

Property Condition Assessment

of

Sykes Realty Call Centers – Pikeville, Kentucky

55 Sykes Boulevard
Pikeville, KY 41501

For



July 18, 2006



Vannoy & Associates

A Limited Liability Company

Vannoy & Associates

A Limited Liability Company

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July 21, 2006

Mr. David King
STAG Capital Partners, LLC
99 Chauncy Street, 10th Floor
Boston, MA 02111

RE: PROPERTY CONDITION ASSESSMENT
Sykes Realty Call Centers – Pikeville, Kentucky
55 Sykes Boulevard
Pikeville, KY 41501
Vannoy & Associates Project No. V285-001

Dear Mr. King:

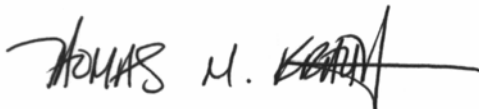
Vannoy & Associates, LLC is pleased to submit this Property Condition Report for the Sykes Realty Call Centers – Pikeville, KY. This report was prepared in general accordance with our agreement dated July 5, 2006 and our general conditions and the procedures and limitations listed herein. We have performed a general engineering evaluation of the subject property and various building components including architectural & use requirements, site, roofing, mechanical, plumbing, electrical, fire protection & life safety and structural components.

This property condition assessment was performed as requested by STAG Capital Partners, LLC to document the existing site and building systems and determine their general condition, emphasizing current deficiencies and items requiring correction based on a ten-year horizon. Vannoy & Associates has performed a limited site visit to assess the property and to prepare a report that summarizes our findings, conclusions and recommendations.

Should you have any questions regarding this report or need additional information, please feel free to contact our office.

Sincerely,

Vannoy & Associates, LLC



Thomas M. Krauth, P.E.
Senior Vice-President

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CERTIFICATION

STAG Capital Partners, LLC retained Vannoy & Associates, LLC (V&A) to perform this Property Condition Assessment in connection with its possible acquisition of the Sykes Realty Call Centers – Pikeville, Kentucky, 55 Sykes Boulevard, Pikeville, KY 41501, the “Property”. It is our understanding that the primary interest of STAG is to locate and evaluate site, material and building system defects that might significantly affect the value of the property and to determine if the present Property has conditions that will have a significant impact on its continued operations.

The conclusions and recommendations presented in this report are based on the brief review of the plans and records made available during the site visit, interviews of available property management personnel and maintenance contractors familiar with the Property, appropriate inquiry of municipal authorities, our walk-through observations during the site visit, and our experience with similar properties.

No testing, exploratory probing, dismantling or operating of equipment in depth studies was performed unless specifically required under Section 2 of this report. This evaluation did not include engineering calculations to determine the adequacy of the Property’s original design or existing systems. Although walk-through observations were performed, not all areas were observed (See Section 4.2 for areas observed). There may be defects in the Property, which were in areas not observed or readily accessible, may not have been visible, or were not disclosed by management personnel when questioned. The report describes property conditions at the time that the observations and research were conducted.

This report has been prepared on behalf of and exclusively for the use of STAG Capital Partners, LLC for the purpose stated within Section 2.2 of this report. The report, or any excerpt thereof, shall not be used by any party other than the STAG Capital Partners, LLC or for any other purpose than that specifically stated in our agreement or within Section 1.2 of this report without the express written consent of V&A.

Vannoy & Associates certifies that it has no undisclosed interest in the subject property, V&A’s relationship with the Client is at arms-length, and that employment and compensation are not contingent upon the findings or estimated costs to remedy any deficiencies due to deferred maintenance and any noted component or system replacements.

1. EXECUTIVE SUMMARY

The client contracted with Vannoy & Associates, LLC to conduct a Property Condition Assessment (PCA) in order to prepare a Property Condition Report (PCR) of the subject property; Sykes Realty Call Centers – Pikeville, Kentucky, 55 Sykes Boulevard, Pikeville, KY 41501. The PCA was performed on July 18, 2006.

1.1 General Description

The property information is summarized in the table below. More detailed descriptions may be found in the various sections of the report and in the Appendices.

Property Information	
Address	55 Sykes Boulevard Pikeville, Kentucky 41501
Year Constructed	1999
Current Owner	Sykes Enterprises, Inc. 400 N. Ashley Drive, Suite 2800 Tampa, FL 33602
Management Point of Contact	Tom Kott Corporate Facilities Manager Sykes Enterprises, Inc.
Property Type	One-story, net lease call center office facility.
Site Area	9.83 acres
Parking Type and Number of Spaces	Regular Spaces – 372 Handicap Spaces – 14 Total Spaces – 386
Number of Stories	One
Building Construction	Pre-engineered steel, brick veneer, metal roof.
Bay Column Spacing	24' x 50' typical.
Interior Vertical Clearance	9'-10' clear finished floor height typical.
Roof Construction	Galvanized aluminum standing seam metal roof
Exterior Finishes	Brick masonry veneer with punched, insulated windows.
Heating and/or Air Conditioning	Carrier, ground mounted packaged units and combination condenser and indoor units with variable air volume (VAV) boxes. Electric heat in the units and VAV boxes.
Fire and Life Safety	Fully sprinkled with emergency lighting and exist signs and fire alarm and smoke detection systems.
Date of Site Visit	July 18, 2006
Weather During Site Visit	Clear, mid 90's

1.2 General Physical Condition

Generally, the property was constructed according to industry standards, has been adequately maintained since construction and appears to be in good overall condition. The interior of the building was completely renovated approximately one year ago when the current tenant occupied the building.

1.3 Opinions of Probable Costs

The opinions of cost presented herein were based on readily visible material and building system defects that might significantly affect the value of the property during the requested assessment period, in this case 10 years. These opinions were based on approximate quantities and values, and do not constitute a warranty or guarantee that all item(s) requiring repair were included. Items not incorporated into the estimated costs were operation costs, such as snow removal and utility (gas or electricity) usage, or unpredictable (aesthetic) upgrades.

These opinions of probable costs are based on invoice or bid documents provided for review, construction costs developed by construction resources such as industry pricing guides, V&A's experience with past costs for similar properties, and assumptions regarding future economic conditions. These opinions should not be interpreted as a bid or offer to perform the work.

It is important to understand that actual costs will vary depending on such factors as contractor expertise, previous contractor commitment, seasonal workload, insurance and bonding, and local labor conditions. These factors may cause wide variations in the actual costs as estimated by different bidders. In view of these limitations, the costs presented herein should be considered "order of magnitude" estimates and used for preliminary budgeting purposes only. Preparation of scopes of work and contractor bidding are recommended to forecast the actual costs.

1.4 Deviations from the Guide

No deviations from ASTM E2018-99 were made.

1.5 Recommendations

Conditions observed at the subject property require the following additional review:

- ▶ The lower parking lot on the east side of Sykes Boulevard is below the 100-year flood elevation. The building personal reported that flood water have covered the entire lower parking lot.
- ▶ Seal-coating and re-striping of the asphalt pavement should be performed as a preventive maintenance procedure during the next year. Reapplication of a seal-coat should follow on an approximate five year schedule.
- ▶ Flag poles at the front of the property showed a visible lean. It is recommended that a further investigation be performed to determine the cause and proper repair.
- ▶ The masonry screen wall surrounding the dumpster was recently struck by the trash truck. Extensive damage to the rear wall was observed and will require replacement.

- ▶ Installation of metal coping at the tops of the masonry screen walls is recommended to prevent water infiltration.
- ▶ The canopy structure was struck by a bus recently, causing significant damage. The brick masonry on all three facades has been replaced. The structural steel lintel that was damaged has also been replaced. Repairs to the canopy structure are still on-going. An engineering report has been performed with repair details, and should be obtained.
- ▶ Several sections of the metal coping for the roof parapets are damaged and need to be selectively replaced.
- ▶ Weeps were not installed above openings, at window sills, or at the base of the wall. It is recommended that a further investigation be performed to determine if the wall drainage system is constructed and performing properly.
- ▶ Sealant was not applied around the perimeter of the windows. Sealant is detailed at the top and at the jambs of the window. Sealant at the sill is omitted in the drawing, however it should be installed. It is recommended that sealant be installed at all locations specified in the drawings and under the sill pan flashing.
- ▶ Cracking of the masonry above an exit door located at the storage area at the rear of the building was observed. Sealing of the crack is recommended.
- ▶ The structural steel framing the metal panel wall system at the rear of the building is beginning to corrode. To prevent further deterioration of the steel, it is recommended that a corrosion inhibiting paint be applied.
- ▶ The wood staircase that connects the lower parking lot to Sykes Boulevard is structurally unstable. The wood staircase should either reinforced or demolished and replaced. Building personal stated that the wood staircase was constructed by the local government; however maintenance to the wood staircase has been performed by building personal.
- ▶ Facilities management reports occasional roof leakage during periods of heavy wind and rain. Occasional leakage and continued repair should be anticipated over the life of the roof.

1.6 Project Summary Table

<i>Property Name: Sykes Realty Call Centers – Pikeville, Kentucky</i>		<i>Date of Site Visit: July 18, 2006</i>				
<i>Property Address: 55 Sykes Boulevard, Pikeville, Kentucky</i>		<i>V&A File #: V285-001</i>				
Physical Condition Summary	Physical Condition			Opinions of Probable Costs		
	Good	Fair	Poor	Immediate Repairs	Short-Term Repairs	Capital Reserves
3.2 SITE ELEMENTS						
Site Drainage	X			\$0	\$0	\$0
Parking, Paving, Curb, and Sidewalks	X			\$0	\$27,088	\$0
Landscaping and Irrigation System	X			\$0	\$0	\$0
General Site Improvements		X		\$0	\$31,600	\$0
3.3 STRUCTURAL FRAMING AND BUILDING ENVELOPE						
Foundation	X			\$0	\$0	\$0
On-Grade Floor Structure	X			\$0	\$0	\$0
Roofing Structure	X			\$0	\$1,200	\$0
Roofing System	X			\$0	\$0	\$0
Exterior Walls		X		\$0	\$35,170	\$0
Window and Door Systems	X			\$0	\$0	\$0
3.4 MECHANICAL AND ELECTRICAL SYSTEMS						
Heating, Ventilation and Air-Conditioning	X			\$0	\$0	\$0
Plumbing Systems	X			\$0	\$0	\$0
Gas Distribution	X			\$0	\$0	\$0
Electrical Systems	X			\$0	\$0	\$0
3.5 VERTICAL TRANSPORTATION						
Vertical Transportation Systems	N/A			\$0	\$0	\$0
3.6 LIFE SAFETY/FIRE PROTECTION						
Fire Protection Systems	X			\$0	\$0	\$0
3.7 INTERIOR ELEMENTS						
Interior Finishes	X			\$0	\$0	\$0
Common Areas	X			\$0	\$0	\$0
3.8 CODE COMPLIANCE/REGULATORY ISSUES AND ACCESSIBLE FACILITIES						
Building, Zoning, and Fire Code	X			\$0	\$0	\$0
Accessibility	X			\$0	\$0	\$0
TOTALS				\$0	\$95,058	\$0

2. PURPOSE AND SCOPE

2.1 Purpose

The purpose of this PCA is to evaluate the physical aspects of the subject property's condition as it relates to a potential real estate transaction. The PCR is based upon those apparent conditions observed at the time the PCA was performed and from facility-related documentation obtained and as made available for review. This report is by no means a guarantee of the overall condition or the functional suitability of the real estate asset.

It is V&A's understanding that the client intends to rely upon this report for decisions related to the possible foreclosure and eventual ownership restructuring of the subject property. For this PCA, representative samples of the major independent building components were observed and their physical conditions evaluated in accordance with ASTM E2018-99 including site and building exteriors and all accessible interior common areas.

The PCA was performed using methods and procedures consistent with good commercial and customary practice conforming to ASTM E2018-99, Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process. Additional considerations for this PCA are provided in Section 6, as V&A's value added PCA services. Limiting conditions are described in Section 8.

2.2 Scope

The PCA included the following: site reconnaissance; interviews with property management and maintenance personnel; inquiries or attempted inquiries with appropriate government authorities (e.g. building department) and a review of available construction documents as provided by the building management or client. Operational testing of building systems or components was not conducted. During the PCA, V&A conducted visual observations of the following facility features: site development, building structural, roofing, exterior, mechanical, electrical, plumbing, vertical transportation, life safety, fire protection, and interior systems. This report is intended for review as a complete document. Therefore, interpretations and conclusions drawn from the review of any individual section are the sole responsibility of the User.

3. SYSTEM OBSERVATIONS

3.1 Overall General Description

Design Professionals of Record	
General Contractor	Timberlake Construction 7613 N. Classen Blvd. Oklahoma City, OK 73154
Civil	N/A
Geotechnical	N/A
ALTA / ACSM Land Title Survey	N/A

Architectural	N/A
Structural	N/A
Mechanical	N/A
Electrical	N/A
Plumbing	N/A
Fire & Life Safety	N/A
Elevator	N/A

Utility Service Provider	
Water	Sandy Valley Water District
Sanitary Sewer	Sandy Valley Water District
Electricity	American Electric Power
Telephone Service	Bell South
Gas Service	Columbia Gas of Kentucky

3.2 Site Elements

Item	Comments	Condition
Site Drainage	Storm sewer inlets are located throughout parking lots and drain to off-site storm sewers. Several concrete flumes located about the parking lot drain stormwater off-site.	Good
Site Access and Traffic Flow	Two vehicular entrances are provided to the upper parking lot off of Sykes Boulevard at the eastern edge of the property. Two sloped ramp entrances are provided off of Sykes Boulevard to the lower parking lot. An entrance to the loading dock area is provided off of Mossy Bottom Road.	Good
Parking	Surface parking is provided for regular size vehicles by two parking lots on each side of Sykes Boulevard. The lower parking lot on the east side of Sykes Boulevard is below the 100-year flood elevation. The building personal reported that flood water have covered the entire lower parking lot. Total Number of Spaces: 386	Good
Paving	Parking areas are paved with asphalt paving. Routine seal-coating and re-striping of the asphalt pavements should be performed as a preventive maintenance procedure during the next year period.	Good
Striping	White striping is typical throughout parking areas, excepting handicap parking spaces and aisles which are blue/yellow. Striping has faded and will need replacement.	Fair

Curbs	Concrete curbs are located at parking lot perimeters. Control joints were not installed at appropriate intervals in the curbing. Therefore, cracks have formed in the curbing where the control joints should have been installed. These cracks have formed clean, and are consistently centered between constructed control joints.	Good
Sidewalks & Flatwork	Concrete sidewalks are located throughout the site providing access to the property and building.	Good
Exterior Sealants	N/A	N/A
Parking & Site Lighting	Pole mounted metal halide lights are located throughout the parking areas. Surface mounted lights are strategically located on the building exterior.	Good
Landscaping	Grass lawns with mature shrubs are located throughout the property and appear well maintained.	Good
Signage	A masonry pylon sign is located at the entrance to the property. There is a sign attached to the brick exterior wall at the front of the building. Flag poles at the front of the property showed a visible lean. It is recommended that a further investigation be performed to determine the cause and proper repair.	Good
Irrigation System	The property is provided with an underground sprinkler irrigation system providing coverage to landscaped areas. However, the building personal stated that the irrigation system has never been used.	Good
Retaining Walls	None	N/A
Fences/Screens	The masonry screen wall surrounding the dumpster was recently struck by the trash truck. Extensive damage to the rear wall was observed and will require replacement. Masonry screen walls surround exterior HVAC units and utility structures. Efflorescence was not observed on the masonry screen walls, however without the installation of metal coping around the tops of the walls, water penetration is highly probable. This will reduce the expected life of the wall. Therefore, it is recommended to install metal copings.	Fair

3.3 Structural Framing and Building Envelope

3.3.1 Building Structure

Item	Comments	Condition
Design Loads	N/A	N/A
Foundation	Based on 1,000 psf soil bearing capacity. Isolated, reinforced concrete column footings (3,000 psi) 24" and 30" thick.	Good

	Turned down slab-on-grade provided for wall and perimeter column support.	
Framing System(s)	Pre-engineered metal framing system. Framing plans not provided and framing not visible. Standard structural steel framing consisting of steel columns and I-beams at canopy and loading area.	Good
On-Grade Floor Structure	4" thick slab on grade with turned down edges; 6x6 - W1.4xW1.4 w.w.f. on 4" layer of free-draining clean compacted gravel, on vapor barrier. Perimeters are insulated with rigid insulation.	Good
Roof Structure & Decking	Pre-engineered metal framing system. Framing plans not provided and framing not visible.	Good
Decks & Balconies	None	N/A
Joints	1.5" deep saw cut control joint for slab-on-grade. Doweled construction joints and filled isolation joints within slab as required.	Good
Stair Structure	None	N/A
Railing & Guard Rails	None	N/A
Annexes	None	N/A
Auxiliary Structures	Pre-fabricated metal enclosure for the emergency generator at the rear of the building. An auxiliary storage shed is located at the rear of the property.	Good
Loading Dock	15' wide loading dock (approx. 2' height) and truck delivery ramp located at rear of building.	Good
Parking Structure	None	N/A
Canopy Structure	9'-4" clear canopy located at front of building consisting of brick columns and veneer with suspended metal soffit. The canopy structure was struck by a bus recently, causing significant damage. The brick masonry on all three facades has been replaced. The structural steel lintel that was damaged has also been replaced. Repairs to the canopy structure are still on-going. An engineering report has been performed with repair details, and should be obtained.	Fair
Structural Bay Space	50' deep by 24' wide typical. 29' – 8" wide bays located at building ends.	Good
Interior Clearances	10' typical within work areas. 9' typical at core offices.	Good
Interior Walls	For non-load bearing walls, 5/8" gypsum on 3 5/8" metal studs at 16" o.c.	Good

3.3.2 Roof System

Item	Comments	Condition
Roof System	Standing seam galvanized aluminum metal roof system. Facilities management reports occasional roof leakage during periods of heavy wind and rain. Roof waterproofing is dependent on neoprene washers at fastener locations which are prone to leakage. Occasional leakage and continued repair should be anticipated over the life of the roof.	Good-Fair
Roof Access	Ladder from outside of building.	Good
Parapets	Galvanized aluminum metal panels typical. Parapet height varies. Pre-finished parapet caps installed at all parapets. Several sections of the coping for the roof parapets were damaged and need to be selectively replaced.	Good-Fair
Roof Insulation	R-19 insulation	Good
Roof Flashing	Galvanized aluminum flashing and accessories.	Good
Roof Expansion Joint	None	N/A
Roof Slope	Slopes from front to rear.	Good
Roof Drainage	Roof slope drains roof from front to rear. Runoff collected by a gutter along the rear side of the building. 6"x10" gutters discharge into 4"x5" downspouts which feed below grade drains.	Good
Skylights	None	N/A
Chimneys	None	N/A
Roof Warranty	The roof is eight years old and the building personal have stated that there is a 10-year warranty. Any roof warranty should be transferred to the new owner.	N/A

3.3.3 Building Exterior

Item	Comments	Condition
Exterior Wall Finish	Brick masonry veneer anchored to steel stud. 1/2" exterior gypsum sheathing on 6" metal framing @ 16" o.c. typical. Weeps were not installed above openings, at window sills, or at the base of the wall. It is recommended that a further investigation be performed to determine if the wall drainage system is constructed and performing properly. Cracking of the masonry above an exit door located at the storage area at the rear of the building was observed. Sealing of the crack is recommended.	Fair

	<p>Metal frame and pre-finished metal panels extend above roof line as parapet screen wall along upper 8' of rear wall.</p> <p>The structural steel framing the metal panel wall system at the rear of the building is beginning to corrode. To prevent further deterioration of the steel, it is recommended that a corrosion inhibiting paint be applied.</p>	
Control & Expansion Joints	Brick masonry expansion joints with ½" foam backer rod and minimum ½" deep sealant.	Good
Trim & Details	Decorative rowlock and soldier course detailing at masonry veneer.	Good
Sealants	Sealant was not applied around the perimeter of the windows. Sealant is detailed at the top and at the jambs of the window. Sealant at the sill is omitted in the drawing, however it should be installed. It is recommended that sealant be installed at all locations specified in the drawings and under the sill pans flashing.	Poor
Thermal Insulation	6"; R-11 batt insulation typical at exterior walls.	Good
Glazing System	Punched aluminum framed windows and entrance doors with 1" insulating glass typical.	Good
Doors & Frames	Hollow metal or glass doors with aluminum frames.	Good
Exterior Stairs/Ramps	<p>Truck loading ramp located adjacent to loading dock at rear of building.</p> <p>The wood staircase that connects the lower parking lot to Sykes Boulevard is structurally unstable. The wood staircase should either reinforced or demolished and replaced. Building personal stated that the wood staircase was constructed by the local government; however maintenance to the wood staircase has been performed by building personal.</p>	Fair

3.4 Mechanical and Electrical Systems

3.4.1. Mechanical Systems

Item	Comments	Condition
Air Conditioning System	<p>Ten Carrier, pad-mounted, packaged air conditioning units are located within screen wall enclosures at grade surrounding the exterior of the building. The units are typically 15 tons.</p> <p>Three Carrier, pad-mounted condenser units are randomly located adjacent to the air conditioning units. The condensing unit's capacity is 2 to 2.5 tons.</p>	Good

	<p>Three Commercial Comfort, pad-mounted condenser units are randomly located adjacent to the air conditioning units. The condensing unit's capacity is approximately 2 to 2.5 tons.</p> <p>One ground mounted Liebert condensing unit located at the rear of the building.</p> <p>R-22 is currently used as a refrigerant.</p>	
Heating System	24 kW electric heat is provided by the packaged A/C units..	Good
Distribution	Supply air is distributed throughout the building by trunk and branch ducts with variable air volume (VAV) units. 2x2 lay-in diffusers are the typical air device in the lay-in ceiling	Good
Outside Air	Minimum outside air is also introduced directly at the unit.	Good
Ventilation	There are general duty exhaust fans for toilets and utility rooms.	Good
Energy Management/ Controls	No offsite energy management system exists at the building.	N/A
Maintenance	Periodic maintenance of the units is required with regular parts replacement over the life of the unit.	Good
Water Service Metering	Sandy Valley Water District provides water service to the property. The water meter vault is located on the north side of the property.	Good
Plumbing Piping	Interior water lines are copper.	Good
Plumbing Fixtures	Standard vitreous china urinals and water closets; stainless steel service sinks; steel cabinet, wall mounted water coolers. Fixtures are provided in accordance with ADA guidelines where applicable.	Good
Water Heating System	Two electric water heaters are located within the building. A 40 gallon heater serves the janitor's closet, main restrooms and break room sink and a 6 gallon heater serves the entrance restrooms and conference room sink.	Good
Sanitary Sewer	A 4" sanitary sewer exits the rear of the building and connects into the main sewer system maintained through the municipal utility. It is assumed to be a gravity system as no lifting stations or sewage ejectors are present. 2" vent pipes extend through the roof.	Good
Gas Service & Metering	The gas service enters the building in the northeast corner at the location of the gas meter.	N/A
Auxiliary Systems	None	N/A

3.4.2. Electrical Systems

Item	Comments	Condition
Electrical Service Metering	The building receives power from American Electric Power (AEP) via a pad-mounted utility transformer located at the exterior of the building. Metered 277/480-volt underground service is extended to the Main Electrical room.	Good
Distribution & Service Size	The 277/480-volt, three phase, 4 wire service on the secondary side of the transformer is distributed to a main switchboard also located in the electric room. The available electrical capacity over the building appears acceptable and no problems are reported by building personnel.	Good
Wire Type	Copper enclosed in conduit.	Good
Exterior Lighting	Site lighting is provided by pole-mounted light fixtures along the public drives and by wall mounted light fixtures along the exterior walls.	Good
Interior Lighting	Interior lighting typically consists of 2x2 and 2x4 fluorescent lay-in fixtures. Interior lighting was recently upgraded during the tenant fit-out in 2005.	Good
Emergency Power Service	The building is provided with a diesel powered emergency generator located in an auxiliary building at the rear of the property. The generator provides emergency power to the entire building. The emergency generator is maintained by Whayne Power Systems.	Good
Ground Fault Protection	Installed at toilets, wet areas and exterior outlets.	Good
Lightning Protection	None	N/A
Telephone	Telephone service to the building originates in the main telephone room. All telephone wiring and equipment has been upgraded and provided by the tenant.	Good

3.5. Vertical Transportation

Item	Comments	Condition
Number & Type	None	N/A
Finishes	N/A	N/A

3.6. Life Safety/Fire Protection Fire

Item	Comments	Condition
Fire-Rated Construction	Fire resistance rating for structural elements: 0 hour rating for Type II-N construction.	Good

	Exterior wall fire resistance rating: Greater than 20' separation: 0 hour fire rating	
Means of Egress	20' Maximum dead end limit maximum. Four exit doors provided, two required.	Good
Fire Sprinkler System	The fire sprinkler valve and equipment room is located at the west end of the building. An underground service main enters the riser within the sprinkler room. Shut-off valves, tampers and flow switches are located within the riser room. A pre-action sprinkler system is located in the janitor's closet. All sprinklers heads were recently replaced due to a recall from the manufacturer, Central Sprinkler Company. The sprinkler system is inspected annually by Hi/Flow Enterprises, Inc.	Good
Fire Pumps	None	N/A
Smoke Evacuation System	None	N/A
Alarms	The building has a complete fire alarm system including wall-mounted horns; strobes and manual pull stations. A remote fire alarm annunciator panel is located at the front entrance and the main fire alarm control panel is located in the main electric room. This type of system is consistent with what is normally provided in low-rise office buildings.	Good
Fire Extinguishers	Located throughout the building where required.	Good
Exit Signs and Emergency Lighting	Located throughout building at appropriate locations and connected to emergency power.	Good
Fire Hydrants	Fire hydrants are located off-site around the building perimeter and appear to be easily accessible.	Good
Security	Magnetic card access is required to access the building.	Good

3.7. Interior Elements

Item	Comments	Condition
Tenant Improvements	Building is utilized as a call center with workstations predominantly located at either side of core. Office spaces are located at core and perimeters. Four restrooms (2MR, 2WR); a conference room, break room, computer/data room, utility closets and a heated storage room are located within the building. Standard office finishes of good quality are typically used.	Good
Walls & Finishes	Typically painted gypsum board finishes within office space and work areas; ceramic tile in restrooms; vinyl wall coverings in reception area.	Good

Doors & Frames	Wood, aluminum or hollow metal doors with hollow metal or aluminum frames typical. Glass parting doors installed at main entrance.	Good
Ceilings	Suspended acoustical ceiling; Gypsum wallboard within restrooms.	Good
Floor Coverings	Carpet tile typical throughout office spaces; VCT in breakroom area ceramic tile in restrooms; high pressure laminate raised floor in data room and concrete in utility spaces.	Good
Acoustical Insulation	3" sound attenuation blankets installed at occasional interior walls. Sound batts above ceilings in all offices typical.	Good
Millwork	Varies based on tenant fit-out.	Good
Cabinetry	Plastic laminate cabinets installed in restrooms and breakroom.	
Mezzanine Area	None	N/A
Vacant Space(s)	None	N/A

3.8. Code Compliance/Regulatory Issues and Accessible Facilities

3.8.1. Regulatory Issues/Code Compliance

Item	Comments
Codes at Construction	1997 Kentucky Building Code, 7 th Edition
Current Codes	2002 Kentucky Building Code
Occupancy Classification	Group B – Business
Type(s) of Construction	Type II-N, Unprotected, Non-combustible.
Outstanding Bldg. Dept. Violations	A freedom of information request has been made with the State to check for outstanding code violations. Kentucky State Inspections office stated that the building has not been inspected since the time of construction.
Outstanding Fire Dept. Violations	A freedom of information request has been made with the State to check for outstanding code violations. The Kentucky State Fire Marshall's office stated that the property is not considered high priority, therefore the building has not been inspected for fire code violations.
Zoning Classification	N/A
Zoning Authority	State of Kentucky - Pike County
Parcel Number	N/A
Reported Gross Square Footage	42,860 s.f.

Reported Building Height	20'
Overall Compliance	No nonconforming conditions were observed during our visit to the property.
Flood Hazard Zone	The 100-year flood elevation is 669'.

3.8.2. Accessible Facilities

Item	Comments	Condition
Accessible Parking	Signed accessible parking stalls are provided.	Good
Curb Ramps	Curb ramps are provided at all accessible routes.	Good
Exterior Accessible Route	Exterior routes are accessible, including access ramps to the building.	Good
Entrance/Exit Doors	Entrance/exit doors are automatically or manually operated and appear to meet accessibility requirements.	Good
Interior Accessibility	Interior routes are accessible with signage provided throughout the facility.	Good
Restrooms	Restrooms are typically accessible, with grab rails and accessible fixtures.	Good

4. OUT OF SCOPE CONSIDERATIONS

Items required by ASTM E2018-99 are included within the Property Condition Assessment and associated report (PCR). No additional out of scope items were addressed.

5. DOCUMENT REVIEWS AND INTERVIEWS

5.1 Documentation Review

Prior to the PCA, relevant documentation was requested that could aid in the knowledge of the subject property's physical improvements, extent and type of use, and/or assist in identifying material discrepancies between reported information and observed conditions. The review of submitted documents does include comment on the accuracy of such documents or their preparation, methodology, or protocol.

The following list provides more specific details about some of the documents that were reviewed or obtained:

- ▶ Construction Plans dated August 5, 1999.
- ▶ Phase I Environmental Site Assessment Report by Summit Engineering, dated May 2006.

5.2 Personnel Interviewed

The following personnel from the facility and government agencies were interviewed in the process of conducting the PCA:

Name and Title	Organization	Phone Number
Steven Fyffe Facilities Manager	Sykes Enterprises, Inc.	606-218-2514
Tom Cott Corporate Facilitates Manager	Sykes Enterprises, Inc.	813-233-2158

6. OPINIONS OF PROBABLE COSTS

This section provides estimates for the repair and capital reserves items noted within this PCR. Routine preventive maintenance costs are excluded. These estimates are based on invoice or bid documents provided either by the Owner, tenant or client; facility and construction costs developed by construction resources such as R.S. Means and Marshall & Swift; V&A's experience with past costs for similar properties; city cost indexes and/or assumptions regarding future economic conditions.

6.1 Methodology

Based upon site observations, research and judgment along with referencing Expected Useful Life (EUL) tables from various industry sources, V&A opines as to when a system of component will most probably necessitate replacement. Accurate historical replacement records, if provided are typically the best source of information. Exposure to the elements, initial quality and installation, extent of use, the quality and amount of preventive maintenance exercised, etc. are all factors that impact the effective age of a system of component. As a result, a system or component may have an effective age that is greater or less than its actual chronological age. The Remaining Useful Life (RUL) of a component or system equals the EUL less its effective age.

Where quantities can not be derived from actual takeoff, lump sum or allowances are used. Estimated costs to correct are based on professional judgment and the probable or actual extent of the observed defect, inclusive of the cost to design, procure, construct and manage the corrections.

6.2. Immediate Repairs and Short Term Costs

Immediate repairs are opinions of probable costs that require immediate action as a result of: (1) material existing or potential unsafe conditions, (2) material building or fire code violations, or (3) conditions that if left unremedied, have the potential to result in or contribute to critical element or system failure within one year or will probably result in significant escalation of its remedial cost.

Short-term costs are opinions of probable costs to remedy physical deficiencies, such as deferred maintenance, that may not warrant immediate attention, but require repairs or replacements that should be undertaken on a priority basis in addition to routine preventive maintenance. Such opinions of probable costs may include costs for testing, exploratory probing, and further analysis should this be deemed warranted by the consultant. The performance of such additional services is beyond the PCA scope of work. Generally, the time frame for such repairs is within one to two years.

6.3. Capital Reserves

Capital Reserves are for recurring probable expenditures, which are not classified as operation or maintenance expenses, which should be annually budgeted for in advance. Capital reserves are reasonably predictable both in terms of frequency and cost. However, they may also include components or systems that have an indeterminable life but nonetheless have a potential liability for failure within an estimated time period.

Capital Reserves exclude systems or components that are estimated to expire after the reserve term and that are not considered material to the structural and mechanical integrity of the subject property. Furthermore, systems and components that were not deemed to have a material affect

on the use were also excluded. Costs that are caused by acts of God, accidents or other occurrences that typically covered by insurance, rather than reserved for, are also excluded.

Replacement costs were solicited from ownership, property management, V&A discussions with service companies, manufacturer's representatives, and previous experience in preparing such schedules for other similar facilities. Costs for work performed by ownership's or property management's maintenance staff were also considered.

V&A's reserve methodology involves identification and quantification of those systems or components requiring capital reserve funds within the evaluation period. Additional information concerning systems or components respective replacement costs (in today's dollars), typical expected useful lives, and remaining useful lives were estimated so that a funding schedule could be prepared. The Capital Reserve Schedule presupposes that all required remedial work has been performed or that monies for remediation have been budgeted for items defined in the Immediate Repairs and Short Term Costs Estimate.

6.4. Cost Tables

IMMEDIATE REPAIRS AND SHORT TERM COSTS

Property Name: Sykes Realty Call Centers - Pikeville, Kentucky
 Address: 55 Sykes Boulevard, Pikeville, Kentucky 41501
 V&A File #: V285-001

Section	Component or System	Comment	Quantity	Unit	Unit Cost	Immediate Total Cost	Short Term Total Cost
3.2	Asphalt Paving	Sealcoating of asphalt pavement	16,000.00	SY	\$ 1.50	\$ -	\$ 24,000.00
3.2	Asphalt Paving	Restriping of asphalt pavement	386.00	SP	\$ 8.00	\$ -	\$ 3,088.00
3.2	Fences/Screens	Install metal coping on mechanical screenwalls	440.00	LF	\$ 15.00	\$ -	\$ 6,600.00
3.2	Fences/Screens	Repair damaged masonry at screen for dumpster	1.00	LS	\$ 5,000.00	\$ -	\$ 5,000.00
3.3.2	Parapet Coping	Replaced damaged sections of roof copings	60.00	LF	\$ 20.00	\$ -	\$ 1,200.00
3.3.3	Metal Panel Wall System	Scrape and paint steel framing for panel system	278.00	LF	\$ 15.00	\$ -	\$ 4,170.00
3.3.3	Joint Sealants	Install sealants at opening perimeters, and replace masonry expansion joint sealants	6,000.00	LF	\$ 4.50	\$ -	\$ 27,000.00
3.3.3	Exterior Wall	Investigation wall drainage system	1.00	LS	\$ 4,000.00	\$ -	\$ 4,000.00
3.3.3	Wood Staircase	Complete removal and replacement of wood staircase at the lower parking lot	1.00	LS	\$ 20,000.00	\$ -	\$ 20,000.00
TOTALS						\$ -	\$ 95,058.00

7. QUALIFICATIONS

COMPANY DESCRIPTION

For over three decades Vannoy & Associates' world-renowned experts and authorities – a highly trained and specialized team of architectural and engineering consultants – have participated in a wide range of projects for both the commercial and residential sectors. Our work spans the entire eastern seaboard, across the country and around the world with our primary client-base being in the mid-Atlantic region.

Because we have procured an intricate network of consultants we can offer even the most specialized expertise on any project wherever it is needed.

Our unparalleled expertise and experience...our undisputed integrity...and the respect we have earned for our superior workmanship, smart solutions and dedication to finding the answers. Uncovering answers is a monumental task for such areas as forensic engineering, due diligence and facilities engineering among others – and for Vannoy & Associates, being thorough is not an option, it's a requirement.

We believe in building customer relationships so that you achieve the maximum level of comfort possible with our team. Developing trust is the cornerstone of every relationship and to build that trust requires one-to-one interaction. Therefore, on every project we manage, you are assured that at least one of our principals will spearhead, if not supervise, all investigations and efforts. And, to further increase your level of confidence, our professionals have been highly trained and educated in the specialty areas of practice within the consulting engineering field.

DESCRIPTION OF SERVICES

Vannoy & Associates specializes in a variety of areas, including the following:

- Forensic engineering
- Facilities engineering
- Project design consultation
- Building evaluations
- Nondestructive testing
- Repair and rehabilitation design
- Condition surveys
- Due diligence studies
- Construction monitoring (Quality Control/Quality Assurance)

EXPERIENCE BASE

Vannoy & Associates has completed thousands of consulting engineering projects for clients ranging from government agencies to real estate owners to architects. Our word-of-mouth reputation is unprecedented and our volume of repeat business speaks for itself.

KNOWLEDGE AND SKILL BASE

Our vast knowledge and experience encompasses the widest range of building components and structural difficulties, construction-related activities and materials and manufactured products.

- Steel
- Fire & life safety systems
- Facades
- Electrical
- Concrete
- ADA compliance
- Foundations
- Plumbing
- Timber
- Vertical transportation
- Soils
- Mechanical
- Masonry
- Structure
- Roofing

CLIENTS

- Government Agencies
- International Agencies
- Investment Trusts
- Commercial Real Estate Owners
- Residential Real Estate Owners
- Property Managers
- Insurance Companies
- Attorneys – Plaintiffs and Defendants
- Contractors
- Architects
- Industry and Organizations
- Loss Adjusters
- Engineers
- Material Manufacturers

AFFILIATIONS

Significant professional affiliations maintained by Vannoy & Associates include:

- American Society of Civil Engineers (ASCE)
- American Concrete Institute (ACI)
- The Masonry Society (TMS)
- TMS Technical Committee on Evaluation, Rehabilitation, and Repair
- Chi Epsilon National Honor Society of Civil Engineers
- University of Maryland at College Park Architecture and Engineering Performance Center

- American Society for Testing and Materials (ASTM)
- ASTM Committee E30 on Forensic Sciences
- ASTM Committee E06 on Performance of Buildings
- American Society for Testing and Materials (ASTM)
- National Society of Professional Engineers (NSPE)

8. LIMITING CONDITIONS

This report provides a narrative and photographic description of the property, as well as any deficiencies that were noted during our site visit(s). Any deficiencies that were noted are presented, along with an estimate of the costs required to correct these deficiencies. Observations and cost estimates were provided for deficiencies which are in violation of codes, which pose a danger to public safety, or which, if left uncorrected, will lead to further deterioration of the property or significantly impact marketability or habitability. Observations and cost estimates are also provided for work not required by agencies or codes, but which, in our opinion, represent expenditures that should be made in the context of the prudent management of the property within the reserve period.

To adequately determine the present condition of the property, Vannoy & Associates performed on-site assessments, discussed building history and construction with building personnel, and reviewed available construction drawings and pertinent documentation. Drawings were used for general information and to conduct spot checks of the adequacy of the structural and other building systems.

Our observations were limited to those portions of the building that were visible and accessible. In some areas, building finishes concealed structural components from view. Vannoy & Associates neither took material samples nor performed tests on building materials or systems. Our investigation of the building facade was performed from the ground and the roof levels only.

Some equipment observed was not operating during our visit due to seasonal requirements or building demand. No attempt was made to operate equipment. In the case of idle machinery or equipment, interviewing available personnel and reviewing any maintenance records presented to us formed our opinions. In order to be as fully apprised as possible of the operating condition of the major pieces of machinery, a mechanical contractor should be retained to start the equipment and witness its operation over a period of time.

The square foot areas used in the following sections are as supplied by the management's representatives or by available building plans and ALTA drawings. Detailed square footage takeoff and/or field measurements were outside the scope of this report.

The cost estimates presented in this report are engineering estimates and are not bid prices (unless otherwise noted). The estimates represent our opinion of the amount of current U.S. dollars it should take to have the work accomplished by typical area labor.

Vannoy & Associates assumes no liability regarding insect infestations, asbestos audits, hazardous or toxic material monitoring, surveying, or reporting and cannot be responsible for the work or opinions of other independent consultants engaged to do so.

Our review of the building's compliance with the Americans with Disabilities Act (ADA) is performed without regard for whether or not items of nonconformance are, by ADA definition, readily achievable. The decision as to which actions are to be undertaken rests with the building

ownership in consultation with its accountants, lawyers, and architects. Our general observation of the property's ADA status and related comments is not intended, and should not be construed, to replace a full ADA audit and report.

In addition to on-site observations, local building and fire departments were contacted and requested to review their records and inform us of any outstanding violations against the building. Vannoy & Associates assumes no liability regarding the accuracy of information provided by other agencies or individuals.

Possession of this report does not imply the right to publication, nor may it be used for any purpose by anyone but the Client without the prior written consent of Vannoy & Associates, and in any event, only in its entirety. Should the report be used in connection with a sales transaction, parties to such a transaction, other than the Client, are not entitled to rely upon the information contained within the report, except as a preliminary source of data. Such parties are responsible for their own independent due diligence.

9. APPENDICES

**55 Sykes Boulevard, Pikeville, Kentucky
Property Condition Report
Photograph Log**

1. Overall view of the building exterior at the main entrance.
2. Overall view of the building exterior at the main entrance.
3. Overall view of the building exterior at the rear of the building.
4. Overall view of the parking lot and main entrance grounds.
5. Overall view of the parking lot and main entrance grounds.
6. Overall view of the parking lot and main entrance grounds.
7. View of a storm sewer inlet.
8. View of a concrete flume at the lower parking lot.
9. Overall view of the lower parking lot.
10. View of a ramp that leads from the lower parking lot to Sykes Boulevard.
11. Overall view of the main parking lot surface.
12. Overall view of the main parking lot surface.
13. Overall view of the lower parking lot surface.
14. View of a van accessible handicap parking space.
15. View of a typical crack in the curbing, which resulted from inadequate control joint spacing.
16. Pole mounted exterior light for the lower parking lot.
17. Masonry pylon sign located at the entrance to the property.
18. View of tilted flag poles at the main entrance.
19. View of the masonry screen wall surrounding the dumpster.
20. View of damage to the rear wall of the dumpster enclosure.
21. View of a masonry screen wall which surrounds the HVAC units.
22. Overall view of the canopy structure and ongoing repairs.
23. Overall view of the standing seam galvanized aluminum metal roof system.
24. Overall view of the standing seam galvanized aluminum metal roof system.
25. View of an end connection covered with roofing cement.
26. View of a splice connection between sheets of roofing.
27. View of vent penetration
28. View of damaged metal coping for the roof parapet.
29. View of damaged metal coping for the roof parapet.
30. View of the corroded structural steel framing for the metal panel wall system.
31. Overall view of the brick masonry exterior wall.
32. Overall view of the rear side of the building with the metal panel wall system.
33. View of cracked masonry above an exit door at the storage area at the rear of the building.
34. View of an unsealed window perimeter.
35. View of an unsealed window jamb.
36. View of an unsealed window perimeter.
37. View of an unsealed window perimeter.
38. View of deteriorated sealant for the masonry expansion joints.
39. Overall view of the wood staircase that leads from the lower parking lot to Sykes Boulevard.
40. View of a Carrier pad mounted packaged air condition unit.
41. View of a Comfort Commercial pad mounted packaged air condition unit.
42. View of the ground mounted Liebert condensing unit.
43. View of the water meter.
44. View of the hot water heater located in the janitor's closet.

45. View of the gas service meter.
46. View of the pad mounted utility transformer.
47. View of a panel board in the electrical room.
48. View of the emergency generator.
49. View of the switchboard for the emergency generator.
50. View of the riser for the fire sprinkler system.
51. View of the pre-action sprinkler system located in the janitor's closet.
52. View of an emergency strobe light in the bathroom.
53. View an accessible bathroom stall with grab rails.
54. View of accessible bathroom sinks.



Photograph 1



Photograph 2



Photograph 3



Photograph 4



Photograph 5



Photograph 6



Photograph 7



Photograph 8



Photograph 9



Photograph 10



Photograph 11



Photograph 12



Photograph 13



Photograph 14



Photograph 15



Photograph 16



Photograph 17



Photograph 18



Photograph 19



Photograph 20



Photograph 21



Photograph 22



Photograph 23



Photograph 24



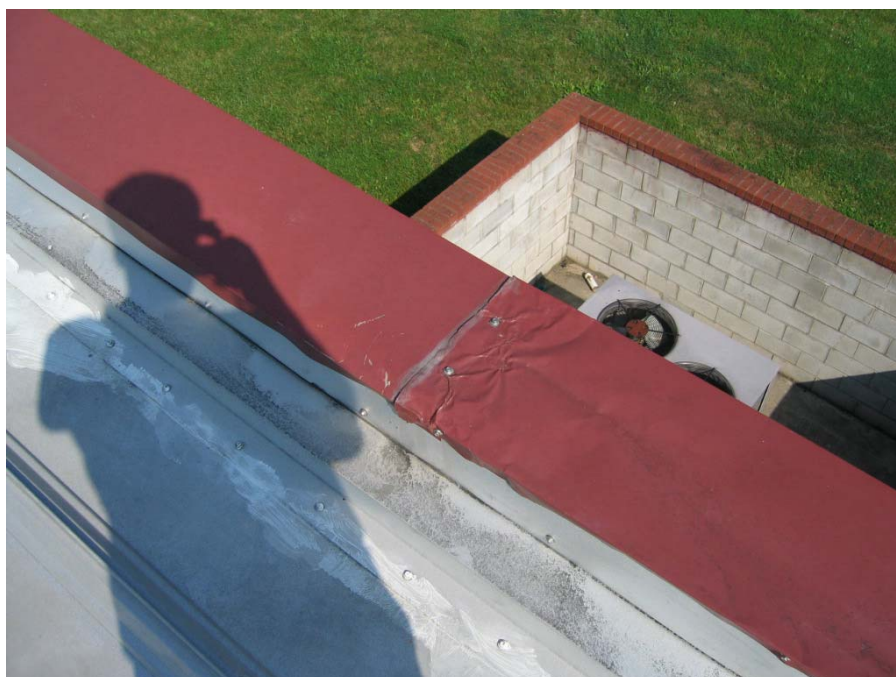
Photograph 25



Photograph 26



Photograph 27



Photograph 28



Photograph 29



Photograph 30



Photograph 31



Photograph 32



Photograph 33



Photograph 34



Photograph 35



Photograph 36



Photograph 37



Photograph 38



Photograph 39



Photograph 40



Photograph 41



Photograph 42



Photograph 43



Photograph 44



Photograph 45



Photograph 46



Photograph 47



Photograph 48



Photograph 49



Photograph 50



Photograph 51



Photograph 52



Photograph 53



Photograph 54