APPRAISAL OF:

The Lease Fee Interest in Tara Arms Apartments
A Low Income Housing Tax Credit Community with Eight-two (82) Apartment Units
Located At 2525 Tara Lane, Brunswick, Georgia

CLIENT REFERENCED:

Tara Arms Apartments

EFFECTIVE DATE OF APPRAISAL VALUATION:

June 1, 2012

TRANSMITTAL DATE OF APPRAISAL REPORT:

June 10, 2012

PREPARED FOR:

Mr. Mark du Mas
The Paces Foundation, Inc.
2730 Cumberland Blvd
Smyrna, GA 30080

MERIDIAN ADVISORS

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Real Estate Appraisal Services

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June 10, 2012

Mr. Mark du Mas
The Paces Foundation, Inc.
2730 Cumberland Blvd
Smyrna, GA 30080

RE: The Lease Fee Interest in Tara Arms Apartments
A Low Income Housing Tax Credit Community with Eight-two (82) Apartment Units
Located At 2525 Tara Lane, Brunswick, Georgia

Dear Mr. du Mas:

Pursuant to your request, and in accordance with our engagement arrangements, we have performed a summary appraisal report for the purpose of opining to the market value (fair market value) of the Lease Fee Interest of the subject property in its "As Is" Condition. The subject property consists of an Eight-two (82)-unit apartment community, located at 2525 Tara Lane, Brunswick, Georgia. The single three (3)-story elevator served structure was developed under the Internal Revenue Service (IRS) Code Section 42, which utilized Low Income Housing Tax Credits (LIHTC), to fund a portion of the development costs to create housing for the low to moderate income. Based upon the data, information, and analysis presented in the accompanying appraisal report, it is our opinion that the conclusion of the leased fee interest basis for the subject property is as follows:

Final Value Conclusion

Appraisal Premise	Appraisal Date	Interest Appraised	Appraisal Conclusion
As Is	**June 1, 2012**	**Leased Fee**	**$1,950,000**

As the subject property is a LIHTC Development, it has tenant income and rental rate restrictions that the initial developers accepted in-turn for receiving tax credit equity to supplement the initial development costs. The tax credits were allocated to the subject property by the Georgia Department of Community Affairs (DCA), and sold to investors that became partial owners of the subject property, as limited partners in a limited partnership that owns the subject property. The tax credits came with restrictions that required the subject property to maintain tenant income and rental rate limits for at least thirty (30) years.

The subject property is nearing the end of its Initial Compliance Period (Year 15) and has an additional fifteen (15) years of Extended Compliance. While the Extended Compliance Period, also referred to as the Extended Use Period, does not have beneficial tax credit equity tied to it, which had been received from Years One (1) to Ten (10) known as the Tax Credit Period, the Land Use Restriction Agreement (LURA) filed encumbering the subject property when the LIHTC was initially received, acts effectively like a deed restriction requiring owners to adhere to the LIHTC restrictions.

As the subject property completes the requirements of the Initial Compliance Period, it has continued rental rate limitations that restrict the rent that may be charged to thirty percent (30%) less utilities of no more than sixty percent (60%) of the Area Median Gross Income (AMGI). Therefore, the estimated total housing cost may not exceed thirty percent (30%) of the anticipated maximum allowable income for the specific income limitations. In the subject property's case, these agreed upon limitations are set for a specific mix of apartments to fifty percent (50%) and sixty percent (60%) of the area's median gross income. As the rental rate limitations are tied to annual adjustments in the AMGI, the rental rates can adjust over the Extended Compliance Period. Upon the expiration of the Extended Compliance Period noted as post Year Thirty (30) of the LIHTC cycle, the tenant income and rental rate restrictions will end and the subject property's owners are free to rent or redevelop the property without any additional restrictions.

The subject property could potentially obtain a new LIHTC allocation once it satisfies the requirements of the Initial Compliance Period, which is currently being pursued by the development team that has the subject property under contract to purchase. At Year Sixteen (16) the subject property qualifies for the opportunity to apply for a new tax credit allocation, however, this does not guarantee that an allocation will be obtained or that the subject property will obtain tax credit investors, as the allocation is a competitive process and tax credit investor interest in the rehabbing of existing properties has weakened in recent years. The act of obtaining and marketing tax credits to raise equity is an uncertain process requiring significant time and with that comes great uncertainty resulting in a speculative process. As every year many potential acquisition and rehabilitation developments are unsuccessful in navigating this process.

If an allocation can be secured and successfully marketed to limited partners, the credits provide equity for a new partnership to acquire the subject property and significantly rehab it, creating a quality enhanced apartment community that would effectively be similar to new construction. If a new tax credit allocation is awarded and the property is rehabbed, the subject property would also re-start its tax credit cycle of thirty (30) years, which is tied to a new start date of when new credits are awarded and individual apartment buildings are fully leased to qualified tenants known as the Placed-In-Service (PIS) date. Therefore, the subject property would have an additional fifteen (15) years of compliance or tenant income and rental rate restrictions for a total of thirty (30) years. Given the uncertainty of the current market for LIHTC investments, it is extremely unlikely that an investor would commit to acquire the subject property with any significant premium tied to speculation of obtaining a new tax credit allocation.

Regulatory Compliance

This appraisal report based on the engaged opinion of value has been performed in accordance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and the Uniform Standards of Professional Appraisal Practice (USPAP). This appraisal is being reported as a summary appraisal report in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP).

Thanks & Contact Information

We are pleased to provide you with the accompanying appraisal report and appreciate the opportunity to be of service to you. If you have any questions regarding this report please contact us at (770) 790-5009 or rob@meridianadvisorsllc.net.

Respectfully submitted,

Robert L. Ryan, MAI
Georgia Certified General
Real Estate Appraiser License No. 334357

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EXECUTIVE SUMMARY

Location/Address

Property's Name: Tara Arms Apartments

Property's Mailing Address: 2525 Tara Lane, Brunswick, Georgia

Location: Just West of Altama Avenue behind a number of fast food restaurants that front Altama Avenue approximately one (1) mile south of Golden Isles Veterans Memorial Parkway in central Brunswick, Georgia.

City: Incorporated City of Brunswick, Georgia

County: Glynn County, Georgia

Zip Code: 31520

Legal Description: Undesignated tract or parcel of land lying northwest of the intersection of Tara Lane and Altama Avenue in the City of Brunswick, Georgia - *See Legal Addendum for more information.*

County Parcel/Tax Map Reference Number(s): 01-01077 (Subdivision Map #B055, Block & Lot 021-022)

Appraisal/Assignment Summary Description

Client: The Paces Foundation

Client Reference #: Tara Arms

Property Rights Interest Appraised: Leased Fee Interest

Value Premises & Corresponding Effective Date(s) Of Valuation(s): As Is Value June 1, 2012

Inspection Date: May 31, 2012

Intended Use: The intended use of this appraisal is to establish the market value for a Low Income Housing Tax Credit Application (LIHTC) and new investment partnership.

Intended User: The intended users of this report are the Georgia Department of Community Affairs (DCA), subject property's owners, potential investors, and agents/affiliates associated with the possible LIHTC application process, and new investment partnership.

Ownership/Sales History Summary Description

Ownership: Tara Arms Limited Partnership and Gate Management Company, Inc. as the General Partner

Sales History: The current ownership, Tara Arms Limited Partnership, acquired the subject property from Gate Management Company, Inc and Gate Properties, LP as a vacant site in November of 1994. This sale represented a related party entity for an undisclosed price as recorded in the Glynn County Superior Court's Book 55V, Page 182. The subject property was soon subsequently improved with an elevator served three (3)-story apartment building using Low Income Housing Tax Credits (LIHTC) and HOME funds. There are no known arms-length real estate transfers since the subject property was acquired as a vacant site and developed with the existing improvements.

The subject property is currently under contract to purchase by The Paces Foundation, Inc., for $1.8 million. The purchase price is to include an assumption of approximately $565,000 in HOME loan indebtedness of which the Georgia Housing and Finance Authority is the lender, with the balance paid to the seller in cash. The initial purchase and sale agreement was initialed in April of 2011 and was extended when a LIHTC allocation was not secured in the 2011 competitive cycle.

There are no other known transfers or listings offering the subject property for purchase in the past five (5) years, beyond that which are noted above.

Site Summary Description

Primary Site Size: 3.018 acres

Surplus/Excess Site Size: 0.0 Acres

Roadway Frontage: Tara Arms is located on an interior site behind free-standing commercial properties and does not have direct street frontage within its primary useable area. It does have a roadway right-of-way on Tara Lane held in a fee simple estate, where it does have rights to construct a momentum sign. The site is accessed by two (2) egress points through the land owned within the Fee Simple Estate with a forty-two (42) foot wide strip fronting Tara Lane and acting as the primary access point to the subject property. The subject property also owns the Fee Simple Estate with twenty-five (25) feet of frontage on Altama Avenue, which provides a second access driveway.

Zoning: PD: Planned Development District (City of Brunswick)

Earthquake Zone: The subject property is not known to be in a seismic hazard zone.

Flood Zone: FEMA classifies the subject property as a moderate flood risk area, which is noted on the Map as # 13127C0228F, dated September 6, 2006.

Description of Improvements Summary Description

Property Type: Multi-family Community

Number of Apartment Unit: Eighty-two (82) Units

Number of Residential Buildings: One (1) Residential Building

Number of Stories: Three (3)-story structure with elevator.

Predominant Type of Construction: The subject property is constructed of a wood frame covered with vinyl siding. This construction type is classified by Marshall Valuation as Class "B" (Concrete Frame) construction.

Quality/Property Class: Average Quality/Property Class B

Age/Condition: Average Condition - With Effective Age of Twelve (12) years; Actual Age Sixteen (16) years.

Year of Construction / Renovation: 1996 / Updated During Last Four (4) Years

Unit Mix:

Subject Property's Unit Mix - As Is - With LIHTC Restrictions

Total Units	Unit Description (Bedroom/Bath)	% of Total	SF	Total SF
29	B1-50	35%	645	18,705
41	B1-60	50%	645	26,445
5	B2-50	6%	816	4,080
6	B2-60	7%	816	4,896
1	Employee Unit	1%	900	900
82		100%	671	55,026
70	On Bedrooem	85.4%	645	45,150
11	Two Bedroom	13.4%	816	8,976
1	Three Bedroom	1.2%	900	900

Financial Summary Description

Current Occupancy:	Ninety-nine Percent (99%) Occupied
EGI - Effective Gross Income:	
2011 Actual	$538,113 ($6,562 per unit)
Pro-forma	$544,942 ($6,639 per unit)
NOI - Net Operating Income After Capital:	
2011 Actual	$138,317 ($1,687 per unit)
Pro-forma	$169,506 ($2,067 per unit)* **Increase due mostly to Real Estate Tax Savings*
Operating Expense Ratio:	
2011 Actual	74.3%
Pro-forma	68.9%* **Reduction due mostly to Real Estate Tax Savings*
Overall Capitalization Rate:	7.75%
Discount Rate (As Is):	8.75%
Terminal Capitalization Rate (As Is):	Eight Percent (8%)

Assumptions Relied Upon In Analysis

Extraordinary Assumptions: This appraisal does not consider any direct potential contributory value associated with Furniture, Fixtures or Equipment (F, F, & E) that is related and required for the operation of the subject property apartment community. The F, F, & E include such things as furniture in the leasing office, community rooms, and patio furniture, as well as equipment associated with carpentry and maintenance functions. As F, F, & E is required as part of the operating of the apartment community, they are typically sold with the real estate, and typically have no measureable or significant contributory value without the real estate, For this reason, a value estimate of the subject property's F, F, & E has not been allocated as a separate measurable value within this report.

Hypothetical Assumptions: None

Valuation Conclusions

Exposure Time: Three (3) – Twelve (12) Months
(See Introduction Section for further information)

Marketing Time: Three (3) – Twelve (12) Months
(See Introduction Section for further information)

Value Conclusions of the Leased Fee Interest by Approach	
Approaches to Value	As of June 1, 2012 Appraisal Conclusions
Market Value As Is	
Cost Approach	$2,200,000
Site Valuation	$200,000
Income Approach	$1,910,000
Sales Comparison Approach	$2,050,000
Conclusion of Market Value As Is	**$1,950,000**

INTRODUCTION

Purpose of the Appraisal

To opine to the "As Is" market value of the Leased Fee interest in the subject property based on its existing LIHTC rental rate and tenant income restrictions.

Extraordinary Assumption

This appraisal is based on the extraordinary assumption of the subject property, as outlined in the Executive Summary Section of this report.

Property Rights Appraised

The value opinion within this analysis reflects the **Lease Fee Interest** in the subject property, as defined below:

Leased Fee Estate is defined by *The Dictionary of Real Estate Appraisal*, 4th Ed published by the Appraisal Institute, as "*Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation , eminent domain, police power, and escheat.*"

Value Definition

The real estate was valued under a **market value definition** issued by the United States Treasury Department, Office of Comptroller of the Currency 12 CFR part 34, 34.42 (g); Office to Thrift Supervision (OTS), 12 CFR 564.2 (g); *The Dictionary of Real Estate Appraisal*, 4th Ed published by the Appraisal Institute, 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, 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: a. buyer and seller are typically motivated; b. both parties are well informed or well advised, and acting in what they consider their best interest; c. a reasonable time is allowed for exposure in the open market; d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and e. 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."

Glossary of Terms

The Glossary of Terms is detailed in Addendum D to this appraisal report, providing definitions for terms that are and may be used in this analysis.

Appraisal Development and Reporting Process

The appraisal process, as presented herein, contains three (3) major sections, and a fourth (4th) is the Addendums section, and they are explained in further detail below as follows:

1. **Introduction**; contains data such as the required exposure time, purpose and user.
2. **Description of the Area and Property Section** contains an identification of the subject property and sets forth the relationship of the surrounding area and competitive property conditions. It is then followed by a description of the site and the subject property improvements.

3. **Appraisal Analysis and Conclusions** contain the appraiser's analysis of those factors considered pertinent in the estimation of the value of the subject property and the conclusions reached as a result thereof. There is also a discussion of the highest and best use of the subject property followed by the appraisal methodologies. Generally, three (3) approaches are considered in appraising improved properties (Cost Approach, Income Capitalization Approach and Sales Comparison Approach). The Cost Approach considers the replacement cost of the improvements new, plus entrepreneurial profit. Accrued depreciation, if any, is then deducted to arrive at the present value of the improvements and the estimated land value then is added to the depreciated cost of improvements. The Income Capitalization Approach involves estimating the annual income from the estimated future income of the subject property and the value is then estimated by capitalizing the anticipated income. The Sales Comparison Approach uses the most recent similar comparable sales within the vicinity of the subject property. Any measurable differences between the comparable sales and the subject property, which is recognizable by the market and each approach is then reconciled with a value.
4. **Addendums (A-G)** to the appraisal report contain the Assumptions, Limiting Conditions, Certifications, and Qualifications of the Appraiser.

Scope of the Appraisal

- The effective date of the appraisal is June 1, 2012. The subject property was inspected several times with the last inspection occurring on May 30, 2012.
- A sample of interior units and exterior of the buildings were visually inspected. This appraisal/inspection is not a building inspection, structural inspection or pest inspection. By preparing this report, the appraiser is not acting as a property inspector, structural inspector, structural engineer, or pest inspector. In performing the limited inspection of the subject property, only areas that were readily accessible were visually noted. This inspection is not technically exhaustive and does not offer warranties or guarantees of any kind. If there are any concerns regarding adverse or negative conditions, it is advised to have the structure inspected by someone that offers such warranted or guaranteed inspections.
- Meridian Advisors compiled city and neighborhood data from National and Regional surveys, economic reports, US Census Bureau, and other published documents.
- Each comparable sale and rental that were used in this appraisal report,, as well as a number of other sales, have been visited by the appraiser in conjunction with completing this assignment.
- The areas surrounding each comparable sale in the Jacksonville/Coastal Georgia Primary Market Area have been toured by the appraiser on a number of occasions in the scope of this assignment, as well as over the past five (5) years.
- The County assessor's tax records, geographic information systems, zoning, deed records for the subject property, as well as each surrounding county with data, were relied upon in this analysis and have been considered.
- The appraiser made an analysis of the subject property's highest and best use' using area, neighborhood and physical property information.
- In developing the approaches to value, market data from Meridian Advisors' records, subscription research services, county conveyance records and current listings were used. Local realtors, government officials and investors were also consulted.
- After assembling and analyzing the data defined in this scope of the appraisal, a final estimate of market value was made based on the following approaches of value:

Appraisal Methods Applied		
Appraisal Method	Applicability	Use In Report
Cost Approach	Moderately Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized
Sales Comparison Approach	Applicable	Utilized

Exposure Time

Exposure time is not intended to be a prediction of a date of sale, but is a function of price, time, and use, as it is different for various types of real estate and market conditions. Exposure time is the estimated length of time a property has been offered for sale and therefore is a retrospective estimate based on recent past events, assuming an open and competitive market place. Exposure time is based on the following:

- Information gathered through comparable sales investigation;
- Statistical analysis regarding days on market; and
- Interviews of brokers and investors.

The following conclusions of exposure time published by PriceWaterhouseCoopers LLP (PWC) are supported by market participants that indicate a wide range of market exposure required. The PWC report formerly known as the Korpacz Survey is highly regarded as an industry trend on prospective conditions. Many participants refused to give a guess of specific terms, as they indicated it would depend on finding that unique user given the subject property. These statements are supported by a wide range in the PWC's study just published that has been considered, which indicates a range of one (1) to eighteen (18) months.

Average Marketing Time						
	Apartments (Conventional/ Market Rate) (Southeast Region)	Strip Shopping Center (National)	Power Center (National)	Office (Atlanta)	Flex/ R&D (National)	Warehouse (National)
Range (In Months):	1-18	2-18	3-12	2-15	2-18	1–18
Average (In Months):	6.00	7.05	6.09	7.92	7.83	6.71
Year Ago (In Months):	1-18	2-18	3-18	2-15	2-18	2-18

Source: PriceWaterhouseCoopers LLP Real Estate Investor Survey 1stQ 2012

The past decade has had some of the most robust years for real estate, but demand has weakened significantly and as a result, properties now require a longer marketing period. Over the last few years, "cash" investors have been especially risk adverse and have only been attracted to high yield investments with underwriting, assuming the most pessimistic scenario to be the general trend by most market participants. As a result, the marketing time for many commercial properties have been significantly longer than the length observed in the PWC survey, which is more reflective of the perceived time required to attract a buyer of better quality institutional grade type assets. The average exposure time required to attract a purchaser over the last year has significantly improved since the year 2010, as more buyers are returning to the market, and most apartments are requiring an exposure time of three (3) – twelve (12) months.

Marketing Time

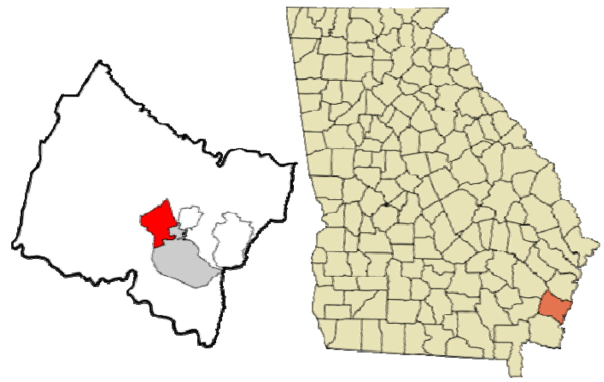
Marketing time is the number of months a prospective investor would forecast to sell the subject property immediately after the effective date of value and is essentially a measure of the perceived risk associated with the marketability or liquidity of the subject property. The marketing time is typically based primarily on data used in estimating the exposure time, along with views of the anticipated changes in market conditions. As of the effective date of the appraisal report, the marketing time based on the pricing indicated is estimated to be between three (3) – twelve (12) months.

DESCRIPTION OF THE AREA AND PROPERTY

Regional Area Analysis

The subject property is within Glynn County, which is located in Southeastern Georgia, as depicted in the orange on the map to the right. Brunswick, Georgia, which is shaded in red on the right, is the County seat for Glynn County, and fronts the Atlantic Ocean. The Atlantic Intracoastal Waterway also borders Brunswick to the east and separates it from the "Golden Isles", which is a group of four (4) barrier islands that are also known as the "Sea Islands" and they are: St. Simons Island, Sea Island, Jekyll Island, and Little St. Simons Island. As illustrated in the "Glynn County Map" below, Interstate 95 connects Savannah, GA, which is eighty (80) miles to the north of Brunswick, as well as Jacksonville, FL, which is fifty-five (55) miles to the south.

Glynn County's Location within Georgia



Glynn County Map

Brunswick has a diverse economy as one (1) of the busiest ports along the Eastern US Coast. In addition to a billion dollar hospitality industry, the area is a regional medical hub, manufacturing base, a regional federal training complex and home to a new four (4)-year college. The Port of Brunswick along with the Port of Savannah is operated by the Georgia Ports Authority.

Regional Demographics

The following "Selected County, MSA, State of Georgia & United States Comparisons" table below outlines the Brunswick MSA population by county and compares it to the City of Jacksonville, Florida, State of Georgia, and the overall US. The Brunswick MSA's population is now estimated at 78,471 people according to "Site To Do Business Reports". Brunswick's population has grown tremendously since the year 1990 at a rate of approximately 150% the national average, but only sixty percent (60%) of the overall State average growth rate.

Population by
Selected County, MSA, Georgia & United States Comparisons
(Sorted by 2010 Population)

Area	Population					
	1990	2000	2010	2015 Projection	Total Change 2000-2010	% Change 2000-10
Camden County (St. Marys MSA)	30,167	43,664	49,602	52,314	5,938	13.6%
Glynn County (Brunswick MSA)	62,496	67,568	78,471	83,711	10,903	16.1%
McIntosh County (Brunswick MSA)	8,634	10,847	11,990	12,309	1,143	10.5%
Jacksonville (Florida) MSA	925,213	1,122,750	1,389,042	1,487,422	266,292	23.7%
State of Georgia	6,478,216	8,186,453	10,014,045	10,762,778	1,827,592	22.3%
United States	248,709,873	281,421,906	311,212,863	323,209,391	29,790,957	10.6%

Source: Site To Do Business Reports .

The average number of persons per household for Brunswick is notably smaller than the National average, as well as all the regional comparisons, likely reflecting a larger retirement population. Household construction based on the percent built since the year 1990 indicates that Brunswick has a slower rate of new housing created when compared to most regional comparisons, but slightly greater than the National average. Overall, the Brunswick MSA has an average number of detached housing units, but slightly lower level of owner occupied units.

Household & Housing By
Selected County, MSA, Georgia & United States Comparisons
(Sorted By Number of 2010 Households)

	Households								
	1990	2000	2010	2015 Projection	Change 2000-2010	Persons /HH	% Built 1990-2000	% 1 Unit Detached (2000)	Owner Occupied
Camden County (St. Marys MSA)	9,459	14,705	17,400	18,402	18.3%	2.82	42.7%	60.5%	49.2%
Glynn County (Brunswick MSA)	23,947	27,208	31,712	33,884	16.6%	2.43	22.7%	61.4%	51.4%
McIntosh County (Brunswick MSA)	3,186	4,202	4,771	4,929	13.5%	2.49	31.1%	52.0%	55.3%
Jacksonville (Florida) MSA	349,080	432,627	539,743	579,169	24.8%	2.54	24.1%	61.4%	58.7%
State of Georgia	2,366,615	3,006,369	3,661,527	3,938,063	21.8%	2.66	27.9%	64.2%	58.4%
United States	91,947,410	105,480,101	116,761,140	121,359,604	10.7%	2.59	17.0%	60.3%	58.0%

Source: Site To Do Business Reports .

In reviewing income, education, white collar employment, and age, some differences were revealed. Brunswick has incomes typically less than both the State and National average, despite average education levels, again likely due to a larger concentration of retirees. Consistent with the pattern, is a relatively high median age and lower percent of white collar employment, despite nearly equivalent education obtainment.

Income, Education, Employment & Age By Selected County, MSA, Georgia & United States Comparisons (Sorted By Income)				
County	Median Income	% > BS/BA Degree	% White Collar Employment	Median Age
Camden County (St. Marys MSA)	53,009	18.9%	54.3%	31.2
Glynn County (Brunswick MSA)	47,896	27.9%	58.4%	40.1
McIntosh County (Brunswick MSA	35,570	14.1%	49.8%	40.5
Jacksonville (Florida) MSA	54,392	26.6%	64%	36.8
State of Georgia	56,184	28.2%	62%	35.2
United States	54,442	28.1%	62%	37.0

Source: Site To Do Business Reports

Employment

The following "Largest Regional Employers" table below outlines the largest regional employers, which are in a diversified number of industries. The Federal Law Enforecment Training Center has been based in Brunswick since the year 1975 providing advacned law enforcement training for more than eighty (80) Federal agencies, as well as local law enforcement. The campus is located on 1,500 acres.

Largest Regional Employers

Company Name	# of Regional Employees	Industry
Federal Law Enforcement Training Center	4,426	Government
SE Georgia Health System	1,982	Medical
Glynn County School System	1,957	Education
Sea Island Company	1,500	Hospitality
Glynn County	885	Government
Georgia Pacific Cellulose	600	Manufacturing
Wal-Mart	565	Retail

Source: Brunswick and Glynn County Development Authroity,

The following "Unemployment Rates" table below outlines the unemployment rates for the Brunswick MSA, the State of Georgia, and the overall US. According to the Georgia Department of Labor and the US Bureau of Labor Statistics ("BLS"), the national unemployment rate remains greater than nine percent (9%) in many areas with most regional areas having unemployment rates greater than the National average.

Unemployment Rate By Area County, Metropolitan Statistical Areas, Georgia & United States								
Area	**Dec-06**	**Dec-07**	**Dec-08**	**Dec-09**	**Dec-10**	**Dec-11**	**Change 2006-10**	**Change 2010-11**
Camden County	3.7	4.5	6.8	9.4	9.9	9.7	3.1	-0.2
Glynn County	3.6	4.0	6.7	8.6	9.5	10.5	2.8	1.0
McIntosh County	3.9	4.4	7.7	10.1	11.6	10.7	3.9	-0.9
Brunswick MSA	3.8	4.2	7.0	9.2	10.1	9.7	3.1	-0.4
Jacksonville MSA	3.1	4.2	7.1	10.6	11.1	10.1	4.0	-1.0
Savannah MSA	3.6	4.3	6.7	8.5	9.0	9.0	2.3	0.0
Georgia	4.3	5.1	8.0	10.4	10.3	9.8	2.3	-0.5
United States	4.3	4.9	7.4	9.5	10.0	8.9	2.6	-1.1

Source: Georgia Department of Labor & US Bureau of Labor Statistics

Transportation Infrastructure

Brunswick is easily accessible via Interstate 95, which is an East Coast artery spanning from Maine to Florida. However, the Port of Brunswick is a significant economic component. The Port of Brunswick is owned and operated by the Georgia Ports' Authority which is located twelve (12) miles inland from the open Atlantic Ocean. The Port's channel width is approximately 1,000 feet and the depth is being increased to thirty-six (36) feet. The Port of Brunswick features three (3) shipping terminals located on more than 1,700 acres, with exports at the port including Porsche, Mercedes Benz and BMW. A dedicated break-bulk facility, Mayor's Point Terminal, is a twenty-two (22)-acre facility specializing in forest products and general cargo. Marine Port Terminals' 145-acre facility handles a diverse mix of break-bulk and bulk commodities.

The Port of Brunswick is the third busiest U.S. port for auto imports, behind only Los Angeles and Newark, according to an April 19, 2012 press release from the Georgia Ports Authority. The Port of Brunswick has four (4) modern bulk terminals specializing in break-bulk, agri-bulk and RoRo cargos. The press release credits the combined Port of Savannah, with the Port of Brunswick, for supporting more than 295,000 jobs throughout the State annually and contributing $15.5 billion in income, $61.7 billion in revenue and $2.6 billion in State and local taxes to Georgia's economy. The Port of Savannah was the second busiest U.S. container port for the export of American goods by tonnage in the Fiscal Year of 2011, as it also handled 8.7 percent of the U.S. containerized cargo volume and 12.5 percent of all U.S. containerized exports in Fiscal Year of 2011.

Glynn County is served by two (2) railroads, CSX and Norfolk Southern, as well as one (1) short line, the Colonel's Island Railroad, owned and operated by Rail Link. AMTRAK passenger service is also available in Jesup, GA, which is approximately an hour's drive inland from the Coast.

The Glynn County Airport Commission operates two (2) airports, the Brunswick Golden Isles Airport (BQK) and the McKinnon St. Simons Island Airport. The Brunswick Golden Isles Airport is located six (6) miles north of downtown Brunswick and boasts an 8,000-foot runway and a visually stunning $11-million passenger terminal that opened in June of 2005. The Brunswick Golden Isles Airport offers multiple daily flights (through Atlantic Southeast Airlines) to Hartsfield-Jackson Atlanta International Airport, as well as general aviation services through Manning Aviation.

Tourism & Cultural

The nearby St. Simons, Sea Island and Jekyll Islands have attracted visitors since the early 1800s. Beaches that are not overly crowded and open waters for boating, fishing, kayaking and other water sports have been big attractions to the region, as well as, swimming, golf, and historic tours. Both Brunswick and the Golden Isles offer 234 holes of golf, as well as twenty-eight (28) parks throughout the County, ranging from playgrounds in residential neighborhoods to a 1,326-acre campground. Jekyll Island, which has been operated by a State development authority but has functioned as a State park since the 1950s, has approximately 4,400 acres. Immediately to the south is Cumberland Island, which is largely protected Federal lands that are accessed only by a private ferry service.

Health Care

The Brunswick Campus of Southeast Georgia Health System (SGHS) is the region's primary healthcare provider with 316 licensed beds. It was named Best Large Hospital in the State of Georgia by the Georgia Alliance of Community Hospitals in the year 2004.

Education

Starting Fall of the year 2009, the newly named College of Coastal Georgia started serving the Brunswick area residents preparation for baccalaureate degrees in education, business and nursing. As a State college in the University System of Georgia, the College of Coastal Georgia has as its mission "to provide targeted baccalaureate programs of study, pre-baccalaureate programs of study, for transfer or preparation of study".

Building Permits

The housing market has fallen sharply from its highs between the years 2005 and 2006, as mortgage rates raised, underlying demand and speculative investment fell, and home sales declined. However, by the year 2007, the situation worsened as a crisis in the sub-prime mortgage industry spread to the overall mortgage industry. The decline in new residential building permit starts for the MSA was significantly worse when compared to the Nation. The following table below outlines the decline in new building permit issues for a number of regional comparisons.

Camden, Glynn, McIntosh Counties, Jacksonville MSA, Savannah MSA & US New Construction - Building Permits Issued									
Area	**Unit Count**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**% Change 2006-11**	**% Change 2006-10**
Canden County	1	619	379	231	22	96	90	-85.5%	-84.5%
	2	-	-	-	-	-	-	NA	NA
	3 & 4	-	-	-	-	-	-	NA	NA
	5+	-	-	64	-	-	-	NA	NA
Canden County		**619**	**379**	**295**	**22**	**96**	**90**	**-85.5%**	**-84.5%**
Glynn County	1	968	680	395	394	313	304	-68.6%	-67.7%
	2	2	6	-	-	-	-	NA	NA
	3 & 4		-	-	-	-	-	NA	NA
	5+	12	-	-	-	-	-	NA	NA
Glynn County		**982**	**379**	**395**	**394**	**313**	**304**	**-69.0%**	**-68.1%**
McIntosh County	1	241	148	97	81	75	75	-68.9%	-68.9%
	2	-	-	-	-	-	-	NA	NA
	3 & 4	-	-	-	-	-	-	NA	NA
	5+	-	-	-	-	-	-	NA	NA
McIntosh County		**241**	**148**	**97**	**81**	**75**	**75**	**-68.9%**	**-68.9%**
Jacksonville MSA	1	11,729	7,341	4,920	3,323	3,381	3,245	-72.3%	-71.2%
	2	4	-	-	22	12	26	NA	NA
	3 & 4	-	-	-	4	24	15	NA	NA
	5+	5,303	3,489	1,550	1,317	183	625	NA	-96.5%
Total MSA		**17,036**	**10,830**	**6,470**	**4,666**	**3,600**	**3,911**	**-77.0%**	**-78.9%**
Savannah MSA	1	2,643	1,663	900	1,241	849	1,049	-60.3%	-67.9%
	2	4	44	-	26	2	6	NA	-50.0%
	3 & 4	-	60	79	-	8	20	NA	NA
	5+	5,384	3,489	1,562	338	271	550	NA	-95.0%
Total MSA		**8,031**	**5,256**	**2,541**	**1,605**	**1,130**	**1,625**	**-79.8%**	**-85.9%**
US (000)	1	1,378	980	569	441	447	419	-69.6%	-67.6%
	2	35	28	16	11	11	11	-68.6%	-68.8%
	3 & 4	41	32	16	10	10	10	-74.8%	-75.8%
	5+	384	359	282	121	131	184	-52.1%	-66.0%
Total US		**1,839**	**1,399**	**883**	**583**	**598**	**624**	**-66.1%**	**-67.5%**

Source: US Census Bureau; www.census.gov\bldg/bldgprmt.shml

By the year 2010, the rate of new permits in the Brunswick's Glynn County was only approximately thirty percent (30%) of the rate of permits in the year 2006, which is fairly similar to the National rate of decline, but a much smaller rate of decline experienced by most of the larger regional population centers such as Jacksonville, Florida.

Residential Home Sales Pricing and Volume

The falling residential values resulting in the loss of equity, along with changes in available debt, have helped end a long running period of economic expansion fueled by consumer borrowing. In the year 2009 and continuing, much of the residential markets have been driven by first time home buyers with great diminishment in the rate of sales, as well as sell activity at the upper end of the market.

The National Association of Realtors (NAR) published the following trends for existing single-family home prices, as depicted in the table below. Based on the NAR analysis of median home prices, the Brunswick MSA has experienced value losses of more than twenty percent (20%) between the year 2006 and 2010, which is similar to the national average and greater than the overall value loss in the Southern Region. The median single-family home priced at $169,000 for the year 2010 in the Brunswick MSA is slightly below the US median home price. However, the mix of property types selling in the year 2011 is indicating a rapid change in the market, which is likely due in part to the small market volume being skewed, as the distressed sales represent a smaller share of the total volume.

Brunswick, South Region & US
Single Family Median Home Price
(000)

Area	2005	2006	2007	2008	2009	2010	2011	Change 2006-2011	Change 2007-2011
Brunswick	205.0	212.0	214.0	190.0	170.0	169.0	221.7	4.6%	3.6%
South	183.7	183.7	178.8	169.4	160.0	153.7	149.3	-18.7%	-16.5%
US	219.0	221.9	219.9	196.6	177.9	173.2	166.2	-25.1%	-24.4%

Source: National Association of Realtors, Median Sales Prices of Existing Single-Family Homes & Golden Isles Association of Realtors

The relatively resort oriented condo market has overall held its value much better, as illustrated in the following table below. Also, overall housing prices appear to have held better than many of the Georgia and Florida markets, often not creating opportunity for LIHTC tenants to become home owners.

Brunswick, South Region & US
Condo-Coops Median Home Price
(000)

Area	2005	2006	2007	2008	2009	2010	2011	Change 2006-2011	Change 2007-2011
Brunswick	213.0	225.0	234.0	218.6	235.0	234.0	231.7	3.0%	-1.0%
South	187.3	184.0	185.1	166.8	132.7	118.5	107.8	-41.4%	-41.8%
US	223.9	221.9	226.3	209.8	175.6	171.7	165.1	-25.6%	-27.0%

Source: National Association of Realtors, Median Sales Prices of Existing Condo-Coops & Golden Isles Association of Realtors

National Economy

"Gross Domestic Product" ("GDP"), or "the output of goods and services produced by labor and property located in the United States", increased at an annualized rate of 1.8% during the Third (3rd) Quarter of 2011. This represents the ninth increase in annualized quarterly GDP since the Third (3rd) Quarter of 2009, continuing the positive trend from the revised Second (2nd) Quarter of 2011, indicating a growth rate of

1.3%. The increase in real GDP is attributed to increases in personal consumption expenditures, exports, and nonresidential fixed investment.

In late November of the year 2008, the Business Cycle Dating Committee of the National Bureau of Economic Research ("NBER") determined that economic activity in the U.S. had peaked in December of the year 2007, and that the economy had then entered a state of recession. In September of the year 2010, the NBER determined that the contraction which began in December of the year 2007 had ended in July of the year 2009. The following "NBER Business Cycle Reference Dates" table below provides perspective concerning NBER business cycles from the Great Depression to the present. The most recent contraction represented the longest of thirteen (13) contractions subsequent to the Great Depression.

NBER Business Cycle Reference Dates (1929 - Present)

Month & Year of Economic		Duration in Months of	
Peak	Trough	Contraction	Prior Expansion
August 1929	March 1933	43	21
May 1937	June 1938	13	50
February 1945	October 1945	8	80
November 1948	October 1949	11	37
July 1953	May 1954	10	45
August 1957	April 1958	8	39
April 1960	February 1961	10	24
December 1969	November 1970	11	106
November 1973	March 1975	16	36
January 1980	July 1980	6	58
July 1981	November 1982	16	12
July 1990	March 1991	8	92
March 2001	November 2001	8	120
December 2007	June 2009	18	73

The Conference Board ("TCB") reported that the Composite Index of Leading Economic Indicators ("LEI"), the government's primary forecasting gauge, increased 0.9% in November of 2011 to 118.0. The index attempts to gauge economic activity six (6) to nine (9) months in advance. Multiple consecutive moves in the same direction are said to be indicative of the general direction of the economy. The indicators seem to point to expansion in the near term, as the index has increased for twenty (20) out of the last twenty-one (21) months, and there has been general strength among the various leading indicators in recent months.

November's increase in the LEI for the U.S. was widespread among the leading indicators and continues to suggest that the risk of an economic downturn in the near term has receded. Interest rate spread and housing permits made the largest contributions to the LEI this month, overcoming a falling average workweek in manufacturing, which reversed its October gain. The LEI also rose on improving employment and personal income, although industrial production fell in November.

In the "Summary of Economic Indicators" table below is a summary of key economic indicators gathered by the Georgia State University *Economic Forecasting Center*. This data set reflects an overall increasing consumer spending, noted in the retail sales activity and consumer confidence. While overall core inflation was only moderately noted to surpass two percent (2%) in the Fourth (4th) Quarter of 2011, employment indicated a pattern of job gains and falling unemployment, but with continued layoffs noted.

Summary of Economic Indicators				
	2008 4thQ	**2009 4thQ**	**2010 4thQ**	**2011 4thQ**
Consumer Spending				
Retail Sales (% Change)	2.6%	-1.2%	1.2%	1.9%
Automobile Sales (million units)	13.0	12.1	12.4	13.4
Consumer confidence (Index)	66.9	61.8	50.3	53.6
Inflation				
CPI (Yr Over Yr % Change)	2.2%	3.3%	3.8%	3.3%
Core CPI (Yr Over Yr % Change)	1.1%	1.5%	1.9%	2.2%
PPI (Yr Over Yr % Change)	5.0%	6.7%	6.9%	5.6%
Employment				
Non-Farm Job Gains	459.0	552.3	294.0	447.3
US Layoffs (000)	43.6	38.4	77.8	42.3
Unemployment Rate (%)	9.0%	9.0%	9.1%	8.7%

Source: Georgia State University Economic Forecasting Center

Overall Local Economy

The Year 2011 saw some stabilization in many sectors, but concerns over commercial real estate defaults due to weakening fundamentals and the lack of available debt is expected to remain a feature of the local landscape, despite the continued signs of slow stabilization. The impact of the deepest downturn since the Great Depression is expected to continue to loom in the market for some time and likely result in a slow recovery over the next few years. Layoffs are slowing with employment gains occurring both locally and nationally, however, commercial real estate has remained in a recessionary mode, but has benefited greatly from lower interest rates, which is partially compensating for the weaker fundamentals.

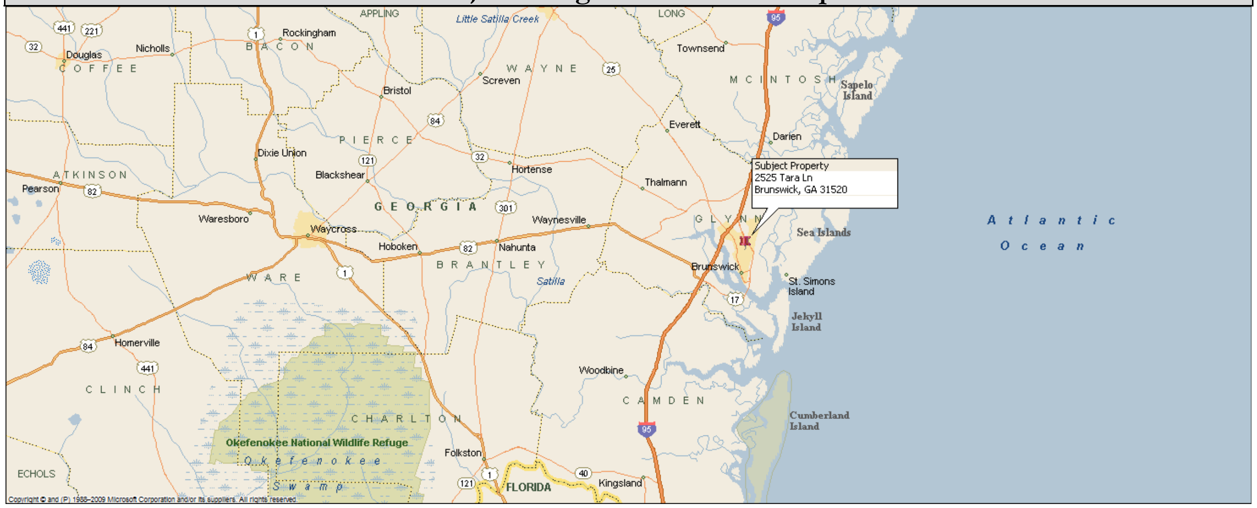
Conclusion

While the so-called Great Recession reached its official end in mid-year 2009, economic growth remains subdued. While projections by most are relatively optimistic compared to the last few years, the pace of a recovery is likely to remain slow, but with less fear of a double-dip recession. However, with concerns over Europe and many of the international markets, economic growth is expected to remain moderate. Employment is now showing gradual consistent signs of improvement, although unemployment still remains elevated. Also, activity in the housing market remains weak, and the outlook is not expected to improve in the near-term until inventories of unsold new homes and foreclosed homes decline. Consumer spending did pick up in the year 2010, but has since been constrained by tight credit and the weak labor market.

The outlook for the U.S. stock market remains positive, but economists warn there could be continued volatility in the near-term, given particularly the uncertainty in Europe. Many of the problems in foreign economies remain troubling, and Europe's sovereign debt problems and China's inflationary pressures remain a concern. Furthermore, budgetary deficit issues at all levels of the United States government will need to be addressed, and as these issues unfold, they will likely inject a degree of volatility into the markets. The Federal Reserve's outlook concurs with that of many private economists by suggesting that GDP growth is expected to continue, but may be constrained by a weak labor market for some time going forward.

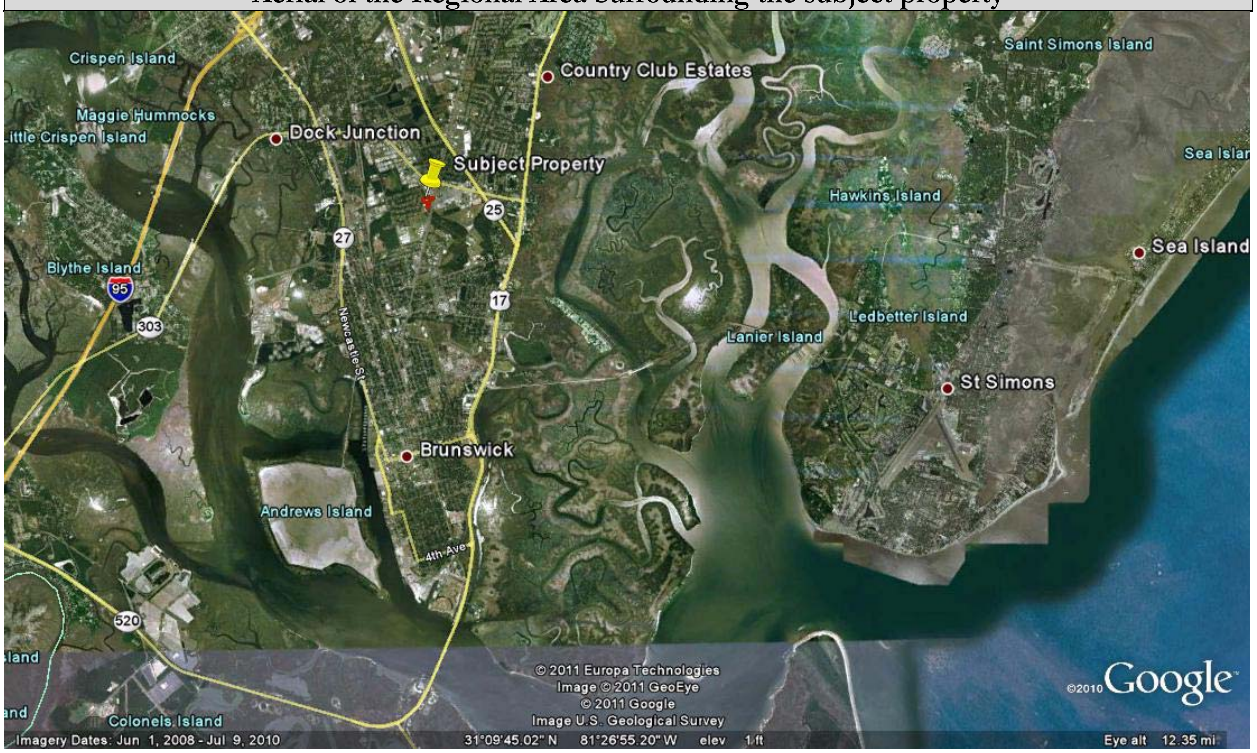
Below is a location map of the subject property within the region.

Subject's Regional Location Map



Source: Microsoft Streets & Trips 2010

Aerial of the Regional Area Surrounding the subject property



Source: Google Earth

Market Analysis – Overall Apartment & LIHTC Market Sector

The use of "Low-Income Housing Tax Credits" (LIHTC) is responsible for the construction of more than two (2) million apartments built since the program began in the year 1986. These federal tax credits are awarded to each state on a per capita formula set at $2.20 per capita through the year 2009. Each state's Housing Finance Agency (HFA) then allocates the credits to developers of affordable housing based on the federally required, but state created Qualified Allocation Plan (QAP). Over $75 billion has been invested in Low Income Housing Tax Credits (LIHTC) between the years of 1987 and 2008.

The subject property was developed using this program and is encumbered with restrictions that are associated with the LIHTC program. The LIHTC program was created in the year 1986 as an indirect federal subsidy used to finance the construction and rehabilitation of low-income affordable housing units. It provides funding to create affordable rental housing that would otherwise not generate sufficient cash flows to warrant the investment. The LIHTC tax credit subsidy provides investors a dollar-for-dollar reduction in their Federal Income Tax liability through the allocation of tax credits. The tax credits, once allocated to a developer to construct a specific property, are often sold to additional investors that become part of the ownership as a limited partner. The revenue that is raised from selling the tax credits is then used to off-set some of the construction costs, therefore providing a subsidy, as well as the newly constructed LIHTC units that provide better quality housing than would otherwise be available. By purchasing Low-Income Housing Tax Credits (LIHTC), investors gain equity in the housing development, as well as ten (10) years of tax credits, based on construction or rehabilitation costs. Investors also enjoy a return on investment for providing capital for the housing projects.

The two (2) most fundamental LIHTC occupancy requirements related to household income and maximum rent are that 1.) Each LIHTC-assisted household's income must be at or below the minimum income (by household size) permitted for that LIHTC unit (depending on the income level targeted for that unit) and 2.) Each LIHTC-assisted resident must pay a rent that does not exceed the maximum LIHTC rent (including tenant-paid utilities) established for that unit.

Maximum allowable income is also based on an imputed household income, along with consideration of the MSA's household income limitations, which are determined based on the Area's Median Gross Income (AMGI), as determined by HUD. Each year, HUD adjusts the area's median household income based on a variety of factors such as the area's economy and household growth, as well as income restrictions are determined on a Metropolitan Statistical Area (MSA) or county level, and are determined for a household of four (4) people.

Within the LIHTC program, the tenant's maximum allowable housing expenditures, including rent and utilities, is limited to thirty percent (30%) of the imputed maximum allowable income of the household. This is based on the imputed household size of 1.5 persons per bedroom. If the tenant directly pays for any utilities, the estimated cost of that must be deducted from the imputed maximum housing allowance to reflect an imputed maximum allowable rent. The maximum allowable rent can be adjusted annually based on the MSA's income growth over the prior year. If there is a lack of growth, then the rental cap will remain unchanged. Other factors to consider in the determining of the maximum allowable rents include the utility allowances, which can also be adjusted annually. Upward annual adjustments in the utility allowances, with no corresponding increases in income, can result in a net reduction of the allowable maximum rents.

The maximum allowable income does always limit the pool of potential tenants within LIHTC communities. With household incomes greater than sixty percent (60%) of Area Median Gross Income (AMGI), or less for more restrictive, they are ineligible for the LIHTC units, otherwise known as overqualified, as they make too much income surpassing the tenant income limits. In comparison, depending on demand, supply, and overall economic conditions, unit rents may be below the maximum allowable rents, which results in what is known as a "rental gap". LIHTC rents are limited by what potential tenants satisfying the income restrictions are willing or able to pay for rent. If there are competitive unrestricted alternatives or insufficient demand, the monthly rent restriction may be a non-issue, as LIHTC units must compete in the free market for tenants insuring better quality units.

The limitations associated with capped rents and limited pool of potential tenants can produce inadequate cash flow to justify the development cost or risk. Therefore, it is economically required for a LIHTC property with these restrictions to receive the tax credit equity, which otherwise would be unfeasible to construct. Typically, the investor does not expect the project to produce income and instead, investors look to the credits, which will be used to offset their income tax liabilities, as their return on investment. The investor can also receive tax benefits related to any tax losses generated through the project's operating costs, interest on its debt, and deductions such as depreciation and amortization.

Upon receipt of a LIHTC allocation, developers typically sell or exchange the tax credits for equity and for profit. Developers can either retain tax credits as financing for projects or sell them. Non-profit developers typically sell tax credits, and taxpayers claiming the tax credits are usually real estate investors, not developers. The tax credits cannot be claimed until the real estate development is complete and leased to income qualified tenants, known as Placed-In-Service (PIS). This means that more than a year or two (2) could pass between the time of the tax credit allocation and the time the credit is claimed.

The LIHTC are claimed pro rata over ten (10) years and are used to construct new or renovate existing rental communities. The two (2) basic forms of the LIHTC subsidies are either thirty percent (30%) or seventy percent (70%) of the low-income unit costs in a project. The thirty percent (30%) subsidy, which is known as the automatic four percent (4%) tax credit, as it is non-competitive and used in conjunction with municipal financing, covers either the new construction that uses additional subsidies, or the acquisition cost of existing buildings. The seventy percent (70%) subsidy, or nine percent (9%) tax credit, supports new construction without any additional federal subsidies. Rental properties that qualify for the LIHTC tend to have a lower percentage of debt and debt service payments, which is the intent of the credits to allow development to be feasible for construction.

Developers often may not have a need for all of the tax credits, or for other leverage reasons, sell the credits to investors to provide equity to fund the development. When credits are sold, the sale is usually structured as a Limited Partnership (LP) between the developer and the investor, as the user of the credits is required to be in the ownership risk. The sale of the tax credits are sometimes administered by syndicators who must adhere to the complex provisions of the tax code.

As the General Partner (GP), the developer has a very small ownership percentage, but maintains the authority to build and operate the project on a day-to-day basis. The investor, as an LP, has a large ownership percentage with an otherwise passive role. If the structure also includes a syndicator, they typically take on the Special Limited Partnership role representing investors that are typically investing within a pool of LPs through a tax credit fund.

Complexity Associated with LIHTC Restrictions

One (1) fundamental difference between a typical apartment community and a LIHTC restricted community is that when the developing partnership accepted the tax credits, a Land Use Restriction Agreement (LURA) was placed on the site. The LURA is the legally restrictive document that requires the site to be developed and maintained with rental apartments serving tenants of moderate to low incomes for a thirty (30) year compliance period. The risk of losing the tax credits through recapture for non-compliance is currently interpreted to exist only during the Initial Compliance Period (ICP), consisting of the first fifteen (15) years, but is real and substantial. Recapture not only impacts the unused tax credits, but can also result in the loss of credits previously taken. As tax credits can be a significant portion of the overall construction costs, maintaining LIHTC compliance is essential to avoid losing the credits. The restrictions from the tax credits prohibit the renting of apartments to individuals that earn more than sixty percent (60%) of the area's AMI, (Average Median Income) or are full time college students, which limit the number of available households that may rent apartments. The restrictions also prohibit alternative redevelopment scenarios such as condominium conversion for the thirty (30) year compliance period.

Even with the subsidy, LIHTC properties typically generate only moderate cash flow due to a combination of the rental rate limits, as well as the additional overhead in developing and operating this property type. LIHTC assets also require additional leasing file support to show that units are in compliance with restrictions and are being rented to income qualified tenants. Owners also have additional audit and accounting statement functions to verify that all necessary procedures are being implemented to maintain the property in compliance, as required by LIHTC. In fact, the file support requirements are complicated enough that there are certifications and numerous training programs to guide management on how to maintain compliance.

Most sales of LIHTC properties occur post year fifteen (15), with fewer full interest property sales occurring pre-year fifteen (15), due to issues associated with the tax credit recapture, as well as bonding. Therefore, most pre-year fifteen (15) sales consist of partial interest sales involving the general partnership only.

Capitalization Rate Trends

With the melt-down of the capital markets, as well as the unemployment rate surpassing ten percent (10%), the domino effect on commercial real estate values has been significant. All sectors of commercial real estate have realized considerable value declines over the last few years, but evidence of stabilization started in the year 2011 and is expected to continue during the year 2012. As noted in the Fourth (4thQ) Quarter of the 2011 *PricewaterhouseCoopers LLP Investor Survey,*" investors are still seeking core assets also known as the best quality assets in the more premier markets and submarkets". In fact, the title of the Fourth (4thQ) Quarter 2011 issue of the PWC survey is "Buying Beyond Core Remains Tricky" and PWC reports that investors continue to seek commercial real estate, despite the sluggish recovery and near-term forecast, which is due significantly to the fact that "commercial real estate continues to offer attractive yields compared to alternative investment vehicles," according to the PWC survey.

The majority of the PWC Survey investors view commercial real estate as favorably priced with grocery-anchored strip shopping centers, port-oriented industrial assets, apartments, and office properties in tech-driven metro areas being the most desirable. Class "A" trophy assets in key land-lock markets, such as Manhattan and San Francisco are the exception to this trend, and continue to remain highly desirable. However, Atlanta and the Southeast, with relatively plentiful land and few barriers of entry, do not have this uniquely desirable real estate.

Whether acquiring assets in either secondary or core markets, many surveyed investors in the PWC survey stress the need to buy based on current fundamentals rather than with overly aggressive lease-up and rent growth assumptions. Even though the U.S. employment numbers in early of the year 2012 reveal that job creation remains weak, but positive among most private industries. In addition, there is concern that the reduction in the U.S. unemployment rate is partly due to many long-term unemployed individuals dropping out of the labor force.

Prior to the recession, real estate had traded at very compressed capitalization rates based on the belief that values would continue to increase during the investment's holding period. This resulted in acquisition underwriting driven mostly by the anticipated higher reversion price, more so than in-placed income.

Without this bullish belief of rapid increasing values, capitalization rates now have been driven to more historic norms.

The overall economic conditions have gradually stabilized, but commercial real estate is expected to lag behind the overall economy, as non-distressed commercial real estate investors now have higher yield requirements resulting in rising discount and capitalization rates. Employment also is expected to show continued slow recovery according to many economists, and value declines in commercial real estate are also expected to continue for some time after economic stabilization; due to the lag time required to improve property fundamentals and liquidate distressed assets. Some of the driving causes for the economic fallout of commercial real estate is due to a combination of the following bullet points below, which have not only resulted in substantial price declines, but also sluggish sales activity with an extended marketing time to attract investors:

- **Return to underwriting on historic actual operating statements versus pro forma financial statements,** with many requiring underwriting that is conservative or worse than actual operating history. This includes decreasing rents upon renewals, increases in tenant allowances, and increasing vacancy rates for weakening demand.
- **Increases in investor down payment required higher rates of return** due to risk adverse fears and potential short-term funding of operating losses.
- **Decreases in the amount of potential leverage** with many commercial real estate borrowers not able to obtain greater than seventy-five percent (75%) to eighty percent (80%) leverage, and for many property types no more than sixty percent (60%).
- **Diminishment of mezzanine debt** and to a large degree interest only financing is more difficult to secure.
- **Weakening market fundamentals** associated with declines in effective rental income and increases in vacancy rates, resulting in diminishing income.
- **Increases in tenant improvement allowances/unit rehab**, and rent abatement/concessions to remain competitive for new tenants.

The *Pricewaterhouse Coopers LLP Investor Survey* indicates that investors are still suffering from the recession hangover with many assets being overleveraged, but there is an increasing belief that a slow recovery will continue. This sense of optimism in real estate investment is expected to continue through the year 2012 however, the outlook does vary greatly depending on the property type, class and geographic location, and most institutional investors remain focused on core assets within proven markets. There is also the perception that pent-up capital seeking attractive better quality real estate investments is soaking up the limited number of quality offerings, forcing capitalization rates downward on the best quality assets. However, these risk-adverse investors are still expecting premium rates of return on un-stabilized assets not fitting their definition of core assets or markets.

Compounding the concern over the declining values noted in recent years, are both the underwriting for new debt and the significant amount of out-standing commercial real estate debt maturing over the next few years. Much of this debt is now overleveraged based on current underwriting, as these newer more conservative requirements make it more difficult for leveraged assets to support their existing debt, and can result in difficulty as the debt matures or if the seller would like to exit the asset. Therefore, more motivated selling is likely to occur in the near term as property owners struggle with maturing debt.

The original loan obligations were typically for five (5) to seven (7) years in length and originated during a time with higher leverage, favorable underwriting, and higher values. According to Deutsche Bank in mid-year 2009, “approximately $1.2 trillion is maturing in the next four (4) years”. Stabilization of values has mitigated some of this exposure, but current values remain well below their recent historic levels leading into the recession. Delinquencies by June of the year 2009 were reported by Trepp to be five percent (5%) to six percent (6%) on these commercial real estate loans and continued to increase throughout the year 2010.

Many have suggested that since pricing had essentially doubled between the years 2004 to 2007, in many real estate categories, that a reasonable benchmark for current pricing may exist in sale prices between the years 2003 to 2004. Many investors, or at least those successful in acquiring some of the few assets currently exchanging hands, are often using lower reversionary capitalization rates than their going in rates in markets that are not oversupplied and have strong fundamentals, as they believe the market will improve significantly by the time they plan to exit five (5) or more years into the future. However, this is not typically the case in the Southeast US and is more limited to moderate supply markets like New York.

Overall Apartment Industry

The multi-family sector in particular is showing relatively strong acquisition demand with homeownership rates hovering near their lowest rates since the year 1998, and readily available financing through government-supported mortgage companies.

The dollar volume of multi-family loan originations by Fannie Mae and Freddie Mac hit an all-time high in the fourth quarter, according to a Mortgage Bankers Association index that has tracked the data for eleven (11) years. The government-supported entities increased lending by selling $33.9 billion of bonds tied to apartment buildings last year, from $21.6 billion in the year 2010, according to data compiled by Bloomberg and published on bloomberg.com on March 7, 2012. Life insurance companies and commercial banks are also competing to lend in the relatively stable apartment market, offering mortgages for shorter durations and for "transitional" properties that are not fully occupied.

The combination of dropping homeownership rates, low interest rates and lack of new construction has resulted in the multi-family area recovering faster than other sectors. According to the national research firm of Axiometrics Inc., "rents in the U.S. climbed 4.1% in the twelve (12)-months through December of 2011. Apartment owners are projecting rental revenue to increase by 6.7% this year, as little new supply comes to market".

According to REIS's Fourth (4^{th}Q) Quarter) of 2011 Apartment Market Highlights report, only 40,000 new apartment units were added in the year 2011, or approximately 0.4% of the typical long-term average. REIS reports that nationally average vacancy rates ended the year 2011 at 5.2%, which overall nationally is the lowest level of vacancy since late in the year 2001.

Capitalization & Discount Rate Trends

Discount and overall capitalization rates have fluctuated greatly over the past few years. The rate trends are now improving with increased consumer confidence and market stabilization fueled by historically low interest rates. The *PricewaterhouseCoopers LLP Investor Survey* conducted by Price Waterhouse Coopers (PWC) indicates that investors now have an overall increasing positive view of commercial real estate investing with a particular focus on the "best of class" assets.

Between the years 2007 to 2009, capitalization and discount rates generally increased by approximately 200 basis points, reflecting the increase concern over risk. These increases in capitalization rates resulted in decreasing property values that were fueled by issues outside of the property, such as lack of available debt options resulting in little available leverage and investor's perception of increased risk or uncertainty at nearly all levels. Additionally, other factors impacting many asset values resulting in further value declines included the weakening financial fundamentals of properties with many un-stabilized assets suffering from diminished occupancy levels, as well as the risk of having to roll existing tenant rents to the new lower market rents, and therefore resulting in anticipated lower future income.

Capitalization rates generally peaked in the year 2009, which were the worst days for marketing commercial real estate. Since the Third (3rdQ) Quarter of 2010, overall capitalization rates have been trending downward due to increasing buyer interest, more available and less expensive leverage, however the greatest area of interest has been in the best quality assets encumbered with the most stable predictable cash flows. As these discount and capitalization rates started improving in late year 2010, it has resulted in rate decreases by approximately 200 basis points. The following table below outlines the periodic results of the PriceWaterhouseCoopers Investor Survey for the overall Southeast Region. It is important to note that the PriceWaterhouseCoopers survey is reflecting some of the best of quality assets, but is indicative of the overall trend.

PriceWaterhouseCoopers (Korpacz) Real Estate Investment Survey
Apartment Market - Southeast Region

Rate		2012	2011				2010		
		1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter
Discount Rate (IRR)	Range (%)	6.5-11.0	6.5-11.0	6.5-11.0	6.5-11.0	6.5-11.0	7.5-12.0	7.5-14.0	7.5-14.0
	Average (%)	8.40	8.40	7.90	7.98	8.20	8.63	9.73	10.05
	Change (B.P)	0	50	(8)	(22)	(43)	(110)	(32)	(23)
Overall Capitalization Rate (OAR)	Range (%)	5.0-7.0	5.0-7.0	5.0-7.0	5.0-7.5	5.0-7.5	5.0-8.0	5.8-10.0	5.8-10.0
	Average (%)	5.86	5.83	5.92	6.10	6.30	6.68	7.80	7.93
	Change (B.P)	3	(9)	(18)	(20)	(38)	(112)	(13)	(85)
Residual Capitalization Rate	Range (%)	5.5-9.8	5.5-9.8	5.0-7.0	5.5-9.8	5.5-9.8	5.0-8.0	5.5-9.8	5.5-9.8
	Average (%)	6.64	6.71	6.73	6.85	7.04	7.35	7.69	7.75
	Change (B.P)	(7)	(2)	(12)	(19)	(31)	(34)	(6)	(64)

Notes: *B.P. = basis points*
Discount Rate (IRR) = Internal rate of return in all-cash transaction, based on annual year-end compounding.
Overall Cap Rate (OAR), Initial rate of return in all-cash transaction.
Residual Cap Rate = Overall capitalization rate used in calculation of residual price; typically applied to the NOI in the year following anticipated sale.
Source: *PriceWaterhouseCoopers, LLP National Market Indicators; Investor Survey (Personal survey of a cross section of major institutional equity real estate market participants conducted by PriceWaterhouseCoopers LLP)*

Residential Demand & Construction

With a rapid decline in residential demand since the years leading into the recession, housing starts are down in the region by approximately seventy percent (70%) to eighty-five percent (85%) since the peak market activity noted in the boom years between the 2005 to 2006 time periods. The overall decline in permits to construct new multi-family units is a sign of economic weakness, but posses an opportunity to reach a new equilibrium. This diminishment in construction will allow supply to grow more slowly so demand may catch up.

This trend is further being enhanced as more traditional home owners are becoming renters. Regionally, the percent of households that own their homes has decreased by approximately three percent (3%) to four percent (4%) between the years 2000 and 2010. During this same time period between the years 2000 to 2010 time periods also netted a four percent (4%) to five percent (5%) increase in vacant housing units, as of the 2010 Census. Therefore, it appears that the vacant housing is well-positioned to be absorbed by renters at a rate of two (2) to three (3) times the rate of new owner-occupied units.

The increase in renter occupied housing units is a national trend and not limited to the immediate region. According to an analysis of the mover rate tracked by US Census Bureau data by William Frey, a demographer at the Brookings Institution, the mover rate, which is the percentage of people who report a move, increased to 12.5% during the year 2010 from 11.9% in the year 2008, which is the lowest mover rate since at least the year 1945, when the Census started keeping track of the data. The increase in the mover rate typically reflects a positive increase since jobs are one of the biggest reasons people move, but a look below the numbers shows that's not the case yet. The mover rate within counties increased to 8.4% last year, which is the highest since the year 2003. But the mover rate across county lines and between states is still mired in levels unseen since at least the 1940s, and probably since the Great Depression.

According to a national survey of renters conducted by *Apartments.com* revealed that more homeowners are becoming renters and twenty percent (20%) of respondents looking for an apartment this year said they are current homeowners. Of the current homeowners that say they are looking to rent, thirty-two percent (32%) are first-time renters. With record levels of young adults living with parents, it would appear many of these rents are former homeowners.

Demographers believe that most new tenants do not have a choice and are being forced to rent as a result of losing their home to foreclosure, being forced into a short-sale, or as the result of some other distress-related situations. Others could be continuing to rent due to market fear that we have not hit a bottom or concerns about near-term mobility and flexibility. Purchasing a home has also become increasingly difficult. Lending guidelines and credit restrictions have continued to tighten, resulting in a decrease of potential homeowners who can qualify for a mortgage. This is evidenced by the fact that home ownership rates for those ages thirty-five (35) or less have hit a sixteen (16) year low. Regardless of the cause and effect, the rate of home ownership in the US has declined to lows that we have not seen in decades, which is benefiting demand for apartment communities and detached single-family shadow rentals.

In fact, apartment owners nationally are already seeing a significant bump in demand, as a result of more renters in the marketplace. Many of the largest multifamily Real Estate Investment Trust (REIT) s in the country obtained new highs during the year 2011, as a result of the strengthening rental market, and the projections for the REITs over the next year or so are estimated by many industry followers to continue to improve over the next several years. In fact, the CEO of "rent.com" in the summer of the year 2011 forecasted that projected vacancy rates would fall to as low as five percent (5%) by the year-end of 2012.

With multi-family demand growing and a decrease in new supply indicated in the sharp decline in new multi-family construction, the rental market should see an increase in rental rates. Many market participants have forecasted increases in rental rates as high as ten percent (10%) per year over the next couple of years in some of the hottest rental markets. However, overall market is anticipated to stabilize, but with the continued glut of foreclosures, will rein in any huge spikes in rental prices in the near term.

Apartment Market Overview & Performance

To study trends for the subject property area, primary data was collected through interviews and surveys of market participants in the local apartment industry. The Brunswick area does not have any published surveys or trend reports on the apartment industry for Brunswick, so market surveys for larger regional communities have been reviewed.

“Real Data”, which is a real estate information service that publishes statistics for Savannah, GA that is approximately eighty (80) miles to the north of Brunswick and fifty-five (55) miles to the south of Jacksonville, Florida , was also used as a data point. These much larger regional markets are not considered to be directly reflective of the subject property’s market dynamics from a typical tenant’s options, but are likely an indication of the health of the regional investor market and may reflect the overall balance sheet health and alternative investments within the region.

Jacksonville with nearly 66,000 units is now averaging a eighty-seven percent (87%) occupancy level which is a nearly 300 basis point improvement from approximately three (3) years ago, but rents have continued to decline by approximately eight percent (8%) over the last few years, as landlords continue to compete for tenants. Jacksonville now has approximately 8,500 vacant apartments with annual positive absorption averaging less than 1,000 units per year, and vacancy rates are expected to remain greater than ten percent (10%) for some time.

Savannah has performed better due in part to regional ports that have maintained and often fostered employment growth during the economic downturn as well as the presence of a military employment base. “Real Data” reports that the 18,000 unit apartment market in Savannah is averaging an eighty-eight percent (88%) occupancy rate with rents down approximately three percent (3%) from a few years ago. However, most of the vacancies are in the more expensive newly constructed Class “A” properties with more moderate priced apartments typically averaging over ninety percent (90%) occupancy.

In comparison, Brunswick is a much smaller market with higher occupancy rates. Primary research for this assignment revealed over 1,700 apartments in Brunswick, with most having occupancy levels greater than ninety percent (90%). Only a couple of conventional (or unrestricted/market rate) properties had occupancy rate below ninety percent (90%) and no property was noted to have occupancy rates below eighty percent (80%).

The table below is a summary of the primary apartments considered in the rental analysis contained within the Income Approach Section of this appraisal:

Summary Overview of Rent Comparables

	Property	Year Built	# of Units	Avg SF	Avg Mkt Rent	Avg Eff Rent	Avg Eff Rent PSF	Occ.
1	Eagles Pointe (LIHTC & Market Rate) 104 Eagles Pointe Drive, Brunswick, GA	2003	168	1,117	$626	$796	$0.71	96.0%
2	Morning Tide aka Southwind (Market Rate) 5600 Altama Ave, Brunswick, GA	1969	60	875	$450	$600	$0.69	95.0%
3	Glynn Place (LIHTC) 820 Scranton Road, Brunswick, GA	1994	128	1,188	$680	$830	$0.70	80.0%
4	Whispering Oaks (LIHTC & Market Rate) 100 Whiserping Oaks Drive, Brunswick, GA	2004	72	1,229	$614	$795	$0.65	94.0%
5	Palm Club (Market Rate) 111 S. Palm Drive, Brunswick, GA	1999	132	1,080	$660	$830	$0.79	93.9%
6	Legacy Apartment Homes (Market Rate) 101 Legacy Way, Brunswick, GA	2008	168	1,093	$768	$961	$0.70	80.0%
	Tara Arms (LIHTC) 2525 Tara Lane, Brunswick, GA	**1995**	**82**	**670**	**$595**	**$595**	**$0.89**	**98.8%**

Supply

Of the 1,700 apartments in Brunswick, approximately twenty-four percent (24%) of the inventory have some form of LIHTC income and rental restrictions, while another approximately twenty-four percent (24%) consists of newly constructed apartments developed since the start of the year 2008. Amongst the approximately 400 new apartments constructed since the start of the housing bust, is the Legacy Apartments located approximately one (1) mile north of the subject property containing 168 unrestricted apartments in close proximity to the subject property, but at much higher rents. All of these newer units constructed in Brunswick during the last five (5) years are market rate unrestricted units with rental premiums much above the subject property's restricted units.

There are also over 400 LIHTC apartment units in Brunswick located in a mix of pure income restricted properties that offer no unrestricted units within the apartment complex, as well as mix income properties that are developments offering both restricted and unrestricted apartments. These units are typically renting well below the market rate unrestricted units, reflecting a rental gap of $200 or more per apartment.

Demand

Occupancy levels in most of the larger apartment communities in Brunswick are at ninety-three percent (93%) or higher, with many maintaining occupancy rates of at least ninety-five percent (95%). The rental gap between LIHTC and market rate apartments is a healthy sign, while the market fundamentals in many areas are so heavily impacted by the recession that no rental gap is evident.

One (1) bedroom units in newer constructed apartments are leasing for approximately $150 more per month than the Tara Arms sixty percent (60%) AMI units, without adjustments for utilities included in the Tara Arms rents. This twenty-five percent (25%) rent difference become a fifty percent (50%) rental rate gap if utilities are considered, resulting in a strong demand for LIHTC apartments due to this sizeable rental gap.

Conclusion

The current recession has created a risk adverse investor market, leading to significant value declines in all asset classes, with investors requiring higher rates of returns on their investments in comparison to a few years ago. The overall property level fundamentals of effective rent net of concessions and occupancy are also weaker today than a few years ago, reflecting diminished rental revenue. A gradual stabilization and recovery in demand is expected to take place over the next few years, enhanced by the lack of anticipated near-term new construction going forward, limiting future near-term supply.

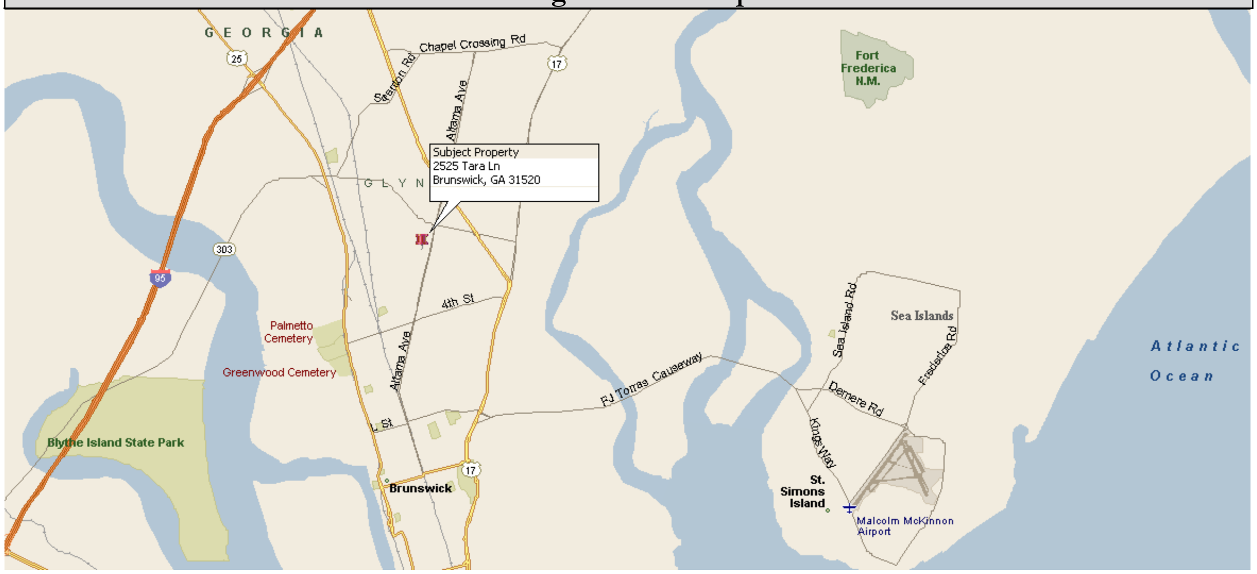
The Subject Property's submarket has been detrimentally impacted by the same capital market fall-out as the overall nation, with a significant decline of new lease commitments or sales activity. The nearly complete ceasing of new construction has assisted in what appears to be a slow trend to stabilization, and after several years of negative absorption, a positive absorption was noted overall in the market.

Neighborhood Analysis

Location & Boundaries

The subject property of this report is within the incorporated City of Brunswick, Georgia, which is defined as the neighborhood for purposes of this report. Brunswick is located in Glynn County, Georgia which adjoins the communities of Saint Simons Island as well as Sea Island Georgia that front the Atlantic Ocean. The map below illustrates the subject property in relationship to Brunswick, as well as its proximity to Interstate-95 located west of central Brunswick.

Neighborhood Map



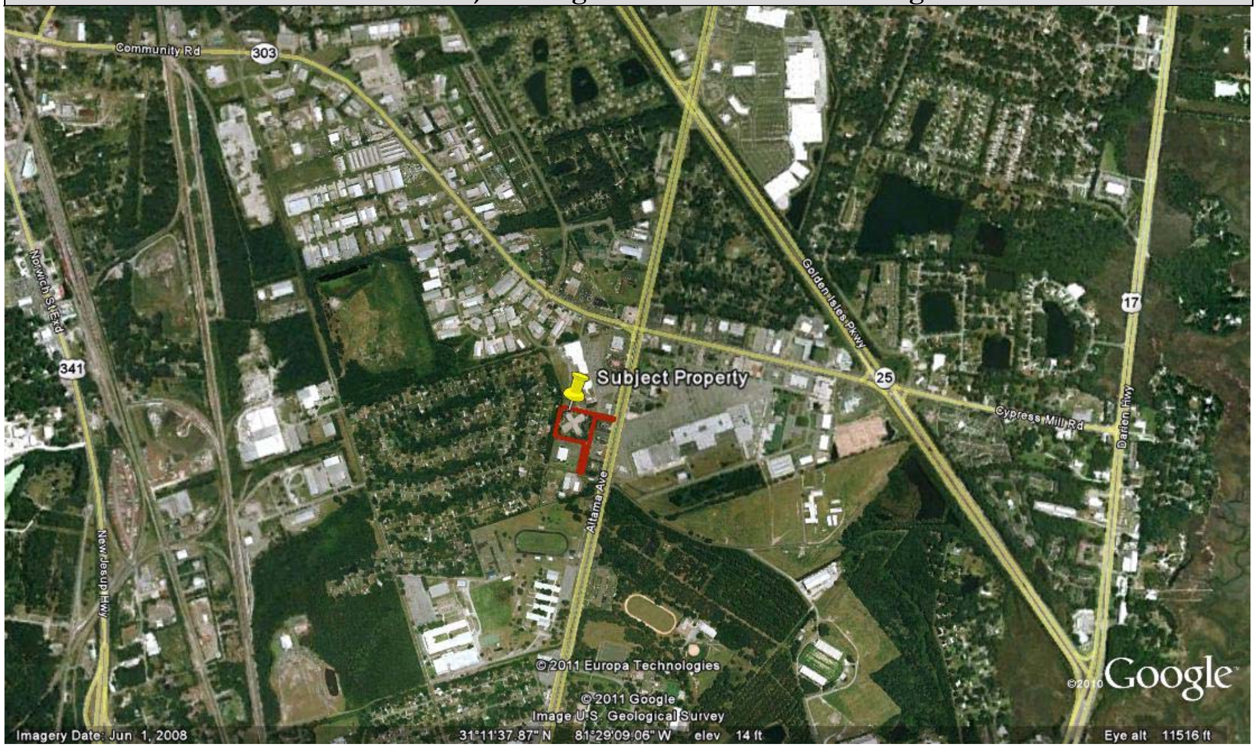
Source: Microsoft Streets & Trips 2010

Accessibility

The Subject Property is located approximately 200 feet from the traffic controlled intersection of Altama Avenue and Tara Lane. Altama Avenue is a four (4)-lane median divided roadway fronted by retail and general commercial land uses, which is one (1) of the most popular north-south arteries in the community. Tara Lane is a two (2)-lane roadway that is a more local east-west roadway extending west from Altama Avenue approximately a half (½) mile to Habersham Street. To the east Tara Lane becomes Emory Dawson Parkway where it provides localized access to the county facilities management buildings.

The primary access throughout the region is provided by Interstate 95, which has a number of interchanges serving the Brunswick area and can be accessed within approximately four (4) miles of the Subject Property. Approximately two (2) miles to the southeast of the Subject Property is the F J Torras Causeway that provides access to the recreational and tourism area of Saint Simons Island and Sea Island.

Aerial of the Subject Neighborhood and Surrounding Area



Source: Google Earth

Predominant Land Uses near the subject property

The immediate area to the west of the subject property is predominately a single family subdivision consisting of detached homes constructed approximately fifty (50) years ago. Immediately to the south of the subject property are single user office buildings occupied by the Georgia Labor Department, which is situated on an approximately three (3) acre site. Located along the eastern side of the subject property and fronting Altama Avenue are several bank branches and a few sites improved with free-standing restaurants including a closed Burger King and Legends Sports Bar.

To the northern side of the subject property is a shopping center anchored by s Bally's Gym and a Habitat for Humanity store, a closed bank branch and a McDonalds. Also within a block of the subject property are a Winn Dixie, Rite Aid, Big Lots Discount store, Family Dollar, AutoZone, Advance Auto Parts, CITGO Convenience Store and a Suntrust Bank.

Within approximately 1½ mile to the north is a cluster of big retail stores such as Wal-Mart and a 500,000 square foot regional mall, Glynn Place Mall, which is anchored by JC Penny, Belk, Sears and Georgia Theaters, as well as Home Depot, Michaels, Office Depot that all provide potential employment opportunities.

Life Stage and Trend of the Neighborhood

The condition of the neighborhood and area trends taking place has a significant impact on the desirability and value of the subject property. The neighborhood life-cycle is said to evolve through four (4) primary stages and they are as follows:

Growth: a period during which the neighborhood gains public favor and acceptance.
Stability: a period of equilibrium without marked gains or losses.
Decline: a period of diminishing demand.
Revitalization: a period of renewal, modernization, and increasing demand.

The subject property's neighborhood has had significant growth for the last several decades, with the rate of new development slowing in recent years, as the area is mostly built-out and also due to the recession. The subject property neighborhood is considered to be in a stability stage.

Neighborhood Demographics

The demographic tables below outlines the population, household, and various demographic characteristics within a one (1), three (3), and five (5) mile radius of the subject property, as well as compares them to the larger metropolitan area.

The geographic areas reflect a moderate growth rate that is only a fraction of the overall State of Georgia. The forecast is for moderate positive gains increasing the further away from the subject property, which likely has to do with the marshy coastline near the subject property limiting the number of available undeveloped building sites. The median age is slightly younger near the subject property than the overall MSA, which is likely somewhat older due to the retirement population in the coastal communities along the Atlantic.

Selected Population Demographics
1-3-5 Mile Radius vs. Metropolitan Characteristics

Area	1 Mile Radius	3 Mile Radius	5 Mile Radius	Brunswick MSA
Population				
2000 Census	4,015	27,695	40,755	93,044
2010 Estimate	4,137	28,986	44,001	106,631
2015 Projection	4,254	29,932	46,127	112,671
Growth 1990-2000	-0.96%	-0.37%	0.33%	1.25%
Growth 2000-2010	0.29%	0.45%	0.75%	1.34%
Growth 2010-2015	0.56%	0.64%	0.95%	1.11%
Median Age-2010	35.7	35.7	36.2	39.6

Source: Site To Do Business

The following review of housing data indicates a smaller number of persons within the average household nearer the subject property, as well as an increasing rate of owner-occupied units within a few miles of the subject property versus the larger market. There is a larger concentration of detached single-family housing units in the one (1) mile radius of the subject property.

Selected Household and Housing Demographics
1-3-5 Mile Radius vs. Metropolitan Characteristics
(Continued)

Area	1 Mile Radius	3 Mile Radius	5 Mile Radius	Brunswick MSA
Household Size / Growth				
2000 Census	1,631	11,049	15,875	36,846
2010 Census	1,696	11,688	17,306	42,624
2015 Projection	1,759	12,124	18,190	45,172
Growth 2000-2010	0.38%	0.55%	0.85%	1.76%
Growth 2010-2015	0.73%	0.74%	1%	1.42%
Persons Per Household	2.39	2.41	2.48	2.47
Housing Units Occupancy				
Owner Occupied(2000/2010)	49.2%/44.1%	44.3%/39.1%	50.2%/45.7%	58.1%/54.3%
Renter Occupied(2000/2010)	42.9%/43.1%	44.2%/43.6%	39.0%/38.2%	24.1%/23.7%
Vacant Units(2000/2010)	8.0%/12.8%	11.4%/17.3%	10.7%/16.2%	17.9%/21.9%
Housing Type Mix				
% - 1 Unit, Detached (2000)	67.1%	58.9%	61.4%	57.1%
% - 1 Unit, Attached (2000)	3.8%	3.1%	2.5%	2.3%
2 Units (2000)	3.4%	5.3%	4.4%	2.7%
3 to 4 Units (2000)	4.9%	3.8%	3.7%	2.8%
5 to 9 Units (2000)	8.7%	7.5%	6.4%	4.6%
10 to 19 Units (2000)	3.8%	4.0%	3.3%	2.0%
20 or More Units (2000)	4.5%	7.3%	5.7%	4.6%
Mobile Home (2000)	3.8%	9.7%	12.2%	23.5%
Other (2000)	0.0%	0.4%	0.3%	0.4%
Housing Age / Residency				
Percent Built Since 1990	17.0%	16.3%	18.2%	25.0%
% Moved In Since 1995 (2000)	51.7%	51.6%	51.3%	50.7%

Source: Site To Do Business

Conclusion

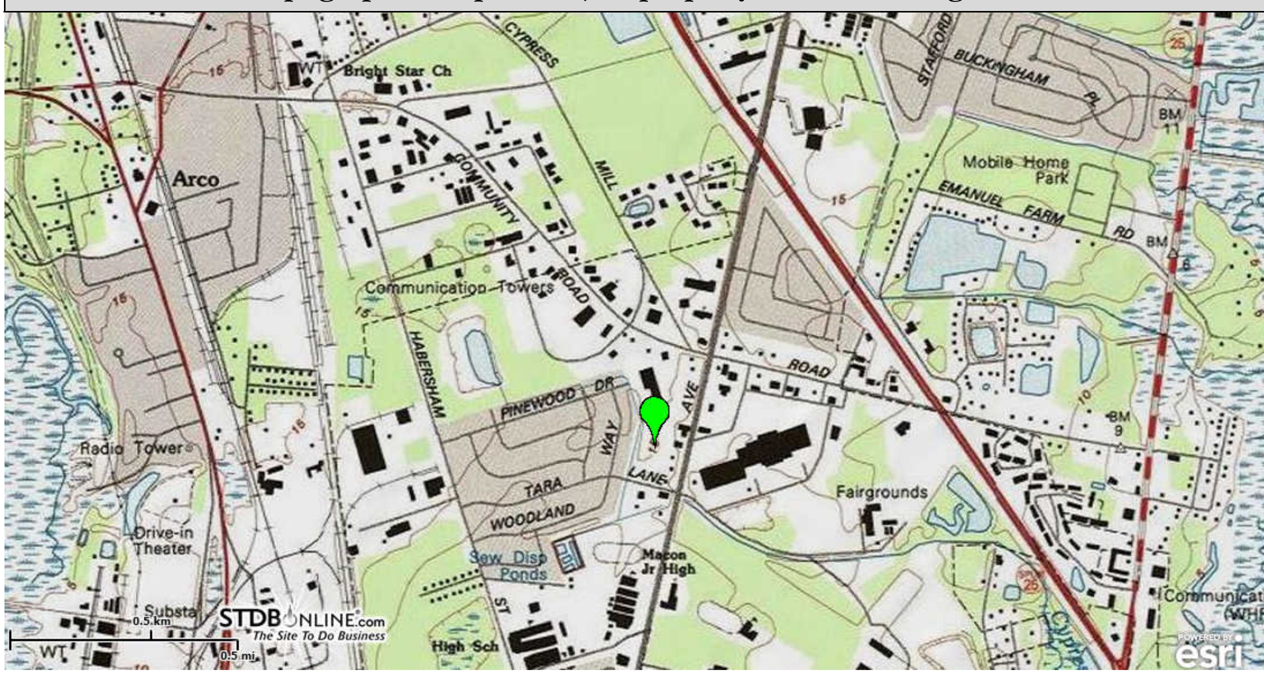
The subject property is in a rapidly growing neighborhood with many available sites to support real estate development of all types, including the creation of additional apartment construction. However, as the economy has entered into a recession, vacancy rates have increased, as well as the interest in renting or buying commercial real estate has dwindled.

Site Analysis

Property Identification	
Property (Mailing) Address	2525 Tara Lane, Brunswick, Georgia
County	Glynn County
City	Incorporated City of Brunswick
State	Georgia
Location	The primary site is on an interior site near the intersection of Tara Lane and Altama Avenue, with egress points on both roads, but no frontage at the corner as the subject property is located behind small commercial improvements along both roadways.
Legal Description	Undesignated tract or parcel of land lying northwest of Tara Lane and Altama Avenue in Brunswick, Georgia - *See Legal Addendum for more information.*
Easement	The rights in the subject property include Fee Simple Estate of a forty-two (42) foot wide strip fronting Tara Lane acting as the primary access point to the subject property, along with Fee Simple interest in twenty-five (25) feet of frontage on Altama Avenue, which provides a second access driveway. Both egress points have perpetual easements benefiting not only the subject property as well as a number of the small commercial properties fronting Tara Lane and Altama Avenue.
Tax Parcel or Map Number	01-01077 (Subdivision Map #B055, Block & Lot 021-022)
Physical Description	
Primary Road Frontage	Approximately forty-two (42) feet of frontage on Tara Lane
Secondary Road Frontage	Approximately twenty-five (25) feet of frontage on Altama Avenue
Gross Site Area	3.018 Acres
Visibility	As the subject property is located on an interior site behind free-standing commercial properties consisting of restaurants and office buildings it does not have direct street frontage with the primary

	buildable area located over 200 feet from the fronting streets. Therefore, the subject property has very limited visibility from the fronting streets. The subject property's forty-two (42) feet of frontage on Tara Lane is adequate to provide signage.
Access	The subject property has two (2) curb cuts providing access.
Topography	The subject property's site is fairly level sloping slightly to the rear (west) and sufficient enough to provide drainage of ground water to the canal along the rear with on-site subsurface. A review of topographic maps suggests that the subject property is approximately fifteen (15) to twenty (20) feet above sea-level.

Topographic Map of subject property & Surrounding Area

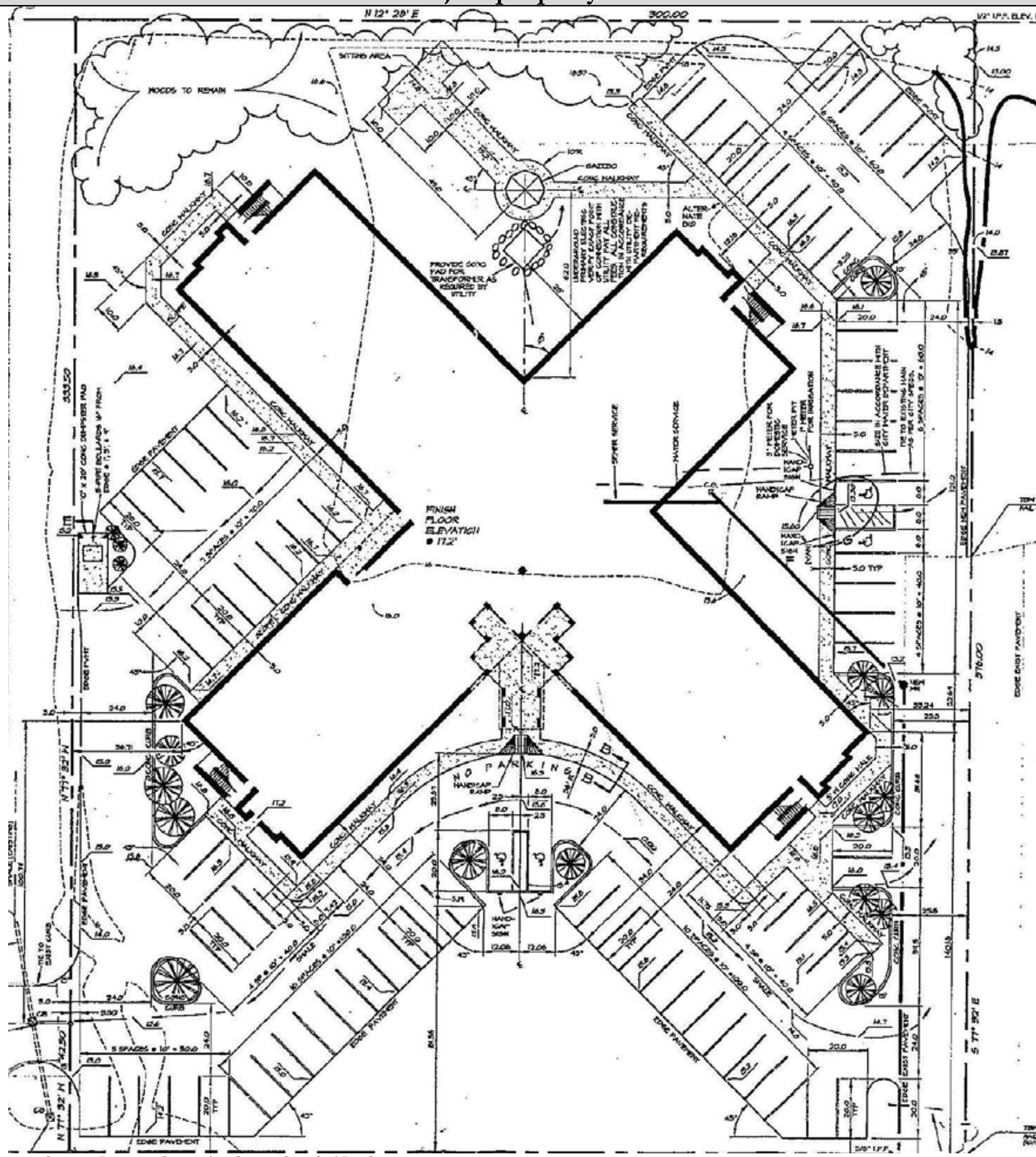


Source: STDBonline.com

Soils	A soils analysis for the site has not been provided for the preparation of this analysis. In the absence of a soils report, it is an assumption that the site has adequate soils to support improvements.
Shape / Site Configuration	The site is an irregular "flag-shape" with two (2) flag poles reflecting the narrow twenty-five (25) feet of frontage and access area on Altama Avenue and

	forty-two (42) foot wide strip fronting Tara Lane. The primary buildable square portion of the site measures approximately 300 feet by 376 feet and is located approximately 322 feet north of Tara Lane and 200 feet from Altama Avenue.

Subject property Site



Source: Property Ownership Survey Supplied By Owner

Utilities	The subject property is served by all typical public utilities including electric, gas, telephone, cable, water, and sewer.
Zoning District	PD: Planned Development District (City of Brunswick), which is discussed further in the "zoning section" of this report.
Adjacent Land Uses	Mostly commercial uses consisting of free-standing restaurants, banks and strip shopping centers as discussed in more detail within the Neighborhood Section of this report.

The following map outlines the subject property's site configuration, as well as some of the adjoining land uses.

Aerial of subject property
(Outlined In Red)

Source: Google Earth

Street(s) Description

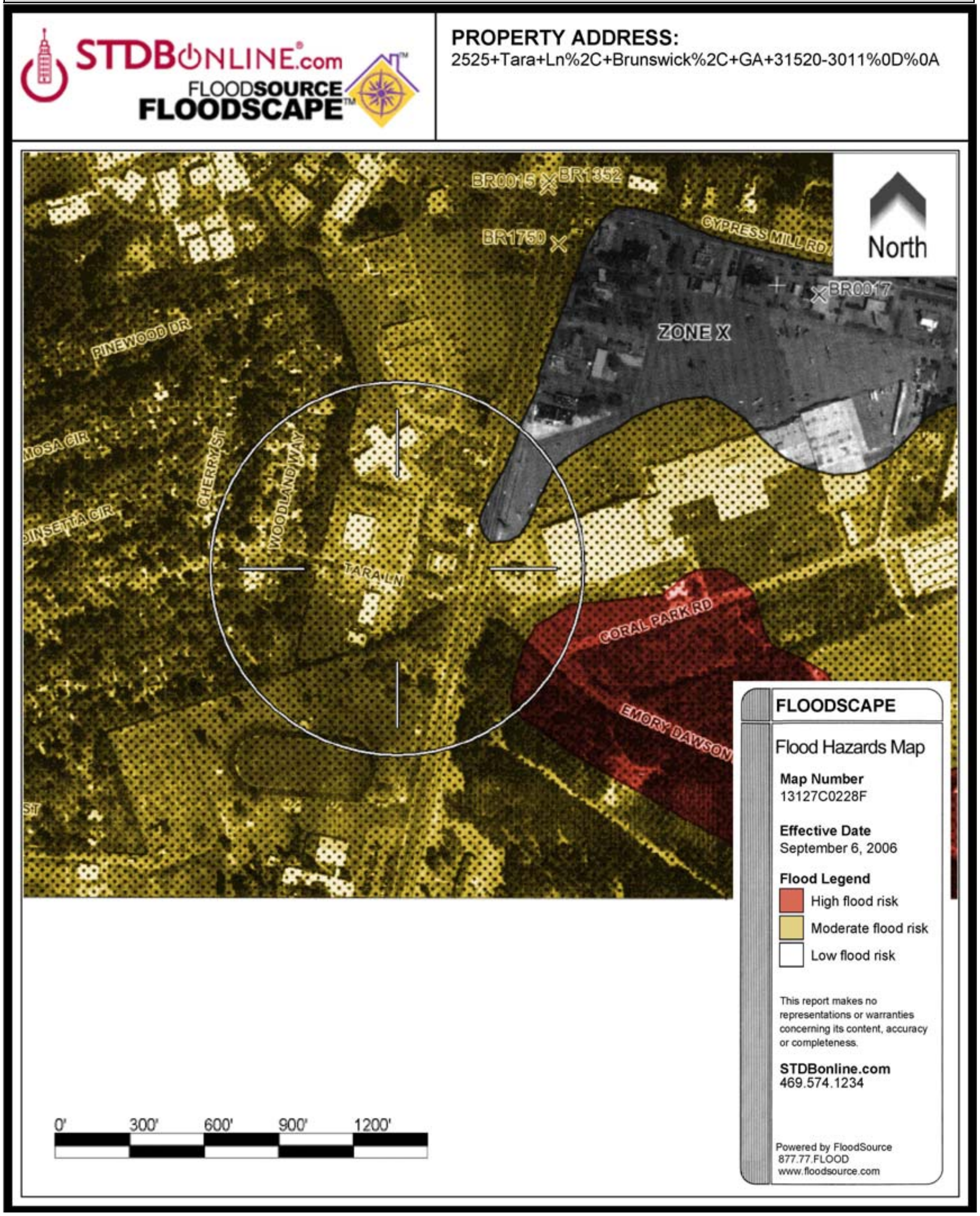
Roadway Surface	Asphalt paved with concrete curbs
Lanes of Traffic	Altama Avenue - Four (4)-lanes with median. Tara Lane - Two (2)-lanes with center turning lane at the nearby Altama Avenue intersection.
One (1) /Two (2) Directional	Two (2)-directional
Street Drainage (Subsurface/Open Ditch)	Subsurface
Curbing	Concrete
Sidewalks	Concrete (both sides)
Streetlights	Yes
Utility Lines (Above/Below Ground)	Above ground utilities

Utilities:	Provider	Adequacy
Water	City of Brunswick-Glynn County Joint Commission	Yes
Sewer	City of Brunswick-Glynn County Joint Commission	Yes
Electric	Georgia Power	Yes
Natural Gas	Atlanta Gas Company (At subject property's frontage, but not plumbed to existing improvements)	Yes

Flood Zone & Drainage

Drainage	No drainage issues appear to exist.
Flood Map Panel No. & Date	FEMA Map as # 13127C0228F, dated September 6, 2006.
Flood Zone Description	FEMA classifies the subject as a moderate flood risk area.

Flood Zone Map (Partial) For subject property Area



Source: National Flood Insurance Map

Covenants, Conditions and Restrictions

The subject property is encumbered with a Land Use Restriction Agreement (LURA). Under this agreement the Partnership that owns the subject property has voluntarily entered into an agreement with the Georgia

Department of Community Affairs to restrict the use of the subject property to rental of residents that are classified as low-income and very low-income for fifteen (15) years following the passage of the LURA. This restriction requires residents not to earn more than sixty percent (60%) of "Area Median Income" (AMI), for the MSA adjusted annually. There are also maximum allowable rent levels that may be charged to tenants per this agreement and additionally, there is a requirement for an Extended Compliance Period, which provides for further restrictive use of the subject property for years sixteen (16) to thirty (30) following the installation of the Land Use Restriction Agreement (LURA).

There are no other known covenants, conditions, and restrictions impacting the site, which are considered to effect the marketability or highest and best use.

Easements and Encroachments

Based on the site inspection and evaluation of the legal description, no utility easements or encroachments were noted that would be considered adverse to the marketability of the subject property site. The subject property does have perpetual non-exclusive easements that benefit the subject property, as well as adjoining sites fronting the access strips to the primary site area.

Environmental Hazards

A Phase I Environmental Assessment was neither provided; nor was any environmental issues observed or known at the time of inspection. However, the appraiser is not qualified to detect the existence of any potential environmental hazards and advises the user if concerned about such issues, to seek professional opinions with this expertise.

Conclusion

The subject property site is well-located within close proximity to most of the employment centers, with all essential utilities and topography to support multi-family development. The neighborhood at one time was rapidly growing with plentiful land to support both continued growth and the potential for additional competitive apartment units, once new apartment development becomes financially feasible again.

Improvements Analysis

General Description

The Subject Property of this report is an apartment community with eight-two (82) apartment units completed in the year 1996. The apartments are located in a three (3) story building constructed primarily of concrete (Class "B:") with a single elevator. The Subject Property was developed using Low Income Housing Tax Credits (LIHTC) equity resulting in the developer accepting rental rate restrictions and incomes earned by prospective tenants.

The rental rate and tenant income restrictions, as stated in the subject property's Land Use Restriction Agreement (LURA), remain in place for a total of thirty (30) years without considering partial year adjustments.

The following is a summary description:

Improvement Summary Description	
No. of Buildings:	One (1)
Year Built/Renovated (Updated)	1996 / 2007-2008
Number of Stories (Residential):	Three (3)-Story
Average Unit Size	671
Net Rentable Area	55,026 SF
Gross Building Area	83,823 SF
Number of Units	Eight-two (82)

The following is a summary of the improvement's square footage distribution:

Subject Property's Unit Mix - As Is - With LIHTC Restrictions				
Total Units	**Unit Description (Bedroom/Bath)**	**% of Total**	**SF**	**Total SF**
29	B1-50	35%	645	18,705
41	B1-60	50%	645	26,445
5	B2-50	6%	816	4,080
6	B2-60	7%	816	4,896
1	Employee Unit	1%	900	900
82		**100%**	**671**	**55,026**
70	**On Bedrooem**	**85.4%**	**645**	**45,150**
11	**Two Bedroom**	**13.4%**	**816**	**8,976**
1	**Three Bedroom**	**1.2%**	**900**	**900**

Detail Description

The following pages give a more detail description of individual components of the subject property.

Structural Description	
General Description:	Elevator served mid-rise

Foundation:	The foundation appears to be monolithically poured concrete
Construction Type:	Mostly concrete superstructure with lightweight concrete over steel deck.
Floors:	Three (3)-Story
Exterior Description	
Roofing	Built-up roof replaced in the year 2008
Exterior Wall Cover:	Painted hard coat stucco
Windows::	Single hung aluminum frame with bronze finished and thermopane glass
Exterior Doors:	Aluminum frame with glass pedestrian doors in aluminum frames as the main unit entrance door. Secondary exterior doors are steel doors with small window. Apartment entrance doors consist of solid wood in steel frames.
Mechanical Description	
Plumbing:	PVC freshwater and waste water
HVAC:	Individual through the wall compact HVAC systems
Hot Water	Individual forty (40) gallon hot water tanks (electric)
Electrical Service:	Individual electrical service
Water Service:	Master metered
Fire & Safety:	Full fire suppression system with hardwired smoke detectors with battery backups.
Utilities:	Heating: Electric Air Conditioning: Electric Cooking: Electric Hot Water: Electric
Interior Unit Description	
Floor Covering:	Mostly carpet flooring with vinyl in the kitchen, bathrooms and foyer/entrance area.
Interior Wall Facing:	Painted sheetrock
Ceilings:	Common Halls/Lobbies – 2’ by 2’ dropped acoustical tile ceilings Apartments – Textured & painted sheetrock
Lighting:	Combination of fluorescent and incandescent

Bathroom:	Vanity:	White Laminate
	Sink:	Porcelain
	Counter:	Laminate
	Flooring:	Vinyl
	Tub:	Fiberglass tub with ceramic tile shower surround
Kitchen:	Cabinet Finish:	Laminate
	Flooring:	Vinyl
	Sink:	Stainless steel double bowl
	Counter Tops:	Laminate
	Features:	
	Breakfast Bar:	All Units
	Pantry:	No
	Other:	NA
	Appliances:	
	Refrigerator:	Furnished – Electric
	Dishwasher:	Furnished – Electric
	Range/Oven:	Furnished – Electric
	Washer/Dryer:	Not Furnished
	Disposal:	Not Furnished
	Microwave:	Not Furnished
	Other:	NA
Unit Features		
Outside Storage:	Not Provided	
Private Patio/Balcony:	Not Provided	
Walk-in Closets:	All Units	
Washer & Dryer Hookups:	Not Provided	
Fireplaces:	Not Provided	
Community Amenities		
Business Center:	Not Provided	
Car Wash:	Not Provided	
Community Room:	Provided	
Exercise Room:	Not Provided	
Secured Access:	Provided (Building)	
Laundry Room:	Provided	
Leasing Office (On-Site):	Provided	
Media Room:	Not Provided	
Playground:	Not Provided	
Pool:	Not Provided	
Tennis Court:	Not Provided	
Garages:	Not Provided	
Storage Units:	Not Provided	

Parking

Asphalt paved parking with less than one (1) parking space per unit. There are a total of seventy-six (76) parking spaces including four (4) handicap accessible spaces and seventy-(72) two standard parking spaces. The paving is in good condition with no notable deferred maintenance items noted.

Landscaping & Site Improvements

The site is landscaped and has been improved with parking lot lights and stripped parking. The subject property also has a paved patio, sidewalks, community signage at the entrance, and paved pad with landscaping buffer surrounding a dumpster.

Quality & Structural Condition

The quality of the subject property is considered to be good and better than much of the competition in the immediate market. The appraiser is not qualified to determine structural integrity and it is recommended that the client/reader retain the services of a qualified expert, or engineer, to determine the quality, prior to making a business decision. As of the visual inspection, the subject property does not appear to have overly apparent structural issues, and is very functionally able for its intended use.

ADA Compliance (Americans Disability Act)

All common areas appear to comply with basic Americans Disability Act (ADA) requirements, as well as a portion of the subject property has units which are fully accessible. These units offer lower kitchen countertops, bathrooms with wall-hung grab bars and lever handles, among other features. Refer to the Limiting Condition's section of the Addendum, regarding ADA compliance, for additional information.

Furniture, Fixtures and Equipment

Apartment communities typically have a small amount of furniture, fixtures, or equipment (F, F, and E) associated with the leasing office and community center. This furniture once used in a public facility typically has minimal salvage value, but is a necessary part of the administrative offices, as well as an amenity package of the asset. The contributory value of the furniture or equipment used by the leasing office or maintenance, such as computers or a golf cart, is nearly impossible to quantify as individual assets of value. It is customary for those items to sell with the asset, but at no individual recognizable value.

Environmental Hazards

An environmental Assessment was not provided, nor was any environmental issues observed or known at the time of inspection. However, the appraiser is not qualified to detect the existence of any potential environmental hazards. The existence of hazardous materials such as lead based paint, asbestos, urea formaldehyde foam insulation or other hazardous construction materials could detrimentally impact the value of the subject property. It is recommended that the client/reader retain the services of a qualified expert to evaluate potential hazards prior to making a business decision.

Functional Utility

The design and layout are considered to be appropriate for apartment rental, allowing it to compete well in its trade area.

Deferred Maintenance

The subject property has been maintained and recently updated with no significant deferred maintenance items noted. The updating has included painting of the interior and exterior, new flooring, roofing, re-sealing the parking lot and furniture within common areas.

Economic Age & Life

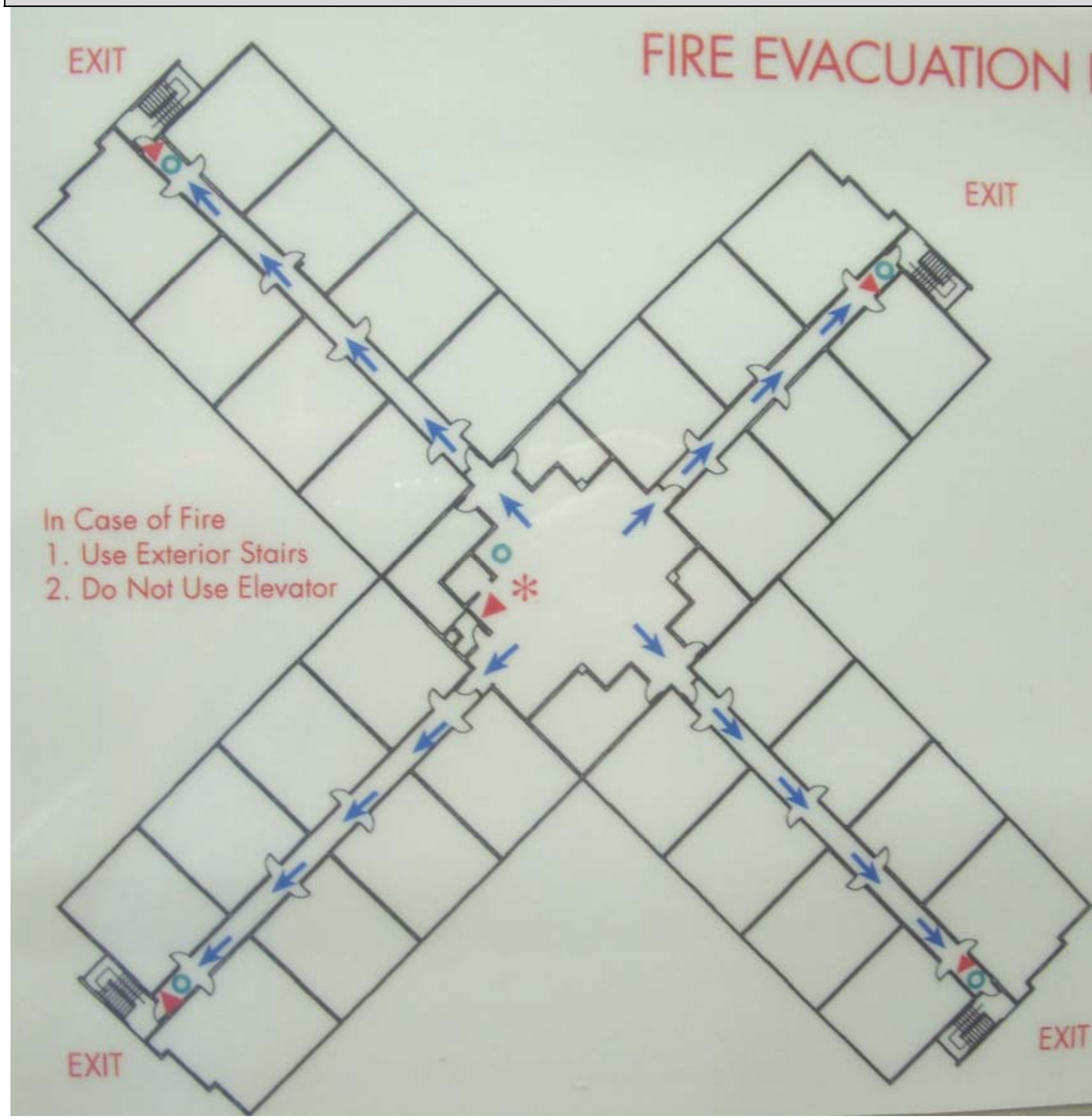
The life expectancy is based upon our observations and a comparative analysis reported for buildings of similar construction, as published by Marshall and Swift, Inc. in the Marshall Valuation Service cost guide. The subject property improvements, effective age, and remaining economic life are depicted below:

Economic Age & Remaining Life	
Actual Age:	Sixteen (16) Years
Effective Age:	Twelve (12) Years
Expected Life:	Forty-five (45) Years
Remaining Economic Life	Thirty-three (33) Years
Accrued Physical Incurable Depreciation (Building)	26.7%

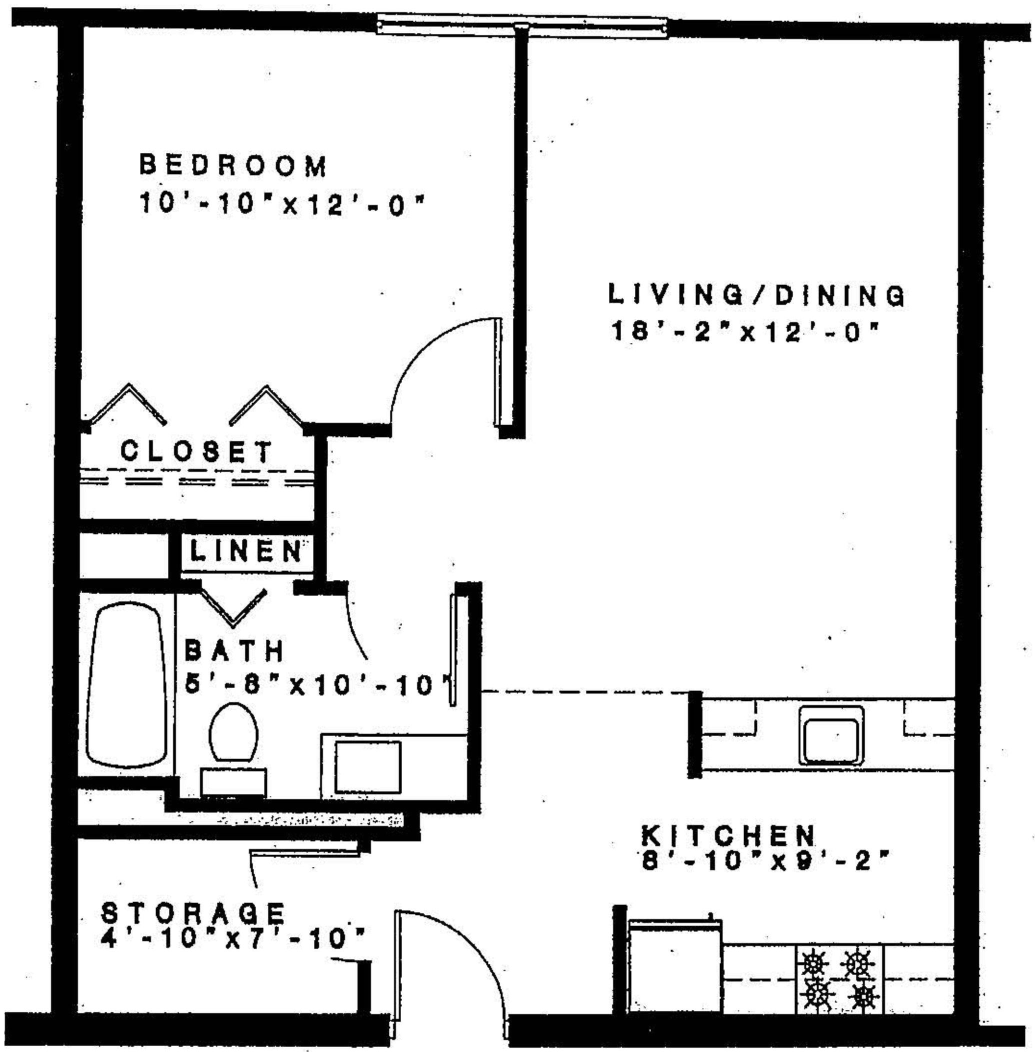
Conclusion

The improvements are typical garden style apartments serving the moderate income and are well-suited to continue to compete in the market place. The following includes an outline of the subject property photos.

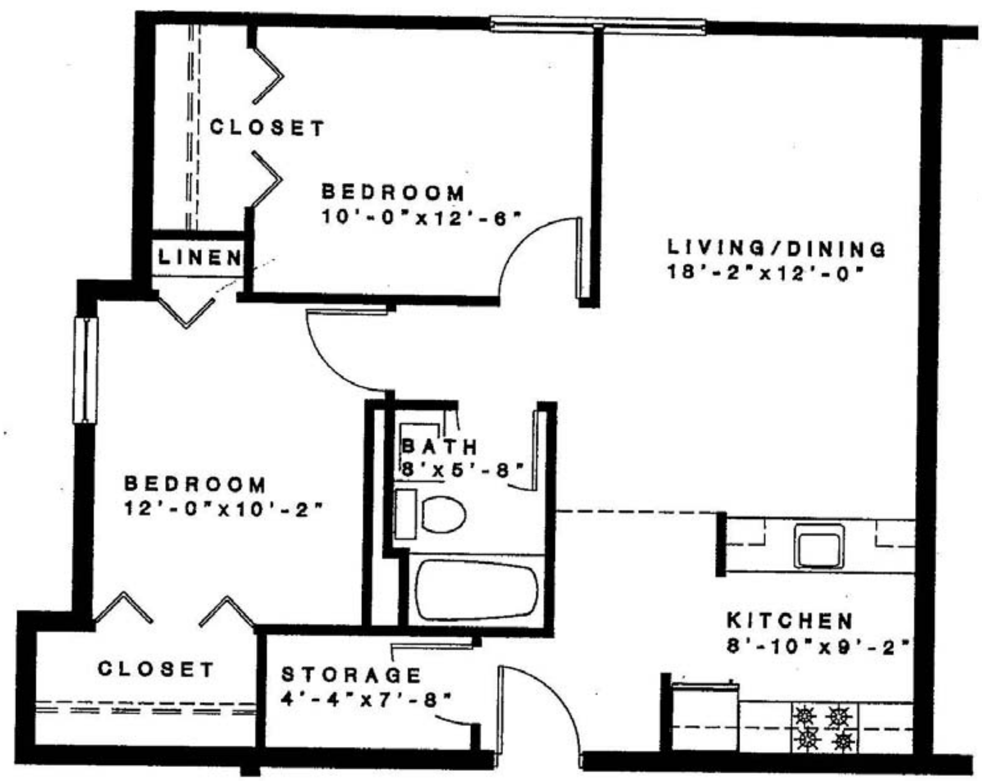
Typical Floor Plate For subject property



Typical One Bedroom/One Bath Unit Floor Plan For subject property



Typical Two Bedroom/One Bath Unit Floor Plan For subject property



Subject Photos

Subject property's front entrance as seen from front parking lot (not at fronting street).

Subject property's front entrance façade, as seen from fronting parking lot (not at fronting street).

View of rear patio area.

View of rear (western façade).

Looking east along Tara Lane (Subject property on left).

Looking west along Tara Lane (Subject property on right).

Looking north along Altama Avenue (Subject property on left).

Looking south along Altama Avenue (Subject property on right).

Subject property's entrance driveway, as seen from Tara Lane looking towards improvements, over 300 feet past trees in picture.

Subject property's entrance sign along Tara Lane.

View of main lobby on first floor as seen from entrance doors.

View of main lobby's entrance doors.

Living room

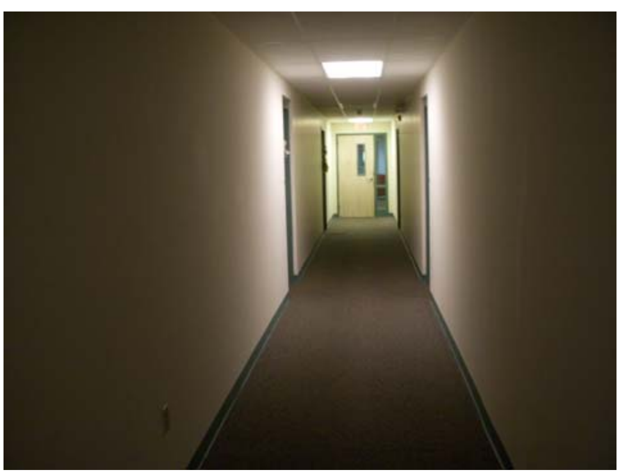
Kitchen /dining area


View of exterior emergency stairs


View of typical bedroom area


View of community room on the first floor.


View of the elevator.


View of typical interior hallway.


View of the laundry area

Real Estate Taxes

The subject property's county tax parcel number is 01-07077

In the State of Georgia, real estate taxes are assessed based on the County's Property Assessor's office, which estimates the market value, less assessment exemptions. Also in the State of Georgia, the assessed value, which is forty percent (40%) of the market value, and in turn the millage rate or tax rate is multiplied by this assessed value to indicate the amount of real estate tax obligations for the property owner, as depicted by the following illustration below:

Appraised Value x Assessment Ratio x Millage Rate = Taxes

The following table below summarizes the real estate tax obligations for the last several years.

Real Estate Tax Assessment

	2009	2010	2011	2012
Land Assessed Value			$302,000	$302,000
Building Assessed Value			$1,998,000	$2,222,500
Other (Site Improvements) Value			$0	$0
Total Assessed Value			$2,300,000	$2,524,500
Assessment Ratio			40%	40%
Total Taxable Value			$776,000	$1,009,800
Millage Rate			33.4	
Total Real Estate Taxes	$35,683	$31,099	$30,728	

The subject property's real estate tax assessment has been relatively flat for the last few years with a fairly constant assessment as well. The County Tax Assessor had assessed the subject property at approximately $2,300,000 in the year 2011 and has raised their implied opinion of value in the year 2012 to $2.5 million.

The following table below provides the anticipated pro-forma real estate tax obligations as of Year One (1). It is based on an estimated market value that assumes a reassessment based on the anticipated purchase price paid, based on the premise that the assessor would reassess the property to be near the value paid, if the property was sold, as reflected by the valuation conclusion contained in this report.

Based on the value conclusions contained in this valuation analysis, the subject property as stabilized is valued near below the current tax assessed value. Therefore, the real estate taxes as noted in the table below are estimated in the subject property's pro-forma and are expected to be below the current levels. The following table below provides the anticipated pro-forma real estate tax obligations as of Year One (1).

Pro-forma Real Estate Estimates

	Actual 2010 Taxes	Actual 2011 Taxes	As Is With LIHTC Restrictions
Market Value	$2,300,000	$2,300,000	$1,915,000
Assessed Value (40% of FMV)	$920,000	$920,000	$766,000
Effective Millage Rate	0.0338	0.0334	0.0334
Taxes Due	**$31,099**	**$30,728**	**$25,584**

Zoning

Current Zoning Classification

PD Planned Development District (City of Brunswick)

Intent of the District.

Per the zoning ordinances, "it is the intent of this section that the PD Zoning District be reserved for the establishment of planned developments when appropriate and to permit the greatest latitude possible with respect to: (a) internal site planning considerations; (b) the location of these developments within the unincorporated portions of Glynn County in the best interest of comprehensive development plans of the County, and (c) the site must have a scope of development, land use combinations, development patterns, or transitions or unique limitations that cannot be addressed through traditional zoning, or (d) the purpose and intent of the Comprehensive Plan for Glynn County can be best implemented through a planned development district".

Procedure for Creating a PD District:.

(a) Any request pertaining to the establishment of a PD District shall be considered a proposal for amendment to the Zoning Ordinance and shall be processed in accordance with the regulations set forth in Article XI, with regards to application requirements, Planning Commission review, and public hearings. All further development shall conform to the standards adopted for the district, regardless of any changes in ownership. The violation of any provision of the Site Plan or Master Plan, as applicable, as submitted and approved, shall constitute a violation of this Ordinance. When it is determined by the County Commission that development of the PD District is not in accordance with the standards adopted for that district, the County Commission shall be empowered to amend the Ordinance to place parts or all of the property in its prior zoning classification.
(b) A change in land use, increased density, street access or alignment, public or common areas, building setbacks, buffers or parking spaces shall be deemed a substantial change in the development of the district and shall be treated as and require an amendment in accordance with the procedures set forth in Article XI of this Ordinance. Appeals based on hardship or an alleged misinterpretation of the Ordinance by the Director of Community Development shall be processed in accordance with the procedures set forth in Article X, entitled Appeals, How Taken.
(c) For PD districts approved with less than three (3) acres, the site plan submitted with the zoning request shall be the approved site plan. Any requested changes to the said plan shall require an amendment of the zoning case. For all other PD districts, only after the PD zoning has been approved by the County Commission, may the applicant submit a site plan for approval. However, no building permit shall be issued for these PD districts until a site plan conforming to the requirements set forth in

The following chart summarizes the zoning requirements applicable to the subject:

Zoning Summary	
Current Zoning:	MF-14 Multifamily Dwelling District
Permitted Uses (Selected):	Multifamily Units & Variety of Commercial Land Uses Per Approval of Development Plan
Legally Conforming:	Yes
Zoning Change:	Not Likely

Source: City of Brunswick Zoning &Planning Department

Zoning Analysis Conclusion	
Legally Conforming:	Yes
Zoning Change:	Unlikely

Conclusions

Changes in the current zoning of the subject property are considered unlikely. The subject property is a legal conforming use, which allows it to continue to operate as is.

Acquisition History

The current ownership, Tara Arms Limited Partnership, acquired the subject property from Gate Management Company, Inc and Gate Properties, LP as a vacant site in November of 1994 from a related party entity for an undisclosed price, as recorded in the Glynn County Superior Court's Book 55V, Page 182. The subject property was soon subsequently improved with an elevator served three (3)-story apartment building using Low Income Housing Tax Credits (LIHTC) and HOME funds. There are no known arms-length real estate transfers since the subject property was acquired as a vacant site and developed with the existing improvements.

The subject property is currently under contract to purchase by The Paces Foundation, Inc., for $1.8 million. The purchase price is to include assumption of approximately $565,000 in HOME loan indebtedness of which the Georgia Housing and Finance Authority is the lender with the balance paid to the seller in cash. The initial purchase and sale agreement was initiated in April of 2011 and was extended when a LIHTC allocation was not secured in the year 2011 competitive cycle.

There are no other known transfers or listings offering the subject property for purchase in the past five (5) years, beyond that which are noted above.

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APPRAISAL ANALYSIS AND CONCLUSIONS

Highest and best use as defined in the Dictionary of Real Estate Appraisal, is as follows:

"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 (4) criteria the highest and best use must meet are:

- Legal Permissibility
- Physical Possibility
- Financial Feasibility
- Maximum Profitability

Implied in these definitions is that the determination of highest and best use takes into account the contribution of a specific use to the community developmental goals.

Highest and Best Use of the Subject Property as Vacant

In estimating the highest and best use of the subject property site, study of existing properties and surrounding influences within the neighborhood were necessary. The following factors have been considered very carefully in determining the subject property's current highest and best use:

- The subject property's site size.
- The subject property site's zoning.
- The decline in the rate of new development throughout the neighborhood and region.
- The neighborhood's historically healthy population growth rate.
- Assumption that if vacant, the subject property would not be encumbered with its Land Use Restriction Agreement (LURA) limiting development options to the requirements of the LIHTC program.

Legally Permissible - The subject property's current zoning provides for most high-density or garden apartment land uses, as well as the possibility of a variety of commercial uses, per the discretion of obtaining approval of a specific development plan.

Physically Possible – The subject property site is served by all essential utilities and infrastructure to support most uses. The subject property's depth and flag-shaped site is not ideal for most area commercial development with the adjoining single family development adding additional buffer requirements and civic approvals. The subject property is physically adequate for a variety of commercial land uses, but due to the sites proximity to single-family homes and lack of direct roadway frontage, as well as associated visibility, most commercial land uses may not be attractive to users or developers. Development with destination offices not requiring visibility or higher-density attached residential development are likely the most compatible land uses with the adjoining single family land use, while not requiring great visibility.

Financially Feasible & Maximally Productive –Single family building permit volume has declined by over ninety percent (90%) since the year 2006. Regional demand for rental of apartment units has weakened, with the higher price new construction apartments suffering often from the most competitive rental pressure.

Given that the subject property site's physical potential is well-suited for multifamily/apartment development, however, adding new units to the weak market is not financially feasible at this time. With the current relatively higher vacancy levels, declining rental rates and sluggish recovery, new development is estimated to be currently unfeasible and will remain unfeasible for perhaps three (3) or more years.

Conclusion - Highest and Best Use of the Subject, As Vacant

Based on the subject property's current multifamily zoning, neighborhood patterns and the characteristics of the subject property site, the highest and best use as if vacant, is to hold for an anticipated recovery that may be approximately three (3) or more years away.

Highest and Best Use of the Subject Property as Improved

In estimating the highest and best use of the subject property as improved, the existing improvements along with those items considered in the "As Vacant" were considered. The subject property is a built-to-plan garden apartment community encumbered with a Land Use Restrictions Agreement (LURA) that restricts the use and even the tenancy for a total of thirty (30) years. This resulted from the utilization of Low Income Housing Tax Credits (LIHTC) within the Internal Revenue Service (IRS) Code Section 42. The resulting LURA not only restricts the subject property from being converted to an alternative non-residential use, but it prohibits the conversion to condominiums, or the renting of apartments to residents that earn more than sixty percent (60%) of the Area Median Income (AMI).

When the developing partnership accepted the tax credits, a LURA was placed on the site. The LURA requires the site to be developed and maintained with rental apartments serving tenants of low to moderate income for thirty (30) years. The risk of losing the tax credits through recapture is currently interpreted to exist only during the Initial Compliance Period (ICP) consisting of the first fifteen (15) years. Recapture not only impacts the unused tax credits, but can also result in the loss of credits previously taken. As tax credits can total eighty percent (80%) or more of the total developmental costs, maintaining LIHTC compliance is essential to avoid losing the credits through recapture, costing investors their principal investment.

Even if alternative uses of the subject property had a contributory value greater than the subject property's value under its current LIHTC restrictions, the Land Use Restriction Agreement (LURA) regulatory agreement, which is effectively a deed restriction that prohibits modifying the use during the compliance period, is still currently in place. It is important to note that this restriction period consists of not only the Initial Compliance Period (Years one (1) to fifteen (15)), but also the Extended Compliance Period (Years sixteen (16) to thirty (30, and for these reasons, the subject property must be maintained as a LIHTC asset for its entire thirty (30) year compliance period. Therefore, the highest and best use of the subject property as improved is estimated to be for its continued use as a LIHTC apartment community.

Strengths & Weaknesses

The subject property, like every unique parcel of real estate, has its own individual strengths and weaknesses. The following table below outlines the subject property's strengths and weaknesses that have been further described within the "Market and Property Descriptive" sections of this report:

Strengths & Weaknesses	
Subject Property's Strengths:	
Location:	A desirable location that is convenient to retail and employment centers.

Accessibility:	Good access and visibility on a busy roadway.
Supply:	Limited new supply due to weak demand.
Utility:	Well-suited for its intended use.
Good Design:	Each apartment unit has an in-unit washer and dryer connections, a walk-in closet in each bedroom, private patios and balconies with each having outside storage closets. These features allow the subject property to compete well in the PMA.
Subject Property's Weaknesses:	
LIHTC Restrictions:	The subject property will have LIHTC encumbering restrictions as to how the subject property may be used, who may live there, and how much rent may be charged for an additional fifteen (15) years.
Weaknesses in Fundamentals:	The drastic economic slowdown has resulted in increased vacancy levels, concessions among some properties, bad debt, and loss of lease.
Age/Condition:	The subject property is fifteen (15) years old and is approaching the age when many of its original finishes and mechanical systems are approaching the end of their useful life.
Unfeasible To Build New:	With falling fundamentals, it is now and will likely remain to be unfeasible to develop the subject property for some time in the submarket. This should allow the existing inventory to obtain some new level of equilibrium before significant new supply is added.
Tertiary Market:	While the subject property adjoins the Jacksonville, Florida MSA, it is regarded as a tertiary market limiting its investor pool, as well as the tenant pool.

Conclusion - Highest and Best Use of the subject property, As Improved

Based on the subject property's current multi-family improvements and legal restrictions tied to the LURA, the highest and best use as improved is estimated to be for its continued use as a LIHTC apartment community with the potential of completing an acquisition/rehab of the subject property under the LIHTC.

Appraisal Methodology

The requisites of the appraisal process call for approaches made independently of each other, specifically a Cost Approach, an Income Capitalization Approach, and a Sales Comparison Approach. To value the subject property it is important to understand the investment considerations typically applied to LIHTC properties. Motivations of the partnership owners considering a LIHTC investment vary by the three (3) periods within a LIHTC tax credit life cycle. Each period impacts value and appeal of the investment, as each period has many unique limitations and opportunities.

The LIHTC tax credit life cycle typically is regarded as starting when a property obtains a tax credit allocation for construction, as a preliminary point, which is completed. This preliminary point continues until all of the apartments are leased to qualified moderate and low income tenants. The three (3) unique periods in a LIHTC tax credit cycle are:

1). Initial Compliance Period (ICP) - Years One (1) to Fifteen (15)

2). Tax Credit Period - Years One (1) to Ten (10)

3). Extended Compliance Period - Years Sixteen (16) to Thirty (30)

The time when these factors are satisfied is referred to as the Placed-In-Service (PIS) date, and also regarded as the start of year one (1) of the Initial Compliance Period, as well as the start to the Tax Credit Period. If the property is never Placed-In-Service (PIS), the property ownership never receives the economic benefit of the tax credits, as the competitive award of an allocation of tax credits is only a preliminary award. This preliminary award requires a developer to construct and place apartments in service to income qualified tenants to actually receive the economic benefit of the tax credits.

The first ten (10) years following PIS is noted as the Tax Credit Period, while the Initial Compliance Period (ICP) consists of years one (1) to fifteen (15) following PIS. Therefore, both the Initial Compliance Period and Tax Credit Period includes years one (1) to ten (10), with the ICP also extending until year fifteen (15). The Tax Credit Period is shorter as the tax credits are effectively accelerated for ten (10) years, but impacts the property directly for the first fifteen (15) years.

Post year fifteen (15) is the Extended Compliance Period that encumbers the LIHTC asset from years sixteen (16) through thirty (30). In this period of time the subject property is no longer formerly tied to the tax credits, but is impacted by the limiting regulations of the Land Use Restriction Agreement (LURA), as the IRS requires Surety Bonds against recapture to insure or guarantee credit repayment for fifty-eight (58) months after the Initial Compliance Period.

Additionally, the ownership structure of a typical LIHTC property, including the subject property, is held in a partnership, which impacts the marketability during this cycle. The partnership allows the original developer to accept a General Partnership (GP) role, which allows the tax credits to be sold to a Limited Partner (LP) to raise equity. This structure is typically required as the user of the Federal Tax Credits is required to have an at-risk position in the real estate, and the amount of credits generated are too large for most developers to use personally.

During the time when the tax credits are flowing, noted as the Tax Credit Period years one (1) to ten (10), the Limited Partner is typically not motivated to sell their real estate interest, as they would have to sell their credits at a further discount plus there would be additional surety bond costs. Therefore, most sales during the Tax Credit Period consist of only GP interest. The preferable selling opportunity is post year fifteen (15), at which time new tax credits may be received for both the acquisition and rehabbing of the property. As the property is encumbered with restrictions from year sixteen (16) to thirty (30) and typically has significant capital needs by this point with qualified tenants in place, recycling with new credits is an expected opportunity to update and preserve the asset.

There have been very few one hundred percent (100%) interest sales pre-year ten (10), like the case for the subject property. Full interest sales during this time period require investors to acquire all remaining tax credits, which typically require the owners to discount their values to attract new buyers to the investment, so they are less willing to sell them.

These restrictions therefore limit the applicability of the Cost and Sales Comparison Approaches. As a general rule, every investor considering a LIHTC acquisition is focusing chiefly on the income potential reflected by an analysis similar to the one applied in the Income Capitalization Approach. Sales are often considered secondary for potential capitalization rate trends and the cost for an existing LIHTC is effectively dismissed by LIHTC investors, as it does not reflect the complicated structure of this investment class.

The standard Cost Approach assumes that a property's value is equivalent to its replacement cost, less accrued depreciation and obsolescence. This falls under the theory of substitution where the rationalization of its support is premised upon the assumption that a property's optimum value cannot exceed the cost of duplicating the property on a similar site.

As the subject property is a Low Income Housing Tax Credit (LIHTC) property, a significant portion of the development cost was funded using equity raised by selling the tax credits allocated by the State Housing Finance Agency (Department of Community Affairs in Georgia). By definition, a LIHTC property is not financially feasible to construct, or it would not qualify for the tax credit equity subsidizing the development cost, and this equity can fund a significant portion of the development cost. Even assuming a stabilized operating property and healthy economic condition, it is not unusual for a LIHTC property to suffer from twenty percent (20%) to fifty percent (50%) external obsolescence. As a result, the Cost Approach is considered to be inapplicable as it is such a weak indication of likely market value.

The Income Capitalization Approach is derived from the rationalization of substitution, where the price one would pay for a property equals the value of its earning ability measured by the yield an investor will obtain. The subject property is an income property this is considered to be a very reliable indication of value and furthermore as noted by the Fulton County (Georgia) Board of Assessors is defined as: *"Residential rental property is traded primarily based on its ability to generate income. The income approach provides the most appropriate valuation method for this type of property. Market rents currently utilized by Fulton County to appraise conventional apartment complexes generally, exceeds the potential gross income available to LIHTC properties based on the covenants and restrictions.*" (Fulton County (Georgia) Board of Assessor's guidelines issued on August 9, 2007 titled *Methodology Valuation for Low Income Housing Tax Credit Properties).*

The Sales Comparison Approach is determined by direct units of comparison where value can be converted to price per square foot, acres, rooms, units, or income multipliers and overall rates. The theory is that a prudent investor would pay no more for a given facility/property than what the typical market purchaser would pay for a comparable facility, all things being equal, which has also been applied within this appraisal report. However, there are only a few apartment sales in the subject property area and even less LIHTC property sales in the entire State, weakening this analysis.

The final step in the appraisal process is the reconciliation of value indicators, which is the consideration of the indicated value resulting from each of the approaches applied. The appraiser considers the relative applicability of each of the approaches to arrive at the final estimate of defined value. After examining the range between the value indications, the appraiser places major emphasis on those, which appear to produce the most reliable and applicable solution to the specific appraisal task.

Site Valuation

The Sales Comparison analysis method has been utilized to estimate the market value of the subject property site, which is presented on the following pages. The market value of the subject property is estimated using the Sales Comparison Approach. The Sales Comparison involves a direct comparison of the subject property being appraised to similar properties that have sold in the same or similar market, in order to derive a market value indication. The Sales Comparison Approach is based on the Principle of Substitution. In this approach, it is implied that a prudent person will not pay more to buy a property than it will cost to buy a comparable substitute property. Differences between the subject property and the comparable sales are accounted for by percentage adjustments to the comparable sales.

Below is a comparable land sale location map followed by a text explanation of adjustments considered during this analysis.

Comparable Land Sales Map

Source: Microsoft Streets & Trips

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Comparable Land Sales Analysis

	Subject	Comp Sale No. 1	Comp Sale No. 2	Comp Sale No. 3
Location	2525 Tara Lane Brunswick, GA Glynn County	310 Gateway Center at Canal Road Brunswick, GA Glynn County	2371 Perry Lane Near Golden Isles Pkwy Brunswick, GA Glynn County	3078 Hwy 17 S. Near Blythe Island Hwy. Brunswick, GA Glynn County
Date of Sale	6/1/2012	12/30/2011	12/16/2011	6/10/2010
Parcel No	01-07077	03-26563	03-18805	03-23656
Book/Page		2947-224	2940-146	2732-285
Grantor (Brokerage Firm)		United Community Bank	Parkway Plaa II, LLC	CFJ Properties C/O Burr Wolff, LP
Grantee (Agent)		Canal Road Investors, LLC	FR Brunswick I, LLC	William Bradley
Sales Price		$260,000	$125,000	$650,000
Terms		Cash	Cash	Cash
Gross Site Area - Acres	3.02	9.72	2.10	9.76
Less Lake Area - Acres	0.00	0.00	0.00	0.00
Useable Site Area - Acres	3.02	9.72	2.10	9.76
Useable Site Area - Sq Ft	131,464	423,403	91,472	425,146
Zoning	PDH (Brunswick)	PG Planned General	PG Planned General	FC; Commercial
Likely / Proposed Land Use	Apartments	Speculation	Speculation	Speculation
Shape / Configuration	Flag Shape With Limited Frontage & Visibility	Fairly Irregular Shape With Street Frontage on 3 Sides	Irregular/Triangular Shape With Limited Access ROW At Street	Irregular/Triangular Shape
Elevation	At Street Grade	At Street Grade	At Street Grade	At Street Grade
Topography	Level	Level	Level	Level
Site Condition	Cleared	Wooded	Wooded	Wooded
Price/Square Foot		$0.61	$1.37	$1.53
Price/Acre		$26,749	$59,527	$66,598

Comparable Land Sales Analysis

	Subject	Comp Sale No. 4	Comp Sale No. 5
Location	2525 Tara Lane Brunswick, GA Glynn County	3736 Community Rd Brunswick, GA Glynn County	7220 Golden Isles at Grants Ferry Rd Brunswick, GA Glynn County
Date of Sale	6/1/2012	1/29/2010	10/28/2009
Parcel No	01-07077	03-14325	03-23455
Book/Page		2686-257	2657-315
Grantor (Brokerage Firm)		Kirby William III	Sundown Propertis Inc
Grantee (Agent)		Victory Storage Co	Solid Rock Holdings, LLC
Sales Price		$152,000	$250,000
Terms		Cash	Cash
Gross Site Area - Acres	3.02	1.13	3.00
Less Lake Area - Acres	0.00	0.00	0.00
Useable Site Area - Acres	3.02	1.13	3.00
Useable Site Area - Sq Ft	131,464	49,223	130,680
Zoning	PDH (Brunswick)	Light Industrial	PG Planned General
Likely / Proposed Land Use	Apartments	Industrial	Speculation
Shape / Configuration	Flag Shape With Limited Frontage & Visibility	Fairly Regular Shape	Regular Corner Site
Elevation	At Street Grade	At Street Grade	At Street Grade
Topography	Level	Level	Level
Site Condition	Cleared	Cleared	Cleared
Price/Square Foot		$3.09	$1.91
Price/Acre		$134,513	$83,333

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The following is a discussion of the adjustments applied to the comparable sales for differences between them and the subject property.

Condition of Sale (Motivation)

Approximately half of the comparable sales were bank owned at the time of sale. Particularly with recovering market conditions, these sales of the "Real Estate Owned" (REO) properties are considered not to meet the definition of market value requiring a typically motivated seller. With a mix of REO and non-REO properties, further suggesting a stabilizing market, a discount was given for REO properties reflecting a mix of motivated sellers that often are poor owners/operators many times resulting in some form of scaled-down maintenance and operations, due to poor cash flows, foreclosure or REO owned. As these REO assets do not meet the definition of market value, due primarily to the high level of the seller's motivation, the REO sales noted as Comparable Sale Number One (1) has been adjusted a positive twenty percent (+20%).

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Other Adjustments

Visibility / Frontage / Egress

This adjustment to comparable sales is intended to capture the primary retail merits of convenience retail appeal of some of the comparable sales, which is a quality lacking in the subject property. Even for non-retail land uses, visibility and egress are attractive attributes, as well as building prestige or name recognition for a tenant or property. Comparable Land Sale Numbers Three (3), Four (4) and Five (5) have locations on more heavily traveled roadways with good roadway visibility, which is estimated to be superior to the subject property's site behind neighborhood retail and office buildings. For this difference Comparable Land Sale Numbers Three (3), Four (4) and Five (5) have been adjusted a negative twenty percent (-20%).

Shape / Configuration

Adjustments have been applied for differences in shape that can impact the utility of the site. More regular or square and rectangular shaped sites often have greater utility with less underutilized site are than irregular shaped sites. For this difference irregular shaped site have been adjusted a positive ten percent (+10%).

Site Size (Acreage)

Generally, larger sites sell for less per acre than smaller properties, which appeal to more investors and owner occupants who economically afford to utilize the property for their business without excess or surplus land area. This can be seen in the pattern of overall prices per acre of the comparable sales.

The subject property consists of 3.018 acres of site area, which is much smaller than many of the comparable sales relied upon in this analysis. Comparable Land Sale Numbers One (1) and Three (3) are both approximately three (3) times the size of the subject property and therefore, have been adjusted a positive twenty-five percent (+25%) due to this difference.

Comparable Land Sales Number Four (4) is only approximately thirty percent (30%) the size of the subject property and therefore requires a sizeable adjustment in the opposite direction. For this difference, an adjustment of a negative thirty percent (-30%) has been applied to reflect an indication of value of the subject property. Likewise, Comparable Land Sale Number Two (2) is only approximately sixty percent (60%) the size of the subject property and has been adjusted a negative ten percent (-10%).

Site Condition (Cleared / Elevation)

The subject property in this analysis is estimated to be clear and ready for development. However, Comparable Land Sale Number One (1), Two (2), and Three (3) each required clearing to make the comparable properties ready for development and similar to the subject property. For this difference an adjustments of a positive fifteen percent (+15%) has been applied to each of these comparable land sales.

Conclusion of Value of each Site by Sales Comparison

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The adjustment grid below illustrates the application of the adjustments explained in this text.

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Comparable Land Sales Analysis

	Subject	Comp Sale No. 1	Comp Sale No. 2	Comp Sale No. 3
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Elevation	At Street Grade	At Street Grade	At Street Grade	At Street Grade
Topography	Level	Level	Level	Level
Site Condition	Cleared	Wooded	Wooded	Wooded
Price/Square Foot		$0.61	$1.37	$1.53
Price/Acre		$26,749	$59,527	$66,598

Adjustments			
Price/Square Foot	$0.61	$1.37	$1.53
Condition of Sale (Motivation) Adjustment	20%	0%	0%
Condition of Sale Adjusted Price/Unit SF	$0.74	$1.37	$1.53
Visibility / Frontage / Egress	0%	0%	-20%
Shape / Configuration	10%	10%	10%
Size (Acreage)	25%	-10%	25%
Site Condition (Cleared / Elevation)	15%	15%	15%
Total Adjustments	50%	15%	30%
Indicated Value per Unit	$1.11	$1.57	$1.99

Comparable Land Sales Analysis

	Subject	Comp Sale No. 4	Comp Sale No. 5
Location	2525 Tara Lane Brunswick, GA Glynn County	3736 Community Rd Brunswick, GA Glynn County	7220 Golden Isles at Grants Ferry Rd Brunswick, GA Glynn County
Date of Sale	6/1/2012	1/29/2010	10/28/2009
Parcel No	01-07077	03-14325	03-23455
Book/Page		2686-257	2657-315
Grantor (Brokerage Firm)		Kirby William III	Sundown Propertis Inc
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Sales Price		$152,000	$250,000
Terms		Cash	Cash
Gross Site Area - Acres	3.02	1.13	3.00
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Useable Site Area - Acres	3.02	1.13	3.00
Useable Site Area - Sq Ft	131,464	49,223	130,680
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Topography	Level	Level	Level
Site Condition	Cleared	Cleared	Cleared
Price/Square Foot		$3.09	$1.91
Price/Acre		$134,513	$83,333

Adjustments		
Price/Square Foot	$3.09	$1.91
Condition of Sale (Motivation) Adjustment	0%	0%
Condition of Sale Adjusted Price/Unit SF	$3.09	$1.91
Visibility / Frontage / Egress	-20%	-20%
Shape / Configuration	0%	0%
Size (Acreage)	-30%	0%
Site Condition (Cleared / Elevation)	0%	0%
Total Adjustments	-50%	-20%
Indicated Value per Unit	$1.54	$1.53

Conclusion of the Site Valuation

The adjusted comparable sales considered within this analysis indicate a per square-foot value of a dollar $1.11 to $1.99 per square foot of the subject property.

Value Estimate of Subject Site			
Minimum Price Per Square Foot			$1.11
Maximum Price Per Square Foot			$1.99
Standard Deviation			$0.31
Mean Price Per Square Foot			$1.55
Indicated Value Range	Lowest Indication	Highest Indication	Mean Indication
Unit Price Estimate (Per SF)	$1.11	$1.99	$1.55
Square Feet	131,464	131,464	131,464
Indicated Value Range	$145,311	$261,292	$203,477
Unit Price Estimate (Per SF)		$1.50	
Square Feet		131,464	
Indicated Value Before Rounding			$197,196
Indicated Value (Rounded)			**$200,000**

Cost Approach

The Cost Approach is one of the three (3) traditional approaches in determining value. Like the other two (2) approaches to value, the Income and Sales Comparison Approaches, the Cost Approach is market oriented. The valuation of the site is a market-oriented analysis and the actual cost of the improvements is a measure of market reaction and pricing.

The Cost Approach involves the estimation of the cost new of the improvements. Cost can be measured as either reproduction cost, the present cost of reproducing the improvements with exactly the same materials and design or replacement cost, and the present cost of replacing the improvements with something of equal utility although not necessarily the same materials or design. The replacement cost new is utilized in this report, relying upon Marshall & Swift Valuation Service to develop replacement cost new.

There are six (6) basic steps involved in the Cost Approach and they are as follows:

1. The value of the site is estimated as though the site were vacant.
2. The reproduction cost new of the improvements is estimated.
3. All elements of accrued depreciation are estimated (Physical, functional and external/economic).
4. The total accrued depreciation from all causes is subtracted from the reproduction cost new. This calculation results in the present worth contribution of the improvements to the overall property value.
5. The estimated value of the site is added to the present worth of the improvements.
6. The figure obtained in Step five (5) is then rounded off to result in an estimated value of the subject property by the Cost Approach.

Concerns & Considerations of Applying the Cost Approach to Value the Subject Property

As described in the proceeding section of this report titled "Appraisal Methodology", LIHTC properties are unique assets that have benefits such as tax credit equity to construct or renovate an asset, along with restrictions such as rent limits and tenant income levels that reduce potential cash flows. LIHTC regulations limit alternative uses such as condominium conversions or redevelopment for thirty (30) years. The premise behind the tax credit equity being furnished by the Government is that the property would be unfeasible to construct without the LIHTC program's restrictions. Most investors in existing improved properties are primarily focused on the income potential and will use comparable sales to a much lesser degree as a check of reasonableness.

The Fulton County Board of Assessors issued guidelines on August 9, 2007 titled, "*Methodology Valuation for Low Income Housing Tax Credit Properties"* which notes that *"Cost Approach…sets the upper limit of value. Reductions would have to be made for physical, deteriorating, functional and economic obsolescence. It is difficult to measure the economic obsolescence created by the rent restrictions and other requirements of the LIHTC program."* The economic and functional obsolescence are very relevant points being noted by the Fulton County Board of Assessors. Functional Obsolescence is the measurement of the loss of value caused by a loss of functional utility of efficiency. Functional utility is defined as "the sum of the attractiveness and usefulness of the property. It is the ability of the property to perform the function for which it is intended, in terms of current market tastes and standards..." as defined by the Appraisal Institute Dictionary of Terms.

External obsolescence is reflective of the difference in the cost to construct less physical deterioration versus the contributory value. During times of weak demand, real estate prices tend to decline to a lower level versus the cost of new construction, which becomes unfeasible and diminishes. This gap between value and construction cost is external obsolescence. In the context of LIHTC assets, the rental restrictions prohibit the subject property from being leased to its optimal rental level, which dictates increased operating costs and a reduced renter pool. In short, LIHTC assets are complicated and heavily regulated with properties to own and manage with routine compliance inspections and audits. Owner's rights to the property become partially forfeited to the program for thirty (30) years, including fundamental limitations on renters that may qualify to rent an apartment. The economic consequences are difficult to fully measure by the Cost Approach in the absence of an income analysis.

Estimate of Improvements Replacement Cost

The replacement cost new of the subject property improvements will be estimated with the assistance of the *Marshall and Swift Cost Service*. Based on the building criteria outlined in the *Marshall and Swift Cost Service,* the subject property is classified as Class B multiple residence within Section 12, Page 18 of the cost guide. After review of the proposed improvement's quality and comparing it to the cost guides classifications it is estimated that a mix of average to good quality is appropriate. With an average quality unadjusted cost of $105.19 and good quality unadjusted reported at $132.86 per square foot, a one third (1/3) weight has been placed on good quality and two thirds (2/3) on average quality, indicating a weighted unadjusted cost per square foot and $114.40.

Depreciation

Depreciation is the difference between reproduction cost new of the improvements and their value, as of the effective date of the appraisal. Depreciation is categorized into three (3) major types: Physical Deterioration, Functional Obsolescence, and Economic Obsolescence. Physical Deterioration is usually divided into two (2) sub-categories; Curable Physical Depreciation (Rehabilitation) and Incurable Physical Deterioration, (which includes long lived items).

Curable Physical Deterioration:

The subject property has been fairly well updated in the last few years with no known curable physical deterioration items to be addressed.

Incurable Physical Deterioration (Long Lived):

The subject property's improvements are approximately sixteen (16) years old with an effective age estimated at twelve (12) years. Depreciation of a property begins to accrue at the date of construction and the most basic and accepted method of estimating this loss in value is the age/life method. The age/life method of depreciation is typically utilized to determine incurable physical deterioration due to the ease of understanding a simple linear incurable deterioration of an asset. (Note: The word incurable in this context does not mean physically impossible, it merely signifies the repair or replacement to cure is not economically feasible). This measurement of incurable physical deterioration by using the age/life method will be applied to cost comparables within the measurement of functional and economic obsolescence.

Functional & Economic Obsolescence

Functional & Economic (Location/External) Obsolescence:

Functional utility is defined as "the sum of the attractiveness and usefulness of the property. It is the ability of the property to perform the function for which it is intended, in terms of current market tastes and standards..." Functional Obsolescence is the measurement of the loss of value caused by a loss of functional utility of efficiency. Economic obsolescence is defined as "Impairment of desirability or useful life arising from factors external to the property, such as economic forces or environmental changes which affect supply-demand relationships in the market...”

To estimate an allowance for these forms of functional and economic obsolescence, an analysis using the replacement cost to construction estimates for physical deterioration have been applied and compared to the contributory value of the improvements, at the time of sale. The difference between the cost new with application of the age life method and the indicated contributory value from the time of sale is estimated to be reflective of the functional and economic obsolescence at the time of sale, as outlined in the table below.

Functional/Economic Obsolescence
(Taken From LIHTC Sales)

		Comp No. 1	Comp No. 2
Property Name		Canterbury Ridge	Kingsley Village
Address		101 Canterbury Ridge Canton, GA	575-595 Six Flags Dr Austell, GA
Date of Sale		8/6/2010	11/10/2009
Year Built		1999	1974
Number of Units		212	146
Occupancy At Sale		83.0%	80.0%
Sales Price	A	$3,530,000	$2,900,000
Break Down Method			
Site Improvement Value	B	$360,000	$325,000
Site Value	C	$1,200,000	$1,100,000
Residual Improvement Value (A-B-C)	D	$1,970,000	$1,475,000
Depreciation Analysis			
Cost New All Improvements *	E	$12,500,000	$11,000,000
Effective Age	F	10	25
Expected Life **	G	45	45
Percentage Depreciation (F/G)	H	22.2%	55.6%
Depreciated Cost of Improvements (E x (1-H))	I	$9,725,000	$4,884,000
Obsolescence Analysis			
Value of All Improvements (D+B) *	J	$2,330,000	$1,800,000
Depreciated Cost of Improvements (E x (1-H))	K	$9,725,000	$4,884,000
Implied Functional & Functional &Economic Obsolescence 1-(J/K)	L	76.0%	63.1%

* Includes Site Improvements

* * The expected life based on type of construction as noted by Marshall and Swift Cost Service.

This analysis suggests that functional and economic obsolescence is between sixty percent (60%) and seventy-six percent (76%), or that the market only recognizes the value associated with approximately one third (1/3) of the cost to construct the subject property. In addition to the economic obsolescence associated with the overall current recession, LIHTC also is expected to suffer from significant obsolescence, which is the reason for the tax credit equity sponsorship. Both of the comparable sales are sales of assets that were in the low income housing tax credit program at the time of sale and both assets had a low income housing resident base and were subject to compliance programs of LIHTC. Also, both of these LIHTC sales are un-stabilized at the time of sale with occupancy rates near eighty percent (80%)

and as a result the implied economic obsolescence from the sales likely includes some of the issues associated with over supply within each comparables submarket. Based on this analysis, incurable functional and economic obsolescence has been estimated at approximately seventy percent (70%) within the cost approach of the subject property.

Indicated Obsolescence	
Low Range	63%
High Range	76%
Mean	70%
Standard Deviation	6%

The following table is a summary of the based structure sizes applied within the Cost Approach calculations.

Replacement Cost Estimate - Per Square Foot Estimate	
Type:	Multiple Residence
Class:	B
Quality	Average to Good
Effective Age (In Years):	12
Life Expectancy (In Years):	45
Concrete Paving (In Square Feet):	20,000
Gross Building Area (In Square Feet):	83,823

The following tables below outlines the subject property per square foot construction costs:

Replacement Cost Estiamte - Per Square Foot Estimate	
Unadjusted Replacement Costs New Per Square Foot:	
Enclosed Building Area	$114.40
Sprinkler	$2.00
Concrete Paving & Drainage (Per Sq. Ft.)	$2.50
Multiplier Adjustments:	
Perimeter/Square Footage-Shape Multipliers	0.975
Story Height Multiplier	0.928
Current Cost Multiplier	1.040
Local Cost Multiplier	0.880
Composite Multiplier	**0.828**
Adjusted Replacement Costs New:	
Enclosed Building Area	$94.72
Sprinkler	$1.83
Concrete Paving & Drainage (Per Sq. Ft.)	$2.50

The following tables below outlines the subject property per square foot construction costs:

Replacement Cost Estimate & Depreciation Estimate			
Adjusted Replacement Costs New:		**Subtotals**	**Totals**
Enclosed Building Area		$7,939,715	
Sprinkler		$153,430	
Concrete Paving & Drainage (Per Sq. Ft.)		$50,000	
Landscaping & Site Amenities		$75,000	
Total Replacement Cost New Before Entrepreneurial Profit		$8,218,145	
Plus Developer Profit	12%	$986,177	
Total Cost New of Improvements			**$9,204,322**
Accrued Depreciation & Replacement Cost New			
LESS: Accrued Depreciation			
Physical Curable Deterioration		$0	
Physical Incurable Deterioration			
Building & Structural Items	26.7%	$2,417,153	
Site Improvements	50.0%	$70,000	
Incurable Functional /Economic	70%	$4,702,000	
Total Accrued Depreciation			**$7,189,153**
Depreciated Replacement Costs New:			
Structural Improvements			
Value New		**$8,892,481**	
Depreciated Value		**$1,942,598**	
Depreciated Value			
Value New		**$140,000**	
Depreciated Value		**$21,000**	
Plus Estimated Site Value (From Land Sales)			**$200,000**
Indicated Value Of Subject Before Rounding			**$2,215,169**
Value Of Subject (Rounded)			**$2,200,000**

Conclusion of the Under Cost Approach

Based on the preceding analysis the indicated market value of the subject properties proposed improvements once constructed and leased to a stabilized occupancy has been concluded within the following table below.

Conclusions Under Cost Approach			
Appraisal Premise	**Appraisal Date**	**Interest Appraised**	**Appraisal Conclusion**
"As Is"	**June 1, 2012**	**Fee Simple**	**$2,200,000**

Income Capitalization Approach

The first step involved in estimating an income producing property is to find out the approximate value of the gross annual income expectation. These gross income expectations consist of property revenues prior to operating expenses. The following discussion within the Income Capitalization Approach investigates the gross income potential of the subject property and then considers anticipated vacancy, bad debts, as well as lease-up or concessions, if applicable, to arrive at an effective gross income.

An estimate of operating expenses, to earn that gross income, has been deducted to arrive at a Net Operating Income (NOI). The operating expenses consist of items such as property management, maintenance, utilities, property insurance, and real estate taxes. This residual NOI is the anticipated return on an investment benefiting an investor prior to debt service. To establish a value of the subject property, the NOI is capitalized, resulting in an estimate of the present value of the subject property.

Subject Properties Rental Rate Limits & Tenant Income Restrictions

When the developing partnership accepted the tax credits, a Land Use Restriction Agreement (LURA) was put in place, which runs with the site and not the improvements, much like a deed restriction. The LURA requires the site to be developed with rental apartments serving tenants of moderate to low income and it regulates the maximum rent they may charge. Under this agreement, the owners agree to maintain these restrictions for a total of thirty (30) years.

Compliance requires units to be rented to tenants that earn no more than sixty percent (60%) of Area Median Income (AMI), with the subject property having some units with even deeper discounts. Housing Urban Development (HUD) publishes annually AMI by community/county allowing the potential for annual rent adjustment under LIHTC. As tenant housing expenditures, including utilities, within the LIHTC program cannot represent more than thirty percent (30%) of their household gross income; a maximum apartment rent paid by a tenant can be calculated. This tenant housing expenditure limit is applicable to the tenant's rent portion and if Section 8 Voucher income is earned, a gain to lease or a rent greater than the maximum rent is allowed. The maximum allowable rent is merely a maximum cap on allowable rent and not a guarantee or contract rent.

To determine the potential market rent for the individual, units by both size and rent restriction reflected by the AMI category and comparable rents have been considered. A combination of market rate and LIHTC properties were investigated to estimate the potential market rent for the subject property, as well as to determine occupancy rates and the possible rental gap between unrestricted market rate units and LIHTC rent restricted units.

These findings have also been comparted to the Maximum Allowable Rent (MAR) under the LIHTC to determine the amount of rental advantage, if any. While this apparent negative of having less gross income due to the restriction often has some off-setting benefits of higher occupancy rates for these units, often with waiting lists as well as less turnover, the lower cost may not fully make up for the rental income lost but is regarded as a partial mitigating factor.

The following table outlines the current rental operations:

Subject Property's Unit Mix - As Is - With LIHTC Restrictions
Rent Roll Summary - As of May, 1, 2012

Total Units	Unit Description (Bedroom/Bath)	% of Total	SF	Total SF	In-Place Market Rents	$/SF	Total Monthly	Total Annual
29	B1-50	35%	645	18,705	$565	$0.88	$16,385	$196,620
41	B1-60	50%	645	26,445	$595	$0.92	$24,395	$292,740
5	B2-50	6%	816	4,080	$655	$0.80	$3,273	$39,276
6	B2-60	7%	816	4,896	$669	$0.82	$4,014	$48,168
1	Employee Unit	1%	900	900	$730	$0.81	$730	$8,760
82		**100%**	**671**	**55,026**	**$595**	**$0.89**	**$48,797**	**$585,564**
70	**On Bedrooem**	**85.4%**	**645**	**45,150**	**$583**	**$0.90**	**$40,780**	**$489,360**
11	**Two Bedroom**	**13.4%**	**816**	**8,976**	**$662**	**$0.81**	**$7,287**	**$87,444**
1	**Three Bedroom**	**1.2%**	**900**	**900**	**$730**	**$0.81**	**$730**	**$8,760**

Per the tables above, the subject property has nearly One hundred percent (100%) of the units with tenant income and rental rate restrictions. While the rent is driven by the amount that the market reflected by individual tenants will pay, these units have rental rate limits that the subject property is encumbered with due to the LURA filed on the subject property.

Tenants with Section 8 Vouchers can pay a premium over the maximum allowable rent set by LIHTC restrictions, as they are based on the tenant's portion of housing expenditures. The limits do not consider housing subsidies by a third (3^{rd}) party, such as a housing agency's voucher, and only the portion of payment from the tenant's income is considered within the limits. Therefore, if voucher rents set by the local housing authority are higher than the restricted rent by LIHTC, the owner may collect the higher rent without violation of LIHTC guidelines.

The following table below outlines the number of subsidized and non-subsidized units as well as month-to-month, vacant, and employee units. The majority of the subject property's units are leased without Section 8 Voucher public subsidized rental payment assistance.

Subject Property's Unit Status - As Is -With LIHTC Restrictions
Rent Roll Summary - As of May, 1, 2012

Total Units	Unit Status	% of Total	Market Rent	In-Place Total Lease Rent	In-Place Tenant Funded Lease Rent	In-Place Subsidy Funded Lease Rent
57	Leased Units - Nonsubsidized	69.5%	$33,931	$31,776	$31,776	$0
23	Leased Units - Subsidized Units	28.0%	$13,485	$12,673	$5,788	$6,885
0	Month-To-Month Units	0.0%	$0	$0	$0	$0
1	Employee Units	1.2%	$730	$300	$300	$300
0	Model/Non-Revenue Units	0.0%	$0	$0	$0	$0
1	Vacant Units	1.2%	$651	$0	$0	$0
82		**100.0%**	**$48,797**	**$44,749**	**$37,864**	**$7,185**
	Percent of Achievable/In-Placed Lease Rent			***100.0%***	***84.6%***	***16.1%***

Subject Property's Subsidized Unit Analysis - As Is - With LIHTC Restrictions
Rent Roll Summary - As of May, 1, 2012

Total Units	Unit Description (Bedroom/Bath/ %AMI)	Subsidized Units	% Subsidized	Occupied Market Rents	Average Total Rent On Subsidized Units	Average Tenant Rent Subsidized-Leased	Average Tenant Rent Subsidized-Month To Month	Average Subsidy On Subsidized Units - Leased	Average Subsidy On Subsidized Units - Month To Month
29	B1-50	11	37.9%	$565	$528	$247	$0	$282	$0
41	B1-60	10	24.4%	$595	$562	$243	$0	$319	$0
5	B2-50	1	20.0%	$655	$616	$302	$0	$314	$0
6	B2-60	1	16.7%	$669	$624	$345	$0	$279	$0
1	Employee Unit	0	0.0%	$730	$0	$0	$0	$0	$0
82		**23**	**28.0%**	**$816**	**$551**	**$252**	**$0**	**$299**	**$0**

The following table below of occupied units by unit type reveals that overall the subject property has a moderate loss to lease. This analysis indicates an overall small loss to lease (or to anticipated achievable market rent), however, it is important to note that this is <u>not</u> rental revenue over (or under) the maximum allowable rent, which will be presented in a subsequent table.

Rent Comparison
Subject's Potential Effective Lease Rents Implied To All LIHTC Occupied & Vacant Units
Current Achievable / Effective Lease Rents vs. Maximum Allowable LIHTC Rents

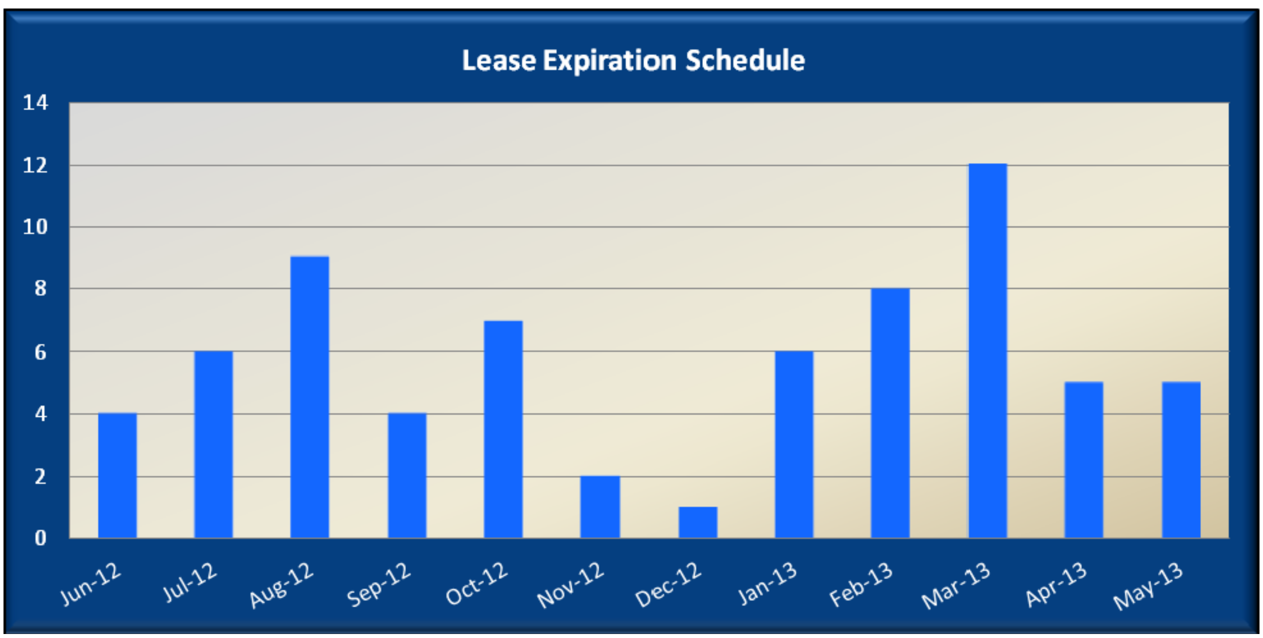
Total Units	Unit Description (Bedroom/Bath/ %AMI)	Calculated Income Limits (50% & 60% AMI) *	Maximum Allowable Rents (Net of Utilities)	Current Effective Lease Rates	% Less Current Lease vs MAR Net of Utilities	Achievable Market Rent	% Less Achievable Market Rent vs MAR Net of Utilities
29	B1-50	$22,675	$565	$538	-4.8%	$565	0.0%
41	B1-60	$25,850	$639	$552	-13.7%	$595	-6.9%
5	B2-50	$27,200	$677	$616	-9.0%	$655	-3.3%
6	B2-60	$31,008	$709	$629	-11.4%	$669	-5.6%
81		**$25,178**	**$620**	**$556**	**-10.3%**	**$593**	**-4.3%**

* *Gross income & maximum allowable gross rent by guidelines is based on 1.5 persons per bedroom (1.5 persons per one-bedroom and 3 persons per two-bedroom).*

The following table below reports expiring leases by month of expiration, which reflects the greatest number of expiring leases to be occurring in the coming winter of the year 2012, but the greatest noted possible gain is associated with the current unencumbered units.

Tara Arms Apartments Lease Expiration Schedule - As Of May 1, 2012						
Month	**# of Leases**	**Potential Market Rent**	**Total Lease Rent**	**Total LTL**	**% LTL**	**Potential Gain as Leases Roll**
No Lease In-Place*	13	$10,112	$0	$0	0.0%	$50,729
Jun-12	4	$2,376	$2,308	-$68	-2.9%	$68
Jul-12	6	$3,510	$3,294	-$216	-6.2%	$216
Aug-12	9	$5,235	$4,902	-$333	-6.4%	$333
Sep-12	4	$2,364	$2,193	-$171	-7.2%	$171
Oct-12	7	$4,283	$4,019	-$264	-6.2%	$264
Nov-12	2	$1,160	$1,085	-$75	-6.5%	$75
Dec-12	1	$595	$562	-$33	-5.5%	$33
Jan-13	6	$3,688	$3,472	-$216	0.0%	$216
Feb-13	8	$4,774	$4,502	-$272	-5.7%	$272
Mar-13	12	$6,990	$6,624	-$366	0.0%	$366
Apr-13	5	$2,941	$2,792	-$149	-5.1%	$149
May-13	5	$3,049	$2,932	-$117	0.0%	$117
Occupied Units	**69**	**$51,077**	**$38,685**	**-$2,280**	**-4.5%**	**$53,009**

* *Includes Vacant, Month To Month, Employee and Model*



Estimate of Market Rent - Summary of Comparable Rents

To determine the current market rent for the subject property, the most similar apartment communities were surveyed to determine their quoted market rent, effective rent net of concessions, as well as their current occupancy. The following data set below outlines the comparable properties that were investigated in this analysis followed by a map of their location.

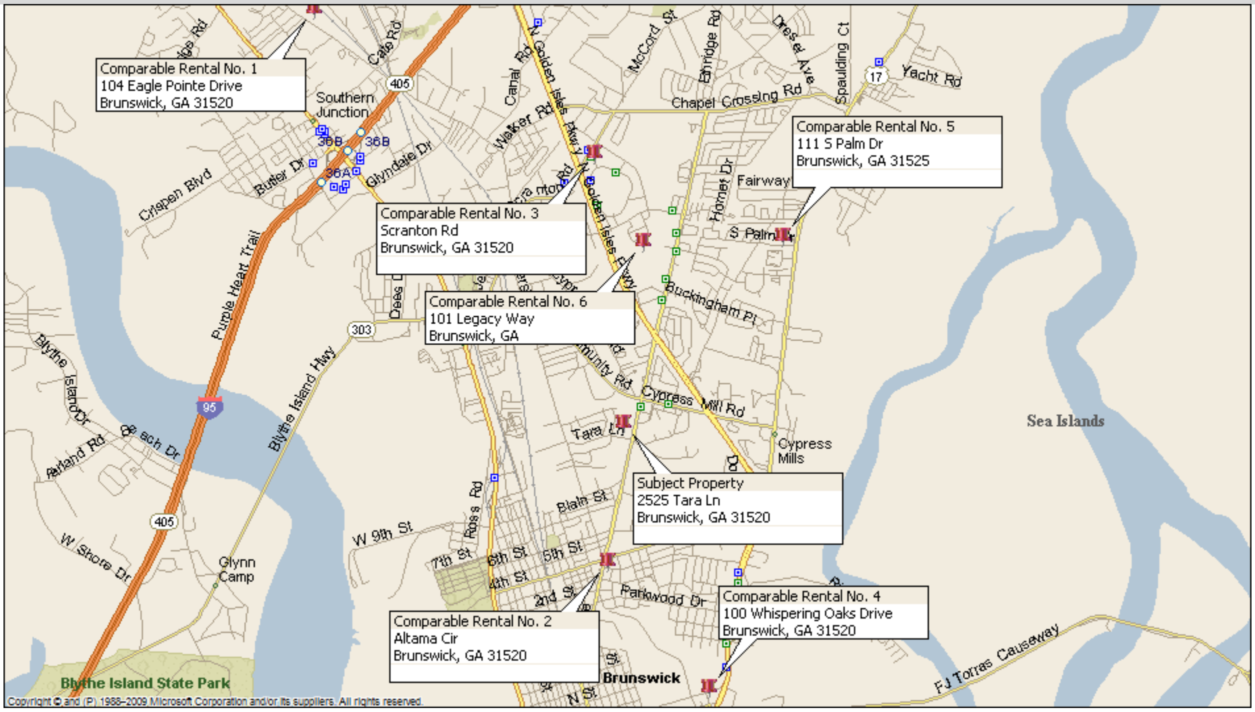
Summary Overview of Rent Comparables

	Property	Year Built	# of Units	Avg SF	Avg Mkt Rent	Avg Eff Rent	Avg Eff Rent PSF	Occ.
1	Eagles Pointe (LIHTC & Market Rate) 104 Eagles Pointe Drive, Brunswick, GA	2003	168	1,117	$626	$796	$0.71	96.0%
2	Morning Tide aka Southwind (Market Rate) 5600 Altama Ave, Brunswick, GA	1969	60	875	$450	$600	$0.69	95.0%
3	Glynn Place (LIHTC) 820 Scranton Road, Brunswick, GA	1994	128	1,188	$680	$830	$0.70	80.0%
4	Whispering Oaks (LIHTC & Market Rate) 100 Whiserping Oaks Drive, Brunswick, GA	2004	72	1,229	$614	$795	$0.65	94.0%
5	Palm Club (Market Rate) 111 S. Palm Drive, Brunswick, GA	1999	132	1,080	$660	$830	$0.79	93.9%
6	Legacy Apartment Homes (Market Rate) 101 Legacy Way, Brunswick, GA	2008	168	1,093	$768	$961	$0.70	80.0%
	Tara Arms (LIHTC) **2525 Tara Lane, Brunswick, GA**	**1995**	**82**	**670**	**$595**	**$595**	**$0.89**	**98.8%**

Comparable Rental Location Map

The following map below illustrates the location of rental comparables to the subject property.

Comparable Rental Location Map



Rent Comparables Photographs

Rental Comparable Number One(1)
Eagles Pointe
104 Eagles Pointe Drive, Brunswick, GA

Rental Comparable Number Two (2)
Morning Tide
5600 Altama Avenue, Brunswick, GA

Rental Comparable Number Three (3)
Glynn Place
820 Scranton Road, Brunswick, GA

Rental Comparable Number Four (4)
Whispering Oaks
100 Whispering Oaks Drive, Brunswick, GA

Rental Comparable Number Five (5)
Palm Club
111 S. Palm Drive, Brunswick, GA

Rental Comparable Number Six (6)
Legacy Apartments
101 Legacy Way, Brunswick, GA

Rent Comparables

Subject Property	**Tara Arms (LIHTC)**
Address	2525 Tara Lane, Brunswick, GA
Units	82
Year Built	1995
Occupancy	98.8%
Concessions	None
Water / Sewer	Landlord
Electricity	Landlord
Trash Removal	Landlord

Units	% Share	BR x BA	Type	SF	Mkt Rent	Util.	Conc.	Eff. Rent	PSF
28	34.1%	1x1	50%	645	$565	$0	$0	$565	$0.88
42	51.2%	1x1	60%	645	$595	$0	$0	$595	$0.92
5	6.1%	2x1	50%	816	$655	$0	$0	$655	$0.80
6	7.3%	2x1	60%	816	$669	$0	$0	$669	$0.82
1	1.2%	2x1	Mkt	816	$730	$0	$0	$730	$0.89
TOTAL / AVERAGE									
82	**100.0%**			**670**	**$595**	**$0**	**$0**	**$595**	**$0.89**

Comparable No. 1	**Eagles Pointe (LIHTC & Market Rate)**
Address	104 Eagles Pointe Drive, Brunswick, GA
Units	168
Year Built	2003
Occupancy	96.0%
Concessions	None
Water / Sewer	Tenant
Electricity	Tenant
Trash Removal	Landlord

Units	% Share	BR x BA	Type	SF	Mkt Rent	Util.	Conc.	Eff. Rent	PSF
11	6.5%	1x1	50%	809	$433	$125	$0	$558	$0.69
12	7.1%	1x1	60%	809	$538	$125	$0	$663	$0.82
5	3.0%	1x1	Mkt	809	$669	$125	$0	$794	$0.98
35	20.8%	2x2	50%	1,086	$500	$150	$0	$650	$0.60
32	19.0%	2x2	60%	1,086	$626	$150	$0	$776	$0.71
17	10.1%	2x2	Mkt	1,086	$769	$150	$0	$919	$0.85
13	7.7%	3x2	50%	1,209	$570	$200	$0	$770	$0.64
12	7.1%	3x2	60%	1,209	$715	$200	$0	$915	$0.76
7	4.2%	3x2	Mkt	1,209	$869	$200	$0	$1,069	$0.88
10	6.0%	4x3	50%	1,460	$611	$250	$0	$861	$0.59
9	5.4%	4x3	60%	1,460	$781	$250	$0	$1,031	$0.71
5	3.0%	4x3	Mkt	1,460	$969	$250	$0	$1,219	$0.83
TOTAL / AVERAGE									
168	**100.0%**			**1,117**	**$626**	**$170**	**$0**	**$796**	**$0.71**

Comparable No. 2	**Morning Tide aka Southwind (Market Rate)**
Address	5600 Altama Ave, Brunswick, GA
Units	60
Year Built	1969
Occupancy	95.0%
Concessions	None
Water / Sewer	Tenant
Electricity	Tenant
Trash Removal	Landlord

Units	% Share	BR x BA	Type	SF	Mkt Rent	Util.	Conc.	Eff. Rent	PSF
60	100.0%	2x1	Mkt	875	$450	$150	$0	$600	$0.69
TOTAL / AVERAGE									
60	**100.0%**			**875**	**$450**	**$150**	**$0**	**$600**	**$0.69**

Comparable No. 3	**Glynn Place (LIHTC)**
Address	820 Scranton Road, Brunswick, GA
Units	128
Year Built	1994
Occupancy	80.0%
Concessions	None
Water / Sewer	Tenant
Electricity	Tenant
Trash Removal	Landlord

Units	% Share	BR x BA	Type	SF	Mkt Rent	Util.	Conc.	Eff. Rent	PSF
10	7.8%	3x2	60%	1,094	$680	$150	$0	$830	$0.76
118	92.2%	3x2.5	60%	1,196	$680	$150	$0	$830	$0.69
TOTAL / AVERAGE									
128	**100.0%**			**1,188**	**$680**	**$150**	**$0**	**$830**	**$0.70**

Comparable No. 4	**Whispering Oaks (LIHTC & Market Rate)**
Address	100 Whiserping Oaks Drive, Brunswick, GA
Units	72
Year Built	2004
Occupancy	94.0%
Concessions	None
Water / Sewer	Tenant
Electricity	Tenant
Trash Removal	Landlord

Units	% Share	BR x BA	Type	SF	Mkt Rent	Util.	Conc.	Eff. Rent	PSF
15	20.8%	2x2	50%	1,130	$491	$150	$0	$641	$0.57
14	19.4%	2x2	60%	1,130	$627	$150	$0	$777	$0.69
6	8.3%	2x2	Mkt	1,130	$650	$150	$0	$800	$0.71
15	20.8%	3x2	50%	1,260	$556	$200	$0	$756	$0.60
7	9.7%	3x2	60%	1,260	$712	$200	$0	$912	$0.72
7	9.7%	3x2	Mkt	1,260	$725	$200	$0	$925	$0.73
3	4.2%	4x3	50%	1,550	$604	$250	$0	$854	$0.55
3	4.2%	4x3	60%	1,550	$778	$250	$0	$1,028	$0.66
2	2.8%	4x3	Mkt	1,550	$800	$250	$0	$1,050	$0.68
TOTAL / AVERAGE									
72	**100.0%**			**1,229**	**$614**	**$181**	**$0**	**$795**	**$0.65**

Comparable No. 5	**Palm Club (Market Rate)**
Address	111 S. Palm Drive, Brunswick, GA
Units	132
Year Built	1999
Occupancy	93.9%
Concessions	None
Water / Sewer	Tenant
Electricity	Tenant
Trash Removal	Landlord

Units	% Share	BR x BA	Type	SF	Mkt Rent	Util.	Conc.	Eff. Rent	PSF
24	18.2%	1x1	Mkt	811	$555	$150	$0	$705	$0.87
8	6.1%	1x1	Mkt	824	$590	$150	$0	$740	$0.90
76	57.6%	2x2	Mkt	1,109	$637	$200	$0	$837	$0.75
24	18.2%	3x2	Mkt	1,343	$860	$250	$0	$1,110	$0.83
TOTAL / AVERAGE									
132				**1,080**	**$660**	**$197**	**$0**	**$857**	**$0.79**

Comparable No. 6	**Legacy Apartment Homes (Market Rate)**
Address	101 Legacy Way, Brunswick, GA
Units	168
Year Built	2008
Occupancy	79.8%
Concessions	None
Water / Sewer	Tenant
Electricity	Tenant
Trash Removal	Landlord

Units	% Share	BR x BA	Type	SF	Mkt Rent	Util.	Conc.	Eff. Rent	PSF
48	28.6%	1x1	Mkt	800	$650	$150	$0	$800	$1.00
64	38.1%	2x2	Mkt	1,157	$795	$200	$0	$995	$0.86
32	19.0%	2x2	Mkt	1,223	$810	$200	$0	$1,010	$0.83
24	14.3%	3x2	mkt	1,332	$875	$250	$0	$1,125	$0.84
TOTAL / AVERAGE									
168				**1,093**	**$768**	**$193**	**$0**	**$961**	**$0.88**

Comparable Rental Property Amenities

The following table below outlines community amenities for the subject property, as well as the property amenities for comparable rental communities.

Property Amenties

		Tara Arms (LIHTC)	Eagles Pointe (LIHTC & Market Rate)	Morning Tide aka Southwind (Market Rate)	Glynn Place (LIHTC)	Whispering Oaks (LIHTC & Market Rate)	Palm Club (Market Rate)	Legacy Apartment Homes (Market Rate)
Community Features	Business Center							
	Car Care Center							
	Clubhouse/Comm Room	*	*		*	*	*	*
	Fitness Center		*		*	*	*	*
	Laundry Center	*	*	*	*	*	*	*
	Picnic Area/Grills	*	*		*	*	*	*
	Playground		*		*	*	*	*
	Swimming Pool		*		*	*	*	*
Interior Features	Ceiling Fans		*		*	*	*	
	Disposals		*	*	*	*	*	*
	Outside Storage		*	*		*	*	*
	Mini-Blinds	*	*	*	*	*	*	*
	Patio/Balcony		*	*	*	*	*	*
	Walk-In Closet	*	*	*	*	*	*	*
	W&D Conn		*	*	*	*	*	*

The following tables below outline the effective rents net of concessions for the comparable's and the subject property units. This analysis indicates that the subject property's restricted effective rents are the lowest in the market. In this data set it is noted that unrestricted units in a LIHTC community typically rent for a discount compared to the same quality unit in a one hundred percent (100%) unrestricted market rate community.

Within the comparable properties considered in this analysis, the subject property is relatively similar to most of the inventory, as there are few apartment communities in the immediate area that were constructed in the last five (5) years. Eagles Pointe and Whispering Oaks are both fairly newly constructed LIHTC property's in the PMA appealing to a more family-oriented community that are located approximately a fifteen (15) minute drive from the subject property.

One exception is Legacy, which is a four (4) year old apartment community with more amenities, but has been included due to its proximity to the subject property and due to the limited number of larger garden walk-up communities in the PMA.

Overview of One Bedroom Rent Comparables			
PROPERTY	SQUARE FEET	EFF. RENT	EFF. RENT/SF
1 BEDROOM / 1 BATHROOM			
Eagles Pointe (50%)	809	$558	$0.65
Tara Arms (50%)	**645**	**$565**	**$0.81**
Tara Arms (60%)	**645**	**$595**	**$0.87**
Eagles Pointe (60%)	809	$663	$0.78
Palm Club (Market Rate)	811	$705	$1.02
Palm Club (Market Rate)	824	$740	$1.07
Eagles Pointe (Market Rate)	809	$794	$0.96
Legacy (Market Rate)	800	$800	$0.98
Average Including Subject	769	$678	$0.88

Overview of Two Bedroom Rent Comparables			
PROPERTY	SQUARE FEET	EFF. RENT	EFF. RENT/SF
2 BEDROOM / 2 BATHROOM			
Morning Tide aka Southwind (Market Rate)	875	$600	$0.63
Whispering Oaks (50%)	1,130	$641	$0.56
Eagles Pointe (50%)	1,086	$650	$0.57
Tara Arms (50%)	**816**	**$655**	**$0.74**
Tara Arms (60%)	**816**	**$669**	**$0.74**
Eagles Pointe (60%)	1,086	$776	$0.68
Whispering Oaks (60%)	1,130	$777	$0.62
Whispering Oaks (Market Rate)	1,130	$800	$0.67
Palm Club (Market Rate)	1,109	$837	$0.77
Eagles Pointe (Market Rate)	1,086	$919	$0.83
Legacy Apartment Homes (Market Rate)	1,157	$995	$0.82
Legacy Apartment Homes (Market Rate)	1,223	$1,010	$0.78
Average Including Subject	1,054	777	$0.74

Overview of Three Bedroom Rent Comparables			
PROPERTY	SQUARE FEET	EFF. RENT	EFF. RENT/SF
3 BEDROOM / 2 BATHROOM			
Whispering Oaks (50%)	1,260	$756	$0.56
Eagles Pointe (50%)	1,209	$770	$0.58
Glynn Place (60%)	1,094	$830	$0.74
Glynn Place (60%)	1,196	$830	$0.68
Whispering Oaks (60%)	1,260	$912	$0.61
Eagles Pointe (60%)	1,209	$915	$0.70
Whispering Oaks (Market Rate)	1,260	$925	$0.65
Eagles Pointe (Market Rate)	1,209	$1,069	$0.84
Palm Club (Market Rate)	1,343	$1,110	$0.70
Legacy (Market Rate)	1,332	$1,125	$0.78
Average Including Subject	1,237	924	$0.75

Subject's Potential Gross Income

To estimate the potential rent of the subject property based on the "As Is" analysis, comparable rents and recent leasing activity have been investigated. This analysis actually reflects modest increases in achievable market rents over the last several years without regard to concessions, which has remained very low over the last few years.

Vacancy & Bad Debt/Collection Loss

Within the Market Analysis section, as well as from the rental comparables presented in this analysis, it indicates that vacancy rates of competitive properties are often below five percent (5%) in the subject property's competitive market. The subject property currently has a vacancy rate of 1.2%, but due to forecasting risks, most financial underwriters use at least a five percent (5%) vacancy allowance, which is what has been applied within this analysis. A modest allowance for bad debt (collection loss) has also been made. Historically this category has not been tracked for the subject property, but given the tenancy, it is likely fairly small. An allowance for vacancy and bad debt of 0.5 of one percent has been applied in the pro-forma to reflect some allowance for this revenue loss.

Other Income

Other income consists of revenue from such things as tenant fees, damage and late charges, vending and laundry, among other items. The subject property has historically had other income of between $527 to $610 per unit, when it was collecting cable television income, however, according to property management, this service and income stream ceased in September of 2011. As sixty percent (60%) of the other income consisted of cable television income, the other income net of cable income had averaged between $215 to approximately $235, therefore, we have estimated the subject property's other income in Year-One (1) at $228 per unit.

Effective Gross Income

The net result on effective gross income is that the subject property's market has had better performance than many apartment markets in the region. Within the subject property market, it is has not been over-built and the new LIHTC construction has had more than ample demand to absorb units without distressing the subject property's occupancy. However, this new development likely has had some impact on capping income growth.

Comparable Expenses & Operating Data

The following table below outlines a sample of property expenses from apartment communities in central Georgia, which consists of garden walk-up style apartment communities similar to the subject property. These expense comparables are subsequently discussed and compared to the subject property on the following pages.

Expense Comparables - Garden/Walk-Up Apartments Metro Atlanta								
	Comparable One		Comparable Two		Comparable Three			
County	**Clayton County**		**DeKalb County**		**Bartow County**		**Average**	
Year Built	**2000-2001**		**2003-2004**		**1997**			
Number of Units	**294 Units**		**262 Units**		**96 Units**		**652 Units**	
Expense Year	**2011**		**2011**		**2011**			
Property Type	**LIHTC**		**LIHTC**		**LIHTC**			
	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)
Vacancy	$291,533	12.5%	$210,918	8.6%	NA	NA	NA	14.9%
Bad Debt Expense	$122,776	5.3%	$62,683	2.6%	$22,739	2.8%	$208,198	3.6%
Concessions	$99,634	4.3%	$54,813	2.2%	$96,399	11.7%	$250,846	6.1%
Administrative	$108,387	$369	$93,628	$357	$40,378	$421	$242,393	$372
Marketing	$50,990	$173	$45,301	$173	$3,613	$38	$99,904	$153
Payroll	$379,485	$1,291	$376,548	$1,437	$125,249	$1,305	$881,282	$1,352
Turnover	$20,251	$69	$47,549	$181	$49,185	$512	$116,985	$179
Grounds	$39,605	$135	$36,697	$140	$8,294	$86	$84,596	$130
Repairs & Maintenance	$50,251	$171	$94,027	$359	$14,396	$150	$158,674	$243
Utilities	$230,469	$784	$197,666	$754	$49,672	$517	$477,807	$733
Management Fee	$100,018	$340	$115,086	$439	$18,405	$192	$233,509	$358
Variable Expenses	$1,493,399	$5,080	$1,334,916	$5,095	$428,330	$4,462	$3,256,645	$4,995
Taxes	$189,185	$643	$186,918	$713	$46,756	$487	$422,859	$649
Insurance	$44,187	$150	$52,413	$200	$26,640	$278	$123,240	$189
Fixed Expenses	$233,372	$794	$239,331	$913	$73,396	$765	$546,099	$838
Total Expenses	**$1,726,771**	**$5,873**	**$1,574,247**	**$6,009**	**$501,726**	**$5,226**	**$3,802,744**	**$5,832**
Expense Ratio		**64.3%**		**53.1%**		**57.8%**		

Comparable Expenses & Operating Data

To determine reasonable operating expenses for the subject property's pro-forma, expense comparables were studied.

Variable Operating Expenses

To test the reasonableness of the subject property's historic actual operating expenses, comparables were considered, along with the subject property's actual expenses in determining the pro-forma, which is summarized below:

Administrative

This category is associated with office expenses such as telephone, legal, and accounting. The expense comparables studied report an administrative expense range of between $357 to $421 per unit, while the subject property's administrative expenses have ranged from between $198 to $475 per unit, excluding the year to date 2012. After considering individual administrative expense components presented in the "detail" expense statement and pro-forma along with the expense comparables, a Year-One (1) estimate of $240 per unit has been estimated.

Expense Comparables - Garden/Walk-Up Apartments Metro Atlanta								
	Comparable One		Comparable Two		Comparable Three			
County	**Clayton County**		**DeKalb County**		**Bartow County**		**Average**	
Year Built	**2000-2001**		**2003-2004**		**1997**			
Number of Units	**294 Units**		**262 Units**		**96 Units**		**652 Units**	
	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)
Administrative	$108,387	$369	$93,628	$357	$40,378	$421	$242,393	$372

<u>Marketing</u>

Marketing consists of expenses associated with advertising, as well as locator fees and promotions. The subject property has historically spent between $18 to $69 per unit, which is noted to be similar to the range indicated of $38 to $173 per unit from the expense comparables. After considering the subject property's historic pattern, as well as some consideration of typical market expenses, a pro-forma budget of $28 per unit has been estimated.

Expense Comparables - Garden/Walk-Up Apartments Metro Atlanta								
	Comparable One		Comparable Two		Comparable Three			
County	**Clayton County**		**DeKalb County**		**Bartow County**		**Average**	
Year Built	**2000-2001**		**2003-2004**		**1997**			
Number of Units	**294 Units**		**262 Units**		**96 Units**		**652 Units**	
	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)
Marketing	$50,990	$173	$45,301	$173	$3,613	$38	$99,904	$153

<u>Payroll</u>

Payroll is inclusive of both office and maintenance expenses, but excludes contract services. The expense comparables reported a range of between $1,291 to $1,437 per unit, and the payroll expenses for the subject property over the last four (4) years have ranged between $973 to $1,033 per unit, which is below the range indicated by the comparable sales that are located in high wage areas near the Atlanta MSA. After considering these factors and the historic pattern of payroll expenses at the subject property and expense comparables, a pro-forma payroll expense for Year-One (1) of $1,069 per unit has been estimated.

Expense Comparables - Garden/Walk-Up Apartments Metro Atlanta								
	Comparable One		Comparable Two		Comparable Three			
County	**Clayton County**		**DeKalb County**		**Bartow County**		**Average**	
Year Built	**2000-2001**		**2003-2004**		**1997**			
Number of Units	**294 Units**		**262 Units**		**96 Units**		**652 Units**	
	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)
Payroll	$379,485	$1,291	$376,548	$1,437	$125,249	$1,305	$881,282	$1,352

Turnover

The turnover expenditures are the costs associated with painting and cleaning of the units to make them ready for a new prospective tenant. The comparables reported a range of between $69 to $512 per unit. The subject property's turnover expenditures have ranged from between $252 to $435 per year for the last four (4) years, excluding the current year-to-date. After considering both the subject property's actual expense for turnover and those of the comparables, $417 per unit for pro-forma one (1) has been estimated.

Expense Comparables - Garden/Walk-Up Apartments Metro Atlanta								
	Comparable One		Comparable Two		Comparable Three			
County	**Clayton County**		**DeKalb County**		**Bartow County**		**Average**	
Year Built	**2000-2001**		**2003-2004**		**1997**			
Number of Units	**294 Units**		**262 Units**		**96 Units**		**652 Units**	
	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)
Turnover	$20,251	$69	$47,549	$181	$49,185	$512	$116,985	$179

Grounds

The expense comparables indicate a range for ground maintenance of between $86 to $135 per unit, while expenditures at the subject property have ranged from between $117 to $183 per unit. After considering both the subject property and the comparable's typical expense levels, a per unit cost of $128 has been estimated.

Expense Comparables - Garden/Walk-Up Apartments Metro Atlanta								
	Comparable One		Comparable Two		Comparable Three			
County	**Clayton County**		**DeKalb County**		**Bartow County**		**Average**	
Year Built	**2000-2001**		**2003-2004**		**1997**			
Number of Units	**294 Units**		**262 Units**		**96 Units**		**652 Units**	
	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)
Grounds	$39,605	$135	$36,697	$140	$8,294	$86	$84,596	$130

Repairs & Maintenance

Repairs and maintenance expenditures at the subject property for the last few years have ranged from between $161 to $391 per unit. This expense comparable category has a substantial variance ranging from between $150 to $359 per unit, which is likely due to differences in the age. Based on a review of these expenditures, a repair and maintenance expense has been estimated at $206 per unit in Year One (1) of the pro-forma.

Expense Comparables - Garden/Walk-Up Apartments Metro Atlanta								
	Comparable One		Comparable Two		Comparable Three			
County	**Clayton County**		**DeKalb County**		**Bartow County**		**Average**	
Year Built	**2000-2001**		**2003-2004**		**1997**			
Number of Units	**294 Units**		**262 Units**		**96 Units**		**652 Units**	
	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)
Repairs & Maintenance	$50,251	$171	$94,027	$359	$14,396	$150	$158,674	$243

Utilities

This is the costs associated with common elements such as trash removal, parking lot lighting, utilities for the common areas including hallways, community rooms and leasing office, as well as vacant unit utilities. The expense comparables reported a range of between $517 to $784 per unit, while at the subject property this expense has ranged from between $1,424 to $1,588 per unit. After considering the pattern of historic utility cost, an estimate of $1,534 per unit has been concluded.

Expense Comparables - Garden/Walk-Up Apartments Metro Atlanta								
	Comparable One		Comparable Two		Comparable Three			
County	**Clayton County**		**DeKalb County**		**Bartow County**		**Average**	
Year Built	**2000-2001**		**2003-2004**		**1997**			
Number of Units	**294 Units**		**262 Units**		**96 Units**		**652 Units**	
	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)
Utilities	$230,469	$784	$197,666	$754	$49,672	$517	$477,807	$733

Management Fees

Based on the expense comparables data presented and others considered, management fees are typically near three percent (3%) and 3.5% for properties greater than one hundred (100) units for typical market rate, but LIHTC assets as well as smaller properties can be more taxing and require a higher skill level to manage. On a per unit basis, these additional costs usually result in property management over 4.5% to in surplus of six percent (6%). In reviewing the subject property's historic management fees charged, the subject property paid a management fee the pro-forma uses a similar rate of five percent (5%) near the fee structure currently being paid on site.

Fixed Operating Expenses

Pro-forma fixed operating expenses have been estimated in a similar method to the variable expenses and are summarized in further detail below:

Property Insurance

The expense comparables reported a range of between $150 to $278 per unit. In comparison, the subject property's typical expense in recent years has ranged between $268 to $348 per unit. After considering these factors, an insurance expense of $305 per unit has been estimated.

Expense Comparables - Garden/Walk-Up Apartments Metro Atlanta								
	Comparable One		Comparable Two		Comparable Three			
County	**Clayton County**		**DeKalb County**		**Bartow County**		**Average**	
Year Built	**2000-2001**		**2003-2004**		**1997**			
Number of Units	**294 Units**		**262 Units**		**96 Units**		**652 Units**	
	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)	Actuals	Per Unit (% Revenue)
Insurance	$44,187	$150	$52,413	$200	$26,640	$278	$123,240	$189

Real Estate Taxes

The Pro-forma assumes a re-assessment at the anticipated purchase price supported by the subject property's income potential, as explained in further detail in the Real Estate Tax Section of this report and summarized in the following table.

Pro-forma Real Estate Estimates			
	Actual 2010 Taxes	Actual 2011 Taxes	As Is With LIHTC Restrictions
Market Value	$2,300,000	$2,300,000	$1,915,000
Assessed Value (40% of FMV)	$920,000	$920,000	$766,000
Effective Millage Rate	0.0338	0.0334	0.0334
Taxes Due	**$31,099**	**$30,728**	**$25,584**

Capital Expenditures / Replacement Reserves

Replacement reserves are non-routine capital expense items consisting of roofing, parking lot paving, mechanical systems, and appliances. A report published by Cushman & Wakefield Apartment Brokerage Services dated April 29, 2011, indicates a typical capital reserve of between $200 to $250 per unit for Class A apartments and between $300 to $350 per unit for Class B. Additional information from the Georgia Department of Community Affairs is requiring $250 per unit within most of their Low Income Housing Tax Credit (LIHTC) portfolio.

The capital expenditures over the last three (3) years excluding the current year-to-date has averaged between $150 per unit and $208 per unit. Given the age of the subject property's construction and the anticipated capital needs, the capital expenditures/replacement reserves are estimated to be $300 per apartment.

Net Operating Income (NOI):

The Net Operating Income (NOI) is the effective gross income less total operating expenses. This is the net cash flow to an investor after expenses, but prior to debt service and income taxes. The NOI for the subject property is estimated by subtracting the annual expenses from the effective gross income.

Historic Operating Expenses & Pro forma Year 1 Income & Expenses

Below is a table with a summary of a several year history of the subject property's operating expenses and pro forma Year One (1) income and expenses based on the proceeding explanation. The following page illustrates the same information as the summary of operating expenses stated, but in more detailed breakout categories.

Tara Arms Apartments
Operating Statement (Detailed)

	2008 Actuals		2009 Actuals		2010 Actuals		2011 Actuals		Year-To-Date 2012		Pro-forma FY 2012-13 As Is With LIHTC Restrictions	
INCOME	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
Annual Market Rents											$585,564	$7,141
Gain/(Loss) To Lease											-29,278	-5.0%
Potential Gross Income											**$556,286**	**$6,784**
Vacancy Loss											-$27,814	-5.0%
Bad Debt											-2,781	-0.5%
Total Rental Income	**$452,341**	**$5,516**	**$476,191**	**$5,807**	**$492,707**	**$6,009**	**$490,926**	**$5,987**	**$498,390**	**$6,078**	**$525,690**	**$6,411**
Other Income	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
Tenant Fees	$3,669	$45	$3,325	$41	$2,400	$29	$1,600	$20	$3,003	$37	$2,650	$32
Tenant Charges	6,359	78	6,807	83	6,171	75	6,516	79	$4,671	57	6,450	79
Laundry & Vending	7,191	88	6,838	83	8,373	102	8,326	102	$7,429	91	8,300	101
Cable Television	24,062	293	31,062	379	29,976	366	29,512	360	$0	0	0	0
Miscellaneous	1,971	24	2,020	25	1,420	17	1,233	15	$915	11	1,300	16
Total Other Income	**$43,252**	**$527**	**50,051**	**$610**	**48,340**	**$590**	**47,187**	**$575**	**$16,018**	**$195**	**$18,700**	**$228**
EFFECTIVE GROSS INCOME	**$495,593**	**$6,044**	**526,242**	**$6,418**	**541,047**	**$6,598**	**538,113**	**$6,562**	**$514,409**	**$6,273**	**$544,390**	**$6,639**
% Change From Previous Period				6.2%		2.8%		-0.5%		-4.4%		5.8%
VARIABLE EXPENSES	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
Telephone/Internet/Alarm	$3,963	$48	$4,269	$52	$3,625	$44	4,384	$53	$3,738	$46	$3,950	$48
Office Supplies/Postage/Equipmer	2,555	31	3,082	38	3,661	45	3,040	37	$2,911	35	3,050	37
Legal	472	6	296	4	2,230	27	4,849	59	$150	2	500	6
License/Permits/Fees	352	4	392	5	250	3	250	3	$435	5	400	5
[7.0] Accounting/Auditing	7,250	88	7,350	90	7,850	96	7,876	96	$24,074	294	7,400	90
Asset Management / Other	153	2	0	0	7,106	87	13,949	170	$54,162	661	2,400	29
Employment Costs	600	7	848	10	2,103	26	3,150	38	$899	11	1,000	12
Miscellaneous Administrative	854	10	1,570	19	1,200	15	1,451	18	$1,322	16	1,000	12
Total Administrative Expenses	**$16,199**	**$198**	**17,808**	**$217**	**28,025**	**$342**	**38,948**	**$475**	**$87,691**	**$1,069**	**$19,700**	**$240**
Advertising	1,059	13	915	11	744	9	20	0	$3,931	48	900	11
Locators/Referrals	300	4	600	7	400	5	700	9	$601	7	500	6
Tenant Credit Reports	1,147	14	951	12	607	7	754	9	$1,143	12	900	12
Total Marketing Expenses	**$2,506**	**$31**	**2,465**	**$30**	**1,750**	**$21**	**1,474**	**$18**	**$5,675**	**$69**	**$2,300**	**$28**

Tara Arms Apartments
Operating Statement (Detailed)

	2008 Actuals		2009 Actuals		2010 Actuals		2011 Actuals		Year-To-Date 2012		Pro-forma FY 2012-13 As Is With LIHTC Restrictions	
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
Payroll - Office	40,502	494	41,735	509	40,840	498	40,249	491	$44,966	548	40,000	488
Payroll - Maintenance	31,901	389	32,177	392	31,640	386	32,117	392	$36,550	446	32,000	390
Payroll - Miscellaneous / Temp		0		0		0	460	6	$360	4	360	4
Payroll Taxes/Workman's Comp./I	7,365	90	7,540	92	7,342	90	7,366	90	$10,109	123	9,490	116
Employee Benefits	4,924	60	2,061	25	0	0	0	0	$0	0	5,840	71
Total Payroll & Burden	**$84,691**	**$1,033**	**83,514**	**$1,018**	**79,822**	**$973**	**80,191**	**$978**	**$91,986**	**$1,122**	**$87,690**	**$1,069**
Interior Painting & Decorating	19,124	233	18,396	224	20,760	253	5,976	73	$4,906	40	18,040	220
Carpet Repair/Replacement	6,507	79	3,085	38	6,403	78	4,317	53	$8,486	12	6,150	75
Interior Cleaning	7,963	97	8,374	102	8,521	104	10,385	127	$15,610	190	10,000	122
Total Turnover Costs	**$33,594**	**$410**	**29,855**	**$364**	**35,683**	**$435**	**20,678**	**$252**	**$29,002**	**$354**	**$34,190**	**$417**
Landscaping Contract	9,555	117	10,560	129	10,985	134	11,685	143	$10,871	133	10,500	128
Total Grounds Expense	**$9,555**	**$117**	**10,560**	**$129**	**10,985**	**$134**	**11,685**	**$143**	**$15,000**	**$183**	**$10,500**	**$128**
Contract Repairs & Maintenance	3,737	46	9,066	111	10,319	126	26,129	319	$22,564	275	12,000	146
Extermination	6,978	85	7,037	86	1,876	23	1,968	24	$2,462	30	2,400	29
Elevator	2,497	30	0	0	2,822	34	3,964	48	$1,684	21	2,500	30
Total Repairs & Maintenance	**$13,211**	**$161**	**16,103**	**$196**	**15,017**	**$183**	**32,061**	**$391**	**$26,711**	**$326**	**$16,900**	**$206**
Trash	3,221	39	4,132	50	2,559	31	4,233	52	$4,950	60	4,300	52
Electric - Common Area	71,315	870	70,392	858	76,650	935	81,624	995	$93,225	1,137	90,000	1,098
Wtr/Swr - Common Area	31,053	379	34,891	426	32,863	401	30,167	368	$31,589	385	31,500	384
Wtr/Swr - Vacant Utilities	0	0	285	3	610	7	0	0	$0	0	0	0
Cable Television	11,210	137	17,249	210	16,626	203	14,213	173	$0	0	0	0
Total Utilities	**$116,799**	**$1,424**	**126,949**	**$1,548**	**129,308**	**$1,577**	**130,237**	**$1,588**	**$129,764**	**$1,582**	**$125,800**	**$1,534**
Management Fees	**$24,780**	**5.0%**	**26,283**	**5.0%**	**27,128**	**5.0%**	**24,486**	**4.6%**	**$32,366**	**6.3%**	**$27,220**	**5.0%**
Total Variable Expenses	**$301,335**	**$3,675**	**313,537**	**$3,824**	**327,718**	**$3,997**	**339,761**	**$4,143**	**$418,194**	**$5,100**	**$324,300**	**$3,955**
FIXED EXPENSES	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
Real Estate Taxes	31,190	380	35,683	435	31,099	379	31,497	384	$0	0	25,584	312
Property/Liability Insurance	27,803	339	21,950	268	24,252	296	28,538	348	$781	10	25,000	305
Total Fixed Expenses	$58,993	$719	57,633	$703	55,351	$675	60,035	$732	$781	$10	$50,584	$617
TOTAL EXPENSES	**$360,328**	**$4,394**	**371,170**	**$4,526**	**383,069**	**$4,672**	**399,796**	**$4,876**	**$418,975**	**$5,109**	**$374,884**	**$4,572**
% Change From Previous Period				*3.0%*		*3.2%*		*4.4%*		*4.8%*		*-10.5%*
Expense Ratio	**72.7%**		**70.5%**		**70.8%**		**74.3%**		**81.4%**		**68.9%**	
NET OPERATING INCOME BEFORE CAPITAL	**$135,265**	**$1,650**	**155,072**	**$1,891**	**157,978**	**$1,927**	**138,317**	**$1,687**	**$95,434**	**$1,164**	**$169,506**	**$2,067**
% Change From Previous Period				*14.6%*		*1.9%*		*-12.4%*		*-31.0%*		*77.6%*
Capital Expenditures	**$12,300**	**$150**	**17,037**	**$208**	**15,705**	**$192**	**0**	**$0**	**$0**	**$0**	**$24,600**	**$300**
NET OPERATING INCOME AFTER CAPITAL	**$122,965**	**$1,500**	**138,035**	**$1,683**	**142,273**	**$1,735**	**138,317**	**$1,687**	**$95,434**	**$1,164**	**$144,906**	**$1,767**

Tara Arms Apartments
Operating Statement (Summary)

	2008 Actuals		2009 Actuals		2010 Actuals		2011 Actuals		Year-To-Date 2012		Pro-forma FY 2012 As Is With LIHTC Restrictions	
INCOME	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
Annual Market Rents											$585,564	$7,141
Gain/(Loss) To Lease											-29,278	-5.0%
Gross Potential Income											**$556,286**	**$6,784**
Vacancy											-$27,814	-5.0%
Bad Debt											-2,781	-0.5%
Concessions											0	0.0%
Total Rental Income	**$452,341**	**$5,516**	**$476,191**	**$5,807**	**$492,707**	**$6,009**	**$490,926**	**$5,987**	**$498,390**	**$6,078**	**$525,690**	**$6,411**
Other Income	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
Tenant Fees	$3,669	$45	$3,325	$41	$2,400	$29	$1,600	$20	$3,003	$37	$2,650	$32
Tenant Charges	6,359	78	6,807	83	6,171	75	6,516	79	4,671	57	6,450	79
Laundry & Vending	7,191	88	6,838	83	8,373	102	8,326	102	7,429	91	8,300	101
Cable Television	24,062	293	31,062	379	29,976	366	29,512	360	0	0	0	0
Miscellaneous	1,971	24	2,020	25	1,420	17	1,233	15	915	11	1,300	16
Total Other Income	**$43,252**	**$527**	**$50,051**	**$610**	**$48,340**	**$590**	**$47,187**	**$575**	**$16,018**	**$195**	**$18,700**	**$228**
EFFECTIVE GROSS INCOME	$495,593	$6,044	$526,242	$6,418	$541,047	$6,598	$538,113	$6,562	$514,409	$6,273	$544,390	$6,639
% Change From Previous Period				*6.2%*		*2.8%*		*-0.5%*		*-4.4%*		*5.8%*
VARIABLE EXPENSES	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
Administrative	16,199	198	17,808	217	28,025	342	38,948	475	87,691	1,069	19,700	240
Marketing	2,506	31	2,465	30	1,750	21	1,474	18	5,675	69	2,300	28
Payroll & Burden	84,691	1,033	83,514	1,018	79,822	973	80,191	978	91,986	1,122	87,690	1,069
Turnover	33,594	410	29,855	364	35,683	435	20,678	252	29,002	354	34,190	417
Grounds	9,555	117	10,560	129	10,985	134	11,685	143	15,000	183	10,500	128
Repairs & Maintenance	13,211	161	16,103	196	15,017	183	32,061	391	26,711	326	16,900	206
Utilities	116,799	1,424	126,949	1,548	129,308	1,577	130,237	1,588	129,764	1,582	125,800	1,534
Management Fees	24,780	5.0%	26,283	5.0%	27,128	5.0%	24,486	4.6%	32,366	6.3%	27,220	5.0%
Total Variable Expenses	**$301,335**	**$3,675**	**$313,537**	**$3,824**	**$327,718**	**$3,997**	**$339,761**	**$4,143**	**$418,194**	**$5,100**	**$324,300**	**$3,955**
FIXED EXPENSES	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
Real Estate Taxes	31,190	380	35,683	435	31,099	379	31,497	384	0	0	25,584	312
Property/Liability Insurance	27,803	339	21,950	268	24,252	296	28,538	348	781	10	25,000	305
Total Fixed Expenses	**$58,993**	**$719**	**$57,633**	**$703**	**$55,351**	**$675**	**$60,035**	**$732**	**$781**	**$10**	**$50,584**	**$617**
TOTAL EXPENSES	**$360,328**	**$4,394**	**$371,170**	**$4,526**	**$383,069**	**$4,672**	**$399,796**	**$4,876**	**$418,975**	**$5,109**	**$374,884**	**$4,572**
% Change From Previous Period		3056.6%				*3.2%*		*4.4%*		*4.8%*		*-10.5%*
Expense Ratio		*72.7%*		*70.5%*		*70.8%*		*74.3%*		*81.4%*		*68.9%*
NET OPERATING INCOME BEFORE CAPITAL	$135,265	$1,650	$155,072	$1,891	$157,978	$1,927	$138,317	$1,687	$95,434	$1,164	$169,506	$2,067
% Change From Previous Period				*14.6%*		*1.9%*		*-12.4%*		*-31.0%*		*77.6%*
Capital Expenditures	12,300	150	17,037	208	15,705	192	0	0	0	0	24,600	300
NET OPERATING INCOME AFTER CAPITAL	$122,965	$1,500	$138,035	$1,683	$142,273	$1,735	$138,317	$1,687	$95,434	$1,164	$144,906	$1,767

Present Value of the Projected Income

Capitalization is a process, which translates an income projection into an indication of value for the appraised property. The connecting link is a rate, which reflects the necessary return to attract investment capital.

Vacancy, Income and Expense Forecast Assumptions

To determine a pro-forma vacancy, the subject property's historic leasing trend has been considered. It is particularly important to note that the apartment community has moderate tenant-turnover and has maintained fairly good occupancy level. Concessions and loss-to-lease are estimated to remain relatively flat and consistent with historic levels, while operating expenses are assumed to increase by two and a half percent (2.5%) annually, which is similar to anticipated rent growth. Rent growth is estimated to increase at a slightly slower rate than expenses for the few years with two percent (2%) growth rate expected in Years Two (2) and Three (3). The annual inflation factor applied to each forecasted year of rent growth and increase in expenses are presented and applied to the bottom of the Discounted Cash Flow (DCF) Analysis table, as well as in the following table to guide the reader.

DCF's Forecast Assumptions

Forecast Component	Year 1	Year 2	Year 3	Year 4 Reversion
Market Rent Growth Rate	0.0%	2.0%	2.0%	2.5%
Gain/ (Loss) To Lease	-5.0%	-3.0%	-3.0%	-3.0%
Vacancy	-5.0%	-5.0%	-5.0%	-5.0%
Non-Revenue Units	0.0%	0.0%	0.0%	0.0%
Collections Loss (Bad Debt)	-0.5%	-0.5%	-0.5%	-0.5%
Concessions	0.0%	0.0%	0.0%	0.0%
Management Fee	5.0%	5.0%	5.0%	5.0%
Real Estate Expense Inflation Factor	--	2.0%	2.5%	2.5%
General Expense Inflation Factor	--	2.5%	2.5%	2.5%

Pro-forma Cash Flows for DCF - As Is Analysis

The following page outlines the detail discounted cash flow analysis. It is important to note that the bottom of the analysis outlines yearly forecast assumptions regarding market rent growth rate, gain/loss to lease, vacancy, concessions, and expense inflation factors.

As Is - With LIHTC Restrictions
Tara Arms Apartments
Discounted Cash Flow Analysis - Analysis Start Date May 2012

	Actuals	*Pro-forma*			*Reversion*
		Year 1	Year 2	Year 3	Year 4
	2011	2012	2013	2014	2015
INCOME					
Annual Market Rents		$585,564	$597,275	$609,221	$624,451
Gain/(Loss) To Lease		-29,278	-17,918	-18,277	-18,734
Potential Gross Income		**$556,286**	**$579,357**	**$590,944**	**$605,718**
Vacancy		-27,814	-28,968	-29,547	-30,286
Non-Revenue Units		0	0	0	0
Bad Debt		-2,781	-2,897	-2,955	-3,029
Concessions		0	0	0	0
Total Rental Income	**$490,926**	**$525,690**	**$547,492**	**$558,442**	**$572,403**
Economic Occupancy (%)		*94.5%*	*94.5%*	*94.5%*	*94.5%*
Other Income	**$47,187**	**$18,700**	**$19,168**	**$19,647**	**$20,138**
EFFECTIVE GROSS INCOME	**$538,113**	**$544,390**	**$566,660**	**$578,089**	**$592,541**
EGI % Change From Previous Period	*-0.5%*	*5.8%*	*4.1%*	*2.0%*	*2.5%*
EXPENSES					
Variable Operating Expenses	315,275	297,080	304,507	312,120	319,923
Management Fee	24,486	27,220	28,333	28,904	29,627
Real Estate Taxes/Misc. Taxes	31,497	25,584	26,224	26,880	27,552
Property/Liability Insurance	28,538	25,000	25,625	26,266	26,922
TOTAL EXPENSES	**$399,796**	**$374,884**	**$384,689**	**$394,169**	**$404,024**
Expense Ratio (%)	*74.3%*	*68.9%*	*67.9%*	*68.2%*	*68.2%*
NET OPERATING INCOME (BEFORE CAPITAL)	**$138,317**	**$169,506**	**$181,971**	**$183,920**	**$188,518**
Capital Expenditures	0	24,600	25,215	25,845	26,492
NET OPERATING INCOME (AFTER CAPITAL)	**$138,317**	**$144,906**	**$156,756**	**$158,074**	**$162,026**
CASH ON CASH RETURNS		**7.6%**	**8.2%**	**8.3%**	

DCF's Forecast Assumptions

Forecast Component	Year 1	Year 2	Year 3	Year 4 Reversion
Market Rent Growth Rate	0.0%	2.0%	2.0%	2.5%
Gain/ (Loss) To Lease	-5.0%	-3.0%	-3.0%	-3.0%
Vacancy	-5.0%	-5.0%	-5.0%	-5.0%
Non-Revenue Units	0.0%	0.0%	0.0%	0.0%
Collections Loss (Bad Debt)	-0.5%	-0.5%	-0.5%	-0.5%
Concessions	0.0%	0.0%	0.0%	0.0%
Management Fee	5.0%	5.0%	5.0%	5.0%
Real Estate Expense Inflation Factor	--	2.0%	2.5%	2.5%
General Expense Inflation Factor	--	2.5%	2.5%	2.5%

Holding Period

As the subject property is in year fifteen (15) of its Initial Compliance Period (ICP), which at the expiration of the ICP, the LIHTC property qualifies for an opportunity to secure a new acquisition and rehab tax credit equity and/or bond allocation. If such action was secured, then a new fifteen (15) year Initial Compliance Period (ICP) would start again. Otherwise, an investor could acquire the subject property and continue to operate it with the existing income restrictions in place for the current fifteen (15) years of Extended Compliance Period remaining.

Under either scenario, the market conditions are significantly different than a few years ago, when tax credit investors paid premium pricing, resulting in capitalization rates significantly below current levels. As the market conditions are so different today, with uncertainty regarding re-syndication existing as of the effective date, we have estimated the model's holding period to be three (3) years.

Terminal (Residual) Capitalization Rate

The exit capitalization rate is commonly known as the terminal or residual capitalization rate. In determining an estimate of a terminal capitalization rate, a number of items are considered including property operational risk, market risk from outside of the property associated with changes in supply, demand, capital markets or fundamentals of the LIHTC program. Market uncertainty, as well as the physical structure risk can result in investors requiring significant premiums in their required rate to obtain a discounted price for anticipated risks.

Investor capitalization rate expectations have been considered, but terminal rates from the market are harder to quantify, as they cannot be easily observed from recent sales, therefore, Pricewaterhouse Coopers (Korpacz) *Real Estate Investment Survey* has been used to supplement the data set considered. This survey evaluates investors each quarter to determine how they are underwriting apartment investments and the responses on this survey regarding the capitalization rate (income divisor) they are typically applying to the property's income upon the exit of an investment are reflected in the table below. According to the Pricewaterhouse Coopers (Korpacz) *Real Estate Investment Survey*, the average residual or terminal capitalization rate has experienced some compression since mid-year 2010 after increasing for several years, reflecting investor's perceived increased risk, resulting in decreasing values during the height of the most recent recession.

PriceWaterhouseCoopers (Korpacz) Real Estate Investment Survey
Apartment Market - Southeast Region

Rate		2012	2011				2010		
		1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter
Residual Capitalization Rate	Range (%)	5.5-9.8	5.5-9.8	5.0-7.0	5.5-9.8	5.5-9.8	5.0-8.0	5.5-9.8	5.5-9.8
	Average (%)	6.64	6.71	6.73	6.85	7.04	7.35	7.69	7.75
	Change (B.P)	(7)	(2)	(12)	(19)	(31)	(34)	(6)	(64)

Notes: *B.P. = basis points*
Residual Cap Rate = Overall capitalization rate used in calculation of residual price; typically applied to the NOI in the year following anticipated sale.
Source: *PriceWaterhouseCoopers, LLP National Market Indicators; Investor Survey (Personal survey of a cross section of major institutional equity real estate market participants conducted by PriceWaterhouseCoopers LLP)*

Under either scenario, the market conditions are significantly different than a few years ago, when tax credit investors paid premium pricing, resulting in capitalization rates significantly below current levels. As the market conditions are so different today, pricing is significantly different.

The PriceWaterhouseCoopers (Korpacz) reported rates are based on national surveys focused on conventional unrestricted properties that are much more appealing to a larger investor pool than LIHTC restricted assets that require significantly more administration and knowledge of the program. LIHTC assets also have a variety of restrictions that require approvals of buyers by the State's Housing Finance Agency, DCA, as well as prohibiting condominium conversions and restricting redevelopment for as much as thirty (30) years. After considering these factors, a premium would be expected to the terminal capitalization of approximately fifty (50) to one hundred (100) basis plus points (BP) due to the LIHTC complexity, as well as being located in a tertiary market. After considering this expectation and market participant discussions, an indicated range of between7.5% to 8.5%, with a conclusion of eight percent (8%) was estimated.

Terminal Capitalization Rate Estimate
8.0%

Using a terminal cap rate of eight percent (8%) and a three percent (3%) transaction cost, it indicates net proceeds of approximately $1.96 million, with the proceeds from the reversion representing eighty percent (80%) of the estimated present value.

REVERSION ASSUMPTION	
Terminal Cap	8.00%
Exit Year NOI	$162,026
Exit Price	$2,025,000
Transaction Costs (3%)	$60,750
Net Sale Proceeds	$1,964,250
Percent of Present Value from Reversion	80%

Discount Rate

A discount rate, which is the interest rate applied to cash flows to convert the income stream to a present value as of today, has also been estimated. Again, the survey by Pricewaterhouse Coopers (Korpacz), among other factors, was considered. The table below indicates the findings of the Pricewaterhouse Coopers (Korpacz) report for the year and a half leading up to the effective date of this report.

PriceWaterhouseCoopers (Korpacz) Real Estate Investment Survey
Apartment Market - Southeast Region

Rate		2012	2011				2010		
		1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter
Discount Rate (IRR)	Range (%)	6.5-11.0	6.5-11.0	6.5-11.0	6.5-11.0	6.5-11.0	7.5-12.0	7.5-14.0	7.5-14.0
	Average (%)	8.40	8.40	7.90	7.98	8.20	8.63	9.73	10.05
	Change (B.P)	0	50	(8)	(22)	(43)	(110)	(32)	(23)

Notes: *B.P. = basis points*
Discount Rate (IRR) = Internal rate of return in all-cash transaction, based on annual year-end compounding.
Source: *PriceWaterhouseCoopers, LLP National Market Indicators; Investor Survey (Personal survey of a cross section of major institutional equity real estate market participants conducted by PriceWaterhouseCoopers LLP)*

After considering the factors noted above, as well as the risk rate premium for a LIHTC restricted property in a tertiary or non-core market, a premium rate of return would be expected by most investors as discussed further in the estimate reversionary capitalization rate. Considering these factors a risk adjusted discount rate has been estimated at approximately 8.75%.

Discount Rate Estimate
8.75%

The following page outlines the detail discounted cash flow analysis. It is important to note that the bottom of the analysis outlines yearly forecast assumptions regarding market rent growth rate, gain/loss to lease, vacancy, concessions, and expense inflation factors.

Estimate of "As Is Value" - Present Value & Internal Rate of Return Analysis

The present value calculation based on these anticipated cash flows is indicated below, which has been tested in an IRR (Internal Rate of Return) calculation noted below. The IRR calculation produced an IRR of nine percent (9%), supporting the present value conclusion.

PRESENT VALUE ANALYSIS	
Present Value from Annual Cash Flows From Rental	$388,699
Present Value from Reversion	$1,527,246
Present Value of Total	**$1,915,945**
Discount Rate	8.75%

INTERNAL RATE OF RETURN ANALYSIS	
Assumed Acquisition Price in IRR Analysis	**$1,915,000**
Acquistion Price/Unit	$23,354
Acquisition Price/SF	$34.80
3 Year Cash-On-Cash (No Reversionary Benefit)	6.00%
IRR (All-Cash - No Leverage)	8.77%
Cap Rate (Year 1)	7.57%

Estimate of "As Is Value" - Direct Capitalization Analysis

Within this section of the Income Capitalization Approach the subject property has been valued based on these anticipated income potentials of the subject property in Year One (1) using a direct capitalization methodology. The income has been estimated on the anticipated market rents with concessions and loss-to-lease allowances allied as described within the prior pages of the present value analysis.

Comparable Expenses & Operating Data

Overall, the operating expenses for the subject property's pro-forma in this analysis have been developed in a similar manor to those presented in the prior pages of the Income Capitalization Approach Section within the Discounted Cash Flow Analysis.

Year One (1) Pro-forma

Below is a summary of the pro-forma as developed and applied within the Discounted Cash Flow Analysis (DCF).

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"As Is" Analysis With Existing LIHTC Restrictions Tara Arms Apartments Direct Capitalization		
INCOME	Total	Per Unit
Annual Market Rents	$585,564	$7,141
Gain/(Loss) To Lease	-29,278	-$357
Gross Potential Income	**$556,286**	**$6,784**
Vacancy	-$27,814	-5.0%
Bad Debt	-$2,781	-0.5%
Concessions	$0	0.0%
Total Rental Income	**$525,690**	**$6,411**
Economic Occupancy (%)		*94.5%*
Other Income	**$18,700**	**$228**
EFFECTIVE GROSS INCOME	**$544,390**	**$6,639**
EXPENSES		
Variable Operating Expenses	297,080	$3,623
Management Fee	27,220	$332
Real Estate Taxes/Misc. Taxes	25,584	$312
Property/Liability Insurance	25,000	$305
TOTAL EXPENSES	**$374,884**	**$4,572**
Expense Ratio (%)		*74.1%*
NET OPERATING INCOME	**$169,506**	**$2,067**
Capital Expenditures	24,600	300
NET OPERATING INCOME	**$144,906**	**$1,767**

Vacancy, Income and Expense Assumptions

Vacancy rates, concessions, and loss to lease have been estimated in a consistent manor to the DCF analysis.

Going-in Capitalization Rate

The following page contains a table of comparable sales where either a capitalization rate based on actual in-placed cash flows or pro-forma cash flows. These market extracted capitalization rates indicate a range of capitalization rates of between 5.25 to 11.0 with an average of 7.39, but these sales are more closely clustered to the Atlanta MSA and are not perfectly correlated with the subject property area.

Within the sales comparison, capitalization rates on two (2) comparable sales were developed for unrestricted market rate properties located in Savannah, Georgia and Jacksonville, Florida of 8.0% and 7.2% respectively. Glynn County is considered to be located in a more remote market than either of the comparables from the Savannah or Jacksonville markets, and therefore are even more tertiary.

Multifamily Sales Located In Georgia That Sold During 2011 Where Actual or Pro-Forma Capitalization Rate Is Known

Property Address	Property City	Property County	Seller (True)	# of Units	Days On Market	Sale Date	Sale Price	Sale Price Per Unit	Actual Cap Rate	Pro Forma Cap Rate
1265 Mount Vernon Hwy	Atlanta	Fulton	GID Investment LLC	412	89	6/29/2011	$60,000,000	$145,631	**5.75**	**7.10**
660 Ralph Mcgill Blvd	Atlanta	Fulton	Southeast Capital Partners	301	90	3/31/2011	$42,750,000	$142,027	**5.30**	**6.90**
700 Phipps Blvd NE	Atlanta	Fulton	Equity Residential	235	152	3/23/2011	$32,500,000	$138,298	**5.25**	
1000 Fanfare Way	Alpharetta	Fulton	Wood Partners	210	92	6/1/2011	$23,000,000	$109,524		**6.25**
1395 Towne Centre Village Dr	McDonough	Henry	Davis Development, Inc.	300	228	4/1/2011	$28,800,000	$96,000	**7.00**	**7.00**
2951 Satellite Blvd	Duluth	Gwinnett	Equity Residential	424	61	5/12/2011	$38,450,000	$90,684	**6.80**	
905 Lake Union Hill Way	Alpharetta	Fulton	CAPREIT	294	30	9/28/2011	$19,100,000	$64,966	**6.00**	
1600 Blairs Bridge Rd	Lithia Springs	Douglas	Wilwat Properties, Inc	308	57	7/27/2011	$20,000,000	$64,935		**7.59**
3885 George Busbee Pky	Kennesaw	Cobb	Equity Residential	489	-	5/16/2011	$30,675,000	$62,730	**6.77**	**7.18**
100 Preston Creek Dr	Mcdonough	Henry	LNR Partners, Inc.	334	107	8/18/2011	$20,150,000	$60,329	**6.00**	**7.00**
4335 Winters Chapel Rd	Atlanta	DeKalb	AEW Capital Management, L.P.	592	-	9/30/2011	$27,000,000	$45,608	**6.10**	
3797 Lavista Rd	Tucker	DeKalb	Glen Una Management Company Inc	240	247	6/17/2011	$10,775,000	$44,896	**7.00**	**7.36**
11251 Alpharetta Hwy	Roswell	Fulton	Equity Residential	236	176	2/15/2011	$10,000,000	$42,373	**7.50**	**8.25**
2400 Beverly Hills Dr	Atlanta	DeKalb	Carroll Court Apartments LLC	16	216	5/5/2011	$500,000	$31,250	**6.20**	**7.30**
3200 Lake Colony Dr	Atlanta	Gwinnett	Aurora Bank FSB	172	-	1/31/2011	$5,249,000	$30,517	**8.00**	
565 Langhorn St	Atlanta	Fulton	Leverage Management Group	10	234	9/16/2011	$260,000	$26,000	**11.00**	
1700 Hunter Ridge Ln	Norcross	Gwinnett	LA County Employees RA	308	105	2/4/2011	$7,725,000	$25,081	**7.79**	
600 S Pine Hill Rd	Griffin	Spalding	Flournoy Companies	128	-	7/1/2011	$2,710,000	$21,172		**8.56**
1119 Medlin St SE	Smyrna	Cobb	Orix Financial Services, Inc	122	120	2/10/2011	$2,504,800	$20,531	**9.43**	
1204 Veterans Memorial Hwy SW	Mableton	Cobb	Invest America, LLC	42	154	1/28/2011	$850,000	$20,238	**9.43**	**16.00**
1700 Weatherly Dr	Stone Mountain	DeKalb	CW Capital Asset Management LLC	224	60	6/1/2011	$4,500,000	$20,089	**8.00**	
2795 Evans Mill Rd	Lithonia	DeKalb	The Bascom Group LLC	280	126	1/11/2011	$5,400,000	$19,286	**5.56**	
1216-1222 Lowe Ln	Roswell	Fulton	Charles and Amy King	94	467	7/16/2011	$1,450,000	$15,426	**9.77**	
2035 Memorial Dr SE	Atlanta	DeKalb	Flournoy Development Company	176	-	7/29/2011	$2,650,000	$15,057	**8.82**	
1313 Stone Mill Way	Stone Mountain	DeKalb	William Byrd	276	648	8/5/2011	$4,100,000	$14,855	**9.00**	
193-213 Fairburn Rd NW	Atlanta	Fulton	AIMCO Holdings, LP	160	215	5/23/2011	$1,400,000	$8,750		**10.00**
Average				**246**	**175**	**5/21/11**	**$15,480,723**	**$52,933**	7.39	8.19
Minimum				**10**	**30**	**1/11/11**	**$260,000**	**$8,750**	5.25	6.25
Maximum				**592**	**648**	**9/30/11**	**$60,000,000**	**$145,631**	11.00	16.00

Additionally, a band of investment has also been considered based on current estimated equity and debt terms available in the market. The following are findings based on information collected on mortgage terms of multi-family sector in recent months:

According to the New York-based real estate investment banking firm of Cushman & Wakefield Sonnenblick Goldman the interest rate for a ten (10)-year fixed multi-family loan designated for purchase by Fannie and Freddie was 4.1 percent, as of March 2, 2012, as published on Bloomberg.com, and this rate is based on a loan to value of up to eighty percent (80%) of the asset value.

The financing terms are based on daily Fannie Mae pricing quoted on December 1, 2011 by Mr. Joseph DeCarlo of M&T Realty Capital Corporation, which is a subsidiary of M&T Bank in Lake Oswego, OR. Mr. DeCarlo provided pricing sheets that quoted a thirty (30)-year full amortization loan at 5.75% on an eighty percent (80%) loan-to-value with a debt coverage ratio of 1.25. A ten (10)-year term with a thirty (30) amortization was quoted also at 4.43%, as well as a sixty-five percent (65%) loan-to-value financing that is being quoted at 4.93% for a thirty (30)-year full amortization with no balloons.

Mr. Doug Childers, a Director with the debt of Holiday Fegnolio and Fowler, provided pricing from December 6, 2011 based on a typical Freddie Mac execution with pricing on a ten (10) year term with a thirty (30) year amortization at an eighty percent (80%) loan-to-value ratio and debt coverage of 1.25%, having a 4.5% per annum rate.

Timothy Leonhard, Managing Director at Oak Grove Capital based in Dallas, Texas which an approved Fannie Mae, Freddie Mac and FHA lender says the GSE's multifamily ARM loans are becoming increasing popular and now representing approximately twenty percent (20%) of their volume. Fannie Mae rolled out in the year 2011 a new ARM product the "7-6 ARM" to supplement an existing "Structured ARM", but the new ARM is restricted to loans of $25 million or larger. The “7-6”refers to the seven (7)-year term of the Fannie Mae ARM and the six percent (6%) maximum pass-through rate for the associated mortgage-back security. The ARMs can have loan-to-value as high as eighty percent (80%) and amortization of up to thirty (30) years. As of December of 2011, agency ARMs pegged to the thirty (30) day LIBOR were around 3.35% for Fannie Mae's 7-6 Arm versus about 4.25% for standard seven (7)-year fixed rate loan.

The yield rates depend greatly on the down risk of oversupply, the property's physical needs as well as the risk of not reaching or maintaining stabilized occupancy. Overall, investors are bullish on good quality stabilized products and cautious about value added opportunities. The stabilized condition will allow for less uncertainty, investor risks, better leverage, and no need to acquire as an acquisition rehab, which would support more aggressive or safer rates.

After considerations, the following inputs have been applied in the band of investment, which is supported by local apartment sales presented in the reversionary capitalization rate calculation.

Estimate of Capitalization Rate By Band of Investment

Components of Band of Investment			
Cash on Cash Return:	10.00%	Equity Portion:	2.000
Loan/Value Ratio:	80 %	Loan Portion:	5.602
Interest Rate:	5.75%	Capitalization Rate:	7.602
Amortization Period:	30 Yrs		

"As Is" Market Value Estimate Based On Existing LIHTC Restrictions (Per LURA)	
Direct Capitalization of NOI	
Estimated Capitalization Rate	7.60%
Estimated Net Operating Income Based On Existing LIHTC Restrictions (Per LURA)	$144,906
Indicated Value With LIHTC Restrictions	$1,906,660
Indicated Value With Existing LIHTC Restrictions (Rounded)	**$1,907,000**

Conclusion Under an Income Capitalization Approach

Within the Income Capitalization Approach, the following two (2) value indications have been developed based on the subject property's existing LIHTC rental rate and prospective tenant income restrictions.

Discounted Cash Flow Analysis	$1,915,000
Direct Capitalization	$1,907,000

After considering the factors in the Income Capitalization Approach and the conclusion supported in the discounted cash flow, a value by the Income Capitalization Approach is estimated as follows:

Conclusions Under Income Capitalization Approach

Appraisal Premise	Appraisal Date	Interest Appraised	Appraisal Conclusion
As Is	**June 1, 2012**	**Leased Fee**	**$1,910,000**

Debt Coverage Ratio Test of Value Conclusion

Based on this indicated value conclusion, loan terms quoted by Fannie Mae, a debt coverage ratio has been tested under four (4) loan structures based on two (2) levels of leverage scenarios, as noted in the following table.

Today's Apartment Loan Rates				
Fixed	Rate	Term	Amort	LTV
Banc Agency Series				
ARM	2.76%	7-yr	30-yr	55%
ARM	2.98%	7-yr	30-yr	65%
ARM	3.18%	7-yr	30-yr	80%
5-yr	2.92%	5-yr	30-yr	55%
5-yr	3.17%	5-yr	30-yr	65%
5-yr	3.37%	5-yr	30-yr	75%
10-yr	3.65%	10-yr	30-yr	55%
10-yr	3.90%	10-yr	30-yr	65%
10-yr	4.10%	10-yr	30-yr	80%
15-yr	4.45%	15-yr	30-yr	55%
15-yr	4.70%	15-yr	30-yr	65%
15-yr	4.90%	15-yr	30-yr	80%
30-yr	5.65%	30-yr	30-yr	80%
HUD FHA 223(f)				
35-yr	3.25%	35-yr	35-yr	83%
HUD FHA 221(d)(4)				
35-yr	4.60%	35-yr	40-yr	83%
Banc Plus Series				
ARM	3.95%	30-yr	30-yr	70%
3-yr	4.25%	30-yr	30-yr	70%
5-yr	4.40%	30-yr	30-yr	70%
7-yr	5.01%	30-yr	30-yr	70%
10-yr	5.55%	30-yr	30-yr	70%

Source: www.commercialbanc.com

At eighty percent (80%) loan-to-value on a relatively high leverage loan consisting of thirty (30) year fully-amortizing loan, the cash flow is just below the required to fully satisfy a 1.31 debt coverage ratio for the several years suggesting that either more equity would have to be invested or some level of reserves or interest only may have to be built into the financing. At a more favorable interest rate of 4.46% with a ten (10) year balloon, a debt coverage ratio of 1.56 in Year One (1) is adequate to fund and carry costs in year one (1).

As illustrated also as Scenario Two (2), there is more than adequate anticipated cash flow from the subject property to service the debt with a 1.79 debt coverage ratio. This is based on a lower leverage loan based on a sixty-five percent (65%) loan to value, with a thirty (30) year fully-amortizing loan.

Debt Coverage Ratio Analysis		
Assumed Acquisition Price in IRR Analysis	$1,915,000	
Scnerio 1 - Fannie Mae Pricing (5/6/12)	**80% Leverage - 30 Year**	**10 Yr Balloon**
Loan To Value	80%	80%
Min Required Debt Coverage Ratio	1.25	1.25
Amortization (Years) (Years With Balloon)	30	10
Interest Rate On 30 Year Amortization	6.00%	4.46%
Total Monthly Payments	360	360
Max. Debt	$1,532,000	$1,532,000
Monthly Payment	$9,185	$7,726
Year 1 Pro-Forma Cash Flow After Capital (Monthly)	$12,076	$12,076
Year 1 Debt Coverage Ratio	*1.31*	*1.56*
Year 2 Pro-Forma Cash Flow After Capital (Monthly)	$13,063	$13,063
Year 2 Debt Coverage Ratio	*1.42*	*1.69*
Scenario 2 - Fannie Mae Pricing (5/6/12)	**65% Leverage - 30 Year**	**10 Yr Balloon**
Loan To Value	65%	65%
Min Required Debt Coverage Ratio	1.35	1.35
Amortization (Years) (Years With Balloon)	30	10
Interest Rate On 30 Year Amortization	5.06%	4.26%
Total Monthly Payments	360	360
Max. Debt	$1,244,750	$1,244,750
Monthly Payment	$6,728	$6,131
Year 1 Pro-Forma Cash Flow After Capital (Monthly)	$12,076	$12,076
Year 1 Debt Coverage Ratio	*1.79*	*1.97*
Year 2 Pro-Forma Cash Flow After Capital (Monthly)	$13,063	$13,063
Year 2 Debt Coverage Ratio	*1.94*	*2.13*

Sales Comparison Approach

The Sales Comparison Approach involves a direct comparison of the property being appraised to properties that have sold in the same or similar market, in order to derive a market value indication. The Sales Comparison Approach, like the Cost Approach, is based on the principle of substitution. In this approach, it is implied that a prudent person will not pay more to buy a property, than it will cost to buy a comparable substitute property. The property purchased typically represents the best available balance between the buyer's specifications and the purchase price.

Within this analysis, the most appropriate sales have been collected, and differences between the subject property and the comparable sales are accounted for by percentage adjustments, to reflect an indication of the value of the subject property. Examples of these differences that may cause a market recognized unit price variance are location, building size, land to building ratio, building construction quality, and condition of the improvements at the time of sale.

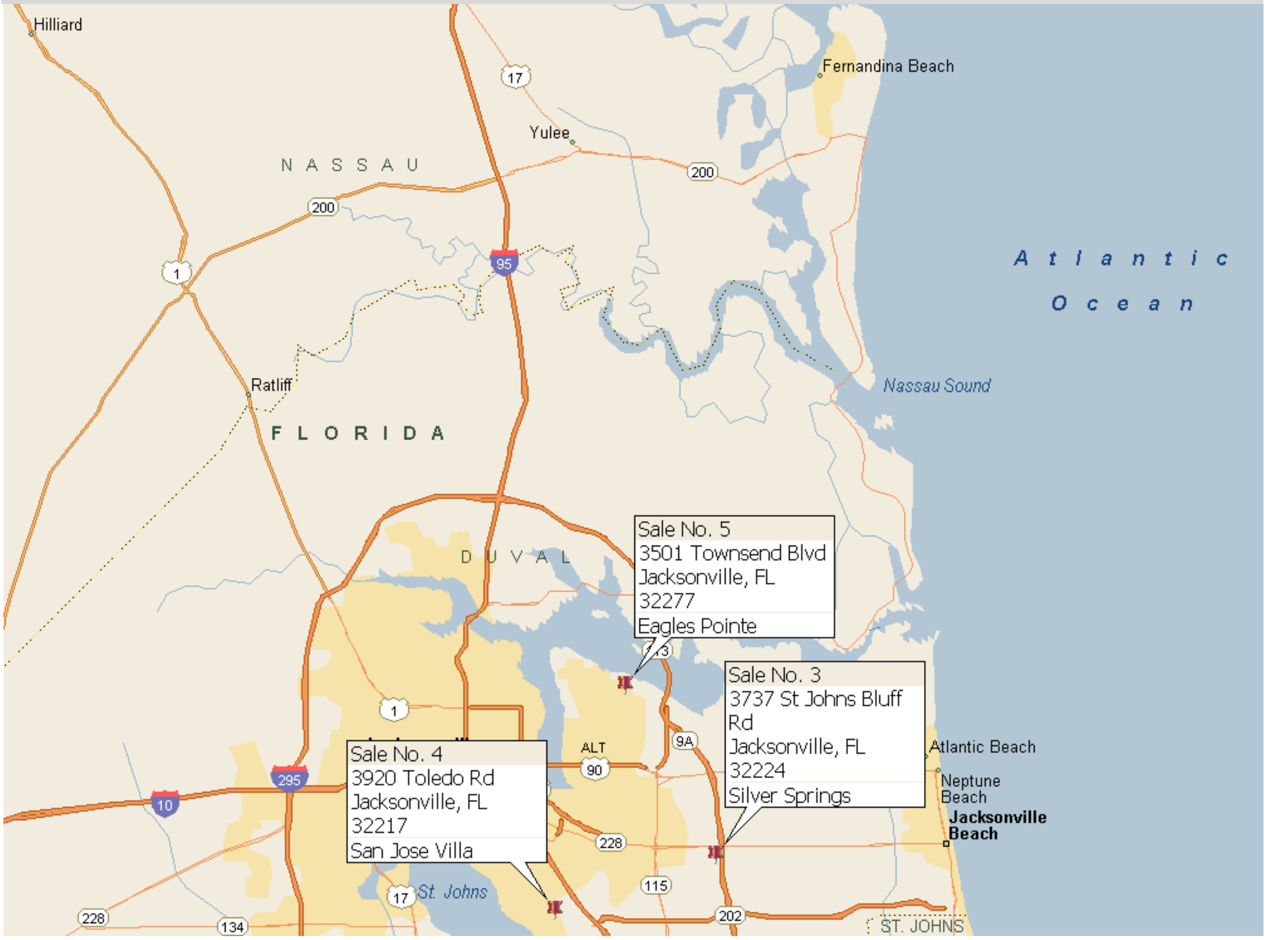
Comparable Selection

The subject property is now at the end of its fifteen (15) year Initial Compliance Period (ICP) and has unique restrictions that prohibits the redevelopment or conversion of the subject property to an alternative use for an additional fifteen (15) years of Extended Compliance period (ECP). These restrictions also include maximum income levels that tenants may earn and limits the rental rates that may be charged. Ideally, to measure the value of the subject property by the Sales Comparison Approach, properties with similar restrictions would be used. However, very few of these LIHTC restricted properties sell annually, which is especially true during the current recessionary times. When properties with LIHTC restrictions do sell, these sales typically occur in two (2) forms. The first common form consists of the General Partnership (GP) interest or Limited Partner (LP). If the sale is within the Initial Compliance Period, noted as the first fifteen (15) years of compliance, these sales are often a partial or fractional interest sale, but can be, yet seldom occurs to be a full partnership sale of both the GP and LP. These "sales" can be a sale, but can also be a replacement of the current GP where no money is exchanged, but merely a new GP is secured to operate and potentially fund operating deficits for receiving various management and possibly even remaining developer fee income.

The second common transfer is the one hundred percent (100%) interest sale, which can include a full acquisition of the partnership that owns the property, including both the GP and LP interest. This full interest typically occurs after the tax credits have been fully used by the LP also referred to as the tax credit investor. This could occur in Years-eleven (11) to fifteen (15) and is commonly referred to as a "structured sale", where the legal ownership entity is sold that owns the real estate in lieu of a real estate transfer through a "soft" closing. Likewise, a full interest sale can occur post the Initial Compliance Period, which is typically a full transfer of the real estate where the buyer seeks new tax credit equity and recycles the property back into the LIHTC program starting with a new Initial Compliance Period and a corresponding life cycle of the tax credits. There have been many post Year-Fifteen (15) and General Partnership (GP) sales around the country through the existence of the program. Historically most are sold contingent on receiving a new allocation of credits or sold following a foreclosure with the LURA (restrictions) being removed.

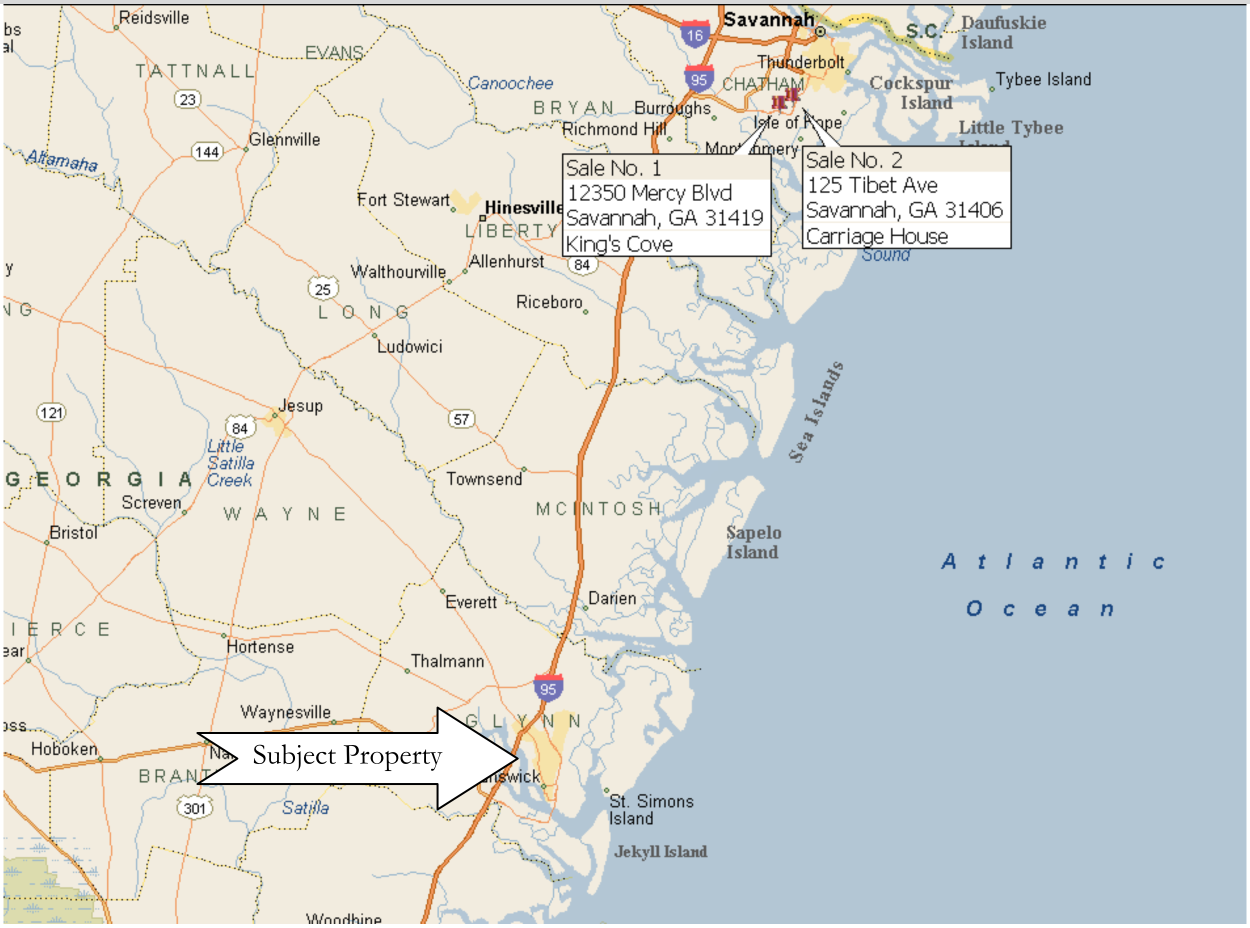
Due to the limited number of sales with LIHTC restrictions know to have occurred in the subject property's region, recent sales of unrestricted properties have also been considered along Costal Georgia and Northwest Florida. The following page illustrates the location of comparable sales relied upon in this analysis, which is followed by a summary description table and photos of each sale.

Comparable Sales Location Map
(1 of 2)



Source: Microsoft Streets & Trips

Comparable Sales Location Map
(2 of 2)



Source: Microsoft Streets & Trips

Comparable Building Sales

	Subject	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4	Sale No. 5
Property Name	Tara Arms	King's Cove	Carriage House	Silver Springs	San Jose Villa	Eagles Pointe
Location	2525 Tara Lane City of Brunswick Glynn County	12350 Mercy Blvd Savannah, GA Chatam County	125 Tibet Ave Savannah, GA Chatham County	3737 St Johns Bluff Jacksonville, FL Duval County	3920 Toledo Road Jacksonville, FL Duval County	3501 Townsend Blvd Jacksonville, FL Duval County
Date of Sale	6/1/12	3/21/12	9/22/11	4/27/11	5/27/11	4/28/11
Book/Page		376H000542	372K-0090	24185-314	15617-02173	15591-1083
Grantor		Kings-Savannah, LLC rep. by Soundview Realty Group by Mark Walsh	CMJ Investment, LLC by Maury Davis	Equity Residential Properties Manageemnt Corp and CAPREIT Silver Springs, LTD	Toledo Associates	NHP Foundation
Grantee		JARS at Joseph's Landing, LLC by Stephen Chapin	Carriage Apartments Investments, LLC by Christian Shields	Global Securization Services, LLC and Silver Springs Property LLC	Michael J Rosengarten, Trustee	Eagle Apartments LLC by QR Capital by Mattthew Hunsucker
Sale/Listing Confirmation		Public record (Superior Court) as well as buyer's broker, Brian Moulder, CBRE	Public record (Superior Court) as well as listing broker, Brian Moulder of CBRE	Public record (Clerk of Court) as well as listing broker, Dhaval Patel of CBRE	Public record (Clerk of Court) as well as listing broker, Erik Bjornson, Multifamily	Public record (Clerk of Court) as well as listing broker, Dhaval Patel of CBRE
Confirmation Contact		(904) 633-2609	(904) 633-2609	(904) 630-6369	(904) 241-7600	(904) 630-6369
Parcel Map #	01-07077	SVA-0756-06-001	2-0647-03-005	1654-121000	152593-0010	111362-0030
Sales (or Contract) Price		$8,000,000	$5,175,000	$24,650,000	$2,500,000	$3,800,000
Terms		Cash	Cash	Cash	Cash	Cash

Unit Mix	No of Units	Bed/ Bath	Size	Rent	No of Units	Bed/ Bath	Size	Rent	No of Units	Bed/ Bath	Size	Rent	No of Units	Bed/ Bath	Size	Rent	No of Units	Bed/ Bath	Size	Rent	No of Units	Bed/ Bath	Size	Rent
One (1) Bedroom	28	1/1	645	565	36	1/1	714	714	48	1/1	775	585	92	1/1	600	625	56	1/1	685	525	44	1/1	832	499
One (1) Bedroom	42	1/1	645	595		1/1	728	728					124	1/1	735	675								
Two (2) Bedroom	5	2/1	816	655	134	2/2	996	720	72	2/2	1,038	660	92	2/2	1,100	900	28	2/2	1,188	705	90	2/1	1,100	599
Two (2) Bedroom	6	2/1	816	669									124	2/2	918	790					16	2/2	1,200	650
Three (3) Bedroom	1	2/1	900	730	48	3/2	1,016	730	24	3/2	1,142	800									36	3/2	1,300	725
Three (3) Bedroom																								
# Units/Avg Size/Avg Rent	82		671	595	218		954	721	144		968	658	432		837	745	84		853	585	186		1,084	604

	Subject	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4	Sale No. 5
Number of Units	82	218	144	432	84	186
Average Unit Size	671	954	968	837	853	1,084
Average Unit Rent (PGI)	$595	$721	$658	$745	$585	$604
Built / Renovated	1995 / 2008	1968 / 2003	1974 / 1990s	1985 / Various	1974 / 1990s	1972 / 1990s
Condition	Average	Average	Average	Average	Average	Below Average
Quality	Average	Below Average	Below Average	Average	Below Average	Below Average
Site Area - Acres (Developab	3.02	11.15	8.73	21.10	5.72	11.68
Units Per Acre (Developable)	27.2	19.6	16.5	20.5	14.7	15.9
Roadway Visibility/Access	Below Average	Average	Average	Average	Average	Average
Phys. Occ. At Sale (Approx)	99%	88%	94%	95%	87%	83%
Cap Rate At Sale (Going In)		NA	8.0%	7.2%	NA	NA
Price/Unit		$36,697	$35,938	$57,060	$29,762	$20,430

Comparable Sale Pictures

Sale Number One (1) – King's Cove
12350 Mercy Blvd, Savannah, Georgia

Sale Number Two (2)– Carriage House
125 Tibet Avenue, Savannah, Georgia

Sale Number Three (3) – Silver Springs
3737 St. Johns Bluff Road, Jacksonville, Florida

Sale Number Four (4) – San Jose Villa
3920 Toledo Road, Jacksonville, Florida

Sale Number Five (5) – Eagles Pointe
3501 Townsend Blvd, Jacksonville, Florida

Sales Comparison Adjustments - As Is

Within apartment valuation, the price per unit is utilized because it is the comparison that most buyers and sellers of multi-family property use when determining a price. The following is a brief summarization of the adjustments made in this analysis, along with a table, to depict the measurable dissimilarities between the comparable sales and the subject property.

Location / Market Appeal To Investors

As many multi-family investors seek economies of scale for their portfolios benefiting their regional oversight, property management and management teams creating a variety of economics of scale, they prefer investing where they own or would like to accumulate other holdings. Larger national investors prefer to own at least 500 to 750 units minimum within a specific target market. They often would also prefer for that market to have approximately 100,000 units or more providing flexibility to modify their portfolio, as well as risk against systematic market changes that are more difficult to correct in smaller markets. This market pattern is often reflected in the compressing of capitalization rates within larger markets that meet the larger investor criteria and have a larger pool of potential investors. The number of potential investors for product within these heavily preferred larger markets effectively can bid up pricing versus tertiary markets.

Within this analysis the subject property is on the border of a major regional market and is just beyond the more commonly defined boundaries of Jacksonville, Florida. This is reflected by the fact that market surveys of Jacksonville, Florida published by REIS, CoStar and Real Data do not extend beyond the Georgia-Florida State Line to include or approach the subject property, nor does the U.S. Census Bureau's definition of Jacksonville, Florida.

Due to the various changes in market conditions over the last four (4) years, an emphasis has been placed on the most recent sales of apartment communities available. The nearest apartment community sales outside of Jacksonville, Florida to the subject property that have occurred in recent years were in Brunswick, Georgia which occurred prior to the year 2009. As such, recent comparable sales from larger regional markets have been relied upon, but these sales have a broader appeal to investors of which may not be willing to consider a tertiary market, even with a discount or premium rate of return due to the difficultly in management, lack of operational synergy and small market risk.

Comparable Sale Numbers Three (3), Four (4) and Five (6) are all located in Eastern or Southern Jacksonville, Florida, which are located approximately forty (40) or more miles south of the subject property in the much larger Jacksonville, Florida market. Comparable Sale Numbers One (1) and Two (2) are both located approximately one hundred (100) miles to the north of the subject property in the Savannah, Georgia market. As the subject property's market appeal to investors is inferior due its relatively smaller size a negative adjustment has been applied to these sales with a larger potential investor pool where pricing is estimated to be heightened. The proximity of being relatively near Jacksonville, Flordai has also been considered as a mitigating factor in estimating an adjustment for this difference. After considering these factors, all of the comparable sales have been adjusted a negative ten percent (-10%).

Condition / Near Term Maintenance

The “Condition /Near Term Maintenance” is the intended economic needs a property may require including increased routine maintenance due to aging mechanical systems, as well as to capture the amount of capital an investor would expect to underwrite in the acquisition for immediate capital needs to address deferred maintenance, increased reserves or anticipated rehab. While the subject property is much younger than most of the comparable sales relied upon in this analysis, the subject property has not been renovated or has had major capital reinvestment since its initial construction, as reflected in it having nearly all of its original mechanical systems, appliances, finishes and roofs.

In comparison, most of the older comparable sales have renovated or rehabed at least once and several twice since their initial construction. However, most were last significantly updated near the time the subject property was initially constructed and are considered to be moderately inferior to the subject property in its physical condition. After considering these factors, Comparable Sale Numbers One (1), Two (2), and Four (4) that were all constructed prior to the year 1985 have been adjusted a positive ten percent (+10%) due primarily to the difference in the age of the physical structure and its mechanical systems.

Comparable Sale Number Five (5), which was constructed in the yaer 1972, is reported to have suffered from a variety of deferred maintenance and near-term capital needs, which the buyer had budgeted approximately $1,000,000 for capital needs at the time of the acquisition. In comparison to the $3.8 million purchase price, the capital needs represent an effective price adjustment of approximately twenty-five percent (+25%). But even after the capital improvements associated with addressing the deferred maintenance, the comparable property still will be several decades older than the subject property. After considering these factors, Comparable Sale Number Five (5) has been adjusted a positive thirty percent (+30%) to reflect an adjusted value of the subject property.

Quality / Functional Appeal

Many of the comparable sales considered in this analysis are decades older than the subject property and lack aesthetics, features, and functional appeal that are offered in newer assets. This reflects differences in architectural style, general wear and tear, property amenities and features offered in the units. Much or most of this difference can be reflected in the average rent paid by the tenant, which is addressed in a separate adjustment. However, these differences also can impact prospective leasing traffic to the property, tenant turnover, and bad debts. Weaker "credit" type tenants often result in more turnovers which increases turnover and operating cost, wear on the property as well as increases in vacancy and particularly bad debts. After considering these differences, an adjustment of a negative ten percent (-10%) has been applied to Comparable Sale Number Three (3).

Average Rent (Amenities / Average Unit Size)

The comparable sales considered in this analysis have differences among their quality, average unit size or unit mix, property amenities, and unit features, but fundamentally are targeting a pool of tenants to pay rent for these features. Additionally, the subject property has rental rate restrictions associated with LIHTC conditions that are not shared among most of the comparable sales. Due to the LIHTC restrictions, the rent and that the ultimate income potential of the subject property can be suppressed, versus unrestricted units.

This detriment (or premium) can be measured by the difference in average unit rent, and the value among property amenities and unit features can also be measured through average rent differences. This premise is based on a pure income driven model and it suggests that if the amenity does not reflect a higher rent, then it has minimal to no value. This methodology does not reflect savings that may result from less tenant turnover or quality, that can result in fewer bad debts, nor does it fully reflect turnover or maintenance cost savings, or the cost associated with offering that amenity. It is an overall proxy for quality reflected in the income potential and therefore, adjustments have been applied by comparing the average unit rent difference between the comparable sale and the subject property to measure the magnitude in quality differences.

Within this adjustment it is noted that the subject property's rents are inclusive of all utilities including utilities for air-conditioning, cooking as well as general electric consumption. This is very different than the five (5) comparable sales it is compared to which does not include all utilities requiring tenants to fund these expenses themselves which can easily add $75 to $100 or more in monthly expenses. As such, the subject property's rental structure results in the subject property ownership netting a smaller percent of the monthly rent, as they are funding these utility expenses, which can average approximately fifteen percent (15%) of the monthly rent. Therefore, a fifteen percent (15%) adjustment in addition to the rental rate difference has been applied to each comparable to adjust for both the gross reported rent difference and the adjustment to reflect the all-inclusive utility difference.

Occupancy / Stabilization

The subject property of this report has operated at a stabilized pace for the last few years, while many of the comparable sales considered in this analysis have suffered from significant amounts of vacancy. The subject property's management reports that it has often maintained a waiting list of prospective tenants allowing it to maintain occupancy, but the rent that prospective tenants can pay is capped by the caliber of jobs available in the market. Occupancy rates at the subject property over the last few years have been reported to average near ninety-eight percent (98%) to ninety-ninety percent (99%). To reflect the occupancy's impact on value, differences in occupancy between the subject property and the comparables have been considered, resulting in applying adjustments reflecting differences between un-stabilized and stabilized assets. The adjustments are based on their stabilized impact on net operating income, net of fixed operating expenses.

LIHTC Restrictions / Operating Risk

The subject property of this report has LIHTC restrictions supported by a LURA agreement that encumbers the subject property, like a deed restriction, for an additional fifteen (15) years. These restrictions on the subject property not only impact the operations, accounting, tenants, but even future sales of the property or redevelopment scenarios. Due to these limitations, which also reduces the potential buyer pool for the subject property, a negative five percent (-5%) adjustment has been applied to each of the unrestricted market rate properties.

Sales Table & Adjustment Grid

The following table below outlines these adjustments, as well as an overview of each comparable sale.

Comparable Building Sales

	Subject	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4	Sale No. 5
Property Name	Tara Arms	King's Cove	Carriage House	Silver Springs	San Jose Villa	Eagles Pointe
Location	2525 Tara Lane City of Brunswick Glynn County	12350 Mercy Blvd Savannah, GA Chatam County	125 Tibet Ave Savannah, GA Chatham County	3737 St Johns Bluff Jacksonville, FL Duval County	3920 Toledo Road Jacksonville, FL Duval County	3501 Townsend Blvd Jacksonville, FL Duval County
Date of Sale	6/1/12	3/21/12	9/22/11	4/27/11	5/27/11	4/28/11
Grantor		Kings-Savannah, LLC rep. by	CMJ Investment, LLC by Maury Davis	Equity Residential Properties	Toledo Associates	NHP Foundation
Grantee		JARS at Joseph's Landing, LLC by	Carriage Apartments Investments, LLC by	Global Securization Services, LLC and	Michael J Rosengarten,	Eagle Apartments LLC by QR Capital
Sales Price		$8,000,000	$5,175,000	$24,650,000	$2,500,000	$3,800,000
Number of Units	82	218	144	432	84	186
Average Unit Size	671	954	968	837	853	1,084
Condition	Average	Average	Average	Average	Average	Below Average
Quality	Average	Below Average	Below Average	Average	Below Average	Below Average
Average Unit Rent (PGI)*	$595	$721	$658	$745	$585	$604
Occupancy At Sale	99%	88%	94%	84%	87%	83%
Built / Renovated	1995 / 2008	1968 / 2003	1974 / 1990s	1985 / Various	1974 / 1990s	1972 / 1990s
Adjustments To Sale Comparables						
Price/Unit		$36,697	$35,938	$57,060	$29,762	$20,430
Location / Market Appeal To Investors		-10%	-10%	-10%	-10%	-10%
Condition / Near Term Maintenance		10%	10%	0%	10%	30%
Quality / Functional Appeal		0%	0%	-10%	0%	0%
Avg Rent (Amenities / Average Unit Size)**		-30%	-25%	-35%	-15%	-15%
Occupancy / Stabilization		5%	0%	10%	5%	10%
LIHTC Restriction/Operating Risk		-5%	-5%	-5%	-5%	-5%
Total Adjustments		-30%	-30%	-50%	-15%	10%
Indicated Value per Unit		$25,688	$25,156	$28,530	$25,298	$22,473

* Only subject property's rental rates include all utilities including electric, trash and water.
** Adjustment considers that subject property's rents as stated in PGI are prior to adjustment for utility differences.

As Is - Conclusion Under a Sales Comparison Approach

The adjusted comparable sales prices indicate a range, as noted below, and based on this an indicated range and mean price indication per unit of the subject property has been estimated as follows.

Value Estimate of Subject Property			
Mean Price/Unit			$25,429
Minimum Price/Unit			$22,473
Maximum Price/Unit			$28,530
Standard Deviation			$2,151
Mean Price/Unit (Excluding Sale Number 3)			$24,654
Indicated Value Range	Lowest Indication	Highest Indication	Mean Indication
Unit Price Range	$22,473	$28,530	$25,429
Number of Units	82	82	82
Indicated Value Range	$1,842,796	$2,339,468	$2,085,181
Unit Price Estimate		$25,000	
Number of Units		82	
Indicated Value Before Rounding			$2,050,000
Indicated Value (Rounded)			**$2,050,000**

Comparable Listings

Within Camden County an investigation of potential listings revealed that the 200-unit apartment community, Harbor Pines is now listed for sale. The property has suffered from weak occupancy levels and in January of 2012 was only sixty-two percent (62%) occupied. This apartment community was constructed in the year 1991 and is located approximately one (1) mile from the subject property, therefore is in the Primary Market Area. The property is reported now to have occupancy of seventy-seven percent (77%), which is considered to be an un-stabilized asset. The property has only been on the market for approximately two (2) months and is offered at $10,300,000 or $51,500 per unit. Mr. Andy Sutton, Vice-President of Investment Sales at Ackerman & Co's Atlanta office has indicated that market interest has been significant, but the market is looking to be incentivized to acquire an un-stabilized asset in a tertiary market. Through communication, he indicated that this pricing level is equivalent to approximately a three percent (3%) capitalization rate on current operations, and at less than a two percent (2%) capitalization rate on year 2011's operations, so the prospective investor will have to be fairly bullish on stabilizing operations going forward. Mr. Sutton indicated that at the current offering price and short exposure time, no meaning offers have been received.

After considering the current listing, comparable sales studied, as well as property and market conditions, a value estimate of the subject property has been concluded as follows:

Conclusions Under Sales Comparison Approach			
Appraisal Premise	Appraisal Date	Interest Appraised	Appraisal Conclusion
As Is	**June 1, 2012**	**Leased Fee**	**$2,050,000**

Reconciliation and Final Appraisal Estimate

Within this analysis, three (3) approaches to value have been investigated. The conclusions of this analysis are reported in the following table:

Value Conclusions of the Leased Fee Interest by Approach

Approaches to Value	As of June 1, 2012 Appraisal Conclusions
Market Value As Is	
Cost Approach	$2,200,000
Site Valuation	$200,000
Income Capitalization Approach	$1,910,000
Sales Comparison Approach	$2,050,000

The final step in the appraisal process is the reconciliation of the different approaches to value applied in estimating the value of the Leased Fee Interest. Each of these approaches has certain strengths and weaknesses depending on the quantity and quality of information available.

The Cost Approach is typically the most relevant when valuing assets that are fairly new or recent construction. If the property has below market leases, options to purchase, or contractual obligations that limit the income or utility of the property, the Cost Approach may be less or even possibly irrelevant. As the subject property's improvements suffer from LIHTC restrictions, resulting in significant obsolescence that clearly exist, by definition under the LIHTC program. Along with this, rents are reduced and expenses increase. For these reasons, the Cost Approach is considered to be a relatively weak indication of value for the subject property, and is the least reliable of the approaches considered.

The Income Capitalization Approach to value is the method used by most investors in the purchase of income properties, particularly Leased Fee Interest. The Income Capitalization Approach best reflects the income limitation, leasing difficulty, and increased operating expenses associated with LIHTC properties. It reflects the geography's ability to earn income for this property type as well as the physical asset's acceptability in the market place. This approach to value is considered to be the most reliable indication of value and given the most weight in determining a final point estimate of value.

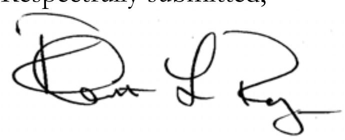
The Sales Comparison Analysis is a direct reflection of the interaction of buyers and sellers in the market. This approach is typically the easiest to understand of all three (3) approaches to value and is used by most owner occupants and unsophisticated investors. However, as there were no perfectly identical sales with LIHTC restrictions, this analysis is considered to be significantly weaker than the Income Capitalization Approach. As income potential adjustments can be estimated and investor's higher yield expectation for LIIHTC when compared to market rates assets is harder to quantify, as applied in a Sales Comparison Approach. As LIHTC sales have a limited buyer pool, increased operating expenses and overall more administrative requirements associated with leasing and compliance, the Sales Comparison Approach is considered to be less reliable than the Income Capitalization Approach, while being significantly more reliable than the Cost Approach. As much of the LIHTC's detrimental differences were recognized, all of the yield and cost components may be reflected in the adjusted price, resulting in a small anticipated overstatement of value by the Sales Comparison Approach.

Based on the market data and the analysis of that data, the market value of the subject property is estimated to be approximately:

Final Value Conclusion			
Appraisal Premise	**Appraisal Date**	**Interest Appraised**	**Appraisal Conclusion**
Market Value As Is	**June 1, 2012**	**Leased Fee**	**$1,950,000**

Thank you for the opportunity to prepare this analysis. If you have any questions, please do not hesitate to contact me at (770) 790-5109.

Respectfully submitted,



Robert L. Ryan, MAI
Georgia Certified General
Real Estate Appraiser License No. 334357

ADDENDUMS

Addendum A – Assumption and Limiting Conditions

1. The appraiser assumes the title to the property to be free and clear, unencumbered, and there are no leases, easements, liens, or other encumbrances affecting the property other than those mentioned in this report. The appraiser is unaware of any title defects nor has it been advised of any unless specifically noted in the report. Insurance against economic loss resulting from defects in title should be sought.

2. Information, estimates, and opinions furnished to the appraiser and contained in the report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of items furnished to the appraisers can be assumed by the appraiser.

3. The appraiser assumes that the improvements are located on the land described herein and do not overlap this land unless otherwise stated in the appraisal report. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property, but the appraiser has not made an actual survey of the property. It is recommended that a certified survey be made by any person privy to this appraisal.

4. The management of the property is assumed to be competent and the ownership in responsible hands.

5. No responsibility is assumed for legal matters. The appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been made previously.

6. The appraiser assumes that there are no hidden or unapparent conditions of the property or subsoil which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for seismic, engineering or mechanical systems. Unless otherwise stated in the report no physical issues were brought to the appraiser's attention. The appraiser further assumes no responsibility for political, social, or economic changes, which would have an effect on real estate values after the date of this valuation.

7. In this appraisal assignment, the existence of potentially hazardous materials used in the construction or maintenance of the building, such as the presence of urea-formaldehyde foam insulation, contaminated ground water and/or the existence of toxic waste, which may or may not be present on the property, was not observed; nor knowledge of the existence of such materials on or in the property conveyed unless noted in this report. The appraiser, however, is not qualified to detect such substances. The existence of urea-formaldehyde insulation or other potentially hazardous waste material may have an effect on the value of the property. Any environmental factors on or in the immediate area of the subject property that are known by the appraiser are included in this report. The client is urged to retain an expert in this field if desired. No responsibility is assumed for asbestos insulation or other asbestos related materials which may be located on or in the subject property unless otherwise stated in this report. The appraiser assumes no responsibility for factors that are not known or were not observed. See environmental hazard discussion in site description of this report for information.

8. Any distribution of the valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in

conjunction with any other appraisal and are invalid if so used.

9. The fee for the investigation and preparation of this report is not in any way contingent upon the amount of value herein reported, nor contingent upon anything other than the delivery of this report. The fee for making this report does not include any court testimony of pretrial conferences.

10. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a professional like manner and utilizing property building materials.

11. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. I (we) have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. We may at our discretion address some likely problems associated with compliance issues of the property. However, this should not be construed as a complete, full compliance survey of the subject property.

12. The EPA has banned production of CFCs (chlorofluorocarbon coolants). As a result, other types of refrigerants will have to be used in existing air conditioning systems (coolants such as HCFCs, hydrochlorofluorocarbons) and HFCs (hydrofluorocarbons). The appraisers have not addressed problems concerning retrofitting of air conditioning systems within the subject property. Most buildings will switch slowly to HCFCs and this appraisal assumes that no problems will occur within the subject property for this type of compliance (when and if it happens).

13. The appraisers are not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject property.

Addendum B – Certification of Appraiser

<u>Certification For Robert L. Ryan MAI</u>

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

1. I have NO present or contemplated future interest in the real estate that is the subject of this appraisal report.
2. I have NO personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
3. My compensation is NOT contingent on any action or evidence resulting from the analysis, opinions or conclusions in, or the use of, this report.
4. To the best of my knowledge and beliefs, the statements of fact contained in this report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.
5. This appraisal report sets forth all of the limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report.
6. This appraisal report has been made in conformity with the Uniform Standards of Professional Appraisal Practice and is subject to the reporting requirements of the Appraisal Institute.
7. NO one other than the those signing the certification prepared, or contributed significantly to, the analyses, conclusions, and opinions concerning the real estate that are set forth in this appraisal report.
8. I have made a personal inspection of the property that is the subject of this report.
9. The analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice ("USPAP").
10. Compensation is NOT contingent upon the reporting of 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.
11. This appraisal assignment was NOT based on a requested minimum valuation, a specific valuation, or the approval of a loan.
12. As of the date of this report, I have completed the continuing education program of the Appraisal Institute and the requirements for state licensure.
13. I have appraised numerous properties of the subject property type and am competent in valuing this kind of property.

Robert L. Ryan, MAI
Georgia Certified General
Real Estate Appraiser License No. 334357

Date: **June 1, 2012**

Addendum C – Professional Qualifications

Professional Qualifications Robert L. Ryan, MBA, MAI

Professional Associations:

MAI, Member of the Appraisal Institute #11687
Member of Atlanta Commercial Board of Realtors #875882802
ULI, Urban Land Institute #446789

Licenses & Certifications:

Alabama Certified General Real Property Appraiser License #G00828
Florida Certified General Real Property Appraiser License #RZ3435
Georgia Certified General Real Property Appraiser License #334357
Georgia Salesperson License #328385

Experience Summary:

Rob has comprehensive experience in commercial brokerage, valuation, consulting, litigation support and university instruction dating back to 1989. His valuation experience includes a wide range of commercial property types as well as extensive condemnation experience including highway, levee, canal and interstate petroleum pipeline ROWs. Rob has valued properties throughout the US spanning nearly 20 states Coast to Coast. He served as a reviewer for under-performing new development loans and litigation support during the Resolution Trust Corp Era as well as a key participant in nearly a dozen environmental class action defense cases with many having total potential class claims of over $1 Billion.

Prior to joining Meridian Advisors, Rob served as a Director in an investment sales group that specialized in the sale of affordable housing including properties developed with low income housing tax credits and various complementing programs. Rob first joining this investment sales group at HFF (Holiday Fenoglio Fowler, LP) in 2005 and when this specialty group moved to ARA (Apartment Realty Advisors) Rob joined his teammates in this new endeavor. In addition to properties encumbered with tax credits, his experience includes general and limited partnerships as well as various HUD programs where his team closed nearly $300M in cumulative transaction value.

For eight years (1998 to 2005) Rob also served as an Adjunct Professor of Graduate Studies focused on real estate topics at the University of New Orleans (LSU System) where he also served as Assistant Director/Analyst in UNO's Real Estate Market Data Center for 13 years.

Experience:

Real Estate Appraiser & Consultant

March 2009 to Present	Managing Director, Meridian Advisors, Atlanta, GA
Jan 1999 to Aug 2005	Principal, Real Estate Consultants Group, New Orleans, LA

Valuation assignments consisted of multifamily, shopping centers, subdivisions, multi-tenant office, industrial and specialized properties including going concerns. Provided feasibility and market studies on parking garages, subdivisions, condominiums and mix use developments. Primary appraiser/consultant for state medical school's assembly of sites for new university campus research centers and public hospital

Mar 1993 to Dec 2002 Appraiser, Real Property Associates, Inc., New Orleans, LA

Extensive condemnation experience consisting of highway, levee, canal and interstate petroleum pipeline ROWs. Reviewer experience including underperforming new development loans and litigation support during the Resolution Trust Corp Era. Highly adept at providing severance damage and historic valuation analysis particularly associated with litigation. Served as key participant in ten environmental class action defense cases with many having total potential claims over $1 Billion.

Commercial Real Estate Brokerage

Apr 2008 to Feb 2009 — Director, ARA, Apartment Realty Advisors
National Affordable Housing Group, Atlanta, GA

Sept 2005 to Apr 2008 — Director, HFF, Holliday Fenoglio Fowler
National Affordable Housing Group, Atlanta, GA

Director/producer in a national brokerage practice group specializing in the marketing of multifamily properties developed with a combination of federal low income housing tax credits and various complementing affordable housing programs. Successfully closed sales in ten states with a cumulative value of $300 million.

Adjunct Professor

Aug 1998 to Aug 2005 — Adjunct Professor, College of Business
University of New Orleans (LSU System), New Orleans, LA

Demonstrated real estate expertise by instructing at a state university both graduate and undergraduate course work.

Real Estate Research

Jan 1989 to Feb 1993 — Assistant Director, Real Estate Market Data Center,
University of New Orleans, New Orleans, LA

Wide-range of topics studied including market trends, cost/benefit of energy efficient materials, office space per worker, office demand forecast modeling, and apartment operating expenses.

Real Estate Research Center

January 1989 to February 1993 — Assistant Director, Real Estate Market Data Center,
University of New Orleans, New Orleans, LA

Editor and analyst for a variety of publications and research conducted within the University of New Orleans real estate research. This included regression modeling, data base management and creation of professional publications. Periodically, since 1993 editorial and research services have been provided to the UNO real estate center on a contract basis.

Education:

MBA with Real Estate Finance Concentration - *University of New Orleans, 1991*
BS in Marketing -*University of New Orleans, 1989*

Selected Sample of Specialized Property Types Appraised:

* Large scale **regression modeling of housing values** and testing the influence of possible externalities for 9 different studies.
* **Single-family appraisals** including the testing for the influence of various **negative externalities** on value (subsidence, asbestos, roofing materials, street flooding, chemical plant or canal proximity).
* **Residential and commercial subdivisions** including large mix-use, office, commercial and multiphase developments.
* **Condominium developments** in both historic structures and suburban locations.
* **Office properties** including **medical, high-rise** and **office condominium** buildings.
* A wide variety of **warehouse and industrial properties** including commercial green houses, computer circuitry manufacturing and petroleum storage facilities.
* **Batture (navigable river frontage) property valuations** located along the Mississippi River.
* **Retail facilities** including bank facilities, shopping centers and restaurants.
* **Retrospective appraisals** of large tracts of vacant land and various commercial properties for litigation and estate purposes for dates as far back as 30 years.
* **Multi-family apartment** properties ranging from market to affordable apartments.
* Many **civic facilities** including numerous religious sanctuaries, a variety of schools and meeting/union halls.
* **Large vacant tracts** including mixed use and wetland properties.
* Wide variety of **mixed-use commercial** property.
* **Parking facilities** including surface lot portfolios and parking garages.
* Existing **City street right-of-way** to be closed and sold to the state.
* **Historic structures** including conversions and historic renovations.
* **Redevelopment of specialized properties** requiring substantial renovation including change of use of schools, retail, theaters, convents, churches, warehouses, union hall, and bank branches to alternative uses.
* **Specialized medical properties** including medical office, medical condominium, surgical centers and veterinary clinics.
* Numerous **leased fee and Fee Simple** opinions issued including layered or sandwich leases positions (leases with subleased positions).
* Variety of estimates of damages associated with **expropriations** including income losses and **severance damages**.
* Opinions of property contained in pipeline, roadway and canal **right-of-ways**.

Sample Market Feasibility Studies:

* Editor of the annual *New Orleans Real Market Analysis* (a 100+ page, **nationally distributed publication** summarizing residential and commercial market conditions on the Central Gulf Coast) published by the University of New Orleans (1994-2000). .
* Externality studies associated with **chemical explosions** in Sterlington, Opelousas and Bogalusa, Louisiana and residential property valuation patterns.
* Externality study for neighborhood price patterns near a **creosote plant**, Bossier Parish, Louisiana
* Residential property valuation in proximity to s**olid waste disposal site**, St Bernard Parish, Louisiana and near the Inner Harbor Navigation Canal in Orleans Parish, Louisiana.

* **Economic needs**, market demand and land use plan for a regional mall (Cortana Mall in Baton Rouge), Louisiana as part of the retrospective Master Wetland Permit.
* Assist in identification of large vacant parcels **suitable for large-scale industrial development** in Southeastern Louisiana (Louisiana Department of Economic Development).
* Parking garage with various commercial and residential mix uses, market and financial feasibility analysis in the French Quarter, New Orleans, Louisiana.
* Market and financial feasibility study for **apartment conversions** from a historic warehouse in Faubourg Marigny and historic theater and retail complex in the Central Business District.
* Published research article on **forecasting office space demand and office space** per worker estimates for the Society of Industrial and Office Realtors, January 1992.
* In-depth, study on **apartment operating expenses** on properties in New Orleans versus other comparable cities in the southeastern United States.

STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD

ROBERT L RYAN

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IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A

CERTIFIED GENERAL REAL PROPERTY APPRAISER

THE PRIVILEGES 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 PAYMENT OF ALL FEES ON A TIMELY BASIS.

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Addendum D – Glossary of Terms and Definitions

allocation by abstraction - A method of separating a whole property value into land and improvement components. The appraiser estimates replacement cost, subtracts an appropriate amount for depreciation, and subtracts the remainder from the whole property value to estimate the land value.

amortization -The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. See also negative amortization

anticipated sale price - The price at which a property is anticipated to sell in a competitive and open market, assuming an arm's length transaction whereby: 1. The analysis reflects the subject property "as is" and is based on its present use as a residential dwelling. 2. Both buyer and seller are typically motivated; both parties are well-informed, or well-advised and acting in what they consider their best interests. 3. Payment is made in cash or its equivalent.4. A reasonable marketing period, not to exceed 120 days and commencing on the date of appraisal (inspection), is allowed for exposure in the open market. The analysis assumes an adequate effort to market the subject property. 5. Forecasting is applied to reflect the anticipated trend of market conditions and prices during the subject property's prospective marketing period.

assessed value - Assessed value applies in ad valorem taxation and refers to the value of a property according to the tax rolls. Assessed value may not conform to market value, but it is usually calculated in relation to a market value base.

portfolio -The combining of two or more parcels, usually, but not necessarily contiguous, into one ownership or use; the process that may create Plottage. See also Plottage.

balloon mortgage -A mortgage that is not fully amortized at maturity, and thus requires a lump sum, or balloon, payment of the outstanding balance.

band of investment -A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

base rent -The minimum rent stipulated in a lease. See also rent.

breakdown method -A method of estimating depreciation in which the total loss in the value of a property is estimated by analyzing and measuring each cause of depreciation (physical, functional, and external) separately.

breakeven point - In real estate investment analysis, the point at which the cumulative income (effective gross income) of an investment property equals its cumulative loss (normal operating expenses plus debt service). See also payback period.

breakpoint -The level of sales at which a percentage clause in a lease is activated. See also base rent; overage rent; percentage rent; natural breakpoint; unnatural breakpoint. Also referred to as sales breakpoint.

bridge financing - Short-term financing between 1) the termination of one loan and the commencement of another; 2) the acquisition of a property and the improvement or rehabilitation that will make it eligible for a permanent mortgage; or 3) the maturity of a construction loan and the negotiation of permanent financing.

built-up rate -An overall capitalization rate or discount rate that represents the combination of a safe, or risk-free rate that reflects non-liquidity, management, and risk.

CAM administration fee - The cost of actually administering the common area of a shopping center, a standard addition to the overall cost of common-area maintenance (CAM), typically set at 15 percent of tenant CAM contribution but may vary due to negotiation between landlord and tenant.

CAM recovery rate - The percentage of CAM expenses recovered or reimbursed from tenants during the year. The percentage rate may be below 100% if landlord has offered concessions or offset in order to attract or lease a particular tenant. The percentage recovery rate may exceed 100% when administrative fees are added to CAM costs for tenant billing. See common area maintenance (CAM).

capital expenditure - Investments of cash or the creation of liability to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations.

capitalization - The conversion of income into value. See also direct capitalization; yield capitalization.

capture rate - The estimated percentage of the total potential market for a specific type of property, e.g., office space, retail space, single-family homes, that is currently absorbed by existing facilities or is forecast to be absorbed by proposed facilities. For example, the capture rate of a retail center depends on the size of its trade area, the anchor tenants in the facility, competition within the trade area, and the relative position of the subject facility compared to the competition. Short-term capture is referred to as absorption; long-term capture is referred to as share of the market.

cash equivalency - The procedure in which the sale prices of comparable properties sold with atypical financing are adjusted to reflect typical market terms.

cash flow analysis - A study of the anticipated movement of cash into or out of an investment.

cash on cash -The ratio of annual equity income to the equity investment; also called equity capitalization rate, cash flow rate, or equity dividend rate

common area maintenance (CAM) The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. See also common area. Additional definitions: 1. It can be a line item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings. 2. It can refer to all operating expenses. 3. It can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have an "administrative load." An example would be a 15% addition to total operating expenses, which are then pro-rated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee

conditions, covenants, and restrictions (CC&Rs) A list of expressed assurances and limitations on land use; often found in contracts between a land subdivider and a lot purchaser. CC&Rs should be specified in the conveyance. Also referred to as covenants and restrictions or condominium covenants. See also restrictive covenant.

construction, operation and reciprocal easement agreement (COREA) -An agreement between the owners of two or more parcels of property detailing the construction, future operation, maintenance, expense responsibilities, and granting one another reciprocal rights to the use of their respective parcels for such things as parking, access, and signage. Most commonly associated with regional shopping malls. In most shopping centers, the anchor stores have significant input and control over the rights and obligations granted or restricted under an COREA, which could include items ranging from the use of land to development and design controls, such as permitted parking ratios. Typically, COREAs are recorded in the public records and their covenants run with the land. Also referred to as an operating agreement or reciprocal easement agreement (REA).

contract rent - The actual rental income specified in a lease.

debt coverage ratio (DCR)-The ratio of net operating income to annual debt service (DCR = NOI/I[subscript M]); measures the ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). The cash flow position is referred to as the lender's "margin of safety".

developer's fee-A term subject to various interpretations. Many appraisers associate a developer's fee with payment for overseeing the development of a project from inception to completion and include it among the direct and indirect costs of development. Others use the term interchangeably with entrepreneurial profit, equating it with compensation for the time, energy, and experience a developer invests in a project as well as a reward for the risk the developer takes.

direct capitalization-A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted from market data. Only one year's income is used. Yield and value changes are implied, but not identified.

effective rent - The rental rate net of financial concessions such as periods of no rent during the lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis.

excess land - In regard to an improved site, the land not needed to serve or support the existing improvement. In regard to a vacant site or a site considered as though vacant, the land not needed to accommodate the site's primary highest and best use. Such land may be separated from the larger site and have its own highest and best use, or it may allow for future expansion of the existing or anticipated improvement. *See also* surplus land.

extraordinary assumption - An assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. *See also* hypothetical condition.

external obsolescence -An element of depreciation; a defect, usually incurable, caused by negative influences outside a site and generally incurable on the part of the owner, landlord, or tenant.

Lease Fee estate - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

floor area ratio (FAR) - The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area; also called *building-to-land ratio*.

full service lease - A lease in which rent covers all operating expenses. Typically, full service leases are combined with an *expense stop*, the expense level covered by the contract lease payment. Increases in expenses above the expense stop level are passed.

going concern -The value allocated to realty stabilized operation or prorated operation achieved as of valuation date plus or minus goodwill/ill will. Going concern value is the value of a proven property operation. It includes the incremental value associated with the business concern, which is distinct from the value of the real estate only. Going concern value includes an intangible enhancement of the value of an operating business enterprise which is produced by the portfolio of the land, building, labor, equipment, and marketing operation. This process creates an economically viable business that is expected to continue. Going concern value refers to the total value of a property, including both real property and intangible personal property attributed to the business value.

gross building area (GBA) - The total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded.

gross income multiplier (GIM)-See effective gross income multiplier (EGIM); potential gross income multiplier (PGIM).

gross rent multiplier (GRM)-The relationship or ratio between the sale price or value of a property and its gross rental income. See also effective gross income multiplier (EGIM); potential gross income multiplier (PGIM).

holding period yield -The total yield on an investment, particularly a bond held for less than full term, including the gains or losses from resale as well as regular earnings; the sum of all current yield and deferred yield; sometimes a shortened term for the holding period yield rate, which is analogous to the equity yield rate and internal rate of return.

hypothetical condition-That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if: Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison; use of the hypothetical condition results in a credible analysis; and the appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions.

income capitalization approach -A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

insurable value - Is based on the replacement and/or reproduction cost of physical items that are subject to loss from hazards. Insurable value is that portion of the value of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy.

investment value - Is the value of an investment to a particular investor based on his or her investment requirements. In contrast to market value, investment value is value to an individual, not value in the marketplace. Investment value reflects the subjective relationship between a particular investor and a given investment. When measured in dollars, investment value is the price an investor would pay for an investment in light of its perceived capacity to satisfy his or her desires, needs, or investment goals. To estimate investment value, specific investment criteria must be known.

intangible property Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment. (USPAP, 2008-2009 ed.) See also total intangible assets

intended use The manner in which the appraiser intends the intended users will employ the information contained in an appraisal report.

leased fee interest -1. A Lease Fee interest in real estate where the Lease Fee interest is subject to a lease. 2. An ownership interest held by a lessor (landlord) with the rights of use and occupancy conveyed by lease to the lessee (tenant), with the rights and obligations of the lessor (the leased fee owner) and the lessee specified by lease contract terms. The lessor grants the lessee the right to occupy the real estate and use it for certain stated purposes. In return, the landlord receives rent payments for the use of the premises and retains all other rights of ownership including a reversionary right to retake possession after the lease term has expired. Also referred to as leased fee estate.

leasehold interest -The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. See also negative leasehold; positive leasehold.

letter of intent -An instrument that expresses the intent to invest, buy, or lease, conditioned on the receipt and approval of further documentation or the issuance of a qualification permit. A letter of intent is not a binding agreement.

market rent - The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations.

market value - Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: 1) A reasonable time is allowed for exposure in the open market; 2) Both parties are well informed or well advised, and acting in what they consider their own best interests; 3) Buyer and seller are typically motivated; 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

marketing period - The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.

net lease - Lease in which all or some of the operating expenses are paid directly by the tenant. The landlord never takes possession of the expense payment. In a *Triple Net Lease* all operating expenses are the responsibility of the tenant, including property taxes, insurance, interior maintenance, and other miscellaneous expenses. However, management fees and exterior maintenance are often the responsibility of the lessor in a triple net lease. A *modified net lease* is one in which some expenses are paid separately by the tenant and some are included in the rent.

net rentable area (NRA) - 1) The area on which rent is computed. 2) The Rentable Area of a floor sDekalb be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions sDekalb be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.

occupancy rate - The relationship or ratio between the income received from the rented units in a property and the income that would be received if all the units were occupied.

prospective value opinion - A forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new user, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written.

reasonable exposure time - The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market.

shell rent - The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called plain vanilla finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes; mechanical systems, interior electric, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses.

surplus land - Land not necessary to support the highest and best use of the existing improvement but, because of physical limitations, building placement, or neighborhood norms, cannot be sold off separately. Such land may or may not contribute positively to value and may or may not accommodate future expansion of an existing or anticipated improvement. *See also* excess land.

trade fixtures - Articles placed in or attached to rented buildings by a tenant to help carry out the trade or business of the tenant are generally regarded as trade fixtures. For example, a tenant's shelves used to display merchandise are trade fixtures and retain the character of personal property, as opposed to all other fixtures that were but are no longer personal property when they are attached to and become part of the real estate. Despite the consensus on the concept of trade fixtures in general, applicable law and custom govern when a specific item is a trade fixture in a particular assignment. (USPAP, 2002 ed.) Also called chattel fixture. See also fixture.

usable area - 1) The area actually used by individual tenants. 2) The Usable Area of an office building is computed by measuring to the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Excludes areas such as mechanical rooms, janitorial room, restrooms, lobby, and any major vertical penetrations of a multi-tenant floor.

use value - A concept based on the productivity of an economic good. Use value is the value a specific property has for a specific use. Use value focuses on the value the real estate contributes to the enterprise of which it is a part, without regard to the property's highest and best use or the monetary amount that might be realized upon its sale.

value indication - An opinion of value derived through application of the appraisal process.

Addendum E – Legal Description

All that certain lot, tract or parcel of land situate, lying and being in the City of Brunswick, Glynn County, Georgia, shown and identified according to a survey by Shupe Surveying Company, P.C., dated 10/17/94, prepared for Gate Management Company, Inc., and more particularly described as follows, to-wit: To locate the point or place of beginning commence at the intersection of the Western right-of-way of Altama Avenue (a 108′ right-of-way) and the Northern right-of-way of Tara Lane (a 50′ right-of-way) and from said point running N77°32′00"W, along said Northern right-of-way of Tara Lane, a distance of 200 feet to the point or place of beginning of the property hereby conveyed, and from said point or place of beginning continuing N77°32′00"W, along said Northern right-of-way of Tara Lane, a distance of 42.50 feet, thence running N12°28′00"E a distance of 322.30 feet, thence running N77°32′00"W a distance of 333.50 feet, thence running N12°28′00"E a distance of 300 feet, thence running S77°32′00"E a distance of 576.0 feet to the said Western right-of-way of Altama Avenue, thence running S12°28′00"W along said right-of-way of Altama Avenue a distance of 25.0 feet, thence running N77°32′00"W a distance of 200 feet, thence running S12°28′00"W a distance of 597.3 feet to said point or place of beginning.

The above described property is subject to perpetual, non-exclusive easements for ingress and egress to said property and adjacent property, as shown on said Shupe survey, and more particularly described in conveyances recorded in Deed Book 17-Z, page 192, Deed Book 21-L, page 471, and Mortgage Book 132, page 312, Glynn County, Georgia records.

Reference is hereby made to said survey prepared by Shupe Surveying Company, P.C., dated 10/17/94, prepared for Gate Management Company, Inc., for purposes of description and all other purposes. A copy of said survey is recorded in the office of the Clerk of Superior Court for Glynn County, Georgia, in PC. 22, as Map Number