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DCA EQUIVALENT COMPLETE SELF CONTAINED APPRAISAL REPORT

OF THE PROPOSED

CITY LIGHTS II APARTMENTS
444 BOULEVARD
ATLANTA, FULTON COUNTY, GEORGIA

EHA File 16-251

DATE OF VALUE
November 29, 2016

DATE OF REPORT
January 30, 2017

PREPARED FOR

Michael Siciliano
Vice President Acquisitions
Wingate Companies
100 Wells Avenue
Newton, Massachusetts 02459

For Use By The
Georgia Department of Community Affairs

Appraisal Prepared By
Everson, Huber and Associates
Stephen M. Huber
Ingrid Noerenberg Ott
3535 Roswell Road
Marietta, Georgia 30062

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January 30, 2017

Mr. Michael Siciliano
Vice President Acquisitions
Wingate Companies
100 Wells Avenue
Newton, Massachusetts 02459

RE: Appraisal Report
Of The Proposed City Lights II Apartments
444 Boulevard
Atlanta, Fulton County, Georgia 30308

EHA File 16-251

Dear Mr. Siciliano:

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 comprehensive format in accordance with the Georgia Department of Community Affairs (DCA) Appraisal Manual. This report is the equivalent of the former "Complete Self Contained" format. The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property "as is," market value of the fee simple interest in the underlying site "as if vacant," and prospective market value of the fee simple interest in the subject property "upon completion and stabilization," of the proposed renovations using both restricted and hypothetical unrestricted rents. We were also requested to estimate prospective unrestricted market value at loan maturity and value of the tax credits. The values are predicated upon market conditions prevailing on November 29, 2016, which is the date of inspection. January 30, 2017 is the date of report. This appraisal is intended for use by the addressee for internal decision making purposes and may be used and/or relied upon by the Department of Community Affairs.

The subject property, upon completion, will be a 96-unit income restricted, four-story apartment building situated on a 1.13-acre underlying site. The site is currently improved with four apartment buildings that contain 46 residential units and surface parking. It is located south of Pine Street, west of Latta Street, east of Boulevard, and north of Angier Avenue, within the city limits of Atlanta, Fulton County, Georgia, at the center of the Atlanta CBD. After demolition and reconstruction, the unit mix will include studio, one-, two-, and three-bedroom floor plans with sizes ranging from 510 to 1,329 square feet and an average unit size of 891 square feet. All of the units will be subject to income restrictions at 50% and 60% of the area median income (AMI) and Section 8 project-based rental assistance (PBRA). Standard unit amenities will include central heating and air, dishwasher, garbage disposal and microwave. Property amenities will include a community room, business center, fitness room, on-site management, elevators, private courtyard and laundry facilities. The estimated construction schedule is 18 months, with most units pre-leased to relocated tenants and pre-qualified tenants. Construction could begin by February/March 2017, with construction complete by August/September 2018. Moving the relocated tenants into the building could take three months, suggesting the property will stabilize around December 2018.

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 six to 12 months.

The subject is Phase II of Bedford Pines / City Lights redevelopment project. Phase I, adjacent to the south, is an age-restricted community that will not compete with City Lights II. The building was completed and fully occupied on the day of inspection. Working seven days a week, the staff moved all the residents into CLI in three weeks. Much of the tenancy of City Lights II will come from the existing tenancy of Bedford Pines; these tenants will be relocated during the construction process. The Bedford Pines community consists of a number of subsidized apartment developments in five phases, many of which are situated along either side of Boulevard Avenue. The 733 units are contained in a number of buildings that make up the largest Section 8 subsidized housing project in the Southeast. Many of Bedford's buildings were built in the early to mid 1900's. Wingate Management began buying and rehabilitating the apartment buildings in the early 1980's.

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. No one provided significant assistance to the signors of this report.

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

Our 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 land value, and stabilized income and expenses, subject to the attached Assumptions and Limiting Conditions, are as follows:

APPRAISAL VALUE ESTIMATES	
Estimate of the Market Value of the Fee Simple Interest in the Subject "As Is", as of November 29, 2016:	$2,475,000
Per Unit (46):	$53,804
Allocated Market Value of the Fee Simple Interest in the Subject Improvements As of November 29, 2016:	$975,000
Allocated Market Value of the Fee Simple Interest in the Subject Underlying Land As of November 29, 2016:	$1,500,000
Estimate of the Market Value of the Fee Simple Interest in the Subject Site "As If Vacant", as of November 29, 2016:	$1,500,000
Estimate of Market Value of the Fee Simple Interest in the Subject "Upon Completion," Subject to Contract Rents, As of September 1, 2018:	$11,575,000
Per Unit (96):	$120,573
Estimate of Market Value of Fee Simple Interest in the Subject "At Stabilization," Subject to Contract Rents, As of December 31, 2018:	$11,800,000
Per Unit (96):	$122,917
Estimate of Hypothetical Market Value of the Fee Simple Interest in the Subject "Upon Completion," Assuming Unrestricted/Market Rents, As of Sept. 1, 2018:	$14,000,000
Per Unit (96):	$145,833
Estimate of Hypothetical Market Value of the Fee Simple Interest in the Subject "At Stabilization," Assuming Unrestricted/Market Rents, As of March 31, 2019:	$14,500,000
Per Unit (96):	$151,042
Prospective Unrestricted Value At Loan Maturity:	$14,000,000
Value of Tax Credits, As of September 31, 2018:	N/Av

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EVERSON,
HUBER &
ASSOCIATES, LC

Commercial Real Estate Services

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

Respectfully submitted,

EVERSON, HUBER & ASSOCIATES, LC

By:

Ingrid Noerenberg 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 previously appraised the existing improved subject property May 2015 and the proposed improvements August 2016. We have performed no other 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. Ingrid Noerenberg Ott made a personal inspection of the subject property and prepared this report under the supervision of Stephen M. Huber, who also inspected the subject. Date of Inspection was November 29, 2016.
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 Racial/ethnic composition of the neighborhood surrounding the property in no way affected the appraisal determination.
15. 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.
16. 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 Noerenberg Ott
Ingrid Noerenberg Ott
Certified General Appraiser
Georgia Certificate No. 265709

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

Property Name/Address: Proposed City Lights II Apartments
444 Boulevard
Atlanta, Fulton County, Georgia 30308

Location: The subject site is located south of Pine Street, west of Latta Street, east of Boulevard, and north of Angier Avenue, within the city limits of Atlanta, Fulton County, Georgia, at the center of the Atlanta CBD.

Appraisal Identification: EHA 16-251

Assessor Parcel No.:

Parcel ID No.	Address	Owner
14 004700050886	444 Blvd/462 Angier	Fourth Bedford Pines Apartments LTD
14 004700050738	450 Boulevard	Continental Wingate Co of Georgia Inc
14 004700050753	458 Boulevard	Fifth Bedford Pines Apartments LTD
14 004700050688	464 Boulevard	Second Bedford Pines Apartments LTD
14 004700050795	468 Boulevard	Third Bedford Pines Apartments LTD
14 004700050860	474 Boulevard	Third Bedford Pines Apartments LTD

Land Area: 1.13 acres

Property Identification: The subject property, upon completion, will be a 96-unit income restricted, four-story apartment building situated on a 1.13-acre underlying site. The site is currently improved with four apartment buildings that contain 46 residential units and surface parking. It is located south of Pine Street, west of Latta Street, east of Boulevard, and north of Angier Avenue, within the city limits of Atlanta, Fulton County, Georgia, at the center of the Atlanta CBD. After demolition and reconstruction, the unit mix will include studio, one-, two-, and three-bedroom floor plans with sizes ranging from 510 to 1,329 square feet and an average unit size of 891 square feet. All of the units will be subject to income restrictions at 50% and 60% of the area median income (AMI) and Section 8 project-based rental assistance (PBRA). Standard unit amenities will include central heating and air, dishwasher, garbage disposal and microwave. Property amenities will include a community room, business center, fitness room, on-site management, elevators, private courtyard and laundry facilities. The estimated construction schedule is 18 months, with most units pre-leased to relocated tenants and pre-qualified tenants. Construction could begin by February/March 2017, with construction complete by August/September 2018. Moving the relocated tenants into the building could take three months, suggesting the property will stabilize around December 2018.

The subject is Phase II of Bedford Pines / City Lights redevelopment project. Phase I, adjacent to the south, is an age-restricted community that will not compete with City Lights II. The building was completed and fully occupied on the day of inspection. Working seven days a week, the staff moved all the residents into CLI in three weeks. Much of the tenancy of City Lights II will come from the existing tenancy of Bedford Pines;

	these tenants will be relocated during the construction process. The Bedford Pines community consists of a number of subsidized apartment developments in five phases, many of which are situated along either side of Boulevard Avenue. The 733 units are contained in a number of buildings that make up the largest Section 8 subsidized housing project in the Southeast. Many of Bedford's buildings were built in the early to mid 1900's. Wingate Management began buying and rehabilitating the apartment buildings in the early 1980's.
Highest and Best Use	As Though Vacant: Development with a multifamily use As Improved/Proposed: Continued operation of an apartment complex
Purpose of the Appraisal:	To estimate the market value of the fee simple interest in the subject property "as is," market value of the fee simple interest in the underlying site "as if vacant," and prospective market value of the fee simple interest in the subject property "upon completion and stabilization," of the proposed renovations using both restricted and hypothetical unrestricted rents. We were also requested to estimate prospective unrestricted market value at loan maturity and value of the tax credits.
Intended Use:	This appraisal is intended for use by the addressee for internal decision making purposes and may be used and/or relied upon by the Department of Community Affairs.
Property Rights:	Fee Simple
Date of As Is Value / Inspection:	November 29, 2016; As Complete: September 1, 2018; As Stabilized (Contract Rents) December 31, 2018; As Stabilized (Hypothetical Market Rents): March 31, 2019.
Date of Report:	January 30, 2017
Estimated Marketing Time:	Six to 12 months
Appraiser Qualifications:	Appraisers' education, experience and qualifications are provided in the addenda.

Valuation:

APPRAISAL VALUE ESTIMATES	
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Per Unit (96):	$151,042
Prospective Unrestricted Value At Loan Maturity:	$14,000,000
Value of Tax Credits, As of September 31, 2018:	N/Av

PROPERTY IDENTIFICATION

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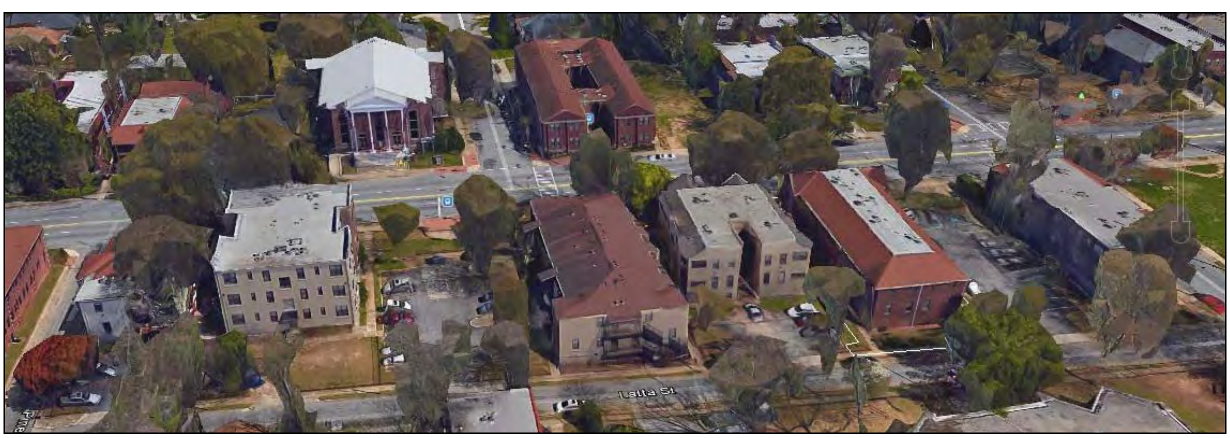


496 (Ex)	486 (Ex)	474 (lot, por)	468	464	458	450 (lot)	444

In the above aerial photo, the perspective is looking from west to east, with north at the left side of the photo. Latta Street is along the bottom edge, with Boulevard visible at the top, Pine Street on the left and Angier Avenue on the right edge. The correlating street addresses on Boulevard are in the table below the picture. The two northernmost buildings are excluded, 496 and 486 Boulevard, and only a portion of 474 Boulevard is part of the subject's footprint. The subject includes six parcels, four of which are improved with buildings, and two of which provide surface parking and dumpsters. All four existing multifamily buildings are slated for demolition prior to construction of the subject.

The subject is located south of Pine Street, west of Latta Street, east of Boulevard, and north of Angier Avenue, within the city limits of Atlanta, Fulton County, Georgia, at the center of the Atlanta CBD. The subject parcels have street addresses of 444, 450, 458, 464, 468, 474 Boulevard (portion), and are legally identified as tax parcels shown in the following table:

Parcel ID No.	Address	Owner
14 004700050886	444 Blvd/462 Angier	Fourth Bedford Pines Apartments LTD
14 004700050738	450 Boulevard	Continental Wingate Co of Georgia Inc
14 004700050753	458 Boulevard	Fifth Bedford Pines Apartments LTD
14 004700050688	464 Boulevard	Second Bedford Pines Apartments LTD
14 004700050795	468 Boulevard	Third Bedford Pines Apartments LTD
14 004700050860	474 Boulevard	Third Bedford Pines Apartments LTD

OWNERSHIP AND PROPERTY HISTORY

According to Fulton County records, the subject site is owned by the entities detailed in the above chart. According to tax records, they have owned the property for more than three years. It is our understanding the subject portion of Bedford Pines will be sold as part of the redevelopment plan, but details of the transaction were not provided. We are aware of no other offers, contracts, or transactions, nor any ownership changes during the past three years.

PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property "as is," market value of the fee simple interest in the underlying site "as if vacant," and prospective market value of the fee simple interest in the subject property "upon completion and stabilization," of the proposed renovations using both restricted and hypothetical unrestricted rents. We were also requested to estimate prospective unrestricted market value at loan maturity and value of the tax credits. This appraisal is intended for use by the addressee for internal decision making purposes and may be used and/or relied upon by the Department of Community Affairs.

DATES OF INSPECTION, VALUATION AND REPORT

The value reported is predicated upon market conditions prevailing on November 29, 2016, which is the date of inspection. The estimated construction schedule is 18 months, with most units pre-leased to relocated tenants and pre-qualified tenants. Construction could begin by February/March 2017, with construction complete by August/September 2018. Moving the relocated tenants into the building could take three months, suggesting the property will stabilize around December 2018. Therefore, the value estimate dates include: As Complete: September 1, 2018; As Stabilized (Contract Rents) December 31, 2018; and As Stabilized (Hypothetical Market Rents): March 31, 2019. The date of report is January 30, 2017.

DEFINITION OF MARKET VALUE

Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. Market value means the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby[1]:

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

[1] The definition of market value is taken from: 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*, Third Edition, and the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of The Appraisal Foundation, 2016/17 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.

PROPERTY RIGHTS APPRAISED

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

> "Fee title" is the greatest right and title that an individual can hold in real property. It is "free and clear" ownership subject only to the governmental rights of police power, taxation, eminent domain, and escheat reserved to federal, state, and local governments.

Since the property is appraised subject to short-term leases that are and will be in place, this could be construed to be the leased fee estate. However, we are recognizing the interest appraised as fee simple with the stipulated qualification.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS – SCOPE OF WORK

We completed the following steps for this assignment:

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

The site and improvement descriptions included in this report are based on our personal inspection of the subject; legal description; various documents provided by the owner and purchaser/developer including a unit mix; site plan prepared by Martin Riley Associates – Architects PC, last dated June 24, 2016; property tax information; and our experience with typical construction features for apartment complexes.

To develop an opinion of value, we have prepared an Appraisal Report which 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 comprehensive discussions of the data, reasoning and analysis used to develop an opinion of value. It also includes thorough descriptions of the subject and the market for the property type. The depth of discussion contained in this report is specific to the client's needs and for the intended use stated within the report.

SPECIAL APPRAISAL INSTRUCTIONS

As mentioned above, we were asked to estimate the market value of the fee simple interest in the subject property “as is,” market value of the fee simple interest in the underlying site “as if vacant,” and prospective market value of the fee simple interest in the subject property “upon completion and stabilization,” of the proposed renovations using both restricted and hypothetical unrestricted rents. The following definitions pertain to the value estimate 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.

Prospective Value Upon Completion of Construction

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

Prospective Value Upon Achieving Stabilized Occupancy

> The value presented assumes the property has attained the optimum level of long-term occupancy which an income producing real estate project is expected to achieve under competent management after exposure for leasing in the open market for a reasonable period of time at terms and conditions

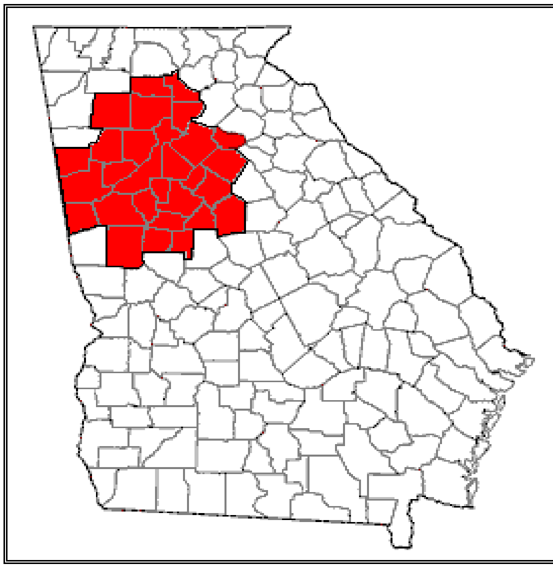
comparable to competitive offerings. The date of stabilization must be estimated and stated within the report.

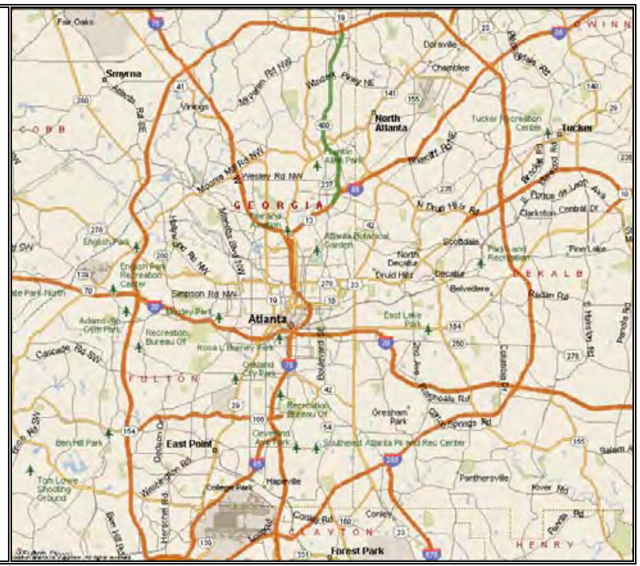
Hypothetical Condition

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

REGIONAL OVERVIEW

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





Location and Population

Located in the central, northwestern portion of Georgia, Atlanta is the state's capital and largest city. At almost 5.8 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 grew at a rate over twice as fast as the nation and 1/3 faster than the state of Georgia. From 2010 to 2015, the MSA population growth has doubled the national average and significantly exceeded that of the State of Georgia. Since 2010, the fastest growing counties are Forsyth, Fulton, Cherokee and Gwinnett.

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 July 2015.

ATLANTA METROPOLITAN STATISTICAL AREA (MSA) POPULATION								
					2000 to 2010 Chge.		2010 to 2015 Chge.	
	1990	2000	2010	Jul-15	Number	Percent	Number	Percent
Barrow	29,721	46,144	69,367	75,370	23,223	50%	6,003	9%
Bartow	55,911	76,019	100,157	102,747	24,138	32%	2,590	3%
Butts	15,326	19,522	23,655	23,593	4,133	21%	-62	0%
Carroll	71,422	87,268	110,527	114,545	23,259	27%	4,018	4%
Cherokee	91,000	141,903	214,346	235,900	72,443	51%	21,554	10%
Clayton	184,100	236,517	259,424	273,955	22,907	10%	14,531	6%
Cobb	453,400	607,751	688,078	741,334	80,327	13%	53,256	8%
Coweta	53,853	89,215	127,317	138,427	38,102	43%	11,110	9%
Dawson	9,429	15,999	22,330	23,312	6,331	40%	982	4%
DeKalb	553,800	665,865	691,893	734,871	26,028	4%	42,978	6%
Douglas	71,700	92,174	132,403	140,733	40,229	44%	8,330	6%
Fayette	62,800	91,263	106,567	110,714	15,304	17%	4,147	4%
Forsyth	44,083	98,407	175,511	212,438	77,104	78%	36,927	21%
Fulton	670,800	816,006	920,581	1,010,562	104,575	13%	89,981	10%
Gwinnett	356,500	588,448	805,321	895,823	216,873	37%	90,502	11%
Hall	95,984	139,677	179,684	193,535	40,007	29%	13,851	8%
Haralson	21,966	25,690	28,780	28,854	3,090	12%	74	0%
Heard	8,628	11,012	11,834	11,539	822	7%	-295	-2%
Henry	59,200	119,341	203,922	217,739	84,581	71%	13,817	7%
Jasper	8,453	11,426	13,900	13,365	2,474	22%	-535	-4%
Lamar	13,038	15,912	18,317	18,201	2,405	15%	-116	-1%
Meriwether	22,441	22,534	21,992	21,190	-542	-2%	-802	-4%
Newton	41,808	62,001	99,958	105,473	37,957	61%	5,515	6%
Paulding	41,611	81,678	142,324	152,238	60,646	74%	9,914	7%
Pickens	14,432	22,983	29,431	30,309	6,448	28%	878	3%
Pike	10,224	13,688	17,869	17,941	4,181	31%	72	0%
Rockdale	54,500	70,111	85,215	88,856	15,104	22%	3,641	4%
Spalding	54,457	58,417	64,073	64,051	5,656	10%	-22	0%
Walton	38,586	60,687	83,768	88,399	23,081	38%	4,631	6%
MSA Total	3,209,173	4,387,658	5,448,544	5,886,014	1,060,886	24%	437,470	8%
State: Georgia	6,478,216	8,186,453	9,687,653	10,214,860	3,736,644	18%	527,207	5%
U.S.	248,709,873	281,421,906	308,745,538	321,418,820	72,708,947	10%	12,673,282	4%
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 next. Similar data for the State of Georgia is shown for comparison purposes.

MSA INDUSTRY MIX VS. STATE					
	State of Georgia			Atlanta MSA	
	2015(04)	% of Total	#	2015(04)	% of Total
Construction	156,300	3.7%		104,700	4.1%
Manufacturing	372,100	8.7%		153,900	6.0%
Finance/Info	345,400	8.1%		252,900	9.9%
Wholesale Trade	214,600	5.0%		155,800	6.1%
Retail Trade	481,300	11.3%		276,900	10.8%
Professional/Business	635,800	14.9%		473,700	18.5%
Health Care/Education	541,100	12.7%		316,500	12.3%
Leisure/Hospitality	453,300	10.7%		270,700	10.5%
Transport/Warehousing/Utilities	197,800	4.6%		135,000	5.3%
Other Services	154,700	3.6%		94,900	3.7%
Government	693,400	16.3%		330,000	12.9%
All Other	8,800	0.2%		1,300	0.1%
Total Non-Farm	**4,254,600**	**100.0%**		**2,566,300**	**100.0%**
Source: Georgia Department of Labor					

Noteworthy is the larger Professional/Business sector in the MSA (largest MSA sector) and the smaller Government sector. The Government sector is the second largest in the MSA, however. The Finance/Info sector in the MSA is also larger than the State.

Unemployment

The unemployment rates for the Atlanta MSA are detailed below. The MSA rate stays reasonably in line with state and national averages.

UNEMPLOYMENT RATES - ANNUAL AVERAGES									
	2008	2009	2010	2011	2012	2013	2014	2015	Jun-16
Atlanta MSA	6.2%	9.6%	10.2%	9.6%	8.7%	7.9%	6.8%	4.9%	5.3%
Georgia	6.2%	9.6%	10.2%	9.8%	9.0%	8.2%	7.2%	5.5%	5.1%
U.S.	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.0%	4.9%
Source: Bureau of Labor Statistics, Federal Reserve Bank of St. Louis									

Largest Employers

As indicated in the following chart, Atlanta's top employer is Delta Airlines, followed by 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 (14^{th}) 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 opened 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.

Four other major job announcements in 2015-16 are worthy of note: Daimler AG announced it had selected metro Atlanta as the home of its new Mercedes-Benz USA headquarters. The company plans to build a $100M facility and hire about 1,000 employees. Also, State Farm Insurance announced it could employ as many as 8,000 at its new Dunwoody facility (construction underway). Also in 2015, Keurig Green Mountain announced a new manufacturing facility in Douglasville that will create 550 new jobs. In August 2016, NCR announced that, as part of the movement of their HQ facility from Duluth, Georgia to Midtown Atlanta another estimated 1,800 jobs. Also in August Honeywell announced it was building a new software center and Building and Technologies center in downtown Atlanta, adding 730 new (software) positions. Earlier in the summer of 2016, Georgia Pacific announced an expansion of their Atlanta operation, adding 600 new jobs.

Income, Median Age, Home Value, and Education

According to a demographic report by STDBOnline, for 2016, the average household income estimate is $81,382 (2010 figure was $85,998), with a median of $57,205. The median home value for the MSA is $192,312 (versus 2010 figure of $145,533). As per the

2016 estimate, 89% of the population had completed high school, and 36% had at a four-year college degree or advanced degree.

MARKET SECTOR SNAPSHOTS

Retail

According to the *CoStar Retail Report, Second Quarter 2016,* the Atlanta retail market experienced a slight improvement in market conditions in the second quarter 2016. The vacancy rate went from 7.0% in the previous quarter to 6.8% in the current quarter. Net absorption was positive at 836,312 square feet, and vacant sublease space decreased by (1,495) square feet. Quoted rental rates increased from first quarter 2016 levels, ending at $12.69 per square foot per year. A total of 32 retail buildings with 260,618 square feet of retail space were delivered to the market in the quarter, with 3,225,605 square feet still under construction at the end of the quarter.

Multi-Family

According to the MPF Research A*tlanta Apartment Market Report – Second Quarter 2016*, Atlanta continues to have inconsistent performance throughout the metro submarkets with revenue growth inside the perimeter and in the northern suburbs. Apartment occupancy and rent growth continue to be strong. *MPF* believes Atlanta's recovery has peaked and conditions have begun to stabilize. Apartment demand topped net supply in the second quarter – 5,627 units to 1,873 units. Occupancy increased 0.8 point quarter-over-quarter, but was down 0.4 point year-over-year. Rents climbed 1.5% quarter-over-quarter. Strongest submarkets are inside the perimeter and in the northern suburbs.

Office

According to the *PwC Real Estate Investor Survey, Third Quarter 2016*, the Atlanta office market can expect expansion before it reaches its peak in this real estate cycle. Primary reasons cited include steady economic growth, robust leasing velocity, solid fundamentals, limited new construction and a low cost of doing business. The market's average initial year market rent change rate has steadily improved over the past three years. This assumption holds steady this quarter at 3.50%, and it surpasses the aggregate average of 2.77%. Despite these positive attributes, some investors believe that Atlanta is nearing a plateau. Buyers are concerned about today's historically low cap rates and the potential impact of an economic recession on office-space-using job growth. Cap rates had the eleventh consecutive quarterly decline. The average overall cap rate sits at 7.07% as of the end of the third quarter 2016.

According to the *CoStar Office Report, Second Quarter 2016*, the Atlanta Office market ended the second quarter of 2016 with a vacancy rate of 12.0%. The vacancy rate was down relative to the previous quarter, with net absorption totaling positive 895,214 square feet in the second quarter. Vacant sublease space decreased in the quarter, ending the quarter at 1,469,538 square feet. Rental rates ended the second quarter at $21.28, an increase over the previous quarter. A total of three buildings delivered to the market in the quarter totaling 66,887 square feet, with 4,641,630 square feet still under construction at the end of the quarter.

Tallying office building sales of 15,000 square feet or larger, Atlanta office sales figures fell during first quarter 2016 in terms of dollar volume compared to the fourth quarter of 2015. Total office building sales activity in 2016 was up compared to 2015. In the first three months of 2016, the market saw 46 office sales transactions with a total volume of $676,808,161. The price per square foot averaged $137.55. In the same first three months of 2015, the market posted 25 transactions with a total volume of $559,987,360. The price per square foot averaged $196.87. Cap rates have been lower in 2016, averaging 7.57% compared to the same period in 2015 when they averaged 7.77%.

Industrial

According to the *CoStar Industrial Report, Second Quarter 2016*, the Atlanta Industrial market ended the second quarter 2016 with a vacancy rate of 7.1%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 5,532,792 square feet in the second quarter. Vacant sublease space increased in the quarter, ending the quarter at 2,655,700 square feet. Rental rates ended the second quarter at $4.31, no change over the previous quarter. A total of 12 buildings delivered to the market in the quarter totaling 4,364,916 square feet, with 15,503,493 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 figures fell during the first quarter 2016 in terms of dollar volume compared to the previous quarter. Total year-to-date industrial building sales activity in 2016 is up compared to the previous year. In the first three months of 2016, the market saw 72 industrial sales transactions with a total volume of $333,624,691. The price per square foot has averaged $41.86 this year. In the first three months of 2015, the market posted 51 transactions with a total volume of $151,669,056. The price per square foot averaged $31.95. Cap rates in 2016 are lower, averaging 7.72%, compared to the previous year when they averaged 8.77%.

Housing

According to a January 26, 2016 article published in the Atlanta Journal Constitution, average Atlanta home prices slipped in the late fall of 2015. However, the long-term trend has been up: Atlanta prices were still 5.7% higher than a year earlier, beating the national average of 5.4%. The average for the Atlanta market has been surging for more than three years, particularly on the north side of town. Atlanta's average price has risen 52.3 percent since its low in 2012, but is still 7.9 below the previous crest, reached in mid-2007.

According to *Zillow,* from July 2015 to July 2016 home prices rose 10.7%. Their economic team's recent forecast for 2016 expects to see home prices rise 5.4%. Other housing analysts have made similar comments and predictions regarding the Atlanta housing market in 2016, which support additional gains. However, prices will probably fall short of the double-digit increases recorded over the last couple of years.

In April 2016, the Atlanta Business Chronicle reported that the metro Atlanta housing market saw a 6.1% jump in prices in February, according to the latest S&P/Case-Shiller Home Price Indices. "Home prices continue to rise twice as fast as inflation, but the pace is easing off in the most recent numbers," said David M. Blitzer, managing director and chairman of the index committee at S&P Dow Jones Indices. "The slower growth rate is evident in the monthly seasonally adjusted numbers: six cities experienced smaller monthly gains in February compared to January, when no city saw growth."

While financing is not an issue for home buyers, rising prices are a concern in many parts of the country, Blitzer added. "The visible supply of homes on the market is low at 4.8 months in the last report," he said. "Homeowners looking to sell their house and trade up to a larger house or a more desirable location are concerned with finding that new house. Additionally, the pace of new single-family home construction and sales has not completely recovered from the recession."

According to the most recent (July 2016) Summary of Commentary on Current Economic Conditions by Federal Reserve Districts, residential real estate contacts across the District continued to report slow but steady growth. Most builders indicated that construction activity was up from the year-ago level. The majority of builders and brokers said home sales were up slightly compared with one year earlier. Most indicated that buyer traffic was equal to or higher than the previous year's level. Builder reports on inventory levels were mixed, while the majority of brokers reported that inventory levels were down from the year earlier level. Builders and brokers continued to note modest gains in home prices. As the summer season approaches, the majority of builders and brokers anticipate sales over the next three months to be comparable or slightly higher than the year-ago level. The majority of builders expect construction activity to increase slightly over the next three months.

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 2015/16 in Atlanta are shown next.

TOP TRADE SHOWS AND CONVENTIONS IN ATLANTA FOR 2015/2016		
Show	**Estimated or expected No. of Attendees**	**Location**
AmericasMart Gift & Home Furnishings Market Jan.	91,000	AmericasMart Atlanta
AmericasMart Gift & Home Furnishings Market Jan.	90,000	AmericasMart Atlanta
2015 Neighborhood Awards	84,000	GWCC
SEC Football Championship	74,000	Georgia Dome
Chick-fil-a Bowl	72,000	Georgia Dome
Chick-fil-a College Kick-Off Game	70,000	Georgia Dome
Dragon Con	60,000	AmericasMart Atlanta
Cheersport	60,000	GWCC
Alcoholics Anonymous 80th International Convention	57,000	GWCC
Primerica International Convention	50,000	GWCC
Source: *Atlanta Business Chronicle, Book of Lists 2015-16*		

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. 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 (Source: Airports Council International). 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 retractable roof stadium is under construction for the Falcons football team and the Atlanta United soccer team. It should be completed in 2017, and the new facility will host the Super Bowl in 2019. Coupled with recent improvements to the nearby Georgia World Congress Center, it has proven to be a big plus for the city. In addition, the Atlanta Braves are also constructing a new state-of-the-art baseball stadium with an adjacent mixed-used development that will include office space, hotel rooms, various retail stores and restaurants, and an entertainment venue. This project is set to be completed in 2017. 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

In November 2015, *Georgia Trend* published an analysis of Atlanta's economic outlook. The following is developed from this analysis.

A revival of population growth and the housing recovery will strongly underpin Atlanta's ongoing economic recovery. A high concentration of college-educated workers, business partners, high-tech companies and research universities will continue to attract high-technology companies in life sciences, research and development, IT, professional and business services, and advanced manufacturing. Life sciences companies are attracted by the presence of the CDC and nonprofits such as the American Cancer Society national headquarters. New high-tech industries (e.g., healthcare IT, cyber security and mobile apps) are growing rapidly in Atlanta. The innovation district that's developing around Tech Square has achieved the critical mass needed to attract high-tech companies like NCR to Midtown Atlanta.

Compared to other large metro areas with strong links to global markets, the cost of living and doing business in the Atlanta MSA are low. Access to workers, especially skilled labor, is vital to business success. And, despite the limits that traffic places on workers, many companies are attracted to Atlanta for its large and diverse pool of employees for both occupations that require a college degree and those that do not.

On an annual average basis, the 28-county Atlanta MSA will add 69,600 jobs in 2016, a year-over-year increase of 2.7 percent. That percentage gain will exceed the gains expected for both the state – 2.3 percent – and the nation – 1.4 percent. Atlanta will account for 75 percent of the state's net job growth; however Atlanta's 2016 job increase will be smaller than the gains posted for 2014 – 88,200 – and 2015 – 77,500.

Expectations of below-average top-line growth, the tightening labor market, slightly higher productivity gains and the strong U.S. dollar will be factors behind the slowdown. More positively, a larger share of the new jobs will be full time rather than part time. Many of the headquarters and other large projects recently announced by the Georgia Department of Economic Development will be located in the metro area. Atlanta's outsized information industry will benefit from expanding film and television production as well as surging demand for more sophisticated wireless services and high-volume mobile data applications.

Major improvements at Hartsfield-Jackson Atlanta International Airport bode well for Atlanta's growth. The airport makes the Atlanta area an ideal location to operate corporate headquarters, with multi-state and multi-national companies flying executives and sales people everywhere almost every day. Airport improvements also will help Atlanta to become even more popular as a destination for tourists and people attending business meetings, conventions and trade shows, as well as sporting and cultural events. This, along with cyclical improvements in the national and regional economies, will boost Georgia's hospitality industry. Hotel occupancy rates will be at or near record levels. New attractions such as the Porsche Experience Center and the College Football Hall of Fame will boost Atlanta's appeal to travelers.

Atlanta will continue to develop as an inland port for distribution and warehousing products. The connectivity of Georgia's ports to the interstate system, rail and air cargo is excellent. Sites near Hartsfield-Jackson and its extensive air cargo facilities as well as those near cold storage facilities appeal to manufacturers of perishable biomedical products.

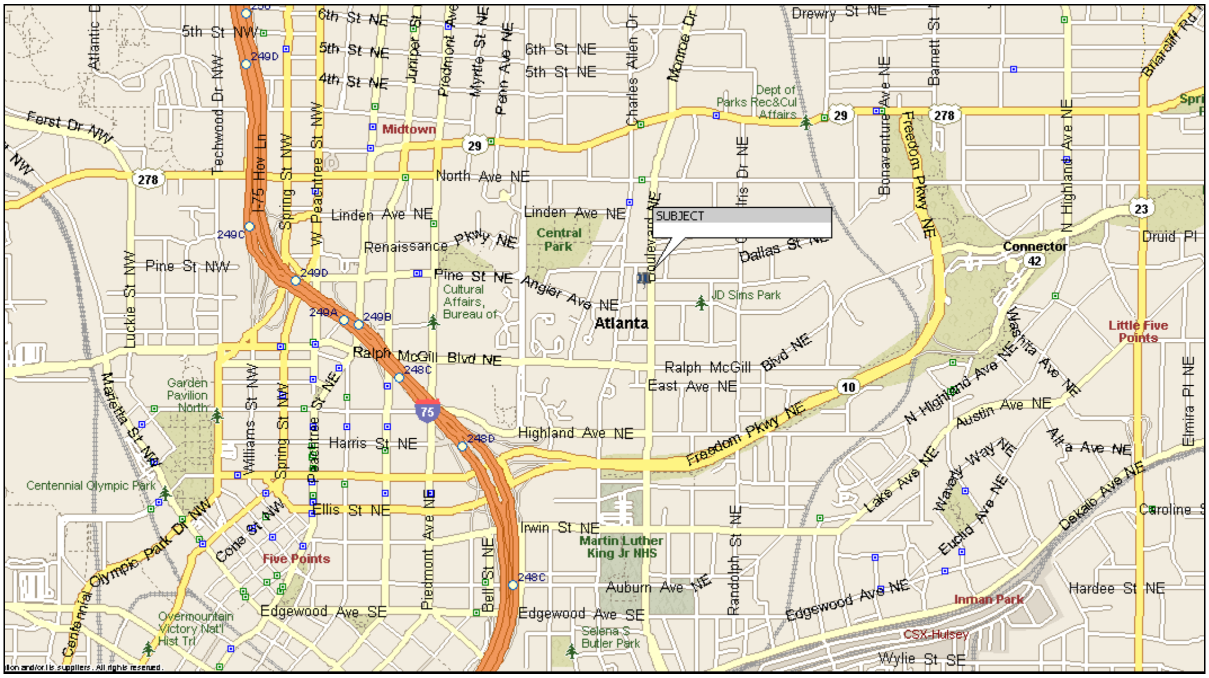
NEIGHBORHOOD OVERVIEW

Location and Boundaries

The subject is located south of Pine Street, west of Latta Street, east of Boulevard, and north of Angier Avenue, within the city limits of Atlanta, Fulton County, Georgia, near the center of the Atlanta CBD. This location is about one mile west of the DeKalb County line, less than a mile east of Interstate 75/85, approximately 1.5 miles north of Interstate 20, and about one mile northeast of the Atlanta CBD. We are defining the neighborhood boundaries as a general three-mile radius. A neighborhood map is presented below with a larger map, as well as a regional map, included in the Addenda.

The strengths of this neighborhood are: its location in the heart of the Atlanta CBD and location near I-75 and other major intra-city routes. Further, the site is immediately surrounded by shopping, worship, and public services, including public transportation. The subject is in a transitional neighborhood, still populated with older, less-than-ideal-condition retail, industrial, and residential improvements, but there has been significant new development in the neighborhood in the last five years.

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



Access and Availability of Utilities

Access to and within the subject neighborhood is very good. Interstate 75/85 extends through the western portion of the area in a north/south manner and Interstate 20 traverses the area in an east/west direction just south of the subject. These two interstates intersect about 1.5 miles southwest of the subject. I-20 is another significant roadway in the immediate vicinity of the subject. Access to both of these roadways is readily available at many intersections within the neighborhood. The subject is less than one mile northeast of the I-85/75/Freedom Parkway interchange.

The local streets are designed in a grid system. A number of them provide multiple lanes and two-way traffic flow, while others provide for one-way flow. Ponce de Leon Avenue provides the primary east/west access through the neighborhood. This roadway provides access west through the neighborhood from portions of western metro Atlanta, outside the I-285 perimeter and east, ending in Athens after turning into Highway 78. Moreland Avenue/Highway 23, Piedmont Avenue/Capital Avenue and Northside Drive/Highway 19 are the primary north/south local traffic arteries serving the area. Each of these roadways handles moderate amounts of traffic and provides access north and south through metropolitan Atlanta, inside of I-285.

Public transportation is readily available in the vicinity of the subject. There are MARTA bus stops in the immediate vicinity, and the Garnett, Five Points, Georgia State and King Memorial MARTA rail stations are located within the subject neighborhood. Utilities available throughout this neighborhood include public water, sanitary sewer, electricity, natural gas and telephone. Police and fire protection are also provided.

Land Use

The immediate area surrounding the subject can generally be described as an older mixed-use district, characterized primarily by institutional, older single- and multi-family residential, and some commercial properties. The area conditions range widely as significant portions are still blighted and others are benefiting from the continued expansion of gentrification.

The subject is located in the heart of the historic "Old Fourth Ward" (O4W) neighborhood. Most original/now historic homes were built in the 1920's after the fire of 1917, which burned 300 acres and engulfed the Old Fourth Ward. The Historic Fourth Ward Park opened in 2011. The King Center (built in remembrance to Martin Luther King Jr. is also a central feature of this neighborhood. Old Fourth Ward is surrounded by some of the most prestigious intown neighborhoods with Midtown and Virginia Highland to the north, Poncey Highland and Inman Park to the east, Cabbagetown to the south, and downtown Atlanta to the west. The Atlanta beltline public walking trail forms the entire eastern border of the O4W neighborhood.

Increased traffic congestion for the MSA and significant revitalization of "close-in" locations over the last decade has increased the desirability of in-town living. However, within the immediate area there has been less interest in regard to residential development. Single-family uses in the immediate area are a significant portion of the area's land use, and consist primarily of older urban tract homes mostly constructed before the 1950s. These homes are generally in only poor to average condition with many being vacant. Multi-family uses are basically limited to small, older complexes of which most are in only fair condition.

Proximate to the west and southwest sides of the subject neighborhood, Techwood Homes and Clark Howell redevelopment has removed much of the negative stigma associated with the area, as the project almost completely filled the land area between Centennial Park and the Olympic Village at Georgia Tech's campus. Techwood and Clark Howell were some of the earliest public housing developments in the U.S. The redevelopment replaced these units with a new mixed-income apartment community that has over 700 units. Similar redevelopment of public housing projects has also been undertaken at other sites throughout Atlanta. These include The Village at Castleberry Hill, Magnolia Park, The Villages of East Lake, Collegetown at Harris Homes and Carver Homes. In all of these cases, the existing public housing development was demolished and a new, attractive, mixed-income apartment and/or townhome development was built in its place. This type of redevelopment has spawned supporting single-family residential, loft residential, retail, industrial and other development around these projects. Other redevelopment/revitalization areas include the Chattahoochee Industrial District and the Atlantic Steel sites.

Georgia State University (GSU) is located just east of Five Points, just over one radial mile southwest of the subject. Also in the area, about three miles southwest of the subject, is the Atlanta university complex (Atlanta University, Spelman, Morris Brown, Morehouse and Clark), which occupies much of the southwest portion of the neighborhood. Underground Atlanta and the City of Atlanta and the Fulton County courthouse complex are just over one mile southwest. About a mile to the southwest of the subject are the World Congress Center, where major conventions and shows are held throughout the year, Georgia Dome (home to the NFL Falcons and scene of major sporting events), and Phillips Arena (home to the NBA Hawks). A new, $1.6 billion state-of-the-art retractable roof stadium is under construction for the Falcons football team and the Atlanta United soccer team adjacent to the existing dome. The Congress Center contains 3.9 million square feet in three main buildings. In total these buildings have twelve exhibit halls, 105 meeting rooms, and two ballrooms. Centennial Olympic Park is located along the east perimeter of the developments noted above in this paragraph. The 21-acre park was developed in 1996 as a symbolic focal point for the Olympic Games. Just east of the Park, is the Atlanta Market Center, which totals about 5.0 million square feet and includes the Gift Mart, Apparel Mart, and Merchandise Mart. Also in this vicinity is the 250,000 square foot Georgia Aquarium and World of Coke museum. Just to the southwest of the subject is Turner field, home to the Atlanta Braves. Originally built as Centennial Olympic Stadium in 1996 to serve as the centerpiece of the 1996 Summer Olympics, the stadium was converted into a baseball park to serve as the new home of the franchise. Surrounding the stadium are numerous parking lots serving the stadium. A new stadium is under construction in Cobb County and the Braves will be relocating there for the 2017 season. The old stadium will be converted to an all sports facility for use by Georgia State University.

As noted previously, the subject is to be included as part of Phase II of Bedford Pines / City Lights redevelopment project. The Bedford Pines community consists of a number of subsidized apartment developments in five phases, which are mostly situated along either side of Boulevard Avenue. The 733 units are contained in a number of buildings that make up the largest Section 8 subsidized housing project in the Southeast. Many of Bedford's buildings were built in the early to mid 1900's. Wingate Management began buying and rehabilitating the apartment buildings in the early 1980's.

Uses immediately adjacent to the subject community include Boulevard-Angier Park to the east across Boulevard, City Lights I (age-restricted) new construction to the south, multiple multi-family buildings including various phases of Bedford Pines to the north and beyond City Lights I to the south, and Parkway-Angier Park and additional multi-family complexes and single-family homes to the west.

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.

DEMOGRAPHICS SUMMARY Area: 3- Mile Radius, 464 Boulevard, Atlanta			
	2000	**2016**	**2021**
Population	142,550	172,530	185,771
Growth		21%	8%
Households	62,114	80,651	87,548
Growth		30%	9%
		3 Mile Ring	**Atlanta MSA**
Income			
Average HH		$89,424	$81,382
Median HH		$57,337	$57,792
Per Capita		$44,453	$30,041
Median Home Value		$315,613	$192,312
Housing Units			
Renter - Occupied		53%	34%
Owner - Occupied		30%	56%
Vacant		16%	10%
Average Household Size		1.83	2.70
Education Levels (Adults > 25)			
High School Graduate		93%	89%
4-Year College Degree		62%	36%
Largest Employment Categories			
Services		63%	49%
Retail Trade		9%	12%
Construction		2%	6%
Finance/Insurance/Real Estate		7%	7%
Manufacturing		4%	8%

Source: ESRI forecasts for 2016 based on 2010 US Census Data.

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

Conclusion and Relevance to the Subject Property

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

Site descriptions that are included in this report are based on our personal inspection of the subject; legal description; various documents provided by the owner and purchaser/developer including a unit mix; site plan prepared by Martin Riley Associates – Architects PC, last dated June 24, 2016; property tax information; and our experience with typical construction features for apartment complexes. The subject site's physical characteristics and features are summarized below.

SITE DESCRIPTION

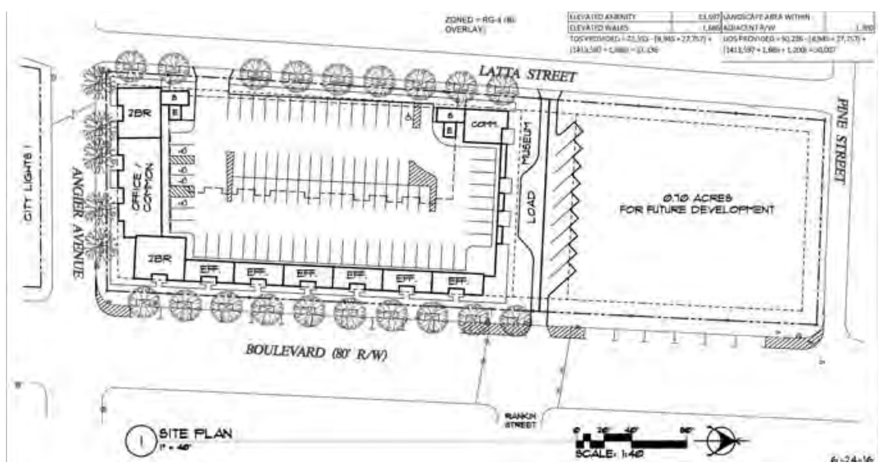
Addresses / Location: 444, 450, 458, 464, 468 and 474 (portion) Boulevard, Atlanta, Fulton County, GA 30308. It is located south of Pine Street, west of Latta Street, east of Boulevard, and north of Angier Avenue, within the city limits of Atlanta, Fulton County, Georgia, at the center of the Atlanta CBD.

Land Area: 1.13 Acres – per site plan

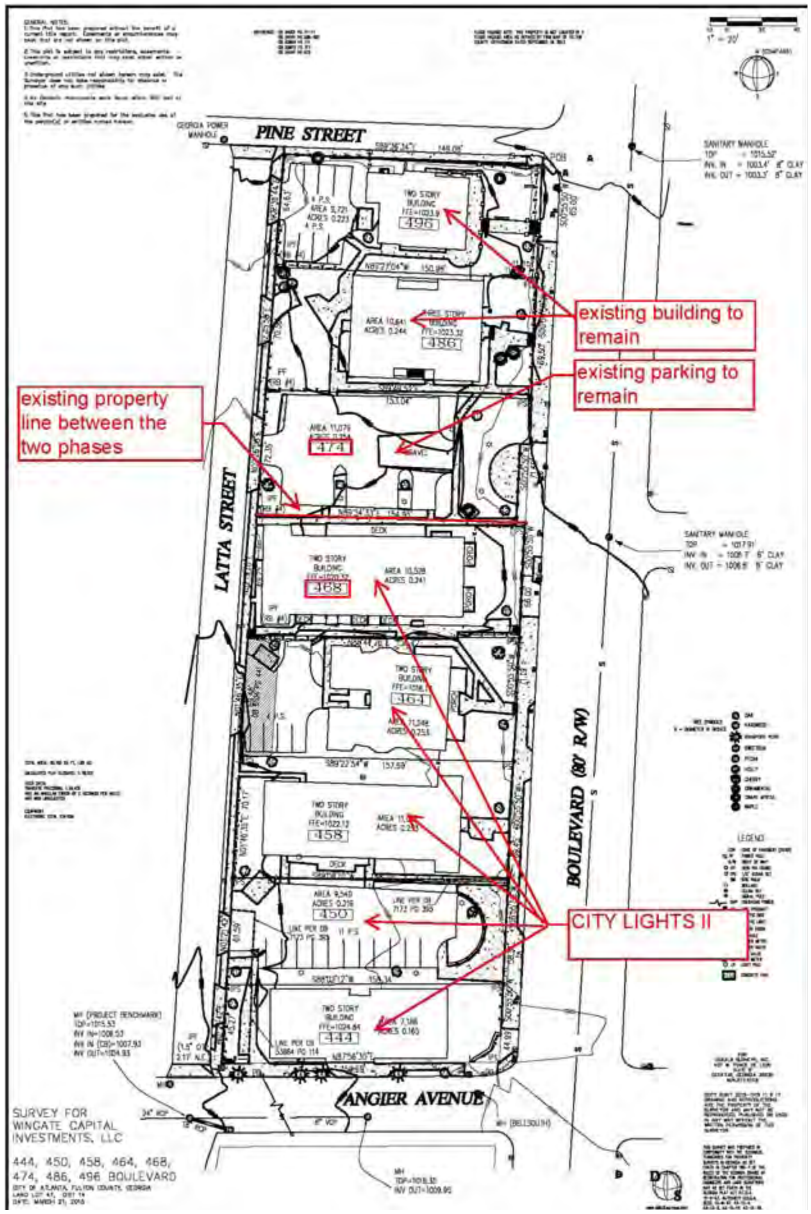
Assessor Parcel No.:

Parcel ID No.	Address	Owner
14 004700050886	444 Blvd/462 Angier	Fourth Bedford Pines Apartments LTD
14 004700050738	450 Boulevard	Continental Wingate Co of Georgia Inc
14 004700050753	458 Boulevard	Fifth Bedford Pines Apartments LTD
14 004700050688	464 Boulevard	Second Bedford Pines Apartments LTD
14 004700050795	468 Boulevard	Third Bedford Pines Apartments LTD
14 004700050860	474 Boulevard	Third Bedford Pines Apartments LTD

Site Plan:



Parcel Map:



Property Condition:	The subject is currently improved with four multifamily buildings, all slated for demolition.
Shape and Frontage:	The site is basically rectangular with frontage along the east side of Latta Street, west side of Boulevard, and north side of Angier Avenue.
Ingress and Egress:	Access to the site is planned as a curb cut along the east side of Latta Street.
Topography and Drainage:	We assume the site and proposed improvements will be graded to promote drainage. The existing buildings are above road grade from Boulevard to the east.

Soils:	We were not provided a geotechnical exploration report. We are not aware of any soil problems and assume the site can support the existing improvements both now and into the future. We have no expertise in this area. We recommend the consultation of a specialist for further questions of this nature.
Easements:	The provided site plan does not show easements for utilities and roadways. We assume the only easements are those typically provided for the installation and maintenance of utilities or other right of way easements. We are aware of no detrimental easements and assume that none exist. However, we are not qualified in this legal matter.
Covenants, Conditions, and Restrictions:	We are not aware of any deed restrictions or restricting covenants. However, this is a legal matter, and we recommend professional counsel for questions of this nature.
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 provided site plan, the subject property is identified on Federal Emergency Management Agency Flood Insurance Rate Map Number 13121C0263G, effective date September 18, 2013, and is located in an area of low flood risk. This low flood risk area was formerly referred to as "outside the 100 and 500 year floodplain." The moderate flood risk area appears to be an area with no improvements.
Environmental Issues:	We were not provided a Phase I Environmental Assessment. We did not observe any evidence of environmental contamination on inspection. However, we are not experts in this area and suggest the consultation of an expert if a problem is suspected. This analysis assumes that there is no hazardous material on or in the property, including land and improvements, which would cause a significant loss in value. We reserve the right to adjust our conclusion of value if any environmental conditions are discovered.
Fair Housing Compliance:	Some of the existing subject units, which are to be demolished, have been modified with handicap accessible features. The proposed building is designed for accessibility and will include dedicated accessible units, and there will be handicap parking spaces. We are not aware of any potential violations of the Fair Housing Act of 1988, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990 and/or 2016 Appraisal Manual DCA 9 of 14.
Conclusion:	The subject site is considered to have adequate overall physical utility for its proposed use. This conclusion is based on the site's size, shape, topography, accessibility and exposure, and availability of all utilities and services. Additionally, it is our opinion that the

proposed improvements will reflect good utilization of the site's physical characteristics.

IMPROVEMENT DESCRIPTION

Construction Class: The Class of construction is the basic subdivision in *Marshall Valuation Service*, dividing all buildings into five basic groups by type of framing (supporting columns and beams), walls, floors, roof structure, and fireproofing. The subject buildings will qualify as Class D[1] construction.

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

Unit Mix As Is:

UNIT MIX AND CONTRACT RENT SCHEDULE AS IS
Bedford Pines Apartments

Unit Type	Ph	No. Units	Unit SF	Monthly Unit Rent	Rent SF	Total Income
0BR/1BA	2	2	600	$963	$1.61	$23,112
0BR/1BA	3	4	600	$1,099	$1.83	$52,752
1BR/1BA	2	4	800	$1,081	$1.35	$51,888
1BR/1BA	3	4	800	$1,138	$1.42	$54,624
1BR/1BA	4	4	800	$1,055	$1.32	$50,640
1BR/1BA	5	4	800	$1,030	$1.29	$49,440
2BR/1BA	2	4	1,025	$1,276	$1.24	$61,248
2BR/1BA	3	8	1,025	$1,294	$1.26	$124,224
2BR/1BA	4	6	1,025	$1,263	$1.23	$90,936
2BR/1BA	5	6	1,025	$1,218	$1.19	$87,696
Totals/Average		46	891	$1,171	$1.31	$646,560

Unit Mix at Completion:

UNIT MIX AND PROJECTED CONTRACT RENTS AT COMPLETION
City Lights II

Unit Type	No. Units	Gross Unit Size	Monthly Contract Rent	Rent/SF	Total Monthly Gross Rent	Potential Annual Gross Rent
0BR/1BA	6	510	$1,200	$2.35	$7,200	$86,400
1BR/1BA	38	696	$1,260	$1.81	$47,880	$574,560
2BR/1BA	50	1,068	$1,450	$1.36	$72,500	$870,000
3BR/1BA	2	1,329	$1,630	$1.23	$3,260	$39,120
Totals/ Average:	96	891	$1,363	$1.53	$130,840	$1,570,080

[1] Class D buildings are characterized by combustible construction. The exterior walls may be made up of closely spaces wood or steel studs, as in the case of a typical frame house, with an exterior covering of wood siding, shingles, stucco, brick, or stone veneer, or other materials. Floors and roofs are supported on wood or steel joists or trusses or the floor may be a concrete slab on the ground. Upper floors or roofs may consist of wood or metal deck, prefabricated panels or sheathing. (Source: Marshall Valuation Service, January 2016, §1, p. 8)

Improvements At Completion:	Buildings/Units:	96 units in one, four-story residential apartment building.
	Apt. Bldg. Area:	99,937 Gross SF including common areas; 85,566 gross residential SF, 891 SF gross residential average unit size
Exterior Description:	Foundation:	Poured, reinforced concrete slab, on grade
	Frame:	Wood frame, roof and floor trusses
	Exterior Walls:	Brick and stone veneers, HardiePlank siding
	Roof Cover:	Developer is considering roof options to include pitched, architectural asphalt-shingle roof or flat, built-up roof for green building standards.
Interior Living Areas:	Walls:	Painted drywall
	Windows:	Vinyl, double pane
	Ceiling:	Painted drywall
	Appliances:	Refrigerator/Freezer with icemaker, dishwasher, stove/oven, microwave
Other:	HVAC:	Central heat and air
	Electrical/Plumbing:	Typical, assumed adequate
	Bathrooms:	Standard finish, multiple fixtures
	Safety:	Sprinklers, Fire Alarms
	Utilities:	The utilities will be individually metered. Water/sewer and trash removal will be included in the rent.
Site Improvements:	Parking:	96 surface spaces, including five handicapped / three van
	Paving:	Asphalt
	Sidewalks:	Concrete, around portions of buildings
	Landscaping:	Typical

Interior Features: Standard unit amenities will include central heating and air, dishwasher, garbage disposal and microwave.

Property Amenities: Property amenities will include a community room, business center, fitness room, on-site management, elevators, private courtyard and laundry facilities.

Conclusion/Comments: Overall, the subject will be typical of modern midrise apartment complexes found in the Southeast. It will have interior features and amenities that are demanded by tenants, and good quality construction and exterior appeal. In comparison to existing inventory in the market, the project would rate as very good.

ECONOMIC AGE AND LIFE

According to *Marshall Valuation Service* cost guide, buildings of this type and quality have an expected life of 50 to 60 years. However, this may be extended by a consistent repair schedule and renovations. The subject is proposed construction. Therefore, we estimate remaining economic life (expected life minus effective age) at 55 years. Our estimate considers the following factors:

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

The subject property is located in an established lower-income area of metropolitan Atlanta. The area has good accessibility, and is well located with respect to availability of labor, supporting services, and surrounding complementary developments. The area's population and households are projected to grow at a moderate pace into the foreseeable future.

The subject neighborhood has been in a mature life cycle stage, with signs of revitalization in planned re-development. The newer multifamily competition is similar quality/condition/product type, etc. as proposed for the subject. Prevailing underlying land values are stable, supporting likely ongoing contributory value of the improvements. There are no indications the area will experience any significant negative changes in the foreseeable future that will impact the economic viability of the subject.

The subject will be typical of modern, good quality apartment complexes found throughout the southeastern United States. It will be tastefully decorated and will offer construction features and amenities typically sought-after by tenants in the market. Overall, the subject property should be very competitive in the market. Considering all of these factors, our estimate of remaining economic life for the subject at completion is 55 years.

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-4, General Residential. This zoning class permits multi-family development and is a subset of the Multifamily Residential District. The RG-4 district allows single-family, duplex and multifamily structures, including apartment structures. Other uses allowed, subject to specific limitations, are places of worship, primary and secondary schools, daycare, community based residential facilities, and convenience establishments. It appears that the subject as proposed is a conforming use. Our analysis assumes that the subject is not currently 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 Fulton County. Real estate in Georgia is assessed at 40% of the assessor's estimated market value. The 2016 millage rate applicable to the subject is $43.30 per $1,000 of assessed value.

2016 ASSESSMENT AND TAX INFORMATION

Parcel ID No.	Address	Land Value	Improvement Value	Total Value	Assessed Value	Atlanta Tax Rate / $1,000	Fulton Tax Rate / $1,000	Actual Taxes	Annual Taxes Computed
14 004700050886	444 Blvd/462 Angier	$119,700	$171,000	$290,700	$116,280	$32.600	$10.700	Exempt	$5,035
14 004700050738	450 Boulevard	$106,600	$6,200	$112,800	$45,120	$32.600	$10.700	Exempt	$1,954
14 004700050753	458 Boulevard	$188,000	$99,100	$287,100	$114,840	$32.600	$10.700	Exempt	$4,973
14 004700050688	464 Boulevard	$200,500	$81,600	$282,100	$112,840	$32.600	$10.700	Exempt	$4,886
14 004700050795	468 Boulevard	$174,000	$312,200	$486,200	$194,480	$32.600	$10.700	Exempt	$8,421
14 004700050860	474 Boulevard (POR)	$122,100	$5,000	$127,100	$50,840	$32.600	$10.700	Exempt	$2,201

Source: Fulton County Tax Assessor / Commisioner

The county's tax value, when considering the underlying land value, is below our estimate of market value. The property will presumably be reappraised at the completion of construction. To estimate taxes at completion we examined four comparable market rate properties in Fulton County.

2016 MARKET RATE APARTMENT TAX COMPARABLES

Comparable	One	Two	Three	Four
Name:	Century Skyline	AMLI Old Fourth Ward	West Inman Lofts	Pencil Factory Lofts
Address:	396 Piedmont Ave	525 Glen Iris	626 DeKalb Avenue	1133 Huff Road
Tax ID No.:	14 005000090902	14 001800010174	14 002000010204	14 004500050151
No. of Units:	225	337	204	188
Year Built:	2009	2009	2006	2009
Avg. Unit Size	1,004	1,059	894	1,095
Value Per Unit:	$151,132	$196,855	$129,325	$170,269

Source: Fulton County Tax Assessor’s records

The tax comparables provided tax valuations per unit from $129,325 to $196,855 with an average of $161,895. All of the complexes are market rate and fairly new construction. The developer provided a tax estimate that computed total taxes for the subject at $160,000 or $1,667 per unit, which would be based on a per-unit value at completion of about $96,228.

Given that the proposed subject is 100% PBRA, it should fall below the value range indicated by the comparables, given lower income expectations. Based on the comparables, it appears the developer's estimate is appropriate. The 2016 millage rate for Fulton County is $43.30 per $1,000 of assessed value, which we used for our estimate of stabilized taxes. Our estimate of projected stabilized tax indebtedness relies on a hypothetical appraised value estimate of $105,000 per unit, or $174,586 and $1,819 per unit.

Tax Analysis Hypothetical Market Rents

We researched the tax appraisal of three downtown, market-rate complexes. Appraised values ranged from $129,325 to $196,855 per unit. The subject will be new construction, similar quality as the comparables. The subject average unit size is most similar to Comparable Three, and we relied on this appraised value in our estimate for the subject.

2016 MARKET RATE APARTMENT TAX COMPARABLES				
Comparable	**One**	**Two**	**Three**	**Four**
Name:	Century Skyline	AMLI Old Fourth Ward	West Inman Lofts	Pencil Factory Lofts
Address:	396 Piedmont Ave	525 Glen Iris	626 DeKalb Avenue	1133 Huff Road
Tax ID No.:	14 005000090902	14 001800010174	14 002000010204	14 004500050151
No. of Units:	225	337	204	188
Year Built:	2009	2009	2006	2009
Avg. Unit Size	1,004	1,059	894	1,095
Value Per Unit:	$151,132	$196,855	$129,325	$170,269
Source: Fulton County Tax Assessor's records				

For the pro forma based on the hypothetical unrestricted rents, we estimate an appraised value of $135,000 per unit, or a total tax value (96 units) of $12,960,000. This equates to an assessed value (40%) of $5,184,000. At the current tax rate ($43.30/$1,000 of assessed value), the resulting taxes would be $224,468 and $2,338 per unit.

An overview of regional and local market conditions is a necessary aspect of the appraisal process. The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. In this section of our report, we will review trends in the investment market relative to apartments in particular. This presentation is followed by a discussion of the subject's submarket and competitive set.

APARTMENT INVESTMENT MARKET

According to PwC's Emerging Trends 2017, apartments, as an investment, have had a long run of success. In the ET survey, apartment investments rank in second place, both for existing product and new development. Multifamily was an early-recovery sector, attracting early capital from institutional investors and REITs. As a result, yields fell and new construction began, focused on major urban cores. Debt and equity have become increasingly available.

A number of factors account for the enduring strength of the apartment sector: 1) entry into the job market of the massive millennial generation, who are a prime age cohort for rentals; 2) consumers' wariness of for-sale housing product following its massive loss in value during the housing market crash of 2008; 3) credit issues for consumers, compounded by student debt, and tightened bank requirements for home mortgages; and 4) general consumer preference to remain flexible in their lifestyles, which is facilitated by rental housing. One REIT investor noted that "the average age of their residents is 35, so [the upper end of the millennials] are all coming through the pipeline. We are also seeing increased demand from older residents," as evidence of emerging demand from baby boomers.

Apartments are expensive to build now. Since demand is strongest for apartments in walkable urbanized environments near job centers, these expensive locations are receiving the most attention from investors and developers. Tenants make trade-offs between size and location. In order to get the latter, they are typically renting smaller units. In some particularly high-cost markets, developers have found demand to be particularly strong for studio units by millennials who have tired of having multiple roommates. This trend has been taken to an extreme with micro units that come fully furnished. A high level of amenities, particularly public social spaces, is needed since entertaining in small apartments is difficult. A rental lifestyle facilitates job moves as well as travel.

A real estate investor noted that "for multifamily, the debt side has never been better. Government-sponsored enterprises [GSEs] are very aggressive and price very well." Capital availability is fueling high pricing for existing assets and a healthy development pipeline. Apartments' strong multiyear performance, along with robust development, is creating worries. Yields in the prime apartment sector have been driven to historic lows. In major markets, rental rates and net operating income (NOI) growth are either slowing, flat-lining, or in a few cases declining modestly. This is particularly the case in such markets as New York, San Francisco, and Seattle. One investment manager/adviser quipped, "Supply constrained, really?" when referring to the large volume of new construction in these three markets. Demand remains strong, but rents are hitting levels that are unaffordable to most of the younger workforce. Further rent growth may be hard to achieve.

In less mature and less expensive markets, rents and NOI growth remain robust but are slowing as well. One developer noted, "With such low inflation, rents cannot continue to go up at current high rates." Given low yields, U.S. institutions and REITs are no longer such willing buyers at prices they feel are inflated. Many are developing instead. Foreign buyers, however, are still active purchasers, thereby supporting robust pricing.

Given the substantial total returns that apartments have produced in the past five years, an executive of a major life insurance company notes that "no investments grow at above-trend returns forever." A real estate economist noted that local developers did not see the downturn coming in Houston apartments, and that "we are going to see the same thing in the tech markets a year or two from now." In addition, some worry that as the advance guard of the millennial generation crosses over into their 30s (the range currently is 26 to 35 years old), they are likely to start buying houses and settling down to start families.

Still, U.S. investors see potential for reasonable risk-adjusted returns. New construction appears to be tapering off nationally. Some developers are trying to rein in high rents by producing smaller apartments, with some success. Adaptive use of office and warehouse buildings continues to be a popular strategy, particularly in markets where surplus buildings are available.

Empty-nester baby boomers have been increasingly interested in luxury urban apartments, in some cases outpacing the millennials. These renters are typically either relocating from a home in the suburbs or establishing a "pied-à-terre" for urban use. Some capital sources continue to invest in new development either through precommitment or "build-to-core" but indicate that margins have slimmed to unattractive levels. As a result, some are pursuing similar deals within an urbanized inner suburban ring. This trend seems to have some momentum as rents rise in these suburban locations and new supply has been slower to materialize. Such markets as the Hudson Riverfront in New Jersey, northern Virginia, Oakland, and the Tri-Cities in southern California were mentioned as attractive opportunities.

Interest remains strong in Class B apartments in strong urban and inner suburban locations. Moderately priced or workforce apartments rate especially highly in our survey. A number of investors have indicated that pricing of unrenovated units has taken the "juice" out of such deals, so it is better to buy them already renovated. Nevertheless, these properties are quite attractive since their lower rents appeal to a broader segment of the population, and contribute to investors' defensive strategies.

Given the demand for apartments throughout the United States where job growth is robust, many investors are straying from the top 20 markets. Metro areas like Nashville, Charlotte, Raleigh/ Durham, Portland, and even Phoenix are attracting investors into their more urban submarkets.

The large institutions do not find suburban garden apartments in supply-unconstrained markets interesting. "Atlanta and Dallas will always overbuild" was mentioned by a portfolio manager, and reflects the sentiments of a number of investors. This comment generally refers to auto-dependent suburbs, rather than more urban submarkets. Overall, there will likely continue to be net additions of apartments to U.S. investors' portfolios, but such activity is likely to be muted relative to the levels seen in the past few years. A pullback by lenders for new construction is likely to correct any imbalance fairly quickly. Affordability was cited as a key issue for renters, particularly in high-cost job growth markets. ***Nonsubsidized new construction is basically infeasible***. In past cycles, older product may have trickled down to lower-income renters, but in this cycle, new construction has been insufficient to moderate rent increases on this older product.

According to the *PwC Real Estate Investor Survey – Third Quarter 2016*, certain metros and submarkets within the Mid-Atlantic, Pacific, and Southeast regional apartment markets are displaying signs of reaching a plateau in the real estate cycle. "We are seeing more discipline and less frenzy on the acquisition side, so I believe we are close to reaching a peak," states a Mid-Atlantic investor. "A shortage of buyers exists for new construction and stabilized assets that are not 'State-and-Main' locations," explains a participant focused on the Pacific region. Investors also differentiate trends in these regional apartment markets between specific locations and asset quality. "Cycle positions vary greatly among submarkets-California coastal infill areas, for instance, remain highly supply constrained despite strong demand," remarks an investor. "Class-B apartment values may rise slightly because rent will continue to rise but Class-A properties could suffer a downturn in value due to new supply in that sector," comments an investor focused on the Southeast region.

Slowing rent growth is a key characteristic of a market that is reaching a plateau, or moving through the contraction phase of the cycle. This quarter's Survey results reveal that the average initial-year market rent change rate holds steady for the Mid-Atlantic and Southeast regions an increases slightly for the Pacific region. The recent additions to supply in many metros have heightened the competitiveness of local leasing markets, making it difficult for some landlords to increase rents. As a result, they are offering incentives, such as free rent, to attract tenants. In fact, 60% of surveyed investors reveal that free rent is typically used in these regions. In the Pacific and Southeast regions, free rent if as much as 1.5

months on a 12-month lease is typical. In the Mid-Atlantic region, free rent of up to two months is offered.

The *PwC Survey* indicates that overall capitalization rates for the Southeast apartment market range from 3.50% to 6.50%, with an average of 5.10% (institutional-grade properties). The average rate is down five basis points from the previous quarter and down 38 basis points one year ago. Investors indicated inflation assumptions for market rent generally ranging between 1.00% and 4.00%, with an average of 3.05%, which is unchanged from the prior quarter and down 10 basis points from one year ago. Additionally, these investors quoted an expense inflation rate between 2.00% and 3.00%, with an average of 2.80%, unchanged from the prior quarter and same period one year ago. Internal rate of return (IRR) requirements for the investors ranged from 5.75% to 10.00%, with an average of 7.53%, which is unchanged from the prior quarter and down 7 basis points from the same period one year ago. The average marketing time ranged from one to six months, with an average of 3.1 months, which is unchanged from the prior quarter and from one year ago.

Non-institutional-grade rates for the Southeast Region are not currently being tracked; however, National Apartment non-institutional-grade IRR and OAR average rates are 181 and 147 basis points higher, respectively.

ATLANTA APARTMENT MARKET

According to the MPF Research A*tlanta Apartment Market Report – Third Quarter 2016*, Atlanta has many strengths, including a business-friendly environment, vast transportation and manufacturing infrastructure and an educated workforce. However, the metro remains split in terms of both the local economy and the local apartment market, which is seeing a late-cycle recovery. Rapid apartment revenue growth in recent quarters follows economic gains inside perimeter submarkets and in the northern suburbs. Economic gains have pushed job growth levels into strong territory. Job growth should continue over the short term, but long-term sustainability remains in question. Stronger job growth has led to improving demand for rental housing. It has absorbed some of the single-family inventory and resulted in higher occupancy and strong rent growth in the apartment market. As a result, apartment occupancy is at the highest level since 2006 and annual rent growth remains well above historical norms. Atlanta now ranks among the top major US metros for revenue growth in recent quarters. For both occupancy and rent growth, middle- and upper-tier apartments have the clear leaders, as lower-tier units continue to lag. Upper tier submarkets within the perimeter and in the northern suburbs are experiencing the best performance. New supply has increased, but is concentrated primarily within the perimeter. All told, the Atlanta apartment market is showing strong growth, though not universally, with clear winners and losers among market segments.

In the 3rd quarter 2016, quarterly demand was 5,707 units. Completions were 1,400 units, slightly ahead of the five-year average. On an annual basis, demand topped net supply, 8,585 units to 5,515 units. Occupancy tightened and was up 0.9 point year-over-year, 95.8%. Quarterly rents increased by 3.4%. The year-over-year rent increase was 6.3%. Submarkets in the northern suburbs continued to thrive. Atlanta's late-cycle recovery appears to have peaked, and conditions have started to stabilize. Increased supply should start limiting revenue growth potential in the key urban and northern submarkets over the next year, holding rent growth to between 3.5% and 4.5% and occupancy around 94% to 95%.

Rents And Occupancy

In the third quarter 2016, occupancy measured 95.8%, up 1.0 point year-over-year and 7.5 points from the post-recession low recorded fourth quarter 2009. Higher occupancy in top- and middle- market product overshadowed weakness in older, more affordable units. A similar trend is seen among submarkets, as central and northern submarkets maintain higher rates. Meanwhile, Clayton and DeKalb County submarkets outside the perimeter remain challenged with regard to demand. Over the next year, new completions will test the underlying strength in healthier submarkets located inside the perimeter. Annual rent growth levels remain well above historical norms and place Atlanta among the top major markets nationally.

Development Trends

While supply remains elevated, completions have remained manageable and concentrated is specific submarkets. Inventory expanded at an annual rate of 1.3% over the past three years, as annual completions ranged from 5,100 to 10,500 units. In third quarter 2016, a total of 5,515 units were added, with 654 taken offline, for an annual net expansion ratio of 1.0%. Expansion should accelerate in the next year, with nearly 15,500 units expected to complete. Those units would result in a 3.3% increase of the existing base. Deliveries have been largely focused inside the perimeter (Midtown Atlanta and Buckhead). Many northern submarkets will remain untouched. Identified projects and permit volumes suggest that supply should remain elevated through 2018.

Apartment demand remains robust, as annual absorption has been between 8,400 and 12,800 units for the last 12 quarters, in-line or above the five-year average of about 8,500 units. Demand registered 12,760 units third quarter 2015, the highest annual total since third quarter 2010. In the third quarter 2016, Atlanta posted demand for 8,585 units. With existing middle-and upper- tier product essentially full, much of the recent demand appears to be going to the lease-up of new supply and some back-filling of older, lower-tier units. High supply submarkets such as Midtown, Buckhead and West Atlanta continue to see healthy demand levels. Future demand levels depend on job growth and retaining growth that could go to the single-family market. Demand should remain strong in stronger performing submarkets, and struggle in weaker areas.

Single-Family Snapshot

Atlanta is still absorbing excess single-family home inventory left over from the recession. A total of 108,100 homes sold in Atlanta in the year ending third quarter 2016, up 11.0% year over year, about 30% above the five-year average. Single-family permit volumes have been on a steady upward trend. Atlanta's affordable for-sale and rental single-family-home markets remain a competitor to the apartment market. As of 2nd quarter 2016, the Atlanta home ownership rate topped 62.1%.

Top Submarkets

The following chart illustrates the 3rd Quarter 2016 performance of the Atlanta apartment submarkets.

	Third Quarter 2016 Atlanta Market Submarket	Total Units	Occupancy	Monthly Rent	PSF
1	Downtown	10,156	96.0%	$1,316	$1.43
2	Midtown	19,011	95.7%	$1,542	$1.70
3	Northeast Atlanta	14,734	96.0%	$1,515	$1.58
4	Southeast Atlanta	10,782	96.8%	$854	$0.89
5	South Atlanta	18,132	95.1%	$761	$0.77
6	West Atlanta	15,687	95.2%	$1,359	$1.38
7	Buckhead	18,209	94.3%	$1,514	$1.46
8	Sandy Springs	16,753	95.9%	$1,195	$1.12
9	Dunwoody	8,579	96.0%	$1,387	$1.30
10	Chamblee Brookhaven	14,527	96.0%	$1,301	$1.28
11	Doraville	7,445	97.1%	$921	$0.94
12	Briarcliff	14,624	96.8%	$1,211	$1.20
13	Decatur	9,408	94.7%	$1,185	$1.19
14	Clarkston/Tucker	8,582	96.9%	$861	$0.81
15	Stone Mountain	10,842	96.4%	$740	$0.73
16	South DeKalb	11,968	93.9%	$725	$0.73
17	Southeast DeKalb	7,054	92.8%	$858	$0.78
18	Henry County	10,445	95.6%	$963	$0.87
19	Clayton County	16,975	93.6%	$730	$0.72
20	South Fulton County	14,877	93.5%	$776	$0.78
21	Southwest Atlanta	10,078	96.6%	$914	$0.90
22	South Cobb County / Douglasville	12,997	96.0%	$886	$0.87
23	Smyrna	14,963	96.1%	$1,083	$1.07
24	Vinings	9,866	95.5%	$1,223	$1.21
25	Southeast Marietta	13,077	95.7%	$1,027	$0.97
26	West Marietta	8,011	93.2%	$880	$0.86
27	Kennesaw /Acworth	11,044	97.6%	$1,183	$1.08
28	Northeast Cobb / Woodstock	9,627	97.2%	$1,133	$1.07
29	Roswell	7,888	95.7%	$1,127	$1.03
30	Alpharetta / Cumming	15,875	96.6%	$1,288	$1.21
31	Norcross	18,342	95.5%	$928	$0.94
32	Duluth	12,416	96.5%	$1,072	$1.01
33	Johns Creek / Suwanee / Buford	6,654	96.5%	$1,242	$1.15
34	Northeast Gwinnett	11,151	96.5%	$1,067	$992.00
35	Southeast Gwinnett	8,864	96.2%	$1,012	$0.95
36	Far East Atlanta Suburbs	8,964	97.4%	$877	$0.82
37	Far South Atlanta Suburbs	9,932	96.8%	$1,058	$0.97
38	Far West Atlanta Suburbs	6,995	96.5%	$1,139	$0.98
39	Far North Atlanta Suburbs	6,731	97.5%	$914	$0.87
40	Gainesville	7,195	97.5%	$903	$0.83
	Atlanta Total / Average	466,340	94.0%	$1,018	$0.99

THE SUBJECT'S MIDTOWN SUBMARKET

Inventory

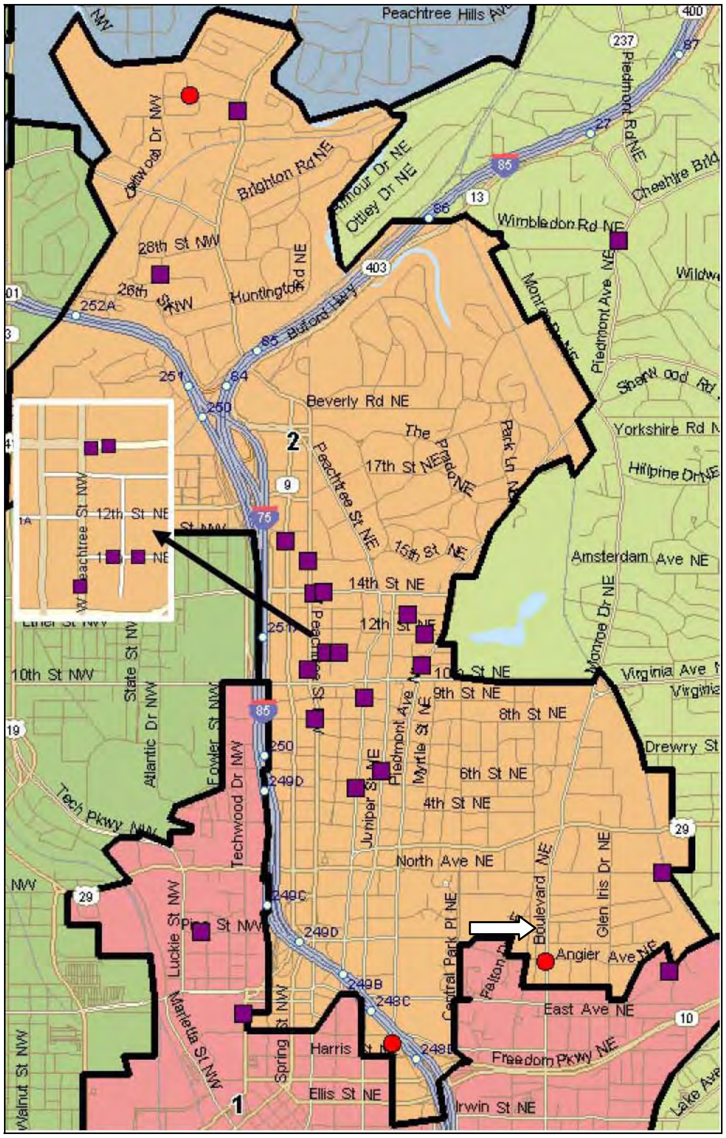
According to MPF Research, the subject is located in the Midtown submarket. In the *Third Quarter 2016 Report*, the Midtown submarket inventory is 19,011 apartment units. For the submarket, the five-year average annual supply was 676 units. Annual supply is 621 units with a quarterly supply of 0 units. The five year trough was 30 units and the peak was 1,878 units. The submarket had occupancy of 95.7% reported for the first quarter, down from a five-year average of 94.7%. Monthly rent averaged $1,542 or $1.70 per square foot.

There are three projects that came online in the last four quarters, and seventeen currently under construction. Recently completed projects added 621 units to the submarket, with 5,121 units in the 17 projects in the pipeline.

Based on our experience with this type property, we forecast absorption at a rate of 15 units per month, with the only time constraint the speed with which relocated and prequalified tenants can physically occupy the units. The most recent comparable property to the subject was Ashley Auburn Pointe Phase II, which came online in 2014. All 150 units were leased within one month. City Lights Phase I recently completed and the eighty units were occupied within three weeks. Similarly, the subject will have pre-qualified tenants that are ready to move in to completed units as soon as they are available. We have projected tenants will be relocated and moved in within six months of completion of construction.

Construction Activity - Midtown Submarket

Property Name	Address	Property Type	Units	Stories	Construction Stage	Start	Finish
City Lights	430 Boulevard NE	Senior	80	4	Completed	01/15	06/16
Monroe (The)	177 N Colonial Homes Cir NW	Conventional	217	5	Completed	07/14	02/16
Office (The)	250 Piedmont Ave NE	Conventional	324	20	Completed	09/14	01/16
1270 Spring	1270 Spring St NW	Conventional	259	5	U/C	06/16	06/18
AMLI Arts Center	1240 West Peachtree	Conventional	351	30	U/C	11/15	11/17
Alta Midtown	915 W Peachtree	Conventional	369	21	U/C	09/14	11/16
Alta at the Park	223 12th St NE	Conventional	198	22	U/C	01/16	08/17
Ardmore & 28th	306 Ardmore Cir NW	Conventional	165	6	U/C	06/14	12/16
Atlantic House	1163 W Peachtree St NW	Conventional	407	32	U/C	01/15	10/16
Azure on the Park	Piedmont Ave @ 11th	Conventional	329	25	U/C	06/15	05/17
Broadstone Terraces	811 Juniper St	Conventional	218	8	U/C	01/15	11/16
Hanover Midtown	1010 W Peachtree St NW	Conventional	332	6	U/C	10/15	05/17
Modera Midtown	90 Peachtree Place	Conventional	435	29	U/C	07/15	07/18
North+Line	695 N Ave NE	Conventional	228	8	U/C	04/16	04/18
Post Midtown Millenium	33 11th St	Conventional	327	23	U/C	07/15	08/17
60 11th Street	60 11th Street	Conventional	319	20	U/C	11/14	12/16
Spring Midtown	23 14th St NE	Conventional	400	21	U/C	06/15	11/17
Trace	782 Peachtree St NE	Conventional	290	12	U/C	09/14	12/16
Venue Brookwood	2144 Peachtree Road	Conventional	249	12	U/C	11/14	03/17
YOO on the Park	207 13th St NE	Conventional	245	25	U/C	02/15	12/16
Total			5,742				



Red circles map the completed projects, purple squares under construction projects listed in previous chart.

Vacancy

The subject is planned for 100% PBRA units. These units typically have full occupancy with vacancy only during the time it takes to prepare units for new tenants. PBRA complexes have long waiting lists of pre-qualified tenants. Absorption for PBRA complexes is often no more than the time it takes to move pre-qualified tenants into completed units. Occupancy in the overall Midtown submarket in market-rate properties is 95.7%. Occupancy in units constructed since 2000 is 95.5%.

As can be seen in the following chart, occupancy at competitive mixed-income properties is 95%-98%. These properties include a few market rate units. Occupancy at the market rate units is 90%-94%. Overall average occupancy is 94%. The subject will likely enjoy full occupancy, with vacancy only during tenant turnover for the period required to ready units for the next tenant. We forecast a combined economic and physical vacancy of 5% for the subject at stabilization, which is presented in our proforma.

RENT COMPARABLES - OCCUPANCY					
	Complex	Rent Levels	Year Built	# of Units	Occupancy
1	Ashley Auburn Pointe I	PBRA, LIHTC & MKT	2010	154	95%
2	Columbia Mechanicsville	PBRA & LIHTC	2007	199	96%
3	Capitol Gateway I and II	LIHTC & MKT	2006	421	96%
4	Auburn Glenn	PBRA, LIHTC & MKT	2004	271	95%
5	Retreat at Edgewood	LIHTC	2011	140	98%
6	AMLI Old Fourth Ward	Market	2009	337	94%
7	Camden Vantage	Market	2009	592	93%
8	Century Skyline	Market	2009	225	90%
	Total/Average				94%

MARKETABILITY OF THE SUBJECT

The subject property, upon completion, will be a 96-unit income restricted, four-story apartment building situated on a 1.13-acre underlying site. The site is currently improved with four apartment buildings that contain 46 residential units and surface parking. It is located south of Pine Street, west of Latta Street, east of Boulevard, and north of Angier Avenue, within the city limits of Atlanta, Fulton County, Georgia, at the center of the Atlanta CBD.

The subject neighborhood has seen recent redevelopment. City Lights I, the first phase of the subject's redevelopment, is adjacent to the south and slated to open soon. While the area immediately surrounding the subject still consists of otherwise older improvements, there is redevelopment in the larger neighborhood. With the evolution of public housing to mixed-rate projects, several complexes in the neighborhood now offer some combination of government programs, typically income-restricted units, Project-Based Rental Assistance (PBRA), and Section 8 vouchers. Existing subsidized and age-restricted developments near the subject and throughout the submarket enjoy strong occupancy and ongoing demand for units.

COMPETITIVE ANALYSIS

We selected eight complexes to serve as rent comparables. These developments have a mixture of market and income restricted units, and are located in Atlanta within 2.5 radial miles of the subject. They have typical amenities and features. The comparables were built between 2004 and 2012 with unit counts from 140 to 592. Some of the larger unit count complexes have multiple phases. The subject's proposed units and the comparable rents are presented in the following chart. Further details, as well as photographs and a location map, are presented in the Addenda.

SUBJECT UNITS/GROSS RENTS

The unit mix with projected contract rents is presented below. The subject will have a mix of one-, two- and three-bedroom units. The average unit size is 891 rentable SF. The subject will include water, sewer and trash with the rent, with the tenant paying their electrical utility directly.

For the estimate of value as is, we rely on the contract rents in place. For the estimate of value at completion subject to restricted rents, we rely on the projected contract rents. For the estimate of value assuming hypothetical market rents, we use an estimate of market rents derived from comparable properties.

UNIT MIX AND CONTRACT RENT SCHEDULE AS IS
Bedford Pines Apartments

Unit Type	Ph	No. Units	Unit SF	Monthly Unit Rent	Rent SF	Total Income
0BR/1BA	2	2	600	$963	$1.61	$23,112
0BR/1BA	3	4	600	$1,099	$1.83	$52,752
1BR/1BA	2	4	800	$1,081	$1.35	$51,888
1BR/1BA	3	4	800	$1,138	$1.42	$54,624
1BR/1BA	4	4	800	$1,055	$1.32	$50,640
1BR/1BA	5	4	800	$1,030	$1.29	$49,440
2BR/1BA	2	4	1,025	$1,276	$1.24	$61,248
2BR/1BA	3	8	1,025	$1,294	$1.26	$124,224
2BR/1BA	4	6	1,025	$1,263	$1.23	$90,936
2BR/1BA	5	6	1,025	$1,218	$1.19	$87,696
Totals/Average		46	891	$1,171	$1.31	$646,560

PROJECTED CONTRACT RENTS AT COMPLETION
City Lights II

Unit Type	No. Units	Gross Unit Size	Monthly Contract Rent	Rent/SF	Total Monthly Gross Rent	Potential Annual Gross Rent
0BR/1BA	6	510	$1,200	$2.35	$7,200	$86,400
1BR/1BA	38	696	$1,260	$1.81	$47,880	$574,560
2BR/1BA	50	1,068	$1,450	$1.36	$72,500	$870,000
3BR/1BA	2	1,329	$1,630	$1.23	$3,260	$39,120
Totals/ Average:	96	891	$1,363	$1.53	$130,840	$1,570,080

HYPOTHETICAL MARKET RENTS AT COMPLETION City Lights II						
Unit Type	No. Units	Gross Unit Size	Monthly Contract Rent	Rent/SF	Total Monthly Gross Rent	Potential Annual Gross Rent
0BR/1BA	6	510	$1,200	$2.35	$7,200	$86,400
1BR/1BA	38	696	$1,260	$1.81	$47,880	$574,560
2BR/1BA	50	1,068	$1,450	$1.36	$72,500	$870,000
3BR/1BA	2	1,329	$1,630	$1.23	$3,260	$39,120
Totals/ Average:	96	891	$1,363	$1.53	$130,840	$1,570,080

One-Bedroom Units

APARTMENT RENT COMPARABLE SUMMARY ONE-BEDROOM UNITS									
Comparable	Bath	Size	Market Rent		LIHTC (50%)		LIHTC (60%)		
	Qty.	(SF)	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF	Utilites
Subject Mkt / Contract Rents	1.0	510	$1,200	$2.35	N/Ap	N/Ap	N/Ap	N/Ap	WST
Subject Mkt / Contract Rents	1.0	696	$1,260	$1.81	N/Ap	N/Ap	N/Ap	N/Ap	WST
Ashley Auburn Pointe I	1.0	756	$1,160	$1.53	N/Ap	N/Ap	$659	$0.87	T
Columbia Mechanicsville	1.0	750	$716	$0.95	$577	$0.77	$716	$0.95	T
Capitol Gateway I and II	1.0	708	$1,000	$1.41	N/Ap	N/Ap	$717	$1.01	T
Capitol Gateway I and II	1.0	742	$1,000	$1.35	N/Ap	N/Ap	$717	$0.97	T
Capitol Gateway I and II	1.0	772	$1,000	$1.30	N/Ap	N/Ap	$717	$0.93	T
Capitol Gateway I and II	1.0	867	$1,090	$1.26	N/Ap	N/Ap	$717	$0.83	T
Auburn Glenn	1.0	696	$1,245	$1.79	N/Ap	N/Ap	$690	$0.99	T
Retreat at Edgewood	1.0	732	N/Ap	N/Ap	$493	$0.67	$590	$0.81	T
Retreat at Edgewood	1.0	789	$829	$1.03	N/Ap	N/Ap	$623	$0.79	T
AMLI Old Fourth Ward	1.0	805	$1,499	$1.81	N/Ap	N/Ap	N/Ap	N/Ap	None + $25 T
AMLI Old Fourth Ward	1.0	829	$1,714	$1.88	N/Ap	N/Ap	N/Ap	N/Ap	None + $25 T
AMLI Old Fourth Ward	1.0	910	$1,707	$1.94	N/Ap	N/Ap	N/Ap	N/Ap	None + $25 T
AMLI Old Fourth Ward	1.0	878	$1,125	$1.33	N/Ap	N/Ap	N/Ap	N/Ap	None + $25 T
AMLI Old Fourth Ward	1.0	1,040	$900	$1.07	N/Ap	N/Ap	N/Ap	N/Ap	None + $25 T
Camden Vantage	1.0	656	$1,109	$1.69	N/Ap	N/Ap	N/Ap	N/Ap	None + $30 T
Camden Vantage	1.0	756	$1,159	$1.53	N/Ap	N/Ap	N/Ap	N/Ap	None + $30 T
Camden Vantage	1.0	831	$1,219	$1.47	N/Ap	N/Ap	N/Ap	N/Ap	None + $30 T
Camden Vantage	1.0	843	$1,219	$1.45	N/Ap	N/Ap	N/Ap	N/Ap	None + $30 T
Camden Vantage	1.0	845	$1,229	$1.45	N/Ap	N/Ap	N/Ap	N/Ap	None + $30 T
Camden Vantage	1.0	884	$1,229	$1.39	N/Ap	N/Ap	N/Ap	N/Ap	None + $30 T
Century Skyline	1.0	845	$1,155	$1.37	N/Ap	N/Ap	N/Ap	N/Ap	T
Average of comps		806	$1,165	$1.45	$535	$0.72	$683	$0.91	
Maximum		1,040	$1,714	$1.94	$577	$0.77	$717	$1.01	
Minimum		656	$716	$0.95	$493	$0.67	$590	$0.79	

The subject will offer two, studio / one-bedroom, one-bathroom floorplans, 510 and 696-SF. The contract rents are $1,200 and $1,260 per month, or $2.35 and $1.81 per square foot. The comparable one-bedroom units range in size from 656 to 1,040 square feet. Market rents at the comparables range from $716 to $1,714 ($0.95 to $1.94 per square foot). The subject smaller one-bedroom unit is below the low end of the range based on size, and the larger unit within the range, at the lower end. The contract rents are in line with the comparables on a monthly basis, and at or above the upper end on a per-square-foot basis, though reasonably supported. We reconciled to appraiser recommended market rents of $1,200 ($2.35 psf) and $1,260 ($1.81 psf).

Two-Bedroom Units

APARTMENT RENT COMPARABLE SUMMARY TWO-BEDROOM UNITS									
Comparable	Bath	Size	Market Rent		LIHTC (50%)		LIHTC (60%)		
	Qty.	(SF)	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF	Utilites
Subject Mkt / Contract Rents	1.0	1,068	$1,450	$1.36	N/Ap	N/Ap	N/Ap	N/Ap	WST
Ashley Auburn Pointe I	2.0	1,079	$1,445	$1.34	N/Ap	N/Ap	$754	$0.70	T
Columbia Mechanicsville	2.0	1,005	$999	$0.99	$645	$0.64	$812	$0.81	T
Capitol Gateway I and II	1.0	910	$1,225	$1.35	N/Ap	N/Ap	$818	$0.90	T
Capitol Gateway I and II	2.0	1,031	$1,375	$1.33	N/Ap	N/Ap	$818	$0.79	T
Capitol Gateway I and II	2.0	1,047	$1,425	$1.36	N/Ap	N/Ap	$818	$0.78	T
Capitol Gateway I and II	2.0	1,050	$1,400	$1.33	N/Ap	N/Ap	$818	$0.78	T
Auburn Glenn	2.0	1,044	$1,089	$1.04	N/Ap	N/Ap	$788	$0.75	T
Retreat at Edgewood	2.5	1,229	N/Ap	N/Ap	N/Ap	N/Ap	$669	$0.54	T
AMLI Old Fourth Ward	2.0	1,111	$1,882	$1.69	N/Ap	N/Ap	N/Ap	N/Ap	None + $25 T
AMLI Old Fourth Ward	2.0	1,217	$2,187	$1.80	N/Ap	N/Ap	N/Ap	N/Ap	None + $25 T
AMLI Old Fourth Ward	2.0	1,281	$1,982	$1.55	N/Ap	N/Ap	N/Ap	N/Ap	None + $25 T
AMLI Old Fourth Ward	2.0	1,461	$2,296	$1.57	N/Ap	N/Ap	N/Ap	N/Ap	None + $25 T
AMLI Old Fourth Ward	2.0	1,619	$2,600	$1.61	N/Ap	N/Ap	N/Ap	N/Ap	None + $25 T
Camden Vantage	2.0	1,046	$1,469	$1.40	N/Ap	N/Ap	N/Ap	N/Ap	None + $30 T
Camden Vantage	2.0	1,149	$1,479	$1.29	N/Ap	N/Ap	N/Ap	N/Ap	None + $30 T
Camden Vantage	2.0	1,152	$1,509	$1.31	N/Ap	N/Ap	N/Ap	N/Ap	None + $30 T
Camden Vantage	2.0	1,277	$1,559	$1.22	N/Ap	N/Ap	N/Ap	N/Ap	None + $30 T
Century Skyline	2.0	1,131	$1,470	$1.30	N/Ap	N/Ap	N/Ap	N/Ap	T
Century Skyline	2.0	1,224	$1,540	$1.26	N/Ap	N/Ap	N/Ap	N/Ap	T
Century Skyline	2.0	1,306	$1,650	$1.26	N/Ap	N/Ap	N/Ap	N/Ap	T
Century Skyline	2.0	1,529	$1,880	$1.23	N/Ap	N/Ap	N/Ap	N/Ap	T
Century Skyline	2.0	1,542	$1,880	$1.22	N/Ap	N/Ap	N/Ap	N/Ap	T
Average of comps		1,202	$1,635	$1.36	$645	$0.64	$787	$0.76	
Maximum		1,619	$2,600	$1.80	$645	$0.64	$818	$0.90	
Minimum		910	$999	$0.99	$645	$0.64	$669	$0.54	

The subject will offer a two-bedroom, one-bathroom floor plan averaging 1,068 square feet. The contract rents are $1,450 per month, or $1.36 per square foot. The comparable two-bedroom units range in size from 910 to 1,619 square feet. Market rents at the comparables range from $999 to $2,600 ($0.99 to $1.80 per square foot). The contract rents are in line with the comparables and are reasonably supported. We reconciled to appraiser recommended market rents of $1,450 ($1.36 psf) for the two-bedroom, two-bath, 1,068 SF unit.

Three-Bedroom Units

APARTMENT RENT COMPARABLE SUMMARY THREE-BEDROOM UNITS									
Comparable	Bath	Size	Market Rent		LIHTC (50%)		LIHTC (60%)		
	Qty.	(SF)	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF	Utilites
Subject Mkt / Contract Rents	1.0	1,329	$1,630	$1.23	N/Ap	N/Ap	N/Ap	N/Ap	WST
Ashley Auburn Pointe I	2.0	1,264	$1,850	$1.46	N/Ap	N/Ap	$833	$0.66	T
Columbia Mechanicsville	2.0	1,200	$1,199	$1.00	$689	$0.57	$881	$0.73	T
Capitol Gateway I and II	2.0	1,258	$1,850	$1.47	N/Ap	N/Ap	$894	$0.71	T
Capitol Gateway I and II	2.0	1,314	$1,935	$1.47	N/Ap	N/Ap	$894	$0.68	T
Auburn Glenn	2.0	1,218	$1,702	$1.40	N/Ap	N/Ap	$868	$0.71	T
Retreat at Edgewood	2.0	1,697	N/Ap	N/Ap	N/Ap	N/Ap	$735	$0.43	T
Retreat at Edgewood	2.0	1,697	N/Ap	N/Ap	$601	$0.35	$781	$0.46	T
Average of comps		1,378	$1,707	$1.36	$645	$0.46	$841	$0.63	
Maximum		1,697	$1,935	$1.47	$689	$0.57	$894	$0.73	
Minimum		1,200	$1,199	$1.00	$601	$0.35	$735	$0.43	

The subject will offer a three-bedroom, one-bathroom floor plan averaging 1,329 square feet. This unit size is within the range of the comparables. The contract rent is $1,630 per month, or $1.23 per square foot. The comparable three-bedroom units range in size from 1,200 to 1,697 square feet. Market rents at the comparables range from $1,199 to $1,935 ($1.00 to $1.47 per square foot). The contract rent is in line with the comparables on a monthly basis and on a per-square foot basis. The contract rent is reasonably supported. We reconciled to appraiser recommended market rents of $1,630 ($1.23 psf) for the 1,329 SF unit.

SUBJECT'S CHARACTERISTICS AND MARKETABILITY

The subject property, upon completion, will be a 96-unit income restricted, four-story apartment building situated on a 1.13-acre underlying site. The site is currently improved with four apartment buildings that contain 46 residential units and surface parking. It is located south of Pine Street, west of Latta Street, east of Boulevard, and north of Angier Avenue, within the city limits of Atlanta, Fulton County, Georgia, at the center of the Atlanta CBD. After demolition and reconstruction, the unit mix will include studio, one-, two-, and three-bedroom floor plans with sizes ranging from 510 to 1,329 square feet and an average unit size of 891 square feet. All of the units will be subject to income restrictions at 50% and 60% of the area median income (AMI) and Section 8 project-based rental assistance (PBRA). Standard unit amenities will include central heating and air, dishwasher, garbage disposal and microwave. Property amenities will include a community room, business center, fitness room, on-site management, elevators, private courtyard and laundry facilities. The estimated construction schedule is 18 months, with most units pre-leased to relocated tenants and pre-qualified tenants. Construction could begin by February/March 2017, with construction complete by August/September 2018. Moving the relocated tenants into the building could take three months, suggesting the property will stabilize around December 2018.

The subject property is located in a stable lower-income area of south metro Atlanta, east of downtown Atlanta. The area has good accessibility, and is well located with respect to availability of labor, supporting services, and surrounding complementary developments. The area's population and households are projected to grow at a moderate pace into the foreseeable future. There has been recent institutional investment in the neighborhood, with a recently built library northeast of the subject. Similar properties throughout the area report full occupancy. These factors suggest the subject area should be a stable location for the proposed subject apartments. Overall, the proposed subject is a good quality property in a good location, and it is our opinion that if the subject was placed on the market, it would receive a moderate to high level of demand from a local or regional investor.

The reported rents are presented in the following charts and include the appraiser recommended rents.

UNIT MIX AND CONTRACT RENT SCHEDULE AS IS
Bedford Pines Apartments

Unit Type	Ph	No. Units	Unit SF	Monthly Unit Rent	Rent SF	Total Income
0BR/1BA	2	2	600	$963	$1.61	$23,112
0BR/1BA	3	4	600	$1,099	$1.83	$52,752
1BR/1BA	2	4	800	$1,081	$1.35	$51,888
1BR/1BA	3	4	800	$1,138	$1.42	$54,624
1BR/1BA	4	4	800	$1,055	$1.32	$50,640
1BR/1BA	5	4	800	$1,030	$1.29	$49,440
2BR/1BA	2	4	1,025	$1,276	$1.24	$61,248
2BR/1BA	3	8	1,025	$1,294	$1.26	$124,224
2BR/1BA	4	6	1,025	$1,263	$1.23	$90,936
2BR/1BA	5	6	1,025	$1,218	$1.19	$87,696
Totals/Average		46	891	$1,171	$1.31	$646,560

PROJECTED CONTRACT RENTS AT COMPLETION
City Lights II

Unit Type	No. Units	Gross Unit Size	Monthly Contract Rent	Rent/SF	Total Monthly Gross Rent	Potential Annual Gross Rent
0BR/1BA	6	510	$1,200	$2.35	$7,200	$86,400
1BR/1BA	38	696	$1,260	$1.81	$47,880	$574,560
2BR/1BA	50	1,068	$1,450	$1.36	$72,500	$870,000
3BR/1BA	2	1,329	$1,630	$1.23	$3,260	$39,120
Totals/ Average	96	891	$1,363	$1.53	$130,840	$1,570,080

HYPOTHETICAL MARKET RENTS AT COMPLETION City Lights II						
Unit Type	No. Units	Gross Unit Size	Monthly Contract Rent	Rent/SF	Total Monthly Gross Rent	Potential Annual Gross Rent
0BR/1BA	6	510	$1,200	$2.35	$7,200	$86,400
1BR/1BA	38	696	$1,260	$1.81	$47,880	$574,560
2BR/1BA	50	1,068	$1,450	$1.36	$72,500	$870,000
3BR/1BA	2	1,329	$1,630	$1.23	$3,260	$39,120
Totals/ Average	96	891	$1,363	$1.53	$130,840	$1,570,080

INCOME RESTRICTIONS

For Atlanta in 2016, per HUD, area median income is defined at $67,500. The restricted income levels are shown in the following chart. These income guidelines are used to qualify tenants for the income-restricted units. The following chart applies to the PBRA contract rent units at completion.

Atlanta MSA Incomes @ 30%, 50% and 60% AMI (Atlanta 2016 AMI - $67,500)							
	1 Person	1.5 Person	2 Person	3 Person	4 Person	4.5 Person	5 Person
30% Inc.	$14,190	$15,195	$16,200	$18,240	$20,250	$21,060	$21,870
50% Inc.	$23,650	$25,325	$27,000	$30,400	$33,750	$35,100	$36,450
60% Inc.	$28,380	$30,390	$32,400	$36,480	$40,500	$42,120	$43,740

REASONABLE EXPOSURE AND MARKETING TIMES

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

A reasonable marketing time is the period a prospective investor would forecast to sell the subject immediately after the date of value, at the value estimated. The sources for this information include those used in estimating reasonable exposure time, but also an analysis of the anticipated changes in market conditions following the date of appraisal. Based on the premise that present market conditions are the best indicators of future performance, a prudent investor will forecast that, under the conditions described above, the subject property would require a marketing time of six to 12 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-4, General Residential. This zoning class permits multi-family development and is a subset of the Multifamily Residential District. 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. Other 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 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.

HIGHEST AND BEST USE AS PROPOSED

The proposed subject improvements should be well suited for use as a subsidized apartment complex. It is possible the improvements could be converted to another use entirely, if the costs were justified. Justification seems highly unlikely. Our investigation indicates that there is demand in the area for subsidized apartments. Given that use of the improvements is basically limited to the proposed or a similar use physically, and the fact that the proposed improvements are financially feasible to operate, we conclude that the highest and best use of the property as proposed is for use as a subsidized apartment complex.

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

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

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

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

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

The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property "as is," market value of the fee simple interest in the underlying site "as if vacant," and prospective market value of the fee simple interest in the subject property "upon completion and stabilization," of the proposed construction using both contract and hypothetical unrestricted rents.

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

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

The cost approach was not included in this analysis. The age of the improvements suggests physical depreciation that is difficult to quantify as-is. The proposed improvements are only feasible to construct with the assistance of substantial incentives. Changes in the market over time make it unlikely the subject would be constructed exactly as it currently exists, a form of economic obsolescence. The age of the improvements and restrictions on income make the cost approach an unreliable method of analysis for estimating market value.

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

The 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 October 2014 and December 2015. 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)	Multiple/Albert Huntley Sr.	Multiple / D3 Consultants, LLC	Dec-15	$1,269,000	1.56	105	$811,381	$12,086
	Comments: This property is located along the north side of Foundry Street, between Walnut Street and Maple Street. The assembalge occurred in six transactions that occurred between June 23, 2015 and December 28, 2015. The property was purchased as part of a 1.56-acre assemblage. The owners intend to immediately develop the assembled site with 105 senior apartments. The development will be called Oasis at Vine City. Invest Atlanta approved tax-exempt bond financing for the project July 2015. The Remington was the second project funded a the same time.							
2)	Poncey Highlands Investors I, LLC	SWHR PBL LLC	Jun-15	$3,908,545	2.22	238	$1,760,606	$16,422
	Comments: Masquerade. This property is located at the southeast corner of North Ave and North Angier Ave at 695 North Avenue. The property was purchased for the development of a 238 unit Class-A, five-story market-rate apartment complex to be known as Masquerade. Construction is expected to commence 2016/2017. The property has a generally level topography and is at grade with its frontage road, and it abuts the Beltline Trail to the east. All typical utilities are available to the site including sewer. At the time of sale the site was improved with commercial buildings that will be razed prior to construction. The purchase price reflects land value only.							
3)	Argopro, LLC	200 Edgewood Assoc, LLC	May-15	$2,825,588	1.09	144	$2,592,283	$19,622
	Comments: This property is a four-parcel assemblage located at the northwest corner of Jesse Hill Jr Dr and Edgewood Ave in Atlanta, Fulton County, GA 30316. This 1.09-acre tract is proposed for the development of a 144-unit apartment building to be known at The Edge. 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.							
4)	Inland Atlantic Fourth Ward LLC	JLB Poncey, LLC	Oct-14	$5,500,000	2.44	270	$2,254,098	$20,370
	Comments: This property is located along the north side of Ralph McGill Boulevard, east of Glen Iris, in Atlanta, Fulton County, GA 30308. The property was purchased for the development of a 270 unit, market-rate apartment complex. It had been owned by Inland Atlantic, who had advertised plans for a five-story, 217-unit complex and secured building permits. The property is above road grade and has a generally level topography. All typical utilities are available to the site including sewer.							

DISCUSSION OF ADJUSTMENTS – 1.13-ACRE TRACT

Conditions of Sale

The comparables were reportedly arms-length, with cash or normal financing. Comparables One and Three were assemblages of multiple parcels. Typically, buyers are willing to pay more for individual properties in an assemblage, and these comparables were adjusted downward. Comparable Four sold with entitlements in place for a pre-approved multifamily development and building permits and was adjusted downward. Comparable Two was not adjusted for conditions of sale.

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

The subject is located within the historic fourth ward neighborhood, which has had recent redevelopment that is moving closer to the subject. The subject is still immediately surrounded by older improvements. Comparables Two, Three and Four have superior locations immediately surrounded by newer development and were adjusted downward. Comparable Two was adjusted more significantly. Comparable One was adjusted upward for an inferior location west of the subject.

Access/Exposure

The subject's 1.13-Acre parcel is considered to have average to good access and exposure characteristics. Boulevard, the subject frontage road, is heavily traveled. All of the comparables have similar access and exposure, with frontage along similar stretches of heavily traveled roadway, and were not adjusted.

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 Two and Three are similar enough in size to not warrant adjustment. Comparables One and Four are larger and were adjusted upward.

Density

In apartment development, lower density is considered a superior feature because it allows room for greenspace, buffers and amenities. The subject and comparables are all urban infill projects with relatively high densities. Comparables Two, Three and Four are all more dense than the subject and were adjusted upward for inferior density. Comparable One was similar enough not to warrant adjustment.

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 $12,086 to $20,370.

COMPARABLE LAND SALES ADJUSTMENT GRID					
Sale No.		**1**	**2**	**3**	**4**
	Subject	**Foundry at Walnut & Maple**	**695 North Avenue**	**200 Edgewood**	**Inland Fourth Ward**
Date		December-15	June-15	May-15	October-14
Sale Price		$1,269,000	$3,908,545	$2,825,588	$5,500,000
Acres	1.130	1.560	2.220	1.090	2.440
Units	96	105	238	144	270
Density	84.96	67.31	107.21	132.11	110.66
Price per Unit		$12,086	$16,422	$19,622	$20,370
Conditions of Sale		-10%	0%	-10%	-20%
Adjusted Price/Unit		$10,877	$16,422	$17,660	$16,296
Market Conditions		0%	0%	0%	0%
Adjusted Price/Unit		$10,877	$16,422	$17,660	$16,296
Physical Adjustments					
Location		20%	-10%	-20%	-10%
Access/Exposure		0%	0%	0%	0%
Size (Nbr. Of Units)		0%	5%	0%	5%
Density		0%	5%	10%	5%
Net Adjustment		20%	0%	-10%	0%
Adjusted Indication		$13,053	$16,422	$15,894	$16,296
Indicated Range:		$13,053	to	$16,422	
Adjusted Mean:			$15,416		

After application of adjustments, the range is between $13,053 and $16,422 with an average of $15,416 per unit. The subject is most similar to Comparables One and Three, smaller redevelopment sites with a similar number of planned units. Three of the comparables indicate values per unit above $15,000, including the two sales that required zero net adjustment. The most recent sale has the lowest value indication, tempering reliance on the higher value indications. Placing weight on comparables Two and Four, we reconciled to a value of $15,500 per unit.

VALUATION INDICATION BY THE SALES COMPARISON APPROACH 96 Apartment Units					
96	units	at	$15,500	per unit =	$1,488,000
Rounded					$1,500,000

In this section of our report, we will present the developer's estimated costs for the proposed development. We reviewed a development cost budget provided to us by our client and compared the information to that published by *Marshall Valuation Service*. The latter publication is used nationwide by real estate appraisers and analysts to estimate replacement costs for all building types. In our analysis of *Marshall Valuation Service* information, we employed the comparative unit method. This method is based on unit costs of similar structures adjusted for time, location, and physical differences. We compiled the summary shown in the following chart of the subject's construction costs.

DEVELOPMENT BUDGET
City Lights II
96 Apartment Units - 99,937 Gross SF

Direct Costs	**Total**	**Per Unit**	**Per SF**
Construction Main Buildings	$9,820,800	$102,300	$98.27
Land Improvements & Demolition	1,039,200	10,825	10.40
Furniture, Fixtures, Equipment	100,000	1,042	1.00
Professional Services	84,000	875	0.84
Materials Testing	30,000	313	0.30
Architect and Engineering	470,000	4,896	4.70
Survey and Soil	25,000	260	0.25
Environmental	50,000	521	0.50
Impact, Water and Sewer tap fees	236,060	2,459	2.36
Title and Recording	100,000	1,042	1.00
Builder's Overhead	211,200	2,200	2.11
General Requirements	633,600	6,600	6.34
Bond Premium	61,693	643	0.62
Construction Contingency	500,000	5,208	5.00
Builder's Profit	633,600	6,600	6.34
Construction Period Financing	482,088	5,022	4.82
Total Hard Costs	$14,477,241	$150,805	$144.86
Indirect Costs			
DCA Fees	$138,546	1,443	1.39
Bond Issuance Fee	$350,000	3,646	3.50
Legal Fees	$170,000	1,771	1.70
Taxes	160,000	1,667	1.60
Tax Credit & Syndication Fees	83,000	865	0.83
Relocation	380,000	3,958	3.80
Marketing and Lease Up Reserve	786,701	8,195	7.87
General Liability	55,000	573	0.55
Lender Review	18,000	188	0.18
Negative Arbitrage	75,000	781	0.75
Total Indirect Costs	$2,216,247	$23,086	$22.18
% Of Direct Costs	15.3%		
Total Direct & Indirect Costs	**$16,693,488**	$173,891	$167.04
Land Acquisition	$660,000	$6,875	$6.60
Building Acquisition	$1,980,000	$20,625	$19.81
Developer's Fee	$2,459,023	$25,615	$24.61
Total Development Cost	**$21,792,511**	**$227,005**	**$218.06**

As indicated on the chart, the projected total direct and indirect costs for the subject are $21,792,511. This equates to $227,005 per apartment unit and $218.06 per gross square foot.

With regard to *Marshall Valuation Service*, as reported in the property description section, the proposed apartment complex is classified as a Class D structure. Our review of information included in the cost manual indicates that the buildings will qualify as good to excellent cost quality multiple residences. Reconciling between the good cost and excellent is necessary because the higher cost of the excellent classification includes some features not planned for the subject. *Marshall Valuation Service* cost estimates include the following.

1. Final costs to the owner, including average architect and engineer's fees. These, in turn, include plans, plan check, building permits and survey(s) to establish building lines and grades.
2. Normal interest on building funds during the period of construction plus a processing fee or service charge.
3. Materials, sales taxes on materials, and labor costs.
4. Normal site preparation including finish grading and excavation for foundation and backfill.
5. Utilities from structure to lot line figured for typical setback.
6. Contractor's overhead and profit, including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities, security, etc.

As shown in the following chart, after inclusion of costs for elevators and built-in appliances and adjustments for current and local cost multipliers, *Marshall's* indication of direct costs for the improvements are between about $97 and $132 per square foot. The provided budgeted hard cost estimate ($145) is above the range. Several factors contribute to the higher costs including an urban location and redevelopment expenses that include demolition. Given their expertise in construction costs of multifamily properties, we believe that the projections of direct costs included in the third party report are reasonable.

MARSHALL VALUATION SERVICES Good Cost Quality Multiple Residences - Includes Elevator Section 12 Page 16 Class D Masonry Veneer					
	Cost Per SF	Current Multiplier	Local Multiplier	Gross SF	Cost
Apartment Buildings	$96.23	1.04	0.93	99,937	$9,301,502
Appliances	$2,825			96	$271,200
Elevator	$53,000			2	$106,000
Elevator Stop	$7,350			2	$14,700
Total Cost					$9,693,402
Cost Per SF					**$97.00**
Excellent Cost Quality Multiple Residences, Class D Masonry Veneer					
	Cost Per SF	Current Multiplier	Local Multiplier	Gross SF	Cost
Apartment Buildings	$130.57	1.04	0.93	99,937	$12,620,774
Appliances	$4,425			96	$424,800
Elevator	$62,250			2	$124,500
Elevator Stop	$8,600			2	$17,200
Total Cost					$13,187,274
Cost Per SF					**$131.96**

INDIRECT COSTS

Indirect costs include such items as legal, title and appraisal fees, contingencies, and other miscellaneous costs. Typically, these costs total 10% to 20% of direct costs. The budgeted indirect costs are $2,216,247, or 15.3% of direct costs. The budgeted amount seems reasonable and used in our analysis.

BUILDER AND SPONSOR PROFIT AND RISK

Typically, builder and sponsor profit and risk is between 10% and 15% of total direct and indirect costs. The budget includes $2,459,023 for developer profit, which equates to 15% of total costs, which appears reasonable considering the size and cost of the project. We used $2,459,023 in our analysis.

CONCLUSION

Based on the information presented in this section, the provided costs estimates are higher than we typically see for garden style lower density tax credit developments but reasonable for an urban, high density podium type new construction project. The total costs, inclusive of builder and sponsor profit and risk, plus land value, are $22,632,511, rounded to $22,600,000, which equates to $235,417 per unit and $226.14 per gross square foot.

COST APPROACH SUMMARY City Lights II				
	Gross SF		**Total**	**Per SF**
Direct Costs	99,937		$14,477,241	$144.86
Indirect Costs	15.3%		2,216,247	22.18
Total Direct and Indirect Costs			$16,693,488	$167.04
Developer's Profit		15%	2,459,023	24.61
Estimated Replacement Cost New of Improvements			$19,152,511	$191.65
Depreciation				
Physical Curable		0		
Physical Incurable		0		
Functional / External		0		
Total Depreciation			$0	$0.00
Estimated Depreciated Replacement Cost			$19,152,511	$191.65
Existing Building Acquisition			$1,980,000	$19.81
Estimated Land Value			$1,500,000	$15.01
Indicated Value by Cost Approach			$22,632,511	$226.47
Rounded			$22,600,000	$226.14
Per Apartment Unit			$235,417	

INCOME CAPITALIZATION APPROACH – AS IS

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

We examined historical operating statements for the four phases included in this analysis. The presented income and expense per unit reflects 494 units in four phases of the Bedford Pines development.

POTENTIAL GROSS RENTAL INCOME

The following chart shows current potential income using contract rents in place at the subject.

UNIT MIX AND CONTRACT RENT SCHEDULE AS IS Bedford Pines Apartments						
Unit Type	**Ph**	**No. Units**	**Unit SF**	**Monthly Unit Rent**	**Rent SF**	**Total Income**
0BR/1BA	2	2	600	$963	$1.61	$23,112
0BR/1BA	3	4	600	$1,099	$1.83	$52,752
1BR/1BA	2	4	800	$1,081	$1.35	$51,888
1BR/1BA	3	4	800	$1,138	$1.42	$54,624
1BR/1BA	4	4	800	$1,055	$1.32	$50,640
1BR/1BA	5	4	800	$1,030	$1.29	$49,440
2BR/1BA	2	4	1,025	$1,276	$1.24	$61,248
2BR/1BA	3	8	1,025	$1,294	$1.26	$124,224
2BR/1BA	4	6	1,025	$1,263	$1.23	$90,936
2BR/1BA	5	6	1,025	$1,218	$1.19	$87,696
Totals/Average		46	891	$1,171	$1.31	$646,560

Other Income

Historical operating statements for years 2012 through 2015 indicate miscellaneous other income per unit of $84, $71, $55 and $42 per unit, respectively, which ranges from 0.31% to 0.64% of net rentable income (NRI). Our analysis includes $60 per unit, or 0.43% of PRI for other income, which is in line with the historicals.

Vacancy And Collection Loss

The comparables reported physical occupancies from 90% to 98% with a weighted average of about 94%. Physical vacancy at the subject is 1.4%, with seven vacant units over 494 total. Historical figures and totals are skewed by inclusion 44 down units in phase four (excluded from the 494 units referenced here). Historical physical vacancy and collection loss ran around 3%-7% 2012-2015 when those units are excluded. The subject property is currently 98% occupied, and has maintained high physical occupancy historically. Collection loss was minimal. Based on all of this information, we concluded a 97% physical and 95% economic occupancy after factoring collection loss.

Effective Gross Income

After accounting for apartment rental other income, and factoring in vacancy and collection loss of 5%, our projected annual effective gross income is $616,854 or $13,410 per unit.

Expense Analysis

The Bedford Pines community consists of a number of subsidized apartment developments in five phases, many of which are situated along either side of Boulevard Avenue. The 733 units are contained in a number of buildings that make up the largest Section 8 subsidized housing project in the Southeast. Many of Bedford's buildings were built in the early to mid 1900's. Wingate Management began buying and rehabilitating the apartment buildings in the early 1980's.

The 46 units that are the subject of this as-is value are a portion of a larger development of properties called Bedford Pines. The four phases related to the subject contain a total of 494 units and are located in downtown Atlanta within the Old Fourth Ward historic district. Historical operating expenses per unit for Phases II through V are in line with comparable properties, and support the expenses utilized in the pro forma.

The subject's historical operating data, and comparable data are summarized in the following charts.

HISTORICAL OPERATING STATEMENTS 2012 - 2015 BEDFORD PINES PH 2-5								
		494 Units						
	Actual 2012	Per Unit	Actual 2013	Per Unit	Actual 2014	Per Unit	Actual 2015	Per Unit
Potential Rental Income	$6,424,840	$13,006	$6,550,066	$13,259	$6,717,213	$13,598	$6,843,058	$13,852
Misc. Other Income	41,250	84	35,320	71	27,179	55	20,955	42
Subtotal Other Income	41,250	84	35,320	71	27,179	55	20,955	42
Other as % of Rental Inc.	0.64%		0.54%		0.40%		0.31%	
Potential Gross Income	$6,466,090	$13,089	$6,585,386	$13,331	$6,744,392	$13,653	$6,864,013	$13,895
Vacancy & Collection Loss	-13%		-11%		-12%		-10%	
Vacancy	(830,201)	(1,681)	(745,285)	(1,509)	(833,502)	(1,687)	(659,453)	(1,335)
Bad Debt	(5,898)	(12)	(12,600)	(26)	(11,076)	(22)	(14,905)	(30)
Subtotal V & C Loss	(836,099)	(1,693)	(757,885)	(1,534)	(844,578)	(1,710)	(674,358)	(1,365)
V & C as % of PGI	-12.93%		-11.51%		-12.52%		-9.82%	
Effective Gross Income	$5,629,991	$11,397	$5,827,501	$11,797	$5,899,814	$11,943	$6,189,655	$12,530
Real Estate Taxes	279,343	$565	288,990	$585	279,469	$566	260,664	$528
Insurance	169,828	344	161,366	327	345,104	699	322,386	653
Management Fee	394,142	798	406,738	823	412,402	835	429,311	869
Mgmt. as a % of EGI	7%		7%		7%		7%	
Utilities	1,088,387	2,203	1,130,545	2,289	1,086,106	2,199	1,343,025	2,719
Payroll	1,215,161	2,460	1,174,861	2,378	1,286,949	2,605	1,511,153	3,059
Repairs & Maintenance	783,416	1,586	550,456	1,114	596,173	1,207	307,633	623
Security	152,870	309	175,010	354	173,306	351	219,962	445
Advertising & Promotion	675	1	1,662	3	2,214	4	477	1
Administrative & Misc.	490,372	993	555,831	1,125	430,569	872	372,713	754
Total Expenses	$4,574,192	$9,259	$4,445,459	$8,999	$4,612,292	$9,337	$4,767,324	$9,650
As a % of EGI	81.25%		76.28%		78.18%		77.02%	
Net Income	$1,055,798	$2,137	$1,382,042	$2,798	$1,287,522	$2,606	$1,422,331	$2,879
Capital Expenditures	$548,471	$1,110	$674,911	$1,366	$853,247	$1,727	$369,502	$748
Net Cash Flow	$507,328	$1,027	$707,131	$1,431	$434,275	$879	$1,052,829	$2,131

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

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

2015 IREM INCOME & EXPENSE DATA FOR ATLANTA METRO AREA

Income & Expense Category (A)	Annual Inc. & Exp. as % of GPI Low	Median	High	Annual Income & Expenses Per Unit Low	Median	High
Income						
Gross Possible Apartment Rents:	89.4%	91.8%	96.6%	$8,241	$9,616	$11,547
Other Income:	3.3%	7.7%	10.5%	$291	$942	$1,293
Gross Possible Income:	100.0%	100.0%	100.0%	$8,651	$10,493	$12,296
Vacancies/Rent Loss:	4.8%	7.3%	12.6%	$494	$833	$1,201
Total Collections:	86.5%	90.6%	94.4%	$7,839	$9,370	$11,466
Expenses (B)						
Real Estate Taxes	4.6%	7.1%	9.5%	$385	$724	$1,036
Insurance	1.6%	2.0%	2.6%	$187	$208	$260
Management Fee	2.9%	3.8%	5.1%	$331	$459	$534
Total Utilities **(1)**	5.4%	7.6%	10.1%	$754	$908	$1,024
Water/sewer (common & Apts)	4.0%	5.8%	7.5%	$453	$607	$723
Electric (common & Apts)	1.2%	1.7%	2.2%	$279	$279	$279
Gas (common & Apts)	0.2%	0.1%	0.4%	$22	$22	$22
Total Utilities **(2)**	4.0%	4.7%	7.6%	$417	$569	$804
Water/sewer (common only)	2.6%	2.9%	5.0%	$287	$389	$584
Electric (common only)	1.2%	1.7%	2.2%	$130	$180	$220
Gas (common only)	0.2%	0.1%	0.4%	$0	$0	$0
Salaries and Administrative (C)	7.5%	14.4%	19.3%	$999	$1,536	$2,011
Other Administrative	2.4%	5.0%	6.8%	$271	$482	$653
Other Payroll	5.1%	9.4%	12.5%	$728	$1,054	$1,358
Maintenance & Repairs	1.7%	2.9%	4.8%	$192	$310	$588
Painting & Redecorating (D)	0.9%	1.3%	2.2%	$98	$152	$293
Grounds Maint. & Amenities (D)	1.1%	1.5%	3.1%	$119	$165	$249
Grounds Maintenance	1.0%	1.3%	1.9%	$100	$137	$155
Recreational/Amenities	0.1%	0.2%	1.2%	$19	$28	$93
Security (D)	0.1%	0.9%	1.7%	$11	$74	$338
Other/Miscellaneous	0.6%	1.5%	3.6%	$76	$196	$398
Other Tax/Fee/Permit	0.1%	0.2%	0.3%	$11	$21	$32
Supplies	0.1%	0.6%	1.5%	$10	$61	$132
Building Services	0.4%	1.1%	1.9%	$44	$144	$222
Other Operating	0.2%	0.4%	1.7%	$31	$52	$177
Total Expenses:	29.9%	36.9%	46.3%	$3,191	$4,238	$5,471
Net Operating Income:	42.1%	53.4%	60.7%	$3,572	$5,183	$6,926

Notes: Survey for Metro Atlanta includes 18,330 apartment units with an average unit size of 1,034 square feet.
Per Unit expenses are computed by dividing the median per unit expense by the median PSF expense by the and applying the indicated average SF to the High and Low expense PSF figures prvided by IREM.
(A) *Median* is the middle of the range, *Low* means 25% of the sample is below this figure, *High* mean 25% of the sample is above figure.
(B) Line item expenses do not necessarily correspond to totals due to variances in expenses reported and sizes of reporting complexes.
(C) Includes administrative salaries and expenses, as well as maintenance salaries.
(D) Includes salaries associated with these categories.

Source: 2015 *Income/Expense Analyses:Conventional Apartments* by the Institute of Real Estate Management (IREM)

LIHTC OPERATING EXPENSE COMPARABLES								
Property Name	Capitol Gateway II		Carver, Phase V		Auburn Pointe, Phase I		Collegetown, Phase II	
Location	Atlanta, GA		Atlanta, GA		Atlanta, GA		Atlanta, GA	
No. Units	152		164		154		177	
Avg. Unit Size	1,020		936		978		1,164	
Year Built	2007		2007		2010		2009	
	Actual	Trended	Actual	Trended	Actual	Trended	Actual	Trended
Effective Date/% Trendec	TTM 4/2016	0.0%	TTM 4/2016	0.0%	TTM 4/2016	0.00%	TTM 4/2016	0.00%
Real Estate Taxes	$797	$797	$374	$374	$299	$299	$323	$323
Insurance	234	234	214	214	222	222	195	195
Management Fee:	809	809	661	661	645	645	628	628
% of EGI	6.5%		7.7%		6.4%		6.7%	
Utilities	1,039	1,039	880	880	904	904	894	894
Salaries & Labor	1,975	1,975	1,747	1,747	1,525	1,525	1,456	1,456
Repairs/Redecorating	724	724	1,001	1,001	523	523	1,214	1,214
Landscaping/Amenities	91	91	142	142	123	123	124	124
Security	472	472	454	454	192	192	400	400
Advertising & Promotion	115	115	84	84	130	130	143	143
Administrative/Misc.	730	730	638	638	1,134	1,134	1,274	1,274
Total Expenses	$6,986	$6,986	$6,195	$6,195	$5,697	$5,697	$6,651	$6,651

Real Estate Taxes

Actual taxes for 2016 were $27,470, or $597 per unit, which was used in our analysis.

Insurance

For years 2012 through 2015, actual insurance expenses for the subject were $344, $327, $699 and $653, respectively. IREM indicates a range of $187 to $260 per unit, and a median of $208 per unit for the Atlanta area. The comparables indicate insurance expenses within a range of $195 to $234 per unit and average $216. Based upon the foregoing considerations, with emphasis on the actual historical expense levels, we forecast insurance expense at $650 per unit.

Management Fee

Management expense for an apartment complex is typically negotiated on a percent of collected revenues (effective gross income, or EGI). This percentage typically ranges from 3.0% to 5.0% for a traditional apartment complex, depending on the size of the complex and position in the market. The historical operating statements indicate a consistent 7% management fee. IREM indicates a range from 2.9% to 5.1% with a median of 3.8%. However, restricted income properties, such as the subject, tend to have higher management fees. We included a management fee of 7%.

Utilities

This expense covers all energy costs related to the leasing office, vacant units, and common areas, including exterior lighting. At some complexes, it also may include trash removal and water/sewer costs for apartments. In the subject's case, the complex pays for water, sewer and trash. The tenants pay for electric and gas. For years 2012 through 2015, actual utilities expenses for the subject were $2,203, $2,289, $2,199 and $2,719 per unit, respectively. In the subject's case, tenants are responsible for electric and gas utilities. Water, sewer and trash are paid by the complex currently. IREM indicates a range of $754 to $1,024 per unit, and a median of $908 per unit. The comparables indicate utilities expenses within a range of $880 to $1,039 per unit and average $929. These historic buildings have many inefficiencies that contribute to high utility expenses. Placing emphasis on the historical expense levels at the subject, we projected utilities expense at $2,250 per unit.

Salaries and Labor

This expense covers all payroll and labor expenses, including direct and indirect expenses. The taxes and benefits portion of this expense also includes the employer's portion of social security taxes, group health insurance and workman's comp insurance. In addition, employees typically incur overtime pay at times. For years 2012 through 2015, actual expenses for the subject were $2,460, $2,378, $2,605 and $3,059, respectively. IREM indicates a range of $999 to $2,011 per unit, and a median of $1,536 per unit. The LIHTC comparables indicate salaries and labor expenses within a range of $1,456 to $1,975 per unit and average $1,676. These figures are above the comparables and considered high; we reconciled closer to the historic average than the latest year. However, the subject consists of multiple buildings on scattered sites, which contributes to high salary expense. Based upon the foregoing considerations, we estimated a salaries and labor expense at $2,600 per unit.

Painting And Redecorating (Turnkey) And Maintenance And Repairs - Combined

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

For years 2012 through 2015, actual combined repairs and redecorating expenses for the subject were $1,586, $1,114, $1,207 and $623, respectively. The LIHTC comparables indicate combined repairs and redecorating expenses within a range of $523 to $1,214 per unit and average $866. IREM indicates a range of $290 to $881 per unit, and a median of $462 per unit. Maintenance expenses are high for the subject historically. In the new building, the components will be new, and these improvements should correlate to lower repair costs.

For the as-is value, however, we estimated combined maintenance and repairs and redecorating expense at $1,200.

Security

For years 2012 through 2015, actual security expenses for the subject were $309, $354, $351 and $445, respectively. IREM indicates a range of $11 to $338 per unit, and a median of $74 per unit. The LIHTC comparables indicate security expense within a range of $192 to $472 per unit and average $372. The majority of the security expense at the subject is salaries for dedicated staff officers. We do not expect that expense to decrease over time. Based on the subject's intown location, and placing emphasis on the history of the subject, we forecast security expense at $400 per unit.

Advertising And Promotion

This expense category accounts for placement of advertising, commissions, signage, brochures, and newsletters. Advertising and promotion costs are generally closely tied to occupancy. If occupancy is considered high and the market is stable, then the need for advertising is not as significant. However, if occupancy is considered to be low or occupancy tends to fluctuate, then advertising becomes much more critical.

IREM does not include this category. For years 2012 through 2015, actual expenses for the subject were $1, $3, $4 and $1 per unit, respectively. The LIHTC comparables indicate advertising expenses within a range of $84 to $143 per unit and average $118. Advertising expenses should continue to be minimal. Based upon the foregoing considerations, we forecast advertising expense at $5 per unit.

Administrative and Miscellaneous Expense

This expense includes such items as legal, accounting, office supplies, answering service, telephone, etc. For years 2012 through 2015, actual expenses for the subject were $993, $1,125, $872 and $754, respectively. IREM indicates a range of $76 to $398 per unit, and a median of $196 per unit. The LIHTC comparables indicate administrative/misc. expenses within a range of $638 to $1,274 per unit and average $944. We forecast administrative and miscellaneous expense at $800 per unit.

Reserves for Replacement

Reserves for replacement is an annual allowance for the periodic replacement of roof covers, paving, carpeting, HVAC units, appliances, and other short-lived items. Investors of apartment properties sometimes establish separate accounts for reserves in the pro forma analysis. Typically, reserves range from $200 to $400 per unit, depending on age, condition, and size. IREM does not chart this category and it is not included for the comparables or the historicals. We forecast reserves at $350 per unit.

Summary of Expenses – Contract Rents AS IS

Total expenses as reported by IREM range from $3,191 to $5,471 per unit, with a median of $4,238, excluding reserves. The LIHTC comparables indicate total expenses within a range of $5,697 to $6,986 per unit and average $6,382. For years 2012 through 2015, actual expenses for the subject were $9,259, $8,999, $9,337 and $9,650, respectively. The estimated expenses total $450,380 or $9,791 per unit including reserves; excluding reserves, the estimated expenses are $9,441 per unit, similar to the historicals. Our estimates (not including reserves) are above IREM and above the range of the comparables, but in-line with historical expenses. Based on the historical expenses and factors that include in-town location and public housing administration, we still believe our estimates are reasonable.

CAPITALIZATION OF NET OPERATING INCOME

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

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

The following table summarizes capitalization rates extracted from several recent apartment sales in the metro area. The subject buildings were constructed around 1928. We chose a variety of property types built between 1965 and 1984.

IMPROVED SALES SUMMARY									
No.	Name Location	Sale Date	Number of Units	Year Built	Price Per Unit	Avg. Unit Size (SF)	Occupancy at Time Of Sale	NOI/Unit at Sale	OAR
1	Woodland View, Atlanta	Jan-16	54	1967	$62,963	806	97%	$4,193	6.66%
2	The Filmore, Atlanta	Jan-16	140	1967	$66,786	1,330	99%	$4,568	6.84%
4	Moores Mill Village, Atlanta	Jan-16	172	1965	$60,465	917	90%	$3,628	6.00%
3	Park On Clairmont, Atlanta	Aug-15	111	1984	$87,905	1,074	99%	$5,802	6.60%
5	Terraces at Brookhaven, Atlanta	Jan-15	236	1968	$52,542	1,079	95%	$3,415	6.50%

The comparable sales used in this analysis present a range of overall rates between 6.00% and 6.84%, with a mean of 6.52%. The subject, as a mixed-income property with lower income expectations represents an investment with higher perceived risk than a newer apartment complex. The comparable sales shown above, however, are older properties with lower NOI's like the subject. This comparable risk perception justifies use of a cap rate as indicated by the comparables.

As mentioned in the Market Analysis section, the *PwC Survey* indicates that overall capitalization rates for the southeast apartment market range from 3.75% to 7.00%, with an average of 5.30% (institutional-grade properties). The average rate is unchanged from the previous quarter and is down 15 basis points from the same period one year ago. Non institutional-grade rates for the Southeast Region are not currently being tracked; however, National Apartment non institutional-grade OAR rates range 25-400 points higher, with an average of 147 basis points or 6.77%.

Mortgage Equity Technique

We also utilized the mortgage-equity procedure, which is presented in the following chart. Under this procedure, the overall capitalization rate considers the returns on the mortgage and equity positions as well as the equity build-up that accrues as the loan principle is paid off. For properties like the subject, our research of the current financing market indicate a typical loan-to-value ratio of 75% to 80%, a fixed interest rate of about 3.50% to 5.65% (4.09%-4.34% for ten year term, 5.65%-6.50% for 30 year term) and a 30-year amortization with a balloon in 10 years. For this analysis, we used an 80% loan-to-value, an interest rate of 4.25%, 30-year amortization, a 10-year balloon, and property appreciation of 1.0% annually (reasonable considering the age of improvements and the current market). Equity yield rates are more difficult to ascertain. However, based on discussions with investors and valuation experts, and consideration of alternative investment choices and comparing the risks involved with each, we find a typical range of 15% to 20%. Based on the specific characteristics of the subject, we concluded an equity yield rate of 16%. As shown on the following chart, the indicated overall capitalization rate based on the foregoing parameters equates to approximately 6.70%.

CAPITALIZATION RATE DERIVATION BY MORTGAGE/EQUITY TECHNIQUE	
ASSUMPTIONS	
Mortgage Amortization Term	30 Years
Holding Period	10 Years
Mortgage Interest Rate	4.25%
Loan-to-Value Ratio	80%
Annual Constant for Monthly Payments	0.059033
Required Equity Yield Rate	16%
Assumed Net Annual Appreciation	1.00%

CALCULATIONS

Basic Rate Calculation:										
Mortgage:	80%	x	0.059033	=					0.047226	
Equity:	20%	x	0.160000	=				+	0.032000	
Composite Basic Rate:										0.079226
Credit For Equity Build-up Due to Amortization Over Holding Period:										
Mortgage (Loan-to-Value Ratio):				80%						
Sinking Fund Factor @	16%	For		10	Years		=		0.046901	
Percentage of Loan Principal Repaid After				10	Years		=		20.5570%	
Credit:	80%	x	0.046901	x		0.205570	=			0.007713
Appreciation Factor Over the Holding Period:										
Appreciation Credit @	1%	Over		10	Years		=		10.4622%	
Sinking Fund Factor @	16%	For		10	Years		=		0.046901	
Credit:	10.4622%	x	0.046901				=			0.004907

INDICATED CAPITALIZATION RATE

Basic Rate:		0.079226
Less Credit For Equity Build-up:	-	0.007713
Less Credit For Appreciation:	-	0.004907
INDICATED CAPITALIZATION RATE:		**0.066606**
ROUNDED:		**6.70%**

Direct Capitalization Conclusion

Based on the information presented from the actual sales, the investor survey and the mortgage equity technique, with particular consideration given to the subject's age, size, quality and location, as well as the fact that the subject is eligible for favorable financing, we are of the opinion that the typical investor would select an overall rate in the range of 6.50% to 7.00% for the subject property, and reconcile toward the middle. Our direct capitalization analysis is presented in the following chart. Our estimate of value of the subject “as is,” with contract rents, is $2,475,000 or $53,804 per unit.

APPRAISERS PRO FORMA ANALYSIS - AS IS BEDFORD PINES PORTION 46 Units - 41,000 SF		Total	Per Unit	Per SF
Potential Gross Rental Income		$646,560	$14,056	$15.77
Plus Other Income	0.43%	2,760	60	0.07
Potential Gross Income		$649,320	$14,116	$15.84
Vacancy and Collection Loss	5.0%	$32,466	$706	$0.79
Effective Gross Income		$616,854	$13,410	$15.05
Expenses				
Real Estate Taxes		$27,470	$597	$0.67
Insurance		29,900	650	0.73
Management Fee	7.0%	43,180	939	1.05
Utilities		103,500	2,250	2.52
Salaries & Labor		119,600	2,600	2.92
Maintenance & Repairs / Turnkey		55,200	1,200	1.35
Security		18,400	400	0.45
Advertising & Promotion		230	5	0.01
Administrative/Misc.		36,800	800	0.90
Total Expenses		$434,280	$9,441	$10.59
Reserves		16,100	350	0.39
Total Operating Expenses		$450,380	$9,791	$10.98
Net Income		$166,474	$3,619	$4.06
Overall Rates/Indicated	6.50%	$2,561,142	$55,677	$62.47
Values	6.75%	$2,466,285	$53,615	$60.15
	7.00%	$2,378,203	$51,700	$58.00
Stabilized Reconciled Value		$2,475,000	$53,804	$60.37

SALES COMPARISON APPROACH – AS IS

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

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

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

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

IMPROVED SALES SUMMARY									
No.	Name Location	Sale Date	Number of Units	Year Built	Price Per Unit	Avg. Unit Size (SF)	Occupancy at Time Of Sale	NOI/Unit at Sale	OAR
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4	Moores Mill Village, Atlanta	Jan-16	172	1965	$60,465	917	90%	$3,628	6.00%
3	Park On Clairmont, Atlanta	Aug-15	111	1984	$87,905	1,074	99%	$5,802	6.60%
5	Terraces at Brookhaven, Atlanta	Jan-15	236	1968	$52,542	1,079	95%	$3,415	6.50%

These properties were reportedly built between 1965 and 1984 with unit counts between 54 and 236. The transactions occurred between January 2015 and January 2016. Overall rates indicated by the transactions range between 6.00% and 6.84%, with an average of 6.52%. All of the comparables were in average condition with NOIs per unit similar to the subject. Sales prices per unit range from $52,542 to $87,905. This range appears to fluctuate most with net operating income per unit, which ranges from $3,628 to $5,802.

SALE PRICE PER UNIT ANALYSIS

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

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

NET OPERATING INCOME (NOI) ANALYSIS - CONTRACT RENTS AS IS									
Sale No.	Subject's NOI/Unit		Comp. NOI/Unit		Multiplier		Sale Price $/Unit		Adjusted $/Unit For Subject
1	$3,619	/	$4,193	=	0.86	X	$62,963	=	$54,148
2	$3,619	/	$4,568	=	0.79	X	$66,786	=	$52,761
3	$3,619	/	$3,628	=	1.00	X	$60,465	=	$60,465
4	$3,619	/	$5,802	=	0.62	X	$87,905	=	$54,501
5	$3,619	/	$3,415	=	1.06	X	$52,542	=	$55,695

As shown above, the adjusted values indicated for the subject with contract rents in place range from $52,761 to $60,465 per unit, with an average of $55,514. Comparable One was the most recent sale and had the most similar NOI with an indicated value of $54,148. For the as-is scenario, we estimated a value of $54,000 per unit.

SALES COMPARISON APPROACH SUMMARY - MARKET		
# Units	$/Unit	Indicated Value
46	$54,000	$2,484,000
Rounded		$2,480,000

PHYSICAL ADJUSTMENT ANALYSIS

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

Conditions of Sale

The subject is a mixed income property that has PBRA units, which restricts income and upside potential. Income and income potential are a major consideration for any apartment investor. The comparables were adjusted according to their income in relation to the subject to account for this factor.

Location

The subject has a good location in a historic neighborhood in downtown Atlanta. Comparable Two is located farther from downtown Atlanta and was adjusted upward for inferior location. The rest of the comparables have similar locations and were not adjusted.

Size/Number of Units

The subject has 46 units. Typically, smaller properties sell for higher per unit prices. Conversely, larger properties tend to sell for lower per unit prices. This represents something of a quantity discount. Comparables Two, Three, Four and Five were adjusted upward. Comparable One did not warrant adjustment.

Average Unit Size

The subject has an average unit size of 891 square feet. Comparables One and Three have a similar average unit size and were not adjusted. Comparables Two, Four and Five have larger average unit size and were adjusted downward.

Quality/Amenities

The subject is average quality and has no amenities. All of the comparables have more extensive amenities like outdoor pools. Comparable Three is the most upscale of the comparables, and was adjusted more significantly. The subject has a historic charm to that makes the exteriors feel less dated, somewhat superior to the comparables, so the net adjustment was minimal.

Age/Condition

The subject was built in 1928 and has been adequately maintained, though some repairs have been deferred in anticipation of the renovations, and these contribute to a less-than-ideal current property condition. The comparables were built between 1965 and 1984. The net effect of charm versus quality and consideration that all the complexes have been maintained warranted no net adjustment.

SUMMARY AND COMMENTS

The following adjustment grid illustrates our thought processes in the comparison of the comparables to the subject. As shown, prior to adjustment, the comparables present a range of price per unit between $52,542 and $87,905, with a mean of $66,132.

COMPARABLE SALES ADJUSTMENT CHART - Contract Rents As Is						
Sale No.	**Subject**	**1**	**2**	**3**	**4**	**5**
Informational Data						
Sale Date	N/Ap	Jan-16	Jan-16	Jan-16	Aug-15	Jan-15
Sale Price	N/Ap	$3,400,000	$9,350,000	$10,400,000	$9,757,500	$12,400,000
# Units	46	54	140	172	111	236
Year Built	1928	1967	1967	1965	1984	1968
Location	Good	Good	Good	Good	Good	Good
Price per Unit	N/Ap	$62,963	$66,786	$60,465	$87,905	$52,542
Comparative Analysis						
Conditions of Sale		-10%	-20%	0%	-40%	0%
Market Conditions		0%	0%	0%	0%	0%
Adjusted Price/SF		$56,667	$53,429	$60,465	$52,743	$52,542
Physical Adjustments						
Location		0%	10%	0%	0%	0%
Size (# of units)	46	0%	5%	5%	5%	10%
Avg. Unit Size	891	0%	-10%	0%	-5%	-5%
Quality/Amenities		-5%	-5%	-10%	-5%	-5%
Age/Condition		0%	0%	0%	0%	0%
Net Adjustment		-5%	0%	-5%	-5%	0%
Adjusted Price/SF		$53,833	$53,429	$57,442	$50,106	$52,542
Indicated Range:			$50,106	to	$57,442	
Mean:				$53,470		

As shown, after adjustments, the indicated range is a narrowed to between $50,106 and $57,442, with a mean of $53,470. Comparable Five required the least net adjustment and indicated a price per unit of $52,542. The comparables present a fairly tight range of values and most required minimal overall adjustment. We placed equal emphasis on all the comparables, and reconciled to just above the mean of the sales. Based on this information, we estimate value for the subject at a rounded $53,500 per unit. Our estimate of value for the subject property, based on a price per unit method is shown as follows.

SALES COMPARISON APPROACH VALUE – PRICE PER UNIT				
Indicated Value/Unit		**Subject Units**		**Total**
$53,500	X	46	=	$2,461,000
Rounded				$2,460,000

SALES COMPARISON APPROACH CONCLUSION

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

SUMMARY OF VALUE ESTIMATES BY SALES COMPARISON APPROACH CONTRACT RENTS AS IS	
Method	**Indicated Value**
NOI Per Square Foot	$2,480,000
Physical Adjustments	$2,460,000
Reconciled:	**$2,470,000**

FINAL VALUE ESTIMATE – "AS IS"

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

FINAL VALUE ESTIMATES – AS IS	
Income Capitalization Approach	$2,475,000
Sales Comparison Approach	$2,470,000

As seen, both approaches provided similar value indications. However, for reasons mentioned above, most investors would place weighted emphasis on the income approach. Based on the research and analysis contained in this report, we estimate the market value of the subject property, as follows:

Estimate of Market Value of the Fee Simple Interest in the Subject
"As Is," as of November 29, 2016

TWO MILLION FOUR HUNDRED SEVENTY FIVE THOUSAND DOLLARS

$2,475,000

INCOME CAPITALIZATION APPROACH – CONTRACT RENTS AT STABILIZATION

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

POTENTIAL GROSS RENTAL INCOME

The following chart shows current potential income using projected contract rents at completion of construction at the subject.

PROJECTED CONTRACT RENTS AT COMPLETION City Lights II						
Unit Type	**No. Units**	**Gross Unit Size**	**Monthly Contract Rent**	**Rent/SF**	**Total Monthly Gross Rent**	**Potential Annual Gross Rent**
0BR/1BA	6	510	$1,200	$2.35	$7,200	$86,400
1BR/1BA	38	696	$1,260	$1.81	$47,880	$574,560
2BR/1BA	50	1,068	$1,450	$1.36	$72,500	$870,000
3BR/1BA	2	1,329	$1,630	$1.23	$3,260	$39,120
Totals/ Average	96	891	$1,363	$1.53	$130,840	$1,570,080

OTHER INCOME

Other Income in the apartment market is derived from laundry income, forfeited deposits, pet fees, application fees, late payment fees, storage income, vending machines, etc. The developer has included 'Other Income' at 2.0% of potential apartment rental income, which equates to $30,096 and $314 per unit. IREM indicates a range of 'Other Income' in the Atlanta Metro region of $291 to $1,293 with a median of $942, or 3.3% to 10.5% and a median of 7.7%. The proposed subject is a subsidized complex where other income is typically minimal. We estimate other income for the subject at 1.0% of gross potential apartment rental income which equates to $164 per unit.

Vacancy And Collection Loss

The comparables reported physical occupancies from 90% to 98% with a weighted average of about 94%. Physical vacancy at the subject is 1.4%, with seven vacant units over 494 total units. Historical figures and totals are skewed by inclusion 44 down units in phase four (excluded from the 494 units referenced here). Historical physical vacancy and collection loss ran around 3%-7% 2012-2015 when those units are excluded. The subject property is currently 98% occupied, and has maintained high physical occupancy historically. Collection loss was minimal. Based on all of this information, we concluded a 97% physical and 95% economic occupancy after factoring collection loss.

Effective Gross Income

After accounting for apartment rental other income, and factoring in vacancy and collection loss of 5%, our projected annual effective gross income is $1,585,781 or $15,693 per unit.

Expense Analysis

The Bedford Pines community consists of a number of subsidized apartment developments in five phases, many of which are situated along either side of Boulevard Avenue. The 733 units are contained in a number of buildings that make up the largest Section 8 subsidized housing project in the Southeast. Many of Bedford's buildings were built in the early to mid 1900's. Wingate Management began buying and rehabilitating the apartment buildings in the early 1980's.

The 96 units that are the subject of this "at stabilization, at contract rents" value are the second phase of a redevelopment project that began with City Lights I, an age- and income-restricted building adjacent to the south. Historical operating expenses per unit for Phases II through V reflect the age of the existing units; new construction and upgraded, efficient components and systems should significantly reduce several expense categories. As a result, we placed more emphasis on the expenses indicated by the comparables than the subject's historical expenses in this pro forma.

The subject's historical operating data, and comparable data are summarized in the following charts.

HISTORICAL OPERATING STATEMENTS 2012 - 2015 BEDFORD PINES PH 2-5								
494 Units								
	Actual 2012	Per Unit	Actual 2013	Per Unit	Actual 2014	Per Unit	Actual 2015	Per Unit
Potential Rental Income	$6,424,840	$13,006	$6,550,066	$13,259	$6,717,213	$13,598	$6,843,058	$13,852
Misc. Other Income	41,250	84	35,320	71	27,179	55	20,955	42
Subtotal Other Income	41,250	84	35,320	71	27,179	55	20,955	42
Other as % of Rental Inc.	0.64%		0.54%		0.40%		0.31%	
Potential Gross Income	$6,466,090	$13,089	$6,585,386	$13,331	$6,744,392	$13,653	$6,864,013	$13,895
Vacancy & Collection Loss	-13%		-11%		-12%		-10%	
Vacancy	(830,201)	(1,681)	(745,285)	(1,509)	(833,502)	(1,687)	(659,453)	(1,335)
Bad Debt	(5,898)	(12)	(12,600)	(26)	(11,076)	(22)	(14,905)	(30)
Subtotal V & C Loss	(836,099)	(1,693)	(757,885)	(1,534)	(844,578)	(1,710)	(674,358)	(1,365)
V & C as % of PGI	-12.93%		-11.51%		-12.52%		-9.82%	
Effective Gross Income	$5,629,991	$11,397	$5,827,501	$11,797	$5,899,814	$11,943	$6,189,655	$12,530
Real Estate Taxes	279,343	$565	288,990	$585	279,469	$566	260,664	$528
Insurance	169,828	344	161,366	327	345,104	699	322,386	653
Management Fee	394,142	798	406,738	823	412,402	835	429,311	869
Mgmt. as a % of EGI	7%		7%		7%		7%	
Utilities	1,088,387	2,203	1,130,545	2,289	1,086,106	2,199	1,343,025	2,719
Payroll	1,215,161	2,460	1,174,861	2,378	1,286,949	2,605	1,511,153	3,059
Repairs & Maintenance	783,416	1,586	550,456	1,114	596,173	1,207	307,633	623
Security	152,870	309	175,010	354	173,306	351	219,962	445
Advertising & Promotion	675	1	1,662	3	2,214	4	477	1
Administrative & Misc.	490,372	993	555,831	1,125	430,569	872	372,713	754
Total Expenses	$4,574,192	$9,259	$4,445,459	$8,999	$4,612,292	$9,337	$4,767,324	$9,650
As a % of EGI	81.25%		76.28%		78.18%		77.02%	
Net Income	$1,055,798	$2,137	$1,382,042	$2,798	$1,287,522	$2,606	$1,422,331	$2,879
Capital Expenditures	$548,471	$1,110	$674,911	$1,366	$853,247	$1,727	$369,502	$748
Net Cash Flow	$507,328	$1,027	$707,131	$1,431	$434,275	$879	$1,052,829	$2,131

DEVELOPER PROFORMA City Lights II 96 Apartment Units - 85,566 Rentable SF				
		Total	Per Unit	Per SF
Potential Gross Income		$1,504,800	$15,675	$17.59
Plus Other Income	2.0%	30,096	314	0.35
Potential Gross Income		$1,534,896	$15,989	$17.94
Vacancy and Collection Loss	7.0%	$107,443	$1,119	$1.26
Effective Gross Income		$1,427,453	$14,869	$16.68
Expenses				
Real Estate Taxes		$175,000	$1,823	$2.05
Insurance		65,000	677	0.76
Management Fee	5.0%	71,373	743	0.83
Utilities		76,000	792	0.89
Salaries & Labor		145,000	1,510	1.69
Maintenance & Repairs		63,000	656	0.74
Security		66,000	688	0.77
Landscaping		7,000	73	0.08
Administration		41,200	429	0.48
Advertising		1,500	16	0.02
Total Expenses		$711,073	$7,407	$8.31
Reserves		$48,000	500	0.56
Total Operating Expenses		$759,073	$7,907	$8.87
Net Income		$668,381	$6,962	$7.81

2015 IREM INCOME & EXPENSE DATA FOR ATLANTA METRO AREA

Income & Expense Category (A)	Annual Inc. & Exp. as % of GPI Low	Median	High	Annual Income & Expenses Per Unit Low	Median	High
Income						
Gross Possible Apartment Rents:	89.4%	91.8%	96.6%	$8,241	$9,616	$11,547
Other Income:	3.3%	7.7%	10.5%	$291	$942	$1,293
Gross Possible Income:	100.0%	100.0%	100.0%	$8,651	$10,493	$12,296
Vacancies/Rent Loss:	4.8%	7.3%	12.6%	$494	$833	$1,201
Total Collections:	86.5%	90.6%	94.4%	$7,839	$9,370	$11,466
Expenses (B)						
Real Estate Taxes	4.6%	7.1%	9.5%	$385	$724	$1,036
Insurance	1.6%	2.0%	2.6%	$187	$208	$260
Management Fee	2.9%	3.8%	5.1%	$331	$459	$534
Total Utilities **(1)**	5.4%	7.6%	10.1%	$754	$908	$1,024
Water/sewer (common & Apts)	4.0%	5.8%	7.5%	$453	$607	$723
Electric (common & Apts)	1.2%	1.7%	2.2%	$279	$279	$279
Gas (common & Apts)	0.2%	0.1%	0.4%	$22	$22	$22
Total Utilities **(2)**	4.0%	4.7%	7.6%	$417	$569	$804
Water/sewer (common only)	2.6%	2.9%	5.0%	$287	$389	$584
Electric (common only)	1.2%	1.7%	2.2%	$130	$180	$220
Gas (common only)	0.2%	0.1%	0.4%	$0	$0	$0
Salaries and Administrative (C)	7.5%	14.4%	19.3%	$999	$1,536	$2,011
Other Administrative	2.4%	5.0%	6.8%	$271	$482	$653
Other Payroll	5.1%	9.4%	12.5%	$728	$1,054	$1,358
Maintenance & Repairs	1.7%	2.9%	4.8%	$192	$310	$588
Painting & Redecorating (D)	0.9%	1.3%	2.2%	$98	$152	$293
Grounds Maint. & Amenities (D)	1.1%	1.5%	3.1%	$119	$165	$249
Grounds Maintenance	1.0%	1.3%	1.9%	$100	$137	$155
Recreational/Amenities	0.1%	0.2%	1.2%	$19	$28	$93
Security (D)	0.1%	0.9%	1.7%	$11	$74	$338
Other/Miscellaneous	0.6%	1.5%	3.6%	$76	$196	$398
Other Tax/Fee/Permit	0.1%	0.2%	0.3%	$11	$21	$32
Supplies	0.1%	0.6%	1.5%	$10	$61	$132
Building Services	0.4%	1.1%	1.9%	$44	$144	$222
Other Operating	0.2%	0.4%	1.7%	$31	$52	$177
Total Expenses:	29.9%	36.9%	46.3%	$3,191	$4,238	$5,471
Net Operating Income:	42.1%	53.4%	60.7%	$3,572	$5,183	$6,926

Notes: Survey for Metro Atlanta includes 18,330 apartment units with an average unit size of 1,034 square feet.
Per Unit expenses are computed by dividing the median per unit expense by the median PSF expense by the and applying the indicated average SF to the High and Low expense PSF figures prvided by IREM.
(A) *Median* is the middle of the range, *Low* means 25% of the sample is below this figure, *High* mean 25% of the sample is above figure.
(B) Line item expenses do not necessarily correspond to totals due to variances in expenses reported and sizes of reporting complexes.
(C) Includes administrative salaries and expenses, as well as maintenance salaries.
(D) Includes salaries associated with these categories.

Source: 2015 *Income/Expense Analyses:Conventional Apartments* by the Institute of Real Estate Management (IREM)

LIHTC OPERATING EXPENSE COMPARABLES								
Property Name	Capitol Gateway II		Carver, Phase V		Auburn Pointe, Phase I		Collegetown, Phase II	
Location	Atlanta, GA		Atlanta, GA		Atlanta, GA		Atlanta, GA	
No. Units	152		164		154		177	
Avg. Unit Size	1,020		936		978		1,164	
Year Built	2007		2007		2010		2009	
	Actual	Trended	Actual	Trended	Actual	Trended	Actual	Trended
Effective Date/% Trendec	TTM 4/2016	0.0%	TTM 4/2016	0.0%	TTM 4/2016	0.00%	TTM 4/2016	0.00%
Real Estate Taxes	$797	$797	$374	$374	$299	$299	$323	$323
Insurance	234	234	214	214	222	222	195	195
Management Fee:	809	809	661	661	645	645	628	628
% of EGI	6.5%		7.7%		6.4%		6.7%	
Utilities	1,039	1,039	880	880	904	904	894	894
Salaries & Labor	1,975	1,975	1,747	1,747	1,525	1,525	1,456	1,456
Repairs/Redecorating	724	724	1,001	1,001	523	523	1,214	1,214
Landscaping/Amenities	91	91	142	142	123	123	124	124
Security	472	472	454	454	192	192	400	400
Advertising & Promotion	115	115	84	84	130	130	143	143
Administrative/Misc.	730	730	638	638	1,134	1,134	1,274	1,274
Total Expenses	$6,986	$6,986	$6,195	$6,195	$5,697	$5,697	$6,651	$6,651

Real Estate Taxes

As mentioned in the Tax Analysis section of this report, we estimate real estate taxes calculated for an appraised value of $105,000 per unit, for a tax burden of $1,819 per unit ($174,624). We have relied on the developer's estimate of appraised tax value and computed taxes on that value with the current millage rate.

Insurance

IREM indicates a range of $187 to $260 per unit, and a median of $208 per unit. The comparables indicate insurance expenses within a range of $195 to $234 per unit and average $216. The developer has insurance budgeted at $677 per unit, which is high, but typically reflects an actual quote for insurance at the property. We have relied on the developer's quote and estimated the insurance expense at $675 per unit.

Management Fee

Management expense for an apartment complex is typically negotiated on a percent of collected revenues (effective gross income, or EGI). This percentage typically ranges from 3.0% to 5.0% for a traditional apartment complex, depending on the size of the complex and position in the market. IREM indicates a range from 2.9% to 5.1% with a median of 3.8%. However, subsidized properties, such as the subject, tend to have higher management fees. Generally, for this type of property the fee is around 5.0%-6.0%. The comparables indicate a range of 6.4% to 7.7%. The developer projected 5.0%, which we relied upon.

Utilities

This expense covers all energy costs related to the leasing office, vacant units, and common areas, including exterior lighting. It also typically includes trash removal and may include water/sewer costs for apartments. The subject plans to include water/sewer and trash removal in the rent. The expense comparables do not include water and sewer in their rents. IREM figures that include water and sewer indicate a range of $754 to $1,024 per unit, and a median of $908 per unit. IREM figures for common area utilities only indicates a range of $417 to $804 per unit, and a median of $569 per unit. The comparables indicate utilities expenses within a range of $880 to $1,039 per unit and average $929, but do not include water and sewer. The developer indicates a total utilities expense of $792 per unit, which seems somewhat low. Considering the comparables and IREM, we estimate a utility expense of $900 per unit.

Salaries and Labor

This expense covers all payroll and labor expenses, including direct and indirect expenses. The taxes and benefits portion of this expense also includes the employer's portion of social security taxes, group health insurance and workman's comp insurance. In addition, employees typically incur overtime pay at times. IREM indicates a range of $999 to $2,011 per unit, and a median of $1,536 per unit. However, IREM includes many administrative expenses in this category. The LIHTC comparables indicate salaries and labor expenses within a range of $1,456 to $1,975 per unit and average $1,676. The developer estimated salaries and labor, and related expenses at $1,510 per unit. We have estimated $1,500 per unit for total payroll.

Painting And Redecorating (Turnkey) And Maintenance And Repairs - Combined

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

Data obtained from IREM indicates a range of $290 to $881 per unit, and a median of $462 per unit. The LIHTC comparables indicate combined repairs and redecorating expenses within a range of $523 to $1,214 per unit and average $865. The provided proforma indicates $656 per unit combined for maintenance and redecorating. We note that the subject will be new construction and the maintenance and turnover expenses should be low for at least the first few years. We estimate $700 per unit for stabilized repairs and maintenance including turnkey.

Security

Urban properties often have a dedicated security staff person. The developer estimated security expense at $66,000, or $688 per unit. IREM indicates a range of $11 to $338 per unit, and a median of $74 per unit. The LIHTC comparables have on-site security guards and indicate security expenses of $192 to $472 per unit, with three of the four comparables at or above $400 per unit. We estimate a rounded $500 per unit.

Landscaping and Amenities

Landscaping, or grounds maintenance, includes normal grounds landscaping and maintenance. IREM indicates a range of $119 to $249 per unit, and a median of $165 per unit. The LIHTC comparables indicate landscaping and amenities expenses within a range of $91 to $142 per unit and average $120. The provided budget included landscaping expense of $73 per unit. The subject has very minimal common area, with most of the footprint impervious improvements. Based upon the proforma and comparables, we estimate $75 per unit for landscaping.

Advertising And Promotion

This expense category accounts for placement of advertising, commissions, signage, brochures, and newsletters. Advertising and promotion costs are generally closely tied to occupancy. If occupancy is considered high and the market is stable, then the need for advertising is not as significant. However, if occupancy is considered to be low or occupancy tends to fluctuate, then advertising becomes much more critical. Our analysis assumes that the property is operating at stabilized levels. IREM does not separately report advertising expenses. The LIHTC comparables indicate advertising expenses within a range of $84 to $143 per unit and average $118. The developer's budget includes $16 per unit. PBRA properties are usually fully occupied with a waiting list, and advertising expense is typically minimal. Based upon the above discussion, we included a stabilized advertising and promotion cost of $25 per unit.

Administrative And Miscellaneous Expense

This expense includes such items as legal, accounting, office supplies, answering service, telephone, etc. IREM indicates a range for Other/Miscellaneous of $76 to $398 per unit, and a median of $196 per unit for the Atlanta area. However, as noted earlier, IREM includes most traditional administrative costs within their Salaries and Administrative cost category, with that range $271 to $653 with a median of $482. The LIHTC comparables indicate administrative/misc. expenses within a range of $638 to $1,274 per unit and average $944. The provided operating budget estimated administrative expense at $429 per unit, which appears reasonable if low for a restricted income property. Relying on the comparables and IREM, we projected Administrative and Miscellaneous Expense at $500 per unit.

Reserves for Replacement

Reserves for replacement is an annual allowance for the periodic replacement of roof covers, paving, carpeting, HVAC units, appliances, and other short-lived items. Investors of apartment properties sometimes establish separate accounts for reserves in the pro forma analysis. IREM does not chart this category and it is not included for the comparables. Typically, reserves range from $200 to $300 per unit, depending on age, condition, and size. The developer's budget includes $500 per unit for reserves. It is also important to consider that the subject will be new with many major components under warranty for at least the first couple of years, which should hold reserves/capital expenditures down over the holding period. We included reserves in our analysis at $350 per unit.

Summary of Expenses - Contract Rents After Construction

The estimated expenses total $766,993, after trending (3.3% annually, excluding taxes and management fee, to the effective date of appraisal) and including reserves, which equates to $7,990 per unit ($7,479 without reserves and trending).

Updating expense data is a two step process. First, the older comparables are updated to the date of the most recent comparable, so that all itemized data is representative of the same effective time period. All of the expense comparables are dated from April 2015 through April 2016. Once the comparables reflect the same effective time period, the line items are correlated, and the subject's expense estimate is updated to the date of the appraisal. To trend the expenses 2% per year, the subject expenses (excluding taxes and management fee) are trended 1.033: (April 2015 to December 2016) or (20/12 * 0.02 =0.033).

The developer projected total expenses of $7,907 per unit including reserves ($7,407 without reserves), which is slightly lower than our estimate. Total expenses reported by IREM, which do not include reserves, ranged from $3,191 to $5,471 with a median of $4,238 per unit for Atlanta. The LIHTC comparables indicate total expenses within a range of $5,697 to $6,986 per unit and average $6,382, but these properties have significantly reduced property taxes. Our estimate is above the range indicated by IREM and the operating expense comparables. The largest discrepancy is attributable to the difference in property tax exemption / credit. Three of the comparables are partially exempt from property taxes, while the subject will be appraised and assessed based on an estimate of market value. Based upon the prior discussion, we believe our estimates of operating expenses are reasonable and appropriate. Our estimates of income and expenses for the subject apartments result in a net operating income projection of $739,499, or $7,703 per unit.

CAPITALIZATION OF NET OPERATING INCOME

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

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

The following table summarizes capitalization rates extracted from several recent apartment sales in the metro area. The subject will be new construction. We chose a variety of property types built between 1991 and 2014.

IMPROVED SALES SUMMARY

No.	Name Location	Sale Date	Number of Units	Year Built	Price Per Unit	Avg. Unit Size (SF)	Occupancy at Time Of Sale	NOI/Unit at Sale	OAR
1	Belera, Atlanta	May-16	182	1993	$162,500	946	95%	$9,344	5.75%
2	Elysian at Collier, Atlanta	May-16	184	2014	$167,527	940	100%	$8,787	5.25%
3	Ivy at Buckhead, Atlanta	Mar-16	296	1991	$150,000	917	94%	$6,900	4.60%
4	Savannah Midtown, Atlanta	Feb-16	322	2001	$180,435	976	95%	$10,375	5.75%
5	The Brooke, Atlanta	Jan-16	537	2002	$136,872	903	97%	$6,844	5.00%

The comparable sales used in this analysis present a range of overall rates between 4.60% and 5.75%, with a mean of 5.27%. The subject, as an income-restricted property with above-average expenses, represents an investment with higher perceived risk than the comparable sales shown above. This increased risk perception justifies use of a higher cap rate for the subject at completion.

As mentioned in the Market Analysis section, the *PwC Survey* indicates that overall capitalization rates for the southeast apartment market range from 3.75% to 7.00%, with an average of 5.30% (institutional-grade properties). The average rate is unchanged from the previous quarter and is down 15 basis points from the same period one year ago. Non institutional-grade rates for the Southeast Region are not currently being tracked; however, National Apartment non institutional-grade OAR rates range 25-400 points higher, with an average of 147 basis points or 6.77%. CoStar analytics documented 13 multi-family transactions in the Old Fourth Ward with an average price per unit of $151,870 and an average cap rate of 6.5% for reporting properties, further supporting reconciliation to a slightly higher cap rate.

Mortgage Equity Technique

We also utilized the mortgage-equity procedure, which is presented in the following chart. Under this procedure, the overall capitalization rate considers the returns on the mortgage and equity positions as well as the equity build-up that accrues as the loan principle is paid off. For properties like the subject, our research of the current financing market indicate a typical loan-to-value ratio of 75% to 80%, a fixed interest rate of about 3.50% to 5.65% (4.09%-4.34% for ten year term, 5.65%-6.50% for 30 year term) and a 30-year amortization with a balloon in 10 years. For this analysis, we used an 80% loan-to-value, an interest rate of 4.25%, 30-year amortization, a 10-year balloon, and property appreciation of 2.0% annually (reasonable considering the current market). Equity yield rates are more difficult to ascertain. However, based on discussions with investors and valuation experts, and consideration of alternative investment choices and comparing the risks involved with each, we find a typical range of 15% to 20%. Based on the specific characteristics of the subject, we concluded an equity yield rate of 17%. As shown on the following chart, the indicated overall capitalization rate based on the foregoing parameters equates to approximately 6.40%.

CAPITALIZATION RATE DERIVATION BY MORTGAGE/EQUITY TECHNIQUE									
ASSUMPTIONS									
Mortgage Amortization Term	30 Years								
Holding Period	10 Years								
Mortgage Interest Rate	4.25%								
Loan-to-Value Ratio	80%								
Annual Constant for Monthly Payments	0.059033								
Required Equity Yield Rate	17%								
Assumed Net Annual Appreciation	2.00%								
CALCULATIONS									
Basic Rate Calculation:									
Mortgage:	80%	x	0.059033	=				0.047226	
Equity:	20%	x	0.170000	=			+	0.034000	
Composite Basic Rate:									0.081226
Credit For Equity Build-up Due to Amortization Over Holding Period:									
Mortgage (Loan-to-Value Ratio):				80%					
Sinking Fund Factor @	17%	For		10 Years		=		0.044657	
Percentage of Loan Principal Repaid After				10 Years		=		20.5570%	
Credit:	80%	x	0.044657	x	0.205570	=			0.007344
Appreciation Factor Over the Holding Period:									
Appreciation Credit @	2%	Over		10 Years		=		21.8994%	
Sinking Fund Factor @	17%	For		10 Years		=		0.044657	
Credit:	21.8994%	x	0.044657			=			0.009780
INDICATED CAPITALIZATION RATE									
Basic Rate:									0.081226
Less Credit For Equity Build-up:								-	0.007344
Less Credit For Appreciation:								-	0.00978
INDICATED CAPITALIZATION RATE:									**0.064102**
ROUNDED:									**6.40%**

Direct Capitalization Conclusion

Based on the information presented from the actual sales, the investor survey and the mortgage equity technique, with particular consideration given to the subject's age, size, quality and location, as well as the fact that the subject is eligible for favorable financing, we are of the opinion that the typical investor would select an overall rate in the range of 6.00% to 6.50% for the subject property, and reconcile toward the middle. Our direct capitalization analysis is presented in the following chart. Our estimate of value of the subject "at stabilization," with contract rents, is $11,800,000 or $122,917 per unit.

STATIC PRO FORMA ANALYSIS City Lights II - Contract Rents At Stabilization 96 Apartment Units - 85,566 Rentable SF				
		Total	Per Unit	Per SF
Potential Gross Apartment Income		$1,570,080	$16,355	$18.35
Plus Other Income	1.0%	15,701	164	0.18
Potential Gross Income		$1,585,781	$16,519	$18.53
Vacancy and Collection Loss	5.0%	$79,289	$826	$0.93
Effective Gross Income		$1,506,492	$15,693	$17.61
Expenses				
Real Estate Taxes		$174,624	$1,819	$2.04
Insurance		64,800	675	0.76
Management Fee	5.0%	75,325	785	0.88
Utilities		86,400	900	1.01
Salaries & Labor		144,000	1,500	1.68
Maintenance & Repairs, Turnkey		67,200	700	0.79
Security		48,000	500	0.56
Landscaping		7,200	75	0.08
Advertising & Promotion		2,400	25	0.03
Administrative/Misc.		48,000	500	0.56
Total Expenses		$717,949	$7,479	$8.39
Trended 3.3% (excl. taxes & mgt.)		$733,393	$7,640	$8.57
Reserves		$33,600	350	0.39
Total Operating Expenses		$766,993	$7,990	$8.96
Net Income		$739,499	$7,703	$8.64
Overall Rates/Indicated	6.00%	$12,324,986	$128,385	$144.04
Values	6.25%	$11,831,987	$123,250	$138.28
	6.50%	$11,376,910	$118,509	$132.96
Stabilized Reconciled Value		$11,800,000	$122,917	$137.91

SALES COMPARISON APPRAOCH – CONTRACT RENTS AT STABILIZATION

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

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

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

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

IMPROVED SALES SUMMARY									
No.	Name Location	Sale Date	Number of Units	Year Built	Price Per Unit	Avg. Unit Size (SF)	Occupancy at Time Of Sale	NOI/Unit at Sale	OAR
1	Belera, Atlanta	May-16	182	1993	$162,500	946	95%	$9,344	5.75%
2	Elysian at Collier, Atlanta	May-16	184	2014	$167,527	940	100%	$8,787	5.25%
3	Ivy at Buckhead, Atlanta	Mar-16	296	1991	$150,000	917	94%	$6,900	4.60%
4	Savannah Midtown, Atlanta	Feb-16	322	2001	$180,435	976	95%	$10,375	5.75%
5	The Brooke, Atlanta	Jan-16	537	2002	$136,872	903	97%	$6,844	5.00%

These properties were reportedly built between 1991 and 2014 with unit counts between 182 and 537. The transactions occurred between January 2016 and May 2016. Overall rates indicated by the transactions range between 4.60% and 5.75%, with an average of 5.27%. All of the comparables were in good condition with high NOIs per unit. Sales prices per unit range from $136,872 to $180,435. This range appears to fluctuate most with net operating income per unit, which ranges from $6,844 to $10,375.

SALE PRICE PER UNIT ANALYSIS

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

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

NET OPERATING INCOME (NOI) ANALYSIS - CONTRACT RENTS AT STABILIZATION CITY LIGHTS II									
Sale No.	**Subject's NOI/Unit**		**Comp. NOI/Unit**		**Multiplier**		**Sale Price $/Unit**		**Adjusted $/Unit For Subject**
1	$7,703	/	$9,344	=	0.82	X	$162,500	=	$133,250
2	$7,703	/	$8,787	=	0.88	X	$167,527	=	$147,424
3	$7,703	/	$6,900	=	1.12	X	$150,000	=	$168,000
4	$7,703	/	$10,375	=	0.74	X	$180,435	=	$133,522
5	$7,703	/	$6,844	=	1.13	X	$136,872	=	$154,665

As shown above, the adjusted values indicated for the subject with contract rents at stabilization range from $133,250 to $168,000 per unit, with an average of $147,372. Given that the subject is an income restricted property, the lower end of the range best represents the subject. For the as stabilized at contract rents scenario, we estimated a value of $133,500 per unit.

SALES COMPARISON APPROACH SUMMARY – CONTRACT RENTS AT STABILIZATION		
# Units	**$/Unit**	**Indicated Value**
96	$133,500	$12,816,000
Rounded		$12,800,000

PHYSICAL ADJUSTMENT ANALYSIS

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

Conditions of Sale

The subject is an income-restricted property that consists of PBRA units, which restricts upside potential with higher expenses. While the comparables are physically generally similar, all are market rate properties with higher achievable net operating incomes in comparison to the subject. All of the comparables were adjusted downward for this factor.

Market Conditions

The sales are recent, and no adjustments are necessary.

Location

The subject has a good location in the heart of downtown Atlanta. All of the comparables have similar good locations inside the perimeter and were not adjusted.

Size/Number of Units

The subject will have 96 units. Typically, smaller properties sell for higher per unit prices. Conversely, larger properties tend to sell for lower per unit prices. This represents something of a quantity discount. All of the comparables are larger properties and were adjusted upward.

Average Unit Size

The subject has an average unit size of 891 square feet. The comparables all have relatively small average unit sizes ranging from 903-976 square feet and were not adjusted for unit size.

Quality/Amenities

The subject will be average quality and have few amenities. The comparables have more extensive amenities and/or interior features like granite counter tops and stainless steel appliances. All of the comparables have superior amenities with outdoor pools, fitness centers, clubhouses and grills or business centers and were adjusted downward. Comparables One, Two and Four also have upgraded interior amenities with granite countertops and upgraded appliances and were adjusted downward more significantly.

Age/Condition

The subject will be new, mid-rise construction, similar to Comparables Two and Four, which were not adjusted. The comparables were built between 1991 and 2014. We adjusted

Comparables One, Three and Five upward for being walk-up garden apartments and older construction.

SUMMARY AND COMMENTS

The following adjustment grid illustrates our thought processes in the comparison of the comparables to the subject. As shown, prior to adjustment, the comparables present a range of price per unit between $136,872 and $180,435, with a mean of $159,467.

COMPARABLE SALES ADJUSTMENT CHART - Contract Rents At Stabilization						
Sale No.	**Subject**	**1**	**2**	**3**	**4**	**5**
Informational Data						
Sale Date	N/Ap	May-16	May-16	Mar-16	Feb-16	Jan-16
Sale Price	N/Ap	$29,575,000	$30,825,000	$44,400,000	$58,100,000	$73,500,000
# Units	96	182	184	296	322	537
Year Built	2017	1993	2014	1991	2001	2002
Location	Good	Good	Good	Good	Good	Good
Price per Unit	N/Ap	$162,500	$167,527	$150,000	$180,435	$136,872
Comparative Analysis						
Conditions of Sale		-10%	-10%	-10%	-10%	-10%
Market Conditions		0%	0%	0%	0%	0%
Adjusted Price/SF		$146,250	$150,774	$135,000	$162,391	$123,184
Physical Adjustments						
Location		0%	0%	0%	0%	0%
Size (# of units)	96	5%	5%	5%	5%	10%
Avg. Unit Size	891	0%	0%	0%	0%	0%
Quality/Amenities		-20%	-20%	-10%	-20%	-10%
Age/Condition		10%	0%	10%	0%	10%
Net Adjustment		-5%	-15%	5%	-15%	10%
Adjusted Price/SF		$138,938	$128,158	$141,750	$138,033	$135,503
Indicated Range:			$128,158	to	$141,750	
Mean:				$136,476		

As shown, after adjustments, the indicated range is a narrowed to between $128,158 and $141,750, with a mean of $136,476. Comparables Two and Four are most similar to the subject and indicate adjusted values of $128,158 and $138,033 per unit. Based on this information, we estimate value for the subject at a rounded $130,000 per unit. Our estimate of value for the subject property, based on a price per unit method is shown as follows.

SALES COMPARISON APPROACH VALUE – PRICE PER UNIT				
Subject Units		**Indicated Value/Unit**		**Total**
96	X	$130,000	=	$12,480,000
Rounded				$12,500,000

SALES COMPARISON APPROACH CONCLUSION

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

SUMMARY OF VALUE ESTIMATES BY SALES COMPARISON APPROACH CONTRACT RENTS AT STABILIZATION	
Method	**Indicated Value**
NOI Per Square Foot	$12,800,000
Physical Adjustments	$12,500,000
Reconciled:	**$12,500,000**

FINAL VALUE ESTIMATE – CONTRACT AT STABILIZATION”

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

FINAL VALUE ESTIMATES – CONTRACT	
Income Capitalization Approach	$11,800,000
Sales Comparison Approach	$12,500,000

As seen, both approaches provided fairly similar value indications. However, for reasons previously mentioned, most investors would place weighted emphasis on the income approach. Based on the research and analysis contained in this report, we estimate the market value of the subject property at stabilization, subject to contract rents, as follows:

Estimate of Market Value of the Fee Simple Interest in the Subject
“At Stabilization,” Subject To Contract Rents, As of December 1, 2017

ELEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS
$11,800,000

INCOME CAPITALIZATION APROACH – HYPOTHETICAL MARKET RENTS AT STABILIZATION

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

POTENTIAL GROSS RENTAL INCOME

The following chart shows potential income using hypothetical market/unrestricted rents, at stabilization, at the subject. Potential gross rental income at these rents is $1,570,080, or $16,355 per unit.

HYPOTHETICAL MARKET RENTS AT COMPLETION
City Lights II

Unit Type	No. Units	Gross Unit Size	Monthly Contract Rent	Rent/SF	Total Monthly Gross Rent	Potential Annual Gross Rent
0BR/1BA	6	510	$1,200	$2.35	$7,200	$86,400
1BR/1BA	38	696	$1,260	$1.81	$47,880	$574,560
2BR/1BA	50	1,068	$1,450	$1.36	$72,500	$870,000
3BR/1BA	2	1,329	$1,630	$1.23	$3,260	$39,120
Totals/ Average	96	891	$1,363	$1.53	$130,840	$1,570,080

OTHER INCOME

Other Income in the apartment market is derived from laundry income, forfeited deposits, pet fees, application fees, late payment fees, storage income, vending machines, etc. IREM indicates a range of 'Other Income' in the Atlanta Metro region of $291 to $1,293 with a median of $942, or 3.3% to 10.5% and a median of 7.7%. For the pro forma based on hypothetical unrestricted rents, we estimated other income at $500, below the median for Atlanta area properties, but higher than what was collected as an income-restricted property.

VACANCY AND COLLECTION LOSS

The comparables reported physical occupancies from 90% to 98% with a weighted average of about 94%. The subject property is currently 98% occupied. Collection loss was minimal. After construction, the complex will be more competitive in the submarket and should enjoy hypothetical market occupancy reflective of competitive complexes in the submarket.

For our hypothetical at market scenario, we used 5% physical vacancy and 2% for collection losses, for a total of 7% economic vacancy.

EFFECTIVE GROSS INCOME

After accounting for other income, and factoring in vacancy and collection loss, our projected annual effective gross income at hypothetical unrestricted rents as is $1,504,814 or $15,675 per unit.

EXPENSE ANALYSIS

The Bedford Pines community consists of a number of subsidized apartment developments in five phases, many of which are situated along either side of Boulevard Avenue. The 733 units are contained in a number of buildings that make up the largest Section 8 subsidized housing project in the Southeast. Many of Bedford's buildings were built in the early to mid 1900's. Wingate Management began buying and rehabilitating the apartment buildings in the early 1980's.

The 96 units that are the subject of this "at stabilization, at contract rents" value are the second phase of a redevelopment project that began with City Lights I, an age- and income-restricted building adjacent to the south. Historical operating expenses per unit for Phases II through V reflect the age of the existing units; new construction and upgraded, efficient components and systems should significantly reduce several expense categories. As a result, we placed more emphasis on the expenses indicated by the comparables than the subject's historical expenses in this pro forma.

In deriving an estimate of net income, it is necessary to consider various expenses and allowances ascribable to the operation of a property of this type. We were provided actual operating history for 2012, 2013, 2014 and 2015. In addition, we reviewed industry standard expenses as published in the 2015 edition of the *Income/Expense Analysis – Conventional Apartments* published by IREM (Institute of Real Estate Management). Further, we considered recent operating expense data from four apartment projects in various locations in

Atlanta. The subject's historical operating data and budget, IREM data, and expense comparables are summarized in the following charts.

HISTORICAL OPERATING STATEMENTS 2012 - 2015 BEDFORD PINES PH 2-5								
	494 Units							
	Actual 2012	Per Unit	Actual 2013	Per Unit	Actual 2014	Per Unit	Actual 2015	Per Unit
Potential Rental Income	$6,424,840	$13,006	$6,550,066	$13,259	$6,717,213	$13,598	$6,843,058	$13,852
Misc. Other Income	41,250	84	35,320	71	27,179	55	20,955	42
Subtotal Other Income	41,250	84	35,320	71	27,179	55	20,955	42
Other as % of Rental Inc.	0.64%		0.54%		0.40%		0.31%	
Potential Gross Income	$6,466,090	$13,089	$6,585,386	$13,331	$6,744,392	$13,653	$6,864,013	$13,895
Vacancy & Collection Loss	-13%		-11%		-12%		-10%	
Vacancy	(830,201)	(1,681)	(745,285)	(1,509)	(833,502)	(1,687)	(659,453)	(1,335)
Bad Debt	(5,898)	(12)	(12,600)	(26)	(11,076)	(22)	(14,905)	(30)
Subtotal V & C Loss	(836,099)	(1,693)	(757,885)	(1,534)	(844,578)	(1,710)	(674,358)	(1,365)
V & C as % of PGI	-12.93%		-11.51%		-12.52%		-9.82%	
Effective Gross Income	$5,629,991	$11,397	$5,827,501	$11,797	$5,899,814	$11,943	$6,189,655	$12,530
Real Estate Taxes	279,343	$565	288,990	$585	279,469	$566	260,664	$528
Insurance	169,828	344	161,366	327	345,104	699	322,386	653
Management Fee	394,142	798	406,738	823	412,402	835	429,311	869
Mgmt. as a % of EGI	7%		7%		7%		7%	
Utilities	1,088,387	2,203	1,130,545	2,289	1,086,106	2,199	1,343,025	2,719
Payroll	1,215,161	2,460	1,174,861	2,378	1,286,949	2,605	1,511,153	3,059
Repairs & Maintenance	783,416	1,586	550,456	1,114	596,173	1,207	307,633	623
Security	152,870	309	175,010	354	173,306	351	219,962	445
Advertising & Promotion	675	1	1,662	3	2,214	4	477	1
Administrative & Misc.	490,372	993	555,831	1,125	430,569	872	372,713	754
Total Expenses	$4,574,192	$9,259	$4,445,459	$8,999	$4,612,292	$9,337	$4,767,324	$9,650
As a % of EGI	81.25%		76.28%		78.18%		77.02%	
Net Income	$1,055,798	$2,137	$1,382,042	$2,798	$1,287,522	$2,606	$1,422,331	$2,879
Capital Expenditures	$548,471	$1,110	$674,911	$1,366	$853,247	$1,727	$369,502	$748
Net Cash Flow	$507,328	$1,027	$707,131	$1,431	$434,275	$879	$1,052,829	$2,131

2015 IREM INCOME & EXPENSE DATA FOR ATLANTA METRO AREA

Income & Expense Category (A)	Annual Inc. & Exp. as % of GPI			Annual Income & Expenses Per Unit		
	Low	Median	High	Low	Median	High
Income						
Gross Possible Apartment Rents:	89.4%	91.8%	96.6%	$8,241	$9,616	$11,547
Other Income:	3.3%	7.7%	10.5%	$291	$942	$1,293
Gross Possible Income:	100.0%	100.0%	100.0%	$8,651	$10,493	$12,296
Vacancies/Rent Loss:	4.8%	7.3%	12.6%	$494	$833	$1,201
Total Collections:	86.5%	90.6%	94.4%	$7,839	$9,370	$11,466
Expenses (B)						
Real Estate Taxes	4.6%	7.1%	9.5%	$385	$724	$1,036
Insurance	1.6%	2.0%	2.6%	$187	$208	$260
Management Fee	2.9%	3.8%	5.1%	$331	$459	$534
Total Utilities **(1)**	5.4%	7.6%	10.1%	$754	$908	$1,024
Water/sewer (common & Apts)	4.0%	5.8%	7.5%	$453	$607	$723
Electric (common & Apts)	1.2%	1.7%	2.2%	$279	$279	$279
Gas (common & Apts)	0.2%	0.1%	0.4%	$22	$22	$22
Total Utilities **(2)**	4.0%	4.7%	7.6%	$417	$569	$804
Water/sewer (common only)	2.6%	2.9%	5.0%	$287	$389	$584
Electric (common only)	1.2%	1.7%	2.2%	$130	$180	$220
Gas (common only)	0.2%	0.1%	0.4%	$0	$0	$0
Salaries and Administrative (C)	7.5%	14.4%	19.3%	$999	$1,536	$2,011
Other Administrative	2.4%	5.0%	6.8%	$271	$482	$653
Other Payroll	5.1%	9.4%	12.5%	$728	$1,054	$1,358
Maintenance & Repairs	1.7%	2.9%	4.8%	$192	$310	$588
Painting & Redecorating (D)	0.9%	1.3%	2.2%	$98	$152	$293
Grounds Maint. & Amenities (D)	1.1%	1.5%	3.1%	$119	$165	$249
Grounds Maintenance	1.0%	1.3%	1.9%	$100	$137	$155
Recreational/Amenities	0.1%	0.2%	1.2%	$19	$28	$93
Security (D)	0.1%	0.9%	1.7%	$11	$74	$338
Other/Miscellaneous	0.6%	1.5%	3.6%	$76	$196	$398
Other Tax/Fee/Permit	0.1%	0.2%	0.3%	$11	$21	$32
Supplies	0.1%	0.6%	1.5%	$10	$61	$132
Building Services	0.4%	1.1%	1.9%	$44	$144	$222
Other Operating	0.2%	0.4%	1.7%	$31	$52	$177
Total Expenses:	29.9%	36.9%	46.3%	$3,191	$4,238	$5,471
Net Operating Income:	42.1%	53.4%	60.7%	$3,572	$5,183	$6,926

Notes: Survey for Metro Atlanta includes 18,330 apartment units with an average unit size of 1,034 square feet.
Per Unit expenses are computed by dividing the median per unit expense by the median PSF expense by the and applying the indicated average SF to the High and Low expense PSF figures prvided by IREM.
(A) *Median* is the middle of the range, *Low* means 25% of the sample is below this figure, *High* mean 25% of the sample is above figure.
(B) Line item expenses do not necessarily correspond to totals due to variances in expenses reported and sizes of reporting complexes.
(C) Includes administrative salaries and expenses, as well as maintenance salaries.
(D) Includes salaries associated with these categories.

Source: 2015 *Income/Expense Analyses:Conventional Apartments* by the Institute of Real Estate Management (IREM)

OPERATING EXPENSE COMPARABLES								
Project Name	Encore Clairmont		Prelude Encore		Confidential		Confidential	
Location	Atlanta, GA		Atlanta, GA		Atlanta, GA		Atlanta, GA	
No. Units	359		353		315		254	
Avg. Unit Size	914		959		937		997	
Year Built	2015		2011		2013		2014	
	Actual	Trended	Actual	Trended	Actual	Trended	Actual	Trended
Effective Date/% Trended	2015	0.0%	2015	0.0%	2015	0.0%	2015	0.0%
Real Estate Taxes*	$991	$991	$1,001	$1,001	$2,899	$2,899	$304	$304
Insurance	194	194	232	232	229	229	247	247
Management Fee:	369	369	466	466	512	512	540	540
Management Fee %	4.00%		3.25%		3.00%		3.00%	
Utilities (W/S/E/G/Trash)**	518	518	221	221	467	467	442	442
Salaries & Labor	1,713	1,713	1,404	1,404	1,217	1,217	1,574	1,574
Painting & Decorating	117	117	261	261	223	223	138	138
Maintenance & Repairs	231	231	429	429	295	295	222	222
Total Maintenace	348		690		518		360	
Landscaping	88	88	99	99	186	186	150	150
Advertising & Promotion	331	331	172	172	229	229	254	254
Administrative/Misc.	172	172	309	309	739	739	684	684
Total Expenses	$4,724	$4,724	$4,594	$4,594	$6,996	$6,996	$4,555	$4,555

*Encore Clairmont was not completed until 2015. Tax liability is estimated based on adjacent 2009 property, Prelude at Clairmor
*Comp #4 is located in a tax allocation district and pays reduced taxes.
**All Utilities are net of reimbursements.

Real Estate Taxes

Real estate taxes were discussed in detail in the Tax Analysis portion of the Property Analysis. Based on the following market rate tax comparables, we used $2,338 per unit, to reflect an appraised value of $135,000 per unit.

2016 MARKET RATE APARTMENT TAX COMPARABLES				
Comparable	**One**	**Two**	**Three**	**Four**
Name:	Century Skyline	AMLI Old Fourth Ward	West Inman Lofts	Pencil Factory Lofts
Address:	396 Piedmont Ave	525 Glen Iris	626 DeKalb Avenue	1133 Huff Road
Tax ID No.:	14 005000090902	14 001800010174	14 002000010204	14 004500050151
No. of Units:	225	337	204	188
Year Built:	2009	2009	2006	2009
Avg. Unit Size	1,004	1,059	894	1,095
Value Per Unit:	$151,132	$196,855	$129,325	$170,269

Source: Fulton County Tax Assessor's records

Insurance

IREM indicates a range of $187 to $260 per unit, and a median of $208 per unit for the Atlanta area. The comparables indicate insurance expenses within a range of $194 to $247 per unit and average $226. Based on typical market complexes, we forecast insurance expense at $250 per unit.

Management Fee

Management expense for an apartment complex is typically negotiated on a percent of collected revenues (effective gross income, or EGI). This percentage typically ranges from 3.0% to 5.0% for a traditional apartment complex, depending on the size of the complex and position in the market. IREM indicates a range from 2.9% to 5.1% with a median of 3.8%. The market rate comparables indicate management fees from 3% to 4%. For the hypothetical at market scenario, we used the more typical 3.5% for the pro forma.

Utilities

This expense covers all energy costs related to the leasing office, vacant units, and common areas, including exterior lighting. At some complexes, it also may include trash removal and water/sewer costs for apartments. IREM indicates a range of $417 to $804 per unit, and a median of $569 per unit for complexes that do not include water and sewer. The comparables indicate utilities expenses within a range of $221 to $518 per unit and average $412. In the subject's case, the complex currently pays for water, sewer and trash. The tenants pay for electric and gas. New appliances and components and more efficient construction should contribute to significantly lower utilities. We forecast utilities expense at $500 per unit in the market-rate scenario.

Salaries and Labor

This expense covers all payroll and labor expenses, including direct and indirect expenses. The taxes and benefits portion of this expense also includes the employer's portion of social security taxes, group health insurance and workman's comp insurance. In addition, employees typically incur overtime pay at times. IREM indicates a range of $999 to $2,011 per unit, and a median of $1,536 per unit. The comparables have salaries expense of $1,217 to $1,713 per unit and average $1,477. Salaries are typically lower at market rate properties, as there are fewer administrative requirements. We used $1,450 per unit in our hypothetical market rent pro forma.

Maintenance and Repairs / Painting and Redecorating

This expense category includes the cost of minor repairs to the apartment units, including painting and redecorating. Interior maintenance amounts to cleaning, electrical repairs, exterminating, contract labor for painting, and plumbing repairs. Exterior maintenance amounts to painting, and replacement or repairs to parking lots, roofs, windows, doors, etc. Maintenance and repairs expenses vary considerably from complex to complex and from year to year due to scheduling of repairs and accounting procedures. Apartment owners often list replacement items under "maintenance and repairs" for more advantageous after-tax considerations. IREM indicates a range of $290 to $881 per unit, and a median of $462 per unit. The market-rate comparables ranged from $348 to $690 per unit with an average of $479. We reconciled to $650 per unit for the market rent pro forma.

Security

IREM indicates a range of $11 to $338 per unit, and a median of $74 per unit. Based on the subject's intown location, and placing emphasis on the history of the subject, we forecast security expense at $500 per unit.

Landscaping and Amenities

Landscaping, or grounds maintenance, includes normal grounds landscaping and maintenance, as well as maintenance of the amenities. IREM indicates a range of $119 to $249 per unit, and a median of $165 per unit. The comparables ranged from $88 to $186 per unit and averaged $131. The subject has minimal amenities and common area. We forecast landscaping and amenities expense at $150 per unit.

Advertising and Promotion

This expense category accounts for placement of advertising, commissions, signage, brochures, and newsletters. Advertising and promotion costs are generally closely tied to occupancy. If occupancy is considered high and the market is stable, then the need for advertising is not as significant. However, if occupancy is considered to be low or occupancy tends to fluctuate, then advertising becomes much more critical. Our analysis assumes that the property is operating at stabilized levels. IREM does not include this category. The market rate comparables had advertising expense between $172 and $331 per unit with an average of $247 per unit. We used $250 per unit for the hypothetical market rent pro forma.

Administrative and Miscellaneous Expense

This expense includes such items as legal, accounting, office supplies, answering service, telephone, etc. IREM indicates a range of $76 to $398 per unit, and a median of $196 per unit. The market rate expense comparables have administrative expenses in line with IREM between $172 and $739 per unit, with an average of $476. For the hypothetical market pro forma we estimated administrative expense at $300 per unit.

Reserves for Replacement

Reserves for replacement is an annual allowance for the periodic replacement of roof covers, paving, carpeting, HVAC units, appliances, and other short-lived items. Investors of apartment properties sometimes establish separate accounts for reserves in the pro forma analysis. IREM does not chart this category and it is not included for the subject or the comparables. Typically, reserves range from $200 to $400 per unit, depending on age, condition, and size. We used $300 per unit for the hypothetical unrestricted scenario at stabilization.

Summary of Expenses – Hypothetical Unrestricted At Stabilization

Our estimated expenses total $710,269 including reserves and trending (2% per year for 4% total), which equates to $7,399 per unit. If excluding reserves and trending, the estimated expenses are $6,937 per unit. This market scenario includes the increased expense of market rate taxes, and the savings of insurance, management and utilities fees. Our projections are otherwise similar the indication of the market rate comparables and IREM. Total expenses reported by IREM, which do not include reserves, ranged from $3,191 to $5,471 with a median of $4,238 per unit for Atlanta. The market rate comparables indicate total expenses within a range of $4,555 to $6,996 per unit and average $5,217. Our estimates (not including reserves) are above IREM and at the top of the range of the comparables, but are supported by actual historical expenses and hypothetical conditions. Based on this information, our estimates appear reasonable.

Net Operating Income – Hypothetical Unrestricted Rents At Stabilization

Our estimates of income and expenses for the subject apartments result in a net operating income projection of $794,546, or $8,277 per unit.

CAPITALIZATION OF NET OPERATING INCOME

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

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

The following table summarizes capitalization rates extracted from several recent apartment sales in the metro area. The subject will be new construction. We chose a variety of property types built between 1991 and 2014.

IMPROVED SALES SUMMARY									
No.	Name Location	Sale Date	Number of Units	Year Built	Price Per Unit	Avg. Unit Size (SF)	Occupancy at Time Of Sale	NOI/Unit at Sale	OAR
1	Belera, Atlanta	May-16	182	1993	$162,500	946	95%	$9,344	5.75%
2	Elysian at Collier, Atlanta	May-16	184	2014	$167,527	940	100%	$8,787	5.25%
3	Ivy at Buckhead, Atlanta	Mar-16	296	1991	$150,000	917	94%	$6,900	4.60%
4	Savannah Midtown, Atlanta	Feb-16	322	2001	$180,435	976	95%	$10,375	5.75%
5	The Brooke, Atlanta	Jan-16	537	2002	$136,872	903	97%	$6,844	5.00%

The comparable sales used in this analysis present a range of overall rates between 4.60% and 5.75%, with a mean of 5.27%. The subject, as a hypothetical market-rate property, represents an investment with perceived risk similar to the older-constructed comparable sales shown above, which are on the higher end of the cap rate range.

As mentioned in the Market Analysis section, the *PwC Survey* indicates that overall capitalization rates for the southeast apartment market range from 3.75% to 7.00%, with an average of 5.30% (institutional-grade properties). The average rate is unchanged from the previous quarter and is down 15 basis points from the same period one year ago. Non institutional-grade rates for the Southeast Region are not currently being tracked; however, National Apartment non institutional-grade OAR rates range 25-400 points higher, with an average of 147 basis points or 6.77%.

Mortgage Equity Technique

We also utilized the mortgage-equity procedure, which is presented in the following chart. Under this procedure, the overall capitalization rate considers the returns on the mortgage and equity positions as well as the equity build-up that accrues as the loan principle is paid off. For properties like the subject, our research of the current financing market indicate a typical loan-to-value ratio of 75% to 80%, a fixed interest rate of about 3.50% to 5.65% (4.09%-4.34% for ten year term, 5.65%-6.50% for 30 year term) and a 30-year amortization with a balloon in 10 years. For this analysis, we used an 80% loan-to-value, an interest rate of 4.25%, 30-year amortization, a 10-year balloon, and property appreciation of 2.0% annually (reasonable considering the current market). Equity yield rates are more difficult to ascertain. However, based on discussions with investors and valuation experts, and consideration of alternative investment choices and comparing the risks involved with each, we find a typical range of 15% to 20%. Based on the specific characteristics of the subject, we concluded an equity yield rate of 16%. As shown on the following chart, the indicated overall capitalization rate based on the foregoing parameters equates to approximately 6.10%.

CAPITALIZATION RATE DERIVATION BY MORTGAGE/EQUITY TECHNIQUE

ASSUMPTIONS

Mortgage Amortization Term	30 Years
Holding Period	10 Years
Mortgage Interest Rate	4.25%
Loan-to-Value Ratio	80%
Annual Constant for Monthly Payments	0.059033
Required Equity Yield Rate	16%
Assumed Net Annual Appreciation	2.00%

CALCULATIONS

Basic Rate Calculation:									
Mortgage:	80%	x	0.059033	=				0.047226	
Equity:	20%	x	0.160000	=				+ 0.032000	
Composite Basic Rate:									0.079226
Credit For Equity Build-up Due to Amortization Over Holding Period:									
Mortgage (Loan-to-Value Ratio):				80%					
Sinking Fund Factor @	16%	For		10	Years		=	0.046901	
Percentage of Loan Principal Repaid After				10	Years		=	20.5570%	
Credit:	80%	x	0.046901	x		0.205570	=		0.007713
Appreciation Factor Over the Holding Period:									
Appreciation Credit @	2%	Over		10	Years		=	21.8994%	
Sinking Fund Factor @	16%	For		10	Years		=	0.046901	
Credit:	21.8994%	x	0.046901				=		0.010271

INDICATED CAPITALIZATION RATE

Basic Rate:		0.079226
Less Credit For Equity Build-up:	-	0.007713
Less Credit For Appreciation:	-	0.010271
INDICATED CAPITALIZATION RATE:		**0.061242**
ROUNDED:		**6.10%**

Direct Capitalization Conclusion

Based on the information presented from the actual sales, the investor survey and the mortgage equity technique, with particular consideration given to the subject's age, size, quality and location, as well as the fact that the subject is eligible for favorable financing, we are of the opinion that the typical investor would select an overall rate in the range of 5.25% to 5.75% for the subject property, and reconcile toward the middle. Our direct capitalization analysis is presented in the following chart. Our estimate of value of the subject "at stabilization," with hypothetical unrestricted rents, is $14,500,000 or $151,042 per unit.

STATIC PRO FORMA ANALYSIS City Lights II - Market Rents At Stabilization 96 Apartment Units - 85,566 Rentable SF				
		Total	Per Unit	Per SF
Potential Gross Apartment Income		$1,570,080	$16,355	$18.35
Plus Other Income		48,000	500	0.56
Potential Gross Income		$1,618,080	$16,855	$18.91
Vacancy and Collection Loss	7.0%	$113,266	$1,180	$1.32
Effective Gross Income		$1,504,814	$15,675	$17.59
Expenses				
Real Estate Taxes		$224,448	$2,338	$2.62
Insurance		24,000	250	0.28
Management Fee	3.5%	52,669	549	0.62
Utilities		48,000	500	0.56
Salaries & Labor		139,200	1,450	1.63
Maintenance & Repairs, Turnkey		62,400	650	0.73
Security		48,000	500	0.56
Landscaping		14,400	150	0.17
Advertising & Promotion		24,000	250	0.28
Administrative/Misc.		28,800	300	0.34
Total Expenses		$665,917	$6,937	$7.78
Trended 4.0% (excl. taxes & mgt.)		$681,469	$7,099	$7.96
Reserves		$28,800	300	0.34
Total Operating Expenses		$710,269	$7,399	$8.30
Net Income		$794,546	$8,277	$9.29
Overall Rates/Indicated	5.25%	$15,134,208	$157,648	$176.87
Values	5.50%	$14,446,289	$150,482	$168.83
	5.75%	$13,818,189	$143,939	$161.49
Stabilized Reconciled Value		$14,500,000	$151,042	$169.46

SALES COMPARISON APPROACH – CONTRACT RENTS AT STABILIZATION

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

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

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

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

IMPROVED SALES SUMMARY									
No.	**Name Location**	**Sale Date**	**Number of Units**	**Year Built**	**Price Per Unit**	**Avg. Unit Size (SF)**	**Occupancy at Time Of Sale**	**NOI/Unit at Sale**	**OAR**
1	Belera, Atlanta	May-16	182	1993	$162,500	946	95%	$9,344	5.75%
2	Elysian at Collier, Atlanta	May-16	184	2014	$167,527	940	100%	$8,787	5.25%
3	Ivy at Buckhead, Atlanta	Mar-16	296	1991	$150,000	917	94%	$6,900	4.60%
4	Savannah Midtown, Atlanta	Feb-16	322	2001	$180,435	976	95%	$10,375	5.75%
5	The Brooke, Atlanta	Jan-16	537	2002	$136,872	903	97%	$6,844	5.00%

These properties were reportedly built between 1991 and 2014 with unit counts between 182 and 537. The comparable sales used in this analysis present a range of overall rates between 4.60% and 5.75%, with a mean of 5.27%. All of the comparables were in good condition with high NOIs per unit. Sales prices per unit range from $136,872 to $180,435. This range appears to fluctuate most with net operating income per unit, which ranges from $6,844 to $10,375.

SALE PRICE PER UNIT ANALYSIS

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

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

NET OPERATING INCOME (NOI) ANALYSIS - HYPOTHETICAL MARKET RENTS AT STABILIZATION CITY LIGHTS II									
Sale No.	Subject's NOI/Unit		Comp. NOI/Unit		Multiplier		Sale Price $/Unit		Adjusted $/Unit For Subject
1	$8,277	/	$9,344	=	0.89	X	$162,500	=	$144,625
2	$8,277	/	$8,787	=	0.94	X	$167,527	=	$157,475
3	$8,277	/	$6,900	=	1.20	X	$150,000	=	$180,000
4	$8,277	/	$10,375	=	0.80	X	$180,435	=	$144,348
5	$8,277	/	$6,844	=	1.21	X	$136,872	=	$165,615

As shown above, the adjusted values indicated for the subject with hypothetical unrestricted rents range from $144,348 to $180,000 per unit, with an average of $158,413. Comparable One is the most recent sale and it indicated $144,625 per unit. Comparable Two is the most physically similar complex and required least adjustment and indicated a price per unit of $157,475. We reconciled to a value indication per unit between these two comparables. For the hypothetical market rent at stabilization scenario, we estimated a value of $150,000 per unit.

SALES COMPARISON APPROACH SUMMARY - MARKET		
# Units	$/Unit	Indicated Value
96	$150,000	$14,400,000
Rounded		$14,400,000

PHYSICAL ADJUSTMENT ANALYSIS

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

Conditions of Sale

In this scenario we are considering the subject to be a market rate property, which is a hypothetical condition. All of the comparable sales are market rate properties. We made no adjustments to the comparables.

Market Conditions

The sales are recent, and no adjustments are necessary.

Location

The subject has a good location in the heart of downtown Atlanta. All of the comparables have similar good locations inside the perimeter and were not adjusted.

Size/Number of Units

The subject will have 96 units. Typically, smaller properties sell for higher per unit prices. Conversely, larger properties tend to sell for lower per unit prices. This represents something of a quantity discount. All of the comparables are larger properties and were adjusted upward.

Average Unit Size

The subject has an average unit size of 891 square feet. The comparables all have relatively small average unit sizes ranging from 903-976 square feet and were not adjusted for unit size.

Quality/Amenities

The subject will be average quality and have few amenities. The comparables have more extensive amenities and/or interior features like granite counter tops and stainless steel appliances. All of the comparables have superior amenities with outdoor pools, fitness centers, clubhouses and grills or business centers and were adjusted downward. Comparables One, Two and Four also have upgraded interior amenities with granite countertops and upgraded appliances and were adjusted downward more significantly.

Age/Condition

The subject will be new, mid-rise construction, similar to Comparables Two and Four, which were not adjusted. The comparables were built between 1991 and 2014. We adjusted

Comparables One, Three and Five upward for being walk-up garden apartments and older construction.

SUMMARY AND COMMENTS

The following adjustment grid illustrates our thought processes in the comparison of the comparables to the subject. As shown, prior to adjustment, the comparables present a range of price per unit between $136,872 and $180,435, with a mean of $159,467.

COMPARABLE SALES ADJUSTMENT CHART - Contract Rents At Stabilization						
Sale No.	**Subject**	**1**	**2**	**3**	**4**	**5**
Informational Data						
Sale Date	N/Ap	May-16	May-16	Mar-16	Feb-16	Jan-16
Sale Price	N/Ap	$29,575,000	$30,825,000	$44,400,000	$58,100,000	$73,500,000
# Units	96	182	184	296	322	537
Year Built	2017	1993	2014	1991	2001	2002
Location	Good	Good	Good	Good	Good	Good
Price per Unit	N/Ap	$162,500	$167,527	$150,000	$180,435	$136,872
Comparative Analysis						
Conditions of Sale		0%	0%	0%	0%	0%
Market Conditions		0%	0%	0%	0%	0%
Adjusted Price/SF		$162,500	$167,527	$150,000	$180,435	$136,872
Physical Adjustments						
Location		0%	0%	0%	0%	0%
Size (# of units)	96	5%	5%	5%	5%	10%
Avg. Unit Size	891	0%	0%	0%	0%	0%
Quality/Amenities		-20%	-20%	-10%	-20%	-10%
Age/Condition		10%	0%	10%	0%	10%
Net Adjustment		-5%	-15%	5%	-15%	10%
Adjusted Price/SF		$154,375	$142,398	$157,500	$153,370	$150,559
Indicated Range:			$142,398	to	$157,500	
Mean:				$151,640		

As shown, after adjustments, the indicated range is a narrowed to between $142,398 and $157,500, with a mean of $151,640. Comparables Two and Four are most similar to the subject and indicate adjusted values of $142,398 and $153,370 per unit. Based on this information, we estimate value for the subject at a rounded $150,000 per unit. Our estimate of value for the subject property, based on a price per unit method is shown as follows.

SALES COMPARISON APPROACH VALUE – PRICE PER UNIT				
Subject Unit		**Indicated Value/Unit s**		**Total**
96	X	$150,000	=	$14,400,000
Rounded				$14,400,000

SALES COMPARISON APPROACH CONCLUSION

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

SUMMARY OF VALUE ESTIMATES BY SALES COMPARISON APPROACH HYPTHETICAL UNRESTRICTED RENTS AT STABILIZATION	
Method	**Indicated Value**
NOI Per Square Foot	$14,400,000
Physical Adjustments	$14,400,000
Reconciled:	**$14,400,000**

FINAL VALUE ESTIMATE – UNRESTRICTED AT STABILIZATION

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

FINAL VALUE ESTIMATES – HYPTHETICAL UNRESTRICTED RENTS AT STABILIZATION	
Income Capitalization Approach	$14,500,000
Sales Comparison Approach	$14,400,000

As seen, both approaches provided similar value indications. However, for reasons mentioned above, most investors would place weighted emphasis on the income approach. Based on the research and analysis contained in this report, we estimate the market value of the subject property, as follows:

Estimate of Market Value of the Fee Simple Interest in the Subject "At Stabilization," Assuming Unrestricted/Market Rents, As of December 1, 2017

FOURTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS
$14,500,000

We were asked to estimate the market value of the fee simple interest in the subject property “as is,” market value of the fee simple interest in the underlying site “as if vacant,” and prospective market value of the fee simple interest in the subject property “upon completion and stabilization,” of the proposed renovations using both restricted and hypothetical unrestricted rents. We were also requested to estimate prospective unrestricted market value at loan maturity and value of the tax credits.

VALUE ESTIMATE OF THE UNDERLYING SUBJECT SITE

We used the sales comparison approach to estimate the value of the underlying subject site. As presented in the land value section previously, the value estimate is $15,500 per unit or $1,500,000.

Estimate of Market Value of the Fee Simple Interest in the Subject 1.13-Acre Site, As of November 29, 2016

ONE MILLION FIVE HUNDRED THOUSAND DOLLARS
$1,500,000

FINAL VALUE ESTIMATE – “AS IS”

We were asked to estimate the market value of the fee simple interest in the subject “as is.” This value estimate relies on current contract rents in place for potential gross income. We used the income and sales comparison approaches to estimate market value for the subject property. The indications from each are presented in the following chart.

FINAL VALUE ESTIMATES	
Income Capitalization Approach	$2,475,000
Sales Comparison Approach	$2,470,000

As seen, both approaches provided similar value indications. The sales comparison approach is predicated on the principle that an investor will pay no more for an existing property than for a comparable property with similar utility. Apartment properties are typically purchased by investors; thus, the income approach most closely parallels the anticipated analysis that would be employed by a likely buyer. Most multifamily buyers place emphasis on this approach, particularly the direct capitalization analysis for existing properties operating at or near stabilization. Based on the research and analysis contained in this report, we estimate the market value of the subject property, as follows:

Estimate of Market Value of the Fee Simple Interest in the Subject
"As Is," as of November 29, 2016

TWO MILLION FOUR HUNDRED SEVENTY FIVE THOUSAND DOLLARS

$2,475,000

FINAL VALUE ESTIMATE – "AT STABILIZATION"

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

FINAL VALUE ESTIMATES – CONTRACT RENTS AS STABILIZED	
Income Capitalization Approach	$11,800,000
Sales Comparison Approach	$12,500,000
FINAL VALUE ESTIMATES – MARKET RENTS – AS STABILIZED	
Income Capitalization Approach	$14,500,000
Sales Comparison Approach	$14,400,000

Estimate of Market Value of the Fee Simple Interest in the Subject
"At Stabilization," Subject To Contract Rents, As of December 31, 2018

ELEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS
$11,800,000

Estimate of Market Value of the Fee Simple Interest in the Subject
"At Stabilization," Assuming Unrestricted/Market Rents, As of March 31, 2019

FOURTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS
$14,500,000

FINAL VALUE ESTIMATE – CONTRACT RENTS "UPON COMPLETION"

In order to estimate the prospective value "upon completion of construction," we must deduct those additional costs yet to be incurred in order to achieve stabilization. In the case of the subject, this requires consideration of rent loss, and entrepreneurial profit. These costs are then deducted from our reconciled "at stabilization" value estimate of $11,800,000 assuming contract rents.

Rent loss is calculated for the period between the "as is" value and date of stabilization. The subject will need to lease roughly 91 units to reach the stabilized operating level of 95%.

Tenants will move into units when units are completed; this process took less than three weeks in Phase I. As discussed in our Market Analysis, competition among apartments in the subject's market is strong. We estimated that the subject should be able to reach a stabilized operating level within three months from the date of completion, December 31, 2018 (or sooner). Our analysis assumes that the units will be taken down evenly over the stabilization period. Our estimated "at stabilization" effective gross rental income is $1,506,492 or $125,541 per month (Contract rents). Since this loss will be reduced, over time, to zero by the time the property is stabilized, we estimate that the typical buyer of the property would calculate the total loss by taking one-half of these figures or $62,770 (= $125,541/2) and then multiplying by the lease-up period of three months. This methodology produces total rent loss of $188,311.

In addition, investors in destabilized properties expect to make a profit on any additional investment required. According to brokers and buyers/sellers, as well as developers, profit requirements tend to range from 15% to 25% of total cost to achieve stabilization for most property types. The lower end of the range typically applies to single-tenant, build-to-suit type properties with limited risk, while the upper end pertains to multi-tenant, larger properties with extensive marketing and lease-up costs and thus, greater risk. Based on conversations with representatives involved in the sale of similar apartment properties, and considering the subject's condition and the current market conditions, we estimate an appropriate profit for the subject property at 20%. Thus, we applied a 20% profit to the total rent loss estimates, which equates to $37,662 (= $188,311 x 20%) assuming contract rents. When added, the total cost is $225,974 (= $188,311 + $37,662). Deducting this amount from our stabilized value results in the following "upon completion" value estimates using this methodology:

Estimate of Market Value of the Fee Simple Interest in the Subject
"Upon Completion," Subject To Restricted Rents, As of September 1, 2018

ELEVEN MILLION FIVE HUNDRED SEVENTY FIVE THOUSAND DOLLARS
$11,575,000

FINAL VALUE ESTIMATES – UNRESTRICTED MARKET RENTS "UPON COMPLETION"

In order to estimate the prospective value "upon completion of renovation," we must deduct those additional costs yet to be incurred in order to achieve stabilization. In the case of the subject, this requires consideration of rent loss, and entrepreneurial profit. These costs are then deducted from our reconciled "at stabilization" value estimate of $14,500,000 assuming unrestricted or market rents.

Rent loss is calculated for the period between the "as is" value and date of stabilization. The subject will need to lease roughly 89 (Market) units to reach their respective stabilized operating levels of 93%. As discussed in our Market Analysis, competition among apartments in the subject's market is strong. We estimated that the subject should be able to reach a stabilized operating level within seven months from the date of completion, September 1, 2018. Our analysis assumes that the units will be taken down evenly over the stabilization period. Our estimated "at stabilization" effective gross rental income is $1,504,814 or $125,401 per month (Market). Since this loss will be reduced, over time, to zero by the time the property is stabilized, we estimate that the typical buyer of the property would calculate the total loss by taking one-half of these figures or $62,701 ($125,401/2) and then multiplying by the lease-up period of seven months. This methodology produces total rent loss of $438,904.

In addition, investors in destabilized properties expect to make a profit on any additional investment required. According to brokers and buyers/sellers, as well as developers, profit requirements tend to range from 15% to 25% of total cost to achieve stabilization for most property types. The lower end of the range typically applies to single-tenant, build-to-suit type properties with limited risk, while the upper end pertains to multi-tenant, larger properties with extensive marketing and lease-up costs and thus, greater risk. Based on conversations with representatives involved in the sale of similar apartment properties, and considering the subject's condition and the current market conditions, we estimate an appropriate profit for the subject property at 20%. Thus, we applied a 20% profit to the total rent loss estimates, which equates to $87,781 ($438,904 x 20%) assuming unrestricted or market rents. When added, the total costs are $526,685 ($438,904 + 87,781 = $526,685). We reconciled the resulting $13,975,000 to $14,000,000. Deducting these amounts from our stabilized values result in the following "upon completion" value estimate using this methodology:

Estimate of Hypothetical Market Value of the Fee Simple Interest in the Subject "Upon Completion," Assuming Unrestricted/Market Rents, As of September 1, 2018

FOURTEEN MILLION DOLLARS
$14,000,000

VALUE ESTIMATE AT LOAN MATURITY ASSUMING UNRESTRICTED RENTS

Assuming annual inflation of 2.00% applied to the NOI at stabilization, the estimate of market value at loan maturity, assuming unrestricted rents, is **$14,000,000**.

MARKET VALUE AT LOAN MATURITY				
Stabilized NOI	**Annual Inflation**	**NOI at Loan Maturity (20 yrs)**	**Overall Rate at Maturity**	**Indicated Value at Maturity**
$794,546	2.00%	$1,180,653.41	8.50%	$13,890,040
Rounded				$14,000,000

LOW INCOME HOUSING TAX CREDITS

Tax credit calculations were not available.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

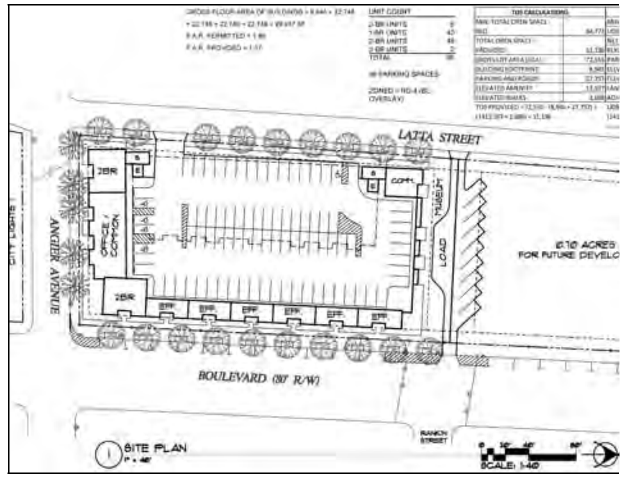
21. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed correct. It is further assumed that no encroachments to the realty exist.

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

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

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

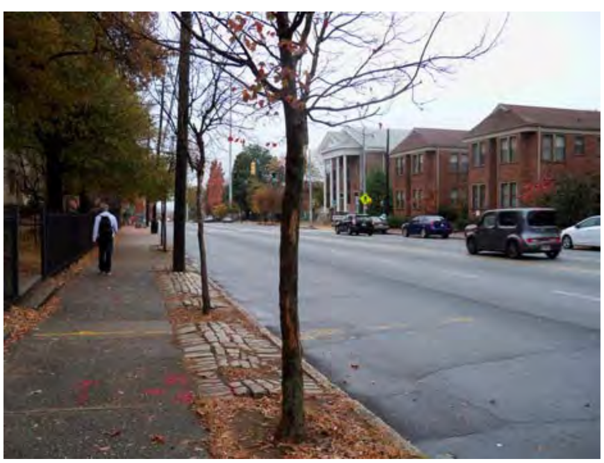
Aerial of Six Buildings, Looking From South To North



Site Plan

City Lights Phase I South Side Of Angier

Looking West Along Angier Avenue



Looking North Along Boulevard

Looking South Along Boulevard

Apartment Building At 444 Boulevard

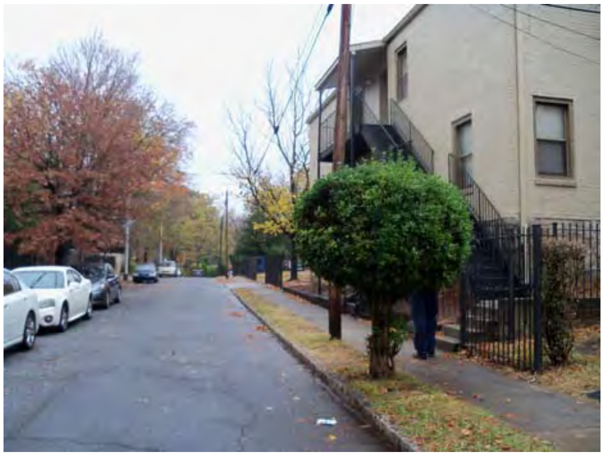
Parking At 450 Boulevard

Apartment Building At 458 Boulevard

Apartment Building At 464 Boulevard

Apartment Building At 468 Boulevard

Parking At 474 Boulevard

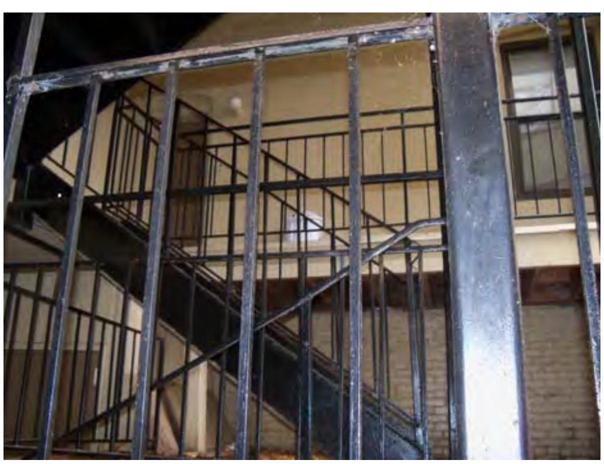


Looking North Along Latta Street

Looking South Along Latta Street

West Side of Subject Block Along Latta Street

Exterior Detail



Exterior Detail

Exterior Detail

Exterior Detail

City Lights I Serenity Garden

City Lights I Interior Courtyard Balconies

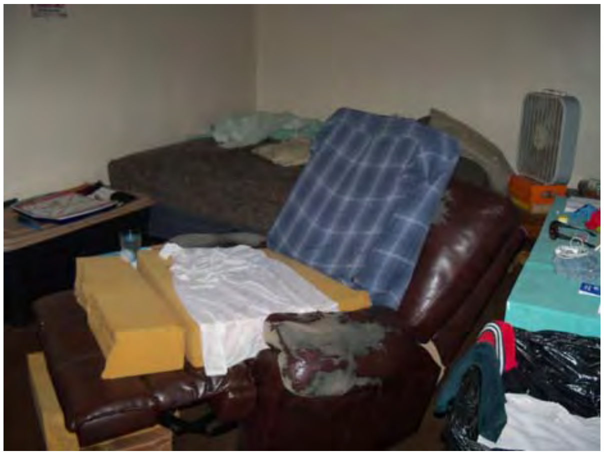
Looking East Across Boulevard Along Rankin Street, Which Will Align With Northern Boundary Of Subject

Daycare West of Subject Along Latta Street

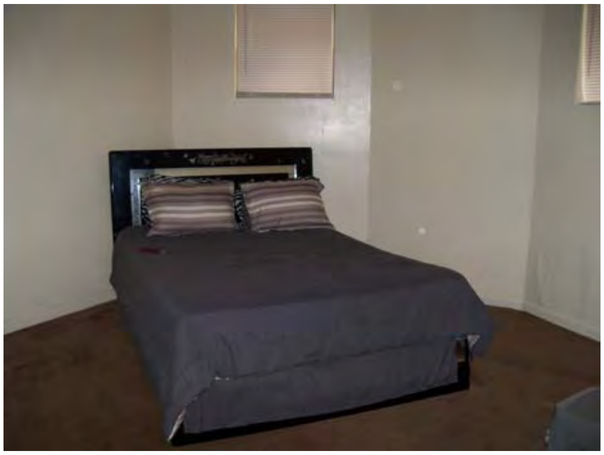
Church East Of Subject

Studio Kitchen

Studio Kitchen

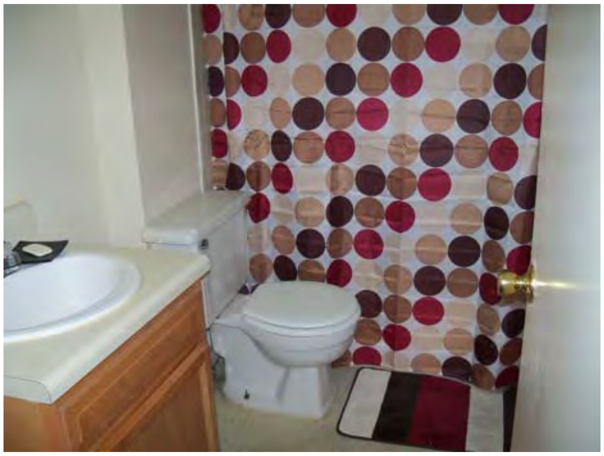


Studio Living Room



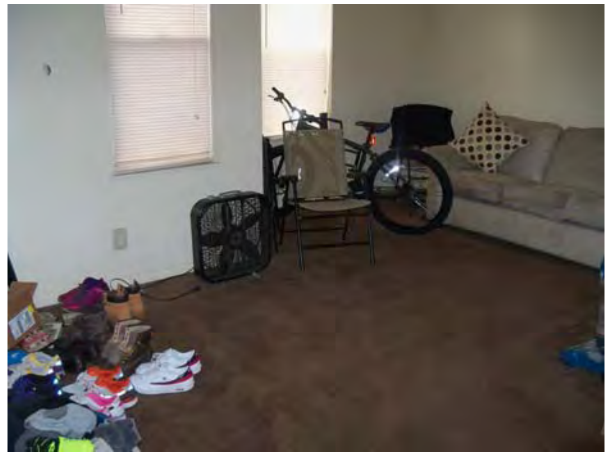
Studio Bedroom

Studio Entrance

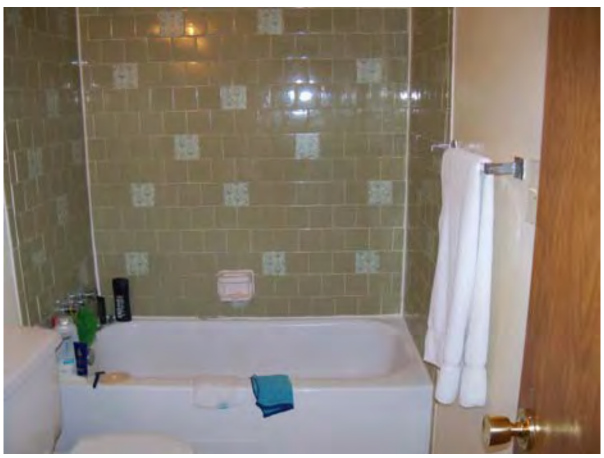


Studio Bathroom

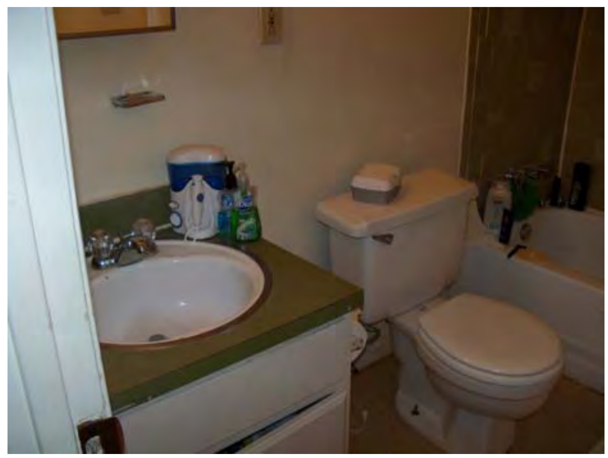
One Bedroom Kitchen



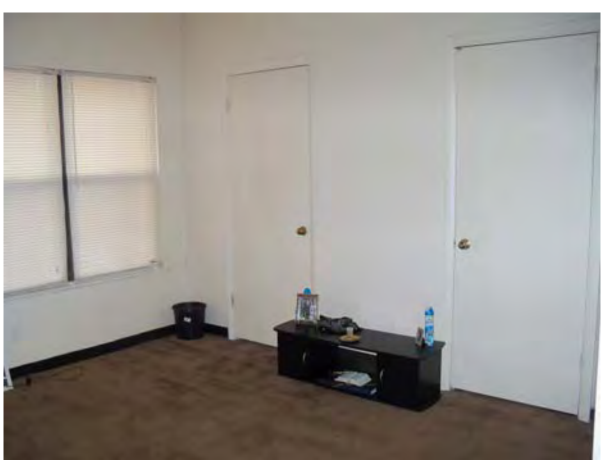
One Bedroom Living Room



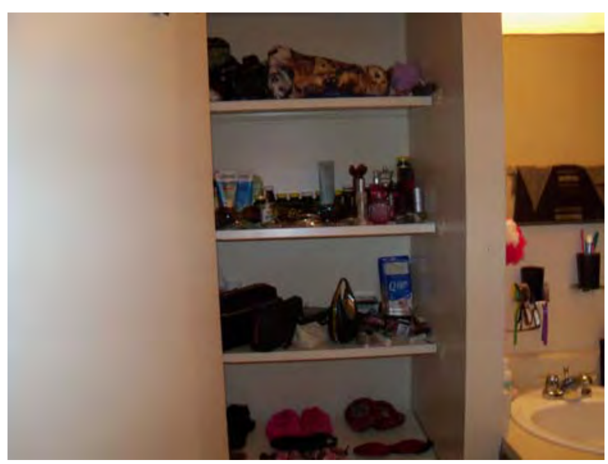
One Bedroom Bathroom



One Bedroom Bathroom



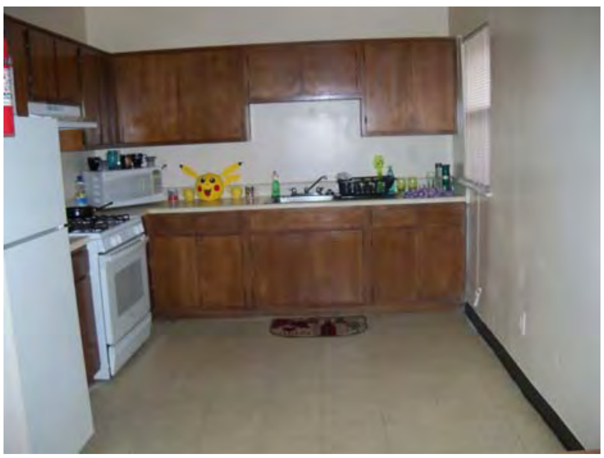
One Bedroom Bedroom



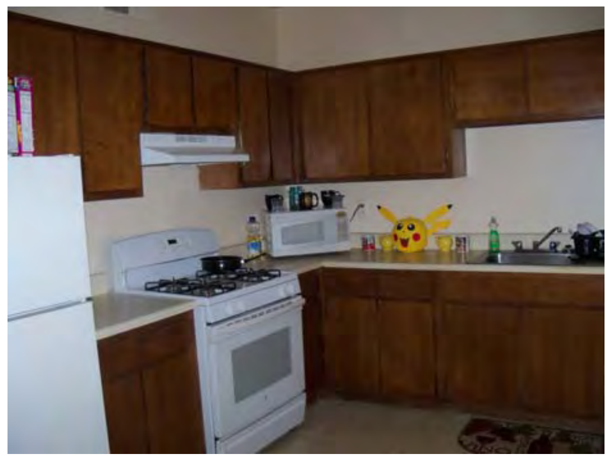
One Bedroom Bath Storage

One Bedroom Kitchen

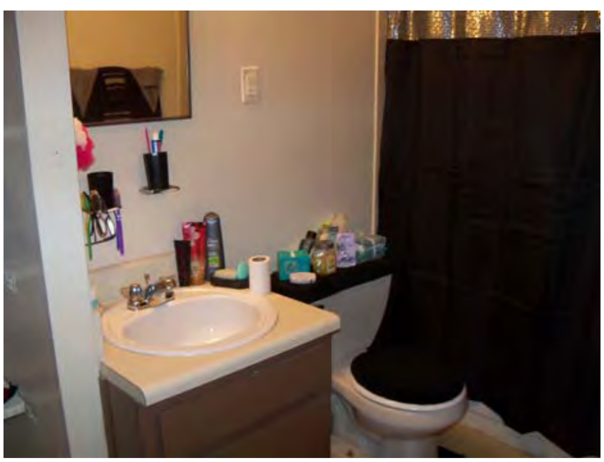
One Bedroom Kitchen



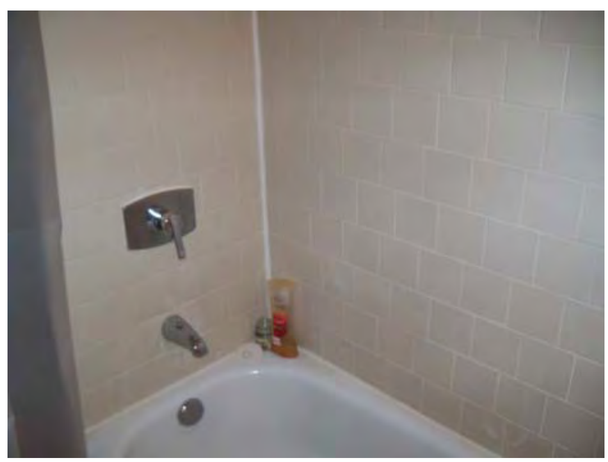
One Bedroom Kitchen



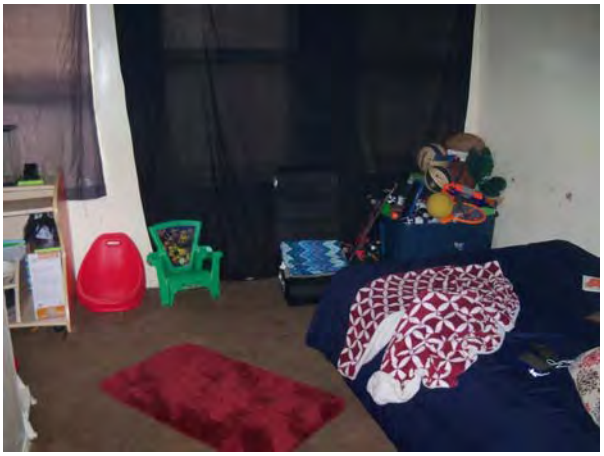
One Bedroom Kitchen



One Bedroom Bathroom

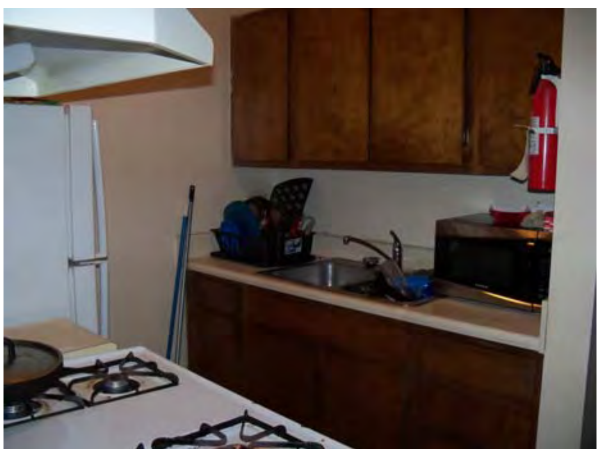


One Bedroom Bathroom



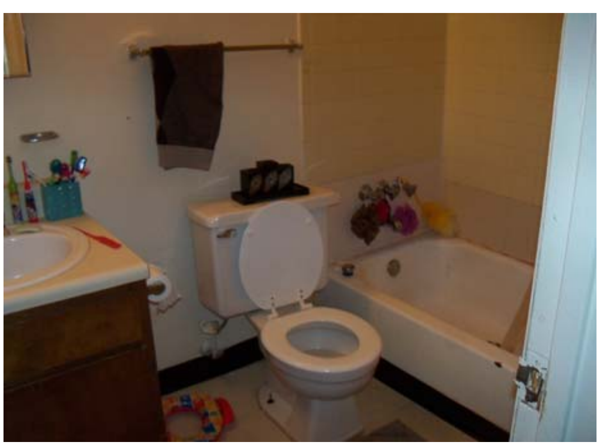
Two Bedroom Living Room

Two Bedroom Kitchen

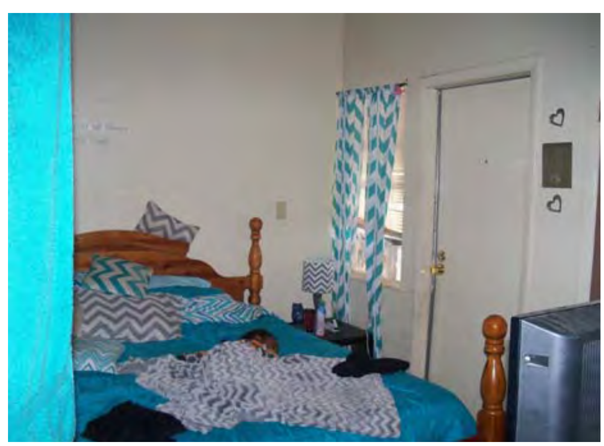


Two Bedroom Kitchen

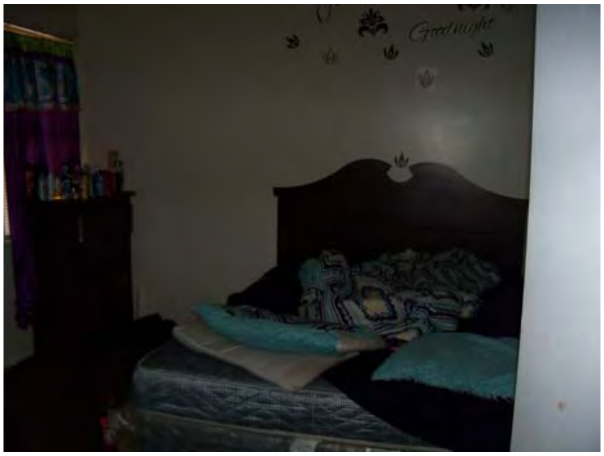
Two Bedroom Bathroom



Two Bedroom Bathroom



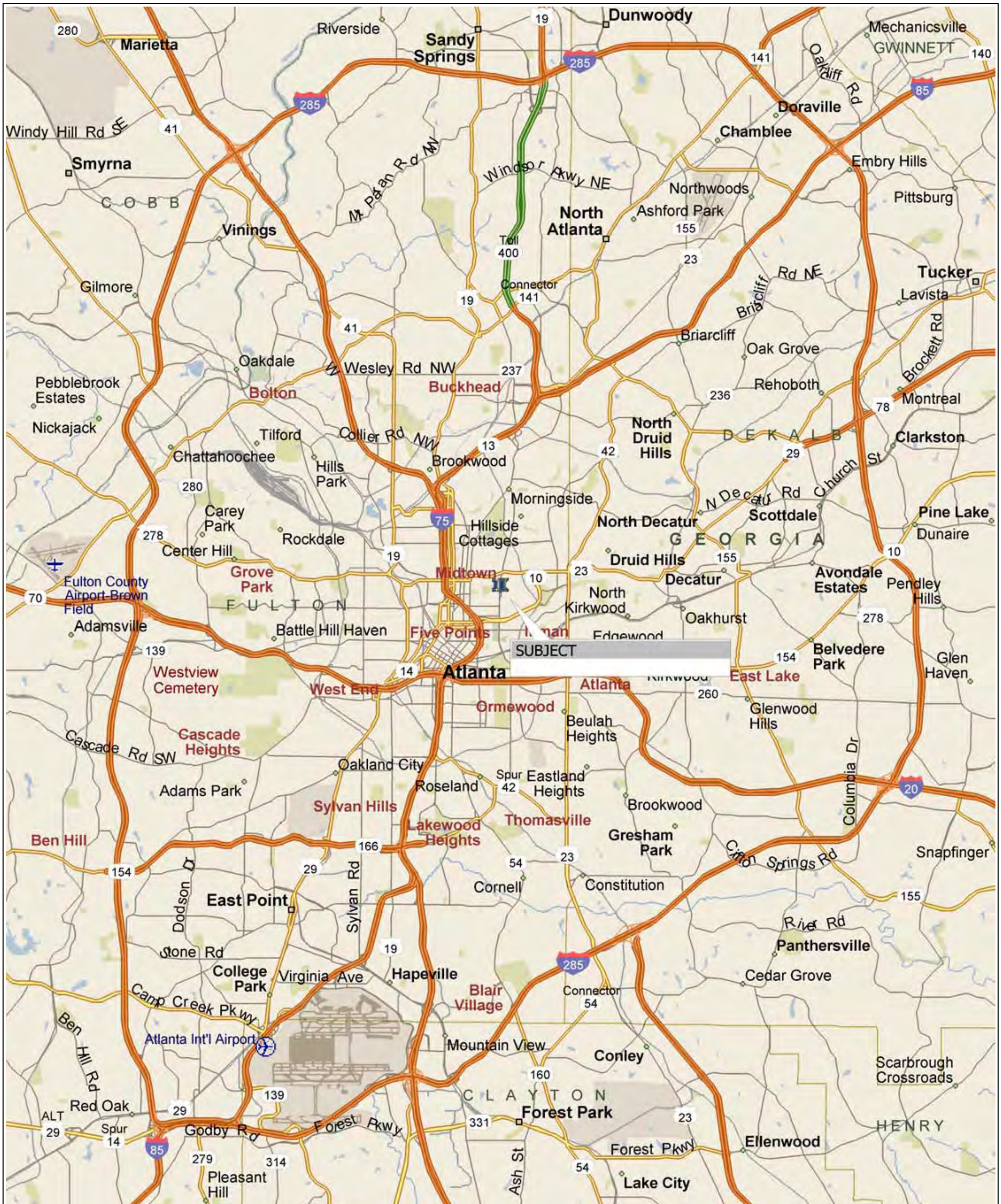
Two Bedroom Bedroom



Two Bedroom Bedroom

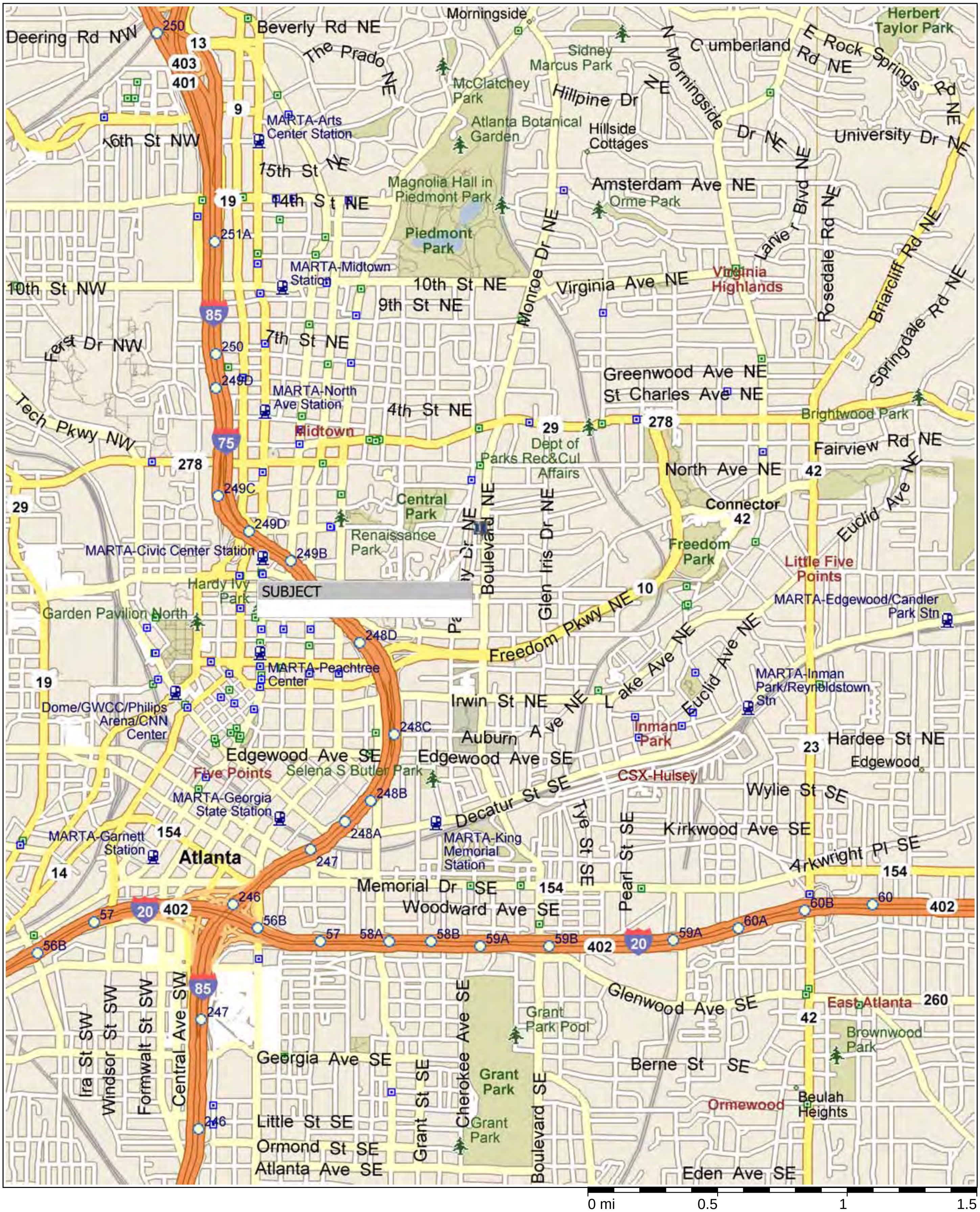
Two Bedroom Bathroom

Region



0 mi 2 4 6

Neighborhood



GROSS FLOOR AREA OF BUILDINGS = 8,945 + 22,748 + 22,748 + 22,748 + 22,748 = 99,937 SF

F.A.R. PERMITTED = 1.49

F.A.R. PROVIDED = 1.40

UNIT COUNT	
0-BR UNITS	6
1-BR UNITS	40
2-BR UNITS	48
3-BR UNITS	2
TOTAL	96

96 PARKING SPACES

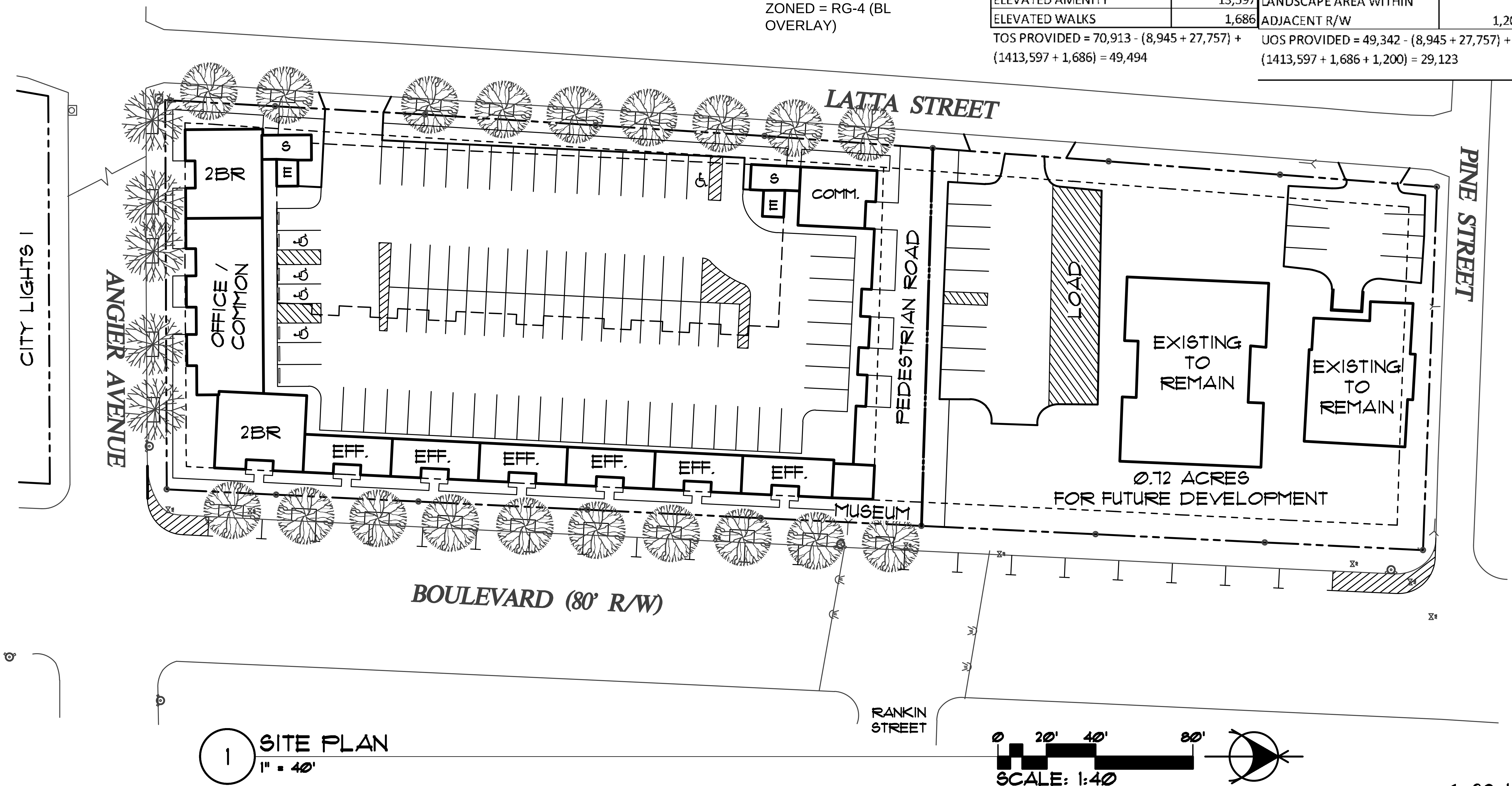
ZONED = RG-4 (BL OVERLAY)

TOS CALCULATIONS	
MIN. TOTAL OPEN SPACE REQ.	33,656
TOTAL OPEN SPACE PROVIDED	49,494
GROSS LOT AREA (GLA)	70,913
BUILDING FOOTPRINT	8,945
PARKING AND ROADS	27,757
ELEVATED AMENITY	13,597
ELEVATED WALKS	1,686

TOS PROVIDED = 70,913 - (8,945 + 27,757) + (1413,597 + 1,686) = 49,494

UOS CALCLUATIONS	
MIN. UOS REQUIRED	20,724
UOS PROVIDED	29,123
NET LOT AREA (NLA)	49,342
BUILDING FOOTPRINT	8,945
PARKING AND ROADS	27,757
ELEVATED AMENITY	13,597
ELEVATED WALKS	1,686
LANDSCAPE AREA WITHIN ADJACENT R/W	1,200

UOS PROVIDED = 49,342 - (8,945 + 27,757) + (1413,597 + 1,686 + 1,200) = 29,123



1 SITE PLAN
1" = 40'

6-28-16

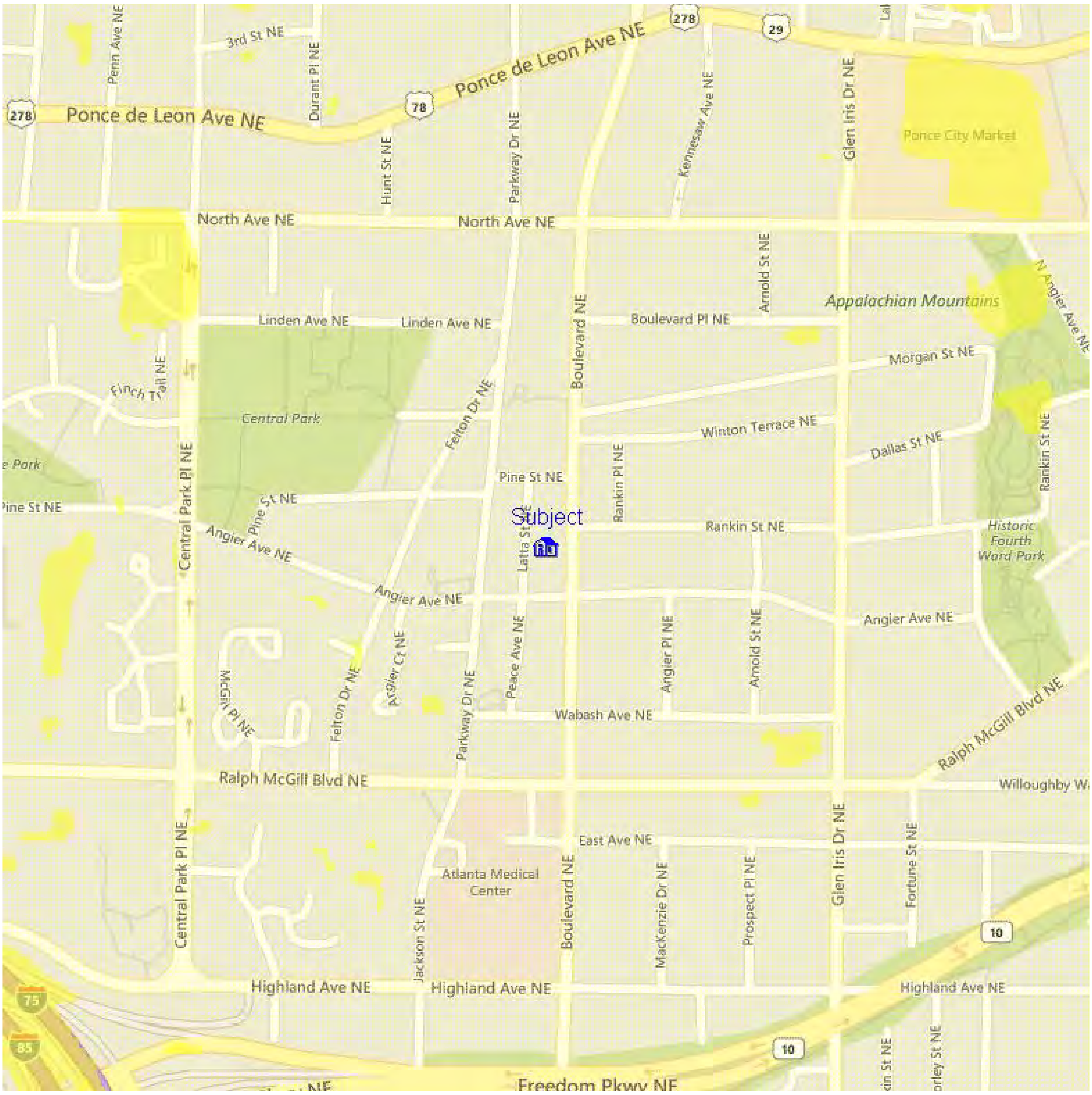
■ MARTIN RILEY ASSOCIATES - ARCHITECTS, P.C. ■

STDB

You are currently logged in as: **(Stephen Huber)** on **15-Nov-2016**

464 Boulevard Northeast, Atlanta, GA

464 BOULEVARD NE, ATLANTA, GA



MAP DATA

Map Number : **13121C0263G**

Panel Date : **September 18,2013**

FIPS Code : **13121**

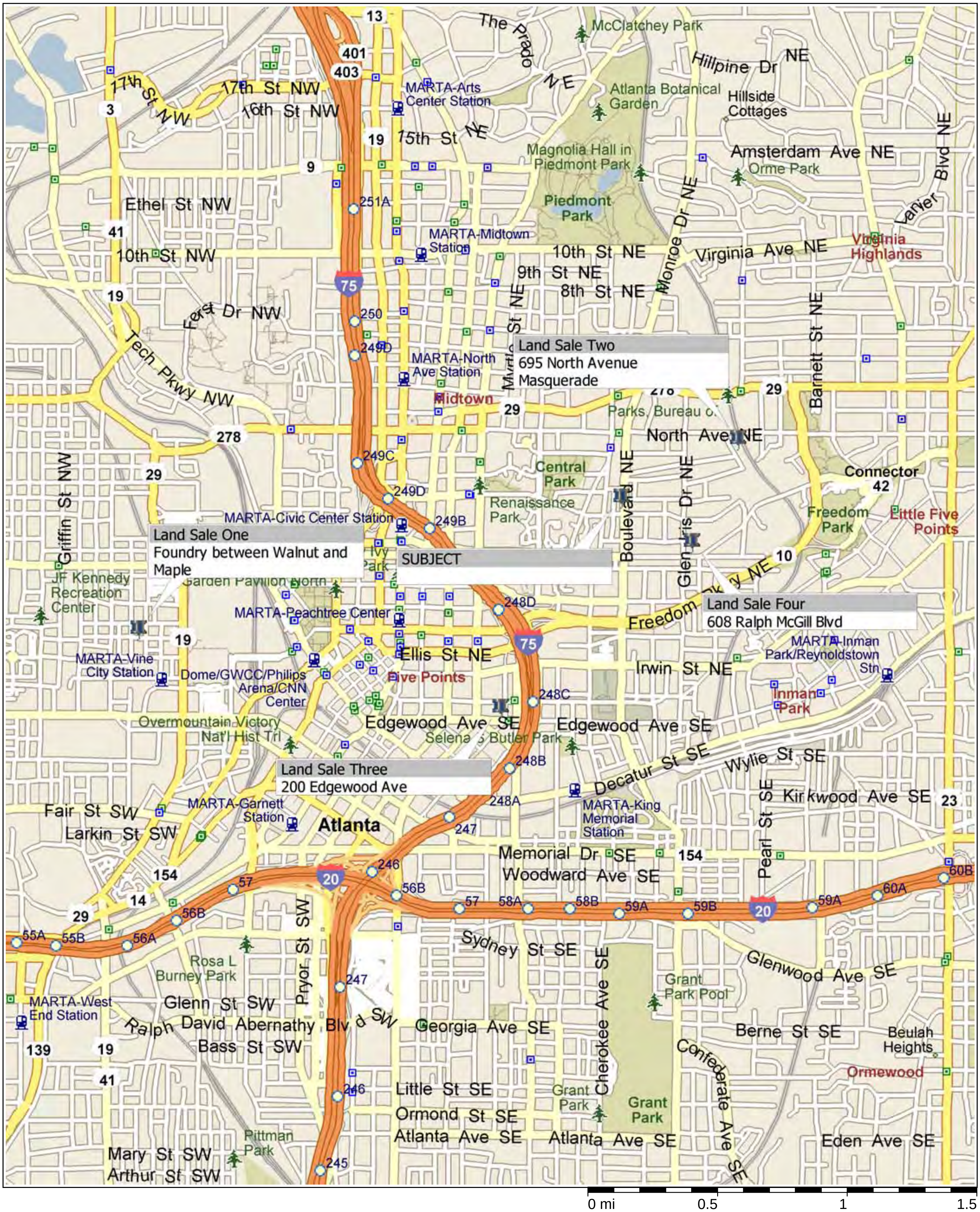
Census Tract : **0017.00**

Geo Result : **S8 (Most Accurate) - single valid address match, point located at a single known address point candidate (Parcel)**

Flood

- X or C Zone
- X500 or B Zone
- A Zone
- V Zone
- D Zone
- Area Not Mapped

Land Sales


Land Sale One
Foundry between Walnut and Maple
Land Sale Two
695 North Avenue
Masquerade
Land Sale Three
200 Edgewood Ave
Land Sale Four
608 Ralph McGill Blvd
SUBJECT
Atlanta
Midtown
Five Points
Piedmont Park
Central Park
Freedom Park
Inman Park
Virginia Highlands
Little Five Points
Grant Park
Ormewood
Beulah Heights
MARTA-Arts Center Station
MARTA-Midtown Station
MARTA-North Ave Station
MARTA-Civic Center Station
MARTA-Peachtree Center
MARTA-Vine City Station
MARTA-Garnett Station
MARTA-King Memorial Station
MARTA-Inman Park/Reynoldstown Stn
MARTA-West End Station
0 mi
0.5
1
1.5

Land Sale No. 1

Property Identification	
Record ID	1052
Property Type	Multi-family, Age and Income Restricted
Property Name	Oasis at Vine City
Address	Atlanta, Fulton County, Georgia 30314
Location	Vine City
Tax ID	Ten Parcels
Sale Data	
Grantor	Multiple / Albert Huntley Sr.
Grantee	Multiple / D3 Consultants, LLC
Sale Date	December 28, 2015
Deed Book/Page	55189/566
Property Rights	Fee Simple
Conditions of Sale	Assemblage, Arms Length
Verification	James Arpad; 678-612-8656, November 13, 2015
Sale Price	$1,269,000
Cash Equivalent	$1,269,000
Land Data	
Zoning	SPI-11 SA11

Land Sale No. 1 (Cont.)

Topography	Level
Utilities	All Typical

<u>Land Size Information</u>

Gross Land Size	1.564 Acres or 68,141 SF
	105

<u>Indicators</u>

Sale Price/Gross Acre	$811,225
Sale Price/Gross SF	$18.62
Sale Price/ Unit	$12,086

<u>Remarks</u>

This property is located along the north side of Foundry Street, between Walnut Street and Maple Street. The assemblage occurred in six transactions that occurred between June 23, 2015 and December 28, 2015. The property was purchased as part of a 1.56-acre assemblage. The owners intend to immediately develop the assembled site with 105 senior apartments. The development will be called Oasis at Vine City. Invest Atlanta approved tax-exempt bond financing for the project July 2015. The Remington was the second project funded at the same time.

The DB / PG of the transactions are listed below

Parcel ID No.	Price	Sale	DB P	Acres
14 008300042458	inc	12/28/2015	55707/654	0.0127
14 008300042441	$659,000	12/28/2015	55707/654	0.7461
14 008300040312	$207,000	12/28/2015	55707/663	0.1024
14 008300040320	inc	12/28/2015	55707/663	0.1764
14 008300040338	$154,000	12/28/2015	55707/669	0.1764
14 008300040346	$110,000	6/23/2015	55096/540	0.1326
14 008300040353	inc	6/23/2015	55096/540	0.043
14 008300040361	$74,000	8/19/2015	55334/70	0.0871
14 008300042318	inc	6/25/2015	55189/566	0.0438
14 008300042326	$65,000	6/25/2015	55189/566	0.0438
	$1,269,000			1.5643

Land Sale No. 2

Property Identification

Record ID	1070
Property Type	Multi-family land
Property Name	Masquerade
Address	695 North Ave, Atlanta, Fulton County, Georgia 30308
Location	SE/c of North Ave and North Angier Ave
Tax ID	14-0018-0002-116

Sale Data

Grantor	Poncey Highlands Investors 1, LLC & Atlanta Beltline, Inc.
Grantee	SWHR PBL, LLC
Sale Date	June 22, 2015
Deed Book/Page	55081/282 & 273
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale Price	$3,908,436

Land Data

Zoning	C1
Topography	Generally level
Utilities	All available

Land Sale No. 2 (Cont.)

Shape	Irregular

Land Size Information

Gross Land Size	2.220 Acres or 96,703 SF
Planned Units	238
Front Footage	810 ft North Angier Ave;138 ft North Ave

Indicators

Sale Price/Gross Acre	$1,760,557
Sale Price/Gross SF	$40.42
Sale Price/Planned Unit	$16,422

Remarks

This is the sale of multi-family land located at the southeast corner of North Ave and North Angier Ave in Atlanta, GA. The total site is 2.22 acres that is proposed for the development of a 238-unit, five-story apartment building. At the time of sale the site was improved with commercial buildings that will be razed prior to construction. The purchase price reflects land value only.

Land Sale No. 3

<u>Property Identification</u>

Record ID	1068
Property Type	Multi-family land
Property Name	The Edge
Address	206 Edgewood Ave, Atlanta, Fulton County, Georgia
Location	NW/c of Edgewood Ave and Jesse Hill Jr Dr
Tax ID	14-0051-0012-0922, 0864, 0146, 0781

<u>Sale Data</u>

Grantor	Argopro, LLC
Grantee	200 Edgewood Assoc, LLC
Sale Date	May 26, 2015
Deed Book/Page	54955/613 & 609
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale Price	$2,825,588

<u>Land Data</u>

Zoning	SPI1
Topography	Generally level
Utilities	All available
Shape	Rectangular

Land Sale No. 3 (Cont.)

<u>Land Size Information</u>	
Gross Land Size	1.090 Acres or 47,480 SF
Planned Units	144
Front Footage	110 ft Edgewood Ave;148 ft Jesse Hill Jr Dr

<u>Indicators</u>	
Sale Price/Gross Acre	$2,592,283
Sale Price/Gross SF	$59.51
Sale Price/Planned Unit	$19,622

Remarks

This is the assemblage of four parcels located at the northwest corner of Jesse Hill Jr Dr and Edgewood Ave in Atlanta, GA. This 1.09-acre tract is proposed for the development of a 144-unit apartment building to be known at The Edge.

Land Sale No. 4

Land Sale No. 4 (Cont.)

Property Identification	
Record ID	981
Property Type	Multi-family land, Mixed Use Development
Property Name	The Leonard Apartments
Address	301 Memorial Drive, Atlanta, Georgia 30312
Location	SE Atlanta
Sale Data	
Grantor	Memorial Drive Venture, LLC
Grantee	301 Development Company, LLC
Sale Date	November 22, 2013
Conditions of Sale	Arms Length
Financing	Cash At Sale
Sale Price	$750,000
Land Data	
Zoning	Mixed Use
Land Size Information	
Gross Land Size	1.070 Acres or 46,609 SF 94
Indicators	
Sale Price/Gross Acre	$700,935
Sale Price/Gross SF	$16.09
Sale Price/ Unit	$7,979

Remarks

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.

Multi-Family Lease No. 1

Property Identification

Record ID	1576
Property Type	Mixed Income
Property Name	Ashley Auburn Pointe I
Address	357 Auburn Pointe Drive, Atlanta, Fulton County, Georgia 30312
Location	Central Atlanta
Owner	Integral
Management Co.	Integral
Verification	Dione Brown; 404-523-1012, November 29, 2016; Confirmed by Ingrid Ott

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1/1 MKT	33	756	$1,160	$1.53
1/1 LIHTC	23	756	$659	$0.87
2/2 MKT	28	1,079	$1,445	$1.34
2/2 LIHTC	56	1,079	$754	$0.70
3/2 LIHTC	11	1,264	$833	$0.66
3/2 MKT	3	1,264	$1,850	$1.46

Multi-Family Lease No. 1 (Cont.)

Occupancy	95%
Total Units	154
Unit Size Range	756 - 1264
Avg. Unit Size	978
Avg. Rent/Unit	$979
Avg. Rent/SF	$1.00
Net SF	150,668

Physical Data

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

Remarks

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

Multi-Family Lease No. 2

Property Identification

Record ID	1396
Property Type	Mid-rise LIHTC
Property Name	Columbia Mechanicsville
Address	500 McDaniel Street, Atlanta, Fulton County, Georgia 30312
Location	Central Atlanta
Management Co.	Columbia Residential
Verification	Leasing Agent - Tameka; 404-577-2833, November 29, 2016; Confirmed by Ingrid Ott

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1BR 1BA MKT	5	750	$716	$0.95
1BR 1BA 50% TC	2	750	$577	$0.77
1BR 1BA 60% TC	5	750	$716	$0.95
2BR 2BA MKT	28	1,005	$999	$0.99
2BR 2BA 50% TC	5	1,005	$645	$0.64
2BR 2BA 60% TC	15	1,005	$812	$0.81

Multi-Family Lease No. 2 (Cont.)

3BR 2BA MKT	14	1,200	$1,199	$1.00
3BR 2BA 50% TC	3	1,200	$689	$0.57
3BR 2BA 60% TC	9	1,200	$881	$0.73
1BR/1BA PBRA	13	750	$700	$0.93
2BR/2BA PBRA	55	1,005	$900	$0.90
3BR/2BA PBRA	29	1,200	$1,100	$0.92

Occupancy	96%
Rent Premiums	No
Total Units	183
Unit Size Range	750 - 1200
Avg. Unit Size	1,029
Avg. Rent/Unit	$923
Avg. Rent/SF	$0.90
Net SF	188,265

Physical Data

Construction Type	Brick/Stucco
Electrical	Assumed Adequate
HVAC	Assumed Adequate
Stories	3
Utilities with Rent	Trash Collection
Unit Amenities	Patios/Balconies, Security System, Washer/Dryer Connections
Project Amenities	Clubhouse, Laundry, Exercise/Fitness
Parking	Surface
Year Built	2007
Condition	Good

Remarks

This property is located at the corner of McDaniel and Fulton Street, just south of I-20, and just southwest of Downtown Atlanta. This mixed-income property is Phase I of the multi-phase Mechanicsville development and offers market, 50% and 60% AMI LIHTC units and PBRA units. Tenants pay all utilities except trash and no specials are being offered. This property consists of three independent buildings. Two of the buildings have three-stories and have security-key entry with interior corridors and walk-up to second and third floors. The four-story building (rear terrace level) has interior corridors and an elevator.

Multi-Family Lease No. 3

Property Identification

Record ID	903
Property Type	Garden & Townhomes LIHTC
Property Name	Capitol Gateway I & II
Address	89 Woodward Avenue, Atlanta, Fulton County, Georgia 30312
Location	Memorial Drive and Connally Street
On-Site Manager	Integral
Verification	Jaida Jackson; 404-586-0411, November 29, 2016; Confirmed by Ingrid Ott

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1BR/1BA MKT	15	742	$1,000	$1.35
1BR/1BA MKT	22	772	$1,000	$1.30
1BR/1BA MKT	17	708	$1,000	$1.41
1BR/1BA MKT	23	867	$1,090	$1.26
1BR/1BA TC	24	742	$717	$0.97
1BR/1BA TC	32	772	$717	$0.93

Multi-Family Lease No. 3 (Cont.)

1BR/1BA TC	25	708	$717	$1.01
1BR/1BA TC	25	867	$717	$0.83
2BR/1BA MKT	24	910	$1,225	$1.35
2BR/2BA MKT	1	978	$1,200	$1.23
2BR/2BA MKT	6	1,031	$1,375	$1.33
2BR/2BA MKT	30	1,047	$1,425	$1.36
2BR/2BA MKT	11	1,050	$1,400	$1.33
2BR/2.5BA M	6	1,178	$1,465	$1.24
3BR/2.5BA M	3	1,319	$1,550	$1.18
2BR/1BA TC	35	910	$818	$0.90
2BR/2BA TC	7	978	$818	$0.84
2BR/2BA TC	11	1,031	$818	$0.79
2BR/2BA TC	41	1,047	$818	$0.78
2BR/2BA TC	16	1,050	$818	$0.78
2BR/2BA TC	2	1,064	$818	$0.77
2BR/2.5BA TC	8	1,178	$818	$0.69
2BR/2.5BA TC	3	1,319	$818	$0.62
3BR/2BA MKT	3	1,258	$1,850	$1.47
3BR/2BA MKT	5	1,314	$1,935	$1.47
3BR/2BA TC	9	1,258	$894	$0.71
3BR/2BA TC	14	1,314	$894	$0.68
4BR/2BA TC	3	1,447	$953	$0.66

Occupancy 96%
Total Units 421 269 (Ph. I), 152 (Ph. II)
Unit Size Range 708 - 1447
Avg. Unit Size 937
Avg. Rent/Unit $961
Avg. Rent/SF $1.03

Net SF 394,643

<u>Physical Data</u>
Construction Type Brick/Hardi-Plank
Electrical Adequate
HVAC Adequate
Stories Three
Utilities with Rent Trash Collection
Unit Amenities Patios/Balconies, Ceiling Fans, Vaulted Ceilings, Icemakers, Washer/Dryer Connections, Washer/Dryers Ph II, Connections only Ph I
Project Amenities Outdoor Pool, Clubhouse, Sports Court, Exercise/Fitness
Parking Surface
Year Built 2006
Condition Good

<u>Remarks</u>
This property is a portion of the 34-acre Capitol Homes HOPE VI Revitalization Area, a mixed-income, mixed-use development. The site is located in an urban area less than a mile southeast of the Atlanta CBD and just north of Interstate 20. The property is subject to requirements under the Low Income Housing Tax Credit (LIHTC) program and includes rent restrictions. Note that market rents shown are complex 'market' rents. The complex uses these rents as a basis for a daily computation (using an LRO type system) involving market surveys to set rental amounts. Tenants pay all utilities except trash.

Multi-Family Lease No. 4

Property Identification

Record ID	995
Property Type	Mid-rise LIHTC
Property Name	Auburn Glenn
Address	49 Boulevard Avenue, Atlanta, Fulton County, Georgia 30312
Location	Central Atlanta
Tax ID	14 004500020873
Management Co.	Cortland Management
Verification	Tamar Green; 404 584 1300, November 29, 2016; Confirmed by Ingrid Ott

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1BR1BA MKT	17	696	$1,245	$1.79
2BR2BA MKT	20	1,044	$1,089	$1.04
3BR2BA MKT	8	1,218	$1,702	$1.40
1BR1BA 60%LIHTC	107	696	$690	$0.99
2BR2BA 60%LIHTC	114	1,044	$788	$0.75
3BR2BA 60%LIHTC	5	1,218	$868	$0.71

Multi-Family Lease No. 4 (Cont.)

Occupancy	95%
Total Units	271
Unit Size Range	696 - 1218
Avg. Unit Size	893
Avg. Rent/Unit	$829
Avg. Rent/SF	$0.93
Net SF	242,034

Physical Data

No. of Buildings	1
Construction Type	Masonry
Electrical	Assumed adequate
HVAC	Assumed adequate
Stories	4
Utilities with Rent	Trash Collection
Unit Amenities	Patios/Balconies, Ceiling Fans, Security System, Washer/Dryer Connections
Project Amenities	Outdoor Pool, Clubhouse, Laundry, Exercise/Fitness, Playground, Garage, Elevators, Controlled Access
Parking	Covered Parking
Year Built	2004
Condition	Good

Remarks

Auburn Glenn is a mid-rise, medium-density apartment building that covers nearly 3.5 acres and includes 271 apartment units, apartment amenities, and 10,000 square feet of ground floor commercial space. Auburn Glenn was part of a resurgence of higher density mixed-use urban development in Atlanta. The project is located in the Martin Luther King National Historic District and takes design cues from the adjacent historic Auburn Avenue commercial district. It is a private development by a partnership of for-profit and not-for-profit developers, and has received significant support and funding through the Atlanta Development Authority in exchange for long-term affordability for 75% of the residents. This is a LIHTC property that offers 60% and market rate units. Market rents reflect large increase over the 60% rents. Agent indicated there were a few market vacancies and current special on two-bedroom units expires December 22, 2016.

Multi-Family Lease No. 5

Property Identification

Record ID	1005
Property Type	Garden & Townhomes LIHTC
Property Name	Retreat At Edgewood Ph I&II
Address	150 Hutchinson Street, Atlanta, Fulton County, Georgia 30307
Verification	Nicole Ambles; 404-577-9001, November 29, 2016; Confirmed by Ingrid Ott

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1BR1BA 50%LIHTC	2	732	$493	$0.67
1BR1BA 60%LIHTC	28	732	$590	$0.81
1BR1BA MKT	1	789	$829	$1.05
1BR1BA 60%LIHTC	31	789	$623	$0.79
2BR2.5BA 60%TC	60	1,229	$669	$0.54
3BR2.5BA 50%TC	1	1,697	$601	$0.35
3BR2.5BA 60%TC	11	1,697	$735	$0.43
3BR2.5BA 60%TC	6	1,697	$781	$0.46

Multi-Family Lease No. 5 (Cont.)

Occupancy	98%
Total Units	140
Unit Size Range	732 - 1697
Avg. Unit Size	1,082
Avg. Rent/Unit	$651
Avg. Rent/SF	$0.60
Net SF	151,494

Physical Data

Construction Type	Wood Frame, Brick and Masonry
HVAC	Individual
Stories	2
Utilities with Rent	Trash Collection
Unit Amenities	Ceiling Fans, Security System, Washer/Dryer in units
Project Amenities	Clubhouse, Exercise/Fitness, Business Center/Computer Lab, Playground
Year Built	2011
Condition	Good

Remarks

This property has 19 townhome buildings. The property does not accept housing choice vouchers. A second phase added 40 units (mixture of 1BR and 3BR, 50% & 60% LIHTC and Market) to the complex.

Multi-Family Lease No. 6

Property Identification

Record ID	1322
Property Type	Midrise
Property Name	AMLI (FKA Alta) Old 4th Ward
Address	525 Glen Iris Drive, Atlanta, Fulton County, Georgia 30308
Location	Old 4th Ward
On-Site Manager	Yes
Management Co.	AMLI
Verification	Leasing Agent - Lisa Huebner; 404 523 4484, November 29, 2016

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1BR/1BA	42	805	$1,499	$1.86
1BR/1BA	48	829	$1,714	$2.07
1BR/1BA	88	910	$1,707	$1.88
1BR/1BA	5	878	$1,125	$1.28
1BR/1BA Loft	4	1,040	$900	$0.87
2BR/2BA	48	1,111	$1,882	$1.69

Multi-Family Lease No. 6 (Cont.)

2BR/2BA	16	1,217	$2,187	$1.80
2BR/2BA	39	1,281	$1,982	$1.55
2BR/2BA TH	29	1,461	$2,296	$1.57
2BR/2BA Loft	18	1,619	$2,600	$1.61

Occupancy	94%
Total Units	337
Unit Size Range	805 - 1619
Avg. Unit Size	1,059
Avg. Rent/Unit	$1,911
Avg. Rent/SF	$1.80
Net SF	356,502

Physical Data

Construction Type	Wood Frame/ Brick & Stucco Veneer
Electrical	Assumed Adequate
HVAC	Assumed Adequate
Stories	5
Utilities with Rent	Valet trash $25
Unit Amenities	Patios/Balconies, Ceiling Fans, Icemakers, Washer/Dryer Connections, Microwaves, Washer/dryers
Project Amenities	Outdoor Pool, Clubhouse, Exercise/Fitness, Gated, Garage, Storage, Media Rm, W/D in apt
Year Built	2009
Condition	Good

Remarks

This complex is located along Glen Iris Drive in the Old 4th Ward area, just south of US 29/278 in the Midtown vicinity. Quality of the improvement are considered good as it was built in 2009. Complex uses Yieldstar system. Complex has 337 total units.

Multi-Family Lease No. 7

Property Identification

Record ID	1324
Property Type	Garden
Property Name	Camden Vantage (former Alexan 360)
Address	180 Jackson Street, NE, Atlanta, Fulton County, Georgia 30312
Location	East downtown (Old Fourth Ward)
Tax ID	14 004600071024
On-Site Manager	Yes
Management Co.	Camden
Verification	Leasing Agent-Tanja Jeffrey; 855 833 9427, November 29, 2016; Interviewed on site, Confirmed by Ingrid Ott

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
Studio	107	656	$1,109	$1.69
1BR/1BA	116	756	$1,159	$1.53
1BR/1BA	71	831	$1,219	$1.47
1BR/1BA	47	843	$1,219	$1.45

Multi-Family Lease No. 7 (Cont.)

1BR/1BA	20	845	$1,229	$1.45
1BR/1BA	20	884	$1,229	$1.39
2BR/2BA	49	1,046	$1,469	$1.40
2BR/2BA	65	1,149	$1,479	$1.29
2BR/2BA	60	1,152	$1,509	$1.31
2BR/2BA	37	1,277	$1,559	$1.22

Occupancy	93%
Total Units	592
Unit Size Range	656 - 1277
Avg. Unit Size	901
Avg. Rent/Unit	$1,288
Avg. Rent/SF	$1.43
Net SF	533,398

Physical Data

Construction Type	Wood Frame/Brick & Stucco Veneer
Electrical	Assumed Adequate
HVAC	Assumed Adequate
Stories	6
Utilities with Rent	$30 mandatory Valet Trash
Unit Amenities	Patios/Balconies, Ceiling Fans, Microwaves, Washer/Dryers provided
Project Amenities	2 Outdoor Pools, Clubhouse, Exercise/Fitness, Bus Cntr, Gated, Parking Deck, Storage
Year Built	2009
Condition	Good

Remarks

This is a Class-A apartment development located along Jackson Street, just north of Downtown Atlanta, Fulton County, Georgia. The development was built in 2009 and features 592 studio, one- and two-bedroom floorplans. It stabilized in August 2011. The leasing agent reported no concessions (complex uses Yieldstar daily averaging system). Tenants are responsible for all utilities, with water/sewer billed by usage and all tenants paying a mandatory $30 per month valet trash charge in addition to rent. Complex amenities include a swimming pool, fitness center, resident lounge at a one-time $50 charge and covered parking for a $100 one-time charge. Storage is available for $65 to $75 per month. This complex does not have any ground-level retail or restaurant space. FKA Alexan 360, it sold September 13, 2013 to Camden Vantage LLC for $82,500,000 or $139,358 per unit.

Multi-Family Lease No. 8

Property Identification

Record ID	1557
Property Type	Midrise
Property Name	Century Skyline
Address	396 Piedmont Avenue NE, Fulton County, Georgia 30308
Location	Central Atlanta
Tax ID	14-005000090902
Management Co.	First Properties
Verification	Leasing Agent Michelle Ramtulla; 4045210500, November 29, 2016; Confirmed by Ingrid Ott

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1BR/1BA	129	845	$1,155	$1.37
2BR/2BA	58	1,131	$1,470	$1.30
2BR/2BA	15	1,306	$1,650	$1.26
2BR/2BA	14	1,529	$1,880	$1.23
2BR/2BA	4	1,542	$1,880	$1.22
2BR/2BA	5	1,224	$1,540	$1.26

Multi-Family Lease No. 8 (Cont.)

Occupancy	90%
Rent Premiums	Floor/Views
Total Units	225
Unit Size Range	845 - 1542
Avg. Unit Size	1,013
Avg. Rent/Unit	$1,336
Avg. Rent/SF	$1.32
Net SF	227,887

<u>Physical Data</u>

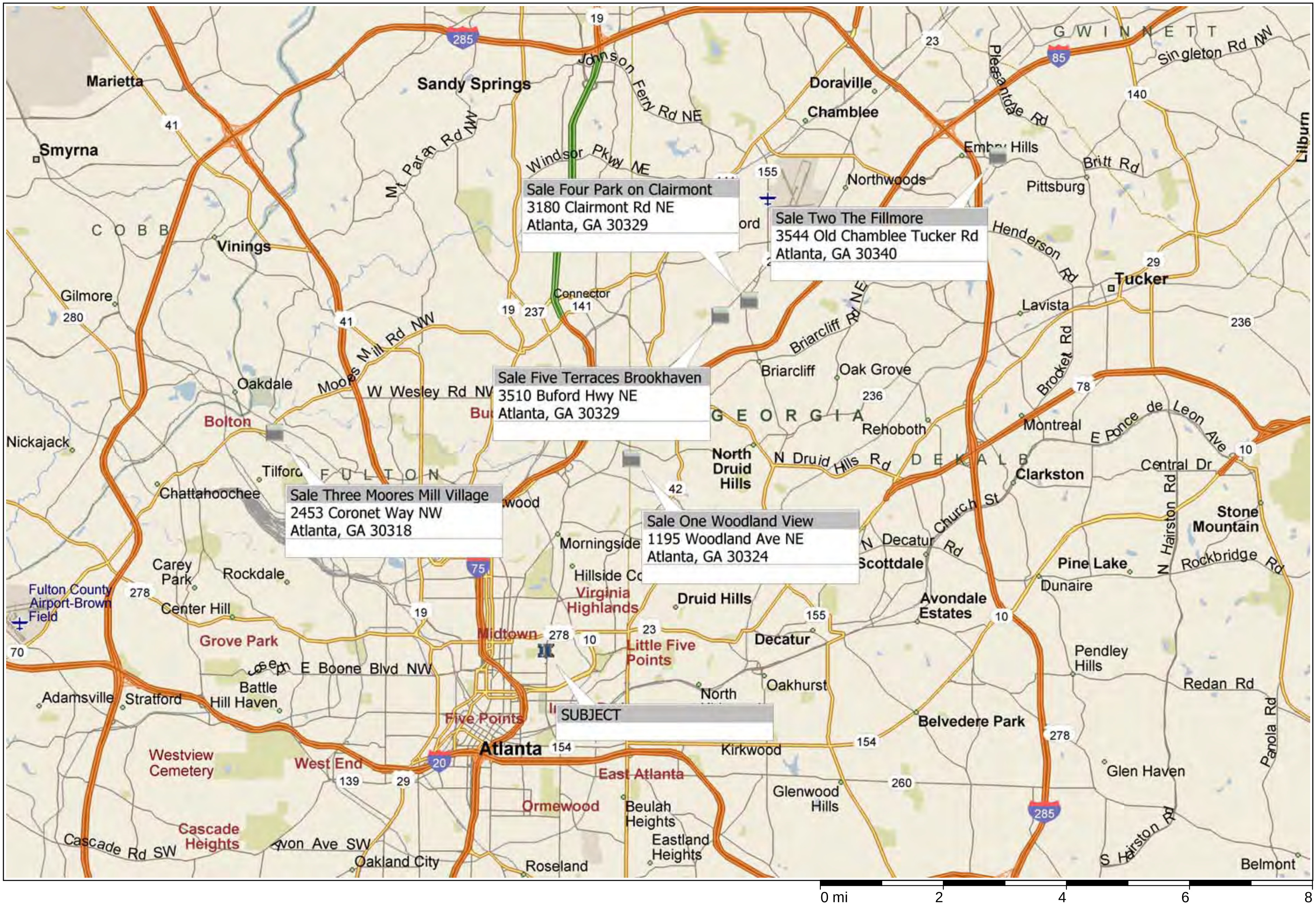
Construction Type	Masonry
Stories	6
Utilities with Rent	Valet Trash
Unit Amenities	Patios/Balconies, Ceiling Fans, Security System, Washer/Dryer Connections, Microwaves, W/D in unit $35
Project Amenities	Outdoor Pool, Clubhouse, Exercise/Fitness, Parking Garage $50 reserved
Parking	Surface
Year Built	2009
Condition	Excellent

<u>Remarks</u>

This is a Class-A loft-style apartment development located along Piedmont Avenue, just north of Downtown Atlanta, Fulton County, Georgia. The development was built in 2009 and features 225 one- and two-bedroom floorplans. Tenants are responsible for all utilities except valet trash, which is included. Complex amenities include a rooftop swimming pool with cabanas, fitness center, resident lounge and business center. This complex does not have any ground-level retail or restaurant space. No significant specials are being offered. Units with washers/dryers rent for a $35 per month premium.

ADDENDUM G – IMPROVED SALE COMPARABLES / LOCATION MAP

AS IS Improved Sale Map



Multi-Family Sale No. 1

Property Identification

Record ID	1217
Property Type	Garden
Property Name	Woodland View
Address	1195 Woodland Avenue, Atlanta, Fulton County, Georgia 30324
Tax ID	17-0005-0001-096

Sale Data

Grantor	1195 Woodland Apartments, LLC
Grantee	300 Woodland, LLC
Sale Date	January 01, 2016
Deed Book/Page	5574-0212
Property Rights	Leased Fee
Conditions of Sale	Arm's Length
Financing	Cash to seller
Sale Price	$3,400,000

Land Data

Land Size	1.640 Acres or 71,438 SF
Topography	Generall level
Utilities	All available
Shape	Irregular

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1/1	24	750		
2/1	30	850		

Total Units	54
Avg. Unit Size	806
Net SF	43,500

Multi-Family Sale No. 1 (Cont.)

General Physical Data	
Construction Type	Wood frame w/brick veneer
Electrical	Assumed adequate
HVAC	Pad units
Stories	3
Unit Amenities	Ceiling Fans, Dishwasher, Disposal
Project Amenities	Outdoor Pool, Clubhouse, Laundry
Year Built	1967
Condition	Average
Income Analysis	
Net Operating Income	$226,440
Indicators	
Sale Price/Gross SF	$78.16
Sale Price/Unit	$62,963
Occupancy at Sale	100%

Multi-Family Sale No. 1 (Cont.)

Overall or Cap Rate	6.66%
NOI/SF	$5.21 Gross
NOI/Unit	$4,193

Remarks

This is a market-rate garden apartment complex located in Atlanta, GA. It was originally built in 1967 with a brick exterior and is considered to be in overall average condition with average access and exposure. It was reported that the property was on the market for approx. eight months prior to the sale.

Multi-Family Sale No. 2

Property Identification

Record ID	1221
Property Type	Garden
Property Name	The Fillmore
Address	3544 Old Chamblee Tucker Rd, Atlanta, DeKalb County, Georgia 30340
Tax ID	18-293-10-004

Sale Data

Grantor	Orleans Gardens, Inc.
Grantee	F&F Orleans - DenGroup, LLC
Sale Date	January 01, 2016
Deed Book/Page	25363-0258
Property Rights	Leased Fee
Conditions of Sale	Arm's Length
Financing	Cash to seller
Sale Price	$9,350,000

Land Data

Land Size	13.700 Acres or 596,772 SF
Topography	Gently rolling
Utilities	All available
Shape	Irregular

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1/1	44	800		
2/2	32	1,205		
3/2	16	1,600		
3/2	45	1,760		
3/2	1	3,300		
3/2	2	2,200		

Multi-Family Sale No. 2 (Cont.)

Total Units	140
Avg. Unit Size	1,330
Net SF	186,260

General Physical Data

Construction Type	Wood frame w/brick exterior
Electrical	Assumed adequate
HVAC	Pad units
Stories	2
Unit Amenities	Fire places, Washer/Dryer Connections, Dishwasher, Disposal
Project Amenities	Outdoor Pool, Outdoor Tennis, Clubhouse, Laundry, Playground
Year Built	1967
Condition	Average

Income Analysis

Net Operating Income	$639,540

Indicators

Sale Price/Gross SF	$50.20
Sale Price/Unit	$66,786
Occupancy at Sale	99%
Overall or Cap Rate	6.84%
NOI/SF	$3.43 Gross
NOI/Unit	$4,568

Remarks

This is a market-rate garden apartment complex located in Atlanta, GA. It was built in 1967 and is considered to be in overall average condition with average access and exposure.

Multi-Family Sale No. 3

Property Identification

Record ID	1216
Property Type	Garden
Property Name	Moores Mill Village
Address	2453 Coronet Way, Atlanta, Fulton County, Georgia 30318
Tax ID	17-0230-0007007

Sale Data

Grantor	2453 Coronet, LLC
Grantee	MSC Moores Mill II, LLC
Sale Date	January 01, 2016
Deed Book/Page	55801-0603
Property Rights	Leased Fee
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale Price	$10,400,000

Land Data

Land Size	7.100 Acres or 309,276 SF
Topography	Gently rolling
Utilities	All available
Shape	Irregular

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1/1	48	765		
2/1	112	963		
3/2	12	1,093		

Multi-Family Sale No. 3 (Cont.)

Total Units	172
Avg. Unit Size	917
Net SF	157,692

General Physical Data

Construction Type	Wood frame w/brick veneer
Electrical	Assumed adequate
HVAC	Pad units
Stories	2
Unit Amenities	Patios/Balconies, Ceiling Fans, Dishwasher, Disposal
Project Amenities	Outdoor Pool, Clubhouse, Laundry, Exercise/Fitness, Gated, Playground, Picnic area, Laundry Service
Year Built	1965
Condition	Average

Income Analysis

Net Operating Income	$624,000

Indicators

Sale Price/Gross SF	$65.95
Sale Price/Unit	$60,465
Occupancy at Sale	90%
Overall or Cap Rate	6%
NOI/SF	$3.96 Gross
NOI/Unit	$3,628

Remarks

This is a market-rate garden apartment complex located in Atlanta, GA. It was built in 1965 and is considered to be in overall average condition with average access and exposure.

Multi-Family Sale No. 4

<u>Property Identification</u>	
Record ID	1166
Property Type	Garden / Class B
Property Name	The Park on Clairmont
Address	3180 Clairmont Road, Atlanta, DeKalb County, Georgia 30329
Tax ID	1820302007
<u>Sale Data</u>	
Grantor	POC Apartments, LLC
Grantee	FCPCMBR, LLC
Sale Date	August 31, 2015
Deed Book/Page	25141/762
Property Rights	Fee Simple
Conditions of Sale	Arms Length
Financing	$8,318,125 (85%)
Verification	Investors Realty Group
Sale Price	$9,757,500
<u>Land Data</u>	
Land Size	5.940 Acres or 258,746 SF
Topography	Gently Rolling
Utilities	All Typical
Shape	Irregular

Multi-Family Sale No. 4 (Cont.)

Unit Mix

Unit Type	**No. of Units**	**Size SF**	**Rent/Mo.**	**Mo. Rent/SF**
1/1.0	46	850	$802	$0.94
2/2.0	14	1,230	$1,039	$0.84
2/2.0	30	1,174	$1,182	$1.01
3/2.0	21	1,320	$1,273	$0.96

Total Units	111
Avg. Unit Size	1,074
Avg. Rent/Unit	$1,024
Avg. Rent/SF	$0.95
Net SF	119,260

General Physical Data

No. of Buildings	7
Stories	2
Unit Amenities	Patios/Balconies, Fire places, Icemakers, Washer/Dryer Connections, Microwaves, Balcony Storage
Project Amenities	Outdoor Pool, Outdoor Tennis, Clubhouse, Exercise/Fitness
Year Built	1984
Condition	Good

Income Analysis

Net Operating Income	$643,995

Indicators

Sale Price/Net Rentable SF	$81.82
Sale Price/Unit	$87,905
Occupancy at Sale	99%
Overall or Cap Rate	6.6%
NOI/SF	$5.40 Net Rentable
NOI/Unit	$5,802

Remarks

This market rate property is located along the west side of Clairmont Road, between Clairmont Terrace and Wilmont Drive. Capitalization rate is based on income and expenses in place at time of sale

Multi-Family Sale No. 5

Property Identification

Record ID	1164
Property Type	Garden
Property Name	The Terraces at Brookhaven
Address	3510 Buford Highway, Atlanta, DeKalb County, Georgia 30329
Tax ID	18-202-01-057

Sale Data

Grantor	GA Highland North, LLC
Grantee	Terraces at Brookhaven, LLC
Sale Date	January 01, 2015
Deed Book/Page	24751/0661
Property Rights	Leased Fee
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale Price	$12,400,000

Land Data

Land Size	17.500 Acres or 762,300 SF
Topography	Gently Rolling
Utilities	All Available
Shape	Irregular

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1/1	92	875		
2/1	1	1,150		
2/1.5	60	1,150		
2/2	44	1,150		
3/2	39	1,370		

Multi-Family Sale No. 5 (Cont.)

Total Units	236
Avg. Unit Size	1,079
Net SF	254,680

General Physical Data

No. of Buildings	23
Construction Type	Wood frame with block exterior
Electrical	Assumed adequate
HVAC	Assumed adequate
Stories	2
Unit Amenities	Patios/Balconies, Ceiling Fans, Disposal
Project Amenities	Outdoor Pool, Clubhouse, Laundry, Exercise/Fitness, Playground
Year Built	1968
Condition	Average

Income Analysis

Net Operating Income	$806,000

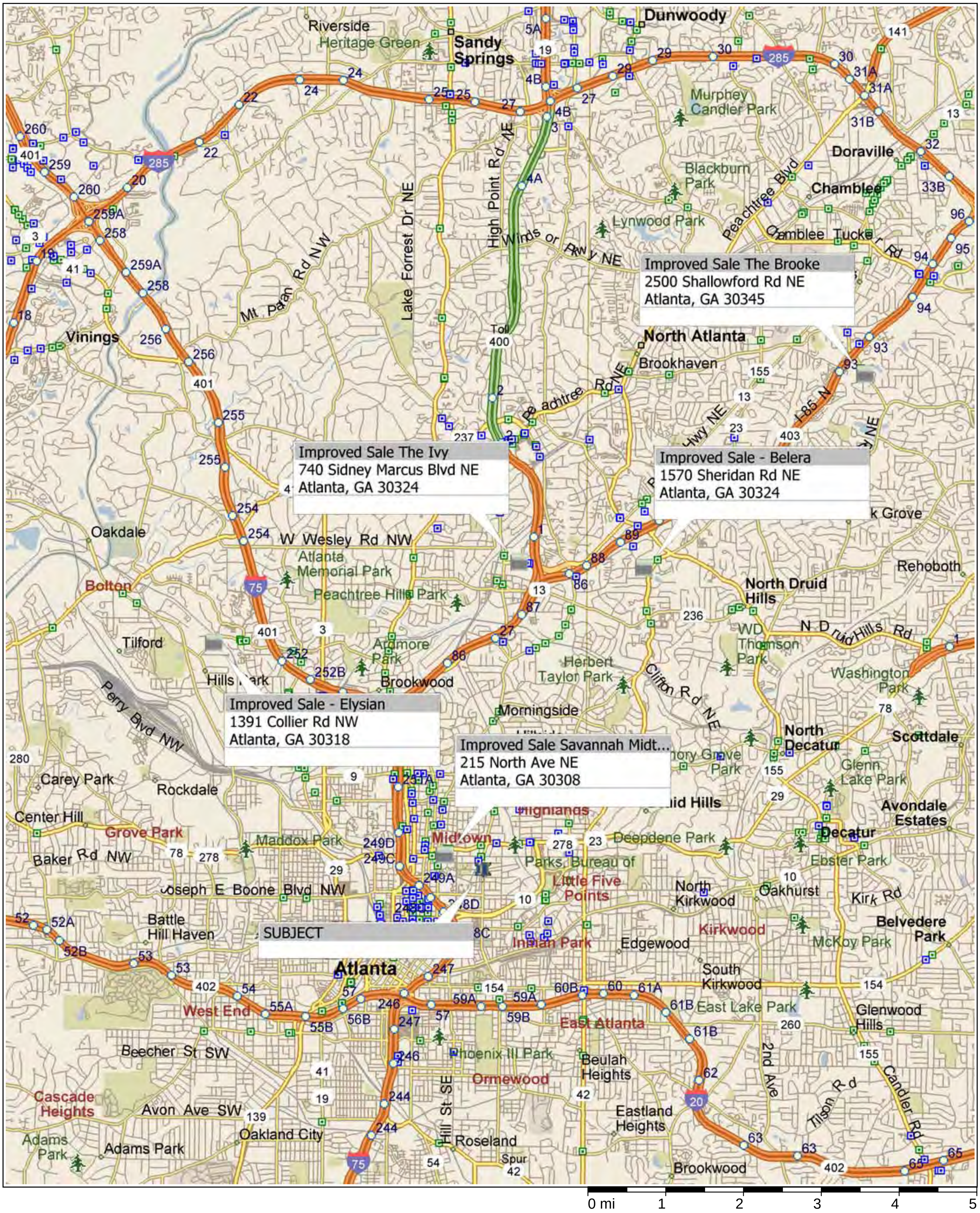
Indicators

Sale Price/Gross SF	$48.69
Sale Price/Unit	$52,542
Occupancy at Sale	95%
Overall or Cap Rate	6.5%
NOI/SF	$3.16 Gross
NOI/Unit	$3,415

Remarks

This is a garden-style apartment complex located in Atlanta, GA. It was built in 1968 and is considered to be in overall average condition.

AS COMPLETE Improved Sale Map



Multi-Family Sale No. 1

<u>Property Identification</u>	
Record ID	1233
Property Type	Garden
Property Name	Belera
Address	1570 Sheridan Road, Atlanta, DeKalb County, Georgia 30324
Tax ID	18-153-01-001
<u>Sale Data</u>	
Grantor	CWS Capital Partners, LLC
Grantee	M.Banks Realty Partners, LLC
Sale Date	May 31, 2016
Deed Book/Page	25586 - 429
Property Rights	Leased Fee
Conditions of Sale	Arms Length
Financing	Cash to seller
Sale Price	$29,575,000
Cash Equivalent	$29,575,000
<u>Land Data</u>	
Land Size	7.330 Acres or 319,295 SF
Zoning	RMHD, Decatur
Topography	Gently rolling
Utilities	All available
Shape	Irregular

Multi-Family Sale No. 1 (Cont.)

Avg. Unit Size	946
Net SF	172,240

General Physical Data

No. of Buildings	6
Construction Type	Wood frame w/ siding exterior
Electrical	Assumed Adequate
Stories	3
Unit Amenities	Fire places, Ceiling Fans, Washer/Dryer Connections, Granite, Dishwasher, Disposal
Project Amenities	Outdoor Pool, Outdoor Tennis, Clubhouse, Laundry, Exercise/Fitness, Business Ctr, Gated
Year Built	1993
Condition	Average

Income Analysis

Net Operating Income	$1,700,560

Indicators

Sale Price/Gross SF	$171.71
Sale Price/Unit	$162,500
Overall or Cap Rate	5.75%
NOI/SF	$9.87 Gross
NOI/Unit	$9,344

Remarks

This comparable report reflects the sale of the Belara (FKA Marquis of North Druid Hills), a 182-unit multi-family community that traded for a confirmed sales price of $29.575MM or $162,500 per unit. The property traded from an affiliate of Newport Beach, CA - based, CWS Capital Partners, LLC to M.Banks Realty Partners, LLC, a division of Sage Equities. The listing broker and buyer verified the sales price, and number of units. Cap rate was projected at 5.75% with property enhancements made by the buyer. The property was actively marketed for about 5 weeks and once contract was signed, closing was about 85 days. From start to finish, it was about a 4 month process. There were no conditions that impacted the sale.

Multi-Family Sale No. 2

<u>Property Identification</u>	
Record ID	1232
Property Type	Mid-rise
Property Name	Elysian at Collier
Address	1391 Collier Rd NW, Atlanta, Fulton County, Georgia 30318
Tax ID	17-0193-0001-075
<u>Sale Data</u>	
Grantor	Enfold Properties CFD Collier Apartments, LLC
Grantee	Elysian At Collier Lofts-TIC, LLC
Sale Date	May 18, 2016
Deed Book/Page	56122-520
Property Rights	Leased Fee
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale Price	$30,825,000
Cash Equivalent	$30,825,000
<u>Land Data</u>	
Land Size	6.930 Acres or 301,871 SF
Zoning	I-2
Topography	Basically flat
Utilities	All available
Shape	Irregular

Multi-Family Sale No. 2 (Cont.)

Unit Mix

Unit Type	**No. of Units**	**Size SF**	**Rent/Mo.**	**Mo. Rent/SF**
Studio	35	757	$1,323	$1.75
1/1	85	841	$1,196	$1.42
2/2	64	1,172	$1,340	$1.14

Total Units	184
Avg. Unit Size	940
Avg. Rent/Unit	$1,270
Avg. Rent/SF	$1.35
Net SF	172,988

General Physical Data

No. of Buildings	2
Construction Type	Wood frame w/stucco
Electrical	Assumed adequate
Stories	4
Unit Amenities	Ceiling Fans, Washer/Dryer Connections, Washer Dryer, Dishwasher, Disposal
Project Amenities	Outdoor Pool, Clubhouse, Laundry, Exercise/Fitness, Controlled Access, Business Ctr, Grill
Year Built	2014
Condition	Excellent

Income Analysis

Net Operating Income	$1,616,890

Indicators

Sale Price/Gross SF	$178.19
Sale Price/Unit	$167,527
Occupancy at Sale	100%
Overall or Cap Rate	5.25%
NOI/SF	$9.35 Gross
NOI/Unit	$8,787

Remarks

This comparable report reflects the May 2016 sale of the Elysian At Collier (FKA Collier Lofts) that sold for a confirmed price of $30.825MM or $167,527 per unit. A source deemed reliable, but not a principal in the transaction, had the 2016 fiscal year NOI at $1,616,889 for a projected cap rate of 5.25%.

Multi-Family Sale No. 3

<u>Property Identification</u>	
Record ID	1234
Property Type	Mid-rise
Property Name	The Ivy at Buckhead
Address	740 Sidney Marcus Blvd NE, Atlanta, Fulton County, Georgia 30324
Tax ID	17-0048-0001-071
<u>Sale Data</u>	
Grantor	Lindbergh 296, LLC
Grantee	FPACP3 Ivy, LLC, an affiliate of Fowler Property Acquisitions, LLC
Sale Date	March 30, 2016
Deed Book/Page	55991-0691
Property Rights	Leased Fee
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale Price	$44,400,000
Cash Equivalent	$44,400,000
<u>Land Data</u>	
Land Size	8.480 Acres or 369,389 SF
Zoning	RG5C, Residential Multifamily
Topography	Basically flat
Utilities	All available

Multi-Family Sale No. 3 (Cont.)

Shape	Irregular

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1/1	186	706	$1,158	$1.64
2/2	110	1,130	$1,385	$1.23

Total Units	296
Avg. Unit Size	917
Avg. Rent/Unit	$1,242
Avg. Rent/SF	$1.44
Net SF	157,692

General Physical Data

No. of Buildings	9
Construction Type	Wood frame w/brick
Electrical	Assumed adequate
Stories	3
Unit Amenities	Fire places, Ceiling Fans, Washer/Dryer Connections, Microwaves, Dishwasher, Disposal
Project Amenities	Outdoor Pool, Clubhouse, Laundry, Exercise/Fitness, Controlled Access
Year Built	1991
Condition	Average

Income Analysis

Net Operating Income	$2,042,400

Indicators

Sale Price/Gross SF	$281.56
Sale Price/Unit	$150,000
Occupancy at Sale	94%
Overall or Cap Rate	4.6%
NOI/SF	$12.95 Gross
NOI/Unit	$6,900

Remarks

This comparable report reflects the sale of the The Ivy at Buckhead, a 296-unit multi-family property located at 740 Sidney Marcus Blvd, Atlanta, GA which traded for a confirmed sales price of $44.4MM or $150,000 per unit. The property traded from Lindbergh 296, LLC, a subsidiary of Irinda Capital Management, LLC to FPACP3 Ivy, LLC, an affiliate of Fowler Property Acquisitions, LLC. An in-place cap rate was reported as 4.6% based on an NOI figure of $662,400. Occupancy was reported as 94% at the time of sale. The buyer secured financing in the amount of $24.45MM from The Variable Annuity Life Insurance Company. Built in 1991, the community is situated on 8.48 acres. The property consists of 1BR (186) and 2BR (110) units. 1BR average 706 SF with an average monthly rental rate of $1,105 and the 2BR's average 1,130 SF with an average monthly rental rate of $1,550 per month.

Multi-Family Sale No. 4

Property Identification

Record ID	1235
Property Type	Mid-rise
Property Name	Savannah Midtown
Address	215 North Avenue, Atlanta, Fulton County, Georgia 30308
Tax ID	14-0050-LL-008

Sale Data

Grantor	Savannah Midtown, LLC
Grantee	WRPV XII Savannah Atlanta, LLC
Sale Date	February 18, 2016
Deed Book/Page	55871-0090
Property Rights	Leased Fee
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale Price	$58,100,000
Cash Equivalent	$58,100,000

Land Data

Land Size	3.610 Acres or 157,252 SF

Multi-Family Sale No. 4 (Cont.)

Zoning	C4, C4, Central Area Commercial Residential
Topography	Basically flat
Utilities	All available
Shape	Irregular

Unit Mix

Unit Type	No. of Units	Size SF	Rent/Mo.	Mo. Rent/SF
1/1	239	860	$1,313	$1.53
2/2	83	1,311	$1,803	$1.38

Total Units	322
Avg. Unit Size	976
Avg. Rent/Unit	$1,439
Avg. Rent/SF	$1.47
Net SF	314,353

General Physical Data

No. of Buildings	4
Construction Type	Masonry
Electrical	Assumed adequate
Stories	6
Unit Amenities	Ceiling Fans, Security System, Washer/Dryer Connections, Microwaves, Washer/Dryer, Dishwasher, Disposal
Project Amenities	Outdoor Pool, Outdoor Tennis, Clubhouse, Laundry, Exercise/Fitness, Gated Access
Year Built	2001
Condition	Average

Income Analysis

Net Operating Income	$3,340,750

Indicators

Sale Price/Gross SF	$184.82
Sale Price/Unit	$180,435
Occupancy at Sale	95%
Overall or Cap Rate	5.75%
NOI/SF	$10.63 Gross
NOI/Unit	$10,375

Remarks

This comparable report reflects the sale of Savannah Midtown, a 322-unit multi-family community located at 215 North Ave, NE, Atlanta, GA that traded from Invesco to WRPV XII Savannah Atlanta, LLC, an affiliated company of Waterton Associates, LLC for a price of $58.1MM or $180,435 per unit. The property delivered in 2001 and sits on 3.61 acres. The actual cap rate was not disclosed; this cap rate is appraiser's estimate from reconstructed income, occupancy and expenses published at the time of sale. The community has a mixture of 1BR (239), and 2BR (83) units. Average rents are $1,233 for the 1BR, and $1,587 for the 2BR units. According to the press release, the buyer plans to renovate the community's common areas, including the property's expansive rooftop deck, which features an outdoor wading pool, spa and lounge area; putting green; lighted tennis, bocce ball and shuffleboard courts; and newly constructed fitness/cardio studio.

Multi-Family Sale No. 5

Property Identification	
Record ID	1172
Property Type	Garden / Class B
Property Name	The Brooke
Address	2500 Shallowford Road, Atlanta, DeKalb County, Georgia 30345
Tax ID	18-233-06-049, 18-233-06-136, 18-246-03-002
Sale Data	
Grantor	Amli At North Briarcliff Llc
Grantee	Briarcliff 537 LLC
Sale Date	January 19, 2016
Deed Book/Page	25363-0042
Property Rights	Fee Simple
Conditions of Sale	Arms Length
Financing	$21,300,000.00 (29.0%)
Verification	Walker & Dunlop
Sale Price	$73,500,000
Cash Equivalent	$73,500,000
Land Data	
Land Size	20.560 Acres or 895,594 SF
Zoning	RM-HD, Residential Multifamily (RM)

Multi-Family Sale No. 5 (Cont.)

Topography	Gently Rolling
Utilities	All Typical
Shape	Irregular
Avg. Unit Size	903
Net SF	506,112

General Physical Data

No. of Buildings	8
Stories	3 & 4
Unit Amenities	Patios/Balconies, Icemakers, Washer/Dryer Connections, Microwaves
Project Amenities	3 Outdoor Pools, Clubhouse, Sports Court, Exercise/Fitness, Business Center, car wash
Year Built	2002
Condition	Good

Income Analysis

Net Operating Income	$3,675,000

Indicators

Sale Price/Net Rentable SF	$145.22
Sale Price/Unit	$136,872
Occupancy at Sale	97%
Overall or Cap Rate	5%
NOI/SF	$7.26 Net Rentable
NOI/Unit	$6,844

Remarks

On January 19, 2016, The Brooke (f/k/a AMLI at North Briarcliff), a 537 unit multi-family property located at 2500 Shallowford Rd NE, Atlanta, GA, sold for a confirmed price of $73.5MM, or $136,872 per unit. The property traded between Amli Residential Properties, LP and a JV partnership including Lyon Communities, Irinda Capital Management, LLC and PCCP, LLC. Occupancy is currently holding strong at 97%.

The new ownership is planning on significant capital improvements which will include the addition of high-end appliances, granite countertops, adding in-unit washer/dryers, new wood plank flooring and new fixtures. Planned common area improvements include lighting upgrades, a complete redesign of the clubhouse, and doubling the size of the primary fitness center. The buyers see good upside potential through these improvements which will bring rents up to current market rates.

Positioned on 20.7 acres, the property was built in two phases in 2002 and 2006 and is comprised of seven three- and four-story garden style walk-up buildings and one five-story elevator building. The property has a mixture of studios (58), 1BR (244), 2BR (232) and 3BR (3) units. Community amenities include a Business Center, Clubhouse, Cabana, Car Wash Area, two Fitness Centers Picnic Area, three Swimming Pools, and gated.

EHA

EVERSON, HUBER & ASSOCIATES, LC

Commercial Real Estate Services

3535 Roswell Road, Suite 55
Marietta, Georgia 30062
Phone: (770) 977-3000

Web Site: www.ehalc.com

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Douglas M. Rivers
Ingrid Noerenberg Ott
Jon A. Reiss
George H. Corry III
A. Mason Carter

ADMINISTRATIVE
Pauline J. Hines

November 14, 2016

Mr. Michael Siciliano
Vice President Acquisitions
Wingate Companies
100 Wells Avenue
Newton, Massachusetts 02459

RE: Appraisal Report of the existing
46-unit portion within Bedford Pines Apartments
462 Angier, 458, 464, 468 and 474 Boulevard
And proposed: 96-unit City Lights II
444 Boulevard
Atlanta, Fulton County, Georgia 30308

Dear Mr. Siciliano:

At your request, we are pleased to submit this letter of engagement to provide an appraisal report for the above listed property in Atlanta, GA. The subject is proposed for demolition and new construction. The appraisal will be presented in a comprehensive narrative format that meets the requirements of the Georgia Department of Community Affairs (DCA) as stipulated in the 2016 Qualified Allocation Plan (QAP). The report will include the following value scenarios: "as is" for the subject (at current contract rents) as of inspection date, including an allocation of value to underlying land and improvements; "as complete" and "as stabilized" for the proposed subject at restricted/contract rents and expenses; and "as complete" and "as stabilized" under the hypothetical condition the property is operating at market rents and expenses. The report is to be used in conjunction with a low income housing tax credit application.

Our fee is , with half due in advance as a retainer and the balance within 30 days of completion of the Appraisal Report. We will initially provide an electronic draft report in four weeks or less, to be followed by up to four (4) hard copies of the appraisal upon request. Timely delivery of the appraisal is dependant on receipt of the signed engagement letter, retainer, and information required to complete the assignment. An information request list will be provided upon engagement.

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

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EVERSON, HUBER & ASSOCIATES, LC

Commercial Real Estate Services

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 report 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 (iott@ehalc.com or shuber@ehalc.com). Information required to complete the assignment may be forwarded to the above address. If you have any questions or wish to discuss this proposal please call Ingrid Ott at 770-977-3000, extension 314, or 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

Ingrid Noerenberg Ott

Ingrid Ott
Certified General Appraiser
Georgia Certificate No. 265709

Stephen M. Huber

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

AGREED AND ACCEPTED

Signature

VP - Acq.
Title

Michael S[illegible]
Name (type or print)

11-14-16
Date

QUALIFICATIONS OF
STEPHEN M. HUBER
EVERSON, HUBER & ASSOCIATES, LC

3535 Roswell Road, Suite 55, Marietta, Georgia 30062
(770) 977-3000, Ext. 302
E-mail: shuber@ehalc.com

EXPERIENCE

Twenty-nine 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 G00625
Certified General Real Property Appraiser: State of Tennessee - Certificate Number 3855

EDUCATION

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

Appraisal Institute courses and seminars completed are as follows:

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

Continuing education courses completed during last five years include:

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

PROFESSIONAL

Candidate for Designation of the Appraisal Institute

STATE OF GEORGIA

REAL ESTATE APPRAISERS BOARD

STEPHEN MICHAEL HUBER

1350

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A

CERTIFIED GENERAL REAL PROPERTY APPRAISER

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

D. SCOTT MURPHY
Chairperson

JEFF A. LAWSON
Vice Chairperson

JEANMARIE HOLMES
KEITH STONE

62117554

STEPHEN MICHAEL HUBER

#	**1350**
Status	**ACTIVE**

ORIGINALLY LICENSED
07/11/1991

END OF RENEWAL
12/31/2017

CERTIFIED GENERAL REAL PROPERTY APPRAISER

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

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

WILLIAM L. ROGERS, JR.
Real Estate Commissioner

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QUALIFICATIONS OF
INGRID NOERENBERG 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

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REAL ESTATE APPRAISERS BOARD

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D. SCOTT MURPHY
Chairperson

JEFF A. LAWSON
Vice Chairperson

RONALD M. HECKMAN
JEANMARIE HOLMES
KEITH STONE

37225722

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09/05/2003

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