



PAPSON Properties

Professional Property Inspectors

Commercial ♦ Industrial ♦ Institutional

9258 Bartel Road, Columbus, MI 48063 Phone: (586) 727-8548

2614 Tamiami Trail # 613, Naples, FL 34103-4409 Phone: (239) 435-9201

Toll Free: Phone (877) 232-0201 Fax (877) 727-3398

www.papsonproperties.com

Date

Client Address

Dear Client,

The following Property Condition Assessment is being conducted on the property located at *****, State. This building is an office and production area being evaluated for structural defects, useful life and maintenance and building damages. The following report will provide a detailed analysis of the building's current condition and provide cost projections on deferred maintenance and immediate repairs needed. Photographs exhibiting the building's condition at the time of our inspection and a budget cost spreadsheet will also be included. This building was constructed in June of 1900 and the tenant moved in January of 1900. The tenant's triple net lease contract requires their maintenance of the structure and building materials. The facility manager, *****, showed the building to us and gave us the walking-tour of the facility. We were not allowed free access to the facility as **** does work for the automotive industry and has many secured areas for trade secrets. Cost parameters for this report were obtained from local contractors and past work on the site.

Narrative Report

INTERIOR

The interior space of the building is to be maintained and repaired as needed by the tenants. A walk-through inspection of the building's interior was conducted to look for major structural defects and needed repairs. The building has two main areas, the front is an office area and the remainder of the building is the manufacturing and prototype area. The front of the building houses the office areas for the staff and the executives as well as a kitchen and an atrium. These areas were observed, but a limited amount of pictures were allowed to be taken in this area due to security reasons. The areas that we observed appeared to be in good condition and without any damages. The manager did show us areas in the front office space where the concrete floor has separated and subsequently has torn the carpet. The manufacturing and prototype areas were observed for structural damages in the cement floor, the steel walls and ceiling, and masonry block walls. The cement floor has several areas of cracking that have been repaired with levelers and patching. An aerial lift was used to closely observe the steel structure of the walls and ceiling as well as the masonry block walls. We did not find any structural defects or breakage in welding joints or fastened areas of the steel. The masonry blocks were all intact

and in good condition. There is an explosion room in the manufacturing area of the building with blowout panels to the exterior of the building. The prototype area was observed, but no pictures were allowed to be taken due to their security policy. The remaining manufacturing area was observed and we did not find any defects in this area either.

EXTERIOR

The exterior of the building is made up of masonry, faced and un-faced block, around the building with metal siding. The block siding covers up the entire front façade and 8 foot walls around the manufacturing area and the remaining walls of the manufacturing area is made up of 25 foot steel covering. There was a very small area of damage to the siding near the rear dock in the maintenance area, but there was no major damage to it anywhere on the exterior of the facility. The front glass façade entrance way is in good condition. Recently several panes of glass were replaced after they were shot out by a person on I-00. The docks, overhead doors, and lift gates are in good condition. The overhead doors were operated by our inspector and observed while in use. The lift gates appear in serviceable condition. The metal service doors around the manufacturing area are rusting at the bottom. We have been told that the service doors are being put in the tenant's 2000 budget for replacement in the amount of \$12,000.00. The building façade budget is on an as needed basis, depending on the amount of damages whenever they may occur. The entry way for the employees on the east side of the building has some damage to the steel track of the glass doors. The track has become corroded and eaten away by something in the water or ground. It is believed that some iron or other minerals exist in the ground that might be causing this damage. These minerals are also causing damage around the site of the property as we will point out in the site work section of this report. The exterior of the building has staining on the block from the ground water and irrigation system. The window sealants are in fair condition with some maintenance needed. The main parts of the building appear to be very well maintained. The facility manager informed us that the CEO of *****, who holds a 40% ownership, is very conscientious of beautification and for this reason the building is maintained to the best of their abilities and funding.

ELECTRICAL

The electrical service for the building enters from underground to a rear transformer. The electric is maintained by the maintenance staff and overseen by the facility manager who is a ****. He has assured us that all of the electrical work is done to current building code. All of the electrical in the building appears to be in good condition and serviceable.

FOUNDATION

The foundation for the building is a slab construction and appears to be in good condition. The grade for the site is directed away from the building and appears to provide adequate drainage for the surrounding plant life. The slab of the building is in good condition with cracking throughout the manufacturing floor which is repaired with levelers and patches. This floor takes a lot of abuse from the forklift trucks so some damage is expected. The second story floors in the office area, which are assumed to be made up of metal and concrete materials, exhibit some movement and cracking.

ROOF

The roof is constructed of a Carlisle roofing material which has a useful life of 15 - 20 years. The roof is currently 10 years old and is wearing well for its age. There is some shrinkage occurring in a couple of areas this should be monitored over time. The remainder of the roof has been maintained well with regular repairs to leaks and repairs to expansion joints as needed. The roof replacement is scheduled in 4 years with a budget of \$459,250.00, the current condition is good however, we feel in 4 years the roof may need to be replaced.

PLUMBING

The plumbing and hot water heaters in the building appear to be in good condition. The plumbing in the bathrooms is serviceable and in good condition. The fire sprinkler system originates in the manufacturing area and is extended throughout the building including all office areas.

HEATING, AIR CONDITIONING & VENTILATION

There are 6 rooftop HVAC units that appeared serviceable during our inspection. The systems are Carrier and AAON systems that are maintained as needed only. The units appear to have been cleaned and maintained regularly. The tenants are responsible for maintaining the HVAC systems. The two air make up units appear in good condition. The building was originally built with just the smaller of the two units and then Hayden added the larger unit after occupying the building.

SITWORK

The site around the property is sloped away from the building and to the south. The land east of the property is adjacent to the I-00 freeway and it slopes toward the building. This slope is far enough away from the building that it will not cause a problem with water, ice, or snow. The property is very wet at this time and the manager did mention that from fall to spring the property is always wet and has continuous water movement in the drainage system. The east slope of the property which is adjacent to I-00 near the front area of the building has an area where the curb and asphalt is stained orange. The staining is believed to be from iron and other minerals in the ground. The parking lots and drives do show signs of deterioration that is thought to be caused by the ground movement and settling. The ground movement also appears to be causing significant cracking and alligating of the surface the asphalt. The deterioration and cracking around the catch basins will need to be repaired. It is our recommendation that concrete drain collars with cross sections be installed around the catch basins as they have a longer useful life compared to asphalt alone. The concrete aprons for the front and rear drives have significant deterioration and are in need of replacement. The manager told us that the replacement of the approaches, asphalt repairs to the parking lot and drives, and catch basin repairs are in the budget for next year in the amount of \$30,000.00. The following budgets are suggested for future maintenance; seal coating at \$7,626.00 every 3-4 years, asphalt repairs at \$50,000.00 every 3 years. The chain link fence around the building and shipping and receiving area will require repairs and we suggest budgeting around \$1,500.00 to cover the cost of these repairs. There are horseshoe boxes on the west property line. At the main entrance of the office portion of the building is a decorative water fountain that is in need of repairs. The brick pavers in this area have been replaced due to destruction to the bottom side and ground surface. The interior of

the fountain needs to be sealed and the limestone caps need resenting. There are electric towers passing through the south property line and a retention pond is situated behind the towers which collects all the water from the surrounding complexes. There is a piece of property on the northwest corner that is adjacent to Pacific drive and the next main street that the tenant has purchased, I did not enquire as to their plans for this piece of property.

SUMMARY

The property in general does appear to be in good condition however, there is some maintenance that is needed. There does not appear to be any apparent structural or physical problems that would require immediate attention. The ground movement and deterioration to the asphalt and cement will be a constant maintenance issue. The building is in good condition and the surrounding landscape and beautification of the area is a high priority of the owner. We have enclosed a schedule for the repairs and our suggestions for useful life. The enclosed budget estimate will provide you with budgetary figures, but they are not to be taken as confirmed contractual amounts as price fluctuations and individual contractors' pricelists will dictate the actual cost of the job. Our cost projections are figured from contractors and national costs indexes.

Thank You,

Kenneth Papson
Papson Properties Inc.



Front northeast entrance



Northwest elevation



North West manufacturing



Northern elevation



North West elevation and parking.



South East elevation manufacturing



South East elevation manufacturing



Minor damage to metal siding.



Roof



Roof - areas of water ponding.



Roofing material showing signs of shrinkage.



Roof top mechanical.



Asphalt seal coating needed.



Condition of asphalt needs sealant and repairs. Cracking and tire groves.



Catch basins need concrete collars and repairs.



Bathroom facilities appear in good condition.



Building kitchen



Explosion proof room and exterior wall with blow out panels.



Iron deposits on concrete curb, asphalt, and ground.



Fountain and brick paver drive.
Fountain being worked on 2005 and pavers replaced in 2003/4 for deterioration from the bottom side.