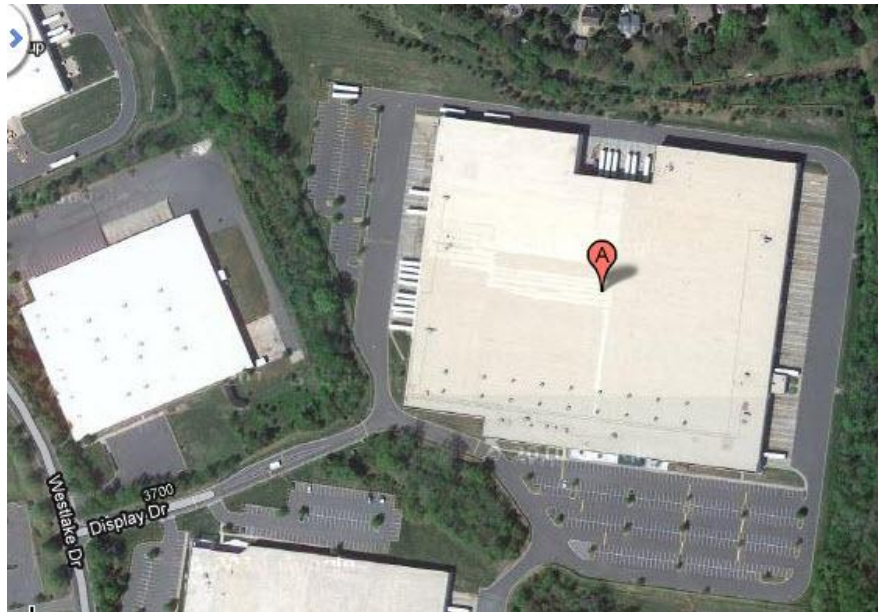




PROPERTY CONDITION REPORT

Wilbur's Widget Distribution, Inc.
3700 Widget Drive
East Hoboken, New Jersey 28222



Prepared For:

Mr. Joe Banker
Joe's Really Big Bank
1234 Banking Boulevard
Chicago, Illinois 28899

Prepared By:

Robert E McCoy Jr., PE
Armco Inspections, LLC

Date of Site Review: September 3, 2012

Date of Report: September 9, 2012

ARMCO Project Number 12-0909.1



09-09-2012

Joe Banker
Joe's Really Big Bank
1234 Banking Boulevard
Chicago, IL 28899

Subject: Property Condition Report
Wilbur's Widget Distribution, Inc.
1234 Widget Drive
East Hoboken, New Jersey
Armco Project No. 12-0909.1

Dear Mr. Banker:

Armco Inspections LLC (Armco) is pleased to provide the results of the property condition assessment performed on the above-referenced property. This assessment was performed in general conformance with the scope and limitations as set forth by ASTM E2018-08 "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process". The findings are detailed in the attached report.

This assessment was performed utilizing methods and procedures consistent with good commercial or customary practices designed to conform to acceptable industry standards. The independent conclusions represent Armco's best professional judgment based upon existing conditions and the information and data available to us during the course of this assignment.

We appreciate the opportunity to provide these assessment services. If you have any questions concerning this report, or if we can assist you in any other matter, please contact Robert McCoy Jr at (800) 908-3547.

Sincerely,

A handwritten signature in blue ink that reads "REMcCoy Jr". The signature is written in a cursive, somewhat stylized font.

Robert E McCoy Jr., PE
Assessor & Principal
N.C. Professional Electrical Engineer
ITA Certified Commercial Condition Assessor
Infraspection Institute Certified Thermographer

EXECUTIVE SUMMARY AND PROPERTY DESCRIPTION

Property Description

Site Name	Wilbur's Widgets Distribution, Inc.		
Address	3700 Widget Drive, East Hoboken, New Jersey		
Property Use	Light Industrial		
Number of Buildings	One (1)	Stories or Floors	Two office – One manufacturing
Building Area (SF)	175,600	Rentable Area (SF)	175,600
Year Built	2002	Parcel Size (Acres)	26.3
Substructure	Slab	Superstructure	Metal Framed
Façade	Tilt Up Wall	Roof System	Mech. fastened Thermoplastic
Parking Area	Asphalt pavement / concrete curbing	Parking Space Count	460
ADA Parking	4 Spaces with one Van Accessible	Water Supply Piping	Copper
Heating System	100% RTU NGF pkg units	Water Heating	Electric - distributed
Cooling System	100% RTU pkg units	Number of Elevators	None
Wiring	Copper distribution	Fire Suppression	100% Sprinkler

The Property is a light industrial facility comprised of one building reportedly originally constructed in 2001 and situated on an irregular-shaped land parcel of approximately 26.3 acres. The Property is located on the northeast end of Widget Drive.

The Property contains one tenant space with a total net rentable area of approximately 175,600 square feet and 175,600 gross square feet. Parking for the Property is provided by asphalt pavement. The parking area provides approximately 460 standard spaces and five (5) handicap-designated parking stalls. Access to the site is from one entrance at the end of Widget Drive. The balance of the site consists primarily of service/drive lanes, pedestrian walkways and landscaping.

The HVAC system for the office and manufacturing areas for the Subject Building is comprised of multiple, roof-mounted natural gas fired packaged units.

Electrical power is supplied from two Big Energy pad mounted exterior 750 kVA transformers. Building electrical service is provided by one main switchgear rated at 2,000-amperes, 277/480 volt, 3-phase with 4-wire service and one additional main switchgear rated at 1,600-amperes, 277/480 volt, 3-phase with 4-wire service. Step-

down dry type transformers were observed which were sub-fed from the main building service(s) for outlet and lighting purposes.

The Subject Building office areas are fully protected by an automatic wet pipe monitored fire-sprinkler system. The manufacturing areas are protected by distributed risers equipped with fire hoses that provide a means for manual application of water to any fires in those areas.

Typical office and common area interior finishes include combinations of bare and painted concrete as well as hard finished composite sheets. Manufacturing, storage, employee break, toilet, walkway, maintenance and shipping area floors are uniformly bare concrete. Painted drywall wall finishes are used throughout the office areas, walls in the manufacturing areas are uniformly painted CMU and painted drywall. Suspended acoustical ceiling tile are provided in the office areas while the manufacturing area ceilings are uniformly exposed steel framework and corrugated metal roof decking. Ceramic tile flooring and wall finish is provided in the office restrooms.

OVERALL SITE CONDITION

Armco Inspections LLC (Armco) evaluates the Property to be in good condition for its age and usage.

Recent capital improvements, as reported by property management, consist of – none reported

Planned capital improvements, as reported by property management consist of - none reported

The detailed observations of reviewed systems are presented in the following Sections of this report, with tabulated opinions of cost presented in the Appendices.

OPINION OF PROBABLE COST SUMMARY TABLE

	Term	Total Uninflated Cost	Total Inflated Cost	Uninflated \$/SF/Yr	Inflated \$/SF/Yr
Immediate Repair and Deferred Expenditures	90 days	\$ 600	-	-	-
Replacement Reserve	12 years	\$ 67,000	\$ 78,046	\$0.012	\$0.014

** The Cost/SF/Year is averaged over the evaluation period and is based on 175,600 square feet. The costs presented above are preliminary and are based upon Armco's experience in conducting similar projects. The actual cost will be affected by factors such as project duration, site access, market conditions, and other contingencies applied by the owner. This project summary is not to be used alone. The attached report is intended to be read in its entirety.*

Immediate Repair Needs Items

In accordance with ASTM E2018-08 "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process", Armco has prepared opinions of probable costs for items or conditions that require immediate action as a result of the following: Material existing or potential unsafe conditions, material building code or fire

code violations, or conditions, that if left uncorrected, have the potential to result in, or contribute to, critical element or system failure with one year or may result in a significant increase in remedial cost.

The following deferred maintenance items and/or physical deficiencies that are considered significant and require immediate repair at this time were identified:

- Armco noted that the ADA parking provided is less than the BOMA guidelines: nine (9) required for 460 total spaces and five (5) are currently provided. As an immediate need, the number of designated ADA spaces should be increased by a total of four (4).

An opinion of cost to address these items is included in the Immediate Repair and Deferred Maintenance Costs – Table 1.

Replacement Reserve Items

Armco has provided opinions of cost for the following capital replacement reserve items that are anticipated to occur during the term of this report.

- Driveway repairs/replacement to alligatored areas (approximately 1000sf) in the high traffic driveway at the main entrance and elsewhere
- HVAC RTU component replacements.
- Domestic water heater replacement.

An opinion of cost to address these items is included in the Capital Replacement Reserve Costs – Table 2.

All other building systems and appurtenances are expected to exceed the evaluation period or are a tenant responsibility to maintain and replace.

Additional remedial work is limited in extent and may be characterized as that typically associated with general maintenance and repair when undertaken on a routine periodic basis, including pest control, landscaping maintenance, and removing trash from the walks, drives and parking areas.

Armco can make no comment on the marketability of the useful life of the Property. Any qualifications and limitations in place for the property condition assessment as provided by Armco is applicable to the summary comments mentioned above.

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1.0 INTRODUCTION OF SCOPE

1.1 PURPOSE AND SCOPE

The purpose of this report is to assist Joe's Really Big Bank, (the "Client"), in evaluation of the physical aspects of the Property and how its condition may affect the soundness of their financial decisions over time. The scope of the assessment and report is based on the guidelines set forth by ASTM E2018-08 "Standard Guide for Property Condition Assessments".

This report is intended to be utilized by the Client for the purpose of evaluating the general overall physical condition of the property and identifying physical deficiencies. The purpose of this Property Condition Assessment was to observe and 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.

1.2 CLIENT RELIANCE

Armco Inspections LLC (Armco) was engaged by Joe's Really Big Bank to perform this assessment. The engagement agreement specifically stated the scope and purpose of the assessment, as well as the contractual obligations of both parties. This report, and the information therein, is for the exclusive use of Joe's Really Big Bank. This report has no other purpose and may not be relied upon, or used, by any other person or entity without the written consent of Armco.

1.3 QUALIFIERS

The following definitions and terminology are used in this report regarding the physical condition of the project, and the estimated life expectancies/age of the components and systems.

Excellent New or like new condition.

Good Well maintained, may exceed expected useful life. No immediate or potential concerns.

Average Satisfactory, some signs of wear and possible minor immediate repairs. Component/s condition consistent with their expected useful life.

Fair Marginally satisfactory. Some immediate repairs required. Components/Systems at or near the end of their useful life.

Poor Immediate concerns, major replacements, and/or significant attention required.

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 STATEMENT OF LIMITATIONS

The assessment performed by Armco is based upon the guidelines set forth by ASTM E2018-08 "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process". Our review of the Property consisted of a visual assessment of the site, the structure(s) and the accessible interior spaces. Any technical analyses made are based on the appearance of the improvements at the time of this assessment and the evaluator's judgment of the physical condition of the Property components, their ages and their expected useful life (EUL).

Information regarding the Property is obtained from a site walk-through survey, local government agency records review, interviews and client-, tenant- or property owner-provided documents. No material sampling, invasive or destructive investigations, equipment or system testing sampling was performed. The observations and related comments within this report are limited in nature and should not be inferred as a full and comprehensive survey of the building components and systems.

Information regarding operations, conditions, and test data provided by the Client, property owner, or their respective representatives has been assumed to be correct and complete. No warranty is expressed or implied, except that the services rendered have been performed in accordance with generally-accepted practices applicable at the time and location of the study

The actual performance of Property systems and components may vary from a reasonably expected standard and will be affected by circumstances that occur after the date of the evaluation. Armco's assessments, analyses and opinions expressed within this report are not representations regarding either the design integrity or the structural soundness of the project.

The report does not identify minor, inexpensive repairs or maintenance items, which are clearly part of the property owner's current operating budget so long as these items appear to be addressed on a regular basis. The report does identify infrequently occurring maintenance items of significant cost, such as exterior painting, roofing, deferred maintenance and repairs and replacements that normally involve major expense or outside contracting.

The assessment of the roof, façade and substructure contained herein cannot specifically state that these items are free of leaks and/or water intrusion and should not be interpreted as such. Comments made with respect to the condition of the systems are limited to visual observation and information provided by the designated site contacts and/or on-site representatives and their contractors/vendors. The evaluation of these systems did not include any sampling and/or testing. A more extensive evaluation is required if a comprehensive report on the condition of these systems is required.

1.4.1 Limiting Conditions

This assessment was performed in general conformance with ASTM E2018-08 and subject to the limitations stated therein. In addition, the performance of this assessment was limited by the following condition(s):

- Our pre-survey questionnaire was not completed at the time of the assessment – some information was not available for the ADA barrier checklist.

1.4.2 ADA Exclusion

At the request of the Client, Armco completed a visual survey as part of this assessment. The survey is intended to identify those items that can be determined to be noncompliant with the ADA Accessibility Guidelines by visual observation. The nature of many accessibility improvements may require services that are beyond the scope of the ASTM guidelines and this PCA such as the preparation of design studies, exploratory probing and discovery, detailed measurements, and space planning or alteration studies to determine the feasibility, efficacy, and appropriate cost to implement such improvements.

Because of the complexities of the ADA, it is understood that Armco, and their affiliates, will not be held liable for any complaints or actions brought against the building(s), nor can it be held responsible for determining whether deficiency corrections are “readily achievable”.

2.0 DOCUMENT REVIEW AND DATA COLLECTION

2.1 SITE RECONNAISSANCE

This report is based on the site visit conducted by Robert McCoy Jr. PE on August 30, 2012. Weather at the time of walk-through survey was clear with temperatures of approximately 80°F. Armco was escorted by Wilbur Stravis during the survey.

2.2 PERSONNEL INTERVIEWED/CONTACTED

The following personnel from the subject facility and government agencies were contacted and, if possible, interviewed, as part of the preparation of this report. Information obtained from these entities is incorporated into the appropriate Sections of this report.

Government Agencies			
Affiliation	Individual	Contact Number/Website	Date Interviewed
Building and Safety Documents&Inspections	Rhonda Rivers	678-336-3830 x 3	9-7-12
Planning Department			
Zone Enforcement	April Wallace	678-336-7600	9-7-12
Fire Prevention	See Notes Below	678-336-7101	9-7-12
Site References			
Affiliation	Individual	Contact Number/Email	Date Interviewed
Building and Grounds Maintenance Admin.	Mr. Wilbur's Brother in Law	678-588-8522	August 30, 2012

2.3 REGULATORY COMPLIANCE INQUIRY

Building & Safety	<input type="checkbox"/> No Violations <input type="checkbox"/> Violations <input checked="" type="checkbox"/> Pending
	Comments: According to records on file with the City of East Hoboken, there is one outstanding electrical inspection for the installation of a baler dated 2005
Municipal Code Enforcement	<input type="checkbox"/> No Violations <input type="checkbox"/> Violations <input checked="" type="checkbox"/> Pending
	Comments: FOIA letter faxed to the East Hoboken Fire Department Fire Prevention Bureau requesting info regarding inspection status – copy of letter included with this report.

Fire Prevention/Department	<input type="checkbox"/> No Violations <input type="checkbox"/> Violations <input checked="" type="checkbox"/> Pending		
	Comments: FOIA letter sent as FAX to the Fire Prevention Department at their request - letter is attached to this report		
Planning/Community Development Services	Zone: I-1 and I-2	The Property is designated for industrial development by the City of East Hoboken	
	Comments: The Property is considered a legal use in its current configuration.		

The information provided on this list does not constitute a detailed investigation. If possible, Armco confirmed the provided information with on-site observations. Information provided by others is assumed to be factual and complete. Information that is received within 30 days of the site visit will be forwarded upon receipt.

2.3 NATURAL HAZARD INFORMATION

Armco reviewed readily-available materials to obtain the following information. Determination of site-specific conditions is not within the scope of this report and may require additional investigation.

Limited Natural Hazards			
Seismic Zone	Zone 2B - Moderate probability of damaging ground motion	The information derived in this section is based on the Uniform Building Codes 1997 Volume 2 Table 16.2. Properties located in Uniform Building Code (UBC) seismic zones 3 and 4 are evaluated for seismic risk by observing whether the structures on the property exhibit certain property risk factors.	
Flood Zone	Zone: AE	FEMA Map ID: 3701594511J	Effective Date: 3/2/009
	Data provided by Mecklenburg County GIS system		
	Potential 100-Yr Flood Zone <input checked="" type="checkbox"/> Yes / <input type="checkbox"/> No	Potential 500-Yr Flood Zone <input checked="" type="checkbox"/> Yes / <input type="checkbox"/> No	
Wind Zone	Zone: II	Hurricane Susceptible Area <input type="checkbox"/> Yes / <input checked="" type="checkbox"/> No	
	A review of the Wind Map within the United States, published by the Federal Emergency Management Agency was performed. (www.fema.gov)		

2.4 UTILITY SERVICE PROVIDERS

Utility	Provider
Water	City of East Hoboken
Sanitary Sewer	City of East Hoboken
Storm Water	City of East Hoboken
Electric	Big Energy
Gas	US Fracking, Inc

3.0 SITE/TRACT IMPROVEMENTS

3.1 TOPOGRAPHY AND STORM DRAINAGE

The Property elevation varies from approximately 50 feet to 55 feet above mean sea level (MSL). The contour lines in the area of the Property indicate the area generally slopes to the southeast. See the included contour map for more specific information.

Storm water is removed primarily by sheet flow action across the paved surfaces towards storm water drains located throughout the Property and in the public right of way. Site storm water from the roofs of the subject buildings, landscaped areas, and paved areas is directed to paved areas which drain to the on-site storm water drains. Storm water is managed by a series of on-site storm drains that are interconnected and attached to a storm water retention area/stream located along the eastern portion of the Property (Steele Creek).

Survey Condition and Analysis

The Property topography was observed to be in excellent overall condition. The site did not appear to present conditions detrimental to the property. No areas of erosion were observed affecting the property. Normal maintenance is anticipated during the evaluation term.

Sloping and grade elevations of the Property appear to be adequate for proper drainage and connections to the main sewer lines.

Drainage for the site appears to be adequate. Observed storm water drains appear to be clear. Armco has no immediate recommendation presuming all storm outlets are cleared of debris on a routine basis.

This site is subject to flooding from the Birdsmouth Creek area at the east side of the property. See the attached Polaris GIS system map and also the FEMA floodmap referenced. The FEMA designation is AE

3.2 RETAINING WALLS

No retaining walls observed or reported

Survey Condition and Analysis

N/A

3.3 ACCESS AND EGRESS

Vehicular access and egress is provided by a two-way, asphalt-paved driveway from Widget Drive. The driveway is constructed with concrete raised curbing and asphalt. The driveways are not provided with traffic signals.

Survey Condition and Analysis

Access to the Property appears to be adequate.

3.4 PARKING, PAVING AND CURBING

Vehicular paving on the subject site consists of asphalt-paved open parking lots and drive lanes. The surface parking lot provides 455 regular and five handicap-designated parking spaces.

Painted parking stall stripes and drive/curb markings were noted throughout parking areas. Handicap stall designation striping was noted at the south elevation adjacent to the employee entrance. See section 7.0 regarding comment on the number of ADA designated parking spaces which appear to be less than the number required by the BOMA guidelines.

Concrete curbs with integral gutters were observed in the parking areas, adjacent frontage walkways and around perimeter and island landscaping locations.

Survey Condition and Analysis

The asphalt-paved areas of the Property are in good structural condition. Based on EUL and apparent condition, the asphalt surfaces should be resealed later in the reserve term and periodically thereafter in order to extend the effective useful life of the asphalt pavements. An opinion of cost is included in Table 2. Costs are also included in the reserve term for the repair of deteriorated asphalt areas estimated at 1000sf.

The curbs and gutters throughout the property appeared to be in good condition. Other than routine maintenance, which includes minor concrete curb repair/replacement, no significant capital expenditures anticipated over the term

3.5 LANDSCAPING AND IRRIGATION

Landscaped areas, consisting of grass-covered lawns, trees and shrubs are provided along the perimeters of the subject buildings and Property.

Survey Condition and Analysis

The overall condition and maintenance practice by the landscape service appears adequate. Routine maintenance is anticipated during the term.

3.6 WALKWAYS, STEPS AND RAMPS

Building entrance flatwork and pedestrian walkways consists of poured-in-place concrete construction. Steel framed and also concrete stairs/steps were observed at various locations around the building.

Survey Condition and Analysis

The pedestrian concrete walkways appear to be in excellent overall condition. Painted steel steps and landings are in good condition.

3.7 PERIMETER WALLS, GATES, AND FENCES

None observed or reported

Survey Condition and Analysis

N/A

3.8 EXTERIOR LIGHTS

Outdoor lighting is provided by pole-mounted lighting fixtures located along the property drive aisles and in island landscaped areas. The fixtures are equipped with high-intensity discharge lamps. Soffit areas over entryways have recessed lighting. Timers and photocells control exterior lighting.

Survey Condition and Analysis

The walk-through survey was conducted during daylight hours and lighting operation could not be verified. Based on the number of lights provided and the spacing, the lighting appears to be adequate and was reported to be sufficient for the property.

The light fixtures were observed and reported to be in good overall condition. Armco anticipates that the light fixtures will require minimal repairs and replacements that can be addressed as part of routine maintenance.

3.9 SITE AND BUILDING SIGNAGE

Building address identification is provided by metal fabricated signage positioned at the Subject Building southwest corner.

Survey Condition and Analysis

The property identification signage was observed to be sufficient and in good condition. Other than routine maintenance, no significant capital expenditures are anticipated over the reserve term.

3.10 REFUSE TRANSFER AREA(S)

Solid waste generated at the Property is disposed of in a compactor located in the building loading area located at the east elevation.

Survey Condition and Analysis

The compactor is reported to be the property of the solid-waste contractor. The compactor appeared to be in good overall condition. An internal cardboard

compactor was noted in operation at the time of inspection. The unit is reported to be owned by the tenant and appeared to be in good condition.

3.11 OTHER SITE IMPROVEMENTS

Site amenities appear to be limited to employee benches covered by a large awning at the south elevation adjacent to the employee entrance. No other significant site improvements were observed.

Survey Condition and Analysis

The seating fixtures appear to be in good overall condition. Normal maintenance can be anticipated during the term.

4.0 BUILDING ENVELOPE

4.1 FOUNDATION

Foundations appear to be constructed with conventional, concrete spread footings with tilt-up-wall sections at the building.

Survey Condition and Analysis

Information above was gleaned from experience with buildings of similar type, size and location. Verification of below grade construction cannot be performed, but the observed floors and wall joints generally appear to be level and/or parallel with no unusual or significant displacement. Normal monitoring of the foundation is anticipated during the term.

4.2 SUPERSTRUCTURE

The two-story manufacturing and warehouse facility has a steel-framed superstructure constructed over a slab floor/foundation. Roof framing is supported by steel columns.

Survey Condition and Analysis

The superstructure and flooring were observed where possible – all of the manufacturing and warehouse area is fully open to view. Based on the areas viewed, the superstructure and flooring of the subject building is in excellent overall condition. Observed floors appeared to be level (slab first floor and assumed steel framed second level office floors). No significant signs of deflection or movement were observed. No signs of excessive water intrusion were observed. Based on the observed conditions, no significant repair or replacement expenditures are anticipated.

4.3 Roofing

4.3.1 Surfacing and Flashing

Roof coverings consist of a fully gravel ballasted Firestone single-membrane EPDM system. Parapet walls are extensions of the exterior concrete tilt-up panel walls. The roofing materials extend vertically up the backside of the parapet walls and are mechanically fastened at the side of the walls.

Survey Condition and Analysis

The roofing appears to be in good overall condition and is reportedly the originally installed systems. Isolated areas of patching were noted. Based on the EUL (20 years), replacement of the flat roof membranes is anticipated beyond the end of the term with normal maintenance. Some evidence of leakage was noted and recorded. The roof system is currently estimated at 8 years of age and is under active warranty by the Firestone company.

4.3.2 Drainage

Storm water runoff for the roof is directed to roof level gutters at the east and west elevations. Downspouts from the gutters are recessed into the tilt-up-wall panels and discharge onto the asphalt paved areas.

Survey Condition and Analysis

Gutters and downspouts were observed to be in good overall condition and should be repaired or replaced as needed during roof replacement activities.

Minor prior leaks were reported at the time of the assessment. Armco observed and recorded evidence of the leakage at the second floor office ceilings (two instances of staining of suspended panels).

4.4 EXTERIOR WALLS, WINDOWS, AND DOORS

4.4.1 Exterior Walls

Exterior walls are exclusively tilt-up-wall concrete panels. The vertical precast members appear to be painted. Sealant is located at joints between contiguous systems and materials.

Survey Condition and Analysis

The exterior walls were observed in generally excellent condition.

Based on the observed condition exterior painting is anticipated during the analysis period. Armco recommends additional maintenance consisting of periodically power washing the exterior surfaces and applying new caulking and sealants as needed. Armco has allocated funds for power-washing and sealing in Table 2. No other observed or reported deficiencies were noted. The site manager indicated that the company had never cleaned or painted the exterior walls since the construction completion in 2002.

4.4.2 Windows

The exterior façade consists of extruded aluminum (storefront style) framing for windows and doors connected to the wall panel structure. Windows within these frames were observed to be double-glazed, fixed-pane, tinted units. Windows at the building entrances are part of a storefront window system consisting of full height tinted glazing in aluminum frames including entry doors.

Survey Condition and Analysis

Exterior windows were observed to be in excellent overall condition. No signs of window leaks or condensation were evident during the assessment. Window caulking was observed to be intact, with no signs of deterioration. Normal maintenance is anticipated during the evaluation term..

4.4.3 Doors

The primary building entrance doors are part of first-floor storefront window system described above and consist of anodized aluminum-framed doors with full glass panels. Service doors are typically painted, hollow-core metal doors mounted in metal frames.

Survey Condition and Analysis

All doors are reported and observed to be in good overall condition. Routine maintenance is anticipated over the term.

4.5 Stairs, Balconies and Elevated Walkways

4.5.1 Stairs

No building-mounted exterior stairs are provided. At least two interior stair towers are located in the building. Stairs are steel-framed with concrete-filled steel pan treads and closed risers. Steel pipe guardrails are located on the open sides while steel handrails are located on adjacent walls. All steel components are painted.

Survey Condition and Analysis

The stairs appear to be in good overall condition. Normal maintenance is anticipated during the term.

4.5.2 Balconies

Exterior balconies are not present. Interior balconies and access stairways from the manufacturing floor are limited to the one each for the two office areas. Open sides are protected with painted steel guardrails.

Survey Condition and Analysis

The balconies appear to be in good overall condition. Normal maintenance is anticipated during the term.

4.5.3 Elevated Walkways

Elevated walkways were not noted at the time of inspection

Survey Condition and Analysis

N/A

4.5.4 Terraces

Terraces were not noted at the time of inspection



Survey Condition and Analysis

N/A

5.0 MECHANICAL AND ELECTRICAL SYSTEMS

5.1 HEATING, VENTILATION, AND AIR-CONDITIONING

Heating and cooling is provided to the building by distributed natural gas fired Rooftop Units (RTUs) with integral Air Handler Units (AHUs) and air conditioning systems. The sizes of the RTUs are estimated to vary from approximately 5 to 15 tons in capacity.

Ventilation from the toilet rooms is provided by central fans which vent through the roofs.

Ventilation of the manufacturing and warehouse area is accomplished by multiple rooftop mounted exhaust fans along the south end of the roof. Supply air is introduced at the north elevation by a series of louver assemblies.

Survey Condition and Analysis

Tenant rooftop HVAC equipment varies in age and condition. Repair or replacement of the HVAC equipment serving the tenant space is the responsibility of the tenant. No replacements are included in the tables for the tenant owned rooftop HVAC equipment.

Roof-mounted exhaust fans appeared to be in good condition, with no replacements anticipated.

5.2 PLUMBING, DOMESTIC HOT WATER AND SEWER SYSTEMS

Domestic water is provided to the property from a municipal main. Domestic water piping was reported to be copper throughout the structure. Sanitary drainage and vent piping is reported to be cast iron and PVC.

Domestic hot water to the building is provided by small individual electric units including four 10 gallon units and two 30 gallon units. One of the 10 gallon units and both 30 gallon units are new.

Survey Condition and Analysis

The building's common plumbing systems were reported to be in excellent overall condition. Normal maintenance is anticipated during the evaluation term.

The water heater(s) could not be observed as they are located above the ceilings but are reported to be in good condition. Maintenance and replacement of water heaters is reported to be a tenant responsibility under current lease agreements and as such, funds have not been allocated for tenant responsible water heaters during the reserve term.

No problems with the sewerage system were observed or reported. Normal maintenance is anticipated during the evaluation term.

5.3 GAS DISTRIBUTION

Natural gas service is supplied by iron piping.

Survey Condition and Analysis

The gas pressure and quantity were reported to be adequate. Due to hidden conditions, only limited observation of the building gas distribution piping could be achieved. According to property representative, the gas piping is in good condition with no reported gas leaks. Normal maintenance is anticipated during the evaluation term.

5.4 POWER AND SIGNAL

Electrical service is delivered to several pad-mounted, utility-owned transformers located throughout the property in the landscaping areas. Main electrical service to the building is provided by one 2,000 ampere, 277/480 volt, three-phase, four-wire main distribution panel and one 1,600 ampere, 277/480 volt, three-phase, four-wire main distribution panel located in separate switchgear rooms. Step-down transformers are used to lower voltage to 120/208 for normal outlet and lighting requirements. Breaker panels for lighting and power controls are located in various closet locations and throughout the manufacturing areas. The interior office lighting is a combination of recessed and surface fluorescent fixtures. The manufacturing and warehouse areas are uniformly illuminated by roof-deck level HID fixtures.

Electrical distribution wiring is reported to be copper and is run in a combination of conduit and elevated raceway.

Survey Condition and Analysis

The electrical power and telephone service was reported adequate for the building(s) demands. The switchgear, circuit breaker panels and electrical meters appeared to be in good condition. Normal maintenance is anticipated during the evaluation term..

5.5 ELEVATORS

Armco did not observe elevators at the Property at the time of the assessment.

Survey Condition and Analysis

N/A

5.6 ESCALATORS

Armco did not observe escalators at the Property at the time of the assessment.

Survey Condition and Analysis

N/A

5.7 FIRE-SUPPRESSION SYSTEMS

The subject building is protected by an automatic wet-pipe fire sprinkler system. The fire sprinkler system 150hp fire pump is rated at 2000gpm. All inspection tags observed were current.

The sprinkler system is comprised of distributed risers providing overhead sprinkler heads in the office areas and fire hose connections throughout the manufacturing and warehouse areas. The fire-pump is supplied/pressurized by the City of East Hoboken (no reserve tanks noted or reported).

Fire extinguishers were observed in all corridors, work spaces and in mechanical/electrical spaces. They are reportedly inspected on a yearly basis, with the last inspection having occurred on August 13, 2012.

Survey Condition and Analysis

Fire suppression system appears to be in good condition, and is confidence tested on an annual basis. Presuming annual and five year inspection are performed, Normal maintenance is anticipated during the evaluation term.

The fire extinguishers were observed to be current. The extinguishers were observed to have current inspection certifications (dated August 10, 2010) from Simplex Grinnell, Inc. Normal maintenance is anticipated during the evaluation term.

5.8 LIFE-SAFETY ALARM SYSTEMS

Life safety equipment includes hardwired smoke detectors, heat detectors, pull stations, illuminated exit signs, alarm horn/strobes and portable fire extinguishers throughout the office and manufacturing/warehouse areas. Emergency lighting is typically provided by battery-backup circuits in some of the light fixtures with some areas being illuminated by wall and ceiling-mounted battery-operated fixtures. Office areas are typically equipped with illuminated exit signs and emergency lighting circuits in the light fixtures with hardwired smoke detectors in only a few of the observed spaces.

The smoke detectors, pull stations, flow switches and alarms in the sprinkler systems are monitored by a central fire alarm control panel manufactured by Simplex. The systems are fully addressable and are monitored continuously.

Survey Condition and Analysis

The unit smoke detectors were observed and reported to be in good overall condition. No actions are recommended presuming routine testing is performed.

6.0 INTERIOR ELEMENTS

6.1 COMMON AREAS

6.1.1 Amenities

The building is constructed with open manufacturing/warehouse space, office spaces, stairwells, break room, toilet rooms, and corridors. Each floor of the office building is provided with common restrooms.

Survey Condition and Analysis

The lobby and corridors were observed in very good condition. Stairwells were observed to be in good condition. Normal maintenance is anticipated during the evaluation term.

6.1.2 Common Area Finishes

Stairwell and interior office and corridor doors are solid-wood or painted metal doors equipped with panic-bar hardware and/or closers. The restroom finishes consist of ceramic tile floors and walls, suspended acoustical tile ceilings, and metal toilet partitions.

Corridor finishes consist of hard finished composite board sheet flooring, painted drywall walls and suspended acoustical tile ceilings. Lighting consists of surface mount and recessed fluorescent fixtures.

Survey Condition and Analysis

Common area finishes were observed to be in very good overall condition. Normal maintenance is anticipated during the evaluation term.

6.1.2 Common Area Furnishings

Common area furnishings are comprised of chairs and tables in the employee break areas.

Survey Condition and Analysis

Common area furnishings were observed to be in excellent//good//fair//poor overall condition. An opinion of cost for anticipated replacements has been allocated in Table 2.

6.2 TENANT AREAS

6.1.1 Tenant Spaces

The building occupancy includes a single tenant and is thus 100% occupied. According to information provided by The East Hoboken Mecklenburg Tax

Records, the Property has 175,600 square feet of rentable area currently configured for the single tenant.

6.1.2 Tenant Area Finishes

All of the tenant office area floors are covered with a hard finished composite sheet that was installed in regular sections. Walls are typically painted CMU or gypsum board. Ceilings are typically suspended acoustic tiles while painted gypsum board and exposed structure ceilings are also present.

Office entrance doors range from conventional, stained solid core doors set in steel frames to storefront-style systems and structural glazing systems. Interior doors are typically stained, solid core wood set in painted steel frames. Miscellaneous cabinetry is located at break and office areas.

Survey Condition and Analysis

The tenant finishes and furnishings appear to be in very good condition. Maintenance, repair and replacement of the tenant area finishes are generally the responsibility of the tenants to maintain. Allowances for tenant area improvements are frequently afforded by property management with costs recouped by rent adjustments.

7.0 AMERICANS WITH DISABILITIES ACT COMPLIANCE

The Americans with Disabilities Act (ADA) is a broad, federal civil rights legislation that protects individuals with disabilities against discrimination and employment and in their use of public accommodations with respect to physical barriers. As required by the ADA, the U.S. Architectural and Transportation Barriers Compliance Board promulgated the Americans with Disabilities Act Accessibility Guidelines (ADAAG). Owners and employers with buildings classified as public accommodations were to take steps to remove physical barriers when readily achievable as of January 26, 1992. As of January 26, 1992, alteration, renovation and construction work performed on public accommodations and commercial facilities must comply with ADA. The removal of barriers at a Property is required unless it can be demonstrated by the building owner that taking these steps would fundamentally alter the nature of goods, services, privileges, facility, or accommodations offered or would result in an “undue burden”. The ADA defines an undue burden as “significant difficulty or expense”, as is to be determined on a case-by-case basis.

As part of assessment, Armco has conducted a limited, visual accessibility survey, which excludes taking of measurement or counts. The scope of our survey was limited to the determination of the existence of architectural barriers or physical attributes of the property, which affect on-site parking, path of travel into and through public areas of the building, and elevators, as applicable. Furthermore, the scope of our survey scope includes only the federal requirements of the ADA.

Survey Condition and Analysis

The subject building, based on the operations observed, does not appear to fall into the category of a “public accommodation”, and is considered to be in the category of “commercial facility”. Therefore, retroactive compliance with ADA compliance is not mandatory for the site, unless alterations are made, or the use of the Property changes to that which is classified as a “public accommodation”.

Exterior routes from accessible parking spaces at the Property appeared to be generally conforming to ADA requirements. Exterior entrances provided at the Property appeared to be generally conforming to ADA requirements.

According to the ADAAG, parking areas that provide self parking for employees and visitors must provide handicap-designated parking spaces. The Property provides approximately 455 standard parking spaces and five handicap-designated parking spaces, including one van-accessible space. The number of handicap-designated parking spaces appears to be less than required by the BOMA guidelines. Funds are included in the immediate needs table (1) to convert an additional 4 spaces to handicapped designated.

Common toilet facilities in the building appeared to be generally conforming to ADA requirements.

COST TABLES

IMMEDIATE REPAIR & DEFERRED MAINTENANCE COSTS – TABLE 1

IMMEDIATE REPAIRS & DEFERRED COST ESTIMATES - TABLE I

Wilbur's Widget Distribution, Inc

PROPERTY ADDRESS:

2400 Widget Drive

East Hoboken, NJ 28777

ARMCO PROJECT NO. 12-0909.1

September 9, 2012

SECT. #	ITEM	QTY	UNIT	UNIT COST	TOTAL COST	CONDITION
SITE/TRACT IMPROVEMENTS						
7	Add additional ADA spaces	4	EA	\$ 150.00	\$ 600	Appropriate asphalt striping and pole mounted signage - curb cuts do not appear to be needed
#.#					\$ -	
BUILDING ENVELOPE						
#.#					\$ -	
BUILDING MECHANICAL AND ELECTRICAL SYSTEMS						
#.#					\$ -	
BUILDING INTERIOR ELEMENTS AND FINISHES						
#.#					\$ -	
Total					\$ 600.00	



CAPITAL REPLACEMENT RESERVE COSTS – TABLE 2

REPLACEMENT RESERVE ESTIMATE - TABLE II

Wilbur's Widget Distribution, Inc
PROPERTY ADDRESS:
2400 Widget Drive
East Hoboken, NJ 08777

ARMCO PROJECT NO. 12-0909.1
September 9, 2012

NET RENTABLE AREA 175,600
SITE EFFECTIVE AGE (YR) 8
INFLATION RATE 2.5%
EVALUATION PERIOD (YR) 12

SECT. #	Description	AVG. EUL (YR)	EFF AGE (YR)	RUL (YR)	QTY	UNIT	UNIT 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	Total Cost	
SITE/TRACT IMPROVEMENTS																					
3.A	Asphalt seal coating	5	3	2	150,000	SF	\$0.10		\$ 15,000					\$ 15,000						\$ 15,000	\$ 45,000
3.A	Asphalt repairs (out and	25		25	2,000	SF	\$2.00		\$ 4,000								\$ 4,000				\$ 8,000
3.B	replace)																				\$ -
BUILDING ENVELOPE																					
4.A.1	Sealing	7		7	70,000	SF	\$0.10				\$ 7,000							\$ 7,000			\$ 14,000
BUILDING MECHANICAL AND ELECTRICAL SYSTEMS																					
5.B																					\$ -
BUILDING INTERIOR ELEMENTS AND FINISHES																					
6.B																					\$ -
								Uninflated Totals:	\$ -	\$ 19,000	\$ -	\$ 7,000	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ 4,000	\$ 7,000	\$ 15,000	\$ 67,000
								Inflated Totals:	\$ -	\$ 19,475	\$ -	\$ 7,538	\$ -	\$ -	\$ 17,385	\$ -	\$ -	\$ 4,966	\$ 8,961	\$ 16,881	\$ 76,046
								Uninflated Cost Per SF Per Year:													0.032
								Inflated Cost Per SF Per Year:													0.037



COMPONENT LIFE ANALYSIS

This section provides an opinion of cost for the repair items noted within this report.

Cost Evaluation

Estimates are based on construction costs developed by construction resources such as *Marshall & Swift*, *RS Means*, Armco's experience with past costs for similar projects, city cost indexes, consulting with local specialty contractors, client provided information, and assumptions regarding future economic conditions. Actual costs may differ from Armco's opinions. Actual cost estimates are determined by many factors including but not limited to: choice and availability of materials, choice and availability of a qualified contractor, regional climate zone, quality of existing materials, site compatibility, and access to the Property and buildings. Opinion of costs are based solely on material replacement and do not account for soft costs.

Immediate Repair And Deferred Maintenance Costs

Items which will need to be performed over the immediate term (within the next 90 days) are included in Table 1. Immediate repair items would include but are not limited to items that present unsafe conditions or deferred maintenance.

Capital Replacement Reserve Costs

Items that will most likely need to be performed over the length of the evaluation period such as repairs, replacements and significant maintenance items are listed in Table 2.

Items included in Table 2 are determined based upon the estimated useful life (EUL) of a system or component, the effective age (EA) of the system, and the remaining useful life (RUL) of that system. Factors that may affect the age and condition of a system include, but are not limited to, the frequency of use, exposure to environmental elements, quality of construction and installation, and amount of maintenance provided. Based on these factors, a system may have an effective age that is greater or less than its actual chronological age. Routine maintenance costs are not included as part of this assessment.

ADA Immediate Needs Disclaimer

Any construction work at any commercial building that currently is not 100% ADA title III compliant and requiring a permit for construction for any remodel work, must upgrade non-compliant areas to current ADA title III standards during the remodel. This cost is not reflected in the Tables.

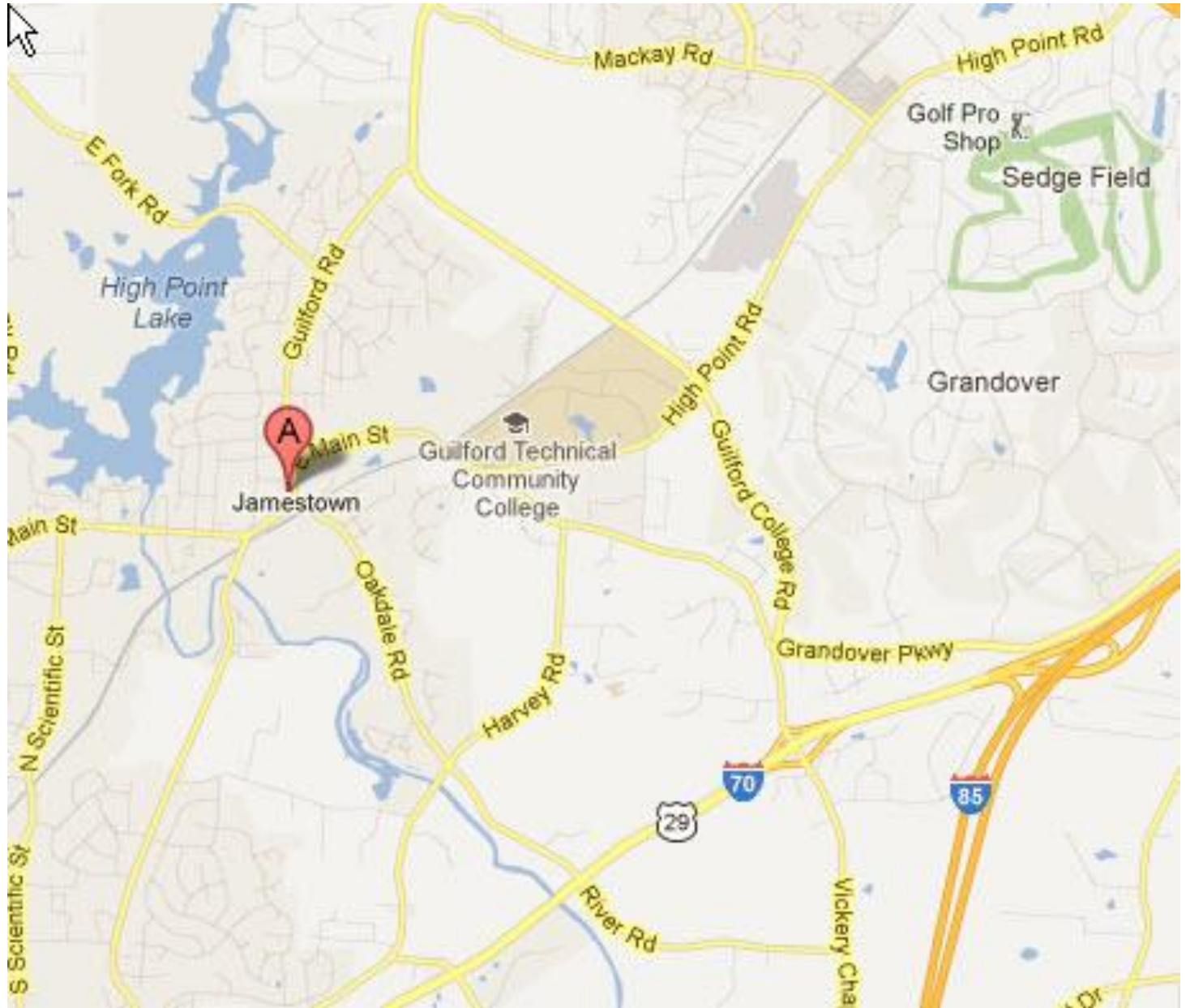


FIGURE 2: SITE MAP

Site Address:
 Wilbur's Widget Distribution, Inc.
 3700 Widget Dr.
 East Hoboken, NJ 28222



10928 Bent Branch Drive
 Raleigh, NC 27603

Job Number: 12-0909.1

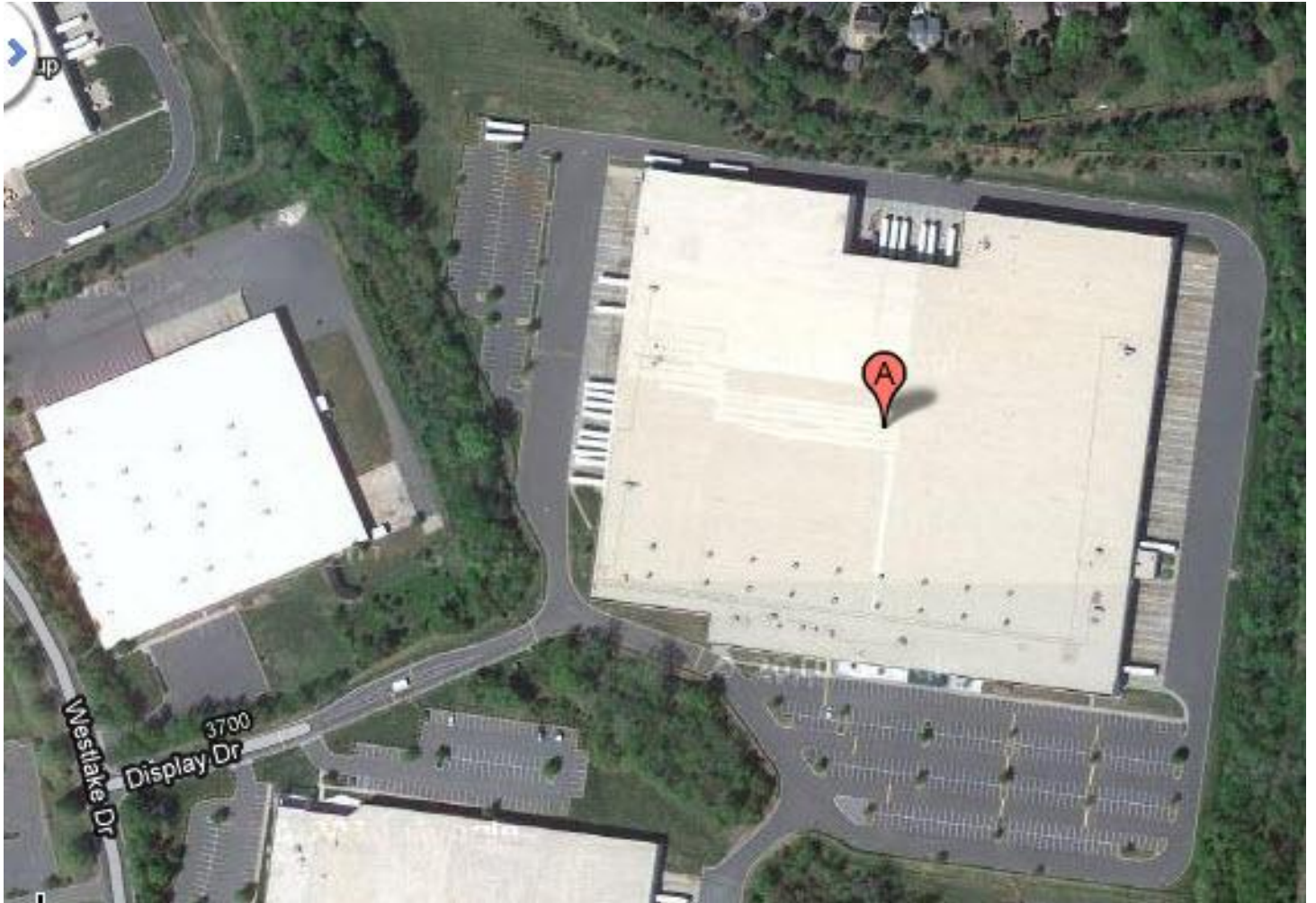


FIGURE 2: SITE PLAN

Site Address:

Wilbur's Widget Distribution, Inc.
3700 Widget Dr.
East Hoboken, NJ 28222



10928 Bent Branch Drive
Raleigh, NC 27603

Job Number: 12-0909.1



1. Subject Building main entry at Widget Drive –



2. Subject Property main entry driveway



3. Alligatored asphalt at main driveway entry -



4. ADA parking spaces (five total) - van accessible



5. Main parking area driveway - typical site hydrant



6. Employee and visitor parking area - ADA parking

APPENDIX A: SITE PHOTOGRAPHS

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East Hoboken, NJ 28222



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Project No. 12-0909.1



7. Employee entrance - typical tilt-up-wall construction



8. East elevation loading areas and asphalt condition



9. Building North elevation and run-off/retention area



10. Subject Building North elevation loading area



11. West elevation loading area and driveways



12. One of two main entries with store-front hardware

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13. Main lobby area section - finish condition typical



14. Typical office space - no carpet all good condition



15. Office area ADA accessible toilet



16. Office area ADA accessible toilet



17. Office area hallway



18. Current fire extinguisher, emergency lighting

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19. Stairwell and exterior door, current fire extinguisher



20. Metal framed interior stairwell in good condition



21. Manufacturing area - note typical switchgear



22. Sprinkler risers w/hose on red columns



23. Employee toilet area - ADA accessible



24. Employee toilet area - ADA accessible

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25. Employee break area



26. 2000 ampere 480 V switchgear (one of two mains)



27. 2000 ampere 480 V switchgear (one of two mains)



28. Pad mounted utility transformer 750 kVA 480 V



29. 150 hp fire pump and ancillary equipment



30. Monitored fire alarm system in switchgear room

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31. Sprinkler riser (one of two similar)



32. Current sprinkler riser inspection tag



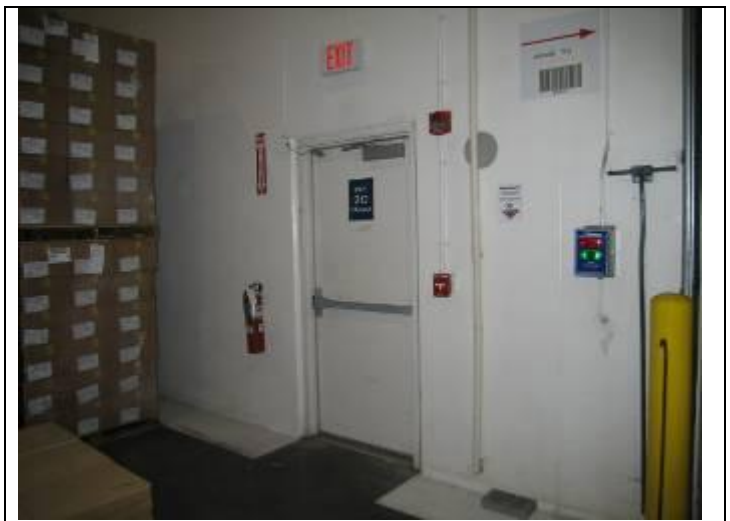
33. Interior loading area




34. Subject Building roof framework



35. Extruded aluminum framed insulating glass windows



36. Metal framed exterior door with ancillary equipment

APPENDIX A: SITE PHOTOGRAPHS		 <p>10928 Bent Branch Drive Raleigh, NC 27603 Project No. 12-0909.1</p>
Site Address:		
Wilbur's Widget Distribution, Inc. 3700 Widget Drive East Hoboken, NJ 28222		



37. Natural gas distribution piping, typical ventilation fans, Gravel ballasted EPDM roof membrane



38. Rooftop package unit (natural gas fired)



39. Rooftop northeast view –RTUs



40. Ancillary rooftop over shipping/receiving office – ballasted membrane



41. Flashing repair to single membrane rubber at RTU



42. Flashing detail - prior repair evident

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