

1406-02

**COMPLETE APPRAISAL
SUMMARY REPORT**

OF

**PORT VILLAGE TRACTS
PARCEL R113 011 000 084A 0000
PARCEL R113 011 000 0084 0000
PARCEL R113 011 000 0249 0000
PARCEL R113 011 000 182C 0000
(PORTION OF PORT OF PORT ROYAL PROPERTY)
PORT ROYAL, SC 29935**

FOR

**DICK STEWART
c/o 303 ASSOCIATES
ONE BEAUFORT TOWN CENTER, 3RD FLOOR
BEAUFORT, SC 29902**

EFFECTIVE DATE OF APPRAISAL: JULY 22, 2014

BY

**GEORGE R. OWEN, MAI
CERTIFIED GENERAL APPRAISER
7 CLAIRE'S POINT RD.
BEAUFORT, SC 29907**

DATE REPORT ISSUED: JULY 30, 2014

July 30, 2014

Mr. Dick Stewart
c/o 303 Associates
One Beaufort Town Center, 3rd Floor
Beaufort, SC 29902

RE: Port Village Tracts, totaling 14.84 net acres of land
Port Royal Beaufort County, SC

Dear Mr. Stewart,

In accordance with your request, I have completed an appraisal of market value of the referenced property as of July 22, 2014. It is my intent that this appraisal conform to the Appraisal Standards for Federally Related Transactions as set out in the regulations of the Office of the Comptroller of the Currency. To the best of my knowledge, this appraisal also conforms to the current requirements prescribed by the Uniform Standards of Professional Appraisal Practice adapted by the Appraisal Standards Board of the Appraisal Foundation (as required by the Financial Institution Reform, Recovery and Enforcement Act - FIRREA). Market value is defined in the attached report.

I have utilized mainly the sales comparison approach in estimating the as-is value of the subject land, subject to the current Town of Port Royal zoning (Commercial PUD). The results produced by the analysis of the sales and the market in general resulted in a final estimate of market value of the fee simple interest of

\$4,000,000 (FOUR MILLION DOLLARS).

The estimated value is inclusive of the estimated contributory value of the buildings on the site, and all other infrastructure in place.

Mr. Dick Stewart

July 30, 2014
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The market exposure time necessary to produce the estimated value would not be judged to exceed 12 months. Therefore, no further discounting of the estimated value is necessary.

Environmental reports pertaining to the subject property revealed various apparent or suspected "recognized environmental "conditions". These factors, discussed in more detail herein, were taken into account. However, it must be recognized that the appraiser is not an expert in environmental matters; a qualified expert should be retained in the event that further environmental analysis is required. The subject property is located within a flood hazard zone.

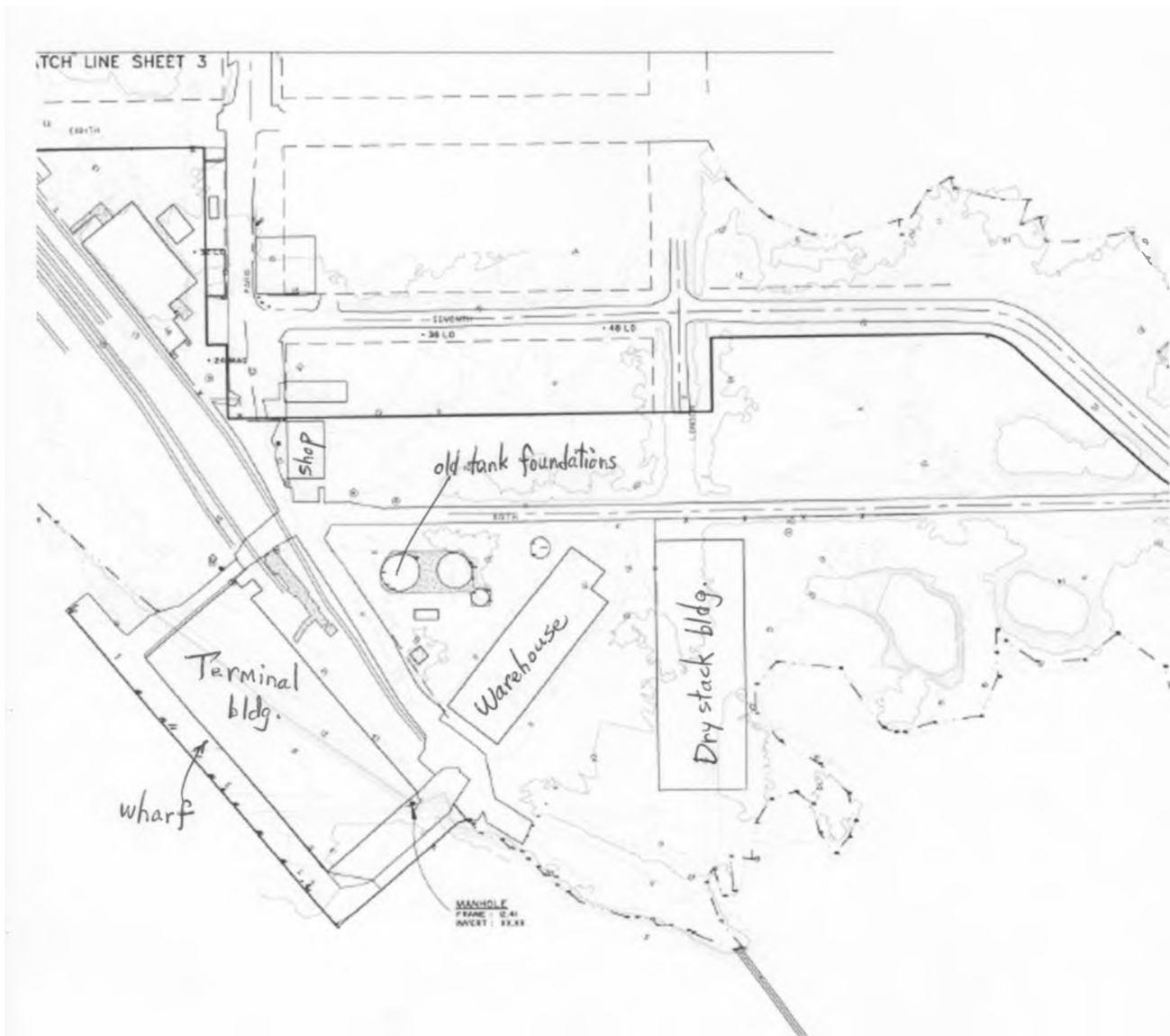
There is additional information regarding the subject property and the market, which is retained in the appraiser's work file, which is incorporated herein by reference. This report is made subject to the assumptions and limiting conditions summarized on the pages following the main text of the report.

I urge a careful reading of the appraisal report. My invoice for services rendered is attached. I appreciate this opportunity to be of service.

Sincerely,

George R. Owen

George R. Owen, MAI
Certified General Appraiser
South Carolina License #5064



Plat showing placement of buildings included in appraisal

Terminal = Bldg. 1

Warehouse = Bldg. 2

Drystack = Bldg. 3



**Aerial Photo from marketing brochure
(Note that tanks were still in place)**



**View of the principal buildings
Bldgs. 1, 2, 3 (L-R)**

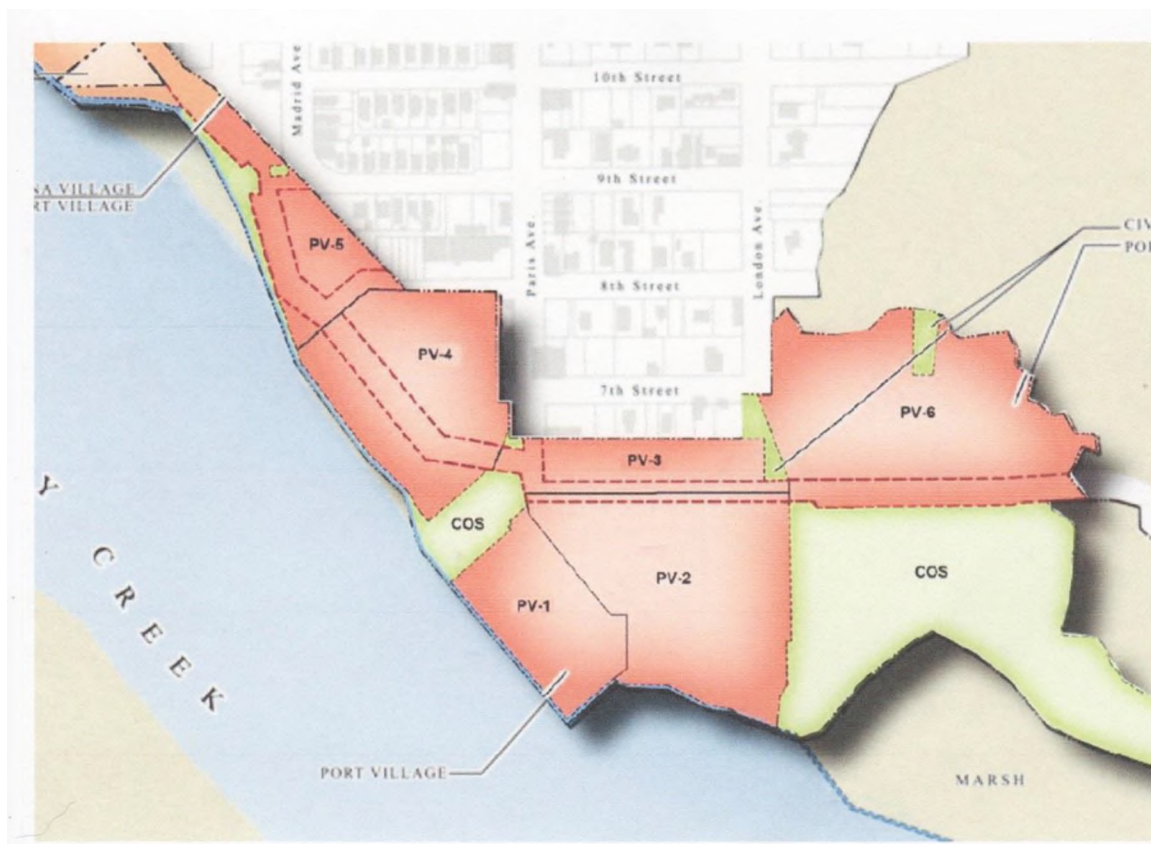
IDENTIFICATION OF PROPERTY

The property being appraised, hereinafter known as the subject property of this report, comprises a portion of the Port of Port Royal property, Beaufort County, South Carolina. The subject's parcel ID's are as follows:

R113 011 000 084A 0000
R113 011 000 0084 0000
R113 011 000 0249 0000
R113 011 000 182C 0000

Tax maps, subject photographs, legal description, site survey and other pertinent information are included in the body or Appendix of this report.

The marketing brochure for the Port of Port Royal property calls this area the Port Village, designated on their drawings as subparcels PV-1 through PV-6.



OWNER OF RECORD

The current owner of the tracts is South Carolina Ports Authority, P.O. Box 22287, Charleston, SC 29413-2287.

INTENDED USE OF THIS APPRAISAL

This appraisal is to be used by the client for evaluation purposes. It is anticipated that the property may be purchased. The client and intended user of this document is Mr. Dick Stewart.

PURPOSE OF APPRAISAL

The purpose of this appraisal is to estimate market value, as defined, as of July 22, 2014, the date of latest field inspection. Market value is defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

OWNERSHIP INTEREST APPRAISED

The property rights being appraised are fee simple. Fee simple is defined as **"absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat"**.

The above definition is from the 5th Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute, Chicago.

PRIOR TRANSFER INFORMATION/ HISTORY

There have been no prior transfers of the parcels which would be pertinent to a current valuation of the property.

SCOPE OF THE APPRAISAL

The scope of this appraisal focused upon the collection, confirmation and analysis of data to estimate market value for the subject property. The appraiser made an overview of the land market in the immediate, general, and regional area of the subject property. Public records and the appraiser's private data sources were researched to identify neighborhood trends, land sales, listings, new developments, as appropriate. Other appraisers active in this type of assignments were consulted. The appraiser also took into account the market situation affecting the wider area, including the city/county and the region.

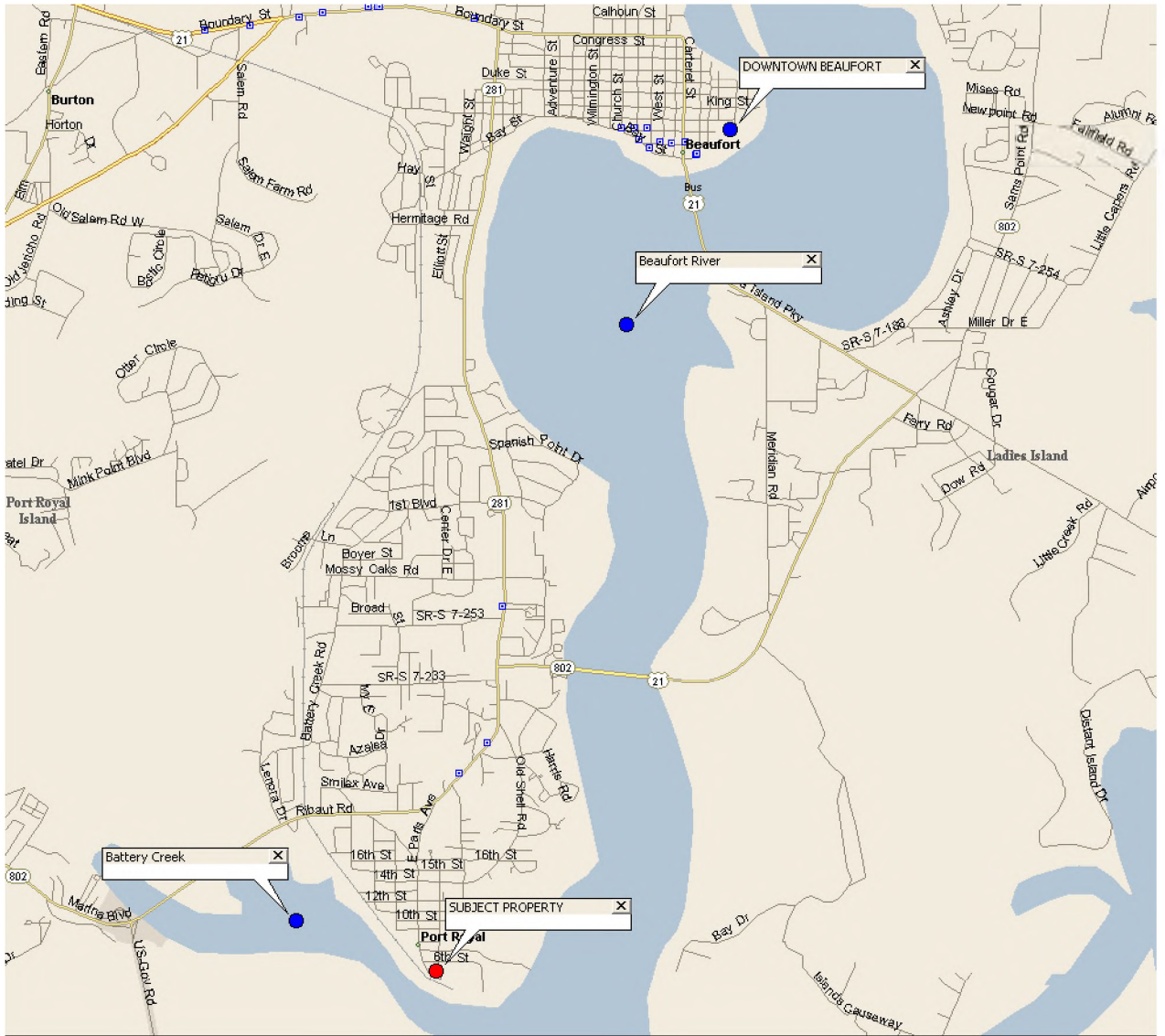
NEIGHBORHOOD DESCRIPTION

The subject site is located in old town, Port Royal, and is accessed from the dead-end of Paris Avenue. The old town of Port Royal is a sister community to Beaufort. It lies on a peninsula of land between Battery Creek and the Beaufort River, which are part of the saltwater estuary system of the Port Royal Sound. Port Royal is an attractive, viable small community which provides a population base for the area. Since the client is quite familiar with the area, no further detailed discussion will be given.

The entire tract called the Port of Port Royal property has almost one mile of frontage on Battery Creek and the Beaufort River. It comprises 317 acres, with about 51.6 acres being developable high ground and the balance in marsh.

Port Royal has been growing, with the annexation of areas outside the limits of "old town". It is about 5 miles from downtown Beaufort. The subject Port Village tract is about 14 miles by water from the Atlantic Ocean via Port Royal Sound. The channel of the Intracoastal Waterway is only about a mile from the property.

In summary, the subject property is in a good waterfront location, and should be a good candidate for redevelopment in accordance with the revised Master Plan and PUD agreement which was adopted by the Town



General Neighborhood Map

SUBJECT PROPERTY DESCRIPTION

It is appropriate to summarize the subject's salient physical characteristics, as these are pertinent to the valuation, and to the overall utility of the property. The land area of the entire designated port property comprises 51.6 acres of high ground. Of this, the subject tract being appraised contains 25.64 acres, of which 10.8 acres are reserved for Neighborhood Civic Open Space. We are disregarding valuation of the 10.8 acres (as it will presumably be donated to the Town), and thus the net acreage under valuation is about 14.84 acres.

Access

The main access into the site is at the foot of Paris Avenue south of 7th Street, via a locked gate. Secondary access can be gained from London Avenue (however currently fenced off).

Municipal Services

The site is served by City or County of Beaufort utilities including electricity, sewer and water. Fire and police protection are provided by the Town of Port Royal (TOPR) or Beaufort County.

Zoning

The subject is in the Town of Port Royal (TOPR). Zoning of the site is "PUD" under the amended Port Royal Tract PUD which was adopted November 9, 2011. This PUD specifically permits intensive commercial uses, including a

marina with retail sales, gasoline sales, boat services, shrimp docks, restaurants, residential mixed uses, hotel and a dry-stack storage facility. The plan provides for ample acreage in parks and community open spaces (COS). This information was obtained from the marketing brochure prepared by NAI Avant. The full text of the Planned Unit Development is retained in our files and is incorporated herein by reference. It is also available on the Port Royal website.

Topography/Drainage

Topography of the site is essentially level and essentially on road grade. There are no observed areas of problem drainage or any apparent detrimental conditions on the high ground. The site drains into Battery Creek. Details of the topography of specific areas are found in the marketing website at www.naiavantportroyal.com

Easements

The site has apparent perimeter and interior utility easements and overhead powerline easements. None of the easements are judged to have an adverse effect on value.

Flood Considerations

The site is shown to be in a flood zone A-9 (elevation 16.0'), as indicated on the FEMA Map #450025 panel 60D. Generally the tract is high and dry.

Description of the Assessor's Parcels

Parcel 182C lies on the northwest part of the tract. It is traversed by the old railroad right-of-way which once served the Port. This parcel is undeveloped land, and has an irregular line along the shore of Battery Creek; it contains 3.5 acres according to assessor's records.

Parcel 084A lies in the middle part of the tract. This parcel contains the main building including the old terminal and the 570' long wharf, and fronts along the shore of Battery Creek; it contains 3.3 acres according to assessor's records, and the Assessor's plat shows that part of the acreage is actually in the creek, thus securing the ownership of the deepwaterdocking area. The water is at least 25' deep along the wharf at low tide

Parcel 0084 lies on the southeast part of the tract. This parcel is the location of the storage warehouse and the drystack building and has an irregular line along the shore of Battery Creek; it contains 4.4 acres according to assessor's records. A pipeline runs overhead from the terminal building to the warehouse, through which dry cement powder was transferred.

Parcel 084A lies in the middle of the property and contains 3.83 acres of undeveloped land.

The total acreage of these 4 parcels is 15.03 acres, which agrees fairly well with the net acreage figure of 14.84 acres outlined above.

Wharf and Dock

The concrete wharf is 30' wide by 570' long and is supported by heavy pilings of wood and concrete. Previous inspections revealed the substructure to be in reasonably good condition. The floor slab of the terminal building is actually located on these solidly built pilings, with water underneath the building and the wharf. The engineers' inspection did not give an opinion of the condition of the actual floor slab, as it is covered with a layer of cement dust varying from a few inches to over a foot thick. Another section of the wharf runs along the east side of the terminal. There is an L-shaped floating dock running parallel, which was used in connection with the drystack boat operation.

Remarks

This would seem to be a good parcel of potential development ground, for numerous alternate uses, which has good overall topography, but limited esthetic appeal as it exists today. There are possible negative influences including contamination by oils and other solvents, as outlined in the environmental reports. The environmental aspects will be discussed more fully below. There are few other properties in the County which have such a unique location in terms of proximity and access to the Port Royal Sound. The property is appraised as-is, with the PUD zoning in place.

It is understood that the property will possibly be acquired on behalf of the Santa Elena Foundation, a nonprofit organization for which a historical interpretive

center is planned. The Santa Elena fort site was established 450 years ago on what is now Parris Island, on the Port Royal Sound estuary system. Obviously the location of the property will give the group direct and convenient access to the estuary, and boats can be docked at the facility.

Description of the Buildings

Building 1 is the cement terminal or transit warehouse located directly on the waterfront adjacent to the 570' long wharf, which is capable of accommodating large ships. This solidly constructed building has a nominal footprint of 160' by 375', and there is a metal addition under the rear canopy measuring about 20' by 70'. The total building area is called 61,560 sq.ft. This building is essentially empty, with 5 large access openings at the front, 4 of which have been welded shut. The concrete slab floor is covered with a layer of cement dust, up to 1' thick in places. A steel catwalk runs the length of the building just under the roof peak. There is minimal halogen vapor lighting. The building is sprinklered with a Grinnell system; it is not known whether this system is functional. There is a dock-height covered deck along the rear to accommodate rail service from the adjacent rail spur. Off this deck is a two-story office area inset into the building. This building slab is entirely supported by heavy concrete pilings driven down into the water. Roof structure is supported on three massive concrete pillars which in turn support massive steel bar joists. The roof has an extremely low slope; condition of the roofing could not be determined.

Building 2 is the metal-roofed clearspan warehouse located behind Building 1, which has a calculated area of approximately 22,000 sq.ft. The width is about 84', without any interior support columns. The steel structure comprises exterior steel support beams and massive joists, with a peaked roof. Walls are precast concrete. This building is empty, with large access openings at the rear. The concrete slab floor is covered with a layer of cement dust, up to 1' thick in places. This building is not sprinklered. The exterior of this building is quite overgrown with shrubs and vines, making it difficult to determine the condition of the exterior. The finish floor elevation is 13.5'.

Building 3 is the drystack building formerly used for commercial boat storage. It is a Varco-Pruden pre-engineered metal building constructed in 2003 at a cost of \$915,000 according to records in the Port Royal planning office. The nominal footprint is 120' by 340' with a calculated area of 40,800 sq.ft. The finish floor elevation is 11.75'. The eave height is over 40'. It is currently capable of accommodating 180 boats on 3 tiers. a fourth tier could conceivably accommodate an additional 60 small boats. This building has minimal lighting, and a single vent fan high in each end wall. The very large front access opening has been left open to the elements since the drystack operation was closed down several years ago. The floor slab and the concrete apron in front of this building are still in remarkably good condition. This building is served by 2 floating docks to which boats were moored after being placed in the water by a large forklift.

Building 4 is an old metal shop which measures about 50' by 80', formerly used for plant operations. It is doubtful that this building has any significant contributory value to the whole, although it may have a few years of remaining useful life.

There are a few other smaller buildings and sheds onsite, which do not contribute to value. A list of all buildings is shown below. There are also two old tank foundations of heavy concrete which have no contributory value.

It is judged that the first three buildings discussed have identifiable contributory value to the whole. In a subsequent section, the appraiser will present a cost approach, utilizing estimated replacement costs, less estimated accrued depreciation and obsolescence.



Buildings 1, 2, and 3 (left to right)

Lehman, Peter <PLehman@scspa.com>

3:47

to me ▾

Dear Mr. Owen,

As requested, please find the list of our buildings and Sq. Ft. in Port Royal. Please let me know what else you might need.

Building Number	Floor Description	Area	Procured	Remarks
601	Transit Shed, Ramp & Platform	61,200.0	1/59;6/83	Shed Leased to B&B Trucking
602	Fire System Valve House	300.0	1/59	
607	Maintenance Building	4,100.0	9/86	
608	Distribution Warehouse	14,550.0	9/86	Leased to Charter Comm.
609	Office Trailer	1,210.0	6/95	
626	Wooden Boat Dock		5/88	Leased to Port Royal Seafood
627	Seafood Building		5/88	Leased to Port Royal Seafood
629	Storage Building	810.0	5/88	Leased to Port Royal Seafood
630	Warehouse	13,458.0	5/88	Leased to Port Royal Seafood
631	Food Processing Building	4,060.0	5/88	Leased to Port Royal Seafood
632	Freezer	2,570.0	5/88	Leased to Port Royal Seafood
633	Office Building	4,376.0	5/88	Leased to SCDHEC
656	Floating Dock for Restaurant		1/93	
657	Office Building	7,535.0	4/85	Old Engine House
659	AST - Diesel Tank	10,000 gal	9/96	Located on slab @ #630
661	Warehouse	18,000.0	4/85	(Hebb-Hendrix Building)

Regards,

Peter Lehman

Peter O. Lehman, Esq., PPM

VICE PRESIDENT, CRUISE BUSINESS AND REAL ESTATE

SOUTH CAROLINA PORTS AUTHORITY

OFFICE (843) 577-8601

SC Ports Authority complete list of buildings on site
(List includes all buildings, not just Port Village area)

HIGHEST AND BEST USE

A fundamental premise on which value estimates are based is that market value reflects the most profitable use to which a property is likely to be put. Therefore, it is good appraisal practice to value and analyze a site in terms of its highest and best use. The best use of land may be defined as "that use which will tend to produce the highest net return over a given period of time, or (alternatively) that use which will produce the highest present value". It is generally the analyst's goal to analyze which program of future utilization will develop the highest net return to the land over a period of time.

The generally accepted definition of highest and best use, as given by The Dictionary of Real Estate Appraisal, Third Edition (Chicago: The Appraisal Institute), is as follows:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible and that results in the highest value."

In analyzing the highest and best use of the site, it is necessary to study four factors. These include:

1. Legality of Use: What uses are permissible considering zoning, deed restrictions, etc. on the site in question?
2. Physical adaptability: To what uses can the site physically be put? A parcel's size, shape and topography affect the uses to

which it can be put. Also, adequacy of public utilities may impose a restriction on site utilization.

3. Feasibility of use: Which of the permissible and physically possible uses will produce a positive net return to the owner? That is, sufficient income to meet operating expenses and debt service, plus yield a reasonable return on equity.
4. Highest and best use: Among the feasible uses, which will likely represent the most profitable use (i.e., the highest net return or highest present value)?

Legality of use is not a limiting factor in this analysis. The property is zoned Commercial PUD, as approved by the TOPR. The full text of the Port Royal PUD is retained in the appraiser's files. Hotel(s) and various other commercial uses are specifically approved for the Port Village portion.

Neither is physical adaptability a limiting factor. The site has adequate ingress and egress, and the size and shape of the site are physically adequate for numerous alternatives. The public utilities will be adequate to support any proposed improvements. The deepwater wharf and dock add value. Therefore, there are no practical physical limitations.

Feasibility of use is difficult to assess, except to say that a variety of possible redevelopment schemes could be envisioned. The use of certain buildings on this property as an "ecological interpretive center" appears to be one possibility among uses representing the highest and best use. Preserving the history and the water quality and the environment of the Port Royal Sound will be a primary focus. In this case, economics are not the prime consideration; rather, the

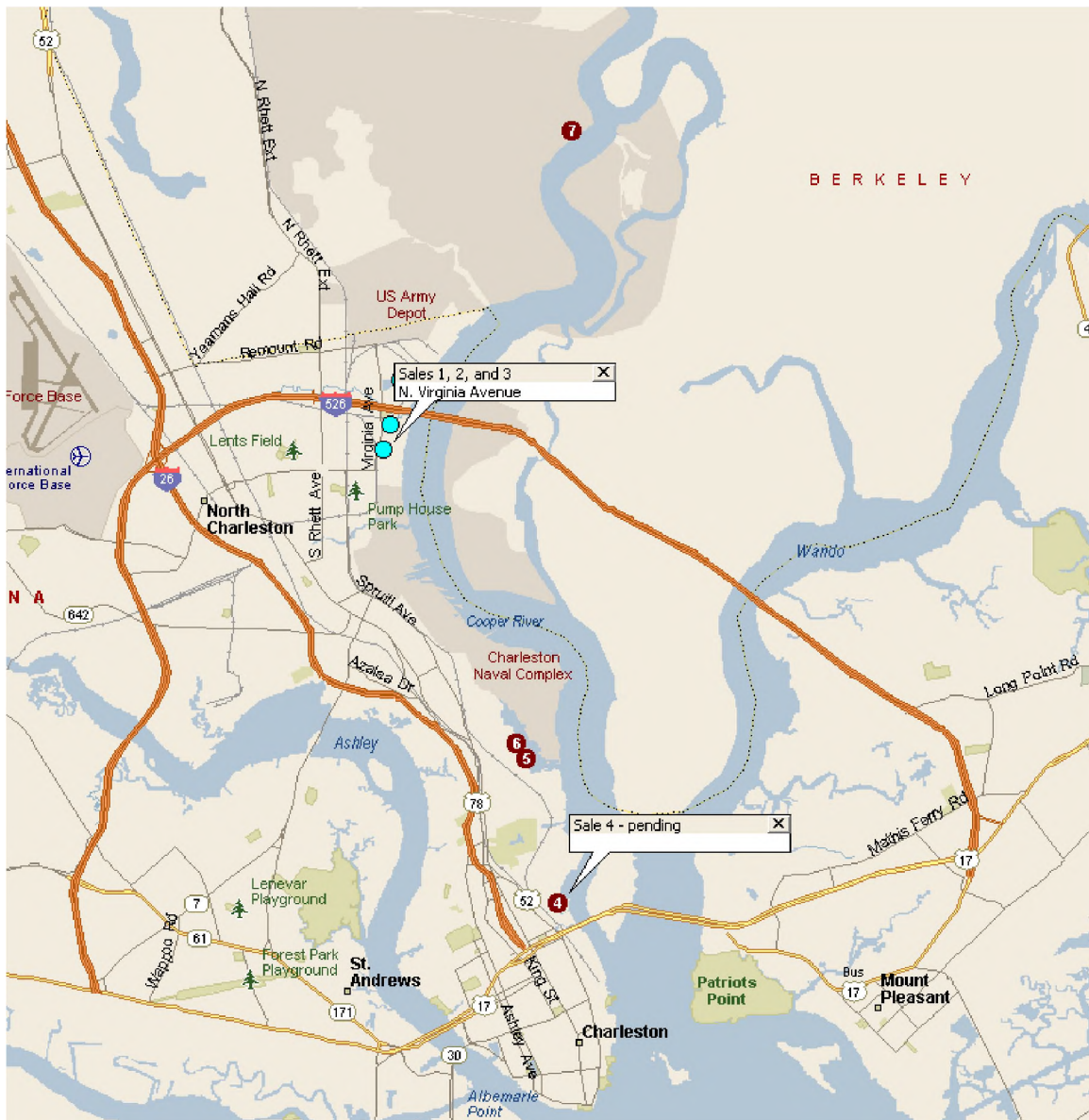
community service factor will be the primary consideration. Other commercial uses may be feasible in future. The property is viewed as potentially in transition to a higher use than a “closed industrial facility”. The transition cannot be accomplished until the ownership is conveyed.

SALES COMPARISON APPROACH TO VALUE

The subject property, with the bulk of value mainly in the waterfront land, will be valued by the market (sales comparison) approach; there is adequate data available. The appraiser made a comprehensive search of sales records within the recent past, focusing on properties having similar use to the subject. Focus was placed on waterfront sites in prominent locations. There were no appropriate land sales found in the greater Beaufort County area. Thus the sales search was broadened to include the port cities of Savannah, GA and Charleston, SC. The following sales of properties deemed comparable to the subject have been identified and presented for analysis.

Table 1.

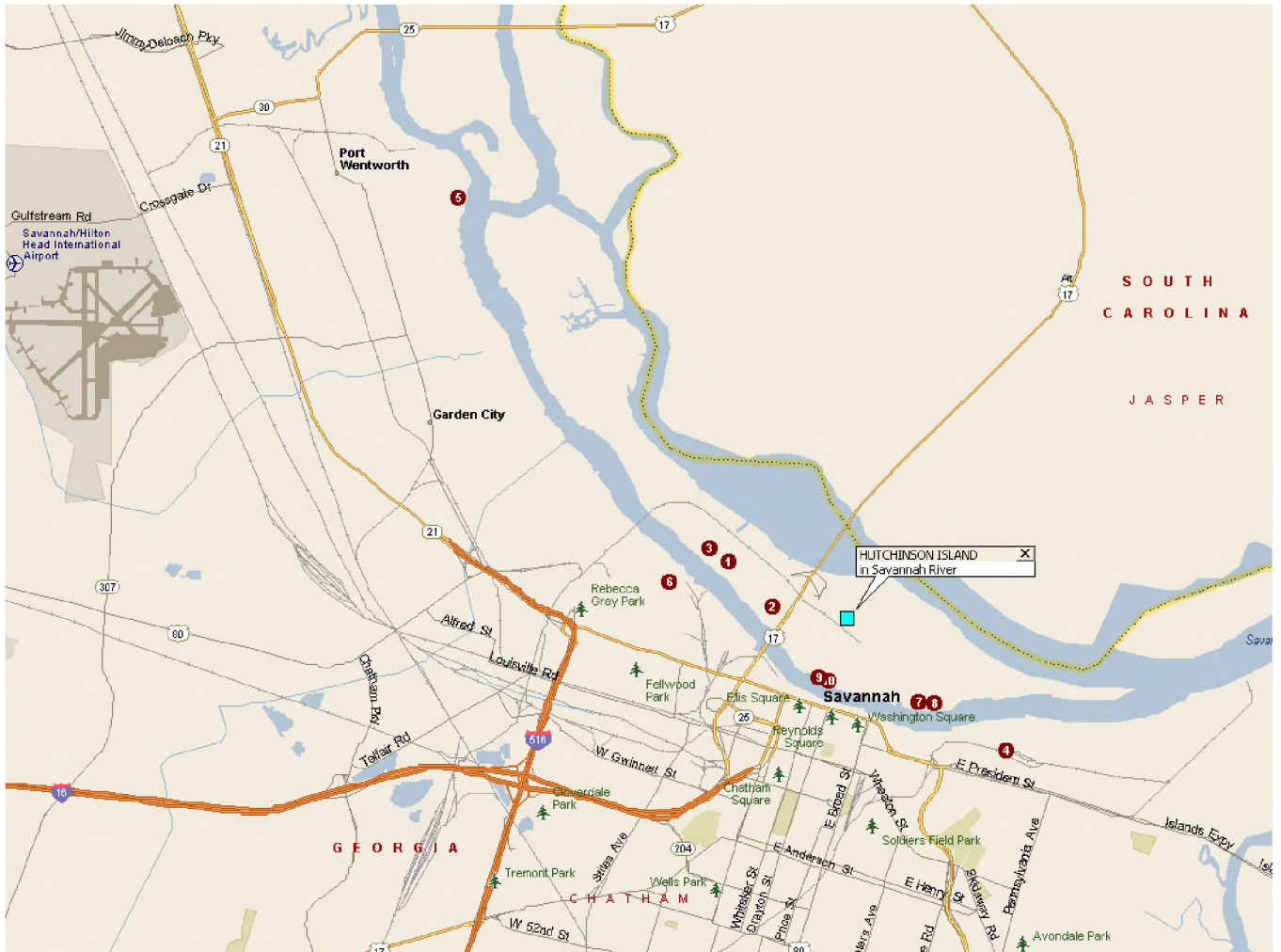
Deepwater Industrial Property Sales- Charleston SC					
<u>Location</u>	<u>No. acres</u>	<u>Price</u>	<u>Date</u>	<u>Price/acre</u>	<u>Remarks</u>
1. 4950 N Virginia Av North Charleston, SC	42.00	\$20,000,000	12/28/2007	\$476,190	Former Chevron oil terminal on Cooper River deepwater site, served by rail spurs and dock 300,000 sq.ft. old buildings had negligible value
2. 1003 N Virginia Av North Charleston, SC	20.7	\$7,825,000	12/17/2010	\$378,019	Charleston Cement deepwater facility on the Cooper River, the major shipping channel of the Charleston MSA. Served by pier and rail spurs
3. 1003 N Virginia Av North Charleston, SC	19.4	\$7,511,222	12/17/2010	\$387,176	Charleston Cement deepwater facility on the Cooper River, the major shipping channel of the Charleston MSA. Served by pier and rail spurs Accommodates 800' long ships. To be redeveloped in conjunction with the property above as a marine terminal for bulk chemicals and petroleum
4. off Greenleaf Street Charleston, SC	16	\$3,000,000 reported	current pending	\$187,500	Old coal tipple site, minimal frontage on water. Part of Cooper River port facilities. Pending sale by SC Ports Authority, buyer not revealed
5. 1905 Pittsburg Ave Charleston, SC	13.3	\$6,400,000	3/29/2011	\$443,600	Vacant industrial tract on Shipyard Creek off the Cooper River
6. 1800 Pittsburg Ave Charleston, SC	119.13	\$33,000,000	3/6/2007	\$277,008	Contaminated industrial site, was on superfund list, remediated by 2006. Restrictions placed on future development
7. Bushy Park Industrial Berkeley County, SC	35.138	\$3,968,728	3/15/2012	\$112,498	Deepwater site on Cooper River, all services available, in newly developing industrial complex. Seller highly motivated, sold fairly cheap to generate activity



**Charleston area sales location map
(all are along the Cooper River)**

Table 2.

Deepwater Industrial Property Sales- Savannah GA					
Location	No. acres	Price	Date	Price/acre	Remarks
1. N/side Savannah River Hutchinson Island, Savannah GA	25.8 net	\$6,200,000	4/20/2006	\$240,180	Dredge spoil site zoned for heavy industrial use 2,449' river frontage; future redevelopment site
2. N/side Savannah River Hutchinson Island, Savannah GA	153.7 net	\$57,500,000	9/27/2007	\$374,103	Dredge spoil site zoned for heavy industrial use future dev. Site located west of Talmadge Bridge 4,211' frontage on Savannah River
3. N/side Savannah River Hutchinson Island, Savannah GA	44.39 usable	\$5,500,000	6/15/2011	\$123,902	REO bank sale, negatively impacted price paid located NW quadrant Sav. River & Talmadge Bridge 2,100' river frontage. Still undeveloped.
4. S/side Savannah River north of President St. Savannah GA	5.159	\$1,800,000 effective	current pending	\$348,905	Pending sale of good industrial site used for bulk cement storage. Leased to Carbo Ceramics at time of sale. No direct river frontage
5. S/side Savannah River 202 Oxnard Dr. Savannah GA	55.8 usable	\$19,750,000 (list Price)	current pending	\$353,879	Was previously listed for \$21 million; buying entity confidential; 800' river frontage. Was for sale for several years. Old Atlantic Wood site.
6. S/side Savannah River 301 N. Lathrop Ave Savannah GA	15.56	\$10,000,000	6/18/2010	\$642,674	Industrial shipyard site improved with 294,312 sq.ft. in 13 buildings. Served by rail spur. Drydock in place Buyer Enmark reportedly spent \$6 million to upgrade and repair the docking improvements
7. N/side Savannah River Hutchinson Island, Savannah GA access Fig Island Drive	4.05 usable	\$1,008,000	4/1/2010	\$248,889	Savannah Economic Development site, unimproved located on Sav. River east of Talmadge Bridge 204' frontage on Savannah River
8. N/side Savannah River Hutchinson Island, Savannah GA access Fig Island Drive	25.8 usable	\$6,200,000	4/30/2006	\$236,145	Savannah Economic Development site, unimproved located on Sav. River east of Talmadge Bridge Acreage subsequently subdivided into 7 lots
9. N/side Savannah River Hutchinson Island, Savannah GA	14.15	\$3,000,000	*****	\$212,014	Site purchased to assemble with adjacent tracts 500' frontage on Savannah River
10. N/side Savannah River Hutchinson Island, Savannah GA	13.48	\$3,500,000	9/27/2005	\$259,605	Site purchased to assemble with adjacent tracts 175' frontage on Savannah River and 1,569' frontage along Slip #3 across from Savannah Trade Center



**Savannah area sales location map
(all are along the Savannah River)**

Discussion of the Comparable Land Sales

The land sales presented for analysis and comparison to the subject were inspected in the field, and the details of each sale were verified insofar as possible. In the case of each situation, the appraiser attempted to analyze whether an informed buyer would pay the same, more, or less than the subject on a per-acre basis, taking into account location, physical characteristics, and any other factors deemed important to the transaction. Minimal reliance was placed on sales judged to be non-typical of the market. Change in land values with respect to time was taken into consideration, as deemed appropriate. Relative supply vs. demand for available developable land was also taken into account.

The appraiser noted that the market for land is exceedingly dependent on specific location, and the sales demonstrate this clearly. The price paid for land is also dependent upon its status, that is to say, whether it is rezoned and ready for immediate development with all paperwork accomplished and permitting in place. Another important variable is water view and/or water access, specifically deepwater access.

It should be said that deepwater industrial land in Savannah or Charleston is inherently more valuable than deepwater industrial land in Beaufort County. Land in these major ports experiences great demand, as evidenced by the number of sales transactions. By contract, the subject Port of Port Royal site has

been for sale for many years without attracting a buyer financially capable of consummating a purchase. There are no industrial users who are candidates. Accordingly the appraiser will attempt to adjust the Savannah and Charleston land sales negatively, to arrive at a reasonable indication of land value for the subject.

Charleston Area Sales

The Charleston port sales profiled in Table 1 exhibit a wide range of prices per acre. Focus was placed on sold parcels in the size range of the subject, and having similar characteristics. Sales 4, 7, and 7 were not given much weight. Thus the focus was placed mainly on Sales 1, 2, 3, and 5 in the table. The narrowed range of focus is from about \$378K per acre to \$476K per acre. The mean indication is in the range of \$400 to \$420K per acre. The appraiser opines that land in the Port of Charleston is twice as valuable on a per-acre basis than the subject land in Port Royal. This cannot be “proved” since there are no deepwater industrial sales in Beaufort/Port Royal to make a comparison. Thus a reasonable value conclusion for the subject land is about \$200 to \$210K per acre based on comparison to the Charleston port land sales.

Savannah Area Sales

Eliminating the low extreme which was an REO bank sale, and the high extreme which had 13 buildings onsite, the Savannah area land sales indicate a range from a low of \$212K per acre to \$374K per acre of high ground. The mean

indication for 8 selected sales is in the range of \$284K per acre. Again, a negative adjustment is warranted, and the appraiser opines that land in the Port of Port Royal is at least one third less valuable than land in the port of Savannah. Thus the adjusted indication is in the range of \$190K per acre based on comparison to the Savannah port sales.

Recap of Land Value Conclusions

Charleston land sales: \$400 - \$420K per acre

times 50%.

Value indication
for subject

\$200 - \$210K per acre

Savannah land sales: \$284K per acre

times 67%.

Value indication
for subject

\$190K per acre

Final Conclusion, say \$200K per acre

Estimate of Land Value

The appraiser compared the subject against the array of sold properties, and also gave some consideration to the prevailing market conditions. The appraiser considered the specific attributes of the subject site, including its good location as discussed above, with over 1,500 feet of river frontage, dock and wharf in place, and Commercial PUD zoning permitting the various uses previously discussed. Electric service, water and sewer are all available at the site. The access characteristics have been discussed above. Another important factor is that the property is unique in Beaufort County in terms of its location, being the only sizable potentially redevelopable site convenient to the Port Royal Sound estuary system.

The subject is judged locationally inferior valuewise to many of the sold properties on a per-acre basis. Waterfront properties in major ports on the Intracoastal waterway, for example, are inherently more valuable than the subject. An offsetting factor is the relatively small size of the property compared to some of the sold tracts. Other factors being equal, small tracts typically sell for a higher per-acre parameter than larger tracts.

Considering all the factors, the appraiser has valued the property at a parameter of \$200,000 per acre, applied to the 14.84 net acres of land being valued.

Subject site: 14.84 acres net of land for future park @ \$200,000 per acre = \$2,968,000

This estimate of value does not include the contributory value of the buildings, or of the wharfage/dock improvements in place. Their contributory value will be estimated in a subsequent section.

COST APPROACH TO VALUE

The appraiser consulted the Marshall Valuation Service to estimate replacement cost of the buildings onsite. The online “SwiftEstimator” was used, which yields a replacement cost report once the various building features are entered. This procedure was done for Buildings 1 and 2 only. For Building 3, the actual cost was used.

On the following pages are presented the replacement cost reports for Buildings 1 and 2.

SwiftEstimator - Commercial Estimator - Report

Page 1 of 2

Bldg. 1

Marshall & Swift - SwiftEstimator Commercial Estimator - Summary Report

General Information

Estimate ID:	Port Royal Cement Warehouse	Date Created:	07-24-2014
Property Owner:	SC Ports Authority	Date Updated:	07-24-2014
Property Address:	Port Royal, SC, SC 29935	Date Calculated:	07-24-2014
Local Multiplier:		Cost Data As Of:	07-2014
Architects Fee:		Report Date:	using default

Section 1

Area	61560	Overall Depreciation %	
Stories In Section	1	Physical Depreciation %	
Stories In Building	1	Functional Depreciation %	
Shape	rectangular	External Depreciation %	
Perimeter	(auto-calc)		
Effective Age	0		

Occupancy Detail

Occupancy	%	Class	Height	Quality
406 Storage Warehouse	100	B	22	2.0
Occupancy Total Percentage	100			

System : Exterior Walls

	%/Units	Quality	Depr %	Other
817 Exterior Walls : Concrete, Precast Panels	100	Occ.		
Total Percent for Exterior Walls:	100			

System : Sprinklers

	%/Units	Quality	Depr %	Other
683 Sprinklers : Wet Sprinklers	100	Occ.		
Total Percent for Sprinklers:	100			

Addition Details

Addition	Units	Cost	Depr %	LM	Base Date
Basement full pilings under building	61560	\$5		N	

Calculation Information (All Sections)

	Units	Unit Cost	Total Cost New	Less Depreciation	Total Cost Depreciated
Basic Structure					
Base Cost	61,560	\$40.36	\$2,484,562		\$2,484,562
Exterior Walls	61,560	\$11.43	\$703,631		\$703,631

<https://www.swiftestimator.com/main/CE/reports/PFV.asp>

7/24/2014

SwiftEstimator - Commercial Estimator - Report

Page 2 of 2

Heating & Cooling	61,560	\$2.06	\$126,814		\$126,814
Sprinklers	61,560	\$2.03	\$124,967		\$124,967
Basic Structure Cost	61,560	\$55.88	\$3,439,974	\$0	\$3,439,974
Basement					
full pilings under building	61,560	\$5.00	\$307,800		\$307,800
Building Cost	61,560	\$60.88	\$3,747,774	\$0	\$3,747,774

Except for items and costs listed under "Addition Details," this SwiftEstimator report has been produced utilizing current cost data and is in compliance with the Marshall & Swift Licensed User Certificate. This report authenticates the user as a current Marshall & Swift user.



SwiftEstimator - Commercial Estimator - Report

Page 1 of 1

Bldg 2.

Marshall & Swift - SwiftEstimator Commercial Estimator - Summary Report

General Information

Estimate ID:	Port Royal Metal Warehouse	Date Created:	7-24-2014
Property Owner:	SC Ports Authority	Date Updated:	
Property Address:	Port Royal, SC 29935	Date Calculated:	07-24-2014
Local Multiplier:		Cost Data As Of:	07-2014
Architects Fee:		Report Date:	using default

Section 1

Area	22000	Overall Depreciation %	
Stories in Section	1	Physical Depreciation %	
Stories in Building	1	Functional Depreciation %	
Shape	rectangular	External Depreciation %	
Perimeter	(auto-calc)		
Effective Age			

Occupancy Detail

Occupancy	%	Class	Height	Quality
406 Storage Warehouse	100	A	30	2.0
Occupancy Total Percentage	100			

System : Exterior Walls

	%/Units	Quality	Depr %	Other
916 Exterior Walls : Single -Metal on Steel Frame	100	Occ.		
916 Exterior Walls : Single -Metal on Steel Frame	100	Occ.		
Total Percent for Exterior Walls:	200			

Calculation Information (All Sections)

	Units	Unit Cost	Total Cost New	Less Depreciation	Total Cost Depreciated
Basic Structure					
Base Cost	22,000	\$52.97	\$1,165,340		\$1,165,340
Exterior Walls	44,000	\$5.30	\$233,200		\$233,200
Heating & Cooling	22,000	\$2.47	\$54,340		\$54,340
Basic Structure Cost	22,000	\$66.04	\$1,452,880	\$0	\$1,452,880

Except for items and costs listed under "Addition Details," this SwiftEstimator report has been produced utilizing current cost data and is in compliance with the Marshall & Swift Licensed User Certificate. This report authenticates the user as a current Marshall & Swift user.


<https://www.swiftestimator.com/main/CE/reports/PFV.asp>

7/24/2014

To summarize, the SwiftEstimator reports indicate that:

Building 1 has an estimated replacement cost of \$3,747,774;

Building 2 has an estimated replacement cost of \$1,452,880.

Building 3 was built in 2003 at an actual cost of \$915,000 according to records in the Port Royal Planning Department.

The appraiser judges that depreciation and obsolescence are very substantial in these buildings, and especially in Buildings 1 and 2. This is for several reasons. First, the Governor mandated almost 10 years ago that the Port of Port Royal cease operations. The SC Ports Authority complied with this mandate. The rail service to the Port was subsequently discontinued. These actions essentially made the cement warehouse facilities obsolete overnight. It is also known that the Port as it exists today would not accommodate a container port operation, being too small in terms of land area and having inadequate infrastructure. Thus, the Port property was reduced to a “closed industrial facility”, albeit located on deepwater. Closed industrial facilities seem to abound in South Carolina, and the marketing picture is not attractive. The appraiser has observed that many closed industrial facilities tend to remain on the market for many years. And if/when they finally sell, it is often at a greatly reduced price compared to the asking price. Some old plants have sold at 5 and 10 cents on the dollar.

Another reason to assign depreciation/obsolescence factors is the possibility of environmental contamination, and the unknown condition of the floor slabs.

Engineers who inspected these buildings would not offer an opinion of the slab condition, because of the heavy layer of cement dust remaining in the buildings. This fact introduces an element of uncertainty from a buyer's perspective, which would mitigate in favor of a conservative valuation. Likewise, the identified or suspected environmental conditions reported in the Level 1 environmental report may be a cause for concern, and a valid reason for conservatism. A buyer would hope that the cost of remediation of the site factors would not exceed the value of the land and buildings. An extended due diligence period might be needed to assure the buyer that it is reasonable to proceed.

Depreciation and Obsolescence

Depreciation and Obsolescence in the buildings are very substantial, and especially in Buildings 1 and 2. Once the Port was closed, these buildings became obsolete for the originally intended purpose of operation as a bulk cement terminal. Nonetheless the buildings have potential value for redevelopment and especially Building 1. It would, for example, be possible to adapt this waterfront building for use as shops, restaurant space, offices, etc. Specifically a portion of this large building could become the historical interpretive center for the Santa Elena Foundation. This solidly built main building should have many years of remaining physical life, even though it is some 56 years old. Most functional obsolescence may be curable, i.e. opening up the front wall facing the water.

Future use of Building 2 is more problematic. It is not located on the waterfront, and is essentially a 50 year old metal-roofed warehouse which is an eyesore in its current condition. The cement silo, hopper, machinery and piping on the front exterior have no identifiable use, or value, and need to be removed. It is difficult to envision an adaptive reuse of this building, unless it could be leased at a modest rent to a warehouse user. As an example, perhaps the Town of Port Royal could use this building for equipment storage and shop space. All in all, the economic obsolescence in this building is judged more severe than in Building 1,

Building 3, the drystack, could certainly be reopened to commercial use for boat storage. There is good ongoing demand in the area for a facility of this type, especially located directly on the water. Drystack boat storage is far cheaper than slip rental at a marina. Longtime area boaters would welcome the reopening. There is already the wharf in place and the floating dock. This use would not seem inharmonious with the adaptive reuse of the other portion of the property. The potential cash flow generated could provide significant financial support to the envisioned interpretive center.

Remarks on Condition of Buildings

The following list of items represents the most apparent major items which would need to be addressed by a potential buyer who wished to make the property ready for redevelopment. The list is certainly not all-encompassing. No costs are estimated, since this is outside the scope of this appraisal report.

Building 1:

- Open up, and repair or replace roll-up doors on front of building
- Replace missing Transite panels on upper part of walls
- Clean up cement dust from floor slab and elsewhere
- Remove misc. unnecessary piping, etc.
- Remove misc. debris
- Make sprinkler system operative
- Repair minor damage

Building 2:

- Repair or replace roll-up door on rear of building
- Remove silo, hopper, machinery, and piping from front of building
- Remove piping and support structures between the buildings
- Clean up cement dust from floor slab and elsewhere
- Cut back small trees, vines, and weeds away from sides of building

Drystack Building :

- Repair hole(s) in exterior metal wall
- Secure front door against the weather

Site in General :

- Remove rail spur tracks between buildings, repave this area
- Clean up debris, cut weeds
- Remove or modify fencing as needed

Improvements – Contributory Value

Based on all the foregoing discussion, the appraiser attempted to quantify depreciation and obsolescence in the three buildings, and the procedure is recapped in the spreadsheet below. The last column represents the appraiser's best judgment of the contributory value of each component.

Cost Less Depreciation/Obsolescence Matrix								
	Replcmt cost	Year Built	Estimated Depreciation Factors				Total	Estimated Depr. Value
			Physical	Functional	Economic			
Building 1	\$3,747,774	1958	0.5	0.15	0.25		0.9	\$374,777
Building 2	\$1,452,880	1960's	0.45	0.15	0.35		0.95	\$72,644
Building 3	\$915,000	2003	0.25	0.1	0.15		0.5	\$457,500
Total Depreciated Value of three buildings								\$904,921
Wharf and Dock at Estimated Depreciated Contributory Value*								\$139,500
Total Estimated Contributory Value of All Improvements								\$1,044,421
*Calculate approx. 21,900 sq.ft. wharf at \$5.00 per sq.ft. plus floating dock @ \$30,000								

Recap of Value Estimate

The matrix shown above indicates an estimated value for all improvements believed to have a recognizable value, of (rounded) **\$1,044,000**

Add Value Estimate – Land Only

14.84 acres land valued @ \$200,000 per acre = **\$2,968,000**

Total Value Estimate **\$4,012,000**

Final Value Conclusion

Based on all the information in our files and summarized in this report, the final (rounded) value conclusion of the subject property, as of the inspection date of July 22, 2014 is

\$4,000,000 (FOUR MILLION DOLLARS).

ASSUMPTIONS AND LIMITING CONDITIONS

1. This appraisal is made under the assumption that title to the property is merchantable. Easements, restrictions, encroachments or other limitations upon value not mentioned in the report have not been considered.
2. Information regarding sales of comparable properties was obtained from reliable sources and is believed by the appraiser to be accurate. Reliability of such information cannot, however, be guaranteed.
3. Plats and other drawings, if included, are to assist the reader in visualizing the property, and while they are believed to be accurate, their correctness cannot be guaranteed.
4. Information concerning taxes and other financial data was supplied to the appraiser by others. It is believed to be reliable and accurate but cannot be guaranteed by the appraiser.
5. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute.
6. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned.
7. Inherent in the approaches to value is the assumption that the property will enjoy prudent management, with appropriate financial strength and skills, and that information provided to the appraiser by the owners concerning financial projections are reasonably accurate. The appraiser assumes that existing tax legislation will remain the same as it is on the date of the appraisal unless changes are specifically discussed in the body of the report.
8. The value estimate includes all building improvements and land. Excluded are all inventory, spare parts, office equipment and furniture, and all other items considered to be personal property.

9. The appraisal assumes, for purposes of valuation, that all land is held in fee simple ownership, unencumbered. No leases or bond-financing arrangements were considered in value.

10. The appraiser is not required to testify or appear in court on matters discussed herein, unless subsequent agreement is made for such services.

11. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

12. Reference is made to the NAI Avant website (www.naiavantportroyal.com) which contains a great deal of supportive information, including plats, surveys, photographs, property history, structural reports, environmental reports, offering brochure, redevelopment plan, etc.

13. Reference is made to the Town of Port Royal website which outlines the new approved PUD Regulatory Plan outlining the five zoning districts for the Port property.

CERTIFICATION OF APPRAISER

I certify that, to the best of my knowledge and belief:

1. That statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Appraisal Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Practice.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. I have made 5 personal inspections of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the person signing this report.
11. As of the date of this report, I am in compliance with the continuing education program of the Appraisal Institute.
12. My license status is active in the State in which the subject property is located.

George R. Owen, MAI

A handwritten signature in black ink that reads "George R. Owen". The signature is written in a cursive, flowing style.

Date: July 30, 2014

QUALIFICATIONS OF GEORGE R. OWEN, MAI
REAL ESTATE APPRAISER AND CONSULTANT
LICENSED/CERTIFIED GENERAL APPRAISER

Experience

Principal, George R. Owen, Certified General Appraiser, 7 Claire's Point Rd., Beaufort, SC 29907 since 2004. Previously 32 years experience in Memphis, Tennessee. Assignments have included appraisals for mortgage loan purposes, appraisals for court testimony, condemnation appraisals, and appraisals for a large variety of institutional, individual and corporate clients. My practice excludes single family residential. I am currently licensed in South Carolina.

Types of properties appraised include:

Shopping Centers
 Commercial Fast-food Operations
 Service Stations/Convenience Stores
 Warehouses/Industrials
 Service/Showroom
 Office Buildings
 Large & Small Apartment Projects
 Downtown Rehab Projects
 Truck Terminals
 Carwashes

Nursing Homes/Congregate Care
 Subsidized Housing
 Vacant Land
 Subdivisions
 Heavy and Light Industrials
 Savings & Loan Institutions
 Bank Properties
 Mobile Home Parks
 Condemnations, partial takings, etc.
 Church Properties

Appraisal clients served include:Corporate

Anheuser-Busch
 AutoZone, Inc.
 Bemis Corporation
 Burger King
 Care Inns, Inc.
 Cargill, Inc.
 Clopay Corporation
 Digital Equipment Company
 Exxon Corporation
 Graceland/Elvis Presley Enterprises
 Holiday Inns
 JiffyLube Corporation
 Krispy Kreme Division,
 Beatrice Foods Corporation
 Kemmons Wilson, Inc.
 Loeb Properties
 McDonald's Corporation
 Railroad
 Ralston-Purina Corporation
 Sanyo Corporation
 SPL Corporation
 Sprint Petroleum
 Taco Bell
 Hargray Telephone Company
 Graybar Electric

Banks

Bank of America
 South Carolina Bank & Trust
 Lowcountry National Bank
 Wachovia Bank
 First Commercial Bank
 First Tennessee Bank
 Financial Federal Savings Bank
 Bank of America (Atlanta)
 Regionsbank
 National Bank of Commerce
 NationsBank
 Nat. City Bank, St. Louis, MO
 Woodlands Bank
 Palmetto Federal Bank
 Ameris Bank
 Sunburst Bank
 SunTrust Bank (Nashville)
 Third National Bank (Nashville)
 Islands Community Bank
 Union Planters National Bank
 Huntington Bank, Cleveland, OH
 BankOne (New Orleans)
 BB&T
 Horry County (SC) State Bank
 Harbor Nat'l Bank (Charleston, SC)
 Colony Bank (Savannah, GA)

Developers/Entrepreneurs

Alco Properties
Aldrich Investment Company
Ampco, Inc.
Belz Enterprises
Boyle Investment Company
Culp & Assoc., Knoxville, TN
Fogelman Companies
H. Lance Forsdick Properties
Henry Turley Company
Jeter Properties
Joyner, Heard & Jones
Kemmons Wilson Companies
Loeb Enterprises
McCullar Realty
McNeil Investment Co
Patterson Construction
Patton & Taylor
Peck Industries
Syncorp
Tesco Development
Trammell Crow Companies
Trezevant Properties
Gibson Builders

Institutional

West TN Business College
Rhodes College
Grace - St. Luke's Episcopal Church
The Trust for Public Land

Law Firms

Burch, Porter & Johnson
Hardison, McCarroll, Cook & Cannon
Heiskell, Donelson, Bearman, Adams
Williams & Kirsch
Lawler, Humphreys, Dunlap & Wellford
Stokes, Kimbrough, Grusin & Kiser
Blanchard Tual, Attorney
Waring Cox Attorneys
Harvey & Battey, Attorneys

Other

The Trust for Public Land
Coastal Conservation Consultants
Beaufort County Open Land Trust

Governmental

City of Beaufort, SC
City of Germantown, TN
City of Memphis/ R.O.W. Dept
Federal Deposit Ins. Corp .
Federal Sav. & Loan Ins. Corp
Resolution Trust Corporation
Memphis Light, Gas & Water
Shelby County R.O.W. Dept
State of TN R.O.W. Dept
U. S. Postal Service
Veterans Administration
Tennessee Valley Authority
U.S. Department of the Navy
U.S. Federal Receiver
Beaufort County

Loan Underwriting

Connecticut General Life Ins
Federal National Mtg. Association
F.M. Crump & Co.
Holliday, Fenoglio & Tyler
The Latham Company
Lexington Properties
Mortgage Guaranty Ins. Corp
Ward & Company
Washington National Ins. Co.
Fogelman-Beaty Mortgage Co.
The Money Store

Insurance Companies

Capital Holding Company
Connecticut General Life Insurance
Delta Life & Annuity
Mutual of New York - Real Estate
Ohio National Life Insurance Co
Jefferson Pilot Life Insurance Co
Southern Farm Bureau Insurance
Washington National Insurance
Safeco Life Insurance Company
Protective Life Corporation
Pacific Mutual Life Insurance Co.
Farm Bureau Life Insurance Co.

Organizations

MAI, Member of Appraisal Institute *Currently Certified (Certif. No. 6189)
Past President, Memphis Chapter #51, Appraisal Institute.

Licenses

SC: Certified General Appraiser (No. 5064) Certified through 7/31/2016

Education

Master of Business Administration, 1971, University of Virginia
Master of Science, 1966, Rice University
Bachelor of Science, 1964, Vanderbilt University
Continuing Education Program of Appraisal Institute - through 12/31/2017
Lifetime commitment to continuing education at local universities

Additional Assignments (partial list)

Residence Inn, Spartanburg, SC; Ramada Inn, Rock Hill, SC
Holiday Inns, Grenada, MS; Frankfort, KY; Franklin, TN
Lagniappe Inns, Cincinnati, OH; Columbus, OH; Nashville, TN
La Quinta Inns, Nashville, TN; Lexington, KY; other locations in GA, TX, and OK
Potential development property, Back Bay, Biloxi, MS
Automobile Dealerships, Vicksburg, MS; Jackson, TN; Memphis, TN
Condominium feasibility study, Indianapolis, IN
Limited condominium feasibility study, Birmingham, AL
Apartment Project, Birmingham, AL
Old English Inn; West Tennessee Business College; Jackson, TN
Industrial Plants, various towns in west Tennessee, north Mississippi, Arkansas, South Carolina
Louisville Freezer/American Cold Storage, Louisville, KY
Haygood Truck & Trailer Parts, Chattanooga TN & Birmingham, AL

Contact Information

Cell 843 271 2481

E-mail: georgeowen84@gmail.com

EXHIBITS

- A. SELECTED PHOTOGRAPHS
(additional photos available upon request)
- B. ASSESSOR INFO
- C. EXCERPTS FROM ENGINEERING REPORTS
(full texts available upon request)
- D. RECENT NEWS ARTICLE

SUBJECT PHOTOGRAPHS



Building 1 – front, interior





Rear Building 1 + rail spur tracks



old tank foundation



Building 2 front with cement hopper, silo, and piping, etc.



Building 3 – Drystack



Interior

Beaufort County, South Carolina

Page 1 of 2



Beaufort County, South Carolina

generated on 6/24/2014 6:47:07 AM EDT

Property ID (PIN)	Alternate ID (AIN)	Parcel Address	Data refreshed as of	Assess Year	Pay Year
R113 011 000 084A 0000	00198618	601 PARIS AVE, Town of Port Royal	6/21/2014	2013	2013

Current Parcel Information

Owner	SOUTH CAROLINA PORTS AUTHORITY	Property Class Code	TranCommUtilImp AssessedByDOR
Owner Address	PO BOX 22287 CHARLESTON SC 29413-2287	Acreage	3.3000 (part in water)
Legal Description	(BEAUFORT JASPER MULTI-COUNTY PARK) *TX ACCT 11064976 FOR "CEMENTWAREHOUSE" 1996 THRU 2003		

Historic Information

Tax Year	Land	Building	Market	Taxes	Payment
2013	\$1,340,100	\$353,200	\$1,693,300	\$1,216.11	\$0.00
2012	\$2,233,440	\$324,560	\$2,558,000	\$1,216.11	\$0.00
2011	\$2,233,440	\$324,560	\$2,558,000	\$2,608.59	\$0.00
2010	\$2,233,440	\$324,560	\$2,558,000	\$2,608.59	\$0.00
2009	\$2,233,440	\$324,560	\$2,558,000	\$2,608.59	\$0.00
2008	\$330,000	\$300,300	\$630,300	\$2,608.59	\$0.00
2007	\$330,000	\$300,300	\$630,300	\$2,318.00	\$0.00
2006	\$330,000	\$300,300	\$630,300	\$2,318.00	\$0.00
2005	\$330,000	\$300,300	\$630,300	\$2,015.65	\$2,318.00

Sales Disclosure

Grantor	Book & Page	Date	Deed	Vacant	Sale Price
SOUTH CAROLINA PORTS AUTHORITY	84 250	1/1/1980	Fu		\$0
		12/31/1776	Or		\$0

Improvements

Building	Type	Stories	Rooms
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Beaufort County, South Carolina

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Beaufort County, South Carolina

generated on 6/24/2014 6:56:17 AM EDT

Property ID (PIN)	Alternate ID (AIN)	Parcel Address	Data refreshed as of	Assess Year	Pay Year
R113 011 000 0084 0000	00197272	501 LONDON AVE, Town of Port Royal	6/21/2014	2013	2013

Current Parcel Information

Owner	SOUTH CAROLINA PORTS AUTHORITY	Property Class Code	TranCommUtilImp	AssessedByDOR
Owner Address	PO BOX 22287 CHARLESTON SC 29413-2287	Acreage	4.4000	
Legal Description	PB29 P109 PB31 P131 (BEAUFORT JASPER MULTI-COUNTY PARK) *TX ACCT 11065109 2001-2003 MGFM:KEY#1947102 KEY#2344458 *SPLIT 7/83 0.818 AC 11/84B9-25-97			

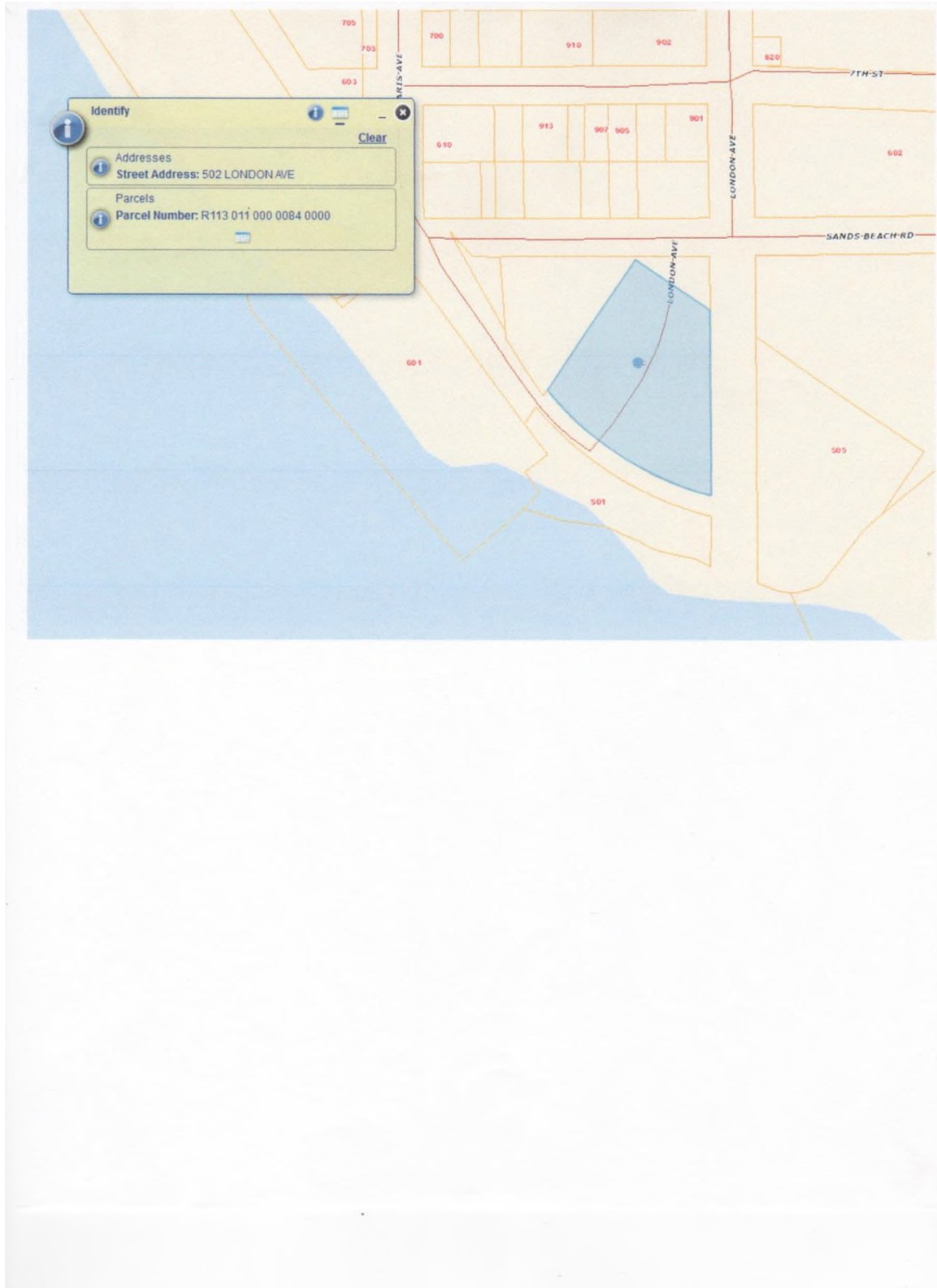
Historic Information

Tax Year	Land	Building	Market	Taxes	Payment
2013	\$912,400	\$961,500	\$1,873,900	\$771.16	\$0.00
2012	\$1,520,640	\$1,077,412	\$2,598,052	\$771.16	\$0.00
2011	\$1,520,640	\$1,077,412	\$2,598,052	\$771.16	\$0.00
2010	\$1,520,640	\$1,077,412	\$2,598,052	\$771.16	\$0.00
2009	\$1,520,640	\$1,077,412	\$2,598,052	\$771.16	\$0.00
2008	\$440,000	\$1,009,700	\$1,449,700	\$771.16	\$0.00
2007	\$440,000	\$1,009,700	\$1,449,700	\$685.25	\$0.00
2006	\$440,000	\$165,370	\$605,370	\$685.25	\$0.00
2005	\$440,000	\$165,370	\$605,370	\$595.87	\$685.25

Sales Disclosure

Grantor	Book & Page	Date	Deed	Vacant	Sale Price
S C STATES PORTS AUTHORITY % MR WIL	579 1553	7/19/1991	Ma		\$400,000
PEEPLS FRANK K % MR WILLIAM VAUGH	8 2167	1/15/1987	Sp		\$10
PEEPLS FRANK K % MR WILLIAM VAUGH	320 1883	12/1/1980	Fu		\$88,580
		12/31/1776	Or		\$0

http://sc-beaufort-county.governmax.com/svc/agency/sc-beaufort-county/tab_summary_re... 6/24/2014



Beaufort County, South Carolina

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Beaufort County, South Carolina

generated on 6/30/2014 2:40:48 PM EDT

Property ID (PIN)	Alternate ID (AIN)	Parcel Address	Data refreshed as of	Assess Year	Pay Year
R113 010 000 182C 0000	00196362		6/21/2014	2013	2013

Current Parcel Information

Owner	SOUTH CAROLINA PORTS AUTHORITY	Property Class Code	TranCommUtilVac	AssessedByDOR
Owner Address	PO BOX 22287 CHARLESTON SC 29413-2287	Acreage	3.5000	
Legal Description	(BEAUFORT JASPER MULTI-COUNTY PARK) *SPLIT 7/83 0.01 AC 10/182E			

Historic Information

Tax Year	Land	Building	Market	Taxes	Payment
2013	\$1,411,200		\$1,411,200	\$87.75	\$0.00
2012	\$2,352,000		\$2,352,000	\$87.75	\$0.00
2011	\$2,352,000		\$2,352,000	\$2.46	\$0.00
2010	\$2,352,000		\$2,352,000	\$2.46	\$0.00
2009	\$2,352,000		\$2,352,000	\$2.46	\$0.00
2008	\$350,000		\$350,000	\$2.46	\$0.00
2007	\$350,000		\$350,000	\$2.19	\$0.00
2006	\$350,000		\$350,000	\$2.19	\$0.00
2005	\$350,000		\$350,000	\$1.90	\$2.19

Sales Disclosure

Grantor	Book & Page	Date	Deed	Vacant	Sale Price
S C STATES PORTS AUTHORITY % MR WIL	579 1553	7/19/1991	Ma		\$400,000
PEEPLES FRANK K % MR WILLIAM VAUGH	8 2167	1/15/1987	Sp		\$10
PEEPLES FRANK K % MR WILLIAM VAUGH	184 49	1/1/1980	Fu		\$0
		12/31/1776	Or		\$0

Improvements

http://sc-beaufort-county.governmax.com/svc/agency/sc-beaufort-county/tab_summary_re... 6/30/2014



Beaufort County, South Carolina

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Beaufort County, South Carolina

generated on 6/24/2014 7:07:45 AM EDT

Property ID (PIN)	Alternate ID (AIN)	Parcel Address	Data refreshed as of	Assess Year	Pay Year
R113 011 000 0249 0000	00081173	602 LONDON AVE, Town of Port Royal	6/21/2014	2013	2013

Current Parcel Information

Owner	SOUTH CAROLINA PORTS AUTHORITY	Property Class Code	TranCommUtilVac	AssessedByDOR
Owner Address	PO BOX 22287 CHARLESTON SC 29413-2287	Acreage	3.8300	
Legal Description	BLK 35 POR BLK 42 TOWN OF PORT ROYAL BLKS 8 9 10 12 13 14 15 16 18 19 20 21 22 24 25 26 27 28 31 32 33 34 35 38 39 40 41 & 42 (BEAUFORT JASPER MULTI-COUNTY PARK) SPLIT 9/92 1.00 AC 11/249A 3/07 SPLIT 0.17 AC 11/403			

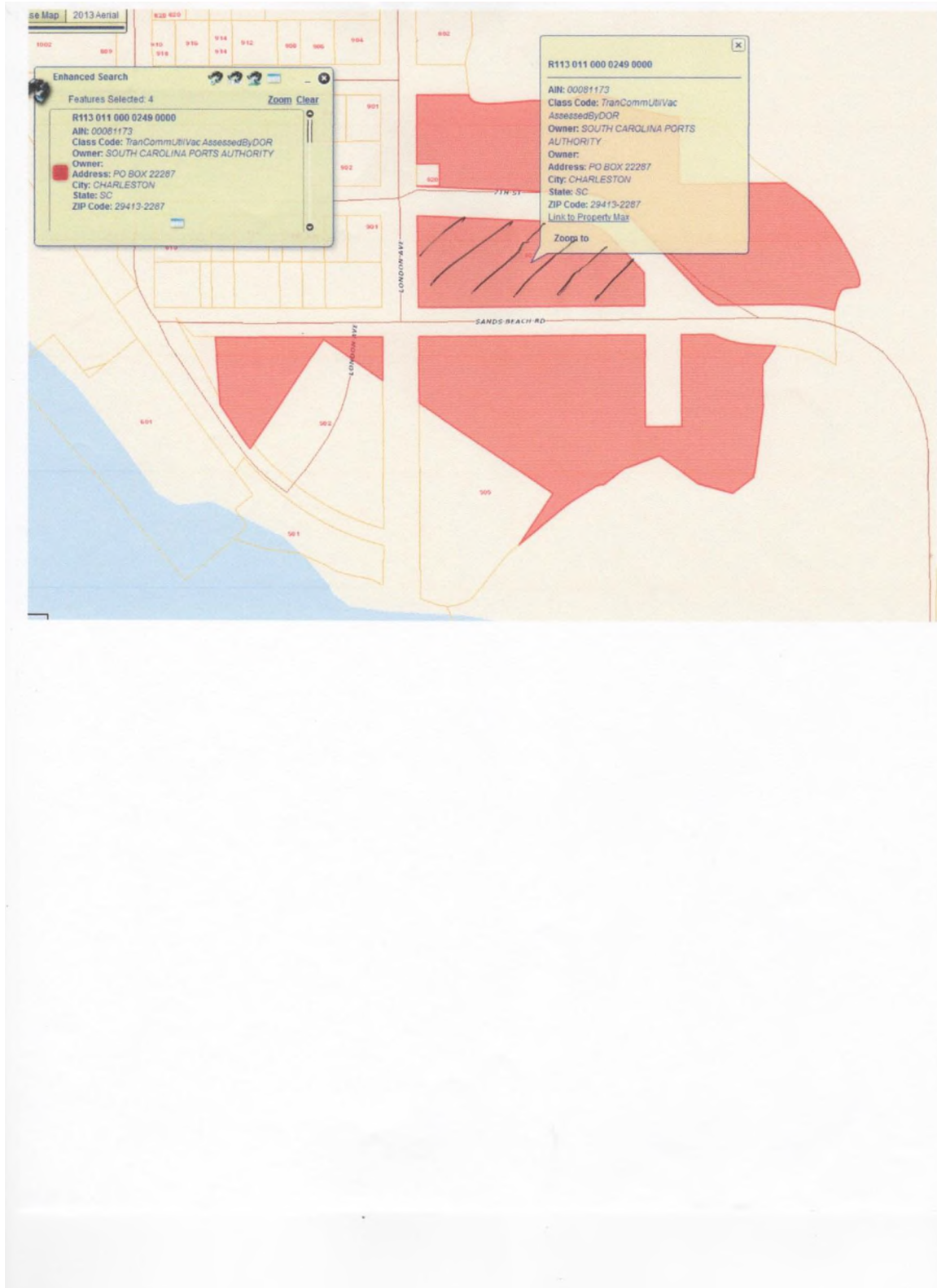
Historic Information

Tax Year	Land	Building	Market	Taxes	Payment
2013	\$785,200		\$785,200	\$96.01	\$0.00
2012	\$1,308,711		\$1,308,711	\$96.01	\$0.00
2011	\$1,308,711		\$1,308,711	\$96.01	\$0.00
2010	\$1,308,711		\$1,308,711	\$96.01	\$0.00
2009	\$1,308,711		\$1,308,711	\$96.01	\$0.00
2008	\$383,000		\$383,000	\$96.01	\$0.00
2007	\$383,000		\$383,000	\$85.32	\$0.00
2006	\$400,000		\$400,000	\$29.34	\$0.00
2005				\$25.51	\$29.34

Sales Disclosure

Grantor	Book & Page	Date	Deed	Vacant	Sale Price
SOUTH CAROLINA PORTS AUTHORITY	568 853	12/13/1990	Fu		\$5
HOOD-DOWLING PARTNERSHIP	547 1356	2/23/1990	Fu		\$600,000
HOOD-DOWLING PARTNERSHIP	232 1165	1/1/1980	Fu		\$0
		12/31/1776	Or		\$0

http://sc-beaufort-county.governmentmax.com/svc/agency/sc-beaufort-county/tab_summary_re... 6/24/2014



Phase 1 ESA Report
Port Royal Redevelopment Tract, Port Royal, South Carolina

S&ME No. 1134-12-029
February 1, 2012

5.3 Site Observations

Former Port Terminal

The southern (former port terminal) portion of subject property was entered from Paris Avenue through a chain-link fence, which surrounds this portion of the subject property. Multiple former Port Royal Cement Company structures were observed, including a large warehouse structure (Building 601) east of Pier 21, located on Battery Creek. Building 601 appeared to be empty with the exception of some office furniture, supplies and debris located in some of the offices on the eastern side of the structure. The interior of this structure, excluding the offices, was completely covered with a thick layer of concrete dust. Railroad lines were observed extending to the north and south.

East of Building 601 is another large warehouse structure, also used by the former Port Royal Cement Company. This structure was similarly empty and coated with concrete dust. On the northern side of this structure a covered out-building, open on the northern side, was observed to contain an AST (approximate 250-gallon capacity) and several 55 gallon drums of unknown contents. The AST contained approximately 2 inches of a thick, presumably petroleum, sludge. The out-building was constructed with a concrete floor that serves as secondary containment for the AST. Staining was observed on the floor of structure. However, no staining or distressed vegetation was observed outside of the contained structure. The condition of the outbuilding and the AST and drums appeared to be similar to those observed during the April 2005 Phase I ESA.

South of the former concrete plant facilities and separated by a chain-link fence is a newer, metal warehouse formerly used as a dry-stack facility for boat storage. This structure was also empty with the exception of a fork lift. South of this warehouse is a small marina and east of the warehouse is a cleared lot in which several piles of timbers and concrete were observed.

The bases of three former fertilizer and water ASTs and two concrete block structures were observed north of the warehouse structures. The concrete block structures were used as a pump house and an electrical room. Both had been stripped of most equipment. No stained soils or distressed vegetation was observed around the bases of the former AST.

North of the former ASTs were two additional structures: a former maintenance shop (Building 607) and a former administrative structure (Building 609). Building 607 was empty, with the exception of a 55-gallon drum labeled as containing used oils and another drum containing used oil filters. Minimal staining was observed on the floor of this structure. An above ground oil/water separator was observed outside of this structure, adjacent to the western side of the structure. No staining of the soils or distressed vegetation was observed around the oil/water separator. What appeared to be an approximately 3-4 inch diameter drain in the floor of Building 607 was observed. The drain appeared to extend to the east, beneath the concrete floor, although no indication of the drain or a collection point was observed outside of the structure. No staining was observed on the concrete floor around the drain, indicating that petroleum products likely were not poured down the drain in significant quantities. The drain is assumed to connect



February 1, 2012

Port Royal Redevelopment Group, LLC
P.O. Drawer 800
Port Royal, SC 29935

Attention: Mr. David Hornsby

Reference: **Summary of Previous Environmental Assessments**
Port Royal Development Tract
Port Royal, South Carolina

Dear Mr. Hornsby:

S&ME, Inc. (S&ME) is pleased to provide you this summary of our previous environmental assessments of the Port Royal Development Tract (PRDT) located in Port Royal, South Carolina. The PRDT is an approximately 316-acre parcel located at southern tip of the Port Royal peninsula. Portions of the subject property were most recently developed as a port facility, cement company, warehouse, dry stack facility, seafood processing facility, seafood restaurant and market, a vacant building, and vacant, wooded properties. This correspondence is provided pursuant to your request in a telephone conversation with Chuck Black (S&ME) on January 31, 2012. The letter is intended to provide a summary of our previous environmental assessment services of the PRDT provided to Wood and Partners, Inc. (WPI); Main Street Realty; Port Royal Harbour, LLC (PRH); Nexsen Pruet, on behalf of the South Carolina State Ports Authority (SCSPA), and most recently, to the Port Royal Redevelopment Group, LLC (PRRG).

SUMMARY OF REPORTS PREPARED FOR WOOD PARTNERS, INC.

April 27, 2005 Phase I Environmental Site Assessment Report

S&ME performed a Phase I Environmental Site Assessment (ESA) of the PRDT for WPI, the results of which were presented in the Phase I ESA Report dated April 27, 2005. The Phase I ESA was performed in accordance with our understanding of the guidelines set forth in ASTM E 1527-00 *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*. The Phase I ESA identified the following evidence of *recognized environmental conditions* (RECs) in connection with the subject property:

- Based on the historical presence of an oil house located adjacent to the railroad depot and an office, it is considered a *recognized environmental condition*. The building is no longer present, but spills and leaks of the oil may have occurred during its existence.

S&ME, INC. / 620 Wando Park Boulevard / Mt. Pleasant, SC 29464 / p 843.884.0005 / f 843.881.6149 / www.smeinc.com

Summary of Previous Environmental Assessments
Port Royal Development Tract – Port Royal, South Carolina

February 1, 2012

- The 1912 Sanborn Map identified the Tidewater Fertilizer and Storage Co. located in the location of Building 601. A 25 horsepower gas engine was used at the facility. It is unknown if any fertilizer products were produced or stored at the facility and if any spills or leaks of gas used by the engine occurred. Based on the historical use of the site, it is considered a *recognized environmental condition*.
- The 1924 Sanborn Map identified a portion of the wooden dock located adjacent to what is now Building 601 was labeled oil dock. As it is unknown if any spills or leaks occurred while operated as an oil dock, it is considered a *recognized environmental condition*.
- The small shed containing a used oil tank, miscellaneous 55-gallon drums and 5-gallon buckets of oil/lubricants. Stains and spills were observed within the concrete bermed containment. Based on the exposure to the elements on one side of the shed, the containment could fill up with water and spill over onto the surrounding soils and for this reason it is considered a *recognized environmental condition*.
- Two monitoring wells were observed on the terminal property. It is unknown the reason for the monitoring wells; however, the monitoring wells would not likely exist if there were not reason for concern to the environment; therefore, they are considered *recognized environmental conditions*.
- Two 280-gallon ASTs containing used oil were observed on the seafood facility. Pans situated underneath or adjacent to the ASTs catch leaks associated with ASTs. Additionally, a 55-gallon drum of an unknown substance was observed adjacent to this AST. Staining was observed near the 55-gallon drum. Based on the ease of the pans to overflow during inclement weather conditions and the staining near the 55-gallon drum, the ASTs and 55-gallon drum are considered *recognized environmental conditions*.
- A 10,000-gallon diesel AST fuels a dispenser on the dock located on the seafood processing property. Based on interviews with the Port Royal Fire Department, minor incidents have occurred while fueling the boats at the dock. Based on the presence of the AST and its proximity to Battery Creek, it is considered a *recognized environmental condition*.
- In Building 630, the seafood processing structure, two forklifts were observed with minimal staining beneath them on the concrete surface near a trench drain within the building. Due to the proximity of the leaking petroleum products from the forklifts to the trench drains, the forklifts are considered *recognized environmental conditions*.

August 19, 2005 Limited Phase II Environmental Site Assessment Report

To address the RECs identified in the April 27, 2005 Phase I ESA, WPI requested that S&ME perform a Limited Phase II ESA of the PRDT. The Limited Phase II ESA consisted of the collection of seven subsurface soil samples (S-1 through S-7) and the collection of one groundwater sample from each of the seven shallow temporary monitoring wells installed at the PRDT (GW-1 through GW-7). The samples were submitted to an analytical laboratory for analysis of chemicals of concern associated with RECs. The results of the soil and groundwater sampling were presented in the Limited Phase II ESA Report dated August 19, 2005. Arsenic was detected in soil samples S-4 and S-6 and mercury was detected in soil sample S-5 at

— excerpts - Thomas + Hutton report

2/29/2008

The wharf is of reinforced concrete construction on a foundation of driven prestressed precast concrete piles and steel "H" piles. The warehouse is of precast concrete construction with a steel truss supported roof.

An underwater inspection of the support pile was performed by Eason Diving & Marine Contractors, Inc. of Charleston, SC. This inspection was done using the guidelines of a Level II underwater bridge inspection in which the marine growth is cleaned from a sample of piles in 10 inch wide bands at three levels: the splash zone, mid pile and near the soil surface, to enable close inspection and reveal damaged or deteriorated areas that may have been hidden by biofouling.

Overall, the wharf appears to be in reasonably good structural condition considering its age and previous use. No significant structural deficiencies were found in the underwater inspection. The log of piles inspected and discrepancies noted is attached. A VHS video of a typical pile is also included with this report. The wharf piles are not being undermined by scour. There are many areas of cracking or spalling (Figure 3) or both in the pile caps and piles near the caps.



Figure 3: Pile with cracking near the cap.



The last use of the transit shed was the storage of cement powder. Cement powder handling equipment as well as residual cement powder (Figure 6) in thicknesses varying from a few inches to approximately six feet remains in the transit shed. This material limits our ability to visually assess the condition of the floor of the transit shed.




Figure 6: Equipment and cement powder

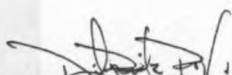


SECTION IV.
CONCLUSION

It is our opinion the overall structural design and condition of the wharf and transit shed are sufficient at this time to continue to function under the original design loads. The existing crane rail system has areas of corrosion but appears to be serviceable. The floor of the transit shed is not able to be seen at this time due to cement powder. The damaged areas of wharf deck appear to be minor but should be evaluated in detail once the future use of the wharf and applicable loads are known. Once the loads associated with reuse of the wharf are identified, a detailed evaluation of the wharfs suitability to support these loads should be done. Specific evaluation of the upper portions of the piles and the pile caps with recommendations of repairs to the cracked and spalled areas to support the new loads should be a part of this detailed evaluation. Prior to the wharf being returned to port operations, the timber fender system should be evaluated with regard for the characteristics of the vessels intended to be berthed and repairs completed.



James H. DuPre, P.E.
Principal / Project Manager



David Patrick Rogers, Jr.
Project Designer



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The State

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Progress toward sale of Port of Port Royal unknown

By ERIN MOODY

emoody@beaufortgazette.com July 19, 2014

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The town of Port Royal is seeking \$22.5 million to help purchase the Port of Port Royal, shown, from the S.C. Ports Authority.

DELAUNA EARLEY — Beaufort Gazette

BEAUFORT, SC — Six weeks after Gov. Nikki Haley signed a law intended to expedite the sale of the Port of Port Royal, its current owner, the S.C. State Ports Authority, is not saying much about whether progress is being made.

The legislation, which took effect June 3, requires the property to be sold by June 30, 2015. If it is not, it will be auctioned off.

"We don't have information to share at this time regarding the Port Royal property sale," authority spokeswoman Erin Dhand said in an email response to questions from The Beaufort Gazette. "We are

<http://www.thestate.com/2014/07/19/3573432/progress-toward-sale-of-port-of.html>

7/25/2014

BEAUFORT, SC: Progress toward sale of Port of Port Royal unknown | Politics | The State Page 2 of 4

continuing to market and pursue the sale of the property, and its development will comply with the planned development agreement."

However, Dhand would not say if any arrangements have been made to reappraise the property, as the law requires. Neither would she say if any new prospective buyers had emerged for the 317 acres, 52 of which are suitable for development.

The port has been vacant since 2004, when it was deemed too expensive to continue operating. The Ports Authority was ordered to sell the land, but three attempts since 2006 to do so have fallen through.

State Sen. Tom Davis, R-Beaufort, and Rep. Shannon Erickson, R-Beaufort, led the effort to pass the new law designed to speed the property's sale.

Davis said he was told by authority officials a month ago that they were taking steps toward a new appraisal, but hasn't heard much since. Port Royal town manager Van Willis said he hasn't received an update recently but added he hasn't asked for one. Erickson could not be reached for comment Friday.

The appraisal is key, Davis has said.

The land's current appraised value of \$22.5 million was set in spring 2013 and was based on its worth as a marine terminal facility, though it is not likely to be used that way again. The new state law requires that the land be reappraised as a closed industrial site.

Such an appraisal would take into consideration any environmental hazards present and is likely to lower the asking price, Davis and others have said.

Developer Dick Stewart has commissioned his own appraisal for part of the property. This spring, an offer of \$1.2 million, or the appraised price, for a portion of the land by the Santa Elena Foundation, which Stewart then served as treasurer, was rejected by the Ports Authority, which said the bid was too low and was not for the entire parcel.

The authority subsequently decided to allow the land to be sold in three predetermined parts, and the new legislation allows additional flexibility.

Stewart's appraisal is for the southernmost part, which includes the section the foundation attempted to purchase. He said he has no current interest in developing the property — although that could change — and is doing the appraisal on behalf of the foundation. He is currently on its advisory board.

"We're just trying to help the Ports Authority do what they are mandated by state law to do, and it looks like, based on their performance, they could use a hand out," he said.

Port Royal Councilman Joe Lee said he believes other developers and people involved or interested in the property are waiting to see what comes out of Stewart's appraisal. He added that the Ports Authority still does not appear to be moving with urgency.

"Well, thank goodness there is an individual willing to step up and do it," Lee said.

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<http://www.thestate.com/2014/07/19/3573432/progress-toward-sale-of-port-of.html>

7/25/2014

APPRAISAL INVOICE

July 30, 2014

Mr. Dick Stewart
c/o 303 Associates
One Beaufort Town Center, 3rd Floor
Beaufort, SC 29902

RE: Port Village Tracts, totaling 14.84 net acres of land
with associated building improvements
Port Royal, Beaufort County, SC

Fee for appraisal **\$4,500.00**

Please remit to:

George R. Owen
7 Claire's Point Rd.
Beaufort, SC 29907
TAX ID# 408-66-8054



cement silos Hutchinson Island, Savannah GA
(Land Sale 9. is adjacent)



Land Sale 6. - shipyard at 301 N. Lathrop, Savannah GA
90' high building