

Clemson University

TigerPrints

Master of Real Estate Development

Non-thesis Final Projects

12-1-2019

Buncombe Peak Market

Racquel E. Collier
Clemson University

Ashley Fisher
Clemson University

Reid Hofstetter
Clemson University

Follow this and additional works at: <https://tigerprints.clemson.edu/mred>

Recommended Citation

Collier, Racquel E.; Fisher, Ashley; and Hofstetter, Reid, "Buncombe Peak Market" (2019). *Master of Real Estate Development*. 5.

<https://tigerprints.clemson.edu/mred/5>

This Terminal Project is brought to you for free and open access by the Non-thesis Final Projects at TigerPrints. It has been accepted for inclusion in Master of Real Estate Development by an authorized administrator of TigerPrints. For more information, please contact kokeefe@clemson.edu.



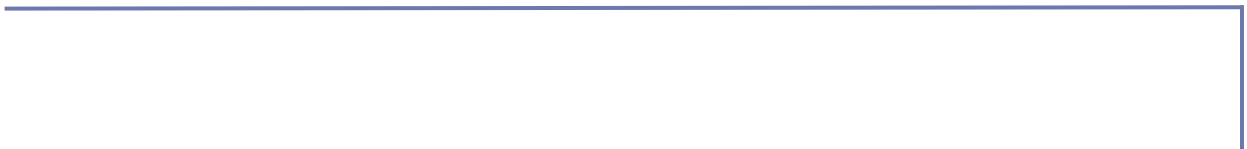
BUNCOMBE PEAK
MARKET

BREW | PEDAL | MUSIC



It should be noted that this presentation is for academic purposes only. All research, images, and recommendations found within this have been assembled for an educational exercise. All assumptions are to be interpreted as speculation. All informational sources are deemed reasonably reliable. Summaries of any documents are not intended to be comprehensive or all inclusive, but rather only outline of the provisions contained therein.

No portion of this report may be copied or otherwise reproduced to anyone without the prior written consent of the Clemson University Master of Real Estate Development Program.





RARE^E CAPITAL

EXPONENTIAL RESULTS





RACQUEL E COLLIER

CHIEF MARKETING OFFICER

Hometown: Sumter, SC

Clemson University with a B.A. in English; Writing Publications Emphasis, Communications Minor, 2018

As Asset Management intern at Estates and Companies in Columbia, SC, improved Online marketing communications by implementing Search Engine Optimization (SEO) coding on six apartment complex websites, increasing total website traffic by 35%. Responsible for programming 5,000 SF of amenity space for 145-unit apartment community. Over two years of internship experience in construction marketing at GBS Building Supply in Greenville, SC contributing to a 20% sales boost in roofing material sales. Acquired new clients by leading a direct mail campaign and traveling as sales representative. At D.E. Walker Construction, in Charlotte, NC, collaborated with the team as an intern to complete a project bid for Beatties Ford Rd., an expansion project along I-85 in Charlotte, NC. Gained an exceptional amount of experience analyzing designs, blueprints, and specifications to prepare time, cost, and labor estimates. Seven years of experience in sales as a professional DJ acquiring clients and coordinating logistics for over 275 events in the SC Upstate and Charlotte, NC markets. Resident DJ responsible for entertaining over 5,500 attendees at Greenville Drive minor league baseball games and 10,000 attendees at Greenville Swamp Rabbits hockey games in Greenville, SC. Entrepreneurial and passionate about creating projects that enhance cultural experiences with respect to those communities.

Recipient of a 2018 Clemson Advancement Board Fellowship. 2019 Ric Ridder Spirit and Service Award Recipient. Desire to apply education and leadership experience to a development team.

Interests include affordable and luxury multifamily housing, acquisition and development, and mixed use.





ASHLEY FISHER
CHIEF DESIGN OFFICER

Hometown: Greenville, NC

North Carolina Agricultural and Technical State University with a B.S. in Landscape Architecture, 2018

Ashley is an innovative and hardworking student within the MRED Program at Clemson University. During the Fall semester of 2018, she was selected to assist the second year students in their Practicum class to produce a 54 acre master plan. During the summer session of 2019, Ashley worked as a Development Associate at The Guess Construction Company, Ltd. where she gained hands-on experience in the Real Estate Development field. She will continue to work part-time with this firm to complete her projects while she continues her studies this fall.

Prior to attending the MRED program, Ashley obtained her bachelor's in Landscape Architecture from North Carolina A&T State University, where she learned and emphasized skills such as planning, critical thinking, grading, drafting, and rendering. She earned Dean's List for eight consecutive semesters. She served as Miss Student American Society of Landscape Architects at North Carolina A&T State University 17-18'. She served as an associate at the Landscape Architecture company, Designature with Randal Romie, ASLA, in the summer of 2018. During this time, she produced four site maps for locations that are currently under construction in Greensboro, N.C. 2018. She designed the Aquatic Shelf and produced the site plan for a location in Greensboro, N.C. 2018.

Upon receiving her Master's Degree in the fall, Ashley aspires to work full time in a Real Estate Development practice where she can contribute to the development of the commercial real estate, master-planned communities, and mixed-use developments. Her ultimate goal is to begin her own firm as a head developer, property manager, and co-site planner.





REID HOFSTETTER

CHIEF INVESTMENT OFFICER

Hometown: Charleston, SC

Clemson University with a B.S. in Financial Management; Real Estate and Corporate Finance Emphasis, Accounting Minor, 2017

Professional experience working as a GWS Summer Associate on the Wells Fargo account at CBRE, a global leader in commercial real estate services. CBRE's Global Workplace Solutions (GWS) line of business focuses on managing corporate occupier's real estate operations, managing over 20M SF of administrative office space and over 7K stand-alone retail locations for the client. Summer Associate responsibilities included developing Tableau reporting dashboards that track occupier-operating expenses for administrative office space, used directly by the client through their internal Corporate Properties Group, and assisting in the optimization of the after-hours work-order process flow to save the client an estimated \$70K annually in unnecessary costs.

Prior to the MRED program, professional experience includes working as a Supply Chain Accountant / Financial Analyst for Perfection Hy-Test, a Berkshire Hathaway Company. Along with standard accounting procedures such as processing AP and preparing month-end financial statements, responsibilities included handling lease agreements and property management activities for 3 national locations.

Graduated from Clemson University in May of 2017 with a BS in Financial Management, concentrating in both Corporate Finance and Real Estate, along with obtaining a minor in Accounting. Additionally, played Club Lacrosse at Clemson and was acting Financial Manager for the student run organization for 3 years.

Interested in developing standardized Real Estate investment and development financial models to assist in RE investment analysis and portfolio management. Additionally, using said models to advise and manage client based and personal based Real Estate investment portfolios.



EXECUTIVE SUMMARY 15

SITE ANALYSIS 17

REGIONAL FACTORS
LOCAL FACTORS
SITE FACTORS

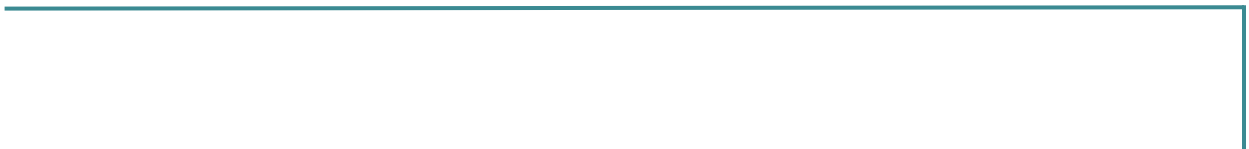
MARKET ANALYSIS 27

NATIONAL ECONOMIC OVERVIEW
REGIONAL ECONOMIC OVERVIEW
TRAVELERS REST

DESIGN CONCEPT 39

INVESTMENT STRATEGY 49

DEVELOPMENT STRATEGY
OPERATING STRATEGY
INVESTMENT STATISTICS





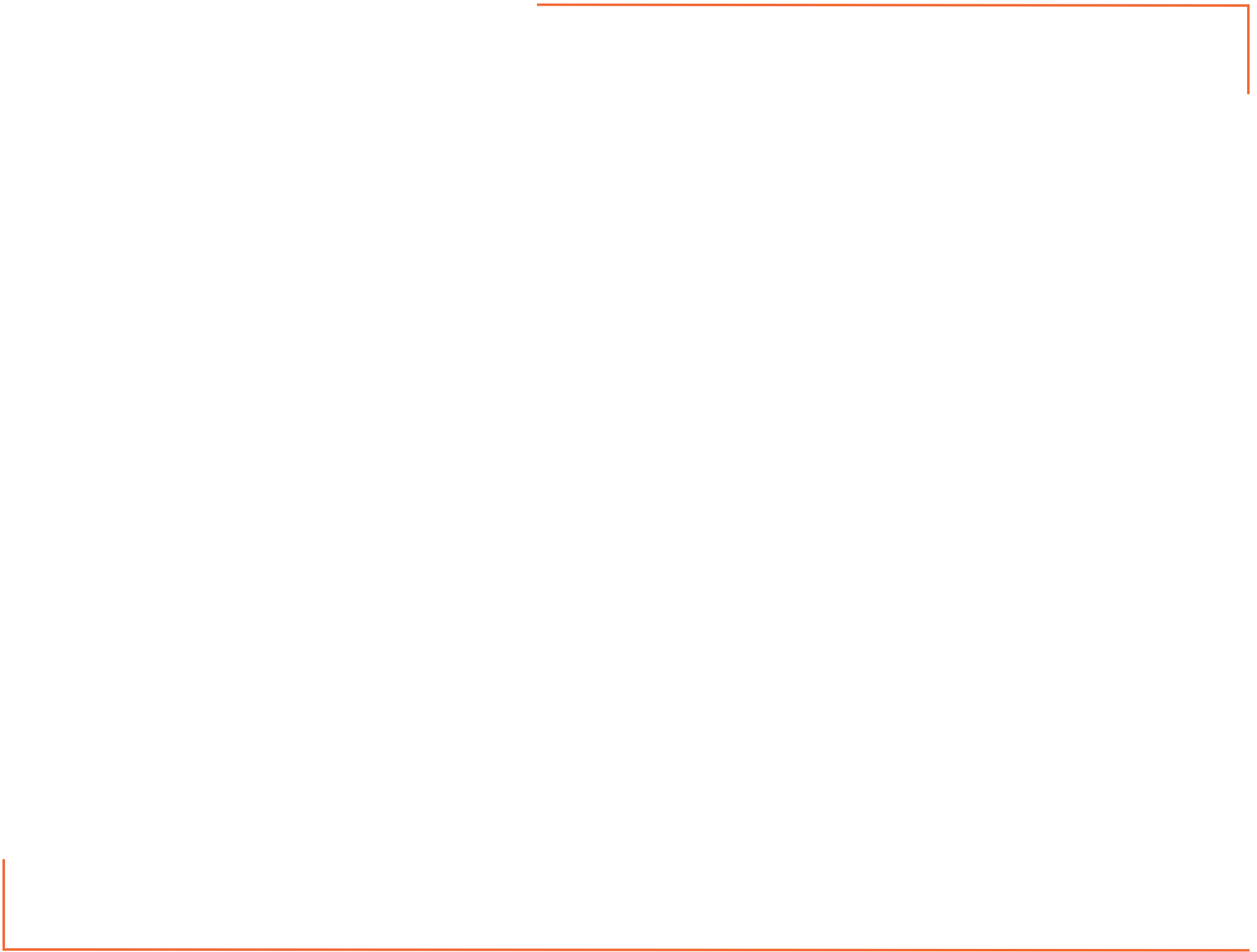
BUNCOMBE PEAK
MARKET
BREW | PEDAL | MUSIC

Buncombe Peak Market (BPM) is a mixed-use experience focusing on Brews, Pedaling, and Music. Located at 6155 Old Buncombe Rd, moments away from Furman University and just 15 minutes from downtown Greenville, BPM is the new heartbeat of the Upstate.

With an on-site brewer, upwards of 12 unique food vendors, a 10,000 SF indoor-outdoor event hall, a 50-Room Boutique Hotel, over 6-Acres of open green space, and over 5 miles of outdoor trails linked to Greenville's Swamp Rabbit Trail, BPM provides the best active lifestyle experience!

Designed with the land, BPM creates the most unique outdoor lifestyle experience. Intertwined with the drastically changing topography, heavily wooded lands, and natural flowing water streams, BPM creates a very natural yet secluded outdoor experience. Designing with the natural terrain not only creates a beautiful environment, it helps reduce the environmental impact of such large-scale developments. Designed with LEED Certifications in mind, BPM hopes to reduce its environmental impact through conscience energy consumption and minimal natural impact.

What more could you ask for than cold brews, manicured trails and gardens, and live music concerts for you to enjoy?



SITE ANALYSIS

Buncombe Peak Market sits on a net 35.5-Acre parcel of land (tax parcel ID number 4700000100201) in Travelers Rest, South Carolina. It was purchased in 1990 by Furman University and abuts US Highway 25 & 276 on its western edge, Old Buncombe Road on its northern and eastern edges, and American Fabricators (Delta Estates) property line on its southern edge. Purchased for \$481,250 in 1990, the site currently has a tax assessed market value of \$2,070,250 with annual property taxes amounting to \$4,886 a year.

The property has largely remained vacant and unused and resides in a great location for future developmental opportunities. Furman lies directly to the west of the site, the heart of Travelers Rest to the north, and Greenville to the south.

RAR^E Capital believes the best use of the site is a service-oriented development that includes a brewery, food hall, event center, and boutique hotel providing jobs to residents of the area, while also indirectly benefiting Furman through potential student engagement programs.

REGIONAL FACTORS

As mentioned before, BPM lies in the upstate of South Carolina. The site falls within the municipal boundaries of Travelers Rest, which is located in northern Greenville County. The site lies adjacent to the major thoroughfare US Highway 25 & 276, which serves as a major arterial to other parts of the county, state, and even interstate. Below are the listed travel times and travel distances to major city centers in the area.

CITY CENTER	TRAVEL TIME (MINUTES)	TRAVEL DISTANCE (MILES)
FURMAN UNIVERSITY	2.00	1.00
TRAVELERS REST	6.00	3.00
GREENVILLE	15.00	6.50
EASLEY	25.00	16.50
MAULDIN	27.00	14.00
GREER	27.00	15.50
SIMPSONVILLE	30.00	20.10
CLEMSON	45.00	33.00
ANDERSON	50.00	37.50
SPARTANBURG	52.00	36.20
ASHEVILLE	60.00	56.00
CHARLOTTE	90.00	109.00
COLUMBIA	105.00	110.00
ATLANTA	145.00	152.00
KNOXVILLE	160.00	162.00

The site for the most part will serve the immediate surrounding area which includes Furman, Travelers Rest, and parts of Greenville. Being located on a major highway, it will also serve passing citizens and has the potential to serve as a destination development depending on its success and draw from nearby regional locations.

CHARLOTTE | 109 MILES

Charlotte is the 6th most populous city in the U.S. and the most populous in the state of North Carolina. It's metropolitan area's population is ranked 23rd in the U.S. Charlotte is located in the Piedmont, it is the county seat of Mecklenburg County. In 2018, the U.S. Census Bureau estimated the population was 872,498. Within a simple days drive to the site, it is likely to draw visitors if designed around designation type land uses.

COLUMBIA | 110 MILES

Columbia is the capital and second largest city in South Carolina. It's population was estimated at 133,451 in 2018. The city serves as the county seat of Richland County, and a portion of the city extends into neighboring Lexington County. It is the center of the Columbia metropolitan statistical area, which has grown from 767,598 and has grown to 832,667 from 2010-2018. Columbia is home to the University of South Carolina, the state's flagship university and the largest in the state, and is also the site of Fort Jackson, the largest United States Army installation for Basic Combat Training.

ATLANTA | 152 MILES

Atlanta is the capital and most populous city in the state of Georgia. With an estimated 2018 population of 498,044, it is also the 37th most-populous city in the United States. The city serves as the cultural and economic center of the Atlanta metropolitan area, home to 5 million people and the ninth largest metropolitan area in the nation. Atlanta is the seat of Fulton County, the most populous county in Georgia. Atlanta has attained international prominence as a major air transportation hub, with Hartsfield-Jackson Atlanta.

KNOXVILLE | 162 MILES

Knoxville is a city in the state of Tennessee, and the county seat of Knox County. The city has a population of 178,874 as of 2010 and is Tennessee's third largest city after Nashville and Memphis. Knoxville is the home of the flagship campus of the University of Tennessee. Knoxville is also home to the headquarters of the Tennessee Valley Authority, the Tennessee Supreme Court's courthouse for East Tennessee, and the corporate headquarters of several national and regional companies.

LOCAL FACTORS

As noted before, the site lies within the municipal boundaries of Travelers Rest, requiring it to adhere to the laws and regulations set forth through Travelers Rest's comprehensive plan, zoning regulations, design regulations, etc. But, the site largely remains individual to that of Travelers Rest as it lies on the outskirts of the municipal boundaries, surrounded by Greenville County regulated land and Furman, which, although also annexed into the city of Travelers Rest, most likely operates on its own individual land use guidelines.

The site lies along US Highway 25 & 276, a federally owned and maintained highway, on its east side, a county owned and maintained road, Old Buncombe, on its west side. This will require all access through the backside (west side) of the site along Old Buncombe Road.

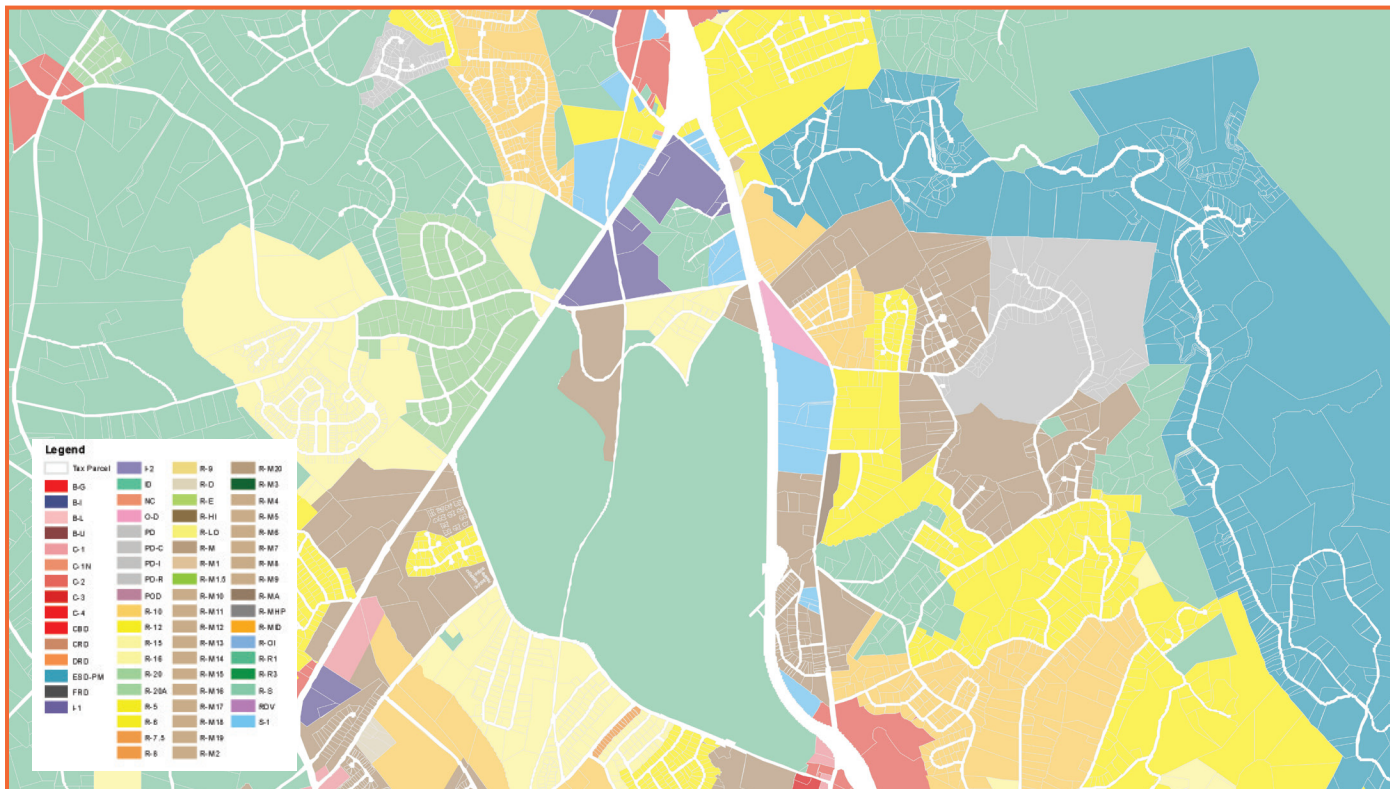
Below is an overview of the site's location in its local context with a road overlay depicting ownership and road maintenance responsibilities. The site is marked in red.



The current zoning and land use map laid out in the Travelers Rest comprehensive master plan depicts the subject site to be currently split zoned office (O-D) and service (S-I). Office use is self-explanatory, but service is designed as a land use regulation to act as a buffer between industrial uses and residential land uses. Although not full fledged commercial, it is designed to act as a service oriented commercial site like an auto-body shop rather than pure manufacturing. Noise pollution and physical contamination are limited as compared to standard industrial but full-fledged commercial uses like office and/or retail are also not permitted.

The surrounding land uses / zoning regulations are varying degrees of density specific to residential land uses, except for the few parcels to the south that serve as 'service' sites like the subject site but are in fact industrial uses. These sites are why the current zoning of the subject site is a mix of service and office, designed to create a buffer between the industrial uses and the surrounding residential uses.

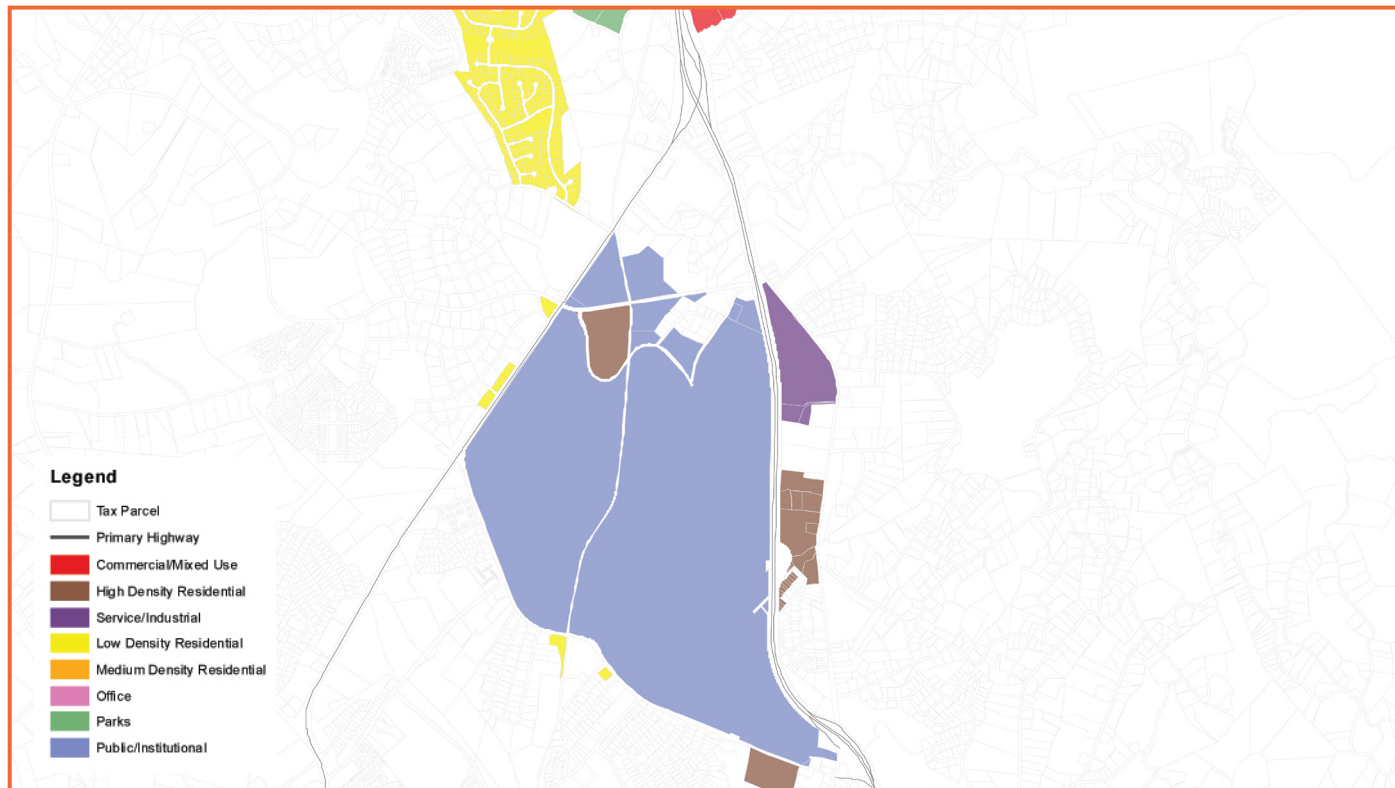
Below is a current use / current zoning map as laid out in the Travelers Rest comprehensive master plan.



The future use as laid out in the comprehensive plan designates the subject site as a service only site. It removes the split zoning between office and service, restricting potential land uses further. This is again is designed to act as a buffer between the residential land uses and those few sites to the south that are industrial land uses.

At RAR^E Capital, we believe the best use the site revolves around a service and experience oriented land use that serves Furman University in an indirect way, but local and regional residents in a direct way. This we believe can be achieved through creating an indoor-outdoor active experience through the on-site brewery, unique food hall options, music venue, event hall, and the boutique inn.

Below is the Future Use plan laid out in the Travelers Rest comprehensive master plan. All blank parcels are land that is not apart of Travelers Rest and falls under county jurisdiction. According to the Greenville county comprehensive plan, all the surrounding land is designated for varying degrees of density for residential use.



SITE FACTORS

As for the site itself, there are many physical challenges and conditions present. The site is roughly 95% dense woodlands with a large variety of vegetation. Two small openings in the dense vegetation are present on the southern boundary and the northern corner designated by the lighter green coloring on the following overview map. A small man-made pond is present towards the western boundary in the lowest elevation of the site. This pond is supplied by several streams present on the site that are fed through storm water piping from neighboring properties. One storm water pipe comes through the north-eastern boundary and feeds across the site to the west side linking up with the major north south stream along the western edge. Three storm-water pipes lead onto the site from under US Highway 25 & 276 along the western edge, all of which again link up to the major north-south stream that feeds into the man-made pond.

As for utilities, a buried AT&T line parallels Old Buncombe road along the western edge of the site, depicted in orange in the following site map. A power easement for Duke Power comes across the northern half of the site along with cable lines. This is depicted in the site map by the red and green line. City sewer is not present on the site, and no information about water was found in the current survey map.

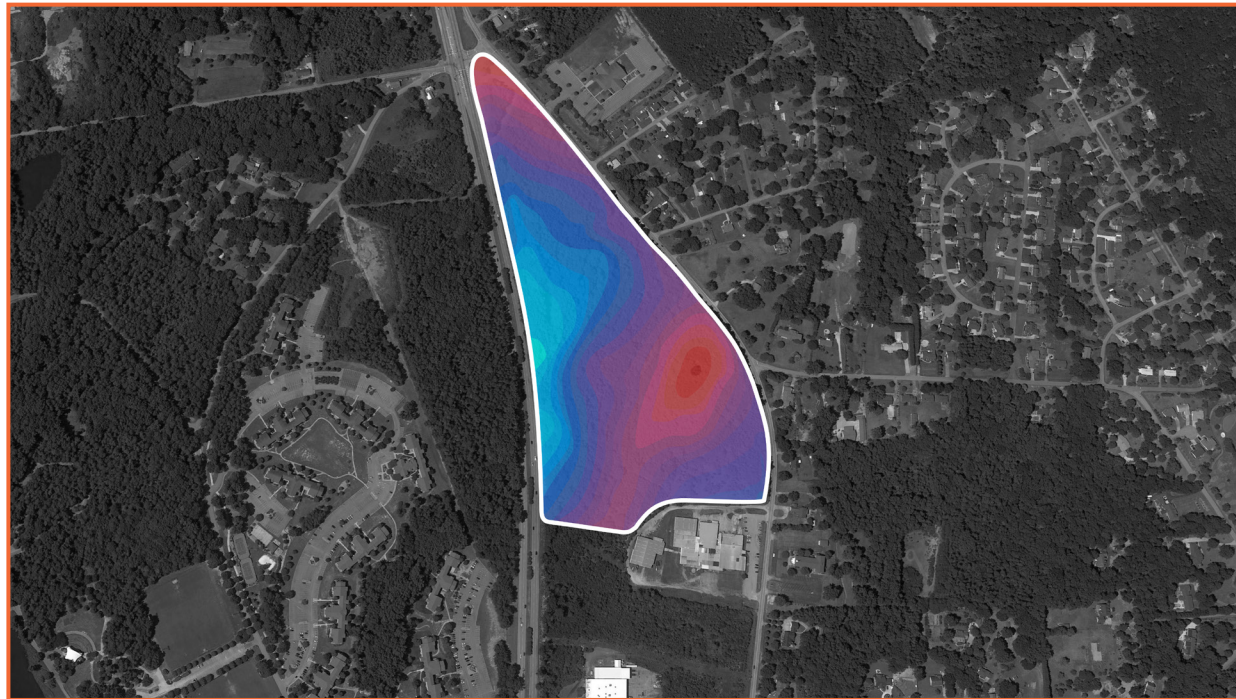
Below is a site overlay of the physical features and utilities present on site.



SITE ANALYSIS

As for the topography of the site, the site ranges from a minimum elevation of 1,027 FT above sea level to a maximum elevation of 1,087 FT above sea level. This presents a 60 FT drop in elevation across the site from the eastern edge to the western edge. The northern most corner and the south eastern-ish corner of the site represent the highest elevations along the site at 1,087 FT. A ridge-line is present on the south eastern side of the site traveling in north-east and south-western direction. The lowest elevation is located where the man-made pond lies on the western edge of the site. The topography not only creates challenges with building structure and layout, but water runoff patterns present difficulties as well.

Below is a topographic heat map of the site. Red represents higher elevation and blue, lower elevation.

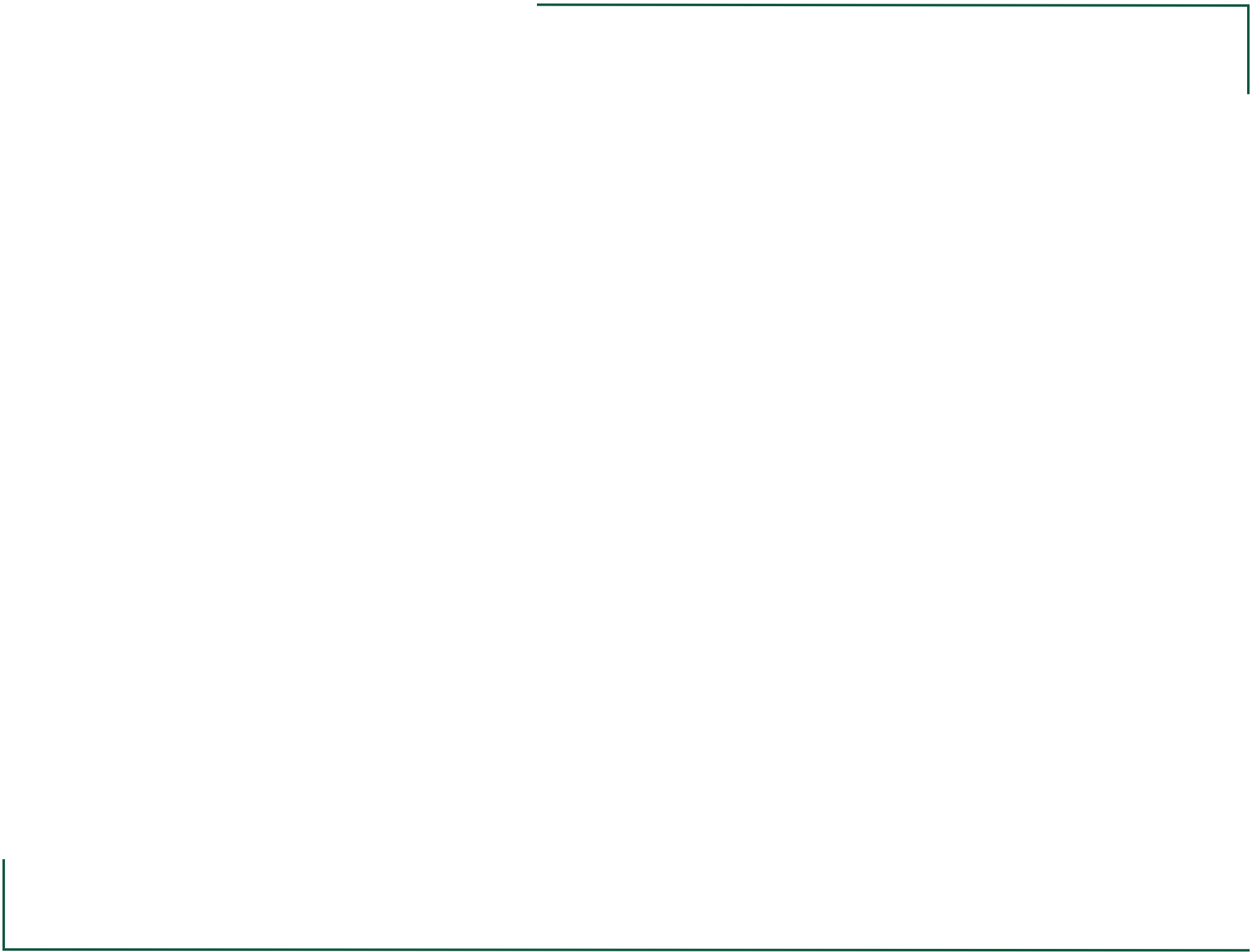


US Highway 25 & 276 also lay within Travelers Rest's scenic overlay district. This requires that all parcels that are affected to adhere to stricter landscaping restrictions to preserve the natural scenic corridor along the highway. This means that the removal of trees and vegetation within the site is more limited, the changing of water runoff patterns is restricted, and developments have larger setbacks from the highway than the typical zoning regulations would require. This will push the development more to the eastern boundary, presenting more challenges for the design of the development from both an engineering and architectural standpoint.

The highest traffic counts coming from Old Buncombe Rd are at US 25 TO S- 13 (OLD BUNCOMBE RD) accumulating up to 25400 rides per day. Second is S- 13 (OLD BUNCOMBE RD) TO S- 597 (CRESTWOOD DR) accumulating up to 23800 rides per day. This is coming from the Cherrydale area. At a smaller scale, S- 13 (OLD BUNCOMBE RD) TO US 276 (POINSETT HWY) accumulates up to 2500 rides per day. L - 1980 (OLD BUNCOMBE RD) TO L- 554 (TRAILBLAZER DR) accumulates up to 2400 rides per day.

In conclusion, the subject site presents several challenges from both land use restrictions from zoning and guidelines from the comprehensive plan for future use, and the actual physical features of the site. The site is largely surrounded by residential aside from the small industrial facilities to the south requiring it to be zoned and preferred as a service-oriented site. This limits potential land uses given the surrounding land uses adjacent to the site. Additionally, the scenic overlay district presents challenges within the design from both an engineering and architectural standpoint and of course potential terrain alterations. The current topography and water runoff patterns produce difficult structural design challenges for the placement and location of buildings. The lack of city sewer presents challenges that of course can be remedied.

Overall, the sites physical attributes present difficult building conditions, and community feedback through the comprehensive plan makes a difficult decision when exploring potential land uses. We believe the best use the site revolves around a service and experience oriented land use that indirectly serves Furman University, but local and regional residents directly.



MARKET ANALYSIS

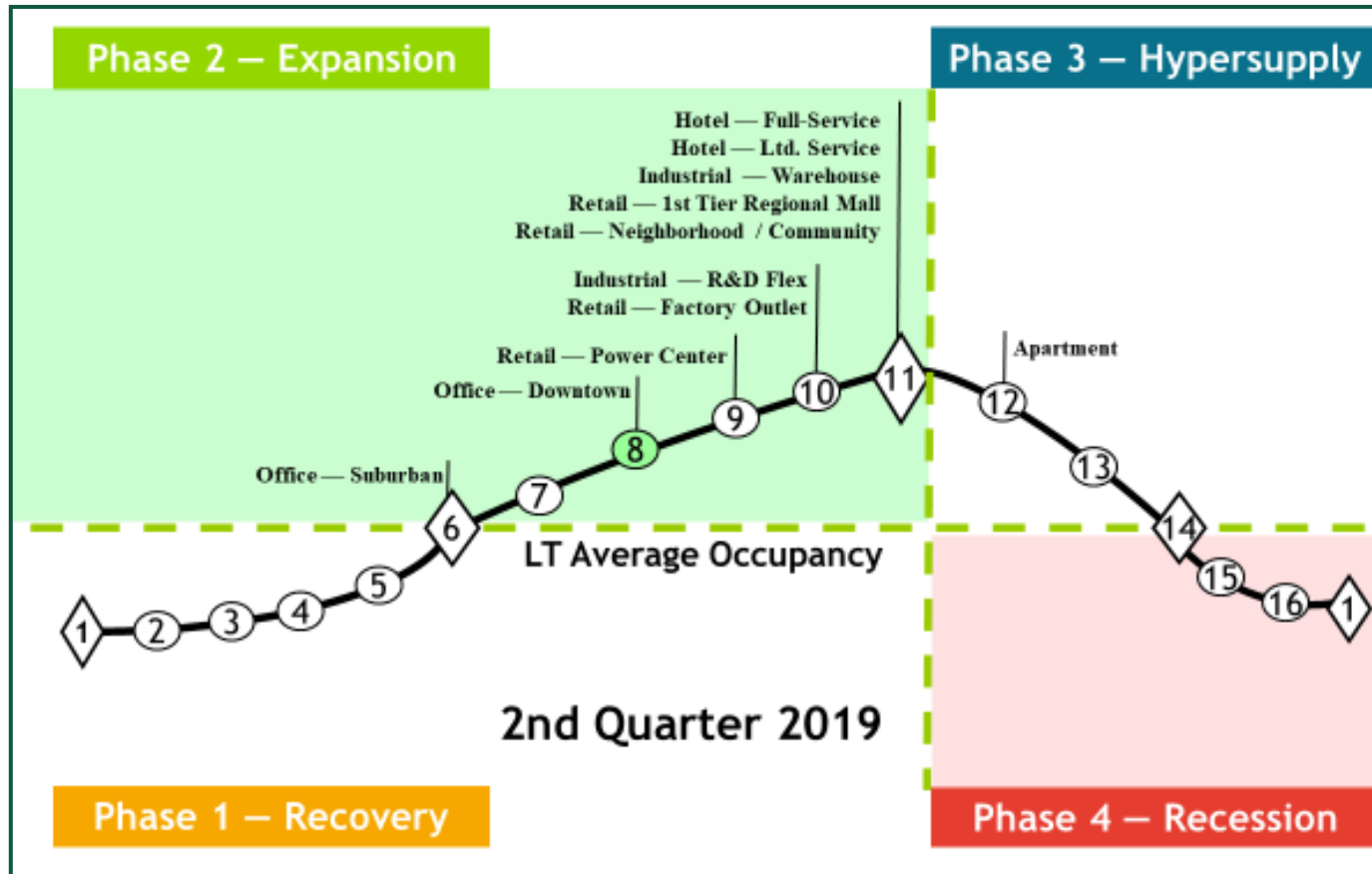
The overall National Economy has been in a great state over the past several years, and therefore many economists believe a recession is right around the corner. Although predicted to be smaller than previous recessions (2008), the real estate market plays a huge factor into the overall state of the economy and is generally what drives its cyclical nature. Therefore, monitoring the real estate market, and its accompanying cycles, is very important to understanding the state and potential future of the national economy.

Narrowing down to South Carolina, and further into the Greenville-Spartanburg MSA, real estate activity has been booming for the past several years just as the national economy has. Specific classes tend to be performing at different rates than that of the national economy, but nonetheless, there seems to be minimal signs of slowing activity.

NATIONAL ECONOMIC OVERVIEW

According to Professor Glenn R. Mueller at the Burns School of Real Estate at the University of Denver, the average real estate cycle lasts roughly 17 years and is divided into 4 unique phases, Recovery (1), Expansion (2), Hyper-Supply (3), and Recession (4). Pulled directly from Mueller's Cycle Monitoring Report for the Q2 2019, the below graph depicts the various cycle locations for the various real estate product types, most notably; Office, Retail, Industrial, and Multifamily.

According to the Mueller Report, the majority of the real estate products lie somewhere within the 2nd phase of the real estate cycle, the expansion phase, except for multifamily, which has entered the 3rd phase, Hyper-Supply.



OFFICE

The Office sub-market for real estate has just begun the expansion phase within its life cycle. This means there is a sharp decline in vacancy rates as occupancy levels rise above the long-term occupancy average, and rental rates rise to account for the increase in demand. As demand continues to rise, new projects will begin construction. According to reports from CBRE, the largest real estate services firm in the world, data confirms that theory. In CBRE's Q2 2019 National Office Report, vacancy levels have dropped to 12.2%, the lowest it has been in 18 years. Asking rent has also slightly increased to \$34.28 PSF, an increase of roughly 5.1% from last year. The US has experienced a staggering 17.1 MSF in net absorbed space throughout the second quarter of the year, and only 14.7 MSF of completed office space. The high net absorption of space and increasing rental rates is a strong indication in the continued growth of the office market throughout the United States.

RETAIL

The Retail sub-market on the other hand lies later in the cycle. Depending on its subclass, the retail market lies somewhere in the mid to late expansion phase. This means, like the office market, a continued decrease in vacancy and more construction to fulfill the rising demand. But, as the market gets tighter with supply, rental rates tend to rise faster than normal. The same Q2 2019 National Reports from CBRE shows a national vacancy rate of 6.2%, a still dropping, but a rapidly slowing change. Rental rates are also still climbing to an average of \$18.01 PSF. However, net absorptions are slowing to only 3.6 MSF in the past quarter with a greater amount of completions at 5.3 MSF. These statistics indicate the slowing of the expansion market as it reaches its max occupancy and enters the next phase of the cycle. Although, demand for neighborhood-grocery anchored shopping centers is still strong.

MULTIFAMILY

As for the Multi-Family sub-market, this asset class lies in the hyper-supply phase. This phase is the beginning of the decline, growth is still positive, but is slowing significantly. This phase is typically when supply and demand finally meet equilibrium, but lagging completions tend to oversupply the market and negatively affect vacancy and rental rates. According to the same CBRE reports, vacancy has reached 4.0% which is a pretty strong drop from last quarters change but is slowing compared to the past year. Rent has also increased by about 2.9% but is slowing as compared to previous quarters. There were roughly 314K units absorbed throughout the quarter, and only 255K completed, but forecasts predict construction to remain elevated in the coming months. According to this data, multifamily is a tough asset to want to invest in at this time.

INDUSTRIAL

Last but not least, the industrial sub-market shares similar characteristics to that of the retail market. The cycle is approaching late expansion, meaning rental rates will continue to climb as the market gets tighter on supply and the cycle reaches its equilibrium point. CBRE data suggests a 4.3% vacancy rate, historically low for a national average. Asking rent has also continued to climb to a \$7.50 PSF average across the United States, but rates are starting to experience a slow down as compared to growth in previous quarters. Roughly 30.8 MSF were absorbed in Q2 and 41.4M was constructed, but the availability rate of industrial space has dropped to 7.1%. A ratio that determines the amount of available space to rentable space and is a determinant of the ability to find supply for the demand.

REGIONAL ECONOMIC OVERVIEW

South Carolina is known for its industrial/textile industries, having a state population of 5.15 million, the state is composed of 46 counties that are broken into four major regions; the Upstate, the Midlands, Pee Dee, and the Low Country. According to the South Carolina Economic Development Association (SCE-DO), the state is projected to have a population of 5.5 million by 2023. Of that population, the state is somewhat diverse with Whites making up roughly 68 percent, Blacks 28 percent, and all other races making up only 4 percent of that total population. The average median income (AMI) for the state is \$48,781 which is right on par with the rest of the nation, but where South Carolina shines is in its 3.4 percent unemployment rate which is 30 basis points lower than the national average.

Within the last ten years, the state's industry trends have shifted more towards the Food and Hospitality, Administration, and Transportation industries. This parallels with the leading private sector employers which represent Leisure and Hospitality, Professional and Business Services, Trade, Transportation, and Utility sectors. The top five employers in the South Carolina area are; (1) Cryovac, (2) Michelin, (3) Sonoco, (4) InterTech Group, and (5) Kemet Electronics. Michelin is prominent in the Upstate region of the Greenville – Spartanburg area.

The Greenville-Spartanburg market has taken off over the past decade and has quickly drawn the eyes of investors worldwide. By majority, this has to do with the creation of the Inland Port of Greer, directly servicing the Port of Charleston, one of the largest ports on the east coast. This inland port drew the attention of major manufacturers like BMW, Michelin, Lockheed Martin, and Bosch, turning the GSP area into a major industrial manufacturing corridor. This propelled the area forward to what it is today, ranked number 44 out of the 80 most populated cities in the country for Real Estate markets to watch according to ULI and PWC in their Emerging Trends 2020 report. Coming in at an above average rating for both investor demand and development opportunities, Greenville is a strong market to watch.

Looking at the Greenville-Spartanburg market by the numbers, according to more CBRE reports, the population of the upstate market comes in at roughly 1.3 M people and is expected to grow by 5.9% over the next 5 years. With a below national and state average unemployment rate of 3.4%, job growth is expected to continue to grow by 9.3% or almost 50K jobs over the next 10 years. Nearly 25% of the entire job market is employed in the industrial sector, ranked number one in the southeast, and nearly 50% in the office sector. The GSP market has very strong growth potential.

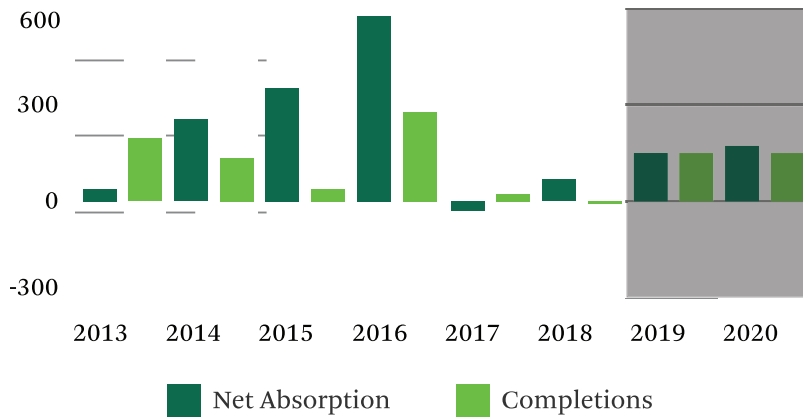
OFFICE

Looking at the RE Office sub-market within the Greenville-Spartanburg region, we believe the product is lagging slightly behind the national average on the real estate life cycle. This would peg the market to fall under the Late Recovery to Early Expansion Phase due to the minimal ongoing construction and increased absorption trends. According to 2019 Economic Reports from CBRE, there is roughly 11.5 MSF of office space in the market. Through 2017-2018, there was a large negative vacancy swing due to large corporate occupiers downsizing and consolidating space, creating large vacancies and availabilities. There have been minimal additions to the stock over that time in order to not oversupply the market, with Camperdown to be the largest office project to be completed in the past 2 years. But, investors believe the large availability will begin to attract large out of town Corporate Occupiers and can begin to take advantage of that demand and the accompanying underpriced market.

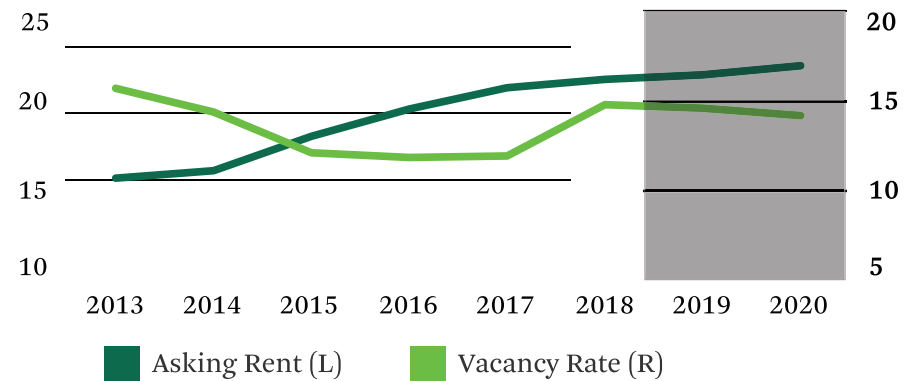
Future outlook forecasts steady rent increases, stable vacancy, and an increase in construction and net absorption, making the office market in the early stages of great expansion.

Below presents graphical data from the CBRE reports, reporting on past, present, and estimated future absorption, construction, vacancy rates, and asking rental rates for each asset class.

Net Absorption and Completions (x 1,000 SF)



Asking Rate (\$ PSF FS)



Vacancy Rate (%)

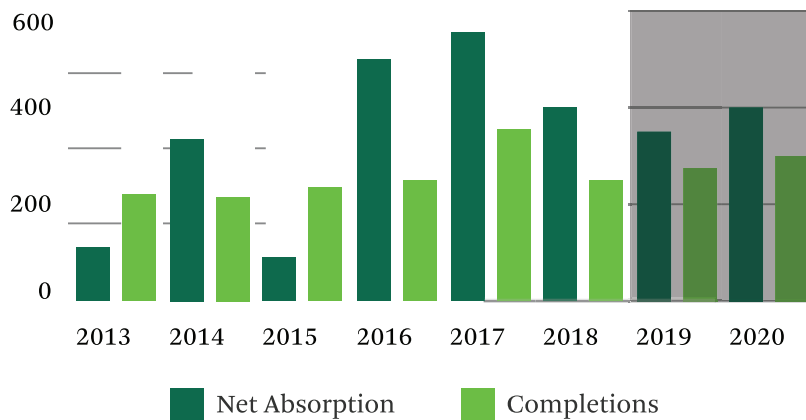
RETAIL

As for the Retail sub-market, the Greenville-Spartanburg market is tracking on par with that of the national average. In the Late Expansion phase, we can expect high rent growth and lowering vacancy rates looking forward. The strong housing market portrayed through the Emerging Trends Report, and low unemployment rates imply a very strong retail market. Grocery anchored shopping centers continue to prove successful in the market as they do the rest of the US, but the market's biggest challenge is continuing to adjust to e-commerce.

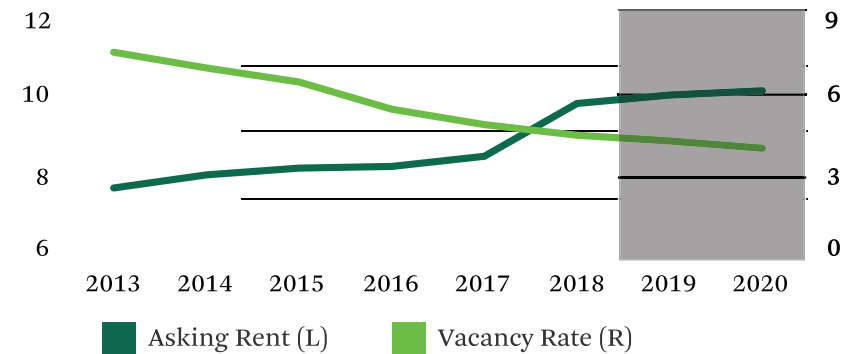
Although past failures have been successfully backfilled, keeping vacancy rates at an all-time low, adjusting to those pressures and maintaining services that can't be challenged via the internet is key. A strong increase in rental rates is projected due to the lowering vacancy.

Below presents graphical data from the CBRE reports, reporting on past, present, and estimated future absorption, construction, vacancy rates, and asking rental rates for each asset class.

Net Absorption and Completions (x 1,000 SF)



Asking Rate (\$ PSF FS)



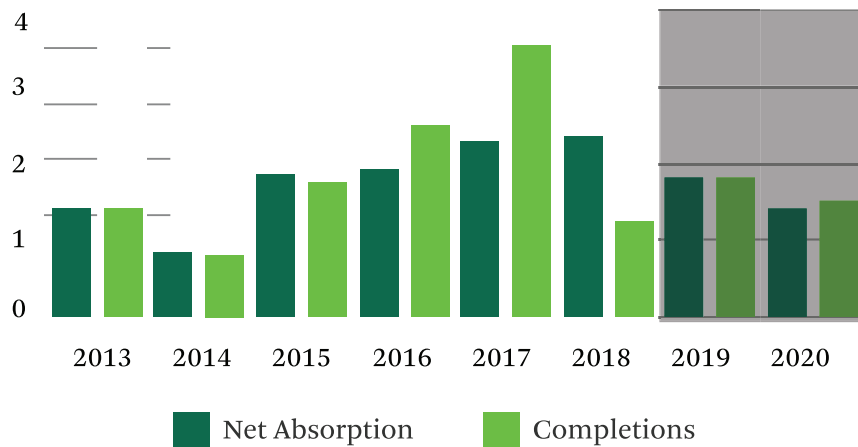
MULTI-FAMILY

The Multi-Family sub-market is actually fairing better than the national average per our expert analysis. We believe the market lies within the Late Expansion to Early Hyper-Supply phases of the real estate cycle. This has to do with many factors. Through 2015-2017, there was a record amount of completed projects that drove vacancy rates through the roof, but absorption rapidly caught up to the excess inventory in the market. Construction has slowed some since then, but demand has stayed consistent, implying the future need for more inventory. The success of recent projects will continue to attract developers to the market but will lag behind the longer stabilization periods. Unfortunately, cap rates do tend to trend 60-70 basis points higher than other comparable markets due to its small size and lack of student population. Student populations, with the assumptions that they will pay anything and amortize the costs through student loans, allows property owners a lot more flexibility when it comes to pricing over a more competitive young workforce demographic.

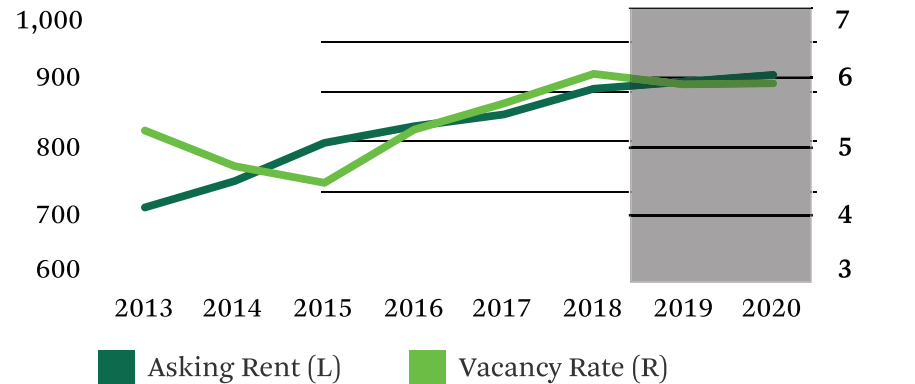
With this being said, the market is still in a relatively strong position compared to the national average, as demand is still strong and rapidly growing.

Below presents graphical data from the CBRE reports, reporting on past, present, and estimated future absorption, construction, vacancy rates, and asking rental rates for each asset class.

Net Absorption and Completions (units x 1,000)



Asking Rate (\$/unit)



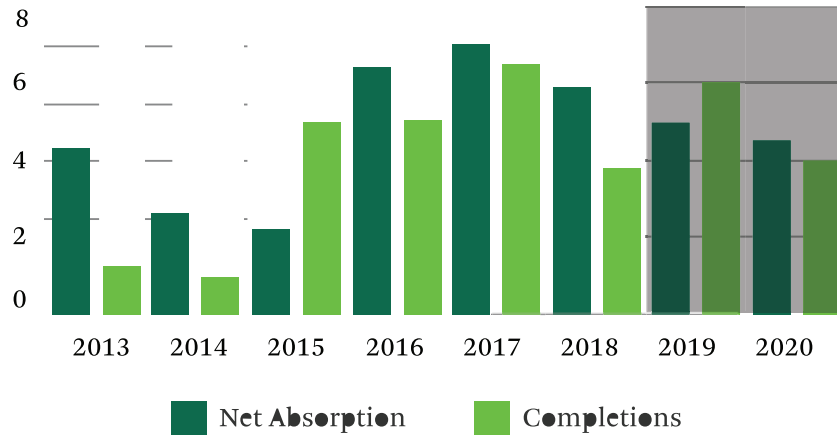
INDUSTRIAL

Last but not least, the industrial sub-market. As stated before, the industrial boom throughout the Greenville-Spartanburg market has greatly supported the growth of the market as a whole. As compared to the national average, the market lies relatively on par with the rest of the US. Tracking somewhere in the Late Expansion phase of the real estate cycle, the market is actually reaching a strong equilibrium and is beginning to shift from a manufacturing market to a distribution market. There has been consistent development for both industrial product types, but the market is also beginning to shift from build-to-suit to a more speculative nature. This is a strong indication of perceived future demand, but it has been noted that demand for high class-A space is a necessity as tenants are searching for a stronger amenity base to help retain talent for the long haul.

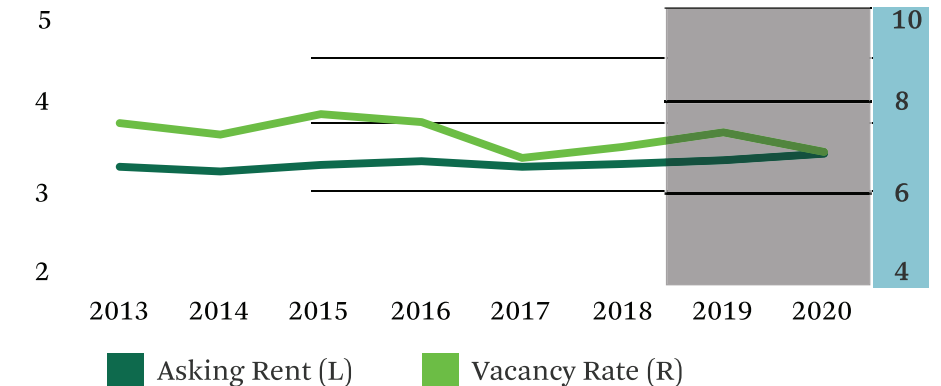
Vacancy rates and asking rental rates have been very stable for the past couple of years and are projected to stay relatively stable throughout the future.

Below presents graphical data from the CBRE reports, reporting on past, present, and estimated future absorption, construction, vacancy rates, and asking rental rates for each asset class.

Net Absorption and Completions (MSF)



Asking Rate (\$ PSF FS)



INLAND PORT OF GREER

The Inland Port of Greer directly services the Port of Charleston, one of the largest ports on the east coast. This inland port drew the attention of major manufacturers like BMW, Michelin, Lockheed Martin, and Bosch, turning the GSP area into a major industrial manufacturing corridor. This propelled the area forward to what it is today, ranked number 44 out of the 80 most populated cities in the country for Real Estate markets to watch according to ULI and PWC in their Emerging Trends 2020 report. Coming in at an above average rating for both investor demand and development opportunities, Greenville is a strong market to watch.

GREENVILLE SPARTANBURG AIRPORT

The Greenville-Spartanburg (GSP) airport is also located in Greer and has connections to over 19 other cities, both nationally and internationally. According to the Greenville Area Development Corporation (GADC) this is a deciding factor for several large companies to do business in Greenville.

CSX & NORFOLK SOUTHERN RAIL-LINES

Greenville has direct access to both Norfolk-Southern and the CSX Railroad lines.

MAJOR EMPLOYERS

The top five employers in the market are (1) Prisma Health, (2) Greenville County Public Schools, (3) Michelin, (4) BMW, and (5) Bon Secours Hospital System. This allows Greenville to attract many of the aforementioned employers as it can resemble a major commercial hub, comparable to many other markets.

TRAVELERS REST

Located between the Blue Ridge Mountains and Greenville, Travelers Rest is a beautiful small town in northern Greenville County. Roughly 2,130 acres of excess land is developable in Travelers Rests, 31% of which is vacant and zoned for residential uses and 18.2% for agricultural uses. Only 171 acres, or 8% of the vacant and developable land is available for commercial uses. Per the Comprehensive plan, "Patterns such as mixed uses, other needs are influenced by the other elements. Thus, land use needs may be further defined by policies for transit, open space protection etc." -City of Travelers Rests Comprehensive Plan: Land Use Section 3. The city of Travelers Rests does not seek to expand but it does desire to utilize its existing land at its greatest capacity. This will be attainable by encouraging developers to develop on the land according to the cities comprehensive plan. Travelers Rests encourages an active lifestyle through walkability, biking and trail usage. Developments that fit within these requirements are ideal. Travelers Rests also encourages infill and redevelopments of its commercial corridor. The city recognizes the importance of economic development for long term growth and intends to uphold it through their Smart Growth plan.

A lot of challenges come with potential development in Travelers Rest. Managing Growth; As growth intensifies the need for open space and natural resource preservation as well as economic sustainability becomes increasingly important. Improving Land Use and maintaining character; Determining where and when to grow and what uses are appropriate plays a large role as well as maintaining the small town feel throughout the rest of TR. And lastly, diversity. The city is not diverse at all with whites being over 80% of the market, making outreach to several different cultural streams a challenge.

Travelers Rest maintains one of the highest average household income statistics in the upstate of South Carolina. With an AMI just shy of \$50K, it comes in \$5K higher than the state average and \$9K over the greater Greenville-Spartanburg MSA. With a population just over 5,000 and of course the surrounding population coming in over 1.3M, Travelers Rest is a very strong market for development in the entertainment sector that preys on disposable income.

Long Branch Development and The Randolph Group are developing Pinestone, a 40-acre project within five-minutes of our property. This project includes 100 Single-Family Units, 250 Multi-Family units, and 77,000 square feet of commercial and office space. We believe this site satisfies any residential and/or office demand and therefore are choosing to program our development in such a manner that would compliment the new Pinestone development as well as Furman University, and the Greenville-Spartanburg area as a whole is key to the success of the project.

OLD & NEWCOMERS

Within a five-minute drive time, the average demographic age is 39.4 years old with the majority being male. 54% rent while 45% own their housing. The most common job within this category is office/administration with an income range of \$44,900. The average marital status is single. Hobbies include sports and social media. This group is environmentally conscious and trends to volunteer for charities with a strong sense of community. They spend most of their money on apparel and services.



IN-STYLE DENZIENS

Within the next five-years, the five-minute drive time demographic average age will be 42, majority married, and 68% rent while the remaining 32% own their housing. The most common job within this category is management/sales with an income range of \$73,000. Hobbies include arts and travel. This group prefers organic vegetables and is active in the arts, theatre and music. They spend most of their money on healthcare and next on entertainment.



FURMAN UNIVERSITY

Furman University is the oldest private institution of higher learning in South Carolina. The institution enrolls approximately 2,700 undergraduate students and 200 graduate students, representing 46 states and 53 foreign countries, on its 750-acre campus. It is the oldest private institution of higher learning in South Carolina. Furman plans to decrease its from 2,700 to 2,500 students to increase its academic levels. The university is content with their master plan campus with no intentions to expand in growth, but has expressed their desire to capitalize off of their current land.



DESIGN CONCEPT

Buncombe Peak Market (BPM) is a mixed-use experience focusing on Brews, Pedaling, and Music. Located at 6155 Old Buncombe Rd, moments away from Furman University and just 15 minutes from downtown Greenville, BPM is the new heartbeat of the Upstate.

With an on-site brewer, upwards of 12 unique food vendors, a 10,000 SF indoor-outdoor event hall, a 50-Room Boutique Hotel, over 6-Acres of open green space, and over 5 miles of outdoor trails linked to Greenville's Swamp Rabbit Trail, BPM provides the best active lifestyle experience!

Designed with the land, BPM creates the most unique outdoor lifestyle experience. Intertwined with the drastically changing topography, heavily wooded lands, and natural flowing water streams, BPM creates a very natural yet secluded outdoor experience. Designing with the natural terrain not only creates a beautiful environment, it helps reduce the environmental impact of such large-scale developments. Designed with LEED Certifications in mind, BPM hopes to reduce its environmental impact through conscience energy consumption and minimal natural impact.

What more could you ask for than cold brews, manicured trails and gardens, and live music concerts for you to enjoy?

DESIGN CONCEPT

BOUTIQUE INN

EVENT HALL

AMPHITHEATER

BREWERY

FOOD HALL



INDOOR OUTDOOR BREWERY

At 16,000 SF, the brewery sits in the south-easternish corner of the site along the natural ridge-line at max elevation. This creates a strong presence over the site while simultaneously creating spectacular views of Paris Mountain to the east and the rest of the site to the north and west. Connected directly to the food hall and an expansive outdoor area, the brewery intends to generate a very social, fun, and exciting experience indoors and out.

FOOD HALL

At 12,000 SF, the Food Hall is home to upwards of 12 unique food vendors to provide an ever changing and culturally rich experience. With the expansive choice in options, the experience when visiting the site is unlimited.

EVENT HALL

At 10,000 SF, the Event Hall sits on the eastern edge of the property. With its ability to host up to 850 people indoors and out, the event hall not only fulfills the much needed expansion for Furman University, but can host a large variety of events with its massive modular indoor and outdoor space.

BOUTIQUE INN

At 50 high-end boutique rooms, the Boutique Inn satisfies the much needed gap in the hospitality market that surrounds Furman University. While directly servicing Furman for special events, the Inn also taps into the luxury hospitality market in the beautiful mountainous variety. Additionally, the Inn has the capacity to host smaller events such as wedding rehearsals or work outings with its various space options on-site.

AMPHITHEATER + OPEN SPACE

The open park in the center of the site, the Amphitheater, is home to a large variety of outdoor, active events such as outdoor exercise classes, art festivals, music festivals, farmers markets, and exchange markets. With direct access to the rest of the site through adjacent placement or through the network of trails, the Amphitheater becomes the main point of interest. Designed to be 18+ hour activated, the amphitheater and the additional 6 acres of open space creates an amazing outdoor active experience.

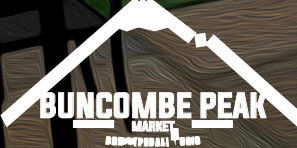
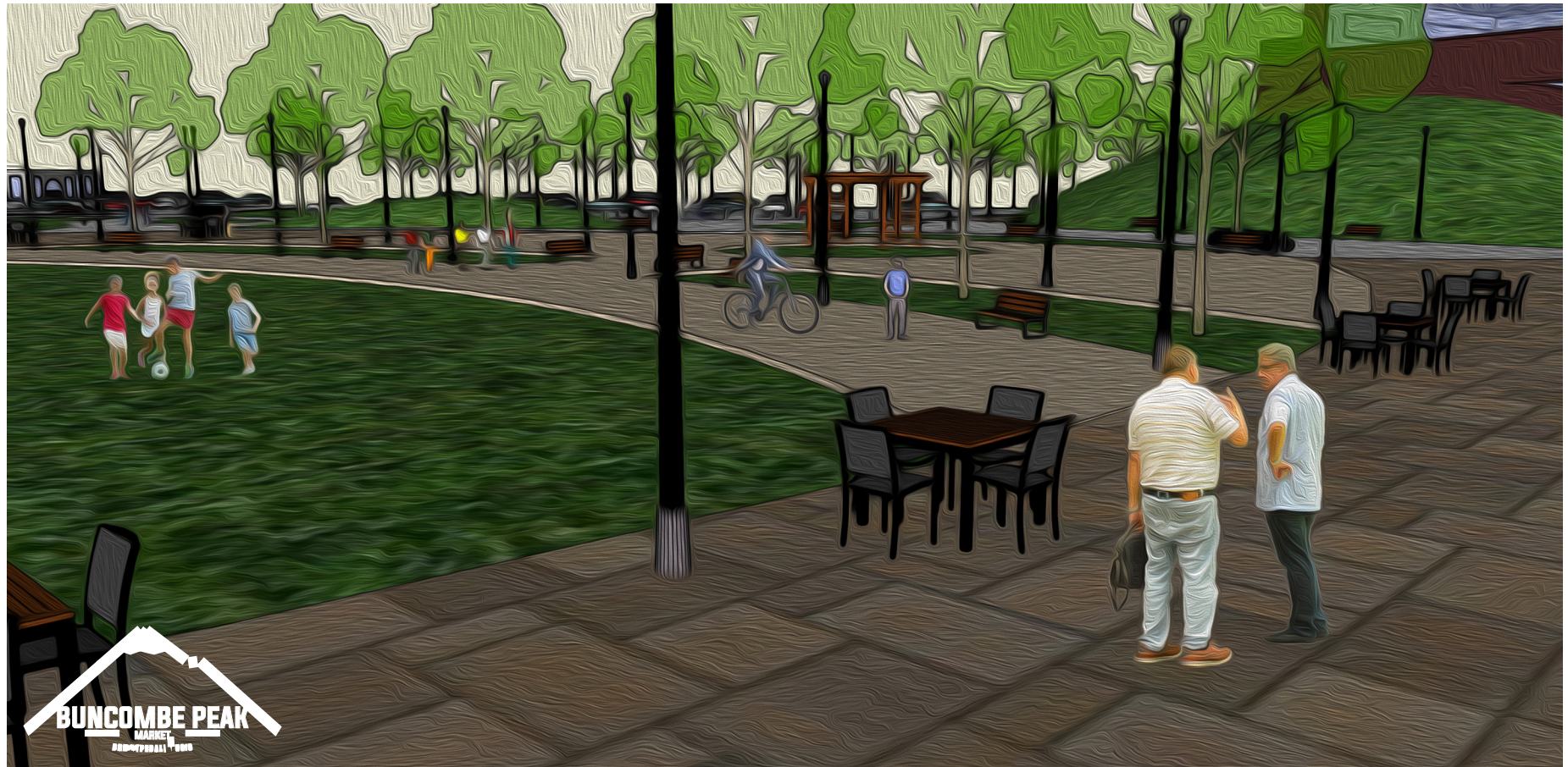
Additionally, the site is home to upwards of 5 miles of walking trails intertwined throughout the wooded nature of the site. Connected to the Swamp Rabbit Trail to the west of the site through Roe Ford Rd, the site is a destination haven to the active lifestyle the Swamp Rabbit Trail provides.



Southern Overview of Buncombe Peak Market



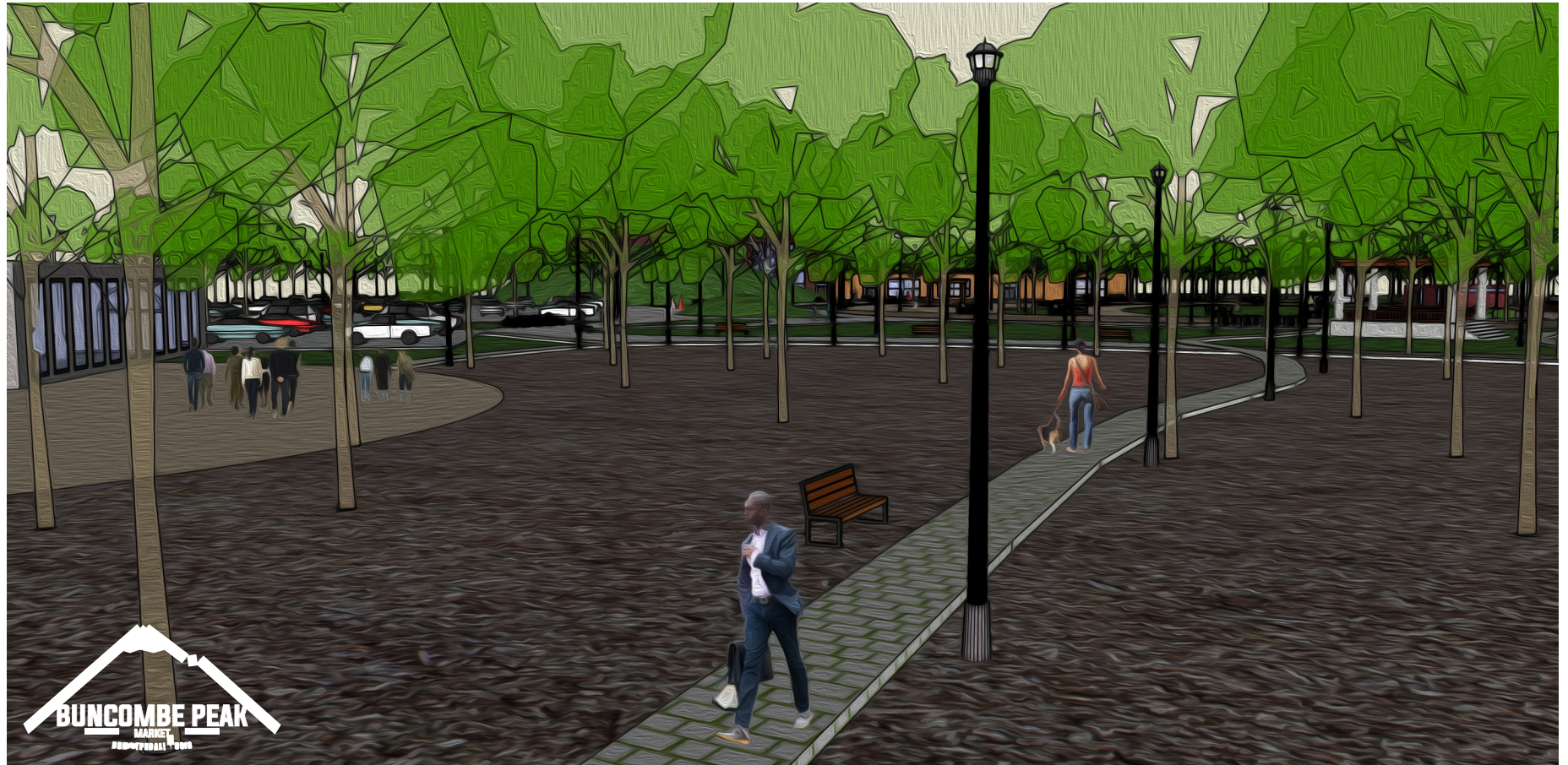
Buncombe Peak Market Amphitheater



Patrons Enjoy Outdoor Amenities at Buncombe Peak Market



Diverse Crowd at Buncombe Peak Market



Visitors Enjoying Buncombe Peak Market's Trails & Gardens



View of Buncombe Peak Markets Event Hall

INVESTMENT STRATEGY

In the broad sense of an Investment Strategy, we believe, given the magnitude, the type of development, and the parties involved, that raising capital through an outside investor and ground leasing the land from Furman University is the best way to structure a deal of this type. This releases Furman University from real estate management activities that do not lie in their field of expertise, allowing them to focus on higher education, while simultaneously maintaining ownership of the property and generating monthly revenues. All goals of the University.

Raising capital through an outside investor is an easier pass than raising capital through the university and provides more freedom when it comes to the design and management process, the cash flow timings, and of course the return structure.

Starting January 2021, a two year construction process will commence, once completed the project will be refinanced and held for 10 years, to be reverted in December of 2032.

DEVELOPMENT STRATEGY

GROUND LEASE

With the property valued at about \$2,000,000 and capitalized at a rate of 7.5%, we believe a fair annualized fee of \$150,000 is comparable. To structure the deal, we have agreed to pay a 1 year deposit to commence the 99-year term ground lease, and payments to be made monthly for the foreseeable future. To assist in construction loan and permanent loan sourcing, we have requested Furman University to allow us to pledge their land as collateral in the event of default in what is called a Subordinated Ground Lease. In return for this request, we have given Furman University exclusive right of refusal, and right approval over the property. This gives them the right to not only approve all activity that is present on the site, but also priority to refuse reversion offers in favor of their own, allowing them to buy back the property before it is sold to another investor.

CAPITAL STRUCTURE

To structure this deal, starting January 2021, we will source capital from an outside investor to cover 30% of all development costs, excluding construction loan costs, and a construction loan with a 2-year term, 4.25% interest rate, and a 2.5% origination fee will cover the remaining 70%. With equity covering the costs of the loan itself, the final capital structure comes out to 32.89% Equity, and 67.11% Debt.

After the two year construction period, the construction loan will be permanently refinanced at a 7% Cap Rate covering 65% of the value of the property. The loan will be amortized over a 25 year period at a 5.25% interest rate.

WATERFALL STRUCTURE

The capital investor will raise 100% of required equity, receive an 8% preferred return on their outstanding capital balance, and a very generous promote structure. Up to a 12.5% IRR, the investor will receive 100% of all cash flows, once reached the investor will collect 80% of cash flows up to a 15% IRR, the developer the other 20%. Beyond that, the investor will receive 70% and the developer 30%. All capital cash flows (i.e. refinance and reversion) will reduce the investors capital balance prior to any additional distribution.

As the developer, we will collect a 5% development fee on the hard construction costs, and any of the aforementioned promote cash flows.

DEVELOPMENT COSTS	
ACQUISITION COSTS	
GROUND LEASE	\$450,000.00
DUE DILIGENCE FEES	\$25,000.00
LEGAL / COMMISSION FEES	\$25,000.00
SOFT COSTS	
ARCHITECTURAL DESIGN	\$309,402.90
ENGINEERING DESIGN	\$309,402.90
ENTITLEMENT FEES	\$77,350.73
LEGAL FEES	\$77,350.73
HARD CONSTRUCTION COSTS	
LAND CLEARING	\$100,000.00
SITework	\$1,575,000.00
INN MAIN BUILDING (1+2)	\$7,500,000.00
INN OUT BUILDING	\$750,000.00
BREWERY & FOOD HALL	\$2,012,000.00
EVENT HALL	\$1,250,000.00
OPEN SPACE PAVING	\$360,000.00
PARKING / DRIVEWAY	\$1,400,000.00
LEED INCENTIVE	\$470,645.00
GENERAL & ADMINISTRATIVE	
MANAGEMENT FEE	\$154,701.45
MARKETING FEE	\$77,350.73
DEVELOPER FEE	\$773,507.25
CONTINGENCY	\$386,753.63
LOAN COSTS	
ORIGINATION FEE	\$317,379.39
INTEREST	\$464,075.39
TOTAL DEVELOPMENT COSTS	\$18,917,420.09

DEVELOPMENT COSTS

Total Development costs come in at \$18,917,420.09

Costs of acquisition, i.e. the ground lease initiation fee, due diligence fees, legal fees, and commission fees are pulled prior to the development start. Total ground lease costs include the recurring monthly fee for the life of the construction.

Soft costs and General & Administrative costs are incurred as a percentage of hard costs and are evenly distributed over the life of the construction phase. Architectural and Engineering fees amount to 2%, and Legal and Entitlements amount to .5%, Management at 1%, Marketing .5%, and a contingency of 2.5%.

Roughly 20 acres of land will be cleared for this project and billed at an estimated rate of \$5,000 per acre. Roughly 7 acres will be graded and fit for utility lines and building construction at a rate of \$225,000 per acre. For the Boutique Inn, an estimated cost of \$150,000 per room is incurred to construct in an upscale fashion. All additional space is constructed at an industrial - retail blended rate of \$125 per SF. Upwards of 60,000 SF of hardscaped pervious paving costs are incurred at a rate of \$6 per SF, and an estimated 400 parking spaces and their included drive isles are estimated at \$3500 per space. An additional LEED incentive premium is tacked on top to account for environmentally conscious construction. All costs are incurred in a normal distributing pattern across the life of the construction period.

Loan origination costs amount to 2.5% of the loan amount, and interest is charged on the outstanding balance of the loan at a rate of 4.25%. Equity is pulled first and once that is depleted, the remaining funds are sourced through the loan as they are required.

DEAL STRUCTURE

Total Equity required amounts to \$6,222,244.38

Total Debt required amounts to \$12,695,175.171

DEVELOPMENT SCHEDULE

TASK	PROGRESS	START	END	DAYS
Exterior Development				
Site Work + Underground Utilities	0%	1/1/21	4/6/21	96
Foundations + Slab On Grade	10%	4/6/21	5/16/21	41
Steel + Wall Erection	20%	5/16/21	6/30/21	46
Roofing	30%	6/30/21	8/14/21	46
Windows/Waterproofing	35%	8/14/21	10/13/21	61
Mechanical Electrical Set	40%	10/13/21	10/27/21	15
(Core and Shell)	45%	10/27/21	11/10/21	15
Main Electrical Installations	48%	11/10/21	11/24/21	15
Fire Protection	50%	11/24/21	12/8/21	15
Electrical Rough In	55%	12/8/21	1/7/22	31
Electrical Trim Including Lights	60%	1/7/22	2/6/22	31
Paving	75%	2/6/22	2/26/22	21
Interior Finishes				
Drywall Framing/Finishing	85%	2/26/22	4/7/22	41
Paint	90%	4/7/22	5/1/22	25
Doors/Frames/HW	92%	5/1/22	5/25/22	25
Stone/Tile/Carpet/Hardwood/ Flooring	95%	5/25/22	6/18/22	25
FF&E	97%	6/18/22	8/2/22	46
Site Furnishings				
Landscaping + Planting	100%	8/2/22	9/11/22	41
Total Days for Development			9/11/22	636

OPERATING STRATEGY

OPERATING REVENUES

The 50 Room Boutique Inn will operate on an average daily rate of \$215 per night. Comparable other luxury products in the Greenville-Spartanburg market, this daily rate is very comparable, especially when compared to like assets such as the Sewanee Inn and Madrin Center. Rent will be escalated at 3% annually.

The 16,000 SF brewery will be leased on a 20 year triple net lease with 3 months of concession at \$15 / SF. This rate was backed into by blending comparable rates within the Greenville market for both Industrial based real estate and Retail based real estate. Also, being an anchor tenant for the site, the lease rate was additionally discounted. Annual escalation is 3%.

The Food Hall will be partitioned into 12 individual short term leases (1-3 Years) and leased at a rate of \$25 / SF. This is comparable to Greenville-Spartanburg restaurant lease rates and a significant discount to comparable food hall rental rates in markets like Atlanta and Charlotte. Annual Escalation is 3%.

The Event Hall will be leased to a third party for management of said Event Hall and the Amphitheater at a rate of \$20 / SF. Annual Escalation is 3%.

OPERATING EXPENSES

A management fee of 1% of total revenues will be collected to cover developer management activities.

Ground lease expenditure amounts to \$150,000 annually.

Hotel operating costs amount to an estimated 50% of specific operating revenues, less utilities, maintenance, insurance, and taxes.

Estimated taxes amount to \$105,000 annually, escalated at 3% annually. This number is derived from taking the assessed value and multiplying it by the states property tax millage rate.

Estimated Insurance amounts to \$80,000 annually, escalated at 3%.

Maintenance and Contracted Services amounts to \$1.75 / SF a month, estimated roughly \$9,500 per month, escalated at 3% annually.

Utility expenditure is estimated at \$2.50 / SF a month, amounting to an estimated \$13,500 per month, escalated at 3% annually.

Where applicable proportionate share of expenses is recovered under said triple net leases.

INVESTMENT STRATEGY

OPERATING PRO-FORMA

	2020	2021	2022	2023	2024	2025	2026	2027
	0	1	2	3	4	5	6	7
GROSS RENTAL REVENUE								
BOUTIQUE HOTEL	\$ -	\$ -	\$ -	\$ 2,232,744.21	\$ 2,893,104.66	\$ 3,002,945.58	\$ 3,125,368.09	\$ 3,252,781.46
BREWERY LEASE	\$ -	\$ -	\$ -	\$ 180,000.00	\$ 247,200.00	\$ 254,616.00	\$ 262,254.48	\$ 270,122.11
FOOD HALL LEASE	\$ -	\$ -	\$ -	\$ 191,968.25	\$ 248,543.10	\$ 258,571.15	\$ 269,003.81	\$ 279,857.40
EVENT VENUE LEASE	\$ -	\$ -	\$ -	\$ 183,333.33	\$ 206,000.00	\$ 212,180.00	\$ 218,545.40	\$ 225,101.76
EVENT SPACE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL GROSS RENTAL REVENUE	\$ -	\$ -	\$ -	\$ 2,788,045.79	\$ 3,594,847.76	\$ 3,728,312.73	\$ 3,875,171.78	\$ 4,027,862.73
NET LEASE EXPENSE RECOVERY								
BREWERY RECOVERY	\$ -	\$ -	\$ -	\$ 114,481.30	\$ 117,944.41	\$ 121,512.30	\$ 125,188.11	\$ 128,975.13
FOOD HALL RECOVERY	\$ -	\$ -	\$ -	\$ 85,860.97	\$ 88,458.31	\$ 91,134.22	\$ 93,891.08	\$ 96,731.35
EVENT VENUE RECOVERY	\$ -	\$ -	\$ -	\$ 71,550.81	\$ 73,715.26	\$ 75,945.18	\$ 78,242.57	\$ 80,609.46
TOTAL GROSS REVENUE	\$ -	\$ -	\$ -	\$ 3,059,938.87	\$ 3,874,965.74	\$ 4,016,904.44	\$ 4,172,493.55	\$ 4,334,178.67
BAD DEBT VACANCY								
2.50%	\$ -	\$ -	\$ -	\$ (76,498.47)	\$ (96,874.14)	\$ (100,422.61)	\$ (104,312.34)	\$ (108,354.47)
TOTAL NET REVENUE	\$ -	\$ -	\$ -	\$ 2,983,440.40	\$ 3,778,091.60	\$ 3,916,481.82	\$ 4,068,181.21	\$ 4,225,824.20
OPERATING EXPENSES								
MAINTENANCE & CONTRACTED SERVICES	\$ -	\$ -	\$ -	\$ (115,327.17)	\$ (118,834.96)	\$ (122,449.44)	\$ (126,173.85)	\$ (130,011.55)
UTILITIES	\$ -	\$ -	\$ -	\$ (164,753.10)	\$ (169,764.22)	\$ (174,927.76)	\$ (180,248.36)	\$ (185,730.79)
INSURANCE	\$ -	\$ -	\$ -	\$ (80,000.00)	\$ (82,400.00)	\$ (84,872.00)	\$ (87,418.16)	\$ (90,040.70)
TAXES	\$ -	\$ -	\$ -	\$ (105,000.00)	\$ (108,150.00)	\$ (111,394.50)	\$ (114,736.34)	\$ (118,178.43)
MANAGEMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BOUTIQUE HOTEL OPERATIONS	\$ -	\$ -	\$ -	\$ (1,116,372.11)	\$ (1,446,552.33)	\$ (1,501,472.79)	\$ (1,562,684.05)	\$ (1,626,390.73)
PROPERTY MANAGEMENT FEE	\$ -	\$ -	\$ -	\$ (30,599.39)	\$ (38,749.66)	\$ (40,169.04)	\$ (41,724.94)	\$ (43,341.79)
GROUND LEASE PAYMENT	\$ -	\$ -	\$ -	\$ (150,000.00)	\$ (150,000.00)	\$ (150,000.00)	\$ (150,000.00)	\$ (150,000.00)
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ (1,612,051.77)	\$ (1,964,451.17)	\$ (2,035,285.53)	\$ (2,112,985.69)	\$ (2,193,693.98)
NET OPERATING INCOME	\$ -	\$ -	\$ -	\$ 1,371,388.64	\$ 1,813,640.43	\$ 1,881,196.29	\$ 1,955,195.52	\$ 2,032,130.22
ACQUISITION COSTS								
GROUND LEASE PAYMENT	\$ (150,000.00)	\$ (150,000.00)	\$ (150,000.00)	\$ -	\$ -	\$ -	\$ -	\$ -
LEGAL & DUE DILIGENCE	\$ (50,000.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEVELOPMENT COSTS								
SOFT COSTS	\$ -	\$ (386,753.63)	\$ (386,753.63)	\$ -	\$ -	\$ -	\$ -	\$ -
HARD COSTS	\$ -	\$ (7,735,072.50)	\$ (7,735,072.50)	\$ -	\$ -	\$ -	\$ -	\$ -
GENERAL & ADMINISTRATIVE	\$ -	\$ (696,156.53)	\$ (696,156.53)	\$ -	\$ -	\$ -	\$ -	\$ -
CAPITAL EXPENDITURES								
CAPITAL RESERVES	\$ -	\$ -	\$ -	\$ (27,427.77)	\$ (36,272.81)	\$ (37,623.93)	\$ (39,103.91)	\$ (40,642.60)
DEBT SERVICE								
CONSTRUCTION DEBT PULL	\$ -	\$ 3,727,193.06	\$ 8,967,982.65	\$ (12,695,175.71)	\$ -	\$ -	\$ -	\$ -
CONSTRUCTION DEBT INTEREST	\$ (317,379.39)	\$ (22,611.41)	\$ (441,463.98)	\$ -	\$ -	\$ -	\$ -	\$ -
PERMANENT DEBT PULL	\$ -	\$ -	\$ -	\$ 12,734,323.05	\$ -	\$ -	\$ -	\$ -
PERMANENT DEBT PAYMENT	\$ -	\$ -	\$ -	\$ (843,832.84)	\$ (843,832.84)	\$ (843,832.84)	\$ (843,832.84)	\$ (843,832.84)
REVERSION								
ASSET SALE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET OPERATING CASH FLOW	\$ (517,379.39)	\$ (5,263,401.00)	\$ (441,463.98)	\$ 539,275.37	\$ 933,534.78	\$ 999,739.52	\$ 1,072,258.77	\$ 1,147,654.77

OPERATING PRO-FORMA

	2028	2029	2030	2031	2032
	8	9	10	11	12
GROSS RENTAL REVENUE					
BOUTIQUE HOTEL	\$ 3,394,524.85	\$ 3,523,402.91	\$ 3,667,043.15	\$ 3,816,539.25	\$ 3,961,022.71
BREWERY LEASE	\$ 278,225.78	\$ 286,572.55	\$ 295,169.73	\$ 304,024.82	\$ 304,024.82
FOOD HALL LEASE	\$ 291,148.90	\$ 302,895.98	\$ 315,117.03	\$ 327,831.17	\$ 329,335.18
EVENT VENUE LEASE	\$ 231,854.81	\$ 238,810.46	\$ 245,974.77	\$ 253,354.02	\$ 253,354.02
EVENT SPACE	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL GROSS RENTAL REVENUE	\$ 4,195,754.34	\$ 4,351,681.91	\$ 4,523,304.69	\$ 4,701,749.25	\$ 4,847,736.73
NET LEASE EXPENSE RECOVERY	\$ -	\$ -	\$ -	\$ -	\$ -
BREWERY RECOVERY	\$ 132,876.71	\$ 136,896.33	\$ 141,037.54	\$ 145,304.04	\$ 146,512.27
FOOD HALL RECOVERY	\$ 99,657.53	\$ 102,672.24	\$ 105,778.16	\$ 108,978.03	\$ 109,884.20
EVENT VENUE RECOVERY	\$ 83,047.95	\$ 85,560.20	\$ 88,148.46	\$ 90,815.02	\$ 91,570.17
TOTAL GROSS REVENUE	\$ 4,511,336.53	\$ 4,676,810.68	\$ 4,858,268.85	\$ 5,046,846.33	\$ 5,195,703.37
BAD DEBT VACANCY	\$ -	\$ -	\$ -	\$ -	\$ -
2.50%	\$ (112,783.41)	\$ (116,920.27)	\$ (121,456.72)	\$ (126,171.16)	\$ (129,892.58)
TOTAL NET REVENUE	\$ 4,398,553.12	\$ 4,559,890.42	\$ 4,736,812.13	\$ 4,920,675.18	\$ 5,065,810.79
OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
MAINTENANCE & CONTRACTED SERVICES	\$ (133,965.98)	\$ (138,040.68)	\$ (142,239.32)	\$ (146,565.66)	\$ (148,586.79)
UTILITIES	\$ (191,379.97)	\$ (197,200.97)	\$ (203,199.03)	\$ (209,379.52)	\$ (212,266.84)
INSURANCE	\$ (92,741.93)	\$ (95,524.18)	\$ (98,389.91)	\$ (101,341.61)	\$ (101,341.61)
TAXES	\$ (121,723.78)	\$ (125,375.49)	\$ (129,136.76)	\$ (133,010.86)	\$ (133,010.86)
MANAGEMENT	\$ -	\$ -	\$ -	\$ -	\$ -
BOUTIQUE HOTEL OPERATIONS	\$ (1,697,262.42)	\$ (1,761,701.46)	\$ (1,833,521.58)	\$ (1,908,269.62)	\$ (1,980,511.36)
PROPERTY MANAGEMENT FEE	\$ (45,113.37)	\$ (46,768.11)	\$ (48,582.69)	\$ (50,468.46)	\$ (51,957.03)
GROUND LEASE PAYMENT	\$ (150,000.00)	\$ (150,000.00)	\$ (150,000.00)	\$ (150,000.00)	\$ (150,000.00)
TOTAL OPERATING EXPENSES	\$ (2,282,187.43)	\$ (2,364,610.89)	\$ (2,455,069.28)	\$ (2,549,035.73)	\$ (2,627,674.49)
NET OPERATING INCOME	\$ 2,116,365.68	\$ 2,195,279.53	\$ 2,281,742.85	\$ 2,371,639.44	\$ 2,438,136.30
ACQUISITION COSTS	\$ -	\$ -	\$ -	\$ -	\$ -
GROUND LEASE PAYMENT	\$ -	\$ -	\$ -	\$ -	\$ -
LEGAL & DUE DILIGENCE	\$ -	\$ -	\$ -	\$ -	\$ -
DEVELOPMENT COSTS	\$ -	\$ -	\$ -	\$ -	\$ -
SOFT COSTS	\$ -	\$ -	\$ -	\$ -	\$ -
HARD COSTS	\$ -	\$ -	\$ -	\$ -	\$ -
GENERAL & ADMINISTRATIVE	\$ -	\$ -	\$ -	\$ -	\$ -
CAPITAL EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -
CAPITAL RESERVES	\$ (42,327.31)	\$ (43,905.59)	\$ (45,634.86)	\$ (47,432.79)	\$ (48,762.73)
DEBT SERVICE	\$ -	\$ -	\$ -	\$ -	\$ -
CONSTRUCTION DEBT PULL	\$ -	\$ -	\$ -	\$ -	\$ -
CONSTRUCTION DEBT INTEREST	\$ -	\$ -	\$ -	\$ -	\$ -
PERMANENT DEBT PULL	\$ -	\$ -	\$ -	\$ -	\$ (10,435,558.67)
PERMANENT DEBT PAYMENT	\$ (843,832.84)	\$ (843,832.84)	\$ (843,832.84)	\$ (843,832.84)	\$ (843,832.84)
REVERSION	\$ -	\$ -	\$ -	\$ -	\$ -
ASSET SALE	\$ -	\$ -	\$ -	\$ -	\$ 27,090,403.33
NET OPERATING CASH FLOW	\$ 1,230,205.53	\$ 1,307,541.10	\$ 1,392,275.15	\$ 1,480,373.81	\$ 18,200,385.39

PROJECT RETURN METRICS

After a 2 year development period and a 10 year hold, the project generates an IRR of 18.68%.

Refinanced at the beginning of year 3 at a 7% cap rate, the refinance is valued at \$19,591,266. At a 65% LTV, the permanent loan amounts to \$12,734,323, returning a negligible amount in capital returns.

In year 12, after a 10 year hold, the property is then reverted at a capitalization rate of 9%, generating a sale value of \$27,090,403.

During stabilization year, early months drop below the required 1.30X debt service coverage ratio, but averages out across the year at 1.62X, the minimum across the life of the project.

INVESTMENT STATISTICS

Following the aforementioned waterfall structure the investment statistics are as follows.

CAPITAL INVESTOR STATISTICS

Equity Required - \$6,222,244.38
 Personal IRR - 18.14%
 Equity Multiple - 4.30x
 Net Present Value - \$6,330,112.30
 Payback Period - 8.25 Years

With a net present value greater than the initial cash outlay, an equity multiple over 4 times, a payback period only 6 years following the first cash return, and of course a strong and stable IRR of 18.14%, there is next to no reason to not invest in such a deal. The mixed use nature backed by subordinated ground lease that allows collateralization of assets not owned by the investor, potential risk is minimized significantly compared to like investments.

DEVELOPER STATISTICS

Equity Required - \$0.00
 Personal IRR - Infinite
 Equity Multiple - Infinite
 Net Present Value - \$1,303,511.02
 Payback Period - 0.00 Years

As the developer in the deal, walking away with the developer fee of \$773,507 is not always enough. Taking the minimum promote structured in the deal allows us to almost double our present value return over the life of the investment. This ensures the success of the project and allows the capital investor to rest easy.

FURMAN UNIVERSITY STATISTICS

Equity Required - \$0.00
 Personal IRR - Infinite
 Equity Multiple - Infinite
 Net Present Value - \$1,577,709.31
 Payback Period - 0.00 Years

As for Furman University, banking on stable low yield cashflows allows them to generate a net present value equal to about 75% of the assets assessed value over just 12 years. With next to no risk, the ability to continue to rack in stable cash flows for the foreseeable future, or having first right of refusal on the sale of the property, puts Furman in a very safe position.



RARE^E CAPITAL

EXPONENTIAL RESULTS

