PWA PATRICK HENRY CORPORATE CENTER, LP

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Lally & Co.

CPAs and Business Advisors

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INDEPENDENT AUDITORS' REPORT

To the Partners
PWA Patrick Henry Corporate Center, LP
Pittsburgh, Pennsylvania

We have audited the accompanying financial statements of **PWA Patrick Henry Corporate Center, LP** (a limited partnership), which comprise the statements of assets, liabilities, and partners' capital - modified cash basis as of December 31, 2014 and 2013, and the related statements of operations and changes in partners' capital - modified cash basis, and cash flows - modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis method of accounting; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **PWA Patrick Henry Corporate Center, LP** as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with the modified cash basis method of accounting used for income tax purposes.

Basis of Accounting

Note 2 to the financial statements describes the basis of accounting used by the Partnership. The financial statements are prepared on the modified cash basis method of accounting used by the Partnership for income tax purposes. This method is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Lally & Co., LLC

Pittsburgh, Pennsylvania
June 9, 2015

PWA PATRICK HENRY CORPORATE CENTER, LP
STATEMENTS OF ASSETS, LIABILITIES, AND PARTNERS' CAPITAL - MODIFIED CASH BASIS
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Rental Property - At Cost		
Land	$ 2,992,113	$ 2,992,113
Building and Improvements	11,557,374	11,717,872
Accumulated Depreciation	(1,646,412)	(1,084,419)
Rental Property - Net	12,903,075	13,625,566
Cash	2,162,210	1,552,904
Mortgage Escrow Accounts	401,088	590,412
Deferred Charges - Net of Accumulated Amortization	54,338	48,887
Other Assets	15,806	55,863
Total Assets	$ 15,536,517	$ 15,873,632
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities		
Mortgage Note Payable	$ 10,326,296	$ 10,576,484
Deposits Held and Other Liabilities	9,138	9,138
Total Liabilities	10,335,434	10,585,622
Partners' Capital	5,201,083	5,288,010
Total Liabilities and Partners' Capital	$ 15,536,517	$ 15,873,632

The accompanying notes are an integral part of these financial statements.

PWA PATRICK HENRY CORPORATE CENTER, LP
STATEMENTS OF OPERATIONS AND CHANGES IN PARTNERS' CAPITAL - MODIFIED CASH BASIS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
OPERATIONS		
Rental Income	$ 2,043,613	$ 2,152,619
Operating Expenses		
Cleaning, Repairs, and Building Services	345,511	233,478
Utilities	282,700	270,379
Real Estate Tax Expense	191,728	160,389
Management Fees and Other Professional Fees	99,677	141,611
Insurance Expense	16,446	14,963
Administrative Expenses	5,694	5,562
Total Operating Expenses	941,756	826,382
Operating Income	1,101,857	1,326,237
Other Income (Expenses)		
Interest Income	1,880	1,076
Depreciation and Amortization	(618,752)	(828,488)
Interest Expense	(571,912)	(538,977)
Total Other Income (Expenses)	(1,188,784)	(1,366,389)
Net Loss	$ (86,927)	$ (40,152)
CHANGES IN PARTNERS' CAPITAL		
Partners' Capital - Beginning	$ 5,288,010	$ 5,328,162
Net Loss	(86,927)	(40,152)
Partners' Capital - Ending	$ 5,201,083	$ 5,288,010

The accompanying notes are an integral part of these financial statements.

PWA PATRICK HENRY CORPORATE CENTER, LP
STATEMENTS OF CASH FLOWS -
MODIFIED CASH BASIS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
OPERATING ACTIVITIES		
Net Loss	$ (86,927)	$ (40,152)
Noncash Items Included in Net Loss		
Depreciation and Amortization	618,752	828,488
Loss on Disposal of Rental Property	111,483	-
Changes In		
Mortgage Escrow Accounts	189,324	133,466
Deferred Charges	(13,195)	(5,728)
Other Assets	40,057	(6,538)
Deposits Held and Other Liabilities	-	(3,762)
Cash From Operating Activities	859,494	905,774
INVESTING ACTIVITIES		
Cash Paid for Building Improvements	-	(142,456)
FINANCING ACTIVITIES		
Principal Payments on Mortgage Note Payable	(250,188)	(219,886)
Net Increase in Cash	609,306	543,432
Cash - Beginning	1,552,904	1,009,472
Cash - Ending	$ 2,162,210	$ 1,552,904

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2014	2013
Cash Paid for Interest	$ 571,912	$ 538,977

The accompanying notes are an integral part of these financial statements.

1 - ORGANIZATION

PWA Patrick Henry Corporate Center, LP (the "Partnership") was formed in June 2012 and was organized as a limited partnership under the laws of the Commonwealth of Pennsylvania. Income of the Partnership is allocated to the members in accordance with the terms of the Partnership's operating agreement. As a limited partnership, members are not liable for obligations of the Partnership.

The Partnership is an owner and operator of a commercial office building and two retail buildings located in suburban Newport News, Virginia.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Partnership prepares its financial statements on the modified cash basis method of accounting, which it uses for income tax purposes; consequently, revenue is generally recognized when received rather than when earned and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred. Depreciation expense is calculated under accelerated methods allowed under federal income tax laws and regulations. Depreciation expense would, under U.S. generally accepted accounting principles, be calculated under alternative methods at rates based on estimated useful lives of the assets.

Estimates Used By Management

Management uses estimates and assumptions in preparing financial statements in accordance with the modified cash basis method of accounting. Those estimates and assumptions may affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

Depreciation

The cost of property and improvements is depreciated using statutory depreciable lives and depreciation methods promulgated under tax laws and regulations. Depreciation expense charged to operations was approximately $611,000 in 2014 and $823,300 in 2013.

In 2014, the Partnership adopted IRS Tangible Property Repair Regulations allowing the Partnership to deduct amounts paid for certain improvements. In addition, the regulation allowed the Partnership to deduct certain previously capitalized assets. Under these regulations, during 2014, the Partnership deducted approximately $160,500 in costs of assets previously capitalized with a net book value of approximately $111,500. The write-off is included within the statements of operations under the caption "Cleaning, Repairs, and Building Services".

Amortization

Mortgage loan fees have been capitalized and are being amortized on a straight-line method over the term of the loan.

Costs related to acquiring tenant leases have been deferred and are being amortized using the straight-line method over the terms of the related lease agreements.

2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

The Partnership maintains its cash in bank deposit accounts at a financial institution located in Southwestern Pennsylvania. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, the Partnership's cash balances may exceed the insured limits. The Partnership has not experienced any losses in such accounts.

Mortgage Escrow Accounts

The Partnership has amounts on deposits with its mortgage holder for various real estate taxes, insurance, and other reserves.

Income Taxes

The Partnership is taxed as a partnership for federal and state income tax purposes. Therefore, no provision for current and deferred income taxes has been included in the financial statements. Income of the Partnership is taxed to the partners on their own respective income tax returns.

No amounts have been recognized within the financial statements for taxes, interest, or penalties relating to uncertain tax positions. In addition, the Partnership does not anticipate any changes to its tax positions within the next twelve months. In general, the Partnership's tax positions for open tax years remain subject to examination by the tax authorities in the jurisdictions in which the Partnership operates.

Subsequent Events Evaluation

The accompanying financial statements include an evaluation of events or transactions that have occurred after December 31, 2014 and through June 9, 2015, the date the financial statements were available to be issued.

3 - DEFERRED CHARGES

Deferred charges at December 31, 2014 and 2013 consisted of the following:

	2014	2013
Mortgage Loan Fees	$ 50,000	$ 50,000
Lease Acquisition Costs	18,923	5,728
	68,923	55,728
Accumulated Amortization	(14,585)	(6,841)
	$ 54,338	$ 48,887

Mortgage loan fee amortization was approximately $5,000 in both 2014 and 2013 is included in "Depreciation and Amortization" expense. Estimated amortization expense on the mortgage loan fees for each of the ensuing years through December 31, 2022 is approximately $5,000.

3 - DEFERRED CHARGES (CONTINUED)

Lease acquisition costs amortization of approximately $2,700 in 2014 and $200 in 2013 is included in "Depreciation and Amortization Expense".

The following is a schedule of the approximate future amortization expense for the next five years as of December 31, 2014:

Year Ending December 31,		
2015	$	4,800
2016		4,800
2017		3,800
2018		1,900
2019		700
	$	16,000

4 - MORTGAGE NOTE PAYABLE

The Partnership has a mortgage loan, the proceeds of which funded the purchase of its rental property. The loan is collateralized by the buildings. The loan is subject to the terms of a security agreement which contains certain financial reporting requirements. The loan is payable in monthly installments of principal and interest (at 4.97% per annum) of approximately $63,200 with a balloon payment of approximately $333,600 due in September 2037. The balance outstanding on this loan was approximately $10.3 million at December 31, 2014.

Following are the approximate maturities of the mortgage note payable for each of the next five years and in the aggregate.

Year Ending December 31,		
2015	$	251,000
2016		264,000
2017		278,000
2018		292,000
2019		306,000
Thereafter		8,936,000
	$	10,327,000

5 - RENTAL OPERATIONS

The Partnership leases its properties to various tenants under operating leases expiring in various years from 2015 to 2020. The leases provide for minimum rentals and additional rentals for operating costs and real estate taxes.

5 - RENTAL OPERATIONS (CONTINUED)

Minimum future rental payments under the buildings' operating leases as of December 31, 2014 for each of the next five years are approximately:

Year Ending December 31,	
2015	$ 1,800,000
2016	1,819,000
2017	1,832,000
2018	197,000
2019	29,000
	$ 5,677,000

6 - RELATED PARTY TRANSACTIONS

The Partnership has entered into a management agreement with a related party (an entity owned by certain of the partners). The Partnership pays a monthly management fee which is based on the monthly rentals collected from the previous month. The Partnership paid management fees of approximately $40,100 in 2014 and $47,500 in 2013.