



**A LAND VALUATION ANALYSIS OF
ADAIR COURT SENIOR
806 Murphy Ave SW
Atlanta, Fulton County, Georgia 30310**

**Effective Date: April 26, 2012
Report Date: May 2, 2012**

Prepared For

**Adair Court LP
c/o
Mr. Curry Wadsworth
Parallel Housing
198 Boulevard
Athens, GA 30601**

Prepared By

**Novogradac & Company LLP
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May 2, 2012

Adair Court LP
c/o
Mr. Curry Wadsworth
Parallel Housing
198 Boulevard
Athens, GA 30601

Re: Land Appraisal of Adair Court
806 Murphy Ave SW
Atlanta, Fulton County, Georgia

Dear Mr. Wadsworth:

We are pleased to present our findings with respect to the value of the above-referenced property, 806 Murphy Ave SW (“Subject”). As requested we provided our opinion of As Is/Land value. It is important to note that we provided an initial land value for this property in May 2008 and in June 2011. The Subject site is currently vacant land.

- As Is Value (Land Only)

Our valuation report is for use by the client and their advisors for possible loan collateral purposes. Neither this report nor any portion thereof may be used for any other purpose or distributed to third parties without the express written consent of Novogradac and Company LLP (“Novogradac”).

This valuation engagement was conducted in accordance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which standards incorporate the Uniform Standards of Professional Appraisal Practice (USPAP). In accordance with these standards, we have reported our findings herein in a self-contained report, as defined by USPAP.

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 sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in what they consider their best interest;

3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and,
5. The price represents normal considerations for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

This report complies with FIRREA (1989) regulations. It also complies with Appraisal Institute guidelines.

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the estimated market value “**Land Value**” of the fee simple interest in the Subject, free and clear of financing, as of April 26, 2012, is:

ONE MILLION ONE HUNDRED THOUSAND DOLLARS
(\$1,100,000)

We also used certain forecasted data in our valuation and applied generally accepted valuation procedures based upon economic and market factors to such data and assumptions. We did not examine the forecasted data or the assumptions underlying such data in accordance with the standards prescribed by the AICPA and, accordingly, do not express an opinion or any other form of assurance on the forecasted data and related assumptions. The financial analyses contained in this report are used in the sense contemplated by the Uniform Standards of Professional Appraisal Practice (USPAP).

Furthermore, there will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility for updating this report due to events and circumstances occurring after the date of inspection.

Our value conclusion was based on general economic conditions as they existed on the date of the analysis and did not include an estimate of the potential impact of any sudden or sharp rise or decline in general economic conditions from that date to the effective date of our report. Events or transactions that may have occurred subsequent to the effective date of our opinion were not considered. We are not responsible for updating or revising this report based on such subsequent events, although we would be pleased to discuss with you the need for revisions that may be occasioned as a result of changes that occur after the valuation date.

¹ 112 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990.

We appreciate this opportunity to be of service. Please contact us if you have any comments or questions.

Respectfully submitted,



Brad E. Weinberg, MAI, CCIM
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ADDENDUM B: QUALIFICATION OF CONSULTANTS

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

- Property Appraised:** The Subject site is located at 806 Murphy Ave SW, Atlanta, Georgia.
- Subject Property Description:** The Subject site is currently vacant.
- Property Identification:** The Subject site consists of four parcels. The following table illustrates these parcels as identified by the Fulton County Assessor's Office.

Parcel Numbers
14-0107-0007-041-0
14-0107-0007-002-2
14-0107-0007-004-8
14-0107-0007-003-0

Land Area: 2.44 Acres.

Legal Interest Appraised: The property interest appraised is fee simple subject to any and all encumbrances, if applicable for each value estimate.

Zoning Classification: The Subject site has gone through multiple zoning designations since 2000. The property was originally zoned Industrial and R4. In 2005, the property was rezoned for site specific light commercial (C1) for 71 units. The site has since been rezoned into the Special Public Interest (SPI) 21 district (Historic West End/Adair Park). The property is sub-zoned SPI21 – SA5 and has HC-201 SA-3 Beltline overlay. Permitted uses include single-family dwellings, two-family dwellings, multifamily dwellings, MARTA structures, automatic teller machines, and bakeries, barber shops, dry cleaning, Laundromats, sales and repair establishments, and tailoring/dressmaking shops (up to 4,000 square feet). Additionally permitted uses include museums, restaurants, and offices (up to 8,000 square feet), public schools, and childcare centers. The following uses are also permitted with the acquisition of a special exemption, special use permit, or special administrative permit: hospitals, churches, and broadcasting towers. Zoning classification permits maximum building coverage of 85 percent. Residential uses have a maximum Floor to Area Ratio (FAR) of 2.3. Nonresidential uses for the site cannot comprise more than 20 percent of the gross floor area. Assuming an average unit size of 714 square feet (the weighted average unit size for the proposed Subject), the site could support 311 units with no commercial space, or 249 units with 48,890 square feet of commercial space (20 percent of ground floor space).

The Subject site consists of approximately 2.44 acres or 106,282 square feet. With a maximum FAR of 2.3, a multifamily property could have a maximum gross floor area of 244,449. The Subject's proposed gross floor area equals 71,460; therefore, the Subject as proposed is considered a legal conforming use with regards to improvements.

Parking requirements for the Subject's zoning classification were unavailable at the time of this study. The Subject will offer 51 surface parking spaces, or approximately 0.56 spaces per unit. This ratio is fairly typical of senior properties. We assume that the number of parking spaces provided at the Subject will conform to zoning requirements or if not, that the Subject's sponsor will apply for a variance.

Flood Plain:

According to floodinsights.com, dated May 7, 2001, the Subject is not located in an area of flooding and is outside of both 100-year and 500-year flood plains.

Location and Surrounding Uses:

The Subject is located in the historic West End neighborhood less than two miles southwest of downtown Atlanta. The West End, despite its proximity to downtown Atlanta, has lagged behind other sections of the city with regards to the amount of revitalization. Nevertheless, in recent years the area has begun to experience revitalization efforts, particularly with the planning and groundbreaking of Atlanta's Beltline project. Homes in the Subject's neighborhood range in condition from poor to good; however, the majority of the homes are in fair to average condition. This further constitutes the neighborhood as entering into a period of transition and revitalization. The Subject will be located on Murphy Avenue. Surrounding uses on Murphy Avenue consist of single family homes, an older auto repair shop, and several industrial buildings. MARTA rail tracks and railroad tracks are located immediately west of the Subject site and will be visible from the Subject. Surrounding land uses are as follows:

North: Immediately north of the Subject site on Murphy Avenue is an auto repair shop and industrial park with multiple buildings. Retail and a MARTA train station are located further north of the Subject site along Lee Street. Retail in the area includes a CVS, an Ace Hardware, a Family Dollar, and several fast food restaurants. The West End Mall is located approximately 0.7 miles northwest of the Subject on Oak Street. The mall includes a shoe store, a barber shop, an

insurance company, a deli, and several clothing stores. A Family Dollar and Save A Lot grocery store are also located in the vicinity. Retail north of the Subject appeared to be 90 percent occupied.

South: Located south of the Subject on Murphy Avenue is an industrial building and Adair Park, a park which offers several sports fields/courts and other recreational uses. Further south are additional industrial buildings and single family homes in average condition.

East: Single family homes in poor to good condition are located east of the Subject site. Most of these homes appear to have been built more than 50 years ago. However, there are several recently renovated homes that appear to be in good condition. US 41, which is located approximately 0.3 miles east of the Subject site, contains a variety of uses including single family homes in poor to average condition, a new community center, and several smaller retailers and gas stations. Retail in the area appeared to be 90 percent occupied.

West: Railroad tracks are located immediately west of the Subject site and because they are visible, they could potentially be a detrimental influence. MARTA rail tracks are also visible from the Subject site. The Subject's proximity to public transportation will be an asset. Further west of the Subject site, along Lee Street, are several retail uses. Retail in the area appeared to be approximately 90 percent occupied. Single family homes in poor to average condition are located further west along White and Beecher Streets. Homes in the area are older and appear to have been built more than 50 years ago. In addition to the single family homes, two mixed income multifamily properties are located west of Lee Street (Ashley West End and Oglethorpe Place). Both properties were built in the last ten to 12 years and are in good overall condition. Further, both properties target families.

The Subject's neighborhood will be heavily impacted by Atlanta's Beltline project, particularly as the Subject's area within the city is one of the first sections of the project slated for development. The BeltLine is a massive, multipurpose project that focuses on expanding Metropolitan Atlanta Rapid Transit Authority (MARTA) public transportation light rail. The primary intent of the project is to mitigate traffic congestion and the effects of urban sprawl in the city. Currently, MARTA light rail operates on two lines, a north-

south line and an east-west line that mirror Interstate 20 and Interstates 75/85, which traverse the city roughly at its center downtown, dividing the metro area into four quadrants. The BeltLine project proposes to add a 22-mile loop that will use historic and new rail lines to connect these existing MARTA rails. The official groundbreaking was held in February 2008 approximately one mile from the Subject site in the West End. In addition to expanding transportation, the BeltLine project directly and indirectly involves: creating affordable workforce housing, brownfield remediation, creation of parks and greenspace, historic preservation, economic development, land use change, and promotion of public art. As part of the Beltline project, two illegal dump sites on Allene Avenue and Woodrow Street in Adair Park were cleaned up in 2011 in order to make way for five acres of greenspace. Other undeveloped areas of Adair Park are being cleaned up in order to be converted into an urban farm or community garden.

**Ownership History
of the Subject:**

Per the May 19, 2011 purchase agreement, Adair Court LP agreed to buy the Subject site from Murphy Adair Holdings, LLC for \$975,000. The purchase agreement was contingent upon LIHTC allocation. However, Adair Court did not receive LIHTC allocation in 2011. The next most recent sale was in 2007, more than three years ago per the Fulton County Assessor's office. Our concluded value is slightly above the purchase price agreement.

Effective Date:

The Subject site was re-inspected on April 26, 2012.

Indications of Value:

**ONE MILLION ONE HUNDRED THOUSAND DOLLARS
(\$1,100,000)**

Exposure Time:

Nine – 12 Months

Marketing Period:

Nine – 12 Months

FACTUAL DESCRIPTION

FACTUAL DESCRIPTION

APPRAISAL ASSIGNMENT AND VALUATION APPROACH

As requested, the appraisers provided opinions of value of both tangible and intangible assets, described and defined below:

- As Is Value (Land only)

In determining the value estimate, the appraisers employed the sales comparison. The as is land value was estimated via sales comparison approach of similar land sales. Given the Subject's investment type, the cost approach is not considered a reliable method of valuation. It is not used by participants in the marketplace, and was not developed for the reasons indicated.

The sales comparison approach involves a comparison of the appraised land with similar land parcels that have sold recently. When land sales are not directly comparable, sale prices may be broken down into units of comparison, which are then applied to the Subject for an indication of its likely selling price.

Property Identification

The Subject site is located at 806 Murphy Avenue, Atlanta, Fulton County, Georgia. The Subject site consists of four parcels. The following table illustrates these parcels as identified by the Fulton County Assessor's Office.

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14-0107-0007-004-8
14-0107-0007-003-0

Intended Use and Intended User

Adair Court LP and its affiliates is the client in this engagement. We understand that they will use this document to assist in loan/investment underwriting. Intended users are those transaction participants who are interested parties and have knowledge of the Section 42 LIHTC program. These could include local housing authorities and state allocating agencies such as Georgia Department of Community Affairs, which are intended users in this document. As our client, the above referenced parties own this report and permission must be granted from them before another third party can use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential uses under a separate agreement.

Property Interest Appraised

The property interest appraised is fee simple estate subject to any and all encumbrances, if applicable for each value estimate.

Date of Inspection and Effective Date of Appraisal

The site was re-inspected on April 26, 2012. The site was also inspected in 2008, June 2010, and June 2011 for previous assignments.

Scope of the Appraisal

For the purposes of this appraisal, the appraiser visually inspected the Subject and comparable data. Individuals from a variety of city agencies as well as the Subject's development team were consulted (in person or by phone). Various publications, both governmental (i.e. zoning ordinances) and private (i.e. Multiple List Services publications) were consulted and considered in the course of completing this appraisal.

The scope of this appraisal is limited to the gathering, verification, analysis and reporting of the available pertinent market data. All opinions are unbiased and objective with regard to value. The appraiser made a reasonable effort to collect, screen and process the best available information relevant to the valuation assignment and has not knowingly and/or intentionally withheld pertinent data from comparative analysis. Due to data source limitations and legal constraints (disclosure laws), however, the appraiser does not certify that all data was taken into consideration.

Compliance and competency provision

The appraiser is aware of the compliance and competency provisions of USPAP, and within our understanding of those provisions, this report complies with all mandatory requirements, and the authors of this report possess the education, knowledge, technical skills, and practical experience to complete this assignment competently, in conformance with the stated regulations.

Unavailability of information

In general, all information necessary to develop an estimate of value of the subject property was available to the appraisers.

Furniture, Fixtures, and Equipment

Removable fixtures such as kitchen appliances and hot water heaters are considered to be real estate fixtures that are essential to the use and operation of the complex. Supplemental income typically obtained in the operation of an apartment complex is included; which may include minor elements of personal and business property. As immaterial components, no attempt is made to segregate these items.

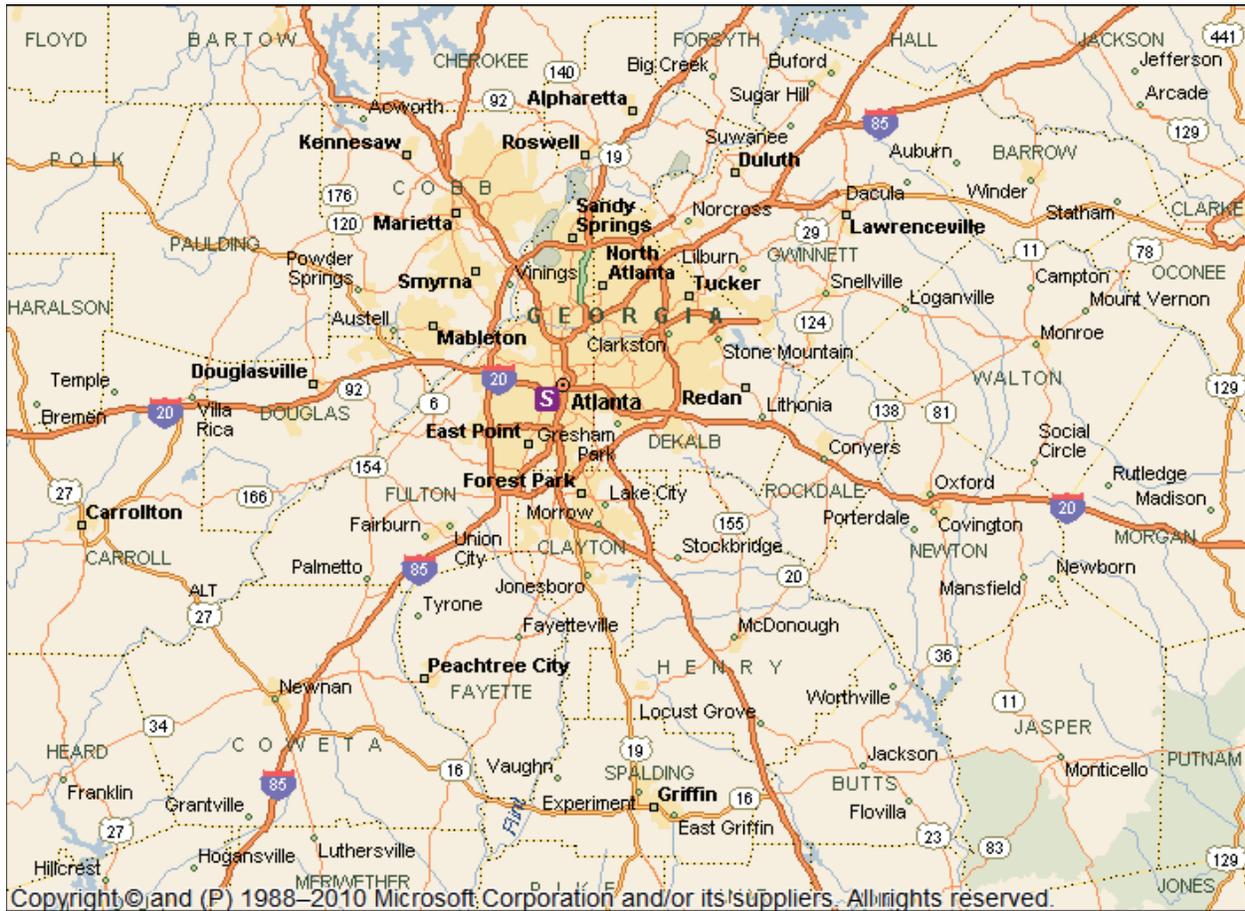
Ownership and History of Subject

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REGIONAL AND LOCAL AREA SUMMARY

REGIONAL AND LOCAL AREA ANALYSIS

REGIONAL MAP



Overview

The Subject is located in Fulton County, Georgia approximately two miles from downtown. Fulton County is the center of the Atlanta – Sandy Springs – Marietta MSA which includes 27 additional surrounding counties. Fulton County encompasses southwest, central, and northwestern portions of Atlanta. The county is bordered to the west by Cobb and Douglas counties, to the north by Cherokee and Forsyth counties, to the east by Gwinnett, DeKalb, and Clayton counties, and to the south by Coweta and Fayette counties.

Location and Proximity to Metropolitan Areas

The following table illustrates distances to surrounding metropolitan areas.

PROXIMITY TO MAJOR CITIES	
Location	Miles
Columbus, GA	109 miles
Chattanooga, TN	120 miles
Augusta, GA	147 miles
Birmingham, AL	149 miles
Columbia, SC	212 miles

Economic Analysis

The Subject is located in the city of Atlanta, in the Atlanta-Sandy Springs-Marietta, GA MSA. Atlanta is a major financial and corporate center for the entire southeastern United States. The relatively low cost of living, mild climate, excellent transportation facilities, and a variety of educational and recreational facilities have contributed to its attractiveness as a place to live.

The Atlanta metropolitan area has been successful in attracting many new and expanding technology and Internet companies into the area. It also continues to be the city of choice for many other start-up companies in a variety of service and manufacturing industries. Atlanta was the site of the 2000 Super Bowl and the 1996 Summer Olympic Games, both of which stimulated the economy.

Major Employers

The following table details the major employers in the MSA as of February 2011 (most recent data available). Data was obtained from the *Atlanta Business Chronicle's* Book of Lists.

MAJOR EMPLOYERS		
Atlanta-Sandy Springs-Marietta, GA MSA		
Employer	Industry	Number Employed
Delta Air Lines, Inc.	Transportation	25,000
Wal-Mart Stores, Inc.	Retail	23,600
Gwinnett County Public Schools	Education	20,821
AT&T Inc.	Telecommunications	20,325
Emory University	Education	19,873
Cobb County School District	Education	15,211
DeKalb County School System	Education	13,890
Fulton County Schools	Education	11,894
United States Postal Service	Government	10,258
WellStar Health System, Inc.	Healthcare	9,067
The Home Depot, Inc.	Retail	9,000
Clayton County Public Schools	Education	8,200
Children's Healthcare of Atlanta	Healthcare	7,572
Georgia Institute of Technology	Education	7,566
DeKalb County Government	Government	7,188
Lockheed Martin Aeronautics	Defense	7,091

Source: *Atlanta Business Chronicle*, Novogradac & Company LLP, March 2012

As seen in the previous table, the top employers within the MSA are concentrated in the education, government, retail and transportation industries. The largest employer in the MSA, Delta Air Lines, maintains its world headquarters in the MSA, in addition to operating its largest hub at Hartsfield-Jackson Atlanta International Airport (ATL). Other major employers include the majority of countywide public education systems within the MSA.

The largest employers in the MSA are the transportation, education, and retail sectors. Lower skilled employees in these industries are likely to have incomes in line with the Subject's income restrictions. Despite the area's strong foundation in historically stable industries such as education and public administration, these sectors have also experienced layoffs as a result of the recession. Further, the prevalence of the retail trade industry in the Atlanta area exposes the local economy to the lingering effects of the recession.

Employment Expansion/Contractions

The following table lists business closures and layoffs in the Atlanta area in 2011, and 2012 according to Georgia Department of Labor's Worker Adjustment and Retraining Notification (WARN) notices.

WARN NOTICES				
Metro Atlanta - 2011 to 2012				
Company	City	County	Affected Employees	Notification Date
DAL Global Services	Atlanta	Fulton	170	3/20/2012
Grainger	Alpharetta	Fulton	68	3/16/2012
Bank Of America	College Park	Fulton	57	3/16/2012
Crescent Hotels & Resorts, Llc	Atlanta	Fulton	42	3/2/2012
Csc Applied Technology	Atlanta	Fulton	78	3/1/2012
Maximus	Atlanta	Fulton	25	3/1/2012
Seimens Healthcare	Atlanta	Fulton	28	3/1/2012
Medline Industries	Lithia Springs	Douglas	40	3/1/2012
The Atlanta Journal Constitution	Conyers	Rockdale	80	2/9/2012
Concessions International/Paschals	Atlanta	Fulton	530	2/6/2012
Cox Communications	Atlanta	Dekalb	133	1/27/2012
The Atlanta Journal Constitution	Fayetteville	Fayette	70	1/10/2012
Ryder	Lawrenceville	Gwinnett	34	1/9/2012
Bloomingdale's	Atlanta	Dekalb	141	1/4/2012
Mckesson Technology	Alpharetta	Fulton	174	12/8/2011
Netspend Corp	Atlanta	Dekalb	80	12/6/2011
Hms Host	Lawrenceville	Gwinnett	53	11/22/2011
Thomson Reuters	Atlanta	Cobb	28	11/17/2011
Syms Corp	Norcross	Gwinnett	17	11/7/2011
Syms Corp	Marietta	Cobb	15	11/7/2011
Filene's Basement	Atlanta	Fulton	37	11/7/2011
Southern Ice Cream Specialities	Marietta	Cobb	140	10/31/2011
Kmart	Doraville	Dekalb	70	10/31/2011
Nco Financial Systems	Norcross	Gwinnett	67	10/20/2011
Ccp North America	Stone Mountain	Dekalb	45	10/19/2011
Nordson	Norcross	Gwinnett	70	9/30/2011
Dendreon	Union City	Fulton	117	9/9/2011
Litton Loan Servicing (Lls)	Mcdonough	Henry	191	9/6/2011
Lowe's	Riverdale	Clayton	98	8/15/2011
Kmart Corporation	Doraville	Gwinnett	78	8/9/2011
Decatur Hotel	Decatur	Dekalb	55	8/4/2011
Wsi (Wackenhut)	Fort Mcpherson	Fulton	50	7/27/2011
Prestige Maintenance Usa	Plano	Fulton	114	7/26/2011
Archbrook Laguna	Kennesaw	Cobb	87	7/6/2011
Ch2m Hill	Atlanta	Fulton	21	6/6/2011
Rts (Flextronics Americas)	Atlanta	Fulton	89	5/27/2011
Rr Donnelley	East Point	Fulton	115	5/25/2011
Manheim Metro Atlanta (Manheim Remarketing)	Atlanta	Fulton	171	5/24/2011
Sosi Instrument Management	Marietta	Cobb	90	4/18/2011
Brevard Achievement Center	Forest Park	Clayton	28	4/8/2011
Golden Living Center-Medical Arts	Lawrenceville	Gwinnett	83	4/1/2011
Jepenney Corporation	Duluth	Gwinnett	32	3/22/2011
Jepenney Corporation	Morrow	Clayton	127	3/22/2011
Onewest Bank	Norcross	Gwinnett	92	3/21/2011
Visual Pak	Union City	Fulton	15	3/11/2011
The Atlanta Journal Constitution	Kennesaw	Cobb	99	2/24/2011
Siemens	Canton	Cherokee	18	2/1/2011
Nioxin	Lithia Springs	Douglas	62	1/31/2011
Continental Plastics	Alpharetta	Fulton	86	1/24/2011
Nco Financial Systems	Hapeville	Fulton	90	1/19/2011
Turner Entertainment	Atlanta	Fulton	77	1/18/2011
Cardinal Health	Mcdonough	Henry	156	1/14/2011
Macy's	Union	Fulton	99	1/6/2011
Bj's Wholesale Club, Inc.	Norcross	Gwinnett	73	1/5/2011
Bj's Wholesale Club, Inc.	Mcdonough	Henry	67	1/5/2011
Bj's Wholesale, Inc.	Austell	Cobb	79	1/5/2011
Total			4,851	

Source: Georgia Department of Labor, Novogradac & Company LLP, 3/2012

As seen in the previous table, there have been a total of 4,851 positions covered by WARN filings throughout 2011 and 2012. We have conducted additional research to determine recently announced

business expansions within the MSA. The following table details recently announced expansions within the MSA.

BUSINESS EXPANSIONS*
Atlanta-Sandy Springs-Marietta, GA MSA

Year	Employer	Industry	Location	Jobs
2012	PointClear	Technology	Atlanta	10
2012	Fresenius Medical	Healthcare	Kennesaw	120
2011	ThyssenKrupp	Information	Alpharetta	110
2011	FedEx Ground	Distribution	Norcross	315
2011	Macy's	Retail	Johns Creek	150
2011	Cadiallac Jack	Information	Duluth	40
2010	Hewlett-Packard	Information	Alpharetta	1,000
2010	Vesta	Call Centers	Alpharetta	500
2010	SKC, Inc.	Manufacturing	Covington	120
2010	Novelis, Inc.	Manufacturing	Atlanta	80
2010	Phillips-Van Buren	Distribution	McDonough	150
2010	Callaway Black Group	Branch Office	Atlanta	30
2010	Chart Industries	Manufacturing	Atlanta	80
2010	CT&T	Branch Office & Showroom	Atlanta	40
2010	Endeavor Telecom	Headquarters	Atlanta	120
Total				2,865

*List is not comprehensive

As the previous table demonstrates, expansions in the metropolitan Atlanta market have been in various industries that have been affected by the economic downturn including retail and manufacturing. However, these industries have adapted to the current market including Macy's, which is expanding its e-commerce department. The number of jobs to be created by these expansions is below the number lost according to the 2011 and 2012 WARN filings.

Employment and Unemployment Trends

The table below illustrates the total employed and unemployment rate for the Atlanta-Sandy Springs-Marietta, GA MSA and the nation.

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

Year	Atlanta-Sandy Springs-Marietta, GA MSA				USA			
	Total	%	Unemployment	Change	Total	%	Unemployment	Change
2000	2,304,515	-	3.1%	-	136,891,000	-	4.0%	-
2001	2,335,175	1.3%	3.6%	0.5%	136,933,000	0.0%	4.7%	0.7%
2002	2,330,487	-0.2%	4.9%	1.3%	136,485,000	-0.3%	5.8%	1.1%
2003	2,334,092	0.2%	4.8%	-0.1%	137,736,000	0.9%	6.0%	0.2%
2004	2,379,513	1.9%	4.7%	-0.1%	139,252,000	1.1%	5.5%	-0.5%
2005	2,456,221	3.2%	5.3%	0.6%	141,730,000	1.8%	5.1%	-0.4%
2006	2,535,341	3.2%	4.7%	-0.6%	144,427,000	1.9%	4.6%	-0.5%
2007	2,589,484	2.1%	4.6%	-0.1%	146,047,000	1.1%	4.6%	0.0%
2008	2,565,229	-0.9%	6.2%	1.6%	145,362,000	-0.5%	5.8%	1.2%
2009	2,438,096	-5.0%	9.7%	3.5%	139,877,000	-3.8%	9.3%	3.5%
2010	2,390,486	-2.0%	10.2%	0.5%	139,064,000	-0.6%	9.6%	0.3%
2011 YTD Average*	2,398,140	0.3%	10.0%	-0.2%	139,795,455	0.5%	9.0%	-0.6%
Dec-10	2,377,510	-	10.3%	-	139,415,000	-	9.3%	-
Dec-11	2,406,295	1.2%	9.2%	-1.1%	141,070,000	1.2%	8.2%	-1.1%

Source: U.S. Bureau of Labor Statistics, Novogradac & Company LLP, March 2012

*2011 data is through Dec

The MSA posted strong employment growth from 2005 to 2007 but growth halted in 2008 due to the impact of the national recession. From December 2010 to December 2011, total employment in the MSA increased by 1.2 percent, while the nation also experienced an increase of 1.2 percent. The unemployment rate in the MSA decreased 1.1 percentage points, while the national unemployment rate also decreased by a similar amount. With the prevalence of the retail trade, airline, manufacturing, and finance industries in Atlanta, the local economy was no exception to national trends of increasing unemployment in 2008 and 2009. This trend of employment loss continued locally in 2010, at a rate above the national average. While the MSA was more severely impacted during the recent national recession, the local economy appears to be recovering at an increasing rate. However, based on the severity of employment decreases in the MSA and the high unemployment rate, we believe that the local economy will continue to recover at a slower rate than the nation from the recent recession.

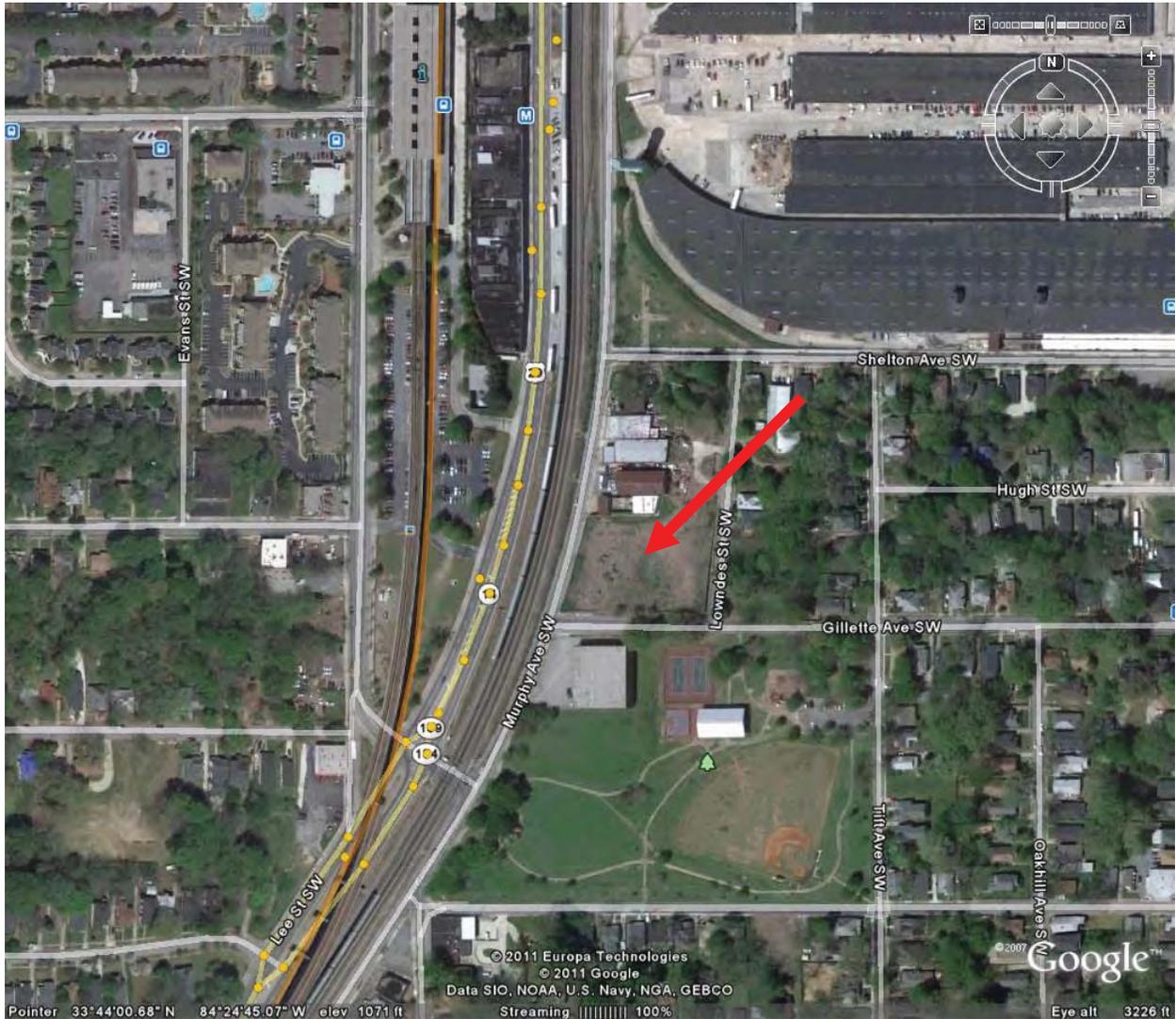
Conclusion

Employment in the PMA is concentrated in the health care and social assistance, accommodation/food services, and retail trade industries. The Atlanta economy has been more adversely affected by the recent national recession than the nation as a whole. The Atlanta MSA has reported job losses of approximately five percent in 2009 versus 3.8 percent in the nation. However, job losses have slowed with a smaller employment decrease of 2.0 percent in 2010 and a year-to-date employment increase of 0.3 percent. The unemployment rate in Atlanta as of December 2011 is 1.0 percentage point above the national unemployment rate. Overall, the area has been severely impacted by the national foreclosure crisis, housing market downturn, and recession and will likely continue to trail the nation in recovery from the recent recession.

PROPERTY DESCRIPTION

DESCRIPTION OF THE SITE

The location of a multifamily property can have a substantial negative or positive impact upon the performance, safety and appeal of the project. The site description will discuss the physical features of the site, as well as layout, access issues, and traffic flow.



- Size:** The Subject site is approximately 2.44 acres.
- Shape:** The site is generally rectangular in shape.
- Frontage:** The Subject will have frontage Murphy Avenue and Gillette Avenue.
- Topography:** The site is generally level.
- Utilities:** All utilities are provided to the site.

Visibility/Views:

The Subject will be visible from Murphy Avenue. Murphy Avenue is a moderately trafficked roadway, giving the Subject good access and visibility. Views from the Subject include single family homes, an industrial building, an old auto repair shop, railroad tracks, and MARTA rail tracks. Overall, the views from the Subject site are considered average.

The following are pictures of the site and surrounding uses.



Subject site



Subject site on left



East on Gillette Ave



View south on Lowndes Ave towards Gillette Ave and Adair Park



View south on Murphy Ave



View north on Murphy Ave and industrial adjacent to the site



Industrial adjacent to site



View of RR tracks/buffer from Subject site



Industrial adjacent to site



Back of industrial on Lowndes Ave



Adair Park



View of Adair Park on right from Lowndes Ave



Typical single family home



Typical single family home

Zoning:

The Subject site has gone through multiple zoning designations since 2000. The property was originally zoned Industrial and R4. In 2005, the property was rezoned for site specific light commercial (C1) for 71 units. The site has since been rezoned into the Special Public Interest (SPI) 21 district (Historic West End/Adair Park). The property is sub-zoned SPI21 – SA5 and has HC-201 SA-3 Beltline overlay. Permitted uses include single-family dwellings, two-family dwellings, multifamily dwellings, MARTA structures, automatic teller machines, and bakeries, barber shops, dry cleaning, Laundromats, sales and repair establishments, and tailoring/dressmaking shops (up to 4,000 square feet). Additionally permitted uses include museums, restaurants, and offices (up to 8,000 square feet), public schools, and childcare centers. The following uses are also permitted with the acquisition of a special exemption, special use permit, or special administrative permit: hospitals, churches, and broadcasting towers. Zoning classification permits maximum

building coverage of 85 percent. Residential uses have a maximum Floor to Area Ratio (FAR) of 2.3. Nonresidential uses for the site cannot comprise more than 20 percent of the gross floor area. Assuming an average unit size of 714 square feet (the weighted average unit size for the proposed Subject), the site could support 311 units with no commercial space, or 249 units with 48,890 square feet of commercial space (20 percent of ground floor space).

The Subject site consists of approximately 2.44 acres or 106,282 square feet. With a maximum FAR of 2.3, a multifamily property could have a maximum gross floor area of 244,449. The Subject's proposed gross floor area equals 71,460; therefore, the Subject as proposed is considered a legal conforming use with regards to improvements.

Parking requirements for the Subject's zoning classification were unavailable at the time of this study. The Subject will offer 51 surface parking spaces, or approximately 0.56 spaces per unit. This ratio is fairly typical of senior properties. We assume that the number of parking spaces provided at the Subject will conform to zoning requirements or if not, that the Subject's sponsor will apply for a variance.

The site also has a Historic District zoning overlay. The only additional restrictions accompanied by the historic overlay are that plans for improvements must be approved by the Urban Design Commission whose primary function is to maintain neighborhood conformity. Although the zoning restrictions permit up to 311 units, for a density of 127 units per acre, we do not believe that this level of density would be achievable in the market. The following table illustrates the density of similar multifamily properties in the Subject's market.

Density of Neighborhood Comparables

	# Units	Acres	Density
Oglethorpe Place (Family)	144	5.66	25
Ashley West End (Family)	114	4.44	26
Heritage Station (Senior)	150	2.91	52
Columbia Senior Residences at MLK	122	2.60	47
Minimum			25
Maximum			52
Average			37
Senior Average			49

Based on the density of neighborhood properties, the senior properties in particular, we estimate that the Subject site could support, and the market would accept, a maximum of 120 units which equates to a similar density as that of the comparable senior properties.

Access and Traffic Flow: The Subject site is located on a moderately trafficked roadway. The Subject site is located approximately 0.6 miles from Interstate 20 and 1.7 miles from Interstates 75 and 85. The Subject site is also located within 0.4 miles of the West End MARTA rail station. Overall, access to the Subject site is considered good.

Drainage: Appears adequate; however, no specific tests were performed.

Soil and Subsoil Conditions: No soil test was provided for our review. We assume the soil is acceptable for the proposed construction.

Flood Plain: According to floodinsights.com, dated May 7, 2001, the Subject is not located in an area of flooding and is outside of both 100-year and 500-year flood plains.

Environmental: We were provided with the Phase I Environmental Site Assessment dated September 17, 2004 which indicated that the site warranted additional assessment to address on-site and off-site environmental concerns. An additionally assessment is currently underway on the site. According to the site's current owner, the property was part of the Brownsfield program. The site was found to be relatively clean and no cleanup was warranted. Novogradac are not experts in this field. We assume that the site is not impacted by adverse environmental conditions.

Detrimental Influences: Railroad tracks (for freight trains and public transportation) are located immediately west of the Subject site. According to the GA Department of Transportation's website, the rail lines are owned by CSX/Norfolk Southern and approximately 35 to 59 trains run daily. Both the railroad tracks and Marta tracks are visible from the Subject site and will likely be a detrimental influence. However, two multifamily properties on the opposite side of the tracks (Oglethorpe Place and Ashley West End) have historically maintained high occupancy indicating that the presence of the rail lines does not have a major impact of the success of properties in the immediate area. Nevertheless, we recommend that a noise buffer be built between the railroad tracks and the Subject. There is currently mature vegetation buffering the closest tracks.

Conclusion:

Railroad tracks are located immediately west of the Subject site. These tracks are visible from the Subject site and will likely be a detrimental influence. They are buffered by mature vegetation. We recommend that a noise buffer be built between the railroad tracks and the Subject. The Subject is physically capable of supporting a variety of legally permissible uses, and is considered a desirable building site.

HIGHEST AND BEST USE ANALYSIS

HIGHEST AND BEST USE ANALYSIS

Highest and Best Use may be defined as that legal use which will yield the highest net present value to the land, or that land use which may reasonably be expected to produce the greatest net return over a given period of time.

Investors continually attempt to maximize profits on invested capital. The observations of investor activities in the area are an indication of that use which can be expected to produce the greatest net return to the land. The principle of conformity holds, in part, that conformity in use is usually a highly desirable adjunct of real property, since it creates and/or maintains maximum value, and it is maximum value which affords the owner maximum returns.

The Dictionary of Real Estate Appraisal, (Fourth Edition, 2002), published by the Appraisal Institute, defines highest and best use as:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. That reasonable and probable use that will support the highest present value of vacant land or improved property as defined as of the date of the appraisal."

It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use. Implied in this definition is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners. The principle of Highest and Best Use may be applied to the site if vacant and to the site as it is improved.

The Highest and Best Use determination is a function of neighborhood land use trends, property size, shape, zoning, and other physical factors, as well as the market environment in which the property must compete. In arriving at the estimate of highest and best use, the Subject site was analyzed as if vacant and available for development and as it is today as developed.

Four tests are typically used to determine the highest and best use of a particular property. Thus, the following areas are addressed.

1. **Physically Possible:** The uses to which it is physically possible to put on the site in question.
2. **Legally Permissible:** The uses that are permitted by zoning and deed restrictions on the site in question.
3. **Feasible Use:** The possible and permissible uses that will produce any net return to the owner of the site.
4. **Maximally Productive:** Among the feasible uses, the use that will produce the highest net return or the highest present worth.

Physically Possible

The Subject site is bounded Shelton Avenue to the north, Gillette Avenue to the south, Lowndes Avenue to the east, and Murphy Avenue to the west. The site will have frontage on all four of these streets. The site consists of four parcels ranging in size from 0.0779 to 2.0800 acres for a total of 2.44 acres. The site is generally level and considered adequate for a variety of legally permissible uses.

The site can be accessed via Shelton, Gillette, Lowndes, and Murphy Avenues. All four streets are neighborhood arterials. Access and visibility are considered excellent. Possible uses for the site include: residential, educational, office, and retail. All of these uses are considered physically possible.

Legally Permissible

The Subject parcels are all zoned SPI21 – SA5. Permitted uses include single-family dwellings, two-family dwellings, multifamily dwellings, MARTA structures, automatic teller machines, and bakeries, barber shops, dry cleaning, Laundromats, sales and repair establishments, and tailoring/dressmaking shops (up to 4,000 square feet). Additionally permitted uses include museums, restaurants, and offices (up to 8,000 square feet), public schools, and childcare centers. The following uses are also permitted with the acquisition of a special exemption, special use permit, or special administrative permit: hospitals, churches, and broadcasting towers.

Zoning classification permits maximum building coverage of 85 percent. Residential uses have a maximum Floor to Area Ratio (FAR) of 2.3. Nonresidential uses for the site cannot comprise more than 20 percent of the gross floor area. Assuming an average unit size of 714 square feet (the weighted average unit size for the proposed Subject), the site could support 311 units with no commercial space, or 249 units with 48,890 square feet of commercial space (20 percent of ground floor space). The Subject site consists of approximately 2.44 acres or 106,282 square feet. With a maximum FAR of 2.3, a multifamily property could have a maximum gross floor area of 244,449. As previously mentioned, although the zoning restrictions permit up to 311 units, for a density of 127 units per acre, we do not believe that this level of density would be achievable in the market. Based on the density of neighborhood properties, the senior properties in particular, we estimate that the Subject site could support, and the market would accept, a maximum of 120 units which equates to a similar density as that of the comparable senior properties.

Financially Feasible

The cost of the land limits those uses that are financially feasible for the site. Any uses of the Subject site that provide a financial return to the land in excess of the cost of the land are those uses that are financially feasible. The Subject's financially feasible uses are restricted to those uses that are allowed by zoning classifications and are physically possible. We have considered the following uses in determining financial feasibility:

Office: Despite its proximity to downtown Atlanta, the market for office uses in the Subject's neighborhood is limited. Most office uses are concentrated north of Interstate 20. Due to these

factors, and the lack of new and existing office space observed during our site visit, we believe that there is limited demand for new office space in the Subject's neighborhood.

Educational: Currently, there are over five public schools ranging from Kindergarten through 12th grade located within 2.5 miles of the Subject site. Therefore, we believe that there is limited demand for additional educational uses in the Subject's neighborhood. Further, this discussion is limited to those uses that are economically the highest and best use. Since few schools are developed for profit and we are unaware of speculative school construction, educational uses are precluded from this consideration. Additionally, there are over ten childcare facilities located within one to two miles of the Subject site indicating there is likely a limited demand for additional childcare uses in the Subject's neighborhood.

Retail: There is a limited amount of retail in the Subject's immediate neighborhood. The closest major retail concentration is located one to two miles north and west of the Subject site at the intersection of Lee Street and Ralph David Abernathy Boulevard. Uses at and around this area include grocery stores, gas stations, motels, fitness centers, restaurants, movie theaters, and more. This location is the retail and commercial hub of the West End. We believe that the lack of major retail uses in the Subject's immediate neighborhood is an indication that a retail development is not the best use for the property.

Single-family residential: The Subject's neighborhood is undergoing early stages of revitalization efforts the majority of which has been residential development. While there are newly renovated single family homes in the Subject's immediate neighborhood, there are no newly renovated or newly constructed single family home subdivisions. Further, there are no newly constructed homes and only a small number of homes that have been renovated which is an indication that single family residential development may not be financially feasible in the Subject's neighborhood.

High-density residential: There are several high-density developments within two miles of the Subject that have been constructed in the last ten to 15 years. High density developments are primarily renter-occupied. Therefore, townhome and/or condominium developments do not appear to be in high demand or financially feasible in the immediate market. Conversely, there are several multifamily rental properties in the immediate neighborhood. All of these properties were built with favorable financing, indicating that market rate multifamily development in the Subject's neighborhood is not financially feasible. Multifamily development with favorable financing however does appear to be financially feasible in the market.

Maximally Productive

Based upon our analysis, new construction of an apartment community is not financially viable without some other source of gap funding, such as Low Income Housing Tax Credits. Therefore, the maximally productive use of this site as if vacant would be to construct a multifamily rental property with financial subsidies. Without subsidies, it would be to hold until the market rent supports construction.

Conclusion

Highest and Best Use “As Vacant”

The highest and best use for the property as if vacant would be to construct a multifamily rental property with financial subsidies. Without subsidies, it would be to hold until the market rent supports construction.

APPRAISAL METHODOLOGY

APPRAISAL METHODOLOGY

The valuation process begins with an estimate of the highest and best use of the Subject property considered as vacant, and as improved. Once determined the property is then valued according to its highest and best use.

The sales comparison approach typically reflects the actions of buyers and sellers in the marketplace and serves as an excellent benchmark as to what a potential buyer would be willing to pay for the subject property. We researched the Subject's market area for recent sales of comparable vacant land sales to determine the estimated value of the Subject site.

SALES COMPARISON APPROACH

SALES COMPARISON APPROACH

The sales comparison approach to value is a process of comparing market data; that is, the price paid for similar properties, prices asked by owners, and offers made by prospective purchasers willing to buy or lease. Market data is good evidence of value because it represents the actions of users and investors. The sales comparison approach is based on the principle of substitution, which states that a prudent investor would not pay more to buy or rent a property than it will cost him to buy or rent a comparable substitute. The sales comparison approach recognizes that the typical buyer will compare asking prices and work through the most advantageous deal available. In the sales comparison approach, the appraisers are observers of the buyer's actions. The buyer is comparing those properties that constitute the market for a given type and class.

To arrive at an estimated land value for the Subject site, the appraisers have analyzed actual sales of comparable properties in the competitive area.

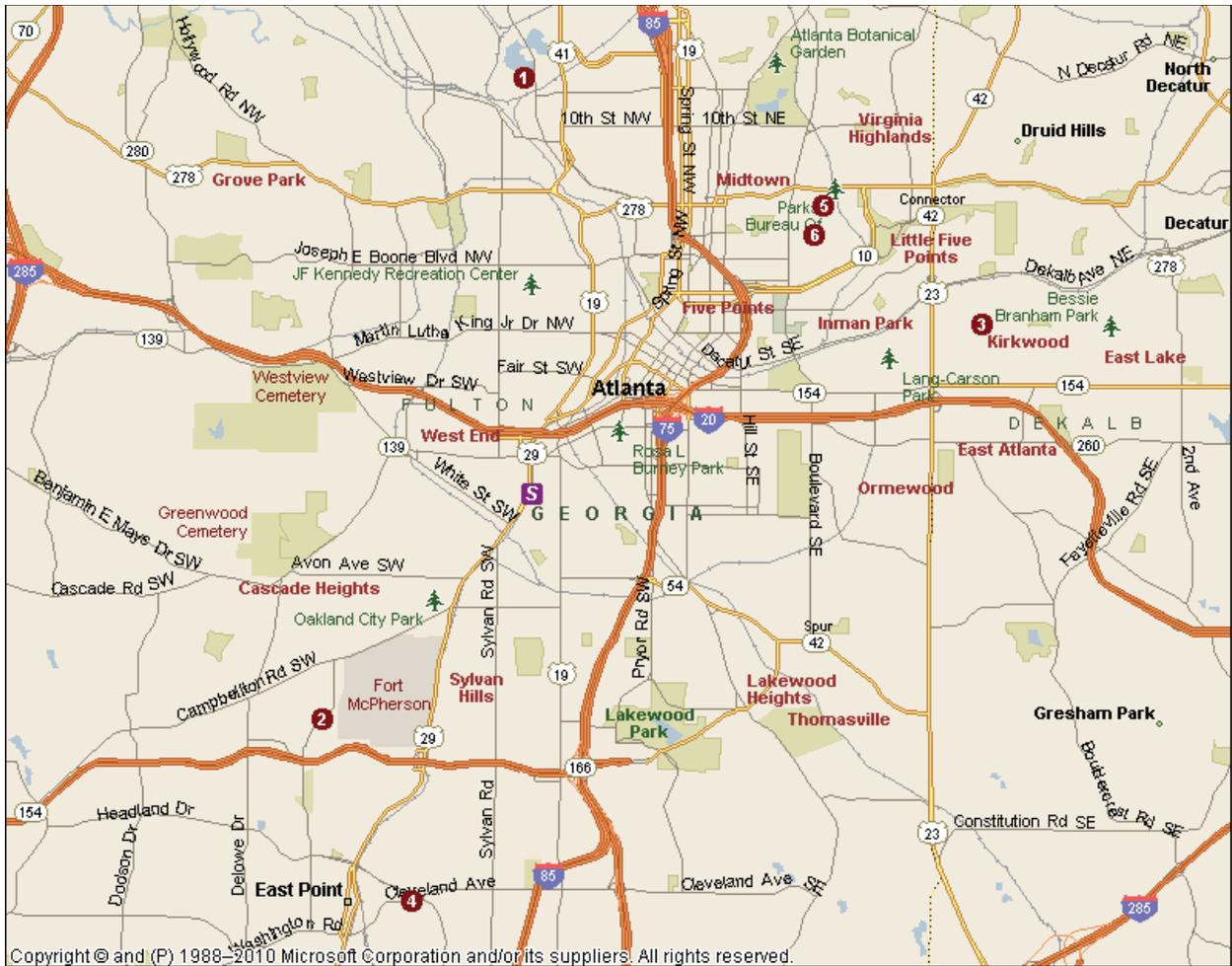
The sales comparison approach typically reflects the actions of buyers and sellers in the marketplace and serves as an excellent benchmark as to what a potential buyer would be willing to pay for the subject property. We researched the Subject's market area for recent sales of comparable vacant land sales. From our research, we selected the best transactions available that represent the most recent competitive alternative sales or contracts in the marketplace. We have included one new sale that occurred in March 2012, one in March 2011, and three sales (two being contracts contingent upon LIHTC awards) from 2009.

The table below provides a summary of the sales used:

COMPARABLE LAND SALES

#	Location	City	Sale Date	Price	Acres	Units	Price/Unit
1	790 Huff Road	Atlanta	Nov-09	\$3,050,000	3.48	250	\$12,200
2	1900 Stanton Rd	East Point	2009 Contract	\$1,100,000	3.80	100	\$11,000
3	1412 Hardee	Atlanta	Sep-10	\$900,000	7.06	100	\$9,000
4	1311 East Cleveland	East Point	2009 Contract	\$1,640,000	1.68	100	\$16,400
5	641 North Ave	Atlanta	Mar-11	\$5,000,000	4.20	350	\$14,286
6	Rankin St NE	Atlanta	Mar-12	\$5,025,920	3.70	276	\$18,210

Throughout our conversations with market participants and buyers and sellers of the comparable sales, the respondents indicated that the purchase price is typically based upon a price per unit. This is typical of the multifamily market and will be used as a basis for analysis. The table above indicates a range in price from approximately \$9,000 to \$18,210 per unit. A location map is presented on the following page.



The adjustment grid follows in a few pages. As illustrated, adjustments have been made based on price differences created by the following factors:

- **Property Rights**
- **Financing**
- **Conditions of Sale**
- **Market Conditions**
- **Location**
- **Zoning**
- **Topography**
- **Shape**
- **Size / Number of Units**

Property Rights

All sales were of fee simple interest; therefore, no adjustments are necessary.

Financing

Information on the financing of the transactions was unavailable at the time of the sale; therefore, no adjustment is necessary.

Conditions of Sale

No unusual conditions existed or are known; therefore, no adjustment is necessary.

Market Conditions

The comparable sales took place between 2009 and 2012. According to realtors and brokers in the area, vacant land has not appreciated in this area as development and financing is difficult to secure. Therefore, we have not adjusted the sales for market conditions. When looking at our land sale comparables from 2009 to 2012, prices vary and a trend can not be derived given that the prices vary mostly due to location.

Location

Location encompasses a number of issues, including location within different market areas with different supply/demand pressures, the character/condition of surrounding development, access, and visibility. It is important to assess which factors truly impact value for different types of real estate. We have addressed this issue (as well as the remaining elements of comparison) on a comparable-by-comparable basis. The following tables illustrate the median home sales prices and average sales prices for each land sale as well as the median rents and median incomes, arranged by zip code. The last table illustrates the average of the differential in home value, median income, and median rent for the comparable locations, as compared to the Subject's location, and will be used to determine an appropriate adjustment for the Subject as compared to the comparables.

AVERAGE HOME VALUE

Property	Zip Code	Average Home Value	Differential With Subject
Subject	30310	\$40,000	-
Comp 1	30318	\$118,000	-66%
Comp 2	30344	\$39,000	3%
Comp 3	30307	\$247,000	-84%
Comp 4	30344	\$39,000	3%
Comp 5	30308	\$186,000	-78%
Comp 6	30308	\$186,000	-78%

Source: Melissadata.com, 4/2012.

MEDIAN HOUSEHOLD INCOME

Property	Zip Code	Median Household Income	Differential With Subject Site
Subject	30310	\$50,046	-
Comp 1	30318	\$28,589	75%
Comp 2	30344	\$32,720	53%
Comp 3	30307	\$56,496	-11%
Comp 4	30344	\$32,720	53%
Comp 5	30308	\$32,555	54%
Comp 6	30308	\$32,555	54%

Source: Census Bureau, 2000 Data, 4/2012.

MEDIAN RENT

Property	Zip Code	Median Rent	Differential With Subject Site
Subject	30310	\$509	-
Comp 1	30318	\$563	-10%
Comp 2	30344	\$604	-16%
Comp 3	30307	\$671	-24%
Comp 4	30344	\$604	-16%
Comp 5	30308	\$708	-28%
Comp 6	30308	\$708	-28%

Source: Census Bureau, 2000 Data, 4/2012.

The numbers in the table above are not necessarily good indications of the adjustments to apply. The Subject is located in the 30310 zip code. The Subject is located in a predominantly industrial and residential neighborhood. The immediate neighborhood has undergone some amount of revitalization efforts in recent years. Single family homes in the neighborhood range in age/condition from poor to good. Additionally, there are several newly constructed multifamily properties in the neighborhood that are in good condition.

All sales are located in superior neighborhoods/locations. Comparables one, three, six, and five are located in far superior neighborhoods, particularly comparables three, five, and six. These neighborhoods have closer access to newer retail and amenities as well as areas that have benefitted from revitalization efforts for more than five to ten years. While not illustrated in the tables above, comparables five and six are located in a superior neighborhood than all of the comparables. This neighborhood has several retail/commercial amenities within walking distance (The Home Depot, Whole Foods, Borders, and more) and has several newly constructed and renovated multifamily and commercial properties nearby. This site is part of a master plan redevelopment.

Comparables two and four are located in slightly superior neighborhoods when compared to the Subject, as illustrated by the higher average home value. These neighborhoods generally have a large stock of multifamily properties ranging in condition from poor to good. The single family homes in this neighborhood are generally similar to that of the Subject's neighborhood.

The Subject's site biggest disadvantage is the condition of the industrial uses bordering the site on Murphy Ave. The residential portions of the neighborhood and Adair Park are in good condition. However, the industrial uses could potentially pose as detrimental influences and lower the value of the site. Based on the data above, we have applied the following adjustments for location:

AVERAGE ADJUSTMENT

Property	Zip Code	Average Adjustment	NOVOCO Adjustment
Subject	30310	--	--
Comp 1	30318	0%	-25%
Comp 2	30344	13%	-15%
Comp 3	30307	-40%	-25%
Comp 4	30344	13%	-15%
Comp 5	30308	-18%	-40%
Comp 6	30308	-18%	-40%

Zoning

All of the land sales' zoning permits multifamily development; therefore no adjustments are necessary.

Topography

The land sales vary in topography from level to sloping, but appear to be generally functional. Therefore, no adjustments are necessary.

Shape

All land sales have functional shapes; therefore, no adjustments are necessary.

Size / Number of Units

With respect to size, the general convention is that larger properties tend to sell for less on a per unit basis than smaller properties. The pool of potential purchasers decreases as property size (and purchase price) increases, effectively reducing competition. The pricing relationship is not linear and certain property sizes, while different, may not receive differing prices based on the grouping within levels. The previous highest and best use analysis indicated that the Subject site could support approximately 120 multifamily units. Comparable properties range in size from 100 to 350 units. We have applied a positive five percent to comparables offering 250 and 350 units, and no adjustment for properties offering 100 units.

Land Value Estimate

The land sales grid is presented on the following page.

Comparable Land Data Adjustment Grid							
	Subject	1	2	3	4	5	6
Location	806 Murphy Ave SW	790 Huff Road	1900 Stanton Rd	1412 Hardee	1311 East Cleveland	641 North Ave	Rankin St NE
City, State	Atlanta	Atlanta	East Point	Atlanta	East Point	Atlanta	Atlanta
Parcel Data							
Zoning	Multifamily	Multifamily	Multifamily	Multifamily	Multifamily	Multifamily	Multifamily
Topography	Varied	Similar	Similar	Similar	Similar	Similar	Similar
Shape	Rectangular	Similar	Similar	Similar	Similar	Similar	Similar
Corner	No	Similar	Similar	Similar	Similar	Similar	Yes
Size (SF)	106,286	151,589	165,528	307,534	73,181	182,952	161,172
Size (Acres)	2.44	3.48	3.80	7.06	1.68	4.20	3.70
Units	120	250	100	100	100	350	276
Units Per Acre	49.2	71.8	26.3	14.2	59.5	83.3	74.6
Sales Data							
Date		Nov-09	2009 Contract	Sep-10	2009 Contract	Mar-11	Mar-12
Interest		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Price		\$3,050,000	\$1,100,000	\$900,000	\$1,640,000	\$5,000,000	\$5,025,920
Price per Unit		\$12,200	\$11,000	\$9,000	\$16,400	\$14,286	\$18,210
Adjustments							
Property Rights		0	0	0	0	0	0
Financing		\$3,050,000	\$1,100,000	\$900,000	\$1,640,000	\$5,000,000	\$5,025,920
Conditions of Sale		0	0	0	0	0	0
Market Conditions		\$3,050,000	\$1,100,000	\$900,000	\$1,640,000	\$5,000,000	\$5,025,920
Adjusted Sale Price		1.000	1.000	1.000	1.000	1.000	1.000
Adjusted Price Per Unit		\$3,050,000	\$1,100,000	\$900,000	\$1,640,000	\$5,000,000	\$5,025,920
Adjustments		\$12,200	\$11,000	\$9,000	\$16,400	\$14,286	\$18,210
Location		-25.0%	-15.0%	-25.0%	-15.0%	-40.0%	-40.0%
Zoning		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Topography		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Shape		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Size		5.0%	0.0%	0.0%	0.0%	5.0%	5.0%
Overall Adjustment		-20.0%	-15.0%	-25.0%	-15.0%	-35.0%	-35.0%
Adjusted Price Per Unit		\$9,760	\$9,350	\$6,750	\$13,940	\$9,286	\$11,836
Low		\$6,750					
High		\$13,940					
Mean		\$10,154					
Median		\$9,555					
Conclusion		\$9,500	x	120	\$1,140,000		
Rounded					\$1,100,000		

The price for comparable three appears low and comparable four appears high. Therefore, we have concluded to a land value per unit at \$9,500. Per the May 19, 2011 purchase agreement, Adair Court LP agreed to buy the Subject site from Murphy Adair Holdings, LLC for \$975,000. The purchase agreement was contingent upon LIHTC allocation. However, Adair Court did not receive LIHTC allocation in 2011.

Thus, the indicated "As Is Value of the Land," via the land sales approach, as of April 26, 2012 is:

**ONE MILLION ONE HUNDRED THOUSAND DOLLARS
(\$1,100,000)**

Addendum A

Assumptions and Limiting Conditions, Certification

ASSUMPTIONS AND LIMITING CONDITIONS

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the appraiser has relied extensively upon such data in the formulation of all analyses.
2. The legal description as supplied by the client is assumed to be correct and the author assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.
3. All encumbrances, including mortgages, liens, leases, and servitudes, were disregarded in this valuation unless specified in the report. It was recognized, however, that the typical purchaser would likely take advantage of the best available financing, and the effects of such financing on property value were considered.
4. All information contained in the report which others furnished was assumed to be true, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.
5. The report was made assuming responsible ownership and capable management of the property.
6. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.
7. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.
8. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors.
9. The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the appraiser did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.
10. Any distribution of total property value between land and improvements applies only under the existing or specified program of property utilization. Separate valuations for land and buildings must not be used in conjunction with any other study or appraisal and are invalid if so used.

11. A valuation estimate for a property is made as of a certain day. Due to the principles of change and anticipation the value estimate is only valid as of the date of valuation. The real estate market is non-static and change and market anticipation is analyzed as of a specific date in time and is only valid as of the specified date.
12. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the author particularly as to value conclusions, the identity of the author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general public by the use of advertising, public relations, news, sales, or other media for public communication without the prior written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organizations of which the appraiser is a member be identified without written consent of the appraiser.
13. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional appraisal organization with which the appraiser is affiliated: specifically, the Appraisal Institute.
14. The author of this report is not required to give testimony or attendance in legal or other proceedings relative to this report or to the Subject property unless satisfactory additional arrangements are made prior to the need for such services.
15. The opinions contained in this report are those of the author and no responsibility is accepted by the author for the results of actions taken by others based on information contained herein.
16. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the Subject property will sell or lease for the indicated amounts.
17. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
18. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
19. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusions are contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time. A final inspection and value estimate upon the completion of said improvements should be required.
20. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced and the property is not subject to flood plain or utility restrictions or moratoriums, except as reported to the appraiser and contained in this report.

21. The party for whom this report is prepared has reported to the appraiser there are no original existing condition or development plans that would subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.
22. Unless stated otherwise, no percolation tests have been performed on this property. In making the appraisal, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use, as detailed in this report.
23. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The appraiser does not warrant the condition or adequacy of such systems.
24. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety Commission has been introduced into the appraised property. The appraiser reserves the right to review and/or modify this appraisal if said insulation exists on the Subject property.

Acceptance of and/or use of this report constitute acceptance of all assumptions and the above conditions. Estimates presented in this report are not valid for syndication purposes.

SPECIFIC ASSUMPTIONS

The terms of the subsidy programs are preliminary as of the appraisal's effective date, June 9, 2011; therefore, any description of such terms is intended to reflect the current expectations and perceptions of market participants along with available factual data. The terms should be judged on the information available when the forecasts are made, not whether specific items in the forecasts or programs are realized. The program terms outlined in this report, as of June 9, 2011, form the basis upon which the value estimates are made. Novogradac & Co. LLP cannot be held responsible for unforeseen events that alter the stated terms subsequent to the date of this report.

The prospective value estimates reported herein are prepared using assumptions stated in this report which are based on the owner's/developer's plan to construct the Subject.

Prospective value estimates, which are by the nature hypothetical estimates, are intended to reflect the current expectations and perceptions of market participants along with available factual data. They should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized. The market conditions outlined in the report will be as of the last inspection date of the Subject, and these conditions will form the basis upon which the prospective value estimates are made. Novogradac & Co. LLP cannot be held responsible for unforeseen events that alter market conditions and/or the proposed property improvements subsequent to the date of the report.

CERTIFICATION

The undersigned hereby certify that:

We have no present or contemplated future interest in the real estate that is the subject of this appraisal report; the values expressed in this report are not based in whole or part upon race, color, or national origin of the current/prospective owners or occupants; We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved;

Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event; The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan;

This appraisal report sets forth all of the limiting conditions (imposed by the terms of this assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report; our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and FIRREA;

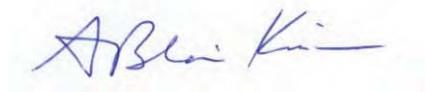
This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute; the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;

H. Blair Kincer and Michalena Sukenik provided significant professional assistance to the persons signing this report. Michalena Sukenik has personally inspected the Subject property, and has reviewed comparable market data incorporated in this report. Brad E. Weinberg has inspected the site for a previous assignment in June 2010.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report, Brad E. Weinberg, MAI has completed the requirements of the continuing education program of the Appraisal Institute.



Brad E. Weinberg, MAI, CCIM
Partner
Novogradac & Company LLP
Certified General Real Estate Appraiser
Georgia License #CG221179



H. Blair Kincer, MAI, CRE
Partner

Addendum B

Qualifications of Consultants

CURRICULUM VITAE
BRAD E. WEINBERG, MAI, CCIM

I. Education

University of Maryland, Masters of Science in Accounting & Financial Management
University of Maryland, Bachelors of Arts in Community Planning

II. Licensing and Professional Affiliations

MAI Member, Appraisal Institute, No. 10790
Certified Investment Member (CCIM), Commercial Investment Real Estate Institute
Member, Urban Land Institute
Member, National Council of Affordable Housing Market Analysts (NCAHMA)

State of Alabama – Certified General Real Estate Appraiser; No. G00628
Washington, D.C. – Certified General Real Estate Appraiser; No. GA10340
State of Georgia – Certified General Real Property Appraiser; No. 221179
State of Maryland – Certified General Real Estate Appraiser; No. 6048
State of South Carolina – Certified General Real Estate Appraiser; No. 4566

III. Professional Experience

Partner, Novogradac & Company LLP
President, Capital Realty Advisors, Inc.
Vice President, The Community Partners Realty Advisory Services Group, LLC
President, Weinberg Group, Real Estate Valuation & Consulting
Manager, Ernst & Young LLP, Real Estate Valuation Services
Senior Appraiser, Joseph J. Blake and Associates
Senior Analyst, Chevy Chase F.S.B.
Fee Appraiser, Campanella & Company

IV. Professional Training

Appraisal Institute Coursework and Seminars Completed for MAI Designation and Continuing Education Requirements

Commercial Investment Real Estate Institute (CIRESI) Coursework and Seminars Completed for CCIM Designation and Continuing Education Requirements

V. Speaking Engagements and Authorship

Numerous speaking engagements at Affordable Housing Conferences throughout the Country

Participated in several industry forums regarding the Military Housing Privatization Initiative

Authored “New Legislation Emphasizes Importance of Market Studies in Allocation Process,” *Affordable Housing Finance*, March 2001

VI. Real Estate Assignments

A representative sample of Due Diligence, Consulting or Valuation Engagements includes:

- On a national basis, conduct market studies and appraisals for proposed Low-Income Housing Tax Credit properties. Analysis includes preliminary property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis and operating expense analysis to determine appropriate cost estimates.
- Developed a Flat Rent Model for the Trenton Housing Authority. Along with teaming partner, Quadel Consulting Corporation, completed a public housing rent comparability study to determine whether the flat rent structure for public housing units is reasonable in comparison to similar, market-rate units. THA also requested a flat rent schedule and system for updating its flat rents. According to 24 CFR 960.253, public housing authorities (PHAs) are required to establish flat rents, in order to provide residents a choice between paying a “flat” rent, or an “income-based” rent. The flat rent is based on the “market rent”, defined as the rent charged for a comparable unit in the private, unassisted market at which a PHA could lease the public housing unit after preparation for occupancy. Based upon the data collected, the consultant will develop an appropriate flat rent schedule, complete with supporting documentation outlining the methodology for determining and applying the rents. We developed a system that THA can implement to update the flat rent schedule on an annual basis.
- As part of an Air Force Privatization Support Contractor team (PSC) to assist the Air Force in its privatization efforts. Participation has included developing and analyzing housing privatization concepts, preparing the Request for Proposal (RFP), soliciting industry interest and responses to housing privatization RFP, Evaluating RFP responses, and recommending the private sector entity to the Air Force whose proposal brings best value to the Air Force. Mr. Weinberg has participated on numerous initiatives and was the project manager for Shaw AFB and Lackland AFB Phase II.
- Conducted housing market analyses for the U.S. Army in preparation for the privatization of military housing. This is a teaming effort with Parsons Corporation. These analyses were done for the purpose of determining whether housing deficits or surpluses exist at specific installations. Assignment included local market analysis, consultation with installation housing personnel and local government agencies, rent surveys, housing data collection, and analysis, and the preparation of final reports.
- Developed a model for the Highland Company and the Department of the Navy to test feasibility of developing bachelor quarters using public-private partnerships. The model was developed to test various levels of government and private sector participation and contribution. The model was used in conjunction with the market analysis of two test sites to determine the versatility of the proposed development model. The analysis included an analysis of development costs associated with both MILCON and private sector standards as well as the potential market appeal of the MILSPECS to potential private sector occupants.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

H. BLAIR KINCER, MAI, CRE

I. Education

Duquesne University, Pittsburgh, Pennsylvania
Masters in Business Administration
Graduated Summa Cum Laude

West Virginia University, Morgantown, West Virginia
Bachelor of Science in Business Administration
Graduated Magna Cum Laude

II. Licensing and Professional Affiliation

Member of the Appraisal Institute (MAI)
Member, The Counselors of Real Estate (CRE)
Member, National Council of Affordable Housing Market Analysts (NCAHMA)
Past Member Frostburg Housing Authority

Certified General Real Estate Appraiser, No. 31534 – State of Arizona
Certified General Real Estate Appraiser, No. RCG1046 – State of Connecticut
Certified General Real Estate Appraiser, No. CG100026242 – State of Colorado
Certified General Real Estate Appraiser, No 4206 – State of Kentucky
Certified General Real Estate Appraiser, No. 1326 – State of Maryland
Certified General Real Estate Appraiser, No. GA-805 – State of Mississippi
Certified General Real Estate Appraiser, No. 46000039124 – State of New York
Certified General Real Estate Appraiser, No. A6765 – State of North Carolina
Certified General Real Estate Appraiser, No. GA001407L – Commonwealth of Pennsylvania
Certified General Real Estate Appraiser, No. 5930 – State of South Carolina
Certified General Real Estate Appraiser, No. 3918 – State of Tennessee
Certified General Real Estate Appraiser, No. 4001004822 – Commonwealth of Virginia
Certified General Real Estate Appraiser, No. 1101008 – State of Washington
Certified General Real Estate Appraiser, No. CG360 – State of West Virginia

III. Professional Experience

Partner, Novogradac & Company LLP
Vice President, Capital Realty Advisors, Inc.
Vice President - Acquisitions, The Community Partners Development Group, LLC
Commercial Loan Officer/Work-Out Specialist, First Federal Savings Bank of Western MD
Manager - Real Estate Valuation Services, Ernst & Young LLP
Senior Associate, Joseph J. Blake and Associates, Inc.
Senior Appraiser, Chevy Chase, F.S.B.
Senior Consultant, Pannell Kerr Forster

IV. Professional Training

Have presented at and attended various IPED and Novogradac conferences regarding the affordable housing industry. Have done presentations on the appraisal and market analysis of Section 8 and 42 properties. Have spoken regarding general market analysis topics.

Obtained the MAI designation in 1998 and maintained continuing education requirements since.

V. Real Estate Assignments – Examples

In general, have managed and conducted numerous market analyses and appraisals for all types of commercial real estate since 1988.

- Performed numerous appraisals for the US Army Corps of Engineers US Geological Survey and the GSA. Property types included Office, Hotel, Residential, Land, Gymnasium, warehouse space, border patrol office. Properties located in varied locations such as the Washington, DC area, Yuma, AZ, Moscow, ID, Blaine, WA, Lakewood, CO, Seattle, WA
- Performed appraisals of commercial properties such as hotels, retail strip centers, grocery stores, shopping centers etc for properties in various locations throughout Pennsylvania, New Jersey, Maryland, New York for Holiday, Fenoglio, Fowler, LP and Three Rivers Bank.
- Have managed and conducted numerous market and feasibility studies for affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis. An area of special concentration has been the category of Senior Independent living properties. Work has been national in scope.
- Provided appraisal and market studies for a large portfolio of properties located throughout the United States. The reports provided included a variety of property types including vacant land, office buildings, multifamily rental properties, gas stations, hotels, retail buildings, industrial and warehouse space, country clubs and golf courses, etc. The portfolio included more than 150 assets and the work was performed for the SBA through Metec Asset Management LLP.
- Have managed and conducted numerous appraisals of affordable housing (primarily LIHTC developments). Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered (LIHTC) and unencumbered values were typically derived. The three traditional approaches to value are developed with special methodologies included to value tax credit equity, below market financing and Pilot agreements.
- Performed numerous appraisals in 17 states of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing program. These appraisals meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide.

H. Blair Kincer

Qualifications

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- Performed numerous market study/appraisals assignments for USDA RD properties in several states in conjunction with acquisition rehabilitation redevelopments. Documents are used by states, FannieMae, USDA and the developer in the underwriting process. Market studies are compliant to State, FannieMae and USDA requirements. Appraisals are compliant to FannieMae and USDA HB-1-3560 Chapter 7 and Attachments.
- Completed numerous FannieMae appraisals of affordable and market rate multi-family properties for Fannie DUS Lenders. Currently have ongoing assignment relationships with several DUS Lenders.
- In accordance with HUD's Section 8 Renewal Policy and Chapter 9, Mr. Kincer has completed numerous Rent Comparability Studies for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.