

APPRAISAL REPORT

On

**APARTMENTS
AVENUE
ATLANTA, FULTON COUNTY GEORGIA**

For

BANK

As Of

FEBRUARY 15, 2013

BY

SCHLEMMER APPRAISAL COMPANY

SCHLEMMER APPRAISAL COMPANY
Commercial Real Estate Appraisers

KAYLA SCHLEMMER
CELL 404 617-9162

MEAD SCHLEMMER
CELL 404 702-2375

OFFICE 404 617 9162

MAILING ADDRESS
KAYLA SCHLEMMER
1928 LAKE LUCERNE DR SW
LILBURN, GEORGIA 30047

kschlemm@comcast.net

February 22, 2013

XXXXX
Bank
XXXX
XXXXX

Dear Mr.

At your request, we estimate the Market Value of the xxxx Apartments at xxxxx Avenue, Atlanta, Fulton County, Georgia. We appraised the Leased Fee Estate. We provide the Market Value as of February 15, 2013, which coincides with the date of inspection. The date of the report is February 22, 2013.

The Market Value as of February 15, 2013 is:

THREE MILLION DOLLARS
(\$3,000,000)

This report complies with the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation and Supplemental Standards of Professional Appraisal Practice of the Appraisal Institute and Title XI of the Federal Financial Institution Reform Act of 1989 (FIRREA). A complete appraisal in a self contained format follows. Please advise if we can serve you further. We recognize Mead Schlemmer Registered Appraiser #335527 for his contribution to this appraisal.

Sincerely,



Kayla Schlemmer
Georgia Certified Appraiser #3329

KPS/mps14xx

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ADDENDA:

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SUMMARY AND CONCLUSION

PROPERTY IDENTIFICATION	:	Tax Parcel 17 xxxx xxxx Apartments at xxx xxxx Avenue, Atlanta, Fulton County, Georgia.
DATE OF APPRAISAL	:	February 15 2013
DATE OF INSPECTION	:	February 15 2013
PROPERTY RIGHTS APPRAISED	:	Leased Fee Estate
LAND AREA	:	1.25 Acres
BUILDING AREA	:	4 Two-story building, 32 units built in 1959 renovated in 1998 32 Two bedroom units at 900sf each Rentable 28,800sf Gross space 31,680sf
ZONING	:	RG-2 Residential District, Atlanta
HIGHEST AND BEST USE	:	Residential Multifamily
EXPOSURE & MARKETING PERIOD	:	12 months.
INCOME APPROACH OVERLL CAP	:	\$3,200,000
SALES COMPARISON APPROACH	:	\$2,800,000
TOTAL MARKET VALUE	:	\$3,000,000

LIMITING CONDITIONS

This appraisal is subject to the following conditions:

- ❖ We assume a correct legal description. We assumed no responsibility for matters legal in character nor do we render any opinion as to the title, which we assume good and marketable.
- ❖ All existing liens and encumbrances have been disregarded unless otherwise stated, and the property is appraised as though free and clear under responsible ownership and competent management.
- ❖ We assume any proposed or incomplete improvements included in this report completed in accordance with approved plans and specifications and in a work womanlike manner.
- ❖ Information furnished by others is believed to be reliable, but no responsibility is assumed for its accuracy.
- ❖ The Bylaws and Regulations of the Appraisal Institute govern disclosure of the contents of this appraisal report.
- ❖ Qualified experts proficient in conducting environmental audits must determine the presence of hazardous or toxic materials. As appraisers, we cannot endorse or sanction an environmental audit. However, the presence of hazardous or toxic materials may require a deduction from value. Unless stated in the report, we have not been notified of and were unable to discern any hazardous or toxic materials that might be a detriment to Market Value, nor have we made a deduction from value due to the presence of hazardous or toxic materials.
- ❖ It is our recommendation that the client obtain a qualified engineer, architect, or other Americans With Disabilities Act (ADA) expert to inspect the subject, determine the level of ADA compliance/ non-compliance, and estimate the cost to bring the property into compliance. Any non-conformity could have an effect on the Market Value conclusion. Unless otherwise stated, the value conclusion of this appraisal is based on the assumption the property is in ADA compliance.

PURPOSE, DATE, AND INTENDED USE OF THE APPRAISAL

We estimate the Market Value of the xxx Apartments at xxxx Avenue, Atlanta, Fulton County, Georgia. We appraised the Leased Fee Estate. We provide the Market Value as of February 15, 2013, which coincides with the date of inspection. The date of the report is February 22, 2013. This appraisal provides data for financing with the xxxx Bank.

"Market Value" is defined in *the Dictionary of Appraisal Terms 4th Edition*, as the most probable price, which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

"Leased Fee Estate" is defined as an ownership interest held by a landlord with the right of occupancy conveyed by lease to others, and usually consists of the right to receive rent and the right to repossession at the termination of the lease.

SCOPE OF WORK

The 2012 Edition of USPAP requires a Scope of Work. The scope of work in an assignment is acceptable when it meets or exceeds both the expectations of parties who are regularly intended users for similar assignments and what an appraiser's peers' actions would be in the same or a similar assignment. This basis for measuring the appropriate scope of work currently exists in USPAP (Standards Rules 1-2(f), 3-1(c), 4-2(f), 6-2(c), 7-2(f) and 9-2(e) in the 2012 edition), and the concept is proposed for inclusion in the SCOPE OF WORK RULE - the type and extent of research and analyses in an assignment, the amount and type of information researched and the analysis applied in an assignment.

Scope of work includes, but is not limited to, the following:

- the degree to which the property is inspected or identified;
- extent of research into physical or economic factors that could affect the property;
- extent of data research; and
- type and extent of analysis applied to arrive at opinions or conclusions.

Appraisal Scope of Work

The problem to be solved in this appraisal is to provide the client with a Market Value of the subject property.

For this appraisal the scope of work includes a general inspection of the subject property. We identify the property with a tax map and the legal description. We examined the topography, access vegetation, orientation to street, and surrounding uses. We inspected the interior of the building.

We examined similar buildings, which recently sold and make note of their attributes. We researched the tax records and comparable data provided by CoStar[®] and other data sources. We examined the market for similar buildings in and around the subject neighborhood. We use information available in the public domain and contacted market participants as necessary. We analyzed the recent performance of similar buildings. We used data from the Schlemmer Appraisal files.

We recognize the three approaches to valuation: Income, Sales Comparison and Cost Approaches. In this case, this involves the use of an Overall Capitalization model for the Income Approach. We check this value indication with the Sales Comparison Approach. We do not use a Cost Approach since the buildings are old and depreciation on older properties is difficult to determine. We reconcile the approaches to an indication of the Market Value.

COMPETENCY PROVISION

Prior to accepting this assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the appraisal problem to be considered and have the knowledge and experience to complete the assignment competently. Our acceptance of this assignment is a statement of competency. No information or conditions were discovered during the course of this assignment to cause the appraisers to believe we lacked the required knowledge or experience to complete this assignment competently. Schlemmer Appraisal Company and the signatories hereto have experience in the appraisal of properties similar to the subject and are deemed qualified by education, training, and experience in the preparation of such reports to comply with the competency provisions of USPAP. The professional qualifications of the individuals who prepared this appraisal are included at the end of the report.

LEGAL DESCRIPTION

We present a copy of the Tax Maps below.

xxx

xxx

The subject buildings are the light tan building marked with an "A".

PROPERTY HISTORY

Xxxx acquired the subject property from xxx on October 3, xxx for \$2,600,000. No other transaction occurred in the last five years. The property is not under contract or for sale.

Individuals involved with the chain of title and, if available; various documents such as contracts, deeds, leases, and closing statements provided the property history. We performed no title search and cannot guarantee accuracy.

TAXES

xxx

Total taxes in 2012 are \$28,454 or \$.99/sf or \$889/unit.

CITY AND NEIGHBORHOOD DATA 2013

The subject property situates in Atlanta, Fulton County, Georgia. Location maps follow this discussion.

THE ATLANTA METROPOLITAN AREA

Population Growth

The Atlanta Regional Commission (ARC) estimated that the 10-county Atlanta region added 34,550 new residents between April 1, 2010 and April 1, 2011. This growth is dramatically slower than what metro Atlanta region is accustomed to as the anemic national economy continues to take its toll on the region's growth. Over the last three years, essentially since the recession began, the 10-county region has added approximately 91,000 people.

To put this into perspective, during the fast-growing 1990s and the 2000 decade, the Atlanta region routinely added 100,000 new residents each year. The Atlanta region's slowdown is directly attributable to the national economy. During weak economic periods, people don't relocate as much because job opportunities are slim (people aren't moving to take new jobs). Secondly, with the housing market in such disarray, it is hard to sell a house, which tends to keep people in place.

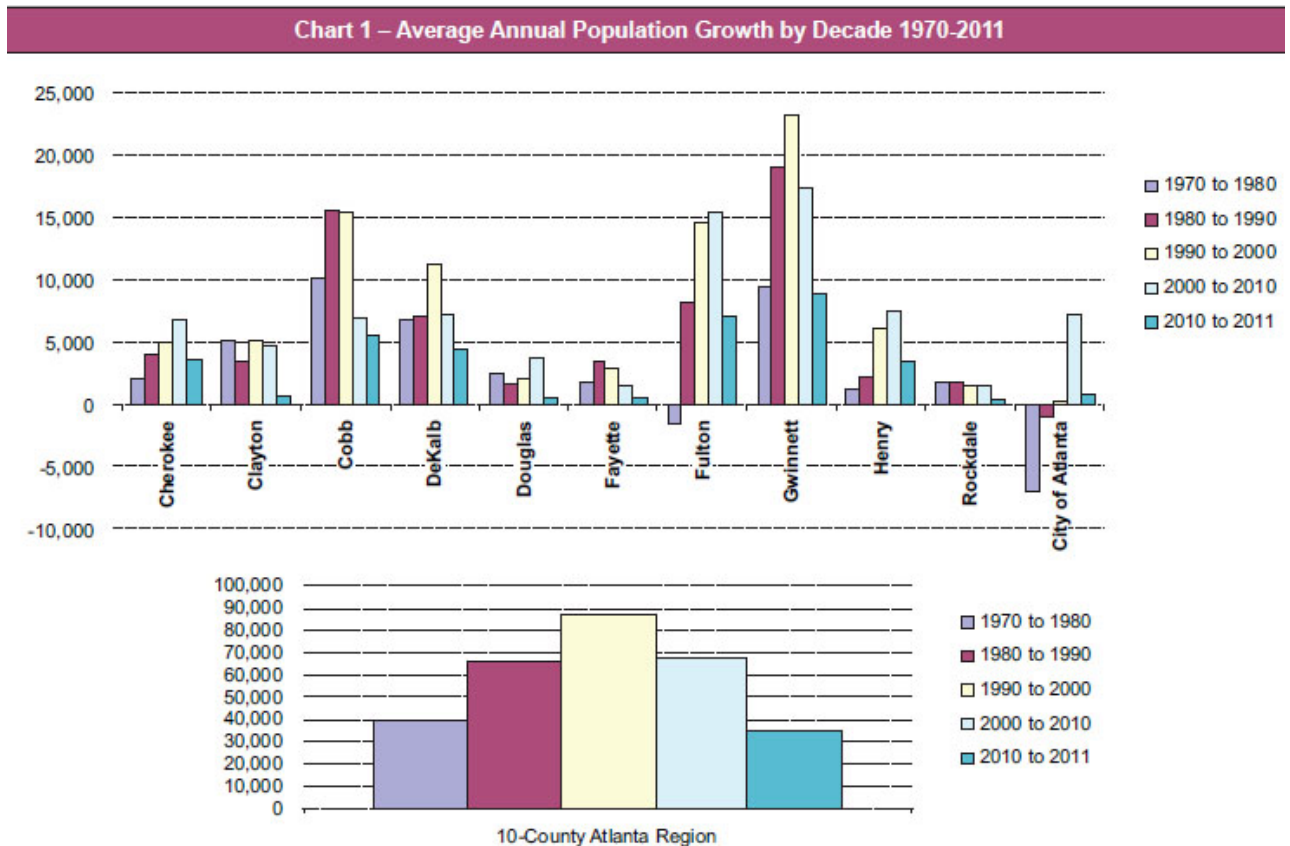
According to the 2010 Census, Metro Atlanta (28 counties) ranked third in overall growth in the nation between 2000 and 2010, adding more than 1,000,000 people. Only Dallas and Houston added more population during that period. Further, the 10-county Atlanta region is now home to 4,142,300 people, a population larger than 24 states, according to the latest census figures. Explanations for the stagnating growth of the region are found in the increasing number of vacant units and the decrease in household size. In 2000, there were just over 69,000 vacant units in the 10-county region, and of the occupied housing units, the average size was 2.62 persons per household. By 2010, due mostly to the recession of 2007, vacant units increased almost threefold to 181,000. And the average household size dipped to 2.58. Overall, the 2000 decade will be remembered for fast growth, but the recession of 2007 largely stopped that growth in its tracks and the region is still trying to recover.

Gwinnett County, which has long been a leader among metro Atlanta counties in population growth, once again led the region in growth last year (2010-2011), adding almost 8,800 new residents. This growth, as in almost every other county in the region, is well below the annual average growth experienced in the 1990s and 2000s, where Gwinnett averaged approximately 22,000

new residents each year.

Fulton County added about 7,600 new residents last year, ranking second in the 10-county region. Next are Cobb (+5,500) and Cherokee (+4,200).

Between 1990 and 2010, the 10-county region added 77,500 new residents each year, for a total of almost 1,600,000 people in that 20-year time frame. As can be seen in the table below, the 2011 indications are that every county in the region is well below the historic pace.



Source: ARC and Census Bureau

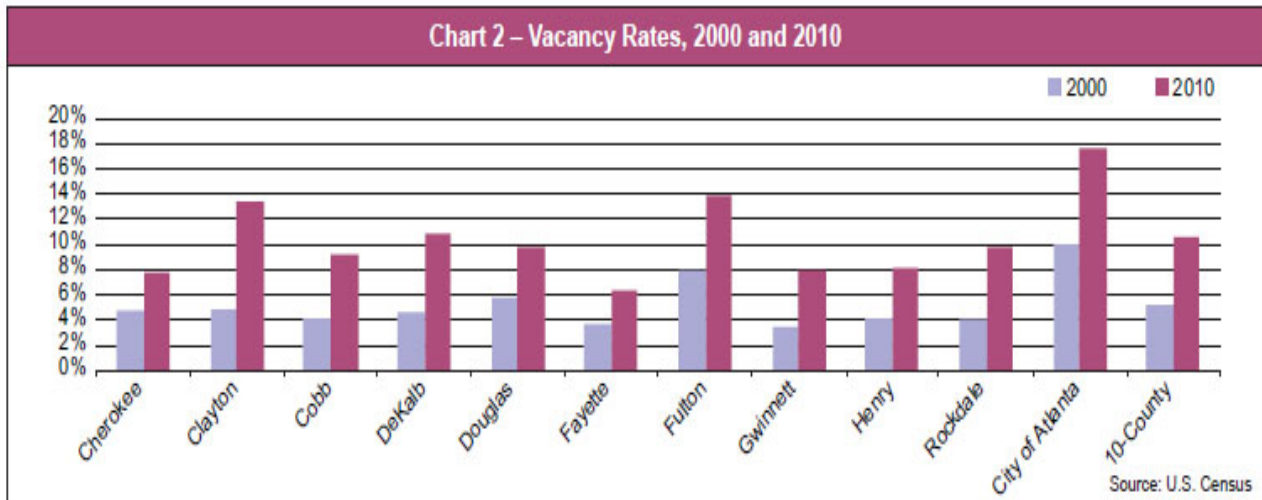


Table 1 – Atlanta Region Population 1970-2011

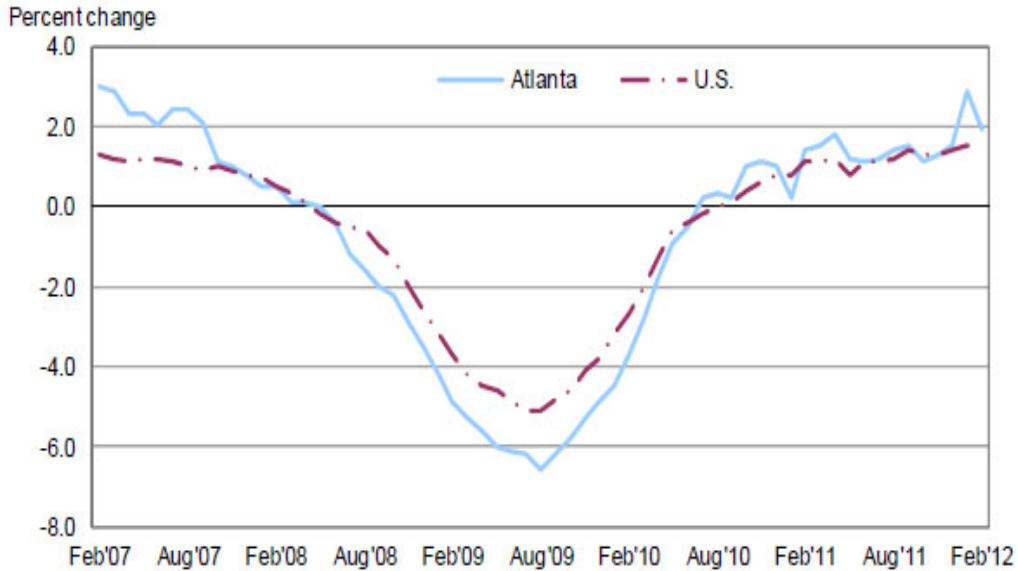
	1970	1980	1990	2000	2010	2011	Change 2010-2011	Average Annual Change 1990-2001
Atlanta Region	1,500,823	1,896,182	2,557,800	3,429,379	4,107,750	4,142,300	34,550	77,498
Cherokee	31,059	51,699	91,000	141,903	214,346	218,500	4,154	6,167
Clayton	98,126	150,357	184,100	236,517	259,424	260,000	576	3,766
Cobb	196,793	297,718	453,400	607,751	688,078	693,600	5,522	11,734
DeKalb	415,387	483,024	553,800	665,865	691,893	694,400	2,507	6,905
Douglas	28,659	54,573	71,700	92,174	132,403	133,000	597	3,035
Fayette	11,364	29,043	62,800	91,263	106,567	107,100	533	2,188
Fulton	605,210	589,904	670,800	816,006	920,581	928,200	7,619	12,489
Gwinnett	72,349	166,808	356,500	588,448	805,321	814,100	8,779	22,441
Henry	23,724	36,309	59,200	119,341	203,922	207,800	3,878	7,236
Rockdale	18,152	36,747	54,500	70,111	85,215	85,600	385	1,536
City of Atlanta	495,039	424,922	415,200	416,474	420,003	420,700	697	240

Source: ARC; U.S. Census Bureau

Employment Growth

Total nonfarm employment for the Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area (MSA) stood at 2,316,400 in February 2012, an increase of 43,900, or 1.9%, from one year ago, the U.S. Bureau of Labor Statistics reported today. Regional Commissioner Janet S. Rankin noted that the newly benchmarked series shows the Atlanta area has recorded over-the-year employment gains each month dating back to July 2010. Nationally, nonfarm employment increased 1.6%, the largest increase since December 2006.

Total nonfarm employment, over-the-year percent change in the U.S. and Atlanta metropolitan area, February 2007–February 2012



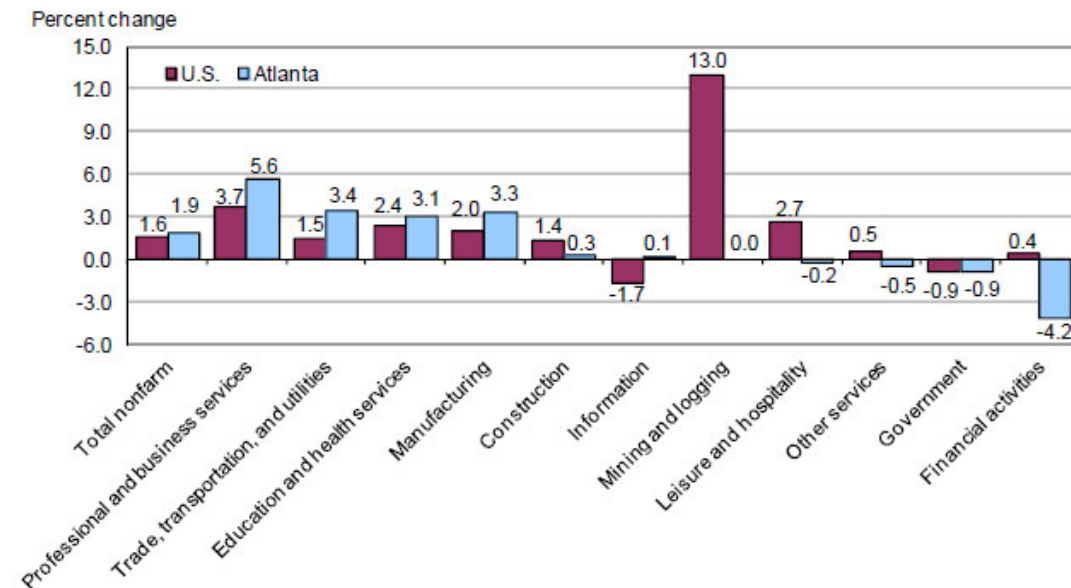
Source: U.S. Bureau of Labor Statistics

Industry Employment

In the Atlanta metropolitan area, professional and business services added the most jobs in February 2012, up 21,800 over the 12-month period, accounting for half of the jobs gained. Compared to Atlanta's 5.6% increase, professional and business services nationwide grew at a slower pace, 3.7%. Trade, transportation, and utilities had the second largest over-the-year increase in jobs locally, growing by 17,700. Employment in this super sector rose at a 3.4% rate, more than twice the 1.5% growth averaged nationally.

Both the education and health services and manufacturing super sectors also added jobs in Atlanta over the year, up 8,900 and 4,800, respectively. Employment in education and health services grew 3.1% over the 12-month period outpacing the national increase of 2.4%. Similarly, manufacturing employment advanced 3.3% in the local area compared to 2.0% nationwide.

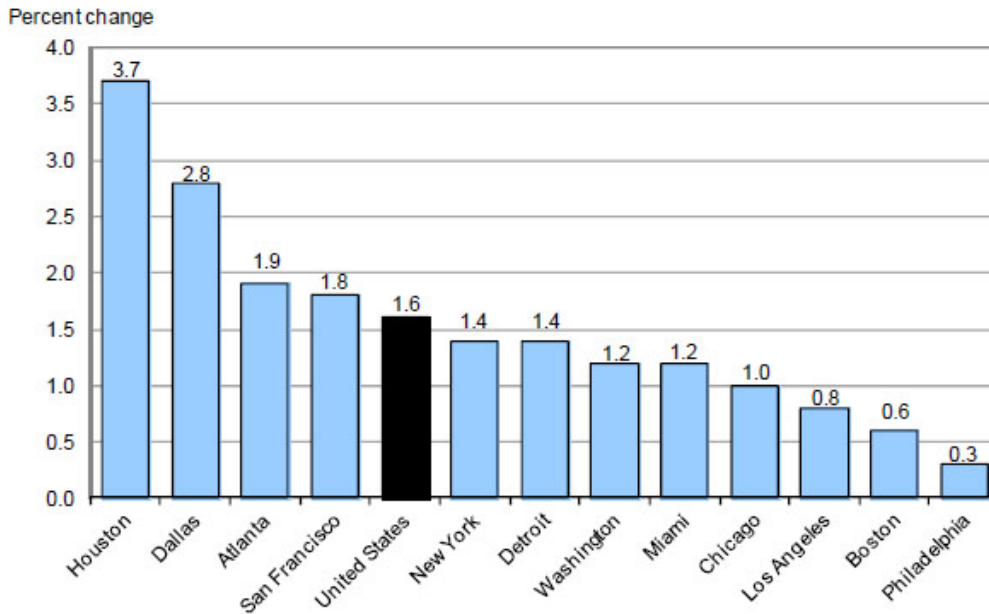
Over-the-year percent change in employment by industry supersector, United States and the Atlanta metropolitan area, February 2012



In the Atlanta metropolitan area, financial services experienced the largest loss of jobs over the year, down 5,900. Locally, this super sector has sustained losses in 50 out of the last 55 months, with the small employment gains made during mid-2011 the only exception. The 4.2% decline in financial activities locally compared to a 0.4% increase nationally.

The Atlanta area was 1 of the nation's 12 largest metropolitan statistical areas in February 2012. All of these areas experienced over-the-year job gains during the period, though the rates of growth were varied. Four of these areas expanded at a pace above the 1.6% national average and three others grew by less than 1.0%. Employment growth was strongest in Houston, up 3.7%, more than twice the U.S. average, and slowest in Philadelphia, up 0.3%.

Over-the-year percent change in employment, United States and 12 largest metropolitan areas, February 2012



Source: U.S. Bureau of Labor Statistics

Among the 12 areas, New York added the most jobs since February 2011, up 117,700. Houston and Dallas followed with the addition of 93,400 and 79,400 jobs, respectively. Five other areas added between 44,000 and 34,000 jobs. Only Philadelphia gained fewer than 10,000 jobs over the 12-month period.

Two industry super sectors accounted for most of the job growth in the 12 metropolitan areas from February a year ago. Professional and business services registered the largest employment gains in six areas (Atlanta, Chicago, Detroit, Los Angeles, New York, and San Francisco), and education and health services led in five other areas (Boston, Houston, Miami, Philadelphia, and Washington).

Widespread losses were recorded in the public sector over the year. Government experienced the largest loss of jobs in eight areas and had the second largest drop in three additional areas. Only Washington added public sectors jobs from the prior February, up 5,800. The decline in government employment was largest in New York, down 13,400, followed by Los Angeles (-9,300), and Philadelphia (-9,000).

Diversity of Business

No one industry dominates the local economy. Retail trade accounts for 14.1% of employment, health care and social assistance represents 13.3%, education services represents 12.1%, accommodation and food services represent 11.4%, the remaining categories each represent less than 10%.

Top Industries in the Atlanta MSA, 2nd Quarter 2010

<u>Industry Sector</u>	<u>Employees</u>	<u>% of Total</u>
Retail Trade	240,630	14.1%
Health Care and Social Services	226,101	13.3%
Education Services	205,909	12.1%
Accommodation and Food Services	194,360	11.4%
Admin., Support, Waste Mgmt., Remediation	161,767	9.5%
Professional, Scientific & Technical Svcs.	153,592	9.0%
Manufacturing	140,422	8.3%
Wholesale Trade	127,540	7.5%
Public Administration	125,279	7.4%
Transportation and Warehousing	<u>125,046</u>	<u>7.4%</u>
	1,700,646	100.0%

The largest employers in the area have the greatest impact on the economy. The following is a list of the major employers. Note that only corporate employers are included. Retail companies are included only if the location is a corporate headquarters and if so, only the employment at the headquarters is listed.

Top Corporate Employers, Atlanta MSA

Delta Air Lines	22,257
AT&T	21,915
Emory University	21,000
Cox Enterprises	13,583
United Parcel Service (UPS)	10,745
Wellstar Health Systems	10,112
SunTrust Banks	7,700
Lockheed Martin Aeronautics	7,531
IBM Corporation	7,500
Georgia Institute of Technology	7,342
Northside Hospital	7,100
Turner Broadcasting systems	6,600
The Southern Company (includes GA Power)	6,000
AirTran Airways	6,000
The Home Depot (HQ, not including retail branches)	5,500
Children's Healthcare of Atlanta	5,220
Coca-Cola	5,136
Wachovia Corporation (now Wells Fargo)	5,100

Transportation

The interstate highway system provides direct access to a number of major cities in the Southeast. Atlanta is 117 miles southeast of Chattanooga, Tennessee; 146 miles east of Birmingham, Alabama; 160 miles northeast of Montgomery, Alabama; 109 miles north east of Columbus, Georgia; 84 miles northwest of Macon, Georgia; 250 miles northwest of Savannah, Georgia; 145 miles west of Augusta, Georgia; 215 miles west of Columbia, South Carolina; 145 miles southwest of Greenville, South Carolina; and 245 miles southwest of Charlotte, North Carolina.

The Atlanta Hartsfield-Jackson International Airport serves numerous carriers that provide non-stop service to 165 U.S. destinations and 85 international destinations in more than 50 countries. In 2011, passenger volume increased 1.51% to 89.33 million, with international passengers increasing 3.47% to 9.14 million. This allowed the airport to retain the title of the busiest passenger airport in the world for the 13th consecutive year. More than 1,300 flights, on average, depart daily.

The airport also serves the air freight industry. In 2011, air cargo volume increased by 17.05% to 659,129 metric tons, with international air cargo increasing 24.22% to 385,136 metric

tons. The airport's current \$6 billion-plus capital improvements project includes the recently completed fifth runway, a new, energy-efficient rental car center, a new 12-gate international terminal, and aesthetic and functional upgrades to its concourses, people movers and parking services.

In addition to Hartsfield-Jackson, the region boasts 20 regional airports with runways 5,000 feet or longer, suitable for corporate jets. Six of these are designated by the FAA to serve as reliever airports for Hartsfield-Jackson.

Passenger rail service is provided by AMTRAK and locally by MARTA's light rail system. Freight rail service is provided by CSX and Norfolk Southern. CSX operates a 24-hour intermodal terminal in Fairburn, where its Hulsey Yard processes 1,000 trucks and 16 trains daily. Atlanta is CSX's fourth largest metro operation in lift volume. In 2008, CSX announced major investments that shorten rail shipment time from Atlanta to California by approximately a day. CSX teams with Burlington Northern Santa Fe to offer direct service from California's ocean ports. Norfolk Southern operates an intermodal hub in Cobb County, where it is investing \$11 million to expand its operation, and the company also operates its East Point Yard, which is the largest Road-Railer hub in the world. The carriers also operate two other yards in metro Atlanta and four other yards in Georgia.

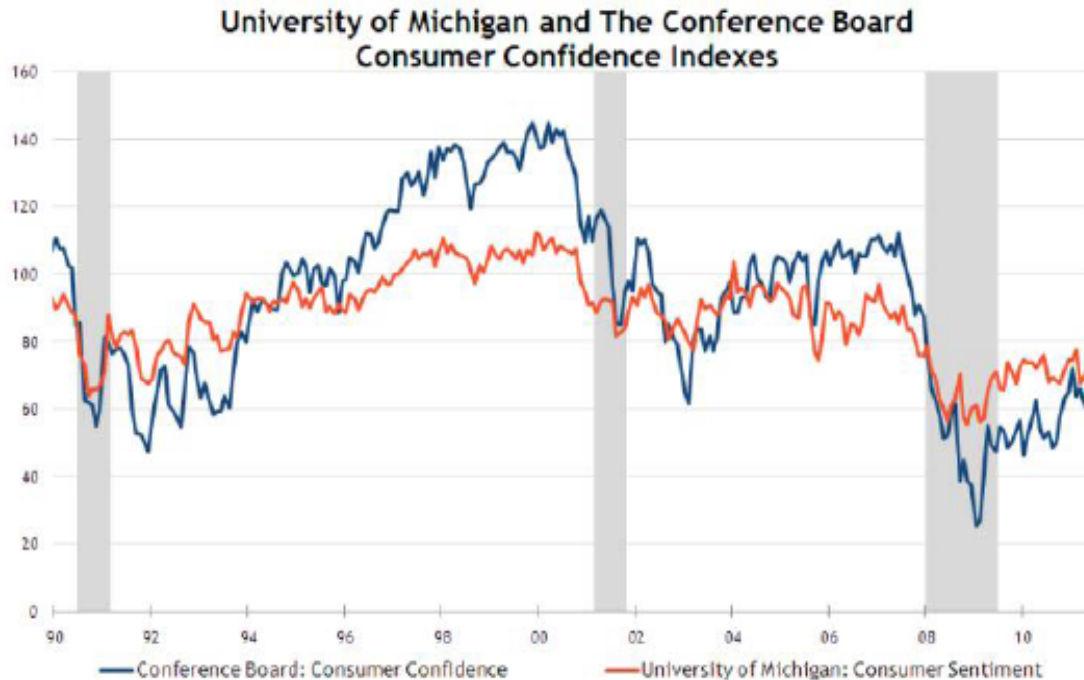
Current efforts are underway to expand the Port of Savannah. The Port of Savannah is directly responsible for an estimated 3,500 new transportation and logistics jobs in Atlanta during 2011. The hope is to expand the port to coincide with the scheduled completion of the expansion of the Panama Canal in 2014, when an estimated 25% of U.S. import freight volume will shift to the East Coast. The Panama Canal's new locks will be able to transport ships that are 235 feet longer, 54 feet wider and will be able to carry nearly three times as many containers than the existing locks.

Education

The Atlanta metro area ranks 7th among major U.S. metro areas in producing graduates with bachelor's degrees or higher. Nearly 40 accredited degree-granting colleges and universities in the region offer more than 400 fields of study. More than 220,000 students are enrolled. The largest colleges and universities, ranked by enrollments, are the University of Georgia (33,831), Georgia State University (21,449), Kennesaw State University (20,607), Georgia Institute of Technology (18,747), and Emory University (12,570). The largest college offering two-year degrees is Georgia Perimeter College (21,473).

Forward-Looking Economic Indicators

Some of these indicators of future economic activity include the consumer confidence index, retail sales trends, and employment trends. Since the second half of 2009, the two main national consumer confidence indexes have showed a trend of increased consumer confidence, as measured by consumers' opinions about the current economic conditions and their expectations for the future.



Source: The Conference Board, Reuters/University of Michigan

The increase in consumer confidence has had some short-term variation. For example, the indexes provided mixed signals for May. The University of Michigan's consumer sentiment index increased 4.5 points in May to 74.3, stemming from an increase in the expectations component. The Conference Board's consumer confidence index fell 5.2 points in May to 65.4. Both the expectations component and present situation component of their survey fell during May. However, both surveys reflect relative weakness compared to previous recoveries/expansions.

Retail sales nationally have continued to increase on a year-over-year basis after experiencing significant adjustment between the second half of 2008 through the end of 2009. At the end of 2009, the rate of decline in retail sales volume slowed significantly. By the beginning of 2011, retail sales volume started to recover. Total sales for the August through October 2012 period were up 4.7 percent ($\pm 0.5\%$) from the same period a year ago.

There are a few areas that undermine future growth. The greatest source of uneasiness seems to be the percentage of homeowners who have negative equity in the residence. CoreLogic reported that at the end of the second quarter of 2012, the average number of mortgagees who owe more on their home than what they are worth (negative equity) in Georgia is approximately 36%. Nationally, only California, Michigan, Florida, Arizona, and Nevada have a higher percentage.

Recent Developments

Unemployment in Atlanta had been higher than Georgia and the nation, but employment in Atlanta is expected to improve significantly in 2013. Apartments began staging a recovery in real demand even with modest job growth in 2012. Apartments will continue to top the list as the lowest risk property sector. Rents are increasing and vacancies are low. Cap rates for apartment complexes are declining.

Recently, a number of major employers have announced major hiring plans. This includes Lowe's Home Center adding 1,200 jobs and State Farm is bringing in 500 jobs. State Farm is seeking 200,000sf of office space at Hammond Exchange in Dunwoody. ViaSat is adding 275 jobs at its metro Atlanta campus and is leasing a 60,000sf office building at Breckenridge Park in Duluth. In downtown Atlanta, the new owner of the Equitable Tower is investing \$85 million in a renovation which will create 1,900 jobs and \$95 million in rental income. The renovated building will now be called 100 Peachtree Street. Other examples include Avalon a \$600 million mixed use project breaking ground in Alpharetta on the site of the failed Prospect Park. Buckhead Atlanta is now moving forward on the former Street of Buckhead sites (a failed Carter Development project). These are just a few of the recent indications of a change in the metro economic climate.

Residential development had stalled in 2007, but builders are now beginning buy lots in vacant subdivisions and starting construction. This is in response to a more uniform housing market and lack of inventory. The biggest barrier is the difficulty of qualifying purchasers for mortgages.

This is all just happened recently and appears to be a robust start to a major recovery. Therefore, it is our opinion that the Atlanta economy is now returning to full economic vitality. Caution still rules. We do appear to be at the beginning stages of a major recovery.

NEIGHBORHOOD

Lindbergh

Lindbergh, officially Lindbergh/Morosgo, is a neighborhood in the Buckhead district of Atlanta, Georgia. Most of the neighborhood consists of multi-use development combining retail, office and residential space.

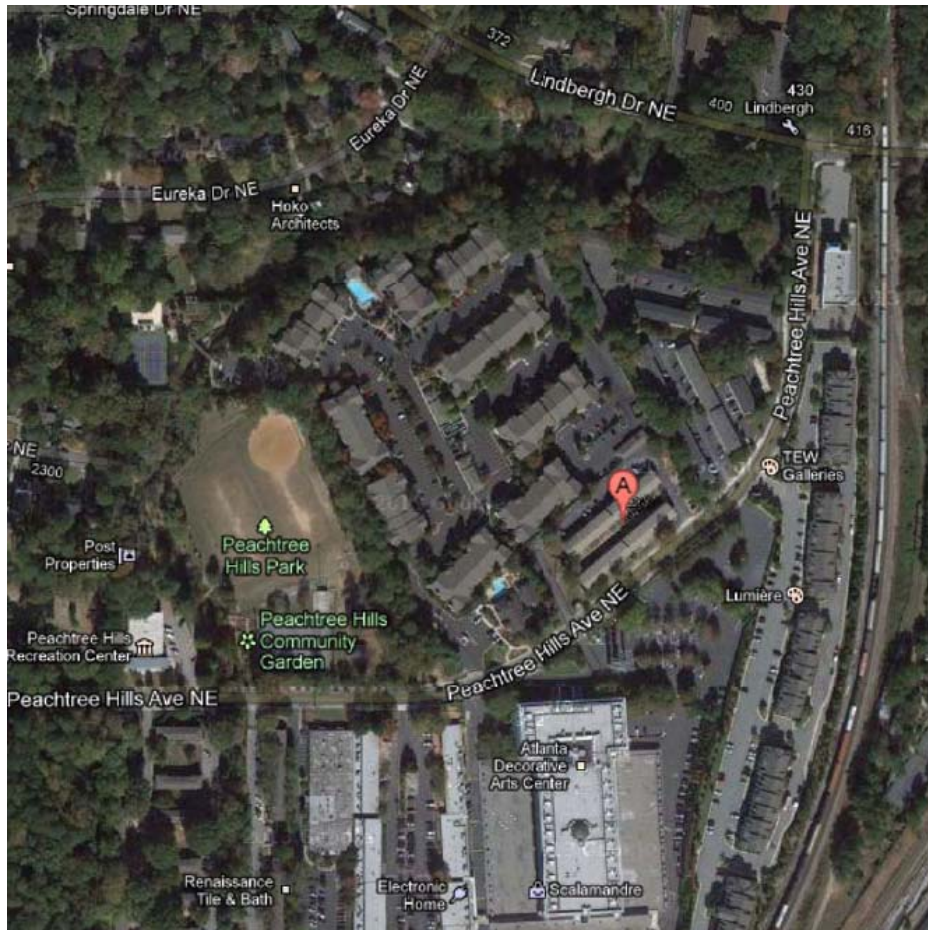
The neighborhood is bordered on the northwest by a freight railroad line, across which are Peachtree Park, Garden Hills, and Peachtree Hills. The eastern border is Georgia 400 toll way and Pine Hills. The Armour industrial area is to the southwest, and to the southeast is I-85 and Lindridge/Martin Manor. A lake was originally located in the area on the east side of Piedmont Road, Mooney's Lake. Deuward S. Mooney developed it into a recreation center in 1920. It had two spring water pools, a lake for swimming and canoeing, horseback riding, miniature golf, and a railroad. Food was sold at the pavilion, and there was dancing to jukebox music. The pavilion burned in the 1950s and went out of business. Mooney's Lake was drained and the developers Jordan, Davis and Carter built the Broadview Shopping Center (later "Lindbergh Plaza Mall") in 1958.

The center housed about 30 retail stores (as of 1963) including a two-level K-martas well as the Great Southeast Music Hall, where in the 1970s prominent artists played such as Billy Joel, Barry Manilow and BB King. During this time, the Georgia Department of Transportation was acquiring land for what is now Georgia Route 400 freeway, and so the surrounding land had a network of dirt roads, one of which was located where Sidney Marcus Boulevard is today and which connected Buford Highway to Lindbergh Drive. In the late 1990s planning began between MARTA, the City, developers and BellSouth to build the present Lindbergh City Center around the MARTA station and renovation of Lindbergh Plaza Mall as part of an effort to bring residents and employment back to the City of Atlanta in transit-friendly developments. Lindbergh City Center opened in phases starting in 2003 while Lindbergh Plaza's renovation won the Atlanta Business Chronicle's 2006 "mixed-use deal of the year" award.

The multi-use development on the west side of Piedmont Road is anchored by the twin towers of AT&T and the Lindbergh Center MARTA station, and includes a police station and other retail, restaurant and office space. At the southern end is the Passion City Church which moved into a repurposed golf superstore in 2011. On the east side of Piedmont Road: South of Morosgo Dr. are older apartments which are to be razed to make way for a mixed-use commercial development,

with a camouflaged parking deck at the interior, as well as green space park strips. This project did not earn the required 8 votes to change zoning from the Atlanta City Council and is currently shelved. Currently (2011) this is a major spot to hire day laborers.

Between Sidney Marcus Blvd. and Morosgo Dr. is the Lindbergh Shopping Center, opened in 1958 and renovated 2004-2006. Home Depot, Target, Best Buy anchor the complex which also contains apartments. Furniture superstore The Dump occupies the former Home Depot on the east side of the complex. North of Sidney Marcus Blvd. is Buckhead Crossing, a large strip center including a Marshall's store. Farthest north is Miami Circle, one of Atlanta's most important retail districts for home furnishings.



Immediate Area

The subject property locates along the North side of Peachtree Hill Avenue, south of Lindbergh Drive. The subject property situates less than one radial mile Buckhead's central business district. The immediate area is characterized as mixed residential/commercial. Adjacent to either side and across the street are apartments. To the west lies the Post Apartments and to the

east are the Harmony apartments. Further to the east lies the commercial area center on Piedmont Road. Across the street lies the Atlanta Decorative Art Center. The area is an older neighborhood of residential uses. The area exhibits signs of rebounding. Older homes are in the process of rehabilitation.

CONCLUSION

The neighborhood has recent development as a result of significantly increasing population. The recent economic downturn stalled developed in the area. However new projects have recently announced and the revitalization of the area is now on track again. We envision growth for the subject's immediate neighborhood and trade area.

MARKET ANALYSIS

NATIONAL APARTMENT MARKET

From PriceWaterhouseCooper 4th Quarter 2012

National Apartment Market

Vigorous investor interest in U.S. apartment assets led to this sector coveting the top spot with respect to investment prospects in Emerging Trends in Real Estate® 2013, published by PwC and ULI, scoring 6.58 on a scale of 1 (abysmal) to 9 (excellent). The noted strengths of the national apartment market included positive demographics, homeownership displacement from the housing bust, and migration to infill areas for those seeking a pedestrian lifestyle.

Reinforcing this positive investor sentiment, 75.0% of our Survey participants believe that this sector's current market conditions favor sellers. However, this figure is down a bit from last quarter, reflecting some investors' opinion that "rents may have peaked for now," and certain markets have become "overpriced." Moreover, this market's average initial-year market rent change rate dips for the second consecutive quarter, suggesting less upside in this market (see Table 28).

In light of these concerns, investors remain attentive to the near-term impact of new construction. "We are watching absorption trends given the supply pipeline and a slow job growth environment," states an investor. Reis predicts new supply of 127,222 units in 2013 and 171,018 units in 2014, well above the new units estimated for 2012.

KEY 4Q12 SURVEY STATS*		
Total Vacancy Assumption:		
Average	5.8%	▬
Range	1.0% to 15.0%	
Months of Free Rent⁽¹⁾:		
Average	1.0	▬
Range	0 to 3	
% of participants using	62.5%	▼
Market Conditions Favor:		
Buyers	6.2%	▼
Sellers	75.0%	▼
Neither	18.8%	▲
* ▼, ▲, = change from prior quarter		
(1) on a ten-year lease		

Table 28					
NATIONAL APARTMENT MARKET					
Fourth Quarter 2012					
	CURRENT	LAST QUARTER	1 YEAR AGO	2 YEARS AGO	4 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	5.25% – 14.00%	5.25% – 14.00%	4.75% – 14.00%	5.50% – 14.00%	6.00% – 10.50%
Average	8.17%	8.28%	8.27%	8.91%	8.32%
Change (Basis Points)		- 11	- 10	- 74	- 15
OVERALL CAP RATE (OAR)^a					
Range	3.75% – 10.00%	3.75% – 10.00%	3.75% – 10.00%	4.25% – 10.00%	3.80% – 8.50%
Average	5.72%	5.74%	5.80%	6.51%	6.13%
Change (Basis Points)		- 2	- 8	- 79	- 41
RESIDUAL CAP RATE					
Range	4.50% – 9.75%	4.50% – 9.75%	4.50% – 9.75%	5.00% – 9.75%	5.00% – 9.25%
Average	6.17%	6.20%	6.24%	7.03%	6.88%
Change (Basis Points)		- 3	- 7	- 86	- 71
MARKET RENT CHANGE^b					
Range	(2.00%) – 6.00%	(2.00%) – 10.00%	(2.00%) – 8.00%	(2.00%) – 5.00%	(3.00%) – 7.00%
Average	2.57%	2.73%	2.43%	0.93%	2.71%
Change (Basis Points)		- 16	+ 14	+ 164	- 14
EXPENSE CHANGE^b					
Range	1.00% – 3.50%	1.00% – 3.50%	1.00% – 4.00%	0.00% – 4.00%	2.50% – 3.75%
Average	2.71%	2.69%	2.63%	2.42%	2.96%
Change (Basis Points)		+ 2	+ 8	+ 29	- 25
MARKETING TIME^c					
Range	0 – 18	0 – 18	0 – 18	0 – 18	1 – 12
Average	5.1	5.3	5.2	6.3	5.7
Change (▼, ▲, =)		▼	▼	▼	▼
a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months					

Regional Apartment Markets

Market fundamentals remain solid in the Mid-Atlantic, Pacific, and Southeast apartment regions as reflected in many surveyed investors' positive expectations for future rent growth. The Southeast region leads this quarter's optimistic vibe with a 17-basis-point rise in its average initial-year market rent change rate (see Table 29). The Mid-Atlantic region follows with an increase of five basis points.

Even though this key assumption declines 25 basis points in the Pacific region, the quarterly average of 3.71% remains above its long-term average of 3.14% seen over the past eight quarters.

Steady demand for rental housing has spurred new development across all three regions. While some investors have "minor concerns" about near-term overbuilding in the Southeast region, certain participants believe the opportunity for new apartments has passed in certain areas of the Pacific region.

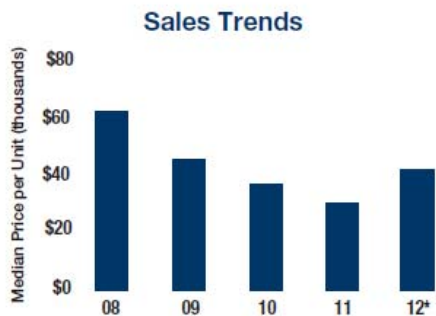
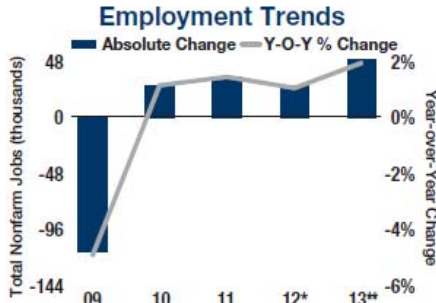
As one investor notes, "Investors thinking about development in the Seattle metro are a bit late to the game and may need to offer attractive concessions to compete with the abundance of new product."

In the Seattle metro area, Reis estimates new supply of 5,166 new units in 2013 and 4,866 units in 2014. These figures exceed the recent peak of 4,754 new units delivered in 2010.

Similar to the national apartment market, investors are buying assets at a fervent pace in each of these three regions. For instance, Landmark Residential acquired an 882-unit, three-property portfolio in the Southeast region (Jacksonville) for an average price of \$82,313 per unit.

In a value-add transaction in the Pacific region, Ridge Capital bought the 45-unit Mariner's West in San Mateo, California for roughly \$240,000 per unit – almost 22.0% above its previously traded price in 2002.

Table 29				
SOUTHEAST REGION APARTMENT MARKET				
Fourth Quarter 2012				
	CURRENT	LAST QUARTER	1 YEAR AGO	2 YEARS AGO
DISCOUNT RATE (IRR)^a				
Range	6.50% – 10.50%	6.50% – 11.00%	6.50% – 11.00%	7.50% – 12.00%
Average	8.00%	8.20%	8.40%	8.63%
Change (Basis Points)		- 20	- 40	- 63
OVERALL CAP RATE (OAR)^a				
Range	4.50% – 7.00%	4.75% – 7.00%	5.00% – 7.00%	5.00% – 8.00%
Average	5.94%	5.96%	5.83%	6.68%
Change (Basis Points)		- 2	+ 11	- 74
RESIDUAL CAP RATE				
Range	5.25% – 9.75%	5.50% – 9.75%	5.50% – 9.75%	5.50% – 9.75%
Average	6.69%	6.71%	6.71%	7.35%
Change (Basis Points)		- 3	- 2	- 66
MARKET RENT CHANGE^b				
Range	(10.00%) – 4.00%	(10.00%) – 4.00%	(10.00%) – 10.00%	(10.00%) – 3.00%
Average	1.38%	1.21%	2.00%	(0.04%)
Change (Basis Points)		+ 17	- 62	+ 142
EXPENSE CHANGE^b				
Range	1.00% – 3.00%	1.00% – 3.00%	1.00% – 3.00%	1.00% – 3.00%
Average	2.58%	2.50%	2.33%	2.42%
Change (Basis Points)		+ 8	+ 25	+ 16
MARKETING TIME^c				
Range	1 – 18	1 – 18	1 – 18	1 – 18
Average	6.5	6.5	6.7	7.2
Change (▼, ▲, =)		=	▼	▼
a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months				



*Estimate **Forecast
Sources: Marcus & Millichap Research Services, BLS, Reis, CoStar Group, Inc., RCA

Business Expansion, Increased Hiring to Drive Apartment Operations in Atlanta

Expansions by several Atlanta employers will lead to a more vigorous pace of hiring and increased relocation to the area, supporting a recovery in apartment operations. State Farm's announced call center in North DeKalb County will create 500 new positions in 2013. The firm's lease provides sufficient space for the company to double the size of its work force at the location in the future. In Cherokee County, the scheduled opening of the 370,000-square foot Outlet Shoppes at Atlanta in August will create 1,200 permanent positions and up to 1,600 seasonal jobs. Although construction has resumed and builders are scheduled to bring the largest number of apartments online since 2010, job growth will create demand for apartments and push vacancy down to levels not reached in over a decade.

Sales accelerated last year, and strengthening market conditions will maintain a healthy flow of transactions in the quarters ahead. Institutional buyers have become more active, a trend likely to persist as they shift their focus to Class B assets in prime locations near major employment hubs. New properties also continue to draw attention, with cap rates on these properties averaging in the 5 percent range. Few value-add plays have been available, as the number of distressed listings has been limited, but private investors are already turning to stabilized lower-tier assets as access to financing has become increasingly available. With the economic outlook for the metro brightening, increased out-of-state investor activity will generate rising competition for listings, boosting sales activity and values.

2013 Market Outlook

- **2013 NAI Rank: 35, Up 2 Places.** Atlanta's average job and rent growth were offset by expectations for the strongest vacancy improvement this year.
- **Employment Forecast:** Local employers will expand payrolls by 47,700 positions in 2013, increasing employment by 2 percent and marking the strongest pace of hiring since early 2007.
- **Construction Forecast:** Construction will pick up this year as builders complete 2,600 units. Meanwhile, developers have approximately 18,000 units in the planning pipeline.
- **Vacancy Forecast:** High demand for rental units due to strong job growth will contribute to a 90-basis point drop in vacancy to 6.0 percent, slowing slightly from the 100-basis point decrease last year.
- **Rent Forecast:** This year, asking rents will rise 2.9 percent to \$884 per month while effective rents tick up 3.6 percent to \$808 per month.
- **Investment Forecast:** Increased access to financing, due primarily to improving operations, will draw out-of-state and local investors from the sidelines. As value-add deals become limited through 2013, many of these investors will focus on lower-tier complexes in prime locations.

Market Forecast Employment: 2.0% ▲ Construction: 2,000 ▲ Vacancy: 90 bps ▼ Effective Rents: 3.6% ▲

Reis Report

Commercial Real Estate Report - Atlanta, GA [Apartment]



Property Type

Apartment Office Retail

Flex/R&D Warehouse/Distribution

The floodgates of development are opening in the Atlanta apartment market, according to Reis, as new construction revs up again. The vacancy rate has made a rapid descent and closed the third quarter down 10 basis points for the period, down 140 year-over-year, and the lowest rate in Reis' records for this market since 2000. Although rent growth has been less than spectacular, all the losses suffered during the market's brief downturn had been redeemed by the middle of 2012. Asking and effective average rates were up 1.8% and 2.5% since year-end 2011 following respective increases of 1.3% and 1.6% through all of 2011. Growth rates for the third quarter alone were 0.4% and 0.6%. (12/5/12)

Entire Metro



Latest Quarterly Reports (Q4 2012)

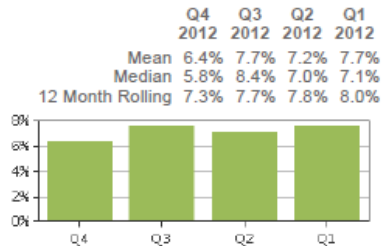
Atlanta, GA - Entire Metro

Submarkets

Vacancy Change

Clarkston/Stn Mtn	-130 bps
North Gwinnett	-90 bps
South Fulton	-80 bps
Roswell/Alpharetta	-80 bps
South Gwinnett	-80 bps
Marletta	-60 bps
Midtown	-60 bps
North DeKalb	-50 bps
I-20 West	-40 bps
Sandy Spg/Dunwoody	-40 bps
Cherokee County	-40 bps
Buckhead	-40 bps
Clayton/Henry	-30 bps

Recent Sales Cap Rate Trend Sales Trend



Display: Recent Sales New Construction Highlight Submarkets

Property Search

Address:

City:

State: ZIP:

Property Type:

Report Type:

Search

Commercial Real Estate News

Headline	Date
Clayton's Southlake Mall Foreclosed	02/07/2013
Proposed Film Studio Complex In ...	02/07/2013
North American Properties Breaks...	01/28/2013
State Farm Takes More Space In D...	02/05/2013
Crews Break Ground on Massive Av...	01/28/2013
Phillips Edisonarc Shopping Cent...	01/22/2013
The Radoo Companies Purchases Se...	01/18/2013
Coro Realty Advisors Announces T...	12/28/2012
Packaging Firm to Open Plant Sou...	02/13/2013
Brief: Cousins Inks Lease at Mid...	01/28/2013

Recent Rent Observations

Location	ID	Class	Rent
I-20 East	22931	A	\$757
North Gwinnett	70088	A	\$1,204
South Gwinnett	22768	BC	\$760
North Gwinnett	83943	BC	\$720
Clayton/Henry	61936	BC	\$631
I-20 East	15662	BC	\$711
Clarkston/Stn Mtn	22395	BC	\$626
Clarkston/Stn Mtn	A587	BC	\$843
North DeKalb	10143	BC	\$675
North Gwinnett	10095	BC	\$627

Change From Previous Quarter

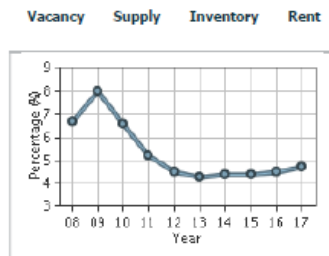
Market	Rent	Vac	Inv
Atlanta	0.2%	-50 bps	0.1%
South Atlantic Region	0.6%	-20 bps	0.4%
United States	0.6%	-20 bps	0.3%
Metro vs. Region	-0.4%	-30 bps	0.0%
Metro vs. US	-0.4%	-30 bps	0.0%

Latest New Construction Updates

Location	Size
Buckhead	0 - 120
Roswell/Alpharetta	0 - 120
Buckhead	320 - 420
Buckhead	120 - 220
Buckhead	320 - 420
Midtown	0 - 120
Midtown	0 - 120
Roswell/Alpharetta	220 - 320
Buckhead	220 - 320
Roswell/Alpharetta	120 - 220

Address Specific Rent Comps

National Apartment Real Estate Trends



Metropolitan Apartment Rankings (q4 2012)

Based on 200 U.S. Markets

Value:

178. Amarillo, TX	6.5%
179. Columbus, GA	6.5%
180. Oklahoma City, OK	6.6%
181. Bremerton-Silverdale, WA	6.7%
182. New Orleans, LA	6.7%
183. Atlanta, GA	6.8%
184. Columbia, SC	6.9%
185. Daytona Beach, FL	6.9%
186. Greensboro/Winston-Salem, NC	6.9%
187. Houston, TX	7.1%
188. Jackson, MS	7.2%

Avg Annual Growth Rate (2013 - 2017)

Market	Rent	Vac	Inv
Atlanta	3.4%	679 bps	1.2%
South Atlantic Region	3.6%	515 bps	1.6%
United States	3.8%	445 bps	1.3%
Metro vs. Region	-0.2%	164 bps	-0.4%
Metro vs. US	-0.4%	234 bps	-0.1%

REASONABLE EXPOSURE AND MARKETING TIME

According to the specific definition in the Uniform Standards of Professional Appraisal Practice, **Exposure Time** is 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 retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is different for various types of real estate and under various market conditions. We note that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. This statement focuses on the time component. The fact that exposure time is always presumed to occur prior to the effective date of the appraisal derives from related facts in the appraisal process: supply and demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer); and the analysis of future income expectancy estimated from the effective date of the appraisal. A 12-month exposure time seems likely.

Marketing Time resonates as the reasonable time it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of an appraisal. The subject locates in Atlanta, an area with strong demand and growth. Access directly to Peachtree Road and Piedmont Road offers efficient transportation means and desirability. The location in the metro Atlanta area attracts investors. According to PriceWaterhouseCooper the marketing time for apartment properties is 5.1 months. Based on our analysis, we envision a 12-month or less marketing time for the property.

SITE DESCRIPTION

The site is currently paved and covered with the subject buildings. The land appears level and reasonably drained with no evidence of standing water. The frontage on Peachtree Hills Avenue is adequate for drive access to the site.

LOCATION	:	The site is located on xxx Avenue
SIZE	:	1.25 Acres
TOPOGRAPHY & SHAPE	:	Site sits at street grade.
EASEMENTS		Typical easement for utilities only.
UTILITIES	:	All available (including sewer).
ACCESS	:	Access is provided on xx Avenue.
FRONTAGE	:	Approximately 299' on xx Avenue.
FLOOD PLAIN	:	According to the survey, the subject property does not appear to situate in a flood plain zone. According to the <i>Flood Insurance Rate Map</i> , published by the Federal Emergency Management Agency, Community Panel No. 13121C0253E, the subject exhibits no flood hazard area.
SUMMARY	:	The subject site is of adequate size, shape, and utility to support development of Apartments. No adverse odors, hazards, or nuisances exist.

IMPROVEMENT DESCRIPTION

The xxxxApartments are 1959 garden style apartment buildings with gable roofs and brick exterior.
 4 Two-story building, 32 units
 32 Two bedroom units at 900sf each
 Total Rentable 28,800sf
 Gross space 31,680sf

This 28-unit apartment community was constructed in the 1959 renovated in 1998 on a 1.25-acre lot. The property has all two bedroom units. All 4 buildings are two stories. The buildings have updated plumbing and electrical. Residents are provided with off-street parking. Each unit has an individual central heat and air system. Electricity is separately metered (landlord supplies hot & cold water).

TYPE OF IMPROVEMENT	:	Brick type building.
DATE OF CONSTRUCTION	:	1959 renovated in 1998
CONDITION	:	Average.
ACTUAL AGE	:	54 years.
EFFECTIVE AGE	:	45 years.

CONSTRUCTION DETAILS

FOOTINGS & FOUNDATION	:	Reinforced concrete/stone
FRAME	:	Brick Façade Wood frame
FLOORS	:	Wood with tile
ROOF	:	Gable
EXTERIOR WALLS	:	Brick.
INTERIOR WALLS	:	Painted plaster/drywall walls.
CEILINGS	:	Plaster & Sheet rock ceilings.
WINDOWS	:	Wood frame and glass.

DOORS	:	Glass-frame entrance doors, hollow-core metal interior and exterior doors.
ELECTRICAL	:	Adequate for use.
HVAC	:	Central HVAC
FIRE PROTECTION	:	na
SECURITY	:	na.
PARKING	:	Parking, adequate for intended use.
SITE IMPROVEMENTS	:	Paved parking, average condition. Mature landscaping.

Photo delete

Subject Apartments

ZONING



CHAPTER 8. - R-G RESIDENTIAL GENERAL DISTRICT REGULATIONS

Sec. 16-08.001. - Scope of provisions.

Sec. 16-08.002. - Statement of intent.

Sec. 16-08.003. - Permitted principal uses and structures.

Sec. 16-08.004. - Permitted accessory uses and structures.

Sec. 16-08.005. - Special permits.

Sec. 16-08.006. - Transitional uses, structures, requirements.

Sec. 16-08.007. - Minimum lot requirements.

Sec. 16-08.008. - Minimum yard requirements.

Sec. 16-08.009. - Maximum height.

Sec. 16-08.010. - Minimum off-street parking requirements.

Sec. 16-08.001. - Scope of provisions.

The regulations set forth in this chapter, or set forth elsewhere in this part when referred to in this chapter, are the regulations in the R-G Residential General District.

(Code 1977, § 16-08.001)

Sec. 16-08.002. - Statement of intent.

The intent of this chapter in establishing the R-G Residential General District is as follows:

- (1) To provide for a range of residential densities that are compatible with the surrounding residential environment, and with the comprehensive development plan.
- (2) To provide for supporting facilities, either as permitted uses and structures or as uses permissible by special permit.
- (3) To encourage maintenance and preservation of existing large dwellings by allowing conversion to two-family or multifamily use.

(Code 1977, § 16-08.002; Ord. No. 2000-08, § 1, 2-16-00)

Sec. 16-08.003. - Permitted principal uses and structures.

A building or premises shall be used only for the following principal purposes:

- (1) Churches, synagogues, temples, mosques and other religious worship facilities, having a minimum lot area of one acre.
- (2) Colleges and universities, other than trade schools, business colleges, and similar institutions.
- (3) Dormitories, fraternity houses and sorority houses, officially affiliated with an accredited college, university or private school and only for the time period that

such affiliation is in effect, such that loss of affiliation shall result in the loss of permission for the use.

- (4) Multifamily dwellings.
- (5) Public schools.
- (6) Repealed.
- (7) Single-family detached dwellings and two-family dwellings.
- (8) Structures and uses required for operation of MARTA, but not including uses involving storage, train yards, warehousing, switching or maintenance shops as the primary purpose.
- (9) Supportive housing.

(Code 1977, § 16-08.003; Ord. No. 2000-08, § 2, 2-16-00; Ord. No. 2005-21, §§ 1, 2, 3-25-05; Ord. No. 2008-62(06-O-0038), §§ 4A, 5A, 7-7-08; Ord. No. 2009-24(08-O-1251), § 2A, 6-9-09)

Sec. 16-08.004. - Permitted accessory uses and structures.

A building or premises shall be used only for the following accessory purposes:

- (1) Greenhouses, garden sheds, private garages and similar structures.
- (2) Barns for keeping of horses, provided that no such barn shall be within 50 feet of any lot line.
- (3) Guest houses, servant quarters, or lodging facilities for caretakers or watchmen.
- (4) Swimming pools, tennis courts and similar facilities.
- (5) Home occupation, subject to limitations set forth in [section 16-29.001\(17\)](#).
- (6) Devices for the generation of energy, such as solar panels, wind generators and similar devices.
- (7) In connection with multifamily dwellings containing 50 or more dwelling units, the following shall be permitted as accessory uses, subject to the limitations set forth herein:
 - (a) Establishments for sale of convenience goods. Nothing in this provision shall permit the location of package stores as defined in article a, section 14-2001, Definitions, Package store area—retail store for the sale of packaged spirituous liquors.
 - (b) Eating and drinking establishments.
 - (c) Personal and professional service establishments.
 - (d) Child care nurseries, day care centers, prekindergartens, kindergartens, play and other special schools or day care facilities for young children.
 - (e) Clubhouses and similar facilities.

Such establishments shall be designed and scaled to meet only the requirements of the occupants. Such establishments shall not in combination occupy more than five percent of the total floor area of the total development, and such accessory space shall be counted as a part of the total development permission allowed for each such site. Further, all such accessory uses shall be confined to locations in the basement or first floor level buildings and shall have access only from the interior of the lobby. All such establishments which are located within multiple-building complexes shall be so situated that no portion of any such accessory use is visible in whole or in part from any public street. No such accessory uses for any individual site shall contain more than a total of 10,000 square feet and no individual accessory use shall occupy more than 20

percent of the total accessory space which is otherwise permitted. No accessory building shall be constructed until construction of the principal building has actually begun, and no accessory building shall be used or occupied until the principal building is completed and in use, or in the case of multiple-family building complexes no accessory use shall commence operation until at least 50 percent of the total proposed dwelling units are occupied.

(Code 1977, § 16-08.004)

Sec. 16-08.005. - Special permits.

The following uses are permissible only by special permit of the kind indicated, subject to limitations and requirements set forth herein or elsewhere in this part:

- (1) *Special use permits:*
 - (a) Cemeteries and mausoleums.
 - (b) Child care nurseries, day care centers, prekindergartens, kindergartens, play and other special schools or day care facilities for young children.
 - (c) Civic, service, garden, neighborhood or private club.
 - (d) Colleges and universities, other than trade schools, business colleges and similar uses.
 - (e) Extraction or removal of sand, gravel, topsoil, clay, dirt or other natural resources.
 - (f) Personal care homes, assisted living facilities and rehabilitation centers.
 - (g) Landfills.
 - (h) Broadcasting towers and line-of-site relay devices for telephonic, radio or television communications greater than 70 feet in height, except 1) alternative design mounting structures and 2) new or additional uses of existing structures as contemplated by [section 16-25.002\(3\)\(i\)\(iv\)\(k\)](#).
 - (i) Nursing homes.
 - (j) Parks; playgrounds, stadiums, baseball or football fields, golf course, sports arena, and community centers.
 - (k) Private schools.
- (2) *Special administrative permit:*
 - (a) Zero-lot-line development. See [section 16-28.011\(6\)](#).
 - (b) Farmers' markets limited to parcels which meet the minimum lot size requirements and are used as churches, synagogues, temples, mosques and other religious worship facilities or schools.
 - (c) Broadcasting towers and line-of-site relay devices for telephonic, radio or television communications 70 feet or less in height, alternative design mounting structures, and new or additional uses of existing structures as contemplated by [section 16-25.002\(3\)\(i\)\(iv\)\(k\)](#).
 - (d) Whenever an application for such a permit is made, the director of the bureau of planning shall provide prior notification to the pertinent district councilmember and at-large councilmembers.
- (3) *Special exceptions:*
 - (a) Churches, synagogues, temples, mosques and other religious worship facilities where lot area is less than one acre.

- (b) Structures and uses required for operation of a public utility, except uses involving storage, train yards, warehousing, switching or maintenance shops as the primary purpose.

(Code 1977, § 16-08.005; Ord. No. 1997-06, § 4, 2-10-97; Ord. No. 1997-65, § 1, 11-10-97; Ord. No. 2001-96, §§ XX, XXI, 12-12-01; Ord. No. 2004-53, §§ 11A—11C, 8-20-04; Ord. No. 2005-21, §§ 1, 2, 3-25-05; Ord. No. 2008-62(06-O-0038), § 3J, 7-7-08; Ord. No. 2011-39(10-O-1773), § 3K, 9-15-11)

Sec. 16-08.006. - Transitional uses, structures, requirements.

The following height limitations shall apply to all uses approved by special permits as well as permitted uses:

Transitional height planes: Where this district adjoins a district in R-1 through R-5 classification without an intervening street, height within the district shall be limited as follows: No portion of any structure shall protrude through a height-limiting plane beginning 35 feet above the buildable area boundary nearest to the common district boundary and extending inward over this district at an angle of 45 degrees.

(Code 1977, § 16-08.006)

Sec. 16-08.007. - Minimum lot requirements.

The following minimum lot requirements shall apply to all uses approved by special permits as well as permitted uses:

- (1) *Churches, temples, synagogues, mosques and similar religious facilities:* Minimum net lot, one acre when permitted by special exception.
- (2) *Single-family and two-family dwellings:* Minimum lot width of 50 feet; minimum net lot area of 5,000 square feet, except zero-lot-line development.
- (2a) *Single-family zero-lot-line development:* Single-lot area: 2,500 square feet with a minimum combined area of 5,000 square feet; lot width: Not less than ten feet, with a minimum combined width of 50 feet. (See [section 16-28.007.](#))
- (3) The following standard ratios on Table I, "Land Use Intensity Ratios," shall apply to two-family dwellings, multi-family dwellings, zero-lot-line dwellings, residence hotels, apartment hotels, rooming houses, containing living quarters for five or more persons, and dormitories, fraternity houses, and sorority houses. They are allowed at the maximum ratios for each of the five sectors as so designated on the official map. Any change in the Residential General (RG) sector designation or change from any other classification to an RG district which carries a sector designation shall require an amendment of the official map as prescribed for amendments general (Chapter 27). For the purpose of obtaining a building permit, the ratios indicated for Total Open Space (TSOR), Usable Open Space (USOR), and parking shall be used according to the nearest Floor Area Ratio (FAR) (shown on Table I) to the actual FAR for the development as indicated on the plans presented.
- (4) *All other uses:* Minimum lot width of 50 feet; minimum net lot area of 20,000 square feet.

(Code 1977, § 16-08.007; Ord. No. 2000-08, § 3, 2-16-00; Ord. No. 2001-74, § 2, 10-10-01; Ord. No. 2005-21, §§ 1, 2, 3-25-05; Ord. No. 2008-62(06-O-0038), § 5B, 7-7-08)

Sec. 16-08.008. - Minimum yard requirements.

- (1) *Front yard:* 40 feet.
- (2) *Side or rear yard:* As determined under [section 16-28.011\(5\)\(e\)a. and b.](#), except for duplex zero-lot-line development.
- (2a) *Side or rear yard:* Duplex zero lot line development: No side yard is required along the internal lot line. The internal side or rear lot line may be reduced to zero feet.

(Code 1977, § 16-08.008; Ord. No. 2001-74, § 3, 10-10-01)

Sec. 16-08.009. - Maximum height.

None except as required in [section 16-08.006](#).

(Code 1977, § 16-08.009)

Sec. 16-08.010. - Minimum off-street parking requirements.

The following parking requirements shall apply to all uses approved by special permit as well as permitted uses (see [section 16-28.014](#)):

- (1) *Schools, colleges, churches, recreation or community centers and other places of assembly:* One space for each four fixed seats (with 18 inches of bench length counted as one seat) or one space for each 35 square feet of enclosed floor area for the accommodation of movable seats in the largest assembly room, whichever is greater, plus the following:
 - (a) *Public or private elementary or middle school:* Two spaces for each classroom.
 - (b) *High school:* Four spaces for each classroom.
 - (c) *Colleges and universities:* Eight spaces for each classroom.
- (2) Nursing homes are required to have one space for each four beds. Personal care homes, assisted living facilities, and rehabilitation centers with a residential component are required to have the amount of parking specified by the Land Use Intensity Ratios Table.
- (3) *Child care centers, day care centers, prekindergartens, kindergartens, play and other special schools or day care centers for young children:* One space per 600 square feet of floor area. In addition to providing off-street parking, such establishments shall provide safe and convenient facilities for loading and unloading children as approved by the director, bureau of traffic and transportation.
- (4) *Two-family dwellings, multifamily dwellings and zero-lot-line dwellings and lodging units:* Off-street parking ratios per dwelling unit or lodging unit shall be determined from Table I by applying the applicable FAR. See [section 16-28.008\(7\)](#).
- (5) All accessory uses cited in [section 16-08.004](#) shall provide one additional space per 300 square feet of floor area devoted to such space.
- (6) *Other uses:* One space for each 300 square feet of floor area.
- (7) *Accessory outdoor dining:* Limited to 25 percent of the total gross floor area of the building or business with no parking requirement; over 25 percent must provide

one space per 600 s.f. of the total accessory outdoor dining area including the 25 percent non-exempt floor area.

TABLE I

LAND USE INTENSITY RATIOS

LUI Ratios Times Gross Land Area

	Floor Area (FAR)	Total Open Space (TOSR)	Useable Open Space (UOSR)	Parking Spaces Per Lodging Unit	Parking Spaces Per Dwelling Unit
Sector 1	.100	.80	.65	1.0	2.2
	.107	.80	.62	1.0	2.1
	.115	.79	.60	1.0	2.1
	.123	.79	.58	1.0	2.0
	.132	.78	.55	1.0	1.9
	.141	.78	.54	1.0	1.9
	.152	.78	.53	1.0	1.8
	.162	.77	.53	1.0	1.8
Sector 2	.174	.77	.52	.67	1.7
	.187	.77	.52	.67	1.7
	.200	.76	.52	.67	1.6
	.214	.76	.51	.67	1.6
	.230	.75	.51	.67	1.5
	.246	.75	.49	.67	1.5
	.264	.74	.48	.67	1.5
	.283	.74	.48	.67	1.4
	.303	.73	.46	.67	1.4
	.325	.73	.46	.67	1.3
	.348	.73	.45	.67	1.3
Sector 3	.373	.72	.45	.60	1.3
	.400	.72	.44	.60	1.2
	.429	.72	.43	.60	1.2
	.459	.72	.42	.60	1.2
	.492	.71	.41	.60	1.1
	.528	.71	.41	.60	1.1
	.566	.71	.40	.60	1.1
	.606	.70	.40	.60	1.0
	.650	.70	.40	.60	1.0
	.696	.69	.40	.60	.99
Sector 4	.746	.69	.40	.45	.96
	.800	.68	.40	.45	.93
	.857	.68	.40	.45	.90
	.919	.68	.40	.45	.87
	.985	.68	.40	.45	.85
	1.06	.68	.40	.45	.83
	1.13	.67	.41	.45	.81
	1.21	.67	.41	.45	.79
	1.30	.67	.42	.45	.77
	1.39	.68	.42	.45	.75
	1.49	.68	.43	.35	.73

Sector 5	1.60	.68	.43	.35	.71
	1.72	.68	.45	.35	.69
	1.84	.69	.46	.35	.67
	1.97	.70	.47	.35	.65
	2.11	.71	.49	.35	.63
	2.26	.72	.50	.35	.61
	2.42	.75	.51	.35	.60
	2.60	.76	.52	.35	.58
	2.79	.81	.56	.35	.56
	2.99	.83	.57	.35	.55
	3.20	.86	.61	.35	.54
Sector 6	3.43	.91	.64	.27	.53
	3.63	.95	.67	.27	.52
	3.95	1.00	.71	.27	.50
	4.24	1.05	.75	.27	.49
	4.55	1.11	.79	.27	.48
	4.88	1.17	.83	.27	.46
	5.23	1.24	.89	.27	.45
	5.60	1.31	.94	.27	.44
	5.99	1.39	.99	.27	.43
	6.40	1.46	1.05	.27	.42

See [section 16-28.010](#) for definitions of terms. See also section 16-28.00867.

(Code 1977, § 16-08.010; Ord. No. 2000-08, § 4, 2-16-00; Ord. No. 2002-26, § 2, 3-14-02; Ord. No. 2004-53, § 11D, 8-20-04)

The building appears to meet the parking, height and other standards required.

HIGHEST AND BEST USE

Highest and Best Use as defined in *The Appraisal of Real Estate, Twelfth Edition*, published by the Appraisal Institute, 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 results in the highest value."

The following explains the four major considerations given in determining the highest and best use. We applied the physically possible, legally permissible, financially feasible, and maximally productive tests sequentially. The use that passes all tests represents the highest and best use of the property. We analyzed the highest and best use of the site as though vacant and as improved.

Physically Possible - To determine the physically possible uses, we analyzed the site including the size, topography, and shape. We considered the suitability of the site as if vacant. Additionally, we considered the physical characteristics of the site with respect to the existing improvements to estimate the possibility of altering the use or increasing the intensity of the current use.

Legally Permissible - The legally permissible considerations are those that are not precluded by law, zoning ordinances, or private deed restrictions. We analyzed the effect of these restrictions on the previously identified physically possible uses.

Financially Feasible - We estimated the financial feasibility of the uses that were both physically possible and financially feasible. Financially feasible uses result in a positive net present value.

Maximally Productive - The maximally productive use is the financially feasible use that produces the highest residual land value consistent with a rate of return warranted by the market. The maximally productive use equals the highest and best use.

HIGHEST AND BEST USE AS VACANT

Physically Possible - The Site Description analysis indicates that there are no undue limitations restricting development of the subject site. The 1.25 acre parcel is capable of supporting

individual development or may be combined with other adjacent parcels. The size of the site makes it physically possible to construct small uses. The topography required no major grading. The exposure is adequate for residential use. A number of similar properties in the immediate area have been developed for residential types of development

Legally Permissible - The primary restrictions for the legal use are in the zoning ordinance. As stated in the Zoning section, the subject site is zoned RG-2. There are a number of residential and related uses permitted in this district including apartments.

Financially Feasible - The financially feasible uses are derived through an analysis of the data and conclusions presented in the previous City and Neighborhood and Market Analysis. The subject property is located on xxx Avenue. The size of the parcel is adequate for a reasonable-sized residential development. Apartments in the area have good occupancy and rental rates. Accordingly, residential development would be financially feasible.

Based on the location of the subject site, the zoning, and the existing developments surrounding the site, the financially feasible uses of the subject site include residential uses.

Maximally Productive - We determined the maximally productive use of the financially feasible uses through an analysis of the above conclusions. Residential uses surround the subject in the immediate neighborhood. Based on the size of the site, the zoning, and the surrounding developments, residential development is the maximally productive use of the subject parcel as though vacant.

Conclusion - - From the preceding analysis of the physically possible, legally permissible, financially feasible, and maximally productive uses for the subject site, a residential development represents the highest and best use of the parcel.

HIGHEST AND BEST USE AS IMPROVED

Physically Possible - The Site Description analysis indicates that there are no undue limitations restricting development of the subject site. The subject buildings are constructed as apartment buildings.

Legally Permissible - The primary restrictions for the legal use are in the zoning ordinance. As stated in the Zoning section, the zoning permits residential buildings.

Financially Feasible - The financially feasible uses are derived through an analysis of the data and conclusions presented in the City and Neighborhood Analysis, Market Analysis and

valuation sections. We examined whether a rational purchaser would demolish or renovate the improvements and develop to a higher use at this time. The existing structures can best utilize the site. Based on the foregoing, apartments represent the financially feasible use of the subject as improved. We conclude that the existing buildings do add to the value of the site. A rational purchaser would not remove the existing improvements for a new use.

Maximally Productive - The maximally productive use of the financially feasible uses is determined through an analysis of the above conclusions. The existing use represents the maximally productive use of the subject building. The maximally productive use of the financially feasible uses is determined through an analysis of the above conclusions. An apartment use represents the maximally productive use of the subject site as improved.

From the preceding analysis of the physically possible, legally permissible, financially feasible, and maximally productive uses for the subject site, the subject's use as apartment buildings is the highest and best use of the subject property as improved.

Conclusion - From the preceding analysis of the physically possible, legally permissible, financially feasible, and maximally productive uses for the subject site, the subject's existing use as apartments is the highest and best use of the subject property as improved.

VALUATION METHODOLOGY

We valued the subject property using the Income, Sales Comparison, and Cost Approaches. Each method approaches valuation from a different premise.

The Income Approach - Overall Capitalization estimates market rent and expenses, and divides stabilized net operating income by an appropriate market-derived capitalization rate for an indication of Market Value. The Income Approach capitalizes a model year net income into its Market Value. We use contract and market rent to project an appropriate income.

We use the Sales Comparison Approach using recent sales of similar buildings. The Sales Comparison Approach involves comparing recent sales of similar properties to the subject to estimate Market Value based on the theory that value closely relates in prices paid for similar properties. Adjustments made to sales for various elements of comparison (characteristics of properties that cause the prices to differ) result in values indicative of the utility provided by the subject. Similarities between each sale and the subject as well as confidence in the applied adjustments determine the influence of each sale on the final Sales Comparison Approach estimate.

The theory of substitution, which affirms that no prudent buyer would pay more for a property than the cost to acquire a similar site and construct improvements of equal desirability, supports the Cost Approach. Depreciation of the improvements adjusts for aging and obsolescence. We do not use this approach due to the age of the building.

Finally, we consider and evaluate the significance, applicability, and defensibility of each approach and correlate the indications into a Market Value estimate.

OVERALL CAPITALIZATION INCOME APPROACH

The subject apartment buildings are leased as follows:

Rent Roll Deleted

(32 Units)

The subject property comprises 32 units. Two bedroom units (900sf): The average rent is \$867/month or \$.96/sf. We added all of the leases in order to calculate average contract rent per unit. All units are occupied (Vacancy 0%).

We estimate market rent, vacancy and expenses based on an analysis of comparable apartment buildings in the market. The income and expense analysis and investment criteria are detailed in the following discussion.

Two Bedroom Units

Two Bedroom Units				
No.	Name/Location	Rent Per Month	Unit Sq. Ft.	Rent Per Sq FT
1	Carondelet Apartments 2113 Defoors Ferry Rd Atlanta, GA 30318	\$845	937	\$0.90
2	Harmony Peachtree Hills 480 Peachtree Hills Ave Atlanta, GA 30305	\$731	725	\$1.01
3	Colonial Homes Apartments 240 Colonial Homes Dr. NW Atlanta, GA 30309	\$950	930	\$1.02
4	8 Unit Apartments 886 St Charles Ave Atlanta, GA	\$851	800	\$1.06
	Market Rent Average	\$844	848	\$0.96
	Subject Average	\$867	900	\$0.96
	Projected	\$867	900	\$0.96

All units are 900sf at the subject. Average rent for these (all occupied) units is \$867/month. Rents for comparable two-bedroom units range from \$731/month to \$950/month, averaging as \$844/month. Rents range from \$.81/□ to \$1.06/□, averaging \$.96/□. The subject rents range from \$825 to \$925/month and averages \$867/month. We select a rent of \$867/month as Market Rent for the subject two-bedroom unit.

Concessions - Most apartments, particularly the smaller older ones in the subject market, have waiting lists. Surrounding complexes do not offer concessions.

Vacancy, Absorption, and Credit Loss

Because of quality and the underlying strong demand, the subject should continue to achieve its market share. We considered the recent activity in the subject area, the quality and location of the subject property, and the local and general economy. Occupancies at the properties we surveyed range between 95% and 100%. Strong overall demand has helped the subject maintain a strong occupancy. When units become available, they are quickly leased with minimal downtime. Current vacancy at the subject is 0%. The owner operator owns (400 units) and manages (100 additional units) a number of apartment complexes in the submarket. Vacancies for these properties remain low in the 0 to 5% range. We estimate vacancy and credit loss at 5%.

Other Income

In 2012, \$12,000 in Other Income was reported. This included Water Reimbursements, Laundry & Late Fees. We include \$12,134 in Other Income in our Models.

Expenses

This section presents our estimation of the fixed and operating expenses, which a typical investor anticipates in the operation of real property. We received the 2011-2012 Operating Statements. We also relied on our experience with other comparable apartment operating statements.

Income Statement (Cash)	
370 Peachtree Hills Ct - (ph)	
January 2011 - December 2011	
	Period to Date
INCOME	
Rent	323,240.00
Other income	10034
Late fee	923.5
TOTAL INCOME	334,197.00
EXPENSE	
Maintenance	4,466.00
Plumbing	3,198.00
Gardening	6,235.00
Insurance	8,293.81
Management	10,025.00
Building Materials	8,265.77
Electricity	2,848.40
Water & Sewer	19,068.60
Trash	3,264.62
Pest Control	1,380.00
Legal & Accounting	2,903.00
Taxes & Licences	28,994.08
TOTAL EXPENSE	98,942.00
NET INCOME	235,255.00

EXPENSE SUMMARY							
Subject Units	32						
					Projected		
	2011	Per Unit	2012	Per Unit			
Expenses:							
Real Estate Taxes	\$ 28,456	\$ 889	\$ 28,454	\$ 889	\$ 890		
Insurance	\$ 8,294	\$ 259	\$ 8,107	\$ 253	\$ 250		
Management Fee	\$ 10,025	\$ 313	\$ 10,283	\$ 321	\$ 520		
Utilities	\$ 25,182	\$ 787	\$ 18,220	\$ 569	\$ 800		
General & Administrative	\$ 3,441	\$ 108	\$ 1,450	\$ 45	\$ 50		
Maintenance & Repairs	\$ 5,563	\$ 174	\$ 11,832	\$ 370	\$ 500		
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -		
Replacement Allowance	\$ -	\$ -	\$ -	\$ -	\$ 250		
Total Expenses:	\$ 80,960	\$ 2,530	\$ 78,346	\$ 2,448	\$ 3,010		

Fixed Expenses

Real Estate Taxes - The real estate taxes charged in 2011 are \$28,456 or \$889/unit. Total taxes in 2012 are \$28,454.56 or \$889/unit. This is in line with similar apartments. We use \$890 per unit in our model.

Insurance - This expense specifically covers the subject for property damage, general liability, umbrella liability, earthquakes and floods. The operating history reports \$259/unit or \$8,294 in 2011. 2012 is tracking somewhat lower at \$253/unit. Based on comparable expense date, and on our experience with similar properties, we use an insurance expense of \$250/unit.

Operating Expenses

Management -2011 Management fees were near \$313/ per unit. 2012 Management fees were near \$320/ per unit. We estimate a normal management expense of 5% of EGI for the subject property. This is approximately \$520/unit.

Utilities - Utilities expense includes consumption of electricity for exterior lighting, and temporary electricity for vacant apartments. Furthermore, the utilities expense includes water, sewer charges by the City of Atlanta, hot water, and garbage/trash removal. This typifies other apartments in the area. The subject improvements were constructed in the early 20th century, and older buildings tend not to be as energy efficient as those built within the past 15 years. The 2011 expense was \$25,182 or \$787 per unit. 2012 expenses are \$569/unit. Based the comparable expense date, and on our experience with similar properties, a utilities expense of \$800/unit. We note that a large share of these expenses were water and sewer charges.

Office and Administrative Expenses - \$3,441 or 108/unit in expenses were incurred in this category at the subject in 2011. 2012 was \$50/unit. Based on this history and similar properties, we use \$50/unit.

Maintenance and Repairs - Maintenance and repairs expenses vary considerably from apartment to apartment and from year to year due to scheduling of repairs and accounting procedures. For most properties, this expense category includes the following:

- ❖ Appliances;
- ❖ Carpet/hardwood floor cleaning/repair;
- ❖ Vinyl replacement;
- ❖ Cleaning/painting;
- ❖ Hot water heaters;
- ❖ HVAC;
- ❖ Landscaping;
- ❖ Maintenance parts and supplies;
- ❖ Pest control;
- ❖ General repairs;
- ❖ Plumbing;
- ❖ Structural repairs;
- ❖ Trash removal;
- ❖ Maintenance salaries;
- ❖ Lock and key expense;
- ❖ Maintenance payroll tax expense;
- ❖ Safety systems; and
- ❖ Maintenance supervision.

Older properties warrant higher maintenance than newer apartment buildings. The subject maintenance expense has remained consistent near \$40,000 for a number of years.

In 2011, \$5,563 or \$174/unit was spent on unit renovation. 2012 was \$11,832 or \$370/unit. These amounts seem extraordinarily low. Based on the historic expense data, and on our experience with similar properties, we estimate the maintenance and repairs expense at near \$500/unit, rounded.

Capital Expenses

Replacement Allowance - This expense typically ranges between \$200/unit to \$300/unit. We estimate the replacement allowance at \$250/unit.

Capitalization Rate Analysis

Comparable Sales

We derive the capitalization rate by extraction from comparable sales. Extraction of an overall capitalization rate from good comparable sales is the most reliable way to choose a rate. A number of recent sales of older style apartment buildings in the subject area were analyzed. The rates vary due to differing criteria among individual investors. We recapitulate as follows:

No.	Name/Location	Date of Sale	Sale Price	Net Income	Capitalization Rate
1	Villas on Briarcliff 1831 Briarcliff Cir NE Atlanta, GA 30329	Jun-11	\$9,500,000	\$664,200	6.99%
2	9 Unit, 10,000 SF Apartment 685 Penn Ave NE Atlanta, GA 30308	Oct-12	\$800,000	\$52,397	6.55%
3	Myrtle Street Classic Apartments 770 Myrtle St Atlanta, GA 30308	Jan-13	\$1,160,000	\$84,082	7.25%
4	12 Unit, 9,976 SF Apartment Units 3607 Roxboro Rd NE Atlanta, GA 30326	Apr-12	\$855,000	\$59,940	7.01%
5	18 Unit Apartment in 2 Buildings 57 & 63 Lafayette Drive Atlanta, GA 30309	Dec-12	\$1,681,000	\$88,200	5.25%
Average					6.61%

The indicated overall capitalization rates range from 5.25% to 7.89%, with an average of 6.61%. Despite not being investment grade properties, intown Atlanta apartments typically have capitalized at low rates.

National Survey

In order to estimate the appropriate capitalization rate for the subject property, we also reviewed published data on investment criteria for apartments. *Korpacz Real Estate Investor Survey, 4th Quarter 2012*, Cap Rates range from 3.75% to 10.00%, with an average of 5.74%. Rates are continuing to fall.

Table 28					
NATIONAL APARTMENT MARKET					
Fourth Quarter 2012					
	CURRENT	LAST QUARTER	1 YEAR AGO	2 YEARS AGO	4 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	5.25% – 14.00%	5.25% – 14.00%	4.75% – 14.00%	5.50% – 14.00%	6.00% – 10.50%
Average	8.17%	8.28%	8.27%	8.91%	8.32%
Change (Basis Points)		- 11	- 10	- 74	- 15
OVERALL CAP RATE (OAR)^a					
Range	3.75% – 10.00%	3.75% – 10.00%	3.75% – 10.00%	4.25% – 10.00%	3.80% – 8.50%
Average	5.72%	5.74%	5.80%	6.51%	6.13%
Change (Basis Points)		- 2	- 8	- 79	- 41
RESIDUAL CAP RATE					
Range	4.50% – 9.75%	4.50% – 9.75%	4.50% – 9.75%	5.00% – 9.75%	5.00% – 9.25%
Average	6.17%	6.20%	6.24%	7.03%	6.88%
Change (Basis Points)		- 3	- 7	- 86	- 71
MARKET RENT CHANGE^b					
Range	(2.00%) – 6.00%	(2.00%) – 10.00%	(2.00%) – 8.00%	(2.00%) – 5.00%	(3.00%) – 7.00%
Average	2.57%	2.73%	2.43%	0.93%	2.71%
Change (Basis Points)		- 16	+ 14	+ 164	- 14
EXPENSE CHANGE^b					
Range	1.00% – 3.50%	1.00% – 3.50%	1.00% – 4.00%	0.00% – 4.00%	2.50% – 3.75%
Average	2.71%	2.69%	2.63%	2.42%	2.96%
Change (Basis Points)		+ 2	+ 8	+ 29	- 25
MARKETING TIME^c					
Range	0 – 18	0 – 18	0 – 18	0 – 18	1 – 12
Average	5.1	5.3	5.2	6.3	5.7
Change (▼, ▲, =)		▼	▼	▼	▼
a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months					

The subject property is a Class C property in a good location and in average condition. The property is stable with limited opportunity for growth. This market is now improving. After considering the overall capitalization rates indicated by the comparable sales and the national survey, we estimate an appropriate capitalization rate of 7.00% for the subject property for the Overall Capitalization.

Direct Capitalization				
Income:				
Gross Income		Monthly	Annual	Total
Two Bedroom Units	32	867	10404	\$332,928
Total Apartment Units	32			\$ 332,928
			PGI	\$ 332,928
Less Vacancy & Credit Loss @	5%			\$ 16,646
Other Income				12,000
Effective Gross Income				<u>\$ 328,282</u>
Expenses:				
	Annual	Annual Cost		
Fixed Expenses	Cost/Unit			
Real Estate Taxes	\$ 890	\$ 28,480		
Insurance	\$ 250	\$ 8,000		
Total Fixed Expenses	<u>\$ 1,140</u>			\$ 36,480
Operating Expenses				
Management Fee	5%	\$ 16,414		
Utilities	\$ 800	\$ 25,600		
General & Administrative	\$ 50	\$ 1,600		
Maintenance & Repairs	\$ 500	\$ 16,000		
Total Operating Expenses	<u>\$ 1,863</u>	\$ 59,614		\$ 59,614
Replacements	\$ 250	\$ 8,000		\$ 8,000
Total Expenses and Replacement Allowance				<u>\$ 104,094</u>
Net Income Before Recapture				\$ 224,188
Capitalization:				
\$ 224,188 Capitalized @	7.00%	=		\$ 3,202,679
				\$ 3,202,679
VALUE BY INCOME APPROACH			Rounded	\$ 3,200,000

SALES COMPARISON APPROACH

Valuation of the subject property by the Sales Comparison Approach uses the sale price per apartment unit. We searched for sales of similar apartment buildings in similar and surrounding areas. The comparable sale prices for apartments range from \$68,235/unit to \$115,854/unit.

No.	Name/Location	Date of Sale	Sale Price	No. of Units	Sale Price/Unit
1	Villas on Briarcliff 1831 Briarcliff Cir NE Atlanta, GA 30329	Jun-11	\$9,500,000	82	\$115,854
2	9 Unit, 10,000 SF Apartment 685 Penn Ave NE Atlanta, GA 30308	Oct-12	\$800,000	9	\$88,889
3	Myrtle Street Classic Apartments 770 Myrtle St Atlanta, GA 30308	Jan-13	\$1,160,000	17	\$68,235
4	12 Unit, 9,976 SF Apartment Units 3607 Roxboro Rd NE Atlanta, GA 30326	Apr-12	\$855,000	12	\$71,250
5	18 Unit Apartment in 2 Buildings 57 & 63 Lafayette Drive Atlanta, GA 30309	Dec-12	\$1,681,000	18	\$93,389

Financing and Conditions of Sale

Adjustments must first be made to equate the sales to market terms on a cash-equivalent basis. An analysis of each comparable sale indicated that no special financing terms were involved. Each sale appeared to be a "cash-to-seller" transaction or financed at or near market terms. Therefore, no adjustment is required due to financing terms. Neither is an adjustment necessary due to conditions of sale. Each of the comparable sales appears to be an arm's-length transaction between willing buyers and sellers under no undue influence.

Date of Sale

This adjustment is made to the sales to analyze them based on current market conditions. Our research revealed no resales that indicate adjustment for time. Brokers and investors in the market corroborate the prices are increasing during the last couple years. This is born out in the Market Analysis section. We make a 5% upward time adjustment

Comparative Adjustments

Adjustments for the differences of other value factors are not readily discernible from a matched-pair sales analysis. Any adjustments for location and physical characteristics are based on an analysis of the comparable sales, discussions with brokers and investors active in the area, and our experience with similar properties.

We present our adjustments and value estimate in the following table.

SALES COMPARISON SUMMARY OF ADJUSTMENTS					
	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Sale Price Per Unit	\$115,854	\$88,889	\$68,235	\$71,250	\$93,389
Date of Sale	Jun-11	Oct-12	Jan-13	Apr-12	Dec-12
Date of Appraisal	Feb-13	Feb-13	Feb-13	Feb-13	Feb-13
Number of Months	20	4	1	10	1
Time Adjustment Per Year	5%	5%	5%	5%	5%
Time Adjustment Per Month	0.42%	0.42%	0.42%	0.42%	0.42%
Total Time Adjustment	8.40%	1.68%	0.42%	4.20%	0.42%
Time-Adjusted Sale Price	\$125,585	\$90,382	\$68,522	\$74,243	\$93,781
Adjustments:					
Location	0%	0%	0%	0%	0%
Size	20%	-10%	0%	-10%	0%
Quality	0%	0%	0%	0%	0%
Age	0%	0%	0%	0%	0%
Unit Size & Mix	-20%	-5%	10%	10%	0%
Condition	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%
Total Adjustments	0%	-15%	10%	0%	0%
Adjusted Sale Price Per Unit	\$125,585	\$76,825	\$75,374	\$74,243	\$93,781
Median	\$76,825				
Average of Sales	\$89,162				
Unit Value Used	\$89,000				
VALUE INDICATED BY THE SALES COMPARISON APPROACH					
	32	X	\$89,000		\$2,848,000
					\$2,800,000

RECONCILIATION

The value indications for the subject property follow:

OVERALL CAP INCOME APPROACH	\$3,200,000
SALES COMPARISON APPROACH	\$2,800,000

The Overall Cap Income Approach considers market rents, expenses, and investors' requirements on one model year. We use Market Rents which are very close to Contract Rents. The Income Approach provides a good indication of Market Value for properties which are purchased for investment.

The Sales Comparison Approach provides a meaningful indication of Market Value due to the recent sales of similar apartment buildings in the subject market. The Sales Comparison Approach reflects the value of the subject property for an investor as well. Since the market is improving buyers are paying a slight premium for apartment properties.

Conclusion

Based on the foregoing, the Market Value of the subject as of February 15, 2013 is:

THREE MILLION DOLLARS
(\$3,000,000)

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and the report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report. No one provided significant real property appraisal assistance to the person(s) signing this certification. The reported analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.



February 22, 2013

Kayla Schlemmer
Principal Appraiser
Certified Real Estate Appraiser No. 3329

QUALIFICATIONS OF APPRAISER

Kayla P. Schlemmer
Schlemmer Appraisal Company
1928 Lake Lucerne Dr SW
Lilburn, Georgia 30047
404 617 9162 kschlemm@comcast.net
Certified Appraiser #3329

EXPERIENCE:

2008 to Present: Principal, Schlemmer Appraisal Company

1995 to Present: Kirkland & Company Senior Appraiser

18 years of full-time appraisal and real estate consultation experience involving residential, commercial, industrial properties in 23 States. Discounted cash flows involve ARGUS. Five years experience in Real Estate Brokerage. Continued as consultant appraiser to Kirkland & Company

1979 to 1995: City and Regional Planner

City and Regional Planning including work in Maine, New Jersey, North Carolina, Louisiana, and Georgia. Extensive work in coastal issues: Town Planner for seaport town of Yarmouth Maine, Senior Planner with the State of Maine Coastal Program where oversaw Harbor Planning & Planning Grant Program. Director of Planning for Coastal Georgia Development Center which provided regional planning and local planning for the entire 9 county coastal regional of Georgia. .

Appraisal of all types of Commercial Real Estate in metro Atlanta. Appraised over 1,500 properties.

Extensive experience with Office, Retail, Multifamily & Industrial Property Valuation. Emphasis on intown “New Urban Development”, issues involving zoning and development regulations and tenant occupied investment properties.

Island Properties Marinas & Waterfront Properties – Appraised properties on Cumberland Island, Georgia including raw land & Plum Orchard Mansion. Wassaw Island, Georgia, Horn Island, Mississippi, Cat Island Mississippi., Round Island & Deer Island, Mississippi., Naval Base at Singing River Island near Pascagoula, South Padre Island, Texas. Clients include: National Park Service, The Trust for Public Lands, Nature Conservancy, and private parties. Appraised Marina & Waterfront property on Lake Lanier, 20,000 acre Cain Hoy Plantation in Charleston, South Carolina, Marina on Fripp Island, SC; Consolidated Yacht Corp. & Marina, Miami, FL., Maritime Metals Ship Dismantling Facility, Port Arthur, TX., Waterfront Property in downtown Savannah, Ga.

Historic Properties – Appraised Barnsley Gardens near Rome, Georgia, Plum Orchard Mansion on Cumberland Island, several homes and land within the Martin Luther King Jr. Historic District of Atlanta, Ga., Historic Whitehall Mill in Athens, Ga., Bass High School (converted to loft apartments using the Secretary of Interior Standards), Atlanta, Ga.

EDUCATION:

BA - Arizona State University, Majored in Anthropology, Graduated summa cum laude.

Masters of City and Regional Planning, University of North Carolina at Chapel Hill, Majored in land use and real estate development.

Courses in Historic Preservation, Armstrong University, Savannah, Ga.

Marina Appraisal Course completed 2003 from the International Marina Institute.

PROFESSIONAL AFFILIATIONS:

(Georgia) State Certified Real Property Appraiser (No. 3329)

Certified Real Estate Broker, State of Georgia

Member of American Institute of Certified Planners (AICP) 1981

Phi Beta Kappa 1976

Phi Kappa Phi 1976

CLIENTS: Pension Funds, Industrial Corporations, Banks, Mortgage Bankers, Trusts, Insurance Companies, Real Estate Investors and Developers, Governmental Agencies, Attorneys, Architects, and Certified Public Accountants.

QUALIFICATIONS OF APPRAISER

Mead P. Schlemmer
Schlemmer Appraisal Company
1928 Lake Lucerne Dr SW
Lilburn, Georgia 30047
404 702 2375 Mschlemm1@comcast.net
Registered Appraiser #335527

EXPERIENCE:

2008 to Present: Schlemmer Appraisal Company

4 year of full-time appraisal experience involving residential, commercial, industrial properties in two States. Discounted cash flows involve ARGUS.

Appraisal of all types of Commercial Real Estate in metro Atlanta. Appraised over 100 properties.

Extensive experience with Office, Retail, Multifamily & Industrial Property Valuation. Emphasis on in town “New Urban Development”, issues involving zoning and development regulations and tenant occupied investment properties.

EDUCATION:

BA – University of West Georgia, Majored in Philosophy.

Appraisal Education

Appraisal Principles

Appraisal Procedures

National Uniform Standards of Professional Appraisal Practice

Appraisal Institute

General Appraiser Income Approach (Part I) Jun 2 - 5, 2009

General Appraiser Site Valuation & Cost Approach May 4 - 7, 2009

Real Estate Finance Statistics and Valuation Modeling Apr 1 - May 1, 2009

General Appraiser Sales Comparison Approach Mar 30 - Apr 2, 2009

PROFESSIONAL AFFILIATIONS:

(Georgia) State Registered Real Property Appraiser (No.335527)

Appraisal Institute Member

CLIENTS: Pension Funds, Industrial Corporations, Banks, Mortgage Bankers, Trusts, Insurance Companies, Real Estate Investors and Developers, Governmental Agencies, Attorneys, Architects, and Certified Public Accountants.

ADDENDA

STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

KAYLA SCHLEMMER

3329

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

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

CHARLES B. BRAMLETT
Chairperson

WILLIAM R. COLEMAN, JR.
D. SCOTT MURPHY
MARILYN R. WATTS

SANDRA MCALISTER WINTER
Vice Chairperson

34407321

KAYLA SCHLEMMER

3329
Status ACTIVE

**CERTIFIED GENERAL REAL PROPERTY
APPRAISER**

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

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

ORIGINALLY LICENSED

10/28/1992

END OF RENEWAL
07/31/2013



WILLIAM L. ROGERS, JR.
Real Estate Commissioner

34407321

KAYLA SCHLEMMER

3329
Status ACTIVE

**CERTIFIED GENERAL REAL PROPERTY
APPRAISER**

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

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



WILLIAM L. ROGERS, JR.
Real Estate Commissioner

34407321

LEXINGTON INSURANCE COMPANY

WILMINGTON, DELAWARE

Administrative Offices – 100 Summer Street, Boston, Massachusetts 02110

Certificate Number: **M18391272**

This Certificate forms a part of Master Policy Number: **018389876**

Renewal of Master Policy Number : **016191083**

**YOUR RISK PURCHASING GROUP MASTER POLICY IS A CLAIMS MADE POLICY.
READ THE ATTACHED MASTER POLICY CAREFULLY**

THE AMERICAN ACADEMY OF STATE CERTIFIED APPRAISERS

CERTIFICATE DECLARATIONS

1. Name and Address of Certificate Holder: **Schlemmer Appraisal Company, LLC**
1928 Lake Lucerne Drive
Lilburn GA 30047
2. Certificate Period: Effective Date: **01/12/13** to Expiration Date: **01/12/14**
12:01 a.m. Local Time at the Address of the Insured.
- 2a. Retroactive Date: **01/12/09**
12:01 a.m. Local Time at the Address of the Insured.
3. Limit of Liability: \$ **1,000,000** each claim
\$ **1,000,000** aggregate limit
4. Deductible: \$ **5,000** each claim
5. Professional Covered Services insured by this policy are: REAL ESTATE APPRAISAL SERVICES
6. Advance Certificate Holder Premium: \$ **1,862**
7. Minimum Earned Premium: **25% or** \$ **466**

Forms and Endorsements:

PRG 3150 (10/05) Real Estate Appraisers Professional Liability Declarations, PRG 3512 (07/12) Real Estate Appraisers Professional Liability Coverage Form, 78713 (07/12) Addendum to the Declarations

Agency Name and Address: **INTERCORP, INC.**
1438-F West Main Street
Ephrata, PA 17522-1345

IT IS HEREBY UNDERSTOOD AND AGREED THAT THE CERTIFICATE HOLDER AGREES TO ALL TERMS AND CONDITIONS AS SET FORTH IN THE ATTACHED MASTER POLICY.

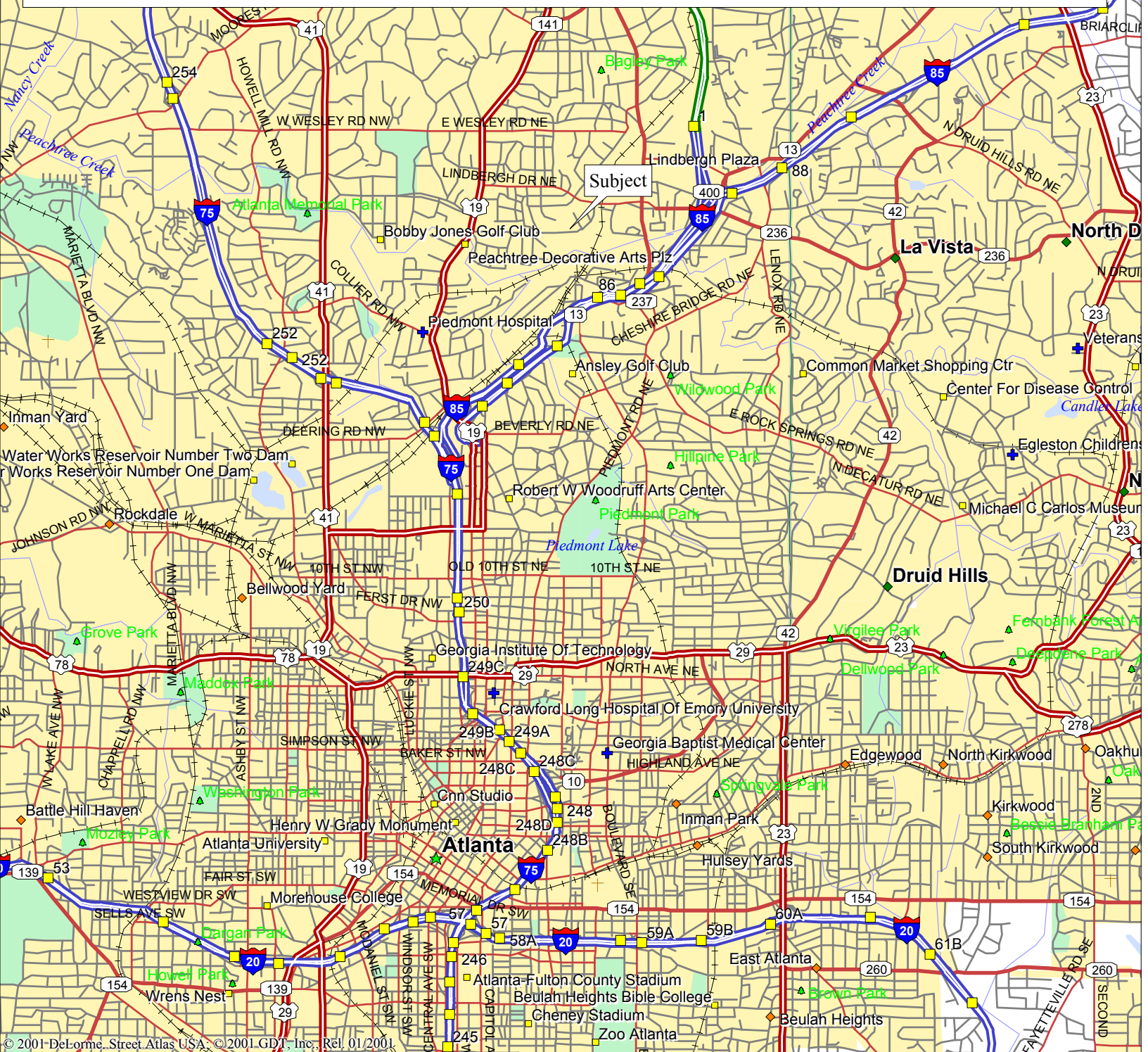
THIS POLICY IS ISSUED BY YOUR RISK PURCHASING GROUP. YOUR RISK PURCHASING GROUP MAY NOT BE SUBJECT TO ALL OF THE INSURANCE LAWS AND REGULATIONS OF YOUR STATE. STATE INSURANCE INSOLVENCY GUARANTY FUNDS ARE NOT AVAILABLE FOR YOUR RISK PURCHASING GROUP.



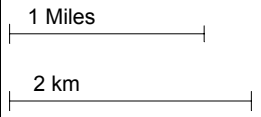
Authorized Representative OR
Countersignature (in states where applicable)

Date: December 11, 2012

Area

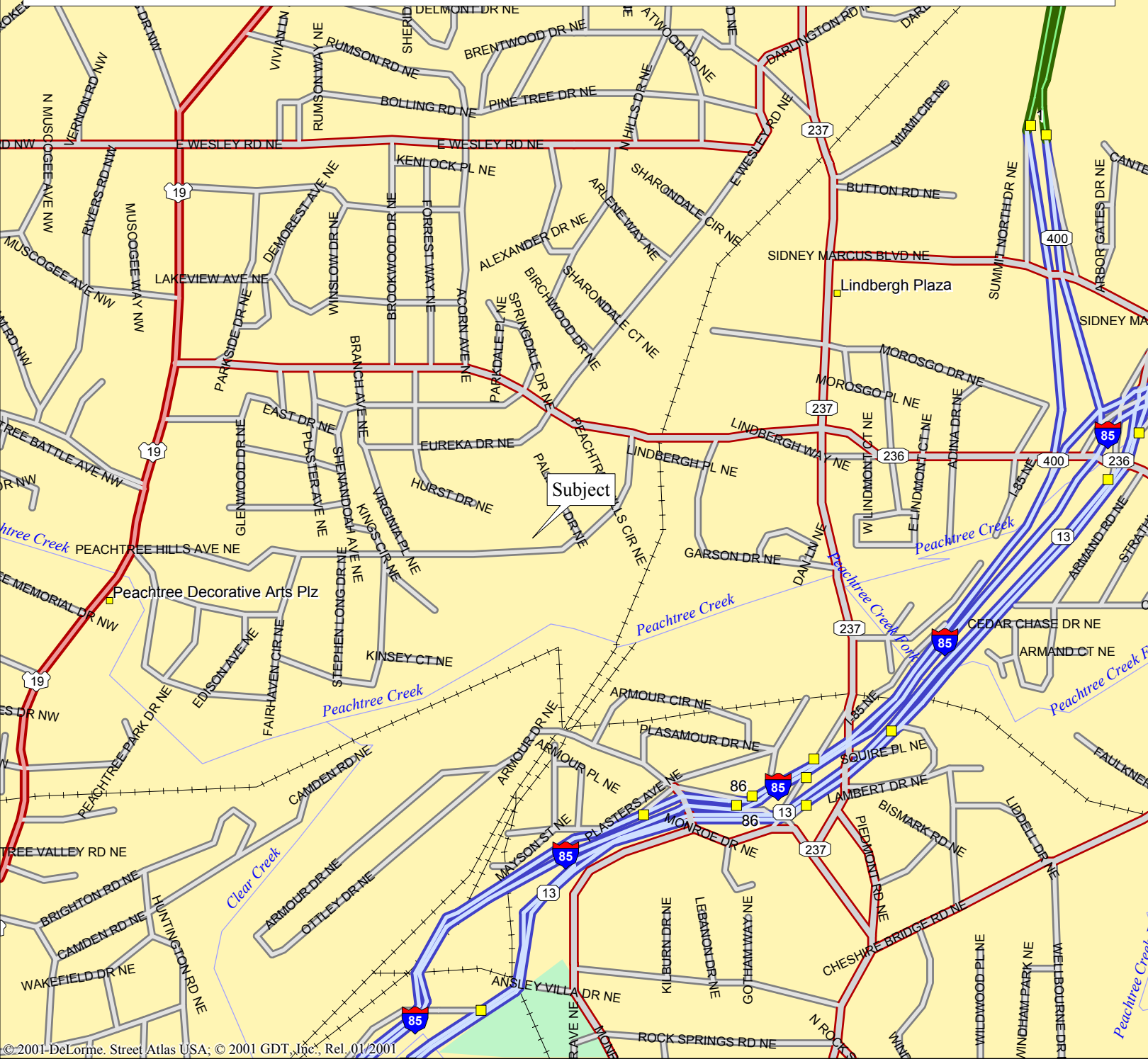


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Fri Feb 22 10:45 2013
Scale 1:62,500 (at center)



- | | | |
|---------------------------|-------------------|-------------------|
| Local Road | Point of Interest | Population Center |
| Major Connector | State Capital | Water |
| State Route | Small Town | River/Canal |
| Interstate/Limited Access | Hospital | City Park |
| Toll Highway | Park/Reservation | |
| US Highway | Locale | |
| Exit | Cemetery | |
| Railroad | County Boundary | |

Neighborhood

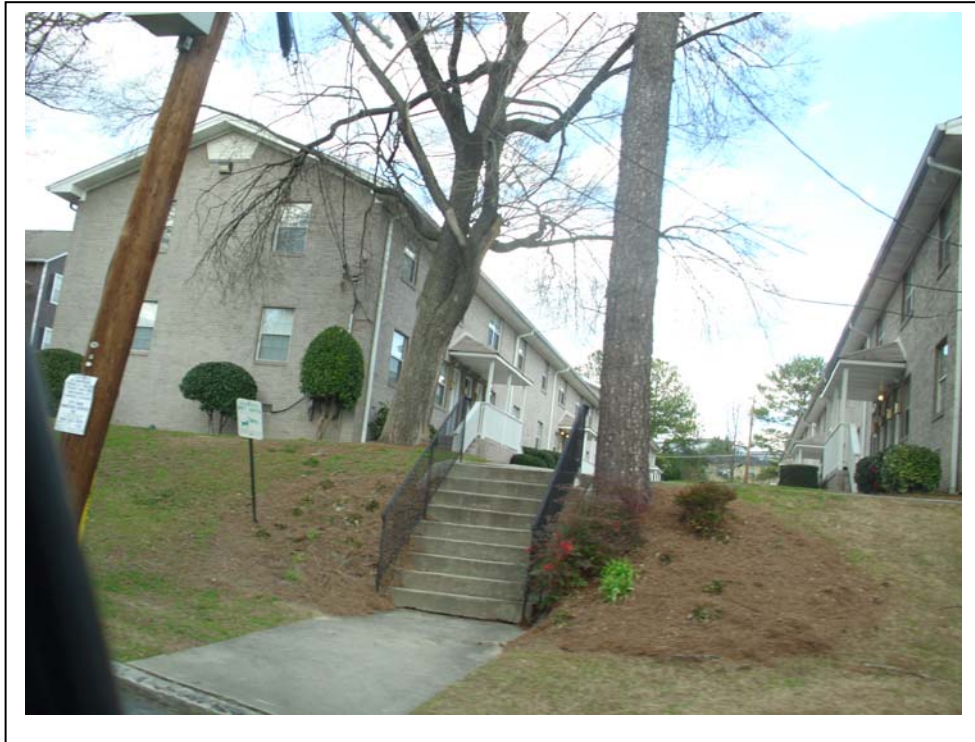


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 Fri Feb 22 10:45 2013
 Scale 1:15,625 (at center)
 1000 Feet
 500 Meters

- Local Road
- Major Connector
- State Route
- Interstate/Limited Access
- Toll Highway
- US Highway
- Exit
- Railroad
- Point of Interest
- Park/Reservation
- Population Center
- River/Canal
- City Park

SUBJECT PHOTOGRAPHS



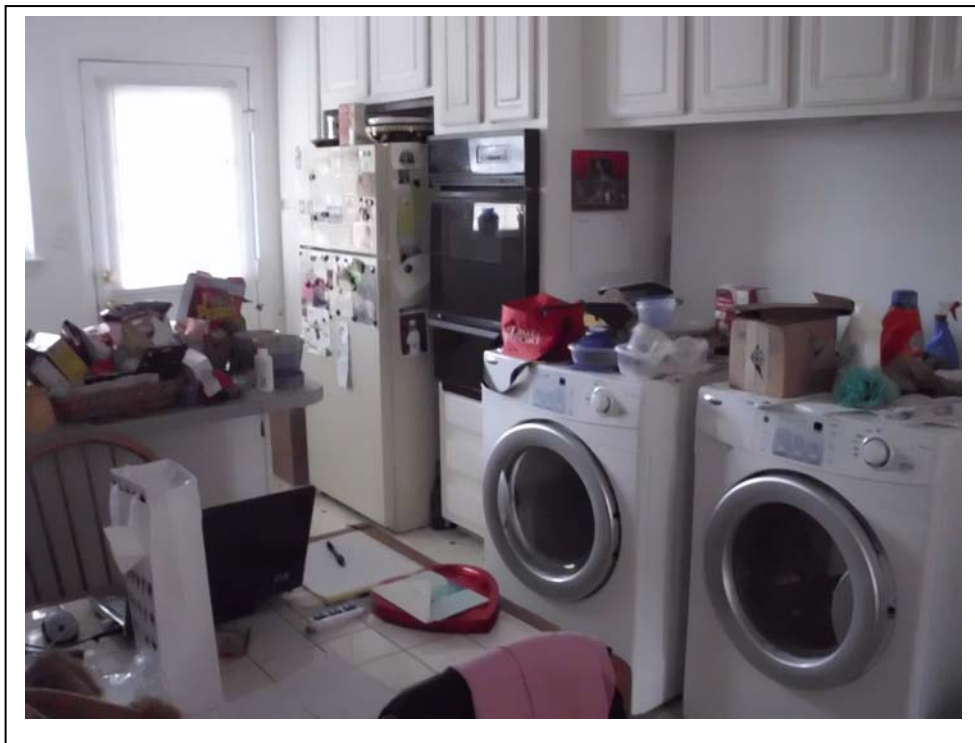
370 PEACHTREE HILL AVENUE



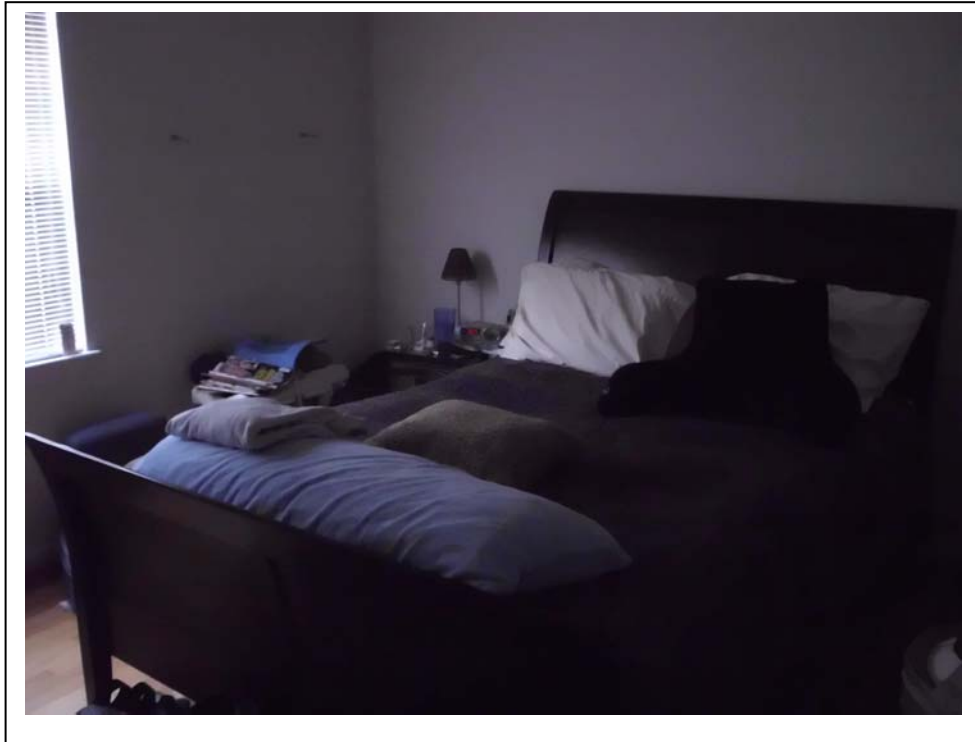
SUBJECT PHOTOGRAPHS



INTERIOR



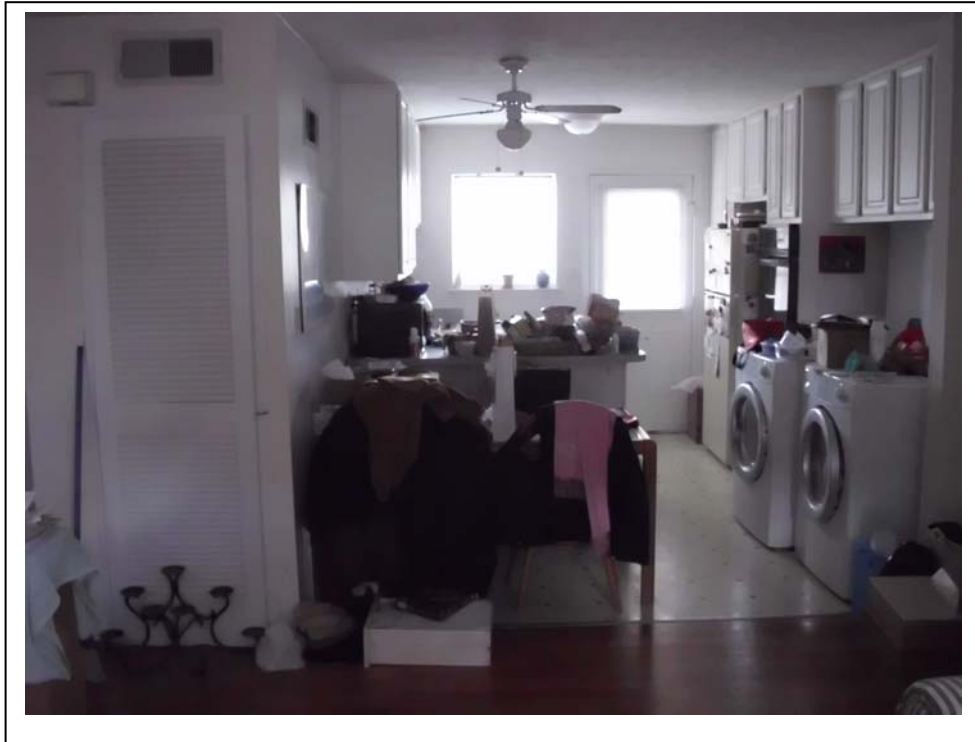
SUBJECT PHOTOGRAPHS



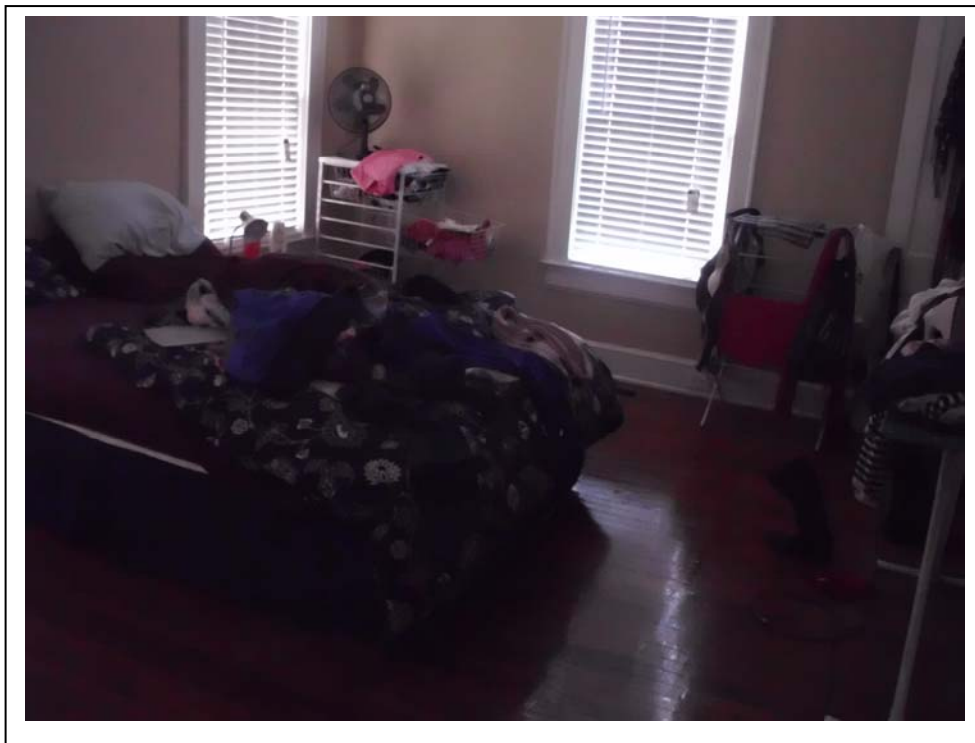
BATHROOM & KITCHEN



SUBJECT PHOTOGRAPHS



INTERIOR



SUBJECT PHOTOGRAPHS



STREETVIEW



Apartment Rental No. 1



Name : Carondelet Apartments
Street Address/Location : 2113 Defoors Ferry Rd
City/County/State : Atlanta, GA 30318

Occupancy : 100%
Lease Term : 12 months
Rent Concessions : None
Application Fee : none
Deposit : \$300
Year Completed : 1960

Swimming Pool : none
Security : none
Tennis : none

Remarks: Carondelet Apartments is situated in the Buckhead area of the City of Atlanta. Each apartment home features electric central air-conditioning and heating. Some of the amenities available for all the residents include: a fitness center on-site, a lovely swimming pool and tanning deck, professionally landscaped grounds with grilling and picnic area. All are Two-bedroom unit at 937sf. There are 48 units.

No. Of Units	Type of Unit	Area SF	Monthly Rent
48	2BR/1 Bath	937	\$845

Name	Rent	Deposit	Beds	Baths	Sq. Ft.
2 Bedroom	\$825 - \$845	\$150 - \$500	2	1	937
Model 2A	\$825 - \$845	\$150 - \$500	2	1	937

Apartment Rental No. 2



Name	:	Harmony Peachtree Hills
Street Address/Location	:	480 Peachtree Hills Ave
City/County/State	:	Atlanta, GA 30305
Occupancy	:	100%
Lease Term	:	6 and 12 months
Rent Concessions	:	None
Application Fee	:	\$25
Deposit	:	\$300
Year Completed	:	1960's
Swimming Pool	:	none
Security	:	none
Tennis	:	none

Remarks: This 118 unit apartment complex is located near the subject property. The building evinces average condition and was built in 1960's. The building construction is brick.

No. Of Units	Type of Unit	Area SF	Average Monthly Rent
38	Studio	400	\$569
40	1BR/1 Bath	600	\$639
40	2 BR/1 Bath	725	\$731
118			

Apartment Rental No. 3



Name	:	Colonial Homes Apartments
Street Address/Location	:	240 Colonial Homes Dr. NW
City/County/State	:	Atlanta, GA 30309
Occupancy	:	95%
Lease Term	:	6 and 12 months
Rent Concessions	:	None
Application Fee	:	\$25
Deposit	:	\$200
Year Completed	:	1950s
Swimming Pool	:	none
Security	:	none
Tennis	:	none

Remarks: Colonial Homes Apartments in Atlanta is just one block from Peachtree Road. This 253-unit apartment complex is similar to the subject property. The building evinces average condition and was built in 1950's. The building construction is brick.

No. Of Units	Type of Unit	Area SF	Average Monthly Rent
253	2BR/1Bath	930	\$950

253

Name	Rent	Deposit	Beds	Baths	Sq. Ft.	
2 Bedroom	\$895 - \$1195	Varies	2	1 - 1.5	930 - 1200	Check Availability
Mitchell	\$895 - \$995	Varies	2	1	930	Check Availability
Hemingway	\$995 - \$1095	Varies	2	1.5	1200	Check Availability
Fitzgerald	\$1095 - \$1195	Varies	2	1.5	1200	Check Availability

Apartment Rental No. 4

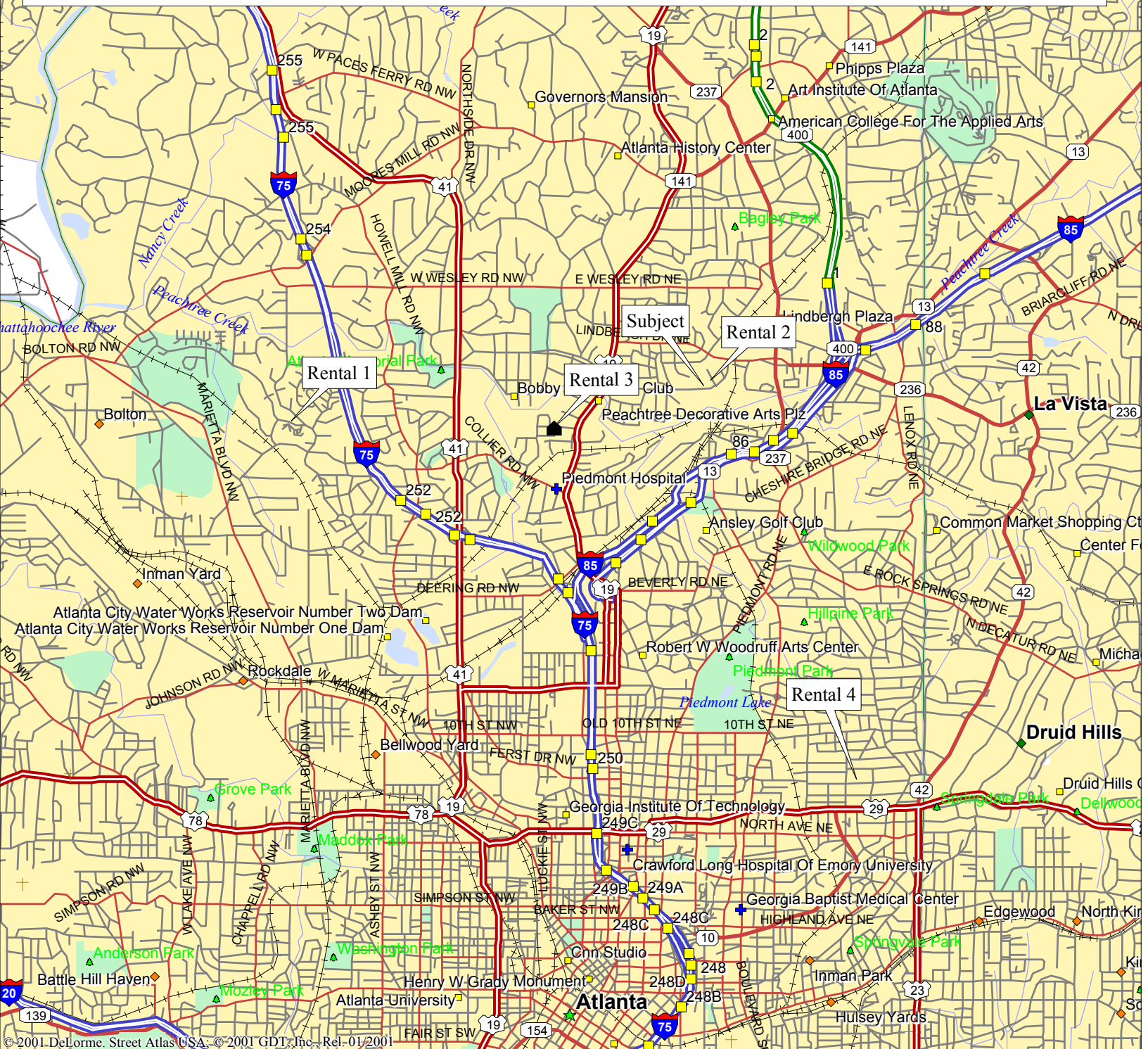


Name	:	8 Unit Apartments
Street Address/Location	:	886 St Charles Ave
City/County/State	:	Atlanta, GA
Occupancy	:	100%
Lease Term	:	6 and 12 months
Rent Concessions	:	None
Application Fee	:	\$25
Deposit	:	\$200
Year Completed	:	1980
Swimming Pool	:	none
Security	:	none
Tennis	:	none

Remarks: This 8-unit apartment complex is similar to the subject property. The building evinces average condition and was built in 1960. The building construction is brick.

No. Of Units	Type of Unit	Area SF	Average Monthly Rent
1	1BR/1Bath	650	\$640
7	2BR/2Bath	800	\$851
8			

Comparable Rentals



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 Scale 1:62,500 (at center)
 1 Miles
 2 km

- | | | |
|-----------------------------|-------------------|-------------------|
| Local Road | Railroad | County Boundary |
| Major Connector | Point of Interest | Population Center |
| State Route | State Capital | Land |
| Interstate/Limited Access | Small Town | Water |
| Interstate/Unlimited Access | Hospital | River/Canal |
| Toll Highway | Park/Reservation | City Park |
| US Highway | Locale | |
| Exit | Cemetery | |

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Apartment Sale No. 1



Name	:	Villas on Briarcliff
Street Address/Location	:	1831 Briarcliff Cir NE
City/County/State	:	Atlanta, GA 30329
Grantor	:	Northcliff Land Company, LLC
Grantee	:	David Gutting (404) 995-2283
Verification	:	Document No: 22522-0009
Sale Price	:	\$9,500,000
Sale Date	:	Jun-11
Land Area	:	12.68 Acres
Number of Units	:	82
Unit Density	:	6.47 Units/Acre
Price Per	:	\$115,854
Gross Income	:	\$1,033,200
Net Income	:	\$664,200
Cap Rate	:	6.99%

This is the sale of the Villas on Briarcliff apartments located at 1831 Briarcliff Cir in Atlanta, GA that were sold for \$9,500,000 or \$115,854-per-unit.
 This property was 100% leased at time of sale.

no of units	bed/bath	avg unit size (sf)	complex %	month rent/low	month rent/high
24	2/0.0	1,387	29.3	\$1,180	\$1,180
6	2/2.0	1,370	7.3	\$1,000	\$1,000
4	2/2.0	1,407	4.9	\$1,205	\$1,205
48	3/2.0	1,609	58.5	\$1,220	\$1,220

Apartment Sale No. 2



Name	:	9 Unit, 10,000 SF Apartment
Street Address/Location	:	685 Penn Ave NE
City/County/State	:	Atlanta, GA 30308
Grantor	:	Stabilis Fund I Lp
Grantee	:	Roe 685 Penn Llc
Verification	:	Ron Cameron (404) 888-9000 Colliers International Document No: 51767-0541
Sale Price	:	\$800,000
Sale Date	:	Oct-12
Land Area	:	0.18 Acres
Number of Units	:	9 Units
Unit Density	:	13.99 Units/Acre
Price Per Unit	:	\$88,889
Gross Income	:	\$92,897
Net Income	:	\$52,397
Cap Rate	:	6.55%

Remarks:

This two story apartment building situates in Midtown. Built in 1925.

Sale History:

Sold for \$800,000 (\$80.00/SF; \$88,889/Unit) on 10/10/2012

Sold for \$910,000 (\$91.00/SF; \$101,111/Unit) on 10/21/2008

All large one bedroom unit at 1,070sf, Rents Average \$1,024/month One unit vacant 16%

Apartment Sale No. 3



Name	:	Myrtle Street Classic Apartments
Street Address/Location	:	770 Myrtle St
City/County/State	:	Atlanta, GA 30308
Grantor	:	Charles R Byrd
Grantee	:	ZC Partners LLC
Verification	:	John McCalla (770) 393-1700 Marcus & Millichap Document No: 82204-0356
Sale Price	:	\$1,160,000
Sale Date	:	Jan-13
Land Area	:	0.50 Acres
Number of Units	:	17
Unit Density	:	34.00 Units/Acre
Price Per Unit	:	\$68,235
Gross income	:	\$132,192
Net Income	:	\$84,082
Cap Rate	:	7.25%

Remarks:

Deferred Maintenance. Built in 1960

Sale History:

Sold for \$1,160,000 (\$101.75/SF; \$68,235/Unit) on 1/29/2013

Sold for \$1,210,000 (\$106.14/SF; \$71,176/Unit) on 11/28/2006

All one bed room units at 625 with one unit at 1,000sf average rent \$648/month. The 17-unit apartment complex was 100% leased at the time of sale. Reported cap rate: 7.25%

Time on market: 60 day

Apartment Sale No. 4



12 Unit, 9,976 SF Apartment Units

Street Address/Location	:	3607 Roxboro Rd NE
City/County/State	:	Atlanta, GA 30326
Grantor	:	3607 Roxboro, LLC Arthur Cohen (404) 898-1111
Grantee	:	McDonald Asset Management
Verification	:	Document No: 51099-0580 Ernie Eden (404) 876-1640 Bull Realty Inc.
Sale Price	:	\$855,000
Sale Date	:	Apr-12
Land Area	:	0.40 Acres
Number of Units	:	12
Unit Density	:	30.00 Units/Acre
Price Per Unit	:	\$71,250
Gross income	:	\$92,340
Net Income	:	\$59,940
Cap Rate	:	7.01%

Remarks:

This is a two story apartment building in average condition. All two bed units at 800sf. Built in 1965 9,976 SF

Apartment Sale No. 5



Street Address/Location : 18 Unit Apartment in 2 Buildings
City/County/State : 57 & 63 Lafayette Drive
Atlanta, GA 30309

Grantor : Delta Group Inc
Grantee : Sixty & Beyond 121 8th St Llc
Verification : Document No: 52092-0432

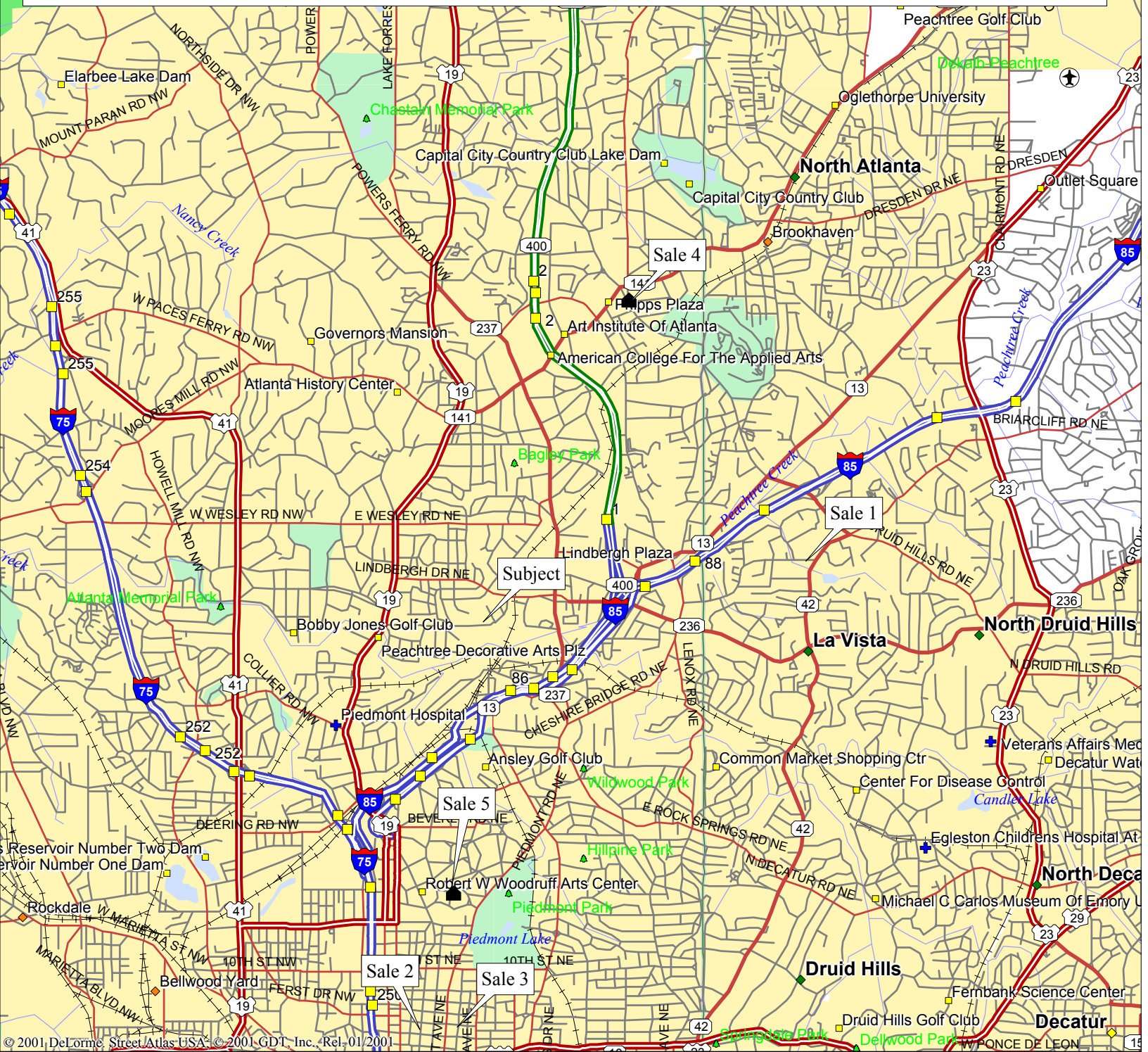
Sale Price : \$1,681,000
Sale Date : Dec-12
Land Area : 0.49 Acres
Number of Units : 18 Units
Unit Density : 36.73 Units/Acre
Price Per Unit : \$93,389

Gross Income : \$151,200
Net Income : \$88,200
Cap Rate : 5.25%

Remarks:

Built 1925. All One bed units. Rents near \$700/month Average Condition.
R4 zoning. 2011 Tax @ \$1.15/sf all one bed near 700sf

Comparable Sales



Mag 13.00
 Fri Feb 22 10:56 2013
 Scale 1:62,500 (at center)
 1 Miles
 2 km

- | | | |
|---------------------------|-------------------|-------------------|
| Local Road | Point of Interest | Population Center |
| Major Connector | Small Town | Water |
| State Route | Hospital | National Park |
| Interstate/Limited Access | Park/Reservation | River/Canal |
| Toll Highway | Locale | City Park |
| US Highway | City | |
| Exit | Public Airport | |
| Railroad | County Boundary | |