

# APPRAISAL REPORT

WOODLANDS AT MONTGOMERY (PROPOSED LIHTC)  
APARTMENTS  
227 West Montgomery Cross Road  
Savannah, Chatham County, Georgia 31406  
CBRE, Inc. File No. 16-341AT-2937-1

Janna Darmon  
Vice President  
HERMAN & KITTLE PROPERTIES, INC.  
500 E. 96th Street, #300  
Indianapolis, Indiana 46240

Georgia Department of  
Community Affairs (DCA)

## PREMISE OF THE APPRAISAL

Item	Date	Interest Appraised
Date of Report:	November 14, 2016	
Date of Inspection:	September 18, 2016	
Dates of Value		
As Is	September 18, 2016	Fee Simple Estate
Prospective As Complete - As Restricted	July 18, 2018	Leased Fee Interest
Prospective As Stabilized - As Restricted	August 18, 2019	Leased Fee Interest
Prospective As Complete - As Market	July 18, 2018	Leased Fee Interest
Prospective As Stabilized - As Market	August 18, 2019	Leased Fee Interest

Compiled by CBRE

Melissa Blakely

Ron Timblin, Jr.

John W. Cherry, Jr., MAI, CRE

3280 Peachtree Road NE, Suite 1400

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[www.cbre.com/valuation](http://www.cbre.com/valuation)

**CBRE**

November 14, 2016

Janna Darmon  
Vice President  
HERMAN & KITTLE PROPERTIES, INC.  
500 E. 96th Street, #300  
Indianapolis, Indiana 46240

And  
Georgia Department of Community Affairs (DCA)

RE: Appraisal of Woodlands at Montgomery (Proposed LIHTC) Apartments  
227 West Montgomery Cross Road  
Savannah, Chatham County, Georgia  
CBRE, Inc. File No. 16-341AT-2937-1

Dear Ms. Darmon:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject is a proposed 248-unit (LIHTC) 2 & 3 story garden apartment property, which will be constructed over the next 22 Months. The property is situated on a 17.340-acre site in Savannah, Chatham County, Georgia. The subject's address is 227 West Montgomery Cross Road. The subject is more fully described, legally and physically, within the enclosed report.

The subject is planning to apply for, but has not yet been awarded 4% Low Income Housing Tax Credit/Bond Financing from the Georgia Department of Community Affairs. The property will offer 248 low income housing tax credit units upon completion.

Our "as restricted" values assume the property is restricted by the 4% LIHTC/bond program. At the client's request, we have also estimated the subject's market value assuming no participation in the LIHTC program, or "as market rate." The "as market rate" value represents a hypothetical value.

In addition, we note that the subject is currently vacant land; therefore, the "as is" market value is the subject's (vacant) land value.

Given the subject is currently proposed, at the client's request we have estimated the subject's prospective values "As Complete" and "As Stabilized" for the "As Restricted and "As Market" scenarios.

We have utilized the following extraordinary assumptions within this report:

- It is a specific extraordinary assumption that the subject’s proposed construction will be constructed as described by developer using quality materials and workmanship, and within the time frame estimated.
- We recognize our estimated “as complete” and “as stabilized” market value estimates reflect prospective value estimates. The subject development is expected to be constructed and achieve stabilization by August 18, 2019. We have relied upon the most current market data, as well as primary data collected from comparable properties. We have based our analysis on current market conditions to arrive at our prospective market value estimate. With regard to the prospective “as complete” and “as stabilized” market value estimates, we have not applied trending to income or expenses, nor have we discounted the future value. Given the expected restrictions in place, it is difficult to estimate future income (ie. changes to the maximum allowable rents). Further, our overall capitalization rate estimate reflects a forward-looking estimate and is inclusive of the risk associated with being a future estimate.
- Our “as restricted” analysis assumes the subject is awarded 4% LIHTC/bond financing as described by the developer. We are not aware of any awards or commitment letters awarded to date.

At the request of the client, we note the following:

- Intended Use: mortgage underwriting purposes
- Intended User: Herman & Kittle Properties, Inc., and the Georgia Department of Community Affairs.
- This appraisal is assignable to other lenders or participants in the transaction.
- The purpose of this appraisal is to estimate the market value of the subject property.
- No one has provided significant real property appraisal assistance to the persons signing this report.
- Ron Timblin, Jr. has, Melissa Blakely has not, and John W. Cherry, Jr., MAI, CRE has not made a personal inspection of the property that is the subject of this report.
- Estimated marketing period is 4 Months

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

<b>MARKET VALUE CONCLUSION</b>			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	September 18, 2016	\$1,860,000
Prospective As Complete - As Restricted	Leased Fee Interest	July 18, 2018	\$18,225,000
Prospective As Stabilized - As Restricted	Leased Fee Interest	August 18, 2019	\$19,425,000
Prospective As Complete - As Market	Leased Fee Interest	July 18, 2018	\$30,700,000
Prospective As Stabilized - As Market	Leased Fee Interest	August 18, 2019	\$31,975,000

Compiled by CBRE

<b>PREMISE OF THE APPRAISAL</b>		
<b>Item</b>	<b>Date</b>	<b>Interest Appraised</b>
Date of Report:	November 14, 2016	
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Prospective As Complete - As Market	July 18, 2018	Leased Fee Interest
Prospective As Stabilized - As Market	August 18, 2019	Leased Fee Interest
Compiled by CBRE		

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and CBRE will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



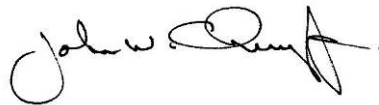
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## Certification

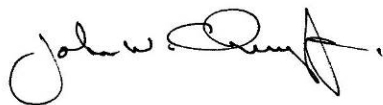
We certify to the best of our knowledge and belief:

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 or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. 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.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Georgia.
8. 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.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, John W. Cherry, Jr., MAI, CRE has completed the continuing education program for Designated Members of the Appraisal Institute.
11. As of the date of this report, Ron Timblin, Jr. has and Melissa Blakely has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.
12. Ron Timblin, Jr. has, Melissa Blakely has not, and John W. Cherry, Jr., MAI, CRE has not made a personal inspection of the property that is the subject of this report.
13. No one has provided significant real property appraisal assistance to the persons signing this report.
14. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
15. Ron Timblin, Jr., Melissa Blakely and John W. Cherry, Jr., MAI, CRE have not provided any 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.
16. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Georgia Real Estate Appraiser Classification and Regulation Act and the Rules and Regulations of the Georgia Real Estate Appraisers Board.




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Ron Timblin Jr.  
Senior Appraiser  
Georgia State Certification No. CG210084




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John W. Cherry, Jr., MAI, CRE  
Managing Director  
Georgia State Certification No. 1233



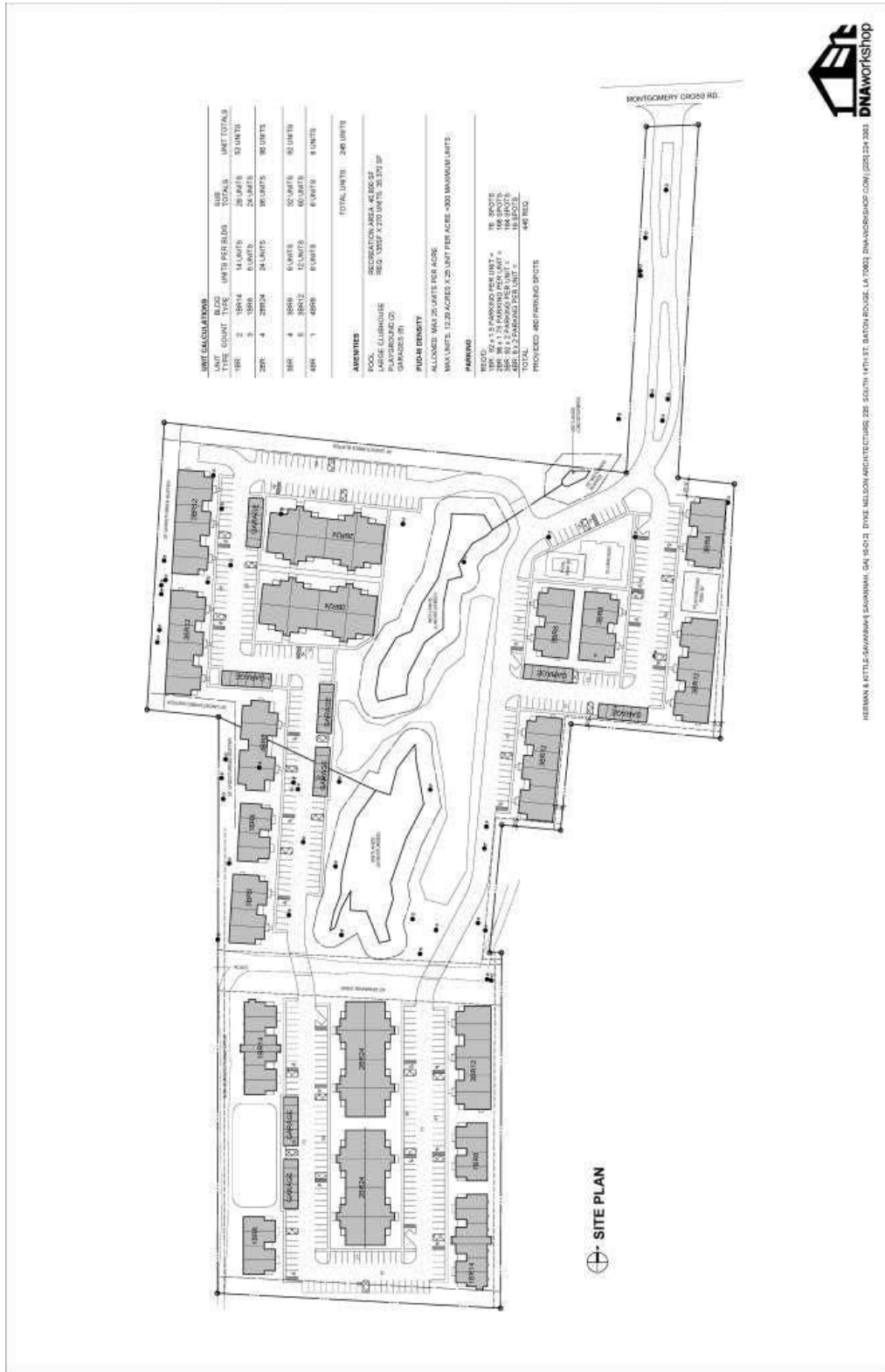

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Melissa K. Blakely  
Appraiser  
Georgia State Certification No. CG345527

## Subject Photographs



Aerial View



HERRMAN & KITTLE SAUVANNA, SAVANNAH, GA 30402 | 912.426.1111 | DNAWORKSHOP.COM | (221) 221 2211

Aerial Map (With Approximate Boundary)





View along Montgomery Crossroads



View along Montgomery Crossroads



View along Montgomery Crossroads



View along Montgomery Crossroads



View along Montgomery Crossroads



View along Montgomery Crossroads



<b>VALUATION</b>		<b>Total</b>	<b>Per Unit</b>
Land Value		\$1,860,000	\$7,500
<b>AS MARKET RATE</b>			
<b>Market Value As Stabilized On</b>	<b>August 18, 2019</b>		
Sales Comparison Approach - As Market Rate		\$31,000,000	\$125,000
Income Capitalization Approach - As Market Rate		\$31,975,000	\$128,931
<b>AS RESTRICTED</b>			
<b>Market Value As Stabilized On</b>	<b>August 18, 2019</b>		
Cost Approach - As Restricted		\$39,350,000	\$158,669
Income Capitalization Approach - As Restricted		\$19,425,000	\$78,327
Insurable Value		\$25,300,000	\$102,016
Insurable Value Per Building		\$25,300,000	
<b>CONCLUDED MARKET VALUE</b>			
<b>Appraisal Premise</b>	<b>Interest Appraised</b>	<b>Date of Value</b>	<b>Value</b>
As Is	Fee Simple Estate	September 18, 2016	\$1,860,000
Prospective As Complete - As Restricted	Leased Fee Interest	July 18, 2018	\$18,225,000
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Prospective As Stabilized - As Market	Leased Fee Interest	August 18, 2019	\$31,975,000
Compiled by CBRE			

## STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

### Strengths/ Opportunities

- The subject has a good location in southern portion of Savannah, with convenient access to area employment centers
- The subject will represent new construction
- The subject will benefit from additional subsidies: LIHTC
- The subject will offer a variety of unit types and good level of property amenities

### Weaknesses/ Threats

- Under the "As Restricted" scenario, the subject will have income and rent restrictions
- Interest rates and apartment capitalization rates are at very low historic levels, with the risk that they will increase in the future

## EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as "an assumption directly related to a specific assignment, as of the effective date of the assignment results, could alter the appraiser's opinions or conclusions."<sup>1</sup>

- It is a specific extraordinary assumption that the subject's proposed construction will be constructed as described by developer using quality materials and workmanship, and within the time frame estimated.

<sup>1</sup> The Appraisal Foundation, *USPAP, 2014-2015 ed.*, U-3.

- We recognize our estimated “as complete” and “as stabilized” market value estimates reflect prospective value estimates. The subject development is expected to be constructed and achieve stabilization by August 18, 2019. We have relied upon the most current market data, as well as primary data collected from comparable properties. We have based our analysis on current market conditions to arrive at our prospective market value estimate. With regard to the prospective “as complete” and “as stabilized” market value estimates, we have not applied trending, nor have we discounted the future value. Given the expected restrictions in place, it is difficult to estimate future income (ie. changes to the maximum allowable rents). Further, our overall capitalization rate estimate reflects a forward-looking estimate and is inclusive of the risk associated with being a future estimate.
- Our “as restricted” analysis assumes the subject is awarded 4% LIHTC/bond financing as described by the developer. We are not aware of any awards or commitment letters awarded to date.

### HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “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.”<sup>2</sup>

- At the client’s request, we have also estimated the subject’s market value assuming no LIHTC program is in place, or “as market rate.” Therefore, our “as market rate” value assumes this hypothetical condition.

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<sup>2</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5<sup>th</sup> ed. (Chicago: Appraisal Institute, 2010), 97.

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## Introduction

### OWNERSHIP AND PROPERTY HISTORY

According to Chatham County records, the subject is currently owned by Signature Bank of Georgia. However, the site is currently under contract to be purchased by Herman & Kittle Properties, Inc. for \$1,800,000. CBRE was provided with a Purchase and Sale Agreement. We are not aware of any other transactions of the properties in the past three years.

The developer will reportedly apply for 4% Low Income Housing Tax Credit/Bond Financing through the Georgia Department of Community Affairs, but we are not aware of any current awards or commitments. The developer anticipates a federal and state tax credit award of \$866,000 per year (for 10 years). The developer has anticipated price per tax credit of \$1.12 for the Federal LIHTC and \$0.60 for the State LIHTC. We have assumed the subject will remain in compliance with all applicable requirements in order to avoid recapture of these credits.

In exchange for these credits, 198 of the subject's units will be rent and income restricted to 60% of the area median income (or less) and the remaining units will be un-restricted market rate units. Based on our experience with the Georgia LIHTC program, we assume the subject's low income housing tax credit restrictions will be in place for a total of 30 years. As such, we reserve the right to amend our conclusions if provided with additional information.

At this point, we must reconcile between the subject's current contract price of \$1,800,000 and our "As Is" market value (land value) of \$1,860,000. Given the minimal variance, the current contract appears to reflect market value.

### INTENDED USE OF REPORT

This appraisal is to be used for mortgage underwriting purposes, and no other use is permitted.

### INTENDED USER OF REPORT

This appraisal is to be used by HERMAN & KITTLE PROPERTIES, INC and The Georgia Department of Community Affairs (DCA).

No other user may rely on our report unless as specifically indicated in the report.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of

the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.<sup>3</sup>

## PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property.

## DEFINITION OF VALUE

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

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

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

## INTEREST APPRAISED

The value estimated represents *Leased Fee Interest* and *Fee Simple Interest* (land) and defined as follows:

*Fee Simple Estate* - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.<sup>5</sup>

*Leased Fee Interest* - A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).<sup>6</sup>

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<sup>3</sup> Appraisal Institute, *The Appraisal of Real Estate*, 14th ed. (Chicago: Appraisal Institute, 2013), 50.

<sup>4</sup> Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

<sup>5</sup> *Dictionary of Real Estate Appraisal*, 78.

<sup>6</sup> *Dictionary of Real Estate Appraisal*, 113.

## SCOPE OF WORK

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied. CBRE, Inc. completed the following steps for this assignment:

### Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- legal description
- site plan
- zoning letter

### Extent to Which the Property is Inspected

On the effective date of appraisal, Ron Timblin, Jr. inspected the subject site, and surrounding areas. Overall Ron Timblin, Jr.'s inspection is considered an adequate representation of the subject property and is the basis for our findings.

### Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- income and expense data
- comparable data

### Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.



## Data Resources Utilized in the Analysis

<b>DATA SOURCES</b>	
<i>Item:</i>	<i>Source(s):</i>
<b>Site Data</b>	
Size	Purchase & Sale Agreement & Developer
<b>Improved Data</b>	
Building Area	Developer
No. Bldgs.	Developer & Site Plan
Parking Spaces	Developer
Year Built/Developed	Developer
<b>Economic Data</b>	
Deferred Maintenance:	N/A
Building Costs:	Marshall Valuation Service
Income Data:	Budgeted Operating Statement
Expense Data:	Budgeted Operating Statement, Expense Comparables
<b>Other</b>	
Developer	Herman & Kittle, Inc.
Architect	KTGY Architecture + Planning
Compiled by CBRE	

## Area Analysis

### Savannah MSA

Georgia



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**CBRE**  
CB RICHARD ELLIS

The subject is located in Chatham County with a city of Savannah mailing address. Savannah is also the largest principal city of the Savannah-Hinesville-Statesboro Combined Statistical Area (CSA), a larger trading area that includes the Savannah and Hinesville-Fort Stewart metropolitan areas and (since 2012) the Statesboro Micropolitan Statistical Area. The CSA is well over half a million people, with an estimated population of 516,154. Savannah is located along the eastern coast of the United States and is Georgia's fourth largest metropolitan area. Because of its proximity to the Atlantic Ocean, Savannah has become a major port city for shipping operations.

Economy.com provides the following Savannah area economic summary as of July 2016. The full Economy.com report is presented in the addenda.

SAVANNAH ECONOMIC ANALYSIS												
Indicators	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gross metro product (C\$B)	14.3	14.5	14.8	15.2	15.6	16.0	16.4	16.7	17.1	17.3	17.6	17.9
% change	2.0	1.3	2.6	2.5	2.8	2.5	2.2	2.1	2.0	1.7	1.4	1.7
Total employment (000)	151.0	152.4	155.9	159.9	165.1	171.6	177.1	179.8	182.0	183.5	183.8	183.7
% change	0.1	0.9	2.3	2.6	3.2	4.0	3.2	1.5	1.2	0.8	0.1	0.0
Unemployment rate	9.7	9.7	8.9	7.8	7.0	5.5	5.2	5.4	5.5	5.7	5.9	6.2
Personal income growth	3.5	8.2	0.5	2.1	3.8	6.6	4.9	4.1	5.0	3.9	3.0	3.2
Population (000)	349.0	356.0	362.0	366.0	372.0	379.0	383.0	387.0	391.0	396.0	401.0	405.0
Single-family permits	1020	1049	1263	1517	1857	2357	2239	2710	2988	2942	2775	2826
Multifamily permits	281.0	576.0	277.0	233.0	354.0	50.0	692.9	839.9	703.0	513.3	458.6	488.3
Existing-home price (\$ths)	201.0	187.0	180.0	187.0	195.0	207.0	217.0	225.0	229.0	230.0	232.0	236.0
Net migration (000)	2.4	5.0	3.8	1.1	4.3	4.3	1.2	1.8	2.4	2.7	2.7	2.2

Source: Economy.com

## RECENT PERFORMANCE

Savannah is on the move, according to the Moody's Analytics business cycle index. House prices are rising more quickly, industrial production may be turning a corner, and employment is shooting higher. Job growth is strong and broad-based in the private sector, and local government is also adding workers. The unemployment rate is down to 4.8%, marginally below the U.S. rate. Decreasing slack and a favorable mix of jobs are powering above-average growth in hourly earnings. However, there is room for improvement with pay lagging that of the U.S. The average workweek has barely budged for the last five years, and temporary employment is also flat. Housing is mixed; prices are rising more quickly partly because of tight supplies and limited new construction.

## TOP EMPLOYERS

Savannah's top employers will remain a crucial cog in the area's expansion, despite a few recent missteps. For just the third time in 15 years, the amount of cargo passing through the Port of Savannah's Garden City terminal fell in fiscal 2016 compared with the year before. The decline was caused by lower exports and totaled less than 3%, so the hit to the economy was small and unlikely to be repeated as global trade revives and the dollar stabilizes. At the same time, plans for the second inland port are moving ahead, which will expand the port's intermodal reach into the fast-growing Southeast market. The port also received a \$44 million grant to expand rail capacity, shifting cargo to trains from trucks and easing area congestion. Gulfstream Aerospace's outlook, despite pending modest layoffs, is bright thanks to continued strong U.S. growth and the rapid post-Brexit stock market rebound.

## TOURISM

The industry will join top employers in fueling growth. Leisure/hospitality will lead all other industries in medium-term job growth, and while industry wages are low, rising payrolls will help keep Savannah's unemployment rate among Georgia's lowest. Not resting on its laurels, Savannah recently received a grant to improve its Historic District, and hotel construction continues apace to meet increased demand—occupancy rates exceed the U.S. average.

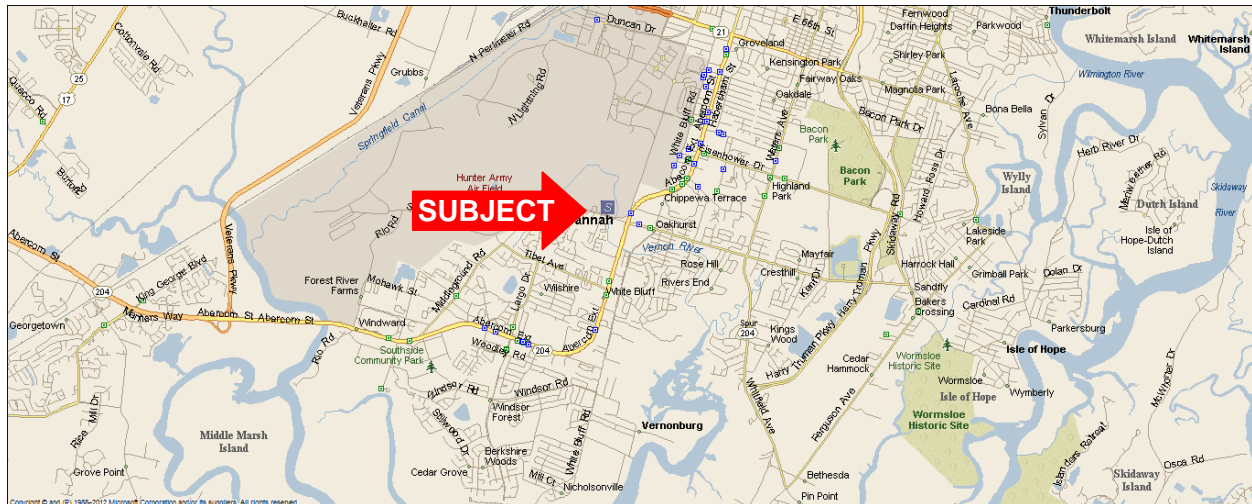
## ASSETS

Although Savannah will lag the U.S. in income and output growth in the long term, the area has the building blocks for better performance. It scores highly on the Moody's Analytics vitality index, which can be used to assess an area's long-term economic potential. The Port of Savannah provides a steady stream of logistics jobs, and the warm climate pulls in retirees and tourists. The latter stimulates housing and consumer services and lifts retail sales and local government tax revenues. The large tourism industry also provides an employment lifeline for low-skilled workers. Meanwhile, the large military base is a stabilizing presence. Savannah's well-educated workforce and below-average business costs could help attract more high-tech jobs, of which the area has few. On the other hand, a rising sea level is a long-run risk because it would threaten Savannah's key economic engines: The low-lying areas near Hunter Army Airfield could flood, access to coastal tourist destinations could be cut, and part of the rail lines to the Port of Savannah's multimodal terminal could be under water.

## CONCLUSION

Savannah is punching above its weight, and growth will slow to a more sustainable rate in the coming quarters. The metro area will generate more jobs this year than last, but growth will slow in 2017 as the private sector comes off the boil. Risks are weighted to the upside, however; housing will benefit from above-average population growth, and the jobless rate will remain among Georgia's lowest. Longer term, Savannah will hold its own, helped by its core logistics industries and strong demographics.

## Neighborhood Analysis



### LOCATION

The subject is in the city of Savannah, and is considered a suburban location. The city of Savannah is situated in northeast Chatham County. The subject is approximately three miles south of the Savannah central business district.

### BOUNDARIES

The boundaries of the neighborhood are not differentiated or exact, but generally encompass a two- to three-mile radius around the subject property.

### GROWTH PATTERNS

Land uses within the subject neighborhood consist of institutional, residential and retail development. Specifically, the area surrounding the subject is mature, with relatively little new development occurring over the past few years. Commercial development is found along major thoroughfares and at intersections with residential development throughout. Hunter Army Airfield, Armstrong Atlantic State University and St. Joseph’s Hospital, are some of the largest employers in Savannah and are all located within the subject neighborhood.

### Hunter Army Air Field

The most prominent development in the neighborhood is the Hunter Army Airfield. The base serves 4,319 soldiers, 722 civilian employees, 9,700 family members, and over 12,000 retirees and their families. The base consists of 5,370 acres, 69 miles of roads and streets, and 690 buildings containing 3,125,000 square feet.

Part of the Stewart/Hunter complex, it is the U.S. Army's premier heavy force power projection platform on the East Coast. The Stewart/Hunter complex is home to the most highly trained and

rapidly deployable mechanized force in the world - the 3rd Infantry Division (Mechanized), the "Iron Fist" of the XVIII Airborne Corps. There are also a number of non-divisional units assigned to Hunter as well. Hunter Army Airfield is home to the Army's longest runway on the east coast (11,375 feet) and the Truscott Air Deployment Terminal. It also is the home of the U.S. Coast Guard Station, Savannah - the largest helicopter unit in the Coast Guard. It provides Savannah and the Southeast United States with round-the-clock search-and-rescue coverage of its coastal areas.

### Commercial Development

The remaining neighborhood is generally characterized as a commercial and residential suburban area. Single-family homes and multi-family properties oriented toward middle- and lower-middle-income families comprise the bulk of development. Both the single-family residences and the apartment complexes are generally in average to good condition.

Commercial development is located primarily along Abercorn Street and consists primarily of regional malls, grocery-anchored neighborhood shopping centers, gas station convenience stores, branch banks, other retail services and office space. Abercorn began to emerge in the 1960s as the primary retail corridor for greater Savannah, and much of the development occurred in the 1960s and 1970s, as Savannah grew southward. Abercorn has continued to develop and re-develop, with most major retailers represented along this corridor.

The neighborhood includes two super-regional malls, Oglethorpe Mall and Savannah Mall. Oglethorpe Mall is a 944,002-square foot super-regional mall anchored by Belk, Sears, JCPenney and Macy's. Oglethorpe Mall opened in 1969, was last renovated in 2002 with additional minor improvements since. It features several major retailers including Barnes & Noble, Macaroni Grill and SteinMart, along with a food court. Savannah Mall, also located along Abercorn Street, opened in June 1990 and has been renovated within the past years. Developed by David Hocker & Associates, the mall was Savannah's first two-level mall and is anchored by Bass Pro Shop, Target and Dillard's. The property encompasses about 938,000 square feet.

### Universities

#### ARMSTRONG ATLANTIC STATE UNIVERSITY

At the southeast corner of the neighborhood is Armstrong Atlantic State University. This university is a part of the University System of Georgia. Founded in 1935, AASU offers undergraduate and graduate degrees in the College of Arts and Sciences, College of Education, College of Health Professions, and the School of Graduate Studies. The university community includes 6,000 students and 250 full-time faculty on a 250-acre campus.

#### SCAD (SAVANNAH COLLEGE OF ART AND DESIGN)

Savannah College of Art and Design was founded in 1978 in order to offer degrees in programs not yet offered in the southeast. Commonly referred to as SCAD, the college has experienced

moderate growth since its founding and, as of fall 2015, has an enrollment of approximately 12,000 students. The college campus includes 67 buildings throughout the grid-and-park system of downtown Savannah. Many buildings are on the famous 21 squares of the old town. Most students live off-campus, outside of the residence halls, as there are no formal campus grounds other than those contained by the building properties themselves. Over the past several years, enrollment at SCAD has followed a rapid growth trend with a total increase of 75.6% over the past 10 years.

### Medical

Two Savannah hospitals partnered in 1997 to create the St. Joseph's/Candler Health System (SJ/C), which is the largest faith-based, nonprofit health institution in the region. SJ/C offers primary care and more than a dozen specialized inpatient and outpatient services ranging from hyperbaric care and wound care to digestive diseases and surgical services at its two anchor hospitals with 305 beds in the St. Joseph's Hospital and 331 beds in the Candler Hospital. Top tertiary care is provided at its Centers of Excellence:

- The Heart Hospital
- Nancy N. and J.C. Lewis Cancer and Research Pavilion
- Mary Telfair Women's Hospital
- Institute for Advanced Bone and Joint Surgery
- The Institute for Neurosciences

Both St. Joseph's Hospital and Candler Hospital are individually accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), while the health system is one of a select few in the country to have achieved network accreditation status. Additionally, St. Joseph's/Candler is the only health provider in the region to have achieved MAGNET status for nursing excellence and is noted as one of the country's Top 100 Integrated Healthcare Systems by Modern Healthcare Magazine.

### ACCESS

Access to the neighborhood in general, and the subject property in particular, is considered good. Abercorn Street, White Bluff Road, Waters Avenue and Middleground Road are the primary north/south transportation corridors in the subject neighborhood, while Montgomery Cross Road, Eisenhower Drive and Interstate 516/Derenne Avenue extend throughout the neighborhood in east/west directions. Other main roadways are Truman Parkway, DeLesseps Avenue and Laroche Avenue.

The Truman Parkway represents a north-south freeway through the eastern portions of Savannah. Beginning at President Street east of downtown, the freeway meanders southward to U.S. 80 (Victory Drive), DeRenne Avenue, Eisenhower Boulevard, Montgomery Cross Road and west to Georgia 204 (Abercorn Street Extension) along the south side Savannah within the city limits.

The neighborhood also has a good level of additional secondary roadways that extend in all directions.

## DEMOGRAPHICS

Selected neighborhood demographics in 1-, 3-, and 5-mile radii from the subject are shown in the following table:

<b>SELECTED NEIGHBORHOOD DEMOGRAPHICS</b>			
<b>227 West Montgomery Cross Road Savannah, GA</b>	<b>1 Mile</b>	<b>3 Miles</b>	<b>5 Miles</b>
<b>Population</b>			
2021 Total Population	8,593	53,128	129,366
2016 Total Population	8,212	50,818	123,872
2010 Total Population	7,881	48,736	118,619
2000 Total Population	8,219	49,827	117,152
Annual Growth 2016 - 2021	0.91%	0.89%	0.87%
Annual Growth 2010 - 2016	0.69%	0.70%	0.72%
Annual Growth 2000 - 2010	-0.42%	-0.22%	0.12%
<b>Households</b>			
2021 Total Households	3,383	20,652	48,588
2016 Total Households	3,254	19,840	46,695
2010 Total Households	3,164	19,324	45,411
2000 Total Households	3,298	19,629	45,052
Annual Growth 2016 - 2021	0.78%	0.81%	0.80%
Annual Growth 2010 - 2016	0.47%	0.44%	0.47%
Annual Growth 2000 - 2010	-0.41%	-0.16%	0.08%
<b>Income</b>			
2016 Median Household Income	\$39,462	\$39,936	\$39,507
2016 Average Household Income	\$49,157	\$52,380	\$54,313
2016 Per Capita Income	\$20,036	\$21,720	\$22,267
2016 Pop 25+ College Graduates	1,141	8,440	22,051
Age 25+ Percent College Graduates - 2016	21.2%	26.0%	27.5%
Source: Nielsen/Claritas			

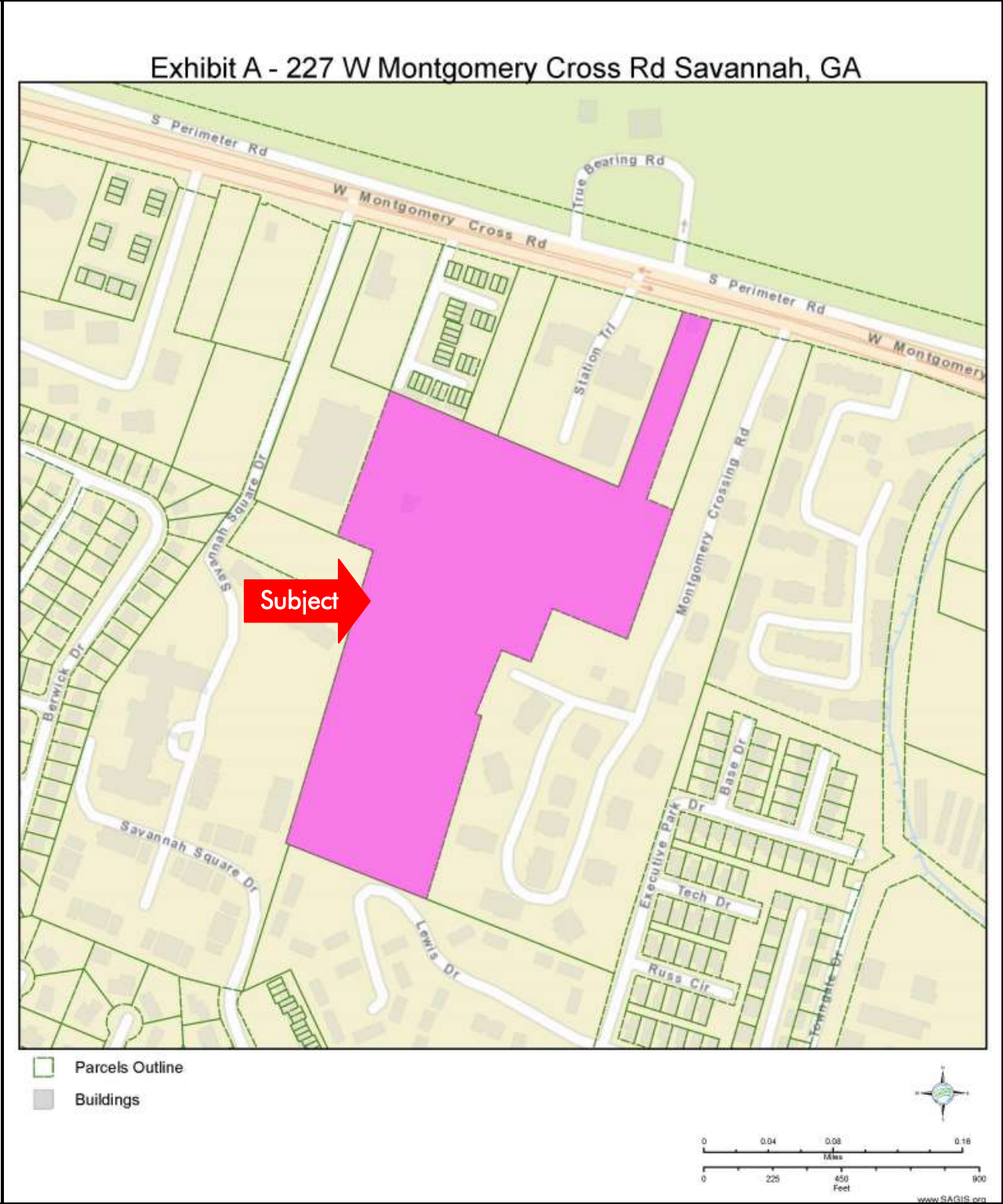
## CONCLUSION

As illustrated, the neighborhood has shown minimal growth in recent years, which is typical in a mature neighborhood. The neighborhood currently has a low income demographic profile. We note that the subject is a proposed (family) garden apartment community. As a result, we expect the demand for the subject will be good.

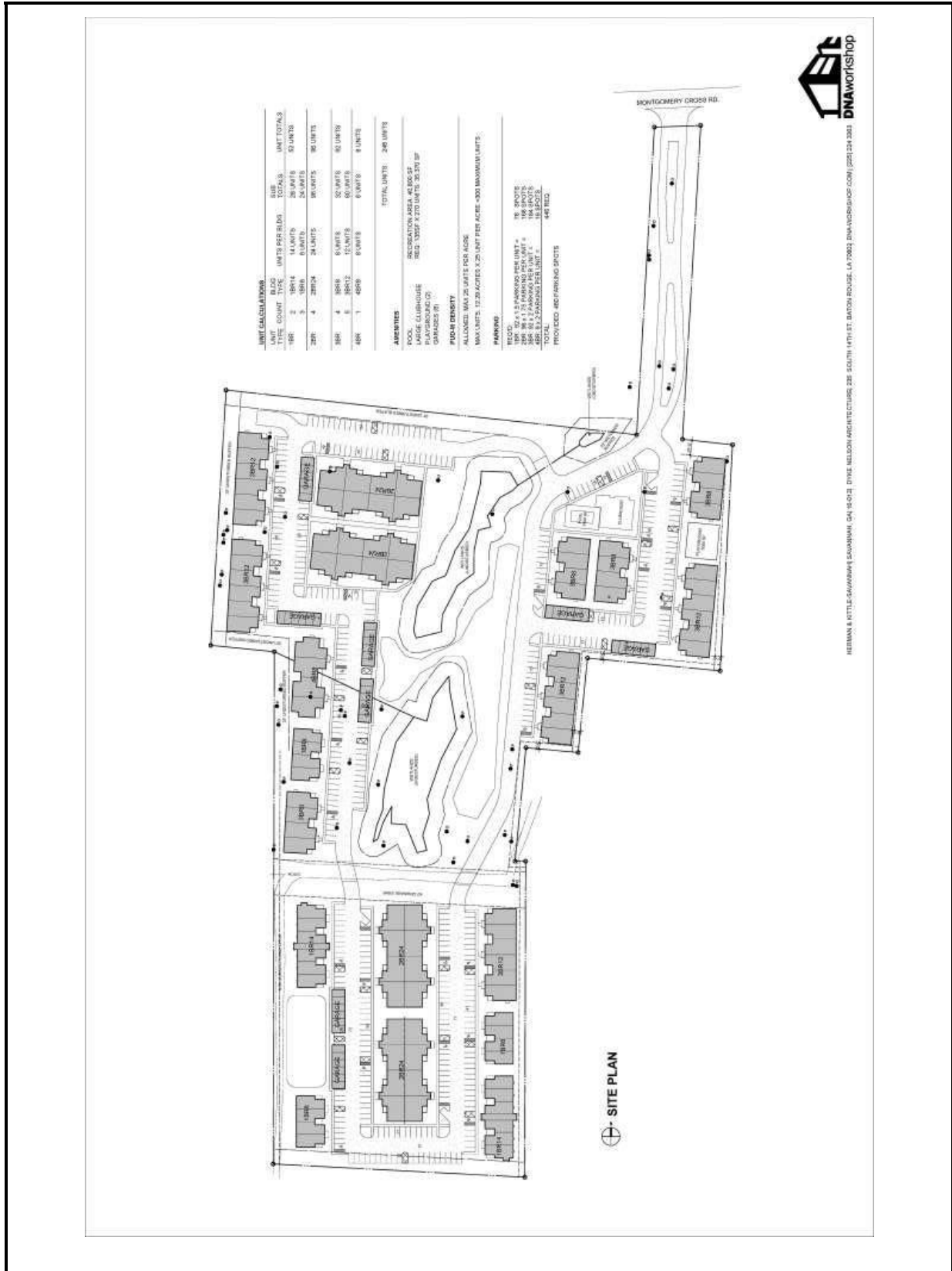


PLAT MAP

Exhibit A - 227 W Montgomery Cross Rd Savannah, GA



SITE PLAN



**UNIT CALCULATIONS**

TYPE	COUNT	TYPE	UNITS PER BUILDING	TOTAL UNITS	UNIT TOTALS
1BR	2	18914	14 UNITS	28 UNITS	50 UNITS
2BR	4	28824	24 UNITS	96 UNITS	96 UNITS
3BR	4	18914	14 UNITS	56 UNITS	96 UNITS
4BR	1	4508	6 UNITS	6 UNITS	6 UNITS
				<b>TOTAL UNITS</b>	<b>248 UNITS</b>

**AMENITIES:**  
 RECREATION AREA, 42,800 SF  
 POOL, 11,100 SF  
 PLAYGROUND (2)  
 GARAGES (2)

**PROGRAM DENSITY:**  
 ALLOWED MAX 24 UNITS PER ACRE  
 MAX UNITS 12.29 ACRES X 20 UNIT PER ACRE = 245.8 MAXIMUM UNITS

**PARKING:**  
 REQ'D: 18 SPOTS PER UNIT = 4464 SPOTS  
 20% IN-LOT PARKING PER UNIT = 496 SPOTS  
 80% OFF-LOT PARKING PER UNIT = 3968 SPOTS  
 TOTAL: 4464 + 496 + 3968 = 8928 SPOTS  
 PROVIDED: 8928 SPOTS



HERMAN & WITTE ARCHITECTS, SAN ANTONIO, TX; MELISSA ARCHITECTURE, 238 SOUTH 47TH STREET, BAYOU BOULE, LA 70002; DNAWORKSHOP.COM (202) 234-1303

## Site Analysis

The following chart summarizes the salient characteristics of the subject site.

<b>SITE SUMMARY</b>			
<b>Physical Description</b>			
Gross Site Area	17.34 Acres		755,330 Sq. Ft.
Net Site Area	17.34 Acres		755,330 Sq. Ft.
Primary Road Frontage	W Montgomery Cross Road		
Excess Land Area	None		n/a
Surplus Land Area	None		n/a
Shape	Irregular		
Topography	Generally level		
Zoning District	PUD-M-25 Zoning District		
Flood Map Panel No. & Date	13051C0145F & 13051C0257F		26-Sep-08
Flood Zone	Zone X		
Adjacent Land Uses	Commercial and residential uses		
Earthquake Zone	N/A		
<b>Comparative Analysis</b>			<b><u>Rating</u></b>
Visibility	Good		
Functional Utility	Assumed adequate		
Traffic Volume	Average		
Adequacy of Utilities	Assumed adequate		
Landscaping	Average		
Drainage	Assumed adequate		
<b>Utilities</b>		<b><u>Provider</u></b>	<b><u>Adequacy</u></b>
Water	City of Savannah		Yes
Sewer	City of Savannah		Yes
Natural Gas	N/A		N/A
Electricity	Georgia Power		Yes
Telephone	AT&T		Yes
Mass Transit	Chatham Area Transit (CAT)		N/A
<b>Other</b>		<b><u>Yes</u></b>	<b><u>No</u></b>
Detrimental Easements			X
Encroachments			X
Deed Restrictions	X		
Reciprocal Parking Rights		X	
Source: Various sources compiled by CBRE			

## ENVIRONMENTAL ISSUES

CBRE, Inc. is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this

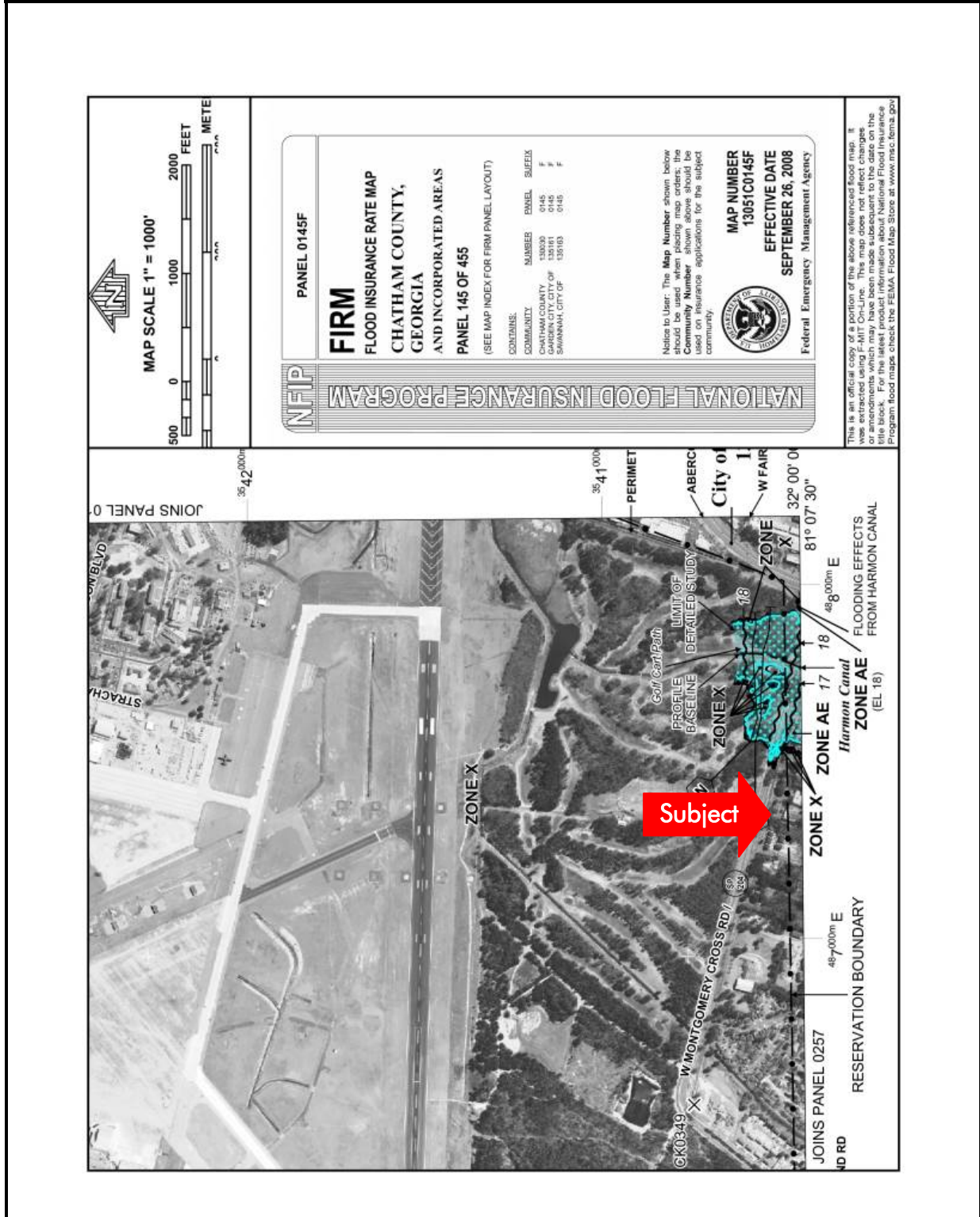
appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

CBRE was not provided with a Phase I Environmental Report for the subject property. We reserve the right to amend our conclusions if provided with one.

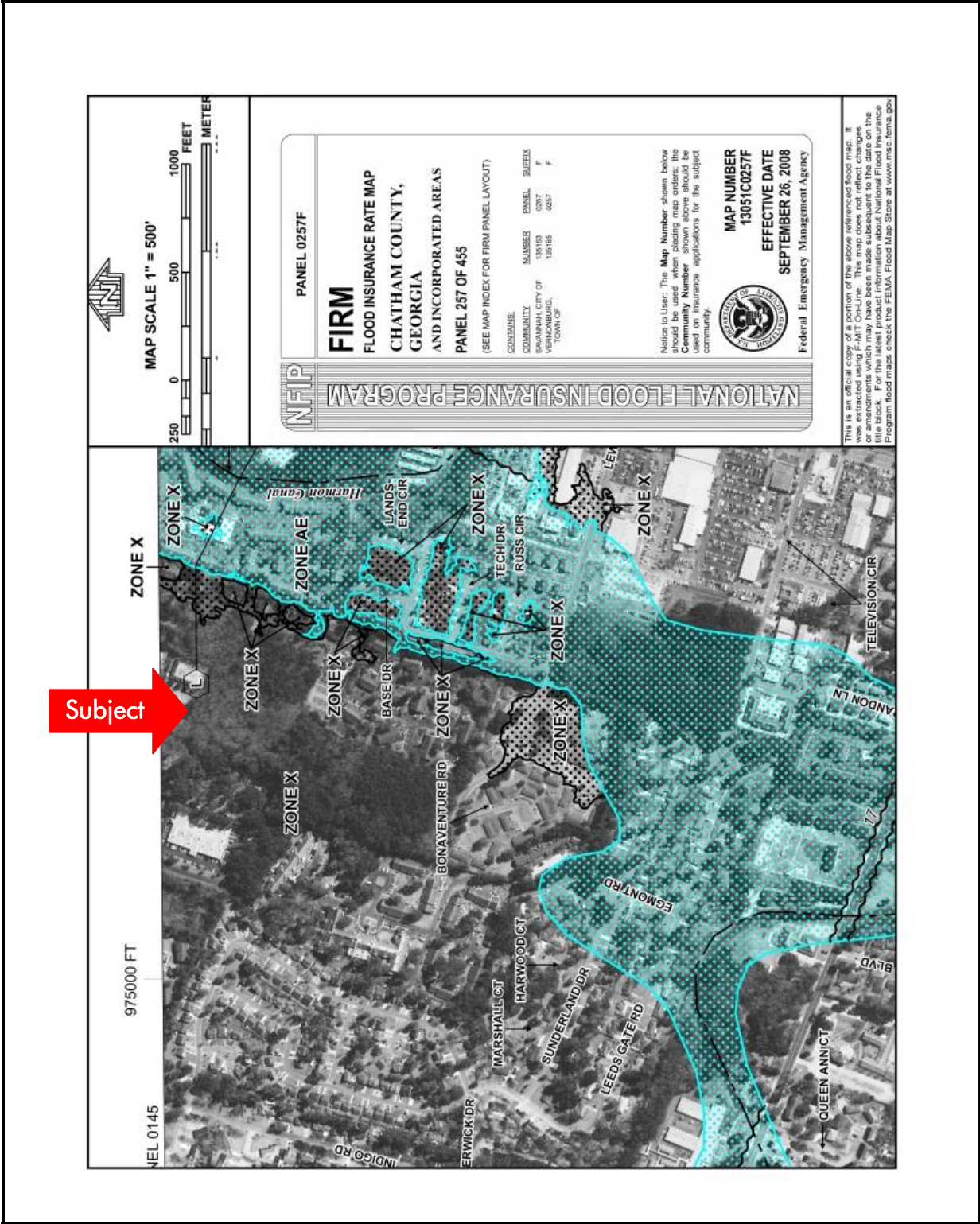
## **CONCLUSION**

The subject site is well located and afforded good access and visibility from roadway frontage. We note that there is an airfield (Hunter Army Airfield) across the street. Overall, there are no known factors which are considered to prevent the site from development to its highest and best use, as if vacant, or adverse to the proposed use of the site.

FLOOD PLAIN MAP



FLOOD PLAIN MAP



FRONT ELEVATION

**WOODLANDS AT MONTGOMERY**  
227 W. MONTGOMERY CROSS RD.  
SAVANNAH, GA 31906

Architect: **ktgy** Architecture + Planning  
1600 W. BROAD ST., SUITE 200  
ATLANTA, GA 30333  
Phone: 404.524.4444  
KTGY Project No: 160522  
Project Contact: [redacted]  
Email: [redacted]  
Project Designer: [redacted]  
Developer: [redacted]

NO. DATE DESCRIPTION

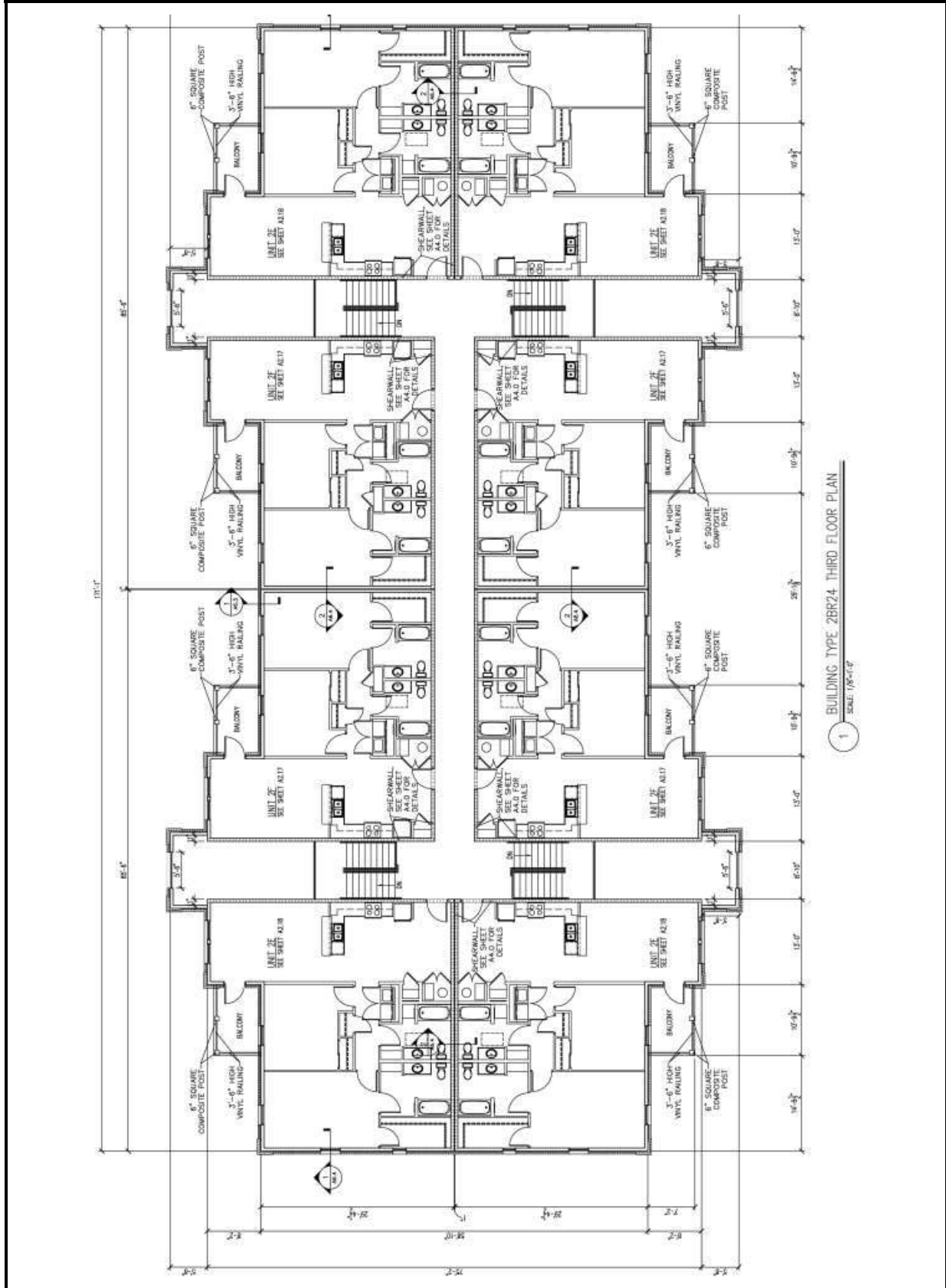
**ELEVATION NOTES**

1. ELEVATION NOTES SHALL BE IN ACCORDANCE WITH THE ARCHITECTURAL STANDARDS AND SPECIFICATIONS.
2. ALL DIMENSIONS GIVEN ARE FROM FACE OF FINISH OPERATIONS UNLESS OTHERWISE NOTED.
3. FINISH OPERATIONS SHALL BE IN ACCORDANCE WITH THE ARCHITECTURAL STANDARDS AND SPECIFICATIONS.
4. ALL DIMENSIONS SHALL BE IN ACCORDANCE WITH THE ARCHITECTURAL STANDARDS AND SPECIFICATIONS.
5. ALL DIMENSIONS SHALL BE IN ACCORDANCE WITH THE ARCHITECTURAL STANDARDS AND SPECIFICATIONS.

**BUILDINGS 9, 10, 18, 19**

1  
2  
3  
4

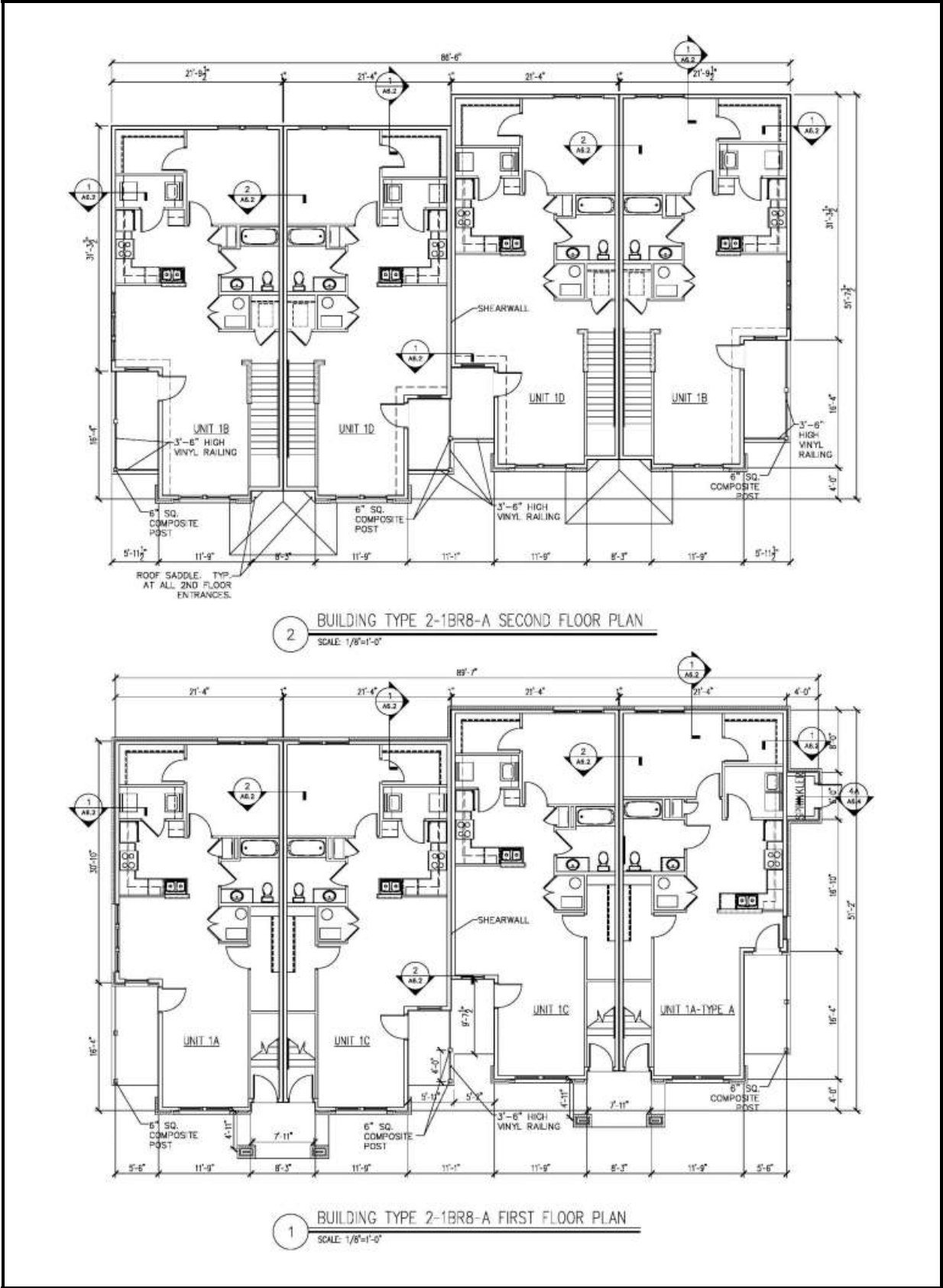
TYPICAL IMPROVEMENT LAYOUT



1 BUILDING TYPE 2BR24, THIRD FLOOR PLAN  
SCALE: 1/8"=1'-0"



TYPICAL IMPROVEMENT LAYOUT



## Improvements Analysis

The following chart shows a summary of the improvements.

IMPROVEMENTS SUMMARY	
Property Type	Apartment (Multi-family Garden)
Number of Buildings	20
Number of Apartment Buildings	19
Number of Stories	2 & 3
Year Built	2018 (Proposed)
Gross Building Area	292,070 SF
Net Rentable Area	281,952 SF
Number of Units	248
Average Unit Size	1,137 SF
Parking Improvements	Open & Detached Garages
Surface Parking Spaces	480
Detached Garages	48
Total Parking Spaces:	528
Parking Ratio (spaces/unit)	2.13

Source: Various sources compiled by CBRE

UNIT MIX					
Unit Mix/Type	Comments	No. Units	Percent of Total	Unit Size (SF)	NRA (SF)
1BR/1BA - 60% AMI		42	16.9%	876	36,792
1BR/1BA - Market Rate		10	4.0%	876	8,760
2BR/2BA - 60% AMI		76	30.6%	1,100	83,600
2BR/2BA - Market Rate		20	8.1%	1,100	22,000
3BR/2BA - 60% AMI		73	29.4%	1,300	94,900
3BR/2BA - Market Rate		19	7.7%	1,300	24,700
4BR/2BA - 60% AMI		7	2.8%	1,400	9,800
4BR/2BA - Market Rate		1	0.4%	1,400	1,400
Total/Average:		248	100.0%	1,137	281,952

Source: Various sources compiled by CBRE

The subject will feature 19 residential buildings and one one-story clubhouse building. The following illustrates the key features/components of the subject improvements.

### YEAR BUILT

The subject is expected to start construction in March 2017, and is expected to complete construction July 18, 2018.

### CONSTRUCTION CLASS

Building construction class will be as follows:

D - Wood frame, floor and structure; considered combustible

The construction components will be in working condition and adequate for the building.

The overall quality of the facility will be considered to be average for the neighborhood and age. However, CBRE, Inc. is not qualified to determine structural integrity and it is recommended that the client/reader retain the services of a qualified, independent engineer or contractor to determine the structural integrity of the improvements prior to making a business decision.

## FOUNDATION/FLOOR STRUCTURE

We assume the foundation will be of adequate load-bearing capacity to support the improvements. The floor structure is summarized as follows:

Ground Floor:	Concrete slab on compacted fill
Other Floors:	Plywood deck with light-weight concrete cover

## EXTERIOR WALLS

The exterior walls will be wood frame with a combination of fiber cement siding. The buildings will have double pane aluminum frame windows.

## ROOF COVER

The building will have asphalt shingle, pitched roofs.

## STAIR SYSTEM

The subject will feature exterior stairwells/breezeways at each building.

## HVAC

The units will feature individual "central" HVAC units with pad-mounted compressors. We assume the systems will be in good operating condition and adequate for the respective square footage of each individual unit.

## UTILITIES

Each unit will be individually metered for electrical usage. The landlord will be responsible for tenant's water/sewer and trash removal, as well as utility costs to the common areas and the individual vacant units with the tenants paying all other utility costs.

## FIRE PROTECTION

The subject's units will feature fire-sprinklers. It is assumed the improvements have adequate fire alarm systems, fire exits, fire extinguishers, fire escapes and/or other fire protection measures to meet local fire marshal requirements. CBRE is not qualified to determine adequate levels of safety & fire protection, whereby it is recommended that the client/reader review available permits, etc. prior to making a business decision.

## PROJECT AMENITIES

The project amenities will include a laundry center, swimming pool, playground, business center, fitness center, and clubhouse.

## UNIT AMENITIES

### Kitchens

Each unit will feature a full black appliance package including a range/oven, vent-hood, refrigerator, built-in microwave, and dishwasher. Additionally, each unit features wood cabinets with laminate countertops, and vinyl plank flooring in the living areas.

### Bathrooms

The bathrooms will feature a commode, wood cabinet with laminate counter and built-in porcelain sink, wall-mounted medicine cabinet with vanity mirror and vinyl plank flooring.

### Interior Features

Each unit will feature washer/dryer connections. All of the units will feature 8' ceilings. Each unit will feature a private balcony or patio. The units will feature ceiling fans and blinds.

### Interior Lighting

Each unit will feature a combination of incandescent and fluorescent lighting in appropriate interior and exterior locations.

## SITE AMENITIES

### Parking and Drives

According to the developer, the project will feature 480 surface parking spaces, including reserved handicap spaces. The subject will also feature 48 detached garage spaces. It is assumed that the level of parking will be meet local zoning restrictions. We assume all surface parking spaces and vehicle drives will be asphalt paved.

### Landscaping

Upon completion, we expect the subject's landscaping will be considered in excellent condition and well maintained.

## FUNCTIONAL UTILITY

Upon completion, we expect all of the floor plans will be considered to feature functional layouts and the layout of the overall project will be considered functional in utility. Therefore, the unit mix is expected to be functional and no conversion is warranted to the proposed improvements. We note that the subject does not feature any three bedroom units.

## ADA COMPLIANCE

We assume all common areas of the property are handicap accessible and the required number of units has been designed for handicap occupancy. The client/reader's attention is directed to the specific limiting conditions regarding ADA compliance.

## FURNITURE, FIXTURES AND EQUIPMENT

The apartment units will be rented on an unfurnished basis. However, miscellaneous maintenance tools, pool furniture, leasing office furniture, recreational room and clubhouse furniture, and various exercise machines are examples of personal property associated with and typically included in the sale of multifamily apartment complexes.

## ENVIRONMENTAL ISSUES

CBRE, Inc. is not qualified to detect the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have specifically assumed there are no hazardous materials that would cause a loss in value to the subject.

## DEFERRED MAINTENANCE

Given the subject will represent new construction, we expect the subject will have no deferred maintenance.

## ECONOMIC AGE AND LIFE

CBRE, Inc.'s estimate of the subject improvements effective age and remaining economic life is depicted in the following chart:

<b>ECONOMIC AGE AND LIFE</b>	
Actual Age	0 Years
Effective Age	0 Years
MVS Expected Life	50 Years
Remaining Economic Life	50 Years
Accrued Physical Incurable Depreciation	0.0%
Compiled by CBRE	

As previously noted, the subject is currently proposed.

## CONCLUSION

Upon completion, the improvements will be considered in excellent overall condition and above average for the age and location with regard to improvement design and layout, as well as amenities. As previously noted, the subject will offer a good level of property amenities. Overall, there are no known factors which could be considered to adversely impact the marketability of any of the subject units or the overall project from a rental standpoint.

## Zoning

The following chart summarizes the subject's zoning requirements.

<b>ZONING SUMMARY</b>	
Current Zoning	PUD-M-25 Zoning District
Legally Conforming	Yes
Uses Permitted	Multifamily Residential
Zoning Change	Not likely
<b>Category</b>	<b>Zoning Requirement</b>
Maximum FAR/Density	25 Units Per Acre
Subject's Proposed Density	14.3 Units Per Acre
Parking Requirements	446
Subject's Proposed Parking	528
Source: City of Savannah Planning & Zoning Dept.	

CBRE was provided with a zoning letter confirming the subject's current zoning.

Considering the subject is proposed, we have assumed the subject could be rebuilt if damaged or destroyed.

### ANALYSIS AND CONCLUSION

As the subject will represent new construction, we expect the subject's improvements will represent a legally conforming use. It is recommended that the local zoning personnel be contacted regarding more specific information which might be applicable to the subject.

## Tax and Assessment Data

The subject is liable for real estate taxes in the city of Savannah and Chatham County. Property in Chatham County is assessed at 40% of the assessor's estimated market value. The combined city and county tax rate for 2016 was 41.704 per \$1,000 of assessment. The following table illustrates the subject's 2016 tax value and our stabilized pro forma estimate.

<b>AD VALOREM TAX INFORMATION</b>				
<u>Assessor's Market Value</u>	<u>Parcel Description</u>	<u>Preliminary 2016</u>	<u>Pro Forma - As Restricted</u>	<u>Pro Forma - As Market Rate</u>
2-0644-01-042		\$1,557,500		
Subtotal		\$1,557,500	\$18,440,000	\$30,380,000
Assessed Value @		40%	40%	40%
		\$623,000	\$7,376,000	\$12,152,000
General Tax Rate	(per \$1,000 A.V.)	41.704	41.704	41.704
<b>Total Taxes</b>		<b>\$25,982</b>	<b>\$307,609</b>	<b>\$506,787</b>

Source: Chatham County Assessor's Office

The subject's current tax value above reflects the land only.

Within Chatham County, the Tax Assessor's office has the ability to revalue a property in any calendar year. Properties in the county are most often revalued following a sale or a significant renovation, although a sale does not necessarily prompt a reassessment. The State of Georgia recently changed its property tax law (Georgia tax law SB 346) whereby the tax value for the upcoming year must be reduced to the purchase price if the tax value is currently at a higher level. However, the law does not address tax values that are below a purchase price. This law went into effect in the 2011 tax year.

### **Recent Georgia State Supreme Court Decisions**

In 2015, Lowndes County filed a suit claiming that OCGA § 48-5-2 (3) (B.1) was unconstitutional. This law precluded tax assessors to include the value of the low income housing tax credits within the fair market valuation of the tax credit properties. From our review of the court's decision, it is our understanding that on September 12, 2016, the state supreme court of Georgia court found that this law was unconstitutional.

The Chatham County tax assessor's office indicated that they had heard of this ruling; however, their current method of assessing low income housing tax credit properties does not include the valuation of the low income housing tax credits. The county utilizes the income approach to value these properties. The assessor confirmed that this often reflects the affordable properties' lower/restricted income and higher expenses.

With support from our conversation with the tax assessor's office, and the developer's budget, we have not considered the subject's tax credits within our estimate of the subject's real estate tax expense.

## TAX COMPARABLES

As a crosscheck to the subject's applicable real estate taxes, CBRE, Inc. has reviewed the real estate tax information according to Chatham County for comparable properties in the market area. The following table summarizes the comparables employed for this analysis:

<b>AD VALOREM TAX COMPARABLES</b>						
Comparable Rental	15 Brasseler Boulevard, Savannah, GA	714 West 57th Street	5110 Garrard Avenue	201 West Montgomery Crossroads	Subject - As Restricted	Subject - As Market Rate
Year Built	2009	2005	2003	1977	2018	2018
No. Units	264	144	324	216	248	248
Tax Year	2016	2016	2016	2016	2016	2016
<b>Assessor's Market Value</b>	\$34,960,000	\$5,570,000	\$17,547,500	\$16,630,600	\$18,440,000	\$30,380,000
<b>AV Per Unit</b>	\$132,424	\$38,681	\$54,159	\$76,994	\$74,355	\$122,500

Source: Chatham County Assessor's Office

## CONCLUSION

The tax comparables indicate a range in value from \$38,681 to \$136,563 per unit. We note that the subject will represent new construction and will be similar or superior with respect to age/condition and location than the tax comparables.

Our research indicates that typical buyers/investors are currently underwriting tax liabilities based on a tax value that is between 80% and 100% of an expected purchase price, but with particular attention typically paid to the tax values of comparable properties. Considering the county utilizes the income approach, we have estimated the subject's tax value would be based on 95% of our concluded market value (As Restricted). Based on the forgoing, we have estimated the subject's taxes at \$307,609 based on a tax value of \$18,440,000 or \$74,355 per unit. We note that our estimate is below the tax comparable range which is considered reasonable given the subject's restricted income and rents.

Similarly, we have estimated the subject's tax value would be based on 95% of our concluded market value (As Market). Based on the forgoing, we have estimated the subject's taxes at \$506,787 based on a tax value of \$30,380,000 or \$122,500 per unit. We note that our tax estimate (As Market Rate) is within the comparable range, which is reasonable given the subject's newer age/condition.



## Market Analysis

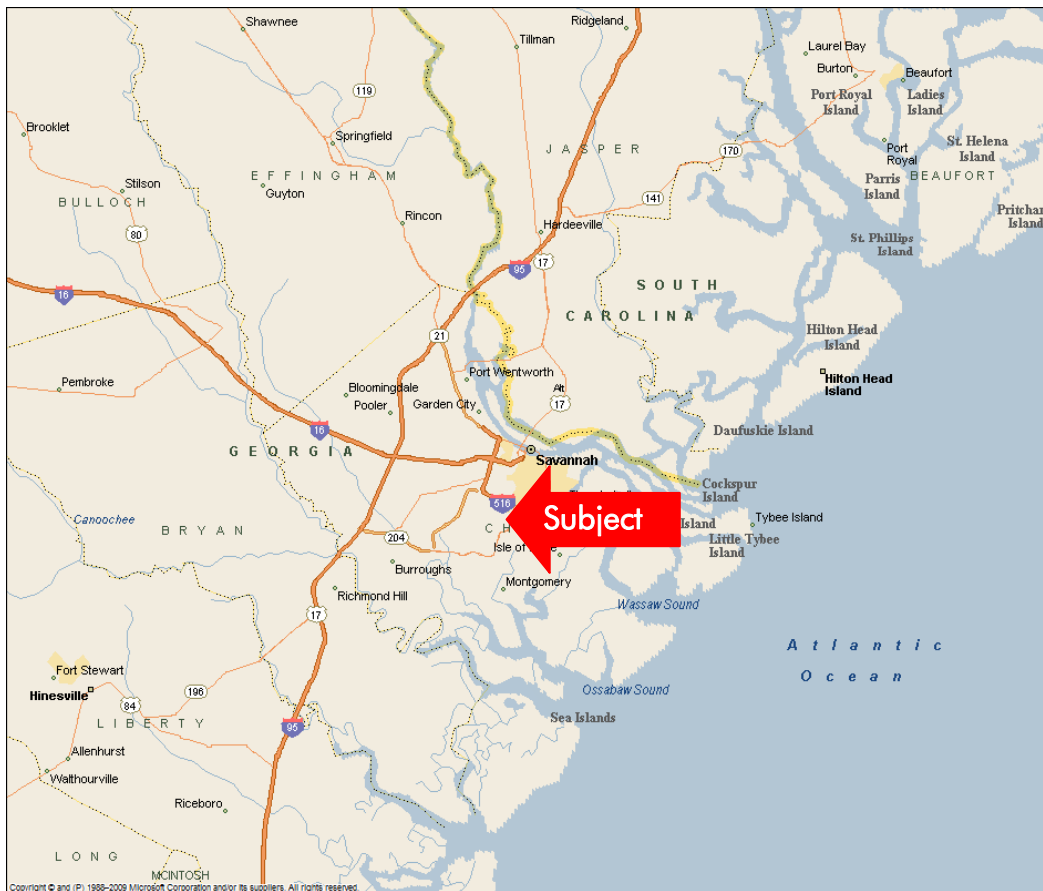
The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. Primary data sources utilized for this analysis include the Savannah Apartment Index, August 2016, an annual review of the apartment industry in the Savannah area, prepared by Carolinas Real Data. This is the most recent data available. We have also utilized for this analysis the Reis, Inc. Performance Monitor, Metro Savannah dated Second Quarter 2016, which is the most recent available. Given the smaller size of the Savannah market, the Reis survey does not subdivide the area into submarkets. We will begin with a discussion of the overall market as of 2nd quarter 2016 provided by Reis.

The subject is located in the Savannah-South submarket as defined by Carolinas Real Data, and upon completion will be considered a Class A garden-style apartment community. The following apartment property definition, from *Income/Expense Analysis: Conventional Apartments 2011*, published by the Institute of Real Estate Management, may be applicable to the subject property:

**Garden Type Projects:** We consider this to be a group of low-rise apartment buildings situated on a sizable landscaped plot, under one management.

### METROPOLITAN SAVANNAH APARTMENT MARKET OVERVIEW - REIS

The following map illustrates the Savannah apartment market area. However, while the market area is indicated to include four counties, it should be noted that all properties included in the Reis survey are located in Chatham, Effingham, and Beaufort counties.



The following discussion illustrates some general observations of the overall apartment market.

### Market Summary

According to the Second Quarter 2016 Reis report, the smallest property surveyed featured 40 units and the largest had 448 units, and the median property size was 175 units. The following table summarizes the Savannah apartment market.

<b>SAVANNAH APARTMENT INVENTORY</b>	
Avg. Units Per Property	175
Min. Units Per Property	40
Max. Units Per Property	448
Percent of Inventory - Chatham	85%
Percent of Inventory - Chatham County	9%
Percent of Inventory - Effingham	4%
Percent of Inventory - Riley	2%
Source: Reis Performance Monitor, Metro Savannah - 2nd Quarter 2016	

The following table provides further delineation of the market apartment inventory.

<b>INVENTORY BY BUILDING AGE</b>	
<b>Year Built</b>	<b>Percent of Inventory</b>
Before 1970	11%
1970-1979	16%
1980-1989	23%
1990-1999	12%
2000-2009	24%
After 2009	15%
<b>All</b>	<b>100%</b>

Source: Reis Performance Monitor, Metro Savannah - 2nd Quarter 2016

As noted, a significant portion of the Savannah apartment inventory consists of newer properties, with approximately 39% of properties built after 1999. The following table summarizes market trends within the Savannah market over the past ten years.

<b>SAVANNAH APARTMENT MARKET - HISTORICAL SUMMARY</b>				
<b>Year</b>	<b>Vacancy</b>	<b>Vacancy % Change</b>	<b>Asking Rent</b>	<b>Ask Rent % Change</b>
YE2005	6.5%	N/A	\$665	N/A
YE2006	6.3%	0.2%	\$692	4.1%
YE2007	7.6%	1.3%	\$710	2.6%
YE2008	6.7%	-0.9%	\$728	2.5%
YE2009	11.1%	4.4%	\$711	-2.3%
YE2010	8.3%	0.6%	\$722	1.5%
YE2011	8.1%	-0.5%	\$742	2.7%
YE2012	6.5%	-1.6%	\$750	1.2%
YE2013	6.5%	0.0%	\$766	2.0%
YE2014	5.7%	-0.8%	\$785	2.6%
YE2015	6.8%	1.1%	\$799	1.7%
1Q2016	7.2%	0.4%	\$810	1.4%
2Q2016	7.0%	-0.2%	\$817	0.9%

Source: Reis Performance Monitor, Metro Savannah - 2nd Quarter 2016

As of Second Quarter 2016, the Savannah apartment market reported an average overall occupancy level of 93%. This represents a slight improving trend from the first quarter average of 92.8%. Average monthly asking rental rents increased from \$810 in the first quarter up to \$817 in the second quarter of 2016. The following table provides a further breakdown of market vacancy within the market, as of Second Quarter 2016.

<b>VACANCY RATE BY AGE</b>	
Year Built	Vacancy Rate
Before 1970	6.7%
1970-1979	4.9%
1980-1989	4.3%
1990-1999	5.0%
2000-2009	7.3%
After 2009	14.6%
All	7.0%

Source: Reis Performance Monitor, Metro Savannah - 2nd Quarter 2016

As noted, the overall market average occupancy level was 93% as of Second Quarter 2016, improving slightly from 7.2% in the first quarter. The following table provides a breakout of Savannah area apartments by unit type.

<b>RENT DETAILS BY UNIT TYPE</b>				
	Current Metro Average Rents and Sizes			Asking Rent Growth
	2Q 2016	Avg. SF	Avg. Rent PSF	YTD
Studio / Efficiency	\$607	456	\$1.33	1.2%
One-Bedroom	\$738	758	\$0.97	3.1%
Two-Bedroom	\$825	1,051	\$0.79	1.7%
Three-Bedroom	\$1,056	1,321	\$0.80	2.4%

Source: Reis Performance Monitor, Metro Savannah - 2nd Quarter 2016

As illustrated, one-bedroom rental rates averaged \$0.97 per square foot and experienced the most growth, during this quarter at 3.1% as of year-to-date.

## **METROPOLITAN SAVANNAH APARTMENT MARKET OVERVIEW – CAROLINAS REAL DATA**

The following section is a discussion of the market and the submarket as provided by Carolinas Real Data for August 2016.

### **Market Summary**

The development pipeline is moderately active with 1,313 units currently under construction and 2,057 more units proposed. The majority of new construction is taking place in the Central and Savannah West submarkets with three communities under construction in each. Market statistics for the overall Savannah area are shown in the following table:

**SAVANNAH SUMMARY**

	July '14	July '15	July '16
# Units	21,339	21,361	21,738
# Vacant	1,424	976	1,089
Vacancy %	6.7%	4.6%	5.0%
Average SF	1,013	1,012	1,021
Average Rent	\$894	\$958	\$971
Average Rent/SF	\$0.88	\$0.95	\$0.95
Absorption	380	1,244	803
# Under Construction	963	795	1,313
# Proposed	330	1,772	2,057
Change in Supply	843	798	131
Starts	731	847	918
Rent Change	\$25.63	\$31.14	\$15.14

Source: Carolinas Real Data, August 2016

As shown in the previous table, the vacancy rate is currently 5.0% up from 4.6% in 2015. Although demand remained strong with 803 units absorbed in the past year, it did not keep pace with new supply resulting in a slight increase in vacancies. Same-unit rents increased by \$15.14 or 1.6%, compared to increases above 3% annually the past two years. The current average monthly rent in Savannah is \$971. One-bedroom units rent for \$869 per month, two-bedroom units rent for \$991 and three bedroom units rent for \$1,116. The following table presents analyzes market data by bedroom type for the overall Savannah market as of August 2016:

**SAVANNAH MARKET SUMMARY BY BEDROOM TYPE**

	Units	Vacant	Vacant %	Avg. SF	Rent	Rent/SF
One-Bedroom	6,780	337	5.0%	764	\$869	\$1.14
Two-Bedroom	11,511	585	5.1%	1,087	\$991	\$0.91
Three-Bedroom	3,366	164	4.9%	1,307	\$1,116	\$0.85
Totals	21,738	1,089	5.0%	1,021	\$971	\$0.95

Source: Carolinas Real Data, August 2016

As reflected in the previous table, three-bedroom floor plans have the lowest vacancy rate in the local market followed by one- and two-bedroom units. Carolinas Real Data also provides statistical data based on the age of the apartment community. The following table analyzes market data by age group for the overall Savannah market as of August 2016:

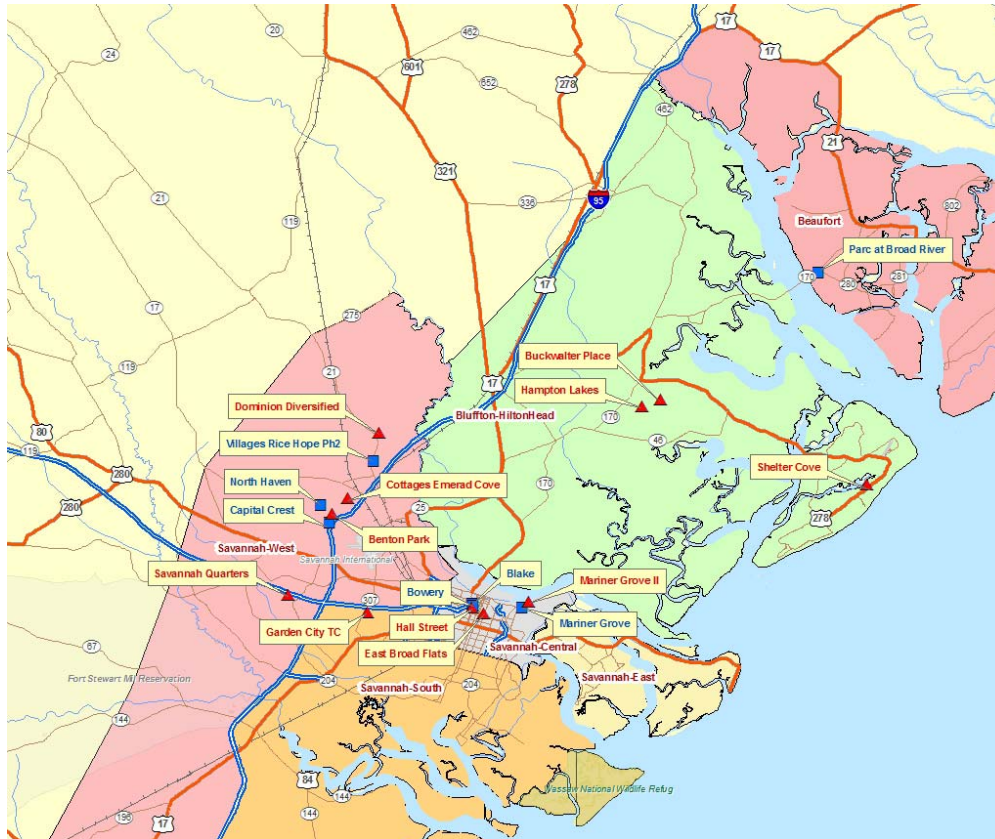
**SAVANNAH AGE GROUP COMPARISON**

	Total Units	Vacant Units	Vacancy Rate	Average SF	Average Rent	Average Rent/SF	Absorption 12 Mos.	Supply Change
In Lease-Up	1,184	101	8.5%	1,065	\$963	\$0.905	827	918
1-5 Years in Age	1,779	126	7.1%	1,081	\$1,152	\$1.065	126	0
6-15 Years in Age	8,159	439	5.4%	1,061	\$1,018	\$0.959	-149	0
16-30 Years in Age	4,941	201	4.1%	1,014	\$961	\$0.948	1	0
30+ Years in Age	5,675	222	3.9%	943	\$859	\$0.911	-2	0

Source: Carolinas Real Data, August 2016

## Supply and Demand

Based on the current development pipeline, supply growth may have peaked at least in the near term but demand is surging. Shown in the below map, are properties currently under construction or proposed for the Savannah market.



- Campus Works Development is nearing completion on 75 student-housing units at the Blake, located at 540 Selma Street in the Savannah-Central submarket.
- Lat Purser & Associates has started construction on 59 units at the Bowery, located at 515 Montgomery Street, in the Savannah-Central submarket.
- The Mariner Group / JS&H Enterprises / Ian Smith has 320 units in development at Mariner Grove, located at 2010 East President Street, in the Savannah-Central submarket.
- Two Capital Partners is finishing up on 203 units at Capital Crest at Godley Station on Benton Blvd. in the Savannah-West submarket.
- Davis Development has permits issued and has started construction on 256 units at North Haven on Spring Lake Boulevard in the Savannah-West submarket.
- Waypoint Residential has 154 units under construction in a second phase at Villages at Rice Hope and expect to complete the Savannah-West community by summer of 2017.

- Equity Resources has begun delivering units at Parc at Broad River, a 246 unit community on Savannah Highway in the Beaufort submarket. Completion is scheduled for this October.

The following table illustrates the current apartment development in the Savannah area that has been recently completed, are under construction.

<b>SAVANNAH COMMUNITIES UNDER CONSTRUCTION</b>		
<b>Community</b>	<b>Submarket</b>	<b>Units</b>
Blake (Student)	Savannah-Central	75
Bowery	Savannah-Central	59
Mariner Grove	Savannah-Central	320
Capital Crest at Godley Station	Savannah-West	203
North Haven	Savannah-West	256
Villages at Rice Hope	Savannah-West	154
Parc at Broad River	Beaufort	246
<b>Total Units Under Construction</b>		<b>1,313</b>

Source: Carolinas Real Data, August 2016

Currently there are 2,057 apartment units proposed to be built in the Savannah area.

There are a number of projects there were previously listed as proposed but have since been put on hold and have not been included. Those projects may be built at a later date and will be included in the report again at that time.

- DPJ Residential is planning to start later this year on 70 units at East Broad Flats at 1020 East Broad Street in the Savannah-Central submarket.
- Ian Smith has plans for 73 units on Hall Street and Martin Luther King Boulevard in the Savannah-Central submarket.
- The Mariner Group / JS&H Enterprises / Ian Smith is in the permitting stage for 232 additional units at Mariner Grove located at President Street and Woodcock Road, in the Savannah-Central submarket.
- Roberts Properties plans to develop 200 units at the Garden City Town Center site on Dean Forest Road in the Savannah-South submarket. The developer is not expected to close on the land until 2017.
- There are 267 units currently being reviewed by the Metropolitan Planning Commission at Benton Park at Benton Boulevard and Highlands Boulevard in the Savannah-West submarket.
- Neyland Apartment Associates is doing site work for 300 units at the Cottages at Emerald Cove on Basswood Drive near Benton and Highlands Boulevards in the Savannah-West submarket.
- Dominion Diversified Real Estate is planning to build 250 units on Old Augusta Road in the Savannah-West submarket. Rezoning has been approved.

- Southeastern Development is doing site work for 124 units at Buckwalter Place on Buckwalter Parkway in the Bluffton submarket.
- Southeastern Development is doing site work for 241 units at Grand Oaks at Shelter Cove on Shelter Cove Lane in the Bluffton submarket.
- Southeastern Development is doing site work for 300 units at Hampton Lakes off Bluffton Parkway the Hampton Lakes neighborhood in the Bluffton submarket.

The following table illustrates the proposed or planned future development.

<b>PROPOSED SAVANNAH COMMUNITIES</b>		
<b>Community</b>	<b>Submarket</b>	<b>Units</b>
East Broad Flats	Savannah-Central	70
Hall Street (Unnamed)	Savannah-Central	73
Mariner Grove	Savannah-Central	232
Garden City Town Center site	Savannah-South	200
Benton Park	Savannah-West	267
Cottages at Emerald Cove	Savannah-West	300
Old Augusta Road (Unnamed)	Savannah-West	250
Buckwalter Place	Bluffton	124
Grand Oaks at Shelter Cove	Bluffton	241
Hampton Lakes	Bluffton	300
<b>Total Units Proposed</b>		<b>2,057</b>

Source: Carolinas Real Data, August 2016

Lincoln Properties had purchased land along the Savannah River in the downtown submarket planned for condominium development. However, they have since sold the land to another developer. Information is not available as to the intentions of the new buyer, however, preliminary development plans still indicate the development of multi-family units. The bulk of the vacant land available for apartment development is located in the northwest quadrant of Interstate 16 and 95.

The following table indicates the deliveries by year for Beaufort and Chatham Counties since 2001.



BEAUFORT/CHATHAM COUNTY SUPPLY - UNITS DELIVERED TO THE MARKET																
Name	Location	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Links at Georgetown	West Chatham															
Georgetown Woods	West Chatham	72														
King George	West Chatham	80														
GreyStone Loch*	Bluffton-Hilton Head Submarket						(194)									
Palmetto Lakes at Westbury Park*	Bluffton-Hilton Head Submarket				(320)											
Preserves at Indigo Run*	Bluffton-Hilton Head Submarket				(252)											
Reserve at Woodbridge*	Bluffton-Hilton Head Submarket	214			(214)											
The Legends*	Bluffton-Hilton Head Submarket					(132)										
Brighton Bay*	Bluffton-Hilton Head Submarket	153	(153)													
The Oaks at Broad River Landing	Beaufort	248														
The Preserve at Godley Station	West Submarket		100	60												
Merritt at Whitmarsh	East Submarket		142	99		111										
Ford's Point	West Submarket		188	72												
Walden Park	East Submarket		220													
Oaks at Brandlewood	Central Submarket			324												
Walden at Chatham Center	Central Submarket			238												
Bradley Point South	West Submarket				144											
Colonial Grand at Godley Station	West Submarket				312											
The Lakes at Myrtle Park	Bluffton-Hilton Head Submarket				204			156								
The Preserve at Port Royal	Beaufort				232		168									
Shell Pointe (Tax Credit)	Beaufort					72										
Ashley Midtown	Central Submarket					168										
Montgomery Landing	Central Submarket					144										
Alta Towne Lake	West Submarket						312									
Garden City Lake Townhomes	West Submarket							210								
Carrington Square	West Submarket						176		288							
Fenwick Village Ph 1	Central Submarket							276								
Fenwick Village Ph 2	Central Submarket								172							
Hallmark White Oak (Tax Credit)	Bluffton-Hilton Head Submarket							72								
Springs at Chatham Center	Central Submarket								352							
Courtney Station	West Submarket								300							
Courtney Bend	Bluffton-Hilton Head Submarket								254							
Colonial Village at Godley Lake	West Submarket								288							
Cross Creek (Tax Credit)	Beaufort								144							
Avala at Savannah Quarters	West Submarket									256						
Rice Creek	West Submarket									240						
Villages at Rice Hope	West Submarket									200						
Springs at Effingham	West Submarket									352						
The Trellis	South Submarket									264						
Oldfield Mews	Beaufort									184						
Auston Chase	Bluffton-Hilton Head Submarket									300						
Auston Pointe	Beaufort									240						
Crowne at Old Carolina	Bluffton-Hilton Head Submarket									199						
Grand Oaks at Ogeechee River Ph. I	South Submarket										217					
Grand Oaks at Ogeechee River Ph. II	South Submarket											99				
Waverly Station at the Highlands	West Submarket									222						
Savannah Gardens Ph. III (Affordable)	Central Submarket											115				
Two Addison Place	West Submarket														325	
Villas at Park Avenue	West Submarket														283	
One West Victory (Student)	Central Submarket														114	
Litchfield	South Submarket															24
Savannah Gardens Ph. IV (Affordable)	Central Submarket														114	
The Hue (Student)	Central Submarket															147
Capital Club at Godley Station	West Submarket															245
Parkside at the Highlands	West Submarket															317
Durham Park	West Submarket															130
Legend at Chatham	South Submarket															255
<b>Totals</b>		<b>767</b>	<b>497</b>	<b>793</b>	<b>106</b>	<b>363</b>	<b>462</b>	<b>714</b>	<b>1,798</b>	<b>2,235</b>	<b>222</b>	<b>217</b>	<b>214</b>	<b>0</b>	<b>836</b>	<b>1,118</b>
* Converted to Condominium																
Compiled by: CBRE, Inc.																

Chatham County has averaged 477 unit deliveries per year over the last five years, as compared to 1,086 units per year for the prior four years.

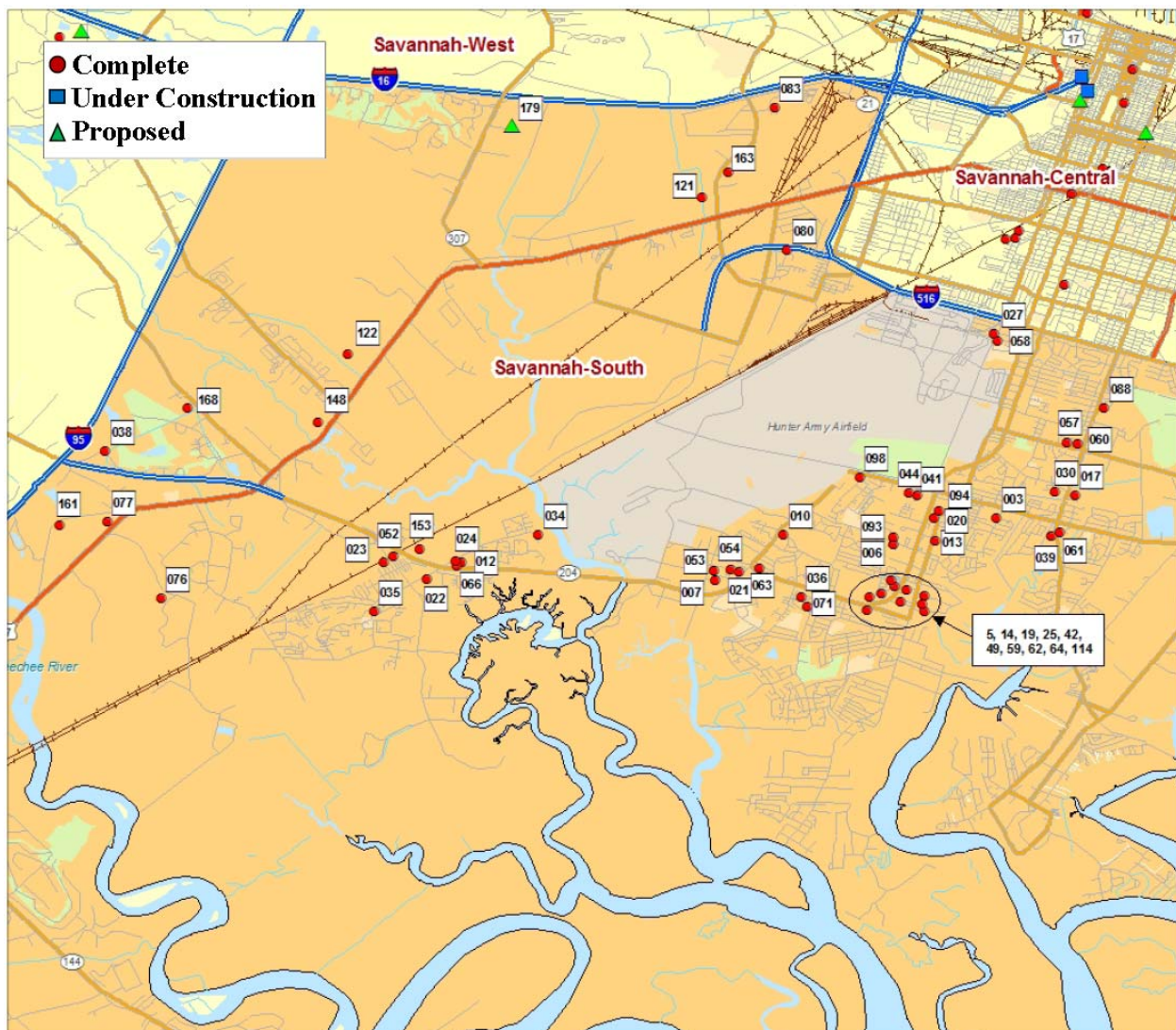
### Outlook for the Overall Savannah Apartment Market

Demand for housing is considered relatively stable in the Savannah area; although, the economy experienced a bit of a rebound over the past year. Despite recent hiccups in the global economy, Savannah is inching closer to expansion. Job growth has slowed but is keeping pace with the Georgia and U.S. averages. Despite current conditions, the future of the region looks bright with the Port of Savannah as an integral force in the economic recovery. It is the fourth largest port in the country and the nation's fastest growing container port. The Army Corp of Engineers recently gave the go-ahead to deepen the port from 41 to 47 feet, a project that is expected to bring in \$174 million in net annual benefits after its completion in 2016. With trade keeping business up at the ports and a major expansion underway at local military bases, growth in the Savannah market is expected to outpace the rest of the state and the nation. Growth will primarily occur outside the Savannah city limits, in unincorporated areas of Chatham County, as the core of Savannah is considered fully developed. The Georgetown area extends from Interstate 95 to the

Savannah Mall, and is at the center of what should continue to be the primary growth corridor for the Savannah region. While the military represents a significant level of employment for the area, considering the diversification of the employment base in recent years we do not believe the market is excessively dependent on the military. However, it should be noted that the Georgetown / Richmond Hill area, with its close proximity to the military base, has shown a significant increase in occupancy. This increase reverses the previous downward trend and points to the diversification in the economy as well as better regulated troop movements in and out of the Savannah area. This is noted, also, somewhat in the Southside of Savannah, in close proximity to the same base and the Hunter Army Airfield.

### ANALYSIS OF THE SAVANNAH-SOUTH SUBMARKET

Within this section we have considered changes occurring in the submarket in which the subject property is located, or in the Savannah-South submarket. A map of the submarket is provided below.



The following table illustrates a comparison between the various submarkets in Savannah:

<b>SAVANNAH SUBMARKET COMPARISON</b>									
	Total	Vacant	Vacancy	Average	Average	Average	Absorption	Units	Units
	Units	Units	Rate	SF	Rent	Rent/SF	12-Months	U/C	Proposed
Beaufort	1,659	91	5.5%	1,025	\$1,005	\$0.981	68	246	0
Bluffton/Hilton Head	2,227	76	3.4%	1,110	\$1,149	\$1.035	-13	0	665
Savannah-Central	1,919	80	4.2%	1,012	\$818	\$0.808	79	454	375
Savannah-East	1,290	33	2.6%	1,008	\$1,086	\$1.078	23	0	0
<b>Savannah-South</b>	<b>9,338</b>	<b>465</b>	<b>5.0%</b>	<b>992</b>	<b>\$907</b>	<b>\$0.914</b>	<b>338</b>	<b>0</b>	<b>200</b>
Savannah-West	5,305	344	6.5%	1,042	\$1,028	\$0.987	308	613	817
<b>Totals/Averages</b>	<b>21,738</b>	<b>1,089</b>	<b>5.0%</b>	<b>1,021</b>	<b>\$971</b>	<b>\$0.951</b>	<b>803</b>	<b>1,313</b>	<b>2,057</b>

Source: Carolinas Real Data, August 2016

As illustrated, the Savannah-South submarket contains 9,338 units, representing half of the entire market. Positive absorption of 338 units occurred. The vacancy rate rose over the past twelve months from 3.9% up to 5.0% as of July. The following table depicts vacancy trends for the submarket.

<b>SAVANNAH-SOUTH VACANCY TRENDS</b>						
	Jul '11	July '12	July '13	July '14	July '15	July '16
One-Bedroom	4.0%	5.8%	5.3%	7.5%	3.5%	4.8%
Two-Bedroom	4.4%	6.3%	5.5%	6.0%	3.8%	5.2%
Three-Bedroom	5.1%	5.6%	8.0%	9.5%	5.2%	4.5%
<b>Totals</b>	<b>4.3%</b>	<b>6.0%</b>	<b>5.8%</b>	<b>6.9%</b>	<b>3.9%</b>	<b>5.0%</b>

Source: Carolinas Real Data, August 2016

The following table depicts rental trends for the submarket.

<b>SAVANNAH-SOUTH RENT TRENDS</b>								
	July '09	July '10	July '11	July '12	July '13	July '14	July '15	July '16
One-Bedroom	\$668	\$670	\$700	\$714	\$742	\$736	\$760	\$819
Two-Bedroom	\$795	\$774	\$817	\$851	\$857	\$867	\$885	\$919
Three-Bedroom	\$942	\$933	\$957	\$1,010	\$999	\$999	\$1,037	\$1,091
<b>Totals</b>	<b>\$770</b>	<b>\$757</b>	<b>\$794</b>	<b>\$824</b>	<b>\$837</b>	<b>\$840</b>	<b>\$840</b>	<b>\$907</b>
Rent Change	-0.6%	-2.5%	4.8%	2.0%	0.9%	0.6%	2.3%	2.7%

Source: Carolinas Real Data, August 2016

The average rent for the South submarket is \$907 per month, only \$64 less than the market average. Same-store rents rose by 2.7% in the past year, a \$23.44 increase.

#### PROPERTIES UNDER CONSTRUCTION & PROPOSED

- Roberts Properties plans to develop 200 units at the Garden City Town Center site on Dean Forest Road. The developer is not expected to close on the land until 2017.

There are currently no properties under construction for the Savannah-South submarket at this time.

Given the subject's strong occupancy and historical occupancy, as well as the occupancy and absorption taking place in the submarket we do not anticipate the new property to negatively impact the subject's operations.

### Conclusion for the Submarket

The Savannah South submarket represents the one of the older submarkets for the Savannah market. The convenient access to employment centers and retail centers are the main drivers behind the development, as well as access to waterways. Currently, the South submarket contains nearly half of the overall market. The submarket is expected to see a decline over the next year in vacancy given the lack of new supply and is also expected to see continued rent growth at 2.7% over the next year.

### BARRIERS TO ENTRY

Vacant land is available throughout the metropolitan area. Within the subject submarket, which is a more mature area of Savannah, there are a limited number of vacant sites for development as well as suitable sites that could benefit from redevelopment. Availability of suitable sites is not a constraint to development. The city attitude toward development is perceived as challenging at times, but as evinced by continuing development in the area, is navigable. Therefore, no barriers to entry were noted.

### RENT RESTRICTION ANALYSIS

#### *Low Income Housing Tax Credit Program*

According to the developer, the subject will participate in the Low Income Housing Tax Credit (LIHTC) program offered through the Georgia Department of Community Affairs (DCA). Under this program, the subject units are restricted to prospective tenants who qualify as "low income" or "very low income" under the definitions of federal housing policy. These units will have restricted rent levels associated with the LIHTC program.

The relevant definitions are defined by federal housing policy:

Moderate Income	At or below Area Median Family Income (MFI)
Low Income	At or below 80% of MFI, or 60% under LIHTC program
Very Low Income	At or below 50% of MFI
Extremely Low Income	At or below 30% of MFI

In analyzing the level of demand for the subject property under the LIHTC program, the requirements of the subject's program, the percentage of area residents who qualify to live at the subject property and whether they could qualify to live at the property has been considered. This method of analysis allows a static quantification of the potential pool of residents at the subject property and to project future demand for the subject.

For the purpose of our analysis, considering the population density, number of potentially competing properties, commuter trends, etc., we have concluded the primary market area for the

subject primary market area to the area within a 5-mile radius of the subject, which we believe is reasonable considering the size of Madison and the project's size. In addition, we note that the demographic report indicates that of the existing households within the primary market, approximately 56.3% are occupied by renters.

### Demand

The rent restricted requirements of the subject property are described as follows:

- 198 units will be income and rent restricted to 60% of the area median income (AMI), or less.

### Restricted Rental Rates

The 2016 Chatham County MFI is \$63,500. The median family income (MFI) is based on a four-person household, and adjustments are required to account for assumed differences in household sizes. For example, the income level for a three-person household is 90% of the four-person household. The following table illustrates MFI for the "low income" definition based on household size.

HUD MEDIAN FAMILY INCOME LIMITS BY HOUSEHOLD SIZE						
"LOW INCOME" - 60% OF MFI						
	1 Person HH	2 Person HH	3 Person HH	4 Person HH	5 Person HH	6 Person HH
	70% of 4-Person	80% of 4-Person	90% of 4-Person	100% of 4-Person	108% of 4-Person	116% of 4-Person
60% of MFI	\$26,700	\$30,480	\$34,320	\$38,100	\$41,160	\$44,220
Compared to 100% of MFI	\$44,450	\$50,800	\$57,150	\$63,500	\$68,580	\$73,660

Source: HUD

Under HUD guidelines, each bedroom in an apartment unit is assumed to accommodate 1.5 persons. Therefore, an efficiency unit equates to a household of 1.0 persons, a one-bedroom unit equates to a household of 1.5 persons, a two-bedroom unit equates to a household of 3.0 persons, a three-bedroom unit equates to a household of 4.5 persons, and so on. The family income requirement for one-bedroom units is the average of the one- and two- person household. The two-bedroom units are based on the three-person household, and the three-bedroom units are the average of the five- and six-person household. The indicated family income limits levels are summarized in the following table.

HUD MEDIAN FAMILY INCOME LIMITS BY FLOOR PLAN					
"LOW INCOME" - 60% OF MFI					
	Efficiency Unit	1-Bedroom Unit	2-Bedroom Unit	3-Bedroom Unit	4-Bedroom Unit
	1.0 Person HH	1.5 Person HH	3.0 Person HH	4.5 Person HH	6.0 Person HH
60% of MFI	\$26,700	\$28,590	\$34,320	\$39,630	\$44,220
Compared to 100% of MFI	\$44,450	\$47,630	\$57,150	\$66,040	\$73,660

Source: HUD

The subject's maximum allowable monthly (gross) rent levels are summarized in the following table.

<b>MAXIMUM ALLOWABLE GROSS RENT</b>					
	% of Income for Housing	1-Bedroom Unit	2-Bedroom Unit	3-Bedroom Unit	4-Bedroom Unit
60% of MFI	30%	\$714	\$858	\$990	\$1,105

Source: Developer

Utilities allowance can be calculated under one of several options, including estimations from the respective providers or tables set by the local public housing authority, the state allocating agency, local utility providers or HUD. In this analysis, we have utilized the utility allowances provided by the developer. The total utility allowance for the subject is summarized in the following table.

<b>UTILITIES ALLOWANCE</b>				
	1-Bedroom Unit	2-Bedroom Unit	3-Bedroom Unit	4-Bedroom Unit
<b>Total</b>	<b>\$116</b>	<b>\$138</b>	<b>\$177</b>	<b>\$264</b>

Source: Developer

As noted, the tenants will be responsible for all utilities except for trash removal.

Incorporating a deduction for the utilities allowance as required by the program guidelines, the concluded maximum rent for each unit type is summarized in the following table.

<b>RESTRICTED RENT CONCLUSIONS</b>									
No. Units	Unit Type	Unit Size	Total SF	Max (Net) LIHTC Rent \$/Unit	Developer's Proposed Net Rents \$/Unit	Concluded Rent \$/Unit	Concluded Annual Rent		
							\$/Unit	\$/SF	Total
42	1BR/1BA - 60% AMI	876 SF	36,792 SF	\$598	\$598	\$598	\$7,176	\$8.19	\$301,392
10	1BR/1BA - Market Rate	876 SF	8,760 SF	N/A	\$1,030	\$1,030	\$12,360	\$14.11	\$123,600
76	2BR/2BA - 60% AMI	1,100 SF	83,600 SF	\$720	\$720	\$720	\$8,640	\$7.85	\$656,640
20	2BR/2BA - Market Rate	1,100 SF	22,000 SF	N/A	\$1,085	\$1,085	\$13,020	\$11.84	\$260,400
73	3BR/2BA - 60% AMI	1,300 SF	94,900 SF	\$813	\$813	\$813	\$9,756	\$7.50	\$712,188
19	3BR/2BA - Market Rate	1,300 SF	24,700 SF	N/A	\$1,255	\$1,255	\$15,060	\$11.58	\$286,140
7	4BR/2BA - 60% AMI	1,400 SF	9,800 SF	\$841	\$841	\$841	\$10,092	\$7.21	\$70,644
1	4BR/2BA - Market Rate	1,400 SF	0 SF	N/A	\$1,480	\$1,480	\$17,760	\$12.69	\$17,760
248		983 SF	243,760 SF				\$9,793	\$9.96	\$2,428,764

Compiled by CBRE

As illustrated, the developer's proposed LIHTC rents are set to the maximum allowable (net) LIHTC rents.

### Market Penetration

CBRE was provided with a preliminary tax credit support report performed by Bowen National Research, dated April 4, 2016. According to this report, "the subject's overall GDCA-formatted LIHTC capture rate of 13.3%, which is based on 2016 maximum allowable gross rents at 60% of AMHI for the MSA, is below the state agency's threshold of 30%." The report concludes that "a market exists for additional LIHTC rental housing within the Savannah Site PMA, assuming that is marketable in terms of location, design, amenities, and price."

## DEMOGRAPHIC ANALYSIS

Demand for residential properties is a direct function of demographic characteristics analyzed on the following pages.

### Housing, Population and Household Formation

The following table illustrates the population and household changes for the subject neighborhood.

<b>POPULATION AND HOUSEHOLD PROJECTIONS</b>			
	1 Mile	3 Miles	5 Miles
<b>Population</b>			
2021 Total Population	8,593	53,128	129,366
2016 Total Population	8,212	50,818	123,872
2010 Total Population	7,881	48,736	118,619
2000 Total Population	8,219	49,827	117,152
Annual Growth 2016 - 2021	0.91%	0.89%	0.87%
Annual Growth 2010 - 2016	0.69%	0.70%	0.72%
Annual Growth 2000 - 2010	-0.42%	-0.22%	0.12%
<b>Households</b>			
2021 Total Households	3,383	20,652	48,588
2016 Total Households	3,254	19,840	46,695
2010 Total Households	3,164	19,324	45,411
2000 Total Households	3,298	19,629	45,052
Annual Growth 2016 - 2021	0.78%	0.81%	0.80%
Annual Growth 2010 - 2016	0.47%	0.44%	0.47%
Annual Growth 2000 - 2010	-0.41%	-0.16%	0.08%

Source: Nielsen/Claritas

### Income Distributions

Household income available for expenditure on housing and other consumer items is a primary factor in determining the price/rent level of housing demand in a market area. In the case of this study, projections of household income, particularly for renters, identifies in gross terms the market from which the subject submarket draws. The following table illustrates estimated household income distribution for the subject neighborhood.

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**HOUSEHOLD INCOME DISTRIBUTION**


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Households by Income Distribution - 2016	1 Mile	3 Miles	5 Miles
<\$15000	17.58%	15.61%	18.14%
\$15000-\$24999	11.06%	13.47%	12.92%
\$25000-\$34999	14.81%	13.82%	12.98%
\$35000-\$49999	17.39%	17.24%	15.78%
\$50000-\$74999	19.42%	19.93%	18.19%
\$75000-\$99999	12.02%	9.87%	10.01%
\$100000-\$149999	6.02%	6.61%	7.60%
\$150000-\$199999	1.26%	2.30%	2.57%
\$200000+	0.49%	1.16%	1.80%
No Longer Used	0.00%	0.00%	0.00%

Source: Nielsen/Claritas

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The following table illustrates the median and average household income levels for the subject neighborhood.

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**HOUSEHOLD INCOME LEVELS**


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Income	1 Mile	3 Miles	5 Miles
2016 Median Household Income	\$39,462	\$39,936	\$39,507
2016 Average Household Income	\$49,157	\$52,380	\$54,313
2016 Per Capita Income	\$20,036	\$21,720	\$22,267

Source: Nielsen/Claritas

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### Employment

An employment breakdown typically indicates the working class characteristics for a given market area. The specific employment population within the indicated radii of the subject is as follows:



**EMPLOYMENT BY INDUSTRY**

Occupation	1 Mile	3 Miles	5 Miles
Agric/Forestry/Fishing/Hunting/Mining	0.00%	0.15%	0.19%
Construction	3.15%	4.35%	5.85%
Manufacturing	3.34%	4.44%	6.22%
Wholesale Trade	3.26%	2.25%	1.96%
Retail Trade	18.41%	14.97%	13.70%
Transportation/Warehousing/Utilities	5.17%	6.01%	6.68%
Information	0.42%	1.23%	1.06%
Estate/Rental/Leasing	3.07%	4.69%	4.43%
Prof/Scientific/Tech Services	3.41%	3.77%	4.16%
Mgmt of Companies/Enterprises	0.03%	0.03%	0.02%
Admin/Support/Waste Mgmt Svcs	5.46%	3.98%	4.50%
Educational Services	8.27%	8.34%	8.94%
Health Care/Social Assistance	16.65%	15.12%	15.19%
Arts/Entertainment/Recreation	1.05%	1.37%	1.79%
Accommodation/Food Services	18.01%	16.73%	14.21%
Other Services (excl Publ Adm)	2.49%	3.99%	4.40%
Public Administration	7.80%	8.57%	6.71%

Source: Nielsen/Claritas

**COMPETITIVE PROPERTIES**

Comparable properties were surveyed in order to identify the current occupancy within the competitive market. The comparable data is summarized in the following table:

**SUMMARY OF COMPARABLE APARTMENT RENTALS**

Comp. No.	Name	Location	Distance from Subject	Type	Occupancy
1	Savannah Gardens	515 Pennsylvania Avenue, Savannah, GA	8.0 Miles	LIHTC & Market	97%
2	Ashley Midtown	1518 Park Avenue, Savannah, GA	7.2 Miles	LIHTC & Market	96%
3	Montgomery Landing Apartments	714 West 57th Street, Savannah, GA	4.6 Miles	LIHTC & Market	98%
4	Sustainable Fellwood	1401 Fellwood Drive, Savannah, GA	9.7 Miles	PH, LIHTC & Market	98%
5	Sterling Bluff	201 West Montgomery Crossroads, Savannah, GA	0.1 Miles	Market Rate	94%
6	The Trellis	15 Brasseler Boulevard, Savannah, GA	7.0 Miles	Market Rate	93%

Subject	Woodlands at Montgomery	227 West Montgomery Cross Road, Savannah, Georgia	Proposed
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Compiled by CBRE

The majority of comparable properties surveyed reported occupancy rates of 93% or better, and all are currently in average to excellent condition.

## SUBJECT ANALYSIS

### Occupancy

The subject's occupancy is detailed in the following chart.

<b>OCCUPANCY</b>	
Year	% PGI
Stabilized Budget	92.5%
<b>CBRE Estimate - As Restricted</b>	<b>94.0%</b>
<b>CBRE Estimate - As Market Rate</b>	<b>94.0%</b>
Compiled by CBRE	

We note the developer's estimate includes credit loss.

Based on the foregoing analysis, CBRE, Inc.'s conclusion of stabilized occupancy for the subject is illustrated in the following table. This estimate considers both the physical and economic factors of the market.

<b>OCCUPANCY CONCLUSIONS</b>	
Overall Savannah Market	93.0%
Savannah-South Submarket (Average)	95.0%
Rent Comparables	95.8%
Subject's Stabilized Occupancy - As Restricted	94.0%
Subject's Stabilized Occupancy - As Market Rate	94.0%
Compiled by CBRE	

We have concluded to a stabilized occupancy level generally in line with the developer's estimate (considering our credit loss estimate) and well supported by the rent comparables and the available market data. Overall, we believe our estimate reflects how a typical buyer would analyze the subject property.

### Absorption

As noted, the subject is currently proposed and 0% occupied. According to the developer, the property is expected to complete construction by July 18, 2018 and achieve stabilization by August 18, 2019, or 13 Months after construction. The most recent rent comparable completed construction in 2012. However, we note that Parkside at the Highlands (317-units), a garden-style conventional project in nearby Pooler, GA started leasing in September 2015 and was approximately 86% occupied in September 2016, which indicates an average absorption pace of 22.7 units per month. The developer's timeline indicates a 17.9 units/month absorption pace. Given the lack of recent new construction in the market and the subject's project size, good location within Savannah, and expected excellent condition upon completion, we believe the

developer's expected absorption is reasonable. We expect the subject's units mix, unit sizes and project amenities will be well accepted by the market.

## **CONCLUSION**

With respect to the subject property in particular, we believe it is well located for an apartment property. The site is conveniently located with respect to employment centers and major roadways, and the surrounding apartment developments are experiencing good levels of demand and this is expected to continue over the foreseeable future.

## Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

### AS VACANT

#### Legally Permissible

The legally permissible uses were discussed in the Site Analysis and Zoning Sections.

#### Physically Possible

The subject is adequately served by utilities, and has an adequate shape and size, sufficient access, etc., to be a separately developable site. There are no known physical reasons why the subject site would not support any legally probable development (i.e. it appears adequate for development). Existing structures on similar sites provides additional evidence for the physical possibility of development.

#### Financially Feasible

Potential uses of the site include multi-family residential and are discussed below. The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. As discussed in the market analysis of this report, the subject apartment market is generally stabilized. We are not aware of any recent conventional market rate development in the subject's immediate neighborhood. Further, it does not appear the subject's development would be feasible without its Low Income Housing Tax Credit award and/or other affordable funding. Considering the market rents in the neighborhood, and the external obsolescence indicated by the cost approach, it is our opinion that it would not be financially feasible to construct the subject without additional subsidies.

#### Maximally Productive - Conclusion

The final test of highest and best use of the site as if vacant is that the use be maximally productive, yielding the highest return to the land. In the case of the subject as if vacant, the analysis has indicated that an affordable apartment project would be most appropriate.

Based on the information presented above and upon information contained in the market and neighborhood analysis, we conclude that the highest and best use of the subject as if vacant would be to hold for future apartment development. Our analysis of the subject and its

respective market characteristics indicate the most likely buyer, as if vacant, would be an investor (land speculation).

## **AS PROPOSED**

### **Legally Permissible**

The site is currently proposed to be developed with a subsidized apartment development that is a legal, conforming use.

### **Physically Possible**

The layout and positioning of the improvements will be considered functional for apartment use. While it would be physically possible for a wide variety of uses, based on the legal restrictions and the design of the improvements, the continued use of the property for apartment users would be the most functional use.

### **Financially Feasible**

As noted previously, the proposed apartment development would not be considered cost feasible without the additional subsidies (ie. Low Income Housing Tax Credits). Thus, it is our opinion that it would not be financially feasible to construct the subject without these additional subsidies.

### **Maximally Productive - Conclusion**

As shown in the applicable valuation sections, buildings that are similar to the subject have been acquired or continue to be used by apartment owners/tenants. None of the comparable buildings have been acquired for conversion to an alternative use.

Based on the foregoing, the highest and best use of the property, as proposed, is consistent with the proposed use, as an affordable apartment development, but without the additional subsidies the highest and best use would be to hold for future apartment development.

## Appraisal Methodology

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

### **COST APPROACH**

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

### **SALES COMPARISON APPROACH**

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

### **INCOME CAPITALIZATION APPROACH**

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

### **METHODOLOGY APPLICABLE TO THE SUBJECT**

In valuing the subject, all three approaches are applicable and have been utilized.

We note that the subject will be restricted by Low Income Housing Tax Credits. Given the lack of comparable, recent apartment sales encumbered by similar rent/income restrictions and subsidies, we have not included a sales comparison approach for the "As Restricted" scenario, but have included a sales comparison approach "As Market Rate." We note that we have considered recent sales of LIHTC properties within our estimation of the subject's capitalization rate (As Restricted).

## Land Value

The following map and table summarize the comparable data used in the valuation of the subject site. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE LAND SALES								
No.	Property Location	Transaction Type	Date	Actual Sale Price	Adjusted Sale Price <sup>1</sup>	Size (Acres)	Price Per Bldg Unit	
1	227 West Montgomery Cross Road, Savannah, GA	Under Contract/Offer	Nov-16	\$1,800,000	\$1,800,000	17.34	\$7,258	
2	5 Wahlstrom Road, Savannah, GA	Sale	Jul-14	\$2,145,000	\$2,145,000	18.55	\$6,724	
3	1502 Benton Boulevard, Savannah, GA	Sale	Mar-13	\$2,132,215	\$2,132,215	18.54	\$8,329	
4	Pine Baren Road, Pooler, GA	Sale	Apr-12	\$1,631,500	\$1,631,500	18.26	\$6,157	
Subject	227 West Montgomery Cross Road, Savannah, Georgia	---	---	---	---	17.34	---	

<sup>1</sup> Adjusted sale price for cash equivalency and/or development costs (where applicable)  
Compiled by CBRE

The sales utilized represent the best data available for comparison with the subject. We note that Comparable 1 represents the current contract of the subject's site.

## DISCUSSION/ANALYSIS OF LAND SALES

### Land Sale One (Subject's Site)

This comparable represents the current contract of a 17.34 acre vacant site in Savannah, Chatham County, Georgia. The site is located along the southern side of West Montgomery Cross Road, just west of Abercorn Extension and just south of the Hunter Army Air Field. The property is currently under contract for \$1,800,000. The site is currently proposed for a 248 unit garden-style multifamily tax credit development. Based on the current contract price, the implied price equates to \$7,258 per unit.

No adjustments are considered warranted to the comparable's price per unit indication.

### Land Sale Two

This comparable represents the sale of an 18.55 acre tract of vacant land located at the northeast corner of the intersection of E President Street and Wahlstrom Road, and having a physical address of 5 Wahlstrom Road, Savannah (Chatham County), GA 31404. The property sold in July of 2014 for a reported price of \$2,145,000, or \$132,407 per acre. At the time of sale, the site was vacant, and in generally raw condition, with all utilities available to the site. It was reported that the property was purchased for the proposed development of a 319-unit, high-end garden style apartment development to be known as Mariner Grove. The project was still in the planning phase at time of sale, with construction expected to begin during the second quarter of 2015, and final delivery projected for second quarter 2016. The reported development plans indicate a sale price of \$6,724 per proposed unit.

As compared to the subject, an upward adjustment is warranted for the comparable's inferior market conditions. No other adjustments are considered warranted to the comparable's price per unit indication.

### Land Sale Three

This is the sale of a 18.54-acre parcel located along Benton Boulevard in Pooler, Chatham County, Georgia. The site is generally level, irregularly shaped and currently under construction for a 256-unit apartment project to be known as The Captial Club. The property has access and frontage along Benton Boulevard as well as Mulberry Boulevard. The location is just north Pooler Parkway and its intersection with Interstate-95 in an area that has experienced tremendous growth recently with the continued expansion of Gulfstream. In addition, the southwest quadrant of the intersection is currently being developed with the 410,000 square foot Outlet Mall of Georgia with completion anticipated in 2015. The property sold in March 2013 for \$2,132,215, or \$8,329 per planned unit.

As compared to the subject, an upward adjustment is warranted for the comparable's inferior market conditions. Conversely, a downward adjustment is warranted for the comparable's superior location. No other adjustments are considered warranted to the comparable's price per unit indication.



## Land Sale Four

This represents the purchase of two tax parcels totaling 18.266 acres located along the north side of Pine Barren Road west of Pooler parkway in Pooler, GA. The location is just north of Interstate 16. The property was purchased for the development of a multi-family property known as Two Addison Place.

As compared to the subject, an upward adjustment is warranted for the comparable's inferior market conditions. No other adjustments are considered warranted to the comparable's price per unit indication.

## SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

<b>LAND SALES ADJUSTMENT GRID</b>					
Comparable Number	1	2	3	4	Subject
Transaction Type	Under Contract/Offer	Sale	Sale	Sale	---
Transaction Date	Nov-16	Jul-14	Mar-13	Apr-12	---
Actual Sale Price	\$1,800,000	\$2,145,000	\$2,132,215	\$1,631,500	---
Adjusted Sale Price <sup>1</sup>	\$1,800,000	\$2,145,000	\$2,132,215	\$1,631,500	---
Size (Acres)	17.34	18.55	18.54	18.26	17.34
Size (SF)	755,330	808,038	807,602	795,406	755,330
Density (UPA)	14.30	17.20	13.81	14.51	14.30
Allowable Units	248.00	319.00	256.00	265.00	248.00
Price Per Unit	\$7,258	\$6,724	\$8,329	\$6,157	---
Price (\$ Per Unit)	\$7,258	\$6,724	\$8,329	\$6,157	
Property Rights Conveyed	0%	0%	0%	0%	
Financing Terms <sup>1</sup>	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	
Market Conditions (Time)	0%	5%	10%	15%	
<b>Subtotal</b>	<b>\$7,258</b>	<b>\$7,060</b>	<b>\$9,162</b>	<b>\$7,080</b>	
Size	0%	0%	0%	0%	
Shape	0%	0%	0%	0%	
Corner	0%	0%	0%	0%	
Frontage	0%	0%	0%	0%	
Topography	0%	0%	0%	0%	
Location	0%	0%	-15%	0%	
Zoning/Density	0%	0%	0%	0%	
Utilities	0%	0%	0%	0%	
Highest & Best Use	0%	0%	0%	0%	
Total Other Adjustments	0%	0%	-15%	0%	
<b>Value Indication for Subject</b>	<b>\$7,258</b>	<b>\$7,060</b>	<b>\$7,788</b>	<b>\$7,080</b>	
Absolute Adjustment	0%	5%	25%	15%	

<sup>1</sup> Adjusted sale price for cash equivalency and/or development costs (where applicable)

Compiled by CBRE

## CONCLUSION

Based on the preceding analysis, all of the comparables were considered representative of the subject site, and warranted consideration. In conclusion, a price per unit indication within the indicated range was most appropriate for the subject. The following table presents the valuation conclusion:

<b>CONCLUDED LAND VALUE</b>				
<b>\$ Per Unit</b>		<b>Subject Units</b>		<b>Total</b>
\$7,500	x	248	=	\$1,860,000
<b>Indicated Value:</b>				<b>\$1,860,000</b>
		(Rounded \$ Per Unit)		\$7,500
Compiled by CBRE				

## Cost Approach

In estimating the replacement cost new for the subject, the following methods/data sources have been utilized (where available):

- the comparative unit method has been employed, utilizing the Marshall Valuation Service (MVS) cost guide, published by Marshall and Swift, LLC;
- the subject's budgeted construction costs

### MARSHALL VALUATION SERVICE

#### Direct Cost

Salient details regarding the direct costs are summarized in the Cost Approach Conclusion at the end of this section. The MVS cost estimates include the following:

1. average architect's and engineer's fees for plans, plan check, building permits and survey(s) to establish building line;
2. normal interest in 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.;
7. site improvements (included as lump sum additions); and
8. initial tenant improvement costs are included in MVS cost estimate. However, additional lease-up costs such as advertising, marketing and leasing commissions are not included.

Base building costs (direct costs) are adjusted to reflect the physical characteristics of the subject. Making these adjustments, including the appropriate local and current cost multipliers, the direct building cost is indicated.

#### Additions

Items not included in the direct building cost estimate include parking and walks, signage, landscaping, and miscellaneous site improvements. The cost for these items is estimated separately using the segregated cost sections of the MVS cost guide.

#### Indirect Cost Items

Several indirect cost items are not included in the direct building cost figures derived through the MVS cost guide. These items include developer overhead (general and administrative costs), property taxes, legal and insurance costs, local development fees and contingencies, lease-up and marketing costs and miscellaneous costs. The concluded indirect cost allowance is 18.0%.

## MVS Conclusion

The concluded direct and indirect building cost estimates obtained via the MVS cost guide are illustrated as follows:

<b>MARSHALL VALUATION SERVICE COST SCHEDULE</b>			
Primary Building Type:	Apartment	Height per Story:	9'
Effective Age:	0 YRS	Number of Buildings:	20
Condition:	Excellent	Gross Building Area:	292,070 SF
Exterior Wall:	Fiber Cement	Net Rentable Area:	281,952 SF
Number of Units:	248	Average Unit Size:	1,137 SF
Number of Stories:	2 & 3		
<b>MVS Sec/Page</b>		12/16/August 2016	12/16/August 2016
<b>Quality/Bldg. Class</b>		Excellent/D	Good/D
<b>Building Component</b>		Clubhouse	Multifamily
<b>Component Sq. Ft.</b>		3,550 SF	288,520 SF
<b>Base Square Foot Cost</b>		\$132.38	\$97.54
<b>Square Foot Refinements</b>			
Sprinklers		\$1.25	\$1.25
Subtotal		\$133.63	\$98.79
<b>Cost Multipliers</b>			
Current Cost Multiplier		1.03	1.03
Local Multiplier		0.88	0.88
<b>Final Square Foot Cost</b>		<b>\$121.12</b>	<b>\$89.54</b>
<b>Base Component Cost</b>		<b>\$429,984</b>	<b>\$25,835,020</b>
<b>Base Building Cost</b>	(via Marshall Valuation Service cost data)		\$26,265,004
<b>Additions</b>			
Signage, Landscaping & Misc. Site Improvements (not included above)			\$750,000
Parking/Walks (not included above)			\$1,000,000
Garages	\$25,000/Unit		\$1,200,000
Appliances	\$2,500/Unit		\$620,000
<b>Direct Building Cost</b>			<b>\$29,835,004</b>
<b>Indirect Costs</b>	18.0% of Direct Building Cost		<b>\$5,370,301</b>
<b>Direct and Indirect Building Cost</b>			<b>\$35,205,305</b>
<b>Rounded</b>			<b>\$35,205,000</b>
Compiled by CBRE			

## BUDGET COMPARABLE CONSTRUCTION COSTS

The subject's budgeted construction costs are illustrated in the following table. A detailed breakdown of the subject's cost estimate has been included in the Addenda.

<b>CONSTRUCTION COSTS</b>	
Comparable:	Subject
Name:	
Property Type	Multi-family Garden
Year of Cost Data	2016
Cost Data Based Upon...	Budget
Size (SF):	292,070
Cost Component	
Direct Cost	\$28,270,801
Indirect Cost	\$6,599,324
Total Adjusted Costs	\$34,870,125
Rounded	\$34,870,000
Cost Per SF	\$119.39
Compiled by CBRE	

We note that we have removed the \$2,500,000 developer’s fee from the above budgeted figures, and have considered this figure within our estimate of entrepreneurial profit.

### DIRECT AND INDIRECT COST CONCLUSION

The indicated direct and indirect building costs for the subject are illustrated as follows:

<b>DIRECT AND INDIRECT COST CONCLUSION</b>		
Source	Subject Estimate	Per SF
MVS Cost Guide	\$35,205,000	\$120.54
Subject's Budget Cost Est.	\$34,870,000	\$119.39
<b>CBRE Estimate</b>	<b>\$34,870,000</b>	<b>\$119.39</b>
Compiled by CBRE		

The estimates derived via MVS represent replacement cost while the subject’s actual/budgeted figures represent reproduction costs. The subject’s budgeted cost was given most consideration towards a cost conclusion for the subject.

### ENTREPRENEURIAL PROFIT

Entrepreneurial profit represents the return to the developer, and is separate from contractor’s overhead and profit. The concluded entrepreneurial profit is 7.5% or \$2,615,250. Our estimate is generally in line with the developer’s fee line item in the construction budget.

### ACCRUED DEPRECIATION

There are essentially three sources of accrued depreciation:

1. physical deterioration, both curable and incurable;
2. functional obsolescence, both curable and incurable; and
3. external obsolescence.

### Physical Deterioration

The following chart provides a summary of the remaining economic life.

<b>ECONOMIC AGE AND LIFE</b>	
Actual Age	0 Years
Effective Age	0 Years
MVS Expected Life	50 Years
Remaining Economic Life	50 Years
Accrued Physical Incurable Depreciation	0.0%
Compiled by CBRE	

As noted, the subject is currently proposed.

### Functional Obsolescence

Based on a review of the design and layout of the improvements, no forms of curable functional obsolescence were noted. Because replacement cost considers the construction of the subject improvements utilizing modern materials and current standards, design and layout, functional incurable obsolescence is not applicable.

### External Obsolescence

External obsolescence is estimated by the capitalization of income loss. As the subject produces income, the income loss caused by the external obsolescence can be capitalized into an estimate of the loss in total property value. As the land value is not impacted, the entire amount is attributed to the improvements. For the purpose of this approach, the external obsolescence affecting the subject has been analyzed, and is calculated in the following table:

<b>EXTERNAL OBSOLESCENCE</b>	
Cost Feasible NOI:	\$2,262,352
Pro-Forma Stabilized NOI:	\$1,116,239
NOI Differential:	\$1,146,113
Capitalized at:	5.75%
<b>External Obsolescence:</b>	<b>(\$19,932,393)</b>
Compiled by CBRE	

We note that the figures above are based on the subject’s estimated NOI “As Restricted.” As noted, the subject’s proposed improvements do not appear to be cost/financially feasible without the assistance of additional subsidies. We note the subject anticipates approximately \$14,900,000 in tax credit equity (proceeds from selling its LIHTC award).

### COST APPROACH CONCLUSION

The value estimate is calculated as follows.

<b>COST APPROACH CONCLUSION</b>			
Primary Building Type:	Apartment	Height per Story:	9'
Effective Age:	0 YRS	Number of Buildings:	20
Condition:	Excellent	Gross Building Area:	292,070 SF
Exterior Wall:	Fiber Cement	Net Rentable Area:	281,952 SF
Number of Units:	248	Average Unit Size:	1,137 SF
Number of Stories:	2 & 3		
<b>Direct and Indirect Building Cost</b>			<b>\$34,870,000</b>
<b>Entrepreneurial Profit</b>	7.5% of Total Building Cost		<b>\$2,615,250</b>
<b>Replacement Cost New</b>			<b>\$37,485,250</b>
<b>Accrued Depreciation</b>			
Incurable Physical Deterioration	0.0% of Replacement Cost New less Curable Physical Deterioration	\$0	
Functional Obsolescence		\$0	
External Obsolescence		\$0	
Total Accrued Depreciation	0.0% of Replacement Cost New		\$0
Contributory Value of FF&E			\$0
<b>Depreciated Replacement Cost</b>			<b>\$37,485,250</b>
<b>Land Value</b>			<b>\$1,860,000</b>
<b>Indicated Stabilized Value</b>			<b>\$39,345,250</b>
<b>Rounded</b>			<b>\$39,350,000</b>
Lease-Up Discount			(\$1,196,000)
<b>Indicated As Is Value</b>			<b>\$38,154,000</b>
<b>Rounded</b>			<b>\$38,150,000</b>
<b>Value Per Unit</b>			<b>\$153,831</b>
Compiled by CBRE			

We have removed the external obsolescence from the cost approach to demonstrate the variance between the cost approach and our "As Restricted" value via the income approach. As illustrated, the proposed improvements (as restricted) would not be cost/financially feasible without the assistance of additional subsidies (ie. the Low Income Housing Tax Credit award). Again, we note the subject is expected to benefit from tax credit equity (proceeds from selling its LIHTC award).

Further, we note that our "As Market Rate" value per the income approach is \$31,975,000 as stabilized. Therefore, the subject is not financially feasible under the "As Market Rate" scenario.

## Insurable Value

Insurable value is defined as follows:

1. the value of an asset or asset group that is covered by an insurance policy; can be estimated by deducting costs of noninsurable items (e.g., land value) from market value.
2. value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction cost plus allowances for debris removal or demolition less deterioration and noninsurable items. Sometimes cash value or market value, but often entirely a cost concept.<sup>7</sup>
3. a type of value for insurance purposes.<sup>8</sup>

CBRE, Inc. has followed traditional appraisal standards to develop a reasonable calculation based upon industry practices and industry-accepted publications such as the Marshall Valuation Service. The methodology employed is a derivation of the cost approach and is not reliable for insurable value estimates. Actual construction costs and related estimates can vary greatly from this estimate.

The insurable value estimate presented herein is intended to reflect the value of the destructible portions of the subject, based on the replacement of physical items that are subject to loss from hazards (excluding indestructible items such as basement excavation, foundation, site work, land value and indirect costs). In the case of the subject, this estimate is based upon the base building costs (direct costs) as obtained via the Marshall Valuation Service cost guide, with appropriate deductions.

This analysis should not be relied upon to determine proper insurance coverage as only consultants considered experts in cost estimation and insurance underwriting are qualified to provide an insurable value. It is provided to aid the client/reader/user as part of their overall decision making process and no representations or warranties are made by CBRE, Inc. regarding the accuracy of this estimate. It is strongly recommended that other sources be utilized to develop any estimate of insurable value.

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<sup>7</sup> Marshall & Swift/Boeckh, LLC, *Marshall Valuation Service*, (Los Angeles: Marshall & Swift/Boeckh, LLC, 2010), Sec 3, p 2.

<sup>8</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5<sup>th</sup> ed. (Chicago: Appraisal Institute, 2010), 102.



**INSURABLE VALUE**

Primary Building Type:	Apartment	Height per Story:	9'
Effective Age:	0 YRS	Number of Buildings:	20
Condition:	Excellent	Gross Building Area:	292,070 SF
Exterior Wall:	Fiber Cement	Net Rentable Area:	281,952 SF
Number of Units:	248	Average Unit Size:	1,137 SF
Number of Stories:	2 & 3		

<b>MVS Sec/Page</b>	12/16/August 2016	12/16/August 2016
<b>Quality/Bldg. Class</b>	Excellent/D	Good/D
<b>Building Component</b>	Clubhouse	Multifamily
<b>Component Sq. Ft.</b>	3,550 SF	288,520 SF
<b>Base Square Foot Cost</b>	\$132.38	\$97.54

<b>Square Foot Refinements</b>		
Sprinklers	\$1.25	\$1.25
Subtotal	\$133.63	\$98.79

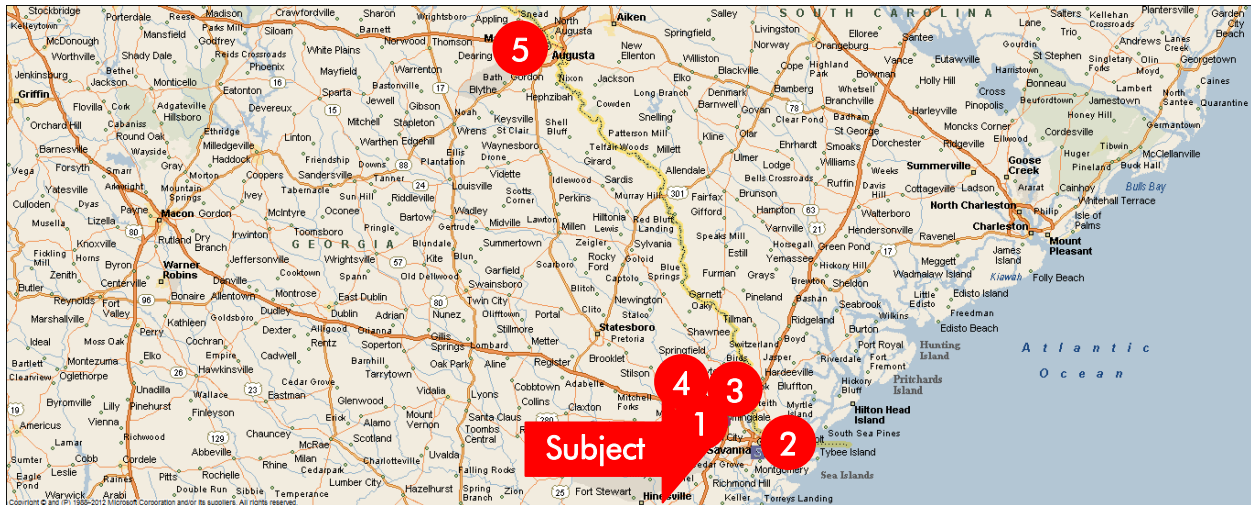
<b>Cost Multipliers</b>		
Current Cost Multiplier	1.03	1.03
Local Multiplier	0.88	0.88
<b>Final Square Foot Cost</b>	<b>\$121.12</b>	<b>\$89.54</b>
<b>Base Component Cost</b>	<b>\$429,984</b>	<b>\$25,835,020</b>

<b>Base Building Cost</b>	(via Marshall Valuation Service cost data)	\$26,265,004
<b>Garages</b>		\$1,200,000
<b>Appliances</b>		\$620,000
<b>Insurable Exclusions</b>	10.0% of Total Building Cost	(\$2,808,500)
<b>Indicated Insurable Value</b>		<b>\$25,276,504</b>
<b>Rounded</b>		<b>\$25,300,000</b>
<b>Value Per Unit</b>		<b>\$102,016</b>

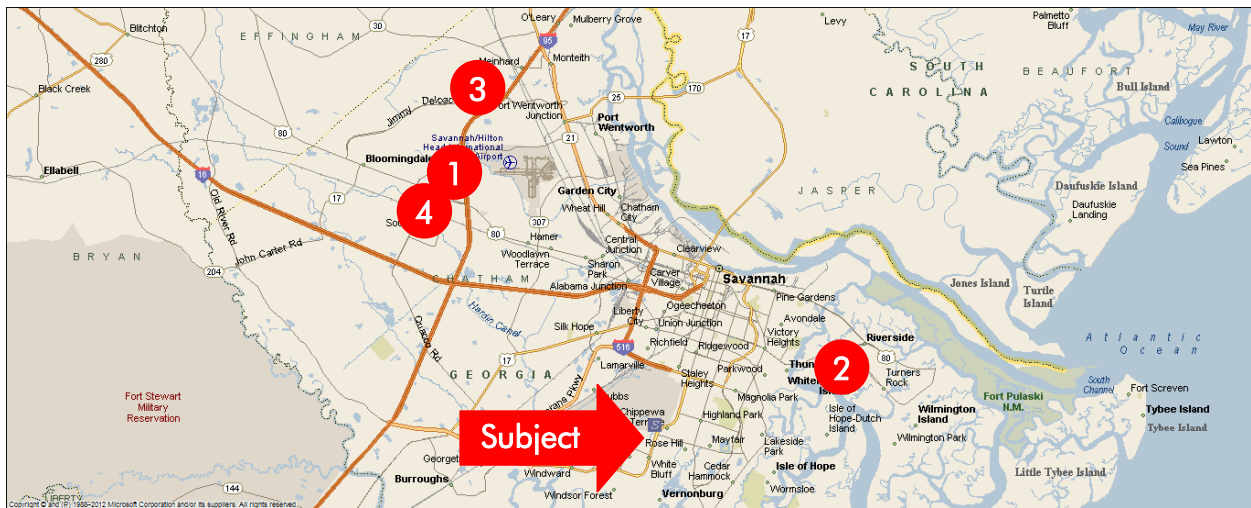
Compiled by CBRE

## Sales Comparison Approach – As Market Rate

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



The following map zooms in on the comparables within the Savannah MSA.



SUMMARY OF COMPARABLE APARTMENT SALES												
No.	Name	Transaction Type	Date	Year Built	No. Units	Avg. Unit Size	Actual Sale Price	Adjusted Sale Price <sup>1</sup>	Price Per Unit <sup>1</sup>	NOI Per Occ.	Unit	OAR
1	Courtney Station, 285 Park Avenue, Pooler, GA	Sale	Apr-16	2007	300	1,054	\$38,500,000	\$38,500,000	\$128,333	95%	\$7,058	5.50%
2	Islandtree, 2 Johnny Mercer Boulevard, Savannah, GA	Sale	Dec-15	1985	208	885	\$20,400,000	\$20,400,000	\$98,077	94%	\$5,673	5.78%
3	Waverly Station at the Highlands, 2155 Benton Boulevard, Pooler, GA	Sale	Nov-15	2010	329	1,070	\$44,900,000	\$44,900,000	\$136,474	94%	\$7,550	5.53%
4	Durham Park Apartments, 100 Durham Park Way, Pooler, GA	Sale	Nov-15	2015	164	1,459	\$24,322,000	\$24,322,000	\$148,305	95%	\$9,182	6.19%
5	Gateway Crossing, 601 Giddings Court, Augusta, GA	Sale	Jul-15	2013	240	962	\$35,250,000	\$35,250,000	\$146,875	95%	\$7,956	5.42%
Subj. Pro Forma	Woodlands at Montgomery, 227 West Montgomery Cross Road, Savannah, Georgia	---	---	2018	248	1,137	---	---	---	94%	\$7,414	---

<sup>1</sup> Adjusted sale price for cash equivalency, lease-up and/or deferred maintenance (where applicable)  
Compiled by CBRE

Our analysis hypothetically assumes the subject is no longer operating with its income and rent restrictions. Our analysis assumes the subject is complete and stabilized on August 18, 2019.

## DISCUSSION/ANALYSIS OF IMPROVED SALES

### Improved Sale One

This comparable represents the sale of a 300-unit garden style apartment property that was built in 2007. The property is located west of I-95 and the Savannah/Hilton Head International Airport in Pooler, Chatham County, Georgia. The property features one-, two-, and three-bedroom floor plans, with an average unit size of 1,060 square feet. The sale occurred in April 2016 for \$38,500,000, which equates to \$128,333 per unit. Based on the purchase price, the sale implies a 5.5% capitalization rate.

As compared to the subject, this comparable warrants a downward adjustment for its superior location and an upward adjustment for its older (inferior) age/condition. No additional adjustments are required to the price per unit indication.

### Improved Sale Two

This comparable represents a 208-unit garden style apartment complex located along Johnny Mercer Boulevard, just past Hwy. 80 on Whitmarsh Island in Savannah, Chatham County, Georgia. The property was built in 1985 and features one, two, and three-bedroom floor plans with an average unit size of 885 SF. Unit interiors feature 8 ft ceilings, W/D connections, and fireplaces. According to the broker the purchase price equates to a 5.7% cap rate on T-3 income and market expenses with taxes adjusted to 92% of the purchase price and \$300/unit in reserves.

As compared to the subject, this comparable warrants upward adjustments for its older (inferior) age/condition and inferior (smaller) average unit size. No additional adjustments are required to the price per unit indication.

### Improved Sale Three

This comparable represents the sale of a 329-unit garden style apartment complex located at 2155 Benton Boulevard in Pooler, Chatham County, Georgia. The improvements were constructed in two phases in 2010 and 2012 and are situated on a 26.69-acre site. The property consists 17 two- and three-story residential buildings and two community buildings, and features one-, two-, and three-bedroom floor plans, with an average unit size of 1,069 square feet. The property sold November 2015 for \$44,900,000, which equates to \$136,474 per unit. Based on trailing 3-month annualized income and trailing 12 month expenses inclusive of a 95% tax revaluation and \$250/unit replace reserve, the sale price indicated an overall capitalization rate of 5.53%. The property was approximately 94% occupied at the time of sale, and was considered to be in excellent overall condition.

As compared to the subject, this comparable warrants a downward adjustment for its superior location and an upward adjustment for its older (inferior) age/condition. No additional adjustments are required to the price per unit indication.

### Improved Sale Four

This comparable represents the sale of a 164-unit townhome style apartment complex located at 100 Durham Park Way in Savannah, Chatham County, Georgia. The improvements are part of a townhome subdivision which was originally constructed as sale single-family. As of the sale date, there were 46 additional units within the development that were sold to individuals for single-family use. These units were contained within eight buildings, and it is noted that none of the units which sold as part of this comparable were located within those buildings. The comparable improvements consist of 29, two-story residential buildings, and offer two- and three-bedroom floor plans with an average unit size of 1,459 square feet. Additionally, the comparable includes a freestanding clubhouse/leasing office building. It was indicated that construction of the improvements began in 2013, with completion and initial move in reported in September 2015. The property sold in November of 2015 for a price of \$24,322,000, or \$148,305 per unit. Based on the buyer's stabilized budgeted income, inclusive of \$250/unit in reserves, the sale price implies an overall capitalization rate of 6.19%.

As compared to the subject, this comparable warrants downward adjustments for its superior location and superior (larger) average unit size. No additional adjustments are required to the price per unit indication.

### Improved Sale Five

Gateway Crossing is a garden style multi-family community located in the western portion of the Augusta, Georgia, metropolitan area. The property was constructed in 2013 and features 16

two- and three-story residential buildings containing 240 units. Exterior components consist of stone and hardi-board siding and remain in excellent condition. Amenities include a clubhouse, pool, fitness center, billiards lounge, and garages for rent. Floor plans are available in one-, two-, and three-bedroom configurations and feature granite counters, stainless appliances, and hardwood like flooring. The property traded at \$35.25 million or \$146,875 per unit. Due to the property recently reaching a stabilized level, the subject's T-3 (months) was utilized to estimate the capitalization rate in the absence of the buyer's budget. Based on the subject's T-3 historicals, including a 3% management fee and \$250 per unit reserve allowance, the purchase price indicated a 5.42% capitalization rate.

As compared to the subject, this comparable warrants downward adjustments for its superior location and an upward adjustment for its inferior (smaller) average unit size. No additional adjustments are required to the price per unit indication.

### **SUMMARY OF ADJUSTMENTS**

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

<b>APARTMENT SALES ADJUSTMENT GRID- AS MARKET RATE</b>						Subj. Pro Forma
Comparable Number	1	2	3	4	5	
Transaction Type	Sale	Sale	Sale	Sale	Sale	---
Transaction Date	Apr-16	Dec-15	Nov-15	Nov-15	Jul-15	---
Year Built	2007	1985	2010	2015	2013	2018
No. Units	300	208	329	164	240	248
Avg. Unit Size	1,054	885	1,070	1,459	962	1137
Actual Sale Price	\$38,500,000	\$20,400,000	\$44,900,000	\$24,322,000	\$35,250,000	---
Adjusted Sale Price <sup>1</sup>	\$38,500,000	\$20,400,000	\$44,900,000	\$24,322,000	\$35,250,000	---
Price Per Unit <sup>1</sup>	\$128,333	\$98,077	\$136,474	\$148,305	\$146,875	---
Occupancy	95%	94%	94%	95%	95%	94%
NOI Per Unit	\$7,058	\$5,673	\$7,550	\$9,182	\$7,956	\$7,414
OAR	5.50%	5.78%	5.53%	6.19%	5.42%	---
Adj. Price Per Unit	\$128,333	\$98,077	\$136,474	\$148,305	\$146,875	
Property Rights Conveyed	0%	0%	0%	0%	0%	
Financing Terms <sup>1</sup>	0%	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	0%	
Market Conditions (Time)	0%	0%	0%	0%	0%	
Subtotal - Price Per Unit	\$128,333	\$98,077	\$136,474	\$148,305	\$146,875	
Location	-5%	0%	-5%	-5%	-15%	
Project Size	0%	0%	0%	0%	0%	
Age/Condition	5%	20%	5%	0%	0%	
Quality of Construction	0%	0%	0%	0%	0%	
Avg. Unit Size	0%	10%	0%	-10%	5%	
Project Amenities	0%	0%	0%	0%	0%	
Parking	0%	0%	0%	0%	0%	
Other	0%	0%	0%	0%	0%	
Total Other Adjustments	0%	30%	0%	-15%	-10%	
<b>Indicated Value Per Unit</b>	<b>\$128,333</b>	<b>\$127,500</b>	<b>\$136,474</b>	<b>\$126,059</b>	<b>\$132,188</b>	
<i>Absolute Adjustment</i>	10%	30%	10%	15%	20%	

<sup>1</sup> Adjusted for cash equivalency, lease-up and/or deferred maintenance (where applicable)  
Compiled by CBRE

All of the comparables were considered comparable to the subject and warranted consideration. Overall, we have concluded to a price per unit between the comparable's adjusted values per unit.

### SALES COMPARISON APPROACH CONCLUSION

The following table presents the estimated value for the subject as indicated by the sales comparison approach.

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**SALES COMPARISON APPROACH - AS MARKET RATE**


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<b>Total Units</b>	<b>X</b>	<b>Value Per Unit</b>	<b>=</b>	<b>Value</b>
248	X	\$125,000	=	\$31,000,000

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**VALUE CONCLUSION**

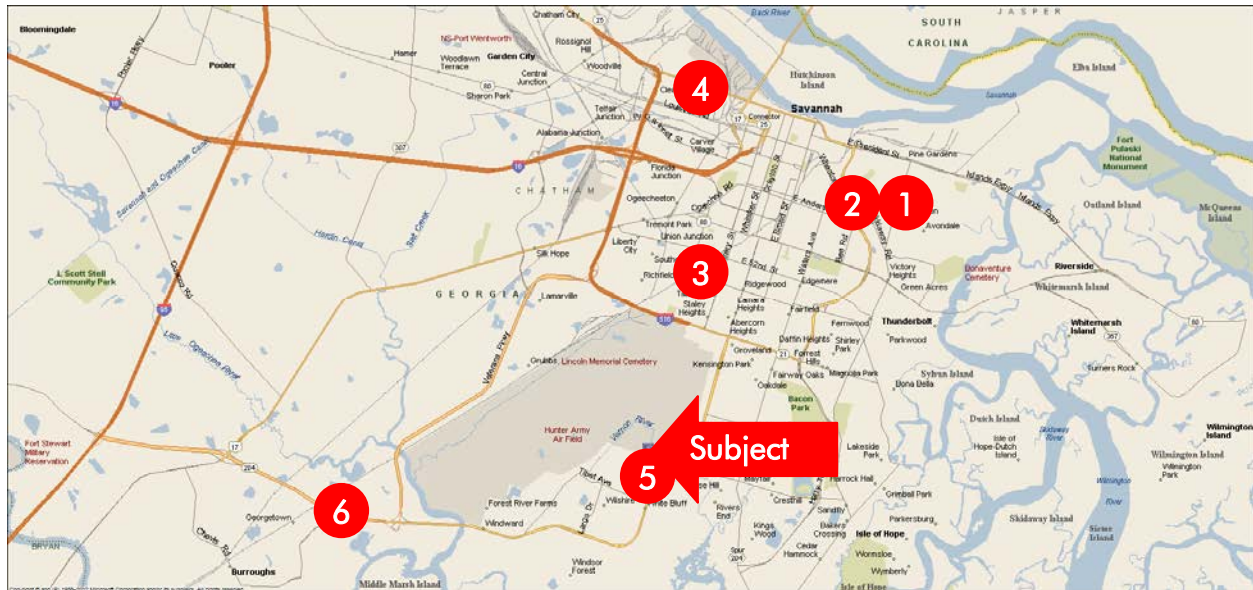
<b>Indicated Stabilized Value</b>	<b>\$31,000,000</b>
Lease-Up Discount	(\$1,268,000)
<b>Indicated As Is Value</b>	<b>\$29,732,000</b>
<b>Rounded</b>	<b>\$29,725,000</b>
<b>Value Per Unit</b>	<b>\$119,859</b>

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Compiled by CBRE

## Income Capitalization Approach

The following map and table summarize the primary comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



### SUMMARY OF COMPARABLE APARTMENT RENTALS

Comp. No.	Property Name	Location	Year Built	Occ.	No. Units	Distance from Subj
1	Savannah Gardens	515 Pennsylvania Avenue, Savannah, GA	2012	97%	266	8 Miles
2	Ashley Midtown	1518 Park Avenue, Savannah, GA	2004	96%	206	7 Miles
3	Montgomery Landing Apartments	714 West 57th Street, Savannah, GA	2005	98%	144	5 Miles
4	Sustainable Fellwood	1401 Fellwood Drive, Savannah, GA	2009	98%	220	10 Miles
5	Sterling Bluff	201 West Montgomery Crossroads, Savannah, GA	1977	94%	216	0.1 Miles
6	The Trellis	15 Brasseler Boulevard, Savannah, GA	2009	93%	264	7 Miles
Subj.	Woodlands at Montgomery	227 West Montgomery Cross Road, Savannah, Georgia	2018	Proposed	248	---

Compiled by CBRE

The rentals utilized represent the best data available for comparison with the subject. We note that Comparables 5 and 6 represent conventional, market rate properties, while the remaining comparables represent LIHTC properties (each with market rate units). Our analysis assumes the subject is complete and stabilized on August 18, 2019.



## DISCUSSION OF RENT COMPARABLES

### Rent Comparable One

This comparable represents a 266-unit affordable apartment property, located along Pennsylvania Avenue in Savannah, Georgia. The property, identified as Savannah Gardens, was developed in 2012 and 2015. Currently, the property is 97% occupied. The property has closed their waiting list. The property offers tax credit units set aside at 30%, 50%, and 60% of the Area Median Income or conventional market units. Quoted rents above only reflects the market rate. The property does not offer any market rate four-bedroom floor plans. 1BR tax credit rates are as follows: \$231 (30%), \$461 (50%), and \$579 (60%). 2BR: \$277 (30%), \$557 (50%), and \$698 (60%). 3BR: \$303 (30%), \$627 (50%), and \$791 (60%). 4BR: \$318 (30%), \$681 (50%), and \$863 (60%). The comparable offers one-, two-, three-, and four-bedroom floor plans, with an average unit size of 1,124 square feet. Units are sub-metered for water and sewer with the tenant responsible for usage. No concessions are currently being offered.

Upon completion of the subject's units, this comparable will be considered similar with respect to age/condition and similar with respect to location. Overall, this comparable will be considered similar to the subject.

### Rent Comparable Two

This comparable represents a 206-unit affordable apartment property, located along Park Avenue in Savannah, Georgia. The property, identified as Ashley Midtown, was developed in 2004. Currently, the property is 96% occupied. The comparable offers two- and three-bedroom floor plans, with an average unit size of 1,253 square feet. The property offers tax credit units set aside at 60% of the Area Median Income or conventional market units. Quoted rents reflect market rates. Tax credit rates are \$734 (2BR) and \$839 (3BR). Management employs a RUBS for reimbursement of water and sewer. Trash removal is included in the monthly rental rates. No concessions are currently being offered.

Upon completion of the subject's units, this comparable will be considered slightly inferior with respect to age/condition and similar with respect to location. Overall, this comparable will be considered slightly inferior to the subject.

### Rent Comparable Three

This comparable represents a 144-unit garden-style apartment property, located approximately three miles south of the Savannah central business district. The property is situated on a 14.910-acre site in the city of Savannah, Chatham County, Georgia, with a mailing address of 714 West 57th Street. The property, identified as Montgomery Landing, was built in 2005 and is currently 98% occupied, 100% pre-leased. The property is income and rent restricted by Low Income Housing Tax Credits. As noted the property currently offers units restricted to 60%, 50%, and 30% of the area median income. The comparable offers one-, two-, three-, and four-bedroom floor plans, with an average unit size of 1,163 square feet. We note the subject offers a summer lunch

and afterschool program. Units are sub-metered for water and sewer with the tenant responsible for usage. No concessions are being offered.

Upon completion of the subject's units, this comparable will be considered slightly inferior with respect to age/condition and similar with respect to location. Overall, this comparable will be considered slightly inferior to the subject.

#### Rent Comparable Four

Sustainable Fellwood is a mixed-use, mixed income development composed of 220 Housing Units on the former Fellwood Homes site in Savannah, Georgia. Phase I includes 110 green affordable housing units featuring 11 LEED GOLD certified buildings in a registered Earthcraft community and LEED neighborhood. Phase II construction began in September, 2010 and includes another 110 green affordable housing units. Phase III construction for a senior housing apartment building with solar panels began in December, 2010 and includes 100 units. Approximately 45,000 square feet are available for commercial development. Currently, the property is 98% occupied. The comparable offers one-, two-, three-, and four-bedroom floor plans, with an average unit size of 1,135 square feet. The property is income and rent restricted by Low Income Housing Tax Credits. As noted the property currently offers units restricted to 60% of the area median income, Public Housing, Project based Rental Assistance, and market rate units. Water, sewer, and trash are included in the monthly rental rates. No concessions are currently being offered.

Upon completion of the subject's units, this comparable will be considered slightly inferior with respect to age/condition and similar with respect to location. Overall, this comparable will be considered slightly inferior to the subject.

#### Rent Comparable Five

This comparable represents a 216-unit apartment property, located on the south side of the city, just south of Hunter Army Airfield. The property, identified as Sterling Bluff, was developed in 1977 and is currently 94% occupied. This property was formally Hunters Bluff and The Meadows apartments. This comparable features good access and exposure. This property is currently under renovation and was started earlier this year with a 5 year completion estimate. Interior updates consists of hardwood vinyl flooring, SS/appliances, new white cabinets, upgraded lighting package, faux granite countertops, etc. Upgraded units are charged an additional \$100 per month. The property underwent an extensive renovation back in 2006. Approximately 90% of the units include W/D conn (not in 1 BR or 2/2 units). The size of the units have been updated to reflect the increase in size. The units are sub-metered for water and sewer. Resident pays \$3 per month for pest control and \$7 per month for trash removal. No concessions are currently being offered.

Upon completion of the subject's units, this comparable will be considered inferior with respect to age/condition and similar with respect to location. Overall, this comparable will be considered slightly inferior to the subject.

### Rent Comparable Six

This comparable represents a 264-unit apartment property, located in the southwestern section of the metropolitan Savannah area, in an area known as Georgetown. The subject is located east of Interstate 95 and U.S. Highway 17, in the northeast quadrant of St. George Boulevard and Abercorn Expressway, in unincorporated Chatham County, about 7 miles southwest of the Savannah Central Business District. The property, identified as The Trellis, was developed in 2009 and is 93% occupied. The comparable offers one-, two-, and three-bedroom floor plans, with an average unit size of 1,062 square feet. The property offers detached garages for lease at \$50 per month. The subject units are individually metered for all utilities with the rental rates depicted exclusive of water and sewer costs. Resident pays \$3 per month for pest control and between \$7-\$12 per month for trash removal depending on floor plan. As a concession, management is waiving the \$150 administrative fee plus offering \$500 off the first month's rent.

Upon completion of the subject's units, this comparable will be considered inferior with respect to age/condition and similar with respect to location. Overall, this comparable will be considered inferior to the subject.

### SUBJECT RENTAL INFORMATION

The following table shows the subject's unit mix and rental rates.

<b>SUBJECT RENTAL INFORMATION</b>				
Type	No. of Units	Unit Size (SF)	Developer's Proposed Rent	Rent Per SF
1BR/1BA - 60% AMI	42	876 SF	\$598	\$0.68
1BR/1BA - Market Rate	10	876 SF	\$1,030	\$1.18
2BR/2BA - 60% AMI	76	1,100 SF	\$720	\$0.65
2BR/2BA - Market Rate	20	1,100 SF	\$1,085	\$0.99
3BR/2BA - 60% AMI	73	1,300 SF	\$813	\$0.63
3BR/2BA - Market Rate	19	1,300 SF	\$1,255	\$0.97
4BR/2BA - 60% AMI	7	1,400 SF	\$841	\$0.60
4BR/2BA - Market Rate	1	1,400 SF	\$1,480	\$1.06
<b>Total/Average:</b>	<b>248</b>	<b>1,137 SF</b>	<b>\$816</b>	<b>\$0.72</b>
Compiled by CBRE				

The following represent the current plans for the subject property's rents:

- The rents in the table above reflect the developer's proposed rents for each unit type.
- The rental rates include trash removal, with tenants responsible for their respective electricity, and any other utilities.
- Wi-Fi will be provided throughout the complex at no charge.

- No concessions are planned.

## MARKET RENT ESTIMATE

In order to estimate the market rates for the various floor plans, the subject unit types have been compared with similar units in the comparable projects. The following is a discussion of each unit type.

We note that the subject's rents include no utilities, whereas Comparable 4 includes water/sewer. We have adjusted these comparables downward by \$30 for one-bedroom units, \$40 for two-bedroom units, \$50 for three bedroom units and \$60 for four-bedroom units.

None of the comparables are offering rent concessions.

Given the proposed AMI levels at the subject, we have only presented 60% AMI and conventional units at the comparables in the tables below.

### One-Bedroom Units

SUMMARY OF COMPARABLE RENTALS ONE BEDROOM UNITS				
Comparable	Plan Type	Size	Rental Rates	
			\$/Mo.	\$/SF
Savannah Gardens	1BR/1BA - 60% AMI	860 SF	\$579	\$0.67
Sustainable Fellwood	1 BR, 1 BA - 60%	838 SF	\$568	\$0.68
<b>Subject (Concluded Mkt. - As Restricted)</b>	<b>1BR/1BA - 60% AMI</b>	<b>876 SF</b>	<b>\$598</b>	<b>\$0.68</b>
<b>Subject (Developer's Proposed Rent)</b>	<b>1BR/1BA - 60% AMI</b>	<b>876 SF</b>	<b>\$598</b>	<b>\$0.68</b>
Sustainable Fellwood	1 BR, 1 BA - 60%	832 SF	\$583	\$0.70
Sustainable Fellwood	1 BR, 1 BA - MKT	838 SF	\$665	\$0.79
Savannah Gardens	1BR/1BA - Market Rate	860 SF	\$692	\$0.80
Savannah Gardens	1BR/1BA - Market Rate	860 SF	\$692	\$0.80
Montgomery Landing Apartments	1 BR, 1 BA - 60%	792 SF	\$649	\$0.82
Savannah Gardens	1BR/1BA - Market Rate	838 SF	\$692	\$0.83
Montgomery Landing Apartments	1 BR, 1 BA - MKT	792 SF	\$675	\$0.85
Sustainable Fellwood	1 BR, 1 BA - MKT	832 SF	\$710	\$0.85
The Trellis	1 BR, 1 BA - Market Rate	892 SF	\$930	\$1.04
Sterling Bluff	1 BR, 1 BA - Market Rate	863 SF	\$909	\$1.05
The Trellis	1 BR, 1 BA - Market Rate	768 SF	\$875	\$1.14
Sterling Bluff	1 BR, 1 BA - Market Rate	777 SF	\$886	\$1.14
<b>Subject (Concluded Mkt. - As Market)</b>	<b>1BR/1BA</b>	<b>876 SF</b>	<b>\$1,030</b>	<b>\$1.18</b>
<b>Subject (Concluded Mkt. - As Restricted)</b>	<b>1BR/1BA - Market Rate</b>	<b>876 SF</b>	<b>\$1,030</b>	<b>\$1.18</b>
<b>Subject (Developer's Proposed Rent)</b>	<b>1BR/1BA - Market Rate</b>	<b>876 SF</b>	<b>\$1,030</b>	<b>\$1.18</b>

Compiled by CBRE

The subject's proposed one-bedroom 60% AMI and conventional rents are within or above the range of the comparables on a per square foot and per unit basis. Considering the subject will represent new construction, the proposed rents are considered reasonable and we have concluded to the proposed developer's rents under the "As Restricted" scenario.

Under the "As Market" scenario (which assumes no income and rent restrictions are in place) we have utilized the developer's proposed one-bedroom market rent for all one bedroom units.

Again, we note the subject will represent new construction and will be considered superior to the comparables.

## Two-Bedroom Units

<b>SUMMARY OF COMPARABLE RENTALS</b>				
<b>TWO BEDROOM UNITS</b>				
<b>Comparable</b>	<b>Plan Type</b>	<b>Size</b>	<b>Rental Rates</b>	
			<b>\$/Mo.</b>	<b>\$/SF</b>
Ashley Midtown	2BR/2BA - 60% AMI	1,166 SF	\$734	\$0.63
Sustainable Fellwood	2 BR, 2 BA - 60%	1,072 SF	\$677	\$0.63
Savannah Gardens	2BR/2BA - 60% AMI	1,072 SF	\$698	\$0.65
<b>Subject (Concluded Mkt. - As Restricted)</b>	<b>2BR/2BA - 60% AMI</b>	<b>1,100 SF</b>	<b>\$720</b>	<b>\$0.65</b>
<b>Subject (Developer's Proposed Rent)</b>	<b>2BR/2BA - 60% AMI</b>	<b>1,100 SF</b>	<b>\$720</b>	<b>\$0.65</b>
Sustainable Fellwood	2 BR, 1 BA - 60%	1,060 SF	\$695	\$0.66
Sustainable Fellwood	2 BR, 1.5 BA - TH MKT	1,060 SF	\$735	\$0.69
Sustainable Fellwood	2BR/2BA Market Rate	1,072 SF	\$755	\$0.70
Montgomery Landing Apartments	2 BR, 2 BA - 60%	1,062 SF	\$766	\$0.72
Montgomery Landing Apartments	2 BR, 2 BA - MKT	1,062 SF	\$775	\$0.73
Savannah Gardens	2BR/2BA - Market Rate	1,077 SF	\$794	\$0.74
Savannah Gardens	2BR/2BA - Market Rate	1,072 SF	\$794	\$0.74
Sustainable Fellwood	2 BR, 1 BA - MKT	1,060 SF	\$800	\$0.75
Savannah Gardens	2BR/2BA - Market Rate	1,031 SF	\$794	\$0.77
Sterling Bluff	2 BR, 1 BA - Market Rate	1,121 SF	\$897	\$0.80
Sterling Bluff	2 BR, 1 BA - Market Rate	1,035 SF	\$852	\$0.82
Sterling Bluff	2 BR, 2 BA - Market Rate	1,121 SF	\$994	\$0.89
Ashley Midtown	2 BR, 2 BA - Market Rate	1,186 SF	\$1,075	\$0.91
Ashley Midtown	2 BR, 2 BA - Market Rate	1,186 SF	\$1,075	\$0.91
Sterling Bluff	2 BR, 2BA - Market Rate	1,035 SF	\$968	\$0.94
Ashley Midtown	2 BR, 1 BA - Market Rate	1,166 SF	\$1,100	\$0.94
The Trellis	2 BR, 2 BA - Market Rate	1,146 SF	\$1,125	\$0.98
<b>Subject (Concluded Mkt. - As Market)</b>	<b>2BR/2BA</b>	<b>1,100 SF</b>	<b>\$1,085</b>	<b>\$0.99</b>
<b>Subject (Concluded Mkt. - As Restricted)</b>	<b>2BR/2BA - Market Rate</b>	<b>1,100 SF</b>	<b>\$1,085</b>	<b>\$0.99</b>
<b>Subject (Developer's Proposed Rent)</b>	<b>2BR/2BA - Market Rate</b>	<b>1,100 SF</b>	<b>\$1,085</b>	<b>\$0.99</b>
The Trellis	2 BR, 2 BA - Market Rate	1,171 SF	\$1,160	\$0.99
Ashley Midtown	2 BA, 1.5 BA - Market Rate	1,060 SF	\$1,100	\$1.04

Compiled by CBRE

The subject's proposed two-bedroom 60% AMI and conventional rents are within the range of the comparables on a per square foot and per unit basis. Overall, the proposed rents are considered reasonable and we have concluded to the proposed developer's rents under the "As Restricted" scenario.

Under the "As Market" scenario (which assumes no income and rent restrictions are in place) we have utilized the developer's proposed two-bedroom market rent for all two bedroom units.

## Three-Bedroom Units

<b>SUMMARY OF COMPARABLE RENTALS THREE BEDROOM UNITS</b>				
<b>Comparable</b>	<b>Plan Type</b>	<b>Size</b>	<b>Rental Rates</b>	
			<b>\$/Mo.</b>	<b>\$/SF</b>
Sustainable Fellwood	3BR/3BA - 60% AMI	1,327 SF	\$773	\$0.58
Sustainable Fellwood	3BR/2BA - 60% AMI	1,327 SF	\$803	\$0.61
Savannah Gardens	3BR/2BA - 60% AMI	1,285 SF	\$791	\$0.62
Ashley Midtown	3BR/2BA - 60% AMI	1,354 SF	\$839	\$0.62
Sustainable Fellwood	3BR/2.5BA TH - Market Rate	1,327 SF	\$825	\$0.62
<b>Subject (Concluded Mkt. - As Restricted)</b>	<b>3BR/2BA - 60% AMI</b>	<b>1,300 SF</b>	<b>\$813</b>	<b>\$0.63</b>
<b>Subject (Developer's Proposed Rent)</b>	<b>3BR/2BA - 60% AMI</b>	<b>1,300 SF</b>	<b>\$813</b>	<b>\$0.63</b>
Sustainable Fellwood	3BR/3BA - Market Rate	1,327 SF	\$845	\$0.64
Sustainable Fellwood	3BR/2BA - Market Rate	1,327 SF	\$890	\$0.67
Savannah Gardens	3BR/2BA - Market Rate	1,333 SF	\$897	\$0.67
Montgomery Landing Apartments	3 BR, 2 BA - 60%	1,267 SF	\$872	\$0.69
Savannah Gardens	3BR/2BA - Market Rate	1,285 SF	\$897	\$0.70
Montgomery Landing Apartments	3 BR, 2 BA - MKT	1,267 SF	\$900	\$0.71
Savannah Gardens	3BR/3BA - Market Rate	1,225 SF	\$897	\$0.73
The Trellis	3 BR, 2 BA - Market Rate	1,386 SF	\$1,225	\$0.88
Sterling Bluff	3 BR, 2 BA - Market Rate	1,250 SF	\$1,111	\$0.89
Ashley Midtown	3 BR, 2 BA - Market Rate	1,354 SF	\$1,210	\$0.89
Ashley Midtown	3 BR, 2 BA - Market Rate	1,354 SF	\$1,210	\$0.89
Sterling Bluff	3 BR, 2 BA - Market Rate	1,336 SF	\$1,210	\$0.91
Ashley Midtown	3 BR, 2 BA - Market Rate	1,245 SF	\$1,175	\$0.94
<b>Subject (Concluded Mkt. - As Restricted)</b>	<b>3BR/2BA - Market Rate</b>	<b>1,300 SF</b>	<b>\$1,255</b>	<b>\$0.97</b>
<b>Subject (Developer's Proposed Rent)</b>	<b>3BR/2BA - Market Rate</b>	<b>1,300 SF</b>	<b>\$1,255</b>	<b>\$0.97</b>

Compiled by CBRE

The subject's proposed three-bedroom 60% AMI and conventional rents are within or above the range of the comparables on a per square foot and per unit basis. Considering the subject will represent new construction, the proposed rents are considered reasonable and we have concluded to the proposed developer's rents under the "As Restricted" scenario.

Under the "As Market" scenario (which assumes no income and rent restrictions are in place) we have utilized the developer's proposed one-bedroom market rent for all one bedroom units.

Again, we note the subject will represent new construction and will be considered superior to the comparables.

## Four-Bedroom Units

**SUMMARY OF COMPARABLE RENTALS  
FOUR BEDROOM UNITS**

Comparable	Plan Type	Size	Rental Rates	
			\$/Mo.	\$/SF
Savannah Gardens	4BR/2BA - 60% AMI	1,523 SF	\$863	\$0.57
Sustainable Fellwood	4BR/2BA - 60% AMI	1,522 SF	\$889	\$0.58
<b>Subject (Developer's Proposed Rent)</b>	<b>4BR/2BA - 60% AMI</b>	<b>1,400 SF</b>	<b>\$841</b>	<b>\$0.60</b>
Sustainable Fellwood	4BR/2BA - Market Rate	1,522 SF	\$935	\$0.61
Montgomery Landing Apartments	4BR/2BA - 60% AMI	1,428 SF	\$959	\$0.67
Montgomery Landing Apartments	4BR/2BA - Market Rate	1,428 SF	\$975	\$0.68
<b>Subject (Developer's Proposed Rent)</b>	<b>4BR/2BA - Market Rate</b>	<b>1,400 SF</b>	<b>\$1,480</b>	<b>\$1.06</b>

Compiled by CBRE

The subject's proposed four-bedroom 60% AMI rents are within the range of the comparables on a per square foot and per unit basis. The developer's proposed conventional units include rents above the comparable four-bedroom units; however, only two of the rent comparables offer market rate four-bedroom units and both of these properties also offer tax credit units. Again, we note the subject will represent new construction and will be superior to the comparables. Overall, the proposed rents are considered reasonable and we have concluded to the proposed developer's rents under the "As Restricted" scenario.

Under the "As Market" scenario (which assumes no income and rent restrictions are in place) we have utilized the developer's proposed four-bedroom market rent for all four bedroom units.

In addition, we note that the subject will offer one market rate four-bedroom unit as proposed (As Restricted), and "As Market Rate" there will only be eight market rate four-bedroom units. The subject will represent new construction and will therefore be considered superior to the comparables with four-bedroom units. Overall, the four-bedroom rents appear reasonable.

## MARKET RENT CONCLUSIONS

The following chart shows the market rent conclusions for the subject:

MARKET RENT CONCLUSIONS - AS RESTRICTED									
No. Units	Unit Type	Unit Size	Total SF	Monthly Rent			Annual Rent		Annual Total
				\$/Unit	\$/SF	PRI	\$/Unit	\$/SF	
42	1BR/1BA - 60% AMI	876 SF	36,792 SF	\$598	\$0.68	\$25,116	\$7,176	\$8.19	\$301,392
10	1BR/1BA - Market Rate	876 SF	8,760 SF	\$1,030	\$1.18	\$10,300	\$12,360	\$14.11	\$123,600
76	2BR/2BA - 60% AMI	1,100 SF	83,600 SF	\$720	\$0.65	\$54,720	\$8,640	\$7.85	\$656,640
20	2BR/2BA - Market Rate	1,100 SF	22,000 SF	\$1,085	\$0.99	\$21,700	\$13,020	\$11.84	\$260,400
73	3BR/2BA - 60% AMI	1,300 SF	94,900 SF	\$813	\$0.63	\$59,349	\$9,756	\$7.50	\$712,188
19	3BR/2BA - Market Rate	1,300 SF	24,700 SF	\$1,255	\$0.97	\$23,845	\$15,060	\$11.58	\$286,140
7	4BR/2BA - 60% AMI	1,400 SF	9,800 SF	\$841	\$0.60	\$5,887	\$10,092	\$7.21	\$70,644
1	4BR/2BA - Market Rate	1,400 SF	1,400 SF	\$1,480	\$1.06	\$1,480	\$17,760	\$12.69	\$17,760
248		1,137 SF	281,952 SF	\$816	\$0.72	\$202,397	\$9,793	\$8.61	\$2,428,764

Compiled by CBRE

The table below hypothetically assumes the subject is no longer restricted by its income and rent restrictions:

<b>MARKET RENT CONCLUSIONS - AS MARKET RATE</b>									
No. Units	Unit Type	Unit Size	Total SF	Monthly Rent			Annual Rent		Annual Total
				\$/Unit	\$/SF	PRI	\$/Unit	\$/SF	
52	1BR/1BA	876 SF	45,552 SF	\$1,030	\$1.18	\$53,560	\$12,360	\$14.11	\$642,720
96	2BR/2BA	1,100 SF	105,600 SF	\$1,085	\$0.99	\$104,160	\$13,020	\$11.84	\$1,249,920
92	3BR/2BA	1,300 SF	119,600 SF	\$1,255	\$0.97	\$115,460	\$15,060	\$11.58	\$1,385,520
8	4BR/2BA	1,400 SF	11,200 SF	\$1,480	\$1.06	\$11,840	\$17,760	\$12.69	\$142,080
248		1,137 SF	281,952 SF	\$1,149	\$1.01	\$285,020	\$13,791	\$12.13	\$3,420,240

Compiled by CBRE

## RENT ADJUSTMENTS

Rent adjustments are sometimes necessary to account for differences in rental rates applicable to different units within similar floor plans due to items such as location within the property, view, and level of amenities. These rental adjustments may be in the form of rent premiums or rent discounts.

We are not aware of any planned premiums. Thus, no rent adjustments are required.

## POTENTIAL RENTAL INCOME CONCLUSION

Within this analysis, (for each scenario) we have estimated the potential rental income that the subject will achieve over the next twelve months based on our market rent conclusions. We have included deductions for loss-to-lease, concessions, vacancy and credit loss, as necessary, to account for any expected losses in potential rental income. Our methodology is consistent with buyers in the market, who are typically analyzing acquisitions based on income levels they expect to achieve over the next twelve months. However, we note that buyers are currently placing significant emphasis on income levels being achieved in the most recent months in preparing their year one pro formas, with buyers' future-looking estimates generally being very close to actual income levels in place. Further, buyers are typically adjusting any expenses to reasonable levels that are typically seen in the market, as needed.

## OPERATING HISTORY

The following table presents the developer's stabilized operating budget for the subject.



<b>OPERATING HISTORY</b>				
<b>Year-Occupancy</b>	<b>Stabilized Budget 92.5%</b>		<b>CBRE Estimate - As Restricted 94.0%</b>	
	<b>Total</b>	<b>\$/Unit</b>	<b>Total<sup>2</sup></b>	<b>\$/Unit</b>
<b>Income</b>				
Net Rental Income	\$2,428,764	\$9,793	\$2,428,764	\$9,793
Loss to Lease	-	-	-	-
Concession Loss	-	-	-	-
Vacancy Loss	(181,552)	(732)	(145,726)	(588)
Credit Loss	-	-	(36,431)	(147)
Other Income	84,055	339	84,320	340
Garage & Storage Income	80,784	326	80,600	325
<b>Effective Gross Income</b>	<b>\$2,412,051</b>	<b>\$9,726</b>	<b>\$2,411,527</b>	<b>\$9,724</b>
<b>Expenses</b>				
Real Estate Taxes	\$285,200	\$1,150	\$307,609	\$1,240
Property Insurance	86,800	350	86,800	350
Utilities	103,664	418	104,160	420
Administrative & General	96,950	391	99,200	400
Repairs & Maintenance	120,360	485	120,280	485
Landscaping & Security	79,600	321	79,360	320
Management Fee <sup>1</sup>	84,422	340	108,519	438
Payroll	264,233	1,065	297,600	1,200
Non-Revenue Units	-	-	-	-
Advertising & Promotion	30,000	121	29,760	120
Other	-	-	-	-
Reserves for Replacement	62,000	250	62,000	250
<b>Operating Expenses</b>	<b>\$1,213,229</b>	<b>\$4,892</b>	<b>\$1,295,287</b>	<b>\$5,223</b>
<b>Net Operating Income</b>	<b>\$1,198,823</b>	<b>\$4,834</b>	<b>\$1,116,239</b>	<b>\$4,501</b>
<sup>1</sup> (Mgmt. typically analyzed as a % of EGI)	3.5%		4.5%	
			<sup>2</sup> (Some revenue categories may reflect net figures)	
Source: Operating statements				

## LOSS TO LEASE

Loss-to-lease occurs because there are leases in-place at the property which are below the current quoted and/or market lease rates. That is, the subject will never attain 100% of its potential market rents at any given time because there are always existing leases in-place at lower rates assuming rental rates are increasing over time. The budgeted operating statement does not include a loss to lease. Therefore, we have not included a loss to lease within our analysis.

## RENT CONCESSIONS

None of the rent comparables are currently offered concessions. The budgeted operating statements do not include a concession loss. Therefore, we have not included a concession loss within our analysis.

## VACANCY

The subject's estimated stabilized occupancy rate was previously discussed in the market analysis. The subject's vacancy is detailed as follows:

VACANCY		
Year	Total	% PGI
Stabilized Budget	\$181,552	7%
<b>CBRE Estimate - As Restricted</b>	<b>\$145,726</b>	<b>6%</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$205,214</b>	<b>6%</b>
Compiled by CBRE		

We note the developer's budget does not include a separate credit loss estimate. Our combined vacancy and credit loss estimate is in line with the developer's estimate and the available market data.

## CREDIT LOSS

The credit loss estimate is an allowance for nonpayment of rent or other income. The subject's credit loss is detailed as follows:

CREDIT LOSS		
Year	Total	% PGI
Stabilized Budget	\$0	0.0%
<b>CBRE Estimate - As Restricted</b>	<b>\$36,431</b>	<b>1.5%</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$34,202</b>	<b>1.0%</b>
Compiled by CBRE		

We note the developer's budget does not include a separate credit loss estimate. Our combined vacancy and credit loss estimate is in line with the developer's estimate.

We have included a lower estimate "As Market Rate."

## OTHER INCOME

Other income is supplemental to that derived from leasing of the improvements. This includes categories such as forfeited deposits, vending machines, late charges, etc.

The subject's ancillary income is detailed as follows:

OTHER INCOME		
Year	Total	\$/Unit
Stabilized Budget	\$84,055	\$339
<b>CBRE Estimate - As Restricted</b>	<b>\$84,320</b>	<b>\$340</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$84,320</b>	<b>\$340</b>
Compiled by CBRE		

This estimate includes pet fees, laundry income, and other fees. It is our understanding the subject will offer a bulk cable television package, available to tenants at \$10 per month. We have included our estimate in line with the budgeted figure for each scenario.

### GARAGE & STORAGE INCOME

The subject will feature 48 detached garages and 60 storage units that will be rented separate from the proposed apartment units. Only one of the rent comparables (Rent Comparable 6) offers detached garages at a monthly rate of \$125 per month. The subject plans to charge \$100 per month; therefore, the planned rate appears reasonable. None of the comparables offer storage units. The subject plans to charge \$30 to \$50 per month depending on the size. This is considered within a typical range, and appears reasonable. The following table illustrates the subject's potential garage and storage income based on the developer's proposed rates:

<b>POTENTIAL GROSS PARKING &amp; STORAGE INCOME</b>					
Component	No. Spaces	Monthly Rate	Occupancy	Monthly Total	Annual Total
Small Storage	24 Spaces	\$30.00	100.0%	\$720	\$8,640
Large Storage	36 Spaces	\$50.00	100.0%	\$1,800	\$21,600
Garage	48 Spaces	\$100.00	100.0%	\$4,800	\$57,600
<b>Total Storage &amp; Parking Income</b>				<b>\$7,320</b>	<b>\$87,840</b>
Compiled by CBRE					

The subject's garage and storage income is detailed as follows:

<b>GARAGE &amp; STORAGE INCOME</b>		
Year	Total	\$/Unit
Stabilized Budget	\$80,784	\$326
<b>CBRE Estimate - As Restricted</b>	<b>\$80,600</b>	<b>\$325</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$80,600</b>	<b>\$325</b>
Compiled by CBRE		

As illustrated, our estimate is slightly below the potential income and in line with the budgeted amount.

### EFFECTIVE GROSS INCOME

The subject's effective gross income is detailed as follows:

EFFECTIVE GROSS INCOME		
Year	Total	% Change
Stabilized Budget	\$2,412,051	---
<b>CBRE Estimate - As Restricted</b>	<b>\$2,411,527</b>	<b>0%</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$3,345,743</b>	<b>39%</b>
Compiled by CBRE		

Under the “As Restricted” scenario, our pro forma estimate is in line with the budgeted figure.

Under the market rate scenario, our estimate is above the budgeted amount, which is primarily due to our inclusion of all units at unrestricted market rents.

Overall, we believe our estimate is reasonable and well supported on a line by line basis.

## OPERATING EXPENSE ANALYSIS

### Expense Comparables

The following chart summarizes expenses obtained from comparable properties.

EXPENSE COMPARABLES					
Comparable Number	1	2	3	4	Subject
Location	Savannah, GA	Beaufort, SC	Atlanta, GA	Atlanta, GA	
No. Units	144	160	324	250	248
Year Built	2005	1997	2006	2001	2018
Average Unit Size (SF)	1,164	1,119	1,054	1,163	1,137
Type	LIHTC & Market	LIHTC & Market	LIHTC & Market	LIHTC & Market	Pro Forma
Expense Year	2016 T-12	2015	07/2016 T-12	2016 T-12	HAP Contract
Revenues	\$/Unit	\$/Unit	\$/Unit	\$/Unit	\$/Unit
Effective Gross Income	\$8,290	\$9,211	\$8,448	\$8,837	\$9,724
<b>Expenses</b>					
Real Estate Taxes	\$656	\$375	\$356	\$485	\$1,240
Property Insurance	482	501	207	186	350
Utilities	625	970	1,816	1,409	420
Administrative & General	447	332	313	719	400
Repairs & Maintenance	559	813	1,284	825	485
Landscaping & Security	123	233	81	218	320
Management Fee <sup>1</sup>	423	479	387	377	438
Payroll	1,348	1,379	1,427	1,182	1,200
Non-Revenue Units	9	-	-	39	-
Advertising & Promotion	12	160	56	126	120
Other	-	-	-	-	-
Reserves for Replacement	-	-	-	-	250
Operating Expenses	\$4,684	\$5,243	\$5,927	\$5,566	\$5,223
Operating Expense Ratio	56.5%	56.9%	70.2%	63.0%	53.7%
<sup>1</sup> (Mgmt. typically analyzed as a % of EGI)	5.1%	5.2%	4.6%	4.3%	4.5%
<sup>2</sup> The median total differs from the sum of the individual amounts.					
Compiled by CBRE					

The table above reflects expense comparables of affordable properties.

EXPENSE COMPARABLES - MARKET					
Comparable Number	1	2	3	4	Subject
Location	Pooler, GA	Savannah, GA	Savannah, GA	Savannah, GA	
No. Units	317	329	448	278	248
Year Built	2015	2010	2007	1971/2015	2018
Average Unit Size (SF)	851	1,070	1,102	848	1,137
Expense Year	2016 Ann	2015 T-12	4/2015 T-12	04/2016 T-12	Pro Forma
Type	Market	Market	Market	Market	Conventional
Revenues	\$/Unit	\$/Unit	\$/Unit	\$/Unit	\$/Unit
Effective Gross Income	\$10,276	\$12,920	\$12,022	\$8,094	\$13,491
Expenses					
Real Estate Taxes	\$1,833	\$1,551	\$926	\$428	\$2,043
Property Insurance	277	344	375	422	350
Utilities	931	593	925	259	420
Administrative & General	549	196	321	315	350
Repairs & Maintenance	348	440	367	422	485
Landscaping & Security	264	166	114	172	320
Management Fee <sup>1</sup>	352	432	421	312	472
Payroll	1,186	909	1,091	1,334	1,100
Non-Revenue Units	104	88	102	116	111
Advertising & Promotion	188	191	145	142	175
Reserves for Replacement	-	-	-	-	250
Operating Expenses	\$6,031	\$4,911	\$4,786	\$3,922	\$6,077
Operating Expense Ratio	58.7%	38.0%	39.8%	48.5%	45.0%
<sup>1</sup> (Mgmt. typically analyzed as a % of EGI)	3.4%	3.3%	3.5%	3.9%	3.5%
<sup>2</sup> The median total differs from the sum of the individual amounts.					

Compiled by CBRE

In order to estimate the subject's expenses under the "As Market Rate" scenario, we have considered the expense comparables at similar conventional market rate properties in the southeast.

A discussion of each expense category is presented on the following pages.

### Real Estate Taxes

The real estate taxes for the subject were previously discussed within the tax section of this report. The subject's expense is detailed as follows:

REAL ESTATE TAXES		
Year	Total	\$/Unit
Stabilized Budget	\$285,200	\$1,150
Expense Comparable 1	N/A	\$656
Expense Comparable 2	N/A	\$375
Expense Comparable 3	N/A	\$356
Expense Comparable 4	N/A	\$485
<b>CBRE Estimate - As Restricted</b>	<b>\$307,609</b>	<b>\$1,240</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$506,787</b>	<b>\$2,043</b>

Compiled by CBRE

### Property Insurance

Property insurance expenses typically include fire and extended coverage and owner's liability coverage. The comparable data and projections for the subject are summarized as follows:

<b>PROPERTY INSURANCE</b>		
Year	Total	\$/Unit
Stabilized Budget	\$86,800	\$350
Expense Comparable 1	N/A	\$482
Expense Comparable 2	N/A	\$501
Expense Comparable 3	N/A	\$207
Expense Comparable 4	N/A	\$186
<b>CBRE Estimate - As Restricted</b>	<b>\$86,800</b>	<b>\$350</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$86,800</b>	<b>\$350</b>
Compiled by CBRE		

The market rate expense comparables indicate an expense between \$277 and \$422 per unit. The budgeted figure is within the range of the expense comparables. We have concluded the subject's pro forma estimate at the budgeted figure.

### Utilities

Utility expenses typically include natural gas, electric, water/sewer, cable TV/internet, and trash. Utility expenses are typically very property specific, and comparables offer a minimal indication of an appropriate level. We have found the best indication of this expense is the subject's budgeted level. The subject's expense is detailed as follows:

<b>UTILITIES</b>		
Year	Total	\$/Unit
Stabilized Budget	\$103,664	\$418
Expense Comparable 1	N/A	\$625
Expense Comparable 2	N/A	\$970
Expense Comparable 3	N/A	\$1,816
Expense Comparable 4	N/A	\$1,409
<b>CBRE Estimate - As Restricted</b>	<b>\$104,160</b>	<b>\$420</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$104,160</b>	<b>\$420</b>
Compiled by CBRE		

We note this expense includes any landlord paid utilities and common area utilities.

The market rate expense comparables indicate an expense between \$259 and \$931 per unit. The budgeted figure is within the range of the expense comparables. We have concluded the subject's pro forma estimate in line with the budgeted figure. We note that tenants will reportedly be directly billed for their respective electricity and water/sewer expenses.

### Administrative & General

Administrative expenses typically include legal costs, accounting, telephone, supplies, furniture, temporary help, and items that are not provided by off-site management. The comparable data and projections for the subject are summarized as follows:

<b>ADMINISTRATIVE &amp; GENERAL</b>		
Year	Total	\$/Unit
Stabilized Budget	\$96,950	\$391
Expense Comparable 1	N/A	\$447
Expense Comparable 2	N/A	\$332
Expense Comparable 3	N/A	\$313
Expense Comparable 4	N/A	\$719
<b>CBRE Estimate - As Restricted</b>	<b>\$99,200</b>	<b>\$400</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$86,800</b>	<b>\$350</b>
Compiled by CBRE		

We note this figure includes any leased furniture, travel, and support services.

Typically, affordable/tax credit properties have a higher level of expense due to the paperwork and auditing involved with the tax credit program. The subject's budgeted amount is slightly below the affordable comparable range. With support from the expense comparables, we have included our estimate "As Restricted" in line with the affordable comparables and slightly above the budgeted amount.

The conventional properties indicate an expense between \$196 and \$549 per unit. With support from the expense comparables, we have included our estimate "As Market Rate" below the developer's budgeted amount and within the conventional comparable range.

### Repairs and Maintenance

Repairs and maintenance expenses typically include all outside maintenance service contracts and the cost of maintenance and repairs supplies. The comparable data and projections for the subject are summarized as follows:

<b>REPAIRS &amp; MAINTENANCE</b>		
Year	Total	\$/Unit
Stabilized Budget	\$120,360	\$485
Expense Comparable 1	N/A	\$559
Expense Comparable 2	N/A	\$813
Expense Comparable 3	N/A	\$1,284
Expense Comparable 4	N/A	\$825
<b>CBRE Estimate - As Restricted</b>	<b>\$120,280</b>	<b>\$485</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$120,280</b>	<b>\$485</b>
Compiled by CBRE		

The market rate expense comparables indicate an expense between \$348 and \$440 per unit. Given the subject will represent new construction and considering the subject's expected quality upon completion we have included the subject's pro forma estimate in line with the the comparable range and in line with the budgeted amount.

### Landscaping and Security

Landscaping and security expenses typically include all outside landscaping and grounds maintenance service contracts and the cost of landscaping supplies, as well as security services. The comparable data and projections for the subject are summarized as follows:

<b>LANDSCAPING &amp; SECURITY</b>		
Year	Total	\$/Unit
Stabilized Budget	\$79,600	\$321
Expense Comparable 1	N/A	\$123
Expense Comparable 2	N/A	\$233
Expense Comparable 3	N/A	\$81
Expense Comparable 4	N/A	\$218
<b>CBRE Estimate - As Restricted</b>	<b>\$79,360</b>	<b>\$320</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$79,360</b>	<b>\$320</b>
Compiled by CBRE		

The market rate expense comparables indicate an expense between \$114 and \$264 per unit. The budgeted figure includes a security contract. We have included our estimate in line with the developer's budgeted amount and above the comparable range.

### Management Fee

Management expenses are typically negotiated as a percentage of collected revenues (i.e., effective gross income). The comparable data and projections for the subject are summarized as follows:

<b>MANAGEMENT FEE</b>		
Year	Total	% EGI
Stabilized Budget	\$84,422	3.5%
<b>CBRE Estimate - As Restricted</b>	<b>\$108,519</b>	<b>4.5%</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$117,101</b>	<b>3.5%</b>
Compiled by CBRE		

Professional management fees in the local market range from 3.0% to 5.0% for conventional properties and 4.0% to 10.0% for affordable properties. The budgeted amount is slightly below the affordable range and below the affordable comparables. With support from the expense comparables, we have included our "As Restricted" estimate slightly above the budgeted amount.



With support from the conventional expense comparables, we have included a slightly lower expense "As Market Rate."

### Payroll

Payroll expenses typically include all payroll and payroll related items for all directly employed administrative and maintenance personnel, as well as the associated payroll taxes and benefits. Not included are the salaries or fees for off-site management firm personnel and services. The comparable data and projections for the subject are summarized as follows:

<b>PAYROLL</b>		
Year	Total	\$/Unit
Stabilized Budget	\$264,233	\$1,065
Expense Comparable 1	N/A	\$1,348
Expense Comparable 2	N/A	\$1,379
Expense Comparable 3	N/A	\$1,427
Expense Comparable 4	N/A	\$1,182
<b>CBRE Estimate - As Restricted</b>	<b>\$297,600</b>	<b>\$1,200</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$272,800</b>	<b>\$1,100</b>
Compiled by CBRE		

The market rate expense comparables indicate an expense between \$909 and \$1,334 per unit. The budgeted figure is below the affordable expense comparable range. We have concluded the subject's pro forma estimate within the comparable range and slightly above the budgeted figure "As Restricted."

With support from the conventional expense comparables, we have included a slightly lower expense "As Market Rate."

### Non-Revenue Units

Apartment properties typically include units that are non-revenue producing. These may include model units, employee units, or others. The comparable data and projections for the subject are summarized as follows:

<b>NON-REVENUE UNITS</b>		
Year	Total	\$/Unit
Stabilized Budget	\$0	\$0
Expense Comparable 1	N/A	\$9
Expense Comparable 2	N/A	\$0
Expense Comparable 3	N/A	\$0
Expense Comparable 4	N/A	\$39
<b>CBRE Estimate - As Restricted</b>	<b>\$0</b>	<b>\$0</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$27,583</b>	<b>\$111</b>
Compiled by CBRE		

The developer has not included an estimate for this expense. As illustrated in the table above, the affordable expense comparables include minimal (\$0 to \$39 per unit) in non-revenue unit expense. Given the subject's security expense estimate, we have not included a non-revenue unit expense under our "As Restricted" analysis.

The conventional expense comparables indicated an expense of \$88 to \$116 per unit. Similar properties typically operate with one non-revenue unit for each 100 units. The subject has 2 management/employee units required by the tax credits. As Market Rate, we have included 2 non-revenue units within our analysis.

### Advertising and Promotion

Advertising and promotion expenses typically include all costs associated with the promotion of the subject including advertisements in local publications, trade publications, yellow pages, et cetera. The comparable data and projections for the subject are summarized as follows:

<b>ADVERTISING &amp; PROMOTION</b>		
<b>Year</b>	<b>Total</b>	<b>\$/Unit</b>
<b>Stabilized Budget</b>	<b>\$30,000</b>	<b>\$121</b>
Expense Comparable 1	N/A	\$12
Expense Comparable 2	N/A	\$160
Expense Comparable 3	N/A	\$56
Expense Comparable 4	N/A	\$126
<b>CBRE Estimate - As Restricted</b>	<b>\$29,760</b>	<b>\$120</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$43,400</b>	<b>\$175</b>
Compiled by CBRE		

The subject's budgeted level is within the comparable range. With support from the expense comparables, we have included our estimate within the budgeted amount under the "As Restricted" scenario.

The conventional expense comparables indicate an expense between \$142 and \$191 per unit. Under the "As Market Rate" scenario, we have included our estimate slightly above the "As Restricted" scenario and within the conventional comparable range.

### Other

We note that we are not aware of any special assessments or other operating expenses.

### Reserves for Replacement

Our estimate of reserves for replacement is based on discussions with knowledgeable market participants, who indicate a range from \$150 to \$300 per unit for comparable properties. Based on the age of the property we have included reserve at \$250 per unit.

## OPERATING EXPENSE CONCLUSION

The comparable data and projections for the subject are summarized as follows:

<b>OPERATING EXPENSES</b>		
Year	Total	\$/Unit
Stabilized Budget	\$1,213,229	\$4,892
Expense Comparable 1	N/A	\$4,684
Expense Comparable 2	N/A	\$5,243
Expense Comparable 3	N/A	\$5,927
Expense Comparable 4	N/A	\$5,566
<b>CBRE Estimate - As Restricted</b>	<b>\$1,295,287</b>	<b>\$5,223</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$1,507,071</b>	<b>\$6,077</b>
Compiled by CBRE		

Under our "As Restricted" scenario, our estimate is above the developer's budgeted figure, but within the range of the expense comparables. As compared to the budget, we note that our estimate includes a higher management fee, slightly higher payroll expense, and includes a non-revenue unit expense.

The conventional expense comparables indicate total expenses between \$3,922 and \$6,031 per unit. Under the "As Market Rate" scenario, our estimate is above our "As Restricted" estimate, which is primarily due to our inclusion of higher real estate taxes. Our total operating expense estimate per unit "As Market Rate" is within the range of the conventional market rate expense comparables considering our inclusion of replacement reserves. Overall, we believe our estimates are reasonable and well supported on a line by line basis.

## NET OPERATING INCOME CONCLUSION

The comparable data and projections for the subject are summarized as follows:

<b>NET OPERATING INCOME</b>		
Year	Total	\$/Unit
Stabilized Budget	\$1,198,823	\$4,834
<b>CBRE Estimate - As Restricted</b>	<b>\$1,116,239</b>	<b>\$4,501</b>
<b>CBRE Estimate - As Market Rate</b>	<b>\$1,838,673</b>	<b>\$7,414</b>
Compiled by CBRE		

As Restricted, our estimate is generally in line with the budgeted figure.

As Market Rate, our estimate is above our "As Restricted" estimate, which is primarily due to our higher average market rent. Overall, we believe our estimates are reasonable and well supported on a line by line basis.

## DIRECT CAPITALIZATION

Direct capitalization is a method used to convert a single year's estimated stabilized net operating income into a value indication. The following subsections represent different techniques for deriving an overall capitalization rate.

### Comparable Sales

The overall capitalization rates (OARs) confirmed for the comparable sales analyzed in the sales comparison approach are as follows:

COMPARABLE CAPITALIZATION RATES					
Sale	Sale Date	Sale Price \$/Unit	Occupancy	OAR Basis	OAR
1	Apr-16	\$128,333	95%	Existing Income	5.50%
2	Dec-15	\$98,077	94%	Existing Income	5.78%
3	Nov-15	\$136,474	94%	Existing Income	5.53%
4	Nov-15	\$148,305	95%	Pro Forma Income	6.19%
5	Jul-15	\$146,875	95%	Existing Income	5.42%
<b>Indicated OAR:</b>			93%		<b>5.42%-6.19%</b>
Compiled by: CBRE					

The overall capitalization rates for these sales were derived based upon the actual or pro forma income characteristics of the property. All of the comparables have occurred within the last 24 months. Given the subject's project size, age/condition, and location, we believe a capitalization rate within the comparable range is appropriate for the subject property.

The table below features recent sales of affordable properties:

SUMMARY OF COMPARABLE APARTMENT SALES - AS RESTRICTED												
No.	Name	Transaction Type	Date	Year Built	No. Units	Avg. Unit Size	Actual Sale Price	Adjusted Sale Price <sup>1</sup>	Price Per Unit <sup>1</sup>	Occ.	NOI Per Unit	OAR
1	Waterford Cove Apartments, 20 Colony Gardens Rd., Beaufort, SC	Sale	Aug-16	1997	160	816	\$13,275,000	\$13,275,000	\$82,969	96%	\$3,906	4.71%
2	McEver Vineyards, 1240 Vineyard Way, Gainesville, GA	Sale	Apr-16	2004	220	1,153	\$12,700,000	\$13,500,000	\$61,364	94%	\$4,503	7.34%
3	The Courtyard At Maple, 55 Maple Street, Atlanta, GA	Sale	Nov-15	1993	182	912	\$14,000,000	\$14,000,000	\$76,923	97%	\$3,069	3.99%
4	Lenox Park Apartments, 1000 Lenox Park Place, Gainesville, GA	Sale	May-15	2001	292	1,091	\$13,300,000	\$13,500,000	\$46,233	93%	\$2,050	4.43%
5	Millwood Park, 8242 Duralee Lane, Douglasville, GA	Sale	May-15	1999	172	1,164	\$7,000,000	\$7,000,000	\$40,698	75%	\$1,661	4.08%
Subj. Pro Forma	Woodlands at Montgomery, 227 West Montgomery Cross Road, Savannah, Georgia	---	---	2018	248	1,137	---	---	---	94%	\$4,501	---

<sup>1</sup> Adjusted sale price for cash equivalency, lease-up and/or deferred maintenance (where applicable)  
Compiled by CBRE

Given the lack of improved sales at the beginning of the tax credit compliance period, we have not performed a sales comparison approach for the subject "As Restricted." However, we have

identified several recent transactions of garden-style properties in later stages of the tax credit program or in the process of exiting the program (ie. in the decontrol period). All of the sales have occurred within the past 24 months. Overall, we have concluded to an “As Restricted” capitalization rate within the indicated range. Further, we note that our concluded per unit value is well supported by the indicated range.

### Published Investor Surveys

The results of the most recent investor surveys are summarized in the following chart.

<b>OVERALL CAPITALIZATION RATES</b>			
Investment Type	OAR Range		Average
<i>CBRE Apartments</i>			
Class A	3.50%	- 8.00%	4.82%
Class B	3.75%	- 8.25%	5.34%
Class C	4.00%	- 11.50%	6.37%
<i>RealtyRates.com</i>			
Apartments	4.00%	- 13.05%	8.59%
Garden/Suburban TH	4.00%	- 11.78%	7.87%
Hi-Rise/Urban TH	5.01%	- 13.05%	8.84%
Student Housing	4.69%	- 12.57%	9.00%
<i>PwC Apartment</i>			
National Data	3.50%	- 8.00%	5.29%
<b>Indicated OAR:</b>		<b>3.50%-8.00%</b>	
Compiled by: CBRE			

Because of the subject’s expected condition upon completion of construction, location, and size an OAR within the indicated range is considered appropriate.

### Market Participants

The results of recent interviews with knowledgeable real estate professionals are summarized in the following table.

<b>OVERALL CAPITALIZATION RATES</b>			
Respondent	OAR - As Restricted	OAR - As Market Rate	Date of Survey
Confidential Broker	5.75%-6.0%	5.75%-6.0%	Nov-16
Confidential Broker	6.0%-6.5%	6.0%-6.5%	Nov-16
<b>Indicated OAR - As Restricted:</b>			<b>5.75%-6.5%</b>
<b>Indicated OAR - As Market Rate:</b>			<b>5.75%-6.5%</b>
Compiled by: CBRE			

### Band of Investment

The band of the investment technique has been utilized as a crosscheck to the foregoing techniques. The Mortgage Interest Rate and the Equity Dividend Rate (EDR) are based upon current market yields for similar investments. The analysis is shown in the following table.

<b>BAND OF INVESTMENT</b>			
Mortgage Interest Rate	4.25%		
Mortgage Term (Amortization Period)	30 Years		
Mortgage Ratio (Loan-to-Value)	80%		
Mortgage Constant (monthly payments)	0.05903		
Equity Dividend Rate (EDR)	10%		
Mortgage Requirement	80%	x	0.05903 = 0.04722
Equity Requirement	20%	x	0.10000 = 0.02000
	100%		0.06722
<b>Indicated OAR:</b>			<b>6.70%</b>
Compiled by: CBRE			

### Capitalization Rate Conclusion

The following chart summarizes the OAR conclusions.

<b>OVERALL CAPITALIZATION RATE - CONCLUSION</b>	
Source	Indicated OAR
Comparable Sales	5.42%-6.19%
Comparable Sales (Secondary)	3.99%-7.34%
Published Surveys	3.50%-8.00%
Market Participants - As Restricted	5.75%-6.5%
Market Participants - As Market Rate	5.75%-6.5%
Band of Investment	6.70%
<b>CBRE Estimate - As Restricted</b>	<b>5.75%</b>
<b>CBRE Estimate - As Market Rate</b>	<b>5.75%</b>
Compiled by: CBRE	

Given our prospective date of value, the subject's expected quality of construction upon completion, and its good location in Savannah, an OAR in the middle portion of the range is considered appropriate. With support from the recent sales comparables and market participants, we have concluded to the same capitalization rate estimate for each scenario.

### Direct Capitalization Summary

A summary of the direct capitalization is illustrated in the following chart. This scenario assumes the subject is operating with its LIHTC restrictions.

**DIRECT CAPITALIZATION SUMMARY - AS RESTRICTED**

<b>Income</b>		<b>\$/Unit/Yr</b>	<b>Total</b>
Potential Rental Income		\$9,793	\$2,428,764
Loss to Lease	0.00%	0	-
Concessions	0.00%	0	-
<b>Adjusted Rental Income</b>		<b>\$9,793</b>	<b>2,428,764</b>
Vacancy	6.00%	(588)	(145,726)
Credit Loss	1.50%	(147)	(36,431)
<b>Net Rental Income</b>		<b>\$9,059</b>	<b>\$2,246,607</b>
Other Income		340	84,320
Garage & Storage Income		325	80,600
<b>Effective Gross Income</b>		<b>\$9,724</b>	<b>\$2,411,527</b>
<b>Expenses</b>			
Real Estate Taxes		\$1,240	\$307,609
Property Insurance		350	86,800
Utilities		420	104,160
Administrative & General		400	99,200
Repairs & Maintenance		485	120,280
Landscaping & Security		320	79,360
Management Fee	4.50%	438	108,519
Payroll		1,200	297,600
Non-Revenue Units		0	-
Advertising & Promotion		120	29,760
Other		-	-
Reserves for Replacement		250	62,000
<b>Operating Expenses</b>		<b>\$5,223</b>	<b>\$1,295,287</b>
<b>Operating Expense Ratio</b>			53.71%
<b>Net Operating Income</b>		<b>\$4,501</b>	<b>\$1,116,239</b>
<b>OAR</b>			<b>/ 5.75%</b>
<b>Indicated Stabilized Value</b>			<b>\$19,412,857</b>
<b>Rounded</b>			<b>\$19,425,000</b>
Lease-Up Discount			(1,196,000)
<b>Indicated As Complete</b>			<b>\$18,216,857</b>
<b>Rounded</b>			<b>\$18,225,000</b>
<b>Value Per Unit</b>			<b>\$73,488</b>

Compiled by CBRE

A summary of the direct capitalization is illustrated in the following chart. This scenario hypothetically assumes the subject is no longer encumbered by its income and rent restrictions associated with its LIHTC programs, and operating as a conventional market rate property.

<b>DIRECT CAPITALIZATION SUMMARY - AS MARKET RATE</b>			
		<b>\$/Unit/Yr</b>	<b>Total</b>
<b>Income</b>			
Potential Rental Income		\$13,791	\$3,420,240
Loss to Lease	0.00%	0	-
Concessions	0.00%	0	-
<b>Adjusted Rental Income</b>		<b>\$13,791</b>	<b>3,420,240</b>
Vacancy	6.00%	(827)	(205,214)
Credit Loss	1.00%	(138)	(34,202)
<b>Net Rental Income</b>		<b>\$12,826</b>	<b>\$3,180,823</b>
Other Income		340	84,320
Garage & Storage Income		325	80,600
<b>Effective Gross Income</b>		<b>\$13,491</b>	<b>\$3,345,743</b>
<b>Expenses</b>			
Real Estate Taxes		\$2,043	\$506,787
Property Insurance		350	86,800
Utilities		420	104,160
Administrative & General		350	86,800
Repairs & Maintenance		485	120,280
Landscaping & Security		320	79,360
Management Fee	3.50%	472	117,101
Payroll		1,100	272,800
Non-Revenue Units		111	27,583
Advertising & Promotion		175	43,400
Other		0	-
Reserves for Replacement		250	62,000
<b>Operating Expenses</b>		<b>\$6,077</b>	<b>\$1,507,071</b>
<b>Operating Expense Ratio</b>			45.04%
<b>Net Operating Income</b>		<b>\$7,414</b>	<b>\$1,838,673</b>
<b>OAR</b>			<b>5.75%</b>
<b>Indicated Stabilized Value</b>			<b>\$31,976,915</b>
<b>Rounded</b>			<b>\$31,975,000</b>
Lease-Up Discount			(1,268,000)
<b>Indicated As Complete Value</b>			<b>\$30,708,915</b>
<b>Rounded</b>			<b>\$30,700,000</b>
<b>Value Per Unit</b>			<b>\$123,826</b>
Compiled by CBRE			



## "As Complete" Market Value

In each of the valuation sections, we have estimated the subject's value "as complete and stabilized" as of the projected date of stabilization, or as of August 18, 2019. In order to estimate the "as complete" value of the property, it is necessary to include deductions for the rent/income loss over the construction/stabilization period. We have estimated these deductions in the following Construction/Lease-up Schedule.

We have estimated the rent/income loss over the lease-up period. As noted, we have estimated stabilization as of August 18, 2019. Given the available data, it is our opinion the subject will achieve stabilization within 13 months of construction completion. In our tables, we have estimated expenses to be 30% variable over the forecast period, which accounts for some expenses being lower during lease-up while the property is operating below a stabilized occupancy level.

We have also recognized that investors will sometimes apply a present value or discount factor to the income stream. However, given the relatively short absorption period, we believe a prudent investor would not attempt to "discount" the rent/income loss. Therefore, we have not included a discount factor within our Construction/Lease-up Schedule.

Given each of the identified value factors, the subject's Construction/Lease-up Schedule is included on the following pages.

**LEASE UP DISCOUNT SCHEDULE- AS RESTRICTED**

Month	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>AS-STABILIZED</b>													
Potential Rental Income	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397
Vacancy & Credit Loss (%)	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Vacancy & Credit Loss (\$)	(\$15,180)	(\$15,180)	(\$15,180)	(\$15,180)	(\$15,180)	(\$15,180)	(\$15,180)	(\$15,180)	(\$15,180)	(\$15,180)	(\$15,180)	(\$15,180)	(\$15,180)
Net Rental Income	\$187,217	\$187,217	\$187,217	\$187,217	\$187,217	\$187,217	\$187,217	\$187,217	\$187,217	\$187,217	\$187,217	\$187,217	\$187,217
Other Income	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743
Effective Gross Income	\$200,961	\$200,961	\$200,961	\$200,961	\$200,961	\$200,961	\$200,961	\$200,961	\$200,961	\$200,961	\$200,961	\$200,961	\$200,961
Total Expenses	(\$107,941)	(\$107,941)	(\$107,941)	(\$107,941)	(\$107,941)	(\$107,941)	(\$107,941)	(\$107,941)	(\$107,941)	(\$107,941)	(\$107,941)	(\$107,941)	(\$107,941)
Net Operating Income	\$93,020	\$93,020	\$93,020	\$93,020	\$93,020	\$93,020	\$93,020	\$93,020	\$93,020	\$93,020	\$93,020	\$93,020	\$93,020
<b>AS-IS</b>													
Potential Rental Income	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397
Vacancy & Credit Loss (%)	100.0%	94.3%	87.0%	79.8%	72.6%	65.3%	58.1%	50.9%	43.7%	36.4%	29.2%	22.0%	14.7%
Vacancy & Credit Loss (\$)	(\$202,397)	(\$190,798)	(\$176,163)	(\$161,528)	(\$146,894)	(\$132,259)	(\$117,624)	(\$102,989)	(\$88,354)	(\$73,719)	(\$59,084)	(\$44,449)	(\$29,815)
Net Rental Income	\$0	\$11,599	\$26,234	\$40,869	\$55,503	\$70,138	\$84,773	\$99,408	\$114,043	\$128,678	\$143,313	\$157,948	\$172,582
Other Income	\$0	\$851	\$1,926	\$3,000	\$4,074	\$5,149	\$6,223	\$7,297	\$8,372	\$9,446	\$10,520	\$11,595	\$12,669
Effective Gross Income	\$0	\$12,450	\$28,160	\$43,869	\$59,578	\$75,287	\$90,996	\$106,705	\$122,415	\$138,124	\$153,833	\$169,542	\$185,251
Total Expenses (30% Variable)	(\$75,558)	(\$77,565)	(\$80,096)	(\$82,627)	(\$85,159)	(\$87,690)	(\$90,221)	(\$92,753)	(\$95,284)	(\$97,815)	(\$100,347)	(\$102,878)	(\$105,409)
Net Operating Income	(\$75,558)	(\$65,114)	(\$51,936)	(\$38,759)	(\$25,581)	(\$12,403)	\$775	\$13,953	\$27,131	\$40,309	\$53,486	\$66,664	\$79,842
NOI Differential	\$168,578	\$158,134	\$144,956	\$131,779	\$118,601	\$105,423	\$92,245	\$79,067	\$65,889	\$52,711	\$39,534	\$26,356	\$13,178
Total Lease-Up Cost	\$168,578	\$158,134	\$144,956	\$131,779	\$118,601	\$105,423	\$92,245	\$79,067	\$65,889	\$52,711	\$39,534	\$26,356	\$13,178

<b>Indicated Lease-Up Discount</b>	<b>\$1,196,451</b>
<b>Rounded</b>	<b>\$1,196,000</b>
Compiled by CBRE	

LEASE UP DISCOUNT SCHEDULE - AS MARKET RATE													
Month	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>AS-STABILIZED</b>													
Potential Rental Income	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020
Loss to Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Concessions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Rental Income	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020
Vacancy & Credit Loss (%)	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Vacancy & Credit Loss (\$)	(\$19,951)	(\$19,951)	(\$19,951)	(\$19,951)	(\$19,951)	(\$19,951)	(\$19,951)	(\$19,951)	(\$19,951)	(\$19,951)	(\$19,951)	(\$19,951)	(\$19,951)
Net Rental Income	\$265,069	\$265,069	\$265,069	\$265,069	\$265,069	\$265,069	\$265,069	\$265,069	\$265,069	\$265,069	\$265,069	\$265,069	\$265,069
Other Income	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743	\$13,743
Effective Gross Income	\$278,812	\$278,812	\$278,812	\$278,812	\$278,812	\$278,812	\$278,812	\$278,812	\$278,812	\$278,812	\$278,812	\$278,812	\$278,812
Total Expenses	(\$125,589)	(\$125,589)	(\$125,589)	(\$125,589)	(\$125,589)	(\$125,589)	(\$125,589)	(\$125,589)	(\$125,589)	(\$125,589)	(\$125,589)	(\$125,589)	(\$125,589)
Net Operating Income	\$153,223	\$153,223	\$153,223	\$153,223	\$153,223	\$153,223	\$153,223	\$153,223	\$153,223	\$153,223	\$153,223	\$153,223	\$153,223
<b>AS-IS</b>													
Potential Rental Income	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$285,020	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397	\$202,397
Vacancy & Credit Loss (%)	100.0%	94.3%	87.0%	79.8%	72.6%	65.3%	58.1%	50.9%	43.7%	36.4%	29.2%	22.0%	14.7%
Vacancy & Credit Loss (\$)	(\$202,397)	(\$190,798)	(\$176,163)	(\$161,528)	(\$146,894)	(\$132,259)	(\$117,624)	(\$102,989)	(\$88,354)	(\$73,719)	(\$59,084)	(\$44,449)	(\$29,815)
Net Rental Income	\$0	\$11,599	\$26,234	\$40,869	\$55,503	\$70,138	\$84,773	\$99,408	\$114,043	\$128,678	\$143,313	\$157,948	\$172,582
Other Income	\$0	\$847	\$1,915	\$2,984	\$4,053	\$5,121	\$6,190	\$7,258	\$8,327	\$9,395	\$10,464	\$11,532	\$12,601
Effective Gross Income	\$0	\$12,446	\$28,149	\$43,853	\$59,556	\$75,259	\$90,963	\$106,666	\$122,370	\$138,073	\$153,776	\$169,480	\$185,183
Total Expenses (30% Variable)	(\$87,912)	(\$90,234)	(\$93,164)	(\$96,093)	(\$99,022)	(\$101,952)	(\$104,881)	(\$107,810)	(\$110,740)	(\$113,669)	(\$116,599)	(\$119,528)	(\$122,457)
Net Operating Income	(\$87,912)	(\$77,788)	(\$65,014)	(\$52,240)	(\$39,466)	(\$26,692)	(\$13,918)	(\$1,144)	\$11,630	\$24,404	\$37,178	\$49,952	\$62,726
NOI Differential	\$241,135	\$231,011	\$218,237	\$205,463	\$192,689	\$179,915	\$167,141	\$154,367	\$141,593	\$128,819	\$116,045	\$103,271	\$90,497
Total Lease-Up Cost	\$241,135	\$231,011	\$218,237	\$205,463	\$192,689	\$179,915	\$167,141	\$154,367	\$141,593	\$128,819	\$116,045	\$103,271	\$90,497

<b>Indicated Lease-Up Discount</b>	<b>\$1,268,450</b>
<b>Rounded</b>	<b>\$1,268,000</b>
Compiled by CBRE	

## Reconciliation of Value

The value indications from the approaches to value are summarized as follows:

<b>SUMMARY OF VALUE CONCLUSIONS</b>			
	As Is on	As Stabilized - As Restricted	As Stabilized - As Market Rate
	September 18, 2016	August 18, 2019	August 18, 2019
Land Value	\$1,860,000		
Cost Approach		\$39,350,000	N/A
Sales Comparison Approach		N/A	\$31,000,000
Income Capitalization Approach		\$19,425,000	\$31,975,000
Reconciled Value	\$1,860,000	\$19,425,000	\$31,975,000
Compiled by CBRE			

The cost approach typically gives a reliable value indication when there is strong support for the replacement cost estimate and when there is minimal depreciation. Considering the property represents new construction, the reliability of the cost approach is considered good. Therefore, the cost approach is considered to provide a reliable value indication, and has been given some emphasis in the final value reconciliation.

In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered somewhat comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. In addition, market participants are currently analyzing purchase prices on investment properties as they relate to available substitutes in the market. Therefore, the sales comparison approach is considered to provide a reliable value indication, and has been given some emphasis in the final value reconciliation.

The income capitalization approach is applicable to the subject since it is an income producing property leased in the open market. Market participants are primarily analyzing properties based on their income generating capability. Therefore, the income capitalization approach is considered a reasonable and substantiated value indicator and has been given primary emphasis in the final value estimate.

Based on the foregoing, the market value of the subject has been concluded as follows:

<b>MARKET VALUE CONCLUSION</b>			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	September 18, 2016	\$1,860,000
Prospective As Complete - As Restricted	Leased Fee Interest	July 18, 2018	\$18,225,000
Prospective As Stabilized - As Restricted	Leased Fee Interest	August 18, 2019	\$19,425,000
Prospective As Complete - As Market	Leased Fee Interest	July 18, 2018	\$30,700,000
Prospective As Stabilized - As Market	Leased Fee Interest	August 18, 2019	\$31,975,000
Compiled by CBRE			

## Assumptions and Limiting Conditions

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE, Inc. is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. CBRE, Inc., however, has not examined title and makes 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 have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the 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 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 the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. CBRE, Inc. professionals are not engineers and are not competent to judge matters of an engineering nature. CBRE, Inc. has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of CBRE, Inc. by ownership or management; CBRE, Inc. inspected less than 100% of the entire interior and exterior portions of the improvements; and CBRE, Inc. was 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, CBRE, Inc. reserves the right to amend the appraisal conclusions reported herein.
3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraisers. CBRE, Inc. has no knowledge of the existence of such materials on or in the property. CBRE, Inc., however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

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 report unless otherwise stated. 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 the information submitted to CBRE, Inc. This report may be subject to amendment upon re-inspection of the subject 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. It is assumed 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 specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, CBRE, Inc. has 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, CBRE, Inc. reserves the right to amend conclusions reported if made aware of any such error. 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 CBRE, Inc. 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, CBRE, Inc. will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. CBRE, Inc. assumes no private deed restrictions, limiting the use of the subject in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposit 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 it is also assumed that there are no air or development rights of value that may be transferred.
9. CBRE, Inc. is 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. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE, Inc. does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE, Inc.
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE, Inc. 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.
13. Also, unless otherwise noted in the body of this report, it is assumed 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.
14. This study may not be duplicated in whole or in part without the specific written consent of CBRE, Inc. nor may this report or copies hereof be transmitted to third parties without said consent, which consent CBRE, Inc. reserves the right to deny. 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 the express written consent of CBRE, Inc. which consent CBRE, Inc. reserves the right to deny. 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. CBRE, Inc. shall have no accountability or responsibility to any such third party.
15. 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.

16. The 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.
17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized 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 has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
18. 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 has been made known to CBRE, Inc. unless otherwise stated within the body of this report. If the Consultant has not been 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. CBRE, Inc. assumes 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.
19. Acceptance and/or use of this report constitutes full acceptance of the Contingent 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 contingencies and limiting conditions. Neither the Appraiser nor CBRE, Inc. assumes 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.
20. CBRE, Inc. assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient or super-efficient.
21. It is assumed 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.
22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
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, CBRE, Inc. has not made 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 CBRE, Inc. has no specific information relating to this issue, nor is CBRE, Inc. qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.
24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client approximately result in damage to Appraiser. Notwithstanding the foregoing, Appraiser shall have no obligation under this Section with respect to any loss that is caused solely by the active negligence or willful misconduct of a Client and is not contributed to by any act or omission (including any failure to perform any duty imposed by law) by Appraiser. Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover, from the other, reasonable attorney fees and costs.

**ADDENDA**



Addendum A

**LAND SALE DATA SHEETS**

Property Name 227 West Montgomery Cross Road  
 Address 227 West Montgomery Cross Road  
 Savannah, GA 31409  
 United States

Government Tax Agency Chatham  
 Govt./Tax ID 2-0644-01-011B, etc.

**Site/Government Regulations**

	Acres	Square feet
Land Area Net	17.340	755,330
Land Area Gross	17.340	755,330

Site Development Status	N/A
Shape	Irregular
Topography	Generally Level
Utilities	All available

Maximum FAR	0.00
Min Land to Bldg Ratio	N/A
Maximum Density	14.30 per ac

Frontage Distance/Street	N/A West Montgomery Cross Road
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General Plan	N/A
Specific Plan	N/A
Zoning	PUD-M-25
Entitlement Status	N/A



**Sale Summary**

Recorded Buyer	Herman & Kittle Properties, Inc.	Marketing Time	N/A
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	Signature Bank of Georgia	Seller Type	N/A
True Seller	N/A	Primary Verification	Buyer, Purchase & Sale Agreement

Interest Transferred	Fee Simple/Freehold	Type	Under Contract/Offer
Current Use	N/A	Date	11/1/2016
Proposed Use	N/A	Sale Price	\$1,800,000
Listing Broker	N/A	Financing	N/A
Selling Broker	N/A	Cash Equivalent	\$1,800,000
Doc #	N/A	Capital Adjustment	\$0
		Adjusted Price	\$1,800,000

**Transaction Summary plus Five-Year CBRE View History**

<u>Transaction Date</u>	<u>Transaction Type</u>	<u>Buyer</u>	<u>Seller</u>	<u>Price</u>	<u>Price/ac and /sf</u>
11/2016	Under Contract/Offer	Herman & Kittle Properties, Inc.	Signature Bank of Georgia	\$1,800,000	\$103,806 / \$2.38

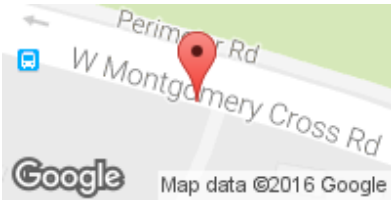
**Units of Comparison**

\$2.38 / sf	\$7,258 / Unit
\$103,806.23 / ac	\$7,258 / Allowable Bldg. Units
	N/A / Building Area

**Financial**

No information recorded

**Map & Comments**



This comparable represents the current contract of a 17.34 acre vacant site in Savannah, Chatham County, Georgia. The site is located along the southern side of West Montgomery Cross Road, just west of Abercorn Extension and just south of the Hunter Army Air Field. The property is currently under contract for \$1,800,000. The site is currently proposed for a 248 unit garden-style multifamily tax credit development. Based on the current contract price, the implied price equates to \$7,258 per unit.

Property Name Mariner Grove Land Sale  
 Address 5 Wahlstrom Road  
 Savannah, GA 31404  
 United States

Government Tax Agency Chatham  
 Govt./Tax ID 2-0008 -01-001

**Site/Government Regulations**

	Acres	Square feet
Land Area Net	18.550	808,038
Land Area Gross	18.550	808,038

Site Development Status	Raw
Shape	Irregular
Topography	Generally Level
Utilities	N/A

Maximum FAR N/A  
 Min Land to Bldg Ratio N/A  
 Maximum Density 17.20 per ac

Frontage Distance/Street	N/A Wahlstrom Road
Frontage Distance/Street	N/A E President Street

General Plan N/A  
 Specific Plan N/A  
 Zoning Multifamily  
 Entitlement Status N/A

**Sale Summary**

Recorded Buyer	G/S Brand Mariner Grove Manager, LLC	Marketing Time	50 Month(s)
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	JS&H Enterprises, LLP	Seller Type	N/A
True Seller	N/A	Primary Verification	Broker, Public Records

Interest Transferred Fee Simple/Freehold  
 Current Use Vacant Land  
 Proposed Use Multifamily  
 Listing Broker Judge Realty  
 Selling Broker N/A  
 Doc # 398A/255

Type	Sale
Date	7/15/2014
Sale Price	\$2,145,000
Financing	N/A
Cash Equivalent	\$2,145,000
Capital Adjustment	\$0
Adjusted Price	\$2,145,000

**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
07/2014	Sale	G/S Brand Mariner Grove Manager, LLC	JS&H Enterprises, LLP	\$2,145,000	\$115,633 / \$2.65

## Units of Comparison

\$2.65 / sf	\$6,724 / Unit
\$115,633.42 / ac	\$6,724 / Allowable Bldg. Units
	N/A / Building Area

## Financial

No information recorded

## Map &amp; Comments



This comparable represents the sale of an 18.55 acre tract of vacant land located at the northeast corner of the intersection of E President Street and Wahlstrom Road, and having a physical address of 5 Wahlstrom Road, Savannah (Chatham County), GA 31404. The property sold in July of 2014 for a reported price of \$2,145,000, or \$132,407 per acre. At the time of sale, the site was vacant, and in generally raw condition, with all utilities available to the site. It was reported that the property was purchased for the proposed development of a 319-unit, high-end garden style apartment development to be known as Mariner Grove. The project was still in the planning phase at time of sale, with construction expected to be during the second quarter of 2015, and final delivery projected for second quarter 2016. The reported development plans indicate a sale price of \$6,724 per proposed unit.

Property Name Capital Club Apartments  
 Address 1502 Benton Boulevard  
 Savannah, GA 31405  
 United States

Government Tax Agency Chatham  
 Govt./Tax ID 2-1016 -01-013 & 014

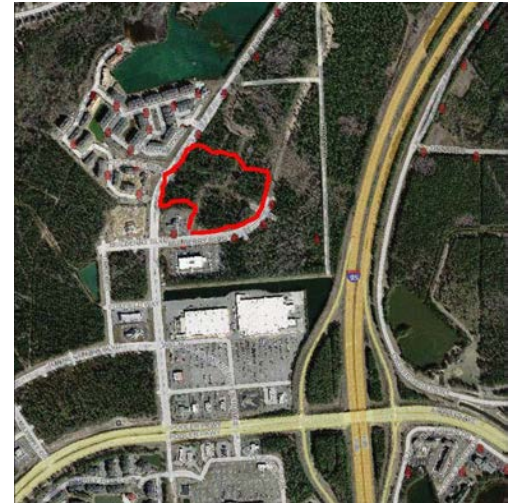
**Site/Government Regulations**

	Acres	Square feet
Land Area Net	18.540	807,602
Land Area Gross	18.540	807,602

Site Development Status	N/A
Shape	Irregular
Topography	Level, At Street Grade
Utilities	All Available

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

General Plan	N/A
Specific Plan	N/A
Zoning	PUD-C
Entitlement Status	N/A

**Sale Summary**

Recorded Buyer	Capital Club Apartments, LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	Mulberry Realty Holdings, LLC	Seller Type	N/A
True Seller	N/A	Primary Verification	Public Records, Broker, other sources
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant	Date	3/6/2013
Proposed Use	Multi-Family	Sale Price	\$2,132,215
Listing Broker	Through William Lattimore - CBRE	Financing	N/A
Selling Broker	N/A	Cash Equivalent	\$2,132,215
Doc #	385V/144	Capital Adjustment	\$0
		Adjusted Price	\$2,132,215

**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
03/2013	Sale	Capital Club Apartments, LLC	Mulberry Realty Holdings, LLC	\$2,132,215	\$115,006 / \$2.64
03/2013	Sale	Capital Club Apartments, LLC	Mulberry Realty Holdings, LLC	\$2,132,215	\$115,006 / \$2.64

## Units of Comparison

\$2.64 / sf	\$8,329 / Unit
\$115,006.20 / ac	\$8,329 / Allowable Bldg. Units
	N/A / Building Area

## Financial

No information recorded

## Map &amp; Comments



This is the sale of a 18.54-acre parcel located along Benton Boulevard in Pooler, Chatham County, Georgia. The site is generally level, irregularly shaped and currently under construction for a 256-unit apartment project to be known as The Captial Club. The property has access and frontage along Benton Boulevard as well as Mulberry Boulevard. The location is just north Pooler Parkway and its intersection with Interstate-95 in an area that has experienced tremendous growth recently with the continued expansion of Gulfstream. In addition, the southwest quadrant of the intersection is currently being devleoped with the 410,000 square foot Outlet Mall of Georgia with completion anticipated in 2015. The property sold in March 2013 for \$2,132,215, or \$8,329 per planned unit.

Property Name Two Addison Place  
 Address Pine Baren Road  
 Pooler, GA 31419  
 United States

Government Tax Agency Chatham  
 Govt./Tax ID 5-1011-01-052

**Site/Government Regulations**

	Acres	Square feet
Land Area Net	18.260	795,406
Land Area Gross	18.260	795,406

Site Development Status	N/A
Shape	Irregular
Topography	Level, At Street Grade
Utilities	All Available

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

General Plan	N/A
Specific Plan	N/A
Zoning	PUD
Entitlement Status	N/A

**Sale Summary**

Recorded Buyer	Pooler Apartment Partners, LLC	Marketing Time	48 Month(s)
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	Morgan Family	Seller Type	N/A
True Seller	N/A	Primary Verification	Stephen Ezelle - Gilbert/Ezelle

Interest Transferred	Fee Simple/Freehold
Current Use	Vacant
Proposed Use	Apartment
Listing Broker	Stephen Ezelle - 912.236-8393
Selling Broker	N/A
Doc #	376Y/841;849

Type	Sale
Date	4/13/2012
Sale Price	\$1,631,500
Financing	N/A
Cash Equivalent	\$1,631,500
Capital Adjustment	\$0
Adjusted Price	\$1,631,500

**Transaction Summary plus Five-Year CBRE View History**

<u>Transaction Date</u>	<u>Transaction Type</u>	<u>Buyer</u>	<u>Seller</u>	<u>Price</u>	<u>Price/ac and /sf</u>
04/2012	Sale	Pooler Apartment Partners, LLC	Morgan Family	\$1,631,500	\$89,348 / \$2.05



Units of Comparison

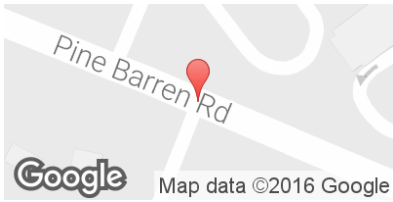
\$2.05 / sf  
\$89,348.30 / ac

\$6,157 / Unit  
\$6,157 / Allowable Bldg. Units  
N/A / Building Area

Financial

No information recorded

Map & Comments



This represents the purchase of two tax parcels totaling 18.266 acres located along the north side of Pine Barren Road west of Pooler parkway in Pooler, GA. The location is just north of Interstate 16. The property was purchased for the development of a multi-family property known as Two Addison Place.

**Addendum B**

**IMPROVED COMPARABLE DATA SHEETS**

Property Name Courtney Station  
 Address 285 Park Avenue  
 Pooler, GA 31322  
 United States

Government Tax Agency Chatham  
 Govt./Tax ID 5-0017A-01-047

**Unit Mix Detail**

Rate Timeframe	N/A				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1 BR, 1 BA	96	32%	759	\$895	\$1.18
2 BR, 2 BA	48	16%	1,071	\$1,049	\$0.98
1 BR, 1 BA	18	6%	1,090	\$1,180	\$1.08
2 BR, 2 BA	108	36%	1,197	\$1,189	\$0.99
3 BR, 2 BA	30	10%	1,490	\$1,299-\$1,490	\$0.94
Totals/Avg	300			\$1,093	\$1.03

**Improvements**

Land Area	20.000 ac	Status	Existing
Net Rentable Area (NRA)	316,248 sf	Year Built	2007
Total # of Units	300 Unit	Year Renovated	N/A
Average Unit Size	1,054 sf	Condition	Good
Floor Count	3	Exterior Finish	Fiber Cement Plank
General Amenities	Clubhouse, Controlled Access, Indoor Athletic Facility, On-Site Management, Park / Play Area, Pitched Roofs, Pool, Surface Parking		
Unit-Specific Amenities	Dishwasher, Private Balcony / Patio, Refrigerator, Washer / Dryer Connections , Washer / Dryer Machines		

**Sale Summary**

Recorded Buyer	Sentinel Real Estate	Marketing Time	N/A
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	Courtney Station 300	Seller Type	N/A
True Seller	Arenda Capital	Primary Verification	Walker & Dunlop
Interest Transferred	Leased Fee	Type	Sale
Current Use	N/A	Date	4/6/2016
Proposed Use	N/A	Sale Price	\$38,500,000
Listing Broker	Ryan Milsap (310)370-9811;	Financing	Not Available
Selling Broker	N/A	Cash Equivalent	\$38,500,000
Doc #	769,P290	Capital Adjustment	\$0
		Adjusted Price	\$38,500,000

**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
04/2016	Sale	Sentinel Real Estate	Courtney Station 300	\$38,500,000	\$128,333 / \$121.74
04/2013	Sale	Arenda	Contravest	\$35,250,000	\$117,500 / \$110.87

## Units of Comparison

Static Analysis Method	Other (see comments)	Eff Gross Inc Mult (EGIM)	N/A
Buyer's Primary Analysis	Static Capitalization Analysis	Op Exp Ratio (OER)	N/A
Net Initial Yield/Cap. Rate	5.50%	Adjusted Price / sf	\$121.74
Projected IRR	N/A	Adjusted Price / Unit	\$128,333
Actual Occupancy at Sale	95%		

## Financial

Revenue Type	Other See Comments
Period Ending	N/A
Source	N/A
Price	\$38,500,000
Potential Gross Income	N/A
Economic Occupancy	N/A
Economic Loss	N/A
Effective Gross Income	N/A
Expenses	N/A
Net Operating Income	\$2,117,500
NOI / sf	\$6.70
NOI / Unit	\$7,058
EGIM	N/A
OER	N/A
Net Initial Yield/Cap. Rate	5.50%

## Map &amp; Comments



This comparable represents the sale of a 300-unit garden style apartment property that was built in 2007. The property is located west of I-95 and the Savannah/Hilton Head International Airport in Pooler, Chatham County, Georgia. The property features one-, two-, and three-bedroom floor plans, with an average unit size of 1,060 square feet. The sale occurred in April 2016 for \$38,500,000, which equates to \$128,333 per unit. Based on the purchase price, the sale implies a 5.5% capitalization rate.

Property Name Islandtree  
 Address 2 Johnny Mercer Boulevard  
 Savannah, GA 31410  
 United States

Government Tax Agency Chatham  
 Govt./Tax ID 1-0173-01-001

**Unit Mix Detail**

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1 BR, 1 BA	40	19%	700-700	N/A	N/A
2 BR, 2 BA	144	69%	900-900	N/A	N/A
3 BR, 2 BA	24	12%	1,100-1,100	N/A	N/A
Totals/Avg	208			\$0	\$0.00

**Improvements**

Land Area	18.100 ac	Status	Existing
Net Rentable Area (NRA)	184,000 sf	Year Built	1985
Total # of Units	208 Unit	Year Renovated	N/A
Average Unit Size	885 sf	Condition	Good
Floor Count	2	Exterior Finish	Wood
General Amenities	Barbeque grills, Clubhouse, Coffee Bar, Indoor Athletic Facility, Laundry Facility, On-Site Management, Pool, Surface Parking, WiFi Lounge		
Unit-Specific Amenities	Dishwasher, Fireplace, Private Balcony / Patio, Washer / Dryer Connections		

**Sale Summary**

Recorded Buyer	Viera at Whitemarsh, LLC	Marketing Time	N/A
True Buyer	Militello Capital & QR Capital	Buyer Type	N/A
Recorded Seller	Islandtree Partners LLC	Seller Type	N/A
True Seller	Covennant Capital Group	Primary Verification	Broker, Deed
Interest Transferred	Leased Fee	Type	Sale
Current Use	Apartment	Date	12/17/2015
Proposed Use	Apartment	Sale Price	\$20,400,000
Listing Broker	HFF	Financing	Market Rate Financing
Selling Broker	HFF	Cash Equivalent	\$20,400,000
Doc #	0696/0546	Capital Adjustment	\$0
		Adjusted Price	\$20,400,000

**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
12/2015	Sale	Viera at Whitemarsh, LLC	Islandtree Partners LLC	\$20,400,000	\$98,077 / \$110.87

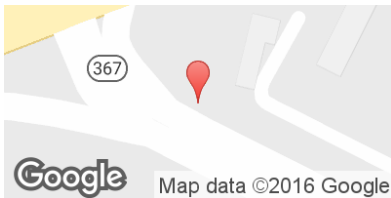
## Units of Comparison

Static Analysis Method	Other (see comments)	Eff Gross Inc Mult (EGIM)	9.36
Buyer's Primary Analysis	Static Capitalization Analysis	Op Exp Ratio (OER)	45.87%
Net Initial Yield/Cap. Rate	5.78%	Adjusted Price / sf	\$110.87
Projected IRR	N/A	Adjusted Price / Unit	\$98,077
Actual Occupancy at Sale	94%		

## Financial

Revenue Type	Other See Comments
Period Ending	N/A
Source	Broker
Price	\$20,400,000
Potential Gross Income	\$2,200,000
Economic Occupancy	100%
Economic Loss	\$0
Effective Gross Income	\$2,180,000
Expenses	\$999,955
Net Operating Income	\$1,180,045
NOI / sf	\$6.41
NOI / Unit	\$5,673
EGIM	9.36
OER	45.87%
Net Initial Yield/Cap. Rate	5.78%

## Map &amp; Comments



This comparable represents a 208-unit garden style apartment complex located along Johnny Mercer Boulevard, just past Hwy. 80 on Whitmarsh Island in Savannah, Chatham County, Georgia. The property was built in 1985 and features one, two, and three-bedroom floor plans with an average unit size of 885 SF. Unit interiors feature 8 ft ceilings, W/D connections, and fireplaces. According to the broker the purchase price equates to a 5.7% cap rate on T-3 income and market expenses with taxes adjusted to 92% of the purchase price and \$300/unit in reserves.

Property Name Waverly Station at the Highlands  
 Address 2155 Benton Boulevard  
 Pooler, GA 31322  
 United States

Government Tax Agency Chatham  
 Govt./Tax ID 2-1016-02-123 & 124

**Unit Mix Detail**

Rate Timeframe	N/A				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1BA	7	2%	771	\$900	\$1.17
1 BR, 1 BA	10	3%	805	\$850	\$1.06
1BR/1BA	46	14%	823-828	\$920	\$1.11
1BR/1BA	38	12%	865	\$900	\$1.04
1 BR, 1 BA	24	7%	871	\$930	\$1.07
2 BR, 2 BA	22	7%	1,090	\$1,050	\$0.96
2BR/2BA	12	4%	1,124-1,127	\$1,115	\$0.99
2BR/2BA	30	9%	1,155-1,159	\$1,120	\$0.97
2 BR, 2 BA	30	9%	1,172	\$1,075	\$0.92
2 BR, 2 BA	26	8%	1,198	\$1,025	\$0.86
2 BR, 2 BA	34	10%	1,203	\$1,080	\$0.90
2 BR, 2 BA	18	5%	1,235	\$1,100	\$0.89
3 BR, 2 BA	32	10%	1,408	\$1,275	\$0.91
Totals/Avg	329			\$1,033	\$0.97

**Improvements**

Land Area	26.690 ac	Status	Existing
Net Internal Area (NIA)	351,886 sf	Year Built	2010
Total # of Units	329 Unit	Year Renovated	N/A
Average Unit Size	1,070 sf	Condition	Excellent
Floor Count	3	Exterior Finish	Fiber Cement Board
General Amenities	Barbeque grills, Clubhouse, Coffee Bar, Event / Commercial Kitchen, Indoor Athletic Facility, On-Site Management, Outdoor Amenity , Pool, WiFi Lounge		
Unit-Specific Amenities	Washer / Dryer Connections , Washer / Dryer Machines		

**Sale Summary**

Recorded Buyer	SP-GRE Pooler, LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	Paradigm Savannah I & II Apartments, LLC	Seller Type	N/A
True Seller	N/A	Primary Verification	MHA
Interest Transferred	Leased Fee	Type	Sale
Current Use	Apartments	Date	11/30/2015
Proposed Use	Continued use	Sale Price	\$44,900,000
Listing Broker	Robert Stickle, ETAL 404-422-5610	Financing	N/A
Selling Broker	N/A	Cash Equivalent	\$44,900,000
Doc #	681/212 & 217	Capital Adjustment	\$0
		Adjusted Price	\$44,900,000

**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
11/2015	Sale	SP-GRE Pooler, LLC	Paradigm Savannah I & II Apartments, LLC	\$44,900,000	\$136,474 / \$127.60

## Units of Comparison

Static Analysis Method	Other (see comments)	Eff Gross Inc Mult (EGIM)	10.22
Buyer's Primary Analysis	Static Capitalization Analysis	Op Exp Ratio (OER)	43.44%
Net Initial Yield/Cap. Rate	5.53%	Adjusted Price / sf	\$127.60
Projected IRR	N/A	Adjusted Price / Unit	\$136,474
Actual Occupancy at Sale	94%		

## Financial

Revenue Type	Other See Comments
Period Ending	N/A
Source	N/A
Price	\$44,900,000
Potential Gross Income	N/A
Economic Occupancy	N/A
Economic Loss	N/A
Effective Gross Income	\$4,391,624
Expenses	\$1,907,774
Net Operating Income	\$2,483,850
NOI / sf	\$7.06
NOI / Unit	\$7,550
EGIM	10.22
OER	43.44%
Net Initial Yield/Cap. Rate	5.53%

## Map &amp; Comments



This comparable represents the sale of a 329-unit garden style apartment complex located at 2155 Benton Boulevard in Pooler, Chatham County, Georgia. The improvements were constructed in two phases in 2010 and 2012 and are situated on a 26.69-acre site. The property consists 17 two- and three-story residential buildings and two community buildings, and features one-, two-, and three-bedroom floor plans, with an average unit size of 1,069 square feet. The property sold November 2015 for \$44,900,000, which equates to \$136,474 per unit. Based on trailing 3-month annualized income and trailing 12 month expenses inclusive of a 95% tax revaluation and \$250/unit replace reserve, the sale price indicated an overall capitalization rate of 5.53%. The property was approximately 94% occupied at the time of sale, and was considered to be in excellent overall condition.



Property Name Durham Park Apartments  
 Address 100 Durham Park Way  
 Pooler, GA 31322  
 United States

Government Tax Agency chatham  
 Govt./Tax ID Multiple

**Unit Mix Detail**

Rate Timeframe	N/A				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
2BR/2.5BA	80	49%	1,374	N/A	N/A
3BR/2.5BA	84	51%	1,540	N/A	N/A
Totals/Avg	164			\$0	\$0.00

**Improvements**

Land Area	29.412 ac	Status	Existing
Net Rentable Area (NRA)	239,280 sf	Year Built	2015
Total # of Units	164 Unit	Year Renovated	N/A
Average Unit Size	1,459 sf	Condition	Good
Floor Count	N/A	Exterior Finish	Vinyl Siding
General Amenities	Barbeque grills, Clubhouse, Controlled Access, Indoor Athletic Facility, On-Site Management, Park / Play Area, Pool		
Unit-Specific Amenities	Private Balcony / Patio, Storage in unit, Vaulted Ceiling, Washer / Dryer Connections		

**Sale Summary**

Recorded Buyer	Holly Springs Crossing, LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	Durham Park Townhomes, LLC	Seller Type	N/A
True Seller	North Godley Developers	Primary Verification	Public Records, PSA, Party to the Sale
Interest Transferred	Leased Fee	Type	Sale
Current Use	Apartments	Date	11/20/2015
Proposed Use	Apartments	Sale Price	\$24,322,000
Listing Broker	N/A	Financing	N/A
Selling Broker	N/A	Cash Equivalent	\$24,322,000
Doc #	678/89	Capital Adjustment	\$0
		Adjusted Price	\$24,322,000

**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
11/2015	Sale	Holly Springs Crossing, LLC	Durham Park Townhomes, LLC	\$24,322,000	\$148,305 / \$101.65

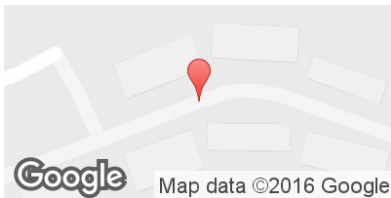
## Units of Comparison

Static Analysis Method	Pro Forma (Stabilized)	Eff Gross Inc Mult (EGIM)	9.84
Buyer's Primary Analysis	Static Capitalization Analysis	Op Exp Ratio (OER)	39.06%
Net Initial Yield/Cap. Rate	6.19%	Adjusted Price / sf	\$101.65
Projected IRR	N/A	Adjusted Price / Unit	\$148,305
Actual Occupancy at Sale	95%		

## Financial

Revenue Type	Pro Forma Stabilized
Period Ending	N/A
Source	N/A
Price	\$24,322,000
Potential Gross Income	N/A
Economic Occupancy	N/A
Economic Loss	N/A
Effective Gross Income	\$2,470,879
Expenses	\$965,079
Net Operating Income	\$1,505,800
NOI / sf	\$6.29
NOI / Unit	\$9,182
EGIM	9.84
OER	39.06%
Net Initial Yield/Cap. Rate	6.19%

## Map &amp; Comments



This comparable represents the sale of a 164-unit townhome style apartment complex located at 100 Durham Park Way in Savannah, Chatham County, Georgia. The improvements are part of a townhome subdivision which was originally constructed as sale single-family. As of the sale date, there were 46 additional units within the development that were sold to individuals for single-family use. These units were contained within eight buildings, and it is noted that none of the units which sold as part of this comparable were located within those buildings. The comparable improvements consist of 29, two-story residential buildings, and offer two- and three-bedroom floor plans with an average unit size of 1,459 square feet. Additionally, the comparable includes a freestanding clubhouse/leasing office building. It was indicated that construction of the improvements began in 2013, with completion and initial move in reported in September 2015. The property sold in November of 2015 for a price of \$24,322,000, or \$148,305 per unit. Based on the buyer's stabilized budgeted income, inclusive of \$250/unit in reserves, the sale price implies an overall capitalization rate of 6.19%.

Property Name Gateway Crossing  
 Address 601 Giddings Court  
 Augusta, GA 30907  
 United States

Government Tax Agency Richmond  
 Govt./Tax ID 0221001000

**Unit Mix Detail**

Rate Timeframe	N/A				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1BA	36	15%	642	\$920	\$1.43
1BR/1BA	48	20%	736	\$995	\$1.35
1BR/1BA	12	5%	975	\$1,280	\$1.31
2BR/2BA	60	25%	1,025	\$1,093	\$1.07
2BR/2BA	48	20%	1,094	\$1,202	\$1.10
3BR/3BA	36	15%	1,296	\$1,325	\$1.02
Totals/Avg	240			\$1,113	\$1.16

**Improvements**

Land Area	10.440 ac	Status	Existing
Net Rentable Area (NRA)	230,808 sf	Year Built	2013
Total # of Units	240 Unit	Year Renovated	N/A
Average Unit Size	962 sf	Condition	Excellent
Floor Count	N/A	Exterior Finish	Fiber Cement Board
General Amenities	Clubhouse, Controlled Access, Indoor Athletic Facility, Institutional Quality, On-Site Management, Outdoor Amenity , Park / Play Area, Pitched Roofs, Pool, Surface Parking		
Unit-Specific Amenities	Dishwasher, Gourmet Kitchen, Laundry in unit, Private Balcony / Patio, Refrigerator, Vaulted Ceiling, Washer / Dryer Connections , Washer / Dryer Machines		

**Sale Summary**

Recorded Buyer	Romspen Mortgage Inv Fund	Marketing Time	N/A
True Buyer	N/A	Buyer Type	Private Investor
Recorded Seller	Gateway Communities	Seller Type	Private Investor
True Seller	McKnight Properties	Primary Verification	MHA
Interest Transferred	Leased Fee	Type	Sale
Current Use	Apartments	Date	7/30/2015
Proposed Use	N/A	Sale Price	\$35,250,000
Listing Broker	Robert Stickel w/ MHA 404-442-5609	Financing	All Cash
Selling Broker	William McKnight 706-496-3761	Cash Equivalent	\$35,250,000
Doc #	1496/625	Capital Adjustment	\$0
		Adjusted Price	\$35,250,000

**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
07/2015	Sale	Romspen Mortgage Inv Fund	Gateway Communities	\$35,250,000	\$146,875 / \$152.72

## Units of Comparison

Static Analysis Method	Trailing Actuals	Eff Gross Inc Mult (EGIM)	10.79
Buyer's Primary Analysis	Static Capitalization Analysis	Op Exp Ratio (OER)	41.55%
Net Initial Yield/Cap. Rate	5.42%	Adjusted Price / sf	\$152.72
Projected IRR	N/A	Adjusted Price / Unit	\$146,875
Actual Occupancy at Sale	95%		

## Financial

Revenue Type	Trailing Actuals
Period Ending	N/A
Source	Appraiser
Price	\$35,250,000
Potential Gross Income	N/A
Economic Occupancy	N/A
Economic Loss	N/A
Effective Gross Income	\$3,266,800
Expenses	\$1,357,300
Net Operating Income	\$1,909,500
NOI / sf	\$8.27
NOI / Unit	\$7,956
EGIM	10.79
OER	41.55%
Net Initial Yield/Cap. Rate	5.42%

## Map &amp; Comments



Gateway Crossing is a garden style multi-family community located in the western portion of the Augusta, Georgia, metropolitan area. The property was constructed in 2013 and features 16 two- and three-story residential buildings containing 240 units. Exterior components consist of stone and hardi-board siding and remain in excellent condition. Amenities include a clubhouse, pool, fitness center, billiards lounge, and garages for rent. Floor plans are available in one-, two-, and three-bedroom configurations and feature granite counters, stainless appliances, and hardwood like flooring. The property traded at \$35.25 million or \$146,875 per unit. Due to the property recently reaching a stabilized level, the subject's T-3 (months) was utilized to estimate the capitalization rate in the absence of the buyer's budget. Based on the subject's T-3 historicals, including a 3% management fee and \$250 per unit reserve allowance, the purchase price indicated a 5.42% capitalization rate.

Property Name Waterford Cove Apartments  
 Address 20 Colony Gardens Rd.  
 Ladys Island  
 Beaufort, SC 29907  
 United States  
 Government Tax Agency Beaufort  
 Govt./Tax ID R200 010 000 0316 0000

**Unit Mix Detail**

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
2 BR, 2 BA	64	40%	990	\$850-\$875	\$0.87
3 BR, 2 BA	80	50%	1,189	\$925	\$0.78
3 BR, 2 BA	16	10%	1,282	\$950	\$0.74
Totals/Avg	160			\$903	\$0.81

**Improvements**

Land Area	20.580 ac	Status	Existing
Net Rentable Area (NRA)	178,992 sf	Year Built	1997
Total # of Units	160 Unit	Year Renovated	N/A
Average Unit Size	1,119 sf	Condition	Good
Floor Count	2	Exterior Finish	Brick
General Amenities	Clubhouse, Laundry Facility, On-Site Management, Pitched Roofs, Pool, Surface Parking		
Unit-Specific Amenities	Dishwasher, Refrigerator, Washer / Dryer Connections		

**Sale Summary**

Recorded Buyer	Beaufort Leased Housing Associates I	Marketing Time	N/A
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	Waterford Manor II LP & Waterford Manor LP	Seller Type	N/A
True Seller	N/A	Primary Verification	C
Interest Transferred	Leased Fee	Type	Sale
Current Use	Apartment	Date	8/24/2016
Proposed Use	Apartment	Sale Price	\$13,275,000
Listing Broker	CBRE	Financing	Market Rate Financing
Selling Broker	CBRE	Cash Equivalent	\$13,275,000
Doc #	3510-2062 & 3510-3058	Capital Adjustment	\$0
		Adjusted Price	\$13,275,000

**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
08/2016	Sale	Beaufort Leased Housing Associates I	Waterford Manor II LP & Waterford Manor LP	\$13,275,000	\$82,969 / \$74.17

## Units of Comparison

Static Analysis Method	Other (see comments)	Eff Gross Inc Mult (EGIM)	8.41
Buyer's Primary Analysis	Price and Capitalization Analyses	Op Exp Ratio (OER)	60.41%
Net Initial Yield/Cap. Rate	4.71%	Adjusted Price / sf	\$74.17
Projected IRR	N/A	Adjusted Price / Unit	\$82,969
Actual Occupancy at Sale	96%		

## Financial

Revenue Type	Pro Forma Stabilized	Other See Comments
Period Ending	N/A	N/A
Source	Broker	N/A
Price	\$13,275,000	\$13,275,000
Potential Gross Income	\$1,631,867	N/A
Economic Occupancy	100%	N/A
Economic Loss	\$0	N/A
Effective Gross Income	\$1,631,867	\$1,578,276
Expenses	\$801,330	\$953,381
Net Operating Income	\$830,537	\$624,895
NOI / sf	\$4.64	\$3.49
NOI / Unit	\$5,191	\$3,906
EGIM	8.13	8.41
OER	49.11%	60.41%
Net Initial Yield/Cap. Rate	6.26%	4.71%

## Map &amp; Comments



This comparable represents the sale of a 160-unit multifamily garden apartment property in unincorporated Beaufort County, South Carolina. The property was constructed in 1997 and 1999 with low income housing tax credits. The property was 100% restricted to tenants earning 60% of the area median income, or less. However, the property had begun its 3-year decontrol period and would be 100% market rate in September 2016 (approximately one month after the sale closed). The property offers two and three bedroom units with an average unit size of 1,119 square feet. Unit interiors feature 8 ft. ceilings and W/D connections. The property sold in August 2016 for \$13,275,000 or \$82,969 per unit. Based on the T-3 annualized income and T-12 expenses, inclusive of adjusted real estate taxes and \$300 per unit replacement reserves, the sale implies a 4.71% capitalization rate.

Property Name McEver Vineyards  
 Address 1240 Vineyard Way  
 Gainesville, GA 30504  
 United States

Government Tax Agency Hall  
 Govt./Tax ID 08006 001025y

**Unit Mix Detail**

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1 BR, 1 BA	32	15%	860	\$610	\$0.71
2 BR, 2 BA	109	50%	1,119	\$710	\$0.63
3 BR, 2 BA	78	36%	1,335	\$789	\$0.59
Totals/Avg	219			\$724	\$0.62

**Improvements**

Land Area	0.000 ac	Status	Existing
Net Rentable Area (NRA)	253,621 sf	Year Built	2004
Total # of Units	220 Unit	Year Renovated	N/A
Average Unit Size	1,153 sf	Condition	Good
Floor Count	N/A	Exterior Finish	Vinyl Siding
General Amenities	Deed Restrictions, Clubhouse, Controlled Access, Laundry Facility, LIHTC (Low Income Housing Tax Credit), On-Site Management, Park / Play Area, Pitched Roofs, Pool, Surface Parking		
Unit-Specific Amenities	Dishwasher, Refrigerator, Washer / Dryer Connections		

**Sale Summary**

Recorded Buyer	VCP McEver, LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	McEver Vineyards, LP	Seller Type	N/A
True Seller	N/A	Primary Verification	Seller, Deed
Interest Transferred	Leased Fee	Type	Sale
Current Use	Apartment	Date	4/6/2016
Proposed Use	Apartment	Sale Price	\$12,700,000
Listing Broker	N/A	Financing	Not Available
Selling Broker	N/A	Cash Equivalent	\$12,700,000
Doc #	7684/499	Capital Adjustment	\$800,000
		Adjusted Price	\$13,500,000

**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
04/2016	Sale	VCP McEver, LLC	McEver Vineyards, LP	\$12,700,000	\$57,727 / \$50.07

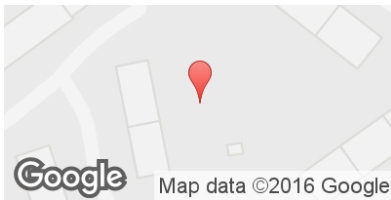
## Units of Comparison

Static Analysis Method	Other (see comments)	Eff Gross Inc Mult (EGIM)	N/A
Buyer's Primary Analysis	Other	Op Exp Ratio (OER)	N/A
Net Initial Yield/Cap. Rate	7.34%	Adjusted Price / sf	\$53.23
Projected IRR	N/A	Adjusted Price / Unit	\$61,364
Actual Occupancy at Sale	94%		

## Financial

Revenue Type	Other See Comments
Period Ending	N/A
Source	N/A
Price	\$13,500,000
Potential Gross Income	N/A
Economic Occupancy	N/A
Economic Loss	N/A
Effective Gross Income	N/A
Expenses	N/A
Net Operating Income	\$990,600
NOI / sf	\$3.91
NOI / Unit	\$4,503
EGIM	N/A
OER	N/A
Net Initial Yield/Cap. Rate	7.34%

## Map &amp; Comments



This comparable represents the sale of a 220-unit multifamily garden apartment in Gainesville, Hall County, Georgia. The property is located along Vineyard Way and was constructed with low income housing tax credits in 2004. The property offers one, two, and three bedroom units. The property is 100% restricted to tenants earning 60% of the area median income, or less. The property is not qualified contract eligible until 2020. The property was 94% occupied at the time of sale and required approximately \$800,000 in capital needs. The property sold in April 2016 for \$12,700,000. The seller confirmed that the buyer was responsible for the required capital costs and the adjusted purchase price was therefore \$13,500,000 or \$61,364 per unit. Based on the existing income, the sale implied a 7.8% capitalization rate, which after adjusting for the capital needs equates to a 7.34% capitalization rate.



Property Name The Courtyard At Maple  
 Address 55 Maple Street  
 Atlanta, GA 30314  
 United States

Government Tax Agency Fulton  
 Govt./Tax ID N/A

**Unit Mix Detail**

Rate Timeframe	N/A				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1 BR, 1 BA, Mkt	12	7%	575	\$690	\$1.20
1 BR, 1 BA, Mkt	24	13%	722	\$750	\$1.04
2 BR, 1 BA, 60%	15	8%	848	\$720	\$0.85
2 BR, 1 BA, Mkt	9	5%	848	\$815	\$0.96
2 BR, 2 BA, 60%	65	36%	968	\$780	\$0.81
2 BR, 2 BA, Mkt	39	21%	968	\$865	\$0.89
3 BR, 2 BA, Mkt	18	10%	1,150	\$950	\$0.83
Totals/Avg	182			\$802	\$0.88

**Improvements**

Land Area	0.000 ac	Status	Existing
Net Rentable Area (NRA)	165,952 sf	Year Built	1993
Total # of Units	182 Unit	Year Renovated	N/A
Average Unit Size	912 sf	Condition	Average
Floor Count	3	Exterior Finish	Vinyl Siding
General Amenities	Deed Restrictions, Clubhouse, Controlled Access, LIHTC (Low Income Housing Tax Credit), On-Site Management, Park / Play Area, Pitched Roofs, Pool, Surface Parking		
Unit-Specific Amenities	Dishwasher, Private Balcony / Patio, Refrigerator, Washer / Dryer Connections		

**Sale Summary**

Recorded Buyer	Domain Courtyard Apartments LLC	Marketing Time	N/A
True Buyer	Domain Communities	Buyer Type	N/A
Recorded Seller	BBRC Parcel 25, LLC, DD Sanford 22.65 LLC, Vine City Redevelopment Partners LTD LP	Seller Type	N/A
True Seller	Davis Development	Primary Verification	Buyer
Interest Transferred	Leased Fee	Type	Sale
Current Use	N/A	Date	11/20/2015
Proposed Use	N/A	Sale Price	\$14,000,000
Listing Broker	Brown Realty - Judy MacManus	Financing	N/A
Selling Broker	N/A	Cash Equivalent	\$14,000,000
Doc #	N/A	Capital Adjustment	\$0
		Adjusted Price	\$14,000,000

**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
11/2015	Sale	Domain Courtyard Apartments LLC	BBRC Parcel 25, LLC, DD Sanford 22.65 LLC, Vine City Redevelopment Partners LTD LP	\$14,000,000	\$76,923 / \$84.36

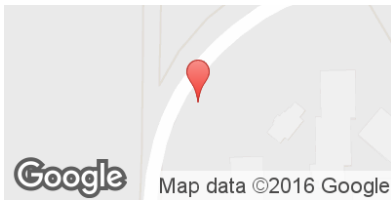
## Units of Comparison

Static Analysis Method	Other (see comments)	Eff Gross Inc Mult (EGIM)	8.05
Buyer's Primary Analysis	Other	Op Exp Ratio (OER)	67.90%
Net Initial Yield/Cap. Rate	3.99%	Adjusted Price / sf	\$84.36
Projected IRR	N/A	Adjusted Price / Unit	\$76,923
Actual Occupancy at Sale	97%		

## Financial

Revenue Type	Other See Comments
Period Ending	N/A
Source	Buyer
Price	\$14,000,000
Potential Gross Income	N/A
Economic Occupancy	N/A
Economic Loss	N/A
Effective Gross Income	\$1,739,711
Expenses	\$1,181,181
Net Operating Income	\$558,530
NOI / sf	\$3.37
NOI / Unit	\$3,069
EGIM	8.05
OER	67.90%
Net Initial Yield/Cap. Rate	3.99%

## Map &amp; Comments



This comparable represents the sale of a 182-unit multifamily garden apartment in Atlanta, Fulton County, Georgia. The property is located along Maple Street, next to the Georgia Dome. The property was constructed in 1993 with low income housing tax credits. The property was 97% occupied at the time of sale and had approximately 77 units rent and income restricted to tenants earning 60% of the area median income, or less. The property would be restricted through 2023; however, the buyer plans to take the property out of the LIHTC program via the qualified contract process. The buyer also plans to perform a renovation following acquisition. The property was sold in November 2015 for \$14,000,000 which equates to approximately \$76,923 per unit. Based on the 2014 income, inclusive of \$250 per unit replacement reserves, the sale implies a 3.99% capitalization rate. The low capitalization rate is due to the property's restricted rents, as well as atypically high administrative and repairs expenses.

Property Name Lenox Park Apartments  
 Address 1000 Lenox Park Place  
 Gainesville, GA 30507  
 United States

Government Tax Agency Hall  
 Govt./Tax ID N/A

**Unit Mix Detail**

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1 BR, 1 BA	73	25%	869	\$615	\$0.71
2 BR, 2 BA	73	25%	1,057	\$719	\$0.68
3 BR, 2 BA	73	25%	1,182	\$800	\$0.68
3 BR, 2 BA	73	25%	1,255	\$819	\$0.65
Totals/Avg	292			\$738	\$0.68

**Improvements**

Land Area	0.000 ac	Status	Existing
Net Rentable Area (NRA)	318,499 sf	Year Built	2001
Total # of Units	292 Unit	Year Renovated	N/A
Average Unit Size	1,091 sf	Condition	Good
Floor Count	N/A	Exterior Finish	Vinyl Siding
General Amenities	Pool		
Unit-Specific Amenities	N/A		

**Sale Summary**

Recorded Buyer	VCP Lenox, LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	Lenox Park Partners, LP	Seller Type	N/A
True Seller	N/A	Primary Verification	Deed, Broker
Interest Transferred	Leased Fee	Type	Sale
Current Use	Apartment	Date	5/15/2015
Proposed Use	Apartment	Sale Price	\$13,300,000
Listing Broker	HFF, Michael Fox	Financing	Not Available
Selling Broker	N/A	Cash Equivalent	\$13,300,000
Doc #	7539-127	Capital Adjustment	\$200,000
		Adjusted Price	\$13,500,000

**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
05/2015	Sale	VCP Lenox, LLC	Lenox Park Partners, LP	\$13,300,000	\$45,548 / \$41.76

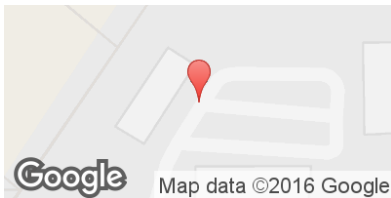
## Units of Comparison

Static Analysis Method	Other (see comments)	Eff Gross Inc Mult (EGIM)	N/A
Buyer's Primary Analysis	Other	Op Exp Ratio (OER)	N/A
Net Initial Yield/Cap. Rate	4.43%	Adjusted Price / sf	\$42.39
Projected IRR	N/A	Adjusted Price / Unit	\$46,233
Actual Occupancy at Sale	93%		

## Financial

Revenue Type	Other See Comments
Period Ending	N/A
Source	N/A
Price	\$13,500,000
Potential Gross Income	N/A
Economic Occupancy	N/A
Economic Loss	N/A
Effective Gross Income	N/A
Expenses	N/A
Net Operating Income	\$598,500
NOI / sf	\$1.88
NOI / Unit	\$2,050
EGIM	N/A
OER	N/A
Net Initial Yield/Cap. Rate	4.43%

## Map &amp; Comments



This comparable represents the sale of a 292-unit multifamily property in Gainesville, Hall County, Georgia. The property was constructed in 2000 as a tax credit (LIHTC) property and was reportedly qualified contract eligible at the time of sale but had not begun the process yet. The buyer planned to start the QC process. The property offers one, two, and three bedroom units with an average unit size of 1,090 square feet. The property sold in May 2015 for \$13,300,000. Based on the existing income, the sale implied a 4.5% capitalization rate. Based on the pro forma income, the cap rate was 7.2%. The broker estimated approximately \$200,000 in deferred maintenance including some down units. Therefore, we have included an adjusted price of \$13,500,000 or approximately \$46,233 per unit.

Property Name Millwood Park  
 Address 8242 Duralee Lane  
 Douglasville, GA 30134  
 United States

Government Tax Agency Douglas  
 Govt./Tax ID N/A

**Unit Mix Detail**

Rate Timeframe	N/A				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
2BR/2BA	122	71%	1,100	\$725	\$0.66
3BR/2BA	50	29%	1,320	\$850	\$0.64
Totals/Avg	172			\$761	\$0.65

**Improvements**

Land Area	17.450 ac	Status	N/A
Net Rentable Area (NRA)	200,200 sf	Year Built	1999
Total # of Units	172 Unit	Year Renovated	N/A
Average Unit Size	1,164 sf	Condition	N/A
Floor Count	N/A	Exterior Finish	N/A
General Amenities	Clubhouse, Indoor Athletic Facility, Laundry Facility, LIHTC (Low Income Housing Tax Credit), On-Site Management, Park / Play Area, Pitched Roofs, Pool, Surface Parking		
Unit-Specific Amenities	Dishwasher, Refrigerator, Washer / Dryer Connections		

**Sale Summary**

Recorded Buyer	VCP Millwood, LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	Millwood Park LP	Seller Type	N/A
True Seller	N/A	Primary Verification	Deed, Buyer
Interest Transferred	Leased Fee	Type	Sale
Current Use	Apartment	Date	5/13/2015
Proposed Use	Apartment	Sale Price	\$7,000,000
Listing Broker	N/A	Financing	Not Available
Selling Broker	N/A	Cash Equivalent	\$7,000,000
Doc #	3300/212	Capital Adjustment	\$0
		Adjusted Price	\$7,000,000

**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
05/2015	Sale	VCP Millwood, LLC	Millwood Park LP	\$7,000,000	\$40,698 / \$34.97

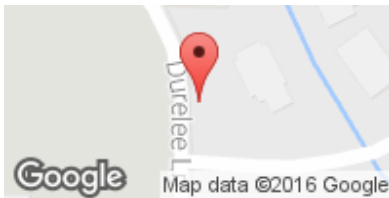
## Units of Comparison

Static Analysis Method	Other (see comments)	Eff Gross Inc Mult (EGIM)	6.45
Buyer's Primary Analysis	Static Capitalization Analysis	Op Exp Ratio (OER)	73.69%
Net Initial Yield/Cap. Rate	4.08%	Adjusted Price / sf	\$34.97
Projected IRR	N/A	Adjusted Price / Unit	\$40,698
Actual Occupancy at Sale	75%		

## Financial

Revenue Type	Other See Comments
Period Ending	N/A
Source	Buyer
Price	\$7,000,000
Potential Gross Income	N/A
Economic Occupancy	N/A
Economic Loss	N/A
Effective Gross Income	\$1,085,910
Expenses	\$800,189
Net Operating Income	\$285,721
NOI / sf	\$1.43
NOI / Unit	\$1,661
EGIM	6.45
OER	73.69%
Net Initial Yield/Cap. Rate	4.08%

## Map &amp; Comments



This comparable represents the sale of a 172-unit multifamily garden apartment in Douglasville, Douglas County, Georgia. The property is located along the east side of Durelee Lane with good access and visibility. The property is currently income and rent restricted by Low Income Housing Tax Credits (with all units restricted to 60% of the area median income); however, it is our understanding that all income and rent restrictions will end within one year. The property offers two and three bedroom units with an average unit size of 1,164 square feet. The property was purchased as part of a larger portfolio, and it is our understanding the purchase price reflects an allocated price. The property sold in May 2015 for \$7,000,000 which equates to \$40,698 per unit. We note that the buyer planned to perform renovations following acquisition. The property was approximately 75% occupied at the time of sale. Based on the March 2015 T-3 annualized income, inclusive of \$275/unit replacement reserves, the sale implies a 4.08% capitalization rate. We recognize that this capitalization rate reflects the property's income and rent restrictions and occupancy level. We note the property's occupancy averaged 89% in 2014, and had recently dropped as a result of the property management attempting to improve the property's bad debt.

Addendum C

**RENT COMPARABLE DATA SHEETS**

Property Name Savannah Gardens  
 Address 515 Pennsylvania Avenue  
 Savannah, GA 31404  
 United States

Government Tax Agency Chatham  
 Govt./Tax ID N/A

**Unit Mix Detail**

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1 BR, 1 BA	10	4%	838	\$692	\$0.83
1 BR, 1 BA	6	2%	860	\$692	\$0.80
1 BR, 1 BA	9	3%	860	\$692	\$0.80
2 BR, 2 BA	33	12%	1,031	\$794	\$0.77
2 BR, 2 BA	63	24%	1,072	\$794	\$0.74
2 BR, 2 BA	58	22%	1,077	\$794	\$0.74
3 BR, 3 BA	18	7%	1,225	\$897	\$0.73
3 BR, 2 BA	27	10%	1,285	\$897	\$0.70
3 BR, 2 BA	37	14%	1,333	\$897	\$0.67
4 BR, 2 BA	5	2%	1,523	N/A	N/A
<b>Totals/Avg</b>	<b>266</b>			<b>\$801</b>	<b>\$0.71</b>



**Improvements**

Land Area	N/A	Status	Existing
Net Rentable Area (NRA)	N/A	Year Built	2012
Total # of Units	266 Unit	Year Renovated	N/A
Average Unit Size	1,124 sf	Condition	Excellent
Floor Count	N/A	Exterior Finish	Vinyl Siding
General Amenities	Laundry Facility		
Unit-Specific Amenities	Washer / Dryer Connections		

**Rental Survey**

Occupancy	97%	Utilities Included in Rent	Trash Removal
Lease Term	6 - 12 Mo(s).	Rent Premiums	None
Tenant Profile	Lower to Middle Income Groups	Concessions	None
Survey Date	09/2016	Owner	N/A
Survey Notes	Property Contact: 912-335-4835	Management	N/A



## Map &amp; Comments



This comparable represents a 266-unit affordable apartment property, located along Pennsylvania Avenue in Savannah, Georgia. The property, identified as Savannah Gardens, was developed in 2012 and 2015. Currently, the property is 97% occupied. The property has closed their waiting list. The property offers tax credit units set aside at 30%, 50%, and 60% of the Area Median Income or conventional market units. Quoted rents above only reflects the market rate. The property does not offer any market rate four-bedroom floor plans. 1BR tax credit rates are as follows: \$231 (30%), \$461 (50%), and \$579 (60%). 2BR: \$277 (30%), \$557 (50%), and \$698 (60%). 3BR: \$303 (30%), \$627 (50%), and \$791 (60%). 4BR: \$318 (30%), \$681 (50%), and \$863 (60%). The comparable offers one-, two-, three-, and four-bedroom floor plans, with an average unit size of 1,124 square feet. Units are sub-metered for water and sewer with the tenant responsible for usage. No concessions are currently being offered.

Property Name Ashley Midtown  
 Address 1518 Park Avenue  
 Savannah, GA 31404  
 United States

Government Tax Agency Chatham  
 Govt./Tax ID N/A

**Unit Mix Detail**

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
2 BA, 1.5 BA	9	4%	1,060	\$1,100	\$1.04
2 BR, 1 BA	9	4%	1,166	\$1,100	\$0.94
2 BR, 2 BA	9	4%	1,186	\$1,075	\$0.91
2 BR, 2 BA	75	36%	1,186	\$1,075	\$0.91
3 BR, 2 BA	20	10%	1,245	\$1,175	\$0.94
3 BR, 2 BA	9	4%	1,354	\$1,210	\$0.89
3 BR, 2 BA	75	36%	1,354	\$1,210	\$0.89
<b>Totals/Avg</b>	<b>206</b>			<b>\$1,142</b>	<b>\$0.91</b>



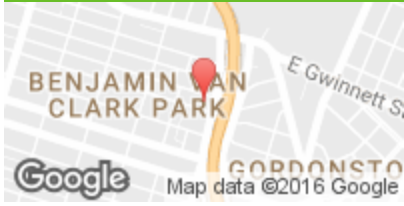
**Improvements**

Land Area	N/A	Status	Existing
Net Rentable Area (NRA)	N/A	Year Built	2004
Total # of Units	206 Unit	Year Renovated	N/A
Average Unit Size	1,254 sf	Condition	Good
Floor Count	N/A	Exterior Finish	Vinyl Siding
General Amenities	Clubhouse, Indoor Athletic Facility, Park / Play Area, Pool		
Unit-Specific Amenities	Washer / Dryer Connections , Washer / Dryer Machines		

**Rental Survey**

Occupancy	96%	Utilities Included in Rent	Trash Removal
Lease Term	6 - 12 Mo(s).	Rent Premiums	None
Tenant Profile	Lower to Middle Income Groups	Concessions	None
Survey Date	09/2016	Owner	N/A
Survey Notes	Property Contact: 912-233-3075	Management	N/A

## Map &amp; Comments



This comparable represents a 206-unit affordable apartment property, located along Park Avenue in Savannah, Georgia. The property, identified as Ashley Midtown, was developed in 2004. Currently, the property is 96% occupied. The comparable offers two- and three-bedroom floor plans, with an average unit size of 1,253 square feet. The property offers tax credit units set aside at 60% of the Area Median Income or conventional market units. Quoted rents reflect market rates. Tax credit rates are \$734 (2BR) and \$839 (3BR). Management employs a RUBS for reimbursement of water and sewer. Trash removal is included in the monthly rental rates. No concessions are currently being offered.

Property Name            Montgomery Landing Apartments  
 Address                    714 West 57th Street  
                                  Savannah, GA 31405  
                                  United States

Government Tax Agency    Chatham  
 Govt./Tax ID                N/A

**Unit Mix Detail**

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1 BR, 1 BA - 30%	1	1%	792	\$274	\$0.35
1 BR, 1 BA - 50%	4	3%	792	\$524	\$0.66
1 BR, 1 BA - 60%	7	5%	792	\$649	\$0.82
1 BR, 1 BA - MKT	4	3%	792	\$675	\$0.85
2 BR, 2 BA - 30%	9	6%	1,062	\$315	\$0.30
2 BR, 2 BA - 50%	15	10%	1,062	\$615	\$0.58
2 BR, 2 BA - 60%	13	9%	1,062	\$766	\$0.72
2 BR, 2 BA - MKT	11	8%	1,062	\$775	\$0.73
3 BR, 2 BA - 30%	4	3%	1,267	\$351	\$0.28
3 BR, 2 BA - 50%	21	15%	1,267	\$698	\$0.55
3 BR, 2 BA - 60%	29	20%	1,267	\$872	\$0.69
3 BR, 2 BA - MKT	10	7%	1,267	\$900	\$0.71
4 BR, 2 BA - 30%	1	1%	1,428	\$378	\$0.26
4 BR, 2 BA - 50%	3	2%	1,428	\$765	\$0.54
4 BR, 2 BA - 60%	8	6%	1,428	\$959	\$0.67
4 BR, 2 BA - MKT	4	3%	1,428	\$975	\$0.68
<b>Totals/Avg</b>	<b>144</b>			<b>\$727</b>	<b>\$0.63</b>



**Improvements**

Land Area	14.910 ac	Status	Existing
Net Rentable Area (NRA)	N/A	Year Built	2005
Total # of Units	144 Unit	Year Renovated	N/A
Average Unit Size	1,163 sf	Condition	Good
Floor Count	N/A	Exterior Finish	Wood
General Amenities	Indoor Athletic Facility, Laundry Facility, Park / Play Area, Pool		
Unit-Specific Amenities	Dishwasher, Refrigerator, Washer / Dryer Connections		

**Rental Survey**

Occupancy	98%	Utilities Included in Rent	Trash & Pest Control
Lease Term	6 - 12 Mo(s).	Rent Premiums	None
Tenant Profile	Middle to Lower Income Groups	Concessions	None
Survey Date	09/2016	Owner	N/A
Survey Notes	Property Contact: 912-495-0655	Management	N/A

## Map &amp; Comments



This comparable represents a 144-unit garden-style apartment property, located approximately three miles south of the Savannah central business district. The property is situated on a 14.910-acre site in the city of Savannah, Chatham County, Georgia, with a mailing address of 714 West 57th Street. The property, identified as Montgomery Landing, was built in 2005 and is currently 98% occupied, 100% pre-leased. The property is income and rent restricted by Low Income Housing Tax Credits. As noted the property currently offers units restricted to 60%, 50%, and 30% of the area median income. The comparable offers one-, two-, three-, and four-bedroom floor plans, with an average unit size of 1,163 square feet. We note the subject offers a summer lunch and afterschool program. Units are sub-metered for water and sewer with the tenant responsible for usage. No concessions are being offered.

Property Name Sustainable Fellwood  
 Address 1401 Fellwood Drive  
 Savannah, GA 31415  
 United States

Government Tax Agency Chatham  
 Govt./Tax ID N/A

**Unit Mix Detail**

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1 BR, 1 BA - 60%	15	7%	832	\$613	\$0.74
1 BR, 1 BA - MKT	6	3%	832	\$740	\$0.89
1 BR, 1 BA - Public Housing	9	4%	832	\$321	\$0.39
1 BR, 1 BA - 60%	2	1%	838	\$598	\$0.71
1 BR, 1 BA - MKT	4	2%	838	\$695	\$0.83
1 BR, 1 BA - PBRA	2	1%	838	\$321	\$0.38
1 BR, 1 BA - Public Housing	4	2%	838	\$321	\$0.38
2 BR, 1 BA - 60%	17	8%	1,060	\$735	\$0.69
2 BR, 1 BA - MKT	5	2%	1,060	\$840	\$0.79
2 BR, 1 BA - Public Housing	19	9%	1,060	\$321	\$0.30
2 BR, 1.5 BA - TH MKT	5	2%	1,060	\$775	\$0.73
2 BR, 2 BA - 60%	10	5%	1,072	\$717	\$0.67
2 BR, 2 BA - MKT	4	2%	1,072	\$795	\$0.74
2 BR, 2 BA - PBRA	15	7%	1,072	\$321	\$0.30
2 BR, 2 BA - Public Housing	15	7%	1,072	\$321	\$0.30
3 BR, 2 BA - 60%	13	6%	1,327	\$853	\$0.64
3 BR, 2 BA - MKT	2	1%	1,327	\$940	\$0.71
3 BR, 2 BA - Public Housing	10	5%	1,327	\$321	\$0.24
3 BR, 2.5 BA - TH MKT	3	1%	1,327	\$875	\$0.66
3 BR, 3 BA - 60%	15	7%	1,343	\$823	\$0.61
3 BR, 3 BA - MKT	3	1%	1,343	\$895	\$0.67
3 BR, 3 BA - PBRA	15	7%	1,343	\$321	\$0.24
3 BR, 3 BA - Public Housing	21	10%	1,343	\$321	\$0.24
4 BR, 2 BA - 60%	3	1%	1,522	\$949	\$0.62
4 BR, 2 BA - MKT	1	0%	1,522	\$995	\$0.65
4 BR, 2 BA - Public Housing	2	1%	1,522	\$321	\$0.21
<b>Totals/Avg</b>	<b>220</b>			<b>\$541</b>	<b>\$0.48</b>



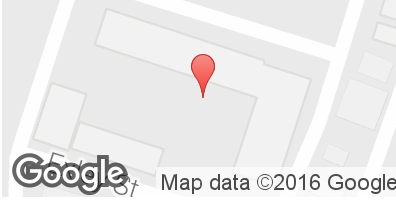
**Improvements**

Land Area	N/A	Status	Existing
Net Rentable Area (NRA)	N/A	Year Built	2009
Total # of Units	220 Unit	Year Renovated	N/A
Average Unit Size	1,135 sf	Condition	Good
Floor Count	N/A	Exterior Finish	Vinyl Siding
General Amenities	Environmental Certification (e.g., LEED, WELL, Energy Star, Green), Clubhouse, Laundry Facility		
Unit-Specific Amenities	Dishwasher, Energy Efficient Appliances, Private Balcony / Patio, Refrigerator, Washer / Dryer Connections		

**Rental Survey**

Occupancy	98%	Utilities Included in Rent	Water, Sewer, & Trash
Lease Term	6 - 12 Mo(s).	Rent Premiums	None
Tenant Profile	Middle to Lower Income Groups	Concessions	None
Survey Date	09/2016	Owner	N/A
Survey Notes	Property Contact: 912-544-0190	Management	N/A

## Map &amp; Comments



Sustainable Fellwood is a mixed-use, mixed income development composed of 220 Housing Units on the former Fellwood Homes site in Savannah, Georgia. Phase I includes 110 green affordable housing units featuring 11 LEED GOLD certified buildings in a registered Earthcraft community and LEED neighborhood. Phase II construction began in September, 2010 and includes another 110 green affordable housing units. Phase III construction for a senior housing apartment building with solar panels began in December, 2010 and includes 100 units. Approximately 45,000 square feet are available for commercial development. Currently, the property is 98% occupied. The comparable offers one-, two-, three-, and four-bedroom floor plans, with an average unit size of 1,135 square feet. The property is income and rent restricted by Low Income Housing Tax Credits. As noted the property currently offers units restricted to 60% of the area median income, Public Housing, Project based Rental Assistance, and market rate units. Water, sewer, and trash are included in the monthly rental rates. No concessions are currently being offered.

Property Name Sterling Bluff  
 Address 201 West Montgomery Crossroads  
 Savannah, GA 31406  
 United States

Government Tax Agency Chatham  
 Govt./Tax ID 2-0644-01-00

**Unit Mix Detail**

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1 BR, 1 BA	24	11%	777	\$886	\$1.14
1 BR, 1 BA	24	11%	863	\$909	\$1.05
2 BR, 1 BA	36	17%	1,035	\$852	\$0.82
2 BR, 2BA	36	17%	1,035	\$968	\$0.94
2 BR, 1 BA	36	17%	1,121	\$897	\$0.80
2 BR, 2 BA	36	17%	1,121	\$994	\$0.89
3 BR, 2 BA	12	6%	1,250	\$1,111	\$0.89
3 BR, 2 BA	12	6%	1,336	\$1,210	\$0.91
<b>Totals/Avg</b>	<b>216</b>			<b>\$947</b>	<b>\$0.91</b>



**Improvements**

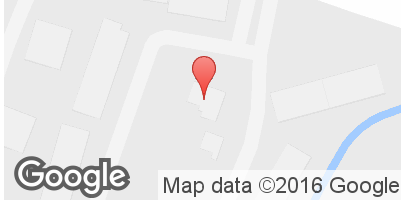
Land Area	11.320 ac	Status	Existing
Net Internal Area (NIA)	225,624 sf	Year Built	1977
Total # of Units	216 Unit	Year Renovated	2007
Average Unit Size	1,045 sf	Condition	Good
Floor Count	2	Exterior Finish	Fiber Cement Plank
General Amenities	N/A		
Unit-Specific Amenities	N/A		

**Rental Survey**

Occupancy	94%	Utilities Included in Rent	None
Lease Term	6 - 12 Mo(s).	Rent Premiums	None
Tenant Profile	Middle Income Groups	Concessions	None
Survey Date	10/2016	Owner	N/A
Survey Notes	Property Contact: (912)925-9686	Management	Grubb Properties



## Map &amp; Comments



This comparable represents a 216-unit apartment property, located on the south side of the city, just south of Hunter Army Airfield. The property, identified as Sterling Bluff, was developed in 1977 and is currently 94% occupied. This property was formally Hunters Bluff and The Meadows apartments. This comparable features good access and exposure. This property is currently under renovation and was started earlier this year with a 5 year completion estimate. Interior updates consists of hardwood vinyl flooring, SS/appliances, new white cabinets, upgraded lighting package, faux granite countertops, etc. Upgraded units are charged an additional \$100 per month. The property underwent an extensive renovation back in 2006. Approximately 90% of the units include W/D conn (not in 1 BR or 2/2 units). The size of the units have been updated to reflect the increase in size. The units are sub-metered for water and sewer. Resident pays \$3 per month for pest control and \$7 per month for trash removal. No concessions are currently being offered.

Property Name      The Trellis  
 Address              15 Brasseler Boulevard  
                             Savannah, GA 31419  
                             United States

Government Tax Agency      Chatham  
 Govt./Tax ID                  1-0993-02-024

**Unit Mix Detail**

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1 BR, 1 BA	60	23%	768	\$875	\$1.14
1 BR, 1 BA	54	20%	892	\$930	\$1.04
2 BR, 2 BA	48	18%	1,146	\$1,125	\$0.98
2 BR, 2 BA	48	18%	1,171	\$1,160	\$0.99
3 BR, 2 BA	54	20%	1,386	\$1,225	\$0.88
Totals/Avg	264			\$1,055	\$0.99



**Improvements**

Land Area	0.000 ac	Status	Existing
Net Rentable Area (NRA)	N/A	Year Built	2009
Total # of Units	264 Unit	Year Renovated	N/A
Average Unit Size	1,062 sf	Condition	Excellent
Floor Count	3	Exterior Finish	Wood
General Amenities	N/A		
Unit-Specific Amenities	N/A		

**Rental Survey**

Occupancy	93%	Utilities Included in Rent	None
Lease Term	12 Mo(s).	Rent Premiums	None
Tenant Profile	Middle Income	Concessions	See Comments
Survey Date	11/2016	Owner	N/A
Survey Notes	Property Contact: 912-961-5060	Management	Woodruff Management

## Map &amp; Comments



This comparable represents a 264-unit apartment property, located in the southwestern section of the metropolitan Savannah area, in an area known as Georgetown. The subject is located east of Interstate 95 and U.S. Highway 17, in the northeast quadrant of St. George Boulevard and Abercorn Expressway, in unincorporated Chatham County, about 7 miles southwest of the Savannah Central Business District. The property, identified as The Trellis, was developed in 2009 and is 93% occupied. The comparable offers one-, two-, and three-bedroom floor plans, with an average unit size of 1,062 square feet. The property offers detached garages for lease at \$50 per month. The subject units are individually metered for all utilities with the rental rates depicted exclusive of water and sewer costs. Resident pays \$3 per month for pest control and between \$7-\$12 per month for trash removal depending on floor plan. As a concession, management is waiving the \$150 administrative fee plus offering \$500 off the first month's rent.

Addendum D

**OPERATING DATA**

Cost and Basis

USES OF FUNDS	Current	PER UNIT	%
LAND	\$1,750,000.00	\$7,056.5	4.5%
ACQUISITION OF STRUCTURES	\$0.00	0.0	0.0%
BUILDINGS - NEW	\$21,474,533.00	86,590.9	54.9%
SITE WORK	\$3,324,415.00	13,404.9	8.5%
OFFSITE WORK	\$0.00	0.0	0.0%
GENERAL REQUIREMENTS	6.00% 1,487,936.88	5,999.7	3.8%
CONTRACTOR OVERHEAD	2.00% \$495,978.96	1,999.9	1.3%
CONTRACTOR PROFIT	6.00% \$1,487,936.88	5,999.7	3.8%
FIXED PRICE GUARANTY / WARRANTY FE	4.00% \$0.00	0.0	0.0%
ARCHITECT FEE - DESIGN	3.00% \$826,524.02	3,332.8	2.1%
ARCHITECT FEE - SUPERVISION	\$21,600.00	87.1	0.1%
ENGINEERING	0.00% \$124,000.00	500.0	0.3%
BUILDING PERMITS AND IMPACT FEES	\$111,000.00	447.6	0.3%
TAP FEES (WATER, SEWER, OTHER)	\$334,800.00	1,350.0	0.9%
SOIL BORINGS	\$20,850.00	84.1	0.1%
TITLE AND RECORDING	\$25,000.00	100.8	0.1%
HKP DOCUMENT REVIEW FEE	\$0.00	0.0	0.0%
CONVERSION	\$0.00	0.0	0.0%
ACCESSIBILITY CONSULTANT	\$10,000.00	40.3	0.0%
ISSUER FEES	0.25% \$70,677.00	285.0	0.2%
STATE AND EPA PERMITS	\$0.00	0.0	0.0%
CONSTRUCTION INSURANCE	3.08% \$259,083.54	1,044.7	0.7%
CONSTRUCTION INTEREST	\$1,475,000.00	5,947.6	3.8%
INTERIM EXPENSE (SEC 266)	\$970,387.29	3,912.9	2.5%
CONST. LOAN ORIGATION FEE	\$315,161.65	1,270.8	0.8%
HKP CONST. LOAN PLACEMENT	2.00% \$0.00	0.0	0.0%
HKP CREDIT ENHANCEMENT	2.00% \$0.00	0.0	0.0%
ZONING/CONSTRUCTION LOAN LEGAL	\$40,000.00	161.3	0.1%
PERMANENT LOAN ORIGATION FEE	\$188,000.00	758.1	0.5%
FORWARD COMMITMENT FEE DEPOSIT	\$0.00	0.0	0.0%
PERM LOAN LEGAL #1	\$65,000.00	262.1	0.2%
PERM LOAN LEGAL #2	\$0.00	0.0	0.0%
PERM LOAN MISCELLANEOUS	\$0.00	0.0	0.0%
FORWARD COMMITMENT DEPOSIT	\$376,000.00	1,516.1	1.0%
SUB BROKER FEE	\$0.00	0.0	0.0%
SUB LOAN ORIGATION FEE	\$0.00	0.0	0.0%
SUB LOAN CREDIT ENHANCEMENT FEE	\$0.00	0.0	0.0%
SUB LEGAL	\$0.00	0.0	0.0%
FHLB LEGAL	\$0.00	0.0	0.0%
UNDERWRITER FEE	\$0.00	0.0	0.0%
CONSTRUCTION DRAW FEE	\$7,500.00	30.2	0.0%
LOC FEE (E.G. FHLB FEE FOR SUB LOAN)	\$0.00	0.0	0.0%
TRUSTEE FEE	\$0.00	0.0	0.0%
REMARKETING FEE	\$0.00	0.0	0.0%
TAXES	\$25,000.00	100.8	0.1%
FISCAL AGENT	\$7,500.00	30.2	0.0%
ISSUER COUNSEL	\$20,000.00	80.6	0.1%
LEASE UP ADVERTISING	\$62,000.00	250.0	0.2%
APPRAISALS	\$10,000.00	40.3	0.0%
MARKET STUDY	\$5,000.00	20.2	0.0%
ENVIRONMENTAL	\$22,000.00	88.7	0.1%
HFA FEES	\$275,680.00	1,111.6	0.7%
RATING AGENCY	\$0.00	0.0	0.0%
LOCAL OPINION	\$5,000.00	20.2	0.0%
COST CERTIFICATION	\$6,200.00	25.0	0.0%
ORGANIZATIONAL COSTS	\$1,000.00	4.0	0.0%
CONSULTANT	\$10,000.00	40.3	0.0%
SURVEY	\$10,000.00	40.3	0.0%
BOND COUNSEL	\$64,000.00	258.1	0.2%
UNDERWRITER LEGAL	\$0.00	0.0	0.0%
SYNDICATION/PARTNERSHIP LEGAL	\$30,000.00	121.0	0.1%
DEVELOPER'S LEGAL	\$10,000.00	40.3	0.0%
DEVELOPER'S FEE	15.00% \$2,500,000.00	10,080.6	6.4%
FUND LOAD CHARGE	\$0.00	0.0	0.0%
BRIDGE LOAN INTEREST	\$0.00	0.0	0.0%
EQUITY INVESTOR CARRYING COST	\$0.00	0.0	0.0%
INTERIOR DESIGN FEE	\$40,000.00	161.3	0.1%
OPERATING RESERVE	\$755,360.35	3,045.8	1.9%
<b>TOTAL USES OF FUNDS</b>	<b>\$39,120,124.57</b>	<b>\$157,742.4</b>	<b>100.0%</b>

4%	9%	INELIGIBLE
		\$1,750,000.0
\$0.0	\$0.0	0.0
21,186,533.0	0.0	288,000.0
3,324,415.0	0.0	0.0
0.0	0.0	0.0
1,487,936.9	0.0	0.0
495,979.0	0.0	0.0
1,487,936.9	0.0	0.0
0.0	0.0	0.0
21,600.0	0.0	0.0
124,000.0	0.0	0.0
111,000.0	0.0	0.0
334,800.0	0.0	0.0
20,850.0	0.0	0.0
18,750.0	0.0	6,250.0
0.0	0.0	0.0
10,000.0	0.0	0.0
70,677.0	0.0	0.0
0.0	0.0	0.0
259,083.5	0.0	0.0
903,120.5	0.0	652,751.0
497,053.5	0.0	473,333.8
315,161.7	0.0	0.0
0.0	0.0	0.0
0.0	0.0	0.0
40,000.0	0.0	0.0
0.0	0.0	188,000.0
0.0	0.0	0.0
0.0	0.0	65,000.0
0.0	0.0	0.0
0.0	0.0	0.0
0.0	0.0	0.0
0.0	0.0	0.0
0.0	0.0	0.0
0.0	0.0	0.0
7,500.0	0.0	0.0
0.0	0.0	0.0
0.0	0.0	0.0
0.0	0.0	0.0
0.0	0.0	0.0
0.0	0.0	0.0
25,000.0	0.0	0.0
7,500.0	0.0	0.0
0.0	0.0	20,000.0
0.0	0.0	62,000.0
10,000.0	0.0	0.0
5,000.0	0.0	0.0
22,000.0	0.0	0.0
0.0	0.0	275,680.0
0.0	0.0	0.0
0.0	0.0	5,000.0
6,200.0	0.0	0.0
1,000.0	0.0	0.0
10,000.0	0.0	0.0
10,000.0	0.0	0.0
64,000.0	0.0	0.0
0.0	0.0	0.0
0.0	0.0	30,000.0
10,000.0	0.0	0.0
2,500,000.0	0.0	0.0
0.0	0.0	0.0
0.0	0.0	0.0
0.0	0.0	0.0
40,000.0	0.0	0.0
0.0	0.0	755,360.3
<b>\$34,253,620.9</b>	<b>\$0.0</b>	<b>\$4,947,375.2</b>

LIHTC Lower of Unit or Applicable Fraction 79.833% Qualified Basis

\$27,345,846.2 \$0.0

Hard Costs (Land & Construction)	\$30,020,800.7	\$121,051.6	76.7%
Soft Costs (Other)	\$9,099,323.9	\$36,690.8	23.3%

CREDIT AMOUNT*	Get Rates	3.17%	9.00%
QUALIFIED CENSUS TRACT	No		100.00%
MAX. CREDIT	\$866,863.3		\$0.0
CREDIT ALLOCATION			\$ 866,000.0
Lower of "Max. Credit" or "Credit Allocation"			866,000.0
% TO ILP			99.99%
ANNUAL CREDIT			\$865,913.4

State Tax Credits	\$ 866,000.0
Total Credits	\$ 8,660,000.0
Pricing	\$0.60
State Tax Credit Equity	\$5,196,000.0

# Woodlands of Montgomery

## Apartment Rents & Income

RENTAL INCOME	# Units	FMR	Rent Schedule	Utility Allowance	Max. Rent by Tenant	Project Rents	Monthly Income	Annual Income
			Get Gross Rents					
<b>TAX CREDIT UNITS</b>								
1 BR/1 Bath (60% AMI)	42	775.0	714.0	116.0	598.0	598.0	25,116.0	301,392.0
2 BR/2 Bath (60% AMI)	76	897.0	858.0	138.0	720.0	720.0	54,720.0	656,640.0
3 BR/2 Bath (60% AMI)	73	1,208.0	990.0	177.0	813.0	813.0	59,349.0	712,188.0
4 BR/2 Bath (60% AMI)	7	1,412.0	1,105.0	264.0	841.0	841.0	5,887.0	70,644.0
<b>MARKET RATE UNITS</b>								
1 BR/1 Bath (Mkt. Rate)	10					1,030.0	10,300.0	123,600.0
2 BR/2 Bath (Mkt. Rate)	20					1,085.0	21,700.0	260,400.0
3 BR/2 Bath (Mkt. Rate)	19					1,255.0	23,845.0	286,140.0
4 BR/2 Bath (Mkt. Rate)	1					1,480.0	1,480.0	17,760.0
						# of		
	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	Total	Bedrooms	Square Feet
Total 30% Units	0	0	0	0	0	0	0	0
Percent at 30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total 40% Units	0	0	0	0	0	0	0	0
Percent at 40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total 50% Units	0	0	0	0	0	0	0	0
Percent at 50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total 60% Units	0	42	76	73	7	198	441	225,092
Percent at 60%	0.00%	16.94%	30.65%	29.44%	2.82%	79.84%	79.89%	79.83%
<b>Total Tax Credit</b>	<b>0</b>	<b>42</b>	<b>76</b>	<b>73</b>	<b>7</b>	<b>198</b>	<b>441</b>	<b>225,092</b>
<b>Percent Tax Credit</b>	<b>0.00%</b>	<b>21.21%</b>	<b>38.38%</b>	<b>36.87%</b>	<b>3.54%</b>	<b>79.84%</b>	<b>79.89%</b>	<b>79.83%</b>
Total Market Rate	0	10	20	19	1	50	111	56,860
Percent Market	0.00%	20.00%	40.00%	38.00%	2.00%	20.16%		
<b>Total TC and Mkt.</b>	<b>0</b>	<b>52</b>	<b>96</b>	<b>92</b>	<b>8</b>	<b>248</b>	<b>552</b>	<b>281,952</b>
<b>Percent of Total</b>	<b>0.00%</b>	<b>20.97%</b>	<b>38.71%</b>	<b>37.10%</b>	<b>3.23%</b>	<b>100.00%</b>		
							<b>Monthly TC Income</b>	<b>\$145,072.0</b>
							Avg. TC Rent	732.7
							<b>Monthly Mkt. Income</b>	<b>57,325.0</b>
							Avg. Mkt. Rent	1,146.5
							<b>Annual Gross Potential Rents</b>	<b>\$2,428,764.0</b>
							<b>Vacancy Multiple (i.e. # of times higher than property)</b>	
<b>Other Income</b>	<b># Units</b>				<b>Per Month</b>			
Garages	48				\$100.0	2		\$53,568.0
Storage Units (5x10)	36				50.0	3		18,576.0
Storage Units (5x5)	24				30.0	3		8,640.0
Laundry Income	248				1.5			4,464.0
Cable fees	190				10.0			22,831.2
Pet Fees	48				35.0			20,160.0
Pet Deposits	48				150.0			7,200.0
Admin Fee	12				25.0			3,600.0
Application Fee	12				25.0			3,600.0
Late Fee	10				50.0			6,000.0
Early Termination Fee	1				500.0			6,000.0
Auto Debit	25				10.0			3,000.0
NSF/Returned check Fee	10				10.0			1,200.0
Damage and Cleaning	5				100.0			6,000.0
<b>Total Annual</b>								<b>\$164,839.2</b>
<b>Gross Potential Rents</b>								<b>\$2,428,764.0</b>
Plus: Other Income								164,839.2
<b>Potential Gross Income</b>								<b>\$2,593,603.2</b>
Less: Vacancy/Bad Debt	7.00%							(181,552.2)
<b>Effective Gross Income</b>								<b>\$2,412,051.0</b>

# Woodlands at Montgomery

## Operating Expenses

		Annual (Stabilized)	Per Unit	% of Effective
<b>Employee Compensation</b>				
Manager (before taxes, ins., & processing fee)		\$55,000.0	\$221.77	2.28%
Asst. Mgr. (before taxes, ins., & processing fee)		37,500.0	151.21	1.55%
Maint. Super (before taxes, ins., & processing fee)		48,000.0	193.55	1.99%
Maint. Tech (before taxes, ins., & processing fee)		37,500.0	151.21	1.55%
Leasing Agent/Compliance (before taxes, ins. & processing fee)		24,000.0	96.77	1.00%
Maint. Tech 30/hrs (before taxes, ins., & processing fee)		0.0	0.00	0.00%
CNOI		19,000.0	76.61	0.79%
Health Insurance (\$5,280 per employee)	4.0	21,120.0	85.16	0.88%
Payroll Taxes		18,376.5	74.10	0.76%
Workman's Compensation		3,736.2	15.07	0.15%
<b>Total Employee Compensation</b>		<b>\$264,232.7</b>	<b>\$1,065.45</b>	<b>10.95%</b>
<b>Maintenance</b>				
Grounds Maintenance		\$49,600.0	\$200.00	2.06%
Swimming Pool		10,000.0	40.32	0.41%
Snow Removal		0.0	0.00	0.00%
Elevator		0.0	0.00	0.00%
Exterminating		4,960.0	20.00	0.21%
Painting & Cleaning		49,600.0	200.00	2.06%
General Repairs & Maintenance		55,800.0	225.00	2.31%
Trash Removal		16,864.0	68.00	0.70%
<b>Total Maintenance</b>		<b>\$186,824.0</b>	<b>\$753.32</b>	<b>7.75%</b>
<b>Utilities</b>				
Electric/Gas	\$200.0	\$49,600.0	\$200.00	2.06%
Water/Sewer (Submetering)	150.0	37,200.0	150.00	1.54%
<b>Total Utilities</b>		<b>\$86,800.0</b>	<b>\$350.00</b>	<b>3.60%</b>
<b>Administrative</b>				
Management Fee	3.5%	\$84,421.8	\$340.41	3.50%
Accounting Fees		6,750.0	27.22	0.28%
Accounts Payable	\$15.0	3,720.0	15.00	0.15%
Advertising		30,000.0	120.97	1.24%
Asset Management Fee (Above Line)		5,000.0	20.16	0.21%
Bank Charges		500.0	2.02	0.02%
Compliance Fee	\$60.0	11,880.0	47.90	0.49%
Fees & Subscriptions		10,000.0	40.32	0.41%
Legal Fees		7,500.0	30.24	0.31%
Office Supplies		7,500.0	30.24	0.31%
Telephone		10,000.0	40.32	0.41%
Training		5,000.0	20.16	0.21%
Travel		2,000.0	8.06	0.08%
Miscellaneous (Van, Insomniac, etc.)		5,000.0	20.16	0.21%
Computer Support / Service		18,600.0	75.00	0.77%
Contributions		0.0	0.00	0.00%
Meals & Entertainment		500.0	2.02	0.02%
Energy Services Fee		2,500.0	10.08	0.10%
Shipping & Postage		500.0	2.02	0.02%
Security		30,000.0	120.97	1.24%
<b>Total Administrative</b>		<b>\$241,371.8</b>	<b>\$973.27</b>	<b>10.01%</b>
<b>Taxes, Insurance, &amp; Reserves</b>				
Interest Income		\$0.0	\$0.00	0.00%
Real Estate Taxes		285,200.0	1,150.00	11.82%
Insurance	\$350.0	86,800.0	350.00	3.60%
Annual Replacement Reserve	250.0	62,000.0	250.00	2.57%
<b>Total Operating</b>		<b>\$434,000.0</b>	<b>\$1,750.00</b>	<b>17.99%</b>
Ground Lease Payment as Operating Expense	3.00%	\$0.0	\$0.00	0.00%
<b>Total Expenses</b>		<b>\$1,213,228.5</b>	<b>\$4,892.05</b>	<b>50.30%</b>

# Woodlands at Montgomery

## Property Taxes

Capitalized NOI Approach	Total	Per Unit
Net Operating Income (plus property tax)	\$1,484,022.5	\$5,984.0
Capitalization Rate (loaded)	8.67%	
<b>Capitalized Value</b>	<b>\$17,116,753.1</b>	<b>\$69,019.2</b>
Assessment Rate	40.00%	
Assessed Value	\$6,846,701.2	\$27,607.7
Equalization Rate	1.0000	
Equalized Value	\$6,846,701.2	
Per ? (100 vs. 1000)	100.0	
	\$68,467.0	
Gross Tax Rate	\$4.17	
Adjustment	0.00%	<a href="#">Get Adjustments for Indiana</a>
Net Tax Rate	\$4.17	
<b>Total Tax</b>	<b>\$285,165.1</b>	<b>\$1,149.9</b>

Reproduction Cost Approach	Total	Per Unit
Cost to Construct	\$27,292,916.4	\$110,052.1
		0.0
Assessment Rate	40.00%	
Assessed Value	\$10,917,166.6	\$44,020.8
Equalization Rate	1.0000	
Equalized Value	\$10,917,166.6	
Per ? (100 vs. 1000)	100.0	
	\$109,171.7	
Gross Tax Rate	\$4.17	
Adjustment	0.00%	
Net Tax Rate	\$4.17	
<b>Total Tax</b>	<b>\$454,700.0</b>	<b>\$1,833.5</b>

Comparison to Settled Appeals							
	Assessed Value	Gross Tax Rate	Net Tax Rate	Total Tax	# of Units	Tax Per Unit	A.V. per Unit
Hunter's Bluff	\$4,683,360.0	2.85	\$2.85	\$133,588.2	216	\$618.5	\$21,682.2
Magnolia Villas	3,330,360.0	2.85	2.85	94,995.2	144	659.7	23,127.5
Spanish Villas	2,640,000.0	2.85	2.85	75,303.4	232	324.6	11,379.3
<b>Average</b>		<b>\$2.9</b>	<b>\$2.9</b>	<b>\$101,295.6</b>	<b>197</b>	<b>\$534.2</b>	<b>\$18,729.7</b>
<b>Minimum</b>		<b>2.9</b>	<b>2.9</b>	<b>75,303.4</b>	<b>144</b>	<b>324.6</b>	<b>11,379.3</b>
<b>Maximum</b>		<b>2.9</b>	<b>2.9</b>	<b>133,588.2</b>	<b>232</b>	<b>659.7</b>	<b>23,127.5</b>

Conclusion	Total Tax	Per Unit
	\$285,200.0	\$1,150.000

Comments/Rationale
We will budget according to Don's recommendations per his analysis at \$1098 per unit.



# Woodlands at Montgomery

## Lease-Up Expenses

	Annual	Per Unit	Comparable 1	Comparable 2	Comparable 3	Portfolio Avg.	% of Effective	Comments
<b>Employee Compensation</b>								
Manager (before taxes, ins., & processing fee)	\$42,500.0	\$171.37	\$0.0	\$0.0	\$0.0	\$0.0	1.76%	
Asst. Mgr. (before taxes, ins., & processing fee)	27,000.0	108.87	0.0	0.0	0.0	0.0	1.12%	
Maint. Super (before taxes, ins., & processing fee)	42,500.0	171.37	0.0	0.0	0.0	0.0	1.76%	
Maint. Tech (before taxes, ins., & processing fee)	0.0	0.00	0.0	0.0	0.0	0.0	0.00%	
1/2 Leasing Agent/Compliance (before taxes, ins. & processing fee)	0.0	0.00	0.0	0.0	0.0	0.0	0.00%	
Maint. Tech 30/hrs (before taxes, ins., & processing fee)	0.0	0.00	0.0	0.0	0.0	0.0	0.00%	
CNOI	8,832.0	35.61	0.0	0.0	0.0	0.0	0.37%	
Health Insurance (\$5,280 per employee)	2.0	10,560.0	42.58	0.0	0.0	0.0	0.44%	
Payroll Taxes	9,303.0	37.51	0.0	0.0	0.0	0.0	0.39%	
Workman's Compensation	1,623.2	6.55	0.0	0.0	0.0	0.0	0.07%	
<b>Total Employee Compensation</b>	<b>\$142,318.2</b>	<b>\$573.86</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>5.90%</b>	
<b>Maintenance</b>								
Grounds Maintenance	\$24,800.0	\$100.00	\$0.0	\$0.0	\$0.0	\$0.0	1.03%	
Swimming Pool	\$5,000.0	20.16	0.0	0.0	0.0	0.0	0.21%	
Snow Removal	\$0.0	0.00	0.0	0.0	0.0	0.0	0.00%	
Elevator	\$0.0	0.00	0.0	0.0	0.0	0.0	0.00%	
Exterminating	\$2,480.0	10.00	0.0	0.0	0.0	0.0	0.10%	
Painting & Cleaning	\$24,800.0	100.00	0.0	0.0	0.0	0.0	1.03%	
General Repairs & Maintenance	\$27,900.0	112.50	0.0	0.0	0.0	0.0	1.16%	
Trash Removal	\$8,432.0	34.00	0.0	0.0	0.0	0.0	0.35%	
<b>Total Maintenance</b>	<b>\$93,412.0</b>	<b>\$376.66</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>3.87%</b>	
<b>Utilities</b>								
Electric/Gas	\$200.0	\$49,600.0	\$200.00	\$0.0	\$0.0	\$0.0	2.06%	
Water/Sewer (Submetering)	150.0	37,200.0	150.00	0.0	0.0	0.0	1.54%	
<b>Total Utilities</b>	<b>\$86,800.0</b>	<b>\$350.00</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>3.60%</b>	
<b>Administrative</b>								
Management Fee	3.0%	\$72,361.5	\$291.78	\$0.0	\$0.0	\$0.0	3.00%	
Accounting Fees		6,750.0	27.22	0.0	0.0	0.0	0.28%	
Accounts Payable	\$5.0	1,240.0	5.00	0.0	0.0	0.0	0.05%	
Advertising		15,000.0	60.48	0.0	0.0	0.0	0.62%	
Asset Management Fee (Above Line)		2,500.0	10.08	0.0	0.0	0.0	0.10%	
Bank Charges		500.0	2.02	0.0	0.0	0.0	0.02%	
Compliance Fee	\$60.0	11,880.0	47.90	0.0	0.0	0.0	0.49%	
Fees & Subscriptions		5,000.0	20.16	0.0	0.0	0.0	0.21%	
Legal Fees		3,750.0	15.12	0.0	0.0	0.0	0.16%	
Office Supplies		3,750.0	15.12	0.0	0.0	0.0	0.16%	
Telephone		5,000.0	20.16	0.0	0.0	0.0	0.21%	
Training		2,500.0	10.08	0.0	0.0	0.0	0.10%	
Travel		1,000.0	4.03	0.0	0.0	0.0	0.04%	
Miscellaneous (Van, Insomniac, etc.)		2,500.0	10.08	0.0	0.0	0.0	0.10%	
Computer Support / Service		9,300.0	37.50	0.0	0.0	0.0	0.39%	
Contributions		0.0	0.00	0.0	0.0	0.0	0.00%	
Meals & Entertainment		250.0	1.01	0.0	0.0	0.0	0.01%	
Public Sale Fees		1,250.0	5.04	0.0	0.0	0.0	0.05%	
Shipping & Postage		250.0	1.01	0.0	0.0	0.0	0.01%	
Security		15,000.0	60.48	0.0	0.0	0.0	0.62%	
<b>Total Administrative</b>		<b>\$159,781.5</b>	<b>\$644.28</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>6.62%</b>	
<b>Taxes, Insurance, &amp; Reserves</b>								
Interest Income		\$0.0	\$0.00	\$0.0	\$0.0	\$0.0	0.00%	
Real Estate Taxes		0.0	0.00	0.0	0.0	0.0	0.00%	
Insurance	\$350.0	86,800.0	350.00	0.0	0.0	0.0	3.60%	
Annual Replacement Reserve	250.0	62,000.0	250.00	0.0	0.0	0.0	2.57%	
<b>Total Operating</b>		<b>\$148,800.0</b>	<b>\$600.00</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>6.17%</b>	
Ground Lease Payment as Operating Expense	3.00%	\$0.0	\$0.00	\$0.0	\$0.0	\$0.0	0.00%	
<b>Total Expenses</b>		<b>\$631,111.7</b>	<b>\$2,544.81</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>26.16%</b>	

Expense as % of Effective Gross Income	26.16%	
Variable Expense/Total Expense	53.87%	\$1,370.94
Fixed Expense/Total Expense	59.98%	\$1,526.36

Addendum E

**LEGAL DESCRIPTION**

## CONTRACT FOR PURCHASE OF REAL ESTATE

HERMAN & KITTLE PROPERTIES, INC., an Indiana corporation (the “Purchaser”), offers to purchase from SIGNATURE BANK OF GEORGIA, a Georgia banking corporation (the “Seller”), certain real estate located at 227 West Montgomery Cross Road, Savannah, Chatham County, Georgia, such real estate consisting of 17.34 acres, more or less, and which is identified on Exhibit A attached hereto, together with all improvements thereon and appurtenances and hereditaments thereunto belonging (all of which is hereinafter referred to as the “Real Estate”), for the total sum of One Million Eight Hundred Thousand Dollars (\$1,800,000.00) (the “Purchase Price”), subject to the following, and only the following, written terms and conditions of this Contract for Purchase of Real Estate (this “Contract”).

1. Payment. The Purchase Price shall be paid as follows:
  - 1.1 Earnest Money Deposit. Within five (5) days following the Date of this Contract, Purchaser shall deposit with the Atlanta, Georgia office of First American Title Insurance Company (hereinafter referred to as the “Title Company”) the sum of Fifty Thousand Dollars (\$50,000) (the “Earnest Money”). The Earnest Money shall be returned to Purchaser at Closing. The Earnest Money shall be returned immediately to Purchaser (less \$100.00 as consideration for this Contract, which shall be disbursed to Seller), without requiring further authorization from Seller, if this Contract is terminated by Purchaser in writing prior to Closing. The Earnest Money shall be forfeited as liquidated damages, which shall be Seller’s sole and exclusive remedy, at law or in equity, in the event that Purchaser shall fail or refuse to perform its obligations herein specified on Closing (provided, that if Purchaser fails or refuses as a result of a breach or default by Seller with respect to Seller’s obligations under this Contract, Seller shall not be entitled to retain the Earnest Money). The Title Company shall place the Earnest Money in an interest bearing escrow account, and shall disburse the same only in accordance with the terms of this Contract. All interest earned shall be deemed a portion of the Earnest Money and belong to Purchaser. Purchaser hereby represents to Seller and the Title Company that its Federal Tax I.D. No. is 26-0002273. Seller and Purchaser hereby agree to enter into any supplement to this Contract reasonably required by the Title Company for purposes of acknowledging the Title Company’s standard escrow terms and conditions and incorporating the same into this Contract.
  - 1.2 Payment on Closing. At Closing, Purchaser shall pay to Seller the entire Purchase Price; provided, that any credits to which Purchaser is entitled under this Contract shall be credited against the Purchase Price at Closing.
2. Conditions of Offer. Purchaser’s obligations hereunder are subject to the satisfaction of the following conditions:

- 2.1 It is hereby acknowledged and understood by Seller that Purchaser intends to develop the Real Estate as a multi-family residential apartment complex (hereinafter sometimes referred to as “Purchaser’s Use”), and it is therefore a condition of this Contract that, during the Inspection Period (as defined in paragraph 2.2 below), Purchaser must be able to determine to its satisfaction, in Purchaser’s sole discretion and at Purchaser’s sole cost and expense, each of the following matters:
- 2.1.1 that all utilities, specifically water, electric, telephone, cable and gas, as well as sanitary and drainage sewers, are available to the Real Estate at a reasonable cost and in sufficient size and capacity to adequately serve Purchaser’s Use;
  - 2.1.2 that the environmental conditions of the Real Estate as they relate to the Purchaser’s Use, including without limitation, topography, soil consistency, geotechnical analysis, floodway designation, wetlands and animal preservation issues, are satisfactory to Purchaser; and
  - 2.1.3 that the development of Purchaser’s Use upon the Real Estate is economically feasible in all respects.
- 2.2 It is hereby understood and acknowledged by Seller that if Purchaser is unable to obtain satisfactory results with respect to the matters specified in Paragraph 2.1 on or before the expiration of ninety (90) days following the Date of this Contract (the “Inspection Period”), then Purchaser may, at its election, notify Seller in writing, at the place herein provided for notices, that it is dissatisfied with one or more of the matters specified in Paragraph 2.1, and that it thereby cancels and terminates this Contract, in which case neither party shall have further liability to the other arising out of this Contract, and the Title Company shall immediately return the Earnest Money to Purchaser (less \$100.00 which shall be paid to Seller as consideration for this Contract). In the event Purchaser fails to so notify Seller of its election to cancel and terminate this Contract, then such conditions shall be deemed satisfactory to Purchaser.
3. Reports; Phase I Assessment. On or before five (5) days after the Date of this Contract, Seller shall furnish to Purchaser copies of any existing environmental assessment reports, surveys, inspections, soil/geotechnical reports or other reports (“Property Information”) relating to the Real Estate in Seller’s possession. Any Property Information provided by Seller to Purchaser is for Purchaser’s information only and without warranty, express or implied, as to its truth or completeness. Purchaser shall have the right, at its expense, to obtain an environmental Phase I assessment (as well as a Phase II assessment and additional testing, if applicable) for the Real Estate from an environmental consulting firm reasonably acceptable to Purchaser (the “Consultant”), the results of which shall

be set forth in a report certified by the Consultant to Purchaser, which results shall be satisfactory in all respects to Purchaser. In the event any such report reveals defective conditions, Purchaser shall have until the expiration of the Inspection Period to notify Seller of the defective conditions, and Seller may correct such conditions within thirty (30) days of receipt of such notice (or such longer period as Purchaser may approve in writing). If Seller does not correct such conditions within thirty (30) days of receipt of such notice, Purchaser, at Purchaser's option may either (a) terminate this Contract by written notice to Seller, or (b) proceed with Closing without any reduction in Purchase Price.

4. Financing. It is a condition precedent to Purchaser's obligations hereunder that, prior to the expiration of the Inspection Period, Purchaser shall receive a determination letter from Georgia Housing and Finance Agency for the purchase of the Real Estate and development of Purchaser's Use , all in an amount and upon terms and conditions acceptable to Purchaser in its sole discretion (the "Allocation"). It is hereby understood and acknowledged by Seller that if Purchaser does not receive the Allocation, then Purchaser may cancel and terminate this Contract by notification thereof to Seller, and the Title Company shall immediately return the Earnest Money to Purchaser (less \$100.00 which shall be paid to Seller as consideration for this Contract) and thereafter both parties shall be relieved of all further obligations under this Contract.
5. Zoning and Approvals. It is a condition precedent to Purchaser's obligations hereunder that Purchaser shall confirm that the current zoning classification, covenants and/or commitments affecting the Real Estate are sufficient to permit Purchaser's Use. It is a further condition precedent to Purchaser's obligations hereunder that Purchaser (at Purchaser's sole cost and expense) shall obtain from the appropriate governmental authorities all approvals, permits and licenses necessary or appropriate for Purchaser's Use (collectively, the "Permits and Approvals"). All Permits and Approvals shall be in a form acceptable to Purchaser, in Purchaser's sole discretion. Seller shall cooperate with all requests in connection therewith, including filing any applications therefor or joining with Purchaser therein. If the foregoing conditions are not satisfied prior to the expiration of the Inspection Period, Purchaser may, at its election, cancel and terminate this Contract by written notice to Seller, upon which event the Title Company shall return the Earnest Money to Purchaser (less \$100.00 which shall be paid to Seller as consideration for this Contract) and thereafter both parties shall be relieved of all further obligations hereunder.
6. Survey/Title. Purchaser shall have the Inspection Period to examine title and order and receive a survey, all Purchaser's sole cost and expense. :
  - 6.1 Purchaser may obtain a new staked survey of the Real Estate prepared and certified in accordance with ALTA Minimum Standard Detail Requirements (the "Survey"). At Closing, Seller shall reimburse

Purchaser for the cost of the Survey up to Fifteen Hundred Dollars (\$1,500.00).

- 6.2 Purchaser may obtain, at Purchaser's sole cost and expense, an ALTA standard title insurance commitment, issued by the Title Company, showing the condition of Seller's title to the Real Estate and any easements, restrictions, agreements or other matters burdening and/or benefiting the Real Estate (the "Title Commitment").
- 6.3 Purchaser shall have the Inspection Period to inspect title, and shall notify Seller in writing of any unacceptable title exception disclosed on the Title Commitment or defects disclosed on the Survey prior to the expiration of the Inspection Period. If Purchaser notifies Seller of such unacceptable title exceptions or Survey matters, Seller shall have thirty (30) days (or such longer period as Purchaser may in writing approve) to cure or remove any such unacceptable defects, at Seller's sole cost and expense. If Seller is unable or unwilling to cure or remove such defects within said period, Purchaser may either (i) cancel and terminate this Contract upon written notice to Seller, in which event the Title Company shall immediately return the Earnest Money to Purchaser (less \$100.00 which shall be paid to Seller as consideration for this Contract), or (ii) waive such defects and proceed to Closing without any reduction in Purchase Price; provided, however, that Seller shall be obligated to pay any amounts necessary to cause the removal at or before Closing of any and all monetary liens, mortgages, security instruments and UCC financing statements affecting the Real Estate. If Purchaser fails to notify Seller of an objection to an exception to title as reflected on the Title Commitment or a matter disclosed on the Survey within the time provided herein, then Purchaser shall be deemed to have accepted the status of title as reflected therein. Any exceptions to title reflected on the said commitment to which Purchaser fails to timely object (except monetary liens, mortgages, security instruments and UCC financing statements to be released at or before Closing) shall be deemed a "Permitted Exception".
7. Taxes and Assessments. Purchaser assumes and agrees to pay all assessments for municipal improvements made after Closing and so much of the real estate taxes assessed for and becoming a lien on the Real Estate during the calendar year in which Closing occurs as shall be allocable to Purchaser after Closing (i.e., prorated to date of Closing). Any taxes not assumed by Purchaser and which are not due and payable at the time of Closing shall be allowed to Purchaser as a credit on the cash payment required at Closing, and Seller shall not be further liable for such taxes; provided, however, that if the actual taxes are not known on the date of Closing, the taxes shall be prorated based upon the prior year's tax bill and re-prorated upon receipt of the actual tax bills, with payment to be made to the requesting party within ten (10) days after written notice from the requesting party.

8. Closing. If this offer is accepted as herein provided (subject to Purchaser's rights to terminate this Contract as provided in this Contract), the transaction contemplated hereby shall be closed (the "Closing") in the offices of James-Bates-Brannan-Groover-LLP, 3399 Peachtree Road NE, Suite 1700, Atlanta, Georgia 30326, on or before one hundred eighty (180) days after execution of the purchase contract. Seller, Purchaser and their attorneys will not be physically present at the Closing and may deliver documents by overnight air courier or other means. At Closing, Seller and Purchaser shall perform their respective obligations set forth in this Agreement (to the extent not previously performed), and the performance by each of them shall be a concurrent condition of the performance of the obligations of the other. Purchaser shall have three (3) extension periods of thirty (30) days for applicable non-refundable deposits of Twenty Five Thousand Dollars (\$25,000) per extension. At Closing, Seller agrees to deliver to Purchaser, in accordance with the terms of this Contract, the following:
- a. a duly authorized and executed limited warranty deed in recordable form, conveying good and marketable title to the Real Estate, subject only to current taxes not yet due and payable and the Permitted Exceptions, unless otherwise agreed in writing by Purchaser;
  - b. a duly authorized and executed title affidavit in a form reasonably acceptable to Purchaser and the Title Company;
  - c. an affidavit acceptable to Purchaser, signed by Seller stating that all of Seller's representations and warranties set forth in this Contract are true and correct in all respects as of the date of Closing;
  - d. a non-foreign affidavit in a form satisfactory to Purchaser, stating that Seller is not a "foreign person", as such term is used in § 1445 of the Internal Revenue Code;
  - e. all other documentation which may be reasonably required by the Title Company in order to insure Purchaser with good and marketable title to the Real Estate;
  - f. a closing statement; and
  - g. all other documents necessary or appropriate to complete the transaction contemplated by this Contract.
9. Possession. Seller shall deliver exclusive possession of the Real Estate to Purchaser at Closing. The Real Estate shall not be subject to any leases or tenancies as of the date possession is delivered to Purchaser, and Seller hereby agrees to indemnify and hold Purchaser harmless from and against any damages,

costs or expenses, including reasonable attorneys' fees, incurred by Purchaser as a result of the existence of any such leases or tenancies.

10. Right of Inspection and Tests. Beginning on the Date of this Contract and throughout the term of this Contract, Purchaser and its agents and representatives shall have the right, upon not less than twenty-four (24) hours' notice to Seller, to enter upon the Real Estate to make tests as to the adaptability of the Real Estate for Purchaser's Use, such tests to include without limitation soil borings, surveys, drilling and all tests normally performed for the determination of the suitability of real estate for Purchaser's Use and for the collecting of all information necessary thereto. All such tests made by the Purchaser are to be made at Purchaser's expense, and Purchaser shall be liable for any damage caused to the Real Estate or to any persons thereon during said tests, and hereby agrees to indemnify and hold harmless Seller from and against any such damage or injury or claims and causes of action resulting therefrom.
11. Representations and Warranties. As a material inducement to Purchaser for entering into this Contract, Seller's representations and warranties are set forth in the attached Exhibit "B", which is incorporated herein by this reference.

Seller acknowledges and agrees that it is a condition precedent to Purchaser's obligations under this Contract that these representations and warranties shall be true and correct in all material respects on the date hereof as well as on the Closing date.

12. Transfer Fees; Closing Costs; Commissions. At Closing, Seller shall pay the premium for Purchaser's owner's title policy, the cost of any state and/or local transfer conveyance fees and taxes in the amount required by law, the recording costs associated with recording any documents necessary to cure any exceptions to title to which Purchaser objects, and Seller's attorneys' fees, and up to \$1,500.00 to reimburse Purchaser for the cost of the Survey. All other costs and expenses of Closing shall be the responsibility of Purchaser.

Seller and Purchaser hereby acknowledge and agree that NAI Mopper/Benton and Fickling & Company ("Seller's Agent") have acted as sales agents for Seller in regard to this transaction and that Jeremiah Jarmin of Berkadia Real Estate Advisors, LLC ("Purchaser's Agent") has acted as a sales agent for Purchaser in regard to this transaction. Seller shall pay all brokerage commissions due and payable under that certain Brokerage Engagement Exclusive Right to Sell Listing Agreement dated January 5, 2016, between Fickling & Company and Seller. Seller and Purchaser represent and warrant to each other that they have dealt with no broker, finder or other person with respect to this Contract or the transactions contemplated hereby and, insofar as they know, no broker, finder or other person is entitled to any commission or finder's fee in connection herewith. Seller and Purchaser each agree to indemnify and hold harmless one another against any loss, liability, damage or claim incurred by reason of any other brokerage



commission or finder's fee alleged to be payable because of any act, omission or statement of the indemnifying party. Such indemnity obligations shall be deemed to include the payment of reasonable attorneys' fees and court costs incurred in defending any such claim, and shall survive the closing hereof.

13. Condemnation. If prior to Closing the Real Estate shall be subjected to a taking, either total or partial, by eminent domain, condemnation, or for any public or quasi-public use, Purchaser shall have the right to either (i) terminate this Contract by providing written notice thereof to Seller at the place designated herein for such notices, or (ii) proceed to close the transaction contemplated by this Contract, in which event Seller shall assign to Purchaser at Closing all of the condemnation awards from such condemnation action.
  
14. Notices. All notices, requests, demands, consents and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly and properly given on the date of service if delivered personally, or sent by facsimile with electronic confirmation of receipt by the recipients, or, if mailed, on the second day after such notice is deposited in a receptacle of the United States Postal Service, registered or certified mail, first class postage prepaid, return receipt requested, or on the first day after deposit with a nationally-recognized overnight delivery service (e.g., FedEx), in all events addressed appropriately as follows:

If to Seller:                      Signature Bank of Georgia  
Attn: Charles P. Hoag, CAO  
6065 Roswell Road, Suite 600  
Sandy Springs, Georgia 30328  
Phone and Fax: (770) 206-5366  
Email: choag@signaturebankga.com

With a copy to:                      James-Bates-Brannan-Groover-LLP  
Attn: T. Daniel Brannan, Esq.  
3399 Peachtree Road NE  
Suite 1700  
Atlanta, Georgia 30326  
Phone: (404) 997-6020  
Fax: (404) 997-6021  
Email: dbrannan@jamesbatesllp.com

If to Purchaser:                      Herman & Kittle Properties, Inc.  
500 East 96th Street, Suite 300  
Indianapolis, IN 46240  
Attn: Jeffrey L. Kittle  
Fax: 317-663-6800

With a copy to:                      Herman & Kittle Properties, Inc.

500 East 96th Street, Suite 300  
Indianapolis, IN 46240  
Attn: David Thompson, Esq.  
Fax: 317-663-6815

If to Seller's Agent: Trip Wilhoit  
Fickling & Company  
PO Box 310  
577 Mulberry St, Suite 1100  
Macon, GA 31202-0310  
Phone: (478) 746-9421  
Fax: (478) 742-2015  
Email: [trip@fickling.com](mailto:trip@fickling.com)

If to Purchaser's Agent: Berkadia Real Estate Advisors, LLC  
Judy MacManus  
One Alliance Center  
3500 Lenox Road, Suite 1650  
Atlanta, GA 30326  
Fax: (404) 445-1065  
Email: [Judy.Macmanus@berkadia.com](mailto:Judy.Macmanus@berkadia.com)

Either party may change its address for purposes of this Paragraph by giving the other party written notice of the new address in the manner set forth above.


15. Assignment; Entirety of Agreement; Amendments. This Contract shall be assignable by Purchaser and shall be binding upon and inure to the benefit of the respective heirs, representatives, successors and assigns of the parties hereto; provided, however, that any such assignment shall not relieve Purchaser of any of Purchaser's obligations hereunder. This Contract embodies the entire agreement between the parties hereto and there are no representations, promises, understandings or agreements, oral or written, between the parties which are not set forth herein. This Contract may be amended only by a written instrument signed by Purchaser and Seller.
16. Intentionally Omitted.
17. Governing Law. This Contract shall be construed and enforced in accordance with the laws of the State of Georgia.
18. Attorneys' Fees. In the event of any controversy, claim, or dispute between Purchaser and Seller arising out of or related to this Contract or the breach thereof, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees, legal assistant fees, costs and expenses.

19. Counterparts. This Contract may be executed in any number of counterparts with the same effect as if all such parties executed the same document. All such counterparts shall constitute one agreement.
20. Duration of Offer. This offer shall expire if written acceptance endorsed hereon is not delivered to Purchaser at the address stated above on or before 5:00 p.m., Friday, February 26, 2016.
21. Real Estate Sold As-Is. The Real Estate is sold as-is, and in accordance with the attached Exhibit "B" incorporated herein by reference.
22. Time is of the Essence. Time is of the essence of this Contract.
23. Date of Contract. As used herein, the phrase "Date of this Contract" shall mean the later of the date on which Purchaser or Seller have signed this Contract.

Dated March 4, 2016.

"PURCHASER"

HERMAN & KITTLE PROPERTIES, INC.

By:  \_\_\_\_\_  
Patti P. Adams, Development Director

ACCEPTANCE OF OFFER

The undersigned hereby accepts the foregoing offer this 3<sup>rd</sup> day of March,  
2016.

“SELLER”

Signature Bank of Georgia



By: \_\_\_\_\_

Charles P. Hoag, CAO

Title: \_\_\_\_\_

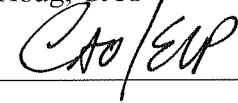
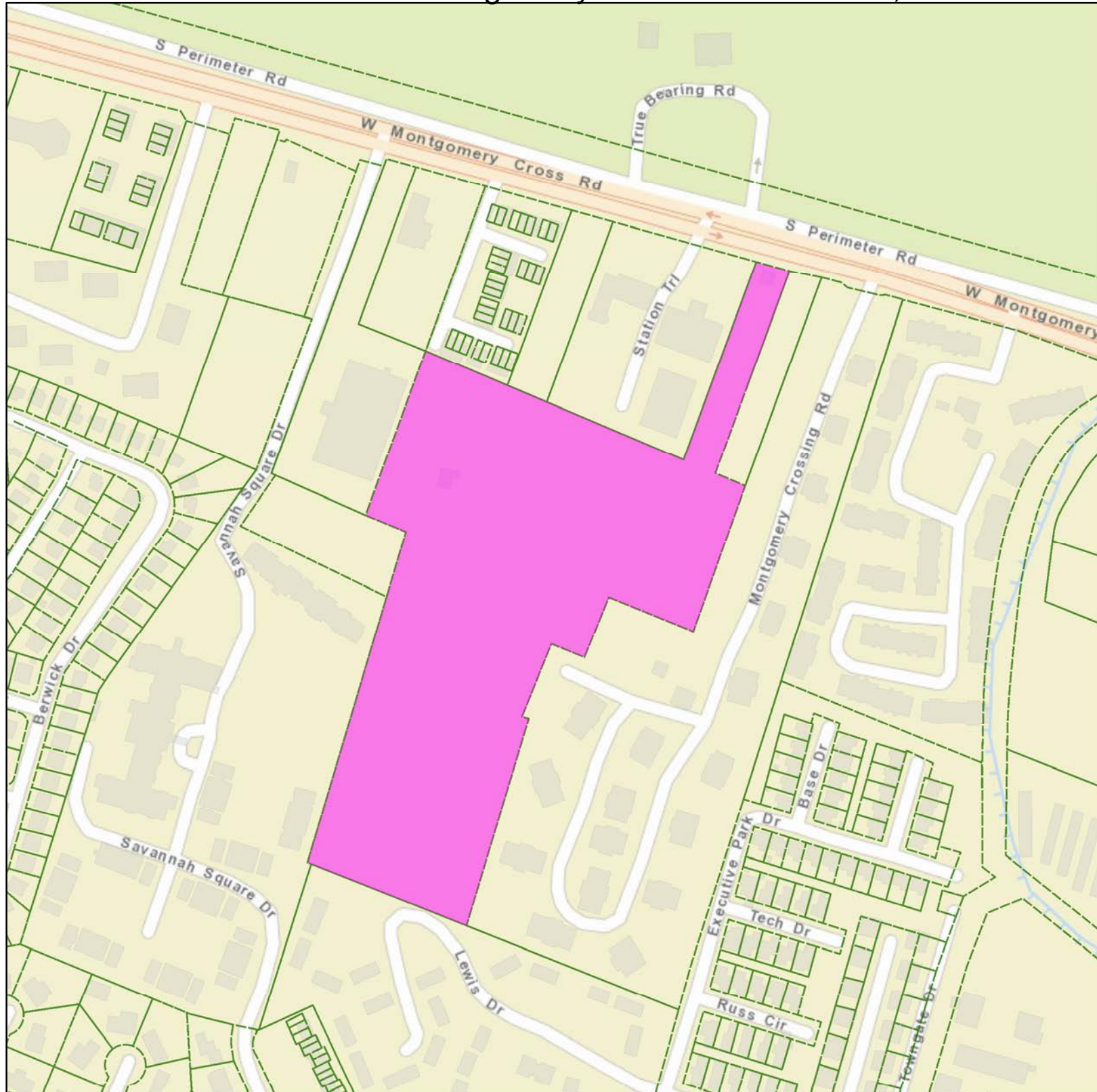


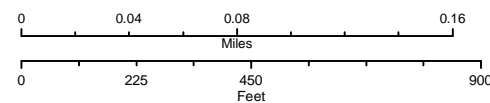


EXHIBIT "A"  
LEGAL DESCRIPTION

# Exhibit A - 227 W Montgomery Cross Rd Savannah, GA



-  Parcels Outline
-  Buildings



## EXHIBIT "B" TO PURCHASE AND SALE AGREEMENT

It is hereby agreed by the parties hereto that in the event of a conflict between the terms of this Exhibit "B" and the Contract, that this Exhibit "B" shall control. It is further agreed that all of the terms and conditions of the Contract not in conflict herewith shall remain in full force and effect other than as modified herein.

Real Estate sold with a "limited warranty deed." Title to the Real Estate was acquired by Seller through a foreclosure action or acquired by Seller from the entity that foreclosed upon the Real Estate. If, upon examination, Purchaser determines that title is not good and marketable, this Contract shall be null and void, the Earnest Money (less \$100.00 which shall be paid to Seller as consideration for this Contract) shall be refunded to Purchaser, and Seller shall not be liable to Purchaser for damages or to the Seller's Agent or Purchaser's Agent for commissions. Purchaser, may, at Purchaser's option, waive any objections to title.

Purchaser (and any party claiming through or under Purchaser) hereby agrees that following the Closing, Seller shall be fully and finally released from any and all claims or liabilities against Seller referring to or arising on account of the condition of the Real Estate.

Prior to Purchaser's entry onto Real Estate during the Inspection Period, Purchaser shall provide Seller with an ACCORD certificate confirming commercial general liability insurance coverage with a single limit of liability (per occurrence and aggregate) of not less than \$2,000,000 and naming Seller as an "additional insured," which ACCORD certificate shall commence on the Effective Date of this Contract and terminate on the Closing Date.

All prorations of taxes, assessments, association fees, utilities and other charges at closing shall be based upon the most accurate information available as of the date of closing and shall be deemed to be final proration. Seller shall be under no obligation to adjust such prorations after closing. Except as expressly set forth herein and in the Contract, the Contract shall not be deemed to survive the closing and the acceptance of the deed by Purchaser shall be deemed to be a full performance of and discharge of every agreement and obligation on the part of Seller to be performed under the Contract.

Seller acquired title to the Real Estate by virtue of a Deed Under Power of Sale recorded in the deed records of Chatham County, Georgia; and that, to the best of Seller's knowledge, Seller has not conveyed or transferred the Real Estate or any portion thereof prior to the date hereof.

So long as this Contract remains in force, Seller will not lease, convey or encumber all or any portion of the Real Estate, or any interest therein, or enter into any agreement granting to any person any right with respect to the Real Estate, or any portion thereof.

If Seller fails or refuses to convey the Real Estate in accordance with the terms of this Contract, or otherwise to perform Seller's obligations under this contract, then Purchaser, as Purchaser's sole and exclusive remedy, may at its option either (i) receive a refund of the Earnest Money (net of \$100 in option consideration) or (ii) sue Seller for specific performance of this Contract. Notwithstanding the immediately preceding sentence, if Seller fails or refuses to convey the Real Estate to Purchaser in accordance with the terms of this Contract, or if Seller otherwise fails or refuses to perform Seller's obligations under this Contract, Purchaser shall have no right to seek or receive monetary damages from Seller. Purchaser hereby covenants and agrees not to sue Seller in connection with the transaction contemplated by this Contract.

Seller, to the best of its knowledge, knows of no action, suit or proceeding pending or, to the best of Seller's knowledge, threatened or contemplated against or affecting the Real Estate, either directly or indirectly.

Seller has not received any notice of any pending condemnation actions with respect to the Real Estate; and that Seller shall promptly notify Purchaser in writing if Seller receives notice that the Real Estate or any portion thereof hereafter becomes subject to any condemnation action.

For the purposes of this Contract, any reference to the "knowledge" of Seller or to the "best of Seller's knowledge" or as to the receipt of notices by Seller shall be limited to the actual knowledge of or actual receipt of notices by Charles P. Hoag, who is the special assets officer with primary responsibility for the Real Estate. Purchaser recognizes that such representations as to the "knowledge" of Seller are made without investigation or inquiry.

All of the foregoing warranties and representations of Seller are made for the sole benefit of Purchaser and may be waived by Purchaser, in whole or in part, by written waiver delivered to Seller. The foregoing representations and warranties shall not survive Closing but shall merge with the limited warranty deed.

PURCHASER ACKNOWLEDGES TO AND AGREES WITH SELLER THAT PURCHASER IS PURCHASING THE REAL ESTATE IN AN "AS IS" CONDITION "WITH ALL FAULTS" AND SPECIFICALLY AND EXPRESSLY WITHOUT ANY WARRANTIES, REPRESENTATIONS OR GUARANTEES, EITHER EXPRESS OR IMPLIED, OF ANY KIND, NATURE OR TYPE WHATSOEVER FROM OR ON BEHALF OF SELLER.

Purchaser acknowledges that Purchaser has not relied, and is not relying, upon any information, document, sales brochures or other literature, maps, sketches, drawings, plans, projection, proforma, statement, representation, guarantee or warranty (whether express or implied, oral or written, material or immaterial) that may have been given by or made by or on behalf of Seller.

Purchaser hereby acknowledges that it shall not be entitled to, and shall not, rely on Seller, its agents, employees or representatives as to (i) the quality, nature, adequacy or physical condition of the Real Estate, including, but not limited to, any structural elements, foundation, roof, appurtenances, access, landscaping, parking facilities or any electrical, mechanical, HVAC, plumbing, sewage or utility systems, facilities or appliances at the Real Estate, if any; (ii) the quality, nature, adequacy or physical condition of soils and ground water or the existence of ground water at the Real Estate; (iii) the existence, quality, nature, adequacy or physical condition of any utilities serving the Real Estate; (iv) the development potential of the Real Estate, its habitability, merchantability or fitness, suitability or adequacy of the Real Estate for any particular purpose; (v) the zoning or other legal status of the Real Estate; (vi) the compliance of the Real Estate or its operations with any applicable codes, statute, law, ordinance, rule, regulation, covenant, permit, authorization, standard, condition or restriction of any governmental or regulatory authority; (vii) the presence or absence of asbestos containing material, radon, urea formaldehyde or other potentially hazardous substances, waste, chemicals, pollutants, or contaminants, including without limitation, those identified under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. Section 9601 et seq.; or (viii) the quality of any labor or materials relating in any way to the Real Estate.

PURCHASER ACKNOWLEDGES TO AND AGREES WITH SELLER THAT WITH RESPECT TO THE REAL ESTATE, SELLER HAS NOT MADE, DOES NOT AND WILL NOT MAKE ANY WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT IN NO WAY LIMITED TO, ANY WARRANTY OF CONDITION, MERCHANTABILITY, HABITABILITY OR FITNESS FOR A PARTICULAR USE, OR WITH RESPECT TO THE VALUE, PROFITABILITY OR MARKETABILITY OF THE REAL ESTATE.



PURCHASER ACKNOWLEDGES THAT SELLER HAS NOT MADE, DOES NOT MAKE AND WILL NOT MAKE ANY REPRESENTATION OR WARRANTY WITH REGARD TO THE PAST, PRESENT OR FUTURE CONDITION OR COMPLIANCE OF THE REAL ESTATE, OR COMPLIANCE OF PAST OWNERS AND OPERATORS OF THE REAL ESTATE, WITH RESPECT TO ANY PAST, PRESENT OR FUTURE FEDERAL, STATE OR LOCAL ENVIRONMENTAL PROTECTION, POLLUTION CONTROL, POLLUTION CLEANUP, AND CORRECTIVE ACTION LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS (INCLUDING BUT NOT LIMITED TO CERCLA, THE RESOURCE CONSERVATION AND RECOVERY ACT ("RCRA"), 42 U.S.C. SECTION 6973 et seq., THE GEORGIA HAZARDOUS SITE RESONSE ACT ("HSRA") O.C.G.A. SECTION 12 8 90 et seq., AND ALL OTHERS PERTAINING TO THE USE, HANDLING, GENERATION, TREATMENT, STORAGE, RELEASE, DISPOSAL, REMOVAL, REMEDIATION, OR RESPONSE TO, OR NOTIFICATION OF GOVERNMENTAL ENTITIES CONCERNING ANY TOXIC, HAZARDOUS, OR OTHERWISE REGULATED WASTE, SUBSTANCE, CHEMICAL, POLLUTANT OR CONTAMINANT), OR LAND USE LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS.

Purchaser acknowledges that by the date of Closing, Purchaser will have had an adequate opportunity to make such legal, factual and other inquires and investigations as Purchaser deems necessary, desirable or appropriate with respect to the Real Estate. Such inquires and investigations of Purchaser shall be deemed to include an environmental audit of the Real Estate, an inspection of the physical components and general condition of all portions of the Real Estate, such state of facts as an accurate survey and inspection would show, the present and future zoning and land use ordinances, resolutions and regulations of the city, county and state where the Real Estate is located and the value and marketability of the Real Estate.

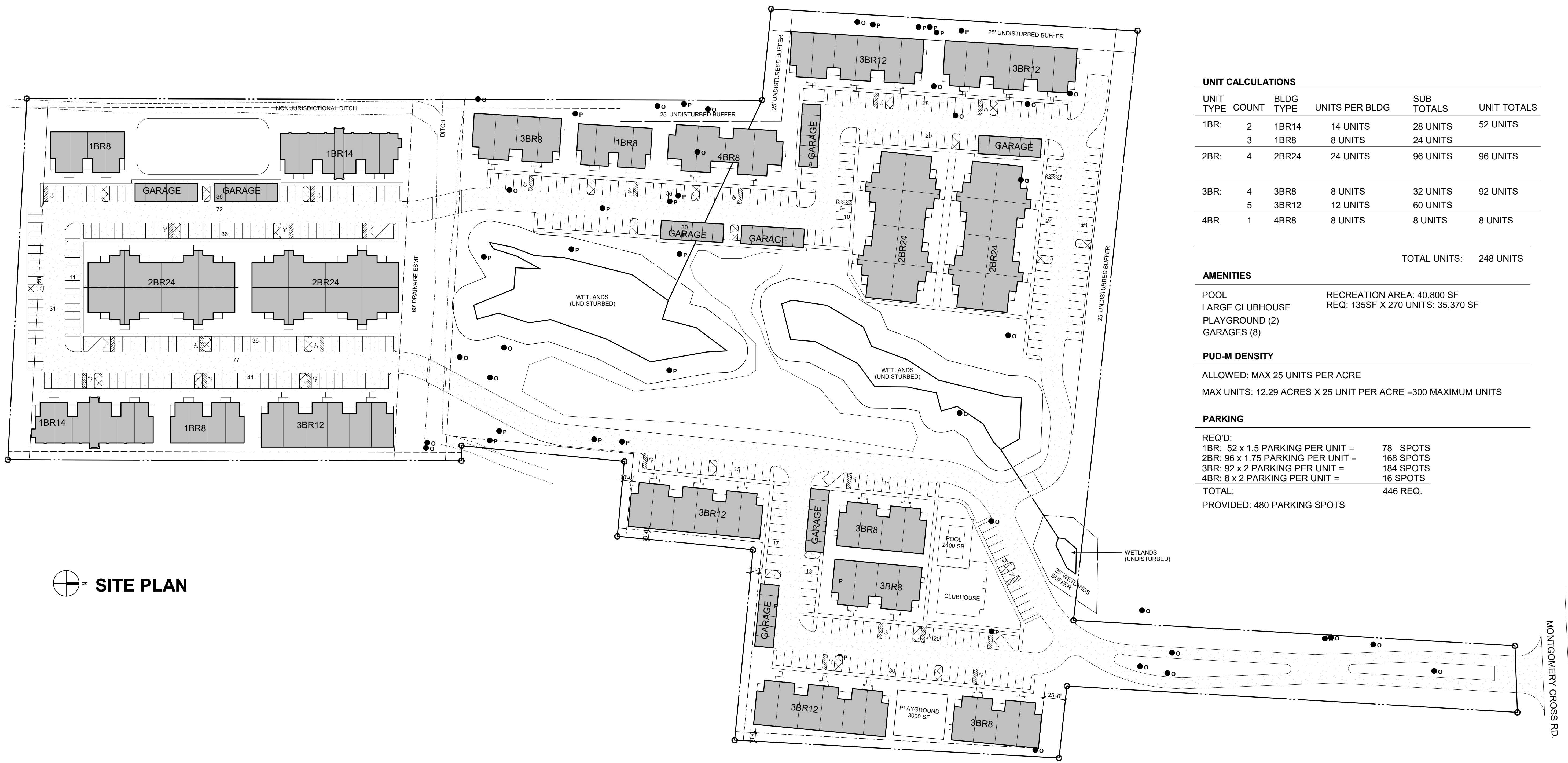
Purchaser acknowledges that Seller holds title to the Real Estate, through foreclosure or otherwise, primarily to protect its security interest within the meaning of CERCLA and the rules and regulations promulgated thereunder.

WITHOUT IN ANY WAY LIMITING THE GENERALITY OF THE PRECEDING, PURCHASER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT IT HEREBY WAIVES, RELEASES AND DISCHARGES ANY CLAIM IT HAS, MIGHT HAVE HAD OR MAY HAVE IN THE FUTURE AGAINST THE SELLER WITH RESPECT TO COSTS, DAMAGES, OBLIGATIONS, PENALTIES, CAUSES OF ACTION AND OTHER LIABILITIES (WHETHER ACCRUED, CONTINGENT, ARISING BEFORE OR AFTER THIS CONTRACT, OR OTHERWISE) ARISING AS A RESULT OF (I) THE CONDITION OF THE REAL ESTATE, EITHER PATENT OR LATENT, (II) ITS ABILITY OR INABILITY TO OBTAIN OR MAINTAIN BUILDING PERMITS, EITHER TEMPORARY OR FINAL CERTIFICATES OF OCCUPANCY OR OTHER LICENSES FOR THE USE OR OPERATION OF THE REAL ESTATE, AND/OR CERTIFICATES OF COMPLIANCE FOR THE REAL ESTATE, (III) THE ACTUAL OR POTENTIAL INCOME OR PROFITS TO BE DERIVED FROM THE REAL ESTATE, (IV) THE REAL ESTATE TAXES OR ASSESSMENTS NOW OR HEREAFTER PAYABLE THEREON, (V) THE PAST, PRESENT OR FUTURE CONDITION OR COMPLIANCE OF THE REAL ESTATE, OR COMPLIANCE OF PAST OWNERS AND OPERATORS OF THE REAL ESTATE, IN REGARD TO ANY PAST, PRESENT AND FUTURE FEDERAL, STATE AND LOCAL ENVIRONMENTAL PROTECTION, POLLUTION CONTROL, POLLUTION CLEANUP, AND CORRECTIVE ACTION LAWS, RULES, REGULATIONS, ORDERS AND REQUIREMENTS (INCLUDING WITHOUT LIMITATION, CERCLA, RCRA, HSRA AND OTHERS PERTAINING TO THE USE, HANDLING, GENERATION, TREATMENT, STORAGE, RELEASE, DISPOSAL, REMOVAL, REMEDIATION OR RESPONSE TO, OR NOTIFICATION OF GOVERNMENTAL ENTITIES CONCERNING, TOXIC, HAZARDOUS, OR OTHERWISE, REGULATED WASTES, SUBSTANCES, CHEMICALS, POLLUTANTS, OR CONTAMINANTS), OR LAND USE LAWS,

RULES, REGULATIONS, ORDERS OR REQUIREMENTS, (VI) THE PRESENCE ON, IN, UNDER OR NEAR THE REAL ESTATE OR (INCLUDING WITHOUT LIMITATION, ANY RESULTANT OBLIGATION UNDER CERCLA, RCRA, HSRA, OR OTHERWISE, TO REMOVE, REMEDIATE OR RESPOND TO) ASBESTOS CONTAINING MATERIAL, RADON, UREA FORMALDEHYDE OR ANY OTHER TOXIC, HAZARDOUS OR OTHERWISE, REGULATED WASTE, SUBSTANCE, CHEMICAL, POLLUTANT OR CONTAMINANT, AND (VII) ANY OTHER STATE OF FACTS WHICH EXIST WITH RESPECT TO THE REAL ESTATE, EXCEPTION FROM THIS RELEASE ONLY THOSE CLAIMS BROUGHT BY PURCHASER THAT ARISE FROM CONTAMINATION OF THE REAL ESTATE WHICH IS IDENTIFIED BY PURCHASER, AND OR WHICH SELLER IS NOTIFIED BY PURCHASER, PRIOR TO THE CLOSING AND WHICH WAS PRODUCED AS A DIRECT RESULT OF THE SELLER'S OPERATION, AS DEFINED UNDER CERCLA, OF THE REAL ESTATE.

Addendum F

**SITE PLAN**



⊕ = SITE PLAN

**UNIT CALCULATIONS**

UNIT TYPE	COUNT	BLDG TYPE	UNITS PER BLDG	SUB TOTALS	UNIT TOTALS
1BR:	2	1BR14	14 UNITS	28 UNITS	52 UNITS
	3	1BR8	8 UNITS	24 UNITS	
2BR:	4	2BR24	24 UNITS	96 UNITS	96 UNITS
3BR:	4	3BR8	8 UNITS	32 UNITS	92 UNITS
	5	3BR12	12 UNITS	60 UNITS	
4BR	1	4BR8	8 UNITS	8 UNITS	8 UNITS

TOTAL UNITS: 248 UNITS

**AMENITIES**

- POOL
- LARGE CLUBHOUSE
- PLAYGROUND (2)
- GARAGES (8)
- RECREATION AREA: 40,800 SF
- REQ: 135SF X 270 UNITS: 35,370 SF

**PUD-M DENSITY**

ALLOWED: MAX 25 UNITS PER ACRE  
 MAX UNITS: 12.29 ACRES X 25 UNIT PER ACRE = 300 MAXIMUM UNITS

**PARKING**

REQ'D:  
 1BR: 52 x 1.5 PARKING PER UNIT = 78 SPOTS  
 2BR: 96 x 1.75 PARKING PER UNIT = 168 SPOTS  
 3BR: 92 x 2 PARKING PER UNIT = 184 SPOTS  
 4BR: 8 x 2 PARKING PER UNIT = 16 SPOTS  
 TOTAL: 446 REQ.  
 PROVIDED: 480 PARKING SPOTS



Addendum G

**ZONING LETTER**



March 29, 2016

Patti Adams

Herman & Kittle Properties, Inc.

[padams@hermankittle.com](mailto:padams@hermankittle.com)

RE: 227 W Montgomery Xrd

PINs: [2-0644 -01-042](#) (The Property)

To Whom It May Concern:

Per your request, I hereby certify that I am the duly appointed Principal Zoning Inspector within the Development Services Department of the City of Savannah, Georgia (the Jurisdiction); and I am responsible for the enforcement of the Zoning Ordinance of the Jurisdiction. In addition, I am an International Code Council (ICC) Certified Zoning Inspector. Furthermore, I have access to the information required to make the following certifications:

**The Property** as of **March 29, 2016** is within the **Planned Unit Development Multifamily - 25 units per net acre (PUD-M-25) Zoning District**, as provided in the Zoning Ordinance of the Jurisdiction and as shown on the Zoning Map of the Jurisdiction approved in 1960 as amended;

**The Property** was rezoned on May 11, 2005;


The purpose of the **PUD-M-25 Zoning District** shall be to allow a variety of residential development including single-family residential, two-family residential, multifamily residential (including townhomes, apartments and condominiums), senior congregate housing, and university or college dormitories as well as supportive but limited commercial uses. A PUD-M district must contain a minimum of three acres;

[Sec. 8-3035](#) provides the list of permitted uses;

**The Property** is not within a planned neighborhood conservation (P-N-C) area;

**The Property** appears to be within or within 100 feet of a wetland inventory area as defined by the U.S. Fish and Wildlife Service National Wetlands Inventory (NWI) Map for Chatham County. [Sec. 8-3146](#) requires a wetland delineation that verifies that the proposed activity is not located within jurisdictional wetlands or permit/letter authorizing the proposed activity within the jurisdictional wetlands from the U.S. Army Corps of Engineers before the issuance of a Building Permit;

**The Property** is in a Groundwater Recharge Area as identified by the Georgia Department of Natural Resources in Hydrologic Atlas 18, 1989 edition. All lands identified as groundwater recharge areas shall be subject to the development standards in [Sec. 8-3147](#);



I am not personally aware of any zoning violations with respect to **the Property**, or any action or proceeding by the Jurisdiction pending before any Court or administrative agency with respect to the zoning of **the Property** or any improvements located thereon;

This confirmation is made as of the date of this letter and does not constitute any representation or assurance that **the Property** will remain in the current Zoning District for any specified period of time or that the list of uses permitted in the Zoning District will remain in effect for any specific period of time.

Sincerely,



T.W. Petrea  
Principal Zoning Inspector

Enclosures

Addendum H

**CLIENT CONTRACT INFORMATION**



September 13, 2016

**Ron Timblin Jr.**  
Senior Appraiser

Janna Darmon  
Senior Development Analyst  
**HERMAN & KITTLE PROPERTIES, INC.**  
500 E. 96<sup>th</sup> Street, #300  
Indianapolis, IN 46240  
Phone: 314.518.7760  
Email: jdarmon@hermankittle.com

RE: Assignment Agreement  
Apartment  
Proposed LIHTC, 227 W. Montgomery Cross Road  
Savannah, GA 31406

Dear Ms. Darmon:

We are pleased to submit this proposal and our Terms and Conditions for this assignment.

### PROPOSAL SPECIFICATIONS

**Purpose:** To estimate the Market Value of the referenced real estate

**Premise:** As Is, As Complete, and As Stabilized

**Rights Appraised:** Fee Simple and Leased Fee

**Intended Use:** Mortgage Underwriting purposes

**Intended User:** The intended users are HERMAN & KITTLE PROPERTIES, INC., The Georgia Department of Community Affairs (DCA), and such other parties and entities (if any) expressly recognized by CBRE as "Intended Users" (as further defined herein).

**Reliance:** Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.

**Inspection:** CBRE will conduct a physical inspection of the subject property and

**Valuation Approaches:** its surrounding environs on the effective date of appraisal. All three traditional approaches to value will be considered and utilized.

**Report Type:** Standard Appraisal Report

**Appraisal Standards:** USPAP/FIRREA

**Appraisal Fee:** \$7,500

**Expenses:** Fee includes all associated expenses

**Retainer:** A retainer of ½ the total Fee is required

**Payment Terms:** Final payment is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. The fee is considered earned upon delivery of the draft report.

**Delivery Instructions:** We will invoice you for the assignment in its entirety at the completion of the assignment. CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report.

An Adobe PDF file via email will be delivered to jdarmon@hermankittle.com. The client has requested No (0) bound final copy (ies).

**Delivery Schedule:**

**Preliminary Value:** Not Required

**Draft Report:** 15 business days after the Start Date

**Final Report:** Upon Client's request

**Start Date:** The appraisal process will start upon receipt of your signed agreement, the retainer, and the property specific data.

**Acceptance Date:** These specifications are subject to modification if this proposal is not accepted within 3 business days from the date of this letter.

*The appraisal report will be prepared in conformance with Georgia Department of Community Affairs (DCA) appraisal guidelines and will provide the values as stated in the DCA Appraisal Manual.*

When executed and delivered by all parties, this letter, together with the Terms and Conditions and the Specific Property Data Request attached hereto and incorporated herein, will serve as the Agreement for appraisal services by and between CBRE and Client. Each person signing below represents that it is authorized to enter into this Agreement and to bind the respective parties hereto.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

**CBRE, Inc.**  
**Valuation & Advisory Services**



Ron Timblin Jr.  
Senior Appraiser  
As Agent for CBRE, Inc.  
T 404 812-5011  
Ron.timblin@cbre.com

### AGREED AND ACCEPTED

#### FOR HERMAN & KITTLE PROPERTIES, INC.:

<u>Janna Darmon</u>	<u>09 14 16</u>
Signature	Date
<u>Janna Darmon</u>	<u>Senior Development Analyst</u>
Name	Title
<u>314 518 7760</u>	<u>jdarmon@hermankittle.com</u>
Phone Number	E-Mail Address

#### ADDITIONAL OPTIONAL SERVICES

**Assessment & Consulting Services:** CBRE's Assessment & Consulting Services group has the capability of providing a wide array of solution-oriented due diligence services in the form of property condition and environmental site assessment reports and other necessary due diligence services (seismic risk analysis, zoning compliance services, construction risk management, annual inspections, etc.). CBRE provides our clients the full complement of due diligence services with over 260 employees in the U.S. that are local subject matter experts.

Initial below if you desire CBRE to contact you to discuss a proposal for any part or the full complement of consulting services, or you may reach out to us at [WhitePlainsProposals@cbre.com](mailto:WhitePlainsProposals@cbre.com). We will route your request to the appropriate manager. For more information, please visit [www.cbre.com/assessment](http://www.cbre.com/assessment).

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## TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for appraisal services (the "Agreement" ) between CBRE, Inc. (the "Appraiser") and the client signing this Agreement, and for whom the appraisal services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the appraisal office is located for the Appraiser executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the appraisal fee and preparation of an appraisal report (the "Appraisal Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Appraisal Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the prorated share of the fee based upon the work completed and expenses incurred (including travel expenses to and from the job site), with a minimum charge of \$500. Additional copies of the Appraisal Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per report.
3. If Appraiser is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's expertise, or the Property, Client shall pay Appraiser's additional costs and expenses, including but not limited to Appraiser's attorneys' fees, and additional time incurred by Appraiser based on Appraiser's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Appraisal Report), meeting participation, and Appraiser's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Appraiser shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 30 days written notice.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Appraiser executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Appraiser assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Appraiser to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Appraisal fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Appraiser relating to this Agreement, or Appraiser's or Client's performance hereunder, Appraiser and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Appraiser executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Appraiser is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship

between Client and Appraiser. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal Report discussed herein.

8. All statements of fact in the report which are used as the basis of the Appraiser's analyses, opinions, and conclusions will be true and correct to Appraiser's actual knowledge and belief. Appraiser does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Appraiser by Client or others. TO THE FULLEST EXTENT PERMITTED BY LAW, APPRAISER DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN ANY APPRAISAL REPORT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE EVEN IF KNOWN TO APPRAISER. Furthermore, the conclusions and any permitted reliance on and use of the Appraisal Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.
9. Appraiser shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Appraiser with such materials with respect to the assignment as are requested by Appraiser and in the possession or under the control of Client. Client shall provide Appraiser with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Appraiser. With respect to data provided by Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any proprietary information furnished to Appraiser. Notwithstanding the foregoing, Appraiser is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
12. Unless specifically noted, in preparing the Appraisal Report the Appraiser will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material") on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.
13. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that Appraiser provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that Appraiser shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Appraiser relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Appraiser shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Appraisal Report to any third party.
15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES, AND AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO APPRAISER UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS (\$10,000). THIS LIABILITY LIMITATION SHALL NOT

APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.

16. Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (ii) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and Appraiser shall have no liability for such unauthorized use and reliance on any Appraisal Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.
17. In the event an Intended User incorporates or references the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the appraisal or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iii) an actual or alleged violation of applicable law by an Intended User (including, without limitation, securities laws) or the negligent or intentional acts or omissions of an Intended User (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Appraiser (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.
18. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Appraiser and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Appraisal Report, (b) any services or appraisals under this Agreement or (c) any acts or conduct relating to such services or appraisals, shall be filed within two (2) years from the date of delivery to Client of the Appraisal Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.

## SPECIFIC PROPERTY DATA REQUEST

In order to complete this assignment under the terms outlined, CBRE, Inc., Valuation & Advisory Services, will require the following specific information for the property:

1. Current title report and title holder name
2. Legal description
3. Survey and/or plat map
4. Site plan for proposed or entitled development
5. Current county property tax assessment or tax bill
6. Details on any sale, contract, or listing of the property within the past three years
7. Engineering studies, soil tests or environmental assessments
8. Building plans and specifications, including square footage for all buildings and units
9. Ground lease, if applicable
10. Details regarding any planned rental concessions to be included in the initial lease-up of the project
11. Details regarding all personal property, including furniture, fixtures, and equipment
12. Details regarding the development costs, including land costs
13. Pro forma income and expense projections
14. Budgeted occupancy report
15. Details regarding construction timeline
16. Marketing plan, absorption projections and/or local competitive study
17. Any previous market/demand studies or appraisals
18. Name and telephone number of property contact for physical inspection and additional information needed during the appraisal process
19. Any other information that might be helpful in valuing this property

Any other information that might be helpful in valuing this property

If any of the requested data and information is not available, CBRE, Inc., reserves the right to extend the delivery date by the amount of time it takes to receive the requested information or make other arrangements. Please have the requested information delivered to the following:

Ron Timblin Jr.  
Senior Appraiser  
CBRE, Inc.  
Valuation & Advisory Services  
3280 Peachtree Road NE  
Suite 1400  
Atlanta, GA 30305

## APPRAISAL MANUAL

### Appraiser Qualifications

All appraisers must be State Certified General by the Georgia Real Estate Appraiser's Board and participate in continuing education as required. The appraiser selected for an assignment should have, at a minimum, five (5) years appraisal experience, preferably in a combination of affordable housing and multi-family properties. An appraiser will not be excluded from consideration solely by virtue of membership or lack of membership in any particular appraisal organization. It is however, desirable, but not required, for the appraiser to have a professional designation or be an active member in a professional accredited appraisal institution. An appraiser must demonstrate competency, expertise, independence, and the ability to render a high quality, written report. The appraiser's experience and educational background will provide general basis for competency.

### APPRAISAL GUIDELINES

Appraisal reports prepared for the Georgia Department of Community Affairs ("DCA") must be presented in narrative format or other approved format appropriate for the transaction as approved by DCA. The scope of the appraisal report should be in proportion to the complexity of the property and the intended use of the appraisal. The appraisal should, at a minimum, conform to generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice (USPAP) which are incorporated into this manual.

USPAP permits either the results of the appraisal may be communicated in a "Self-contained," "Summary" or "Restricted" report format as defined by USPAP. Unless otherwise instructed, all reports must be a **complete** appraisal in a Self-contained format.

Per the advisory opinions provided by USPAP, preparation of appraisals for subsidized housing in compliance with USPAP requires knowledge and experience that goes beyond typical residential appraisal competency. Subsidized housing may be defined as single or multi-family residential real estate targeted for ownership or occupancy by low or moderate-income households as a result of public programs and other financial tools that assist or subsidize the developer, purchaser, or tenant in exchange for restrictions on use and occupancy. The United States Department of Housing and Urban Development (HUD) provides the primary definition of income and asset eligibility standards for low and moderate-income households. Other federal, state, and local agencies define income eligibility standards for specific programs and development under their jurisdiction.

USPAP further states that subsidized housing appraisals require the appraiser to understand the various programs, definitions, and pertinent tax considerations involved in the particular assignment applicable to the location and development. An appraiser should be capable of analyzing the impact of the programs and definitions in the local subsidized housing submarket, as well as in the general market that is unaffected by subsidized housing programs. Appraisers should also be aware of possible political changes that will affect the durability of the benefits and restrictions to subsidized housing projects and fully understand interpretation and enforcement of subsidy programs.



## **Appraisal Rules and Guidelines**

### **General Provisions**

Self-contained reports must describe sufficient and adequate data and analyses to support the final opinion of value. The final value(s) must be reasonable, based on the information included. Any Third Party reports relied upon by the appraiser must be verified by the appraiser as to the validity of the data and the conclusions.

The report must contain sufficient data, included in the appendix when possible, and analysis to allow the reader to understand the property being appraised, the market data presented analysis of the data, and the appraiser's value conclusion. The complexity of this requirement will vary in direct proportion with the complexity of the real estate and real estate interest being appraised. The report should lead the reader to the same or similar conclusion(s) reached by the appraiser.

### **DEFINITIONS**

The following terminology is employed in the review process and is defined as follows:

**Appraisal:** the act or process of developing an opinion of value; an opinion of value, of or pertaining to appraising and related functions such as appraisal practice or appraisal services. The Appraisal is to be performed in accordance with current Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Foundation.

**Appraisal Standards:** Minimum requirements established by USPAP and supplemented by the lender or credit enhancement provider.

**Capitalization Rate:** A capitalization rate is used in the Direct Capitalization method. It is used to convert an estimate of a single year's income expectancy or an annual average of several years' income expectancies into an indication of value in one step by dividing the income estimate by the rate. The rate is typically derived from market analysis or through other quantitative methods.

**Discount Rate:** A rate of return on capital used to convert future payments or receipts into present value.

**Discounting:** The procedure used to convert periodic income and reversions into present value based on the assumption that benefits received in the future are worth less than the same benefits received now.

**Fee Appraiser:** An appraiser not employed by DCA, a lender or credit enhancement provider other than in connection with a specific appraisal assignment who has no interest, direct or indirect, financial or otherwise, in the property appraised or the transaction.

**Intended User:** The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of assignment.

**Investment Value:** The specific value of a property to a particular investor or class of investors based on individual investment requirements; distinguished from market value, which is impersonal and detached.

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

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

**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 effective date the appraisal is prepared.

**Prospective Market Value Upon Achieving Stabilized Occupancy:** The value presented assumes the property has attained stabilization 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 appraiser must state the date of stabilization and the estimated absorption period to achieve stabilized occupancy.

**Proposed Scattered Site Development:** A project that is constructed, or is to be constructed, as a single development and meets the following criteria:

- Consists of no more than six (6) non-contiguous parcels within a ½ mile radius and a minimum of four (4) residential units per parcel, except for parcels on which the community center is located.

**Qualified Appraiser:** Any individual who has satisfied USPAP and DCA's, or the lender or credit enhancement provider's, policy on experience and qualifications relating to a specific appraisal assignment. While membership or lack of membership in an appraisal organization may be considered in accepting or rejecting an individual appraiser, the determining factor is the appraiser's professional integrity, education, and experience in addition to his state certification or licensing status. The appraiser's experience and training must be appropriate to the complexity and nature of the proposed appraisal assignment.

**State Certified Appraiser:** A registered appraiser may perform appraisals on any type of property except when the purpose of the appraisal is for use in a federally related financial transaction.

**State Licensed Appraiser:** A licensed appraiser may perform any appraisal that is not to be used in a federally related financial transaction and may perform appraisals for use in a federally related transaction in specifically defined categories.

**State Certified Residential Real Property Appraiser:** A certified residential appraiser may perform any appraisal that is not to be used in a federally related transaction and may perform appraisals for use in a federally related financial transaction in specifically defined categories.

**State Certified General Real Property Appraiser:** A certified general appraiser may appraise any type of property for any purpose.

**USPAP:** Uniform Standards of Professional Appraisal Practice established and amended by the Appraisal Standards Board of the Appraisal Foundation.

### **Value Estimates**

The all commissioned appraisal reports shall include the following values:

If a project is a tax credit only project (4% or 9%) **with no HOME funds** the following values should be incorporated into the appraisal.

- As Is Market Value (must include a separate value for land if the As Is Value reflects an improved property)
- Prospective Market Value upon Completion and As Stabilized (Restricted Rents)
- Prospective Market Value upon Completion and As Stabilized (Unrestricted Rents)
- Analysis of Ground Lease, if applicable
- If personal property, FF&E, or intangible items are not part of the transaction or value estimate, a statement to such effect should be included.

If a project is a tax credit project (4% or 9%) **with HOME funds** the following values should be incorporated into the appraisal.

- As Is Market Value (must include a separate value for land is the As Is Value reflects an improved property)
- Prospective Market Value upon Completion and As Stabilized (Restricted Rents)
- Prospective Market Value upon Completion and As Stabilized (Unrestricted Rents)
- Valuation of Tax Credits (including federal, state, and historic as applicable)
- Analysis of Ground Lease, if applicable
- If personal property, FF&E, or intangible items are not part of the transaction or value estimate, a statement to such effect should be included.

### **Date of Appraisal**

The appraisal report must be dated and signed by the appraiser who inspected the property. (i.e., appraised engaged by DCA). The date of the valuation, except in the case of proposed construction or extensive rehabilitation, must be a current date.

### **Appraisal Contents**

An appraisal of a development prepared for DCA must be organized in a format that follows a logical progression and must include, at minimum, the following items:

### **Title Page**

- Include identification as to appraisal (e.g., type of process - Complete or Limited; type of report - self-contained, summary or restricted)
- Property address and/or location, housing type
- DCA addressed as the client (or DCA included as an intended user).
- Effective date of value estimate(s)
- Date of report
- Name and address of person authorizing report
- And name and address of appraiser(s)

### **Letter of Transmittal**

- Include date of letter
- Property address and/or location
- Description of property type
- Extraordinary/special assumptions or limiting conditions that were approved by person authorizing the assignment
- Statement as to function of the report
- Statement of property interest being appraised
- Statement as to appraisal process (Complete or Limited)
- Statement as to reporting option (Self-contained, Summary or Restricted)
- Statement that the appraisal is assignable to other lenders or participants in the transaction
- Reference to accompanying appraisal report
- Reference to all person(s) that provided significant assistance in the preparation of the report
- Date of report
- Effective date of appraisal, date of property inspection
- Name of person(s) inspecting the property – the appraiser engaged must inspect the subject property
- Identification of type(s) of value(s) estimated (e.g., fee simple value, leased fee value, leasehold value, etc.)
- Intended User
- Estimate of marketing period
- Signatures of all appraisers authorized to work on the assignment

### **Table of Contents**

Number the exhibits included with the report for easy reference.

### **Certification**

The Certification must be designed in accordance with USPAP and applicable federal regulations, whichever is more stringent. The certification must be signed by each appraiser contributing to the analysis and valuation of the property. If more than one party signs a certification, the document must clearly indicate the extent to which the appraiser(s) contributed to the analysis and investigation of the property. The certification must state that the appraiser retained by the lender inspected the subject property.

### **Assumptions and Limiting Conditions**

Include a summary of all assumptions, both general and specific, made by the appraiser(s) concerning the property being appraised.

### **Certificate of Value**

This section may be combined with the letter of transmittal and/or final value estimate. Include statements similar to those contained in USPAP.

### **Disclosure of Competency**

Include appraiser's qualifications, detailing education and experience.

### **Identification of the Property**

Provide a statement to acquaint the reader with the property. Real estate being appraised must be fully identified and described by street address, tax assessor's parcel number(s), and development characteristics. Include a full, complete, legible, and concise legal description.

### **Statement of Ownership of the Subject Property**

Discuss all prior sales of the subject property which occurred within the past three years. Any pending agreements of sale, options to buy, or listing of the subject property must be disclosed in the appraisal report and analyzed in compliance with USPAP.

### **Purpose and Function of the Appraisal**

Provide a brief comment stating the purpose of the appraisal and a statement citing the function of the report.

### **Property Rights Appraised**

Include a statement as to the property rights (e.g., fee simple interest, leased fee interest, leasehold, etc.) being considered. The appropriate interest must be defined in terms of current appraisal terminology with the source cited.

### **Definition of Value Premise**

One or more types of value (e.g., "as is", "prospective market value at completion and as stabilization") may be required. Definitions corresponding to the appropriate value must be included with the source cited.

### **Scope of the Appraisal**

The amount and type of information researched and the analysis applied in an assignment. Scope of work includes, but is not limited to, the following:

- The degree to which the property is inspected or identified;
- The extent of research into physical or economic factors that could affect the property;
- The extent of data research; and
- The type and extent of analysis applied to arrive at opinions or conclusions.

### **Regional Area Data**

Provide a general description of the geographic location and demographic data and analysis of the regional area. A map of the regional area with the subject identified is required.

### **Neighborhood Data**

Provide a specific description of the subject's geographical location and specific demographic data and an analysis of the neighborhood. A summary of the neighborhood trends, future development, and economic viability of the specific area should be addressed. A map with the neighborhood boundaries and the subject identified must be included.

### **Site/Improvement Description**

Discuss the site characteristics including the following:

#### **Physical Site Characteristics**

Describe dimensions, size (square footage, acreage, etc.), shape, topography, corner influence, frontage, access, ingress-egress, etc. associated with the site. Include a plat map and/or survey.

#### **Floodplain**

Discuss floodplain (including flood map panel number) and include a floodplain map with the subject clearly identified.

#### **Zoning**

Report the current zoning and description of the zoning restrictions and/or deed restrictions, where applicable, and type of development permitted. Any probability of change in zoning should be discussed. A statement as to whether or not the improvements conform to the current zoning should be included. A statement addressing whether or not the improvements could be rebuilt if damaged or destroyed, should be included. If current zoning is not consistent with the Highest and Best Use, and zoning changes are reasonable to expect, time and expense associated with the proposed zoning change should be considered and documented. An excerpt from the zoning ordinance regarding the subject's allowable uses should be included.

#### **Description of Improvements**

Provide a thorough description and analysis of the proposed improvements including size (net rentable area, gross building area, etc.), number of stories, unit mix, number of buildings, type/quality of construction, condition, actual age, effective age, exterior and interior amenities, items of deferred maintenance, etc. (If the property is existing, provide a description of the improvements currently existing). All applicable forms of depreciation should be addressed along with the remaining economic life. Identify architectural plans, including the date and engineer, and include in the report. Floor plans of the proposed improvements should be included in the report. If the proposed improvements per plans and specifications or any other source differ from the application provided by DCA, the appraiser should notify the lender immediately for clarification before proceeding with the appraisal assignment.

#### **Fair Housing**

It is recognized appraisers are not an expert in such matters and the impact of such deficiencies may not be quantified; however, the report should disclose 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

report any accommodations (e.g., wheelchair ramps, handicap parking spaces, etc.) which have been performed to the property or may need to be performed.

### **Environmental Hazards**

It is recognized appraisers are not an expert in such matters and the impact of such deficiencies may not be quantified; however, the report should disclose any potential environmental hazards (e.g., discolored vegetation, oil residue, asbestos-containing materials, lead-based paint etc.) noted during the inspection. If the appraiser discovers any potential environmental problems that may be unknown to the lender, please notify the lender immediately and cease work on the appraisal unless instructed otherwise.

### **Highest and Best Use**

Market Analysis and feasibility study is required as part of the highest and best use. The highest and best use analysis should consider the following as well as a supply and demand analysis.

- The appraisal must inform the reader of any positive or negative market trends which could influence the value of the appraised property. Detailed data must be included to support the appraiser's estimate of stabilized income, absorption, and occupancy.
- The highest and best use section must contain a separate analysis "as if vacant" and "as improved" (or "as proposed to be improved/renovated"). All four elements in appropriate order as outlined in the Appraisal of Real Estate (legally permissible, physically possible, feasible, and maximally productive) must be sequentially considered.

The appraiser should consider the Market Study provided to DCA which was an exhibit in the LIHTC Application into the analysis, if applicable; however, the appraiser should also perform an independent analysis of the market and rent comparables and shall not rely solely on the Market Study provided to DCA as market conditions may vary from the date of the market study to the effective date of the appraisal report.

### **Appraisal Process**

The Cost Approach, Sales Comparison Approach and Income Approach are three recognized appraisal approaches to valuing most properties. It is mandatory that all three approaches are considered in valuing the property unless specifically instructed by DCA to ignore one or more of the approaches; or unless reasonable appraisers would agree that use of an approach is not applicable. If an approach is not applicable to a particular property, then omission of such approach must be fully and adequately explained. An adjustment grid demonstrating the appraisal process must be included (i.e., land comparables, sales comparables, and rent comparables).



### **Cost Approach**

This approach should give a clear and concise estimate of the cost to construct the subject improvements. The type of cost (reproduction or replacement) and source(s) of the cost data should be reported. Cost comparables are desirable; however, alternative cost information may be obtained from Marshall & Swift Valuation Service or similar publications. The section, class, page, etc. should be referenced. All soft costs and entrepreneurial profit must be addressed and documented. All applicable forms of depreciation must be discussed and analyzed. Such discussion must be consistent with the description of the improvements analysis.

The land value estimate should include:

- A sufficient number of sales which are current, comparable, and similar to the subject in terms of highest and best use.
- Comparable sales information should include address and/or legal description, tax assessor's parcel number(s), sales price, date of sale, grantor, grantee, and adequate description of property transferred.
- The final value estimate should fall within the adjusted and unadjusted value ranges.

Consideration and appropriate cash equivalent adjustments to the comparable sales price should be made when applicable:

- Property rights conveyed
- Financing terms
- Conditions of sale
- Location
- Highest and best use
- Physical characteristics (e.g., topography, size, shape, etc.).
- Other characteristics (e.g., existing/proposed entitlements, special assessments, etc.).

### **Sales Comparison Approach**

This section should contain an adequate number of sales to provide the reader with the current market conditions concerning this property type. Sales data should be recent and specific for the property type being appraised. The sales must be confirmed with buyer, seller, or an individual knowledgeable of the transaction.

Minimum content of the sales should include

- Address, legal description, tax assessor's parcel number(s)
- Sale price, financing considerations, and adjustment for cash equivalency
- Date of sale, recordation of the instrument
- Grantor/Grantee
- Type of construction, year built and/or renovated, unit mix, land area, number of stories (for vacant land, include density limits, if applicable)
- Occupancy
- Amenities
- Complete description of the property and property rights conveyed
- Discussion of marketing time
- A map clearly identifying the subject and the comparable sales must be included.

Several methods may be utilized in the Sale Comparison Approach. The method(s) used must be reflective of actual market activity and market participants.

- **Sale Price/Unit of Comparison**

The analysis of the sale comparables must identify, relate and evaluate the individual adjustments applicable for property rights, terms of sale, conditions of sale, market conditions and physical features. Sufficient narrative analysis must be included to permit the reader to understand the direction and magnitude of the individual adjustments, as well as a unit of comparison value indicator for each comparable. The appraiser(s) reasoning and thought process must be explained.

- **Potential Gross Income/Effective Gross Income Analysis**

If used in the report, this method of analysis must clearly indicate the income statistics for the comparables. Consistency in the method for which such economically statistical data was derived should be applied throughout the analysis. At least one other method should accompany this method of analysis.

- **NOI/Unit of Comparison**

If used in the report, the net operating income statistics for the comparables must be calculated in the same manner and disclosed as such. It should be disclosed if reserves for replacement have been included in this method of analysis. At least one other method should accompany this method of analysis.

### **Income Approach**

This section is to contain an analysis of both the actual historical and projected income and expense aspects of the subject property.

**Market Rent Estimate/Comparable Rental Analysis**-This section of the report should include an adequate number of actual market transactions to inform the reader of current market conditions concerning rental units. The comparables must indicate current research for this specific property type. The rental comparables must be confirmed with the landlord, tenant or agent and individual data sheets must be included. The minimum content of the individual data sheets should include:

- Property address
- Lease terms
- Description of the property (e.g., year built, unit type, unit size, unit mix, interior amenities (including washer/dryer connections), exterior amenities, etc.)
- Physical characteristics of the property (including but not limited to type of construction, number of stories, condition of property, renovation improvements, if applicable)
- Utilities Furnished by Landlord
- Occupancy levels
- Absorption, if applicable
- Turnover
- Concessions
- Identification as to Conventional or Affordable Housing Development
- Identification as to Senior (Elderly or HFOP) or Family Development
- Name and Telephone Number of Contact Person at Rent Comparable

Analysis of the Market Rents should be sufficiently detailed to permit the reader to understand the appraiser's logic and rationale. Adjustment for lease rights, condition of the lease, location, physical characteristics of the property, etc. must be considered as applicable. A location map showing the rent comparables in comparison with the subject must be included.

### **Comparison of Market Rent to Contract Rent**

Actual income for the subject along with the owner's current budget projections must be reported, summarized and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made.

The contract rents should be compared to the market-derived rents. A determination should be made as to whether the contract rents are below, equal to, or in excess of market rates. If there is a difference, its impact on value must be qualified.

### **Vacancy/Collection Loss**

Historical occupancy data for the subject (if applicable) should be reported and compared to occupancy data from the rental comparable and overall occupancy data for the subject's market area. Consideration for credit loss should also be considered.

### **Expense Analysis**

Actual expenses for the subject (if applicable), along with the owner's projected budget, must be reported, summarized, and analyzed. A copy of the actual operating statements analyzed should be included in the appendix. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made.

Expense comparables of three similar properties are required. Historical expenses of published survey data (e.g., IREM, BOMA, etc.) may also be considered but must be supported by expense comparables. Any expense differences should be reconciled. The following expenses should be considered:

- Management Salaries (full time or part time)
- Maintenance Salaries (full time or part time)
- Other Employees Salaries (full time or part time)
- Employee Benefits
- Office Supplies
- Telephone
- Travel
- Leased Furniture
- Support Services
- Legal
- Accounting
- Advertising
- Contract Repairs
- General Repairs

- Grounds Maintenance
- Extermination
- Maintenance Supplies
- Elevator Maintenance
- Redecorating
- Water Expenses Paid by Landlord
- Sewer Expenses Paid by Landlord
- Electricity Expenses Paid by Landlord
- Gas Expenses Paid by Landlord
- Common Area Utilities (Water, Sewer, Electricity, Gas)
- Trash Collection
- Real Estate Taxes (consider tax freeze if applicable)
- Insurance Premiums
- Special Assessments
- Security Staff or Security System
- Management Fee
- Reserves

Historical data regarding the subject's assessment and tax rates should be included. Three tax comparables are required in which the land and improvements are separated and the analysis used to derive estimated taxes for the subject should be included. A statement as to whether or not any delinquent taxes exist should also be included. A tax plat of the subject property should also be included in the report.

### **Capitalization**

Several capitalization methods may be utilized in the Income Approach. The appraiser should present the method(s) reflective of the subject market and explain the omission of any method not considered in the report. The appraiser must provide support for the selection of the capitalization rate.

- Direct Capitalization – The primary method of deriving an overall rate (OAR) is through market extraction. If a band of investment or mortgage equity technique is utilized, the assumptions must be fully disclosed and discussed.
- Yield Capitalization (Discounted Cash Flow Analysis). This method of analysis should include a detailed and supportive discussion of the projected holding/investment period, income and income growth projections, occupancy projections, expense and expense growth projections, reversionary value and support for the discount rate.

### **Prospective Unrestricted Market Value at Loan Maturity**

Generally loan maturity is assumed to be not less than 20 years from the date of stabilization (conversion from construction financing to permanent financing). A value estimate assuming that the project is to be marketed with unrestricted rent and/or income limitations at loan maturity is required. An explanation of the reasonableness of the methodology utilized to derive this value is required, as well as any illustrative spreadsheets.

### **Reconciliation and Final Value Estimate**

This section of the report should summarize the approaches and values that were utilized in the appraisal. An explanation should be included for any approach which was not included. Such explanations should lead the reader to the same or similar conclusion of value. Although the values for each approach may not "agree", the differences in values should be analyzed and discussed.

Other values or interests appraised should be clearly labeled and segregated. Such values may include FF&E, leasehold interest, excess land, etc.

In addition, rent restrictions, subsidies and incentives should be explained in the appraisal report and their impact, if any, needs to be reported in conformity with the Comment section of USPAP Standards Rule 1-2(e), which states, "Separation of such items is required when they are significant to the overall value." In the appraisal of subsidized housing, value conclusions that include the intangibles arising from the programs will also have to be analyzed under a scenario without the intangibles in order to measure their influence on value.

### **Marketing Period**

Given property characteristics and current market conditions, the appraiser(s) should employ a reasonable marketing period. The report should detail existing market conditions and assumptions considered relevant.

### **Exposure Period**

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

### **Photographs**

Provide good quality color photographs of the subject property (front, rear, and side elevations, on-site amenities, interior of typical units if available). Photographs should be properly labeled. Photographs of the neighborhood, street scenes, and all rent and sales comparables should be included.

### **Additional Appraisal Concerns**

The appraiser(s) must recognize and be aware of the particular program rules and guidelines applicable to affordable housing and their relationship to the subject's value. Due to the various programs offered by the Department, various conditions may be placed on the subject that would impact value. Furthermore, each program may require that the appraiser apply a different set of specific definitions for the conclusions of value to be provided. Consequently, as a result of such criteria, the appraiser(s) should be aware of such conditions and definitions and clearly identify them in the report.

Addendum I

**QUALIFICATIONS**

## QUALIFICATIONS OF

### **JOHN W. CHERRY, JR. MAI, CRE** **Managing Director**

CBRE, Inc. – Valuation & Advisory Services  
3280 Peachtree Road, Suite 1100  
Atlanta, Georgia 30305  
**(404) 812-5028**  
(404) 812-5051 FAX

### **EDUCATIONAL**

B.B.A. Economics and Business - Oglethorpe University

Appraisal Institute

Course 1A-1, 1A-2, 1B-A, 1B-B, 2-1, 2-2, SPP, 6

### **LICENSE(S)/CERTIFICATION(S)**

Georgia Real Estate Appraisal Board - Certified General Real Estate Appraiser - 1233  
Tennessee Real Estate Commission - Certified General Real Estate Appraiser - 0001070  
North Carolina Real Estate Appraisal Board – Certified General Real Estate Appraiser - A6842  
Alabama Real Estate Appraisal Board – Certified General Real Estate Appraiser - G00673  
South Carolina Real Estate Appraisers Board – Certified General Real Estate Appraiser - CG5531  
Kentucky Real Estate Appraisers Board – Certified General Real Property Appraiser – 004614  
Mississippi Real Estate Appraisers Board - Certified General Real Property Appraiser – GA-1074

### **PROFESSIONAL**

Appraisal Institute

Designated Member, (MAI), Certification No. 6010

Counselors of Real Estate

Designated Member (CRE); Certification No. 1742

### **EMPLOYMENT EXPERIENCE**

1971-1973	Wight, Couch and Schultz (Researcher)	Atlanta, Georgia
1973-1983	Citizens and Southern Bank (Appraiser)	Atlanta, Georgia
1983 -1989	CB Commercial Real Estate Group, Inc. (VP)	Atlanta, Georgia
1989-1990	Laventhal & Howath (Senior Manager)	
1990-2003	PriceWaterhouseCoopers (Director of SE Valuation Services)	Atlanta, Georgia
2003-2010	Chief Appraiser LandAmerica/Butler Burgher Group Managing Director	Atlanta, Georgia
11/2010-Present	CBRE, Inc. Managing Director Valuation & Advisory Services	Atlanta, Georgia

# STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

**JOHN WESLEY CHERRY, JR**

**1233**

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**CERTIFIED GENERAL REAL PROPERTY APPRAISER**

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D. SCOTT MURPHY  
Chairperson

RONALD M. HECKMAN  
JEANMARIE HOLMES  
KEITH STONE

JEFF A. LAWSON  
Vice Chairperson

46530545

**JOHN WESLEY CHERRY, JR**

# 1233  
Status ACTIVE

**ORIGINALLY LICENSED**

07/01/1991

**END OF RENEWAL**  
09/30/2017

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



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

46530545

**JOHN WESLEY CHERRY, JR**

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WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

46530545



## QUALIFICATIONS OF

### **RON W. TIMBLIN** **Senior Real Estate Appraiser**

CBRE, Inc. - Appraisal Services  
3280 Peachtree Road, NE, Suite 1100  
Atlanta, Georgia 30305  
**(404) 812-5011**  
(404) 812-5051 FAX  
ron.timblin@cbre.com

### **EDUCATIONAL**

B.A., Geography – the Ohio State University  
M.C.P. City Planning – Georgia Institute of Technology

### **LICENSE(S)/CERTIFICATION(S)**

Certified General Real Property Appraiser, Georgia – Certification Number 210084  
Certified General Real Property Appraiser, South Carolina – Certification Number 5048  
Certified General Real Property Appraiser, Tennessee – Certification Number 00004245

### **EMPLOYMENT EXPERIENCE**

1998 – Present	CBBRE, Inc. Valuation & Advisory Services Senior Appraiser	Atlanta, Georgia
1998 – 1998	CB Commercial Real Estate Group, Inc. Research Real Estate Analyst	Atlanta, Georgia

### **PROFESSIONAL**

Associate Member, Appraisal Institute

# STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

**RONALD W TIMBLIN, JR**  
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Chairperson

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JEANMARIE HOLMES  
KEITH STONE

JEFF A. LAWSON  
Vice Chairperson

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RONALD W TIMBLIN, JR

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07/23/1999

END OF RENEWAL  
11/30/2016



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

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RONALD W TIMBLIN, JR

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## QUALIFICATIONS OF

### **Melissa K. Blakely Appraiser**

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[melissa.blakely@cbre.com](mailto:melissa.blakely@cbre.com)

### **EDUCATIONAL**

M.B.A. – Real Estate Finance, Emory University  
B.S. Management, Georgia Institute of Technology

### **LICENSE(S)/CERTIFICATION(S)**

Certified General Real Property Appraiser, Georgia – Certification Number 345527  
Georgia Real Estate Commission – Salesperson – 282788  
Certified General Real Property Appraiser, North Carolina – Certification Number A7825  
Certified General Real Property Appraiser, South Carolina – Certification Number 7145  
Certified General Real Property Appraiser, Tennessee – Certification Number 4967  
Certified General Real Property Appraiser, Alabama – Certification Number G01151  
Certified General Real Property Appraiser, Mississippi – Certification Number GA-1110  
Certified General Real Property Appraiser, Kentucky – Certification Number 4859

### **PROFESSIONAL**

Candidate for Designation, Appraisal Institute

### **EMPLOYMENT EXPERIENCE**

2014- Present	CBRE, Inc. Valuation and Advisory Services Appraiser	Atlanta, Georgia
2011- 2014	CBRE, Inc. Valuation and Advisory Services Valuation Associate	Atlanta, Georgia
2010-2011	Novogradac & Company, LLP Government Consulting and Valuation Advisory Services group Real Estate Research Analyst	Alpharetta, Georgia
2009	Federal Home Loan Bank Community Investment Services Analyst	Atlanta, Georgia
2006-2008	Meridian Housing, LLC Financial Analyst	Cumming, Georgia

# STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

**MELISSA K BLAKELY**  
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**CERTIFIED GENERAL REAL PROPERTY APPRAISER**

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Chairperson

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JEANMARIE HOLMES  
KEITH STONE

JEFF A. LAWSON  
Vice Chairperson

20065422

**MELISSA K BLAKELY**

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**ORIGINALLY LICENSED**

06/16/2011

**END OF RENEWAL**  
03/31/2017



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

20065422

**MELISSA K BLAKELY**

# 345527  
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