SELF-CONTAINED APPRAISAL

OF

WHITLOCK MILLS
160 LAFAYETTE STREET
JERSEY CITY, NEW JERSEY 07304
BLOCK 2057, LOT 28

33 APARTMENT BUILDINGS AND A PARKING GARAGE
COMPRISING 330 RESIDENTIAL UNITS AND ±336,549 GROSS SQUARE FEET

AS OF

MARCH 14, 2013

FOR

MS. TERESA WHITE
CREDIT OFFICER
NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
637 SOUTH CLINTON AVENUE
P.O. BOX 18550
TRENTON, NEW JERSEY 08650-2085

BY

ROSIN & ASSOCIATES
192 LEXINGTON AVENUE, SUITE 805
NEW YORK, NY 10016

DATE OF REPORT: MARCH 21, 2013

ROSIN & ASSOCIATES
Valuation & Advisory Services

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March 21, 2013

Ms. Teresa White
Credit Officer
New Jersey Housing & Mortgage Finance Agency
637 South Clinton Avenue
P.O. Box 18550
Trenton, New Jersey 08650-2085

Re: Appraisal of Whitlock Mills
160 Lafayette Street
Jersey City, New Jersey 07304

Dear Ms. White:

As requested, we have inspected the above captioned property for the purpose of making an estimate of its market value. This appraisal is intended to be a self-contained narrative report.

The subject property consists of 33 apartment buildings and one parking garage. They have a gross building area of ±336,549 gross square feet. The subject is a low income housing apartment complex located at 160 Lafayette Street, Jersey City, New Jersey 07304. It contains 330 residential units. The six-story parking garage contains 142 parking spaces.

Based on the analysis contained in the following report, the market value scenario of the subject is concluded as follows:

VALUE CONCLUSIONS			
Appraisal Premise	**terest Appraised**	**Date of Value**	**Market Value**
As Is Value (69.1% Complete)	Fee Simple	March 14, 2013	$44,550,000
"As Complete" Value (Subsidized)	Fee Simple	September 14, 2014	$64,440,000
"As Stabilized" Value (Subsidized)	Fee Simple	September 14, 2014	$75,920,000
"As Complete" Value Via Sales Approach	Fee Simple	September 14, 2014	$57,750,000
Land Value	Fee Simple	March 14, 2013	$10,140,000
Intangible Value	LIHTC	March 14, 2013	$21,118,010
Intangible Value	PILOT	March 14, 2013	$18,251,529
Source: Rosin & Associates			

The Cost Approach, Income Approach, and the Sales Comparison Approach were considered in the appraisal of this property. The appraisers were engaged to determine the “as is” value of the subject. The appraisers have assumed that the percentage of construction completed as of March 14, 2013 is 69.1%. Therefore, the appraisers have taken the indicated “as complete” value via the DCF analysis and applied a 69.1% to this number to arrive at the current “as is” value concluded above.

Our value estimate is predicated on the market research and analysis detailed in the accompanying report. Thus, the report must be read in its entirety. The report is in conformity with New Jersey State Housing and Mortgage Finance Agency instructions and standards as well as USPAP and FDIC regulations and Title 12 of the Code of Federal Regulations, parts 1608 and 1608.4.

The attached appraisal report sets forth the identification of the property, the assumptions, definitions and limiting conditions, pertinent facts about the neighborhood and the subject property, comparable sales data, and the appraisal process.

We have conducted all services and prepared all opinions and reports with respect to the Property, in accordance with Uniform Standards of Professional Appraisal Practice ("USPAP") adopted by the Appraisal Standards Board of the Appraisal Foundation and Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act ("FIRREA"). We make no other warranties, either expressed or implied, as to the character and nature of such services and product.

It has been a pleasure to assist you in the assignment. If you have any questions concerning the analysis, or if Rosin & Associates can be of further service, please contact us at (212) 726-9090.

Respectfully submitted,

Max Rosin, MRICS
Certified General Real Estate Appraiser
NJ State Certified #42RG00161500

Mark Lansman
Financial Analyst

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CERTIFICATE OF APPRAISAL

We hereby certify that…

1. We hereby certify that…

2. The statements of fact contained in this report are true and correct;

3. The reported analyses, opinions, and conclusions are limited by the reported assumptions and limiting conditions, and are our personal, unbiased, professional analyses, opinions, and conclusions;

4. We have no present or prospective interest in the property that is the subject of this report, and have no personal interest or bias with respect to the parties involved;

5. Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report;

6. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

7. Our analyses, opinions, and conclusions have been developed, and this report has been prepared, in accordance with the Uniform Standards of Professional Appraisal Practice ("USPAP") as set forth by the Appraisal Foundation, and with Title 12 of the Code of Federal Regulations, Part 1608 and 1608.4;

8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;

9. The appraisers were previously engaged in February 2011 to perform appraisal services on the subject property;

10. Max Rosin has personally inspected the property that is the subject of this report;

11. Mark Lansman provided significant professional assistance to the persons signing this report;

12. This appraisal assignment was not based on a requested minimum fee valuation, a specific valuation, or the approval of a loan;

13. I, Max C. Rosin, certify that I am appropriately licensed or certified to appraise the subject property in the State in which it is located;

14. After consideration of data and performance of analyses deemed relevant to value, the most important of which are set forth in the body of this appraisal report, it is our unbiased professional opinion that the fee simple interest in the subject property at 160 Lafayette Street, Jersey City, New Jersey 07304 had market values as of March 14, 2013 of:

"As Is" Market Value	**Subsidized "As Complete" Market Value**
FORTY FOUR MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS	**SIXTY FOUR MILLION FOUR HUNDRED FORTY THOUSAND DOLLARS**
$44,550,000	**$64,440,000**

Respectfully submitted,

Max Rosin, MRICS
Certified General Real Estate Appraiser
NJ State Certified #42RG00161500

Mark Lansman
Financial Analyst

BASIC ASSUMPTIONS & LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

2. The property is appraised as if free and clear of any or all liens or encumbrances except those specifically set forth in the report.

3. Responsible ownership and competent property management are assumed.

4. The information furnished by others is believed to be reliable and has been verified to the extent feasible. However, no warranty is given for its accuracy.

5. All engineering is assumed to be correct except as otherwise noted. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

6. It is assumed that there are no hidden or unapparent conditions of the property subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

7. 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.

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

9. 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 estimate contained in this report is based.

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

11. An investigation makes it reasonable to assume, for appraisal purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced to into the appraised premises. The heating, electrical, plumbing and other mechanical systems have not been tested specifically, but are assumed to be in good working order unless otherwise specified.

12. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made specific compliance surveys and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the subject, together with a detailed analysis of the requirements of the ADA, could reveal that the subject is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the subject. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the subject.

This appraisal is made subject to the following general limiting conditions:

1. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report. Similarly, any value estimate provided for a fractional interest shall not be construed as applying to the property in its entirety, unless such application is set forth in the report.

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

3. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or attend court with reference to the property in question unless arrangements have been previously made thereof.

4. This appraisal is to be used in whole and not in part. No part of it shall be used in conjunction with any other appraisal.

5. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without the written consent and approval of the appraisers, particularly as to valuation conclusions, the identity of the appraisers or the firm with which the appraisers are connected.

6. In the preparation of this appraisal report the appraiser was not authorized to have percolation tests, test borings or other sub-surface engineering tests to the soil. Consequently, they were not made. Any statements in this appraisal relative to the highest and best use, the bearing capacity of the soil, and the uses to which the property can or probably will be put are based on the appraiser's conclusions and on a surface examination only.

7. The Americans with Disabilities Act (ADA) became effective July 26, 1992. We have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost to cure the property's physical characteristics, the real estate appraiser cannot comment on compliance with ADA.

This appraisal is made subject to the following specific limiting conditions:

1. Any descriptions of building components are solely for descriptive purposes. An engineer’s or architect's report is necessary if a rigorous analysis of building systems is required.

2. Building areas were calculated on the basis of available site and floor plans for the building, and measurements estimated during our site inspection. While we believe our estimates to be reasonable, we take no responsibility for their accuracy.

3. We did not receive a Phase I environmental study on the subject property. Although the appraisers noticed no evidence of environmental problems on the subject site, we take no responsibility for environmental concerns which were not evident to us at the time of this report. This appraisal is made as if the subject parcel is environmentally clean, as the Agreement of Sale is contingent upon such a cleanup. Further investigation of environmental conditions is beyond the scope of work.

4. To calculate the potential gross income in the Direct Capitalization Analysis portion of this report, in which not all of the tenants pay low-income housing rents, the appraisers have assumed families occupying 60% of the subject’s units have incomes that are 60% of the market area’s median income published by HUD. The remaining 40% of the units will rent at market rates.

SUMMARY OF SALIENT FACTS & CONCLUSIONS

PROPERTY APPRAISED: Whitlock Mills located at 160 Lafayette Street; partially-completed construction of an affordable housing development

LEGAL DESCRIPTION: Jersey City Tax Map: Block 2057, Lot 28

LOCATION ADDRESS: 160 Lafayette Street, Jersey City, New Jersey 07304

OWNER: Whitlock Mills

DATE OF INSPECTION & VALUATION: February 8, 2011

APPRAISAL PURPOSE: To estimate the "as is" and subsidized “as complete” values of the subject property

PLOT SIZE: ±289,674 square feet (±6.65 acres)

ZONING DISTRICT: Whitlock Cordage ARD (Manufacturing District)

IMPROVEMENTS: 33 apartment buildings of varying size and a parking garage.

PROPOSED BUILDING AREA: ±336,549 square feet of gross building area, including 330 rental apartment units

PROPOSED UNIT MIX: 330 rental apartment units, including 122 one-bedroom units, 157 two-bedroom units, and 51 three-bedroom units

ESTIMATED REAL ESTATE TAXES: Exempt; PILOT amount is 4% of gross shelter rents for the first 10 years, 5% for the second 10 years, 7.5% for the third 10 years, and 8.6% for the final 10 years

“As Complete” Free Market Taxes: $6,036,064
Estimated PILOT Amount: $199,963

HIGHEST & BEST USE:

AS VACANT: Development of a multi-family property conforming to zoning regulations.

AS IMPROVED: Complete construction for multifamily use.

VALUES ESTIMATED: "As Is" and “As Complete” values. The subject is appraised as if free and clear of all liens and mortgages.

PROPERTY RIGHTS APPRAISED: Fee Simple interest

ABSORPTION PERIOD: 13 months at a pace of 30 units per month.

MARKET ANALYSIS SUMMARY				
Unit	Unit	GROSS MONTHLY RENTS		
Type	Tenancy	Market	Maximum Restricted	Achievable
1-BR	< 60% AMI	$2,100 / Mo.	$868 / Mo.	$825 / Mo.
2-BR	< 60% AMI	$2,800 / Mo.	$1,041 / Mo.	$1,025 / Mo.
3-BR	< 60% AMI	$3,600 / Mo.	$1,203 / Mo.	$1,175 / Mo.

INDICATED VALUES OF PROPOSED CONSTRUCTION:

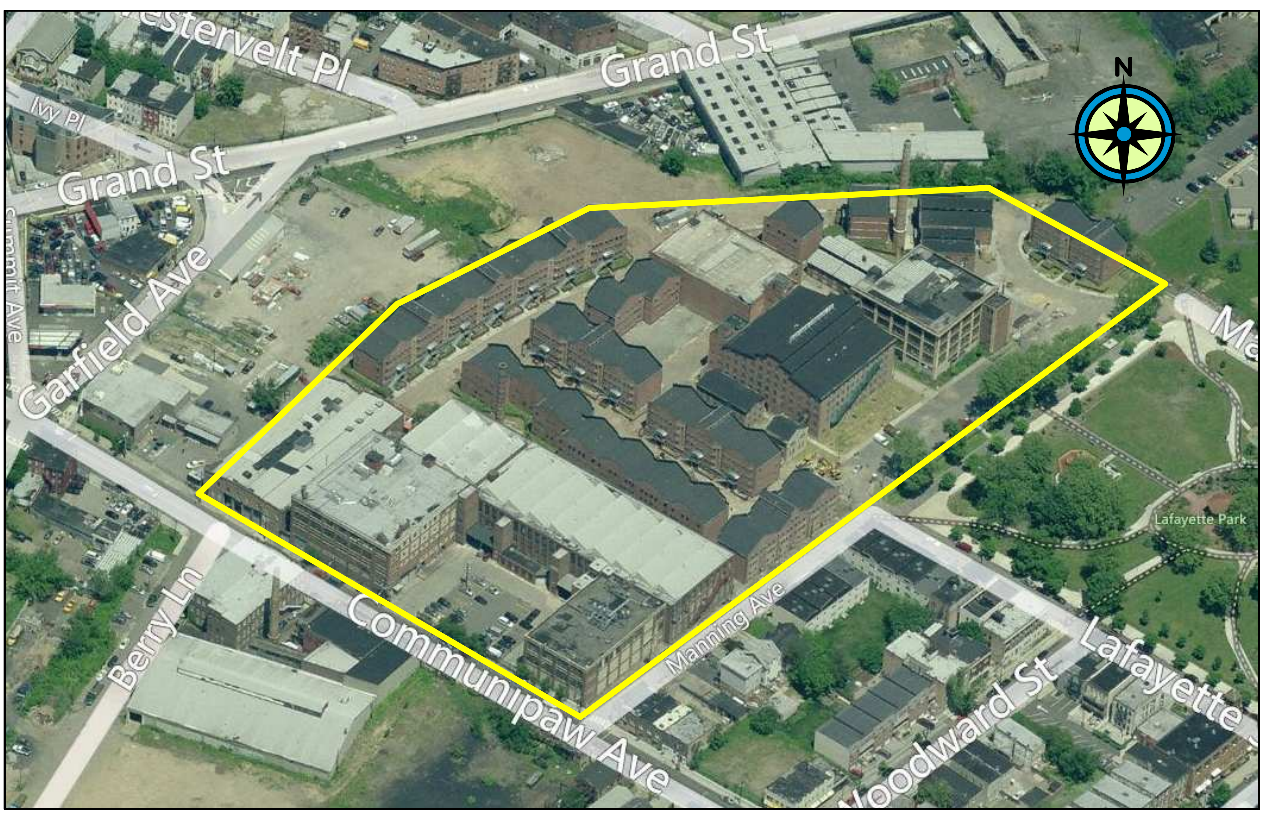
Cost Approach:	$67,845,000
Income Approach:	$65,000,000
Direct Capitalization:	
Free Market:	$55,090,000
Subsidized:	$75,920,000
Discounted Cash Flow Analysis:	$64,440,000
Sales Comparison Approach:	$57,750,000

MARKET VALUE CONCLUSIONS:

Land Value:	$10,140,000
"As Is" Value (69.1% Complete):	$44,550,000
"As Completed" Value:	$64,440,000
"As Stabilized" Value (Subsidized):	$75,920,000
LIHTC "Intangible" Value:	$21,118,010
PILOT "Intangible" Value:	$18,251,529

VALUATION DATE:	March 14, 2013
REPORT DATE:	March 21, 2013
MARKETING TIME:	One to 18 months

WHITLOCK MILLS
160 LAFAYETTE STREET
JERSEY CITY, NEW JERSEY 07304



Subject Location Map

EXECUTIVE SUMMARY

The subject property is located at 160 Lafayette Street, Jersey City, New Jersey 07304. It is designated Block 2057, Lot 28 and contains ±289,674 square feet (±6.65 acres) of lot area. The subject is improved with 33 apartment buildings, 29 of which are newly built and four of which are rehabilitated buildings, and one parking structure. In addition to the 330 residential units, the subject also has a six-story parking garage with 142 spaces.

The following is the unit mix at the subject property:

SUBJECT UNIT MIX				
Unit Type	**Unit Count**	**Tenant Type**	**No. Units**	**Average Unit Area**
One-Bedroom	122 Units	60% AMI	78 Units	±534 SF
		Market	44 Units	±800 SF
Two-Bedroom	157 Units	60% AMI	93 Units	±684 SF
		Market	64 Units	±817 SF
Three-Bedroom	51 Units	60% AMI	27 Units	±690 SF
		Market	24 Units	±835 SF
TOTAL	**330 Units**	-	-	-

The owners intend to develop housing units for the 21st Century. The project includes rehabilitating/restoring five buildings, including one to use as a parking garage and one that includes residential units, a fitness center, aerobics studio, a management office, and a café. The appraisers previously performed an appraisal of the subject property, at which point the cost of construction completed totaled approximately $20,199,450 as of January 2011. The appraisers were supplied with a budget detailing the estimated costs to complete construction of the property. However, we were not provided with a full construction budget including historical costs. As of March 14, 2013, after discussion with NJHMFA, we understand that there has been no construction activity since the previous appraisal. Therefore, the appraisers have assumed that the percentage of construction completed as of March 14, 2013 is 69.1% (or approximately 70%). Therefore, the appraisers have taken the indicated “as complete” value via the DCF analysis and applied a 69.1% to this number to arrive at the current “as is” value concluded above.

In order to calculate the potential gross income in the Direct Capitalization Analysis portion of this report, in which not all of the tenants pay low-income housing rents, the appraisers assumed families occupying 60% of the subject’s units have incomes that are 60% of the market area’s median income published by HUD.

The subject is exempt from real estate taxes and instead pays a PILOT amount in lieu of taxes for 40 years. The PILOT amount is 4.00% of the subject’s gross shelter rent for the first ten years, 5.00% for the second ten years, 7.5% for the third ten years, and 8.60% for the final ten years. Gross shelter rent is calculated by subtracting a vacancy loss and utilities expense from the subject’s gross apartment rent. If the PILOT amount is less than the real estate taxes, the appraisers add an additional PILOT bonus to the subject value.

The final value conclusion for the subject reflects the subject’s subsidized nature. The free market values determined in the report have been included to indicate the subject’s value if it were not a subsidized property. This report is an appraisal of the value of the residential units and laundry machines and does not take into consideration any income generated by the café or parking garage, per the client’s request.

IDENTIFICATION OF THE PROPERTY

The subject property is located at 160 Lafayette Street. It is located in the neighborhood of Jersey City. The subject is comprised of 33 apartment buildings and one parking garage containing ±336,549 gross square feet. The property is located on a single tax lot to the north of the intersection between Lafayette Street and Manning Avenue, known as Jersey City: Block 2057, Lot 28. The total plot size of the subject property is ±289,674 square feet. The subject occupies ±190 feet of frontage on the west side of Lafayette Street.

DESCRIPTION OF THE APPRAISAL ASSIGNMENT

Purpose of the Appraisal

The purpose of this appraisal is to estimate the "as is" and “as complete” market values of the fee simple interest in the subject property in support of loan decision making with respect to a proposed affordable housing development. The subject is appraised as if free and clear of all liens and mortgages.

Intended Use of the Appraisal

According to USPAP, the content of a Self-Contained Appraisal Report must be consistent with the intended use of the appraisal and, at a minimum, state the identity of the client and any intended users, by name or type. This is done to ensure a clear understanding and to avoid violations of the confidentiality section of the ethics rule. The intended user of this report is New Jersey Housing & Mortgage Finance Agency with a mailing address at 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085.

Property Rights Appraised

The property rights appraised consist of the Fee Simple Estate in the subject property. Fee Simple Estate is defined in *the Dictionary of Real Estate Appraisal* as follows:

> Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation.[1]

This interest is to be distinguished from the Leased Fee Estate in the subject property. Leased Fee Estate is defined in *the Dictionary of Real Estate Appraisal* as:

> An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of lessor or the leased fee owner and leased fee are specified by the contract terms contained within the lease.

[1] *The Dictionary of Real Estate Appraisal*. 4th ed. Chicago, IL: The Appraisal Institute, 2002. Print.

Effective Date of Valuation

The effective date of valuation refers to “the date at which the analyses, opinions, and advice in an appraisal, review or consulting service apply (USPAP, 2012).” The effective date of valuation for this appraisal is March 14, 2013.

Scope of the Appraisal

The 2012/13 USPAP defines Scope of Work as the type and extent of the process of collecting confirming and reporting data and the type and extent of analysis in an assignment. It is the work an appraiser performs to develop credible assignment results. Credible assignment results require support, relevant evidence and logic, to the degree necessary for the intended use. Disclosure of the Scope of Work in this report is intended to provide the Intended Users with an understanding of the appraiser’s actions in arriving at assignment conclusions. The Scope of Work Rule states that an appraiser’s Scope of Work is acceptable when it meets or exceeds both (1) the expectations of parties who are regularly intended users of similar assignments; and (2) what an appraiser’s peers’ actions would be in performing a similar assignment. The report must contain sufficient information to allow intended users to understand the Scope of Work performed. Assignment elements define and characterize the problem to be solved in an appraisal, which in turn determines the type and extent of research and analysis to include in the development process. Assignment elements include client, intended use, intended users, type and definition of value, effective date relevant characteristics of the subject property and assignment conditions. Assignment conditions include assumptions, extraordinary assumptions, hypothetical conditions, supplemental standards, jurisdictional, and other conditions that affect the Scope of Work.

This appraisal is prepared as a complete self-contained report in conformity with the Uniform Standards of Professional Appraisal Practice. Following are major elements in the investigation leading to the conclusion of value:

1. A thorough physical inspection of the property and the surrounding area, similar to the inspection that would be performed by a potential purchaser but less comprehensive than would be performed by a professional engineer that a purchaser might hire. The inspection does not include determination of the existence of harmful substances such as asbestos.

2. An investigation of relevant zoning codes and building regulations. The scope of this investigation is not as thorough as would be performed by a contractor or architect but is sufficient to determine the feasible alternative uses for the subject property.

3. Investigation of market activity in order to accumulate sufficient data from which to derive indications of market value by the relevant approaches. This investigation may be limited by the amount of activity in the marketplace, the availability of reliable data, and the willingness of principals to divulge the details of their transactions.

4. Analysis of the accumulated data via the relevant approaches to value, and a final analysis in which the quantity and quality of the data used in each approach are weighted and the applicability of each approach is considered in arriving at a final conclusion of value. We have valued the property via the Income Approach and the Sales Comparison Approach. As indicated in the Reconciliation and Final Estimate of Value, an "as is" figure was derived from an analysis of all pertinent data.

Area Inspected – The appraisers inspected the land at the subject property on March 14, 2013.

Definition of Market Value

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

1. Buyer and seller are typically motivated;
2. Each party is well informed or well advised, with each acting in what he considers his own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash, in U.S. dollars or in terms of financial arrangements comparable thereto;
5. The price represents normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.[2]

This appraisal is made as of February 8, 2011 in terms of cash or terms equivalent to cash. The property is appraised "as is" as vacant land and “as complete” as a rental apartment building, free and clear of mortgages, and no specific financing is assumed. By stating “or terms equivalent to cash,” the appraisers allow for the possibility of a purchase with part equity and part mortgage funds.

Extraordinary Assumptions & Hypothetical Conditions

Extraordinary Assumptions

An extraordinary assumption is defined by the Uniform Standards of Professional Appraisal Practice as “an assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”

This appraisal employs no extraordinary assumptions.

Hypothetical Conditions

A hypothetical condition is defined by the Uniform Standards of Professional Appraisal Practice as “that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

“As complete” is a hypothetical condition as the subject is not fully constructed.

[2] Ibid., p. 177

Statement of Ownership, Delineation of Title, & History of the Subject

The Uniform Standards of Professional Appraisal Practice require the appraiser to report on, and take into consideration, any sales of the subject within the last three years, as well as any pending contracts. The subject is currently owned by Whitlock Mills. To the best of our knowledge, there have been no transfers or sales of the subject property during the past 3 years, however, the appraisers were not provided with a title history. According to FARES records, the current owners purchased the subject on February 2, 2004 from Lafayette Manning Inc. for $4,000,000. The appraisers were not provided with a title history.

According to a “Request for Action by Members of the NJHMFA,” dated January 20, 2011, construction of the project was originally scheduled to be completed in June, 2006. However, a dispute arose between the Sponsor and its general contractor, Constructamax, Inc. (“Cmax”) which resulted in the Sponsor making a claim on the payment and performance bond issued by Arch Insurance and Reinsurance (“Arch”). In February, 2007, the Sponsor, Cmax and Arch entered into a Takeover Agreement whereby the parties agreed to reserve their claims against one another and also agreed to a new completion date of November, 2007. Work at the site proceeded under the direction of Arch, but the completion date of November, 2007 was not met. In September, 2008, the Jersey City Building Department issued a Stop Work Order citing concerns including the foundations of the modular units, fire suppression system and the sewer and sanitary systems. The Stop Work Order was lifted in September, 2009. Litigation involving the Sponsor, Arch, Cmax and the manufacturer of the modular buildings, Deluxe Building Systems is pending in United States District Court in Newark.

On December 11, 2009, Arch declared the Sponsor in default under the Takeover Agreement and it declared that it would no longer perform any work at the site. Arch then removed its presence from the site as of December 30, 2009. Since that time, Agency staff has been working with the Sponsor to develop a plan to complete the project and the costs associated with completion.

The estimated cost to complete the project was approximately ±$20,000,000 as of 2011, however, the appraisers have applied an inflation factor as per the analysis and table on page 43, and the estimates is now $22,501,076, an amount that includes both remediation work and completion work. As of March 14, 2013, after discussion with NJHMFA, we understand that there has been no construction activity since the previous appraisal. Therefore, the appraisers have assumed that the percentage of construction completed as of March 14, 2013 is 69.1%.

Aerial Photo of Subject Property

Exposure Time

Exposure time is not intended to be a prediction of a date of sale or a one-line statement. Instead, it is an integral part of the appraisal analysis and is based on one or more of the following:

- statistical information about days on the market
- information gathered through sales verification
- interviews of market participants.

The reasonable exposure period is a function of price, time, and use. It is not an isolated estimate of time alone. Exposure time is different for various types of real estate and under various market conditions. Exposure time is the estimated length of time the property would have been offered prior to a hypothetical market value sale on the effective date of appraisal. It is a retrospective estimate based on an analysis of recent past events, assuming a competitive and open market. It assumes not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable marketing effort. Exposure time is therefore interrelated with appraisal conclusion of value.

In consideration of these factors, we have analyzed the following:

- the Korpacz Investor Survey; and
- knowledgeable real estate professionals.

The following table presents the information derived from these sources:

EXPOSURE TIME INFORMATION - NATIONAL APARTMENT MARKET		
Data Source	Exposure Time of Properties	
	Range	Average
Korpacz Investor Survey, Fourth Quarter 2012	0 - 18 months	5.10 months
Local Market Professionals	2 - 24 months	10.0 months
Source: Rosin & Associates Field Survey		

Based on the foregoing analysis, an exposure time of one to 18 months is reasonable, defensible, and appropriate. We assume the subject would be competitively priced and aggressively promoted regionally.

Marketing Time

Marketing time is the period a prospective investor would forecast to sell the subject property immediately after the date of value, at the value estimated. The marketing time is an estimate of the number of months it will require to sell the subject from the date of value, into the future. The anticipated marketing time is essentially a measure of the perceived level of risk associated with the marketability, or liquidity, of the subject property. The marketing time estimate is based on the data used in estimating the reasonable exposure time, in addition to an analysis of the anticipated changes in market conditions following the date of appraisal.

The future price for the subject (at the end of the marketing time) may or may not equal the appraisal estimate. The future price depends on unpredictable changes in the physical real estate, demographic and economic trends, real estate markets in general, supply/demand characteristics for the property type, and many other factors.

Based on the appraisers' research of trade publications and discussions with knowledgeable brokers, the appraisers are of the opinion that the market has stabilized and the public appetite is sufficient that rental projects (if priced fairly) will sell within approximately one to 18 months.

Inclusions & Exclusions

The property appraised consists of the real estate only, comprising land and improvements including fixed building service equipment. Furnishings, personal property, tenant improvements, supplies, and any current or intangible assets that may exist are excluded from this appraisal.

AREA DESCRIPTION & ANALYSIS

Northern New Jersey

The subject is located in northern New Jersey, generally regarded as the following eight counties: Bergen, Essex, Hudson, Morris, Passaic, Sussex, Union, and Warren. These counties contain 2,055 square miles, or about 27% of the total land area of New Jersey and have combined population in 2008 of 4,023,464 persons. Because the state of New Jersey has historically ranked first in persons per square mile, northern New Jersey can be considered one of the most densely populated regions in the nation.

The eight counties of northern New Jersey, along with Middlesex County in central New Jersey, are considered part of the New York Metropolitan Area, an economic region of 22 counties in and around New York City. The region extends over 7,000 square miles and contains over 19 million people; it is the largest economic region in the country.

The development and character of northern New Jersey changes markedly from its eastern border, the Hudson River, to its western border, the Delaware River. Development and population are concentrated in the eastern counties of Bergen, Essex, Hudson, and Union, each of which borders a major waterway (Hudson River, Newark Bay, and Arthur Kill), along with the southeastern part of Passaic County. Bergen, Essex, Hudson, and Union contain 513 square miles, or about 7% of New Jersey's total land area, yet they had a combined population of 2,784,183 persons in 2008, or about 32.1% of New Jersey's total 2008 population of 8,682,661. Major cities include Newark (2008 pop. 264,128), Jersey City (2008 pop. 229,007), Paterson (2008 pop. 148,985), and Elizabeth (2007 pop. 126,132).

As one travels westward away from the region's major employment center of New York City, population and development decline substantially. The counties of Morris, Sussex, Passaic, and Warren contain over 1,600 square miles and were inhabited by 1,239,281 persons in 2008 according census bureau. The character of these counties is dominated by the dozens of lakes and state forests found throughout the area. Its mountainous topography culminates in the Kittatinny Mountains near the Pennsylvania border, which are part of the Appalachian Mountain range.

Overall, highway transportation throughout northern New Jersey is suitable. Interstate 80 provides east/west access from the George Washington Bridge over the Hudson to the Pennsylvania border and beyond. Interstates 280 and 78, U.S. Routes 46 and 22, and State Routes 3, 10, and 23 radiate to the west from the employment and population centers in the east to other counties. Major north/south highways are (from east to west) the New Jersey Turnpike (I-95), U.S. Routes 1 and 9, the Garden State Parkway, State Route 17, I-287, State Route 15, and U.S. Route 206. Despite this extensive highway system, traffic levels and road conditions often cause problems in northeastern New Jersey. Conversely, the accessibility of some towns in northwestern New Jersey is hindered by the lack of major highways.

Mass transportation, especially in New Jersey's eastern counties, is rather convenient. Numerous bus and rail lines run daily to Newark and New York City, serving as a major mode of transportation for New Jersey's several hundred thousand commuters. Numerous ports along the eastern edge of New Jersey, including Port Newark and Port Elizabeth, are major shipping centers for the region. Newark Liberty International Airport is one of the busiest airports in the nation.

Tri-County Region

Union, Hudson, and Essex Counties form the gateway to the Garden State and provide the only access to New York City from New Jersey. Located on the eastern shore of New Jersey, this area is only a short distance west of New York City and is adjacent to the Atlantic waterways. The area's proximity to New York City and its location in the highly-traveled Boston-to-Washington corridor are important factors in the development of the tri-county area.

Industry is concentrated in the vast Meadowlands of the Passaic River, which forms a common boundary for the three counties. The New Jersey Turnpike and the Garden State Parkway cross and connect these counties. While these factors tie the counties together economically, they have not prevented their individual development.

Although Union, Hudson and Essex Counties are the three smallest in New Jersey, approximately 1,889,343 people (2008 population according to the US Census) inhabit them. This comprises about 21.8% of New Jersey's total population. The residential areas are divided into two parts. The more densely populated urban section is comprised of Hudson, eastern Essex and eastern Union Counties. The other section encompasses the western portions of Essex and Union Counties where residential suburban communities are part of the metropolitan area that encircles the larger cities in the tri-county area of New Jersey.

Hudson County

The subject is located in Hudson County, which lies within New Jersey's northeastern corner between the Hudson River and the Passaic River. It contains approximately 46.42 square miles, making it the smallest county in the region as well as the entire state, yet it is New Jersey's most densely populated county. Only 29% of the land is inhabited by the population, whereas 30% is covered by streets, highways, and railroads. Hudson County is highly industrialized with over 30% of its land area utilized for industry. Electrical apparel, food processing, chemical and machinery industries make Hudson an important manufacturing center. Maritime railroad terminals and warehousing industries in the county support both national and international trade. The resurgence of the Hudson River waterfront is a contributing factor in the county's redevelopment and economic growth. According to the US Census Bureau, Hudson County had a population as of 2000 of 608,975, compared to the 2010 population of 634,266, a 4.2% increase. The latest census survey shows an estimated population as of 2011 of 641,224, a 1.10% increase over the 2010 census population. A full breakdown of Hudson County population trends can be seen below.

HUDSON COUNTY POPULATION TRENDS		
Year	Population	% Change
2011 (Estimated)	641,224	1.10%
2010 Census	634,266	4.15%
2000 Census	608,975	10.10%
1990 Census	553,099	-0.70%
1980 Census	556,972	N/A
Source: US Census Bureau		

Households

The following table details the households by type in Hudson County:

HUDSON COUNTY HOUSEHOLDS BY TYPE		
Description	Amount	% of Total
Total households	**243,850**	**100.0%**
Family households	150,091	61.6%
Family households with children under 18 years	69,549	28.5%
Married-couple family	91,360	37.5%
Married-couple family with children under 18 years	38,596	15.8%
Non-family households	93,759	38.4%
Householder living alone	71,189	29.2%
Average household size	2.60	-
Average family size	3.24	-
Source: U.S. Census Bureau 2011 American Community Survey		

As illustrated above, the majority of households in Hudson County are occupied by families, 28.5% of which have children younger than 18 years of age. The average household size in Hudson County is 2.60 persons, and the average family size is 3.24 persons. According to the 2011 American Community Survey, there are 243,850 total housing units in Hudson County. Of the 243,850 housing units, 32.8% are owner-occupied, while 67.2% are renter-occupied. The median household income of Hudson County is $56,546, which is just below that of Jersey City.

Employment

The following table outlines employment in Hudson County by major industrial group. The figures below represent current statistics as of the 2011 American Community Survey.

HUDSON COUNTY EMPLOYMENT BY INDUSTRY		
Industry	Total	% of Total
Civilian Employed Population 16 Years and Over	322,682	100.0%
Agriculture, Forestry, Fishing, Hunting, & Mining	122	0.0%
Construction	16,163	5.0%
Manufacturing	25,141	7.8%
Wholesale trade	12,497	3.9%
Retail trade	34,688	10.7%
Transportation, Warehousing, & Utilities	25,573	7.9%
Information	10,189	3.2%
Finance, Insurance, Real Estate, Rental, & Leasing	39,537	12.3%
Professional, Scientific, Management, Administrative, & Waste	44,289	13.7%
Educational services, Health Care, & Social Assistance	61,800	19.2%
Arts, Entertainment, Recreation, Accommodation, & Food Services	27,976	8.7%
Other Services, Except Public Administration	13,471	4.2%
Public Administration	11,236	3.5%
Source: US Census Bureau, 2011 American Community Survey		

As demonstrated above, the fields with the highest employment percentages in Hudson County are education, professional, scientific, management, administrative, & waste, and finance as well as retail trade.

Unemployment levels are also an effective indicator of economic health. As demonstrated by the table below, Hudson County has historically had a higher unemployment rate than the state of New Jersey. However, unemployment rates throughout the region have risen over the past four to five years as a result of the economic recession.

RATE OF UNEMPLOYMENT OVER TIME				
	Dec-2012	Dec-2011	Dec-2010	Dec-2009
Hudson County	10.3%	9.5%	10.1%	11.1%
State of New Jersey	9.3%	8.7%	9.1%	9.7%

Unemployment rates in Hudson County decreased consistently from December 2009 to December 2011. However, they have crept back above the 10.0% threshold as of December 2012.

Broad Neighborhood

The subject property is located in Jersey City, New Jersey. Jersey City is located in the northeastern region of Hudson County. It has a land area of 14.9 square miles and an elevation of 83 feet. It is neighbored by Hoboken, Union City, North Bergen, and Secaucus to the north, the Newark Bay and Kearny to the west, Bayonne to the south, and the Hudson River to the east.

According to the Jersey City Government website, Jersey City was one of the largest railroad terminals in the country, with at least ten district railways and trunk lines terminating at its riverfront, opposite New York. The largest railway passenger shed in the world, the Pennsylvania Railroad, was within its borders. Furthermore, the largest tobacco company in the world, Lorillard's, gave employment to hundreds of its inhabitants. One of the largest American Sugar Refining Company's branches once stood near the spot occupied by the old Paulus Hook fort. Additionally, silk factories as well as steel, iron, and zinc works were in Jersey City. Two ocean steamship lines sailed from its wharfs, and the great inland waterway that was the Morris Canal once ran through a section of its territory[3].

JERSEY CITY HOUSEHOLDS BY TYPE		
Description	Amount	% of Total
Total households	**96,601**	**100.0%**
Family households	57,703	59.7%
Family households with children under 18 years	24,955	25.8%
Married-couple family	34,680	35.9%
Married-couple family with children under 18 years	13,755	14.2%
Non-family households	38,898	40.3%
Householder living alone	29,444	30.5%
Average household size	2.56	-
Average family size	3.26	-
Source: U.S. Census Bureau 2011 American Community Survey		

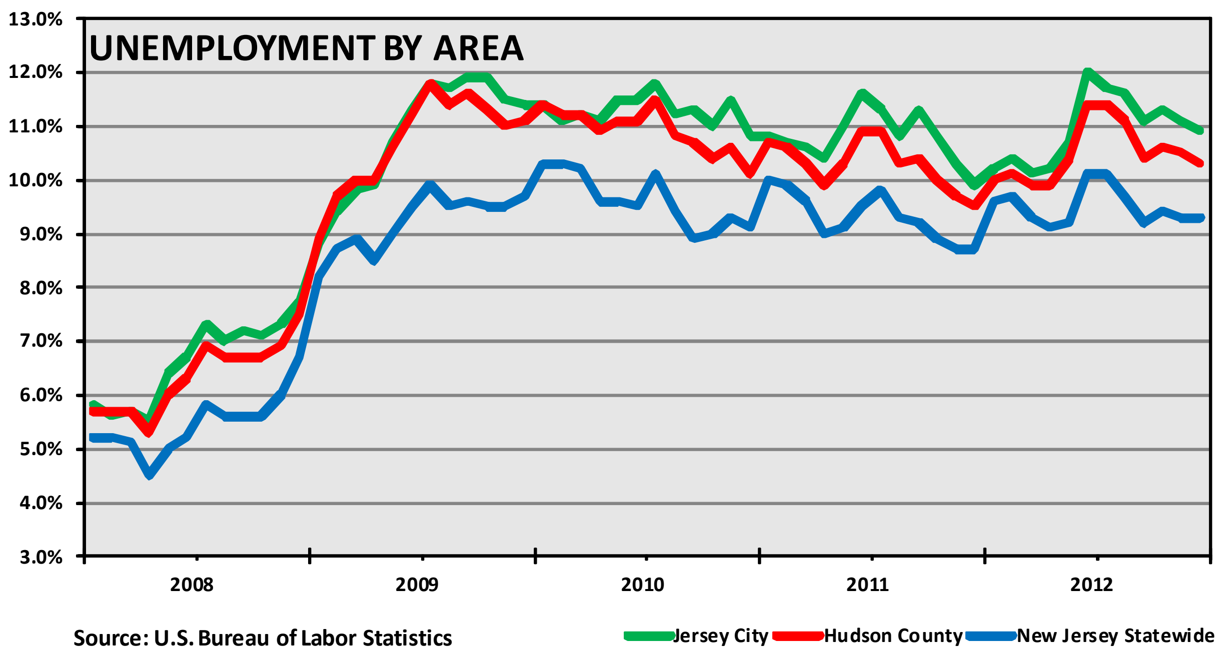
As demonstrated by the above numbers, the majority of households in Jersey City are occupied by families, approximately 26% of which have children younger than 18 years of age. The average household size is 2.56 persons and the average family size is 3.26 persons. According to the 2011 American Community Survey, there are 96,601 total housing units in Jersey City. Of the 96,601 housing units, 30.7% are owner-occupied, while 69.3% are renter-occupied. The median household income in Jersey City is $56.843.

3 http://www.cityofjerseycity.com/history3.html

The following is an outline of the employment in Jersey City, New Jersey:

HUDSON COUNTY EMPLOYMENT STATUS		
Employment Status	**Amount**	**% of Total**
Population 16 years and over	**523,797**	**100.0%**
In Labor force	363,833	69.5%
Civilian labor force	363,833	69.5%
Employed civilian labor force	322,682	61.6%
Unemployed civilian labor force	41,151	7.9%
Armed Forces	0	0.0%
Not in labor force	159,964	30.5%
Source: U.S. Census American Community Survey, 2011		

In terms of unemployment, Jersey City has exhibited a higher unemployment trend when compared to both Hudson County and New Jersey, as a whole. The following graphic illustrates the rates of unemployment in Jersey City, Hudson County, and New Jersey from January 2007 to December 2012.



Immediate Neighborhood

The subject property is located on the northwest border of Lafayette Park, and is located on the northwestern side of Manning Avenue, centered at the intersection between Lafayette Street and Manning Avenue. Surrounding land uses include multifamily apartment buildings and some commercial and industrial uses. It is located approximately 0.45 miles northeast of the Garfield Avenue Light Rail Stop and 0.50 miles northwest of the Liberty State Park Light Rail Stop, of the Hudson-Bergen Light Rail Line. This line connects Jersey City to Bayonne, Hoboken, Weehawken, Union City, and North Bergen, and can provide transportation from New Jersey to Manhattan via the PATH train at the Exchange Place and Hoboken terminals. The PATH train system provides service to Newark and Manhattan. In addition, New Jersey Transit provides bus service with connections to a number of destinations in New Jersey and New York City.

JERSEY CITY RESIDENTIAL REAL ESTATE MARKET ANALYSIS

The appraisers have surveyed the Jersey City area in order to understand the residential market. Generally, there is a max of residents in Jersey City who rent or own their homes, with a majority of residents (69.3%) renting their homes.

JERSEY CITY HOUSING STOCK		
Description	**Amount**	**Percent**
Total Housing Units	**110,360**	**100.0%**
Vacant Housing Units	13,759	12.5%
Total Occupied Housing Units	96,601	87.5%
Owner-Occupied Housing Units	29,626	30.7%
Renter-Occupied Housing Units	66,975	69.3%
Source: U.S. Census American Community Survey, 2011		

RENT DISTRIBUTION FOR OCCUPIED UNITS						
Gross Rent	**New Jersey**		**Hudson County**		**Jersey City**	
Category	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
OCCUPIED UNITS PAYING RENT	**1,067,470**	**100.0%**	**161,161**	**100.0%**	**65,796**	**100.0%**
Less than $200	18,817	1.8%	2,573	1.6%	792	1.2%
$200 - $299	33,361	3.1%	5,090	3.2%	2,572	3.9%
$300 - $499	42,092	3.9%	7,815	4.8%	2,962	4.5%
$500 - $749	82,532	7.7%	15,393	9.6%	6,731	10.2%
$750 -$999	221,733	20.8%	32,144	19.9%	13,365	20.3%
$1,000 - $1,499	417,723	39.1%	55,692	34.6%	20,417	31.0%
$1,500 or more	251,212	23.5%	42,454	26.3%	18,957	28.8%
No Cash Rent	39,679	-	2,715	-	1,179	-
Median Rent (Dollars)	$1,135	-	$1,127	-	$1,126	-
Source: U.S. Census American Community Survey, 2011						

The median gross rent in Jersey City, as recorded in the 2011 American Community Survey, was $1,126, which is consistent with the county median of $1,127 and the state median of $1,135.

The table below, courtesy of REIS, shows residential vacancy rates for Hudson County, Northern New Jersey, the Northeast, and the United States. As the table illustrates, the vacancy rate for rental housing within Hudson County has consistently exceeded those of Northern New Jersey and the Northeast, though it has remained below that for the United States, as a whole.

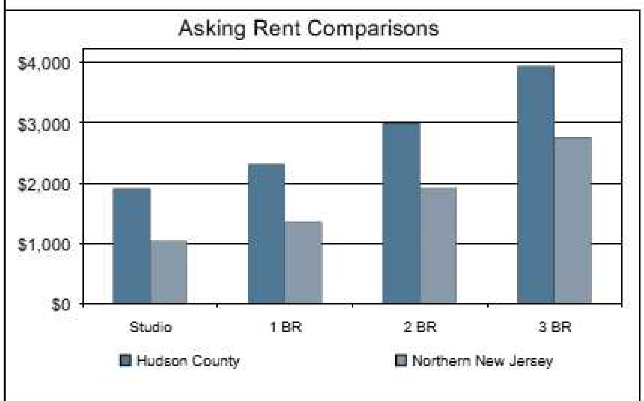
	Vacancy Rates					
	Quarterly			Annualized		
	4Q12	3Q12	YTD Avg	1 Year	3 Year	5 Year
Hudson County	4.4%	4.3%	4.6%	4.9%	4.9%	4.3%
Northern New Jersey	3.8%	3.8%	3.8%	3.9%	4.5%	4.1%
Northeast	3.2%	3.3%	3.3%	3.4%	4.1%	4.1%
United States	4.5%	4.7%	4.7%	4.8%	6.1%	6.1%
Period Ending:	12/31/12	09/30/12	12/31/12	12/31/12	12/31/12	12/31/12

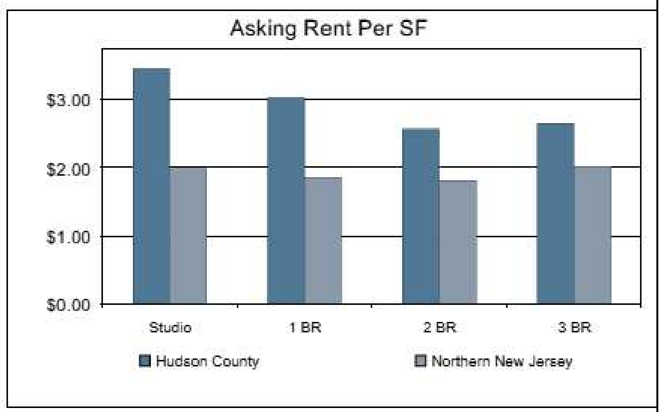
Over the next five years, vacancy rates are projected to decrease across all of the areas included in the analysis. For Hudson County, it is expected to dip to 4.3% over the next five years, which is 1.3% below its level of 5.6% exhibited in the fourth quarter of 2010.

The following tables summarize current rent conditions and trends in the local submarket.

Section 5 - Submarket Unit Mix Rent Details

Current Submarket Average Rents and Sizes				Asking Rent Growth					
	4Q 2012			Quarterly			Annualized		
	Rent	Avg. SF	Avg. Rent PSF	4Q12	3Q12	YTD	1 Year	3 Year	5 Year
Studio/Efficiency	$1,907	552	$ 3.46	- 0.5%	- 1.4%	- 1.5%	- 1.5%	2.1%	1.2%
One Bedroom	$2,311	763	$ 3.03	0.6%	0.1%	1.4%	1.4%	3.0%	0.8%
Two Bedroom	$2,995	1169	$ 2.56	1.0%	0.4%	1.1%	1.1%	1.7%	0.3%
Three Bedroom	$3,944	1488	$ 2.65	- 2.9%	2.7%	- 0.2%	- 0.2%	2.1%	0.5%
			Average over period ending:	12/31/12	09/30/12	12/31/12	12/31/12	12/31/12	12/31/12





	Studio	1 BR	2 BR	3 BR
Hudson County	$1,907	$2,311	$2,995	$3,944
Northern New Jersey	$1,041	$1,354	$1,911	$2,762

As of 12/31/12

	Studio	1 BR	2 BR	3 BR
Hudson County	$ 3.46	$ 3.03	$ 2.56	$ 2.65
Northern New Jersey	$ 1.99	$ 1.86	$ 1.81	$ 2.02

As of 12/31/12

Asking rents in Hudson County are well above those of the Northern New Jersey area as a whole. Demand for all bedroom types including studios, one-bedrooms, two-bedrooms and three-bedrooms has been greater than that of those rents exhibited by Northern New Jersey. From 3Q12 to 4Q12, one-bedroom and two-bedroom asking rents have grown by 0.1% and 0.4%, respectively, while studios and three-bedroom asking rents have decreased by -0.5% and -2.9% respectively over the same time period.

<u>Residential Market Conclusion</u>

The apartment market in Hudson County has exhibited slightly higher vacancy rates than those of Northern Jersey in 2012. However, Hudson County has much higher asking rents than those of Northern New Jersey as a whole. This may indicate that within Hudson County, there may be more expensive and high-priced rentals when compared to Northern Jersey, and therefore pushes the vacancy rate higher. This is also a strong indicator that the Jersey City area could benefit from additional low-income/affordable housing stock.

Demand Analysis

Market Area Definition

The subject property is located in Mideast Hudson County. Therefore, the Primary Market Area for the subject includes municipalities which share similar geographical locations. The chosen towns utilized to develop the Primary Market Area: Hoboken, Union City, Secaucus, Kearny and Bayonne. The map below shows an outline of Hudson County and the towns chosen for this study.

The appraisers analyzed the demand for affordable housing within Jersey City, Hudson County, and the designated primary market area referred to prior to the above map. As demonstrated in the table below, the required capture rate of Hudson County is 0.76%, indicating that there is very strong demand throughout the County. This also indicates that the majority of market area households are renters, which is corroborated by the high percentage of renters in Hudson County (67.2%). Jersey City has a capture rate of 1.87%, which is slightly higher than the rate of Hudson County as a whole. Regardless, this rate indicates more than sufficient demand. Finally, the Primary Market Area indicates a capture rate of 2.37%, which is higher than that of both Hudson County and Jersey City. The appraisers are of the opinion that overall, amongst Hudson County, Jersey City and the Primary Market Area, there will be more than sufficient demand for any affordable housing project.

WHITLOCK MILLS DEMAND STUDY

Description	Hudson County	Jersey City	Primary Market Area
Total Market Area Households	243,850	96,601	90,583
Income Qualified Households	80,731	31,738	27,000
Percent Income Qualified Households	33.1%	32.9%	29.8%
Percent Renters	67.2%	69.3%	64.5%
Total Qualified Households	54,254	22,004	17,403
Housing Problems	20.00%	20.00%	20.00%
Total Potential Housing Pool	**43,403**	**17,604**	**13,923**
Proposed Subject Units	330 Apartments	330 Apartments	330 Apartments
Required Capture Rate	0.76%	1.87%	2.37%

Source: 2009 ACS - U.S. Census Bureau; Rosin & Associates Research, March 2013

SITE DESCRIPTION

The subject property consists of the land and improvements on a single tax lot, known as Jersey City Tax Map Block 2057, Lot 28. The following site description is based on our visual inspection of the subject property and information contained on city maps and records.

Lot Area:	±289,674 square feet (±6.65 acres)
Lot Dimensions:	±190 feet x ±880 feet
Parcel ID:	Block 2057, Lot 28
Lot Shape:	Rectangular
Frontage:	The subject occupies ±190 feet of frontage on the west side of Lafayette Street.
Topography:	Flat and above street grade
Soil Conditions:	No soil report was available for the property. No structural faults were apparent during our inspection of the property, and the soil at the site is assumed adequate to support a variety of possible developments.
Utilities:	Water, sewer, sanitation, electricity, and gas are available to the property.
Land Use Restrictions:	We observed no easements or land use restrictions that would adversely affect development of the site. We were not given a title report to review, however, and we recommend a title search to determine whether any restrictions exist that would adversely affect development of the site.
Flood Zone:	According to FEMA Flood Map ID 34017C0104D, dated August 16, 2006, the subject is located in X, an area of minimal flooding.
Access/Visibility:	The subject occupies ±190 feet of frontage on the west side of Lafayette Street. Relative to similar properties in the area, access to and visibility of the subject are good.
Surrounding Land Use:	The subject property is surrounded by residential, commercial, and public recreational uses.
Streets, Sidewalks, & Grounds:	The public street bordering the south of the property is paved with asphalt with concrete curbs, while the street bordering the east of the property is cobblestone. A concrete public sidewalk borders the property on the sides with street frontage.
Nuisances/Hazards:	None apparent.

Conclusion: The subject site has ample frontage and very good access and visibility. It can therefore be improved with a number of uses adherent to its zoning districts. The appraisers are of the opinion no issues hinder permitted or possible future uses of the site.

IMPROVEMENTS DESCRIPTION

The subject property is a stalled construction project that will be improved with an apartment complex consisting of 33 separate buildings and one six-story parking garage. The buildings will contain a total of 330 residential units. The following improvement description is based upon an inspection of the property on February 8, 2011, and most recently, March 14, 2013, and the plans for additional improvements. It represents what the subject will contain as complete. The appraisers were not provided with any additional information in regards to the percent of project completion, or the improvements that currently exist. Based on our discussions with NJHMFA, we understand that no there has been no construction activity since the previous appraisal. Therefore, the appraisers have assumed that the percentage of construction completed as of March 14, 2013 is 69.1% (or approximately 70%).

IMPROVEMENTS SUMMARY							
Identification	Building A	Building C	Building F	Building G	Building H	I Buildings (29)	SUMMARY
Description	Rehab	Garage	Rehab	Rehab	Rehab	New	34 Buildings
GBA - Res.	-	-	±90,062 SF	±2,397 SF	±6,000 SF	±238,090 SF	±336,549 SF
GBA - Non-Res.	±14,750 SF	±70,572 SF	-	-	-	-	±85,322 SF
GBA TOTALS	**±14,750 SF**	**±70,572 SF**	**±90,062 SF**	**±2,397 SF**	**±6,000 SF**	**±238,090 SF**	**±421,871 SF**
1-Bedroom	-	-	51 Apts.	-	-	70 Apts.	121 Apts.
2-Bedroom	-	-	7 Apts.	1 Apts.	6 Apts.	143 Apts.	157 Apts.
3-Bedroom	-	-	15 Apts.	1 Apts.	-	36 Apts.	52 Apts.
RES. TOTALS	**-**	**-**	**73 Apts.**	**2 Apts.**	**6 Apts.**	**249 Apts.**	**330 Apts.**
Source: John Saracco Architect, LLC - Site Plans, (T-3: "Notes Apartment Count"), as of 5/17/04							

Building Size: ±336,549 square feet of gross building area, including 330 rental apartment units

Structural System: The exterior walls are comprised of brick façade. No structural faults were noted during the inspection.

Entrance / Exits: The exterior doors of the buildings are aluminum. Doors to the individual units are aluminum. The subject's main entrance to Building A is off Manning Avenue.

Roof: Good condition.

Interior Stairs: Steel frame with carpet.

Elevators: Building F has two passenger elevators; Building A has one handicapped passenger elevator.

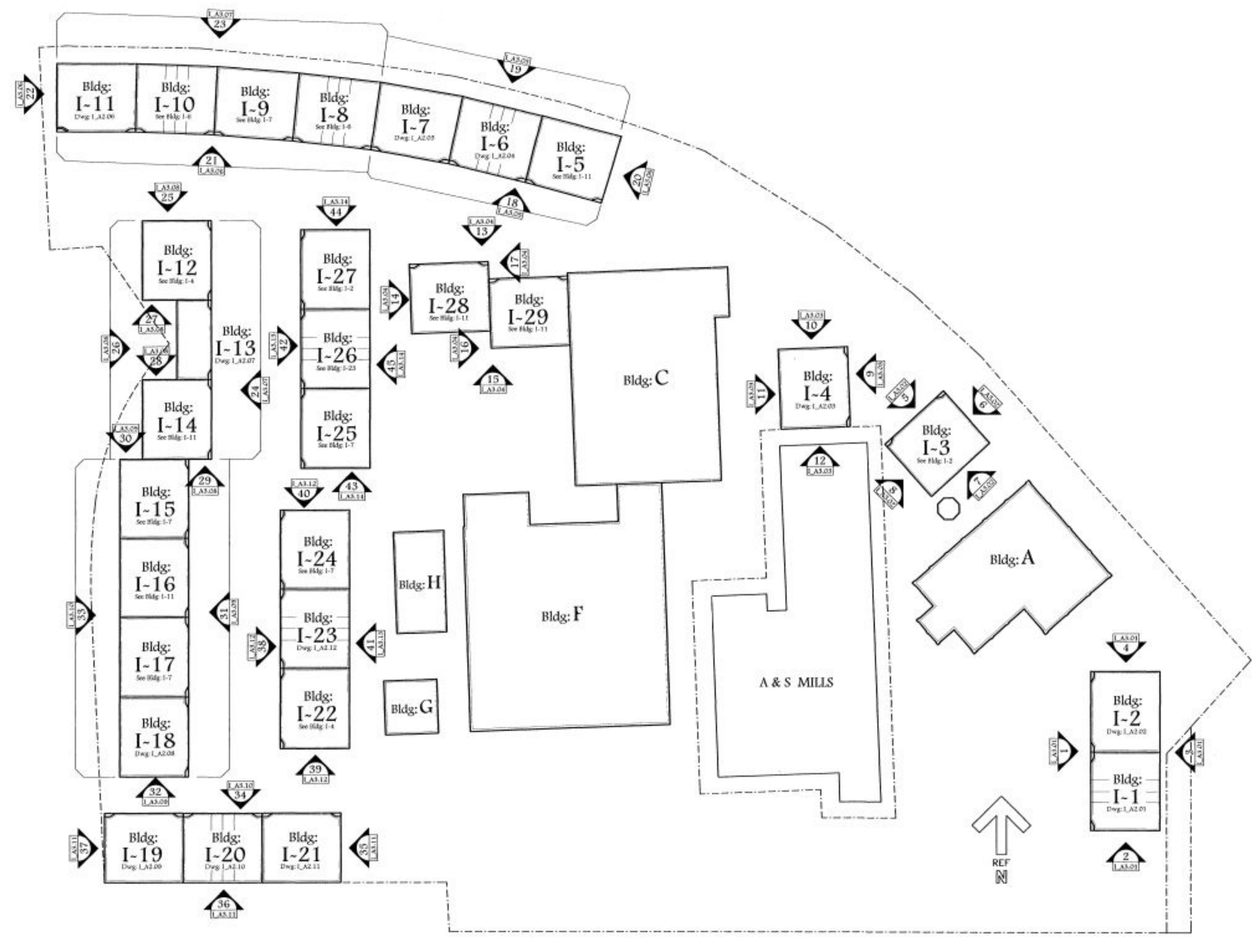
Parking: There are approximately 142 parking spaces in Building C (six-story parking garage) and 108 parking spaces in the surface parking lot.

Apartments: The complex contains a total of 330 units in 33 buildings. The appraisers inspected units in Building A and Building G as well as the community center.

Other Amenities & Features: In addition to the residential units, the subject contains a six-story parking garage (Building C). The subject also has a fitness center and an office located in Building A. Laundry is also available for tenants.

Deferred Maintenance: No significant deferred maintenance was observed at the time of inspection.

The following graphic details the subject's site plan.



Conclusion

The subject property will be improved with 33 structures and one six-story parking garage. 60% of the apartments are to be used as low-income housing residences. As of 2011, the construction of the five rehabilitated apartment buildings and the parking garage are nearing completion, however on-site workers were not able to give an exact estimate of time needed in order to complete in full. In addition to the 142-vehicle parking garage, there is a surface parking lot along the southeastern border of the property with 108 parking spaces. Construction of the 29 prefabricated apartment buildings is progressing, as some of the buildings are ready, while others require a significant amount of work before they will be inhabitable. On top of this work, there is additional excavation work to be performed, and the paved communal surfaces (i.e. Canal Circle roadway, sidewalks) require further work. Based on the history of like buildings in Hudson County, its use, and constant maintenance, the subject's remaining economic life is likely to be an additional 45-60 years.

ASSESSED VALUE & TAXES

The subject property is designated on the tax maps of the City of New York as Borough of Jersey City, Block 2057, Lot 28. The following tables detail the tax information for the subject property.

TAX ASSESSMENT				
Description	**Acreage**	**Total**	**Land**	**Improvements**
Block 2057, Lot 28	±6.65 Acres	$1,975,000	$1,194,400	$780,600

TAX EXPENSE SUMMARY					
Subject Property Parcel ID	**Billable Assessment**	**Equalization Ratio (2012)**	**Estimated Market Value**	**2013 Tax Rate**	**Total Taxes Due**
Block 2057, Lot 28	$1,975,000	32.720%	$6,036,064	7.184%	**$141,884**

According to Jersey City's Assessor's Office, taxes for the 2012/2013 tax year will be based on an assessed value of $1,975,000. Based on the 2013 tax rate of 7.184%, the estimated tax liability applicable to the subject property is $141,884. The assessed value divided by the 2013 equalization ratio of 32.720% implies that the market value for the subject is $6,036,064.

"As Complete" Subject Assessment & Property Taxes

Since construction of the subject has not yet finished, the appraisers developed a tax loaded cap rate to determine the subject's "as complete" taxes as though it were an unsubsidized property. The subject value was derived from the subject's pre-tax net operating income divided by the tax loaded cap rate. This indicated value was then multiplied by Jersey City's equalization rate in order to determine the subject's assessed value. The assessed value was then multiplied by Jersey City's tax rate in order to determine the subject's "as complete" unsubsidized taxes.

Combined Property & Taxes Capitalization Rate

The tax loaded cap rate is obtained by adding the overall capitalization rate and the effective tax rate for 2013. This combination of property capitalization and tax rates is then applied to the pre-tax net operating income to determine the subject's "as complete" value.

The appraisers have therefore added the 2013 capitalization rate determined in the Income Approach section of this report for unsubsidized properties to Jersey City's equalization rate multiplied by its tax rate. This is indicated in the table below.

COMBINED PROPERTY & TAXES CAPITALIZATION RATE					
Property Tax Year & Status	**Selected Cap Rate**	**Equalization Rate**	**2013 Property Tax Rate**	**Effective Tax Rate**	**Combined Rate**
2013 - Unsubsidized	7.50%	32.720%	7.184%	2.351%	9.851%
Source: Jersey City Tax Assessor's Office					

Indicated Subject Value

The appraisers have determined the subject's pre-tax net operating income as if the units were rented at market levels. The appraisers have employed market rent detailed in the Income Approach section of this report. With the exception of management fee, which is 4.0% of EGI in the free market analysis, the remaining expenses are in line with the expenses included in the Income Approach. The unsubsidized subject's pre-tax net operating income is detailed in the table below.

PRE-TAX NET OPERATING INCOME			
	Amount	**Per GBA**	**Per Unit**
INCOME			
Potential Gross Residential Income	$7,405,504	$22.00 / SF	$22,441 / Unit
Laundry Income	$15,000	-	$45 / Unit
Vacancy & Collection Loss (7.0%)	-$519,435	-$1.54 / SF	-$1,574 / Unit
Effective Gross Income	**$6,901,069**	**$20.51 / SF**	**$20,912 / Unit**
EXPENSES			
Management Fee (4.0% of EGI)	$276,043	$0.82 / SF	$836 / Unit
Other Operating Expenses	$1,197,881	$3.56 / SF	$3,630 / Unit
Pre-Tax Operating Expenses	**$1,473,924**	**$4.38 / SF**	**$4,466 / Unit**
PRE-TAX NET OPERATING INCOME	**$5,427,145**	**$16.13 / SF**	**$16,446 / Unit**

The appraisers have concluded the pre-tax NOI to be $7,405,504. This amount is divided by the tax loaded cap rate determined above (9.851%) indicates a subject value of $55,094,535. This is illustrated in the table below.

INDICATED SUBJECT VALUE			
Status	**Before-Tax Net Operating Income**	**Tax Loaded Capitalization Rate**	**Indicated Property Value**
Market Direct Cap	$5,427,145	9.851%	$55,094,535

Indicated Assessed Value

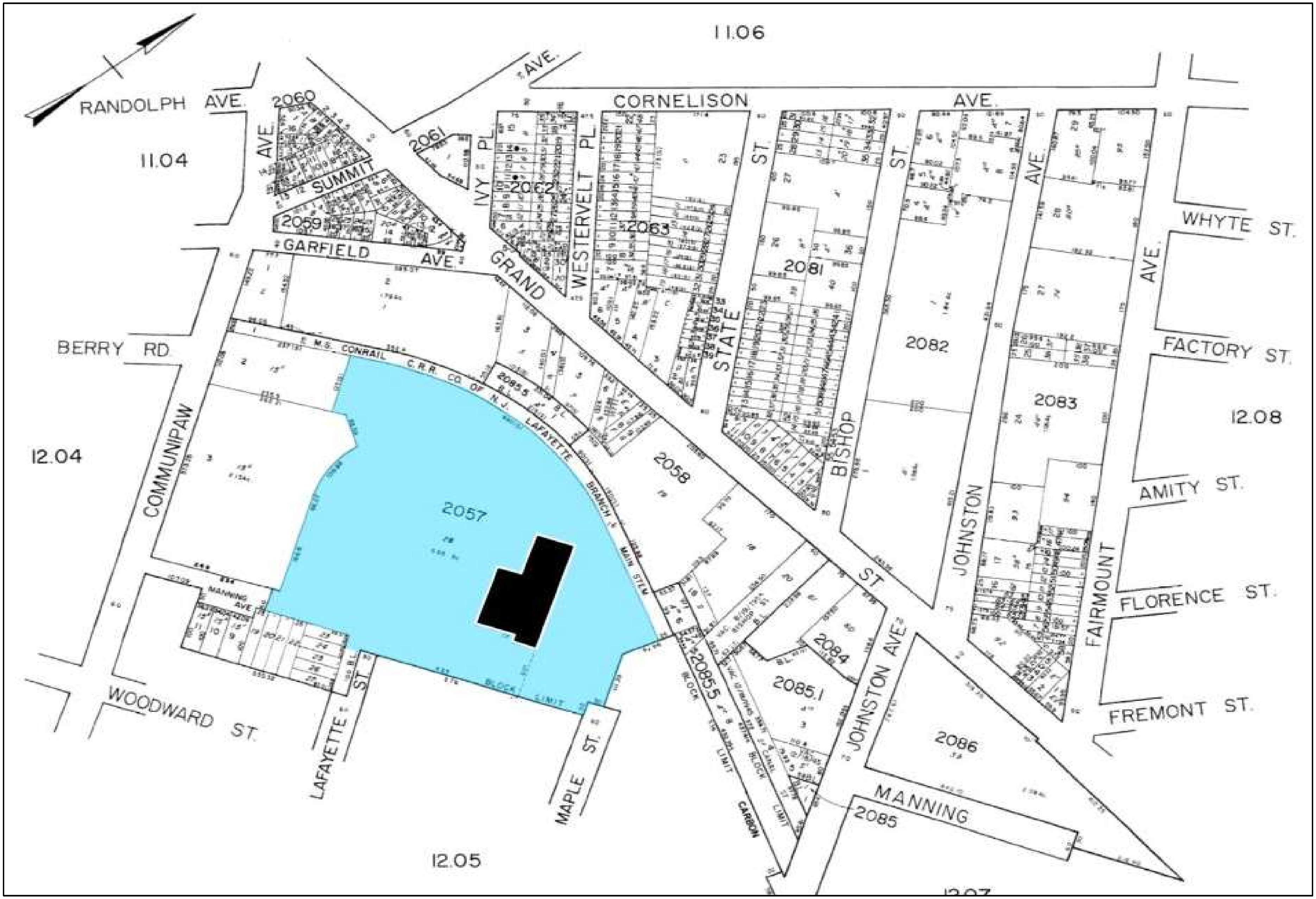
The indicated subject value is multiplied by Jersey City's equalization rate in order to arrive at the subject's assessed value. This is detailed in the following table.

INDICATED ASSESSED VALUE			
Status	**Indicated Value**	**Equalization Rate**	**Assessed Value**
Market Direct Cap	$55,094,535	32.720%	$18,026,932

Indicated Taxes

The appraisers determined the subject's taxes by multiplying the indicated assessed value determined above by Jersey City's tax rate. This provides the taxes for the subject "as complete" and unsubsidized. This is illustrated in the following table.

INDICATED TAXES			
Status	**Assessed Value**	**2013 Tax Rate**	**Concluded Tax Level**
Market Direct Cap	$18,026,932	7.184%	**$1,295,055**


11.06
RANDOLPH AVE.
11.04
CORNELISON AVE.
SUMMIT
GARFIELD AVE.
GRAND ST
IVY PL
WESTERVELT PL
STATE ST
BISHOP ST
JOHNSTON AVE.
FAIRMOUNT AVE.
WHYTE ST.
FACTORY ST.
AMITY ST.
FLORENCE ST.
FREMONT ST.
BERRY RD
COMMUNIPAW AVE.
12.04
12.08
2057
2058
2059
2060
2061
2062
2063
2081
2082
2083
2084
2085
2085.1
2085.5
2086
M.S. CONRAIL
C.R.R. CO. OF N.J.
LAFAYETTE BRANCH
MAIN STEM
MANNING AVE.
LAFAYETTE ST.
MAPLE ST.
WOODWARD ST.
JOHNSTON AVE.
MANNING
CARBON
BLOCK LIMIT
12.05
12.07

Value of PILOT Contract

The appraisers were informed by the developer that the property will receive a tax exemption from standard real estate taxes but will have a Payment in Lieu of Taxes (PILOT) contract with Jersey City. Under this contract, the subject will make payments to the city of an annual service charge for supplied municipal services. The PILOT amount is calculated by taking a percentage of the subject's annual gross sheltered rental income.

The gross sheltered rent is determined by subtracting a vacancy/collection loss from the subject's potential gross rental income as a subsidized property. A utilities expense is then further subtracted from this effective gross income to arrive at the gross sheltered rental amount. The table below details the PILOT calculation.

PILOT AMOUNT ANALYSIS	
Potential Gross Subsidized Income	$5,422,192
Laundry Income	$15,000
Less: Vacancy/Collection Loss (3.0%)	-$163,116
Effective Gross Income	**$5,274,076**
Less: Utilities Expense	$95,000
Less: Water & Sewer	$180,000
GROSS SHELTERED RENT	**$4,999,076**
PILOT Percentage	4.00%
PILOT AMOUNT	**$199,963**

The PILOT amount (4.00% of the gross sheltered rent based on a potential gross subsidized income of $4,999,076) is therefore $199,963. This is $1,095,092 less than the estimated tax amount of $1,295,055 per year. Capitalizing the annual tax savings of $1,095,092 at 6.00% indicates a PILOT bonus of $18,251,529.

PILOT CONTRACT VALUE CALCULATION						
Gross Sheltered Rent	PILOT	PILOT Amount	RE Taxes	Tax Savings	Bonus Cap Rate	PILOT Bonus
$4,999,076	4.00%	$199,963	$1,295,055	$1,095,092	6.00%	**$18,251,529**

The PILOT calculation shown above assumes that the payments will be fairly consistent over time in perpetuity. This value will be added to the subject's value at the end of the direct capitalization analysis.

ZONING ANALYSIS

According to the Jersey City Zoning Index, the subject is located in the Whitlock Cordage Adaptive Reuse District (ARD), which is part of the larger Morris Canal Redevelopment Plan. The Morris Canal Redevelopment Plan aims to rejuvenate a roughly 280 acre "industrial village" area in the heart of Jersey City, one with a close proximity of industry to residences. The goals of the redevelopment plan aim to fix both industrial and residential issues. Preservation and rehabilitation are the primary objectives of this district's design controls. Therefore, there are few absolute requirements that are common to zoning districts. The following table details the requirements for this district, according to the Morris Canal Redevelopment Plan, last amended on June 17, 2009.

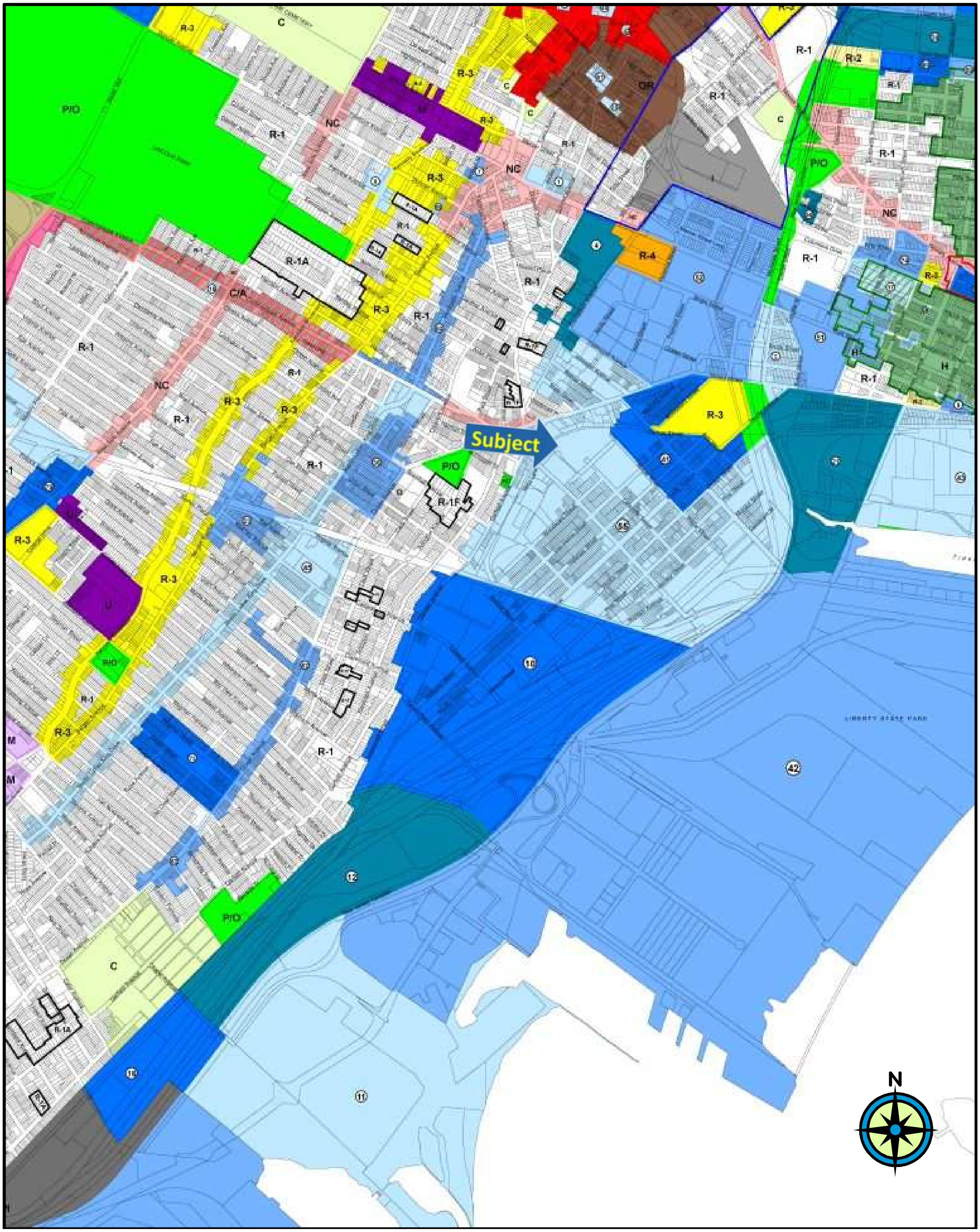
WHITLOCK CORDAGE ARD ZONING DISTRICT BULK REGULATIONS			
Description	**Requirement**	**Existing**	**Conforming?**
Maxium Density:	50 Units / Acre	±49.6 Units / Acre	YES
Maximum Height:	6 Stories	6 Stories	YES
Minimum Lot Size for Residential:	1 Acre	±6.65 Acres	YES
Minimum Lot Size for Public Use:	±1,000 SF	N / A	N / A
Parking Requirements:	1 space/DU	0.43 spaces/DU	NO

Conclusion

The subject property is located in the Whitlock Cordage ARD within the greater Morris Canal Redevelopment Area. Therefore, the property is subject to unique zoning regulations designed to bring harmony between the industrial and residential properties in the area. The subject site is ±6.65 acres. Applying the maximum density x 50, the subject appears to conform. However, a detailed analysis goes beyond the scope of this appraisal. The appraisers recommend that appropriate zoning professionals be contacted to confirm the subject's standing as that is beyond the scope of this appraisal.

The zoning map is displayed on the following page.

SUBJECT ZONING MAP



HIGHEST & BEST USE ANALYSIS

Real estate is valued in terms of its highest and best use. This is the focal point on which the value conclusion is based. It is not uncommon for the highest and best use of the site, if vacant and available for development, to differ from the highest and best use of the improved property.

Highest and Best Use is defined as: "That reasonable and probable use that will support the highest and best present value, as defined, as of the effective date of the appraisal. Alternatively, it is that use, from among reasonably probable and legal alternative uses found to be physically possible, appropriately supported, and financially feasible, which results in highest land value."

The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that, in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until the value in its highest and best use exceeds the total value of the property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use to community development goals, in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of investment value, an alternative term would be 'most profitable' value."

The two above stated definitions imply two separate analyses, one of which assumes the land to be vacant; the other pertains to the land as improved. In either case, a use must meet the following four criteria: Is the highest and best use (1) physically possible; (2) legally permissible; (3) financially feasible; and (4) maximally productive?

Highest & Best Use as Vacant

Physically Possible

The subject consists of a tax lot containing ±289,674 square feet of land area. The site has frontage on Manning Avenue and the northwest border of Lafayette Park. The subject site is flat and at grade, and the soil condition appears sufficient to support any number of possible improvements.

Legally Permissible

The subject is located in the Whitlock Cordage ARD zone which allows a number of residential uses and some commercial uses, therefore the subject may be improved with a variety of uses. Since a precise analysis of the site zoning is beyond the scope of this report, we recommend our client seek the assistance of an appropriate professional in the event of site redevelopment. This analysis simply provides a benchmark to the highest and best use as vacant.

Financially Feasible

To be financially feasible, development of the site and its use must provide an economic benefit to the owner. This would require the property to provide a return equal to or greater than an amount needed to satisfy operating expenses, financial obligations, and capital amortization. All uses expected to produce a positive net return are regarded as financially feasible.

Conclusion

The Highest and Best Use of the subject site "as vacant," is to plan construction of a high-rise residential building to maximum allowable levels provided demand in the market and achievable income justifies construction.

Highest & Best Use as Improved

The subject property is improved with 33 apartment buildings and one six-story parking garage containing a total of ±336,549 square feet of gross building area, including 330 rental apartment units.

To be considered financially feasible, any improvements to the site must generate sufficient income to support a fair return to the land. Based on the financial information furnished by the property contact, it is determined that the improvements generate a positive cash flow and make a contribution to value. This information is supported by the ensuing analysis and report. The existing use is therefore financially feasible.

There is no alternative that would economically justify the demolition of the existing improvements. Hence, we conclude that the Highest and Best Use of the property "as improved" is its use as a redevelopment of existing warehouse shells to use as multi-family residential buildings.

APPRAISAL PROCESS

In estimating the value of improved property, there are available to the appraiser three recognized approaches or techniques that, when applicable, can be used to process the data considered significant to each separate value indicator. In all instances, the experience of the appraiser, coupled with objective judgment, plays a major role in arriving at the conclusions of indicated value. The quantity and quality of available data and the applicability of each approach are important factors in comparing the various indications and reconciling them into a final estimate of value.

The three approaches are commonly known as: (1) the Cost Approach, wherein the value of the land as vacant is estimated and to which then is added the depreciated value of the improvements; (2) the Income Capitalization Approach, wherein the net income imputable to the property is calculated and then capitalized into value using an overall capitalization rate or other capitalization methods considered representative of the marketplace; (3) the Sales Comparison Approach, wherein the appraiser researches the market for sales data considered comparable. The differences and similarities of the properties are compared (by means of unit comparison) to the subject property and an estimated value is developed.

The Cost Approach is more applicable to new properties or special purpose facilities, especially where there is a lack of income or market sales comparables. This approach involves the estimated cost to replace the improvements less any loss of value (depreciation) that might have transpired as of the appraisal date, plus an estimate of the site value. Due to the difficulty in accurately measuring accrued depreciation, this approach tends to be less reliable.

The Income Capitalization Approach is more applicable to properties that are bought and sold for investment purposes. This method involves translating net income which, when capitalized in a manner commensurate with the risk and life expectancy of the improvements, indicates the present value of the income stream. This approach is considered very reliable when adequate income and expense data are available.

Information from this approach is useful in making adjustments to the Sales Comparison Approach when differences in properties can be measured by rent differentials, and in the Cost Approach in analyzing functional and economic obsolescence when these factors cause a rent loss. The Sales Comparison Approach is considered reliable when adequate and recent sales data on properties similar to the subject are available.

The value estimates indicated by each approach will be weighed and then reconciled into a final estimate of value in the conclusion of the report.

COST APPROACH

In the Cost Approach, the appraiser determines a value estimate through analyses of the two main components of improved real property; namely, land and buildings. This approach is based upon the principle of substitution.

The Cost Approach to value involves the following steps:

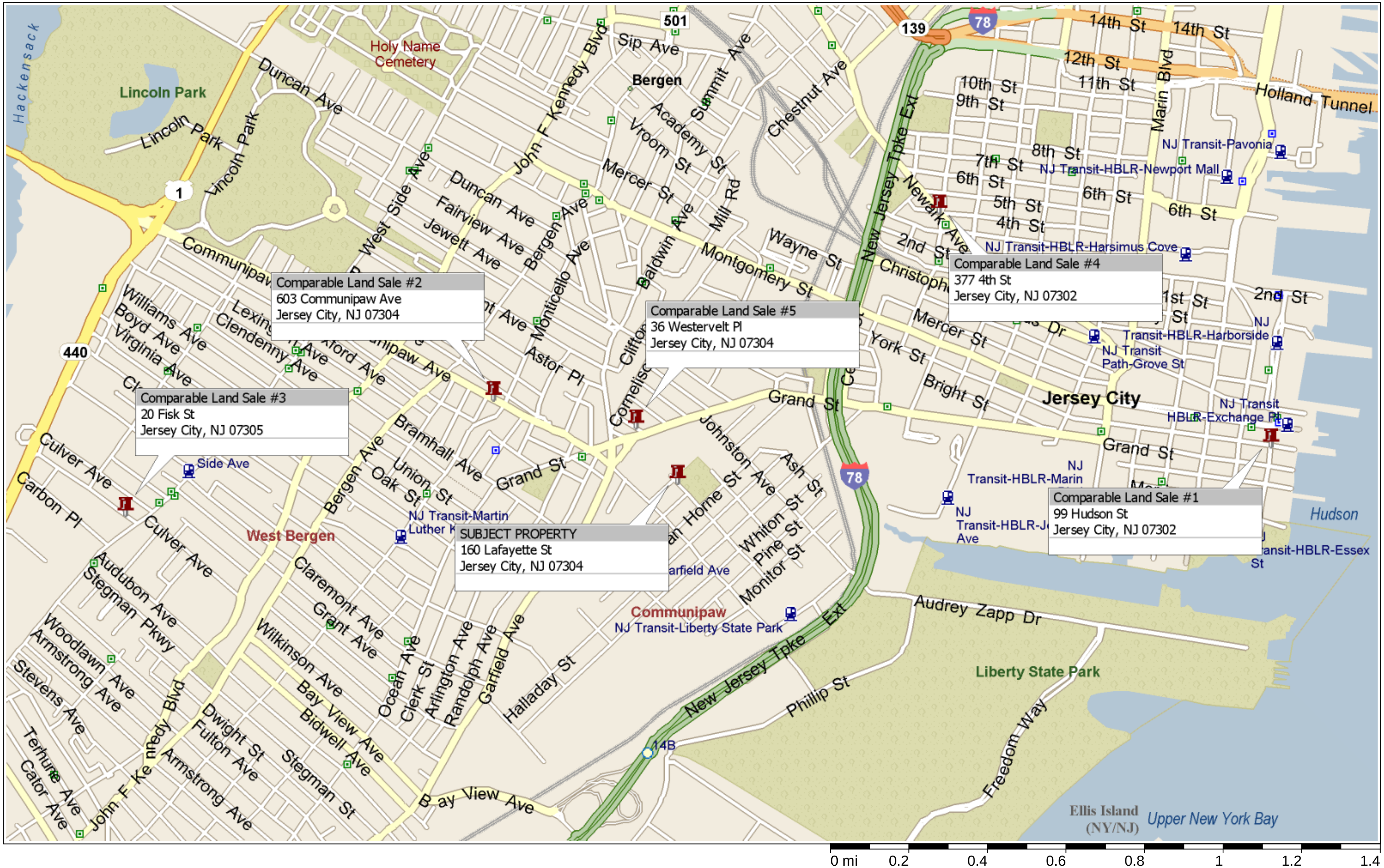
- Estimate the value of the site as if vacant and available to be put to the highest and best use.
- Estimate the reproduction costs new of the improvements.
- Add the estimated worth of the site improvements.
- Estimate all elements of accrued depreciation, including physical, functional and economic obsolescence.
- Subtract total accrued deprecation from the reproduction cost new of the improvements to determine the present worth of the improvements.
- Add the total present worth of all improvements to the estimated site value to arrive at the value of the property as indicated by the Cost Approach.

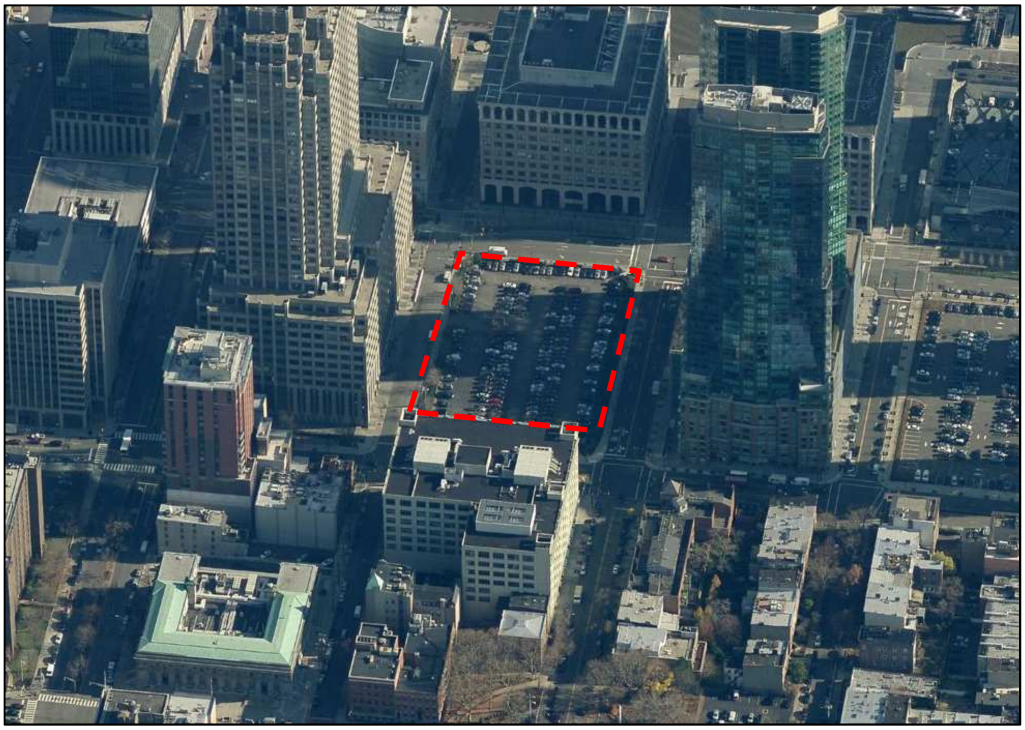
The Cost Approach is more applicable to new properties or special purpose facilities, especially where there is a lack of income or market sales comparable data. The Cost Approach to value has been included as a test of reasonableness for the Income Approach. The cost analysis is presented on the following pages.

Presentation of Land Sales

In order to determine the cost of the subject property, the value of the land and the value of the improvements are added together. The subject lot consists of 289,674 square feet (±6.65 acres). The appraisers analyzed vacant land sales in the subject's vicinity in order to determine an appropriate land value. These comparable sales are detailed on the following pages.

Comparable Land Sales Map





COMPARABLE LAND SALE NO. 1	
LOCATION DETAILS	
Building Address:	99 Hudson Street
City, State, Zip:	Jersey City, NJ 07302
Block & Lot:	Block 14507, Lot 1
SALE DETAILS	
Buyer / Grantee:	99 Hudson TIC I, LLC
Seller / Grantor:	88 Hudson St, LLC
Date of Sale:	November 26, 2012
Sale Price:	$2,970,000
Document Number:	8880-613
Sale Price Per Lot Area:	$39.19 / SF
Sale Price Per Acre:	$1,706,906 / Acre
PROPERTY DETAILS	
Zoning District:	NAV
Lot Area:	±75,794 Square Feet
Lot Acreage:	±1.74 Acres
Distance to Subject:	±1.80 Miles
Source(s): LoopNet, FARES	

COMPARABLE LAND SALE NO. 2	
LOCATION DETAILS	
Building Address:	603 Communipaw Avenue
City, State, Zip:	Jersey City, NJ 07304
Block & Lot:	Block 17901, Lot 2
SALE DETAILS	
Buyer / Grantee:	Star KFC Realco Two, LLC
Seller / Grantor:	Kazi Foods of NY Inc.
Date of Sale:	July 27, 2012
Sale Price:	$870,000
Document Number:	8862-217
Sale Price Per Lot Area:	$62.91 / SF
Sale Price Per Acre:	$2,740,217 / Acre
PROPERTY DETAILS	
Zoning District:	NAV
Lot Area:	±13,830 Square Feet
Lot Acreage:	±0.32 Acres
Distance to Subject:	±0.60 Miles
Source(s): LoopNet, FARES	

COMPARABLE LAND SALE NO. 3	
LOCATION DETAILS	
Building Address:	20 Fisk Street
City, State, Zip:	Jersey City, NJ 07305
Block & Lot:	Block 22102, Lot 31
SALE DETAILS	
Buyer / Grantee:	Franklin Development Group, LLC
Seller / Grantor:	PRK Urban Renewal Co., LLC
Date of Sale:	January 9, 2013
Sale Price:	$540,000
Document Number:	8888-493
Sale Price Per Lot Area:	$36.00 / SF
Sale Price Per Acre:	$1,567,951 / Acre
PROPERTY DETAILS	
Zoning District:	NAV
Lot Area:	±15,002 Square Feet
Lot Acreage:	±0.34 Acres
Distance to Subject:	±1.70 Miles
Source(s): LoopNet, FARES	

COMPARABLE LAND SALE NO. 4	
LOCATION DETAILS	
Building Address:	377-383 4th Street
City, State, Zip:	Jersey City, NJ 07302
Block & Lot:	Block 412, Lot 38
SALE DETAILS	
Buyer / Grantee:	Calico Construction Corp.
Seller / Grantor:	327 Fifth Street Corp.
Date of Sale:	January 27, 2011
Sale Price:	$825,000
Document Number:	8780-522
Sale Price Per Lot Area:	$84.18 / SF
Sale Price Per Acre:	$3,666,667 / Acre
PROPERTY DETAILS	
Zoning District:	NAV
Lot Area:	±9,801 Square Feet
Lot Acreage:	±0.23 Acres
Distance to Subject:	±1.60 Miles
Source(s): LoopNet, FARES	

COMPARABLE LAND SALE NO. 5	
LOCATION DETAILS	
Building Address:	36 Westervelt Place
City, State, Zip:	Jersey City, NJ 07304
Block & Lot:	Block 17205, Lot 21
SALE DETAILS	
Buyer / Grantee:	Cory Bussey
Seller / Grantor:	Edward Zelinski
Date of Sale:	May 27, 2011
Sale Price:	$100,000
Document Number:	8793-778
Sale Price Per Lot Area:	$50.03 / SF
Sale Price Per Acre:	$2,179,090 / Acre
PROPERTY DETAILS	
Zoning District:	NAV
Lot Area:	±1,999 Square Feet
Lot Acreage:	±0.05 Acres
Distance to Subject:	±0.30 Miles
Source(s): LoopNet, FARES	

COMPARABLE VACANT LAND SALES						
No.	**Location**	**Sale Date**	**Sale Price**	**Lot Area**	**Lot Acreage**	**Sale Price Per Lot Area**
1	99 Hudson Street	11/26/12	$2,970,000	±75,794 SF	±1.74 AC	$39.19 / SF
2	603 Communipaw Avenue	7/27/12	$870,000	±13,830 SF	±0.32 AC	$62.91 / SF
3	20 Fisk Street	1/9/13	$540,000	±15,002 SF	±0.34 AC	$36.00 / SF
4	377-383 4th Street	1/27/11	$825,000	±9,801 SF	±0.23 AC	$84.18 / SF
5	36 Westervelt Place	5/27/11	$100,000	±1,999 SF	±0.05 AC	$50.03 / SF
-	**AVERAGES**	**3/11/12**	**$1,061,000**	**±23,285 SF**	**±0.53 AC**	**$54.46 / SF**
-	**SUBJECT PROPERTY**	**-**	**-**	**±289,674 SF**	**±6.65 AC**	**-**
Source: Rosin & Associates Field Survey, March 2013						

Analysis of Land Sales – The sales listed above were identified as comparable to the subject property in a state as vacant land. All sales, where possible, were verified as all-cash transactions, or cash plus financing at market terms. Additionally, all of the transactions were believed to be arm’s length sales and require no adjustment for conditions of sale.

Conditions of Sale – These adjustments usually reflect the motivations of the buyer and the seller. When non-market conditions of sales are detected in a transaction (e.g., distressed sale, related parties or foreclosure) the sale can be used as a comparable only after extensive investigation. The motivations of the sale must be thoroughly researched before an adjustment is made. All of the sales comparables appear to be arm's length transactions with no unusual conditions of sale.

Market Conditions – Market conditions generally change over time, but the date of an appraisal is a specific time. Therefore, past sales must be examined in light of the direction of change between the sale date of the comparable and the valuation date of the subject property. The sales occurred between May 2011 and January 2013. Since the first comparable sale in May 2011, sale prices have certainly continued to rise in the subject’s immediate area. The appraisers have applied a 5.0% market condition adjustment to account for this rise in prices.

Location – Comparables #1 and #4 required location adjustments as they are both located in superior areas when compared to that of the subject. 99 Hudson Street required a -30% adjustment as it is located closer to the Jersey City waterfront in a more commercial district that would command much higher rents. 377-383 4th Street is located to the east of the New Jersey turnpike (closer to the Jersey City waterfront) and therefore also requires a location adjustment of -15%

Size – This adjustment accounts for differences in acreage between the comparables and the subject property. The subject has a lot area of approximately ±9.09 acres. Smaller parcels of land usually sell at a higher rate per acre. All of the comparable sales are larger plots of land and therefore required negative size adjustments. Sales comparable -2%, while the remainder of the comparables required -3% adjustments.

COMPARABLE LAND SALES ADJUSTMENT GRID					
Comparable Sale:	**Sale Comp #1**	**Sale Comp #2**	**Sale Comp #3**	**Sale Comp #4**	**Sale Comp #5**
Location:	99 Hudson Street	603 Communipaw Avenue	20 Fisk Street	377-383 4th Street	36 Westervelt Place
Distance to Subject:	±1.80 Miles	±0.60 Miles	±1.70 Miles	±1.60 Miles	±0.30 Miles
Zoning District:	NAV	NAV	NAV	NAV	NAV
Lot Area:	±75,794 SF	±13,830 SF	±15,002 SF	±9,801 SF	±1,999 SF
Lot Acreage:	±1.74 Acres	±0.32 Acres	±0.34 Acres	±0.23 Acres	±0.05 Acres
Date of Sale	11/26/12	7/27/12	1/9/13	1/27/11	5/27/11
Sale Price	$2,970,000	$870,000	$540,000	$825,000	$100,000
Sale Price per Lot Area:	**$39.19 / SF**	**$62.91 / SF**	**$36.00 / SF**	**$84.18 / SF**	**$50.03 / SF**
Financing:	0%	0%	0%	0%	0%
Adjusted Price per Lot Area:	$39.19 / SF	$62.91 / SF	$36.00 / SF	$84.18 / SF	$50.03 / SF
Conditions of Sale:	0%	0%	0%	0%	0%
Adjusted Price per Lot Area:	$39.19 / SF	$62.91 / SF	$36.00 / SF	$84.18 / SF	$50.03 / SF
Market Conditions:	1%	3%	1%	11%	9%
Adjusted Price per Lot Area:	$39.58 / SF	$64.79 / SF	$36.36 / SF	$93.43 / SF	$54.53 / SF
Location:	-20%	0%	0%	-15%	0%
Condition:	0%	0%	0%	0%	0%
Size:	-2%	-3%	-3%	-3%	-3%
Total Adjustment:	-22%	-3%	-3%	-18%	-3%
Final Adjusted Price PSF:	**$30.87 / SF**	**$62.85 / SF**	**$35.26 / SF**	**$76.62 / SF**	**$52.89 / SF**
Average Adjusted Price PSF:	**$51.70 / SF**				

The appraisers' field survey indicates that recent sales of vacant similar to the subject exhibited a price range from a low of $36.00 per square foot to a high of $84.18 per square foot with an average sale price of $54.46 per square foot and a median of $50.03 per square foot.

After applying adjustments to the sales prices of the selected vacant land parcels, in order to make them more similar to the subject property, the sales prices ranged from $30.87 per square foot to $76.62 per square foot with an average sale price of $51.70 per square foot and a median of $52.89 per square foot.

After careful consideration, the appraisers are of the opinion that the appropriate market value of the subject property is $35.00 per square foot. The appraisers relied heavily on Comparable #1, as this was the most recent sale and also the most comparable to the subject in terms of plot size. Therefore, we have determined that the market value of the subject, as indicated by the Sales Comparison Approach, is $10,138,590, or $10,140,000 rounded.

"AS VACANT" MARKET VALUE VIA SALES APPROACH
TEN MILLION ONE HUNDRED FORTY THOUSAND
$10,140,000

Value of the Improvements

The subject value was reached after making adjustments using current and local cost multipliers as well as accounting for soft costs and entrepreneurial profit. Since the subject is new construction, the appraisers applied 0% depreciation. Using Marshall & Swift, the appraisers have estimated the cost to construct the subject.

The table below details the cost approach analysis of the subject.

COST APPROACH ANALYSIS							
WHITLOCK MILLS							
Description	Value	Building A[1]	Building C[2]	Building F[3]	Building G[4]	Building H[4]	29 I Buildings[4]
Basic Structure Cost		$90.33 / SF	$44.72 / SF	$106.02 / SF	$89.22 / SF	$89.22 / SF	$89.22 / SF
Multi-Story Multiplier		N/A	1.50%	1.50%	N/A	N/A	N/A
Current Cost Multiplier		1.03x	1.03x	1.07x	1.07x	1.07x	1.07x
Local Cost Multiplier		1.30x	1.31x	1.30x	1.30x	1.30x	1.30x
Final Square Foot Cost		$120.95 / SF	$61.25 / SF	$149.69 / SF	$124.11 / SF	$124.11 / SF	$124.11 / SF
Gross Building Area	±421,871 SF	±14,750 SF	±70,572 SF	±90,062 SF	±2,397 SF	±6,000 SF	±238,090 SF
Subtotal		$1,784,040	$4,322,239	$13,481,014	$297,480	$744,630	$29,548,164
Indirect Costs %		10%	10%	10%	10%	10%	10%
Entrepreneurial Profit %		5%	5%	5%	5%	5%	5%
Subtotal	$7,526,635	$267,606	$648,336	$2,022,152	$44,622	$111,695	$4,432,225
Cost New	$57,704,202	$2,051,646	$4,970,575	$15,503,166	$342,102	$856,325	$33,980,389
Depreciation %		0%	0%	0%	0%	0%	0%
Total Depreciated Cost	$0	$0	$0	$0	$0	$0	$0
Depreciated Value	$57,704,202	$2,051,646	$4,970,575	$15,503,166	$342,102	$856,325	$33,980,389
Land Value	$10,140,000						
Indicated Value	$67,844,202						
SUBJECT VALUE (ROUNDED)	$67,845,000						

1) Good Class "C" Mixed Retail w/ Residential Units (Marshall Valuation Service - Section 13, Page 33, May 2010)

2) Average Class "B" Parking Structure (Marshall Valuation Service - Section 14, Page 34, Feb. 2010)

3) Good Class "C" Apartments (Marshall Valuation Service - Section 11, Page 18, Nov. 2010)

4) Good Class "C" Multiple Residences (Marshall Valuation Service - Section 12, Page 16, Aug. 2010)

The appraisers compared the value indicated by the cost approach with the developer's historical construction budget from 2009.

HISTORICAL DEVELOPMENT BUDGET	
Cost Item	**Amount**
Land	$1,505,761
Acquisition	$2,509,603
Financing Fees & Other Contingencies	$1,487,146
Const. Expenditures through 2007	$44,128,925
Const. Expenditures 2008	$3,667,400
Capitalized Soft Costs for 2009	$3,416,800
Construction Completion Estimate	$20,199,450
TOTAL	**$76,915,085**

While all but one of the items displayed on the construction budget above come from information as of December 2009, the construction completion estimate is as of February 2011 (the last appraisal performed by the appraisers). **It should be noted that despite requests to NJHMFA, the appraisers were not provided with an updated construction completion estimate, and therefore are forced to rely on the previous estimate**. Furthermore, we also understand that from our most recent inspection of the property, no additional work has been completed since that time. This figure is broken down as follows in the developer's budget displayed on the table below.

DEVELOPER'S BUDGET TO COMPLETE	
Acquisition Costs:	$0
Construction Costs:	$15,471,708
Developer's Fee:	$450,000
Contingency	
Hard Costs (8.93%):	$1,382,171
Soft Costs (27.17%):	$250,000
Professional Services:	$505,000
Marketing & Leasing (Non-eligible costs in TC basis):	$250,000
Carrying & Financing Costs during Construction:	$352,000
Escrow Expenses:	$1,538,571
TOTAL COSTS TO COMPLETE (2009 Estimate):	**$20,199,450**
TOTAL COSTS TO COMPLETE (2013 Estimate)*:	**$22,501,076**
*A deterioration factor of 5% has been added, plus an inflation factor of 3% per year for two years	

After factoring in the land value of $10,140,000 (determined using the Sales Comparison Approach), indirect costs, and entrepreneurial profit, it is determined that the subject has a rounded Cost Approach value of $67,845,000.

COST APPROACH
SIXTY SEVEN MILLION EIGHT HUNDRED FORTY FIVE THOUSAND DOLLARS
$67,845,000

The Cost Approach serves as an indication of the cost to build a similar property to the subject; however, given the difficultly in accurately measuring accrued depreciation, this approach is utilized only as a benchmark for the values indicated in the Income and Sales Comparison approaches. The appraisers have included this Cost Approach only as a test of reasonableness for the Income Approach, as it does not account for the subsidized nature of the subject property.

“As Is” Value of the Subject Property

Because the construction and rehabilitation work is only partially complete, the “as is” value of the subject reflects only the completed portion of the improvements. While all of the buildings are in place at the property, many of the units and some of the common areas require additional work across the board, such as putting in the cabinetry and sprinkler systems. The chart below details this matter.

COST OF IMPROVEMENTS	
Cost Item	**Amount**
Financing Fees & Other Contingencies	$1,487,146
Const. Expenditures through 2007	$44,128,925
Const. Expenditures 2008	$3,667,400
Capitalized Soft Costs for 2009	$3,416,800
Construction Completion Estimate	$20,199,450
TOTAL	**$72,899,721**

The construction completion estimate of $20,199,450 will act as the proportion of the improvements yet to be completed, so subtracting this number from the total yields the cost of the work already completed.

CURRENT PROJECT STATUS ESTIMATE	
Total Cost of Construction	$72,899,721
Less: Construction Completion Estimate	$22,501,076
TOTAL CONSTRUCTION COMPLETED	**$50,398,645**

Dividing this figure by the total cost of construction gives the proportion of work completed. Therefore, 69.1% of the total construction is complete ($43,860,000 ÷ $63,440,000 = 69.1%). This percentage will be applied to the “as complete” value indicated by the Income Approach in order to derive the subject’s “as is” market value. Therefore, the appraisers have estimated the current “as is” value of the subject property to be $43,860,000.

CURRENT SUBJECT VALUE "AS IMPROVED"	
Income Approach "As Complete" Value	$63,440,000
Percentage of Construction Completed	69.1%
"AS IS" SUBJECT VALUE	**$43,860,000**

SALES COMPARISON APPROACH

This approach is based upon the principal of substitution; that is, when a property is replaceable in the market, its value tends to be set by the cost of acquiring an equally desirable substitute property, assuming no costly delay in making the substitution. A traditional appraisal technique used to estimate value through substitution involves the collection and analysis of sales and listing data on various properties having as many similar characteristics to the property being evaluated as possible. The validity of this approach is dependent on the availability, quantity, and quality of the data.

Sales of similar properties provide a basis for comparative analysis to arrive at an indication of value of the property being appraised. Because no two properties are identical, it is necessary to adjust prices paid for similar properties to develop an indication of the value of the property being appraised. Adjustments are made to reflect significant differences such as size, age, location, time of sale, condition of the property, terms of sale, and motivation of the parties.

The steps of the Sales Comparison Approach are outlined as follows:

- research the market to obtain information about sales, listings and offerings of properties similar to the subject property;

- ascertain the nature of the conditions of sale, including the price, terms, financing, motivating forces, potential gross income, and its bona fide nature;

- determine relevant units of comparison, e.g., sales price per square foot, price per room, potential gross income multiplier, and develop a comparative analysis for each unit;

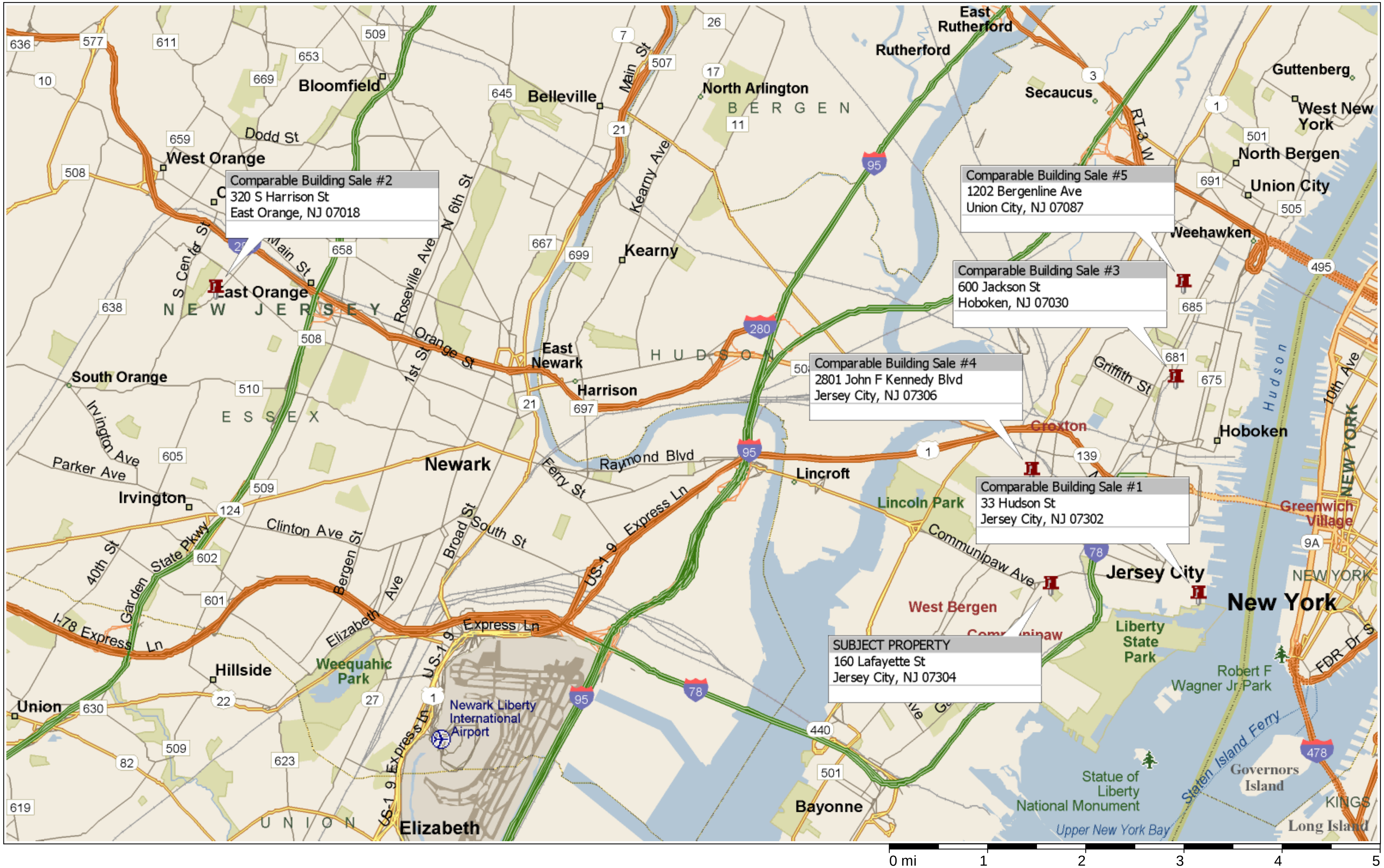
- compare each of the comparable properties' important attributes to the corresponding ones of the property being appraised, under the general categories of time, location, physical characteristics and conditions of sale;

- formulate, in light of the comparison thus made, an opinion of the relative value of the subject property as a whole, or where appropriate, by applicable units, compared with each of the similar properties.

Presentation of Sales

The following is a summary of recent apartment building/complex sales that are similar to the proposed subject. The sales indicate the value of the proposed subject “As Complete”:

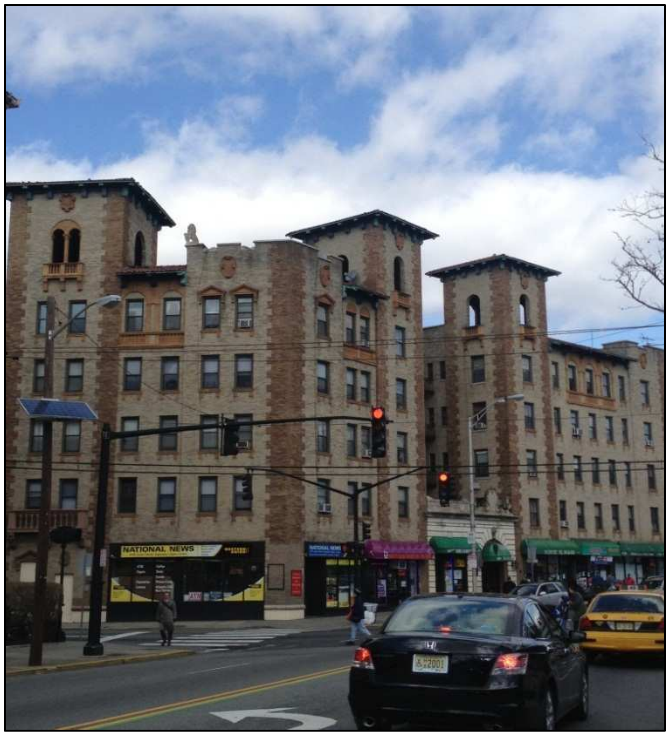
Comparbale Building Sales Map



COMPARABLE BUILDING SALE NO. 1	
LOCATION DETAILS	
Property Address:	33 Hudson Street
City, State, Zip:	Jersey City, New Jersey 07302
Block & Lot:	Block 34, Lot 26
Distance to Subject:	±1.6 Miles
SALE DETAILS	
Buyer / Grantee:	J.P. Morgan
Seller / Grantor:	Northwestern Mutual Life Insurance Co., Essex Waterfront Owners JV, Fisher Development Associates
Date of Sale:	January 2011
Sale Price:	$300,000,000
Document Number:	NAV
Sale Price Per Square Foot:	NAV
Sale Price Per Unit:	$462,963 / Unit
EGIM:	17.55x
Overall Cap Rate:	3.37%
PROPERTY DETAILS	
Building Class:	4C
Year Built:	2003
Gross Building Area (GBA):	NAV
Total Unit Count:	648 Units
Average Unit Area:	NAV
Land Area:	±77,959 Square Feet
Land-to-Building Ratio:	NAV
Effective Gross Income (EGI):	$17,097,898
Net Operating Income (NOI):	$10,105,149
Source(s):	Reis, Inc.

COMPARABLE BUILDING SALE NO. 2	
LOCATION DETAILS	
Property Address:	320 South Harrison Street
City, State, Zip:	East Orange, New Jersey 07018
Block & Lot:	Block 720, Lots 19, 20, 21, 39, 40, & 41
Distance to Subject:	±8.9 Miles
SALE DETAILS	
Buyer / Grantee:	Gaia Park View, LLC
Seller / Grantor:	Apple Crecent Apartments Crescent Realty
Date of Sale:	September 28, 2010
Sale Price:	$29,900,000
Document Number:	12275-3267
Sale Price Per Square Foot:	$88.60 / SF
Sale Price Per Unit:	$112,406 / Unit
EGIM:	7.99x
Overall Cap Rate:	6.53%
PROPERTY DETAILS	
Building Class:	4C
Year Built:	1961 (Renovated 2008)
Gross Building Area (GBA):	±337,455 Gross Square Feet
Total Unit Count:	266 Units
Average Unit Area:	±1,269 GSF / Unit
Land Area:	±166,425 Square Feet
Land-to-Building Ratio:	±0.49 LTB
Effective Gross Income (EGI):	$3,742,435
Net Operating Income (NOI):	$1,951,988
Source(s):	Reis, Inc., NJ Tax Records Search, FARES

COMPARABLE BUILDING SALE NO. 3	
LOCATION DETAILS	
Property Address:	600 Jackson Street
City, State, Zip:	Hoboken, New Jersey 07030
Block & Lot:	NAV
Distance to Subject:	±3.4 Miles
SALE DETAILS	
Buyer / Grantee:	AEW Core Property Trust
Seller / Grantor:	Invesco & Milestone Group
Date of Sale:	February 1, 2013
Sale Price:	$67,000,000
Document Number:	NAV
Sale Price Per Square Foot:	NAV
Sale Price Per Unit:	$523,438 / Unit
EGIM:	14.51x
Overall Capitalization Rate:	4.14%
PROPERTY DETAILS	
Building Class:	NAV
Year Built:	1991
Gross Building Area (GBA):	NAV
Total Unit Count:	128 Units
Average Unit Area:	±1,068 GSF / Unit
Land Area:	±84,998 Square Feet
Land-to-Building Ratio:	NAV
Effective Gross Income (EGI):	$4,618,094
Net Operating Income (NOI):	$2,775,984
Source(s):	Reis, Inc., NJ Tax Records Search, FARES



COMPARABLE BUILDING SALE NO. 4	
LOCATION DETAILS	
Property Address:	2801 John F. Kennedy Boulevard
City, State, Zip:	Jersey City, NJ 07306
Block & Lot:	Block 1848, Lot A-10
Distance to Subject:	±1.7 Miles
SALE DETAILS	
Buyer / Grantee:	Tuli Realty, LLC
Seller / Grantor:	The Hudson Equities Management Group
Date of Sale:	November 16, 2011
Sale Price:	$11,200,000
Document Number:	8819-0943
Sale Price Per Square Foot:	$85.06 / SF
Sale Price Per Unit:	$96,552 / Unit
EGIM:	NAV
Overall Cap Rate:	6.50%
PROPERTY DETAILS	
Building Class:	NAV
Year Built:	1973
Gross Building Area (GBA):	±131,676 Gross Square Feet
Total Unit Count:	116 Units
Average Unit Area:	±1,135 GSF / Unit
Land Area:	±32,670 Square Feet
Land-to-Building Ratio:	±0.25 LTB
Effective Gross Income (EGI):	NAV
Net Operating Income (NOI):	$728,000
Source(s):	Reis, Inc., NJ Tax Records Search, FARES

COMPARABLE BUILDING SALE NO. 5	
LOCATION DETAILS	
Property Address:	1202-1206 Bergenline Avenue
City, State, Zip:	Union City, NJ 07087
Block & Lot:	Block 61.01, Lots 12 & 13
Distance to Subject:	±3.3 Miles
SALE DETAILS	
Buyer / Grantee:	1202 Bergenline Ave, LLC & 1206 Bergenline Ave, LLC
Seller / Grantor:	Chatham Investments, LLC
Date of Sale:	February 25, 2009
Sale Price:	$2,725,000
Document Number:	8670-478
Sale Price Per Square Foot:	$124.25 / SF
Sale Price Per Unit:	$82,576 / Unit
EGIM:	NAV
Overall Cap Rate:	NAV
PROPERTY DETAILS	
Building Class:	4C
Year Built:	1920
Gross Building Area (GBA):	±21,932 Gross Square Feet
Total Unit Count:	33 Units
Average Unit Area:	±665 GSF / Unit
Land Area:	±7,601 Square Feet
Land-to-Building Ratio:	±0.35 LTB
Effective Gross Income (EGI):	NAV
Net Operating Income (NOI):	NAV
Source(s):	LoopNet, NJ Tax Records Search, FARES

SUMMARY OF COMPARABLE BUILDING SALES						
No.	Location	Distance	Sale Date	Sale Price	Total Units	Price Per Unit
1	33 Hudson Street	±1.6 Mi.	1/1/11	$300,000,000	648	$462,963
2	320 South Harrison Street	±8.9 Mi.	9/28/10	$29,900,000	266	$112,406
3	600 Jackson Street	±3.4 Mi.	2/1/13	$67,000,000	128	$523,438
4	2801 John F. Kennedy Boulevard	±1.7 Mi.	11/16/11	$11,200,000	116	$96,552
5	1202-1206 Bergenline Avenue	±3.3 Mi.	2/25/09	$2,725,000	33	$82,576
-	**AVERAGES**	**±3.8 Mi.**	**3/4/11**	**$82,165,000**	**238**	**$255,587**
-	**SUBJECT PROPERTY**	**-**	**-**	**-**	**330**	**-**
Source: Rosin & Associates Field Survey, March 2013						

Analysis of Improved Sales

The sales listed above were identified as comparable to the subject property. All sales were verified as all-cash transactions, or cash plus financing at market terms. Additionally, all of the transactions were believed to be arms-length sales and require no adjustment for conditions of sale.

Conditions of Sale – These adjustments usually reflect the motivations of the buyer and the seller. When non-market conditions of sales are detected in a transaction (e.g., distressed sale, related parties or foreclosure) the sale can be used as a comparable only after extensive investigation. The motivations of the sale must be thoroughly researched before an adjustment is made. All of the sales were deemed to be arms-length transactions, so no conditions of sale adjustments were made.

Market Conditions – Market conditions generally change over time, but the date of an appraisal is a specific time. Therefore, past sales must be examined in light of the direction of change between the sale date of the comparable and the valuation date of the subject property. The sales occurred between July 2008 and January 2011. While market conditions in the area improved over the past decade, 2008 marked a significant downturn in real estate markets due to the financial crisis. Since the financial collapse of 2008, prices have continued to stabilize. Since the first comparable sale in September 2009, sale prices have certainly continued to rise in the subject's immediate area. The appraisers have applied a 5.0% market condition adjustment to account for this rise in prices.

Location – An adjustment may be required when the location characteristics of a comparable property are different from those of the subject property. Comparable 1 is located on the waterfront of the Hudson River adjacent to the Essex Street Hudson-Bergen Light Rail station. Therefore, its excellent location requires a significant negative adjustment to account for its superior location. Comparable 2 is located in a more desirable location in East Orange and requires a negative adjustment to account for its superior location. Comparable 3 is located in Hoboken, closer to the waterfront, and is considered to be in a more desirable locale than the subject's, so it requires a significant negative adjustment to account for its superior location. Comparable 4 did not require any adjustments, while Comparable 5 requires a positive adjustment for its location in a downtrodden part of Union City.

Condition – Since upon completion the subject will be in excellent condition, the appraisers have applied positive condition adjustments to each of the comparables. Comparables #1, #2, and #3 each required positive condition adjustments of 5%, while comparables #3 and #4 required positive condition adjustments of 10% to account for the subject's excellent condition when fully complete.

Gross Size – This adjustment accounts for differences in gross building area between the comparables and the subject property. Buildings containing less gross floor area typically sell for a higher price per square foot. All of the comparables aside from Comparable #1 required negative gross size adjustments as they all have less units when compared to the subject. Comparable #1 has 648 units, and therefore required a positive gross size adjustment of 3%.

Amenities & Appeal – The appraisers applied negative amenities and appeal adjustments of -20% to Comparables #1, #2 and #3 to account for the amenities and appeal of these buildings. As they are market-rate, luxury rental buildings, they each have more amenities and appeal. Comparable Sales #4 and #5 required positive 5% adjustments to account for the difference in amenities and appeal once the subject is complete.

COMPARABLE BUILDING SALES ADJUSTMENT GRID						
	Subject Property	Comparable Sale #1	Comparable Sale #2	Comparable Sale #3	Comparable Sale #4	Comparable Sale #5
Location Address:	160 Lafayette Street	33 Hudson Street	320 South Harrison Street	600 Jackson Street	2801 John F. Kennedy Boulevard	1202-1206 Bergenline Avenue
Block & Lot:	Block 2057, Lot 28	Block 34, Lot 26	Block 720, Lots 19, 20, 21, 39, 40, & 41	NAV	Block 1848, Lot A-10	Block 61.01, Lots 12 & 13
Distance to Subject:	N / A	±1.6 Miles	±8.9 Miles	±3.4 Miles	±1.7 Miles	±3.3 Miles
Building Class:	4B	4C	4C	NAV	NAV	4C
Gross Building Area (GBA):	±336,549 SF	NAV	±337,455 SF	NAV	±131,676 SF	±21,932 SF
Total Units:	330 Units	648 Units	266 Units	128 Units	116 Units	33 Units
Gross Area per Unit:	±1,020 SF / Unit	NAV	±1,269 SF / Unit	NAV	±1,135 SF / Unit	±665 SF / Unit
Date of Sale:	-	1/1/11	9/28/10	2/1/13	11/16/11	2/25/09
Sale Price:	-	$300,000,000	$29,900,000	$67,000,000	$11,200,000	$2,725,000
Sale Price per GBA:	-	NAV	$88.60 / SF	NAV	$85.06 / SF	$124.25 / SF
Sale Price per Unit:	-	$462,963 / Unit	$112,406 / Unit	$523,438 / Unit	$96,552 / Unit	$82,576 / Unit
EGIM:	-	17.55x	7.99x	14.51x	NAV	NAV
Overall Capitalization Rate:	-	3.37%	6.53%	4.14%	6.50%	NAV
BASIC ADJUSTMENTS						
Financing:	-	0%	0%	0%	0%	0%
Adjusted Sale Price:	-	$300,000,000	$29,900,000	$67,000,000	$11,200,000	$2,725,000
Conditions of Sale:	-	0%	0%	0%	0%	0%
Adjusted Sale Price:	-	$300,000,000	$29,900,000	$67,000,000	$11,200,000	$2,725,000
Market Conditions:	-	11%	12%	1%	7%	20%
Adjusted Sale Price:	-	$333,000,000	$33,488,000	$67,670,000	$11,984,000	$3,270,000
ADDITIONAL ADJUSTMENTS						
Location:	-	-30%	-20%	-25%	0%	5%
Condition:	-	5%	5%	5%	10%	10%
Gross Size:	-	3%	-1%	-2%	-2%	-3%
Amenities & Appeal:		-20%	-20%	-20%	5%	5%
Total Adjustment:	-	**-42%**	**-36%**	**-42%**	**13%**	**17%**
Final Adjusted Sales Price:	-	**$193,140,000**	**$21,432,320**	**$39,248,600**	**$13,541,920**	**$3,825,900**
Final Adjusted Price per GBA:	-	**NAV**	**$63.51 / SF**	**NAV**	**$102.84 / SF**	**$174.44 / SF**
Final Adjusted Price per Unit:	-	**$298,056 / Unit**	**$80,573 / Unit**	**$306,630 / Unit**	**$116,741 / Unit**	**$115,936 / Unit**

SUMMARY DATA						
	UNADJUSTED PRICES				ADJUSTED PRICES	
	Price per GBA	Price per Unit	EGIM	Overall Cap Rate	Price per GBA	Price per Unit
Minimum	$85.06 / SF	$82,576 / Unit	7.99x	3.37%	$63.51 / SF	$80,573 / Unit
Maximum	$124.25 / SF	$523,438 / Unit	17.55x	6.53%	$174.44 / SF	$306,630 / Unit
Mean	$99.30 / SF	$255,587 / Unit	13.35x	5.14%	$113.60 / SF	$183,587 / Unit
Median	$88.60 / SF	$112,406 / Unit	14.51x	5.32%	$102.84 / SF	$116,741 / Unit

The appraisers' field survey indicates that recent sales of buildings similar to the subject exhibited a price range from a low of $82,576 per unit to a high of $523,438 per unit with an average sale price of $255,587 per unit and a median of $112,406 per unit. After applying adjustments to the sales prices of the selected buildings, in order to make them more similar to the subject property, the sales prices ranged from $80,573 per unit to $306,630 per unit with an average sale price of $183,587 per unit and a median of $116,741 per unit. After careful consideration, the appraisers are of the opinion that the appropriate market value of the subject property is $175,000 per unit. Therefore, we have determined that the market value of the subject, as indicated by the Sales Comparison Approach, is $57,750,000. A price per unit of $175,000 is comparable to our final direct capitalization conclusion as a free market building which equates to $166,953.

“AS COMPLETE” VIA SALES APPROACH
FIFTY SEVEN MILLION SEVEN HUNDRED FIFTY THOUSAND
$57,750,000

INCOME APPROACH

The Income Approach is a method of converting the anticipated economic benefits of owning property into a value estimate through a capitalization process. The principle of "anticipation" underlying this approach is that prudent investors recognize a relationship between income and an asset's value.

- This approach to value requires the following basic, but important steps:
- Estimate the market rent or compile the legal rent applicable for all leasable space within the subject building.
- From available market data, estimate a proper allowance for vacancy and credit loss forecast to occur during the projected period of ownership.
- Estimate and project anticipated fixed and variable operating expenses incurred by the real estate, as well as a reasonable allowance for replacements, which the owner of the subject should expect during ownership.
- Estimate duration and pattern of income stream.
- Select and apply an appropriate capitalization rate.
- Complete the computations necessary to derive an economic value.

The Income Approach is particularly important in valuing the subject property, as the subject may be considered an income-producing investment and may be bought and sold based on its ability to generate future returns. When the data necessary to complete the preceding steps is accurately extracted from market data, the resulting value indication tends to reflect the actions of typical purchasers/investors in the market.

Our analysis is divided into the following sections:

- Potential Gross Income Analysis
- Income & Expense Analysis
- Analysis of vacancy and collection loss
- Direct Capitalization Analysis
- Discounted Cash Flow Analysis
- Value Conclusion

Potential Gross Income Analysis

The subject property, once completed, will contain 330 residential units. 60% of the residential units will be subsidized and available to tenants below 60% of the area median income. According to the developer's outdated budget, the gross rent for the 198 subsidized units will be $771 for one-bedroom units, $925 for two-bedroom units and $1,063 for three-bedroom units. However, based on the new rent study the appraisers have updated the projections based on what the developer may have concluded had the study been conducted today. Therefore, we have projected the gross rent for 198 subsidized units to be $825 for one-bedroom units, $1,025 for two-bedroom units and $1,175 for three-bedroom units. These rents are also shown on page 66 of the report. There will be a utility allowance of $112 for one-bedroom units, $140 for two-bedroom units and $168 for three-bedroom units; therefore, the proposed net rent at the subject will be $659 for one-bedrooms, $785 for two-bedrooms, and $895 for three-bedroom units. The appraisers have surveyed residential rents in the subject's area as well as income levels to determine achievable rent for subject units.

The following table illustrates the developer's estimates of gross rents for the units at the subject property.

DEVELOPER'S SUBMITTED ANTICIPATED GROSS RENTS							
POTENTIAL GROSS INCOME AS A RENT-REGULATED BUILDING							
Unit Type	**No. Units**	**Tenancy**	**Gross Rent**	**Utilities Allowance**	**Monthly Net Rent**	**Monthly Rent Total**	**Annual Rent Total**
1-BR	78 Units	60% AMI	$825	$112	$713	$55,614	$667,368
	44 Units	Market	$1,350	-	$1,350	$59,400	$712,800
2-BR	93 Units	60% AMI	$1,025	$140	$885	$82,305	$987,660
	64 Units	Market	$1,600	-	$1,600	$102,400	$1,228,800
3-BR	27 Units	60% AMI	$1,175	$168	$1,007	$27,189	$326,268
	24 Units	Market	$2,100	-	$2,100	$50,400	$604,800
TOTALS	**330 Units**	-	-	-	-	**$377,308**	**$4,527,696**

Market Rent Analysis

The appraisers have analyzed residential rent comparables for higher-end buildings in the subject's vicinity by determining market rates for the subject as though it were not subsidized.

COMPARABLE APARTMENT RENTAL BUILDINGS						
No.	**Location**	**Distance to Subject**	**Unit Type**	**Monthly Rent**	**Unit Size**	**Annual Rent PSF**
1	Portside Towers Apartments 100 Warren Street Jersey City, NJ 07302	±1.26 Miles	1-BR 2-BR 3-BR	$2,325 $3,515 $4,065	±900 SF ±1,580 SF ±2,000 SF	$31.00 / SF $26.70 / SF $24.39 / SF
2	Windsor at Liberty House 115 Morris Street Jersey City, NJ 07302	±1.29 Miles	1-BR 2-BR 3-BR	$2,475 $3,298 $4,552	±736 SF ±1,027 SF ±1,340 SF	$40.35 / SF $38.54 / SF $40.76 / SF
3	Gotham Apartments 255 Warren Street Jersey City, NJ 07302	±1.31 Miles	1-BR 2-BR 3-BR	$1,960 $2,825 N/A	±850 SF ±1,150 SF N/A	$27.67 / SF $29.48 / SF N/A
4	Essex Commons 39 Greene Street Jersey City, NJ 07302	±1.44 Miles	1-BR 2-BR 3-BR	$2,175 $2,750 $3,700	±700 SF ±950 SF ±1,750 SF	$37.29 / SF $34.74 / SF $25.37 / SF
5	Mercer Arms Apartments 44-49 Mercer Street Jersey City, NJ 07302	±1.05 Miles	1-BR 2-BR 3-BR	$2,150 $2,650 $3,000	±750 SF ±975 SF ±1,500 SF	$34.40 / SF $32.62 / SF $24.00 / SF
6	George Washington Towers 35 River Drive South Jersey City, NJ 07310	±1.88 Miles	1-BR 2-BR 3-BR	$1,997 $2,342 $2,952	±700 SF ±900 SF ±1,351 SF	$34.23 / SF $31.23 / SF $26.22 / SF
Source: Rosin & Associates Field Survey, March 2013						

A map of the comparable rental buildings is illustrated on the following page, followed by a discussion and analysis of the individual comparables.

Comparable Rental Map

RENT COMPARABLE #1

Portside Towers Apartments
100 Warren Street
Jersey City, NJ 07302
(201)-938-0770

PORTSIDE TOWERS APARTMENTS			
Apartment Type	Area	Monthly Rent	Rent Per SF
1-BR	±900 SF	$2,325	$31.00
2-BR	±1,580 SF	$3,515	$26.70
3-BR	±2,000 SF	$4,065	$24.39

Amenities

- Parking Garage
- Shared Laundry Rooms
- Pet Friendly
- Tennis/Basketball Courts
- High speed Internet Ready
- Health Club
- Dishwashers, microwave in units

Property Details

- High-rise luxury apartment building
- 1-BR, 2-BR, and 3-BRs available
- Number of Floors: 20
- Number of Units: 527
- Type of Housing: Unfurnished
- No utilities included with rent

In The Neighborhood

- On the Jersey City waterfront looking at Manhattan
- Close to restaurants, shopping and schools

Conclusion

Portside Towers Apartments is located in close proximity to the subject, approximately +1.26 miles away and offers many amenities. This comparable is in good condition and is superior to the subject.

Listing Source: Rent.com

RENT COMPARABLE #2

Windsor At Liberty House
115 Morris Street
Jersey City, NJ 07302
(201)-433-5400

WINDSOR AT LIBERTY HOUSE			
	Area	Monthly Rent	Rent Per SF
1-BR	±736 SF	$2,475	$40.35
2-BR	±1,027 SF	$3,298	$38.54
3-BR	±1,340 SF	$4,552	$40.76

Amenities

- Cable/Satellite Ready
- High Speed Internet Available
- Business Center
- Three private community rooms
- Washer/Dryers and refrigerators in units
- Dishwashers in units
- 24 Hour fitness center- classes offered

Property Details

- Townhome style apartments
- 1-BR, 2-BR, and 3-BRs available
- Number of Floors: 3-4
- Number of Units: 324
- Type of Housing: Unfurnished/Furnished
- No utilities included with rent

In The Neighborhood

- Close to major highways (NJ Turnpike, 1 & 9, Holland Tunnel, I-78 and I-80)
- Community is in walking distance to the Path Train, Light Rail, NY Waterway Ferry and Liberty Landing Water Taxi

Conclusion

Windsor at Liberty House is located in close proximity to the subject, approximately +1.29 miles away and offers many amenities. This comparable is in good condition and is superior to the subject.

Listing Source: Rent.com

RENT COMPARABLE #3

Gotham Apartments
255 Warren Street
Jersey City, NJ 07302
(201)-333-4000

GOTHAM APARTMENTS			
Apartment Type	Area	Monthly Rent	Rent Per SF
1-BR	±850 SF	$1,960	$27.67
2-BR	±1,150 SF	$2,825	$29.48
3-BR	N/A	N/A	N/A

Amenities

- Cable/satellite ready
- High speed internet available
- 24 hour doorman
- Fitness center
- Sundeck and BBQ area
- Available garaged parking
- On-Site dry cleaning
- Indoor/Outdoor child play areas

Property Details

- High-rise luxury apartment building
- 1-BR and 2-BRs available
- Number of Floors: 20
- Number of Units: 220
- Type of Housing: Unfurnished
- No utilities included with rent

In The Neighborhood

- Close to major highways (NJ Turnpike, 1 & 9, Holland Tunnel, I-78 and I-80)
- Walking distance to the Path Train, Light Rail, and NY Waterway Ferry

Conclusion

Gotham Apartments is located in close proximity to the subject, approximately +1.31 miles from the subject and offers an average amount of amenities. This comparable is in good condition and is superior to the subject.

Listing Source: Rent.com

RENT COMPARABLE #4

Essex Commons
39 Greene Street
Jersey City, 07302
(201)-369-9972

ESSEX COMMONS			
Apartment Type	Area	Monthly Rent	Rent Per SF
1-BR	±700 SF	$2,175	$37.29
2-BR	±950 SF	$2,750	$34.74
3-BR	±1,750 SF	$3,700	$25.37

Amenities

- Cable/satellite Ready
- High speed internet available
- Washer/dryer in units
- Some units have private decks
- Fitness center
- Gated parking

Property Details

- Mid-rise apartment building
- 1-BR, 2-BR, and 3-BRs available
- Number of Floors: 7
- Number of Units: 70
- Type of Housing: Unfurnished
- No utilities included with rent

In The Neighborhood

- Only 3 blocks to Exchange place path station
- Short walk to ferry services to NYC
- Minutes from NJ Turnpike, Route 1&9, Route 78 and the Holland Tunnel

Conclusion

Essex Commons is located in close proximity to the subject, approximately +1.44 miles from the subject and offers an average amount of amenities. This comparable is in good condition and is slightly superior to the subject.

Listing Source: Rent.com

RENT COMPARABLE #5

Mercer Arms Apartments
44-49 Mercer Street
Jersey City, NJ 07302
(917)-301-8589

MERCER ARMS APARTMENTS			
Apartment Type	Area	Monthly Rent	Rent Per SF
1-BR	±750 SF	$2,150	$34.40
2-BR	±975 SF	$2,650	$32.62
3-BR	±1,500 SF	$3,000	$24.00

Amenities

- Cable ready
- High speed internet available
- Bike room
- Roof deck access

Property Details

- Mid-rise apartment building
- 1-BR, 2-BR, and 3-BRs available
- Number of Floors: 5
- Number of Units: 3
- Type of Housing: Unfurnished
- No utilities included with rent

In The Neighborhood

- 2 minutes from the Grove Street PATH

Conclusion

Mercer Arms Apartments is located in close proximity to the subject, approximately +1.05 miles from the subject and offers very little amenities. This comparable is in an average condition and although it has far less units when compared to that of the subject.

Listing Source: Rent.com

RENT COMPARABLE #6

George Washington Towers
35 River Drive South
Jersey City, NJ 07310
(201)-626-5001

GEORGE WASHINGTON TOWERS			
Apartment Type	Area	Monthly Rent	Rent Per SF
1-BR	±700 SF	$1,997	$34.23
2-BR	±900 SF	$2,342	$31.23
3-BR	±1,351 SF	$2,952	$26.22

Amenities

- Cable ready
- High speed internet available
- Terraces available in select apartments
- Community Laundry Room on 1st floor

Property Details

- High-rise luxury apartment building
- 1-BR, 2-BR, and 3-BRs available
- Number of Floors: 22
- Number of Units: 330
- Type of Housing: Unfurnished
- No utilities included with rent

In The Neighborhood

- Only 3 blocks to Exchange place path station
- Short walk to ferry services to NYC
- Minutes from NJ Turnpike, Route 1&9, Route 78 and the Holland Tunnel

Conclusion

George Washington Towers is located in close proximity to the subject, approximately +1.88 miles from the subject and offers an average amount of amenities. This comparable is in good condition and is slightly superior to the subject.

Listing Source: Rent.com

Residential Market Rent Summary

The monthly rental rates for comparable one-bedroom apartments near the subject ranged from a low of $1,960 to $2,475 per month with an average of $2,180 per month and a median of $2,163 per month. The monthly rental rates for comparable two-bedroom apartments near the subject ranged from a low of $2,342 to $3,515 per month with an average of $2,897 per month and a median of $2,788 per month. The monthly rental rates for comparable three-bedroom apartments near the subject ranged from a low of $2,952 to $4,552 per month with an average of $3,654 per month and a median of $3,700 per month. On an annual basis, comparable apartment rents in the vicinity of the subject ranged from $24.00 per square foot to $40.76 per square foot with an average rent of $31.70 per square foot and a median rent of $31.23 per square foot.

The subject property is located in a redevelopment area in a former industrial center of Jersey City, surrounded by commercial buildings. Considering the subject will be new construction, the appraisers are of the opinion that the subject's condition will offset its below-average location and that the appropriate market rent for the subject's units will be slightly below the averages exhibited by the comparables. The appraisers chose to rely on annual rent per square foot to determine the market rent for the subject's units due to the wide range in monthly rental rates exhibited by the comparables in addition to the significantly larger sizes of the units included in the field study compared to those at the subject. By taking into consideration the rental rates of comparable apartments near the subject property, as well as the condition and location of the subject, the appraisers have determined $32.00 per square foot to be the appropriate annual market rent for the subject units. The appraiser's market rent estimate is within the range observed by the researched rental comparables.

The appraisers' conclusion of the subject property's potential gross income as a free market property is detailed below.

FREE MARKET PRO FORMA POTENTIAL GROSS INCOME						
Unit Type	**Unit Count**	**No. Units**	**Average Unit Area**	**Market Rent**	**Monthly Rent Per Unit**	**Combined Annual Rent Total**
1-BR	122 Units	78 Units	±534 SF	$32.00 / SF	$1,424	$1,332,864
		44 Units	±800 SF	$32.00 / SF	$2,133	$1,126,400
2-BR	157 Units	93 Units	±684 SF	$32.00 / SF	$1,824	$2,035,584
		64 Units	±817 SF	$32.00 / SF	$2,179	$1,673,216
3-BR	51 Units	27 Units	±690 SF	$32.00 / SF	$1,840	$596,160
		24 Units	±835 SF	$32.00 / SF	$2,227	$641,280
TOTAL	**330 Units**	-	-	-	-	**$7,405,504**

Therefore, we conclude the subject's potential gross income as an unsubsidized free market rental apartment building to be $7,405,504.

Residential HUD Income-Restricted Rent

Since the property will be an income restricted property, the appraisers have consulted the US Department of Housing and Urban Development to determine achievable rents for the subject's subsidized residential units. The subject, located in Hudson County is defined as a part of HUD's Jersey City, NJ Metro Area. The chart below details the 2013 Regional Income Limits for the subject's area.

HUDSON COUNTY, NJ HUD METRO AREA — FY 2013 INCOME LIMITS SUMMARY								
AMI	**Category**	**1-Person**	**1.5-Person**	**2-Person**	**3-Person**	**4-Person**	**4.5-Person**	**5-Person**
$61,600	30% of AMI	$16,200	$17,350	$18,510	$20,820	$23,130	$24,050	$24,990
	50% of AMI	$27,000	$28,950	$30,850	$34,700	$38,550	$40,100	$41,650
	60% of AMI	***$32,400***	***$34,700***	***$37,020***	***$41,640***	***$46,260***	***$48,100***	***$49,980***
	80% of AMI - Low	$43,200	$46,300	$49,360	$55,520	$61,680	$64,150	$66,640
Source: US Department of Housing and Urban Development								

HUD provides income levels for each family size for 30% of the median AMI, 50% of AMI – Very Low Income, and 80% of AMI – Low Income. Generally, taking these percentages of the given area median income gives the 4-person income limit. For example, 50% of $58,300 is $29,150 which should represent the Very Low Income level for the 4-person group. The subsequent groups, 1-person through 5-person are found by adjusting the 4-person level by approximately 10%. For example, the 3-person income is approximately 10% lower than the 4-person income, and the 2-person income is approximately 10% lower than the 3-person income level. Using this methodology, the appraisers have calculated the approximate income restrictions for 30%, 50%, 60%, and 80% of median AMI, as these levels are associated with the property.

Using the information provided by HUD, the appraisers have calculated the maximum rent for the subject's one-, two-, and three-bedroom units. According to HUD, a one-bedroom unit corresponds to the 1.5-person income level, a two-bedroom unit corresponds to the three person income level, and a three-bedroom unit corresponds to the 4.5-person income. At 80% of the area's median income, the maximum restricted rent is $1,157, $1,338, and $1,604 for one, two, and three-bedroom units, respectively. At 60% of the area's median income, the maximum restricted rent is $868, $1,041, and $1,203 for one, two, and three-bedroom units, respectively. At 50% of the area's median income, the maximum restricted rent is $723, $867, and $1,002 for one, two, and three-bedroom units, respectively. And finally, at 30% of the area's median income, the maximum restricted rent is $434, $520, and $601 for one, two, and three-bedroom units, respectively. These values reflect the Maximum Restricted Rents for the subject's proposed units.

LIHTC MAXIMUM RENT LIMITS				
Median Income	**FY 2013 Income Limit Category**	**1-Bedroom 1.5 Person**	**2-Bedroom 3 Person**	**3-Bedroom 4.5-Person**
$61,600	> 30% AMI - Extremely Low	$434	$520	$601
	> 50% AMI - Very Low	$723	$867	$1,002
	> 60% AMI - Proposed Level	***$868***	***$1,041***	***$1,203***
	> 80% AMI - Low	$1,157	$1,388	$1,604
Source: US Department of Housing and Urban Development				

Based on the data detailed on the previous page, the appraisers have estimated the maximum restricted rents for the subsidized units at the subject property as follows.

MAXIMUM RESTRICTED RENTS	
Type	**< 60% AMI**
1-Bedroom	$868
2-Bedroom	$1,041
3-Bedroom	$1,203

As illustrated in the table above, we have determined the maximum restricted rents for the subject's subsidized units to be $868 per month for one-bedroom units, $1,041 per month for two-bedroom units, and $1,203 per month for three-bedroom units allocated to individuals with incomes 60% and below the AMI.

Achievable Rent Study

The rent levels detailed in the table on the previous page indicate the maximum rent for developments within the Jersey City HUD Metro FMR Area. The appraisers have considered the median income within a one, three, and five mile radius of the subject to compare the subject's vicinity to the greater Metro Area.

INCOME DATA FOR HOUSEHOLDS IN SUBJECT'S VICINITY			
Description	**0.50-Mile Radius**	**1.00-Mile Radius**	**3.00-Mile Radius**
Median Household Income	**$32,891**	**$44,362**	**$50,213**
2010 HOUSEHOLDS BY INCOME			
<$15,000	30.6%	19.9%	15.9%
$15,000 - $24,999	12.5%	11.1%	9.6%
$25,000 - $34,999	9.2%	9.6%	8.5%
$35,000 - $49,999	13.1%	15.5%	15.8%
$50,000 - $74,999	16.3%	16.7%	18.3%
$75,000 - $99,999	12.0%	14.2%	14.9%
$100,000 - $149,999	4.6%	7.7%	9.0%
$150,000 - $199,999	1.1%	3.2%	4.4%
$200,000+	0.5%	2.0%	3.7%
Source: STDB; ESRI; U.S. Census Bureau			

Household data shows that the income for households within a 0.5-mile radius is well below the area's median income. However, expanding the market area out to a two-mile radius shows a large increase in median income, though it still remains below that of the broader metro area. Therefore, the achievable rent income for the proposed units should be slightly below the maximum allowable rent based on the HUD income restrictions. However, because the units will be new construction and in superior condition to the existing market supply, the rent level would be higher than an existing subsidized unit in this area.

The following table illustrated the appraisers achievable rent conclusions for the units at the subject.

ACHIEVABLE RENT CONCLUSIONS	
Type	**< 60% AMI**
1-Bedroom	$825
2-Bedroom	$1,025
3-Bedroom	$1,175

As shown in the table above, we have determined the achievable gross rents to be $825 per month for one-bedroom units, $1,025 per month for two-bedroom units, and $1,175 per month for three-bedroom units at the subject to be occupied by low-income tenants.

Potential Gross Income Conclusion

In order to determine an appropriate achievable rent level for the proposed units at the subject, the appraisers surveyed the current residential rental market in the subject's area and compared the market levels with the allowable rent levels as indicated by HUD. The table below summarizes these results.

MAXIMUM ACHIEVABLE GROSS RENT SURVEY AND CONCLUSIONS				
Unit Type		**One-Bedroom**	**Two-Bedroom**	**Three-Bedroom**
Market Rent Conclusion		$2,100 / Month	$2,800 / Month	$3,600 / Month
Developer's Rent Estimates	<60% AMI	$771 / Month	$925 / Month	$1,063 / Month
HUD Maximum Rent Levels	<60% AMI	$868 / Month	$1,041 / Month	$1,203 / Month
Achievable Rent Conclusions	<60% AMI	$825 / Month	$1,025 / Month	$1,175 / Month

Based on the appraiser's rent conclusions, the potential gross residential income for the subject in the planned subsidized scenario is $5,422,192 as follows:

POTENTIAL GROSS INCOME - AS SUBSIDIZED						
Unit Type	**No. Units**	**Gross Rent**	**Utilities Allowance**	**Net Rent**	**Monthly Rent Total**	**Annual Rent Total**
LIHTC UNITS (60% AMI)						
1-BR	78 Units	$825	$112	$713	$55,614	$667,368
2-BR	93 Units	$1,025	$140	$885	$82,305	$987,660
3-BR	27 Units	$1,175	$168	$1,007	$27,189	$326,268
SUBTOTAL	**198 Units**	**-**	**-**	**-**	**$165,108**	**$1,981,296**
FREE MARKET UNITS						
1-BR	44 Units	$2,133	-	$2,133	$93,867	$1,126,400
2-BR	64 Units	$2,179	-	$2,179	$139,435	$1,673,216
3-BR	24 Units	$2,227	-	$2,227	$53,440	$641,280
SUBTOTAL	**132 Units**	**-**	**-**	**-**	**$286,741**	**$3,440,896**
TOTALS	**330 Units**	**-**	**-**	**-**	**$451,849**	**$5,422,192**

Absorption Period

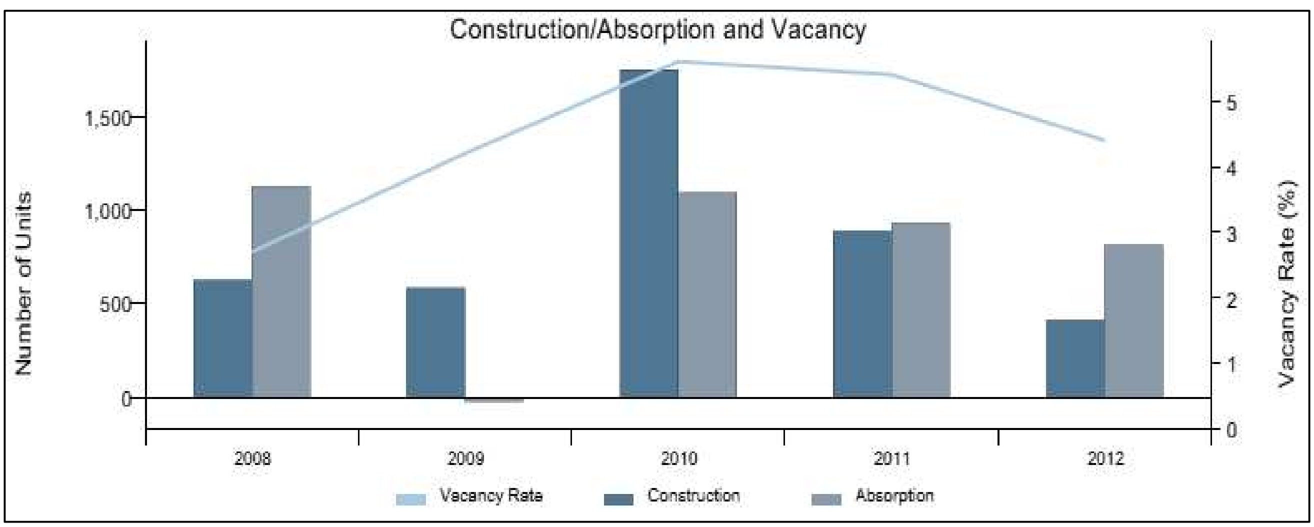
In order to determine the appropriate absorption period required for the newly constructed subject property to become fully-occupied, the appraisers performed a demand analysis in the subject property's primary market area, detailed earlier in this report. The analysis indicated a low required capture rate of 2.37% of the low-income housing market demand. This indicates that there is strong demand for housing in the primary market area. Generally in markets where there exists a strong demand for affordable housing, the market exhibits minimal vacancy.

The appraisers also interviewed management at affordable housing developments in Hudson County and Jersey City. The discussions revealed that this market exhibits minimal vacancy, and, for each unit that is vacated by a tenant, a waitlist of prospective tenants quickly forms. From this waitlist, prospective tenants are invited to interview, after which prospective tenants are selected to occupy the vacated units. This anecdotal evidence supports the appraisers' demand analysis and indicates a very high demand for affordable housing product in the subject's vicinity.

Construction and Absorption

	Quarterly								
	4Q12			3Q12			YTD Avg		
	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio
Hudson County	131	83	1.6	116	237	0.5	103	203	0.5
Northern New Jersey	179	204	0.9	461	549	0.8	224	400	0.6
Average over period ending:	12/31/12	12/31/12	12/31/12	09/30/12	09/30/12	09/30/12	12/31/12	12/31/12	12/31/12

	Annualized								
	1 Year History			3 Year History			5 Year History		
	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio
Hudson County	411	811	0.5	1,015	944	1.1	851	787	1.1
Northern New Jersey	894	1,600	0.6	1,410	2,322	0.6	1,384	1,155	1.2
Average over period ending:	12/31/12	12/31/12	12/31/12	12/31/12	12/31/12	12/31/12	12/31/12	12/31/12	12/31/12



The tables on the previous page show a comparison of the occupancy of newly constructed residential properties upon completion in Hudson County and Northern New Jersey. The only year that shows negative absorption is 2009, which was most likely correlated to the simultaneous financial market crash. From 2010 to 2012, the market has exhibited positive absorption. In the same time period, construction has also decreased along with the vacancy rates.

After considering all relevant information, the appraisers are of the opinion that, if the developers market to prospective tenants before construction of the subject is complete, the units at the subject will be occupied soon after the building begins allowing tenants to move-in. However, the appraisers also anticipate that the free market units would take longer to be fully occupied than the subsidized units. The appraisers conclude the absorption period to be approximately one year (20 subsidized units/month & 10 free market units/month). Therefore, the appraisers expect the total absorption period to be a little over a year or approximately 13 months.

Vacancy & Collection Loss

According to the U.S. Census Bureau's 2011 American Community Survey, the rental vacancy rate in Jersey City was 7.8% in 2011. As a free market building, the appraisers are of the opinion that a systemic vacancy loss of 6.0% of Apartment Rental Income is appropriate for the subject property, given the state of the local commercial real estate market. In addition, we apply a 1.0% collection loss of Apartment Rental Income to account for credit/collection problems and bad debt, resulting in a total vacancy and collection loss of 7.0% of Apartment Rental Income. As a subsidized property, we are of the opinion that the appropriate systemic loss to vacancy is 2.5%, while the appropriate collection loss is 0.5% of Apartment Income. Therefore, as a subsidized property, we have determined the total vacancy and collection loss to be 3.0%.

Expense Analysis

We have examined the subject's budgeted expenses and an IREM expense comparable to approximate reasonable expenses for the subject property. The summarized IREM expense comparable for federally assisted low-rise and elevator apartment buildings in Northern New Jersey, the subject's budgeted expenses, and the appraisers' expense conclusions for the subject as a subsidized property are found below.

ANALYSIS OF OPERATING EXPENSES									
160 LAFAYETTE STREET	2010 IREM			PRO FORMA BUDGET			APPRAISERS' CONCLUSIONS		
Description	Amount	Per GBA	Per Unit	Amount	Per GBA	Per Unit	Amount	Per GBA	Per Unit
Management & Administration	$565,964	$2.02 / SF	$1,370 / Unit	$292,696	$0.87 / SF	$887 / Unit	$412,500	$1.23 / SF	$1,250 / Unit
Utilities	$147,231	$0.57 / SF	$311 / Unit	$95,000	$0.28 / SF	$288 / Unit	$95,000	$0.28 / SF	$288 / Unit
Water & Sewer	$232,695	$0.82 / SF	$574 / Unit	$180,000	$0.53 / SF	$545 / Unit	$180,000	$0.53 / SF	$545 / Unit
Repairs & Maintenance	$221,381	$0.64 / SF	$689 / Unit	$243,650	$0.72 / SF	$738 / Unit	$252,412	$0.75 / SF	$765 / Unit
Wages & Payroll	$300,344	$0.87 / SF	$933 / Unit	$388,987	$1.16 / SF	$1,179 / Unit	$388,987	$1.16 / SF	$1,179 / Unit
Insurance	$117,438	$0.34 / SF	$365 / Unit	$148,500	$0.44 / SF	$450 / Unit	$148,500	$0.44 / SF	$450 / Unit
Miscellaneous	$0	$0.00 / SF	$0 / Unit	$0	$0.00 / SF	$0 / Unit	$50,482	$0.15 / SF	$153 / Unit
Real Estate Taxes	$444,013	$1.36 / SF	$1,304 / Unit	$153,512	$0.46 / SF	$465 / Unit	$1,295,055	$3.85 / SF	$3,924 / Unit
Operating Expenses before Reserves	**$2,029,067**	**$6.03 / SF**	**$6,149 / Unit**	**$1,502,345**	**$4.46 / SF**	**$4,553 / Unit**	**$2,822,936**	**$8.39 / SF**	**$8,554 / Unit**
Replacement Reserves	$0	$0.00 / SF	$0 / Unit	$165,000	$0.49 / SF	$500 / Unit	$82,500	$0.25 / SF	$250 / Unit
Total Operating Expenses	**$2,029,067**	**$6.03 / SF**	**$6,149 / Unit**	**$1,667,345**	**$4.95 / SF**	**$5,053 / Unit**	**$2,905,436**	**$8.63 / SF**	**$8,804 / Unit**

The following details our assumptions for the subject's current operating expenses.

Management & Administration – The pro forma budgeted management & administration expense is $887 per unit. According to the 2010 IREM expense guide, the median management & administration expense level for comparable buildings in the area was $2.02 per square foot and $1,370 per unit. The appraisers are of the opinion that the submitted expenses understate the appropriate management & administration expense level at the subject. Therefore, based on the expense guide, we have determined that $1,250 per unit is appropriate for the subject's management & administration expense. This equates to $412,500 total and $1.23 per square foot. However, the appraisers have applied a more traditional management fee to the property when valued as a free market complex. Property management fees often range from 2.0% to 6.0% of effective gross income. The appraisers are of the opinion that a management fee of 4.0% is appropriate for the subject property.

Utilities – Tenants will be billed directly by utilities providers for gas usage and electricity usage. Therefore, the property owner will only bear the burden of common area utilities. The pro forma budgeted utilities expense is $288 per unit. According to the 2010 IREM expense guide, the median utilities expense level for comparable buildings in the area was $0.57 per square foot and $311 per unit. The appraisers are of the opinion that the submitted expenses accurately represent the appropriate utilities expense level at the subject. Therefore, based on the submitted expenses and the expense guide, we have determined that $95,000 total is appropriate for the subject's utilities expense. This equates to $288 per unit and $0.28 per square foot.

Water & Sewer – The building owner will be responsible for the common area utilities. However, because the expense guide expense information for buildings that combine the expenses allocated to the common areas and the apartments, we have determined the appropriate expenses for the building, as a whole. Because the subject will represent new construction, the expenses should be below levels of comparable buildings that are older and were not built to such standards. The pro forma budgeted water & sewer expense is $545 per unit. According to the 2010 IREM expense guide, the median water & sewer expense level for comparable buildings in the area was $0.82 per square foot and $574 per unit. The appraisers are of the opinion that the submitted expenses accurately represent the appropriate water & sewer expense level at the subject. Therefore, based on the submitted expenses, we have determined that $180,000 total is appropriate for the subject's water & sewer expense. This equates to $545 per unit and $0.53 per square foot.

Repairs & Maintenance – The pro forma budgeted repairs & maintenance expense is $738 per unit. According to the 2010 IREM expense guide, the median repairs & maintenance expense level for comparable buildings in the area was $0.64 per square foot and $689 per unit. The appraisers are of the opinion that the submitted expenses accurately represent the appropriate repairs & maintenance expense level at the subject. Therefore, based on the submitted expenses, we have determined that $0.75 per square foot is appropriate for the subject's repairs & maintenance expense. This equates to $252,412 total and $765 per unit.

Wages & Payroll – The pro forma budgeted wages & payroll expense is $1,179 per unit. According to the 2010 IREM expense guide, the median wages & payroll expense level for comparable buildings in the area was $0.87 per square foot and $933 per unit. The appraisers are of the opinion that the submitted expenses accurately represent the appropriate wages & payroll expense level at the subject. Therefore, based on the submitted expenses, we have determined that $388,987 total is appropriate for the subject's wages & payroll expense. This equates to $1,179 per unit and $1.16 per square foot.

Insurance – The pro forma budgeted insurance expense is $450 per unit. According to the 2010 IREM expense guide, the median insurance expense level for comparable buildings in the area was $0.34 per square foot and $365 per unit. The appraisers are of the opinion that the submitted expenses accurately represent the appropriate insurance expense level at the subject. Therefore, based on the submitted expenses, we have determined that $450 per unit is appropriate for the subject's insurance expense. This equates to $148,500 total and $0.44 per square foot.

Miscellaneous – Given the varying and subjective nature of this expense, the appraisers have chosen not to rely on the comparables. Taking into account relevant factors such as age, location, and usage history of the subject, the appraisers have estimated the subject's miscellaneous expense level to be $0.15 per square foot. This equates to $50,482 total.

Real Estate Taxes – The subject will have a PILOT (Payment in lieu of Taxes) contract which indicates it pays 4.00% of its annual gross sheltered rental income. This is detailed in the Tax Analysis section of this report. The amount the subject actually pays in taxes is therefore approximately $199,963. In this report's Direct Capitalization, however, the real estate tax expense is $1,297,146. The appraisers account for the value bonus from the PILOT contract in the final values of the subject.

Replacement Reserves – Given the nature, quality, and condition of the subject property, the appraisers estimate a replacement reserve expense of $250 per unit, $82,500 total, or $0.25 per square foot. This expense level is in line with Fannie Mae standards.

Expense Conclusion

The appraisers' concluded expense levels for the subject property come to $2,822,936 total, $8.39 per square foot, and $8,554 per unit before applying replacement reserves. After taking reserves into account, the concluded expenses total $2,905,436, which equates to $8.63 per square foot and $8,804 per unit. This concluded expense level will be used in our direct capitalization analysis.

Capitalization Rate Analysis

Typical capitalization rates range from a low of 4.0% for a stable property in a strong market, usually with substantial appreciation expectations, to 12.0% or higher for properties with speculative futures, or within unstable markets.

We derive a capitalization rate for the subject property using the mortgage-equity, or the band of investment technique. This requires utilization of market data in order to develop an overall rate, based on both typical mortgage and equity yield rates as considered by a typical purchaser. The required rates of return are blended by the ratio to total property value that a typical property purchase would have, i.e. the loan to value ratio.

The yield rates found below are from the March 4, 2013 issue of the "Federal Reserve Statistical Release" and are reflective of investment instruments as of March 1, 2013.

YIELD RATES

Investments	Rates
Federal Funds Rate	0.14%
Bank Prime Loan	3.25%
3-Month Treasury Bills	0.11%
6-Month Treasury Bills	0.12%
1-Month Certificates of Deposit	0.18%
3-Month Certificates of Deposit	0.21%
U.S. 10-Year Bonds	1.86%
U.S. 30-Year Bonds	3.06%
Corporate Bonds (Baa)	0.05%
State & Local Bonds (Week Ending 2/28/13)	3.74%

Source: Federal Reserve Statistical Release, March 4, 2013

Capitalization Rate Analysis – Akerson Technique

OVERALL CAPITALIZATION RATE ANALYSIS			
Equity Yield Rate:	**14.25%**	**Mortgage Portion:**	**70%**
Mortgage Amortization Term:	**25.0**	**Equity Portion:**	**30%**
Value Change Over Holding Period	**10.00%**	**Interest Rate:**	**4.500%**
Holding Period (Years):	**10.0**		

FROM THE ABOVE INPUTS THE FOLLOWING VALUES ARE CALCULATED:								
Mortgage Constant:					0.06670			
Mortgage Constant Over Holding Period:					0.12437			
Sinking Fund Factor (Equity):					0.05109			
Mortgage Percent Paid Off:					0.27342			
CAPITALIZATION RATE ANALYSIS								
Mortgage	0.7	X	0.06670	=	0.04669			
Equity	0.3	X	0.14250	=	0.04275	=	0.08944	
LESS EQUITY BUILD-UP								
	0.7	X	0.27342	X	0.05109	=	-0.00978	
							=	0.07966
LESS APPRECIATION OR PLUS DEPRECIATION								
	10.00%	X	0.05109	=			-0.00511	
OVERALL CAPITALIZATION RATE:							=	0.07455
					Rounded		=	**7.50%**

The Akerson technique indicates a capitalization rate of 7.50%. The appraisers have also analyzed recent market data in order to better gauge the appropriate capitalization rate for the subject.

Published Investor Surveys

According to the *Fourth Quarter 2012 Korpacz Real Estate Investor Survey*, Overall Cap Rates for the National Apartment Market ranged from 3.75% to 10.00%, with an average of 5.72%. This reflects a decrease of 8 basis points from Fourth Quarter 2011. Based primarily on discussions with market participants, investor surveys, the Akerson method detailed above, the appraisers are of the opinion that a capitalization rate of 7.50% appropriately addresses the investment risks associated with the subject property in the free market scenario, while a 6.00% capitalization rate is appropriate for the subject as a subsidized property.

Value Bonus from PILOT Contract

The value bonus from the PILOT contract is calculated by dividing the difference between the subject's tax amount and the PILOT amount by a 6.00% capitalization rate. The value bonus from the PILOT contract is therefore $18,251,529.

PILOT CONTRACT VALUE CALCULATION						
Gross Sheltered Rent	PILOT	PILOT Amount	RE Taxes	Tax Savings	Bonus Cap Rate	PILOT Bonus
$4,999,076	4.00%	$199,963	$1,295,055	$1,095,092	6.00%	**$18,251,529**

Low-Income Housing Tax Credit Value

Low-Income Housing Tax Credits

According to Richard E. Polton, MAI in *Valuing Property Developed with Low-Income Housing Tax Credits*, the low-income housing tax credit (LIHTC) was implemented in 1986 by the federal government to stimulate the development of low-income housing. The underlying concept of the LIHTC program is to promote private investment with the incentive of a direct reduction of the investor's federal tax obligations. These tax credits are allocated by state housing agencies to individual projects.

Projects developed under LIHTC may be new construction, substantial or moderate rehabilitation, housing for the elderly, housing for low-income families, urban, rural, conventional construction, and manufactured housing. At least 20% of the residential units in an LIHTC housing development must be set aside for qualifying residents. All LIHTC projects have an indirect project subsidy that encourages equity investment of private parties and facilitates project feasibility.

A sponsor can choose to serve residents whose income is either 50% or 60% of the median income for the market area in which the project is located. The median income figures are published by HUD. If the sponsor selects the family income level of 50% of the median, then a minimum of 20% of the units in the development must be set aside to families meeting those income requirements. If the sponsor elects to serve those with a family income of 60% of the median, then a minimum of 40% of the units in the development must be allocated to families meeting those income requirements.

The client has requested the appraisers provide an analysis of the intangible value associated with federal low income housing tax credits. We have therefore performed a requested 10 year discounted cash flow analysis to estimate present value of the future cash flow and the reversionary value.

The Tax Credit Benefits in the Discounted Cash Flow are calculated by taking 4% (the tax credit rate) of the project's Qualified Basis. The Eligible Basis of a project, according to HUD's website, includes acquisition, hard costs and most soft costs. Financing costs and deposits to reserves are not included. Then non-depreciable expenses like land are subtracted. According to a Whitlock Mills December 2009 schedule, the property was acquired for $2,509,603. The appraisers estimate hard and soft costs for the subject renovation to total $74,572,178. Since the land value is estimated at $10,140,000, the total Qualified Basis is $64,432,178. The Eligible Basis can be adjusted to reach the Qualified Basis if the project does not reach the minimum Applicable Fraction. The Applicable Fraction is the lower of two percentages: the percentage of affordable units to total units or the percentage of square feet in the affordable units to the total square feet in the project. Because 60% of the units will be subsidized, the Eligible Cost Basis is $38,659,307.

LIHTC TAX CREDIT CALCULATION	
Total Development Costs (Acquisition, Hard & Soft Construction Costs, No Financing Costs, Other Non-Depreciable Costs)	$74,572,178
Less: Land Value	-$10,140,000
QUALIFIED BASIS	**$64,432,178**
Percent of Units Subsidized	**60.00%**
ELIGIBLE COST BASIS	**$38,659,307**
Tax Credit Rate	4.00%
ANNUAL TAX CREDIT	**$1,546,372**
Years of Eligibility	10 Years
INDICATED FUTURE VALUE OF TOTAL TAX CREDIT	**$15,463,723**

However, because the subject property's original construction timeline was interrupted when construction stalled for an extended period of time, the subject property recently benefitted from additional tax credits. Therefore, the appraisers have considered an alternative LIHTC scenario.

According to information gathered from NJHMFA Board Approved Agenda Items from 2003 through January 2011, the developers applied for 4% tax credits in 2003 and anticipated this award to generate $10,013,000 in equity at 78 cents on the dollar. Dividing the proceeds by $0.95 indicates a total LIHTC award of $10,540,000. In order to resume construction after the September 2008 Stop Work Order issued by the Jersey City Building Department, the subject received an award of $11,691,707 in funding from the Tax Credit Exchange Program on November 30, 2010. The TCX financing reportedly closed on December 20, 2010. The following table illustrates the indicated value of LIHTC allocated to the subject property.

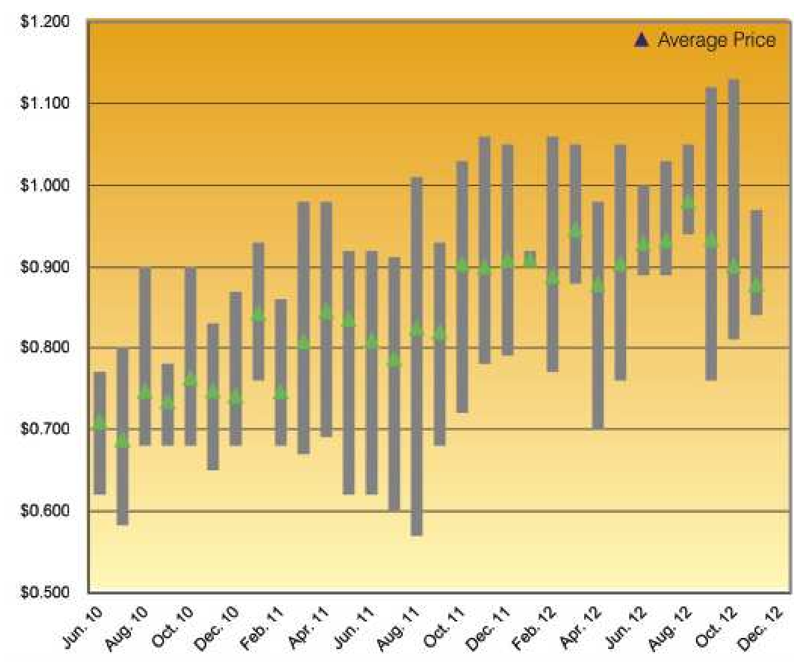
ALTERNATIVE LIHTC CALCULATION	
Equity Generated by Tax Credits per 10/16/03 Agenda Discussion	$10,013,000
Expected Equity Sale Discount to Tax Credit Value	95.0%
INITIAL LIHTC BENEFITS ALLOCATED	**$10,540,000**
Additional Award from TCX Program (11/30/10)	$11,691,707
FUTURE VALUE OF TOTAL TAX CREDIT	**$22,231,707**
Years of Eligibility	10 Years
ANNUAL TAX CREDIT BENEFITS	**$2,223,171**

The discounted cash flow for estimating the LIHTC Value is presented below. The appraisers have applied a discount rate of 7.50% to calculate the net present value of the cash flows from these benefits.

PRESENT VALUE OF LIHTC TAX CREDIT (7.5% DISCOUNT RATE)			
Period	**FV of Tax Credits**	**PVIF**	**NPV of Credits**
Year 1	$2,223,171	0.9302	$2,068,066
Year 2	$2,223,171	0.8653	$1,923,782
Year 3	$2,223,171	0.8050	$1,789,565
Year 4	$2,223,171	0.7488	$1,664,711
Year 5	$2,223,171	0.6966	$1,548,569
Year 6	$2,223,171	0.6480	$1,440,529
Year 7	$2,223,171	0.6028	$1,340,027
Year 8	$2,223,171	0.5607	$1,246,537
Year 9	$2,223,171	0.5216	$1,159,569
Year 10	$2,223,171	0.4852	$1,078,669
TOTALS	**$22,231,707**	-	**$15,260,024**

The above analysis indicates a total LIHTC value of $15,260,024. However, the appraisers have considered an alternative method of valuing the subject's LIHTC awards.

Alternatively, the Total LIHTC value can be determined once an equity partnership and tax credit unit price have been determined. This method uses the total value of the tax credit (the annual amount multiplied by the years in the tax credit term) multiplied by the portion of the equity partnership and the unit price of the tax credit. As these tax credits are tied to the land, there is an active market for the credits. The graph on the following page shows the price fluctuations in this market over the past two years. Historically, the average price for low income housing tax credits was $0.85. However, prices are recovering and trending upward and are currently at approximately $0.96 for every dollar of low income housing tax credit. For more information on these statistics, see the table below.



Source: Novogradac & Company

According to Novogradac & Company, the most recent pricing trend of LIHTC sales is approximately $0.96/$1.00 in LIHTC proceeds, as of December 2012. Additionally, the appraisers have conducted extensive discussions with active participants and government officials in the local marketplace, including Centerline

Capital Group. The conclusion of these discussions indicate that local LIHTC values in the marketplace are anywhere between $0.90/$1.00 to $1.03/$1.10 of LIHTC.

At $0.95 on the dollar, the total value of the low-income housing tax credits awarded to the subject property is as follows.

ADDITIONAL LIHTC VALUATION	
Initial LIHTC Award	$10,540,000
Additional Award from TCX Program (11/30/10)	$11,691,707
COMBINED TOTAL VALUE OF LIHTC	**$22,231,707**
Partnership Interest	99.99%
Tax Credit Price Level	$0.95
IMPLIED VALUE OF LIHTC AWARDS	**$21,118,010**

This method yields a tax credit value of $21,118,010.

The appraisers have taken the average of the LIHTC Tax Credit Calculation shown above and the present value of the LIHTC Tax Credit using a 7.50% discount rate, which is detailed on the previous page. A total LIHTC intangible value of $18,189,017 has been applied to the direct capitalization analysis.

Direct Capitalization Analysis

The appraisers performed two direct capitalization analyses of the property's pro forma net operating income. The direct capitalization performed below assumed that the subject was a free market apartment complex. The appraisers have valued the property's fee simple interest as a free market property. In this scenario, the management fee is 4.0% of the subject's effective gross income. Additionally, the investment would carry with it additional risk to the investor, so a capitalization of 7.50% is appropriate. The analysis is detailed below.

DIRECT CAPITALIZATION ANALYSIS - FREE MARKET			
Property Address:	**160 Lafayette Street**		
Gross Building Area:	**±336,549 Gross Square Feet**		
Total Apartment Units:	**330 Apartments**		
	Total Amount	**Per GBA**	**Per Unit**
INCOME			
Apartment Rental Revenue	$7,405,504	$22.00 / SF	$22,441 / Unit
Laundry Machines	$15,000	$0.04 / SF	$45 / Unit
Apartment Vacancy & Collection Loss (7.0%)	-$519,435	-$1.54 / SF	-$1,574 / Unit
EFFECTIVE GROSS INCOME	**$6,901,069**	**$20.51 / SF**	**$20,912 / Unit**
OPERATING EXPENSES			
Management Fee (4.0% of EGI)	$276,043	$0.82 / SF	$836 / Unit
Utilities	$95,000	$0.28 / SF	$288 / Unit
Water & Sewer	$180,000	$0.53 / SF	$545 / Unit
Repairs & Maintenance	$252,412	$0.75 / SF	$765 / Unit
Wages & Payroll	$388,987	$1.16 / SF	$1,179 / Unit
Insurance	$148,500	$0.44 / SF	$450 / Unit
Miscellaneous	$50,482	$0.15 / SF	$153 / Unit
Real Estate Taxes	$1,295,055	$3.85 / SF	$3,924 / Unit
Operating Expenses before Reserves	**$2,686,479**	**$7.98 / SF**	**$8,141 / Unit**
Replacement Reserves	$82,500	$0.25 / SF	$250 / Unit
TOTAL OPERATING EXPENSES	**$2,768,979**	**$8.23 / SF**	**$8,391 / Unit**
NET OPERATING INCOME (NOI)	**$4,132,090**	**$12.28 / SF**	**$12,521 / Unit**
Capitalization Rate	**7.50%**		
Indicated "As Is" Value	$55,094,535		
INDICATED "AS IS" VALUE (ROUNDED)	**$55,090,000**	**$164 / SF**	**$166,939 / Unit**
Implied Effective Gross Income Multiple	**7.98x**		

The appraisers have performed a direct capitalization analysis of the subject's value as a subsidized property. Its nature as a subsidized property assumes less risk than as a free market property, so the appraisers have applied a capitalization rate of 6.00% that is below the appropriate capitalization rate for the subject as a free market property subject.

DIRECT CAPITALIZATION ANALYSIS - SUBSIDIZED			
Property Address:	**160 Lafayette Street**		
Gross Building Area:	**±336,549 Gross Square Feet**		
Total Apartment Units:	**330 Apartments**		
	Total Amount	**Per GBA**	**Per Unit**
INCOME			
Apartment Rental Revenue	$5,422,192	$16.11 / SF	$16,431 / Unit
Laundry Machines	$15,000	$0.04 / SF	$45 / Unit
Apartment Vacancy & Collection Loss (3.0%)	-$163,116	-$0.48 / SF	-$494 / Unit
EFFECTIVE GROSS INCOME	**$5,274,076**	**$15.67 / SF**	**$15,982 / Unit**
OPERATING EXPENSES			
Management & Administration	$412,500	$1.23 / SF	$1,250 / Unit
Utilities	$95,000	$0.28 / SF	$288 / Unit
Water & Sewer	$180,000	$0.53 / SF	$545 / Unit
Repairs & Maintenance	$252,412	$0.75 / SF	$765 / Unit
Wages & Payroll	$388,987	$1.16 / SF	$1,179 / Unit
Insurance	$148,500	$0.44 / SF	$450 / Unit
Miscellaneous	$50,482	$0.15 / SF	$153 / Unit
Real Estate Taxes	$1,295,055	$3.85 / SF	$3,924 / Unit
Operating Expenses before Reserves	**$2,822,936**	**$8.39 / SF**	**$8,554 / Unit**
Replacement Reserves	$82,500	$0.25 / SF	$250 / Unit
TOTAL OPERATING EXPENSES	**$2,905,436**	**$8.63 / SF**	**$8,804 / Unit**
NET OPERATING INCOME (NOI)	**$2,368,640**	**$7.04 / SF**	**$7,178 / Unit**
Capitalization Rate	**6.00%**		
Indicated "As Stabilized" Value before Bonus	$39,477,339	$117 / SF	$119,628 / Unit
Value Bonus from PILOT Contract	$18,251,529		
Intangible Value of LIHTC Tax Credits	$18,189,017		
Indicated "As Stabilized" Value after Bonus	$75,917,885		
INDICATED "AS STABILIZED" VALUE (ROUNDED)	**$75,920,000**	**$226 / SF**	**$230,061 / Unit**
Implied Effective Gross Income Multiple	**14.39x**		

Discounted Cash Flow Analysis

The appraisers also performed a discounted cash flow analysis as an additional approach to the subject's value. The income and expense conclusions outlined in the analysis above have been applied to the discounted cash flow analysis. Since there is significant demand for affordable housing, the appraisers have assumed a minimal lease up period that would not materially impact the value of the subject. At the end of the 16th year, the analysis provides a reversionary value which is then discounted to present.

According to the *Fourth Quarter 2012 Korpacz Real Estate Investor Survey*, Discount Rates for the National Apartment Market ranged from a low of 5.25% to a high of 14.00% with an average of 8.17% during the quarter. Based on the survey and on discussions with local market participants, we have determined the appropriate discount rate for the subject to be 8.50%. The survey also reports that residual capitalization rates in the region ranged from 4.50% to 9.75% with an average of 6.27%. We have determined the appropriate reversionary capitalization rate to be 8.00% for the subject property, given local market conditions. The following table details our assumptions.

DCF ASSUMPTIONS	
Year 1 Unit Absorption	30 Units / Month
Discount Rate	8.50%
Reversionary Cap Rate	8.00%
PILOT % (Years 1-10)	4.00%
PILOT % (Years 11-20)	6.00%
Income Growth Rate	2.50%
Expense Growth Rate	2.00%
Tax Growth Rate	2.00%
Vacancy/Collection Loss	3.00%

The DCF analysis provides a 16-year analysis of the subject, with the PILOT bonus and LITHC bonus added to the subject's yearly net operating income. The first 15 years of the cash flows are included in the discounted cash flow analysis, while the 16th year's cash flows are included because they are capitalized in order to yield the subject's reversionary value after 15 years.

According to this analysis, the indicated "As Complete" value is **$64,440,000**. The analysis is included on the following page.

DISCOUNTED CASH FLOW ANALYSIS - MAXIMUM ACHIEVABLE RENTS

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
INCOME																
Potential Gross Income - < 60% AMI	$1,245,815	$2,030,828	$2,081,599	$2,133,639	$2,186,980	$2,241,655	$2,297,696	$2,355,138	$2,414,017	$2,474,367	$2,536,226	$2,599,632	$2,664,623	$2,731,238	$2,799,519	$2,869,507
Potential Gross Income - Market Rate	$1,720,448	$3,526,918	$3,615,091	$3,705,469	$3,798,105	$3,893,058	$3,990,384	$4,090,144	$4,192,398	$4,297,208	$4,404,638	$4,514,754	$4,627,623	$4,743,313	$4,861,896	$4,983,443
Laundry Machines	$8,621	$15,375	$15,759	$16,153	$16,557	$16,971	$17,395	$17,830	$18,276	$18,733	$19,201	$19,681	$20,173	$20,678	$21,195	$21,724
Less: Vacancy & Collection Loss (3.0%)	-$89,247	-$167,194	-$171,373	-$175,658	-$180,049	-$184,551	-$189,164	-$193,893	-$198,741	-$203,709	-$208,802	-$214,022	-$219,373	-$224,857	-$230,478	-$236,240
EFFECTIVE GROSS INCOME	**$2,885,638**	**$5,405,928**	**$5,541,076**	**$5,679,603**	**$5,821,593**	**$5,967,133**	**$6,116,312**	**$6,269,219**	**$6,425,950**	**$6,586,599**	**$6,751,263**	**$6,920,045**	**$7,093,046**	**$7,270,372**	**$7,452,132**	**$7,638,435**
OPERATING EXPENSES																
Management & Administration	$412,500	$420,750	$429,165	$437,748	$446,503	$455,433	$464,542	$473,833	$483,309	$492,976	$502,835	$512,892	$523,150	$533,613	$544,285	$555,171
Utilities	$54,601	$96,900	$98,838	$100,815	$102,831	$104,888	$106,985	$109,125	$111,308	$113,534	$115,804	$118,121	$120,483	$122,893	$125,350	$127,857
Water & Sewer	$103,455	$183,600	$187,272	$191,017	$194,838	$198,735	$202,709	$206,763	$210,899	$215,117	$219,419	$223,807	$228,284	$232,849	$237,506	$242,256
Repairs & Maintenance	$252,412	$257,460	$262,609	$267,861	$273,219	$278,683	$284,257	$289,942	$295,741	$301,655	$307,689	$313,842	$320,119	$326,522	$333,052	$339,713
Wages & Payroll	$388,987	$396,767	$404,702	$412,796	$421,052	$429,473	$438,063	$446,824	$455,760	$464,875	$474,173	$483,656	$493,330	$503,196	$513,260	$523,525
Insurance	$148,500	$151,470	$154,499	$157,589	$160,741	$163,956	$167,235	$170,580	$173,991	$177,471	$181,021	$184,641	$188,334	$192,101	$195,943	$199,861
Miscellaneous	$50,482	$51,492	$52,522	$53,572	$54,644	$55,737	$56,851	$57,988	$59,148	$60,331	$61,538	$62,768	$64,024	$65,304	$66,610	$67,943
Real Estate Taxes	$1,295,055	$1,320,956	$1,347,375	$1,374,322	$1,401,809	$1,429,845	$1,458,442	$1,487,611	$1,517,363	$1,547,710	$1,578,665	$1,610,238	$1,642,443	$1,675,291	$1,708,797	$1,742,973
Operating Expenses before Reserves	**$2,705,991**	**$2,879,395**	**$2,936,982**	**$2,995,722**	**$3,055,637**	**$3,116,749**	**$3,179,084**	**$3,242,666**	**$3,307,519**	**$3,373,670**	**$3,441,143**	**$3,509,966**	**$3,580,165**	**$3,651,769**	**$3,724,804**	**$3,799,300**
Replacement Reserves	$82,500	$84,150	$85,833	$87,550	$89,301	$91,087	$92,908	$94,767	$96,662	$98,595	$100,567	$102,578	$104,630	$106,723	$108,857	$111,034
TOTAL OPERATING EXPENSES	**$2,788,491**	**$2,963,545**	**$3,022,815**	**$3,083,272**	**$3,144,937**	**$3,207,836**	**$3,271,993**	**$3,337,433**	**$3,404,181**	**$3,472,265**	**$3,541,710**	**$3,612,544**	**$3,684,795**	**$3,758,491**	**$3,833,661**	**$3,910,334**
NET OPERATING INCOME (NOI)	**$97,146**	**$2,442,384**	**$2,518,261**	**$2,596,331**	**$2,676,656**	**$2,759,297**	**$2,844,319**	**$2,931,787**	**$3,021,769**	**$3,114,334**	**$3,209,553**	**$3,307,501**	**$3,408,251**	**$3,511,881**	**$3,618,471**	**$3,728,101**
Gross Sheltered Rents	$2,719,219	$5,110,514	$5,239,680	$5,372,102	$5,507,864	$5,647,049	$5,789,743	$5,936,035	$6,086,016	$6,239,777	$6,397,415	$6,559,026	$6,724,712	$6,894,573	$7,068,716	$7,247,248
PILOT Amount	$108,769	$204,421	$209,587	$214,884	$220,315	$225,882	$231,590	$237,441	$243,441	$249,591	$383,845	$393,542	$403,483	$413,674	$424,123	$434,835
Pilot Contract Value	**$1,186,286**	**$1,116,535**	**$1,137,788**	**$1,159,438**	**$1,181,494**	**$1,203,963**	**$1,226,852**	**$1,250,169**	**$1,273,922**	**$1,298,119**	**$1,194,820**	**$1,216,696**	**$1,238,960**	**$1,261,617**	**$1,284,674**	**$1,308,138**
LIHTC Benefit	**$2,223,171**	**$2,223,171**	**$2,223,171**	**$2,223,171**	**$2,223,171**	**$2,223,171**	**$2,223,171**	**$2,223,171**	**$2,223,171**	**$2,223,171**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Period Cash Flow	**$3,506,603**	**$5,782,090**	**$5,879,219**	**$5,978,941**	**$6,081,321**	**$6,186,431**	**$6,294,342**	**$6,405,127**	**$6,518,862**	**$6,635,624**	**$4,404,373**	**$4,524,197**	**$4,647,211**	**$4,773,498**	**$4,903,145**	**$5,036,239**
Reversionary Cap Rate															8.00%	
Reversionary Value															**$62,952,989**	
PVIF (8.5% Discount Rate)	0.9217	0.8495	0.7829	0.7216	0.6650	0.6129	0.5649	0.5207	0.4799	0.4423	0.4076	0.3757	0.3463	0.3191	0.2941	0.2711
Present Value Cash Flow	**$3,231,892**	**$4,911,627**	**$4,602,888**	**$4,314,250**	**$4,044,355**	**$3,791,943**	**$3,555,840**	**$3,334,954**	**$3,128,269**	**$2,934,840**	**$1,795,382**	**$1,699,748**	**$1,609,184**	**$1,523,423**	**$19,959,196**	
Indicated "As Complete" Value	**$64,437,790**															
"AS COMPLETE" VALUE	**$64,440,000**															

Income Approach Conclusion

The two techniques used within the context of the Income Approach yield the following value indications:

FREE MARKET:	
Direct Capitalization Analysis:	**$55,090,000**
AS SUBSIDIZED:	
Direct Capitalization Analysis (W/Out Intangible Values):	**$39,477,339**
Direct Capitalization Analysis (With Intangible Values):	**$75,920,000**
Discounted Cash Flow Analysis:	**$64,440,000**

Both of these methods provide indications of value based on income and expense figures. However, in this case the Discounted Cash Flow method better models the subject's income stream given the two different types of units. Based on the values provided by the two methods, the appraisers have estimated the market value of the subject property via the Income Approach to be $65,000,000.

INCOME APPROACH
SIXTY FIVE MILLION DOLLARS
$65,000,000

RECONCILIATION & CONCLUSION OF MARKET VALUE

Reconciliation is defined as "the last phase of any valuation assignment in which two or more value indications derived from market data are resolved into a final value opinion, which may be either a final range of value or a single point estimate." (*The Dictionary of Real Estate*, the American Institute of Real Estate Appraisers, Fourth Edition, 2002). It represents the statistical or mathematical result of the three approaches, as well as the application of the appraiser's judgment. The reconciliation criteria consist of the following:

1. Appropriateness refers to the use of certain approaches, the pertinence of the value indications derived to the specific market, and the choice of properties to be used as comparables;
2. Accuracy relates to the data, calculations and adjustments made to the sale price of each comparable property; and
3. Quantity of evidence pertains to the determination whether the conclusion reached is sufficiently supported in the market.

The following approaches to value were considered and the following indications of value were derived:

Cost Approach (Free Market):	**$67,845,000**
Sales Comparison Approach	
"As Is" Subject Value Via Land Sales Approach:	**$10,140,000**
"As Complete" Subject Value (Free Market):	**$57,750,000**
Income Approach	
"As Complete" Subject Value (Subsidized):	**$65,000,000**
"As Complete" Subject Value (Free Market):	**$55,090,000**

Cost Approach

In the Cost Approach, the appraiser determines a value estimate through analyses of the two main components of improved real property; namely, land and buildings. This approach is based upon the principle of substitution, "which affirms that no prudent investor would pay more for a property than the cost to acquire the site and construct improvements of equal desirability and utility without undue delay." As the subject is a new construction, the appraisers have performed the Cost Approach to determine the proportion of the construction that has already been completed. By determining the percentage of construction complete, the Cost Approach allowed the appraisers to determine an estimate of the subject property's value in its current state.

Sales Comparison Approach

The Sales Comparison Approach provides an estimate of value based upon the recent activities of buyers and sellers in the market place. The appraisers have utilized recent sales of vacant land for the "as is" value and sales of buildings similar to the proposed subject for the "as complete" value. As these sales were subjected to subjective adjustments by the appraisers, we have included this approach only as a test of reasonableness for the Income Approach. However, due to the recent lack of sales activity, the appraisers have deemed the Sales Comparison Approach inapplicable to the valuation of the subject.

Income Approach

The capitalization method of the income approach seeks to view the subject property value from the perspective of a single typical investor. By employing a straight capitalization method, this approach measures the income-producing capability of the subject building. Typical investors judge the value of a property upon the quality and quantity of the income generated, as conditions on future income generation. Information on comparable income and expenses was readily available. Due to the lower level of risk involved with properties operating under the LIHTC program, a 6.00% overall capitalization rate was applied to the subject's estimated net operating income. The appraisers employed a 16-year discounted cash flow analysis in order to calculate the LIHTC value added to the direct capitalization. The appraisers also performed a discounted cash flow analysis to simulate per year PILOT value and LIHTC value over 16 years.

Conclusion

Our final value takes into consideration the value indicated by the Income Approach. However, our final value is based on the Income Approach less the percentage of construction that is yet to be complete. Therefore, it is our opinion that the "As Is," "As Complete," and "As Stabilized" market values of the subject property, Whitlock Mills located at 160 Lafayette Street, Jersey City, New Jersey 07304, as of March 14, 2013 are:

"AS IS" MARKET VALUE (69.1% COMPLETE)
FORTY FOUR MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS
$44,550,000

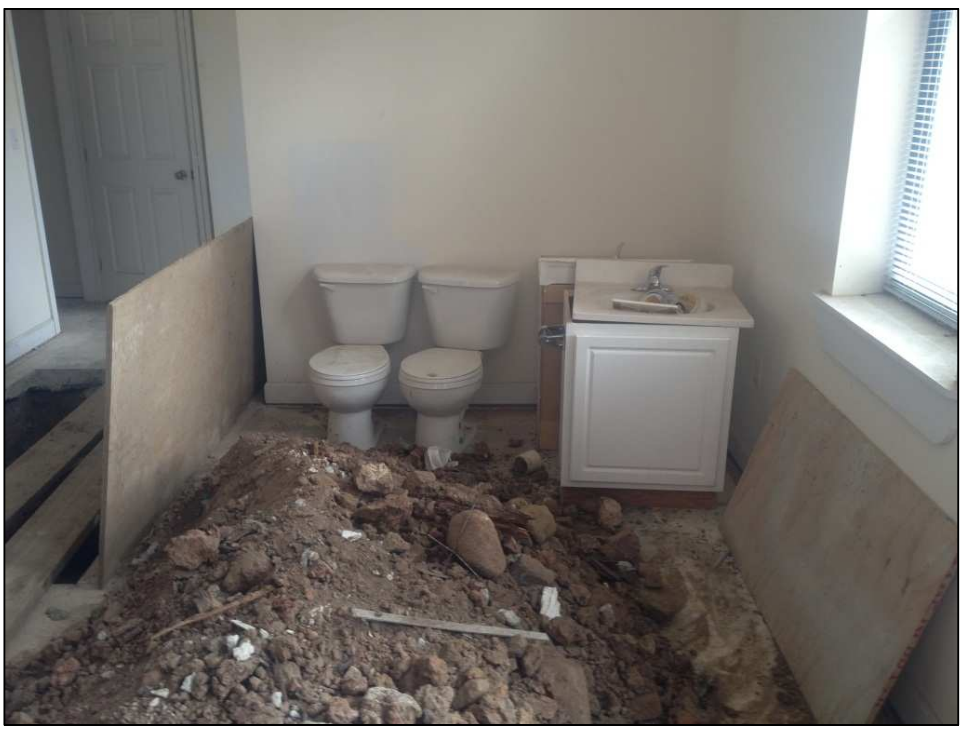
SUBSIDIZED "AS COMPLETE" MARKET VALUE
SIXTY FOUR MILLION FOUR HUNDRED FORTY THOUSAND DOLLARS
$64,440,000

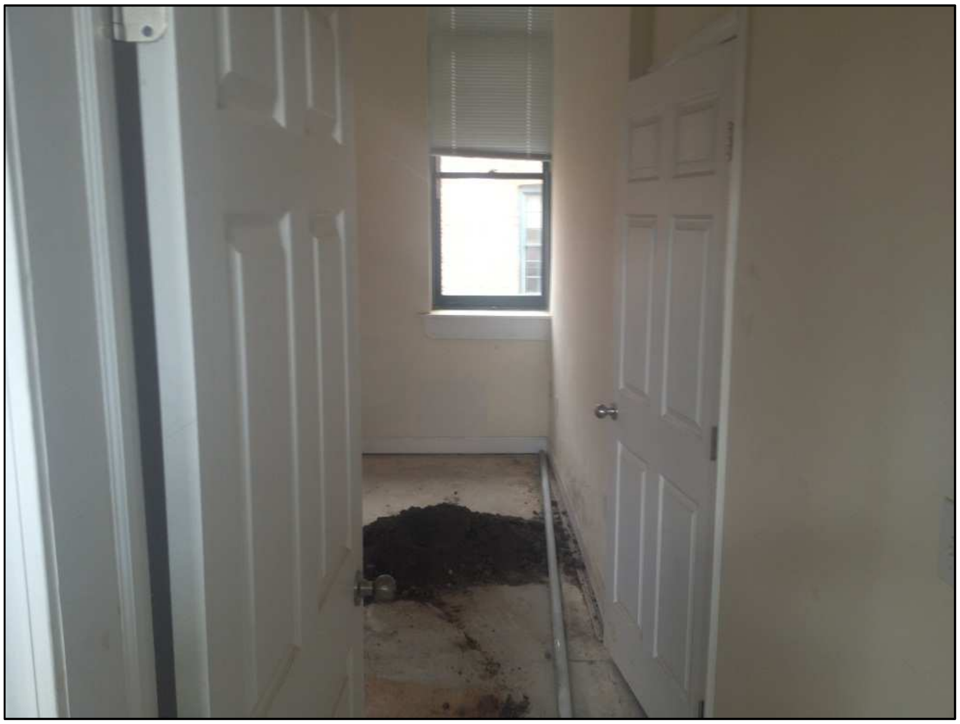
SUBSIDIZED "AS STABILIZED" MARKET VALUE
SEVENTY FIVE MILLION NINE HUNDRED TWENTY THOUSAND DOLLARS
$75,920,000

Based on our discussions with professionals involved with the disposition of similar properties, it is our opinion that the subject property "As Complete" would sell in approximately one to 18 months.

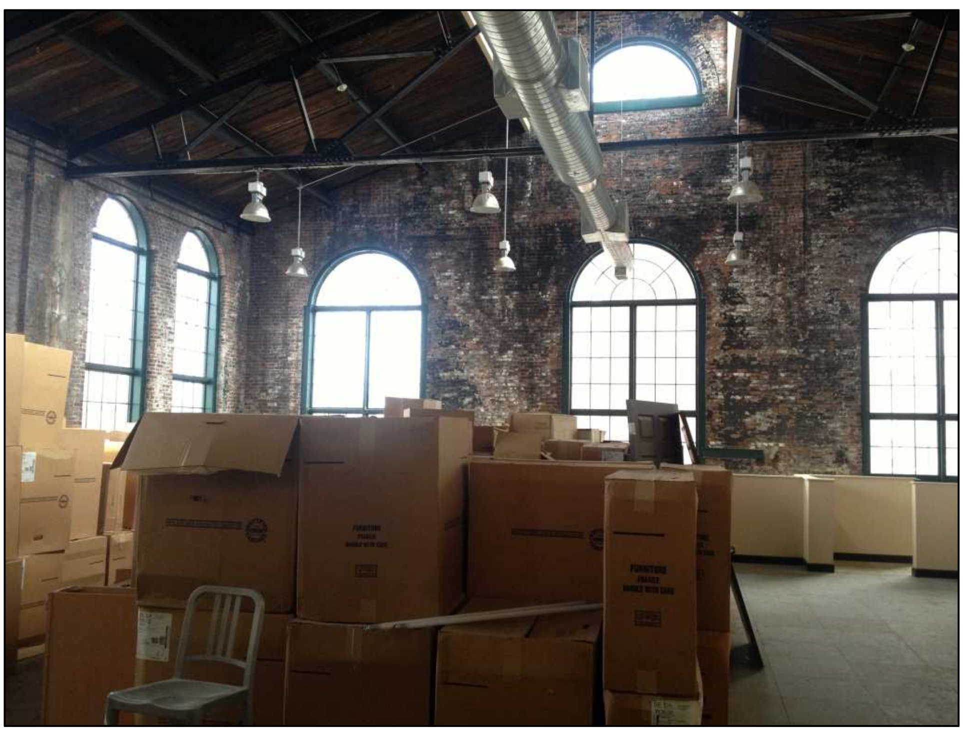
ADDENDA

PHOTOGRAPHS OF SUBJECT PROPERTY






SKYMARK



QUALIFICATIONS OF APPRAISERS

QUALIFICATIONS OF APPRAISER

Max C. Rosin MRICS

Education

BE: University of the Witwatersrand, South Africa – Chemical Engineering
Graduate Studies: MBA in Finance, Yale University, School of Management

Mr. Rosin has successfully completed the following courses offered by the Appraisal Institute:

Introduction to Appraisal AI REA Course 101 (R1 & R2, State)
Introduction to Income Property Valuation (G1)
Principals of Income Property Appraising (G2)
Standards of Professional Practice & Ethics in Appraisals
NYS Certified General R.E. Appraiser (Lic #46000008639)
NJ Certified Real Estate Appraiser (Lic #RG01615)

Mr. Rosin is a Member of the Royal Institution of Chartered Surveyors (MRICS).

Professional Experience

Since 1991, I have operated Rosin & Associates. My firm was a leading vendor of appraisals and due diligence services for the RTC and FDIC in early 1990s. Between 1996 and 1998 Rosin & Associates underwrote some 950 commercial mortgage loans worth close to $10.0 billion. The firm was also primary contract underwriter for Lehman Brothers Commercial Mortgage conduit (CMBS). Other underwriting clients included Credit Suisse First Boston, UBS, Eurohypo and Deutsche Bank. The firm also assisted Allied Capital Partners (now CW Capital) and Lennar. The firm is also involved in appraisal work, certiorari and litigation support. In addition, the firm has performed over 2,200 appraisals. In 1994, I was engaged by Greenthal Harlan to assist in the valuation of distressed cooperative assets. In 1995, I was hired by their subsidiary Cooperative Capital to perform appraisals on the origination of underlying mortgages for cooperatives. I have supervised/performed more than 3,000 valuations and analyzed and underwritten more than 1,200 commercial mortgage loans. Thus I have an excellent understanding of many facets surrounding cooperative valuation and financing.

Mr. Rosin has assisted in several due diligence projects and real estate consulting assignments. During the past year, through this firm, Mr. Rosin has appraised or been critically involved in the appraisal of more than sixty commercial properties in the New York and New Jersey area. In addition, he has supervised several multi-site appraisals, both for the RTC and private clients. Prior to establishing Rosin & Associates, Mr. Rosin was a senior appraiser in the Appraisal and Valuations Department of the Tax Division at Arthur Andersen & Co. There he was involved in the Valuation of Businesses, Real Estate, Machinery, and Equipment. Rosin & Associates valuation clients include Lehman Brothers, Credit Suisse First Boston, Aries Capital, Summit Bank, Fleet, HSBC, Hudson United Bank, CreditVest, Brown Harris Stevens, FDIC/Resolution Trust Corporation, Estate of Sol Goldman, ZAR Realty, Bank of America, and GRP Financial Services.

QUALIFICATIONS OF APPRAISER

Mark H. Lansman

Education:

B.B.A.: The George Washington University, Washington, D.C.– Majored in Finance

Professional Experience:

Mr. Lansman provides commercial real estate valuation consulting, underwriting, and due diligence services for both institutional and retail clients. His work includes appraisal, investment analysis, and underwriting due diligence. He utilizes Microsoft Excel and ARGUS Software to build, prepare, and update complex financial models detailing operational, valuation, and structural considerations. His experience includes a diverse variety of commercial real estate asset types, including retail, office, multifamily rental, condominium and vacant development land. Prior to joining the firm in 2012, Mr. Lansman served as an analyst in the asset-backed securities department of Fitch Ratings, a credit rating agency. In his role, he was responsible for performing in-depth analysis of consumer and commercial ABS by examining collateral characteristics to identify credit implications, evaluate transaction capital structures and model waterfall cash flows. Prior to Fitch, Mr. Lansman interned for Enterprise Asset Management, a family office that manages a real estate portfolio of over 5 million square feet of office space, shopping centers, and regional malls. His responsibilities included asset management, underwriting, and modeling and analysis through Excel and Argus. Mr. Lansman holds a Bachelor of Business Administration degree in Finance from the George Washington University School of Business.