

PROPERTY MANAGEMENT ANALYSIS

CORPORATE STRUCTURE

Established

Alliance Residential is a fully-integrated multifamily company focused on the development, acquisition, construction and management of residential and mixed-use communities in the United States. Established in 1997, Alliance was purchased in September 2000. Founding principals include Bruce Ward, Jim Krohn, Jay Hiemenz, John Rippel and Bob Hutt, who have more than 130 years of combined management and development experience.

IREM Designation

Alliance is an Accredited Management Organization through the Institute of Real Estate Management, and many Associates hold real estate licenses and industry designations/certifications – such as Certified Property Manager, Certified Apartment Manager, National Apartment Leasing Professional, Accredited Residential Manager, Certified Public Accountant and Certified Internal Auditor. Specifically, Preston Park Regional Manager Jill Hammond holds an Accredited Residential Manager (ARM) designation and Senior Vice President of West Coast Operations Tracy Brunetti is a Certified Apartment Manager (CAM).

Portfolio Size

Alliance has invested in more than \$3 billion of real estate and manages a \$9 billion portfolio of 267 communities (62,000+ units) nationwide, with a focus toward superior local leadership and a comprehensive national support infrastructure.

Geographic Market

Alliance is one of the largest private U.S. multifamily companies with offices throughout the West, Southwest, South-Central, Southeast, Mid-Atlantic and Northeast.

Top 50 Ranking

According to The National Multi-Housing Council's 2013 NMHC 50 survey results, Alliance is the 10th largest management company in the nation (up five spots since the 2012 rankings were released). We are also ranked as the No. 10 Manager, No. 4 Builder, No. 23 Renovator and No. 46 Owner on the 2012, Multifamily Executive Top 50 and Top 25 lists.

Affordable Communities

Alliance has managed numerous bond-financed and Low-Income Housing Tax Credit (LIHTC) properties over the past 13 years. Most Alliance assets that fall under the affordable housing category are conventional apartment communities that provide a percentage of apartments with an affordable component. Alliance has experience managing affordable components such as income-limit requirements (including very-low, low and moderate), as well as Section 8 and below-market rate programs. Currently, the assets on the following page are within our portfolio and categorized as income-restricted due to tax-exempt bond financing or tax-credit allocation requirements.

PROPERTY NAME	LOCATION	UNITS	PROPERTY NAME	LOCATION	UNITS
Abrams Park	Marina, CA	192	Edgewood Park	Milledgeville, GA	61
Broadstone New Territory II	Sugarland, TX	248	Groewood Park	Lithonia, GA	120
Broadstone Rivers Edge	Lake Elsinore, CA	184	Highland Court	Kennesaw, GA	122
Broadstone Stone Park I and II	Houston, TX	552	Laurelwood Park	High Point, NC	100
Corte Madera	Camarillo, CA	160	Maplewood Park	Union City, GA	110
Courtyards at 65th Street	Emeryville, CA	331	Meadowood Park	Dublin, GA	80
Eleven 950	Los Angeles, CA	91	Millwood Park	Douglasville, GA	172
Imperia at NoHo	North Hollywood, CA	103	Orchard Brook	Gainesville, GA	115
Kensington	Sacramento, CA	301	Orchard Cove	Covington, GA	188
Milano at NoHo	North Hollywood, CA	182	Orchard Lane	Mableton, GA	137
Preston Park	Marina, CA	352	Orchard Springs	Fairburn, GA	220
Harbor Park	Vallejo, CA	178	Orchard Walk	Decatur, GA	204
Stanford West	Palo Alto, CA	628	Princeton Court	College Park, GA	116
Ticino at NoHo	North Hollywood, CA	103	Riverview Park	Atlanta, GA	220
Trellis Square	Sunnyvale, CA	204	Riverwood Park	Rome, GA	120
Vaseo	Phoenix, AZ	1,222	Rosewood Park	Austell, GA	150
Arborwood Park	Rock Hill, SC	106	Tanglewood Park	Lawrenceville, GA	130
Baywood Park	Morrow, GA	120	Vineyards of Browns Mill	Atlanta, GA	210
Brookside Park	Atlanta, GA	200	Wedgewood Park	Martinez, GA	200
Crestwood Park	Marietta, GA	60	Westchase Park	Atlanta, GA	224
Dogwood Park	Athens, GA	127			

Human Resources

From recruiting to payroll, benefits and more, the Alliance People Office proactively partners with our managers and their teams to provide programs and services that create a work environment of empowerment, involvement and achievement. The People Office supports:

- MyAlliance/ADP portal
- Competitive pay and performance-based bonus structure
- Pre-hire assessments, interviewing and background checks
- Medical/health insurance plans
- Vacation and sick-leave accruals
- 401(k) administration and matching program
- Health billing claim issues
- Worker's compensation claim analysis and reporting
- FMLA and COBR A administration
- Legal compliance and investigation/mediation
- Associate discount programs with multiple vendors
- Tuition reimbursement
- Employee assistance programs (counseling and estate planning)

Accounting

Working with our clients as strategic partners, the accounting department's first job is to understand our clients' financial objectives, then offer services and solutions to satisfy those needs and ensure their asset is financially successful.

- Property Accountants prepare and analyze monthly operating reports, in conjunction with the Regional Manager and Business Manager. Operating statements and variance reports are approved by the Regional Manager and Asset Manager, and a monthly reporting package is submitted to the ownership.
- We are focused on the timely delivery and complete accuracy of our materials.
- All financial reporting is client-driven – we customize our reporting package and timeline to best suit the needs of the ownership and the asset.
- Our Property Accountants handle six to eight communities based on the complexity of financial reporting, to ensure clients have access to a single point of contact for accounting-related matters.
- Alliance maintains a strong system of internal governance and controls, and performs internal/external audits for both on-site and corporate accounting associates.
- We have implemented the "P-Card" in lieu of petty cash to enhance tracking/accountability of funds.

Information Management

Alliance focuses on integrating and upgrading technology. We are committed to aggressively consolidating, streamlining and standardizing our operations.

- A variety of applications are maintained to enhance reporting insight and increase property productivity.
- Alliance support staff is readily available via phone or e-mail for troubleshooting and general assistance, so that we can quickly identify problems and reduce downtime for on-site associates.
- Alliance currently uses Yardi's Internet-based Voyager application, which: Provides clients with 24/7 access to real-time data at the property and corporate accounting levels; and features a variety of specialized reporting, reforecasting and budgeting capabilities to help managers oversee their communities more effectively.

PRESTON PARK MARKETING

Strategic marketing for the community continues to be a priority for the management team. The in-place marketing strategy includes a combination of free online rental sites as well as a pay-per-referral program. Resident relations efforts include community functions and giveaway events. Monthly resident newsletters and as-needed informational email blasts are distributed, and the management team maintains a property Facebook page to keep residents up-to-date on what is happening at the community and on a local scale. The leasing office also provides refreshments to visiting prospects and residents.

PRESTON PARK 3-YEAR REVIEW

Occupancy

Occupancy has consistently remained above 98 percent since July 2009, and the community has achieved a \$350-\$450 per month increase in rental rates for new move-ins as compared to current long-term occupant rental rates. The below-market rental program continues to supply 51 affordable housing units, and 35 homes are currently part of the Housing Authority program.

Revenues

Revenue has grown year-over-year since 2008, meeting or exceeding owner distribution expectations. Owner-approved rent increases are capped at a maximum three percent once per fiscal year.

Audits

In addition to the completion and review of monthly financial statements, Regional Managers (RMs) visit properties a minimum of four times per month to maximize site performance per standard Alliance procedure. During these visits, the RM completes an audit checklist focusing on site compliance, and performs a financial review and property inspection. In addition, the RM analyzes leasing and marketing trends, resident retention and current market conditions that effect pricing on a weekly and/or as-needed basis to ensure the property is meeting or exceeding its goals. Vice Presidents also visit each site quarterly, review weekly leasing performance and make recommendations as needed. Meanwhile, the Director of Facilities (DOF) is responsible for conducting routine property inspections. This critical role ensures our properties are operating at peak levels and maintaining compliance with policies and procedures. Findings from these regular internal and external audits indicate the on-site team is operating the community within expected guidelines and maintaining records in a comprehensive and efficient manner.

Survey Results

Alliance has partnered with Kingsley Associates to develop a strategic survey program to gain superior knowledge of our residents' needs and demands. Surveys are conducted during key phases of a residents' life cycle (initial impressions, move-in experience, living experience and service requests). The information gathered allows us to derive clear action items – this means our communities are better able to prioritize capital expenditures, bolster marketing campaigns and increase portfolio occupancy. Our Business Managers also have access to real-time responses via Kingsley's dashboard and a comprehensive quarterly report of key data points. Attached are two of Preston Park's most recent quarterly reports relating to each survey phase.

PRESTON PARK STAFFING

Staffing in the leasing office consists of a Business Manager, Assistant Manager, three Leasing Associates, and a newly created position for Project Manager. Maintenance staff includes a Service Supervisor, Assistant Supervisor, three Service Technicians and three Porters/Groundskeepers. Staffing costs are currently split between Preston Park (60 percent) and Abrams Park (40 percent).

Training

We value professional development and education, and want to make training as easy and convenient as possible for our associates by providing learning paths that help them achieve their career goals. Thus, we take a proactive approach with clearly defined goals for associates to be best-in-class industry leaders, complemented by cutting-edge technology and innovation to succeed. As part of this, our state-of-the-art training program, Alliance University, is housed on an easily accessible online platform with more 300 courses – Alliance is one of the only multifamily companies that uses a learning management platform. The on-boarding curriculum is based upon hire date – associates are automatically populated into our learning management system, which allows for simplified registration, enrollment and certification processes for both instructor-led and on-demand courses. Associates can view their transcripts, certifications and completed training at any time, as well as manage their training requirements and schedules.

PROPERTY RENOVATION

Created to enhance capital project capabilities, renovation capacity and maintenance operation, Alliance's asset engineering department delivers key experience and innovative construction management solutions to our clients.

Our team critically assesses re-development improvements for the target market to ensure long-term benefits to the community while enhancing asset value, and ensuring protection and maintenance of existing entitlements and permits. Our dedicated Project Managers focus solely on capital renovation projects for both new and existing investments, supported by a staff of project coordinators and contract administrators. On behalf of our investors and clients, we have completed approximately 120 renovation, rehabilitation and upgrade projects, totaling more than \$115 million in capital improvement costs. With regard to Preston Park, the Alliance management team has proactively identified and resolved safety issues relating to emergency situations that have arisen over the previous year. FORA has quickly responded to requests for service and approved projects such as community-wide electrical upgrades, re-sealing for oven vents, termite inspection and remediation, attic safety inspections and repairs, and a 2013/2014 property assessment. Pending capital projects include community painting, roof and flashing replacement, window/door replacements, concrete grinding, street seal-coating and installation of fire extinguishers.

Buying Power

Clients realize pricing discounts on everyday goods and services as a result of Alliance's portfolio and industry relationships. These national accounts and purchasing programs are directed through the Asset Engineering department. National accounts are created only if the vendor/supplier is able to provide a preferred pricing structure – not a rebate program – and can offer additional training/development for on-site associates. To ensure competitive regional and national pricing, Alliance rebids all services annually and updates the approved vendor listings accordingly. Currently, we have national pricing contracts with:

- Paint and paint sundries: Sherwin-Williams, Comex, Dunn-Edwards
- Replacement appliances and appliance repair parts: General Electric, Whirlpool
- National disaster response: Belfor
- MRO parts and supplies: HD Supply, Wilmar