

APPRAISAL REPORT

Prepared for

BB&T
Attn: Real Estate Appraisal Department
2713 Forest Hills Road
Wilson, NC 27893

Summary Report of

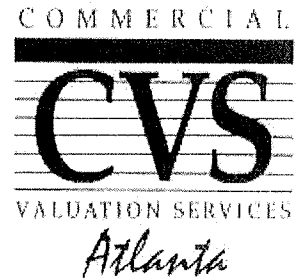
Kennedi's Restaurant and Bar
2035 South Hairston Road
Decatur, GA 30035

APPRAISAL ID: OMS-117961-REPORT #1

As of

January 29, 2013

Michael D. Barrow, MAI
Managing Director



February 1, 2013

BB&T
Attn: Real Estate Appraisal Department
2713 Forest Hills Road
Wilson, NC 27893

Re: Appraisal of:
Kennedi's Restaurant and Bar
2035 South Hairston Road
Decatur, GA 30035
APPRAISAL ID: OMS-117961-REPORT #1

Dear Real Estate Appraisal Department:

At your request, the attached report of our appraisal of the referenced property is submitted. The purpose of this appraisal is to estimate the "as is" market value of the *fee simple interest* in the subject property. At the client's request and since we did not receive cooperation from the property owner, we performed an exterior only inspection of the subject property from the street. The appraisal is subject to revision when access to the property is granted.

The subject property consists of a restaurant building comprised of approximately 4,400 SF, situated on approximately 2.460 acres of land. The property was formerly owner-occupied as Kennedi's Restaurant and Bar. It is located at 2035 South Hairston Road in the Decatur area of unincorporated DeKalb County, Georgia.

According to the client, the building is built around a "dining car" (personal property.) The property owner was leasing the "dining car" as a part of the restaurant. As the appraisers were unable to access the building and the dining car could not be distinguished from an exterior inspection, the appraisers are unsure if the "dining car" could be removed without demolishing the entire building. The broker was also unsure.

CVS of Atlanta, LLC
Real Estate Appraisers & Consultants
730 Peachtree Street, Suite 650 | Atlanta, GA 30308
O 404.665.1900 | F 404.665.1909
mbarrow@cvsatlanta.com | www.cvsatlanta.com

The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). This appraisal is being reported as a "summary report" in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). This appraisal was also prepared in compliance with the specific guidelines of BB&T.

In valuing the subject restaurant property, consideration was given to the Income and Sales Comparison Approaches. Due to age of the subject improvements, the Cost Approach is not a reliable indicator of value for the subject and is excluded from the appraisal. Furthermore, at the client's request, the two most applicable valuation methods were implemented.

Based on the inspection of the property and the investigation and analyses undertaken, the estimated "**as is**" market value of the **fee simple interest** in the subject property, as of January 29, 2013, is:

TWO HUNDRED SIXTY-FIVE THOUSAND DOLLARS
(\$265,000)

The preceding value conclusions are subject to the following Extraordinary Assumptions and Limiting Conditions:

1. **No drainage, subsoil, geological, environmental, or engineering reports relative to the subject property were supplied to the appraiser. Therefore, this appraisal is contingent upon no adverse conditions being present.**
2. **Business value and equipment are excluded. This appraisal includes the valuation of the real property only.**
3. **At the client's request, and since we did not receive cooperation from the property owner, we performed an exterior only inspection of the subject property from the street. The appraisal is subject to revision when access to the property is granted.**
4. **We did not receive a plat or site plan of the subject property. We estimate the approximate 0.59 acre portion of land at the northwest corner of the site and the 0.37 acre portion of land at the northeast corner of the site to be surplus. The appraisal is subject to revision when a plat or survey is available.**

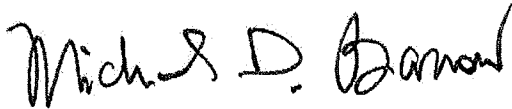
Also, please see the general assumptions and limiting conditions attached to the appraisal.

Real Estate Appraisal Department
February 1, 2013

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The attached summary appraisal report, which was prepared in accordance with the requirements of the Financial Institutions Reform Recovery and Enforcement Act (FIRREA) and Uniform Standards of Professional Appraisal Practice (USPAP), is submitted in support of the stated value conclusions. It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CVS Atlanta can be of further service, please contact us.

Respectfully submitted,
CVS OF ATLANTA, LLC

A handwritten signature in black ink that reads "Michael D. Barrow". The signature is written in a cursive, flowing style.

Michael D. Barrow, MAI
Principal/Managing Director
Georgia Certified General Real Property Appraiser No. 256304
Expiration: July 31, 2013

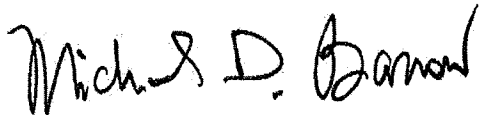
Attachments
CVS File No. 20302059

CERTIFICATION


I (we) certify that, to the best of our knowledge and belief,

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
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. My analyses, opinion, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. A personal exterior inspection of the subject property of this report was made by Richard J. Lynott, IV, MAI. An exterior inspection was made by Michael D. Barrow, MAI.
9. No significant professional assistance was provided to the person(s) signing this report.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. The appraisal assignment was not based on a required minimum valuation, specific valuation, or the approval of a loan.

12. This assignment was made subject to the regulations of the State of Georgia Real Estate Appraisers Board. The undersigned state certified appraisers have met the requirements of the Board that allow this report to be regarded as a certified appraisal.
13. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
14. I have performed a prior service concerning the subject property within the 3 year period immediately preceding acceptance of this appraisal assignment. The property was previously appraised for BB&T on June 14, 2012.
15. As of the date this report, Michael D. Barrow, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
16. As of the date this report, Richard J. Lynott, IV, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.



Michael D. Barrow, MAI
Managing Director, CVS Atlanta
Georgia Certified General Real Property Appraiser No. 256304
Expiration: July 31, 2013



Richard J. Lynott, IV
Senior Analyst
Georgia State Certified General Real Property Appraiser No. 307245
Expiration: April 30, 2013

SUMMARY OF SALIENT FACTS & CONCLUSIONS

Property Reference:	Kennedi's Restaurant and Bar
Property Type:	Full-Service Restaurant
Property Address:	2035 South Hairston Road Decatur, GA 30035
Report Format:	Summary Report
Date of Appraisal Report:	February 1, 2013
Date of Value:	January 29, 2013
Date of Inspection:	January 29, 2013
Real Estate Interest Appraised:	Fee Simple
Location:	The subject property is situated in the northwestern quadrant of South Hairston Road and Covington Highway in the Decatur area of unincorporated DeKalb County, Georgia.
Site Description:	The subject site is irregular in shape and contains approximately 107,158 square feet, or 2.460 acres. Although no plat or survey was provided, it appears that there is approximately 0.59 acre of surplus land located at the northwestern corner of the property. Since the property was inspected from the street, specific characteristics of this portion of the property are unknown, although the aerial view shows that the area is partially cleared. Additionally, there is approximately 0.37 acre of surplus land at the northeast corner of the property along South Hairston Road. This portion of the property is wooded and has a sloping topography.
Building Description:	Improvements include a full-service restaurant building containing a total of approximately 4,400 SF of gross building area.
Zoning designation:	C-1 (Local Commercial District) by DeKalb County, GA
Highest and Best Use as Vacant:	Commercial/business
Highest and Best Use as Improved:	Free-Standing Retail
Value Indications:	
Land Value	\$125,000
Cost Approach:	N/A
Income Approach:	\$285,000
Sales Comparison Approach:	\$255,000
Final Opinion of "As Is" Value:	\$265,000

The preceding value conclusions are subject to the four (4) Extraordinary Assumptions and Limiting Conditions presented on the following page.

EXTRAORDINARY ASSUMPTIONS & LIMITING CONDITIONS

1. No drainage, subsoll, geological, environmental, or engineering reports relative to the subject property were supplied to the appraiser. Therefore, this appraisal is contingent upon no adverse condllions being present.
2. Business value and equipment are excluded. This appraisal includes the valuation of the real property only.
3. At the client's request, and since we did not receive cooperation from the property owner, we performed an exterior inspection of the subject property from the street. The appraisal is subject to revision when access to the property is granted.
4. We did not receive a plat or site plan of the subject property. We estimate the approximate 0.59 acre portion of land at the northwest corner of the site and the 0.37 acre portion of land at the northeast corner of the site to be surplus. The appraisal is subject to revision when a plat or survey is available.

Also, please see the General Assumptions and Limiting Conditions presented on the following pages.

GENERAL ASSUMPTIONS & LIMITING CONDITIONS

**Copies, Publications,
Distribution & Use of Report**

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use. The report may not be used for any purpose by any person or corporation other than the client or the party to whom it is addressed or copied without the written consent of an officer of the appraisal firm (CVS of Atlanta, LLC) and then only in its entirety.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations efforts, news, sales, or other media, without the written consent and approval of an officer of CVS of Atlanta, LLC, nor may any reference be made in such a public communication to the Appraisal Institute, or the SRA, SRPA, or MAI designations.

Confidentiality

The appraiser(s) may not divulge the material (evaluation) contents of the report, analytical findings, or conclusions, or give copies of the report to anyone other than the client or designee as specified in writing except as may be required by the Appraisal Institute as may be requested in confidence for ethics enforcement, or by a court of law or body with the power of subpoena.

This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analyses as set forth in the report were prepared by the appraiser(s) whose signature(s) appear on the appraisal report, unless indicated as "Review Appraiser". No change of any item in the report shall be made by anyone other than the appraiser(s) and/or officer of the firm. The appraiser and firm shall have no responsibility if any such unauthorized change is made.

Information Used

No responsibility is assumed for accuracy of information furnished by or from others, the client, designee, or public records. The appraiser(s) or firm is not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with CVS of Atlanta, LLC and possibly signing the report may be independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit; all are considered appropriate for inclusion to the best of our factual judgment and knowledge.

**Testimony, Consultation,
Completion of Contract for
Appraisal Services**

The contract for appraisal, consultation or analytical service, is fulfilled and the total fee payable upon completion of the report. The appraiser(s) or those assisting in the preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at additional fee.

Exhibits

The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose and are not intended to represent the property in other than actual status, as of the date of photos. Site plans are not surveys unless shown from separate surveyor.

**Legal, Engineering, Financial,
Structural, or Mechanical**

No responsibility is assumed for matters legal in character or nature, nor matters of survey, nor of any architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of the report.

The legal description is assumed to be correct in this report as furnished by the client, designee, or as derived by the appraiser(s).

The appraiser(s) has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural, or other components. The appraiser(s) has not critically inspected mechanical components within the improvements and no representation is made herein as to these matters unless specifically stated and considered in the report. The value estimate considers there being no such conditions that would cause a loss of value.

The land or the soil of the area being appraised appears firm; however, subsidence in the area is unknown. The appraiser(s) do not warrant against this condition or occurrence of problems arising from soil conditions.

Nature Hidden Components, Soil	The appraisal is based on there being no hidden, unapparent, or apparent conditions of the property site, subsoil, and no responsibility is assumed for any such conditions or for any expertise or engineering necessary to discover them. All mechanical components are assumed to be in operable condition and status standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to adequacy of insulation, type of insulation, or energy efficiency of the improvements or equipment.
Legality of Use	The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, state, federal and or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.
Component Values	The distribution of the total valuation in this report between land and improvements (if applicable) applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
Auxiliary and Related Studies	No environmental or impact studies, special market study or analysis, highest and best use analysis or feasibility study has been requested or made unless otherwise specified in an agreement for services or in the report. The appraiser(s) reserves the unlimited right to alter, amend, revise, or rescind any of the statements, findings, opinions, values, estimates, or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to appraiser(s).
Dollar Value/Purchasing Power	The market value estimated, and the costs used are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate.

Proposed Improvements/Conditioned Value	Improvements proposed, if any on or off-site, as well as any repairs required are considered, for purposes of this appraisal to be completed in good and workmanlike manner according to information submitted and/or considered by the appraiser(s). In cases of proposed construction, the appraisal is subject to change upon inspection of property after construction is completed. This estimate of market value is as of the date shown, as proposed, as if completed and operation at levels shown and projected.
Value Change/Dynamic Market/Influences:	<p>The estimated market value is subject to change with market changes over time; value is highly related to exposure, time, promotional effort, terms, motivation, and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace. The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants or the properties in the vicinity of the property appraised.</p> <p>In cases of appraisals involving the capitalization of income benefits, the estimate of market value is a reflection of such benefits and appraiser(s)' interpretation of income and yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are thus subject to change, and the market is naturally dynamic.</p>
Management of the Property	It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management; neither inefficient nor superefficient.
Continuing Education Current	The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAIs, SRAs, and SRPAs who meet the minimum standards of this program are awarded periodic educational certification. The designated member(s) signing this report are certified under this program.
Fee	The fee for this appraisal or study is for the service rendered and for the time spent on the physical report.
Authentic Copies	The authentic copies of this report are signed in ink. Any copy that does not have an original signature is unauthorized, and may have been altered.

2035 SOUTH HAIRSTON ROAD
DECATUR, GA

Insulation

Unless otherwise stated in this report, the appraiser(s) signing this report have no knowledge concerning the presence or absence of urea-formaldehyde foam insulation in existing improvements; if such insulation is present, the value of the property may be adversely affected and reappraisal at additional cost may be necessary to estimate the effects of such insulation.

Americans with Disabilities Act (ADA)

The Americans with Disabilities Act requires that certain architectural barriers in public accommodations be eliminated to provide improved access for disabled persons. The appraiser(s) have not made a compliance survey of the subject property. It is possible that if a survey is completed it will be determined that the subject property is not in compliance with ADA. If so, the cost of compliance could have a negative effect on the market value of the subject property. This negative effect has not been addressed in our appraisal of the subject property. It is recommended that an ADA compliance survey be performed by a qualified architect.

NOTE

**ACCEPTANCE OF, AND/OR USE OF THIS APPRAISAL REPORT
CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.**

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Section 1 – General Information

Scope of the Appraisal

The appraiser(s) completed the following steps for this appraisal assignment:

- ❖ Identified the subject property, the effective date of value estimate(s), the property rights appraised, and the type of value being sought.
- ❖ Analyzed regional, city, neighborhood, site, and improvement data.
- ❖ Made a physical inspection of the subject property.
- ❖ Reviewed data regarding taxes, zoning, utilities, easements, etc.
- ❖ Determined the highest and best use of the property as vacant and improved.
- ❖ Analyzed and made an exterior inspection of comparable vacant and improved sales, as well as comparable rentals.
- ❖ Analyzed the data to derive value estimates via the Income and Sales Comparison Approaches. The Cost Approach was not applicable.
- ❖ Reconciled the results from each of the approaches to value employed in order to derive a final value estimate.
- ❖ Estimated a reasonable marketing period and exposure time for the subject.

The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). This appraisal is being reported as a "summary report" in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). This appraisal was also prepared in compliance with the specific guidelines of BB&T.

Function and Intended Use of the Appraisal

The function of this appraisal is to provide the appraiser's best estimate of the "as is" fee simple market value of the subject property, as of January 29, 2013, subject to conditions outlined herein.

The intended use of this appraisal is for loan underwriting and/or credit decisions by BB&T and/or its affiliates. Other financial institutions may be participating in this transaction. The intended users of this appraisal include BB&T, its successors or assigns, and any participating financial institution. It is also noted that this appraisal was developed in compliance with the scope specified by BB&T.

Effective Date of Value(s)

The effective date of value is January 29, 2013, this being the most recent date of property inspection.

Date of Report

The date of this appraisal report is February 1, 2013.

Rights Appraised

The fee simple market value of the subject property was appraised, subject to conditions outlined herein, as well as easements and restrictions of record. Fee simple estate is defined as: "Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation."¹

Definition of Market Value

In accordance with Federal Reserve System 12 CFR Part 225, Federal Deposit Insurance Corporation (12 CFR Part 323), The Office of the Comptroller of Currency (12 CFR Part 34), "Market Value" is defined as follows:

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

- ❖ Buyer and seller are typically motivated;
- ❖ Both parties are well-informed or well-advised and each is acting in what they consider their own best interests;
- ❖ A reasonable time is allowed for exposure in the open market;
- ❖ Payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and
- ❖ The price represents the normal consideration for the property sold unaffected by special, or creative financing, or sales concessions granted by anyone associated with the sale."²

Definition of "As Is" Market Value

The "as is" value means an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of appraisal.

¹ The Dictionary of Real Estate Appraisal, Fourth edition, The Appraisal Institute, Chicago, Illinois (U.S., 2001), page 113

² Federal Reserve System 12 CFR Part 225, Federal Deposit Insurance Corporation (12 CFR Part 323), The Office of the Comptroller of Currency (12 CFR Part 34)

Property Identification

The subject property is located in the Decatur area of unincorporated DeKalb County, Georgia. The property is identified by the DeKalb County Tax Assessor's Office as Parcel Number(s) 15-161-01-028. The property address is:

*2035 South Hairston Road
Decatur, GA 30035*

Legal Description

The subject property is legally described as follows:

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOT 161 OF THE 16TH DISTRICT OF DEKALB COUNTY, GEORGIA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

TO FIND THE TRUE POINT OF BEGINNING BEGIN AT AN IRON PIN PLACED ON THE WESTERN RIGHT-OF-WAY LINE OF SOUTH HAIRSTON ROAD (RIGHT-OF-WAY VARIES) A DISTANCE OF 131.79 FEET NORTHERLY AS MEASURED ALONG SAID RIGHT-OF-WAY LINE FROM THE EASTERNMOST POINT OF THE MITRE LINE AT THE INTERSECTION OF THE WESTERN RIGHT-OF-WAY LINE OF COVINGTON HIGHWAY (A.K.A US HIGHWAY 278 AND STATE ROUTE NUMBER 12-RIGHT-OF-WAY VARIES); THENCE ALONG THE WESTERN RIGHT OF WAY LINE OF SOUTH HAIRSTON ROAD NORTH 14 DEGREES 41 MINUTES 03 SECONDS EAST A DISTANCE OF 144.86 FEET TO A CONCRETE MONUMENT; THENCE CONTINUING ALONG THE WESTERN RIGHT-OF-WAY LINE OF SOUTH HAIRSTON ROAD NORTH 21 DEGREES 22 MINUTES 45 SECONDS EAST A DISTANCE OF 99.20 FEET TO A CONCRETE MONUMENT FOUND AND THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID RIGHT OF WAY AND RUNNING NORTH 73 DEGREES 38 MINUTES 28 SECONDS WEST A DISTANCE OF 273.79 FEET TO A POINT; RUNNING THENCE NORTH 03 DEGREES 41 MINUTES 05 SECONDS EAST A DISTANCE OF 78.31 FEET TO A POINT; RUNNING THENCE NORTH 74 DEGREES 09 MINUTES 23 SECONDS WEST A DISTANCE OF 192.08 FEET TO A POINT; RUNNING THENCE NORTH 01 DEGREES 21 MINUTES 32 SECONDS EAST A DISTANCE OF 203.50 FEET TO A POINT; RUNNING THENCE SOUTH 75 DEGREES 59 MINUTES 35 SECONDS EAST A DISTANCE OF 224.95 FEET TO A POINT; RUNNING THENCE SOUTH 14 DEGREES 24 MINUTES 40 SECONDS WEST A DISTANCE OF 50 FEET TO A POINT; RUNNING THENCE SOUTH 75 DEGREES 59 MINUTES 35 SECONDS EAST A DISTANCE OF 256.97 FEET TO A POINT; RUNNING THENCE SOUTH 03 DEGREES 25 MINUTES 32 SECONDS EAST A DISTANCE OF 43.34 FEET TO A POINT; RUNNING THENCE ALONG THE WESTERLY RIGHT OF WAY OF SOUTH HAIRSTON AN ARC DISTANCE OF 204.90 FEET TO A CONCRETE MONUMENT FOUND (SAID ARC BEING SUBTENDED BYHORD HAVING A BEARING SOUTH 05 DEGREES 39 MINUTES 43 SECONDS WEST AND A CHORD DISTANCE OF 203.81 FEET) TO A CONCRETE MONUMENT FOUND AND THE TRUE POINT OF BEGINNING. SAID TRACT CONTAINS 2.46 ACRES MORE OR LESS SHOWN ON SURVEY COMPLETED BY AMBIT TECHNICAL SERVICES, DATED NOVEMBER 29, 2005 CERTIFIED BY HORACE A. ALLEYNE, GEORGIA REGISTERED LAND SURVEYOR NO# 2837.

Ownership/Sales History

According to DeKalb County tax records, the current owner of record is Kennedy Associates, Inc. According to public records, the subject property was conveyed to the current owner on December 9, 2005, via a non-arm's-length transaction. Tax records indicate no other change of ownership in the past three (3) years. The ownership predicated herein is made subject to correction by a title search conducted by a qualified company or individual.

The subject property was formerly owner-occupied as Kennedy's Restaurant and Bar. It appears that the restaurant is now closed. The subject property is currently listed for sale with Schumacher Restaurant Group (Steven Josovitz) at an asking price of \$650,000, or \$147.73/SF. The property is also offered for lease at \$4,500/month or \$12.27 /SF. The broker indicated that the listing price was too high, but was unsure of a reasonable price. He also stated that there has been very little interest in the property.

According to the client, the building is built around a "dining car" (personal property.) The property owner was leasing the "dining car" as a part of the restaurant. As the appraisers were unable to access the building and the dining car could not be distinguished from an exterior inspection, the appraisers are unsure if the "dining car" could be removed without demolishing the entire building. The broker was also unsure.

Report Type

The Appraisal Standards Board controls the process of making an appraisal of a parcel of real estate. The Board issues rules and guidelines from which all appraisals and resulting reports are made. The process of administration of those rules and guidelines is addressed to the Real Estate Appraiser Commission of each respective state. The Appraisal Standards Board issues the rules and guidelines in the form of a document update published each year by The Appraisal Foundation. That document is entitled "The Uniform Standards of Professional Appraisal Practice" (USPAP).

According to USPAP, there are three types of appraisal reports; Self-Contained, Summary, and Restricted Use. The following definitions have been adopted for each type of report:

- ❖ Self-Contained: A written report prepared under Standards Rule 2-2(a).
- ❖ Summary: A written report prepared under Standards Rule 2-2(b).
- ❖ Restricted Use: A written report prepared under Standards Rule 2-2(c).

This appraisal is classified as a "summary report."

Exposure Time

Exposure time is the estimated length of time the property would have been offered prior to a hypothetical market value sale on the effective date of appraisal. It is a retrospective estimate based on an analysis of recent past events, assuming a competitive and open market. It assumes not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable marketing effort. Exposure time is therefore interrelated with appraisal conclusion of value. An estimate of exposure time is not intended to be a prediction of a date of sale or a simple one-line statement. Instead, it is an integral part of the appraisal analysis and is based on one or more of the following:

- ❖ statistical information about days on the market
- ❖ information gathered through sales verification
- ❖ interviews of market participants

The reasonable exposure period is a function of price, time, and use. It is not an isolated estimate of time alone. Exposure time is different for various types of real estate and under various market conditions. In consideration of these factors, we have analyzed the following:

- ❖ exposure periods of comparable sales revealed during the course of this appraisal
- ❖ macroeconomic exposure times for the subject property type across the Subject MSA and the entire United States as published in multiple articles and websites
- ❖ knowledgeable real estate professionals

Based on this analysis, an exposure time of 12 months is reasonable and appropriate. This exposure time assumes the subject would have been competitively priced and aggressively promoted within the market area.

Marketing Time

Marketing time is the period a prospective investor would forecast to sell the subject property immediately after the date of value, at the value estimated. The marketing time is an estimate of the number of months it will require to sell the subject from the date of value, into the future. The anticipated marketing time is essentially a measure of the perceived level of risk associated with the marketability, or liquidity, of the subject property. The marketing time estimate is based on the data used in estimating the reasonable exposure time, in addition to an analysis of the anticipated changes in market conditions following the date of appraisal. The future price for the subject (at the end of the marketing time) may or may not equal the appraisal estimate. The future price depends on unpredictable changes in the physical real estate, demographic and economic trends, real estate markets in general, supply/demand characteristics for the property type, and many other factors.

Based on the premise that present market conditions are the best indicators of future performance, a prudent investor will forecast that, under the conditions described above, the subject will require a marketing time of 12 months.

Section 2 – Economic Analysis

Atlanta Metropolitan Area Data

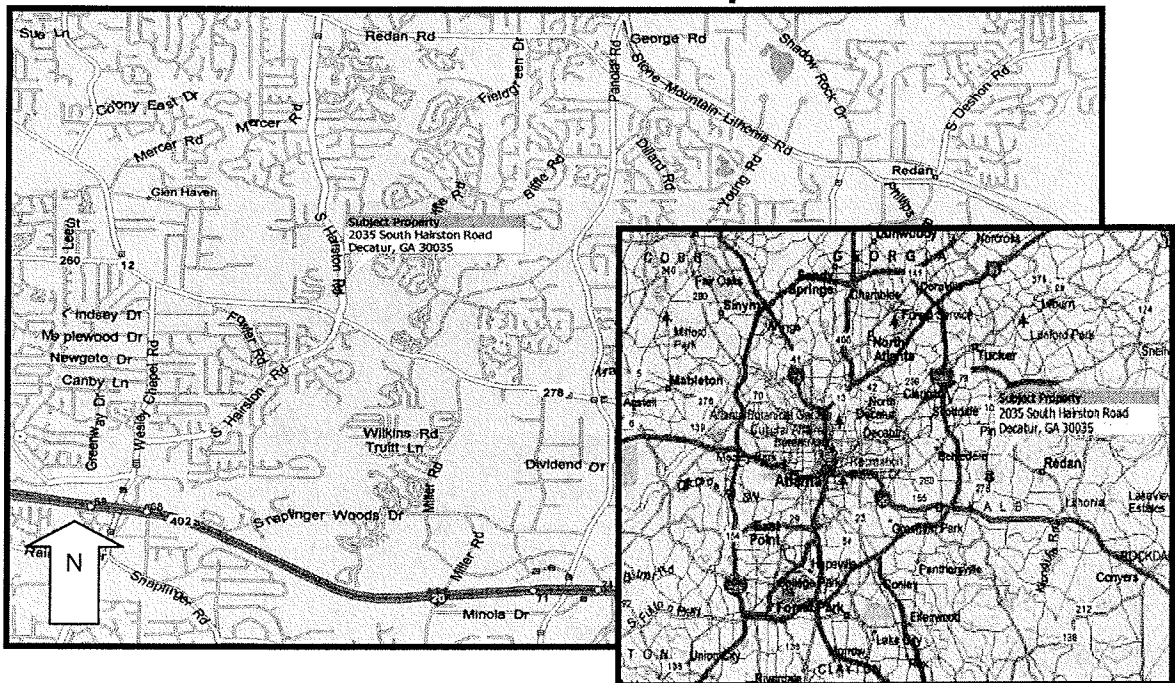
The purpose of this Area Analysis is to identify the forces of supply and demand that influence the value of the subject property. Recognizing that the region, as a whole, significantly influences the subject property, the Area Analysis includes the Atlanta Metropolitan Statistical Area (MSA). The Federal Office of Management and Budget defines MSAs as urbanized areas with "adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties."

The four basic factors included in this analysis are economic, governmental, social, and environmental. The interaction of these factors creates trends that ultimately influence the value of the subject property. For appraisal purposes, they are analyzed individually to determine regional and local trends that significantly impact the subject.

Geographic Location

The subject property is located in the eastern region of Metro Atlanta, Georgia. This location is approximately 11 miles east of the central business district in the Decatur area of unincorporated DeKalb County. Atlanta, the state's capital and largest city, is situated in the northwestern section of the State of Georgia.

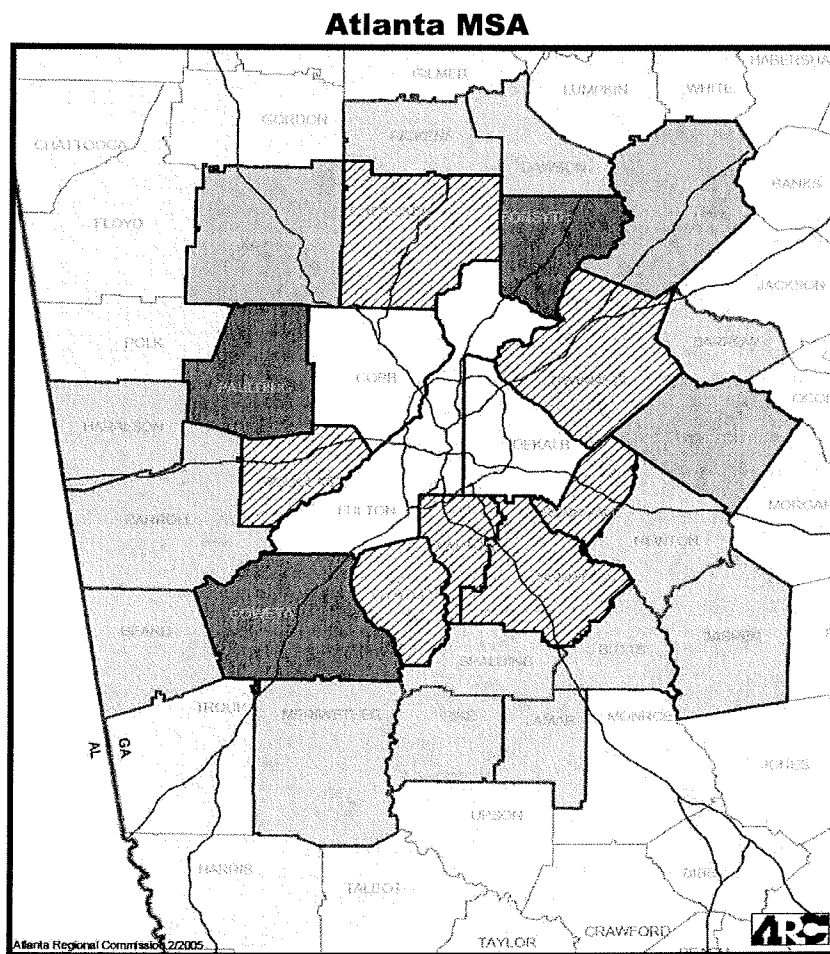
Atlanta Metro Area Map



ECONOMIC FACTORS

Population Trends

The Atlanta MSA is currently comprised of twenty-eight (28) counties surrounding the city. Atlanta's MSA is the largest in Georgia and the Southeastern United States. It was ranked as the 11th largest MSA in the United States, according to the 2000 U.S. Census. However, as of the 2000 Census, the MSA included 20 counties. In 2003, the Federal Office of Management and Budget added eight (8) counties to the Atlanta MSA, which now encompasses 8,379 square miles. According to the OMB, the counties were added because a significant percentage of their residents work within the metro area. Based on the 2010 U.S. Census, Metro Atlanta is currently the 9th largest MSA in the U.S.



In the South, Georgia was the fastest-growing State, up by 26 percent since 1990. This was Georgia's most rapid census-to-census population growth rate in the 20th Century. Since 1990, more than 70% of the population growth has occurred in the northern region of the MSA. However, recent trends since 2000, resulting from land scarcity and transportation infrastructure, have focused westward, as well as a migration inside the I-285 perimeter.

The table below illustrates the Atlanta MSA population trend by county, with the highest population in the core counties of Cobb, DeKalb, Fulton and Gwinnett for the 1990, 2000, and 2010 provided by the U.S. Census Bureau. The table also illustrates the percent change for each county within the MSA from 2000 to 2010.

ATLANTA MSA POPULATION TRENDS

Compiled by: **CVS Atlanta**

County	1990	2000	1990-2000 % Change	2000	2010	2000-2010 % Change		
Barrow	29,721	46,144	16,423	55.26%	46,144	69,367	23,223	50.33%
Barlow	55,911	76,019	20,108	35.96%	76,019	100,157	24,138	31.75%
Butts					19,522	23,655	4,133	21.17%
Carroll	71,422	87,268	15,846	22.19%	87,268	110,527	23,259	26.65%
Cherokee	91,000	141,903	50,903	55.94%	141,903	214,346	72,443	51.05%
Clayton	184,100	236,517	52,417	28.47%	236,517	259,424	22,907	9.69%
Cobb	453,400	607,751	154,351	34.04%	607,751	688,078	80,327	13.22%
Coweta	53,853	89,215	35,362	65.66%	89,215	127,317	38,102	42.71%
Dawson					15,999	22,330	6,331	39.57%
DeKalb	553,800	665,865	112,065	20.24%	739,956	691,893	-48,063	-6.50%
Douglas	71,700	92,174	20,474	28.56%	92,174	132,403	40,229	43.64%
Fayette	62,800	91,263	28,463	45.32%	91,263	106,567	15,304	16.77%
Forsyth	44,083	98,407	54,324	123.23%	98,407	175,511	77,104	78.35%
Fulton	670,800	816,006	145,206	21.65%	816,006	920,581	104,575	12.82%
Gwinnett	356,500	588,448	231,948	65.06%	588,448	805,321	216,873	36.86%
Haralson					25,690	28,780	3,090	12.03%
Heard					11,012	11,834	822	7.46%
Henry	59,200	119,341	60,141	101.59%	119,341	203,922	84,581	70.87%
Jasper					11,426	13,900	2,474	21.65%
Lamar					15,912	18,317	2,405	15.11%
Meriwether					22,534	21,992	-542	-2.41%
Newton	41,808	62,001	20,193	48.30%	62,001	99,958	37,957	61.22%
Paulding	41,611	81,678	40,067	96.29%	81,678	142,324	60,646	74.25%
Pickens	14,432	22,983	8,551	59.25%	22,983	29,431	6,448	28.06%
Pike					13,688	17,869	4,181	30.55%
Rockdale	54,500	70,111	15,611	28.64%	70,111	85,215	15,104	21.54%
Spalding	54,457	58,417	3,960	7.27%	58,417	64,073	5,656	9.68%
Wallon	38,586	60,687	22,101	57.28%	60,687	83,768	23,081	38.03%
MSA	3,003,684	4,112,198	1,108,514	36.91%	4,322,072	5,268,860	946,788	21.91%
Georgia	6,478,216	8,168,453	1,690,237	26.09%	8,168,453	9,687,653	1,519,200	18.60%

Source: U.S. Census Bureau

The population of the Atlanta MSA grew at a rate of 36.91% from 1990 to 2000, and 21.91% from 2000 to 2010. As illustrated in the preceding table, all counties (not including the 8 newly added counties) in the Atlanta MSA, with the exception of Spalding, experienced double-digit increases between 1990 and 2000. Between 2000 and 2010, the fastest growing counties were Forsyth (+78.310%), Paulding (+74.210%), and Henry (+70.87%). According to the Atlanta Regional Commission, the slower growth pattern experienced by the region, which has added approximately 91,000 people during the last three years, is attributable to the recession and is similar to what most metro areas around the nation are experiencing.

Employment

Although the region has experienced relatively low unemployment over the past 12 years, the unemployment rate was 10.5% as of July, 2011, which reflects job losses in manufacturing, construction, administrative-support areas, trade and services, due to the recent economic recession. Historically, the Atlanta region has been one of the fastest-growing areas in the nation, and according to the latest forecasts from the Atlanta Regional Commission, this strong growth will continue over the next 30 years, with an additional 3 million people and 1.8 million jobs projected by 2040. Primary factors influencing the continued growth of the Atlanta MSA include new employment opportunities, transportation amenities, moderate climate, high standard of living, and the region's dominant position in the Southeast for national and international business, industry and trade. The unemployment rates for the Atlanta MSA from 1997 to 2012 YTD (As of June) are summarized in the table below.

**ATLANTA MSA
 UNEMPLOYMENT RATE TRENDS**

Compiled by: **CVS Atlanta**

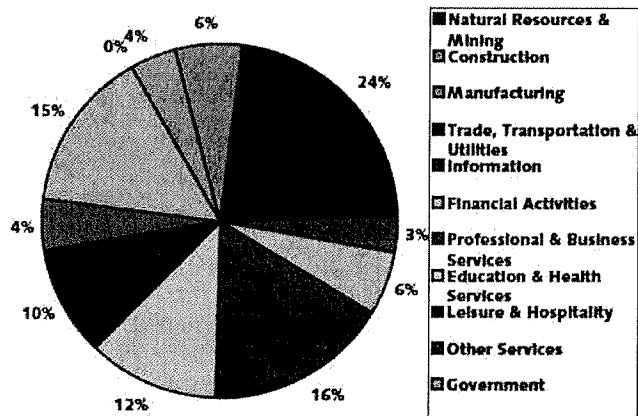
Year	Total Employment	Unemployed	Unemployment Rate
2012 YTD	2,721,818	286,048	10.5%
2011	2,686,993	258,997	9.6%
2010	2,514,800	256,500	10.2%
2009	2,655,545	269,422	10.1%
2008	2,746,408	168,955	6.2%
2007	2,785,471	123,910	4.4%
2006	2,702,498	113,320	4.2%
2005	2,572,976	134,760	5.2%
2004	2,487,720	118,284	4.8%
2003	2,434,664	119,299	4.9%
2002	2,364,400	111,500	4.7%
2001	2,422,836	87,528	3.6%
2000	2,377,503	72,969	3.1%
1999	2,206,486	67,931	3.1%
1998	2,150,014	70,903	3.3%
1997	2,061,174	75,957	3.7%
1996	1,963,951	74,800	3.8%

Source: U.S. Department of Labor

Atlanta has a diverse economic base, which is a key factor contributing to the area's population growth and economic strength. Atlanta's employment base is dominated by the retail trade and services sectors, which now comprise approximately 24% and 16% of total jobs, respectively. A breakdown of employment by sector is presented in the table on the following page.

TOTAL EMPLOYMENT BY INDUSTRY

Percent of Total Employment by Industry



Source: Department of Labor, Bureau of Labor Statistics

The table below summarizes the most recent available non-agricultural job growth in the Atlanta MSA since 2000.

ATLANTA MSA NON-AGRICULTURAL JOB TRENDS

Compiled by:

CVS Atlanta

Year	Total Employment	Growth	Annual Δ
2012 YTD (May)	2,345,800	11,700	0.50%
2011	2,334,100	73,200	3.24%
2010	2,260,900	-14,600	-0.40%
2009	2,270,000	-17,800	-6.41%
2008	2,425,500	-32,300	-1.31%
2007	2,457,800	54,600	2.27%
2006	2,403,200	65,600	2.81%
2005	2,337,600	69,100	3.05%
2004	2,268,500	31,600	1.41%
2003	2,236,900	-21,800	-0.97%
2002	2,258,700	-42,700	-1.86%
2001	2,301,400	11,700	0.51%
2000	2,289,700	-	-

Source: Georgia Department of Labor

As illustrated above, Atlanta's non-agricultural job market increased steadily between 2004 and 2007; however, this sector has decreased significantly since the beginning of the subprime mortgage/credit market crisis and national economic recession, indicating a sharp decline of -6.41% in 2009, -0.4% in 2010, 3.24% in 2011, and 0.50% as of May 2012.

Atlanta's top employer is Delta Airlines, followed by Wal-Mart, Emory University, and Gwinnett County Public Schools. However, it is important to note that several of Atlanta's highest profile companies include Coca Cola, Turner Broadcasting, Centers for Disease Control (CDC), Cox Enterprises, Georgia Pacific, and Target. The companies presented in the table below represent Georgia's public companies ranked by annual revenue. Names in bold represent Fortune 500 companies.

GEORGIA'S PUBLIC COMPANIES

Compiled by: CVS Atlanta

Company	Revenue
The Home Depot*	\$66,176,000
United Parcel Service, Inc.*	\$45,297,000
The Coca-Cola Company*	\$30,990,000
Delta Air Lines, Inc.*	\$28,063,000
Coca-Cola Enterprises, Inc.*	\$21,645,000
Aflac Inc.	\$18,254,000
Southern Co.*	\$15,743,000
SunTrust Banks, Inc.*	\$10,420,000
Genuine Parts Co.*	\$10,057,512
First Data	\$9,313,800
AGCO Corp. *	\$6,630,400
Newell Rubbermaid, Inc.*	\$5,577,600
Mohawk Industries, Inc.	\$5,344,024
NCR Corp.*	\$4,612,000
Graphic Packaging Holding Co.*	\$4,095,800
Asbury Automotive Group, Inc.*	\$3,650,600
Wendy's/Arboy's Group, Inc.*	\$3,580,800
Rock-Tenn Co.*	\$3,001,400
Exide Technologies	\$2,685,808
Invesco Ltd.*	\$2,627,300
Flowers Foods, Inc.	\$2,600,849
AGL Resources, Inc.*	\$2,317,000
Mirant Corp.*	\$2,309,000
Georgia Gulf Corp.*	\$1,990,091
Synovus Financial Corp.	\$1,924,703
Equifax, Inc.*	\$1,824,500

*Located in Metro Atlanta

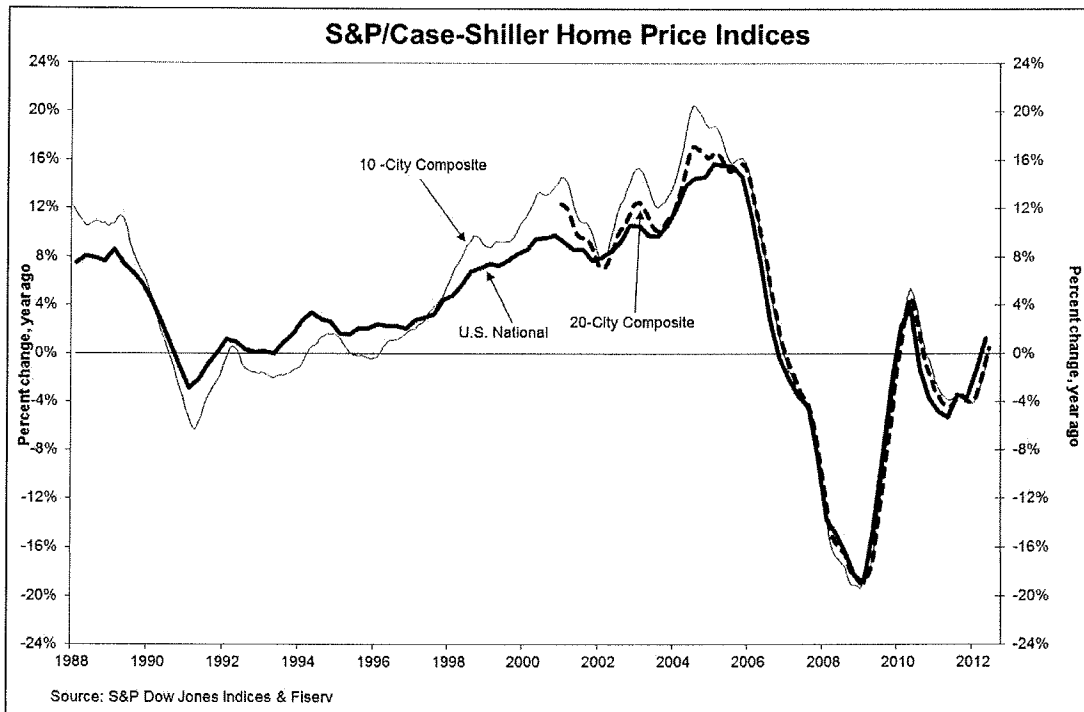
Source: Atlanta Business Chronicle Book of Lists, 2010-2011

Although some of the companies listed above are located outside Metro Atlanta, many are contributors to the area's overall economy. As illustrated, Georgia is currently home to fourteen Fortune 500 companies, and Atlanta ranks 4th among cities that host national headquarters. Metro Atlanta hosts eleven.

Housing Trends

Historically, the Atlanta region has experienced strong real estate development with steady growth in the residential, office, industrial, and retail market sectors. As of 2006, Atlanta was the largest new-home building market in the nation with residential developments ranging from in-town high rise condominium buildings to gated communities with upper value estates exceeding \$20,000,000. However, this trend has declined significantly with the housing market collapse, which resulted from the subprime mortgage/credit market crisis and subsequent economic recession.

According to the S&P/Case-Shiller 20-City Home Price Index released in August 2012, the national average home price increased 1.2% in the 2nd Quarter 2012, compared to the 2nd Quarter 2011. The 10-City and 20-City Composites were up 2.2% and 2.3%, respectively, in June over May 2012. It is also noted that all 20 cities and both Composites recorded positive monthly gains.



According to S&P/Case-Shiller, the Atlanta Metropolitan Area indicated an increase of 4.4% from May to June 2012, and 4% from April to May 2012; however, the one year change represents a decline of 12.1%. The report indicates that the Atlanta area is sitting at the lowest average home price level since 1999.

Office Market Trends

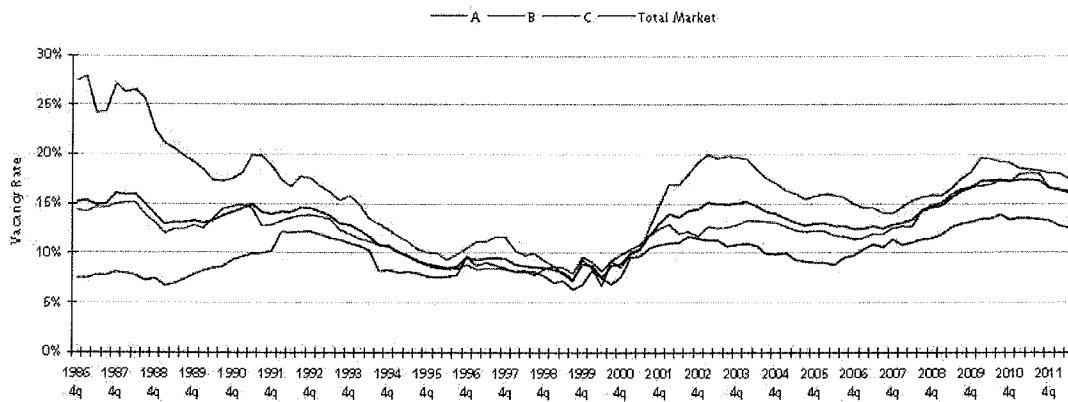
According to the CoStar Office Report, total office inventory in the Atlanta market area amounted to 299,124,236 square feet in 15,115 buildings as of the end of the Second Quarter 2012. The Class-A office sector consisted of 116,661,755 square feet in 506 projects. There were 5,564 Class-B buildings totaling 128,005,786 square feet, and the Class-C sector consisted of 54,456,695 square feet in 9,045 buildings. Within the Office market there were 558 owner-occupied buildings accounting for 32,479,839 square feet of office space.

The office vacancy rate in the Atlanta market area decreased to 16.17% at the end of the Second Quarter 2012. The vacancy rate was 16.4% at the end of the First Quarter 2012, 16.6% at the end of the Fourth Quarter 2011, and 17.4% at the end of the Third Quarter 2011.

Class-A projects reported a vacancy rate of 17.6% at the end of the Second Quarter 2012, 18.1% at the end of the Fourth Quarter 2011, 18.4% at the end of the Third Quarter 2011. Class-B projects reported a vacancy rate of 16.3% at the end of the Second Quarter 2012, 16.4% at the end of the First Quarter 2012, 16.7% at the end of the Fourth Quarter 2011, and 18.1% at the end of the end of the Third Quarter 2011. Class-C projects reported a vacancy rate of 12.6% at the end of the Second Quarter 2012, 12.8% at the end of First Quarter 2012, 13.3% at the end of the Fourth Quarter 2011, and 13.5% at the end of the Third Quarter 2011.

The overall vacancy rate in Atlanta's central business district at the end of the Second Quarter 2012 increased to 14.9%. The vacancy rate was 14.6% at the end of the First Quarter 2012, 14.3% at the end of the Fourth Quarter 2011, and 14.2% at the end of the Third Quarter 2011.

VACANCY RATES BY CLASS 1986-2012



Source: CoStar Property®

Tenants moving out of large blocks of space in 2012 include Pricewaterhouse Coopers, LLC moving out of 144,644 square feet at Ten 10th Street Millennium in Midtown; Northrop Grumman Corporation moving out of 48,088 square feet at 3375 Northeast Expressway and Kids II moving out of 44,844 square feet at 555 North Point Center E in Alpharetta.

Tenants moving into large blocks of space in 2012 include SunTrust Robinson Humphreys moving into 135,075 square feet at Atlanta Financial Center – South Tower, Kids II moving into 105,818 square feet at Terminus 200; and SunTrust Bank moving into 96,000 square feet at Campanile Plaza.

Net absorption for the overall Atlanta office market was positive 1,137,788 square feet in the Second Quarter 2012. That compares to positive 729,355 square feet in the First Quarter 2012, positive 478,529 square feet in the Fourth Quarter 2011, and positive 328,395 square feet in the Third Quarter 2011.

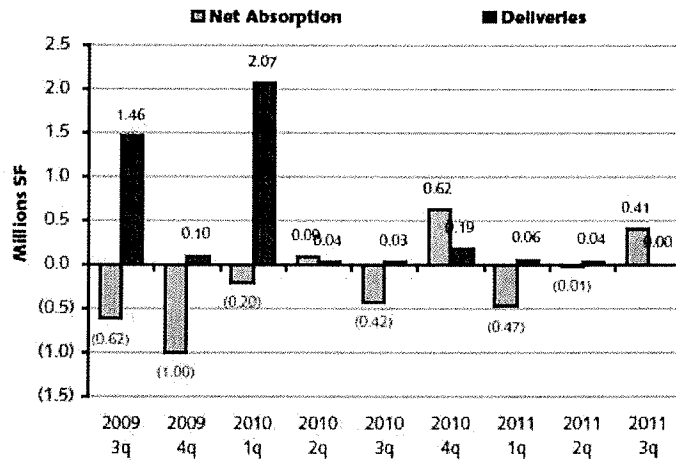
During the Second Quarter 2012, five buildings totaling 376,222 square feet were completed in the Atlanta market area. This compares to three buildings totaling 85,700 square feet that were completed in the First Quarter 2012, three buildings totaling 28,993 square feet completed in the Fourth Quarter 2011 and 14,390 square feet in two buildings completed in the Third Quarter 2011.

There were 1,578,085 square feet of office space under construction at the end of the Second Quarter 2012. Some of the notable 2012 deliveries include: Cox Headquarter BLD 1, a 300,000 square foot facility that delivered in Second Quarter 2012 and is now 100% occupied, and Parkway Professional, a 67,500 square foot building that delivered in the First Quarter 2012 and is now 57% occupied.

The largest projects underway at the end of Second Quarter 2012 were Ponce City Market, a 450,000 square foot building with 0% of its space pre-leased, and Primerica Building, a 344,476 square foot facility that is 100% pre-leased.

ABSORPTION & DELIVERIES

Past 9 Quarters



The average quoted asking rental rate for available office space, all classes, was \$18.47 per square foot per year at the end of the Second Quarter 2012 in the Atlanta market area. This represented a 0.1% increase in quoted rental rates from the end of the First Quarter 2012, when rents were reported at \$18.46 per square foot.

Tallying office building sales of 15,000 square feet or larger, Atlanta office sales figures fell during the First Quarter 2012 in terms of dollar volume compared to the Fourth Quarter of 2011. In the First Quarter 2012, 26 office transactions closed with a total volume of \$484,530,714. The 26 buildings totaled 3,508,471 square feet and the average price per square foot equated to \$138.10 per square foot. That compares to 54 transactions totaling \$647,934,945 in the Fourth Quarter 2011. The total square footage sold in the Fourth Quarter was 6,779,146 square feet for an average price per square foot of \$95.58.

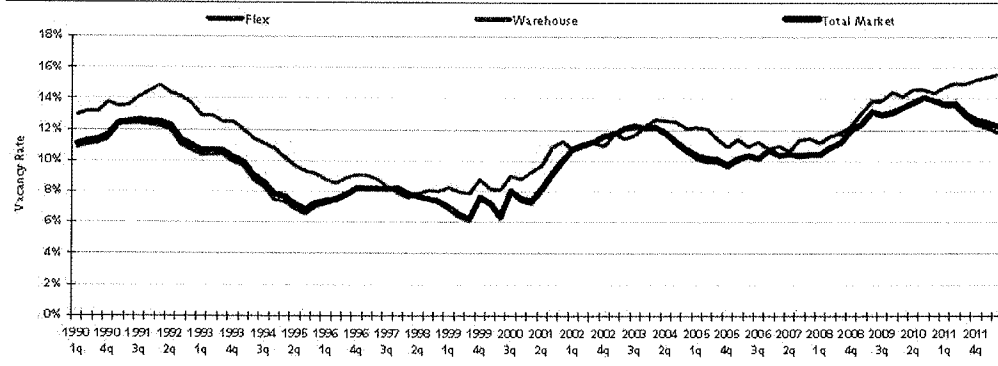
Cap rates have been higher in 2012, averaging 9.28% compared to the same period in 2011, when they averaged 8.20%.

Industrial Market Trends

According to the *CoStar Industrial Report*, total industrial inventory in the Atlanta market area amounted to 646,776,592 square feet in 15,459 buildings as of the end of the Second Quarter 2012. The Flex sector consisted of 68,242,624 square feet in 4,180 projects. The Warehouse sector consisted of 578,533,968 square feet in 11,279 buildings. Within the Industrial market, there were 1,880 owner-occupied buildings accounting for 135,494,205 square feet of Industrial space.

The industrial vacancy rate in the Atlanta market decreased to 12.3% at the end of the Second Quarter 2012. The vacancy rate was 12.5% at the end of the First Quarter 2012, 12.7% at the end of the Fourth Quarter 2011 and 13.1% at the end of the Third Quarter 2011.

VACANCY RATES BY BUILDING TYPE 1990-2012



Tenants moving out of large blocks of space in 2012 include: Unilever United States, Inc. moving out of 1,044,288 square feet at 8095 McLarin Rd., Owens Corning moving out of 400,704 at 1200 Oakley Industrial Blvd. and Briggs and Stratton moving out of 150,875 square feet at 220 Midland Ct.

Tenants moving into large blocks of space in 2012 include: Owens Corning moving into 1,044,288 square feet at 8095 McLarin Rd., Georgia Pacific moving into 612,070 square feet at Greenwood Industrial Bldg. 400 and New Breed Logistics moving into 439,487 square feet at 5400 Fulton Industrial Blvd., S.W.

The flex building market recorded net absorption of negative 127,198 square feet in the Second Quarter 2012, compared to negative 86,982 square feet in the First Quarter 2012, negative 176,701 in the Fourth Quarter 2011, and positive 23,099 in the Third Quarter 2011.

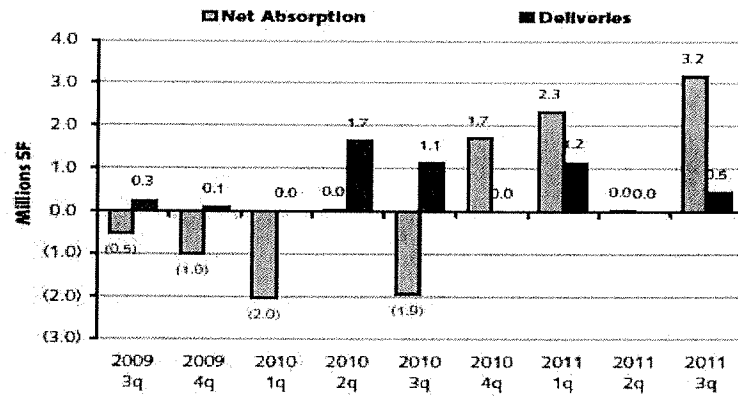
The Warehouse building market recorded net absorption of positive 1,667,465 square feet in the Second Quarter 2012, compared to positive 1,460,769 square feet in the First Quarter 2012, positive 2,473,304 in the Fourth Quarter 2011, and positive 4,551,525 in the Third Quarter 2011.

Net absorption for the overall Atlanta Industrial market was positive 1,540,267 square feet in the Second Quarter 2012. That compares to positive 1,373,787 square feet in the First Quarter 2012, positive 2,296,603 square feet in the Fourth Quarter 2011, and positive 4,574,624 square feet in the Third Quarter 2011.

During the Second Quarter 2012, no new space was completed in the Atlanta market area. This compares to two buildings totaling 242,500 square feet that were completed in the First Quarter 2012, two buildings totaling 114,769 square feet completed in the Fourth Quarter 2011, and 470,006 square feet in two buildings completed in the Third Quarter 2011.

ABSORPTION & DELIVERIES

Past 9 Quarters



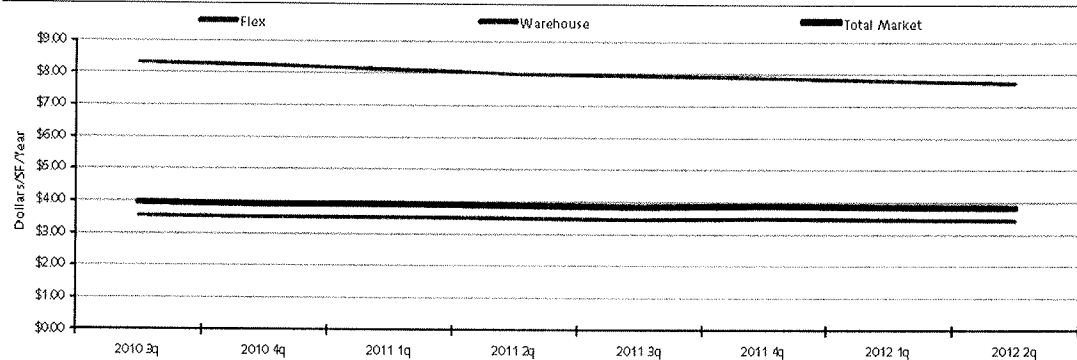
Source: CoStar Property*

The largest lease signings occurring in 2012 included: the 1,044,288 square foot lease signed by Owens Corning at 8095 McLarin Rd in the South Atlanta market; the 512,070 square foot deal signed by Georgia Pacific at Greenwood Industrial Bldg. 400 in the South Atlanta market; and the 439,487 square foot lease signed by New Breed Logistics at 5400 Fulton Industrial Blvd., S.W. in the I-20 W. Fulton District market.

The average quoted asking rental rate for available Industrial space was \$3.84 per square foot per year at the end of the Second Quarter 2012 in the Atlanta market area. This represented a 0.3% decrease in quoted rental rates from the end of the First Quarter 2012, when rents were reported at \$3.85 per square foot. The average quoted rate within the Flex sector was \$7.74 per square foot at the end of the Second Quarter 2012, while Warehouse rates stood at \$3.44. At the end of the First Quarter 2012, Flex rates were \$7.82 per square foot, and Warehouse rates were \$3.46.

HISTORICAL RENTAL RATES

Based on Quoted Rental Rates



Source: CoStar Property®

In the First Quarter 2012, 52 Industrial transactions closed with a total volume of \$193,520,182. The 52 buildings totaled 5,472,308 square feet and the average price per square foot equated to \$35.36 per square foot. That compares to 64 transactions totaling \$165,495,083 in the Fourth Quarter 2011. The total square footage was 5,161,482 for an average price per square foot of \$32.06.

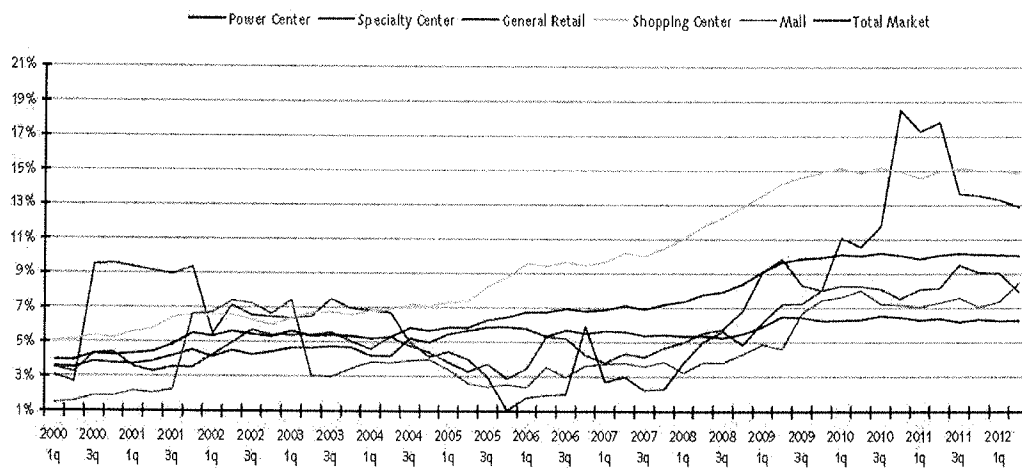
Total year-to-date industrial building sales activity in 2012 is down, compared to the previous year. In the first three months of 2012, the market saw 52 industrial sales transactions with a total volume of \$193,520,182. The price per square foot has averaged \$35.36 in 2012. In the first three months of 2011, the market posted 50 transactions with a total volume of \$193,520,182. The price per square foot has averaged \$35.36 in 2012. In the first three months of 2011, the market posted 50 transactions with a total volume of \$231,309,023. The price per square foot averaged \$26.71.

Cap rates have been lower in 2012, averaging 7.93%, compared to the first three months of last year, when they averaged 8.27%.

Retail Market Trends

According to the CoStar Office Report, the Atlanta retail market did not experience much change in market conditions in the Second Quarter 2012. The vacancy rate remained at 10.1% from the previous quarter.

VACANCY RATES BY BUILDING TYPE 2000-2012



During the Second Quarter 2012, seven buildings totaling 106,518 square feet were completed in the Atlanta retail market. Over the past four quarters, a total of 857,750 square feet of retail space has been built in Atlanta. In addition to the current quarter, nine buildings with 214,105 square feet were completed in First Quarter 2012, 16 buildings totaling 452,563 square feet completed in Fourth Quarter 2011, and 84,563 square feet in eight buildings completed in Third Quarter 2011.

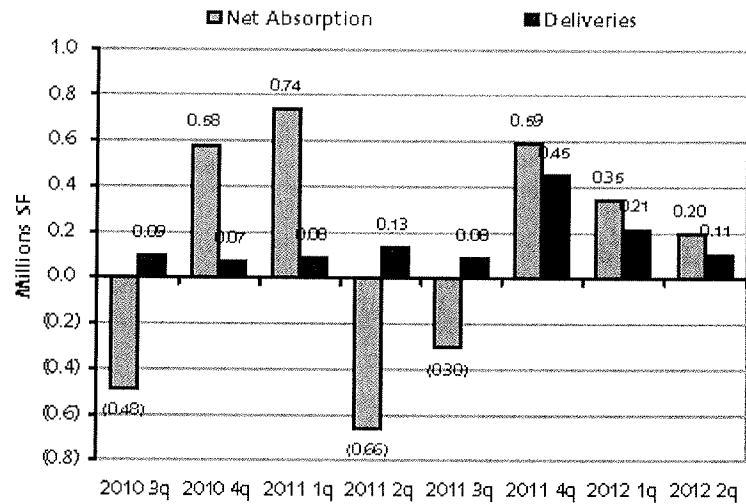
Some of the notable 2012 deliveries include: 3240 S. Cobb Dr., a 152,578 square foot facility that delivered in First Quarter 2012 and is now 56% occupied, and Rooms to Go, a 40,600 square foot building that delivered in Second Quarter 2012 and is now 100% occupied.

Total retail inventory in the Atlanta market area amounted to 357,006,788 square feet in 23,921 buildings and 3,364 centers as of the end of the Second Quarter 2012.

Retail net absorption was slightly positive in Atlanta Second Quarter 2012, with positive 199,012 square feet absorbed in the quarter. In First Quarter 2012, net absorption was positive 345,625 square feet, while in Fourth Quarter 2011 absorption came in at positive 591,715 square feet. In Third Quarter 2011, negative 302,204 square feet was absorbed in the market.

ABSORPTION & DELIVERIES

Past 8 Quarters



Source: CoStar Property*

The largest lease signings occurring in 2012 included: the 125,000 square foot lease signed by Von Maur at 4400 Ashford-Dunwoody Rd., N.E.; the 50,000 square foot deal signed by Sports Authority at MarketPlace at Millcreek – Phase I, and the 45,000 square foot lease signed by LA Fitness at Peachtree Hill.

According to CoStar, tallying retail building sales of 15,000 square feet or larger, Atlanta retail sales figures during the First Quarter 2012 in terms of dollar volume compared to the Fourth Quarter 2011.

Total retail center sales activity in 2012 was down, compared to 2011. In the first three months of 2012, the market saw 40 retail sales transactions with a total volume of \$135,389,658. The price per square foot averaged \$63.89. In the same first three months of 2011, the market posted 45 transactions with a total volume of \$153,563,938. The price per square foot averaged \$49.54.

Cap rates have been lower in 2012, averaging 8.34% compared to the same period in 2011 when they averaged 9.34%.

One of the largest transactions that occurred within the last four quarters in the Atlanta market is the sale of Edgewood Retail District in Atlanta. This 393,893 square foot retail center sold for \$81,650,000, or \$207.29 per square foot. The property sold on 8/31/2011 at an undisclosed cap rate.

Some of Atlanta's most popular retail destinations include:

North Point Mall, which opened in 1993, and is anchored by Macy's, Belk, Sears, JC Penney and Dillard's. This 1.4 million square foot center has more than 180 retail stores, three restaurants and a food court. The mall site is also developed with furniture stores and discount retailers such as Target and TJ Maxx.

Lenox Square Mall is anchored by Neiman-Marcus, Macy's and Bloomingdale's. With nearly 250 specialty stores, Lenox Square also features exclusive shopping with stores such as Ralph Lauren, Cartier, Hermes and BCBG. This mall recently completed an expansion that included 52,000 square feet added to the existing Neiman Marcus space, as well as 35,000 square feet of new upper-level shop space.

Phipps Plaza is anchored by Sak's Fifth Avenue, Nordstrom, and Belk and features 100 specialty shops including Giorgio Armani, Tiffany, Cole-Haan and Gucci. Phipps also boasts a 14-screen AMC theatre.

Mall of Georgia is Metro Atlanta's largest mall. Anchors include Dillard's, JCPenney, Belk, Macy's and Nordstrom. The mall also includes the Village Pavilion, which hosts outdoor concerts and live performances. Included in the mall is a 20-screen theater complex that has a seven-story IMAX theater.

Convention and Trade Shows

Atlanta has one of the best convention trades in the nation, ranking as high as fourth, nationally, in attendance. Convention and trade show business has a significant impact on the area's economy and ranks as Atlanta's largest industry. Estimates vary, but overall annual attendance seems to average in the three and a half million range, with delegates spending an average of almost \$200 per person, per day. To accommodate conventioners, tourists, business travelers, etc., there are approximately 76,000 hotel rooms in the metro area, and numerous others are planned, or are currently under development. As other cities continue to offer increasing competition for Atlanta's convention business, namely Las Vegas, Orlando and Chicago, the city is continually trying to improve its facilities and maintain a competitive position. The largest facility, the Georgia World Congress Center (GWCC), contains 3.9 million square feet of convention space and has consistently ranked as one of North America's leading meeting and exhibition facilities.

GOVERNMENTAL FACTORS

The Atlanta region includes 140 cities and towns within the 28-county MSA, according to a survey conducted by the Metro Atlanta Chamber of Commerce in 2006. As the state capital, Atlanta is also the site of most of Georgia's state government, including the Georgia State Capitol that houses the General Assembly. Atlanta is the county seat of Fulton County. The Atlanta Regional Commission is the closest approximation of an Atlanta metropolitan government; however, it approves only projects deemed to have an impact beyond the immediate area in which they are placed. The Georgia Regional Transportation Authority is made up of the ARC and MARTA, providing alternative transportation such as buses and trains. Additionally, GRTA operates Xpress buses from counties that have otherwise refused to join in public transport initiatives, and may operate commuter rail service in the future.

SOCIAL FACTORS

According to the 2010 U.S. Census, the Atlanta metropolitan area contained a total estimate of 2,165,495 households with an average household income of \$78,615. The median age of the Atlanta population was 34.9 years. Approximately 76.9% of the population had completed high school, and 34.6% had at least a four-year college degree.

Healthcare

The Atlanta Metro Area has a total of 61 hospitals (12,000 beds), of which approximately ½ are located within the city limits. Atlanta is home to the U.S. Centers for Disease Control and Prevention, American Cancer Society, Arthritis Foundation, and prominent medical research universities such as Emory University and the Morehouse School of Medicine. Emory University Hospital was recently recognized as one of the nation's top hospitals by *U.S. News & World Report*. Grady Memorial Hospital is known for having one of the top trauma and burn centers in the United States.

Universities and Colleges

Higher Education in the Atlanta area features 45 accredited degree-granting Universities and Colleges located throughout the metropolitan region. Some of the largest are Georgia State University in Downtown Atlanta (28,000 students), Georgia Institute of Technology in Midtown Atlanta (17,935 students), Emory University in Atlanta (12,134 students), Mercer University Atlanta campus (7,300 students), Clark Atlanta University (5,000 students), Morehouse College in Atlanta (3,000 students), and Spelman College in Atlanta (2,318 students).

Public Schools

Metro Atlanta has 27 public school systems including over 800 elementary, middle and high schools. There are approximately 800,000 students enrolled in this system. Additionally, more than 200 private elementary and secondary schools serve the region.

Arts & Culture

Atlanta is home to numerous arts and cultural attractions including the Woodruff Arts Center, High Museum of Art, The Fox Theatre, Atlanta Symphony Orchestra, Atlanta Opera, Atlanta Ballet, Atlanta Dogwood Festival, Atlanta History Center, Alliance Theatre, 14th Street Playhouse, Fernbank Museum of Natural History, Sci-Trek: Science and Technology Museum, HiFi Buys Amphitheatre, and Chastain Park.

A new concert hall for the Atlanta Symphony Orchestra is planned for the Woodruff Arts Center campus in the heart of Midtown, at the northwest corner of Peachtree and 15th Streets. More than \$100 million of the construction funds have been raised, to date; however, revisions to the original plans are underway to accommodate the new site, which was recently changed from 14th Street. A new construction date has not been announced.

Besides the Atlanta Symphony Orchestra's outdoor concert series at the city-owned Chastain Park, the ASO recently completed a new \$35 million, 12,000-seat outdoor amphitheatre at Encore Park in North Fulton County in the town of Alpharetta, approximately 25 miles north of Atlanta. Encore Park is owned by the Woodruff Arts Center, the ASO's parent organization.

The Cobb Energy Performing Arts Center is a \$145 million facility recently completed in Northwest Atlanta, adjacent to I-75 and I-285. This facility is a premier venue for Broadway shows, ballet, concerts, educational shows, family shows, opera, corporate meetings and other events. It includes the 2,750-seat John A. Williams Theatre, a 47,611-square-foot ballroom, 1,000 parking spaces including a 700-space parking deck, and full-service food and beverage capabilities. The Centre opened September 15, 2007.

Recreation & Attractions

Major recreational attractions include Centennial Olympic Park, Six Flags Over Georgia, Piedmont Park, Atlanta Botanical Gardens, Stone Mountain Park, Atlanta History Center, The Carter Presidential Center, Zoo Atlanta, CNN Center, Atlanta Cyclorama, Whitewater Park, Chateau Elan Winery & Resort, Callaway Gardens and Lake Lanier Islands. Additionally, the Georgia Aquarium, which opened November 2005, features over 8 million gallons of water containing more than 100,000 types of aquatic life. Adjacent to the Georgia Aquarium and Centennial Olympic Park in Downtown Atlanta is the 20-acre World of Coca-Cola Museum, which opened in 2007.

Professional Sports

Major professional sports teams include: football with the Atlanta Falcons (1998 NFC Champions); basketball with the Atlanta Hawks; and baseball with the Atlanta Braves (1991, 1992, and 1996 National League Champions; 1993, 1997, 1998 and 1999 National League West Champions, and 1995 World Series Champions). Additionally, the Atlanta area hosts two major NASCAR races a year, with over 100,000 in attendance for each event.

Sports facilities include: The Georgia Dome, a 75,000-seat domed stadium that serves as the home of the NFL's Atlanta Falcons; Turner Field, a 45,000-seat baseball field that became the home of the Atlanta Braves baseball team following the conversion from its original use as the Centennial Olympic Stadium for the 1996 Summer Olympics; and Philips Arena, a 21,000-seat indoor arena that houses the NBA's Atlanta Hawks, as well as being a popular venue for concerts.

ENVIRONMENTAL FACTORS

Transportation

A significant factor in the Atlanta area's economic growth and development is the region's continued emphasis on upgrading its transportation systems. The primary focus on improvement in recent years includes the MARTA commuter railway project, Hartsfield-Jackson Atlanta International Airport and interstate highway construction.

Mass Transit - Public Mass Transit for Atlanta is provided by MARTA (Metropolitan Atlanta Rapid Transit Authority). With 48 miles of high-speed rail, 38 rail stations and 200 bus routes, MARTA has the capacity to transport nearly one million passengers daily. Its geographic coverage spans nearly 1,600 miles. In addition, Cobb County Transit (CCT) and Gwinnett County Transit connect into MARTA at various points. This mass public transportation system serves the Atlanta downtown area and two of the most populated counties, DeKalb and Fulton. The system also provides rapid rail service to and from Hartsfield-Jackson International Airport. Mass transit is also provided by Greyhound, which has more than 70 buses arriving and departing daily.

Highways - Atlanta's highway system includes three major interstate highways (I-75, I-85, and I-20) that converge near the central downtown business district. The perimeter highway (I-285) encircles the city in a 62.7 mile loop. Additionally, Georgia Highway 400 is a multi-lane, divided freeway that extends northward from I-85, near the downtown connector, to I-285 and farther north through Fulton and Forsyth counties for approximately 30 miles. HOT lanes and toll roads have been recently introduced, providing direct access to the CBD from the northern region of the MSA.

Rail - Atlanta is the rail center of the South and one of five major distribution centers in the United States. CSX Transportation and Norfolk Southern each operate more than 100 freight trains in and out of Atlanta daily. Overnight "piggy-back" freight service is available from the ports of Savannah and Brunswick, GA, Jacksonville, FL, New Orleans, LA and Charleston, SC. This capability makes Atlanta one of the largest inland ports in the world.

Sea - Atlanta is 250 miles from the Port of Savannah, the nation's fastest growing and 5th largest container port. More than 60% of Savannah's container volume comes from China.

Air – Transportation is available at Hartsfield-Jackson Atlanta International Airport, situated ten miles south of Downtown Atlanta. This airport, owned by The City of Atlanta and operated by its Department of Aviation, is currently ranked as the world's largest passenger terminal complex, as well as the world's busiest airport. In 2010, passenger traffic totaled 89,331,622. The airport property encompasses 4,700 acres of land, which includes the newly constructed fifth runway. The airport complex, consisting of terminal buildings, five domestic concourses, and an international concourse, totals 130 acres or 5.7 million square feet. There are more than 30,000 public parking spaces, of which 14,500+ are enclosed in decks. The airport also includes an underground-automated rail system, connecting all concourses with the terminal. The system consists of nine 4-car trains operating on a 3.5 mile loop track with 14 stations.

The Hartsfield-Jackson Atlanta International Airport employs approximately 56,000 people, representing the largest employment center in the State of Georgia. The total airport payroll is approximately \$2.4 billion, and the total annual regional economic impact of the airport is approximately \$23.5 billion.

Major construction projects at Hartsfield-Jackson are underway, which are part of an overall expansion plan exceeding \$6 billion. A significant component of this expansion, a fifth runway spanning Interstate 285 with 9,000 feet, opened on May 27, 2006. Along with the runway, a new 398-foot control tower was constructed. Additionally, the Consolidated Rent-A-Car (CONRAC) facility opened in December 2009. This facility houses all car rental agencies, and has an automated people mover connecting it to the airport and to the Gateway Center of the Georgia International Convention Center. The new international terminal with 31 gates was completed in May 2012.

CONCLUSION

Geographically located in the Southeastern United States, Atlanta is the nation's 9th largest MSA. Atlanta's proximity and access to other metropolitan areas enhance its position as the primary commerce, transportation, telecommunications, cultural, and financial center of the region. The distance between Atlanta and surrounding cities is presented in the table below.

ATLANTA'S DISTANCE TO SURROUNDING CITIES		Compiled by: CVS Atlanta
Macon, Georgia	84	
Columbus, Georgia	108	
Chattanooga, Tennessee	120	
Greenville, South Carolina	146	
Birmingham, Alabama	150	
Charlotte, North Carolina	245	
Nashville, Tennessee	250	

The Atlanta region has taken full advantage of its geographical location in terms of accessibility via its extensive highway system, as well as continued development of the Hartsfield-Jackson International Airport. With rapid growth anticipated over the next 20 years, transportation will take an even larger role in shaping the development of the region. Known historically for expansive sprawl into the suburbs, Atlanta's core will continue its recent growth trend, including high-density, mixed-use developments and residential high-rises.

Metro Atlanta ranks among the top 5 metro areas in the nation in net new job growth for the last decade; although job growth following the recent economic recession has been slow. It is home to the headquarters of 27 Fortune 500 and 1,000 companies including United Parcel Service, Coca-Cola Company, Georgia-Pacific, The Home Depot, Delta Air Lines, SunTrust Banks, Newell Rubbermaid, Equifax, Wendy's/Arby's Group, and AGL Resources. Atlanta's relatively low cost of living, temperate climate, high employment, and diverse industry base should enable strong economic growth in the future. Although the market area is struggling with the challenges of the recent national economic recession, as well as the effects of the subprime mortgage and credit market crisis, the Atlanta region is poised for recovery as conditions stabilize.

In conclusion, the economic, governmental, social, and environmental factors of the Atlanta Metro Area discussed in this analysis, which directly affect market values, should have a positive impact on the subject property.

Neighborhood Data

Neighborhood Boundaries:

The boundaries of the immediate neighborhood are:

North:	Highway 78
South:	I-20
East:	Rock Chapel Road (GA Highway 124)
West:	I-285

General Development: The subject is located in the northwestern quadrant of South Hairston Road and Covington Highway in the Decatur area of unincorporated DeKalb County, GA. The signalized intersection features retail development including a Pep Boys at the northwest corner, a Chevron convenience store at the northeast corner, an Exxon convenience store at the southeast corner, and a Walgreens drugstore at the southwest corner. The southwest quadrant features Hairston Crossing, a 57,884-square foot Publix anchored neighborhood shopping center that also includes a JP Morgan Chase bank branch. The northeast quadrant contains another neighborhood shopping center anchored by Carib Farmers Market and junior anchored by Family Dollar. Development within the immediate vicinity of the subject along Covington Highway consists primarily of retail commercial, automotive, and multi-family residential applications. Development along South Hairston Road features single family residential developments. It is also noted that the Hidden Hills Country Club is located in the immediate area of the subject.

Neighborhood Life Stage: The neighborhood is in the maturity stage.

A summary of the subject's neighborhood characteristics is presented below.

Area/Neighborhood Summary:	
Population Trend:	Increasing
Range in Improvement Ages:	25 to 50+ Years
Development Built-up:	80% +/-
Maintenance/Condition:	Properties are fairly maintained.
Property Compatibility:	Compatible with surrounding land uses
Appeal/Appearance:	Average
Protection/ Adverse Influence:	Uses are regulated by DeKalb County. No adverse influences were noted.

Development Potential:	Average
Neighborhood Access:	Good access via Covington Highway
Police / Fire:	Good as compared to other neighborhoods in this market area
Supply/ Demand:	Surplus supply with weak demand; 14% retail vacancy
Development Trend:	The subject is located in a suburban area where there is a mixture of single/multi-family residential development with supporting commercial and institutional uses.
Population Trend:	Increasing
Employment Stability:	Weak; high unemployment, but appears to be stabilizing

Market Participant Interviews/Commentary:

According to Bill Doran, a broker with Carter USA, the retail market continues to struggle in the economic climate. Many smaller properties have declined in value, due to the number of small business owners who have downsized or been forced into ceasing operations due to the economy.

According to Harold Shumacher (The Shumacher Group), who specializes in restaurant sales in the Atlanta area and other areas of Georgia, most restaurants are suffering in the recession. He indicated that restaurants should rent for between 5% and 7% of gross sales. Restaurants have reportedly moved away from signing percentage rent leases. Furthermore, buildings that are leased to regional franchise operators often have higher rents, since the leases are typically structured with higher tenant improvement allowances. Mr. Schumacher also reported that the subject property would likely be conducive to alternative retail uses, considering the local area and market trends.

According to Bill Bryant of Auction Management Corporation, most investors in non-institutional grade commercial real estate are still seeking only distressed or bank owned assets. Due to the high availability of such properties, Mr. Bryant reported that investors are still ignoring assets owned by traditional sellers, or they are waiting to make offers, once a particular asset of interest becomes distressed.

According to *CoStar Property*, the retail submarket in a 3-mile radius has a current inventory of approximately 3,481,038 square feet, of which 332,466 (9.6%) is currently vacant. This compares to 9.0% in the 1st Quarter 2012, and 8.7% in 1st Quarter 2011. *CoStar* reports that the current available inventory has 27.3 months' supply of existing product.

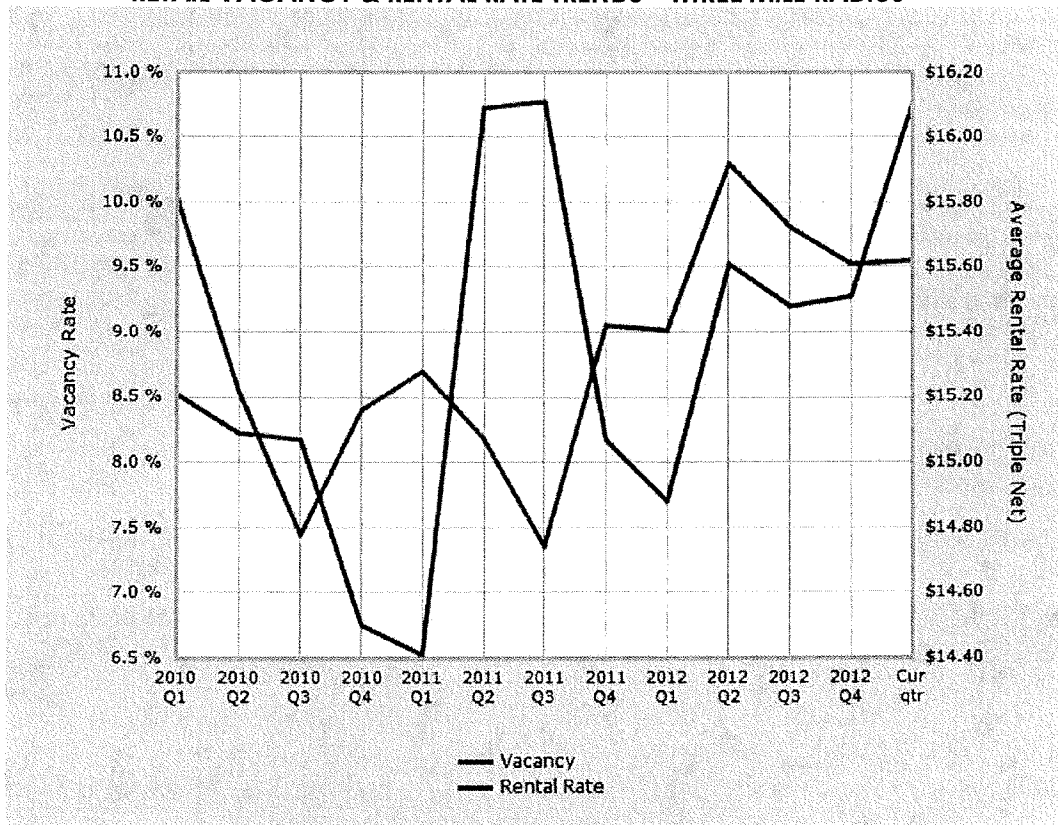
Vacancy & Rental Rate Trends:

Year-to-date net absorption within a three-mile radius of the subject was reported at negative 844 square feet. For 2012, absorption was negative 16,371 square feet.

The average quoted rental rate for retail space within a three-mile radius of the subject is approximately \$16.10/SF on a triple-net basis, according to *CoStar* survey. This compares to \$14.88/SF and \$14.41/SF in the 1st Quarters of 2012 and 2011, respectively.

The chart below shows the historical trends between vacancy and rental rates within a three-mile radius of the subject property.

RETAIL VACANCY & RENTAL RATE TRENDS – THREE MILE RADIUS



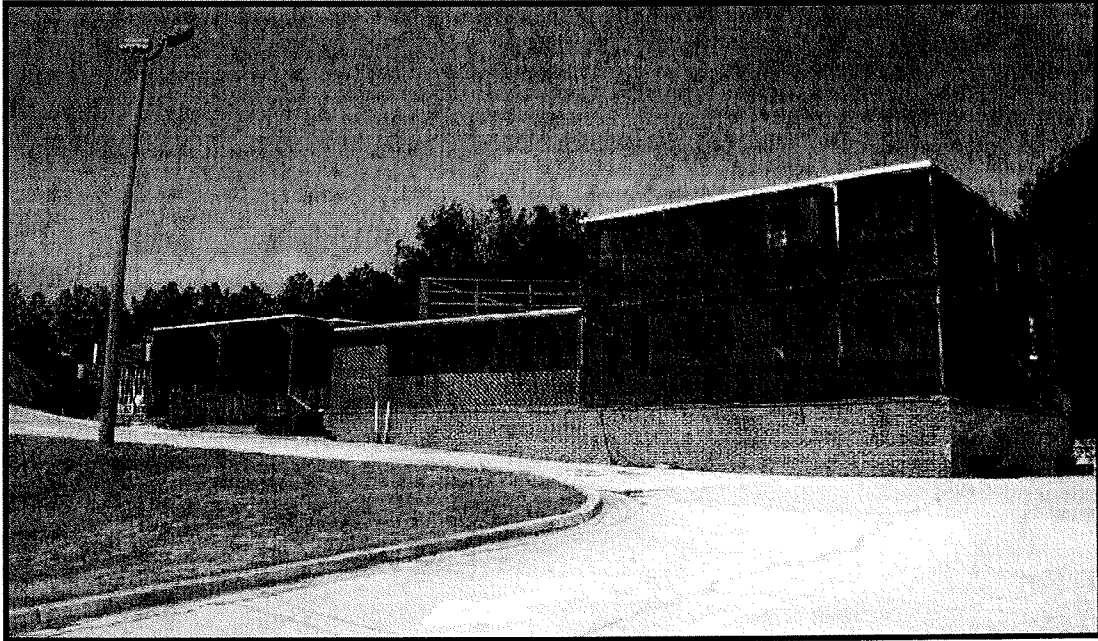
Source: *CoStar Property*

Summary & Conclusion:

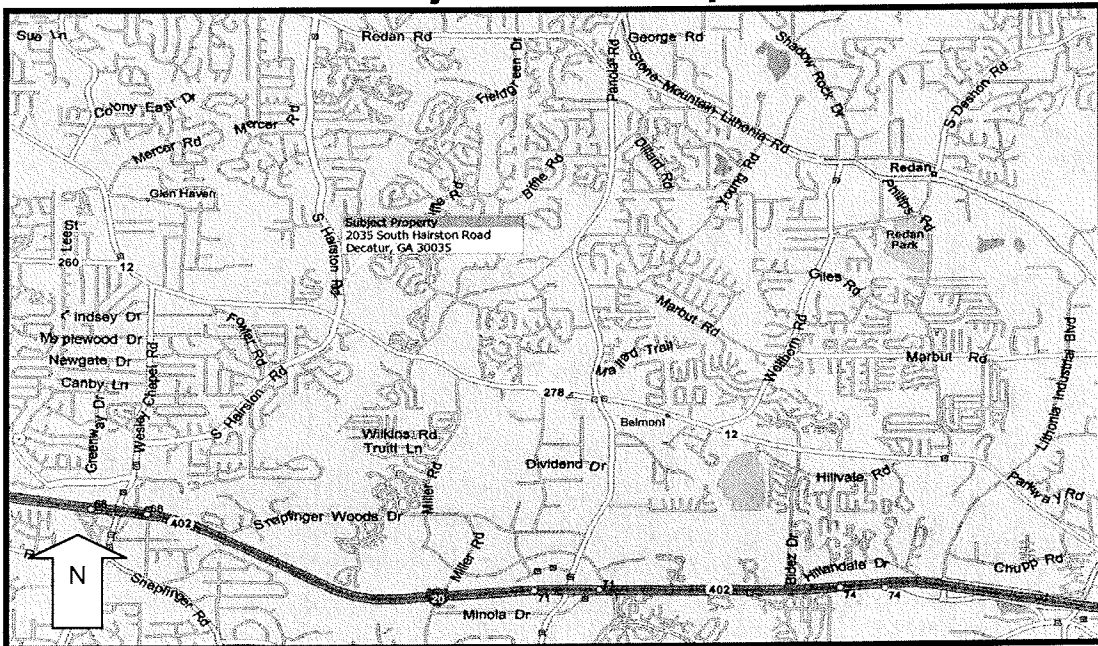
In summary, the subject property is located along South Hairston Road in the Decatur area of unincorporated DeKalb County. It is conveniently located 11 miles east of the Atlanta Central Business District. The property is also easily accessible from major traffic arteries, including the Stone Mountain Freeway (Highway 78) and I-285. Although vacancy rates have increased and rental rates have decreased as a result of the economic recession and subprime mortgage/credit market crisis, this condition is expected to stabilize as the economy begins recovery from the recent downturn.

Section 3 – Property Analysis

Subject Photograph



Subject Location Map



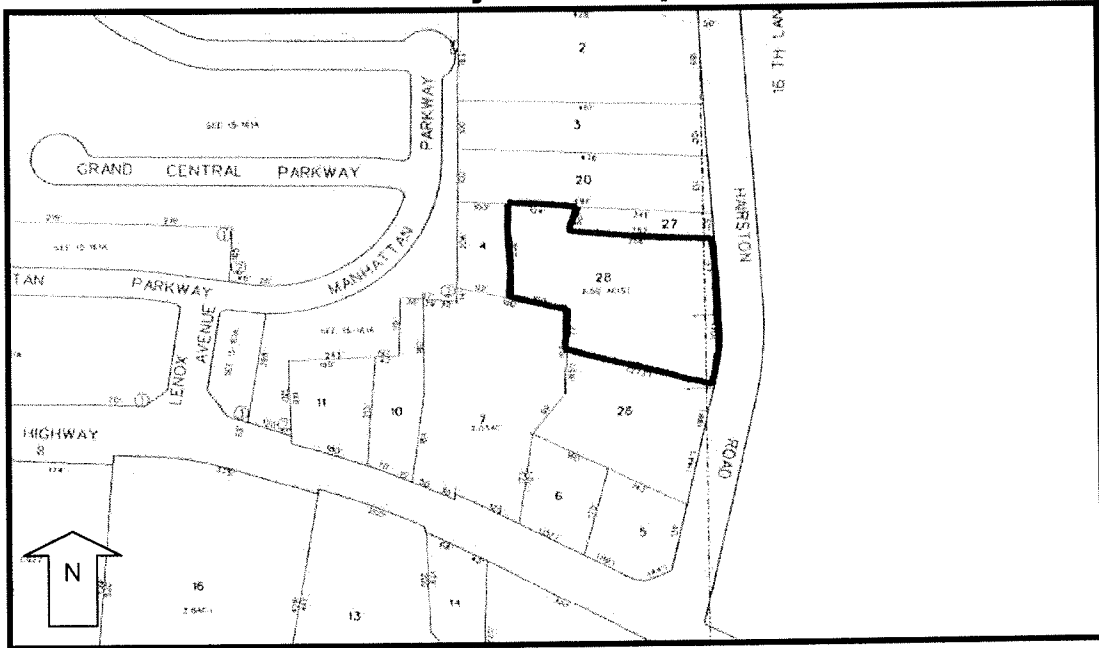
Site Description

General Site Information	
Address:	2035 South Hairston Road Decatur, GA 30035
Location:	The subject is located in the northwestern quadrant of South Hairston Road and Covington Highway (US Highway 278/GA Highway 12) in the Decatur area of unincorporated DeKalb County, Georgia.
Current Owner(s) of Record:	Kennedi Associates, Inc.
Assessor's Parcel Number:	15-161-01-028
Assessed Value:	Land: \$ 329,920
	Improvements: \$ 140,280
	Total: \$ 470,200
Taxable Value (40%):	\$188,080
Millage Rate:	0.04539
2012 Taxes (Gross):	\$8,570.56 (Includes storm water fee of \$33.60)
Physical Characteristics of the Site	
Frontage:	244.06 FF +/- along the west side of South Hairston Road
Total Site Area:	Approximately 2.460 acres or 107,158 SF
Surplus Land Area:	Although no plat or survey was provided, it appears that there is approximately 0.59 acre of surplus land located at the northwestern corner of the property. Since the property was inspected from the street, specific characteristics of this portion of the property are unknown, although the aerial view shows that the area is partially cleared. Additionally, there is approximately 0.37 acre of surplus land at the northeastern corner of the subject site along South Hairston Road. This portion of the property is wooded and has a sloping topography.
Shape of Tract:	Irregular
Topography:	Mostly level to sloping; the building site appears to be mostly level and then slopes down more steeply to the grade of South Hairston Road.
Access:	The subject has a shared right-in, right-out curb cut along the west side of South Hairston Road. The driveway is shared with the adjoining Pep Boys property located directly to the south of the subject property. South Hairston Road intersects with Covington Highway just south of the subject property in a signalized intersection.

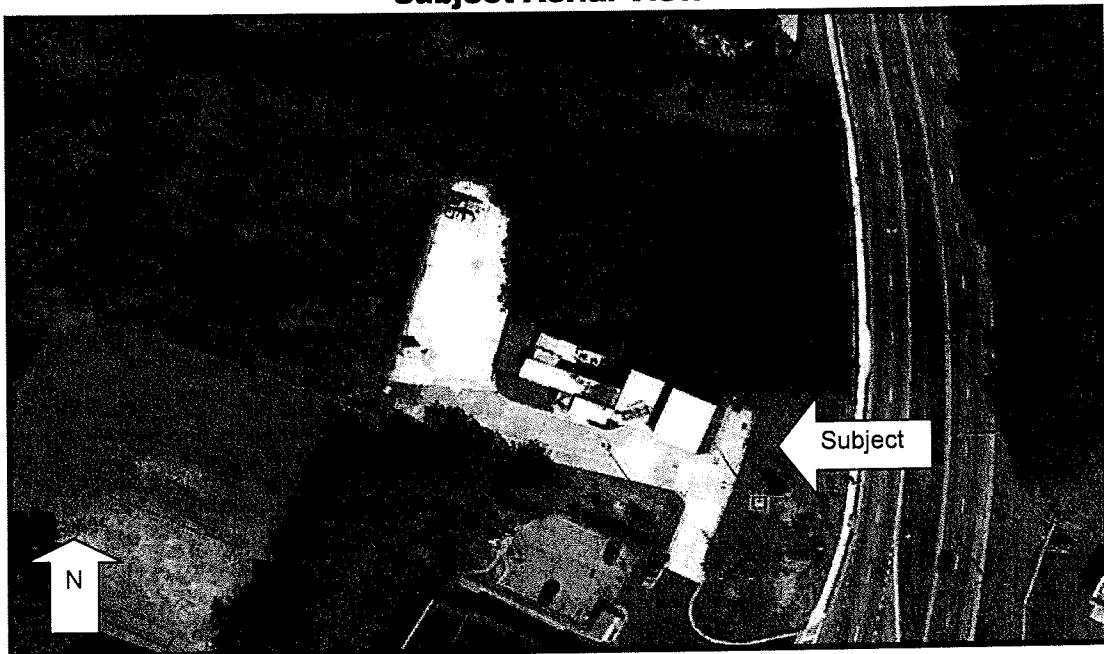
Easements:	None noted, except typical utility easements
Encroachments:	None noted
Parking:	Concrete paving and concrete curbing with approximately 30 marked spaces on site (Based on Aerial View)
Site Lighting:	Exterior security lighting and vapor pole lighting
Walks and Landscaping:	Average landscaping
Utilities to Site:	The utilities to the site are as follows:
	Sewer: Public
	Water: Public
	Electric: Public
	Natural Gas: Public
Curbs and Gutters:	There are concrete curbs on the subject street(s); drainage is provided through storm sewers.
Flood Designation:	The subject is located on F.E.M.A. Panel # 13089C0152H, dated 05/07/2001. According to the flood map, the subject site appears to be located in Zone X, outside a designated 100 or 500-year flood plain.
Earthquake Zone:	According to the Uniform Building Code Zone Map, obtained from the United States Geological Survey website, the subject property appears to be located in Zone 1, which has a seismic zone factor of 0.075.
Surface Drainage:	Appears adequate with no noticed standing water
Soils:	A soil analysis for the site has not been provided for the preparation of this appraisal. In the absence of a soil report, it is a specific assumption that the site has adequate soils to support the highest and best use.
Subsurface Conditions:	It is assumed that there are no hidden or unapparent conditions to the property, soil, or subsoil, which would render them more or less valuable. Subsurface oil, gas or mineral rights were not considered in this report unless otherwise stated.
Economic Factors Affecting the Site	
Supply of Vacant Tracts:	The subject's immediate neighborhood is approximately 80% built up, with few vacant tracts available for future development.
Demand for Vacant Tracts:	Supply and demand for vacant tracts appear to be in balance.
Traffic Pattern:	The subject lies in the northwestern quadrant of South Hairston Road and Covington Highway in the Decatur area. South Hairston Road is a four lane collector road with a center median. It extends northeast from Wesley Chapel Road and continues north across Covington Highway, Memorial Drive, and US 78, where it becomes Mountain Industrial Boulevard.

Traffic Pattern (Continued):	Covington Highway is a four lane primary traffic artery with a center median. Covington Highway extends southeast from Memorial Drive across I-285, South Hairston Road, and Panola Road, eventually becoming Old Covington Highway proximate The Mall at Stonecrest in Lithonia. According to 2011 GA DOT figures, traffic counts along South Hairston Road just north of the subject were approximately 20,840 cars per day. Traffic counts along Covington Highway just west of the subject were approximately 30,970 cars per day.
Nearby Attractions:	The subject is located 11 miles east of the Atlanta CBD, 15 miles northeast of Atlanta Hartsfield-Jackson International Airport, and 5 miles southwest of Stone Mountain Park.
Zoning:	The property is zoned C-1 (Local Commercial District) by DeKalb County, Georgia.
Allowable Uses in the District:	General business, retail, office and various commercial and institutional uses
Overall Site Analysis:	<p>The subject site is of adequate size and shape for various commercial/business applications. It is has good access and traffic exposure along South Hairston Road.</p> <p>A subject tax map, aerial photograph and flood plain map are presented on the following pages.</p>

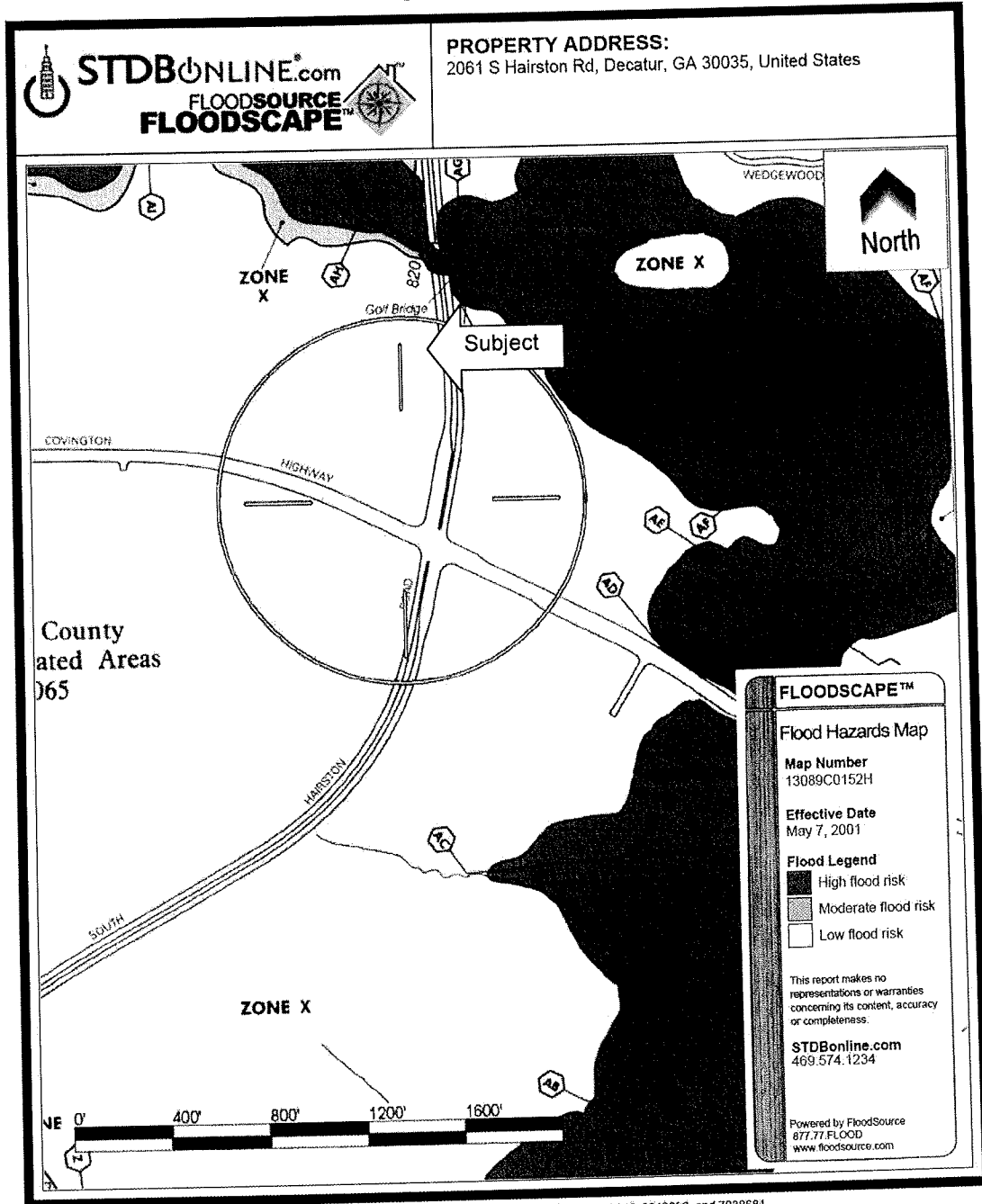
Subject Tax Map



Subject Aerial View



Subject Flood Map



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Description of Improvements

At the client's request and since we did not receive cooperation from the property owner, we performed an exterior only inspection of the subject property from the street. The appraisal is subject to revision when access to the property is granted. The improvement data is based upon an exterior inspection of the property, square footage from marketing material from Loopnet.com, and public records. The subject improvements consist of a full-service restaurant building containing a total of approximately 4,400 square feet of gross building area. The building was constructed in 1988, and appeared to be in average physical condition on the date of property inspection. Typical construction specifics for properties like the subject property are summarized as follows:

General Description	
General Property Type:	Free-Standing Retail
Specific Property Type:	Full-Service Restaurant
Number of Buildings:	1
Number of Stories:	2
Gross Building Area:	4,400 SF (According to marketing material from Loopnet.com)
Net Rentable Area:	4,400 SF
Design and Functionality:	Design is functional for single-tenant, free-standing retail use.
Construction Class:	Class D
Construction Quality:	Average workmanship and materials
Exterior Construction Detail	
Footings:	Concrete
Foundation Walls:	Concrete
Sub-Floor Construction:	Concrete slab
Framing:	Frame and concrete block
Exterior Wall Material:	Synthetic stucco (EIFS), brick veneer, fabric type exterior covering and wood siding
Roof Construction:	Built-up
Windows:	Aluminum-frame, plate glass windows
Exterior Doors:	Aluminum-frame, storefront entrance doors
Mechanical Description	
Heating System:	Forced air electric heating
Cooling System:	Central forced electric air
Sprinkler System:	No

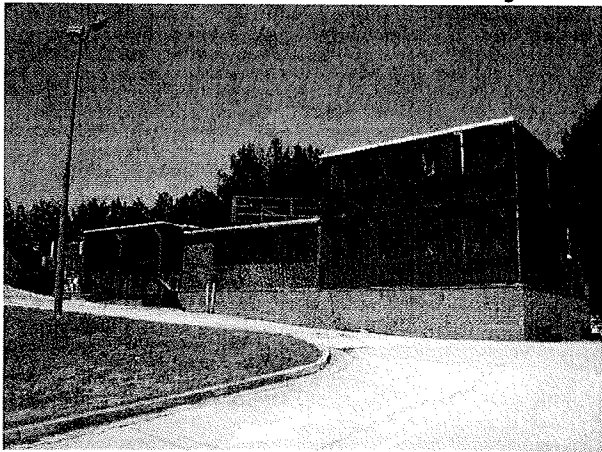
Plumbing:	Two (2) multi-fixture restrooms; additional plumbing for kitchen area
Interior Description	
Building Layout:	The interior of the building includes a lobby/waiting area, sales counter and restrooms at the main entrance. The design is functional for restaurant use, but would also be conducive to alternative single-tenant retail uses with minor alterations.
Ceilings:	Lay-in acoustical tiles
Lighting:	Chandeliers, track lighting, and recessed & incandescent lighting
Partitions & Interior Walls:	Painted gypsum board and vinyl wood coverings
Trim:	Wood and rubber
Floor Cover:	Ceramic tile, carpeting, hardwood, vinyl tile and concrete
Interior Doors:	Wood & metal
Restrooms:	Two (2) multi-fixture restrooms
Site Improvements	
Parking:	Asphalt paving and concrete curbing with 30 marked spaces on site
Outside Lighting:	Street pole lighting; exterior security lighting
Onsite Landscaping:	Average landscaping
Signage:	Signage along South Hairston Road and building marquee
Physical Condition	
Year Built:	1988
Effective Age:	24 Years
Expected Useful Life:	45 Years
Remaining Useful Life:	21 Years
Condition:	Average
Functional Utility:	The subject improvements are functional for full-service restaurant use and do not suffer from functional obsolescence. It is also noted that, with minor alterations, the building could accommodate alternative single-tenant retail uses.
Deferred Maintenance:	There is no deferred maintenance that would affect the marketability of the subject, as of the date of appraisal.
External Influences:	There are no external factors that would affect the marketability of the subject, as of the date of appraisal.

Summary:

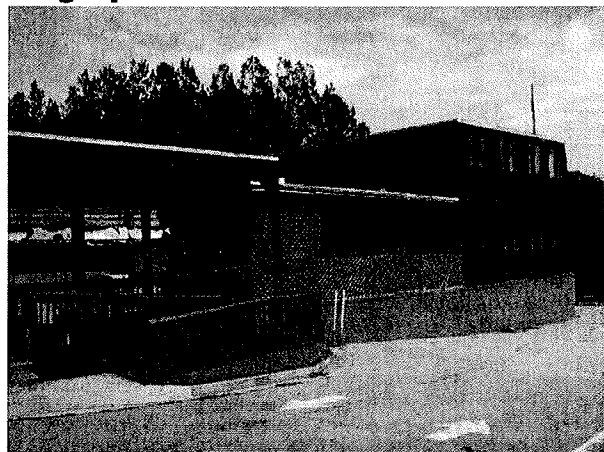
The subject full-service restaurant property is occupied by Kennedy's Restaurant and Bar. Based on an exterior inspection, the subject property appeared to be in average physical condition on the date of property inspection. It appears that the design is functional for full-service restaurant use, but would also be conducive to alternative single-tenant retail uses with minor alterations.

Exterior photos of the subject property are presented on the following pages.

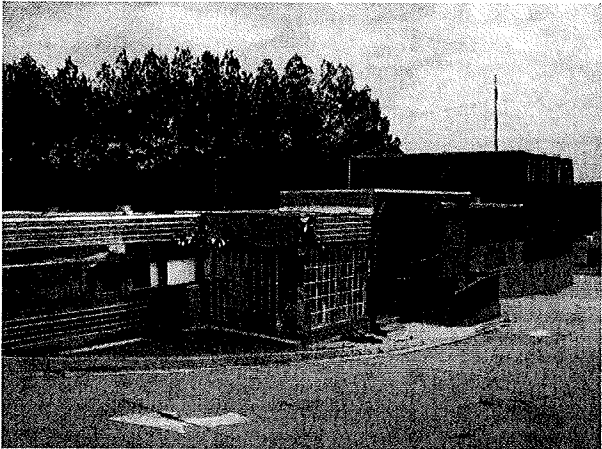
Subject Photographs



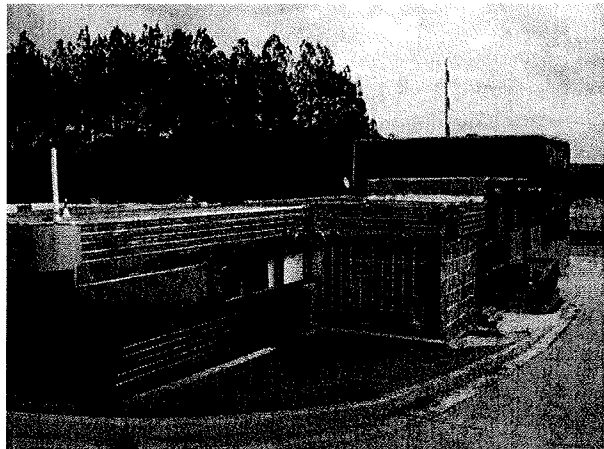
View Northwest From South Hairston Road



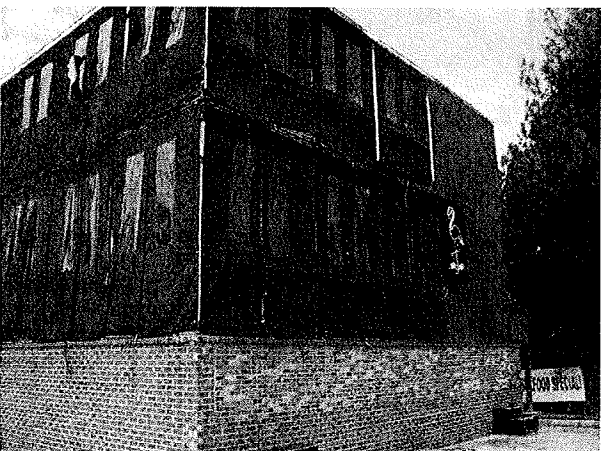
Southern or Front Side View



Southern or Front Side View



Southern or Front Side View

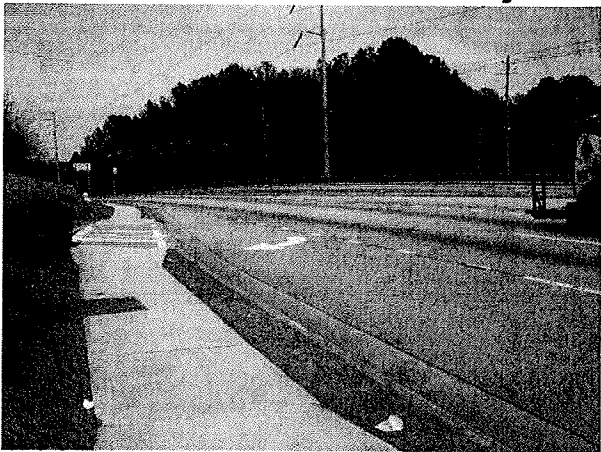


Eastern Side View



Northern or Rear Side View

Subject Photographs



Street View Facing North Along South Hairston Road



Street View Facing South Along South Hairston Road

Highest & Best Use

Highest and Best Use of the Land – As if Vacant

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 the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."³

Highest and best use of land or a site as though vacant is defined as the use of a property based on the assumption that a parcel of land is vacant or can be made vacant through demolition of any improvements.

The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

- ❖ Possible Use. What uses of the site in question are physically possible?
- ❖ Permissible Use. (Legal) What uses are permitted by zoning and deed restrictions on the site in question?
- ❖ Feasible Use. What possible and permissible uses will produce a net return to the owner of the site?
- ❖ Highest and best use. Among the feasible uses, which use will produce the highest net return or the highest present worth?

The highest and best use may be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact, to be found.

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value), another appropriate term to reflect highest and best use would be "most probable use." In the context of investment value, an alternative term would be "most profitable use."

³ The Appraisal of Real Estate, 12th edition, The Appraisal Institute, Chicago, Illinois, (U.S. 2001), page 305.

Highest and Best Use as Vacant:	
Legally Permissible:	With the subject site being vacant and available for use, the current zoning would be the legal restraint on what improvements could be built. The subject is zoned C-1 (Local Commercial District), which allows for various commercial/business and retail uses. The subject appears to conform to the current zoning guidelines.
Physically Possible:	The size, shape, and terrain of the subject site are conducive to numerous types of development. Furthermore, utilities serving the subject site are adequate for many uses. The property has good access and traffic exposure along S. Hairston Road. The physical aspects of the site do not impose apparent physical limitations on development.
Financially Feasible:	Financially feasible refers to legal uses which are physically possible and have a sufficient demand to produce a positive return. Once the physically possible and legally permissible land uses have been determined, the next step in estimating the highest and best use is to determine the uses that are economically feasible. Although there is currently a surplus of vacant retail space in the subject's market area, due to the economic recession and subprime mortgage/credit market crisis, based on the income generated by comparable properties in the market area, commercial/business use should be capable of generating income to offset all operating expenses with remaining income to cover debt service and/or profit as market conditions stabilize.
Maximally Productive:	The rationale of highest and best use analysis basically considers a necessity for the property to create utility that is desirable in the market, or the use of the site to be market directed. From a standpoint of profit or return on the land, the highest permissible use, or maximally productive use, is for commercial/business use, which would maximize the subject's potential income production.

Highest and Best Use of the Property – As Improved

The highest and best use of the property as improved is defined as:

"The use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one."⁴

The same four tests applied to the subject site, as if vacant, are also applied in the highest and best use analysis of the property as improved.

Highest and Best Use as Improved:	
Legally Permissible:	The zoning and legal restrictions of the subject property permit a variety of land uses. The improvements include a full-service restaurant building containing approximately 4,400 square feet. The improvements appear to be in compliance with requirements of zoning C-1 (Local Commercial District).
Physically Possible:	The subject appears functionally designed for use as a full-service restaurant building. Considering the size and shape of the building, it is suitable for single-tenant occupancy. Furthermore, considering area demographics and market trends, the subject building would accommodate alternative retail uses with minor modifications. Although no plat or survey was provided, it appears that there is approximately 0.59 acre of surplus land located at the northwestern corner of the property. Since the property was inspected from the street, specific characteristics of this portion of the property are unknown, although the aerial view shows that the area is partially cleared. This land does not have access from South Hairston Road and is considered surplus. Additionally, there is approximately 0.37 acre of surplus land located at the northeast corner of the subject site along South Hairston Road. The 0.37 acre tract is not large enough to develop separately, so this land is considered surplus. We did not receive a plat or site plan of the subject property. We estimate the approximately 0.59 acre portion of land at the northwest corner of the site and the 0.37 acre portion of land at the northeast corner of the site to be surplus. The appraisal is subject to revision when a plat or survey is available. Based on the legal restrictions and the design of the improvements, general free-standing retail use is considered the most functional use.

⁴ The Appraisal of Real Estate, 12th edition, The Appraisal Institute, Chicago, Illinois, (U.S. 2001), page 305.

Financially Feasible: Financially feasible uses refers to legal uses which are physically possible and have sufficient demand to produce a positive return. As improved, the subject is of similar design and quality to restaurant buildings found in the market area. Based on the income generated by comparable buildings, the subject improvements are capable of generating income to offset all operating expenses, with remaining income to cover debt service and/or profit. Therefore, the use of the subject as a free-standing retail building is regarded as financially feasible.

Maximally Productive: The design and layout of the improvements appear acceptable in the market and represent maximum utilization of the site as improved. Considering the tests of legal permissibility, physical possibility, and financial feasibility, free-standing retail use is expected to produce the highest return to the land after all other agents of production have been satisfied.

Highest and Best Use Summary:

Considering the factors as analyzed previously, the highest and best use of the subject as though vacant is for commercial/business use in accordance with the physically possible, appropriately supported, and financially feasible use of the site.

Considering the same factors, the highest and best use of the subject as improved is for general free-standing retail use.

Section 4 – Valuation Analysis

Valuation Process:

Valuation process is defined as:

"The systematic set of procedures an appraiser follows to provide answers to a client's questions about real property value."⁵

Valuation is a term used interchangeably with appraisal. Real estate markets are a function of the location in which they are located. The overall market environment can have a profound effect on the manner in which buyers and sellers perform the act of transferring property rights. Considerations made by the participants are generally based on certain fundamental principles. Those principles and their definitions are as follows:

“Anticipation: The perception that value is created by the expectation of benefits to be derived in the future. Value is created by the anticipation of future benefits.

Change: The result of the cause and effect relationship among the forces that influence real property value.

Supply and Demand: In economic theory, the principle of supply and demand states that the price of a commodity, good, or service varies directly, but not necessarily proportionately, with demand and inversely, but not necessarily proportionately with supply. Thus, an increase in the supply of an item or decrease in the demand for an item tends to reduce the equilibrium price; the opposite conditions produce an opposite effect. The relationship between supply and demand may not be directly proportional, but the interaction of these forces is fundamental to economic theory. The interaction of suppliers and demanders, or sellers and buyers, constitutes a market.

Competition: Between purchasers or tenants, the interactive efforts of two or more potential buyers or tenants to make a sale or secure a lease; between sellers or landlords, the interactive efforts of two or more potential sellers or landlords to complete a sale or lease; among competitive properties, the level of productivity and amenities or benefits characteristic of each property considering the advantageous or disadvantageous position of the property relative to the competitors.

⁵ The Appraisal of Real Estate, 12th edition, The Appraisal Institute, Chicago, Illinois (U.S., 2001), page 49

Substitution: The appraisal principle that states that when several similar or commensurate commodities, goods, or services are available, the one with the lowest price attracts the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.

Balance: The principle that real property value is created and sustained when contrasting, opposing, or interacting elements are in a state of equilibrium.

Contribution: The concept that the value of a particular component is measured in terms of its contribution to the value of the whole property or as the amount that its absence would detract from the value of the whole.

Surplus productivity: The net income that remains after the cost of various agents of production have been paid.

Conformity: The appraisal principal that real property value is created and sustained when the characteristics of a property conform to the demands of its market.

Externalities: The principle that economies outside a property have a positive effect on its value while diseconomies outside a property have a negative effect upon its value."⁶

The valuation of the subject property is made on the basis of the real estate, consisting of land and improvements. Both the market participants as well as the real estate appraiser take the effects of the fundamental principles listed above into consideration. In arriving at an estimate of value, the appraisal considers the three approaches normally employed in accepted real estate practice, namely:

The Cost Approach, wherein the land is appraised as if vacant and available for development to its highest and best use. To this result is added the improvements estimated cost of reproduction new less depreciation accruing from all causes.

The Income Approach, which requires a study of the earnings capacity of the real estate, and the conversion of such net income into value by means of a capitalization process.

The Sales Comparison Approach, involving an analysis of the sale of other property having similar improvements, and a comparison of such data with the property appraised, giving due consideration to the elements of dissimilarity.

⁶ The Appraisal of Real Estate, 12th edition, The Appraisal Institute, Chicago, Illinois (U.S., 2001), p. 34-42.

The Cost Approach is typically considered in the valuation of property such as the subject due to the fact that buyers are more concerned with finding a facility that will allow the most productive and efficient product output at the lowest cost possible, which reflects return on the real estate investment and market trends. The land value is based on the analysis of recent sales in the subject's market area. The replacement cost for the improvements is supported by cost data contained in the Marshall Valuation Service cost manual. However, due to age of the subject improvements, the Cost Approach is not a reliable indicator of value for the subject and is excluded from the appraisal. Furthermore, at the client's request, the two most applicable valuation methods were implemented.

The Income Approach is based on the analysis of rental and expense data of comparable improved properties in the subject's market area. In the valuation of an income producing property like the subject, the typical investor would strongly consider the potential income stream.

The Sales Comparison Approach is based on the analysis of similar improved properties located in the subject's market area. This approach reflects the actions of the buying/selling market.

Therefore, the appraiser has relied upon the Income and Sales Comparison Approaches in the valuation of the subject property.

Land or Site Valuation:

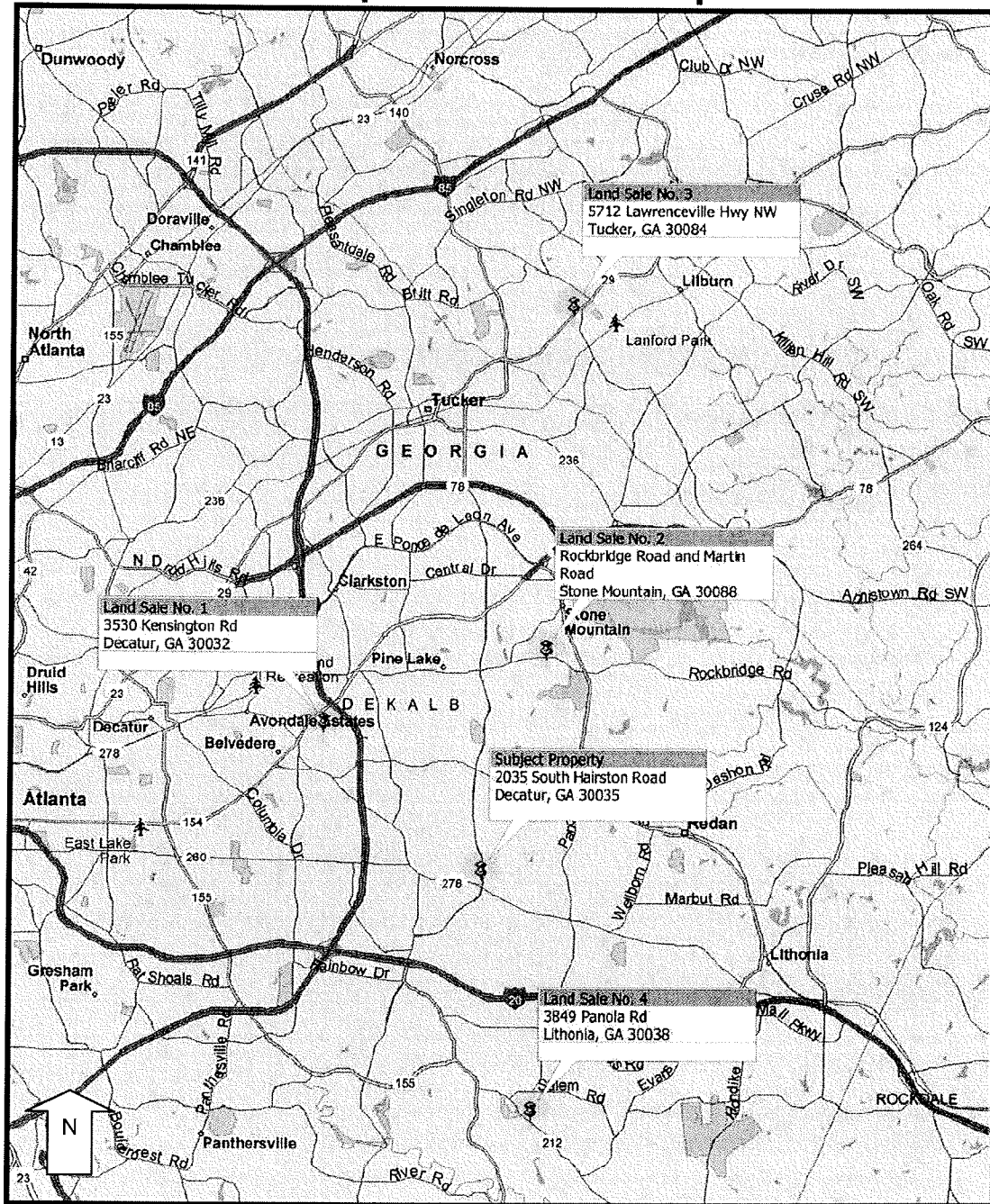
In estimating value for the subject land area, value is projected based on comparable land sales within the market area. These sales are adjusted for various differences in characteristics including conditions of sale, market conditions, location, and size.

The value estimate for the subject land is based upon its highest and best use, as if vacant and available for development. Consideration of the land, as if vacant, provides an orderly analysis of land valuation as a separate component.

The sales comparison procedure is the most commonly used technique and is the most preferred method when adequate sales data is available in the marketplace. The sales comparison procedure compares, analyzes, and adjusts similar land sales to the subject.

The unit of comparison for the comparable land sales is the price per acre. This unit of comparison is most appropriate in the valuation of the subject site because it is widely recognized by investors in the marketplace. The market revealed four (4) land sales considered comparable to the subject property. The vacant land sales and analyses leading to a value indication for the subject site are presented on the following pages.

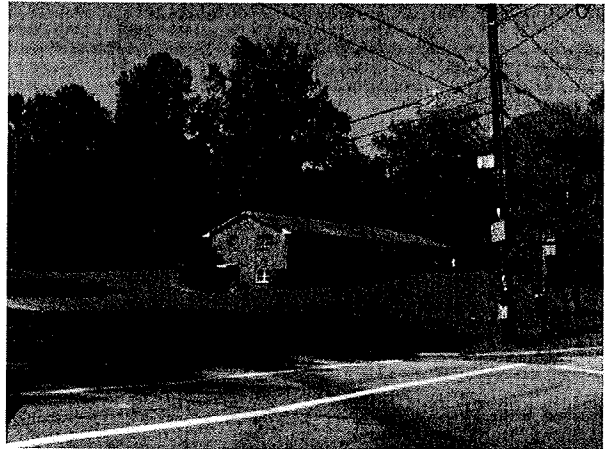
Comparable Land Sales Map



Comparable Land Sale Photographs



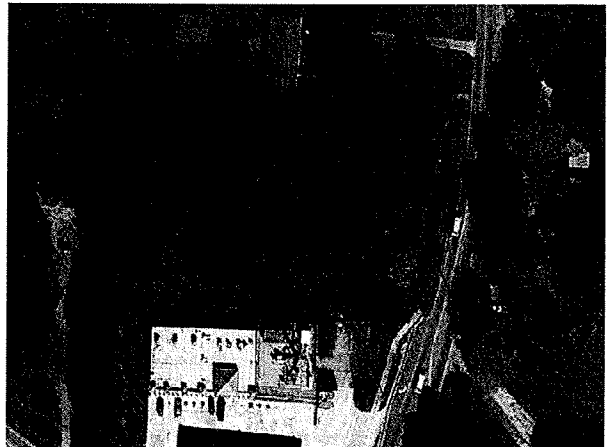
Land Sale No. 1



Land Sale No. 2



Land Sale No. 3



Land Sale No. 4

2035 SOUTH HAIRSTON ROAD
 DECATUR, GA

VALUATION ANALYSIS

COMPARABLE LAND SALES SUMMARY

Compiled by: **CVS Atlanta**

Property Type	Commercial Land	Commercial Land	Residential Land	Commercial Land	Commercial Land
Address	2035 South Hairston Road	3530 Kensington Rd	Rockbridge Rd & Marlin Rd	5712 Lawrenceville Hwy	3849 Panola Road
City, State	Decatur, GA	Decatur, GA	Stone Mtn, GA	Tucker, GA	Lithonia, GA
Sale Date	-	6/22/2010	1/28/2010	8/31/2009	11/29/2011
Grantee	-	DeKalb County Georgia	Rockbridge Marlin, LLC	Rodney & Pamela Sieg	Anthony Palmer
Grantor	-	Bhndhu Aravapalli	Marlin, Jacobs & Brand parties (multiple sellers)	United States of America	BB&T
Document Number	-	22054-004	21860-561 to 671	49696-159	22878-289
Terms of Sale	-	Arms Length	Arms Length	Arms Length	REC
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Verification	-	Public Records; Deed; Broker	Public Records; Deed; Docs	Public Records; Deed	Public Records; Deed; Broker
Sale Price	-	\$255,000	\$210,000	\$325,000	\$75,000
Size (Acres)	2.460	2.390	4.585	4.245	1.260
Frontage	South Hairston Road	Kensington Rd	Rockbridge Rd & Marlin Rd	Hwy 29 & Braden Dr	Panola Road
Shape	Irregular	Rectangular	Irregular	Irregular	Generally Rectangular
Topography	Generally level to gently sloping	Generally level to gently sloping	Generally level to gently sloping	Generally level to gently sloping	Generally Level
Zoning	C-1	R-75	R-100	C-1	C-1
Utilities	All Public	All Public	All Public	All Public	All Public
Intended Use	Investment / Commercial Development	Institutional Development	Investment / Future Development	Investment / Future Development	Investment / Future Development
Price Per Acre	-	\$106,695	\$45,802	\$76,561	\$59,524

*Sale 1 was purchased for assemblage and buyer was atypically motivated; broker reported property would likely have traded at a \$210,000+/-, or a 17.5% discount to a typical purchaser

The adjustments for the comparable sales above are illustrated on the following page.

COMPARABLE LAND SALES ANALYSIS

Compiled by: **CVS Atlanta**

	Subject	3530 Kensington Rd	Rockbridge Rd & Martin Rd	5712 Lawrenceville Hwy	3849 Panola Road
Address	2035 South Hairston Road	3530 Kensington Rd	Rockbridge Rd & Martin Rd	5712 Lawrenceville Hwy	3849 Panola Road
City, State	Decatur, GA	Decatur, GA	Stone Mtn, GA	Tucker, GA	Lithonia, GA
Sale Price	-	\$255,000	\$210,000	\$325,000	\$75,000
Sale Date	-	6/22/2010	1/28/2010	8/31/2009	11/29/2011
Land Size (Acres)	2.460	2.390	4.585	4.245	1.260
Price Per Acre	-	\$106,695	\$45,802	\$76,561	\$59,524
Property Rights Conveyed		0.00%	0.00%	0.00%	0.00%
Financing Terms		0.00%	0.00%	0.00%	0.00%
Conditions of Sale		-17.65%	0.00%	0.00%	0.00%
Immediate Expenditures		0.00%	0.00%	0.00%	0.00%
Market Conditions		0.00%	0.00%	0.00%	0.00%
Sub Total Adjusted Price Per Acre		\$87,863	\$45,802	\$76,561	\$59,524
Other Adjustments					
Size		0.00%	0.00%	0.00%	0.00%
Topography		0.00%	0.00%	0.00%	0.00%
Shape/Utility		-5.00%	-5.00%	-5.00%	-5.00%
Zoning		0.00%	10.00%	0.00%	0.00%
Utilities		0.00%	0.00%	0.00%	0.00%
Location		-5.00%	0.00%	-15.00%	0.00%
Net Other Adjustments		-10.00%	5.00%	-20.00%	-5.00%
		\$79,077	\$48,092	\$61,249	\$56,548

The sales adjustments summarized above are discussed on the following pages.

Property Rights Conveyed

All of the comparable land sales represent the market value of the fee simple interest and require no adjustments for this factor.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. In some cases buyers pay higher prices for properties to obtain below market financing. Conversely, interest rates at above-market levels often result in lower sales prices. A conditions of sale adjustment recognizes that some sales are transacted by parties under duress, who are at a disadvantage. A combined adjustment results when favorable financing is a function of the sellers' need to sell the property quickly. All of the sales represent cash, or cash equivalent at typical market terms; thus, no adjustments for financing terms are required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and seller. When atypical market conditions of sale are detected, the sale must be thoroughly researched before an adjustment is made, and the conditions must be adequately disclosed. All of the comparable sales represent typical arm's length transactions and require no adjustments; with the exception of Sale 1. Sale 1 was sold to a government entity for assemblage, and requires a downward adjustment for this factor. According to the listing broker, the property would have sold at a discount of approximately 17.65% to the actual sale price to a typical purchaser; therefore, this adjustment is applied to Sale 1.

Expenditures Immediately After Purchase

Adjustments for expenditures immediately after purchase reflect the additional costs a buyer must incur to bring a property ready for its intended use. Typically, a property sale will be much lower if significant expenditures are required. All of the comparable sales did not have significant expenditures after purchase for consideration, and require no adjustments for this factor.

Market Conditions

The market conditions adjustment, or time adjustment, is the first applied to each sale. This compounded adjustment is applied to the sale price per acre, to reflect a time adjusted price per acre. All of the comparables are recent sales considered reflective of current market conditions; thus, no adjustments are required.

Size Adjustments

Smaller land parcels typically sell for more per unit than larger parcels, and vice-versa. This is because there are more buyers in the marketplace competing to buy smaller parcels than buyers for larger parcels. The increased number of potential buyers and greater amount of affordable smaller parcels tend to drive the price per unit up. All of the comparable land sales and listing are in the same size category as the subject and require no adjustments for this factor.

Topography Adjustments

The subject site has a generally level to gently sloping topography. The comparable sales and listing are similar in this aspect and require no adjustments.

Shape/Utility Adjustments

The subject property has an irregular shape with limited utility. All of the comparables are superior in this aspect, thus requiring downward adjustments of 5% each.

Zoning Adjustments

The subject property is zoned C-1 (Local Commercial District) by DeKalb County. All of the comparables except Sales 1 and 2 have similar commercial zoning designations and require no adjustments. However, Sale 2 was zoned R-100 (Single-Family Residential). Recognizing that commercially zoned land typically commands a higher price per unit than land zoned for single-family residential development, an upward adjustment of approximately 10% is estimated for Sale 2. Although Sale 1 was also zoned for single-family residential, the property was assembled with neighboring commercial property; thus, no adjustment is required for Sale 1.

Utilities Adjustments

As previously discussed, the subject property has all public utilities readily available to the site. All of the comparables are similar to the subject in this regard.

Location Adjustments

The subject property is located in the northwestern quadrant of South Hairston Road and Covington Highway in the Decatur area of DeKalb County. Sales 2 and 4 have similar locations in the nearby Stone Mountain and Lithonia areas, thus requiring no adjustments. However, Sale 3 has a superior location along Lawrenceville Highway in the Tucker/Lilburn area and Sale 1 has a superior location in East Decatur. Therefore, based on comparisons with Sales 2 and 4, a downward adjustment of approximately 5% is estimated for Sale 1 and a downward adjustment of 15% is estimated for Sale 3.

Land Value Conclusion

In the analysis of comparable land data, four (4) closed sales were researched and analyzed in order to gain market insight into selling prices of sites comparable to the subject. The analysis indicates an adjusted value range of \$48,092 to \$79,077 per acre with an adjusted mean of \$61,241 per acre.

Based on the analysis of the market data presented in this report, the subject land has an indicated value of approximately \$50,000 per acre. Therefore, the total value calculation for the subject land is presented in the following table.

LAND VALUE SUMMARY

LAND VALUE SUMMARY	
Land Area (Acres)	2.460
Times Adjusted Value/SF	\$50,000
Land Value Indication	\$ 123,000
Rounded to	\$ 125,000

Land Value Indication.....\$125,000

Income Approach

The value developed by the Income Approach is based on the present worth of the expected future income flows. Its premise is that a prudent investor will pay no more for the property than he would for another investment of similar risk and cash flow characteristics. In the valuation of the subject, we have used the income capitalization method. This method uses an overall capitalization rate which has been extracted from similar risk investments and financing.

Steps of the Income Approach

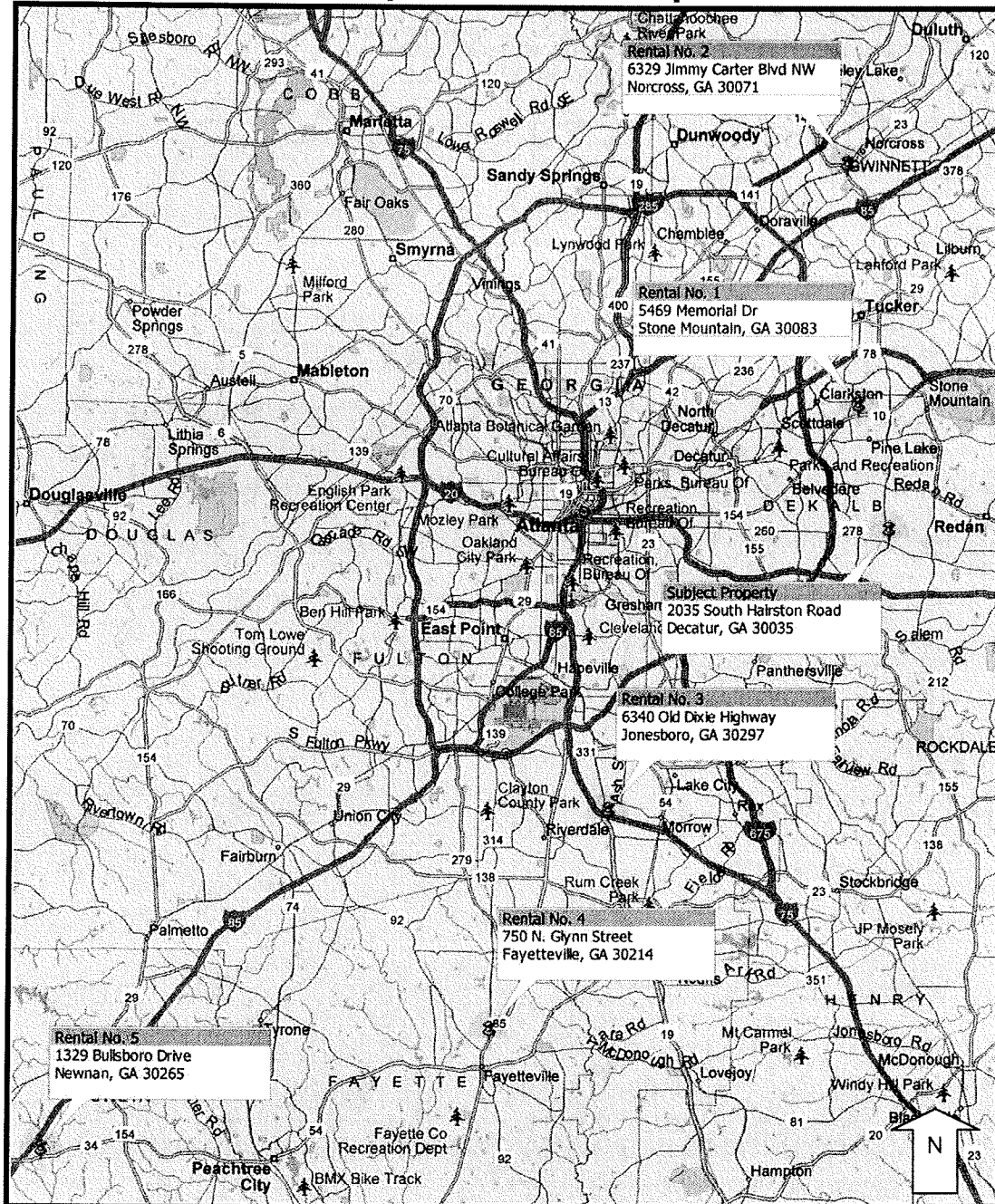
The steps of the Income Approach using direct capitalization are summarized as follows:

- ❖ Estimate the Potential Gross Income (P.G.I.) of the property.
- ❖ Add any additional income from sources other than rent.
- ❖ Subtract the typical annual amount of income that will not be collected because of vacancies and collection problems.
- ❖ The result is the Effective Gross Income (E.G.I.).
- ❖ Subtract from the E.G.I., operating expenses, fixed expenses and reserves for the replacement of short-lived items.
- ❖ The result is the Net Operating Income (N.O.I.).
- ❖ Develop a direct capitalization rate by dividing the known N.O.I.'s of properties that have sold that are comparable to the subject property by the selling price of the comparable Sale. Reconcile them into one rate appropriate for the subject property.
- ❖ Divide the N.O.I. of the property being appraised by the appropriate capitalization rate, which gives an indicated value of the property via the Income Approach.

Potential Gross Income

Market rent is estimated based on comparable rentals in the area. The rental rate selected is then compared to the subject's contract rental rates, if applicable, to determine if they are reflective of current market rent. Consideration is also given to the expenses incurred by the owners of similar properties in the subject's market area. This requires a market analysis and the execution of judgment. Subtracting proper expense items from the gross income estimate results in a net income before debt service, which the property can be expected to produce. The following pages include the analysis of rental information regarding similar space located in the subject's market area.

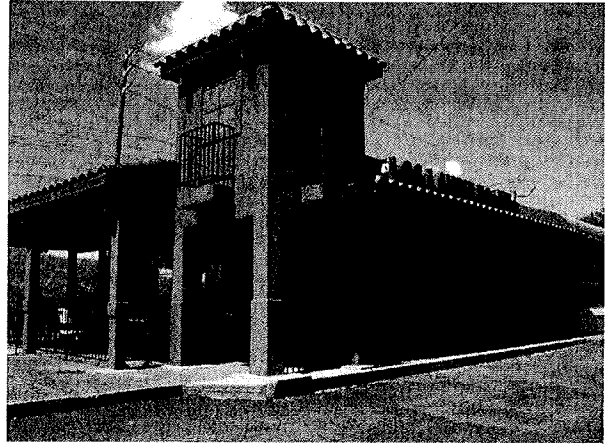
Comparable Rentals Map



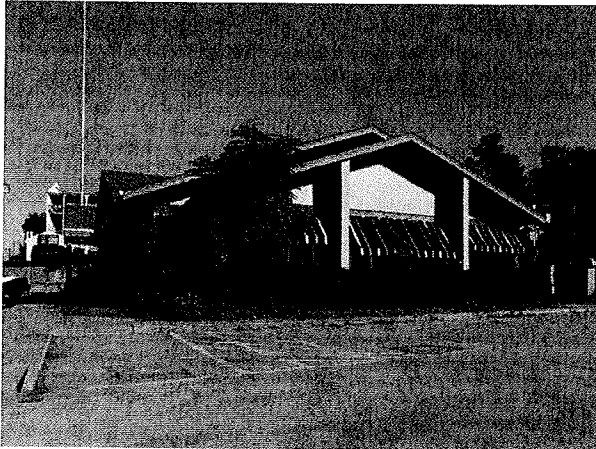
Photographs of Comparable Rentals



Rental No. 1



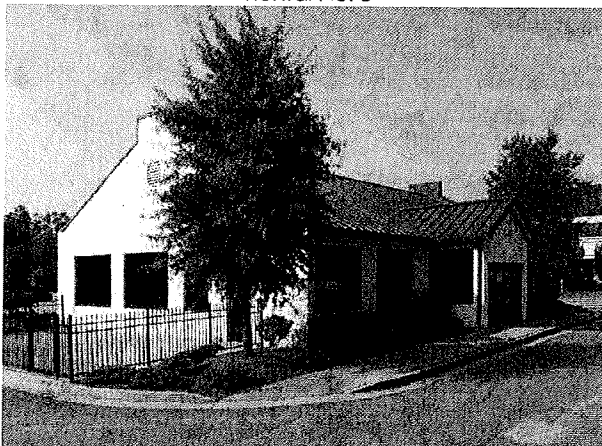
Rental No. 2



Rental No. 3



Rental No. 4



Rental No. 5

Analysis of Comparable Rentals

The comparable rentals detailed on the preceding pages are analyzed in the table below.

COMPARABLE RENTAL RATE ANALYSIS

Compiled by: CVS Atlanta

Property Name	Kennedi's Restaurant and Bar	Club 426	Los Laureles	The New Quarters Cajun Bar & Grill	American Buffet	Papa Smoke House BBQ
Address	2035 South Hairston Road	5469 Memorial Dr	6329 Jimmy Carter Boulevard	6340 Old Dixie Hwy	750 N. Glynn Street	1329 Bullsboro Drive
City, State	Decatur, GA	Stone Mountain, GA	Norcross, GA	Jonesboro, GA	Fayetteville, GA	Newnan, GA
Year Built	1988	1985	1982	1985	1984	2004
Lease Start	-	Feb-08	N/A	Oct-10	Oct-10	Mar-11
Lease Term	-	5 Years	Month to Month	3 Years	5 Years	Undisclosed
Annual Escalations	-	3%	0%	N/A	N/A	N/A
Lease Basis	-	NNN	NNN	NNN	NNN	NNN
Net Leasable Area (SF)	4,400	6,176	2,336	5,131	4,714	2,376
Annual Rate Per SF	-	\$12.36	\$12.84	\$7.02	\$12.00	\$11.18
Expenses		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sub Total Adjusted Rate Per SF		\$12.36	\$12.84	\$7.02	\$12.00	\$11.18
Market Conditions		-30.00%	0.00%	0.00%	0.00%	0.00%
Age/Condition		0.00%	0.00%	0.00%	0.00%	0.00%
Size		0.00%	-5.00%	0.00%	0.00%	-5.00%
Location		0.00%	-10.00%	0.00%	-10.00%	-10.00%
Quality		0.00%	0.00%	0.00%	0.00%	0.00%
Design		0.00%	0.00%	0.00%	0.00%	0.00%
Net Other Adjustments		-30.00%	-15.00%	0.00%	-10.00%	-15.00%
		\$8.65	\$10.91	\$7.02	\$10.80	\$9.50

The rental rate adjustments summarized above are discussed below.

All of the rentals are leased on a triple-net (NNN) basis with the tenant/lessee being responsible for payment of all operating expenses, with the exception of management and structural reserves. Recognizing that a triple-net (NNN) lease basis is most common for a single-tenant property like the subject, the subject's estimate of potential gross income will be on this basis.

The comparables differ from the subject in terms of market conditions, size, and location, and require adjustments accordingly. The comparable rentals on the preceding page indicate adjusted rates ranging from approximately \$7.02 to \$10.91/SF annually with a mean of \$9.38/SF and a median of \$9.50/SF. Based on the analysis of the comparable data presented, a market rental rate toward the middle of the range at approximately \$9.00/SF annually appears to be reasonable for the subject.

The potential gross income for the subject is calculated in the following table:

POTENTIAL GROSS INCOME

Compiled by: CVS Atlanta

Size	Leasable Area (SF)	Rental Rate (Annual)	Lease Income	Other Income			
6198	4,400	\$ 9.00	\$ 3.70	\$ 12.70	\$ 39,600	\$ 16,280	\$ 55,880
Totals	4,400	\$ 9.00			\$ 39,600	\$ 16,280	\$ 55,880

As calculated above, the subject's potential base rental income totals \$39,600 or \$9.00 per square foot annually. Including reimbursements, the subject's potential gross income equates to \$55,880 or \$12.70 per square foot annually.

Vacancy & Collection Loss

According to survey conducted by CoStar Property, as of the current quarter, the retail submarket in a 3-mile radius includes a total inventory of 3,481,038 square feet, of which 332,466 (9.6%) is currently vacant. Furthermore, a visual inspection of the subject neighborhood revealed vacancies of full-service restaurants and free-standing retail properties of similar quality to the subject. Considering the design of the subject for single-tenant occupancy, a lower vacancy factor of approximately 10% of the effective gross income is considered appropriate, which includes an adequate provision for collection loss.

Operating Expenses

As previously stated, the subject's potential gross income is estimated on a triple-net basis with the lessee paying for all operating expenses, with the exception of management and reserves for replacement. The subject's itemized expenses are estimated below.

Reimbursable Expenses:

Real Estate Taxes

Real estate, or ad valorem, taxes for the subject (buildings and land) total \$8,570.56 per year, or \$1.95 per square foot. This figure is based on the current county value of \$470,200, 40% assessment, and a millage rate of .04539 ($\$470,200 \times .40 \times 0.04539 = \$8,536.96 + \$33.60$ storm water fee = \$8,570.56.)

Insurance

The subject's actual property insurance premium was not available. Fire and extended coverage insurance for similar properties typically ranges from \$.25 to \$.50/SF. Therefore, an estimate of \$.25/SF is considered reasonable.

Common Area Maintenance (CAM)

The CAM expense for the subject includes items such as common area utilities, repairs and maintenance, landscaping, trash removal, and similar items. Common area maintenance for similar properties ranges from \$1.50/SF to \$2.50/SF. Therefore, CAM expense of approximately \$1.50/SF is considered reasonable.

Non-reimbursable Expenses:

Management Fee

The subject's management fee is estimated at 3% of effective gross income, considering the size of the property and single-tenant occupancy. This amount is typical and falls within the range of 3% to 5% for the Atlanta market. This estimate also recognizes that the subject is designed for single-tenant occupancy.

Reserves for Replacement

Reserves for replacement are estimated at \$.30/SF based on data from the PwC Real Estate Investment Survey. According to this publication, reserves for replacement for the Atlanta market range from \$.15/SF to \$.50/SF. This amount is typical for the market and covers expense items including roof, foundation and framing repairs, and HVAC repairs.

Direct Capitalization Method

The direct capitalization method of estimating the subject's "as-is value" by the Income Approach is presented in the table below.

DIRECT CAPITALIZATION METHOD

Compiled by: CVS Atlanta

Income	Cost			
Base Rental Income	4,400	\$ 9.00	\$ 39,600	70.88%
Reimbursement Income		\$ 3.70	\$ 16,271	29.12%
Potential Gross Income		\$ 12.70	\$ 55,871	100.00%
Vacancy & Collection Loss		\$ (127)	\$ (5,587)	10.00%
Effective Gross Income		\$ 11.43	\$ 50,284	90.00%
EXPENSES				
Real Estate Taxes		\$ 195	\$ 8,571	17.05%
Insurance		\$ 0.25	\$ 1,100	2.19%
Common Area Maintenance		\$ 1.50	\$ 6,600	13.13%
Sub Total		\$ 3.70	\$ 16,271	32.36%
Management		\$ 0.34	\$ 1,509	3.00%
Reserves for Replacement		\$ 0.30	\$ 1,320	2.63%
Other		\$ -	\$ -	0.00%
Sub Total		\$ 0.64	\$ 2,829	5.63%
Total Expenses		\$ 4.34	\$ 19,100	37.98%
Net Operating Income		\$ 7.09	\$ 31,184	62.02%
Direct Capitalization Rate			11.00%	
			\$ 283,494	
			\$ 285,000	

See discussion of the direct capitalization rate on the following pages.

Income Approach Value Indication (Rounded).....\$285,000

Direct Capitalization Rate

Once a Net Operating Income (NOI) figure is forecasted by deducting the appropriate expenses from the Potential Gross Income, the NOI is capitalized into a value estimate using a capitalization rate that reflects typical buyer, seller, and lender expectations within the market. These rates may be extracted by dividing the sale price of comparable properties by their Net Operating Income. Additionally, the Band of Investment Method, the Debt Coverage Ratio Method, and data obtained from the *PricewaterhouseCoopers (PwC) Investor Survey* and the *RealtyRates.com Investor Survey*, are considered.

Based on Band of Investment

The Band of Investment method yields a capitalization rate that reflects current market financing and equity requirements. With this method, a cash-to-seller transaction is assumed with the purchaser obtaining a conventional mortgage at reasonable prevailing rates. The rate of return on any cash paid by the purchaser above the loan amount is based on competitive alternate investments. The equity dividend rate on the cash outlay reflects the risk involved in the subject property as compared to other investments.

Debt Coverage Ratio

The Debt Coverage Ratio (DCR) is a risk measure that is commonly used in mortgage loan situations. It can be useful in structuring a mortgage and testing the relative degree of safety associated with a given set of loan terms. A DCR is a multiplier required by the lender, based on the risk of the loan. A lower DCR requirement by a lender indicates a loan with a lower risk level. Conversely, a higher DCR corresponds with a higher risk loan.

The Band of Investment and Debt Coverage Ratio techniques for testing the reasonableness of the subject's cap rate, based on the *RealtyRates.com Investor Survey, 4th Quarter 2012* (based on 3rd Quarter data) are summarized on the following page.

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2012*						
RETAIL - FREE STANDING						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	1.05%	DCR Technique	1.18	0.049116	0.80	4.62
Debt Coverage Ratio	1.18	Band of Investment Technique				
Interest Rate	2.77%	Mortgage	80%	0.049116	0.039293	
Amortization	30	Equity	20%	0.082142	0.016428	
Mortgage Constant	0.049116	OAR				5.57
Loan-to-Value Ratio	80%	Surveyed Rates				5.80
Equity Dividend Rate	8.21%					
Maximum						
Spread Over 10-Year Treasury	5.55%	DCR Technique	1.83	0.124942	0.60	13.68
Debt Coverage Ratio	1.83	Band of Investment Technique				
Interest Rate	9.45%	Mortgage	60%	0.124942	0.074965	
Amortization	15	Equity	40%	0.176464	0.070585	
Mortgage Constant	0.124942	OAR				14.56
Loan-to-Value Ratio	60%	Surveyed Rates				13.84
Equity Dividend Rate	17.65%					
Average						
Spread Over 10-Year Treasury	3.30%	DCR Technique	1.50	0.074239	0.70	7.77
Debt Coverage Ratio	1.50	Band of Investment Technique				
Interest Rate	5.02%	Mortgage	70%	0.074239	0.051967	
Amortization	23	Equity	30%	0.124587	0.037376	
Mortgage Constant	0.074239	OAR				8.93
Loan-to-Value Ratio	70%	Surveyed Rates				10.68
Equity Dividend Rate	12.46%					

*3rd Quarter 2012 Data

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As presented above, the Band of Investment technique indicates a range of cap rates from 5.57% to 14.56%, with a mean of 8.93%. The DCR technique indicates a range of 4.62% to 13.68%, with a mean of 7.77%.

Investment Survey Data

In addition to the band of investment and debt coverage ratio methods, capitalization rates indicated by the *PwC Real Estate Investor Survey, 4th Quarter 2012*, for the National Strip Shopping Center Market are considered (PwC does not include restaurant data). The survey indicates a range of 5.75% to 19.50% with a mean of 9.62%, which includes non-institutional properties such as the subject. Furthermore, capitalization rates for free-standing retail properties from the *RealtyRates.com Investor Survey, 4th Quarter 2012*, were considered. This survey indicates cap rates ranging from 5.80% to 13.84% with a mean of 10.68%.

Reconciliation of Capitalization Rate

The direct capitalization rates indicated by the applicable methods are summarized in the table below.

SUMMARY OF CAPITALIZATION RATES

Investment Survey Data: PwC National Strip Shopping Center Market	5.75%-19.5%; 9.62% Avg
Investment Survey Data: RealtyRates.com Free-Standing Retail Market	5.80%-13.84%; 10.68% Avg
Direct Capitalization Rate Selected	11.00%

The direct capitalization rates (R_o) calculated by each method are considered reliable. With consideration given to the methods summarized above, the direct capitalization rate (R_o) for the subject property is estimated at 11.0%.

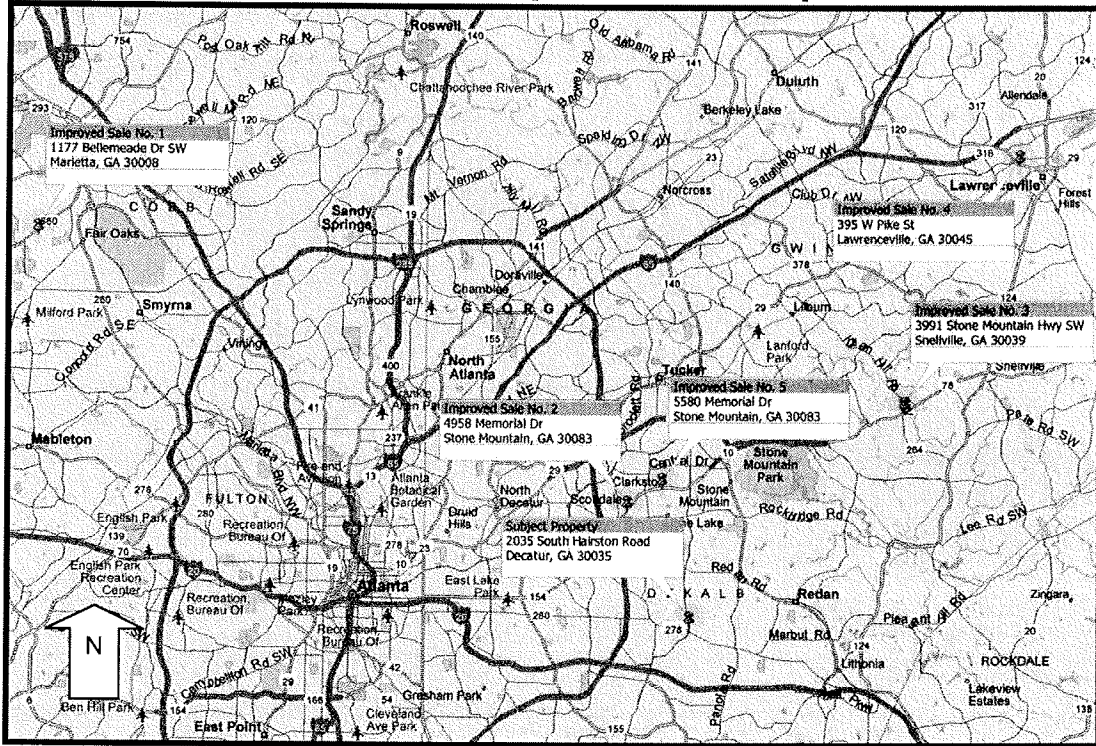
Sales Comparison Approach

The Sales Comparison Approach or Market Approach is the process of comparing the relative utility and desirability of the subject with comparable properties that have been sold. This approach is applicable to virtually all property types for which there are sufficient recent sales to create and identify a value pattern. The comparable sales data on the following pages reflect sales of improved properties located in the subject's market area. In applying the Sales Comparison Approach, the following procedures and steps are taken:

- ❖ Investigate sales of similar properties in the Subject market, or similar markets where pertinent information can be found.
- ❖ Verify all information possible about each sale.
- ❖ Determine relevant units of comparison (sales price per unit, sales price per sq. ft., etc.).
- ❖ Compare sales data to subject and reconcile multiple value indications that result from the sales into a value indication by the Sales Comparison Approach.

The analysis of five (5) comparable improved sales was used in estimating the market value of the subject property by the Sales Comparison Approach and is presented on the following pages.

Comparable Improved Sales Map



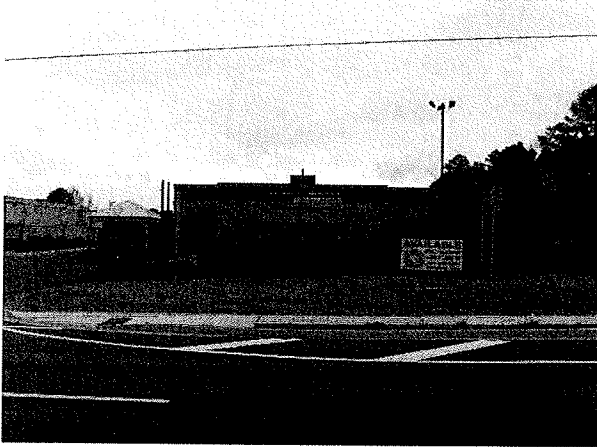
Photographs of Comparable Improved Sales



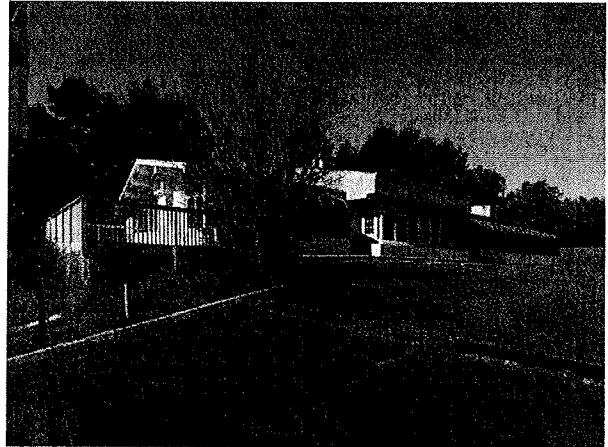
Improved Sale No. 1



Improved Sale No. 2



Improved Sale No. 3



Improved Sale No. 4



Improved Sale No. 5

IMPROVED SALE NO. 1

Property Identification	
Property Type	Full-Service Restaurant
Property Name	Former Maria Bonita Mexican Restaurant
Address	1177 Bellemeade Drive Marietta, GA 30008

Sale Data	
Grantor	State Bank & Trust Co.
Grantee	Jian Hui Wang
Sale Date	November 15, 2010
Deed Book/Page	14813-2651
Property Rights	Fee Simple
Financing	Cash to Seller
Verification	Public Records; Deed; Broker - Bruce Bryant (404) 245-4453
Sale Price	\$299,200

Land Data	
Land Size	0.61 Acre or 26,572 SF

General Physical Data	
Gross Building Area (SF)	6,825
Year Built	1987

Indicators	
Sale Price/SF	\$43.84
Land to Building Ratio	3.9: 1
Parking Ratio	7.3 spaces per 1,000 SF
Overall Cap Rate	N/A

Remarks
 This is the sale of a former Mexican restaurant within the Bellemeade shopping center development, off Powder Springs Road in Marietta. The property was vacant at the time of sale and was sold in a private auction held by the Auction Management Corporation. According to the listing broker/auctioneer, the property sold at market value, considering its location and condition. The sale price shown is inclusive of a 10% buyer's premium. No equipment value was included in the sale. It was purchased to renovate and open the Asia Buffet & Grill restaurant.

IMPROVED SALE NO. 2

Property Identification	
Property Type	Free-Standing Retail
Property Name	Former Rent-A-Car Facility
Address	4958 Memorial Drive Stone Mountain, GA 30083

Sale Data	
Grantor	National Loan Acquisitions Co.
Grantee	Tassew Tesfaye
Sale Date	May 13, 2011
Deed Book/Page	22476-745
Property Rights	Fee Simple
Financing	Market
Verification	Public Records; Deed; Broker - Peyton McWhirter (678) 385-2705
Sale Price	\$150,000

Land Data	
Land Size	1.2026 Acres or 52,385 SF

General Physical Data	
Gross Building Area (SF)	3,462
Year Built	1984

Indicators	
Sale Price/SF	\$43.33
Land to Building Ratio	15.13: 1
Parking Ratio	11.55 spaces per 1,000 SF
Overall Cap Rate	N/A

Remarks
 This is the sale of a free-standing retail property along Memorial Drive in Stone Mountain. The property was purchased to renovate and operate the Peach One Tax Service. The property was originally built as a restaurant, but had been converted for use as a rent-a-car facility. The property was reportedly in bad condition at the time of sale, with the HVAC and electrical systems having been vandalized/stolen. Costs to cure deferred maintenance were not available, and no equipment value was included in the sale. The property was sold as an REO and was on the market with McWhirter Realty Partners for approximately 2-3 months, at an asking price of \$250,000. According to the listing broker, the property sold at market value, considering its condition and location.

IMPROVED SALE NO. 3

Property Identification	
Property Type	Full-Service Restaurant
Property Name	Former Houston's Finest Bar & Grill
Address	3991 Stone Mountain Highway (Highway 78) Snellville, GA 30039

Sale Data	
Grantor	Branch Banking & Trust Co.
Grantee	Golden Trust & Partners, LP
Sale Date	June 10, 2011
Deed Book/Page	50744-749
Property Rights	Fee Simple
Financing	Cash to Seller
Verification	Public Records; Deed; Docs; Broker - Harold Schumacher (404) 240-0040
Sale Price	\$550,000

Land Data	
Land Size	2.68 Acres or 116,741 SF

General Physical Data	
Gross Building Area (SF)	9,133
Year Built	1992

Indicators	
Sale Price/SF	\$60.22
Land to Building Ratio	12.8: 1
Parking Ratio	19.6 spaces per 1,000 SF
Overall Cap Rate	N/A

Remarks

This is the sale of a restaurant building along Highway 78 at the intersection of Killian Hill Road in Stone Mountain. The property was vacant at the time of sale. It was originally constructed as a Logan's Roadhouse location. The property was most recently occupied as the Houston's Finest Sports Bar & Grill, whose owner had purchased the property from Logan's Roadhouse in 2006 for \$1,785,000, or \$195.45/SF. The property was reportedly in average condition for its age at the time of sale. No equipment value was included in the sale. The property was an REO listed with the Schumacher Restaurant Group since March 2009, at an original asking price of over \$1.3M, which had been reduced several times over the marketing period. According to the listing broker, offers in the \$800,000 to \$850,000 range were reported prior to the sale, although these prospective purchasers could not obtain financing.

IMPROVED SALE NO. 4

Property Identification	
Property Type	Full-Service Restaurant
Property Name	Former Golden Corral
Address	395 W Pike Street Lawrenceville, GA 30046

Sale Data	
Grantor	C&B Contractors
Grantee	Atlanta Church of God
Sale Date	August 17, 2011
Deed Book/Page	50855-113
Property Rights	Fee Simple
Financing	Cash to Seller
Verification	Public Records; Deed; Broker - Jill Tanner (770) 945-1123

Sale Price	\$150,000
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Land Data	
Land Size	1.6195 Acres or 70,545 SF

General Physical Data	
Gross Building Area (SF)	5,190
Year Built	1981

Indicators	
Sale Price/SF	\$28.90
Land to Building Ratio	13.6: 1
Parking Ratio	11.6 Spaces Per 1,000 SF
Overall Cap Rate	N/A

Remarks

This is the sale of a restaurant building along West Pike Street, just west of the Lawrenceville square. The property was vacant at the time of sale, and was purchased for renovation and conversion to church use. It was originally constructed as a Golden Corral location. The property was reportedly in very bad condition at the time of sale. Costs to cure deferred maintenance were not available, and no equipment value was included in the sale. The property was listed on and off the market for several years since 2007, with an original asking price of \$700,000. At the time of sale, the property was listed with Tanner Real Estate at an asking price of \$350,000, or \$67.44/SF. According to the listing broker, offers in the \$300,000 range were received, although these prospective purchasers could not obtain financing.

IMPROVED SALE NO. 5

Property Identification	
Property Type	Full-Service Restaurant
Property Name	Former Ambiance Lounge
Address	5580-5582 Memorial Drive Stone Mountain, GA 30083

Sale Data	
Grantor	Solid Equities, Inc.
Grantee	Oakhurst Medical Centers, Inc.
Sale Date	July 6, 2012
Deed Book/Page	23124-717
Property Rights	Fee Simple
Financing	Cash Equivalent
Verification	Public Records; Deed;
Sale Price	\$765,000

Land Data	
Land Size	1.993 Acres or 86,815 SF

General Physical Data	
Gross Building Area (SF)	12,000
Year Built	1991

Indicators	
Sale Price/SF	\$63.75
Land to Building Ratio	7.23: 1
Parking Ratio	10.5 Spaces per 1,000 SF
Overall Cap Rate	N/A

Remarks

This restaurant building is located in an established commercial and residential area of Stone Mountain in DeKalb County, Georgia. Specifically, it is located along the north side of Memorial Drive, just east of Hambrick Road. The building, constructed in 1991, features wood frame construction with brick and stucco exterior walls and a metal roof. The property was originally listed for \$1,765,000.

COMPARABLE IMPROVED SALES ANALYSIS

Compiled by: CVS Atlanta

Address	2035 South Hairston Road	1177 Bellemeade Dr	4958 Memorial Dr	3991 Stone Mountain Hwy	395 W Pike St	5580-5582 Memorial Drive
City, State	Decatur, GA	Marietta, GA	Stone Mountain, GA	Snellville, GA	Lawrenceville, GA	Stone Mountain, GA
Sale Price	-	\$299,200	\$150,000	\$550,000	\$150,000	\$765,000
Sale Date	-	11/11/2010	5/13/2011	6/10/2011	8/15/2011	7/6/2012
Year Built	1988	1987	1984	1992	1981	1991
Parking Per 1,000 SF	6.8	7.3	11.55	19.6	11.56	10.5
GBA (SF)	4,400	6,825	3,462	9,133	5,190	12,000
Price Per SF	-	\$43.84	\$43.33	\$60.22	\$28.90	\$63.75
Property Rights Conveyed		0.00%	0.00%	0.00%	0.00%	0.00%
Financing Terms		0.00%	0.00%	0.00%	0.00%	0.00%
Conditions of Sale		0.00%	0.00%	0.00%	0.00%	0.00%
Immediate Expenditures		0.00%	0.00%	0.00%	0.00%	0.00%
Market Conditions		0.00%	0.00%	0.00%	0.00%	0.00%
Sub Total Adjusted Price Per SF		\$43.84	\$43.33	\$60.22	\$28.90	\$63.75
Age/Condition		0.00%	4.00%	-18.00%	13.00%	-4.00%
Size		0.00%	0.00%	10.00%	0.00%	10.00%
Site/Parking		15.00%	30.00%	10.00%	30.00%	7.00%
Quality		0.00%	0.00%	-5.00%	0.00%	0.00%
Location		0.00%	0.00%	-15.00%	0.00%	0.00%
Other		0.00%	0.00%	0.00%	0.00%	0.00%
Net Other Adjustments		15.00%	34.00%	-18.00%	43.00%	13.00%
Adjusted Price Per SF		\$50.41	\$58.06	\$49.38	\$41.33	\$72.04

The adjustments presented above are discussed on the following pages.

Property Rights Conveyed

All of the comparables represent the market value of the fee simple interest and require no adjustments for this factor.

Financing Terms

All of the comparable sales represent cash transactions, or cash equivalent at typical market terms; thus, no adjustments for financing terms are required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and seller. When atypical market conditions are detected, the sale is thoroughly researched before an adjustment is made, and the conditions must be adequately disclosed. All of the sales represent typical arm's length transactions and require no adjustments for this factor.

Market Conditions

Comparable sales that occurred under different market conditions than those applicable to the subject on the effective date of value estimate require adjustment for any differences that affect their values. The time adjustment is the first adjustment applied to each sale. This compounded adjustment is applied to the sale price per square foot, to reflect a time adjusted price per SF as of the effective date of value. All of the comparables are recent sales reflective of current market conditions, and require no adjustments for this factor.

Age/Condition Adjustments

The adjustments for age/condition are derived by subtracting the estimated accrued depreciation of the subject building from the estimated accrued depreciation of the comparable buildings. The accrued depreciation is estimated by dividing the effective age of the subject and comparable buildings by their total life expectancy. The total life expectancy for different building types, condition, and class are derived from the Marshall Valuation Service cost index. The effective age is derived by inspecting the property and assigning an age value, giving consideration to condition, utility, date of construction, and date of sale. The estimated age/condition adjustments are presented in the table on the following page.

BASIS FOR AGE/CONDITION ADJUSTMENTS

Subject Depreciation						
Effective Age (Years)	24					
Total Life Expectancy	45					
Accrued Depreciation	53%					
Effective Age (Years)	24	26	16	30	22	
Total Life Expectancy	45	45	45	45	45	
Accrued Depreciation	53%	58%	36%	67%	49%	
Less Subject Depreciation	53%	53%	53%	53%	53%	
Indicated Adjustment Factor	0.00	0.04	-0.18	0.13	-0.04	
Age/Condition Adjustment	0%	4%	-18%	13%	-4%	

Size Adjustments

Smaller buildings typically sell for more per unit than larger buildings, and vice-versa. The increased number of potential buyers and greater amount of affordable smaller buildings tend to drive the price per unit up. All of the comparables are similar to the subject in terms of size and require no adjustments, with the exception of Sale 3 and Sale 5. Sales 3 and 5 are larger, and are adjusted upward approximately 10% for this factor.

Site/Parking Adjustments

The subject property has a land to building ratio of 24.35:1. The land to building ratio range indicated by the comparable sales is 3.9:1 to 15.13:1. We have estimated approximately one (1) acre (0.96 acre) of surplus land, and if this extra acre of land is not included, the land to building ratio would be 14.45:1. This ratio is within the range established by the comparable sales. Therefore, we have adjusted the comparable sales to compensate for the subject's extra acre of land. Adjustments of 15%, 30%, 10%, 30%, and 7%, respectively, are needed.

Quality Adjustments

The subject property consists of average construction quality. All of the comparables are similar to the subject in this aspect and require no adjustments, with the exception of Sale 3. Sale 3 is superior, and requires a downward adjustment of approximately 5% for this factor.

Location Adjustments

The subject property is situated along South Hairston Road in Decatur. Sales 1, 2, 4 and 5 have similar locations, and require no adjustments for this factor. However, Sale 3 has a superior location along Highway 78 in Snellville, and requires a downward adjustment accordingly. Therefore, based on comparisons with Sales 1, 2, 4 and 5, a downward adjustment of approximately 15% is estimated for Sale 3.

Conclusion of Value

In analyzing the comparable sales after adjustments, all of the sales are considered. The adjusted sales indicate a range of \$41.33/SF to \$72.04/SF, and an adjusted mean of \$54.24/SF. Based on the analysis of the market data presented, with greater consideration given to Sales 2 and 3, the indicated market value of the subject property is estimated at \$58.00/SF. Therefore, the total "as is" market value by the Sales Comparison Approach is calculated in the table below.

SALES COMPARISON APPROACH

GBA (SF)	4,400
Times Adjusted Value/SF	\$58.00
Sub Total Value	\$ 255,200
Plus/ Less Other	\$ -
Value Indication by Sales Comparison	\$ 255,200
Rounded to	\$ 255,000

Sales Comparison Approach Value Indication.....\$255,000

Reconciliation of Value

The value indications from the applicable approaches to value are as follows:

Summary of Value Conclusions	
Cost Approach:	N/A
Income Approach:	\$285,000
Sales Comparison Approach:	\$255,000
Reconciled Value:	\$265,000
Compiled by: CVS Atlanta	

The Cost Approach is based upon the principle of substitution, which states that a prudent purchaser would not pay more for a property than the amount required to purchase a similar site and construct similar improvements without undue delay, producing a property of equal desirability and utility. The land value is based upon sales of similar properties in the subject market area. The replacement cost for the improvements is based on data contained in the Marshall Valuation Service cost manual. However, considering the age of the subject improvements and difficulty in estimating the overall physical depreciation, the Cost Approach was not developed.

The Income Approach compares rentals of similar improved properties to the subject. The income is capitalized at a market supported capitalization rate, which considers market financing and investor equity return requirements. In the valuation of an income producing property such as the subject, the typical investor would strongly consider the potential income stream.

The Sales Comparison Approach references sales of similar improved properties located in the subject's market area. The adjusted sales indicate a relatively close value range for the subject and lend support to the Income Approach. This method is considered because it reflects the actions of the buying/selling market.

Final Reconciliation of Value

The value indicated by the Sales Comparison Approach is given primary consideration in the final value indication. Secondary consideration is given to the Income Approach. Therefore, based on the inspection of the property and the investigation and analyses undertaken, the estimated "**as is**" market value of the *fee simple interest* in the subject property, as of January 29, 2013, is:

TWO HUNDRED SIXTY-FIVE THOUSAND DOLLARS
(\$265,000)

The preceding value conclusions are subject to the following Extraordinary Assumptions and Limiting Conditions:

1. **No drainage, subsoil, geological, environmental, or engineering reports relative to the subject property were supplied to the appraiser. Therefore, this appraisal is contingent upon no adverse conditions being present.**
2. **Business value and equipment are excluded. This appraisal includes the valuation of the real property only.**
3. **At the client's request, and since we did not receive cooperation from the property owner, we performed an exterior only inspection of the subject property from the street. The appraisal is subject to revision when access to the property is granted.**
4. **We did not receive a plat or site plan of the subject property. We estimate the approximate 0.59 acre portion of land at the northwest corner of the site and the 0.37 acre portion of land at the northeast corner of the site to be surplus. The appraisal is subject to revision when a plat or survey is available.**

Also, please see the General Assumptions and Limiting Conditions attached to the appraisal.

Section 5 – Addenda

BB&T Engagement Letter
BB&T Appraisal Engagement Attachment
BB&T Appraisal Types
BB&T Reports Standards Rule 2-2 Comparison Chart
Qualifications of Appraisers
Georgia Certification
CVS, Inc. Corporate Profile

ADDENDUM

BB&T

Appraisal Engagement Authorization

Appraiser: Michael Barrow ID: GA149 Date: 12/26/2012 Appraisal ID: OMS-117961- Report # 1
Phone: (404) 343-2520 Fax: (404) 885-6664
Address: Commercial Valuation Services Atlanta, 730 Peachtree Street, Suite 650 Atlanta, GA, 30308

Subject to the provisions herein and the BB&T Appraisal Engagement Document Attachment, you are authorized to proceed with the appraisal assignment briefly described below. Please call the Engagement Specialist indicated below if you have any questions or need further information regarding the property.

Date Ordered: 12/26/2012 Appraisal Fee: \$ 2,800 Delivery Expected: 01/23/2013
Borrower: The Kennedy Associates

Property: Kennedy's Restaurant & Bar
Address I: 2035 S HAIRSTON RD
City: DECATUR State: GA Zip: 30088 County: Dekalb

Parcel IDs: 15-161-01-028

Additional Property Info: Appraisal needed on existing 4,400 Square Foot Restaurant consisting of 2 Buildings located on 2.46+/- Acres. **Need value of property with "diner car" removed or as land only if property had to be razed. Property Name: Kennedy's Restaurant & Bar

Contact Person: Leslie Rodgers Phone: (770) 325-8305

Appraisal Type: Comprehensive Report Format: Summary
Value Estimate(s) Requested: Mkt Value As Is
Real Property interest to be appraised: Fee Simple

Miscellaneous Comments: There is a diner car inside the restaurant this is not owned by borrower but by Delores Ellis and is still considered personal property - was leased by borrower but he never paid - need value of property with "diner car" removed or as land only if property had to be razed. This "diner car" in the middle of the restaurant is used as part of the restaurant possibly as part of the kitchen - APPRAISER SHOULD GO TO PROPERTY AS IT IS OPEN FOR BUSINESS AND DO INSIDE SITE INSPECTION,

Photo Exhibits for Appraisals with Interior and/or Exterior Property Inspections:

1. Exterior photographs, which must, at a minimum, include: Clear, descriptive photographs showing the front, back (all sides), and a street scene of the subject property and the front of each comparable sale. The subject and all comparables must be appropriately identified.
2. Interior photographs, which must, at a minimum, include: the kitchen, all bathrooms, main living area, examples of physical deterioration, if present and examples of recent updates, such as restoration, remodeling and renovation, if present.

Please reference in your report the Parcel Identification Number(s) related to this property.

If the appraisal is for multiple subdivision lots, homes, or residential/commercial condos, please identify the lot numbers, unit numbers and addresses related to each of the tax Parcel ID numbers.

Please remember that in addition to rating the appraisal quality, BB&T rates your professionalism and timeliness. Should you encounter difficulties that may affect the due date on this assignment, please contact your Engagement Specialist immediately. Delivering the report on the promised delivery date will help keep your ratings high and avoid having to forfeit part of the fee due to tardiness. If the report is late due to no fault of BB&T or our client, a forfeiture of part of the fee will be imposed.

****PLEASE NOTE**** A 3% fee reduction will be applied for each calendar day the report is past due if deemed necessary.

Note: Mail one (1) hard copy of the report (with the exception of the 1-4 family SFR appraisals) to the Real Estate Appraisal Department addressed to: Real Estate Appraisal Department, BB&T, 2713 Forest Hills Road, Wilson, NC 27893.

All reports (PDF or hardcopy) are to be delivered directly to READ. Please do not give a copy to the borrower, property owner or any other BB&T employee without authorization.

Please give extra attention to ensure that ALL appraisals include a signed Certification in accordance with USPAP Standards Rule 2-3. Omission of the Certification is a common oversight in some reporting formats.

If you have any questions or concerns regarding this assignment, please contact the Engagement Specialist listed below. For technical appraisal questions the Engagement Specialist will direct you to the proper Review Officer.

Noel Pender
(252) 296-0807

Special Instructions: 'As Is' value should include a deduction for the cost of the demolition/removal of the existing building. The purpose of this appraisal is to establish a market value for use in a foreclosure proceeding. We expect the appraiser to consider the most probable price the property would bring in an open and competitive market, under all conditions requisite to a fair sale in the current market. Do not assume a 'distressed property' or a 'liquidation sale'. Implicit in this definition is the passing of title from a willing seller to a willing buyer under conditions as they exist on the property as of the date of valuation. The 'As Is' valuation should not emphasize the economic feasibility of holding the property and establishing a future sale date. The most recent comparable data should be used. Please allocate a value for the FF&E for this establishment (Restaurants and Car Washes).

BB&T APPRAISAL ENGAGEMENT DOCUMENT ATTACHMENT

This attachment to the engagement document is to confirm your employment for professional appraisal services on the referenced property. The appraisal assignment must be prepared in accordance with the appraisal policies and guidelines of Branch Banking and Trust Company (BB&T) included herein and the appropriate regulatory agencies. You are authorized to proceed with preparation of an appraisal as defined within the Uniform Standards of Professional Appraisal Practice (USPAP). The report shall be prepared as further set forth in the BB&T appraisal instructions, enclosed herewith. The appraisal shall also be in accordance with the definition of "Market Value" as provided below:

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

- (a) Buyer and seller are typically motivated;
- (b) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (c) A reasonable time is allowed for exposure in the open market;
- (d) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (e) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale;
- (f) The value is not based on distressed sales.

Insurable Value: Insurable value is defined as the cost to replace the destructible portions of a property that determines the amount of insurance that may, or should, be carried to indemnify the insured in the event of loss. For practical purposes, the replacement cost estimate used to calculate insurable cost should include the foundation. The estimate is based on replacement cost new, and must reflect only direct or hard construction costs, such as construction labor and materials, repair design, engineering, permit fees, and contractor's profit, contingency and overhead. It must not include surveys, site development, financing or land acquisition costs.

You may call the listed contact person to obtain access to the subject property as well as other property specific information. Any documentation provided to you as an attachment to this letter, including but not limited to: plans and specifications, survey or site plan, copies of leases, operating statements, or legal description must be returned to BB&T upon completion of the assignment.

You are to provide your preliminary value conclusions (if applicable), final value conclusions, draft copy of the report (if applicable), and final copies of the report to no one other than the Real Estate Appraisal Department of BB&T.

Please note the following specific instructions:

Format of Report: Your report must be prepared and presented as specified in our Engagement Authorization Form and in accordance with the instructions included herein.

Function of the Appraisal: BB&T will rely upon this appraisal for internal use, including but not limited to, rendering a decision relative to a financial transaction, asset valuation or foreclosure.

Effective Date: Effective date of value must be within 30 days of the report date.

Standards: The assignment must be processed and the report prepared in accordance with the guidelines of BB&T as stated in the instructions herein and rulings of the federal regulatory agencies.

Competency: Acceptance of this assignment shall indicate that the appraiser is in compliance with the Competency Provision of USPAP and is suitably State Certified/Licensed by the State in which the subject property is located. If temporary licensing is obtained for purposes of completing this assignment, evidence that such licensing has been received must be included in the report addenda.

Confidentiality: It is understood and agreed by you that BB&T is your confidential client and no information regarding your appraisal may be furnished to anyone other than the undersigned. Any questions related to the required form and substance of the appraisal shall be directed to the undersigned, and no one else.

Appraiser Independence: Maintaining the independence and objectivity of the appraisal process is of utmost importance to BB&T. If an appraiser has a current or prospective interest in the subject property, transaction, or parties involved, the appraiser must decline the assignment. If at any time during the assignment, the appraiser realizes that they have performed any prior appraisal services on the subject property, the appraiser must stop and notify BB&T immediately, allowing the Real Estate Appraisal Department to determine whether or not to proceed with the assignment. Additionally, the appraiser must be able to remain unbiased by the previous assignment, or decline the current assignment. If during the course of completing an assignment, the appraiser becomes aware of a potential conflict of interest, the appraiser must contact BB&T's Real Estate Appraisal Department immediately. All communication between the appraiser and BB&T must be through the Real Estate Appraisal Department.

Address: The appraisal reports must all be addressed and submitted to the following address:

**BB&T
Real Estate Appraisal Department
2713 Forest Hills Road
Wilson, NC 27893**

Each copy of the appraisal report must include in the Addenda a copy of this letter and attached instructions, with proper signatures, in order to be acceptable. Should you encounter reporting requirements different than indicated herein, **please call the person who initiated the engagement document before proceeding.**

When completed, please submit one PDF copy and separate invoice (as instructed) into the Real Estate Management System (REMS) and one original copy of your report with original photographs (except for 1-4 Single Family Residential appraisals) to the above addressee on or before the agreed upon delivery date together with an invoice for your fee. The appraiser named in this engagement letter must be a signatory to the appraisal report and must inspect the property to be appraised. Please be aware that errors in the appraisal or failure to follow these instructions will result in the appraisal being returned to you for correction. Payment for your services will be contingent upon timely correction of any deficiencies found during BB&T's review. BB&T will review the appraisal and notify you of any such deficiencies within 30 days of receipt of the appraisal.

General Appraisal Standards Requirements:

1. The appraisal assignment must be processed and the report prepared in accordance with the guidelines as follows:
 - a. Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Foundation.
 - b. Federal regulations as stipulated by all appropriate federal regulatory agencies under the most recent Real Estate Appraisal Ruling (12 CFR Part 34 [Title XI of FIRREA]), as well as any other regulatory requirements that may apply.
 - c. BB&T's Appraisal Regulations, as indicated herein.
 - d. In all cases the more demanding requirement will apply.
2. The appraisal must be sufficiently descriptive to enable the reader to ascertain the estimated market value, as defined above, and contain sufficient supporting documentation with all pertinent information reported so that the appraiser's logic, reasoning, judgment, and analysis in arriving at a conclusion will indicate to the reader the reasonableness of the market value reported, and generally must conform to the definition of the reporting format indicated above.
3. The appraisal must be self sufficient, without reference to documents not included. Any third party studies used to determine value must be verified, explained and attached to the appraisal.

Specific Appraisal Content Requirements:

4. The appraisal must state the appraisal type and reporting format as indicated on page one of these instructions. (BB&T)
5. The appraisal must state and define the value(s) to be estimated as instructed on page one of these instructions and as specifically indicated in the engagement letter accompanying these instructions. (USPAP)
6. The appraisal must state the real property interest being appraised as indicated in the engagement letter accompanying these instructions. (USPAP)

7. The appraisal must **state the purpose and intended use** as indicated in the engagement letter accompanying these instructions. (USPAP)
8. The appraisal must **state the date of the report and the effective date of valuation**. The effective date of value must be within 30 days of the date the report is delivered to BB&T unless waived by the ordering officer. (USPAP)
9. The appraisal must **describe the scope of the report** (extent of the process used in the collection, confirmation and reporting of data), including: type of property being appraised; date of last physical inspection; period that data was investigated; geographical markets researched; and sources used to collect and verify data. (USPAP)
10. The appraisal must **clearly identify the subject property**. The identification should, as a minimum, provide the subject property's name, address, and further indication of location with a brief property description. (USPAP)
11. The appraisal must **include a legal description** of the real estate being appraised in addition to the description required by the USPAP. Tax map and deed book references are not considered legal descriptions. (BB&T)
12. The appraisal must **include a detailed site description**. Identify the subject property's approximate dimensions, frontage, depth, shape, topography, drainage, soil condition, availability of utilities, access and visibility. (BB&T)
13. The appraisal must **indicate whether or not subject property lies within a designated flood hazard area** and the value must reflect the impact, if any, on the property being so determined to lie within a flood hazard zone. (BB&T)
14. The appraisal must **include a detailed description of existing and/or proposed improvements**. Identify number of units, buildings and each building's type, age, condition, size, and if proposed, the expected date of completion. Further describe the subject's current use, its functional adequacy including parking, site coverage, percentage office, and amenities. (BB&T)
15. The appraisal must **analyze and report current market conditions and trends** of the region, city, and neighborhood to the extent that they affect the value of the property. (USPAP)
16. The appraisal must **detail any encumbrances** such as prior liens, title defects, or deed restrictions which are cited in the title information provided by the ordering Bank officer; or the existence of any easements, rights-of-way, or encroachments that might be known or detailed in the survey information also provided by the ordering Bank Officer; or the existence of any covenants, restrictions, or special assessments that are known or discovered in the appraisal process. Your value estimate must reflect the impact, if any, of any such encumbrances. (USPAP)
17. The appraisal must be **based on existing zoning** however, you may value the property based on both current zoning and any other zoning that is likely to be obtained within a short period. The likelihood of obtaining an alternative zoning should be explained in the report. In addition, the report must include your statement as to whether or not the subject property is in compliance with the existing zoning. The appraiser should discuss the implication of value if the property is a non-conforming use and out of operation. (USPAP)
18. The appraisal must **note the presence or absence of any potential environmental hazards** (i.e., underground storage tanks, storage containers of known or unknown contents, evidence of waste disposal such as sludge, paints, chemical residues, oil spillage, asbestos content in building material, etc.). All environmental problems that may affect the value of the subject property, they must be dealt with in the appraisal. (Note: If you discover any environmental problems that may be unknown to the Bank, please call the ordering officer immediately!) If an environmental assessment and an estimate of the cost to "clean up" the property have been furnished by BB&T, these costs must be given consideration in the estimate of value. Likewise, when valuing distressed property solely on a land value basis that implies demolition or removal of improvements, the cost of demolition and/or removal should be netted against the land value with the estimated cost of removal so reflected. Include photographs when appropriate. If no such hazards are known or observed, the appraiser should provide a statement to this effect. (BB&T)
19. The appraisal must **provide the current assessed value and the amount of annual property taxes** for the property, (include a copy of the subject's current tax abstract), and comment as to the reasonableness of the assessed value and the effect of any special taxing districts including their impact if any upon the property's value. When the subject is proposed, provide an estimate of taxes based on the appraised value. (BB&T)
20. The appraisal must **include a detailed highest and best use analysis** which tests the feasibility of the subject site "As If Vacant" and "As Improved", when applicable. (USPAP)

Specific Appraisal Valuation Process and Content Requirements:

21. The appraisal must report and analyze data on previous sales of the subject property. For all property types, prior sales for the three years proceeding the date on which the appraisal was prepared must be reported and analyzed. (USPAP) Comparable sales should reflect sale dates that do not exceed these time periods and, if possible, should reflect sales within the previous six months. (BB&T)
22. Unless otherwise instructed, the appraisal must follow a reasonable valuation method that considers and addresses the **Income Approach, Sales Comparison (Market) Approach and Cost Approach** to market value, and reconciles those approaches. It is acceptable to eliminate the use of one or more of the approaches to value only after giving consideration and in the appraiser's professional judgment the approach is irrelevant and/or there is no data available after thorough research has been conducted. If one or more approach cannot be used, the appraiser must explain the elimination of each and document what applicable research was conducted to determine its irrelevance or the lack of pertinent data. (USPAP) Furthermore, BB&T will not accept an appraisal report where the Cost Approach is the only method of value utilized. If the Cost Approach is used, there must be an additional approach to value presented to support the conclusion of value.
23. The appraisal must appraise the property in the actual, "as-is" state of development. If estimates to complete repairs or to correct code violations have been furnished, specify whether those expenses have been considered in estimating the property's appraised value. (BB&T)
24. The appraisal of proposed construction, renovation or other modifications must be based on the most recent plans and specifications assuming 100% completion of the planned improvements. A Market Value "As Is" on the appraisal date and a Prospective Future Market Value(s) upon completion of construction, and if applicable upon achieving stabilized occupancy are required for proposed projects. The appraiser should include the estimated "Time to Completion" if available. (BB&T)
25. Unless otherwise requested, the appraisal must consider and analyze an **Income Approach to valuation** and is required when the subject property is an income producing property. (USPAP) This analysis should:
 - a. For income producing properties with existing leases, report actual data on current revenues, expenses, and vacancies.
 - b. For income producing, multi-tenant properties include the Discounted Cash Flow (DCF) method.
 - c. For income producing, multi-tenant properties provide a current rent roll and lease summary.
 - d. Provide adjustment grid(s) to quantify the appraiser's adjustments and support market rent estimates.
 - e. Provide detailed data sheets for each comparable property, including photographs.
 - f. Explain and support all calculations and assumptions.
 - g. Analyze and report appropriate deductions and discounts for any proposed construction.
 - h. Analyze and report appropriate deductions and discounts for any completed properties that are partially leased and/or leased at other than market rents as of the date of the appraisal, or any tract developments with unsold units.
26. Unless otherwise requested, the appraisal must consider and analyze a **Sales Comparison (Market) Approach to valuation** when sufficient market data is available. (USPAP) This analysis should:
 - a. Provide adjustment grid(s) to quantify the appraiser's adjustments and support market value estimates.
 - b. Provide detailed data sheet for each comparable property, including photographs.
 - c. Analyze and report appropriate deductions and discounts for any proposed construction.
 - d. Analyze and report appropriate deductions and discounts for any completed properties that are partially leased and/or leased at other than market rents as of the date of the appraisal.
27. Unless otherwise requested, the appraisal must consider and analyze a **Cost Approach to valuation** and is required when the subject property is proposed or newly constructed. (USPAP) (The subject property is considered "new" when its actual age is less than one quarter of its estimated life expectancy.) This analysis should:
 - a. For proposed projects, report actual data as contracted to complete or as estimated to complete.
 - b. For existing properties, provide a detailed discussion of your analysis showing all calculations.
 - c. Explain and support construction cost and depreciation estimates with market evidence.
28. The appraisal must 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 value. (USPAP)
29. All assumptions and projections should be supported and conform to current market conditions. In the case of income property, the capitalization rate, discount rate, revenues, expenses, vacancy rates, financing terms, and absorption rate should be reasonable and well documented. If the property is land which, in the appraiser's opinion, cannot be sold within 12 months or if it is land with a plan for development into lots, valuation must be based on a discounted cash flow

analysis of the revenues minus estimated expenses including, but not limited to, costs of carrying the lots for the time period necessary to sell all the subject property. In these cases, the appraiser will be required to submit the following values: (USPAP) (BB&T)

Discounted Cash Flow Value
Discounted Cash Flow Value per Structure/Unit Type
Discounted Cash Flow Value per Lot/Land Type
Insurable Value per Structure/Unit Type

30. The appraisal must **reconcile all approaches to valuation** that have been considered, analyzed and utilized. Discuss the relative strengths and weaknesses of each approach to value and indicate the weight of each approach to value considered in arriving at your final value estimate(s). (USPAP)
31. The appraisal must **provide an allocation of value for all real property appraised**. Allocation of value should at a minimum be indicated for land and for individual real property improvements. In assignments where the subject is a "Going Concern" (an operating business enterprise that is expected to continue), non-realty components must be identified and the final value allocated among the real property, personal property, and intangible business value. (BB&T)
32. The appraisal must be **signed and dated by the preparing appraiser (and sealed where required)**. The signature, date, and seal should occur on the certification and where the final market value is reported. (BB&T)
33. The appraisal must **analyze and report a reasonable marketing period** for the subject property. This marketability study should classify the typical market purchaser(s), measure existing supply and demand, forecast changes in the future supply and demand and note the typical selling commissions and other related costs required to affect a sale of the subject. (BB&T) The appraiser must also develop an opinion of reasonable exposure time linked to the value opinion. (USPAP)
34. The appraisal must **include a list and an explanation of any missing or unavailable data or deviations from USPAP requirements**. If information required or deemed pertinent to the completion of an appraisal is unavailable, this fact must be disclosed and explained in the appraisal. (USPAP)
35. The appraisal must **include a Certification** in accordance with USPAP Standards Rule 2-3. The Certification must be signed and dated by each appraiser contributing to the analysis and valuation of the property. If more than one party signs a Certification, the document must clearly show the differentiating extent to which the appraiser(s) contributed to the analysis and investigation of the property. (USPAP)
36. The appraisal must **include a statement of competency by the appraiser** along with any steps taken that were necessary or appropriate to comply with the Competency Provision. (USPAP)
37. The appraisal must **include the appraiser's qualifications** for proof of competence to complete the appraisal assignment. Provide indication of your state certification or licensing status, as appropriate, professional experience, education, training, continuing professional education, and appropriate affiliations. (BB&T)
38. The appraisal must **include an assumptions and limiting conditions statement**. CLEARLY AND ACCURATELY DISCLOSE ANY EXTRAORDINARY ASSUMPTIONS AND LIMITING CONDITIONS THAT DIRECTLY AFFECT THE APPRAISAL AND IMPACT THE VALUE. (USPAP)

39. **All appraisals must, as a minimum, include the following exhibits:**

- a. Photographs: Subject (front, rear, street scenes), Comparable Improved Sales and Comparable Improved Rentals
- b. Subject Property's Survey (when provided or made available)
- c. Subject Property's Site Plan (when provided or made available)
- d. Subject Property's Floor Plan (when provided or made available): if not, provide a sketch with exterior dimensions
- e. Subject Property's Tax Abstract
- f. Map of City/Regional area locating the subject property
- g. Map of area locating Land sales
- h. Map of area locating Improved Sales
- i. Map of area locating Rent Comparables
- j. BB&T Engagement Letter, signed and dated by the appraiser
- k. BB&T Appraisal Instructions, signed and dated by the appraiser

40. Under certain conditions and for some property types, a **Quick Sale Value** estimate may be requested by the engagement letter in addition to a Market Value estimate. In such cases, the definition of Quick Sale Value shall be as follows: The most probable price which a specified interest in real property is likely to bring when the property must be sold without reasonable market exposure, typically within 90 days.

Requirements for Appraisal Updates:

41. Consistent with USPAP Advisory Opinion AO-3, BB&T accepts appraisal updates under the following conditions:

- a. The update is considered a new assignment and the original appraiser-client relationship has terminated.
- b. The original appraisal is available for comparative review.
- c. The scope of work in the update must be clearly stated.
- d. Discussion of each section of the report noting whether there have been substantive changes, to include but not be limited to, a recalculation, including all exhibits, of values in the original appraisal obtained by all three recognized methods of establishing value. The Income Approach must use actual income and expenses of the subject property.
- e. Current photographs of the subject property.
- f. Updated Assumptions and Limiting Conditions.
- g. Updated Appraisal Certification.

I hereby certify that to the best of my knowledge I have complied and will continue to comply with these instructions in their entirety.

Michael D. Barnett

2/01/2013

OMS-117961

BB&T Approved Appraiser's Signature

Date

Appraisal I.D. Number

Specific performance and reporting requirements for each BB&T appraisal type are described below.

	<i>BB&T APPRAISAL TYPES</i>
Requirement	<i>COMPREHENSIVE</i>
General Performance Requirement: scope of work sufficient to produce credible assignment results.	All applicable approaches.
General Reporting Requirement	Describe significant data and analysis in support of the assignment results. Emphasis is on <u>thorough reporting</u> of the relevant data, analysis, and conclusions.
USPAP Report Type	- Self-Contained Report or Summary Report
Property Tax Data	- Current assessment - Current/forecast taxes - Past due taxes - Tax analysis
Valuation Analysis	- All applicable approaches
Proposed Renovation/Construction	- Feasibility analysis - Analysis of prospective taxes - Cost approach
Land Valuation Documentation	- Description of comparable data - Comparison of data - Analysis/adjustment of data
Cost Approach Documentation	- Cost new analysis - Accrued depreciation analysis - Summary of cost analysis components
Sales Comparison Approach Documentation	- Description of comparable data - Comparison of data - Analysis/adjustment of data
Income Approach Documentation	- Tenant by tenant lease summary - Income and expense history - Market rent comparables - Expense comparables - Support for cap/discount rates - Income and expense forecast
Relevant Exhibits	- Site plans/survey/tax maps - Plans & specifications - Subject photographs - Comparable photographs - Subject and comp maps - Web link references

STANDARDS RULE 2-2 REPORT COMPARISON CHART

The essential difference among the three options is in the use and application of the terms describe, summarize and state. Describe is used to connote a comprehensive level of detail in the presentation of information. Summarize is used to connote a more concise presentation of information. State is used to connote the minimal presentation of information.

a.) Self Contained Appraisal Report	b.) Summary Appraisal Report	c.) Restricted-Use Appraisal Report
i. identify and describe the real estate being appraised	i. identify and provide a summary description of the real estate being appraised	i. identify the real estate being appraised
ii. state the real property interest being appraised	ii. state the real property interest being appraised	ii. state the real property interest being appraised
iii. state the purpose and intended use of the appraisal	iii. state the purpose and intended use of the appraisal	iii. state the purpose and intended use of the appraisal
iv. define the value to be estimated	iv. define the value to be estimated	iv. state and reference a definition of the value to be estimated
v. state the effective date of the appraisal and the date of the report	v. state the effective date of the appraisal and the date of the report	v. state the effective date of the appraisal and the date of the report
vi. state the extent of the process of collecting, confirming and reporting data	vi. summarize the extent of the process of collecting, confirming and reporting data	vi. describe the extent of the process of collecting, confirming and reporting data
vii. state all assumptions and limiting conditions that affect the analysis, opinions, and conclusions	vii. state all assumptions and limiting conditions that affect the analysis, opinions, and conclusions	vii. state all assumption and limiting conditions that affect the analysis, opinions, and conclusion
viii. describe the information considered, the appraisal procedures followed, and the reasoning that supports the analysis, opinions, and conclusions	viii. summarize the information considered, the appraisal procedures followed, and the reasoning that supports the analysis, opinions, and conclusions	viii. state the appraisal procedures followed, state the value conclusion and reference the existence of specific file information in support of the conclusion
ix. describe the appraiser's opinion of the highest and best use of the real estate, when such an opinion is necessary and appropriate	ix. summarize the appraiser's opinion of the highest and best use of the real estate, when such an opinion is necessary and appropriate	ix. state the appraiser's opinion of the highest and best use of the real estate, when such an opinion is necessary and appropriate
x. explain and support the exclusion of any of the usual valuation approaches	x. explain and support the exclusion of any of the usual valuation approaches	x. state the exclusion of any of the usual valuation approaches
xi. describe any additional information that may be appropriate to show compliance with, or clearly identify and explain permitted departures from the specific guidelines of Standard 1	xi. summarize any additional information that may be appropriate to show compliance with, or clearly identify and explain permitted departures from the specific guidelines of Standard 1	xi. contain a prominent use restriction that limits reliance on the report to the client and warns that the report cannot be understood properly without additional information in the workfile of the appraiser, and clearly identify and explain permitted departures from the specific Standard 1
xii. include a signed certification in accordance with Standards Rule 2-3	xii. include a signed certification in accordance with Standards Rule 2-3	xii. include a signed certification in accordance with Standards Rule 2-3

Explanatory Comments have not been included in this chart.

PROFESSIONAL QUALIFICATIONS

MICHAEL D. BARROW, MAI



CURRENT STATUS

Michael D. Barrow is President of:

CVS OF ATLANTA, LLC

Real Estate Appraisers & Consultants
730 Peachtree Street, Suite 650
Atlanta, Georgia 30309
404.665.1900 • FAX 404.665.1909
mbarrow@cvsatlanta.com

PROFESSIONAL DESIGNATION

MAI – Appraisal Institute
Membership No. 11901

LICENSES

Georgia Certified General Real Property Appraiser No. 256304

EDUCATION

Graduate of Auburn University at Montgomery
Bachelor of Science Degree in Business Administration
December 1995

CONTINUING EDUCATION COURSES & SEMINARS

Cool Tools: New Technology for Real Estate Appraisers – August 2007
Marshall & Swift Commercial Cost Training – December 2007
Scope of Work: Expanding Your Range of Services – December 2007
Introduction to GIS Applications for Real Estate Appraisal – December 2007
Valuation of Detrimental Conditions in Real Estate – December 2007
Eminent Domain and Condemnation – December 2007
Feasibility, Market Value, Investment Timing: Option Value – December 2007
Course 420: Business Practices and Ethics – December 2007
Planning for Complex Appraisal Assignments – August 2009
Appraisal Challenges: Declining Markets & Sales Concessions – August 2009
Analyzing Distressed Real Estate – August 2010
Argus Discounted Cash Flow Valuation – December 2010
State of Atlanta: A Decade of Extremes – September 2011
Meet the Challenges of the Changing Real Estate Appraisal Profession – October 2011
7-Hour National USPAP Update Course – December 2011

HISTORICAL DATA

Michael D. Barrow, MAI is President and serves as the Managing Director of CVS Atlanta. He graduated from Auburn University at Montgomery with a Bachelor of Science Degree in Business Administration. With over 23 years of commercial real property valuation experience, Michael entered the appraisal field with Wright & Associates in Montgomery, Alabama in 1988. In 1995, he relocated to Birmingham and joined Commercial Valuation Services, Inc. as a senior real estate analyst. After being awarded the prestigious MAI designation by the Appraisal Institute in 2002, Michael opened the first satellite office of CVS in Atlanta, Georgia. Michael is currently affiliated with the Atlanta Chapter of the Appraisal Institute and has educational certification as a State Certified General Real Property Appraiser in the State of Georgia.

CONTINUING EDUCATION CURRENT

The Appraisal Institute conducts a mandatory program for its designated members. MAIs and SRAs who meet the minimum standards of this program are awarded periodic educational certification. Michael D. Barrow, MAI is currently certified under this program.

PROFESSIONAL QUALIFICATIONS

RICHARD J. LYNOTT, IV, MAI



CURRENT STATUS

Richard J. Lynott, IV is an associate of:

CVS OF ATLANTA, LLC

Real Estate Appraisers & Consultants
730 Peachtree Street, Suite 650
Atlanta, Georgia 30309
404.665.1900 • FAX 404.665.1909
rlynott@cvsatlanta.com

PROFESSIONAL DESIGNATION

MAI – Appraisal Institute
Membership No. 502421

LICENSES AND CERTIFICATIONS

Georgia Certified General Real Property Appraiser No. 307245
Georgia Licensed Real Estate Salesperson No. 330428
ARGUS Software Certified, ASC Valuation - DCF

EDUCATION

Current Student at Emory University, Goizueta Business School
Master of Business Administration
Real Estate Finance Concentration
Expected Graduation: December 2013

Graduate of the University of Georgia
Bachelor of Science
Consumer Economics
May 2003

PROFESSIONAL EDUCATION

Appraising Real Property
15-Hour USPAP Course
Residential Appraisal Report Writing and Case Studies
General Appraiser Income Approach, Part 1
General Appraiser Income Approach, Part 2
General Appraiser Market Analysis, Highest and Best Use
General Appraiser Sales Comparison Approach
General Appraiser Site Valuation and Cost Approach
Real Estate Finance, Statistics, and Valuation Modeling
Business Practices and Ethics
Advanced Sales Comparison and Cost Approaches
Report Writing and Valuation Analysis
General Appraiser Report Writing and Case Studies
Advanced Income Capitalization
Advanced Applications
Evaluating Commercial Construction
General Demonstration Report Writing Seminar
Small Hotel/Motel Valuation
Appraising Convenience Stores
7-Hour USPAP Equivalent

EMPLOYMENT HISTORY

Mr. Lynott is a graduate of the University of Georgia with a Bachelor of Science degree and is currently pursuing a Master of Business Administration degree at Emory University's Goizueta Business School. With over six years of commercial real property valuation experience, Rich has worked for Ronald S. Foster and Company, Inc. and Metro Appraisals, Inc.

**STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD**

MICHAEL DAVID BARROW

256304

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

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

CHARLES B. BRAMLETT
Chairperson

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

SANDRA MCALISTER WINTER
Vice Chairperson

37201502

MICHAEL DAVID BARROW

256304
Status ACTIVE

ORIGINALLY LICENSED

10/29/2002

END OF RENEWAL
07/31/2013

CERTIFIED GENERAL REAL PROPERTY
APPRAISER

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

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



WILLIAM L. ROGERS, JR.
Real Estate Commissioner

37201502

COMMERCIAL VALUATION SERVICES, INC.

CORPORATE PROFILE

OVERVIEW

Commercial Valuation Services is an independent real property appraisal and consulting firm located in the Southeastern United States. CVS provides services to public and private sector clients including lenders, investors, developers, governmental agencies, attorneys, corporations, and various other professionals engaged in valuation concerns involving real property.

Founded by H. Kenneth Holcomb, MAI and O. Lonnie Tidwell, MAI, SRA, CRE, in 1991, Commercial Valuation Services, Inc. is based in Birmingham, Alabama. CVS has built a solid reputation of meeting the needs of our clients through the core services of our organization, and are recognized as industry leaders in our respective regions.

In 2002, the first satellite office of Commercial Valuation Services, Inc. was launched in Atlanta, Georgia. Michael D. Barrow, MAI is President and serves as the Managing Director of CVS Atlanta. With double digit annual revenue growth since its inception, this office continues to develop an outstanding reputation in the Atlanta market.

In 2006, H. Kenneth Holcomb became President of Commercial Valuation Services, Inc. Although no longer a principal of the firm, O. Lonnie Tidwell remains active in the commercial real estate field and retains a position in the Birmingham office as a consultant.

CVS BIRMINGHAM

President – H. Kenneth Holcomb, MAI

H. Kenneth Holcomb is Vice President of Commercial Valuation Services, Inc. He graduated from Birmingham-Southern College with a Bachelor of Arts Degree in Business Administration. Mr. Holcomb entered the appraisal field with Pugh Realty Company, Birmingham, Alabama. He joined the firm of Hearn Company as an appraiser and analyst in September, 1983. Mr. Holcomb became associated with Tidwell Associates in September, 1990, and has been a principal of Commercial Valuation Services, Inc. since October, 1991. He holds an inactive real estate broker license with the State of Alabama. Mr. Holcomb has appeared as an expert witness in Alabama Circuit Court, Federal Bankruptcy Court, and has served as a commissioner for the Jefferson County Probate Court.

CVS Birmingham specializes in the valuation of commercial and investment grade real property. Although our primary market encompasses Metro Birmingham, our secondary territory extends throughout the State of Alabama, and in certain instances throughout the Southeastern United States. Specific property types for valuation assignments include, but are not limited to, dental and physician clinics, hospitals, outpatient clinics, surgical centers, nursing homes, single-tenant office buildings, Class "A" high-rises, convenience stores, big-box retail stores, community shopping centers, regional shopping malls, hotels, restaurants, heavy and light manufacturing facilities, distribution centers, office/warehouses, apartments, condominiums, townhome developments, senior living facilities, churches, bowling alleys, recreation centers, movie theatres, skate centers, golf courses, subdivisions, redevelopment and infill projects, and undeveloped acreage.

CVS ATLANTA

President/Managing Director – Michael D. Barrow, MAI

Michael D. Barrow, MAI is President and serves as the Managing Director of CVS Atlanta. He graduated from Auburn University at Montgomery with a Bachelor of Science Degree in Business Administration. With over 19 years of commercial real property valuation experience, Michael entered the appraisal field with Wright & Associates in Montgomery, Alabama in 1988. In 1995, he relocated to Birmingham and joined Commercial Valuation Services, Inc. as a senior real estate analyst. After being awarded the prestigious MAI designation by the Appraisal Institute in 2002, Michael opened the first satellite office of CVS in Atlanta, Georgia. Michael is currently affiliated with the Atlanta Chapter of the Appraisal Institute and has educational certification as a State Certified General Real Property Appraiser in Georgia.

CVS Atlanta specializes in the valuation of commercial and investment grade real property. Although our primary market encompasses Metro Atlanta, our secondary territory extends throughout the State of Georgia. Specific property types for valuation assignments include, but are not limited to, dental and physician clinics, single-tenant office buildings, Class "A" high-rises, flex office parks, big-box retail stores, community shopping centers, regional shopping malls, hotels, restaurants, heavy and light manufacturing facilities, distribution centers, office/warehouses, churches, apartments, condominiums, townhome developments, mixed-use developments, subdivisions, redevelopment and infill projects, and undeveloped acreage.