

**Integra Realty Resources**

**Atlanta**

**Appraisal of Real Property**

**Valley Hill Senior Apartments**

Age-Restricted Multifamily Property

430 Valley Hill Rd.

Riverdale, Clayton County, Georgia 30274

**Prepared For:**

Dominium Development & Acquisition, LLC

**Effective Date of the Appraisal:**

June 8, 2017

**Report Format:**

Appraisal Report – Standard Format

**IRR - Atlanta**

File Number: 101-2017-0251





**Valley Hill Senior Apartments**  
430 Valley Hill Rd.  
Riverdale, Georgia



June 8, 2017

Ryan Williams  
Staff Associate  
Dominium Development & Acquisition, LLC  
2905 Northwest Blvd., Suite 150  
Plymouth, MN 55441

SUBJECT:       Market Value Appraisal  
                  Valley Hill Senior Apartments  
                  430 Valley Hill Rd.  
                  Riverdale, Clayton County, Georgia 30274  
                  IRR - Atlanta File No. 101-2017-0251

Dear Mr. Williams:

Integra Realty Resources – Atlanta is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value as is of the leased fee interest in the property. As requested, we also estimate the prospective market value upon completion of renovations and stabilization as encumbered by restricted rents and the prospective market value upon completion of renovations and stabilization as if unencumbered by restricted rents. We have also valued the seller's note. The client for the assignment is Dominium Development & Acquisition, LLC, and the intended use is to assist the client and intended users in evaluating the subject property for acquisition and financing purposes.

The subject is an age-restricted multifamily property containing 72 dwelling units. All units are restricted to tenant 55 years old or older and 58 units are additionally restricted for 50% and 60% AMI tenants. Floor plans consist of one and two bedroom units spread through-out nine single-story apartment buildings. A clubhouse is located in the center of the property and has average project amenities. The improvements were constructed in 2002 and are 100% leased as of the effective appraisal date. The site area is 6.45 acres or 280,912 square feet.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of Dominion Development & Acquisition, LLC. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

**Value Conclusions**

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Leased Fee	June 8, 2017	\$5,000,000
Prospective Market Value Upon Completion of Renovations and Stabilization As Encumbered by Restricted Rents	Leased Fee	March 1, 2018	\$5,100,000
Prospective Market Value Upon Completion of Renovations and Stabilization As If Unencumbered by Restricted Rents	Leased Fee	March 1, 2018	\$5,900,000
Seller Financing Note	Investment Value	November 29, 2016	\$1,352,351
Land Value- Net of Demolition Costs	Fee Simple	November 29, 2016	\$80,000

**Extraordinary Assumptions and Hypothetical Conditions**

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We were not provided a property conditions report, therefore we assume the property does not suffer from significant deferred maintenance that would affect the properties usability as a multifamily property.
2. We were not provided a budget or cost estimate for the renovations to the subject property. Therefore, we assume the current estimate of \$1,800,000 will cover the scope of the renovations which were provided to us in a list and noted in the Planned Capital Expenditures section of this report.
3. The subject property was inspected on November 29, 2016. It is assumed there have been no material changes to the property since the November 29, 2016 inspection.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. The prospective value upon completion/stabilization as if unencumbered by restricted rents applies a hypothetical condition where the property is unencumbered by its current affordable restrictions under the Section 42 Low Income Housing Tax Credit (LIHTC) program. This is contrary to reality and does not reflect an as is value because the subject property is encumbered by these restricted rents until year 2031.



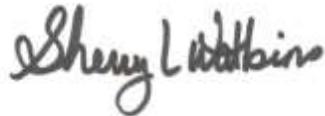
Ryan Williams  
Dominium Development & Acquisition, LLC  
June 8, 2017  
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The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

**Integra Realty Resources - Atlanta**



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Georgia Certificate # CG001536  
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# Summary of Salient Facts and Conclusions

Property Name	Valley Hill Senior Apartments
Address	430 Valley Hill Rd. Riverdale, Clayton County, Georgia 30274
Property Type	Age-Restricted Multifamily - Other
Owner of Record	Valley Hills Apartments, LP
Tax ID	13150D A003
Land Area	6.45 acres; 280,912 SF
Number of Units	72
Gross Building Area	52,713 SF
Rentable Floor Area	49,888 SF
Percent Leased	100%
Year Built	2002
Zoning Designation	R-1, Single Family Residential
Highest and Best Use - As if Vacant	Multifamily use
Highest and Best Use - As Improved	Continued multifamily use
Exposure Time; Marketing Period	6 months; 6 months
Date of the Report	June 8, 2017

## Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Leased Fee	June 8, 2017	\$5,000,000
Prospective Market Value Upon Completion of Renovations and Stabilization As Encumbered by Restricted Rents	Leased Fee	March 1, 2018	\$5,100,000
Prospective Market Value Upon Completion of Renovations and Stabilization As If Unencumbered by Restricted Rents	Leased Fee	March 1, 2018	\$5,900,000
Land Value- Net of Demolition Costs	Fee Simple	November 29, 2016	\$80,000

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Dominion Development & Acquisition, LLC may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

The subject is a legal, non-conforming use due to the R-1, Single Family Residential zoning. This is discussed in the Land Description section of this report.

## Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We were not provided a property conditions report, therefore we assume the property does not suffer from significant deferred maintenance that would affect the properties usability as a multifamily property.
2. We were not provided a budget or cost estimate for the renovations to the subject property. Therefore, we assume the current estimate of \$1,800,000 will cover the scope of the renovations which were provided to us in a list and noted in the Planned Capital Expenditures section of this report.
3. The subject property was inspected on November 29, 2016. It is assumed there have been no material changes to the property since the November 29, 2016 inspection.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. The prospective value upon completion/stabilization as if unencumbered by restricted rents applies a hypothetical condition where the property is unencumbered by its current affordable restrictions under the Section 42 Low Income Housing Tax Credit (LIHTC) program. This is contrary to reality and does not reflect an as is value because the subject property is encumbered by these restricted rents until year 2031.

## General Information

### Identification of Subject

The subject is an age-restricted multifamily property containing 72 dwelling units. All units are restricted to tenant 55 years old or older and 58 units are additionally restricted for 50% and 60% AMI tenants. Floor plans consist of one and two bedroom units spread through-out nine single-story apartment buildings. A clubhouse is located in the center of the property and has average project amenities. The improvements were constructed in 2002 and are 100% leased as of the effective appraisal date. The site area is 6.45 acres or 280,912 square feet. A legal description of the property is in the addenda.

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#### Property Identification

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Property Name	Valley Hill Senior Apartments
Address	430 Valley Hill Rd. Riverdale, Georgia 30274
Tax ID	13150D A003
Owner of Record	Valley Hills Apartments, LP

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### Sale History

The most recent closed sale of the subject is summarized as follows:

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Sale Date	October 28, 2000
Seller	Kathryn Mae Davis
Buyer	Valley Hills Apartments, LP
Sale Price	\$504,000
Recording Instrument Number	Clayton WD Bk 4595 Pg 210
Expenditures Since Purchase	This transaction reflects the sale of the underlying land of the existing improvements. After the transaction, the current improvement were constructed in 2001.

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To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

## Pending Transactions

The property is under contract of sale as of the effective appraisal date. Through discussion with the owner, it has been noted that the proposed closing date is September 2017. Information about the contract is summarized as follows:

Contract Date	Unexecuted
Seller	Valley Hills Apartments, LP
Buyer	Riverdale Leased Housing Associates II, LLLP
Sale Price	\$5,040,000
Comments	Allocations are as follows per contract: \$108,000 to land; \$302,400 to site improvements; \$302,400 to personal property; and \$4,327,200 to buildings.

Our as is value conclusion is similar to the sales price.

## Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value as is of the leased fee interest in the property as of the effective date of the appraisal, June 8, 2017. As requested, we also estimate the prospective market value upon completion of renovations and stabilization as encumbered by restricted rents of the leased fee interest, as of March 1, 2018. In addition, we estimate the prospective market value upon completion of renovations and stabilization as if unencumbered by restricted rents of the leased fee interest, as of March 1, 2018. The date of the report is June 8, 2017. The appraisal is valid only as of the stated effective date or dates.

## Definition of Market Value

Market value is defined as:

“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:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and 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 cash in 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 sales concessions granted by anyone associated with the sale.”

*(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*

### **Definition of As Is Market Value**

As is market value is defined as, “The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal’s effective date.”

*(Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015); also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471)*

### **Definition of Property Rights Appraised**

Leased fee interest is defined as, “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).”

Lease is defined as, “A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.”

*Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)*

### **Intended Use and User**

The intended use of the appraisal is for assist the client and intended users in evaluating the subject property for acquisition and financing purposes. The client and intended user is Dominion Development & Acquisition, LLC. The appraisal is not intended for any other use or user. No party or parties other than Dominion Development & Acquisition, LLC may use or rely on the information, opinions, and conclusions contained in this report.

### **Applicable Requirements**

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised June 7, 1994;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- Appraisal guidelines of Dominion Development & Acquisition, LLC.

## Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

## Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have previously appraised the property that is the subject of this report for the current client within the three-year period immediately preceding acceptance of this assignment.

## Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

## Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

### Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

The **income capitalization approach** is the most reliable valuation method for the subject due to the following:

- The probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.
- Sufficient market data regarding income, expenses, and rates of return, is available for analysis.

The **sales comparison approach** is an applicable valuation method because:

- There is an active market for similar properties, and sufficient sales data is available for analysis.
- This approach directly considers the prices of alternative properties having similar utility.

The **cost approach** is not applicable to the assignment considering the following:

- The age of the property would limit the reliability of an accrued depreciation estimate.
- This approach is not typically used by market participants, except for new or nearly new properties.

### **Research and Analysis**

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

### **Inspection**

Sherry L. Watkins, MAI, FRICS, ASA, conducted an interior and exterior inspection of the property on November 29, 2016. It is assumed there have been not material changes to the property since the November 29, 2016 inspection.

Interior inspections included a total of 7 units, representing the following unit types: four occupied and one vacant 1 bed 1 bath units; two occupied 2 bed 2 bath units.

### **Significant Appraisal Assistance**

It is acknowledged that Zach Fraysier (Georgia Registered Real Estate Appraiser 351694) made a significant professional contribution to this appraisal, consisting of conducting research on the subject and transactions involving comparable properties, performing appraisal analyses, and assisting in report writing, under the supervision of the persons signing the report.

## Economic Analysis

### Clayton County Area Analysis

Clayton County is located in northern Georgia approximately 15 miles south of Atlanta CBD. It is 142 square miles in size and has a population density of 1,974 persons per square mile. Clayton County is part of the Atlanta-Sandy Springs-Roswell, GA Metropolitan Statistical Area, hereinafter called the Atlanta MSA, as defined by the U.S. Office of Management and Budget.

### Population

Clayton County has an estimated 2017 population of 279,498, which represents an average annual 1.1% increase over the 2010 census of 259,424. Clayton County added an average of 2,868 residents per year over the 2010-2017 period, but its annual growth rate lagged the Atlanta MSA rate of 1.4%.

Looking forward, Clayton County's population is projected to increase at a 1.2% annual rate from 2017-2022, equivalent to the addition of an average of 3,362 residents per year. Clayton County's growth rate is expected to lag that of the Atlanta MSA, which is projected to be 1.3%.

#### Population Trends

	Population			Compound Ann. % Chng	
	2010 Census	2017 Est.	2022 Est.	2010 - 2017	2017 - 2022
Clayton County	259,424	279,498	296,310	1.1%	1.2%
Atlanta MSA	5,286,728	5,843,277	6,234,160	1.4%	1.3%

Source: The Nielsen Company

## Employment

Total employment in Clayton County is currently estimated at 120,293 jobs. Between year-end 2006 and the present, employment rose by 10,964 jobs, equivalent to a 10.0% increase over the entire period. There were gains in employment in five out of the past ten years despite the national economic downturn and slow recovery. Clayton County's rate of employment growth over the last decade surpassed that of the Atlanta MSA, which experienced an increase in employment of 6.5% or 152,598 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Clayton County unemployment rate has been consistently higher than that of the Atlanta MSA, with an average unemployment rate of 9.4% in comparison to a 7.2% rate for the Atlanta MSA. A higher unemployment rate is a negative indicator.

Recent data shows that the Clayton County unemployment rate is 6.3% in comparison to a 4.9% rate for the Atlanta MSA, a negative sign for Clayton County economy.

### Employment Trends

Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Clayton County	% Change	Atlanta MSA	% Change	Clayton County	Atlanta MSA
2006	109,329		2,347,089		5.9%	4.7%
2007	115,224	5.4%	2,367,761	0.9%	5.7%	4.4%
2008	111,600	-3.1%	2,270,752	-4.1%	7.6%	6.2%
2009	107,257	-3.9%	2,150,014	-5.3%	11.8%	9.9%
2010	103,163	-3.8%	2,167,155	0.8%	13.5%	10.3%
2011	101,926	-1.2%	2,210,116	2.0%	13.4%	9.9%
2012	112,021	9.9%	2,251,291	1.9%	12.0%	8.8%
2013	112,298	0.2%	2,318,359	3.0%	10.8%	7.8%
2014	115,661	3.0%	2,408,012	3.9%	9.3%	6.7%
2015	121,857	5.4%	2,482,211	3.1%	7.5%	5.6%
2016*	120,293	-1.3%	2,499,687	0.7%	6.5%	5.0%
Overall Change 2006-2016	10,964	10.0%	152,598	6.5%		
Avg Unemp. Rate 2006-2016					9.4%	7.2%
Unemployment Rate - February 2017					6.3%	4.9%

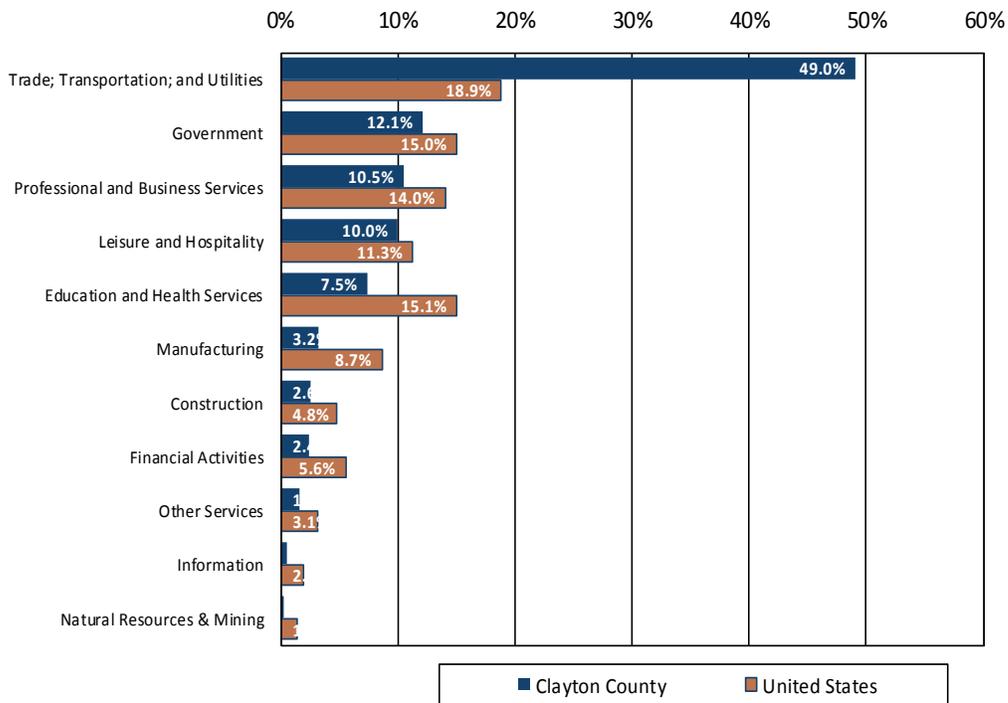
\*Total employment data is as of June 2016; unemployment rate data reflects the average of 12 months of 2016.

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

### Employment Sectors

The composition of the Clayton County job market is depicted in the chart below. A complete data set is not available for the Atlanta MSA, so we will compare Clayton County to the United States. Total employment for the two areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Clayton County jobs in each category.

**Employment Sectors - 2016**



Source: Bureau of Labor Statistics and Economy.com

Clayton County has greater concentrations than the United States in the following employment sectors:

1. Trade; Transportation; and Utilities, representing 49.0% of Clayton County payroll employment compared to 18.9% for the nation overall. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.

Clayton County is underrepresented in the following sectors:

1. Government, representing 12.1% of Clayton County payroll employment compared to 15.0% for the nation overall. This sector includes employment in local, state, and federal government agencies.



2. Professional and Business Services, representing 10.5% of Clayton County payroll employment compared to 14.0% for the nation overall. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
3. Leisure and Hospitality, representing 10.0% of Clayton County payroll employment compared to 11.3% for the nation overall. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
4. Education and Health Services, representing 7.5% of Clayton County payroll employment compared to 15.1% for the nation overall. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.

### Major Employers

Major employers in Clayton County are shown in the following table.

<b>Major Employers - Clayton County</b>	
	Name
1	Fort Gillem
2	Southern Regional Medical Ctr
3	Georgia Power Co
4	Fresh Express
5	AAA Cooper Transportation
6	Saia LTL Freight
7	Gate Gourmet
8	Avis Rent A Car
9	Hartsfield-Jackson Atlanta-Atl
10	Holland

Source: Georgia Department of Labor

## Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area. Although GDP figures are not available at the county level, data reported for the Atlanta MSA is considered meaningful when compared to the nation overall, as Clayton County is part of the MSA and subject to its influence.

Economic growth, as measured by annual changes in GDP, has been somewhat lower in the Atlanta MSA than the United States overall during the past eight years. The Atlanta MSA has grown at a 0.9% average annual rate while the United States has grown at a 1.3% rate. As the national economy improves, the Atlanta MSA has recently performed better than the United States. GDP for the Atlanta MSA rose by 2.9% in 2015 while the United States GDP rose by 2.5%.

The Atlanta MSA has a per capita GDP of \$53,216, which is 6% greater than the United States GDP of \$50,054. This means that Atlanta MSA industries and employers are adding relatively more value to the economy than their counterparts in the United States overall.

<b>Gross Domestic Product</b>				
Year	(\$ Mil)		(\$ Mil)	
	Atlanta MSA	% Change	United States	% Change
2008	285,001		14,718,301	
2009	271,120	-4.9%	14,320,114	-2.7%
2010	272,427	0.5%	14,628,165	2.2%
2011	276,516	1.5%	14,833,679	1.4%
2012	280,911	1.6%	15,126,281	2.0%
2013	285,802	1.7%	15,348,044	1.5%
2014	295,397	3.4%	15,691,181	2.2%
2015	303,903	2.9%	16,088,249	2.5%
Compound % Chg (2008-2015)		0.9%		1.3%
GDP Per Capita 2015	\$53,216		\$50,054	

Source: Bureau of Economic Analysis and Economy.com; data released September 2016. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2009 dollars.

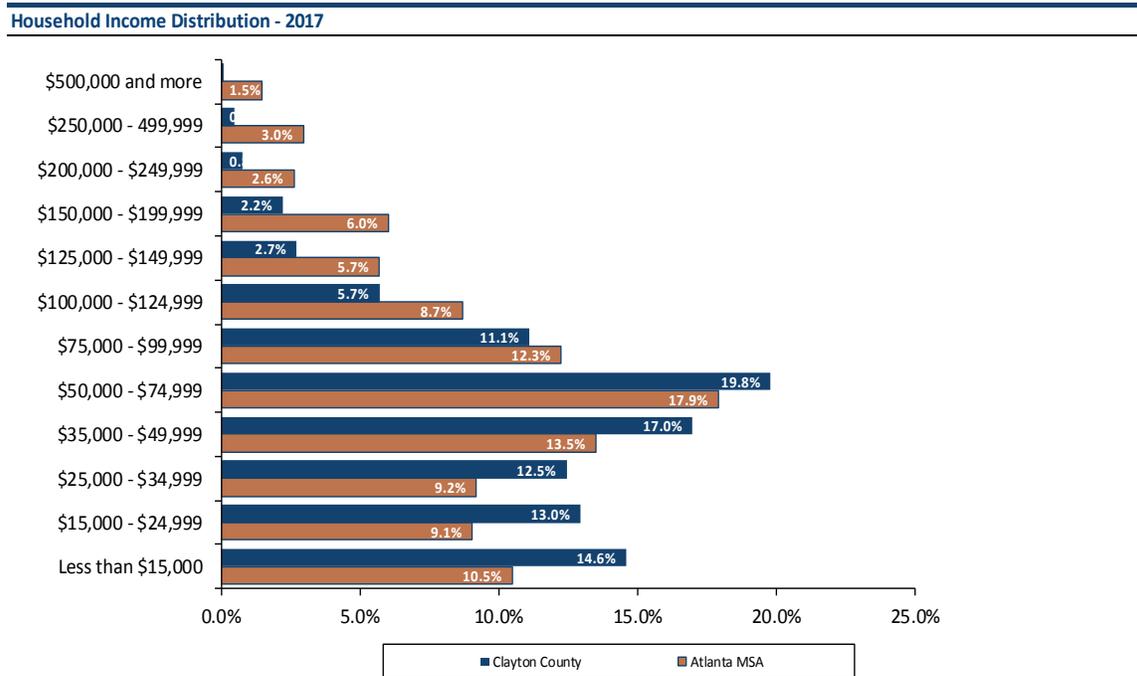
### Household Income

Clayton County has a considerably lower level of household income than the Atlanta MSA. Median household income for Clayton County is \$43,804, which is 27.9% less than the corresponding figure for the Atlanta MSA.

Median Household Income - 2017	
	Median
Clayton County	\$43,804
Atlanta MSA	\$60,749
Comparison of Clayton County to Atlanta MSA	- 27.9%

Source: The Nielsen Company

The following chart shows the distribution of households across twelve income levels. Clayton County has a greater concentration of households in the lower income levels than the Atlanta MSA. Specifically, 40% of Clayton County households are below the \$35,000 level in household income as compared to 29% of Atlanta MSA households. A lesser concentration of households is apparent in the higher income levels, as 23% of Clayton County households are at the \$75,000 or greater levels in household income versus 40% of Atlanta MSA households.



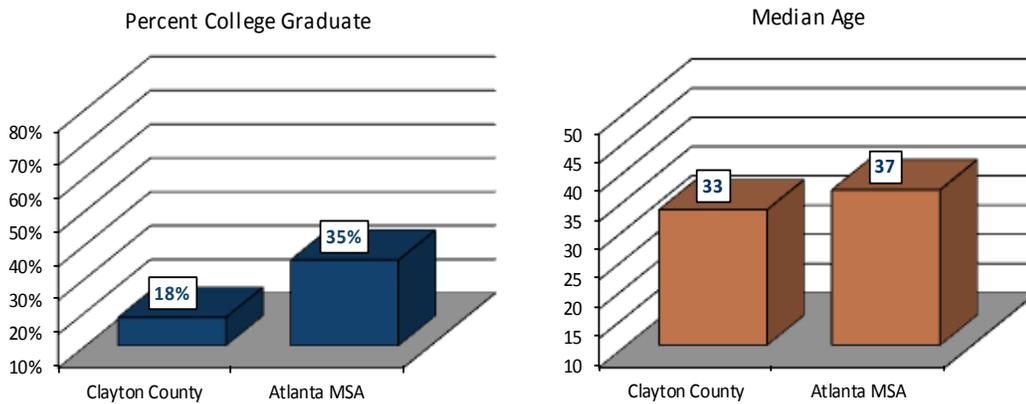
### Education and Age

Residents of Clayton County have a lower level of educational attainment than those of the Atlanta MSA. An estimated 18% of Clayton County residents are college graduates with four-year degrees, versus 35% of Atlanta MSA residents. People in Clayton County are younger than their Atlanta MSA counterparts. The median age for Clayton County is 33 years, while the median age for the Atlanta MSA is 37 years.

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#### Education & Age - 2017

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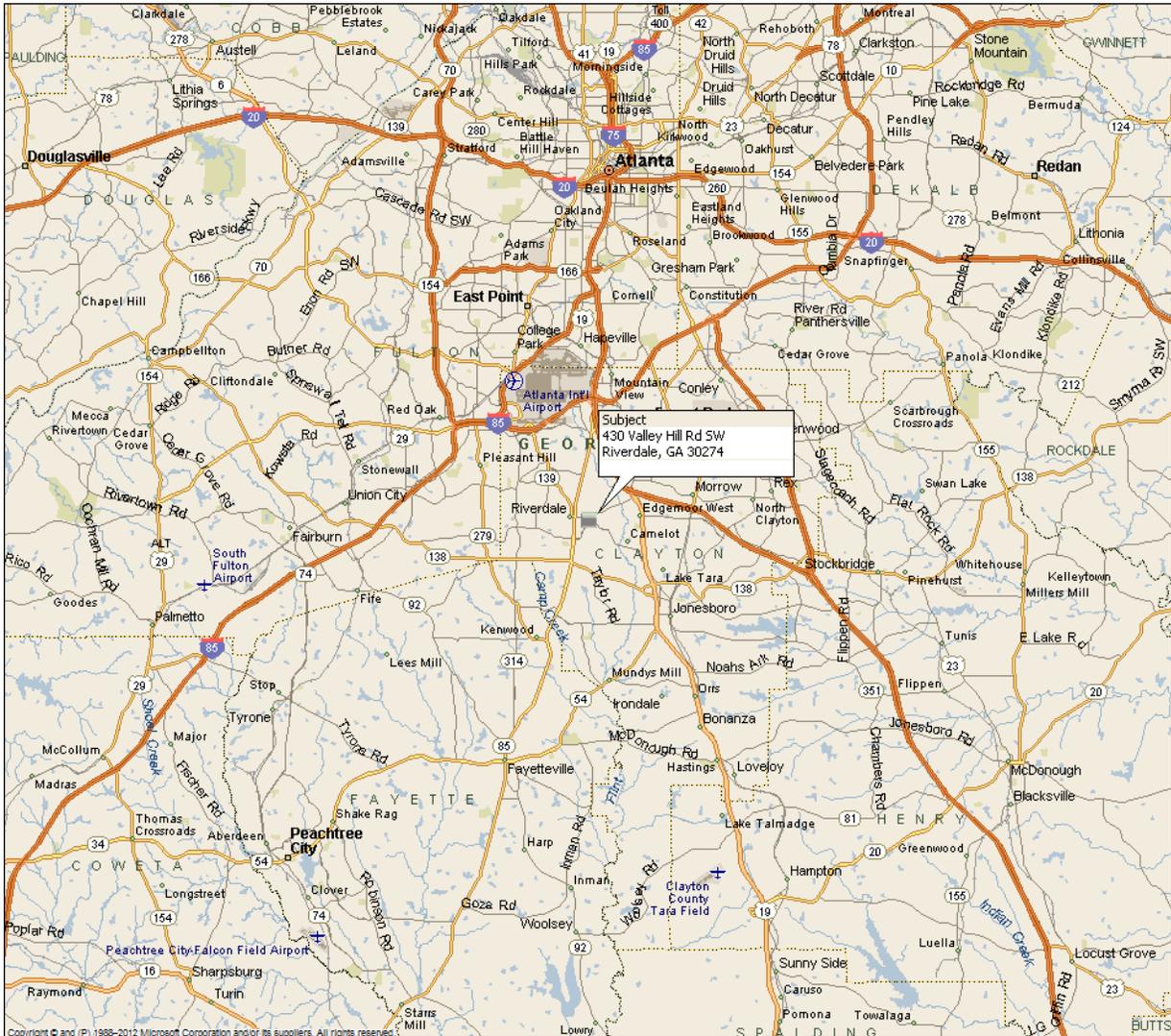
Source: The Nielsen Company

### Conclusion

The Clayton County economy will be affected by a growing population base and lower income and education levels. Clayton County experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. Moreover, Clayton County benefits from being part of the Atlanta MSA, which is the ninth most populous metropolitan area in the country, and generates a higher level of GDP per capita than the nation overall. On balance, we anticipate that growth in the Clayton County economy will be limited, resulting in only a modest level of demand for real estate in general.



### Area Map



## **Surrounding Area Analysis**

### **Location**

The subject is located in the eastern area of the City of Riverdale. Further delineated, the property is located south of Valley Hill Road and its access is approximately 425 feet west of Valley Hill Road's intersection with Lamar Hutcheson Parkway. The property fronts Lamar Hutcheson Parkway but does not have access on its frontage.

### **Access and Linkages**

Primary highway access to the area is via Interstate 75 which is less than two mile to the east of the subject property. Overall, the primary mode of transportation in the area is the automobile. However, there is a bus stop in front of the subject which is convenient for residents who do not utilize automobiles.

### **Demand Generators**

Riverdale is a commuter town where a many residents reside, but head north into Atlanta for employment. Local generators consist of amenities conducive to convenience. Most uses in the City of Riverdale consist of shopping centers with grocery store anchors, fast-food restaurants, and various freestanding retail buildings. The area on the outskirts of the Georgia Highway 82 commercial corridor mainly consists of single-family and multi-family residential. These surrounding residential areas include the subject property which is located approximately one-half of a mile from the major intersection where Riverdale Shopping Center is located. This shopping center is anchored by a grocery tenant. In addition a Walmart Supercenter is located approximately one-half of a mile to the southwest of the subject property.

## Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

<b>Surrounding Area Demographics</b>					
2017 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Clayton County	Atlanta MSA
Population 2010	11,204	83,725	174,741	259,424	5,286,728
Population 2017	11,714	89,397	187,154	279,498	5,843,277
Population 2022	12,235	94,343	197,651	296,310	6,234,160
Compound % Change 2010-2017	0.6%	0.9%	1.0%	1.1%	1.4%
Compound % Change 2017-2022	0.9%	1.1%	1.1%	1.2%	1.3%
Households 2010	4,004	30,107	62,664	90,633	1,943,885
Households 2017	4,248	32,331	67,768	97,826	2,158,578
Households 2022	4,468	34,196	71,861	103,797	2,307,874
Compound % Change 2010-2017	0.8%	1.0%	1.1%	1.1%	1.5%
Compound % Change 2017-2022	1.0%	1.1%	1.2%	1.2%	1.3%
Median Household Income 2017	\$39,775	\$38,161	\$40,698	\$43,804	\$60,749
Average Household Size	2.7	2.8	2.7	2.8	2.7
College Graduate %	14%	15%	17%	18%	35%
Median Age	34	32	33	33	37
Owner Occupied %	48%	44%	50%	57%	66%
Renter Occupied %	52%	56%	50%	43%	34%
Median Owner Occupied Housing Value	\$86,057	\$84,489	\$89,609	\$97,785	\$191,671
Median Year Structure Built	1979	1985	1984	1988	1993
Avg. Travel Time to Work in Min.	29	30	31	32	33

Source: The Nielsen Company

As shown above, the current population within a 3-mile radius of the subject is 89,397, and the average household size is 2.8. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to Clayton County overall, the population within a 3-mile radius is projected to grow at a slower rate.

Median household income is \$38,161, which is lower than the household income for Clayton County. Residents within a 3-mile radius have a lower level of educational attainment than those of Clayton County, while median owner occupied home values are considerably lower.

## Land Use

The area is suburban in character and approximately 90% developed.

Land uses immediately surrounding the subject are predominantly residential with typical ages of building improvements ranging from 10 to 50 years. Property types adjoining the subject include a public library and religious facility to the east, a park and ride lot and Emerald Pointe Apartments to the south, a single family residential neighborhood to the west, and Stratford Arms Apartments to the north.

## Area Medical Office Improvements

The subject property is located within an unnamed medical office area, and is located within one and a half miles from Southern Regional Medical Center (SRMC), a 331-bed full-service hospital owned by Prime Healthcare Services.

It is noted that there has been recent developments at SRMC. Below are excerpts from an **Atlanta Journal-Constitution** article by Tammy Joyner published on February 3, 2016.

*“A California turnaround specialist has completed its \$18 million acquisition of Southern Regional Medical Center and named a new executive to head the 331-bed Riverdale hospital. In addition to buying Southern Regional, Prime Healthcare Foundation also acquired Spivey Station, an ambulatory care center in Jonesboro. The entities retain their non-profit status. Charlotte W. Dupré will serve as interim chief executive of the hospital. Dupré who had been leading the transition team recently served as CEO of Central Mississippi Medical Center in Jackson, Miss. The deal also calls for Prime Healthcare to spend \$50 million on equipment and improvements over the next five years.*

*Southern Regional is one of 11 hospitals in the Prime Healthcare Foundation, the public charity arm of Prime Healthcare Services, a national network of 42 hospitals.*

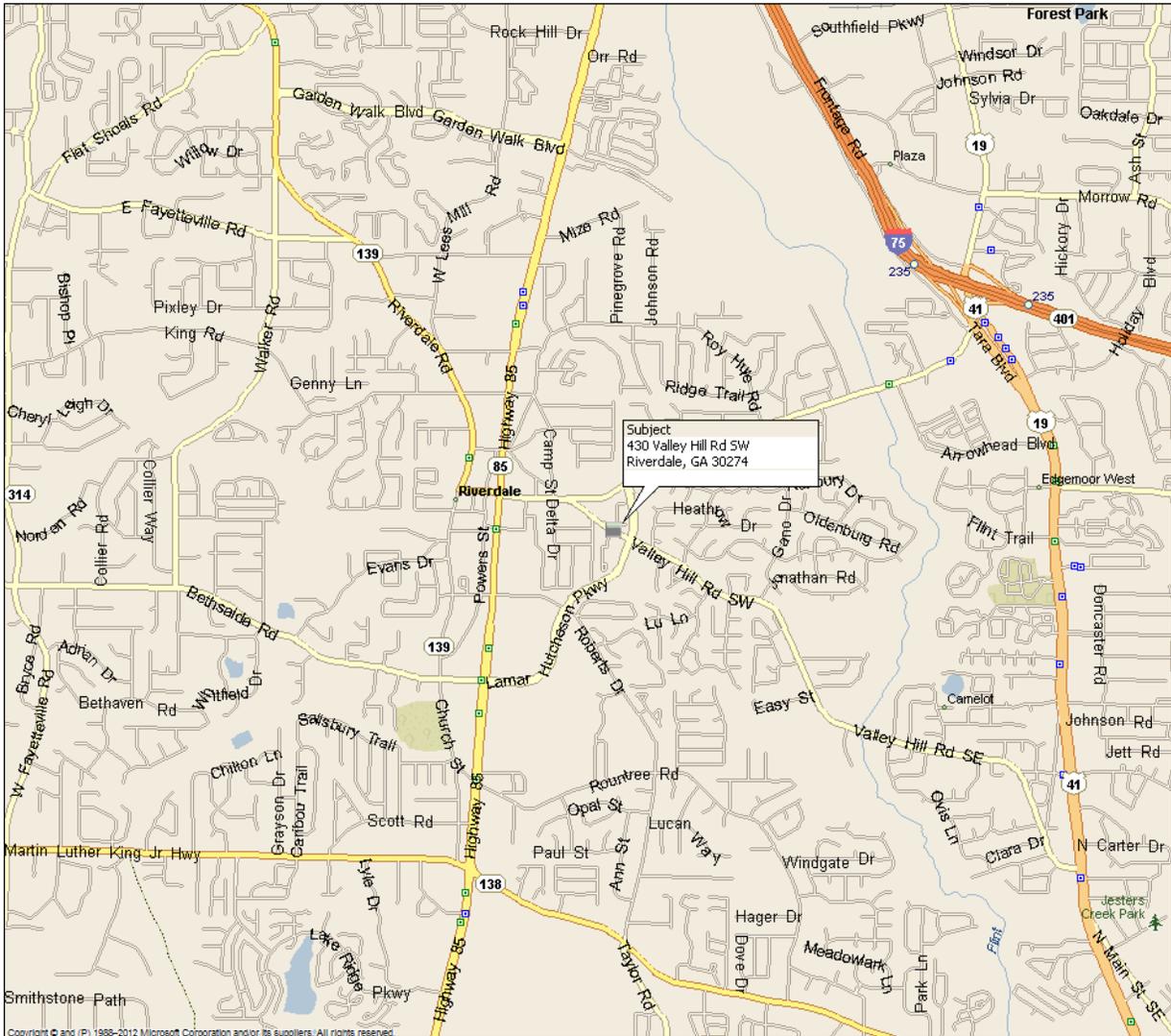
*Southern Regional was on the brink of closing last summer when Prime Healthcare stepped in to buy the medical complex. Last June, county officials approved giving the hospital money to tide it over as it searched for a new owner. The year before, county taxpayers approved a \$50 million bailout to help the hospital. The hospital filed for bankruptcy as part of the deal. In the past two decades, Southern Regional has seen dramatic socioeconomic changes in the county that left it with a growing number of patients who can't pay. Clayton was hit harder than most metro counties by the recession and housing bust. Meanwhile, new competition and changes in the way medical care is dispensed and paid for now squeezed Southern Regional's revenues. It had posted annual losses since 2007.*

*Southern Regional Medical Center is one of the top employers in Clayton County. It has 1,550 employees and physicians and sees nearly 74,000 patients a year. The Clayton medical complex joins a medical conglomerate that includes 42 hospitals in 14 states with nearly 42,000 employees and physicians. Prime Healthcare rescues financially distressed hospitals. It has revived 38 hospitals nationwide and saved 35,000 jobs since 2005, according to its website. It is the largest minority-owned hospital system in America, the website also noted.”*

### **Outlook and Conclusions**

The area is in a mature stage of its life cycle where little growth has been seen over the past five years. Development within the past decade has consisted of fast food restaurants, freestanding retail and small retail centers completed prior to 2008 with the exception of a Walgreens completed in 2009 and a Family Dollar completed in 2014. We anticipate that property values will remain stable in the near future.

### Surrounding Area Map



## Multifamily Market Analysis

### Metro Area Overview

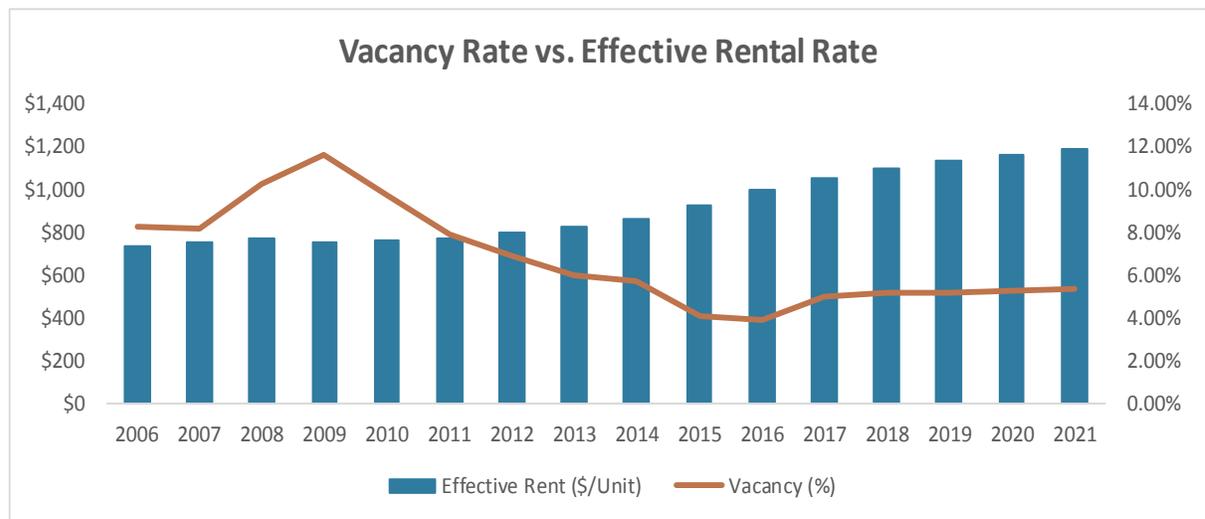
The subject is located in the Atlanta metro area as defined by REIS. Supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the ensuing table.

#### Atlanta Multifamily Market Trends and Forecasts

Year	Inventory (Units)	Occupied (Units)	Vacancy (Units)	Vacancy (%)	Completions (Units)	Absorption (Units)	Effective Rent (\$/Unit)	Effective Rental Rate (% Change)	Gross Revenue (\$/Unit)
2006	340,750	312,357	28,393	8.30%	4,405	-318	\$733	1.10%	\$753
2007	345,151	316,829	28,322	8.20%	5,404	4,472	\$759	3.50%	\$775
2008	351,409	315,135	36,274	10.30%	6,802	-1,694	\$769	1.30%	\$773
2009	358,087	316,542	41,545	11.60%	6,776	1,407	\$756	-1.60%	\$747
2010	362,411	327,364	35,047	9.70%	4,620	10,822	\$763	1.00%	\$764
2011	363,347	334,540	28,807	7.90%	2,151	7,176	\$775	1.60%	\$789
2012	364,293	339,315	24,978	6.90%	1,196	4,775	\$797	2.70%	\$814
2013	367,662	345,736	21,926	6.00%	3,859	6,421	\$825	3.60%	\$850
2014	372,606	351,410	21,196	5.70%	5,732	5,674	\$860	4.30%	\$887
2015	380,290	364,553	15,737	4.10%	7,724	13,143	\$929	8.00%	\$974
2016	388,774	373,778	14,996	3.90%	9,330	9,225	\$999	7.50%	\$1,048
Q1 2017	390,553	373,349	17,204	4.40%	1,779	-429	\$1,006	0.70%	\$1,050
2017	400,826	380,791	20,035	5.00%	12,052	7,013	\$1,050	5.10%	\$1,094
2018	409,443	388,212	21,231	5.20%	8,617	7,421	\$1,096	4.40%	\$1,145
2019	413,185	391,521	21,664	5.20%	3,742	3,309	\$1,132	3.30%	\$1,184
2020	415,619	393,578	22,041	5.30%	2,434	2,057	\$1,165	2.90%	\$1,215
2021	418,394	395,711	22,683	5.40%	2,775	2,133	\$1,190	2.10%	\$1,238
2006 - 2016 Average	363,162	336,142	27,020	7.51%	5,273	5,555	\$815	3.00%	\$834

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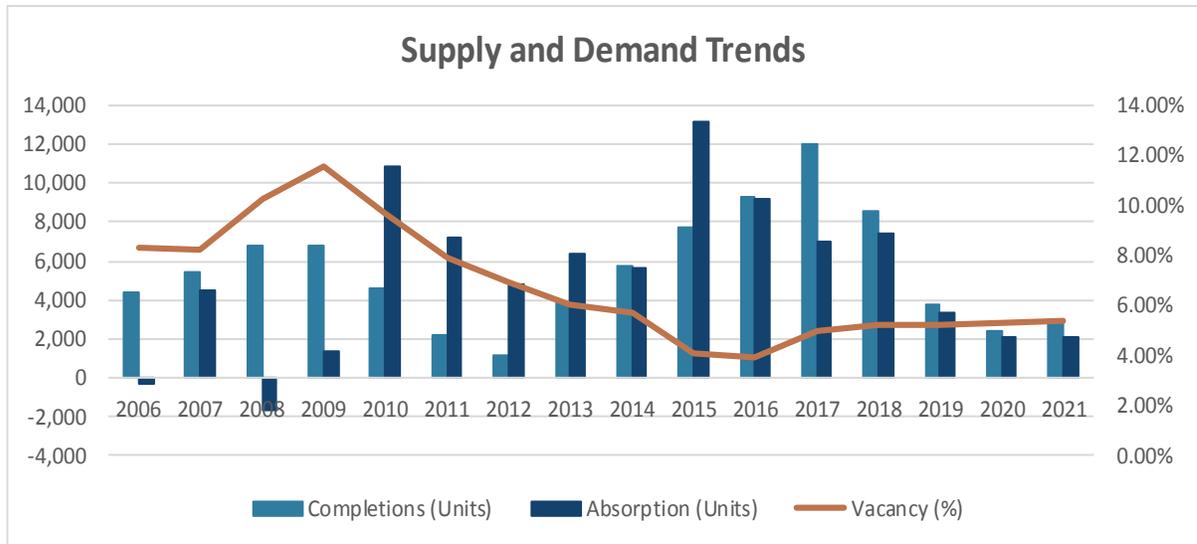
### Market Trends Key Takeaways



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- The current vacancy rate in the metro area is 4.4%; the vacancy rate has decreased by 350 bps from 2011.
- Four-year forecasts project a 5.4% vacancy rate in the metro area, representing an increase of 100 bps by year end 2021.
- Effective rent averages \$1,006/Unit in the metro area; future rent values are expected to increase by 18.3% to \$1,190/Unit by year end 2021.



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- Inventory in the metro area has increased by 7.5% from 2011, while the occupied stock has increased by 11.6%.
- Between 2011 and 2016, completions have averaged 4,999 Units annually and reached a peak of 9,330 Units in 2016.
- Between 2011 and 2016, absorption figures reached a peak of 13,143 Units in 2015 and a low of 4,775 Units in 2012.



### Class B/C Multifamily Market

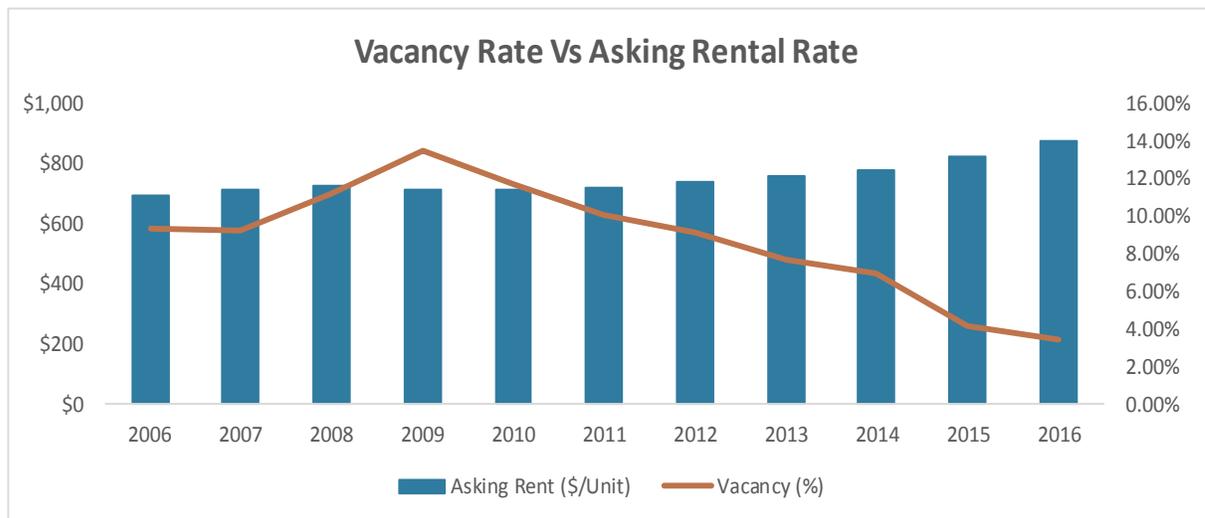
The subject is a Class B property as defined by REIS. Supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for all Class B/C space in the Atlanta metro area are presented in the following table.

**Atlanta Multifamily Class B/C Market Trends**

Year	Inventory (Units)	Occupied (Units)	Vacancy (Units)	Vacancy (%)	Completions (Units)	Absorption (Units)	Asking Rent (\$/Unit)	Asking Rental Rate (% Change)	Gross Revenue (\$/Unit)
2006	171,892	155,767	16,125	9.40%	320	-2,296	\$697	-0.10%	\$632
2007	171,523	155,795	15,728	9.20%	935	28	\$715	2.60%	\$649
2008	172,410	153,179	19,231	11.20%	1,431	-2,616	\$727	1.70%	\$646
2009	173,220	149,911	23,309	13.50%	908	-3,268	\$716	-1.50%	\$620
2010	173,025	152,813	20,212	11.70%	155	2,902	\$716	0.00%	\$632
2011	171,810	154,463	17,347	10.10%	0	1,650	\$723	1.00%	\$650
2012	171,799	156,166	15,633	9.10%	239	1,703	\$738	2.10%	\$671
2013	171,309	158,057	13,252	7.70%	0	1,891	\$757	2.60%	\$698
2014	170,521	158,651	11,870	7.00%	0	594	\$777	2.60%	\$723
2015	170,481	163,375	7,106	4.20%	0	4,724	\$827	6.40%	\$793
2016	170,038	164,262	5,776	3.40%	403	887	\$878	6.20%	\$848
Q1 2017	170,038	163,697	6,341	3.70%	0	-565	\$886	0.90%	\$853
<b>2006 - 2016 Average</b>	<b>171,639</b>	<b>156,585</b>	<b>15,054</b>	<b>8.77%</b>	<b>399</b>	<b>564</b>	<b>\$752</b>	<b>2.15%</b>	<b>\$687</b>

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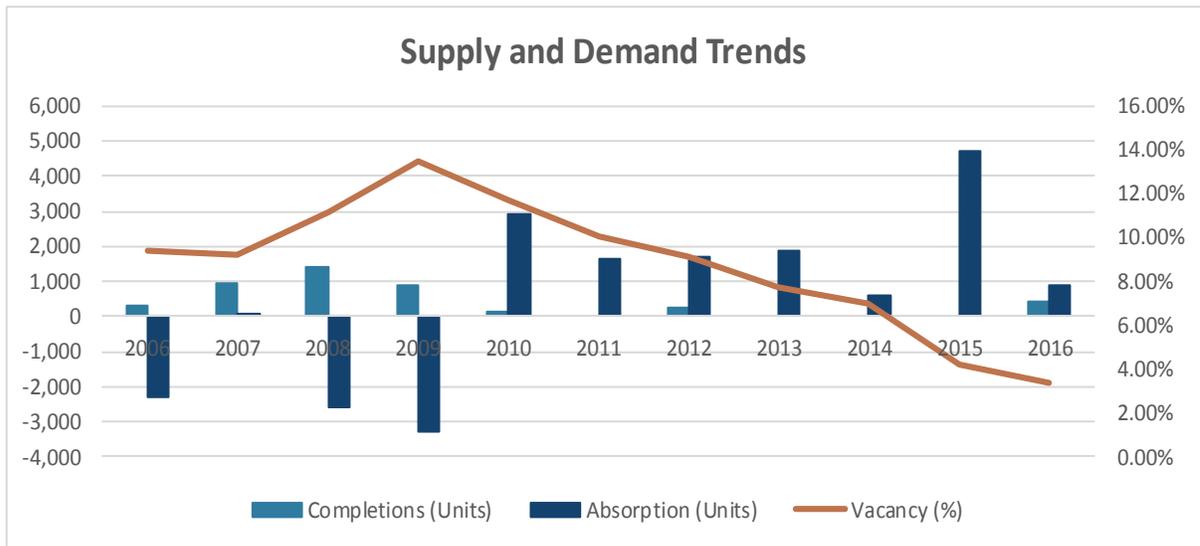
### Multifamily Class B/C Market Key Takeaways



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- The current vacancy rate for Class B/C properties in the metro area is 3.7%; the vacancy rate has decreased by 640 bps from 2011.
- Asking rent currently averages \$886/Unit and has increased by 22.5% from 2011.





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- Class B/C metro area inventory has decreased by 1.0% from 2011, while the occupied stock has increased by 6.0%.
- Between 2011 and 2016, completions have averaged 107 Units annually and reached a peak of 403 Units in 2016.
- Between 2011 and 2016, absorption figures reached a peak of 4,724 Units in 2015 and a low of 594 Units in 2014.
- Between 2011 and 2016, gross revenue for Class B/C properties in the metro area averaged \$730/Unit and has increased by 27.1%.



## Submarket Overview

The subject is located in the Clayton/Henry submarket. In order to evaluate the market appeal of the subject's submarket in comparison to others in the Atlanta metro area, we compare key supply and demand indicators for all classes of space in the ensuing table.

<b>Atlanta Multifamily Submarket Comparison</b>						
Submarket	Inventory (Buildings)	Inventory (Units)	Asking Rent (\$/Unit)	Vacancy (%)	Free Rent (mos)	Expenses (%)
North Gwinnett	87	24,827	\$1,087	3.90%	1.18	37.70%
Smyrna	98	24,988	\$1,089	4.90%	1.01	39.70%
South Gwinnett	118	27,845	\$968	2.90%	0.90	37.30%
I-20 West	46	9,044	\$881	2.80%	0.70	36.30%
Clarkston/Stn Mtn	80	16,806	\$872	2.00%	0.95	38.30%
I-20 East	57	12,557	\$899	3.10%	0.95	34.80%
Decatur/Avondale	101	17,646	\$1,088	4.40%	1.03	38.00%
South DeKalb	21	4,845	\$783	7.10%	1.24	38.00%
Buckhead	104	25,762	\$1,542	6.40%	1.22	38.80%
North DeKalb	180	37,412	\$1,204	4.50%	0.79	37.70%
Midtown	109	21,403	\$1,592	11.10%	1.50	38.70%
<b>Clayton/Henry</b>	<b>170</b>	<b>31,335</b>	<b>\$894</b>	<b>3.70%</b>	<b>1.12</b>	<b>37.70%</b>
Central I-75 West	58	9,885	\$1,211	6.20%	0.88	37.90%
Cherokee County	29	5,322	\$1,041	4.60%	0.60	36.10%
Roswell/Alpharetta	87	25,520	\$1,152	3.90%	0.88	38.30%
South Fulton	211	33,866	\$845	3.90%	0.66	38.50%
Sandy Spg/Dunwoody	94	25,596	\$1,213	2.40%	0.91	36.30%
Marietta	156	35,894	\$1,042	4.00%	1.07	38.00%
<b>Market Averages/Totals</b>	<b>1,806</b>	<b>390,553</b>	<b>\$1,078</b>	<b>4.40%</b>	<b>0.98</b>	<b>37.67%</b>

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## Clayton/Henry Submarket Snapshot

- The submarket contains 9.4% of the metro building inventory and 8.0% of the metro unit inventory.
- The submarket's asking rent is \$894/Unit which is less than the metro average of \$1,078/Unit.
- The submarket's vacancy rate is 3.70% which is less than the metro average of 4.40%.
- Operating expenses, as a percent of potential rent revenue, average 37.7% in the submarket compared to 37.7% for the overall metro area.
- Average free rent in the subject property's submarket is greater than the free rent for the metro area.

In comparison to other submarkets in the region, the Clayton/Henry submarket is rated as follows:

Submarket Attribute Ratings		
Market Size/Stature	Above Average	
Market Demand	Stable	
Vacancy Trends	Stable	Lower than average compared to other submarkets in Atlanta MSA. However, recent uptick experienced in Q1Y2017.
Threat of New Supply	Average	
Rental Trends	Increasing	However, significantly lower rents than other submarkets in Atlanta MSA.

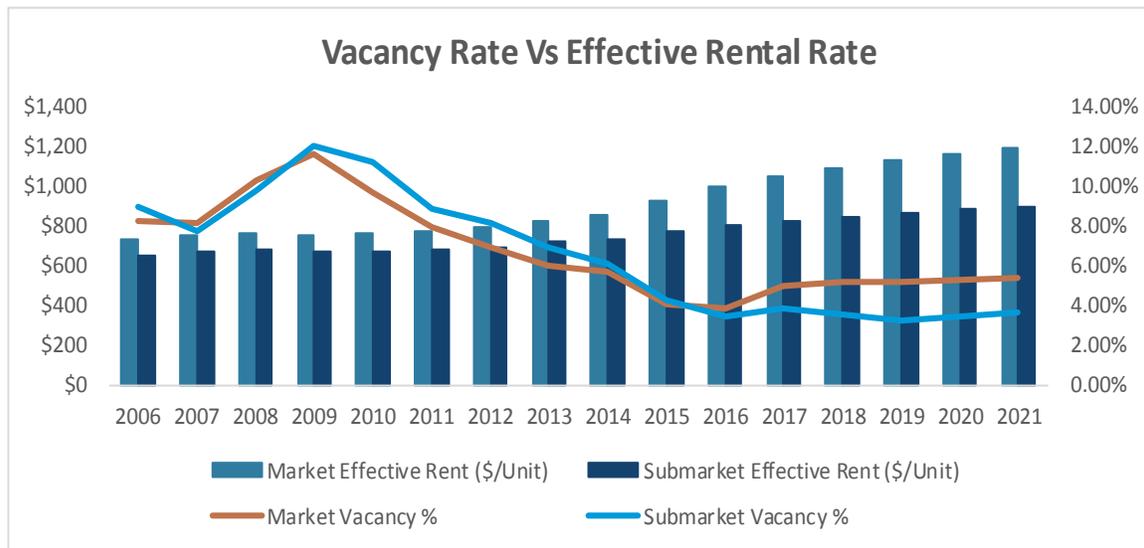
### Submarket Analysis

Supply and demand indicators for all classes of space in the Clayton/Henry submarket are displayed in the following table.

Clayton/Henry Multifamily Submarket Trends and Forecasts									
Year	Inventory (Units)	Occupied (Units)	Vacancy (Units)	Vacancy (%)	Completions (Units)	Absorption (Units)	Effective Rent (\$/Unit)	Effective Rental Rate (% Change)	Gross Revenue (\$/Unit)
2006	30,190	27,473	2,717	9.00%	839	671	\$650	-0.20%	\$643
2007	30,134	27,814	2,320	7.70%	0	341	\$677	4.20%	\$676
2008	30,322	27,350	2,972	9.80%	300	-464	\$682	0.70%	\$669
2009	31,316	27,558	3,758	12.00%	994	208	\$675	-1.00%	\$649
2010	31,316	27,809	3,507	11.20%	0	251	\$675	0.10%	\$649
2011	31,216	28,438	2,778	8.90%	0	629	\$680	0.60%	\$667
2012	31,455	28,876	2,579	8.20%	239	438	\$694	2.10%	\$682
2013	31,455	29,285	2,170	6.90%	0	409	\$719	3.50%	\$714
2014	31,335	29,424	1,911	6.10%	0	139	\$734	2.10%	\$733
2015	31,335	30,003	1,332	4.30%	0	579	\$771	5.10%	\$805
2016	31,335	30,254	1,081	3.40%	0	251	\$806	4.50%	\$856
Q1 2017	31,335	30,176	1,159	3.70%	0	-78	\$811	0.70%	\$861
2017	31,335	30,144	1,191	3.80%	0	-110	\$828	2.80%	\$881
2018	31,395	30,296	1,099	3.50%	60	152	\$851	2.70%	\$907
2019	31,395	30,390	1,005	3.20%	0	94	\$871	2.40%	\$927
2020	31,539	30,467	1,072	3.40%	144	77	\$888	1.90%	\$941
2021	31,791	30,647	1,144	3.60%	252	180	\$900	1.40%	\$954
2006 - 2016 Average	31,037	28,571	2,466	7.95%	216	314	\$706	1.97%	\$704

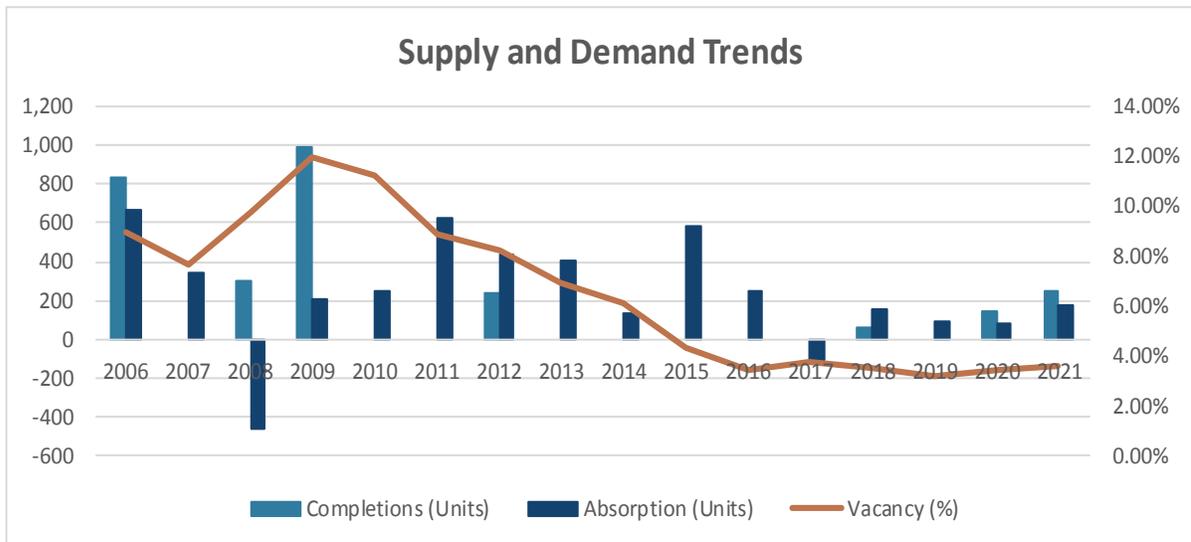
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**Clayton/Henry Submarket Multifamily Trends and Forecasts Key Takeaways**



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- The current vacancy rate in the submarket is 3.7%; the vacancy rate has decreased by 520 bps from 2011.
- Four-year forecasts project a 3.60% vacancy rate in the submarket, representing a decrease of 10 bps by year end 2021.
- Effective rent averages \$811/Unit in the submarket; future rent values are expected to increase by 11.0% to \$900/Unit by year end 2021.



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- The current inventory level of 31,335 Units is expected to increase by 1.5% through year end 2021.
- The inventory in the submarket has increased by 0.4% from 2011, while the occupied stock has increased by 6.1%.
- Between 2011 and 2016, completions have averaged 40 Units annually and reached a peak of 239 Units in 2012.
- Between 2011 and 2016, absorption figures reached a peak of 629 Units in 2011 and a low of 139 Units in 2014.

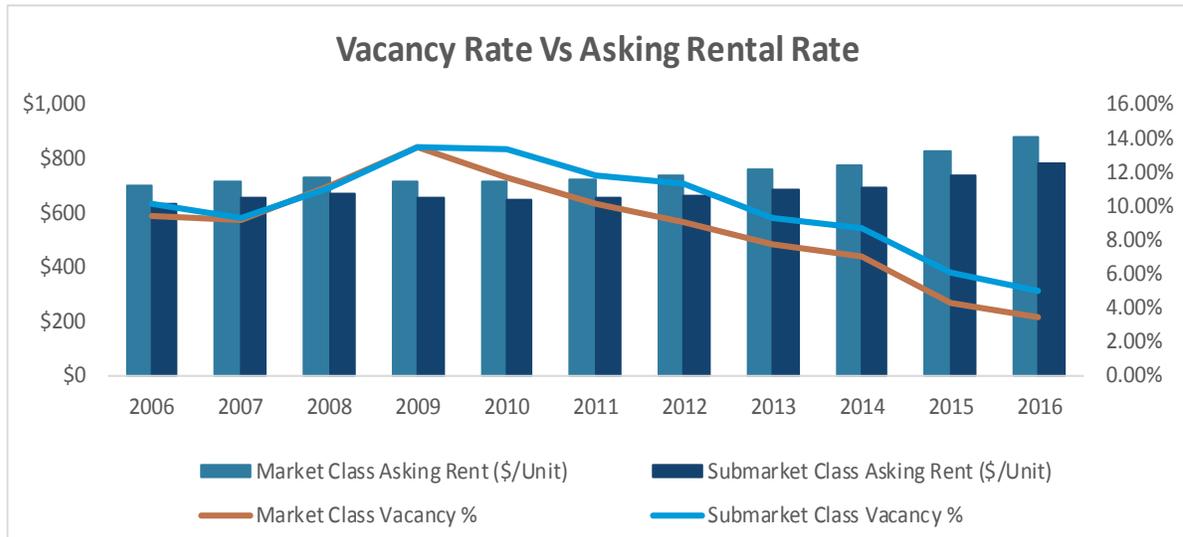
### Clayton/Henry Submarket Class B/C Trends

Supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for Class B/C space in the submarket are presented in the ensuing table.

Clayton/Henry Multifamily Class B/C Submarket Trends									
Year	Inventory (Units)	Occupied (Units)	Vacancy (Units)	Vacancy (%)	Completions (Units)	Absorption (Units)	Asking Rent (\$/Unit)	Asking Rental Rate (% Change)	Gross Revenue (\$/Unit)
2006	16,466	14,806	1,660	10.10%	0	55	\$636	-1.40%	\$572
2007	16,410	14,885	1,525	9.30%	0	79	\$658	3.50%	\$597
2008	16,298	14,490	1,808	11.10%	0	-395	\$668	1.50%	\$594
2009	16,298	14,093	2,205	13.50%	0	-397	\$652	-2.40%	\$564
2010	16,298	14,113	2,185	13.40%	0	20	\$650	-0.30%	\$563
2011	16,198	14,280	1,918	11.80%	0	167	\$654	0.60%	\$577
2012	16,437	14,579	1,858	11.30%	239	299	\$662	1.20%	\$587
2013	16,437	14,902	1,535	9.30%	0	323	\$684	3.30%	\$620
2014	16,317	14,895	1,422	8.70%	0	-7	\$692	1.20%	\$632
2015	16,317	15,317	1,000	6.10%	0	422	\$741	7.10%	\$696
2016	16,317	15,504	813	5.00%	0	187	\$782	5.50%	\$743
Q1 2017	16,317	15,487	830	5.10%	0	-17	\$786	0.50%	\$746
2006 - 2016 Average	16,345	14,715	1,630	9.96%	22	68	\$680	1.80%	\$613

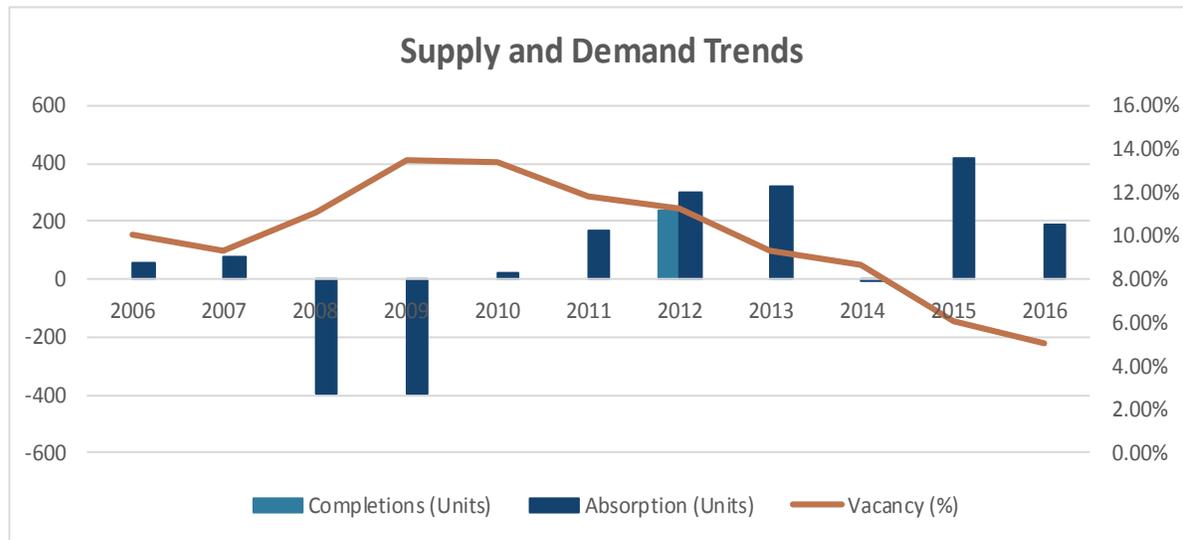
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**Clayton/Henry Submarket Class B/C Trends Key Takeaways**



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- The current vacancy rate for Class B/C properties in the submarket is 5.1%; the vacancy rate has decreased by 670 bps from 2011.
- Asking rent currently averages \$786/Unit and has increased by 20.2% from 2011.



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- Class B/C inventory in the submarket has increased by 0.7% from 2011, while the occupied stock has increased by 8.5%.



- Between 2011 and 2016, completions have averaged 40 Units annually and reached a peak of 239 Units in 2012.
- Between 2011 and 2016, absorption figures reached a peak of 422 Units in 2015 and a low of 7 Units in 2014.
- Between 2011 and 2016, gross revenue for Class B/C properties in the submarket averaged \$642/Unit and has increased by 27.1%.

### New and Proposed Construction

The following table summarizes properties that are under construction, planned, and/or proposed in the subject's metro area.

#### Atlanta Multifamily Construction by Phase and Subtype

Multifamily Subproperty Type	Under Construction		Planned Construction		Proposed Construction	
	Properties	Units	Properties	Units	Properties	Units
Apartment	76	19,028	54	16,427	45	12,312
Condominiums	3	284	10	1,224	6	828
Subsidized/Low Income	4	503	2	160	0	0
Townhomes	15	1,010	12	1,166	19	1,530
Other	0	0	0	0	1	95
N/A	0	0	0	0	0	0
<b>Totals</b>	<b>98</b>	<b>20,825</b>	<b>78</b>	<b>18,977</b>	<b>71</b>	<b>14,765</b>

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### Multifamily Market Construction Key Takeaways

- There are 98 properties under construction, 78 properties in the planned construction phase, and 71 properties in the proposed construction phase in the metro area.
- Apartment properties within the under construction phase have an average size of 250 units and range in size between 20 units and 438 units.
- Apartment properties within the planned construction phase have an average size of 304 units and range in size between 11 units and 850 units.
- Apartment properties within the proposed construction phase have an average size of 274 units and range in size between 20 units and 1,156 units.
- Of the 20,825 units under construction, 91.4% are Apartment properties, 1.4% are Condominium properties, and 4.8% are Townhome properties.
- Of the 18,977 units planned for construction, 86.6% are Apartment properties, 6.4% are Condominium properties, and 6.1% are Townhome properties.
- Of the 14,765 units proposed for construction, 83.4% are Apartment properties, 5.6% are Condominium properties, and 10.4% are Townhome properties.

The following table summarizes properties that are under construction, planned, and/or proposed in the subject's submarket.

**Clayton/Henry Submarket Construction by Phase and Subtype**

Multifamily Subproperty Type	Under Construction		Planned Construction		Proposed Construction	
	Properties	Units	Properties	Units	Properties	Units
Apartment	1	60	0	0	1	600
Condominiums	0	0	0	0	0	0
Subsidized/Low Income	0	0	0	0	0	0
Townhomes	0	0	0	0	0	0
Other	0	0	0	0	0	0
N/A	0	0	0	0	0	0
<b>Totals</b>	<b>1</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>600</b>

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**Multifamily Market Outlook and Conclusions**

Relevant vacancy rate indications are summarized as follows:

**Vacancy Rate Indications**

Market Segment	Vacancy Rates
Atlanta Metro Area	4.4%
Atlanta Metro Area Class B/C	3.7%
Clayton/Henry Submarket Area	3.7%
Clayton/Henry Submarket Area Class B/C	5.1%

Based on the key metro and submarket area trends, construction outlook, and the performance of competing properties, IRR expects the mix of property fundamentals and economic conditions in the Clayton/Henry County submarket to have a neutral impact on the subject property's performance in the near-term. Submarket vacancy rates have been below average. The positive indication of this factor is tempered by the fact that rents in the area have been well below average. As rents increase in the near-term, it is expected that the submarket will experience some additional vacancy. Southern Regional Medical Center, which is less than two miles from the subject property, is a major demand driver for senior housing.

# Property Analysis

## Land Description and Analysis

### Land Description

Land Area	6.45 acres; 280,912 SF
Source of Land Area	Survey
Primary Street Frontage	Valley Hill Road - 300 feet
Secondary Street Frontage	Lamar Hutcheson Parkway - 300 feet
Shape	Irregular
Corner	No
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	13063C0059E
Date	September 5, 2007
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

### Zoning; Other Regulations

Zoning Jurisdiction	City of Riverdale
Zoning Designation	R-1
Description	Single Family Residential
Legally Conforming?	Legal, non conforming use
Zoning Change Likely?	Unknown
Permitted Uses	Single family residences
Minimum Lot Area	20,000 SF
Minimum Lot Width (Feet)	110
Minimum Setbacks (Feet)	70' front; 15' side; 40' rear
Maximum Building Height	35'
Maximum Site Coverage	0.15
Maximum Density	No restrictions observed
Maximum Floor Area Ratio	No restrictions observed
Parking Requirement	Two spaces per dwelling unit
Rent Control	Yes
Other Land Use Regulations	No restrictions observed other than those set forth in the code of ordinance

### Utilities

Service	Provider
Water	Clayton County Water Authority
Sewer	Clayton County Water Authority
Electricity	Georgia Power
Natural Gas	Various providers in area
Local Phone	Various providers in area

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

## Zoning

The subject is legal, non-conforming use in the R1 zoning district; however, the current multifamily use is grandfathered. Additionally, the Land Use Restrictive Agreement states the subject must remain a rent and age restrictive property throughout the compliance period.

In the process of collecting information about the zoning of the subject property, we contacted the City of Riverdale Planning and Zoning department. It was learned that the subject property is a legal, non-conforming use which was “grandfathered” by the zoning authorities.

The following is the description of the R-1 Single Family Residential as described in the City of Riverdale Code of Ordinance: *“This district is composed of certain lands and structures in the city having a medium-density single-family residential character.”*

The planning department further clarified the question of re-building by referring to Article VI. Non-conforming Uses- Section 6.3 Repairs and Maintenance:

*“Any nonconforming building or any building containing a nonconforming use, which has been damaged by fire or other cause, may be rebuilt and used as before if such reconstruction is completed within one year of such damage. However, if such building or structure has been damaged to an extent exceeding 50 percent of its replacement cost at the time of such damage or destruction, as determined by the building inspector, any repair, reconstruction, or use of such building or structure shall be in conformity with the provisions of this ordinance.”*

The planning department also confirmed that maximum development density is determined by setbacks and lot coverage requirements in the R-1 zoning district.

Additionally, the subject’s current parking of approximately 1.5 spaces per unit is below the R-1 parking requirement of two spaces per dwelling.

**Rent Control Regulations**

Of the total 72 units only 14 are unencumbered by restricted rents. The owner’s plan is to phase out all of the market units by the time the property closes in September 2017 at which point all of the units will be leased as 50% and 60% AMI LIHTC units. Below are the Current and the Proposed Rent Mix:

Current Unit Mix Based Off 5.30.17 Rent Roll			
Type	Unit Size	Units	Net Rent Charged
Market	1x1	12	\$ 750.00
Market	2x1	2	\$ 800.00
60%	1x1	48	\$ 729.00
60%	2x1	5	\$ 872.00
50%	1x1	4	\$ 598.00
50%	2x1	1	\$ 714.00
<b>Total</b>		<b>72</b>	

PROPOSED RENTS					
Unit Type	Number of Units	Unit Size (SF)	Asking Rent - Net Max	Utility Allowance	Gross Rent
<i>Affordable Units at 50% AMI</i>					
1BR/1BA	5	672	\$598	\$55	\$653
<i>Affordable Units at 60% AMI</i>					
1BR/1BA	61	672	\$729	\$55	\$784
2BR/1BA	6	860	\$872	\$70	\$942
<b>Total</b>	<b>72</b>				

\*The asking rents are maximum allowable rents



Furthermore, the subject property restricts tenants to be 62 years old or older. After renovation, the subject maximum allowable rents decline significantly since the maximum rents for properties placed in service after March 2016 are less than the prior maximum allowable rents for properties in service prior to 2009.

### **Easements, Encroachments and Restrictions**

Based upon a review of the property survey, there do not appear to be any easements, encroachments, or restrictions that would adversely affect value.

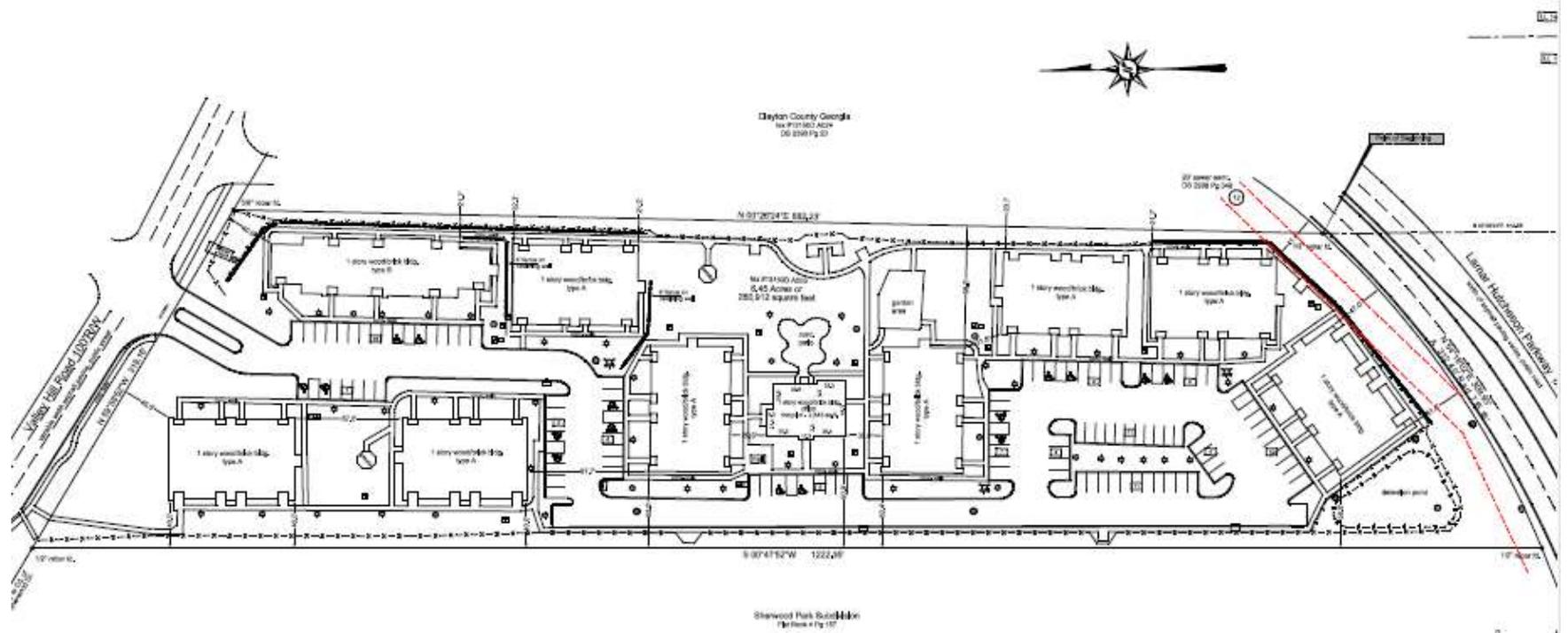
We have reviewed a title policy prepared by Stewart Title Guaranty Company dated December 18, 2014. The report does not identify any exceptions to title which adversely affect value.

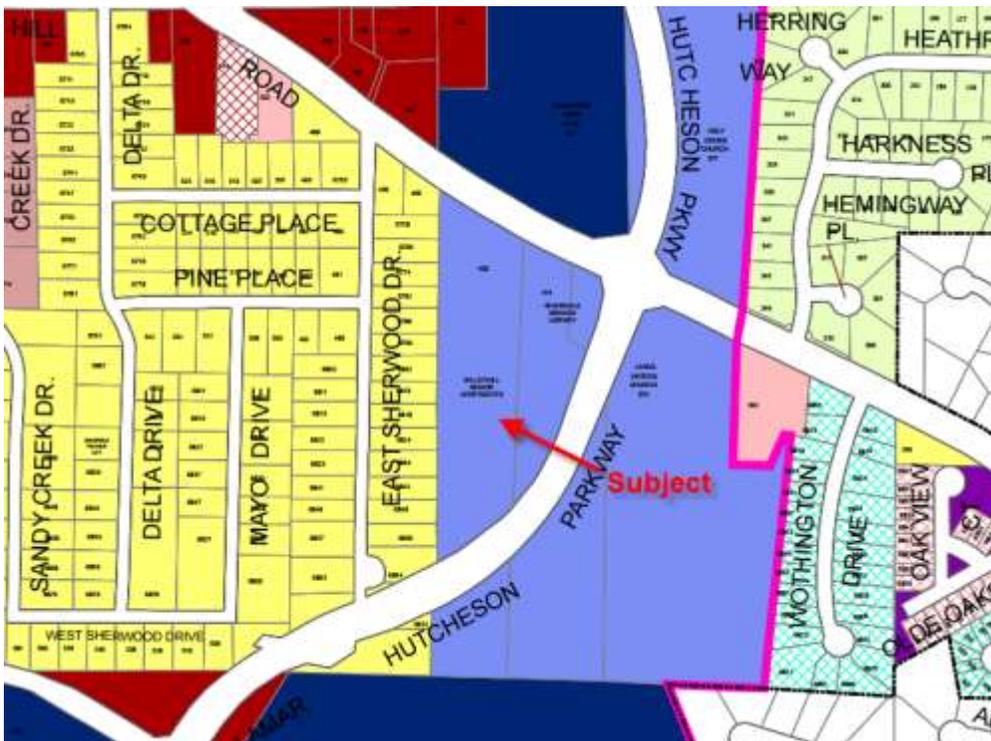
We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

### **Conclusion of Land Analysis**

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

### Survey





## Improvements Description and Analysis

The subject is an age-restricted multifamily property containing 72 dwelling units. All units are restricted to tenant 55 years old or older and 58 units are additionally restricted for 50% and 60% AMI tenants. Floor plans consist of one and two bedroom units spread through-out nine single-story apartment buildings. A clubhouse is located in the center of the property and has average project amenities. The improvements were constructed in 2002 and are 100% leased as of the effective appraisal date. The site area is 6.45 acres or 280,912 square feet.

### Improvements Description

Name of Property	Valley Hill Senior Apartments
General Property Type	Age-Restricted Multifamily
Property Sub Type	Other
Competitive Property Class	B
Percent Leased	100%
Number of Buildings	9
Stories	1
Construction Class	D
Construction Type	Wood frame
Construction Quality	Average
Condition	Average
Number of Units	72
Units per Acre (Density)	11.2
Gross Building Area (SF)	52,713
Rentable Floor Area (SF)	49,888
Land Area (SF)	280,912
Floor Area Ratio (RFA/Land SF)	0.18
Floor Area Ratio (GBA/Land SF)	0.19
Building Area Source	Other
Year Built	2002
Actual Age (Yrs.)	15
Estimated Effective Age (Yrs.)	10
Estimated Economic Life (Yrs.)	45
Remaining Economic Life (Yrs.)	35
Number of Parking Spaces	109
Source of Parking Count	Site Plan
Parking Type	Surface
Parking Spaces/Unit	1.5

### Construction Details

Foundation	Concrete Slab
Structural Frame	Wood-frame
Exterior Walls	Brick veneer and vinyl siding
Windows	Double pane with vinyl frame
Roof	Gable roof with composite shingle
HVAC	Central HVAC with heat pump, split system with air handler in ceiling.
Electrical	Individual metered
Hot Water	One hot water heater per unit.
Sprinklers	100% units wet sprinkled
Interior Walls	Painted gypsum board
Floor Cover	Vinyl
Ceiling Heights	8'
Kitchen Equipment	Dishwasher, disposal, refrigerator with no ice-maker, dual stainless steel sink
Laundry	Washer and dryer provided in each unit
Doors	Peepholes and dead-bolts
Landscaping	Garden area for residents
Gates/Fencing	6 and 8' wood fence surrounding the perimeter

### Unit Mix and Occupancy

Floor Plan	Units	% of Total	Avg. Unit Size	Total SF	Occupied Units	Vacant Units	% Occupied
<b>1x1 Market Units</b>							
1 Bed 1 Bath Market	12	16.7%	672	8,064	12	0	100%
Total/Average	12	16.7%	672	8,064	12	0	100%
<b>1x1 50% LIHTC Units</b>							
1 Bed 1 Bath 50%	4	5.6%	672	2,688	4	0	100%
Total/Average	4	5.6%	672	2,688	4	0	100%
<b>1x1 60% LIHTC Units</b>							
1 Bed 1 Bath 60%	48	66.7%	672	32,256	48	0	100%
Total/Average	48	66.7%	672	32,256	48	0	100%
<b>2x1 Market Units</b>							
2 Bed 1 Bath Market	2	2.8%	860	1,720	2	0	100%
Total/Average	2	2.8%	860	1,720	2	0	100%
<b>2x1 50% LIHTC Units</b>							
2 Bed 1 Bath 50%	1	1.4%	860	860	1	0	100%
Total/Average	1	1.4%	860	860	1	0	100%
<b>2x1 60% LIHTC Units</b>							
2 Bed 1 Bath 60%	5	6.9%	860	4,300	5	0	100%
Total/Average	5	6.9%	860	4,300	5	0	100%
Total Units	72	100.0%	693	49,888	72	0	100%

\*Includes employee and model units, as applicable.

<b>Unit Features and Project Amenities</b>			
Unit Features	At Subject	Project Amenities	At Subject
Patios/Balcony	x	Gated Entrance	
Fireplace		Swimming Pool	
Vaulted Ceilings		Spa/Hot Tub	
Dishwasher	x	Sauna	
Disposal	x	Covered Parking	
Trash Compactor		Garage/Under Building	
Washer/Dryer Hookup		Tennis Court	
Washer/Dryer In Unit	x	Playground	
Storage in Unit	x	Clubhouse/Rec. Bldg.	x
Air Conditioning	x	Fitness Room	x
Carpets/Drapes/Blinds	x	Racquet Ball	
Walk-in Closets		Volleyball	
		Basketball	
		Laundry Facility	
		Storage	
		Security	

## Improvements Analysis

### Quality and Condition

The quality and condition of the subject is considered to be consistent with that of competing properties. The unit amenities are similar to that of comparable properties in the area. Though the project amenities are seemingly fewer at the subject property compared to the comparable properties, the amenities are considered similar since the property caters to senior citizens and includes a large clubhouse and garden area.

### Functional Utility

The improvements appear to be adequately suited to their current use, and there do not appear to be any significant items of functional obsolescence.

### Planned Capital Expenditures

Expenditures for various capital items considered to be necessary are identified in the following table. To estimate the amounts of these expenditures, we rely on discussions with ownership. Per information provided to the appraiser - *The proposed budget for the Valley Hill rehabilitation is approximately \$2,520,000 (\$35,000/ unit), inclusive of contingency and FFE costs.*

#### Site Work

- *Landscaping Upgrades*
- *Site Lighting upgrades*
- *Repair garden/ gazebo areas*
- *ADA accessibility improvements*

#### Interior Unit Work

- *Plumbing Fixture upgrades*
- *Replace Appliances per matrix as needed*
- *Replace Vanity Tops*
- *Replace cabinets as needed*
- *Upgrade interior lighting*
- *Replace interior doors as needed*
- *Resurface kitchen countertops as needed*
- *Replace HVAC units as needed*

#### Common Area Improvements

- *Roofing repairs as needed*
- *Window replacements as needed*
- *Clubhouse interior improvements*

### ADA Compliance

Based on our inspection and information provided, we are not aware of any ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

### Hazardous Substances

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, we assume no hazardous conditions exist on or near the subject.

**Personal Property**

In the drafted Contract of Sale provided to the appraiser, an allocated amount of \$302,400 of the total \$5,040,000 is attributable to personal property at the subject property.

ACQUISITION PERSONAL PROPERTY AND SITE IMPROVEMENTS				Personal Property	Site Work
	Valley Hill			Total	
	Quantity	Cost			
Refrigerator	72	\$ 625		\$ 45,000	
Range	72	375		27,000	
Range Hood	72	125		9,000	
Dishwasher	72	400		28,800	
Carpet	54	1,200		64,800	
Countertop	72	350		25,200	
Cabinets	72	400		28,800	
Window coverings	72	100		7,200	
In-Unit Washing Machines	72	350		25,200	
In-Unit Drying Machings	72	300		21,600	
Clubhouse/Site Amenities	19,800	1		19,800	
Landscaping	115,000	1			\$ 115,000
Site Lighting	67,400	1			67,400
Site Prep	120,000	1			120,000
				\$ 302,400	\$ 302,400

-List provided by the client

**Conclusion of Improvements Analysis**

In comparison to other competitive properties in the region, the subject improvements are rated as follows:

Improvements Ratings	
Design and Appearance	Average
Age/Condition	Average
Room Sizes and Layouts	Below Average
Bathrooms	Average
Kitchens	Average
Landscaping	Average
Unit Features	Average
Project Amenities	Average

Overall, the quality, condition, and functional utility of the improvements are average for their age and location.





Looking into the interior of the subject from access point  
(Photo Taken on November 29, 2016)



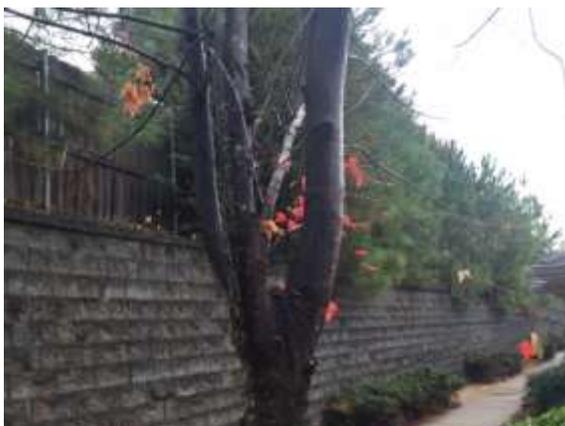
Signage on Valley Hill Road  
(Photo Taken on November 29, 2016)



Looking easterly along Valley Hill Road  
(Photo Taken on November 29, 2016)



Looking westerly along Valley Hill Road  
(Photo Taken on November 29, 2016)



Retention wall along the eastern border of the parcel  
(Photo Taken on November 29, 2016)



Looking northerly along Lamar Hutchenson Pky from rear  
(Photo Taken on November 29, 2016)



Community garden area  
(Photo Taken on November 29, 2016)



Open courtyard area  
(Photo Taken on November 29, 2016)



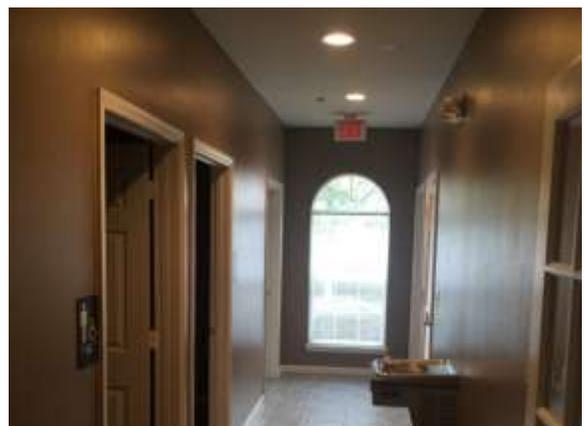
Community clubhouse  
(Photo Taken on November 29, 2016)



Community multi-use room  
(Photo Taken on November 29, 2016)



Activity Room  
(Photo Taken on November 29, 2016)



Restrooms and hall in community clubhouse  
(Photo Taken on November 29, 2016)



Typical entry to apartment unit  
(Photo Taken on November 29, 2016)



Typical vacant bedroom with emergency lanyard  
(Photo Taken on November 29, 2016)



Washer/Dryer supplied in each unit  
(Photo Taken on November 29, 2016)



Typical occupied restroom  
(Photo Taken on November 29, 2016)



Typical occupied kitchen area  
(Photo Taken on November 29, 2016)



Typical vacant open kitchen/dining/living area  
(Photo Taken on November 29, 2016)



Typical condensers; Handlers were in attic space  
(Photo Taken on November 29, 2016)



Typical apartment building  
(Photo Taken on November 29, 2016)

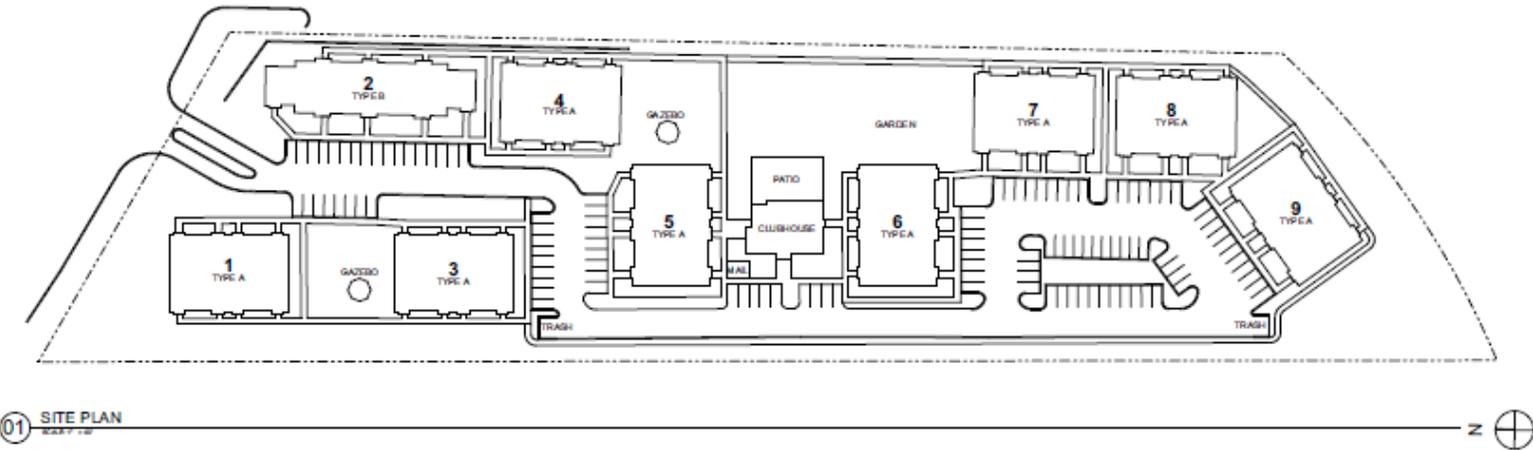


Side of a typical apartment building  
(Photo Taken on November 29, 2016)

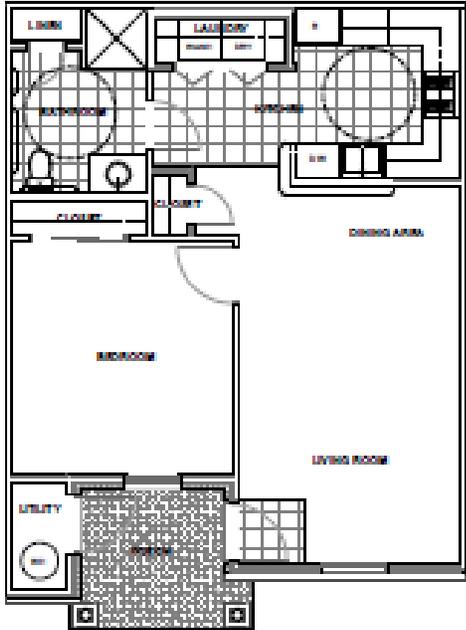


View from the interior among apartment buildings  
(Photo Taken on November 29, 2016)

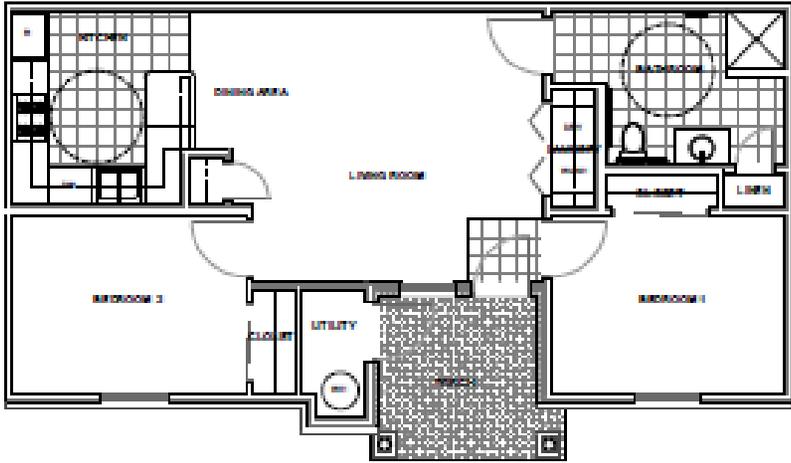
### Site Plan



Floor Plans

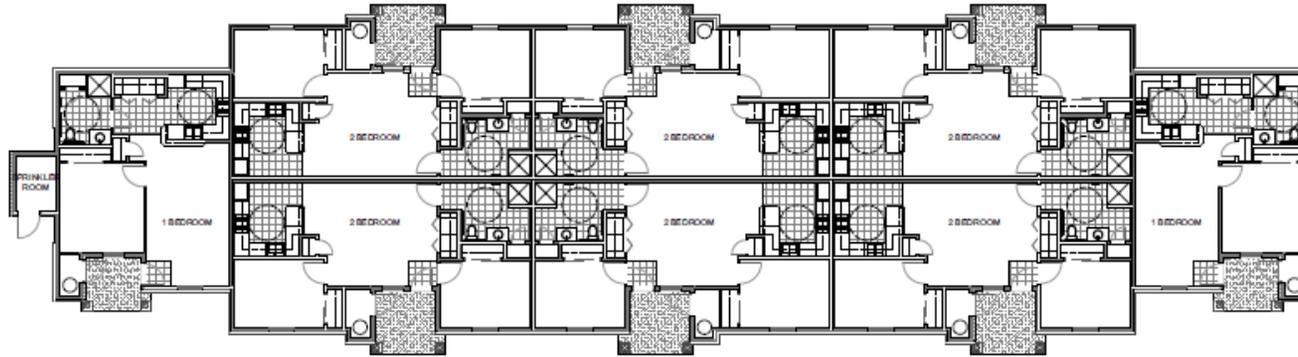


1 ONE BEDROOM UNIT FLOOR PLAN

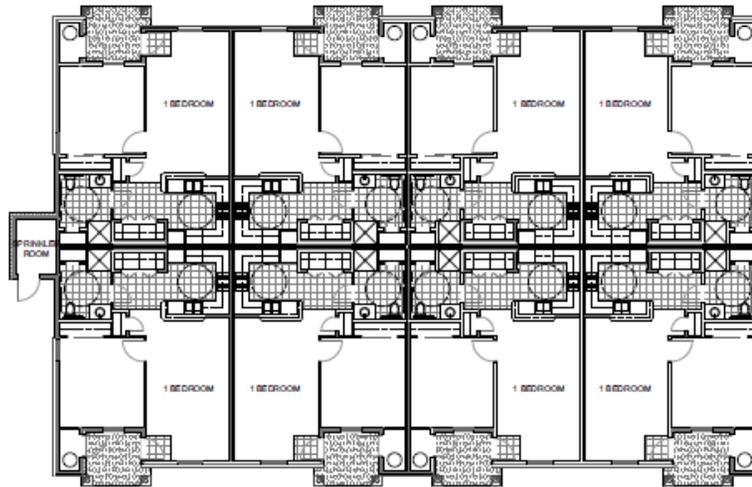


2 TWO BEDROOM UNIT FLOOR PLAN

### Building Plans



1 BUILDING TYPE 'B' FLOOR PLAN  
SCALE: 1/8" = 1'-0"



2 BUILDING TYPE 'A' FLOOR PLAN  
SCALE: 1/8" = 1'-0"

DEVELOPER 11/30/16

DOMINIUM

2805 NORTHWEST BLVD SUITE 150  
DUBLIN, GA 31028  
P 770-354-0200  
DOMINIUMAPARTMENTS.COM

**VALLEY HILL SENIOR APARTMENTS**  
430 VALLEY HILL ROAD SE  
RIVERDALE, GA 30274  
**PRELIMINARY STUDIES**  
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## Real Estate Taxes

In Georgia, the Assessor estimates the Fair Market Value (FMV) of a property. The Assessor's FMV estimate for the subject is \$2,700,000, thus the subject's assessed value is \$1,080,000 (40% of \$2,700,000). The amount of the tax is based on 100% of the assessed value of the property and the millage rate, which is set by various taxing authorities.

Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2016						
Tax ID	Assessed Value			Taxes and Assessments		
	Land	Improvements	Total	Ad Valorem Tax Rate	Taxes	Total
13150D A003	\$103,200	\$976,800	\$1,080,000	4.719100%	\$50,966	\$50,966

## Assessor's Market Value

Tax ID	Land	Improvements	Total
13150D A003	\$258,000	\$2,442,000	\$2,700,000

Based on the concluded market value of the subject, the assessed value appears low.

## Tax History

Tax Year	Total Assessed		Ad Valorem		
	Value	Tax Rate	Taxes	Total	% Change
2014	\$889,800	4.44553%	\$39,556	\$39,556	
2015	\$896,000	4.49870%	\$40,308	\$40,308	1.9%
2016	\$1,080,000	4.71910%	\$50,966	\$50,966	26.4%

## Tax Comparables

No.	Property Name	Number of Units	Total Assessed Value	Assessed Value/Unit	Total Taxes	Taxes/Unit
1	Pointe Clear Apartments	230	\$3,450,200	\$15,001	\$140,395	\$610
2	Baywood Park	120	\$1,360,000	\$11,333	\$55,340	\$461
3	Stratford Arms Apartments	100	\$877,000	\$8,770	\$31,301	\$313
Subject	Valley Hill Senior Apartments	72	\$1,080,000	\$15,000	\$50,966	\$708

The subject falls at the upper end of the range for assessed value per unit.

Effective January 1, 2011, Georgia enacted Senate Bill 346 which states that if an arm's length sale occurs, then the Assessor's Fair Market Value (FMV) is a maximum of the sale price in the following tax year. Additionally, a sale of the subject at a higher price than the current FMV does not automatically result in a higher assessment for the subject because the Tax Assessor is required to have equitable assessed values among properties of the same classification.

The subject is a pending sale at \$5,040,000. However, there is approximately \$1,350,000 seller financing premium which results in a net acquisition of approximately \$3,690,000. Typically, investors utilize a minimum of 80% of the pending sale price to estimate future real estate tax increases. Utilizing 80% on the net acquisition price reflects a potential FMV of \$3,030,000. Applying 40% ratio and millage rate of 4.71910% equals \$55,723. We have utilized real estate taxes of \$55,723 in this analysis. This reflects a real estate tax increase of about 9.3% above the current 2016 real estate taxes.

## Highest and Best Use

### Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

### As If Vacant

#### Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. The property is level and generally has a good shape for development with enough land area for various uses. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

#### Legally Permissible

The site is zoned R-1, Single Family Residential. Permitted uses include single family residences. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. In the process of collecting information about the zoning of the subject property, we contacted the City of Riverdale Planning and Zoning department. It was learned that the subject property is a legal, non-conforming use which was “grandfathered” by the zoning authorities.

The following is the description of the R-1 Single Family Residential as described in the City of Riverdale Code of Ordinance: “This district is composed of certain lands and structures in the city having a medium-density single-family residential character.”

The planning department further clarified the question of re-building by referring to Article VI. Non-conforming Uses- Section 6.3 Repairs and Maintenance:

“Any nonconforming building or any building containing a nonconforming use, which has been damaged by fire or other cause, may be rebuilt and used as before if such reconstruction is completed within one year of such damage. However, if such building or structure has been damaged to an extent exceeding 50 percent of its replacement cost at the time of such damage or destruction, as determined by the building inspector, any repair, reconstruction, or use of such building or structure shall be in conformity with the provisions of this ordinance.”

Given there is a multi-family zoned and improved area across the street from the subject, none of the other surrounding uses in the R-1 zone are single-family residential and that it seems likely (through discussion with authorities) that the local planning department would allow a variance or mechanism to change the zoning district, only multifamily use is given further consideration in determining highest and best use of the site, as though vacant. Additionally, the Land Use Restrictive Agreement states the subject must remain a rent and age restrictive property throughout the compliance period.

### **Financially Feasible**

Based on our analysis of the market, there is currently limited demand for multifamily use in the subject's area. It appears that a newly developed multifamily use on the site would not have a value commensurate with its cost; thus multifamily use is not considered to be financially feasible at the current time. However, given anticipated population and employment growth in the subject's area, we expect rents and improved property values to increase to a level at which multifamily use would be financially feasible in the future.

### **Maximally Productive**

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than holding the property for future development of a multifamily use. Accordingly, it is our opinion that holding the property for future multifamily use, based on the normal market density level permitted by zoning, is the maximally productive use of the property.

### **Conclusion**

Holding the property for future development of a multifamily use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as if vacant.

### **As Improved**

The subject site is developed with an eight multi-family apartment buildings and a clubhouse, which is consistent with the highest and best use of the site as if it were vacant.

The existing improvements are currently leased and produce a significant positive cash flow that we expect will continue. Therefore, a continuation of this use is concluded to be financially feasible.

Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the value of the existing improved property exceeds the value of the site, as if vacant. For these reasons, continued multifamily use is concluded to be maximally productive and the highest and best use of the property as improved.

### **Most Probable Buyer**

Taking into account the size and characteristics of the property the likely buyer is a local or regional investor such as a partnership.

# Valuation

## Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

<b>Approaches to Value</b>		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

## Land Valuation- Net of Demolition Costs

The client has requested an opinion of land value for the subject site net of demolition costs. Based upon an estimate of demolition costs prepared by Formula Construction Group, LLC, total demolition costs for the subject property are estimated at \$926,560. In order to develop an opinion of Land Value- Net of Demolition Costs, we have first estimated a land value for the subject site as-if-vacant and have deducted the demolition costs estimate.

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. Our search for comparable sales focused on transactions within the following parameters:

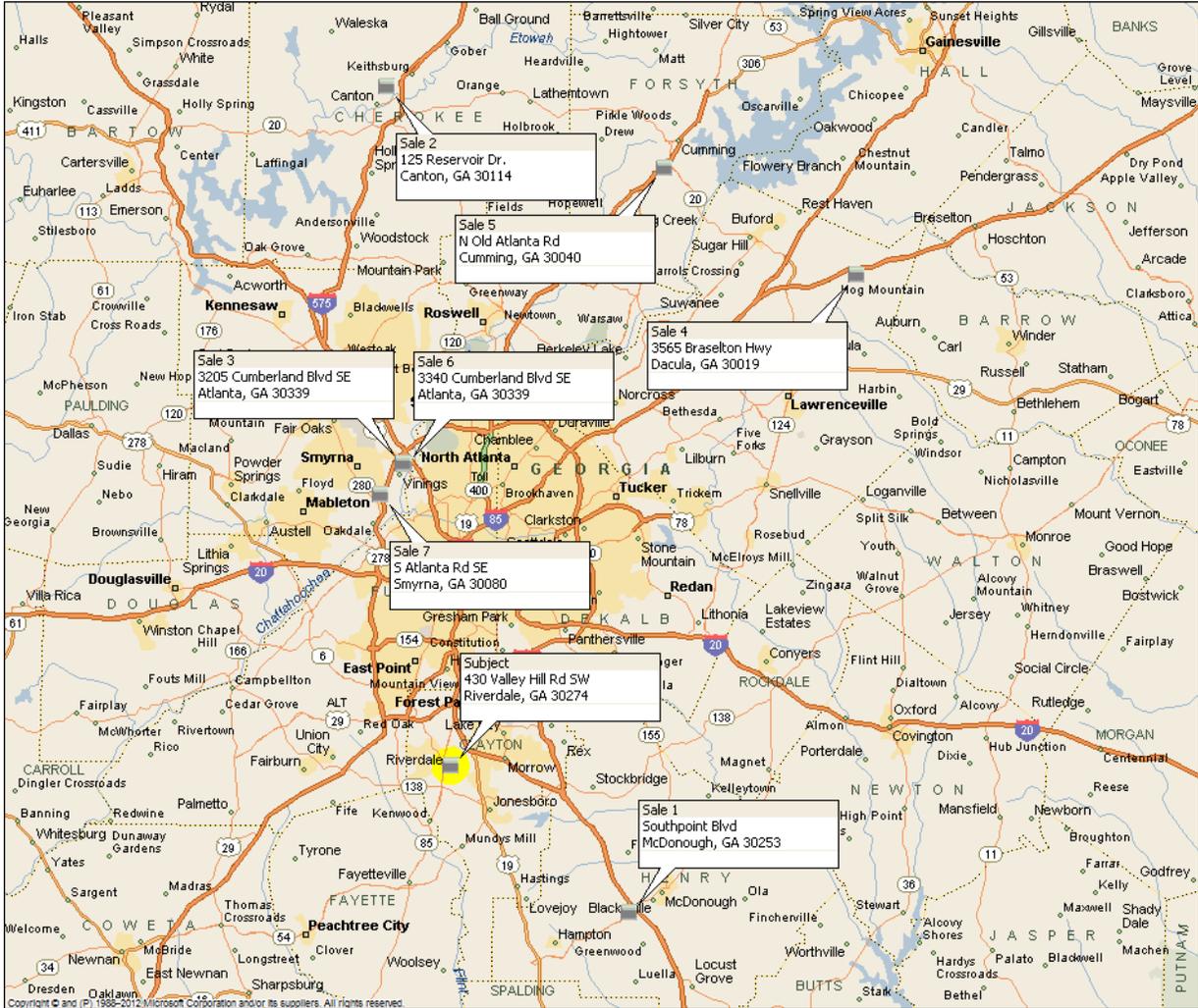
- Location: Atlanta MSA
- Size: 4 to 15 acres
- Use: Vacant Multifamily Zoned Land
- Transaction Date: January 2014 to current

For this analysis, we use price per unit as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

## Summary of Comparable Land Sales

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Units; Density (Units/Ac.)	Zoning	\$/Unit	\$/SF Land
1	South Point Multifamily Land South Point Blvd. McDonough Henry County	Sep-16 Closed	\$3,700,000	1,663,121 38.18	292 7.6	Commercial	\$12,671	\$2.22
	<i>Comments: At the time of sale, the property was entitled to 292 multifamily units. The property was purchased by a developer who is an active multifamily developer.</i>							
2	Vacant Multifamily Land 125 Reservoir Dr. Canton Cherokee County	Aug-16 Closed	\$3,384,292	895,158 20.55	306 14.9	Planned Shopping Center	\$11,060	\$3.78
	<i>Comments: This was the fee simple transaction of 20.55 acres of multifamily land proposed to be improved with 306 apartment units. The buyer put down 21.1% and the seller financed the remainder \$2,669,034. In the confirmation process with the listing broker, it was noted that the property required rezoning/plan amendment which required the seller to contribute \$75,000 to the city towards improvement of Reservoir Drive. The broker also noted that the sale price was at market with the exception of the premium for rough grading which in his opinion was not considered in the sale price. The property had previously been listed for \$7,950,000 for 45.3 acres of which the property made up 20.55 acres of the total.</i>							
3	Moderate Vinings (fka 3101 Akers Mill) 3205 Cumberland Blvd. Atlanta Cobb County	Apr-16 Closed	\$3,359,100	131,116 3.01	269 89.4	Regional Retail Commercial District	\$12,487	\$25.62
	<i>Comments: This was an assemblage of two parcels totaling 3.01 acres. The properties sold on April 22, 2016 for a combined price of \$3,359,100. The buyer is planned to develop a 300-unit multifamily property. The apartments are expected to be completed by May 2018.</i>							
4	Proposed IL Land- Dacula, GA 3565 Georgia Hwy 124 (Braselton Hwy) Dacula Gwinnett County	Mar-16 Closed	\$1,460,000	473,933 10.88	120 11.0	General Business District	\$12,167	\$3.08
	<i>Comments: The property was listed for \$1,660,000. Previously, the site was residential zoned and the site was proposed to be developed with a multi-family development. Then, in 2015, the property was re-zoned as commercial. The buyer intends to construct an 120-unit ILF on the site.</i>							
5	Bradley Park N. Old Atlanta Rd. Cumming Forsyth County	Dec-15 Closed	\$3,003,000	959,627 22.03	152 6.9	Multi-family Residence District	\$19,757	\$3.13
	<i>Comments: This is the sale of 22.03 acres of residential land located on North Old Atlanta Road in Cumming, GA. The land sold on December 4, 2015 for \$3,003,000. The land will be developed with 152 apartment units.</i>							
6	The Alexan at Overlook 3340 Cumberland Blvd. SE. Atlanta Cobb County	Jul-14 Closed	\$5,595,000	254,521 5.84	300 51.3	Urban Village Commercial District	\$18,650	\$21.98
	<i>Comments: The site was purchased by AV Apartments (Trammell Crow) from Pope &amp; Land. The property is planned to be developed with 300 multifamily one and two bedroom units with ground floor retail. The sale included two parcels, Tract 1 with 3.954 acres and Tract 2 with 1.889 acres. The multifamily development utilized Tract 1 indicating a density of 75 units per acre (300 units / 3.954 acres). As of October 2016, Tract 2 has not been developed.</i>							
7	N Atlanta Road (Alta Belmont) N. Atlanta Rd. Smyrna Cobb County	Jul-14 Closed	\$5,480,000	465,787 10.69	274 25.6	General Commercial	\$20,000	\$11.77
	<i>Comments: This is the sale of 10.693 acres of land located on N Atlanta Road and Windy Hill Road in Smyrna, GA. The land sold on July 11, 2014 for \$5,480,000 or \$512,485 per acre. The property was purchased for the development an apartment complex of 274 units. The site is a portion of the Belmont development by Halpern.</i>							
	<b>Subject</b>			280,912	72	Single Family		
	Valley Hill Senior Apartments			6.45	11.2	Residential		
	Riverdale, GA							

### Comparable Land Sales Map





Sale 1  
South Point Multifamily Land



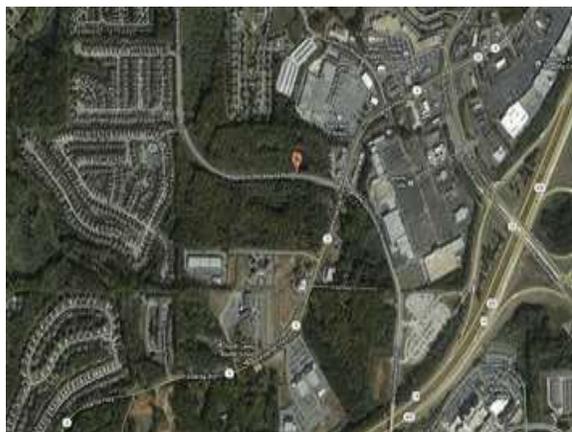
Sale 2  
Vacant Multifamily Land



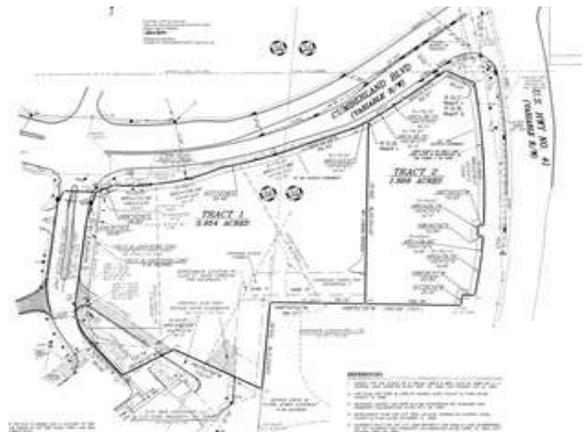
Sale 3  
Modera Vinings (fka 3101 Akers Mill)



Sale 4  
Proposed IL Land- Dacula, GA



Sale 5  
Bradley Park



Sale 6  
The Alexan at Overlook



Sale 7  
N Atlanta Road (Alta Belmont)

### Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	There has been some appreciation in the market, requiring an upward adjustment of 3% per year.
Location	Market or submarket area influences on sale price; surrounding land use influences.	Sales 3 through 7 were located in areas where demand for multifamily land is higher and reflect higher prices per area. Therefore, they were downward adjusted.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	Sales 2, 5 and 6 were upward adjusted for having rolling topography at the time of sale which is inferior to the subject's level topography.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	All sales were either zoned or entitled to multifamily development. The subject property is currently zoned residential and is improved with a multifamily property. It is assumed the property as if vacant would be allowed to be developed with a multifamily use similar to what is currently developed on the site.

<b>Land Sales Adjustment Grid</b>								
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Name	Valley Hill Senior Apartments	South Point Multifamily Land	Vacant Multifamily Land	Modera Vinings (fka 3101 Akers Mill)	Proposed IL Land-Dacula, GA	Bradley Park	The Alexan at Overlook	N Atlanta Road (Alta Belmont)
Address	430 Valley Hill Rd.	South Point Blvd.	125 Reservoir Dr.	3205 Cumberland Blvd.	3565 Georgia Hwy 124 (Braselton Hwy)	N. Old Atlanta Rd.	3340 Cumberland Blvd. SE.	N. Atlanta Rd.
City	Riverdale	McDonough	Canton	Atlanta	Dacula	Cumming	Atlanta	Smryna
County	Clayton	Henry	Cherokee	Cobb	Gwinnett	Forsyth	Cobb	Cobb
State	Georgia	GA	GA	GA	GA	GA	GA	GA
Sale Date		Sep-16	Aug-16	Apr-16	Mar-16	Dec-15	Jul-14	Jul-14
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$3,700,000	\$3,384,292	\$3,359,100	\$1,460,000	\$3,003,000	\$5,595,000	\$5,480,000
Square Feet	280,912	1,663,121	895,158	131,116	473,933	959,627	254,521	465,787
Acres	6.45	38.18	20.55	3.01	10.88	22.03	5.84	10.69
Number of Units	72	292	306	269	120	152	300	274
Shape	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular
Topography	Generally level and at street grade	Level	Rolling	Gently Sloping	Level	Rolling	Rolling	Level
<b>Price per Unit</b>		<b>\$12,671</b>	<b>\$11,060</b>	<b>\$12,487</b>	<b>\$12,167</b>	<b>\$19,757</b>	<b>\$18,650</b>	<b>\$20,000</b>
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-	-	-	-
Financing Terms		Cash to seller	Seller financing	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-	-	-	-
Conditions of Sale		-	-	-	-	-	-	-
% Adjustment		-	-	-	-	-	-	-
Market Conditions	6/8/2017	Sep-16	Aug-16	Apr-16	Mar-16	Dec-15	Jul-14	Jul-14
Annual % Adjustment	3%	2%	2%	3%	4%	5%	9%	9%
<b>Cumulative Adjusted Price</b>		<b>\$12,925</b>	<b>\$11,281</b>	<b>\$12,862</b>	<b>\$12,653</b>	<b>\$20,744</b>	<b>\$20,329</b>	<b>\$21,800</b>
Location		-	-	-15%	-5%	-10%	-15%	-10%
Shape and Topography		-	5%	-	-	5%	5%	-
Net \$ Adjustment		\$0	\$564	-\$1,929	-\$633	-\$1,037	-\$2,033	-\$2,180
Net % Adjustment		0%	5%	-15%	-5%	-5%	-10%	-10%
<b>Final Adjusted Price</b>		<b>\$12,925</b>	<b>\$11,845</b>	<b>\$10,933</b>	<b>\$12,021</b>	<b>\$19,707</b>	<b>\$18,296</b>	<b>\$19,620</b>
Overall Adjustment		2%	7%	-12%	-1%	0%	-2%	-2%
<b>Range of Adjusted Prices</b>		<b>\$10,933 - \$19,707</b>						
<b>Average</b>		<b>\$15,049</b>						
<b>Indicated Value</b>		<b>\$14,000</b>						



### Land Value Conclusion

Prior to adjustment, the sales reflect a range of \$11,060 - \$20,000 per unit. After adjustment, the range is narrowed to \$10,933 - \$19,707 per unit, with an average of \$15,049 per unit. We give greatest weight to sale 1 which was a recent transaction within the subject's submarket cluster area. Secondary weight was given to sale 4 for being most similar in the amount of allowable units and shape/topography. The remainder of the sales was given tertiary weight.

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#### Land Value Conclusion

Indicated Value per Unit	\$14,000
Subject Units	72.00
Indicated Value	\$1,008,000
Rounded	\$1,010,000

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### Land Value Conclusion- Net of Demolition Costs

As previously mentioned, we have been provided with an estimate of total demolition costs for the subject's improvements totaling \$926,560. We have deducted these costs from our land value conclusion – as if vacant in order to develop an estimate of land value net of demolition costs.

Based on the preceding analysis, we reach a land value conclusion as follows:

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#### Land Value Conclusion

Indicated Value per Unit	\$14,000
Subject Units	72.00
Indicated Value	\$1,008,000
Adjustments	
Total Demolition Costs	-\$926,560
Total Adjustments	-\$926,560
Indicated Value	\$81,440
Rounded	\$80,000

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## Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply this approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

To apply the sales comparison approach, we searched for sale transactions within the following parameters:

- Property Type: Affordable Multi-Family Properties
- Location: Atlanta MSA
- Size: 50 to 300 units
- Age/Quality: Built 1990 or later
- Transaction Date: January 2015 to current

For this area of the subject, we use price per unit as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

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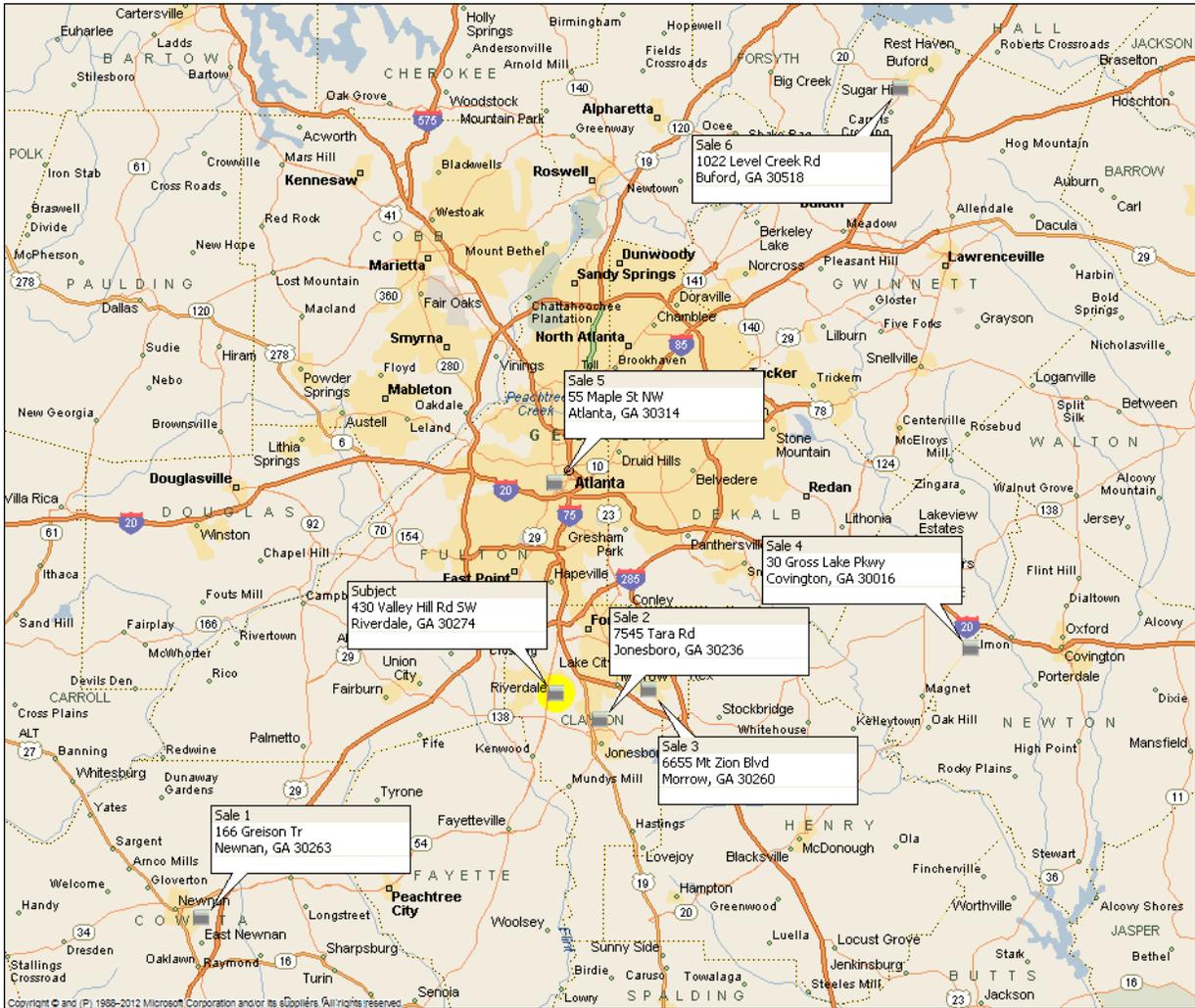
**Summary of Comparable Improved Sales**


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No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	# Units; Rentable SF; Avg Unit SF	Sale Price	\$/Unit; \$/SF	NOI/Unit; NOI/SF; Exp. Ratio	Cap Rate
1	Columbia Woods Townhomes 166 Greison Trl. Newnan Coweta County GA	Feb-17 Closed	2002 2 98%	119 153,024 1,275	\$7,450,000	\$62,605 \$48.69	– – –	–
<i>Comments: This was the sale of a multifamily property encumbered by a LIHTC contract which was 98% occupied at the time of sale.</i>								
2	Pointe Clear 7545 Tara Rd. Jonesboro Clayton County GA	Jul-16 Closed	1998 3 100%	230 246,336 1,064	\$13,900,000	\$60,435	\$4,351 \$4.06 –	7.20%
<i>Comments: This is the sale of the 230-unit apartment complex located at 7545 Tara Road in Jonesboro, GA. The property sold on July 25, 2016 for \$13,900,000 or \$60,435 per unit. The property was 100% occupied at the time of sale. The property traded at a 7.2% cap rate.</i>								
3	Baywood Park 6655 Mt. Zion Blvd. Morrow Clayton County GA	Jun-16 Closed	1995 2 95%	120 140,000 1,119	\$6,632,352	\$55,270 \$47.37	– – –	–
<i>Comments: According to CoStar and Public Record, this transaction was arm's length and cash to seller- buyer obtained financing.</i>								
4	Orchard Cove Apartments 30 Gross Lake Dr. Covington Newton County GA	May-15 Recorded	2000 2 96%	188 206,568 1,099	\$11,000,000	\$58,511 \$53.25	\$4,066 \$3.70 –	6.95%
<i>Comments: The property was 96% occupied at the time of sale. The cap rate of 6.95% was based on in-place income/expenses. The property is nearing the end of its LIHTC compliance period so there is upside income potential as the property transitions to market rent.</i>								
5	The Courtyard at Maple 55 Maple St. NW. Atlanta Fulton County GA	May-15 Closed	1993 3 97%	182 222,285 911	\$14,000,000	\$76,923 \$62.98	\$3,188 \$2.61 67%	4.14%
<i>Comments: This property sold for \$14,000,000. or \$76,923 per unit. The cap rate of 4.14% is based on in-place income/expenses. The proforma cap rate is about 7% with much lower expenses and higher rents forecast. This is a 60% LIHTC and 40% market rent property.</i>								
6	Plantation Ridge 1022 Level Creek Rd. Sugar Hill Gwinnett County GA	Mar-15 Closed	1998 2 92%	218 244,152 1,120	\$16,005,000	\$73,417 \$65.55	– – –	–
<i>Comments: This is the sale of the 218-unit apartment complex located at 1022 Level Creek Road in Sugar Hill, Georgia. The property sold on March 18, 2015 for \$16,005,000 or \$73,417 per unit. The property was 92% occupied at the time of sale. This is a LIHTC property.</i>								
<b>Subject</b>			2002	72			\$4,216	
Valley Hill Senior Apartments			1	49,888			\$6.08	
Riverdale, GA			100%	693			49%	

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### Comparable Improved Sales Map





Sale 1  
Columbia Woods Townhomes



Sale 2  
Pointe Clear



Sale 3  
Baywood Park



Sale 4  
Orchard Cove Apartments



Sale 5  
The Courtyard at Maple



Sale 6  
Plantation Ridge

Valley Hill Senior Apartments



### Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	Some appreciation has occurred in the market warranting an upward adjustment of 3% per year.
Location	Market or submarket area influences on sale price; surrounding land use influences.	Sale 5 and 6 were located in areas where real estate typically transacts for a higher price per area, warranting a downward adjustment.
Project Size	Inverse relationship that often exists between project size and unit value.	Sales 2, 4, 5 and 6 were downward adjusted for being larger multifamily developments which reflects a lower price per unit.
Age/Condition	Effective age; physical condition.	Sale 5 was upward adjusted for being older in age/condition than the subject property.
Unit Features	Features internal to the residential units such as appliances	No adjustment was applied.
Project Amenities	Amenities available to the entire property.	Sales 1, 2, 4, 5 and 6 had superior amenities compared to the subject's limited amenities warranting a downward adjustment.
Average Unit Size	Average residential unit floor area.	All sales had larger unit sizes which would presumably bring in higher rents. Therefore all sales were downward adjusted.
Economic Characteristics	Non-stabilized occupancy, above/below market rents, rent control, and other economic factors.	Sales 3 and 6 had higher vacancies requiring an upward adjustment. Sale 5 was adjusted upward for lower NOI per unit.

<b>Improved Sales Adjustment Grid</b>							
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Property Name	Valley Hill Senior Apartments	Columbia Woods Townhomes	Pointe Clear	Baywood Park	Orchard Cove Apartments	The Courtyard at Maple	Plantation Ridge
Address	430 Valley Hill Rd.	166 Greison Trl.	7545 Tara Rd.	6655 Mt. Zion Blvd.	30 Gross Lake Dr.	55 Maple St. NW.	1022 Level Creek Rd.
City	Riverdale	Newnan	Jonesboro	Morrow	Covington	Atlanta	Sugar Hill
County	Clayton	Coweta	Clayton	Clayton	Newton	Fulton	Gwinnett
State	Georgia	GA	GA	GA	GA	GA	GA
Sale Date		Feb-17	Jul-16	Jun-16	May-15	May-15	Mar-15
Sale Status		Closed	Closed	Closed	Recorded	Closed	Closed
Sale Price		\$7,450,000	\$13,900,000	\$6,632,352	\$11,000,000	\$14,000,000	\$16,005,000
Rentable Floor Area	49,888	153,024	246,336	140,000	206,568	222,285	244,152
Number of Units	72	119	230	120	188	182	218
Year Built	2002	2002	1998	1995	2000	1993	1998
Year Renovated	-	-	-	2011/2012	-	-	-
Occupancy	100%	98%	100%	95%	96%	97%	92%
NOI per Unit	\$4,216	-	\$4,351	-	\$4,066	\$3,188	-
Avg SF Per Unit	693	1,275	1,064	1,119	1,099	911	1,120
<b>Price per Unit</b>		<b>\$62,605</b>	<b>\$60,435</b>	<b>\$55,270</b>	<b>\$58,511</b>	<b>\$76,923</b>	<b>\$73,417</b>
Property Rights		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
% Adjustment		-	-	-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller -	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-	-	-
Conditions of Sale		-	-	-	-	-	-
% Adjustment		-	-	-	-	-	-
Market Conditions	6/8/2017	Feb-17	Jul-16	Jun-16	May-15	May-15	Mar-15
Annual % Adjustment	3%	1%	3%	3%	6%	6%	7%
<b>Cumulative Adjusted Price</b>		<b>\$63,231</b>	<b>\$62,248</b>	<b>\$56,928</b>	<b>\$62,021</b>	<b>\$81,538</b>	<b>\$78,557</b>
Location		-	-	-	-	-15%	-10%
Project Size		-	5%	-	5%	5%	5%
Age/Condition		-	-	-	-	5%	-
Project Amenities		-3%	-3%	-	-4%	-3%	-3%
Unit Size		-5%	-5%	-5%	-5%	-5%	-5%
Economic Characteristics		-	-	5%	-	10%	5%
Net \$ Adjustment		-\$5,058	-\$1,867	\$0	-\$2,481	-\$2,446	-\$6,285
Net % Adjustment		-8%	-3%	0%	-4%	-3%	-8%
<b>Final Adjusted Price</b>		<b>\$58,173</b>	<b>\$60,380</b>	<b>\$56,928</b>	<b>\$59,540</b>	<b>\$79,092</b>	<b>\$72,272</b>
Overall Adjustment		-7%	0%	3%	2%	3%	-2%
<b>Range of Adjusted Prices</b>		<b>\$56,928 - \$79,092</b>					
<b>Average</b>		<b>\$64,398</b>					
<b>Indicated Value</b>		<b>\$62,500</b>					



Adjustments for unit features and project amenities are based on information in the following table.

<b>Unit Features and Project Amenities</b>							
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
<b>Unit Features</b>							
Patios/Balcony	x	x	x	x	x		x
Fireplace			x				
Vaulted Ceilings			x			x	
Dishwasher	x	x		x	x	x	x
Disposal	x	x		x	x	x	x
Trash Compactor							
Washer/Dryer Hookup		x	x	x	x	x	x
Washer/Dryer In Unit	x						
Storage in Unit	x						x
Air Conditioning	x		x	x	x	x	x
Carpets/Drapes/Blinds	x		x	x	x	x	x
Walk-in Closets			x	x	x	x	x
Comparison to Subject		Similar	Similar	Similar	Similar	Similar	Similar
<b>Project Amenities</b>							
Gated Entrance			x		x	x	
Swimming Pool		x	x		x	x	x
Spa/Hot Tub							
Sauna							
Covered Parking							
Garage/Under Building					x		
Tennis Court					x		
Playground			x	x	x	x	x
Clubhouse/Rec. Bldg.	x	x	x	x			
Fitness Room	x	x	x	x	x	x	x
Racquet Ball							
Volleyball				x			
Basketball		x		x			
Laundry Facility		x	x	x	x	x	x
Storage							
Security			x				
Comparison to Subject		Superior	Superior	Similar	Superior	Superior	Superior

**Value Indication**

Prior to adjustment, the sales reflect a range of \$55,270 - \$76,923 per unit. After adjustment, the range is narrowed to \$56,928 - \$79,092 per unit, with an average of \$64,398 per unit. We give slightly more weight to sales 1, 2 and 3 for being located in closest proximity to the subject property in the southern portion of the Atlanta MSA.

**Value Indication by Sales Comparison**

Indicated Value per Unit	\$62,500
Subject Units	72
Indicated Value	\$4,500,000
Rounded	\$4,500,000

## Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization method, either direct capitalization or discounted cash flow analysis, or both, to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, we use only direct capitalization because investors in this property type typically rely more on this method.

## Occupancy and Rental Rates

The unit mix, occupancy status, and rental rates at the subject are shown in the following tables.

### Unit Mix and Occupancy

Floor Plan	Units	% of Total	Avg. Unit Size	Total SF	Occupied Units	Vacant Units	% Occupied
<b>1x1 Market Units</b>							
1 Bed 1 Bath Market	12	16.7%	672	8,064	12	0	100%
Total/Average	12	16.7%	672	8,064	12	0	100%
<b>1x1 50% LIHTC Units</b>							
1 Bed 1 Bath 50%	4	5.6%	672	2,688	4	0	100%
Total/Average	4	5.6%	672	2,688	4	0	100%
<b>1x1 60% LIHTC Units</b>							
1 Bed 1 Bath 60%	48	66.7%	672	32,256	48	0	100%
Total/Average	48	66.7%	672	32,256	48	0	100%
<b>2x1 Market Units</b>							
2 Bed 1 Bath Market	2	2.8%	860	1,720	2	0	100%
Total/Average	2	2.8%	860	1,720	2	0	100%
<b>2x1 50% LIHTC Units</b>							
2 Bed 1 Bath 50%	1	1.4%	860	860	1	0	100%
Total/Average	1	1.4%	860	860	1	0	100%
<b>2x1 60% LIHTC Units</b>							
2 Bed 1 Bath 60%	5	6.9%	860	4,300	5	0	100%
Total/Average	5	6.9%	860	4,300	5	0	100%
Total Units	72	100.0%	693	49,888	72	0	100%

\*Includes employee and model units, as applicable.

### Unit Mix and Occupancy

Unit Type	Unit Size	Total Units	Vacant Units	Occ. Units*	% Occ.
1x1 Market	672	12	0	12	100%
1x1 50% LIHTC	672	4	0	4	100%
1x1 60% LIHTC	672	48	0	48	100%
2x1 Market	860	2	0	2	100%
2x1 50% LIHTC	860	1	0	1	100%
2x1 60% LIHTC	860	5	0	5	100%
TOTAL/AVG.	693	72	0	72	100%

\*Includes employee and model units, as applicable

As of the effective valuation date, the subject is 100% leased and occupied. The property is considered to be at stabilized occupancy.

### Subject Rental Rates

Unit Type	Average Unit Size	Total Units	Asking Rent <sup>1</sup>		Contract Rent <sup>2</sup>	
			Average	Avg. \$/SF	Average	Avg. \$/SF
1x1 Market	672	12	\$750	\$1.12	\$711	\$1.06
1x1 50% LIHTC	672	4	\$588	\$0.88	\$588	\$0.88
1x1 60% LIHTC	672	48	\$727	\$1.08	\$690	\$1.03
2x1 Market	860	2	\$800	\$0.93	\$800	\$0.93
2x1 50% LIHTC	860	1	\$738	\$0.86	\$714	\$0.83
2x1 60% LIHTC	860	5	\$865	\$1.01	\$865	\$1.01
TOTAL/AVG.	693	72	\$735	\$1.06	\$703	\$1.02

1. Includes employee & model units, if any.

2. Figures are for tenant-occupied units only. Excludes any employee or model units.

### Utilities Expenses

Tenant-Paid Utilities	Owner-Paid-Utilities
In-Unit Electric	Water
	Sewer
	Common Area Electric
	Trash

### Market Rent Analysis

In addition to contract rent, our analysis considers the market rent of each basic unit type within the subject. To estimate market rent, we analyze comparable rentals most relevant to the subject in terms of location, property type, building age, and quality. The comparables are summarized in the following table.

All of the rental comparables are affordable housing with market and rent restricted units.

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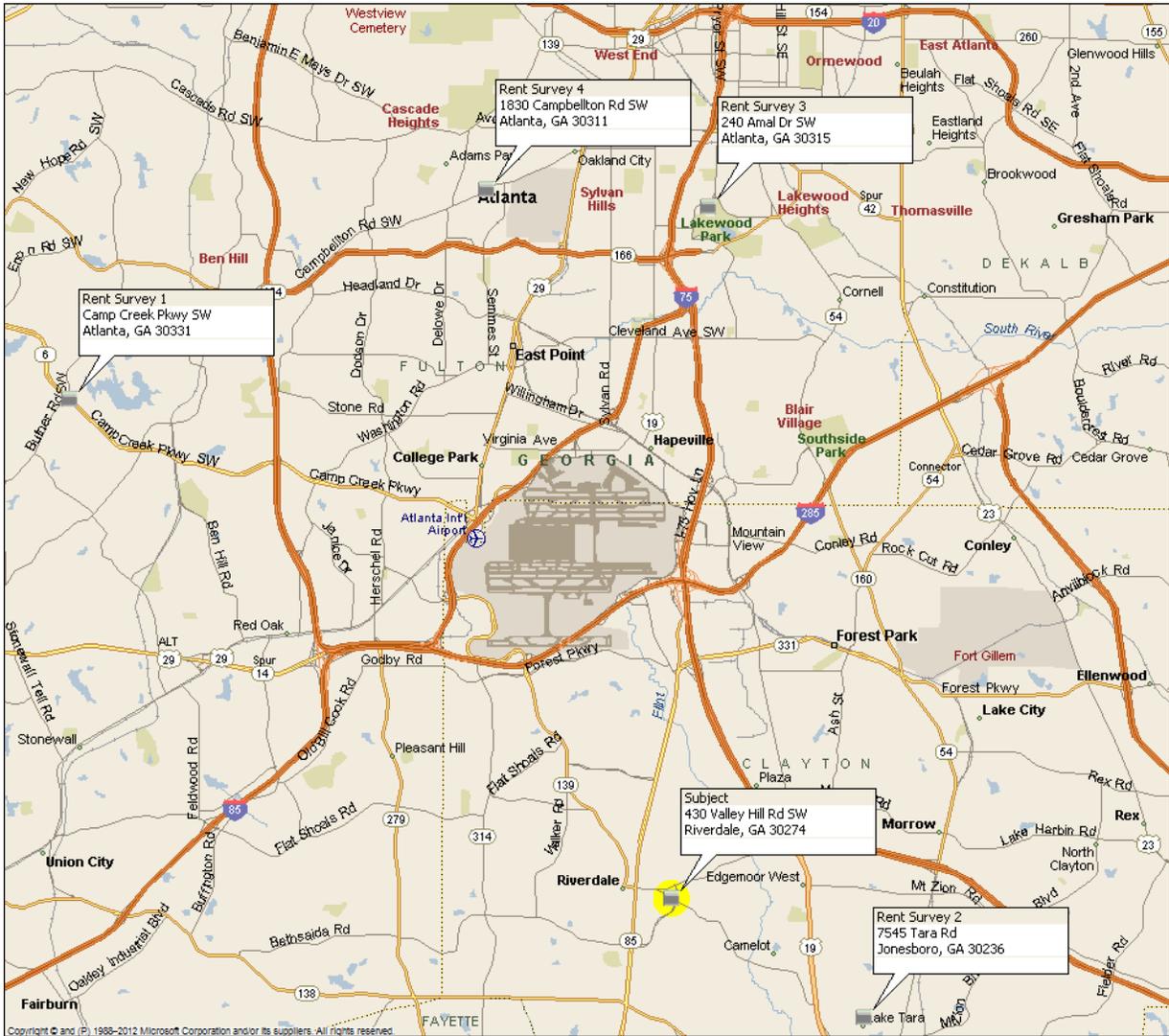
**Summary of Comparable Rentals**


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No.	Property Name; Address	Survey Date	Yr Built; Stories	Unit Mix	# Units; % Occ.	Avg. Unit SF	Avg. Rent/ Month	Avg. Rent/ SF
1	Legacy at Walton Lakes 4687 Camp Creek Pky. Atlanta	5/10/2017	2009 3		126 100%			
				1BR/1BA - Market	–	810	\$995	\$1.23
				1BR/1BA - 60%	–	810	\$696	\$0.86
				2BR/2BA - Market	–	1,270	\$1,175	\$0.93
				2BR/2BA - 60%	–	1,270	\$815	\$0.64
	Tenant-Paid Utilities:		Trash, In-Unit Electric, Sewer, Water					
	Unit Features:		Air Conditioning, Carpets/Drapes/Blinds, Dishwasher, Disposal, Patios/Balcony, Storage in Unit, Walk-in Closets, Washer/Dryer Hookup					
	Project Amenities:		Clubhouse/Rec. Bldg., Fitness Room, Laundry Facility, Security					
	Comments:		At the time of the survey, the property was 100% occupied. The property is leased to ages 55 and over tenants with a mix of market and 60% AMI units.					
2	Pointe Clear 7545 Tara Rd. Jonesboro	5/10/2017	1998 3		230 94%			
				1BR/1BA Market	–	804	\$675	\$0.84
				2BR/2BA Market	–	1,070	\$775	\$0.72
	Tenant-Paid Utilities:		In-Unit Electric, Water					
	Unit Features:		Patios/Balcony, Central AC, Vaulted Ceilings, Fireplace, Washer/Dryer Hookup, Walk-in Closets, Carpets/Drapes/Blinds, Modern Kitchens, Air Conditioning					
	Project Amenities:		Gated Entrance, Swimming Pool, Playground, Clubhouse/Rec. Bldg., Fitness Room, Laundry Facility, Security					
	Comments:		Since the property's July 2016 transaction, the property has been converting its LIHTC units to market units. At the time of the survey, we were made aware that the property no longer leases tax credit units. The property was 94% occupied at the time of the survey.					
3	The Renaissance at Park Place 240 Amal Dr. Atlanta	5/10/2017	2003 4		100 95%			
				1BD/1BA 80%	–	600	\$688	\$1.15
				2BD/2BA 80%	–	750	\$788	\$1.05
	Tenant-Paid Utilities:		In-Unit Electric, Water					
	Unit Features:		Air Conditioning, Carpets/Drapes/Blinds, Dishwasher, Washer/Dryer Hookup					
	Project Amenities:		Fitness Room, Security, Laundry Facility					
	Comments:		At the time of survey the property was 100% leased to all tax credit tenants who are eligible if they are 80% of the AMI or lower. The property is also restricted to ages 55 and older.					
4	Lillie R. Campbell House 1830 Campbellton Rd. Atlanta	11/29/2016	2007 3		96 97%			
				1BD/1BA Market	–	610	\$895	\$1.47
				1BD/1BA 60%	–	610	\$770	\$1.26
				2BD/2BA Market	–	858	\$1,125	\$1.31
				2BD/2BA 60%	–	858	\$830	\$0.97
	Tenant-Paid Utilities:		–					
	Unit Features:		Air Conditioning, Carpets/Drapes/Blinds, Dishwasher, Fireplace, Patios/Balcony, Walk-in Closets, Washer/Dryer In Unit					
	Project Amenities:		Clubhouse/Rec. Bldg., Fitness Room, Gated Entrance, Laundry Facility, Security, Spa/Hot Tub, Storage					
	Comments:		At the time of the survey, the property was 97% leased. The landlord was responsible for all utilities.					

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### Comparable Rentals Map





Rent Survey 1  
Legacy at Walton Lakes



Rent Survey 2  
Pointe Clear



Rent Survey 3  
The Renaissance at Park Place



Rent Survey 4  
Lillie R. Campbell House

## Rental Analysis Factors

Our analysis of the comparable rentals considers the following elements of comparison.

Rental Analysis Factors	
Tenant Paid Utilities	Utilities costs for which tenants are responsible.
Unit Size	Floor area in square feet.
Location	Market or submarket area influences on rent; surrounding land use influences.
Age/Condition	Effective age; physical condition.
Quality	Construction quality, market appeal, functional utility.
Unit Features	Features included in individual residential units.
Project Amenities	Amenities available to the entire property.

**Rent Survey 1** is Legacy at Walton Lakes, a 126 unit affordable senior community located at 4687 Camp Creek Pky., Atlanta, Fulton County, GA. This comparable was downward adjusted for being located in an area where higher rents are often achieved. This comparable was upward adjusted for having only washer/dryer hookup which is an inferior unit feature to that of the subject's washer/dryer in each unit. For the two bedroom units the unit feature adjustment is less since although this property does not have washer/dryers provided it has a second bathroom in the two bedroom unit.

**Rent Survey 2** is Pointe Clear has been converted into a 100% market unit property with 230 units located at 7545 Tara Rd., Jonesboro, Clayton County, GA. This comparable was upward adjusted for having only washer/dryer hookup which is an inferior unit feature to that of the subject's washer/dryer in each unit. For the two bedroom units the unit feature adjustment is less since although this property does not have washer/dryers provided it has a second bathroom in the two bedroom unit. The property had superior amenities, warranting a downward adjustment.

**Rent Survey 3** is The Renaissance at Park Place, a 100 unit affordable senior community located at 240 Amal Dr., Atlanta, Fulton County, GA. This comparable has recently been converted to a Mercy House program which houses tenant who are 80% AMI or less. This comparable was provided to offer support of the tax credit units, but is not included in the rent comparable grids. The rent comparable grids are reserved for the reconciliation of the market rents. The subject has recently been achieving maximum allowable rents in its tax credit units. Therefore, rent comparable grids were not necessary.

**Rent Survey 4 (Comparable 3 in the rent comparable grids)** is Lillie R. Campbell House, a 96 unit affordable senior community located at 1830 Campbellton Rd., Atlanta, Fulton County, GA. This comparable was downward adjusted for being located in an area where higher rents are often achieved. A slight downward adjustment was applied to the two bedroom units for having a second bathroom. The property had superior amenities, warranting a downward adjustment.

## Analysis of Comparable Rentals

### Rental Adjustment Grid - 1x1 Market

	Subject	Comparable 1	Comparable 2	Comparable 3
Property Name	Valley Hill Senior Apartments	Legacy at Walton Lakes	Pointe Clear	Lillie R. Campbell House
Address	430 Valley Hill Rd.	4687 Camp Creek Pky.	7545 Tara Rd.	1830 Campbellton Rd.
City	Riverdale	Atlanta	Jonesboro	Atlanta
County	Clayton	Fulton	Clayton	Fulton
State	Georgia	GA	GA	GA
Survey Date		May-17	May-17	Nov-16
Unit Type	1x1 Market	1BR/1BA - Market	1BR/1BA Market	1BD/1BA Market
Average Unit SF	672	810	804	610
Average Rent/Mo	\$750	\$995	\$675	\$895
Rent/SF	\$1.12	\$1.23	\$0.84	\$1.47
Year Built	2002	2009	1998	2007
<b>Average Rent/Month</b>		<b>\$995</b>	<b>\$675</b>	<b>\$895</b>
Utilities Adjustment				
\$ Adjustment		\$30	\$20	-\$50
Size Adjustment				
% Adjustment	50%			
\$ Adjustment		-\$84.76	-\$55.41	\$45.48
<b>Cumulative Adjusted Rent</b>		<b>\$940</b>	<b>\$640</b>	<b>\$890</b>
Location		-5%	-	-10%
Age/Condition		-	-	-
Unit Features		5%	5%	-
Project Amenities		-	-5%	-5%
Net \$ Adjustment		\$0	\$0	-\$134
Net % Adjustment		0%	0%	-15%
<b>Final Adjusted Price</b>		<b>\$940</b>	<b>\$640</b>	<b>\$757</b>
Overall Adjustment		-6%	-5%	-15%

Summary Indicators	Range	Average	Average/SF
Comparables - Adjusted	\$640 - \$940	\$779	-
Subject Contract Rents	\$711 - \$711	\$711	\$1.06
Recent Subject Leases	\$700 - \$700	\$700	\$1.04
Subject Asking Rent	\$750 - \$750	\$750	\$1.12
<b>Concluded Market Rent</b>	<b>\$775 (\$1.15/SF)</b>		

The manager indicates they have increased asking rents at the subject. Many of the tenants who have been onsite for years have lower rents.

**Rental Adjustment Grid - 2x1 Market**

	Subject	Comparable 1	Comparable 2	Comparable 3
Property Name	Valley Hill Senior Apartments	Legacy at Walton Lakes	Pointe Clear	Lillie R. Campbell House
Address	430 Valley Hill Rd.	4687 Camp Creek Pky.	7545 Tara Rd.	1830 Campbellton Rd.
City	Riverdale	Atlanta	Jonesboro	Atlanta
County	Clayton	Fulton	Clayton	Fulton
State	Georgia	GA	GA	GA
Survey Date		May-17	May-17	Nov-16
Unit Type	2x1 Market	2BR/2BA - Market	2BR/2BA Market	2BD/2BA Market
Average Unit SF	860	1,270	1,070	858
Average Rent/Mo	\$800	\$1,175	\$775	\$1,125
Rent/SF	\$0.93	\$0.93	\$0.72	\$1.31
Year Built	2002	2009	1998	2007
<b>Average Rent/Month</b>		<b>\$1,175</b>	<b>\$775</b>	<b>\$1,125</b>
Utilities Adjustment				
\$ Adjustment		\$40	\$30	-\$60
Size Adjustment				
% Adjustment	50%			
\$ Adjustment		-\$190	-\$76	\$1
<b>Cumulative Adjusted Rent</b>		<b>\$1,025</b>	<b>\$729</b>	<b>\$1,066</b>
Location		-5%	-	-10%
Age/Condition		-	-	-
Unit Features		2%	2%	-2%
Project Amenities		-	-5%	-5%
Net \$ Adjustment		-\$31	-\$22	-\$181
Net % Adjustment		-3%	-3%	-17%
<b>Final Adjusted Price</b>		<b>\$995</b>	<b>\$707</b>	<b>\$885</b>
Overall Adjustment		-15%	-9%	-21%
<b>Summary Indicators</b>		<b>Range</b>	<b>Average</b>	<b>Average/SF</b>
Comparables - Adjusted		\$707 - \$995	\$862	-
Subject Contract Rents		\$800 - \$800	\$800	\$0.93
Recent Subject Leases		\$800 - \$800	\$800	\$0.93
Subject Asking Rent		\$800 - \$800	\$800	\$0.93
<b>Concluded Market Rent</b>		<b>\$875 (\$1.02/SF)</b>		

<b>Unit Features and Project Amenities</b>					
	Subject	Rent 1	Rent 2	Rent 3	Rent 4
	Valley Hill Senior Apartments	Legacy at Walton Lakes	Pointe Clear	The Renaissance at Park Place	Lillie R. Campbell House
<b>Unit Features</b>					
Patios/Balcony	x	x	x		x
Fireplace			x		x
Vaulted Ceilings			x		
Dishwasher	x	x		x	x
Disposal	x	x			
Trash Compactor					
Washer/Dryer Hookup		x	x	x	
Washer/Dryer In Unit	x				x
Storage in Unit	x	x			
Air Conditioning	x	x	x	x	x
Carpets/Draperies/Blinds	x	x	x	x	x
Walk-in Closets		x	x		x
Comparison to Subject		Inferior	Inferior	Inferior	Similar
<b>Project Amenities</b>					
Gated Entrance			x		x
Swimming Pool			x		
Spa/Hot Tub					x
Sauna					
Covered Parking					
Garage/Under Building					
Tennis Court					
Playground			x		
Clubhouse/Rec. Bldg.	x	x	x		x
Fitness Room	x	x	x	x	x
Racquet Ball					
Volleyball					
Basketball					
Laundry Facility		x	x	x	x
Storage					x
Security		x	x	x	x
Comparison to Subject		Similar	Superior	Similar	Superior

## Market Rent Conclusion

Based on the preceding analysis of comparable rentals, market rent is estimated for each unit type as shown in the table that follows.

### Market Rent Conclusions

Unit Type	Total Units	Avg. Unit Size	Average Contract Rent	Average Asking Rent	Typical Recent Leases	Market Rent/Month	Market Rent/SF
1x1 Market	12	672	\$711	\$750	\$700	\$775	\$1.15
1x1 50% LIHTC	4	672	\$588	\$588	\$588	\$588	\$0.88
1x1 60% LIHTC	48	672	\$690	\$727	\$727	\$727	\$1.08
2x1 Market	2	860	\$800	\$800	\$800	\$875	\$1.02
2x1 50% LIHTC	1	860	\$714	\$738	\$738	\$714	\$0.83
2x1 60% LIHTC	5	860	\$865	\$865	\$865	\$865	\$1.01
Total/Avg.	72	693	\$703	\$735	\$727	\$741	\$1.07

The 50% and 60% AMI units recently leased at the subject property have leased for the maximum allowable rents as noted below. Therefore, we apply the maximum allowable rents to the rent restricted units.

Current Unit Mix Based Off 5.30.17 Rent Roll				
Type	Unit Size	Units	Net Rent Charged	
Market	1x1	12	\$	750.00
Market	2x1	2	\$	800.00
60%	1x1	48	\$	729.00
60%	2x1	5	\$	872.00
50%	1x1	4	\$	598.00
50%	2x1	1	\$	714.00
Total		72		

## Stabilized Income and Expenses

### Potential Gross Rent

The following table summarizes the potential gross rent of the subject based on contract rent from leased units plus market rent applied to vacant units. The total of these amounts is compared to the potential rent that would be generated if the entire property were leased at market rates.

**Potential Gross Rent**

Unit Type	Total Units	Potential Rent at Contract (1)	Avg. Contract Rent/Unit	Market Rent/Unit	Potential Rent at Market	Contract As % of Market
<b>Leased Units</b>						
1x1 Market	12	\$102,384	\$711	\$775	\$111,600	92%
1x1 50% LIHTC	4	\$28,224	\$588	\$588	\$28,224	100%
1x1 60% LIHTC	48	\$397,440	\$690	\$727	\$418,752	95%
2x1 Market	2	\$19,200	\$800	\$875	\$21,000	91%
2x1 50% LIHTC	1	\$8,568	\$714	\$714	\$8,568	100%
2x1 60% LIHTC	5	\$51,900	\$865	\$865	\$51,900	100%
<b>Grand Total</b>	<b>72</b>	<b>\$607,716</b>	<b>\$703</b>	<b>\$741</b>	<b>\$640,044</b>	<b>95%</b>

<sup>1</sup> Contract rent for leased units; vacant and employee/model units, if any, at market.

In our stabilized income projection for the subject, rental income is based on the average of contract rent and market rent (50/50 blended rental rate). Income is projected for the 12-month period following the effective date of the appraisal.

**Employee/Model Units**

There are no model or employee units.

**Expense Reimbursements**

As leases do not provide for any tenant reimbursements of expenses, no expense recovery income is estimated.

**Other Income**

This category includes revenues from late fees, application fees, and miscellaneous sources. We have utilized \$4,000 as other income in the analysis.

**Vacancy & Collection Loss**

Stabilized vacancy and collection loss is estimated at 2.0%. This estimate considers the submarket vacancy rate, the subject's historically high occupancy and its current occupancy of 97%.

**Concessions**

Concessions are not typical in the market, particularly for age restricted properties. Additionally, the subject has high occupancy. No concessions are included in the analysis.

**Expenses**

Operating expenses are estimated based on the operating history of the subject, expense data from comparable properties, and industry benchmarks, as summarized in the following tables.

### Operating History and Projections

	Actual 2014	Actual 2015	Actual 2016	4 Months Annualized 2017	Budget 2018	IRR Projection
<b>Income</b>						
Rental Income	\$553,468	\$565,511	\$572,606	\$601,347	\$632,292	\$640,044
Vacancy & Collection Loss @ 2.0%	-\$27,593	-\$12,746	-\$5,066	-\$11,484	-\$31,615	-12,801
Concessions @ 0.5%	-3,565	-563	-2,081	-1,920	0	-3,200
Other Income	6,236	3,016	4,608	1,485	5,400	4,000
Effective Gross Income	\$528,546	\$555,218	\$570,068	\$589,428	\$606,077	\$628,043
<b>Expenses</b>						
Real Estate Taxes	\$55,689	\$45,096	\$50,185	\$48,735	\$49,325	\$55,723
Insurance	10,674	22,846	19,900	18,360	18,360	18,360
Utilities	60,313	66,698	55,756	53,475	58,032	57,000
Repairs/Maintenance	42,750	40,338	45,329	29,300	46,800	40,000
Painting & Decorating	9,504	13,569	7,356	4,531	0	8,000
Payroll/Benefits	83,313	96,586	116,612	109,164	75,600	80,000
Advertising & Marketing	12,450	15,431	7,502	1,863	4,680	6,000
General/Administrative Management	17,547	12,453	34,147	20,849	7,200	10,000
Management	34,894	34,605	28,269	29,518	30,304	31,402
Replacement Reserves	0	0	0	0	18,000	18,000
Total Expenses	\$327,133	\$347,622	\$365,056	\$315,796	\$308,301	\$324,485
<b>Net Operating Income</b>	<b>\$201,414</b>	<b>\$207,596</b>	<b>\$205,012</b>	<b>\$273,632</b>	<b>\$297,776</b>	<b>\$303,558</b>
Operating Expense Ratio**	61.9%	62.6%	64.0%	53.6%	47.9%	48.8%
<b>Income per Unit</b>						
Rental Income	\$7,687	\$7,854	\$7,953	\$8,352	\$8,782	\$8,890
Vacancy & Collection Loss @ 2.0%	-\$383	-\$177	-\$70	-\$160	-\$439	-\$178
Concessions @ 0.5%	-50	-8	-29	-27	0	-44
Expense Reimbursements	0	0	0	0	0	0
Other Income	87	42	64	21	75	56
Effective Gross Income per Unit	\$7,341	\$7,711	\$7,918	\$8,186	\$8,418	\$8,723
<b>Expenses per Unit</b>						
Real Estate Taxes	\$773	\$626	\$697	\$677	\$685	\$774
Insurance	148	317	276	255	255	255
Utilities	838	926	774	743	806	792
Repairs/Maintenance	594	560	630	407	650	556
Painting & Decorating	132	188	102	63	0	111
Payroll/Benefits	1,157	1,341	1,620	1,516	1,050	1,111
Advertising & Marketing	173	214	104	26	65	83
General/Administrative Management	244	173	474	290	100	139
Management	485	481	393	410	421	436
Replacement Reserves	0	0	0	0	250	250
Total Expenses per Unit	\$4,544	\$4,828	\$5,070	\$4,386	\$4,282	\$4,507
<b>NOI per Unit</b>	<b>\$2,797</b>	<b>\$2,883</b>	<b>\$2,847</b>	<b>\$3,800</b>	<b>\$4,136</b>	<b>\$4,216</b>
Number of Units	72	72	72	72	72	72

\*IRR projected income is the total potential income attributable to the property before deduction of vacancy and collection loss. Historical income is the actual income that has been collected by the property owner.

\*\*Replacement reserves, if any, are excluded from total expenses for purposes of determining the Operating Expense Ratio.

Expense Analysis per Unit									
	Comp Data*			Subject					
	Comp 1	Comp 2	Comp 3	Historical and Projected Expenses					
Year Built	2003	1996	1997	2002					
Number of Units	256	280	136	72					
Operating Data Type	Pro-forma	Pro-forma	Pro-forma	Actual	Actual	Actual	Annualized	Budget	IRR
Year	Owner	Owner	Owner	2014	2015	2016	2017	2018	Projection
Real Estate Taxes	\$871	\$1,185	\$990	\$773	\$626	\$697	\$677	\$685	\$774
Insurance	\$221	\$223	\$194	\$148	\$317	\$276	\$255	\$255	\$255
Utilities	\$874	\$995	\$712	\$838	\$926	\$774	\$743	\$806	\$792
Repairs/Maintenance	\$149	\$524	\$705	\$594	\$560	\$630	\$407	\$650	\$556
Painting & Decorating	\$247	\$193	\$275	\$132	\$188	\$102	\$63	\$0	\$111
Payroll/Benefits	\$1,040	\$1,167	\$1,700	\$1,157	\$1,341	\$1,620	\$1,516	\$1,050	\$1,111
Advertising & Marketing	\$145	\$169	\$219	\$173	\$214	\$104	\$26	\$65	\$83
General/Administrative Management	\$238	\$401	\$312	\$244	\$173	\$474	\$290	\$100	\$139
Replacement Reserves	\$373	\$340	\$425	\$485	\$481	\$393	\$410	\$421	\$436
Replacement Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$250	\$250
<b>Total</b>	<b>\$4,158</b>	<b>\$5,196</b>	<b>\$5,531</b>	<b>\$4,544</b>	<b>\$4,828</b>	<b>\$5,070</b>	<b>\$4,386</b>	<b>\$4,282</b>	<b>\$4,507</b>
Operating Expense Ratio	44.6%	46.0%	51.7%	61.9%	62.6%	64.0%	53.6%	47.9%	48.8%

The subject's estimated expenses fall within the range of the expense comps on a per unit basis and on an operating expense ratio.

## Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. We consider the following data in selecting a capitalization rate for the subject.

<b>Capitalization Rate Comparables</b>							
No.	Property Name	Year Built	Sale Date	% Occup.	No. Units	Price/Unit	Cap Rate
1	Columbia Woods Townhomes	2002	2/3/2017	98%	119	\$62,605	–
2	Pointe Clear	1998	7/25/2016	100%	230	\$60,435	7.20%
3	Baywood Park	1995	6/13/2016	95%	120	\$55,270	–
4	Orchard Cove Apartments	2000	5/12/2015	96%	188	\$58,511	6.95%
5	The Courtyard at Maple	1993	5/5/2015	97%	182	\$76,923	4.14%
6	Plantation Ridge	1998	3/18/2015	92%	218	\$73,417	–
7	Pine Hill Apartments (F/K/A-Vineyard Hill)	1995	6/7/2016	96%	128	\$50,000	6.80%
Average (Mean) Cap Rate:							6.27%

The capitalization rate indications range from 4.14% to 7.2%. Sale 4 with in-place cap rate of 4.14% had a buyer pro-forma cap rate of about 7%.

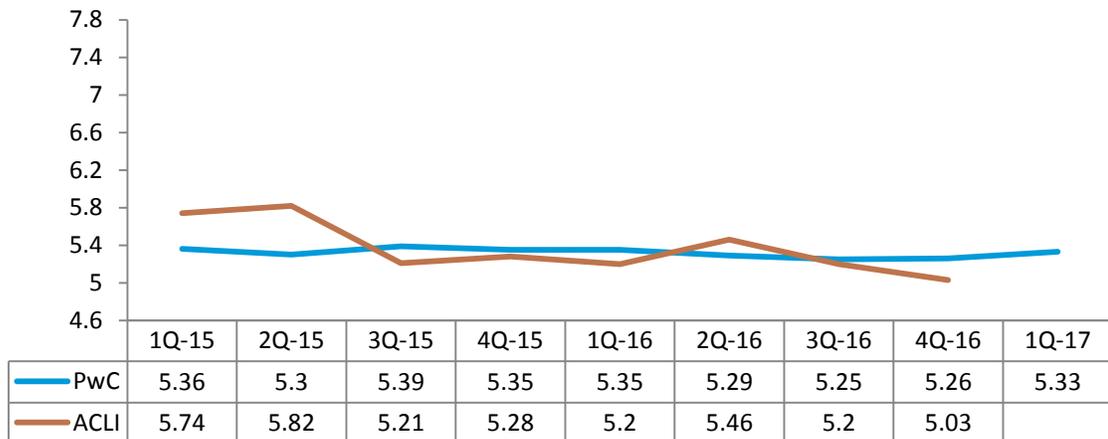
## Capitalization Rate Surveys – Multifamily Properties

	IRR-ViewPoint Year End 2016 National Urban Multifamily	IRR-ViewPoint Year End 2016 National Suburban Multifamily	PwC 1Q-17 National Apartment	ACLI 4Q-16 National Apartment
Range	3.75% - 8.75%	4.00% - 8.75%	3.50% - 8.00%	NA
Average	5.71%	5.88%	5.33%	5.03%

Source: IRR-Viewpoint 2016; PwC Real Estate Investor Survey; American Council of Life Insurers Investment

The surveys reflect investment grade properties and are typically market rent properties and not affordable housing.

## Multifamily Capitalization Rate Trends



PwC- PwC Real Estate Investor Survey - National Apartment Market

ACLI - American Council of Life Insurers Investment Bulletin - Apartment Properties

### Band of Investment Method

#### Mortgage/Equity Assumptions

Loan To Value Ratio	90%
Interest Rate	4.50%
Amortization (Years)	35
Mortgage Constant	0.0568
Equity Ratio	10%
Equity Dividend Rate	7.00%

#### Weighted Average of Mortgage and Equity Requirements

Mortgage Requirement	90%	x	5.68% =	5.11%
Equity Requirement	10%	x	7.00% =	0.70%

**Indicated Capitalization Rate** **5.81%**

**Rounded** **5.80%**

Based on an analysis of the preceding data, a going-in capitalization rate for the subject is indicated within a range of 5.50% to 7.00%. To reach a capitalization rate conclusion, we consider each of the following investment risk factors to gauge its impact on the rate. The direction of each arrow in the following table indicates our judgment of an upward, downward, or neutral influence of each factor.

<b>Risk Factor</b>	<b>Issues</b>	<b>Impact on Rate</b>
Income Characteristics	Stability of occupancy, above/below market rents, rent control.	↔
Competitive Market Position	Construction quality, appeal, condition, effective age, functional utility.	↓
Location	Market area demographics and life cycle trends; proximity issues; access and support services.	↔
Market	Vacancy rates and trends; rental rate trends; supply and demand.	↓
Highest & Best Use	Upside potential from redevelopment, adaptation, expansion.	↓
Overall Impact		↓

Accordingly, we conclude a capitalization rate as follows:

<b>Capitalization Rate Conclusion</b>	
Going-In Capitalization Rate	6.00%

### Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject. Valuation of the subject by direct capitalization is shown in the table that follows.

<b>Direct Capitalization Analysis</b>			
		Annual	\$/Unit
<b>INCOME</b>			
Rental Income		\$640,044	\$8,890
Potential Gross Income		\$640,044	\$8,890
Vacancy & Collection Loss	2.00%	-\$12,801	-\$178
Concessions	0.50%	-\$3,200	-\$44
Other Income		\$4,000	\$56
Effective Gross Income		\$628,043	\$8,723
<b>EXPENSES</b>			
Real Estate Taxes		\$55,723	\$774
Insurance		\$18,360	\$255
Utilities		\$57,000	\$792
Repairs/Maintenance		\$40,000	\$556
Painting & Decorating		\$8,000	\$111
Payroll/Benefits		\$80,000	\$1,111
Advertising & Marketing		\$6,000	\$83
General/Administrative		\$10,000	\$139
Management	5.00%	\$31,402	\$436
Replacement Reserves		\$18,000	\$250
Total Expenses		\$324,485	\$4,507
NET OPERATING INCOME		\$303,558	\$4,216
Capitalization Rate		6.00%	
<b>Indicated Value</b>		\$5,059,296	\$70,268
<b>Rounded</b>		<b>\$5,100,000</b>	<b>\$70,833</b>

## Income Approach: Prospective Market Value Upon Completion of Renovations and Encumbered by Restricted Rents Conclusion

We expect maximum rents for the restricted rent units to be achieved after renovations have been completed. After renovation, there will no longer be any market rent units at the property. All units will be rent restricted.

### Subject Rental Rates

Unit Type	Average Unit Size	Total Units	Asking Rent <sup>1</sup>		Contract Rent <sup>2</sup>	
			Average	Avg. \$/SF	Average	Avg. \$/SF
1x1 50% LIHTC	672	5	\$598	\$0.89	\$598	\$0.89
1x1 60% LIHTC	672	61	\$729	\$1.08	\$729	\$1.08
2x1 60% LIHTC	860	6	\$872	\$1.01	\$872	\$1.01
<b>TOTAL/AVG.</b>	<b>688</b>	<b>72</b>	<b>\$732</b>	<b>\$1.06</b>	<b>\$732</b>	<b>\$1.06</b>

1. Includes employee & model units, if any.

2. Figures are for tenant-occupied units only. Excludes any employee or model units.

Prior to renovation, the property is "Held Harmless" to the 2016 Maximum Rents. The prior and currently applicable Maximum Rents were set in 2009 and are higher because they were considered to be prior to the recession. However, after renovation is complete, the owner will place new tax credits on the property, and the property will be subject to the 2016 Maximum Rents. Under the new tax credit, 100% of the units will be leased as LIHTC units with no market units. Both the 50% and 60% AMI Units will have a maximum rent higher than the rents prior to renovation.

<b>PROPOSED RENTS</b>					
Unit Type	Number of Units	Unit Size (SF)	Asking Rent - Net Max	Utility Allowance	Gross Rent
<i>Affordable Units at 50% AMI</i>					
1BR/1BA	5	672	\$598	\$55	\$653
<i>Affordable Units at 60% AMI</i>					
1BR/1BA	61	672	\$729	\$55	\$784
2BR/1BA	6	860	\$872	\$70	\$942
<b>Total</b>	<b>72</b>				

### Potential Gross Rent

The following table summarizes the potential gross rent of the subject based on maximum allowable rent from leased units. The total of these amounts is compared to the potential rent that would be generated if the entire property were leased at market rates.

#### Potential Gross Rent

Unit Type	Total Units	Potential Rent at Contract (1)	Avg. Contract Rent/Unit	Market Rent/Unit	Potential Rent at Market	Contract As % of Market
<b>Leased Units</b>						
1x1 50% LIHTC	5	\$35,880	\$598	\$598	\$35,880	100%
1x1 60% LIHTC	61	\$533,628	\$729	\$729	\$533,628	100%
2x1 60% LIHTC	6	\$62,784	\$872	\$872	\$62,784	100%
<b>Grand Total</b>	<b>72</b>	<b>\$632,292</b>	<b>\$732</b>	<b>\$732</b>	<b>\$632,292</b>	<b>100%</b>

<sup>1</sup> Contract rent for leased units; vacant and employee/model units, if any, at market.

In our the projection of the Prospective Market Value Upon Completion/Stabilization As Encumbered by Restricted Rents for the subject, rental income is based on maximum allowable rents for restricted units which will make up 100% of the property. Income is projected for the 12-month period following the effective date of the appraisal.

### Expense Reimbursements

Income is generated from tenant obligations to reimburse the owner for water and sewer. The tenant pays a flat rate to the landlord based on their respective floor plan.

### Vacancy & Collection Loss

Stabilized vacancy and collection loss is estimated at 2.0%. This estimate considers the submarket vacancy rate and vacancy rates at competing properties.

### Concessions

A deduction is made to reflect income loss due to free rent and other tenant concessions that are customary at the subject and also typical in the market. Minimal concessions are included in our analysis.

### Expenses

Operating expenses are estimated based on the operating history of the subject, expense data from comparable properties, and industry benchmarks, as summarized in the following tables.

### Operating History and Projections

	Actual 2014	Actual 2015	Actual 2016	4 Months Annualized 2017	Budget 2018	IRR Projection
<b>Income</b>						
Rental Income	\$553,468	\$565,511	\$572,606	\$601,347	\$632,292	\$632,292
Vacancy & Collection Loss @ 2.0%	-\$27,593	-\$12,746	-\$5,066	-\$11,484	-\$31,615	-12,646
Concessions @ 0.5%	-3,565	-563	-2,081	-1,920	0	-3,161
Expense Reimbursements	0	0	0	0	0	0
Other Income	6,236	3,016	4,608	1,485	5,400	4,000
Effective Gross Income	\$528,546	\$555,218	\$570,068	\$589,428	\$606,077	\$620,485
<b>Expenses</b>						
Real Estate Taxes	\$55,689	\$45,096	\$50,185	\$48,735	\$49,325	\$57,418
Insurance	10,674	22,846	19,900	18,360	18,360	18,360
Utilities	60,313	66,698	55,756	53,475	58,032	58,000
Repairs/Maintenance	42,750	40,338	45,329	29,300	46,800	32,400
Painting & Decorating	9,504	13,569	7,356	4,531	0	8,000
Payroll/Benefits	83,313	96,586	116,612	109,164	75,600	80,000
Advertising & Marketing	12,450	15,431	7,502	1,863	4,680	4,000
General/Administrative Management	17,547	12,453	34,147	20,849	7,200	10,000
Replacement Reserves	34,894	34,605	28,269	29,518	30,304	31,024
	0	0	0	0	18,000	18,000
Total Expenses	\$327,133	\$347,622	\$365,056	\$315,796	\$308,301	\$317,202
<b>Net Operating Income</b>	<b>\$201,414</b>	<b>\$207,596</b>	<b>\$205,012</b>	<b>\$273,632</b>	<b>\$297,776</b>	<b>\$303,282</b>
Operating Expense Ratio**	61.9%	62.6%	64.0%	53.6%	47.9%	48.2%
<b>Income per Unit</b>						
Rental Income	\$7,687	\$7,854	\$7,953	\$8,352	\$8,782	\$8,782
Vacancy & Collection Loss @ 2.0%	-\$383	-\$177	-\$70	-\$160	-\$439	-\$176
Concessions @ 0.5%	-50	-8	-29	-27	0	-44
Expense Reimbursements	0	0	0	0	0	0
Other Income	87	42	64	21	75	56
Effective Gross Income per Unit	\$7,341	\$7,711	\$7,918	\$8,186	\$8,418	\$8,618
<b>Expenses per Unit</b>						
Real Estate Taxes	\$773	\$626	\$697	\$677	\$685	\$797
Insurance	148	317	276	255	255	255
Utilities	838	926	774	743	806	806
Repairs/Maintenance	594	560	630	407	650	450
Painting & Decorating	132	188	102	63	0	111
Payroll/Benefits	1,157	1,341	1,620	1,516	1,050	1,111
Advertising & Marketing	173	214	104	26	65	56
General/Administrative Management	244	173	474	290	100	139
	485	481	393	410	421	431
Replacement Reserves	0	0	0	0	250	250
Total Expenses per Unit	\$4,544	\$4,828	\$5,070	\$4,386	\$4,282	\$4,406
<b>NOI per Unit</b>	<b>\$2,797</b>	<b>\$2,883</b>	<b>\$2,847</b>	<b>\$3,800</b>	<b>\$4,136</b>	<b>\$4,212</b>
Number of Units	72	72	72	72	72	72

\*IRR projected income is the total potential income attributable to the property before deduction of vacancy and collection loss. Historical income is the actual income that has been collected by the property owner.

\*\*Replacement reserves, if any, are excluded from total expenses for purposes of determining the Operating Expense Ratio.

**Direct Capitalization Analysis**

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject. Valuation of the subject by direct capitalization is shown in the table that follows.

<b>Direct Capitalization Analysis</b>			
		Annual	\$/Unit
<b>INCOME</b>			
Rental Income		\$632,292	\$8,782
Potential Gross Income		\$632,292	\$8,782
Vacancy & Collection Loss	2.00%	-\$12,646	-\$176
Concessions	0.50%	-\$3,161	-\$44
Other Income		\$4,000	\$56
Effective Gross Income		\$620,485	\$8,618
<b>EXPENSES</b>			
Real Estate Taxes		\$57,418	\$797
Insurance		\$18,360	\$255
Utilities		\$58,000	\$806
Repairs/Maintenance		\$32,400	\$450
Painting & Decorating		\$8,000	\$111
Payroll/Benefits		\$80,000	\$1,111
Advertising & Marketing		\$4,000	\$56
General/Administrative		\$10,000	\$139
Management	5.00%	\$31,024	\$431
Replacement Reserves		\$18,000	\$250
Total Expenses		\$317,202	\$4,406
NET OPERATING INCOME		\$303,282	\$4,212
Capitalization Rate		6.00%	
<b>Indicated Value</b>		\$5,054,708	\$70,204
<b>Rounded</b>		<b>\$5,100,000</b>	<b>\$70,833</b>

## Income Approach: Prospective Market Value Upon Completion/Stabilization As If Unencumbered by Restricted Rents

In the valuation of the Prospective Market Value Upon Completion / Stabilization As If Unencumbered by Restricted Rents we employ the following hypothetical condition:

The prospective value upon completion/stabilization as if unencumbered by restricted rents applies a hypothetical condition where the property is unencumbered by its current affordable restrictions under the Section 42 Low Income Housing Tax Credit (LIHTC) program. This is contrary to reality and does not reflect an as is value because the subject property is encumbered by these restricted rents until year 2031.

Since the property will have undergone renovation, slightly higher market rents are concluded.

### Market Rent Analysis

<b>Rental Adjustment Grid - 1x1 Market</b>				
	Subject	Comparable 1	Comparable 2	Comparable 3
Property Name	Valley Hill Senior Apartments	Legacy at Walton Lakes	Pointe Clear	Lillie R. Campbell House
Address	430 Valley Hill Rd.	4687 Camp Creek Pky.	7545 Tara Rd.	1830 Campbellton Rd.
City	Riverdale	Atlanta	Jonesboro	Atlanta
County	Clayton	Fulton	Clayton	Fulton
State	Georgia	GA	GA	GA
Survey Date		May-17	May-17	Nov-16
Unit Type	1x1 Market	1BR/1BA - Market	1BR/1BA Market	1BD/1BA Market
Average Unit SF	672	810	804	610
Average Rent/Mo	\$750	\$995	\$675	\$895
Rent/SF	\$1.12	\$1.23	\$0.84	\$1.47
Year Built	2002	2009	1998	2007
<b>Average Rent/Month</b>		<b>\$995</b>	<b>\$675</b>	<b>\$895</b>
Utilities Adjustment				
\$ Adjustment		\$30	\$20	-\$50
Size Adjustment				
% Adjustment	50%			
\$ Adjustment		-\$84.76	-\$55.41	\$45.48
<b>Cumulative Adjusted Rent</b>		<b>\$940</b>	<b>\$640</b>	<b>\$890</b>
Location		-5%	-	-10%
Age/Condition		-	-	-
Unit Features		5%	5%	-
Project Amenities		-	-5%	-5%
Net \$ Adjustment		\$0	\$0	-\$134
Net % Adjustment		0%	0%	-15%
<b>Final Adjusted Price</b>		<b>\$940</b>	<b>\$640</b>	<b>\$757</b>
Overall Adjustment		-6%	-5%	-15%
<b>Summary Indicators</b>	<b>Range</b>	<b>Average</b>	<b>Average/SF</b>	
Comparables - Adjusted	\$640 - \$940	\$779	-	
Subject Contract Rents	\$702 - \$702	\$702	\$1.04	
Recent Subject Leases	\$727 - \$727	\$727	\$1.08	
Subject Asking Rent	\$750 - \$750	\$750	\$1.12	
<b>Concluded Market Rent</b>	<b>\$825 (\$1.23/SF)</b>			

**Rental Adjustment Grid - 2x1 Market**

	Subject	Comparable 1	Comparable 2	Comparable 3
Property Name	Valley Hill Senior Apartments	Legacy at Walton Lakes	Pointe Clear	Lillie R. Campbell House
Address	430 Valley Hill Rd.	4687 Camp Creek Pky.	7545 Tara Rd.	1830 Campbellton Rd.
City	Riverdale	Atlanta	Jonesboro	Atlanta
County	Clayton	Fulton	Clayton	Fulton
State	Georgia	GA	GA	GA
Survey Date		May-17	May-17	Nov-16
Unit Type	2x1 Market	2BR/2BA - Market	2BR/2BA Market	2BD/2BA Market
Average Unit SF	860	1,270	1,070	858
Average Rent/Mo	\$800	\$1,175	\$775	\$1,125
Rent/SF	\$0.93	\$0.93	\$0.72	\$1.31
Year Built	2002	2009	1998	2007
<b>Average Rent/Month</b>		<b>\$1,175</b>	<b>\$775</b>	<b>\$1,125</b>
Utilities Adjustment				
\$ Adjustment		\$40	\$30	-\$60
Size Adjustment				
% Adjustment	50%			
\$ Adjustment		-\$190	-\$76	\$1
<b>Cumulative Adjusted Rent</b>		<b>\$1,025</b>	<b>\$729</b>	<b>\$1,066</b>
Location		-5%	-	-10%
Age/Condition		-	-	-
Unit Features		2%	2%	-2%
Project Amenities		-	-5%	-5%
Net \$ Adjustment		-\$31	-\$22	-\$181
Net % Adjustment		-3%	-3%	-17%
<b>Final Adjusted Price</b>		<b>\$995</b>	<b>\$707</b>	<b>\$885</b>
Overall Adjustment		-15%	-9%	-21%

<b>Summary Indicators</b>	<b>Range</b>	<b>Average</b>	<b>Average/SF</b>
Comparables - Adjusted	\$707 - \$995	\$862	-
Subject Contract Rents	\$720 - \$720	\$720	\$0.84
Recent Subject Leases	\$800 - \$800	\$800	\$0.93
Subject Asking Rent	\$800 - \$800	\$800	\$0.93
<b>Concluded Market Rent</b>	<b>\$925 (\$1.08/SF)</b>		

Comparables 1 and 2 were adjusted upward slightly since they do not include washer/dryers but they have a second bathroom. Comparable 3 in the grid (Survey 4) has washer/dryers provided like the subject but also has a second bathroom which requires downward adjustment.

## Market Rent Conclusion

### Market Rent Conclusions

Unit Type	Total Units	Avg. Unit Size	Average Contract Rent	Average Asking Rent	Market Rent/Month	Market Rent/SF
1x1 50% LIHTC	5	672	\$598	\$598	\$825	\$1.23
1x1 60% LIHTC	61	672	\$729	\$729	\$825	\$1.23
2x1 60% LIHTC	6	860	\$872	\$872	\$925	\$1.08
Total/Avg.	72	688	\$732	\$732	\$833	\$1.21

The following table summarizes the potential gross rent of the subject based on market rents as reflected by the comparables. The total of these amounts is compared to the potential rent that would be generated if the entire property were leased at market rates.

### Vacancy & Collection Loss

Stabilized vacancy and collection loss is estimated at 5.0%. This estimate considers the submarket vacancy rate and vacancy rates at competing properties.

### Concessions

A deduction is made to reflect income loss due to free rent and other tenant concessions that are customary at the subject and also typical in the market. We estimate concessions of 1.0% due to the higher rents.

### Expenses

Operating expenses are estimated based on the operating history of the subject, expense data from comparable properties, and industry benchmarks, as summarized in the following tables.

### Operating History and Projections

	Actual 2014	Actual 2015	Actual 2016	4 Months Annualized 2017	Budget 2018	IRR Projection
<b>Income</b>						
Rental Income	\$553,468	\$565,511	\$572,606	\$601,347	\$632,292	\$720,000
Vacancy & Collection Loss @ 5.0%	-\$27,593	-\$12,746	-\$5,066	-\$11,484	-\$31,615	-36,000
Concessions @ 1.0%	-3,565	-563	-2,081	-1,920	0	-7,200
Expense Reimbursements	0	0	0	0	0	0
Other Income	6,236	3,016	4,608	1,485	5,400	4,000
Effective Gross Income	\$528,546	\$555,218	\$570,068	\$589,428	\$606,077	\$680,800
<b>Expenses</b>						
Real Estate Taxes	\$55,689	\$45,096	\$50,185	\$48,735	\$49,325	\$57,418
Insurance	10,674	22,846	19,900	18,360	18,360	18,360
Utilities	60,313	66,698	55,756	53,475	58,032	57,000
Repairs/Maintenance	42,750	40,338	45,329	29,300	46,800	40,000
Painting & Decorating	9,504	13,569	7,356	4,531	0	8,000
Payroll/Benefits	83,313	96,586	116,612	109,164	75,600	80,000
Advertising & Marketing	12,450	15,431	7,502	1,863	4,680	6,000
General/Administrative Management	17,547	12,453	34,147	20,849	7,200	10,000
Replacement Reserves	0	0	0	0	18,000	18,000
Total Expenses	\$327,133	\$347,622	\$365,056	\$315,796	\$308,301	\$328,818
<b>Net Operating Income</b>	<b>\$201,414</b>	<b>\$207,596</b>	<b>\$205,012</b>	<b>\$273,632</b>	<b>\$297,776</b>	<b>\$351,982</b>
Operating Expense Ratio**	61.9%	62.6%	64.0%	53.6%	47.9%	45.7%
<b>Income per Unit</b>						
Rental Income	\$7,687	\$7,854	\$7,953	\$8,352	\$8,782	\$10,000
Vacancy & Collection Loss @ 5.0%	-\$383	-\$177	-\$70	-\$160	-\$439	-\$500
Concessions @ 1.0%	-50	-8	-29	-27	0	-100
Expense Reimbursements	0	0	0	0	0	0
Other Income	87	42	64	21	75	56
Effective Gross Income per Unit	\$7,341	\$7,711	\$7,918	\$8,186	\$8,418	\$9,456
<b>Expenses per Unit</b>						
Real Estate Taxes	\$773	\$626	\$697	\$677	\$685	\$797
Insurance	148	317	276	255	255	255
Utilities	838	926	774	743	806	792
Repairs/Maintenance	594	560	630	407	650	556
Painting & Decorating	132	188	102	63	0	111
Payroll/Benefits	1,157	1,341	1,620	1,516	1,050	1,111
Advertising & Marketing	173	214	104	26	65	83
General/Administrative Management	244	173	474	290	100	139
Replacement Reserves	0	0	0	0	250	250
Total Expenses per Unit	\$4,544	\$4,828	\$5,070	\$4,386	\$4,282	\$4,567
<b>NOI per Unit</b>	<b>\$2,797</b>	<b>\$2,883</b>	<b>\$2,847</b>	<b>\$3,800</b>	<b>\$4,136</b>	<b>\$4,889</b>
Number of Units	72	72	72	72	72	72

\*IRR projected income is the total potential income attributable to the property before deduction of vacancy and collection loss. Historical income is the actual income that has been collected by the property owner.

\*\*Replacement reserves, if any, are excluded from total expenses for purposes of determining the Operating Expense Ratio.

**Direct Capitalization Analysis**

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject. Valuation of the subject by direct capitalization is shown in the table that follows.

<b>Direct Capitalization Analysis</b>			
		Annual	\$/Unit
<b>INCOME</b>			
Rental Income		\$720,000	\$10,000
Potential Gross Income		\$720,000	\$10,000
Vacancy & Collection Loss	5.00%	-\$36,000	-\$500
Concessions	1.00%	-\$7,200	-\$100
Other Income		\$4,000	\$56
Effective Gross Income		\$680,800	\$9,456
<b>EXPENSES</b>			
Real Estate Taxes		\$57,418	\$797
Insurance		\$18,360	\$255
Utilities		\$57,000	\$792
Repairs/Maintenance		\$40,000	\$556
Painting & Decorating		\$8,000	\$111
Payroll/Benefits		\$80,000	\$1,111
Advertising & Marketing		\$6,000	\$83
General/Administrative Management	5.00%	\$10,000	\$139
Replacement Reserves		\$34,040	\$473
		\$18,000	\$250
Total Expenses		\$328,818	\$4,567
NET OPERATING INCOME		\$351,982	\$4,889
Capitalization Rate		6.00%	
<b>Indicated Value</b>		\$5,866,367	\$81,477
<b>Rounded</b>		<b>\$5,900,000</b>	<b>\$81,944</b>

## Reconciliation and Conclusion of Value

The values indicated by our analyses are as follows:

### Summary of Value Indications

	Market Value As Is	Prospective Market Value Upon Completion of Renovations and Stabilization As Encumbered by Restricted Rents	Prospective Market Value Upon Completion of Renovations and Stabilization As If Unencumbered by Restricted Rents
Cost Approach	Not Used	Not Used	Not Used
Sales Comparison Approach	\$4,500,000	Not Used	Not Used
Income Capitalization Approach	\$5,100,000	\$5,100,000	\$5,900,000
Reconciled	\$5,000,000	\$5,100,000	\$5,900,000

The income capitalization approach is given the greatest weight because it is the most reliable valuation method for the subject. The sales comparison approach is given less weight because it does not directly consider the income characteristics of the property. The cost approach is not applicable to the subject and is not used. Accordingly, our value opinion follows.

### Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Leased Fee	June 8, 2017	\$5,000,000
Prospective Market Value Upon Completion of Renovations and Stabilization As Encumbered by Restricted Rents	Leased Fee	March 1, 2018	\$5,100,000
Prospective Market Value Upon Completion of Renovations and Stabilization As If Unencumbered by Restricted Rents	Leased Fee	March 1, 2018	\$5,900,000
Seller Financing Note	Investment Value	November 29, 2016	\$1,352,351
Land Value- Net of Demolition Costs	Fee Simple	November 29, 2016	\$80,000

### Valuation of the Seller's Note

The subject will have, on the date of closing, a second mortgage with an initial principal amount of \$2,124,000. The second mortgage will bear interest at a fixed interest rate equal to the long-term, tax-exempt applicable federal rate for federal income tax purposes. Accrued interest that is not paid currently will compound on an annual basis. For purposes of this analysis, (i) for purposes of projecting the amounts and timing of the loan repayments, we have assumed the rate that will apply with respect to the second mortgage during its term will equal 1.82%, and (ii) for purposes of determining a comparison present value with a present value based on an estimated, current market rate, we have assumed a rate of 1.82%.

Annual payments will be required with respect to the second mortgage to the extent of "available cash," as it is defined for purposes of the second mortgage. If there is no "available cash" with respect to a year, the annual payment will be deferred. The then outstanding amount, if any, of the second mortgage as of December 31 of the 35th year after its issuance will be due and payable in full.

Current terms for a second mortgage on these terms, if available, are estimated at approximately a 7.0% interest rate. The difference between first mortgage and second mortgage interest rates is generally at least 150 to 250 basis points. The buyer has been receiving interest rate quotes with respect to the first mortgage financing for the subject in the range of approximately 4.75% to 5.25%. Assuming a market interest rate of 5.0% for first mortgage debt, we have added 200 basis points to that rate to estimate the market interest rate for a second mortgage position. This results in a more conservative estimate of additional value for the proposed financing, because the difference between the interest rates is minimized, and therefore the annual interest savings is minimized.

We have reviewed the assumptions utilized in the cashflow projections, including the gross potential income and income growth rate, vacancy rate, expenses per unit, expense growth rate, management fee, and replacement reserves. Based on our experience with similar properties, we find the assumptions reasonable. A summary of the assumptions is as follows:

1. Income: The income growth rate is 2.0%, which is in line with inflation.
2. Vacancy: Vacancy going forward is estimated at 5.0% which is more conservative than the as is valuation of this appraisal.
3. Operating Expenses: 2017 operating expenses are approximately \$4,195 per unit, and are projected to increase at an annual rate of 3.0%, which is a standard assumption used by lenders, investors and state housing finance agencies.
4. Real Estate taxes: 2017 real estate taxes are projected at \$797 per unit, and are projected to increase at an annual rate of 2.5%.
5. Management Fee: Assumed to be 5.0% of collections, which is typical for a smaller project.
6. Replacements: Assumed to be \$250/unit, which is supported by third party data sources.
7. Note Holding Period: We assume the note is held until maturity which is a 35-year period.

The present value of the actual anticipated payments on the seller financing instrument from the cash “waterfall”, after first mortgage debt service, is estimated at about \$1,352,351.85, as indicated on the following page rounded to \$1,352,351.

Valley Hill		72 Units			
Loan Calculations			2nd Below Market Mortgage		Market Terms
Loan Principal			\$	2,124,000	\$ 2,124,000
Interest - For Purposes of Valuing the Note Payments (Discount Rate)				1.820%	7.00%
Interest - For Purposes of Determining the Note Payments				1.820%	7.00%
Amortization				35	35
Holding Period				35	35
Period	Initial Balance	Accrued Interest	Annual Cash Payments	Ending Balance	
Year 1	\$ 2,124,000	\$ 38,657	\$ (45,206)	\$ 2,117,450	
Year 2	2,117,450	38,538	(38,126)	2,117,862	
Year 3	2,117,862	38,545	-	2,156,407	
Year 4	2,156,407	39,247	(13,706)	2,181,947	
Year 5	2,181,947	39,711	(18,252)	2,203,406	
Year 6	2,203,406	40,102	(22,910)	2,220,598	
Year 7	2,220,598	40,415	(27,686)	2,233,327	
Year 8	2,233,327	40,647	(32,580)	2,241,394	
Year 9	2,241,394	40,793	(37,598)	2,244,590	
Year 10	2,244,590	40,852	(42,740)	2,242,701	
Year 11	2,242,701	40,817	(48,011)	2,235,507	
Year 12	2,235,507	40,686	(53,414)	2,222,780	
Year 13	2,222,780	40,455	(58,951)	2,204,283	
Year 14	2,204,283	40,118	(64,628)	2,179,773	
Year 15	2,179,773	39,672	(70,446)	2,148,998	
Year 16	2,148,998	39,112	(76,410)	2,111,701	
Year 17	2,111,701	38,433	(82,522)	2,067,611	
Year 18	2,067,611	37,631	(88,788)	2,016,454	
Year 19	2,016,454	36,699	(91,628)	1,961,525	
Year 20	1,961,525	35,700	(94,266)	1,902,958	
Year 21	1,902,958	34,634	(96,676)	1,840,916	
Year 22	1,840,916	33,505	(103,295)	1,771,126	
Year 23	1,771,126	32,234	(110,081)	1,693,280	
Year 24	1,693,280	30,818	(117,035)	1,607,062	
Year 25	1,607,062	29,249	(124,163)	1,512,147	
Year 26	1,512,147	27,521	(131,470)	1,408,199	
Year 27	1,408,199	25,629	(138,959)	1,294,869	
Year 28	1,294,869	23,567	(146,636)	1,171,799	
Year 29	1,171,799	21,327	(154,504)	1,038,622	
Year 30	1,038,622	18,903	(162,570)	894,956	
Year 31	894,956	16,288	(170,836)	740,408	
Year 32	740,408	13,475	(179,310)	574,574	
Year 33	574,574	10,457	(187,994)	397,036	
Year 34	397,036	7,226	(196,897)	207,366	
Year 35	207,366	3,774	(206,022)	5,117	
Future Payoff of Deferred Interest Mortgage					\$ 5,117.27
N.P.V. of Payments from Cash Flow @ Market Rate					\$768,926.20
N.P.V. of Payments from Cash Flow @ Conservative AFR					\$2,121,278.05
Less: N.P.V. of Payments from Cash Flow @ Market Rate					(\$768,926.20)
Present Value of Below-Market Mortgage					\$1,352,351.85



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### Extraordinary Assumptions and Hypothetical Conditions

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The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We were not provided a property conditions report, therefore we assume the property does not suffer from significant deferred maintenance that would affect the properties usability as a multifamily property.
2. We were not provided a budget or cost estimate for the renovations to the subject property. Therefore, we assume the current estimate of \$1,800,000 will cover the scope of the renovations which were provided to us in a list and noted in the Planned Capital Expenditures section of this report.
3. The subject property was inspected on November 29, 2016. It is assumed there have been no material changes to the property since the November 29, 2016 inspection.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. The prospective value upon completion/stabilization as if unencumbered by restricted rents applies a hypothetical condition where the property is unencumbered by its current affordable restrictions under the Section 42 Low Income Housing Tax Credit (LIHTC) program. This is contrary to reality and does not reflect an as is value because the subject property is encumbered by these restricted rents until year 2031.
- 

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot be reasonably foreseen at this time.

### Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market values stated previously, it is our opinion that the probable exposure time is 6 months.

### Marketing Period

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. We estimate the subject's marketing period at 6 months.

## Certification

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have previously appraised the property that is the subject of this report for the current client within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. We certify that to the best of our knowledge and belief, 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.
12. Sherry L. Watkins, MAI, FRICS, ASA, made a personal inspection of the property that is the subject of this report.
13. Significant real property appraisal assistance was provided by Zach Fraysier (Georgia Registered Real Estate Appraiser 351694) who has not signed this certification.
14. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

15. As of the date of this report, Sherry L. Watkins, MAI, FRICS, ASA have completed the continuing education program for Designated Members of the Appraisal Institute.



Sherry L. Watkins, MAI, FRICS, ASA  
Certified General Real Estate Appraiser  
Georgia Certificate # CG001536

## Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
  8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
  9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
  10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
  11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
  12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
  13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
  14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
  15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
  16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
  17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
  19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
  20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Atlanta, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
  21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
  22. Integra Realty Resources – Atlanta is not a building or environmental inspector. Integra Atlanta does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
  23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
  24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

- appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Atlanta, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
  26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
  27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
  28. The appraisal is also subject to the following:

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**Extraordinary Assumptions and Hypothetical Conditions**

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The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We were not provided a property conditions report, therefore we assume the property does not suffer from significant deferred maintenance that would affect the properties usability as a multifamily property.
2. We were not provided a budget or cost estimate for the renovations to the subject property. Therefore, we assume the current estimate of \$1,800,000 will cover the scope of the renovations which were provided to us in a list and noted in the Planned Capital Expenditures section of this report.
3. The subject property was inspected on November 29, 2016. It is assumed there have been no material changes to the property since the November 29, 2016 inspection.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. The prospective value upon completion/stabilization as if unencumbered by restricted rents applies a hypothetical condition where the property is unencumbered by its current affordable restrictions under the Section 42 Low Income Housing Tax Credit (LIHTC) program. This is contrary to reality and does not reflect an as is value because the subject property is encumbered by these restricted rents until year 2031.
- 

29.

**Addendum A**  
**Appraiser Qualifications**



# Sherry L. Watkins, MAI, FRICS, ASA

## Experience

Senior Managing Director/Principal for the Atlanta, GA office of Integra Realty Resources, the nation's largest national valuation and consulting firm. Primary responsibilities include managing staff of 12 analysts, valuation, market analysis, and consulting engagements involving multifamily, office, retail, industrial, manufacturing, land, subdivisions, and special use properties, for corporate clients, pension fund advisors, banks and financial institutions, developers and investors, law firms, government, life insurance companies, and individuals. Also completes valuations of hotels, car washes, gas stations, and other going concerns. Actively engaged in real estate valuation and consulting assignments since the late 1980s. Specialty is multifamily properties including: market rent properties, affordable housing, and valuations for Fannie Mae DUS, Freddie Mac, and HUD. Ms. Watkins is MAP certified.

Prior work experience includes Managing Director at PGP Valuation Inc./Colliers International and Associate Director at Cushman & Wakefield. Senior Appraiser at C. Spencer Powell/RSP Associates and Oregon Department of Revenue.

## Professional Activities & Affiliations

Appraisal Institute Atlanta Chapter 2017 Secretary  
Appraisal Institute Atlanta Chapter 2016 Treasurer  
Appraisal Institute Atlanta Chapter LDAC Attendee Years 1, 2, and 3  
Appraisal Institute Board of Directors  
Member: Appraisal Institute (MAI)  
Member: Royal Institution of Chartered Surveyors (FRICS)  
Member: CREW  
Member: American Society of Appraisers (ASA - Accredited Senior Appraiser)  
Former Appraisal Institute Regional Representative  
Former Appraisal Institute General Admissions Chairman

## Licenses

Alabama, Certified Real Estate Appraiser, G00613, Expires September 2017  
Florida, Certified General Real Estate Appraiser, RZ3004, Expires November 2018  
Georgia, Certified General Real Estate Appraiser, CG001536, Expires September 2017  
Louisiana, Certified General Real Estate Appraiser, G3735, Expires December 2017  
South Carolina, Certified General Real Estate Appraiser, CG4578, Expires June 2018  
Tennessee, Certified General Real Estate Appraiser, 00003563, Expires November 2018  
Texas, Certified General Real Estate Appraiser, TX1336688, Expires October 2018

## Education

Bachelor of Science in Business Administration, Georgia State University, Atlanta, Georgia.

Completed all courses required by the Appraisal Institute for MAI designation as well as numerous real estate related courses and seminars. Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members. Completed HUD Multifamily Accelerated Processing (MAP).

Recently completed AI - Fundamentals of Separating Real Property, Personal Property,

[swatkins@irr.com](mailto:swatkins@irr.com) - 404-836-7925 x

Integra Realty Resources  
Atlanta

1100 Peachtree Street, NE  
Suite 350  
Atlanta, GA 30309

T 404-897-1866  
F 404-897-1053

[irr.com](http://irr.com)



# Sherry L. Watkins, MAI, FRICS, ASA

## Education (Cont'd)

FF&E, Uniform Appraisal Standards for Federal Land Acquisitions, Complex Litigation Appraisal Case Studies, and Conservation Easements & Your Taxes.

Recently completed ASA - BV 201 Introduction to Business Valuation and Allocation of Going Concerns.

## Qualified Before Courts & Administrative Bodies

Qualified as an expert witness in various courts and administrative bodies including U.S Federal Bankruptcy Court, and Superior Courts in Bibb, Cobb, DeKalb, Fulton, Gwinnett, Douglas, Dawson, Henry, and Pickens Counties in Georgia.

Hearing Officer for Georgia Department of Revenue.

## Miscellaneous

Featured as a Women of Influence 2010 in the Real Estate Forum July/August 2010.

Is an IRR Certified Reviewer.

**Integra Realty Resources**  
**Atlanta**

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STATE OF GEORGIA  
REAL ESTATE APPRAISERS BOARD

**SHERRY LYNN WATKINS**

**1536**

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A  
**CERTIFIED GENERAL REAL PROPERTY APPRAISER**

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

D. SCOTT MURPHY  
Chairperson

RONALD M. HECKMAN  
JEANMARIE HOLMES  
KEITH STONE

JEFF A. LAWSON  
Vice Chairperson

46530756

SHERRY LYNN WATKINS

# 1536  
Status ACTIVE

CERTIFIED GENERAL REAL PROPERTY  
APPRAISER

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

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

ORIGINALLY LICENSED

08/09/1991

END OF RENEWAL  
09/30/2017



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

46530756

SHERRY LYNN WATKINS

# 1536  
Status ACTIVE

CERTIFIED GENERAL REAL PROPERTY  
APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY  
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State of Georgia  
Real Estate Commission  
Suite 1000 - International Tower  
229 Peachtree Street, N.E.  
Atlanta, GA 30303-1605



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

46530756

# Integra Realty Resources, Inc.

## Corporate Profile

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in North America with 58 independently owned and operated offices located throughout the United States and the Caribbean. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and virtually all are headed by a Senior Managing Director who is an MAI member of the Appraisal Institute.

A listing of IRR's local offices and their Senior Managing Directors follows:

ATLANTA, GA - Sherry L. Watkins, MAI, FRICS  
AUSTIN, TX - Randy A. Williams, MAI, SR/WA, FRICS  
BALTIMORE, MD - G. Edward Kerr, MAI, MRICS  
BIRMINGHAM, AL - Rusty Rich, MAI, MRICS  
BOISE, ID - Bradford T. Knipe, MAI, ARA, CCIM, CRE, FRICS  
BOSTON, MA - David L. Cary, Jr., MAI, MRICS  
CHARLESTON, SC - Cleveland "Bud" Wright, Jr., MAI  
CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE, FRICS  
CHICAGO, IL - Eric L. Enloe, MAI, FRICS  
CINCINNATI/DAYTON, OH - Gary S. Wright, MAI, FRICS, SRA  
CLEVELAND, OH - Douglas P. Sloan, MAI  
COLUMBIA, SC - Michael B. Dodds, MAI, CCIM  
COLUMBUS, OH - Bruce A. Daubner, MAI, FRICS  
DALLAS, TX - Mark R. Lamb, MAI, CPA, FRICS  
DENVER, CO - Brad A. Weiman, MAI, FRICS  
DETROIT, MI - Anthony Sanna, MAI, CRE, FRICS  
FORT WORTH, TX - Gregory B. Cook, MAI, SR/WA  
GREENSBORO, NC - Nancy Tritt, MAI, SRA, FRICS  
HARTFORD, CT - Mark F. Bates, MAI, CRE, FRICS  
HOUSTON, TX - David R. Dominy, MAI, CRE, FRICS  
INDIANAPOLIS, IN - Michael C. Lady, MAI, SRA, CCIM, FRICS  
JACKSON, MS - John R. Praytor, MAI  
JACKSONVILLE, FL - Robert Crenshaw, MAI, FRICS  
KANSAS CITY, MO/KS - Kenneth Jagers, MAI, FRICS  
LAS VEGAS, NV - Charles E. Jack IV, MAI  
LOS ANGELES, CA - John G. Ellis, MAI, CRE, FRICS  
LOS ANGELES, CA - Matthew J. Swanson, MAI  
LOUISVILLE, KY - Stacey Nicholas, MAI, MRICS  
MEMPHIS, TN - J. Walter Allen, MAI, FRICS

MIAMI/PALM BEACH, FL - Anthony M. Graziano, MAI, CRE, FRICS  
MINNEAPOLIS, MN - Michael F. Amundson, MAI, CCIM, FRICS  
NAPLES, FL - Carlton J. Lloyd, MAI, FRICS  
NASHVILLE, TN - R. Paul Perutelli, MAI, SRA, FRICS  
NEW JERSEY COASTAL - Halvor J. Egeland, MAI  
NEW JERSEY NORTHERN - Matthew S. Krauser, CRE, FRICS  
NEW YORK, NY - Raymond T. Cirz, MAI, CRE, FRICS  
ORANGE COUNTY, CA - Steve Calandra, MAI  
ORLANDO, FL - Christopher Starkey, MAI, MRICS  
PHILADELPHIA, PA - Joseph D. Pasquarella, MAI, CRE, FRICS  
PHOENIX, AZ - Walter "Tres" Winius III, MAI, FRICS  
PITTSBURGH, PA - Paul D. Griffith, MAI, CRE, FRICS  
PORTLAND, OR - Brian A. Glanville, MAI, CRE, FRICS  
PROVIDENCE, RI - Gerard H. McDonough, MAI, FRICS  
RALEIGH, NC - Chris R. Morris, MAI, FRICS  
RICHMOND, VA - Kenneth L. Brown, MAI, CCIM, FRICS  
SACRAMENTO, CA - Scott Beebe, MAI, FRICS  
ST. LOUIS, MO - P. Ryan McDonald, MAI, FRICS  
SALT LAKE CITY, UT - Darrin W. Liddell, MAI, FRICS, CCIM  
SAN DIEGO, CA - Jeff A. Greenwald, MAI, SRA, FRICS  
SAN FRANCISCO, CA - Jan Kleczewski, MAI, FRICS  
SARASOTA, FL - Carlton J. Lloyd, MAI, FRICS  
SEATTLE, WA - Allen N. Safer, MAI, MRICS  
SYRACUSE, NY - William J. Kimball, MAI, FRICS  
TAMPA, FL - Bradford L. Johnson, MAI, MRICS  
TULSA, OK - Owen S. Ard, MAI  
WASHINGTON, DC - Patrick C. Kerr, MAI, FRICS, SRA  
WILMINGTON, DE - Douglas L. Nickel, MAI, FRICS  
CARIBBEAN/CAYMAN ISLANDS - James Andrews, MAI, FRICS



**Addendum B**  
**Financials and Property Information**





<b>Block/Lot/Qual:</b>	1315.0D A 003.	<b>Tax Account Id:</b>	2140
<b>Property Location:</b>	430 VALLEY HILL RD	<b>Zoning Code:</b>	
<b>Owner Name/Address:</b>	VALLEY HILL APARTMENTS LP	<b>Land Value:</b>	1,080,000
	C/O ALLIANT REAL ESTATE INVEST	<b>Improvement Value:</b>	0
	21600 OXNARD ST STE 1200	<b>Exempt Value:</b>	0
	WOODLAND HILLS, CA 91367	<b>Total Assessed Value:</b>	1,080,000
		<b>Deductions:</b>	None

### Taxes

[Make a Payment](#)

[Project Interest](#)

Year	Due Date	Billed	Balance	Interest	Total Due	Status
2016	11/15/2016	12,420.36	10.98	0.00	10.98	OPEN
2015	12/31/2015	8,942.08	0.00	0.00	0.00	PAID

Last Payment: 12/16/16



Clayton County Property Tax Information

[NEW SEARCH](#)

**BILL IS UNPAID. DELINQUENT PENALTIES ARE DUE.**

2016 TAX BILL for property located at 430 VALLEY HILL RD

TAX YEAR	BILL NO.	PARCEL ID#	DATE PAID	TAX DISTRICT	DUE DATE
2016	081571	13150D A003	UNPAID	RIVERDALE	11/15/2016

**PROPERTY OWNER**

VALLEY HILL APARTMENTS LP  
 % AFFORDABLE REALTY MANAGEMENT  
 C/O ALLIANT REAL ESTATE INVEST  
 21600 OXNARD ST STE 1200  
 WOODLAND HILLS, CA 91367

**FAIR MARKET VALUE** 2,700,000      **ASSESSED VALUE** 40% 1,080,000

**EXEMPTIONS**

	Millage Rate	Tax
County Tax	22.100	23,868.00
County HTRG Credit	16.596	.00
County Bonds		.00
Filing Penalty		.00
Fire Protection		.00
Fire HTRG Credit		.00
Hospital Tax		.00
CID Tax		.00
Street Light Protection		.00
Total County Tax		23,868.00
Sales Tax Credit	5.504	5,944.32-
<b>Net Tax Due Board of Commissioners</b>		<b>17,923.68</b>

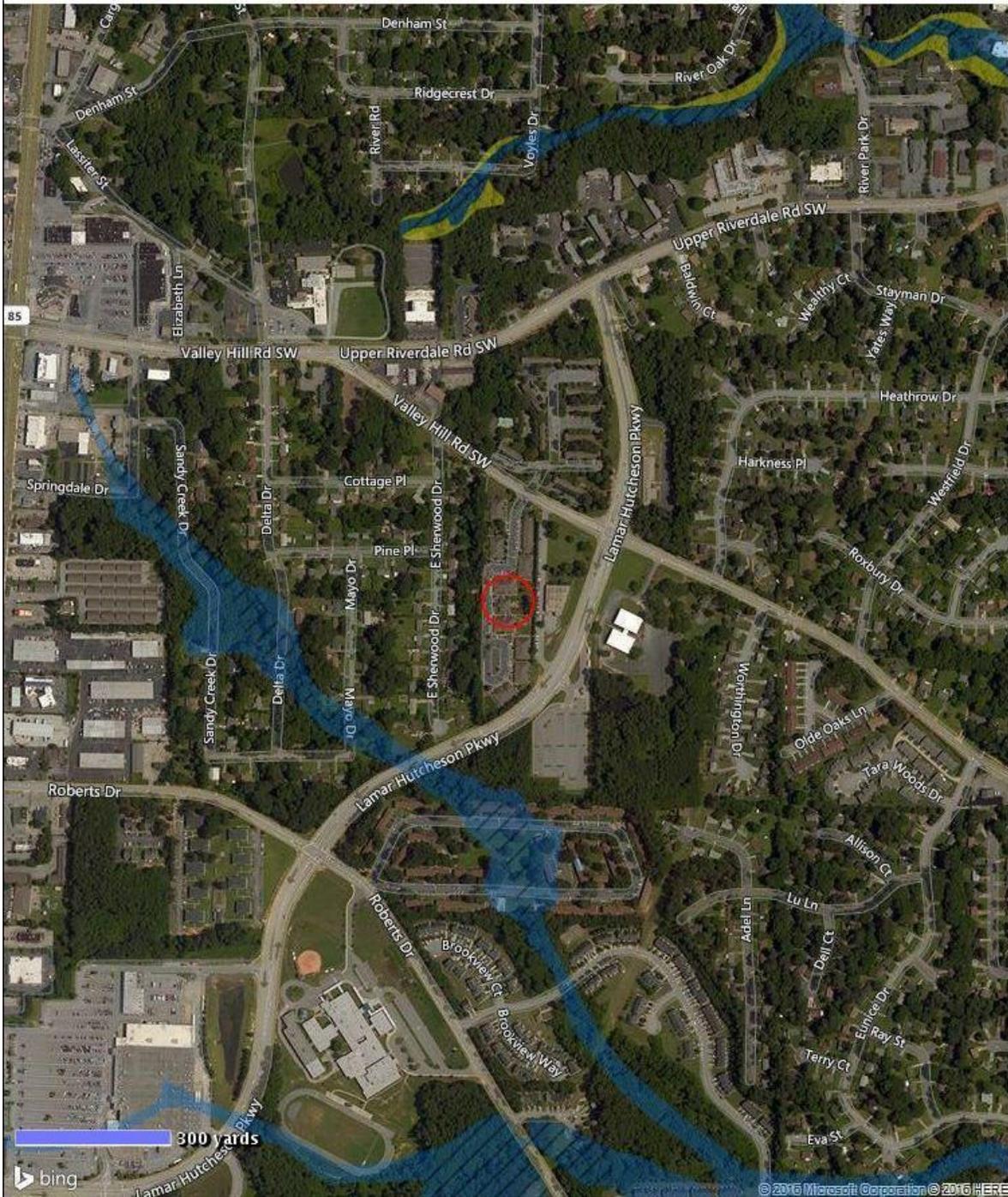
School Tax	19.095	20,622.60
School HTRG Credit	19.095	.00
School Bonds		.00
<b>Total School Tax</b>		<b>20,622.60</b>

State Tax		.00
State HTRG Credit		.00
<b>Total State Tax</b>		<b>.00</b>

**TOTAL PAYABLE TO TAX COMMISSIONER** 38,546.28 \*

\* Delinquent Penalties are due--PLEASE CALCULATE PAYOFF





### MAP DATA

FEMA Special Flood Hazard Area: **No**  
 Map Number: **13063C0059E**  
 Zone: **X**  
 Map Date: **September 05, 2007**  
 FIPS: **13063**

### MAP LEGEND

- |  |   |
|--|---|
|  Areas inundated by 500-year flooding |  Protected Areas |
|  Areas inundated by 100-year flooding |  Floodway        |
|  Velocity Hazard                      |  Subject Area    |

Powered by CoreLogic®

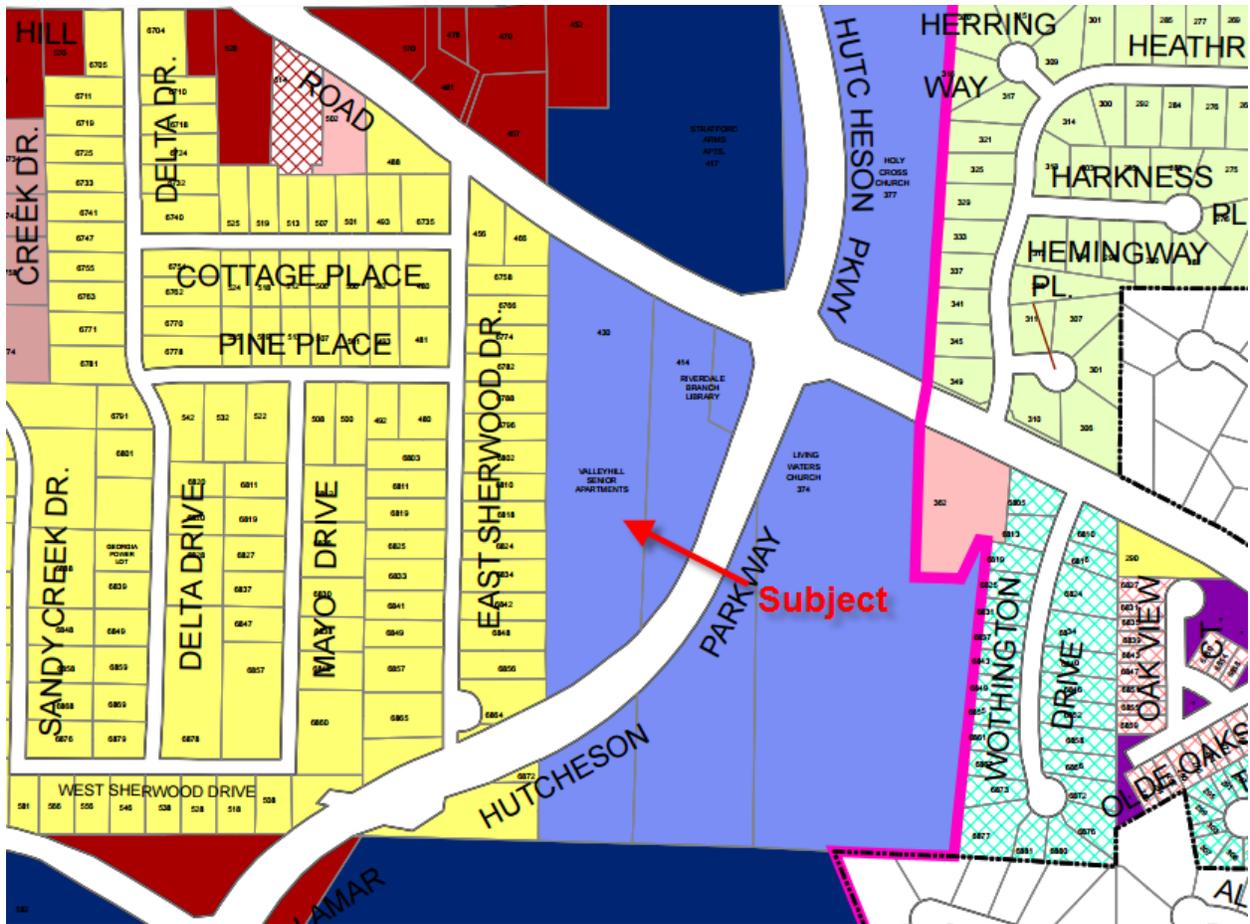


**EXHIBIT "A"**

**Legal Description**

All that tract or parcel of land lying and being in Land Lot 150 of the 13<sup>th</sup> District of Clayton County, Georgia, and being more particularly described as follows:

COMMENCING at the corner common to Land Lots 149, 150, 171 and 172, thence run along the Land Lot line dividing Land Lot 150 and 171, North 88 degrees 49 minutes 07 seconds West a distance of 1235.85 feet to a point; thence leaving said Land Lot line run North 00 degrees 26 minutes 24 seconds East a distance of 510.83 feet to a ½ inch rebar set on the northerly right of way line of Lamar Hutcheson Parkway (80 foot right of way) and the True Point of Beginning; thence leaving said right of way run North 00 degrees 26 minutes 24 seconds East a distance of 882.23 feet to a 5/8 inch rebar found on the southerly right of way line of Valley Hill Road (100 foot right of way); thence run along said right of way North 59 degrees 58 minutes 52 seconds West a distance of 318.16 feet to a ½ inch rebar set; thence leaving said right of way run South 00 degrees 47 minutes 52 seconds East a distance of 1222.35 feet to a ¼ inch rebar found on the northerly right of way line of Lamar Hutcheson Parkway; thence run along said right of way along a curve to the left having a radius of 715.18 feet and a length of 312.40 (being subtended by a chord bearing North 54 degrees 18 minutes 02 seconds East a distance of 309.93 feet) to a ½ inch rebar set and the Point of Beginning. Said property contains 6.45 acres as shown on that certain ALTA Survey for Valley Hill Apartments, LP, Fidelity National Title Insurance Company of New York and National Mortgage Investors, LLC, prepared by Delta Surveyors, Inc., bearing the seal of Ronald T. Godwin, GRLS #2696, dated October 6, 2000, last revised October 23, 2000.



Description of district: This district is composed of certain lands and structures in the city having a medium-density single-family residential character.



December 22nd, 2016

Formula Construction Group is pleased to provide the following estimate for the demolition of the sites known as Valley Hill Senior Apartments in Riverdale, GA. If any further information is needed please contact me Ashley Sweat at (404) 725-4403. I appreciate the opportunity afforded to Formula Construction Group, LLC. I have also attached separately the breakdown below.

Item #	Description Of Work	Qty	UM	Unit Cost	Total Cost
1	Abandon and disconnect all electrical, mechanical, plumbing systems.	72	Units	\$300.00	\$21,600.00
2	Demolition of apartment buildings, clubhouse and ancillary structures	52,713	SF	\$2.50	\$131,783.00
3	Abandonment and demolition of underground utilities	6.45	Acres	\$2,500.00	\$16,125.00
4	Infrastructure demolition (roads, walkways, fences, curbing, etc.)	280,912	SF	\$2.25	\$632,052.00
5	Environmental investigation/testing	1	LS	\$25,000.00	\$25,000.00
6	Disposal fees	1	LS	\$25,000.00	\$25,000.00
7	Grading / Landscape restoration	1	LS	\$75,000.00	\$75,000.00
<b>TOTAL ESTIMATED AMOUNT</b>					<b>\$926,560</b>

## **Addendum C**

### **Comparable Data**



## Location & Property Identification

Property Name: South Point Multifamily Land  
 Sub-Property Type: Residential, Multifamily  
 Address: South Point Blvd.  
 City/State/Zip: McDonough, GA 30253  
 County: Henry

Market Orientation: Suburban

IRR Event ID: 1428218



## Sale Information

Sale Price: \$3,700,000  
 Effective Sale Price: \$3,700,000  
 Sale Date: 09/28/2016  
 Sale Status: Closed  
 \$/Acre(Gross): \$96,909  
 \$/Land SF(Gross): \$2.22  
 \$/Acre(Usable): \$133,671  
 \$/Land SF(Usable): \$3.07  
 \$/Unit: \$12,671 /Apt. Unit  
 Grantor/Seller: RCB Richfield 35 LLC  
 Grantee/Buyer: Continental Properties Company, Inc

Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Exposure Time: 14 (months)  
 Financing: Cash to seller  
 Document Type: Warranty Deed  
 Recording No.: 14871-196  
 Verified By: Zach Fraysier  
 Verification Date: 12/02/2016  
 Verification Type: Secondary Verification  
 Secondary Verific. Source: Assessor, CoStar, Deed

Acres(Usable/Gross): 27.68/38.18  
 Land-SF(Usable/Gross): 1,205,740/1,663,120  
 Usable/Gross Ratio: 0.72  
 No. of Units (Potential): 292  
 Shape: Irregular  
 Topography: Level  
 Corner Lot: No  
 Zoning Code: C-1  
 Zoning Desc.: Commercial  
 Flood Zone: 28% located in flood plain  
 Utilities: Electricity, Water Public, Sewer, Gas

Source of Land Info.: Engineering Report

## Comments

At the time of sale, the property was entitled to 292 multifamily units. The property was purchased by a developer who is an active multifamily developer. The property is entitled to be developed with 292 apartment units or 43 townhome units. A portion of the property is unusable to the tract being bisected by a creek bed and therefore 28% of the tract being located in a flood zone which restricts development.

## Improvement and Site Data

MSA: Atlanta MSA  
 Legal/Tax/Parcel ID: 075-01-031-000

## Location & Property Identification

Property Name:	Vacant Multifamily Land
Sub-Property Type:	Residential, Multifamily
Address:	125 Reservoir Dr.
City/State/Zip:	Canton, GA 30114
County:	Cherokee
Market Orientation:	Suburban
IRR Event ID:	1460966



## Sale Information

Sale Price:	\$3,384,292
Effective Sale Price:	\$3,384,292
Sale Date:	08/31/2016
Sale Status:	Closed
Eff. Price/Unit:	\$11,060 /Apt. Unit
\$/Acre(Gross):	\$164,686
\$/Land SF(Gross):	\$3.78
\$/Acre(Usable):	\$164,686
\$/Land SF(Usable):	\$3.78
\$/Unit:	\$11,060 /Apt. Unit
Grantor/Seller:	Sweetwater Property Investments, LLC
Grantee/Buyer:	The Grand Reserve at Canton LLC
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Exposure Time:	33 (months)
Financing:	Seller financing
Terms of Sale:	\$715,258 down and \$2,669,034 financed by the seller
Document Type:	Warranty Deed
Recording No.:	14032-450
Verified By:	Zach Fraysier
Verification Date:	02/22/2017
Confirmation Source:	Kurt Cooper- Associate Broker at Coldwell Banker Commercial

Verification Type:	Confirmed-Buyer Broker
Secondary Verific. Source:	Assessor, CoStar

## Improvement and Site Data

MSA:	Atlanta MSA
Legal/Tax/Parcel ID:	14N22A-00000-060-00Q
Acres(Usable/Gross):	20.55/20.55
Land-SF(Usable/Gross):	895,158/895,158
Usable/Gross Ratio:	1.00
No. of Units (Potential):	306
No. of Units/Unit Type:	306/Apt. Units
Shape:	Irregular
Topography:	Rolling
Corner Lot:	Yes
Density-Unit/Gross Acre:	14.89
Density-Unit/Usable Acre:	14.89
Zoning Code:	PSC
Zoning Desc.:	Planned Shopping Center
Utilities Desc.:	All utilities were available.
Source of Land Info.:	Broker

## Comments

This was the fee simple transaction of 20.55 acres of multifamily land proposed to be improved with 306 apartment units. The buyer put down 21.1% and the seller financed the remainder \$2,669,034. In the confirmation process with the listing broker, it was noted that the property required rezoning/plan amendment which required the seller to contribute \$75,000 to the city

## Comments (Cont'd)

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towards improvement of Reservoir Drive. The broker also noted that the sale price was at market with the exception of the premium for rough grading which in his opinion was not considered in the sale price. The property had previously been listed for \$7,950,000 for 45.3 acres of which the property made up 20.55 acres of the total.

This is a rough graded, rolling lot which is proposed for development of a 306 unit multifamily property.

## Location & Property Identification

Property Name: Modera Vinings (fka 3101 Akers Mill)  
 Sub-Property Type: Residential, Multifamily  
 Address: 3205 Cumberland Blvd.  
 City/State/Zip: Atlanta, GA 30339  
 County: Cobb

Market Orientation: Suburban  
 Property Location: North side of Cumberland Boulevard just east of Akers Mill Road

IRR Event ID: 1448469



## Sale Information

Sale Price: \$3,359,100  
 Effective Sale Price: \$3,359,100  
 Sale Date: 04/22/2016  
 Sale Status: Closed  
 Eff. Price/Unit: \$12,487 /Approved Unit  
 \$/Acre(Gross): \$1,115,980  
 \$/Land SF(Gross): \$25.62  
 \$/Acre(Usable): \$1,115,980  
 \$/Land SF(Usable): \$25.62  
 \$/Unit: \$12,487 /Approved Unit  
 Grantor/Seller: Pope & Land Enterprises, Inc.  
 Grantee/Buyer: Cumberland Residential, LLC  
 Property Rights: Fee Simple  
 Financing: Cash to seller  
 Document Type: Deed  
 Recording No.: 15332/490  
 Verified By: Kristina Prestwich  
 Verification Date: 01/19/2017  
 Verification Type: Secondary Verification  
 Secondary Verific. Source: Assessor, CoStar

MSA: Atlanta-Sandy Springs-Roswell, GA  
 Legal/Tax/Parcel ID: 17094900010 & 17097800451  
 Acres(Usable/Gross): 3.01/3.01  
 Land-SF(Usable/Gross): 131,115/131,115  
 Usable/Gross Ratio: 1.00  
 No. of Units (Potential): 269  
 No. of Units/Unit Type: 269/Approved Units  
 Shape: Irregular  
 Topography: Gently Sloping  
 Vegetation: Minimal  
 Corner Lot: No  
 Frontage Type: 2 way, 2 lanes each way  
 Traffic Control at Entry: None  
 Traffic Flow: Low  
 AccessibilityRating: Average  
 Visibility Rating: Average  
 Density-Unit/Gross Acre: 89.37  
 Density-Unit/Usable Acre: 89.37  
 Zoning Code: RRC  
 Zoning Desc.: Regional Retail Commercial District  
 Utilities Desc.: All utilities available.  
 Source of Land Info.: Other

## Improvement and Site Data

## Comments

## Comments (Cont'd)

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This was an assemblage of two parcels totaling 3.01 acres. The properties sold on April 22, 2016 for a combined price of \$3,359,100. The buyer is planned to develop a 300-unit multifamily property. The apartments are expected to be completed by May 2018.

The property is located along the north side of Cumberland Boulevard in the Cumberland CID. The site is located east of Cumberland Mall in the growing Cumberland area.

## Location & Property Identification

Property Name:	Proposed IL Land- Dacula, GA
Sub-Property Type:	Residential, Multifamily
Address:	3565 Georgia Hwy 124 (Braselton Hwy)
City/State/Zip:	Dacula, GA 30019
County:	Gwinnett
Market Orientation:	Suburban
IRR Event ID:	1295951



## Sale Information

Sale Price:	\$1,460,000
Effective Sale Price:	\$1,460,000
Sale Date:	03/26/2016
Sale Status:	Closed
\$/SF GBA:	\$1460000.00
\$/SF NRA:	\$1460000.00
Eff. Price/Unit:	\$12,167 /Unit
\$/Acre(Gross):	\$134,191
\$/Land SF(Gross):	\$3.08
\$/Acre(Usable):	\$134,191
\$/Land SF(Usable):	\$3.08
\$/Unit:	\$12,167 /Apt. Unit
\$/Land SF(Potential):	\$1,460,000.00
Grantor/Seller:	CML Mulberry, LLC
Grantee/Buyer:	Hamilton Mill II
Assemblage:	No
Portfolio Sale:	No
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Exposure Time:	9 (months)
Financing:	Cash to seller
Document Type:	Warranty Deed
Verified By:	Mr. Todd Deitemyer, MAI
Verification Date:	03/26/2016
Confirmation Source:	Tax/Deed records

Verification Type: Confirmed-Buyer

## Improvement and Site Data

MSA:	Atlanta-Sandy Springs-Roswell, GA
GBA-SF:	1
NRA-SF:	1
Acres(Usable/Gross):	10.88/10.88
Land-SF(Usable/Gross):	473,932/473,932
Usable/Gross Ratio:	1.00
No. of Units (Potential):	120
Density-Unit/Gross Acre:	11.03
Density-Unit/Usable Acre:	11.03
Zoning Code:	C2
Zoning Desc.:	General Business District
Source of Land Info.:	Public Records

## Comments

The property was listed for \$1,660,000. Previously, the site was residential zoned and the site was proposed to be developed with a multi-family development. Then, in 2015, the property was re-zoned as commercial. The buyer intends to construct an 120-unit ILF on the site. This property is located on the south side of Braselton hwy. This is the planned independent living facility site by Aspire Development Partners which is expected to total 120 units. This is located adjacent to the developer's

## Comments (Cont'd)

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assisted living and memory care facility which is operated by the same company that will operate the independent living facility.

## Location & Property Identification

Property Name: Bradley Park  
 Sub-Property Type: Residential, Multifamily  
 Address: N. Old Atlanta Rd.  
 City/State/Zip: Cumming, GA 30028  
 County: Forsyth

Market Orientation: Suburban

IRR Event ID: 1387663



## Sale Information

Sale Price: \$3,003,000  
 Effective Sale Price: \$3,003,000  
 Sale Date: 12/04/2015  
 Sale Status: Closed  
 Eff. Price/Unit: \$19,757 /Unit  
 \$/Acre(Gross): \$136,314  
 \$/Land SF(Gross): \$3.13  
 \$/Acre(Usable): \$162,500  
 \$/Land SF(Usable): \$3.73  
 \$/Unit: \$19,757 /Apt. Unit  
 Grantor/Seller: Acre Realty, L.P.  
 Grantee/Buyer: Bradley Park Apartments, LLC

Property Rights: Fee Simple  
 Financing: Cash to seller  
 Document Type: Deed  
 Recording No.: 7595/439  
 Verified By: Jeffrey N. (Nate) Watkins, MAI

Verification Date: 08/31/2016  
 Verification Type: Secondary Verification  
 Secondary Verific. Source: Assessor

MSA: Atlanta-Sandy Springs-Marietta, GA Metropolitan Statistical Area  
 Legal/Tax/Parcel ID: C12 005  
 Acres(Usable/Gross): 18.48/22.03  
 Land-SF(Usable/Gross): 804,988/959,626  
 Usable/Gross Ratio: 0.84  
 No. of Units (Potential): 152  
 Shape: Irregular  
 Topography: Rolling  
 Corner Lot: No  
 Density-Unit/Gross Acre: 6.90  
 Density-Unit/Usable Acre: 8.23  
 Zoning Code: R3  
 Zoning Desc.: Multi-family Residence District  
 Utilities Desc.: All available  
 Source of Land Info.: Owner

## Comments

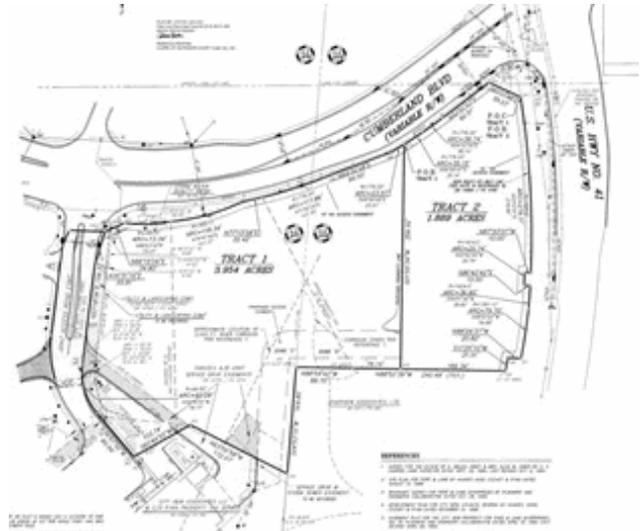
This is the sale of 22.03 acres of residential land located on North Old Atlanta Road in Cumming, GA. The land sold on December 4, 2015 for \$3,003,000. The land will be developed with 152 apartment units. The land was subdivided to allow for North Atlanta Road to be extended. One parcel remained commercial and this one became multifamily.

## Location & Property Identification

Property Name: The Alexan at Overlook  
 Sub-Property Type: Residential, Multifamily  
 Address: 3340 Cumberland Blvd. SE.  
 City/State/Zip: Atlanta, GA 30339  
 County: Cobb

Market Orientation: Suburban  
 Property Location: Southeast corner of  
 Cumberland Boulevard and  
 Riverwood Parkway

IRR Event ID: 1056585



## Sale Information

Sale Price: \$5,595,000  
 Effective Sale Price: \$5,595,000  
 Sale Date: 07/16/2014  
 Sale Status: Closed  
 Eff. Price/Unit: \$18,650 /Approved Unit  
 \$/Acre(Gross): \$957,556  
 \$/Land SF(Gross): \$21.98  
 \$/Acre(Usable): \$957,556  
 \$/Land SF(Usable): \$21.98  
 \$/Unit: \$18,650 /Apt. Unit  
 Grantor/Seller: City View Holdings, LP  
 Grantee/Buyer: AV Apartment, Limited Partnership

Assets Sold: Real estate only  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Document Type: Quit Claim Deed  
 Recording No.: Deed Book 15172, pages 4378 and 4390

Verified By: Stephanie Tarrer  
 Verification Date: 10/03/2014  
 Verification Type: Secondary Verification

MSA: Atlanta-Sandy Springs-Roswell, GA

Legal/Tax/Parcel ID: 17 097700004; 17 097700005; and 17 101600008

Acres(Usable/Gross): 5.84/5.84  
 Land-SF(Usable/Gross): 254,521/254,521  
 Usable/Gross Ratio: 1.00  
 No. of Units (Potential): 300  
 No. of Units/Unit Type: 300/Approved Units  
 Shape: Irregular  
 Topography: Rolling  
 Vegetation: Trees and grasses  
 Corner Lot: Yes  
 Frontage Desc.: Cumberland Parkway  
 Frontage Type: 2 way, 2 lanes each way  
 Traffic Control at Entry: Traffic light  
 Traffic Flow: Moderate  
 AccessibilityRating: Average  
 Visibility Rating: Good  
 Density-Unit/Gross Acre: 51.34  
 Density-Unit/Usable Acre: 51.34  
 Zoning Code: UVC  
 Zoning Desc.: Urban Village Commercial District

Easements: No  
 Environmental Issues: No  
 Flood Plain: No  
 Utilities Desc.: All utilities available.

## Improvement and Site Data

## Improvement and Site Data (Cont'd)

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Source of Land Info.:                      Public Records

## Comments

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The site was purchased by AV Apartments (Trammell Crow) from Pope & Land. The property is planned to be developed with 300 multifamily one and two bedroom units with ground floor retail. The sale included two parcels, Tract 1 with 3.954 acres and Tract 2 with 1.889 acres. The multifamily development utilized Tract 1 indicating a density of 75 units per acre (300 units / 3.954 acres). As of October 2016, Tract 2 has not been developed.

The property is located within the City View development by Pope & Land. City View is a 17-acre development zoned for 700,000 square feet of Class A office space and residential development. The site is located along Cobb Parkway at Cumberland Boulevard.

## Location & Property Identification

Property Name:	N Atlanta Road (Alta Belmont)
Sub-Property Type:	Residential, Multifamily
Address:	N. Atlanta Rd.
City/State/Zip:	Smyrna, GA 30080
County:	Cobb
Market Orientation:	Suburban
IRR Event ID:	1257268



## Sale Information

Sale Price:	\$5,480,000
Effective Sale Price:	\$5,480,000
Sale Date:	07/11/2014
Sale Status:	Closed
Eff. Price/Unit:	\$20,000 /Unit
\$/Acre(Gross):	\$512,485
\$/Land SF(Gross):	\$11.77
\$/Acre(Usable):	\$512,485
\$/Land SF(Usable):	\$11.77
\$/Unit:	\$20,000 /Unit
Grantor/Seller:	Halpern Enterprises, Inc.
Grantee/Buyer:	Alta Belmont Hills, LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	15170-2579
Verified By:	Kristina Prestwich
Verification Date:	12/23/2015
Verification Type:	Secondary Verification

Shape:	Irregular
Density-Unit/Gross Acre:	25.62
Density-Unit/Usable Acre:	25.62
Zoning Code:	GC
Zoning Desc.:	General Commercial
Source of Land Info.:	Other

## Comments

This is the sale of 10.693 acres of land located on N Atlanta Road and Windy Hill Road in Smyrna, GA. The land sold on July 11, 2014 for \$5,480,000 or \$512,485 per acre. The property was purchased for the development an apartment complex of 274 units. The site is a portion of the Belmont development by Halpern. The site is located along the south side of Windy Hill Road approximately 200 feet west of Atlanta Road at the southwest quadrant of the intersection.

## Improvement and Site Data

Legal/Tax/Parcel ID:	17-0490-001-0
Acres(Usable/Gross):	10.69/10.69
Land-SF(Usable/Gross):	465,787/465,787
Usable/Gross Ratio:	1.00
No. of Units (Potential):	274

## Location & Property Identification

Property Name:	Columbia Woods Townhomes
Sub-Property Type:	LIHTC
Address:	166 Greison Trl.
City/State/Zip:	Newnan, GA 30263
County:	Coweta
Submarket:	Peachtree City/Fayetteville/Newnan
Market Orientation:	Suburban
IRR Event ID:	1490604



## Sale Information

Sale Price:	\$7,450,000
Effective Sale Price:	\$7,450,000
Sale Date:	02/03/2017
Sale Status:	Closed
\$/SF GBA:	\$48.69
\$/SF NRA:	\$48.69
Eff. Price/Unit:	\$62,605 /Apt. Unit
Grantor/Seller:	Columbia Woods LP
Grantee/Buyer:	PC Columbia Wood LLC
Property Rights:	Leased Fee
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Warranty Deed
Recording No.:	4498-529
Verified By:	Zach Fraysier
Verification Date:	05/05/2017
Confirmation Source:	Brad Barnes at Columbia Residential
Verification Type:	Confirmed-Seller
Secondary Verific. Source:	CoStar

Occupancy at Time of Sale: 98.00%

## Improvement and Site Data

MSA:	Atlanta-Sandy Springs-Marietta, GA Metropolitan Statistical Area
GBA-SF:	153,024
NRA-SF:	153,024
Acres(Usable/Gross):	15.00/15.00
Land-SF(Usable/Gross):	653,400/653,400
Usable/Gross Ratio:	1.00
Year Built:	2002
Property Class:	B
M&S Class:	D
Construction Desc.:	Wood framing
No. of Units/Unit Type:	119/Apt. Units
Density-Unit/Gross Acre:	7.93
Density-Unit/Usable Acre:	7.93
Bldg. to Land Ratio FAR:	0.23
Source of Land Info.:	Other

## Operating Data and Key Indicators

Vacancy Rate: 2%

## Occupancy

## Unit Mix

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
2.00	1.00	95	1,244	118,180	77.2%

## Unit Mix (Cont'd)

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
2.00	2.00	1	1,244	1,244	0.8%
3.00	2.00	24	1,400	33,600	22.0%
		<u>120</u>		<u>153,024</u>	

## Project & Unit Amenities

Fitness Room	Ceiling Fans
Clubhouse/Rec. Bldg.	Patios/Balcony
Swimming Pool	Washer/Dryer Hookup
Laundry Facility	Dishwasher
Basketball	Disposal

## Comments

This was the sale of a multifamily property encumbered by a LIHTC contract which was 98% occupied at the time of sale.

This is a Section 42 housing development with 118 tax credit units.

## Location & Property Identification

Property Name:	Pointe Clear
Sub-Property Type:	LIHTC
Address:	7545 Tara Rd.
City/State/Zip:	Jonesboro, GA 30236
County:	Clayton
Submarket:	Clayton/Henry
Market Orientation:	Suburban
IRR Event ID:	1383701



Occupancy at Time of Sale: 100.00%

## Sale Information

Sale Price:	\$13,900,000
Effective Sale Price:	\$13,900,000
Sale Date:	07/25/2016
Sale Status:	Closed
\$/SF GBA:	\$56.43
\$/SF NRA:	\$56.43
Eff. Price/Unit:	\$60,435 /Apt. Unit
Grantor/Seller:	Pointe Clear Apartments, LLC
Grantee/Buyer:	Pointe Clear Owner, LLC
Property Rights:	Leased Fee
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	10935/222
Rent Controlled:	Yes
Subsidy Comments:	LIHTC
Verified By:	Kristina Prestwich
Verification Date:	08/23/2016
Verification Type:	Secondary Verification
Secondary Verific. Source:	Assessor, CoStar

## Improvement and Site Data

MSA:	Atlanta-Sandy Springs-Marietta, GA Metropolitan Statistical Area
Legal/Tax/Parcel ID:	13208A A001
GBA-SF:	246,336
NRA-SF:	246,336
Acres(Usable/Gross):	21.96/21.96
Land-SF(Usable/Gross):	956,360/956,360
Usable/Gross Ratio:	1.00
No. of Units (Potential):	264
Year Built:	1998
Property Class:	B
M&S Class:	D
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Wood siding
Construction Desc.:	Wood frame
No. of Buildings/Stories:	9/3
No. of Units/Unit Type:	230/Apt. Units
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	500
Park. Ratio 1000 SF GLA:	2.03
No. Surface Spaces:	500
Park. Ratio 1000 SF GBA:	2.03
Parking Ratio(/Unit):	2.17

## Operating Data and Key Indicators

Net Operating Income:	\$ 1,000,800
Cap Rate - Derived:	7.20%

## Occupancy

## Improvement and Site Data (Cont'd)

Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Feet:	1241
Frontage Desc.:	Tara Road
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	None
Traffic Flow:	Moderate
AccessibilityRating:	Average
Visibility Rating:	Average
Density-Unit/Gross Acre:	10.47
Density-Unit/Usable Acre:	10.47
Bldg. to Land Ratio FAR:	0.26
Zoning Code:	RM
Zoning Desc.:	Multiple Family Residential
Flood Plain:	No
Flood Zone:	Outside of 500-year floodplain
Flood Zone Designation:	X
Comm. Panel No.:	13063C0086E
Date:	09/05/2007
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone, CableTV
Source of Land Info.:	Other

Gated Entrance	Patios/Balcony
Swimming Pool	Central AC
Playground	Vaulted Ceilings
Clubhouse/Rec. Bldg.	Fireplace
Fitness Room	Washer/Dryer Hookup
Laundry Facility	Walk-in Closets
Security	Carpets/Drapes/Blinds
	Modern Kitchens
	Air Conditioning

## Comments

This is the sale of the 230-unit apartment complex located at 7545 Tara Road in Jonesboro, GA. The property sold on July 25, 2016 for \$13,900,000 or \$60,435 per unit. The property was 100% occupied at the time of sale. The property traded at a 7.2% cap rate. Pointe Clear is a 230-unit, LIHTC property located in Jonesboro. The community offers one-, two- and three-bedroom units. All of the units are set aside at 60% AMI.

## Unit Mix

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
1.00	1.00		804		
2.00	2.00		1,044		
2.00	2.00		1,070		
3.00	2.00	80	1,244	99,520	100.0%
1.00	1.00		804		
1.00	1.00		804		
2.00	2.00		1,070		
2.00	2.00		1,070		
		80		99,520	

## Project & Unit Amenities

## Location & Property Identification

Property Name: Baywood Park  
 Sub-Property Type: LIHTC  
 Address: 6655 Mt. Zion Blvd.  
 City/State/Zip: Morrow, GA 30260  
 County: Clayton  
 Submarket: Clayton/Henry  
 Market Orientation: Suburban

IRR Event ID: 1389368



## Sale Information

Sale Price: \$6,632,352  
 Effective Sale Price: \$6,632,352  
 Sale Date: 06/13/2016  
 Sale Status: Closed  
 \$/SF GBA: \$47.37  
 \$/SF NRA: \$47.37  
 Eff. Price/Unit: \$55,270 /Apt. Unit  
 Grantor/Seller: VCP Baywood LLC (Verden Capital Properties)  
 Grantee/Buyer: Elite Street Capital Baywood Equity DE LP  
 Property Rights: Leased Fee  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller - buyer obtained financing  
 Terms of Sale: Buyer made 17.1% (\$1,132,352 down payment) and obtained \$5,500,000 from Greystone Servicing Corporation, Inc.  
 Document Type: Warranty Deed  
 Recording No.: Clayton WD Bk 10909 Pg 550  
 Verified By: Zach Fraysier  
 Verification Date: 09/07/2016  
 Verification Type: Secondary Verification  
 Secondary Verific. Source: CoStar, Deed

## Occupancy

Occupancy at Time of Sale: 95.00%

## Improvement and Site Data

MSA: Atlanta-Sandy Springs-Marietta, GA Metropolitan Statistical Area  
 GBA-SF: 140,000  
 NRA-SF: 140,000  
 Acres(Usable/Gross): 26.80/26.80  
 Land-SF(Usable/Gross): 1,167,408/1,167,408  
 Usable/Gross Ratio: 1.00  
 Year Built: 1995  
 Most Recent Renovation: 2011/2012  
 Property Class: B  
 M&S Class: D  
 Construction Quality: Average  
 Improvements Cond.: Average  
 Exterior Walls: Brick  
 Construction Desc.: Two-story wood frame, garden style apartments.  
 No. of Units/Unit Type: 120/Apt. Units  
 Multi-Tenant/Condo.: Yes/No  
 Total Parking Spaces: 240  
 Park. Ratio 1000 SF GLA: 1.71  
 Park. Ratio 1000 SF GBA: 1.71  
 Parking Ratio(/Unit): 2.00

## Improvement and Site Data (Cont'd)

Density-Unit/Gross Acre:	4.48
Density-Unit/Usable Acre:	4.48
Bldg. to Land Ratio FAR:	0.12
Zoning Desc.:	RM, Clayton County
Source of Land Info.:	Other

## Unit Mix

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
2.00	2.00	40	1,004	40,160	29.9%
3.00	2.00	40	1,153	46,120	34.3%
3.00	2.00	40	1,201	48,040	35.8%
		<u>120</u>		<u>134,320</u>	

## Project & Unit Amenities

Clubhouse/Rec. Bldg.	Patios/Balcony
Basketball	Washer/Dryer Hookup
Volleyball	Central AC
Laundry Facility	Carpets/Drapes/Blinds
Fitness Room	Walk-in Closets
Playground	Modern Kitchens
	Ceiling Fans
	Air Conditioning
	Dishwasher
	Disposal

## Comments

According to CoStar and Public Record, this transaction was arm's length and cash to seller- buyer obtained financing.

Baywood is a 120-unit, LIHTC community, located in Morrow. The community offers two- and three-bedroom units. Of the units, 13 are set aside at 50% and the balance is set aside at 60%.

## Location & Property Identification

Property Name:	Orchard Cove Apartments
Sub-Property Type:	LIHTC
Address:	30 Gross Lake Dr.
City/State/Zip:	Covington, GA 30016
County:	Newton
Submarket:	Covington/W Conyers
Market Orientation:	Suburban
IRR Event ID:	1146371



## Sale Information

Sale Price:	\$11,000,000
Effective Sale Price:	\$11,000,000
Sale Date:	05/12/2015
Sale Status:	Recorded
\$/SF GBA:	\$52.10
\$/SF NRA:	\$53.25
Eff. Price/Unit:	\$58,511 /Apt. Unit
Grantor/Seller:	Orchard Cove Ltd Partnership
Grantee/Buyer:	VCP Orchard Cove, LLC
Property Rights:	Leased Fee
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	3331-0222
Rent Subsidized:	Yes
Subsidy Comments:	This is a LIHTC property and also market rent units.
Verified By:	Sherry L. Watkins, MAI, FRICS, ASA
Verification Date:	06/16/2015
Confirmation Source:	Robbie O'Bryan, MHA, CoStar, Public Records
Verification Type:	Confirmed-Seller Broker

## Operating Data and Key Indicators

Operating Data Type:	In Place
Vacancy Rate:	4%

Net Operating Income:	\$ 764,500
Cap Rate - Derived:	6.95%

## Occupancy

Occupancy at Time of Sale:	96.00%
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## Improvement and Site Data

MSA:	Atlanta-Sandy Springs-Marietta, GA Metropolitan Statistical Area
GBA-SF:	211,127
NRA-SF:	206,568
Acres(Usable/Gross):	16.78/16.78
Land-SF(Usable/Gross):	730,936/730,936
Usable/Gross Ratio:	1.00
Year Built:	2000
Property Class:	B
M&S Class:	D
Construction Quality:	Average
Improvements Cond.:	Average
Construction Desc.:	Brick and vinyl siding
No. of Buildings/Stories:	14/2
No. of Units/Unit Type:	188/Apt. Units
Multi-Tenant/Condo.:	Yes/No
Roof,Heating,AC Comm.:	Central HVAC, split system with FWA furnace
Density-Unit/Gross Acre:	11.20
Density-Unit/Usable Acre:	11.20

## Improvement and Site Data (Cont'd)

Bldg. to Land Ratio FAR:	0.29
Zoning Code:	RMF
Zoning Desc.:	Residential MF
Source of Land Info.:	Other

## Unit Mix

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
1.00	1.00	4	794	3,176	1.5%
1.00	1.00	24	794	19,056	9.2%
1.00	1.00	16	850	13,600	6.6%
2.00	2.00	4	1,119	4,476	2.2%
2.00	2.00	72	1,119	80,568	39.0%
2.00	2.00	32	1,176	37,632	18.2%
3.00	2.00	2	1,320	2,640	1.3%
3.00	2.00	22	1,320	29,040	14.1%
3.00	2.00	12	1,365	16,380	7.9%
		<u>188</u>		<u>206,568</u>	

## Project & Unit Amenities

Gated Entrance	Dishwasher
Swimming Pool	Disposal
Garage/Under Building	Washer/Dryer Hookup
Tennis Court	Walk-in Closets
Playground	Patios/Balcony
Fitness Room	Walk-in Closets
Fitness Room	Carpets/Drapes/Blinds
	Walk-in Closets
Laundry Facility	Air Conditioning
	Ceiling Fans

## Comments

The property was 96% occupied at the time of sale. The cap rate of 6.95% was based on in-place income/expenses. The property is nearing the end of its LIHTC compliance period so there is upside income potential as the property transitions to market rent.

## Location & Property Identification

Property Name:	The Courtyard at Maple
Sub-Property Type:	LIHTC
Address:	55 Maple St. NW.
City/State/Zip:	Atlanta, GA 30314
County:	Fulton
Submarket:	Central I-75 West
Market Orientation:	Suburban

IRR Event ID: 1131692



## Sale Information

Sale Price:	\$14,000,000
Effective Sale Price:	\$14,000,000
Sale Date:	05/05/2015
Sale Status:	Closed
\$/SF GBA:	\$62.98
\$/SF NRA:	\$62.98
Eff. Price/Unit:	\$76,923 /Unit
Grantor/Seller:	BBRC Parcel 25, LLC/Vine City Redevelopment
Grantee/Buyer:	Domain Courtyard Apartments, LLC
Property Rights:	Leased Fee
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	55596-0510
Verified By:	Sherry L. Watkins, MAI, FRICS, ASA
Verification Date:	09/01/2016
Confirmation Source:	Confidential Confirmation, Offering Memorandum
Verification Type:	Confirmed-Other

## Operating Data and Key Indicators

Operating Data Type:	In Place
Vacancy Rate:	3%
Effective Gross Income:	\$1,740,096
Operating Expenses:	\$1,159,893

Net Operating Income:	\$ 580,203
Expense Ratio:	66.66%
Reserves Included:	Yes
Management Included:	Yes
Cap Rate - Derived:	4.14%
EGIM - Derived:	8.05

## Occupancy

Occupancy at Time of Sale: 97.00%

## Improvement and Site Data

Legal/Tax/Parcel ID:	14-0083-0008-114
GBA-SF:	222,285
NRA-SF:	222,285
Acres(Usable/Gross):	7.33/7.33
Land-SF(Usable/Gross):	319,294/319,294
Usable/Gross Ratio:	1.00
Year Built:	1993
Property Class:	B
Construction Quality:	Average
Construction Desc.:	Masonry
No. of Buildings/Stories:	9/3
Elevators/Count:	Yes/0
Density-Unit/Gross Acre:	24.83
Density-Unit/Usable Acre:	24.83
Bldg. to Land Ratio FAR:	0.70
Source of Land Info.:	Other

## Unit Mix

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
1.00	1.00	12	575	6,900	4.2%
1.00	1.00	24	722	17,328	10.5%
2.00	1.00	15	848	12,720	7.7%
2.00	1.00	9	848	7,632	4.6%
2.00	2.00	2	850	1,700	1.0%
2.00	2.00	62	968	60,016	36.2%
2.00	2.00	40	968	38,720	23.4%
3.00	2.00	18	1,150	20,700	12.5%
		182	165,716		

## Project & Unit Amenities

Fitness Room	Air Conditioning
Gated Entrance	Carpets/Drapes/Blinds
Laundry Facility	Dishwasher
Playground	Disposal
Swimming Pool	Range-Refrig.
	Vaulted Ceilings
	Walk-in Closets
	Washer/Dryer Hookup

## Comments

This property sold for \$14,000,000. or \$76,923 per unit. The cap rate of 4.14% is based on in-place income/expenses. The proforma cap rate is about 7% with much lower expenses and higher rents forecast. This is a 60% LIHTC and 40% market rent property. The tax credit units are only two bedroom units.

## Location & Property Identification

Property Name:	Plantation Ridge
Sub-Property Type:	LIHTC
Address:	1022 Level Creek Rd.
City/State/Zip:	Sugar Hill, GA 30518
County:	Gwinnett
Submarket:	North Gwinnett
Market Orientation:	Suburban
IRR Event ID:	1296211



## Sale Information

Sale Price:	\$16,005,000
Effective Sale Price:	\$16,005,000
Sale Date:	03/18/2015
Sale Status:	Closed
\$/SF GBA:	\$65.55
\$/SF NRA:	\$65.55
Eff. Price/Unit:	\$73,417 /Apt. Unit
Grantor/Seller:	Level Creek Partners, LP
Grantee/Buyer:	Tralee Affordable Bulldog I, LLC
Property Rights:	Leased Fee
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	53455-0640
Verified By:	Kristina Prestwich
Verification Date:	03/28/2016
Verification Type:	Secondary Verification

## Operating Data and Key Indicators

Vacancy Rate:	8%
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## Occupancy

Occupancy at Time of Sale:	92.00%
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## Improvement and Site Data

MSA:	Atlanta-Sandy Springs-Marietta, GA Metropolitan Statistical Area
Legal/Tax/Parcel ID:	R7291 045
GBA-SF:	244,152
NRA-SF:	244,152
Acres(Usable/Gross):	17.55/17.55
Land-SF(Usable/Gross):	764,478/764,478
Usable/Gross Ratio:	1.00
Year Built:	1998
Property Class:	B
M&S Class:	D
Construction Quality:	Average
Improvements Cond.:	Average
Construction Desc.:	Wood framing
No. of Buildings/Stories:	15/2
No. of Units/Unit Type:	218/Apt. Units
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	436
Park. Ratio 1000 SF GLA:	1.79
Park. Ratio 1000 SF GBA:	1.79
Parking Ratio(/Unit):	2.00
Elevators/Count:	None
Density-Unit/Gross Acre:	12.42
Density-Unit/Usable Acre:	12.42
Bldg. to Land Ratio FAR:	0.32
Zoning Desc.:	RM, Multifamily
Source of Land Info.:	Public Records

## Unit Mix

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
1.00	1.00		885		
2.00	2.00		1,086		
3.00	2.00		1,284		
1.00	1.00		885		
2.00	2.00		1,086		
3.00	2.00		1,284		

## Project & Unit Amenities

Fitness Room	Air Conditioning
Laundry Facility	Carpets/Drapes/Blinds
Playground	Dishwasher
Swimming Pool	Disposal
	Patios/Balcony
	Range-Refrig.
	Storage in Unit
	Walk-in Closets
	Washer/Dryer Hookup

## Comments

This is the sale of the 218-unit apartment complex located at 1022 Level Creek Road in Sugar Hill, Georgia. The property sold on March 18, 2015 for \$16,005,000 or \$73,411 per unit. The property was 92% occupied at the time of sale. This is a LIHTC property.

The subject is an existing multifamily property containing 218 dwelling units. The improvements were constructed in 1998. The site area is 17.55 acres, or 764,478 square feet. The subject is encumbered by LIHTC restrictions requiring that a minimum of 130 of the units be rented to tenants earning no more than 60% of the Area Median Income (AMI).

## Location & Property Identification

Property Name: Legacy at Walton Lakes  
 Sub-Property Type: LIHTC  
 Address: 4687 Camp Creek Pky.  
 City/State/Zip: Atlanta, GA 30331  
 County: Fulton  
 Submarket: South Fulton  
 Market Orientation: Suburban  
  
 IRR Event ID: 1492797



## Property Data

Survey Date: 05/10/2017  
 No. of Buildings/Stories: 1/3  
 No. of Units/Unit Type: 126/Apt. Units  
 Rent Controlled: Yes  
 Property Class: A  
 Vacancy @ Survey: 0.00%  
 Yr. Built/Yr. Renov.: 2009/  
 Land Size (Ac.): 20.08

## Project & Unit Amenities

Project Amenities: Clubhouse/Rec. Bldg., Fitness Room, Laundry Facility, Security  
 Unit Amenities: Air Conditioning, Carpets/Drapes/Blinds, Dishwasher, Disposal, Patios/Balcony, Storage in Unit, Walk-in Closets, Washer/Dryer Hookup  
 Tenant Pays: Trash, In-Unit Electric, Sewer, Water  
 Survey Comp./Contact: (404) 947-6870/

## Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
1BR/1BA - Market	/1/1.0		INA	810	\$995	\$1.23	
1BR/1BA - 60%	/1/1.0		INA	810	\$696	\$0.86	
2BR/2BA - Market	/2/2.0		INA	1,270	\$1175	\$0.93	
2BR/2BA - 60%	/2/2.0		INA	1,270	\$815	\$0.64	

## Comments

At the time of the survey, the property was 100% occupied. The property is leased to ages 55 and over tenants with a mix of market and 60% AMI units.

The Legacy at Walton Lakes is an active adult community restricted to 55+. Amenities include vegetable garden, movie theatre, fitness center, walking trails, and lifestyle coordinator.

## Location & Property Identification

Property Name: Pointe Clear  
 Sub-Property Type: LIHTC  
 Address: 7545 Tara Rd.  
 City/State/Zip: Jonesboro, GA 30236  
 County: Clayton  
 Submarket: Clayton/Henry  
 Market Orientation: Suburban  
  
 IRR Event ID: 1492809



## Property Data

Survey Date: 05/10/2017  
 No. of Buildings/Stories: 9/3  
 No. of Units/Unit Type: 230/Apt. Units  
 Multi-Tenant/Condo.: Yes/No  
 Property Class: B  
 Vacancy @ Survey: 6.00%  
 Yr. Built/Yr. Renov.: 1998/  
 Construction Type: Wood frame  
 Land Size (Ac.): 21.96

## Project & Unit Amenities

Project Amenities: Gated Entrance, Swimming Pool, Playground, Clubhouse/Rec. Bldg., Fitness Room, Laundry Facility, Security  
 Unit Amenities: Patios/Balcony, Central AC, Vaulted Ceilings, Fireplace, Washer/Dryer Hookup, Walk-in Closets, Carpets/Drapes/Blinds, Modern Kitchens, Air Conditioning  
 Landlord Pays: Trash, Sewer  
 Tenant Pays: In-Unit Electric, Water  
 Survey Comp./Contact: 770-472-5228/

## Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
1BR/1BA Market	/1/1.0		0	804	\$675	\$0.84	
2BR/2BA Market	/2/2.0		0	1,070	\$775	\$0.72	

## Comments

Since the property's July 2016 transaction, the property has been converting its LIHTC units to market units. At the time of the survey, we were made aware that the property no longer leases tax credit units. The property was 94% occupied at the time of the survey.

**Comments (Cont'd)**

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Pointe Clear is a 230-unit, LIHTC property located in Jonesboro. The community offers one-, two- and three-bedroom units. All of the units are set aside at 60% AMI.



## Location & Property Identification

Property Name: The Renaissance at Park Place  
 Sub-Property Type: LIHTC  
 Address: 240 Amal Dr.  
 City/State/Zip: Atlanta, GA 30315  
 County: Fulton  
 Submarket: South Fulton  
 Market Orientation: Suburban

IRR Event ID: 1492820



## Property Data

Survey Date: 05/10/2017  
 No. of Buildings/Stories: 1/4  
 No. of Units/Unit Type: 100/Apt. Units  
 Rent Controlled: Yes  
 Property Class: B  
 Vacancy @ Survey: 5.00%  
 Yr. Built/Yr. Renov.: 2003/  
 Construction Type: Brick veneer, stucco and vinyl on wood structure  
 Land Size (Ac.): 6.00

## Project & Unit Amenities

Project Amenities: Fitness Room, Security, Laundry Facility  
 Unit Amenities: Air Conditioning, Carpets/Drapes/Blinds, Dishwasher, Washer/Dryer Hookup  
 Landlord Pays: Trash, Sewer  
 Tenant Pays: In-Unit Electric, Water  
 Survey Comp./Contact: 404-624-1771/

## Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
1BD/1BA 80%	/1/1.0		INA	600	\$688	\$1.15	
2BD/2BA 80%	/2/2.0		INA	750	\$788	\$1.05	

## Comments

At the time of survey the property was 100% leased to all tax credit tenants who are eligible if they are 80% of the AMI or lower. The property is also restricted to ages 55 and older.  
 This is a market/affordable housing for ages 55 and up. All units are in one four-story building.

## Location & Property Identification

Property Name: Lillie R. Campbell House  
 Sub-Property Type: LIHTC  
 Address: 1830 Campbellton Rd.  
 City/State/Zip: Atlanta, GA 30311  
 County: Fulton  
 Submarket: South Fulton  
 Market Orientation: Suburban  
  
 IRR Event ID: 1426398



## Property Data

Survey Date: 11/29/2016  
 No. of Buildings/Stories: 1/3  
 No. of Units/Unit Type: 96/Apt. Units  
 Rent Controlled: Yes  
 Property Class: B  
 Vacancy @ Survey: 3.00%  
 Yr. Built/Yr. Renov.: 2007/  
 Construction Type: Brick veneer and vinyl siding  
 Land Size (Ac.): 3.13

## Project & Unit Amenities

Project Amenities: Clubhouse/Rec. Bldg., Fitness Room, Gated Entrance, Laundry Facility, Security, Spa/Hot Tub, Storage  
 Unit Amenities: Air Conditioning, Carpets/Drapes/Blinds, Dishwasher, Fireplace, Patios/Balcony, Walk-in Closets, Washer/Dryer In Unit  
 Landlord Pays: Trash, In-Unit Electric, Sewer, Common Area Electric, Water  
 Survey Comp./Contact: 404-766-2929/

## Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
1BD/1BA Market	/1/1.0		INA	610	\$895	\$1.47	
1BD/1BA 60%	/1/1.0		INA	610	\$770	\$1.26	
2BD/2BA Market	/2/2.0		INA	858	\$1125	\$1.31	
2BD/2BA 60%	/2/2.0		INA	858	\$830	\$0.97	

## Comments

At the time of the survey, the property was 97% leased. The landlord was responsible for all utilities. The property is a market/affordable housing facility for ages 55 and older.

**Addendum D**  
**Engagement Letter**





May 1, 2017

Mr. Ryan Williams  
Staff Associate  
Development & Acquisitions  
Dominium  
2905 Northwest Blvd, #150  
Plymouth, MN 55441

**SUBJECT:** Proposal/Authorization for Valuation and Consulting Services  
Valley Hill Senior Apartments  
430 Valley Hill Road  
Riverdale, GA 30274 (the "Subject Property")

Dear Mr. Williams:

Integra Realty Resources – Minneapolis/St. Paul appreciates the opportunity to provide this proposal for valuation and counseling services to Riverdale Leased Housing Associates II, LLLP (the "Client") for the above-captioned property.

It is our mutual understanding that the purpose of this update appraisal is to provide various opinions of the market value of the fee simple estate in the Subject Property and that the intended use of the report is for acquisition and financing purposes. The value to be estimated include:

- Land value as if vacant
- As-is market value (restricted rents)
- Prospective market value upon completion and as stabilized (restricted rents)
- Prospective market value upon completion and as stabilized (market rents)
- Value of the seller financing
- If personal property, FF&E or intangible items are not part of the transaction or value estimate, a statement to such effect will be included

The appraisal and report will be prepared in a summary format in conformance with and subject to the Standards of Professional Practice and Code of Ethics of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation. The report will also meet the Georgia DCA Requirements. The appraisal will consider all applicable approaches to value as

Mr. Ryan Williams  
Dominium  
May 1, 2017  
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arising from or in any way connected to the use of, or reliance upon, the review appraisal by any such unauthorized person or entity.

If the appraisal is referred to or included in any offering material or prospectus, the appraisal shall be deemed referred to or included for informational purposes only and Integra - Minneapolis/St. Paul, its employees and the appraisers have no liability to such recipients. Integra - Minneapolis/St. Paul disclaims any and all liability to any party other than the Client which retained Integra - Minneapolis/St. Paul to prepare the appraisal.

If this proposal is acceptable, please authorize us to proceed by executing this letter agreement where noted below and returning one copy to the undersigned. Thank you for considering us for this assignment and we look forward to working with you. Please call if you wish to discuss this proposal or the assignment any further.

Sincerely,

**INTEGRA REALTY RESOURCES – MINNEAPOLIS/ST. PAUL**

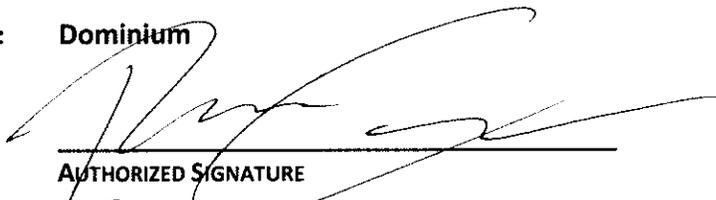


Michael F. Amundson, MAI, CCIM, FRICS  
Senior Managing Director

Attachments

AGREED & ACCEPTED THIS 8 DAY OF MAY, 2017.

BY: **Dominium**

  
\_\_\_\_\_  
AUTHORIZED SIGNATURE

Russel Cowens  
\_\_\_\_\_  
NAME (PRINT)

Mr. Ryan Williams  
Dominium  
May 1, 2017  
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(d) Scheduling of casework and appearances will be made with due consideration for the time of all persons involved. Every effort to comply with reasonable requests for appearances will be made. Once an appointment, deposition or appearance is scheduled, that time is set aside. Therefore, if the appearance is canceled, or the reserved time is abandoned for whatever reason, the following cancellation charges will apply:

1. More than one week	No Charge
2. 48 Hours prior	\$300.00
3. Less than 48 Hours prior	\$600.00
4. A Stand-by Charge of	\$300.00 per day

(e) Due to the difficulty associated with accurately forecasting the number of hours which may be required with the research, hearing and/or trial preparation, deposition time, client/expert conferences, etc., we will maintain contemporaneous time and expense records and will provide you invoices on a 30 day billing cycle. The Client agrees to pay Integra – Minneapolis/St. Paul at the time the invoice is submitted and acknowledges payment to Integra – Minneapolis/St. Paul is not contingent upon any set outcome, result or award to the Client.

4. Limitations of Liability: It is expressly agreed that in any action which may be brought against Integra – Minneapolis/St. Paul, Integra Realty Resources, Inc. or their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, or any estimates or information contained therein, the Integra Parties shall not be responsible or liable for an incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with gross negligence. It is further agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with gross negligence. Finally, it is agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

In the event the Client provides our work or permits reliance thereon by, any person or entity not authorized by Integra - Minneapolis/St. Paul in writing to use or rely thereon, Client hereby agrees to indemnify and hold Integra - Minneapolis/St. Paul, its affiliates and the respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon our work by any such unauthorized person or entity.

You acknowledge that any opinions and conclusions expressed by professionals employed by Integra - Minneapolis/St. Paul during this assignment are representations made as them as employees and not as individuals. Our responsibility is limited to you as Client, and use of our product by third parties shall be solely at the risk of you and/or third parties.

Mr. Ryan Williams  
Dominium  
May 1, 2017  
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**ATTACHMENT II**  
**REQUEST FOR INFORMATION**

Please forward the following information to our office so we can provide the proposed services within the agreed upon time frame as discussed above. If you care to send the information as you gather it if you like, please forward the physical data such as the site plan, previous engineering reports and/or property reports describing the physical attributes of the property and all financial information such as rent roll and income and expense statements first as these items are the most time sensitive and should be received immediately to meet the time requirements of this assignment. If, at this time, you are certain you will not be providing any specific items noted below, please cross out the item and mark "NA" next to the item so that we will be notified that the information is not available and will not be forthcoming.

1. Site plan, if available. (Preferably, an AS BUILT PLAN showing an outline of building/s drawn to scale. Please do not send reductions so original scale may be used for measurement purposes.
2. Building plans, if available.
3. Prior engineering report or physical descriptions from prior appraisals or asset management report, if available.
4. Leasing brochures and/or other marketing materials, if available.
5. If the property has been offered for sale within the last two years, a copy of the offering memorandum or investment book.
6. Past feasibility or market studies and economic impact studies as well as any relevant information collected from third party sources.
7. Agreements of Sale/Options to Buy (current or during last three years), if any.
8. Income and expense statements for the past three years plus year-to-date income and expense statements. *Please sign and date.*
9. Operating budget for current year, if available.
10. Management contracts.
11. Copy of most recent real estate tax bill. Please advise if there has been a recent assessment increase.
12. Title report, Legal Description, or copy of deed. Provide a written statement of five year history of legal property owner. *Please advise, if there any deed restrictions or encumbrances, easements or cross easements.*
13. Personal property inventory, if available.
14. Occupancy rates for the last three years, if not revealed in the financial statements.
15. Ground leases, if any.
16. Approximate actual construction costs, if built during the past three years.
17. Environmental audits and studies disclosing any wetlands, hazardous wastes or other environmental conditions such as asbestos or radon.
18. List of any known major repairs and improvements needed.

**ATTACHMENT III**

**ASSUMPTIONS & LIMITING CONDITIONS**

This appraisal is based on the following assumptions, except as otherwise noted in the report.

- a) The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
- b) There are no existing judgments or pending or threatened litigation that could affect the value of the property.
- c) There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
- d) The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
- e) The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
- f) The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal is subject to the following limiting conditions, except as otherwise noted in the report.

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

18. The *Americans with Disabilities Act (ADA)* became effective January 26, 1992. We have not made a specific survey or analysis of any property to determine whether the physical aspects of the improvements meet the *ADA* accessibility guidelines. In as much as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, we cannot comment on compliance to *ADA*. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. A specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the Subject Property or in the improvements, and our valuation is predicated upon the assumption that the Subject Property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the Subject Property and the person signing the report shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the Subject Property.
21. The person signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the Subject Property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. Integra is not a building or environmental inspector. Integra does not guarantee that the Subject Property is free of defects or environmental problems. Mold may be present in the Subject Property and a professional inspection is recommended.
23. The appraisal report and value conclusion for an appraisal assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. It is expressly acknowledged that in any action which may be brought against Integra – Minneapolis/St. Paul, Integra Realty Resources, Inc. or their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, or any estimates or information contained therein, the Integra Parties shall not be responsible or liable for an incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with gross negligence. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with