

Appendix IV – The Market for Walkable Urban Real Estate Development Adjacent to the Stations

In order to define the feasibility of the Macon-Atlanta rail line, RCLCO was retained as part of a multidisciplinary team to assess market opportunities and inform economic and fiscal impacts of the proposed commuter rail line. RCLCO's primary objective in assessing overall feasibility of the line was to address the likely market demand for development, by land use, at the defined station areas. The likely market demand for housing and commercial development at the station areas are the key underpinnings and assumptions driving the financial feasibility of the rail line.

Market Feasibility Methodology and Assumptions

In order to define the likely market opportunity for real estate development at the station areas, RCLCO conducted the following analytical tasks:

1. Conducted a collaborative kick-off with consultants and client team for full debrief on goals and objectives, prior work completed such as the planning efforts for relevant centers and corridors, data available, and process for the study;
2. Toured the study area and specific station areas in order to evaluate development potential based on an investigation of location, access, visibility, zoning and planning status, current and/or proposed neighboring uses, topography, views, vegetation, other natural and/or man-made features, on-site improvements (if any), and other pertinent factors.
3. Defined the market opportunity for new development at the station areas.
 - a. Analyzed demographic and economic drivers of demand;
 - b. Reviewed secondary market data, by land use, to determine existing and likely future market conditions; and
 - c. Reviewed case studies of analogous rail corridors to inform catalytic development impacts.
4. Analyzed all of the above to define market-driven development programs for the selected station areas.

It is important to note that the market-driven demand assessments are constructed around the following key assumptions related to timing and market behavior:

1. Based on conversations with various stakeholders and the likely timing of financial commitments, the analysis assumes that rail-related real estate development begins in 2016.
2. We have assumed that development is "lumpy" as opposed to steady state in that housing and commercial development will follow anticipated economic and real estate cycles. Specifically, we have assumed development near the station areas will occur within the next two real estate development cycles. We anticipate the first cycle to begin in 2013 (when Atlanta is likely to return to pre-recession levels of total employment) and run through 2019/2020 with the second beginning in 2024 and running through 2030. We have not attempted to model demand beyond 2030.
3. The analysis assumes a conservative "Base Case" scenario and a more aggressive although still likely "Upside Potential" scenario. The logic driving each of the scenarios is outlined as follows:
 - a. Base Case. Using Atlanta Regional Commission (ARC) and Moody's economy.com forecasts of county growth over the 2010-2030 period, the "Base Case" scenario assumes the introduction of rail and the quality, walkable character of development that can occur around the stations will allow the identified station areas to capture some growth that would have otherwise gone to other parts of their respective county. Research and case studies in the Atlanta region consistently reveal that there is greater demand than supply for walkable communities. The "Base Case" scenario assumes each station area will compete for the share of the market in their respective county that is willing to make trade-offs for a walkable environment. The

estimated share of the market is per RCLCO's national consumer research. We believe this is a conservative stance that weighs the positive impact of rail against the challenges of revitalization and/or redirecting growth. That is, the base case does not assume that the rail will have a transformative effect on the county or region overall but rather serve as an organizational framework to better meet market demands in a more compact, transit-supportive manner. Further, as the impacts of commuter rail on land use patterns remain emergent, we have assumed in this "Base Case" scenario that the market will respond to and be motivated by the walkable environment created by the station area opposed to the transit itself.

- b. **Upside Potential.** This more aggressive but still highly likely scenario assumes the introduction of commuter rail can accelerate growth by capturing a small portion of growth that otherwise would have gone to other parts of the Atlanta region. The proposed corridor is not in the historic direction of growth for the Atlanta region. But based on share of market that is willing to make trade-offs and pay more to live near transit, there is likely upside potential to the "Base Case" scenario. For instance, future households who might otherwise have moved to an historically high growth area (Paulding, Coweta, or Gwinnett County as examples) would be motivated to move to housing along the rail line specifically for the availability of commuter rail where it is lacking in these other areas. The share of the market that is highly motivated by transit is low and there will be competition for this resident, from development around MARTA stations, the Beltline, and potentially additional rail lines in the region. However, redirecting even a small portion of this market could have significant impacts on the level of demand within the station areas. Finally, this "Upside Potential" scenario does not quantify any potential impacts of the Atlanta region becoming more competitive nationally (driving higher than expected household and employment growth figures for the region overall) which could serve as additional upside in levels of growth and values.

CRITICAL ASSUMPTIONS

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they stand the test of time.

With the above in mind, we assume that the long-term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not take into account the potential impact of future economic shocks on the national and/or local economy, and does not necessarily account for the potential benefits from major "booms," if and when they occur. Similarly, the analysis does not necessarily reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

For all the reasons outlined, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be “stress tested” to ensure that potential fluctuations in revenue, cost, and timing assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that once the current cycle is over, the following will occur in accordance with current expectations:

- Economic, employment, and household growth.
- Other forecasts of trends and demographic and economic patterns, including consumer confidence levels.
- The cost of development and construction.
- Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth).
- The availability and cost of capital and mortgage financing for real estate developers, owners and buyers, at levels present in the market before the most recent run up (i.e., early 2000s levels).
- Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand.
- Major public works projects occur and are completed as planned or as directed by advisors to this engagement.

Should any of the above change, this analysis should probably be updated, with the conclusions reviewed accordingly (and possibly revised).

MACRO TRENDS AND CONTEXT

Demographic Trends and Consumer Preferences

Nationally, large demographic shifts will significantly affect future housing demand and opportunities for more compact development as is envisioned within the Macon-Atlanta line station areas. Based upon extensive research conducted by RCLCO and others, the following trends will affect future housing choice throughout the country and in the Macon-Atlanta rail corridor.

Between 1985 and 2000, just over two-thirds of household growth was comprised of one- and two-person households, and the U.S. Census anticipates that nearly 90% of the household growth until 2025 may be comprised of one- and two-person households. According to U.S. Census data analyzed by the Brookings Institution, smaller households have demonstrated a preference for downtowns and other urban neighborhoods, where denser housing types typically predominate.

Much of this growth is being fueled by the aging baby boomers. As they become empty nesters and eventually retirees, their lifestyle and corresponding housing needs change. In the Macon-Atlanta corridor, this will mean changing demand from existing households as well as a potential influx of these aging households as retirees seek to live closer to their children and grandchildren in the Atlanta region. This is a trend that is already being demonstrated in Sun City Peachtree, located proximate to the rail corridor in Spalding



Demographic trends support increased demand for downtown locations, both urban cores and historic downtowns such as Griffin.

County. It is a trend that will become much more pronounced over this planning horizon (2010 – 2030).

Another major factor is Generation Y. This youngest cohort, the oldest of whom is 30, is a larger group than their baby boomer parents and appears to have much more pronounced housing preferences. Their most preferred locations are downtowns and inner-ring suburbs; they value the ability to walk over almost all else; they seek diverse communities; and they value location and community over home. Within Gen Y there is still significant appetite for more suburban settings, the key being that they want the suburbs to be different – more walkable and with more variety of products. The proposed rail corridor represents an excellent opportunity to respond to these shifting consumer demands in suburban settings, both inner ring suburbs such as Hapeville or East Point, more typical bedroom communities such as Morrow, or greenfield¹ development in Hampton.

Based on the growth in smaller households as well as growing preferences for high-density housing among all households, it is likely that the coming decades will be witness to increased overall demand for higher-density housing. Nationally, there may be as much as a 140% increase in demand for higher-density housing (over levels calculated by using the 2005 American Housing Survey distribution); approximately half of these units will likely be demanded in dense, mixed-use, walkable neighborhoods.

Sustainability is an important and increasingly critical motivation for the location and type of home in which people live. For approximately 40% of the market, purchasing a “green” home is a critical purchase motivation and living in sustainable communities (a component of which includes transit) is important to an even larger share of the market. “Green” is increasingly becoming mainstream and will likely be a major shift in the housing and community preferences as the housing market recovers, another trend upon which the proposed commuter rail corridor is well-positioned to capitalize.

Nationally and demonstrated in the Atlanta market, living near transit is generally considered “nice to have” but not “critical”. That is, residents and office tenants seek transit and having transit often expands the market audience and/or market capture of a project, but it has yet to garner any significant premiums. For instance, historically, we have seen apartment communities and office buildings proximate to MARTA able to sustain higher occupancies than comparable properties lacking MARTA access but have not seen such properties achieve pricing premiums. Commuter rail will not have the frequency or level of service of MARTA and nationally there are few new examples to understand how the market responds to commuter rail. As such, we have placed little emphasis on the impact of rail in the “Base Case” scenario and are using conservative assumptions about the impacts in the “Upside Potential” scenario.

That said, national and local consumer research consistently points to greater demand for walkable environments and access to transit than there is supply. RCLCO has attempted to quantify the share of the market that truly values walkable environments and transit in the sense that they will make trade-offs (accept a less than ideal home, accept a smaller home, give up other amenities, etc.) and/or that they will pay more for it. We have looked at how these preferences change by age and life stage, by income, educational attainment, and tenure (renter versus owner). To date, the opportunity to live in a walkable environment is much greater motivator for the residential market than proximity to transit. It is also worth noting that the impacts and level of influence of commuter rail opposed to generic “transit” on market preferences is untested.

¹ Development on previously undeveloped land. Prior use may be agricultural or left to nature.

For the purposes of this study, we have utilized our national research conducted on Gen X and Gen Y and supplemented with similar research conducted with baby boomers. Below is a summary of the share of Gen X and Gen Y owners compared to the share of renters who are (1) willing to make trade-offs to live in a walkable community and (2) willing to pay more to live near transit (but does not specify commuter rail).

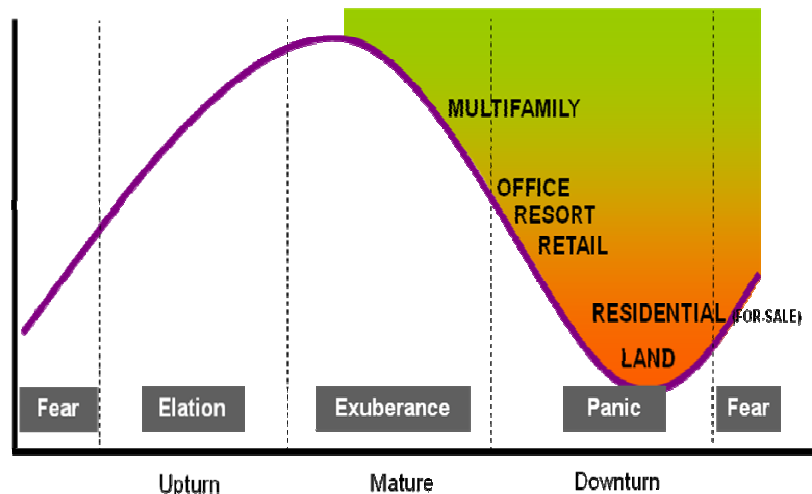
Figure 1 *RCLCO National Consumer Research with Gen X and Y*

	Willing to Make Trade-offs for Walkable Environment	Willing to Make Trade-offs or Pay More to Live Near Transit
Owners	37%	10%
Renters	47%	20%

Economic and Real Estate Cycle

In thinking about the near-term and long-term opportunities for development at the station areas, it is critical to keep in mind that real estate is cyclical. At the time of this report, we are at the beginning of an economic and real estate recovery.

- Most forecasts suggest that the second half of 2010 will be stronger than the first half; 2011 stronger than 2010; and potentially robust job growth in 2012, 2013, and 2014 as the jobs that were lost are replaced and we begin to see net new jobs. After 2014, Moody’s economy.com suggests more moderate but still strong job growth for the Atlanta region. With estimates for an average of 54,000 new jobs annually from 2015 – 2030, Atlanta is projected to continue to be among the highest growth markets in the country.
- Of course, we know job growth will not be steady state and the result will be “lumpy” real estate demand. Historically, we have seen real estate growth cycles run approximately six years followed by approximately three years of more moderate growth.
 - Based on the economic forecasts as well as the likely timing of recovery of the housing market, we believe the next significant growth cycle in Atlanta will begin in 2012/ 2013 and run through 2019/ 2020. With the assumption that rail is introduced in the latter part of this cycle (2018), the station areas will likely miss out on several years of significant demand. However, so long as the financial commitments for the rail are in place, providing a level of certainty for developers, we anticipate some projects to begin before 2016 and the market to respond to the future for rail.
 - Based on supply (inventory levels, likely future permitting trends, foreclosure rates, etc.) relative to demand (household growth, employment growth, and investor demand), we anticipate the Atlanta housing market overall to return



to “new normal” levels in 2013. Prices may not have returned to pre-recession levels across the board but supply relative to demand will likely have returned to healthy levels, creating an environment where building significant amounts of new housing is economically viable and existing housing is able to achieve stabilized rates of appreciation (3% – 5% annually). It is important to note that recovery in the housing market will not be experienced evenly across all submarkets. We expect housing submarkets closest to job centers (the relevant examples on our corridor being downtown and the airport) to recover more quickly and areas that have been hit hardest by the foreclosure crisis (such as Clayton County, among others) to recover more slowly.

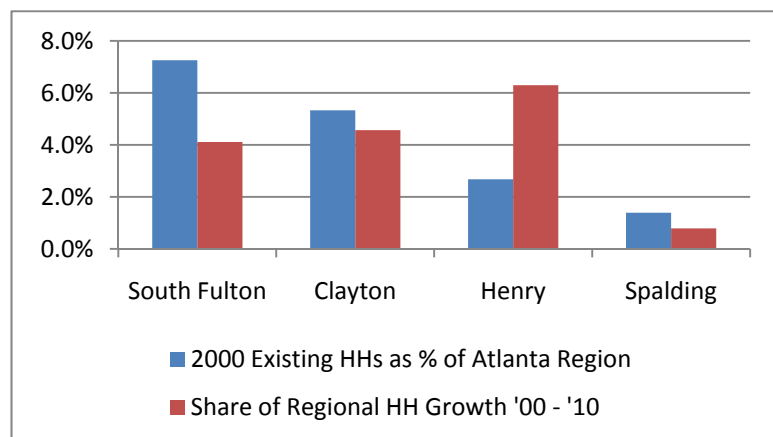
- On the commercial office side, only a limited amount of net new office demand will occur until we see net new employment growth (after 2013). The timing of the opportunity for new construction will vary by submarket based on existing market conditions. We have assumed that vacancy rates will need to be approaching single digits in order to attract capital for new buildings, a conservative assumption relative to historic patterns in Atlanta. In the case of the South Atlanta submarket, we do not anticipate that occurring before 2017.
- Based on historic patterns, we have assumed the second major real estate development cycle begins in 2024, after three to four years of more moderate levels of growth and development, and runs through 2030. With rail operational at this point, there will be opportunities for more significant levels of real estate development in this second cycle compared to the first.

Regional Directions of Growth

The Macon-Atlanta Rail Corridor is Not in a Primary Direction of Growth

Historically, the primary direction of growth in Atlanta has been in the northern quadrant of the region. This has been where the vast majority of employment and household growth has occurred, and particularly the concentration of executive housing. Over the last twenty years, Atlanta has seen significant growth move out the I-75, I-85, and Georgia 400 Corridors to the north. The primary office cores have marched north from Downtown to Buckhead and on to third generation office cores at Cumberland-Galleria and Perimeter Center and fourth generation cores at North Point / Alpharetta. According to the ARC, 70% of the region’s growth over the past two decades has been north of I-20.

The south side of the region has experienced less growth than the favored quarter, particularly growth in regionally-significant places. Over the last decade (since 2000), however, growth on the south side has picked up, with areas south of I-20 capturing 41% of the region’s growth. Areas such as Peachtree City, Newnan, and communities throughout Henry County have experienced tremendous growth in residential, retail, and locally-serving office development. Henry County and the Atlanta airport area have also seen significant growth in industrial development –



particularly warehouse and distribution. With the exception of Peachtree City, the growth has largely followed the interstates south, clustering along I-75, I-575, and I-85. Our corridor, therefore, lies outside the primary direction of growth for the region and outside of the high growth areas within the south side.

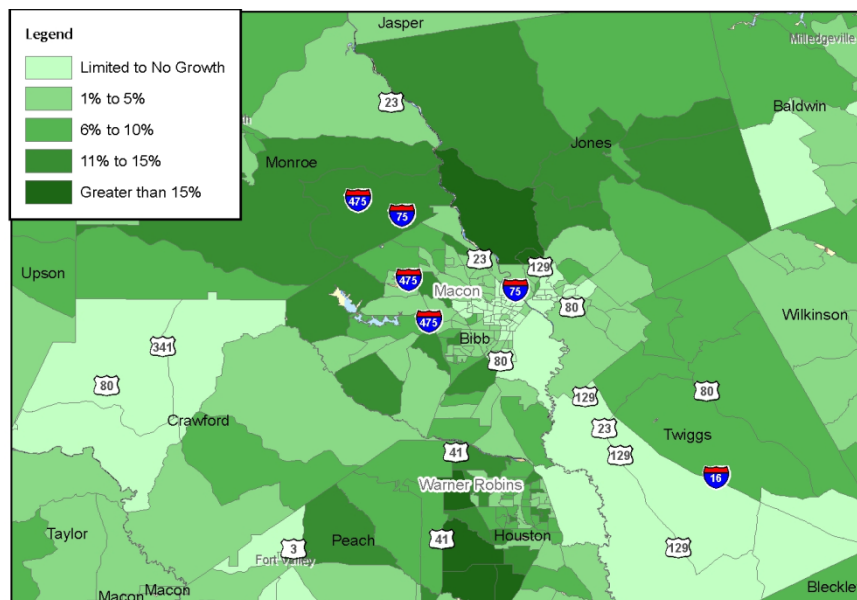
Within our corridor, the most notable area of growth is Henry County which consistently ranks among the fastest growing counties in the country. Based on data from April 1, 2000 through July 1, 2009, Henry County ranks as the 11th fastest growing county in the country and third fastest in the Atlanta region, adding over 76,000 people for a growth rate of 63.7%. Henry County has been and is expected to continue to be the fastest growing market in our corridor. As illustrated in the accompanying chart, when looking at the Atlanta regional counties/ submarkets in the corridor, South Fulton² is the most populous while momentum for growth lies in Henry County. The Atlanta Regional Commission’s household growth forecasts suggest that within the Atlanta (opposed to Macon) portion of the corridor nearly half (49%) of all household growth will occur in Henry County, over a third (36%) in South Fulton, with the balance in Clayton and Spalding Counties.

Figure 2 **ARC Household (HH) Growth Forecasts for Atlanta Portion of Corridor**

	2010-2015	2015-2020	2020-2025	2025-2030	Total 10-30	% of Total
South Fulton	8,031	11,966	14,751	16,734	51,482	36%
Clayton	6,317	2,489	2,250	2,619	13,675	9%
Henry	13,906	16,288	18,146	22,894	71,234	49%
Spalding	1,717	1,869	2,138	2,457	8,181	6%
Total HH	51,482	13,675	71,234	8,181	144,572	100%

Macon is a Smaller, Slower Growth Market that Generally Grows to the North

The Atlanta region, as discussed above, does not include the two southernmost counties in our corridor – Bibb and Monroe – both of which are part of the Macon Metropolitan Statistical Area (MSA). Macon is a distinct market and economy from Atlanta and has its own unique characteristics and directions of growth. As we look at the Macon region, we know that growth has historically been to the north, which is



² For the purpose of this study, South Fulton is defined as ARC Superdistricts Southeast Atlanta, Southwest Atlanta, Shannon, Tri-Cities, South Fulton and is generally the portion of Fulton County south of I-20.

generally positive for development opportunities along the rail line. New and upscale retail, as well as new and higher-end residential development, have occurred in northern Bibb County and into Monroe County. The preceding map estimates household growth rates by census tract over the last five years and illustrates how most of the higher growth areas are to the north. Downtown Macon has seen limited new growth and development but remains an important commercial center for the metro.

It is important to note, however, that Macon overall is a significantly smaller area and growing at a slower pace than Atlanta. Over the last decade, the five-county Macon MSA added, on average, 434 households annually. By way of comparison, that represents less than 1% of the growth experienced during the same time period in the much larger (geographically and statistically) Atlanta MSA. Bibb County, home to the City of Macon, has experienced even slower, though steady growth, adding an average of 69 households annually over the last decade. Monroe County is a much smaller community (Census 2000 estimates placing total households at just over 7,700) but is an example of growth moving north, adding an average of 159 households annually over the last decade.

The “Base Case” scenario assumes growth occurs in each of the counties (or portion of the county in the case of South Fulton) as projected by ARC, Claritas, and/or extrapolated from employment forecasts by Moody’s economy.com. The household growth forecasts for the counties are as follows:

Figure 3 *Total Estimated Households by County on Corridor*

	2010	2015	2020	2025	2030
South Fulton	125,598	133,629	145,595	160,346	177,080
Clayton	97,336	103,653	106,142	108,392	111,011
Henry	65,849	79,755	96,043	114,189	137,083
Spalding	24,130	25,847	27,716	29,854	32,311
Monroe	9,338	10,226	11,295	12,317	13,200
Bibb	60,422	61,085	63,047	64,691	65,574

MACON-ATLANTA CORRIDOR

The station areas selected for further investigation each have their own unique characteristics and drivers of demand for residential and commercial development. The following is a summary of some of the key qualitative factors taken into consideration for the analysis. Moving from the north to the south, they are as follows:

- **Hapeville:** Represents the greatest opportunity for regionally-significant development on the corridor. Demand drivers associated with the airport; proximity to downtown Atlanta; excellent visibility; and the unique opportunity to master-plan a large-scale project are key strengths of this station area. The site lends itself to retail, office, hotel, and some residential. The noise contour lines associated with air traffic limit the opportunity for residential relative to what would otherwise be likely market demand.
 - Historically, the South Atlanta office market has been relatively small, capturing 3.6% of regional office demand, a figure consistent with this submarket’s “fair share”. In recent years, the South Atlanta market has actually fared better, capturing as much as 7% of total demand in some time periods. The unique characteristics created in Hapeville represent an opportunity to capture a significant portion of South Atlanta

- office demand and in the “Upside Potential” scenario, capture demand that otherwise might have gone to other submarkets.
 - Quality, regionally-serving retail remains underserved in this portion of the metro, representing another potentially strong opportunity in Hapeville.
- **Morrow:** The presence of Clayton State University is the key strength of the Morrow station area. Students, faculty and staff can drive demand for both housing and commercial uses which can provide the framework for additional development. This analysis does not assume a dramatic shift in campus plans related to student housing; rather, it conservatively taps into projected growth. There are opportunities for infill residential and commercial development around the station that take advantage of the visibility and convenience of the locations.
 - Clayton County and areas proximate to the Morrow station area continue to struggle with commercial revitalization and residential stabilization, which represent the key market challenges for this station area. There are significant vacancies in nearby retail corridors that contribute to a perception of disinvestment. The foreclosure crisis, and associated drop in home prices, has been pervasive in Clayton County, destabilizing many neighborhoods. In this analysis, we have assumed the introduction of rail can serve as a revitalization tool in Clayton County, spurring new investment and offering real estate products and formats that are currently lacking in the market.
- **Hampton:** Hampton’s key strengths are its location in rapidly growing Henry County and proximity to significant, large-scale land holdings. The dramatic, rapid growth that has occurred in Henry County has not yet been experienced in Hampton. Growth continues to march down I-75. With the introduction of the rail, however, we believe a sizable share of the market could be attracted to Hampton either in more compact development within the station area or in somewhat more conventional master-planned communities located within a mile or two of the station. Hampton, the walkable environment, and the commuter rail, could serve as a desirable alternative to the other portions of Henry County that are auto-dominated and generally lack low-maintenance housing products desirable to singles and couples of all ages, including the local population aging in place (all major market forces driving future housing demand).
 - This analysis has not assumed any demand associated with Atlanta Motor Speedway which could represent upside potential in demand for hotels and commercial retail.
- **Griffin:** Griffin’s greatest strength is the quality and character of its downtown. The bones in terms of the grid and architecture are already in place to build upon for a viable walkable community. New communities, such as Del Webb’s Sun City Peachtree, are evidence of new housing demand in the area as well as the introduction of significant levels of disposable income helping to bolster the downtown. Griffin is a slow growth community and the economy has been hit particularly hard in this downtown. Many businesses have shuttered with no expectation of returning. The potential expansion of the local University of Georgia (UGA) campus and investment in food-based and agricultural science is a potential bright spot on the economic horizon. That, coupled with other economic development initiatives under way could help stabilize and grow the Griffin economy.
 - This analysis has not attempted to quantify the impact of UGA-related investment and expansion, which could represent upside. Further, there are likely opportunities for additional large scale community development (similar to Sun City Peachtree) that would be outside of the downtown but could represent additional new growth in the county and provide additional support for commercial development in the downtown.
- **Forsyth:** The consolidation of the Georgia Department of Corrections and being in the direction of growth for Macon are the strengths of the Forsyth station. With likely support for

a station between Macon and Griffin, Forsyth has these factors in its favor. Even with these factors, it remains a very small market with forecasts projecting moderate growth on an absolute number basis, even though they are impressive on a percentage basis. There will likely be some opportunities to cluster certain types of residential and commercial uses proximate to the station area and create development with a transit orientation.

- **Macon:** Downtown Macon has the benefit of the character, street grid, concentration of existing businesses, cultural assets, and some residential. With that is a relatively strong and improving “sense of place”. There has been and continues to be political support for revitalization in downtown and the introduction of the rail could be a catalytic factor that concentrates and organizes revitalization efforts. As discussed earlier, demographic shifts are increasingly supportive of more compact residential development and given existing and planned improvement efforts, this will be true in Macon.
 - As discussed earlier, Macon is its own unique market, is growing, but at a much slower rate. After 2014, the Macon MSA is anticipated to add just over 1,200 jobs, on average, per year. Macon’s economy is projected to have more sizable job growth next year (2011) and, based on current vacancy rates relative to employment growth, there could be demand for office space as early as 2012. Rail-related development in downtown Macon will not likely occur until the second development cycle, at which point we would anticipate support for 50,000 to 100,000 square feet annually. New office development will contribute to demand for additional residential and commercial retail.

CONCLUSIONS

Based on the macro trends, regional trends, various economic and demographic forecasts, RLCCO consumer research, existing market conditions, and qualitative factors discussed above, RCLCO modeled out the likely demand for residential and commercial development in each of the identified station areas. The estimates, by year and by station area, are detailed in the following exhibits. Below are broad considerations for the corridor overall and a summary of the cumulative estimates over the 2010 – 2030 time period for both the “Base Case” and “Upside Potential” Scenarios.

- For residential product preferences (townhome, flat, small-lot single-family home, large lot single-family home, etc.) we utilized national consumer research on product preferences of those who seek walkable communities and/or those who seek transit. In general, those who want a walkable environment and/or transit have a higher acceptance for more compact products.
- In cases where there is opportunity for multi-story, regionally-serving office, we modeling out office demand and submarket capture based on regional employment growth, historic submarket capture rates, and opportunity for new development based on occupancy trends.
- In other cases, we utilized ratios of local-serving employment growth to household growth and per capita retail demand by category of retail.

Figure 4

Estimated Cumulative Market Demand within the Station Areas

	“Base Case” Scenario (square feet/ housing units)	“Upside Potential” Scenario (square feet/ housing units)
Regional office	2.02 million	2.8 million
Local office	260,000	455,000
Neighborhood retail	1.7 million	2.9 million
Additional regional retail	740,000	930,000
Small lot single-family homes	3,850	7,440
Townhomes/ live-work units	1,760	3,615
Flats (condominiums)	3,800	8,230
Rental apartments	3,120	5,800
Large lot single-family homes	2,200	3,375

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This engagement was conducted by Sarah Kirsch, Senior Principal. If you have any questions regarding the conclusions and recommendations included herein, or wish to learn about other RCLCO advisory services, please call (404) 365-9501.

GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.