SouthEast
Commercial Real Estate Group Inc.

THE RESERVE AT LAKE NORMAN

A 280 Unit Multi-Housing Development Offering
Building Permit Available in 90 Days
Ready to Go

Located Off Of Bluefield Road
Mooresville, North Carolina

Offered By
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SouthEast Commercial Real Estate Group, Inc.
704.370.3000

HISTORY

The Reserve at Lake Norman represents the final parcel of a land development project of Bill Paulsen, founding CEO of Summit Properties.

The property has been engineered and designed by a team that has developed over 25,000 apartments from Philadelphia to Miami. The resulting project is a "class A" garden apartment project of 280 units and surface parking. The site is relatively low density to avoid extraordinary grading costs. The result is a large open space/ amenity area in the center of the site.

The buyer would enjoy significant permitting and entitlement work, prepaid fees, and nearly complete engineering, surveying and architectural working drawings.

LOCAL AMENITY GROWTH

- Lake Norman, which is located directly to the west of the asset, is one of Charlotte's most popular destinations. Lake Norman is the largest body of fresh water in the Easter United States.
- Just South off of I-77 is Langtree at the Lake, a $800 million dollar development project that currently restarted construction and will feature a hotel, upscale condos, golf course, and office. Langtree at the Lake will bring 300,000 square feet of office space to the area.
- The Charlotte metro area added over 23,000 new jobs over the last year with unemployment now at 5.3%. Q1 2015 sales reached just over $218,000,000. Charlotte's strong fundamentals, coupled with increasing rental rates and decreasing vacancy rates, will continue to attract buyers to the Charlotte market.

TOTAL BUDGET	$23,318,000
PRICE PER UNIT	$101,000
TOTAL UNITS	280
RENTABLE SQUARE FEET	280,900 NSF
AVERAGE UNIT SIZE	1,003 NSF
MARKET RENT PER UNIT	$1,153
MARKET RENT PER NSF	$1.15
UNLEVERAGED RETURN	7.6%
ANNUAL ABSORPTION IN SUBMARKET	500 Units

PROPERTY HIGHLIGHTS

- The Reserve at Lake Norman provides residents an extensive amenity package and deluxe unit features across five distinct floor plans.
- The property consists of 3/4 splits, 3-story garden style buildings and 2-story carriage houses.
- Amenities include club-quality fitness center, two pools and lounge/clubhouse with state-of-the-art audio visual equipment.
- Every unit will have a large patio-balcony which should give the property an additional competitive advantage in the submarket as North Carolina renters have shown an inclination to "live outside" nearly year-round.

LOCATION MAP

AREA DEVELOPMENT AND TRANSPORTATION IMPROVEMENTS

Bluefield Rd. is a major connector road with a traffic count of 11,763 trips per day in 2012 at Bluefield Rd. and Carriage Club Rd. Major area improvements will dramatically increase the importance of this connector and increase traffic count. The site is situated on Bluefield Rd. about a mile north of NC Highway 150 (Exit 36 on I-77). Bluefield Rd. is a 3 mile long Rd. that runs parallel to I-77 to its west and terminates at Cornelius Rd. Cornelius Rd. has long been talked about as a future interchange (Exit 38) that would not only serve to alleviate some of the strain on Hwy 150 but also serve as a direct route to Mooresville's largest industrial parks that is home to Penske Racing and Niagara Bottling to name a few. Cornelius Rd Connector is currently under construction and will create a direct route to Mazeppa Rd. and the Industrial Park that the Town of Mooresville has planned. Below is a list of the area Transportation Projects that will have a positive impact on the area.

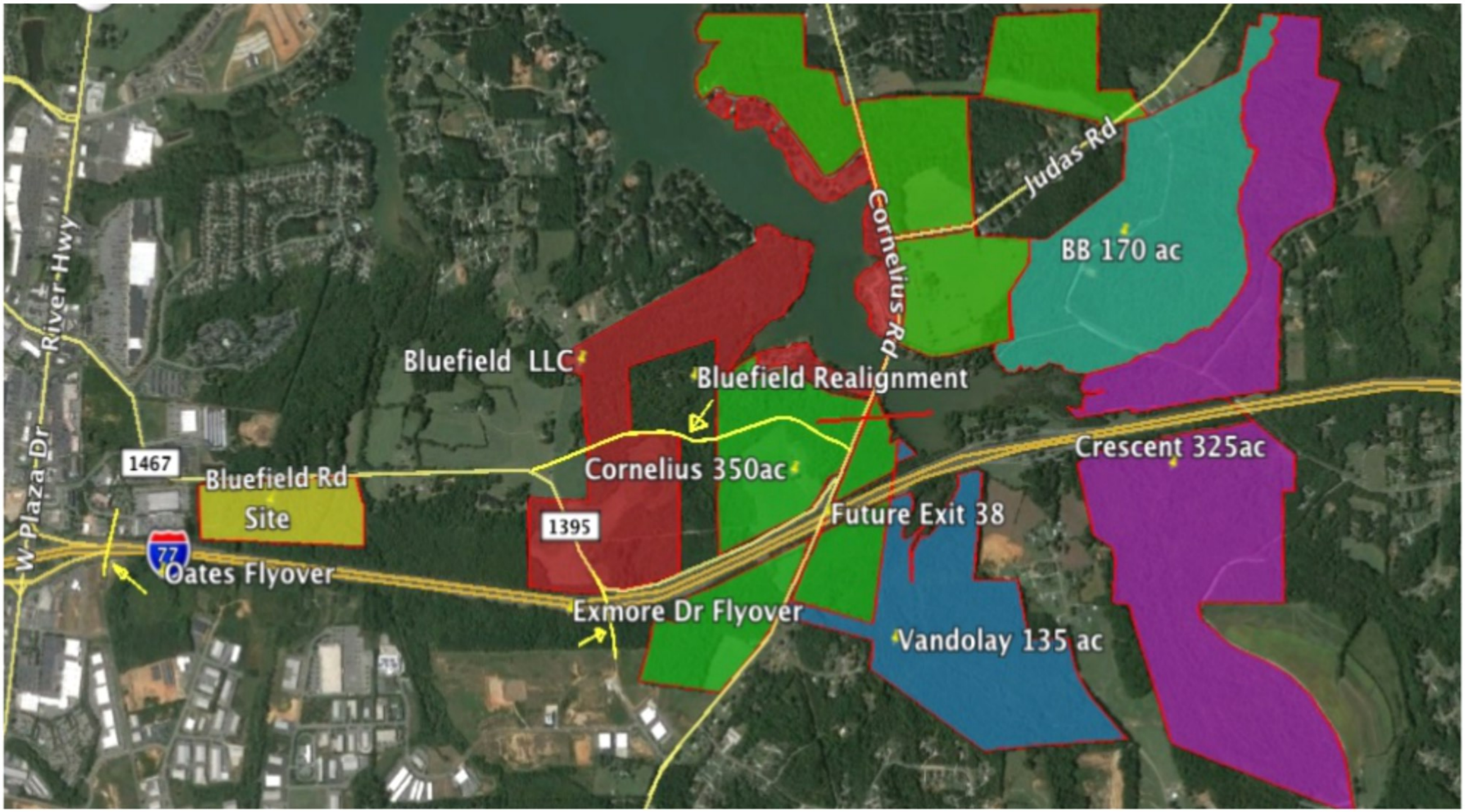
- Re-align Bluefield Rd. (SR 1474) westward between Big Indian Loop (SR 1395) and Cornelius Rd. (SR 1302) as recommended in the Cornelius Rd. Small Area Plan. The purpose of this realignment is to account for the future widening of I-77 and a proposed interchange at I-77 and Cornelius Rd.

- Add a connection linking Bluefield Rd. (SR 1474) and Exmore Rd. (SR 1472) with a grade separation over I-77. This will be constructed on new location as a two lane minor thoroughfare. This connection was recommended in the Cornelius Rd. Small Area Plan to serve the intended development.

- Widen Bluefield Rd. (SR 1474) between NC 150 to the proposed Bluefield Rd. Realignment to a two-lane boulevard.

- Re-classification of Oates Rd. (SR 1305) and Midnight Lane between US 21 and Bluefield Rd. (SR 1474) from Collector Street to minor thoroughfare needs improvement. This is a proposed overpass of I-77 that would reduce congestion in the vicinity of the I-77/NC 150 interchange.

The land around the proposed interchange is largely controlled by few entities (see map) which will allow for a cohesive master plan. There are also several single family housing projects in the works in the area. There is a 130 acre tract just north of the site that is in the process of getting approval for 200+ homes and a church. The developer will extend the sewer from the northern edge of the site to serve the parcel which will put it very near the interchange as well as the 2 large tracts north of Cornelius Rd. All of the above infrastructure planning is arriving as the housing market heats up creating a perfect storm that should result in the construction of thousands of homes and the retail to support them at the interchange as well as the connectivity to allow for development to thrive.


Judas Rd
Cornelius Rd
BB 170 ac
Bluefield LLC
Bluefield Realignment
Crescent 325ac
Cornelius 350ac
River Hwy
W Plaza Dr
1467
Bluefield Rd
Site
1395
Future Exit 38
77
Oates Flyover
Exmore Dr Flyover
Vandolay 135 ac

AERIALS

AERIAL VIEW - FACING SOUTH

DAYTIME EMPLOYMENT COUNT			
Radius	1	3	5
Employment	8,500	20,000	34,000

AERIAL VIEW - FACING WEST

AERIAL SITE

PROPERTY OVERVIEW

RESERVE AT LAKE NORMAN

Bluefield Road | Mooresville, NC
Iredell County

PROPERTY SUMMARY

Reserve at Lake Norman is a 280-unit luxury garden apartment community located in Mooresville, NC on a 37-acre site. The site is split in two phases separated by several acres of protected wooded area. Nature trails will provide access between the two phases. The tremendous access to shops, restaurants, a healthy and expanding employment base, and the recreational opportunities of Lake Norman is unparalleled in the greater Charlotte market.

BUILDING DESCRIPTION

NUMBER OF UNITS	280
NUMBER OF BUILDINGS	17
TOTAL NSF	280,900 NSF
AVERAGE NSF	1,003 NSF
BUILDING STYLE	Garden
NUMBER OF FLOORS	3/4 split, 3-story garden and 2-story carriage houses
STAIRS/BREEZEWAYS	Steel stringers with concrete treads
EXTERIOR MATERIALS	Hard siding, Hardi board, Hardi trim, brick and stone
FRAMING	Wood frame
ROOF COVERING	Pitched, architectural shingles
SITE AREA	36.95 acres

MECHANICAL / ELECTRICAL / PLUMBING

HVAC SYSTEMS	Heat Pump
WATER HEATER	40-gallon in one bedroom, 50– gallon in two and three bedrooms
PLUMBING	CPVC

PAVING / PARKING

REGULAR PARKING SPACES	Approx. 585
HANDICAPPED PARKING SPACES	16—30
TOTAL PARKING SPACES	Approx. 610—615

Reserve at Lake Norman
Mooresville, NC
Proforma Model

UNIT MIX & RENTAL RATES

Unit Type	Description	# of Units	Mix %	Sq. Ft.	Total Sq. Ft.	Rent Per Unit	Rent PSF	Monthly Rent	Annual Rent
A-1	1 BR / 1 BA	114	40.71%	768	87,552	$900	$1.17	$102,600	$1,231,200
B-3	2 BR / 2BA	40	14.29%	1,124	44,960	$1,300	$1.16	$52,000	$624,000
B-2	2 BR / 2BA	102	36.43%	1,156	117,912	$1,325	$1.15	$135,150	$1,621,800
B-6	2 BR / 2BA carriage	10	3.57%	1,208	12,080	$1,425	$1.18	$14,250	$171,000
C-1	3 BR / 2BA	14	5.00%	1,314	18,396	$1,450	$1.10	$20,300	$243,600
TOTALS/AVERAGES		280	100.00%	1,003	280,900	$1,158	$1.15	$324,300	$3,891,600
Premium Income								$3,220	$38,640
Other Rental Income								$10,900	$130,800
Other Income								$6,160	$73,920
TOTAL GROSS REVENUE								**$344,580**	**$4,134,960**

NET OPERATING INCOME

Description		Per Unit	Total
Annualized Gross Revenue		$14,768	$4,134,960
Vacancy & Collection Loss @	7.00%	($1,034)	($289,447)
TOTAL NET REVENUE		$13,734	$3,845,513
Payroll		$1,200	$336,000
Utilities		$300	$84,000
Redecorating/Make-Ready		$200	$56,000
Landscaping/Contracted Services		$200	$56,000
Repairs & Maintenance		$150	$42,000
Leasing & Marketing		$175	$49,000
General & Administrative		$150	$42,000
TOTAL CONTROLLABLE EXP.		$2,375	$665,000
Management Fees		$412	$115,365
Insurance		$175	$49,000
Real Estate & Property Taxes		$1,200	$336,000
TOTAL NON-CONTROLLABLE		$1,787	$500,365
TOTAL OPERATING EXPENSES		$4,162	$1,165,365
RESERVES		$200	$56,000
NET OPERATING INCOME		**$9,372**	**$2,624,147**

YIELD CALCULATION

TOTAL CAPITAL BUDGET	**$34,310,100**
STABILIZED YIELD (UNTRENDED)	**7.6%**

Reserve at Lake Norman
Mooresville, NC
Proforma Model

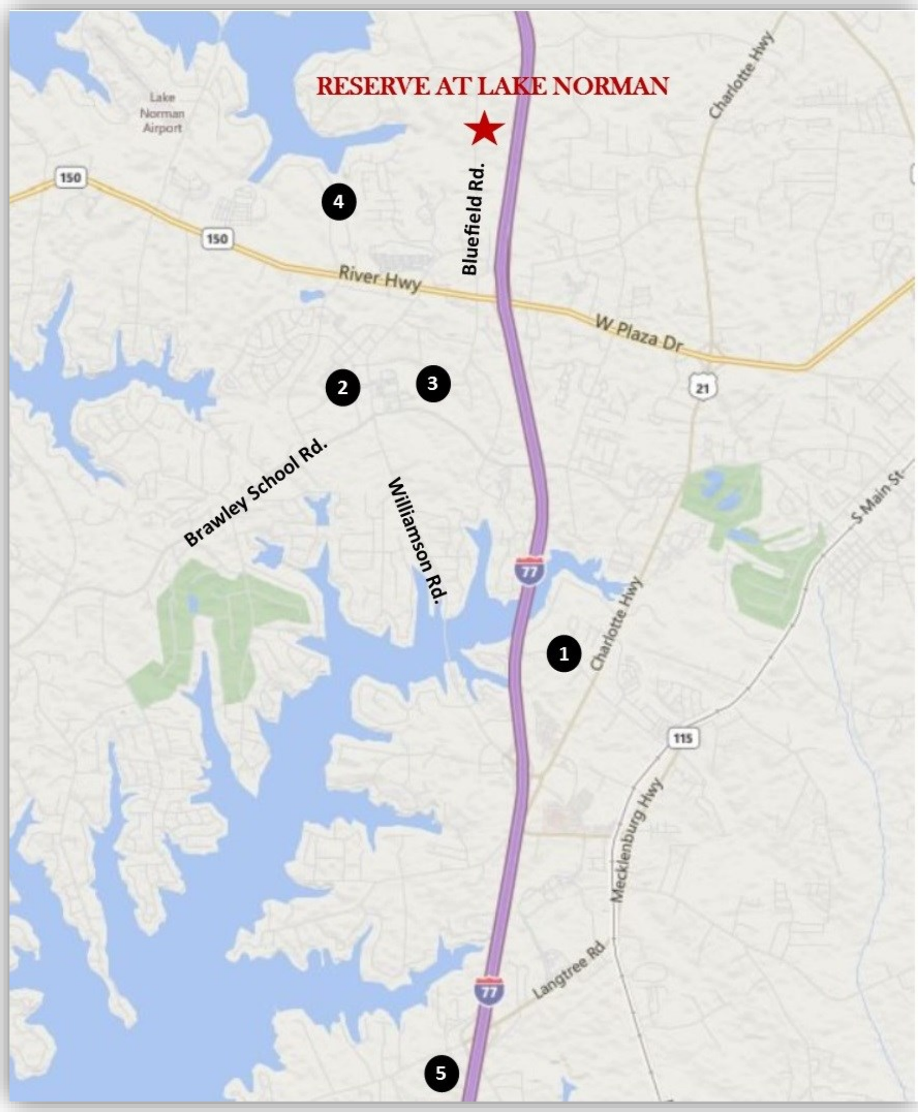
CAPITAL BUDGET

Description	Per Unit	Total
Land	$12,500	$3,500,000
Prepaid Development Costs	$1,518	$425,000
TOTAL LAND	$14,054	$3,925,000
Property Taxes	$286	$80,000
Transfer Taxes	$0	$0
Taxes - Other	$36	$10,000
TOTAL TAXES & LICENSES	$321	$90,000
Legal	$179	$50,000
Miscellaneous Legal	$18	$5,000
Zoning	$7	$2,000
TOTAL LEGAL	$204	$57,000
Title Insurance	$125	$35,000
TOTAL CLOSING COSTS	$125	$35,000
Development Acctg & Expenses	$89	$25,000
Inspection Fee	$64	$18,000
Appraisal/Review Fee	$27	$7,500
TOTAL FINANCING	$824	$230,600
Building Fees	$429	$120,000
Utility Fees	$2,000	$560,000
Other Muni Fees	$36	$10,000
Review Fees	$36	$10,000
TOTAL MUNICIPAL FEES	$2,500	$700,000
Architect	$446	$125,000
Geotech Soil Test	$54	$15,000
Civil Eng. & Landscape Architect	$107	$30,000
Civil & LA Reimbursables	$54	$15,000
Environmental Consultant	$36	$10,000
Design Contingency	$89	$25,000
Traffic Consultant	$36	$10,000
Survey	$9	$2,500
TOTAL ARCHITECT & ENGINEERING	$830	$232,500
Signage	$268	$75,000
Interior Design/Club Furnishings	$446	$125,000
Pool/Amenity Furnishings	$179	$50,000
Exercise Equipment	$268	$75,000
A/V Equipment	$179	$50,000
Interior Design/Model Furnishings	$268	$75,000
Clubhouse Equipment	$54	$15,000
Soft Cost Contingency	$125	$35,000
TOTAL MARKETING	$1,786	$500,000
Construction Interest		
TOTAL CONSTRUCTION INTEREST	$6,928	$1,940,000
TOTAL CONSTRUCTION COSTS	$90,000	$25,200,000
CONTINGENCY	$5,000	$1,400,000
TOTALS	**$122,536**	**$34,310,100**

RENT COMPARABLES

RENT COMPARABLES SUMMARY

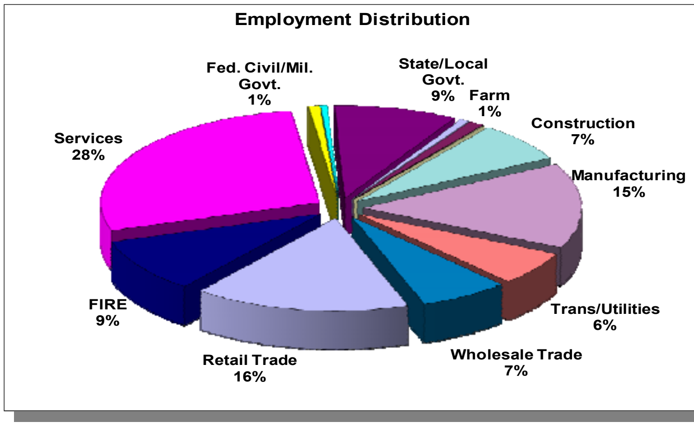
	PROPERTY ADDRESS	YR BUILT	# OF UNITS	AVG SQ FT	MARKET RENT	MARKET RENT PSF	OCC
1	The Venue	2014	232	1,076	$1,249	$1.16	Lease Up
2	The Grove	2014	281	1,182	$1,300	$1.10	Lease Up
3	The Fountains	2012	227	1,013	$1,159	$1.10	92%
4	Plantation Pointe	2015	260	895	$954	$1.06	Lease Up
5	Langtree at the Lake	2013	300	1,097	$1,302	$1.19	Lease Up
	TOTALS/AVERAGES		1,300	1,053	$1,193	$1.12	
	Reserve at Lake Norman	2012	280	1,003	$1,158	$1.15	N/A

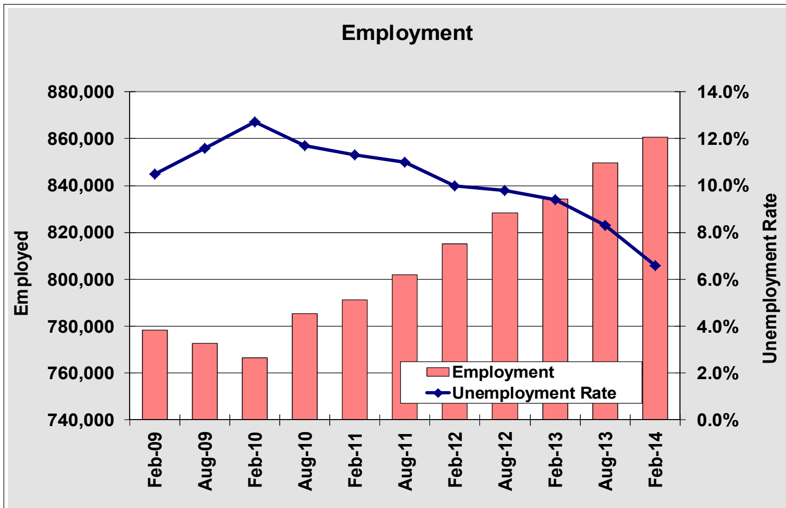


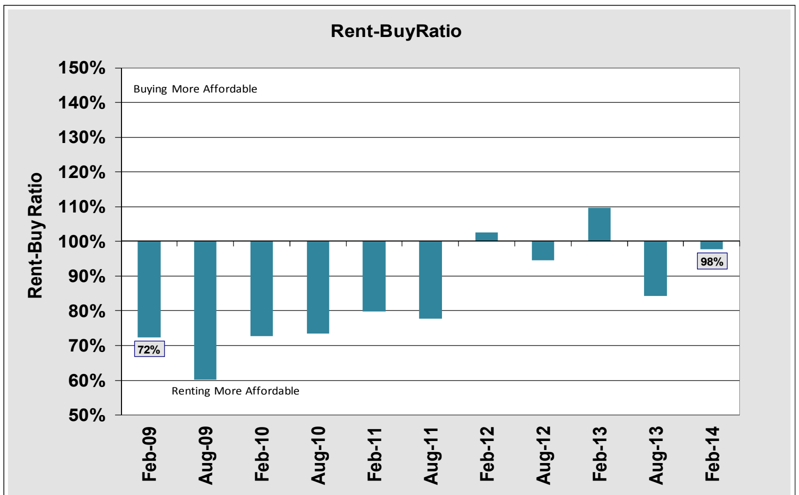
Economic Overview

The Charlotte metro area has grown by more than 26,000 jobs in the last year and the unemployment rate is now 6.6%, according to the North Carolina Employment Securities Commission.

Major employers include Wells Fargo, Bank of America, Carolinas Healthcare System, Duke Energy, UPS, US Airways, TIAA-CREF, Adecco, Compass Group, IBM, AT&T North Carolina, BB&T and Time Warner Cable.







Employment / Economic Announcements

- Coroplast Tape Corporation, which makes industrial adhesive tape, is adding 150 jobs at its new plant in Rock Hill.
- Red Ventures, an internet marketing company, is adding 200 employees to its offices in Indian Land.
- Dewalt, a manufacturer of power tools, is adding 250 jobs at its plant in Charlotte.
- BeBevCo, a beverage company, is adding 100 jobs to its operation in Statesville.
- Owens Corning, which manufactures composite materials, will add 110 jobs at its new facility in Gastonia.
- Citi-Mortgage, a mortgage service company, laid off 200 employees at its offices in Fort Mill.
- InChem Corporation, a chemical manufacturer, is adding 40 jobs at its plant in Rock Hill.
- Wells Fargo laid off 150 employees in its mortgage processing department in Charlotte.

	Charlotte Metro Area Trends												Annualized	
		Feb-09	Aug-09	Feb-10	Aug-10	Feb-11	Aug-11	Feb-12	Aug-12	Feb-13	Aug-13	Feb-14	1-Yr Avg.	5-Yr Avg.
Work Force	Employment	778,412	772,775	766,462	785,334	791,328	802,026	815,191	828,326	834,336	849,701	860,595	848,211	807,681
	Employment Chang	-34,425	-5,637	-6,313	18,872	5,994	10,698	13,165	13,135	6,010	15,365	10,894	26,259	16,437
	Growth Rate	-4.2%	-0.7%	-0.8%	2.5%	0.8%	1.4%	1.6%	1.6%	0.7%	1.8%	1.3%	3.1%	2.0%
	Unemployment Rate	10.5%	11.6%	12.7%	11.7%	11.3%	11.0%	10.0%	9.8%	9.4%	8.3%	6.6%	8.1%	10.3%
For Sale Housing	Price Single-Family	$171,500	$199,600	$173,900	$188,000	$169,000	$191,000	$156,000	$188,000	$164,000	$200,000	$178,432	$180,811	$179,948
	30 Yr. Fixed Mtg. %	5.8%	5.7%	5.4%	4.8%	5.1%	4.8%	4.2%	3.9%	3.8%	4.6%	4.4%	4.3%	4.8%
	Mtg. Payment-(P&I)	$1,002	$1,156	$973	$988	$918	$1,003	$766	$886	$767	$1,030	$895	$897	$944
	Rent-Buy Ratio	72%	60%	73%	73%	80%	78%	103%	95%	110%	84%	98%	97%	84%

Overall Market Summary			
	Feb-13	Aug-13	Feb-14
# Units	106,655	110,053	109,902
# Vacant	6,590	5,554	6,834
Vacancy %	6.2%	5.0%	6.2%
Average SF	955	955	956
Average Rent	$842	$868	$874
Average Rent/SF	$0.881	$0.909	$0.913
Absorption	401	3,157	269
# Under-Const.	7,473	8,325	10,067
# Proposed	10,738	11,925	11,003
Starts	4,383	3,014	3,762
Change in Supply	1,060	2,172	1,647
Same-Store Change $	-$0.12	$20.01	-$2.23
Same-Store Change %	0.0%	2.4%	-0.3%

Summary by Bedrooms						
	Units	Vacant	Vac. %	Avg. SF	Rent/Mo.	Rent/SF
One Bedroom	41,714	2,588	6.2%	738	$781	$1.058
Two Bedroom	54,241	3,427	6.3%	1,039	$891	$0.858
Three Bedroom	12,820	770	6.0%	1,280	$1,029	$0.804
Totals*	109,902	6,834	6.2%	956	$874	$0.913

**Includes four bedroom units*

Market Indicators	5-Yr. Annualized Avg.	Current	1 Year Forecast
Employment Growth	2.0%	3.1%	▲
Mortage Rates (30 Yr. Fix)	4.8%	4.4%	◀▶
Supply Growth	2.7%	3.5%	▲
Demand Growth	3.4%	3.2%	▲
Occupancy Rate	91.3%	93.8%	▼
Rent Growth	2.2%	2.1%	▲

Charlotte
Market Summary

As is typical during the winter months, demand for apartments in the Charlotte area weakened with just 269 units absorbed over the past six months. As a result, the average vacancy rate is now 6.2%.

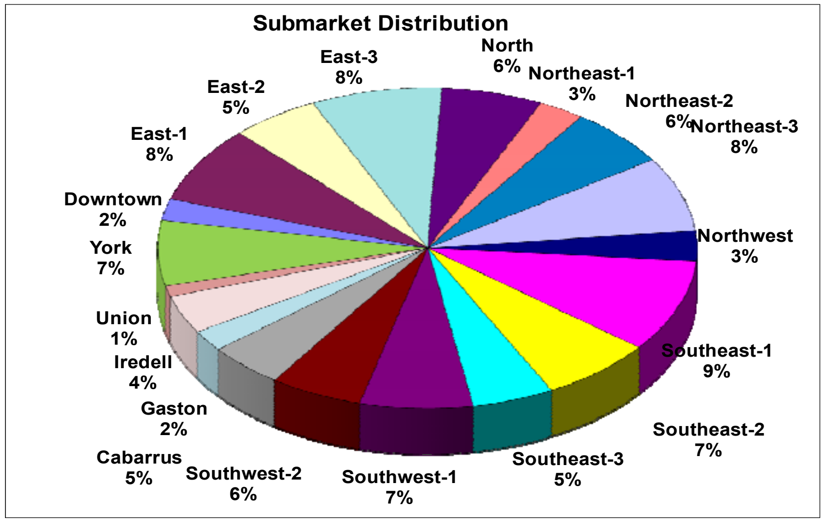
While same-store rents fell (-0.3%) in the last six months, they are up 2.1% for the year. The average rent is now $874 per month. One bedroom units average $781, two bedrooms rent for an average of $891 and three bedrooms rent at $1,029 on average.

The development pipeline has been very active with 10,067 units currently under construction and another 11,003 units proposed. The majority of new development projects are Class A properties located in infill locations in the Downtown, Southeast-1 and East-1 submarkets. These submarkets include the Downtown, South End, Southpark, NoDa and Elizabeth neighborhoods.

As a wave of new supply hits the market in the next year, the average vacancy rate is expected to rise as high as 8.0%. Same-store rents are forecast to grow between 2% and 3% in the next year, but growth could be hindered as new communities coming on-line compete for renters.

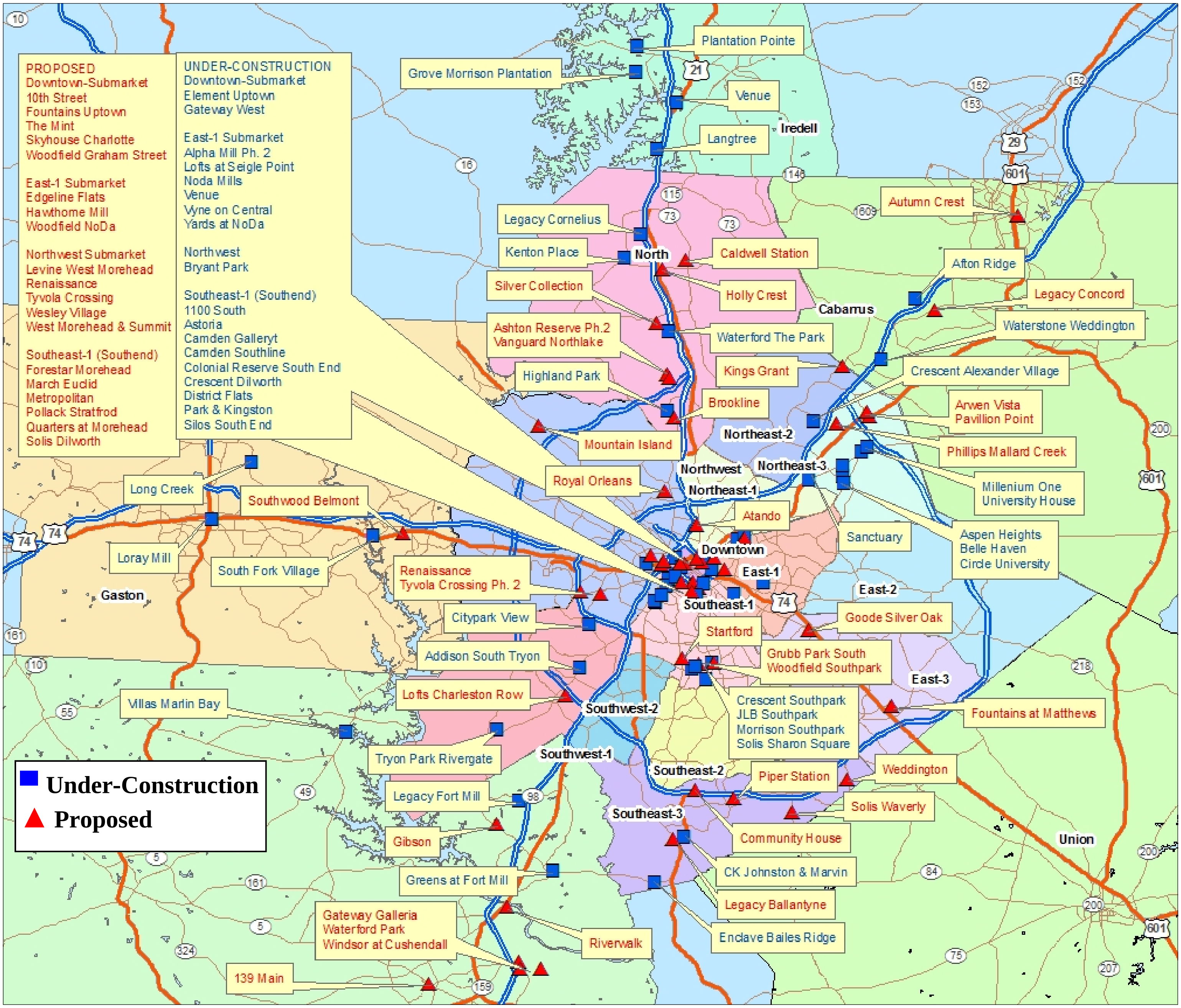
	Charlotte Metro Area Trends												Annualized	
		Feb-09	Aug-09	Feb-10	Aug-10	Feb-11	Aug-11	Feb-12	Aug-12	Feb-13	Aug-13	Feb-14	1-Yr Avg.	5-Yr Avg.
Vacancy	One Bedroom %	11.4%	12.4%	13.8%	11.1%	8.2%	6.6%	5.9%	5.5%	6.1%	5.0%	6.2%	5.8%	8.4%
	Two Bedroom %	11.9%	13.1%	13.7%	11.1%	9.4%	7.3%	7.0%	6.0%	6.3%	5.1%	6.3%	5.9%	8.8%
	Three Bedroom %	12.8%	12.7%	13.5%	10.9%	10.1%	8.6%	8.2%	6.4%	6.4%	5.2%	6.0%	5.9%	9.2%
	Totals	11.8%	12.8%	13.6%	11.1%	9.0%	7.2%	6.7%	5.8%	6.2%	5.0%	6.2%	5.8%	8.7%
Rents	One Bedroom $/mo.	$631	$605	$619	$637	$646	$690	$703	$746	$750	$772	$781	$768	$689
	Two Bedroom $/mo.	$741	$712	$726	$740	$749	$797	$802	$855	$858	$889	$891	$879	$796
	Three Bedroom $/m	$879	$841	$854	$870	$873	$922	$916	$995	$995	$1,019	$1,029	$1,015	$927
	Totals	$725	$697	$708	$725	$733	$780	$786	$839	$842	$868	$874	$861	$780
	Same-Unit Growth	-3.2%	-3.8%	0.3%	1.5%	1.3%	4.4%	0.8%	4.2%	0.0%	2.4%	-0.3%	2.1%	2.2%
Supply Demand	Absorption	-1,692	1,149	1,329	4,416	2,659	2,261	729	2,490	401	3,157	269	3,426	3,772
	Change in Supply	1,208	2,521	2,741	1,800	558	435	104	1,608	1,060	2,172	1,647	3,819	2,929
	Differential	-2,900	-1,372	-1,412	2,616	2,101	1,826	625	882	-659	985	-1,378	-393	843
	Starts	1,706	672	885	369	0	1,137	2,114	2,352	4,383	3,014	3,762	6,776	3,738
	Units U/C	6,063	4,318	2,658	1,227	524	1,137	3,147	4,329	7,473	8,325	10,067	8,622	4,479
	Units Proposed	4,983	3,371	1,719	2,105	4,374	7,206	8,130	11,217	10,738	11,925	11,003	11,222	6,979

Submarkets	Leaders	Laggards
Occupancy:	Cabarrus	Downtown
Unit Size:	Southeast-3	Union
Monthly Rent:	Downtown	Northeast-1
Rent per Square Foot:	Downtown	Northeast-1
Demand (Absorption):	Southeast-1	East-3
Development Activity:	Southeast-1	



Charlotte Submarket Comparison

	Total Units	Vacant Units	Vacancy Rate	Average Sq.Ft.	Average Rent	Average Rent/SF	Absorption - 6 mos.	Units Complete	Units U/C
Charlotte-Mecklenburg County									
Downtown	2,384	228	9.6%	960	$1,479	$1.540	34	40	592
East-1	8,555	610	7.1%	882	$736	$0.834	25	183	935
East-2	5,827	509	8.7%	894	$704	$0.787	-69	0	0
East-3	8,615	402	4.7%	914	$766	$0.839	-300	-303	0
North	6,668	426	6.4%	991	$967	$0.976	75	145	729
Northeast-1	3,013	135	4.5%	885	$614	$0.693	20	0	0
Northeast-2	6,646	451	6.8%	988	$901	$0.912	-28	79	320
Northeast-3	8,294	421	5.1%	1,024	$985	$0.962	-22	50	1,189
Northwest	3,323	285	8.6%	841	$665	$0.791	-38	0	212
Southeast-1	10,275	740	7.2%	972	$1,149	$1.183	343	601	2,975
Southeast-2	7,407	349	4.7%	984	$876	$0.890	-22	0	0
Southeast-3	5,362	251	4.7%	1,081	$1,071	$0.991	-67	0	523
Southwest-1	7,427	547	7.4%	978	$917	$0.937	-17	160	647
Southwest-2	6,094	313	5.1%	920	$734	$0.798	-23	0	0
Total/Avg.	**89,890**	**5,667**	**6.3%**	**957**	**$896**	**$0.936**	**-89**	**955**	**8,122**
Surrounding Counties									
Cabarrus	4,969	193	3.9%	935	$758	$0.811	168	168	373
Gaston	2,352	121	5.1%	937	$659	$0.703	-4	0	645
Iredell	4,245	392	9.2%	967	$796	$0.823	78	304	759
Union	1,216	49	4.0%	811	$736	$0.907	18	0	0
York	7,230	412	5.7%	993	$816	$0.822	98	220	168
Total/Avg.	**20,012**	**1,167**	**5.8%**	**955**	**$774**	**$0.810**	**358**	**692**	**1,945**
Total market	**109,902**	**6,834**	**6.2%**	**956**	**$874**	**$0.913**	**269**	**1,647**	**10,067**



Communities Under Construction

- Childress Klein continues work on 352 units at **Element Uptown** on Mint Street at Martin Luther King Jr. Boulevard in **Downtown**.
- Faison is building the remaining 240 units at **Gateway West** on Fourth Street at Johnson and Wales Way in **Downtown**.
- Associated Estates Realty continues construction on 145 units in a second phase at **Alpha Mill** off North Brevard Street in **East-1**.
- JLB Partners is building the remaining 216 units at **Venue** on 7th Street at Weddington Avenue in **East-1**.
- The Charlotte Housing Authority continues work on 152 market-rate units at **Lofts at Seigle Point** in **East-1**.
- Community Builders began work on 48 units at **NoDa Mills** on North Davidson Street and 36th Street in **East-1**.
- 759 Ventures LLC is building the remaining 32 units at **Vyne on Central** on Central Avenue near Briar Creek Road in **East-1**.
- Gvest Partners continues work on 342 units at **Yards at NoDa** on East 33rd Street at North Brevard Street in **East-1**.

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