



The Apartments at
Holly Crest

A distinctive apartment project proposed "in the heart" of the Town of Huntersville in the Charlotte, North Carolina MSA.

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Disclaimer

Agency Disclosure, Other Agents or Brokers:

Bunker Land Group, LLC , as Principal and Seller in this transaction, is representing itself as exclusive listing agent for the Sellers and will gladly cooperate with Buyer Brokers to which Buyer will be solely responsible for their fees. No Seller Subagency shall be offered or accepted and therefore no commission shall be offered to agent seeking to represent Seller as subagent. Only Buyer's Agents with fully executed written Buyer agency agreements shall be deemed cooperating Agents. Seller's Agent will provide such bona fide Buyer's Agents with available information about the Property, will encourage such Agents to solicit options and / or contracts from their principals, and deal with those Agents professionally and ethically.

Executive Summary



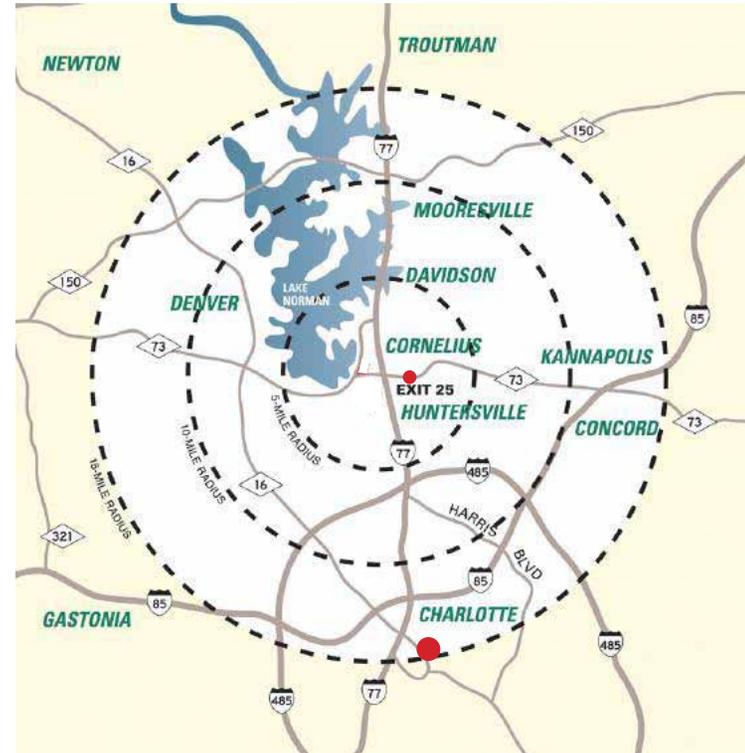
Executive Summary

Introduction

The Apartments at Holly Crest are a proposed Class A, multifamily development opportunity located in the Town of Huntersville, NC. Huntersville is an affluent suburb located approximately 16 miles north of Charlotte. The site is situated in the heart of the commercial hub of the Lake Norman region. The development opportunity consists of 456 multifamily units on 24 acres, a state of the art clubhouse including a cyber café/business center, upscale fitness center and a resort style pool. This submarket is characterized by high barriers to entry, minimal apartment development during the last five years, a diverse economy, and many “lifestyle rich” neighborhood amenities. These attributes make Holly Crest one of the most compelling apartment development opportunities in the Charlotte MSA.

Offer Submission

Offers should be presented in the form of a non-binding Letter of Intent (LOI). The LOI should contain, at a minimum, (1) pricing, (2) due diligence and closing time frame, (3) Earnest Money deposit, (4) a description of debt/equity structure, and (5) qualifications to close.



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Investment Highlights

By the following criteria, Holly Crest presents the most compelling multifamily development opportunity in the Charlotte Region:

Location

Holly Crest is located at the “cross-roads” of the Lake Norman Region. The site sits in the southeast quadrant of Interstate 77 & Highways 73 and 21. Highway 73 is one of two east-west connectors crossing Lake Norman and connects Huntersville to Cabarrus & Lincoln County. In addition, Interstate 77 provides a 16 mile commute into Uptown Charlotte and a 8 mile commute to Mooresville. This location will provide Holly Crest residents access to the area’s diverse employment base. As shown in Exhibit A, the Lake Norman Region is host to major employers representing retail, energy, health services, wholesale trade and manufacturing sectors.

Surrounding Land Uses

Holly Crest will include a central ‘Main Street’ square and boulevard as its defining feature. A local bus stop is proposed along this boulevard and two regional park and rides are located within one and two miles of the site.

Along the boulevard, and immediately adjacent to the site, one can find a Lowe’s Home Improvement, Michael’s, Starbucks, Target, Kohl’s, Harris Teter, multiple restaurants, a regional public library, branch banks, 150,000sf of general & medical office space, and numerous small shop and service retailers. Birkdale Village is also located within one mile of Holly Crest and is easily accessed via Highway 73. Birkdale Village is a nationally acclaimed mixed-use destination with 250,000sf of retail, apartments and condominiums. Tenants include Barnes & Noble, Williams Sonoma, Gap, Banana Republic, Total Wine, Walgreens, a Movie Theatre and over 60 other retail shops and restaurants.

The amenities at Holly Crest and Birkdale Village are not the only attractions in this area. The Arnold Palmer designed Birkdale Golf Course is also located approximately one mile away. Lake Norman itself is located within three miles of Holly Crest. Lake Norman is a large recreational lake with golf, boating, fishing and upper end residential. Additionally, the 115 acre Robbins Park is located north of Holly Crest. Construction of the park’s improvements have already begun, and at completion will feature baseball fields, soccer fields, tennis courts and walking trails.

Investment Highlights (continued)

Barriers to Entry

In general, the Northern Mecklenburg towns of Huntersville, Cornelius and Davidson subscribe to a lower density residential development pattern. For this reason, this submarket is considered to have the highest barrier to entry for apartments of any submarket in the Charlotte MSA.

Summary of Estimated Returns

Total Development Cost	\$	41,827,038	
Per Unit	\$	91,726	
Max Equity Invested	\$	12,548,111	30%
Total Debt	\$	29,278,927	70%
Total Capitalization	\$	41,827,038	
Gross Return ¹	\$	31,141,435	
Net Profit	\$	18,593,324	
Stabilized NOI (year 3)	\$	3,333,243	
Stabilized Cap Rate (year 3)		7.97%	
Debt Service Coverage Ratio (year 3)		1.47	
Stabilized Levered Cash-on-Cash (year 3)		8.52%	
Levered IRR (5 year hold)		20.79%	
Unlevered Return Multiple to Investor		2.48	
<u>Upon Exit</u>			
Projected Exit Year			5
Forward Exit Year NOI	\$	3,669,068	
Exit Cap Rate		6.50%	
Exit Price Per Unit	\$	123,788	

¹ Sum of total cash flow and residual value

Multi-family Investment Outlook

While the economy continues its slow recovery from the “Great Recession”, multi-family housing is poised for a period of exceptionally strong growth. In addition to being able to take advantage of significantly lower land and construction costs, CB Richard Ellis indicates that “...a favorable outlook for fundamentals make multi-housing stand out as the most attractive commercial real estate sector for investment.” They go on to project that multi-family housing will have positive rent growth for the next five years in 59 out of the 60 markets that they monitor. Three key factors will facilitate this growth:

1. There have been record low deliveries of new multi-family supply in 2009 and 2010 due to a lack of construction financing.
2. There is a growing trend of “rent by choice” households who have placed greater value on flexibility and mobility, particularly given the short term prospects on home equity creation.
3. The largest demographic segment since the baby boomers, the Millennials, has begun to transition into their prime renting age.

These factors should facilitate an imbalance in supply and demand, driving growth in this sector. In Charlotte, this imbalance is anticipated to be precipitated by continued in-migration and population growth. Based on current rental household ratios and projected household growth rates, it is anticipated that there will be **demand created for an additional 18,385 rental units** in Mecklenburg County during the five year period from 2010-2015**.

** Source: ESRI forecasts for 2010 and 2015; U.S. Bureau of the Census, 2000 Census of Population and Housing

- Charlotte saw some of the greatest demand in the country for apartments during 2010.
- Charlotte absorbed 7,100 units in 2010, the strongest rate of absorption ever recorded by Carolina Real Data

Absorption Rate*: Leaders

12 Months ending 2Q 2010

1. Raleigh	5.5%
2. Austin	5.2%
3. Orlando	4.6%
4. Charlotte	3.7%
5. Salt Lake City	3.6%
6. Nashville	3.5%
7. Denver	3.5%
8. West Palm Beach	3.1%
9. Jacksonville	2.9%
10. Miami	2.9%

*year-year % change in occupied apartments

Charlotte Market Overview

Charlotte has been defined by its business friendly environment and high quality of life. These ingredients have driven significant growth over the past decade. Key highlights for the Charlotte market include:

Population

- Charlotte is at the center of the nation’s fifth largest urban region with 7.1 million people within a 100 mile radius.
- Current and projected population for the Charlotte area are as follows:

Population	2010	2020
City	756,912	1.0 million
County	963,363	1.4 million
MSA	1.8 million	2.4 million
100-mile	6.9 million	9.4 million

Economic Overview

- Charlotte is the 2nd largest financial center in the nation behind New York
- Charlotte boasts economic diversity with 326 of the Fortune 500 companies holding a presence here.
- Charlotte ranks 7th in the country with seven (7) Fortune 500 headquarters

- Charlotte is increasingly becoming an international city, with over 850 foreign-owned companies having facilities in the Queen City.

Transportation

- Strong access to air, rail and highway connectors make Charlotte the largest transportation hub in the Southeast.
- Interstates 85 and 77 connect in Charlotte and are just 25 miles from Interstate 40, offering prominent North/South and East/West connectors.
- Charlotte Douglas Airport has 626 daily flights, including daily non-stop service to 31 international cities, making it the 8th most active airport in the nation.
- Norfolk Southern and CSX Transportation service Charlotte through a network of nearly 45,000 miles of rail through 23 states, placing on the nation’s largest rail network.

Charlotte Market Overview (continued)

Given its stature as the 2nd largest financial center in the country, there are many questions about the state of Charlotte's economy and the potential impact of layoffs in the financial industry. Most economists agree that the worst is behind us. A June 2010 study by the Charlotte Chamber and the University of North Carolina – Charlotte has shown positive trends in the “Charlotte Business Growth Index” for the first time in 23 months. The same study has predicted that Charlotte's economy will grow at an annual rate of 3.0% over the rest of 2010. Several economic highlights include:

- During the first six (6) months of 2010, Charlotte saw 464 new or expanding firms create 6,759 jobs with a total investment of \$1.4 billion.
- Industries with the largest expansions included Manufacturing (1,556 jobs), Professional and Technical Services (850), and Transportation and Warehousing (654).
- Bank of America announced that it would occupy 95% of a newly opened 750,000 square foot office building in Downtown Charlotte, an indication of its commitment to Charlotte.

- In 2009, 103 financial services firms announced expansions or relocations to Charlotte, with plans to add 4,550 jobs. These included Ally Financial, Neighborhood Assistance Corp. of America, Zenta Mortgage Services, Fifth Third Bank and Citco Fund Services⁴.

The above highlights are only a representation of the types of positive economic news that has materialized in Charlotte. While the recovery will likely be slow, it appears that favorable trends are materializing.



Neighborhood Description

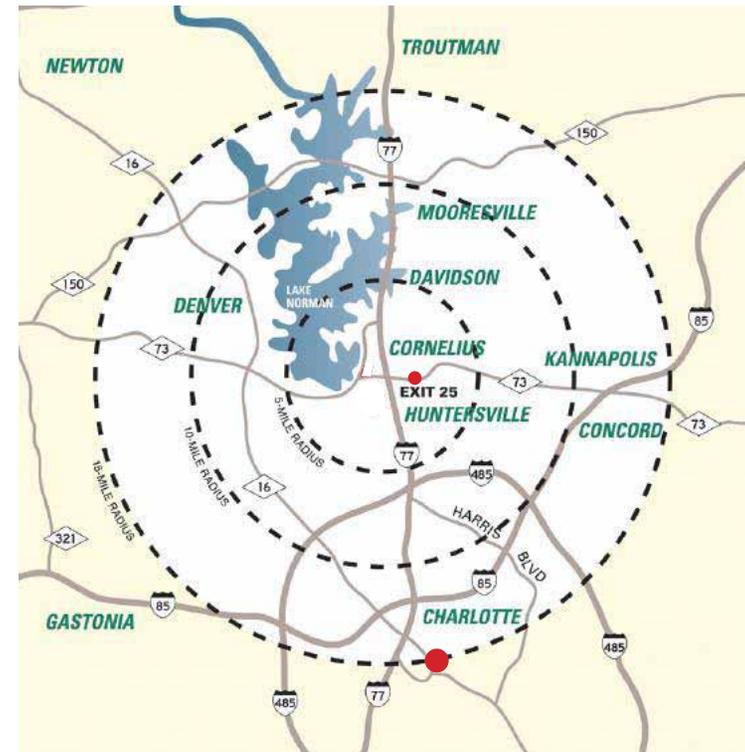
The Lake Norman region is rapidly becoming a satellite community with its own employment base. Mooresville, located just eight miles north of the site, is the hub of the NASCAR industry and also home to the new corporate headquarters of Lowe's Companies, Inc., a Fortune 100 company with 4,000 employees. A new 1.3-million sq. ft. regional mall is located about seven miles south of the site along the new I-485 outer loop.

- Within a 10-mile radius, there are over 192,000 people. Total population median age is 35.4 and the average household income is \$95,143.
- Since 1990, multi-tenant office inventory increased from 65,000 SF to 1,787,680 SF
- Since 1990, retail inventory increased from 2,012,811 SF to 5,403,477 SF.

Demographics

Lake Norman, a 33,000- acre lake, is only 16 miles north of Charlotte's central business district and three miles from the subject. The attraction of the lake has helped create rapid growth of the area in the last 10 years. A recent study conducted by the Urban Land Institute concluded that the Lake Norman Region is poised for continued above average growth (1.75% annual growth) over the next 30 years.

- Within a 5-mile radius of the site, there is a population of over 66,000. The average household income is \$110,000.



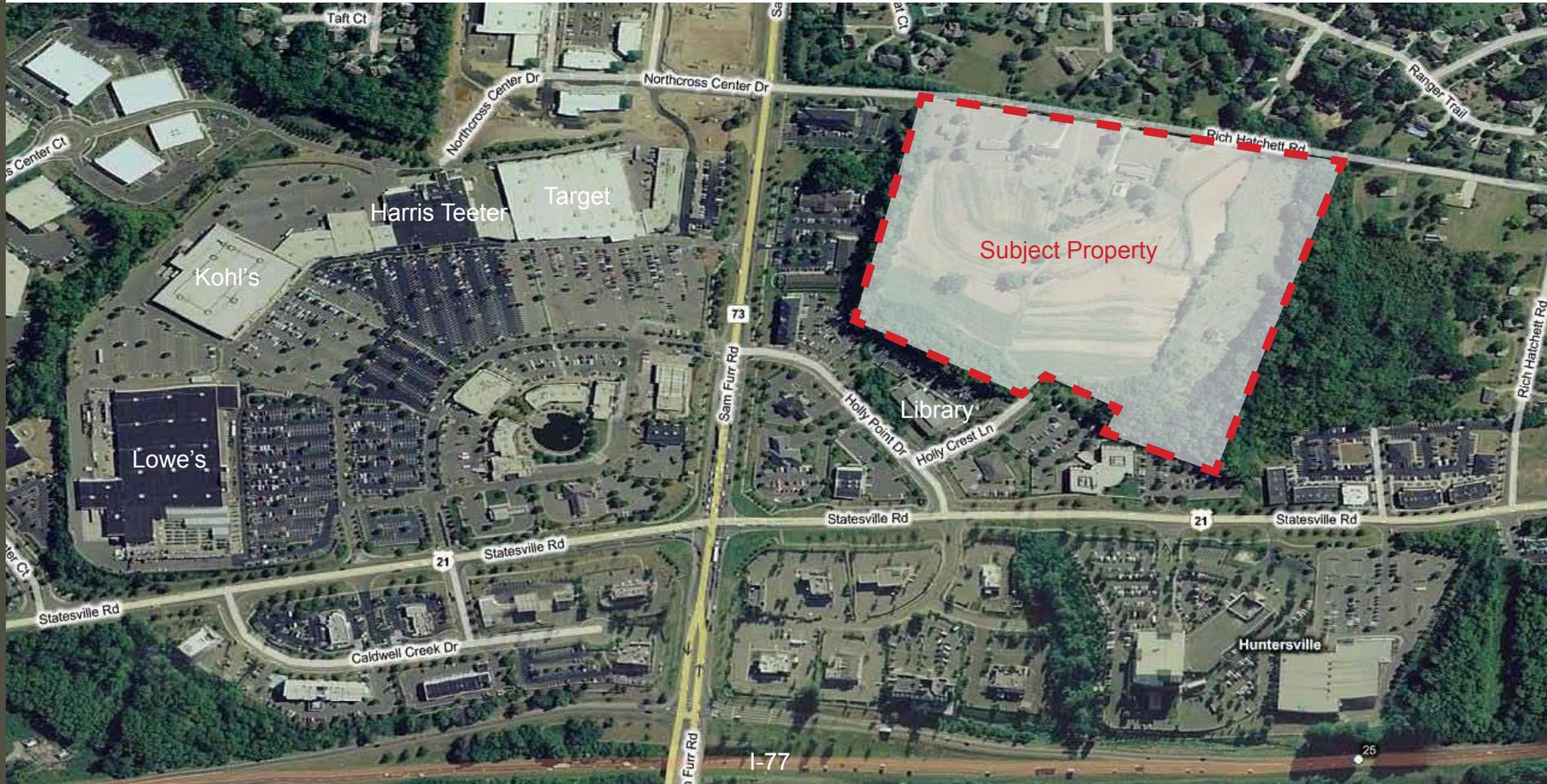
Neighborhood Amenities

This submarket is known as the most “service and amenity” rich area in the Lake Norman region. Holly Crest residents will enjoy easy access to 100+ restaurants, exclusive shopping, fitness centers, an Arnold Palmer designed golf course, nightlife, lake access and more.

With these catalysts for growth in place, the area is poised for tremendous growth. Holly Crest is ideally located in the center of this growth.

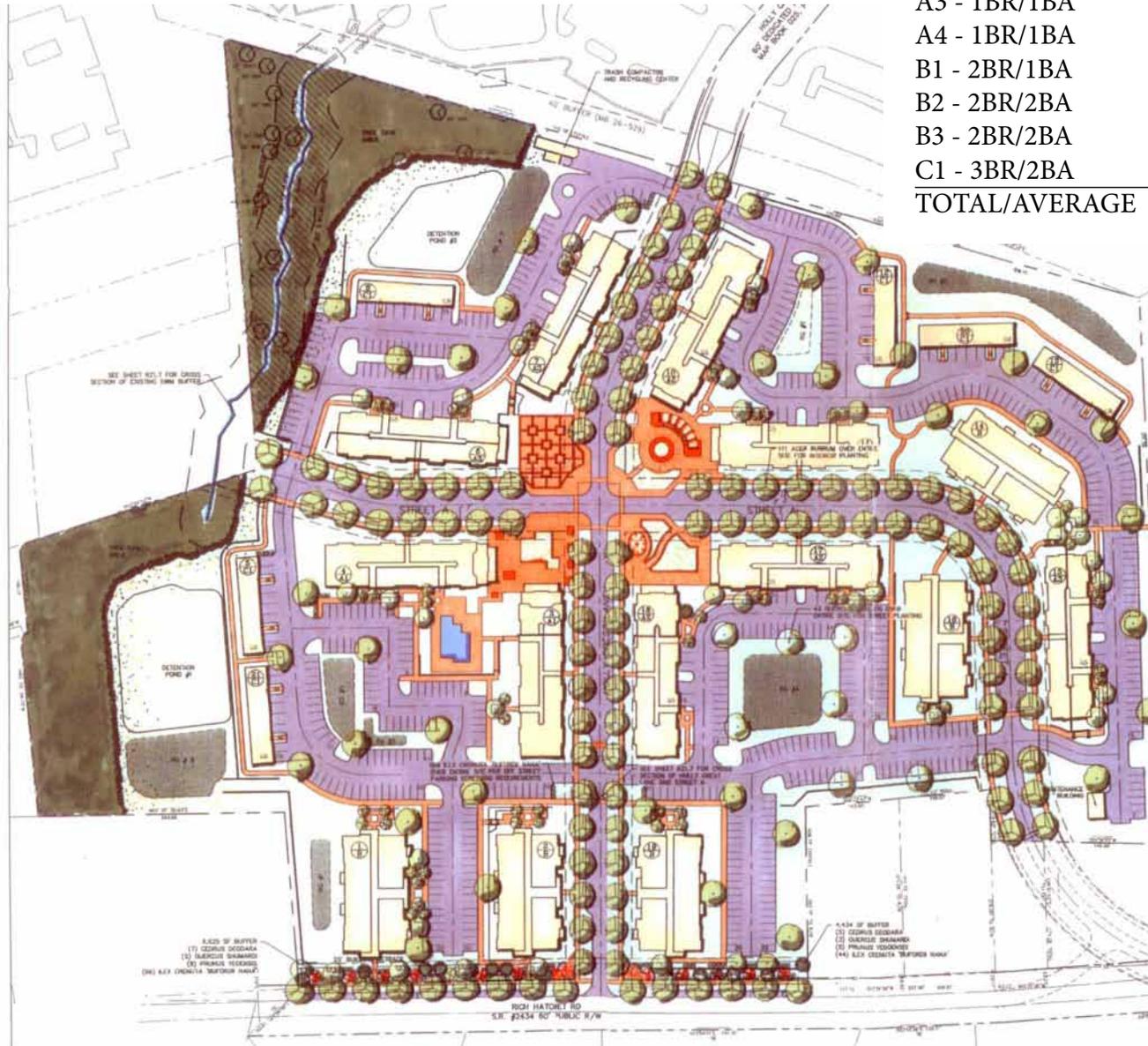


Property Overview

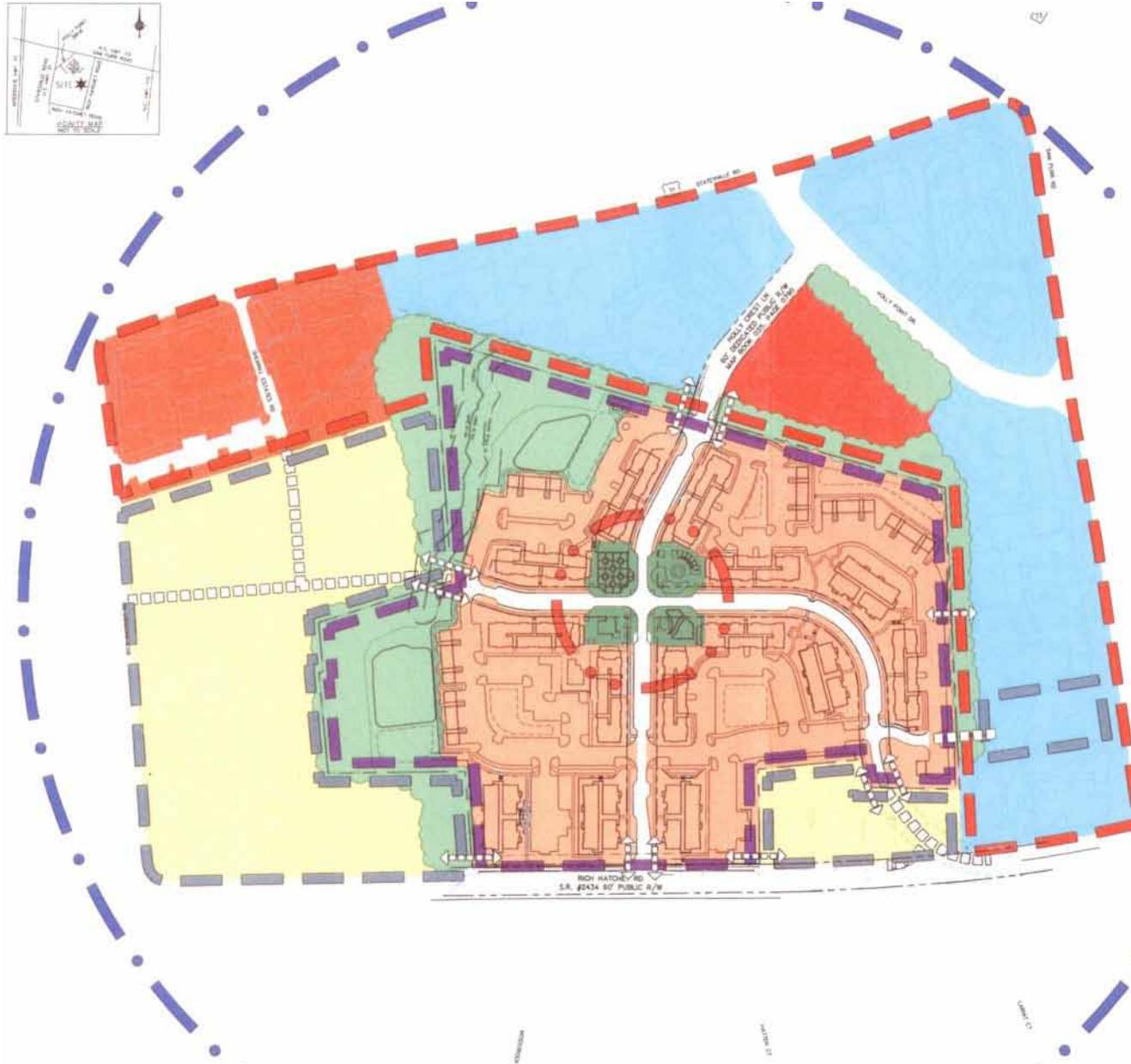


Site Plan

Description	# of Units	SF/Unit
A1 - 1BR/1BA + Carraige	24	568
A2 - 1BR/1BA	30	642
A3 - 1BR/1BA	30	672
A4 - 1BR/1BA	98	662
B1 - 2BR/1BA	30	1049
B2 - 2BR/2BA	30	1152
B3 - 2BR/2BA	168	1050
C1 - 3BR/2BA	46	1260
TOTAL/AVERAGE	456	917



Land-Use plan



TOTAL TND ACREAGE

RETAIL:	± 3.71
OFFICE:	± 14.15
CIVIC:	± 2.27
SINGLE FAMILY:	± 12.30
MULTI FAMILY:	± 18.60
OPEN SPACE:	± 8.48
URBAN OPEN SPACE:	± 0.80
TOTAL ACREAGE:	± 60.31

- EXISTING DEVELOPMENT ▬
- PROPOSED DEVELOPMENT ▬
- FUTURE DEVELOPMENT ▬
- CENTER ● ●
- 1/4 MILE - - -
- FUTURE CONNECTION
- PROPOSED PEDESTRIAN CONNECTION

STATEMENT OF PURPOSE AND PERMITTED USE

THE DEVELOPMENT PROPOSED IN THIS PLAN IS AN EXTENSION OF AN EXISTING >40 ACRE NEIGHBORHOOD BOUNDED BY SAM FURR ROAD, STATESVILLE ROAD AND RICH HATCHET ROAD. THE PROPOSED DEVELOPMENT IS STRUCTURED UPON A NETWORK OF INTERCONNECTING PEDESTRIAN ORIENTED STREETS AND PUBLIC SPACES AND CREATES OPPORTUNITIES FOR THE SAME TO OCCUR IN AREAS WHERE FUTURE DEVELOPMENT CAN OCCUR. THE OVERALL DEVELOPMENT OF THE BLOCK OFFERS A MIXTURE OF HOUSING TYPES AND PRICES, A PROMINENTLY SITED CIVIC BUILDING (THE LIBRARY), STORES, OFFICES AND WORKPLACES THAT PROVIDE A BALANCED MIX OF ACTIVITIES. THE PROPOSED DEVELOPMENT PROVIDES A RECOGNIZABLE CENTER TO THIS TRADITIONAL NEIGHBORHOOD DEVELOPMENT AND THE OVERALL BLOCK IS ROUGHLY 1/4 MILE FROM CENTER TO EDGE. THE PROPOSED DEVELOPMENT IS URBAN IN FORM, IS AN EXTENSION OF THE EXISTING DEVELOPED AREA OF THE TOWN AND COMPLIES WITH DENSITY MEASURES OF THE NEIGHBORHOOD RESIDENTIAL DISTRICT. IN SO DOING THE INTENT OF THE TND-U DISTRICT IS MET.

Building Plans



REAR ELEVATION

Building Plans

GROSS S.F. PER FLOOR = 9,728 +/-



A-2 FIRST FLOOR PLAN W/ PARKING

BUILDING 17 & 18
 (COMMUNITY AREA W/ PARKING)
 (2) - 2 BED - 1032 S.F.
 (2) - 2 BED HOME OFFICE - 1260 S.F.

BUILDING 10 / 11
 (NO COMMUNITY AREA W/ PARKING)
 (2) - 2 BED - 1032 S.F.
 (4) - 2 BED HOME OFFICE - 1260 S.F.



HOME OFFICE

REAR ELEVATION

GARAGE DOORS

COMMUNITY SPACE

**BUILDING TYPE
A-2**

Building Plans

GROSS S.F. PER FLOOR = 9,728 +/-



A-3 FIRST FLOOR PLAN

BUILDING 6 / 7 / 15	
(COMMUNITY AREA)	
(2) - 1 BED - 862 S.F.	
(2) - 2 BED - 1032 S.F.	
(2) - 2 BED HOME OFFICE - 1260 S.F.	



REAR ELEVATION

BUILDING TYPE

A-3

Building Plans

BLDG AREA = 8,080 S.F. +/- PER FLOOR
TOTAL BLDG. = 24,240 S.F. +/-



FRONT ELEVATION



TYPICAL FLOOR PLAN (FLOORS 1-3)



STD. SIDE ELEVATION

BUILDING TYPE

B-1

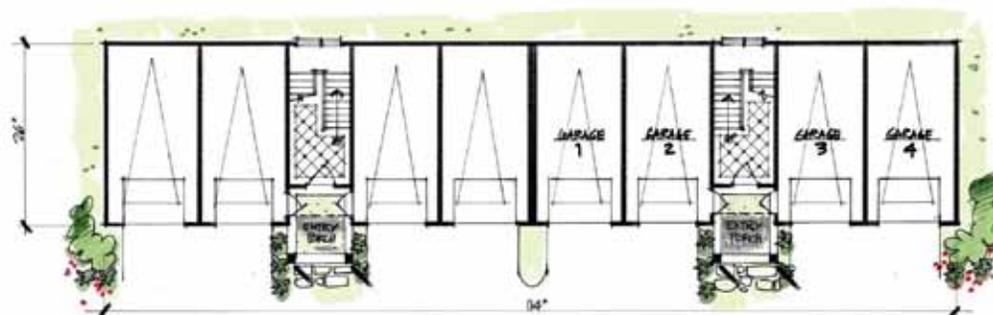
Building Plans



FRONT ELEVATION



SECOND FLOOR PLAN



FIRST FLOOR PLAN

BUILDING TYPE
C-1
CARRIAGE HOUSE
EACH UNIT = 568 S.F.

TOTAL = 2,964 S.F.

Building Plans



2/3 Split

Unit Plans



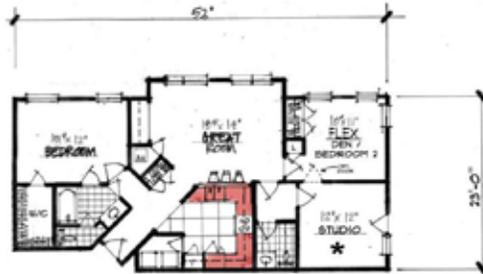
1 BEDROOM FLOOR PLAN
(662 S.F.)



2 BEDROOM FLOOR PLAN
INTERIOR UNIT (1,032 S.F.)



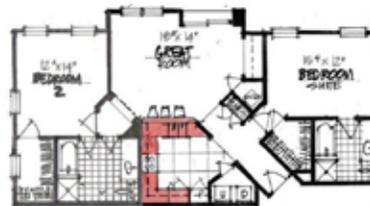
3 BEDROOM FLOOR PLAN
END UNIT (1,260 S.F.)



2 BEDROOM / HOME OFFICE
End Condition (1,260 S.F.)

(*) TYP. HOME OFFICE USES

- Legal Aid
- Editor
- Drafting Service
- Interior Design
- Insurance Agent
- Concierge
- Financial Advisor
- Tele Commuter
- Software Analysis
- Computer Tech
- Accountant
- Real Estate Agent
- Advertising



2 BEDROOM
End Condition (1,260 S.F.)

FLOOR PLAN
TYPICAL 1ST FLOOR
& BASEMENT UNITS

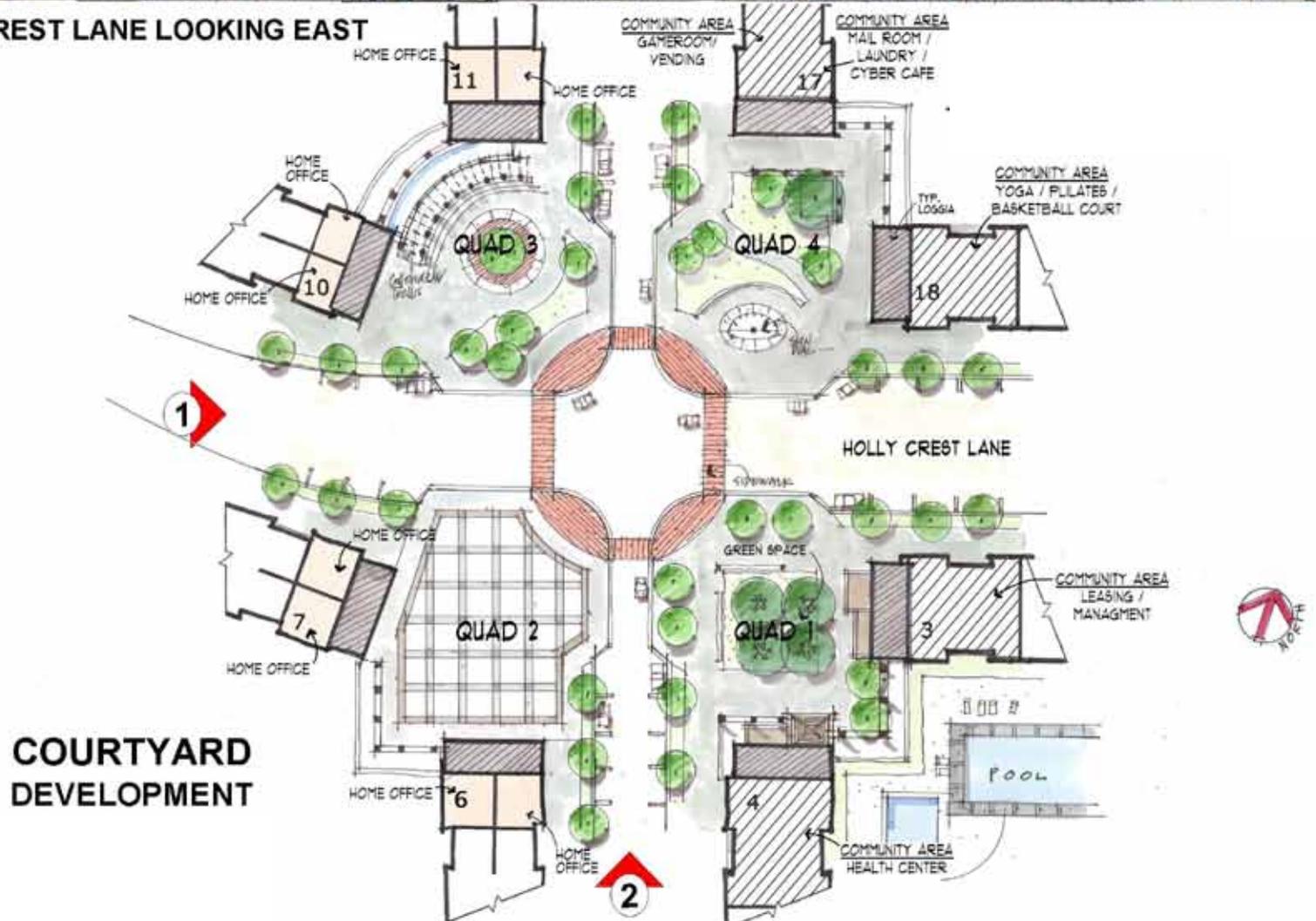
BUILDING TYPE

A-1/A-2/A-3

Plaza



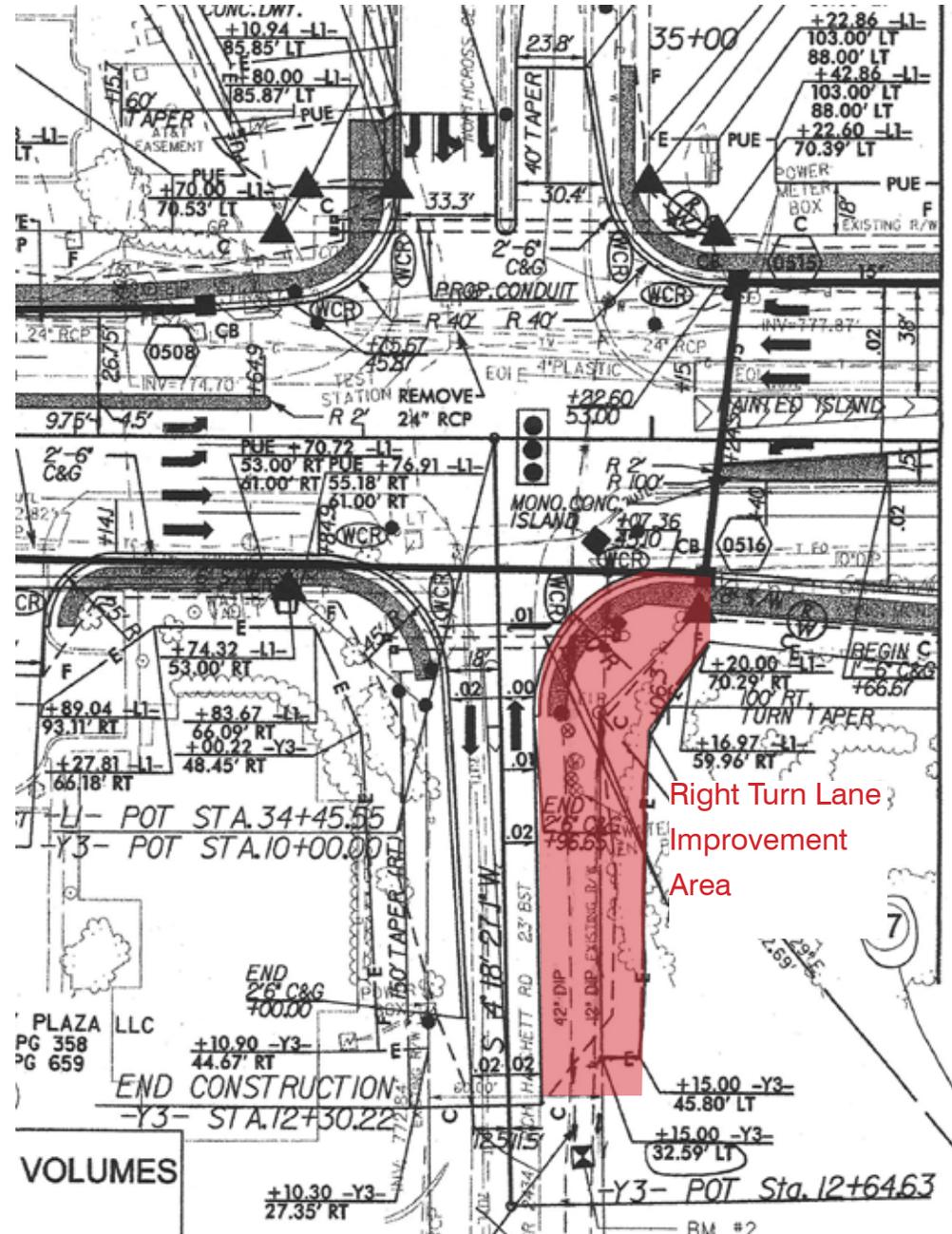
(1) HOLLY CREST LANE LOOKING EAST



**COURTYARD
DEVELOPMENT**

Offsite Improvements

The property is required to provide one offsite road improvement along Rich Hatchet Road. The improvement is described in the notes of the zoning sketch plans as approved, D (1&2) on RZ1.0, provided by Design Resource Group. The improvement requires a 225 foot long right turn lane with an appropriate NCDOT taper. There are two existing utilities in the ROW where the right turn lane is to be placed. One is a 42" domestic water line and the other is a 12" domestic water line. All road improvements and utility modifications will need to be done in accordance with the Town of Huntersville, NCDOT and CMUD.



Predevelopment Schedule

- Outside closing date November 10, 2011
- No more than 256 units delivered before July 1, 2012
- Balance of units can be delivered January 1, 2013
- Plan is vested until January 1, 2014
- With construction and development team in place, project could be under construction by December, 2011

Financial Analysis



Summary of Estimated Returns

Investment Data		General Data	
Equity Investment	\$ 12,548,111	Location	Huntersville, NC
Loan Amount	\$ 29,278,927	Acreage	24.04
Total Project Cost	\$ 41,827,038	Apartments RSF	418,318
Stabilized NOI	\$ 3,333,243	Zoning	MF
Stabilized Cap Rate	7.97%	Entitled? (Y/N)	N
Stabilized Cash on Cash	8.52%		
IRR (5 yr hold)	20.79%		
Equity Return Multiple	2.48		

Unit Mix					
	Units	Mix %	Avg. Unit Size	Avg. Rent	Avg./Sqft.
1 Bedrooms	182	40%	648	\$ 719	\$ 1.11
2 Bedrooms	228	50%	1,063	984	0.93
3 Bedrooms	46	10%	1,260	1,160	0.92
	456	100%	917	\$ 896	\$ 0.98

Note(s):	
<u>Sale</u>	
- year 5 at 6.5% cap	

Development Cost Analysis			
	Cost	Per Unit	Per SF
Pre-Dev & Admin	\$ 54,000	\$ 118	\$ 0.13
Land	6,840,000	15,000	16.35
Site Work	3,420,000	7,500	8.18
Construction	25,826,640	56,637	61.74
Design	750,000	1,645	1.79
Municipality Fees	387,000	849	0.93
Developer Fee	952,999	2,090	2.28
Legal, Fin, Ins, RE Tax	400,000	877	0.96
Contingency	877,399	1,924	2.10
FF&E & Lease-Up	1,275,000	2,796	3.05
Construction Interest	1,044,000	2,289	2.50
Total Investment	\$41,827,038	\$ 91,726	\$ 99.99

Note(s):	

Stabilized Operating Analysis		
	Stabilized Budg	Per Unit
REVENUE		
Schedule Rent	\$ 5,202,569	\$ 11,409
Vacancy	(391,711)	(859)
	4,810,858	10,550
Other Income	393,305	863
Total Revenue	5,204,163	11,413
EXPENSES		
Payroll	\$ 455,131	\$ 998
G & A	83,840	184
Marketing	59,886	131
Redecorating	69,467	152
Management Fee	182,146	399
Utilities	227,565	499
Janitorial	47,909	105
R & M	95,817	210
Landscaping	83,840	184
Insurance	86,235	189
Taxes	479,085	1,051
Total Expenses	\$ 1,870,920	\$ 4,103
Net Operating Income	\$ 3,333,243	\$ 7,310

Sources and Uses

MINI-PERM DEBT FINANCING			
Loan Amount:	\$	29,278,927	
LTC:		70.00%	
Loan Fee:		1.00%	
Interest Rate:		6.00%	
Term:		5 years	
Amortization:		I/O yr 1-2	
		25 years yr 3-5	
SOURCES AND USES			
	Cost	Per Unit	Per RSF
SOURCES			
Equity	\$ 12,548,111	\$ 27,518	\$ 30.00
Debt	29,278,927	64,208	69.99
Total Sources	\$ 41,827,038	\$ 91,726	\$ 99.99
USES			
Pre-Dev & Admin	\$ 54,000	\$ 118	\$ 0.13
Land	6,840,000	15,000	16.35
Site work	3,420,000	7,500	8.18
Construction	25,826,640	56,637	61.74
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Construction Interest	1,044,000	2,289	2.50
Total Uses	\$ 41,827,038	\$ 91,726	\$ 99.99

Detailed Cost Report

05-000	LAND		
05-050	Land	\$ 6,840,000	\$ 16.35
05-060	Completed site work		\$ -
05-999	TOTAL LAND	\$ 6,840,000	\$ 16.35
10-000	PRE-DEVELOPMENT		
10-050	Env phase 1	\$ 4,000	\$ 0.01
10-250	Market analysis	\$ 10,000	\$ 0.02
10-300	Geotech	\$ 20,000	\$ 0.05
10-400	Appraisal	\$ 5,000	\$ 0.01
10-450	Survey	\$ 5,000	\$ 0.01
10-600	Pursuit Costs	\$ 10,000	\$ 0.02
10-999	TOTAL PRE-DEVELOPMENT	\$ 54,000	\$ 0.13
15-000	DESIGN CONSULTANT		
15-050	Arch contract	\$ 500,000	\$ 1.20
15-060	Arch reimbursable	\$ 50,000	\$ 0.12
15-150	Civil contract	\$ 150,000	\$ 0.36
15-160	Civil reimbursable	\$ 20,000	\$ 0.05
15-400	Interior design developer	\$ 30,000	\$ 0.07
15-450	Interior design end user	\$ -	\$ -
15-999	TOTAL DESIGN CONSULTANT	\$ 750,000	\$ 1.79
20-000	MUNICIPALITY FEES		
20-050	Tap Fee	\$ 387,000	\$ 0.93
20-100	Impact	\$ -	\$ -
20-999	TOTAL MUNICIPALITY FEES	\$ 387,000	\$ 0.93
30-000	PROJECT FEES		
30-050	Developer	\$ 952,999	\$ 2.28
30-300	Loan Fee	\$ 290,000	\$ 0.69
30-999	TOTAL PROJECT FEES	\$ 1,242,999	\$ 2.97
35-000	LEGAL, INSURANCE & TAXES		
35-050	Insurance title	\$ 10,000	\$ 0.02
35-150	Insurance general liability	\$ 25,000	\$ 0.06
35-300	Legal loan closings	\$ 25,000	\$ 0.06
35-350	Legal general	\$ 25,000	\$ 0.06
35-400	Taxes during construction	\$ 25,000	\$ 0.06
35-500	Construction loan interest	\$ 1,044,000	\$ 2.50
35-550	Hard cost contingency	\$ 877,399	\$ 2.10
35-999	TOTAL LEGAL, INS & TAXES	\$ 2,031,399	\$ 4.86

40-000	CONSTRUCTION COST		
40-010	Vertical Construction Costs	\$ 21,752,536	\$ 52.00
40-020	Clubhouse Building	\$ 87,500	\$ 0.21
40-090	Trash Compactor	\$ 20,000	\$ 0.05
40-100	Trash Compactor Enclosure	\$ 35,000	\$ 0.08
40-110	Site Work (including grading, undergro	\$ 3,420,000	\$ 8.18
40-180	Landscaping	\$ 456,000	\$ 1.09
40-190	Pool and Deck	\$ 150,000	\$ 0.36
40-200	Hardscape (allow for unit pricing)		
40-210	- Park Benches	\$ 10,000	\$ 0.02
40-220	- Waste Recepticles	\$ 5,000	\$ 0.01
40-230	- Outdoor Kitchen	\$ 25,000	\$ 0.06
40-240	- Trellis Work	\$ 25,000	\$ 0.06
40-250	- Fountains	\$ 15,000	\$ 0.04
40-280	- Pet Run including Baggit System	\$ 5,000	\$ 0.01
40-290	Irrigation	\$ 100,000	\$ 0.24
40-300	Site Lighting	\$ 200,000	\$ 0.48
40-310	Signage	\$ 100,000	\$ 0.24
40-340	Construction Overhead	\$ 528,121	\$ 1.26
40-350	General Requirements	\$ 1,056,241	\$ 2.52
40-360	Building Permits	\$ 200,000	\$ 0.48
40-380	General Contractor Fee	\$ 1,056,241	\$ 2.52
40-999	TOTAL CONSTRUCTION COST	\$ 29,246,640	\$ 69.91
50-000	FF&E		
50-100	Office furnishings and equipment	\$ 20,000	\$ 0.05
50-150	Fitness room equipment	\$ 35,000	\$ 0.08
50-200	Clubhouse furnishings	\$ 125,000	\$ 0.30
50-250	Model Furnishings	\$ 50,000	\$ 0.12
50-300	Business center	\$ 25,000	\$ 0.06
50-350	Pool furnishings	\$ 30,000	\$ 0.07
50-999	TOTAL FF&E	\$ 285,000	\$ 0.68
55-000	COMPLETION EXPENSE		
55-200	Marketing firm	\$ 10,000	\$ 0.02
55-250	Marketing reimbursable	\$ 5,000	\$ 0.01
55-300	Marketing expense	\$ 125,000	\$ 0.30
55-450	Association Dues	\$ -	\$ -
55-500	Operating Deficit/Interest Res	\$ 850,000	\$ 2.03
55-999	TOTAL COMPLETION EXPENSE	\$ 990,000	\$ 2.37
99-999	TOTAL JOB COST	\$ 41,827,038	\$ 99.99

5 - Year Proforma

For the Years Ending	Year 1	Year 2	Year 3	Year 4	Year 5
	<i>Const./Lease-up</i>	<i>Lease-up</i>	<i>Stabilized</i>		<i>Sale</i>
POTENTIAL GROSS REVENUE					
Apartment Base Rental Revenue	\$ 4,903,920	\$ 5,051,038	\$ 5,202,569	\$ 5,358,646	\$ 5,519,405
Apartment Other Revenue	\$ 370,728	\$ 381,850	\$ 393,305	\$ 405,104	\$ 417,258
TOTAL POTENTIAL GROSS REVENUE	\$ 5,274,648	\$ 5,432,887	\$ 5,595,874	\$ 5,763,750	\$ 5,936,663
Apartment Vacancy	\$ (5,010,916)	\$ (2,444,799)	\$ (391,711)	\$ (403,463)	\$ (415,566)
EFFECTIVE GROSS REVENUE	\$ 263,732	\$ 2,988,088	\$ 5,204,163	\$ 5,360,288	\$ 5,521,096
Revenue Growth		3.00%	3.00%	3.00%	3.00%
TOTAL OPERATING EXPENSES	\$ 491,451	\$ 1,752,168	\$ 1,870,920	\$ 1,918,604	\$ 1,967,507
Expense Growth		2.50%	2.50%	2.50%	2.50%
NET OPERATING INCOME	\$ (227,718)	\$ 1,235,920	\$ 3,333,243	\$ 3,441,684	\$ 3,553,589
TOTAL DEBT SERVICE	\$ -	\$ 1,405,388	\$ 2,263,734	\$ 2,263,734	\$ 2,263,734
SALE PROCEEDS	\$ -	\$ -	\$ -	\$ -	\$ 27,151,309
LEASE-UP INTEREST RESERVES	\$ 350,000	\$ 500,000	\$ -	\$ -	\$ -
CASH FLOW AFTER DEBT SERVICE BUT BEFORE TAXES	\$ 122,282	\$ 330,532	\$ 1,069,509	\$ 1,177,949	\$ 28,441,164
CAPITAL ACCOUNTS					
Total Capital Provider Cashflow	\$ 122,282	\$ 330,532	\$ 1,069,509	\$ 1,177,949	\$ 28,441,164
IRR	21%				
Equity Return Multiple	2.48				

Market Analysis



Rent Comparable Overview

Submarket

Holly Crest is located in the North Mecklenburg submarket. This submarket consists of the northern most part of Charlotte and the suburban towns of Huntersville, Cornelius and Davidson. Each of these towns possess high barriers to entry, and as a result, very little new product has been delivered during the past 5 years (486 units total). The submarket consists of 4,386 units, of which 1,897 have been built since 2000. The average occupancy rate for those properties built since 2000 is 95.1% (as of 3/1/2011).

Rent Comparables

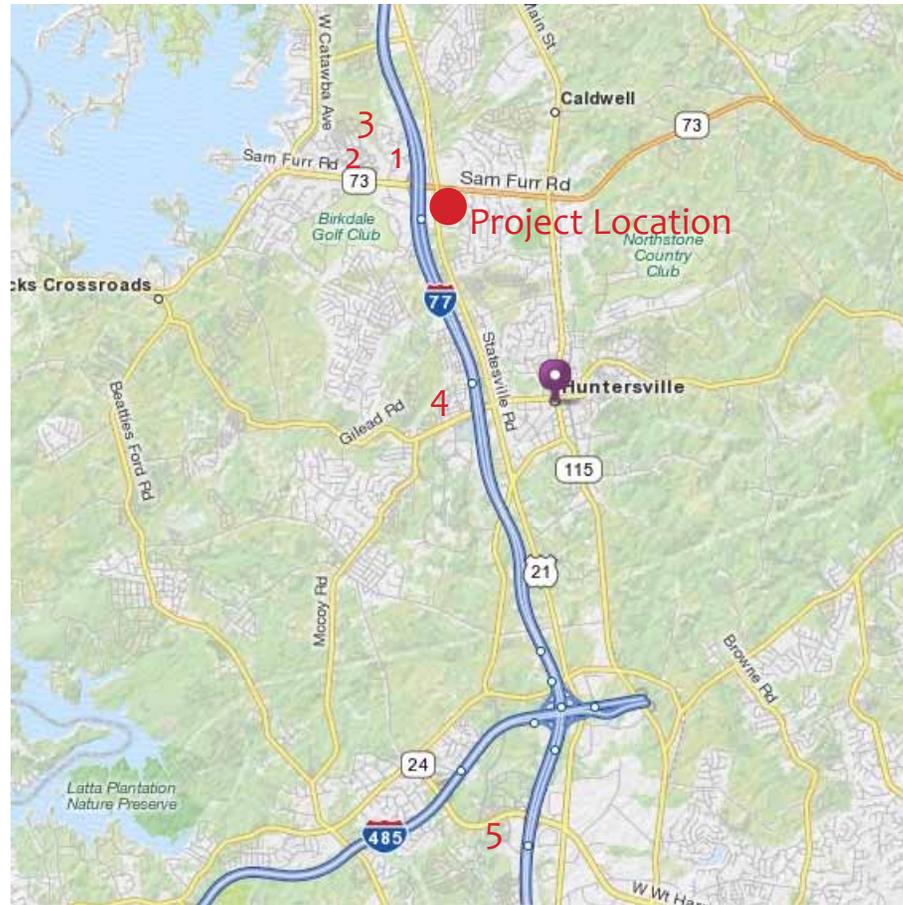
When choosing rent comparables for Holly Crest, we selected those that are most comparable in location (Birkdale Village, Redcliffe at Kenton Place & Camden Sedgebrook), along with the most recently constructed communities (Colonial Grande at Huntersville and Perimeter Station). While Birkdale Village, Redcliffe and Camden Sedgebrook are the most comparable in terms of location, they are all older communities, built in 2002, 2001, and 1998 respectively. Their rents range from \$.88 to \$.98 per square foot and their vacancy rates range from 3% to 5%. Colonial Grande at Huntersville and Perimeter Station were built in 2008 and 2009 respectively. Their rents are \$.94 and \$1.00 per square foot and their vacancy rates are 5% and 6% respectively.

Holly Crest

Holly Crest will contain upscale amenities including a resort style swimming pool, luxury fitness center and a cyber café/business center. Unit finishes are anticipated to be upscale, with modern fixtures, upgraded countertops, high end appliances and washers/dryers in each unit. It is scheduled to be built in 2012 and 2013. Initial rent is projected at \$.98 per square foot and stabilized vacancy is estimated at 7 percent.

****The Most recent market information for rent comparables as reported by Carolina Real Data is from March 2011.**

Rent Comparables Map



1. Birkdale Village
2. Redcliffe at Kenton Place
3. Camden Sedgebrook
4. Colonial Grande Huntersville
5. Perimeter Station

Rent Comparable Summary

Rental Comps		Holly Crest	Comps Average	Birkdale Village	Redcliffe	Sedgebrook	CG at Huntersville	Perimeter Station
Floor Plan	1 Bedroom							
Effective Gross Rents		\$ 725	\$ 826	\$ 936	\$ 779	\$ 811	\$ 811	\$ 793
Unit Size		662	796	910	802	759	762	745
Effective Rent per SF		\$ 1.095	\$ 1.039	\$ 1.029	\$ 0.971	\$ 1.069	\$ 1.064	\$ 1.064
Floor Plan	2 Bedroom							
Effective Gross Rents		\$ 975	\$ 1,042	\$ 1,262	\$ 930	\$ 960	\$ 1,026	\$ 1,031
Unit Size		1,050	1,137	1,323	1,126	1,051	1,048	1,138
Effective Rent per SF		\$ 0.929	\$ 0.916	\$ 0.954	\$ 0.826	\$ 0.913	\$ 0.979	\$ 0.906
Floor Plan	3 Bedroom							
Effective Gross Rents		\$ 1,160	\$ 1,263	\$ 1,727	\$ 1,106	\$ 1,118	\$ 1,101	\$ -
Unit Size		1,260	1,404	1,748	1,287	1,255	1,327	-
Effective Rent per SF		\$ 0.921	\$ 0.892	\$ 0.988	\$ 0.859	\$ 0.891	\$ 0.830	\$ -



Rent Comparables

Rent Comparable #1 - Birkdale Village

Name: Birkdale Village
 Submarket: Charlotte- North
 Address: 16725 Birkdale Commons Pkwy
 Huntersville, NC 28078
 Description of Complex: 3 Story mixed-use
 Number of Units: 320
 Year Built: 2002
 Concessions: n/a
 Occupancy Level: 96.9% (as of 3/1/2011)



Unit Type	Units	Sqft.	Net Effective Rent	
			Monthly	Rent/SF
A1 - 1 Bedroom, 1 Bath	117	910	\$ 936	\$ 1.03
A2 - 1 Bedroom, 1 Bath	56	965	\$ 972	\$ 1.01
B1 - 2 Bedroom, 2 Bath	106	1,323	\$ 1,262	\$ 0.95
B2 - 2 Bedroom, 2 Bath	19	1,447	\$ 1,230	\$ 0.85
C1 - 3 Bedroom, 2 Bath	22	1,748	\$ 1,727	\$ 0.99
Total/Average	320	1,146	\$ 1,122	\$ 0.98

Rent Comparable #2 - Redcliffe at Kenton Place

Name: Redcliffe at Kenton Place
 Submarket: Charlotte- North
 Address: 8101 Dunmore Drive
 Huntersville, NC 28078
 Description of Complex: 3 Story garden
 Number of Units: 314
 Year Built: 2001
 Concessions: n/a
 Occupancy Level: 94.9% (as of 3/1/2011)



Unit Type	Units	Sqft.	Net Effective Rent	
			Monthly	Rent/SF
A1 - 1 Bedroom, 1 Bath	24	755	\$ 754	\$ 1.00
A2 - 1 Bedroom, 1 Bath	108	802	\$ 779	\$ 0.97
B1 - 2 Bedroom, 2 Bath	10	1,260	\$ 1,100	\$ 0.87
B2 - 2 Bedroom, 2 Bath	60	1,039	\$ 869	\$ 0.84
B3 - 2 Bedroom, 2 Bath	76	1,126	\$ 930	\$ 0.83
B4 - 2 Bedroom, 2 Bath	8	1,185	\$ 1,003	\$ 0.85
C1 - 3 Bedroom, 2 Bath	16	1,287	\$ 1,106	\$ 0.86
C2 - 3 Bedroom, 2 Bath	12	1,451	\$ 1,335	\$ 0.92
Total/Average	314	996	\$ 885	\$ 0.89

Rent Comparables

Rent Comparable #3 - Camden Sedgebrook

Name: Camden Sedgebrook
 Submarket: Charlotte- North
 Address: 16930 Sedgebrook Lane
 Huntersville, NC 28078
 Description of Complex: 3 Story Garden
 Number of Units: 368
 Year Built: 1998
 Concessions: n/a
 Occupancy Level: 94.80% (as of 3/1/2011)



Unit Type	Units	Sqft.	Net Effective Rent	
			Monthly	Rent/SF
A1 - 1 Bedroom, 1 Bath	24	544	\$ 677	\$ 1.24
A2 - 1 Bedroom, 1 Bath	48	759	\$ 811	\$ 1.07
A3 - 1 Bedroom, 1 Bath	26	763	\$ 810	\$ 1.06
A4 - 1 Bedroom, 1 Bath	26	794	\$ 834	\$ 1.05
A5 - 1 Bedroom, 1 Bath	48	913	\$ 872	\$ 0.96
A6 - 1 Bedroom, 1 Bath	12	1,008	\$ 908	\$ 0.90
B1 - 2 Bedroom, 2 Bath	108	1,051	\$ 960	\$ 0.91
B2 - 2 Bedroom, 2 Bath	14	1,311	\$ 1,089	\$ 0.83
B3 - 2 Bedroom, 2 Bath	14	1,415	\$ 1,114	\$ 0.79
C1 - 3 Bedroom, 2 Bath	48	1,255	\$ 1,118	\$ 0.89
Total/Average	368	972	\$ 921	\$ 0.95

Rent Comparable #4 - Colonial Grand at Huntersville

Name: Colonial Grand at Huntersville
 Submarket: Charlotte- North
 Address: 3721 Rose Commons Drive
 Huntersville, NC 28078
 Description of Complex: 3 Story garden
 Number of Units: 250
 Year Built: 2008
 Concessions: n/a
 Occupancy Level: 94.8% (as of 3/1/2011)



Unit Type	Units	Sqft.	Net Effective Rent	
			Monthly	Rent/SF
A1 - 1 Bedroom, 1 Bath	24	652	\$ 702	\$ 1.08
A2 - 1 Bedroom, 1 Bath	40	762	\$ 811	\$ 1.06
A3 - 1 Bedroom, 1 Bath	12	840	\$ 996	\$ 1.19
B1 - 2 Bedroom, 2 Bath	64	965	\$ 856	\$ 0.89
B2 - 2 Bedroom, 2 Bath	24	1,048	\$ 1,026	\$ 0.98
B3 - 2 Bedroom, 2 Bath	42	1,104	\$ 1,026	\$ 0.93
C1 - 3 Bedroom, 2 Bath	4	1,327	\$ 1,185	\$ 0.89
C2 - 3 Bedroom, 2 Bath	32	1,327	\$ 1,101	\$ 0.83
C3 - 3 Bedroom, 2 Bath	8	1,331	\$ 1,110	\$ 0.83
Total/Average	250	992	\$ 930	\$ 0.94

Rent Comparables

Rent Comparable #5 - Perimeter Station

Name: Perimeter Station
 Submarket: Charlotte- North
 Address: 9829 Perimeter Station Drive
 Charlotte, NC 28216
 Description of Complex: 3 Story garden
 Number of Units: 203
 Year Built: 2009
 Concessions: n/a
 Occupancy Level: 94.1% (as of 3/1/2011)



Unit Type	Units	Sqft.	Net Effective Rent	
			Monthly	Rent/SF
A1 - Studio	60	745	\$ 793	\$ 1.06
A2 - 1 Bedroom, 1 Bath	33	766	\$ 830	\$ 1.08
A3 - 1 Bedroom, 1 Bath	6	801	\$ 895	\$ 1.12
A4 - 1 Bedroom, 1 Bath	13	809	\$ 995	\$ 1.23
A5 - 1 Bedroom, 1 Bath	6	886	\$ 960	\$ 1.08
B1 - 2 Bedroom, 2 Bath	15	1,074	\$ 1,065	\$ 0.99
B2 - 2 Bedroom, 2 Bath	12	1,097	\$ 1,045	\$ 0.95
B3 - 2 Bedroom, 2 Bath	45	1,138	\$ 1,031	\$ 0.91
B4 - 2 Bedroom, 2 Bath	3	1,142	\$ 1,085	\$ 0.95
B5 - 2 Bedroom, 2 Bath	10	1,292	\$ 1,171	\$ 0.91
Total/Average	203	923	\$ 931	\$ 1.01

Exhibit A - Major Employers

Company	Location	Employees
Lowe's Companies	Mooresville	4,000
Ingersoll Rand Company	Davidson	1,500
McGuire Nuclear Station	Huntersville	1,000
Lake Norman Regional Medical Center	Mooresville	930
Davidson College	Davidson	800
Presbyterian Hospital	Huntersville	650
SABIC Innovative Plastics	Huntersville	600
Metrolina Greenhouses	Huntersville	550
U.S. Foodservice	Charlotte	530
Rubbermaid	Huntersville	500
Walmart Supercenter	Mooresville	500
NGK Ceramics	Mooresville	450
AmeriCredit	Huntersville	400
Alcatel-Lucent	Charlotte	400
USF Corporation	Charlotte	350
Super Target	Mooresville	350
Penske Racing	Mooresville	350
Joe Gibbs Racing	Huntersville	330
Gerdau Ameristeel	Charlotte	330
Husqvarna	Charlotte	320
Prairie Packaging	Huntersville	300
Carrier Corporation	Charlotte	300

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The Apartments at
Holly Crest