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**APPRAISAL REPORT
OF
9.637 ACRES VACANT LAND
954 JAMES JACKSON PARKWAY
ATLANTA, FULTON COUNTY, GEORGIA**

EHA File 15-140

EFFECTIVE DATE OF VALUE

March 24, 2015

PREPARED FOR

**Mr. Edrick J. Harris
Vice President - Development
The Benoit Group, LLC
Premier Plaza One
5605 Glenridge Drive, Suite 100
Atlanta, Georgia 30342**



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March 25, 2015

Mr. Edrick J. Harris
Vice President - Development
The Benoit Group, LLC
Premier Plaza One
5605 Glenridge Drive, Suite 100
Atlanta, Georgia 30342

RE: Appraisal Report of
9.637 Acres of Vacant Land
954 James Jackson Highway
Atlanta, Fulton County, Georgia 30318

EHA File 15-140

Dear Mr. Harris:

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 presented in a summary format. The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject parcels "as is." The value reported is predicated upon market conditions prevailing as of the date of appraisal, March 24, 2015. This document is intended for use in the potential acquisition of the property.

The subject property consists of 9.637 acres of vacant multi-family land proposed for development with 160 units of affordable senior housing. The site is located along the west side of Hightower Road and the east side of James Jackson Parkway in Atlanta, Fulton County, Georgia. This location is approximately one mile east of Interstate 285, 1.5 miles north of Interstate 20, five miles west of Interstate 75, and five miles northwest of the CBD. The site was formerly improved with Rachel's Walk Apartments. The former apartment buildings have been razed and the site has some overgrown vegetation, paved access and parking areas, and the former building foundations.

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.



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Mr. Edrick J. Harris

March 25, 2015

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The following narrative appraisal contains the most pertinent data and analyses upon which our opinion is 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 Office of the Comptroller of the Currency and FIRREA.

Our opinion of value was 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 opinion of value, subject to the attached Assumptions and Limiting Conditions and Certification, is as follows:

**Estimate of Market Value of the Fee Simple Interest in the Subject's
9.637-Acre Tract, "As Is," as of March 24, 2015**

ONE MILLION THREE HUNDRED THOUSAND DOLLARS

\$1,300,000

It was a 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



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. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
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. Stephen M. Huber and Ingrid Ott made a personal inspection of the subject property. Ingrid Ott prepared this report under the supervision of Stephen M. Huber.
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. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Georgia Real Estate Appraiser Classification and Regulation Act, the Rules and Regulations of the Georgia Real Estate Appraisers Board.
15. 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 Appraiser
Georgia Certificate No. 265709



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

SUMMARY OF SALIENT FACTS

Property Name/Address:	9.637 Acres Vacant Multi-Family Land 954 James Jackson Highway Atlanta, Fulton County, Georgia 30318
Location:	The site is located along the west side of Hightower Road and the east side of James Jackson Parkway in Atlanta, Fulton County, Georgia. This location is approximately one mile east of Interstate 285, 1.5 miles north of Interstate 20, five miles west of Interstate 75, and five miles northwest of the CBD.
Appraisal Identification No:	EHA File 15-140
Assessor's Parcel No:	17-0249-LL-018-8
Property Description:	The site was formerly improved with Rachel's Walk Apartments. The former apartment buildings have been razed and the site has some overgrown vegetation, paved access and parking areas, and the former building foundations.
Highest and Best Use:	As Is (Vacant): Development with subsidized multi-family improvements.
Purpose of the Appraisal:	To estimate the market value of the fee simple interest in the subject "as is."
Property Rights Appraised:	Fee simple interest
Intended Use of Report:	The appraisal is intended for use in the potential acquisition of the property.
Date of Value/Inspection:	March 24, 2015
Date of Report:	March 25, 2015
Estimated Marketing Time:	12 to 24 months

Valuation

Estimate of Market Value of the Fee Simple Interest in the Subject "As Is," as of March 24, 2015:	\$1,300,000
Per Acre (9.637):	\$134,897
Per Proposed Unit (160):	\$8,125

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ADDENDA

- A ASSUMPTIONS AND LIMITING CONDITIONS
- B SUBJECT PHOTOGRAPHS
- C LOCATION MAPS
- D SITE DOCUMENTS / FLOOD MAP
- E LAND SALE MAP
- F ENGAGEMENT LETTER
- G QUALIFICATIONS

PROPERTY IDENTIFICATION

The subject property consists of 9.637 acres of vacant multi-family land proposed for development with 160 units of affordable senior housing. The site is located along the west side of Hightower Road and the east side of James Jackson Parkway in Atlanta, Fulton County, Georgia. This location is approximately one mile east of Interstate 285, 1.5 miles north of Interstate 20, five miles west of Interstate 75, and five miles northwest of the CBD. The site was formerly improved with Rachel's Walk Apartments. The former apartment buildings have been razed and the site has some overgrown vegetation, paved access and parking areas, and the former building foundations. The subject has an address of 954 James Jackson Parkway and is Fulton County tax parcel 17-0249-LL-018-8.

OWNERSHIP AND PROPERTY HISTORY

The subject property is owned by Hightower Road Apartments LLC. The property was purchased by Frances F. Blankenship from Princewill Properties August 22, 2002 for \$4,080,000. Ms. Blankenship transferred ownership to Hightower Road Apartments, LLC, in August 2004. She is listed as the manager of this corporation. According to the loan officer, in 2009/2010 the property was under contract for at least one year for the amount of \$2,448,000 to Tom Flourney, with Flourney Development. He indicated that they intended to raze the existing improvements and develop the site with 240 low income housing apartment units. That contract was not executed. The property is currently under contract to TBG LAND, LLC, for \$1,200,000, with the condition of the site stipulated as: *"totally demolished, clean and buildable site that complies with all federal, state, and local zoning, building and environmental requirements. Seller to provide all remediation reports for any asbestos removal, storage tank removal."* The former apartment buildings have been razed and the site has some overgrown vegetation, paved access and parking areas, and the former building foundations. Based on our analysis herein, the current contract price is well supported by the market, if slightly low. We are not aware of any other listings, offers or transactions involving the subject property during the past three years.

PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject "as is." The appraisal is intended for use in the potential acquisition of the property.

DATES OF INSPECTION, VALUATION AND REPORT

The value reported is predicated upon market conditions prevailing as of the date of inspection and effective date of value, March 24, 2015. The report is dated March 25, 2015.

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 which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

PROPERTY RIGHTS APPRAISED

We have appraised the fee simple estate, or interest, in the subject property. Real properties have multiple rights inherent with ownership. These include the right to sell, to lease, to give away, or to occupy, 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.

“Fee title” is the greatest right and title an individual can hold in real property. It is “free and clear” ownership subject only to the governmental rights of police

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, 2014 - 2015 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.

power, taxation, eminent domain and escheat reserved to federal, state, and local governments¹.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS – SCOPE OF WORK

We completed the following steps for this assignment:

1. Analyzed regional, city, neighborhood, site, and improvement data.
2. Inspected the subject site and the neighborhood.
3. Reviewed data regarding taxes, zoning, utilities, easements, and services.
4. Considered comparable land sales. Confirmed data with principals, managers, or real estate agents representing principals, unless otherwise noted.
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 data and finally an estimate of value for the subject, as defined herein.
7. Estimated reasonable exposure and marketing times associated with the value estimate.

Site descriptions that are included in this report are based on our personal inspection of the subject, legal description, a land title survey performed by Planners and Engineers Collaborative, dated October 14, 2009, a review of public records, and our own experience with this type of property. Not available were environmental, soil or property condition reports. While the information obtained is adequate for valuation purposes, our investigations are not a substitute for thorough engineering studies.

To develop an opinion of value, we have prepared an Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). The value estimate reflects all known information about the subject, market conditions, and available data. This report incorporates summary discussions of the data, reasoning and analysis used to develop an opinion of value. It also includes abbreviated descriptions of the subject and the market for the property type. Additional supporting documentation is retained in our files. The depth of discussion contained in this report is specific to the client's needs and for the intended use stated within the report.

¹ *The Dictionary of Real Estate Appraisal*, Appraisal Institute, Fourth Edition, 2002; and *The Appraisal of Real Estate*, 13th Edition, Appraisal Institute, 2008.

SPECIAL APPRAISAL INSTRUCTIONS

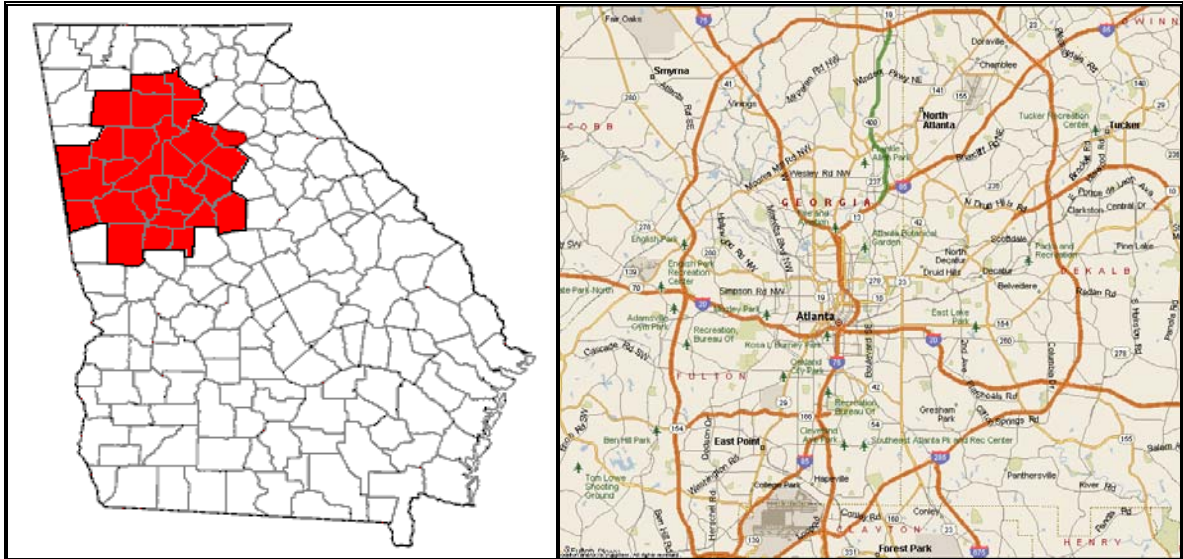
As mentioned above, we were asked to appraise the subject "as is." In addition, we were asked to provide a disposition value. The following definitions pertain to the value estimates provided in this report.

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.

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 5.7 million, the current population of the Atlanta MSA has shown moderately strong growth 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. From 2010 to 2013, the MSA population growth has more than doubled the national average and significantly exceeded that of the State of Georgia. Since 2010, the fastest growing counties are Forsyth, Fulton and Gwinnett. In terms of absolute growth, the two largest counties, Gwinnett and Fulton, lead the way.

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 2013 (2014 county-level data not available from the Census Bureau as of this report date).

ATLANTA METROPOLITAN STATISTICAL AREA (MSA) POPULATION								
	1990	2000	2010	2013	2000 to 2010 Chge.		2010 to 2013 Chge.	
					Number	Percent	Number	Percent
Barrow	29,721	46,144	69,367	71,453	23,223	50%	2,086	3%
Bartow	55,911	76,019	100,157	101,273	24,138	32%	1,116	1%
Butts	15,326	19,522	23,655	23,361	4,133	21%	-294	-1%
Carroll	71,422	87,268	110,527	112,355	23,259	27%	1,828	2%
Cherokee	91,000	141,903	214,346	225,106	72,443	51%	10,760	5%
Clayton	184,100	236,517	259,424	264,220	22,907	10%	4,796	2%
Cobb	453,400	607,751	688,078	717,190	80,327	13%	29,112	4%
Coweta	53,853	89,215	127,317	133,180	38,102	43%	5,863	5%
Dawson	9,429	15,999	22,330	22,686	6,331	40%	356	2%
DeKalb	553,800	665,865	691,893	713,340	26,028	4%	21,447	3%
Douglas	71,700	92,174	132,403	136,379	40,229	44%	3,976	3%
Fayette	62,800	91,263	106,567	108,365	15,304	17%	1,798	2%
Forsyth	44,083	98,407	175,511	195,405	77,104	78%	19,894	11%
Fulton	670,800	816,006	920,581	984,293	104,575	13%	63,712	7%
Gwinnett	356,500	588,448	805,321	859,304	216,873	37%	53,983	7%
Hall	95,984	139,677	179,684	187,745	40,007	29%	8,061	4%
Haralson	21,966	25,690	28,780	28,495	3,090	12%	-285	-1%
Heard	8,628	11,012	11,834	11,558	822	7%	-276	-2%
Henry	59,200	119,341	203,922	211,128	84,581	71%	7,206	4%
Jasper	8,453	11,426	13,900	13,601	2,474	22%	-299	-2%
Lamar	13,038	15,912	18,317	17,959	2,405	15%	-358	-2%
Meriwether	22,441	22,534	21,992	21,232	-542	-2%	-760	-3%
Newton	41,808	62,001	99,958	102,446	37,957	61%	2,488	2%
Paulding	41,611	81,678	142,324	148,950	60,646	74%	6,626	5%
Pickens	14,432	22,983	29,431	29,584	6,448	28%	153	1%
Pike	10,224	13,688	17,869	17,796	4,181	31%	-73	0%
Rockdale	54,500	70,111	85,215	86,919	15,104	22%	1,704	2%
Spalding	54,457	58,417	64,073	63,829	5,656	10%	-244	0%
Walton	38,586	60,687	83,768	85,754	23,081	38%	1,986	2%
MSA Total	3,209,173	4,387,658	5,448,544	5,694,906	1,060,886	24%	246,362	5%
State: Georgia	6,478,216	8,186,453	9,687,653	9,992,167	3,513,951	18%	304,514	3%
U.S.	248,709,873	281,421,906	308,745,538	316,128,839	67,418,966	10%	7,383,301	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%
Administration/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%

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, followed by Retail Trade, and Health Care. From 2010, employment within the Transport/Warehousing sector has shown the strongest percentage change. The Atlanta Airport complex is a significant factor within this segment. The Government has shown the greatest percentage change in number of establishments; however, its growth in terms of employment has been minimal.

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*, ex-Georgia's State Labor Commissioner, Michael Thurmond, indicated that 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	2013	Dec-14
Atlanta MSA	4.7%	4.2%	6.2%	9.6%	10.2%	9.6%	8.7%	7.9%	6.4%
Georgia	4.6%	4.4%	6.2%	9.6%	10.2%	9.8%	9.0%	8.2%	6.9%
U.S.	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	5.4%

Source: Bureau of Labor Statistics

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, 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	23,841
3	Gwinnett County Public Schools	19,921
4	AT & T	18,076
5	Cobb County Public Schools	13,633
6	Fulton County Public Schools	10,989
7	WellStar Health System	10,581
8	Publix Super Markets	9,714
9	US Postal Service	9,385
10	Home Depot	9,000

Source: *Atlanta Business Chronicle, Book of Lists 2014 - 2015*

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 still quite strong, emerged from bankruptcy and merged with Northwest Airlines, and although the Ford and GM plants closed, 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 end of 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.

Two other major job announcements in 2014-15 are worthy of note: Daimler AG announced it had selected metro Atlanta as the home of its new Mercedes-Benz USA headquarters. The new facility is expected to add 800 to 1,000 new jobs. Also, State Farm Insurance announced it could employ as many as 8,000 at its new Dunwoody facility (construction underway).

Income, Median Age, Home Value, and Education

According to a demographic report by STDBOnline, for 2015, the average household income estimate is \$78,171 (2010 figure was \$85,998), with a median of \$55,802. The

median home value for the MSA is \$180,707 (versus 2010 figure of \$145,533). As per the 2015 estimate, 79% of the population had completed high school, and 23% had at least a four-year college degree.

MARKET SECTOR SNAPSHOTS

Retail

According to the *CoStar Retail Report, Fourth Quarter 2014*, the Atlanta retail market experienced a slight improvements in market conditions in the fourth quarter 2014. The vacancy rate went from 8.8% in the previous quarter to 8.4% in the current quarter. Net absorption was positive 1,757,791 square feet, and vacant sublease space decreased by (21,859) square feet. Quoted rental rates increased from third quarter 2014 levels, ending at \$12.87 per square foot per year. A total of 22 retail buildings with 605,911 square feet of retail space were delivered to the market in the quarter, with 385,058 square feet still under construction at the end of the quarter. Tallying retail building sales of 15,000 square feet or larger, cap rates were lower in 2014, averaging 8.31% compared to the same period in 2013 when they averaged 8.85%.

Multi-Family

According to the MFP Research *Atlanta Apartment Market Report – Fourth Quarter 2014*, Atlanta is a bifurcated metro in terms of both the local economy and the local apartment market. Atlanta has been fighting an uphill battle in dealing with consistently high unemployment and excess housing following the recession, which has contributed to this split. However, recent data shows the story is changing for the better, as the metro continued to record post-recession high occupancy and a two-decade high annual rent increase in the quarter. Moreover, while permitting and development activity remains elevated, it is still well below peak levels. Also, residential demand has steadily improved and long-term demand drivers are causing apartment absorption levels to remain solid. All told, the Atlanta apartment market is showing signs of life, though not universally, with clear winners and loser among market segments.

Office

According to the *PwC Real Estate Investor Survey, Fourth Quarter 2014*, recovery in the broad-based local economy, improving office fundamentals, and a pro-business environment has buoyed investor optimism in the Atlanta office market. First, this quarter's average initial-year market rent change rate increased 21 basis points to 2.29%. While this figure is below the aggregate average of 3.00% for the 19 city specific office markets

surveyed, it represents a 225-basis-point increase from three years ago. Second, this market's average overall cap rate continues a four-year downward trend and dipped six basis points this quarter to 7.74%. "The Atlanta office market is priced to perfection," quips an investor. While two-thirds of the surveyed investors foresee overall cap rates holding steady in the next six months, the balance expects further cap rate compression of as much as 50 basis points over that time period. These positive trends have resulted in a rush of office building sales activity. In fact, total office sales volume exceeded \$1.0 billion in the third quarter, more than twice the level in the prior quarter, as per RealCapital Analytics. "There are more aggressive buyers in this market today than at any time in recent years, resulting in multiple bids on high quality assets," notes a participant.

According to the *CoStar Office Report, Fourth Quarter 2014*, the Atlanta office market ended the quarter with a vacancy rate of 14.2%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 1,379,369 square feet. Vacant sublease space decreased in the quarter, ending at 1,487,729 square feet. Rental rates ended the quarter at \$19.47, an increase over the previous quarter. A total of four buildings delivered to the market in the quarter totaling 271,298 square feet, with 1,946,989 square feet still under construction at the end of the quarter.

Tallying office building sales of 15,000 square feet or larger, total office buildings sales activity was down compared to 2013. In the first nine months of 2014, the market saw 105 transactions with a total volume of \$1,417,666,471. The price per square foot averaged \$126.77. In the same first nine months of 2013, the market posted 101 transactions with a total volume of \$12,505,651,410. The price per square foot averaged \$148.74. Cap rates have been higher in 2014, averaging 8.76% compared to the same period in 2013 when they averaged 7.91%.

Industrial

According to the *CoStar Industrial Report, Fourth Quarter 2014*, the Atlanta Industrial market ended the fourth quarter 2014 with a vacancy rate of 8.8%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 7,985,740 square feet in the fourth quarter. Vacant sublease space increased in the quarter, ending at 1,194,076 square feet. Rental rates ended the fourth quarter at \$3.99, an increase of \$0.05 over the previous quarter. A total of five buildings delivered to the market in the quarter totaling 2,239,415 square feet, with 15,019,309 square feet still under construction at the end of the quarter.

Tallying industrial building sales of 15,000 square feet or larger, Atlanta industrial sales activity in 2014 is up compared to the previous year. In the first nine months of 2014, the market saw 181 industrial sales transactions with a total volume of \$886,219,135. The price per square foot has averaged \$37.47 this year. In the first nine months of 2013, the market

posted 181 transactions with a total volume of \$570,638,714. The price per square foot averaged \$33.60. Cap rates have been lower in 2014, averaging 8.15%, compared to the first six months of last year when they averaged 8.39%.

Housing

Metrostudy's Fourth Quarter 2014 survey of the Atlanta housing market shows that there were 16,437 Annual Single Family Housing Starts in Metro Atlanta, up 18% from 4Q13. The 4Q14 quarterly starts of 3,993 were up nearly 18% as well, from 4Q13. Single family annual closings reached 14,815 units at the end of 4Q14, up a strong 22.6% from 4Q13. Fourth quarter 2014 quarterly closings of 4,087 were up 19% from the 4Q13.

Total housing inventory – a figure that includes houses under construction, model homes and finished but vacant or unsold houses - is at or below equilibrium levels. Supply has now declined to 7.9 months. One year ago it was an 8.1 month supply. A very significant housing inventory metric is the "Finished Vacant" inventory (homes completed but unsold or still vacant), now at 2.9 months supply. Normal for the region is about 3.5 months.

According to Metrostudy, the Atlanta metro area's new home prices continued to climb higher this year, closing out 2014 at a median price of \$271,700, up 4% from the prior year, marking the fifth consecutive year that new home prices have increased year over year.

"The Atlanta metro area is creating jobs at a healthy pace, up 2.6% year-over-year, and has averaged above 2.3% growth for the past two years. With 2.51 million people now employed, Atlanta has set a new record for total people employed. Despite good job growth, unemployment was relatively high due to migration into the region thus expanding the labor force faster than the economy could absorb. Solid job growth has spurred consumer confidence, which is helping to move the housing market toward a stronger recovery. 2015 should be another good year for housing in the Atlanta region," said Eugene James, Regional Director for Metrostudy.

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 2014/15 in Atlanta are shown next.

TOP TRADE SHOWS AND CONVENTIONS IN ATLANTA FOR 2014/2015		
Show	Estimated or expected No. of Attendees	Location
AmericasMart Gift & Home Furnishings Market Jan.	91,000	AmericasMart Atlanta
SEC Football Championship	74,000	Georgia Dome
AmericasMart Gift & Home Furnishings Market July	73,000	AmericasMart Atlanta
2014 Chik-Fil-A Bowl	72,000	Georgia Dome
Chick-fil-a College Kick-Off Game 1	72,000	Georgia Dome
Chick-fil-a College Kick-Off Game 2	72,000	Georgia Dome
The Big South National Qualifier	59,000	GWCC
Bronner Bro.s Hair Show	55,000	GWCC
Dragon Con	53,000	AmericasMart Atlanta
Cheersport	50,000	GWCC

Source: Atlanta Business Chronicle, Book of Lists 2014-15

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. A new, state-of-the-art is in the planning stages for the Falcons and should be completed in 2017. 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.

CONCLUSIONS / OUTLOOK

The following summary relies heavily on a December 2014 article in the *Atlanta Business Chronicle*. Atlanta's economy will grow faster than its long-run average next year for the first time since the Great Recession, according to Ben Ayers, dean of The University of Georgia's Terry College of Business. Lower energy prices, a renewal of in-migration and upturns in construction and manufacturing will be key factors driving a projected increase in Georgia's Gross Domestic Product of 3.2%, per Mr. Ayers. That's higher than Georgia's long-run GDP growth rate of 2.9% and above the 2.8% growth forecast for the nation as a whole.

Jobs in Georgia are expected to rise by 2.3 percent during 2015, completely replacing all of the jobs lost during the recession by mid-year. Ayers said the biggest job gains will come from the construction industry, followed by professional and business services and mining and logging. The education and health-care sectors will see modest growth, while the

only sector likely to lose jobs will be government, he said. On the down side, he warned that the ongoing struggle to attract investment capital, federal spending cuts and potential shifts in Federal Reserve policies could hold economic growth in Georgia lower than what it would have attained otherwise. Georgia's military-base communities are extremely dependent on federal expenditures.

Ayers praised Gov. Nathan Deal and the General Assembly for creating a large deal-closing fund and passing legislation phasing out the state's sales tax on energy used in manufacturing. He said both steps, taken two years ago, have helped foster economic development successes that have created jobs. He called for state policy leaders to work to develop a more highly skilled labor force. "Manufacturers no longer hire forklift drivers or assembly-line workers," he said. "They hire employees who understand computer-aided design and production systems."

NEIGHBORHOOD OVERVIEW

Location and Boundaries

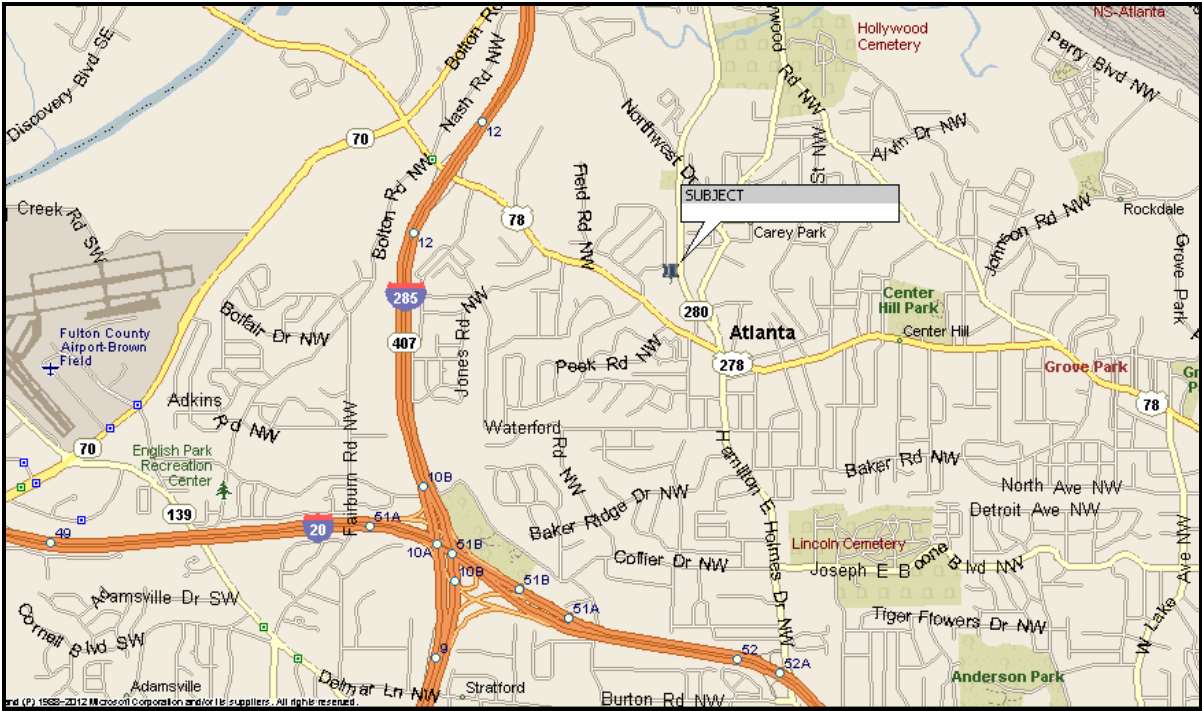
The subject 9.637-acre site is located at 954 Hightower Road NW, on the west side of Hightower Road and east side of James Jackson Parkway. The site is located west of downtown Atlanta, approximately five miles west of the Atlanta CBD. The site was formerly improved with Rachel's Walk Apartments. The former apartment buildings have been razed and the site has some overgrown vegetation, paved access and parking areas, and the former building foundations. The apartment site is largely isolated, with no existing improvements immediately adjacent. The large Bowen Homes housing project that was adjacent to the west was demolished Summer 2009 and remains vacant.

The strengths of this neighborhood are: its proximity to the Atlanta CBD and location near the junction of I-285 and I-20 and other major intra-city routes. Further, the site is immediately surrounded by vacant or single-family residential land, contributing to a quiet setting. The subject is in a transitional neighborhood, still populated with older, less-than-ideal-condition retail, industrial, and residential improvements.

The subject is located less than two miles east of the Chattahoochee River and the Cobb County line. This area of Cobb County saw substantial residential development over the past decade. Cobb County is attractive for residential development because it has lower property taxes than Fulton County, and has a highly regarded public school system. In addition to being near to downtown Atlanta, it is also close to many of the area's most esteemed private school campuses. The subject benefits from proximity to these newer residential developments to the north and northwest. Furthermore, substantial government-funded redevelopment has taken place north of the subject over the past five years. James

Jackson Parkway has three newer residential developments about 1.5 miles north of the subject, and the local park has been improved.

A neighborhood map is presented below, and a larger neighborhood map is presented in the Addenda.



Access and Availability of Utilities

Accessibility to the immediate neighborhood is considered very good. The subject is approximately a mile east of I-285 and ¼ mile north of Donald Lee Hollowell / Bankhead Highway, and about 1 ½ miles north of the I-20 – State Highway 280 interchange. State Highway 280 is referred to as James Jackson Parkway at the subject and Hamilton E. Holmes Drive south of Bankhead Highway. The subject is approximately 1 ½ miles east of the I-20 / I-285 interchange and six miles west of the I-20 / I-75/I-85 interchange. Both of these freeway interchanges provide rapid north/south and east/west access to all points in metro-Atlanta. I-75 extends to south Florida to the south and Michigan to the north. I-85 extends to Virginia to the northeast and Mobile, Alabama, to the southwest. I-20 extends to South Carolina to the east and Birmingham, Alabama, and beyond to the west. Each interstate is approximately 15 minutes or less to the I-285 beltway, which encompasses urban Atlanta.

James Jackson Parkway, one of the subject frontage roads, is a two-lane road that runs north to south between I-285 to the north and Donald Lee Hollowell / Bankhead Highway to the south. It is two miles west of the former CSX rail tracks that are part of the proposed

beltline project. Donald Lee Hollowell / Bankhead Highway, and MLK Jr. Drive run east / west, generally paralleling I-20, the first less than a mile south of the subject, and the second 1.5 miles south of the subject. The neighborhood has a mixture of above- and below-ground utilities, some sidewalks and asphalt paving. All typical utilities are available. Public services include police and fire protection.

Land Use

The primary land use types in the subject's neighborhood are residential, commercial and industrial. South of the subject is vacant land. To the north of the subject is an older single-family residential neighborhood. To the east of the subject is vacant land, and to the west is the site of the former Bowen Homes Housing Project. To the south is an older retail center. Three newer residential developments are located 1.5 miles to the north of the subject, Manor at Scotts Crossing senior apartments, Jackson Trace Townhomes and The Peaks at West Atlanta Apartments. Most commercial improvements in the neighborhood are concentrated south of the subject, in proximity to Bankhead Highway and to the I-20 exchange. Improvements located along James Jackson Parkway / State Highway 280, one of the subject frontage roads, include institutional, commercial and retail improvements such as fast food restaurants, older strip-retail centers, and several large churches. The recently built Scott Elementary School is north of the subject on Hollywood Road.

Approximately one mile east of the subject is industrial property associated with long-standing rail corridors. The Westside Reservoir, part of the Beltline Project and the site of the former Bellwood Quarry, is located approximately one mile east of the subject. Beyond the reservoir to the east is the Chattahoochee Industrial District. The industrial improvements are generally older. Some of the industrial property two miles to the east has been redeveloped with residential townhomes. Three miles north of the subject is the Atlanta Incinerator Plant. One mile west of the subject is another concentration of industrial development, the Atlanta Industrial Park, and north of the subject is the Metro Atlanta Industrial District and the McDonough Georgia Power Plant.

Beyond the subject's immediate neighborhood, local landmarks include Atlanta University Center, a five-university campus that includes Spellman and Morehouse Colleges to the south, and Westview Cemetery and Lincoln Memorial Cemetery to the southeast.

Demographics/Growth and Trends

To gain additional insight into the characteristics of the subject neighborhood, we reviewed a demographic study prepared by ESRI, and supplied by STDBOnline. The following information pertains to a three-mile radius around the subject property. The full demographic report is retained in our file.

The demographic information illustrates that the subject neighborhood has experienced loss in both population and households since 2000, though this is largely attributed to the demolition of the large Bowen Homes housing project as well as the subject's former improvements. New residential development is visible in the neighborhood, and the area is in transition, with growth potential. The subject's neighborhood as a whole has significantly lower income levels than the MSA. Educational attainment and home values are similarly much lower than the MSA. Vacancy levels are higher than that of the MSA, and the majority of housing units are renter occupied. Employment in the subject area as well as the Atlanta MSA is concentrated in services.

DEMOGRAPHICS SUMMARY			
Area: 3- Mile Radius, 954 James Jackson Parkway			
	2000	2014	2019
Population	67,635	59,128	61,123
Growth		-13%	3%
Households	23,112	22,338	23,330
Growth		-3%	4%
		3 Mile Ring	Atlanta MSA
Income			
Average HH		\$42,429	\$78,171
Median HH		\$25,316	\$55,802
Per Capita		\$16,656	\$28,914
Median Home Value		\$123,810	\$180,707
Housing Units			
Renter - Occupied		44%	33%
Owner - Occupied		32%	57%
Vacant		24%	10%
Average Household Size		2.51	3.25
Education Levels (Adults > 25)			
High School Graduate		79%	88%
4-Year College Degree		21%	35%
Largest Employment Categories			
Services		56%	49%
Retail Trade		11%	11%
Construction		4%	6%
Finance/Insurance/Real Estate		5%	8%
Manufacturing		6%	9%

Source: ESRI forecasts for 2014 based on 2010 US Census Data.

Conclusion and Relevance to the Subject Property

The subject is located in an older, low-income neighborhood west of downtown Atlanta. The property is located in an area with good accessibility to major Atlanta interstates

and roadways, and development in the immediate area is primarily residential. Many surrounding properties are residential, though some are older and poorly maintained. There is moderate population growth with a high percentage of renters in this area. The site is favorably positioned in terms of maximizing proximity to Atlanta and local transportation routes. A newer age-restricted apartment complex, Manor at Scott's Crossing, is located just north of the subject. It also has proximity to industrial developments common in the south and west portion of the neighborhood. These factors influence the subject area's desirability for affordable multifamily housing.

Site descriptions that are included in this report are based on our personal inspection of the subject, legal description, a land title survey performed by Planners and Engineers Collaborative, dated October 14, 2009, a review of public records, and our own experience with this type of property. Not available were environmental, soil or property condition reports. While the information obtained is adequate for valuation purposes, our investigations are not a substitute for thorough engineering studies. The subject site's physical characteristics and features are summarized below.

SITE DESCRIPTION

Location: The site is located along the west side of Hightower Road and the east side of James Jackson Parkway in Atlanta, Fulton County, Georgia. This location is approximately one mile east of Interstate 285, 1.5 miles north of Interstate 20, five miles west of Interstate 75, and five miles northwest of the CBD.

Assessor's Parcel No: 17-0249-LL-018-8

Land Area: 9.637 Acres

Shape and Frontage: The site is an irregular shape with approximately 790 feet of frontage along the west side of Hightower Road and 728 feet of frontage along the east side of James Jackson Parkway.

Ingress and Egress: Currently access to the site is available via two curb cuts along the west side of Hightower Road. There are also two old curb cuts, now gated, along James Jackson Parkway.

Topography and Drainage: The site is sloped, upward to the west from the entrance drive and downward from the center towards James Jackson Parkway, also downward from the center to the south.

Soils: We were not provided any soils reports for the subject. We assume no responsibility for adverse soil conditions, or for engineering that may be required to discover them.

Easements: We were not provided a survey that would indicate typical right-of-way easements. For purposes of this analysis, we assume typical utility easements, and we assume these easements would not be detrimental to development.

Covenants, Conditions, and Restrictions: We are not aware of any other deed restrictions, or restricting covenants, other than zoning.

Utilities/Services: Utilities available include water, sewer, electricity, gas and telephone. Services include police and fire protection. There are MARTA bus stops in the immediate vicinity.

- Flood Zone: According to the FEMA Flood Map Service Center, the subject property is identified on Federal Emergency Management Agency Flood Insurance Rate Map Number 13121C0238F, effective date September 18, 2013, and appears to be located within Zone X. FEMA identifies Zone X as "Outside the high-risk flood hazard area"
- Environmental Issues: We were not provided any environmental reports for the subject. We did not observe any issues during inspection, and we assume there are no hazardous conditions on or in the property that would cause a significant loss in value.
- Conclusion: The subject maintains an adequate size, shape, and topography, all utilities and services are available and it enjoys a good location with respect to supportive institutional and commercial development.

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 multifamily 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.

In the case of the subject, the buyer reportedly intends to build a 160-unit complex. Fulton County and the City of Atlanta typically approve projects on a plan-specific basis, as opposed to pre-determined density requirements. In our experience, complexes in the subject's area have been approved for densities of 30-40 units per acre. At that density, it appears that the proposed 160 units would be approved.

Our analysis assumes that the subject as planned 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 \$45.341 per \$1,000 of assessed value (combined city and county). The subject appears to qualify for partial city tax exemption that reduces the

actual taxes. Actual 2014 real property taxes for the subject are \$26,452, which includes interest and penalties.

2014 ASSESSMENT AND TAX INFORMATION								
Parcel ID No.	Land Value	Improvement		Assessed Value	City	County	Atlanta Exempt	Annual Taxes Computed
		Value	Total Value		Tax Rate / \$1,000	Tax Rate / \$1,000		
17-0249-LL 018-8	\$1,600,000	\$1,288,000	\$2,888,000	\$1,155,200	\$33.190	\$12.151	80%	\$22,906
<i>Source: Fulton County Tax Assessor / Commissioner. 2014 taxes are unpaid and carry penalties. The current tax due amount is \$26,452.11.</i>								

The county's tax value, when considering only the relevant land value, is above our estimate of market value. It also applies a value of improvements that are no longer on the property. While the outcome is never guaranteed, in the case of the subject, an appeal appears warranted. According to the Fulton County Tax Commissioner, the 2014 taxes are in arrears.

INTRODUCTION

In this section of our report, we will review trends in the National Development Land market, Apartment Investment Market, market participant interviews and the desirability of the subject as a real estate investment. We will also consider the subject's reasonable exposure time and marketing period. The information included in this section is taken from the *PwC Real Estate Investor Survey (formerly Korpacz)*. In addition, we also talked with various market participants including brokers and market participants involved in the sale of comparable properties included in this report.

NATIONAL DEVELOPMENT LAND MARKET

According to the *PwC Real Estate Investor Survey, Fourth Quarter 2014*, published by Price Waterhouse Coopers, strategies are quite diverse among investors in the national development land market for the year ahead and include buying, selling, and remaining idle as the commercial real estate recovery continues to unfold. “We plan to keep selling tracts to raise cash,” says a participant. “We are looking to buy land in Southeast that has long-term development potential for speculative play,” shares another. “Our group is looking to invest in projects that are good for the environment and good for local economies.” remarks another. Based on the results of *Emerging Trends in Real Estate 2015*, published by PwC and ULI, the outlook for real estate development has improved for the third straight year. In addition, development ranks as the second preferred investment category/strategy among *Emerging Trends* respondents – ahead of both opportunistic investments and core-plus investments. This year’s *Emerging Trends* development prospects ratings are the highest reported in the last five years for three of the five main category types. One exception is the US apartment sector, which reports a development prospect for 2015 higher than last year’s rating, but lower than 2012 and 2013. The other exception is the US industrial sector, which ranks as the number one property type in *Emerging Trends* this year, but received a slightly lower development prospect score this year compared to last year. Nevertheless, industrial properties are thought to present the greatest development prospects of the five property types in 2015. At the same time, it is interesting to note that development prospects for hotels have steadily risen over the past five years. Respondents are particularly fond of limited-service hotel development prospects for 2015.

Positive changes in supply and demand result in a large decline in this market’s average discount rate since mid-2014. This quarter, the average slips 156 basis points to 16.75% while the range remains unchanged at 10.00% to 25.00%. These rates assume entitlements are in place. Without entitlements, the discount rate is increased between 100 and 1,500 basis points (the average is about 742 basis points). Looking ahead over the

next 12 months, surveyed investors unanimously forecast property values in the national development land market to increase. Expected appreciation ranges up to 15.0% and averages 5.0%.

APARTMENT INVESTMENT MARKET

The following paragraphs were taken from *Emerging Trends in Real Estate 2015*. According to the study, multifamily was real estate's trendsetter in the first years of recovery. If you go by just the numbers, the opinions of the *Emerging Trends* survey respondents seem sharply divided. For high-end multifamily, nearly half of the respondents (48 percent) felt it would be smart to divest in 2015, while 30 percent consider it worthwhile to hold for a longer period. Only 21 percent suggest this is a good time to buy. At the more moderate income level, that relationship was reversed. Only 28 percent recommend selling, while holding and acquisition are more attractive, with 37 percent and 35 percent recommending these strategies, respectively, in the year ahead. The survey subtly distinguishes between the moderate-and upper-income tiers' investment and development prospects. For investment, more moderately-priced apartments have the edge. Despite this, the upper-income units have an attractive price-to-cost spread. Survey respondents expect upward cap-rate adjustment, though most of the shift will not happen in 2015 but in the 2016 - 2018 period. The sense of urgency to sell just isn't at hand right now.

Developers' preferences for upper-end apartments notwithstanding, the depth of demand for luxury rental units goes only so far. Wealthy households prefer to own their homes - and most already do. The bulk of pent-up and emerging demand comes from the battered middle-income and lower-middle-income sector, predominantly renters. As the forecasted gains in employment take hold, millennial sharers, "boomerang children," domestic migrants, and international immigrants represent the bulk of new residential renter demand. Developers may actually be able to "make up in volume what they can't achieve in price." The overarching context is that next year and beyond, the demand fundamentals for moderate apartments continue to look very good. Many interviewees expect the millennials to move into homeownership in some significant numbers, but that won't happen until 2020 or later. One economic forecaster sees terrific opportunities to buy value-add multifamily and suggests as a "best bet" purchasing "B" buildings in "A" markets. Should the acceleration in the job market begin to push incomes up for the middle class - a hope or a reasonable guess, but not a certainty - there could be a nice bump in rents for those Class B apartment buildings. Supply is still on the rise, but a disproportionate share of new construction is at the high end.

As a screening device, one investor looks for markets with science, technology, engineering, and math (STEM) strength - which usually means a big research university drawing young tech and engineering talent in need of apartments, with salaries that are

attractive to the owners of rental complexes. The real strength in multifamily, though, is that it is not dependent upon just one demand segment. As local economies grow and the number of jobs rises, rental housing is required. This is not rocket science. Unless you are a contrarian, though, don't expect a rapid upward turnaround for suburban garden apartments. Once a classic vehicle for developers and investors riding the wave out of the center city, these are now out of favor with millennial renters and portfolio managers alike. Still, transaction data show that there's a steady parade of buyers for garden apartment product, which has about a 150-basis-point-higher cap rate than mid- and high-rise multifamily. As potent as the urbanization trend is, there is still a huge base of suburban units out there—and they are a lot cheaper.

According to the *PwC Real Estate Investor Survey - Fourth Quarter 2014*, amid rising prices in an aggressive investment arena, the current pace of total sales in the national apartment market is ahead of last year. Through the third quarter of 2014, total apartment sales reached \$73.1 billion, compared to \$71.1 billion in the prior year, as per RealCapital Analytics. At the same time, the average price per unit increased 21.5%. Despite the characterization by certain investors of a “too pricey” and “crowded” apartment market, this asset class placed second again this year for overall investment prospects in *Emerging Trends in Real Estate 2015*, published by PwC and ULI. In fact, it scored a 3.48 on a scale of 1 (abysmal) to 5 (excellent), compared to a score of 3.61 for the industrial/distribution market. Along with vigorous sales activity, this market's average overall cap rate decreases to its lowest point in the Survey since its debut in mid-1990. The average overall cap rate drops 15 basis points this quarter to 5.36%. “Cap rates have compressed for value-added and core deals,” remarks a participant. In the next six months, surveyed investors foresee overall cap rates holding steady in this market as the supply and demand dynamics shift due to increases in new development.

The *PwC Survey* indicates that overall capitalization rates for apartments in the Southeast Region range from 3.75% to 7.25%, with an average of 5.50% (institutional-grade properties). The average rate is down five basis points from the previous quarter and is down 23 basis points from the same period one year ago. Investors indicated inflation assumptions for market rent generally ranging between 2.00% and 4.00%, with an average of 3.15%. Additionally, these investors quoted an expense inflation rate between 2.00% and 3.00%, with an average of 2.80%. Internal rate of return (IRR) requirements for the investors ranged from 6.00% to 10.00%, with an average of 7.60%, down from 7.70% in the prior quarter and 7.95% one year ago. The average marketing time ranged from one to six months, with an average of 3.0 months, which is unchanged from the prior quarter and down 4.4 months from the same period one year ago.

ATLANTA MSA APARTMENT MARKET

The 4th Quarter 2014 Atlanta Apartment Market Report published by MPF Research, tracks the apartment market in metro Atlanta and divides the metro area into 35 submarkets. The following information is taken in large part from this publication.

Overview

Atlanta continues to deal with the effects of post-recession high unemployment and excess housing. However, more recent indicators show an improving trend as the metro area records higher occupancies and strong rental rate performance. Improvements in the local economy are behind much of this upswing. Annual job gains over the past two years have averaged around 55,000 per. Regarding housing supply, there is still some excess from the pre-recessionary boom and that remains to be worked off. In the 2nd quarter of 2014, Atlanta ranked 5th nationally for single-family mortgages under water. With this excess, apartment occupancy was unable to climb much above 93% for six years. More recently it has hovered between 93% and 94%. Residential demand has improved and this has driven generally good absorption numbers. All told, the Atlanta multi-family market is starting to show solid improvement though the performance still remains uneven in certain market segments.

In the 4th quarter 2014, market demand was insufficient to offset high levels of new supply. Occupancy slipped 0.5 points quarter-over-quarter to 93.5%. Rents performed a little better, rising by 1.2%. The year-over-year rent increase was 6.8% - reflecting a 20-year high. MPF expects Atlanta to continue to exhibit improving multi-family demand. However, individual submarket performances will continue to be uneven, with top tier markets inside the perimeter and high-end suburban submarkets along the Georgia 400 corridor doing particularly well. They expect conditions in Atlanta to stabilize by mid-2015. Increased supply will tend to limit revenue growth below 3% and occupancy levels should hold in the 93% to 93.5% range. A potential concern is competition from an evolving single-family market.

Atlanta Economic Outlook

Atlanta is no longer the fast growth/economic power house it once was, but it is still a key regional business hub with the world's busiest airport. It hosts 15 Fortune 500 companies and over 35% of its residents have a Bachelor's degree, which ranks well nationally. The employment base has shown steady 2% growth per annum. The indications are that the Atlanta economy will continue to grow and improve, but, like the apartment market, that growth will be uneven with pockets of over-performance and under-performance.

Rents And Occupancy

During 2014, Atlanta rental rates increased by 6.8%, putting the area in the top ten nationally for rent growth. This growth was broad in scope as 28 of 35 submarkets recorded growth over 5%. Top performers were generally inside the perimeter but a few suburban submarkets also registered strong growth. Annual rent growth was led by Briarcliff, Alpharetta/Cumming, East Gwinnett County, Buckhead, Norcross and Duluth – all posting year-over-year hikes of plus 8%. MPF expects rents to grow by about 4% in 2015.

Submarket occupancy performance is not as strong as the rent growth. Lower-tier submarkets are generally trailing the upper-tier, inside-the-perimeter submarkets. In general, the lower performers are to the south and the stronger performers inside the Perimeter and to the north. The submarkets that are underperforming with regard to occupancy are strong candidates to under perform in terms of rental growth – though in very general terms, rents have outperformed occupancy across the metro spectrum. The metro area absorbed 6,147 units in 2014 as opposed to 9,000 units over the previous four quarters. MPF expects broad scale occupancy to stay at the mid 93% point, but notes that a few submarkets may show significant improvement due to factors like the new Braves stadium coming on line in the south Cobb/Vinings area and the new State Farm facility in Dunwoody.

Development Trends

Atlanta to some extent is still recovering from the pre-recessionary overbuild, but continued improving demand for rental units, particularly new ones in strong submarkets, has encouraged developers to develop. At the end of 2014, construction was underway on 44 properties totaling 11,314 units. Of that total, about 9,700 should be completed in 2015. Most of the new construction is occurring inside the perimeter. Buckhead has 2,100 units underway as of end of 2014, while Downtown/Midtown has almost 1,900 being built. Moving to the east, inside the perimeter, Decatur has 1,300 units in work. Chamblee/Dunwoody has 1,200 units ongoing and there are about 1,000 units in west Atlanta. The northern submarkets, despite strong rent and occupancy performance do not reflect as much construction activity. For instance, Dunwoody, Roswell, Vinings, east Gwinnett and North Gwinnett had total less than 400 units in work. This would suggest that there is an opportunity for new development activity in these areas.

Single-Family Snapshot

At the close of 2014, the single-family market showed positive gains. Year-to-date sales volume increased by 5.3% and the median home price (\$207,000) rose by over 15% year-over-year. From November 2013 to November 2014, the area recorded a sales volume of 40,676 homes. Still, lurking in the background of the single-family sector is the figure of 15.3% of homes with a negative equity position – per *CoreLogic*.

2015 Outlook

Although performance is a little uneven across the area's 35 submarkets, MPF expects similar market performance in 2015 to that of 2014: good rent growth and occupancy between 93% and 94%. They do expect the Atlanta economy to show improved job growth with 68,000 new jobs estimated for 2015. Two key things to look for are whether developers start heading to the northern suburbs and if the single-family rentals will impact lower priced eastern and southern submarkets.

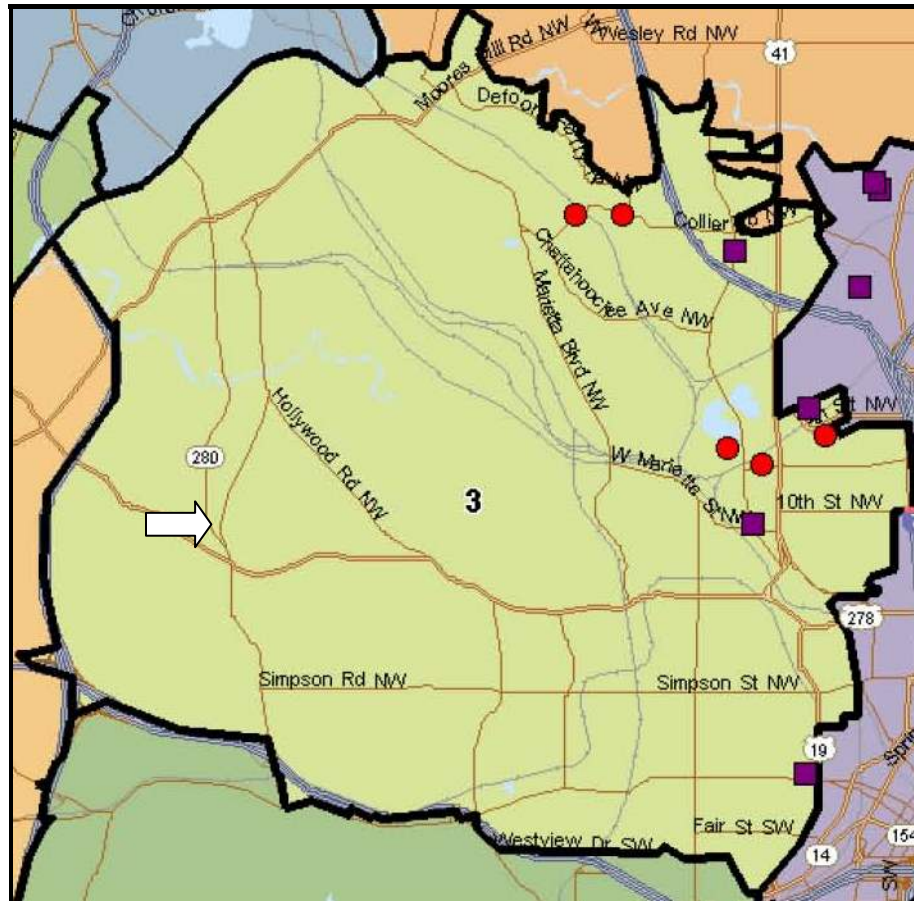
THE SUBJECT'S WEST ATLANTA SUBMARKET

Inventory

According to MPF Research, the subject is located in the West Atlanta submarket. According to the *Fourth Quarter 2014 Report*, the West Atlanta submarket, inventory is 15,907 apartment units. For the submarket, the five-year average annual supply was 362 units, which fluctuated between a low of 0 to a high of 1,240. Annual supply is 1,240 units with a quarterly supply of 755 units.

The following chart details the projects recently completed and under construction in the subject's submarket. A map of the submarket follows this chart.

Construction Activity - West Atlanta Submarket							
Property Name	Address	Property Type	Units	Stories	Construction Stage	Start	Finish
West Midtown	930 Howell Mill Rd NW	Conventional	230	5	Under Construction	01/14	01/15
Crescent Howell Mill	1950 Howell Mill Rd NW	Conventional	256	5	Under Construction	11/13	05/15
Heights at West Midtown	507 Bishop St NW	Conventional	250	3	Under Construction	08/14	10/15
Total			736				
Elan Westside	691 14th St NW	Conventional	197	7	Completed	11/12	06/14
Reserve Collier Hills	1185 Collier Rd NW	Conventional	288	4	Completed	12/12	06/14
Walton Westside	790 Huff Rd NW	Conventional	254	5	Completed	09/12	10/14
Collier Lofts	1391 Collier Rd NW	Conventional	184	4	Completed	05/13	11/14
STEELWORKS	1220 Mecaslin St NW	Conventional	317	5	Completed	06/13	11/14
Total			1,240				



MARKETABILITY OF THE SUBJECT

The subject property consists of 9.637 acres of vacant multi-family land proposed for development with 160 units of affordable senior housing. The site is located along the west side of Hightower Road and the east side of James Jackson Parkway in Atlanta, Fulton County, Georgia. This location is approximately one mile east of Interstate 285, 1.5 miles north of Interstate 20, five miles west of Interstate 75, and five miles northwest of the CBD. The former apartment buildings have been razed and the site has some overgrown vegetation, paved access and parking areas, and the former building foundations.

The subject neighborhood is a long-standing location for government housing, with some of the largest housing projects in Atlanta formerly located here. With the evolution of public housing to mixed-rate projects, most complexes in the neighborhood now offer some combination of government programs, typically income-restricted units, Project-Based Rental Assistance (PBRA), and Section 8 vouchers. If the subject were developed with new multifamily improvements, it would most likely be with the help of some government housing program. Reportedly, the buyer of the subject site intends to develop low income housing.

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 12 to 24 months for properties similar to the subject. Given this information, we estimate that an exposure period of 12 to 24 months, if it was aggressively marketed.

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, and 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 to 24 months. 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 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. Virtually all of the recently developed multifamily projects in the subject's immediate area were completed using some form of subsidy which can include tax credits, favorable bond financing, tax abatements, and grants. Our investigation indicates that there is fairly strong demand in the market for low-income apartments. Therefore, the highest and best use as vacant is likely near term development with a subsidized multifamily project, or possibly speculative hold for future multifamily development.

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.
- 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 **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.

Since the subject vacant site is valued “as is,” we only used the sales comparison approach to estimate the value. This method is most applicable in the valuation of land. Given the amount of comparable sales data that we discovered, and considering that this method of analysis simulates investigations of a typical buyer for properties similar to the subject, we believe the sales comparison approach is a reliable method of analysis.

SALES COMPARISON APPROACH

The sales comparison approach is commonly used in the analysis of land value, both by appraisers, and by purchasers and sellers in the market. When ample sales data can be found, adjustments can be determined and applied to provide an indication of value. In this analysis, sale prices of sites that will be put to similar use are compared on a unit basis such as price per apartment unit. In the case of the subject, sale price per unit is the most appropriate unit of comparison.

Our search for comparable land sales produced four land sales and one current listing. The sales occurred between February 2013 and November 2014, with one currently listed site. These comparables are summarized in the following chart. Photographs and a map illustrating the locations of the comparables in comparison to the subject are included in the Addenda.

COMPARABLE MULTI-FAMILY LAND SALES								
#	Grantor	Grantee	Date of Sale	Price	Land Area (Acres)	Units Planned	Sale Price / Acre	Sale Price / Unit
1)	Cliftwood Properties, LLC	N/Ap	Listing	\$1,000,000	3.09	126	\$323,625	\$7,937
Comments: This property is located at the SE/corner of Murphy Avenue and Dill Avenue. The site was approved for a 126-unit senior LIHTC apartment complex in 2010. The site has a rolling topography and is partially wooded. It also has additional frontage on the north side of Arden Avenue. The site is located within the Beltline Redevelopment Area and is a Qualified Census Tract. The site is zoned MR-4Ac. The tax parcel number is 14012000040176.								
2)	RES-GA Memorial LLC	841 Memorial Drive Holdings, LLC	Nov-14	\$925,000	1.06	80	\$872,642	\$11,563
Comments: This property is located along the south side of Memorial Drive, east of Boulevard and west of Moreland Avenue, in Atlanta, Fulton County, GA 30316. The property was purchased for the development of an 80 unit Class-A, market-rate apartment complex to be known as 841 Memorial. Construction is expected to commence in the summer of 2015. The property has a generally level topography and is at grade with its frontage road. All typical utilities are available to the site including sewer. The site was vacant at the time of sale.								
3)	Memorial Drive Venture, LLC	301 Development Company, LLC	Nov-13	\$750,000	1.07	94	\$702,905	\$7,979
Comments: This property is located along the south side of Memorial Drive, west of Boulevard and east of Hill Street, in Atlanta, Fulton County, GA 30312. The property was purchased for the development of a 94 unit Class-A, market-rate apartment complex with ground-level retail to be known as the Leonard. The property is currently under construction. The property has a generally level topography and is at grade with its frontage road. All typical utilities are available to the site including sewer. The site had formerly contained an old bar named Lenny's. The improvements were demolished prior to construction.								
4)	Resources For Residents & Communities	MHSE Reynoldstown Senior LP	Jun-13	\$800,000	1.23	78	\$650,407	\$10,256
Comments: This property is located along the north side of Marcus Street in Atlanta, Fulton County, GA 30324. According to a representative of the seller, the property was appraised and listed for \$1,200,000. She indicated that they wanted to sell for \$1,000,000. However, the seller is a non-profit and they came to a mutual agreement that it would serve the greater purpose of Reynoldstown. Because of rising construction costs, they agreed on a lesser amount. The buyer reportedly intends to build an affordable senior apartment complex containing 60 to 80 units (approved for 78 units). The project is filed as the "Reynoldstown Senior Apartments District" at 695 Field Street, targeted to residents over 55 years of age. The property has a rolling topography and is at grade with its frontage road. All typical utilities are available to the site including sewer. The site was vacant at the time of sale.								
5)	JAR Enterprises	CFD Collier Apartments	Feb-13	\$1,850,000	6.94	184	\$266,571	\$10,054
Comments: This property is located along the west side of Collier Road, just west of Interstate 75, in northwest downtown metropolitan Atlanta. The property was purchased for the development of a 184 unit apartment complex to be known as Collier Lofts. The property had four 1960-1970 built industrial improvements on it at the time of sale. It was improved with a three/four-story garden complex with floorplans from studio 600 SF to two bedroom 997 SF and advertised rents of \$900 to \$1,400. All typical utilities are available to the site including sewer.								

DISCUSSION OF ADJUSTMENTS – 9.637-ACRE TRACT

Conditions of Sale

Comparable One is a current listing; in order to reflect the typical negotiations involved with listings, downward adjustment is warranted. The remaining comparables were reportedly arms-length, with cash or normal financing, and were not adjusted.

Market Conditions

The market for land for multi-family development in the subject neighborhood appears to have been steady for the past few years. It does not appear that demand has increased or decreased considerably in the subject neighborhood during the period of sale of the comparables. We did not feel that adjustment for market conditions was warranted.

Location

Comparables Two, Three, Four and Five are considered to be have superior locations when compared to the subject as they are located in developed, intown neighborhoods with superior access to shopping/restaurants and employment centers and proximity to other newer-built residential development. Varying downward adjustments were applied to these comparables. Comparable One has an inferior location south of I-20 was adjusted upward.

Access/Exposure

The subject's 9.637-Acre parcel is considered to have average access and exposure characteristics. Comparables One, Two and Five are considered to have superior access/exposure along heavily traveled stretches of roadway when compared to the subject and warrant downward adjustment. Comparables Three and Four are considered to have similar access/exposure to the subject and do not warrant adjustment.

Size

Generally speaking, apartment land realizes a "quantity discount" whereby smaller developments (# of units) sell at a higher price per unit than larger ones. Comparables One, Two, Three and Four are smaller than the subject and were adjusted downward. Comparable Five is similar enough in size to not warrant adjustment.

Zoning

The comparables all allow plan-dependent multi-family development and did not warrant adjustment for zoning.

Topography/Condition

The subject is considered vacant land and has a sloping topography. Building demolition has already been completed. Comparables Three and Five required demolition of existing improvements and warranted upward adjustment for that added expense. Comparable Three received a net-zero adjustment, however, because it has superior flat topography. Comparable Two was adjusted downward because it also has superior flat topography. Comparables One and Four were not adjusted.

Density

In apartment development, lower density is considered a superior feature because it allows room for greenspace, buffers and amenities. The comparables are all more dense than the subject, though Comparable Five was similar enough not to warrant adjustment. The rest of the comparables were adjusted upward for inferior density.

Conclusion –Land Value

The following adjustment grid illustrates our thought processes in the comparison of these comparables to the subject. As shown, prior to adjustment, the comparables present a range of price per unit from \$7,937 to \$11,563.

COMPARABLE LAND SALES ADJUSTMENT GRID						
Sale No.		1	2	3	4	5
	Subject	Murphy Avenue at Dill	841 Memorial Drive	301 Memorial The Leonard	Reynoldstown Senior	Collier Lofts
Date		Listing	November-14	November-13	June-13	February-13
Sale Price		\$1,000,000	\$925,000	\$750,000	\$800,000	\$1,850,000
Acres	9.637	3.090	1.060	1.070	1.230	6.940
Units	160	126	80	94	78	184
Density	16.60	40.78	75.47	87.85	63.41	26.51
Price per Unit		\$7,937	\$11,563	\$7,979	\$10,256	\$10,054
Conditions of Sale		-10%	0%	0%	0%	0%
Market Conditions		0%	0%	0%	0%	0%
Adjusted Price/Unit		\$7,143	\$11,563	\$7,979	\$10,256	\$10,054
Physical Adjustments						
Location		20%	-20%	-10%	-20%	-20%
Access/Exposure		-10%	-10%	0%	0%	-10%
Size (Nbr. Of Units)		-5%	-10%	-10%	-10%	0%
Zoning		0%	0%	0%	0%	0%
Topography/Condition		0%	-10%	0%	0%	10%
Density		10%	20%	20%	10%	0%
Net Adjustment		15%	-30%	0%	-20%	-20%
Adjusted Indication		\$8,214	\$8,094	\$7,979	\$8,205	\$8,043
Indicated Range:			\$7,979	to	\$8,214	
Adjusted Mean:				\$8,107		

Sales Comparison Approach

After application of adjustments, the range is between \$7,979 and \$8,214 with an average of \$8,107 per unit. The adjusted comparables indicate a narrow range of values. We reconciled to a value between \$8,000 and \$8,200 per unit.

VALUATION INDICATION BY SALES COMPARISON APPROACH					
160 Apartment Units					
160	at	\$8,000	per unit	=	\$1,280,000
160	at	\$8,200	per unit	=	\$1,312,000
Rounded and Reconciled					\$1,300,000
				per unit	\$8,125

We were asked to estimate the market value of the fee simple interest in the subject land "as is."

"AS IS" VALUE ESTIMATE

To estimate the values "as is," we used one of the three traditionally accepted approaches to value in our analysis. The sales comparison approach is appropriate due to the availability of an adequate number of comparable land sales. Our concluded opinion of value is as follows:

**Estimate of Market Value of the Fee Simple Interest in the Subject's 9.637-Acre Tract
"As Is," as of March 24, 2015**

ONE MILLION THREE HUNDRED THOUSAND DOLLARS

\$1,300,000

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

ADDENDUM A - ASSUMPTIONS AND LIMITING CONDITIONS

Assumptions And Limiting Conditions

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.

Assumptions And Limiting Conditions

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.

Assumptions And Limiting Conditions

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.

ADDENDUM B – SUBJECT PHOTOGRAPHS

Subject Photographs



Looking North Along Hightower Road



Looking South Along Hightower Road



Entrance Drive, Looking West From Hightower Road



Looking South From Entrance Drive



Subject Interior, Looking West



Subject Interior, Looking North

Subject Photographs



Subject Interior, Looking West



Subject Interior, Looking Northwest



Subject Interior, Looking West



Subject Interior, Looking Southeast



Subject Interior, Looking Southeast



Subject Interior, Looking South

Subject Photographs



Subject Interior, Looking Southwest



Subject Interior, Looking Northeast



Subject Interior, Looking West



Subject Interior, Looking West



Commercial Improvements South Of The Subject



Commercial Improvements South Of The Subject



Commercial Improvements South Of The Subject



Commercial Improvements South Of The Subject



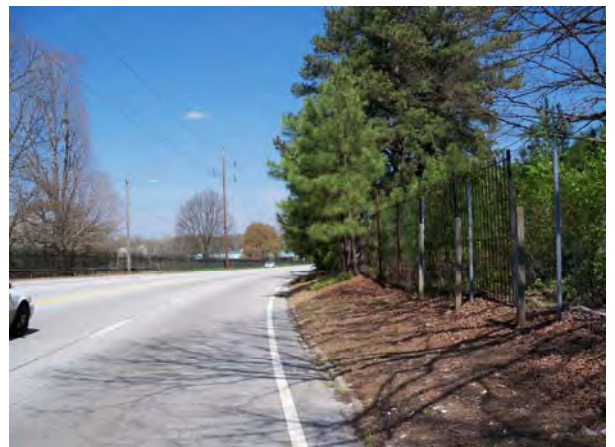
Commercial Improvements South Of The Subject



Manor At Scott's Crossing North Of Subject

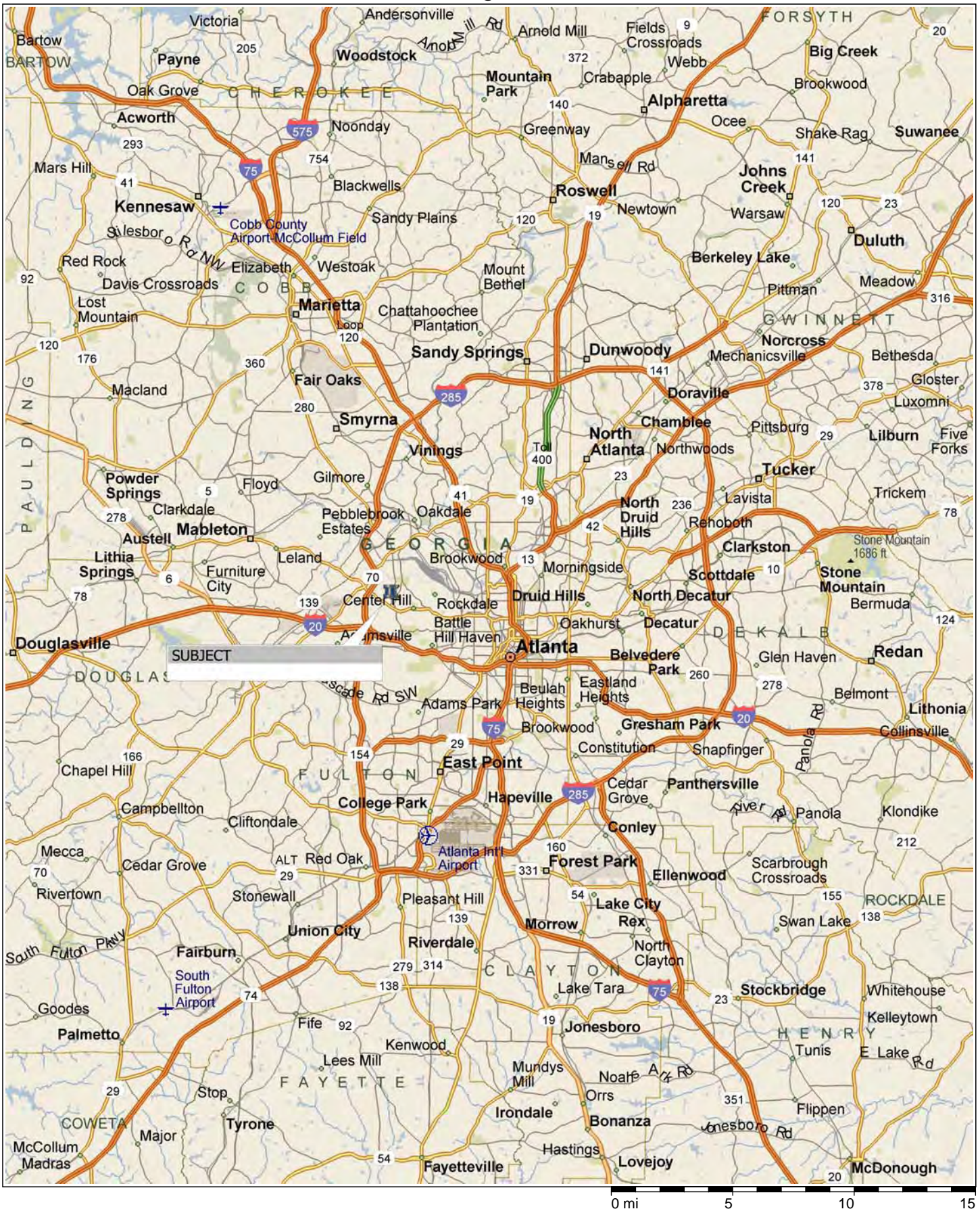


Looking South Along James Jackson Parkway, Subject On Left

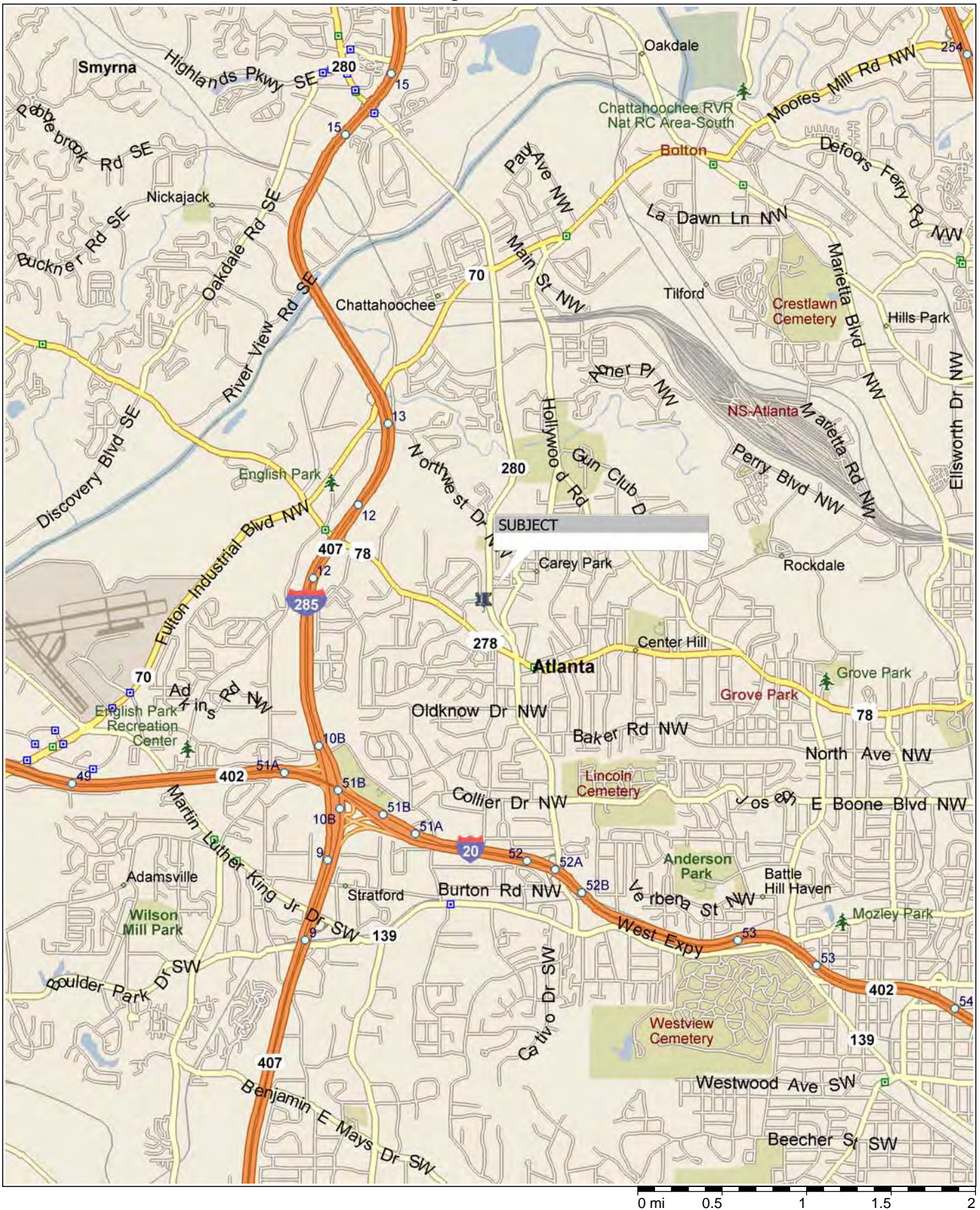


Looking North Along James Jackson Parkway, Subject On Right

Region



Neighborhood



LEGAL DESCRIPTION

ALL THAT TRACT OR PARCEL OF LAND lying and being in Land Lots 249 and 259 of the 17th District, Fulton County, Georgia and being more particularly described as follows:

To find the TRUE POINT OF BEGINNING commence at a concrete monument found (Fulton County Monument F032); thence North 71 degrees 30 minutes 52 seconds East a distance of 942.43 feet to an iron pin set on the easterly right-of-way of James Jackson Parkway (70' R/W) and the TRUE POINT OF BEGINNING, from the TRUE POINT OF BEGINNING as thus established; thence along said right-of-way 417.23 feet along an arc of a curve to the right, said curve having a radius of 1111.51 feet and a chord bearing and distance of North 10 degrees 26 minutes 39 seconds West a distance of 414.78 feet to an iron pin set; thence North 00 degrees 06 minutes 11 seconds East a distance of 311.15 feet to an iron pin found; thence leaving said right-of-way North 89 degrees 10 minutes 21 seconds East a distance of 782.04 feet to an iron pin set on the westerly right-of-way of Hightower Road (40' R/W); thence along said right-of-way 144.01 feet along an arc of a curve to the left, said curve having a radius of 766.87 feet and a chord bearing and distance of South 29 degrees 38 minutes 24 seconds West 143.80 feet to an iron pin set; thence South 26 degrees 06 minutes 53 seconds West a distance of 608.46 feet to an iron pin set; thence 67.62 feet along an arc of a curve to the left, said curve having a radius of 634.08 feet and a chord bearing and distance of South 24 degrees 54 minutes 00 seconds West 67.59 feet to an iron pin set; thence leaving said right-of-way North 89 degrees 37 minutes 00 seconds West a distance of 339.94 feet to an iron pin set and the TRUE POINT OF BEGINNING.

Said tract containing 9.637 acres.

JAMES JACKSON PARKWAY APARTMENTS

ATLANTA, GEORGIA

9-9-13

PROJECT DATA

UNITS:

- 172 SENIOR APARTMENTS
- 120 ONE BEDROOM UNITS
- 52 TWO BEDROOM UNITS

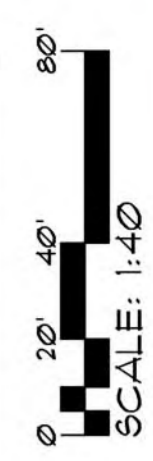
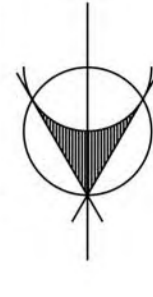
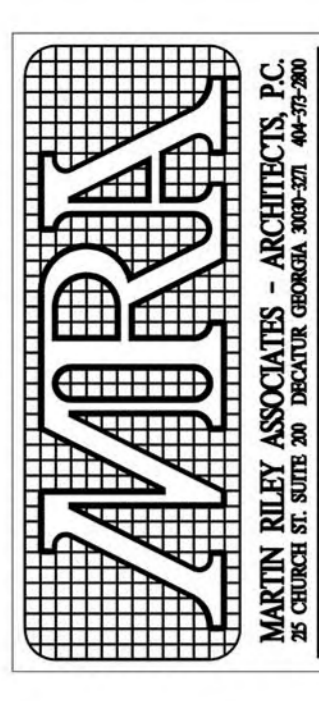
PARKING:

159 PARKING SPACES PROVIDED (0.92 / UNIT)

AMENITIES:

- COMMUNITY ROOM
- OFFICE
- EQUIPPED FITNESS
- COMPUTER CENTER
- GAZEBOS
- WALKING PATH
- COMMUNITY GARDENS

CONCEPTUAL SITE PLAN



JAMES JACKSON PARKWAY (70' R/W)



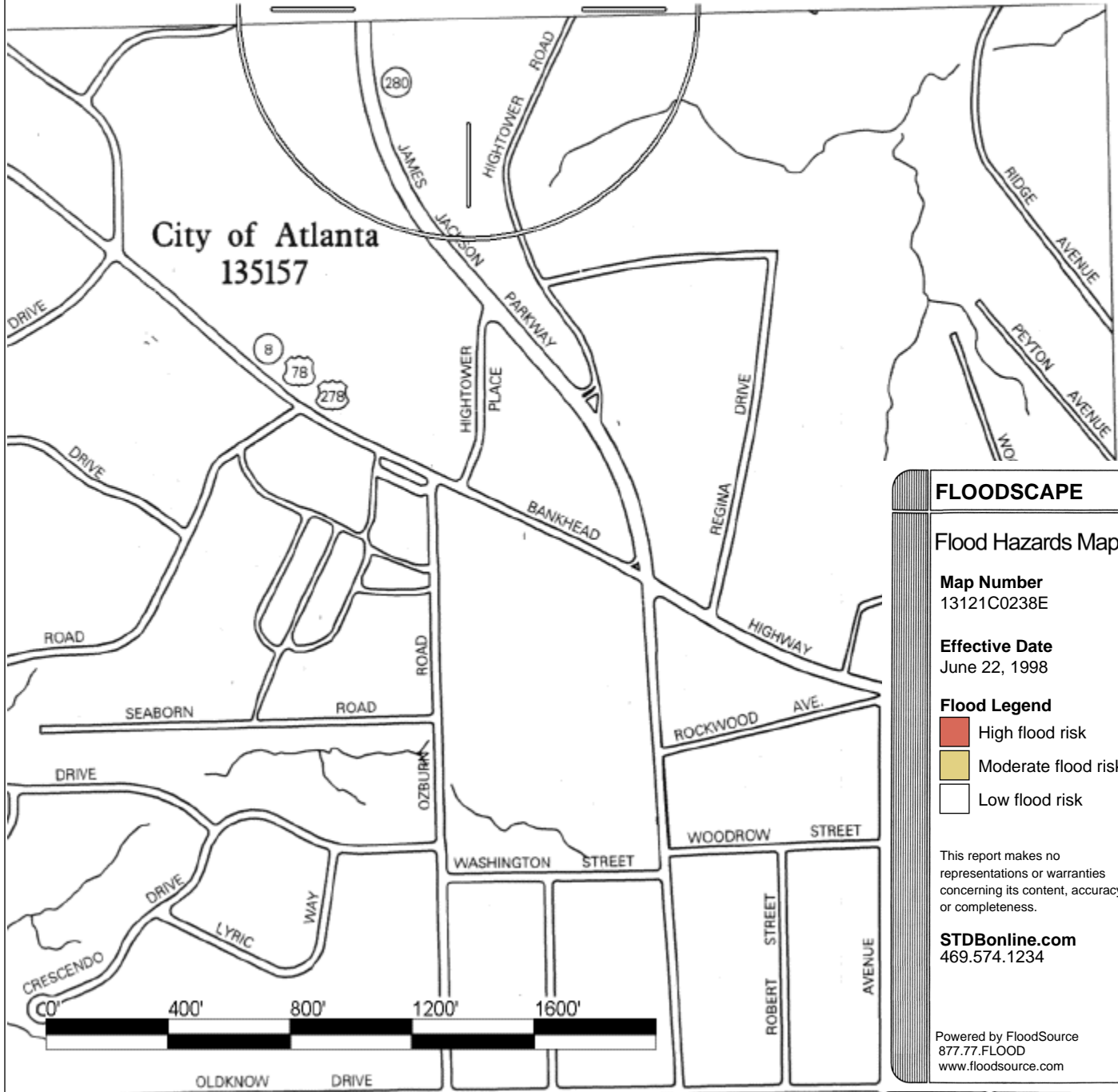
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PROPERTY ADDRESS:

954 Hightower Rd NW, Atlanta, GA 30318-4592





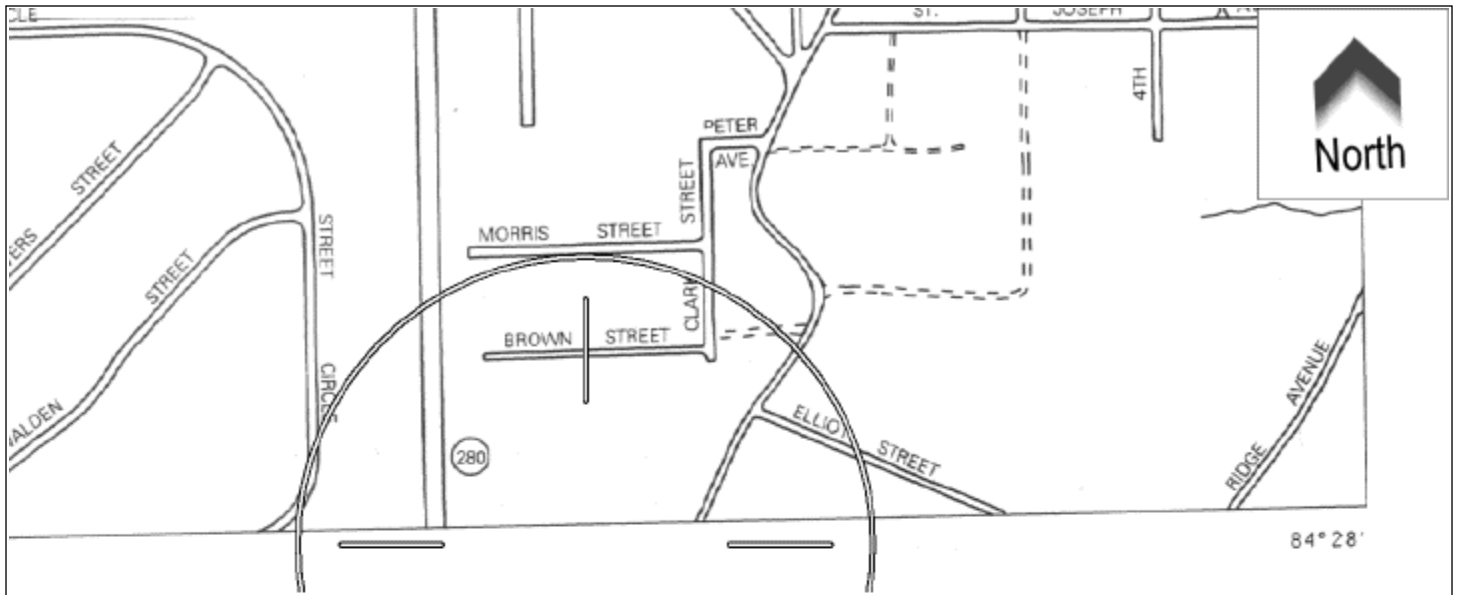
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PROPERTY ADDRESS:

954 Hightower Rd NW, Atlanta, GA 30318-4592



84° 28'




FLOODSCAPE

Flood Hazards Map

Map Number
13121C0236E

Effective Date
June 22, 1998

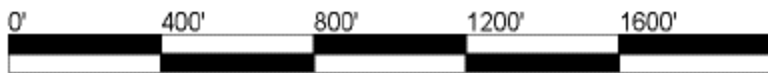
Flood Legend

-  High flood risk
-  Moderate flood risk
-  Low flood risk

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

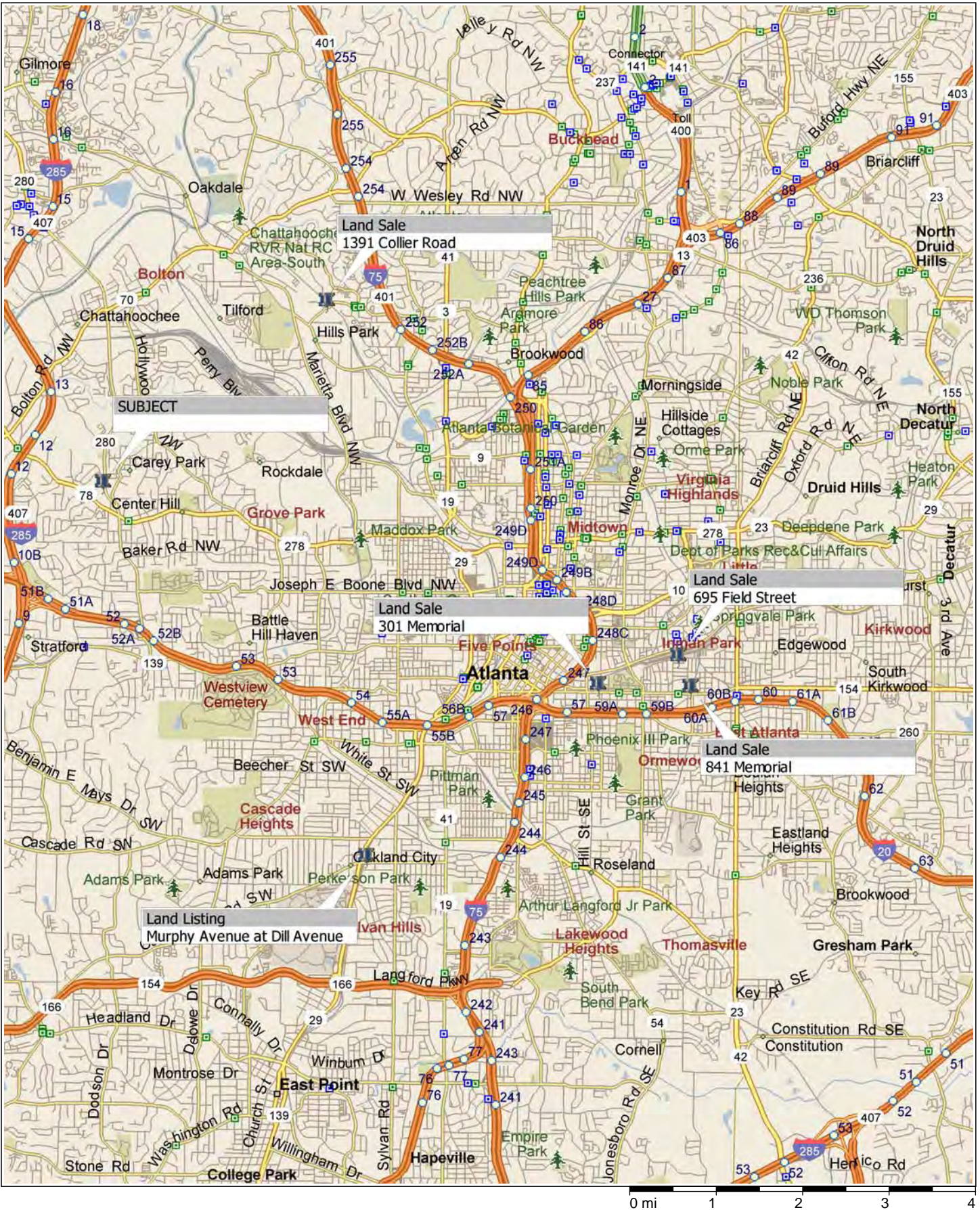
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ADDENDUM E –COMPARABLE LAND SALES

Land Sales



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EHA

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HUBER &
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Stephen M. Huber

ASSOCIATES

Timothy P. Huber
Douglas M. Rivers
Ingrid N. Ott
Jon A. Reiss
George H. Corry III
A. Mason Carter

ADMINISTRATIVE

Pauline J. Hines

February 9, 2015

Mr. Edrick J. Harris
Vice President -Development
The Benoit Group, LLC
Premier Plaza One
5605 Glenridge Drive, Suite 100
Atlanta, GA 30342
Office: 678.514.5906
eharris@thebenoitgroup.com

RE: Appraisal Report Of:
9.32-acre apartment site
954 James Jackson Pkwy
Atlanta, GA 30318

Dear Mr. Harris:

At your request, we are pleased to submit this proposal to provide an Appraisal Report of a 9.32-acre apartment site located at 954 James Jackson Parkway, Atlanta Georgia. The purpose of the appraisal is to estimate market value of the fee simple interest in the subject site. The appraisal is intended for use in the potential acquisition of the property.

The fee for the above Appraisal Report is \$2,250. A retainer of half of the fee (\$1,125) is due at engagement, with the balance due upon appraisal delivery. We will initially provide an electronic draft report within three weeks, to be followed upon request by two hard copies. Timely delivery of the reports is dependant on receipt of the signed engagement letter, retainer check, and requested information needed to complete the assignment (list to be provided).

Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event, such as the approval of a loan. If, for whatever reason, financing should not occur, our fee will still be due and payable upon completion of the assignment.

Additional work requested by the client beyond the appraisal will be billed at our prevailing hourly rate. This includes, but is not limited to, preparation for court testimony, depositions, or other proceedings relevant to our value opinion, and actual time devoted to the proceeding.



The Principals and Associate Appraisers at EHA are Designated Members, Candidates for Designation, Practicing Affiliates, or Affiliates of the Appraisal Institute.

EHA

EVERSON,
HUBER &
ASSOCIATES, LC

*Commercial Real Estate
Services*

James Jackson Parkway Land
February 9, 2015
Page 2

The reports will be prepared in conformity with, and will be subject to, the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute. The reports will also conform to the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

Please authorize us to proceed by signing below and returning the document back to us via email (shuber@ehalc.com) or fax (770-977-3490). Information required to complete the assignment may be emailed or forwarded to the above address. If you have any questions or wish to discuss this proposal please call Steve Huber at 770-977-3000, extension 302.

We appreciate the opportunity to be of service to you on this assignment.

Respectfully submitted,


EVERSON, HUBER & ASSOCIATES, LC



Stephen M. Huber, Principal
Certified General Real Property Appraiser
Georgia Certificate No. CG001350

AGREED AND ACCEPTED

Signature


TORIAN PESTLY

Name (type or print)

Title

EXECUTIVE VP

Date

2/12/15

**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@ehdlc.com

EXPERIENCE

Twenty 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 Mississippi - Certificate Number GA-825 N.R.
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 three years include:

2006 National USPAP
Modular Home Appraising
Pricing Property To Sell
Tax Free Exchanges
GIS Applications For RE Appraisers
Valuation of Detrimental Conditions

PROFESSIONAL

Associate Member of the Appraisal Institute
Candidate for MAI Designation

STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD

STEPHEN MICHAEL HUBER

1350

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A
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KEITH STONE

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Vice Chairperson

62117552

STEPHEN MICHAEL HUBER

1350
Status ACTIVE

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APPRAISER**

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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

ORIGINALLY LICENSED

07/11/1991

END OF RENEWAL
12/31/2015



WILLIAM L. ROGERS, JR.
Real Estate Commissioner

62117552

STEPHEN MICHAEL HUBER

1350
Status ACTIVE

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Atlanta, GA 30303-1605



WILLIAM L. ROGERS, JR.
Real Estate Commissioner

62117552

**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

Associate 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, entertainment complexes, hotel/motels, shopping centers, residential subdivisions, mixed-use developments, youth therapeutic camps, residential treatment centers, schools, churches, 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

Candidate for Designation of the Appraisal Institute

STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

INGRID N OTT
265709

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CERTIFIED GENERAL REAL PROPERTY APPRAISER

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Chairperson

SANDRA MCALISTER WINTER
Vice Chairperson

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JEFF A. LAWSON
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MARILYN R. WATTS

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09/05/2003

END OF RENEWAL
07/31/2015



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Real Estate Commissioner

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