12-1-2015

Chadbourn Market

Brockton Hall
Clemson University

Taylor Ogle
Clemson University

Stone Miller
Clemson University

CHADBOURN MARKET

CHARLOTTE, N.C.

Development Team

Brockton Hall

Construction Science and Management, Clemson University

Experience in all parts of the real estate and construction projects. Four years of experience with M. B. Kahn Construction Co., as well as experience in retail and office development with Diversified Development. Most recently, large industrial brokerage with Colliers International representing clients from all over the U.S. and Canada in leasing and sale transactions. Also provided client advisory services in built-to-suit and speculative development of investment grade industrial properties.

Taylor Ogle

Financial Management - Real Estate Emphasis, Clemson University

Development experience in the tourism industry with a leading Great Smoky Mountains, TN development firm doing hotel development, amusement and attractions, and retail development. Prior experience as the Executive Assistant for the former Mayor of Knox County, TN with all duties of that office. Worked directly with Tennessee's Secretary of State and Commissioner of Transportation as an associate of Tennessee Strategies. Recent internship with Tanger Outlets Corporate, in Raleigh, NC.

Stone Miller

Management & Marketing, University of South Carolina

Recent internship experience with Highland Resources Inc., a development, construction, and asset management company in Houston, TX. Prior commercial real estate industry experience as a broker coordinator for two commercial real estate companies. Worked at DEN Property Group in Austin, TX, analyzing the commercial real estate market of the Austin MSA, utilizing market research to identify and target potential commercial development opportunities. Gained additional knowledge and experience of the real estate industry while working for Coldwell Banker Caine Commercial of Greenville, SC as well as residential experience working for Litchfield Real Estate, a family company, in Pawleys Island, SC.

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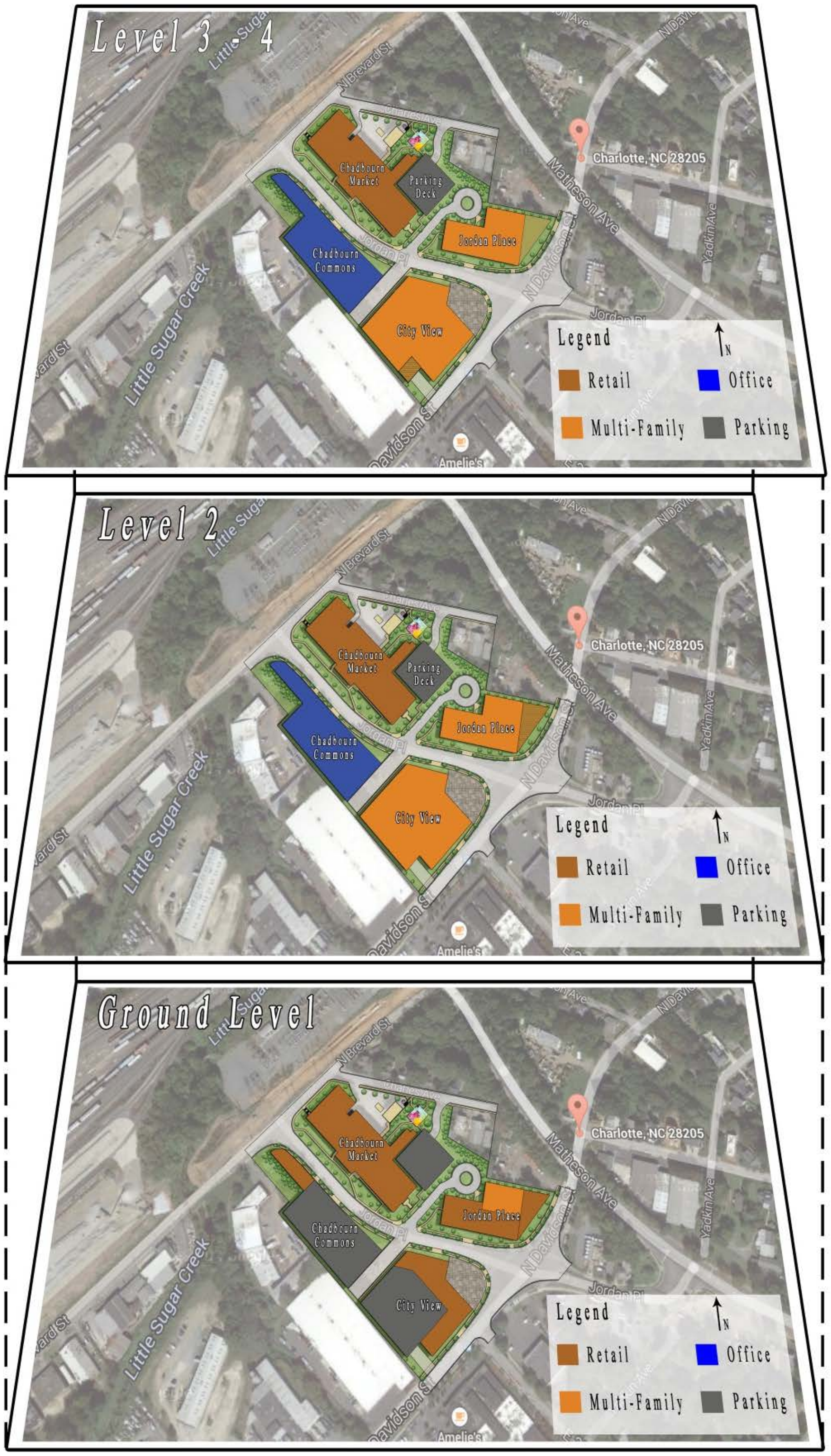
Executive Statement

Westbrook Development is pleased to present Chadbourn Market. Chadbourn Market serves as the center piece of the redevelopment of the Chadbourn Hosiery Mill. Along with two mixed use apartment buildings and a modern office building this development will be unlike any other in Charlotte.

Chadbourn Market is a revolutionary concept that combines the best practices of developments from around the country. It shares its root with the food halls of California as well as pioneering concepts from cities like Atlanta and Nashville. It contains Charlotte's first food hall, lifestyle retailers, an urban grocer, a brewery, and social club all wrapped up in the exposed brick walls of a historic mill. It will be a driver for economic development and a hub for the community.

Westbrook Development now offers the chance to be part of what is sure to be a historic development in Charlotte.

Development Overview



Phase 1

Jordan Place

Luxury apartment living over retail with amenities that are second to none including a second story terrace overlooking North Davidson St. 55 apartment units with 15,000 sq. ft. of retail

Chadbourn Market

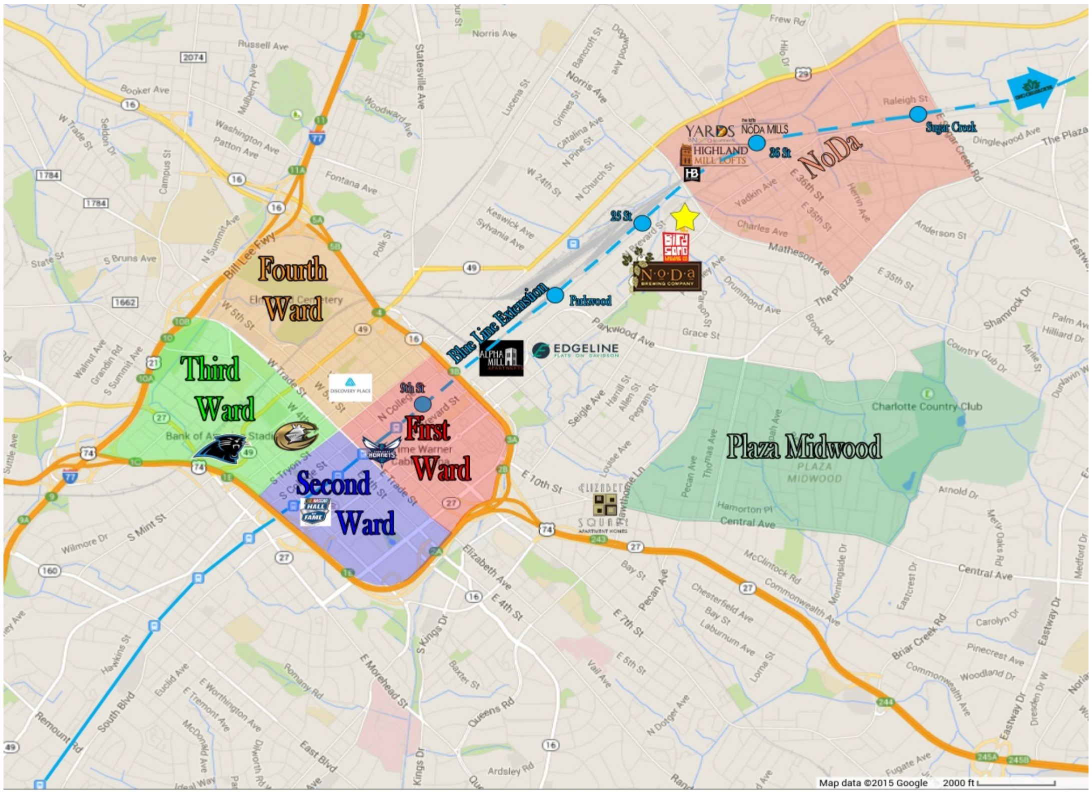
The heart and soul of the development. Chadbourn Market introduces Charlotte to the modern food hall, a dining and entertainment concept that is sweeping the nation. 23,000 sq. ft. of restaurant, 22,000 sq. ft. of retail, a brewery, an urban market, as well as our entertainment concept known as NoDa Social. Drawn from concepts throughout the country, NoDa Social incorporates a large bar, bowling, shuffleboard, and more with a large gathering area. In addition there is also outdoor space which can accommodate a range of activity including live music.

Phase 2 – City View

The second phase of apartments have excellent views of the Charlotte skyline as well as a third story common area overlooking the Queen City. This phase consists of 100 units with 17,000 sq. ft. of retail.

Phase 3 – Chadbourn Common

The final phase of the development consist of 108,000 sq. ft. of Class A office space that have a protected view of Charlotte and 5,000 sq. ft. of retail



Site Analysis

Subject Site

The site that is the subject of the site analysis is located between North Brevard Street and North Davidson Street in Charlotte, NC. It is uniquely positioned from both a micro and macroeconomics standpoint by being in an up and coming area of one of the fastest growing cities in the country. It is located just outside of the NoDa Historic District so the property will have the benefits of being near NoDa without the restrictions. The subject property contains six parcels that are owned by the Wellmon Family Limited Partnership. These parcels are numbered 08306707, 08306710, 08306711, 08305101, 08305105, and 08306708. This constitutes roughly 8.431 Acres. Located on one of the five parcels is the former Chadbourn Hosiery Mill. The mill was constructed in 1947 and has been added on to over the years to have a total square footage of 124,000 SF. The adjacent property located across Jordan Place is currently vacant. The property also has significant topographic change sloping from the east toward North Brevard Street. A Phase I environmental inspection has been performed and there were no significant environmental issues or concerns to be noted with the property. Also one of most significant elements of the property is the fact that it is located along the Lynx Blue Line Extension which is currently under construction.

With the characteristics mentioned above the property has the opportunity to be significant to the surrounding community and the City of Charlotte as a whole.

Charlotte, North Carolina

Since the 1980s, Charlotte has been one of the nation's fastest growing urban areas. Between 1980 and 2010, Charlotte grew from the 47th to the 17th most populous city in the United States. By 2035, it is projected that Charlotte will gain another 300,000 residents and 320,000 jobs. Charlotte's future will be defined by its ability to effectively accommodate this anticipated population and employment growth. Charlotte is considered to be the financial capital of the southeast and the 2nd largest financial center in the nation after New York City. According to the U.S. Census Bureau Charlotte was also listed as the 2nd fastest growing city in the U.S. out of 34 major U.S. cities. Charlotte has also become a leading destination for millennials ranked 8th by Forbes for percentage increase from 2010 to 2013. It has a strong economic and employment base with a good mixture of both public and private employment.

Major Companies include:

Carolinas HealthCare System

Wells Fargo

Bank of America

Novant Health

Duke Energy

US Airways

TIAA-CREF

Time Warner Cable

North Davidson Historic Arts & Entertainment District (NoDa)

North Davidson or "NoDa" is Charlotte's historic arts and entertainment district and an up and coming region of Charlotte. NoDa has benefited from record growth and a strong and dedicated neighborhood association. NoDa has 20 art galleries, 22 breweries and restaurants, and 8 entertainment venues with many more on the way. NoDa is also the core of Charlotte's brewery movement. There are four breweries along North Davidson which include: NoDa Brewing, Birdsong Brewing, Free Range Brewing, and Heist Brewing. It has been an emphasis area for the city because of the influx of tourism that it provides and the city has developed policies to help support the area. One of the biggest driver for this neighborhood will be the completion of the Lynx Blue Line Extension and the rezoning along the extension.

Accessibility

Regional View

The City of Charlotte and Mecklenburg Cis positioned along the NC-SC border and has several strong connections points by interstate to the rest of the U.S. as well as Charlotte international airport

<u>Interstate Connections</u>

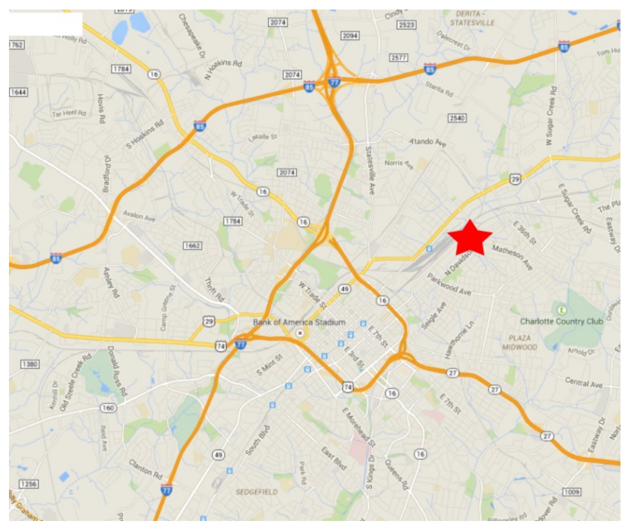
- I-40 E to Raleigh, Wilmington
- I-40 W to Memphis, Nashville, Knoxville
- I-77 N to Cleveland, Canton, Columbus
- I-77 S to Columbia and Port of Charleston
- I-85 N to Greensboro, Richmond
- I-85 S to Greenville, Atlanta, Montgomery

<u>Major Cities</u>

- Nashville – 6 Hours
- Atlanta – 4 Hours
- Charleston – 3 Hours
- Raleigh – 2 Hours

Local View

Locally the site is located northeast of downtown Charlotte and southwest of Charlotte's North Davidson Arts & Entertainment District known as NoDa. It has good points of connection to North Davidson, I-277, US-29 (N Tryon), and US-74. It is also located within walking distance of the proposed 25th street station of the Lynx Blue Line, Charlotte's light rail transit system. The site also has connectivity to the CATS Bus system at E 28th Street.



Political Environment

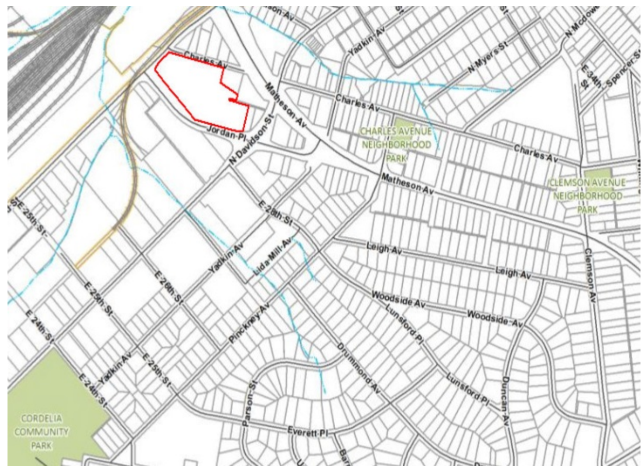
The site is located within the City of Charlotte and also in Mecklenburg County.

City Council District	1	Representative Patsy Kinsey
County Council District	3	Representative George Dunlap
Police District	6	Eastway Division
Fire Station	7	

Small Business & Multifamily Garbage Collection by Charlotte Solid Waste Services

Mecklenburg County School District:

High School:	Garinger
Middle School:	Martin Luther King Jr.
Elementary School:	Highland Renaissance



Nearby Parks:

Charles Ave Neighborhood Park
Cordelia Community Park
Clemson Ave Neighborhood Park

NoDa and Historic District

The site is located just outside of the North Charlotte Historic District which is a nationally registered historic district. In other words, the current site is not encumbered by any architectural or historic standards. It is also located outside of Charlotte's North Davidson Arts & Entertainment district. NoDa started as part of the Historic North Charlotte Neighborhood Association in 1986. It became towards the NoDa Neighborhood and Business Association in early 2000's to preserve historic and artistic character of neighborhood. Currently North Charlotte Neighborhood Association and NoDa Neighborhood and Business Association have become a strong political force in this part of Charlotte. The associations actively lobby for neighborhood and city improvements and are involved in any long term plan by the city. Due to the site's close proximity to NoDa neighborhood, the NoDa Neighborhood Business Association (NBA) could be a beneficial partner to any development plan.

Ownership Information

TMS #	08305101	.201 Acres	Zoned: Vacant
	08305105	2.733 Acres	Zoned: Vacant
	08306707	4.658 Acres	Zoned: I-2
	08306708	.457 Acres	Zoned: Vacant
	08306710	.199 Acres	Zoned: Vacant
	08306711	.183 Acres	Zoned: Vacant

All parcels are under common ownership.

Owner: **Wellmon Family Limited Partnership**
Address: P.O. Box 790035
Charlotte, NC 28206
Deed Book/Page: 11115/375
Sale Date: 2/29/2000

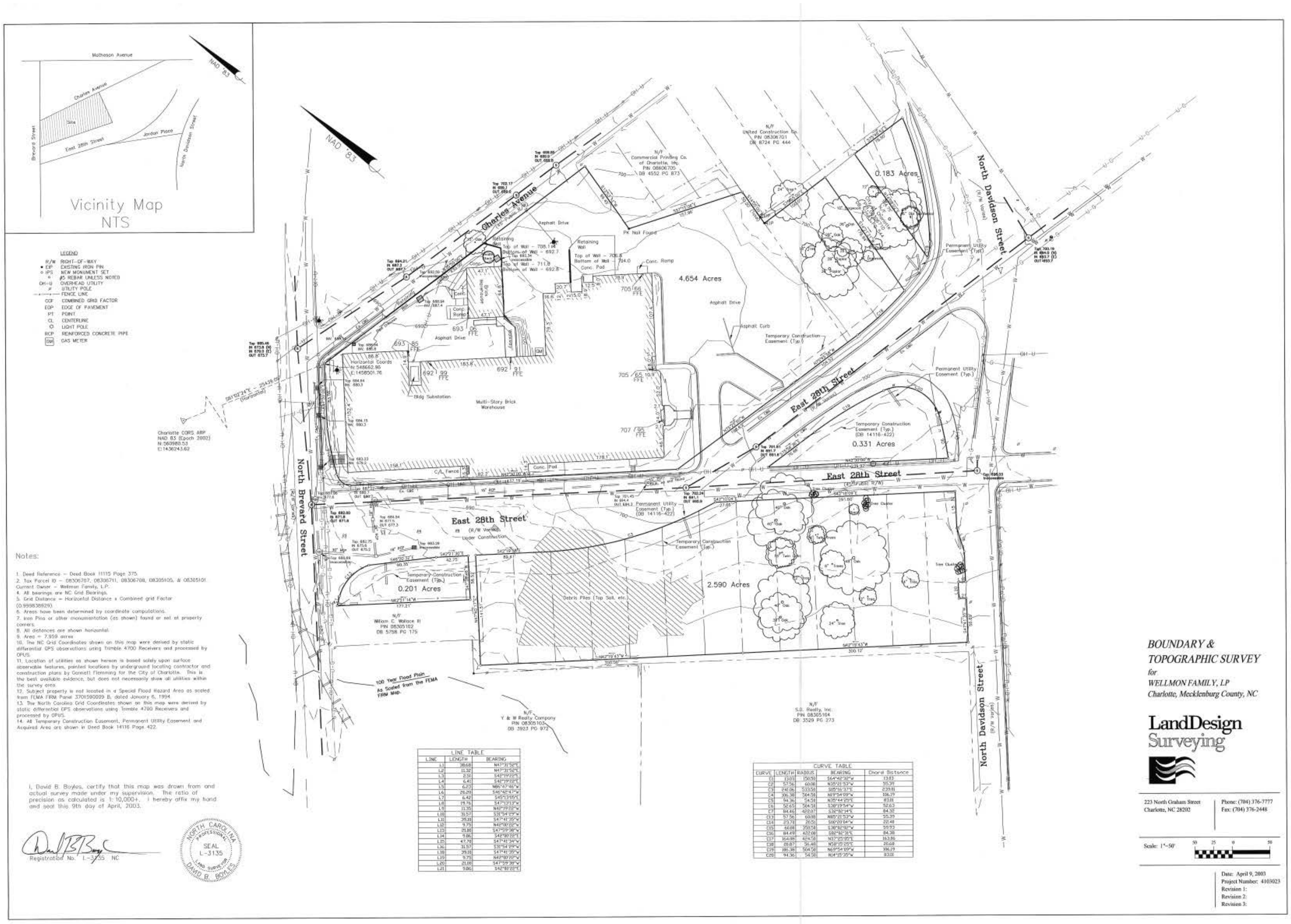
Tax Information

TMS #	Taxable Value	2014 Taxes
08305101	$ 13,100	$ 168.26
08305105	$178,600	$2,293.94
08306707	$661,800	$8,500.16
08306708	$ 32,800	$ 421.28
08306710	$ 13,000	$ 166.97
08306711	$ 12,000	$ 154.12

CHADBOURN MARKET
~ Charlotte, N.C. ~

Topography

The topography of the site slopes from the east corner of the site towards North Brevard St. and the floodplain creating 10’ in grade change from one end of the site to the other. To maintain a level site two retaining walls on the north side of the building have been added to step down the grade from east to west.



Existing Conditions

The site contains an existing 124,000 SF building with lower level warehouse and loading docks located on the parcel north of Jordan Place. Most of the site is improved with pavement or is graded and compacted. The parcel south of Jordan Place is development ready requiring only light sitework and demolition and removal of existing pavement.

Front of Building

The exiting mill is constructed with steel beams and columns on the first floor supported by a cast-in place structural slab and cast-in place concrete columns in the lower level. There is no ceiling throughout the building and the roof is supported by wooden planks. The interior partitions are masonry brick and CMU. The CMU partitions are intermingled with the brick and appear to be a modern material that was added later. There is also a modern addition containing the loading docks and receiving area located at the northeast corner of the building at ground level. There is also an additional loading dock located on the northern side of the building at the level of Charles Ave. The existing building has been added on to over the years and is contiguous but the warehouse space is partitioned into separate spaces as seen in the floor plan below. Also the interior of the building has been sand blasted so the existing paint and plaster has been removed from the building. There is also very little exterior glazing throughout the building with the exception of the western area of the building that contains a large skylight as seen above.

Upper Level – Right Side of Building

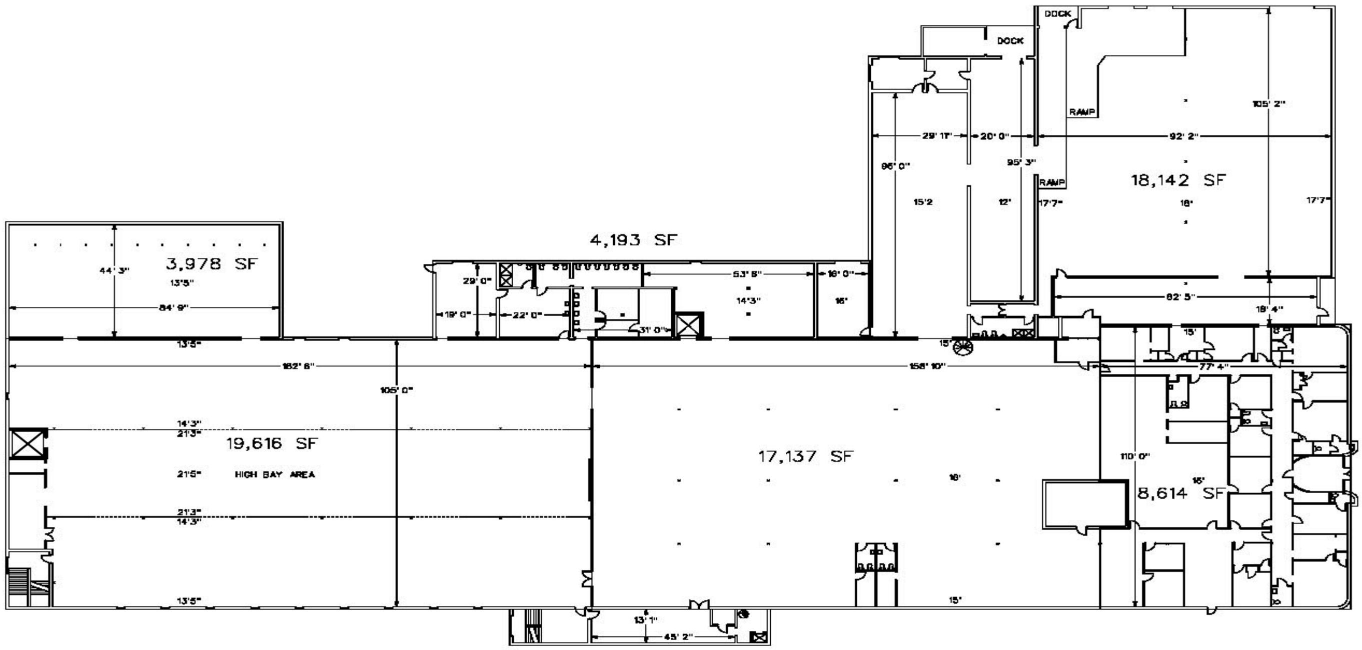
Upper Level – Left Side of Building

Back of Building from N Brevard

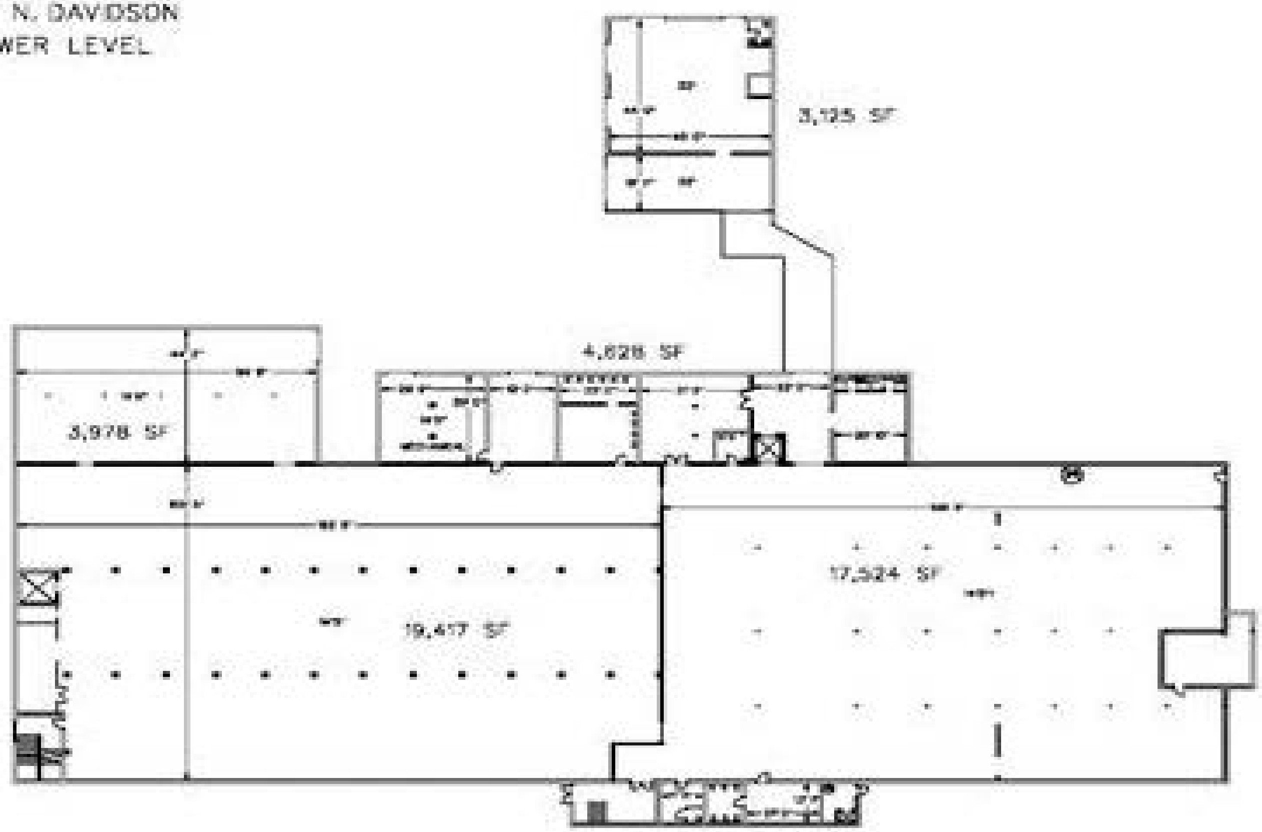
Lower Level – Concrete Columns

Lower Level Shipping and Receiving

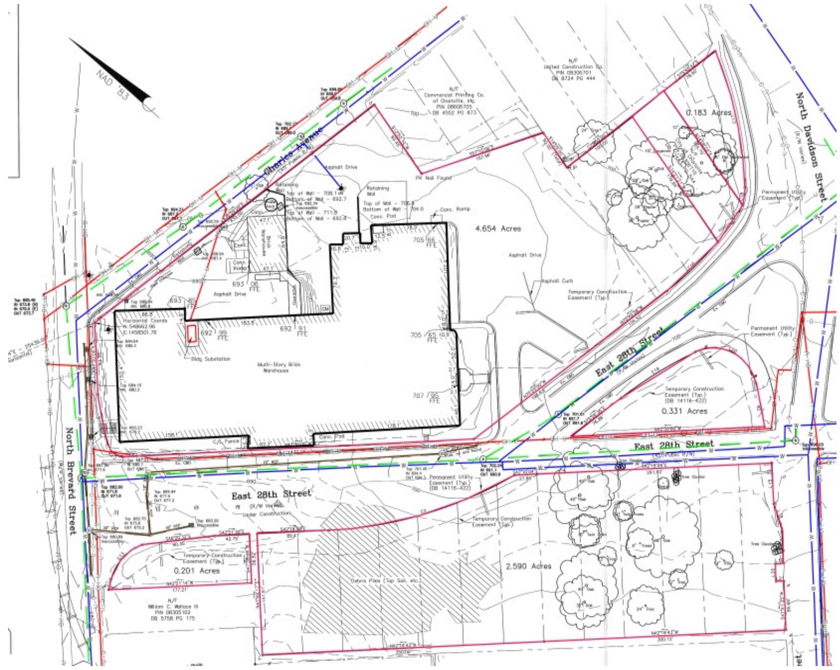
2417 N. DAVIDSON
UPPER LEVEL



2417 N. DAVIDSON
LOWER LEVEL



Utilities



The necessary utilities for building services are present and accessible to the site. To the right is the survey of the property and labeled utilities. The violet line shows the existing site properties lines and the black indicates the perimeter of the mill. Blue is water piping, green is sanitary sewer, brown is storm drainage, and red is overhead power lines. Most of the utility services are run along the street curb which gives the site access to major utilities along: N Brevard Street, Jordan Place, Charles Ave, and N Davidson. The existing building is connected and has operational water, sewer, and power however the existing building is not connected to storm drainage and doesn't have a retention pond.

Soil Types

Soil in the eastern part of the site along North Davidson is classified as CuB or Cecil-Urban land complex everything else is classified as Ur or Urban Land. The soil is considered to be low strength and classified by NC DOT as limited suitability for road construction or fill. Shown below.

Polaris 3G Map – Mecklenburg County, North Carolina
Soil

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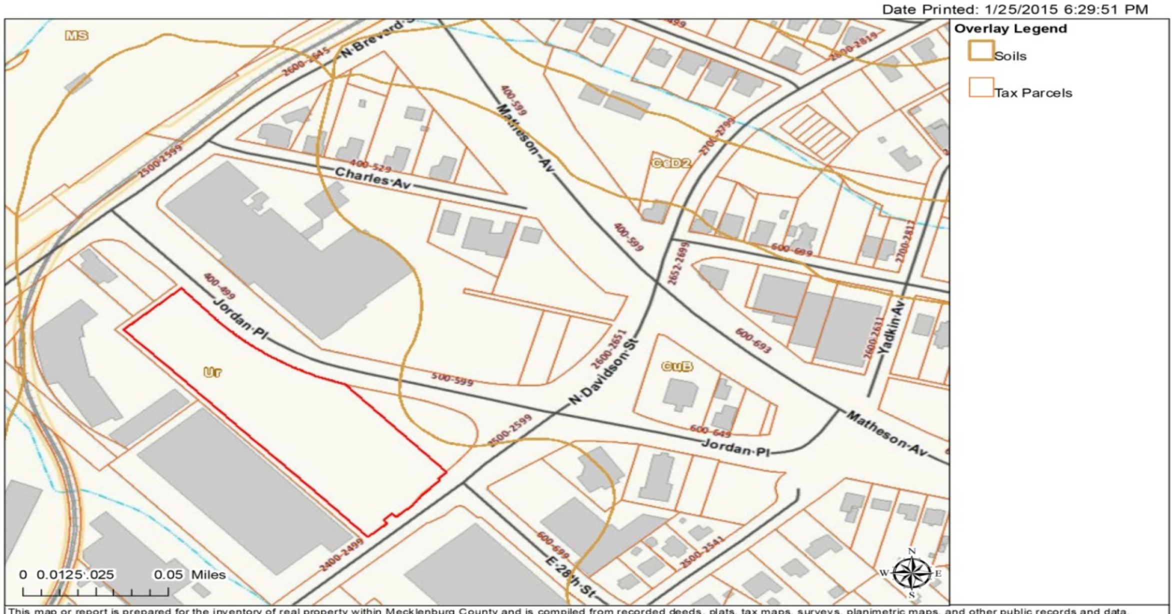


This map or report is prepared for the inventory of real property within Mecklenburg County and is compiled from recorded deeds, plats, tax maps, surveys, planimetric maps, and other public records and data. Users of this map or report are hereby notified that the aforementioned public primary information sources should be consulted for verification. Mecklenburg County and its mapping contractors assume no legal responsibility for the information contained herein.

Hydrology

The site is located within the Upper Little Sugar Watershed. Pictured above is the floodplain along with blue arrows identifying the path of water runoff around the site. As mentioned in the topography section, the elevation drops from the eastern portion of the site towards the flood zone. The arrows show that most of the runoff goes away from the building towards the west and follows the contours and streets towards the creek. No part of the site is located within the floodplain. One unusual benefit is that our site will have a preserved view shed of Uptown Charlotte. This is due to the location of the floodway which is between the subject site and Uptown Charlotte which would be prohibitive for future development.

Environmental

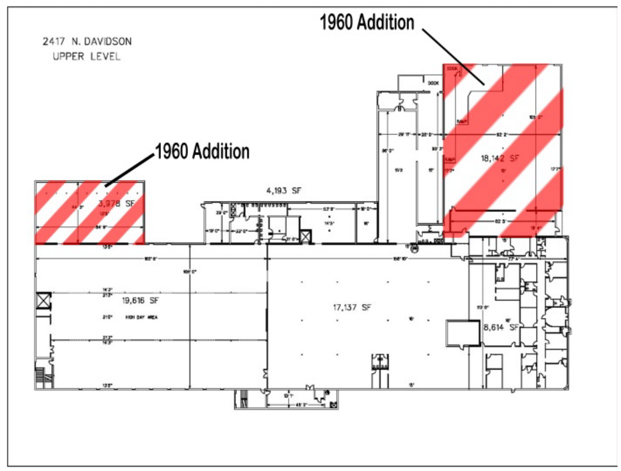
The interior of the mill has been sand blasted to remove any surface material from the walls, flooring, and ceiling. This has exposed the original brick as well as the wood ceilings. During this process all paint was removed from the interior surfaces of the mill and all drywall and plaster components were also removed. At this time there is no known lead based paint or asbestos remaining in the building.

There are no known environmental hazards or contamination present on the site.

Historic Uses of Site

Chadbourn Hosiery Mill was built in 1947 by James Chadbourn Bolles a Burlington, NC businessmen and engineer. It was designed by Herman V. Biberstein as an example of Art Moderne post WWII design and detailing. Later, Bolles purchased Gotham Hosiery Mill in 1955 and using new synthetic materials such as nylon boosted sales from 60 million in 1955 to roughly 90 million in 1965. Bolles prospered and became one of the nation's top three hosiery manufacturers with Chadbourn mill as his flagship plant. In 1960, additional space was added to give the building a total square footage of 124,000. Between 1968-69, Chadbourn acquired the other principle hosiery mills in Charlotte, Hudson Hoisery Company and Nebel Knitting Mill. The mill operated until 1978 when it was purchased by a textile salvage company to be used as warehouse space.

As seen in Exhibit 4, the 1947 portion of the mill is divided into two sections. The western section of the building was the two-story knitting room and the eastern section housed the cloth room as well as the shipping and receiving areas and offices. In 1960, additional warehouse space was added to meet growing demand.



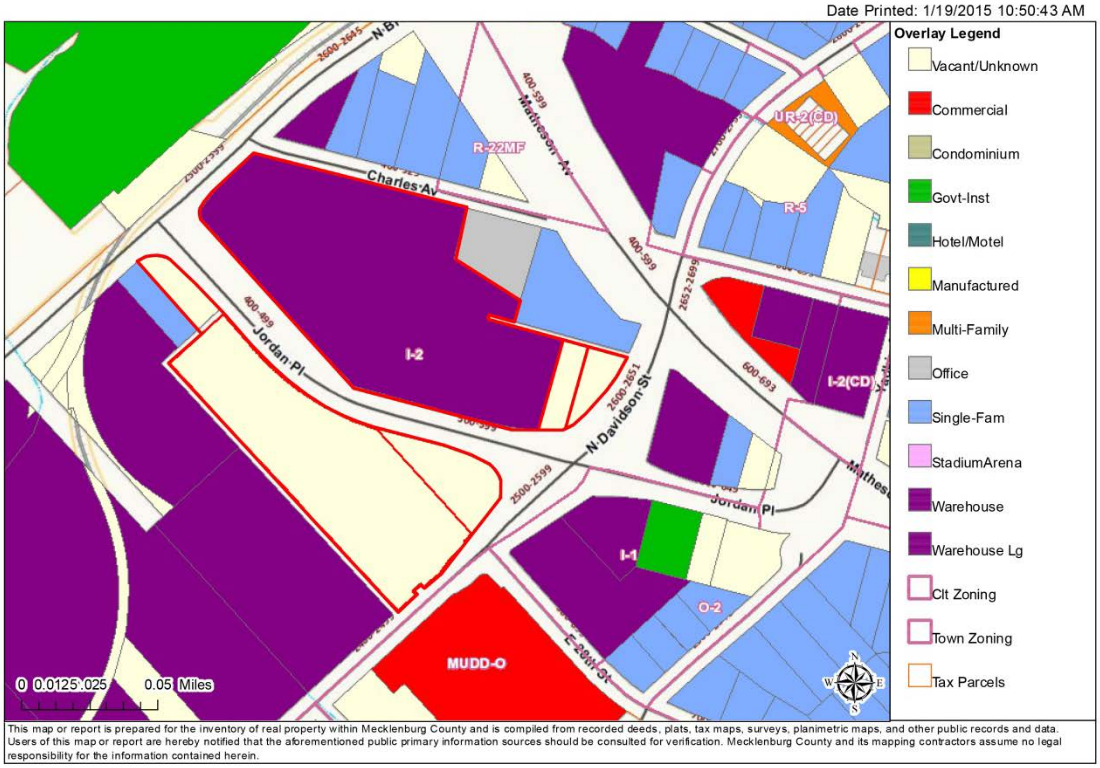
One of the most prominent features of the mill is the chimney stack located towards the northwest corner of the site by the loading dock. On the stack is painted in bold lettering, "Chadbourn". Other features to survive were the wood ceilings and concrete detailing on the exterior of the building. Another feature present when you walk into the office area is the oval lobby with its original terrazzo flooring.

Eligibility for the Historic Register of Places

Chadbourn Hosiery Mill is recommended as eligible under Criterion A for industry and under Criterion C for architecture. Chadbourn Mill was Chadbourn's flagship plant and held the main offices for one of the nation's largest knitting operations after World War II. It also exemplifies Art Moderne architecture and examples of modern textile mill design at the turn of the 20th century. It also contained many 20th century improvements that were state of the art at the time including air conditioning systems for the office area and humidity control for the manufacturing area.

The Chadbourn Hosiery Mill retains seven aspects of integrity needed for eligibility including: integrity of location, design, setting, materials, workmanship, feeling and association.

Zoning Conditions



As mentioned previously the subject property contains six parcels between North Brevard and North Davidson. All of the parcels are unzoned except for the largest of the six which contains the mill. This parcel is zoned I-2 which stands for General Industrial. This zoning standard allows for almost any use with the exception of residential and some types of office. Even though it is zoned for I-2, the areas along the blue line extension will most likely be rezoned to transit oriented development zoning. The city has presented recommended guidelines and standards that can be found in the Blue Line Extension Transit Station Area Plan.

Transit Oriented Development District rezoning offers several benefits versus the industrial district zoning. Within the TOD Districts there are six options: Residentially Oriented (TOD-R), Employment Oriented (TOD-E), Mixed-Use Oriented (Including multi-use developments) (TOD-M), and TOD Optional Districts that can be applied to the first three.

Residentially Oriented (TOD-R)

This zoning is focused on high density residential that can be supported by the light rail system

- Min. of 20 dwelling units per acre within a ¼ mile of station
- Min. of 15 dwelling units per acre within ¼ or ½ of station
- Retail, institutional, civic, and office uses are permitted only up to the 20% of the total development SF and a ratio of 1 dwelling unit per 2,000 SF of development

Employment Oriented (TOD-E)

Intended to accommodate high intensity office uses and office support services.

- Min. FAR of .75 ¼ mile from a transit station
- Min. FAR of .5 ¼ to ½ from a transit station
- Office shall make up a minimum of 60% of the new development gross square footage
- Retail, institutional, and/or civic uses are permitted but only up to 20% of the GSF
- Residential may take up to 20% of the GSF as long as they meet the standards of TOD-R

Mixed-Use Oriented (TOD-M)

TOD-M is a blend of the first too types. It is a blend of high density residential, office, civic entertainment and a limited amount of pedestrian friendly retail.

- Office must have a min. FAR of .75 within ¼ mile of station and .5 within ¼ - ½ of station.
- Multifamily will have a min. of 20 dwelling units per acre within a ¼ mile of station and 15 units per acre ¼ - ½ mile.
- Retail is permitted but can only be 20% of GSF

Height & Setback Requirement

Min. Setback to public and private streets

- If across from single family zoning: 30 feet
- All other uses shall be 24 feet on major thoroughfares and 16 feet on all other streets
- If on street parking is provided, the setback may be reduced by the width of the stall

Min. Side and Rear Yard

- None is required, but if one is provided it must be at least 5 feet

Maximum Height

- The base height for all TOD districts shall be 40 feet
- For every 10 feet in distance from the required setback the building may increase one foot in height
- The maximum height for all TOD districts shall be 120 feet

Site Rezoning

For the uses that will be discussed later in this document, the property will be re-platted and rezoned to TOD-M respectfully for the office and residential components in that will take place in phases 1-3. The existing I-2 zoning is sufficient for the uses that will take place inside Chadbourn Market

Surrounding Land Uses

The area around the project site is a combination of residential, restaurant, and warehouse uses. The properties north of the site along Charles Avenue are single family homes. Towards the east across N Davidson are Neese Sausage and Greater Meyers Pentecostal Chapel. Towards the south and southwest are warehouse and industrial properties.

View Corridors

N Brevard towards Uptown

N Davidson towards Jordan Place

N Brevard towards Jordan Place

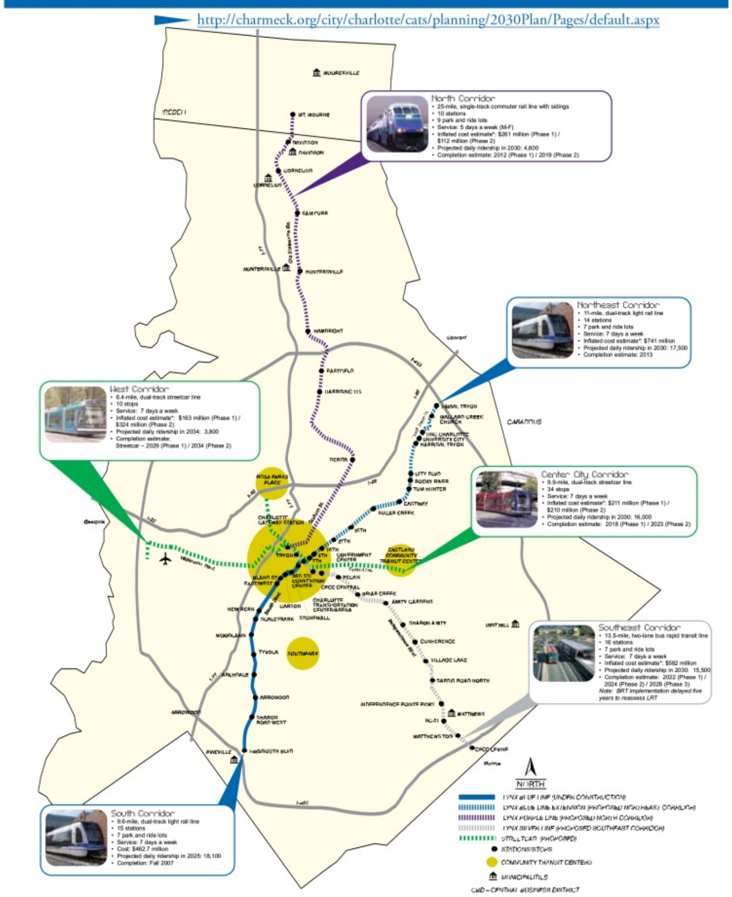
View from N Davidson Street

Blue Line Extension

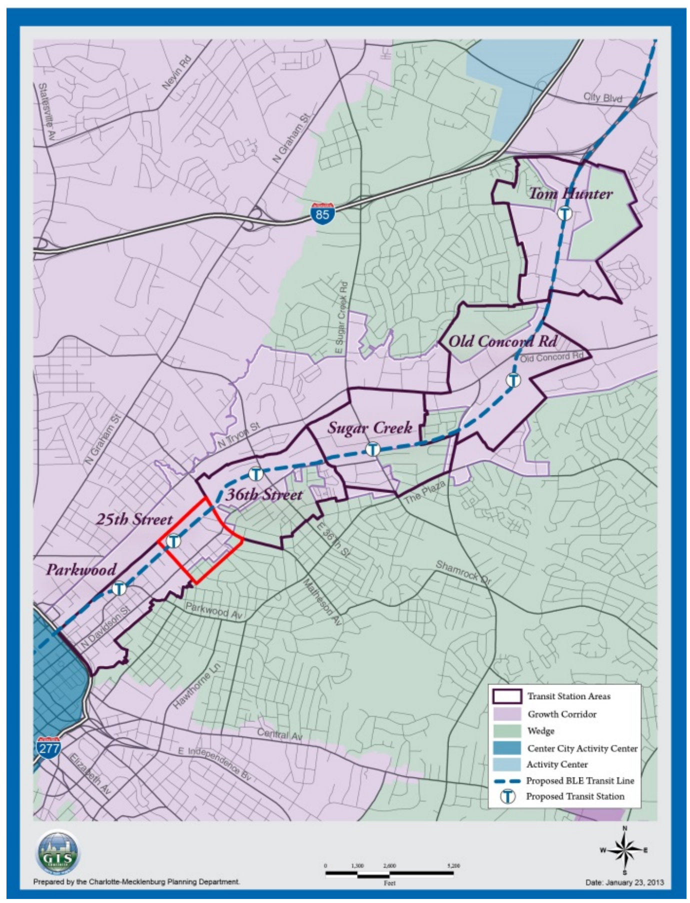
The Blue Line Extension is the product of Charlotte's master plan and long term goals for the growth of the city. It will connect the core downtown area and South End with NoDa and UNC-Charlotte. This transportation option provides a competitive alternative to the automobile for residents along this growth corridor. The LYNX Blue Line Extension is the second segment to be developed in Charlotte's comprehensive rapid transit system and will run a 9.4 mile route connecting Center City, University City, and UNC-Charlotte. The extension will increase the daily ridership from 26,700 to an estimated 51,500 in ridership. This is all part of a plan that extends through 2030 which also includes a dual track streetcar that runs to the airport.

Map 1 below shows Charlotte's planned expansions of its current transit system. The Blue Line Extension is shown as the dashed blue line extending in the "Northeast Corridor". Map 2 shows the boundaries of the plan and the three stations that are most relevant to the subject site are the Parkwood, 25th street, and 36th street stations. The subject site is located within the 25th Street station area that is highlighted in red on Map 2.

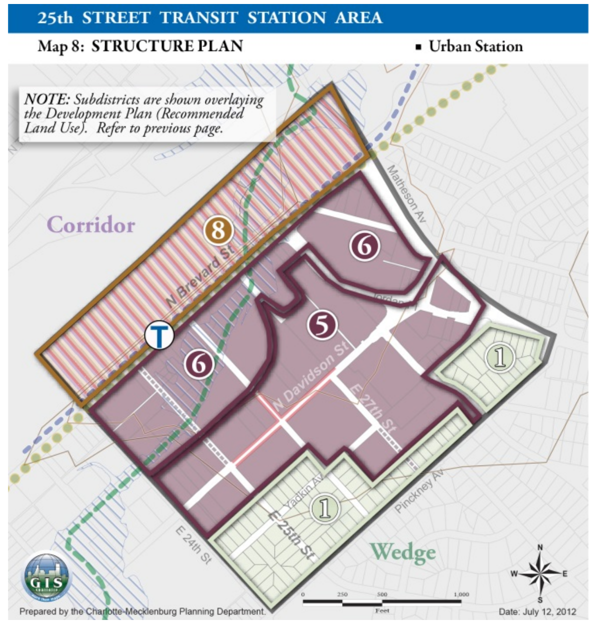
Map 1: 2030 Corridor System Plan



Map 2: Plan Area Boundaries



25th Street Transit Station Area



One of the most significant aspects of the site is its proximity to the extension of the Lynx Blue Line that runs parallel to North Davidson. As seen above, the plan involves identifying clusters around the stations and developing a plan for each cluster. This overlay zoning is intended to allow for dense transit oriented infill development along the line. The best example of this can be seen in the South End area of Charlotte which has been the recipient of record amounts of infill development and growth. The subject property is located within the 25th street transit station area. This is the second station in the new extension which means that is ideally located between the NoDa neighborhood and Charlotte's CBD. In general, the city wants the land uses within the area to support the station with an emphasis towards mixed use residential and retail. When looking at the Structure Plan, the property is split between areas 5 and 6. Both of which are defined as Transit Supportive Uses. The city has stated that the height will be restricted to 50' from street level and an emphasis placed on vertical or horizontal mixed use with ground floor retail. This allows many different uses such as office, multifamily, or condos over retail most likely oriented toward Jordan Place and North Davidson.

Other improvements and emphasis areas included as part of the plan is the extension of 25th St towards the station to allow for more connectivity within the cluster as well as additional streetscaping around the station. Another addition near the site that will increase connectivity between NoDa and N Tryon is the proposed underpass at Matheson Avenue located a block north of the subject site. Another key part of the plan is how development steps down as you get closer to North Davidson. In general, the plan calls for employment generating infill on the opposite side of the tracks and high density development along the line. As the development moves away from the line the development is intended to be less dense with smaller massing to preserve the look and feel of the neighborhood.

Market Analysis

For the Chadbourn Mill site, all of the uses were identified that will be essential to the success of the project through an extensive market analysis process. Our goal was to look at individual market sectors from a national perspective down to a local level. When looking at a local level, one major difference between our site and typical sites throughout Charlotte is that it is within walking distance (1/2 Mile) of the proposed 25th street Blue Line station. This means that we have two distinct trade areas one that reflects consumers that will drive to the site the other reflects consumers that will arrive at the site via Charlotte's Blue Line Light Rail System.

City of Charlotte

The City of Charlotte has seen a boost to its economy following the downturn of 2008. In particular the Charlotte metro area unemployment dipped to 5.6% at the end of 2014, the lowest rate since the recession. In addition the overall labor force grew by 2% during the fourth quarter of 2014 reflecting growth in the Charlotte job market. Due to the growing job market more and more people are moving to the city in hopes of employment and recently, the U.S Census Bureau confirmed that Charlotte was the second fastest growing city in United States during the period from 2000 to 2013. During this short period the city saw 40% population increase, with some smaller towns in the area experiencing 100% to 200% growth increases.

Currently the top four employers in the Charlotte area are Carolinas HealthCare System, Wells Fargo, American Airlines and Bank of America. These companies combine to employ over 100,000 people.

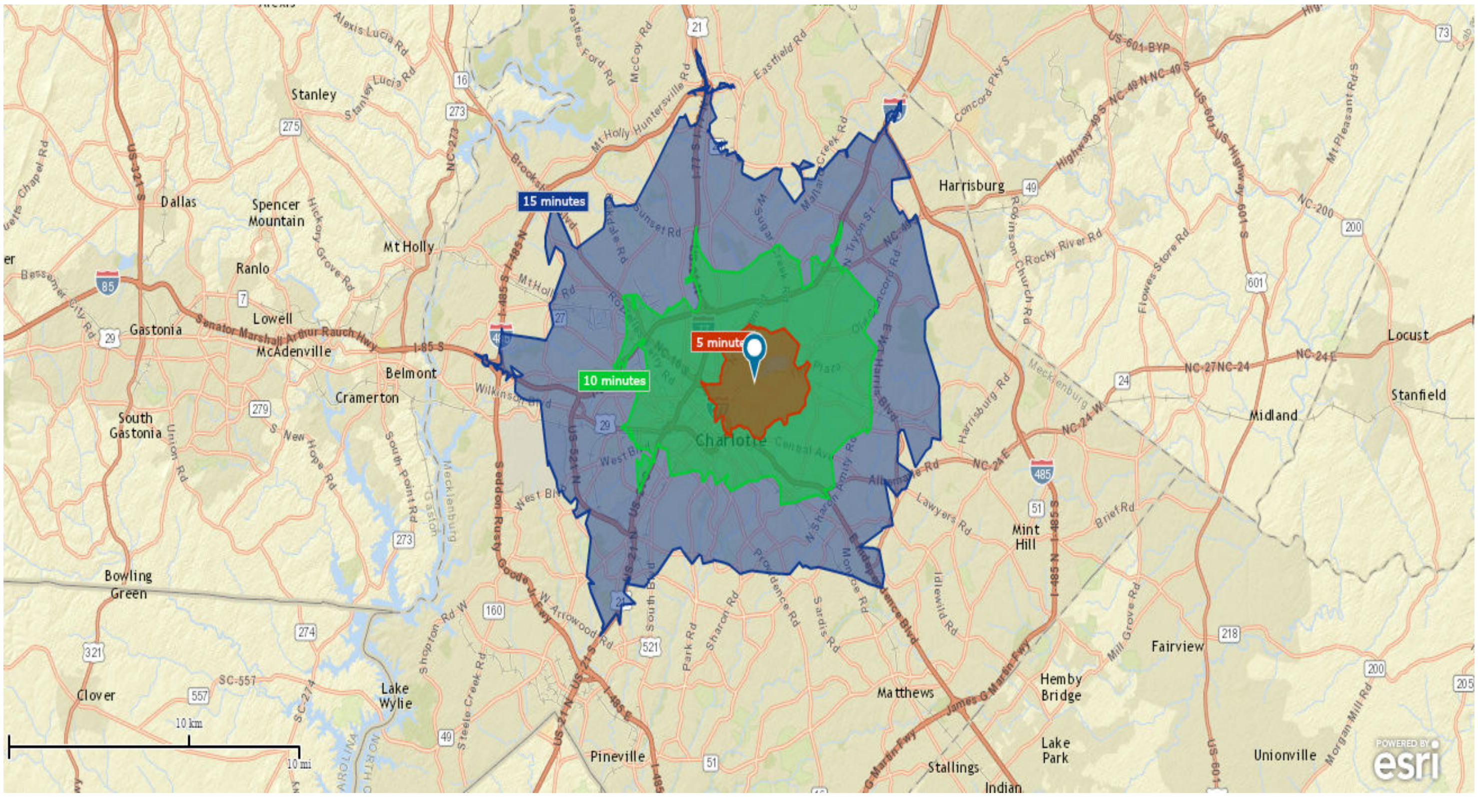
Growth of South End and Dilworth: Blue Line

Charlotte's light rail system and the economic growth that has followed has been nationally recognized as an exemplar of public transit and transit oriented city planning. Currently the transit system, known as the Blue Line, extends from Uptown Charlotte south towards I-485. Since its completion in 2007 the Blue Line has promoted transit oriented development along its 15 stations. Outside of downtown the highest density are around its four stations located in a part of Charlotte known as South End. According to the 2000 census the combined population of South End and Dilworth was 10,372. By 2010, just three years after the completion of the Blue Line, the population had increased to 11,542. Between 2010 and 2014 the population growth rapidly increased by almost 2,000 people. To put it in perspective, before the Blue line the population growth was about 1% per year and after its completion that has jumped to almost 4% per year. Currently 63.4% of people have at least an associate's degree and the average household income is $74,114. Following the population boom over 339,000 SF of office and 2,603 apartment units were built along the light rail. Currently, there is low vacancy of both office and apartments. As of now 1,219 apartment units and 116,000 SF of office are under construction.

Trade Area Delineation

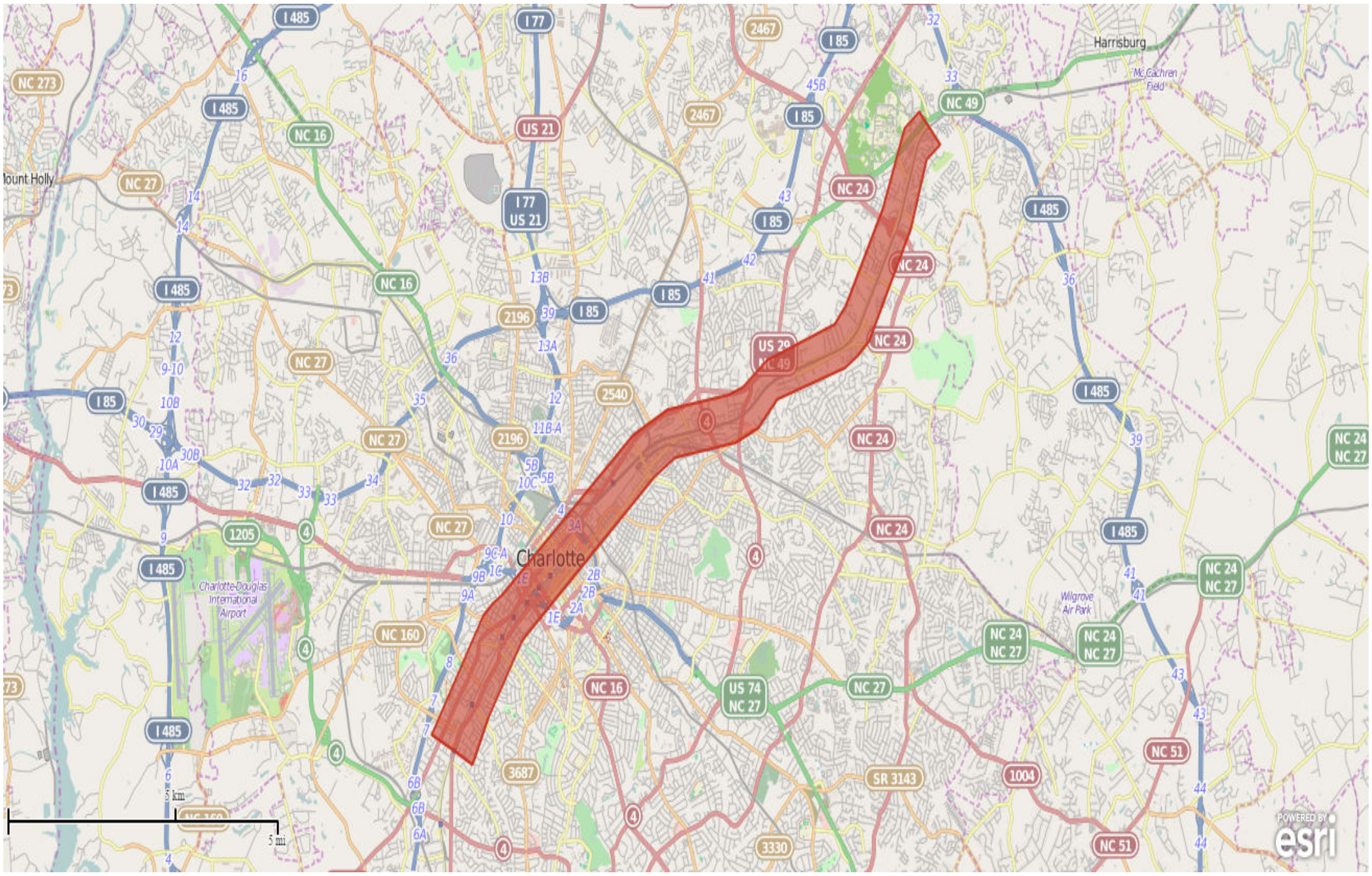
Vehicle Centric Trade Area

This trade area is defined using distances within 5, 10, and 15 minute drive times to the site. While the trade area was determined using drive times we expect the trade area, in reality, to be larger once the project is fully developed because the project and NoDa will be a destination for regional and tourist consumers. Using the 5, 10, and 15 minute drive times will provide insight into the base level of the users expected for the site. However, it is important to keep in mind that this is a growth area for Charlotte and that the current demographics will not accurately reflect the growth that will be seen in the next 5 to 10 years.



Transit Oriented Trade Area

The transit oriented trade area is defined as the area within ½ mile of one of the Blue Line stations. This is our secondary source of consumers because they are users who will be within walking distance of one of the current or proposed stations. This means they can conveniently arrive at our development by walking to a Blue Line Station and then ride north or south on the line to the 25th street station. The stations south of Scallybark were excluded because they are suburban stations that are vehicle oriented and not designed to be walkable.



Demographics

Demographics are the most recent statistical characteristics of a certain area. The trends describe the historical changes in a give population over time. The historical, current, and future projected demographics of our two trade areas are displayed below:

Vehicle Oriented

Population	5 Min	10 Min	15 Min
2000	22,490	131,698	307,334
2010	21,162	134,885	355,645
2014	21,722	140,848	374,293
2019	23,230	151,871	406,453
Projected Annual Inc.	1.35%	1.52%	1.66%

Average Household Income	5 Min	10 Min	15 Min
2014	$46,642	$53,099	$59,335
2019	$52,036	$60,697	$67,093
Projected Annual Inc.	2.31%	2.86%	2.61%

Source: ESRI

An important factor to keep in mind that these figures are pre-Blue Line Extension and we expect the area to outperform its five year projections once the extension is completed in 2017. From the metrics above we can see that this is a growing part of Charlotte with annual growth rates ranging from 1.35% to 1.66%. We also see that with the exception of the 5 min drive time the area is above Charlotte’s median household income of $48,670. As of now this is very much a transitional region of Charlotte with an influx of young professionals middle class families. Roughly 30-35% of the population between the ages of 15-34 and 34-37% of the population has an associate’s degree or better. This shows that there is a young and middle aged, educated demographic can have the disposable income to patriate our project.

Transit Oriented

	2000	2010	2014	2019	Projected Annual Growth
Population	16,358	21,305	23,238	25,746	2.07%
Avg. Household Income			$61,670	$71,124	3.06%

Source: ESRI

When looking at the Transit Oriented market base we are looking at the current and future area that is within ½ mile of LYNX Blue Line stations. This indicates consumers that live within walking distance of a station and will have access to the site via the light rail. Currently the line runs from I-485 to Uptown Charlotte and the future extension will be completed in 2017 and will run from Uptown Charlotte north to UNC-Charlotte. As you can see above the average household income in this market area is significantly higher than that of those who live within driving distance of the site. As you can see there is also a higher projected growth rate in both population and average household income compared to the vehicle oriented market area. This is also an area also has a high percentage of young professionals. 28% of the population is between the ages of 25-34, 52% has an associate's degree or higher, and 66% work in white collar jobs. This shows that the area is predominantly young professionals many of whom work along the Blue Line and use it to get to work. A large stretch of this market area does not currently have access to the Blue Line but after it is completed we expect these numbers to increase in a similar fashion to South End as infill development increases around the stations.

Age

2014 Population by Age	TOD	Drive Times		
		5 Min	10 Min	15 Min
0-4	5.4%	7.6%	7.2%	7.4%
5-9	4.6%	6.6%	6.5%	6.9%
10-14	3.8%	5.4%	5.6%	6.1%
15-24	16.7%	12.1%	14.9%	15.9%
25-34	27.7%	20.4%	19.4%	18.2%
35-44	14.7%	15.1%	14.1%	14.4%
45-54	11.2%	13.1%	12.2%	12.2%
55-64	8.7%	10.8%	10.3%	9.6%
65-74	4.4%	5.6%	5.7%	5.4%
75-84	1.9%	2.4%	2.7%	2.6%
85+	.7%	1.0%	1.3%	1.2%

Source: ESRI

CHADBOURN MARKET
~ Charlotte, N.C. ~

Profession and Education

	TOD	Drive Times		
		5 Min	10 Min	15 Min
Less than 9th Grade	3.7%	7.9%	8.3%	7.3%
9th-12th Grade	8.3%	15.1%	12.5%	10.4%
HS Graduate	16.9%	19.7%	21.1%	20.1%
GED	3.0%	3.1%	3.2%	3.0%
Some College	15.9%	19.3%	20.2%	20.8%
Associate Degree	6.0%	5.1%	6.0%	6.9%
Bachelor's Degree	31.4%	20.7%	19.5%	21.1%
Graduate/Professional	15.0%	9.0%	9.3%	10.4%

Source: ESRI

	TOD	Drive Times		
		5 Min	10 Min	15 Min
White Collar	**66.3%**	**59.9%**	**55.8%**	**57.9%**
Management/Business/Financial	21.5%	17.1%	14.6%	14.4%
Professional	21.6%	21.4%	18.0%	19.4%
Sales	11.7%	11.0%	10.8%	10.6%
Administrative Support	11.5%	10.4%	12.3%	13.5%
Service	**20.0%**	**22.4%**	**22.6%**	**20.9%**
Blue Collar	**13.7%**	**17.7%**	**21.6%**	**21.1%**
Farming/Forestry/Fishing	0.1%	0.2%	0.4%	0.2%
Construction	2.5%	3.5%	6.7%	6.0%
Installation/Maintenance/Repair	1.4%	2.2%	2.2%	2.1%
Production	4.4%	5.9%	5.3%	5.4%
Transportation	5.5%	6.0%	7.0%	7.5%

Source: ESRI

Psychographics

Psychographics are an important indicator of the attitudes, values, lifestyle, and opinions of the people within the trade area. The top tapestry sets from the trade area are discussed below:

Vehicle Oriented Market Area
Emerald City (8B) 22.9% of population

Emerald City residents are young and mobile. They are well educated and well employed preferring to rent. This group is highly connected, using the internet for entertainment and making environmentally friendly purchases. Many embrace the “foodie” culture and enjoy cooking adventurous meals using local and organic foods. Music and art are major sources of enjoyment.

Modest Income Homes (12D) 16.8% of population

Families in this urban segment may be nontraditional; however their religious faith and family values guide their modest lifestyles. Most households have no vehicle or one car, with a high dependence on public transportation. This market tends to have a high poverty rate with 25% of adults lacking a high school diploma. Typically income is less than half of the US median.

Hardscrabble Road (8G) 14.3% of Population

Hardscrabble Road neighborhoods are in urbanized areas within cities with older housing. This market is primarily a family market younger, diverse group that works mainly in service, manufacturing, and retail trade industries.

Metro Fusion (11C) 12.2% of Population

Metro Fusion is a young, diverse market which is highly mobile with over 75% of households are renting. Majority of families live in midsized apartment units and are dedicated to climbing the ladders of their professional and social lives. They take pride in their appearance and spend money readily on what’s hot unless saving for something specific. Single-parent and single person households make up over half of all households with a median HH Income of $33,000

City Commons (11E) 9.0% of Population

This market segment is one of the largest and youngest, primarily comprised of single-parent and single person households. While more than a third have a college degree, a third of the segment has not completed high school making for a very diverse mix of residents commonly found in transitional neighborhoods. Many households own either own a vehicle or use public transportation. Most family’s prefer the convenience of fast-food and fast casual restaurants vs cooking at home.

Conclusions

Within the immediate neighborhood, 5 minute drive, the population is very much what you would expect of a transitional area. Once the Blue Line Extension is completed we expect this transitional process to speed up similar to the effect that the line had on South End. There are low income families mixed with more affluent young professionals. The largest population segment has a higher to moderate income and has moved to this part of town to live a more bohemian lifestyle. They are a younger predominantly single demographic that is more likely to have a higher disposable income that would patriate new and hip restaurants and shops. This is very different from there counterparts at the other end of the spectrum. This market segment is of lower income and most likely is less concerned about higher end products and services. It appears that the wealthier segment of the population is the one that is growing the fastest which will most likely increase once the light rail extension is completed.

Transit Oriented Market Area

Metro Renters (3B) 40.3% of Population

Metro Renters are highly mobile and well educated. The majority of this market segment live alone or with a roommate and continues to be one of the fastest growing segments. These residents range from late twenties to early thirties and have a median HH Income of $52,000 but a large portion of earnings are spent on rent, clothes, and entertainment. These residents are more likely to live close to their job and walk or take taxis to get around the city.

Young and Restless (11B) 16.5% of Population

This is a Gen Y demographic that is young and well educated employed in professional/technical occupations as well as office/administrative support roles. This market ranks in the top 5 for renters, movers, college enrollment, and labor force participation rate. Primarily single-person households or shared roommate in the early stages of their careers or still enrolled in college. This segment is aware of prices but they like to be the first one to try new products.

Emerald City (8B) 13.1% of Population

Mentioned under “Vehicle Oriented Market Area”

Bright Young Professionals (8C) 9.4% of Population

As the name suggests, this segment is young, educated, working professionals. The labor force participation is high, generally white collar jobs, with a mix of food service and part-time jobs for those in the segment that are still in college. This is a slightly older segment compared to the *Young and Restless* with households comprised of young couples married or unmarried in multi-unit or row housing. Like the other groups this market is predominantly comprised of renters with a moderate household income at the U.S. median

College Towns (14B) 7.2% of Population

This market segment is made up primarily of college students while the rest work for a college or the services that support it. These are nonfamily households with many students living alone or with roommates in dense student housing and apartments. This is a market that favors bike and pedestrian friendly communities and development.

Conclusions

The Transit Oriented Market Area is very different from that of the Vehicle Oriented Market Area. Specifically the consumers that live in this area have a much higher disposable income and in many cases are more likely to spend it on food and entertainment. This group is also predominantly a younger working professional demographic that is college educated or students currently enrolled in college. The majority of the market is dense for rent housing and some urban single family housing. Based on this we can infer that the population that lives within ½ of the Blue Line would be a consumer to a development that was pedestrian friendly and transit oriented. This consumer would also be interested in new and exotic restaurant and retail concepts as well as other uses that appeal to a younger demographic. Based on these market segments dense, for rent, multifamily housing would most likely be favored and easily absorbed if the demand remains steady.

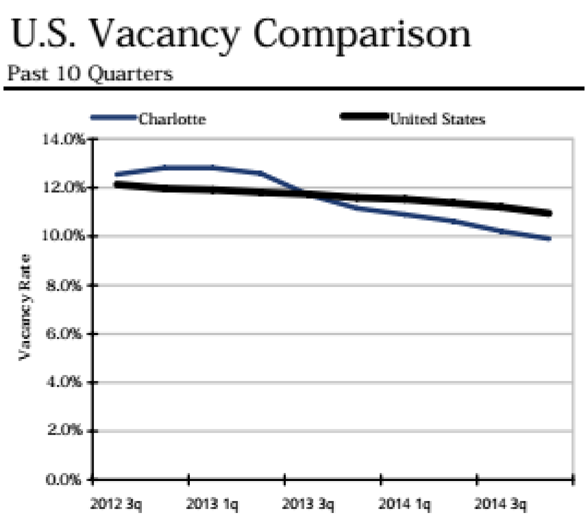
Office Market Analysis

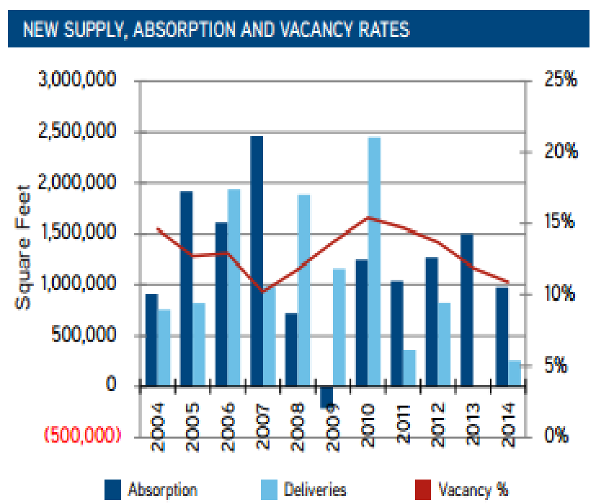
National Overview

With a 2.4% expansion in 2014, office-oriented employment is now 2 million jobs above its 2009 cyclical low. Net office absorption totaled 15.4 million sq. ft. for the quarter, for an annual total of 52.7 million sq. ft. the greatest since 2007 and well exceeding the long term average of about 40 million sq. ft. Multi-tenant completions rose by 22.3 million sq. ft. in 2014 and the U.S. office vacancy rate declined another 20 basis points to 13.9%. Gross asking rental rates for office space continued their steady rise and are currently averaging $28.30 per sq. ft.

Charlotte Office Market

Vacancy rates in Charlotte continue to drop while asking rents have steadily risen over the past four years. The office vacancy rate in the Charlotte market area decreased to 9.9% at the end of the fourth quarter 2014. The vacancy rate was 10.2% at the end of the third quarter 2014, 10.7% at the end of the second quarter 2014, and 10.9% at the end of the first quarter 2014.



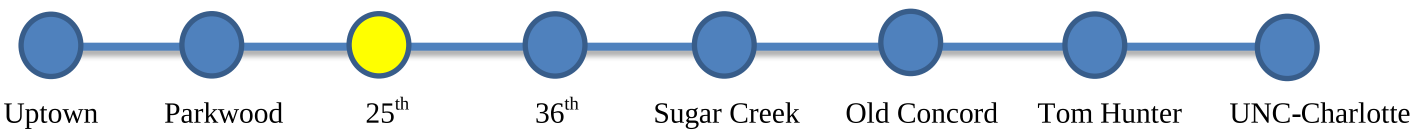


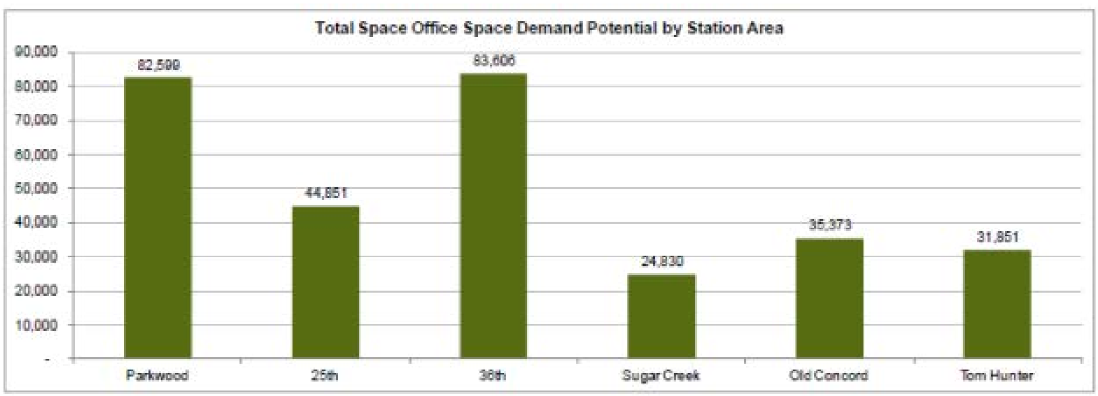
Source: CoStar

According to rental rates listed on Costar the average quoted asking rental rate for available office space, all classes, was $20.30 per square foot per year at the end of the fourth quarter 2014 in the Charlotte market area. This represented a 2.5% increase in quoted rental rates from the end of the third quarter 2014, when rents were reported at $19.81 per square foot. The average quoted rate within the Class-A sector was $23.77 at the end of the fourth quarter 2014, while Class-B rates stood at $18.68, and Class-C rates at $14.37. At the end of the third quarter 2014, Class-A rates were $23.02 per square foot, Class-B rates were $18.51, and Class-C rates were $14.32. Currently there is 116,000 square feet of comparable planned and under construction in

NoDa Office Market

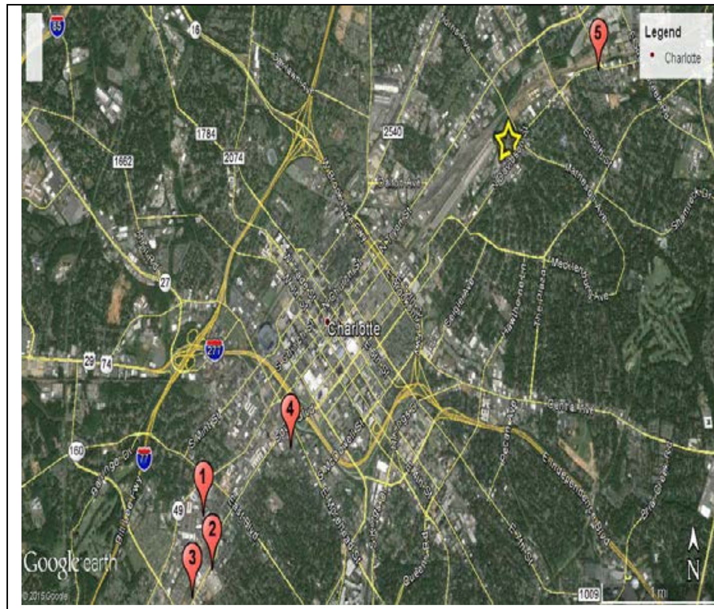
NoDa and areas along the new Blue Line Extension corridor have experienced little to no office growth over the last ten years, with only 32,000 sqft being delivered in the corridor during that time period. This space has largely been delivered in the downtown NoDa district (36th street) and includes realtors, accountants and other local-serving office. Although this area has seen minimal growth in the office sector over the last ten years, the installment of the blue line extension should greatly increase the demand for office space in the area. Areas such as the subject property, along the Blue Line Extension, should be able to capture office demand by virtue of their proximity to the Center City and to the residential growth expected to occur along the corridor. In a market study performed by the Noell Consulting Group for the Charlotte Mecklenburg Planning Department it is estimated that upon the completion of the BLE demand for potential demand for office space between the Parkwood and 36th station would be over 210,000 sq. ft.





Conclusions

When examining the comparable office properties, it is evident that properties that have a location close to a light rail system seem to have low vacancy and relatively high rents, it's also worth noting that all were class B office space. Although the comparable properties had favorable statistics, these are located in the Midtown/South End submarket, a more mature and stable market than the current NoDa market. However with coming addition of the new Blue Line Extension and the constant immigration of highly educated workers to the city of Charlotte it is believed that subject site could support a conservative 30,000 to 50,000 sq. ft. of class B office, demanding rents in the range of $17-$20 modified gross. However, there is a high projected demand near the Parkwood station that could be captured by the site so this number could increase to as much as 75,000 to 100,000 sq. ft. and $23-26 modified gross within five to six years. Potential users could include ancillary services to Uptown Charlotte, UNC-Charlotte, as well as any user that is looking for an alternative to the very traditional office space in Uptown such as a tech startup or marketing firm that is moving because of the NoDa Culture.

					
Project	214 W Tremont	South Borough	South End Medical Plaza	1031 S Caldwell St	The Renaissance
Submarket	Midtown/South End	Midtown/South End	Midtown/South End	Midtown/South End	NoDa
Year Built	2007	2008	2016	2009	2004
Building Type	Class B	Class B	Class B	Class B	Class B
Stories	4	4	3	3	3
Total Sq. Ft.	29,341	28,000	36,000	18,975	20,000
Occupancy	100%	81.10%	N/A	100%	100%
Rent per Sq. Ft.	$24	$26	$24	$23	$12
Expense Type	Modified Gross	Full Service Gross	Net-Net-Net	Modified Gross	Net-Net-Net
Parking per 1,000 Sq. Ft.	2.39	3.24	4.5	2.37	2.7

Multi-Family Market Analysis

National Overview

According to a report by Freddie Mac's Multifamily Research team, multifamily housing market is moving forward despite mixed economic messages. Robust demand for multifamily rental housing is resulting in 13-year low vacancy and rising rental rates. Improving employment, with significant gains for young adults, who have the greatest propensity to rent has let the housing demand. Since 2009, the availability of single family home mortgages has decreased which has led many middle-class American's to rent vs. purchasing a home with has also added to the "for rent demand".

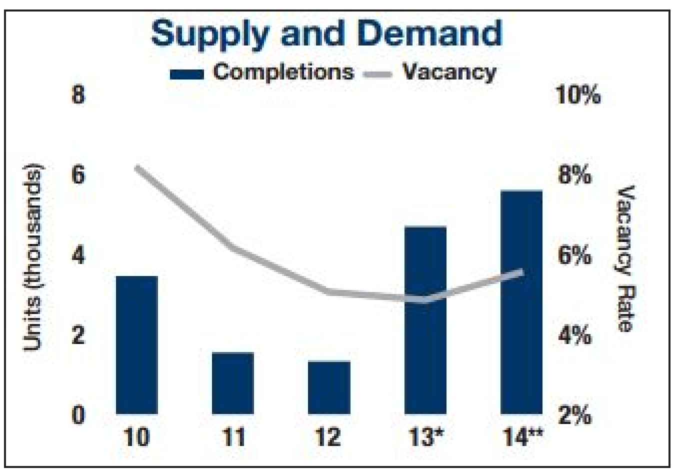
Charlotte Multifamily Market

The rental apartment market has been the strongest real estate product in Charlotte and the U.S. over the last five years, driven by struggles in the for-sale housing market and tighter lending practices since 2008. However, with addition of so many new multi-family developments Charlotte has seen a slight rise in vacancy in the third and fourth quarter of 2014, rising from 4.8% to 5.6%. A vacancy rate of 5% or below is generally considered to be full occupancy. Although the rise in vacancy is a result of supply outpacing demand the steady job growth of 2.5% should help maintain a healthy ratio, but vacancy levels could reach up to 8% in the next two years.

Multifamily Pipeline

In 2014 over 10,000 new units were introduced to the Charlotte apartment market, a 46 percent increase from 2013's 4,600 new units. The majority of new supply is located in the Uptown/South End submarket and as a result will lift vacancies both within this submarket and by enticing away renters from other submarkets. An additional 10,000 units are under are either under construction or proposed this year.

In a report done by Marcus & Millichap attention is brought to another factor that could be contributing to the market's positive outlook: the costly single-family market, characterized by rising prices and inflating interest rates. By opposition, the multifamily market continues to experience low interest rates, which will lead to an escalation in sales, especially in Class B and Class C assets, where cap rates range between 7 and 8 percent.



Source: CoStar

NoDa Multifamily

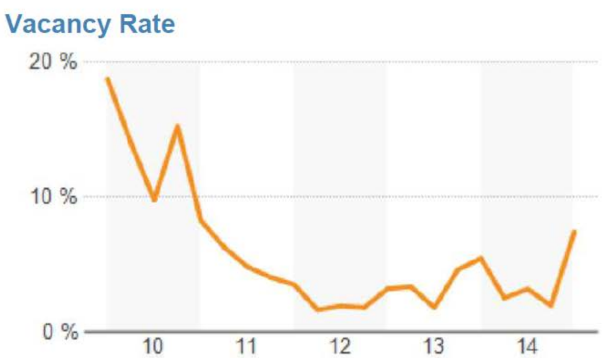
The NoDa District, similar to the rest of Charlotte has experienced significant growth in the Multifamily sector. Currently there are three major projects under construction or recently completed; The Yards @ NoDa 342 units, Mecklenburg Mills 48 units and Mercury 250 units. Currently there is only one new project proposed to the city for NoDa and that is NoDa @ 27th 250 units. NoDa @ 27th is located adjacent from subject property. Also of note is an advertised apartment development opportunity Noda Exchange which could consist of up to 270 units. The sites close proximity to both the light rail 25th street station and "downtown" NoDa provide a desirable location for a multi-family project. The short drive times to interstate 77 and 85 are also appealing to potential residents who would need to commute. The subject property is situated to take advantage of both the rising rents in the area as well as the relatively low vacancy rate. The Blue Line Extension in particular will prove to create a stronger desirability to live in the area.

	# of Units
Current Supply	1,632
Under Construction	298
Planned	250

Effect of Blue Line Extension

When evaluating Multifamily in the area it is worth noting the affect the new Blue Line Extension will have on the subject property. To illustrate the possible effect the light rail may have, a study was done on the change of vacancy rate and asking rent per unit of areas in the South End of Charlotte located on the light rail system. The charts below show how vacancy rates decreased and rental rates increased from 2009-2010, just 2 years after its completion in 2007. From 2012-2014 the rates and vacancy have been volatile because of the extensive multifamily development that followed, however, absorption has remained steady and the average vacancy remains below 8%. Based on market studies conducted by the City of Charlotte and Mecklenburg County the area along the extension, which includes the subject site, will experience similar growth.

Multi-family Vacancy and Asking Rates within ½ mile of Blue Line



Source: CoStar

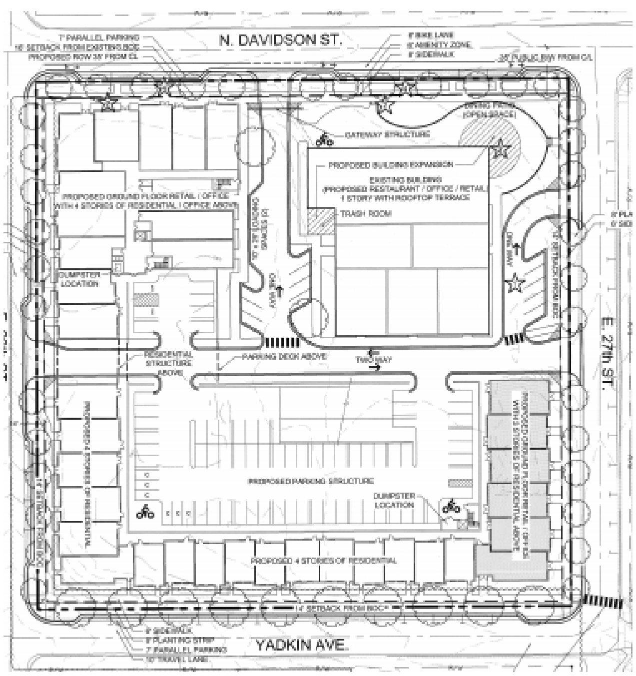
Future Deliveries

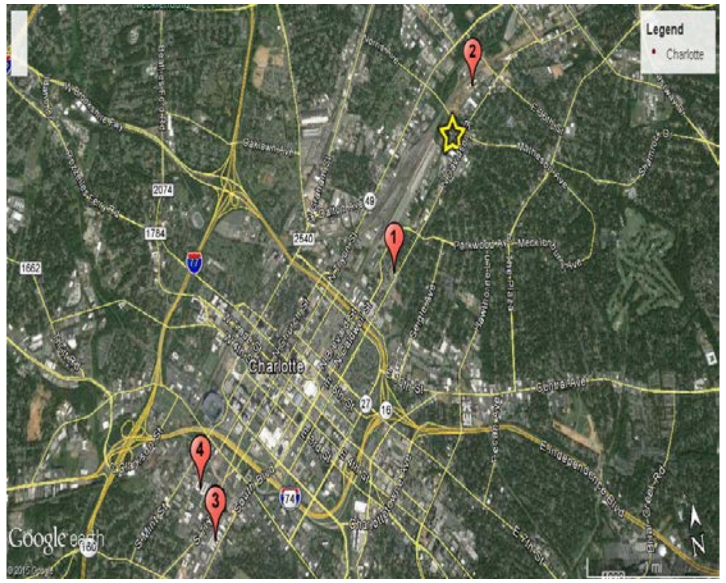
Mercury

According to their website this project is being built in 2 phases. The existing retail corner buildings are to be renovated and restored including an institution to the Charlotte music community, the Neighborhood Theater. The balance of the block contains the mixed use Mercury NoDa project is a mixed use project containing niche retail, a green grocer, art lofts, 160 condominium units, and both cast in place and precast parking structures. The architecture is cued by a mix of traditional retail forms in this central business district, neighboring warehouse buildings, and an infusion of bold colors and massing inspired by the local arts scene. The final product will include art installations from community artists**.**

Noda @ 27

Noda @ 27th will be a 250 unit apartment complex located on North Davidson Street between East 26th and East 27th Streets. The project, proposed by the South Apartment Group will be 3.6 acres and will be located next to the new headquarters for Free Range Brewing. Southern Apartment Group has already filed their rezoning application with the city.





Project		Edgeline Flats on Davidson		Yards at NoDa		Post South End		1225 South Church Street			
Submarket		NoDa		NoDa		South End		South End			
Occupancy		94.4%		20.0%		97.50%		100.00%			
Year Built		2007		2014		2009		2009			
Unit Types	Studio			20		78		75			
	1 BR	12		60		119		137			
	2 BR	24		75		147		168			
	3 BR			27		16		20			
No. of Total Units		**36**		**182**		**360**		**400**			
Rent/Month		Monthly	$/SF	Monthly	$/SF	Monthly	$/SF	Monthly	$/SF	Average	
	Studio			$1,185	$1.74	$1,026	$1.75	$933	$1.55	**$1,048**	**$1.68**
	1 BR	$1,030	$1.12	$1,326	$1.63	$1,292	$1.62	$1,235	$1.52	**$1,221**	**$1.47**
	2 BR	$1,237	$1.01	$1,729	$1.50	$1,533	$1.47	$1,429	$1.29	**$1,482**	**$1.32**
	3 BR			$2,050	$1.51	$2,045	$1.65	$1,559	$1.24	**$1,885**	**$1.47**
Average Rent/Month		$1,134		$1,573		$1,474		$1,289			
Unit Size SF	Studio			682		585		642		$ 636.33	
	1 BR	920		812		796		811		$ 834.75	
	2 BR	1225		1154		1039		1111		$ 1,132.25	
	3 BR			1357		1242		1259		$ 1,286.00	
Average Unit Size		1073		1001		916		956			

Retail Market Analysis

National Retail Overview

The national retail market has shown meaningful signs of success from post-recession times. According to Marcus and Millichap, retail sales per capita now measure 10 percent higher than previous peaks and retailer corporate profits stand at a record high. Also, the national economy shows enhanced credit availability and stronger wage and income growth forecast further support consumption. The national economy has also shown significant improvement in the regulatory and legislative environment, which has reduced the risk of macro "events," such as a government shutdown or sequestration surprises. Lastly, job growth and the "wealth effect" of rising equity values and home prices stimulated consumer spending and investment demand. GDP is forecast for 2.5 to 3.0 percent growth in 2014, with upside potential from a healing global economy and rising exports, and nearly 2.7 million jobs are forecast, according to Marcus and Millichap. Strong dynamics in retail fundamentals will reduce the national vacancy rate by 70 basis points to 6.5 percent, resulting in 2.5 percent effective rent growth. Net absorption of nearly 85 million square feet forecast for 2014 represents an 87 percent increase over the prior year, and eclipses nearly 51 million square feet of completions. New supply is concentrated in more financeable grocery-anchored shopping centers and outlet malls.

Charlotte Market Overview

In terms of retail, Charlotte ranks 29th on the highest net absorption in 2014, according to Marcus and Millichap.

The Charlotte retail market experienced moderate improvement in market conditions in the fourth quarter of 2014. One indicator showing the improvement is the vacancy rate. The vacancy rate went from 7.0% from the previous quarter to 6.5% in the current quarter. Charlotte had a strong net absorption in 2014. In particular, during quarter three, Charlotte experienced a hearty 331,918 SF of net absorption. This was mainly due to the Charlotte Premium Outlets that opened in July with 100 stores. The $82 million dollar project is projected to generate $140 million per year in sales. Demand for retail in Charlotte has continued into 2015. A total of eight retail buildings with 101,286 square feet of retail space were brought to the market in the fourth quarter of 2014. According to Cassidy Turley, "The Charlotte market has more the recovered from the recession." According to Molloy Retail, strong population and employment growth will bolster retail operations this year. Local employers will create more than 22,000 positions in 2014, attracting new residents to the area. By 2018, nearly 100,000 additional households are expected in the market and this growth has garnered the attention of grocers. Publix entered the Charlotte market late last year with the purchase of seven Bi-Lo stores. While the closing of the stores for remodeling has bumped up vacancy in the short term, six of the stores will re-open this year, contributing to a market-wide decline in vacancy by year-end. The company will open six additional locations next year. Expansion plans are also underway at Harris Teeter, which recently became part of Kroger, while Wal-Mart will open two Neighborhood Markets this year. Smaller grocers are also scouting for sites, which should improve shopping center occupancy.

Charlotte's status as one of the largest banking hubs outside of New York City draws the attention of retail investors worldwide. Strong buyer interest and improving operations though have limited the number of listings, especially net-leased assets. Properties in Myers Park or near South Park Mall are highly valued at cap rates that may dip into the 6 percent range for prime single-tenant assets with long-term leases, or strong grocery-anchored centers. Local buyers priced out of prime assets are moving farther from the metro core or seeking value-add opportunities. Initial yields for a small unanchored strip centers with local tenants near the core start in the low-8 percent range and move 100 basis points higher in sub- urban locales.

Charlotte Market Outlook according to Marcus and Millichap

- **2014 NRI Rank:** 29, Down 7 Places. Despite widespread gains, Charlotte dipped seven spots in the NRI ranking due to lower rent growth.
- **Employment Forecast:** This year 22,300 jobs will be created in the metro, a 2.5 percent jump.
- **Construction Forecast:** Developers will complete 800,000 square feet of space in 2014, 46 percent of last year's deliveries. The Charlotte Premium Outlet Mall will account for nearly half of the new space.
- **Vacancy Forecast:** Vacancy will fall 80 basis points to 7.4 percent this year, the lowest level since 2007.
- **Rent Forecast:** As older in-line space is absorbed, operators will be able to lift rents. Asking rents will climb 1.6 percent in 2014 to an average of $13.78 per square foot, 12.6 percent below the five-year high.
- **Investment Forecast:** New residential growth has attracted developers to the Steele Creek area, with an outlet mall and the Berewick Town Center underway. These projects will likely generate other development nearby, providing buyers with additional investment opportunities.

Charlotte Rental Rates

Average quoted asking rental rates for the Charlotte retail market has increased over the recent quarters. Quoted rental rates during the 4th quarter of 2014 was at $13.20/SF. Compared to $12.81/SF during the 3rd quarter of 2014 and $12.43/SF during the 1st quarter of 2014. A healthy 3% increase from the previous quarter and an approximately 6% increase from the fiscal year end.

Charlotte Deliveries/Absorptions

Retail net absorption in the Charlotte market has been strong over the last several quarters. Every quarter in 2014 had a positive net absorption. According to CoStar, during the 4th quarter of 2014, the Charlotte retail market absorbed a positive 833,129 SF. In comparison, Charlotte absorbed 700,445 SF during the 3rd quarter, 100,293 SF during the 2nd quarter, and 398,729 SF during the first quarter of 2014.

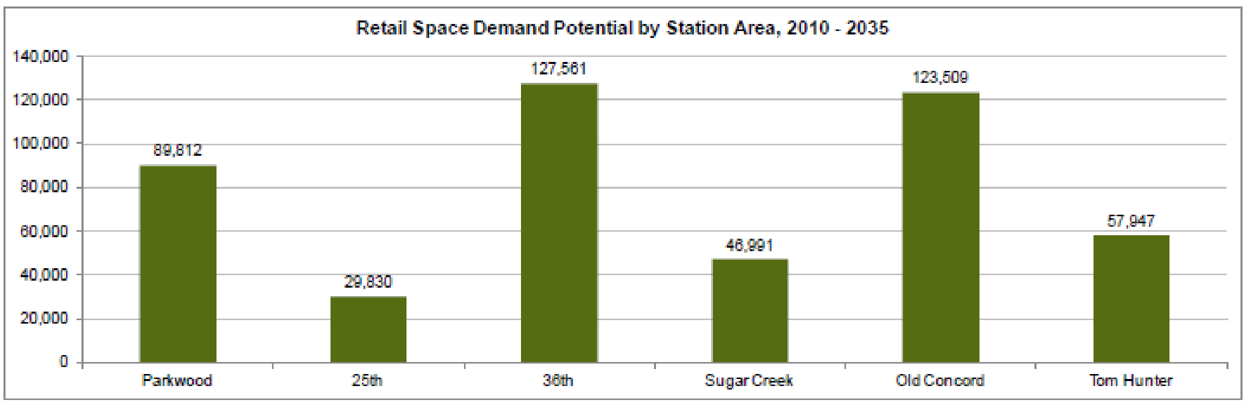
Some large box tenants moved out in 2014. Some of the notables were; Belk moving out of 80,000 SF, Hobby Lobby moving out of 63,000 SF, and Kmart moving out of 55,000 SF. On the other hand, three grocery stores opened in 2014. Publix had two stores around 60,000 SF open and Ingles opened up a substantial 90,000 SF store. Grocery stores are in a big growth mode in

Charlotte. Publix is the frontrunner with the expansion into the Charlotte market. The Florida based supermarket chain has planned for 6 new stores scheduled to open in 2015. Wal-Mart Neighborhood centers also have a few stores under construction and have also announced a few more in the planning stages.

Charlotte NoDa Retail Submarket Overview

Most of the retail in NoDa is boutiques, galleries, and specialty stores. There are several local breweries, coffee shops, restaurants, and bakeries.

Opportunities for retail in in-town locations have grown significantly in the past decade. According to the city's market study of the Blue Line Extension, in-town Charlotte, such as Midtown and South End, has seen strong retail growth and is poised to see ongoing demand for both local and regional serving retail shops. Other in-town cores, such as NoDa and Center City, have been strengthened as restaurants and lifestyle retail destinations.



Chadbourn Mill consumers will most likely all come from the 25th street station. This graph illustrates the future demand of retail space by each station. The 25th street station will have the least demand of retail space compared to the other stations along the Blue Line Extension.

	New Conv SFD Units	New Small Lot SFD	New TH Units	New Condo Units	New Apt. Units	New Retail SF	New Office SF
2010-2015	0	0	9	0	76	0	2,014
2015-2020	0	0	18	0	144	0	2,930
2020-2025	0	0	25	50	166	5,247	5,635
2025-2030	0	0	15	59	128	12,066	13,987
2030-2035	0	0	17	67	158	12,516	20,285
Total/Avg.	0	0	84	177	671	29,830	44,851

This graph illustrates the future demand at the 25th street station. When it comes to Retail portion, the 29,830 SF does not generate until the period between 2020-2025.

Charlotte Vacancy

Charlotte's general retail vacancy rate has decreased from the previous quarter to 6.5% during the 4th quarter of 2014. At the beginning of the year in 2014, the vacancy rate was 7.3%. Vacant sublease space has also trended down over the past four quarters. During the 1st quarter of 2014 there were 289,927 square feet available. Currently there are 245,089 square feet vacant in the market.

Charlotte has over 22.8 million square feet of neighborhood shopping centers. According to Reis, as of October of 2014, the vacancy rate for neighborhood shopping centers was at 9.9%. For community centers, the vacancy rate is at 9.6%. Reis reports power center vacancy at 5.9%. In the NoDa submarket, there have been new retail ground-up developments along with redevelopments. Reis reports the completion of 50,000 square feet at the Shoppes at Howard's Mill; The Magnolia Plaza Neighborhood center renovation at 57,100 square feet; Loray Mill redevelopment at 100,000 square feet; the shops at Rivergate South with 155,000 square feet of community center retail space.

Rental Rates

According to Reis, Charlotte community centers currently have an average quoted asking rent of $18.38/SF and an average effective of $16.06. The submarket with the highest anchor and non-anchor tenant rents is the South, with rates of $14.60/SF and $23.54/SF, respectively. The average quoted rent for power centers are $23.35/SF as of the end of the 3rd quarter in 2014. Matric for comparative properties are shown at the end on the retail market analysis.

Deliveries/Absorption

New deliveries to the retail market in the NoDa district have been marginal. Most of the new construction in NoDa is multi-family. This is mainly because of the blue line extension. A few local breweries have located in NoDa in the recent years (Birdsong and Heist).

Expenditure Patterns

Consumer spending shows the amount spent on a variety of goods and services by the population living in the trade area. The categories below are expenditures of a broad range of retail categories that are proposed for the subject site. The expenditure totals for the subject property's trade area do not represent the total revenues for the businesses, but rather the total amount spent on each category by those residing in the trade area.

Category	**5 Minute**	**10 Minute**	**15 Minute**
Apparel and Services	$9,151,349	$67,497,994	$194,607,539
Retail Goods	$18,536,125	$135,040,558	$392,948,235
Food, at Home	$30,331,460	$222,923,506	$640,144,331
Food, away from Home	$18,887,346	$140,552,672	$408,101,488
Household Furnishings	$6,113,686	$44,724,245	$130,025,338
Total Expenditures	**$83,019,966**	**$610,738,975**	**$1,765,826,931**

Market Capture

Typically 70% to 85% of sales come from within the primary target area while that number drops significantly when you reach into the secondary and tertiary trade areas. However, with the Blue Line Extension, the subject property will have a vehicle oriented trade area and a transit-oriented trade area. With that being said, there will be significant sales captured beyond the vehicle oriented 5,10, and 15 minute drive time trade areas. In summary, a 15% capture rate was used to determine the retail market capture for the primary and secondary trade area while a 5% capture rate was used for the tertiary trade area.

Based on the assumptions above, the market capture of the proposed uses are below.

Category	**5 Minute (@15%)**	**10 Minute (@15%)**	**15 Minute (@5%)**
Apparel and Services	$1,372,702	$10,124,699	$9,730,377
Retail Goods	$2,780,419	$20,256,084	$19,647,412
Food, at Home	$4,549,719	$33,438,526	$32,007,217
Food, away from Home	$2,833,102	$21,082,901	$20,405,074
Household Furnishings	$917,053	$6,708,637	$6,501,267
Total Capture	**$12,452,995**	**$91,610,846**	**$88,291,347**

Total retail market capture potential for site is $192,355,188

Below is a survey, from CoStar, done based solely on the existing Blue Line and the future extension. The survey is based on new retail within a 0.5 mile from the Blue Line, which is what is considered within walking distance. This also excludes where the Blue Line crosses through downtown Charlotte. The study was concluded based off the Blue Line's urban station, excluding the suburban stations.

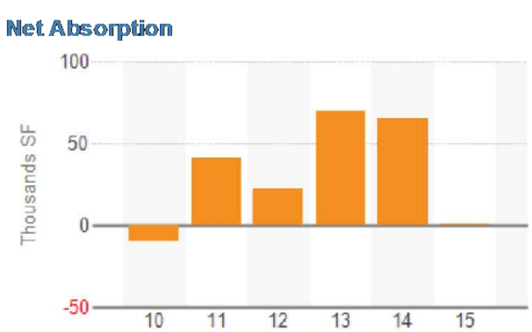
As one could see below, the asking rent for the proposed retail alongside the Blue Line is $19.16/SF with a vacancy rate of 4.0%. According to Costar, in 2014 the retail space along the Blue Line had a positive net absorption of 65,414 square feet, along with 119,947 square feet under construction. Additional data is listed below.

Availability	Survey	5-Year Avg
NNN Rent Per SF	$19.16	$14.12
Vacancy Rate	4.0%	6.5%
Vacant SF	155,872	248,055
Availability Rate	5.5%	8.5%
Available SF	219,891	326,814
Sublet SF	0	1,916
Months on Market	24.3	16.2

Inventory	Survey	5-Year Avg
Existing Buildings	406	401
Existing SF	3,870,112	3,836,906
12 Mo. Const. Starts	141,235	57,148
Under Construction	119,947	46,179
12 Mo. Deliveries	33,209	6,322

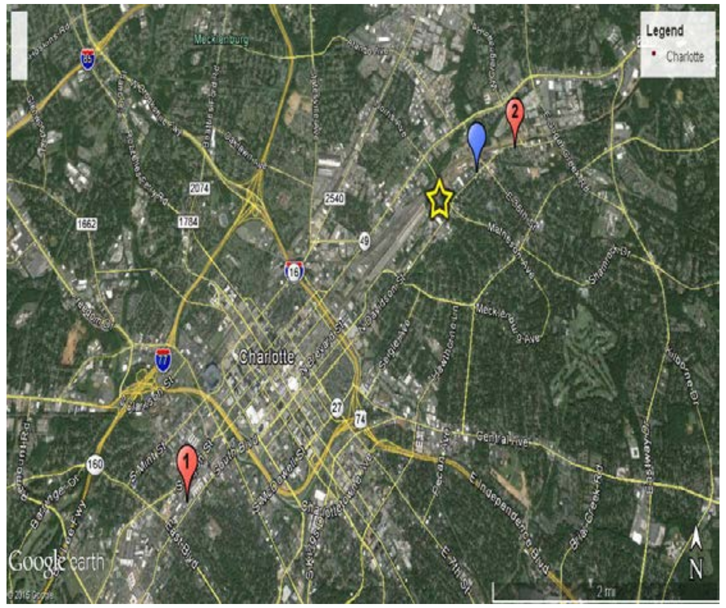
Demand	Survey	5-Year Avg
12 Mo. Absorption SF	65,414	36,052
12 Mo. Leasing SF	87,292	119,730

Sales	Past Year	5-Year Avg
Sale Price Per SF	$192	$134
Asking Price Per SF	$254	$209
Sales Volume (Mil.)	$19	$11
Cap Rate	7.1%	8.1%



Source: CoStar

CHADBOURN MARKET
~ Charlotte, N.C. ~



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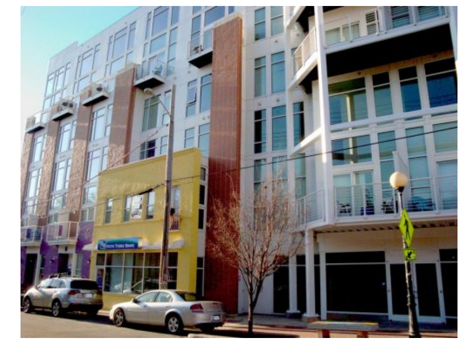
					
Address	115 E Park Ave Charlotte, NC 28203	3522 N Davidson St Charlotte, NC 28205	3125 N Davidson St Charlotte, NC 28205	3116 N Davidson St Charlotte, NC 28205	3100 N Davidson St Charlotte, NC 28205
Year Built/ Age	2002/13	2005/10	2009/6	2003/12	2005/10
Gross Leasable Area	10,171	4,823	29,670	3,600	12,842
Rent per SF	$19.36	$18.42	$17.00-$25.00	$14.00-$16.00	$18.53
Rent Structure	Modified Gross	Modified Gross	NNN/MG	NNN	NNN
Occupancy	100%	100%	65.7%	100%	100%
Zoning	CC	UR-3	B1	B1/County	MUDDO
Location	South End	NoDa	NoDa	NoDa	NoDa
Construction	Masonry	Masonry	Masonry	Masonry	Masonry
Parking	5.2 per 1,000	2.69 per 1,000	None	1.11 per 1,000	1.25 per 1,000

Retail Market Analysis Summary

Based on the projections, market capture, and a study done by the Noell Consulting Group, approximately 245,000 square feet of retail can be supported on the subject property. The study done by Noell Consulting Group was completed for Charlotte Mecklenburg County Planning Department for the upcoming Lynx Blue Line Extension. The retail tenant mix and amount of space needed for each user will be phased over the course of the project. It is a very likely possibility upon completion of the project; the subject property could contain a mix of retailers, local shops, boutiques, galleries, and a possible grocer.

The subject property sits on a location that is primed for success. Sitting on the corner of a signalized intersection that will continue to gain more and more traffic will help gain more affirmation for retailers. In addition, the Lynx Blue Line Extension will also provide more foot traffic to the subject property, when completed in 2017.

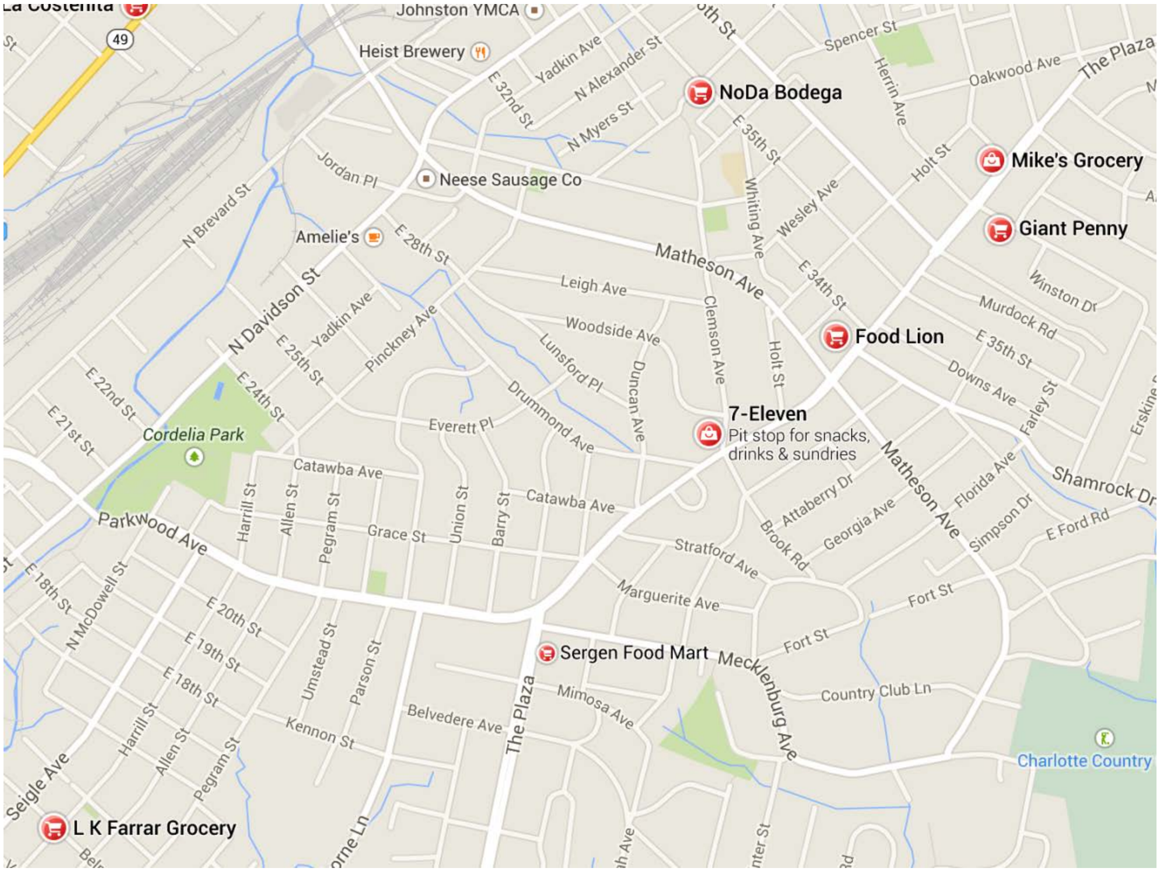
Based on our sales comparison model and other studies done, we believe the subject property could achieve the following rents:

Inline Tenant $15.00 - $21.00

Restaurant $21.00 - $25.00

Grocery Analysis

Below is a map showing the grocery stores around the subject property.



As of today, the subject property does not contain the demographics to support a national grocer. However we do be that there is a need in this area for a grocery store but it would have to be a smaller urban concept similar to what is seen in larger cities.

Brewery/Distillery

Charlotte Craft Brewery Market

One segment of the retail and entertainment market that has exploded in Charlotte is the growth of craft beer breweries. One of the most successful is Olde Mecklenburg Brewery which just opened its new location in South End. The success of Olde Mecklenburg Brewery in only 5 years of operation has shown that not only is there large consumer demand but also that Charlotte is a fertile market for start-up breweries. Chadbourn Mill happens to be located within an area of Charlotte that quickly becoming a brewery hub. Located within walking distance of the site are NoDa Brewery, Birdsong Brewery, and Heist Brewery with a fourth brewery called Free Range Brewing to open within the year. Of the four, two have been successful to the point that they are expanding into larger facilities within the 25th street station trade area.

Birdsong and NoDa Expansions

Within the last five years the NoDa brewery cluster has been one of the most successful in Charlotte and it serves as the perfect complement to NoDa's arts and entertainment mantra. Two of the most successful have been NoDa Brewery and Birdsong Brewing. Birdsong, which opened in 2011, has seen 300% growth rate in production and sales over the last two years and is most famous for its Jalapeno Pale Ale. They are currently in the process expanding from they're current 3,000 sq. ft. space to a new 17,000 sq. ft. facility about a block and a half away. This space is a major upgrade which gives them 15,000 sq. ft. of brewing and distribution space as well as a 2,500 sq. ft. dining area.

NoDa brewery has experienced a similar boom in demand and is expanding the brewery to a 32,000 sq. ft. facility on N Tryon Street as part of a mixed use redevelopment by the Harris Development Group. Even though it is moving its brewing and distribution to a larger facility it will keep the brewery on North Davidson as a specialty beer shop for new products.

Charlotte Brewery Real Estate

Like many other types of specialty real estate, breweries operate in a wide variety of sizes, rental rates, and business models. The typical model of Charlotte breweries is a brewing company that operates its brewery onsite and has some form of a beer hall or sitting area which vary in size. Not all do but most breweries also have a dining component that serves appetizers and light meals. No two are exactly alike and the size has a lot to do with how much each brewery pays in rent. Most smaller breweries start in a small retail space that ranges from 3,000-6,000 sq. ft. similar to a fast casual restaurant in a shopping center. This offers them the largest amount of exposer but it also means that they are paying a much higher rate similar to an ordinary retail tenant that ranges from $17-24/SF NNN. Once they have established themselves the emphasis moves away from a storefront/retail perspective and more towards a production and distribution point of view because this is where the majority of the income comes for the brewery. Most breweries still keep a dining area but the ratio of dining to warehouse become much smaller. Once the brewery has reach the point when it needs to expand it moves to a traditional flex warehouse space that range from 10,000-20,000 sq. ft. for the first expansion and 20,000-30,000 sq. ft. for the second expansion. The rental rate drops to a standard class B/C warehouse rate ranging from $2.50-3.50 per sq. ft.

In most cases there is significant startup cost for a brewery in equipment and rent. Usually the landlord does not pay for or upfit the space for the brewery. Below is a comparison of Charlotte Breweries:

Name	Size	Rental Rate	Submarket	Lease Term
Wooden Robot Brewery	5,500	$17.00	South End	3 year lease
Heist Brewery	5,834	$17.00	NoDa	
Sycamore Brewing	8,400	$5.71	South End	3 year lease
Rock Bottom Restaurant & Brewery	11,358	$21.68	Uptown	
NoDa Brewing Company	11,539	$2.76	NoDa	3 year lease
Triple C Brewing Company	19,848	$2.75	South End	4 year lease
The Olde Mecklenburg Brewery	24,537	Owned	South End	
Sugar Creek Brewing Company	30,000	$2.68	South End	
*New Birdsong Brewing	17,419	$5.50	NoDa	10 year lease
*NoDa Brewing Company	32,000	In Progress	NoDa	10 year lease

Micro Distilleries

The micro distillery market is a new but growing sector of business in North Carolina. Currently there are 13 permitted micro distilleries operating in NC many of which are available in ABC stores throughout the state and South Carolina. Many of them are located in Raleigh-Durham, Asheville, and two in Charlotte. Born from North Carolina's bootlegging roots the micro distilling market is alive and well in Charlotte at Muddy River Distillery in Belmont and Azure Skye Beverages near the airport.

Muddy River Distillery

Muddy River Distillery was started by Robbie Delaney and his wife Caroline in 2011 and has quickly become one of the most successful micro distilleries in North Carolina. They are the first rum distillery in North Carolina and now operate three stills out of their facility in Belmont, NC just outside of Charlotte. They use premium grade molasses and sugar from South Carolina and a special type of yeast to produce their Queen Charlotte Reserve and Carolina Rum which is available in over 300 stores in North and South Carolina.

Azure Skye Beverages

Azure is a brand new micro distillery and winery that operating right outside of Charlotte near the Airport. Azure produces premium vodka they have dubbed Indigo Vodka. They also produce vodka infused moscato called Blu Exotix and many different types of flavored vodkas.

Breweries and Distilleries in NoDa

The subject site is located in a proven submarket for successful craft breweries, many of which have grown to the point that they have become legitimate business of scale and have a consumer base beyond Charlotte. It also has a ready, willing, and able consumer base which is only going to grow as the Blue Line transforms the area. On top of all of that the artistic and bohemian culture of NoDa serves as a complement to the breweries which has allowed them to grow at such a rapid pace. The success and rapid expansion of both NoDa and Birdsong brewing through arguably the most significant economic downturn in recent memory is a testament to the vibrancy and demand for breweries in NoDa. It is one of the reasons new breweries, such as Free Range Brewing, have chosen to locate in this part of Charlotte. NoDa could also become the next home of a startup micro distillery like Muddy River Distillery.

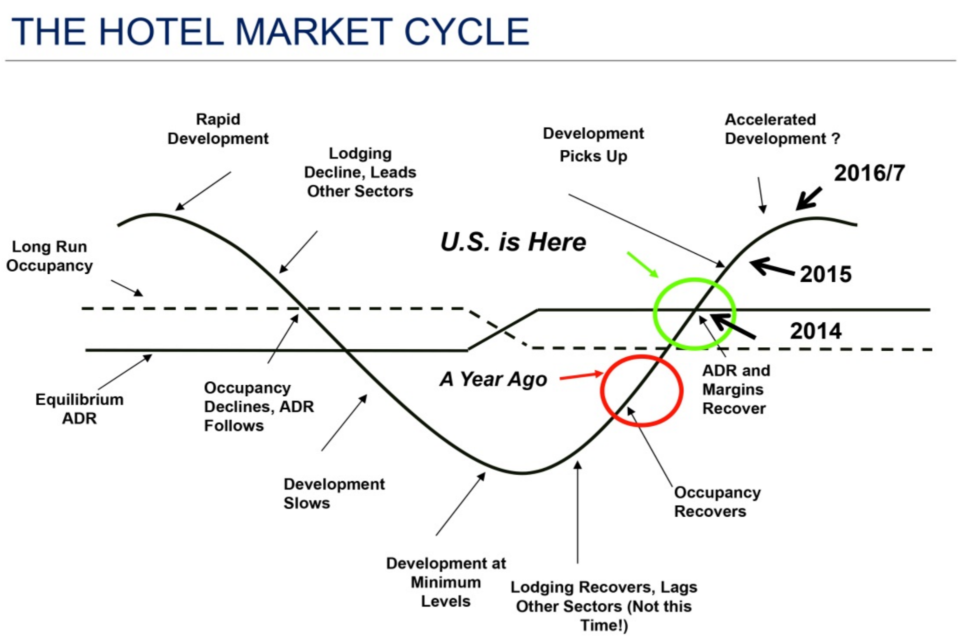
Hotel Market Analysis

National Hotel Analysis

According to PKF the hotel market has recovered from the declines of the recent recession. For the last four years U.S. hotels have accommodated demand in excess of the pre-recession peak of 2.8 million room nights. Six consecutive years of increasing occupancy which is the longest since 1988 and 14 of the 55 markets in the *Hotel Horizons* universe will achieve their highest occupancy levels in 25 years. Today 49 of 55 major markets are above their long run average occupancy level. According to STR and PKF annual profits have increased more than 10% per year since 2011 and this trend is expected to continue through 2015. One side effect of the recession is that there is still a compressed level of development with a 4% decrease in the number of rooms being planned from 2013.

Total U.S. Pipeline, by number of rooms by phase			
Phase	**2013**	**2014**	**% Change**
In Construction	72,509	102,855	41.9%
Final Planning	96,365	133,090	38.1%
Planning	151,876	145,558	-4.2%
Active Pipeline	320,750	381,503	18.9%

According to a PKF report revenue per available room (RevPAR) of U.S. hotels to rise 6.7% in 2015. This is a result of a projected national average daily rate (ADR) of $115-120 and a 1.5% increase in supply vs 2014. The chart below illustrates the U.S. hotel market cycle:



Charlotte Hotel Analysis

Charlotte relies on business, travel, and tourism to support its hotel industry with an estimated 11 million visitors annually. Charlotte is host to 198 pro and college sporting events as well as over 1,200 cultural performances per year. Major cluster locations for hoteliers are north and south of Charlotte Douglas International Airport along Billy Graham Parkway which support the travel needs of consumers utilizing the airport. South of Charlotte along I-77 which catches both airport traffic as well as offers a lower rate alternative to Uptown hotels for business and leisure travelers. Another smaller cluster of hotels is located around SouthPark that accommodates mostly business consumers. There are two more hotel cluster north of Charlotte on I-85 located at UNC-Charlotte and Charlotte Motor Speedway. The most expensive cluster of hotels is located in Uptown which is primarily business and leisure travelers.

Uptown Hotel Market

Given the fact that the subject site is located in close proximity to Uptown and the most likely hotel consumer for the area is leisure travel the primary competition for this site would be Uptown. The statistics below are for Uptown as of 2014:

# of hotels:	14
# of hotel Rooms:	4,214
Average Occupancy:	58.2%
Average Daily Rate (ADR):	$124.54
Revenue per Avail. Room (RevPAR):	$72.48
# of Conventions with 1,000+ Attendees:	70

Conclusions

According to PKF Hospitality Research, Charlotte ranks number three in the amount oversupply vs demand. This is part of the reason that its hotel occupancy is below the national average of 64.4%. In addition the average daily rate of Uptown Charlotte is low compared to comparable cities such as Atlanta ($137) and Charleston ($171). There are also several projects in the pipeline in Uptown including the Embassy Suites next to the convention center and AC Hotel at the EpiCentre. The subject site is located 1.5 miles from Uptown Charlotte which means that hotels in Uptown will be direct competition for the subject site. Business travelers and convention center travelers would most likely not stay at a hotel located at the site because of the convenience, affordability, and proximity of Uptown. The most likely hotel use for the subject site would be a boutique hotel that caters to leisure travelers that are coming to Charlotte specifically to visit the NoDa area.

Summary of Market Analysis Findings

Overall, the market analysis showed that both Charlotte as a whole is experiencing growth and development across the board for the most part. Specifically, the North Davidson area, better known as NoDa, is on the brink of being one of the hottest submarkets in Charlotte. NoDa is very much a transitional neighborhood and a major emphasis area for the City of Charlotte. Currently NoDa is a polarized community demographically with two distinctively different groups of people. One being the existing residents that have a lower income level and work predominately blue collar jobs and the other being a young wealthier demographic that has moved to the area because of NoDa's unique culture. Looking at the trends the population seems to be moving more towards this younger demographic. At the moment there is very little development outside of Multifamily but there is a lot in the pipeline that has been proposed in preparation for the completion of the Blue Line Extension in 2017. In light of this, it is important to understand that an the demographics are trending up and will continue to do so for the foreseeable future. Any project that is developed on this site will be capturing this increased future demand after the BLE completion similar to projects that delivered in South End after the original light rail completion in 2007. This is a great opportunity be a visionary and get ahead of the growth. From the market analysis the key metrics below have been identified. These will serve as a reference and baseline for the redevelopment of the subject site.

Multifamily Residential Units

Average Unit Mix

Studio:	577 SF	$900-1,000/Month	$1.62/SF
1 BR	835 SF	$1,200-1,300/Month	$1.47/SF
2 BR	1,132 SF	$1,400-1,500/Month	$1.32/SF
3 BR	1,286 SF	$1,800-1,900/Month	$1.47/SF

Office

Average Floor Plate:	6,500-7,500 SF
Average Rent:	$23-26/SF Modified Gross
Parking Ratio:	2-3 Parking Spaces per 1,000 SF

Retail

Average Size:	3,000-5,000 SF
Inline/Storefront Rent:	$15-20/SF NNN
Restaurant Rent:	$21-25/SF NNN

Hotel

Average Occupancy:	58.2%
Average Daily Rate (ADR):	$124.54
Revenue per Available Room (RevPAR):	$72.48

Brewery/Distrillery

Startup	
Average SF:	5,000-6,000 SF
Average Rent:	$16-18/SF NNN
Midsized	
Average SF;	11,000-12,000 SF
Average Rent:	$2.50-3.00/SF
Large	
Average SF:	20,000-30,000 SF
Average Rent:	$2.50-3.50/SF

Food Halls and Markets

National Overview

Food halls are a fast growing trend from coast to coast. Long a tradition in Europe and other parts of the world, the multi-faceted, typically indoor markets showcasing a variety of local food vendors and artisans are finally hitting it big throughout America. As many as 23 food halls are poised to open across the country, however none are set to open in Charlotte. Charlotte and Tampa are currently the only two cities out of the "Top 15 cities for Gen Y" that do not have at least one food hall. Mario Batali and Joe Bastianich blazed the trail for American food halls back in 2010, when they opened the first American location of the wildly popular, high-end Italian food hall Eataly in New York City. A Chicago outpost opened in 2013 and several Los Angeles locations are slated for 2017, while future locations in D.C., Boston, and Philadelphia — and beyond — are in the works. Like its European counterparts, food halls offer a convenient, stylish way to both shop and eat-in by combining a multitude of restaurants, artisan products, and communal dining spaces under one roof.

As Americans become increasingly obsessed with all things culinary, and more conscientious about where their food comes from, a return to the old-school way of food shopping by visiting multiple specialized shops instead of one giant big-box store seems like a natural evolution. Food halls are stepping up to fill that interest, offering a convenient, modern approach. Many of the already existing food halls are very similar to Chadbourn Mill and are bringing new life to historic buildings, transforming underutilized spaces into new community hubs and often serving as incubators for independent businesses and startups.

Below is a list of food halls located in 12 of the most popular cities for Millennials:

New York, New York

Chelsea Market
Eataly
Berg'n
Gansevoort Market
Hudson Eats
The Plaza Food Hall
Bourdain Market
City Kitchen
Eataly FiDi
Food Hall at Grand Central Station

Dallas, Texas

The Market Hall

San Francisco, California

Ferry Building Marketplace
The Hall
The Market

Denver, Colorado

The Source
Avanti Food and Beverage

Houston, Texas

The Conservatory

Chicago, Illinois

Eataly
Chicago French Market
Latin City Food Hall and Lounge
The Marketplace at the National

Seattle, Washington

Chophouse Row
Pikes Place

Los Angles, California

Grand Central Market
The OC Mix
Original Farmers Market
The Packing House
Stir Market
Eataly
4th Street Market

Charlotte, North Carolina None

Portland, Oregon

Pine Street Market
Portland Mercado
James Beard Public Market

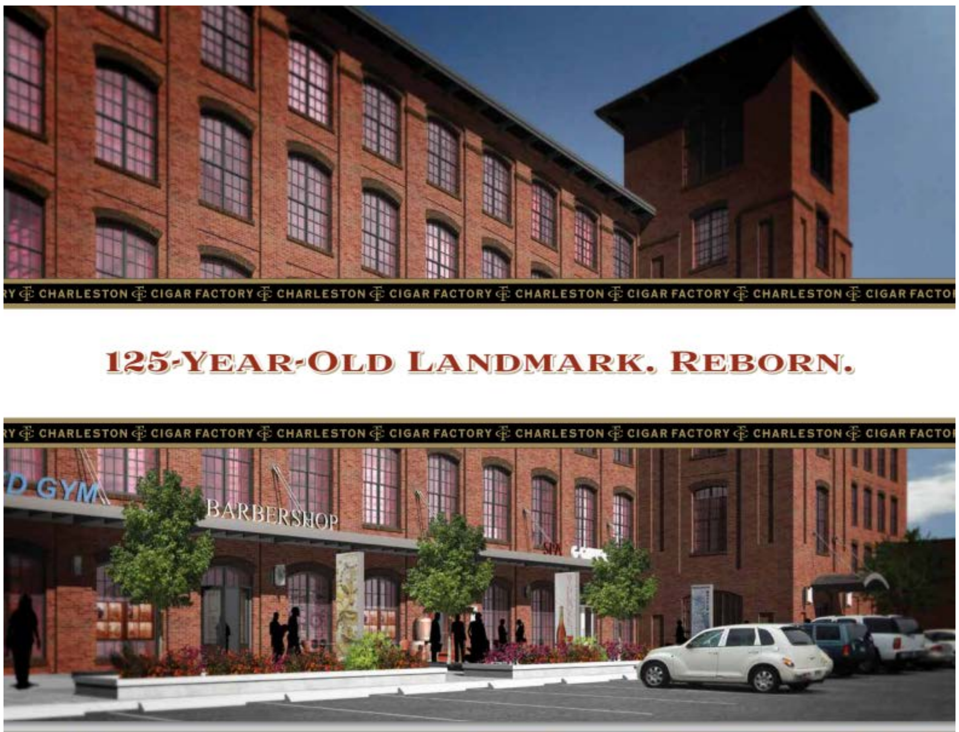
New Orleans, Louisiana

St. Roch Market

Tampa Bay, Florida None

Regional Overview

The Southeast is quickly catching on to the food hall concept as Millennials are placing a greater emphasis on local, organic and sustainable food in a collaborative atmosphere. Atlanta has led the way in these types of developments and added to its food hall stock with recent completion of Krog Street Market and the Central Food Hall at Ponce City Market. Charleston has also joined the trend with the redevelopment of the old Cigar Factory This project is headed by Wecco Development, a highly successful group based out of Charleston. With the addition of these food halls and the success of pre-existing food halls in cities like Nashville and Washington, DC the food hall concept appears to have a bright future in the Southeast.



Charleston Cigar Factory

Central Food Hall at Ponce City Market

Case Study

Krog Street Market

Krog Street Market is a redevelopment project featuring the adaptive re-use/conversion of a 1920's single-story manufacturing/warehouse facility into a European style food hall, market and retail project. Krog Street Market offers lifestyle retail and restaurant tenants situated around the first urban market of its kind in Atlanta. Krog Street Market in aggregate totals more than 35,000 SF of leasable space. Paces Properties acquired the Krog Street Market property as part of a larger assemblage of properties along Krog St., most notably, The Stove Works, a mixed-use project located at 112 Krog St., in October, 2012. Krog Street Market incorporates two existing parcels on either side of Krog Street: The Stove Works on the west side and the former Tyler Perry Studios at 99 Krog Street, on the east side. The conversion of Krog Street Market had a total cost of over $70 million.

Key Characteristics & Similarities

1. Located in a rejuvenated urban area
2. Similar use and floor plan
3. Located near public greenway or bike path
4. Adaptive reuse of a manufacturing building
5. First food hall in a major metropolitan area

Relation to Chadbourn Redevelopment

Chadbourn Mill subject site resembles many characteristics of the Krog Street Market. Krog Street market at inception was located in a historically blighted urban community; however with installation of the Atlanta Beltline the area experienced major revitalization. Chadbourn Mill is also located in a historically troubled part of town, but with its' location close to Charlotte's Little Sugar Creek Greenway and the construction of the new Blue line Extension its widely believed to be an area poised for a turn around. Krog Street Market took advantage of the area's revitalization effort by introducing a food hall and market concept which had already been adopted by some of the west coast's most cutting edge cities. Introducing a trending concept in an area that consists of young early-adopters proved highly successful for Krog Street Market. Also the introduction of this new and unique concept allowed Krog to differentiate itself from its competition in established submarkets like Buckhead and Downtown Atlanta. This has allowed the project to charge unprecedented rents and demand.

Krog Street and it surrounding development has provided a catalyst for local job growth in previously struggling industries. The Market has created a platform for local culinary business entrepreneurs, retailers and artists to showcase their work by providing a unique setting, smaller space and a collaborative and innovative atmosphere. Chadbourn Market's location in NoDa, Charlotte's historic arts and entertainment district, would allow local entrepreneurs an opportunity that the area does not currently possess.

Lastly, Krog Street Market, like Chadbourn Mill, is a previously occupied manufacturing building. The development of this site not only assisted in the preservation of a historic building but also provided tax incentives to assist in the financial feasibility of the project. Chadbourn Mill provides our development team with the opportunity to take advantage of several tax incentive opportunities such as New Market Tax Credits as well as state mill revitalization and federal rehabilitation tax credits. Utilizing tax credits will increase the financial viability of the Chadbourn redevelopment.

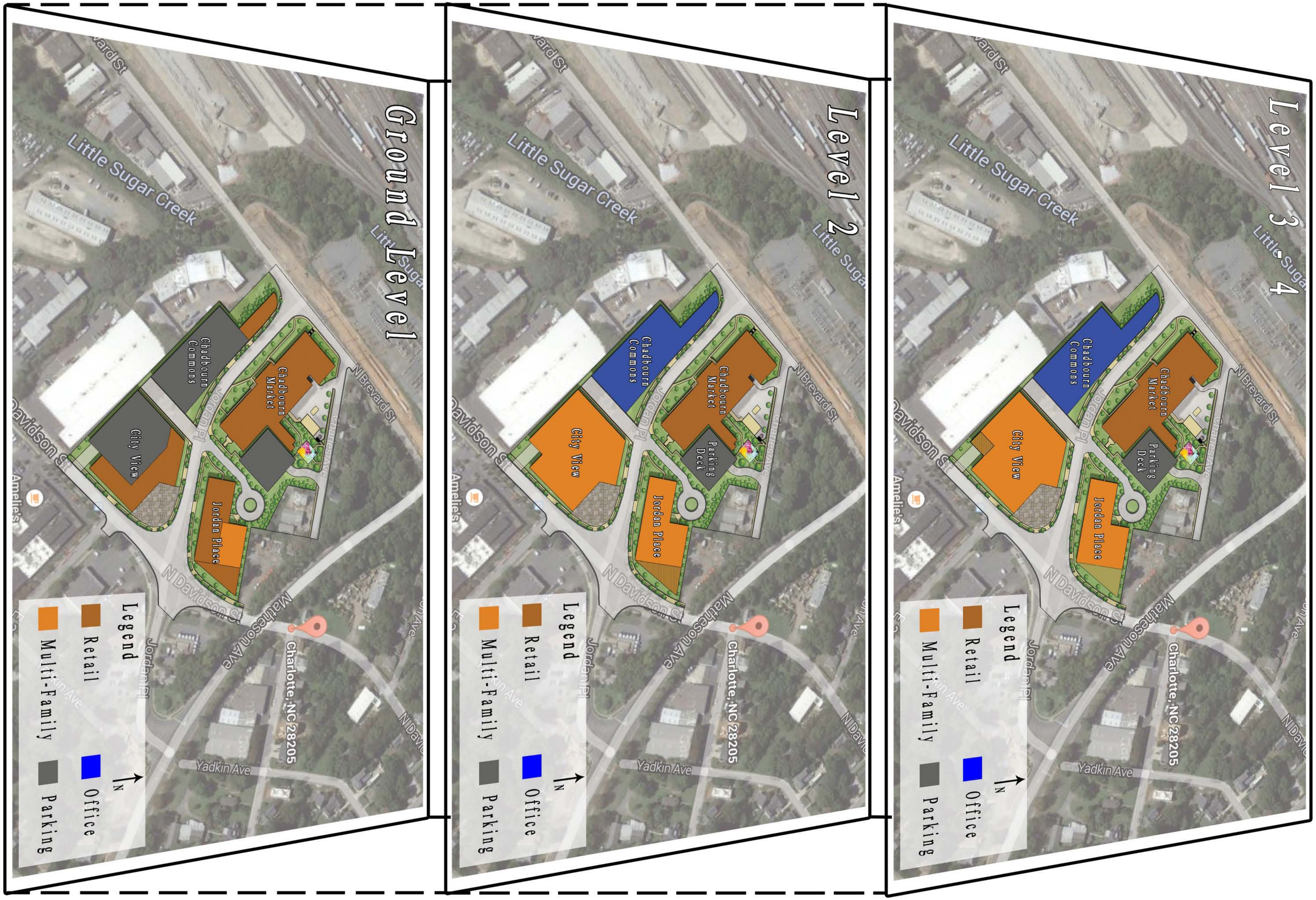
Lessons to Learn from Krog Street Market

Although Krog Street Market has been extremely successful there are many areas in which Krog could improve. Learning from the challenges that Krog has encounter will further develop the concept and when applied to Chadbourn will be even more successful. The biggest flaw of Krog Street Market is its lay out. Most of the restaurant space is located in the center of the building. Locating the restaurants in the center makes the building feel very cramped, crowded, and doesn't allow the customer to get a view of the whole market. Another issue with the layout is that it doesn't allow for very much seating. Limited seating can be detrimental because it not only is an inconvenience it doesn't encourage customers to stick around and shop after they eat. By locating the restaurants around the outside and designing for amble seating and common area, Chadbourn can create more of an interactive atmosphere and a better sight line through the market.

Another drawback of Krog Street Market is that the "market" aspect is very minimal. Other than the Spotted Trotter, a charcuterie and cheese shop, there are very few shops that actually represent a market. Chadbourn Market can remedy this issue by including an actual market that contains not only a butcher but also fresh produce and other items one would find at a small local market. Not only would this market provided the customer with more choices, the customer can see how the restaurants in the market incorporate the produce in to their menu.

CHADBOURN MARKET
~ Charlotte, N.C. ~

Site Plan Perspective



Chadbourn Market Concept

The redevelopment of the existing Chadbourn Hosiery Mill will be the centerpiece and driving force of our development. Our mixed-use food hall and entertainment concept, known as Chadbourn Market, will be the first of its kind in Charlotte. The flow of the building and tenant mix has been carefully design and formulated based on proven concepts in other southeastern markets such as Nashville and Atlanta. By combining a food hall with event space and entertainment not only does Chadbourn Market fill a void in the market but it also raises the bar for future urban developments. To fully grasp the concept the building has been broken down into major components below:

#1 Lobby and Art Gallery

The Lobby will serve as the welcoming center for customers as they enter Chadbourn Market. It will consist of a rustic décor with plush leather couches. Located in the lobby is an event space as well as two small art galleries. The art galleries will help add to the creative and innovative atmosphere that will be found throughout Chadbourn Mill as well as enable local artist in the community to showcase their work. Because Chadbourn Market will be located in Charlottes only art-district it is important to pay homage to the local artist in the area and support the local community. The event space will provide business's and private parties a unique space to hold meetings or parties.

#2 Urban Market

The urban market will serve as a compact grocery store that will allow customers to purchase fresh local produce, bread and other convenience items. The small retail bays located along the side of the grocery will consist of local artisans that will service the market such as butchers, cheese mongers, florist and other locally sourced items. Restaurants in the food hall will incorporate these seasonal items in to their menu allowing the customer to see firsthand different ways in which these products can be utilized. The location of the market in the front of the building will enable customers to purchase fresh local items quickly and conveniently, while also creating a fun European market atmosphere before entering the food hall.

#3 Food Hall

The Food Hall at Chadbourn Market will serve as one of the major attractions for the development. Long a trend in Europe, the west coast, and other metropolitan areas throughout the southeast, Chadbourn Market food hall will fill a major void in the Charlotte market. Upon entering the food hall diners can roam from stall to stall, choosing from baked goods, barbecue, deli sandwiches, or other culturally diverse options. Communal seating will be located in middle of the food hall offering patrons ample amounts of seating while also creating open floor plan. For diners who prefer a more formal setting, an upscale sit down restaurant will be located to the rear of the food hall. The upscale restaurant will serve as the “anchor” of the food hall and will be headed by one of the Southeast’s premier chiefs.

#4 NoDa Social

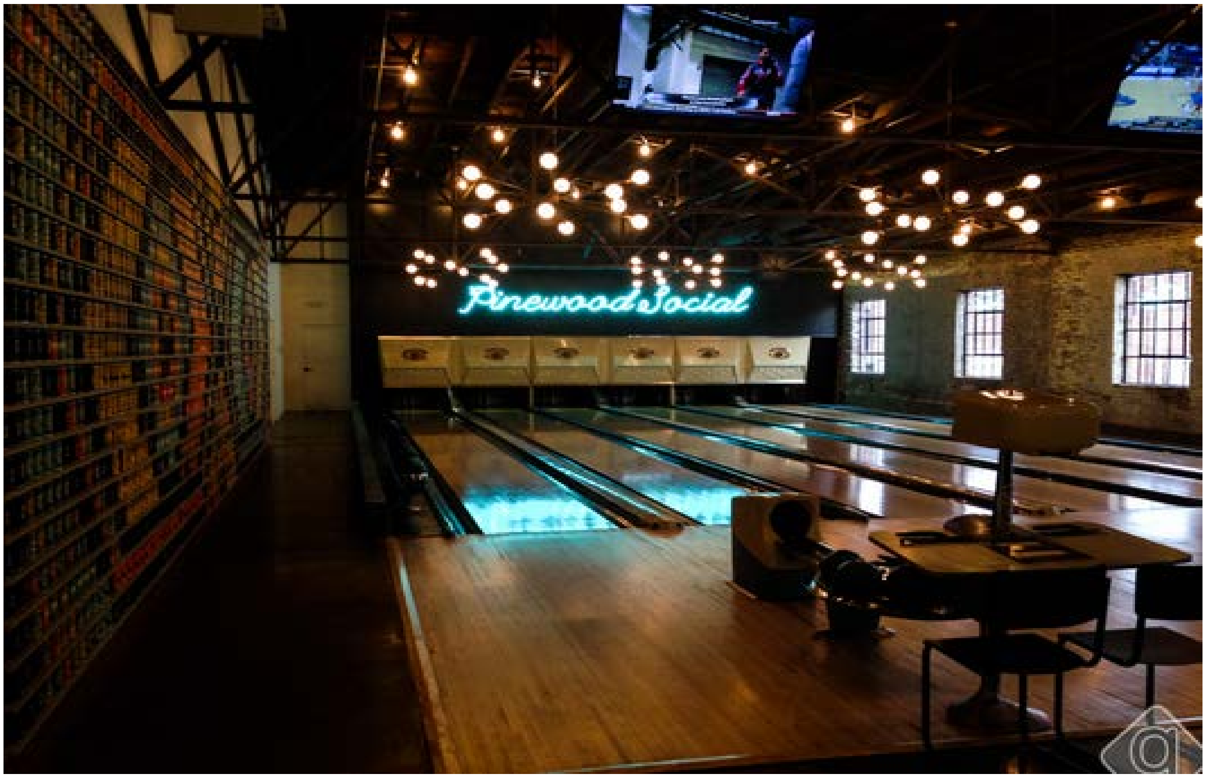
NoDa Social will provide a social gathering place for not only the people of NoDa but all of Charlotte. NoDa is not just your average bar it's a social experience. Based off of several successful development concepts in both Nashville (Pinewood Social Club), Brooklyn (Royal Palms Shuffle Board) and west coast outdoor entertainment concepts, NoDa Social will offer a social gathering spot not found anywhere else in Charlotte. Utilizing an open floor plan customers can indulge themselves while playing shuffleboard, billiards, bowling or even playing bocce ball while listening to a band play on the outdoor patio all in a funky bohemian atmosphere. This is a concept unlike any other in Charlotte but knowing the cultural landscape of NoDa we believe that it will be immediately adopted and only help to grow this submarket of Charlotte.

(A) Shuffle Board

Long a staple of retirees in resort communities in Florida, shuffleboard is making a major comeback among the millennial generation. Shuffleboard serves as perfect bar game because it is a sport with a low athletic buy-in, simple rules, and offers plenty of time to drink between turns.

(B) Bowling

Bowling, a longtime favorite of every generation, offers an additional source of entertainment for patrons. This pastime has gone retro and has been reinvented in several markets. When combined with great food, music, and drinks it will be another great gathering point for all ages.



(C) Outdoor Patio

The outdoor patio will be a major amenity for NoDa Social. Patrons (and their four legged friends), surrounded by quirky art painted by local artist on what was once an ugly concrete retaining wall, can enjoy live music while drinking and playing bocce ball during the warm summer and spring months, or watch a football on a large projector during the cool fall season.

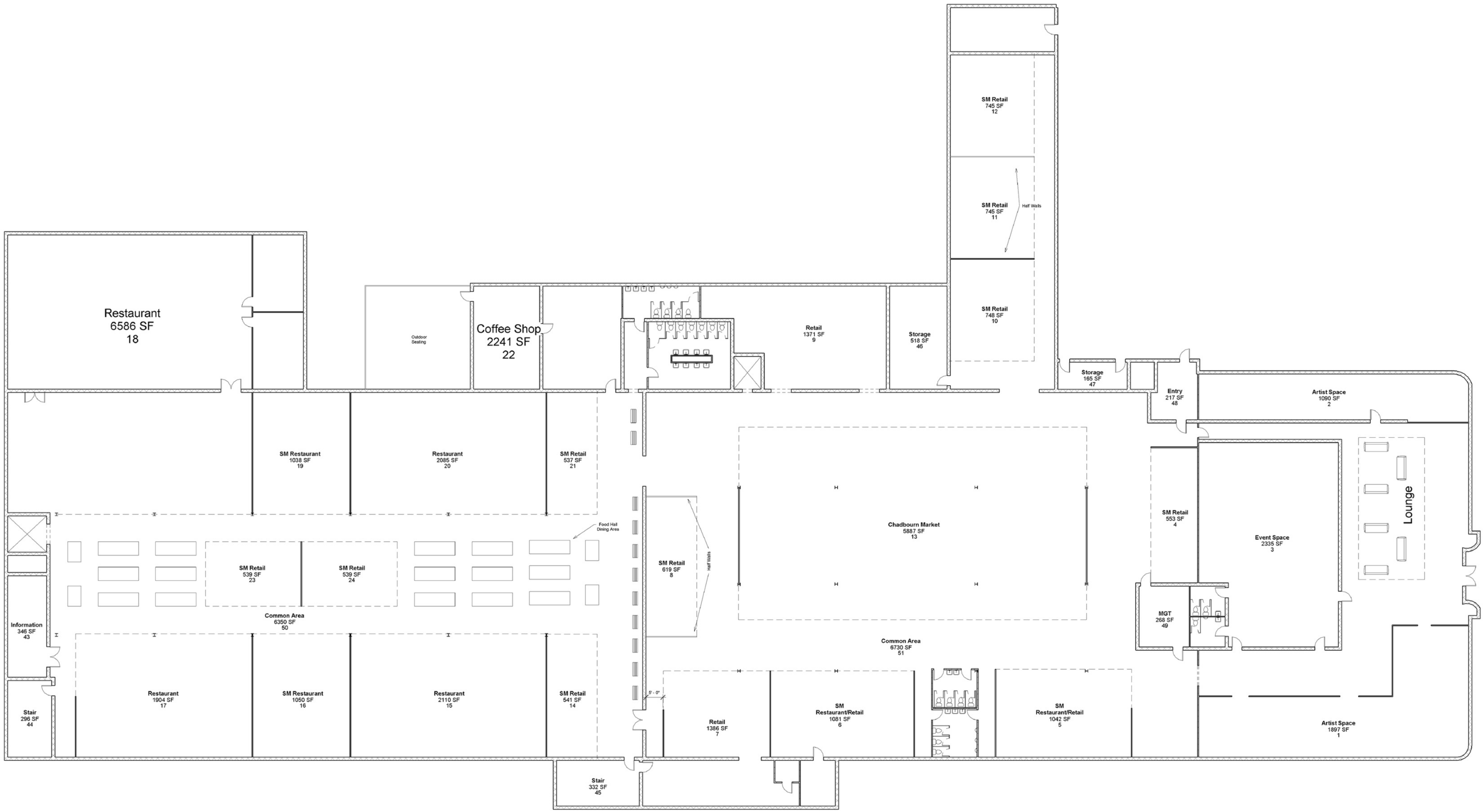

5 Brewery

NoDa has quickly become the beer making capital of Charlotte with over four breweries located within walking distance from Chadbourn Mill, Chadbourn Market's brewery will add to this growing trend. Chadbourn Market's brewery can also benefit from its close proximity to other breweries by participating in the frequent "brewery crawls" which will add additional foot traffic to the building which will beneficial to the other tenants. Furthermore, the location of the brewery in the building will be advantageous by not only adding to the excitement of NoDa Social, but also because of the existing loading dock and high voltage power within their space. Having a loading dock is critical for a brewery because it will enable them to efficiently and easy distribution as well as the ability to unload brewing supplies and materials directly into the space.

#6 Small Retail

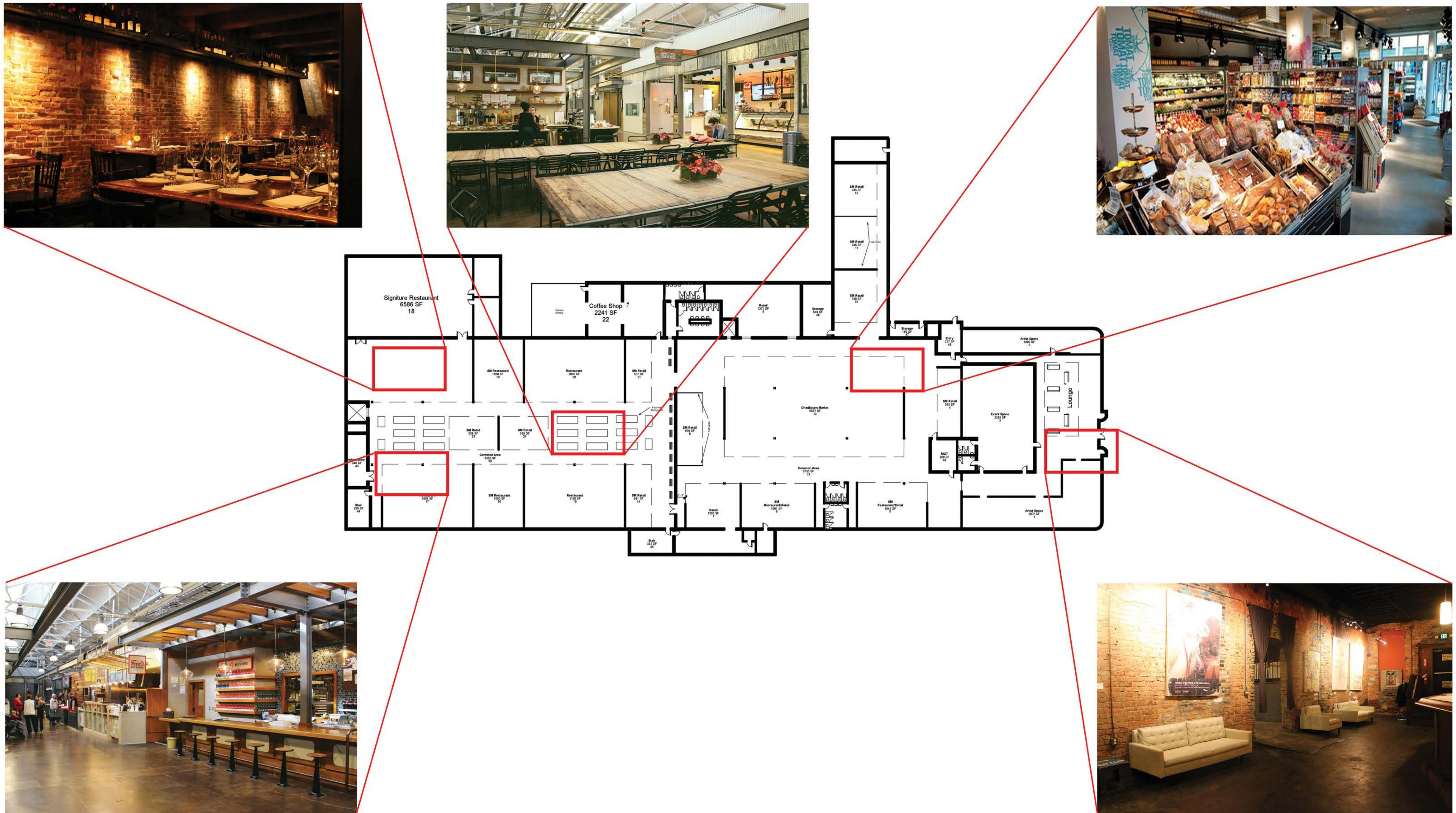
Retail will be located throughout Chadbourn market. Retail will consist of small bays that will enable local entrepreneurs to showcase their products. With the growing trend of online shopping, retailers are taking advantage of smaller space to platform their products and keeping inventory at an offsite location. The small shops in Chadbourn Market allow retailers to take advantage of this trend while the open floor plan creates an integrated shopping experience. There will also be slightly larger spaces that will be rented by local boutique retailers and lifestyle retailers.

Chadbourn Market – Upper Level

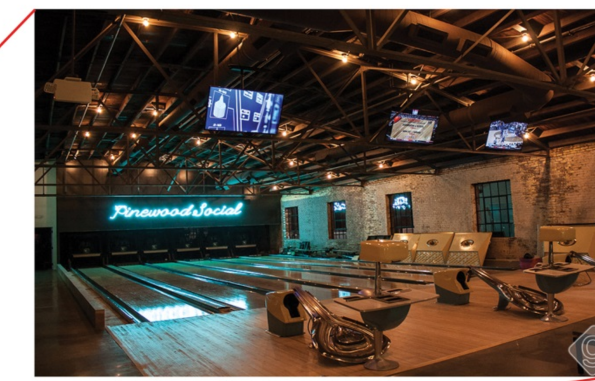


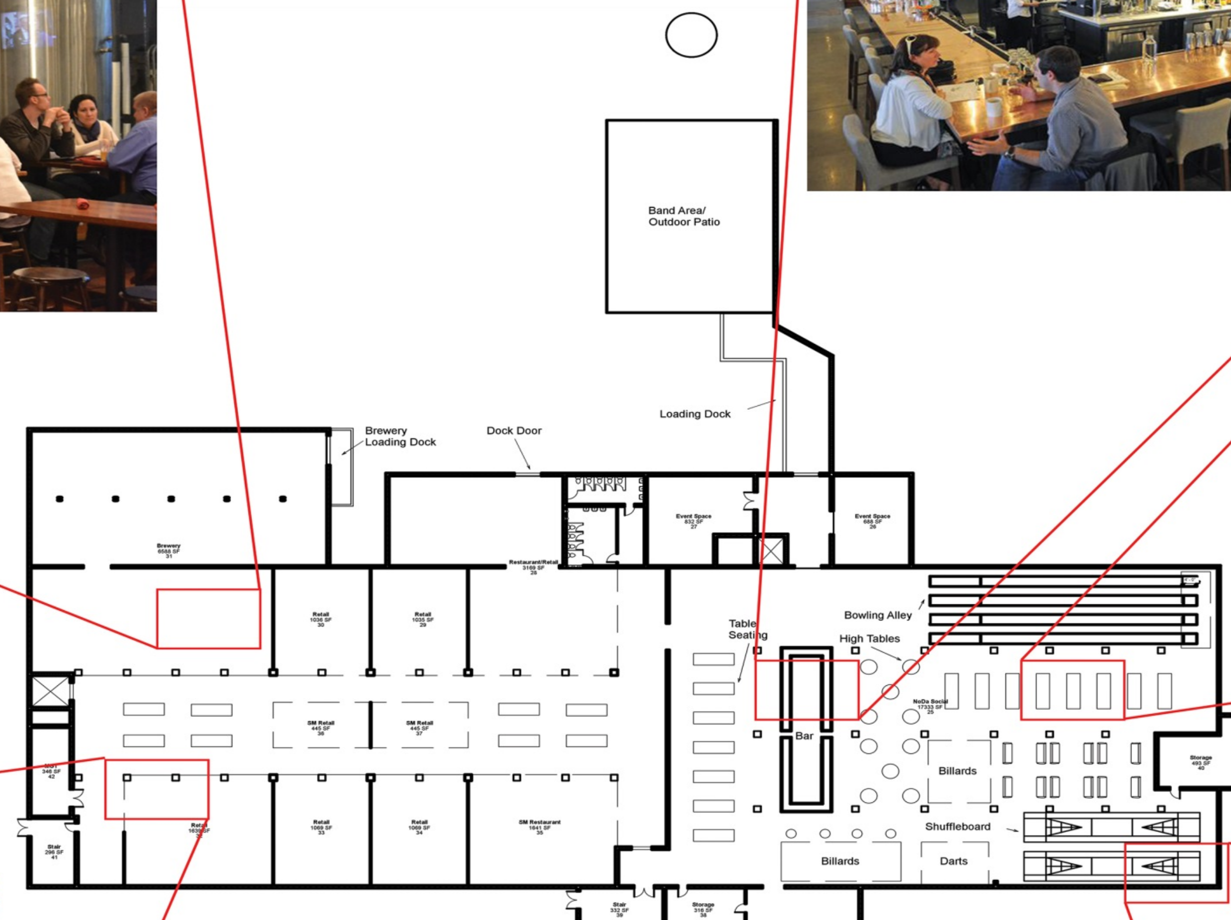
Chadbourn Market – Lower Level

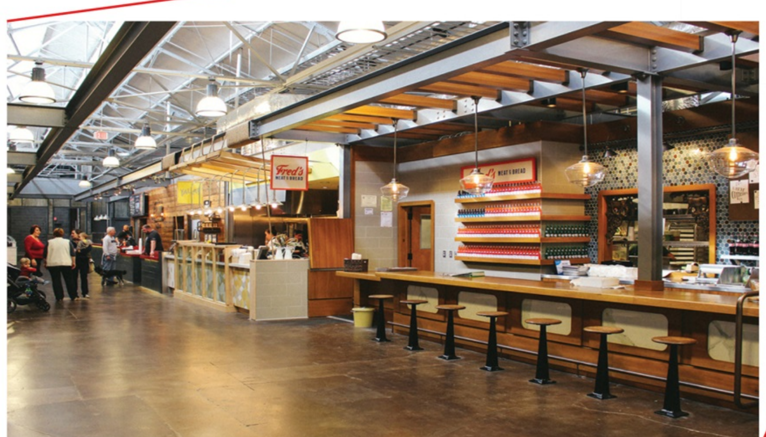
Chadbourn Market – Upper Level



Chadbourn Market – Lower Level







Jordan Place

Architectural Typology of Jordan Place

Included in the first phase, along with Chadbourn Market, are the spectacular Jordan Place Apartments. These 76 luxury apartments are located along the intersection of Jordan Place and North Davidson Street which is viewed by the community as the “gateway to NoDa”.

Unit Mix

16 – Studios (600 SF, $930/Mth) $1.55/SF

30 – 1 BR (820 SF, $1,200/Mth) $1.46/SF

24 – 2 BR (1,150 SF, $1,400/Mth) $1.22/SF

6 – 3 BR (1,250 SF, $1,800/Mth) $1.44/SF

Residents of Jordan place will benefit from its close proximity to Chadbourn Market which will offer countless amenities. An additional benefit to Jordan Place will be the extension of the Blue Line which will allow residents to easily commute throughout Charlotte via the 25th street station just a couple of blocks away.

Included in the lower level of Jordan Place will be 20,000 sq. ft. of retail available built-to-suit. Retailers will be able to take advantage of being located at one of the few signalized intersections in the NoDa district. Retail rents are projected at $18 a sq. ft. annually, which is consistent with other retailers in the market at inferior locations.

Phase II

City View

Architectural Typology of City View

City View, with a total of 138 units, will be one of the premier apartment complex's in the fast growing NoDa area. Over one third of the apartments units will offer spectacular uninhibited views of the downtown Charlotte Skyline. Residents not located in a unit with a view of the skyline will be able to enjoy being located over the apartment's European inspired plaza featuring a sculpture crafted by a local artist in the community while still having the opportunity to enjoy the amazing panorama of downtown from the common area terrace on the third floor.

City View offers more than just amazing vistas, it also offers convenience. With the completion of the new Blue Line Extension residents can easily commute to downtown and the rest of Charlotte from the 25th street station just a few blocks away.

Unit Mix

20 - Studios (600 SF, $985/Mth) $1.64/SF

61 – 1 BR (815 SF, $1,275/Mth) $1.56/SF

51 – 2 BR (1,150 SF, $1,484/mth) $1.29/SF

6 – 3 BR (1,275 SF, $1,908/Mth) $1.49/SF

This unit mix, floor plan size and rent is consist with other developments in the market.

Retail

Below City View, located along one of the few signalized intersections in the NoDa district, is 17,000 sq. ft. of retail opportunity. Space is designed to be either taken down by a two or more users or can be split into several smaller retail bays. Tennant mix can range from quick service restaurant to boutique lifestyle retail as well as storefront office. Rent is projected to be $18 a square foot annually

Phase III

Chadbourn Common

Architectural Typology of Chadbourn Common

Chadbourn Common plans to be one the first true office developments in the NoDa district. Chadbourn Common will offer a modern office building with an open and innovative floor plan that will appeal to companies looking to attract Gen-Y employees. Some of these could include design and engineering firms, technology companies, marketing firms, and any other company looking to be at a lower price point versus Uptown still have a modern space . The location of the office next Chadbourn Market will also offer tenants amenities unmatched anywhere else in Charlotte. Chadbourn Market will offer office tenants over 6 restaurants, a “grocery” store, retail, a bar and event space all within walking distance. Furthermore, the location of a major floodplain northwest of the office along with the completion of Blue Line means that the office building will benefit from a lasting viewshed of Uptown Charlotte. Also the Blue Line Extension and the 25th street station will also allow for employees to commute via rapid transit from other parts of Charlotte.

In total Chadbourn Common will consist of 120,000 SF with a 10% core (108,000 RBA) with proposed rents of $24/SF annually. These rents, including a six year inflation, are consist with the market. In addition to the available office space, 5,000 SF of retail with a proposed rent of $18/SF annually will be located on the first floor of the building.

Architectural Typology

Multi-Use Apartment Over Retail

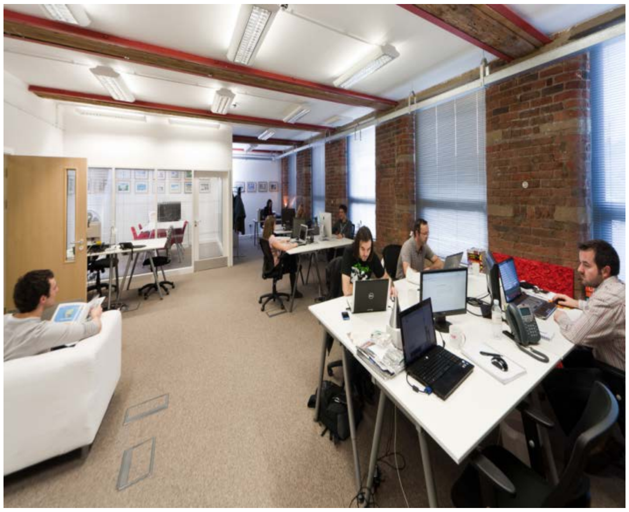
Both Jordan Place and City View are oriented towards the signalized intersection of Jordan Place and North Davidson Street. This is an important entry point to the residence and community leaders in NoDa. Specifically, the NoDa Business Association's Vision Committee view this intersection as the gateway to NoDa. With this in mind we want to emphasize the intersection as much as possible. To do this we are taking advantage of the working with the city to provide street scapeing along Jordan Place and North Davidson as well as providing a plaza in Phase II. This plaza will feature public space along with a prominent sculpture created by local artist similar to what is being done at the 25th and 36th street stations of the Blue Line. The goal is for the apartment buildings to have emphasized corners facing the intersection as well as matching building scale across Jordan Place to promote the intersection and walkability along Jordan Place. The pictures represent this effort to promote the intersection.

Terrace Common Area

Another feature of the apartment building is they both have elevated common areas for the residents. Jordan Place has a second floor triangular common area facing North Davidson and City View has a spectacular view of Uptown Charlotte from its third floor terrace. This is a feature that is becoming a common trend in many Multifamily projects in Charlotte and many other U.S. cities. One great example is the Gateway West Project completed by Faison in Uptown Charlotte.

Office

Open Floor Plan Collaborative Office



Development Plan

The development plan for this project has been carefully analyzed by our development team to provide the most efficient and cost effective approach to the development. The project has also been tailored so that the development will benefit from all tax incentives and timing mechanisms available. In particular, is the use of use of New Market Tax Credit financing as well as Federal Rehabilitation Tax Credits and North Carolina's Mill Revitalization Tax Credits which will be discussed in depth in a later section.

Phase One

Phase One will consist of the redevelopment of the existing Chadbourn Hosiery Mill, development of a four story mixed-use apartment building with ground floor retail known as Jordan Place, and a five level parking structure accommodating five hundred spaces. Due to the fact that the Light Rail is nearing completion and this is an emphasis corridor for redevelopment it is crucial that this phase be the largest of the three and include the parking structure to take full advantage of the New Market Tax Credit Program while it is still available to us. The construction of the parking deck and Jordan Place will begin in January 2016 and we estimate that it will take a year to complete. Chadbourn Market will take less time to complete so it will be timed so that all three will deliver simultaneously. During this construction period we will begin preleasing both buildings with the goal of being 85% preleased upon completion. Once completed, the remaining 20% will be leased over the course of a year. Phase One is projected to be stabilized at 5% by January 2018 and 3 months prior we will begin final design and permitting of Phase Two.


Ground Level
Chadbourn Market
Jordan Place
Chadbourn Commons
City View
Charlotte, NC 28205
Legend
N
Retail
Office
Multi-Family
Parking

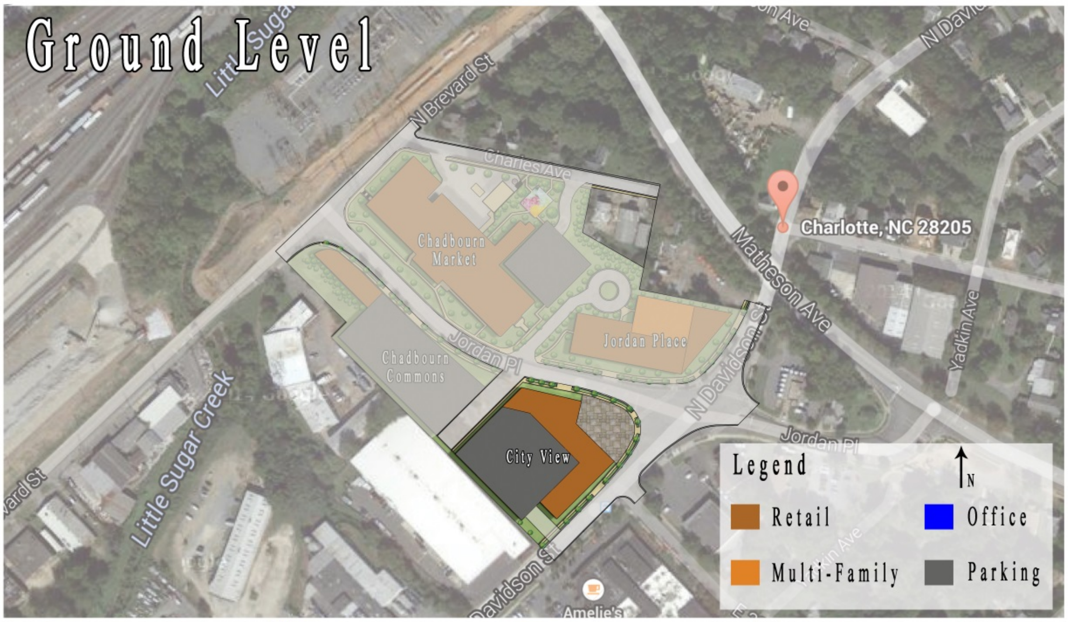

Level 2
Chadbourn Market
Parking Deck
Jordan Place
Chadbourn Commons
City View
Charlotte, NC 28205
Legend
N
Retail
Office
Multi-Family
Parking


Level 3 - 4
Chadbourn Market
Parking Deck
Jordan Place
Chadbourn Commons
City View
Charlotte, NC 28205
Legend
N
Retail
Office
Multi-Family
Parking

Development Plan

Phase Two

Design and Permitting for Phase Two will begin 3 months before the expected stabilization of Phase One. By then Phase One, more specifically Chadbourn Market, will be fully operational and a thriving destination for the NoDa submarket and Charlotte as a whole. Extensive marketing will be conducted during this Phase to continue to promote Chadbourn Market and planned social events on site. This will be the prime time to expand upon the development and build on momentum in Phase Two. Phase Two will consist of three stories of apartment units over a concrete podium and ground floor retail. This phase will have self-contained parking for the residents under the podium with two access points from a right-in-right-out curb cut on North Davidson Street. It will also have parking access from a central alley between City View and Chadbourn Commons. As seen in the site plan City View will have a common area terrace on the third floor with spectacular views of Uptown Charlotte. Construction will begin in January of 2018 with Preleasing to begin at the same time. Like Phase One the building will be under construction for 1 year with an expected completion date of January 2019. The goal is to be 75% preleased with a final lease up period of 1 year. Design and permitting of Phase Three will begin 3 months prior to the expected stabilization of Phase Two on January 2020.


Ground Level
Chadbourn Market
Chadbourn Commons
Jordan Place
City View
Charlotte, NC 28205
Legend
N
Retail
Office
Multi-Family
Parking


Level 2
Chadbourn Market
Parking Deck
Chadbourn Commons
Jordan Place
City View
Charlotte, NC 28205
Legend
N
Retail
Office
Multi-Family
Parking


Level 3 - 4
Chadbourn Market
Parking Deck
Chadbourn Commons
Jordan Place
City View
Charlotte, NC 28205
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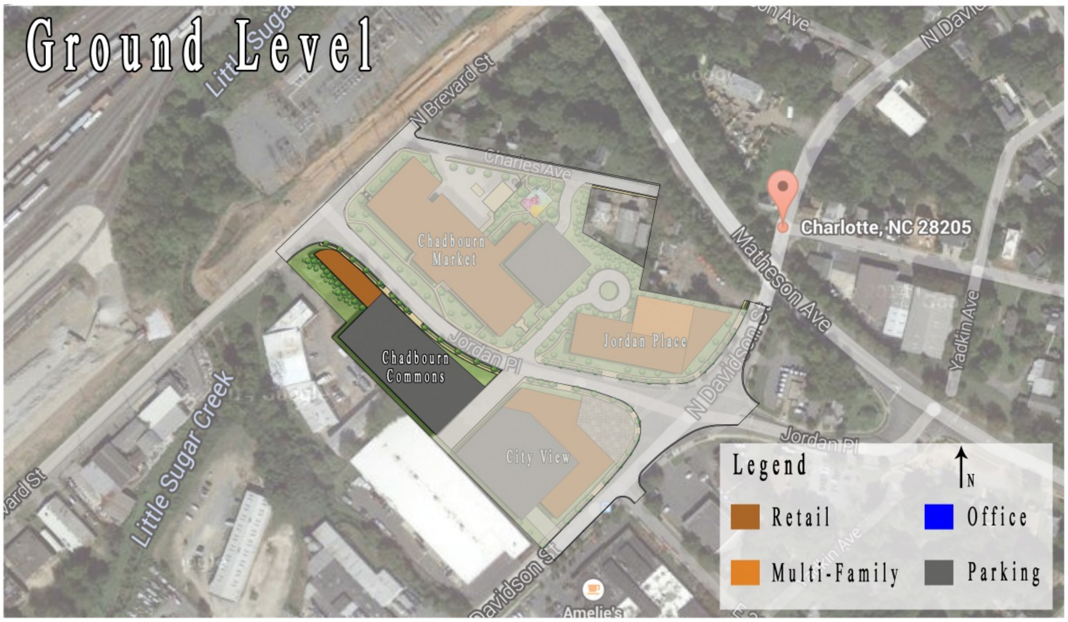
Retail
Office
Multi-Family
Parking

Development Plan

Phase Three

Phase Three will be the final phase of development on the site. Phase Three or Chadbourn Commons will consist of a Three Story 120,000 SF Class A office above a concrete podium at grade and a lower level retail space. The retail space will be begin at the elevation of North Brevard Street have a top out height at the level of the second floor taking advantage of the significant change in grade on the site. This retail space would be ideal for a retailer or storefront user that would cater to the office above. This part of the building will also house an elevator for handicap access and stair case. Design and permitting of this space will begin three months prior to the expected stabilization of City View Construction will begin in 2020 along with preleasing. Construction is expected to take one year with substantial occupancy in 2021. The expectation is that by 2021 the Blue Line will have started an upward trend in the office market in NoDa which would be opportune timing for our project to deliver. Any other office project in the market would have a difficult time competing with the offering that would be available at Chadbourn given its proximity to Chadbourn Market and a competitive lease rate.


Ground Level
Chadbourn Market
Chadbourn Commons
Jordan Place
City View
Charlotte, NC 28205
Legend
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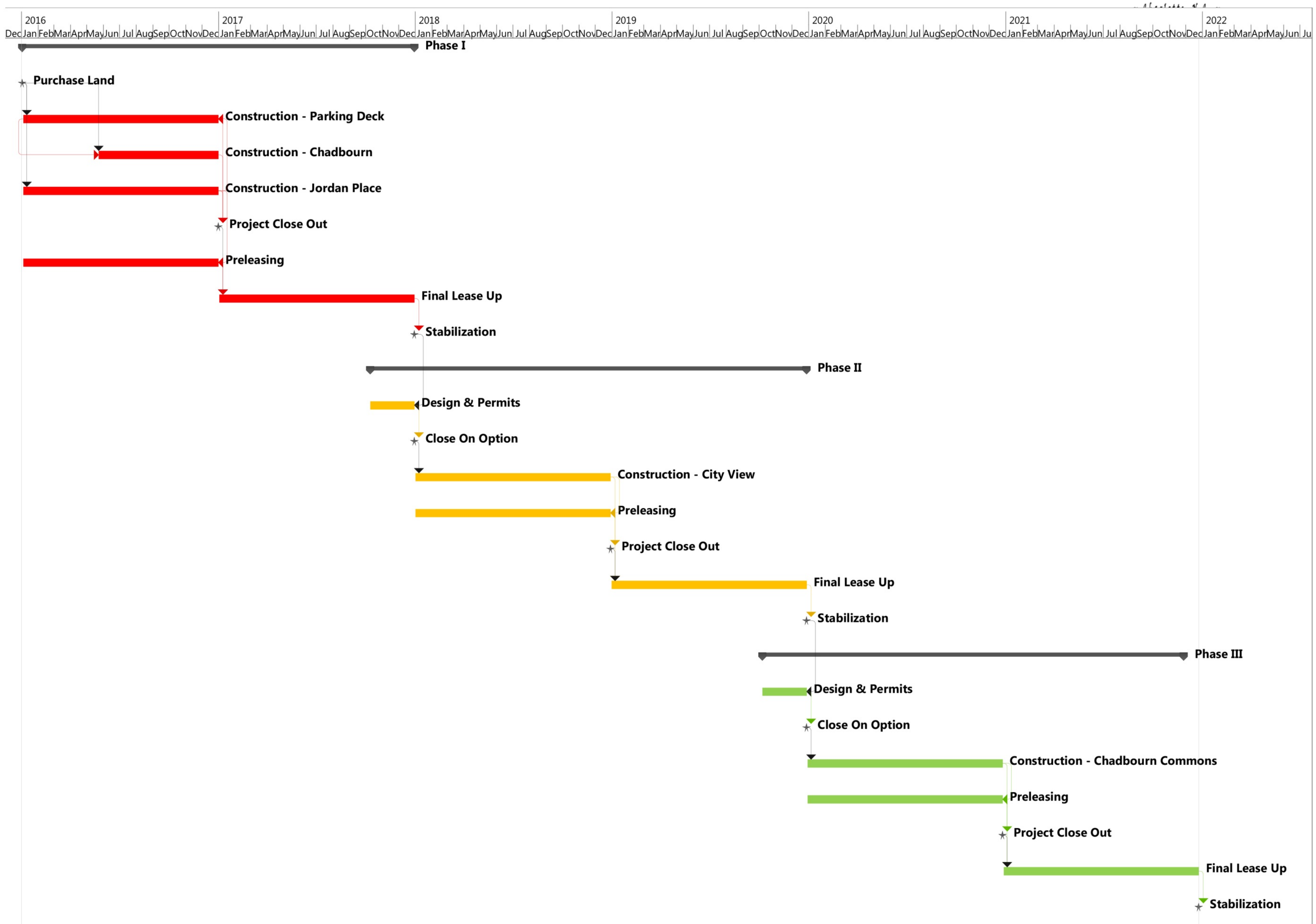
Retail
Office
Multi-Family
Parking


Level 2
Chadbourn Market
Parking Deck
Chadbourn Commons
Jordan Place
City View
Charlotte, NC 28205
Legend
N
Retail
Office
Multi-Family
Parking


Level 3 - 4
Chadbourn Market
Parking Deck
Chadbourn Commons
Jordan Place
City View
Charlotte, NC 28205
Legend
N
Retail
Office
Multi-Family
Parking

ID	Task Name
	Phase I
1	Purchase Land
2	Construction - Parking Deck
3	Construction - Chadbourn
4	Construction - Jordan Place
5	Project Close Out
6	Preleasing
7	Final Lease Up
8	Stabilization
	Phase II
9	Design & Permits
10	Close On Option
11	Construction - City View
12	Preleasing
13	Project Close Out
14	Final Lease Up
15	Stabilization
	Phase III
16	Design & Permits
17	Close On Option
18	Construction - Chadbourn Commons
19	Preleasing
20	Project Close Out
21	Final Lease Up
22	Stabilization



Land Acquisition

Master Optioning Agreement
Westbrook Development is proposing a master optioning agreement with the Wellmon landowners. Westbrook Development is proposing to take down the Chadbourn parcel and the residual parcel in phases. The master plan is composed of three phases. During the first phase, Westbrook Development will purchase the Chadbourn Mill parcel and the two parcels that front North Davison Street at the asking price, which is 5.039 acres at $40.46/SF. Westbrook Development will then take down the residual parcel down in two phases, which would split the parcel into two separate parcels. Westbrook Development is offering to pay the asking price for the residual parcel, plus a carrying cost for both split parcels. The graph below illustrates the landowner proceeds during the Master Option Agreement.

Option Interest Only Carrying Fee	Value	Interest	Annual Continuing Option Fee
Phase Two	$3,323,500.00	4%	$132,940.00
Phase Three	$3,323,500.00	3%	$99,705.00

Land Owner Proceeds:

Year 1	**Year 2**	**Year 3**	**Year 4**
$232,645.00	$232,645.00	$99,705.00	$99,705.00

As shown above, the landowner will receive a carrying fee for the first four years that will cover the cost for carrying the option. Westbrook Development will purchase the residual parcel with the asking price, which is $45.00/SF. For the first two years, Westbrook Development will pay a carrying fee to the landowners for the divided parcels on the residual parcel. After year two, Westbrook Development will exercise the first option; pay the phase two purchase price ($3,323,500.00) and continue to pay a carrying fee for the last option. After year four, Westbrook Development will exercise the last option; pay the phase three purchase price ($3,323,500.00) and last carrying fee.

In conclusion, the landowner will receive the asking price for both parcels, $8,880,000.00 and $6,647,000.00, respectively. Furthermore, the landowner will also receive a total of $654,700.00 for the carrying costs of the master option agreement.

Phase One – Chadbourn Market and Jordan Place

Chadbourn Market

Deal Structure

Westbrook Development plans to purchase the Chadbourn Mill parcel from the Wellmon family for the asking price of $8,880,000.00. Westbrook Development will be responsible for all financial requirements including 100% of the equity required and the debt payments. This also assumes that Westbrook Development will be the sole owners of the property and receive all future returns. State and Federal tax credits, along with a New Market tax credit will help reduce the equity required for the development. As explained earlier, a Master Optioning agreement is required for Westbrook Development. During the first phase, Westbrook will also pay a fee to the Wellmon for the carrying cost of the residual parcel, until the option for each parcel is exercised.

Revenue

Chadbourn Mill, totaling 104,000 SF, is comprised of two floors of different uses, including an outside multi-use entertainment area. Inside Chadbourn Mill there are many different uses including, but not limited to: artist space, food hall, urban grocer, retail, restaurants, brewery, and a social club. The rents for these different uses range from $6.33 for the artist space to $25.00 for small retail shops. There are a total of 37 suites that combines for approximately 76,000 SF of rentable square feet. Fully leased Chadbourn Mill has a potential gross income of $1,223,258. The leases are all triple net. Westbrook Development has allowed for a low base rent for all potential tenants and a reasonable percentage rent clause on all tenants in Chadbourn Mill. There is an estimated 8% natural breakpoint and projected sales of 5% for each tenant. Conservatively, the percentage rent is based off 5% of the difference between each tenant's projected sales and natural breakpoint. This percentage rent will grow each year with inflation. This will allow a low barrier to entry for tenants so that Westbrook Development can find tenants be the right fit for Chadbourn Market, add value to the project, and enjoy the benefits on the back end.

Base Rates	Total Square Feet of Chadbourn Mill			104,000			
SM Retail	$ 25.00	Brewery	$ 17.00	NoDa Social Club	$ 10.00	SM Restaurant	$ 25.00
Retail	$ 15.00	Artist Space	$ 6.33	Percentage Rent	5%	Restaurant	$ 22.00
Grocery	$ 8.00	Coffee	$ 18.00	Projected Sales	5%	Upscale Restaurant	$ 18.00
*Event Space based upon $40/hour/ 12 hours a day/ 6 days a week/ 25% occupied						Natural Breakpoint	8%

Upper Floor

Suite #	Name	Area		Rent/Sf	Monthly	Annual Rent	Natural Breakpoint	Projected Sales	Percentage Rent
1	Artist Space	1897	1.82%	$ 6.33	$ 1,000.67	$ 12,008.01	$ 150,100.13	$ 240,160.20	$ 90,060.08
2	Artist Space	1090	1.05%	$ 6.33	$ 574.98	$ 6,899.70	$ 86,246.25	$ 137,994.00	$ 51,747.75
3	Artist Space	2335	2.25%	$ 6.33	$ 1,231.71	$ 14,780.55	$ 184,756.88	$ 295,611.00	$ 110,854.13
4	SM Retail	553	0.53%	$ 25.00	$ 1,152.08	$ 13,825.00	$ 172,812.50	$ 276,500.00	$ 103,687.50
5	SM Resturant	1042	1.00%	$ 25.00	$ 2,170.83	$ 26,050.00	$ 325,625.00	$ 521,000.00	$ 195,375.00
6	SM Resturant	1081	1.04%	$ 25.00	$ 2,252.08	$ 27,025.00	$ 337,812.50	$ 540,500.00	$ 202,687.50
7	Retail	1386	1.33%	$ 15.00	$ 1,732.50	$ 20,790.00	$ 259,875.00	$ 415,800.00	$ 155,925.00
8	SM Retail	619	0.60%	$ 25.00	$ 1,289.58	$ 15,475.00	$ 193,437.50	$ 309,500.00	$ 116,062.50
9	Retail	1371	1.32%	$ 15.00	$ 1,713.75	$ 20,565.00	$ 257,062.50	$ 411,300.00	$ 154,237.50
10	SM Retail	748	0.72%	$ 25.00	$ 1,558.33	$ 18,700.00	$ 233,750.00	$ 374,000.00	$ 140,250.00
11	SM Retail	745	0.72%	$ 25.00	$ 1,552.08	$ 18,625.00	$ 232,812.50	$ 372,500.00	$ 139,687.50
12	SM Retail	745	0.72%	$ 25.00	$ 1,552.08	$ 18,625.00	$ 232,812.50	$ 372,500.00	$ 139,687.50
13	Grocery	5887	5.66%	$ 8.00	$ 3,924.67	$ 47,096.00	$ 588,700.00	$ 941,920.00	$ 353,220.00
14	SM Retail	541	0.52%	$ 25.00	$ 1,127.08	$ 13,525.00	$ 169,062.50	$ 270,500.00	$ 101,437.50
15	Restaurant	2110	2.03%	$ 22.00	$ 3,868.33	$ 46,420.00	$ 580,250.00	$ 928,400.00	$ 348,150.00
16	SM Resturant	1050	1.01%	$ 25.00	$ 2,187.50	$ 26,250.00	$ 328,125.00	$ 525,000.00	$ 196,875.00
17	Restaurant	1904	1.83%	$ 22.00	$ 3,490.67	$ 41,888.00	$ 523,600.00	$ 837,760.00	$ 314,160.00
18	Upscale Rest.	6586	6.33%	$ 18.00	$ 9,879.00	$ 118,548.00	$ 1,481,850.00	$ 2,370,960.00	$ 889,110.00
19	SM Resturant	1038	1.00%	$ 25.00	$ 2,162.50	$ 25,950.00	$ 324,375.00	$ 519,000.00	$ 194,625.00
20	Restaurant	2085	2.00%	$ 22.00	$ 3,822.50	$ 45,870.00	$ 573,375.00	$ 917,400.00	$ 344,025.00
21	SM Retail	537	0.52%	$ 25.00	$ 1,118.75	$ 13,425.00	$ 167,812.50	$ 268,500.00	$ 100,687.50
22	Coffee	2241	2.15%	$ 18.00	$ 3,361.50	$ 40,338.00	$ 504,225.00	$ 806,760.00	$ 302,535.00
23	SM Retail	539	0.52%	$ 25.00	$ 1,122.92	$ 13,475.00	$ 168,437.50	$ 269,500.00	$ 101,062.50
24	SM Retail	539	0.52%	$ 25.00	$ 1,122.92	$ 13,475.00	$ 168,437.50	$ 269,500.00	$ 101,062.50
Total		38669	37.18%			$ 659,628.26			$ 4,947,211.95

Lower Floor

Suite #	Name	Area		Rent/Sf	Monthly	Annual Rent	Natural Breakpoint	Projected Sales	Difference
25	NoDa Social Club	17333	16.67%	$ 10.00	$ 14,444.17	$ 173,330.00	$ 2,166,625.00	$ 3,466,600.00	$ 1,299,975.00
26	Event Space*	688	0.66%		$ 3,083.33	$ 37,000.00	$ 462,500.00	$ 740,000.00	$ 277,500.00
27	Event Space*	832	0.80%		$ 3,083.42	$ 37,001.00	$ 462,512.50	$ 740,020.00	$ 277,507.50
28	Restaurant	3169	3.05%	$ 22.00	$ 5,809.83	$ 69,718.00	$ 871,475.00	$ 1,394,360.00	$ 522,885.00
29	Retail	1035	1.00%	$ 15.00	$ 1,293.75	$ 15,525.00	$ 194,062.50	$ 310,500.00	$ 116,437.50
30	Retail	1036	1.00%	$ 15.00	$ 1,295.00	$ 15,540.00	$ 194,250.00	$ 310,800.00	$ 116,550.00
31	Brewery	6588	6.33%	$ 17.00	$ 9,333.00	$ 111,996.00	$ 1,399,950.00	$ 2,239,920.00	$ 839,970.00
32	Retail	1639	1.58%	$ 15.00	$ 2,048.75	$ 24,585.00	$ 307,312.50	$ 491,700.00	$ 184,387.50
33	Retail	1069	1.03%	$ 15.00	$ 1,336.25	$ 16,035.00	$ 200,437.50	$ 320,700.00	$ 120,262.50
34	Retail	1069	1.03%	$ 15.00	$ 1,336.25	$ 16,035.00	$ 200,437.50	$ 320,700.00	$ 120,262.50
35	Retail	1641	1.58%	$ 15.00	$ 2,051.25	$ 24,615.00	$ 307,687.50	$ 492,300.00	$ 184,612.50
36	SM Retail	445	0.43%	$ 25.00	$ 927.08	$ 11,125.00	$ 139,062.50	$ 222,500.00	$ 83,437.50
37	SM Retail	445	0.43%	$ 25.00	$ 927.08	$ 11,125.00	$ 139,062.50	$ 222,500.00	$ 83,437.50
Total		36989	35.57%			$ 563,630.00			$ 4,227,225.00
Total Potential Revenue		75658.00	72.75%			$ 1,223,258.26			$ 458,721.85

Potential Percentage Rent Revenue

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
$ 458,721.85	$ 472,483.50	$ 486,658.01	$501,257.75	$ 516,295.48	$ 531,784.35	$ 547,737.88	$ 564,170.01	$ 581,095.11	$ 598,527.97

Jordan Place

Jordan Place, totaling 89,000 SF, is comprised of multi-family apartments with ground floor retail. It sits on the corner of a signalized intersection. There is a total of 76 apartment units and a total of 20,000 SF of ground floor retail space. The Jordan Place apartments rents will be a range from $1.21/SF to $1.55/SF. The ground floor retail will is projected at $18.00/SF. Total potential revenue for Jordan Place is $1,503,360. There is also a small projection of other income for Jordan Place that includes, but not limited to: dog fees, trash service, parking, etc.

Phase One	# of Units	$/Month	Size	Total SF	% of Building	Total SF
				69,000.00	SF	89,000.00
Studio	16	$ 930.00	600.00	9,600.00	13.91%	
1 Bedroom	30	$1,200.00	820.00	24,600.00	35.65%	
2 Bedroom	24	$1,400.00	1,150.00	27,600.00	40.00%	
3 Bedroom	6	$1,800.00	1,250.00	7,500.00	10.87%	
					100%	
Ground Floor Retail	20,000.00	SF	$	18.00 /SF		

Revenue	# of Units / Retail SF	$/Month	Monthly	Annual Rent
Studio	16	$ 930.00	$ 14,880.00	$ 178,560.00
1 Bedroom	30	$1,200.00	$ 36,000.00	$ 432,000.00
2 Bedroom	24	$1,400.00	$ 33,600.00	$ 403,200.00
3 Bedroom	6	$1,800.00	$ 10,800.00	$ 129,600.00
Total Apartment Revenue				$ 1,143,360.00
Retail	20,000.00	$ 18.00		$ 360,000.00
Total Retail Revenue				$ 360,000.00
Total Potential Revenue				$ 1,503,360.00

Pro forma Analysis

The Chadbourn Market/Jordan Place pro forma fully displays a process that starts on January 1st, 2017 and extends a 10-year cash flow analysis for review. The pro forma assumes a 12-month construction period that starts January 2016. During the inception of the construction period, the team will start the pre-leasing to have several spaces committed before the opening date, which is January 2017.

Chadbourn Market has a vacancy rate of 15% during the first year and will stabilize at 5% at year two. Jordan Place has a vacancy rate of 25% during the first year and will stabilize at 6% during year two. Both projects have a separate management of 5% of the total gross income. There is a combined 2% capital expenditure expense. Chadbourn Market has a 6% retail commission fee of the potential income less vacancy every year of the 10 year holding period. Phase one will have a total of three loans; a construction loan, a permanent loan that takes out the construction loan, and an interest only new market tax credit loan.

Development Budget

The total development budget for phase one is $37,840,143. This cost does not include the purchase price and the landowner fee for carrying the cost of the option. The development budget includes hard and soft costs such as: a private parking structure, a development fee, the upfit cost of Chadbourn Mill, site work, etc. A more detailed analysis can be explained in the table below.

Hard Costs						
Phase 1						
Land Cost	219,498.84	$	40.46	per SF	$	8,880,000.00
Site Work	1.50	$	175,000.00	per Acre	$	262,500.00
Parking - Structured	320.00	$	15,000.00	per Space	$	4,800,000.00
Parking - Underground	80.00	$	25,000.00	per Space	$	2,000,000.00
Road Construction	300.00	$	200.00	per LF	$	60,000.00
Apartments	81,000.00	$	85.00	per SF	$	6,885,000.00
Retail Shell	20,000.00	$	125.00	per SF	$	2,500,000.00
Retail Upfit	20,000.00	$	40.00	per SF	$	800,000.00
Chadboun Upfit	104,000.00	$	75.00	per SF	$	7,800,000.00
Streetscaping Credit	500,000.00	Lump Sum			$	(500,000.00)
				Total Cost:	$	33,487,500.00
				Total Cost Excluding Land	$	24,607,500.00

Soft Costs:	% of Total Cost Excluding Land		Total Cost Phase One
Architect	3%	$	738,225.00
Engineering & Testing	2%	$	492,150.00
Construction Loan Fee	0.5%	$	123,037.50
Permanent Loan Fee	1.5%	$	369,112.50
Legal & Title	0.5%	$	123,037.50
Environmental	0.25%	$	61,518.75
Appraisal		$	100,000.00
Permits & Zoning	0.50%	$	123,037.50
Marketing		$	500,000.00
Retail Commissions	6%		In Proforma
Office Commissions	4%		In Proforma
Developer Fee	4%	$	984,300.00
Contingency Fee	3%	$	738,225.00
Environmental Contingency	0%	$	-
Soft Costs Sum		$	4,352,643.75

Financial Structure

The debt structure for the project consists of a 3 year, interest only construction loan, with a total interest rate of 3% (LIBOR plus 2.75%). The construction loan is at 75% loan to cost (LTC), and the equity is comprised of a state and federal tax credit, along with a new market tax credit loan. The developer provides the rest of the equity. At the end of year three, beginning in year 4, Westbrook Development recommends that the project be refinanced with a 68% loan to value (LTV) loan. This new loan will have an interest rate of 4.5% amortized over 25 years. Below is a table of the structured debt service for phase one.

Tax Credit Utilization

In order to receive the best return possible for ourselves and our future investor in Phase Two and Phase Three, Westbrook Development has carefully structured the deal to make full use of the available tax credits for the project. Westbrook will acquire and sell both the Federal Rehabilitation Credit (10% of qualifying expenses) and the N.C. Mill Revitalization Credit (30% of qualifying expenses) and sell them in the third party market. At the current market rate these are worth $.95 and $.50 on the dollar. This will be used to reduce our equity requirement for the project and increase the Phase One return. Due to the density of the project structured parking is a necessity for the later phases of the development. Currently, the site is positioned in a Qualified Census Tract for New Market Tax Credits but with the completion of the Blue Line approaching it is unknown how long this will be the case. Since we know that a parking deck is required for the success of the project we will utilize the New Market Tax Credit Program to offset the costs of the garage and land cost. Through the program allows Westbrook can procure $9,000,000 in an interest only loan at below market rates for the first phase of the development. This will give the later phases more flexibility because they can utilize the garage without having to absorb its cost into their pro forma. This is a strategic move that will not only preserve our returns but in conjunction with the federal and state tax credits boast them in Phase One.

Loan Amount Phase One	$ 47,185,433.75	Refinance Phase One		
Debt @70%	$ 32,086,094.95	Cap Rate	7.3%	$ 41,025,044.55
Equity @ 30%	$ 15,099,338.80	Debt	75%	$ 30,768,783.41
Rehabilitation Credit	$ 828,067.50	Equity	25%	$ 10,256,261.14
NC Textile Tax Credit	$ 1,307,475.00	Debt Service		-$ 2,052,274.70
New Market Tax Credit Loan	$ 9,000,000.00	Equity after Refi		$ 5,281,107.84
Equity	$ 3,963,796.30			

Summary of Returns

Phase one of Westbrook Development's master plan is critical for the success of the following two phases. Chadbourn Mill is very unique and has the ability to create substantial demand for the following phases. The model for phase one is feasible and economical for Westbrook Development. The completion of phase one will drive the successes of phases two and three.

Westbrook Development has used a variety of metrics to ensure the success of the project. The first metric is cash on cash return. For the first five years, the average cash on cash return is 32%. For the ten year holding period the average cash on cash return is 28%. During the ten-year hold the cash on cash return ranges from 17%, which is year one of the permanent loan, to 47%, which is the last year of the construction loan. Another metric shown is the internal rate of return. During the ten-year holding period, Westbrook Development has an internal rate of return (IRR) of 34%. Also, during the ten year holding period, phase one has an average before tax cash flow of approximately $1,300.000. Westbrook Development has conservatively projected an exit cap of phase one at 10%. The sale price based on the 10% cap rate is approximately $36,800.000.

Phase One	
Exit Cap Rate	10%
Sales Price	$ 36,813,294.48
Phase One Balloon	-$32,356,129.63
Sales Commission	-$ 2,208,797.67
Phase One Proceeds	$ 2,248,367.18
Developer IRR	34%

Chadbourn Market and Jordan Place Proforma

Revenue	AVG $/SF	Esc.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Chadbourn Market		3%	$ 1,223,258.26	$ 1,259,956.01	$ 1,297,754.69	$ 1,336,687.33	$ 1,376,787.95	$ 1,418,091.59	$ 1,460,634.33	$ 1,504,453.36	$ 1,549,586.97	$ 1,596,074.57
Percentage Rent			$ 458,721.85	$ 472,483.50	$ 486,658.01	$ 501,257.75	$ 516,295.48	$ 531,784.35	$ 547,737.88	$ 564,170.01	$ 581,095.11	$ 598,527.97
Total Market Revenue			$ 1,681,980.11	$ 1,732,439.51	$ 1,784,412.70	$ 1,837,945.08	$ 1,893,083.43	$ 1,949,875.93	$ 2,008,372.21	$ 2,068,623.38	$ 2,130,682.08	$ 2,194,602.54
Jordan Place	Monthly Rent											
Studio	$ 930.00	3%	$ 178,560.00	$ 183,916.80	$ 189,434.30	$ 195,117.33	$ 200,970.85	$ 206,999.98	$ 213,209.98	$ 219,606.28	$ 226,194.47	$ 232,980.30
1 Bedroom	$ 1,200.00	3%	$ 432,000.00	$ 444,960.00	$ 458,308.80	$ 472,058.06	$ 486,219.81	$ 500,806.40	$ 515,830.59	$ 531,305.51	$ 547,244.68	$ 563,662.02
2 Bedroom	$ 1,400.00	3%	$ 403,200.00	$ 415,296.00	$ 427,754.88	$ 440,587.53	$ 453,805.15	$ 467,419.31	$ 481,441.89	$ 495,885.14	$ 510,761.70	$ 526,084.55
3 Bedroom	$ 1,800.00	3%	$ 129,600.00	$ 133,488.00	$ 137,492.64	$ 141,617.42	$ 145,865.94	$ 150,241.92	$ 154,749.18	$ 159,391.65	$ 164,173.40	$ 169,098.60
Ground Floor Retail	$ 18.00	3%	$ 360,000.00	$ 370,800.00	$ 381,924.00	$ 393,381.72	$ 405,183.17	$ 417,338.67	$ 429,858.83	$ 442,754.59	$ 456,037.23	$ 469,718.35
Total Jordan Place Revenue			$ 1,503,360.00	$ 1,548,460.80	$ 1,594,914.62	$ 1,642,762.06	$ 1,692,044.92	$ 1,742,806.27	$ 1,795,090.46	$ 1,848,943.17	$ 1,904,411.47	$ 1,961,543.81
Potential Rental Revenue			$ 3,185,340.11	$ 3,280,900.31	$ 3,379,327.32	$ 3,480,707.14	$ 3,585,128.35	$ 3,692,682.20	$ 3,803,462.67	$ 3,917,566.55	$ 4,035,093.55	$ 4,156,146.35
(Vacancy for Chadbourn Market)	15% (Year 1)	5%	-$ 252,297.02	-$ 86,621.98	-$ 89,220.63	-$ 91,897.25	-$ 94,654.17	-$ 97,493.80	-$ 100,418.61	-$ 103,431.17	-$ 106,534.10	-$ 109,730.13
(Vacancy for Jordan Place)	25% (Year 1)	6%	-$ 375,840.00	-$ 92,907.65	-$ 95,694.88	-$ 98,565.72	-$ 101,522.70	-$ 104,568.38	-$ 107,705.43	-$ 110,936.59	-$ 114,264.69	-$ 117,692.63
Reimbursed Expenses		3%	$ 312,000.00	$ 321,360.00	$ 331,000.80	$ 340,930.82	$ 351,158.75	$ 361,693.51	$ 372,544.32	$ 383,720.65	$ 395,232.27	$ 407,089.23
Jordan Place Other Income		2%	$ 22,867.20	$ 23,324.54	$ 23,791.03	$ 24,266.86	$ 24,752.19	$ 25,247.24	$ 25,752.18	$ 26,267.22	$ 26,792.57	$ 27,328.42
Gross Potential Income			$ 2,892,070.29	$ 3,446,055.23	$ 3,549,203.64	$ 3,655,441.84	$ 3,764,862.43	$ 3,877,560.78	$ 3,993,635.13	$ 4,113,186.66	$ 4,236,319.59	$ 4,363,141.25
Expenses												
Operating Expenses	$ 3.00	3%	-$ 372,000.00	-$ 383,160.00	-$ 394,654.80	-$ 406,494.44	-$ 418,689.28	-$ 431,249.96	-$ 444,187.45	-$ 457,513.08	-$ 471,238.47	-$ 485,375.62
Management Fee (Chadbourn)		5%	-$ 71,484.15	-$ 82,290.88	-$ 84,759.60	-$ 87,302.39	-$ 89,921.46	-$ 92,619.11	-$ 95,397.68	-$ 98,259.61	-$ 101,207.40	-$ 104,243.62
Management Fee (Jordan Place)		5%	-$ 56,376.00	-$ 72,777.66	-$ 74,960.99	-$ 77,209.82	-$ 79,526.11	-$ 81,911.89	-$ 84,369.25	-$ 86,900.33	-$ 89,507.34	-$ 92,192.56
NOI			$ 2,392,210.14	$ 2,907,826.70	$ 2,994,828.25	$ 3,084,435.19	$ 3,176,725.58	$ 3,271,779.82	$ 3,369,680.74	$ 3,470,513.64	$ 3,574,366.38	$ 3,681,329.45
Year Over Year NOI Increase				18%	3%	3%	3%	3%	3%	3%	3%	3%
Capital Expenditures		2%	$ 47,844.20	$ 58,156.53	$ 59,896.57	$ 61,688.70	$ 63,534.51	$ 65,435.60	$ 67,393.61	$ 69,410.27	$ 71,487.33	$ 73,626.59
Retail Commissions		6%	$ 85,780.99	$ 5,197.32	$ 5,353.24	$ 5,513.84	$ 5,679.25	$ 5,849.63	$ 6,025.12	$ 6,205.87	$ 6,392.05	$ 6,583.81
Cash Available for Debt Service			$ 2,258,584.95	$ 2,844,472.84	$ 2,929,578.45	$ 3,017,232.65	$ 3,107,511.81	$ 3,200,494.60	$ 3,296,262.01	$ 3,394,897.50	$ 3,496,487.01	$ 3,601,119.05
Debt Service			-$962,582.85	-$962,582.85	-$962,582.85	-$ 2,052,274.70	-$ 2,052,274.70	-$ 2,052,274.70	-$ 2,052,274.70	-$ 2,052,274.70	-$ 2,052,274.70	-$ 2,052,274.70
DSCR			2.49	3.02	3.11	1.50	1.55	1.59	1.64	1.69	1.74	1.79
Interest Only NMTC Debt Service			-$ 90,000.00	-$ 90,000.00	-$ 90,000.00	-$ 90,000.00	-$ 90,000.00	-$ 90,000.00	-$ 90,000.00	-$ 90,000.00	-$ 90,000.00	-$ 90,000.00
Cash Available for Distribution			$ 1,206,002.10	$ 1,791,890.00	$ 1,876,995.60	$ 874,957.96	$ 965,237.12	$ 1,058,219.90	$ 1,153,987.32	$ 1,252,622.81	$ 1,354,212.31	$ 1,458,844.36
Cash on Cash Return			30%	45%	47%	17%	18%	20%	22%	24%	26%	28%

Five Year Average	32%
Ten Year Average	28%

Deal Structure

Westbrook Development plans to purchase the residual parcel in two phases from the Wellmon family for the asking price of $6,647,000. Along with the option fee for the first two years, the landowner will receive $3,323,500 for phase two. Westbrook Development will then form a partnership for phase two of the master plan. Westbrook development will take on an institutional equity limited partner to supply equity for the project. The equity will be split between the institution and developer, 85% and 15%, respectively. The institution will be required to put up $6,099,267 and the developer will contribute $1,076,341.

Revenue

City View, totaling 145,000 SF, is comprised of multi-family apartments with ground floor retail. City View sits on the corner of a signalized intersection. There is a total of 138 apartment units and a total of 17,000 SF of ground floor retail space. The City View apartments rents will be a range from $1.29/SF to $1.64/SF. The ground floor retail will is projected at $18.00/SF. Total potential revenue for City View is $2,519,360. There is also a small projection of other income for City View; this additional income comes in a variety of premiums and miscellaneous fees.

Revenue	# of Units / Retail SF	$/Month	Monthly	Annual Rent
Studio	20	$ 985.00	$ 19,700.00	$ 236,400.00
1 Bedroom	61	$ 1,272.00	$ 77,592.00	$ 931,104.00
2 Bedroom	51	$ 1,484.00	$ 75,684.00	$ 908,208.00
3 Bedroom	6	$ 1,908.00	$ 11,448.00	$ 137,376.00
Retail	17,000	$ 18.00		$ 306,000.00
Total City View Revenue				$2,519,088.00

Pro forma Analysis

Westbrook Development accounts for a 25% vacancy in year one that stabilizes at 5% in year two. The operating expenses are based on $3/SF for the Retail SF and part of the apartment buildings SF. The project will see a triple net lease on the retail portion and will result in reimbursed expenses. A capital expenditure expense has been set at 2% of net operating income (NOI). There are also retail commissions in year one and year-six, this is based off five-year lease terms for the retail tenants.

Development Budget

The total hard and soft cost development budget for phase two is $25,179,527. After the cost of the land, plus the option fee for the third phase, the total cost of phase two is $28,702,437. The hard costs consist of site work, parking, retail upfit, apartments, etc. The soft costs are a percentage of the costs of the phase excluding land. A more detailed analysis can be explained in the table below.

Phase 2						
Land Cost	73,855.98	$	45.00	per SF	$	3,323,519.10
Site Work	1.70	$	175,000.00	Acre	$	296,712.50
Parking - Podium	120.00	$	10,000.00	Space	$	1,200,000.00
Road Construction	500.00	$	200.00	LF	$	100,000.00
Apartments over Podium	115,790.00	$	125.00	SF	$	14,473,750.00
Retail Shell	17,000.00	$	120.00	SF	$	2,040,000.00
Retail - Upfit	17,000.00	$	40.00	SF	$	680,000.00
				Total Cost:	$	22,113,981.60
				Total Cost Excluding Land	$	18,790,462.50

Financial Structure

The debt structure for the project consists of a 3 year, interest only construction loan, with a total interest rate of 3% (LIBOR plus 2.75%). The construction loan is at 75% loan to cost (LTC), and the equity is comprised of 85% from the institution and 15% from the developer. At the end of year three, beginning in year 4, Westbrook Development recommends that the project be refinanced with a 75% loan to value (LTV) loan. This new loan will have an interest rate of 4.5% amortized over 25 years. After refinance in year 4, the institutional equity will be reduced by $2,870,700, while Westbrook Development has their equity contribution reduced by $506,594. The institution will receive a 9% preferred return and will split the remaining cash flow with the developer, 85% to 15%, respectively. Below is a table of the structured debt service for phase two.

Loan Amount Phase Two	$ 28,702,437.13	Refinance Phase Two			
Debt @75%	$ 21,526,827.85	Cap Rate	8%	$	33,205,496.57
Equity @ 25%	$ 7,175,609.28	Debt	75%	$	24,904,122.43
Institutional Equity	$ 6,099,267.89	Equity	25%	$	8,301,374.14
Developer Equity	$ 1,076,341.39	Debt Service		-$	1,661,102.41
Debt Service	-$ 1,435,837.21	Equity after Refi (Ins)	85%	$	3,228,567.50
		Equity after Refi (Dev)	15%	$	569,747.21

Summary of Returns

Because of the potentially significant success from phase one; Westbrook Development foresees a strong demand for living in this community. The institution will receive a 9% preferred return on the before tax cash flow. The remaining cash flow will be split according to the equity contribution from the institution and the developer. With that being said the split will be 85% and 15% on the cash flows, as well as, the sale of the property in year ten (year eight of the current phase).

In the given ten-year holding period, the cash on cash return ranges from 16% to 38%. The cash on cash return shows a five-year average of 24% and a ten-year average of 28%. The internal rate of return (IRR) was another metric used for the project. Given that Westbrook Development has a ten-year holding period, phase two would only have an eight-year holding period. During that period, given a sale in year eight of phase two, the institution will see an internal rate of return (IRR) of 30%, based off an exit cap of 8%. Also given a sale in year eight of phase two, Westbrook Development will receive an internal rate of return (IRR) of 28%, based off an exit cap of 8%. The table below shows the sale of the property in phase two.

Phase Two	
Exit Cap Rate Phase 2,3	8%
Sales Price	$ 37,347,787.05
Phase Two Balloon	-$19,711,740.96
Sales Commission	-$ 2,240,867.22
Phase Two Proceeds	$ 15,395,178.87
Proceed Split Inv	$ 13,085,902.04
Proceed Split Dev	$ 2,309,276.83
Investor IRR	30%
Developer IRR	28%

City View

Revenue	AVG $/SF	Esc.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
City View Apartments	Monthly Rent											
Studio	$ 985.00	3%	$ 236,400.00	$ 243,492.00	$ 250,796.76	$ 258,320.66	$ 266,070.28	$ 274,052.39	$ 282,273.96	$ 290,742.18	$ 299,464.45	$ 308,448.38
1 Bedroom	$ 1,272.00	3%	$ 931,104.00	$ 959,037.12	$ 987,808.23	$ 1,017,442.48	$ 1,047,965.76	$ 1,079,404.73	$ 1,111,786.87	$ 1,145,140.48	$ 1,179,494.69	$ 1,214,879.53
2 Bedroom	$ 1,484.00	3%	$ 908,208.00	$ 935,454.24	$ 963,517.87	$ 992,423.40	$ 1,022,196.11	$ 1,052,861.99	$ 1,084,447.85	$ 1,116,981.28	$ 1,150,490.72	$ 1,185,005.44
3 Bedroom	$ 1,908.00	3%	$ 137,376.00	$ 141,497.28	$ 145,742.20	$ 150,114.46	$ 154,617.90	$ 159,256.44	$ 164,034.13	$ 168,955.15	$ 174,023.81	$ 179,244.52
City View Ground Floor Retail	$ 18.00	3%	$ 306,000.00	$ 315,180.00	$ 324,635.40	$ 334,374.46	$ 344,405.70	$ 354,737.87	$ 365,380.00	$ 376,341.40	$ 387,631.64	$ 399,260.59
Total Apartment Revenue			$ 2,519,088.00	$ 2,594,660.64	$ 2,672,500.46	$ 2,752,675.47	$ 2,835,255.74	$ 2,920,313.41	$ 3,007,922.81	$ 3,098,160.50	$ 3,191,105.31	$ 3,286,838.47
Potential Rental Revenue			$ 2,519,088.00	$ 2,594,660.64	$ 2,672,500.46	$ 2,752,675.47	$ 2,835,255.74	$ 2,920,313.41	$ 3,007,922.81	$ 3,098,160.50	$ 3,191,105.31	$ 3,286,838.47
(Vacancy for Apartments)	25% Yr 1	5%	-$ 629,772.00	-$ 129,733.03	-$ 133,625.02	-$ 137,633.77	-$ 141,762.79	-$ 146,015.67	-$ 150,396.14	-$ 154,908.02	-$ 159,555.27	-$ 164,341.92
Reimbursed Expenses			$ 45,900.00	$ 47,277.00	$ 48,695.31	$ 50,156.17	$ 51,660.85	$ 53,210.68	$ 54,807.00	$ 56,451.21	$ 58,144.75	$ 59,889.09
Other Income		2%	$ 44,261.76	$ 45,147.00	$ 46,049.94	$ 46,970.93	$ 47,910.35	$ 48,868.56	$ 49,845.93	$ 50,842.85	$ 51,859.71	$ 52,896.90
Gross Potential Income			$ 1,979,477.76	$ 2,557,351.60	$ 2,633,620.68	$ 2,712,168.80	$ 2,793,064.16	$ 2,876,376.98	$ 2,962,179.60	$ 3,050,546.53	$ 3,141,554.50	$ 3,235,282.54
Expenses												
Operating Expenses	$ 3.00	3%	-$ 51,000.00	-$ 52,530.00	-$ 54,105.90	-$ 55,729.08	-$ 57,400.95	-$ 59,122.98	-$ 60,896.67	-$ 62,723.57	-$ 64,605.27	-$ 66,543.43
NOI			$ 1,928,477.76	$ 2,504,821.60	$ 2,579,514.78	$ 2,656,439.73	$ 2,735,663.21	$ 2,817,254.00	$ 2,901,282.93	$ 2,987,822.96	$ 3,076,949.22	$ 3,168,739.10
Year Over Year NOI Increase				23%	3%	3%	3%	3%	3%	3%	3%	3%
Capital Expenditures		2%	$ 38,569.56	$ 50,096.43	$ 51,590.30	$ 53,128.79	$ 54,713.26	$ 56,345.08	$ 58,025.66	$ 59,756.46	$ 61,538.98	$ 63,374.78
Retail Commission		6%	$ 97,475.73					$ 136,258.99				
Cash Available for Debt Service			$ 1,792,432.47	$ 2,454,725.17	$ 2,527,924.49	$ 2,603,310.93	$ 2,680,949.94	$ 2,624,649.93	$ 2,843,257.28	$ 2,928,066.50	$ 3,015,410.24	$ 3,105,364.32
Debt Service			-$ 645,804.84	-$ 645,804.84	-$ 645,804.84	-$ 1,661,102.41	-$ 1,661,102.41	-$ 1,661,102.41	-$ 1,661,102.41	-$ 1,661,102.41	-$ 1,661,102.41	-$ 1,661,102.41
DSCR			2.99	3.88	3.99	1.60	1.65	1.70	1.75	1.80	1.85	1.91
Cash Available for Distribution			$ 1,146,627.64	$ 1,808,920.34	$ 1,882,119.65	$ 942,208.52	$ 1,019,847.53	$ 963,547.52	$ 1,182,154.87	$ 1,266,964.09	$ 1,354,307.83	$ 1,444,261.91
Cash on Cash Return			16%	25%	26%	25%	27%	25%	31%	33%	36%	38%

Five Year Average	24%
Ten Year Average	28%

Phase Three – Chadbourn Commons

Deal Structure

Identical to phase two, Westbrook Development will use an institutional investor for 85% of the equity, and the developers will contribute the remaining 15% equity. Westbrook Development will exercise the option on the last phase in year four of the ten-year holding period. In year four, the landowner will receive the last option carrying fee plus the remaining $3,323,500 value of the land. During the third and final phase, the institution will be required to put up $5,661,261 and the developer will contribute $999,046.

Revenue

Chadbourn Commons, totaling 125,000 SF, is comprised of office space with ground floor retail. Chadbourn Commons sits directly across the street from Chadbourn Mill. There is a total of 108,000 SF of rentable office space and a total of 5,000 SF of ground floor retail space. The office space will rent at $24.00/SF with the retail space at $18.00/SF. A summary table of the revenue stream is below.

Revenue		Square Feet	$/SF	Monthly	Annual Rent
	Office	108,000.00	$ 24.00	$ 216,000.00	$2,592,000.00
	Retail	5,000	$ 18.00	$ 7,500.00	$ 90,000.00

Pro Forma Analysis

The office space accounts for a 20% vacancy in year one that stabilizes at 10% in year two. The retail space will stabilize at 5% vacancy. The operating expenses are based on $3/SF for the building. The project will see a triple net lease on the retail portion; a modified gross lease on the office portion, As a result of the modified gross lease, there will be a percentage of reimbursed expenses. A capital expenditure expense has been set at 2% of net operating income (NOI). There are also retail commissions in year one and year-six, this is based off five-year lease terms for the retail tenants. Lastly, there are office commissions during year one and year six for the office leases.

Development Budget

The development budget for phase three is very similar to phase two. The main difference is the cost for office over podium rather than the apartments over podium in phase two. Office over podium is $5.00/SF cheaper than the apartments cost in phase two.

The total hard and soft cost development budget for phase three is $23,317,730. After the cost of the land, plus the option fee for the third phase, the total cost of phase two is $26,641,230. The table below shows the hard cost for phase three.

Phase 3						
Land Cost	73,855.98	$	45.00	per SF	$	3,323,519.10
Site Work	1.70	$	175,000.00	Acre	$	296,712.50
Parking Podium	160.00	$	10,000.00	Space	$	1,600,000.00
Road Construction	500.00	$	200.00	LF	$	100,000.00
Office over Podium	120,000.00	$	120.00	SF	$	14,400,000.00
Retail Shell	5,000.00	$	120.00		$	600,000.00
Retail - Upfit	5,000.00	$	40.00	SF	$	200,000.00
				Total Cost:	$	20,520,231.60
				Total Cost Excluding Land	$	17,196,712.50

Financial Structure

Outside the different equity requirements, the financial structure for phase three is largely comparable to phase two. However, the office loan is different than the mixed-use loan. The debt structure for the project consists of a 3 year, interest only construction loan, with a total interest rate of 3% (LIBOR plus 2.75%). The construction loan is at 75% loan to cost (LTC), and the equity is comprised of 85% from the institution and 15% from the developer. At the end of year three, beginning in year 4, Westbrook Development recommends that the project be refinanced with a 75% loan to value (LTV) loan. This new loan will have an interest rate of 4.25% amortized over 25 years.

After refinance in year 4, the institutional equity will be reduced by $1,375,332, while Westbrook Development has their equity contribution reduced by $242,705. The institution will receive a 9% preferred return and will split the remaining cash flow with the developer, 85% to 15%, respectively. Below is a table of the structured debt service for phase three.

Loan Amount Phase Three	$ 26,641,230.26	Refinance Phase Three			
Debt @75%	$ 19,980,922.69	Cap Rate	8%	$	28,798,615.20
Equity @ 25%	$ 6,660,307.56	Debt	75%	$	21,598,961.40
Instutional Equity	$ 5,661,261.43	Equity	25%	$	7,199,653.80
Developer Equity	$ 999,046.13	Debt Service		-$	1,404,117.64
Debt Service	-$ 1,298,931.25	Equity after Refi (Ins)	85%	$	4,285,928.53
		Equity after Refi (Dev)	15%	$	756,340.33

Summary of Returns

Westbrook Development realizes that the office demand may not be high in NoDa as of today. However, with the LYNX blue-line extension, the growth of Charlotte, and the destination we are creating with our master plan; it is fair to assume the office demand will be in high demand during phase three of the master plan.

The institution will receive a 9% preferred return on the before tax cash flow. The remaining cash flow will be split according to the equity contribution from the institution and the developer. With that being said the split will be 85% and 15% on the cash flows, as well as, the sale of the property in year ten (year six of the current phase).

In the given ten-year holding period, the cash on cash return ranges from 5% to 24%. The reason behind such a low cash on cash return during one of the years is because of the high office commission. The cash on cash return shows a five-year average of 17% and a ten-year average of 16%. The internal rate of return (IRR) was another metric used for the project. Given that Westbrook Development has a ten-year holding period, phase two would only have a six-year holding period. During that period, given a sale in year six of phase three, the institution will see an internal rate of return (IRR) of 24%, based off an exit cap of 8%. Also given a sale in year eight of phase three, Westbrook Development will receive an internal rate of return (IRR) of 23%, based off an exit cap of 8%. The table below shows the sale of the property in phase three.

Phase Three	
Sales Commission	6%
Sales Price	$ 30,552,450.86
Phase Three Balloon	-$18,282,990.31
Sales Commission	-$ 1,833,147.05
Phase Three Proceeds	$ 10,436,313.50
Proceed Split Inv	$ 8,870,866.48
Proceed Split Dev	$ 1,565,447.03
Investor IRR	24%
Developer IRR	23%

Chadbourn Commons

Revenue	AVG $/SF	Esc.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Chadbourn Commons												
Ground Floor Retail	$ 18.00	3%	$ 90,000.00	$ 92,700.00	$ 95,481.00	$ 98,345.43	$ 101,295.79	$ 104,334.67	$ 107,464.71	$ 110,688.65	$ 114,009.31	$ 117,429.59
Office	$ 24.00	3%	$ 2,592,000.00	$ 2,669,760.00	$ 2,749,852.80	$ 2,832,348.38	$ 2,917,318.84	$ 3,004,838.40	$ 3,094,983.55	$ 3,187,833.06	$ 3,283,468.05	$ 3,381,972.09
Total Potential Revenue			$ 2,682,000.00	$ 2,762,460.00	$ 2,845,333.80	$ 2,930,693.81	$ 3,018,614.63	$ 3,109,173.07	$ 3,202,448.26	$ 3,298,521.71	$ 3,397,477.36	$ 3,499,401.68
(Office Vacancy)	20% Yr 1	10%	-$ 518,400.00	-$ 266,976.00	-$ 274,985.28	-$ 283,234.84	-$ 291,731.88	-$ 300,483.84	-$ 309,498.36	-$ 318,783.31	-$ 328,346.81	-$ 338,197.21
(Retail Vacancy)		5%	-$ 4,500.00	-$ 4,635.00	-$ 4,774.05	-$ 4,917.27	-$ 5,064.79	-$ 5,216.73	-$ 5,373.24	-$ 5,534.43	-$ 5,700.47	-$ 5,871.48
Reimbursed Expenses	50%		$ 180,000.00	$ 185,400.00	$ 190,962.00	$ 196,690.86	$ 202,591.59	$ 208,669.33	$ 214,929.41	$ 221,377.30	$ 228,018.61	$ 234,859.17
Gross Potential Income			$ 2,339,100.00	$ 2,676,249.00	$ 2,756,536.47	$ 2,839,232.56	$ 2,924,409.54	$ 3,012,141.83	$ 3,102,506.08	$ 3,195,581.26	$ 3,291,448.70	$ 3,390,192.16
Expenses												
Operating Expenses	$ 3.00	3%	-$ 360,000.00	-$ 370,800.00	-$ 381,924.00	-$ 393,381.72	-$ 405,183.17	-$ 417,338.67	-$ 429,858.83	-$ 442,754.59	-$ 456,037.23	-$ 469,718.35
Management Fee	5%		-$ 116,955.00	-$ 133,812.45	-$ 137,826.82	-$ 141,961.63	-$ 146,220.48	-$ 150,607.09	-$ 155,125.30	-$ 159,779.06	-$ 164,572.44	-$ 169,509.61
NOI			$ 1,862,145.00	$ 2,171,636.55	$ 2,236,785.65	$ 2,303,889.22	$ 2,373,005.89	$ 2,444,196.07	$ 2,517,521.95	$ 2,593,047.61	$ 2,670,839.04	$ 2,750,964.21
Year Over Year NOI Increase				14%	3%	3%	3%	3%	3%	3%	3%	3%
Capital Expenditures		2%	-$ 37,242.90	-$ 43,432.73	-$ 44,735.71	-$ 46,077.78	-$ 47,460.12	-$ 48,883.92	-$ 50,350.44	-$ 51,860.95	-$ 53,416.78	-$ 55,019.28
Retail Commissions		6%	-$ 28,669.33					-$ 33,235.61				
Office Commissions		4%	-$ 550,451.20					-$ 638,123.81				
Cash Available for Debt Service			$ 1,245,781.57	$ 2,128,203.82	$ 2,192,049.93	$ 2,257,811.43	$ 2,325,545.77	$ 1,723,952.73	$ 2,467,171.51	$ 2,541,186.66	$ 2,617,422.26	$ 2,695,944.93
Debt Service			-$ 599,427.68	-$ 599,427.68	-$ 599,427.68	-$ 1,404,117.64	-$ 1,404,117.64	-$ 1,404,117.64	-$ 1,404,117.64	-$ 1,404,117.64	-$ 1,404,117.64	-$ 1,404,117.64
DSCR			3.11	3.62	3.73	1.64	1.69	1.74	1.79	1.85	1.90	1.96
Cash Available for Distribution			$ 646,353.89	$ 1,528,776.14	$ 1,592,622.25	$ 853,693.79	$ 921,428.13	$ 319,835.09	$ 1,063,053.87	$ 1,137,069.02	$ 1,213,304.62	$ 1,291,827.29
Cash on Cash Return			10%	23%	24%	13%	14%	5%	16%	17%	18%	19%

Five Year Average	17%
Ten Year Average	16%

Master Plan Westbrook Development

Westbrook Development has considered the phased redevelopment of Chadbourn Mill and the sale of the property based on a ten-year holding period. However, Westbrook Development has every confidence in the success of Chadbourn Market and its mixed-use components and has an interest in holding the properties beyond a ten-year hold if the project meets these expectations

Due to the structure of the deal the developments institutional equity will only participated in Phases Two and Three. However, the contributions made by Phase One will only add to the investment value for the institution. For better analysis Westbrook Development has created a pro forma for each of the developments major components: Chadbourn Market, Jordan Place, City View, and Chadbourn Commons that each contain its own ten-year holding period by phase.

Westbrook Development has also created a master pro forma for the ten-year holding period from inception of phase one to ten-years ending in 2026. The master pro forma shows the inception of each phase in concurrence to the timing of phase one. All phases are sold in year ten of the master pro forma which will correspond to a different year in Phases Two and Three. For instance Year 10 of the Master Pro Forma accounts for Year 8 in the Phase Two Pro Forma and Year 6 in the Phase Three pro forma. This is because Phase Two began two years after the beginning of Phase One and Phase Three began four years after the beginning of Phase One. For instance, in Year 10 of the Master Pro Forma the balloon payment at sale for Phase Two is its eighth year of amortization not tenth.

CHADBOURN MARKET

Master Proforma

	%	2017 Year 1	2018 Year 2	2019 Year 3	2020 Year 4	2021 Year 5	2022 Year 6	2023 Year 7	2024 Year 8	2025 Year 9	2026 Year 10
Phase One											
Cash Flow		$ 1,206,002.10	$ 1,791,890.00	$ 1,876,995.60	$ 874,957.96	$ 965,237.12	$ 1,058,219.90	$ 1,153,987.32	$ 1,252,622.81	$ 1,354,212.31	$ 1,458,844.36
Capital Events	-$ 3,963,796.30										$ 2,248,367.18
Total	-$ 3,963,796.30	$ 1,206,002.10	$ 1,791,890.00	$ 1,876,995.60	$ 874,957.96	$ 965,237.12	$ 1,058,219.90	$ 1,153,987.32	$ 1,252,622.81	$ 1,354,212.31	$ 3,707,211.54
Phase Two											
Cash Flow				$ 1,146,627.64	$ 1,808,920.34	$ 1,882,119.65	$ 942,208.52	$ 1,019,847.53	$ 963,547.52	$ 1,182,154.87	$ 1,266,964.09
Investor Pref				$ 103,196.49	$ 162,802.83	$ 169,390.77	$ 84,798.77	$ 91,786.28	$ 86,719.28	$ 106,393.94	$ 114,026.77
Investor CF Split				$ 886,916.48	$ 1,399,199.88	$ 1,455,819.55	$ 728,798.29	$ 788,852.07	$ 745,304.01	$ 914,396.79	$ 979,996.73
Developer Split				$ 156,514.67	$ 246,917.63	$ 256,909.33	$ 128,611.46	$ 139,209.19	$ 131,524.24	$ 161,364.14	$ 172,940.60
Capital Event Investor			-$ 6,099,267.89				$ 2,870,700.39				$ 13,085,902.04
Capital Event Developer			-$ 1,076,341.39				$ 506,594.19				$ 2,309,276.83
Total for Investor			-$ 6,099,267.89	$ 990,112.96	$ 1,562,002.71	$ 1,625,210.32	$ 3,684,297.45	$ 880,638.35	$ 832,023.28	$ 1,020,790.73	$ 14,179,925.53
Total For Developer			-$ 1,076,341.39	$ 156,514.67	$ 246,917.63	$ 256,909.33	$ 635,205.65	$ 139,209.19	$ 131,524.24	$ 161,364.14	$ 2,482,217.43
Phase Three											
Cash Flow						$ 646,353.89	$ 1,528,776.14	$ 1,592,622.25	$ 853,693.79	$ 921,428.13	$ 319,835.09
Investor Pref						$ 58,171.85	$ 137,589.85	$ 143,336.00	$ 76,832.44	$ 82,928.53	$ 28,785.16
Investor CF Split						$ 499,954.73	$ 1,182,508.34	$ 1,231,893.31	$ 660,332.15	$ 712,724.66	$ 247,392.44
Developer Split						$ 88,227.31	$ 208,677.94	$ 217,392.94	$ 116,529.20	$ 125,774.94	$ 43,657.49
Capital Event Investor					-$ 5,661,261.43				$ 1,375,332.90		$ 8,870,866.48
Capital Event Developer					-$ 999,046.13				$ 242,705.81		$ 1,565,447.03
Total for Investor					-$ 5,661,261.43	$ 558,126.58	$ 1,320,098.20	$ 1,375,229.32	$ 2,112,497.49	$ 795,653.19	$ 9,147,044.08
Total For Developer					-$ 999,046.13	$ 88,227.31	$ 208,677.94	$ 217,392.94	$ 359,235.01	$ 125,774.94	$ 1,609,104.51

Phase Two Equity	$ 7,175,609.28
Phase Three Equity	$ 6,660,307.56
Investor Split	85%
Developer Split	15%
Preferred Return	9%

Phase Two		
Investor %	85%	$ 6,099,267.89
Developer %	15%	$ 1,076,341.39
Phase Three		
Investor %	85%	$ 5,661,261.43
Developer %	15%	$ 999,046.13

Phase One	
Exit Cap Rate	10%
Sales Price	$ 36,813,294.48
Phase One Balloon	-$32,356,129.63
Sales Commission	-$ 2,208,797.67
Phase One Proceeds	$ 2,248,367.18
Developer IRR	34%

Phase Two	
Exit Cap Rate Phase 2,3	8%
Sales Price	$ 37,347,787.05
Phase Two Balloon	-$19,711,740.96
Sales Commission	-$ 2,240,867.22
Phase Two Proceeds	$ 15,395,178.87
Proceed Split Inv	$ 13,085,902.04
Proceed Split Dev	$ 2,309,276.83
Investor IRR	30%
Developer IRR	28%

Phase Three	
Sales Commission	6%
Sales Price	$ 30,552,450.86
Phase Three Balloon	-$18,282,990.31
Sales Commission	-$ 1,833,147.05
Phase Three Proceeds	$ 10,436,313.50
Proceed Split Inv	$ 8,870,866.48
Proceed Split Dev	$ 1,565,447.03
Investor IRR	24%
Developer IRR	23%

Financial Appendix

Development Budget

Hard Costs

Phase 1						
Land Cost	219,498.84	$	40.46	per SF	$	8,880,000.00
Site Work	1.50	$	175,000.00	per Acre	$	262,500.00
Parking - Structured	320.00	$	15,000.00	per Space	$	4,800,000.00
Parking - Underground	80.00	$	25,000.00	per Space	$	2,000,000.00
Road Construction	300.00	$	200.00	per LF	$	60,000.00
Apartments	81,000.00	$	85.00	per SF	$	6,885,000.00
Retail Shell	20,000.00	$	125.00	per SF	$	2,500,000.00
Retail Upfit	20,000.00	$	40.00	per SF	$	800,000.00
Chadboun Upfit	104,000.00	$	75.00	per SF	$	7,800,000.00
Streetscaping Credit	500,000.00	Lump Sum			$	(500,000.00)
				Total Cost:	$	33,487,500.00
				Total Cost Excluding Land	$	24,607,500.00
Phase 2						
Land Cost	73,855.98	$	45.00	per SF	$	3,323,519.10
Site Work	1.70	$	175,000.00	Acre	$	296,712.50
Parking - Podium	120.00	$	10,000.00	Space	$	1,200,000.00
Road Construction	500.00	$	200.00	LF	$	100,000.00
Apartments over Podium	115,790.00	$	125.00	SF	$	14,473,750.00
Retail Shell	17,000.00	$	120.00	SF	$	2,040,000.00
Retail - Upfit	17,000.00	$	40.00	SF	$	680,000.00
				Total Cost:	$	22,113,981.60
				Total Cost Excluding Land	$	18,790,462.50
Phase 3						
Land Cost	73,855.98	$	45.00	per SF	$	3,323,519.10
Site Work	1.70	$	175,000.00	Acre	$	296,712.50
Parking Podium	160.00	$	10,000.00	Space	$	1,600,000.00
Road Construction	500.00	$	200.00	LF	$	100,000.00
Office over Podium	120,000.00	$	120.00	SF	$	14,400,000.00
Retail Shell	5,000.00	$	120.00		$	600,000.00
Retail - Upfit	5,000.00	$	40.00	SF	$	200,000.00
				Total Cost:	$	20,520,231.60
				Total Cost Excluding Land	$	17,196,712.50

Soft Costs:	% of Total Cost Excluding Land		Total Cost Phase One		Total Cost Phase Two		Total Cost Phase Three
Architect	3%	$	738,225.00	$	563,713.88	$	515,901.38
Engineering & Testing	2%	$	492,150.00	$	375,809.25	$	343,934.25
Construction Loan Fee	0.5%	$	123,037.50	$	93,952.31	$	85,983.56
Permanent Loan Fee	1.5%	$	369,112.50	$	281,856.94	$	257,950.69
Legal & Title	0.5%	$	123,037.50	$	93,952.31	$	85,983.56
Environmental	0.25%	$	61,518.75	$	46,976.16	$	42,991.78
Appraisal		$	100,000.00	$	100,000.00		100,000
Permits & Zoning	0.50%	$	123,037.50	$	93,952.31	$	85,983.56
Marketing		$	500,000.00	$	100,000.00	$	75,000.00
Retail Commissions	6%		In Proforma		In Proforma		In Proforma
Office Commissions	4%		In Proforma		In Proforma		In Proforma
Developer Fee	4%	$	984,300.00	$	751,618.50	$	687,868.50
Contingency Fee	3%	$	738,225.00	$	563,713.88	$	515,901.38
Environmental Contingency	0%	$	-	$	-	$	-
Soft Costs Sum		$	4,352,643.75	$	3,065,545.53	$	2,797,498.66

Total Hard and Soft Cost		
Phase One	$	37,840,143.75
Phase Two	$	25,179,527.13
Phase Three	$	23,317,730.26

Total Development Costs by Phase

Property Basis	Acres			$/Acre	$/SF	
Chadbourn Mill Parcel	5.039	$	8,880,000.00	$ 1,762,254.42	$	40.46
Residual Parcel Phase 2	1.6955	$	3,323,500.00	$ 1,960,188.73	$	45.00
Residual Parcel Phase 3	1.6955	$	3,323,500.00	$ 1,960,188.73		
Total Value		$	15,527,000.00			

Dev. Cost Phase One	$	47,185,433.75
Dev. Cost Phase Two	$	28,702,437.13
Dev. Cost Phase Three	$	26,641,230.26
Total Cost	$	102,529,101.14
Total Cost Excluding Land	$	87,002,101.14

Tax Credits

Tax Credits

Chadbourn Mill Hard Cost	$	75.00		104,000.00	7,800,000.00
Soft Costs:		% of Total Cost Excluding Land	Total Cost Phase One		
Architect		3%	$	234,000.00	
Engineering & Testing		2%	$	156,000.00	
Construction Loan Fee		0.5%	$	39,000.00	
Permanent Loan Fee		1.5%	$	117,000.00	
Environmental		0.25%	$	19,500.00	
Permits & Zoning		0.50%	$	39,000.00	
Developer Fee		4%	$	312,000.00	
Soft Costs Sum			$	916,500.00	
Hard & Soft Sum			$	8,716,500.00	
Rehabilitation Credit		10%	$	871,650.00	
NC Textile Tax Credit		30%	$	2,614,950.00	
Federal Tax Credit Sale	$	0.95	$	828,067.50	
State Tax Credit Sale	$	0.50	$	1,307,475.00	
Total Tax Credit Value			$	2,135,542.50	
New Market Tax Credit Loan			$	9,000,000.00	

Practicum Class of 2015

CLEMSON
REAL ESTATE DEVELOPMENT