

**PRESENTATION TO
CITY OF DUNWOODY MAYOR & COUNCIL**

Dunwoody City Hall & Police Headquarters

**4800 Ashford Dunwoody Road
Evaluation and Needs Assessment**

JULY 11, 2015



I. BUILDING ASSESSMENT

II. SPACE PROGRAM

III. PLAN DIAGRAMS

QUESTIONS AND ANSWERS



GENERAL CONDITION ASSESSMENT

Mechanical Systems:

Good

- AHUs, Ventilation

Plumbing Systems:

Good

- Domestic Water, Waste/Vent

Electrical Systems:

Poor/Fair

- Panels/General Electrical
- Site Lighting, Interior Lighting
- Fire Protection

Roofing:

Poor/Fair

- Membrane, Insulation, Wall Support/Flashing
- Repairs
- Code Compliance



I. BUILDING ASSESSMENT



CITY HALL 20,699 SF

- City Manager
- City Clerk
- Council Offices
- Finance
- Human Resources
- Communications
- Economic Development
- Community Development
- Public Works
- Information Technology
- Council/Municipal Court
- Common City Hall Support

POLICE HEADQUARTERS 14,531 SF

- Administration
- Criminal Investigations
- Patrol
- Common Police Support

Police HQ spaces to be housed off-site:

Physical Training

Fleet Maintenance

Firing Range

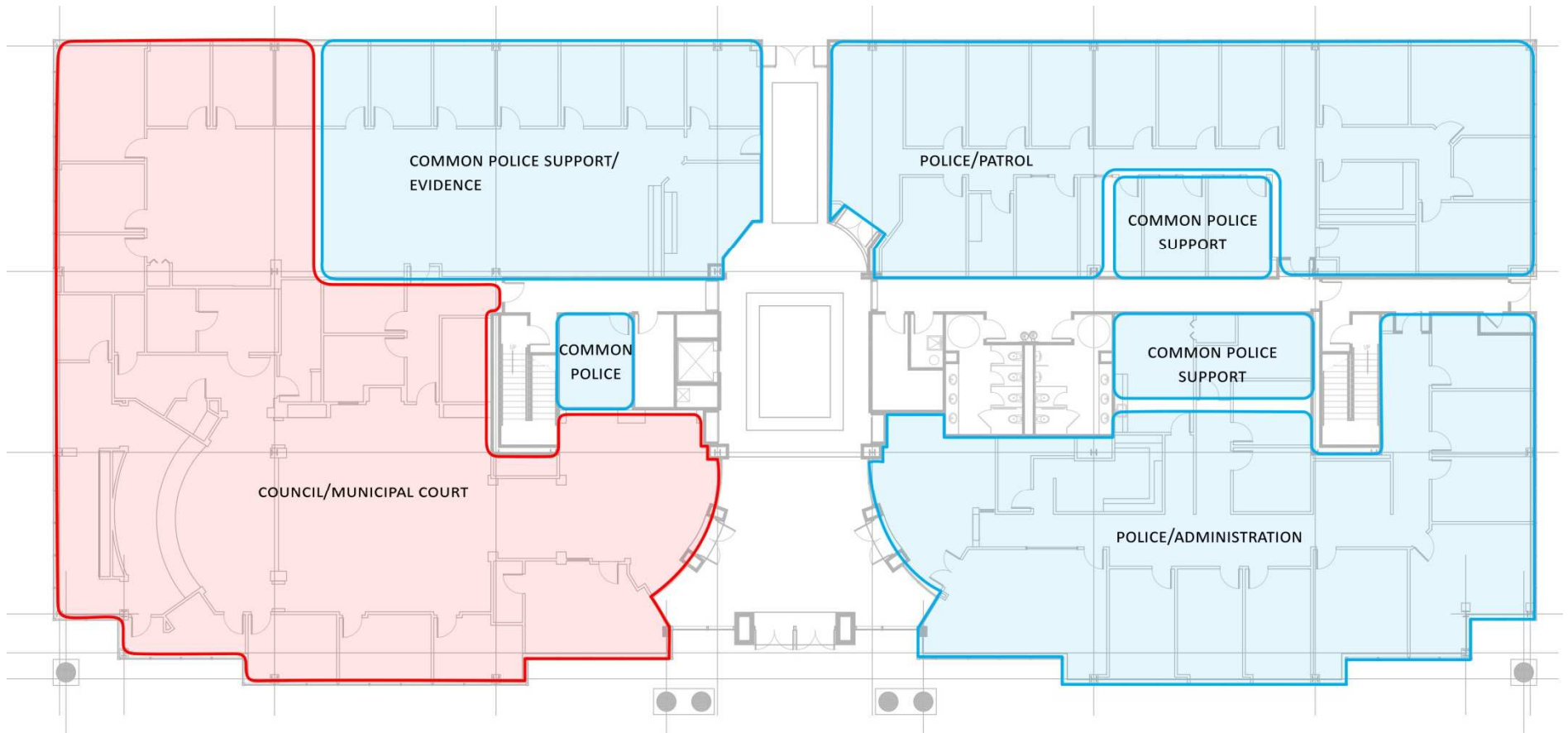
SPACE REQUIRED: 35,230 SF

SPACE AVAILABLE: 36,092 SF



II. SPACE PROGRAM



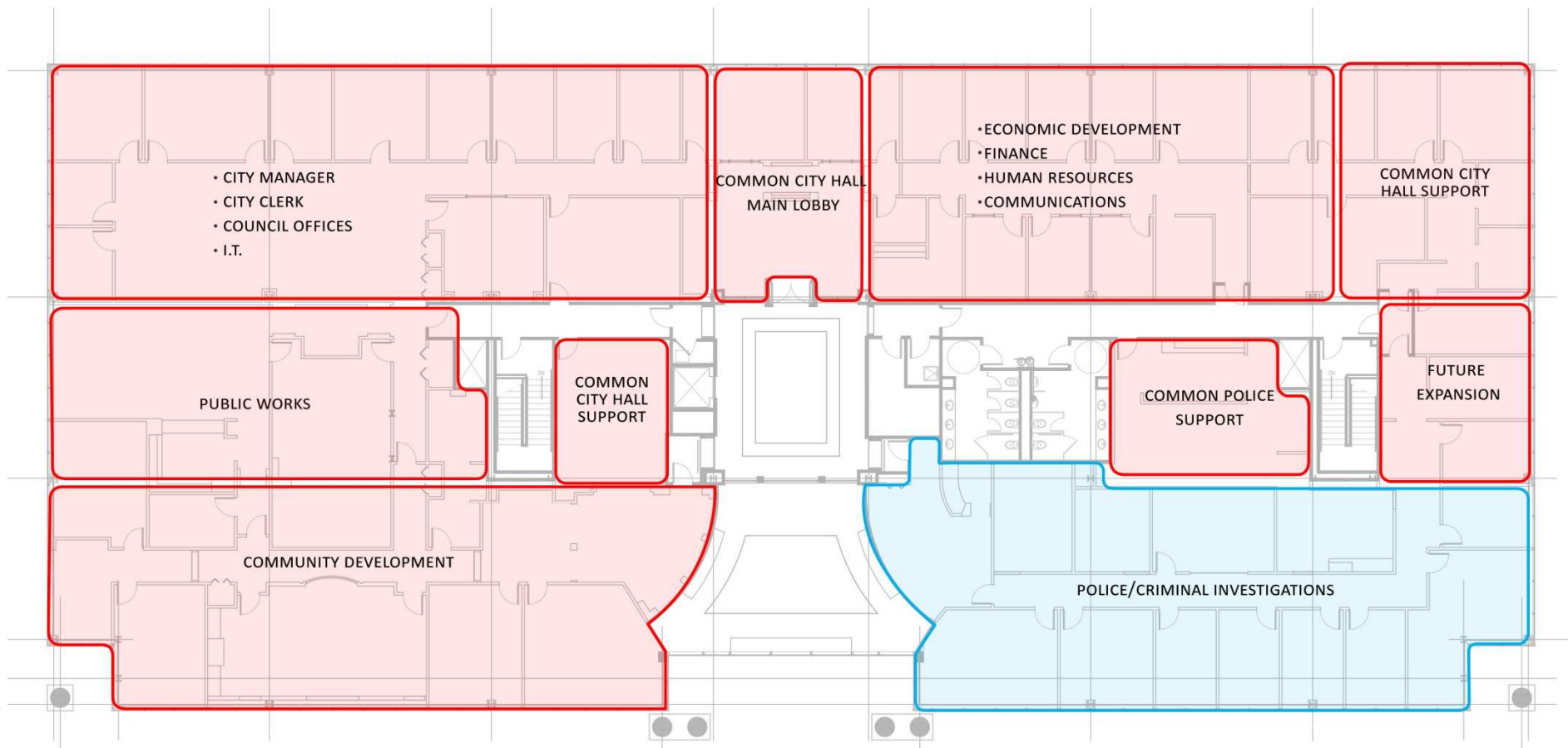


FIRST FLOOR PLAN -17,904 Usable SF



III. CONCEPT PLAN DIAGRAMS





SECOND FLOOR PLAN -18,188 Usable SF



III. CONCEPT PLAN DIAGRAMS



QUESTIONS?



Stacking Plan

4800 ASHFORD DUNWOODY

July 2016



2	<p>Suite 250 12,394 SF Community & Southern Bank</p> <p>Expires 9/30/2016</p>	<p>Suite 220 2,296 SF PT Solutions Holdings, LLC</p> <p>Expires 7/31/2020</p>	<p>Suite 210 2,031 SF RG Real Estate</p> <p>Month to month lease</p>	<p>Suite 200 5,333 RSF ATL Communities</p> <p>Expires 12/31/2019</p>
1	<p>Suite 100 & 120 10,822 SF Community & Southern Bank</p> <p>Expires 9/30/2016</p>	<p>Suite 130 2,042 SF William A. Heath, Jr. Law Offices</p> <p>Expires 4/30/2018</p>	<p>Suite 140 2,529 SF MRI</p> <p>Expires 8/31/2021</p>	<p>Suite 150 & 160 6,696 SF Journey Hospice (Palliative Care)</p> <p>Expires 4/30/2017</p>

City Hall Financing Options (rates current as of July 1)
 Estimated Proceeds ~ \$9.5 million

Option 1
 One Bank/20 year - 3.25%
 Advantage: one lender, full 20 years, low escalation; only bank to quote everything we asked for
 Disadvantage: higher interest rate, more expensive

	Principal	Interest	Total	Escalator
2017		\$ 220,413.19	\$ 220,413.19	
2018	191,000.00	308,750.00	499,750.00	
2019	217,000.00	302,542.50	519,542.50	3.96%
2020	245,000.00	295,490.00	540,490.00	4.03%
2021	274,000.00	287,527.50	561,527.50	3.89%
2022	306,000.00	278,622.50	584,622.50	4.11%
2023	339,000.00	268,677.50	607,677.50	3.94%
2024	374,000.00	257,660.00	631,660.00	3.95%
2025	412,000.00	245,505.00	657,505.00	4.09%
2026	451,000.00	232,115.00	683,115.00	3.90%
2027	494,000.00	217,457.50	711,457.50	4.15%
2028	534,000.00	201,402.50	735,402.50	3.37%
2029	551,000.00	184,047.50	735,047.50	-0.05%
2030	569,000.00	166,140.00	735,140.00	0.01%
2031	588,000.00	147,647.50	735,647.50	0.07%
2032	607,000.00	128,537.50	735,537.50	-0.01%
2033	627,000.00	108,810.00	735,810.00	0.04%
2034	648,000.00	88,432.50	736,432.50	0.08%
2035	669,000.00	67,372.50	736,372.50	-0.01%
2036	691,000.00	45,630.00	736,630.00	0.03%
2037	713,000.00	23,172.50	736,172.50	-0.06%
	<u>\$ 9,500,000.00</u>	<u>\$ 4,075,953.19</u>	<u>\$ 13,575,953.19</u>	

City Hall Financing Options (rates current as of July 1)

Estimated Proceeds ~ \$9.5 million

Option 2

Split Banks (yrs 1-15 and years 16-20); average 2.62% rate

Advantage: low rate, ability to pay off/refi early, low escalation

Disadvantage: not the lowest rate option

	Principal	Interest	Total	Escalator
2017	\$ -	\$ 147,001.95	\$ 147,001.95	
2018	269,000.00	230,090.00	499,090.00	
2019	290,000.00	224,921.70	514,921.70	3.17%
2020	310,000.00	219,360.70	529,360.70	2.80%
2021	333,000.00	213,425.70	546,425.70	3.22%
2022	355,000.00	207,060.60	562,060.60	2.86%
2023	379,000.00	200,284.10	579,284.10	3.06%
2024	403,000.00	193,058.80	596,058.80	2.90%
2025	429,000.00	185,384.70	614,384.70	3.07%
2026	456,000.00	177,224.40	633,224.40	3.07%
2027	483,000.00	168,559.20	651,559.20	2.90%
2028	512,000.00	159,389.10	671,389.10	3.04%
2029	530,000.00	149,676.70	679,676.70	1.23%
2030	540,000.00	139,627.70	679,627.70	-0.01%
2031	551,000.00	129,391.70	680,391.70	0.11%
2032	562,000.00	118,950.00	680,950.00	0.08%
2033	580,000.00	100,685.00	680,685.00	-0.04%
2034	600,000.00	81,835.00	681,835.00	0.17%
2035	619,000.00	62,335.00	681,335.00	-0.07%
2036	639,000.00	42,217.50	681,217.50	-0.02%
2037	660,000.00	21,450.00	681,450.00	0.03%
	<u>\$ 9,500,000.00</u>	<u>\$ 3,171,929.55</u>	<u>\$ 12,671,929.55</u>	

City Hall Financing Options (rates current as of July 1)

Estimated Proceeds ~ \$9.5 million

Option 3 (RECOMMENDED)				
One Bank - 15 Year with balloon; 1.89%				
Advantage: lowest ratest rate, ability to pay off/refi early				
Disadvantage: high escalator to meet banks avg maturity rules				
	Principal	Interest	Total	Escalator
2017	\$ -	\$ 114,712.50	\$ 114,712.50	
2018	320,000.00	179,550.00	499,550.00	
2019	346,000.00	173,502.00	519,502.00	3.99%
2020	384,000.00	166,962.60	550,962.60	6.06%
2021	426,000.00	159,705.00	585,705.00	6.31%
2022	470,000.00	151,653.60	621,653.60	6.14%
2023	517,000.00	142,770.60	659,770.60	6.13%
2024	568,000.00	132,999.30	700,999.30	6.25%
2025	622,000.00	122,264.10	744,264.10	6.17%
2026	679,000.00	110,508.30	789,508.30	6.08%
2027	741,000.00	97,675.20	838,675.20	6.23%
2028	806,000.00	83,670.30	889,670.30	6.08%
2029	875,000.00	68,436.90	943,436.90	6.04%
2030	892,000.00	51,899.40	943,899.40	0.05%
2031	1,854,000.00	35,040.60	1,889,040.60	100.13%
2032				
2033				
2034				
2035				
2036				
2037				
	<u>\$ 9,500,000.00</u>	<u>\$ 1,791,350.40</u>	<u>\$ 11,291,350.40</u>	

Recommendation: Option 3 saves nearly \$1.5 million over option 2. If schedule proves to be too aggressive, we can refinance in year 10 to spread the loan out more. For this option, we basically have one extra payment in the last year that could be planned for similar to a sinking fund, budgeted in year 15, or refinanced at any point after year 10.

At the request of

City of Dunwoody
Mr. John Gates - Purchasing Manager
41 Perimeter Center East, Suite 250
Dunwoody, Georgia 30346

An Appraisal of

**An Office Building
4800 Ashford Dunwoody Road
Dunwoody, Georgia 30338**

as of May 24, 2016



Written and Prepared By
Crossroads Appraisal Group, Inc.



June 20, 2016

City of Dunwoody
Mr. John Gates - Purchasing Manager
41 Perimeter Center East, Suite 250
Dunwoody, Georgia 30346

Dear Mr. John Gates:

In accordance with your request, I have prepared an appraisal of an office building generally known and located as follows:

4800 Ashford Dunwoody Road
Dunwoody, Georgia 30338

This analysis is presented as an Appraisal Report as defined in USPAP and was prepared for the purpose of expressing an opinion of the market value of the subject property, subject to normal limitations, including typical financing.

The analyses and value opinion are subject to the assumptions and limiting conditions which follow this letter. Any variation from the stated assumptions and limiting conditions will necessitate a reconsideration of the value opinion presented.

The subject of this report is a two-story 44,622 square foot office building on 3.261 acres that was originally constructed in 1995. As of the inspection date, the property had an effective occupancy of 100%. Although, one tenant has vacated their space but is paying rent through April 2017, and the anchor tenant is vacating at the end of September 2016. These spaces total 28,411 square feet, or 64% of the building. However, the buyer, City of Dunwoody, plans to occupy this space and the other space in the building as it becomes available converting the property to its official City Hall.

Within the parameters of the preceding statements, it is my opinion that the *as is leased fee market value* of the subject, as of May 24, 2016, in accordance with the attached assumptions and limiting conditions, is reasonably expressed by the amount of:

... EIGHT MILLION FIVE HUNDRED THOUSAND DOLLARS ...
\$8,500,000

Respectfully submitted,

A handwritten signature in blue ink that reads "Casey Lyon".

Crossroads Appraisal Group, Inc.
Casey Lyon, MAI
Certified General #CG 262200

1755 North Brown Road, Suite 200-2046, Lawrenceville, Georgia 30043, Phone (404) 724-5110

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CERTIFICATION OF APPRAISER(S)

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

1. An appraisal and site visit have been made of an office building located at 4800 Ashford Dunwoody Road, Dunwoody, Georgia 30338.
2. 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 the appraisal.
3. My analyses, opinions and conclusions were developed and this report has been prepared in conformity with the Georgia Real Estate Appraiser Classification and Regulation Act and the Rules and Regulations of the Georgia Real Estate Appraisers Board.
4. The statements of fact contained in the report are true and correct. No pertinent information has knowingly been withheld.
5. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions, and conclusions.
6. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved. Also, I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
7. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice.
8. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. The Appraisal Institute conducts a voluntary program of continuing education for their designated members. As of the date of this report, Casey Lyon has completed the continuing education program of the Appraisal Institute.
11. The property appraised was visited by Casey Lyon on May 24, 2016. I have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
12. No one other than the undersigned prepared the analyses, conclusions, and opinions concerning real estate that are set forth in this appraisal.
13. The State of Georgia conducts voluntary licensing of real estate appraisers. As of the date of this report, Casey Lyon has completed all requirements for education, appraisal experience, and testing, and holds a valid license as a Certified General Real Estate Appraiser (Licenses #262200). The use of this report is subject to the requirements of the State of Georgia relating to review by the Real Estate Appraisal Board.



Crossroads Appraisal Group, Inc.

Casey Lyon, MAI

Certified General #CG 262200

ASSUMPTIONS AND LIMITED CONDITIONS

The certification of the appraiser appearing in this appraisal report is subject to the following conditions and to such other specific and limiting conditions as set forth by the appraiser in the report.

The appraiser is not a professional property inspector, and this appraisal report is not a property inspection. The appraiser only performed a visual observation of accessible areas and the appraisal report cannot be relied upon to disclose conditions and/or defects in the property. The client is advised to hire a professional property inspector for a more thorough analysis of the physical condition of the property.

This analysis has relied on information provided such as a rent roll, historical financial statements, leases and a sales contract which are assumed to be correct. Should significantly different information be indicated or discovered at a later date, this analysis should be reexamined.

The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.

The appraiser is not an expert in the field of environmental hazards, so this appraisal report must not be considered as an environmental assessment of the property.

The appraiser has made no survey of the property. The appraiser is not a surveyor and makes no guarantees, express or implied, regarding this determination.

The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil or structures which would render it more or less valuable. The appraiser assumes no responsibility for any such conditions or for engineering which might be required to discover such factors.

The appraiser is not qualified to detect the existence of hazardous materials or other harmful substances, nor the existence of environmentally protected plants and wildlife which may be present on or in the property. The presence of substances such as asbestos, urea-formaldehyde foam insulation, lead based paint, gases, or other potentially hazardous materials may affect the value of the property. The value opinion is predicated on the assumption that there are no such materials, substances, or environmentally protected plants, wildlife, etc., on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

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

No test borings or type and analysis of sub-soils were made or caused to be made by the appraiser. Soil of the parcel under appraisal appears typical of the area and subsidence in the area is unknown. The appraiser, however, cannot warrant against such condition or occurrence.

The appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the appraiser render any as to the title, which is assumed to be good and marketable.

The property is appraised as though under responsible ownership and competent management.

The appraiser is not required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made thereof.

Any sketches, plans, or photographs appearing in this report are included to assist the reader in visualizing the property, and the appraiser assumes no responsibility for their accuracy or interpretive quality.

Any tracts that, according to survey, map or plat, indicate riparian and/or littoral rights, are assumed to go with the property unless easements or deeds are found by the appraiser to the contrary.

Any distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Any separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.

It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value opinion contained in this report is based.

Unless specifically stated in the report, the appraiser did not determine the flood plain status of the property appraised other than referencing flood plain maps published by the Federal Emergency Management Agency. If such data is available, it is recommended it be obtained prior to any development that might be contemplated.

Sub-surface rights (mineral, oil, or water) were not considered in this report.

The Americans with Disabilities Act of 1990 (ADA) went into effect in January 1992. The appraiser is not an expert with regard to the ADA requirements and has not made a specific compliance survey of the property under review. Neither the client nor the property owner has provided information indicating any impending improvements designed to meet the ADA requirements. In addition, the appraiser has not determined whether or not the subject property is in compliance and conformity with the various detailed requirements of the ADA. Therefore, this analysis does not consider possible non-compliance, if any, with the requirements of ADA in estimating the value of the property.

Neither all nor part of the contents of this report, or copy thereof (conclusions as to property value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which he is connected) shall be used for any purposes by anyone but the applicant or their assigns without the previous written consent of the appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the appraiser.

Possession of this report, or a copy thereof, does not carry with it the right of publication.

Consideration for preparation of this appraisal report is payment in full by the employer of all charges due the appraiser in connection herewith. Any responsibility by the appraiser for any part of this report is conditioned upon full and timely payment.

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Date of Report:	June 20, 2016
Valuation Date:	May 24, 2016
Subject Property:	An Office Building 4800 Ashford Dunwoody Road Dunwoody, Georgia 30338
Legal Description:	Located in the addendum to this report.
Property Description:	An office building containing a total of 44,622 rentable square feet in 2 two-story structure that was completed in 1995 on a 3.261 acre site.
Tax Map Code:	18-363-05-011
Flood Zone:	The property appears to be located in an area determined to be above flood elevation. A flood map is shown on page 15.
Property Rights Appraised:	Leased-fee
Zoning:	O-I, Office Institution District, City of Dunwoody
HBU, As Vacant:	Hold for Commercial Development
HBU, As Improved:	Office
Current Use:	Office
<i>Value Indications:</i>	
Sales Comparison Approach	\$8,650,000
Income Approach	\$8,380,000
As Is Market Value:	\$8,500,000

HISTORY OF THE SUBJECT PROPERTY

The owner of record is JHJ 4800 Ashford, LLC who purchased the property out of foreclosure in 2012. The last market transaction involving the subject was in July 2007 when it traded hands for \$13,531,700. No market transactions involving this property were noted over the past thirty-six months. Additionally, research of applicable public records and private data sources revealed that the subject property is not offered for sale on the open market. However, the City of Dunwoody has the property under contract for \$8,250,000 in an off market deal.

SUBJECT PROPERTY TAX INFORMATION

According to public records, the owner is current on their property taxes, and the property was appraised for ad-valorem purposes and taxed as follows.

<i>Summary of 2015 Tax Information</i>				
	<u>Tax Value</u>	<u>Bldg Size</u>	<u>2015 Taxes</u>	<u>Taxes/SF</u>
Land Valuation	\$1,840,000			
Improvement Valuation	<u>\$2,160,000</u>			
Total Valuation	\$4,000,000	44,622	\$73,854	\$1.66

SCOPE OF THE APPRAISAL

The *Sixth Edition of The Dictionary of Real Estate Appraisal* defines scope of work as “the type and extent of research and analyses in an appraisal or appraisal review assignment.” The extent of which is based upon the following:

- Effective date of opinion
- Purpose of the appraisal
- Client
- Intended use
- Intended user
- Property rights appraised
- Definition(s) for report (Addendum C)
- Relevant characteristics about the subject
- Assignment conditions

Purpose of the Appraisal & Property Rights Appraised

This analysis is presented as an Appraisal Report as defined in USPAP and was completed to develop an opinion as to the **market value** of the **leased-fee interest** in the subject property in its **as is condition**. The effective valuation date of the report is May 24, 2016, the date of the

appraiser's site visit, and the analysts considered market data and other relevant data that was known and available as of that date. Any information available subsequent to the valuation date and not known or knowable cannot be used in the determination of value.

FIRREA & USPAP Conformance

This appraisal was written and performed in conformance with the standards set forth in The Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Institute's Standards of Professional Practice and Code of Ethics as authored by the Appraisal Foundation. It also conforms to the requirements set forth in the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA).

Competency of the Appraiser(s)

Crossroads Appraisal Group and the signatories herein have experience in the valuation of assets similar to the subject property and are 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 individual who prepared this report are included in the addenda section for specific reference.

Intended Use and User of the Appraisal

The appraisal was prepared at the request of the City of Dunwoody, my client. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at their own risk. It is the function of this appraisal to provide information leading to an opinion of the market value of the subject. The appraisal is to be used to in connection with asset acquisition, and there are no other intended uses for this report.

Property Identification

Crossroads Appraisal Group collected the relevant information about the subject from the seller, client, public records and through an inspection of the subject property. The property was legally identified through the following sources:

- Postal address
- Assessor's records
- Deed records
- Legal description

Property Site Visit

In developing an opinion as to the market value of the subject property, several investigative inquiries were made. First, Casey Lyon was met at the site by property management. A site visit was completed which included a complete viewing of the exterior of the building and a walk through of a random sample of the suites. The square footage quoted herein was obtained from the rent roll provided and compared to county records as well as the site plan provided with an immaterial difference noted. Please see the assumptions and limiting conditions (page 5) for further comments regarding the site visit. Information regarding the subject was also obtained from the client, buyer's broker, property management, public records and several secondary sources that publish improvement data on real property.

Research

Crossroads Appraisal Group reviewed the micro and/or macro market environments with respect to physical and economic factors relevant to the valuation process. This process included interviews with local market participants, available published data, and other various resources. Research of current sales and carrying expenses was conducted to develop an opinion of value as defined herein. Crossroads Appraisal Group also conducted regional and/or local research with respect to the following:

- Applicable tax data
- Zoning requirements
- Flood zone status
- Demographics
- Income and expense data
- Comparable sales and rent data
- Ownership and other pertinent data

Valuation Procedures

There are three approaches generally used in valuing office buildings: the cost, sales comparison and income approaches. All three are not presented in this report. The appraiser analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed below.

The cost approach recognizes that buyers of real estate often measure the price they are willing to pay for an existing building against the cost of reproducing, or the cost of replacing the structures minus the loss in value due to accrued depreciation, plus the land value. This technique is particularly applicable when the improvements are new or relatively new and suffer only minor accrued depreciation and represent the highest and best use of the land. The subject was built in 1995, and due to the inherent difficulties in estimating accrued depreciation, the cost approach was considered inapplicable and thus, omitted.

The sales comparison approach involves an investigation into recent sales of comparable properties. All sales used in this analysis were confirmed with the grantor, grantee, broker and/or public records. This approach is based on the premise that the market value of a property is directly related to the prices of comparable properties. When reliable information can be obtained on recent sales of similar properties, the sales comparison approach can provide a valid indication of value. Furthermore, data derived from the market comparison approach is used in the other applicable approaches to value.

The income approach is a widely used and accepted approach in valuing income producing properties. The approach involves the capitalization of a property's net income into a value opinion, or the discounting of expected net cash flows forecast to be generated over the holding period. For this analysis, direct capitalization is reflective of market participants' actions.

Report Production

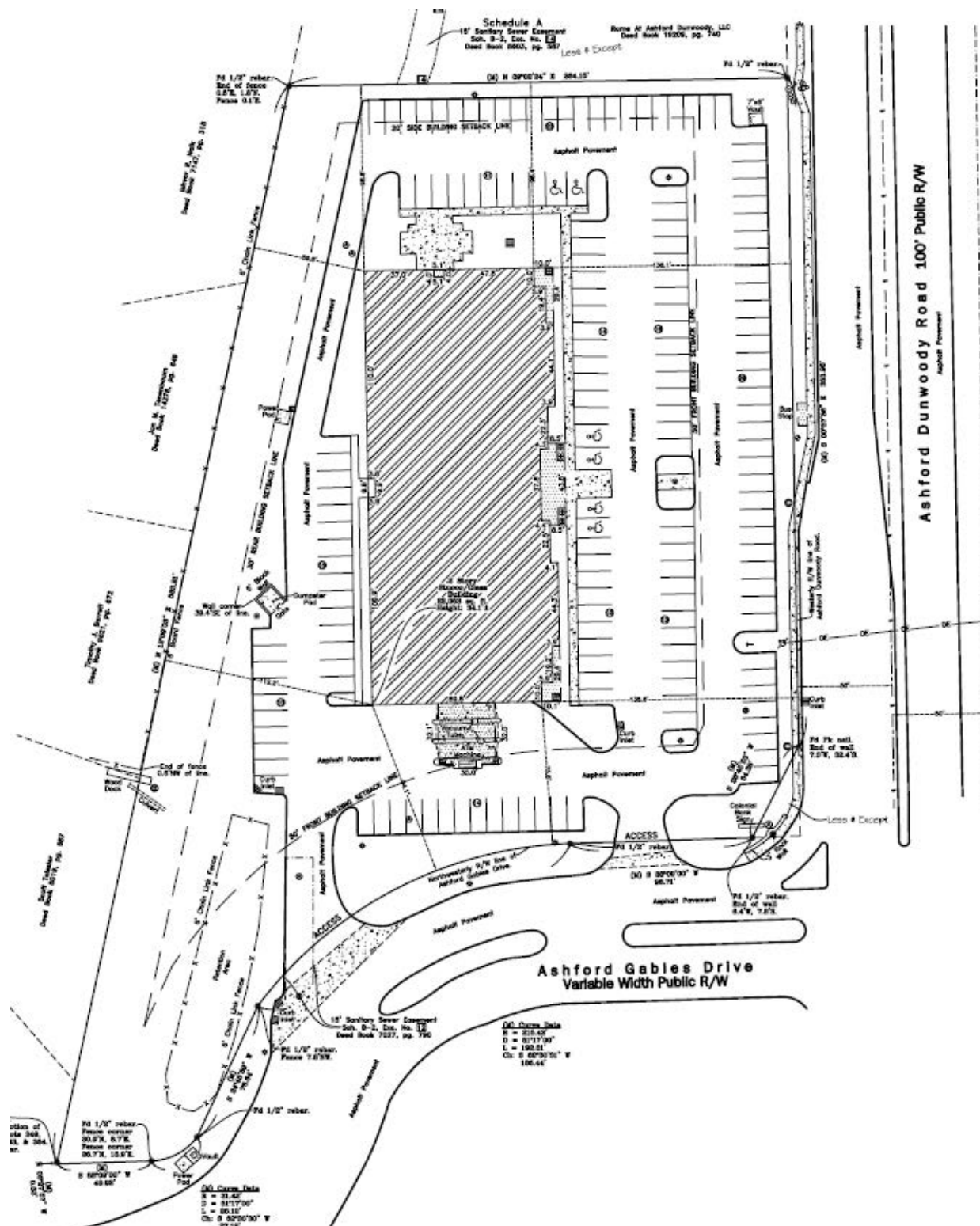
The final phase of the assignment was to produce an Appraisal Report that describes each of the aforementioned topics and establishes a market value opinion. The pages that follow begin describing the site, improvements, market and then each applicable valuation procedure is detailed.

SITE DATA

The subject site is a corner parcel consisting of 3.261 acres, and the following grid summarizes the site's characteristics.

<i>Site Characteristics</i>	
Lot Size:	3.261 acres
Zoning:	O-I, Office Institution, City of Dunwoody
Corner vs Interior:	Corner
Road Frontage:	354' - Ashford Dunwoody Road & 437' - Ashford Gables Drive
Shape & Dimensions:	Irregular but well suited for its current use - see next page
Topography:	Fairly level
Curb-cuts:	2 - Ashford Gables Drive leading to a signalized intersection
Median Divider/Access:	None/typical
Visibility:	Typical
Parking:	165 marked spaces
Police & Fire:	City of Dunwoody
Flood Zone:	Outside of FEMA flood plain - see page 15
Subsoil:	Assumed no detrimental subsoil conditions

Site Plan



Zoning

The subject site is located in the Dunwoody city limits, and according to city records, it is zoned O-I, Office Institution. The City's zoning ordinance states:

The primary purpose of the Office-institution (O-I) and office-institution-transitional (O-I-T) districts are as follows:

- a. To provide convenient locations for office and institutional uses;
- b. To provide locations for the development of cultural, recreational, educational and health service facilities; and
- c. To limit building heights to two stories in O-I-T zoned areas adjacent to single-dwelling residential districts.

The O-I designation allows for a variety of property types which includes convents, child caring institutions, clubs, lodges, colleges, schools, restaurant, banks, funeral homes, professional and medical offices and recreation centers to name a few. A sample of the bulk requirements are summarized below.

<i>Dunwoody – O-I, Office Institution District, Bulk Zoning Requirements</i>	
Minimum Lot Size:	20,000 Square Feet
Maximum Lot Coverage:	80%
Minimum Road Frontage:	100 feet
Minimum Setbacks:	
Front:	50' max
Side:	20'
Rear:	30'
Maximum Height:	Buildings may exceed three stories in height only if approved by fire and rescue services. Buildings in excess of five stories or 70 feet in height may be approved. Multi-unit residential and vertical mixed-use buildings that abut any attached single-dwelling residential district may not exceed 40 feet in height. Multi-unit residential buildings and vertical mixed-use buildings that abut any detached single-dwelling residential district may not exceed 35 feet in height.
Parking:	Office - 3.3 spaces per 1,000 sq. ft.

In summary, the subject of this report is an office building located on 3.261 acres. The property is considered to have adequate exposure and access from the immediate roadways. The site is zoned O-I by the City of Dunwoody and is improved with the aforementioned office building.

A flood map/aerial view is displayed on the next page.

Flood Map**MAP DATA**

Map Number : 13089C0012J

Panel Date : May 16, 2013

IPS Code : 13089

Census Tract : 0212.15

**Geo Result : S8 (Most Accurate) -
single valid address match, point
located at a single known address
point candidate (Parcel)****Flood**

- | | |
|---|-----------------|
|  | X or C Zone |
|  | X500 or B Zone |
|  | A Zone |
|  | V Zone |
|  | D Zone |
|  | Area Not Mapped |

DESCRIPTION OF THE IMPROVEMENTS

The subject of this report is a two-story 44,622 square foot office building on a 3.261 acre site that was originally constructed in 1995. As of the inspection date, the property had an effective occupancy of 100%. Although, one tenant had vacated their space but is paying rent through April 2017 and the anchor tenant is vacating at the end of September 2016. These spaces total 28,411 square feet, or 64% of the building. However, the buyer, the City of Dunwoody, plans to occupy this space and the other space in the building as it becomes available converting the property to its official City Hall. The following description is based the appraiser's site visit and interviews with property management.

<i>Characteristics of the Improvements</i>	
<i>Construction Details</i>	
Foundation:	Concrete slab with concrete footings
Frame:	Steel
Exterior walls:	Architectural cast stone and sandstone with fixed aluminum and glass curtain wall fenestration
Roof:	Flat roof covered with a ballasted EPDM membrane over rigid insulation
Electrical:	Assumed adequate with one two-stop elevator
Plumbing:	Typical
HVAC:	Central HVAC is provided by electrical resistivity roof top packages
Site improvements:	165 marked parking spaces, landscaping and signage
<i>Finishes</i>	
Exterior doors:	Plate glass in metal frames and metal in metal frames
Interior walls:	Drywall on metal studs
Interior ceilings:	Acoustical panels and/or drywall
Windows:	Windows are tinted, tempered fixed glass in metal frames
Interior doors:	Wood in metal frames
Floor covering:	Carpet, tile, laminate and concrete
<i>Overall</i>	
Condition:	Good
Quality:	Good
Land-to-Bldg Ratio:	$3.261 \text{ acres} \times 43,560 / 44,622 = 3.18$
Actual & Effective Age:	Actual age 21 years; Effective Age 15
Economic Life*:	Economic life - 60 yrs less 15 yr effective age = remaining economic life of 45 yrs

*- Marshall & Swift Section 97

Photographs of the subject improvements are displayed on the next three pages.

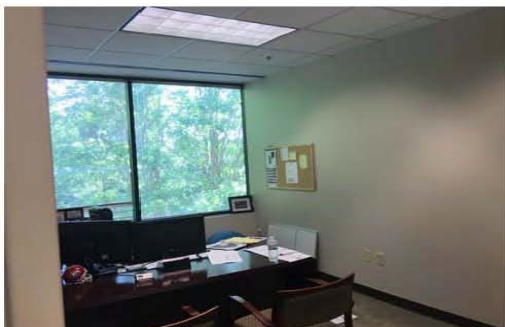
Subject Photographs



Subject Photographs



Subject Photographs



MARKET ANALYSIS

The following market study relies heavily on an inferred analysis based on historical data in order to project the future direction of the market and the subject's ability to capture demand. There were four steps employed for the market analysis completed for this assignment, and they are as follows:

- 1) Analyze property productivity
- 2) Delineate market area
- 3) Analyze supply and demand
- 4) Forecast subject capture and summarize market direction

These topics are discussed below and on the pages that follow.

Property Productivity Analysis

The site is improved with a two-story office building that was constructed in 1995 containing a total rentable area of 44,622 square feet. The building is being purchased for owner occupancy and conversion to Dunwoody's City Hall. Overall, the improvements meet the current demand for a wide range of office space in the subject's micro-market.

Strengths and Weaknesses of the Subject Property

The grid on the next page compares the physical characteristics to the typical competition (Class A/B office buildings less than 100,000 square feet in size and located in north metro Atlanta) which helps establish strengths and weaknesses and is based on the appraiser's observations of the market and competition.

Based on the rating system on the following page, the subject is considered to be 6.7% above the market typical. The advantages for the subject include its location in the affluent Dunwoody area, corner location at a signalized intersection providing for good access and the visibility along a heavily traveled thoroughfare. As noted throughout this analysis, 64% of building will be vacant at the end of September 2016 including the anchor tenant. This may be viewed as a negative in most markets; however, in Dunwoody, large blocks of space are scarce and this fact allows the buyer, an owner user, the chance to convert the space to their use. Otherwise, the subject is a typical office property in this market.

<i>Subject's Property Rating vs Market Typical</i>							
	Inferior			Typical	Superior		
	High	Moderate	Slight	Neutral	Slight	Moderate	High
Site							
Parking (adequacy)				X			
Location						X	
Access					X		
Visibility					X		
Landscaping				X			
Income Demographics				X			
Building Improvements							
Construction quality				X			
Design and exterior appearance				X			
Size (leaseable area)				X			
Land-to-Bldg ratio				X			
Condition/Effective Age				X			
Obsolescence				X			
Other				X			
Property Management and Tenancy							
Occupancy				X			
Management				X			
Rating Conclusions							
Sub-rate number of items	0	0	0	12	2	1	0
Times category score	1	2	4	5	6	8	10
Category score	0	0	0	60	12	8	0
Total subject score	80						
Total factors rated	15						
Percentage above or (below) all average	6.7%						

Macro Atlanta Area Data

The property being appraised is located in DeKalb County which is one of the counties that make up Atlanta's 29-county MSA. Therefore, an analysis of economic and demographic data affecting Atlanta's MSA is considered appropriate.

Atlanta is the principal city in the multi-county metropolitan area. Subsequent to the 2000 Census, the federal Office of Management and Budget added eight counties to the Atlanta metropolitan statistical area, and renamed it the Atlanta-Sandy Springs-Marietta, GA MSA. Presently, the metropolitan statistical area is comprised of over 130 municipalities, incorporating twenty-nine counties: Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Haralson, Heard, Henry, Jasper, Lamar, Meriwether, Morgan, Newton, Paulding, Pickens, Pike, Rockdale, Spalding and Walton counties. The region covers a land mass of 8,379 square miles and holds a population of over 5,500,000 and includes over 120,000 businesses.

Atlanta, the largest city and the capital of Georgia, is the seat of Fulton County. It is situated in the northwest part of the state at the base of the Blue Ridge Mountains near the Chattahoochee River. Atlanta's relatively affordable cost of living, mild climate, fine educational and art institutions, and diversity of recreational facilities have contributed to its attractiveness as a place to live. Atlanta evolved from a rail center in the early part of the nineteenth century, and the city's economic base is still closely allied with its role as a transportation hub.

A summary of the population and income demographics within Atlanta's MSA is displayed below.

<i>Macro Demographics</i>			
	2015	2020 Projections	Growth
Population	5,527,230	5,852,718	
Annual Growth Rate 2010-2015			0.85%
Projected Annual Growth 2015-2020			1.15%
Households	2,033,479	2,156,032	
Annual Growth Rate 2010-2015			0.86%
Projected Annual Growth 2015-2020			1.18%
Median HH Income	\$56,889	\$66,764	
Average HH Income	\$79,222	\$90,358	
Projected Annual Growth for Avg Inc 2015-2020			2.67%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020

As displayed above, the macro area was expanding steadily from 2010 to 2015 with annual expansion rates for population and households of 0.85% and 0.86%. Expansion through 2020 is projected to be just above these levels with population projected to increase at an average annual rate of 1.15%. In terms of income demographics, the projected annual growth for this area through 2020 is 2.67%, which is in line with historical inflation rates (2.68% from 1990-2014), indicating that income gains are projected to keep pace with inflation.

Considering that the population and income are projected to expand over the next few years, demand for commercial properties should expand as the economy, in particular the job market, and the local real estate market continues to improve.

Georgia and Metro Atlanta Employment Data

Between 2000 and 2007, metro Atlanta added an average of 31,400 jobs per year. Over the ten years prior to the 2008 recession, Atlanta's job growth was dominated by the service sector and this trend is expected to continue in the post recovery years. Atlanta's employment growth was negative in 2009-2010 losing 152,300 jobs over that two year period. In 2011, job losses crested and unemployment dropped and has generally been improving since. In 2014, Atlanta's MSA added 89,000 jobs (3.7% YOY increase) with another 84,000 jobs added in 2015 (3.4% YOY increase)

The forecast for the next three years is significant employment gains as follows: 67,400 new jobs in 2016, 52,500 new jobs in 2017 and 53,000 new positions in 2018 for year over year changes of 2.8%, 2.0% and 2.0%, respectively. Additionally, Georgian's disposable income is projected to grow at rates of 3.5% to 3.9% per year through 2018, outpacing USA projections (*source: Georgia State University EFC, Dr. Rajeev Dhawan*). A trailing 13 month analysis of recent job trends is shown in the following chart.

Macro Employment Data						
Area	Employment Statistics	April 2016	March 2016	MTM Change	April 2015	YOY Change
State Of Georgia	Civilian Labor Force	4,829,352	4,846,651	-17,299	4,757,923	71,429
	Employed	4,587,484	4,583,110	4,374	4,487,421	100,063
	Unemployed	241,868	263,541	-21,673	270,502	-28,634
	Unemployment Rate	5.01%	5.44%	-0.43%	5.69%	-0.68%
Atlanta MSA	Civilian Labor Force	2,877,964	2,883,331	-5,367	2,826,960	51,004
	Employed	2,740,101	2,733,934	6,167	2,673,061	67,040
	Unemployed	137,863	149,397	-11,534	153,899	-16,036
	Unemployment Rate	4.79%	5.18%	-0.39%	5.44%	-0.65%
DeKalb County	Civilian Labor Force	376,828	377,693	-865	370,614	6,214
	Employed	357,647	356,815	832	349,052	8,595
	Unemployed	19,181	20,878	-1,697	21,562	-2,381
	Unemployment Rate	5.09%	5.53%	-0.44%	5.82%	-0.73%

Source: Georgia Department Of Labor

As shown above, Georgia's state unemployment rate decreased 68 basis points over the last 13 months, adding 100,063 jobs. The unemployment rate was further affected by the addition of 71,429 people to the civilian labor force. Atlanta's MSA gained 67,040 jobs and experienced a reduction of 65 basis points from the unemployment rate which included adding 51,004 people to the labor force. Lastly, DeKalb County gained 8,595 jobs and experienced a decrease in the unemployment rate of 73 basis points including an addition of 6,214 people to the labor force. Over the last month, the unemployment rate decreased 39 to 44 basis points across the three sectors. Over the last 18 months, the employment numbers have been choppy but trending positive. Looking at the job statistics across all three sectors, there are encouraging signals about the job markets and most economists are predicting annual job and wage growth through 2018.

Environmental and Social Issues

Metropolitan Atlanta is not without economic shortcomings. There is an increased need for water and sewer, beyond present capacity or availability in some areas. Cobb, DeKalb, and Fulton counties, as well as the city of Atlanta depend on the Chattahoochee River as a water source which is relatively small, given that it supplies such a large population. The U.S. Army Corps of Engineers operates Lake Lanier, which is metro Atlanta's main water source. Metro Atlanta was under a major water shortage crisis in 2008 due in large part to an exceptional drought that spread throughout the southeast. Water conservation efforts are underway from both government and private business sectors as well as from citizens in metro Atlanta. The city of Atlanta is taking a long-term approach to water supply, having purchased the Vulcan Quarry in Northwest Atlanta with the intention of converting it into a two-billion-gallon reservoir.

Inner-city unemployment and crime are relatively high, and the convention industry is facing strong competition from other cities in the southeast. In addition, some major industrial relocation/expansions have chosen other states and other areas of Georgia over the Atlanta area. However, Atlanta is not alone in dealing with these economic realities.

Conclusion

Atlanta is considered Georgia's most desirable city. Because of the pleasant climate and lifestyle, and the relatively diversified economy and industries of the metro area, Atlanta continues to attract newcomers who are younger, well educated and desire to reside in a city that meets the needs of growing families. In fact, Atlanta is currently the number 2 US destination city for Millennials.

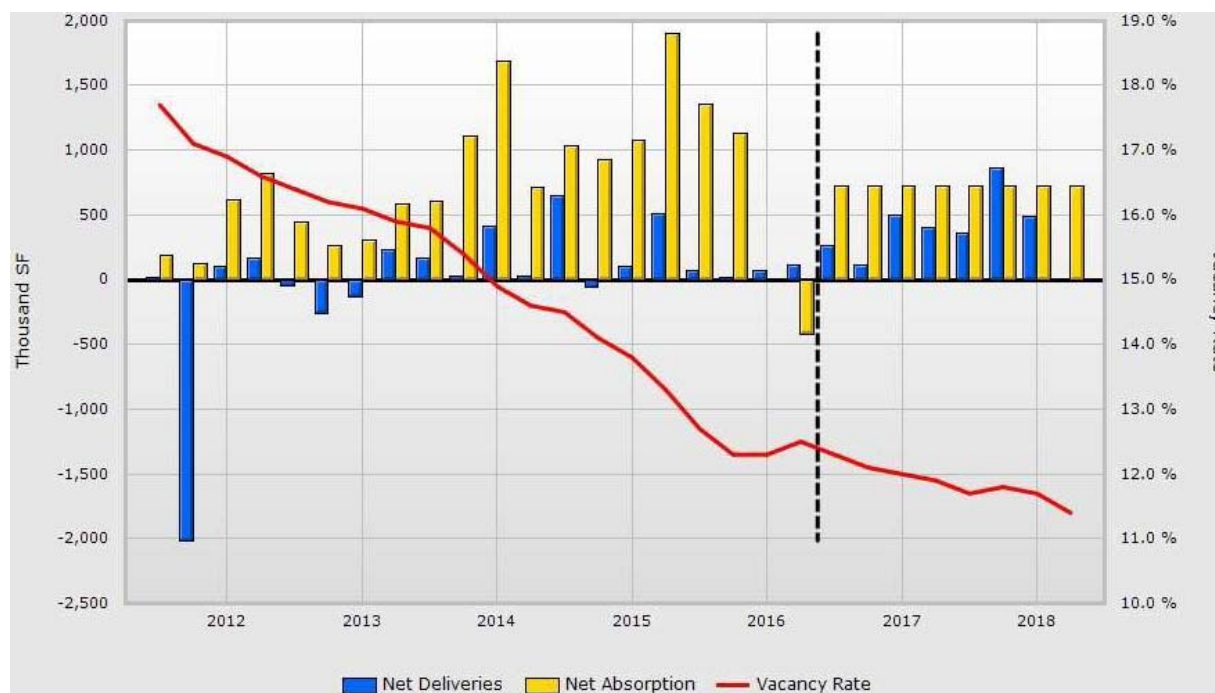
Atlanta's local economy remained relatively strong until the close of 2007. However, the 2008 recession adversely impacted job growth and the overall real estate market as the past six plus years presented new real estate challenges that are projected to continue throughout 2016. Nevertheless, many analysts agree that the market found its bottom in 2011/2012, and most economists predict job growth to remain positive over the next few years. Additionally, future business growth in the Metro Atlanta area is anticipated in almost every area. Growth in business and industry as well as the area's concentration on attracting "appropriate" commercial and industrial developments are expected to greatly improve the area's economic base and add important diversity and stability to the local economy.

The overall metro Atlanta office market is discussed beginning on the next page with a map of the area displayed on page 27.

Atlanta's Macro Office Market Conditions

For this assignment, the macro market is considered to be all office properties located in metro Atlanta. A total of 15,347 buildings were identified in the macro market housing 299.8 million square feet. After several sluggish post recession years, Atlanta's office market began to improve in 2012. As shown below, vacancy rates peaked at just under 18 percent in 2011, and they began to trend down in 2012, reaching about 12.4 percent at the end of Q1 2016.

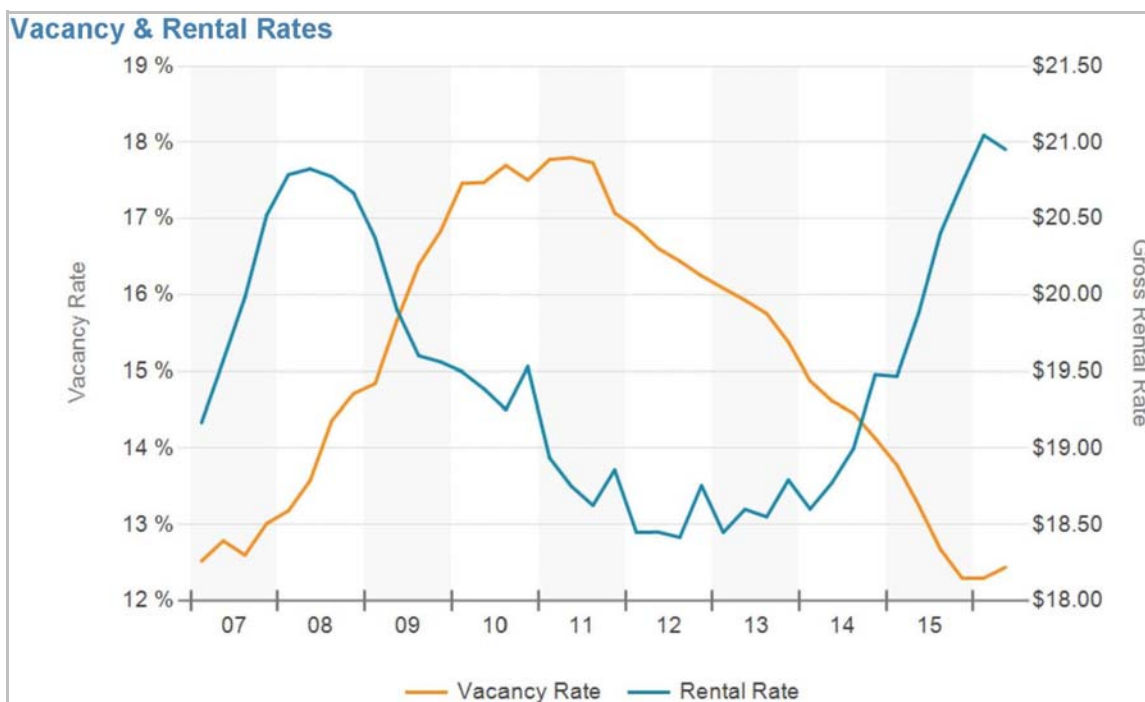
Vacancy Forecast Report



Source: CoStar

As shown above, the absorption of office space has been positive every quarter since the beginning of 2013 up until the last quarter, which experienced a negative net absorption of 6,211 square feet. Prior to 2013, deliveries were sparse; however, they have been picking up over the last two plus years, and the five year average now stands at just over 966,000 square feet annually with deliveries over the last 12 months at 941,453 square feet; however, this was more than offset by over 5 million square feet of positive net absorption in 2015. There is about 3.1 million square feet under construction at the end of Q1 2016, which may place downward pressure on rents; however, about 59 percent of the office space under construction is pre-leased.¹ Furthermore, based on the performance over the past five years, absorption is forecast to remain positive over the next two years. Also, as shown above, vacancy rates are forecast to decline to about 11.5 percent over the next two years despite the pending deliveries.

¹Source: The CoStar Office Report, First Quarter 2016, Atlanta Office Market



Source: CoStar

As shown above, rental rates in the macro office market trended down from 2008 to the end of 2011, declining from \$20.75 down to \$18.45± per square foot. A positive trend began in early 2013, and it has continued over the last two plus years with a current average of nearly \$21 per square foot.

As for sale activity - “Tallying office building sales of 15,000 square feet or larger, Atlanta office sales figures rose during the fourth quarter 2015 in terms of dollar volume compared to the third quarter of 2015. In the fourth quarter, 60 office transactions closed with a total volume of \$1,191,929,747. The 60 buildings totaled 7,552,624 square feet and the average price per square foot equated to \$157.82 per square foot. That compares to 46 transactions totaling \$914,427,595 in the third quarter 2015. The total square footage in the third quarter was 5,774,425 square feet for an average price per square foot of \$158.36. Total office building sales activity in 2015 was up compared to 2014. In the twelve months of 2015, the market saw 170 office sales transactions with a total volume of \$3,502,100,606. The price per square foot averaged \$160.10. In the same twelve months of 2014, the market posted 140 transactions with a total volume of \$2,318,520,717. The price per square foot averaged \$137.51. Cap rates have been lower in 2015, averaging 7.77% compared to the same period in 2014 when they averaged 8.22%. One of the largest transactions that occurred within the last four quarters in the Atlanta market is the sale of Monarch Centre in Atlanta. This 896,449-square-foot office building sold for \$303,000,000, or \$338.00 per square foot. The property sold on 9/30/2015, at a 4.29% cap rate.”²

²Source: The CoStar Office Report, First Quarter 2016, Atlanta Office Market

Area Map

29-COUNTY METROPOLITAN STATISTICAL AREA (MSA)

ATLANTA-SANDY SPRINGS-ROSWELL, GA MSA



Dunwoody Office Sub-Market

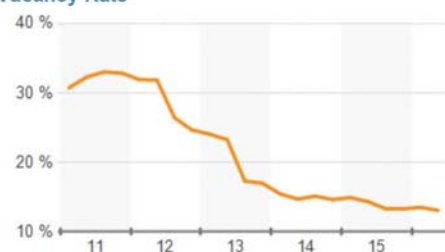
As displayed below and according to Costar, there is 8,827,213 square feet of office space in 181 buildings in the Dunwoody area. As displayed below, vacancies peaked above 30% in 2011/2012 but have since trended down to a current rate of 13.1%. According to CoStar, vacancies are projected to dip below 10% in 2017 with an upturn to around 12% in 2018.

Quoted gross rents currently average \$23.76 per square foot which is above the 5 year average. Overall, rents have been increasing significantly since 2012. There has been minimal new construction over the past five years with 602,000 square feet currently under construction. Additionally, net absorption has been positive every year since 2011. Lastly, the current trailing twelve month average sales price is \$136 per square foot which is below the five year average but current asking prices are well above the five year average. All these signs point to an office submarket that is in a recovery mode. See below for further graphics regarding the defined sub-market.

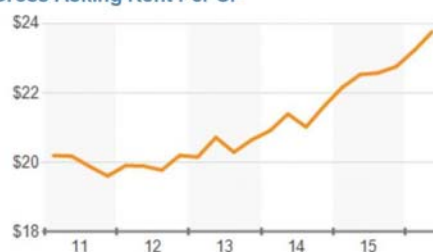
Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Gross Rent Per SF	\$23.76	\$20.75	Existing Buildings	181	186
Vacancy Rate	13.1%	21.2%	Existing SF	8,827,213	8,905,650
Vacant SF	1,152,572	1,889,419	12 Mo. Const. Starts	0	401,333
Availability Rate	17.9%	23.2%	Under Construction	602,000	602,000
Available SF	1,687,422	2,106,165	12 Mo. Deliveries	0	0
Sublet SF	413,214	184,025			
Months on Market	27.0	25.9			

Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	113,258	303,293	Sale Price Per SF	\$136	\$153
12 Mo. Leasing SF	446,559	1,013,114	Asking Price Per SF	\$231	\$100
			Sales Volume (Mil.)	\$129	\$236
			Cap Rate	7.0%	7.2%
			Gross Asking Rent Per SF		

Vacancy Rate



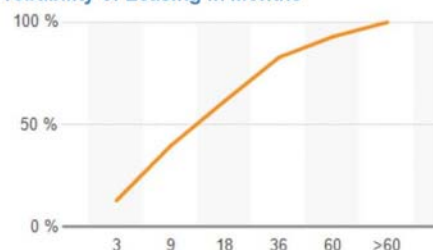
Gross Asking Rent Per SF



Net Absorption



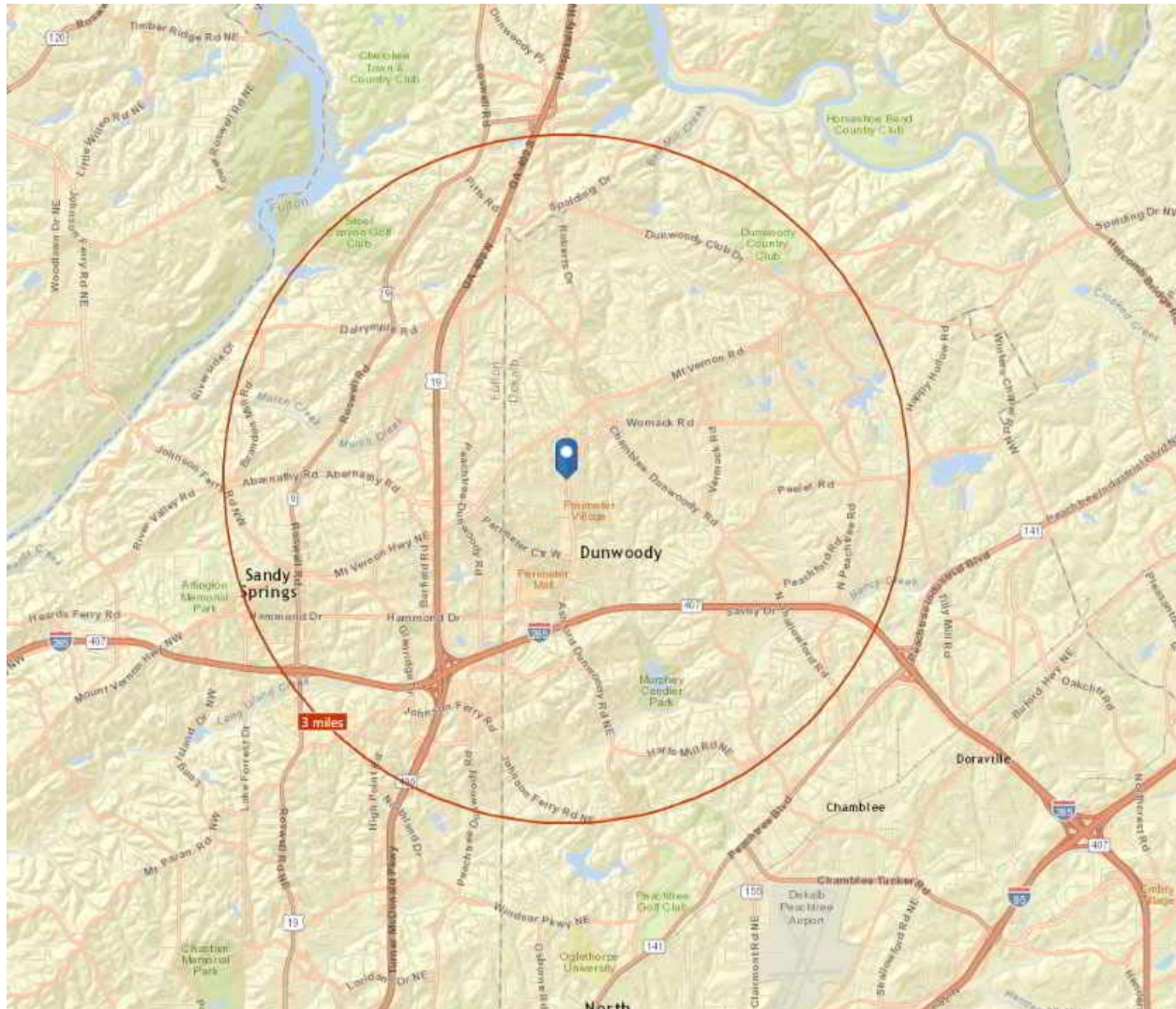
Probability of Leasing in Months



Micro-Market Neighborhood Analysis

The office building considered in this analysis is located southwest of central Dunwoody. The defined neighborhood is considered to be a 3 mile radius around the property, as illustrated below.

Neighborhood Map



Demand Generators - In this neighborhood, there are several primary demand generators that influence the value of an office property, and these include demographics, employment and available financing. Each were analyzed in an effort to forecast demand as part of the neighborhood analysis that follows.

<i>Atlanta MSA vs Neighborhood Profile</i>		
	<u>Atlanta MSA</u>	<u>3 Mile Radius</u>
2015 Population	5,527,230	100,626
Annual Growth Rate 2000-2010	2.17%	1.66%
Annual Growth Rate 2010-2015	0.85%	0.98%
Projected Annual Growth 2015-2020	1.15%	1.14%
2015 Households	2,033,479	47,540
Annual Growth Rate 2000-2010	2.23%	1.89%
Annual Growth Rate 2010-2015	0.86%	1.10%
Projected Annual Growth 2015-2020	1.18%	1.27%
Median Home Value	\$195,231	\$499,159
Owner Occupied - Percent	56%	41%
Renter Occupied - Percent	34%	52%
Vacant - Percent	10%	8%
Median Age	37.9 yrs USA	35.9 yrs
2015 Median HH Income	\$56,889	\$66,813
Projected Annual Growth for Median Inc 2015-2020	3.25%	3.54%
Industry		
Total Businesses	249,625	8,282
Total Employees	2,725,685	129,178
Agricultural & Mining	2.0%	1.1%
Construction	8.1%	4.4%
Manufacturing	2.7%	1.9%
Transportation	2.9%	1.8%
Communication	1.0%	1.3%
Utility	0.3%	0.2%
Wholesale Trade	3.5%	2.2%
Retail Trade	21.0%	16.3%
Finance, Insurance, Real Estate	11.5%	18.0%
Service	39.1%	45.8%
Government	2.0%	0.7%
Unclassified	5.9%	6.1%

As displayed above, this is a densely populated neighborhood with population and households expanding from 2010 to 2015, a trend that is projected to continue through 2020. In terms of income, the projected growth over the next five years is well above historical inflation rates (2.68% average from 1990-2014) indicating that real gains in disposable income are projected. As for business, the primary employers in the area are in the service, finance and retail sectors. When compared to the Atlanta MSA, the defined neighborhood is well ahead in most statistics. Overall, the neighborhood has a good mix for its economic base.

Immediate Area - The subject is located about 1.3 miles north of the I-285/Ashford Dunwoody Road (exit # 29) interchange. The immediate area around the interchange is densely developed with commercial properties such as retail, office, service oriented commercial and Perimeter Mall. The Mall contains 200 stores and services ranging from clothing, technology, and cooking. Containing a Food court, Perimeter provides a variety of options from American fast food to Chinese or Japanese food. Surface parking and parking structure are easily accessible from nine mall entrances along Ashford-Dunwoody Rd, Hammond Dr, Perimeter Center W and Perimeter Center Parkway. The services provided by Perimeter Mall also stretch out to the community through events, such as the Magnolia run or the Caffeine and Octane Exotic Car show.

In addition to the mall, there is a high concentration of multifamily properties with single-family development located further from the interstate. Overall, the subject is located in the central commercial node for Dunwoody with the mall being an attraction for residences throughout north central Atlanta.

Employment - As stated in the macro analysis (page 23) and over the past 13 months, DeKalb County added 8,595 jobs, and experienced a decrease in the unemployment rate of 73 basis points including adding 6,214 people to the labor force. Over the last 18 months, the employment numbers have been choppy; however, there are encouraging signals about the job markets as most economists are predicting annual job and wage growth through 2018.

Financing - Tight credit markets were an issue for several years after the recent recession and from 2009 to 2011, the market was dominated by cash buyers. However, the credit markets began to loosen significantly in 2013 and are continually improving to date which is having a positive impact on the real estate markets.

Access/Exposure - Access is good as the subject is a corner location at a signalized intersection and exposure is also good as Ashford Dunwoody Road is an area thoroughfare with 22,000+ cars per day passing in front of the property making it attractive to a wide range of potential users. Street scenes along Ashford Dunwoody Road are displayed below.

Looking along Ashford Dunwoody Road in both directions



Conclusions - The overall macro Atlanta and subject's micro office markets are trending positive as the recovery is fully underway with brokers and investors projecting increased demand throughout 2016. However, the recovery is tenuous and dependent on continued job growth and stability in both the political environment and global economy.

As for the subject, it has a sought after location in the affluent Dunwoody community which is currently experiencing significant growth. If the property were to become available, the subject would most likely sell within a reasonable marketing time as established on the next page to a local investor or partial owner user.

EXPOSURE & MARKETING TIMES

A requirement of USPAP is to address Reasonable Exposure Time in Market Value opinions. Exposure time is defined by *Sixth Edition of The Dictionary of Real Estate Appraisal* as:

The estimated length of time that 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. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (USPAP, 2016-2017 ed.)

According to USPAP:

The opinion may be expressed as a range and can be based one or more of the following:

- Statistical information about days on the market;
- information gathered through sales verification;
- and interviews of market participants.

A reasonable exposure period is a function of price, time and use, and not an isolated estimate of time alone.

Historically, office properties in DeKalb and surrounding counties were selling at absorption rates that were in keeping with demand until late 2007. Overall, transaction volume dropped sharply in 2008 and again in 2009 but has since exceeded pre-recession levels.

Statistical information about days on the market and appropriate data gathered through sales verification of other purchases indicated that most properties now selling have been on the market (either continuously or off-and-on) for anywhere from less than 6 months to over 2 years. Sales 2 and 3 from the sales comparison approach were on the market from 60 to 160 days.

Considering the foregoing, a reasonable exposure time for the subject is considered to be about 12 months with a marketing time estimated at 6 to 12 months at the price point forecast in this analysis.

HIGHEST AND BEST USE

Highest and best use as defined in the 6th edition of The Dictionary of Real Estate Appraisal is:

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

When estimating the highest and best use of a property, consideration must be given to the following:

- Possible use - what uses of the site are physically possible?

If vacant, the 3.261 acre site would have adequate accessibility and visibility for a wide range of commercial uses. Due to the site's size, shape and location, an office building, retail building, restaurant or service oriented commercial use are considered possible uses.

As improved, the property is configured for a wide range of multi-tenant office users and would require cost prohibitive renovations to be converted to an alternate use.

- Permissible use (legal) - what uses are legally permitted on the site?

The site is located in the Dunwoody city limits and is zoned O-I, Office Institution, by the City. The O-I designation allows for a variety of property types which includes convents, child caring institutions, clubs, lodges, colleges, schools, restaurant, banks, funeral homes, professional and medical offices and recreation centers to name a few.

If vacant, those possible and permissible uses would be those specifically designated in the zoning ordinance as being allowed.

As improved, the current office use appears to conform to the zoning designation with regard to use.

- Feasible use - which possible and permissible uses are financially feasible, i.e., will produce a net return to the owner of the site?

If vacant, the most likely use of the property is a commercial development that could take advantage of the good exposure such as a medical office.

As improved and based on land values in the area as well as the value determined for the subject herein, the existing improvements add value to the site. Therefore, the existing use is considered to be a feasible use as it should be able to effectively compete and function in the local market.

- Maximally productive use - of the financially feasible uses, what use will produce the highest price, or value?

If vacant, the maximally productive use of the tract is immediate development with a property that could benefit from the exposure along Ashford Dunwoody Road such as a medical office.

As improved, the maximally productive and highest and best use is to continue to lease the property to a mix of office tenants or owner occupancy.

SALES COMPARISON APPROACH

The sales comparison approach is an appraisal technique where the market value opinion is based on prices paid for comparable properties. Sales comparison is an analysis of similar, recently sold properties. The reliability of this technique is dependent upon a) the comparability of each sale, b) the time of sale, c) the verification of the sale data, and d) the absence of unusual conditions affecting the sales.

The most consistent unit of comparison for an office building competitive to the one being appraised is the sales price per square foot. The "sales price per square foot" is calculated by dividing a building's sale price by its rentable building square footage. This determines the sales price per square foot. Adjustments are then applied to each comparable to obtain a value indication for the property being appraised.

Price Per Square Foot Method

In order to estimate the subject's market value using a sales comparison approach, an extensive data search was made throughout Metro Atlanta for comparable buildings. Overall, five closed transactions were found, and each of the comparables applied is summarized on the next page followed by the valuation technique. A full description of each sale is located in Addendum A.

Adjustments - The actual prices illustrate the value range indicated by the sales prior to adjustments. When compared to the subject, the sales applied have recognizable differences, and adjustments are needed. In a typical market, the adjustments applied in a sales comparison approach are extracted from market transactions. In order for market extraction to be highly effective, several matched pairs should be analyzed. An ideal matched pair consists of two very similar improved sales that have one difference, and the value of the item of difference can be measured by the difference in sales price. However, in the current market, the availability of truly comparable data is limited. Thus, it is difficult to quantify adjustments for this data set. Nevertheless, a matched pairs analysis was performed with the measurable differences noted on the next page.

Subject Contract Price

The subject is currently under contract for \$8,250,000 with the City of Dunwoody who intends to convert the property to their official City Hall. Current market values are discussed in the following analysis.

Sales Comparison Grid

Address	Dunwoody	121 Perimeter Center W, Dunwoody	7905 Westside Parkway, Alpharetta	2010 Avalon Parkway, McDonough	3715 Davinci Court, Peachtree Corners	800 Eagles Landing Parkway, Stockbridge
Element	Subject	Sale 1 PSF	Sale 2 SF	Sale 3 PSF	Sale 4 PSF	Sale 5 PSF
Sales Price	\$8,250,000	\$12,100,000	\$3,700,000	\$4,000,000	\$15,350,000	\$10,300,000
Price/SF	\$185	\$250	\$184	\$168	\$194	\$219
Transactional Differences						
Property Rights	LF	LF	LF	LF	LF	LF
Financing	Typical	Typical	Typical	Typical	Typical	Typical
Cond of Sale	Typical	Typical	Typical	Typical	Typical	Typical
Expend Aft Sale	\$0	\$0	\$717,250	\$0	\$0	None
Market Conds	Pending	9/15	9/15	4/16	10/15	3/16
Value before Prop Diff		\$250	\$219	\$168	\$194	\$219
Property Differences						
Year Built	1995	1987	2009	2006	2008	2007
Effective Age	15 yrs	15 yrs	5 yrs	10 yrs	8 yrs	9 yrs
Size (SF)	44,622	48,339	20,132	23,856	79,041	46,964
Location	Good	V Good	Good	Avg	Good	Good
Quality	Good	Good	Good	Good	Good	Medical
Condition	Good	Good	Good	Good	Good	Good
Occ at Sale	100%	100%	25%, owner user	100%	100%	100%
Land-to-bldg	3.2:1	4.2:1	3.4:1	2.6:1	2.9:1	2.5:1
Other	None	None	None	None	None	None
Sum of Differences		-20%	-15%	11%	0%	-11%
Adjusted Value		\$200	\$187	\$186	\$194	\$195

Quantitative Adjustments

Expenditures after the Sale - Sale 2 sold with the buyer budgeting \$717,250 to build-out all the vacant space which was in shell condition for owner occupancy. Thus, a +19.39% (\$717,250/\$3,700,000) expenditures after the sale adjustment was applied.

Effective Age - Matched pairs contained in the appraisers' work file suggest a typical age adjustment of 1% per effective year of difference. Thus, Sales 2-5 were adjusted accordingly to account for their newer construction dates.

Size - Matched pairs contained in the appraisers' work file suggest a typical size adjustment per 5,000 square feet of difference of .14% to 9.62% with a majority of the pairs favoring the lower end of the range. For this analysis, Sales 2-4 were adjusted 1% for each 5,000 square feet of size difference as compared to the subject in order to account for economies of scale.

Occupancy at Sale - Sale 2 sold 25% occupied; however, the buyer was going to occupy this space so no adjustment was considered necessary.

Quality - Sale 5 included some medical office build-out, and a -5% quality adjustment was considered necessary.

Location - Sale 1 has a prime location across from Perimeter Mall, and a -20% location adjustment was considered necessary. Sale 3 has an inferior south metro Atlanta location, and a +20% adjustment was applied for that difference. Sale 5 is also located in south metro Atlanta but in close proximity to Piedmont Henry Hospital and this locational influence offsets the Stockbridge difference. Thus, no location adjustment was considered necessary for this sale.

<i>Adjustment Summary Grid</i>			
Sale	Adj. Price/SF	Net Property Adjustments	Gross Property Adjustments
Least Comparable			
3	\$186	11%	39%
4	\$194	0%	24%
Most Comparable			
1	\$200	-20%	20%
2	\$187	-15%	25%
5	<u>\$195</u>	-11%	21%
Mean	\$194		

Sales 1 and 5 include bank drive thru lanes similar to the subject while Sale 2 was purchased for owner occupancy. Therefore, these three sales were given primary consideration supporting a value range of \$187 to \$200 with a mean of \$194 per square foot which was used for this analysis. At said price point, the subject's indicated value via the sales comparison approach is calculated as follows:

$$44,622 \text{ sf} * \$194 = \$8,656,668 \quad \textbf{\$8,650,000, rounded}$$

INCOME APPROACH

The income approach is an appraisal technique in which the anticipated net income is processed into an indication of the capital amount of the investment. The capital amount, called the capitalized value, is, in effect, the sum of the anticipated annual rents, less the loss of interest until the time of collection.

The reliability of this technique is dependent upon four conditions:

1. the accuracy of the net income projection,
2. the length of the projected holding period,
3. the capitalization or discount rate, and
4. the method of conversion of income to capital.

The first step in the income approach is to estimate the potential income for the proforma period which is based on the property's fair market rental rate. A property's potential gross income is the sum of the monthly rental income for a twelve month period with no consideration for vacancies or credit loss.

Estimate of Gross Potential Income - In an effort to project the subject's fair market rental rate, recent lease transactions in similar office buildings located in the Dunwoody area were considered. In this analysis, four comparables were located with each summarized below followed by the valuation technique. A full description of each rent comparable is shown as Addendum B.

<i>Summary of Rent Comparables</i>					
Comparable Location	SF-Bldg Complex	Unit Size(s)	Rent/SF	L-Type	Year Built
S) 4800 Ashford Dunwoody Road	44,622	2,031 to 12,394	\$22.86, avg	Full-Service	1995
1) 4170 Ashford Dunwoody Road	263,765	75,437	\$24.00	Full-Service	1982
2) 900 Ashwood Parkway	204,464	9,097	\$24.50	Full-Service	1996
3) 5555 Glenridge Connector	289,879	4,658	\$27.70	Full-Service	1998
4) 5591 Chamblee Dunwoody Rd	17,292	varies	\$17.00-\$18.00	Full-Service	1981

Rent Comparable Correlation - Rent Comparable 4 is an inferior quality building, and a +20% quality adjustment was applied for that difference. After considering this difference, the comparables support a full service rent range of \$20.40 to \$27.70 per square foot.

As illustrated on the next page, the subject is currently leased for \$18.29 to \$29.60 per square foot with a mean of \$22.86 per square foot. The high and low end of the rent range are slightly above and below the rent comparables which is typical for multi tenant buildings as leases are signed over time. However, the overall mean rent of the subject is well supported by the lease comparables. Thus, for this fee analysis, the current contract rents were used. As discussed throughout this analysis, the buyer will occupy the C&S space and Suite 150 but the current contract rents for those spaces are consistent with market rents and were used herein.

Rent Roll & Proforma Income Calculations

<u>Suite</u>	<u>Tenant</u>	<u>Monthly</u> <u>Rent</u>	<u>Annual</u>	<u>Rentable</u> <u>SF</u>	<u>Rent/SF</u>	<u>Start</u>	<u>End</u>	<u>Fixed</u> <u>CAM SF</u>
100	C&S Bank	\$15,184.00	\$182,208	6,156	\$29.60	Mar 11'	Sep 16'	\$6.97
120	C&S Office	\$7,111.76	\$85,341	4,666	\$18.29	Mar 11'	Sep 16'	\$6.97
130	Law Offices	\$3,895.12	\$46,741	2,042	\$22.89	Apr 13'	Apr 18'	\$6.50
140	Elite Radiology of Atl.	\$4,636.50	\$55,638	2,529	\$22.00	Feb 16'	Aug 21'	\$0.00
150	Journey Hospice	\$10,467.93	\$125,615	5,195	\$24.18	May 12'	Apr 17'	\$8.26
200	Atlanta Communities	\$8,928.33	\$107,140	5,333	\$20.09	Sep 14'	Dec 19'	\$0.00
210	RG Real Estate	\$3,723.50	\$44,682	2,031	\$22.00	Jan 16'	Dec 16'	\$0.00
220	PT Solutions Holding	\$4,314.57	\$51,775	2,296	\$22.55	May 15'	Jul 20'	\$0.00
250	C&S Bank	<u>\$22,970.21</u>	<u>\$275,643</u>	<u>12,394</u>	<u>\$22.24</u>	May 11'	Sep 16'	\$6.97
Totals		\$81,231.92	\$974,783	42,642	\$22.86			

The subject is leased with a mix of triple-net and full service terms. The fixed CAMs column above is the CAM obtained from the rent roll for the respective triple-net tenants. The CAM is included in the rent column; thus, yielding a full service equivalent rent for each of the tenants and the building in general which is consistent with the market.

Also, the rent roll totals 42,642 square feet which is less than the building total of 44,622. The difference appears to be in the allocation of common area space. Thus, 44,622 square feet was used in this report with the 42,642 only used in the rent roll above which agrees with the leases provided and reviewed. For the sales comparison approach, the sales and subject were all compared on a gross square footage basis.

Rent Concessions - While rent concessions are contracting they are still prevalent. Brokers and owners of office properties are offering free rent of up to three months for three year leases and six months for five years which is 8 to 10 percent. To account for renewal tenants and due to the cyclical nature of the office market, an average rent concession over a ten year holding period is projected at 1 percent.

Vacancy and Collection Loss - The subject is currently 100% occupied with 64% of the space to be vacated shortly but the buyer plans to occupy space as it becomes available. As discussed on page 28, the submarket vacancy rate for office space is 13.1 percent which is below the five year average of 21.2 percent. Due to the subject's exposure along an area thoroughfare and in the main commercial corridor of the popular Dunwoody area, a proforma vacancy and collection below the market was selected, or 7 percent.

Effective Other Income - Other income typically includes late fees, return check fees and other miscellaneous income. The historical financial statements have other income of \$.00 to \$.01 per square foot while typical other income is \$.05 to \$.10 per square foot. Other income is a typical investor's projection; therefore, a proforma rate of \$.05 per square foot was selected.

Effective Gross Income Reconciliation - The subject's historical effective gross income (EGI) is displayed below along with the appraiser's proforma projections.

<i>Effective Gross Income Reconciliation</i>		
Year	EGI	% Change
2013	\$767,049	
2014	\$681,857	-11%
2015	\$813,908	19%
Current Rent Roll, annualized less 7% vacancy and collection loss	\$906,548	11%
Appraiser's Proforma	\$899,558	-1%

As displayed above, the subject's EGI has generally been trending up as the current owner's purchased the building in 2012 with high vacancies and in need of updating. The property's performance has been improving over time as the building has been undergoing renovations, raising rents and signing new tenants. The rent for Suite 140 begins on September 1, 2016 after 8 months of free rent. Based on the preceding, the appraiser's proforma projections are in line with the current rent roll and appear reasonable.

Expense Estimates

The next step in the process of estimating net operating income is to project expenses for a stabilized year of operations. For purposes of this report, the expenses are categorized as fixed and variable expenses. The expense estimates used in this analysis were based on information taken from comparable properties (page 43) as well as 2013-2015 historical financial statements (page 44).

Fixed Expense Estimates

Real Estate Taxes - The annual tax liability for 2015 was \$1.64 per square foot. The following tax comparables were used to project market tax rates.

<i>Tax Comparables</i>			
Comparable Location	SF	Taxes	Taxes/SF
S) 4800 Ashford Dunwoody Rd	44,992	\$73,854	\$1.64
900 Ashwood Parkway	301,072	\$503,666	\$1.67
121 Perimeter Ctr W	48,339	\$116,692	\$2.41
4470 Chamblee Dunwoody Rd	64,405	\$73,460	\$1.14
5591 Chambee Dunwoody	17,292	\$23,265	\$1.35

As displayed above, the comparable facilities support rates of \$1.14 to \$2.41 per square foot which brackets the subject's rate. Thus, a proforma tax of \$1.70 per square foot was selected which takes inflation into account.

Insurance - The expense comparables suggest insurance expenses of \$.09 to \$.23 per square foot with the subject's 2013-2015 insurance expense at \$.08 to \$.28 per square foot. According to management, they increased the insurance coverage for the building in 2015 as the property reached stabilization. Based on all sources, an insurance expense of \$.20 per square foot was selected.

Reserves for Replacement - An allowance for reserves for replacements is usually quoted at a rate of \$.20 to \$.30 per square foot for similar properties. For this analysis, a reserve that favors the middle of the range was selected, or \$.25 per square foot.

Variable Expenses

Repairs, Maintenance and Landscaping - This expense item accounts for repair and maintenance items associated with maintaining the property in a condition to compete in the market and command the rental rates estimated previously. This includes expenses associated with the building's exterior, roof, parking lot, signs and the landscaping. The expense comparables suggest an R&M expense of \$1.20 to \$1.98 per square foot. The historical financials record R&M expenses of \$1.13 to \$1.89 per square foot. Based on the preceding, a proforma R&M expense of \$1.50 per square foot was selected.

Management Fee - Discussions with management companies revealed that a management fee of 3 to 5 percent of the effective gross income is considered reasonable for a property similar to the subject. For the subject, a rate of 4 percent is considered appropriate.

Utilities, Trash, Water, & Sewer - The expense comparables suggest utility expenses of \$1.91 to \$3.24 per square foot. The subject's historical utility expenses have been \$2.14 to \$2.25 per square foot. Considering the foregoing, a proforma utilities expense of \$2.25 per square foot was selected.

Advertising - No historical advertising expense was recorded with the expense comparables at \$.00 to \$.06 per square foot. For this analysis, a modest proforma advertising expense of \$.03 per square foot was selected.

General and Administrative - This includes items like office supplies and expenses, dues and subscriptions, the directory/signs, and any type of meals and entertainment/tenant relations. The expense comparables suggest a G&A expense range of \$.06 to \$.12 per square foot. The subject's historical G&A expenses were \$.08 to \$.14 per square foot. Based on both sources, a proforma G&A expense of \$.10 per square foot was selected.

Janitorial - This expense item is for the cleaning of the common areas. The expense comparables suggest janitorial expenses ranging from \$.60 to \$1.08 per square foot. The subject's historical janitorial expenses were \$.39 to \$.65 per square foot. Based on both sources, a proforma rate of \$.65 per square foot was projected.

<i>Expense Comparables</i>						
	Comp 1		Comp 2		Comp 3	
	<u>Lakes Parkway</u>		<u>Olde Towne Pkwy</u>		<u>Jimmy Carter Blvd</u>	
Building Size	89,069		25,794		28,377	
Taxes	\$98,244	\$1.10	\$33,530	\$1.30	\$47,217	\$1.66
Insurance	\$8,073	\$0.09	\$4,443	\$0.17	\$6,509	\$0.23
Reserves	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
R&M, Payroll	\$176,597	\$1.98	\$30,888	\$1.20	\$47,372	\$1.67
Management	\$56,121	\$0.63	\$31,223	\$1.21	\$44,481	\$1.57
Energy, Water & Trash	\$190,673	\$2.14	\$49,352	\$1.91	\$91,839	\$3.24
Admin, Acc, Legal	\$10,248	\$0.12	\$2,050	\$0.08	\$1,815	\$0.06
Janitorial	\$53,014	\$0.60	\$27,962	\$1.08	\$23,440	\$0.83
Advertising	\$0	\$0.00	\$0	\$0.00	\$1,750	\$0.06
Other	<u>\$33,788</u>	<u>\$0.38</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$14,460</u>	<u>\$0.51</u>
Total Expenses	\$626,758	\$7.04	\$179,448	\$6.96	\$278,883	\$9.83

Subject's Historical Performance

	<u>2013</u>		<u>2014</u>		<u>2015</u>	
Rental Income	\$527,601	\$11.82	\$475,724	\$10.66	\$591,530	\$13.26
Expense Reimbursements	\$238,867	\$5.35	\$206,037	\$4.62	\$222,375	\$4.98
Other Income	<u>\$581</u>	<u>\$0.01</u>	<u>\$96</u>	<u>\$0.00</u>	<u>\$3</u>	<u>\$0.00</u>
Effective Gross Income	\$767,049	\$17.19	\$681,857	\$15.28	\$813,908	\$18.24
Building Size	44,622		44,622		44,622	
Property Taxes	\$76,896	\$1.72	\$83,396	\$1.87	\$56,497	\$1.27
Insurance	\$5,092	\$0.11	\$3,354	\$0.08	\$12,530	\$0.28
Reserves	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
R&M	\$54,012	\$1.21	\$50,265	\$1.13	\$84,283	\$1.89
Mgmt & Leasing	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Energy, Water & Trash	\$100,454	\$2.25	\$95,575	\$2.14	\$99,898	\$2.24
Admin, Acc, Legal	\$3,384	\$0.08	\$3,792	\$0.09	\$6,221	\$0.14
Janitorial	\$17,541	\$0.39	\$26,927	\$0.60	\$29,185	\$0.65
Advertising	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Other	<u>\$0</u>	<u>\$0.00</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0</u>	<u>\$0.00</u>
Total Expenses	\$257,379	\$5.77	\$263,309	\$5.90	\$288,614	\$6.47
NOI	\$509,670	\$11.42	\$418,548	\$9.38	\$525,294	\$11.77

As displayed on the next page, the subject's expenses are estimated at \$7.49 per square foot which is well supported by the comparables.

Based on the previous income and expense projections, the subject's projected proforma income statement is shown below.

<i>Proforma Operating Income Statement</i>			
Pot Gross Inc			\$974,783
Rent Concessions	-1%		<u>(\$9,748)</u>
Pot Gross After Concessions			\$965,035
Other Income	\$0.05		\$2,231
Vacancy & Credit Loss	-7%		<u>(\$67,709)</u>
Effective Gross Income			\$899,558
Building Size	44,622		
Fixed Expenses			
Real Estate Taxes	\$75,857.40	\$1.70 Per SF	
Insurance	\$8,924.40	\$0.20 Per SF	
Reserves	\$11,155.50	\$0.25 Per SF	
Variable Expenses			
Maintenance, Repairs, Pest Control	\$66,933.00	\$1.50 Per SF	
Management (4%)	\$35,982.31	\$0.81 Per SF	
Utilities, Water Trash	\$100,399.50	\$2.25 Per SF	
Advertising	\$1,338.66	\$0.03 Per SF	
Admin., Accounting, Etc.	\$4,462.20	\$0.10 Per SF	
Janitorial	\$29,004.30	\$0.65 Per SF	
Other	<u>\$0.00</u>	<u>\$0.00</u> Per SF	
Total Expenses	\$334,057.27	\$7.49 Per SF	<u>(\$334,057)</u>
Net Operating Income		\$12.67 Per SF	\$565,500 NOI

Direct Capitalization

Lastly, the net income is used to establish a value by direct capitalization which is calculated by dividing a property's net operating income by the selected capitalization rate. The capitalization rate is an expression of the ratio between one year's net operating income and value. The capitalization rate used for the valuation of this existing building was obtained from the abstraction method. The equation used to abstract capitalization rates directly from market sales is as follows:

$$R_o = I / V$$

$$R_o \text{ (capitalization rate)} = I \text{ (net income)} / V \text{ (value or purchase price)}$$

Two of the comparables considered in the Sales Comparison Approach sold with income information. Therefore, these two sales and other sales of metro Atlanta office properties were analyzed in order to abstract an overall rate for the subject.

<i>Overall Rate Comparables</i>					
Sale Location	Price	Sale Date	Bldg Size	NOI	Overall Rate
Sale 3) 2010 Avalon Parkway	\$4,000,000	04-16	23,856	\$340,000	8.50%
Sale 1) 121 Perimeter Center West	\$12,100,000	09-15	48,339	\$786,500	6.50%
160 Clairemont Avenue	\$22,000,000	12-15	121,954	\$1,474,000	6.70%
3379 Peachtree Road	\$21,300,000	07-15	125,669	\$1,235,400	5.80%
3328 Peachtree Road	\$13,000,000	02-16	33,406	\$845,000	6.50%
2500 Cumberland Parkway	\$21,000,000	09-15	144,335	\$1,407,000	6.70%
56 Perimeter Center East	\$13,705,584	04-16	94,575	\$1,062,183	7.75%
3939 Roswell Road	\$7,250,000	04-16	32,500	\$522,000	7.20%
<hr/>					
	Min 5.80%	Max	7.75%	Mean	6.74%

Sale 3 is somewhat of an outlier with an inferior location as compared to the other comparables; therefore, it was given no further consideration. The other sales listed above display an overall rate range of 5.80 to 7.75 percent with a mean of 6.74 percent. For this analysis, a rate of 6.75 percent was selected. Based on the preceding, the indicated value via direct capitalization is as follows:

$$\$565,500 \text{ NOI} \quad / \quad 6.75\% \quad = \quad \$8,377,778$$

or \$8,380,000, rounded.

CORRELATION AND CONCLUSION OF FINAL VALUE OPINIONS

As a result of the analyses, the following prospective value opinions were derived:

Sales Comparison Approach	\$8,650,000
Income Approach	\$8,380,000

The sales comparison approach typically provides a good indication of value. It is a direct reflection of the actions of buyers and sellers of similar properties. Three factors add to the validity of the sales comparison approach, and they include: (1) current sales of office properties were available; (2) few adjustments were made to the sales, and (3) the unit of comparison available for this property type (price per square foot) is most often used by purchasers of similar office buildings. Therefore, the sales comparison approach is given consideration in the final value opinion.

The income approach is typically given heavy emphasis in the valuation of multi-tenant office buildings. The results of the income approach are dependent upon income forecasts becoming reality. The income approach applied to the subject was strengthened by the following: (1) ample rent comparables were available to project income and expenses; (2) sales were available to extract an overall rate, and (3) the direct capitalization method is often applied by brokers and investors in the area. Therefore, the income approach was given consideration in the final value opinion.

Based on the preceding, it is my opinion that the *as is market value of the leased-fee interest* in the subject, as of May 24, 2016, is best expressed by the following amount:

\$8,500,000

Addendum A - Improved Sales**Improved Sale 1)**

Location: 121 Perimeter Center West, Dunwoody, Georgia, DeKalb County.



Grantor:	Fund IV BOB, LP	Sales Price:	\$12,100,000
Grantee:	Prado Perimeter Center, LLC	Rentable SF:	48,339
Date of Sale:	09/28/2015	Price PSF:	\$250
Financing:	Cash to Seller	Gross Rental Inc:	n/a
Cond of Sale:	Typical	Net Income:	\$786,500
Deed Reference:	Book 25,186; Page 321	Overall Rate:	6.50%
Sources:	Buyer's Broker: Reid Hailey,	Acres:	4.7
	CoStar, Deed & County Records	Land-to-Bldg Ratio (1):	4.2
CR Ref:	1063	Occupancy:	100%

Remarks: This is the sale of an office building located along Perimeter Center West in the Dunwoody area of DeKalb County. The property was constructed in 1987, and it is a good quality office building that sold in good condition. The site has a prime location across from Perimeter Mall in the main commercial corridor. According to the broker, SunTrust leased the entire building which included a bank branch on the ground floor with a lease that was set to expire in December 2017. My source further stated that the tenant had several renewal options and might vacate some of the office space in the building that they were not using at the end of the lease but would most likely continue to lease a majority of the building including operating the retail branch. The buyer was an investor operating on a long term hold strategy and was most interested in the underlying site for potential future redevelopment. Lastly, the buyer felt that even if the tenant vacated the entire building he would be able to lease the building relatively quickly due to its location. This was an off market deal that traded at a 6.50% cap rate based on income at the time of sale.

Improved Sale 2)

Location: 7905 Westside Parkway, Alpharetta, Georgia, Fulton County.



Grantor:	Providence Bank	Sales Price:	\$3,700,000
Grantee:	EPL Holdings LLC	Complex SF:	20,132
Date of Sale:	09/08/2015	Price PSF:	\$184
Cond. of Sale:	Bank Sale	Gross Rental Inc:	owner user
Financing:	Typical	Net Income:	owner user
Deed Reference:	Book 55,366; Page 71	Overall Rate:	owner user
Confirmation:	Broker: Sean Williams,	Acres:	1.565
	CoStar Deed & County Records	Land-to-Bldg Ratio (1):	3.4
CR Ref:	1063		

Remarks: This sale is an office building located along Westside Parkway in the Alpharetta area of north Fulton County. The facility was built in 2009 on 1.565 acre site. According to the broker, the property sold 25% occupied with vacant space in shell condition. The buyer budgeted \$45 to \$50 per square foot ($\$717,250 = \$47.50 \times 15,100$ used in this analysis) to finish out the shell space with professional office build-out for owner occupancy. My source further stated that this was a bank sale but that the bank held the property for 5 years waiting for the market to turn around so as to maximize their sales price. The broker stated a full marketing effort was undertaken and it was his opinion that market value was obtained for the property. The property was marketed for 160 days.

Improved Sale 3)

Location: 2010 Avalon Parkway, McDonough, Georgia, Henry County.



Grantor:	2010 Avalon, LLC	Sales Price:	\$4,000,000
Grantee:	Elizabeth Street Apartments LLC	Rentable SF:	23,856
Date of Sale:	04/18/2016	Price PSF:	\$168
Financing:	Cash to Seller	Gross Rental Inc:	n/a
Cond of Sale:	Typical	Net Income:	\$340,000
Deed Reference:	Book 14,557; Page 284	Overall Rate:	8.50%
Sources:	Broker: Jason Powell,	Acres:	1.435
	CoStar, Deed & County Records	Land-to-Bldg Ratio (1):	2.6
CR Ref:	1063	Occupancy:	100%

Remarks: This sale is a good quality, four-story brick office building located along Avalon Parkway in the McDonough area of Henry County. The property was built in 2006 containing 23,856 rentable square feet and is situated on a 1.435 acre lot. According to the broker, the property sold in good condition. Additionally, this was a sale leaseback with the seller occupying 100% of the building trading at an 8.50% cap rate. The property was listed for \$4,094,100 and was on the market for 60 days.

Improved Sale 4)

Location: 3715 Davinci Court, Peachtree Corners, Georgia, Gwinnett County.



Grantor:	CRE Davinci, LLC	Sales Price:	\$15,350,000
Grantee:	FAE Holdings 463669R, LLC	Rentable SF:	79,041
Date of Sale:	10/15/2015	Price PSF:	\$194
Financing:	Bank note	Gross Rental Inc:	n/a
Cond of Sale:	Typical	Net Income:	n/a
Deed Reference:	Book 53,887; Page 669	Overall Rate:	n/a
Source:	CoStar, Deed and	Acres:	5.35
	County Records	Land-to-Bldg Ratio (1):	2.9
CR Ref:	1063	Occupancy:	100%

Remarks: This is the sale of a three-story office building located along Davinci Circle in the city of Peachtree Corners in Gwinnett County. The property was constructed in 2008 and is of good quality selling in good condition. Reportedly, the property sold 100% occupied. The appraiser made multiple attempts to contact the parties involved in the sale but was unsuccessful. Therefore, the data was confirmed by the secondary sources detailed above. The property previously sold in July 2014 for \$12,000,000.

Improved Sale 5)

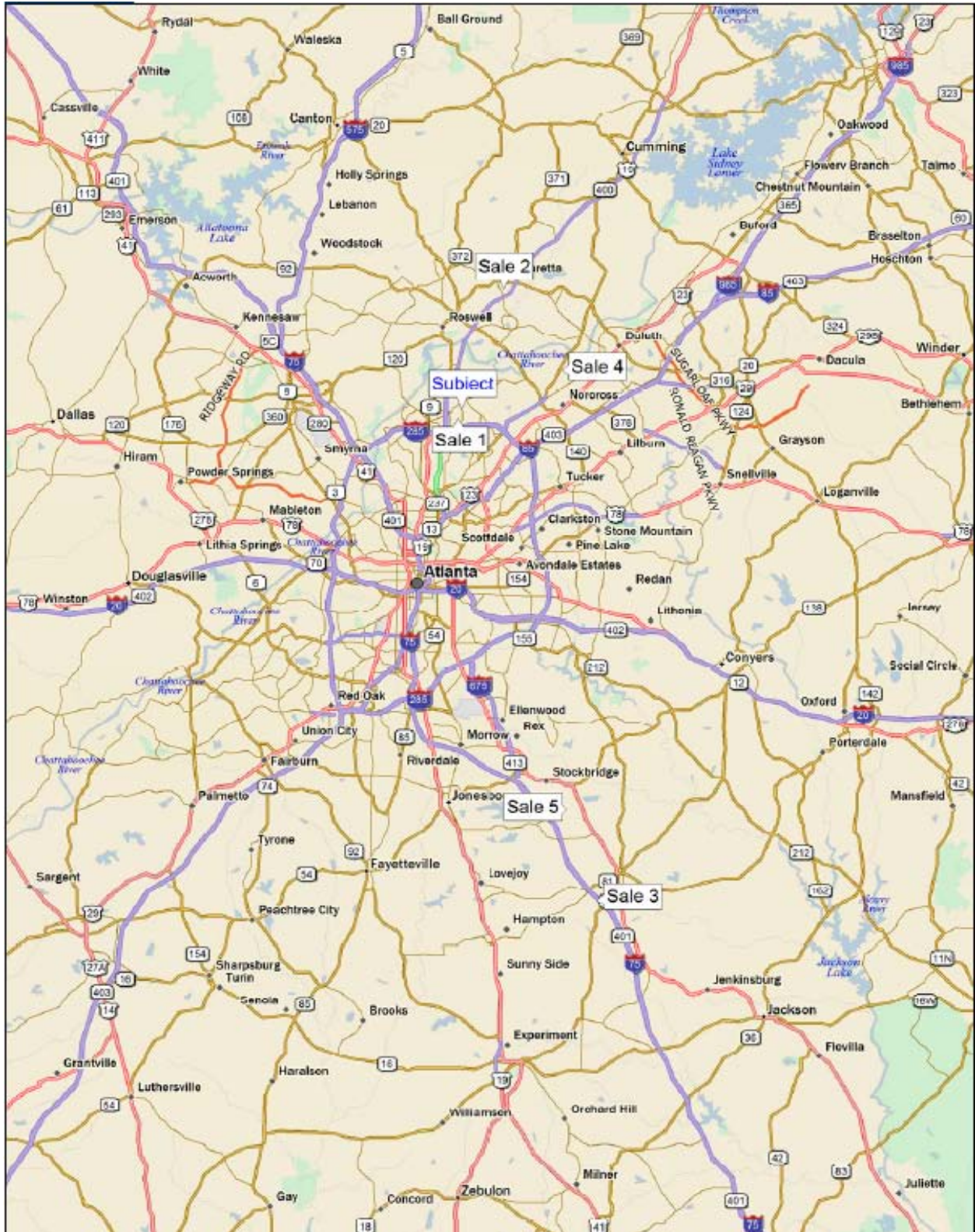
Location: 830 Eagles Landing Parkway, Stockbridge, Georgia, Henry County.



Grantor:	Pinnacle at Eagle's Pointe, LLC	Sales Price:	\$10,300,000
Grantee:	GAHC3 Stockbridge GA MOB III	Rentable SF:	46,964
Date of Sale:	03/29/2016	Price PSF:	\$219
Financing:	Bank note	Gross Rental Inc:	n/a
Cond of Sale:	Typical	Net Income:	n/a
Deed Reference:	Book 14,519; Page 132	Overall Rate:	n/a
Source:	CoStar, Buyer's Press Release,	Acres:	2.724
	Deed and County Records	Land-to-Bldg Ratio (1):	2.5
CR Ref:	1063	Occupancy:	100%

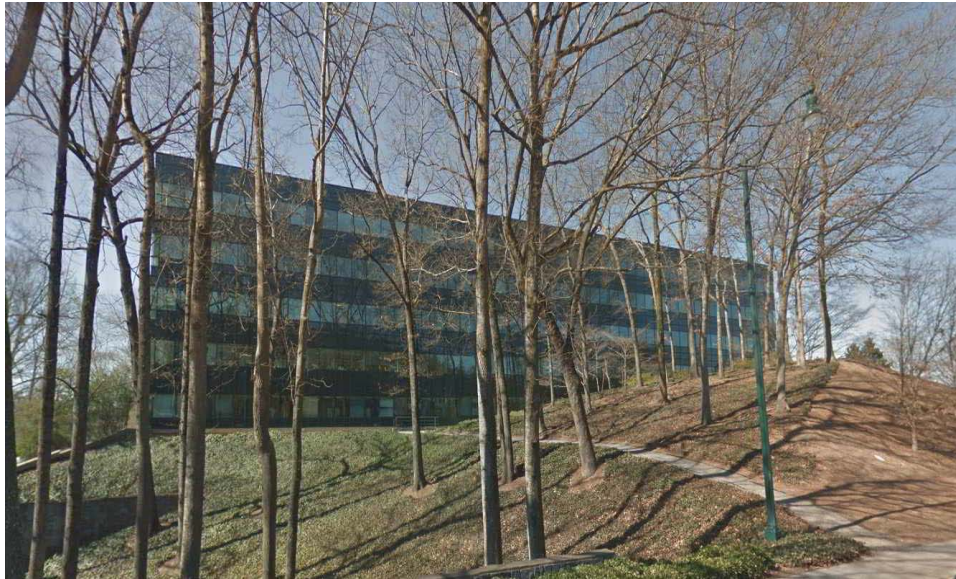
Remarks: This is the sale of a two-story office building located in the Stockbridge area of Henry County. The property was constructed in 2007 and is of good quality selling in good condition. Reportedly, the property sold 100% occupied with Heritage Bank as the anchor tenant featuring a bank branch with drive-thru lanes. The rest of the building was occupied with a mix of medical and professional office users that included The Emory Clinic, Women's Health Institute of Stockbridge, ENT of Georgia, and Atlanta Pulmonary and Sleep Solutions. The appraiser made multiple attempts to contact the parties involved in the sale but was unsuccessful. Therefore, the data was confirmed by the secondary sources detailed above.

Location Map of Improved Sales



Addendum B - Rent Comparables**Rent Comparable 1)**

Location: 4170 Ashford Dunwoody Road, Dunwoody, DeKalb County ,Georgia



Tenant:	Office Tenant	Bldg Size SF:	263,765
Lease Date:	July 1, 2016	Unit Size:	75,437
Confirmation:	Broker: Fred Sheats	Rent Per SF:	\$24.00
	and County Records	CAM Charges:	n/a
CR Ref. #:	1063	Lease Type:	Full Service

Remarks: This is an office building located along Ashford Dunwoody Road in the Dunwoody area of DeKalb County. The entire building contains a total of 263,765 rentable square feet and was constructed in 1982. The lease profiled above is a renewal for an existing tenant for 75,437 square feet. This is a 90 month lease with 3% annual escalations and a \$40 per square foot TI allowance.

Rent Comparable 2)

Location: 900 Ashwood Parkway, Dunwoody, DeKalb County ,Georgia



Tenant:	Office Tenant	Bldg Size SF:	204,464
Lease Date:	August 1, 2016	Unit Size:	9,097
Confirmation:	Broker: Fred Sheats	Rent Per SF:	\$24.50
	and County Records	CAM Charges:	n/a
CR Ref. #:	1063	Lease Type:	Full Service

Remarks: This is an office building located along Ashwood Parkway in the Dunwoody area of DeKalb County. The building contains a total of 204,464 rentable square feet and was constructed in 1996. The lease profiled above is for a new tenant to occupy 9,097 square feet. This is a 64 month lease with 3% annual escalations, 4 months of free rent and a \$25 per square foot TI allowance. The space was marketed for 15 months.

Rent Comparable 3)

Location: 5555 Glenridge Connector, Atlanta, Fulton County ,Georgia



Tenant:	Office Tenant	Bldg Size SF:	289,879
Lease Date:	May 1, 2016	Unit Size:	4,658
Confirmation:	Broker: Fred Sheats	Rent Per SF:	\$27.70
	and County Records	CAM Charges:	n/a
CR Ref. #:	1063	Lease Type:	Full Service

Remarks: This is an office building located along Glenridge Connector in the Atlanta area of Fulton County. The building contains a total of 289,879 rentable square feet and was constructed in 1998. The lease profiled above is for a new tenant to occupy 4,658 square feet. This is a 92 month lease with 3% annual escalations, 8 months of free rent and a \$38 per square foot TI allowance.

Rent Comparable 4)

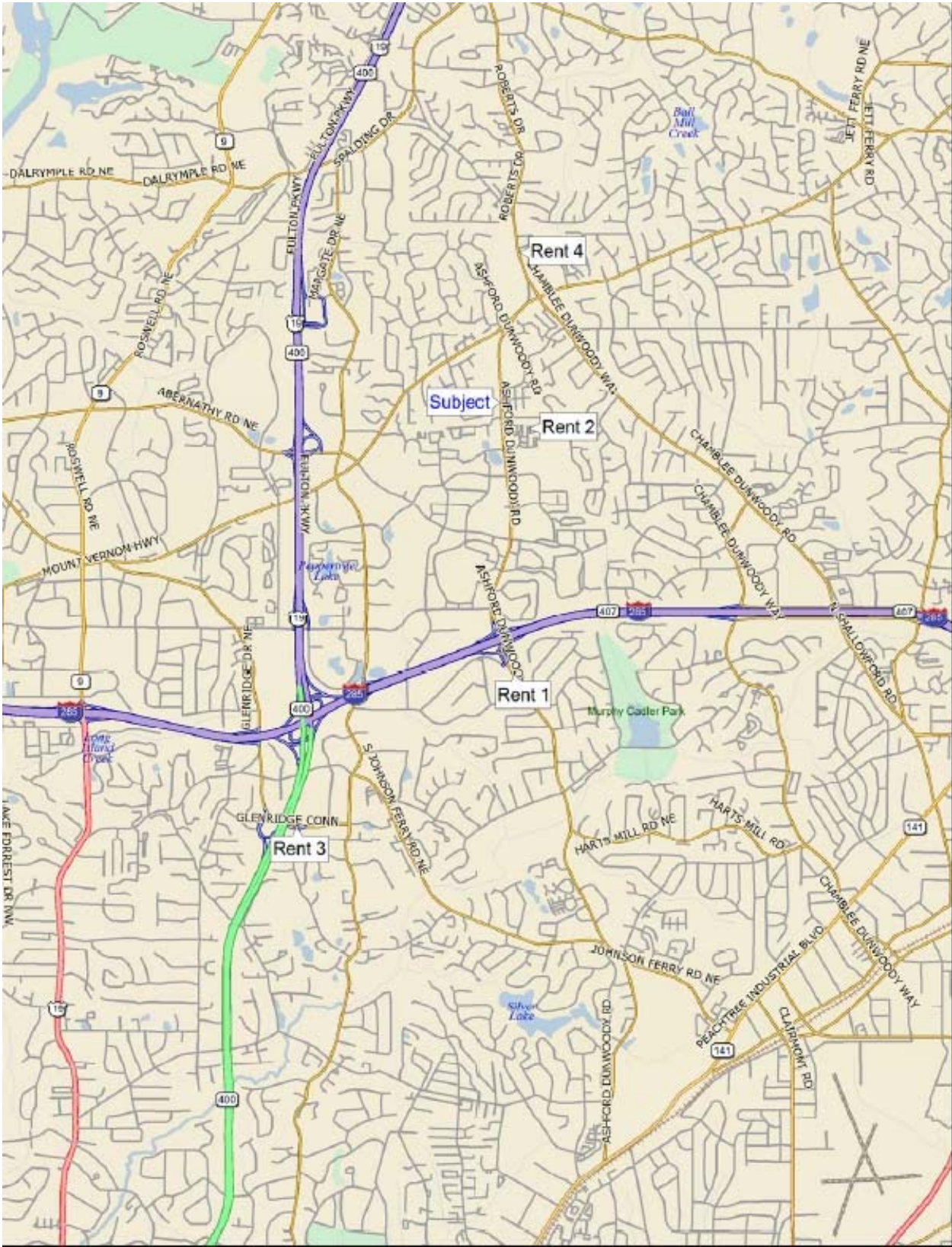
Location: 5591 Chamblee Dunwoody Road, Dunwoody, DeKalb County ,Georgia



Tenant:	Office Tenants	Bldg Size SF:	17,292
Lease Date:	Various	Unit Size:	varies
Confirmation:	Broker: Ryan Goldstein and County Records	Rent Per SF:	\$17 to \$18
		CAM Charges:	n/a
CR Ref. #:	1063	Lease Type:	Full Service

Remarks: This is an office building located along Chamblee Dunwoody Road in the Dunwoody area of DeKalb County. The building contains 17,292 rentable square feet and was constructed in 1981. According to the broker, they have been leasing space in the building for \$17 to \$18 per square foot based on modified gross terms. However, he recently raised asking rents to \$20 per square foot and has a proposal out at that rate awaiting the prospective tenants response.

Location Map of Rent Comparables



Addendum C - Glossary of Terms

Unless otherwise noted, the *Sixth Edition of The Dictionary of Real Estate Appraisal* was used for the following glossary.

Market value - The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.

For agencies that regulate federally insured financial institutions in the United States, **market value** is defined as

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

As Is Market Value - The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an “as is” value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.

Disposition value - the most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

Excess Land - Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.

Extraordinary Assumption - An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.)

Fair market value - In nontechnical usage, a term that is equivalent to the contemporary usage of market value.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. For example, one definition of fair market value provided by the Internal Revenue Service for certain purposes is as follows: The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includible in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate. (IRS Regulation 20.2031-1)

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

Hypothetical Condition - 1. a condition that is presumed to be true when it is known to be false.
2. A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.)

Leased fee estate/leased fee interest - the ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Liquidation value - The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing time - an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, “Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions” address the determination of reasonable exposure and marketing time.)

Prospective market value “as completed” and “as stabilized” - a prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data.

Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as

completed—reflects the property’s market value as of the time that development is expected to be completed. The prospective market value—as stabilized—reflects the property’s market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties.

Prospective opinion of value a value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy. The prospective value opinion is based upon research and analysis of currently active market participants regarding market trends, forecast market demand, operating expenses, absorption periods, inflation rates and discounts rates, as of the effective appraisal date. Also, economic trends such as population growth and future competition have been researched and analyzed. The concluded prospective value reflects the current expectations and perceptions of market participants along with the available factual data. The appraiser cannot be held responsible for unforeseeable events that may alter market conditions prior to the date of the prospective value opinion.

Retrospective Value Opinion - a value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

Replacement Cost - the estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.

Surplus Land - land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Addendum D - Legal Description

DEED BOOK 23047 Ps 536
Debra DeBerry
Clerk of Superior Court
DeKalb County, Georgia

EXHIBIT "A"

A 60 % UNDIVIDED INTEREST IN AND TO THE FOLLOWING DESCRIBED PROPERTY, TO WIT:

All that tract or parcel of land lying and being in Land Lots 350 and 363, 18th District, DeKalb County, Georgia, being more particularly described as follows:

Begin at a rebar marking the intersection of Land Lots 349, 350, 363, and 364 of said district; thence North 12 degrees 09 minutes 03 seconds East a distance of 583.21 feet to a rebar, thence North 89 degrees 02 minutes 24 East seconds a distance of 264.15 feet to a rebar on the Westerly right of way line of Ashford Dunwoody Road (100 foot right of way); thence South 00 degrees 57 minutes 36 seconds East along said right of way line a distance of 353.98 feet to a rebar; thence South 26 degrees 45 minutes 53 seconds West a distance of 54.38 feet to a rebar marking the intersection of said Westerly right of way line with the Northerly right of way line of Ashford Gables Drive (variable width private right of way); thence along said Northerly right of way line the following courses: South 88 degrees 09 minutes 00 seconds West a distance of 96.71 feet to a rebar, said point marking the point of curvature of a circular curve to the left having a radius of 215.42 feet and a central angle of 51 degrees 17 minutes 00 seconds; thence along said curve an arc distance of 192.81 feet (Chord: South 62 degrees 30 minutes 31 seconds West, 186.44 feet) to a rebar; thence South 24 degrees 48 minutes 59 seconds West a distance of 76.64 feet to a rebar, said point marking the point of curvature of a circular curve to the right having a radius of 31.42 feet and a central angle of 51 degrees 17 minutes 00 seconds; thence along said curve an arc distance of 28.12 feet (Chord South 62 degrees 30 minutes 30 seconds West 27.19 feet) to a rebar; thence South 88 degrees 09 minutes 00 seconds West a distance of 49.92 feet to a rebar; thence leaving said right of way line North 05 degrees 27 minutes 57 seconds West a distance of 0.83 feet to the Point of Beginning. Containing 3.261 acres, more or less.

Addendum E - Appraiser's Qualifications: Casey Lyon, MAI

Relevant Professional Experience

(1995 to 1996) Employed by Coopers & Lybrand (now PriceWaterhouse Coopers) in Memphis, TN as an auditor. Worked on assignments for a wide range of clients in various industries including REITs, healthcare, insurance, government and manufacturing.

(1999 to 2000) Mortgage broker at U.S. Residential Mortgage.

(2000 to 2002) Budget Waterproofing. A small waterproofing and structural repair business. Duties included running all the financial aspects of the business, job bidding and crew leader.

(2003 to 2015) Appraiser at Buckhead Advisory Group, LTD.

(2015 to present) Founder/CEO of Crossroads Appraisal Group, Inc. Appraisal assignments over the past three years include numerous freestanding retail buildings, hotels, retail shopping centers, c-stores, carwashes, office buildings, office condominiums, office parks, small and large industrials, child care centers, automotive repair facilities, restaurants, and apartments.

Past and current clientele include BB&T, Regions Bank, Wells Fargo, PNC, Quantum National Bank, Embassy Bank, First Citizens Bank, First Intercontinental Bank, Peach State Federal Credit Union, NOA Bank and Commonwealth Business Bank, as well as a few mortgage brokers, attorneys and individuals.

Qualified as an expert witness in the Georgia Superior Court and State Court systems.

Professional Education

1994 - Bachelor of Accountancy from the University of Mississippi

1995 - Masters of Accountancy from the University of Mississippi

Since 2003, successfully completed more than 400 hours of courses and examinations offered by the Appraisal Institute and other accredited organizations. Also, the Appraisal Institute membership requires 20 hours per year of continuing education.

Professional Affiliations

MAI membership/designation with the Appraisal Institute since 2012
Certified Real Estate Appraiser in the State of Georgia, Certification # 262200

Mailing Address and Phone Numbers

Crossroads Appraisal Group, Inc.
1755 North Brown Road, Suite 200-2046
Lawrenceville, Georgia 30043
Phone (404) 724-5110, Cell (404) 550-0921
Email: casey@crossroadsappraisalgroup.com

Addendum F - Engagement Letter



May 12, 2016

City of Dunwoody
Mr. John Gates - Purchasing Manager
41 Perimeter Center East, Suite 250
Dunwoody, Georgia 30346

RE: Real Estate Appraisal Assignment

Dear Mr. Gates:

This letter will serve as an engagement letter to complete an Appraisal Report for the real property located at: 4800 Ashford Dunwoody Road, Dunwoody, GA 30338 (parcel # 18-363-05-011). The assignment is to determine the market value of the property in its as is condition. The intended use of the report is to assess the market value of the property for a potential acquisition by the City of Dunwoody. No FF&E or intangible assets will be included in the analysis. The content of the report shall conform to the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation.

The appraisal report will be addressed as shown above unless otherwise requested by you in writing. The Appraiser agrees to deliver the appraisal by June 20, 2016. The total compensation due to the Appraiser from the Client for the professional services required is an appraisal fee of \$4,500 for three bound copies of the report and one copy in digital PDF format. Also, if testimony time of any nature is required to explain the findings to the public or in a court room setting, an additional fee of \$250 per hour would be charged for that service.

The undersigned Appraiser and Client accept the terms and conditions of this engagement letter:

Casey Lyon, MAI

A handwritten signature in blue ink that reads "Casey Lyon".

Date: May 12, 2016

Crossroads Appraisal Group, Inc.
1755 North Brown Road
Suite 200-2046
Lawrenceville, GA 30043

Mr. Eric Linton - Dunwoody City Manager

A handwritten signature in blue ink that appears to read "Eric Linton".

Date: 5/12/16

City of Dunwoody
41 Perimeter Center East, Suite 250
Dunwoody, Georgia 30346