145 ST. PHILIP STREET

A DORMITORY/OFFICE DEVELOPMENT ANALYSIS

by
Samuel Moore

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Executive Summary

The purpose of this evaluation is to analyze the feasibility of a multi-use project containing a thirty-two room private dormitory and 3,500 SF of office space located at 145 St. Phillip Street in Charleston, SC. This property, which is currently improved by a three story, 14,400 SF structure, was initially purchased with the intention that, upon renovation, the College of Charleston would lease the entire property to house undergraduate students. Since this intended use did not come to fruition, the current property owner is interested in exploring the possibility of a private dormitory meant to serve the graduate and undergraduate students at the Medical University of South Carolina. In this scenario, the dormitory would contain thirty-two rooms on the second and third floors and include 3,500 SF of office space on the first floor.

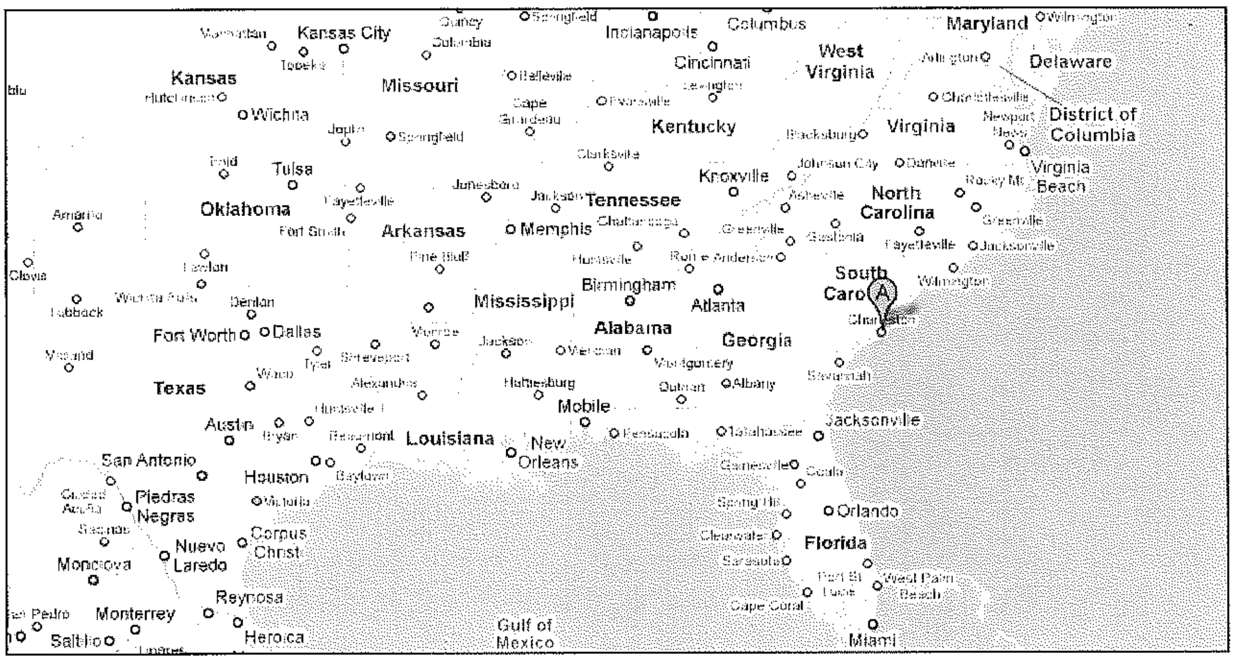

Figure 1: Charleston Locator Map[1]

The property background and the circumstances leading up to the current owner's predicament are outlined and play a role in potential future redevelopment incentives, such as potential Federal and State Historic Tax Credits.

A site analysis of the property is conducted to give a clear understanding of the property location, its zoning and use capabilities, neighboring zoning and uses, proximity to certain locations of interest, as well as demographic information.

An important aspect of this project is the quality of its renovation and its ability to offer something that current market rate housing in the area does not. An analysis of the development budget as well as identifying important aspects of the redevelopment will give better insight into the project's overall costs as well as its ability to distinguish itself.

Figure 2: Current Site Conditions

A market feasibility study will be performed to better understand the project's viability as well as to ascertain certain key inputs, which will be utilized in the financial model. As this project is a private dormitory with a captive audience, it is not specifically a market product. That being said, the project will potentially be in competition with market rate housing as well as office, so it is important to fully understand both markets.

The financial analysis will evaluate the project's economic feasibility. Each line item and assumption in the cash flow projections will be fully analyzed and substantiated. In addition, recommendations and conclusions will be drawn from the financial analysis, which will determine the value of the property as defined by this particular use. An alternate use scenario will be evaluated as well.

Background Summary

Beginning in the 1830's, the 145 St. Phillip Street property was historically occupied by what was known as the Beth Israel Synagogue, having undergone augmentation in the 1880's, and remaining in that configuration until it was sold to the Temple Association in 1951.[2]

In the early 1960's, the Temple Association commissioned a much larger extension to the front of the existing historic structure. The extension was designed by Constantine and Constantine and built by nationally noteworthy contractor H.A. Decosta.[2]

After nearly sixty years of ownership, the Temple Association found itself in a precarious financial position and was forced to sell the 145 Saint Philip Street property under distress.[3] Jeff Roberts, operating as 145 St Philip Street, LLC purchased the property on March 31, 2009 for $1,325,000.[4]

Having had some success in working with the College of Charleston in the past, Mr. Roberts perceived that the right use for this project might be a dormitory for the school. Due to its historic use and a relationship with the Jewish Studies Department at the College, a plan was devised to provide a dormitory with a kosher kitchen, which would accommodate underclassmen with certain religious based dietary needs. Per a tentative agreement, once renovated, the school would lease the property from 145 St. Philip Street, LLC for an initial term of ten years.[3]

After a fairly long and intense special exception process with the City of Charleston, the property received an alternate use of dormitory with a maximum density of 38 units, cafeteria, and associated office space. The zoning and the special exception will be discussed in further detail in later sections. Unfortunately for Mr. Roberts, the Jewish Studies Department pulled out of the potential deal in April of 2010 and left him to find another use or user for his property.[3]

Site Analysis

The subject property is located at 145 St. Philip Street in Charleston, SC (TMS#460-120-3009). This .42 acre site is nestled in the heart of the Charleston Peninsula, one street off of King Street, within short walking distance to the main shopping areas, local restaurants and all that the City of Charleston has to offer. Current site improvements include a 14,400 SF building with 12 onsite parking spaces. The existing structure has three floors, all of which are served by a stairway and a single elevator. The site is owned by Jeffrey Roberts and is currently vacant.

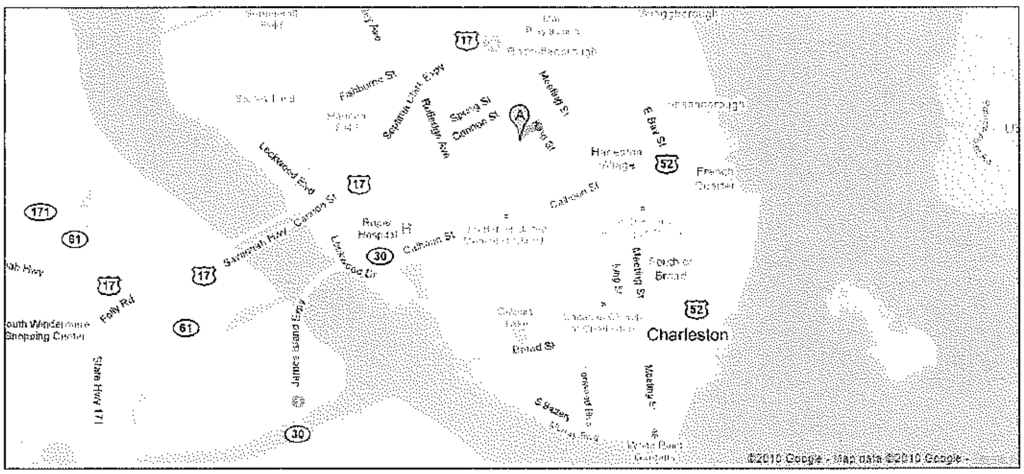

Figure 3: Map of Charleston Peninsula[1]

The zoning classification is DR-2, which is Diverse Residential 2. This zoning designation calls for residential densities of 26.4 units per acre or potential special exception uses of fraternity house, sorority house, dormitory, or homes for the elderly.4 On August 14, 2009, the property received a special exception use variance for a 38 room dormitory, cafeteria, and additional office use.[5]

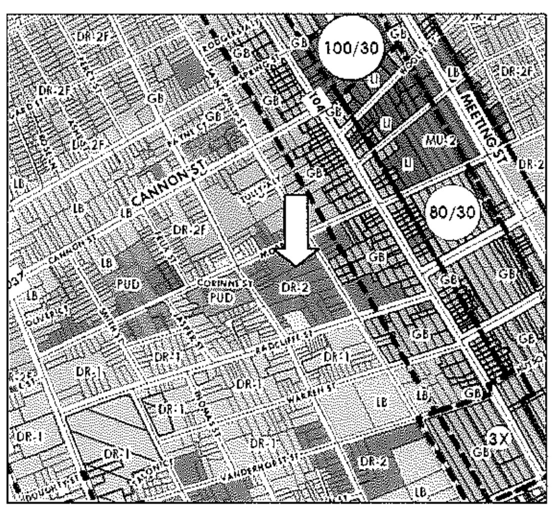

Figure 4: Zoning Map of Charleston[6]

Site Analysis

The neighboring properties to the north and the south are both owned by the same owner. These properties are known as the Coker properties, which are owned by the Baptist Church and are currently home to low income housing units. The subject property is surrounded by a four foot brick wall, which provides a good barrier between neighboring uses. Across St. Philip Street, there a number of single family homes to the northeast and the rear parking lot to a GB or General Business zoning designation area.

The site is also located within close walking distance to a number of higher learning institutions.

- The Medical University of South Carolina-.5 miles
- College of Charleston-.5 miles
- Charleston School of Law-.2 miles
- Marion Square (Center of Town)-.4 miles

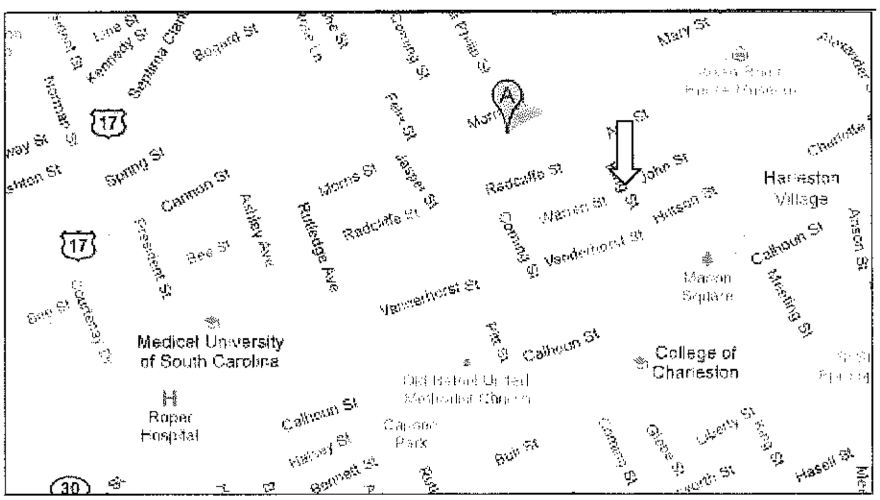

Figure 5: Map of Site and Surrounding Areas of Importance[1]

The site is located within the Radcliffeborough neighborhood. What was once the fringe part of downtown has now become one of the more desirable neighborhoods in the city. The "Upper King Street" area shown by the arrow in Figure 5 has been deemed the arts and design district of Charleston, and as such has become home to some of Charleston's best shopping, restaurants, and nightlife and "the place to be". The transition in the area has brought new real estate investment of $400 million to the upper King Street area as well as brought on a shift in demographics.[7]

The radius ring map shows the relatively small size of the Charleston peninsula, and the three rings are good indicators of the Charleston market. In looking at the demographics below, it is important to remember that the last census data was obtained in 2000, and data from the 2010 census is not yet available. As a result, much of the 2010 data are projections, which utilitze the 2000 data. It is reasonable that the demographics in these areas which have have experienced serious change and gentrification during that ten year period may not accurately refelct the current status.

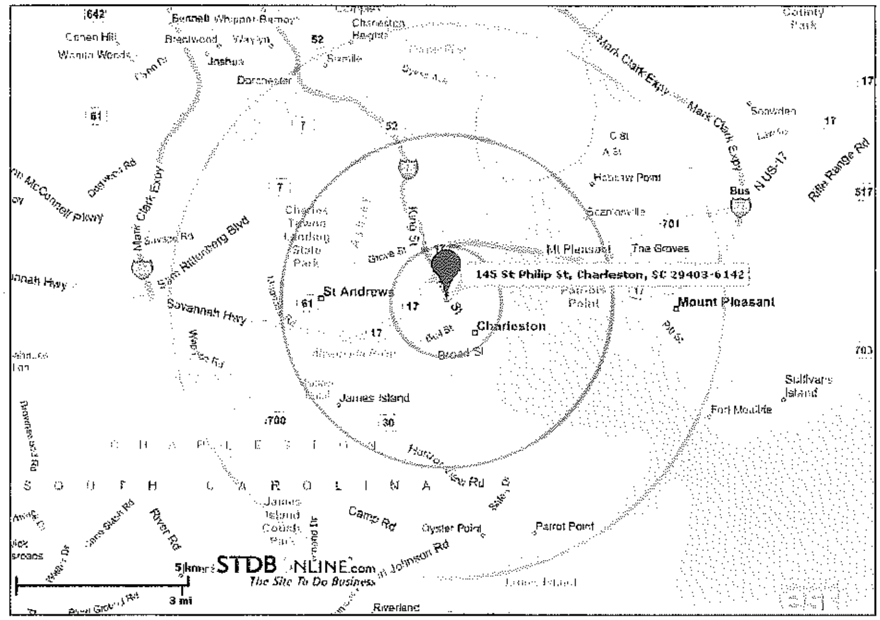

Figure 6: 1-mile, 3-mile, 5mile, Radius Ring Map[8]

	1 mile radius	3 miles radius	5 miles radius
2010 Population			
Total Population	22,759	46,190	123,667
Male Population	45.3%	47.7%	47.9%
Female Population	54.7%	52.3%	52.1%
Median Age	27.1	31.9	36.9
2010 Income			
Median HH Income	$22,140	$35,467	$46,657
Per Capita Income	$18,829	$25,075	$26,444
Average HH Income	$42,234	$57,182	$61,479
2010 Households			
Total Households	9,566	19,641	51,740
Average Household Size	2.06	2.09	2.24
2010 Housing			
Owner Occupied Housing Units	20.7%	32.4%	45.2%
Renter Occupied Housing Units	54.3%	46.1%	39.3%
Vacant Housing Units	25.0%	21.4%	15.5%
Population			
1990 Population	23,974	48,282	125,949
2000 Population	22,486	45,528	117,101
2010 Population	22,759	46,190	123,667
2015 Population	23,095	47,027	128,201
1990-2000 Annual Rate	-0.64%	-0.59%	-0.73%
2000-2010 Annual Rate	0.12%	0.14%	0.53%
2010-2015 Annual Rate	0.29%	0.36%	0.72%

In the identified market area, the current year population is 123,667. In 2000, the Census count in the market area was 117,101. The rate of change since 2000 was 0.53 percent annually. The five-year projection for the population in the market area is 128,201, representing a change of 0.72 percent annually from 2010 to 2015. Currently, the population is 47.9 percent male and 52.1 percent female

Figure 7: Demographic Snapshot[8]

Project Analysis

The property is currently improved with a three story, 14,400 SF structure and 12 parking places. The rear portion of building is the older section, which is stick-built, and per City of Charleston preservation ordinances must remain in similar character. The front and majority portion of the building, which is masonry, is not subject to specific guidelines, and due to its high quality of construction will provide a good foundation for a quality renovation.[2]

In order to attract graduate and undergraduate students from MUSC and potentially other institutions, the quality of renovation will have to be extremely high and certain amenities, which cannot be found at most other housing options must be included. In speaking with the asset management division of Education Realty Trust, students are seeking nicer facilities with a host of amenities and common space.[9] The dormitory will provide a place for like-minded individuals seeking higher education to live amongst their peers in a high quality, state-of-the art building.

General Building

The entire building will receive a high quality retro-fit/renovation to comply with B.A.R. requirements and meet LEED certification standards. The building renovation will include impact resistant fenestration in the front portion of the building, historic wood replacement windows for the rear, new stucco and porch cover, metal roof throughout, elevator car upgrade, circulation lobbies to have ceramic flooring, sprinkler system for the entire building, cat 5 computer wiring, fire alarm system, and security access system.[2]

Figure 8: Existing Conditions

Figure 9: Rendering of Proposed Improvements[2]

Historic Rear Portion

The historic rear portion will receive special attention to detail due to its historic nature. This particular section will include, restored piazzas, historically appropriate wood doors, wood windows and lighting. Existing hardwood floor will be sanded and refinished; all doors will be solid wood; high quality plumbing fixtures and ceramic tile in the bathrooms.[2]

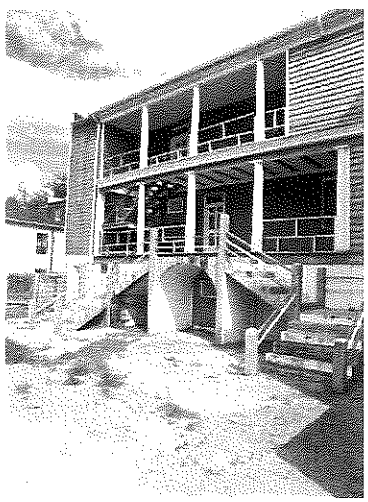

Figure 10: Existing Rear Portion

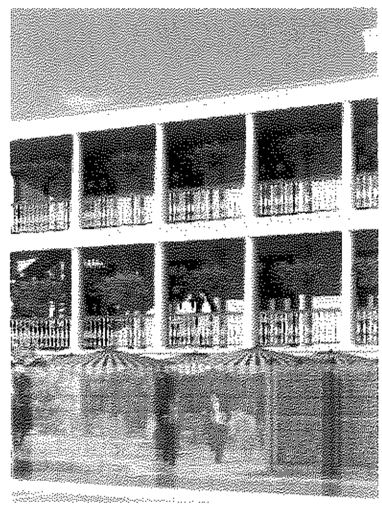

Figure 11: Rendering of Proposed Improvements[2]

First Floor

The 3,500 SF on the first floor dedicated to office will have pre-finished hardwood floors and hard (drywall ceilings); the bathrooms will include ceramic tile and have high-quality plumbing fixtures. This area will include the portion on the plans below labeled as Flexible Office/Consulting Space, the area labeled Kitchen, which will now be more office and the bathrooms, which will serve the office space. The rear portion of the bottom floor which is currently labeled Dining/Social/Meeting Hall will be a laundry room and additional storage serving the dormitory units. Multiple windows will be cut in the front, non-historic portion of the building to provide ample light to first floor office space.

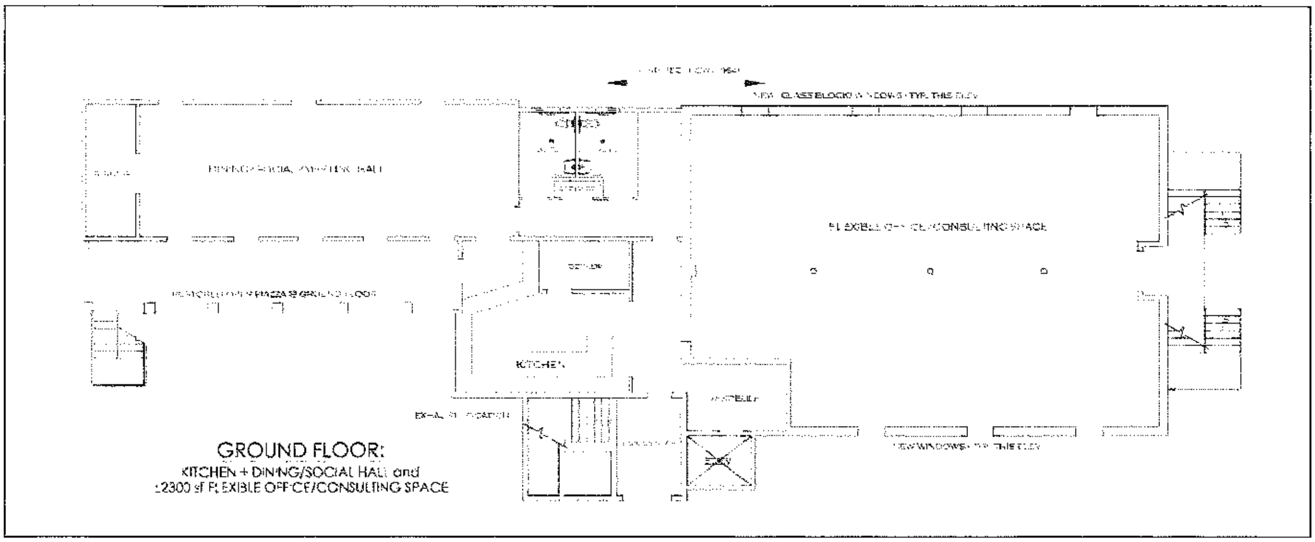

Figure 12: First Floor Plan[2]

Figure 13: Existing First Floor Conditions

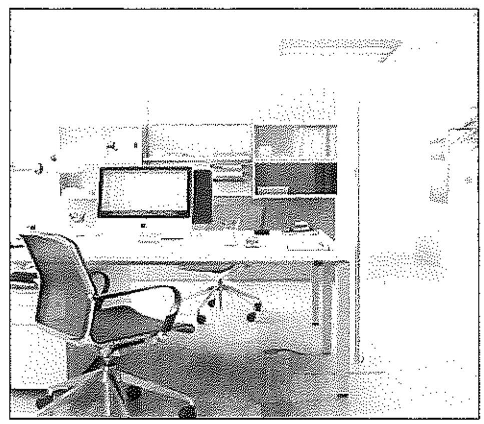

Figure 14: First Floor Concept[10]

Second & Third Floors

The second and third floors will have identical floorplans. Each floor will contain sixteen (16) single dormitory rooms for a total of thirty-two (32) rooms with an average size of 160 SF per room. Fourteen (14) of the rooms on each floor will share bathrooms while two (2) of the rooms on each floor will be larger and have private bathrooms for a total of 9 bathrooms per floor. Each floor will have access to the piazzas while two (2) rooms on each floor will have direct access to the same. The dormitory rooms will be comprised of pre-finished wood floors, hard ceiling, built-in closets, individually controlled HVAC units, ceramic bathroom tile, and high quality plumbing fixtures. The area on each floor currently marked Lounge will be replaced with a small common kitchen.

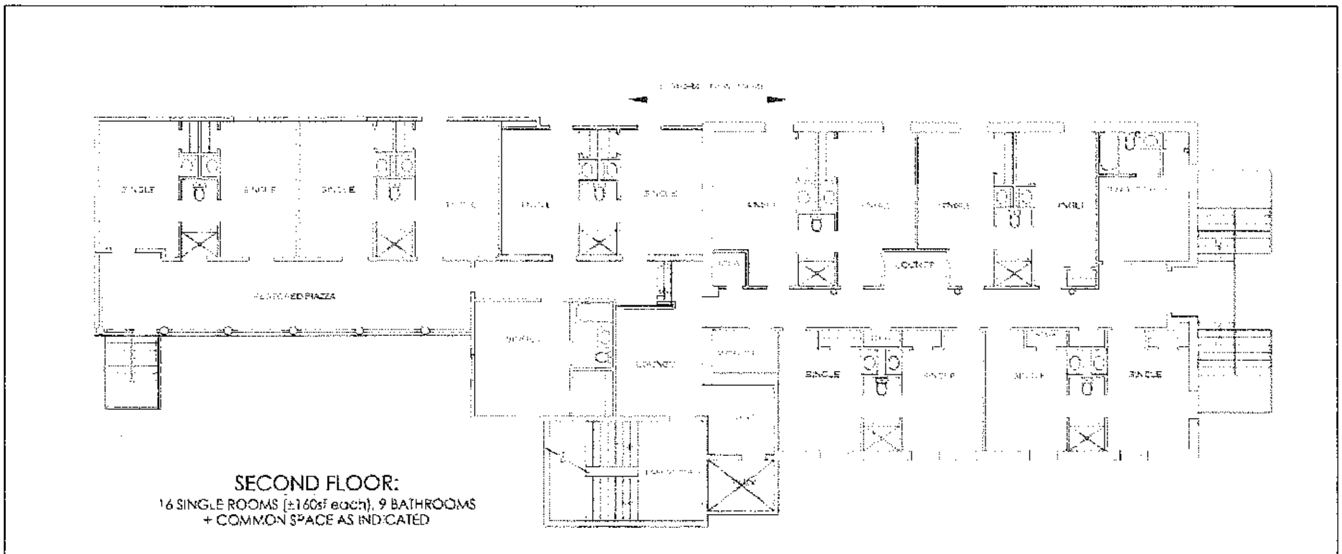

Figure 15: Second and Third Floor Plan[2]

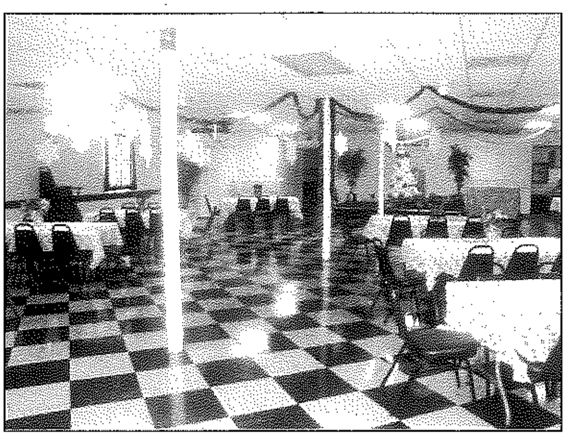
Figure 16: Current Conditions

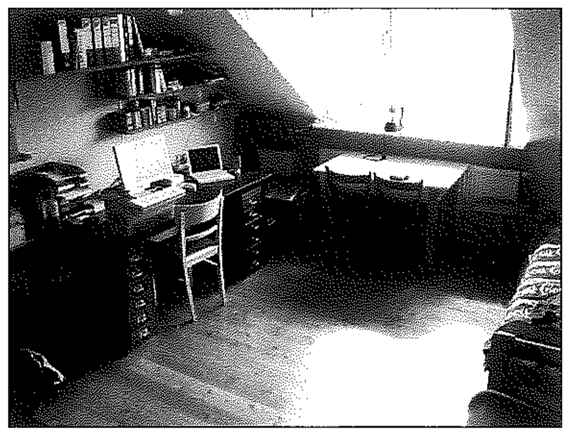
Figure 17: Dorm Room Concept[11]

LEED Status

Certain aspects of the renovation will be carried out as to meet LEED certification. It is the opinion of the architect, Julia Martin, that either the level of LEED Certified or LEED Silver is achievable and most advantageous to the property. A LEED consultant would be hired to ensure that LEED status is achieved, but per the architect, Julia F. Martin, the following items would be taken into consideration. The site would likely achieve points for site sustainability due to its urban location and the nature of the renovation. The front parking lot will utilize permeable pavers and provide easy pedestrian access and ample bicycle racks. The rear and side courtyard will have twenty-four inch pavers and sensitive landscaping throughout; rainwater will be harvested for irrigation purposes. Additional potential LEED elements to be considered will be a vegetated green wall, recycling support, low/no-voc paints and finishes, potential solar collectors to help heat hot water. Per the architect, it is her experience that LEED certification normally results in a 5% increase in building costs, which are usually more than recovered in expense reduction, as well as the increase in marketability.[2]

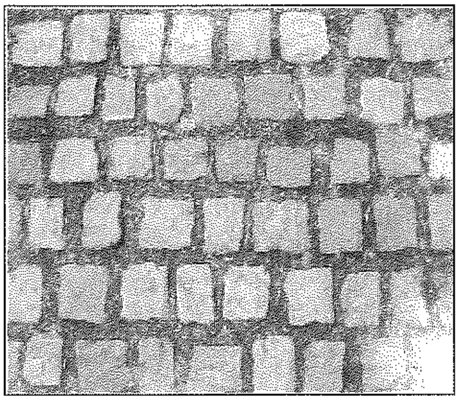

Figure 18: Paver Example[2]

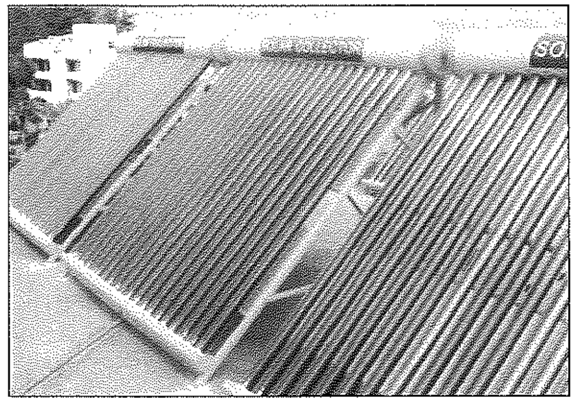

Figure 19: Solar Panel Example[2]

Amenities

The most important amenity provided by this renovation will be the large amount of outdoor space that the will be provided to its users. The large piazzas, the landscaped courtyard, and the addition of a large rooftop deck space will prove invaluable qualities when it comes to marketing the building. The renovated building will include three large piazzas, approximately 40'x 15' each. All residents will have access to the piazzas while a few residents will have direct access. The courtyard, which will be located at the rear of the property and face the open piazzas, will provide much needed green space as well as a ground level gathering place. The rooftop deck, which will be situated on the front of the building above the masonry portion, will include a hardwood deck, lounge chair tables, umbrellas, and heaters for the winter season.

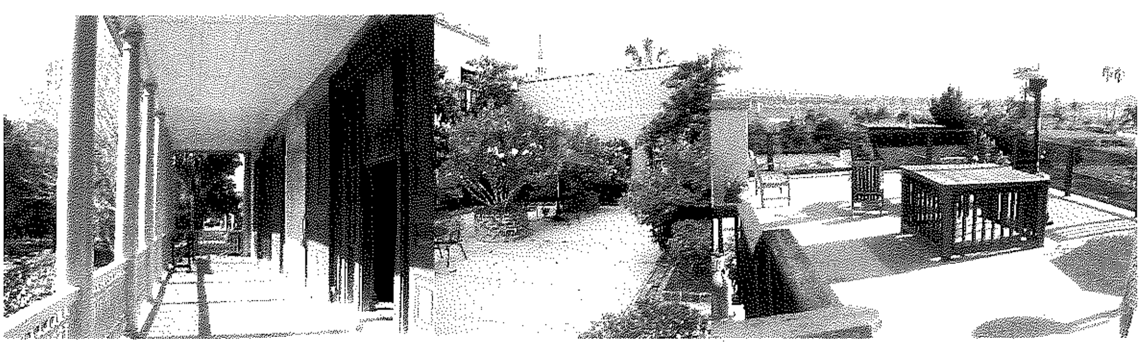

Figure 20: Conceptual Piazza[12], Courtyard[13], and Rooftop Deck [14]

Project Costs

The expense of the renovation from this point moving forward will consists mainly of hard costs. A good portion of the soft costs have already been expeneded leaving approximately $130,000 remaining in soft costs in order to take the renovation to fruition.

By utilizing previous estimates from Cox Schepp Construction and speaking with its principals, it is the belief that the building could be completely renovated for a cost of $1,250,000 or a price of 86.80/SF, which number includes future soft costs estimates.[3] This number includes a 5% hard cost contingency. The most recent hard costs estimate by Cox Schepp was submitted on November 24, 2009 for the amount of $1,300,000. This estimate has gone down to roughly $1,150,000 for a couple of reasons. First, the initial plans included a full commercial kitchen and dining area on the first floor, and as mentioned previously, this will now be shell office space. Second, the price of construction has gone down and Cox Schepp will perform the work for slightly less.[3]

Per Julia Martin, the structural integrity of the building is sound, but as would be imagined the current MEP along with certain design changes and finishes are where the majority of the renovation expense will lie.[2] For example, plumbing is $115,000, HVAC is $142,000 and Electrical is $120,000. In addition, $44,000 is estimated for site work, $63,000 for millwork, $55,000 for windows, and $100,000 for drywall and $65,000 for fire protection. See Appendix-1, page 15 for a full hard cost and soft cost breakdown on the all cash scenario and Appendix-2, page 16 for a full breakdown when debt is utilized. These two breakdowns only differ slighly in that the soft costs in the debt scenario a slighly higher, because some development operating expenses are included in the loan.

Market Feasibility

Section 1	Defining the Study Area
Section 2	Defining the Goal of the Market Analysis
Section 3	Dormitory
Section 4	Office

1. Define the Study Area

The study area is loosely defined as the Charleston, SC market. This market generally includes the Charleston Peninsula, Mount Pleasant, Sullivan's Island, Isle of Palms, James Island, Johns Island, West Ashley, North Charleston, and Hannahan submarkets. For the purposes of this market study, the market will be more narrowly defined.

2. Defining the Goal of the Market Analysis

The purpose of this analysis is to determine and lend insight into the viability of a thirty-two room private dormitory with adjoining flex office to be located at 145 St. Philip Street in Charleston, SC. The dormitory will be constructed to exclusively serve the Medical University of South Carolina (MUSC). As such, the entire demand for the dormitory units will be generated by the University's undergraduate and graduate students. Since MUSC will be referring students to the dormitory, in an effort to assist its students in finding housing, but not making dormitory living a requirement, it will be important to analyze the current supply and comparables in the area as to understand the rates for dormitory living in Charleston. Information on MUSC itself will be important for understanding the potential demand generated. The dormitories in the analysis will be leased on an annual basis. Per the asset management group at Education Realty Trust, the majority of private dormitories are open year round and sign annual leases.[9]

Negotiations are currently underway to enter into a lease agreement with MUSC for the 3,500 SF of office space, but in the event that this does not come to fruition, the space will be put on the market, so it is will be necessary to determine potential demand, as well as understand the current supply in the market. The end goal will be to determine a feasible lease rate, lease structure and appropriate absorption time.

3. Dormitory

Market Delineation

In order to better analyze the competition of market rate housing, it is helpful to further specify and delineate the primary market. In this scenario, since demand is entirely generated by the University, this will be the primary market for comparable properties. For the purposes of this market study, the primary market for housing will be determined as the Charleston Peninsula: South to the water; West to Lockwood Drive; East to the water & Morrison Drive; North to the intersection of I-26 and Morrison Drive (as outlined in red). The comparables for the subject property will be drawn from the primary market area.

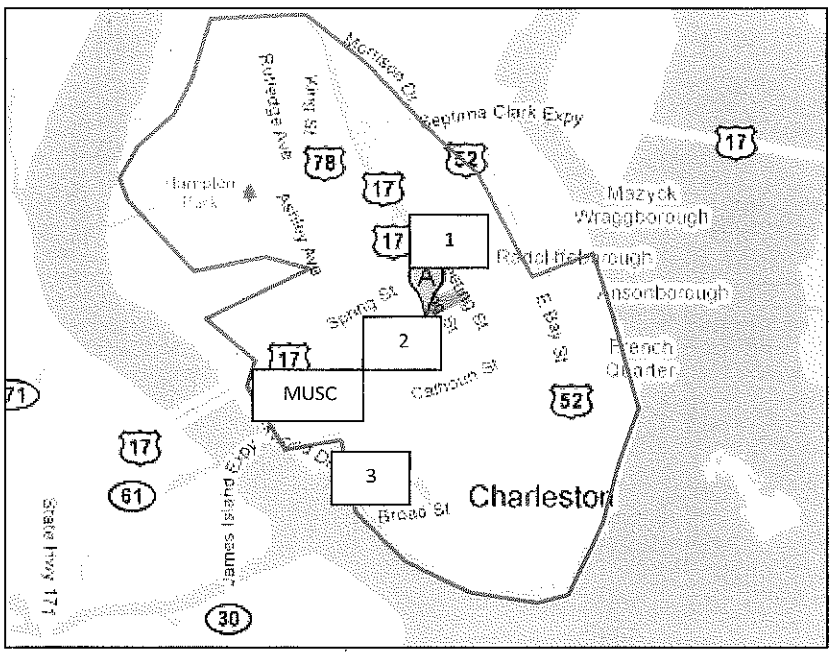

Figure 21: Market Area & Comparable Map[1]

Comparables

Three multifamily projects within the primary area have been chosen to use as rental comparables for the subject project, of which information below was pulled from a REIS Market Study.[15]

1. The Courtyards
2. Radcliffe House
3. Sergeant Jasper

1				
Name	The Courtyards		Current Asking Rent/Unit	$862.00
Address	411 Meeting St		Current Vacancy Rate	14.5%
City	Charleston		Distance from Subject (miles)	0.24
State	SC		Property Size (Units)	159
ZIP	29403		Floors	2
County	Charleston		Year Built	1984
Submarket	Hanahan/North Charleston		Class	A
			Data As Of	3/31/10

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	$737.00	$900.00	$1,073.00	N/A
Unit Size (SF)	462	651	830	N/A
Current Asking Rent/SF	$1.60	$1.38	$1.29	N/A

Figure 22: REIS Table-Courtyards[15]

2				
Name	Radcliffe House		Current Asking Rent/Unit	$708.00
Address	61 Vanderhorst St		Current Vacancy Rate	1.9%
City	Charleston		Distance from Subject (miles)	0.25
State	SC		Property Size (Units)	53
ZIP	29403		Floors	2
County	Charleston		Year Built	1940
Submarket	Hanahan/North Charleston		Class	BC
			Data As Of	3/31/10

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	$638.00	$738.00	N/A	N/A
Unit Size (SF)	467	624	N/A	N/A
Current Asking Rent/SF	$1.37	$1.18	N/A	N/A

Figure 23: REIS Table-Radcliffe House[15]

3				
Name	Sergeant Jasper Apts		Current Asking Rent/Unit	$797.00
Address	310 Broad St		Current Vacancy Rate	5.0%
City	Charleston		Distance from Subject (miles)	0.95
State	SC		Property Size (Units)	218
ZIP	29401		Floors	14
County	Charleston		Year Built	1948
Submarket	Hanahan/North Charleston		Class	A
			Data As Of	3/31/10

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	$705.00	$795.00	$1,005.00	N/A
Unit Size (SF)	400	520	816	N/A
Current Asking Rent/SF	$1.76	$1.53	$1.23	N/A

Figure 24: REIS Table-Sergeant Jasper[15]

In order to utilize the data above to derive an appropriate rental rate for the dormitory units, it is helpful to complete an adjustment chart for the comparable properties. Five main characteristics were evaluated when it came to adjusting the rental rates.

- Utilities
- Age/Quality/Condition
- Location
- Average Size
- Quality of Amenity Offerings

Comparable Property	1	2	3
Age			
Completion/Renovation Date	1984	1940	1948
Units			
Studio	462	467	400
Average Monthly Effective Rent Range			
Studio	$737	$638	$705
ADJUSTMENTS			
Utilities, Cable & Internet	$130	$100	$30
Age/Quality/Condition	10%	25%	15%
Location	0%	0%	0%
Average Size (Units)	-30%	-30%	-25%
Quality of Amenity Offerings	5%	10%	10%
Total Adjustments	-15%	5%	0%
Adjusted Average Monthly Rent/Bedroom	$756	$770	$735

Figure 25: Comparable Adjustment Chart

Since the dormitory property will include all utilities, cable and internet, it was important to first adjust the apartment comparables accordingly. The rent for Comparable 1 does not include any electricity, cable or water, so the price was adjusted up $130. Per the property manager at Comparable 1, utilities on average for studio apartment are $100 per month ($70 for electricity, $30 for water & sewer).[16] In addition, since the dormitory will also include cable and internet services, each comparable was adjusted accordingly by $30 per month, the budgeted cost for monthly cable and internet at the dormitory. Per the leasing manager at comparable 2, water is included in the rent, so Comparable 2 was adjusted up $100 for electricity, cable & internet.[17] Per the leasing manager at

Comparable 3 electricity and water are included in the rent, so only $30 was added for cable and internet.[18]

The age/quality/condition was adjusted according to age as well as to reflect recent renovations. Each property was adjusted upward a certain amount to reflect these differences. No adjustments were given for location. Major deductions were given for the average size adjustment. As mentioned in previous sections, the average size of the dormitory units is approximately 160 SF while the average size of the comparable units is 443 SF. Additions were made to each of the comparables for amenity offerings since the subject project will possess more enhanced amenities than any of the comparable properties.

In addition to showing multifamily options, it will be helpful to understand what the College of Charleston is currently charging for its dormitory rooms. The table below gives a list of student housing options and the dorms fees for 2010-2011.

Residence Hall	Standard Rate* per year	Private Rate** per year
Craig Hall and Union	$5204	NA
Buist Rivers (Honors Program)	$5204	NA
College Lodge	$5204	NA
Berry Hall	$5500	NA
Rutledge Rivers (Honors Program)	$5500	$6326
McConnell Hall	$5500	NA
Historic Houses	$5946	$6838
McAlister Hall	$7776	NA
Liberty Street	$7776	NA
Kelly House (upperclassmen only)	$7776	$8944
Warren Place (upperclassmen only)	NA	$8944
George Street Apartments (upperclassmen only)	NA	$8944

Figure 26: College of Charleston Dormitory Fees[19]

Per the College of Charleston housing contract, the dormitories are only open during the fall and summer semesters, and they are closed for winter break.[19] In referencing the academic calendar, the dormitories are able to be occupied approximately eight months in exchange for the fees above.[20] The Standard room rate shown above includes double occupancy in rooms which average approximately 145 SF with a common room of similar size shared by multiple double occupancy rooms.[19] Essentially, the dormitory rates, for both upper and underclassmen in double occupancy rooms range from $650 per month in the oldest facilities to $972 per month in the newest facilities.[19]

Per the above analysis and the support of the numbers provided by the amount that other dormitories in the area charge, it can be assumed that an achievable monthly rental rate for the dormitory aspect of the subject project is a range between $735-$770. This number includes all utilities, cable, and internet.

As can also be seen in the property tables above, the multifamily properties have vacancies of 14.9%, 1.9% and 5% respectively for an average vacancy of 7.26%, as compared to 11.6% for the Charleston metropolitan area as a whole.[15] The lower average vacancy rate for the comparable properties is no doubt a result of their location in the heart of the Charleston peninsula. In the past, undergraduate dormitories have had higher vacancies, but more student housing providers are moving towards annual leases.[9] American Campus Communities currently has a portfolio wide vacancy 5%. Due to the nature of the development and the captive audience, it seems relatively conservative for the subject property to have stabilized vacancy at approximately 7.5% vacancy.

In addition to the analysis of the current comparable multifamily apartment and College of Charleston dormitory product available in the market, it is also necessary to understand that a substantial portion of the residential rentals within the primary market are single-family homes, duplexes, and 1-4 units apartment buildings. As anecdotal evidence a complete list of one bedroom apartment currently listed for rental within the subject property is attached as appendix-6.

Demand

As currently planned, the demand will come entirely from the Medical University of South Carolina. There are currently no dormitories or student housing serving the University. MUSC did have student dormitories approximately 20 years ago, but due to the dorm's physical state and the need for other facilities, the school demolished them and constructed other medical facilities. Per admissions, while the dormitories were in good condition, adequate demand was present.[22] The school does have a department of off-campus housing, which is essentially one person who makes students aware of certain options and will connect students with local real estate brokers and property managers. MUSC has already agreed to refer students to the subject property, and per the property owner, an agreement is in the works to have the school recommend the subject dormitory option upon new student acceptance.[3] The target demographic within MUSC will be its undergraduate students, graduate students, and especially international students, all looking for a less expensive single-room living option close to campus.

The enrollment statistics below show the total enrollment with a breakdown per school and department. The school is being forced to admit a larger number of out of state students due to a cut in funds provided by the state. Per admissions, this could potentially provide more demand for the dormitory housing since prospective students, not from the area, may feel more comfortable in controlled, known living environment, at least for their first year on campus.[22] In speaking with Rebeca Mueller, Director of International Programs, the current international student populations tend to live in a few concentrated areas, only one of which is located on the Charleston peninsula, The Courtyards. Because of the quality of product, its location, and the fact that the monthly fee includes all utilities, internet and cable, the proposed dormitory facility has a strong chance of becoming home to a portion of the current international student population. Attributable to lack of documentation, international students often have difficulty obtaining cable, internet and utility accounts, and the dormitory would remedy this predicament. In addition, due to probable programs coming online in 2011, which must remain confidential at this time, there is the likely potential for a strong increase in demand for the dormitory housing from MUSC.[23] Per 2009 total enrollment figures, the thirty-two room dormitory need to only capture 1.3% of the current enrollment to achieve 100% occupancy.[24]

Longitudinal Enrollment* (2000 to 2009)
University Wide

		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Level	Undergraduate	267	319	272	289	285	353	322	357	400	409
	Graduate	1027	1032	1105	1051	1082	973	896	865	858	844
	First Professiona	1220	1181	1161	1152	1133	1106	1085	1041	1009	1004
Status	Full Time	2287	2261	2206	2234	2046	2171	2034	1989	1899	2055
	Part Time	227	271	332	268	454	263	271	274	398	302
	New	895	890	913	817	832	752	778	749	761	778
Origin	In-state	1938	1941	1934	1943	1954	1974	1901	1878	1941	1979
	Out-of-State	537	547	565	522	495	415	363	348	318	341
	International	39	44	39	37	51	45	41	37	38	37
Race	Caucasian	1904	1942	1966	1942	1958	1926	1836	1815	1821	1873
	African American	212	196	202	208	204	209	214	216	267	273
	Asian	114	110	119	112	113	108	110	106	106	91
	Hispanic	60	56	54	54	61	57	36	25	20	20
	Other	39	44	39	37	51	46	33	37	32	37
	American Indian	16	14	12	11	10	11	15	14	12	12
	Not Stated	167	166	144	128	103	75	62	47	37	51
Gender	Women	1601	1607	1619	1663	1560	1605	1481	1438	1482	1488
	Men	913	925	919	849	640	829	824	826	815	869
Total	Enrollment	2514	2532	2538	2502	2500	2434	2305	2283	2297	2357

Figure 27: MUSC Enrollment[24]

Since currently no agreement has been executed with MUSC, and students are only being referred to the subject property, it is important to understand what other institutions may have demand for the private dormitories in the event that MUSC does not provide appropriate demand. In order to maintain an appropriate living environment, only graduate institutions on the Charleston peninsula will be considered. The College of Charleston has a growing graduate program with approximately

1,500 students currently enrolled. In addition to the graduate program at the College of Charleston, the Charleston School of Law, which is only located .2 miles from the proposed project, has experienced steady growth since its inception in 2004. The school currently has 459 full time students enrolled, and in the event that demand is not met by MUSC, it may be a viable source of additional demand.

3. Office

Due to the nature of the office space being evaluated, 3,500 SF of class "A-B" space, a broader look at the downtown Charleston market will be used as a means to evaluating the subject property. The market delineation for competitive office will not be exactly the same as the market housing delineation. While housing options on the peninsula are broader and more options are available, the office market will be more specific. The downtown office market is described as and has the following characteristics as follows: South to the water; West to Lockwood Drive; East to the Water & Morrison Drive; North to the Spring Street (as outlined in red).

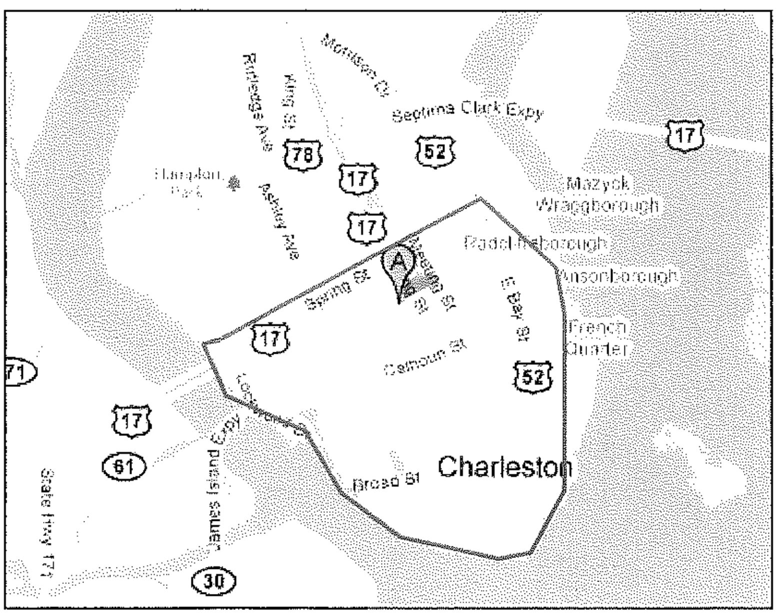

Figure 28: Office Market Delineation[1]

The downtown Charleston market currently has a total supply of 2,091,704 SF of office space with 163,642 SF of available space and 14,882 SF of sublease space for a total vacant space of 178,542 SF or 8.53%. As can be seen from the chart below, the downtown market is quite strong as opposed to the greater Charleston market as a whole. As well as having relatively strong occupancy for the current economic conditions, the downtown market also exhibits fairly healthy gross rental rates of

$24.23/SF as an average for all space and $28.24/SF as an average for class "A" space. Per the information provided by Peter Fennelly, Vice President of Colliers Keenan in Charleston, a gross rental rate of $23.00/SF and a stabilized vacancy of 10% will be used a conservative forecasts.[25]

TOTAL OFFICE MARKET							
Market	**Total**	**Available**	**Sublet**	**Avg. Rate**	**Vacancy**	**Proposed**	**Occupied Space**
West Ashley	1,049,173	225,404	0	$18.95	21.48%	62,000	823,769
Lower North Charlesto	2,304,005	526,450	52,120	$19.36	25.11%	387,067	1,725,435
Upper North Charlesto	2,175,140	373,942	4,050	$17.27	17.38%	181,802	1,797,148
Mount Pleasant	1,767,603	317,715	12,787	$20.49	18.70%	677,550	1,437,101
Daniel Island	1,201,379	224,646	0	$20.56	18.70%	94,000	976,733
Downtown Charleston	2,091,704	163,642	14,882	$24.23	8.53%	352,804	1,913,180
Total Market	**10,589,004**	**1,831,799**	**83,839**	**$20.14**	**18.09%**	**1,755,223**	**8,673,366**

Figure 29: Charleston Office Market Data[26]

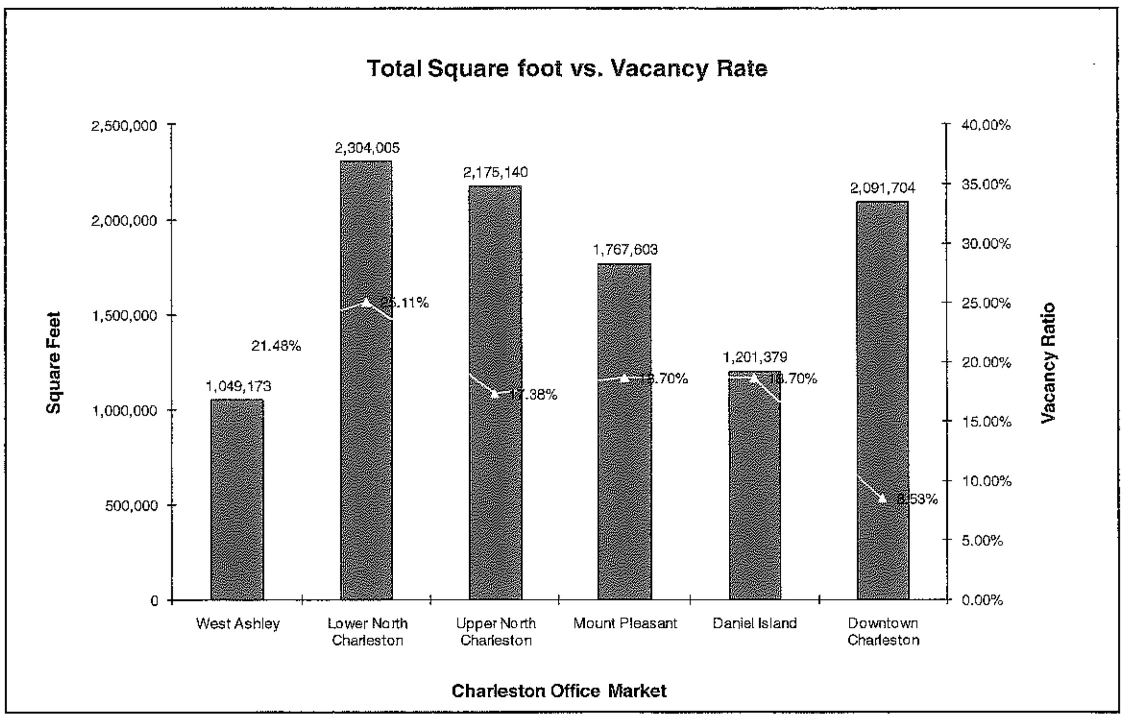

Figure 30: Charleston Market SF and Vacancy Graph[26]

The current owner of the property is in negotiations with MUSC for the University to lease the entire 3,500 SF space for administrative office. In the event that this occurs, the space will not go market. The above information is meant to supply the project with an understanding of current market rates and vacancies in the event an office lease agreement with MUSC does not come to fruition.

Financial Analysis

The financial analysis for the project at 145 St. Philip Street is being looked at through a particular set of guidelines given by the current owner, Jeff Roberts. As previously mentioned, Mr. Roberts purchased the property in on March 31, 2009 for $1,325,000. Through previous efforts, a large portion of the planning and soft costs have been completed by the current owner. The hopes and basis of the financial analysis is that the current owner would like to put together an investment group to provide the equity needed to complete the deal. In this scenario, Mr. Roberts would transfer the property to a new LLC for consideration of $1,600,000 while maintaining a 10% equity stake. The difference of $275,000 would be to compensate Mr. Roberts for the work done on the project to date as well as the cost to carry since closing in 2009.

The project will be evaluated under two scenarios. In scenario 1, no debt will be placed on the property while in scenario 2, debt will be utilized. Of course, all of the operating revenue and expense data for the property will be the same either way, but there will be a great difference in equity required and actual cash flows under each scenario.

Within each scenario, the dorms will be analyzed separately from the office space. By doing this, different assumptions based on property type can be utilized. Each use will have its own rent roll, set of assumptions, and discounted cash flow. As a way to divide the transfer cost of $1,600,000 and the development costs of $1,250,000 between each use, a 20% allocation to office and an 80% allocation to the dorms were used. The reasoning behind this breakdown was 1) The dorms on the top two floors will require a disproportionate share of the renovation cost, higher than 2/3 (66.6%) so some consideration must be given here 2) The potential gross revenue (PGI) for the office is 21% of the PGI for the entire property . The return numbers for each use will be combined to understand total project returns and to be utilized in distributions to the equity partnership.

An alternate use for the site as a hostel/hotel will also be investigated.

Scenario 1: All Equity-No Debt

Sources and Uses

The source in this scenario will be all cash provided by the investors. It is the intention to raise equity from qualified investors in fifteen, $200,000 increments. Total sources of $3,000,000 will be adequate to successfully execute the project. It is the thought of the current owner that doctors at MUSC would be a good target audience.

The total invested equity of $3,000,000 will be used to purchase or transfer the property ($1,600,000), perform the renovations ($1,312,500) and cover operating shortfalls in year 1 ($56,892) while leaving $30,608 as a cushion for unexpected expenses.

Development

The nine month development period occurs during year 1 of the project. Due to the construction period of less than a year, year 1 is a development, as well as an operating year. The vacancy utilized in year 1 will reflect the construction period as well as the true vacancy in the final 3 months. In addition, since there is no development loan, development expenses will be expended from cash throughout year 1 as needed.

Dormitory

Income

Dorm Rent Roll								
Dorms	Unit	SF	# Units	Total SF	Rent PSF	Rent/Unit	Rent/Mo	Annual rent
	1BR/.5BA	150	28	4200	$ 4.83	$ 725.00	$20,300.00	243,600
	1BR/1BA	180	4	720	$ 4.31	$ 775.00	$ 3,100.00	37,200
			32	4920	$ 4.57	$ 750.00	$23,400.00	280,800

Parking	# Units	Rent/Unit	Rent/Mo	Annual Rent
	12	$ 125.00	$ 1,500.00	$ 18,000.00

Figure 31: Dorm Rent Roll

As seen in the Property section of the analysis, the dormitory will consist of 32 total dorm units, twenty-eight (28) 1BR/.5BA and four (4) 1BR/1BA units. Per the Market Feasibility section, it was decided that achievable monthly rent values were in the range of $735/mo. to $770/mo. Derived from this information, $725/mo. will be used for the twenty-eight units, and $775/mo. will be used for the four larger units. As can be seen in the table above, year 1 rents for the dorm portion of the project will be $280,800. The income from the twelve parking spaces will also be accounted for in this section. Per Dunston Powell at Carolina Commercial Real Estate, $125 per month is an achievable figure for parking in this area.[27] With potential parking rent of $18,000, the total PGI for year 1 is $298,800. Note that all income increased at a rate of 3% annually.

Vacancy

After a solid basis for PGI has been calculated, it is necessary to look at certain market assumptions that will affect the financial modeling of the deal. The first input affecting the PGI will be the vacancy rates.

Vacancy Rates	
Year 1	85.0%
Year 2	15.0%
Investment	7.5%

Figure 32: Dormitory Vacancy Rates

Since the renovation period is nine months, the year 1 vacancy will be a minimum of 75%, the additional 10% vacancy making a total of 85% accounts for 40% of the remaining 25% potential occupancy. In essence, thirteen of the thirty-two units will remain vacant for the last three months of year, which is 40% vacancy. This vacancy will also help account for any construction period overruns. Year 2 vacancy is modeled at 15%, meaning that five of the thirty-two dormitory rooms will remain vacant for the entire year. The Investment vacancy, which is the stabilized projected vacancy for the term of the project, is 7.5%, or two units vacant every year. Once vacancy has been accounted for, Year 1 effective gross income (EGI) is $44,820, while Year 3 stabilized EGI is $285,196.

Operating Expenses

Once a number has been arrived at for EGI, operating expenses must be deducted. Year 1 operating expenses will be somewhat different from the year 2 expenses for the building since nine months of year 1 will be consumed with renovation. The table below will show both the year 1 and the year 2 expenses. Note that all operating expenses are increased at a rate of 3% annually.

Operating Expenses					
		Yr 1/Unit	Yr 1 Total	Yr 2/Unit	Yr 2 Total
Personnel		$0	$ -	$0	$0
Contract & Landscape		25	$ 800.00	75	$2,400
Utilities		400	$ 12,800.00	500	$16,000
Cable/Internet		120	$ 3,840.00	480	$15,360
Repairs & Maintenance		0	$ -	200	$6,400
Marketing		300	$ 9,600.00	200	$6,400
Administrative		150	$ 4,800.00	100	$3,200
Taxes		517	$ 16,542	1005	$32,148
Insurance		460	$ 14,720	400	$12,800
Management Fee	8%	$ 112	$ 3,586	$636	$20,355
		$2,084	$ 66,688	$3,596	$115,063

Figure 33: Dormitory Operating Expenses-All Equity

Personnel-As can seen from the table above, no money has been budgeted for personnel. Since the dormitories will be mainly serving graduate students above the age of twenty-one with the exception of limited MUSC undergraduates, it was not thought that any onsite security personnel was necessary. As mentioned in the Project Analysis Section, the dormitory will be secure with some type of card swipe or keypad entry. In addition, due to the small number, size of the rooms, and quality of the renovation, full time onsite maintenance personnel will not be required.

Contract and Landscape- For the project, this expense line item is made up of essentially landscaping and pest control. Per an over the phone quote provided by The Greenery, annual landscape maintenance should be approximately $1,600 a year or $75 per unit for the dormitory portion.[28] The service provided would consist of monthly grooming and upkeep and occasional replacement. East Cooper Pest Control has provided a proposal of which $800 a year is attributable to service the dormitory on a quarterly basis.[29]

Utilities-The annual number for utilities was pulled from numbers provided by the College of Charleston, which would have pertained to the initial dormitory investment partnership, which did not come to fruition.[3] As can be seen above, the total number of $16,000 breaks down into $500 per unit per year. This number may seem low, but it is important to remember that there will be no appliances in any of the units, so electricity and water demands will be much lower than they otherwise would be. In the Market Feasibility section, we saw that studios located in the multifamily buildings with two to three times the square footage and containing major appliances had utility bills of approximately $100 per month or $1,200 per year. Although the property will only be operational for 3 months at most during year 1, some money has been allocated to utilities in order account for the electricity needs during the renovation process. South Carolina Electric and Gas (SCE&G) in Charleston was contacted in attempt to obtain more back-up for the utilities number, but these companies were only able to give historic high and low numbers for the property and are not able to make projections on utility usage moving forward.

Cable and Internet-This number was provided by Charles Yonkman of Comcast who works in the multiple dwelling unit department. For the annual amount of $15,360 Comcast Cable is willing to provide standard cable service to each dormitory room, as well as services to provide wireless internet throughout. As quoted by Comcast, this number is $39.99 per unit per month, which is a 60% discount off of retail cable and internet packages. This quote includes free installation as well.[30]

Repairs and Maintenance-Repairs and maintenance will cover the ordinary expense of keeping the property in good working order. Since the project will be completely renovated year 1, and the builder will be coming back to finish punch list items, there is no expense allocated for year 1. Starting year 2, there is an expense allocation of $6,400 per year or $200 per unit. Per Ben Stoll, previous asset manager for Equity Residential, repairs and maintenance for newly renovated regular multifamily usually runs in the $400-$500 range[31] Due to the small size, lack of appliances, shared bathrooms, and quality of the renovated product, $200 per unit seems adequate.

Marketing and Admin-As can be seen in the table above, year 1 marketing expenses are higher than the year 2 marketing expenses. The thought behind this was that more money would be spent on the front end to introduce the dorms to the student market. Since the target audience is extremely isolated, less money will be spent on marketing efforts than on a market project. The marketing campaign will evolve around direct contact events with students, hosting open houses and limited mailers to incoming and existing students. After year 1, it is estimated that $6,400 a year or $200 a unit will be spent on marketing. Administrative expenses should be fairly minimal on a deal such as this one. A large part of this expense is actually incurred through the management fee, so the budgeted amount for this line item is $3,200 or $100 per unit.

Taxes-Due to the fact that the past owner was a non-profit organization and exempt from property taxes, the historic taxes on the property did not give a good indication. Per conversations with the Charleston County Assessor's Office, the assessed value will be based on the most recent transfer value of $1,325,000. The formula for property taxes is assessed **value x commercial rate x (millage/1000).** In this case the formula will be $1,325,000 x 6% x (260.1/1000)=$20,677.95. Due to the 80/20 allocation of expense between the dormitory and office previously mentioned, the taxes for year 1 are $16,542. Again, per the Charleston County Assessor's office, the year 2 taxes will be based on the latest transfer value plus improvement made to the property, in the case of this project, $1,325,000 plus $1,250,000, or $2,575,000. The property tax amount will be $2,575,000 x 6% x (260.1/1000)=$40,185.45. Due to the 80/20 allocation of expense between dormitory and office, the taxes for year 2 are $32,148.[32]

Insurance- The insurance figures utilized were direct quotes provided by McKay Stelling & Associates in Charleston, SC. Due to the renovation of the property, two quotes were needed, one for the year in which construction will take place and another quote for the normal operations. Per Rob Masters at McKay Stelling, the insurance during the renovation will have a premium of $18,408, or $14,720 for the 80% allocation. This takes into account the location, intensity and scope of the renovation. The insurance premium during normal operations will be approximately $16,000 a year, or $12,800 for the 80% allocation. This takes into account casualty, general liability, and loss of income. Mr. Masters did say that the numbers normally went down at the time of actually binding the policy.[33]

Management Fee-The management fee of 8% was a number provided by Southeastern Management Group in Charleston, SC. They manage a number of diverse properties in the Charleston market. Initially 10% was quoted, but after further explanation of the concept and operations to its managing partner, Chad Yonce, this number was lowered to 8%. This number is inclusive of normal property management responsibilities as well as leasing administration.[34]

Dormitory operating expense ratios in the Charleston market should range from 30% to 40%. This range is due to particular project characteristics and whether utilities are included. If utilities are included, expenses will be closer to 40%.[35] The stabilized operating expense ratio is **OER=(Operating Expenses/EGI),** or OER=$119,401/$285,196, which is 42%. As can be seen the operating expenses on the property are in line with the market.

Due to projected operating expenses and the all cash basis of this analysis the stabilized break-even ratio (BER) for the project is 41%, derived as **BER=(Operating Expenses+Debt Service)/PGI**, or BER=($119,401+$0)/$289,224.

NOI

Net operating income (NOI) is EGI minus expenses. Due to expenses and vacancy, this number is projected to be negative $21,868 for year 1. Year 2 this number will increase to positive $139,376 and upon stabilization in year 3 will reach $165,795. The NOI is an extremely important figure as it is the number to which a cap rate will be applied to derive the value of the asset.

Reserves

Reserves typically consist of tenant improvements, leasing commissions and capital expenditures. In this scenario tenant improvements will not be applicable and normal repairs and maintenance and other reserve expenditures will take care of building upkeep. Tenant improvements are normally associated with office space. Leasing commissions will not apply, because for this particular use, they are included in the management fee as mentioned above. Due to the renovation aspect of the project, capital expenditures will play a large role in the year 1 budget.

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
Contruction Draw	$ 111,111	$ 111,111	$ 111,111	$ 111,111	$ 111,111	$ 111,111	$ 111,111	$ 111,111	$ 111,111
Developer Fee	5,556	5,556	5,556	5,556	5,556	5,556	5,556	5,556	5,556
Total Draw	$ 116,667	$ 116,667	$ 116,667	$ 116,667	$ 116,667	$ 116,667	$ 116,667	$ 116,667	$ 116,667

Figure 34: Dormitory Construction Draw Schedule-All Equity

See the construction draw schedule above. This reflects the dormitory portion of the renovation allocated as 80% of $1,250,000, or $1,000,000. There is also a 5%, or $50,000 development fee, as stipulated by the owner/potential sponsor, Jeff Roberts. Since this scenario is all cash, a total of $1,050,000 will be drawn down for the renovations in nine equal draws of $111,111 plus $5,556 for a total of $116,667 per month and $1,050,000 for the total renovation period (appendix-1, page 5). $1,050,000 will be the Capital Expense for year 1. For year 2 capital expenditures are projected at $200 per room or $6,400 a year.

CFfDS

Cash flow for debt service or in this case final cash flow for year 1, since no debt is utilized, will be negative $1,071,868, which is simply the operating deficit (negative NOI) plus the capital expenditure amount. In year 2 cash flow increases to $132,976, and by stabilization in year 3, cash flow reaches $159,203.

Reversion

A reversion amount is needed to calculate both a projected IRR and NPV for the project. The projected sale value is obtained by applying an estimated future capitalization rate to following year NOI. Since the modeled hold in this scenario is 10 years, year 11 NOI will be capitalized for a final value. Using the formula **V=NOI/R**, we have V=$226,990/8.5%, or a reversion value in year 10 of $2,560,427 of which selling expenses of 3%, $76,813, must be subtracted for sale proceeds of $2,483,615. As an estimation of a future cap rate, 100bps was added to the current market cap rate of 7.5%, which was provided by Mills Buxton of McAlister Developments who has dormitory development experience in South Carolina.[35] It is impossible to know what cap rates will be 10 years into the future, but a 100bps increase is widely utilized as a conservative estimate.

Cash Flow Series

The cash flow series below is utilized to derive both the IRR and the NPV for the project. This series of cash flow produces an IRR of 7.29% and a NPV of negative $112,268 (appendix-1, page 3).

CF Series	$ (1,280,000)	$ (1,071,868)	$ 132,976	$ 159,203	$ 164,944	$ 170,857	$ 184,150	$ 189,675	$ 196,358	$ 203,242	$ 2,693,948

Figure 35: Dormitory Cash Flow Series Years 1-10-All Equity

When looking at IRR, it is important to understand what percentage of the IRR comes from cash flow and what percentage comes from reversion. A deal with a larger portion of the return coming from cash flow is usually evaluated as a deal with less risk. As can be seen below, the cash flow from the dormitory portion of this deal, utilizing no debt provides 4% of the overall return while the reversion provides 96%. The large disparity between these two percentages is due to the large cash outflow for renovations in year 1 since this evaluation is all equity.

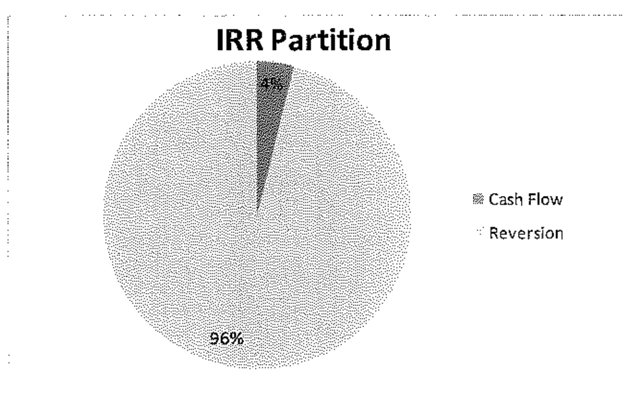

Figure 36: Dormitory IRR Partition-All Equity

The Net Present Value (NPV) of a particular deal tells the investor the current value of the deal based on the particular investor's hurdle rate. If the NPV is positive, the investor should proceed with the deal, barring other opportunities with higher NPVs. If the NPV is negative, the investor should think very hard and most likely resist from proceeding. In this case, Jeff Roberts stipulated an 8% hurdle rate. This rate may appear low, but Mr. Roberts is willing to proceed with a deal with these types of returns in order to preserve his equity and secure long term ownership in downtown Charleston. At a time when 10-year treasuries are at historical lows, 2.99%, and returns are difficult find, lower hurdle rates may be accepted. See a table of current treasury yields below.[36]

Date	1 mo	3 mo	6 mo	1 yr	2 yr	3 yr	5 yr	7 yr	10 yr	20 yr	30 yr
08/02/10	0.14	0.16	0.20	0.25	0.56	0.85	1.64	2.32	2.99	3.82	4.06

Even utilizing an 8% hurdle or discount rate, the NPV of the dormitory portion of the deal is still negative $112,268. See Appendix-1, pages 1-5 for complete detail.

Office

Income

Office Rent Roll						
Tenant	SF	Rate	Annual Rent	Term	Lease Start	Lease End
Tenant 1	3,500	$23.00	$80,500.00	5	9/1/2011	8/30/2016
Tenant 2	0	$23.00	$0.00	5	9/1/2011	8/30/2016
Tenant 3	0	$23.00	$0.00	5	9/1/2011	8/30/2016
	3,500	$23.00	$ 80,500			

Figure 37: Office Rent Roll

The 3,500sf office portion of the deal will be looked at similarly but not in such excruciating detail as the dormitory portion. Office is a defined and well known asset for which understanding potential income and costs will be much easier. The office will be evaluated on a gross lease scenario in which all expenses are covered by the landlord. This seemed to be the most efficient approach since all of the dormitory expenses were already being covered by the landlord.

Per the Market Feasibility Section, a gross rental rate of $23/SF seems to be very achievable in this area taking into consideration the quality of the renovation. The rent roll reads as if there are three tenants, but it is the intent and the most likely scenario that the building is occupied by a single user, potentially MUSC. Note that all income is increased by 3% annually.

Vacancy

Vacancy Rates	
Year 1	85.0%
Year 2	15.0%
Investment	10.0%

Figure 38: Office Vacancy Rates

This property has the potential to experience little to no vacancy once the renovations are complete. Per the property owner, negotiations are underway to lease the entire space to MUSC, but if this does not come to fruition, nine months will be available to market the office space during the renovation period. That being said, some market vacancy projections were utilized to provide for a more conservative projection. The years 1 & 2 absorption rates are achievable per market conditions and an investment vacancy of 10% is utilized to reflect stabilized market rates. Once vacancy has been accounted for, Year 1 income effective gross income (EGI) is $12,075, while Year 3 stabilized EGI is $82,915.

Operating Expenses

Operating Expenses						
Contract & Landscape		$0.25	$	875	$0.18	$630
Utilities		$1.50	$	5,250	$1.25	$4,375
Repairs & Maintenance		$0.00	$	-	$0.50	$1,750
Marketing		$3.00	$	10,500	$1.00	$3,500
Administrative		$0.25	$	875	$0.50	$1,750
Taxes		$1.20	$	4,200	$2.50	$8,750
Insurance		$1.05	$	3,675	$0.92	$3,220
Management Fee	6%	$0.21	$	725	$1.21	$4,229
			$	26,100	$8.06	$28,204

Figure 39: Office Operating Expenses-All Equity

Operating expenses were derived with the assistance of Colliers Keenan of Charleston. Per their Vice President, Peter Fennelly, operating expenses for a property such as this one should run between $7 and $9 per square foot depending on the location and the particular building.[37] It was estimated that for that this building, which is in one of the lower downtown tax brackets, expenses should run approximately $8 per square foot. The taxes, insurance, management fee and contract and landscape were all determined through specific conversations or quotes while the remainder of the expenses were estimated based on other buildings in the area and placed at amount to achieve the $8 per square foot mark. Note that all operating expenses are increased by 3%.

Contract and Landscape-The pest control and the landscaping will make up this line item of expense for the office. This expense will be based on the 20% allocation of the quotes provided by the The Greenery and East Coast Pest Control, $400 and $200 respectively.[28&29]

Utilities-The figure of $1.25 per square foot was a conservative estimate based other offices of similar size in the area, for a year 2 price of $4,375.

Repairs and Maintenance –Due to the extensive nature and quality of the renovation, $0.50 per square foot or $1,750 was estimated for repairs and maintenance for year 2.

Marketing and Admin-The marketing for year 1 was estimated at $10,000 and $3,500 or $1.00 per square foot for year 2. The year 1 number is meant to help insure that the office is leased during the renovation period as well as compensate Mr. Roberts' in-house agent. This is also why no commission is realized later, as all leasing is to be handled in-house. The annual expense is far less to insure continued lease up if required. Administrative expenses of $0.50 per square foot or $1,750 for the year was used for administrative expenses.

Taxes-As previously calculated in the dormitory section, total taxes for year 1 are estimated to be $20,677.95, or $4,135.59 for the office at the 20% allocation. Year 2 total taxes were calculated to be approximately $40,185.45, or $8,037.09 for the office at the 20% allocation. The expense numbers represented in the office budget are slightly higher than the estimated tax numbers, as they were calculated on a price per square foot basis.[32]

Insurance-The insurance numbers are based on the overall quote provided by McKay Stelling & Associates. The total year 1 insurance expense is 18,408, or $3,681 for the office at the 20% allocation. The total year 2 insurance expense is $16,000, or $3,200 for the office at the 20% allocation.[33]

Management-The management percentage of 6% was also quoted by Southeastern Management Group. This results in a year 1 management fee of $725 and a year 2 management fee of $4,106.[34]

Due to projected operating expenses and the all cash basis of this analysis the stabilized break-even ratio (BER) for the project is 56%. Stabilized operating expense comes to $8.50/SF.

NOI

Due to expenses and vacancy, this number is projected to be negative $14,025 for year 1. Year 2 this number will increase to positive $40,345 and upon stabilization in year 3 will reach $53,246.

Reserves

$5/SF of tenant improvements for year 1 to entice the initial lessee should be sufficient, and a $.50/SF reserve is allocated for each year thereafter. Leasing commissions are reserved at $1/SF each year. Due to the renovation aspect of the project, capital expenditures will play a large role in the year 1 budget.

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
Contruction Draw	$ 27,778	$ 27,778	$ 27,778	$ 27,778	$ 27,778	$ 27,778	$ 27,778	$ 27,778	$ 27,778
Developer Fee	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389
Total Draw	$ 29,167	$ 29,167	$ 29,167	$ 29,167	$ 29,167	$ 29,167	$ 29,167	$ 29,167	$ 29,167

Figure 40: Office Construction Draws-All Equity

See the construction draw schedule above. This reflects the office portion of the renovation allocated as 20% of $1,250,000, or $250,000. There is also a 5%, or $12,500 development fee, as stipulated by the owner/potential sponsor, Jeff Roberts. Since this scenario is all cash, a total of $262,500 will be drawn down for the renovations in nine equal draws of $27,778 plus $1,389 for a total of $29167 per month and $262,500 for the total renovation period (appendix-2, page 11). $262,500 will be the Capital Expense for year 1. For year 2, capital expenditures are projected at $.50/SF or $1,750 a year.

CFfDS

Cash flow for debt service or in this case final cash flow for year 1, since no debt is utilized, will be negative $402,525, which is simply the operating deficit (negative NOI) plus the reserve amount. In year 2 cash flow increases to $33,345, and by stabilization in year 3, cash flow reaches $46,193.

Reversion

Using the formula V=NOI/R, we have V=$67,450/9.0%, or a reversion value in year 10 of $749,446 of which selling expenses of 3%, $22,483, must be subtracted for sale proceeds of $726,963. As an estimation of a future cap rate, 100bps was added to the current market cap rate of 8.0%, which was provided by Anton Sedalik of Atlantic Appraisals.[38]

Cash Flow Series

This series of cash flow produces an IRR of 6.39% and a NPV of negative $74,872.

CF Series	($320,000)	$ (402,525)	$ 33,345	$ 46,193	$ 47,737	$ 49,326	$ 50,963	$ 52,650	$ 54,387	$ 56,176	$ 784,982

Figure 41: Office Cash Flow Series Years 1-10-All Equity

As can be seen below, the cash flow from the office portion of this deal, utilizing no debt provides negative 22% of the overall return while the reversion provides 122%.

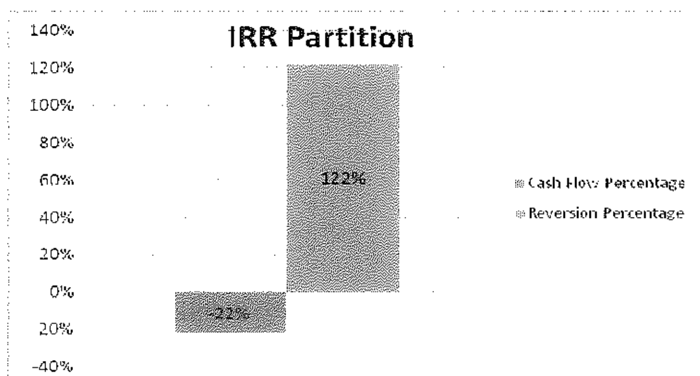

Figure 42: Office IRR Partition-All Equity

As in the dormitory evaluation, the disparity is due to the all equity nature of the evaluation and the large cash requirement in year 1for renovations. As before, an 8% hurdle rate has been stipulated. When utilizing the 8% hurdle or discount rate, the NPV of the office portion of the deal negative $74,872. See Appendix-1, pages 7-11 for a complete detail.

Total Requirements/Returns

In looking at the deal as a whole, the entire equity requirements are seen in the table below.

Capital Requirements		
	Dorm Allocation	
Transfer Price	$	1,280,000
Associated Renovations	$	1,050,000
Cash Flow Shortfall	$	21,868
Dorm Allocated Expense	$	2,330,000
	Office Allocation	
Transfer Price	$	320,000
Associated Renovations	$	262,500
Cash Flow Shortfall	$	35,025
Office Allocated Expense	$	582,500
	Total Requirements	
Transfer Price	$	1,600,000
Associated Renovations	$	1,312,500
Total Cash Flow Shortfall	$	56,892
Total Project Expense	$	2,969,392
Total Investment	$	2,969,392

Figure 43: Capital Requirements-All Equity

These requirements are made up of the transfer price of $1,600,000, the associated renovations of $1,312,500, which is the $1,250,000 hard and soft cost number plus the 5%, $62,500, developer fee, and the cash shortfall, which is the EGI minus operating expenses and reserves. As can be seen, the total equity requirement on an all cash basis is $2,969,392.

The total returns provided by this project on an all cash basis are below.

Total Project Returns												
			YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10
Dorm												
	CF Dorm	($1,280,000)	$(1,071,868)	$132,976	$159,203	$164,944	$170,857	$184,150	$189,675	$196,358	$203,242	$2,693,948
	IRR	7.29%										
	NPV	($112,268)										
Office												
	CF Office	($320,000)	($402,525)	$33,345	$46,193	$47,737	$49,326	$50,963	$52,650	$54,387	$56,176	$784,982
	IRR	6.39%										
	NPV	($74,872)										
Project												
	CF Project	($1,600,000)	($1,474,392)	$166,320	$205,397	$212,680	$220,183	$235,113	$242,324	$250,745	$259,418	$3,478,929
	IRR	7.08%										
	NPV	($187,140)										

Figure 44: Total Project Returns-All Equity

As can be seen in the table, the overall project IRR is 7.08% and the NPV is negative $187,140, utilizing the 8% hurdle rate. See Appendix 1, pages 12-15 for a complete detail.

Scenario 2- Debt

In scenario 2, the project will be evaluated utilizing debt. As modeled, the transfer of the property into the separate Limited Liability Corporation (LLC) for $1,600,000 will occur at all cash. This transfer is comparable to a new purchase. Per Templeton Fletcher at Atlantic Bank and Trust in Charleston, it is not likely that any debt would be issued on the acquisition of this asset in its current configuration and without producing any income.[39] As modeled, the bank will issue a construction loan, and the takeout lender will place permanent debt on the property and takeout the construction loan at the end of year 1. According to Scott Warren of First National Bank of the South, it is likely that the lender will want to place permanent, amortizing debt on the property as soon as possible.[40] The debt scenario will be evaluated below the NOI; the only changes above the NOI come in year 1, as a number of the costs are covered by the construction loan (appendix 2-page 2, 7, 16). Obviously one construction loan and one permanent loan would be placed on the property, but for the purposes of understanding the two different uses and how the loan amounts will be reached, each will be evaluated separately.

Sources and Uses

The sources in this scenario will be the $1,600,000 of equity required to purchase the asset, and the $1,415,769 of debt required to perform the renovations. As can be seen, the amount of debt issued to perform the renovations is higher due to the inclusion of some construction period operating expenses such as insurance and taxes, as well as the interest carry. It is the intention to raise equity from qualified investors in eight, $200,000 increments. Total sources of $3,015,769 will be adequate to successfully execute the project.

Dormitory

The construction loan as it pertains to the dormitory will be analyzed first. In speaking with local banks, interest rates on construction loans are probably going to fall between 5.5% and 6.0%. Taking a more conservative approach, 6.0% will be used in this analysis. The construction costs associated with the dormitory will result in a loan amount of $1,132,615, which includes interest carry and a developer fee of 5%. See the schedule of draws and interest accrual below.

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
Beginning Balace	$ -	$121,518	$ 243,644	$ 366,380	$ 489,731	$ 613,697	$ 738,284	$ 863,494	$ 989,329	$1,115,794	$1,121,373	$1,126,980	
Draw	120,914	120,914	120,914	120,914	120,914	120,914	120,914	120,914	120,914	-	-	-	$1,088,223
Ending Balance	120,914	242,432	364,558	487,294	610,644	734,611	859,198	984,407	1,110,243	1,115,794	1,121,373	1,126,980	
Developer Fee	5,758	5,758	5,758	5,758	5,758	5,758	5,758	5,758	5,758	-	-	-	51,820
Interest Due	$ 605	$ 1,212	$ 1,823	$ 2,436	$ 3,053	$ 3,673	$ 4,296	$ 4,922	$ 5,551	$ 5,579	$ 5,607	$ 5,635	44,392

Figure 45: Dormitory Construction Draw Schedule-Debt

Even though the renovation is scheduled for nine months, one year will be used to model the construction period. During the year 1 construction loan, at total of $44,392 of interest has accrued and is payable at the end year 1, making the total loan balance $1,132,615 (appendix-2, page5).

The amount of the permanent financing available will be reliant on a number of factors, NOI, market capitalization rate, LTV, and DCR. The value of the dormitory is projected as the NOI divided by the cap rate. In this case the formula is $165,795/7.5%, or $2,210,604. The NOI is determined by the DCF and the cap rate is market driven. This cap rate of 7.5% was derived as a discount (increase) to multifamily, 7%, and verified with Mills Buxton of McAlister Development.[35]

Once a value for the property has been established, an appropriate loan amount must be applied. According to local bankers, prevailing terms in the market are 65% LTV, 1.3 DCR, 6% interest rate, and an amortization of 20 years with strong borrower credit.[39] A 1.3 DCR allows for a loan amount of $1,483,451 while a 65% LTV allows for a loan amount of $1,436,893. The bank will elect the more conservative loan amount making the annual payment at 6% on a 20-year amortization $123,532 (appendix-2, page 2).

Due to projected operating expenses and the placing of debt on the property, the stabilized break-even ratio (BER) for this portion of the project is 79% (see appendix-2, page 3).

The loan amount of $1,436,893 plus the positive projected cash flow for year 1 of $13,579 will be used to pay off the construction of $1,32,615, and the balance of $317,857 will be distributed back to the investors as a return of equity at the end of year 1(see appendix-2, page 5).
It is important to understand how the debt on the property affects the cash flows and the returns for the dormitory portion. See the cash flows below (appendix-2, page 3).

		YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10
CF Series	$ (1,280,000)	$ 317,857	$ 9,443	$ 35,671	$ 41,412	$ 47,324	$ 53,415	$ 58,723	$ 65,184	$ 71,839	$ 1,635,06

Figure 46: Dormitory Cash Flow Series Years 1-10-Debt

The initial outflow is the same as the all cash scenario, but we can see that the cash flows for years 1 through 10 are greatly altered. The positive cash flow in year 1 is really a return of equity through the placement of the permanent loan. In year 2, the property is positive cash flow of $9,443 but still in lease up. The sale of the property is based on year 11 NOI and a cap rate of 8.5%, 100 basis points higher than the cap rate of 7.5% utilized for the permanent debt. Utilizing these cash flows an

IRR of 8.11% is realized and positive NPV of $9,800. As can be seen in the chart below, the partitioned IRR shows a much greater portion coming from cash flow than compared with the all equity scenario.

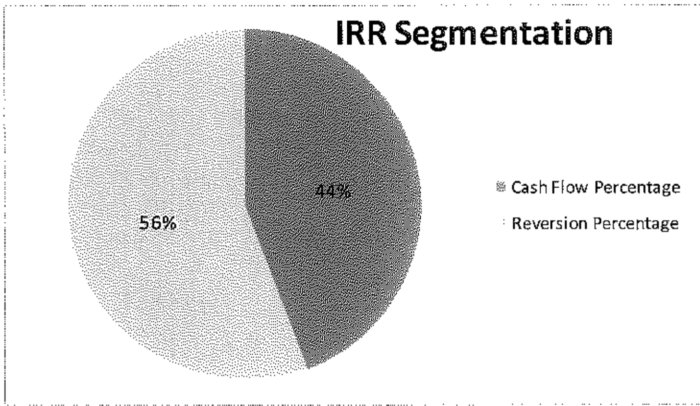

Figure 47: Dormitory IRR Segmentation-Debt

This is due to the large portion of equity returned at the end of year 1. The positive NPV shows that for a particular investor with a hurdle rate of 8%, this portion of the deal appears attractive.

Office

The same interest rate utilized for the dormitory will be used for the office portion as well, because, as mentioned before, in reality this property will be under one construction loan and one permanent loan. In this scenario the total construction debt will be $283,154, which includes interest carry.

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
Beginning Balace	$ -	$ 30,380	$ 60,911	$ 91,595	$ 122,433	$ 153,424	$ 184,571	$ 215,873	$ 247,332	$ 278,949	$ 280,343	$ 281,745	
Draw	30,228	30,228	30,228	30,228	30,228	30,228	30,228	30,228	30,228	-	-	-	$ 272,056
Ending Balance	30,228	60,608	91,139	121,824	152,661	183,653	214,799	246,102	277,561	278,949	280,343	281,745	
Developer Fee	1,511	1,511	1,511	1,511	1,511	1,511	1,511	1,511	1,511	-	-	-	13,603
Interest Due	$ 151	$ 303	$ 456	$ 609	$ 763	$ 918	$ 1,074	$ 1,231	$ 1,388	$ 1,395	$ 1,402	$ 1,409	11,098

Figure 48: Office Construction Draws-Debt

During the year 1 construction loan, at total of $11,098 of interest has accrued (appendix 2-page 10).

The value of the office is projected as the NOI divided by the cap rate. In this case the formula is $52,993/8.0%, or $662,418. The cap rate of 8.0% was given by Anton Sedalik of Atlantic Appraisal who has performed numerous office appraisals in the Charleston area.[38]

Prevailing terms in the market of 65% LTV, 1.3 DCR, 6% interest rate, and an amortization of 20 years remain the same.[39] A 1.3 DCR allows for a loan amount of $474,158 while a 65% LTV allows for a loan amount of $430,571. The bank will elect the more conservative loan amount making the annual payment at 6% on a 20-year amortization $37,017 (appendix-2, page 7).

Due to projected operating expenses and the placing of debt on the property, the stabilized break-even ratio (BER) for this portion of the project is 81% (appendix-2, page 8)

The loan amount of $430,571 plus $7,056 of year 1 cash flow will be used to pay off the construction of $283,154, and the balance of $154,474 will be distributed back to the investors as a return of equity in at the end of year 1 at the time permanent financing is placed (appendix-2, page 10).

It is important to understand how the debt on the property affects the cash flows and the returns for the office portion.

		YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10
CF Series	($320,000)	$ 154,474	$ 1,333	$ 14,174	$ 15,710	$ 17,291	$ 18,921	$ 20,599	$ 22,327	$ 24,108	$ 562,0[illegible]

Figure 49: Office Cash Flow Series Years 1-10-Debt

The initial outflow is the same as the all cash scenario, but we can see that the cash flows for years 1 through 10 are greatly altered. The positive cash flow in year 1 is due to the placement of the permanent financing. In year 2, cash flows are positive, but not significant, as the property is still in lease up. The sale of the property is based on year 11 NOI and a cap rate of 9.0%, 100 basis points higher than the cap rate of 8.0% utilized for the permanent debt. Utilizing these cash flows an IRR of 15.72% is realized and positive NPV of $167,142. As can be seen in the chart below, the partitioned IRR shows a much greater portion coming from cash flow than compared with the all equity scenario (appendix-2, page 8).

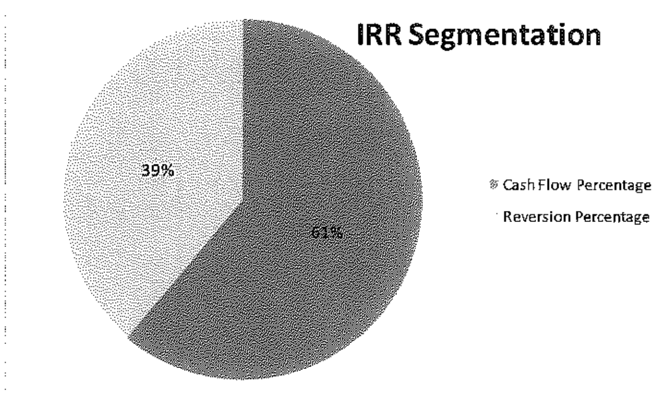

Figure 50: Office IRR Segmentation-Debt

This is due to the large portion of equity returned at the end of year 1. The positive NPV shows that for a particular investor with a hurdle rate of 8%, this portion of the deal appears attractive.

Combined Project

In looking at the deal as whole, the capital requirement below would apply. The requirements are simply made up of the transfer/acquisition price of 1,600,000.

The total returns for this project utilizing the specified debt structure are as follows.

Total Project Returns												
Dorm			YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10
	CF Dorm	($1,280,000)	$ 317,857	$ 9,443	$ 35,671	$ 41,412	$ 47,324	$ 53,415	$ 58,723	$ 65,184	$ 71,839	$1,635,061
	IRR	8.11%										
	NPV	$9,800										
Office												
	CF Office	($320,000)	$154,474	$1,333	$14,174	$15,710	$17,291	$18,921	$20,599	$22,327	$24,108	$562,045
	IRR	15.72%										
	NPV	$167,142										
Project												
	CF Project	($1,600,000)	$472,331	$10,776	$49,845	$57,121	$64,616	$72,335	$79,322	$87,511	$95,947	$2,197,105
	IRR	9.64%										
	NPV	$176,942										

Figure 51: Total Project Return-Debt

As can be seen in the table, a total IRR of 9.64% and a NPV of $176,942 is achieved when utilizing the 8% hurdle rate.

In the debt scenario, upon stabilization, the total debt placed on the property is $1,867,464, which is 65% of the overall value of $2,873,022, as derived by the NOI and market cap rates.

Returns to Equity/Promote Structure

In this scenario, the equity was raised in eight, $200,000 units. The equity will be offered a 7.5% cumulative, non-compounding preferred return. The sponsor, Jeff Roberts will remain in the deal, contributing one unit, $200,000, which is 12.5% of the equity while the remaining $1,400,000, which is 87.5%, will be raised from outside investors. The sponsor equity will be treated parri passu with the investor equity. In addition, as the promote, the sponsor will receive 25% of all excess cash flows after the preferred return from operating cash flow, and after a return of equity at the time of a capital event. In this scenario, there is a return of equity in year one along with the preferred return, due to the permanent debt. There will be no excess cash flow until the property is sold in year 10. The promote structure leaves equity investors with an IRR of 9.30%, and the sponsor with an IRR of 11.81% (appendix 2-page 15). These are the returns as generated by the cash flow of the deal; the sponsor will also receive the developer fee in year 1 of $64,775, which would increase the sponsor IRR to 17.46%.

Conclusions/Recommendations

In comparing the two scenarios, it is obvious that putting debt on the property is advantageous. Less initial equity is required, $2,969,392 vs. $1,600,000 and higher returns are achieved, a 7.08% IRR vs. 9.64% IRR, and an NPV of $176,942 vs. negative 187,140. While less equity is required, it is important to understand that any loan made on this property in this market will require some level of recourse. The increase in the returns occurred due to the existence of positive leverage; the yield on the property was greater than the yield on the debt. The amount of leverage can be quantified by hand using the formula $\mathbf{Y_e=Y_p+(Y_p-Y_d)(D/E)}$.[41] In this case Ye=7.08+(7.08-6.00)*(65/35); Ye=7.08+2.00; Ye=9.08. The 9.08% yield is extremely close to the 9.64% figure above and shows in one quick formula the positive effect of placing debt on the property (appendices-1 & 2). The formula is not 100% accurate due to such factors as the interest only development loan, and the cash out refinance at the end of year one.

In addition to requiring less overall equity, utilizing debt allowed a far greater percentage of the returns to be realized through cash flows. The all equity cash flows were hampered by the extreme negative cash flow in year 1 due to renovations, while the debt cash flows were enhanced due the strong equity requirement at acquisition and the subsequent cash out when permanent financing was placed on the property. Any prudent investor would prefer that a greater percentage of the IRR come from cash flows as opposed to reversion due to risk. Operating cash flows are easier to forecast, and do not have the uncertainty that a potential reversion which is ten years in the future has. It is fairly impossible to know with any certainty what market condition will be at reversion, so this number is highly speculative. That being said, it is also ten years into the future, so due to time value of money, the longer the investment hold, the lesser the effect of the reversion amount.

In any development or redevelopment project, there are a number of risk factors, which are not as prevalent when acquiring completed, stabilized properties. These risks include construction risk, interest rate risk, lease-up risk, as well as numerous others, all which can adversely affect a project. As compensation for these risks, a developer should require a development yield, which is greater than the market cap rate, or stabilized property yield. Per Dunston Powell at Carolina Commercial, 200 basis points (bps) is a good parameter to use as a spread in the Charleston market.[27] The development yield is derived as the Stabilized NOI/Total Costs. These costs include acquisition, hard cost, soft costs, and interest carry. For this project, the development yield is 7.20% while the blended market cap rate on the two asset classes is 7.60%, a negative spread of 40 bps. The negative development yield is easily seen in the difference between the final property value of $2,873,022 and the total development costs of $3,015,769, a development loss of $142,747 (appendix-2, page 13).

Due to the unexpected failure of the first business venture with the College of Charleston, the property owner is now in a situation where he is attempting to preserve his equity by developing himself out of the deal. For this reason, he is willing to accept a lower hurdle rate, which gives him a positive NPV in the debt scenario, so this deal may work for this particular investor, but an artificially low hurdle rate, the negative development yield, and a fairly weak IRR make this project a non-starter from a market point of view. It is not likely that that the current owner would be able to either attract investors or sell the property at the $1,600,000 transfer price for the dormitory/office use.

Utilizing the current debt model, it is easy to analyze a purchase or transfer price, which makes this deal attractive. According to Dunston Powell with Carolina Commercial, investors and developers in the Charleston market are typically looking for development yields of 200bps and a stabilized equity dividend yield in the mid teens.[27] These are higher yields and returns than seen in the DC market. Due to the risk of Charleston as a tertiary market investors will seek higher yields to compensate for enhanced risk. Using these parameters, an acquisition price of $1,000,000 would make this project attractive. By modifying the purchase price, the development yield goes from 7.20% to 8.98%, 138 bps above the blended market capitalization of 7.6%. The final deal value remains the same, but the deal costs have fallen to $2,415,769 yielding a development profit of

$457,263. This purchase price also provides a stabilized equity dividend yield of 9%. Since this project is fully entitled, a renovation as opposed to ground up, and only has a nine month development period, slightly lower returns than required by ground up development will be acceptable. This scenario also yields an 18.26% IRR and a positive 176,494 NPV at a more realistic hurdle rate of 15% (see appendix-3, pages 1-3).

This scenario only requires a $1,000,000 equity contribution, which covers the acquisition. At this acquisition price, ten, $100,000 units could be raised, in which case the sponsor would likely remain in the deal for 10% of the equity, 1, $100,000 unit. Utilizing the same promote structure as in the previous example, the investors would realize an IRR of 17.06% while the sponsor will earn an IRR of 25.72% (see appendix-3, page 4). These are the returns as generated by the cash flow of the deal; the sponsor will also receive the developer fee in year 1 of $64,775, which would increase the sponsor IRR to 42%.

Alternate Use

When analyzing a piece of property, it is important to understand the various uses that the potential property can accommodate, and which uses will provide the greatest land value. The use that gives the land its greatest value is considered the highest and best use. In looking at the dormitory/office use, it was determined that the value of the property in its current condition is roughly $1,000,000 taking into account general market return parameters. Of course, individuals willing to accept less return will be able to pay more for the property.

A limited service hostel/hotel use will now be evaluated to derive a property value and determine whether this use is more valuable at this site. The hostel/hotel use is very practical because the same room layout as the dormitory could be utilized, so if the dorm was not successful, this use gives the owner a potential exit strategy. The hotel/hostel use is not allowable under current zoning and would require a special exception. In addition, the hostel/hotel would require some additional money during the renovation to account for better finishes, approvals, etc. In order to compensate for this higher level of renovation, the construction budget was increased by approximately $120,000 to account for increase in both hard and soft costs. The soft cost increases were mainly seen in the expense for additional attorney's fees to accomplish the special exception and the additional expense of an interior decorator. The construction loan is for two year in order for the property to reach stabilization, so interest expense is also higher at $99,235.

It would be the intention of this hostel/hotel to offer a product somewhere in between the hostel option and the brand hotel option currently available in Charleston. The excellent location, planned LEED certification and outdoor amenity space will all be major draws. The Jane Hotel in New York City is a good example of what this particular project would strive to emulate.

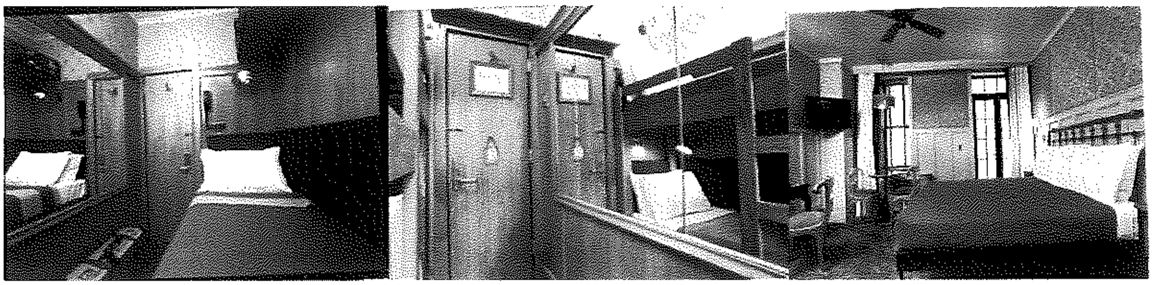

Figure 47: Single Cabin Room & Double Cabin-50 SF; Captain's Cabin-250SF

The Jane Hotel is a limited service hotel with extremely small rooms and shared bathrooms. Each room has a wireless internet, a flats screen television, iPod plug-in, and temperature control. In addition, the Jane is extremely well-known for its bar.

The proposed hotel use would consist of 32 guest rooms, and a first floor bar area, which would be leased to an operator. Other income would be derived from parking, bicycle rentals, cancellation fees. In working with Zach Schwartz with REVPAR International, a hotel feasibility and consulting company, a back of the envelope development yield model was utilized to evaluate land value under this use (appendix-4).

PRO FORMA INCOME/EXPENSE					
					Annual
RENTAL REVENUE		ADR	Occupancy	Units	$ Amount
Gross Income - 32 Keys	$	90.00	70%	32	735,840
Parking Income	$	10.00	4,088	12	40,880
Rentals and Other Income					65,000
GROSS INCOME					841,720
OPERATING EXPENSES				-70%	(589,204)
NET OPERATING INCOME					252,516
REPLACEMENT RESERVES				-4%	(33,669)
CASH FOR DEBT SERVICE					$218,847
Market CAP					8.5%
Market Value					$ 2,574,673
DEVELOPMENT YIELD					9.88%
DEVELOPMENT PROFIT					$ 359,673

Figure 48: Hotel Development Yield

In analyzing the development yield for the hotel/hostel, an ADR of $90 was utilized as achievable rate between current asking rates in the market for a hostel of $60/night and for limited service brand hotel of $171.67; this number is also at a discount to the 2009 Charleston peninsula ADR of $146.65. Annual occupancy for the Charleston market of 70%, as provided by the College of Charleston's Office of Tourism Analysis, was utilized to arrive at a room revenue of $735,840.[42] Parking income was then derived as 50% of projected room night rentals which is 8,176. This means that if 50% of guests bring a car that the spaces will be filled $4,088 times throughout the year. At $10 per night, this accounts for parking income of $40,880 for the year. Rentals and other income, which include the bar lease, bicycle rentals, cancellations and other income will be estimated at $65,000, $45,000 NNN for the lease and $20,000 of other income. Utilizing these assumptions, gross income comes to $841,720.

Utilizing 70% for expenses and a 4% annual replace reserve, which are both industry norms leave a cash flow for debt service of $218,847, which is 26% of Gross Revenue, also a standard industry benchmark.[43]

In order to achieve a development yield of 138bps above the market cap of 8.5%, the acquisition price on the property must be lowered to $619,000. It is interesting that cash for debt service in the dorm/office scenario is $210,394 while the cash for debt service for the hotel is slightly greater at $218,847. The hotel yield is greatly affected by the increase in renovation expense as well as the market cap rate of 8.5%, given by Paramount Lodging Advisors, as compared to the dorm/office cap rate of 7.6%.[44]

From this analysis, we can see that a hotel is not a better use than the dorm/office. In addition to the entitlement risk, the land value is $381,000 less with this use, under these assumptions.

On Wednesday, July 28th, the current property owner, Jeff Roberts, was offered $1,300,000 with closing to occur in 30 days. It is the recommendation that current property owner accept the offer and sell the property as is.

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Appendix-1

Dorm Rent Roll

Dorms	Unit	SF	# Units	Total SF	Rent PSF	Rent/Unit	Rent/Mo	Annual rent
	1BR/.5BA	150	28	4200	$ 4.83	$ 725.00	$ 20,300.00	243,600
	1BR/1BA	180	4	720	$ 4.31	$ 775.00	$ 3,100.00	37,200
			32	4920	$ 4.57	$ 750.00	$ 23,400.00	280,800

Parking	# Units	Rent/Unit	Rent/Mo	Annual Rent
	12	$ 125.00	$ 1,500.00	$ 18,000.00

Dorm Assumptions

Market Rates	
Current Market Cap	7.5%
Going Out Cap	8.5%
Hurdle Rate	8.0%
Sales Costs	3.0%

Vacancy Rates	
Year 1	85.0%
Year 2	15.0%
Investment	7.5%

Fees	
Acquisition Fee	0.0%
Supervisory Fee	0.0%
Asset Management Fee	0.0%
Developer Fee	5.0%

Growth Rates	
Unit Rental Income	3.0%
Other Rental Income	3.0%
Operating Expense	3.0%

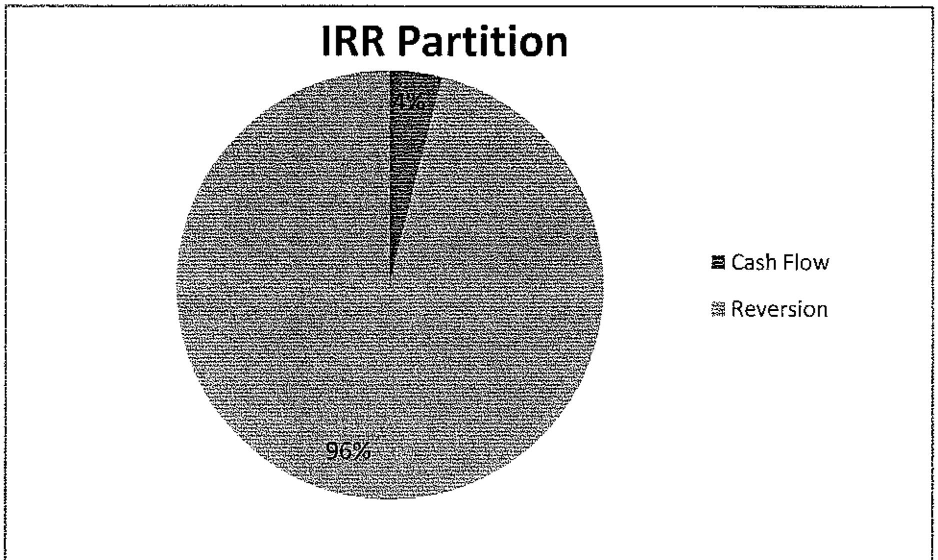
Renovation		
Contruction Timeline	9	months

Operating Expenses					
		Yr 1/Unit	Yr 1 Total	Yr 2/Unit	Yr 2 Total
Personnel		$0	$ -	$0	$0
Contract & Landscape		25	$ 800.00	75	$2,400
Utilities		400	$ 12,800.00	500	$16,000
Cable/Internet		120	$ 3,840.00	480	$15,360
Repairs & Maintenance		0	$ -	200	$6,400
Marketing		300	$ 9,600.00	200	$6,400
Administrative		150	$ 4,800.00	100	$3,200
Taxes		517	$ 16,542	1005	$32,148
Insurance		460	$ 14,720	400	$12,800
Management Fee	8%	$ 112	$ 3,586	$636	$20,355
		$2,084	$ 66,688	$3,596	$115,063

Rsvs				
TI's				
Leasing Commissions				
Renovation / Capital Reserve	$ 32,812	$ 1,050,000	$ 200	$ 6,400
	$ 32,812	$ 1,050,000	$ 200	$ 6,400

Dorm Discounted Cash Flow

		YR 1	YR 2	stabilized YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	YR 11	
Income	Rents	$ 280,800	$ 280,800	$ 289,224	$ 297,901	$ 306,838	$ 316,043	$ 325,524	$ 335,290	$ 345,349	$ 355,709	$ 366,380	
	Other	$ 18,000	$ 18,540	$ 19,096	$ 19,669	$ 20,259	$ 20,867	$ 21,493	$ 22,138	$ 22,802	$ 23,486	$ 24,130	
	PGI	$ 298,800	$ 299,340	$ 308,320	$ 317,570	$ 327,097	$ 336,910	$ 347,017	$ 357,428	$ 368,150	$ 379,195	$ 390,571	
Vacancy		85%	15%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	
		$ 253,980	$ 44,901	$ 23,124	$ 23,818	$ 24,532	$ 25,268	$ 26,026	$ 26,807	$ 27,611	$ 28,440	$ 29,233	
	EGI	$ 44,820	$ 254,439	$ 285,196	$ 293,752	$ 302,565	$ 311,642	$ 320,991	$ 330,621	$ 340,539	$ 350,755	$ 361,278	
OpEx	Personnel	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Contract & Landscape	$ 800	$2,400	$ 2,472	$ 2,546	$ 2,623	$ 2,701	$ 2,782	$ 2,866	$ 2,952	$ 3,040	$ 3,131	
	Utilities	$ 12,800	$16,000	$ 16,480	$ 16,974	$ 17,484	$ 18,008	$ 18,548	$ 19,105	$ 19,678	$ 20,268	$ 20,876	
	Cable/Internet	$ 3,840	$15,360	$ 15,821	$ 16,295	$ 16,784	$ 17,288	$ 17,806	$ 18,341	$ 18,891	$ 19,458	$ 20,041	
	Repairs & Maintenance	$ -	$6,400	$ 6,592	$ 6,790	$ 6,993	$ 7,203	$ 7,419	$ 7,642	$ 7,871	$ 8,107	$ 8,351	
	Marketing	$ 9,600	$6,400	$ 6,592	$ 6,790	$ 6,993	$ 7,203	$ 7,419	$ 7,642	$ 7,871	$ 8,107	$ 8,351	
	Administrative	$ 4,800	$3,200	$ 3,296	$ 3,395	$ 3,497	$ 3,602	$ 3,710	$ 3,821	$ 3,936	$ 4,054	$ 4,175	
	Taxes	$ 16,542	$32,148	$32,148	$32,148	$32,148	$32,148	$ 33,113	$ 33,113	$ 33,113	$ 33,113	$ 33,113	
	Insurance	$ 14,720	$12,800	$ 13,184	$ 13,580	$ 13,987	$ 14,407	$ 14,839	$ 15,284	$ 15,742	$ 16,215	$ 16,701	
	Management Fee	$ 3,586	$ 20,355.12	$ 22,815.69	$ 23,500.17	$ 24,205.17	$ 24,931.33	$ 25,679.27	$ 26,449.64	$ 27,243.13	$ 28,060.43	$ 28,902.24	
	Total OpEx	$ 66,687.96	$ 115,063	$ 119,401	$ 122,018	$ 124,715	$ 127,492	$ 131,316	$ 134,262	$ 137,297	$ 140,422	$ 143,642	
	NOI	$ (21,868)	$ 139,376	$ 165,795	$ 171,734	$ 177,850	$ 184,150	$ 189,675	$ 196,358	$ 203,242	$ 210,333	$ 217,636	
Reserves	TI's	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-		
	Leasing Comm	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-		
	CapEx	$ 1,050,000	$6,400	$ 6,592	$ 6,790	$ 6,993	$ 7,203	$ 7,419	$ 7,642	$ 7,871	$ 8,107	$ 8,351	
	Total Rsvs	$ 1,050,000	$ 6,400	$ 6,592	$ 6,790	$ 6,993							
	CFfDS	$ (1,071,868)	$ 132,976	$ 159,203	$ 164,944	$ 170,857	$ 184,150	$ 189,675	$ 196,358	$ 203,242	$ 210,333		
	Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-		
	CFaDS	$ (1,071,868)	$ 132,976	$ 159,203	$ 164,944	$ 170,857	$ 184,150	$ 189,675	$ 196,358	$ 203,242	$ 210,333		
	Terminal Value												$ 2,560,427
	Transaction Costs												$ 76,813
	Loan Repayment												$ -
	Net Gain on Sale												$ 2,483,615
	IRR	7.29%											
	NPV	($112,268)											
CF Series	$ (1,280,000)	$ (1,071,868)	$ 132,976	$ 159,203	$ 164,944	$ 170,857	$ 184,150	$ 189,675	$ 196,358	$ 203,242	$ 2,693,948		
	Total Equity Requirement	$ 2,351,868											
	IRR Segmentation												
	Cash Flow	$50,679	$ (1,071,868)	$ 132,976	$ 159,203	$ 164,944	$ 170,857	$ 184,150	$ 189,675	$ 196,358	$ 203,242	$ 210,333	
	Cash Flow	4%											
	Reversion	$1,229,321											
	Reversion	96%											
Stabilized	Breakeven Occupancy	41%											
Stabilized	Operating Expense Ratio	42%											


IRR Partition
4%
96%
Cash Flow
Reversion

Dorm Construction Costs

Max Total Draw $ 1,050,000

Calc of Const @ $ 1,000,000

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	
Contruction Draw	$ 111,111	$ 111,111	$ 111,111	$ 111,111	$ 111,111	$ 111,111	$ 111,111	$ 111,111	$ 111,111	$ 1,000,000
Developer Fee	5,556	5,556	5,556	5,556	5,556	5,556	5,556	5,556	5,556	$ 50,000
Total Draw	$ 116,667	$ 116,667	$ 116,667	$ 116,667	$ 116,667	$ 116,667	$ 116,667	$ 116,667	$ 116,667	$ 1,050,000

Total Construction Draw	$ 1,000,000
Total Developer Fees	$ 50,000
Total Cost to Equity	$ 1,050,000

Property Taxes				
	Assessed Value	Rate	Millage	Property Taxes
YR 1	1325000	6%	260.1	20677.95
YR 2	2575000	6%	260.1	40185.45

Office Rent Roll

Tenant	SF	Rate	Annual Rent	Term	Lease Start	Lease End
Tenant 1	3,500	$23.00	$80,500.00	5	9/1/2011	8/30/2016
Tenant 2	0	$23.00	$0.00	5	9/1/2011	8/30/2016
Tenant 3	0	$23.00	$0.00	5	9/1/2011	8/30/2016
	3,500	$23.00	$ 80,500			

Office Assumptions

Market Rates	
Current Market Cap	8%
Going Out Cap	9%
Hurdle Rate	8%
Sales Costs	3%

Vacancy Rates	
Year 1	85.0%
Year 2	15.0%
Investment	10.0%

Fees	
Acquisition Fee	0%
Supervisory Fee	0%
Asset Management Fee	0%
Developer Fee	5%

Growth Rates	
Unit Rental Income	3.0%
Other Rental Income	3.0%
Operating Expense	3.0%

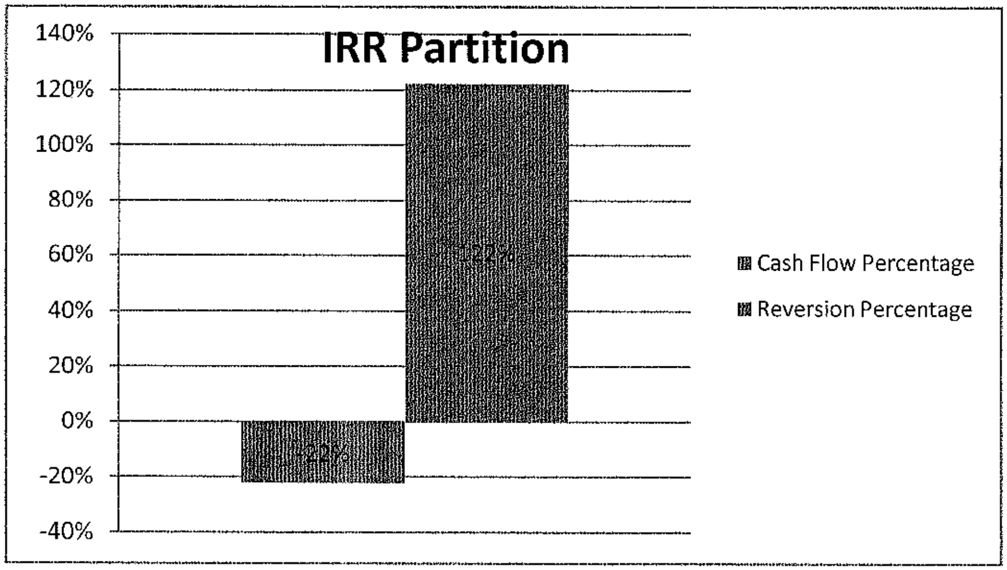
Operating Expenses						
Contract & Landscape		$0.25	$	875	$0.18	$630
Utilities		$1.50	$	5,250	$1.25	$4,375
Repairs & Maintenance		$0.00	$	-	$0.50	$1,750
Marketing		$3.00	$	10,500	$1.00	$3,500
Administrative		$0.25	$	875	$0.50	$1,750
Taxes		$1.20	$	4,200	$2.50	$8,750
Insurance		$1.05	$	3,675	$0.92	$3,220
Management Fee	6%	$0.21	$	725	$1.17	$4,106
			$	26,100	$8.02	$28,081

Rsvs								
TI's		5		17500		0.5		1750
Leasing Commissions		$1		$3,500	$	1.00	$	3,500
Renovation / Capital Reserve	$	105	$	367,500	$	0.50	$	1,750
	$	111	$	388,500	$	2	$	7,000

Office Discounted Cash Flow

		YR 1	YR 2	stabilized YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	YR 11
Income	Rents	$ 80,500	$ 80,500	$ 82,915	$ 85,402	$ 87,965	$ 90,603	$ 93,322	$ 96,121	$ 99,005	$ 101,975	$ 105,034
	Reimbs		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	PGI	$ 80,500	$ 80,500	$ 82,915	$ 85,402	$ 87,965	$ 90,603	$ 93,322	$ 96,121	$ 99,005	$ 101,975	$ 105,034
Vacancy		85%	15%	10%	10%	10%	10%	10%	10%	10%	10%	10%
		$ 68,425	$ 12,075	$ 8,292	$ 8,540	$ 8,796	$ 9,060	$ 9,332	$ 9,612	$ 9,900	$ 10,197	$ 10,503
	EGI	$ 12,075	$ 68,425	$ 82,915	$ 85,402	$ 87,964	$ 90,603	$ 93,321	$ 96,121	$ 99,005	$ 101,975	$ 105,034
OpEx	Contract & Landscape	$ 875	$ 630	$ 649	$ 668	$ 688	$ 709	$ 730	$ 752	$ 775	$ 798	$ 822
	Utilities	$ 5,250	$ 4,375	$ 4,506	$ 4,641	$ 4,781	$ 4,924	$ 5,072	$ 5,224	$ 5,381	$ 5,542	$ 5,708
	Repairs & Maintenance	$ -	$ 1,750	$ 1,803	$ 1,857	$ 1,912	$ 1,970	$ 2,029	$ 2,090	$ 2,152	$ 2,217	$ 2,283
	Marketing	$ 10,500	$ 3,500	$ 3,605	$ 3,713	$ 3,825	$ 3,939	$ 4,057	$ 4,179	$ 4,305	$ 4,434	$ 4,567
	Administrative	$ 875	$ 1,750	$ 1,803	$ 1,857	$ 1,912	$ 1,970	$ 2,029	$ 2,090	$ 2,152	$ 2,217	$ 2,283
	Taxes	$ 4,200	$ 8,750	$ 9,013	$ 9,283	$ 9,561	$ 9,848	$ 10,144	$ 10,448	$ 10,761	$ 11,084	$ 11,417
	Insurance	$ 3,675	$ 3,220	$ 3,317	$ 3,416	$ 3,519	$ 3,624	$ 3,733	$ 3,845	$ 3,960	$ 4,079	$ 4,201
	Management Fee	$ 725	$ 4,106	$ 4,975	$ 5,124	$ 5,278	$ 5,436	$ 5,599	$ 5,767	$ 5,940	$ 6,118	$ 6,302
	Total OpEx	$ 26,100	$ 28,081	$ 29,669	$ 30,559	$ 31,476	$ 32,420	$ 33,393	$ 34,395	$ 35,427	$ 36,489	$ 37,584
	NOI	$ (14,025)	$ 40,345	$ 53,246	$ 54,843	$ 56,488	$ 58,183	$ 59,929	$ 61,726	$ 63,578	$ 65,486	$ 67,450
Reserves	TI's	$ 17,500	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	
	Leasing Comm	$ 3,500	$ 3,500	$ 3,500	$ 3,500	$ 3,500	$ 3,500	$ 3,500	$ 3,500	$ 3,500	$ 3,500	$ 3,500
	CapEx	$ 367,500	$ 1,750	$ 1,803	$ 1,857	$ 1,912	$ 1,970	$ 2,029	$ 2,090	$ 2,152	$ 2,217	$ 2,283
	Total Rsvs	$ 388,500	$ 7,000	$ 7,053	$ 7,107	$ 7,162	$ 7,220	$ 7,279	$ 7,340	$ 7,402	$ 7,467	$ 5,783
	CFfDS	$ (402,525)	$ 33,345	$ 46,193	$ 47,737	$ 49,326	$ 50,963	$ 52,650	$ 54,387	$ 56,176	$ 58,019	
	Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-	
	CFaDS	$ (402,525)	$ 33,345	$ 46,193	$ 47,737	$ 49,326	$ 50,963	$ 52,650	$ 54,387	$ 56,176	$ 58,019	
	Terminal Value											$ 749,446
	Transaction Costs											$ 22,483
	Loan Repayment											0
	Net Gain on Sale											$ 726,963
	IRR	6.39%										
	NPV	($74,872)										

		YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	
CF Series	($320,000)	$ (402,525)	$ 33,345	$ 46,193	$ 47,737	$ 49,326	$ 50,963	$ 52,650	$ 54,387	$ 56,176	$ 784,982	
	IRR Segmentation											
	Cash Flow	($71,281)	$ (402,525)	$ 33,345	$ 46,193	$ 47,737	$ 49,326	$ 50,963	$ 52,650	$ 54,387	$ 56,176	$ 58,019
	Cash Flow Percentage	-22%										
	Reversion	$391,281	$ 726,963									
	Reversion Percentage	122%										
Stabilized	Breakeven Occupancy	56%										
Stabilized	Operating Costs/SF	$8.5										


IRR Partition
140%
120%
100%
80%
60%
40%
20%
0%
-20%
-40%
-22%
122%
Cash Flow Percentage
Reversion Percentage

Construction Draws & Fees

Max Total Draw $ 262,500

Calc of Const @ $ 250,000

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Totals
Contruction Draw	$ 27,778	$ 27,778	$ 27,778	$ 27,778	$ 27,778	$ 27,778	$ 27,778	$ 27,778	$ 27,778	$ 250,000
Developer Fee	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	$ 12,500
Total Draw	$ 29,167	$ 29,167	$ 29,167	$ 29,167	$ 29,167	$ 29,167	$ 29,167	$ 29,167	$ 29,167	$ 262,500

Total Construction Draw	$	250,000
Total Developer Fees	$	12,500
Total Cost to Equity	$	262,500

Capital Requirements		
Dorm Allocation		
Transfer Price	$	1,280,000
Associated Renovations	$	1,050,000
Cash Flow Shortfall	$	21,868
Dorm Allocated Expense	$	2,330,000
Office Allocation		
Transfer Price	$	320,000
Associated Renovations	$	262,500
Cash Flow Shortfall	$	35,025
Office Allocated Expense	$	582,500
Total Requirements		
Transfer Price	$	1,600,000
Associated Renovations	$	1,312,500
Total Cash Flow Shortfall	$	56,892
Total Project Expense	$	2,969,392
Total Investment	$	2,969,392

Total Project Returns

			YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10
Dorm												
	CF Dorm	($1,280,000)	$ (1,071,868)	$ 132,976	$ 159,203	$ 164,944	$ 170,857	$ 184,150	$ 189,675	$ 196,358	$ 203,242	$ 2,693,948
	IRR	7.29%										
	NPV	($112,268)										
Office												
	CF Office	($320,000)	($402,525)	$33,345	$46,193	$47,737	$49,326	$50,963	$52,650	$54,387	$56,176	$784,982
	IRR	6.39%										
	NPV	($74,872)										
Project												
	CF Project	($1,600,000)	($1,474,392)	$166,320	$205,397	$212,680	$220,183	$235,113	$242,324	$250,745	$259,418	$3,478,929
	IRR	7.08%										
	NPV	($187,140)										

145 St. Philip Street
Distribution of Cash Flow

Sharing of Cash Flow Distribution
7.5% Prefferred Cumulative Return-All Parri Passu
25% Additional Cash to Sponsor

Cash Equity	$ 2,969,392
Cash Equity Preferred Return	7.5%

Investor I-Sponsor	10%	$ 296,939
Investor Group	90%	$ 2,672,453

[illegible]			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Cash Flow			$ -	$ 166,320	$ 205,397	$ 212,680	$ 220,183	$ 235,113	$ 242,324	$ 250,745	$ 259,418	$ 3,478,929
Distribution Level 1												
Cash Equity			$ 2,969,392	$ 2,969,392	$ 2,969,392	$ 2,969,392	$ 2,969,392	$ 2,969,392	$2,969,392	$2,969,392	$2,969,392	$ 2,969,392
Preferred Return	7.50%		$ 222,704	$ 222,704	$ 222,704	$ 222,704	$ 222,704	$ 222,704	$ 222,704	$ 222,704	$ 222,704	$ 222,704
Cumulative Unpaid Preffered Return			$ 222,704	$ 445,409	$ 501,793	$ 519,101	$ 529,125	$ 531,647	$ 519,238	$ 499,618	$ 471,577	$ 434,863
Cash Distribution-Level 1			$ -	$ 166,320	$ 205,397	$ 212,680	$ 220,183	$ 235,113	$ 242,324	$ 250,745	$ 259,418	$ 434,863
Remaining Unpaid Preffered Return			$ 222,704	$ 279,089	$ 296,397	$ 306,421	$ 308,942	$ 296,533	$ 276,913	$ 248,873	$ 212,159	$ -
Return of Equity												$ 2,969,392
Excess Funds			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 74,674
Distribution Level												
Equity Partners (Front End)	75.00%		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 56,005
Promote-Sponsor (Back-End)	25.00%		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,668
Total-Distribution Level 2			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 74,674
Summary of Distributions												
Equity Partners (Front- End)			$ -	$ 149,688	$ 184,857	$ 191,412	$ 198,165	$ 211,602	$ 218,092	$ 225,671	$ 233,476	$ 3,119,835
Prmote-Sponsor (Back-End)			$ -	$ 16,632	$ 20,540	$ 21,268	$ 22,018	$ 23,511	$ 24,232	$ 25,075	$ 25,942	$ 359,094
Total			$ -	$ 166,320	$ 205,397	$ 212,680	$ 220,183	$ 235,113	$ 242,324	$ 250,745	$ 259,418	$ 3,478,929
	CF Partner	$ (2,672,453)	$ -	$ 149,688	$ 184,857	$ 191,412	$ 198,165	$ 211,602	$ 218,092	$ 225,671	$ 233,476	$ 3,119,835
	IRR	7.09%										
	CF Sponsor	$ (296,939)	$ -	$ 16,632	$ 20,540	$ 21,268	$ 22,018	$ 23,511	$ 24,232	$ 25,075	$ 25,942	$ 359,094
	IRR	7.36%										

Development Costs		
Hard Costs		
General Conditions	$	100,000
Demolition	$	18,000
Storm Drain	$	1,150
Site Improvements	$	44,000
Landscaping & Engineering	$	10,000
Special Foundations	$	550
Masonry	$	14,500
Misc Metals	$	7,500
Rough Carpentry	$	25,000
Millwork & Wood Doors	$	63,000
Waterproofing	$	9,000
Roofing & Sheet Metal	$	25,000
Hollow Metal Work	$	2,450
Special Doors and Dock Equip	$	8,400
Finish Hardware	$	8,000
Windows	$	55,000
Glass/Storefront	$	2,688
Drywall	$	100,000
Lath Plaster Stucco	$	13,000
Hard Tile	$	26,500
Acoustical	$	26,500
Resilient Tile & Base	$	30,000
Paint & Vinyl Wall Covering	$	40,000
Misc Specialties	$	4,000
Toilet Accessories	$	4,000
Elevators	$	15,000
Plumbing	$	115,000
HVAC	$	142,000
Fire Protection	$	65,000
Electrical	$	120,000
Contingency (5%)	$	54,762
Total Hard Costs	$	1,150,000
Soft Costs		
Architectural	$	50,000
Engineering	$	20,000
Attorney Fees	$	10,000
Permits	$	20,000
Total Soft Costs	$	100,000
Total Development Costs	$	1,250,000

Appendix-2

Dorm Rent Roll

Rent Roll

Unit	SF	# Units	Total SF	Rent PSF	Rent/Unit	Rent/Mo	Annual rent
1BR/.5BA	150	28	4200	$ 4.83	$ 725.00	$ 20,300.00	243,600
1BR/1BA	180	4	720	$ 4.31	$ 775.00	$ 3,100.00	37,200
		32	4920	$ 4.57	$ 750.00	$ 23,400.00	280,800

Parking

# Units	Rent/Unit	Rent/Mo	Annual Rent
12	$ 125.00	$ 1,500.00	$ 18,000.00

Dorm Assumptions

Market Rates	
Current Market Cap	7.5%
Going Out Cap	8.5%
Hurdle Rate	8.0%
Sales Costs	3.0%

Vacancy Rates	
Year 1	85.0%
Year 2	15.0%
Investment	7.5%

Fees	
Acquisition Fee	0.0%
Supervisory Fee	0.0%
Asset Management Fee	0.0%
Developer Fee	5.0%

Growth Rates	
Unit Rental Income	3.0%
Other Rental Income	3.0%
Operating Expense	3.0%

Renovation		
Contruction Timeline	9	months
Construction Loan	12	months

Operating Expenses						
			Yr 1/Unit	Yr 1 Total	Yr 2/Unit	Yr 2 Total
Personnel			$0	$ -	$0	$0
Contract & Landscape			25	$ 800.00	75	$2,400
Utilities			400	$ 12,800.00	500	$16,000
Cable/Internet			120	$ 3,840.00	480	$15,360
Repairs & Maintenance			0	$ -	200	$6,400
Marketing			50	$ 1,600.00	200	$6,400
Administrative			25	$ 800.00	100	$3,200
Taxes			517	$ 4,136	1005	$32,148
Insurance			460	$ 3,680.00	400	$12,800
Management Fee	8%	$	112	$ 3,586	$636	$20,355
			$1,709	$ 31,241.19	$3,596	$115,063

Rsvs				
TI's				
Leasing Commissions				
Renovation / Capital Reserve	0	$ -	200	$6,400
	0	0	200	6400

Debt Assumptions

Construction	
Rate	
Prime	
Rate	6.00%
Amm	IO
Term	1yr

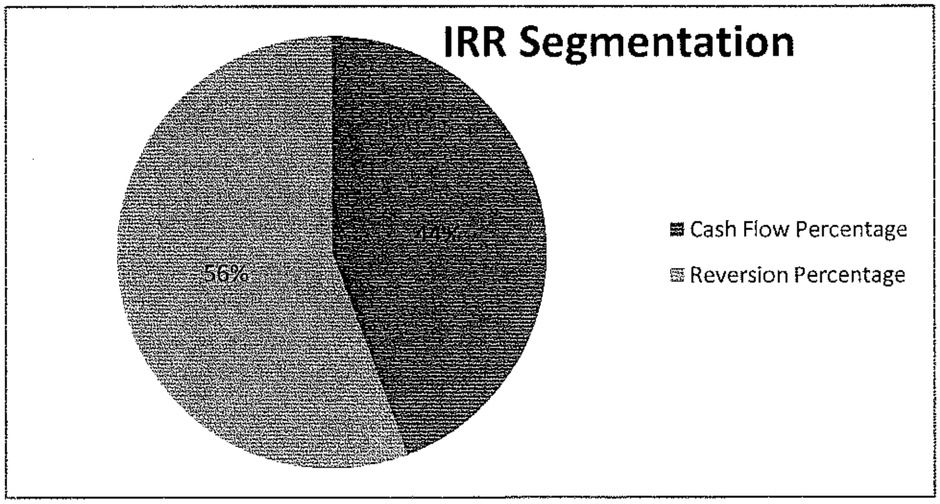
Permanent			
Rate	6.00%		
Term	5.0 years		
Amm.	20 years		
DCR	1.3	$1,483,451	
LTV	65%	$ 1,436,893	$ 2,210,604
Loan	$1,436,893		
Payment Monthly	$10,294		
Payment Annual	$123,532		
Loan Balance at YR 10	$927,247		

Dorm Discounted Cash Flow

		construction YR 1	YR 2	stabilized YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	YR 11	
Income	Rents	$ 280,800	$ 280,800	$ 289,224	$ 297,901	$ 306,838	$ 316,043	$ 325,524	$ 335,290	$ 345,349	$ 355,709	$ 366,380	
	Other	$ 18,000	$ 18,540	$ 19,096	$ 19,669	$ 20,259	$ 20,867	$ 21,493	$ 22,138	$ 22,802	$ 23,486	$ 24,190	
	PGI	$ 298,800	$ 299,340	$ 308,320	$ 317,570	$ 327,097	$ 336,910	$ 347,017	$ 357,428	$ 368,150	$ 379,195	$ 390,571	
Vacancy		85%	15%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	
		$ 253,980	$ 44,901	$ 23,124	$ 23,818	$ 24,532	$ 25,268	$ 26,026	$ 26,807	$ 27,611	$ 28,440	$ 29,293	
	EGI	$ 44,820	$ 254,439	$ 285,196	$ 293,752	$ 302,565	$ 311,642	$ 320,991	$ 330,621	$ 340,539	$ 350,755	$ 361,278	
OpEx	Personnel	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Contract & Landscape	$ 800	$2,400	$ 2,472	$ 2,546	$ 2,623	$ 2,701	$ 2,782	$ 2,866	$ 2,952	$ 3,040	$ 3,131	
	Utilities	$ 12,800	$16,000	$ 16,480	$ 16,974	$ 17,484	$ 18,008	$ 18,548	$ 19,105	$ 19,678	$ 20,268	$ 20,876	
	Cable/Internet	$ 3,840	$15,360	$ 15,821	$ 16,295	$ 16,784	$ 17,288	$ 17,806	$ 18,341	$ 18,891	$ 19,458	$ 20,041	
	Repairs & Maintenance	$ -	$6,400	$ 6,592	$ 6,790	$ 6,993	$ 7,203	$ 7,419	$ 7,642	$ 7,871	$ 8,107	$ 8,351	
	Marketing	$ 1,600	$6,400	$ 6,592	$ 6,790	$ 6,993	$ 7,203	$ 7,419	$ 7,642	$ 7,871	$ 8,107	$ 8,351	
	Administrative	$ 800	$3,200	$ 3,296	$ 3,395	$ 3,497	$ 3,602	$ 3,710	$ 3,821	$ 3,936	$ 4,054	$ 4,175	
	Taxes	$ 4,136	$32,148	$32,148	$32,148	$32,148	$32,148	$ 33,113	$ 33,113	$ 33,113	$ 33,113	$ 33,113	
	Insurance	$ 3,680	$12,800	$ 13,184	$ 13,580	$ 13,987	$ 14,407	$ 14,839	$ 15,284	$ 15,742	$ 16,215	$ 16,701	
	Management Fee	$ 3,586	$ 20,355	$ 22,816	$ 23,500	$ 24,205	$ 24,931	$ 25,679	$ 26,450	$ 27,243	$ 28,060	$ 28,902	
	Total OpEx	$ 31,241	$ 115,063	$ 119,401	$ 122,018	$ 124,715	$ 127,492	$ 131,316	$ 134,262	$ 137,297	$ 140,422	$ 143,642	
	NOI	$ 13,579	$ 139,376	$ 165,795	$ 171,734	$ 177,850	$ 184,150	$ 189,675	$ 196,358	$ 203,242	$ 210,333	$ 217,636	
Reserves	TI's	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
	Leasing Comm	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
	CapEx	$ -	$6,400	$ 6,592	$ 6,790	$ 6,993	$ 7,203	$ 7,419	$ 7,642	$ 7,871	$ 8,107	$ 8,351	
	Total Rsvs	$ -	$ 6,400	$ 6,592	$ 6,790	$ 6,993	$ 7,203	$ 7,419	$ 7,642	$ 7,871	$ 8,107	$ 8,351	
	CFfDS	$ 13,579	$ 132,976	$ 159,203	$ 164,944	$ 170,857	$ 176,947	$ 182,255	$ 188,716	$ 195,371	$ 202,226		
	Debt Service	$ 13,579	$123,532	$123,532	$123,532	$123,532	$123,532	$123,532	$123,532	$123,532	$123,532		
	CFaDS	$ 317,857	$ 9,443	$ 35,671	$ 41,412	$ 47,324	$ 53,415	$ 58,723	$ 65,184	$ 71,839	$ 78,693		
	Terminal Value												$ 2,560,427.46
	Transaction Costs												$ 76,812.82
	Loan Repayment												$927,247.36
	Net Gain on Sale												$ 1,556,367.27
	IRR	8.11%											
	NPV	$9,800											

			YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10
CF Series	$	(1,280,000)	$ 317,857	$ 9,443	$ 35,671	$ 41,412	$ 47,324	$ 53,415	$ 58,723	$ 65,184	$ 71,839	$ 1,635,061

	IRR Segmentation											
	Cash Flow	$566,695	$ 317,857	$ 9,443	$ 35,671	$ 41,412	$ 47,324	$ 53,415	$ 58,723	$ 65,184	$ 71,839	$ 78,693
	Cash Flow Percentage	44%										
	Reversion	$713,305	$1,556,367									
	Reversion Percentage	56%										
Stabilized	Breakeven Occupancy	79%										
Operating	Expense Ratio	42%										


IRR Segmentation
44%
56%
Cash Flow Percentage
Reversion Percentage

Dorm Construction Loan

Max Loan Line	$	1,436,893	(senior takeout)
Contruction Costs	$	1,036,403	
Developer Fee	$	51,820	
Calc of Loan @	$	1,088,223	

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
Beginning Balace	$ -	$121,518	$ 243,644	$ 366,380	$ 489,731	$ 613,697	$ 738,284	$ 863,494	$ 989,329	$1,115,794	$1,121,373	$1,126,980	
Draw	120,914	120,914	120,914	120,914	120,914	120,914	120,914	120,914	120,914	-	-	-	$1,088,223
Ending Balance	120,914	242,432	364,558	487,294	610,644	734,611	859,198	984,407	1,110,243	1,115,794	1,121,373	1,126,980	
Developer Fee	5,758	5,758	5,758	5,758	5,758	5,758	5,758	5,758	5,758	-	-	-	51,820
Interest Due	$ 605	$ 1,212	$ 1,823	$ 2,436	$ 3,053	$ 3,673	$ 4,296	$ 4,922	$ 5,551	$ 5,579	$ 5,607	$ 5,635	44,392

Total Construction Interest	$	44,392
Total Developer Fees	$	51,820
Construction Loan Balance		1,132,615
Takeout Loan	$	1,436,893
Year 1 Escrow	$	13,579
Project Cash Out	$	304,278
Total Proceeds		317,857

Office Rent Roll

Tenant	SF	Rate	Annual Rent	Exp. Stop	Esc.	Term	Lease Start	Lease End
Tenant 1	3,500	$23.00	$80,500.00	$8.00	3%	5	9/1/2011	8/30/2016
Tenant 2	0	$23.00	$0.00	$8.00	3%	5	9/1/2011	8/30/2016
Tenant 3	0	$23.00	$0.00	$8.00	3%	5	9/1/2011	8/30/2016
	3,500	$23.00	$ 80,500					

Office Assumptions

Market Rates	
Current Market Cap	8%
Going Out Cap	9%
Hurdle Rate	8%
Sales Costs	3%

Vacancy Rates	
Year 1	80%
Year 2	15%
Investment	10%

Fees	
Acquisition Fee	0%
Supervisory Fee	0%
Asset Management Fee	0%
Developer Fee	5%

Growth Rates	
Unit Rental Income	3.0%
Other Rental Income	3.0%
Operating Expense	3.0%

Operating Expenses		Yr 1/SF	Yr 1 Total	Yr 2/SF	Yr 2 Total
Contract & Landscape		0.25	$ 875	0.25	$875
Utilities		1	$ 3,500	1.25	$4,375
Repairs & Maintenance		0	$ -	0.5	$1,750
Marketing		0	$ 875	1	$3,500
Administrative		0.25	$ 875	0.5	$1,750
Taxes		0.30	$ 1,034	2.5	$8,750
Insurance		0.26	$ 919	0.92	$3,220
Management Fee	6%	0.276	966	$1.17	$4,106
			$ 9,043.65	8.09	$28,326

Rsvs				
TI's				
Leasing Commissions				
Renovation / Capital Reserve	105	$ 367,500	0.5	$1,750
	105	367,500	1	1,750

Debt Assumptions

Construction	
Rate	
Prime	
Rate	6.00%
Amm	IO
Term	1yr

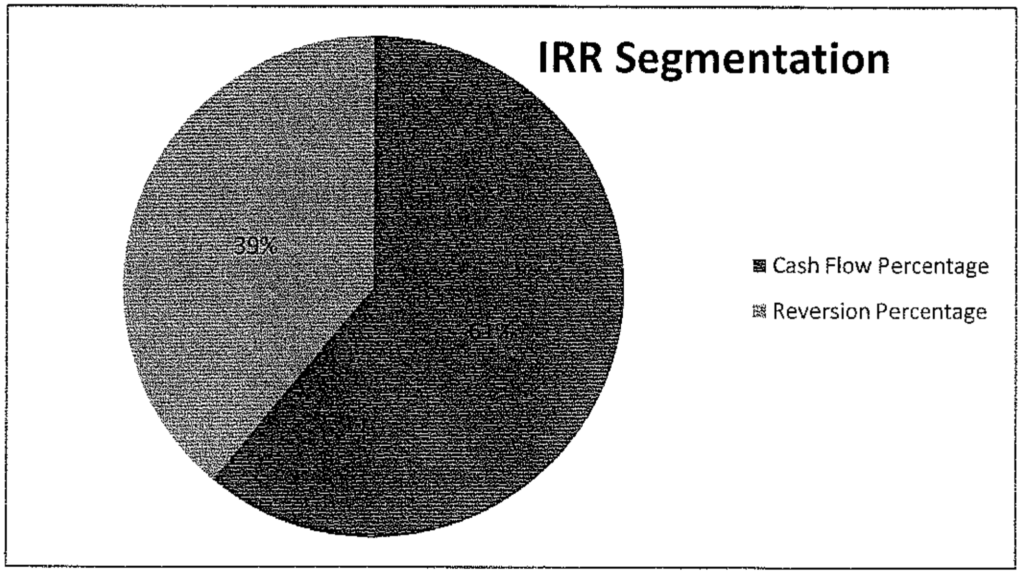
Permanent			
Rate	6.00%		
Term	10.0 years		
Amm.	20 years		
DCR	1.3	$474,158	
LTV	65%	$ 430,571	$ 662,418
Loan	$430,571		
Payment Monthly	$3,085		
Payment Annual	$37,017		
Loan Balance	$277,853.85		

Office Discounted Cash Flow

		YR 1	YR 2	stabilized YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	YR 11
Income	Rents	$ 80,500	$ 80,500	$ 82,915	$ 85,402	$ 87,965	$ 90,603	$ 93,322	$ 96,121	$ 99,005	$ 101,975	$ 105,034
	Reimbs		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	PGI	$ 80,500	$ 80,500	$ 82,915	$ 85,402	$ 87,965	$ 90,603	$ 93,322	$ 96,121	$ 99,005	$ 101,975	$ 105,034
Vacancy		80%	15%	10%	10%	10%	10%	10%	10%	10%	10%	10%
		$ 64,400	$ 12,075	$ 8,292	$ 8,540	$ 8,796	$ 9,060	$ 9,332	$ 9,612	$ 9,900	$ 10,197	$ 10,503
	EGI	$ 16,100	$ 68,425	$ 82,915	$ 85,402	$ 87,964	$ 90,603	$ 93,321	$ 96,121	$ 99,005	$ 101,975	$ 105,034
OpEx	Contract & Landscape	$ 875	$ 875	$ 901	$ 928	$ 956	$ 985	$ 1,014	$ 1,045	$ 1,076	$ 1,108	$ 1,142
	Utilities	$ 3,500	$ 4,375	$ 4,506	$ 4,641	$ 4,781	$ 4,924	$ 5,072	$ 5,224	$ 5,381	$ 5,542	$ 5,708
	Repairs & Maintenance	$ -	$ 1,750	$ 1,803	$ 1,857	$ 1,912	$ 1,970	$ 2,029	$ 2,090	$ 2,152	$ 2,217	$ 2,283
	Marketing	$ 875	$ 3,500	$ 3,605	$ 3,713	$ 3,825	$ 3,939	$ 4,057	$ 4,179	$ 4,305	$ 4,434	$ 4,567
	Administrative	$ 875	$ 1,750	$ 1,803	$ 1,857	$ 1,912	$ 1,970	$ 2,029	$ 2,090	$ 2,152	$ 2,217	$ 2,283
	Taxes	$ 1,034	$ 8,750	$ 9,013	$ 9,283	$ 9,561	$ 9,848	$ 10,144	$ 10,448	$ 10,761	$ 11,084	$ 11,417
	Insurance	$ 919	$ 3,220	$ 3,317	$ 3,416	$ 3,519	$ 3,624	$ 3,733	$ 3,845	$ 3,960	$ 4,079	$ 4,201
	Management Fee	$ 966	$ 4,106	$ 4,975	$ 5,124	$ 5,278	$ 5,436	$ 5,599	$ 5,767	$ 5,940	$ 6,118	$ 6,302
	Total OpEx	$ 9,044	$ 28,326	$ 29,921	$ 30,819	$ 31,744	$ 32,696	$ 33,677	$ 34,687	$ 35,728	$ 36,800	$ 37,904
	NOI	$ 7,056	$ 40,100	$ 52,993	$ 54,583	$ 56,221	$ 57,907	$ 59,645	$ 61,434	$ 63,277	$ 65,175	$ 67,130
Reserves	TI's	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Leasing Comm	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	CapEx	$ -	$ 1,750	$ 1,803	$ 1,857	$ 1,912	$ 1,970	$ 2,029	$ 2,090	$ 2,152	$ 2,217	
	Total Rsvs	$ -	$ 1,750	$ 1,803	$ 1,857	$ 1,912	$ 1,970	$ 2,029	$ 2,090	$ 2,152	$ 2,217	
	CFfDS	$ 7,056	$ 38,350	$ 51,191	$ 52,727	$ 54,308	$ 55,938	$ 57,616	$ 59,344	$ 61,125	$ 62,958	
	Debt Service	$ 7,056	$ 37,017	$ 37,017	$ 37,017	$ 37,017	$ 37,017	$ 37,017	$ 37,017	$ 37,017	$ 37,017	
	CFaDS	$ 154,474	$ 1,333	$ 14,174	$ 15,710	$ 17,291	$ 18,921	$ 20,599	$ 22,327	$ 24,108	$ 25,941	
	Terminal Value											$ 839,131
	Transaction Costs											$ 25,174
	Loan Repayment											$ 277,854
	Net Gain on Sale											$ 536,103
	IRR	15.72%										
	NPV	$167,142										

		YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10
CF Series	($320,000)	$ 154,474	$ 1,333	$ 14,174	$ 15,710	$ 17,291	$ 18,921	$ 20,599	$ 22,327	$ 24,108	$ 562,045

	IRR Segmentation											
	Cash Flow	$195,474	$ 154,474	$ 1,333	$ 14,174	$ 15,710	$ 17,291	$ 18,921	$ 20,599	$ 22,327	$ 24,108	$ 25,941
	Cash Flow Percentage	61%										
	Reversion	$124,526	$ 536,103									
	Reversion Percentage	39%										
Stabilized	Breakeven Occupancy	81%										


IRR Segmentation
39%
61%
Cash Flow Percentage
Reversion Percentage

Office Construction Loan

Max Loan Line	$430,571	(senior takeout)
Contruction Costs	$ 259,101	
Developer Fee	$ 12,955	
Calc of Loan @	$ 272,056	

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
Beginning Balace	$ -	$ 30,380	$ 60,911	$ 91,595	$ 122,433	$ 153,424	$ 184,571	$ 215,873	$ 247,332	$ 278,949	$ 280,343	$ 281,745	
Draw	30,228	30,228	30,228	30,228	30,228	30,228	30,228	30,228	30,228	-	-	-	$ 272,056
Ending Balance	30,228	60,608	91,139	121,824	152,661	183,653	214,799	246,102	277,561	278,949	280,343	281,745	
Developer Fee	1,511	1,511	1,511	1,511	1,511	1,511	1,511	1,511	1,511	-	-	-	13,603
Interest Due	$ 151	$ 303	$ 456	$ 609	$ 763	$ 918	$ 1,074	$ 1,231	$ 1,388	$ 1,395	$ 1,402	$ 1,409	11,098

Total Construction Interest	$	11,098
Total Developer Fees	$	13,603
Construction Loan Balance		283,154
Takeout Loan	$	430,571
Year 1 Escrow	$	7,056
Project Cash Out	$	147,418
Total Proceeds		154,474

Property Taxes				
	Assessed Value	Rate	Millage	Property Taxes
YR 1	1325000	6%	260.1	20677.95
YR 2	2575000	6%	260.1	40185.45

Total Project Returns

			YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10
Dorm												
	CF Dorm	($1,280,000)	$ 317,857	$ 9,443	$ 35,671	$ 41,412	$ 47,324	$ 53,415	$ 58,723	$ 65,184	$ 71,839	$ 1,635,061
	IRR	8.11%										
	NPV	$9,800										
Office												
	CF Office	($320,000)	$154,474	$1,333	$14,174	$15,710	$17,291	$18,921	$20,599	$22,327	$24,108	$562,045
	IRR	15.72%										
	NPV	$167,142										
Project												
	CF Project	($1,600,000)	$472,331	$10,776	$49,845	$57,121	$64,616	$72,335	$79,322	$87,511	$95,947	$2,197,105
	IRR	9.64%										
	NPV	$176,942										

Deal Analysis Parameters			
IRR			9.64%
NPV			$176,942
Equity Dividened Yield			
	YR 1		30%
	Stabilized YR 3		4%
Blended BER			79%
Development Yield			
	Combined NOI	$	216,986
	Total Cost in Deal		$3,015,769
	Yield		7.20%
Blended Market Cap			7.60%
Total Deal Value			$2,873,022
	development profit		-$142,747

Capital Requirements		
Dorm Allocation		
Transfer Price	$	1,280,000
YR 1 Shortfall	$	-
Dorm Allocated Expense	$	1,280,000
Office Allocation		
Transfer Price	$	320,000
Cash Flow Shortfall	$	-
Office Allocated Expense	$	320,000
Total Requirements		
Transfer Price	$	1,600,000
Total Cash Flow Shortfall	$	-
Total Project Expense	$	1,600,000
Total Equity Requirement	$	1,600,000

145 St. Philip Street
Distribution of Cash Flow

Sharing of Cash Flow Distribution
7.5% Prefferred Cumulative Return-All Parri Passu
25% Additional Cash to Sponsor

Cash Equity	$ 1,600,000
Cash Equity Preferred Return	7.5%

Investor I-Sponsor	12.5%	$ 200,000
Investor Group	87.5%	$ 1,400,000

For the Years Ending			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Cash Flow			$472,331	$ 10,776	$ 49,845	$ 57,121	$ 64,616	$ 72,335	$ 79,322	$ 87,511	$ 95,947	$ 2,197,105
Distribution Level 1												
Cash Equity			$ 1,600,000	$ 1,247,669	$ 1,247,669	$ 1,247,669	$ 1,247,669	$ 1,247,669	$1,247,669	$1,247,669	$1,247,669	$ 1,247,669
Preferred Return	7.50%		$ 120,000	$ 120,000	$ 93,575	$ 93,575	$ 93,575	$ 93,575	$ 93,575	$ 93,575	$ 93,575	$ 93,575
Cumulative Unpaid Preffered Return			$ 120,000	$ 120,000	$ 202,799	$ 246,529	$ 282,983	$ 311,942	$ 333,182	$ 347,436	$ 353,499	$ 351,128
Cash Distribution-Level 1			$ 120,000	$ 10,776	$ 49,845	$ 57,121	$ 64,616	$ 72,335	$ 79,322	$ 87,511	$ 95,947	$ 351,128
Remaining Unpaid Preffered Return			$ -	$ 109,224	$ 152,954	$ 189,408	$ 218,367	$ 239,607	$ 253,860	$ 259,924	$ 257,553	$ -
Return of Equity			$ 352,331									$ 1,247,669
Excess Funds			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 598,308
Distribution Level												
Equity Partners (Front End)	75.00%		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 448,731
Promote-Sponsor (Back-End)	25.00%		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 149,577
Total Distribution Level 2			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 598,308
Summary of Distributions												
Equity Partners (Front- End)			$ 413,289	$ 9,429	$ 43,614	$ 49,981	$ 56,539	$ 63,293	$ 69,407	$ 76,572	$ 83,953	$ 1,847,679
Prmote-Sponsor (Back-End)			$ 59,041	$ 1,347	$ 6,231	$ 7,140	$ 8,077	$ 9,042	$ 9,915	$ 10,939	$ 11,993	$ 349,427
Total			$ 472,331	$ 10,776	$ 49,845	$ 57,121	$ 64,616	$ 72,335	$ 79,322	$ 87,511	$ 95,947	$ 2,197,105
	CF Partner	$ (1,400,000)	$ 413,289	$ 9,429	$ 43,614	$ 49,981	$ 56,539	$ 63,293	$ 69,407	$ 76,572	$ 83,953	$ 1,847,679
	IRR	9.30%										
	CF Sponsor	$ (200,000)	$ 59,041	$ 1,347	$ 6,231	$ 7,140	$ 8,077	$ 9,042	$ 9,915	$ 10,939	$ 11,993	$ 349,427
	IRR	11.81%										
	CF Sponsor/Dev	$ (200,000)	$ 59,041	$ 1,347	$ 6,231	$ 7,140	$ 8,077	$ 9,042	$ 9,915	$ 10,939	$ 11,993	$ 349,427
		11.81%										

Development Costs		
Soft Costs		
General Conditions	$	100,000
Demolition	$	18,000
Storm Drain	$	1,150
Site Improvements	$	44,000
Landscaping & Engineering	$	10,000
Special Foundations	$	550
Masonry	$	14,500
Misc Metals	$	7,500
Rough Carpentry	$	25,000
Millwork & Wood Doors	$	63,000
Waterproofing	$	9,000
Roofing & Sheet Metal	$	25,000
Hollow Metal Work	$	2,450
Special Doors and Dock Equip	$	8,400
Finish Hardware	$	8,000
Windows	$	55,000
Glass/Storefront	$	2,688
Drywall	$	100,000
Lath Plaster Stucco	$	13,000
Hard Tile	$	26,500
Acoustical	$	26,500
Resilient Tile & Base	$	30,000
Paint & Vinyl Wall Covering	$	40,000
Misc Specialties	$	4,000
Toilet Accessories	$	4,000
Elevators	$	15,000
Plumbing	$	115,000
HVAC	$	142,000
Fire Protection	$	65,000
Electrical	$	120,000
Contingency (5%)	$	54,762
Total Hard Costs	$	1,150,000
Soft Costs		
Architectural	$	50,000
Engineering	$	20,000
Attorney Fees	$	10,000
Re Taxes	$	15,508
Insurance	$	17,395
Marketing	$	9,600
Administrative	$	3,000
Permits	$	20,000
Total Soft Costs	$	145,503
Total Project Costs	$	1,295,503

Total Project Returns												
Dorm			YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10
	CF Dorm	($800,000)	$ 317,857	$ 9,443	$ 35,671	$ 41,412	$ 47,324	$ 53,415	$ 58,723	$ 65,184	$ 71,839	$ 1,635,061
	IRR	16.03%										
	NPV	$45,259										
Office												
	CF Office	($200,000)	$154,474	$1,333	$14,174	$15,710	$17,291	$18,921	$20,599	$22,327	$24,108	$562,045
	IRR	28.07%										
	NPV	$131,236										
Project												
	CF Project	($1,000,000)	$472,331	$10,776	$49,845	$57,121	$64,616	$72,335	$79,322	$87,511	$95,947	$2,197,105
	IRR	18.26%										
	NPV	$176,494										

Deal Analysis Parameters		
IRR		18.26%
NPV		$176,494
Equity Dividened Yield		
YR 1		47%
Stabilized YR 3		9%
Blended BER		79%
Development Yield		
Combined NOI	$	216,986
Total Cost in Deal		$2,415,769
Yield		8.98%
Blended Market Cap		7.60%
Total Deal Value		~~$2,210,604~~ 2,873,022
development profit		~~-$205,164~~ 457,263

Capital Requirements

Dorm Allocation		
Transfer Price	$	800,000
YR 1 Shortfall	$	-
Dorm Allocated Expense	$	800,000
Office Allocation		
Transfer Price	$	200,000
Cash Flow Shortfall	$	-
Office Allocated Expense	$	200,000
Total Requirements		
Transfer Price	$	1,000,000
Total Cash Flow Shortfall	$	-
Total Project Expense	$	1,000,000
Total Equity Requirement	$	1,000,000

145 St. Philip Street
Distribution of Cash Flow

Sharing of Cash Flow Distribution
7.5% Prefferred Cumulative Return-All Parri Passu
25% Additional Cash to Sponsor

Cash Equity	$ 1,000,000
Cash Equity Preferred Return	7.5%

Investor I-Sponsor	10.0%	$ 100,000
Investor Group	90.0%	$ 900,000

For the Years Ending				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Cash Flow				$472,331	$ 10,776	$ 49,845	$ 57,121	$ 64,616	$ 72,335	$ 79,322	$ 87,511	$ 95,947	$ 2,197,105
Distribution Level 1													
Cash Equity				$ 1,000,000	$ 602,669	$ 602,669	$ 602,669	$ 602,669	$ 602,669	$ 602,669	$ 602,669	$ 602,669	$ 602,669
Preferred Return	7.50%			$ 75,000	$ 75,000	$ 45,200	$ 45,200	$ 45,200	$ 45,200	$ 45,200	$ 45,200	$ 45,200	$ 45,200
Cumulative Unpaid Preffered Return				$ 75,000	$ 75,000	$ 109,424	$ 104,779	$ 92,858	$ 73,442	$ 46,307	$ 45,200	$ 45,200	$ 45,200
Cash Distribution-Level 1				$ 75,000	$ 10,776	$ 49,845	$ 57,121	$ 64,616	$ 72,335	$ 46,307	$ 45,200	$ 45,200	$ 45,200
Remaining Unpaid Preffered Return				$ -	$ 64,224	$ 59,579	$ 47,658	$ 28,242	$ 1,107	$ -	$ -	$ -	$ -
Return of Equity				$ 397,331									$ 602,669
Excess Funds				$ -	$ -	$ -	$ -	$ -	$ -	$ 33,015	$ 42,311	$ 50,746	$ 1,549,236
Distribution Level													
Equity Partners (Front End)	75.00%			$ -	$ -	$ -	$ -	$ -	$ -	$ 24,761	$ 31,733	$ 38,060	$ 1,161,927
Promote-Sponsor (Back-End)	25.00%			$ -	$ -	$ -	$ -	$ -	$ -	$ 8,254	$ 10,578	$ 12,687	$ 387,309
Total-Distribution Level 2				$ -	$ -	$ -	$ -	$ -	$ -	$ 33,015	$ 42,311	$ 50,746	$ 1,549,236
Summary of Distributions													
Equity Partners (Front- End)				$ 425,098	$ 9,698	$ 44,861	$ 51,409	$ 58,154	$ 65,102	$ 66,438	$ 72,414	$ 78,740	$ 1,745,010
Prmote-Sponsor (Back-End)				$ 47,233	$ 1,078	$ 4,985	$ 5,712	$ 6,462	$ 7,234	$ 12,884	$ 15,098	$ 17,207	$ 452,096
Total				$ 472,331	$ 10,776	$ 49,845	$ 57,121	$ 64,616	$ 72,335	$ 79,322	$ 87,511	$ 95,947	$ 2,197,105
	CF Partner	$	(900,000)	$ 425,098	$ 9,698	$ 44,861	$ 51,409	$ 58,154	$ 65,102	$ 66,438	$ 72,414	$ 78,740	$ 1,745,010
	IRR		17.06%										
	CF Sponsor	$	(100,000)	$ 47,233	$ 1,078	$ 4,985	$ 5,712	$ 6,462	$ 7,234	$ 12,884	$ 15,098	$ 17,207	$ 452,096
	IRR		25.72%										
	CF Sponsor/Dev	$	(100,000)	$ 112,008	$ 1,078	$ 4,985	$ 5,712	$ 6,462	$ 7,234	$ 12,884	$ 15,098	$ 17,207	$ 452,096
			42%										

Appendix-4
ST. PHILIP HOTEL
PRO FORMA

SUMMARY DATA

Site Area	18,295	Keys	32
Gross SF	14,400	Total Rentable Keys	32
Core Factor	174.8%	Average Unit Size	164
Common Area	-	Total Hotel SSF	5,240
Total Rentable SF	5,240	Parking Space	12

PURCHASE

Subtotal Land Purchase	$619,000			619,000	

HARD COSTS

	Sitework	Parking	Hotel	Total	
General Conditions	0	0	110,000	110,000	
Demolition	18,000	0	0	18,000	
Storm Drain	0	0	1,150	1,150	
Site Improvements	44,000	0	0	44,000	
Landscaping & Engineering	0	0	15,000	15,000	5000
Special Foundations	0	0	550	550	
Masonry	0	0	14,500	14,500	
Misc Metals	0	0	7,500	7,500	
Rouh Carpentry	0	0	30,000	30,000	5000
Millwork and Wood Doors	0	0	80,000	80,000	17000
Waterproofing	0	0	9,000	9,000	
Roofing & Sheet Metal	0	0	25,000	25,000	
Hollow Metal Work	0	0	2,450	2,450	
Special Doors and Equipment	0	0	124,000	124,000	4000
Finish Hardware	0	0	20,000	20,000	12000
Windows	0	0	55,000	55,000	
Glass/Storefront	0	0	2,688	2,688	
Drywall	0	0	100,000	100,000	
Lath Plaster Stucco	0	0	13,000	13,000	
Hard Tile	0	0	26,500	26,500	
Acoustical	0	0	26,500	26,500	
Resilient Tile & Base	0	0	30,000	30,000	
Paint & Vinyl Wall Covering	0	0	40,000	40,000	
Misc Specialties	0	0	4,000	4,000	
Toilet Accessories	0	0	10,000	10,000	6000
Elevators	0	0	15,000	15,000	
Plumbing	0	0	115,000	115,000	
HVAC	0	0	142,000	142,000	
Fire Protection	0	0	65,000	65,000	
Electrical	0	0	120,000	120,000	
Contingency (5%)	0	0	0	63,292	
Total Budget	$62,000	$0	$1,203,838	$1,219,130	49000
Cost Per SF				$85 per sf	
Gross Area (SF)				14,400 sf	
Cost Per Unit				38,098	
Number of Units				32	

SOFT COSTS

Architectural	50,000	50,000	
Engineering	20,000	20,000	
Attorneys' Fees	40,000	40,000	30,000
Interior Design	25,000	25,000	25,000
RE Taxes	20,678	20,678	5,170
Insurance	16,000	16,000	
Marketing	20,000	20,000	10,000
Administrative	5,000	5,000	
Permits	20,000	20,000	
Development Fee	60,956	60,956	
Subtotal Soft Costs	277,634	277,634	70,170.00
		-	
Total ard & Soft		1,496,764	119,170.00
INTEREST, NET OF NOI	99,235	99,235	
TOTAL PROJECT COSTS		2,215,000	
	Per Unit	**$69,218.75**	

PRO FORMA INCOME/EXPENSE

					Annual
RENTAL REVENUE		*ADR*	*Occupancy*	*Units*	*$ Amount*
Gross Income - 32 Keys	$	90.00	70%	32	735,840
Parking Income	$	10.00	4,088	12	40,880
Rentals and Other Income					65,000
GROSS INCOME					841,720
OPERATING EXPENSES				-70%	(589,204)
NET OPERATING INCOME					252,516
REPLACEMENT RESERVES				-4%	(33,669)
CASH FOR DEBT SERVICE					$218,847
Market CAP					8.5%
Market Value					$ 2,574,673
DEVELOPMENT YIELD					9.88%
DEVELOPMENT PROFIT					$ 359,673

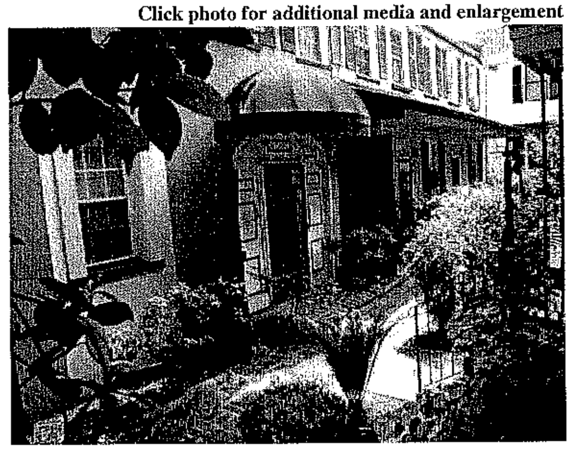
KEY MIX - INCOME ASSUMPTIONS

SUMMARY	Net Rentable			FY 12			FY 13			FY 14			FY 15		
	# of Keys	S.F.	TOTAL	ADR	Rev Par	Rent /SF	ADR	Rev Par	Rent /SF	ADR	Rev Par	Rent /SF	ADR	Rev Par	Rent /SF
Keys	32	164	5240	$ 90	$ 24,911	$ 4.75	$ 94	$ 25,908	$ 4.94	$ 97	$ 26,944	$ 5.14	$ 101	$ 28,022	$ 5.35

Market Rate Units	Descripton	# of Keys	% of Keys	S.F.	Total S.F.	FY 12 ADR	FY 12 RevPar	FY 12 Base Rent/SF	FY 13 Base Rent	FY 13 Total Rent	FY 13 Base Rent/SF	FY 14 Base Rent	FY 14 Total Rent	FY 14 Base Rent/SF	FY 15 Base Rent	FY 15 Total Rent	FY 15 Base Rent/SF
Room 1 Sinle	Studio	28	88%	160	4480	85	20166	0.53	88.4	20973	0.55	92	21812	0.57	96	22684	0.60
Room 2 Double	1 BR	4	13%	190	760	125	29656.25	0.66	130	30842.5	0.68	135	32076	0.71	141	33359	0.74
		32	100%	164	5,240	$ 90	$ 24,911	$ 4.75	$ 94	$ 25,908	$ 4.94	$ 97	$ 26,944	$ 5.14	$ 101	$ 28,022	$ 5.35

24-F BEE ST CHARLESTON, SC 29403 LP: $825

Click photo for additional media and enlargement



MLS#:	1018440m - RNT	**Status:**	Active
Area:	(51) CHS-Peninsula Chas. inside of crosstown		
TaxDstrct:	CHS - 71 - Charleston Peninsula		
Low Price:			
Kind:	Condominium	**Cmplx Nam:**	
Bedrooms:	1	**Apx SqFt:**	400 Src:PRVLIST
Bths Ful/Hlf:	1/0	**Tax Map#:**	
Stories:	2 Story	**Apx YrBlt:**	1820
Address:	24-F BEE ST		
City:	CHARLESTON	**Zip:**	29403
Subdiv:	RADCLIFFBOROUGH	**Subsec:**	
Grade Sch:	MEMMINGER	**Middle Sch:**	BURKE
High Sch:	BURKE	**New/Owned:**	Pre-owned
Legal Desc:	Unit F		

Style:	Contemporary	**Fireplace:**		**Furnished:**	Unfurnished
Floors:	Ceramic Tile	**Utilities:**	SCE and G, C P W		
Util. Furn:	None	**Cooling:**	Window Unit	**Heat:**	Heat Pump
Parking:	Off Str Park, Other				
Rent Type:	Residential	**Terms:**	1 Year	**Spec Inst:**	No Pets Alld
Lot Desc:	Level, Inside				
Interior:					
Exterior:	Stoop				
Master BR:	Downstairs				
Other Rms:	Eat-in Kitch				
Wat/Sew:	Public Water, Public Sewer				
Amenities:	Trash Pickup, Bus Line				
Appliances:	Elec Range, Refrigerator, Garbage Disp				

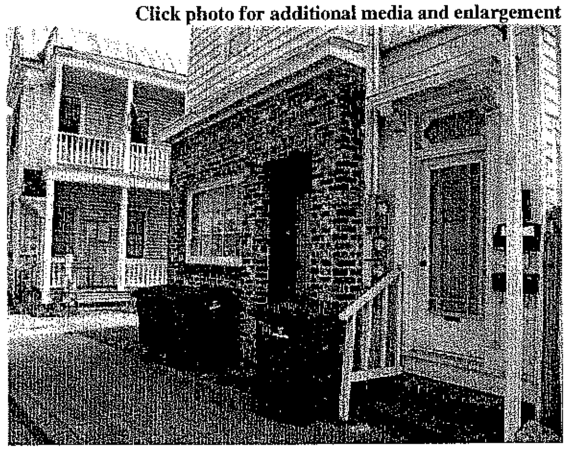
Directions: Lockwood to Bee St., the unit is behind the main house-follow walkway on east side of house to back, last unit on right...
Showing Instructions: Contact L/o, Key In Offic
Remarks: Efficiency apt...Designated parking space in rear...Across the street from MUSC...
AgentNotes: SORRY, NO PETS!!..

Lease/Pur:		**Lease Length:**		**Pet Fee:**	**Sec Dep:**	
List Date:	7/1/2010	**Exp Date:**	N/A	**Weekly Rt:**	**Posn Date:**	

List Agent:	(6785) FRED WICHMANN	**Type/Comp/SubAccept:**	R/82.5$/
List Office:	(1276) FRED WICHMANN, REALTORS	**Variable:**	
Co-Off:	()	**Co-Agt:**	()
Contacts:	Office Ph (843) 556-2100 Office Fax (843) 571-5790		

201 SPRING ST CHARLESTON, SC 29403 LP: $950

Click photo for additional media and enlargement



MLS#:	1007188m - RNT	**Status:**	Active
Area:	(51) CHS-Peninsula Chas. inside of crosstown		
TaxDstrct:			
Low Price:			
Kind:		**Cmplx Nam:**	
Bedrooms:	1	**Apx SqFt:**	750 Src:BLDOWN
Bths Ful/Hlf:	1/0	**Tax Map#:**	
Stories:		**Apx YrBlt:**	1973
Address:	201 SPRING ST		
City:	CHARLESTON	**Zip:**	29403
Subdiv:		**Subsec:**	
Grade Sch:	MITCHELL	**Middle Sch:**	BURKE
High Sch:	BURKE	**New/Owned:**	
Legal Desc:	201 Spring		

Style:		**Fireplace:**		**Furnished:**	Unfurnished
Floors:		**Utilities:**			
Util. Furn:		**Cooling:**		**Heat:**	
Parking:					
Rent Type:	Residential	**Terms:**	6 Months, 1 Year, Long Term	**Spec Inst:**	Pets Negotbl
Lot Desc:					
Interior:					
Exterior:					
Master BR:					
Other Rms:					
Wat/Sew:					
Amenities:					
Appliances:					

Directions: Cross Town to Spring St

Showing Instructions: Contact L/o, Key In Offic

Remarks: This is a 1 Bed 1 Bath studio in within walking distance to MUSC and has off street parking. The unit is located at the corner of Spring St. and Courtney. The unit has a nice kitchen and there are hard wood floors throughout the main living area. The inside has exposed brick that gives it lots of character. This is a great deal on a Studio Apartment in the down town area.

AgentNotes: Please call Troy at 843-364-0432 to set up a time to show the unit

Lease/Pur:		**Lease Length:**		**Pet Fee:**	$200	**Sec Dep:**	$950
List Date:	3/12/2010	**Exp Date:**	N/A	**Weekly Rt:**		**Posn Date:**	

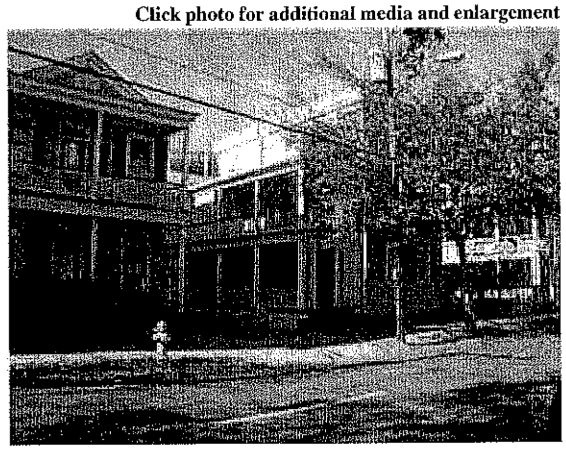
List Agent:	(15828) TROY T. BARBER	**Type/Comp/SubAccept:**	R/250$/
List Office:	(8675) TIDEWATER REALTY LLC	**Variable:**	Y
Co-Off:	()	**Co-Agt:**	()
Contacts:			

Agent Mobile	Agent Email	Office Fax
843-364-0432	tbarbersc@gmail.com	888-373-0522

Appendix-5

73-B ASHLEY AVE — CHARLESTON, SC 29401 — LP: $1,000

Click photo for additional media and enlargement



MLS#:	2416215md - RNT	**Status:**	Active
Area:	(51) CHS-Peninsula Chas. inside of crosstown		
TaxDstrct:			
Low Price:			
Kind:	Sngl Fam Det, Duplex	**Cmplx Nam:**	
Bedrooms:	1	**Apx SqFt:**	900 Src:PRVLIST
Bths Ful/Hlf:	1/0	**Tax Map#:**	
Stories:	3 Story	**Apx YrBlt:**	1890
Address:	73-B ASHLEY AVE		
City:	CHARLESTON	**Zip:**	29401
Subdiv:	HARLESTON VILLAGE	**Subsec:**	
Grade Sch:	JAMES SIMONS	**Middle Sch:**	RIVERS
High Sch:	BURKE	**New/Owned:**	Pre-owned
Legal Desc:	3RD FLOOR APARTMENT		

Style:	Chas. Single	**Fireplace:**	Living Rm, Wood Burning	**Furnished:**	Unfurnished
Floors:	Wood, Ceramic Tile	**Utilities:**	SCE and G, C P W		
Util. Furn:	None	**Cooling:**	Window Unit	**Heat:**	Gas
Parking:	Off Str Park				
Rent Type:	Residential	**Terms:**	1 Year	**Spec Inst:**	No Pets Alld
Lot Desc:	Level				
Interior:	9'+ Ceilings, Smooth Ceil				
Exterior:					
Master BR:	Upstairs				
Other Rms:	Family				
Wat/Sew:	Public Water, Public Sewer				
Amenities:	Trash Pickup, Bus Line				
Appliances:	Gas Range, Refrigerator, Washer, Dryer, Garbage Disp, Satelite Dish				

Directions:

Showing Instructions: Apptmnt Only

Remarks: THIS IS A 3RD FLOOR WALK UP TO A PRIVATE 3RD FLOOR APARTMENT. SMALL, CLEAN, ORGANIZED APARTMENT WITH OLD WORLD CHARM. NO DRAFTS, GREAT HEATING AND AIR CONDITIONING AND QUIET! OFF STREET PARKING WITH APARTMENT.

AgentNotes: Carolina One has no responsibility to this property. AAA Property Management is responsible. LISTING AGENT WILL PAY A ONT TIME $100 FINDER FEE.

Lease/Pur:		**Lease Length:**	1YR	**Pet Fee:**		**Sec Dep:**	$900
List Date:	6/10/2004	**Exp Date:**	N/A	**Weekly Rt:**		**Posn Date:**	6/10/0204

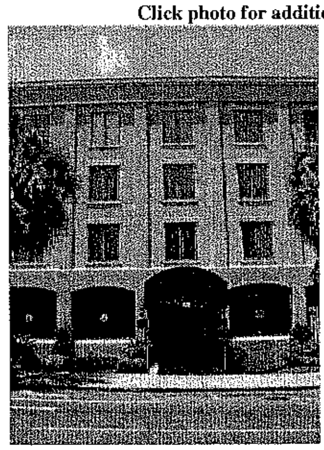
List Agent:	(8242) KATHY K. RACKLEY, ABR, CRS, GREEN, GRI, RSPS	**Type/Comp/SubAccept:**	A/100$/N
List Office:	(1401) CAROLINA ONE REAL ESTATE	**Variable:**	N
Co-Off:	()	**Co-Agt:**	()

Contacts:

Office Ph	Agent Mobile	Agent Office Direct	Agent Email
(843) 884-1622	343-1622		krackley@carolinaone.com

32-300 VENDUE RANGE CHARLESTON, SC 29401 LP: $1,400

Click photo for additional media and enlargement



MLS#:	1017767m - RNT	**Status:**	Active
Area:	(51) CHS-Peninsula Chas. inside of crosstown		
TaxDstrct:			
Low Price:			
Kind:	Condominium	**Cmplx Nam:**	
Bedrooms:	1	**Apx SqFt:**	500 Src:BLDOWN
Bths Ful/Hlf:	1/0	**Tax Map#:**	
Stories:	1 Story	**Apx YrBlt:**	1982
Address:	32-300 VENDUE RANGE		
City:	CHARLESTON	**Zip:**	29401
Subdiv:	FRENCH QUARTER	**Subsec:**	
Grade Sch:	MEMMINGER	**Middle Sch:**	COURTENAY
High Sch:	BURKE	**New/Owned:**	Pre-owned
Legal Desc:	32 Vendue #300		

Style:	Contemporary	**Fireplace:**		**Furnished:**	Furnished
Floors:	Wood	**Utilities:**	SCE and G, C P W		
Util. Furn:		**Cooling:**	Central	**Heat:**	Forced Air
Parking:	Other				
Rent Type:		**Terms:**	6 Months, Long Term	**Spec Inst:**	No Pets Alld
Lot Desc:	Level				
Interior:	Smooth Ceil				
Exterior:					
Master BR:					
Other Rms:					
Wat/Sew:	Public Water, Public Sewer				
Amenities:					
Appliances:	Elec Range, Refrigerator, Dishwasher, Intercom				

Directions: East Bay to Vendue Range

Showing Instructions: Contact L/o, Key In Offic

Remarks: Lovely furnished one bedroom condo, located in the heart of the historical district. Walk to restaurants, galleries, shopping and Waterfront Park. Available now. Washer and dryer facilities on site. Secure building. Parking space may be rented for additional $110 per month. Long or short term lease. No pets.

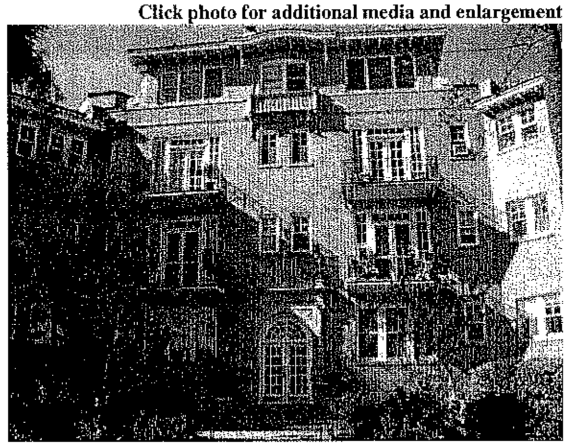
AgentNotes: $100 referral fee

Lease/Pur:		**Lease Length:**		**Pet Fee:**		**Sec Dep:**	$1,400
List Date:	6/29/2010	**Exp Date:**	N/A	**Weekly Rt:**		**Posn Date:**	

List Agent:	(12448) KRISTEN LANE	**Type/Comp/SubAccept:**	A/100$/
List Office:	(7500) LANE & SMYTHE REAL ESTATE	**Variable:**	
Co-Off:	0	**Co-Agt:**	0
Contacts:	Office Ph (843) 577-2900 Agent Mobile 843-819-2711		

63-37 RUTLEDGE AVE CHARLESTON, SC 29401 LP: $1,450

Click photo for additional media and enlargement



MLS#:	1001375m - RNT	**Status:**	Active
Area:	(51) CHS-Peninsula Chas. inside of crosstown		
TaxDstrct:			
Low Price:			
Kind:	Condominium	**Cmplx Nam:**	
Bedrooms:	1	**Apx SqFt:**	786 Src:PRVLIST
Bths Ful/Hlf:	1/0	**Tax Map#:**	
Stories:	Multi-story	**Apx YrBlt:**	1922
Address:	63-37 RUTLEDGE AVE		
City:	CHARLESTON	**Zip:**	29401
Subdiv:	HARLESTON VILLAGE	**Subsec:**	
Grade Sch:	MEMMINGER	**Middle Sch:**	COURTENAY
High Sch:	BURKE	**New/Owned:**	Pre-owned
Legal Desc:	63 Rutledge #37		

Style:	Traditional	**Fireplace:**		**Furnished:**	Unfurnished
Floors:	Wood	**Utilities:**	SCE and G, C P W		
Util. Furn:	Water, Sewer, Garbage	**Cooling:**	Central	**Heat:**	Forced Air
Parking:	1car Carport				
Rent Type:	Residential	**Terms:**	1 Year, Long Term	**Spec Inst:**	Pets Negotbl
Lot Desc:	Corner				
Interior:	9'+ Ceilings, All Wdw Trmt, Smooth Ceil				
Exterior:					
Master BR:	Ceiling Fan				
Other Rms:					
Wat/Sew:	Public Water, Public Sewer				
Amenities:	Elevators, Cable Avail				
Appliances:	Elec Range, Refrigerator, Dishwasher, Ceiling Fan				

Directions: Corner of Rutledge and Beaufain

Showing Instructions: 24 Hr Notice

Remarks: Third floor condominium by Colonial Lake, walking distance to King St, MUSC. Features wood floors, spacious living room. This recently refurbished unit is unique in that it has central heat and air, unlike most of the other condos in this building. This condo also has one of the best views of Colonial Lake from the sun room. Another great feature is one off street, covered parking space. Coin operated laundry room in building.

AgentNotes: Lease to be signed

Lease/Pur:		**Lease Length:**		**Pet Fee:**		**Sec Dep:**	$1,550
List Date:	1/13/2010	**Exp Date:**		**Weekly Rt:**		**Posn Date:**	

List Agent:	(12448) KRISTEN LANE	**Type/Comp/SubAccept:**	A/100$/
List Office:	(7500) LANE & SMYTHE REAL ESTATE	**Variable:**	
Co-Off:	()	**Co-Agt:**	()
Contacts:	Office Ph (843) 577-2900 / Agent Mobile 843-819-2711		

Prepared by CHRIS DONATO of ATLANTIC APPRAISALS on 7/14/2010 2:26:31 PM

40 SOCIETY ST CHARLESTON, SC 29401 LP: $1,650

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MLS#:	1017727m - RNT	**Status:**	Active
Area:	(51) CHS-Peninsula Chas. inside of crosstown		
TaxDstrct:			
Low Price:			
Kind:	Flat	**Cmplx Nam:**	
Bedrooms:	1	**Apx SqFt:**	625 Src:APP
Bths Ful/Hlf:	1/0	**Tax Map#:**	
Stories:	1 Story	**Apx YrBlt:**	1850
Address:	40 SOCIETY ST		
City:	CHARLESTON	**Zip:**	29401
Subdiv:	ANSONBOROUGH	**Subsec:**	
Grade Sch:	MEMMINGER	**Middle Sch:**	COURTENAY
High Sch:	BURKE	**New/Owned:**	
Legal Desc:	40.5 society		

Style:	Contemporary	**Fireplace:**		**Furnished:**	Furnished
Floors:	Terrazo	**Utilities:**	SCE and G, C P W		
Util. Furn:		**Cooling:**	Central	**Heat:**	Heat Pump
Parking:	Other				
Rent Type:	Residential	**Terms:**		**Spec Inst:**	
Lot Desc:	Level				
Interior:	Beamed Ceil				
Exterior:	In Grd Pool				
Master BR:					
Other Rms:					
Wat/Sew:	Public Water, Public Sewer				
Amenities:	Swimng Pool				
Appliances:	Gas Range				

Directions: meeting to society between Anson and East Bay on left.

Showing Instructions:

Remarks: Fabulous architect designed Ansonborough loft and beautifully landscaped garden with swimming pool. Fully furnished, two fireplaces, beamed ceilings, built in closets. This wonderful small loft is ideal for one person or pied a terre for a couple. Walk to shops, restaurants, and entertainment. Utilities, cable, wireless internet can be included for $200 per month.

AgentNotes: Please do not call CSS. Call Marni 843-345-2190 for showings/questions. Agent: Compensation is 10% of first months rent.

Lease/Pur:		**Lease Length:**	NEG	**Pet Fee:**		**Sec Dep:**	$1,600
List Date:	6/29/2010	**Exp Date:**	N/A	**Weekly Rt:**		**Posn Date:**	

List Agent:	(7189) JOHN R. DURLACH	**Type/Comp/SubAccept:**	R/10%/
List Office:	(7575) DURLACH ASSOCIATES INC	**Variable:**	
Co-Off:	()	**Co-Agt:**	()
Contacts:			

Office Ph	Agent Mobile	Agent Email
(843) 723-2801	(843)270-8099	jdurlach@durlach.com

259 E EAST BAY ST   CHARLESTON, SC 29403   LP: $1,700

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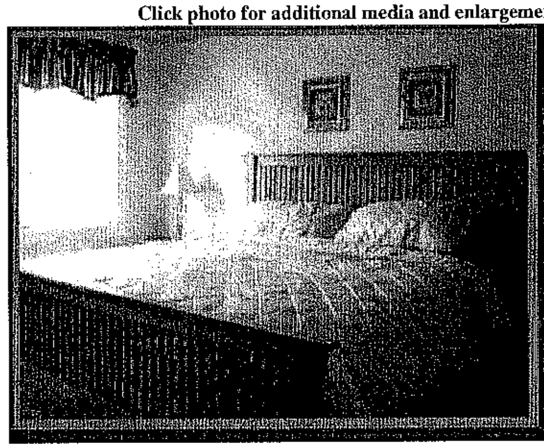

MLS#:	1004366m - RNT	**Status:**	Active
Area:	(51) CHS-Peninsula Chas. inside of crosstown		
TaxDstrct:			
Low Price:			
Kind:	Condominium	**Cmplx Nam:**	
Bedrooms:	1	**Apx SqFt:**	700 Src:PRVLIST
Bths Ful/Hlf:	1/0	**Tax Map#:**	
Stories:	2 Story	**Apx YrBlt:**	1975
Address:	259 E EAST BAY ST		
City:	CHARLESTON	**Zip:**	29403
Subdiv:		**Subsec:**	
Grade Sch:	MEMMINGER	**Middle Sch:**	COURTENAY
High Sch:	BURKE	**New/Owned:**	
Legal Desc:	Lord Anson Arms Building located at 259 East Bay.		

Style:		**Fireplace:**		**Furnished:**	Furnished
Floors:		**Utilities:**			
Util. Furn:	Water	**Cooling:**	Window Unit	**Heat:**	
Parking:	Off Str Park				
Rent Type:	Residential	**Terms:**	Other	**Spec Inst:**	No Pets Alld
Lot Desc:					
Interior:					
Exterior:	In Grd Pool				
Master BR:	Walk-in Closet				
Other Rms:	Lr/dr Combo				
Wat/Sew:					
Amenities:	Elevators, Cable Avail, Swimmng Pool				
Appliances:	Elec Range, M/w Built-in, Refrigerator, Dishwasher, Security Sys				

Directions: Located on East Bay, two blocks north of Market Street.

Showing Instructions: Apptmnt Only, 24 Hr Notice

Remarks: Furnished, recently renovated, condo located in downtown Charleston. Perfect location to walk to shopping, grocery, theaters, restaurants, art galleries, etc. Balcony, off street parking, secure building, balcony, swimming pool, elevator. Long or short term lease available. Tenant to pay power and phone. Unit is leased through March 31. Washer/Dryer available on site. Keep in mind that all school attendance zones are subject to redistricting and should be independently verified.

AgentNotes: Call Sharon Relford to show 843-723-2222, ext. 223. Tenant needs 24 hour notice.

Lease/Pur:		**Lease Length:**		**Pet Fee:**		**Sec Dep:**	
List Date:	2/15/2010	**Exp Date:**	N/A	**Weekly Rt:**		**Posn Date:**	

List Agent:	(7118) LOREN ZIFF	**Type/Comp/SubAccept:**	R/3%/Y
List Office:	(7897) EAST ROCK PROPERTIES, LLC	**Variable:**	
Co-Off:	()	**Co-Agt:**	()
Contacts:	Agent Mobile 843-270-6000 · Office Ph (843) 270-6000 · Office Fax (843) 723-7300		

7-A PITT ST CHARLESTON, SC 29401 LP: $2,000

Click photo for additional media and enlargement

MLS#:	1017093m - RNT	**Status:**	Active
Area:	(51) CHS-Peninsula Chas. inside of crosstown		
TaxDstrct:			
Low Price:			
Kind:	Condominium	**Cmplx Nam:**	
Bedrooms:	1	**Apx SqFt:**	1,050 Src:BLDOWN
Bths Ful/Hlf:	1/1	**Tax Map#:**	
Stories:	2 Story	**Apx YrBlt:**	1825
Address:	7-A PITT ST		
City:	CHARLESTON	**Zip:**	29401
Subdiv:	HARLESTON VILLAGE	**Subsec:**	
Grade Sch:	MEMMINGER	**Middle Sch:**	BURKE
High Sch:	BURKE	**New/Owned:**	Pre-owned
Legal Desc:	0		

Style:	Traditional	**Fireplace:**		**Furnished:**	Furnished
Floors:	Wood	**Utilities:**			
Util. Furn:	Water, Sewer	**Cooling:**	Central	**Heat:**	Heat Pump
Parking:	Parking 2car				
Rent Type:		**Terms:**	6 Months, 1 Year	**Spec Inst:**	Limit# Occup, Pets Negotbl
Lot Desc:					
Interior:	9'+ Ceilings				
Exterior:	Patio, Part'l Fence				
Master BR:	Ceiling Fan				
Other Rms:					
Wat/Sew:	Public Water, Public Sewer				
Amenities:					
Appliances:	Elec Range, Gas Cooktop, M/w Built-in, Refrigerator, Dishwasher, Stacked W/d				

Directions: On Pitt St. between Beaufain and Wentworth.

Showing Instructions: Contact L/o

Remarks: Quintessential carriage house completely renovated and furnished beautifully!Open floor plan downstairs with hardwood floors, bafulous kitchen and eating area...sophisticated living style. Gas fireplace, custom cabinets and stainless appliances with granite countertops make this an elegant hideaway. Upstairs master with closets, large soaking tub, and seperate shower. Upstairs master includes a gas fireplace, too! Wonderfully furnished, this lovely carriage house has everything you need, including 2 wall mounted TVs, washer and dryer. 2 off street parking spaces in a gated yard, and a brick patio make this the perfect place to call home!

AgentNotes: Pet nego. with pet fee. No one under 21. Minimum 6 mos. lease term. Agent comm. 10% of 1st mo. rent with 1 yr. lease only. Call 843-723-2763 for showings.

Lease/Pur:		**Lease Length:**	6 MO	**Pet Fee:**	$400	**Sec Dep:**	$4,000
List Date:	6/22/2010	**Exp Date:**	N/A	**Weekly Rt:**		**Posn Date:**	

List Agent: (5479) DANIEL RAVENEL, CRB **Type/Comp/SubAccept:** R/10%/

List Office:	(1214) DANIEL RAVENEL SOTHEBY'S INTER	**Variable:**	
Co-Off:	(1214) DANIEL RAVENEL SOTHEBY'S INTERNATIONAL REALTY	**Co-Agt:**	(14871) JANE COOK
Contacts:	Agent Office Direct 843.723.7150		

195-219 EAST BAY ST CHARLESTON, SC 29401 LP: $2,100

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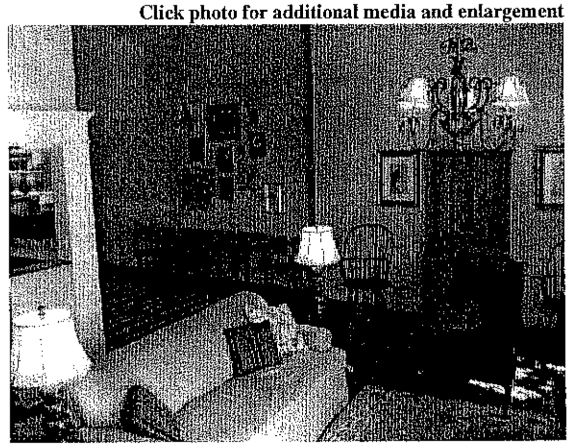

MLS#:	2702553m - RNT	**Status:**	Active
Area:	(51) CHS-Peninsula Chas. inside of crosstown		
TaxDstrct:			
Low Price:			
Kind:	Apartment	**Cmplx Nam:**	
Bedrooms:	1	**Apx SqFt:**	1,000 Src:BLDOWN
Bths Ful/Hlf:	1/0	**Tax Map#:**	
Stories:	2 Story	**Apx YrBlt:**	1982
Address:	195-219 EAST BAY ST		
City:	CHARLESTON	**Zip:**	29401
Subdiv:	FRENCH QUARTER	**Subsec:**	
Grade Sch:	MEMMINGER	**Middle Sch:**	COURTENAY
High Sch:	BURKE	**New/Owned:**	Pre-owned
Legal Desc:	195 East Bay #219		

Style:	Contemporary	**Fireplace:**		**Furnished:**	Furnished
Floors:	Wood	**Utilities:**	SCE and G, C P W		
Util. Furn:	Gas, Electric, Water, Sewer, Garbage	**Cooling:**	Central	**Heat:**	Forced Air
Parking:					
Rent Type:	Residential	**Terms:**	Mon To Mon, 6 Months, 1 Year, Seasonal	**Spec Inst:**	Pets Negotbl
Lot Desc:	Level				
Interior:					
Exterior:					
Master BR:	Upstairs				
Other Rms:	Lr/dr Combo				
Wat/Sew:	Public Water, Public Sewer				
Amenities:	Elevators				
Appliances:	Elec Range, M/w Built-in, Refrigerator, Dishwasher				

Directions: Corner of State and Cumberland

Showing Instructions: Contact L/o

Remarks: Located in the heart of downtown. Loft apartment in Lodge Alley Inn. Off street parking permit available. Laundry facilities available. Fully furnished, short term optional. All utilities included. Available August 1, 2010.

AgentNotes: $100 finders fee. Agents are welcome to show. Lane and Smythe Real Estate will handle any negotiations and processing of applications. For an application to be emailed or faxed to tenant, please call our office. 843-577-2900. Please have the tenant note on the application if they were agent assisted so we can pay the referral fee. Showing agent would be protected if tenant went on to purchase. Available August 1, 2010

Lease/Pur:		**Lease Length:**		**Pet Fee:**		**Sec Dep:**	
List Date:	1/17/2007	**Exp Date:**	N/A	**Weekly Rt:**		**Posn Date:**	

List Agent:	(12448) KRISTEN LANE	**Type/Comp/SubAccept:**	A/100$/
List Office:	(7500) LANE & SMYTHE REAL ESTATE	**Variable:**	
Co-Off:	()	**Co-Agt:**	()

Contacts:

Office Ph	Agent Mobile
(843) 577-2900	843-819-2711

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29-B STATE ST CHARLESTON, SC 29401 LP: $2,500

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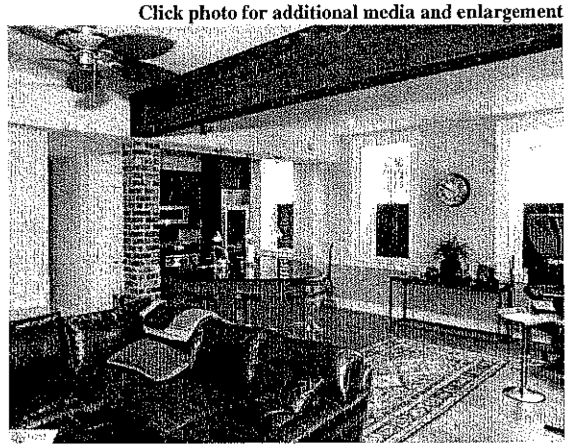

MLS#:	1018942m - RNT	**Status:**	Active
Area:	(51) CHS-Peninsula Chas. inside of crosstown		
TaxDstrct:			
Low Price:			
Kind:	Condominium, Apartment	**Cmplx Nam:**	
Bedrooms:	1	**Apx SqFt:**	907 Src:HRMSD
Bths Ful/Hlf:	1/0	**Tax Map#:**	
Stories:		**Apx YrBlt:**	1840
Address:	29-B STATE ST		
City:	CHARLESTON	**Zip:**	29401
Subdiv:		**Subsec:**	
Grade Sch:	MEMMINGER	**Middle Sch:**	BURKE
High Sch:	BURKE	**New/Owned:**	Pre-owned
Legal Desc:	12 Queen Street HPR Unit B - 29-1/2 State Street Unit B		

Style:		**Fireplace:**	Great Rm, One	**Furnished:**	Furnished
Floors:	Wood	**Utilities:**			
Util. Furn:	Gas, Electric, Water, Sewer, Garbage	**Cooling:**	Central	**Heat:**	Heat Pump
Parking:	Off Str Park				
Rent Type:	Residential	**Terms:**	Mon To Mon, Other	**Spec Inst:**	
Lot Desc:					
Interior:	9'+ Ceilings, All Wdw Trmt, Smooth Ceil				
Exterior:					
Master BR:	Multpl Clset, Ceiling Fan				
Other Rms:	Eat-in Kitch, Lr/dr Combo, Great Room, Laundry				
Wat/Sew:	Public Water, Public Sewer				
Amenities:					
Appliances:	Gas Range, M/w Built-in, Refrigerator, Dishwasher, Washer, Dryer, Garbage Disp, Stacked W/d, Ceiling Fan				

Directions: Corner of Queen and State Street, entrance is on State Street through Iron Gate, upstairs to second floor.

Showing Instructions: Contact L/o, Key In Offic

Remarks: Amazing renovation in one of Charleston's most loved historic buildings. Great location in the heart of the French Quarter. If you love the city life and are looking for location, dining and the arts, this is the perfect home. Complete renovation in 2006 with all new wiring, plumbing, HVAC, fixtures and more. Granit and marble finishes, Sub-Zero and Viking, original heart of pine floors, woodburning fireplace, 11' ceilings, new windows with double thickness glass for energy efficiency and sound isolation. Great storage and so much more. Available furnished for short term rentals all utilities included (except phone)

AgentNotes: Easy to show, most appointments can be accomodated on short notice, however there will be times that longer notice will be required. Call listing agent to show. Commission is $100 for 1 month lease and $200 for 2-3 month lease. Other lease terms may be available. This property is also listed for sale MLS #1013792

85-18 CUMBERLAND ST CHARLESTON, SC 29401 LP: $3,500

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MLS#:	1007908m - RNT	**Status:**	Active
Area:	(51) CHS-Peninsula Chas. inside of crosstown		
TaxDstrct:			
Low Price:			
Kind:		**Cmplx Nam:**	
Bedrooms:	1	**Apx SqFt:**	667 **Src:**PRVLIST
Bths Ful/Hlf:	1/0	**Tax Map#:**	
Stories:	1 Story	**Apx YrBlt:**	1890
Address:	85-18 CUMBERLAND ST		
City:	CHARLESTON	**Zip:**	29401
Subdiv:		**Subsec:**	
Grade Sch:	MEMMINGER	**Middle Sch:**	COURTENAY
High Sch:	BURKE	**New/Owned:**	
Legal Desc:	85 Cumberland, Unit 18		

Style:		**Fireplace:**		**Furnished:**	Furnished
Floors:		**Utilities:**			
Util. Furn:		**Cooling:**		**Heat:**	
Parking:					
Rent Type:	Residential	**Terms:**	Mon To Mon, 6 Months, 1 Year, Seasonal, Long Term, Other	**Spec Inst:**	
Lot Desc:					
Interior:					
Exterior:					
Master BR:					
Other Rms:					
Wat/Sew:					
Amenities:					
Appliances:					

Directions: 1 block east of Meeting St. on Cumberland

Showing Instructions: Apptmnt Only

Remarks: This is an unbelievable furnished, luxury condo located in the Market's Gate building in the heart of Downtown Charleston. This unit features all modern amenities and is beautifully furnished. This is a turn-key property for someone who wants to show up with just a suitcase, have parking, and walk around to all that Charleston has to offer. Exposed brick walls, wood floors, granite counters, stainless appliances- this unit has it all. Come back and relax on the sofa in front of the large flat-screen TV!

AgentNotes: Compenasation varies based on length of lease. $25 application fee, Carolina One Property Management will draw the lease. Shown by appointment.

Lease/Pur:		**Lease Length:**		**Pet Fee:**		**Sec Dep:**	
List Date:	3/19/2010	**Exp Date:**	N/A	**Weekly Rt:**		**Posn Date:**	

List Agent:	(14468) JOSH A. MARTINA	**Type/Comp/SubAccept:**	R/10%/
List Office:	(1579) CAROLINA ONE REAL ESTATE	**Variable:**	Y
Co-Off:	()	**Co-Agt:**	()

Contacts:

Agent Mobile	Agent Office Direct	Agent Email	Agent Fax
(843) 324-6960	(843) 414-1622	jmartina@carolinaone.com	(843) 746-4752

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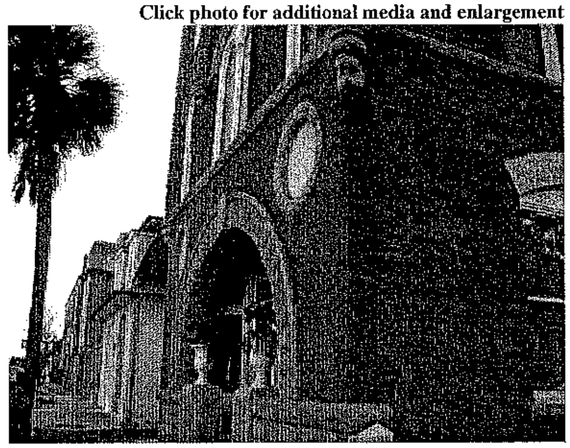
309-9 MEETING ST CHARLESTON, SC 29401 LP: $950

MLS#:	2836333m - RNT	**Status:**	Contingent
Area:	(51) CHS-Peninsula Chas. inside of crosstown		
TaxDstrct:			
Low Price:			
Kind:	Condominium	**Cmplx Nam:**	
Bedrooms:	1	**Apx SqFt:**	458 Src:BLDOWN
Bths Ful/Hlf:	1/0	**Tax Map#:**	
Stories:		**Apx YrBlt:**	1893
Address:	309-9 MEETING ST		
City:	CHARLESTON	**Zip:**	29401
Subdiv:	ANSONBOROUGH	**Subsec:**	
Grade Sch:	MEMMINGER	**Middle Sch:**	COURTENAY
High Sch:	BURKE	**New/Owned:**	Pre-owned
Legal Desc:	309 Meeting Street, Unit 9		

Click photo for additional media and enlargement



Style:	Traditional	**Fireplace:**		**Furnished:**	Unfurnished
Floors:	Wood	**Utilities:**	SCE and G, C P W		
Util. Furn:	Water, Sewer, Garbage	**Cooling:**	Central	**Heat:**	Forced Air
Parking:	Parking 1car, Off Str Park				
Rent Type:	Residential	**Terms:**	1 Year	**Spec Inst:**	No Pets Alld
Lot Desc:	Level				
Interior:	9'+ Ceilings				
Exterior:					
Master BR:					
Other Rms:					
Wat/Sew:	Public Water, Public Sewer				
Amenities:	Cable Avail				
Appliances:	Elec Range, Refrigerator				

Directions: Corner of Calhoun and Meeting

Showing Instructions: Contact L/o

Remarks: One bedroom condo in great location downtown. Features high ceilings, wood floors. Walk to College of Charleston, MUSC, Law School. One off street parking space. Available August 1, 2010

AgentNotes: Lease to be signed

Lease/Pur:		**Lease Length:**		**Pet Fee:**		**Sec Dep:**	$950
List Date:	12/20/2008	**Exp Date:**	N/A	**Weekly Rt:**		**Posn Date:**	

List Agent:	(12448) KRISTEN LANE	**Type/Comp/SubAccept:**	A/100$/
List Office:	(7500) LANE & SMYTHE REAL ESTATE	**Variable:**	
Co-Off:	()	**Co-Agt:**	()
Contacts:	Agent Office Direct 577-2900 ext10 / Agent Mobile 843-819-2711		