

PROPERTY CONDITION ASSESSMENT

Virginia College
8150 Warren H. Abernathy Highway
Spartanburg, Spartanburg County, South Carolina

Prepared for:

CMS Companies
Wynnewood, Pennsylvania

Prepared by:

Blackstone Consulting LLC
Project No. CMSXPA016.02

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EXECUTIVE SUMMARY

At the request of CMS Companies, a Property Condition Assessment (PCA) was performed by Blackstone Consulting LLC (Blackstone) on the Virginia College property located at 8150 Warren H. Abernathy Highway in Spartanburg, Spartanburg County, South Carolina. The PCA was performed in general conformance with ASTM E2018 and with general industry standards.

General Description

The site is referred to as Virginia College, a continuing education facility located in Spartanburg, Spartanburg County, South Carolina. As part of this assessment, a site visit was conducted on December 8, 2010.

The subject consists of an approximately 6.74-acre irregular-shaped parcel of land improved with a single-story building providing a total rentable area of approximately 50,096 square feet of space (Spartanburg County Assessor) that is currently undergoing build-out activities and will be occupied by a single tenant (Virginia College). The northwest portion of the building also contains approximately 3,000 square feet of unfinished vacant tenant space. According to the Spartanburg County Assessor, the building was constructed in 1997, was previously occupied by “Grand Home Furnishing” or “Four Day Furniture” prior to 2008, and was vacant prior to the current tenant build-out and occupancy in 2010.

The site is located in an unincorporated area of Spartanburg, Spartanburg County, South Carolina, within an area consisting of mixed-use residential and commercial development. Specifically, the site is located north of Warren H. Abernathy Highway (Route 29) and the developed area has a moderate slope towards the west.

The building foundation systems are presumed to consist of continuous concrete spread footings at perimeter wall locations and isolated reinforced concrete spot foundations at point loads (column locations). The building contains a reinforced concrete slab on grade. The building is constructed of a combination of load bearing concrete masonry unit (CMU) walls and structural steel framing and has a steel framed flat roof with corrugated metal sheathing, and interior steel support columns. The exterior façades contains painted CMU, painted standing seam metal panels and an exterior insulation and finish system (EIFS). Flat building roof coverings consist of a single-ply thermoplastic polyolefin (TPO) membrane. Steel framed parapet walls at the south elevation (front façade) roof perimeters

rise above the flat roof decks and are covered with TPO membrane and have metal coping for wall protection.

The site contains asphalt paved drive aisles and open parking areas. According to physical count, the site contains a total of 305 open parking stalls including eight disabled parking spaces.

The building is heated and cooled via sixteen Trane brand roof mounted packaged HVAC systems that vary in size from 10 - 12 ton capacities. Domestic hot water is provided via a 55-gallon gas-fired heater located in a central mechanical closet for the restrooms and lounge areas, and an individual 80-gallon gas-fired water heater for the Cosmetology/Salon area.

Mr. Darby Nafziger of Blackstone performed the assessment of the site and building improvements, which included the grounds in general, interior areas, mechanical spaces and accessible building roof areas. Mr. Nic Cornelison, Superintendent with P&C Construction (developer), provided access to the site and building interior.

General Physical Condition

The site is in overall good condition for a facility of this type and age. For the purposes of this assessment, we have used an effective age of 13-years for the building shell and foundations; however, the interiors, roofs, HVAC equipment and many other systems associated with the tenant build-out are in new condition. Adequate maintenance of the property's major systems, components and equipment mostly appear to be in place. Outside contractors perform major repair work (if / when needed), pest control and landscaping. It is our opinion that the subject property is comparable to properties of similar age in this area and, subject to a sustained maintenance program, the remaining useful life of the property should exceed 37-years.

Recent Capital Improvements

In 2009-2010, the current tenant build-out was performed including the following capital improvements: complete demolition of the previously existing interior improvements; current classroom, restroom, a lounge/break areas, and a Cosmetology/Salon areas were constructed within the building included installation of new flooring, ceilings, and interior walls; installation of plumbing and water heaters; installation of new electrical service and branch wiring; installation of fire protection systems; installation of roof coverings; installation of new HVAC and air handling units, ductwork and controls; installation of storefront windows and service doors; and painting of the exterior. Site improvements

included elimination of the preexisting stormwater retention area on the northern portion of the site and creation of the current retention area on the western portion; landscaping; new exterior deck/lounge area; signage; concrete pedestrian walkways; installation of the northern parking area (188 parking stalls); and limited patch and repair of asphalt pavement and sealcoating and striping of all of the parking areas.

Opinions of Probable Costs

The following outlines both the immediate repair and replacement reserve cost estimates for the subject property:

Immediate Repairs Cost Projections	\$ 0
Total Replacement Reserve (uninflated)	\$ 52,947
Total Replacement Reserve (inflated)	\$ 62,284
Average Annual Cost Per SF (uninflated)	\$ 0.09
Average Annual Cost Per SF (inflated)	\$ 0.10

Recommendations

Deferred maintenance items and physical deficiencies that require immediate repair and/or replacement were identified. A summary of the repairs or replacements is provided below. Specific immediate repairs/replacements are discussed in the text of this report and included in Table 1 – Immediate Repair/Replacement Needs provided in Appendix A. All dollar values provided in this report should be considered general engineering opinions of cost only and are made on the basis of Blackstone's experience and general industry construction unit costs. More detailed estimates should be obtained to prepare actual construction budgets. Blackstone observed the following items requiring immediate attention:

- **“Punchlist” Items:** According to Mr. Nic Cornelison, Superintendent with P&C Construction, there are several "punchlist" items that will be completed prior to the occupancy of the building by Virginia College on December 20, 2010. The items to be completed included the following: final touch-up painting; limited landscaping; installation of roof coping on the front facade; installation of the remaining ceiling tile; and restriping and sealcoating of limited areas of the asphalt pavement. Blackstone observed the ongoing completion of these work tasks by several subcontractors during the site visit, and the quality of work appeared to be adequate and acceptable. Based on the presumed date of completion and ongoing status, we

have not included any costs for these work tasks. However, verification of completion should be provided to CMS as a condition of this transaction.

Additional Recommendations / Surveys

No additional surveys are recommended as part of this report.

Deviations From Guide (ASTM E 2018)

The Probable Cost Threshold has been reduced to an aggregate cost of \$2,000 to allow for a more comprehensive assessment. Code and life safety items will be identified without regard to this cost threshold.

Additional Scope Considerations (ASTM E 2018)

- Preparation of a Capital Replacement Reserve Analysis
- Limited American's with Disability Act Review
- Determination of FEMA Flood Plain Zone
- Determination of geographic Uniform Building Code Seismic Zone

Other

It should be noted that this executive summary is only intended to represent a brief summary of our findings and is not a detailed account of all the information provided in this report. The report should be reviewed in its entirety prior to drawing any final conclusions as to the physical needs associated with the site.

1.0 INTRODUCTION

1.1 PURPOSE

At the request of CMS Companies, a Property Condition Assessment (PCA) was performed by Blackstone Consulting LLC (Blackstone) on the Virginia College property located at 8150 Warren H. Abernathy Highway in Spartanburg, Spartanburg County, South Carolina. The purpose of this PCA was to observe and document readily visible material and building system defects that might significantly affect the value of the property, and determine if conditions exist which may have a significant impact on the continued operation of the facility during the evaluation period. This is not an intrusive survey. This report is intended to provide our client with information regarding the physical condition of the property and related maintenance issues over a twelve-year evaluation period.

1.2 SCOPE

The scope of this PCA was performed in general conformance with ASTM E2018 and with general industry standards. Our opinions are based on the results of our walk through visual survey of the improvements on the property and on interviews/information obtained from the following people/agencies:

- Mr. Nic Cornelison, Superintendent with P&C Construction
- Mr. Mike Padgett, Director of the Spartanburg County Building and Fire Code Division
- Ms. Laurie Horton, Spartanburg County Planning Department
- Spartanburg County Assessor's Office

During our site walk-through, our field observer surveyed the general physical condition of the subject property, observed material systems and components, and identified material physical deficiencies observed by our visual survey or reported in our interviews. Testing, or preparing calculations of any system or component to determine adequacy, capacity, or compliance with any standard is outside the scope of this report. Although requested, no previous reports were provided to us for review.

We have assumed the accuracy of all information provided from the above sources. Blackstone did not undertake an independent investigation to confirm the accuracy of

information given to us. Due to limitations of the survey and the investigation process, and the necessary use of unverified data furnished by others, users of this report are cautioned that Blackstone cannot assume liability if actual conditions vary from the information contained herein.

1.3 EVALUATION DEFINITIONS

The following terms are used throughout the report and are defined as follows:

Excellent: New or like New

Good: Average to above-average condition for the building system or material assessed, with consideration of its age, design, and geographical location. Generally, other than normal maintenance, no work is recommended or required.

Fair: Average condition for the building system evaluated. Satisfactory, however some short term and/or immediate attention is required or recommended, primarily due to the normal aging and wear of the building system, to return the system to a good condition.

Poor: Below average condition for the building system evaluated. Requires immediate repair, significant work or replacement anticipated to return the building system or material to an acceptable condition.

Unless stated otherwise in this report, the systems reviewed are considered to be in good condition and their performance appears to be satisfactory.

1.4 DOCUMENTS REVIEWED

- Limited architectural drawings

2.0 SYSTEM DESCRIPTION AND OBSERVATIONS

2.1 SITE OVERVIEW

The site is referred to as Virginia College, a continuing education facility located in Spartanburg, Spartanburg County, South Carolina. As part of this assessment, a site visit was conducted on December 8, 2010.

The subject consists of an approximately 6.74-acre irregular-shaped parcel of land improved with a single-story building providing a total rentable area of approximately 50,096 square feet of space (Spartanburg County Assessor) that is currently undergoing build-out activities and will be occupied by a single tenant (Virginia College). The northwest portion of the building also contains approximately 3,000 square feet of unfinished vacant tenant space. According to the Spartanburg County Assessor, the building was constructed in 1997, was previously occupied by "Grand Home Furnishing" or "Four Day Furniture" prior to 2008, and was vacant prior to the current tenant build-out and occupancy in 2010.

The site is located in an unincorporated area of Spartanburg, Spartanburg County, South Carolina, within an area consisting of mixed-use residential and commercial development. Specifically, the site is located north of Warren H. Abernathy Highway (Route 29) and the developed area has a moderate slope towards the west.

The building foundation systems are presumed to consist of continuous concrete spread footings at perimeter wall locations and isolated reinforced concrete spot foundations at point loads (column locations). The building contains a reinforced concrete slab on grade. The building is constructed of a combination of load bearing concrete masonry unit (CMU) walls and structural steel framing and has a steel framed flat roof with corrugated metal sheathing, and interior steel support columns. The exterior façades contains painted CMU, painted standing seam metal panels and an exterior insulation and finish system (EIFS). Flat building roof coverings consist of a single-ply thermoplastic polyolefin (TPO) membrane. Steel framed parapet walls at the south elevation (front façade) roof perimeters rise above the flat roof decks and are covered with TPO membrane and have metal coping for wall protection.

The site contains asphalt paved drive aisles and open parking areas. According to physical count, the site contains a total of 305 open parking stalls including eight disabled parking spaces.

The building is heated and cooled via sixteen Trane brand roof mounted packaged HVAC systems that vary in size from 10 – 12 ton capacities. Domestic hot water is provided via a 55-gallon gas-fired heater located in a central mechanical closet for the restrooms and lounge areas, and an individual 80-gallon gas-fired water heater for the Cosmetology/Salon area.

Photographs taken at the time of the site visit are provided in Appendix B. Supporting documentation obtained during the completion of this PCA is reproduced in Appendix C.

2.2 SITE SYSTEMS

Topography / Surroundings

Description: The subject property is located in an unincorporated area of Spartanburg, Spartanburg County, South Carolina, within an area consisting of mixed-use residential and commercial development. Specifically, the site is located north of Warren H. Abernathy Highway and the developed area has a moderate slope towards the west.

The site is directly bounded on the north by single-family residences; to the east by Ingles grocery store and gas station; to the south by Warren H. Abernathy Highway with Westview Plaza shopping center, Waffle House, IHOP, Pizza Inn, Top Trim Salon, Sahara Grill and a vacant lot beyond; and to the west by Shogun Restaurant and a vacant residence used by Shogun for storage. The property is irregular in shape and reportedly encompasses 6.74-acres of land.

Observations/Comments: The site is located in a mixed use area of residential, commercial and retail development. The current developed property topography and adjacent property uses did not appear to pose a negative impact to the site. However, the east adjoining property was previously developed with a dry cleaning facility that may have negatively impacted groundwater at the site and this facility is discussed in detail in Blackstone's Phase I Environmental Assessment report for the subject property provided to CMS under separate cover.

Storm Drainage

Description: Surface storm water drainage is directed by site contours to onsite storm drain inlet structures located within paved areas or in the landscaped areas. The subsurface storm water system contains inlet structures, which discharge into the stormwater collection area located on the western portion of the site. The stormwater retention area reportedly has overflow discharge into the municipal stormwater collection system.

Observations/Comments: Within the boundary, the site has a slight slope towards the west with a significant slope to the west at the stormwater retention area. The storm water system appeared to provide adequate drainage for the site. No areas of erosion or flooding were observed at the site. No storm water drainage problems were noted during the site assessment or reported by the site contact.

Please see Section 3.0 for flood zone information.

Access and Egress

Description: The property is accessed via two asphalt paved two-way access drive entrances off of Warren H. Abernathy Highway to the south. Parking areas are located along the northern, eastern and southern portions of the site. A service drive is located along the eastern, western and northern elevations of the building.

Observations/Comments: Access and egress at the subject appear to be satisfactory. No remedial measures or replacement reserves are recommended.

Paving, Curbing and Flatwork

Description: The access drives, service drive and main parking areas consist of asphaltic concrete (asphalt) pavement, and the parking areas are equipped with reinforced concrete curbing. According to physical count, the site contains a total of 305 open parking stalls including eight disabled parking spaces.

Concrete pedestrian sidewalks are located at the building's entrances and decorative pavers are located at the exterior lounge area.

Observations/Comments: Blackstone observed that the northern asphalt pavement was recently installed to create the north parking areas. The remaining asphalt pavement was

observed to have isolated areas of patches, repairs, sealcoating and striping that were noted to be in overall fair to good condition. Mr. Cornelison stated that the repairs, sealcoat and striping were recently performed in 2010; however, isolated areas remain to be completed due to construction staging. The remaining work is scheduled to be completed on December 17, 2010; therefore no costs have been included as part of this report.

In order to extend useful life, we recommend that a licensed contractor survey all asphalt pavement during the evaluation period and perform minor repairs as needed, seal all cracks, apply a sealcoat and restripe the parking stalls, and estimated costs for this work have been included in Table 2 - Capital Replacement Reserve Analysis (Table 2) provided in Appendix A.

The concrete sidewalks and curb areas were observed to be in generally good condition. The pedestrian pavement and concrete flatwork should be maintained as part of routine maintenance activities during the term.

Landscaping and Appurtenances

Description: The landscaping at the site consists of limited trees and grass, and landscaped areas along the building perimeters. There is an automatic irrigation system present at the subject property. The dumpster enclosure is constructed with wood fencing set atop a concrete slab.

Observations/Comments: The landscaping is minimal and some areas appeared to be recently planted with isolated areas of trees and sod to be completed. Mr. Cornelison stated that the landscaping is ongoing and is scheduled to be completed within the week and is included with the “punchlist” items recommendation.

The landscaping and irrigation systems should be maintained as part of routine maintenance activities during the evaluation period.

Site Lighting

Description: The exterior of the property is primarily lit with pole mounted light fixtures located at the main parking and drive areas. The pole mounted light fixtures consist of square metal poles approximately 30-feet in height and mounted on cylindrical reinforced concrete foundations. In addition, there are building mounted HID-type light fixtures

located at all building elevations and recessed light fixtures at the main entrance soffit. The fixtures are reportedly controlled via electric photocells and timers.

Observations/Comments: Overall, the pole and building mounted fixtures appeared to be in good condition and should be maintained as part of routine maintenance during the evaluation period. Blackstone did not visit the site at night to evaluate the effectiveness of the light systems. However, it is our opinion that the quantity and spacing of the light fixtures appeared to be adequate.

Property Signage

Description: The building tenant is identified via illuminated building mounted signs located on the south building elevation. Additionally, a large illuminated metal post sign is located along Warren H. Abernathy Highway identifying the building tenant.

Observations/Comments: The limited property signage appeared to be in generally good condition and has average visibility. The property signage should be maintained as routine maintenance during the evaluation period.

Utilities

Description: The following companies provide utility services:

- Water/Sewer – Spartanburg County
- Electrical – Duke Energy
- Natural Gas – Piedmont Natural Gas Company
- Solid Waste Removal – not reported (tenant choice and responsibility)

Observations/Comments: Utility service appears to be adequate. No corrective measures regarding the basic utility services are recommended.

Service Contractors

Description: The following companies provide contract services:

- Landscaping – Not reported
- Roofing – Not reported
- Plumbing – Not reported
- Electrical – Not reported
- HVAC – Not reported

Observations/Comments: The property is new construction and service contractors are not needed at this time.

2.3 ARCHITECTURAL (BUILDING FRAME AND ENVELOPE)

Substructure - Foundation and Building Slabs

Description: No structural construction plans and/or specifications were available or provided for review. The building appears to contain a combination of foundation systems including continuous concrete spread footings at perimeter and bearing wall locations, and isolated reinforced concrete spot foundations at point load (column) locations. The building contains a reinforced concrete slab on grade.

Observations/Comments: The foundation systems could only be observed at limited areas while on-site. We did not note any evidence of improperly installed foundation systems or any obvious signs of significant distress in the building's exterior walls. No replacement reserves are recommended for the foundation systems.

Superstructure / Frame

Description: The superstructure systems consist of a combination of structural steel frame construction and concrete masonry unit (CMU) and light gauge steel framed walls. The flat roof framing systems are steel framed with steel beams and joists supported by interior steel columns and CMU perimeter walls (presumed). The flat roof structures are sheathed with corrugated metal roof decking. See below for roof covering discussions.

Observations/Comments: The superstructure and framing were visible on a limited basis. No evidence of instability or movement was observed or reported. Routine maintenance is recommended during the term. It should be noted that no evidence of problematic fire treated sheathing was observed in the limited areas surveyed.

Exterior Walls/Finish

Description: The exterior building walls consist predominately of painted CMU, painted standing metal seam panels and painted EIFS located on the south elevation. Additionally, the exterior contains storefront type entries and access doors (discussed in the Doors and Windows section provided below).

Observations/Comments: The exterior walls appeared to be in overall good condition, and no areas of damage or deterioration were observed that would require immediate repair. Periodic power washing, painting and repairs associated with the facade are recommended during the evaluation period and replacement reserves for this work are included in Table 2.

Roofing

Description: The building's main roof framing system is classified as flat and is constructed with steel beams and joists supported by interior steel columns and CMU walls, and sheathed with corrugated metal decking. Flat roof coverings consist of a single-ply TPO membrane. Parapet walls at the south elevation roof perimeters rise above the flat roof decks and are covered with TPO membrane and have metal coping for wall protection. Roof drainage consists of gutters and downspouts along the north elevation that discharge at grade.

Observations/Comments: The building roof system and roof covering were installed in 2010 and appeared to be in good condition. Based on the estimated useful life (EUL) of this type of roof system (approximately 20-years with proper maintenance), we do not anticipate any replacements during the evaluation period providing proper maintenance is performed. Management should periodically inspect and repair the roof systems (including flashing systems) as part of general routine maintenance during the term. Transfer of the roof warranty to CMS Companies should also be performed as a condition of this transaction.

The parapet walls and roof drainage system components also appeared to be in good condition and should only require routine maintenance during the evaluation period.

Doors and Windows

Description: The building's main entry area consists of insulated glass storefront systems set in extruded aluminum frames with an anodized coated finish. The main entry doors are swinging sets with full panel glass doors. Interior doors were typically solid core wood doors set in metal frames (classroom interior doors also contain vision glass). Exterior service doors were observed to be hollow core metal doors set in metal frames and have panic hardware for security/egress purposes.

Windows are fixed pane storefront type units comprised of double-pane windows set in aluminum frames.

Observations/Comments: The building entry storefront systems and windows were observed to be in good condition. Blackstone recommends routine inspection of the glazing and gasket systems with repairs as needed during the evaluation period as part of routine maintenance. The interior and service doors also appeared to be in good condition and should only require routine maintenance during the term.

Stairways

Description: The exterior deck area is equipped with concrete stairs and a disabled access ramp with metal handrails.

Observations/Comments: The stairway and ramp appeared to be overall good condition. No areas of concern were identified with regards to the stairway or ramp that would require immediate repair or evaluation period replacement. Periodic inspection and repairs should be performed as part of management's routine maintenance program.

Interior Finishes

Description: The interior of the buildings consists of typical classrooms, offices, reception area, restrooms, kitchen, utility and storage areas. Typical finishes consist of carpet in the offices and classrooms, with vinyl flooring in the restrooms, kitchen/lounge areas, corridors and Cosmetology/Salon area. A limited amount of ceramic tile is located in the main entrance foyer. Walls consist of painted drywall and ceilings are finished with lay-in acoustic ceiling tiles. Additionally, the site contains a kitchen area that includes a residential grade refrigerator and freezer, and has laminated wood cabinets and a stainless steel sink.

Observations/Comments: Overall, the interior finishes were observed to be in generally good condition. All interior finishes and appliances are reported to be the responsibility of the tenant; therefore, no replacement reserves are included or required for the interior finishes.

2.4 PLUMBING SYSTEMS

Water and Sanitary Sewer Piping

Description: The plumbing systems include the hot and cold water supply and sanitary waste and vent piping. The site water supply and distribution lines were observed and reported to be copper pipe. The sanitary waste and vent lines within the building were observed to be PVC.

Observations/Comments: The plumbing systems appeared to be new installation and are reported to be in good working condition. No replacement reserves are recommended for the plumbing systems.

Domestic Hot Water Equipment

Description: Domestic hot water is provided via a 55-gallon HTP brand gas-fired water heater located in an interior mechanical closet for the restrooms, lounge areas and janitor's closet. A separate Phoenix brand 80-gallon gas-fired water heater is located in the Cosmetology/Salon areas utility closet.

Observations/Comments: The water heaters are in new condition and should be maintained as part of routine maintenance activities during the term. No replacement reserves have been included as part of this report (reported to be the tenant's responsibility).

2.5 MECHANICAL/HEATING, VENTILATION & AIR CONDITIONING

Heating and Air Conditioning

Description: Heating and cooling at the building is supplied by sixteen (16) Trane brand roof mounted package HVAC units that were installed in 2010, and vary in size from 10 to 12-ton capacities.

Observations/Comments: The heating and cooling equipment observed appeared to be in good operational condition. According to the site contact, the tenant (Virginia College) is responsible for the maintenance and replacement of the HVAC equipment during the duration of the lease. In the event of an unplanned vacancy (not anticipated), since the units are new no replacements are anticipated during the evaluation period providing proper maintenance is performed.

2.6 ELECTRICAL

Metering, Switchgear, Wiring and Subpanels

Description: The building has 277/480-volt, three phase, 4-wire electrical service that utilizes several 15-KW step-down transformers for 120/208-volt distribution service within the building. The main electrical service size for the building was observed to be 1,200-amps. Subpanels for distribution and lighting were located in throughout the building and most were rated at 225-amps each.

Observations/Comments: The electrical power systems appeared to be adequate based on the building's use. The switchgear, subpanels and electrical meters observed appeared to be in good operational condition. No electrical problems were noted during our site assessment or reported by management.

2.7 FIRE PROTECTION AND LIFE SAFETY SYSTEMS

Fire Protection/Suppression and Alarm Systems

Description: The building contains a central fire alarm control panel system with hard-wired equipment that includes smoke and heat detection, pull stations, strobes and audible alarms. Additionally, the building is fully sprinklered with a wet pipe automatic fire sprinkler system (AFSS). The fire sprinkler riser contains flow and tamper switches, and the system includes standard fire department hose connections.

Additional fire suppression/protection is provided by hand-held fire extinguishers, and illuminated exit signs and emergency light packs were observed throughout the corridors and entrances.

Observations/Comments: The fire protection system components observed appeared and were reported to be in good condition and recently installed. The AFSS systems were inspected by Century Fire Protection Palmetto in December 2010, the alarm system was in the process of a final inspection by Simplex Grinnell during the site survey, and the fire extinguishers were installed by Carolina Fire Services in October 2010. Typically, the annual inspection of these systems is a tenant responsibility and should be performed as tenant responsibility or as routine maintenance during the evaluation period.

2.8 VERTICAL TRANSPORTATION (ELEVATORS AND ESCALATORS)

There are no elevators or escalators at the site.

2.9 OTHER STRUCTURES

There are no additional structures at the site.

3.0 REGULATORY COMPLIANCE AND OTHER CONSIDERATIONS

Building and Fire Code Departments

According to Mr. Mike Padgett with the Spartanburg County Building and Fire Code Division, the final inspection of the subject property was performed on December 6, 2010 and no outstanding code violations or deficiencies were identified. Certificates of Occupancy should be provided to CMS as a condition of this transaction

Zoning

According to Ms. Laurie Horton, Spartanburg County Community Development Division, Spartanburg County utilizes an "Urban Land Management Ordinance" (ULMO) that does not have traditional zoning districts. The properties are evaluated for "Performance Zoning" that evaluates each parcel separately for certain development standards based on usage, surrounding property usage, road access, etc... Ms. Horton stated that the subject property was issued a Certificate of Occupancy on December 7, 2010 and the usage of the property as Virginia College is meets the requirements of the ULMO.

Flood Zone

Based on review of the Flood Insurance Rate Map No. 4501760088B, dated August 1, 1984, the site is located in Zone C. This zone is defined as "areas determined to be outside the 100- and 500-year floodplains".

Seismic Zone

The Uniform Building Code Seismic Zone designations apply to the design of new construction and/or represent a minimum building standard. The zones range from 0 (lowest risk) to 4 (highest risk). The subject property is located in Seismic Zone 2A.

ADA Compliance

In regards to ADA compliance, the scope of this report is generally limited to a general overview of the site's improved common public areas (of improvements considered to be "Public Accommodations") based upon the requirements of Title III of the Americans with Disability Act (ADA). Per Title III, disabled persons are to be provided accommodations and access equal to, or similar to, that available to the general public and requires that

architectural and communication barriers in existing public accommodations be removed if they are “readily achievable” and are not an “undue burden”. Most states and local municipalities have adopted accessibility requirements that, in some cases, may be more stringent than the ADA. The review of the Property for compliance with state and local accessibility requirements is beyond the scope of this report.

Any “place of public accommodation”, which is designed and constructed for first occupancy after January 26, 1992 is required to be compliant with ADA requirements. The purpose of this section is to identify certain obvious items that do not appear to be in general conformance with the Title III requirements; without inferring that correction of the reported items will bring the property into total compliance with the ADA. While opinions of cost to correct or remove noted barriers may be provided herein, they do not constitute an opinion that elimination of the barriers is “readily achievable” and not an “undue burden” as defined by the ADA. The property owner must determine this issue. The ADA is not intended to affect the contractual responsibilities existing in lease agreements between owners and tenants.

According to the Americans with Disabilities Act (ADA), the subject is considered a new place of public accommodation (2009-2010 tenant build-out), and subject to the requirements for new construction and alterations, Subpart D, Chapters 36.401-36.407. Our survey of the subject did not constitute an American with Disabilities Act (ADA) audit; however, the property appears to generally conform to those requirements. Moreover, we have assumed that the property was built in compliance with ADA Accessibility Guidelines in effect at the time of construction.

Background

The American with Disabilities Act (ADA) provides comprehensive civil rights protections for “individuals with disabilities”. The ADA is Federal Civil Rights Legislation; it is not a building code. Title III of the ADA prohibits discrimination on the basis of disability by private entities in places of public accommodation and requires that places of public accommodation and commercial facilities be designed, constructed and/or altered so as to be readily accessible to and usable by persons with disabilities. A place of public accommodation is a privately operated facility in which the operation affects commerce and falls within one or more of the following twelve categories: places of lodging, exhibition or entertainment, education, public gathering, recreation and parks, public display of collection; or establishments of service, sales or rental, serving food or drink, recreation exercise, social service center, specific public transportation stations. Commercial

facilities include nonresidential facilities, such as office buildings (some), factories, and warehouses, whose operations affect commerce.

While the American with Disabilities Act is not a building code, there do exist building codes, both current and past, which include barrier free and handicapped access requirements. These requirements may or may not coincide with the precise ADA Accessibility Guidelines (ADAAG). There may be cases where disabled access modifications were provided according to standards others than ADAAG that enable disabled access but do not necessarily provide compliance with the ADA.

4.0 CONCLUSIONS / OPINIONS OF PROBABLE COSTS

General

It is apparent from our site survey, interviews with management personnel, the review of available documents, and our visual assessment that the site is in good condition and the majority of systems are new construction.

Deferred Maintenance and Physical Deficiencies

The estimated cost of deferred maintenance and other items requiring immediate repairs or attention are detailed in Table 1.

Replacement Reserve Analysis

Components or systems, which require replacement reserves during the evaluation period, are summarized with cost estimates in the included schedule entitled Capital Replacement and Reserve Analysis - Table 2. The replacement reserve analysis has been projected for an evaluation period of 12-years.

5.0 REPORT RELIANCE, QUALIFICATIONS AND LIMITATIONS

This report is prepared solely for the use and benefit of CMS Companies and their affiliates, attorneys, lenders, investors and each of their assigns in accordance with ASTM E2018 and with general industry standards.

No other party may rely on this report for any other purpose. Our professional services have been performed, our findings obtained and our recommendations prepared in accordance with customary principles and practices. This PCA was prepared as a Lender's Scope of Work (not Acquisition Scope). This warranty is in lieu of all other warranties either express or implied. The attached report is intended to be read in its entirety.

Blackstone bears no control over the cost of labor, materials, equipment or services furnished by others, over contractors' methods of determining prices, or over competitive bidding and market conditions. Opinions of probable construction costs provided herein reflect adjusted industry averages and are made on the basis of Blackstone's experience and qualifications, which represent the reasonable judgment of experienced and qualified architects, engineers and contractors familiar with the construction industry. Blackstone cannot and does not guarantee that proposals, bids or construction costs will not vary from opinions of probable costs prepared by same.

Our survey and this report pertain only to the current physical conditions of the premises and existing improvements, and relate only to those areas readily accessible and available for visual observation. A mold survey is beyond our scope of work and Blackstone makes no representation regarding the presence or absence of mold or water damage at the subject. Likewise, this report does not constitute a structural or pest control inspection. However, if termite damaged or other pest control problems were observed, it has been noted in the report. Management selected and provided access to representative building areas. Blackstone did not specify which units or areas were to be surveyed. No structural, seismic, invasive or destructive investigations were performed. Surveyed areas typically consist of public and common areas such as parking facilities and the grounds in general, corridors and walkways, accessible dwelling units and equipment rooms. No geotechnical reports, construction documents or other project related materials were available for review. No representation is made as to the status of title, legality of lots or zoning of the subject, nor is any representation made as to the advisability or inadvisability of the purchase of, investment in, or financing of the subject.

Conditions, codes, covenants and restrictions which may be part of the legal deed of title to the property, and which may vary in description of property boundaries, easements or dedications have not been disclosed or reviewed.

Although it is assumed that the noted improvements were constructed in compliance with contemporary building codes and standard building practices at the time of construction, our survey does not include a detailed review to determine compliance with local Building Department codes, Fire Department requirements, or Planning Department ordinances.


Due to limitations of the survey and investigation process, and the necessary use of unverified data furnished by others, users of this report are cautioned that Blackstone cannot assume liability if actual conditions vary from the information contained herein.

This assessment is not a pest inspection report. The individuals who completed this assessment are not licensed to perform a termite or pest inspection.

6.0 SIGNATURES

This PCA report was prepared to document readily visible materials and building system defects that might significantly affect the value of the property, and determine if conditions exist which may have a significant impact on the continued operation of the facility during the evaluation period. The PCA was performed in accordance with ASTM E2018 and with general industry standards.

Prepared By:



Darby Nafziger
Senior Project Manager

12/15/10
Date

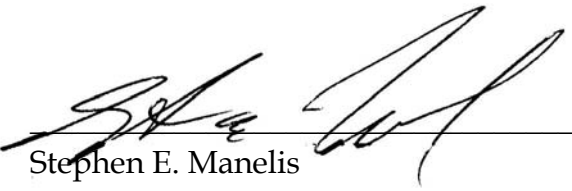
Technical Review and Concurrence By:



John Willems
Director - Property Condition Assessments

12/15/10
Date

Oversight:



Stephen E. Manelis
Principal

12/15/10
Date

DD
QA/QC

TABLE 1
Immediate Repair/Replacement Needs

Project Name: Virginia College
Street Addresses: 8150 Warren H. Abernathy Highway
City, State, Zip: Spartanburg, South Carolina 29301
Blackstone Project Number: CMSXPA016.02

Item	Quantity	Unit	Unit Cost	Total Cost	Location/Comments
SITE					
"Punchlist" Items	1	Each	\$0.00	\$0	According to Mr. Nic Cornelison, Superintendent with P&C Construction, there are several "punchlist" items that will be completed prior to the occupancy of the building by Virginia College on December 20, 2010. The items to be completed included the following: final touch-up painting; limited landscaping; installation of roof coping on the front facade; installation of the remaining ceiling tile; and restriping and sealcoating of limited areas of the asphalt pavement. Blackstone observed the ongoing completion of these work tasks by several subcontractors during the site visit, and the quality of work appeared to be adequate and acceptable. Based on the presumed date of completion and ongoing status, we have not included any costs for these work tasks. However, verification of completion should be provided to CMS as a condition of this transaction.
ARCHITECTURAL					
None					
MECHANICAL/ELECTRICAL					
None					
FIRE/LIFE SAFETY					
None					
INTERIOR ELEMENTS					
None					
Total				\$0	

TABLE 2
CAPITAL REPLACEMENT RESERVE ANALYSIS

Project Name: Virginia College
Street Addresses: 8150 Warren H. Abernathy Highway
City, State, Zip: Spartanburg, South Carolina 29301

Building Age (yrs): 13
of Buildings: 1
Size RSF: 50,096
of Tenant Spaces: 1
Evaluation Period: 12

Blackstone Project Number: CMSXPA016.02

Item	Expected Useful Life	Effective or Actual Age	Remaining Useful Life	Quantity	Unit	Unit Cost	Total Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Site																			
Roadways / Parking																			
Repairs / Crack Sealing / Sealcoat / Striping	5	0	5	217,404	SF	0.12	26,088					13,044					13,044		
Architectural																			
Exterior Walls - Repair/Powerwash/Paint/Sealant	5	0	5	35,811	SF	0.75	26,859					13,429					13,429		
Electrical / Mechanical																			
New Equipment - no concerns															0	0	0	0	0
Tenant Spaces																			
No issues																			

Total	\$52,947	\$0	\$0	\$0	\$0	\$26,474	\$0	\$0	\$0	\$0	\$26,474	\$0	\$0	\$0	\$0	\$26,474	\$0	\$0
Annual Inflation Factor @ 2.5%		100.00%	102.50%	105.06%	107.69%	110.38%	113.14%	115.97%	118.87%	121.84%	124.89%	128.01%	131.21%					
Total, Inflated @ 2.5%		\$0	\$0	\$0	\$0	\$29,222	\$0	\$0	\$0	\$0	\$33,062	\$0	\$0	\$0	\$0	\$62,284	\$0	\$0
Cumulative Total		\$0	\$0	\$0	\$0	\$29,222	\$29,222	\$29,222	\$29,222	\$29,222	\$29,222	\$29,222	\$29,222	\$29,222	\$29,222	\$62,284	\$62,284	\$62,284

Average Annual Cost Per SF (uninflated)	0.09
Average Annual Cost Per SF (inflated)	0.10



PHOTOGRAPH 1

Property identification signage and EIFS exterior at main entrance along the south elevation of the building



PHOTOGRAPH 2

East elevation of the building and typical EIFS and painted CMU exterior



PHOTOGRAPH 3

North elevation of the building with exterior deck area and painted standing metal seam panel exterior



PHOTOGRAPH 4

West elevation of the building and service drive



PHOTOGRAPH 5

Storm water retention area on western portion of the site



PHOTOGRAPH 6

Northern parking area; note striping not completed



PHOTOGRAPH 7

Southern parking area and main access drive off of Warrant H. Abernathy Highway



PHOTOGRAPH 8

Main entrance and typical pedestrian pavement



PHOTOGRAPH 9

Metal structural framing observed in vacant tenant space



PHOTOGRAPH 10

TPO membrane roof coverings



PHOTOGRAPH 11

View of exterior EIFS and painted CMU



PHOTOGRAPH 12

Gas-fired water heater in Cosmetology area



PHOTOGRAPH 13
Recently installed Trane brand roof mounted
HVAC unit



PHOTOGRAPH 14
Recently installed electrical service



PHOTOGRAPH 15
Main electrical panel



PHOTOGRAPH 16
Fire suppression equipment



PHOTOGRAPH 17
Interior finishes of Cosmetology area



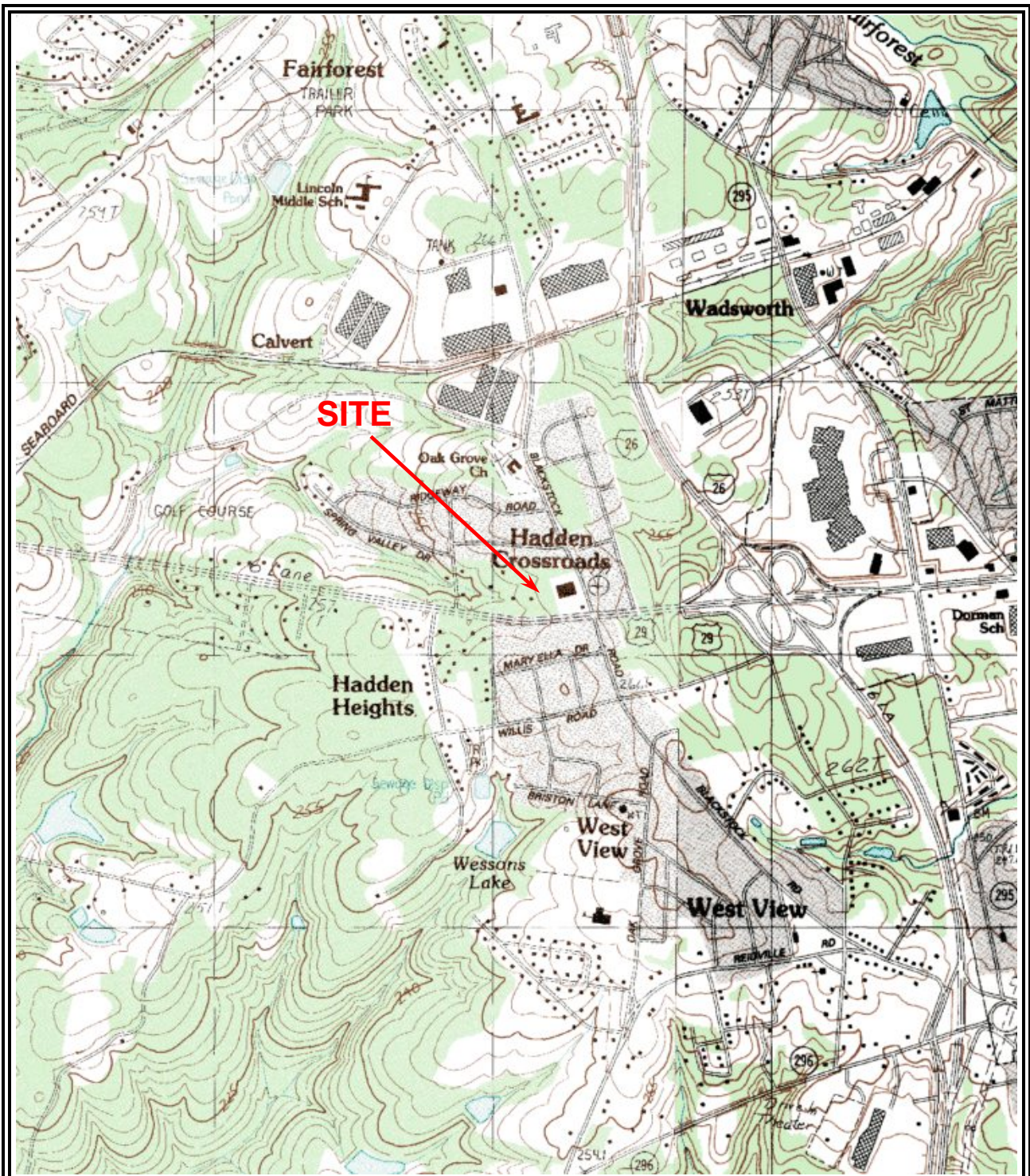
PHOTOGRAPH 18
Typical common corridor interior finishes



PHOTOGRAPH 19
Typical classroom interior finishes



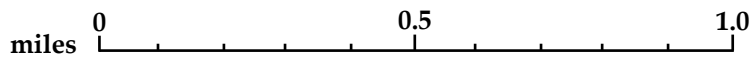
PHOTOGRAPH 20
Employee lounge interior finishes

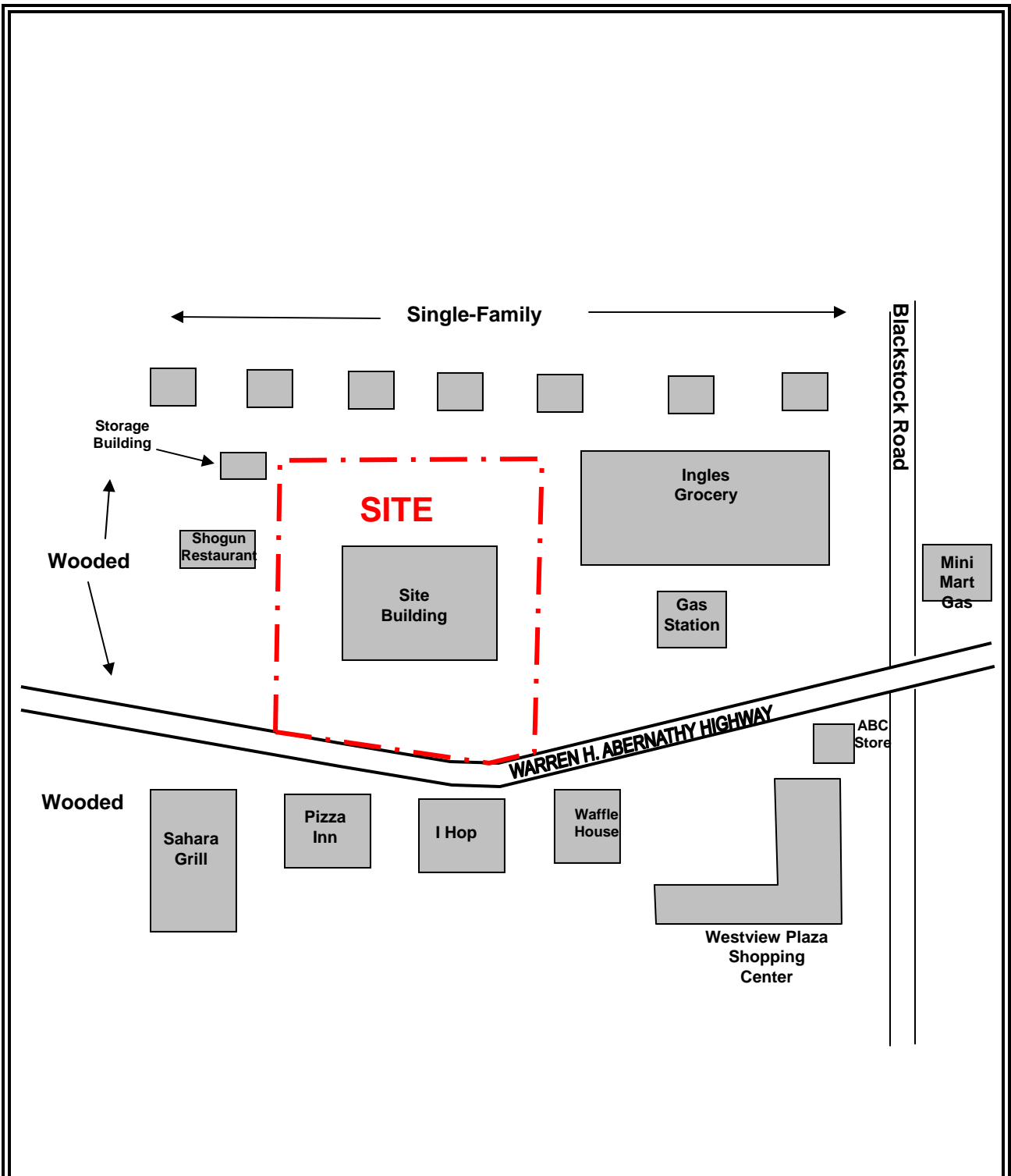


Virginia College, 8150 Warren H. Abernathy Highway
 Spartanburg, Spartanburg County, South Carolina

Project No. CMSXPA016.02

Site Location Map
 (USGS Wellford, SC, Topographic Map, 1983)





Virginia College, 8150 Warren H. Abernathy Highway
 Spartanburg, Spartanburg County, South Carolina

Project No. CMSXPA016.02

Site Plan
 (Not to Scale)

