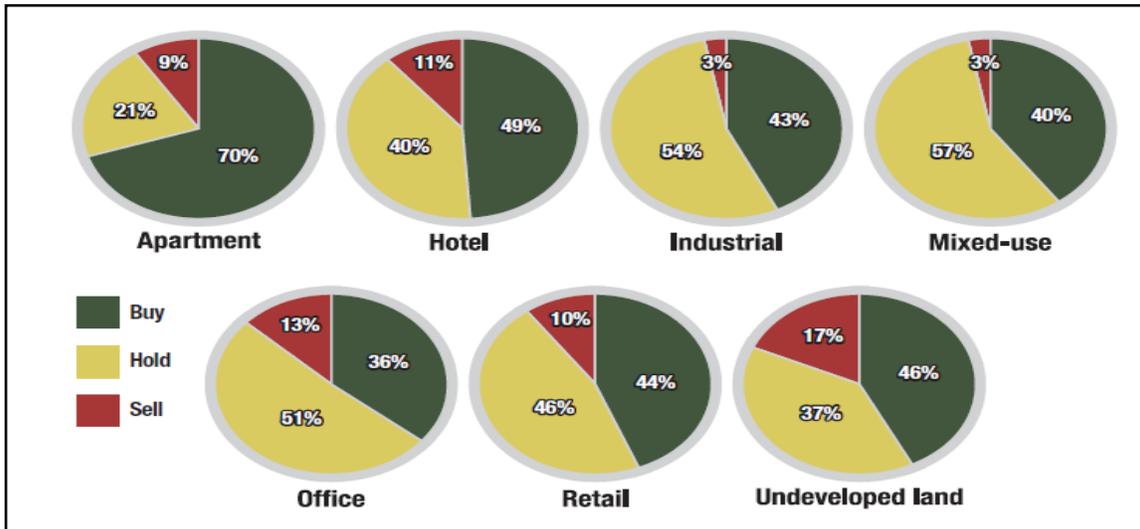
These figures were led by falling government wages, which shrank by 0.3 percent in the third quarter 2010, while benefits rose by a smaller-than average 0.7 percent. Compensation costs in private industry rose by 0.4 percent, with benefits rising 0.5 percent.

The decline in government wages is a direct result of policies initiated by states and cities in response to their budget crises. Local governments have laid off thousands of teachers, city workers, and bus drivers in response to their budget shortfalls. Those workers who remain have been forced to take furloughs and pay cuts. In Detroit, Michigan, for instance, both city workers and teachers have been told to take a 10 percent pay cut.

These cuts are the direct outcome of the Obama administration's policies, which have left states to fend for themselves amid falling tax revenues. The administration has made it clear that states must balance their budgets through spending cuts. Many states are required to have a balanced budget, and nearly all have resorted to wage and salary cuts, together with layoffs, to meet their obligations.

Consumer spending, meanwhile, increased only 0.2 percent in the third quarter 2010. Bloomberg reports (11/01/2010) "consumer spending rose less than forecast in September as incomes dropped for the first time in more than a year, a sign Americans may keep rebuilding savings and paring debt as the economy is slow to recover. Purchases increased 0.2 percent, the smallest gain in the third quarter, Commerce Department figures showed today in Washington. Incomes fell 0.1 percent, the first drop since July 2009, and the Federal Reserve's preferred measure of inflation stagnated, capping the smallest 12-month gain in nine years." Moreover, "The economy expanded at a 2 percent annual rate in the third quarter, figures showed last week. Consumer spending climbed 2.6 percent, the most in almost four years, and it was also the best showing of the recovery that began in June 2009. Purchases contributed 1.8 percentage points to growth. The National Retail Federation has forecast November- December holiday sales will rise by 2.3 percent from a year ago, the most in four years."

Commercial Real Estate Market Predictions—



NREI and Marcus & Millichap Survey of investor perceptions (Q3 2010 Real Estate Investment Outlook Special Report [://nreionline.com/M_M2010Q3-Addendum-v5.pdf](http://nreionline.com/M_M2010Q3-Addendum-v5.pdf)).

		Office	Retail	Industrial	Multi-Family	Lodging
Value Change Past 12 Months	East	-3%	-3%	-1%	5%	-2%
	Central	-6%	-7%	-2%	0%	-8%
	South	-6%	-7%	-5%	-2%	-7%
	West	-13%	-15%	-13%	-7%	-14%
Value Change Past 3 Months	East	1%	0%	0%	4%	1%
	Central	-1%	-1%	0%	2%	-1%
	South	0%	-1%	-1%	0%	-1%
	West	-6%	-2%	-4%	2%	-3%
Value Change Next 6 Months	East	1%	1%	1%	3%	2%
	Central	0%	-2%	2%	2%	0%
	South	0%	0%	0%	2%	0%
	West	-3%	-3%	-2%	1%	-2%

<http://www.irr.com/Publication-CommercialPropertyIndex/Index.htm>

Office

The U.S. office market vacancy rate is expected to end 2010 at a vacancy rate of 18.5% to 19.0 % according to Grubb & Ellis. The office market, driven largely by employment numbers continues to suffer high vacancies as unemployment hovers at 9.6 percent nationally.

"While there are signs of improvement in the economy, it is unlikely that the job market will bounce back in such a way that commercial real estate fundamentals will quickly turn around," said Arthur Jones, Senior Economist, CBRE Econometric Advisors in a statement. "The bottom may be coming into sight but there will be no quick return to glory days for the market."

A "jobless recovery" is likely to ensue as employers continue to focus on improving the efficiency of their current workforce. Combined with the demographic shift of declining labor force participation will mean less job growth when recovery does take hold. Jones' analysis indicates the current decade will be the first during the post-World War II era in which there is net job-loss in the U.S.

Some positive factors should aid the market recovery in 2011. Construction of new space is virtually non-existent which will lead to a faster paced recovery as vacant space is absorbed. Improving demand should help stabilize rents and begin improving NOI for owners. However, maintaining cash flow is of the utmost importance as the market recovery continues and owners vie for tenants inducing moves with concessions and build-out allowances.

In most markets, excluding a handful of 24-hour market centers, rental rates will continue to decline and asking prices/market values will reset as owners realign expectations and lenders clean their books of troubled assets into 2011.

Grubb & Ellis Second Quarter Office Market Report indicates, "The average Class A and B asking rental rates for space available at the end of the second quarter were \$31.24 and \$22.94 respectively. With market conditions remaining soft, it is far too early for rental rates to embark on a sustained rally."

Industrial

The industrial vacancy rate fell an unexpected 30 points in the second quarter of 2010 to start the second half of the year at 10.6%. According to Grubb and Ellis, this is "the sharpest quarterly decline in nearly five years" with the increase signaling the first uptick in ten quarterly periods. The decline in vacancy resulted from the virtual non-existence of new construction coupled with absorption of nearly 20 million square feet of space. Rental rates continued to decline, despite positive absorption indicating that tenant purchasing power is still strong.

The vacancy decline does not indicate that the industrial markets' troubles are over. Vacancy still registers nearly 300 basis points over the industry peak recorded in mid-2007. Furthermore, inventories are refurnished and business spending for the year is depleted as businesses continue to stockpile cash reserves rather than maintain stockpiles of goods.

Nationally, asking average rental rates were \$5.35 NNN at the end of the second quarter 2010, down 4.6 percent from the same period in 2009 and down nearly 1 percent from Q1 of 2010. Rates for available space ended the quarter at \$5.16 for general industrial space, \$4.29 for warehouse-distribution space and \$9.34 for R&D-flex space (Grubb & Ellis, Second Quarter Industrial Market Trends Report).

Retail

CBRE Econometric Advisors indicate that third quarter 2010 national vacancy rate for neighborhood and community shopping centers was down 10 basis to 13%, following 17 quarters of vacancy increases. Experts warn however that this decline in vacancy may not be a signal of the market segment beginning recovery, but rather a halt in the declines posted in previous periods. Macroeconomic indicators including sluggish GDP growth, tepid consumer confidence and high unemployment don't point to a climate in which the retail market will start its recovery.

According to an article in RetailTrafficmag.com “in the third quarter [2010], average asking rents fell 1.4 percent from the quarter prior, to \$15.18 per square foot, according to CoStar. The figure was also down 4.28 percent from the same period a year ago. Ryan Severino, an REIS economist expects a lackluster leasing environment to persist through 2011, with a modest recovery in 2012. In fact, Reis predicts that the retail vacancy rate might overtake the all-time high of 11.1 percent sometime next year, largely as a result of all the over-building that took place during the boom”
(http://www.retailtrafficmag.com/management/leasing/retail_vacancy_rates_11032010/index.html)

Multi Family

The U.S. multi-family market segment may be the bright spot in an otherwise dim short-term forecast. According to Marcus & Millichap Apartment Market Outlook Report, “after stabilizing earlier this year, apartment vacancy slipped 20 basis points to 7.8 percent during the second quarter 2010. Approximately 46,000 apartments were absorbed, the strongest demand since late 2000. The surge reflects the release of pent-up demand amid moderate private-sector job creation, as more young individuals moved out of their family homes and renters who doubled up through the downturn re-established independent households.”

The recovery of the apartment market can be attributed to several factors that will continue to improve over the next several years according to market participants at Marcus & Millichap. One primary factor is the limited amount of new construction with fewer than 100,000 new units coming online in 2010. The housing crisis has forced many former homeowners into the rental market and continues to prevent others from leaving due to the unavailability of funds from the mortgage market. Finally, renters who doubled up due to economic hardship are coming back to the market.

During the second quarter 2010, rents increased and concessions declined for the second consecutive period. Asking rents rose 0.4 percent to \$1,021 per month, while effective rates gained 0.6 percent to \$946 per month. Concessions peaked late last year at 7.8 percent of asking rents, or slightly more than four weeks of free rent on a one-year lease, and have since slipped to 7.3 percent of asking rates.

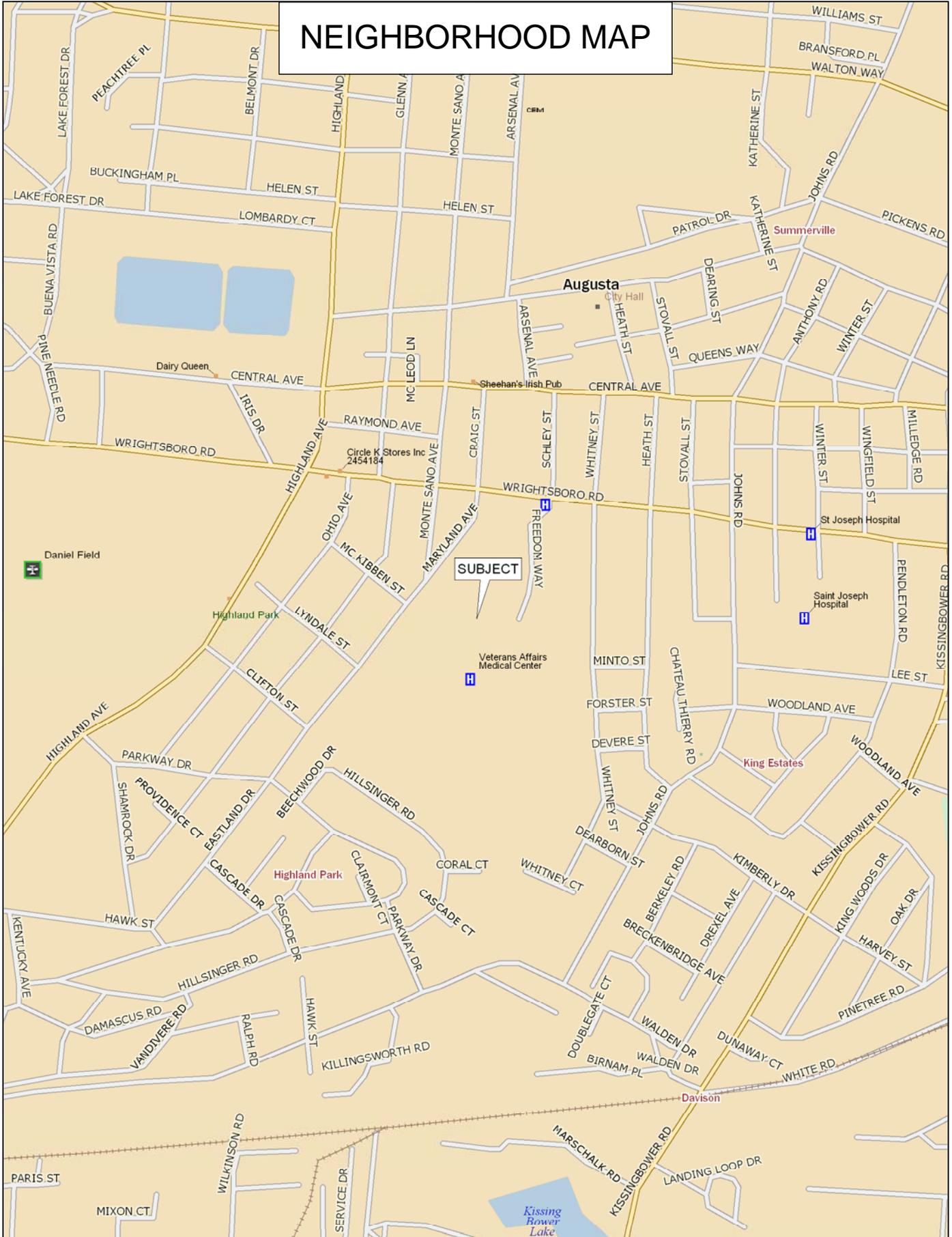
** Information obtained from Colliers International, Grubb & Ellis Market Reports, Commercial Outlook: Realtor Magazine, National Association of Realtors, Bureau of Economic Analysis, The Wall Street Journal, Market Watch and CN*

Prospects for Capitalization Rates

Property Type	Cap Rate August 2010 (Percent)	Expected Cap Rate December 2011 (Percent)	Expected Cap Rate Shift (Basis Points)
Apartment Rental: Moderate Income	6.71	6.36	-35
Apartment Rental: High Income	6.39	6.65	+26
Central City Office	7.10	7.09	-1
Regional Malls	7.21	7.20	-1
R&D Industrial	8.26	7.59	-67
Neigh./Community Shopping Centers	7.70	7.61	-8
Warehouse Industrial	7.75	7.75	0
Power Centers	8.11	8.12	+2
Suburban Office	8.40	8.32	-8
Full-Service Hotels	8.73	8.67	-6
Limited-Service Hotels	9.21	9.00	-21

Source: *Emerging Trends in Real Estate 2011* survey.
Note: Based on U.S. respondents only.

NEIGHBORHOOD MAP



Data use subject to license.

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www.delorme.com



Scale 1 : 12,800



1" = 1,066.7 ft

Data Zoom 14-0

NEIGHBORHOOD DATA

The subject consists of a shell building (Building 18) located on the Charlie Norwood VA Campus in Augusta, Georgia. The Charlie Norwood VA Complex is located in the west central portion of the City of Augusta, Georgia. The campus has about 20 buildings located on the VA Campus which are all primarily dedicated to providing care for Veterans of Military of the United States of America. The city of Augusta is located about 150 miles east of Atlanta along Interstate 20. The city is located along the Savannah River. The Charlie Norwood VA Medical Center has two campuses located in Augusta. The subject site is located along the south side of Wrightsboro Road between Highland Road and Troupe Street. The other campus is located along Walton Way, 15th Street and Ra Dent Boulevard in Augusta, south of Broad Street closer to the downtown area of Augusta. The subject consists of a building at the front of the VA Campus located on 2.0 acres allocated from a total site size of 105.70 acres. The 2 acre site is close to the northern edge of the campus and consists of Building 18. Building 18 is attached to Building 19 through a second story breezeway. This breezeway could be razed so that building 18 would be a stand-alone building. The subject is located in an urban section of the city that has had various kinds of care and maintenance to the buildings and housing in the area. Wrightsboro Road is a major roadway that runs east-west and travels the length of the city and beyond. It is a mix of commercial and residential in the subject's immediate area. Other parts of Wrightsboro are more commercial in use, especially near the Interstate I-520 interchange to the west. This area near I-520 is heavily commercial with retail and restaurants. I-520 is an interstate expressway system that connects to I-20 in Northwest Augusta and nearly circles the city of Augusta.

The subject campus is bounded by Wrightsboro Road to the north, Maryland Avenue to the west, Whitney Street to the east and Walden Drive to the south. As mentioned above, Wrightsboro is a mix of commercial and residential properties while Maryland Avenue, Whitney Street and Walden Drive are primarily residential. Other nearby properties includes a Shell Gas Station, Summerville Rags (a clothing store), Circle K Gas, Augusta Utilities, Trinity Home Services, Bi-Lo Groceries, Rite Aid, Wells Fargo, First Bank, Sun Trust Bank and Forest Hills Golf Course to the west of the VA Campus and mostly residential properties to the east. The subject area has experienced some revitalization over the recent years to include new construction and renovation of existing buildings at the Charlie Norwood VA Campus. At the front of the VA Campus is construction of a new building. Additionally, the subject's downtown area has had significant renovation over the past decade. The surrounding area briefly described is composed of a mix of commercial, residential and multi-family properties with most being average quality and condition. The area is easily accessible with major highways and state routes nearby including I-520 to the west about 5 miles and I-20 north about 10 miles.

The subject is a property that is bounded by Wrightsboro and Central Avenue to the north, Milledgeville Road to the south, Sibley Road to the west and Olive Road to the east. Downtown Augusta is northeast about 3 miles. Freedom Way is the main access road into the Charlie Norwood VA Medical Center.

Augusta, Georgia is located in Richmond County in the central eastern boundary of the state and is the county seat of Richmond County. Richmond County borders the South Carolina border on the eastern edge of the county. Augusta and Richmond County merged government in 1996. The Augusta city area had an estimated population of 200,590 in 2009. The larger Metropolitan Augusta- Richmond County area had an estimated population of 539,194 in 2009.

Augusta is the second largest city in Georgia behind Atlanta. Augusta is well known for an annual golf tournament played there in April of every year at the Augusta National Country Club. It is the first of four major golf tournaments played every year and attracts an international field of the world's best players.

The Charlie Norwood VA Medical Center is a major VA center in Georgia. This medical center provides tertiary care in medicine, surgery, neurology, psychiatry, rehabilitation and spinal cord injury. The subject campus is known as the Uptown Division. The subject campus is authorized for 315 beds with an additional 132 beds associated with a Restorative/Nursing Home Care unit and 60 domiciliary beds for a total of 507 beds. The Charlie Norwood Medical Center recently entered into a joint venture for Shared Services with the Dwight D. Eisenhower Army Medical Center in Augusta, which provides for cost-effective sharing of resources between two federal health care facilities. In 2004, two active duty Rehab Care units opened for active duty military personnel who require rehabilitation. The Charlie Norwood Medical Center is strongly affiliated with the Medical College of Georgia. The downtown campus connects to the Medical College of Georgia via a 325 foot skywalk. The subject uptown VA Medical Center provides training to more than 700 students and residents annually.

The Medical College of Georgia is a large employer with over 7,000 people employed by this medical institution. The medical facilities in Augusta employ more than 25,000 among the various hospitals and medical centers. Other major employers include Savannah River Site (Department of Energy Nuclear site), and the US Army Signal Center in Fort Gordon nearby. Other major employers include CareSouth, T-Mobile, Solo Cup Company, ADP (Automatic Data Processing), International Paper, Nutra Sweet, Teleperformance, Sitel Corporation, E-Z-GO, Elanco, Club Car World Headquarters, John Deere, Proctor & Gamble, Kellogg's and Delta Air Lines Baggage Call Center. Universities nearby include Augusta State University, Augusta Technical College, Medical College of Georgia, Paine College and the Georgia Military College.

In short, the subject property is located in an urban commercial and residential mixed use section of the city. The subject is served well by public transportation and public services and is relatively close to downtown Augusta and the neighboring suburban areas of Augusta. The subject is located in an actively traveled area along Wrightsboro Road with good access to various public services, recreational facilities and parks etc. that serve the community well and are located near the subject property. The subject's location at the front of the campus is believed to be a positive attribute. Overall locational rating is considered average to above.

Plat Map



SITE DESCRIPTION

Location: The subject is a portion of a property (2.0 acres out of a total site size of 105.70 acres) that is bounded by Wrightsboro Road to the north, Maryland Road to the west, Whitney Street to the east and Walden Drive to the south. The subject medical VA campus is specifically known as: The Charles Norwood VA Campus, 1 Freedom Way, Augusta, Richmond County, Georgia 30904.

Shape: The total subject site (105.70 acres) is irregular in shape with frontage along Wrightsboro Street, Maryland Avenue and Whitney Street.

Area: The site consists of a 2.0-acre allocation for the subject site, per client supplied information and subject to survey.

Frontage: The total site has adequate frontage along Wrightsboro Road, Maryland Avenue and Whitney Street. The subject site has frontage along Maryland Avenue.

Topography: The subject site is level at paved street and at similar grade with adjoining properties. The total site is a gently sloping site. The 2.0 acre subject site is primarily level or gently sloping.

Street Improvements: Wrightsboro Road is a fully improved two-lane asphalt paved roadway with a center turn lane at major intersections. Maryland Avenue and Whitney Street are two lane secondary residential roadways.

Soil Condition: No soil report of the subject property has been made available or reviewed; however, it is assumed and appears that the soil is of satisfactory load-bearing capacity to support the subject structure. No evidence to the contrary was observed upon our physical viewing of the property.

Drainage of the site appears to be adequate.

Utilities:

All utilities are present and appear to be adequate in capacity.

Access:

Access to the subject VA campus is primarily from Wrightsboro Road. Secondary access is from Whitney Street. However, this entrance has a gated opening that primarily remains closed except for during business hours. A third access gate is from Maryland Avenue. This gate was closed on the day of the property viewing.

Land Use Restrictions:

Although no authoritative report of title was provided or reviewed for this report, there does not appear to be any easements, encroachments, or restrictions that would adversely affect the utilization of the site. A survey is recommended for final determination of any such adverse conditions.

Zoning:

The subject's zoning is classified by the City of Augusta as R-3, Residential District. This zoning limits the number of units for the subject building to 14. A petition to change zoning to R3C to allow more units is planned. This zoning change is reasonable and probable according to Robert Moody of AmeriVets Real Estate Services Inc. This R3C zoning allows for a variety of residential uses and the subject property as a vacant building "as is" or as a medical office or a group home building is in conformance with zoning regulations as a legal conforming site. The Augusta Zoning department (Mr. Bob Austin of Augusta City Planning) indicated that the current zoning is not enforced for the VA Federal property and that most uses would be allowed by the VA Department. Zoning is appropriate for the proposed group home use under the proposed R3C zoning.

We know of no deed restrictions, private or public, that further limit the subject property's use. We cannot guarantee that no such restrictions exist. Deed restrictions are a legal matter, and only a title examination by an attorney or Title Company can usually uncover such restrictive covenants. Thus, we recommend a title search to determine if any such restrictions do exist.

Flood Hazard:

The subject does not appear to be in a flood plain according to Community Panel #130158 0110 F of the National Flood Insurance Rate Map, effective date September 25, 2009. The subject appears to be in Flood Hazard Zone X and therefore, does not require flood insurance. However, further inquiry is recommended.

Toxic Waste:

No toxic waste was noted by this appraiser. However, we are not qualified to comment on whether any contaminants have affected the property and recommend an expert to determine if the condition does exist.

Environmental Disclaimer:

Unless otherwise stated within this report, the existence of any other hazardous material, which may or may not be present on the subject property, was not observed by the appraiser. The Market Value Estimate is predicated on the assumption that there is not a significant amount of hazardous material on or in the subject property that would cause a loss in value. However, no responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. Thus, we recommend engaging an expert in this field to determine if any such conditions exist.

Conclusion:

The subject site is sufficient in size to support the improvements with additional land available for parking and green space. Frontage and depth relationship is adequate and typical for the subject area. Overall site rating is considered to be average. Parking is sufficient in capacity to support the improvements "as is" typical of medical office locations. This general area is experiencing a limited amount of redevelopment in the subject area on the VA Medical Center campus. Overall site rating is considered to be average.

GAflood features near Clicked Point

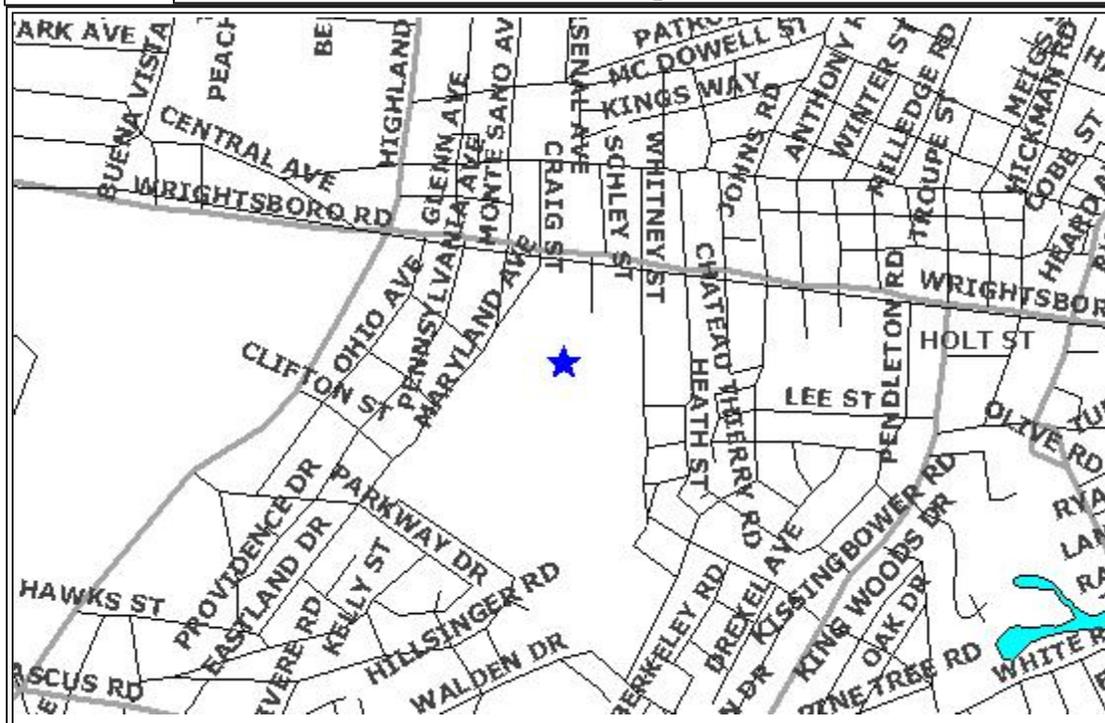
COMMUNITY PANEL ZONE DATE

[130158](#) 0110F X 20090925

FLOOD SEARCH DATA

New Search					How to use tools	Flood Zone Definitions
						

To view all data, select the **i** tool and click on the star locator on map.



Check Layers to Display: GAflood Census Tract (Med) Streets Highway

[Redraw Map](#)

BUILDING IMPROVEMENT DESCRIPTION

The subject is currently a shell building located in a larger VA Medical campus complex. The subject is described as Building 18- 28,530 SF situated on 2.0 acres allocated from a larger 105.70 acre Charlie Norwood Medical Center campus. The building will be delineated as Building 18 throughout.

Building 18

Building 18 was constructed in 1913 and is one of the oldest buildings on the medical center campus. This building was originally constructed for office use. Building 18 is a 4 story structure. Construction is solid masonry with a smooth stucco exterior and concrete block foundation. There is a small basement which is used for mechanical, plumbing, HVAC and electrical components only. In approximately 1985, Building 18 was totally renovated to include the current layout which is offices on the first floor and living quarters on the second through fourth floor. Floors are primarily vinyl tile. The roof is primarily composition shingles. This building has been vacant for about 5-6 years. Condition of the building is fair with most long term building components such as roof, HVAC, plumbing and electrical needing replaced or updated. No cost estimates for renovation or remodeling were provided to the appraisers'.

General Data-

Year Built:	1913 & 1985; planned remodeling scheduled for 2012
Building Area:	28,530 SF
Building Height:	Four story

Construction Detail-

Foundation:	Poured concrete or concrete block
Framing:	Masonry
Floors:	Concrete
Exterior Walls:	Brick and limestone
Roof:	Composition shingles
Windows:	Primarily older metal and wood double hung windows
Doors:	Exterior –Primarily wood and/or steel Interior–Wood and metal

Mechanical Detail-

Heating and Cooling:	Several unit heaters, gas boiler system
Electrical Service:	800 amp panels
Plumbing:	Restrooms on each floor, kitchen area & water fountains
Fire Protection:	Wet sprinkler system, smoke detectors and fire extinguishers

Interior Finish-

Layout:	First floor- offices, second through fourth Floor- patient rooms
Floor Covering:	Primarily vinyl tile flooring
Ceilings:	Primarily suspended panels or drywall/plaster ceilings
Walls:	Painted drywall primarily
Lighting:	Primarily recessed strip fluorescent lighting with some incandescent lighting

1 Freedom Way
Augusta, Georgia 30904

Project Site Improvements-

Lighting:

Building lights and lighted street level displays

On-Site Parking:

Several parking areas in close proximity to each building

Landscaping:

Limited, lawn

TAX AND ASSESSMENT ANALYSIS

The subject total property is assessed at Market Value by the State of Georgia. The last re-appraisal was completed in 2009. Current values provided by the Richmond County Auditor's Office are as follows:

\$1,975,550- Land Value

\$99,699,314 – Improved Value of all Buildings on the VA Medical Center Campus

\$101,674,864 – Total Value of the VA Medical Center Campus

Note: The subject is a small portion of the total being one building out of a total of about 22 buildings, one of which is a major hospital building. Additionally, the subject building is situated on an allocated 2.0 acres out of a total site size of 105.70 acres.

Note 2: The subject is tax exempt due to the subject being a federal government property. No yearly taxes are paid by the owner, the VA Department of the Federal Government.

Future rates should increase at a 3% growth rate.

IV. ANALYSIS AND CONCLUSIONS

MARKET ANALYSIS (*General Summary*)

Subject Analysis

The subject property is a commercial medical building located on the Charlie Norwood Medical Center Campus in the City of Augusta, Georgia in a west central portion of the city. The Charlie Norwood Medical Center campus has experienced some revitalization over the past decade. There is currently a building being constructed at the front of the property at the main entrance at Wrightsboro Road. This is directly across the entrance street from the subject. This building recently opened and is a veterans home with living quarters for about 20 families, according to Timothy Harris.

The subject property is being appraised as is (improved) and as if vacant land. The subject property, including the shell building, is potentially going to be renovated for veteran's group home use. This proposed use would properly conform to the neighborhood and satisfy zoning requirements as completed as group home use. Subject area has above average adjacency to the local expressway system including I-20 and I-520 as well as good proximity to other major connecting routes. The area as a whole can be briefly described as an older mixed use commercial and residential area within the City of Augusta that has experienced some amount of new construction and renovation, with properties ranging mostly from average to above average condition across a broad spectrum. The VA Campus comprises 105.70 acres and is fenced. This is a major influence on the area. The campus has a major hospital and about 15 to 20 additional buildings, some of which are vacant like the subject building. Commercial zones throughout the subject area have remained relatively stable or declined in response to the recessionary conditions. The City of Augusta is in the process of enticing property owners into restoring properties via economic incentives, especially in the downtown area.

The subject is a vacant shell building that was last occupied by VA operations about 5-6 years ago. The subject property is being donated or land leased at a nominal amount to a group that will renovate the subject building for VA housing. Rental rates for group home use are largely unavailable as most of these facilities tend to be owner occupied or owned by a national company that specializes in this type of care. The subject was originally constructed in the 1920's and 1940's and had been remodeled over the years. However, the condition of this building is currently fair or shell condition. The subject is now a combination of unfinished offices (1st floor) and living quarters (2nd -4th floors). The building can be characterized as shell space currently with dated electrical, plumbing and HVAC. Interior finishes would need to be updated and changed for the proposed use. Details of the proposed use were not provided to the appraisers' and this appraisal does not include valuation of the subject as completed.

Marketability of this property is below average, as it relates to its immediate condition overall. Extensive renovation or replacement of short and long lived items such as HVAC, plumbing, roof and electrical would need to be replaced. The subject is located in a commercial medical center district that is experiencing limited demand. Benefits include its location on the VA campus. Marketability is deemed average for the medical office market and/or group home use.

A tour of the immediate area (within a few blocks) reveals little vacancy along Wrightsboro Road. This is a mixed use area with commercial and single family homes scattered along Wrightsboro Road, which is highly commercial. Most commercial medical office uses in this area are dominated by owner-users. The subject is located in a neighborhood with a mix of residential and commercial retail and office properties. Most of these commercial facilities are retail buildings in the immediate area. The neighborhood is composed of mid to low quartile income wage earners. Properties in the vicinity are generally older and complimentary in nature. Area appeal is fair to average and typical of older urban locations.

Employment base is fair in this general vicinity with there being good accessibility to major sectors located in the City of Augusta and neighboring communities. Additionally, the subject has very good proximity to Downtown Augusta the major employment district in Central and Eastern Georgia and to major universities and other public institutions. Expressway systems are very close with I-20 and I-520 within a few miles.

Atlanta Office Market

The subject is located in Augusta. No brokerage firm tracks the Augusta office market. Therefore, we will analyze the Atlanta and Columbia South Carolina office market as these real estate markets are believed similar to the Augusta office market. According to CB Richard Ellis the total office market in the Atlanta Metro area consists of 132,844,677 SF as of Fourth Quarter 2010. The largest submarket is the Central Perimeter market which contains 22,197,829 SF. The Atlanta office market has experienced fluctuating occupancy over the past eight years as can be seen in the following chart. Vacancy had risen to about 23% in 2003 then steadily decreased to about 17% in 2007. It has steadily risen since then back to 23%. As of year -end 2010, vacancy overall is at 23.3%, a steady rate from mid year. The rental rate chart indicates a general downward trend in rental rates during the past two years. Lease rates were near \$22.00 PSF in 2009 and have deteriorated to about \$17.00 PSF at year end 2010.

In regard to absorption, absorption has been primarily trending negative over the past two years. Fourth Quarter 2009 indicated over 700,000 SF of negative absorption followed by close to 400,000 SF of negative absorption in the first quarter 2010. Most recently there was very minor negative absorption in the fourth quarter 2010.

New construction remains significantly low, a trend that began in 2007-2008. Financing is difficult if not impossible to obtain making the sale market moribund at best. The market is forecast to remain difficult and concessions in the form of free rent and tenant improvements will increase. Layoffs will continue increasing vacancy and decreasing rental rates. A lack of confidence in general and a search for the bottom will continue to have a negative effect. Eventually the market will recover. Most real estate professionals predict this year for a slow recovery and more significant recovery next year.

Columbia South Carolina Office Market

According to CB Richard Ellis the total office market in the Atlanta Metro area consists of 11,928,467 as of Mid Year 2009, the latest time period tracked by CB. The largest submarket is the CBD at 5,141,794 SF. The Columbia office market has experienced fluctuating occupancy over the past three years. Vacancy had risen to about 16% in 2007 then steadily decreased to about 13% in 2008. It has steadily risen since then back to 15.6% as of mid year 2009. As of mid year 2009, vacancy overall was at 15.6%. The rental rate chart indicates a general slight upward trend in rental rates during the past two years. Lease rates were near \$15.00 PSF in 2007 and have risen slightly to about \$15.50 PSF as of mid year 2009.

In regard to absorption, absorption has been primarily trending negative over the past two years. Second Quarter 2009 indicated over 155,000 SF of negative absorption. Unemployment has been trending upward from rates about 6% in 2003 to near 10% in mid year 2009.

New construction in 2009 was relatively steady with 233,400 SF of office space being constructed as of mid year. However, this figure has slowed due to recessionary conditions. The market is forecast to remain difficult, similar to the South region affecting real estate since the market began to deteriorate in 2007-2008.

Conclusion

In summary, the surrounding vicinity is certainly sufficient in character and natural demographics to support medical office and/or group home use for the subject property.

Overall future prospects for the subject's market area are rated as fair to average taking into account its location with relatively high vacancy but located on a large established VA Medical Center campus. Vacancy rates are typically average ranging from 10%-25%. Most sales activity has been in commercial medical office properties as medical office use has remained steady over the recessionary period. There remains a stable level of population support and adequacy of transportation routes. Market rating for the subject property is expected to be below average for the foreseeable future due to the condition of the improvements. However, the proposed renovations and proposed use will help the marketability of the subject building, if it should be offered for sale or lease, which is unlikely.

In short, the subject has an average location. Its location at the VA Medical Center is considered a plus. Its fair to shell building condition for the subject building is considered a detriment. The potential improvements and renovation planned are believed to enhance the subject property going forward.

1 Freedom Way
Augusta, Georgia 30904

Overall marketability and appeal factors are below average due to the condition of the improvements with forecasted average economic prospects for the subject but will be average upon completion of the potential renovation for the subject building within the next couple of years.

HIGHEST AND BEST USE

According to The Appraisal of Real Estate, Thirteenth Edition, a publication of the Appraisal Institute, the highest and best use may be defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

Implied in these definitions is that the determination of the highest and best use is shaped by the competitive forces within the market where the property is located. Therefore, the analysis and interpretation of the highest and best use is an economic study of market forces focused on the subject property.

Within this analysis we evaluated the subject site's highest and best use both as though vacant and as currently improved.

Highest and Best Use of Land as Though Vacant:

The Highest and Best Use of land or a site as though vacant assumes that a parcel of land is vacant or can be made vacant by demolishing any improvements. With this assumption, uses that create value in the marketplace can be identified, and the appraiser can begin to select comparable properties and estimate land value. Land as though vacant is a fundamental concept of valuation theory and the basis for the Cost Approach. Because many appraisals include an allocation of value between the land and the building associated with it, a highest and best use analysis of the land as though vacant is frequently performed.

Legally Permissible

The first test concerns permitted uses. The subject's site is zoned R3, Residential District. This zoning allows up to 14 units in the existing building. A petition to change the zoning to R3C to allow more units is planned. This change in zoning to R3C is believed reasonable and probable according to Robert Moody of the AmeriVets Real Estate Services Inc. The city of Augusta (Mr. Bob Austin of City Planning) has indicated that the Charlie Norwood VA Medical Center is not under jurisdiction of the Augusta Zoning Department. However, the VA is conforming to Augusta City regulations including zoning and planning. The VA has developed the land commercially over the years and the proposed improvements represent a legal conforming use. There do not appear to be any private or deed restrictions, building codes, historic district controls, or environmental regulations imposed on the site that are not typical to the area or that impair its use. There do not appear to be any easements or encroachments that affect the utilization of the subject's site. Most residential or commercial office uses are allowable.

Physically Possible

The second test is for what use would be physically possible. As discussed in the "Property Description," the subject's site size (2.0 acres allocated out of a total site size of 105.70 acres), shape, accessibility, soil and topography are believed adequate and do not physically limit its use, except for size. The subject site is considered physically adequate for many uses. Its utility is good with good accessibility. All utilities are present. The subject site is physically adequate for a number of property types located on the Charlie Norwood VA Medical Center Campus in Augusta, Georgia.

Financially Feasible

The third test concerns financial feasibility. Uses that meet the test of physically possible and legally permissible were analyzed for their financial competitiveness. As such, qualified properties were analyzed as to their income potential as though newly constructed. Vacancies and expenses were also estimated, resulting in net operating incomes (cash flows). Rates of return were then calculated and compared with probable cost estimated for each use. Elements of risk and timing were also factored. Currently medical office rents and occupancy rates are at levels that make the justification of significant speculative construction difficult. However, due to its location, medical office development is financially feasible. Its location on the Charlie Norwood VA Medical Campus would increase the likelihood of medical office development as demand warrants additional medical office use.

Maximally Productive

The fourth test is for maximum productivity, or the use which would bring the greatest benefit along with the highest inherent return to the land. As noted earlier rents and occupancy rates are at levels that make the justification of significant speculative construction difficult. Medical office development was determined to be financially feasible. Therefore, medical office development, due to its VA campus location, is maximally productive.

Conclusion:

In terms of physically possible, a 2.0 acre site (allocated from a total site size of 105.70 acres) would accommodate many medical office type uses. The site is zoned R1-A, Residential District and is situated among complimentary commercial medical office development. The city of Augusta has indicated that medical office type uses are allowed under a legal non-conforming status. On a legal, financially feasible basis, as well as one that is maximally productive, the use that is considered most appropriate is for future commercial medical office development when demand exists for new medical office use on the Charlie Norwood Medical VA campus. All utilities are available. Therefore, under consideration of the subject on an as vacant basis, the subject's highest and best use would probably be for medical office type use as demand warrants development of this site.

Highest and Best Use as Improved:

The highest and best use of a property as improved pertains to the use that should be made of an improved property in light of its improvements. The use that maximizes an investment property's value, consistent with the long-term rate of return and associated risk, is its highest and best use as improved.

Legally Permissible

The first test concerns permitted uses. The subject's site is zoned R1-A, Residential District and according to our understanding of this zoning, the subject's site may be improved group home (maximum 14 units) based on the R-3 Residential zoning regulations within the city of Augusta which apply to the Federal VA Medical Campus. A petition to change the zoning to R3C to allow more units is planned. This zoning change is believed reasonable and probable based on indications from Robert Moody of AmeriVets Real Estate Services Inc. The proposed group home application is considered a legally conforming use according to the proposed R3C zoning. There do not appear to be any private or deed restrictions, building codes, or environmental regulations imposed on the site that are not typical to the area or that impair its use. However, the subject may have historic district controls, which limit the façade improvements and/or renovation of the facility. There do not appear to be any easements or encroachments that affect the utilization of the subject's site. The subject's proposed renovation group home use is in compliance with R3C zoning regulations and therefore, is legally permissible.

Physically Possible

The second test is what is physically possible. Land to building densities appear to be within permitted levels. The site (2.0 acres allocated out of a total site size of 105.70 acres) is improved with a 28,530 SF four story former medical hospital and former tuberculosis care building located on the Charlie Norwood VA Medical Center campus in Augusta. The building may be renovated as a result of the VA agreement with Amerivets Real Estate Services Inc. to coordinate the EUL process as a Prime Contractor for the VA for the remodeling this building for group home type care. The subject site is considered physically adequate on an improved basis.

Financially Feasible

The third test concerns financial feasibility. Other alternate uses that meet the test of physically possible and legally permissible were analyzed for their financial competitiveness with the subject's use as an office building. Alternative use properties were analyzed as to their income potential. Vacancies and expenses were estimated, resulting in net operating incomes (cash flows). Rates of return were then calculated. The subject's rate of return was positive and indicated that the subject's proposed use as group home medical use is financially feasible. Other allowed uses of retail or commercial configuration would not generate equivalent cash return to the property owner. Therefore, the proposed office group home use is believed financially feasible.

Maximally Productive

The fourth test is for maximum productivity. The subject property will be competitive with other alternative uses. No alternative use surpasses the income producing ability of the subject use, once accounting for conversion or razing costs as well as factoring elements of risk. Land use for this project is considered to be long-term for the economic life of the improvements. Therefore, the subject proposed use is maximally productive.

Conclusion:

The subject is currently designed as a four-story brick building that will be potentially totally renovated for group home medical use. However, the renovation is not included within this appraisal of the property in as is shell to fair condition and as if vacant land (clean). The subject is proposed renovation of an existing building for group home use by Amerivets Real Estate Services Inc, a Prime Contractor for coordinating the EUL process for the VA for potential group home services for veterans. Consideration of the subject's highest and best use as improved is indicative of its use as a commercial medical use building as the most economically viable as renovated. No alternative applications would surpass the subject's proposed application. Furthermore, complete razing of the existing facility was not deemed practical or financially rewarding. Additionally, the subject has an application for the National Register of Historic Places. Physical attributes, zoning considerations and rates of return would most strongly point to the subject's proposed commercial potential group home use application as being this property's highest and best use as improved. Therefore, on a financial and maximally productive basis the subject's highest and best use would be for the proposed medical group home use as being the subject's highest and best use as-improved, which is allowed by the current zoning and blends in well with the Charlie Norwood VA Campus neighborhood it is situated in.

Marketing Period

Marketing time is an estimate of how long it would take to sell an interest in real property after the date of an appraisal. Exposure time is an estimate of how long a property would have been on the market before the date of appraisal. These concepts have been defined as follows by UASLFA Yellow Book definitions (Uniform Appraisal Standards for Federal Land Acquisitions, Page 13):

Marketing Time- An estimate of the amount of time it might take to sell and interest in real property at its estimated market value during the period immediately after the effective date of an appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal.

Exposure Time- An estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal, a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions.

The definition of market value within this report for The *Uniform Appraisal Federal Land Acquisition Standards*, does not call for the estimate of value to be linked to a specific exposure time estimate, but merely that the property be exposed on the market for a reasonable length of time, given the character of the property and its market. This is contrary to USPAP Standards Rule 1-2 (c), but is a permitted Jurisdictional Exception.

Introduction

The type and age of the property and the quantity and quality of data affect the applicability of each approach in a specific appraisal situation.

The Cost Approach utilizes costing information from Marshall Swift. The Cost Approach is a good indicator of value for properties, which are new, which is not the case with the subject. Due to the subjectivity of estimating accrued depreciation for the subject property, the Cost Approach was not developed in conjunction with this appraisal and it was not considered in the final value estimate due to the older age of the improvements and the shell condition of the improvements. Additionally, a property such as the subject typically does not sell on a cost to produce basis further compromising the Cost Approach to Value.

The Sales Comparison Approach is most viable when an adequate number of properties of similar types have been sold. In this approach, a value indication is derived by comparison of properties comparable to the subject property. Adjustments are made, indicating a range in which the value of the subject falls. Adjustments are made according to condition of sale, financing terms, market conditions (time), location, physical characteristics, and income characteristics. These adjustments will be developed into a unit of measure applied against the subject to give the estimated most probable selling price. This approach was utilized in estimating an “As Is” value for the subject property both as if vacant land and as improved as a shell building.

The Income Approach measures the present value of future benefits. Cash flows and reversion of the property upon sale are capitalized into a present value, explicitly over a designated holding period or capitalized implicitly using direct capitalization against the stabilized net operating income. The Income Approach, like the Sales Comparison and Cost Approaches, requires extensive research. The appraiser estimates gross potential income, allows for vacancy and credit allowance, adds other income relative to the project, and deducts operating fixed and variable expenses, arriving at a net operating income (NOI) before income taxes and depreciation allowances. It is the NOI that is capitalized using either a ratio model such as direct capitalization, or a yield model such as Discounted Cash Flow. The subject property has income producing characteristics for consideration. Therefore, The Income Approach utilized provides guidance in the valuation measurement of the subject property. This approach was not utilized in estimating an “As Is” value for the subject property due to the lack of rental information for shell buildings similar to the subject. However, a lease rate was determined within the Sales Comparison Approach for the property as if vacant land and as improved with the subject shell building.

The results of our investigation and analysis follow.

SALES COMPARISON APPROACH

Methodology – “As Is”

In the Sales Comparison Approach, the appraiser estimates the value of a property by comparing it with similar, recently sold properties in the surrounding or competing area when available. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property with similar utility, assuming no costly delay is encountered in making the substitution.

By analyzing sales that qualify as arms-length transactions between willing and knowledgeable buyers and sellers, we can identify market value and price trends. The sold properties should be as comparable to the subject in physical, locational, financial, and economic characteristics as possible.

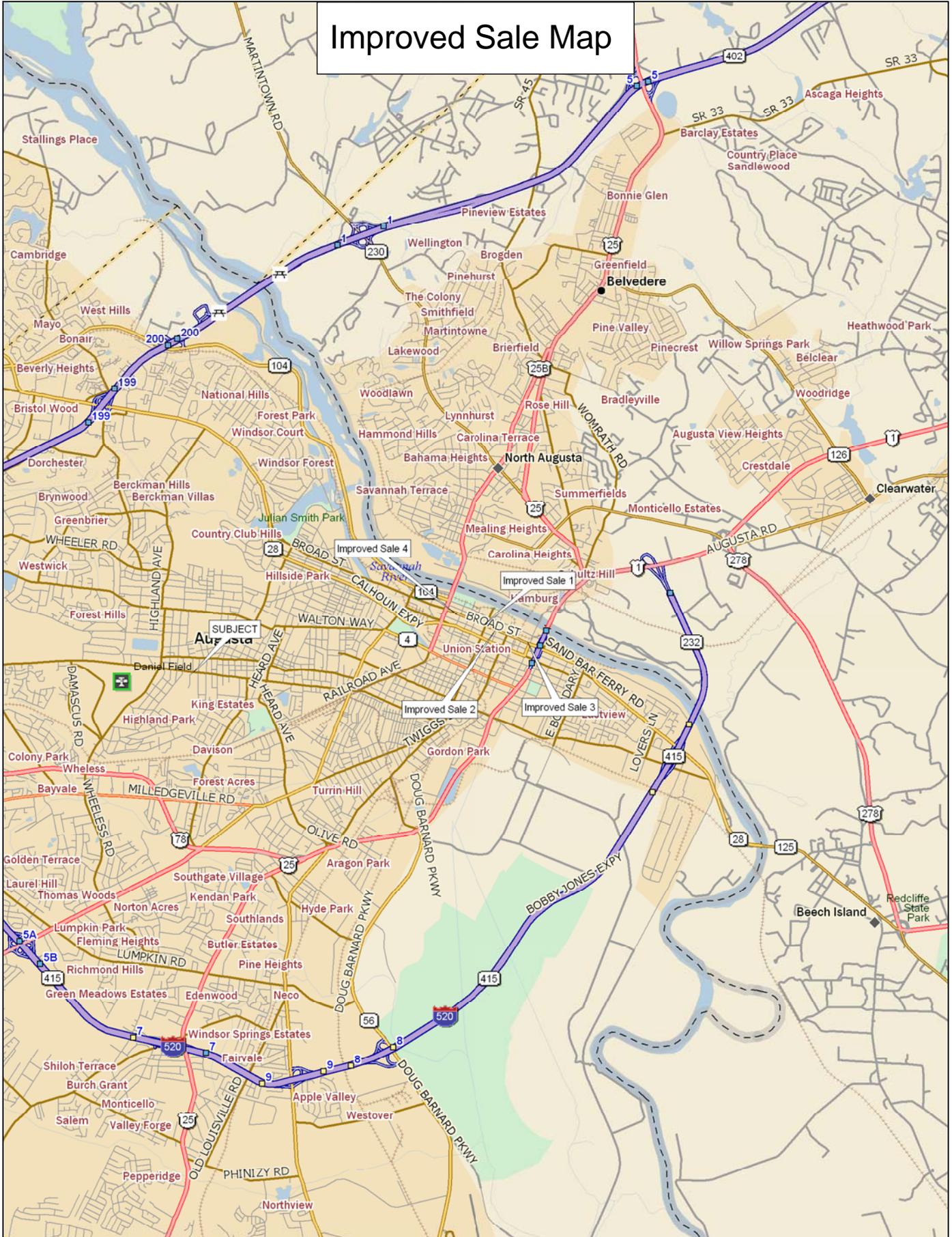
The most widely used and market-oriented units of comparison for properties such as the subject are the sales price per square foot or unit and gross income multiplier. All comparable sales were analyzed using price per square foot.

Sales were analyzed for:

- (1) property rights conveyed such as leases etc. and other income characteristics including the following;
- (2) financing terms which are above or below typical financing terms at the time of sale;
- (3) condition of sale – atypical market conditions such as a family sale, special tax consideration, or other incentive;
- (4) market conditions (time trending) – appreciation/depreciation due to changing supply and demand, or interest rate variances between the sale date and appraisal date;
- (5) locational differences between the comparable and the subject property and its relative relationship between income potential, supply and demand, and desirability for the specific improved property;
- (6) physical characteristics such as class, quality, design, size, age, condition, desirability, utility, etc.
- (7) other amenities different from the subject property.

On the following page is a summary of the properties that were compared with the property appraised. The subject will be a shell four-story brick former medical office and group home medical building located in a VA campus of the City of Augusta. The subject is expected to be used for group home care use after complete renovation. The subject appraisal is for the “as is” and “as if vacant” value opinion. Therefore, shell buildings were used for pricing estimations on an as is basis as well as vacant land sales. Accordingly, the appraisers researched the general Augusta market areas for recent sales that have comparable design & appeal, location and condition as compared to the subject – “as is” (shell condition), typically. The market data before adjustments indicates a range of \$8.45 per square foot to \$28.28 per square foot unadjusted “as is” for the subject’s shell condition grade. These comparable buildings will be adjusted as compared to the subject building and correlated into a unit measure for the subject building’s expected pricing on a square foot basis.

Improved Sale Map



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Scale 1 : 93,750



1" = 1.48 mi

Data Zoom 11-1

Improved Sale No. 1



Property Identification

Record ID 451
Property Type Office
Address 923 Broad Street, Augusta, Richmond County, Georgia 30901
Tax ID 037-3-085-00-0

Sale Data

Grantor WCC Mercer Corp
Sale Date February 01, 2010
Property Rights Fee Simple
Conditions of Sale Arm's Length
Financing Cash to Seller
Verification Richmond County Auditor's Office; October 31, 2011; Rex Group - Broker, (706) 951-1405
Sale Price \$220,000

Land Data

Land Size 0.260 Acres or 11,326 SF

General Physical Data

Building Type Single Tenant
SF 21,600 (2) buildings
Construction Type Masonry
Stories 2
Year Built 1953

Indicators

Sale Price/Gross SF \$10.19
Floor Area Ratio 1.91
Land to Building Ratio 0.52:1

Remarks

The property is a part of the 2-building office condo space located in August GA in the downtown business district. The area is well suited for this type of office environment. It has large open space that can be used for office modules. The property also features a roll up door for easy access at rear of building and an access door on both the first and second floor which allows cross access between the two structures.

Improved Sale No. 2



Property Identification

Record ID	452
Property Type	Retail, Free Standing
Address	802 Broad Street, Augusta, Richmond County, Georgia
Tax ID	047-1-034-00-0
<u>Sale Data</u>	
Grantor	Metro Di Bella LLC
Grantee	Starworth Properties LLC
Sale Date	October 01, 2007
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Verification	Richmond County Auditor's Office; October 31, 2011; Prime Commercial Properties, Inc - Broker, 706-868-5053 x 14

Sale Price

\$520,000

Land Data

Land Size

1.500 Acres or 65,340 SF

General Physical Data

Building Type

Single Tenant

Gross SF

44,000

Construction Type

Concrete and brick

Stories

2

Year Built

1945

Indicators

Sale Price/Gross SF \$11.82

Floor Area Ratio 0.67

Land to Building Ratio 1.49:1

Remarks

The property is located on Broad street in the Central Business district of Augusta GA near several premier office buildings. It has easy access to Riverwatch Parkway connecting to I-20 and access to U.S. Highway 1.

Improved Sale No. 3



Property Identification

Record ID	453
Property Type	Retail, Free Standing
Address	519 Broad Street, Augusta, Richmond County, Georgia
Tax ID	047-2-029-00-0
<u>Sale Data</u>	
Grantor	James E Burnside
Grantee	Mark Lassic
Sale Date	July 10, 2006
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Verification	Richmond County Auditor's Office; October 31, 2011
Sale Price	\$125,000

Land Data

Land Size	0.182 Acres or 7,928 SF
Front Footage	80 ft on Broad Street
Rail Service	Railroad behind the building

General Physical Data

Building Type	Single Tenant
Gross SF	14,800
Area Breakdown	Office 1,200
	Retail 13,600
Construction Type	Masonry
Stories	2
Year Built	1901

Indicators

Sale Price/Gross SF	\$8.45
Floor Area Ratio	1.87
Land to Building Ratio	0.54:1

Remarks

The property is located near 5th Street in downtown Augusta, GA. It is close to the Augusta Richmond County Museum and the Mentro Chamber of Commerce. It has an eachy access to Highway 1 and I-520.

Improved Sale No. 4



Property Identification

Record ID 454
Property Type Retail, Office
Address 1212 Broad Street, Augusta, Richmond County, Georgia 30901
Tax ID 036-4-215-00-0

Sale Data

Sale Date September 23, 2011
Property Rights Fee Simple
Financing Cash to Seller
Verification Richmond County Auditor's Office; October 31, 2011; JE Harrison & Co - Broker

Sale Price \$280,000
Cash Equivalent \$280,000

Land Data

Land Size 0.220 Acres or 9,583 SF
Utilities All Available

General Physical Data

Building Type Single Tenant
Gross SF 9,900

Area Breakdown
Street Retail 4,500
2nd & 3rd Floor 5,400

Construction Type Masonry
Stories 3
Year Built 1912 Renovated

Indicators

Sale Price/Gross SF \$28.28
Floor Area Ratio 1.03
Land to Building Ratio 0.97:1

Sales Comparison Grid

Item	Subject	Sale #1	Sale #2	Sale #3	Sale #4
Address	1 Freedom Way, Augusta Georgia Building 18	923 Broad Street, Augusta, Georgia	802 Broad Street, Augusta, Georgia	519 Broad Street, Augusta, Georgia	1212 Broad Street, Augusta Georgia
Sale Price		\$220,000	\$520,000	\$125,000	\$280,000
Unit Price per Sq. Ft.		\$10.19	\$11.82	\$8.45	\$28.28
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Conditions of Sale	Arms Length	Arms Length	Arms Length	Arms Length	Arms Length
Market Conditions	Oct-11	Feb-10	Oct-07	Jul-06	Sep-11
Subtotal Adjusted Unit Price for Cumulative Adjustments		\$9.68	\$10.64	\$7.61	\$28.28
Location	Augusta	Augusta CBD	Augusta CBD	CBD Augusta	CBD Augusta
Quality / Design	4 Story Masonry	2 Story Masonry	2 Story Masonry	2 Story Masonry	2 Story Masonry
Land Size (acres)	2.000	0.260	1.500	0.182	0.220
Site Density	12.21	1.05	2.97	1.61	1.94
Building Size (Sq. Ft.)	28,530	21,600	44,000	14,800	9,900
Year Built	1913 & 1985	1953	1945	1901	1912 Renovated
Age / Condition	Shell/Fair	Shell	Shell	Shell	Average
Amenities	Single Building	2 Buildings	Single Building	Single Building	Single Building
Visibility	Good	Good	Good	Good	Good
Utility	Office/Group Home	Retail/Office	Retail/Office	Retail/Office	Retail/Warehouse
Subtotal Adjustments					
Adjusted Base Price		\$9.68	\$10.64	\$7.61	\$28.28
Indicated Unit Price		\$14.04	\$15.43	\$10.27	\$33.94
Average					\$ 18.42

ANALYSIS OF SALES (AS IS)

Four improved sales were found to have transferred and compared to the subject property. Financing terms were considered typical. Adjustments were required for market conditions (negative at 5% per year), location, site density, design/quality, age/condition and building size. Adjustments that were applied are believed to be reasonable and well supported.

Sale# 1 is a February 2010 sale of a shell building located at 923 Broad Street in the CBD of Augusta, Georgia. This older building was in shell condition at the time of transfer. A downward adjustment was applied for market conditions. We also adjusted upward for its inferior design, its smaller site density and its inferior condition when compared to the subject property. Pricing via this comparable after adjustments is \$14.04 per square foot.

Sale #2 is an October 2007 sale of a shell building located at 802 Broad Street in the CBD of Augusta, Georgia. This older building was in shell condition at the time of sale. A downward adjustment was applied for market conditions. Upward adjustments were applied for its inferior design/quality, its lower site density, and its larger building size and for its inferior condition. No other adjustments were applied for this comparable. Pricing via this comparable after adjustments is \$15.43 per square foot.

Sale #3 is a July 2006 sale of a building located at 519 Broad Street in the CBD of Augusta, Georgia. This older building was in shell condition at the time of transfer. We adjusted downward for market conditions due to deteriorating economic conditions and for its smaller building size. Upward adjustments were applied for its inferior design/quality, for its smaller site density and for its inferior condition when compared to the subject property. Pricing via this comparable after adjustments is \$10.27 per square foot.

Sale #4 is the September 2011 sale of a building located at 1212 Broad Street in the CBD of Augusta, Georgia. This older building was in average condition at the time of transfer. We have not adjusted market conditions due to recent sale date. Upward adjustments were applied for its inferior location, for its inferior 2 story design/quality, and for its smaller site density when compared to the subject property. A downward adjustment was applied for its superior age/condition when compared to the subject building. Pricing via this comparable after adjustments is \$33.94 per square foot.

THE SALES COMPARISON APPROACH SUMMARY- AS IS IMPROVED SITE

Three shell building sales plus an older average condition building sale were reviewed and detailed on the previous pages are believed to provide a good cross section of unit pricing to be expected for the subject property. Sales were found to be Fee Simple property rights and Cash to the Seller on an arms length basis. Sales were adjusted downwards to account for market conditions for all of the sales as the local economy has deteriorated over the past few years. The facilities reviewed compared favorably particularly in regards to physical traits such as quality, utility, desirability and functional appeal. Adjustments were made for market conditions, location, quality/design, site density, and age/condition. The adjustments overall were believed to be reasonable.

The office buildings were selected and reviewed for pricing indication for the subject building on an as is basis. The range of pricing before adjustment is indicated at \$8.45 per square foot to \$28.28 per square foot. After application of all adjustments, the range of unit pricing is from \$10.27 per square foot to \$33.94 per square foot with an average near \$18.42 per square foot.

Pricing for the subject property is estimated as follows: the subject's location and fair to shell condition would suggest pricing at the middle of the range. Its larger building size would suggest pricing at near the low end of the pricing range. Its site density would suggest pricing at the high end of the range. The declining economy would suggest pricing below the middle of the range. Taking all value indicators together, pricing is estimated for the subject at the near the middle of the range at \$20.00 per square foot. The following calculation will apply:

AS IS- \$20.00 per SF x 28,530 SF = \$570,600
Rounded = \$570,000

Value (Improved Site) Indicated by the Sales Comparison Approach = \$ 570,000

LAND VALUE- 2.0 ACRES

The value of land is strongly influenced by its present or potential highest and best use.

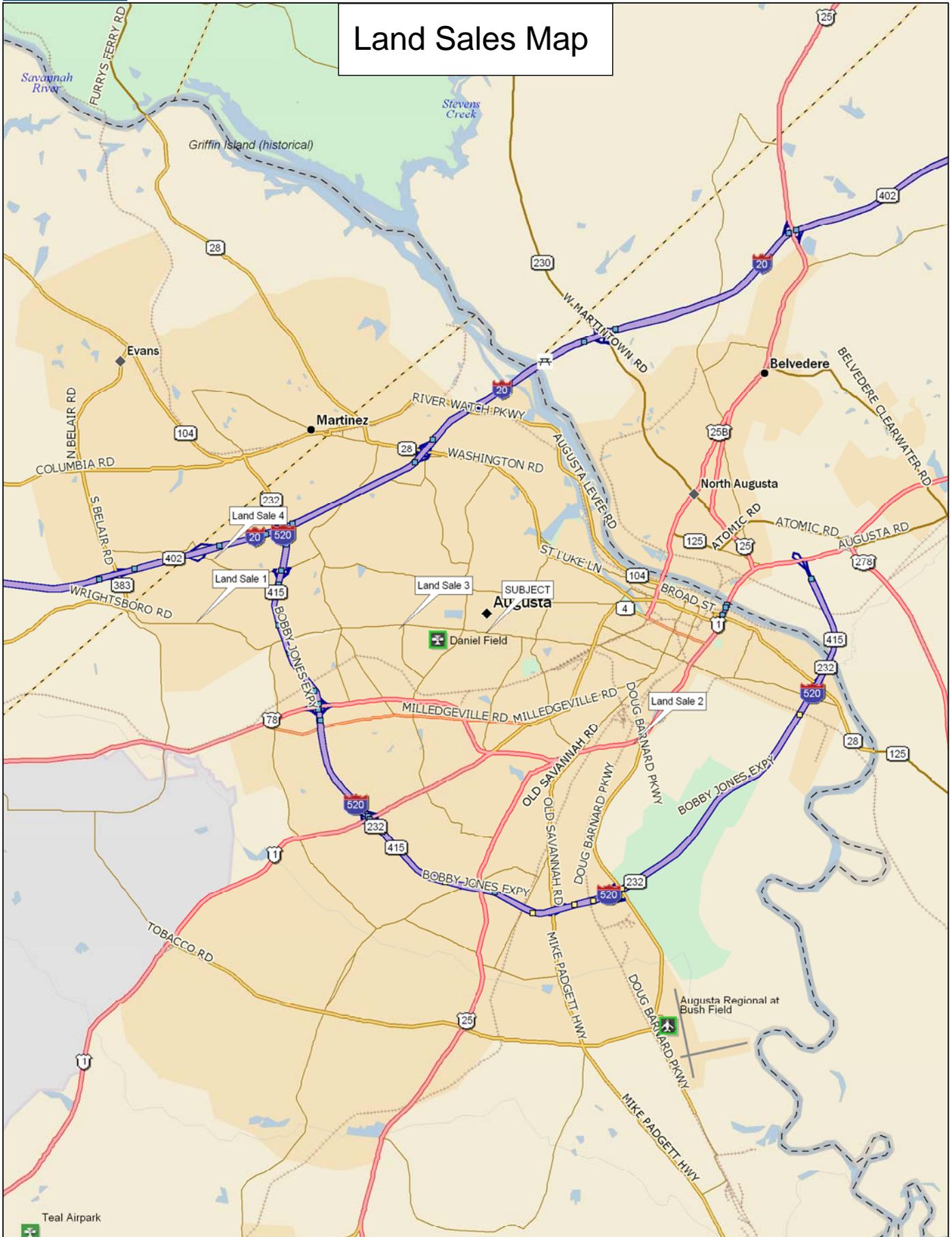
Land value can be estimated with sales comparison, allocation, extraction, subdivision development analysis, land residual technique, or ground rent capitalization. The choice of methods depends on the available data and the nature of the problem.

This report utilized the Sales Comparison Approach to estimate land value. Units of comparison typically used are price per acre. In this method, we analyzed the prices buyers are paying for similar sites in the subject's area. Our value estimate was derived from the sale prices of comparable sites. In making comparisons, it was necessary to evaluate each comparable property. Sales were analyzed for: (1) financing terms which are above or below typical financing terms at the time of sale; (2) conditions of sale - atypical market conditions such as a family sale, special tax consideration, or other incentive; (3) market conditions - appreciation/ depreciation due to inflation, deflation, changing supply and demand or interest rate variances between the sale date and appraisal date; (4) location - overall differences between the comparable and the subject property, considering its overall and immediate location and its relative relationship between income, supply and demand, and desirability for the specific property type and zoning; (5) physical characteristics - of the land itself - topography, size, utilities, zoning, density, access, frontage, plottage, etc.

On the following pages are individual site sales and a summary of properties that were compared with the property appraised. The market data before adjustments indicates an approximate range of \$73,770 per acre to about \$143,678 per acre.

Following is our analysis.

Land Sales Map



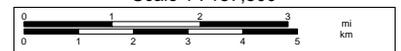
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Scale 1 : 137,500



1" = 2.17 mi

Data Zoom 10-5

Land Sale No. 1



Property Identification

Record ID 157
Property Type Vacant Land
Address 3825 Wrightsboro Road, Augusta, Richmond County, Georgia 30909

Sale Data

Grantor Charles W Hock Jr
Grantee H & W Partners LLC
Sale Date August 12, 2009
Property Rights Fee Simple
Conditions of Sale Arm's Length
Financing Cash to Seller
Verification Richmond County Auditor's Office; October 31, 2011

Sale Price \$135,000
Cash Equivalent \$135,000

Land Data

Zoning Commercial
Topography Level
Shape Irregular

Land Size Information

Gross Land Size 1.830 Acres or 79,715 SF

Indicators

Sale Price/Gross Acre \$73,770
Sale Price/Gross SF \$1.69

Land Sale No. 2



Property Identification

Record ID 153
Property Type Commercial Land
Address 2065 Gordon Hwy, Augusta, Richmond County, Georgia 30901
Tax ID 069-0-024-02-0

Sale Data

Grantor Jim Walter Homes LLC
Grantee Brashear Development Corporation
Sale Date September 01, 2003
Property Rights Fee Simple
Conditions of Sale Arm's Length
Financing Cash to Seller
Verification Richmond County Auditor's Office; October 31, 2011;
Seller, 813-871-4081

Sale Price \$65,000
Cash Equivalent \$65,000

Land Data

Zoning B-2, Commercial
Topography Level
Utilities All Available
Shape Irregular

Land Size Information

Gross Land Size 0.850 Acres or 37,026 SF

Indicators

Sale Price/Gross Acre \$76,471
Sale Price/Gross SF \$1.76

Remarks

The property is located within 0.3 miles of Augusta Mall. It is near the main gate for Fort Gordon. Motels abound directly across the Bobby Jones Expressway. Proximity to Bobby Jones Expressway (I-520) makes this location convenient to your customers throughout the Augusta area. This is a commercial business lot on a high traffic Gordon Hwy. Parking lot in place. The existing pad has 13 parking spaces, one of which is for a handicapped parking space. There are two driveways which are paved and installed for easy access to Gordon Highway. There is an existing lighted commercial sign. This property was used for a modular home display lot.

Land Sale No. 3



Property Identification

Record ID 158
Property Type Vacant Land
Address 1016 Tindon Street, Augusta, Richmond County, Georgia 30900
Tax ID 042-4-016-07-0

Sale Data

Grantor Bowles Brothers LLC
Grantee ASU Student Life Center LLC
Sale Date June 17, 2011
Property Rights Fee Simple
Conditions of Sale Arm's Length
Financing Cash to Seller
Verification Richmond County Auditor's Office; October 31, 2011

Sale Price \$166,666
Cash Equivalent \$166,666

Land Data

Zoning Commercial
Topography Level
Utilities All Available
Shape Irregular

Land Size Information

Gross Land Size 1.160 Acres or 50,530 SF

Indicators

Sale Price/Gross Acre \$143,678
Sale Price/Gross SF \$3.30

Land Sale No. 4



Property Identification

Record ID	159
Property Type	Vacant Land
Address	1339 Interstate Parkway, Augusta, Richmond County, Georgia 30909
Tax ID	022-0-133-00-0

Sale Data

Grantor	Joel B. Marks
Grantee	Augusta Steppingstones to Recovery Inc
Sale Date	April 02, 2010
Property Rights	Fee Simple
Conditions of Sale	Arm's Length

Financing	Cash to Seller
Verification	Richmond County Auditor's Office; October 31, 2011

Sale Price	\$139,500
Cash Equivalent	\$139,500

Land Data

Zoning	Commercial
Topography	Level
Utilities	All Available
Shape	Regular

Land Size Information

Gross Land Size	1.100 Acres or 47,916 SF
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Indicators

Sale Price/Gross Acre	\$126,818
Sale Price/Gross SF	\$2.91

Land Sales Comparison Grid

Item	Subject	Sale #1	Sale #2	Sale #3	Sale #4
Address	1 Freedom Way, Augusta, Georgia 30904	3825 Wrightsboro Road, Augusta Georgia	2065 Gordon Hwy, Augusta Georgia,	1016 Tindon Street, Augusta, Georgia	1339 Interstate Pky, Augusta Georgia
County	Richmond	Richmond	Richmond	Richmond	Richmond
Sale Price		\$135,000	\$65,000	\$166,666	\$139,500
Unit Price per Acre		\$73,770	\$76,471	\$143,678	\$126,818
Property Rights Conveyed	Fee Simple				
Financing	Cash to Seller	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Conditions of Sale	Arms Length	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Market Conditions	Oct-11	Aug-09	Sep-10	Jun-11	Apr-10
		-10%	-5%	0%	-5%
Subtotal Adjusted Unit Price for Cumulative Adjustments					
Location	Augusta	\$66,393	\$72,647	\$143,678	\$120,477
Land Size (acres)	2.00	1.830	0.850	1.160	1.100
Topography	Level	Level	Level	Level	Level
Shape	Irregular	Irregular	Irregular	Irregular	Regular
Zoning	RI-A, Residential	Commercial	Commercial	Commercial	Commercial
Highest & Best Use	Commercial	Commercial	Commercial	Commercial	Commercial
Utilities	All Available	All Available	All Available	All Available	All Available
Visibility	Above Average	Above Average	Above Average	Above Average	Average
Utility	Medical Hospital & Nursing Home	Vacant Commercial	Vacant Commercial	Vacant Commercial	Commercial
Subtotal Adjustments		0%	-5%	-5%	-5%
Indicated Unit Price		\$66,393	\$72,647	\$143,678	\$120,477
Indicated Base Price		\$66,393	\$69,015	\$136,494	\$114,453
			Average		
				\$ 96,589	

ANALYSIS OF LAND SALES- 2.0 ACRES

Comparable #1 represents the August 2009 sale of commercial land at 3825 Wrightsboro Road, Augusta, Georgia. This commercial land sale is located along a secondary commercial roadway on the west side of Augusta about 4-5 miles from the subject site. This property was purchased for development. This comparable site is 1.83 acres. The sale was an arm's length transaction and a fair representation of market value at the time of sale. This sale was adjusted downward for deteriorating market conditions. No upward adjustments were applied. Pricing after adjustments, indicated \$66,393 per acre via this comparable.

Comparable #2 represents the September 2010 sale of a commercial land property along Gordon Highway in Augusta Georgia near I-520. This property is west of the subject about 3 miles. This site was 0.85 acres at the time of transfer. This property was purchased for potential retail development. This transfer was believed to be an arm's length sale, cash to seller. This sale was adjusted downward for deteriorating market conditions and for its smaller size. The indicated per acre price is \$69,015 via this comparable after adjustments.

Comparable #3 located at 1016 Tindon Street at Wrightsboro Road in Augusta, Georgia represents the June 2011 sale of a 1.16 acre parcel of commercial land. This sale was believed to be an arm's length sale, cash to seller. This sale was adjusted downward for its smaller site size. No upward adjustments were applied. The indicated per acre price is \$136,494 via this comparable after adjustments.

Comparable #4 located along 1339 Interstate Parkway, Augusta, Georgia represents the April 2010 sale of a 1.10 acre site. This sale took place cash to seller on an arm's length basis. This sale was adjusted downward for its smaller site size when compared to the subject property. No upward adjustments were applied. The indicated per acre price is \$114,453 via this comparable after adjustments.

SUMMARY OF COMMERCIAL LAND SALES

Those transactions detailed on previous pages are representative of site transactions that would be comparable to the subject site. All of the site sales are considered similar to the subject in terms of expected land pricing. The sales were found to be conveyed Fee Simple under terms Cash to the Seller on an arm's length basis. Most elements of comparison relate favorably to the subject site particularly in regards to topography, level of utilities, zoning, density and visibility. Pricing before adjustments indicated a range from \$73,770 per acre to \$143,678 per acre. Quantitative adjustments were applied for market conditions and site size. Pricing after adjustments indicated sale pricing of \$66,393 per acre to \$136,494 per acre with the average of the four sales at \$96,589 per acre. Sale 2 and 3 are the more recent sales and represent the highest and second lowest pricing. Sale 2 is a superior retail site with much greater visibility. Sale 4 is also a retail site and considered superior to the site. Both Sales 2 & 3 are smaller than the subject site suggesting pricing below these adjusted sales pricing per acre. We believe a value between clustered Sales 1 & 2 and 3 & 4 is most appropriate due to proximity, land size and location. The subject's medium size would suggest pricing at near the middle of the range. The declining economy would also suggest pricing below the middle of the range. Its location within the Charlie Norwood VA Medical Center is believed to be positive and would suggest pricing at above the middle of the adjusted pricing. Most other attributes would place the subject as average including shape, frontage, utility and zoning. Therefore, we estimate pricing for the subject site at just above the middle or the average of the range at \$100,000 per acre (as if vacant).

The following will apply:

2.0 acres x \$100,000 per acre = \$200,000

Site Value (As if Vacant & Clean) = \$200,000

Rounded	\$200,000
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RENTAL RATES VIA MARKET VALUE

The subject property's market value has been estimated based on its improved value (shell building) and as if vacant land. These values were indicated to be \$570,000 & \$200,000 respectively.

DISCOUNTED CASH FLOW EXPENSE ASSUMPTIONS

Vacancy

A nominal amount of vacancy (2%) will be factored in due to the un-likelihood of the tenant vacating the building after renovation.

Operating Expenses

In the Income Capitalization Approach a comprehensive analysis of the annual expenses of property operation is essential whether the value indication is derived from estimated net operating income or pre-tax cash flow. *Operating expenses are the periodic expenditures necessary to maintain the real property and continue the production of the effective gross income.*

An operating statement that conforms to this definition of operating expenses is used for appraisal purposes; this statement may differ from a statement prepared for an owner or an accountant. Operating statements provide valuable factual data and can be used to identify trends in operating expenses.

Expenses may be recorded in categories selected by the property owner, or the records may follow a standard system of accounting established by an association of owners or by accounting firms that serve a particular segment of the management market. In any case an appraiser analyzes and reconstructs expense statements to develop a typical expense expectancy for the property on an annual accrual basis.

Operating expense estimates usually list fixed expenses, variable expenses, and a replacement allowance.

In our analysis rents are estimated on a net basis for the current shell space. Most expenses will be estimated as paid by the tenant and will not be itemized. A reimbursement for the net tenant will cover taxes, insurance, utilities and maintenance. The tenant is responsible for most expenses for the shell building space such as taxes, insurance, utilities, yard & snow, repairs & maintenance, administration & miscellaneous, management and reserves.

Fixed Expenses

Fixed expenses are operating expenses that generally do not vary with occupancy and have to be paid whether the property is occupied or vacant. Real estate taxes and building insurance costs are typically considered fixed expenses. Although these expenses rarely remain constant, they generally do not fluctuate widely from year to year, do not vary in response to changing occupancy levels, and are not subject to management control. Therefore, an appraiser can usually identify a trend and legitimately estimate these expense items.

Real Estate Taxes

Federally Exempt- No taxes as is or upon completion

Insurance

Paid by Tenant

Variable Expenses

Variable expenses are operating expenses that generally vary with the level of occupancy or the extent of services provided. Individual variable expense items may vary greatly from year to year, but similar types of property may reflect a reasonable consistent pattern of variable expenses in relation to gross income. Because fewer services are provided to the tenants of retail and industrial properties, these properties usually have a much lower ratio of expenses to gross income than apartments and office buildings. Typical categories include: utilities, janitorial, repairs and maintenance, administration, miscellaneous, management fees, reserves for replacement, and leasing commissions. Tenant attraction/alteration costs are included if applicable.

Utilities

Tenant responsibility

Janitorial, Yard Care, Snow Removal

Tenant Responsibility

Repairs & Maintenance

Tenant Responsibility

Administration & Miscellaneous

Allowances in these categories for general administrative, legal, bookkeeping and those unanticipated types of costs is estimated at 1% per year as is and upon completion of renovations. This cost is the responsibility of the Landlord.

Management

Management is factored as a relationship with effective gross income. Fees frequently encountered through discussion with various property managers range from 3% to 5% depending on single tenancy or multi tenancy. This would include rent collection, supervision, and budget preparation for the property. Management is estimated at 3% taking into account the size and the single tenancy of the building after completion.

Reserves for Replacements

Tenant Responsibility

CAPITALIZATION (*before income tax and depreciation*)

Several different capitalization methods and techniques are used to process present or future income streams into a present worth estimate. The method used depends on the characteristics of the forecast income stream itself. Each technique incorporates specific assumptions about the character of that income stream, the form of the appropriate rate of return or discount rate, and the time period involved.

In order to value the anticipated economic benefits of a particular property, the stabilized net operating income estimated must now be capitalized using the most appropriate capitalization method selected. The two most common methods of converting net income into value are direct capitalization and discounted cash flow analysis expressed in terms of two categories of valuation models:

Ratio Models (*direct capitalization, using an overall rate or factor*)

$$V = \frac{I}{R} \text{ (Value = Income / Rate)}$$

R is the rate or ratio of annual net income to value. The reciprocal of that rate may be used as a multiplier. This rate includes both a return of and on invested capital.

In ratio models, time is included implicitly. Current, first year or stabilized income is used in the model and capitalized into a value indication by an overall rate extracted from the market.

Yield Models (*discounted cash flow or econometric modeling, using a yield (IRR) or discount rate*)

$$V = \text{PW Cash Flow} + \text{PW Reversion}$$

(Value = present worth cash flow + present worth reversion)

In discounted cash flow models, time is specifically and explicitly incorporated. Timing of cash flows and of payments are B.O.Y. (beginning or year) or E.O.Y. (end of year).

This method isolates differences in timing and variability of cash flows and discounts them to a present value (PV). This is a yield model. The net incomes, plus the capitalized reversionary value of the property, are discounted to an indication of present worth by utilization of an appropriate discount rate.

In valuing this property, it is our opinion that yield capitalization is the appropriate method to apply in the analysis of the subject property.

YIELD CAPITALIZATION

Yield capitalization uses the discounting procedure to convert future benefits to present value on the premise of a required level of profit or yield. It simulates the typical investor's investment assumptions by formulas that calculate the present value of expected benefits according to a presumed typical requirement for profit or yield.

The conversion of future benefits at the specified yield rate is called the discount rate when used in this analytical procedure. The discounting procedure presumes that the investor will receive a satisfactory rate of return on the investment plus a complete recovery of the capital investment.

For market value appraisals, the appropriate yield rate is selected by typical investors. In yield capitalization, the appraiser:

- (1) selects a holding period,
- (2) identifies all future cash flows,
- (3) selects the appropriate yield (discount) rate, and
- (4) converts the future benefits to value by discounting each annual future benefit or by developing an overall rate that reflects income pattern, value, change and the yield rate.

Discounted Cash Flow Method

An analytical real estate computer model that simulates the behavioral aspects of the property and examines the results mathematically, as an investor would, will be employed for the discounted cash flow analysis, since investors are the basis of the marketplace in which the subject property will be bought and sold.

Investors in income-producing properties typically make a forecast of net operating incomes and cash flows over a five to ten year plus or minus holding period for income property and one to three years for sell-out property. This projection is then utilized to determine a purchase price which will justify the degree of risk inherent in the proposed investment. A general outline summary of the major steps involved in analysis of the subject property is as follows:

1. Analysis of the projected income stream, establishment of an economic (market) rent level for the property; projection of future revenues annually for the desired analysis period based on the current income, probable increases in market rents or price, and anticipated vacancy or absorption experience;

2. For a new facility, an estimation of a reasonable period of time to achieve full occupancy of the property and make all necessary improvements for marketability; or period of sell-out for properties like condominiums and subdivisions.
3. A projection of future expenses based upon an analysis of the anticipated operating expenses and the experience of competitive properties.
4. A derivation of the most probable net operating income and pre-tax cash flows to be generated by the property, estimated by subtracting all property expenses; including debt service when proposed financing is considered, from the effective gross income;
5. Determination of a yield rate (internal rate of return) which would attract a prudent investor to invest his or her money in this or other investments with comparable degrees of risk, non-liquidity, management burdens and restriction;
6. Conversion of the pre-tax cash flows into a present value by discounting at an acceptable yield rate.

When converting the net operating income into a value indication by means of the discounted cash flow method, the valuation endeavored to reflect the most likely actions of typical buyers and sellers in this market.

Cash flows were forecasted, then were discounted with the future property value at reversion to a present value at an internal rate of return (yield rate) currently anticipated by investors in similar-quality investments. The yield rate (internal rate of return or IRR) is the single rate that discounts all future equity benefits (cash flows and equity reversion) to an estimated present value. In investment analysis, it is the single rate that relates all cash flows plus reversion to the original investment.

Surveys have been performed by Real Estate Research Corporation out of Chicago, Illinois and by Peter Korpacz and Associates out of New York, New York as well as other firms with similar results.

Discount Rate - (Internal Rate of Return - IRR) Derivation

The discount rate for investment properties typically ranges between 8% and 12% according to a survey reported in the First Quarter of 2011. The Yield Rate is that rate of interest that discounts the pre-tax cash flows received by the equity investor back to a present value that is exactly equal to the amount of the original investment. It is in effect a time-weighted average return term "yield". It should be noted that the investment criteria used is drawn from institutional investors and there are expectations of higher yields for non-income producing or high risk properties. Yield rates are primarily a function of perceived risks. Different portions of forecasted future income may have different levels of risk and, therefore, different yield rates. In lease valuation, for example, one rate might be applied to discount the series of net rental incomes stipulated in the lease and a different rate might be applied to discount the reversion. One rate reflects the creditworthiness of the tenant as well as the benefits, constraints, and limitations of the lease contract, while the other is subject to free, open-market conditions. The decision to apply a single yield rate to all benefits or to apply different rates to different benefits should be based on investors' actions in the market. The subject's risk is relatively negligible due to the federally related organization that will potentially renovate the shell subject building. Therefore, the yield rate is believed to be from the lower portion of the range.

An 8.5% discount rate will be used in conjunction with the subject property.

Growth Rates Assumptions

Income will grow at 2% per year.

Expense growth rates are anticipated at about 2% per year.

Holding Periods

Holding periods are the length of the projected cash flows, usually on a yearly basis. Holding periods range from fifty five to seventy five years as the client has requested for each scenario outlined previously.

In the discounted cash-flow analysis, we employed the Excel computer program. This program simulates the operating characteristics of the property and allows us to make a variety of operating assumptions. We tried to reflect the most likely investment assumptions of typical buyers and sellers in this particular market segment.

In the computer model we used to analyze this property, for the Fee Simple Value we made the following cash-flow assumptions:

- (1) The pro forma is based on a 55-75-year holding period beginning in the calendar year closest to the appraisal data for both scenarios- as vacant land and as improved with the shell building.

- (2) Average market rental rates on a net basis in the projected holding period are estimated.
- (3) Market rental rates are projected in subsequent years to allow for increases based on CPI type increases estimated at 2% per year.
- (4) Expense growth rate forecast: All expenses are assumed to increase annually at 2% a year.
- (5) Vacancy will be treated as a annual loss of rental income. A collection loss is included in this figure and is applied to each year of the projection following expiration of basic leases. Vacancy is factored at 2% per year
- (6) Management fee of 3% per year
- (7) Miscellaneous fee of 1% per year
- (8) No reversion due to extended length of lease periods

Our discounted cash flows analysis shown on the following page shows a annual lease payment for both scenarios at :

This rate reflects the anticipated risk inherent in the property and its ability to achieve the investment criteria established by the market.

Therefore, after careful analysis of all factors relating to the income of this property and based on our assumptions utilized in the discounted cash flow analysis, it is our opinion that the estimated present value of the subject property by the discounted cash flow was:

Market Value of the Leased Fee Rental Rate from the subject property (improved site based on a building size of 28,530 Square Feet) as of approximately October 21, 2011 is:

55 Year Lease- \$40,750 per year

65 Year Lease- \$40,100 per year

75 Year Lease- \$39,775 per year

Market Value of the Leased Fee Rental Rate from the subject property (2.0 acre site) as of approximately October 21, 2011 is:

55 Year Lease- \$14,300 per year

65 Year Lease- \$14,100 per year

75 Year Lease- \$13,925 per year

Financial Statements - Budget Summary 2024

Category	Item	Q1	Q2	Q3	Q4	Annual Total
Revenue	Operating Revenue	100	100	100	100	400
	Non-Operating Revenue	0	0	0	0	0
	Other Revenue	0	0	0	0	0
	Total Revenue	100	100	100	100	400
Expenses	Operating Expenses	80	80	80	80	320
	Non-Operating Expenses	0	0	0	0	0
	Other Expenses	0	0	0	0	0
	Total Expenses	80	80	80	80	320
Net Income	Operating Income	20	20	20	20	80
	Total Net Income	20	20	20	20	80

V. RECONCILIATION AND FINAL VALUE ESTIMATE

COST APPROACH Not Developed

SALES COMPARISON APPROACH

28,530 SF Shell Building \$570,000
2.0 Acres Land “As if Vacant” \$200,000

55 Year Lease Rate (Land & Building) \$40,750 per year
65 Year Lease Rate (Land & Building) \$40,100 per year
75 Year Lease Rate (Land & Building) \$39,775 per year

55 Year Lease Rate (Land As if Vacant) \$14,300 per year
65 Year Lease Rate (Land As if Vacant) \$14,100 per year
75 Year Lease Rate (Land As if Vacant) \$13,925 per year

INCOME APPROACH Not Developed

The subject property consists of a shell building situated on 2.0 acres located on the Charlie Norwood VA Campus in Augusta, Georgia. The subject is located in the central western area of City of Augusta among complimentary development and re-development. There appears to be good proximity to major connecting routes and expressways and employment centers. Its physical attributes are below average on an as is basis (fair to shell condition). Overall marketability is rated as average.

The value conclusions are based on market-extracted data.

The Cost Approach was not developed. The Cost Approach was analyzed and reviewed for its appropriateness and accuracy. The Cost Approach is a good indicator of value for properties, which are new, which is not the case with the subject. Due to the subjectivity of estimating accrued depreciation for the subject property, the Cost Approach was not developed in conjunction with this appraisal due to the date of improvements (1913 & 1945) and it was not considered in the final value estimate. Additionally, a property such as the subject 2 building complex typically does not sell on a cost to produce basis further compromising the Cost Approach to Value.

The Sales Comparison Approach was developed by analyzing properties which have recently sold that have similar characteristics compared to the subject property such as building type, land size, age, condition, financing and construction etc. Adjustments are made to these comparable sales to account for different characteristics of the sale's physical features and location aspects, etc., to arrive at a conclusion of value for the subject. The Sales Comparison Approach is believed viable. The Sales Comparison Approach was developed on an "as is" basis and "as if vacant". The Sales Comparison Approach was developed and considered the primary value indicator for the subject property. Additionally, a lease rate for the subject improvements (as improved with a shell building) and as land (as if vacant) was estimated for a 55 year, 65 year and 75 year time frame due to the client's instructions.

The Income Approach to Value was not developed within this appraisal report. No market rental income was found comparable to the subject property for the subject shell building. Additionally, no land leases were found for comparable sized land within the Augusta market. Therefore, the income approach was not developed within this appraisal analysis.

Based on the analysis presented in this report, it is our opinion that the Market Value of the Fee Simple Interest in the subject property (shell building- 28,530 SF) "*As Is*," as of October 21, 2011, was:

\$570,000

Five Hundred Seventy Thousand Dollars

Additionally, based on the analysis presented in this report, it is our opinion that the Market Value of the Fee Simple Interest in the subject property (2.0 Acres) "*As if Vacant*," as of October 21, 2011, was:

\$200,000

Two Hundred Thousand Dollars

Additionally, based on the analysis presented in this report, it is our opinion that the Market Value of the Leased Fee Rental Rate from the subject property (improved site based on a building size of 28,530 Square Feet) as of approximately October 21, 2011 was:

55 Year Lease- \$40,750 per year

65 Year Lease- \$40,100 per year

75 Year Lease- \$39,775 per year

Additionally, based on the analysis presented in this report, it is our opinion that the Market Value of the Leased Fee Rental Rate from the subject property (based on an as if vacant land size of 2.0 Acres) as of approximately October 21, 2011 was:

55 Year Lease- \$14,300 per year

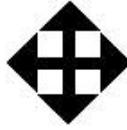
65 Year Lease- \$14,075 per year

75 Year Lease- \$13,925 per year

This valuation is for 100% real estate.

1 Freedom Way
Augusta, Georgia 30904

VI. ADDENDA



THE WILLIAM FALL GROUP
Real Estate Valuation and Analysis

October 3, 2011

Robert Moody
AmeriVet Real Estate Services Inc
8359 Gunn Highway
Tampa, FL 33626

RE: 1Freedom Way
Augusta, GA 30904

Dear Mr. Moody:

We are pleased to provide valuation services for you related to the above captioned property. This letter both engages the services of The William Fall Group, Inc. and defines the scope of the project.

Client

The sole client and intended user of the appraisal is AmeriVet Real Estate Services Inc. The appraisal report will be addressed as follows:

Robert Moody
AmeriVet Real Estate Services Inc
8359 Gunn Highway
Tampa, FL 33626

Contact

The contact to gain access to the property is: Timothy Harris VAMC Facilities Manager or Richard T. (Toby) Rose, VAMC Associate Director. Coordination of visit shall be performed through Robert L Moody at 813-749-7117 (rlmoody@amerivetres.com)

Purpose

The purpose of the assignment is to estimate the market value of the fee simple interest as per guidelines established in the VA Statement of Work attached as Exhibit A to this Agreement for the property depicted in the Fact Sheet attached as Exhibit B to this agreement.

Scope

We will use commercially accepted and reasonable efforts to acquire sufficient information to determine a valid opinion of value as of the effective date of the report. WFG will prepare a report in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), the laws of the State of Georgia, and the appraisal requirements of the Financial Institution Reform, Recovery and Enforcement Act (FIRREA). The Scope of Work used to develop this appraisal includes the following:

- Viewing of the property
- Analysis of market conditions affecting value
- Cost Analysis of the property, if relevant
- Comparison of competitive sales and/or leases in the market and correlation of value
- Reconciliation opinion of value based on methodologies used
- Additional VA Requirements –(see attached Statement of Work)

Our report will be a narrative self-contained appraisal report including appropriate application of the three generally accepted approaches to valuation, if relevant. The report will include a description and analysis of the real estate, sales history, market trends and conditions, an analysis of highest and best use, the appropriate methods of valuation and final reconciliation.

This engagement letter will be included in the addendum of the appraisal report.

Performance

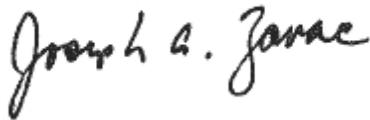
Our report will be completed within 30 days from your authorization to proceed by an appraiser holding an appropriate license in the state where the subject property is located. All work will also be reviewed by a member of our Senior Appraiser Staff. One (1) original and one (1) bound copy of the appraisal report will be delivered to Client via overnight mail and electronic delivery to email address rlmoody@amerivetsres.com.

Our fee for this assignment is \$ 4400.00 and is due net 30 days after delivery of the appraisal report completed in accordance with the Statement of Work. Fees are specific for the valuation services related to our report and do not include any other services that may be required for depositions, expert testimony, or court appearances. Fees for such services, if required, will be negotiated separately.

Thank you for your time and consideration of us as a real estate valuation provider. Upon your authorization we will proceed. Please contact me if you have any questions.

Respectfully,

THE WILLIAM FALL GROUP

By: 

Printed Name: Joseph Zavaac MAI

ACCEPTED BY:

AmeriVet Real Estate Services Inc

By: 

Printed Name: Robert L Moody

Date: October 3, 2011

ATTACHMENT: EXHIBIT A – VA Statement of Work

EXHIBIT A

STATEMENT OF WORK
Appraisal for Enhanced-Use Lease
of Department of Veterans Affairs Property
CHARLIE NORWOOD VA MEDICAL CENTER
Located at
1 Freedom Way, Augusta, GA 30904

1. A real estate appraisal will be conducted on the **CHARLIE NORWOOD VA MEDICAL CENTER** campus for a complete, self-contained appraisal of Federal property (under VA's jurisdiction and control) and proposed for private development and use under the terms and conditions of a long-term enhanced-use lease of real property (Ground Lease).

2. The selected appraiser must be MAI certified and include written copies of such certification in the proposal.

3. The selected appraiser shall prepare and deliver a complete, self-contained appraisal report, detailed market assessment, and other consultative analyses and products for the subject property in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP, latest ed.), and conform to the most current "Uniform Appraisals Standards For Federal Land Acquisitions." The appraisal methods shall involve application of standard approaches to value; namely the cost, income, and market approaches. The application of the approaches to value is dependent upon the appraisal involved and the appraiser's professional judgment; however, deviation from normal practices, methods and techniques are to be noted and fully supported by comment and justification.

It should be understood that the appraisal report will be subject to careful review; therefore the report must be fully detailed with all items substantiated and justified by appropriate information and data, so that reviewers will find validity in the appraiser's conclusions. Any deficiencies, that in the reviewer's opinion require further substantiation, and or work, must be performed as a supplement to the reviewer's satisfaction, at the appraiser's expense. The appraisal report is an important document that serves as a material aid in negotiations, and a basis for commitments that bind the Department of Veterans Affairs (VA). It is therefore essential that the appraisal's content reveal that the appraiser has made an adequate study and analyses of the appraisal problem and has considered all available, pertinent and reliable data and that sound, logical reasoning is used in developing value conclusions.

4. Appraisals will be performed in narrative form and shall include all essential data to disclose the purpose of the appraisal, the scope of the appraisal problem, the principle methods and reasoning process employed, and all available pertinent supporting data to sustain the appraiser's final conclusion as to value. Items such as photographs, sketches, charts, and exhibits, etc. are considered integral parts of each report.

The inspection of the subject properties, all analysis, and the formation of all conclusions, are to be made only by the appraiser named herein.

5. VA Specified/Intended Use for the Property: (describe intended use)

6. Interest to Be Valued: (Insert a property description to include building numbers and acreage. VA will provide a site plan and/or a survey if available).

7. Valuation and Site Use assumptions: The real property to be appraised will be on the basis of fair market value and ground rent for the following three scenarios: a) "as is", b) "clean" (for the purposes of this appraisal defined as "no known environmental contamination"), and c) highest and best use (HABU), and include analysis of any variation between HABU and the intended use.

The appraiser will estimate fair market value and ground rent for the subject property on the basis of its highest and best use, *unless* VA directs the appraiser to focus on other specified/intended uses. Where the VA directs the appraiser to focus on a specified/intended use, the appraiser shall so condition/qualify the report and note the assumption requested, focusing attention and resources on such intended use value, but also *generally* opining regarding any *significant* impact on value between the intended and any higher and better use(s) which are also compatible with surrounding development and zoning. Ground rent should be estimated and supported using accepted land valuation techniques including a "land residual" and/or "ground rent capitalization" analysis.

"Fair Market Value" (FMV) is defined as the most probable price that a property would bring in a competitive and open market, with the buyer and seller acting knowledgeably and prudently in their best interests, without undue stimulus. The price must also represent the normal consideration for the property, unaffected by creative financing or sale concessions.

"Highest and Best Use" is defined as the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria are: legally permitted; physically possible; economically and financially feasible; and maximally productive and profitable.

When qualified specialists have documented the existence of contamination and estimated the costs of remediation or compliance, the appraiser shall be in a position to estimate “as is” value and should be aware of, understand, and correctly employ those recognized methods and techniques necessary to produce a credible appraisal. The value of an interest in impacted or contaminated real estate may not be measurable by simply documenting the remediation or compliance cost estimate from the estimated value as if unaffected. Other factors may influence value, including any positive or negative impact on marketability (stigma) and the possibility of change in highest and best use. VA will provide all available government furnished information regarding environmental history of the site.

8. Deliverables and Schedule: The appraiser shall provide one (1) draft electronic copy of the report for VA review and approval within Twenty five (25) business days, and upon concurrence from VA, one final copy as a PDF file, one (1) original camera copy, and four (4) reproduction copies of each report no later than ten (10) business days after VA approves the draft reports.

The complete, self-contained appraisal report shall contain, but is not limited to, the following for the subject parcel:

- a. The total square footage and existing condition of buildings and or land to include any known environmental conditions
- b. Improvements (“as is” and “clean”) made to the land and not scheduled for demolition, if any
- c. Information regarding local market conditions
- d. Information regarding land use, special zoning districts, and possible environmental issues that may affect value
- e. Information regarding severance damages (diminution in value) if any, to remaining federal property, if the intended use and occupancy negatively influences the remaining property’s fee simple value. Where the site is intended to be physically changed by improvements which add to, or at the least, do not subtract from the remaining federal property’s value, and the VA indicates it does not intend to include a “restoration” clause in the enhanced-use lease, the appraiser need not estimate severance damages.
- f. The appraiser must specifically address any proposed takings, partial takings, increased nuisances, or other negative external influences involved, and estimate “before and after” valuations relating to any remaining land/property use restriction(s) involved. Where significant positive externalities or anticipated public improvements and/or infrastructure are planned (e.g. new light rail transit line and stop near the property, or a new greenway interchange with improved access to/for the site), the appraiser should estimate the site’s values/rent assuming such external

- improvements will be completed as planned and on schedule, and properly condition/qualify the report accordingly.
- g. Historic significance of buildings and or land
 - h. Market assessment to include Highest and Best Use and Specific/Intended Use. Data analysis, including sales, cost and market rent approaches, as relevant.
 - i. Land residual value analysis and Ground Rent Capitalization analysis.
 - j. Current FMV of the fee simple title.
 - k. Current FMV of the 55-, 65-, and 75-year leased fee estate.
 - l. Current FMR (Fair Market Rent) for 55-, 65-, and 75-year Enhanced-Use ground lease. Calculate the value of the property over the lease term using the sales approach, cost approach and market rent approach.
 - m. Conclusions using Sales, Cost, and Income Capitalization indicating a Fee Simple market value. The market ground rent shall be estimated by applying a market capitalization rate to the market value of the underlying land. Appraiser shall make the appropriate statements regarding yields and other conclusions based upon best practices for estimating values within the local Real Estate market. Discounted cash flow tables shall indicate the range in the leased fee values depending on the length of the Lease Term. If such comparable leases do not exist in the local Real Estate market, the appraiser should make the appropriate statements and extrapolate values using factors applicable to the proposed project, calculating values projecting or extending known information for the lease term.
 - n. In addition to the sales approach and market rent comparison, the appraisal shall include the cost approach method, taking into consideration the Land component accounting for appreciation;
 - o. Estimate the value of the land as is (including appreciation). Calculate the value of the Property over the lease term for both cost approach and market rent. Specialized appraisal assumptions are acceptable as long as they include the basis/formula for arriving at the value.
 - p. All information necessary and pertinent to substantiate the appraisal.

AUGUSTA, GEORGIA
CHARLIE NORWOOD VA MEDICAL CENTER (VAMC) – UPTOWN DIVISION*
PROPERTY AVAILABLE FOR HOUSING DEVELOPMENT



VAMC Address	<ul style="list-style-type: none"> ▪ 1 Freedom Way, Augusta, GA 30904
Buildings Available	<ul style="list-style-type: none"> ▪ Building 18: Vacant 28,530 GSF former domiciliary suitable for residential reuse; attached to vacant Building 19 via connecting breezeway that is in deteriorating condition; to be conveyed with 2-acre land parcel for buffer space and landscaping.
Vacant Land Available	<ul style="list-style-type: none"> ▪ None
Access to Public Transportation	<ul style="list-style-type: none"> ▪ VAMC serviced by city bus that stops directly in front of the site on Wrightsboro Road.
Utilities Information	<ul style="list-style-type: none"> ▪ Building 18 is currently connected to the VAMC central plant, but could be severed for utility purposes.
For Additional Information	<ul style="list-style-type: none"> ▪ Email va_burr@va.gov

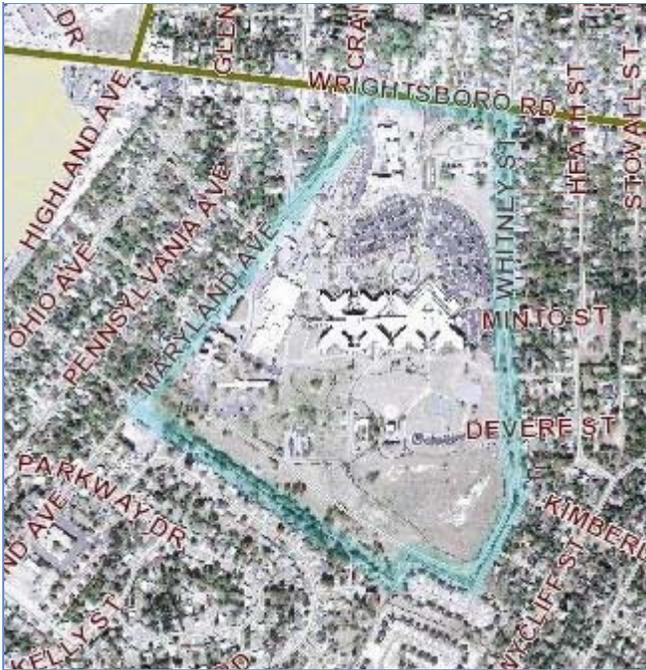
DRAFT

1

* NOTE: Where necessary for the success of the BURR Initiative, VA may substitute sites in similar geographic regions or add, remove or exchange assets available for development.

Property Report

Parcel Number 044-3-141-00-0



Owner Information

Owner Name	U S GOV VA HOSPITAL
Mailing Address 1	
Mailing Address 2	U S GOVERNMENT
Mailing Address 3	
City	AUGUSTA
State	GA
Zip Code	30904

***For Zoning Information, Call Planning & Zoning at 821-1796**

For Private Use Only

Disclaimer: While every effort is made to keep information provided over the internet accurate and up-to-date, Augusta does not certify the authenticity or accuracy of such information. No warranties, express or implied, are provided for the records and/or mapping data herein, or for their use or interpretation by the User.

Property Information - Values from 2010

Property Address	1 FREEDOM WAY	Previous Value	\$101,585,864.00
Legal Description	1 FREEDOM WAY	Total Acres	105.70
Current Value	\$101,674,864.00	Topography	Rolling
Land Value	\$1,975,550.00	Tax District	01
Building Value	\$99,699,314.00		

Community Information

Commission District	2	School Board Member	Eloise Curtis
Commissioner	Corey L. Johnson, Sr.		
Voting Precinct	206	Polling Location	HIGHLAND AVE FIRE STATION

Commercial Improvements Structure 1

Building Use	Warehouse Stg	Year Built	1935
Building Built-As	Warehouse Stg	Effective Year Built	1970
Wall Height	9	Value of Extra Features	\$0.00
Construction Type	Prefab Structural Steel	Building Value	\$7,047.00

Commercial Improvements Structure 2

Building Use	Office	Year Built	1935
Building Built-As	Office	Effective Year Built	1970
Wall Height	9	Value of Extra Features	\$0.00
Construction Type	Masonry Load Bearing Walls	Building Value	\$185,987.00

Commercial Improvements Structure 3

Building Use	Office	Year Built	1935
Building Built-As	Office	Effective Year Built	1970
Wall Height	9	Value of Extra Features	\$0.00
Construction Type	Wood/Steel Combustible	Building Value	\$1,799,226.00

Property Report**Parcel Number****044-3-141-00-0****Commercial Improvements Structure 4**

Building Use	Hospital (General)	Year Built	1935
Building Built-As	Hospital (General)	Effective Year Built	1970
Wall Height	9	Value of Extra Features	\$0.00
Construction Type	Wood/Steel Combustible	Building Value	\$1,436,818.00

Commercial Improvements Structure 5

Building Use	Hospital (General)	Year Built	1935
Building Built-As	Hospital (General)	Effective Year Built	1970
Wall Height	9	Value of Extra Features	\$0.00
Construction Type	Masonry Load Bearing Walls	Building Value	\$903,475.00

Commercial Improvements Structure 6

Building Use	Warehouse Stg	Year Built	1935
Building Built-As	Warehouse Stg	Effective Year Built	1970
Wall Height	8	Value of Extra Features	\$0.00
Construction Type	Wood/Steel Combustible	Building Value	\$106,218.00

Commercial Improvements Structure 7

Building Use	Warehouse Stg	Year Built	1935
Building Built-As	Warehouse Stg	Effective Year Built	1970
Wall Height	9	Value of Extra Features	\$0.00
Construction Type	Masonry Load Bearing Walls	Building Value	\$21,203.00

Commercial Improvements Structure 8

Building Use	Single Family Residential	Year Built	1935
Building Built-As	Single Family Residential	Effective Year Built	1970
Wall Height	9	Value of Extra Features	\$0.00
Construction Type	Wood/Steel Combustible	Building Value	\$34,049.00

Commercial Improvements Structure 9

Building Use	Single Family Residential	Year Built	1935
Building Built-As	Single Family Residential	Effective Year Built	1970
Wall Height	9	Value of Extra Features	\$0.00
Construction Type	Wood/Steel Combustible	Building Value	\$34,049.00

Commercial Improvements Structure 10

Building Use	Single Family Residential	Year Built	1935
Building Built-As	Single Family Residential	Effective Year Built	1970
Wall Height	9	Value of Extra Features	\$0.00
Construction Type	Masonry Load Bearing Walls	Building Value	\$51,975.00

Commercial Improvements Structure 11

Building Use	Single Family Residential	Year Built	1935
Building Built-As	Single Family Residential	Effective Year Built	1970
Wall Height	12	Value of Extra Features	\$0.00
Construction Type	Wood/Steel Combustible	Building Value	\$37,031.00

Property Report**Parcel Number****044-3-141-00-0****Commercial Improvements Structure 12**

Building Use	Warehouse Stg	Year Built	1935
Building Built-As	Warehouse Stg	Effective Year Built	1970
Wall Height	12	Value of Extra Features	\$0.00
Construction Type	Wood/Steel Combustible	Building Value	\$34,751.00

Commercial Improvements Structure 13

Building Use	Hospital (General)	Year Built	1935
Building Built-As	Hospital (General)	Effective Year Built	1970
Wall Height	9	Value of Extra Features	\$0.00
Construction Type	Masonry Load Bearing Walls	Building Value	\$400,779.00

Commercial Improvements Structure 14

Building Use	Garage/Repair	Year Built	1935
Building Built-As	Garage/Repair	Effective Year Built	1970
Wall Height	8	Value of Extra Features	\$0.00
Construction Type	Wood/Steel Combustible	Building Value	\$4,281.00

Commercial Improvements Structure 15

Building Use	Warehouse Stg	Year Built	1935
Building Built-As	Warehouse Stg	Effective Year Built	1970
Wall Height	8	Value of Extra Features	\$0.00
Construction Type	Wood/Steel Combustible	Building Value	\$25,452.00

Commercial Improvements Structure 16

Building Use	Warehouse Stg	Year Built	1935
Building Built-As	Warehouse Stg	Effective Year Built	1970
Wall Height	8	Value of Extra Features	\$0.00
Construction Type	Wood/Steel Combustible	Building Value	\$20,421.00

Commercial Improvements Structure 17

Building Use	Garage/Repair	Year Built	1935
Building Built-As	Garage/Repair	Effective Year Built	1970
Wall Height	8	Value of Extra Features	\$0.00
Construction Type	Wood/Steel Combustible	Building Value	\$52,994.00

Commercial Improvements Structure 18

Building Use	Hospital (General)	Year Built	1935
Building Built-As	Hospital (General)	Effective Year Built	1970
Wall Height	9	Value of Extra Features	\$0.00
Construction Type	Masonry Load Bearing Walls	Building Value	\$1,159,666.00

Commercial Improvements Structure 19

Building Use	Restaurant/Cafeterias	Year Built	1990
Building Built-As	Restaurant/Cafeterias	Effective Year Built	1990
Wall Height	9	Value of Extra Features	\$15,600.00
Construction Type	Wood/Steel Combustible	Building Value	\$1,258,645.00

Property Report**Parcel Number****044-3-141-00-0****Commercial Improvements Structure 20**

Building Use	Warehouse Stg	Year Built	1990
Building Built-As	Warehouse Stg	Effective Year Built	1990
Wall Height	9	Value of Extra Features	\$0.00
Construction Type	Masonry Load Bearing Walls	Building Value	\$566,464.00

Commercial Improvements Structure 21

Building Use	Office	Year Built	1935
Building Built-As	Office	Effective Year Built	1970
Wall Height	9	Value of Extra Features	\$0.00
Construction Type	Wood/Steel Combustible	Building Value	\$717,937.00

Commercial Improvements Structure 22

Building Use	Hospital (General)	Year Built	1991
Building Built-As	Hospital (General)	Effective Year Built	1991
Wall Height	9	Value of Extra Features	\$0.00
Construction Type	Reinforced Concrete	Building Value	\$90,836,341.00

Pay Status: Paid Paid Amount: \$0.00 Paid Date: n/a

<p><u>2006 Property Tax Statement</u></p> <p>Steven B. Kendrick Richmond County Tax Commissioner 530 Greene Street Room 117 Municipal Building Augusta, GA 30901</p> <p>MAKE CHECK OR MONEY ORDER PAYABLE TO: Richmond County Tax Commissioner</p> <p style="text-align: center;">RETURN THIS FORM WITH PAYMENT</p> <p><small>(1% Interest per month will be added if not paid by due date)</small></p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 20%;">Bill No.</th> <th style="width: 20%;">Due Date</th> <th style="width: 60%;">TOTAL DUE</th> </tr> <tr> <td style="text-align: center;">970154</td> <td style="text-align: center;">03/30/2007</td> <td style="text-align: center;">\$0.00</td> </tr> </table> <p>Map: 044-3-141-00-0</p> <p>Location: 1 FREEDOM WAY</p> <p style="text-align: center;">BUSINESS/PERSONAL PROPERTY EXEMPTION CODES</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%;">SA</td><td>Covenanted agriculture property</td></tr> <tr><td>SF</td><td>Freeport inventory exemption</td></tr> <tr><td>SH</td><td>Rehabilitated historic property</td></tr> <tr><td>SP</td><td>Personal property less than \$7,500</td></tr> <tr><td>SV</td><td>Conservation use property</td></tr> <tr><td>S6</td><td>Amendment 65</td></tr> <tr><td>S7</td><td>Amendment 74</td></tr> <tr><td>S8</td><td>Both amendment 65 and amendment 74</td></tr> </table>	Bill No.	Due Date	TOTAL DUE	970154	03/30/2007	\$0.00	SA	Covenanted agriculture property	SF	Freeport inventory exemption	SH	Rehabilitated historic property	SP	Personal property less than \$7,500	SV	Conservation use property	S6	Amendment 65	S7	Amendment 74	S8	Both amendment 65 and amendment 74
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<p>Steven B. Kendrick Richmond County Tax Commissioner 530 Greene Street Room 117 Municipal Building Augusta, GA 30901</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Tax Payer:</td><td>U S GOV VA HOSPITAL</td></tr> <tr><td>Map Code:</td><td>044-3-141-00-0</td></tr> <tr><td>Description:</td><td>1 FREEDOM WAY</td></tr> <tr><td>Location:</td><td>1 FREEDOM WAY</td></tr> <tr><td>Bill No.:</td><td>970154</td></tr> <tr><td>District:</td><td>URBAN SERVICE DISTRICT</td></tr> </table>	Tax Payer:	U S GOV VA HOSPITAL	Map Code:	044-3-141-00-0	Description:	1 FREEDOM WAY	Location:	1 FREEDOM WAY	Bill No.:	970154	District:	URBAN SERVICE DISTRICT
Tax Payer:	U S GOV VA HOSPITAL												
Map Code:	044-3-141-00-0												
Description:	1 FREEDOM WAY												
Location:	1 FREEDOM WAY												
Bill No.:	970154												
District:	URBAN SERVICE DISTRICT												

Phone: (706) 821-2391 Fax: (706) 821-2419

Building Value	Land Value	Acres	Fair Market Value	Due Date	Discount Date	Exemptions
24	0	105.7000	24	03/30/2007		

Entity	Adjusted FMV	Net Assessment	Exemptions	Taxable Value	Millage Rate	Gross Tax	Credit	Net Tax
STATE TAX	0	0	0	0.00	0.250	0.00	0.00	0.00
COUNTY CAPITAL OUTLAY	0	0	0	0.00	0.791	0.00	0.00	0.00
COUNTY MAINT & OPERATION	0	0	0	0.00	14.204	0.00	0.00	0.00
COUNTY SALES TAX CREDIT	0	0	0	0.00	-6.305	0.00	0.00	0.00
SCHOOL MAINT & OPERATION	0	0	0	0.00	18.616	0.00	0.00	0.00
URBAN MAINT & OPERATION	0	0	0	0.00	17.855	0.00	0.00	0.00
URBAN SALES TAX CREDIT	0	0	0	0.00	-9.671	0.00	0.00	0.00
TOTALS					35.740	0.00	0.00	0.00

<p>Interest at the rate of 1% per month will be added if not paid by the due date.</p> <p>10% late payment penalty will be added if not paid by due date or December 20, 2006 whichever is later.</p> <p>Discount expiration date:</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Base Amount Due</td><td style="text-align: right;">\$0.00</td></tr> <tr><td>Discount</td><td style="text-align: right;">\$0.00</td></tr> <tr><td>Penalty</td><td style="text-align: right;">\$0.00</td></tr> <tr><td>Interest</td><td style="text-align: right;">\$0.00</td></tr> <tr><td>Other Fees</td><td style="text-align: right;">\$0.00</td></tr> <tr><td>Prev. Payments</td><td style="text-align: right;">\$0.00</td></tr> <tr><td>TOTAL DUE</td><td style="text-align: right;">\$0.00</td></tr> </table>	Base Amount Due	\$0.00	Discount	\$0.00	Penalty	\$0.00	Interest	\$0.00	Other Fees	\$0.00	Prev. Payments	\$0.00	TOTAL DUE	\$0.00
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Penalty	\$0.00														
Interest	\$0.00														
Other Fees	\$0.00														
Prev. Payments	\$0.00														
TOTAL DUE	\$0.00														

RESIDENTIAL DISTRICT CLASSIFICATION

SECTION 9

R-1A (ONE-FAMILY RESIDENTIAL) ZONE

9-1 Permitted Uses:

- (a) Any use permitted in an R-1 Zone subject to the restrictions and regulations of the R-1 Zone; and
- (b) All the provisions and regulations which apply to the R-1 (One-family Zone) shall apply to the R-1A Zone, except that every lot in an R-1A Zone shall have a minimum width of eighty (80) feet and a minimum area of ten thousand (10,000) square feet.
- (c) Conservation Subdivisions where the overall density of development including portions of the tract devoted to greenspace does not exceed 4 lots per acre.

9-2 Special Exception: The following may be permitted in an R-1A Zone by Special Exception:

- (a) *Single-family attached and detached dwellings and condominiums developed in accordance with Section 13, provided that the density of dwellings shall not exceed four (4) units per acre.*
- (b) Public parking areas, when located and developed as in Section 4 and where the area adjoins a use other than provided for in the R-1 Zone, provided such transitional use does not extend more than one hundred (100) feet from the boundary of the less restricted zone.

9-3 Special Exceptions

Any use established as a result of a special exception granted per Subsection 9-2 must be initiated within six (6) months of the granting, or the Special Exception shall no longer be valid. The initiation of a use is established by the issuance of a valid business license by the Augusta License and Inspections Department or by other reasonable proof of the establishment of vested rights. If a Special Exception is granted and the use is initiated but later ceases to operate for a period of one (1) year, then the Special Exception shall no longer be valid.

Amended Sept. 2004, Section 9-3

Amended Jan. 2005 – Section 9-2(a)



Georgia Real Estate Appraisers Board

Suite 1000, International Tower
229 Peachtree Street, N.E.
Atlanta, Georgia 30303-1605
Telephone: 404-656-3916 / Fax: 404-656-6650

TEMPORARY PRACTICE PERMIT

2011-128

Issued to: JOSEPH ZAVAC

Issuance Date: NOVEMBER 7, 2011

Property Description:

BUILDING 18 1 FREEDOM WAY
AUGUSTA GA 30904

RENOVATION FOR VETERANS REHABILITATION
HOME
CHARLES NORWOOD VA MEDICAL CENTER
(VAMC)

In accordance with Section 43-39A-9 of the Georgia Real Estate Appraisers Act, this permit is valid for a period of six (6) months from the issuance date, with an automatic six (6) month extension. This permit is only valid for appraisal work to be performed on the Georgia property designated on this document.

JOSEPH A. ZAVAC MAI

SENIOR VICE PRESIDENT- COMMERCIAL SERVICES & DEPARTMENT MANAGER

PROFESSIONAL EXPERIENCE

- 05/2002 - Present The William Fall Group (formerly LandAmerica OneStop)
- 2001 – 04/2002 LandAmerica OneStop (formerly Primis Inc)
- 1999 – 2001 Primis, Inc.
- 1998 – 1999 The William Fall Group

ACADEMIC BACKGROUND

- Bachelor of Business Administration – Finance - University Of Toledo/Ohio - 1989
- Master of Business Administration – Finance - University of Toledo/Ohio - 1992

CERTIFICATION AND LICENSING

- Certified by State of Ohio General Real Estate Appraiser – Certificate No. 2001021272
- Certified by State of Michigan General Real Estate Appraiser- Certificate No.1201069365
- Certified by State of Indiana Certified General Appraiser- Certificate No. CG41001320
- Certified by State of Illinois Certified General Real Estate Appraiser- Certificate No. 553.002046

PROFESSIONAL ASSOCIATIONS:

- Member of Appraisal Institute - MAI Designation

COMMUNITY INVOLVEMENT

- University of Toledo Alumni Board of Directors- 3 Year Term
- Manor House- Low Income Catholic Housing Facility, Toledo- Treasurer, Board of Directors

COURSES AND SEMINARS

- | | | |
|---------|--|--------------------------|
| • 02-99 | Appraisal Principles | AI |
| • 08-99 | Appraisal Procedures | AI |
| • 03-00 | Basic Income Capitalization | AI |
| • 02-01 | Advanced Income Cap | AI |
| • 05-01 | Standards A- USPAP | AI |
| • 09-01 | Advanced Sales & Cost | AI |
| • 10-01 | Fair Housing Standards | Toledo Board of Realtors |
| • 03-03 | Report Writing | AI |
| • 07-03 | Highest & Best Use | AI |
| • 11-04 | Standards A- USPAP | AI |
| • 04-05 | Enhanced Cash Flow Modeling | AI |
| • 10-05 | Computer Cash Flow Modeling (4 Hour) | AI |
| • 10-06 | Litigation Appraising- Special | AI |
| • 12-06 | USPAP Update | AI |
| • 02-07 | Yellow Book (Standards/ Federal Land Acquisitions) | AI |
| • 11-07 | Demonstration Report Writing | AI |
| • 01-08 | Conservation Easements | AI/ASA |
| • 10-08 | USPAP Update | AI |
| • 10-08 | Professional Ethics & Standards | AI |
| • 02-10 | Yellow Book (Standards /Federal Land Acquisitions) | AI |
| • 09-10 | Intro to Valuing Commercial Green Buildings | AI |
| • 10-10 | USPAP Update | AI |

CROSS SECTION OF APPRAISAL/ANALYSIS WORK

- Industrial Warehouses
- Regional Shopping Centers
- Commercial/Industrial Land
- Schools
- Medical Buildings
- Office Condominium Projects
- Residential Condominium Projects
- Distribution Centers
- Golf Courses
- Industrial Buildings
- Commercial Buildings
- Automobile Dealerships
- Special Purpose Properties
- Churches
- Subdivision Analysis
- Motels/Hotels
- Office Buildings
- Banking Buildings
- Residential Properties
- Community/Neighborhood Shopping Centers
- Agricultural & Conservation Easements
- Parking Garages
- Apartment Buildings
- Recreational Facilities

Ohio Department of Commerce

**Division of Real Estate &
Professional Licensing**

**John R. Kaisch, Governor
David Goodman, Director**

AN APPRAISER LICENSE | CERTIFICATE
has been issued under ORC Chapter 4763 to:

NAME: C William Fall
LIC/CERT #: 000380178
LIC LEVEL: Certified General Real Estate Appraiser
ISSUE DATE: 05/24/2011
EXPIRATION: 06/18/2012
USPAP DUE DATE: 06/18/2013

WILLIAM FALL MAI, SRA, ASA

PROFESSIONAL EXPERIENCE

- 05/02 - Present The William Fall Group - CEO
- 11/00 – 04/02 VP General Manager for Central Region, LandAmerica OneStop
- 1999 – 2000 Midwest Regional Manager Primis, Inc.
- 1990 – 1999 The William Fall Group – President
- 1976 – 1990 SeaGate Appraisal Services, Inc. – President
- 1973 – 1976 The Lathrop Company –Design Build, Sales & Estimating

ACADEMIC BACKGROUND

Bachelor of Science, Civil Engineering, University of Toledo – 1971

CERTIFICATIONS & LICENSING

- Presently Certified - Appraisal Institute Continuing Education Program
- Presently Certified - American Society of Appraisers Continuing Education Program
- Presently State Certified Real Estate Appraisal License:

(OH) No. 380178 (renewal date 6/18/2012)
(MI) ID No.1201000227 (renewal date 7/31/2012)
(CA) ID No. AG043881 (renewal date 6/18/2012)
(IN) No. CG40901110 (renewal date 6/30/2012)
(GA) No. CG337709 (renewal date 8/31/2012)

PROFESSIONAL ASSOCIATIONS

- Member Appraisal Institute- MAI Designation, SRA Designation
- Sr. Member American Society of Appraisers- ASA Designation
- Member, Cardinal Ohio Chapter Appraisal Institute
- Former VP Northwest Ohio Chapter Appraisal Institute
- National Experience Reviewer, Appraisal Institute
- National Peer Reviewer, Appraisal Institute
- Former President, Toledo Chapter American Society of Appraisers
- Former Education/Experience Review Committee – Cardinal Ohio Chapter Appraisal Institute
- Affiliate Member, Toledo Area Board of Realtors
- Member of the Industry Advisory Council of the Appraisal Foundation
- Member of the Title and Appraisal Vendor Management Association

COMMUNITY ASSOCIATIONS

- Member, Toledo Chamber of Commerce
- Member, Better Business Bureau
- Former President, Erie Shores Boy Scout Council
- Former President, University of Toledo Alumni Association
- Vice Chairman Toledo Cultural Arts Center (Valentine Theater)
- Former Board Member, University of Toledo Foundation
- Current Chairman, The University of Toledo Board of Trustees
- Board Member: Real Estate Corporation for The University of Toledo Foundation
Toledo Community Foundation
Innovation Enterprise Corporation