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APPRAISAL REPORT, COMPREHENSIVE FORMAT

OF THE PROPOSED RENOVATED

CENTENNIAL PLACE APARTMENTS PHASE II
269 PINE STREET
ATLANTA, FULTON COUNTY, GEORGIA 30313

EHA File 14-136

DATE OF VALUE

March 10, 2014

PREPARED FOR

Mr. Trey Williams
Development Director
The Integral Group LLC
191 Peachtree St., NE, Suite 4100
Atlanta, GA 30303

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March 17, 2014

Mr. Trey Williams
Development Director
The Integral Group LLC
191 Peachtree St., NE, Suite 4100
Atlanta, GA 30303

RE: Appraisal Report, Comprehensive Format Of The
Proposed Renovated Centennial Place Apartments Phase II
269 Pine Street
Atlanta, Fulton County, GA 30313
EHA File 14-136

Dear Mr. Williams:

At your request and authorization, we conducted the inspections, investigations, and analyses necessary to appraise the above referenced property. We have prepared an appraisal report in a comprehensive format. The purpose of this appraisal is to estimate prospective market value of the leasehold interest in the subject property, "upon completion and stabilization," of the proposed renovation under two scenarios, using both restricted and hypothetical unrestricted rents. We were also requested to estimate "as is" market value of the leasehold interest in the subject site and existing improvements, as well as the valuation of the tax credits, prospective unrestricted value at loan maturity, and an analysis of the ground lease of the underlying site. The values are predicated upon market conditions prevailing on March 10, 2014, which is the date of our last inspection. This appraisal is intended for use by the addressee for internal decision making purposes and may be used and/or relied upon by the Department of Community Affairs.

Centennial Place Apartments Phase II is a 177-unit apartment development, built in 1996, situated on a 7.17-acre site. It consists of 21 two- and three-story apartment buildings and a free-standing management building. The unit mix consists of 60 one-bedroom units, 87 two-bedroom units, and 30 three-bedroom units, ranging from 688 to 1,866 square feet (net leasable), with an average size of 949 square feet. The subject includes a mixture of market (71 units, or 40%), Low Income Housing Tax Credit (LIHTC) units (36 units, or 21%), and authority assisted units (70 units, or 40%). After renovation, 16 of the 24 one-bedroom tax credit units will be subject to income restrictions at 50% of AMI (area median income). The balance of the LIHTC units are income restricted at 60% AMI. Sixteen two-bedroom and six three-

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bedroom authority assisted units will be subject to income restrictions at 50% of AMI after renovation. The project includes surface parking, common amenities with multiple playgrounds, two swimming pools and a clubhouse facility. It is our understanding that the property is planned for extensive renovation of all phases. The renovation will be financed with proceeds from the syndication of federal and state 9% low income housing tax credits. If funding is approved, the renovation will be done in phases beginning September, 2015. The entire renovation will take approximately twelve months to complete. The subject is located south of Merritts Avenue, west of Lovejoy Street, east of McAfee, and north of Hunnicutt Street. It is bisected by Pine Street, within the city limits of Atlanta, Fulton County, Georgia, at the center of the Atlanta CBD.

Reportedly, the renovation will be done in phases and current tenants will be temporarily re-located to other units and then placed back in their units once the renovation is completed. In essence, the subject would be basically stabilized at the end of construction. However, we have allowed an additional six months to re-locate all of the existing tenants and reach stabilization. Based on all of this information, it is our opinion that the subject should conservatively be able to reach stabilized occupancy within six months of the placed-in-service date (estimated at September 1, 2016), or by February 1, 2017, which is the date we will use for our "as completed / as stabilized" value estimate.

The subject is more fully described, legally and physically, within the attached report. Additional data, information and calculations leading to the value conclusion are in the report following this letter. This document in its entirety, including all assumptions and limiting conditions, is an integral part of this letter.

The attached narrative appraisal report contains the most pertinent data and analyses upon which our opinions are based. The appraisal was prepared in accordance with the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute. In addition, this appraisal was prepared in conformance with our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, the Interagency Appraisal and Evaluation Guidelines, the Office of the Comptroller of the Currency, and the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

Our opinions of value were formed based on our experience in the field of real property valuation, as well as the research and analysis set forth in this appraisal. Our concluded opinions of leasehold market value, subject to the attached Assumptions and Limiting Conditions and Certification, are as follows:

Estimate of Market Value of the Leasehold Interest in the Subject "As Is," As of March 10, 2014:	$7,100,000
Per Unit (177):	$40,113
Allocated Market Value of the Leasehold Interest in the Subject Improvements As of March 10, 2014:	$7,100,000
Allocated Market Value of the Leasehold Interest in the Subject Underlying Land As of March 10, 2014:	$0
Estimate of Market Value of the Leasehold Interest in the Subject "Upon Completion," Subject to Restricted Rents, As of September 1, 2016:	$7,500,000
Per Unit (177):	$42,373
Estimate of Market Value of Leasehold Interest in the Subject "At Stabilization," Subject to Restricted Rents, As of February 1, 2017:	$7,950,000
Per Unit (177):	$44,915
Estimate of Hypothetical Market Value of the Leasehold Interest in the Subject "Upon Completion," Assuming Unrestricted/Market Rents, As of September 1, 2016:	$16,360,000
Per Unit (177):	$92,429
Estimate of Hypothetical Market Value of the Leasehold Interest in the Subject "At Stabilization," Assuming Unrestricted/Market Rents, As of February 1, 2017:	$17,000,000
Per Unit (177):	$96,045
Prospective Unrestricted Value At Loan Maturity:	$18,800,000
Value of Tax Credits, As of March 10, 2014:	$11,500,000

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Estimate of the Market Value of the Leasehold Interest in the Subject Site "As Is", as of March 10, 2014:	$0
The entire Centennial site is leased by various ownership entities of the Integral Group, LLC, from The Housing Authority of the City of Atlanta, the current owner. The term for the subject site is 46 years at basically no rent ($10/year), begun December 1996. Essentially, the lease indicates the land has virtually no value. Typically, for a project of this type, based on development costs and income levels, there are insufficient revenues to support a residual land value. Further, the improvements are only feasible to construct with the assistance of substantial incentives. Therefore, the land does not contribute value to the leasehold interest in the subject and, thus, was given no further consideration in our analysis.	

It was our pleasure assisting you in this matter. If you have any questions concerning the analysis, or if we can be of further service, please call.

Respectfully submitted,

EVERSON, HUBER & ASSOCIATES, LC

By:

Ingrid Ott
Certified General Appraiser
Georgia Certificate No. 265709

Timothy P. Huber
Certified General Appraiser
Georgia Certificate No. 6110

Stephen M. Huber
Principal
Certified General Appraiser
Georgia Certificate No. 1350

We certify that to the best of our knowledge and belief:

1. The 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We 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. Everson, Huber, and Associates, LLC prepared a restricted use appraisal report for the subject property July 2012.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our 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.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Ingrid Ott inspected the subject and prepared this report under the supervision of Timothy P. Huber and Stephen M. Huber, who also inspected the subject.
10. No one provided significant real property appraisal assistance to the persons signing this certification.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, we have completed the Standards and Ethics Education Requirement for Associate Members of the Appraisal Institute.
14. We have extensive experience in the appraisal of commercial properties and are appropriately certified by the State of Georgia to appraise properties of this type.

Ingrid Ott
Certified General Real Property Appraiser
Georgia Certificate No. 265709

Timothy P. Huber
Certified General Real Property Appraiser
Georgia Certificate No. 6110

Stephen M. Huber
Principal
Certified General Real Property Appraiser
Georgia Certificate No. CG1350

Property Name/Address:	Centennial Place Apartments Phase II 269 Pine Street Atlanta, Fulton County, GA 30313
Location:	South of Merritts Avenue, west of Lovejoy Street, east of McAfee, and north of Hunnicutt Street. It is bisected by Pine Street, within the city limits of Atlanta, Fulton County, Georgia, at the center of the Atlanta CBD.
Tax Parcel Numbers:	14007900060183, 14007900020153, 14007900020120, and 14007900020112
Property Description:	Centennial Place Apartments Phase II is a 177-unit apartment development, built in 1996, situated on a 7.17-acre site. It consists of 21 two- and three-story apartment buildings and a free-standing management building. The unit mix consists of 60 one-bedroom units, 87 two-bedroom units, and 30 three-bedroom units, ranging from 688 to 1,866 square feet (net leasable), with an average size of 949 square feet. The subject includes a mixture of market (71 units, or 40%) 36 Low Income Housing Tax Credit (LIHTC) units (20%), and 70 (40%) authority assisted units. After renovation, 16 of the 24 one-bedroom tax credit units will be subject to income restrictions at 50% of AMI (area median income). The balance of the LIHTC units are income restricted at 60% AMI. Sixteen two-bedroom and six three-bedroom authority assisted units will be subject to income restrictions at 50% of AMI after renovation. The project includes surface parking, common amenities with multiple playgrounds, two swimming pools and a clubhouse facility. It is our understanding that the property is planned for extensive renovation of all phases. The renovation will be financed with proceeds from the syndication of federal and state 9% low income housing tax credits. If funding is approved, the renovation will be done in phases beginning September, 2015. The entire renovation will take approximately twelve months to complete.
Highest and Best Use	As If Vacant: Future development with a multifamily use As Improved: Continued operation as an apartment complex
Purpose of the Appraisal:	The purpose of this appraisal is to estimate prospective market value of the leasehold interest in the subject property, "upon completion and stabilization," of the proposed renovation under two scenarios, using both restricted and hypothetical unrestricted rents. We were also requested to estimate "as is" market value of the leasehold interest in the subject site and existing improvements, as well as the valuation of the tax credits, prospective unrestricted value at loan maturity, and an analysis of the ground lease of the underlying site.

Intended Use:	This appraisal is intended for use by the addressee for internal decision making purposes and may be used and/or relied upon by the Department of Community Affairs.
Property Rights:	Leasehold
Date of Inspection/Value:	March 10, 2014
Date of Report:	March 17, 2014
Est. Marketing Time:	12 months or less

Valuation

Estimate of Market Value of the Leasehold Interest in the Subject "As Is," As of March 10, 2014:	$7,100,000
Per Unit (177):	$40,113
Allocated Market Value of the Leasehold Interest in the Subject Improvements As of March 10, 2014:	$7,100,000
Allocated Market Value of the Leasehold Interest in the Subject Underlying Land As of March 10, 2014:	$0
Estimate of Market Value of the Leasehold Interest in the Subject "Upon Completion," Subject to Restricted Rents, As of September 1, 2016:	$7,500,000
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Per Unit (177):	$96,045
Prospective Unrestricted Value At Loan Maturity:	$18,800,000
Value of Tax Credits, As of March 10, 2014:	$11,500,000

Estimate of the Market Value of the Leasehold Interest in the Subject Site "As Is", as of March 10, 2014:	$0

The entire Centennial site is leased by various ownership entities of the Integral Group, LLC, from The Housing Authority of the City of Atlanta, the current owner. The term for the subject site is 46 years at basically no rent ($10/year), begun December 1996. Essentially, the lease indicates the land has virtually no value. Typically, for a project of this type, based on development costs and income levels, there are insufficient revenues to support a residual land value. Further, the improvements are only feasible to construct with the assistance of substantial incentives. Therefore, the land does not contribute value to the leasehold interest in the subject and, thus, was given no further consideration in our analysis.

PROPERTY IDENTIFICATION

Centennial Place Apartments Phase II is a 177-unit apartment development, built in 1996, situated on a 7.17-acre site. It consists of 21 two- and three-story apartment buildings and a free-standing management building. The unit mix consists of 60 one-bedroom units, 87 two-bedroom units, and 30 three-bedroom units, ranging from 688 to 1,866 square feet (net leasable), with an average size of 949 square feet. The subject includes a mixture of market (71 units, or 40%) 36 Low Income Housing Tax Credit (LIHTC) units (20%), and 70 (40%) authority assisted units. After renovation, 16 of the 24 one-bedroom tax credit units will be subject to income restrictions at 50% of AMI (area median income). The balance of the LIHTC units are income restricted at 60% AMI. Sixteen two-bedroom and six three-bedroom authority assisted units will be subject to income restrictions at 50% of AMI after renovation. The project includes surface parking, common amenities with multiple playgrounds, two swimming pools and a clubhouse facility. It is our understanding that the property is planned for extensive renovation of all phases. The renovation will be financed with proceeds from the syndication of federal and state 9% low income housing tax credits. If funding is approved, the renovation will be done in phases beginning September, 2015. The entire renovation will take approximately twelve months to complete.

The subject is located south of Merritts Avenue, west of Lovejoy Street, east of McAfee, and north of Hunnicutt Street. It is bisected by Pine Street, within the city limits of Atlanta, Fulton County, Georgia, at the center of the Atlanta CBD. The subject has a street address of 269 Pine Street and is legally identified as tax parcels 14007900060183, 14007900020153, 14007900020120, and 14007900020112.

OWNERSHIP AND PROPERTY HISTORY

According to Fulton County deed records, the current owner of the subject improvements is Legacy Partnership II LP, and the underlying land is owned by the Atlanta Housing Authority, both of whom have owned the property for over three years. The land underlying the project is subject to a long term ground lease, at nominal fee, to the owner of the improvements. We are aware of no other offers, contracts, or transactions, nor any ownership changes during the past three years.

PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose of this appraisal is to estimate prospective market value of the leasehold interest in the subject property, “upon completion and stabilization,” of the proposed renovation under two scenarios, using both restricted and hypothetical unrestricted rents. We were also requested to estimate “as is” market value of the leasehold interest in the subject site and existing improvements, as well as the valuation of the tax credits, prospective unrestricted value at loan maturity, and an analysis of the ground lease of the underlying site. This appraisal is intended for use by the addressee for internal decision making purposes and may be used and/or relied upon by the Department of Community Affairs.

DATES OF INSPECTION AND VALUATION

The “as is” values reported are predicated upon market conditions prevailing on March 10, 2014, which is the date of our last inspection. Reportedly, the renovation will be done in phases and current tenants will be temporarily re-located to other units and then placed back in their units once the renovation is completed. In essence, the subject would be basically stabilized at the end of construction. However, we have allowed an additional six months to re-locate all of the existing tenants and reach stabilization. Based on all of this information, it is our opinion that the subject should conservatively be able to reach stabilized occupancy within six months of the placed-in-service date (estimated at September 1, 2016), or by February 1, 2017, which is the date we will use for our “as completed / as stabilized” value estimate. The date of report is March 17, 2014.

DEFINITION OF MARKET VALUE

Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. Market value means the most probable price that 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]:

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.
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.

PROPERTY RIGHTS APPRAISED

We appraised the leasehold interest in the subject site and improvements. Real properties have multiple rights inherent with ownership. These include the right to use the real estate, to occupy, to sell, to lease, or to give away, among other rights. Often referred to as the "bundle of rights", an owner who enjoys all the rights in this bundle owns the fee simple title.

> Leasehold Interest: “The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.”[2]

The subject owner owns the improvements and has the right to collect rent thereon. As such, the owner is in a “sandwich” position, i.e. tenant (lessee) on the land and owner

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[1] The Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, ♣34.42(f), August 24, 1990. This definition is compatible with the definition of market value contained in *The Dictionary of Real Estate Appraisal*, Fourth Edition, and the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of The Appraisal Foundation, 2012-2013 edition. This definition is also compatible with the OTS, FDIC, NCUA, and the Board of Governors of the Federal Reserve System definition of market value.

[2] Source: *The Dictionary of Real Estate Appraisal,* Appraisal Institute, Fifth Edition, 2010.

(lessor) on the improvements. The sandwich leasehold position is basically a situation in which one is a lessee in one instance, and the lessor on another, on the same property. A sandwich lease is described as follows:

> "A lease in which an intermediate, or sandwich, leaseholder is the lessee of one party and the lessor of another. The owner of the sandwich lease is neither the fee owner nor the user of the property. He or she may be a leaseholder in a chain of leases, excluding the ultimate sublessee."[1]

APPRAISAL DEVELOPMENT AND REPORTING PROCESS

We completed the following steps for this assignment:

1. Analyzed regional, city, neighborhood, site, and improvement data.
2. Inspected the subject site and improvements, comparables and neighborhood.
3. Reviewed data regarding taxes, zoning, utilities, easements, and county services.
4. Considered comparable land sales and improved sales, as well as comparable rentals. Confirmed data with principals, managers, real estate agents representing principals, public records and / or various other data sources.
5. Analyzed the data to arrive at concluded estimates of value via each applicable approach.
6. Reconciled the results of each approach to value employed into a probable range of market value and finally an estimate of value for the subject, as defined herein.
7. Estimated reasonable exposure and marketing times associated with the value estimate.

The site and improvement descriptions included in this report are based on a personal inspection of the subject site and improvements; various documents provided by the owner and purchaser/developer including a unit mix, rent roll, site plan, unit floor plans, historical and budgeted operating statements, discussions with representatives of the current owner; property tax information; and our experience with typical construction features for apartment complexes. The available information is adequate for valuation purposes. However, our investigations are not a substitute for formal engineering studies.

This is a self-contained appraisal report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Standards of Professional Appraisal

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[1] Source: *The Dictionary of Real Estate Appraisal,* Appraisal Institute, Fifth Edition, 2010.

Practice. In a self-contained appraisal, all applicable approaches to value are used. The value estimate reflects all known information about the subject, market conditions and available data. This self-contained report incorporates to the fullest extent possible, a practical explanation of the data, reasoning and analysis used to develop the opinion of value. It also includes thorough descriptions of the subject and the market for the property type.

SPECIAL APPRAISAL INSTRUCTIONS

As mentioned above, we were asked to appraise the subject “as is,” “upon completion,” and “at stabilization.” In addition, we were asked to appraise the subject using unrestricted rents, which is a hypothetical condition. The following are generally accepted definitions that pertain to the value estimates provided in this report.

Market Value “As Is” on Appraisal Date

> An estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared. Market value “as is” assumes a typical marketing period, which we have estimated at 12 months or less.

Prospective Value Upon Completion of Construction

> The value presented assumes all proposed construction, conversion, or rehabilitation is hypothetically completed, or under other specified hypothetical conditions, as of the future date when such construction completion is projected to occur. If anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate shall reflect the market value of the property in its then "as is" leased state (future cash flows must reflect additional lease-up costs, including tenant improvements and leasing commissions, for all areas not pre-leased). For properties where individual units are to be sold over a period of time, this value should represent that point in time when all construction and development cost have been expensed for that phase, or those phases, under valuation.

Prospective Value Upon Achieving Stabilized Occupancy

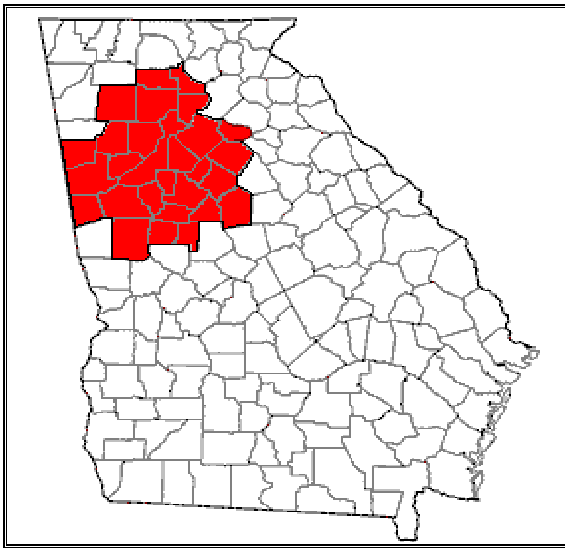
> The value presented assumes the property has attained the optimum level of long-term occupancy which an income producing real estate project is expected to achieve under competent management after exposure for leasing in the open market for a reasonable period of time at terms and conditions comparable to competitive offerings. The date of stabilization must be estimated and stated within the report.

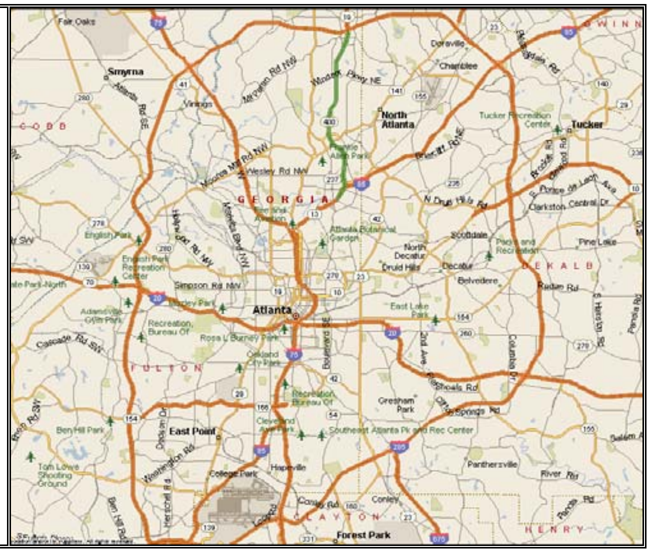
Hypothetical Condition on Appraisal Date

That which is contrary to what exists but is supposed for purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.

REGIONAL OVERVIEW

The following section of the report provides an overview of the 28-county Atlanta Metropolitan Statistical Area or MSA.





Location and Population

Located in the central, northwestern portion of Georgia, Atlanta is the state's capital and largest city. At almost 5.4 million, the current population of the Atlanta MSA has remained relatively stable in recent years. As can be seen in the following table, between 2000 and 2010, the MSA has been growing at a rate over twice as fast as the nation and 1/3 faster than the state of Georgia. The fastest growing counties are Henry, Forsyth and Paulding, all outlying counties and all growing at a rate of around 7.5% per year. In terms of absolute growth, the two largest counties, Gwinnett and Fulton, lead the way. An interesting facet of the Atlanta MSA growth pattern is the strong growth indicators within the core urbanizing counties. Typically, large older cities show stagnant growth or population loss at the core. Atlanta's growth varies (only one small county shows population loss over the 2000-2010 decade), but is essentially strong throughout. The trend from 2010 through 2012 generally tracks with the 2000 to 2010 trend.

Chief among the factors driving continued expansion of the MSA population are employment opportunities, transportation, climate, standard of living, and Atlanta's dominant position in the southeast for national and international business, industry, and trade. While it is true that most of the growth in the MSA has occurred in the north, available land in that sector is becoming scarce (as the MSA hits the north Georgia mountains and heads towards the Alabama border to the west) and the pattern may more strongly turn to the south and west, where affordable land is available and the strong interstate system facilitates commuting patterns.

The following table shows the Atlanta MSA population trend, county by county, from 1990 to 2012 (new Census figures).

ATLANTA METROPOLITAN STATISTICAL AREA (MSA) POPULATION								
					2000 to 2010 Chge.		2010 to 2012 Chge.	
	1990	2000	2010	2012	Number	Percent	Number	Percent
Barrow	29,721	46,144	69,367	70,169	23,223	50%	802	1%
Bartow	55,911	76,019	100,157	100,661	24,138	32%	504	1%
Butts	15,326	19,522	23,655	23,524	4,133	21%	-131	-1%
Carroll	71,422	87,268	110,527	111,580	23,259	27%	1,053	1%
Cherokee	91,000	141,903	214,346	221,315	72,443	51%	6,969	3%
Clayton	184,100	236,517	259,424	265,888	22,907	10%	6,464	2%
Cobb	453,400	607,751	688,078	707,442	80,327	13%	19,364	3%
Coweta	53,853	89,215	127,317	130,929	38,102	43%	3,612	3%
Dawson	9,429	15,999	22,330	22,422	6,331	40%	92	0%
DeKalb	553,800	665,865	691,893	707,089	26,028	4%	15,196	2%
Douglas	71,700	92,174	132,403	133,971	40,229	44%	1,568	1%
Fayette	62,800	91,263	106,567	107,524	15,304	17%	957	1%
Forsyth	44,083	98,407	175,511	187,928	77,104	78%	12,417	7%
Fulton	670,800	816,006	920,581	977,773	104,575	13%	57,192	6%
Gwinnett	356,500	588,448	805,321	842,046	216,873	37%	36,725	5%
Hall	95,984	139,677	179,684	185,416	40,007	29%	5,732	3%
Haralson	21,966	25,690	28,780	28,400	3,090	12%	-380	-1%
Heard	8,628	11,012	11,834	11,633	822	7%	-201	-2%
Henry	59,200	119,341	203,922	209,053	84,581	71%	5,131	3%
Jasper	8,453	11,426	13,900	13,630	2,474	22%	-270	-2%
Lamar	13,038	15,912	18,317	18,057	2,405	15%	-260	-1%
Meriwether	22,441	22,534	21,992	21,273	-542	-2%	-719	-3%
Newton	41,808	62,001	99,958	101,505	37,957	61%	1,547	2%
Paulding	41,611	81,678	142,324	144,800	60,646	74%	2,476	2%
Pickens	14,432	22,983	29,431	29,268	6,448	28%	-163	-1%
Pike	10,224	13,688	17,869	17,810	4,181	31%	-59	0%
Rockdale	54,500	70,111	85,215	85,820	15,104	22%	605	1%
Spalding	54,457	58,417	64,073	63,865	5,656	10%	-208	0%
Walton	38,586	60,687	83,768	84,575	23,081	38%	807	1%
MSA Total	3,209,173	4,387,658	5,448,544	5,625,366	1,060,886	24%	176,822	3%
State: Georgia	6,478,216	8,186,453	9,687,653	9,919,945	3,441,729	18%	232,292	2%
U.S.	248,709,873	281,421,906	308,745,538	313,914,040	65,204,167	10%	5,168,502	2%
Source: U.S. Census Bureau								

Employment By Industry

A key factor in Atlanta's population growth is the strength of its regional economy. Atlanta has a vigorous, diverse economic base. Only broad based, overall declines in the national economy are likely to affect the region’s economy to any significant extent. A breakdown of employment by industry sector within the MSA (from The Georgia Department of labor) is presented below.

MSA INDUSTRY MIX						
	Establishments			Employment		
	2010	2013(11)	% Change	2010	2013(11)	% Change
Construction	11,953	11,396	-4.7%	87,239	82,396	-5.6%
Manufacturing	4,625	4,613	-0.3%	140,948	145,390	3.2%
Finance/Info./Real Estate	18,233	18,611	2.1%	208,611	216,042	3.6%
Wholesale Trade	11,154	11,892	6.6%	127,792	129,422	1.3%
Retail Trade	15,908	16,111	1.3%	241,497	246,255	2.0%
Professional/Tech./Scientific	22,312	23,305	4.5%	154,312	166,473	7.9%
Health Care/Social Assistance	11,791	12,461	5.7%	213,204	237,233	11.3%
Accommodation/Food Services	10,116	10,468	3.5%	197,786	192,782	-2.5%
Transport/Warehousing	3,367	3,821	13.5%	105,839	128,651	21.6%
Adminstration/Support/Waste Mgt.	9,324	9,415	1.0%	161,422	166,190	3.0%
Government	3,112	4,481	44.0%	319,296	321,259	0.6%
All Other	23,143	14,364	-37.9%	176,333	135,406	-23.2%
Total	**145,038**	**140,938**	**-2.8%**	**2,134,279**	**2,167,499**	**1.6%**

** includes private and government sector*
Source: Georgia Department of Labor

As can be seen on this chart, in terms of absolute job numbers, the Government sector dominates the Atlanta employment base. This sector includes the entire county, city and state educational industries as well as state supported colleges and most of the state government structure. Health Care, Retail Trade and Finance also have high employment figures. From 2010, Transportation and Warehousing and Health Care have shown significant growth, while Construction has declined.

Unemployment

The unemployment rates for the Atlanta MSA over the years have generally equaled or consistently bettered the state and national averages. However, unemployment has been climbing in the state of Georgia, as well as the Atlanta MSA. According to a recent article in the *Atlanta Journal-Constitution*, Georgia's State Labor Commissioner, Michael Thurmond, stated the state of Georgia is facing an increasingly difficult economic environment. Economists believe the unemployment rate to be a lagging and somewhat inexact indicator. Critics argue that a slowing economy typically does not immediately shove jobless rates much higher. On the other hand, an improving economy is often accompanied by rising rates as more people seek work. The following table looks at the MSA trend since 2006 and compares it with the state and the nation.

UNEMPLOYMENT RATES - ANNUAL AVERAGES								
	2006	2007	2008	2009	2010	2011	2012	Nov-13
Atlanta MSA	4.7%	4.2%	6.2%	9.6%	10.2%	9.6%	8.7%	7.0%
Georgia	4.6%	4.4%	6.2%	9.6%	10.2%	9.8%	9.0%	7.7%
U.S.	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.0%

Source: Georgia Department of Labor / Atlanta Regional Commission

Largest Employers

As indicated in the following chart, Atlanta's top employer continues to be Delta Airlines, Emory University, Gwinnett County Public Schools, and AT & T. It is important to note that several of Atlanta's highest profile companies do not quite make the list of largest employers. For example, Coca Cola, Turner Broadcasting, Georgia Pacific, Bank of America, Home Depot (12th) and the Georgia Institute of Technology (14th) were under the threshold.

MAJOR EMPLOYERS - ATLANTA REGION		
Rank	**Company**	**Atlanta Employees**
1	Delta Airlines	30,000
2	Emory University	23,898
3	Gwinnett County Public Schools	19,943
4	AT & T	18,339
5	Cobb County Public Schools	13,551
6	DeKalb County Public Schools	12,012
7	Fulton County Public Schools	12,000
8	UPS	10,849
9	WellStar Health System	9,717
10	Publix Super Markets	9,656

Source: *Atlanta Business Chronicle, Book of Lists 2013 - 2014*

Over the last decade major changes have taken place in the Atlanta employment arena. Lockheed, once a leader, has dropped to 18th and may continue to decline. Both GM and Ford decreased their presence in the area with major plant closures. Delta, which is till quite strong, emerged from bankruptcy and merged with Northwest Airlines, And although the Ford and GM plants, Kia opened a new $1 billion 2.2 million square-foot auto plant in 2009 just outside the metro area's southwestern boundary near LaGrange, GA. Another major employer began hiring in the Atlanta vicinity in 2013. Caterpillar is opening a large plant in Athens, Georgia (just outside eastern edge of the MSA). By 2015 the plant expects to have hired 1,400 new workers at the Athens plant with indications that another 2,800 new positions would evolve from satellite parts and service plants in the area.

A few other job announcements in 2013 are worthy of note: Athena Health is leasing a large amount of space in Ponce City Market downtown and expects to hire 500. INALFA Roofing Systems is opening a plant in Cherokee County that will hire 300 and Hartsfield International Airport expanded food service operations in 2013, hiring an additional 200 workers.

Income, Median Age, Home Value, and Education

According to a demographic report by STDBOnline, for 2013, the average household income estimate is $72,679 (2010 figure was $85,998), with a median of $54,603. The median home value for the MSA is $153,417 (versus 2010 figure of $145,533). As per the 2013 estimate, 87% of the population had completed high school, and 34% had at least a four-year college degree.

MARKET SECTOR SNAPSHOTS

Retail

According to the *CoStar Retail Report, Fourth Quarter 2013* (latest release), the Atlanta retail market experienced a slight improvement in the fourth quarter of 2013. The vacancy rate went from 9.5% in the previous quarter to 9.2% in the current quarter. Net absorption was positive 1,278,936 square feet, and vacant sublease space increased by 305,908 square feet. Quoted rental rates decreased from third quarter 2013 levels, ending at $12.82 per square foot per year. A total of 9 retail buildings with 208,938 square feet of retail space were delivered to the market in the quarter, with 594,344 square feet still under construction at the end of the quarter.

Multi-Family

According to A*tlanta Apartment Market Tracker – Mid-Year 2013* published by Dale Henson Associates, Inc., average monthly effective rents in garden properties in the eleven-county *Tracker* area increased 4.1% from the middle of 2012. Effective rents were up to $808 from $776. At mid-year 2013, Class A apartments showed an increase of 5.0%, Class B apartments increased their effective rent by 4.0%, and Class C units were up 4.7% over the middle of 2012. In addition, concessions were down at $15, from $23 a year earlier. Occupancy in the eleven core counties (garden properties only) increased to 91.8% during mid-year 2013, up from 90.7% the prior year. In fact, 19 of the 29 submarkets either stayed the same or experienced gains in occupancy during 2013. The losses in occupancy were reported by the Dunwoody (high rise only), Midtown (high rise only), Lindbergh (high rise only), Decatur, Buckhead, Henry, North Fulton, Central, Cherokee, and Rockdale markets.

Office

According to the *PwC Real Estate Investor Survey, 4th Quarter 2013,* many investors believe the convergence of a strengthening local economy, a lack of new office construction, and a low cost of doing business and living make the Atlanta office market “ripe” for investment. Through third quarter 2013, total office sales volume exceeded $2.6 billion, more than double the volume over the same period last year. Recent office trades include GC Essential Asset REIT’s purchase of a 16-property portfolio that included three buildings in the Wildwood Office Park in the northwest submarket for $134.00 per square foot, and Parkway

Properties' acquisition of 7000 Central Parkway in Central Perimeter for $136.00 per square foot. Office sales activity has quickened over the past 12 to 18 months, but overall cap rate compression has slowed, particularly in the past three quarters. In fact, the average overall cap rate inches up four basis points to 8.00% this quarter. Investors unanimously expect cap rates to hold steady in the near term.

Industrial

According to the *CoStar Office Report, Third Quarter 2013,* the Atlanta Industrial market ended the third quarter 2013 with a vacancy rate of 11.6%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 2,081,586 square feet in the third quarter. Vacant sublease space decreased in the quarter, ending the quarter at 2,803,001 square feet. Rental rates ended the third quarter at $3.88, a decrease over the previous quarter. A total of two buildings delivered to the market in the quarter totaling 63,360 square feet, with 927,256 square feet still under construction at the end of the quarter.

Housing

According a November 2013 article in the *Atlanta Journal-Constitution*, the Atlanta housing market is improving. The rise in metro Atlanta home prices continues to outpace many parts of the country, with the metro area ranking third nationally in higher values in September 2013 and the state ranking fourth, according to a monthly index. *CoreLogic's* Home Price Index showed prices overall, including distressed sales such as foreclosures, rose 16.7 percent in metro Atlanta in September 2013, compared with a year ago, and 14.4 percent in Georgia. Nationally, prices were up 12 percent.

The gains locally can be partly explained by Georgia having more catching-up to do than the rest of the nation in recovering from the housing crisis that began in 2008. There are indications, however, that the pace of price increases is slowing. *CoreLogic* said the national index is at its highest level since May 2008, six months before the start of the 2008 housing crisis, which sent prices tumbling in the months that followed.

Metro Atlanta is seeing more construction, tighter inventory of available homes for sale and fewer foreclosures. Homebuyers are also facing higher interest rates and loan processing costs as lenders try to make up for a drop-off in refinancing demand, which has also prompted lenders to lay of thousands of workers. The tight inventory is a driving force behind the rising prices, with listings at a premium in areas with strong school districts. According to *Metrostudy*, the median price for an existing home for sale in the third quarter 2013 in metro Atlanta was $165,000, compared with $125,000 a year ago, a 32 percent increase.

The drop in foreclosures is also adding to price appreciation because there are fewer of them and the ones that exist are fetching higher bids. Foreclosures in metro Atlanta are now below pre-housing crisis levels. So far this year, 44,935 foreclosure notices had been filed by mid October, down 44 percent from the same period in 2012.

Convention Trade

Tourism is a major business in Atlanta. The city hosts on average about 17,000,000 visitors a year. The industry typically generates between three and four billion in annual revenues. Convention and trade show business ranks as Atlanta's largest industry. Estimates vary, but overall annual attendance is approximately three million, with delegates spending an average of almost $200 per person, per day. To accommodate visitors there are approximately 92,000 hotel rooms in the 28-county metro area. As other cities continue to offer increasing competition for Atlanta’s convention business, namely Orlando, Miami, Las Vegas and New Orleans, the city continually strives to improve its facilities. The largest facility, the Georgia World Congress Center (GWCC), completed its expansion from 950,000 to 1.4 million square feet of exhibit space, in 2002. The top trade shows and conventions booked during 2011 in Atlanta are shown next.

TOP TRADE SHOWS AND CONVENTIONS IN ATLANTA FOR 2013/2014

Show	Estimated or expected No. of Attendees	Location
NCAA Final Four	100,000	Georgia Dome
AmericasMart Gift & Home Furnishings Market Jan.	92,000	AmericasMart Atlanta
AmericasMart Gift & Home Furnishings Market July	91,000	AmericasMart Atlanta
SEC Football Championship	73,000	Georgia Dome
2014 Chik-Fil-A Bowl	72,000	Georgia Dome
Chick-fil-a College Kick-Off	72,000	Georgia Dome
Cheersport	70,000	GWCC
Atlanta Football Classic 2011	60,000	Georgia Dome
Passion Conference	60,000	GWCC
Tampa Bay Big South Qualifier	59,000	GWCC

Source: *Atlanta Business Chronicle, Book of Lists 2013 - 2014*

Transportation

The Atlanta region's continued emphasis on upgrading the transportation system is a significant factor in the area's economic growth and development. The main focus on improvement has been primarily in three areas over the recent past: the Metropolitan Atlanta Rapid Transit Authority (MARTA) commuter railway project; Hartsfield-Jackson Atlanta International Airport; and the interstate highway system.

MARTA is a public agency that provides mass rail transportation in the two most populated counties of the Atlanta region. Its transit system consists of extensive bus service (over 150 routes) and a heavy-rail, rapid transit system in DeKalb and Fulton Counties. The rail system consists of north-south and east-west lines that intersect near the center of Atlanta's CBD. The system currently consists of 47 miles of rail and 38 stations, including one at Hartsfield Airport. Cobb, Gwinnett and Clayton counties also have bus transit systems that have routes to the CBD, as well as links to other MARTA routes.

The interstate highway system in and around Atlanta is well developed. Encircling the city is the six- to 10-lane, 64-mile, I-285. The highway system also includes three major freeways that intersect in the middle of town and radiate out in all directions. These are I-20 (east/west), I-75 (northwest/southeast), and I-85 (northeast/southwest). Additionally, the extension of Georgia Highway 400 from I-285 to I-85 near the downtown connector was completed in 1993. This is Atlanta's first toll road and provides multiple-lane, direct access to the central business district for residents of north Fulton and Forsyth Counties.

Hartsfield-Jackson Atlanta International Airport is the world's largest passenger terminal complex and the world's busiest airport (per *Wikipedia* and other sources). Since 1998, Hartsfield-Jackson has been the busiest airport in the world, thus making it the busiest airport in the history of aviation.

Other Features

Some additional features of Atlanta are 29 degree-granting colleges and universities and the Jimmy Carter Presidential Center. Atlanta is one of few cities with three major professional sports teams: football with the Atlanta Falcons (1998 NFC Champions); basketball with the Atlanta Hawks; and baseball with the Atlanta Braves (1992, 1996, and 2000 National League Champions and 1995 World Series Champions); The Atlanta Thrashers hockey team moved from Atlanta to Winnipeg, Manitoba in June 2011. Additionally, the Atlanta area hosts a major NASCAR race every year (over 100,000 in attendance). Major recreational attractions include Six Flags Over Georgia, Stone Mountain Park, Lakes Sidney Lanier and Allatoona, and multiple museums and theater venues. New attractions in the Atlanta area include the Georgia Aquarium and Atlantic Station.

Over the last decade, Atlanta has been a huge presence in the world of spectator sports. It all started with its selection as the site of the 1996 Summer Olympics. A key factor in that achievement, as well as the city’s hosting of the 1994 and 2000 Super Bowls, 2002 and 2007 NCAA Men’s Basketball Final Four, 2003 NCAA Women’s Basketball Final Four, and major indoor track events, has been the Georgia Dome. This indoor stadium was completed for the Falcons' 1992 football season. Coupled with recent improvements to the nearby Georgia World Congress Center, it has proven to be a big plus for the city. The spin-off from the events has further enhanced Atlanta’s reputation as a true international city, not to mention the significant economic impact. Phillip's Arena hosted the NHL all-star game in 2008.

CONCLUSIONS / OUTLOOK

One of the recognized experts on the Atlanta economy is Dr. Rajeev Dhawan of Georgia State University in Atlanta. In August 2013, he released his quarterly forecast for the local economy: “If we can just get through the end of the year, the economy should start looking up for the United States, Georgia, and metro Atlanta.” According to Dr. Dhawan, growth forces have fully taken hold across the country and locally with sustained growth in home building, existing home sales, and auto sales.

“We are doing, like the national economy, maybe a little bit better on the growth on paper,” says Dr. Dhawan. “But in terms of growth and everything, it’s just mirroring. We’re dealing with the same headwinds and surviving the same way.”

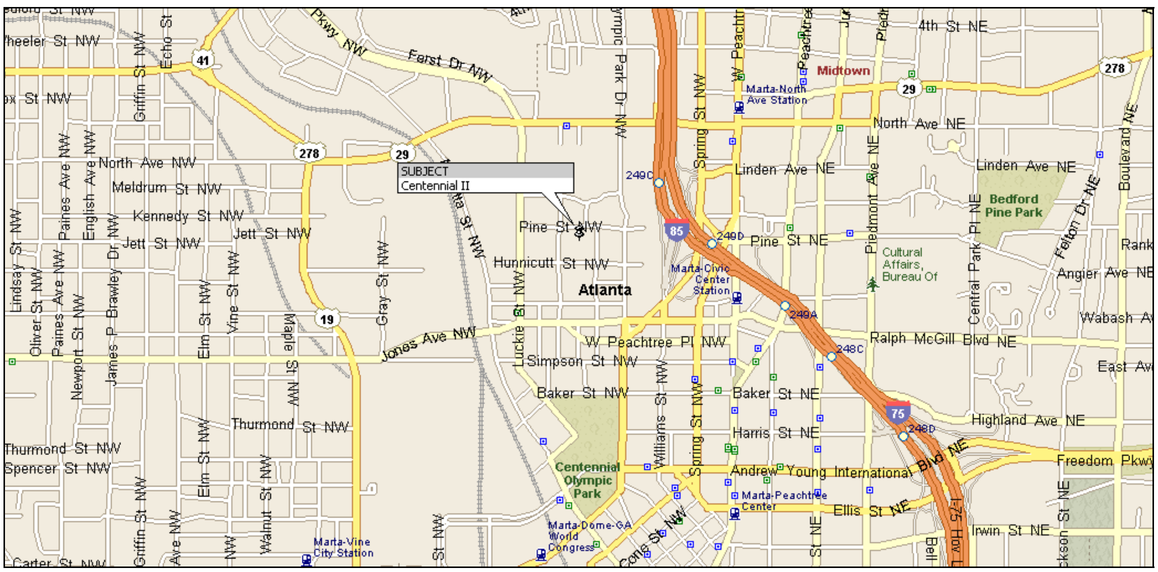
Those headwinds are external forces: fluctuations in the global economy, trouble in the Mideast, and settling on a new federal budget. Dhawan says we’ll continue to see job growth in metro Atlanta, though it will be slow until the end of the year. If the headwinds dissipate, he says the national and local economy should pick up next year and even more in 2015.

Another perspective was released in an analysis by PNC Bank. In their third quarter 2013 outlook for Atlanta, they indicated that a severe downturn in the commercial real estate market caused Atlanta to experience a steeper slump than other regional economies during the recession; yet, job growth in the market area is set (going forward) to be stronger than average in later 2013 and 2014. Technical and professional services will continue to be key employment generators. The rebound in these high wage industries will boost above average income growth. The South region is recovering faster than average, which bodes well for the area’s transportation and logistics industries. Leisure and hospitality will be sustained by increased demand for convention space and tourism as the U.S. economy continues to expand moderately. Although Federal income tax increases weakened the recovery somewhat in the first half of 2013, the economy’s momentum is set to pick back up in the second half of the year as households adjust to the new tax rates and the housing market gains traction. We see the unemployment rate declining to 7.6 percent in the final quarter of 2013 from 8.5 percent in fourth quarter of 2012. The economic recovery will encourage work-seekers to reenter the labor force, implying the unemployment rate will decline more slowly than the better jobs numbers suggest. Longer term, Atlanta will be an above average performer. The Atlanta metropolitan area is the 10th largest metro economy in the United States by real GDP and the largest in the South. Living and business costs, however, compare with metros of smaller size. A diverse industrial structure, strong population growth, reasonable business costs, and high educational attainment lift Atlanta’s growth potential above the U.S.’s. Also, its status as a major transportation and logistics hub makes the metro economy a vital player in the South.

NEIGHBORHOOD OVERVIEW

Location and Boundaries

The subject is located south of Merritts Avenue, west of Lovejoy Street, east of McAfee, and north of Hunnicutt Street. It is bisected by Pine Street, within the city limits of Atlanta, Fulton County, Georgia, at the center of the Atlanta CBD. We are defining the neighborhood boundaries as Collier Road to the north, Moreland Avenue to the east, State Route 54 / McDonough Boulevard to the south and Lake Avenue to the west. A neighborhood map is presented below with a larger map, as well as a regional map, included in the Addenda.



Access and Availability of Utilities

Accessibility of the neighborhood is considered good. The buildings are convenient to the interstate and to arterial roads, with multiple interior streets and access to parking courtyards. Exposure is also good, with buildings arranged around the perimeter of the blocks and parking within the courtyard interiors of the blocks. Phase II units have frontage along Merritts Avenue, and Lovejoy, Pine, Center, Hunnicutt and McAfee Streets. Streets are asphalt paved and bidirectional, with curbside parking. Centennial Park Drive, east of the subject, provides the primary access to Interstates I-75 and I-85 via North Avenue, which is located ¼ mile to the north. Both Interstates provide north and south access through downtown Atlanta. South of the subject (approximately ½ mile), Simpson Street (a.k.a Jones Avenue south of the subject, Joseph E. Boone Boulevard west of Joseph E. Lowery Boulevard, Ivan Allen Boulevard and Ralph McGill Boulevard east of Interstates I-75/85) is a two-four lane roadway that runs in an east to west direction through downtown Atlanta.

Other primary roadways in the subject area are Tech Parkway / Luckie Street, the western most border of the subject development, which runs north/south parallel to Marietta Street. D.L. Hollowell Parkway is four lanes with a center turn lane or a median, and provides east to west traffic flows respectively. D.L. Hollowell Parkway extends west from I-75/85. Furthermore, D.L. Hollowell Parkway continues west outside of the I-285 (accessed six miles west of the subject) perimeter into the cities of Mableton and Douglasville, running parallel to I-20 (accessed 1.5 miles south of the subject) into Alabama. East of I-75/85 D.L. Hollowell Parkway merges into North Avenue where it continues east through Midtown Atlanta and the city of Decatur in neighboring DeKalb County. Approximately ½ mile northwest of the subject is Marietta Boulevard, which runs in a north to south direction from D.L. Hollowell Parkway to Atlanta Road, where it continues in a northwesterly direction through Vinings and Smyrna in neighboring Cobb County.

The subject neighborhood has a number of secondary roadways that enhance accessibility to and throughout the area. All of the streets serving the neighborhood are asphalt-paved, with surface and subsurface drainage. Sidewalks are common in improved areas with a combination of overhead and underground utilities. Utilities available to the neighborhood include public water, sanitary sewer, electricity, natural gas and telephone. Municipal services in the area include police and fire protection. The availability of schools, public services, places of worship, recreation and employment are very good in the area.

Land Use

The predominant land use in the subject's neighborhood is Georgia Institute of Technology (Georgia Tech). The Georgia Institute of Technology is one of the nation's top research universities, with programs focused on advanced science and technology. Georgia Tech's campus occupies 400 acres in the city of Atlanta. Current enrollment includes more than 21,500 undergraduate and graduate students and 900 full time faculty. Georgia Tech is accredited by the Southern Association of Colleges and Schools (SACS) and offers many nationally recognized, top-ranked programs. Georgia Tech is consistently ranked in *U.S. News & World Report*'s top ten public universities in the United States. The campus begins ¼ mile north of the subject on the north side of North Avenue. Georgia State University has facilities within a quarter-mile of the subject as well, with some student housing corner-adjacent Centennial Park Phase I on the east side of Centennial Park Drive.

The northwestern portion of the neighborhood encompasses one of metropolitan Atlanta's oldest industrial areas, the Chattahoochee Industrial District. The past decade has seen this area experience an explosion of new development, primarily along parts of Northside Drive, Ellsworth Industrial Drive and Marietta Street. The area's rail road infrastructure, built in the 1800's, allowed for the development of large warehouse and manufacturing facilities that are now being converted to planned "Live, Work, Play" developments.

South of the subject, within ½ mile, are numerous downtown tourist attractions including Centennial Olympic Park, Georgia Aquarium, Georgia World Congress Center, Georgia Dome and Phillips Arena. Coca Cola Enterprises headquarters are ¼ mile northwest on the south side of North Avenue.

Emory University Hospital (formerly known as Crawford Long) Midtown is less than ½ mile east of the subject on the east side of the interstate. Emory University Hospital Midtown is a 511-bed community-based, acute care teaching facility and full-service hospital located in Midtown Atlanta. A part of Emory Healthcare, the hospital offers a full range of services, which include general medicine, maternal and infant care, orthopedics and surgery. Emory University Hospital Midtown is staffed by 600 Emory medical faculty and 800 community physicians. More than 23,205 inpatients and 143,961 outpatients come to Emory University Hospital Midtown each year. Patients receive care from community-based physicians, physicians of The Emory Clinic and from a highly-trained staff of nurses and other clinical professionals. Medical services include 56 intensive care beds, a level III neonatal intensive care unit (NICU), and four hyperbaric oxygen units. This full-service hospital is known for services in cancer, cardiology, cardiac surgery, gastroenterology, and emergency medicine. Women's services include prenatal and postnatal education, bone density testing, mammography, and obstetrics, with a specialization in high-risk pregnancy.

There are also observed a number of churches, government services and schools in the area. Schools serving the subject include Centennial Elementary, and Washington and Henry Grady High Schools. The Zell Miller Community Center and YMCA are adjacent to the north of the subject. Because of the large scope of the subject development, there are numerous adjacent uses that include single family condos, university facilities associated with Georgia State and Georgia Tech, and government services buildings.

Demographics

To gain additional insight into the characteristics of the subject’s neighborhood, we reviewed a demographic study prepared by ESRI through *STDBOnline*. The information in the following table primarily pertains to a three-mile radius around the subject property and the Atlanta metropolitan statistical area (MSA). The full reports are included in the Addenda.

DEMOGRAPHICS SUMMARY Area: 3- Mile Radius, 578 Lovejoy Street			
	2000	**2013**	**2018**
Population	145,626	159,552	173,972
Growth		10%	9%
Households	61,190	73,553	81,946
Growth		20%	11%
		3 Mile Ring	**Atlanta MSA**
Income			
Average HH		$71,366	$75,181
Median HH		$45,509	$54,635
Per Capita		$34,727	$27,790
Median Home Value		$230,316	$158,071
Housing Units			
Renter - Occupied		55%	33%
Owner - Occupied		27%	57%
Vacant		18%	10%
Average Household Size		1.82	3.25
Education Levels (Adults > 25)			
High School Graduate		89%	88%
4-Year College Degree		54%	35%
Largest Employment Categories			
Services		63%	50%
Retail Trade		9%	12%
Construction		3%	6%
Finance/Insurance/Real Estate		7%	7%
Manufacturing		4%	9%

Source: ESRI forecasts for 2013 based on 2010 US Census Data.

The demographic information illustrates the subject neighborhood's moderate growth in population and households since 2000, and this trend is expected to continue over the next five years. Overall, income levels are higher than those for the MSA on a per capita basis, in-line on average, and low when compared on a median basis. The per capita figures reflect smaller household size for this in-town location. Area residents are similarly educated when it comes to high school graduates. The proximity of Georgia Tech and Georgia State Universities inflates the college educated figures significantly above the MSA. Homes are weighted heavily towards renters and there is a large percentage of vacancies. Employment is weighted towards services, particularly professional, scientific and technical, again showing the influence of Georgia Tech.

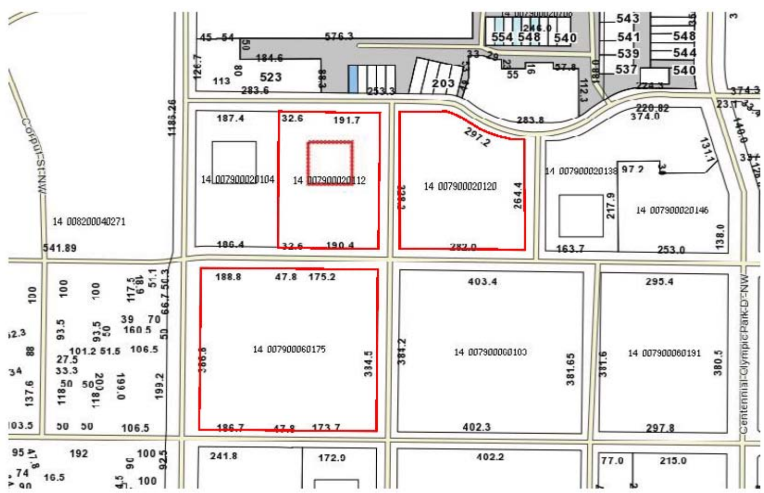
Conclusion

In general, the neighborhood is an established and moderately growing urban area of downtown Atlanta. The area appears to be adequately served by supportive retail and service businesses. Access to and through the area is good, with easy access to several major interstates. We expect the overall demographic nature and development characteristics of the neighborhood to remain relatively consistent, with continued moderate growth over the foreseeable future, limited only by the availability of developable land or re-developable properties.

The site and improvement descriptions included in this report are based on a personal inspection of the subject site and improvements; various documents provided by the owner and purchaser/developer including a unit mix, rent roll, site plan, unit floor plans, historical and budgeted operating statements, discussions with representatives of the current owner; property tax information; and our experience with typical construction features for apartment complexes. The available information is adequate for valuation purposes. However, our investigations are not a substitute for formal engineering studies.

SITE DESCRIPTION

Address:	269 Pine Street Atlanta, Fulton County, GA 30313
Location:	South of Merritts Avenue, west of Lovejoy Street, east of McAfee, and north of Hunnicutt Street. It is bisected by Pine Street, within the city limits of Atlanta, Fulton County, Georgia, at the center of the Atlanta CBD.
Tax Parcel Number:	14007900060183, 14007900020153, 14007900020120, and 14007900020112



Land Area:	7.17 acres
Shape and Frontage:	Irregular shape with frontage along the south side of Merritts Avenue, east side of Lovejoy Street, west side of Interstate 75, and north side of Hunnicutt Street. It has internal frontage along Pine Street.
Ingress and Egress:	Multiple curb cuts provide access to numerous surface parking areas.
Topography and Drainage:	The subject site is graded, buildings have piped downspouts and paved areas have collection basins. Drainage occurs in a number of directions. The parking/drive areas are sloped to promote subsurface drainage. We are unaware of any drainage issues and assume that none exist.

Soils:	We were not provided a geotechnical exploration report. We are not aware of any soil problems and assume the site can support the existing improvements both now and into the future. We have no expertise in this area. We recommend the consultation of a specialist for further questions of this nature.
Easements:	The provided site plans show easements for utilities and roadways, and for Interstate 75/85 along the eastern border. We assume the only other easements are those typically provided for the installation and maintenance of utilities or other right of way easements. We are aware of no detrimental easements and assume that none exist. However, we are not qualified in this legal matter.
Covenants, Conditions, and Restrictions:	We are not aware of any deed restrictions, or restricting covenants, other than zoning. However, this is a legal matter, and we recommend professional counsel for questions of this nature.
Utilities/Services:	Utilities available to the subject include water/sewer, electricity, natural gas, and telephone. Services include police and fire protection.
Flood Zone:	According to the provided site plan, the subject property is identified on Federal Emergency Management Agency Flood Insurance Rate Map Number 13121C0244E, effective date May 7, 2001, and is located in an area of low flood risk.
Environmental Issues:	We were not provided a Phase II Environmental Assessment. We did not observe any evidence of environmental contamination on inspection. However, we are not experts in this area and suggest the consultation of an expert if a problem is suspected.
	This analysis assumes that there is no hazardous material on or in the property, including land and improvements, which would cause a significant loss in value. We reserve the right to adjust our conclusion of value if any environmental conditions are discovered.
Conclusion:	The subject site is considered to have adequate overall physical utility for its current use. This conclusion is based on the site's size, shape, topography, accessibility and exposure, and availability of all utilities and services. Additionally, it is our opinion that the improvements reflect good utilization of the site's physical characteristics.

IMPROVEMENT DESCRIPTION

Construction Class: The class of construction is the basic subdivision in *Marshall Valuation Service* dividing all buildings into five basic groups by type of framing (supporting columns and beams), walls, floors, roof structure, and fireproofing. The subject buildings feature wood-frame construction with wood and brick-veneer siding exteriors. According to the *Marshall Valuation Service* cost manual, the buildings qualify as average, Class D[1] construction.

Competitive Rating: The subject is perceived in its market as a Class B property in terms of quality, features, amenities and age.

Unit Mix:

UNIT MIX AND MARKET RENT SCHEDULE AS IS MARCH 2014 Centennial Place Phase II Apartments							
Unit Type	**No. Units**	**Unit SF**	**Total Heated**	**Average Res Rent**	**Monthly Unit Rent**	**Rent SF**	**Total Income**
1BR/1BA PHA	5	688	3,440	$300.00	$660	$0.96	$39,600
1BR/1BA PHA HC	3	688	2,064	$158.00	$660	$0.96	$23,760
2BR/1BA PHA	20	869	17,380	$215.38	$792	$0.91	$190,080
2BR/1BA PHA HC	2	869	1,738	$117.50	$792	$0.91	$19,008
2BR/1.5BA PHA	20	1,041	20,820	$296.10	$817	$0.78	$196,080
3BR/2.5BA PHA	20	1,254	25,080	$296.50	$925	$0.74	$222,000
1BR/1BA LIHTC 60%	24	688	16,512	$630.04	$660	$0.96	$190,080
2BR/1BA LIHTC 60%	6	869	5,214	$753.00	$792	$0.91	$57,024
2BR/1.5BA LIHTC 60%	3	1,041	3,123	$752.67	$817	$0.78	$29,412
3BR/2.5BA 60%	2	1,254	2,508	$296.50	$925	$0.74	$22,200
3BR/2.5BA 60%	1	1,866	1,866	$296.50	$925	$0.50	$11,100
1BR/1BA Market	28	688	19,264	$790.23	$865	$1.26	$290,640
2BR/1BA Market	3	869	2,607		$1,000	$1.15	$36,000
2BR/1.5BA Market	3	1,041	3,123	$1,292.84	$1,205	$1.16	$43,380
2BR/2BA Market	27	1,057	28,539	$1,033.72	$1,144	$1.08	$370,656
3BR/2.5BA Market	5	1,254	6,270	$1,524.32	$1,595	$1.27	$95,700
2BR/1.5BA Market	3	1,553	4,659		$1,595	$1.03	$57,420
3BR/2.5BA Market	2	1,866	3,732		$1,595	$0.85	$38,280
Totals/Average	177	949	167,939		$910	$0.96	$1,932,420

Improvement Summary

Area (SF):	167,939-SF net leasable / 949-SF average
Year Built:	1996
Type:	Garden-style
Units:	177
Condition:	Average
Buildings/Stories:	21 two- and three-story apartment buildings and a free-standing management building
Access:	Walk-up with breezeways

Exterior Description

Foundation:	Poured, reinforced concrete slab, on grade
Frame:	Wood
Exterior Finish:	Brick and vinyl
Roof:	Pitched, asphalt shingles

[1] Class D buildings are characterized by combustible construction. The exterior walls may be made up of closely spaces wood or steel studs, as in the case of a typical frame house, with an exterior covering of wood siding, shingles, stucco, brick, or stone veneer, or other materials. Floors and roofs are supported on wood or steel joists or trusses or the floor may be a concrete slab on the ground. Upper floors or roofs may consist of wood or metal deck, prefabricated panels or sheathing. (Source: Marshall Valuation Service, January 2012, §1, p. 8)

Interior Living Areas	Walls:	Painted drywall
	Windows:	Double-pane glass
	Ceiling:	Painted drywall
	Lighting:	Fixtures, fluorescent and incandescent
	Flooring:	Carpet, ceramic tile, laminate
Kitchen Areas	Wood cabinets with laminate countertops, refrigerator, stainless sink, range/oven, washers and dryers	
Bath	Porcelain commode, wood vanity cabinet with laminate countertop, single sink, ceramic tile tub/shower combination	
Other	HVAC:	Pad mounted A/C units
	Electrical/plumbing:	Typical, assumed adequate. Units and common areas are not sprinklered.
	Interior doors:	Hollow core with glass doors to patio
	Exterior doors:	Metal
	Other:	Most units have small patio or balcony
Parking/Sidewalks:	Adequate surface, uncovered parking spaces including handicapped spaces. We assume parking spaces are in compliance with local zoning requirements.	
Landscaping/Other:	Attractive landscaping and mature trees	
Property Amenities:	The project includes surface parking, common amenities with multiple playgrounds, swimming pool and a clubhouse facility.	
Utilities:	Tenants are responsible for all utilities except trash. After renovation, the gas appliances will be converted to electric and the tenants will be responsible for water and sewer charges.	

Economic Age and Life:

The subject complex was built in 1996 and is in average to good condition. According to *Marshall Valuation Service* cost guide, buildings of this type and quality have an expected life of 50 years. However, this may be extended by a consistent repair schedule. The provided Project Capital Needs Assessment (PCNA) states that once the immediate physical repairs are completed, the Remaining Useful Life is at least 35 years. We concur with this conclusion. Our estimate considers the following factors:

1. The economic make-up of the community and the ongoing demand for the subject type,
2. The relationship between the property and the immediate environment,
3. Architectural design, style and utility from a functional point of view,
4. The trend and rate of change in the characteristics of the neighborhood that affect values,
5. Construction quality, and
6. Physical condition

Considering all of these factors, our estimate of remaining economic life for the subject seems reasonable.

Deferred Maintenance/ Capital Issues:	Overall, the property is in average to good physical condition. There were no significant deferred maintenance issues observed on inspection. The clubhouse is currently being repaired after fire damage in March 2013.
Conclusion/Comments:	The subject's construction is consistent with newer garden-style apartment complexes in the metro area and is competitive with other similar-vintage complexes in Atlanta.

RENOVATIONS

The prospective purchaser is planning a substantial renovation in the amount of approximately $56,000 per unit in improvements. We were provided a synopsis of planned upgrades/improvements.

Unit improvements will include interior painting; new low-flow plumbing, fixtures, faucets and accessories; new kitchen and bathroom cabinetry and countertops; new Energy Star appliances; new hot water heaters; new HVAC systems; new light fixtures; and new flooring.

ZONING ANALYSIS

The property is subject to the zoning regulations of the City of Atlanta, Georgia. According to the Atlanta Department of Planning and Zoning, the subject parcel is zoned RG-3, General Residential. This zoning class permits multi-family development and is a subset of the Multifamily Residential District. The RG-3 district allows single-family, duplex and multifamily structures, including apartment structures. Other uses allowed, subject to specific limitations, are places of worship, primary and secondary schools, daycare, community based residential facilities, and convenience establishments. It appears that the subject is a conforming use. Our analysis assumes that the subject is not in violation of the zoning ordinance. We recommend a letter be obtained from the City of Atlanta Zoning Commission for any further questions.

TAX ANALYSIS

The property is subject to taxation by the city of Atlanta and Fulton County. Real estate in Georgia is assessed at 40% of the assessor's estimated market value. The current millage rate applicable to the subject is $44.571 per $1,000 of assessed value. The 2013 tax information is presented in the following chart.

ASSESSMENT AND TAX INFORMATION								
Parcel ID No.	Land Value	Improvement Value	Total Value	Assessed Value	Tax Rate / $1,000	Tax Rate / $1,000	Actual Taxes	Annual Taxes Computed
14007900060183	$14,422,300	$0	$14,422,300	$5,768,920	$33.940	$10.631	Exempt	$257,127
14007900020153	$0	$7,145,600	$7,145,600	$1,714,940	$33.940	$10.631	$62,536	$76,437
14007900020120	$2,124,500	$0	$2,124,500	$849,800	$33.940	$10.631	Exempt	$37,876
14007900020112	$1,824,700	$0	$1,824,700	$729,880	$33.940	$10.631	Exempt	$32,531

*Source: Fulton County Tax Assessor / Commisioner * Assessed valued for improvements actually $1,417,370*

As mentioned, the prospective purchaser is planning a substantial renovation in the amount of approximately $56,000 per unit in building improvements. In our opinion, this will extend the remaining useful life of the subject and increase its appeal to potential renters. We estimate an appraised value of $100,000 per unit, or a total tax value (177 units) of $17,700,000. This equates to an assessed value (40%) of $7,080,000. At the current tax rate ($44.571/$1,000 of assessed value), the resulting taxes would be $315,563, which we rounded to $316,000. These are the taxes we used in our post-renovation income analysis.

APARTMENT INVESTMENT MARKET

The following paragraphs were taken from *Emerging Trends in Real Estate 2014*. According to the study, moderate- and high-income apartment development prospects, as well as moderate-income investment prospects, remain among the strongest of all sectors rated for 2014 by survey respondents. Unlike last year, however, investors place them behind warehousing. Investment prospects for high-income apartments are lower than those for a wide range of commercial subsectors. The declining appetite for investing in high-income apartments is reflected, in part, in the sharp drop in “buy” recommendations from 44% in 2013 to 21% in 2014. Moderate-income apartments show their strength with an increase in “buy” recommendations for 2014 over 2013 – 38% versus 28%, respectively.

Many interviewees expressed a sentiment similar to the one expressed by a real estate analyst who said that apartments will be “fully supplied, not oversupplied” in 2014. The apartment sector may “flirt with overbuilding, but this industry can lay off the gas pedal fairly quickly.” Even with a strengthening of the single-family housing market, many interviewees are optimistic that multi-family will adjust appropriately. There still may be isolated pockets of over-building, particularly in the luxury market. “The peak of supply is coming this year and next year,” says a REIT executive. “Then what happens? If interest rates move up, can we get the rent to justify new supply? At some point, if costs are going up, how much farther can we push the rents?” Overall, even with a slight uptick in vacancy rates projected as additional units come on the market, rates are projected to remain relatively low in 2014 and for several years beyond, according to REIS.

According to the *PwC Real Estate Investor Survey - Fourth Quarter 2013*, after a five-year stint holding the top position as the most promising asset class relative to investment prospects in the year ahead, the national apartment market fell to the third spot behind industrial/distribution and hotels in Emerging Trends in Real Estate 2014, published by PwC and ULI. Apartments scored 6.14 on a scale of 1 (abysmal) to 9 (excellent), compared to 6.43 for industrial/distribution and 6.25 for hotels. However, as the Key 4Q13 Survey Stats table indicates, investors’ appetite for apartments is far from satiated as 67.0% of surveyed investors believe current market conditions favor sellers. By comparison, 25.0% consider this market neutral (equally favoring buyers and sellers) while the balance feels current conditions favor buyers. Despite the enduring attraction to this asset class, some investors expect overall cap rates to increase amid higher interest rates and elevated rental rates. “We have seen cap rate increases for both Class-B and Class-C assets,” observes an investor. Others suggest that the “abundance of capital” for this property type will restrict overall cap rate increases in the near term.

The *PwC Survey* indicates that overall capitalization rates for apartments range from 4.50% to 10.00%, with an average of 5.80% (5.73% for the Southeast Region). This rate is an increase in the overall average rate of 19 basis points from the prior quarter and 8 basis points higher than the same period one year ago. The investors indicated inflation assumptions for market rent generally ranging between negative 2.00% and 8.00%, with an average of 2.52% (3.05% for the Southeast Region). Additionally, these investors quoted an expense inflation rate between 1.00% and 3.50%, with an average of 2.70% (3.00% for the Southeast Region). Internal rate of return requirements for the investors ranged from 6.00% to 14.00%, with an average of 8.17% (7.95% for the Southeast Region), up from 7.98% the prior quarter and 8.17% one year ago. The average marketing time reported ranged from 0 to 18 months, with an average of 5.7 months (4.4 months for the Southeast Region).

ATLANTA MSA APARTMENT MARKET

Inventory And Overall Market Conditions

According to *Atlanta Apartment Market Tracker – Mid-Year 2013* published by Dale Henson Associates, Inc., there are over 400,000 apartment units in market rate projects that contain over 50 units in the 11-county Tracker area. During the first half of 2013, there were 15 new starts in the 11-county metro Atlanta area. These complexes along with their respective submarkets and number of units are shown in the chart below.

2013 New Market Rate Starts - 11 County Metro		
Complex Name	**Submarket**	**# of Units**
Alta Brookhaven	Buckhead	230
Broadstone Peachtree	Buckhead	186
Buckhead Atlanta	Buckhead	370
Circle Terminus	Buckhead	360
Rocca at Piazza II	Buckhead	234
131 Ponce de Leon	Central	281
755 North	Central	227
Ponce City Market	Central	204
Trees of Newnan	Coweta	500
100 6th Street	Midtown	320
Circle Howell Mill	Midtown	259
Collier Lofts	Midtown	184
Colonial Homes Redevelopment	Midtown	278
Citizen Perimeter Apartments	Dunwoody	341
Perimeter Town Center	Dunwoody	350
Total		**4,324**

In the first half of 2013, unit starts were 4,324, up significantly from 2,315 during the first half of 2012. New unit market-rate deliveries increased to 1,873 in the 11-county Tracker area during 2013, up from 519 in the first half of 2012. The eleven-county *Tracker* area experienced new unit absorption (new never occupied units) of 1,411, up from 499 in the first half of 2012.

Effective Rent Trends

According to A*tlanta Apartment Market Tracker – Mid-Year 2013* published by Dale Henson Associates, Inc., average monthly effective rents in garden properties in the eleven-county *Tracker* area increased 4.1% from the middle of 2012. Effective rents were up to $808 from $776. At mid-year 2013, Class A apartments showed an increase of 5.0%, Class B apartments increased their effective rent by 4.0%, and Class C units were up 4.7% over the middle of 2012. In addition, concessions were down at $15, from $23 a year earlier.

Occupancy/Occupancy Trends

According to A*tlanta Apartment Market Tracker – Mid-Year 2013*, occupancy in the eleven core counties (garden properties only) increased to 91.8% during mid-year 2013, up from 90.7% the prior year. In fact, 19 of the 29 submarkets either stayed the same or experienced gains in occupancy during 2013. The losses in occupancy were reported by the Dunwoody (high rise only), Midtown (high rise only), Lindbergh (high rise only), Decatur, Buckhead, Henry, North Fulton, Central, Cherokee, and Rockdale markets.

THE SUBJECT'S CENTRAL SUBMARKET

Inventory

According to the Dale Henson reports, the subject is located in the Central submarket. According to the *Mid-Year 2013 Atlanta Apartment Market Tracker*, in the Central submarket, inventory is 13,788 apartment units. For the submarket, there were 325 units started in 2009; no starts in 2010 and 2011, 581 in 2012, and 712 in 2013.

The A*tlanta Apartment Market Tracker – Pipeline Report Year-End 2012* published by Dale Henson Associates, Inc. reports that five properties are in the planning stages in the Central submarket. Two of those properties are further along. Perennial Somerset, located along North Avenue, will have 227 units and plans on starting their leasing in the third quarter of 2013. The second is located in the old City Hall East building along Ponce De Leon Avenue. It will be called Ponce City Market and will be developed by Green Street Communities. It will have 260 units and plans on opening in the second quarter 2014. A complex possibly named 131 Ponce De Leon Avenue is being planned at that address. It's slated to contain 281 units. A 225-unit complex named Paces Krog Street is being planned along Lake Avenue at Krog Street. Finally, an unnamed 186-unit complex is planned along Elizabeth Street and will be developed by JPX Works.

Occupancy

Overall occupancy for the Central submarket at mid-year 2013 was 91.7%, down from 92.0% a year earlier. Occupancy for Class-A properties in this submarket at mid-year 2013 was 94.8%, a decrease from 95.0% a year earlier. Occupancy for Class-B properties was 92.8%, an increase from 92.2% a year earlier. Occupancy for Class-C properties was 88.6%, a decrease from 89.7% a year earlier. As mentioned, we surveyed a total of six comparable apartment developments in the area, as shown in the following chart.

RENT COMPARABLES - OCCUPANCY				
Complex	Year Built	# of Units	Vacant	Occupancy
1. Ashley Auburn Pointe I	2010	154	5	97%
2. Columbia Mechanicsville	2007	199	18	91%
3. Capitol Gateway I and II	2006	421	13	97%
4. Magnolia Park	2000	400	44	89%
5. Villages at Castleberry Hill	1998-2000	450	23	95%
6. Ashley Collegetown II	2009	177	9	95%
Total/Average		1,801	111	94%

The comparables reported physical occupancies from 89% to 97% with a weighted average of about 94%. The subject property is currently 91% occupied and 95% pre-leased. We also reviewed the historical operating statements at the subject over the past four years (details are shown in the Income Approach section of this report). According to the statements, the economic loss attributable to physical vacancy was about 6% in 2010, 7% in 2011, 7% in 2012 and 6% in 2013. One dedicated model unit contributes to the total physical vacancy figure. The owner's 2014 budget includes a 6% physical vacancy loss. Collection loss was minimal, below 1% all three years and in the 2014 budget. Based on all of this information, we concluded a 92% physical and 90% economic occupancy after factoring collection loss.

Unit Vacancy Rates

Most complex managers do not have and/or divest vacancy rates by specific unit types. When queried, none of the "occupancy" comparable managers noted any abnormal vacancy trends as regard apartment sizes or unit mixes. We therefore project the subject will experience approximate 8% economic vacancies in all unit types.

Concessions

The subject is not offering any concessions other than ongoing reduced rents. According to the provided historical operating statements, concessions have been dropping over the past three years and were about 1% in 2013, with none budgeted for 2014. It does not appear that concessions are a significant factor in this submarket. However, in our competitive rent analysis, we will compare effective rent at the subject to effective rent at the comparables.

Absorption

The *Atlanta Apartment Pipeline Report* does list one complex in the Central submarket which recently reached stabilization. Renaissance Walk, located off Auburn Avenue in Atlanta, is a former condo complex converted into apartments in July of 2011. According to the report, it reached stabilization in December 2012 with an absorption rate of 7.8 units per month.

Given that the subject will be a partial PBRA property, its absorption period for those units will be abbreviated and more to do with the logistics of getting people qualified and moved in rather than traditional market forces. Based on our experience with this type property, we forecast absorption at a rate of 15 units per month.

Under Construction/In Planning

According to the A*tlanta Apartment Market Tracker – Pipeline Report Year-End 2012* published by Dale Henson Associates, Inc. five properties are in the planning stages in the Central submarket. Two of those properties are further along. Perennial Somerset, located along North Avenue, will have 227 units. Though delayed by frequent rain days in 2013, completion is still scheduled for Spring 2014. The second is located in the old City Hall East building along Ponce De Leon Avenue. It is called Ponce City Market (mixed use including commercial) and was developed by Green Street Communities. It will have 260 units and plans on opening in Fall 2014. Another mixed-use complex named 131 Ponce De Leon Avenue is being planned at the corner of Ponce and Juniper Street (it will occupy the entire block). It is slated to have 321 units and will begin leasing Summer 2014. Mixed-use Krog Street Market is underway along Lake Avenue at Krog Street. The retail portion of the project, which includes farmers-type market and farm-to-table restaurants, met with unexpected demand and leasing success. The 222-unit apartment complex (Alexan on Krog Street) is slated to begin some time 2014 and should take less than 18 months to complete. Finally, a fifth mixed-use project named 280 Elizabeth Street plans 201 apartment units, scheduled to be complete by third quarter 2014. It does not appear that any of these complexes will be age restricted or senior oriented. A senior housing project at 810 Market Street (near Krog) has been in the works to some degree since 2007. Typically citing 78 planned units, the property appears to have all entitlements and recently changed hands (June 2013). We do not know where the buyer is in the process, and no press release or marketing information has yet been published.

Competitive Rental Analysis

We found a total of six comparable complexes in the area, all of which offer market-rate and LIHTC units, as well as authority assisted units. The comparables are all Class-A/B complexes, built between 1998 and 2010 with unit counts from 154 to 450. All of the complexes have generally similar unit and complex amenities as the subject. At the subject, tenants are responsible for all utilities except trash. After renovation, the gas appliances will be converted to electric and the tenants will be responsible for water and sewer charges. All of the comparables include trash, while Comparables Four and Five include water and sewer with the rent. The following analysis discusses market rate units first, followed by LIHTC units. It is important to note that the subject's location is superior to the comparables; the subject is located in the heart of downtown Atlanta, north of all the comparable properties. The subject's and the comparable rents are presented in the following chart. Further details, as well as photographs and a location map, are presented in the Addenda.

MARKET RENT ANALYSIS

APARTMENT RENT COMPARABLE SUMMARY ONE-BEDROOM UNITS								
Comparable	**Bath**	**Size**	**Market Rent**		**AHA 60%**		**LIHTC (60%)**	
No. and Name	**Qty.**	**(SF)**	**Per Unit**	**Per SF**	**Per Unit**	**Per SF**	**Per Unit**	**Per SF**
Subject	1.0	688	$835	$1.21	$643	$0.93	$643	$0.93
1. Ashley Auburn Pointe I	1.0	756	$830	$1.10	N/Ap	N/Ap	$652	$0.86
2. Columbia Mechanicsville	1.0	750	$790	$1.05	$576	$0.77	$717	$0.96
3. Capitol Gateway I and II	1.0	708	$835	$1.18	N/Ap	N/Ap	$676	$0.95
3. Capitol Gateway I and II	1.0	742	$845	$1.14	N/Ap	N/Ap	$676	$0.91
3. Capitol Gateway I and II	1.0	772	$825	$1.07	N/Ap	N/Ap	$676	$0.88
3. Capitol Gateway I and II	1.0	867	$880	$1.01	N/Ap	N/Ap	$676	$0.78
4. Magnolia Park	1.0	600	$625	$1.04	N/Ap	N/Ap	$625	$1.04
4. Magnolia Park	1.0	710	$650	$0.92	N/Ap	N/Ap	$650	$0.92
5. Villages at Castleberry Hill	1.0	710	$795	$1.12	N/Ap	N/Ap	$690	$0.97
5. Villages at Castleberry Hill	1.0	799	$795	$0.99	N/Ap	N/Ap	N/Ap	N/Ap
6. Ashley Collegetown II	1.0	730	$750	$1.03	N/Ap	N/Ap	$665	$0.91
6. Ashley Collegetown II	1.0	820	$750	$0.91	N/Ap	N/Ap	$665	$0.81
Average of comps		747	$781	$1.05	$576	$0.77	$670	$0.91
Maximum		867	$880	$1.18	$576	$0.77	$717	$1.04
Minimum		600	$625	$0.91	$576	$0.77	$625	$0.78

One-Bedroom Units – Market

The subject has one 1BR/1BA floor plan of 688-SF plan for $865 per month ($1.26/SF). The comparable one-bedroom units range in size from 600 to 867 square feet and average 747 square feet. The subject's floor plan is within the range of the comparables. Effective rents at the comparables range from $625 to $880 ($0.91 to $1.18 per square foot) and average $781 ($1.05 per square foot). Actual rents for the subject for this floorplan range from $660 to $885, and average $832, with the majority of the rents at $835. Four of the 27 rented units are above $835, with three of the four leases written within the last 18 months, which would support an upward trend in rents; however, many other leases for this floorplan were written during the same period at lower rental rates. We reconciled to a market rent of $835 per month ($1.21 per square foot), within the range of the comparables on a monthly basis and slightly above on a per-square-foot basis.

One-Bedroom Units – 60% LIHTC

The subject 688-SF floor plan is also offered as 60% LIHTC unit at a rent of $643 per month, which is the top of the maximum allowable rent per AMI level once utilities are accounted for. The comparable 1BR 60% LIHTC units have an effective rental range of $625 to $717 with an average of $670 per month. The subject's effective rent is within the range of the comparables, similar to the average on a per-square –foot basis and lower than most of the comparables on a per-unit basis. Maximum allowable rent with current utilities structure is $643. Considering all of this information, we estimated rent of $643 ($0.93 PSF) as reasonable and it will be used in our analysis.

APARTMENT RENT COMPARABLE SUMMARY TWO-BEDROOM UNITS								
Comparable	Bath	Size	Market Rent		AHA 60%		LIHTC (60%)	
No. and Name	Qty.	(SF)	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF
Subject	1.0	869	$1,000	$1.15	$769	$0.88	$769	$0.88
Subject	1.5	1,041	$1,100	$1.06	$769	$0.74	$769	$0.74
Subject	2.0	1,057	$1,144	$1.08	N/Ap	N/Ap	N/Ap	N/Ap
Subject	1.5	1,553	$1,475	$0.95	N/Ap	N/Ap	N/Ap	N/Ap
1. Ashley Auburn Pointe I	2.0	1,079	$1,025	$0.95	N/Ap	N/Ap	$747	$0.69
2. Columbia Mechanicsville	2.0	1,005	$900	$0.90	$646	$0.64	$773	$0.77
3. Capitol Gateway I and II	1.0	910	$850	$0.93	N/Ap	N/Ap	$776	$0.85
3. Capitol Gateway I and II	2.0	978	$900	$0.92	N/Ap	N/Ap	$776	$0.79
3. Capitol Gateway I and II	2.0	1,031	$1,035	$1.00	N/Ap	N/Ap	$776	$0.75
3. Capitol Gateway I and II	2.0	1,047	$1,075	$1.03	N/Ap	N/Ap	$776	$0.74
3. Capitol Gateway I and II	2.0	1,050	$1,085	$1.03	N/Ap	N/Ap	$776	$0.74
3. Capitol Gateway I and II	2.5	1,178	$1,175	$1.00	N/Ap	N/Ap	$776	$0.66
3. Capitol Gateway I and II	2.5	1,319	$1,299	$0.98	N/Ap	N/Ap	$776	$0.59
4. Magnolia Park	1.5	870	$750	$0.86	N/Ap	N/Ap	$725	$0.83
4. Magnolia Park	2.0	955	$775	$0.81	N/Ap	N/Ap	$750	$0.79
5. Villages at Castleberry Hill	1.0	890	$820	$0.92	N/Ap	N/Ap	$715	$0.80
5. Villages at Castleberry Hill	2.0	947	$860	$0.91	N/Ap	N/Ap	$750	$0.79
5. Villages at Castleberry Hill	2.0	1,064	$860	$0.81	N/Ap	N/Ap	$750	$0.70
5. Villages at Castleberry Hill	2.0	1,093	$860	$0.79	N/Ap	N/Ap	$750	$0.69
5. Villages at Castleberry Hill	2.5	1,188	$1,265	$1.06	N/Ap	N/Ap	$850	$0.72
6. Ashley Collegetown II	2.0	989	$875	$0.88	N/Ap	N/Ap	N/Ap	N/Ap
6. Ashley Collegetown II	2.0	1,073	$875	$0.82	N/Ap	N/Ap	$760	$0.71
6. Ashley Collegetown II	2.0	1,223	$975	$0.80	N/Ap	N/Ap	$760	$0.62
6. Ashley Collegetown II	2.0	1,250	$1,025	$0.82	N/Ap	N/Ap	$760	$0.61
6. Ashley Collegetown II	2.0	1,285	$1,075	$0.84	N/Ap	N/Ap	$760	$0.59
Average of comps		1,068	$969	$0.91	$646	$0.64	$764	$0.72
Maximum		1,319	$1,299	$1.06	$646	$0.64	$850	$0.85
Minimum		870	$750	$0.79	$646	$0.64	$715	$0.59

Two-Bedroom Units – Market

The subject has four 2BR floor plans, all of which have market-rate units, including an 869–SF plan for $1,000 per month ($1.15/SF), a 1,041-SF plan for $1,100 per month ($1.06/SF), a 1,057-SF plan for $1,144 per month ($1.08/SF), and a 1,553-SF floorplan for $1,475 per month ($0.95/SF). The comparable two-bedroom units range in size from 870 to 1,319 square feet and average 1,068 square feet. The smallest floor plan is just below the range of the comparables, while the rest are within the range of the comparables. Effective rents at the comparables range from $750 to $1,299 ($0.79 to $1.06 per square foot) and average $969 ($0.91 per square foot). The subject's effective rents are within the range of the comparables on a monthly basis (except for the largest of the units), and slightly above on a per-SF basis, and appear to be reasonable.

Two-Bedroom Units – 60% LIHTC

The subject 869-SF and 1,041-SF floor plans are also offered as 60% LIHTC units. Rents are $769 per month for the units, which equates to $0.88 and $0.74 per square foot, respectively, which is the top of the maximum allowable rent per AMI level once utilities are accounted for. The comparable 2BR 60% LIHTC units have an effective rental range of $715 to $850 with an average of $764 per month. The subject's effective rents for the plans are within the range of the comparables on a per-unit basis, with the smallest floorplan above the range on a per square foot basis. The 869-SF and 1,041-SF floor plans are offered as Authority Assisted units. We reviewed the rent roll at the subject that indicated an average contract rent of $753 for these units. At several of the comparables, rents were reported uniform for LIHTC units regardless of size, and encompassing a wide range of unit sizes. Maximum allowable rents with the current utility structure are $769. Considering all of this information, we relied on the $769 rent limit for our analysis.

APARTMENT RENT COMPARABLE SUMMARY THREE-BEDROOM UNITS								
Comparable	Bath	Size	Market Rent		AHA 60%		LIHTC (60%)	
No. and Name	Qty.	(SF)	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF
Subject	2.5	1,254	$1,595	$1.27	$887	$0.71	$887	$0.71
Subject	2.5	1,866	$1,595	$0.85	N/Ap	N/Ap	$887	$0.48
1. Ashley Auburn Pointe I	2.0	1,264	$1,500	$1.19	N/Ap	N/Ap	$823	$0.65
2. Columbia Mechanicsville	2.0	1,200	$1,100	$0.92	$691	$0.58	$853	$0.71
3. Capitol Gateway I and II	2.0	1,258	$1,300	$1.03	N/Ap	N/Ap	$856	$0.68
3. Capitol Gateway I and II	2.0	1,314	$1,325	$1.01	N/Ap	N/Ap	$856	$0.65
4. Magnolia Park	2.0	1,080	$975	$0.90	N/Ap	N/Ap	$935	$0.87
4. Magnolia Park	2.5	1,290	$995	$0.77	N/Ap	N/Ap	$975	$0.76
5. Villages at Castleberry Hill	2.5	1,138	$1,050	$0.92	N/Ap	N/Ap	$850	$0.75
5. Villages at Castleberry Hill	2.5	1,038	N/Ap	N/Ap	N/Ap	N/Ap	$890	$0.86
6. Ashley Collegetown II	2.0	1,594	$1,250	$0.78	N/Ap	N/Ap	$811	$0.51
Average of comps		1,242	$1,187	$0.94	$691	$0.58	$872	$0.71
Maximum		1,594	$1,500	$1.19	$691	$0.58	$975	$0.87
Minimum		1,038	$975	$0.77	$691	$0.58	$811	$0.51

Three-Bedroom Units – Market

The subject has two market rate 3BR 2.5 bath floor plans that are 1,254-SF for $1,595 per month ($1.27/SF) and 1,866 SF for $1,595 per month ($0.85/SF). The comparable three-bedroom units range in size from 1,038 to 1,594 square feet and average 1,242 square feet. The subject's smaller floor plan is within the range of the comparables, while the larger floor plan is larger than the comparables. Effective rents at the comparables range from $975 to $1,500 ($0.77 to $1.19 per square foot) and average $1,187 ($0.94 per square foot). The subject's effective rents are slightly above the range of the comparables on a monthly basis. The smaller unit is above the range on a per-square-foot basis, while the larger unit is within the range. Because the subject has a location superior to the comparables, the rents appear to be reasonable.

Three-Bedroom Units – 60% LIHTC

The subject's 3BR floor plans are also offered as 60% LIHTC units. Rent is $887 ($0.71 and $0.48 per square foot). The comparable 3BR 60% LIHTC units have an effective rental range of $811 to $975 with an average of $872 per month. The subject's effective rent is within the range of the comparables. We also reviewed the rent roll at the subject which indicated an average contract rent of $956 for the 1,254-SF plan. Maximum allowable rent with current utilities structure is $887. We concluded an average 60% LIHTC rent of $887 per month ($0.71 and $0.48 per square foot) for the 3BR plans, which is the maximum allowable.

SUBJECT'S CHARACTERISTICS / MARKETABILITY

Centennial Place Apartments Phase II is a 177-unit apartment development, built in 1996, situated on a 7.17-acre site. It consists of 21 two- and three-story apartment buildings and a free-standing management building. The unit mix consists of 60 one-bedroom units, 87 two-bedroom units, and 30 three-bedroom units, ranging from 688 to 1,866 square feet (net leasable), with an average size of 949 square feet. The subject includes a mixture of market (71 units, or 40%) 36 Low Income Housing Tax Credit (LIHTC) units (20%), and 70 (40%) authority assisted units. After renovation, 16 of the 24 one-bedroom tax credit units will be subject to income restrictions at 50% of AMI (area median income). The balance of the LIHTC units are income restricted at 60% AMI. Sixteen two-bedroom and six three-bedroom authority assisted units will be subject to income restrictions at 50% of AMI after renovation. The project includes surface parking, common amenities with multiple playgrounds, two swimming pools and a clubhouse facility. It is our understanding that the property is planned for extensive renovation of all phases. The renovation will be financed with proceeds from the syndication of federal and state 9% low income housing tax credits. If funding is approved, the renovation will be done in phases beginning September, 2015. The entire renovation will take approximately twelve months to complete.

Basic construction is wood framing, with brick and vinyl-siding exterior and pitched, asphalt-shingled roofs. Exterior stairs are steel and concrete, with concrete sidewalks and breezeways. Interior features include: smooth painted drywall walls and ceilings, carpeted living areas and vinyl flooring in the kitchen and baths, tub/shower combinations, wood cabinetry in kitchen and bath, laminate countertops, refrigerators, ovens with stove tops and washer/dryers.

The unit sizes, features and amenities are typical for similar-vintage, garden-style apartments in the area and are similar compared to most of the product in the neighborhood. However, it is noted that the owner is planning a substantial renovation that will include interior upgrades to the fixtures, appliances and flooring. Once completed, the subject property will be similar or slightly superior to most competitive properties in the area.

The subject is currently 93% occupied, with 95% of the units preleased. As mentioned, 70 of the 177 subject units are Atlanta Housing Authority Assisted units and the rents are contracted. Thirty-six of the units are subject to the requirements of low income housing tax credits at 60% of the area median income. The remaining 71 units are market-rate units. In addition, there are no specials being offered. Post renovation, there will still be 70 Atlanta Housing Authority Assisted units, and the gross rent limit will be at 60% AMI. Thirty-six of the units will be subject to the requirements of low income housing tax credits at 60% of the area median income (AMI). The remaining 71 units will be market-rate units.

The reported rents are presented in the following charts and include the current and proposed rents.

UNIT MIX AND APPRAISER RECOMMENDED RENTS - AS IS MARCH 2014
AHA AT 60% AMI SCENARIO
Centennial Place Phase II Apartments

Unit Type	No. Units	Unit SF	Total Heated	Average Res Rent	Monthly Rent	Rent SF	Total Income
1BR/1BA PHA	5	688	3,440	$300.00	$643	$0.93	$38,580
1BR/1BA PHA HC	3	688	2,064	$158.00	$643	$0.93	$23,148
2BR/1BA PHA	20	869	17,380	$215.38	$769	$0.88	$184,560
2BR/1BA PHA HC	2	869	1,738	$117.50	$769	$0.88	$18,456
2BR/1.5BA PHA	20	1,041	20,820	$296.10	$769	$0.74	$184,560
3BR/2.5BA PHA	20	1,254	25,080	$296.50	$887	$0.71	$212,880
1BR/1BA LIHTC 60%	24	688	16,512	$630.04	$643	$0.93	$185,184
2BR/1BA LIHTC 60%	6	869	5,214	$753.00	$769	$0.88	$55,368
2BR/1.5BA LIHTC 60%	3	1,041	3,123	$752.67	$769	$0.74	$27,684
3BR/2.5BA 60%	2	1,254	2,508	$296.50	$887	$0.71	$21,288
3BR/2.5BA 60%	1	1,866	1,866	$914.00	$887	$0.48	$10,644
1BR/1BA Market	28	688	19,264	$832.42	$835	$1.21	$280,560
2BR/1BA Market	3	869	2,607	$1,004.00	$1,000	$1.15	$36,000
2BR/1.5BA Market	3	1,041	3,123	$1,109.00	$1,100	$1.06	$39,600
2BR/2BA Market	27	1,057	28,539	$1,118.35	$1,144	$1.08	$370,656
3BR/2.5BA Market	5	1,254	6,270	$1,535.40	$1,595	$1.27	$95,700
2BR/1.5BA Market	3	1,553	4,659	$1,475.00	$1,475	$0.95	$53,100
3BR/2.5BA Market	2	1,866	3,732	$1,677.00	$1,595	$0.85	$38,280
Totals/Average	177	949	167,939		$883	$0.93	$1,876,248

** Average residential rents for the market rate units are based on reports dated May 14, 2014

UNIT MIX AND APPRAISER RECOMMENDED RENTS - POST RENOVATION Centennial Place Phase II Apartments						
Unit Type	**No. Units**	**Heated SF**	**Total Heated**	**Monthly Rent**	**Rent SF**	**Total Income**
1BR/1BA PHA	5	688	3,440	$568	$0.83	$34,080
1BR/1BA PHA HC	3	688	2,064	$568	$0.83	$20,448
2BR/1BA 50% & PHA	8	869	6,952	$644	$0.74	$61,824
2BR/1BA PHA	12	869	10,428	$644	$0.74	$92,736
2BR/1BA PHA HC	2	869	1,738	$644	$0.74	$15,456
2BR/1.5BA 50% & PHA	8	1,041	8,328	$644	$0.62	$61,824
2BR/1.5BA PHA	12	1,041	12,492	$644	$0.62	$92,736
3BR/2.5BA 50% & PHA	6	1,253	7,518	$705	$0.56	$50,760
3BR/2.5BA PHA	14	1,254	17,556	$705	$0.56	$118,440
1BR/1BA LIHTC 50%	16	688	11,008	$447	$0.65	$85,824
1BR/1BA LIHTC 60%	8	688	5,504	$568	$0.83	$54,528
2BR/1BA LIHTC 60%	6	869	5,214	$644	$0.74	$46,368
2BR/1.5BA LIHTC 60%	3	1,041	3,123	$644	$0.62	$23,184
3BR/2.5BA 60%	2	1,254	2,508	$705	$0.56	$16,920
3BR/2.5BA 60%	1	1,866	1,866	$705	$0.38	$8,460
1BR/1BA Market	28	688	19,264	$875	$1.27	$294,000
2BR/1BA Market	3	869	2,607	$1,100	$1.27	$39,600
2BR/1.5BA Market	3	1,041	3,123	$1,250	$1.20	$45,000
2BR/2BA Market	27	1,057	28,539	$1,275	$1.21	$413,100
3BR/2.5BA Market	5	1,254	6,270	$1,625	$1.30	$97,500
2BR/1.5BA Market	3	1,553	4,659	$1,700	$1.09	$61,200
3BR/2.5BA Market	2	1,866	3,732	$2,150	$1.15	$51,600
Totals/Average	177	949	167,933	$841	$0.89	$1,785,588

INCOME/RENT RESTRICTIONS

It is our understanding that the property is planned for interior renovation of all phases. The renovation will be financed with proceeds from the syndication of federal and state 9% low income housing tax credits. When the tax credits are in place, income levels for the 40 LIHTC units and 22 of the authority assisted units must be at or below 50% or 60% of area median income (AMI). For Atlanta in 2014, per HUD, area median income is defined at $64,400. The restricted income levels are shown in the following chart. Note that the current rents include water, sewer and trash. Currently, the appropriate utility allowances for electric (per DCA / 2013) are as follows: 1BR total $104, 2BR total $127, 3BR total $149 and 4BR $170. After renovation, when the tenant is responsible for all utilities, the appropriate utility allowances for electric (per DCA / 2013) are as follows: 1BR total $157, 2BR total $226, and 3BR total $300. It should be noted that the maximum rent thresholds only apply to the LIHTC units and 22 authority assisted units. The PHA units are contracted with the Atlanta Housing Authority and qualified tenants pay 30% of their income towards rent with the Atlanta Housing Authority paying the difference between this amount and the 60% AMI maximum allowable rent. As can be seen, all of the subject's proposed 50% and 60% LIHTC rents are at or below the maximum allowable rents.

MAXIMUM ALLOWABLE RENT PER AMI LEVEL - BEFORE RENOVATION														
60% Inc.	1BR	2.0	(	$29,880	x	30%	) / 12 =	$747	-	$104	=	$643
60% Inc.	2BR	3.0	(	$35,820	x	30%	) / 12 =	$896	-	$127	=	$769
60% Inc.	3BR	4.5	(	$41,445	x	30%	) / 12 =	$1,036	-	$149	=	$887
60% Inc.	4BR	6.0	(	$46,200	x	30%	) / 12 =	$1,155	-	$170	=	$985
MAXIMUM ALLOWABLE RENT PER AMI LEVEL - AFTER RENOVATION												
50% Inc.	1BR	2.0	(	$24,175	x	30%	) / 12 =	$604	-	$157	=	$447
50% Inc.	2BR	3.0	(	$29,000	x	30%	) / 12 =	$725	-	$226	=	$499
50% Inc.	3BR	4.5	(	$33,500	x	30%	) / 12 =	$838	-	$300	=	$538
60% Inc.	1BR	2.0	(	$29,010	x	30%	) / 12 =	$725	-	$157	=	$568
60% Inc.	2BR	3.0	(	$34,800	x	30%	) / 12 =	$870	-	$226	=	$644
60% Inc.	3BR	4.5	(	$40,200	x	30%	) / 12 =	$1,005	-	$300	=	$705
60% Inc.	4BR	6.0	(	$44,880	x	30%	) / 12 =	$1,122	-	$374	=	$748

REASONABLE EXPOSURE AND MARKETING TIMES

Exposure time is always presumed to precede the effective date of appraisal. It is the estimated length of time the property would have been offered prior to a hypothetical market value sale on the effective date of appraisal. It assumes not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable marketing effort. To arrive at an estimate of exposure time for the subject, we considered direct and indirect market data gathered during the market analysis, the amount of time required for marketing the comparable sales included in this report, broker surveys, as well as information provided by national investor surveys that we regularly review. This information indicated typical exposure periods of less than twelve months for properties similar to the subject. Recent sales of similar quality apartment complexes were marketed for periods of less than twelve months. Therefore, we estimate a reasonable exposure time of 12 months or less.

A reasonable marketing time is the period a prospective investor would forecast to sell the subject immediately after the date of value, at the value estimated. The sources for this information include those used in estimating reasonable exposure time, but also an analysis of the anticipated changes in market conditions following the date of appraisal. Based on the premise that present market conditions are the best indicators of future performance, a prudent investor will forecast that, under the conditions described above, the subject property would require a marketing time of 12 months or less. This seems like a reasonable projection, given the current and projected market conditions.

In appraisal practice, the concept of highest and best use is the premise upon which value is based. The four criteria that the highest and best use must meet are: legal permissibility; physical possibility; financial feasibility; and maximum profitability.

Highest and best use is applied specifically to the use of a site as vacant. In cases where a site has existing improvements, the concluded highest and best use as if vacant may be different from the highest and best use as improved. The existing use will continue, however, until land value, at its highest and best use, exceeds that total value of the property under its existing use plus the cost of removing or altering the existing structure.

HIGHEST AND BEST USE AS IF VACANT

The subject property is zoned RG-3, Residential General Sector 3, by the city of Atlanta. This zoning district does permit apartment development. Given the subject's specific location and surrounding uses, a zoning change seems unlikely. The site has adequate size and shape, and sufficient access and exposure to allow for nearly all types of allowable uses, but given the surrounding development, it is best suited for some type of moderate- to high-density multi-family use. In our opinion, multi-family development will ultimately result in the maximum productive use of the site. Therefore, the highest and best use, as if vacant, is likely future development with a multi-family project.

HIGHEST AND BEST USE AS IMPROVED

The subject improvements are reported to be in compliance with the city of Atlanta zoning ordinance. Further, the improvements are well suited for use as an apartment complex. It is possible the improvements could be converted to another use entirely, if the costs were justified. This seems highly unlikely. Our investigation indicates that there is sufficient demand in the area for apartments. Given that use of the improvements is basically limited to the existing or a similar use physically, and the fact that the improvements are financially feasible to operate, we conclude that the highest and best use of the property as improved is for continued use as an apartment complex.

Three basic approaches to value are typically considered. The cost, sales comparison, and income capitalization methodologies are described below.

- The **cost approach** is based on the premise that an informed purchaser will pay no more for the subject than the cost to produce an equivalent substitute. This approach is particularly applicable when the subject property is relatively new and represents the highest and best use of the land, or when relatively unique or specialized improvements are located on the site for which there exist few sales or lease comparables. The first step in the cost approach is to estimate land value (at its highest and best use). The second step is to estimate cost of all improvements. Improvement costs are then depreciated to reflect value loss from physical, functional and external causes. Land value and depreciated improvement costs are then added to indicate a total value.

- The **income approach** involves an analysis of the income-producing capacity of the property on a stabilized basis. The steps involved are: analyzing contract rent and comparing it to comparable rentals for reasonableness; estimating gross rent; making deductions for vacancy and collection losses as well as building expenses; and then capitalizing net income at a market-derived rate to yield an indication of value. The capitalization rate represents the relationship between net income and value.

  Related to the direct capitalization method is discounted cash flow (DCF). In this method of capitalizing future income to a present value, periodic cash flows (which consist of net income less capital costs, per period) and a reversion (if any) are estimated and discounted to present value. The discount rate is determined by analyzing current investor yield requirements for similar investments.

- In the **sales comparison** approach, sales of comparable properties, adjusted for differences, are used to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per square foot excluding land, price per unit, etc., or economic units of comparison such as a net operating income (NOI) or gross rent multiplier (GRM). Adjustments are applied to the physical units of comparison. Economic units of comparison are not adjusted, but rather are analyzed as to relevant differences, with the final estimate derived based on the general comparisons. The reliability of this approach is dependent upon: (a) availability of comparable sales data; (b) verification of the data; (c) degree of comparability; and (d) absence of atypical conditions affecting the sale price.

The purpose of this appraisal is to estimate prospective market value of the leasehold interest in the subject property, “upon completion and stabilization,” of the proposed renovation under two scenarios, using both restricted and hypothetical unrestricted rents. We were also requested to estimate “as is” market value of the leasehold interest in the subject site and existing improvements, as well as the valuation of the tax credits and an analysis of the ground lease of the underlying site.

The subject is situated on the former site of the Techwood Homes public housing community. The entire property is owned by the Housing Authority of the City of Atlanta (HACA), who acquired the site for development of the original complex. The site underlying the subject is ground leased to a limited partnership of the owner (Legacy Partnership II, LP) for a term of 46 years (Begun December 1996), at an annual rental rate of $10.00. A provision in the ground lease stipulates The Housing Authority will provide funding for construction of 40% of the units to be available to "Housing Authority Assisted" tenants, and rent on these units will be limited to reimbursement of operating expenses only. Further, Low Income Housing Tax Credits will provide funding for an additional 20% of the units with rent restricted to 50% or 60% of Area Median Income. Essentially, the restrictions on use of the land results in insufficient revenues to support a residual land value. Further, the improvements are only feasible to construct with the assistance of substantial incentives. Therefore, the land does not contribute value to the leasehold interest in the subject and, thus, was given no further consideration in our analysis.

The income approach is particularly applicable to this appraisal since the income producing capability is the underlying factor that would attract investors to the subject property. There is an adequate quality and quantity of income and expense data available to render a reliable and defensible value conclusion. Therefore, this approach was employed for this assignment. We performed the direct capitalization analyses in this approach. It is more direct with fewer subjective variables, and is more commonly relied upon by investors for the subject property type.

In regard to the sales comparison approach, sale prices of income producing properties are highly dependent on income characteristics. For this reason, a comparison of the net income of each property is more indicative of value for the property than comparison of physical units. We also performed a physical adjustment analysis. Given the quality of the comparable sales information that we did obtain, we believe that this approach provides a fairly reliable value estimate.

At the request of our client, in order to comply with DCA appraisal requirements, we are appraising the property under several scenarios, including hypothetical market rents assuming no rent restrictions. Thus, we must estimate the “hypothetical market value” of the leasehold interest in the subject property without regard to any restrictions.

In conclusion, we used two of the three traditional methods of analysis in this appraisal of the leasehold value of the subject. For various reasons that are discussed above, it is our opinion that the typical investor would place most reliance on the income approach.

The income capitalization approach to value is based upon an analysis of the economic benefits to be received from ownership of the subject. These economic benefits typically consist of the net operating income projected to be generated by the improvements. There are several methods by which the present value of the income stream may be measured, including direct capitalization and a discounted cash flow analysis. In this section, we used the direct capitalization method. We initially estimated potential rental income, followed by projections of vacancy and collection loss and operating expenses. The resultant net operating income is then capitalized into a value indication based on application of an appropriate overall capitalization rate.

RENTAL INCOME ANALYSIS

Subject Rental Income Analysis

The rent analysis compares the subject's current and proposed rents with effective rents at comparable developments in the area and then recommends rents for the subject based on market indications. The current rents were discussed in the Market Analysis Section previously, and the following chart shows our estimates of market rent by unit type. The subject's post-renovation rents and the comparable market and effective rents are presented in the following chart. Among the comparables, Ashley Auburn Pointe was most recently built and should be most similar to the renovated units at the subject post-renovation. Columbia Mechanicsville is the second most recently built complex of the comparables. It is important to note that the subject’s location is superior to the comparables; the subject is located in the heart of downtown Atlanta, north of all the comparable properties.

UNIT MIX AND APPRAISER RECOMMENDED RENTS - AS IS MARCH 2014 AHA AT 60% AMI SCENARIO Centennial Place Phase II Apartments							
Unit Type	No. Units	Unit SF	Total Heated	Average Res Rent	Monthly Rent	Rent SF	Total Income
1BR/1BA PHA	5	688	3,440	$300.00	$643	$0.93	$38,580
1BR/1BA PHA HC	3	688	2,064	$158.00	$643	$0.93	$23,148
2BR/1BA PHA	20	869	17,380	$215.38	$769	$0.88	$184,560
2BR/1BA PHA HC	2	869	1,738	$117.50	$769	$0.88	$18,456
2BR/1.5BA PHA	20	1,041	20,820	$296.10	$769	$0.74	$184,560
3BR/2.5BA PHA	20	1,254	25,080	$296.50	$887	$0.71	$212,880
1BR/1BA LIHTC 60%	24	688	16,512	$630.04	$643	$0.93	$185,184
2BR/1BA LIHTC 60%	7	869	6,083	$753.00	$769	$0.88	$64,596
2BR/1.5BA LIHTC 60%	3	1,041	3,123	$752.67	$769	$0.74	$27,684
3BR/2.5BA 60%	2	1,254	2,508	$296.50	$887	$0.71	$21,288
3BR/2.5BA 60%	1	1,866	1,866	$914.00	$887	$0.48	$10,644
1BR/1BA Market	28	688	19,264	$832.42	$835	$1.21	$280,560
2BR/1BA Market	2	869	1,738	$1,004.00	$1,000	$1.15	$24,000
2BR/1.5BA Market	3	1,041	3,123	$1,109.00	$1,100	$1.06	$39,600
2BR/2BA Market	27	1,057	28,539	$1,118.35	$1,144	$1.08	$370,656
3BR/2.5BA Market	5	1,254	6,270	$1,535.40	$1,595	$1.27	$95,700
2BR/1.5BA Market	3	1,553	4,659	$1,475.00	$1,475	$0.95	$53,100
3BR/2.5BA Market	2	1,866	3,732	$1,677.00	$1,595	$0.85	$38,280
Totals/Average	177	949	167,939		$882	$0.93	$1,873,476
** Average residential rents for the market rate units are based on reports dated May 14, 2014							

Post Renovation Rents

After renovation, the subject will offer the same unit mix with updated interiors. The owner also proposes installing individual meters for water and sewer, making the tenant responsible for those utility expenses, and converting any gas appliances to electric.

UNIT MIX AND APPRAISER RECOMMENDED RENTS - POST RENOVATION Centennial Place Phase II Apartments						
Unit Type	No. Units	Heated SF	Total Heated	Monthly Rent	Rent SF	Total Income
1BR/1BA PHA	5	688	3,440	$568	$0.83	$34,080
1BR/1BA PHA HC	3	688	2,064	$568	$0.83	$20,448
2BR/1BA 50% & PHA	8	869	6,952	$644	$0.74	$61,824
2BR/1BA PHA	12	869	10,428	$644	$0.74	$92,736
2BR/1BA PHA HC	2	869	1,738	$644	$0.74	$15,456
2BR/1.5BA 50% & PHA	8	1,041	8,328	$644	$0.62	$61,824
2BR/1.5BA PHA	12	1,041	12,492	$644	$0.62	$92,736
3BR/2.5BA 50% & PHA	6	1,253	7,518	$705	$0.56	$50,760
3BR/2.5BA PHA	14	1,254	17,556	$705	$0.56	$118,440
1BR/1BA LIHTC 50%	16	688	11,008	$447	$0.65	$85,824
1BR/1BA LIHTC 60%	8	688	5,504	$568	$0.83	$54,528
2BR/1BA LIHTC 60%	6	869	5,214	$644	$0.74	$46,368
2BR/1.5BA LIHTC 60%	3	1,041	3,123	$644	$0.62	$23,184
3BR/2.5BA 60%	2	1,254	2,508	$705	$0.56	$16,920
3BR/2.5BA 60%	1	1,866	1,866	$705	$0.38	$8,460
1BR/1BA Market	28	688	19,264	$875	$1.27	$294,000
2BR/1BA Market	3	869	2,607	$1,100	$1.27	$39,600
2BR/1.5BA Market	3	1,041	3,123	$1,250	$1.20	$45,000
2BR/2BA Market	27	1,057	28,539	$1,275	$1.21	$413,100
3BR/2.5BA Market	5	1,254	6,270	$1,625	$1.30	$97,500
2BR/1.5BA Market	3	1,553	4,659	$1,700	$1.09	$61,200
3BR/2.5BA Market	2	1,866	3,732	$2,150	$1.15	$51,600
Totals/Average	177	949	167,933	$841	$0.89	$1,785,588

One-Bedroom Units

The subject will have one 1BR/1BA floor plan of 688-SF plan for $875 per month ($1.27/SF). The comparable one-bedroom units range in size from 600 to 867 square feet and average 747 square feet. The subject's floor plan is within the range of the comparables. Effective rents at the comparables range from $625 to $1,100 ($0.91 to $1.27 per square foot) and average $810 ($1.08 per square foot). The subject's proposed rent is within the range of the comparables on a monthly basis, and slightly above the range on a per-SF basis, similar to the comparables, though smaller. We feel that $875 is a reasonable post-renovation rent projection, given the subject's superior location. The subject 688-SF floor plan will also be offered as 60% LIHTC unit at a rent of $725 per month, less a utility allowance of $157, for a net rent of $568. Sixteen units will be offered at 50% LIHTC at $604 per month less a utility allowance of $157, for a net rent of $447. This projection is the maximum allowable rent and is within the range of the comparables; therefore, we used it in our analysis. We also relied on the projections for maximum allowable Authority Assisted rents at $568 per unit.

APARTMENT RENT COMPARABLE SUMMARY ONE-BEDROOM UNITS								
Comparable	**Bath**	**Size**	**Market Rent**		**AHA 60%**		**LIHTC (60%)**	
No. and Name	**Qty.**	**(SF)**	**Per Unit**	**Per SF**	**Per Unit**	**Per SF**	**Per Unit**	**Per SF**
Subject Post Renovation	1.0	688	$875	$1.27	$568	$0.83	$568	$0.83
1. Ashley Auburn Pointe I	1.0	756	$830	$1.10	N/Ap	N/Ap	$652	$0.86
2. Columbia Mechanicsville	1.0	750	$790	$1.05	$576	$0.77	$717	$0.96
3. Capitol Gateway I and II	1.0	708	$875	$1.24	N/Ap	N/Ap	$676	$0.95
3. Capitol Gateway I and II	1.0	742	$885	$1.19	N/Ap	N/Ap	$676	$0.91
3. Capitol Gateway I and II	1.0	772	$875	$1.13	N/Ap	N/Ap	$676	$0.88
3. Capitol Gateway I and II	1.0	867	$1,100	$1.27	N/Ap	N/Ap	$676	$0.78
4. Magnolia Park	1.0	600	$625	$1.04	N/Ap	N/Ap	$625	$1.04
4. Magnolia Park	1.0	710	$650	$0.92	N/Ap	N/Ap	$650	$0.92
5. Villages at Castleberry Hill	1.0	710	$795	$1.12	N/Ap	N/Ap	$690	$0.97
5. Villages at Castleberry Hill	1.0	799	$795	$0.99	N/Ap	N/Ap	N/Ap	N/Ap
6. Ashley Collegetown II	1.0	730	$750	$1.03	N/Ap	N/Ap	$665	$0.91
6. Ashley Collegetown II	1.0	820	$750	$0.91	N/Ap	N/Ap	$665	$0.81
Average of comps		747	$810	$1.08	$576	$0.77	$670	$0.91
Maximum		867	$1,100	$1.27	$576	$0.77	$717	$1.04
Minimum		600	$625	$0.91	$576	$0.77	$625	$0.78

Two-Bedroom Units

The subject will have four 2BR floor plans including an 869-SF plan for $1,100 per month ($1.27/SF), a 1,041-SF plan for $1,250 per month ($1.20/SF), a 1,057-SF plan for $1,275 per month ($1.21/SF), and a 1,553-SF plan for $1,700 ($1.09/SF). The comparable two-bedroom units range in size from 870 to 1,319 square feet and average 1,068 square feet. Two of the floor plans are within the range of the comparables, with one slightly smaller (869 SF) and one substantially larger (1,553 SF). Effective rents at the comparables range from $750 to $1,400 ($0.79 to $1.21 per square foot) and average $1,019 ($0.96 per square foot).

The subject's proposed rent for the smallest unit (869-SF) is within the range on a per-month basis and above the range on a per-square-foot basis. The rent and smaller square footage appear similar to Capitol Gateway, which also has a 2BR1BA floorplan, and the subject has a superior location. Therefore, we reconciled to $1,100 rent. The subject's proposed rent for the 1,041-SF unit is within the range on a per-month and basis and per-square-foot basis. This rent appears reasonable and supported by the comparables. The subject's proposed rent for the 1,057-SF unit is within the range on a per-month basis and above the range on a per-square-foot basis. This rent appears high when compared to Capitol Gateway, which has similar floorplans at between $1,160 and $1,220. Reconciling to a rent of $1,275 keeps the subject's rents above Capitol Gateway, but within the range of the comparables. The subject's proposed rent for the 1,553-SF unit is substantially above the range on a per-month basis and within the range (though at the top end) on a per-square-foot basis. As a check, since the unit is very large for a two-bedroom floorplan, we have compared it to the three-bedroom comparables. The proposed rent is above the range of the three bedroom comparables on a per-monthly basis, and at the top of the range on a per-square-foot basis. Although the 1,553 SF units are large, they have 1.5 bathrooms. A three-bedroom, two-bathroom unit of comparable size at Ashley Collegetown rents for $1,250 per month or $0.78/SF. The most expensive comparable at Capitol Gateway is $1,600 per month, also with two bathrooms. We project rents for the 1,553-SF floorplan, post renovation, at $1,700 per month or $1.09 per square foot. At these rent levels, all the two-bedroom floorplans have rents between $1.09 and $1.27 per square foot, at or above the upper end of the range indicated by the comparables.

The subject 869-SF and 1,041-SF floor plans are also offered as 60% LIHTC units. Proposed rents are $870 for the units, less a $226 utility allowance, for net rent of $644. This projection is the maximum allowable rent although below the range of the comparables; therefore, we used it in our analysis. The comparables have minimum rent levels above the subject because they went into service at a higher area median income (AMI) level. We also relied on the projections for maximum allowable Authority Assisted rents at $644 per unit.

APARTMENT RENT COMPARABLE SUMMARY TWO-BEDROOM UNITS								
Comparable	Bath	Size	Market Rent		AHA 60%		LIHTC (60%)	
No. and Name	Qty.	(SF)	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF
Subject Post Renovation	1.0	869	$1,100	$1.27	$644	$0.74	$644	$0.74
Subject Post Renovation	1.5	1,041	$1,250	$1.20	$644	$0.62	$644	$0.62
Subject Post Renovation	2.0	1,057	$1,275	$1.21	$644	$0.61	N/Ap	N/Ap
Subject Post Renovation	1.5	1,553	$1,700	$1.09	$644	$0.41	N/Ap	N/Ap
1. Ashley Auburn Pointe I	2.0	1,079	$1,025	$0.95	N/Ap	N/Ap	$747	$0.69
2. Columbia Mechanicsville	2.0	1,005	$900	$0.90	$646	$0.64	$773	$0.77
3. Capitol Gateway I and II	1.0	910	$1,100	$1.21	N/Ap	N/Ap	$776	$0.85
3. Capitol Gateway I and II	2.0	978	$1,130	$1.16	N/Ap	N/Ap	$776	$0.79
3. Capitol Gateway I and II	2.0	1,031	$1,160	$1.13	N/Ap	N/Ap	$776	$0.75
3. Capitol Gateway I and II	2.0	1,047	$1,190	$1.14	N/Ap	N/Ap	$776	$0.74
3. Capitol Gateway I and II	2.0	1,050	$1,220	$1.16	N/Ap	N/Ap	$776	$0.74
3. Capitol Gateway I and II	2.5	1,178	$1,250	$1.06	N/Ap	N/Ap	$776	$0.66
3. Capitol Gateway I and II	2.5	1,319	$1,400	$1.06	N/Ap	N/Ap	$776	$0.59
4. Magnolia Park	1.5	870	$750	$0.86	N/Ap	N/Ap	$725	$0.83
4. Magnolia Park	2.0	955	$775	$0.81	N/Ap	N/Ap	$750	$0.79
5. Villages at Castleberry Hill	1.0	890	$820	$0.92	N/Ap	N/Ap	$715	$0.80
5. Villages at Castleberry Hill	2.0	947	$860	$0.91	N/Ap	N/Ap	$750	$0.79
5. Villages at Castleberry Hill	2.0	1,064	$860	$0.81	N/Ap	N/Ap	$750	$0.70
5. Villages at Castleberry Hill	2.0	1,093	$860	$0.79	N/Ap	N/Ap	$750	$0.69
5. Villages at Castleberry Hill	2.5	1,188	$1,265	$1.06	N/Ap	N/Ap	$850	$0.72
6. Ashley Collegetown II	2.0	989	$875	$0.88	N/Ap	N/Ap	N/Ap	N/Ap
6. Ashley Collegetown II	2.0	1,073	$875	$0.82	N/Ap	N/Ap	$760	$0.71
6. Ashley Collegetown II	2.0	1,223	$975	$0.80	N/Ap	N/Ap	$760	$0.62
6. Ashley Collegetown II	2.0	1,250	$1,025	$0.82	N/Ap	N/Ap	$760	$0.61
6. Ashley Collegetown II	2.0	1,285	$1,075	$0.84	N/Ap	N/Ap	$760	$0.59
Average of comps		1,068	$1,019	$0.96	$646	$0.64	$764	$0.72
Maximum		1,319	$1,400	$1.21	$646	$0.64	$850	$0.85
Minimum		870	$750	$0.79	$646	$0.64	$715	$0.59

Three-Bedroom Units – Market

The subject will have two 3BR floor plans, one of which will have market unit 1,254-SF 2.5 bath plan proposed for $1,625 per month ($1.30/SF), and one 1,866-SF floorplan proposed for $2,150 per month or $1.15/SF. The comparable three-bedroom units range in size from 1,038 to 1,594 square feet and average 1,242 square feet. The subject's smaller floor plan is within the range of the comparables, while the larger floorplan is above the range. Effective rents at the comparables (which consider concessions) range from $975 to $1,600 ($0.77 to $1.22 per square foot) and average $1,221 ($0.97 per square foot). The subject's proposed effective rents are above the range of the comparables on a monthly basis. The smaller unit is above the range on a per-SF basis. For the smaller 3BR unit, we recommend rents slightly above the top of the indicated range of the comparables; $1,625 per month ($1.30 per square foot). The subject's superior location and new interiors should support rent at this level. For the larger unit, we recommend rents at $2,150 or $1.15/SF.

One of the subject's 3BR floor plans will be offered as 60% LIHTC units. Proposed rents are $1,005 for the units, less a $300 utility allowance, for net rent of $705. This projection is the maximum allowable rent, although below the range of the comparables; therefore, we used it in our analysis. We also relied on the projections for maximum allowable Authority Assisted rents at $705 per unit.

APARTMENT RENT COMPARABLE SUMMARY THREE-BEDROOM UNITS								
Comparable	**Bath**	**Size**	**Market Rent**		**AHA 60%**		**LIHTC (60%)**	
No. and Name	**Qty.**	**(SF)**	**Per Unit**	**Per SF**	**Per Unit**	**Per SF**	**Per Unit**	**Per SF**
Subject Post Renovation	2.5	1,254	$1,625	$1.30	$705	$0.56	$705	$0.56
Subject Post Renovation	2.5	1,866	$2,150	$1.15	N/Ap	N/Ap	$705	$0.38
1. Ashley Auburn Pointe I	2.0	1,264	$1,500	$1.19	N/Ap	N/Ap	$823	$0.65
2. Columbia Mechanicsville	2.0	1,200	$1,100	$0.92	$691	$0.58	$853	$0.71
3. Capitol Gateway I and II	2.0	1,258	$1,300	$1.03	N/Ap	N/Ap	$856	$0.68
3. Capitol Gateway I and II	2.0	1,314	$1,600	$1.22	N/Ap	N/Ap	$856	$0.65
4. Magnolia Park	2.0	1,080	$975	$0.90	N/Ap	N/Ap	$935	$0.87
4. Magnolia Park	2.5	1,290	$995	$0.77	N/Ap	N/Ap	$975	$0.76
5. Villages at Castleberry Hill	2.5	1,138	$1,050	$0.92	N/Ap	N/Ap	$850	$0.75
5. Villages at Castleberry Hill	2.5	1,038	N/Ap	N/Ap	N/Ap	N/Ap	$890	$0.86
6. Ashley Collegetown II	2.0	1,594	$1,250	$0.78	N/Ap	N/Ap	$811	$0.51
Average of comps		1,242	$1,221	$0.97	$691	$0.58	$872	$0.71
Maximum		1,594	$1,600	$1.22	$691	$0.58	$975	$0.87
Minimum		1,038	$975	$0.77	$691	$0.58	$811	$0.51

Conclusion

Our estimates of rents for the subject's units (post renovation) are presented in the following chart. Potential gross rental income at these rents is $1,785,588, or $10,088 per unit.

UNIT MIX AND APPRAISER RECOMMENDED RENTS - POST RENOVATION Centennial Place Phase II Apartments						
Unit Type	No. Units	Heated SF	Total Heated	Monthly Rent	Rent SF	Total Income
1BR/1BA PHA	5	688	3,440	$568	$0.83	$34,080
1BR/1BA PHA HC	3	688	2,064	$568	$0.83	$20,448
2BR/1BA 50% & PHA	8	869	6,952	$644	$0.74	$61,824
2BR/1BA PHA	12	869	10,428	$644	$0.74	$92,736
2BR/1BA PHA HC	2	869	1,738	$644	$0.74	$15,456
2BR/1.5BA 50% & PHA	8	1,041	8,328	$644	$0.62	$61,824
2BR/1.5BA PHA	12	1,041	12,492	$644	$0.62	$92,736
3BR/2.5BA 50% & PHA	6	1,253	7,518	$705	$0.56	$50,760
3BR/2.5BA PHA	14	1,254	17,556	$705	$0.56	$118,440
1BR/1BA LIHTC 50%	16	688	11,008	$447	$0.65	$85,824
1BR/1BA LIHTC 60%	8	688	5,504	$568	$0.83	$54,528
2BR/1BA LIHTC 60%	6	869	5,214	$644	$0.74	$46,368
2BR/1.5BA LIHTC 60%	3	1,041	3,123	$644	$0.62	$23,184
3BR/2.5BA 60%	2	1,254	2,508	$705	$0.56	$16,920
3BR/2.5BA 60%	1	1,866	1,866	$705	$0.38	$8,460
1BR/1BA Market	28	688	19,264	$875	$1.27	$294,000
2BR/1BA Market	3	869	2,607	$1,100	$1.27	$39,600
2BR/1.5BA Market	3	1,041	3,123	$1,250	$1.20	$45,000
2BR/2BA Market	27	1,057	28,539	$1,275	$1.21	$413,100
3BR/2.5BA Market	5	1,254	6,270	$1,625	$1.30	$97,500
2BR/1.5BA Market	3	1,553	4,659	$1,700	$1.09	$61,200
3BR/2.5BA Market	2	1,866	3,732	$2,150	$1.15	$51,600
Totals/Average	177	949	167,933	$841	$0.89	$1,785,588

OTHER INCOME

As will be seen in the re-constructed operating statements on a following page, for 2010, 2011, 2012 and 2013, actual other income for the subject was $401, $246, $251 and $238 per unit, respectively. The 2014 budget is $256. IREM indicates a range of $330 to $1,219 per unit, and a median of $909 per unit for the Atlanta area. Our experience has shown that other income is typically on the low-end of the spectrum for lower-income properties like the subject. Based upon the above, as well as our experience with similar properties, we forecast other income at $275 per unit, or $48,675.

VACANCY AND COLLECTION LOSS

The comparables reported physical occupancies from 91% to 97% with a weighted average of about 94%. The subject property is currently 91% occupied. We also reviewed the historical operating statements at the subject over the past three years (details are shown in the Income Approach section of this report). According to the statements, the economic loss attributable to physical vacancy was about 6% in 2010, 7% in 2011, 7% in 2012 and 6% in 2013. The owner's 2014 budget includes a 6% physical vacancy loss. Collection loss was minimal, below 1% all three years and in the 2014 budget. Based on all of this information, we concluded a 92% physical and 90% economic occupancy after factoring collection loss.

EFFECTIVE GROSS INCOME

After accounting for other income, and factoring in vacancy and collection loss of 10%, our projected annual effective gross rental income is $1,732,431 or $9,788 per unit, as-is. After renovation effective gross income is $1,650,837 or $9,327 per unit.

EXPENSE ANALYSIS

In deriving an estimate of net income, it is necessary to consider various expenses and allowances ascribable to the operation of a property of this type. We were provided actual operating history for 2010, 2011, 2012 and 2013, as well as a 2014 budget. In addition, we reviewed industry standard expenses as published in the 2013 edition of the *Income/Expense Analysis – Conventional Apartments* published by IREM (Institute of Real Estate Management). Further, we considered recent operating expense data from four apartment projects in various locations in Atlanta. The subject's historical operating data and budget, IREM data, and expense comparables are summarized in the following charts.

HISTORICAL OPERATING STATEMENTS 2010 - 2013 Centennial Phase II

164,304 SF 177 Units

	Actual 2010	Per Unit	Actual 2011	Per Unit	Actual 2012	Per Unit	Actual 2013	Per Unit	Budget 2014	Per Unit
Potential Rental Income	$1,428,869	$8,073	$1,350,818	$7,632	$1,359,730	$7,682	$1,395,682	$7,885	$1,487,694	$8,405
Subsidy	$228,864	$1,293	$291,408	$1,646	$258,398	$1,460	$404,345	$2,284	$423,252	$2,391
Misc. Other Income	70,977	401	43,567	246	44,461	251	42,177	238	45,226	256
Subtotal Other Income	299,841	1,694	334,975	1,893	302,859	1,711	446,522	2,523	468,478	2,647
Other as % of Rental Inc.	20.98%		24.80%		22.27%		31.99%		31.49%	
Potential Gross Income	$1,728,710	$9,767	$1,685,793	$9,524	$1,662,589	$9,393	$1,842,204	$10,408	$1,956,172	$11,052
Vacancy & Collection Loss										
Vacancy	(134,238)	(758)	(122,694)	(693)	(154,770)	(874)	(112,678)	(637)	(118,487)	(669)
Bad Debt	(24,389)	(138)	(13,428)	(76)	(4,620)	(26)	(20,025)	(113)	(19,495)	(110)
Concessions	(121,447)	(686)	(57,487)	(325)	(19,148)	(108)	(20,885)	(118)	0	0
Subtotal V & C Loss	(280,074)	(1,582)	(193,609)	(1,094)	(178,538)	(1,009)	(153,588)	(868)	(137,982)	(780)
V & C as % of PGI	-16.20%		-11.48%		-10.74%		-8.34%		-7.05%	
Effective Gross Income	$1,448,636	$8,184	$1,492,184	$8,430	$1,484,051	$8,384	$1,688,616	$9,540	$1,818,190	$10,272
Real Estate Taxes	$82,542	$466	$70,463	$398	$64,256	$363	$67,349	$381	$68,453	$387
Insurance	40,575	229	47,728	270	35,615	201	47,211	267	49,524	280
Management Fee	92,166	521	95,076	537	94,607	535	99,974	565	105,419	596
Mgmt. as a % of EGI	6.4%		6.4%		6.4%		5.9%		5.8%	
Utilities	194,470	1,099	223,755	1,264	218,767	1,236	270,185	1,526	254,352	1,437
Payroll	271,103	1,532	287,413	1,624	292,922	1,655	274,693	1,552	217,192	1,227
Cleaning & Redecorating		0		0		0				
Repairs & Maintenance	266,560	1,506	184,989	1,045	173,917	983	218,969	1,237	235,645	1,331
Landscaping and grounds	31,930	180	42,022	237	30,735	174	39,562	224	52,140	295
Security	39,576	224	59,632	337	71,247	403	61,748	349	64,308	363
Advertising & Promotion	28,631	162	30,668	173	19,589	111	14,884	84	13,910	79
Admin. & Misc.	75,979	429	88,089	498	75,957	429	75,066	424	76,714	433
Total Expenses	$1,123,531	$6,348	$1,129,835	$6,383	$1,077,612	$6,088	$1,169,641	$6,608	$1,137,657	$6,427
As a % of EGI	77.56%		75.72%		72.61%		69.27%		62.57%	
Net Income	$325,105	$1,837	$362,349	$2,047	$406,439	$2,296	$518,975	$2,932	$680,533	$3,845
Capital Expenditures	0	$0	$0	$0	$60,575	$342	$108,901	615	$181,247	1,024
Net Cash Flow	$325,105	$1,837	$362,349	$2,047	$345,864	$1,954	$410,074	$2,317	$499,286	$2,821

Notes: Totals may not sum exactly, due to rounding.

Source: The operating statements were reconstructed from information provided by the owner.

LIHTC OPERATING EXPENSE COMPARABLES

Property Name	Capitol Gateway II		Carver, Phase V		Auburn Pointe, Phase I		Collegetown, Phase II	
Location	Atlanta, GA		Atlanta, GA		Atlanta, GA		Atlanta, GA	
No. Units	152		164		154		177	
Avg. Unit Size	1,020		936		978		1,164	
Year Built	2007		2007		2010		2009	
	Actual	Trended	Actual	Trended	Actual	Trended	Actual	Trended
Effective Date/% Trendec	2013	0.0%	2013	0.0%	2013	0.00%	2013	0.00%
Real Estate Taxes	$459	$459	$264	$264	$524	$524	$500	$500
Insurance	171	171	177	177	213	213	187	187
Management Fee:	536	536	475	475	539	539	526	526
% of EGI	5.8%		6.3%		6.0%		5.9%	
Utilities	1,006	1,006	889	889	758	758	825	825
Salaries & Labor	1,476	1,476	1,797	1,797	1,701	1,701	1,725	1,725
Repairs/Redecorating	450	450	986	986	515	515	528	528
Landscaping/Amenities	148	148	135	135	111	111	106	106
Security	439	439	424	424	288	288	433	433
Advertising & Promotion	127	127	81	81	157	157	143	143
Administrative/Misc.	569	569	640	640	949	949	913	913
Total Expenses	$5,381	$5,381	$5,868	$5,868	$5,755	$5,755	$5,886	$5,886

2013 IREM INCOME & EXPENSE DATA FOR ATLANTA METRO

Income & Expense Category (A)	Annual Inc. & Exp. as % of GPI Low	Median	High	Annual Income & Exp Per Unit Low	Median	High
Income						
Gross Possible Rents:	89.7%	92.1%	96.6%	$7,863	$9,231	$11,058
Other Income:	3.3%	8.0%	10.3%	$330	$909	$1,219
Gross Possible Income:	100.0%	100.0%	100.0%	$8,698	$10,319	$11,764
Vacancies/Rent Loss:	4.5%	8.6%	13.3%	$567	$815	$1,272
Total Collections:	79.4%	87.6%	93.4%	$7,224	$8,913	$10,446
Expenses (B)						
Real Estate Taxes	6.0%	7.6%	9.3%	$456	$733	$939
Insurance	1.3%	2.2%	2.8%	$149	$186	$233
Management Fee	2.4%	3.3%	4.7%	$229	$343	$486
Total Utilities **(1)**	5.5%	7.4%	9.9%	$619	$804	$1,014
Water/sewer (common & Apts)	4.1%	5.5%	7.5%	$471	$600	$771
Electric (common only)	1.3%	1.7%	2.1%	$139	$179	$209
Gas (common only)	0.1%	0.2%	0.3%	$8	$25	$33
Total Utilities **(2)**	5.2%	7.1%	11.1%	$587	$746	$831
Water/sewer (common only)	3.8%	5.2%	8.7%	$439	$542	$589
Electric (common only)	1.3%	1.7%	2.1%	$139	$179	$209
Gas (common only)	0.1%	0.2%	0.3%	$8	$25	$33
Salaries and Administrative (C)	7.4%	9.6%	18.8%	$773	$1,099	$1,575
Other Administrative	2.8%	4.0%	7.5%	$307	$460	$652
Other Payroll	4.6%	5.6%	11.3%	$467	$639	$923
Maintenance & Repairs	2.5%	3.7%	4.8%	$224	$356	$631
Painting & Redecorating (D)	1.1%	1.5%	2.1%	$109	$174	$294
Grounds Maint. & Amenities (D)	1.4%	1.9%	2.4%	$138	$179	$263
Grounds Maintenance	1.3%	1.7%	2.1%	$130	$162	$238
Recreational/Amenities	0.1%	0.2%	0.3%	$9	$17	$26
Security (D)	0.6%	0.2%	1.0%	$17	$43	$86
Other/Miscellaneous	0.4%	1.6%	4.1%	$37	$130	$462
Other Tax/Fee/Permit	0.1%	0.1%	0.2%	$12	$12	$24
Supplies	0.1%	0.4%	0.9%	$12	$58	$116
Building Services	0.3%	0.8%	1.7%	$28	$66	$160
Other Operating	0.1%	0.8%	2.4%	$9	$64	$302
Total Expenses:	32.5%	38.9%	47.6%	$3,855	$4,374	$4,956
Net Operating Income:	30.4%	49.8%	55.3%	$2,883	$5,318	$6,176

Notes: Survey for Atlanta Metro includes 18,296 apartment units with an average unit size of 1,016 square feet.
(A)*Median* is the middle of the range, *Low* means 25% of the sample is below this figure, *High* mean 25% is abo
(B)Line item expenses do not necessarily correspond to totals due to variances in expenses reported and sizes of reporting complexes.
(C)Includes administrative salaries and expenses, as well as maintenance salaries.
(D)Includes salaries associated with these categories.

Source: 2013 *Income/Expense Analyses: Conventional Apartments* by the Institute of Real Estate Management (IREM).

Real Estate Taxes

Real estate taxes were discussed in an earlier section of this report. We used a rounded $76,500, or $432 per unit, in our analysis. The owner projected post-renovation taxes at $685 per unit, which we used in our post-renovation analysis.

Insurance

For 2010, 2011, 2012 and 2013, actual insurance expenses for the subject were $229, $270, $201 and $267, respectively. The 2014 budget is projected at $280 per unit. IREM indicates a range of $149 to $233 per unit, and a median of $186 per unit for the Atlanta area. The comparables indicate insurance expenses within a range of $171 to $213 per unit and average $187. After the March 2013 fire in the clubhouse/leasing office, the complex decided to carry more comprehensive insurance. Based upon the foregoing considerations, we forecast insurance expense at $300 per unit.

Management Fee

Management expense for an apartment complex is typically negotiated on a percent of collected revenues (effective gross income, or EGI). This percentage typically ranges from 3.0% to 5.0% for a traditional apartment complex, depending on the size of the complex and position in the market. The historical operating statements indicate a range for the past few years were 6.4%, dropping to 5.9% in 2013 with 2014 budgeted at 5.8%. Current management clarified that their fee is 5.5%, and that the Atlanta Housing Authority receives a 1% management fee as well. IREM indicates a range from 2.2% to 4.7% with a median of 3.3%. However, LIHTC properties, such as the subject, tend to have higher management fees. We included a management fee of 6.5%.

Utilities

This expense covers all energy costs related to the leasing office, vacant units, and common areas, including exterior lighting. At some complexes, it also may include trash removal and water/sewer costs for apartments. In the subject's case, the complex pays for water, sewer and trash. The tenants pay for electric and gas. After renovations, the appliances will be all electric. For 2010, 2011, 2012 and 2013, actual utilities expenses for the subject were $1,099, $1,264 $1,236 and $1,526, respectively, with the 2014 budget at $1,437 per unit. The proposed renovation will make water/sewer expenses the responsibility of the tenant. Analysis of trailing 12-month utilities shows water and sewer expenses account for almost $1,170 per unit of the $1,526 per unit of utility expense. IREM indicates a range of $619 to $1,014 per unit, and a median of $804 per unit. The comparables indicate utilities expenses within a range of $758 to $1,006 per unit and average $870. The higher budgeted number should be reliable because the complex is changing the way the utilities are allocated among phases, with Phase II seeing an increase in their share. Based upon the foregoing considerations, we forecast utilities expense at $1,450 per unit "as is," with a reduction, post renovation, to $800 per unit.

Salaries and Labor

This expense covers all payroll and labor expenses, including direct and indirect expenses. The taxes and benefits portion of this expense also includes the employer's portion of social security taxes, group health insurance and workman's comp insurance. In addition, employees typically incur overtime pay at times. For 2010, 2011, 2012 and 2013, actual expenses for the subject were $1,532, $1,624, $1,655 and $1,552, respectively. The 2014 budget is projected at $1,227 per unit. IREM indicates a range of $773 to $1,575 per unit, and a median of $1,099 per unit. The comparables indicate salaries and labor expenses within a range of $1,476 to $1,797 per unit and average $1,675. Based upon the foregoing considerations, we forecast salaries and labor expense, as-is and post renovation, at $1,500 per unit.

Maintenance and Repairs / Painting and Redecorating

This expense category includes the cost of minor repairs to the apartment units, including painting and redecorating. Interior maintenance amounts to cleaning, electrical repairs, exterminating, contract labor for painting, and plumbing repairs. Exterior maintenance amounts to painting, and replacement or repairs to parking lots, roofs, windows, doors, etc. Maintenance and repairs expenses vary considerably from complex to complex and from year to year due to scheduling of repairs and accounting procedures. Apartment owners often list replacement items under "maintenance and repairs" for more advantageous after-tax considerations.

For 2010, 2011, 2012 and 2013, actual combined repairs and redecorating expenses for the subject were $1,506, $1,045, $983 and $1,237, respectively. The 2014 budget is projected at $1,331 per unit (with $1,024 per unit of capital expenditures budgeted). The comparables indicate combined repairs and redecorating expenses within a range of $450 to $986 per unit and average $620. IREM indicates a range of $333 to $925 per unit, and a median of $530 per unit. Maintenance expenses are high for the subject historically, and are budgeted to remain high this year. Based upon the foregoing considerations, we forecast combined maintenance and repairs and redecorating expense at $1,100 per unit "as is," and reduce it to $800 per unit after renovation.

Landscaping and Amenities

Landscaping, or grounds maintenance, includes normal grounds landscaping and maintenance, as well as maintenance of the amenities. The subject is a large site and has attractive landscaping, mature trees and shrubs, and outdoor pool amenity. For 2010, 2011, 2012 and 2013, actual expenses for the subject were $180, $237, $174 and $224 per unit. The 2014 budget is projected at $295 per unit. IREM indicates a range of $138 to $263 per unit, and a median of $179 per unit. The comparables indicate landscaping and amenities expenses within a range of $106 to $148 per unit and average $125. Based upon the foregoing considerations, we forecast landscaping and amenities expense at $250 per unit.

Security

For 2010, 2011, 2012 and 2013, actual security expenses for the subject were $224, $337, $403 and $349, respectively. The 2014 budget is projected at $363 per unit. IREM indicates a range of $17 to $86 per unit, and a median of $43 per unit. The comparables indicate security expense within a range of $288 to $439 per unit and average $396. Based upon the foregoing considerations and placing emphasis on the history of the subject, we forecast security expense at $400 per unit.

Advertising and Promotion

This expense category accounts for placement of advertising, commissions, signage, brochures, and newsletters. Advertising and promotion costs are generally closely tied to occupancy. If occupancy is considered high and the market is stable, then the need for advertising is not as significant. However, if occupancy is considered to be low or occupancy tends to fluctuate, then advertising becomes much more critical. Our analysis assumes that the property is operating at stabilized levels. For 2010, 2011, 2012 and 2013, actual expenses for the subject were $162, $173, $111 and $84, respectively. The 2014 budget is projected at $79 per unit. IREM does not include this category. The comparables indicate advertising expenses within a range of $81 to $157 per unit and average $127. The subject is 40% PBRA and 22% LIHTC units. The complex has decided to discontinue several print media advertisers because they do not find them effective, and focus on more internet advertising, which is less expensive. On site management did not purchase new bootlegs or flags, and the management company negotiated portfolio-wide discounts for advertising. As such, advertising expenses should continue to be moderate. Based upon the foregoing considerations, we forecast advertising expense at $100 per unit.

Administrative and Miscellaneous Expense

This expense includes such items as legal, accounting, office supplies, answering service, telephone, etc. For 2010, 2011, 2012 and 2013, actual expenses for the subject were

$429, $498, $429 and $424, respectively. The 2014 budget is projected at $433 per unit. IREM indicates a range of $37 to $462 per unit, and a median of $130 per unit. The comparables indicate administrative/misc. expenses within a range of $569 to $949 per unit and average $768. Based upon the foregoing considerations, we forecast administrative and miscellaneous expense, post renovation, at $400 per unit.

Reserves for Replacement

Reserves for replacement is an annual allowance for the periodic replacement of roof covers, paving, carpeting, HVAC units, appliances, and other short-lived items. Investors of apartment properties sometimes establish separate accounts for reserves in the pro forma analysis. IREM does not chart this category and it is not included for the comparables. Typically, reserves range from $150 to $300 per unit, depending on age, condition, and size.

For 2013, actual capital expenditures for the subject were $615. The 2014 budget is projected at $1,024 per unit, but includes items that are part of the planned renovation. Post renovation, the property should be in overall very good condition. We forecast reserves at $300 per unit before renovation, and $250 post-renovation.

Summary of Expenses – As-Is

Our estimated expenses total $1,233,408 including reserves, which equates to $6,968 per unit. If excluding reserves, the estimated expenses are $6,668 per unit. For 2010, 2011, 2012 and 2013, actual expenses (not including capital expenditures) for the subject were $6,348, $6,383, $6,088 and $6,608, respectively. The 2014 budget (not including reserves) is projected at $6,427 per unit. Our projections are slightly above the range of the actual figures for the past few years, but each category is in-line with actual historical expenditures. Our estimates (not including reserves) are above the 2014 budget. Total expenses reported by IREM, which do not include reserves, ranged from $3,855 to $4,956 with a median of $4,374 per unit for Atlanta. The comparables indicate total trended expenses within a range of $5,381 to $5,886 per unit and average $5,723. Our estimates (not including reserves) are above IREM and the range of the comparables, but are supported by actual historical expenses. Based on this information, our estimates appear reasonable.

Net Operating Income – As-Is

Our estimates of income and expenses for the subject apartments result in a net operating income projection of $499,023, or $2,819 per unit.

Summary of Expenses – After Renovation

Our estimated expenses total $1,095,931 including reserves, which equates to $6,192 per unit. If excluding reserves, the estimated expenses are $5,942 per unit. Our projections are below the actual figures for the past few years. The subject is proposed for a substantial renovation and some expense categories, particularly utilities, maintenance and repairs should be reduced. Total expenses reported by IREM, which do not include reserves, ranged from $3,855 to $4,956 with a median of $4,374 per unit for Atlanta. The comparables indicate total trended expenses within a range of $5,381 to $5,886 per unit and average $5,723. Our estimates (not including reserves) are above IREM and within the range of the comparables. Based on this information, our estimates appear reasonable.

Net Operating Income – After Renovation

Our estimates of income and expenses for the subject apartments, post renovation, result in a net operating income projection of $554,905, or $3,135 per unit.

CAPITALIZATION OF NET OPERATING INCOME

Capitalization is the process by which net operating income of investment property is converted to a value indication. Capitalization rates reflect the relationship between net operating income and the value of receiving that current and probable future income stream during a certain projection period or remaining economic life. Generally, the best method of estimating an appropriate overall rate is through an analysis of recent sales in the market. Overall rates (OAR's) are typically derived from sales of similar properties by dividing net operating income by sale price.

In selecting an appropriate capitalization rate for the subject, we considered those rates indicated by recent sales of properties that are similar to the subject with regard to risk, duration of income, quality and condition of improvements, and remaining economic life. Primary factors that influence overall rates include potential for income increases over both the near and long terms, as well as appreciation potential. Adjustments for dissimilar factors that influence the utility and/or marketability of a property, such as specific location within a market area; land/building ratio; functional efficiency, quality, and condition of improvements; and specific features of the building and land improvements, are inherently reflected by the market in the form of varying market rent levels. As rent levels form the basis for net income levels, the market has, in effect, already made the primary adjustments required for those factors, and any significant adjustments to overall rates based upon these dissimilarities would merely distort the market data.

The following table summarizes capitalization rates extracted from several recent apartment sales in the metro area. The subject is an urban complex proposed for a substantial renovation in the amount of approximately $56,000 per unit. The subject was constructed in 1996. We chose a variety of property types built between 1986 and 2000.

IMPROVED SALES SUMMARY									
No.	Name Location	Sale Date	Number of Units	Year Built	Price Per Unit	Avg. Unit Size (SF)	Occupancy at Time Of Sale	NOI/Unit at Sale	OAR
1	Parc at Dunwoody, Atlanta, GA	Jan-14	312	1980	$59,728	878	93%	$3,882	6.50%
2	Woodland Ridge, Norcross, GA	Dec-13	302	1986	$57,577	1,018	99%	$4,117	7.15%
3	Jasmine at Winters Chapel, Atlanta, GA	Oct-13	592	1989/2007	$55,743	813	99%	$3,763	6.75%
4	Windridge, Atlanta, GA	Aug-13	272	1982	$56,265	855	96%	$3,770	6.70%
5	Mountain Vista, Stone Mountain, GA	May-13	144	1985	$41,493	1,099	94%	$3,108	7.49%

The comparable sales used in this analysis present a range of overall rates between 6.50% and 7.49%, with a mean of 6.92%.

As mentioned in the Market Analysis section, the *Fourth Quarter 2013 PwC Real Estate Investor Survey* indicates that overall capitalization rates for apartments range from 4.50% to 10.00%, with an average of 5.80% (5.73% for the Southeast Region). This rate is an increase in the overall average rate of 19 basis points from the prior quarter and 8 basis points higher than the same period one year ago.

Mortgage Equity Technique

We also utilized the mortgage-equity procedure, which is presented in the following chart. Under this procedure, the overall capitalization rate considers the returns on the mortgage and equity positions as well as the equity build-up that accrues as the loan principle is paid off. For properties like the subject, our research of the current financing market indicate a typical loan-to-value ratio of 75% to 80%, a fixed interest rate of about 3.50% to 5.65% (4.09%-4.34% for ten year term, 5.65%-6.50% for 30 year term) and a 30-year amortization with a balloon in 10 years. For this analysis, we used an 80% loan-to-value, an interest rate of 4.75%, 30-year amortization, a 10-year balloon, and property appreciation of 1.5% annually (reasonable considering the current market). Equity yield rates are more difficult to ascertain. However, based on discussions with investors and valuation experts, and consideration of alternative investment choices and comparing the risks involved with each, we find a typical range of 15% to 20%. Based on the specific characteristics of the subject, we concluded an equity yield rate of 17%. As shown on the following chart, the indicated overall capitalization rate based on the foregoing parameters equates to approximately 7.00%.

CAPITALIZATION RATE DERIVATION BY MORTGAGE/EQUITY TECHNIQUE									
ASSUMPTIONS									
Mortgage Amortization Term	30 Years								
Holding Period	10 Years								
Mortgage Interest Rate	4.75%								
Loan-to-Value Ratio	80%								
Annual Constant for Monthly Payments	0.062598								
Required Equity Yield Rate	17%								
Assumed Net Annual Appreciation	1.50%								
CALCULATIONS									
Basic Rate Calculation:									
Mortgage:	80%	x	0.062598	=				0.050078	
Equity:	20%	x	0.170000	=				+ 0.034000	
Composite Basic Rate:									0.084078
Credit For Equity Build-up Due to Amortization Over Holding Period:									
Mortgage (Loan-to-Value Ratio):				80%					
Sinking Fund Factor @	17%	For		10	Years		=	0.044657	
Percentage of Loan Principal Repaid After				10	Years		=	19.2780%	
Credit:	80%	x	0.044657	x		0.192780	=		0.006887
Appreciation Factor Over the Holding Period:									
Appreciation Credit @	2%	Over		10	Years		=	16.0541%	
Sinking Fund Factor @	17%	For		10	Years		=	0.044657	
Credit:	16.0541%	x	0.044657				=		0.007169
INDICATED CAPITALIZATION RATE									
Basic Rate:									0.084078
Less Credit For Equity Build-up:								-	0.006887
Less Credit For Appreciation:								-	0.007169
INDICATED CAPITALIZATION RATE:									**0.070022**
ROUNDED:									**7.00%**

Direct Capitalization Conclusion

Based on the information presented from the actual sales, the investor survey and the mortgage equity technique, with particular consideration given to the subject's age, size, quality and location, as well as the fact that the subject is eligible for favorable financing, we are of the opinion that the typical investor would select an overall rate in the range of 6.75% to 7.25% for the subject property, and reconcile toward the middle. Our direct capitalization analysis is presented in the following chart. As shown, our estimate of prospective “as is” value is **$7,100,000, or $40,113 per unit**. Our estimate “as complete and stabilized,” post renovation, is **$7,925,000 or $44,744 per unit**.

APPRAISERS PRO FORMA ANALYSIS - AS IS CENTENNIAL PLACE APARTMENTS - PHASE II 177 Units - 167,939 SF				
		Total	Per Unit	Per SF
Potential Gross Rental Income		$1,876,248	$10,600	$11.17
Plus Other Income	2.5%	48,675	275	0.29
Potential Gross Income		$1,924,923	$10,875	$11.46
Vacancy and Collection Loss	10.0%	$192,492	$1,088	$1.15
Effective Gross Income		$1,732,431	$9,788	$10.32
Expenses				
Real Estate Taxes		$76,500	$432	$0.46
Insurance		53,100	300	0.32
Management Fee	6.5%	112,608	636	0.67
Utilities		256,650	1,450	1.53
Salaries & Labor		283,200	1,600	1.69
Maintenance & Repairs / Turnkey		194,700	1,100	1.16
Security		70,800	400	0.42
Landscaping		44,250	250	0.26
Advertising & Promotion		17,700	100	0.11
Administrative/Misc.		70,800	400	0.42
Total Expenses		$1,180,308	$6,668	$7.03
Reserves		53,100	300	0.32
Total Operating Expenses		$1,233,408	$6,968	$7.34
Net Income		$499,023	$2,819	$2.97
Overall Rates/Indicated	6.75%	$7,392,929	$41,768	$44.02
Values	7.00%	$7,128,896	$40,276	$42.45
	7.25%	$6,883,072	$38,887	$40.99
Stabilized Reconciled Value		$7,100,000	$40,113	$42.28

APPRAISERS PRO FORMA ANALYSIS - AFTER RENOVATION CENTENNIAL PLACE APARTMENTS - PHASE II 177 Units - 167,939 SF		Total	Per Unit	Per SF
Potential Gross Rental Income		$1,785,588	$10,088	$10.63
Plus Other Income	2.7%	48,675	275	0.29
Potential Gross Income		$1,834,263	$10,363	$10.92
Vacancy and Collection Loss	10.0%	$183,426	$1,036	$1.09
Effective Gross Income		$1,650,837	$9,327	$9.83
Expenses				
Real Estate Taxes		$121,327	$685	$0.72
Insurance		53,100	300	0.32
Management Fee	6.5%	107,304	606	0.64
Utilities		141,600	800	0.84
Salaries & Labor		283,200	1,600	1.69
Maintenance & Repairs / Turnkey		141,600	800	0.84
Security		70,800	400	0.42
Landscaping		44,250	250	0.26
Advertising & Promotion		17,700	100	0.11
Administrative/Misc.		70,800	400	0.42
Total Expenses		$1,051,681	$5,942	$6.26
Reserves		44,250	250	0.26
Total Operating Expenses		$1,095,931	$6,192	$6.53
Net Income		$554,905	$3,135	$3.30
Overall Rates/Indicated	6.75%	$8,220,819	$46,445	$48.95
Values	7.00%	$7,927,219	$44,787	$47.20
	7.25%	$7,653,866	$43,242	$45.58
Stabilized Reconciled Value		$7,925,000	$44,774	$47.19

Hypothetical Market Rent Analysis

We were also asked to estimate the market value of the subject using hypothetical market rents. We applied the market rent levels, as discussed previously in the market analysis section, to all of the subject's units. Market rate complexes typically also have much higher other income. A market rate project would also have different expense levels in some categories. Taxes and advertising will be higher, while management, salary and administrative expenses will be lower. Utilities should also be lower. Four market-rate expense comparables are shown for support. Vacancy and credit loss would likely stay the same at 10%, average for the submarket. As a market-rate property, the subject would be less risky as an investment, and would support a slightly lower capitalization rate as well.

MARKET RATE OPERATING EXPENSE COMPARABLES								
Property Name	Summit Place		Ansley at Princeton		Lakeside Town		Parkside Town	
Location	Gainesville, GA		Atlanta, GA		Marietta, GA		Kennesaw, GA	
No. Units	128		306		358		234	
Avg. Unit Size	928		1,001		1,091		1,177	
Year Built	1994		2009		2001		2002	
	Actual	Trended	Actual	Trended	Actual	Trended	Actual	Trended
Effective Date/% Trended	2013	0.0%	2012	2.0%	2013	0.00%	2013*	0.00%
Real Estate Taxes	$630	$630	$1,376	$1,404	$1,097	$1,097	$1,146	$1,146
Insurance	309	309	116	118	309	309	375	375
Management Fee:	352	352	418	426	344	344	248	248
% of EGI	5.0%		3.5%		3.3%		2.2%	
Utilities	522	522	1,267	1,292	734	734	783	783
Salaries & Labor	561	561	1,214	1,238	1,264	1,264	1,208	1,208
Repairs/Redecorating	663	663	326	333	843	843	987	987
Landscaping/Amenities	98	98	199	203	186	186	175	175
Advertising & Promotion	2	2	237	242	159	159	194	194
Administrative/Misc.	179	179	262	267	129	129	160	160
Total Expenses	$3,316	$3,316	$5,415	$5,523	$5,065	$5,065	$5,276	$5,276
Capital Expenses	$143		$271		$195		N/Av	

*Trailing 12 Months

UNIT MIX AND MARKET RENT SCHEDULE - HYPOTHETICAL MARKET - POST RENOVATION Centennial Place Phase II Apartments						
Unit Type	No. Units	Heated SF	Total Heated	Monthly Rent	Rent SF	Total Income
1BR/1BA	60	688	41,280	$875	$1.27	$630,000
2BR/1BA	31	869	26,939	$1,100	$1.27	$409,200
2BR/1.5BA	26	1,041	27,066	$1,250	$1.20	$390,000
2BR/2BA	27	1,057	28,539	$1,275	$1.21	$413,100
2BR/1.5BA	3	1,553	4,659	$1,700	$1.09	$61,200
3BR/2.5BA	27	1,254	33,858	$1,625	$1.30	$526,500
3BR/2.5BA	3	1,866	5,598	$2,150	$1.15	$77,400
Totals/Average	177	949	167,939	$1,181	$1.24	$2,507,400

HYPOTHETICAL PRO FORMA ANALYSIS - AFTER RENOVATION CENTENNIAL PLACE APARTMENTS - PHASE II 177 Units - 167,939 SF		Total	Per Unit	Per SF
Potential Gross Rental Income		$2,507,400	$14,166	$15.08
Plus Other Income	3.4%	88,500	500	0.53
Potential Gross Income		$2,595,900	$14,666	$15.46
Vacancy and Collection Loss	10.0%	$259,590	$1,467	$1.55
Effective Gross Income		$2,336,310	$13,199	$14.05
Expenses				
Real Estate Taxes		$316,000	$1,785	$1.90
Insurance		35,400	200	0.21
Management Fee	3.5%	81,771	462	0.49
Utilities		159,300	900	0.96
Salaries & Labor		212,400	1,200	1.28
Maintenance & Repairs / Turnkey		106,200	600	0.64
Security		70,800	400	0.43
Landscaping		44,250	250	0.27
Advertising & Promotion		35,400	200	0.21
Administrative/Misc.		39,825	225	0.24
Total Expenses		$1,101,346	$6,222	$6.62
Reserves		48,675	275	0.29
Total Operating Expenses		$1,150,021	$6,497	$6.92
Net Income		$1,186,289	$6,702	$7.13
Overall Rates/Indicated	6.75%	$17,574,654	$99,292	$105.69
Values	7.00%	$16,946,988	$95,746	$101.92
	7.25%	$16,362,609	$92,444	$98.40
Stabilized Reconciled Value		$16,950,000	$95,763	$101.94

Our estimated expenses total $1,150,021 including reserves, which equates to $6,497 per unit. If excluding reserves, the estimated expenses are $6,222 per unit. Total expenses reported by IREM, which do not include reserves, ranged from $3,855 to $4,956 with a median of $4,374 per unit for Atlanta. The comparables indicate total expenses within a range of $3,316 to $5,523 per unit and average $4,795. Our estimates (not including reserves) are above IREM and the range of the comparables. However, much of this difference can be attributed to the security expense at this in-town development, and much higher taxes. We feel that our estimates are reasonable. At this income and expense scenario, the value estimate is $16,950,000.

The sales comparison approach provides an estimate of market value based on an analysis of recent transactions involving similar properties in the subject's or comparable market areas. This method is based on the premise that an informed purchaser will pay no more for a property than the cost of acquiring an equally desirable substitute. When there are an adequate number of sales involving truly similar properties, with sufficient information for comparison, a range of value for the subject can be developed.

In the analysis of sales, considerations for such factors as changing market conditions over time, location, size, quality, age/condition, and amenities, as well as the terms of the transactions, are all significant variables relating to the relative marketability of the subject property. Any adjustments to the sale price of comparables to provide indications of market value for the subject must be market-derived; thus, the actions of typical buyers and sellers are reflected in the comparison process.

There are various units of comparison available in the evaluation of sales data. The sale price per unit (NOI) and effective gross income multiplier (EGIM) are most commonly used for apartments. Based on the information available, we used only the sale price per unit method in our analysis.

Arguably, this approach is not appropriate for the subject property. Although there are other low-income housing developments, properties subject to tax credits typically do not sell in the open market, because the properties have to meet specified requirements for 15 years or the tax credits will be forfeited. Thus, the owners have a vested interest in overseeing the operation of the property over the long term. Making subjective adjustments to sales of conventional multifamily properties for the subject’s differences would not provide a meaningful value estimate of the property with rent restrictions. Rent restrictions suppress income levels, so the expense ratio will be higher than traditional complexes, with net income per unit being much lower. While net incomes can still be compared, as this is the driving valuation characteristic for income producing properties, the variance in expense ratios limits the value of an EGIM analysis. However, we performed a limited sales comparison approach to estimate stabilized value of the property using restricted rents.

The following summary chart provides pertinent details regarding each transaction; additional information including photographs and a location map are included in the Addendum.

IMPROVED SALES SUMMARY

No.	Name Location	Sale Date	Number of Units	Year Built	Price Per Unit	Avg. Unit Size (SF)	Occupancy at Time Of Sale	NOI/Unit at Sale	OAR
1	Parc at Dunwoody, Atlanta, GA	Jan-14	312	1980	$59,728	878	93%	$3,882	6.50%
2	Woodland Ridge, Norcross, GA	Dec-13	302	1986	$57,577	1,018	99%	$4,117	7.15%
3	Jasmine at Winters Chapel, Atlanta, GA	Oct-13	592	1989/2007	$55,743	813	99%	$3,763	6.75%
4	Windridge, Atlanta, GA	Aug-13	272	1982	$56,265	855	96%	$3,770	6.70%
5	Mountain Vista, Stone Mountain, GA	May-13	144	1985	$41,493	1,099	94%	$3,108	7.49%

These properties were reportedly built between 1982 and 1989/2007 with unit counts between 144 and 592. The transactions occurred between May 2013 and January 2014. Overall rates indicated by the transactions range between 6.50% and 7.49%, with an average of 6.92%. It should be noted that all of the comparables were in average condition. Sales prices per unit range widely from $41,493 to $59,728. This range appears to fluctuate most with net operating income per unit, which ranges from $3,108 to $4,117.

SALE PRICE PER UNIT ANALYSIS

While some general observations can be made, isolating physical and locational adjustments in the comparison of income producing comparable sales can be very subjective. This subjectivity is particularly true when the comparables are drawn from different locations. Most investors believe that all these factors are already accounted for in the rental that an income property can achieve and, thus, place most reliance upon net income characteristics as the basis for adjustment. The assumption is that tenants shop and compare, and rent paid in the open market automatically reflects differences in the age and condition of improvements, location, construction, size, amenities, and various other factors.

To further illustrate, we analyzed the net operating income (NOI) generated by each comparable as compared to the subject's projected stabilized income estimated in the income capitalization approach. Basically, by developing a ratio between the subject's and the comparable's net operating income, an adjustment factor can be calculated for each of the individual sales. This factor can then be applied to the comparable's price per unit to render indications for the subject. This process illustrates an attempt to isolate the economic reasoning of buyers. In general, it is a fundamental assumption that the physical characteristics of a project (location, access, design/appeal, condition, etc.) are reflected in the net operating income being generated, and that the resulting price per unit paid for a property has a direct relationship to the net operating income being generated. The following charts depict the calculations involved in developing adjustment factors to be applied to the respective price per unit for the comparables employed.

NET OPERATING INCOME (NOI) ANALYSIS - RESTRICTED AS IS
CENTENNIAL PLACE II

Sale No.	Subject's NOI/Unit		Comp. NOI/Unit		Multiplier		Sale Price $/Unit		Adjusted $/Unit For Subject
1	$2,819	/	$3,882	=	0.73	X	$59,728	=	$43,601
2	$2,819	/	$4,117	=	0.68	X	$57,577	=	$39,152
3	$2,819	/	$3,763	=	0.75	X	$55,743	=	$41,807
4	$2,819	/	$3,770	=	0.75	X	$56,265	=	$42,199
5	$2,819	/	$3,108	=	0.91	X	$41,493	=	$37,759

NET OPERATING INCOME (NOI) ANALYSIS - RESTRICTED POST RENOV CENTENNIAL PLACE II									
Sale No.	**Subject's NOI/Unit**		**Comp. NOI/Unit**		**Multiplier**		**Sale Price $/Unit**		**Adjusted $/Unit For Subject**
1	$3,135	/	$3,882	=	0.81	X	$59,728	=	$48,380
2	$3,135	/	$4,117	=	0.76	X	$57,577	=	$43,759
3	$3,135	/	$3,763	=	0.83	X	$55,743	=	$46,267
4	$3,135	/	$3,770	=	0.83	X	$56,265	=	$46,700
5	$3,135	/	$3,108	=	1.01	X	$41,493	=	$41,908

NET OPERATING INCOME (NOI) ANALYSIS (HYPOTHETICAL MARKET RENTS) POST RENOVATION - CENTENNIAL PLACE II									
Sale No.	Subject's NOI/Unit		Comp. NOI/Unit		Multiplier		Sale Price $/Unit		Adjusted $/Unit For Subject
1	$6,702	/	$3,882	=	1.73	X	$59,728	=	$103,329
2	$6,702	/	$4,117	=	1.63	X	$57,577	=	$93,851
3	$6,702	/	$3,763	=	1.78	X	$55,743	=	$99,223
4	$6,702	/	$3,770	=	1.78	X	$56,265	=	$100,152
5	$6,702	/	$3,108	=	2.16	X	$41,493	=	$89,625

As shown above, the adjusted values indicated for the subject as restricted range from $37,759 to $43,601 per unit, with an average of $40,904 (assuming restricted rents). After renovation, the range is $41,908 to $48,380 per unit, with an average of $45,403 (assuming restricted rents). For hypothetical market rents, the range is from $89,625 to $103,329 per unit, with an average of $97,236.

For the restricted rent scenario, we estimate a value indication of $40,000 per unit as is and $45,000 at completion. For the hypothetical market rent scenario, we estimated a value of $97,000 assuming unrestricted or market rents.

SALES COMPARISON APPROACH SUMMARY - RESTRICTED		
# Units	**$/Unit**	**Indicated Value**
177	$40,000	$7,080,000
Rounded		**$7,100,000**

SALES COMPARISON APPROACH SUMMARY – RESTRICTED AS COMPLETE AND STABILIZED		
# Units	**$/Unit**	**Indicated Value**
177	$45,000	$7,965,000
Rounded		**$7,950,000**
SALES COMPARISON APPROACH SUMMARY - MARKET		
# Units	**$/Unit**	**Indicated Value**
177	$97,000	$17,169,000
Rounded		**$17,000,000**

PHYSICAL ADJUSTMENT ANALYSIS

For additional support, we are including an adjustment grid for the comparable sales. Adjustments were made for conditions of sale and market conditions, along with common characteristics including location, access/exposure, size, average unit size, quality/amenities and age/condition.

Conditions of Sale

For both scenarios, restricted rents and hypothetical market rate, the comparable sales were all reportedly arms-length with cash or normal financing. For the restricted rent scenario, the comparables are adjusted downward to account for limited income expectations.

Market Conditions

No adjustments are necessary.

Location

The subject is located in an excellent location in the heart of downtown Atlanta. Comparables One, Two, Three and Four are located in desirable suburbs of north metro Atlanta and were not adjusted. Comparable Five is located in a neighborhood that would be considered inferior to the subject, and received upward adjustment.

Access/Exposure

The subject has good access and exposure along secondary roadways. The comparables have similar access and exposure and do not warrant adjustment.

Size/Number of Units

The subject has 177 units. Typically, smaller properties sell for higher per unit prices. Conversely, larger properties tend to sell for lower per unit prices. This represents something of a quantity discount. Comparable Three was adjusted upward.

Average Unit Size

The subject has an average unit size of 949 square feet. Comparable Three has a significantly smaller average unit size and received upward adjustment. The rest of the comparables were similar enough not to warrant adjustment.

Quality/Amenities

The subject is average quality and has average amenities, including swimming pools, a clubhouse, playgrounds and security. All of the comparables have similar amenities. The subject has typical features and exteriors and compares well to newer complexes, with no particularly dated features. The comparables were not adjusted for quality/amenities.

Age/Condition

The subject was built in 1996 and has been well maintained. The comparables were built between 1980 and 1989/2007. We adjusted all of the Comparables upward for inferior condition and/or older improvements.

SUMMARY AND COMMENTS

The following adjustment grid illustrates our thought processes in the comparison of the comparables to the subject. As shown, prior to adjustment, the comparables present a range of price per unit between $41,493 and $59,728, with a mean of $54,161.

COMPARABLE SALES ADJUSTMENT CHART - Restricted Rents As Is						
Sale No.	**Subject**	**1**	**2**	**3**	**4**	**5**
Informational Data						
Sale Date	N/Ap	Jan-14	Dec-13	Oct-13	Aug-13	May-13
Sale Price	N/Ap	$18,635,000	$17,388,160	$33,000,000	$15,304,000	$5,975,000
# Units	177	312	302	592	272	144
Year Built	1996	1980	1986	1989/2007	1982	1985
Location	Excellent	Good	Good	Good	Good	Fair
Price per Unit	N/Ap	$59,728	$57,577	$55,743	$56,265	$41,493
Comparative Analysis						
Conditions of Sale		-30%	-30%	-30%	-30%	-30%
Market Conditions		0%	0%	0%	0%	0%
Adjusted Price/SF		$41,809	$40,304	$39,020	$39,385	$29,045
Physical Adjustments						
Location		0%	0%	0%	0%	25%
Access / Exposure		0%	0%	0%	0%	0%
Size (# of units)		0%	0%	5%	0%	0%
Avg. Unit Size		0%	0%	5%	0%	-5%
Quality/Amenities		0%	0%	0%	0%	0%
Age/Condition		0%	0%	-10%	0%	10%
Net Adjustment		0%	0%	0%	0%	30%
Adjusted Price/SF		$41,809	$40,304	$39,020	$39,385	$37,759
Indicated Range:			$37,759	to	$41,809	
Mean:				$39,655		

As shown, after adjustments, the indicated range is a narrowed to between $37,759 and $41,809, with a mean of $39,655. Based on this information, we estimate value for the subject at a rounded $40,000 per unit. Our estimate of value for the subject property, based on a price per unit method is shown as follows.

SALES COMPARISON APPROACH VALUE – PRICE PER UNIT				
Indicated Value/Unit		**Subject Units**		**Total**
$40,000	X	177	=	$7,080,000
Rounded				$7,100,000

COMPARABLE SALES ADJUSTMENT CHART - Restricted Rents As Complete						
Sale No.	**Subject**	**1**	**2**	**3**	**4**	**5**
Informational Data						
Sale Date	N/Ap	Jan-14	Dec-13	Oct-13	Aug-13	May-13
Sale Price	N/Ap	$18,635,000	$17,388,160	$33,000,000	$15,304,000	$5,975,000
# Units	177	312	302	592	272	144
Year Built	1996	1980	1986	1989/2007	1982	1985
Location	Excellent	Good	Good	Good	Good	Fair
Price per Unit	N/Ap	$59,728	$57,577	$55,743	$56,265	$41,493
Comparative Analysis						
Conditions of Sale		-30%	-30%	-30%	-30%	-30%
Market Conditions		0%	0%	0%	0%	0%
Adjusted Price/SF		$41,809	$40,304	$39,020	$39,385	$29,045
Physical Adjustments						
Location		0%	0%	0%	0%	25%
Access / Exposure		0%	0%	0%	0%	0%
Size (# of units)		0%	0%	5%	0%	0%
Avg. Unit Size		0%	0%	5%	0%	-5%
Quality/Amenities		0%	0%	0%	0%	0%
Age/Condition		10%	10%	10%	10%	25%
Net Adjustment		10%	10%	20%	10%	45%
Adjusted Price/SF		$45,990	$44,334	$46,824	$43,324	$42,115
Indicated Range:			$42,115	to	$46,824	
Mean:				$44,518		

As shown, after adjustments, the indicated range is a narrowed to $42,115 and $46,824, with a mean of $44,518. Based on this information, we estimate value for the subject at a rounded $45,000 per unit. Our estimate of value for the subject property, based on a price per unit method is shown as follows.

SALES COMPARISON APPROACH VALUE – PRICE PER UNIT				
Indicated Value/Unit		**Subject Units**		**Total**
$45,000	X	177	=	$7,965,000
Rounded				$7,950,000

COMPARABLE SALES ADJUSTMENT CHART - HYPOTHETICAL MARKET RENTS						
Sale No.	**Subject**	**1**	**2**	**3**	**4**	**5**
Informational Data						
Sale Date	N/Ap	Jan-14	Dec-13	Oct-13	Aug-13	May-13
Sale Price	N/Ap	$18,635,000	$17,388,160	$33,000,000	$15,304,000	$5,975,000
# Units	177	312	302	592	272	144
Year Built	1996	1980	1986	1989/2007	1982	1985
Location	Excellent	Good	Good	Good	Good	Fair
Price per Unit	N/Ap	$59,728	$57,577	$55,743	$56,265	$41,493
Comparative Analysis						
Conditions of Sale		50%	50%	50%	50%	50%
Market Conditions		0%	0%	0%	0%	0%
Adjusted Price/SF		$89,591	$86,365	$83,615	$84,397	$62,240
Physical Adjustments						
Location		0%	0%	0%	0%	25%
Access / Exposure		0%	0%	0%	0%	0%
Size (# of units)		0%	0%	5%	0%	0%
Avg. Unit Size		0%	0%	5%	0%	-5%
Quality/Amenities		0%	0%	0%	0%	0%
Age/Condition		10%	10%	10%	10%	25%
Net Adjustment		10%	10%	20%	10%	45%
Adjusted Price/SF		$98,550	$95,002	$100,338	$92,837	$90,247
Indicated Range:			$90,247	to	$100,338	
Mean:				$95,395		

As shown, after adjustments, the indicated range is a narrowed to between $90,247 and $100,338, with a mean of $95,395. Based on this information, we estimate value for the subject at a rounded $95,000 per unit. Our estimate of value for the subject property, based on a price per unit method is shown as follows.

SALES COMPARISON APPROACH VALUE – PRICE PER UNIT				
Indicated Value/Unit		**Subject Units**		**Total**
$95,000	X	177	=	$16,815,000
Rounded				$17,000,000

SALES COMPARISON APPROACH CONCLUSION

The following table summarizes the value indications provided by the methods of analysis presented in the sales comparison approach.

SUMMARY OF VALUE ESTIMATES BY SALES COMPARISON APPROACH RESTRICTED RENTS	
Method	**Indicated Value**
NOI Per Square Foot	$7,100,000
Physical Adjustments	$7,100,000
Reconciled:	**$7,100,000**

SUMMARY OF VALUE ESTIMATES BY SALES COMPARISON APPROACH RESTRICTED RENTS	
Method	**Indicated Value**
NOI Per Square Foot	$7,925,000
Physical Adjustments	$7,950,000
Reconciled:	**$7,950,000**

SUMMARY OF VALUE ESTIMATES BY SALES COMPARISON APPROACH HYPTHETICAL MARKET RENTS	
Method	**Indicated Value**
NOI Per Square Foot	$16,950,000
Physical Adjustments	$17,000,000
Reconciled:	**$17,000,000**

We were asked to estimate market value "as is" and prospective market value "upon completion of renovation" and "at stabilization" of the subject using restricted rents. In addition, we were asked to provide the prospective hypothetical value "upon completion of renovation/conversion" and "at stabilization" of the subject using unrestricted/market rents. We were also requested to estimate "as is" market value of the leasehold interest in the subject site and existing improvements, as well as the valuation of the tax credits and an analysis of the ground lease of the underlying site.

FINAL VALUE ESTIMATE – "AS IS"

We used the income and sales comparison approaches to estimate market value for the subject property. The indications from each are presented in the following chart.

FINAL VALUE ESTIMATES – RESTRICTED AS IS	
Income Capitalization Approach	$7,100,000
Sales Comparison Approach	$7,100,000

Apartment properties are typically purchased by investors; thus, the income approach most closely parallels the anticipated analysis that would be employed by a likely buyer. Most multifamily buyers place emphasis on this approach, particularly the direct capitalization analysis for existing properties operating at or near stabilization.

The sales comparison approach is predicated on the principle that an investor will pay no more for an existing property than for a comparable property with similar utility. This approach is contingent on the reliability and comparability of available data. We used sales of conventional apartment complexes located in the metro Atlanta market of similar investment quality.

Based on the research and analysis contained in this report, and placing greater weight on the income approach, we estimate the market value of the leasehold interest in the subject property, as follows:

Estimate of Market Value of the Leasehold Interest in the Subject
"As Is," Subject To Restricted Rents, As of May 15, 2013

SEVEN MILLION ONE HUNDRED THOUSAND DOLLARS
$7,100,000

FINAL VALUE ESTIMATE – "AT STABILIZATION"

We used the income and sales comparison approaches to estimate market value for the subject property. The indications from each are presented in the following chart.

FINAL VALUE ESTIMATES – RESTRICTED AS COMPLETE	
Income Capitalization Approach	$7,925,000
Sales Comparison Approach	$7,950,000
FINAL VALUE ESTIMATES – MARKET – AS COMPLETE	
Income Capitalization Approach	$16,950,000
Sales Comparison Approach	$17,000,000

Estimate of Market Value of the Leasehold Interest in the Subject "As Complete And Stabilized," Subject To Restricted Rents, As of May 15, 2013

SEVEN MILLION NINE HUNDRED FIFTY THOUSAND DOLLARS
$7,950,000

Estimate of Market Value of the Leasehold Interest in the Subject "As Complete And Stabilized," Subject To Hypothetical Market Rents, As of May 15, 2013

SEVENTEEN MILLION DOLLARS
$17,000,000

FINAL VALUE ESTIMATES – "UPON COMPLETION"

In order to estimate the prospective value "upon completion of renovation," we must deduct those additional costs yet to be incurred in order to achieve stabilization. In the case of the subject, this requires consideration of rent loss, and entrepreneurial profit. These costs are then deducted from our reconciled "at stabilization" value estimates of $7,950,000 assuming restricted rents and $17,000,000 assuming unrestricted or market rents.

Rent loss is calculated for the period between the "as is" value and date of stabilization. The subject will need to lease roughly 159 (Restricted) or 159 (Market) units to reach their respective stabilized operating levels of 90% / 90%. Tenants will shift into existing vacant units as units are renovated, so a minimal loss of tenants is anticipated. As discussed in our Market Analysis, competition among apartments in the subject's market is strong. We estimated that the subject should be able to reach a stabilized operating level within six months from the date of completion, September 1, 2016. Our analysis assumes that the units will be taken down evenly over the stabilization period. Our estimated "at stabilization" effective gross rental incomes are $1,650,837 or $137,570 per month (Restricted) and $2,336,310 or $194,693 per month (Market). The development will never be completely vacant, since tenants will move into units as they are completed. Since this loss will be reduced, over time, to zero by the time the property is stabilized, we estimate that the typical buyer of the property would calculate the total loss by taking one-half of these figures or $68,785 ($137,570/2) and $97,346 ($194,693/2) and then multiplying by the lease-up period of six months. This methodology produces total rent loss of $412,709 and $584,078, respectively.

In addition, investors in destabilized properties expect to make a profit on any additional investment required. According to brokers and buyers/sellers, as well as developers, profit requirements tend to range from 10% to 20% of total cost to achieve stabilization for most property types. The lower end of the range typically applies to single-tenant, build-to-suit type properties with limited risk, while the upper end pertains to multi-tenant, larger properties with extensive marketing and lease-up costs and thus, greater risk. Based on conversations with representatives involved in the sale of similar apartment properties, and considering the subject's condition and the current market conditions, we estimate an appropriate profit for the subject property at 10%. Thus, we applied a 10% profit to the total rent loss estimates, which equates to $41,271 ($412,709 x 10%) assuming restricted rents and $58,408 ($584,078x 10%) assuming unrestricted or market rents. When added, the total rounded costs are $450,000 ($412,709 + 41,062 = $453,980) and $640,000 ($584,078 + 58,064 = $642,485). Deducting these amounts from our stabilized values result in the following "upon completion" value estimates using this methodology:

Estimate of Market Value of the Leasehold Interest in the Subject
"Upon Completion," Subject To Restricted Rents, As of July 1, 2014

SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS
$7,500,000

Estimate of Hypothetical Market Value of the Leasehold Interest in the Subject
"Upon Completion," Assuming Unrestricted/Market Rents, As of July 1, 2014

SIXTEEN MILLION THREE HUNDRED SIXTY THOUSAND DOLLARS
$16,360,000

VALUE ESTIMATE AT LOAN MATURITY ASSUMING UNRESTRICTED RENTS

Assuming annual inflation of 1.50% applied to the NOI at stabilization, the estimate of market value at loan maturity, assuming unrestricted rents, is **$18,800,000**.

MARKET VALUE AT LOAN MATURITY				
Stabilized NOI	**Annual Inflation**	**NOI at Loan Maturity (20 yrs)**	**Overall Rate at Maturity**	**Indicated Value at Maturity**
$1,186,289	1.50%	$1,597,759.48	8.50%	$18,797,170
Rounded				$18,800,000

LOW INCOME HOUSING TAX CREDITS

The subject property will be renovated subject to the Georgia Housing Development Agency Low Income Housing Program, and accordingly is eligible to receive tax credits under Section 42 of the Internal Revenue Code. The subject developer intends to syndicate the tax credits, with the proceeds to comprise the tax credit equity source of funds for development.

The LIHTC program provides incentives to developers to provide affordable housing to low-income residents. According to the program, low income qualifies as having income at or below 60% of the median family income for a particular area. This was discussed in the Market Analysis section of this report. Because the subject is offering 37 of its units to qualified residents, it is allowed to receive Low Income Housing Tax Credits to offset future federal and state income taxes. Should the property be sold or foreclosed upon and resold during the 10-year period, the remaining amount of tax credits is transferable.

Information provided to us indicates the developer has projected a tax credit allocation of $910,000 each year, or $9,100,000 over ten years, in federal and state tax credits. We were provided information indicating that project that they expect $1.27 per dollar for the combined federal and state tax credits.

The market for tax credits has changed significantly over the past few years, and only recent activity could accurately reflect the current market for tax credits. Research indicates the pool of purchasers and demand for tax credits had diminished when the recession began, and pricing had fallen considerably as a result. Rates selling for $0.70 - $0.75 per dollar of tax credit were common. More recently demand has steadily increased and so has pricing, with rates returning to the high $0.80s for Federal and mid to high $0.30s for State tax credits. We were provided information indicating that they expect to receive $0.88 per dollar for the federal tax credits and $0.33 per dollar of state tax credits. Two recent agreements we have seen were $1.20 combined, with $0.86 per federal and $0.34 per state dollar, and $1.26, with $0.86 for federal and $0.40 for state, so it appears that the value of tax credits continues to increase.

Based on this data, the contract figures for the subject are considered reasonable. Therefore, utilizing the foregoing figures, the tax credits are projected to generate approximately $11,555,844 ($9,100,000 x 99.99% x $1.27) in proceeds upon sale, which we rounded to **$11,500,000**.

The value estimates provided above are subject to the assumptions and limiting conditions stated throughout this report.

1. Unless otherwise noted in the body of the report, we assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions that would adversely affect marketability or value. We are not aware of any title defects nor were we advised of any unless such is specifically noted in the report. We did not examine a title report and make no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title were not reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject property's title should be sought from a qualified title company that issues or insures title to real property.

2. We assume that improvements are constructed or will be constructed according to approved architectural plans and specifications and in conformance with recommendations contained in or based upon any soils report(s).

3. Unless otherwise noted in the body of this report, we assumed: that any existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are, or will be upon completion, in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that it or they will withstand any known elements such as windstorm, hurricane, tornado, flooding, earthquake, or similar natural occurrences; and, that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. We are not engineers and are not competent to judge matters of an engineering nature. We did not retain independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, make no representations relative to the condition of improvements. Unless otherwise noted in the body of the report no problems were brought to our attention by ownership or management. We were not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, we reserve the right to amend the appraisal conclusions reported herein.

4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the appraisal. Any existing or proposed improvements, on- or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon information submitted. This report may be subject to amendment upon re-inspection of the subject property subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.

5. We assume that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise noted in the appraisal report. We have no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, we reserve the right to amend our conclusions if errors are revealed. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify us of any questions or errors.

6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, we will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.

7. We assume no private deed restrictions, limiting the use of the subject property in any way.

8. Unless otherwise noted in the body of the report, we assume that there are no mineral deposits or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated we also assumed that there are no air or development rights of value that may be transferred.

9. We are not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.

10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.

11. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.

12. Unless otherwise noted in the body of this report, we assume that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.

13. This study may not be duplicated in whole or in part without our written consent, nor may this report or copies hereof be transmitted to third parties without said consent. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without our written consent. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a “sale” or “offer for sale” of any “security”, as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. We shall have no accountability or responsibility to any such third party.

14. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.

15. Any distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.

16. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be used only to assist in visualizing matters discussed within this report.

Except as specifically stated, data relative to size or area of the subject and comparable properties was obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.

17. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis was provided to us unless otherwise stated within the body of this report. If we were not supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. We assume no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

18. Acceptance and/or use of this report constitutes full acceptance of the Assumptions and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned assumptions and limiting conditions. We assume no responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.

19. We assume that the subject property will be under prudent and competent management and ownership; neither inefficient or super-efficient.

20. We assume that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.

21. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed correct. It is further assumed that no encroachments to the realty exist.

22. All value opinions expressed herein are as of the date of value. In some cases, facts or opinions are expressed in the present tense. All opinions are expressed as of the date of value, unless specifically noted.

23. The *Americans with Disabilities Act* (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, we did not perform a specific compliance survey and analysis of this property to determine whether it is in conformance 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 ADA. If so, this fact could have a negative effect on the value estimated herein. Since we have no specific information relating to this issue, nor are we qualified to make such an assessment, the effect of any possible non-compliance was not considered in estimating the value of the subject property.

24. The value estimate rendered in this report is predicated on the assumption that there is no hazardous material on or in the property that would cause a loss in value. We were not provided with an Environmental Assessment Report. Further, we are not qualified to determine the existence or extent of environmental hazards. If there are any concerns pertaining to environmental hazards for this property, we recommend that an assessment be performed by a qualified engineer.

Looking East Along Merrits Avenue NW

Looking West Along Merrits Avenue NW

Looking South On Center Street

Clubhouse/Leasing Office At Southwest Corner of Centennial Park Dr and Merritts Ave

Looking South Along Centennial Park Drive

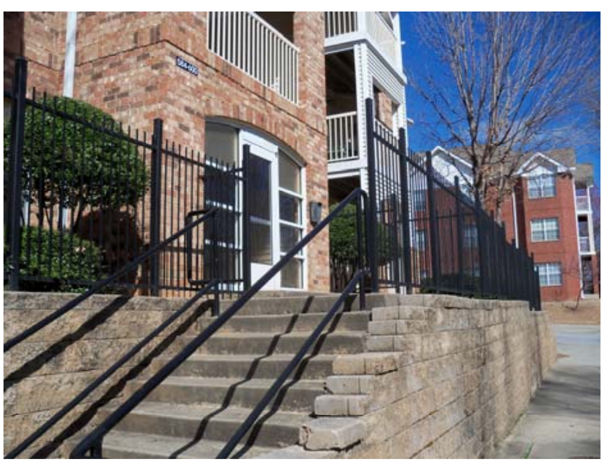
Looking North Along Centennial Park Drive

Pool

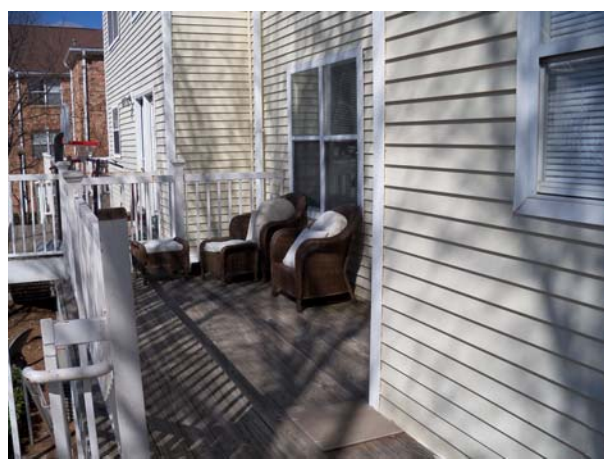
Courtyard

Playground

Apartments At NWC Hunnicutt And Lovejoy Streets (Ph II)



Exterior Entrance



Exterior Balcony

View Into Courtyard, Ph II

Looking Southwest Along Merritts Avenue

Looking South Along Center Street

Looking Southwest Towards Center Street

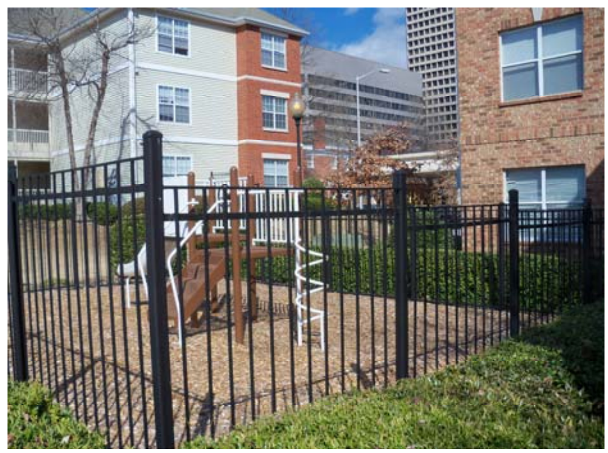
Units With Garages West Side Of Center Street (Ph II)

Exterior Balcony

Kitchen, 1BR1BA Ph II

Kitchen, 1BR1BA Ph II

Closet, 1BR1BA Ph II



Courtyard Playground

Air Conditioning Units

Security Door To Breezeway

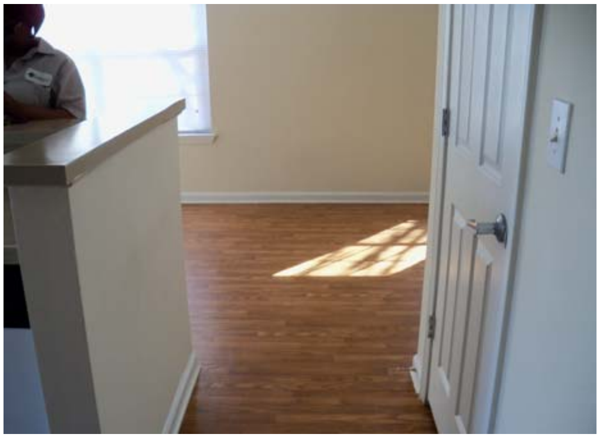
Bathroom, 1BR1BA Ph II

Living/Dining Room, 1BR1BA Ph II

Washer/Dryer/Utility Closet

Kitchen, 2BR2BA Ph II

Kitchen, 2BR2BA Ph II



Vinyl Floor, 2BR2BA Ph II

Dining Room 3BR2BA Ph II

Bedrooms 3BR2BA Ph II

Kitchen 3BR2BA Ph II

Stairs To Bedrooms 3BR2BA Ph II

Hall Bathroom 3BR2BA
Ph II

Master Bathroom 3BR2BA
Ph II

Fireplace 2BR2BA Ph II

Closet 2BR2BA Ph II

Bathroom 2BR2BA Ph II

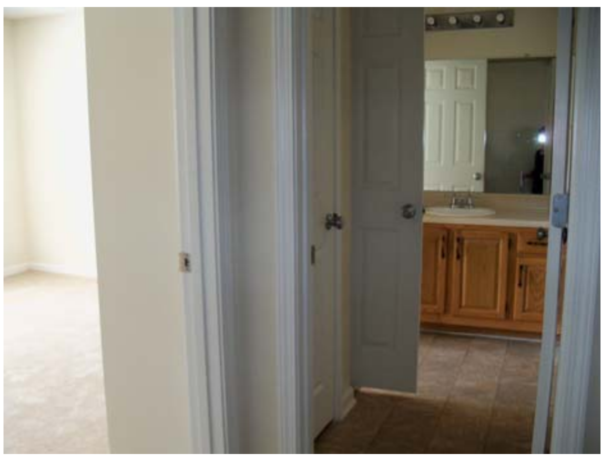
Utility Closet

Built In 3BR3BA Ph II

Kitchen 2BR1BA Ph II

Living Room 2BR1BA Ph II

Half Bath 2BR1.5BA Ph II



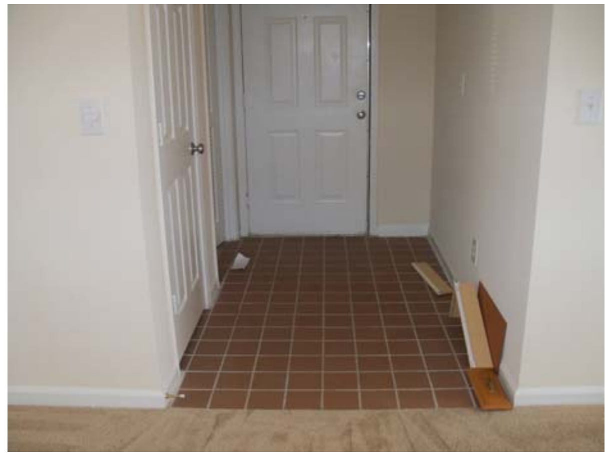
Hollywood Style Bathroom 2BR1.5BA Ph II

Stairs To Garage Ph II

Ground Floor Room Off Garage Ph II

Garage Ph II

Kitchen 2BR1BA Ph II



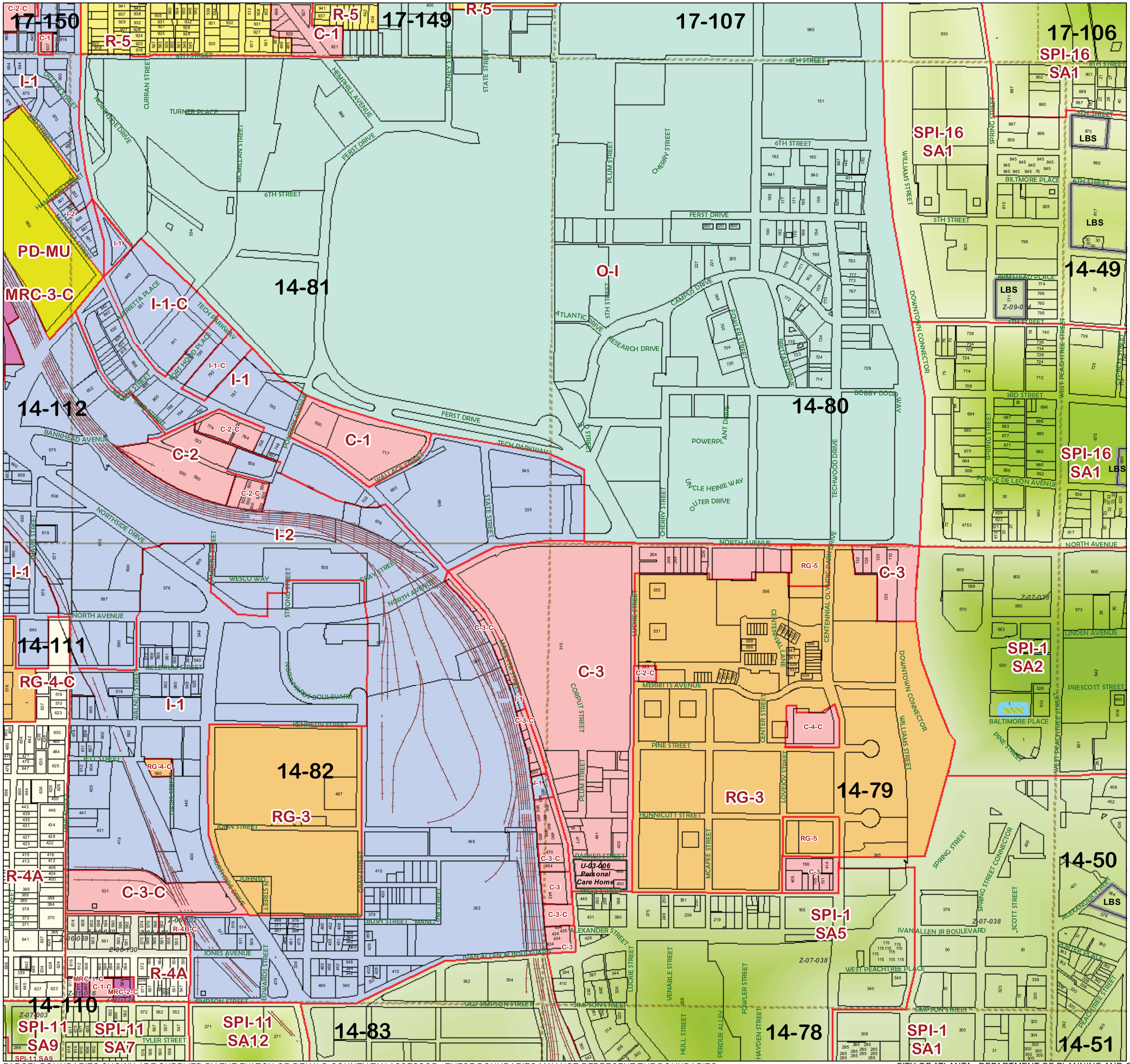
Entry Foyer 2BR1BA Ph II

Double Closet 2BR1.5BA Ph II

Bathroom 2BR1.5BA Ph II

Hall Bathroom 2BR1.5BA Ph II

Kitchen 2BR1.5BA Ph II



SHEET NO. 14-079

ZONING ORDINANCE
CITY OF ATLANTA, GEORGIA
OFFICIAL ZONING MAP

SHEET 24 OF 129 SHEETS

ORDINANCE Z-78-5

LAND LOTS ____________

________ DISTRICT
________ COUNTY

CERTIFICATION

THIS SHEET 24 OF 129 SHEETS, IS HEREBY CERTIFIED AS INCLUDED IN THE OFFICIAL ZONING MAPS, ON FILE IN THE DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT, BUREAU OF PLANNING, AND FORMING A PART OF THE CITY OF ATLANTA ZONING ORDINANCE ADOPTED BY CITY COUNCIL ON DECEMBER 15, 1980 AND APPROVED BY THE MAYOR ON DECEMBER 19, 1980, AS AMENDED

DIRECTOR, BUREAU OF PLANNING
CITY OF ATLANTA, GEORGIA ________ DATE

MUNICIPAL CLERK, CMC
CITY OF ATLANTA, GA ________ DATE

Legend

- Tax Parcels
- Zoning District Outline
- Human Service Facilities
- LBS/HBS

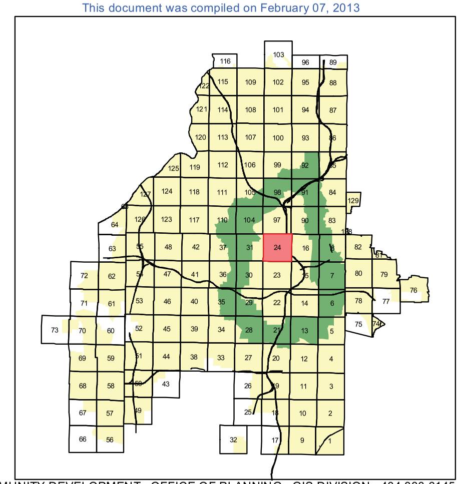
OVERLAY DISTRICTS

- Beltline
- SPI-19
- All Others

Base Zoning

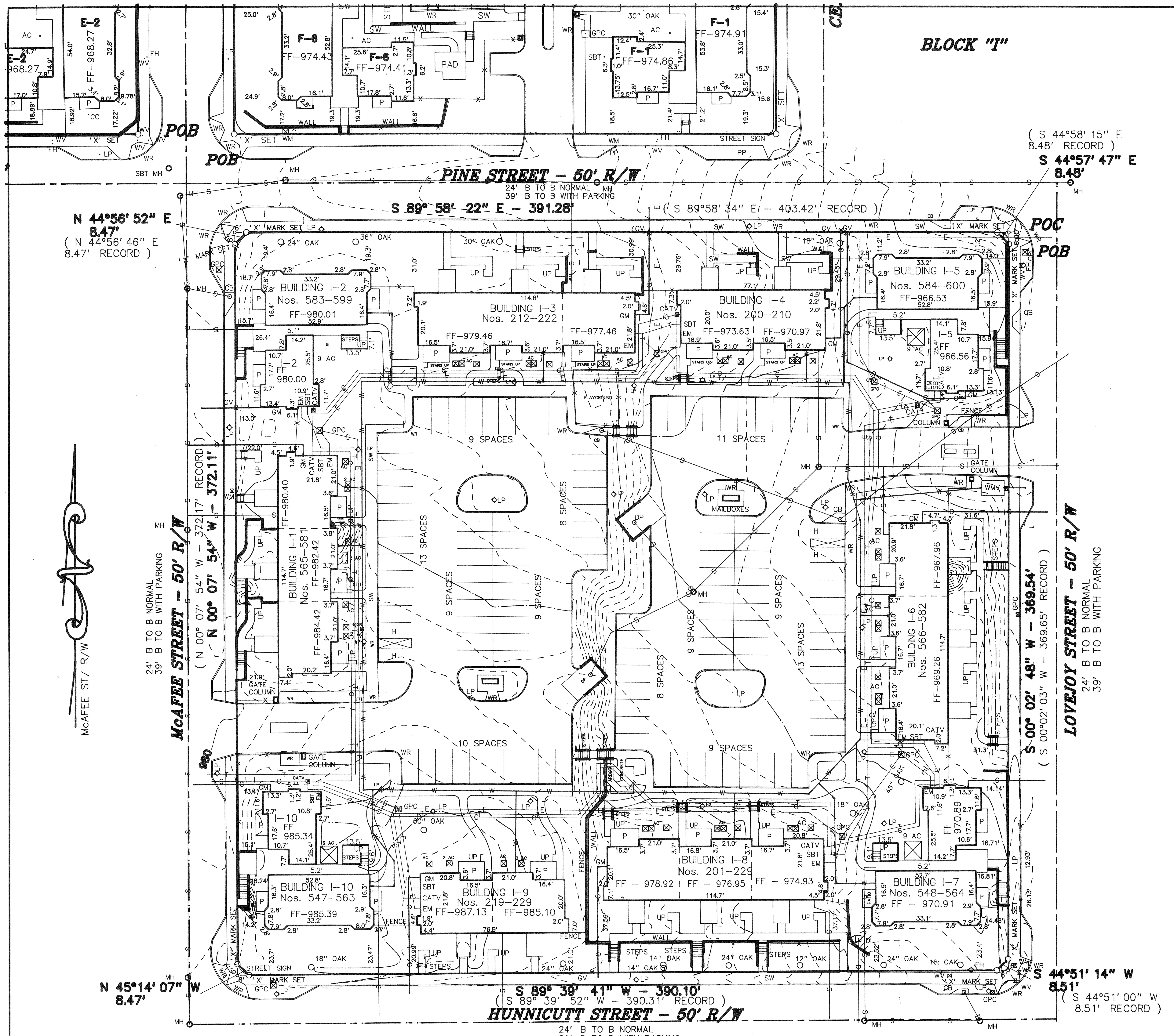
- SPI - Special Public Interest
- Commercial
- Industrial
- Historic & Cultural
- Live-Work
- QOL Multi-Family
- QOL Mixed Use
- Neighborhood Commercial
- Office Institutional
- Planned Development
- Residential - Single Family
- Residential - Duplex
- Residential - Multi-Family
- Residential - Limited Commercial

This document was compiled on February 07, 2013



PARCEL BOUNDARIES SHOWN ARE SUPPLIED BY THE FULTON OR DEKALB COUNTY TAX ASSESSOR. THESE BOUNDARIES MAY NOT REPRESENT THE BOUNDARIES RECOGNIZED BY THE CITY OF ATLANTA FOR THE PURPOSES OF ISSUING BUILDING PERMITS.

CITY OF ATLANTA : DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT : OFFICE OF PLANNING : GIS DIVISION : 404.330.6145
1 INCH = 400 FEET



AREA
154,086 SQ. FT.
3.5373 ACRES
ZONED RG-3

SEE SHEET 1 FOR GENERAL NOTES

ALL BUILDING ARE THREE STORY BRICK CONSTRUCTION

COLUMNS SUPPORTING DECKS AND STAIRS ABOVE GROUND LEVEL HAVE BEEN OMITTED FOR DRAWING CLARITY.

PREPARED WITHOUT BENEFIT OF A CURRENT TITLE COMMITMENT !

LEGAL DESCRIPTION
BLOCK I

ALL that tract of land lying and being in Land Lot 79 of the 14th Land District, City of Atlanta, Fulton County, Georgia, and being more particularly described as follows:

COMMENCING at the point formed by the prolongation of the southern Right-of-Way of Pine Street, a 50' R/W, and the western Right-of-Way of Lovejoy Street, a 50' R/W;

THENCE running along the prolongation of the western Right-of-Way of Lovejoy Street, S 00° 02' 48" W for 6.00' to an 'X' mark set in the concrete sidewalk at the southeastern end of the mitred intersection of Pine Street and Lovejoy Street, and the POINT OF BEGINNING;

THENCE running the Right-of-Way of Lovejoy Street, S 00° 02' 48" W for 369.54' to an 'X' mark set in the concrete sidewalk at the northeastern end of the mitred intersection of Lovejoy Street and Hunnicutt Street;

THENCE departing the Right-of-Way of Lovejoy Street and running along the mitre, S 44° 51' 14" W for 8.51' to an 'X' mark set in the concrete sidewalk at the southwestern end of the mitred intersection of Lovejoy Street and Hunnicutt Street and on the northern Right-of-Way of Hunnicutt Street, a 50' R/W;

THENCE running along the Right-of-Way of Hunnicutt Street, S 89° 39' 41" W for 390.10' to an 'X' set in the concrete sidewalk at the southeastern end of the mitred intersection of Hunnicutt Street and McAfee Street;

THENCE departing the Right-of-Way of Hunnicutt Street and running along the mitre, N 45° 14' 07" W for 8.47' to an 'X' mark set in the concrete sidewalk at the northwestern end of the mitre and on the eastern Right-of-Way of McAfee Street, a 50' R/W;

THENCE running along the Right-of-Way of McAfee Street, N 00° 07' 54" W for 372.11' to an 'X' mark set in the concrete sidewalk at the southwestern end of the mitred intersection of McAfee Street and Pine Street;

THENCE departing the Right-of-Way of McAfee Street and running along the mitre, N 44° 56' 52" E for 8.47' to an 'X' mark set in the concrete sidewalk at the northeastern end of the mitre and on the southern Right-of-Way of Pine Street, a 50' R/W;

THENCE running along the Right-of-Way of Pine Street, S 89° 58' 22" E for 391.28' to an 'X' mark set in the concrete sidewalk at the northwestern end of the mitred intersection of Pine Street and Lovejoy Street;

THENCE departing the Right-of-Way of Pine Street and running along the mitre, S 44° 57' 47" W for 8.48' to an 'X' mark set in the concrete sidewalk at the southeastern end of the mitre and on the western Right-of-Way of Lovejoy Street and the POINT OF BEGINNING.

Said tract containing 154,086 square feet or 3.5373 acres.

CLOSURER OF DESCRIPTION = 1/156,860

SURVEY CERTIFICATION

To all parties interest in title to premises surveyed:

I hereby certify to the:

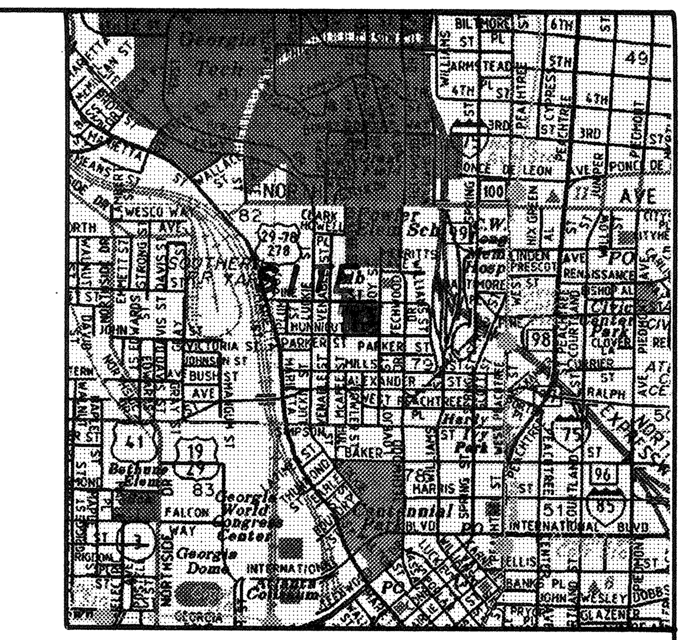
U. S. Department of Housing and Urban Development,
Legacy Partnership II, L.P.,
WMF/Huntoon, Paige Associates Limited,
SunAmerica Housing Fund 317, a Nevada Limited Partnership,
Commonwealth Land Title Insurance Company,
and to their successors and assigns, that:

I made an on the ground survey per record description of the land shown hereon located in Atlanta, on February 26th, 1997; and that it and this map was made in accordance with HUD Survey Instructions and Certificate, Form HUD-92457, and meet the requirements for an Urban Survey, as defined in the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Survey".

To the best of my knowledge, belief and information, except as shown hereon: There are no encroachments either way across the property lines; title lines and line of actual possession are the same; and the premises are free of any (subject to a) 100/500 year return frequency flood hazard, and such flood free (flood) condition is shown on the Federal Flood Insurance Rate Map, Community Panel No. 135157 0026 C, effective date March 4, 1987.
Property lies in a Zone C – "Areas of minimal flooding"

Dated at Smyrna, Georgia, this 24th day of April, 1999.

Michael F. Lawler
Georgia Registration No. 1946



LOCATION MAP

LEGEND

AC	Air Conditioner
—C—	Cable Television
CATV	Cable Television Box
CB	Catch Basin
CMF	Concrete Monument Found (R/W)
CO	Clean Out
—D—	Storm Drainage Line
DB	Deed Book
DE	Drainage Easement
DI	Drop Inlet
DP	Dumpster Pad
—E—	Electric
EM	Electric Meter
FH	Fire Hydrant
—G—	Gas
GM	Gas Meter
GPC	Electrical Transformer
HI	Hooded Inlet (CB)
HW	Headwall
IPF	Iron Pin Found
IPS	Iron Pin Set
JB	Junction Box
LL	Land Lot
LLL	Land Lot Line
LP	Light Pole
MH	Manhole
P	Patio
PB	Plat Book
PG	Page
POB	Point of Beginning
POC	Point of Commencement
—R—	Guard Rail
R/W	Right-of-Way
—S—	Sanitary Sewer Line
SSE	Sanitary Sewer Easement
SW	Sidewalk
TD	Trench Drain
—T—	Telephone
UP	Stairs Up to Next Level
—W—	Water
WM	Water Meter
WMV	Water Meter Vault
WR	Wheelchair Ramp
WV	Water Valve
—X—	Fence

GRAPHIC SCALE
0 30' 60' 90' 120'

FHA PROJECT NO. 061-35463-PM

PYRAMID & ASSOCIATES
185 PHEASANT RIDGE
NEWNAN, GA 30265
770-252-9168

ALTA/ACSM LANDD TITLE SURVEY FOR

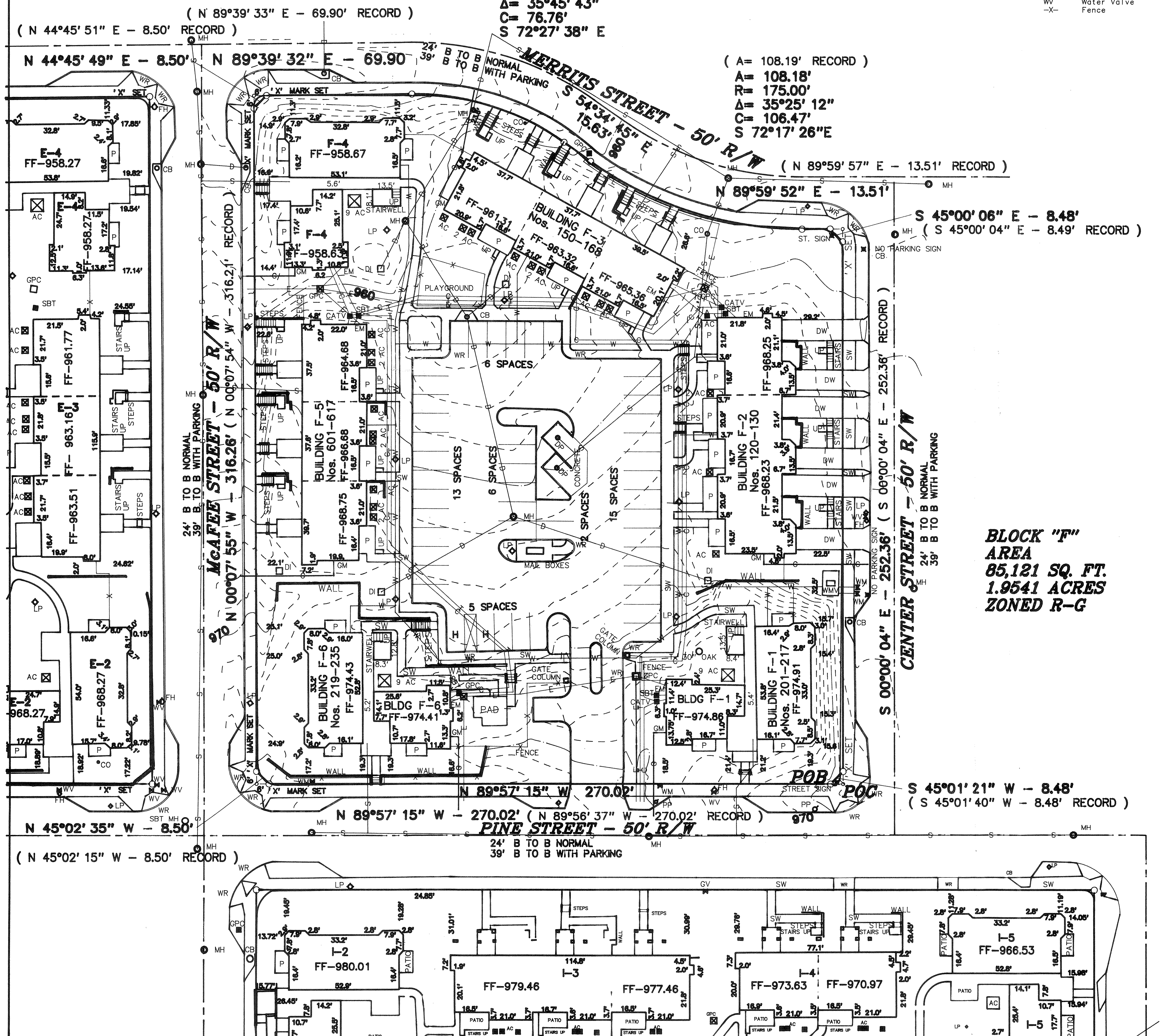
LEGACY PARTNERSHIP II, L.P.

CENTENNIAL PLACE – PHASE II –BLOCK "I"

REV.NO.	DATE	DESCRIPTION	BY	APP'D
1	04-24-99	UTILITIES	ML	SR

CITY – ATLANTA	DESIGN N.A.	SCALE 1" = 30'
LAND LOT – 79	DRAWN HPP	DATE 03-21-99
DISTRICT – 14th	CHECK SR	FILE NO. 96199-IC
COUNTY – FULTON		
STATE – GEORGIA	APPROVED MFL	SHEET NO. 3 of 3

ALL BUILDING ARE 3 STORY BRICK CONSTRUCTION
COLUMNS SUPPORTING DECKS AND STAIRS ABOVE GROUND LEVEL HAVE BEEN OMITTED FOR DRAWING CLARITY
SEE SHEET 1 FOR GENERAL NOTES



LEGEND

AC	Air Conditioner
–C–	Cable Television
CATV	Cable Television Box
CB	Catch Basin
CMF	Concrete Monument Found (R/W)
CO	Clean Out
–D–	Storm Drainage Line
DB	Deed Book
DE	Drainage Easement
DI	Drop Inlet
DP	Dumpster Pad
–E–	Electric
EM	Electric Meter
FH	Fire Hydrant
–G–	Gas
GM	Gas Meter
GPC	Electrical Transformer
HI	Hooded Inlet (CB)
HW	Headwall
IPF	Iron Pin Found
IPS	Iron Pin Set
JB	Junction Box
LL	Land Lot
LLL	Land Lot Line
LP	Light Pole
MH	Manhole
P	Patio
PB	Plat Book
PG	Page
POB	Point of Beginning
POC	Point of Commencement
–R–	Guard Rail
R/W	Right-of-Way
–S–	Sanitary Sewer Line
SSE	Sanitary Sewer Easement
SW	Sidewalk
TD	Trench Drain
–T–	Telephone
UP	Stairs Up to Next Level
–W–	Water
WM	Water Meter
WMV	Water Meter Vault
WR	Wheelchair Ramp
WV	Water Valve
–X–	Fence

LEGAL DESCRIPTION
BLOCK F

ALL that tract of land lying and being in Land Lot 79 of the 14th Land District, City of Atlanta, Fulton County, Georgia, and being more particularly described as follows:

COMMENCING at the point formed by the intersection of the prolongation of northern Right–of–Way of Pine Street, a 50' R/W, and the prolongation of the western Right–of–Way of Center Street, a 50' R/W;

THENCE running along the prolongation of the northern Right–of–Way of Pine Street, N 89° 57' 15" W for 6.00' to an 'X' mark set in the concrete sidewalk at the southeastern end of the mitred intersection of Pine Street and Center Street and the POINT OF BEGINNING;

THENCE running along the the Right–of–Way of Pine Street, N 89° 57' 15" W for 270.02' to an 'X' mark set in the concrete sidewalk at the southeastern end of the mitred intersection of Pine Street and McAfee Street, a 50' R/W;

THENCE departing the Right–of–Way of Pine Street and running along the mitre, N 45° 02' 35" W for 8.50' to an 'X' mark set in the concrete sidewalk at the northwestern end of the mitre and on the eastern Right–of–Way of McAfee Street, a 50' R/W;

THENCE running along the Right–of–Way of McAfee Street, N 00° 07' 55" W for 316.26' to an 'X' mark set in the concrete sidewalk at the the southwestern end of the mitred intersection of McAfee Street and Merritts Avenue, a 50' R/W;

THENCE departing the Right–of–Way of McAfee Street and running along the mitre, N 44° 45' 49" E for 8.50' to an 'X' mark set in the concrete sidewalk at the northeastern end of the mitre and on the southern Right–of–Way of Merritts Avenue;

THENCE running along the Right–of–Way of Merritts Avenue, N 89° 39' 32" E for 69.90' to a point;

THENCE continuing along the Right–of–Way and following the curvature to the right an arc distance of 78.02' to a point, said arc having a radius of 125.00', a central angle of 35° 45' 43", and subtending a chord bearing S 72° 27' 38" E for 76.76';

THENCE continuing along the Right–of–Way, S 54° 34' 45" E for 15.63' to a point;

THENCE continuing along the Right–of–Way and following the curvature to the left an arc distance of 108.18' to a point , said arc having a radius of 175.00', a central angle of 35° 25' 12", and subtending a chord bearing S 72° 17' 26" E for 106.47';

THENCE continuing along the Right–of–Way, N 89° 59' 52" E for 13.51' to an 'X' mark set in the concrete sidewalk at the northwestern end of the mitred intersection of Merritts Avenue and Center Street, a 50' R/W;

THENCE departing the Right–of–Way of Merritts Avenue and running along the mitre, S 45° 00' 06" E for 8.48' to an 'X' mark set in the concrete sidewalk at the southeastern end of the mitre and on the western Right–of–Way of Center Street;

THENCE running along the Right–of–Way of Center Street, S 00° 00' 04" E for 252.36' to an 'X' set in the concrete sidewalk at northeastern end of the mitred intersection of Center Street and Pine Street, a 50' R/W;

THENCE departing the Right–of–Way of Center Street and running along the mitre, S 45° 01' 21" W for 8.48' to an 'X' mark set in the concrete sidewalk at the southwestern end of the mitre and on the northern Right–of–Way of Pine Street and the POINT OF BEGINNING.

Said tract containing 85,121 square feet or 1.9541 acres.

CLOSURE OF DESCRIPTION = 1/84,079

SURVEY CERTIFICATION

To all parties interest in title to premises surveyed:

I hereby certify to the:

U. S. Department of Housing and Urban Development,
Legacy Partnership II, L.P.,
WMF/Huntoon, Paige Associates Limited,
SunAmerica Housing Fund 317, a Nevada Limited Partnership,
Commonwealth Land Title Insurance Company,
and to their successors and assigns, that:

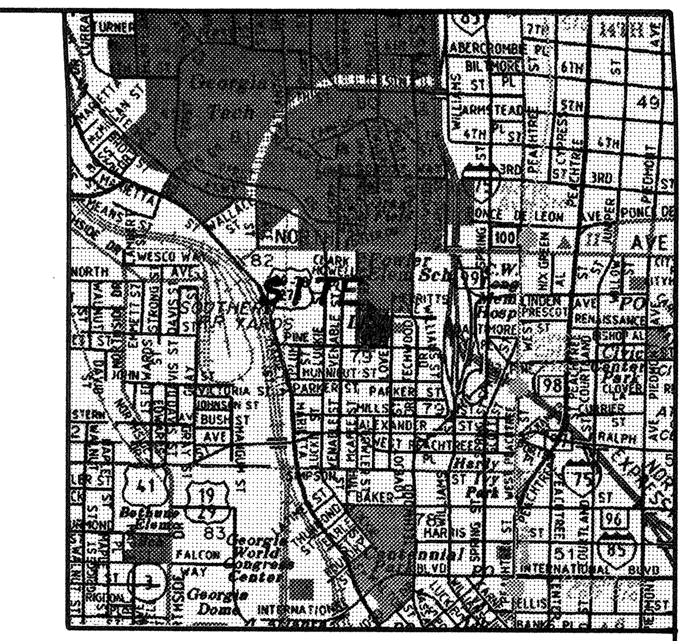
I made an on the ground survey per record description of the land shown hereon located in Atlanta, on February 26th, 1997; and that it and this map was made in accordance with HUD Survey Instructions and Certificate, Form HUD-92457, and meet the requirements for an Urban Survey, as defined in the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Survey".

To the best of my knowledge, belief and information, except as shown hereon: There are no encroachments either way across the property lines; title lines and line of actual possession are the same; and the premises are free of any (subject to a) 100/500 year return frequency flood hazard, and such flood free (flood) condition is shown on the Federal Flood Insurance Rate Map, Community Panel No. 135157 0026 C, effective date March 4, 1987.
Property lies in a Zone C - "Areas of minimal flooding"

Dated at Smyrna, Georgia, this 24th day of April, 1999.

Michael F. Lawler
Georgia Registration No. 1946

GEORGIA REGISTERED PROFESSIONAL LAND SURVEYOR MICHAEL F. LAWLER



LOCATION MAP

FHA PROJECT NO. 061-35483-PM

PYRAMID & ASSOCIATES
185 PHEASANT RIDGE
NEWNAN, GA 30265
770-252-9168

ALTA/ACSM LAND TITLE SURVEY OF

LEGACY PARTNERSHIP II, L.P.

CENTENNIAL PLACE – PHASE II = BLOCCK "F"

GRAPHIC SCALE
0 60 60 90 120

REV.NO.	DATE	DESCRIPTION	BY	APP'D			
					CITY– ATLANTA	DESIGN N.A.	SCALE 1" = 30'
2	04-24-99	UTILITIES	ML	SR	LAND LOT – 79	DRAWN HPP	DATE 03-01-99
1	03-09-99	TOPO	ML	SR	DISTRICT – 14th	CHECK SR	FILE NO. 96199F
					COUNTY – FULTON	APPROVED MFL	SHEET NO. 2 of 3
					STATE – GEORGIA		

LEGAL DESCRIPTION
BLOCK E-East

ALL that tract of land lying and being in Land Lot 79 of the 14th Land District, City of Atlanta, Fulton County, Georgia, and being more particularly described as follows:

COMMENCING at the point formed by the intersection of the western Right-of-Way of McAfee Street, a 50' R/W, and the northern Right-of-Way of Pine Street, a 50' R/W, said point being 332.02' west along the northern Right-of-Way of Pine Street from the intersection of the western Right-of-Way

of Center Street and the northern Right-of-Way of Pine Street;

THENCE running along the prolongation of the northern Right-of-Way of Pine Street, N 89° 59' 57" W for 6.00' to the southwestern end of the mitred intersection of Pine Street and McAfee Street and the POINT OF BEGINNING;

THENCE running along the northern Right-of-Way of Pine Street, N 89° 59' 57" W for 216.99 to an iron pin found at the former intersection of the northern Right-of-Way of Pine Street and the former western Right-of-Way of Venable Street, a 32.63' R/W;

THENCE departing the Right-of-Way of Pine Street and running along the former western Right-of-Way of Venable Street, N 00° 21' 47" W for 326.59' to an iron pin found at the point formed by the intersection of the former western Right-of-Way of Venable Street and the southern Right-of-Way of Merritts Avenue, a 50' R/W;

THENCE departing the former Right-of-Way of Venable Street and running along the Right-of-Way of Merritts Avenue, N 89° 39' 32" E for 218.31' to an 'X' mark set in the concrete sidewalk at the northwestern end of the mitred intersection of Merritts Avenue and McAfee Street;

THENCE departing the Right-of-Way of Merritts Avenue and running along the mitre, S 45° 14' 11" E for 8.47' to an 'X' mark set in the concrete sidewalk at the southeastern end of the mitre and on the western Right-of-Way of McAfee Street, a 50' R/W;

THENCE running along the Right-of-Way of McAfee Street, S 00° 07' 54" E for 315.92' to an 'X' mark set in the concrete sidewalk at the northeastern end of the mitred intersection of McAfee Street and Pine Street;

THENCE departing the Right-of-Way of McAfee Street and running along the mitre, S 44° 56' 04" W for 8.48' to an 'X' mark set in the concrete sidewalk at the southwestern end of the mitre and on the northern Right-of-Way of Pine Street and the POINT OF BEGINNING.

Said tract containing 73,155 square feet or 1.6794 acres.

CLOSURE OF DESCRIPTIOn = 1/379,258

SURVEY CERTIFICATION

To all parties interest in title to premises surveyed:

I hereby certify to the:

U. S. Department of Housing and Urban Development,
Legacy Partnership II, L.P.,
WMF/Huntoon, Paige Associates Limited,
SunAmerica Housing Fund 317, a Nevada Limited Partnership,
Commonwealth Land Title Insurance Company,
and to their successors and assigns, that:

I made an on the ground survey per record description of the land shown hereon located in Atlanta, on February 26th, 1997; and that it and this map was made in accordance with HUD Survey instructions and Certificate, Form HUD-92457, and meet the requirements for an Urban Survey, as defined in the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Survey".

To the best of my knowledge, belief and information, except as shown hereon: There are no encroachments either way across the property lines; title lines and line of actual possession are the same; and the premises are free of any (subject to a) 100/500 year return frequency flood hazard, and such flood free (flood) condition is shown on the Federal Flood Insurance Rate Map, Community Panel No. 135157 0026 C, effective date March 4, 1987. Property lies in a Zone C - "Areas of minimal flooding"

Dated at Smyrna, Georgia, this 24th day of April, 1999.

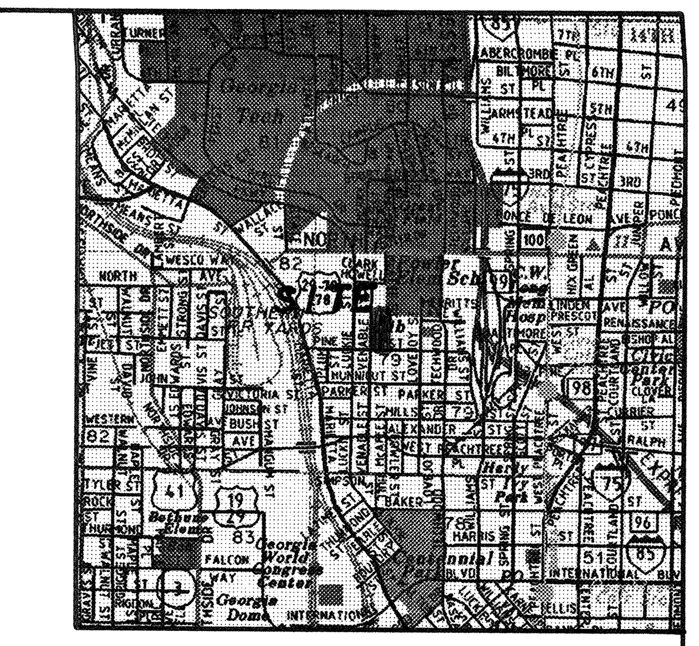
Michael F. Lawler
Georgia Registration No. 1946

McAFEE R/W

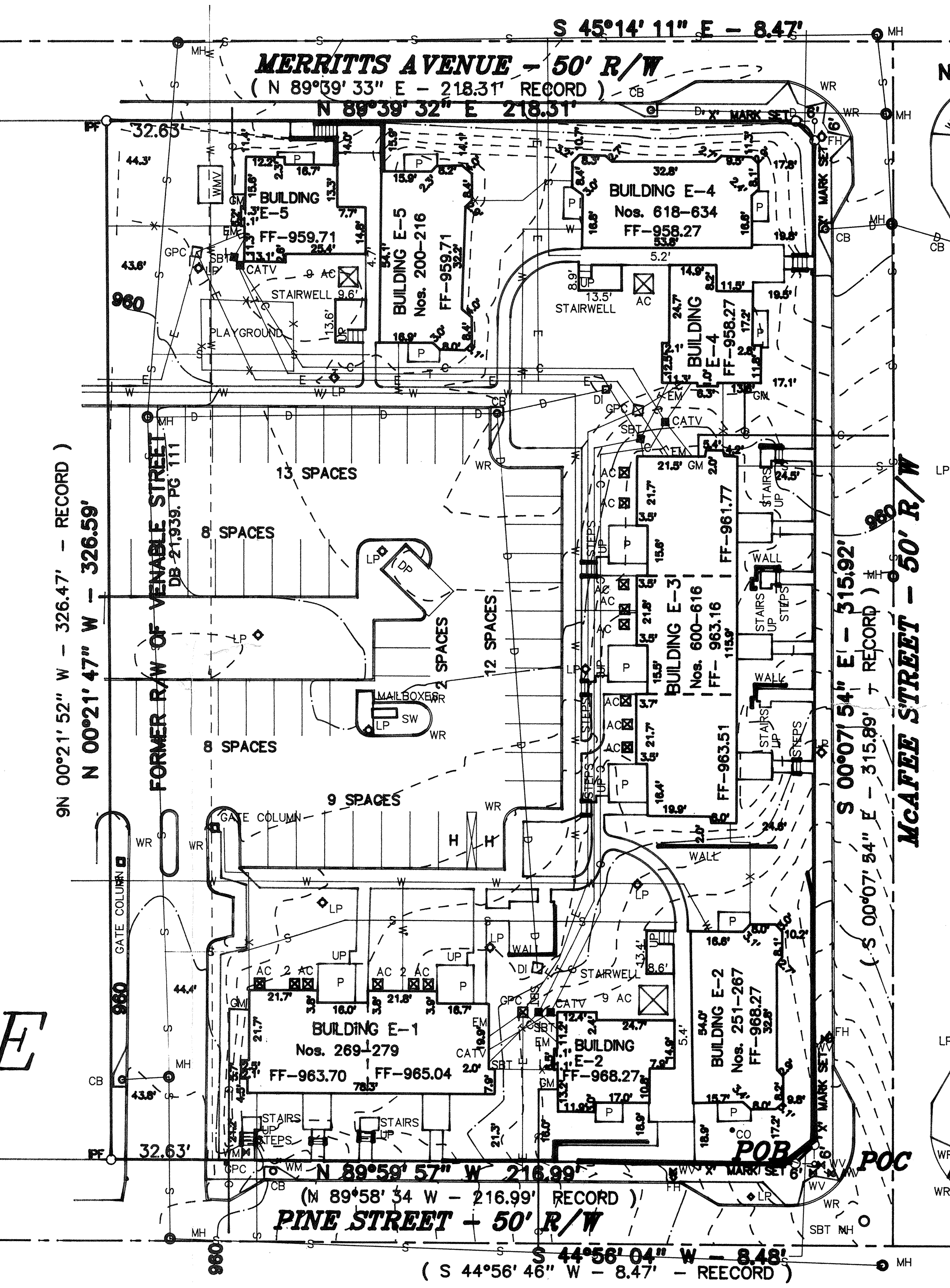
GENERAL NOTES

The following are based on the Commonwealth Land Title Insurance Company Policy No 215-008385, dated December 26, 1996, and other documents supplied.

1. Georgia Power Company Easement in Deed Book 6776, page 452, does not apply. It lack sufficient information to be plotted, but has a Merritts Avenue address. Merritts Avenue shown as part of this survey did not exist in 1977.
2. Georgia Power Company Easement in Deed Book 6710, page 001, lacks sufficient information to be plotted.
3. Easement to Maintain Water Meters in Deed Book 1721, page 498, lacks sufficient information to be plotted.
4. Sewer Easement in Deed Book 3444, page 646, DOES NOT APPLY. Lies between Williams Avenue and Techwood Drive to the East of this site.
5. Declaration of Trust in Deed Book 21,939, page 121, encompasses the property.
6. Reciprocal Easement Agreement in Deed Book 20,707, page 247, and First Amendment to Reciprocal Easement Agreement in Deed Book 21,939. page 142, encompasses the property.
7. Non-Disturbance and Attornment Ageement in Deed Book 21,942, page 309, lacks sufficient information to be plotted.
8. Quit Claim Deed in Deed Book 21,939, page 111, abandoned Venable Street through Block "E", and reserved easements for all existing utilities until such time as the utilities were "... abandoned, removed or relocated,...".
9. Security Deed in Deed Book 21,942, page 314, encompasses the property.
10. Regulatory Agreement for Multi-Family Housing Projects in Deed Book 21,942, page 324, encompasses the property.
11. UCC 060199625525 encompasses the property.
12. UCC 2 recorded in Deed Book 21,942, page 335, encompasses the property.
13. Second Priority Deed to Secure Debt in Deed Book 21,943, page 223, encompasses the property
14. UCC 060199625526 encompasses the property.
15. UCC 2 recorded in Deed Book 21,943, page 234, encompasses the property.
16. Georgia Power Company Easement in Deed Book 1587, page 141, DOES NOT APPLY. Lies north of Merritts Avenue.
17. Quit Claim Deed in Deed Book 20,734, page 091, affects the property adjacent to Lovejoy Street, Block "I", and reserved easements for all existing utilities until such time as the utilities were "... abandoned, removed or relocated,...".
18. Quit Claim Deed in Deed Book 20,707, page 210, DOES NOT APPLY. Lies to the east of the property and adjacent to Techwood Drive/Interstate 75/85.
19. Quit Claim Deed with the Reservation of Certain Mineral Rights in Deed Book 2899, page 065, DOES NOT APPLY. It does not encompass the property.
20. Declaration of Trust in Deed Book 20,707, page 221, affects the property adjacent to Center Street, Block "F".
21. Corrective Quit Claim Deed Book 19,940, page 350, DOES NOT APPLY. Lies north of Merritts Avenue and adjacent to Luckie Street.
22. Bellsouth Telecommunications Easement in Deed Book 21,727, page 342, DOES NOT APPLY. Lies east of Lovejoy Street adjacent to Pine Street.
23. Memorandum Of Ground Lease in Deed Book 21,939, page 128, encompasses the property.
24. Amended and Restate Reciprocal Easement Agreement in Deed Book 24,199, page 158, encompasses the property.
25. First Amendment to Amended and Restated Reciprocal Easement Agreement in Deed Book 24,424, page 055, DOES NOT APPLY. Lies east of Techwood Drive, east of Lovejoy Street, and west of Center Street, as relocated.



LOCATION MAP



FHA PROJECT NO. 061-35483-PM

BLOCK E

AREA
73,155 SQ. FT.
1.6794 ACRES
ZONED RG-3

GRAPHIC SCALE

0 30 60 90 120

ALL BUILDING ARE THREE STORY BRICK CONSTRUCTION

COLUMNS SUPPORTING DECKS AND STAIRS ABOVE GROUND LEVEL HAVE BEEN OMITTED FOR DRAWING CLARITY.

PREPARED WITHOUT BENEFIT OF A CURRENT TITLE COMMITMENT !

LEGEND

AC	Air Conditioner
-C-	Cable Television
CATV	Cable Television Box
CB	Catch Basin
CMF	Concrete Monument Found (R/W)
CO	Clean Out
-D-	Storm Drainage Line
DB	Deed Book
DE	Drainage Easement
DI	Drop Inlet
DP	Dumpster Pad
-E-	Electric
EM	Electric Meter
FH	Fire Hydrant
-G-	Gas
GM	Gas Meter
GPC	Electrical Transformer
HI	Hooded Inlet (CB)
HW	Headwall
IPF	Iron Pin Found
IPS	Iron Pin Set
JB	Junction Box
LL	Land Lot
LLL	Land Lot Line
LP	Light Pole
MH	Manhole
P	Patio
PB	Plat Book
PG	Page
POB	Point of Beginning
POC	Point of Commencement
-R-	Guard Rail
R/W	Right-of-Way
-S-	Sanitary Sewer Line
SSE	Sanitary Sewer Easement
SW	Sidewalk
TD	Trench Drain
-T-	Telephone
UP	Stairs Up to Next Level
-W-	Water
WM	Water Meter
WMV	Water Meter Vault
WR	Wheelchair Ramp
WV	Water Valve
-X-	Fence

PYRAMID & ASSOCIATES
185 PHEASANT RIDGE
NEWNAN, GA 30265
770-252-9168

ALTA/ACSM LAND TITLE SURVEY FOR

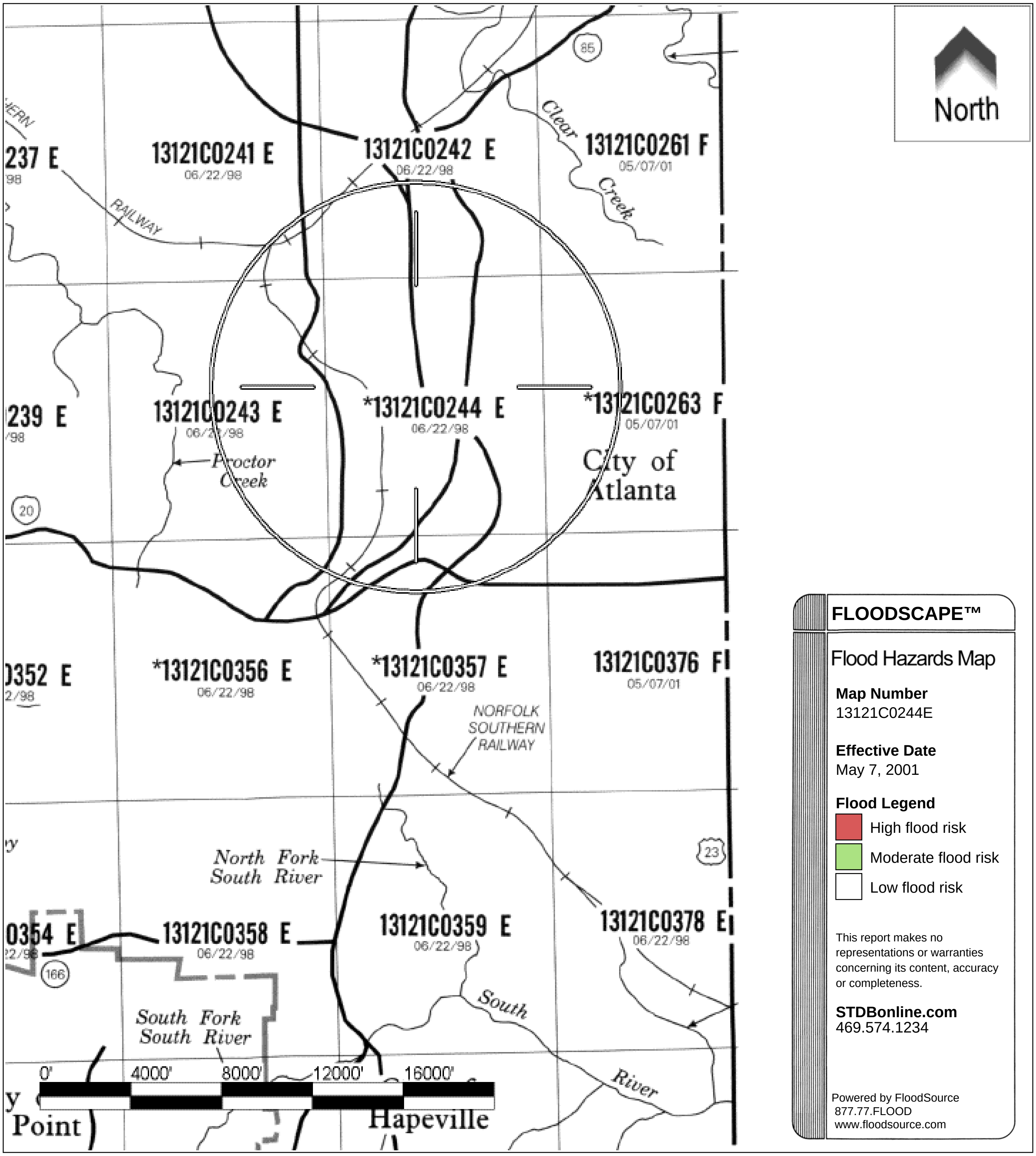
LEGACY PARTNERSHIP II, L.P.

CENTENNIAL PLACE - PHASE II -BLOCK "E" - EAST

REV.NO.	DATE	DESCRIPTION	BY	APP'D
2	04-24-99	UTILITIES	ML	SR
1	03-22-99	TOPO, MISC, LEGAL	ML	SR

CITY- ATLANTA	DESIGN N.A,	SCALE 1" = 30'
LAND LOT - 79	DRAWN HPP	DATE 03-02-99
DISTRICT - 14th	CHECK MFL	FILE NO. 96199E-AB
COUNTY - FULTON	APPROVED SR	SHEET NO. 1 of 3
STATE - GEORGIA		

PROPERTY ADDRESS:
526+Centennial+Olympic+Park+Dr+NW%2C+Atlanta%2C+GA%2C+30313



FLOODSCAPE™

Flood Hazards Map

Map Number
13121C0244E

Effective Date
May 7, 2001

Flood Legend
- High flood risk
- Moderate flood risk
- Low flood risk

This report makes no representations or warranties concerning its content, accuracy or completeness.

STDBonline.com
469.574.1234

Powered by FloodSource
877.77.FLOOD
www.floodsource.com

Unit Statistics

Property: Centennial Place II (0117aff)

As of Date: 06/12/2013

Unit Type	Total Units	Occupied Units	Occupied Percent	Total SqFt	Occupied SqFt	Avg Market Rent Per Unit	Avg Occupied Rent Per Unit	Total Market Rent	Occupied Market Rent	Occupied Potential Rent	Loss/Gain to Lease	Ready to Rent	Not Ready to Rent	Non Revenue Units Model	Non Revenue Units Admin	Non Revenue Units Down
Centennial Place II (0117aff)																
1 BR PH, G (1171aa60)	5	4	80.00%	3,440	2,752	651.00	300.00	3,255.00	2,604.00	1,200.00	1,404.00	0	0	0	0	0
1 BR MKT, G (1171am00)	28	26	92.86%	19,264	17,888	750.00	790.23	21,000.00	19,500.00	20,546.00	(1,046.00)	0	2	0	0	0
1 BR TC, G, 60% (1171at60)	24	23	95.83%	16,512	15,824	605.29	630.04	14,527.00	13,928.00	14,491.00	(563.00)	0	0	0	0	0
1 BR PH, G, HC (1171ha60)	3	3	100.00%	2,064	2,064	651.00	158.00	1,953.00	1,953.00	474.00	1,479.00	0	0	0	0	0
2 BR PH, G (1172aa60)	20	16	80.00%	17,380	13,904	790.00	215.38	15,800.00	12,640.00	3,446.00	9,194.00	0	1	0	0	0
2 BR MKT, G (1172am00)	27	25	92.59%	28,539	26,425	815.00	1,033.72	22,005.00	20,375.00	25,843.00	(5,468.00)	0	0	0	0	0
2 BR TC, G, 60% (1172at60)	7	6	85.71%	6,083	5,214	815.00	753.00	5,705.00	4,890.00	4,518.00	372.00	0	0	0	0	0
2 BR PH, TH (1172ba60)	20	20	100.00%	20,820	20,820	790.00	296.10	15,800.00	15,800.00	5,922.00	9,878.00	0	0	0	0	0
2 BR MKT, TH (1172bm00)	3	3	100.00%	3,123	3,123	1,340.00	1,110.67	4,020.00	4,020.00	3,332.00	688.00	0	0	0	0	0
2 BR TC, TH, 60% (1172bt60)	3	3	100.00%	3,123	3,123	772.00	752.67	2,316.00	2,316.00	2,258.00	58.00	0	0	0	0	0
2 BR 1 BH MKT, G (1172fm00)	2	2	100.00%	2,114	2,114	815.00	956.00	1,630.00	1,630.00	1,912.00	(282.00)	0	0	0	0	0
2 BR MKT, TH wit (1172gm00)	3	1	33.33%	3,123	1,041	1,340.00	1,475.00	4,020.00	1,340.00	1,475.00	(135.00)	0	1	0	0	0
2 BR PH, G, HC (1172ha60)	2	2	100.00%	1,738	1,738	790.00	117.50	1,580.00	1,580.00	235.00	1,345.00	0	0	0	0	0
3 BR PH, TH (1173ba60)	20	18	90.00%	25,080	22,572	919.00	296.50	18,380.00	16,542.00	5,337.00	11,205.00	0	0	0	0	0
3 BR MKT, TH (1173bm00)	5	4	80.00%	6,270	5,016	1,450.00	1,481.25	7,250.00	5,800.00	5,925.00	(125.00)	0	0	0	0	0
3 BR TC, TH, 60% (1173bt60)	3	3	100.00%	3,123	3,123	889.00	956.33	2,667.00	2,667.00	2,869.00	(202.00)	0	0	0	0	0
3 BR MKT, TH wit (1173gm00)	2	2	100.00%	2,508	2,508	1,450.00	1,632.00	2,900.00	2,900.00	3,264.00	(364.00)	0	0	0	0	0
Total	**177**	**161**	**90.96%**	**164,304**	**149,249**	**818.12**	**640.04**	**144,808.00**	**130,485.00**	**103,047.00**	**27,438.00**	**0**	**4**	**0**	**0**	**0**

Unit Statistics

Property: Centennial Place II (0117aff)
As of Date: 06/12/2013

Property Summary

Physical Occupancy	Occupied	Occupied Percent	Vacant	Vacant Percent	Total
Square Footage	149,249	90.84%	15,055	9.16%	164,304
Unit Count	161	90.96%	16	9.04%	177

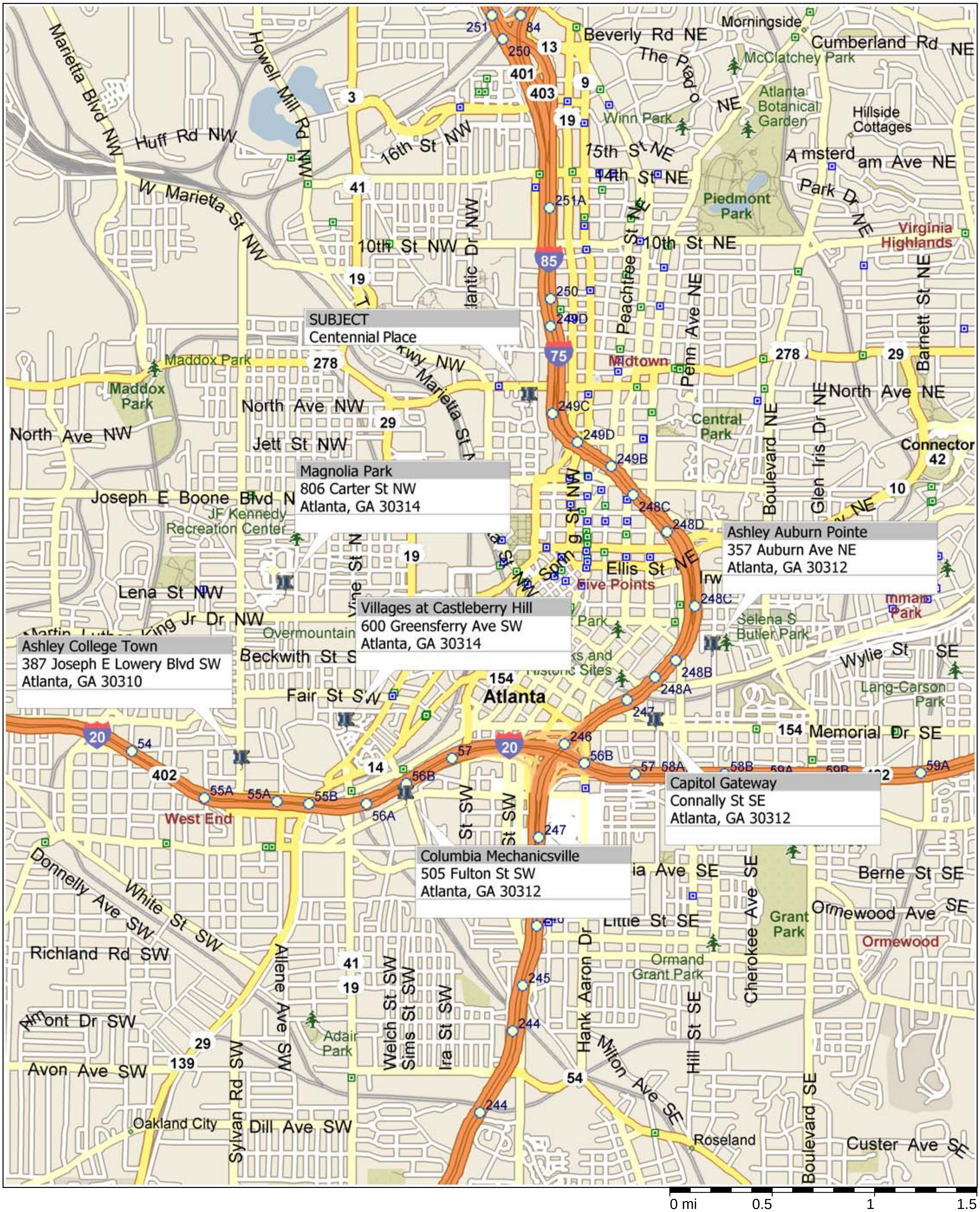
Rental Rates	Occupied	$/SqFt	Percent	Vacant	$/SqFt	Percent	Total	$/SqFt	Total
Market Rent	130,485.00	0.87	90.11%	14,323.00	0.95	9.89%	144,808.00	0.88	100.00%
Occupied Rent	103,047.00	0.69	71.16%	14,323.00	0.95	9.89%	117,370.00	0.71	81.05%
Loss/Gain to Lease	27,438.00	0.18	18.95%						

Exposure to Vacancy	Units	Percent
Total Vacant	16	9.04%
Less Vacant Rented	-14	7.91%
Less Notice Rented	-2	1.13%
Less Non Revenue	0	0.00%
Plus All Notices	9	5.08%
Net Exposure to Vacancy	9	5.08%

Make Ready Status	Units	Percent
Total Vacant Units	16	100.00%
Ready to Rent	0	0.00%
Not Ready to Rent	4	25.00%
Non Revenue	0	0.00%

Resident Activity	Month-to-Date
Move Ins	3
Reverse Move Ins	0
Move Outs	2
Cancel Move Outs	1
Renewals	7
Skips	0
Evictions	0

Rent Comparables



Multi-Family Lease No. 1

Property Identification

Record ID	1576
Property Type	Market, Tax Credit
Property Name	Ashley Auburn Pointe I
Address	357 Auburn Pointe Drive, Atlanta, Fulton County, Georgia 30312
Location	Central Atlanta
Owner	Integral
Management Co.	Integral
Verification	Leasing Agent - Yolanda; 404-523- 1012, May 06, 2014; Confirmed by Doug Rivers

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1/1 MKT	33	756	$1,041	$1.38
1/1 LIHTC	23	756	$661	$0.87
2/2 MKT	28	1,079	$1,380	$1.28
2/2 LIHTC	56	1,079	$747	$0.69
3/2 LIHTC	7	1,264	$823	$0.65
3/2 MKT	7	1,264	$1,500	$1.19

Multi-Family Lease No. 1 (Cont.)

Occupancy	100%
Total Units	154
Unit Size Range	756 - 1264
Avg. Unit Size	978
Avg. Rent/Unit	$950
Avg. Rent/SF	$0.97
Net SF	150,668

<u>Physical Data</u>

Construction Type	Brick/Stucco
Electrical	Assumed Adequate
HVAC	Assumed Adequate
Stories	3/4
Utilities with Rent	Trash Collection
Unit Amenities	Patios/Balconies, Ceiling Fans, Security System, Icemakers, Washer/Dryer Connections, Microwaves, Washer/Dryers
Project Amenities	Outdoor Pool, Clubhouse, Exercise/Fitness, Playground
Parking	Surface
Year Built	2010
Condition	Excellent

<u>Remarks</u>

This is a 154-unit, Class-A, mixed-income apartment development within the Auburn Pointe re-development. It includes 40% market-rate, 20% LIHTC (60% AMI), 5% PBRA and 35% authority assisted units. Ashley Auburn Pointe I reached substantial completion on November 22, 2010. All market rate and non-Authority Assisted units leased within 3 months. The occupancy of the subsidized units took a little longer because of the re-occupancy process of residents from the former Grady Homes development. Tenants pay all utilities except trash and there are currently no concessions being offered. Market rents are LRO and fluctuate daily.

Multi-Family Lease No. 2

Property Identification

Record ID	1396
Property Type	Garden LIHTC
Property Name	Columbia Mechanicsville
Address	505 Fulton Street, Atlanta, Fulton County, Georgia 30312
Location	Central Atlanta
Verification	Leasing Agent; 404-577-2833, May 07, 2014; Confirmed by Doug Rivers

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1BR 1BA MKT	5	750	$790	$1.05
1BR 1BA 50% TC	15	750	$579	$0.77
1BR 1BA 60% TC	20	750	$716	$0.95
2BR 2BA MKT	24	1,005	$900	$0.90
2BR 2BA 50% TC	25	1,005	$645	$0.64
2BR 2BA 60% TC	54	1,005	$812	$0.81
3BR 2BA MKT	35	1,200	$1,100	$0.92
3BR 2BA 50% TC	10	1,200	$689	$0.57
3BR 2BA 60% TC	11	1,200	$881	$0.73

Multi-Family Lease No. 2 (Cont.)

Occupancy	88% occ., 90% leased
Total Units	199
Unit Size Range	750 - 1200
Avg. Unit Size	1,009
Avg. Rent/Unit	$822
Avg. Rent/SF	$0.82
Net SF	200,715

Physical Data

Construction Type	Midrise Brick and Stucco
Electrical	Assumed adequate
HVAC	Assumed adequate
Stories	4
Utilities with Rent	Trash Collection
Unit Amenities	Patios/Balconies, Security System, Washer/Dryer Connections
Project Amenities	Clubhouse, Laundry, Exercise/Fitness
Year Built	2007
Condition	Good

Remarks

This property is located along McDaniel and Fulton Streets, just south of I-20, just west of I-75/85, and about a mile south of the Atlanta CBD. This mixed-income property offers 50% and 60% LIHTC units, as well as market-rate units. Occupancy is down slightly from two months earlier and complex is offering a special on the 3BR units at $899 (Mkt.) per month.

Multi-Family Lease No. 3

Property Identification	
Record ID	903
Property Type	Garden & Townhomes LIHTC
Property Name	Capitol Gateway I & II
Address	89 Woodward Avenue, Atlanta, Fulton County, Georgia 30312
Location	Memorial Drive and Connally Street
On-Site Manager	IMS Management
Verification	Erica; 404-586-0411, March 06, 2014; Confirmed by Ingrid Ott

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1BR/1BA MKT	15	742	$835	$1.13
1BR/1BA MKT	22	772	$845	$1.09
1BR/1BA MKT	17	708	$825	$1.17
1BR/1BA MKT	23	867	$880	$1.01
1BR/1BA TC	24	742	$676	$0.91
1BR/1BA TC	32	772	$676	$0.88
1BR/1BA TC	25	708	$676	$0.95
1BR/1BA TC	25	867	$676	$0.78
2BR/1BA MKT	24	910	$850	$0.93
2BR/2BA MKT	1	978	$900	$0.92
2BR/2BA MKT	6	1,031	$1,035	$1.00
2BR/2BA MKT	30	1,047	$1,075	$1.03
2BR/2BA MKT	11	1,050	$1,085	$1.03
2BR/2.5BA M	6	1,178	$1,175	$1.00
2BR/2.5BA M	3	1,319	$1,299	$0.98
2BR/1BA TC	35	910	$776	$0.85
2BR/2BA TC	7	978	$776	$0.79
2BR/2BA TC	11	1,031	$776	$0.75

Multi-Family Lease No. 3 (Cont.)

Unit Mix

Unit Type	No. of Units	Size SF	Unit Type	No. of Units	Size SF
2BR/2BA TC	41	1,047	$776	$0.74	
2BR/2BA TC	16	1,050	$776	$0.74	
2BR/2BA TC	2	1,064	$776	$0.73	
2BR/2.5BA TC	8	1,178	$776	$0.66	
2BR/2.5BA TC	3	1,319	$776	$0.59	
3BR/2BA MKT	3	1,258	$1,300	$1.03	
3BR/2BA MKT	5	1,314	$1,325	$1.01	
3BR/2BA TC	9	1,258	$856	$0.68	
3BR/2BA TC	14	1,314	$856	$0.65	
4BR/2BA TC	3	1,447	$920	$0.64	

Occupancy	97%
Total Units	421 269 (Ph. I), 152 (Ph. II)
Unit Size Range	708 - 1447
Avg. Unit Size	937
Avg. Rent/Unit	$827
Avg. Rent/SF	$0.88
Net SF	394,643

Physical Data

Construction Type	Brick and Hardi-Plank
Electrical	Adequate
HVAC	Adequate
Stories	Three
Utilities with Rent	Trash Collection
Unit Amenities	Patios/Balconies, Ceiling Fans, Vaulted Ceilings, Icemakers, Washer/Dryer Connections, Washer/dryer in units
Project Amenities	Outdoor Pool, Clubhouse, Sports Court, Exercise/Fitness
Parking	Surface
Year Built	2006
Condition	Excellent

Remarks

This property represents the 34-acre Capitol Homes HOPE VI Revitalization Area, a mixed-income, mixed-use development. Construction of Phase II of this complex was completed in December 2007. The site is located in an urban area less than a mile southeast of the Atlanta CBD and just north of Interstate 20. The property is subject to requirements under the Low Income Housing Tax Credit (LIHTC) program and includes rent restrictions. Note market rents shown are complex 'market' rents. The complex uses these rents as a basis for a daily computation (using an LRO type system) involving market surveys to set rental amounts. The actual rents according to the agent are typically lower than the 'market' set rents. We used actual rents in our table, not inflated advertised rents.

Multi-Family Lease No. 4

Property Identification

Record ID	826
Property Type	Garden & Townhomes
Property Name	Magnolia Park Phases I&II
Address	806 Carter Street, Atlanta, Fulton County, Georgia 30314
Location	Downtown Atlanta
Verification	Marketing Coordinator -Jacqueline Davis; 404-523-0740, March 04, 2014; Confirmed by Ingrid Ott

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1 BR / 1 BA	14	600	$625	$1.04
1 BR / 1 BA	39	710	$650	$0.92
2 BR / 1.5 BA	8	870	$750	$0.86
2 BR / 2 BA	60	955	$775	$0.81
3 BR / 2 BA	7	1,080	$975	$0.90
3 BR /2.5 BA TH	32	1,290	$995	$0.77
1BR 1BA TC	5	600	$625	$1.04
1BR 1 BA TC	15	710	$650	$0.92

Multi-Family Lease No. 4 (Cont.)

Unit Mix

Unit Type	**No. of Units**	**Size SF**	**Rent/Mo.**	**Mo. Rent/SF**
2BR 1.5BA TC	8	870	$725	$0.83
2BR 2BA TC	28	955	$750	$0.79
3BR 2BA TC	6	1,080	$935	$0.87
3BR 2.5BA TC	18	1,290	$975	$0.76
1BR 1BA AHA	15	600	$625	$1.04
1BR 1 BA AHA	33	710	$650	$0.92
2BR 1.5BA AHA	17	870	$750	$0.86
2BR 2BA AHA	50	955	$775	$0.81
3BR 2BA AHA	11	1,080	$975	$0.90
3BR 2.5BA AHA	34	1,290	$995	$0.77

Occupancy	89%
Total Units	400
Unit Size Range	600 - 1290
Avg. Unit Size	942
Avg. Rent/Unit	$787
Avg. Rent/SF	$0.84
Net SF	376,950

Physical Data

Construction Type	Wood frame, vinyl siding, brick exterior
Electrical	Assumed adequate
HVAC	Assumed adequate
Stories	3
Utilities with Rent	Water, Sewer, Trash Collection
Unit Amenities	Patios/Balconies, Security System, Washer/Dryer in Units
Project Amenities	Outdoor Pool, Outdoor Tennis, Clubhouse, Exercise/Fitness, Gated Entry, Playground
Year Built	2000
Condition	Good

Remarks

This mixed-income apartment complex is the redevelopment of John Eagan Homes. Both Phases are included in this record. Application fee is $50, security deposit $200 (fully refundable), and pet fee is $300 (one-half refundable). Roughly the complex has 40% public housing units, 20% low-income tax credit units and 40% market rate units. The property is served by an onsite daycare and public transportation. Note the market rents here are very similar to the tax credit rents - not an unknown phenomenon in big city apartment markets. No specials are presently being offered.

Multi-Family Lease No. 5

<u>Property Identification</u>

Record ID	823
Property Type	Garden & Townhomes LIHTC
Property Name	The Villages at Castleberry Hill
Address	600 Greensferry Avenue, Atlanta, Fulton County, Georgia 30314
Location	Downtown Atlanta
Management Co.	H J Russell
Verification	Leasing Agent; 404-523-1330, March 03, 2014; Confirmed by Ingrid Ott

<u>Unit Mix</u>

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1BR/1BA MKT	32	710	$795	$1.12
1BR/1BA MKT	32	799	$795	$0.99
1BR/1BA LIHTC	34	710	$690	$0.97
2BR/1BA MKT	32	890	$820	$0.92
2BR/1BA LIHTC	32	890	$715	$0.80
2BR 2BA MKT	32	947	$860	$0.91
2BR 2BA LIHTC	32	947	$750	$0.79
2BR 2BA MKT	32	1,064	$860	$0.81
2BR 2BA LIHTC	32	1,064	$750	$0.70
2BR 2BA MKT	32	1,093	$860	$0.79
2BR 2BA LIHTC	32	1,093	$750	$0.69
2B/2.5BA MKT	16	1,188	$1,265	$1.06
3BR 2.5BA MKT	32	1,138	$1,050	$0.92
3BR 2.5BA TC	32	1,138	$850	$0.75
2B/2.5BA TC TH	16	1,188	$890	$0.75

	Multi-Family Lease No. 5 (Cont.)
Occupancy	95% Occupied / 96% Leased
Total Units	450
Unit Size Range	710 - 1188
Avg. Unit Size	975
Avg. Rent/Unit	$830
Avg. Rent/SF	$0.85
Net SF	438,892

Physical Data

Construction Type	Brick/Vinyl
Electrical	Assumed Adequate
HVAC	Assumed Adequate
Stories	2/3
Utilities with Rent	Water, Sewer, Trash Collection
Unit Amenities	Patios/Balconies, Vaulted Ceilings, Security System, Washer/Dryers
Project Amenities	2 Outdoor Pools, Clubhouse, Exercise/Fitness, Gated Entry, Daycare, Playgrounds
Parking	Surface
Year Built	1998-2000
Condition	Average to Good

Remarks

This is the redevelopment of the John Hope public housing project. This project comprises the block at the southwest corner of Northside Drive and Greensferry Avenue, just southwest of downtown Atlanta. It consists of 450 total units. The property receives Low Income Housing Tax Credits with rent restrictions imposed on 60% of the units. The 284-unit Phase II achieved stabilized occupancy in September 2000 at a rate of approximately 30 units per month. Additional amenities for Phase II included two activity/community centers, pool, ball field, tennis courts and playgrounds. The 2BR/2.5BA units are townhomes and include a fireplace and garage. Individual unit totals are appraiser estimates based on conversations with agent. No specials are being offered at present.

Multi-Family Lease No. 6

Property Identification

Record ID	1670
Property Type	Garden and Townhomes
Property Name	Ashley Collegetown, Phase II
Address	387 Jospeh E. Lowery Boulevard, Atlanta, Fulton County, Georgia 30310
Location	Central Atlanta
Owner	Integral
On-Site Manager	Yes
Management Co.	Integral
Verification	Integral Property Manager; 678-873-3939, May 16, 2014; Confirmed by Ingrid Ott

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1/1 MKT	18	730	$850	$1.16
1/1 TC/PBRA	3	730	$709	$0.97
1/1 TC/AA	7	730	$645	$0.88
1/1 TC	4	756	$645	$0.85

Multi-Family Lease No. 6 (Cont.)

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1/1 MKT	7	820	$900	$1.10
1/1 TC/AA	21	820	$645	$0.79
2/2 MKT	1	989	$1,000	$1.01
2/2 MKT	30	1,073	$1,000	$0.93
2/2 PBRA/TC	1	1,073	$842	$0.78
2/2 TC/AA	28	1,073	$736	$0.69
2/2 MKT	8	1,223	$1,100	$0.90
2/2 TC/AA	10	1,223	$736	$0.60
2/2 MKT	1	1,250	$1,150	$0.92
2/2 TC/AA	1	1,250	$736	$0.59
2/1.5 MKT	1	1,285	$1,100	$0.86
2/1.5 TC/AA	10	1,285	$736	$0.57
2/2 PBRA/TC	1	1,314	$842	$0.64
2/2 TC/AA	9	1,314	$736	$0.56
3/2.5TH MKT	3	1,594	$1,350	$0.85
3/2.5TH TC/PBRA	3	1,594	$1,100	$0.69
3/2.5 TC/AA	9	1,594	$811	$0.51
2/2 Model	1	989		

Occupancy	99% Physcial/100% Leased
Rent Premiums	No
Total Units	177
Unit Size Range	730 - 1594
Avg. Unit Size	1,059
Avg. Rent/Unit	$822
Avg. Rent/SF	$0.78
Net SF	187,408

Physical Data

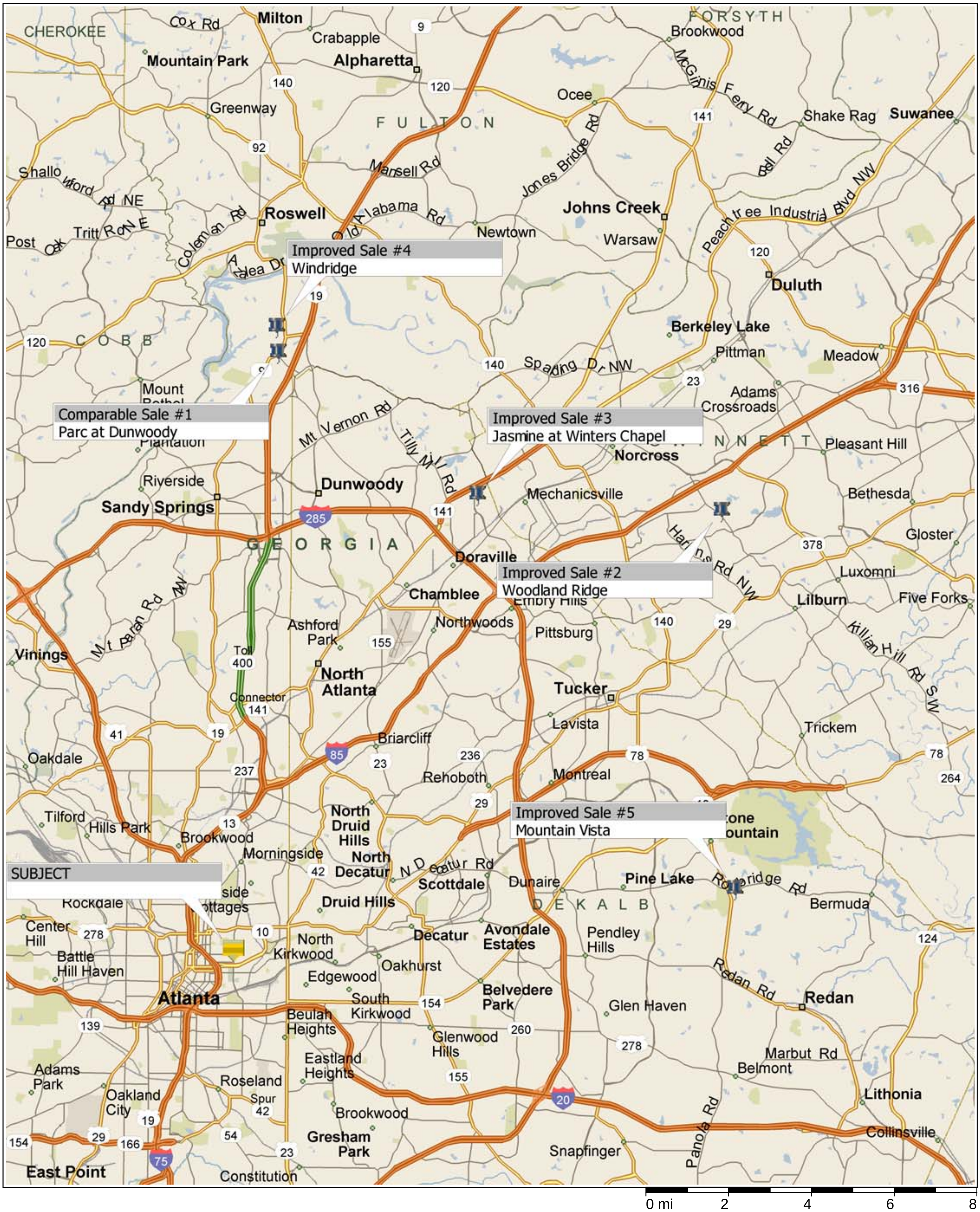
Construction Type	Brick/HardiePlank
Electrical	Assumed Adequate
HVAC	Assumed Adequate
Stories	3/4
Utilities with Rent	Trash Collection
Unit Amenities	Patios/Balconies, Security System, Washer/Dryers
Project Amenities	Outdoor Pool, Clubhouse, Exercise/Fitness, Playgrounds
Parking	Surface
Year Built	2009
Condition	Good

Remarks

Ashley Collegetown, Phase II Apartments is a 177-unit, Class-B, mixed-income apartment development, built in 2009. The unit mix consists of one-, two- and three bedroom floor plans ranging in size from 730 to 1,594 square feet with an average unit size of 1,059 square feet. Complex amenities (for the overall Collegetown development) include a two-story leasing/management office with business center and fitness center, a swimming pool and several playgrounds and outdoor common areas. The property is currently 99% occupied and 100% pre-leased. The subject is in average to good condition. The subject is a mixed-income property that includes PBRA, public housing, tax credit, and market rate units. Currently, there are no specials being offered.

ADDENDUM G – IMPROVED SALE COMPARABLES / LOCATION MAP

Improved Sales



Multi-Family Sale No. 1

<u>Property Identification</u>	
Record ID	791
Property Type	Garden
Property Name	Parc at Dunwoody
Address	1067 Pitts Road, Atlanta, Fulton County, Georgia 30350
Tax ID	17-0024-LL-073-4
<u>Sale Data</u>	
Grantor	CRP TBG Parc at Dunwoody LLC
Grantee	WRH Parc at Dunwoody, LLLP
Sale Date	January 01, 2014
Deed Book/Page	5393/0539
Property Rights	Leased Fee
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale Price	$18,635,000
<u>Land Data</u>	
Land Size	26.036 Acres or 1,134,128 SF
Zoning	A, Medium Density Apartments
Topography	Sloped
Utilities	All Available
Shape	Irregular
Landscaping	Minimal
Fencing	Yes, Perimeter
Flood Info	13121C0151E, outside flood zone

Multi-Family Sale No. 1 (Cont.)

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1BR/1BA	144	718		
2BR/1BA	48	839		
2BR/2BA	92	1,008		
3BR/2BA	16	1,235		
3BR/2BA	12	1,500		

Total Units	312
Avg. Unit Size	878
Net SF	273,996

General Physical Data

No. of Buildings	42
Construction Type	Wood Frame Vinyl siding
Parking	607 / 296 covered
Stories	1 & 2
Ceiling Height	8 feet
Unit Amenities	Patios/Balconies, Fire places, Ceiling Fans, Washer/Dryer Connections
Project Amenities	2 Outdoor Pools, Outdoor Tennis, Clubhouse, Laundry, Sports Court, Exercise/Fitness, gated, grills
Year Built	1980
Condition	Average

Income Analysis

Net Operating Income	$1,211,280

Indicators

Sale Price/Gross SF	$68.01
Sale Price/Unit	$59,728
Occupancy at Sale	93%
Overall or Cap Rate	6.5%
NOI/SF	$4.42 Gross
NOI/Unit	$3,882

Remarks

The Parc at Dunwoody is a 312-unit gated apartment community situated on a 26.036-acre site. It consists of 42 one- and two-story apartment buildings, built in 1980, with a separate community building that houses the leasing office and various amenities. The property is located along the southwest side of Pitts Road, west of Colquitt Road and GA 400. This location is 15 miles north of downtown Atlanta. Basic construction is wood framing, with vinyl siding exterior, and pitched, asphalt-shingled roofs. Exterior stairs are steel and concrete, with concrete sidewalks and breezeways. Interior features include: textured or smooth painted drywall, carpeted living areas and vinyl flooring in the kitchen and baths, fiberglass shower surround, wood or painted wood cabinetry in kitchen and bath, formica countertops, washer/dryer connections (2/2 and 3/2 floorplans), ceiling fans in living area, and walk-in master closets. Each unit has a patio/balcony and small storage room. The property has 607 parking spaces, 296 of which are covered. Property amenities include onsite management, gated entry, two outdoor pools, business center, exercise rooms, laundry facilities in one-bedroom buildings, two basketball courts, and three tennis courts.

It was reported that the property sold at an in-place cap rate of 6.5% suggesting a trailing 12-month NOI of $1,211,275.

Multi-Family Sale No. 2

Property Identification

Record ID	1002
Property Type	Garden
Property Name	Woodland Ridge
Address	1355 Indian Trail Road, Norcross, Gwinnett County, Georgia 30093
Tax ID	R6186-007

Sale Data

Grantor	Woodland Ridge Apartments, LLC
Grantee	Villabar Woodland Limited
Sale Date	December 01, 2013
Deed Book/Page	52704/0765
Property Rights	Leased Fee
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale Price	$17,388,160

Land Data

Land Size	23.310 Acres or 1,015,384 SF
Topography	Gently Rolling
Utilities	All Available
Shape	Irregular

Multi-Family Sale No. 2 (Cont.)

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1/1	35	782		
1/1	34	872		
1/1	35	917		
1/1	34	965		
2/2	71	1,043		
2/2	71	1,142		
2/2.5	4	1,319		
2/2.5	5	1,304		
2/2.5	4	1,368		
2/2.5	4	1,425		
2/2.5	5	1,456		

Total Units	302
Avg. Unit Size	1,018
Net SF	307,306

General Physical Data

No. of Buildings	33
Construction Type	Wood Frame w/siding
Stories	2 & 3
Unit Amenities	Patios/Balconies, Fire places, Ceiling Fans
Project Amenities	Outdoor Pool, Outdoor Tennis, Clubhouse, Laundry, Exercise/Fitness
Year Built	1986
Condition	Average

Income Analysis

Net Operating Income	$1,243,250

Indicators

Sale Price/Gross SF	$56.58
Sale Price/Unit	$57,577
Occupancy at Sale	99%
Overall or Cap Rate	7.15%
NOI/SF	$4.05 Gross
NOI/Unit	$4,117

Remarks

This is the sale of the Woodland Ridge apartment complex located along Indian Trail Road in Norcross, GA. It was built in 1986 and renovated in 2000. It is considered to be in overall average condition. Access and exposure are considered average. The 7.15% cap rate was based on the 12-month trailing NOI.

Multi-Family Sale No. 3

<u>Property Identification</u>	
Record ID	988
Property Type	Garden
Property Name	Jasmine at Winters Chapel
Address	4335 Winters Chapel Road, Atlanta, Fulton County, Georgia 30360
Tax ID	18-340-02-009, 003
<u>Sale Data</u>	
Grantor	Winters Chapel 592, LLC
Grantee	ROC II GA Jasmine, LLC
Sale Date	October 01, 2013
Deed Book/Page	24068/0493
Property Rights	Lease Fee
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale Price	$33,000,000
<u>Land Data</u>	
Land Size	42.200 Acres or 1,838,232 SF
Zoning	RM85
Topography	Gently Rolling
Utilities	All Available
Shape	Irregular
Avg. Unit Size	813
Net SF	481,674

Multi-Family Sale No. 3 (Cont.)

General Physical Data

No. of Buildings	34
Construction Type	Wood frame w/siding & brick veneer
Stories	3
Unit Amenities	Patios/Balconies, Fire places, Ceiling Fans, Icemakers, Washer/Dryer Connections, Microwaves
Project Amenities	Outdoor Pool, Outdoor Tennis, Clubhouse, Sports Court, Exercise/Fitness, Garages available, business center, pet area
Year Built	1989
Condition	Average to good

Income Analysis

Net Operating Income	$2,227,500

Indicators

Sale Price/Net Rentable SF	$68.51
Sale Price/Unit	$55,743
Occupancy at Sale	99%
Overall or Cap Rate	6.75%
NOI/SF	$4.62 Net Rentable
NOI/Unit	$3,763

Remarks

This is the sale of a 592-unit garden apartment in Atlanta. It was reportedly 99% occupied at the time of sale. The property was originally built in 1989 and renovated in 2007. It is considered to be in overall average to good condition. Access and exposure are average.

Multi-Family Sale No. 4

Property Identification

Record ID	976
Property Type	Garden
Property Name	Windridge
Address	1800 Windridge Drive, Atlanta, Fulton County, Georgia 30350
Tax ID	17-0025-LL-061

Sale Data

Grantor	Windridge, LLC
Grantee	Windridge Multifamily Ptrs, LLC
Sale Date	August 01, 2013
Deed Book/Page	52958-0632
Property Rights	Leased Fee
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale Price	$15,304,000

Land Data

Land Size	26.500 Acres or 1,154,340 SF
Topography	Gently rolling
Utilities	All Available
Shape	Irregular
Avg. Unit Size	855
Net SF	232,680

Multi-Family Sale No. 4

General Physical Data	
No. of Buildings	17
Stories	3
Unit Amenities	Patios/Balconies, Ceiling Fans, Washer/Dryer Connections
Project Amenities	Outdoor Pool, Clubhouse, Laundry, Exercise/Fitness
Year Built	1982
Condition	Average
Income Analysis	
Net Operating Income	$1,025,370
Indicators	
Sale Price/Net Rentable SF	$65.77
Sale Price/Unit	$56,265
Occupancy at Sale	96%
Overall or Cap Rate	6.7%
NOI/SF	$4.41 Net Rentable
NOI/Unit	$3,770

Remarks

This is the sale of a garden apartment complex in Atlanta, GA. It was built in 1982 and is considered to be in overall average condition. Access and exposure are considered average. It was reported that the complex was 96% occupied at the time of sale.

Multi-Family Sale No. 5

Property Identification

Record ID	954
Property Type	Garden & Townhomes
Property Name	Mountain Vista (AKA Chimney Trace)
Address	490 South Stone Mountain Lithonia Road, Stone Mountain, DeKalb County, Georgia 30088

Sale Data

Grantor	Vista Chimney Trace, LLC
Grantee	Mountain Vista Partners
Sale Date	May 16, 2013
Deed Book/Page	23782-0330
Property Rights	Fee Simple
Marketing Time	4 Months
Conditions of Sale	Arms Length
Financing	Conventional
Verification	Judy MacManus; 770-594-1915, August 15, 2013; Other sources: CoStar, Marketing Package, Confirmed by Jon Reiss

Multi-Family Sale No. 5 (Cont.)

Sale Price	$5,975,000

Land Data

Land Size	14.150 Acres or 616,374 SF
Avg. Unit Size	1,099
Net SF	158,292

General Physical Data

No. of Buildings	22
Construction Type	Wood Frame With Vinyl Siding
Electrical	Assumed Adequate
HVAC	Assumed Adequate
Parking	Surface
Stories	2/3
Utilities with Rent	Trash Collection
Unit Amenities	Patios/Balconies, Washer/Dryer Connections
Project Amenities	Outdoor Pool, Clubhouse, Laundry, Exercise/Fitness
Year Built	1985
Condition	Average to Good

Income Analysis

Effective Gross Income	$1,112,600
Expenses	$665,041
Net Operating Income	$447,554

Indicators

Sale Price/Gross SF	$37.75
Sale Price/Unit	$41,493
Occupancy at Sale	94%
EGIM	5.37
Expenses/SF	$4.20 Gross
Expenses/Unit	$4,618
Expenses as % of EGI	59.77%
Overall or Cap Rate	7.49%
NOI/SF	$2.83 Gross
NOI/Unit	$3,108

Remarks

This is the sale of a 144-unit, Class-C, market-rate apartment development located just west of Stone Mountain Park in east metro Atlanta, DeKalb County, GA. The property was built in 1985 and recently received a major renovation. It was 94% occupied at the time of sale and sold after four months on the market at an asking price of $6,840,000. It sold at a 7.49% overall rate based on 2012 full year actual income and expenses inclusive of reserves.

QUALIFICATIONS OF
INGRID OTT
EVERSON, HUBER & ASSOCIATES, LC

3535 Roswell Road, Suite 55
Marietta, Georgia 30062
(770) 977-3000, Ext. 314
E-mail: iott@ehalc.com

EXPERIENCE

Appraiser with Everson, Huber & Associates, LC, since September 2003. Appraisal assignments have been performed on many types of commercial real estate located throughout metro Atlanta and the southeastern United States. These property types include vacant land, apartments, HUD, age-restricted, PBRA and LIHTC apartments; medical buildings and cancer treatment centers, light manufacturing buildings, single- and multi-tenant office buildings, single- and multi-tenant warehouse/distribution buildings, hangars and airport-based businesses, golf resorts, entertainment complexes, shopping centers, residential subdivisions, mixed-use developments, youth therapeutic camps, residential treatment centers, schools, restaurants, shopping centers and freestanding retail buildings. Appraisal assignments have been prepared for financial institutions and owners.

EDUCATION

Masters of Arts, Economic Geography, University of Georgia, Athens, Georgia

Bachelor of Business Administration, Major in Marketing and Distribution, University of Georgia, Athens, Georgia

Professional courses/tests by America's Real Estate Academy (This course fulfills the requirements of Chapter 539-2 under Rules and Regulations of the Georgia Real Estate Appraisers Board.):

Appraisal Principles
Appraisal Applications
USPAP

Appraisal Institute and professional courses/tests and seminars as follows:

Course 310	Basic Income Capitalization
Course 320	General Applications
Course 330	Apartment Appraisal: Concepts and Applications
Course 510	Advanced Income Capitalization
Course 520	Highest & Best Use & Market Analysis
Course 540	Report writing and Valuation Analysis

CERTIFICATION

State Certified General Real Property Appraiser: State of Georgia - Certificate Number 265709

PROFESSIONAL

Associate Member of the Appraisal Institute

Candidate for MAI Designation

STATE OF GEORGIA

REAL ESTATE APPRAISERS BOARD

INGRID N OTT

265709

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A

CERTIFIED GENERAL REAL PROPERTY APPRAISER

THE PRIVILEGE AND RESPONSIBILITIES OF THIS APPRAISER CLASSIFICATION SHALL CONTINUE IN EFFECT AS LONG AS THE APPRAISER PAYS REQUIRED APPRAISER FEES AND COMPLIES WITH ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39-A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY
Chairperson

SANDRA MCALISTER WINTER
Vice Chairperson

JEFF LAWSON
KEITH STONE
MARILYN R. WATTS

37225717

INGRID N OTT

**265709**
Status **ACTIVE**

ORIGINALLY LICENSED
09/05/2003

END OF RENEWAL
07/31/2014

CERTIFIED GENERAL REAL PROPERTY APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

WILLIAM L. ROGERS, JR.
Real Estate Commissioner

37225717

INGRID N OTT

**265709**
Status **ACTIVE**

ORIGINALLY LICENSED
09/05/2003

END OF RENEWAL
07/31/2014

CERTIFIED GENERAL REAL PROPERTY APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

WILLIAM L. ROGERS, JR.
Real Estate Commissioner

37225717

QUALIFICATIONS OF
STEPHEN M. HUBER
EVERSON, HUBER & ASSOCIATES, LC
3535 Roswell Road, Suite 55, Marietta, Georgia 30062
(770) 977-3000, Ext. 302
Fax: (770) 977-3490
E-mail: shuber@ehalc.com

EXPERIENCE

Twenty-five years appraisal experience as an independent fee appraiser with regional and national firms based in Atlanta, Georgia. Partner of Everson, Huber & Associates, LC since establishment in January 1995. Prior employers were CB Commercial Real Estate Group, Inc. - Appraisal Services (1991-1995), and McColgan & Company, Inc. (1986-1991). Appraisals have been performed on virtually all types of commercial real estate located throughout the eastern portion of the nation. Property types appraised include apartments, condominiums, subdivisions, hotels, industrial, office, and retail. Numerous major and secondary markets have been visited, including such cities as Atlanta, Augusta, Birmingham, Charlotte, Charleston, Chattanooga, Cincinnati, Columbus, Columbia, Huntsville, Knoxville, Louisville, Macon, Memphis, Miami, Mobile, Montgomery, Nashville, Orlando, Raleigh, Richmond, Savannah, Tampa, Tallahassee, and Washington D.C. Appraisal assignments have been prepared for financial institutions, government entities, insurance companies, portfolio advisors, private investors, and owners.

CERTIFICATION

Certified General Real Property Appraiser: State of Georgia - Certificate Number CG001350
Certified General Real Property Appraiser: State of Alabama - Certificate Number C00625
Certified General Real Property Appraiser: State of Tennessee - Certificate Number 3855

EDUCATION

Bachelor of Science in Business Administration, Major in Finance,
Bowling Green State University, Bowling Green, Ohio

Appraisal Institute courses and seminars completed are as follows:

Course 1A-1	Basic Appraisal Principles
Course 1A-2	Basic Valuation Procedures
Course 1B-A	Capitalization Theory & Techniques, Part A
Course 1B-B	Capitalization Theory & Techniques, Part B
Course 2-1	Case Studies in Real Estate Valuation
Course 2-2	Report Writing and Valuation Analysis
Course 410	Standards of Professional Practice, Part A (USPAP)
Course 420	Standards of Professional Practice, Part B
Seminar	Rates, Ratios, and Reasonableness
Seminar	Demonstration Appraisal Report Writing - Nonresidential
Seminar	Computerized Income Approach to Hotel/Motel Market Studies and Valuations
Seminar	Affordable Housing Valuation

Continuing education courses completed during last five years include:

- 2010-2011 National USPAP
- Appraising And Analyzing Retail Shopping Centers For Mortgage Underwriting
- Subdivision Valuation
- Expert Witness Testimony
- Business Practices And Ethics – Appraisal Institute
- Appraiser Liability
- Private Appraisal Assignments
- Modular Home Appraising
- Tax Free Exchanges
- Valuation of Detrimental Conditions

PROFESSIONAL

Candidate for Designation of the Appraisal Institute

STATE OF GEORGIA

REAL ESTATE APPRAISERS BOARD

STEPHEN MICHAEL HUBER

1350

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CERTIFIED GENERAL REAL PROPERTY APPRAISER

THE PRIVILEGE AND RESPONSIBILITIES OF THIS APPRAISER CLASSIFICATION SHALL CONTINUE IN EFFECT AS LONG AS THE APPRAISER PAYS REQUIRED APPRAISER FEES AND COMPLIES WITH ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39-A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

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END OF RENEWAL
12/31/2014

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State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

WILLIAM L. ROGERS, JR.
Real Estate Commissioner

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