

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM THE ADMINISTRATIVE LAW COURT

Shirley C. Robinson, Administrative Law Judge

Appellate Case No. 2015-001106

RECEIVED
OCT 28 2015
SC Court of Appeals

Charleston County Assessor, ... Appellant,

v.

University Ventures, LLC, ... Respondent.

**APPENDIX TO THE
RECORD ON APPEAL**

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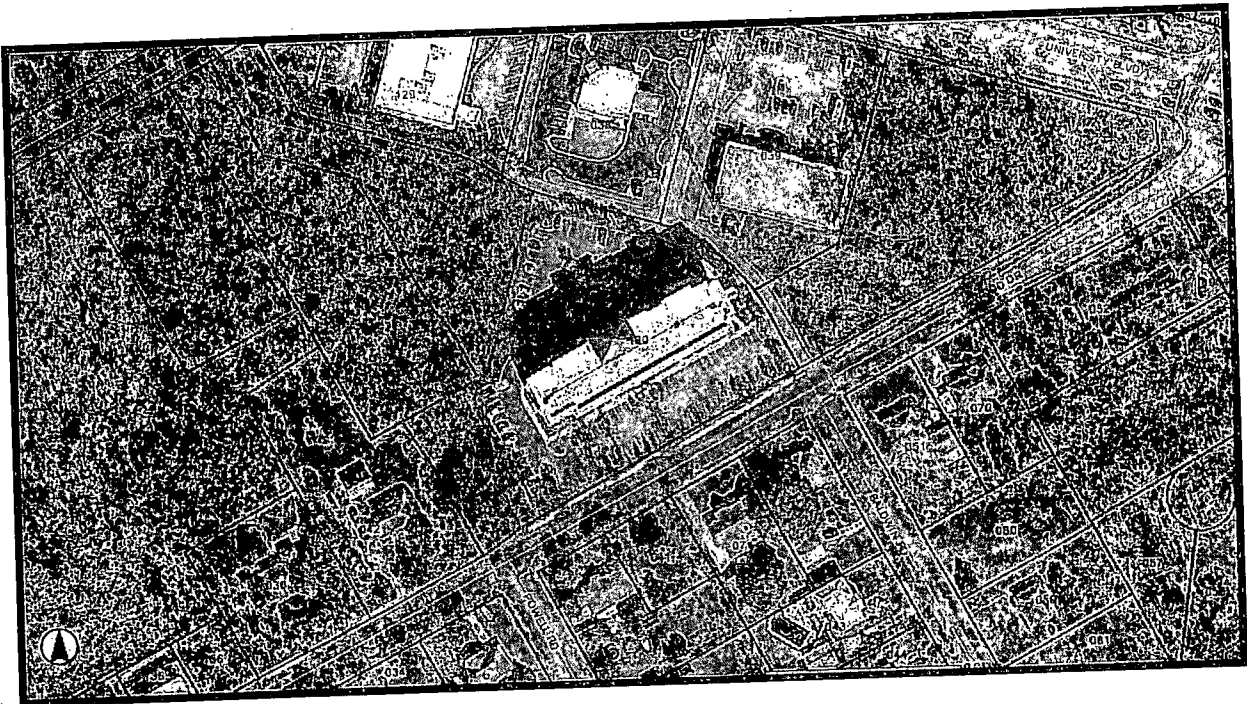
INDEX

1. Appraisal Report of Hampton by Joseph B. Rosen as of
December 31, 2008 by 0002-0143
2. Certificate of Counsel. 0147

APPRAISAL REPORT

OF

HAMPTON INN & SUITES
2688 FERNWOOD DRIVE, NORTH CHARLESTON,
CHARLESTON COUNTY, SOUTH CAROLINA



AS OF:

DECEMBER 31, 2008

BY:

JOSEPH B. ROSEN, MAI, SRA, ASA

ROSEN APPRAISAL ASSOCIATES

Rosen Appraisal Associates

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November 20, 2014
File 14-209

University Ventures, LLC
The Rice Mill Building 4th Floor
17 Lockewood Drive, Suite 400
Charleston, SC 29401

Dear Sir/Madam:

At your request, I have inspected, investigated and compiled the appraisal facts, data and other materials necessary to complete the enclosed report. The property appraised is currently a Hampton Inn & Suites 115 guest room hotel located at 2688 Fernwood Drive, North Charleston, Charleston County, South Carolina. As of the effective date of the appraisal, the hotel located on the property was under construction. It is shown on Tax Map 486-06-00-130. No Certificate of Title was made available from which easements and other items could be recognized and analyzed.

This is an **Appraisal Report** and is intended to comply with the reporting requirements of Standard II of the Uniform Standards of Professional Appraisal Practice. The appraiser is not responsible for unauthorized use of this report. The purpose of the report is to provide the detailed, property-specific information that should be considered by a property appraiser in determining a "fair market value" or "market value" for ad valorem tax purposes as of December 31, 2008. Fair Market Value is general defined as the same as Market Value in appraisal literature.

As of December 31, 2008, subject was 65% complete for a Hampton Inn & Suites according to the developer's request for payment dated December 31, 2008. The land value was \$734,000 and the market value of the Going Concern Value was \$8,450,000 based on income projections and based on the hypothetical conditions and extraordinary assumptions outlined in this report. The subject building permit is dated April 12, 2008 and the date completed according to the certificate of occupancy is April 22, 2009. Therefore, as of December 31, 2008 the subject had been under construction for 8 ½ months.

University Ventures, LLC
File 14-209
November 20, 2014
Page Two

The market value of the Going Concern of subject as of December 31, 2008 based on the hypothetical conditions that the subject property was 100% complete and fully stabilized as a hotel is:

	\$8,450,000
Less the cost of completion	
(\$8,450,000 less \$734,000 land = \$7,716,000 x 35%) =	(\$2,700,600)
Less - Lease - up cost	<u>(\$440,000)</u>
The estimated market value of the Going Concern	
as of December 31, 2008 (including f, f, & e)	\$5,309,400

As a result of the investigation, the analysis of data collected and the appraiser's general knowledge and over 41 years of experience of real estate valuation, it is concluded that the market value of the Going Concern of the subject property as described in the report to follow, as of December 31, 2008 based on subject being 65% complete was:

FIVE MILLION THREE HUNDRED NINE THOUSAND FOUR HUNDRED DOLLARS
(\$5,309,400)

The market value of the Going Concern of the subject property excluding the furniture, fixtures and equipment, as described in the report to follow, as of December 31, 2008 based on subject being 65% complete was:

THREE MILLION NINE HUNDRED FIFTY NINE THOUSAND FOUR HUNDRED DOLLARS
(\$3,959,400)

Based on the hypothetical condition that the subject property was 100% complete as of December 31, 2008 the market value of the fee simple Going Concern interest of the subject property was:

EIGHT MILLION FOUR HUNDRED FIFTY THOUSAND DOLLARS
(\$8,450,000)

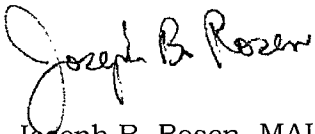
A description of the property appraised and an explanation of the valuation procedures utilized are contained in the body of the attached report. Your attention is also directed to the Limiting Conditions and Assumptions upon which the value conclusions are contingent.

The appraiser did not deduct intangible personal property value since (i) the subject was constructed on December 31, 2008; and (ii) the appraisal is based on the hypothetical condition that the subject property was 100% complete and fully stabilized as of December 31, 2008.

File 14-209
November 20, 2014
Page Three

When a hotel is built and open for business it takes from a few weeks to several years to stabilize and accumulate intangible value, therefore, there is no intangible personal property value at the completion of construction of the hotel. However, as time goes by and occupancy stabilizes at continually increasing ADR rates, intangible value will accumulate within the property.

Respectfully submitted,

A handwritten signature in cursive script that reads "Joseph B. Rosen".

Joseph B. Rosen, MAI, SRA, ASA
S.C. State Certified General Real Estate
Appraiser #CG177

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

LOCATION: The subject property is located at 2688 Fernwood Drive, North Charleston, Charleston County, South Carolina

TAX MAP IDENTIFICATION: TMS 486-06-00-130

PROPERTY SIZE & TYPE: The subject consists of 89,516 square feet or 2.055 acres of land improved with a fully completed and stabilized five story hotel building with 70,689 square feet of gross building area and has a total of 115 guest rooms

DATE OF VALUATION: December 31, 2008

DATE OF INSPECTION: August 27, 2014

DATE OF REPORT: November 20, 2014

OBJECTIVE: Estimate the going concern value of the fee simple interest of the subject property as of December 31, 2008

ZONING: B-2 - General Business (City of North Charleston)

HIGHEST & BEST USE: If Vacant: Commercial Development
As Being Improved: Hotel

VALUE CONCLUSIONS:

Land Value per Square Foot:	\$8.20
Total Land Value:	\$734,000

<u>Income Approach of the Land, Improvements, and FF & E as of December 31, 2008</u> which is estimated to be 65% complete and deducting 35% of the cost of completion and time to achieve stabilization	\$5,309,400 Hypothetical Going Concern
---	--

<u>Income Approach of the Going Concern as of December 31, 2008</u> based on the hypothetical condition that the subject was 100% complete and stabilized as of December 31, 2008	\$8,450,000 Hypothetical Going Concern
--	--

Estimated Market Value Upon Stabilization In 2010	\$8,450,000 Going Concern
--	---------------------------

Real Property Value Only via The Income Approach as of December 31, 2008 (no ff&e)	\$3,959,400 Real Property Only
---	--------------------------------

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Final Value Estimate of the Real Property
and FF&E Intangible Value (if any) of the
market value of the subject as of December
31, 2008 which is estimated to be 65%
complete

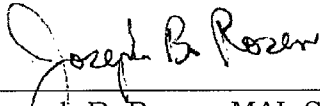
\$5,309,400 Going Concern Interest

The furniture, fixtures and equipment cost would be \$1,350,000, and would be included in both values, the "As Is" as of December 31, 2008 or the Hypothetical Value upon completion as of December 31, 2008.

CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal:

1. Joseph B. Rosen, MAI, SRA, has personally inspected the property which is the subject of the report.
2. I have no present or contemplated future interest in the real estate that is the subject of this report.
3. I have no present interest or bias with respect to the subject matter of this report or the parties involved.
4. To the best of my knowledge and belief, the statements of facts contained in the report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct, and no pertinent facts affecting marketability have been knowingly withheld.
5. This report sets forth all the limiting conditions (imposed by the terms of this assignment or by the undersigned) affecting the analyses, conclusions and opinions of this report.
6. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
7. The compensation received for this report is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
8. No one other than Joseph B. Rosen, MAI, SRA, prepared the analyses, conclusions and opinions concerning the real estate that is set forth in the appraisal report.
9. This report has been developed and prepared in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and Appraisal Foundation.
10. As of the date of this report, Joseph B. Rosen, MAI, SRA, has completed the requirements of the continuing education program of the Appraisal Institute.
11. To the best of the appraiser's ability, the analyses, opinions, and conclusions were developed and the report was prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the regulations of the applicable federal regulatory authority (12 CFR Part 34 [Title XI of FIRREA]).
12. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.



Joseph B. Rosen, MAI, SRA
S.C. State Certified General Real Estate Appraiser #CG177

11/20/14,
Date

TABLE OF CONTENTS

PREFACE	i
LIMITING CONDITIONS AND ASSUMPTIONS	1
EXTRAORDINARY ASSUMPTIONS.....	5
HYPOTHETICAL CONDITIONS	5
IDENTIFICATION AND LOCATION	6
LEGAL DESCRIPTION	6
PURPOSE AND DATE OF APPRAISAL.....	9
INTENDED USE OF THE APPRAISAL	9
PROPERTY RIGHTS APPRAISED	9
DEFINITION OF MARKET VALUE.....	10
PROBABILITY OF CHANGE	10
SCOPE OF THE APPRAISAL	11
EXTENT OF THE APPRAISAL PROCESS	12
COMPETENCY STATEMENT.....	13
ASSESSED VALUATION AND TAXES	13
ZONING AND RESTRICTIONS	18
CITY DATA	19
NEIGHBORHOOD DATA.....	31
HISTORY OF THE PROPERTY.....	34
SITE DATA	35
DESCRIPTION OF IMPROVEMENTS.....	57
HIGHEST AND BEST USE	64
HIGHEST AND BEST USE IF VACANT	64
HIGHEST AND BEST USE AS IMPROVED	66
MARKETING TIME	67
LAND VALUATION.....	81
COST APPROACH.....	95
SALES COMPARISON APPROACH.....	99
INCOME CAPITALIZATION APPROACH	112
RECONCILIATION AND FINAL VALUE ESTIMATE	115
ADDENDA.....	116

PREFACE

An appraisal is a type of research into the law of probabilities with respect to real estate. Through the appraiser's education, training, experience, and integrity he is able to project sellers' and buyers' past activities into a forecast of real estate value. Because of the individuality and uniqueness of each property, comparison of like properties often entails adjustments in arriving at a conclusion. Financial consideration for similar properties sometimes reflects sentiment, compassion, bias, politics, specific needs, lack of understanding, and other factors not considered by the impartial appraiser. The appraiser cannot be an advocate else he belies the very reason for his profession.

An appraisal cannot be guaranteed; cannot be proved. However, the opinions of value can be substantiated and justified and the final conclusion is the result of professional analyses of a considerable quantity of physical and economic facts.

Rosen Appraisal Associates was started in May, 1956 by Harvey J. Rosen, SRA. His son, Joseph B. Rosen, MAI, SRA, ASA started working with his father in July, 1973. From 1956 to early 2008 there was sales data available in almost all areas of South Carolina. But late in the third quarter of 2008, financing became difficult, if not impossible, to obtain. The United States of America experienced a collapse of the financial and credit markets in mid-September of 2008.

THE ECONOMY

The following are some examples of the collapse of the financial and credit markets:

September, 2008: Failure of Freddie Mac and Fannie Mae

September, 2008: Failure of Lehman Brothers

September, 2008: Failure of AIG

September, 2008: Failure of Washington Mutual

October, 2008: Troubled Asset Relief Program (TARP). On October 3, 2008, President Bush signed TARP into law which authorized the federal government to purchase up to \$700 billion in trouble loans.

December, 2008 Merrill Lynch acquired by Bank of America

December, 2008 Acquisition of Wachovia by Wells Fargo

STOCK MARKET HISTORY

	1/2/2008	12/31/2008
Freddie Mac (FMCC)	\$32.74	\$0.73
Fannie Mae (FNMA)	\$37.46	\$0.76
Lehman Brothers (LEHMA)	\$62.19	\$0.03
AIG (AIG)	\$1,126.00	\$31.40
Washington Mutual (WAMUQ)	\$13.72	\$0.02
Merrill Lynch	\$52.76	\$11.64
Bank of America (BAC)	\$40.56	\$14.08

Dow Jones Industrial Average

12/31/2007	12/31/2008
13,264.82	8,776.39

BANK FAILURES

The following is the number of bank failures from 2000 through 2010:

<u>Year</u>	<u>Bank Failures</u>
2000	2
2001	4
2002	11
2003	3
2004	4
2005	0
2006	0
2007	3
2008	25
2009	138
2010	156

The following are the banks that were taken over by FDIC located in Columbia, SC and along the coast:

Cooperative Bank, Wilmington, NC	June 19, 2009
Beach First, Myrtle Beach, SC	April 9, 2010
Atlantic Bank and Trust, Charleston, SC	June 3, 2011
Bank Meridian, Columbia, SC	July 29, 2011
Plantation Federal, Pawley's Island, SC	April 27, 2012
Carolina Federal Savings Bank, Charleston, SC	June 8, 2012
Waccamaw Bank, Whiteville, NC	June 8, 2012

These banks knew they were in trouble and made very few loans beginning in 2008 until the FDIC took them over.

In addition to these bank closures, many banks were operating under "regulatory consent orders" and regulators were closely monitoring and critiquing all lending practices, making loans on vacant parcels almost non-existent. In October, 2008, Congress had enacted TARP in which the overwhelming number of American bank participated. TARP severely limited real estate lending. In addition, record levels of bankruptcies and foreclosures further influenced banks' lending practices during this period.

UNEMPLOYMENT BY YEAR

U.S. Unemployment by Year

1/1/2007	4.6%
1/1/2008	5.0%
1/1/2009	7.7%
1/1/2010	9.7%

Charleston County Unemployment by Year

2007	4.4%
2008	5.5%
2009	9.5%
2010	9.2%

The Charleston County market was hit particularly hard during the recession. As you can see, the unemployment rate in Charleston County more than doubled between 2007 and 2009.

According to a national index of all properties as prepared by the MIT Center for Real Estate, investment activity on all real estate nationwide nearly bottomed out in the last quarter of 2009, down dramatically from its high index in January, 2008. The index declined from January of 2008 from 1.9 to 1.15 in December of 2009, a decline of 40% over a two-year period.

The following is a portion of a power point presentation by Ed Hughes, the Beaufort County Assessor dated October 8, 2012 showing paired sales in Beaufort County from 2007 and their resale.

Beaufort County Council Workshop



Reassessment Market Value Analysis Tax Year 2013 / Fiscal Year 2014

Analysis as of August 2012

**Ed Hughes, Beaufort County Assessor
October 8, 2012**



Market Values

**Market Value for 2008* Reappraisal
as of December 31, 2007**

Market Value – 47,600,000,000**

**Market Value Estimate for 2012 Reappraisal
as of December 31, 2012**

Market Value – 33,500,000,000

*Delayed 1 year by County Council Ordinance 2007/13

**Market Value Prior to Appeals

Paired Hotel Sales

1. Comfort Inn – 138 Keith Drive, Canton, Cherokee County, Georgia
Sold January 1, 2002 for \$2,500,000
Resold June 7, 2011 for \$1,675,000
57% Drop in Value

2. America's Best Inn & Suites – 954 Fifth Street, Augusta, Richmond County, Georgia
Sold July 31, 2006 for \$1,264,000
Resold June 10, 2010 for \$745,000
41% Drop in Value

3. Masters Inn – 300 Wingo Way, Mt. Pleasant, Charleston County, SC
Sold May 10, 2007 for \$4,300,000
Resold July 27, 2011 for \$3,750,000
13% Drop in Value

The appraiser was unable to discern any paired sales in Charleston County other than Hotel Sale 3.

Financing

The appraiser consulted with the following commercial lenders regarding the availability of loans on hotels as of December 31, 2008.

First Community Bank – Columbia, SC – Drew Painter
Arthur State Bank – Columbia, SC – Rhonda Hughey
First Citizens Bank – Columbia, SC – Brian Blackwelder
Southern First – Columbia, SC – Blake Taylor
BB&T – Spartanburg, SC – Stan Parker

Beginning in October, 2008 these banks were no longer making loans on hotels:

The following article is from the Wall Street Journal Sunday Edition August 31, 2014.
Ben Bernanke 2008 Federal Reserve Chair discusses the 2008 Economy.

2008 Economy worse than the Great Depression



Ben Bernanke
2008 Federal Reserve Chair

Like Old Times

Former Federal Reserve Chairman Ben Bernanke, a prominent student of the Great Depression, says the 2008 financial crisis was actually worse than its 1930s counterpart.

Mr. Bernanke is quoted making the statement in a document filed on Aug. 22 with the U.S. Court of Federal Claims as part of a lawsuit linked to the 2008 government bailout of American International Group.

"September and October of 2008 was the worst financial crisis in global history, including the Great Depression," Mr. Bernanke is quoted as saying. Of the 13 "most important financial institutions in the United States, 12 were at risk of failure within a period of a week or two."

—Pedro Nicolaci da Costa
Real Time Economics Blog
WSJ.com

Email: chris.gay@wsj.com

Wall Street Journal Sunday Edition
August 31, 2014

19

STATEMENT AND AGREEMENT AS TO LIMITING CONDITIONS AND ASSUMPTIONS

The use of this appraisal report for any purpose signifies the reading and acceptance of all assumptions, attachments and limiting conditions. These conditions are a part of the appraisal report, they are a preface to any certification, definition, fact or analysis, and are intended to establish as a matter of record that the appraiser's function is to provide a present market value indication for the subject property based upon the appraiser's observations as to the subject property and the real estate market. This appraisal report is an economic study to estimate value as defined in the report. It is not an engineering, construction, environmental, legal or architectural study nor survey and no such expertise is implied. No testings of material, equipment, soils, water, air or vegetation were made on or off site.

The limiting conditions and assumptions, which follow, apply to each and every property identified for valuation in this report, unless otherwise indicated.

Assumptions relevant to the acceptance and completion of this appraisal assignment:

1. No responsibility is assumed for matters of a legal or technical nature which might affect the property being appraised or the title thereto. The title is assumed to be good and marketable unless stated otherwise.
2. The property is appraised as though free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans/floor plans and other illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the subject property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organizations have been or can be obtained or renewed for any use upon which the opinion of value contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the

appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, ureaformaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

12. The presence of potentially dangerous or hazardous materials, gases, mold, mildew, or toxic substances may affect the value of the property and in this appraisal the value estimate is predicated on the assumption that there is no such element on, in or near the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them.
13. Good structural and mechanical conditions are assumed to exist and no opinion as to these matters is to be inferred or construed from the attached report.
14. That certain opinions, data, and estimates furnished by others in the course of this investigation are correct.
15. That no recorded restriction or zoning ordinance would prohibit the use of the property for any purpose indicated to be the Highest and Best Use unless cited in the report.
16. That any legal instrument or engineering document, plat or report affecting or indicating an effect upon the use and utility of the property has been furnished to the appraiser's by the orderer or property owner and that if no such documents are presented (in original form or a copy) prior to or by the date of inspection of the property, it is a representation that no such documents exist.

Limiting conditions which apply to the acceptance and completion of this appraisal assignment:

1. The property is appraised as though owned in fee simple and free and clear of any existing lien or encumbrance, unless specifically noted in this report.
2. The appraiser(s) has (have) no responsibility for matters of a technical or legal nature, especially those affecting title to the property.
3. No obligation for court testimony with regard to this appraisal report exists, unless arrangements have been previously made therefore.
4. Value distributions as outlined in this report serve as a basis for distribution of total valuation and shall not be separately quoted or utilized.
5. Drawings, sketches, or maps as included in this report are for the sole purpose of assisting the reader in visualizing the property. Unless otherwise indicated, they are not engineering drawings.
6. The appraisal is based on there being no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser(s) has (have) no responsibility for such conditions, or for engineering studies which might be required to discover such factors.
7. Unless otherwise discussed in the body of this report, we assume that appropriate waste disposal facilities are either available from public or private sewer facilities.

8. Users of this appraisal report are directed to obtain the services of a professional engineer to determine the presence and/or absence of hazardous materials including but not limited to: asbestos and/or radon gas and/or urea formaldehyde foam insulation and/or mold.
9. The appraiser(s) has (have) not made any form of an environmental study, nor have any such studies been made available to the appraiser(s). The value reported herein assumes that the subject site is free and clear of any and all contamination, either on or underground, above ground, air borne, water borne, or within any improvements thereon. The appraiser(s) cannot assume liability for off site environmental problems, either unrevealed, unidentified, or in no way provided to the appraiser(s).
10. This appraisal report is an economic study for value, it is not an engineering, structural, mechanical, feasibility, or architectural study.
11. Possession of this report or any copy thereof does not carry with it right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser(s) for the use of the client, the fee being for the analytical services only. Use of this report is limited to the person, persons, agency or firm for whom it is prepared, and to the appraiser(s). The Bylaws and Regulations of the Appraisal Institute require each Member and Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate, except as hereinafter provided. The client may distribute copies of this appraisal report in its entirety to third parties, however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Further, there is no accountability, obligation, or liability to any third party. It is, however, the third parties' responsibility to assure itself that the information contained herein is accurate and complete. Any reliance on the contents shall be solely at the third parties' risk. This document when provided to third parties is without any warranty or representation, expressed or implied, as to its content, its suitability for any purpose, its accuracy or completeness. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations, news, sales or other media for public communication without the prior written consent of the appraiser(s).
12. This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analyses as set forth in the report were prepared by the appraiser so indicated on the individual certifications, and as discussed in the Scope of the Appraisal Section. No change of any item in the report shall be made by anyone other than the appraiser(s) and/or officer of the firm. The appraiser(s) and firm shall have no responsibility if any such unauthorized change is made.
13. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the appraiser(s) is (are) affiliated.
14. This appraisal was obtained from Rosen Appraisal Associates or related companies and/or its individuals or related independent contractors and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C.

- 522(b)(4). Notify the appraiser(s) signing the report or an officer of Rosen Appraisal Associates of any request to reproduce this appraisal in whole or part.
15. An abundance of research and analysis was conducted in the preparation of this appraisal and/or appraisal report. All file data, research, and analysis, is incorporated herein by reference.
 16. Appraisals are maintained in our office for five years or two years after final disposition in court.
 17. For purposes of this appraisal, any masculine pronoun shall include the feminine, any feminine pronoun shall include the masculine, any plural pronoun shall include the singular, and any singular pronoun shall include the plural.
 18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I (we) have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since I (we) have no direct evidence relating to this issue, I (we) did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.
 19. The subject property may or may not be located in or adjacent to a wetlands area. The appraisers are not qualified in the area of engineering pertaining to the determining of wetlands. Therefore, the appraisers are unable to determine the wetlands status of the subject property. The appraisers assume the appropriate permit, if required, can be or has been obtained from the U.S. Army Corps of Engineers. The appraisers also assume that the jurisdictional determination study and/or permit regarding construction in a wetlands area, if required, does not result in the alteration of the subject property description contained in this appraisal report.
 20. The appraiser has examined flood maps provided by the Federal Emergency Management Agency (FEMA) and has noted whether the subject property is located in a special flood hazard area. We are not experts in Flood Zone delineation and make no guarantee regarding the determination since we are not surveyors. Final determination should be made by a licensed surveyor or engineer.
 21. Unless otherwise noted in the appraisal report, the estimated market value does not include any personal property, fixtures or other non-real estate items.
 22. If additional information is discovered that would alter the value conclusion for the subject, the appraiser retains the right to reconsider the value estimate reported in this appraisal.

EXTRAORDINARY ASSUMPTIONS

Extraordinary assumptions presume uncertain information to be factual. If at a later date these assumptions are proven to be false, this could alter the opinion of Market Value rendered by the Appraiser. The appraiser is assuming the existence as of the valuation date of a fully stabilized and operating hotel performing in accordance with the proforma provided to the appraiser by the owner.

HYPOTHETICAL CONDITIONS

Hypothetical conditions are contrary to what exists but are supposed for the purpose of analysis. Hypothetical conditions assume conditions that are contrary to known facts about the subject property or about conditions external to the subject property. As of December 31, 2008 subject was 65% completed, therefore, the hypothetical condition assumes subject is 100% completed and ready to be open as a hotel furnished.

IDENTIFICATION AND LOCATION

The subject is identified as a Hampton Inn & Suites under construction and is located on Fernwood Drive just off University Boulevard near Interstate 26 in the upper section of North Charleston. It is a second row property located at the rear of the properties that front University Boulevard. University Boulevard (Highway 78) is a major interchange on Interstate 26 and serves as one of the primary arteries to Summerville to the west and Goose Creek and North Charleston to the east. Subject is within the corporate limits of North Charleston and has the street address of 2688 Fernwood Drive, North Charleston, Charleston County, South Carolina 29406.

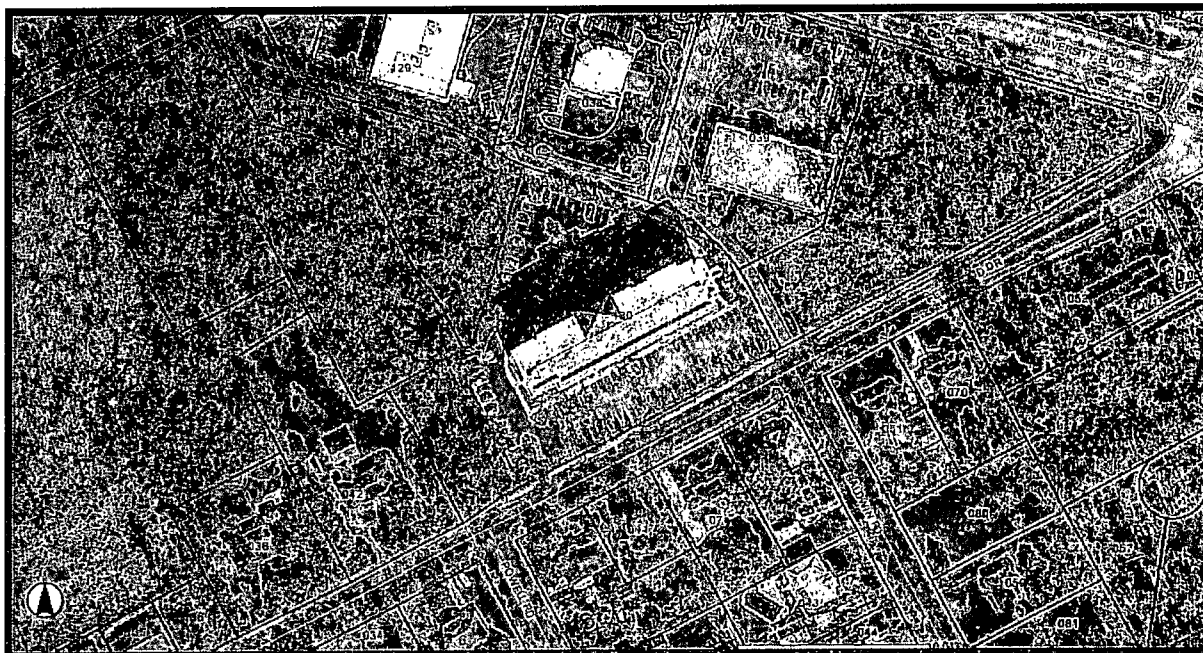
The property consists of 2.055 acres or 89,516 square feet of land and was improved with a five story interior corridor, limited service hotel. The building now has a total of 115 guest rooms and a total of 70,689 square feet of gross building area. When completed it will be operated as a Hampton Inn & Suites, which is a flag under the Hilton Corporation, and competes in the mid-priced segment of the market. Subject is shown on Tax Map 486-06-00-130.

LEGAL DESCRIPTION

ALL that certain piece, parcel or tract of land, situate, lying and being in the City of North Charleston, Charleston County, South Carolina, known as Tract EF, measuring and containing 2.055 acres, more or less, as shown on a plat thereof entitled **"Plat Showing the Combination of Tract E, TMS No. 486-06-00-131 (1.594 acres) and Tract F, TMS No. 486-86-00-130 (0.461 acres) to Form Tract EF Containing 2.055 Acres, Property of University Blvd., LLC, located in the City of North Charleston, Charleston County, South Carolina"** dated November 7, 2006, prepared by HLA, Inc., said plat being recorded in the RMC Office for Charleston County in Plat Book EK, at Page 256; said Tract EF containing such size, shape, dimension, buttings and boundings as will by reference to said plat more fully appear.

[illegible]

AERIAL TAX MAP



PURPOSE AND DATE OF APPRAISAL

The purpose of this **Appraisal Report** is to provide an estimate of the Market Valuation of the Fee Simple Interest of the subject property as of December 31, 2008, the date of the last reassessment in its as is "condition" which is 65% complete. The value reported is subject to the Limiting Conditions and Assumptions and Extraordinary Assumptions on pages 1 through 5 of this report.

INTENDED USE OF THE APPRAISAL

The intended use of this appraisal is to provide the client, University Ventures, LLC, with an estimate of the Market Value of the Going Concern based on the Fee Simple Interest of the subject property in connection with a pending tax appeal. This appraisal has been compiled and written to meet and comply with the Code of Professional Ethics and Standards of Appraisal Practice of the Appraisal Institute, the American Society of Appraisers, as well as the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Foundation.

PROPERTY RIGHTS APPRAISED

The property rights appraised in this appraisal are the Fee Simple Interest of the subject property. The Fee Simple Estate is the absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. No current Certificate of Title was made available to ascertain restrictions or other encumbrances.

DEFINITION OF MARKET VALUE

Market Value is defined as: "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. both buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

(Source: (1) Uniform Standards of Professional Appraisal Practice, 2008-2009 Edition, the Appraisal Foundation, Page A-105, (2) Office of the Comptroller of the Currency, 12CFR, Part 34), (3) Federal Deposit Insurance Corporation & Regulation, Part 323.2(f).

PROBABILITY OF CHANGE

The market value of the property appraised in this report is estimated as of the specific effective date. Constantly changing economic, social, political and physical conditions have varying effects upon real property values. Even after the passage of a relatively short period of time, property values may change substantially and require a review based on differing market conditions.

SCOPE OF THE APPRAISAL

As of July 1, 2006, the Uniform Standards of Professional Appraisal Practice (USPAP) deletes the requirement to label the appraisal analysis as 'complete' or 'limited', as well as the requirement to label the type of report 'restricted use', 'summary' or 'self-contained'. Instead, an appraiser must provide a clear discussion of the Scope of the appraisal assignment.

The Scope of Work is the plan to solve the appraisal problem. The Scope of Work is specific to the intended use and the intended user of the appraisal and is defined by the effective date of the analysis, the type of value sought, characteristics of the subject property, the quantity and quality of the information regarding the relevant characteristics of the subject property, as well as any other conditions of the assignment. The Scope of Work may change during the course of the assignment as the appraiser discovers information about the subject property or its environs. For instance, the appraiser may make assumptions about the subject property because relevant information is not available at the time the appraisal is prepared. Alternatively, it may be necessary for the appraiser to assume a hypothetical condition if information is discovered about the subject property or its environs, but that information can not be considered and is therefore assumed to be false.

EXTENT OF THE APPRAISAL PROCESS

The estimation of a real property's market value involves a systematic process in which the appraiser defines the problem; plans the work necessary to solve the problem; and collects, analyzes and interprets the data relevant to the value estimate. Three traditional approaches to value are normally used in the appraisal process and are discussed in the Approaches to Value section of this report.

The subject property is located at 2688 Fernwood Drive, North Charleston, Charleston County, South Carolina. The site contains 2.055 acres and, as of the valuation date, was in the process of being improved with a five story, 115 guest room hotel which was completed in April, 2009. Subject was inspected on August 27, 2014, by Joseph B. Rosen, MAI, SRA, ASA. Detailed data was collected and confirmed for similar properties through the use of public records and recorded deeds, grantors, grantees, and/or real estate brokers and attorneys involved in the transactions. Market data was researched from 2007 to 2009. In addition the appraiser obtained a Star Report for occupancy and rack rates in the area.

Joseph B. Rosen, MAI, SRA, ASA, is a State Certified General Real Estate Appraiser and has been appraising real estate for over forty-one years. In that time, he has prepared appraisals for all types of commercial, industrial, institutional and residential property. Joseph B. Rosen, MAI, SRA, ASA, inspected the subject property on August 27, 2014, completed the research and analysis, and preparation of the appraisal report. Joseph B. Rosen, MAI, SRA, ASA, accepts full responsibility for the contents of this report.

COMPETENCY STATEMENT

The Office of the Comptroller of the Currency has issued a ruling that regulates lenders, to evaluate an appraiser's competency for each appraisal assignment.

Joseph B. Rosen, MAI, SRA, ASA, has over forty-one years of appraisal experience. In addition, he has owned and managed rental properties and bought and sold rental properties. He has appraised lots, acreage, lots and acreage on lakes, ocean front lots, office buildings, retail buildings, hotels, auto dealerships, auto repair facilities, churches, convenience stores, lube facilities, mini-warehouses, cemetery, funeral homes, hotels, auto salvage yards, manufactured home parks, apartment projects, medical office buildings, dental office buildings, communication towers, tower sites, and other types of improved properties. The appraiser has the qualification and experience to appraise the subject property.

ASSESSED VALUATION AND TAXES

The subject property is located in Charleston County and has been appraised for tax purposes by the Charleston County Assessor's Office. Agricultural land and owner occupied properties are assessed at 4% of their tax appraised value. Non-owner occupied residence, multi-family, commercial and industrial (not manufacturing) properties are assessed at 6% of their tax appraised value. The assessment ratio for manufacturing is 10.5%. The appraised value is multiplied by the appropriate assessment ratio, resulting in the assessed value. The assessed value is then

multiplied by the millage rate for the tax district in which the property is located resulting in the real property taxes. In some counties there is a solid waste charge added to the real property taxes and/or a storm drainage charge. There is a Local Option Sales Tax (LOST) credit in some counties.

The following three pages is the assessor's value and the real property taxes for

	Taxes	Assessor's Appraisal
2008	\$5,845.07	\$404,000
2009	\$6,022.84	\$404,000
2010	\$122,356.44	\$8,180,000

Charleston County Tax System - Real Property Detail

Page 1 of 1

CHARLESTON COUNTY

Tax Related Information

* MAIN MENU

* CONTACTS

* EXIT

- Billing Information -

Account 486-06- Appraised 404,000
 (PID): 00-130 (FMV):
 Tax Year: 2008 Assessment: 24240
 Prior Year: NA Mills: x 0.2698
 Status: Current (Paid)
 Receipt: 2008-154807
 Previous Receipt: NA
 Next Receipt: NA
 Billed: 09-30-2008
 Paid: 12-31-2008
 Actual Date: 01-02-2009

Mortgage Co: NA

MLOD Factor: No

Base Tax: 6539.96
 Penalties: + 0.00
 Interest: + 0.00
 Credits: - 694.88
 User Fee: - 0.00
 SW Fee: + 0.00
 Net Tax: 5845.07
 Amount Paid: -5845.07
 Nulla Bona Amount: - 0.00
 Refund Amount: - 0.00
 Transfer Amount: - 0.00
 CURR Due: 0.00

- Property Information -

Legal Description: HWY 78 - TRACT EF
 Subdivision: NA
 Deed: 12-06-2006 R607-071
 Plat: DF-986
 Land Use: VACANT
 General Use: VCC
 Parcel: 952

Buildings	Appraisal	Assessment
Others (6%)	404,000	24,240
Totals:	404,000	24,240

Acreage	Appraisal
High: 2.06	Land: 404000
Marsh: 0.00	Improvements: 0
Swamp: 0.00	Buildings: 0
Total: 2.06	Total: 404000

- Owner Information -

Current Owner: UNIVERSITY VENTURES LLC Tax Address: HWY 78
 Current Co-Owner: NA
 Care Of: THE RICE MILL BLDG
 Tax District: 43 Mail Address: 17 LOCKWOOD DR STE 400
 Jurisdiction: 01 City State Zip: CHARLESTON SC 29401

Selections Tax Record Credits Main Menu

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Charleston County Tax System - Real Property Detail

Page 1 of 1

CHARLESTON COUNTY

Tax Related Information

■ MAIN MENU
■ CONTACTS
■ EXIT

- Billing Information -			- Property Information -		
Account 486-06-	Appraised	404,000	Legal Description:	HWY 78 - TRACT EF	
(PID): 00-130	(FMV):		Subdivision:	NA	
Tax Year: 2009	Assessment:	24240	Deed:	12-05-2006 R607-071	
Prior Year: NA	Mills:	x 0.2738	Plat:	DF-986	
Status: Current			Land Use:	VACANT	
(Paid)			General Use:	VCC	
2009-			Parcel:	952	
Receipt: 156823	Base Tax:	6636.92	Buildings	Appraisal	Assessment
Previous Receipt: NA	Penalties:	+ 0.00	Others (6%)	404,000	24,240
Next Receipt: NA	Interest:	+ 0.00			
Billed: 09-30-2009	Credits:	- 614.08	Acreage	Totals:	404,000 24,240
Paid: 12-31-2009	User Fee:	- - 0.00	High: 2.06	Land: 404000	
Date: 2009	SW Fee:	+ 0.00	Marsh: 0.00	Improvements: 0	
Actual Date: 01-05-2010			Swamp: 0.00	Buildings: 0	
			Total: 2.06	Total: 404000	
Mortgage Co: NA	Net Tax:	6022.84			
	Amount Paid:	-6022.84			
MLOD Factor: No	Nulla Bona Amount:	- 0.00			
	Refund Amount:	- 0.00			
	Transfer Amount:	- 0.00			
	CURR Due:	0.00			

- Owner Information -

Current Owner: UNIVERSITY VENTURES LLC Tax Address: HWY 78
 Current Co-Owner: NA
 Care Of: THE RICE MILL BLDG
 Tax District: 43 Mail Address: 17 LOCKWOOD DR STE 400
 Jurisdiction: 01 City State Zip: CHARLESTON SC 29401



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CHARLESTON COUNTY

Online Tax System

- MAIN MENU
- CONTACTS
- EXIT

- Billing Information -			- Property Information -		
Account 486-06-	Appraised	8,180,000	Legal Description:	2688 FERNWOOD - TRACT EF	
(PID): 00-130	(FMV):		Subdivision:	NA	
Tax Year: 2010	Assessment:	490800	Deed:	12-05-2006 R607-071	
Prior	Mills:	x 0.2738	Plat:	DF-986	
Year: NA			Land Use:	OTHER LAND USE	
Status: Current			General Use:	HTL	
(Paid)			Parcel:	150	
Receipt: 2010-	Base Tax:	134381.04	Buildings	Appraisal	Assessment
157520			Others (6%)	8,180,000	490,800
Previous	Penalties:	+ 0.00			
Receipt: NA			Totals:	8,180,000	490,800
Next	Interest:	+ 0.00			
Receipt: NA			Acreage	Appraisal	
Billed: 09-30-	Credits:	- 12024.60	High: 2.06	Land: 717000	
2010			Marsh: 0.00	Improvements: 0	
Paid 12-29-	User Fee:	+ (Other)	Swamp: 0.00	Buildings: 7463000	
Date: 2010			Total: 2.06	Total: 8180000	
Actual 12-29-	SW Fee:	+ 0.00			
Date: 2010					
	Net Tax:	122356.44			
Mortgage	Amount	-122356.44			
Co: NA	Paid:				
	Nulla Bona				
	Amount:	- 0.00			
MLOD					
Factor: No					
	Refund	- 0.00			
	Amount:				
	Transfer	- 0.00			
	Amount:				
	CURR Due:	0.00			

- Owner Information -

Current Owner:	UNIVERSITY VENTURES LLC	Tax Address:	2688 FERNWOOD
Current Co-Owner:	NA		
Care Of:	THE RICE MILL BLDG	Mail Address:	17 LOCKWOOD DR STE 400
Tax District:	43	City State Zip:	CHARLESTON SC 29401
Jurisdiction:	01		

[Selections](#)
[Tax Information](#)
[Credits](#)
[Main Menu](#)

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ZONING AND RESTRICTIONS

The subject property is zoned B-2, General Business, by the City of North Charleston. This is the broadest commercial zoning designation available and allows virtually any commercial uses. It is the predominant zoning classification for properties fronting University Boulevard and is consistent with Charleston County's CG, General Commercial zoning.

Zoning requires 1 parking space per 3 guest room plus one space per three employees. Based on the 115 rooms plus four spaces for twelve employees, the total parking requirement is 42 spaces. The subject now has a total of 107 striped parking spaces indicating the development is within its parking requirement. Of the 107 spaces, 5 are handicap and 5 are Diamond Elite. According to Sean Emanuel with the City of North Charleston Zoning Office there is no height limitation of the subject site.

Conformance

The use of the property as a hotel is a use of right under the current zoning ordinance. According to the City of North Charleston Planning and Zoning office, the development is within the zoning requirements.

Possibility of Change in Zoning/Neighborhood Trends

In view of the history of the area and the established nature of the commercial properties in the vicinity of the subject site, it is not likely that a change in zoning or land use will occur in the near future.

CHARLESTON MSA REGIONAL ANALYSIS

The Charleston Metropolitan Statistical Area (Charleston MSA) is a three-county entity consisting of Berkeley, Dorchester and Charleston County. Berkeley County is bordered on the south by Charleston County and to the West by Dorchester County. These three counties make up what is known as the Trident Area or Tri-County Area. The Charleston Metropolitan Statistical Area (MSA) includes these three counties due to their close physical and economic relationships.

The Cities of Charleston, North Charleston and Goose Creek and the Towns of Summerville and Mount Pleasant are the five major urban areas in this region. These five areas comprise the majority of the residential base, economic growth and major centers of employment for the Charleston MSA. These areas have all experienced explosive growth in residential and commercial development over the past several years.

While the recessionary environment which has characterized the economy over the past three to five years has certainly taken its toll on the Charleston area, we have attempted to provide some indication of the impact these conditions have had on each of these five individual areas.

To follow is a brief summary of these areas.

The City of Charleston

The City of Charleston is the county seat for Charleston County. Charleston was founded in 1663 under a land grant from Charles II and named "Albemarle". The name was changed to "Charles Town" within a few years and the city was incorporated in 1783. The city of Charleston is located around Charleston Harbor, which is formed by the Ashley, Cooper, and Wando Rivers.

The historic City of Charleston is located on the peninsula of land between the Ashley and Cooper Rivers and is a relatively small geographic area. Charleston has traditionally been known as a seaport and agricultural center and has more recently become an internationally known resort and convention destination.

Charleston has a diverse economy incorporating the port-related industries, travel and leisure/hospitality, industrial development and a significant amount of retail, office and residential development. The City of Charleston has two cruise lines that call on the city including Carnival Cruises and Norwegian Cruise Lines. The City of Charleston is consistently ranked highly in annual surveys of best places to live and visit by countless travel and leisure publications.

Current population estimates for the City of Charleston are 123,723 inhabitants as of January 2009. This indicates a 28% increase over the past ten-year period from the census of 2000 which reported 96,650 residents. This represents enormous growth over the past decade.

The City of Charleston encompasses many diverse districts including the West Ashley area, Johns Island, James Island, the Downtown Historic District, the Downtown Business District, the "Charleston Neck" industrial area and through annexation has recently grown to include the areas of Daniel Island and several residential areas across the waterways of both the Ashley and Wando River in both Charleston and Berkeley County.

The Downtown Business District enjoys the stability of a relatively low amount of developable land with very little new product and a tenant mix that is stable and consists of many major, long-term tenants that have been occupying the same areas for several decades.

Tourism/Hospitality was a significant contributor to the overall economy of the City of Charleston but decreased 10.5% in 2008 (source – Center for Business Research). Hotel occupancies have been slightly increasing from 2001 to 2007 and decreased 4.09% in 2008.

New developments in the Downtown Charleston area are closely regulated by several historic/preservation societies as well as strict zoning regulations. There are several proposed mixed-use developments in the Downtown Charleston area which are located just north of Calhoun Street, which is the historical dividing line between downtown and midtown Charleston. Many of these developments were put on hold in 2008 and 2009 due to economic conditions.

Other developments include the proposed Concord Street waterfront park as well as the Marriott-anchored mixed-use development located on Calhoun Square at Calhoun Street and King Street.

The opposite corner of Calhoun and King Street is the location of the former Millennium Music retail facility. This property was purchased to redevelop into a mixed-use project in late 2006 but this project is also currently on hold.

Although these projects have been put on hold for now, it does appear that the outlook for this area is considered to be positive as growth continues outward from the traditional historic districts.

Since the Great Recession of 2008, the overall appeal of Charleston County has adversely been effected by the 10.5% decrease in attendance at area attractions and a 4.09% decrease in the average occupancy of Charleston County lodging.

City of North Charleston

The City of North Charleston was incorporated in 1972. North Charleston has become one of the largest cities in the State of South Carolina and has become a major player in both retail and industrial development in the area. The City of North Charleston is known as being one of the major employment centers for the Charleston MSA and is conveniently accessed via several major roadways including Interstates 26 and 526.

Current population estimates for the City of North Charleston are 94,010 residents, which represents an 18% growth from the Census of 2000.

North Charleston was negatively affected by the closing of the Navy base in the early 1990's. For the past several decades, there has been relatively higher unemployment and slower economic growth in the North Charleston area when compared to the rest of the Charleston MSA. However, the past decade has brought significant change in the outlook for this area.

Major recent developments in the North Charleston area include Centre Pointe, which is a master planned, 300+ acre commercial development located along International Boulevard, just across from the North Charleston Coliseum. This is a regional shopping destination consisting of Tanger Outlet Center, a Super Wal-Mart, a Sam's Club Discount store, several new hotel facilities and restaurants, approximately 250,000 SF of new office space and over 500,000 SF of retail space. Centre Pointe has continued to be a successful development throughout the past two-year recessionary period.

Other major developments in North Charleston include the Noisette Project, which is master-planned redevelopment of the former Navy Base. This is a massive, mixed-use development which was projected to revitalize the entire Park Circle/Old North Charleston area. However, the majority of these developments were placed on hold or were never undertaken.

While there have been many successful developments within the Noisette Project including the waterfront park, the redevelopment of several large warehouse facilities into mixed-use projects and several residential developments, the most recent news from the Noisette Company was the impending foreclosure proceedings on the current owners of this development. The future for this project is unknown at this time.

Town of Summerville

The Town of Summerville has long been known as a "Bedroom Community" for the Charleston Area, as many downtown residents historically moved inland during the summertime to the Summerville area, retreating from the relatively hot weather and high humidity which were characteristic of the City of Charleston. In the past, Summerville was a small, relatively rural area which was characterized as being the location for 2nd homes of many residents.

Today, Summerville enjoys a well-balanced economy and is characterized as having exceptional schools, affordable cost of living, a small-town atmosphere and an overall high quality of life. Current population estimates are approximately 43,756 residents, which represents an increase of over 57% over the 2000 census of 27,752. This represents the fastest-growing area of the Charleston Metropolitan Statistical Area.

The majority of the new development in the Summerville area has consisted of relatively affordable single-family residences ranging in price from the low to mid \$100,000 range to upwards of \$450,000. As displayed above, the Summerville area

has experienced explosive levels of population growth over the past decade. This can be mainly attributable to the availability of the combination of relatively affordable housing and the high quality of life which has traditionally been associated with living within the Town of Summerville.

The growth of the subject area is also a result of the decreasing supply of developable land proximate to the suburban areas of the City of Charleston as well as the relatively high prices of developable land in close proximity to the more affluent areas of the Town of Mount Pleasant, the City of Charleston, Daniel Island and the beach/island areas of Kiawah Island, the Isle of Palms, Folly Beach and Sullivan's Island.

As the population of Summerville increased over the past decade, demand for housing increased as well. Many new residential developments were met with incredible success and the raw acreage had risen in price dramatically in the Summerville area over the past decade as well, with developable land being priced in the \$10,000 per acre range at the beginning of the decade to upwards of \$70,000 per acre during the height of the real estate market in 2006 and 2007.

Commercial development following these trends over the past decade as well. The major commercial development in the Summerville area from 2002 was the Azalea Square Mall (built 2003), a regional retail development located along Highway 17-A in close proximity to Interstate 26 within the Town of Summerville. This is a major retail destination which is anchored by Kohl's, Ross Dress for Less, Dick's Sporting Goods and Target. There are several local and national tenants located within this development and vacancies are still relatively low.

Other major retail and commercial developments have included several Publix-anchored retail centers which serve the new population centers in the Summerville area. The downtown Summerville area has been revitalized as an active area for local retailers, businesses and restaurants. Many banks have purchased sites and developed branches over the past several years in the Summerville area which resulted in a boom for commercial sites within the Down town area.

However, Summerville has felt a significant decline in both real estate values and new construction as a result of the recessionary environment. Several new subdivisions were never completed in the market area and many are currently in a state of disrepair, with landscaping and common areas having been neglected with no finished homes located in these areas. Prices have declined in excess of 25% to 35% in some areas, with large developable tracts only being sold at significant discounts. There is very little demand for developable land in the Summerville area.

It appears that this market area may be one of the last to turn around in the Charleston MSA. This is due to the relatively high amounts of inventory of both existing homes and vacant residential land in the subject area. A brief analysis seems to indicate that there is currently adequate inventory for approximately 5-10 years of vacant lots in the Summerville area.

Industrial development in the Summerville area also experienced a boom over the past decade. The areas just north of the Town of Summerville near the Jedburg area has been an area of high levels of speculation, with raw tracts of developable land

increasing in value from approximately \$5,000 per acre in the beginning of the decade to upwards of \$75,000 per acre in the current market.

This is due to the large size of the tracts coupled with the relative convenience of the subject area to both Interstate 26, Interstate 95 and the Port of Charleston. There are few opportunities in the Charleston MSA for large-scale industrial development in such a convenient location proximate to these major linkages. The prior owner of these relatively large tracts, MeadWestvaco, began releasing many of these large tracts of land for sale in the middle of the decade.

In summary, the Town of Summerville has experience unprecedented growth between 1998 to 2008. While residential development has stalled during the recent recessionary environment, it is important to note that there are several positive factors in play in the current environment. The industrial market appears to be healthy with significant growth projected in the Summerville/Jedburg areas over the next decade. This should provide an economic spark which may carry over into the residential market over the next several years.

City of Goose Creek

Goose Creek is located in the southernmost portion of Berkeley County adjacent to the City of Hanahan and the City of North Charleston. Goose Creek is a bedroom community for the City of Charleston and is part of the Charleston Metropolitan area.

The city encompasses an area of approximately 31 square miles and was incorporated on March 22, 1961.

The lower Berkeley County and Goose Creek area had been one of the fastest growing areas in the Tri-County Region. As of 2008, Berkeley County was the fastest growing county in South Carolina, and two-thirds of the county populations live in this area. The city has experienced significant growth between 1998 and 2008, becoming the state's 12th largest municipality and a major residential community for the Charleston area.

The 2000 population was 29,208, up from 25,869 in 1990. This represents a 12.9% increase over that decade. The most recent population estimates for the year 2009 were 36,466. This is a growth rate of 24.84%, which is an annual rate of just under 3% per year. This is one of the fastest growing areas of the Charleston MSA.

Crowfield Plantation features a golf course, an Olympic-size swimming pool, club house, lake, hiker-biker trail, churches, several public schools, recreational area, and commercial areas which are either completed or under construction. There are several residential developments located within Crowfield Plantation with homes ranging in price from the lower \$100,000's to upwards of \$750,000 for large, custom homes located on the golf course.

Most of the new commercial development over the last ten years has taken place on US Highway 176. This development includes several neighborhood shopping centers and a new Wal-Mart and Lowe's Home Improvement store located at the intersection of

highway 17A and 176. Other development on US Highways 52 and 176 include a variety of commercial utilizations such as offices, new retail development, branch bank offices, and restaurants.

Recent development on Highway 176 include a new Piggly Wiggly anchored retail center, a proposed Harris Teeter at the intersection of Highway 176 and Highway 17-A, a proposed Publix anchored shopping center at the entrance to Cane Bay, a Zaxby's, an Auto Zone, a Pit Stop Gas Station, a Sonic fast food restaurant, and a medical center. There has been a significant amount of new commercial and retail development at this intersection.

Industrial development in the City of Goose Creek is located in both Crowfield Village and in the Mount Holly Commerce Park. The Mt. Holly Commerce Park is located along U.S. Highway 52 on the south side of Cypress Gardens Road. This is a 1,044-acre, Class A industrial park that was developed by Berkeley County to attract industry to the area. The largest development within this area has been the new \$600 million data center for Google, Inc. which has recently been constructed on a 520-acre site in the within the park.

The new Google data center has been providing a significant boost to the local economy. At full employment, the new data center is projected to employ upwards of 200 persons with an average annual salary of \$48,000.

The central business district and primary commercial area in the City of Goose Creek is located on and between US Highways 52 and 176. There are three streets

connecting the highways, Brandywine Road, Central Avenue, and Thomason Boulevard.

The intersection of US Highways 52 and 176 is the focal point of development in the area. About 50% of the traffic continues on US Highway 52 and the other 50% travels on US Highway 176 toward Crowfield Plantation and the residential development located proximate to Carnes Crossroads. The traffic continuing on US Highway 52 is largely traffic to Moncks Corner.

In summary, the City of Goose Creek experienced unprecedented growth prior to 2008. While residential development has stalled slightly during the recent recessionary environment, it is important to note that there are several positive factors in play in the current environment.

The relative convenience to the entire Charleston MSA as well as the affordability and quality of housing in the subject market provides incentive for future growth within the Goose Creek area.

The recent occupancy of Google within the Mount Holly Industrial Park and the development of several master-planned developments incorporating all levels of residential development, schools, churches, parks and other amenities is considered to be a significant asset to the subject area.

NEIGHBORHOOD ANALYSIS

The subject property is located in a new commercial development on University Boulevard near the Trident Medical Center and Charleston Southern University. The general neighborhood is the area around the intersection of U.S. Highway 78 (University Boulevard) and Interstate 26 in the City of North Charleston. Summerville is approximately 12 miles to the west and Goose Creek is about 5 miles to the east.

The intersection of U.S. Highway 78 (University Boulevard) and Interstate 26 has been developed with two major properties and several smaller ones. The two major anchors in the area are Charleston Southern University in the northeast quadrant of the intersection and Columbia Trident Medical Center (formerly North Trident Regional Hospital) complex in the southeast quadrant. Around the medical center are additional developments including The Elms of Charleston which is a residential semi-retirement facility. There are many small satellite office buildings surrounding the hospital and several small residential developments to the south and east.

The area originally developed approximately 25 years ago when Baptist College of Charleston (now Charleston Southern University) was first built. Most of the development occurred when Columbia Trident Medical Center was built in the mid 1970's. Since then, the area immediately surrounding the hospital has been improved with medical offices in support of the hospital. Most of this development was done on land with deed restrictions which restricted land use to that which would be compatible with the hospital.

The land area outside the hospital perimeter, which includes the subject, is being developed with a variety of commercial uses including fast food restaurants, a neighborhood retail center, C- stores, a branch bank, and service-oriented uses.

Nearby Rivers Avenue, or Highway 52 is a main north-south local traffic thoroughfare in the City of North Charleston and is second only to Interstate 26 as the primary traffic artery for north-south traffic. It originates in the industrial "neck area" of North Charleston and extends north through Goose Creek and further points north.

Toward the south, the area along Rivers Avenue is developed with a combination of heavy and light industrial uses, both single tenant and multi-tenant retail uses, offices, churches and lower to lower middle income housing. The Naval Hospital is also located in this stretch.

Once past Remount Road traveling north, the complexion of Rivers Avenue changes from middle to lower income properties to suburban retail. This is the stretch that has experienced perhaps some of the most significant commercial development in the Trident area over the past decade. Anchored by Northwoods Mall, several neighborhood and community shopping centers have been developed along this stretch, creating a retail synergism that is perhaps the largest pocket of retail development in the region.

The traffic counts summarized below highlight the ongoing volume in the area.

Traffic Counts

Station	Location	2006	2007	2008	2009
175	Highway 78 east of Interstate 26	38,400	38,500	35,700	38,800
165	Highway 52 at Highway 78	64,900	63,200	62,700	61,000

The Highway 78 at Interstate 26 interchange has been completely redone. Highway 78 has also been expanded from 4 lanes to 5 lanes, which includes a center turn lane. This will further add to the development of the neighborhood.

Just north of the subject is Goose Creek, a bedroom community for Charleston. It started developing about 30 years ago, and has experienced steady growth since then. The 2000 Census shows Goose Creek has a population of 29,208 persons and is the 12th largest city in the state. It was also the 12th largest city after the 1990 Census. It is primarily a middle-income bedroom community with strong support from the military establishments in the area. In addition, civilian Federal employees are strong in the area.

A recent development that will have a significant impact on Goose Creek is the Google Data Center just north of the city. The total investment in the center is estimated at roughly \$600 million. Eventually, the center will employ approximately 200 people.

The surrounding area is poised for substantial development. Over 20,000 residential units have been or will be developed in the near future.

Below is a summary of the population and income in the subject's immediate area. As shown, the local population has slightly higher than average median household income levels compared to the State average of \$44,695 and National average of \$52,029.

Population and Income

	Within 1 mile	Within 3 miles	Within 5 miles
2000 Population	4,466	34,073	82,699
2010 Population	4,713	42,634	106,928
2015 Population	4,973	47,478	121,174
Median HH Income	\$37,693	\$51,908	\$54,268
Average HH Income	\$49,800	\$60,540	\$62,768

In summary, the subject property is located in an area in close proximity to employment centers, and is currently under a transformation given the new roadway system.

HISTORY OF THE PROPERTY

The subject site was sold on December 5, 2006 for \$1,253,224. The grantor was University Boulevard, LLC and the grantee was University Ventures, LLC. The deed was recorded in Book R607 at page 71. The building permit is dated April 12, 2008 and the certificate of occupancy is dated April 22, 2009

SITE DESCRIPTION

Location

The subject property is located on Fernwood Drive and a new road through the parent tract. It is about 250 feet south of University Boulevard (Highway 78). The intersection of Fernwood Drive and University Boulevard is signaled and creates a four point intersection with the entrance to Wannamaker County Park. The property is in the City of North Charleston, Charleston County, South Carolina.

Size and Shape

The subject is irregular in shape and consists of approximately 89,516 S.F. or 2.055 acres. Dimensions may be taken from the plat shown previously.

Road Frontage/Access

The subject is a second row property that is approximately 250 feet from University Boulevard. It has good access through the parent development and has good visibility from both directions of traffic on University Boulevard. Overall, access to the property is considered good.

Flood Insurance Rate Map (FIRM) - Census Tract

According to the Federal Emergency Management Agency's (FEMA) FIRM Map 45019C280J and Map 45019C285J, last revised November 17, 2004; the subject is in a Zone X area, which is not a flood hazard area. This was also confirmed by the survey. A copy of both flood maps containing the subject may be found at the end of this section.

The property is in Census Tract 31.04.

Topography/Drainage

The subject is level and at road grade with Fernwood Drive and University Boulevard. Drainage appears to be good with natural drainage toward the north. As developed, topography and drainage of the site are satisfactory. The property is presently heavily wooded with mostly pine trees and underbrush.

Potential Environmental Hazards

Phase 1 Environmental Assessment Report was not furnished. In the absence of a Phase I report, this appraisal assumes there are no potential environmental hazards present on the site that would adversely affect the value. Please note the Limiting Conditions regarding this matter.

Soils

The Charleston County Soil Survey shows that the predominant soils in the area surrounding the subject property are Dunbar and Ardilla fine sandy loam (DdA) and Myatt loam (My). Both soils allow for good drainage and are well suited for development.

Improvements in the neighborhood do not exhibit signs of unusual settling. It is assumed that proper engineering studies will be completed prior to the construction of the improvements and the subject soils have adequate bearing capacity for the improvements. This report assumes there are no unstable soil conditions that would adversely affect value.

Land/Building Ratio

The gross building area is approximately 70,689 S.F., and the site contains approximately 89,516 S.F. indicating the land to building ratio is 1.27:1. Given the shape of the site, this suggests about maximum utilization of the property for a hotel use.

Parking

The majority of the site not under the building was to be paved for parking and traffic flow. When complete, there will be a total of 107 lined parking spaces, which will be adequate and will allow for good traffic flow.

Utilities

All utilities are available with power provided by South Carolina Electric & Gas Company. Water and sewer service is provided by the Commissioners of Public Works and telephone service is provided by AT&T. All other services are provided by the City of North Charleston.

Summary

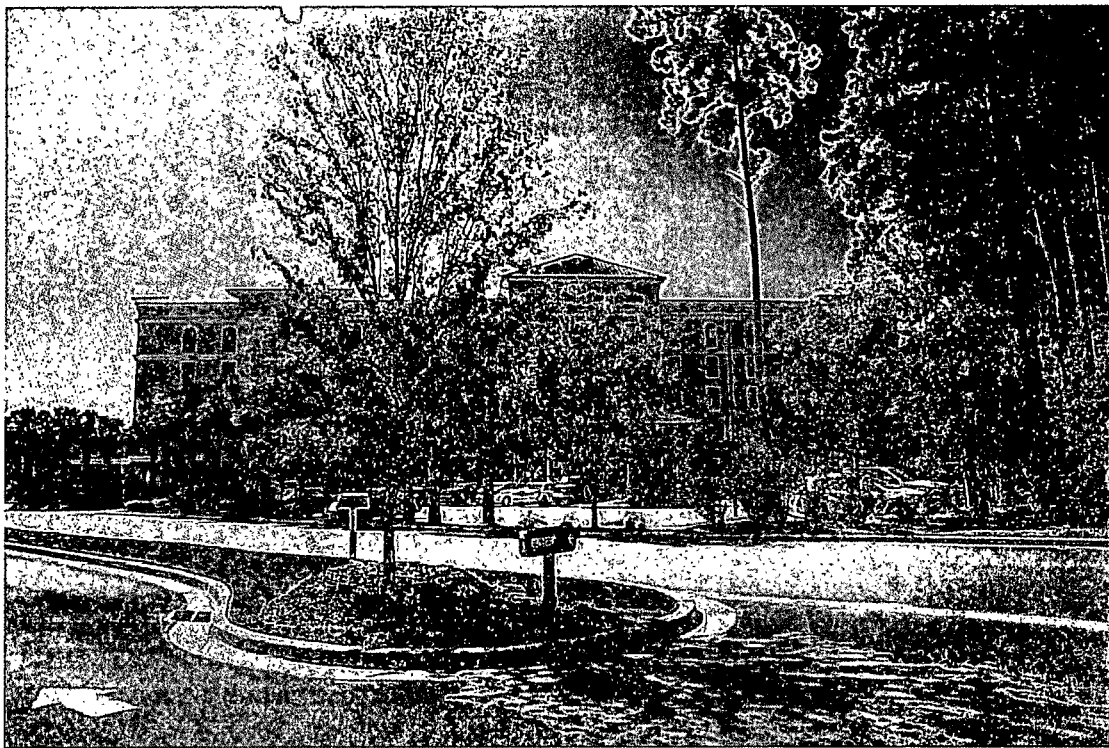
The subject contains a total of 89,516 S.F. which is a typical size for hotel properties in the area. The surrounding land uses coupled with its location and visibility to University Boulevard and close proximity to Interstate 26 provides a good basis for a commercial use.



1. FRONT VIEW OF SUBJECT FROM UNIVERSITY BOULEVARD (1568)



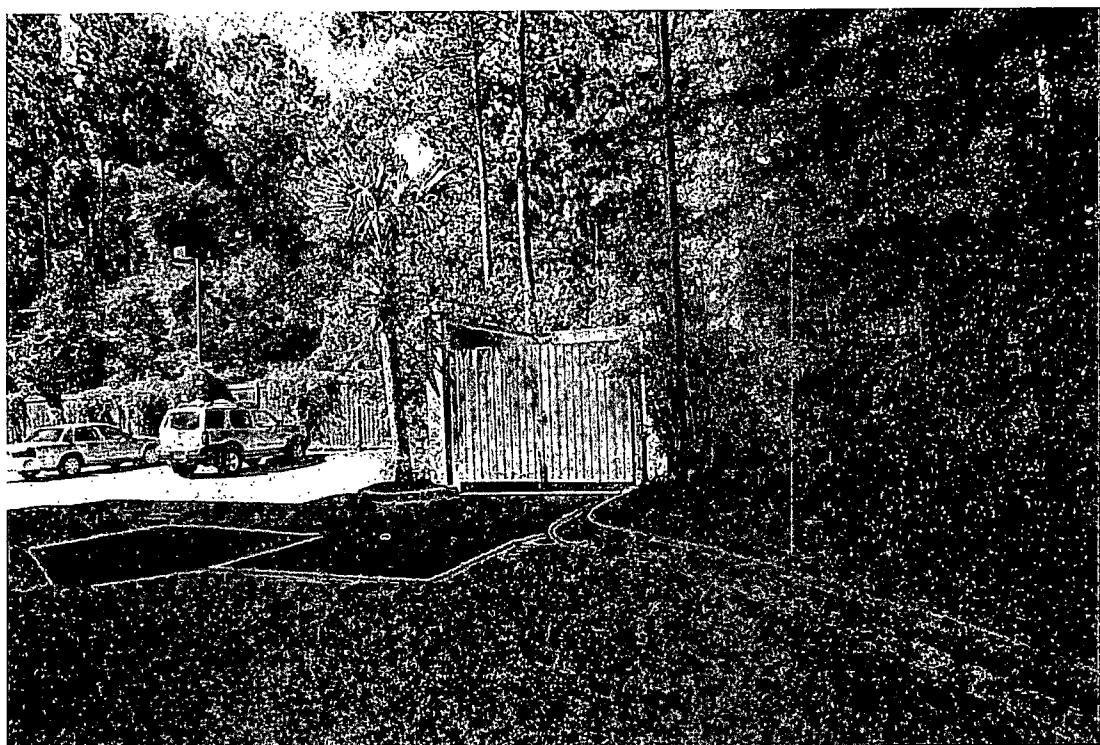
2. FRONT VIEW OF SUBJECT (1569)



3. FRONT VIEW OF SUBJECT (1570)



4. FRONT VIEW OF SUBJECT (1571)



5. VIEW OF DUMPSTER ENCLOSURE (1573)



6. VIEW FROM RIGHT FRONT TO LEFT FRONT (1574)



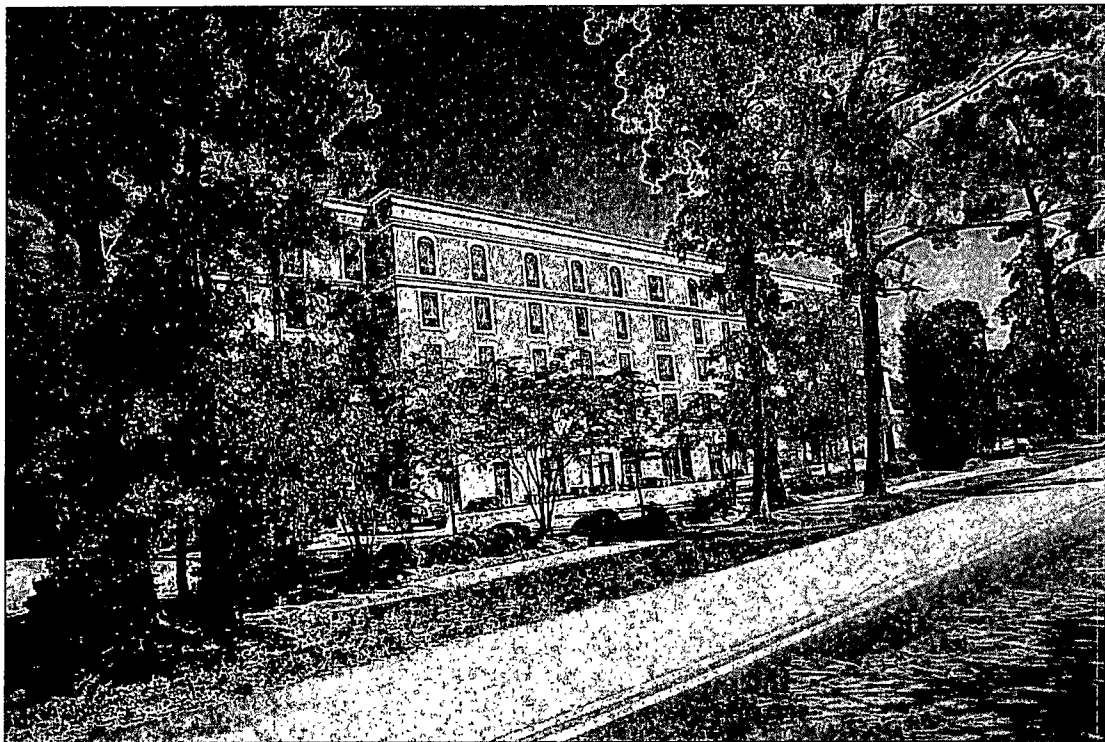
7. RIGHT SIDE OF SUBJECT (1575)



8. RIGHT SIDE & REAR OF SUBJECT (1576)



9. LOOKING EAST ALONG FERNWOOD DRIVE, SUBJECT IS ON THE LEFT (1577)



10. VIEW FROM FERNWOOD DRIVE OF SUBJECT (1578)



11. LEFT SIDE & REAR OF SUBJECT (1579)



12. LOOKING WEST ALONG FERNWOOD DRIVE, SUBJECT IS ON THE RIGHT (1580)



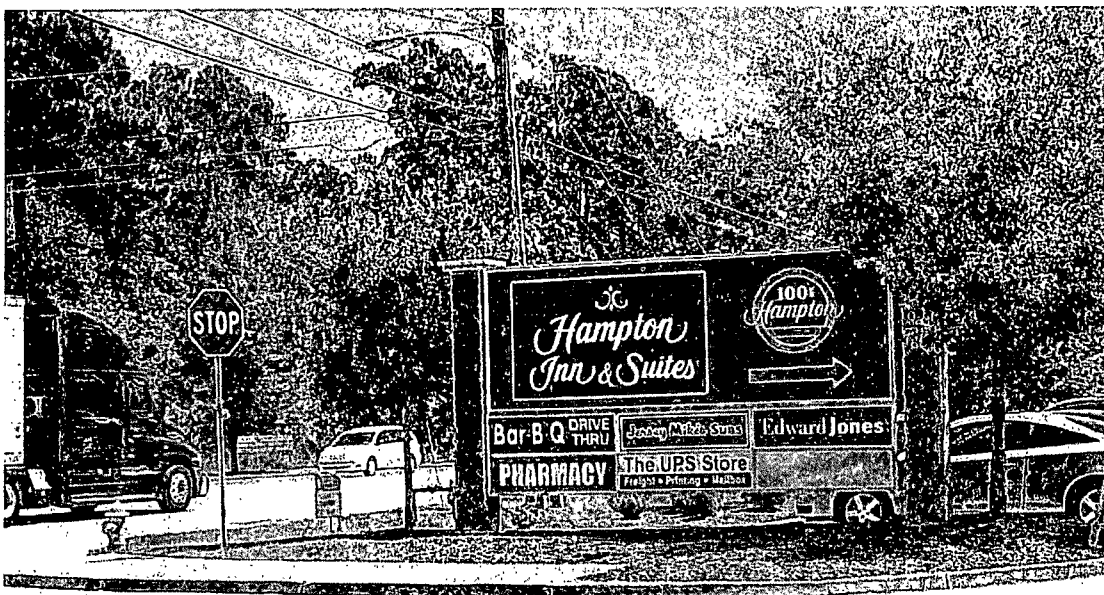
13. LEFT SIDE OF SUBJECT (1581)



14. LEFT FRONT VIEW OF SUBJECT (1583)



15. LEFT FRONT VIEW OF SUBJECT (1584)



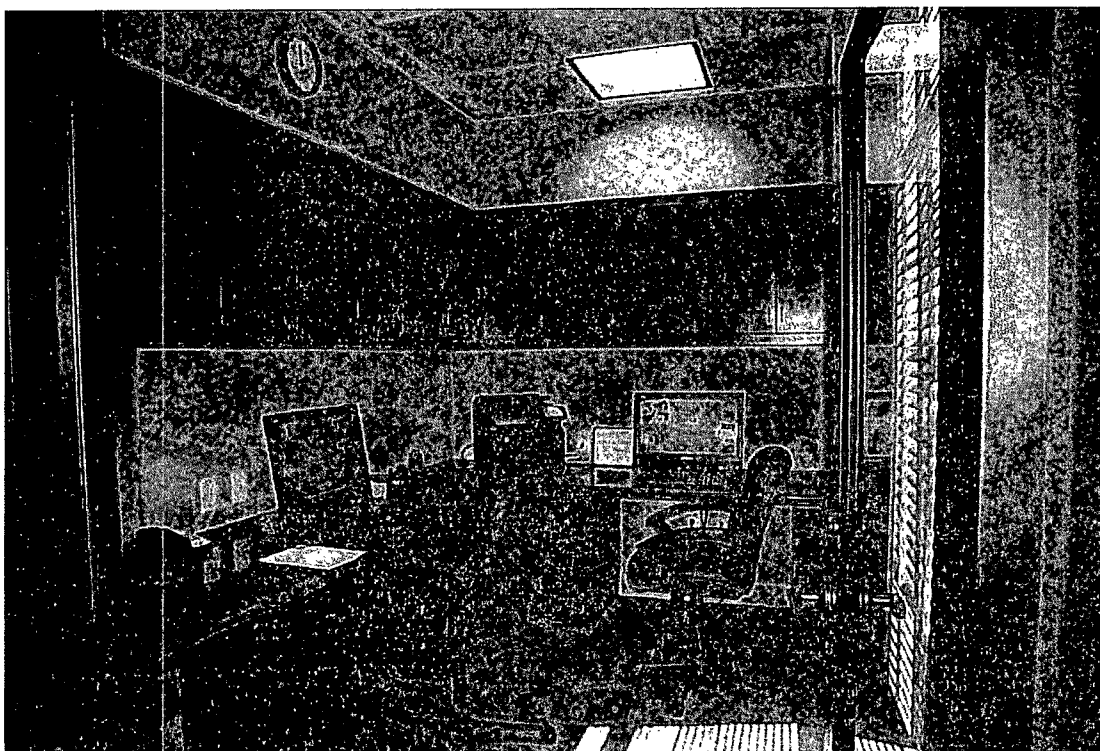
16. SIGNAGE ON UNIVERSITY BOULEVARD (1611)



17. BREAKFAST AREA (1585)



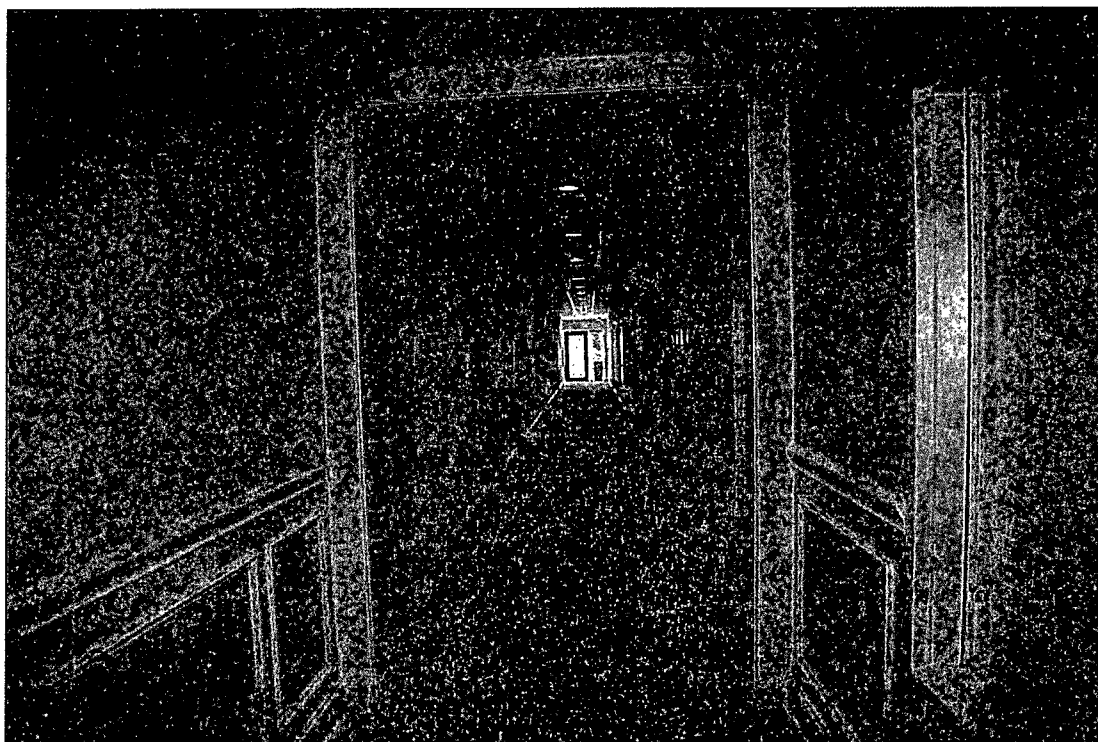
18. LOBBY SEATING (1586)



19. BUSINESS CENTER (1587)



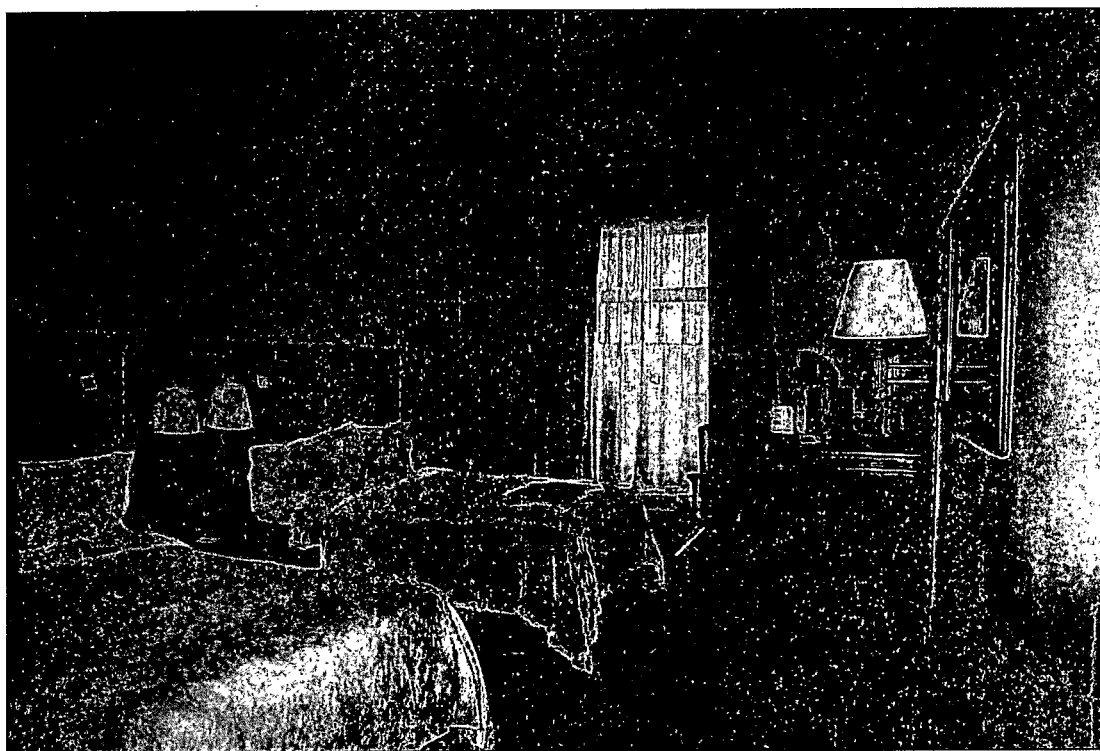
20. BOARD ROOM (1588)



21. 1ST FLOOR HALL - LEFT SIDE (1589)



22. LOBBY (1591)



23. ROOM 124 (1592)



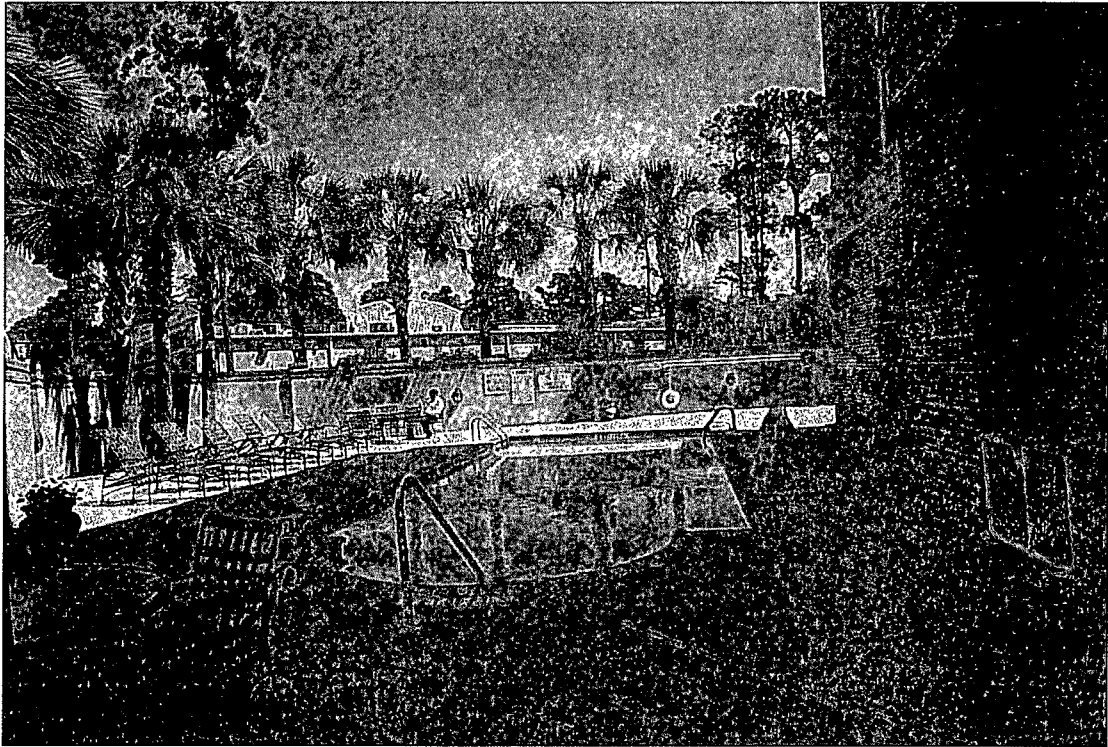
24. ROOM 127 - HANDICAP WITH ROLL IN SHOWER (1593)



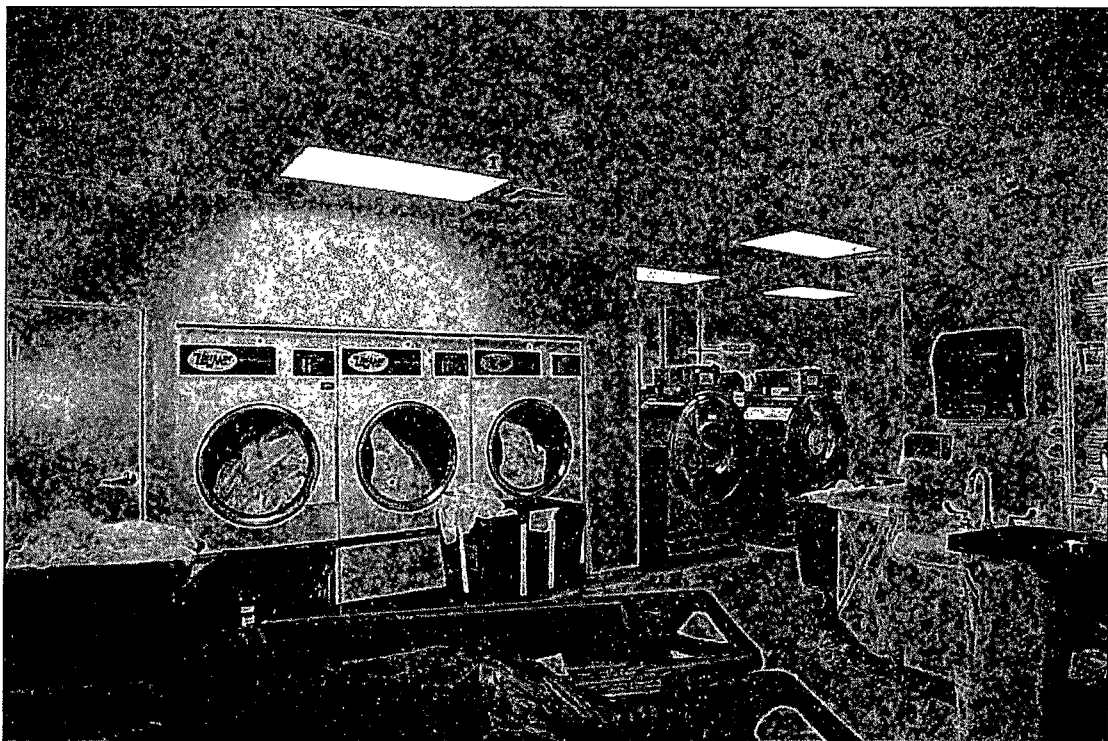
25. UNIVERSITY MEETING ROOM (1594)



26. FITNESS CENTER (1595)



27. OUTDOOR POOL (1596)



28. HOTEL LAUNDRY (1598)



29. ROOM 205 (1599)



30. ROOM 214 (1600)



31. 2ND FLOOR HALL - RIGHT SIDE (1601)



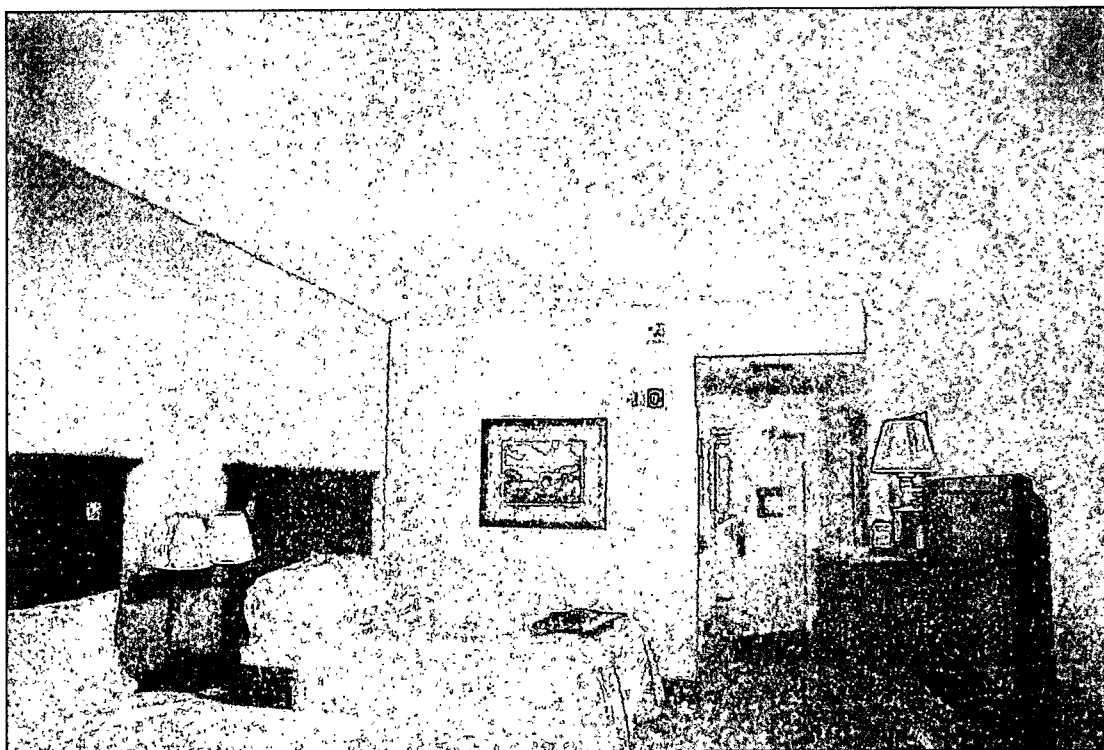
32. ROOM 302 - SUITE (1602)



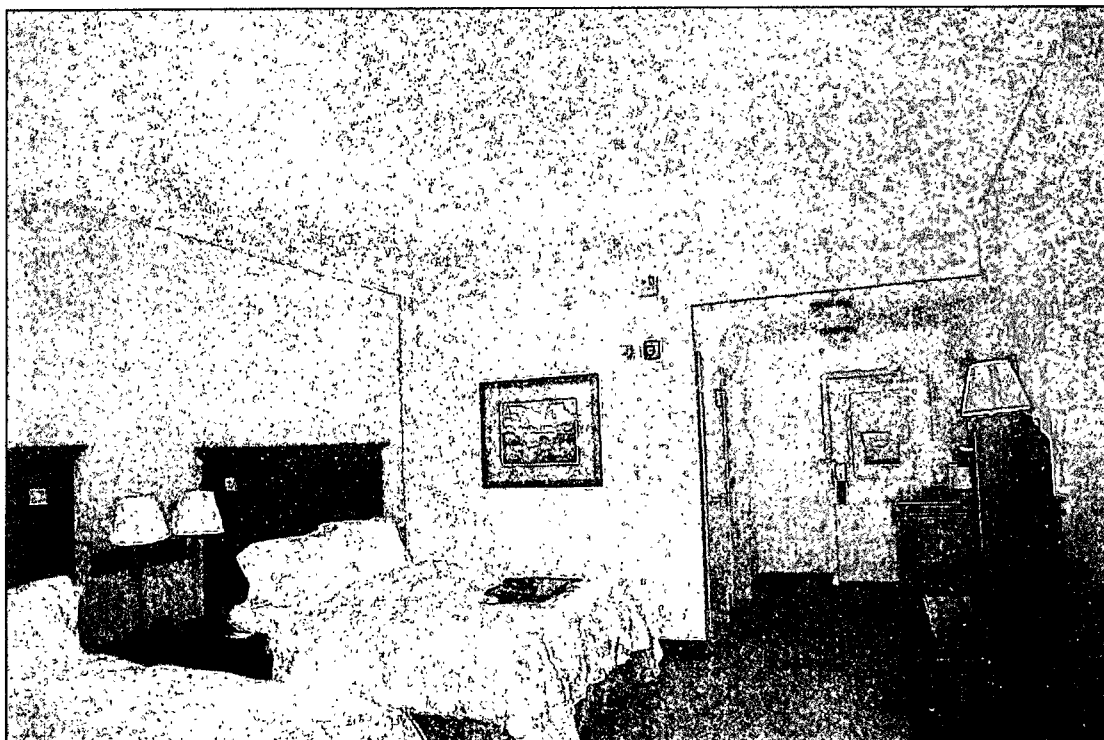
33. ROOM 301 - SUITE (1603)



34. ROOM 400 - SUITE (1604)



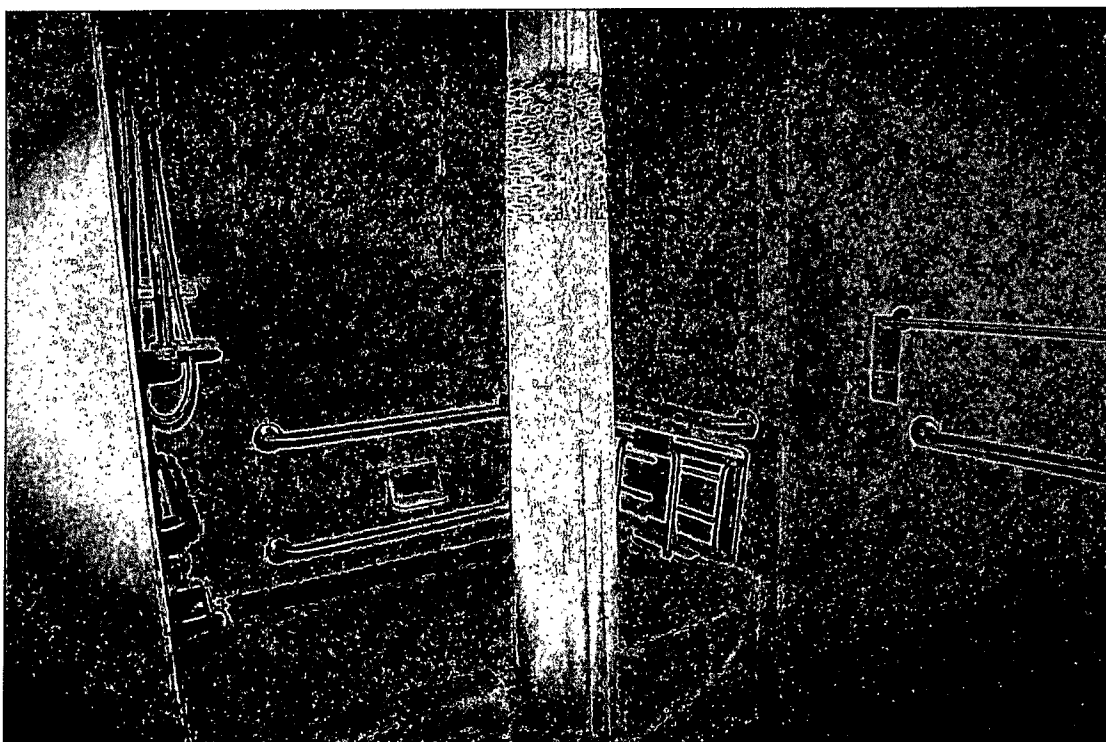
35. ROOM 412 - HEARING IMPAIRED (1605)



36. ROOM 508 - HEARING IMPAIRED (1606)



37. ROOM 517 – HEARING IMPAIRED (1607)



38. ROOM 517 – BATH (1608)

DESCRIPTION OF IMPROVEMENTS

As of the valuation date, the subject was being improved with a five-story, limited service hotel that was to contain a total of 72,061 S.F. of gross building area. The building is an interior corridor design and has a total of 115 guest rooms. Below is a breakdown of the building.

Floor	GBA, S.F.	Guest Rooms	Other Facilities
1	14,541	6	Lobby, Board Room, Meeting Room, Guest Services, laundry/guest laundry; fitness; business office; suite Shop, dining area, kitchen
2	13,008	25	Storage, vending, guest rooms
3	14,380	28	Storage, vending, guest rooms
4	14,380	28	Storage, vending, guest rooms
5	14,380	28	Storage, vending, guest rooms
Total	72,061	115	

Reference is made to the building plans shown at the end of this section.

The first floor has 6 guest rooms; the main lobby, breakfast area and kitchen, lounge, and suite shop, the front desk, the manager's office, the staff office, sales office, a fitness room, business office, a meeting room, a board room. The main laundry/guest laundry, housekeeping facilities and mechanical rooms are also on the first floor. The breakfast area has a two story ceiling which contains 1,372 square feet and therefore there is no 208, 210 and 212 rooms. See photos of breakfast area.

The second floor has 25 guest rooms, vending, and a storage area. The remaining three floors are exactly the same except there are 28 guest rooms.

There are two stairwells and landings that provide access to the upper floors. One stairwell is located on the east end of the building and the other is on the west end. In addition, the building has two elevators located in the center of the building near the front lobby.

The building is a standard Hampton Inn design built to their specifications, but has a higher level of interior finish. It has a total of 24 suites with the balance being a mixture of King and double Queen Bedrooms.

The mixture of rooms is summarized in a chart below.

Room Mix						
Room Type	1 st Floor	2 nd Floor	3 rd Floor	4 th Floor	5 th Floor	Total
King Guest Room	1	6	6	6	6	25
Queen/Queen Guestroom	2	12	15	15	15	59
Accessible King Guestroom	0	1	1	1	1	4
Accessible Queen Guestroom	0	0	1	1	0	3
King Studio	2	3	3	3	3	14
Queen/Queen Studio	0	2	2	2	2	8
Accessible King Studio	0	1	0	0	0	1
	6	25	28	28	28	115

Construction Detail

The following is a breakdown of the building construction:

Foundation:	Reinforced concrete over concrete footings.
Exterior Walls:	Steel frame and concrete block base walls with metal studs on the upper floors. All exterior walls have a stucco finish.
Roof:	Pre-engineered truss covered with plywood sheathing, felt, and a metal roof cover.
Windows:	Insulated double pane thermo glazed glass in aluminum frames. Windows are of uniform design throughout building.

Doors:	Solid wood or hollow metal doors, depending on room. All are in metal frames.
Interior Walls:	Sheetrock with various finishes. Custom trim and wainscoting in lobby area.
Floor Covering:	Hardwood in lobby and front desk area; commercial grade carpet in balance of common areas; corridors; and guest rooms. Marble tile in guest bathrooms and public restrooms.
Ceiling:	Custom smooth ceiling in lobby and dining areas; Good grade acoustical tile in office areas; sheetrock with smooth finish in hallways and textured ceiling in guest rooms.
HVAC:	First floor and common areas have a dedicated zoned system. Guest rooms have GE thru wall reverse cycle heating and cooling units.
Electrical:	Adequate for motel use; custom light fixture in front area and meeting rooms.
Plumbing:	Three fixtures per room: toilet, tiled tub/shower, cultured marble sink.
Furniture Package:	A typical motel room: one king or two queen beds with wood bed frame(s), box springs and mattresses; cushioned chairs with table and/or love seat, 32" Flat LCD television, microwave/mini fridge in all but 7 rooms, business center with interactive connections to TV, and various wall mounted pictures.
Pool:	Outdoor pool.
Internet Access:	Each room has wireless internet access.
Fire Protection:	Entire building is sprinklered.

Site Improvements:

- Site: Approximately 45,000 S.F. of asphalt parking and driveways; approximately 4,500 S.F. of concrete sidewalks; exterior lighting includes security lighting and finished lights; Satellite dish; extensive landscaping.
- Signage: One onsite sign facing University Boulevard and one sign facing the east bound lane of University Boulevard.
- Pool: Rectangular-shaped pool with surrounding concrete deck and small building with two restrooms.
- Landscaping: The property has considerable landscaping throughout the site. Other: 1,900 S.F. covered drive-thru overhang at the entrance.

General

The subject is well designed and functional for its intended use. The overall finish is above a typical mid-priced motel property in the market and resembles a newer, high-priced facility.

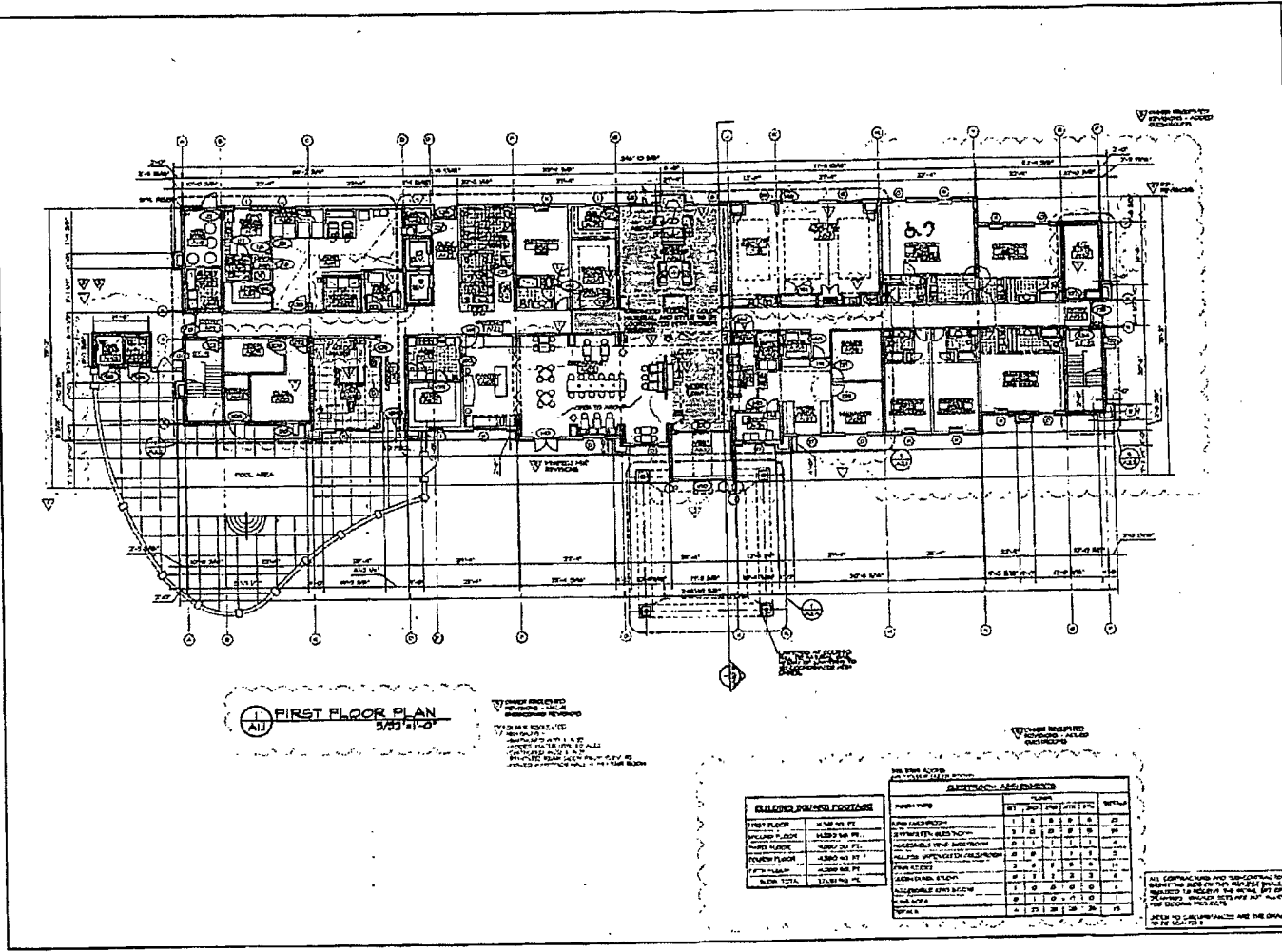
Condition

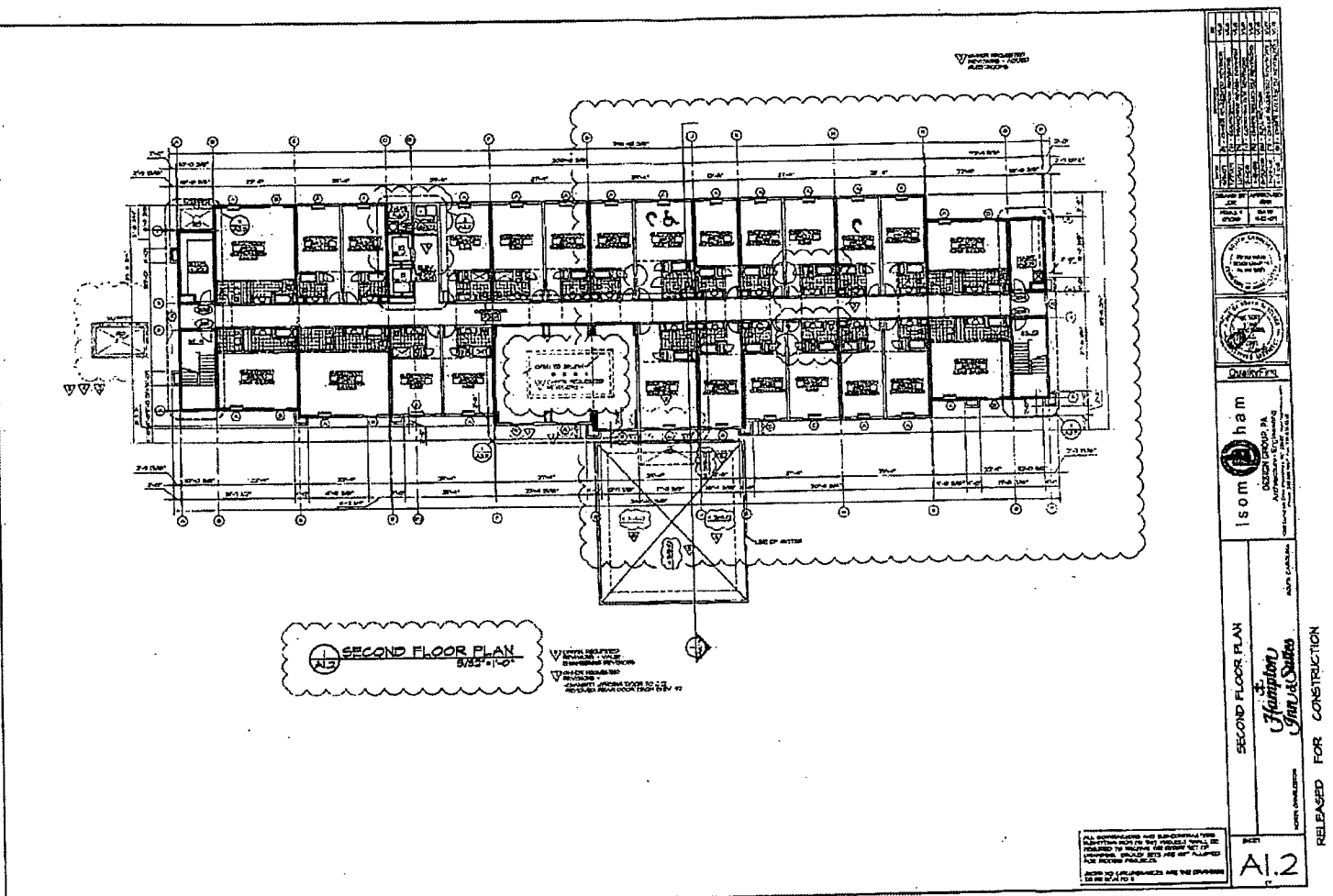
The improvements described were completed in April/May, 2009. The design is functional and as will be shown later, there are no external factors that adversely affect value.

The date of value of this appraisal report is December 31, 2008 based on the hypothetical condition that subject was completed and stabilized.

RELEASED FOR CONSTRUCTION

		James H. Hammon Professional Engineer No. 12345, State of South Carolina
First Floor Plan 2688 Fernwood Drive North Charleston, SC 29405		Hammon James H. Hammon Professional Engineer No. 12345, State of South Carolina
Project Information Project No. 12345 Date: 10/1/2019		Client Information Client Name: [Redacted] Address: [Redacted]





HIGHEST AND BEST USE

The definition of Highest and Best Use according to The Dictionary of Real Estate Appraisal (5th Edition, 2010), by The Appraisal Institute is:

The reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property specific with respect to the user and timing of the use that is adequately supported and results in the highest present value.

HIGHEST AND BEST USE AS THOUGH VACANT

Based on observation of land use in the area and the improvements that have been constructed in the neighborhood, it appears that the land could be improved with any legal use. There does not appear to be any soil problem that would prevent development.

The subject site is zoned B-2, General Business, which is considered a reasonable zoning district for the subject. It is consistent with the zoning of commercial properties in the neighborhood, and allows most types of commercial uses. I am not

aware of any encroachments or easements that would have a significant impact on development of the subject.

The location of the subject near the Interstate 26 and University Boulevard interchange, one of two primary commercial interchanges in the North Charleston area, is good for a variety of commercial uses, especially those catering to the motoring public. The site is of adequate size and has very good access and site visibility for the development of a motel/hotel, destination retail or office use. The property is less attractive for a high profile retail use given the surrounding land use patterns as well as the subject's lack of direct frontage on University Boulevard.

It appears that a hotel development would produce the maximum return to the land as it is a physically possible use: it would be a legally permissible use under the zoning; hotel use would be a conforming use in the neighborhood and because of the location of the land higher uses are not feasible.

Therefore, it is my opinion that the highest and best use of the subject, as though vacant, is for some type of destination commercial development that would benefit from the high traffic volumes generated in the area with the most likely use being motel development.

HIGHEST AND BEST USE AS IMPROVED

The purpose of this type of analysis is to identify the use that would provide the highest return. The improvements are discussed in terms of being physically possible, legally permissible, financially feasible, and maximally productive.

The improvements on the land consist of a five-story interior corridor hotel which began in April of 2008 and was anticipated to be completed by April or May of 2009. The existence of the improvement under construction indicates that hotel use is physically possible.

The present improvements on the land are functionally designed for hotel/motel use. The building has a sufficient remaining physical life so that it would be imprudent to demolish it for another land use. The improvements are legal; the project conforms to current zoning requirements; and the development is harmonious with surrounding land uses.

Economic feasibility can be related directly to supply and demand factors and cost versus value comparisons. The subject's location and ability to maintain market share are clearly two of the driving forces behind the feasibility of the development. As will be shown later, the building is an economic improvement to the site and is the maximally productive use of the property.

In conclusion, it is my opinion that the existing hotel represents the Highest and Best Use of the property.

MARKET ANALYSIS

Market Overview

The Charleston MSA lodging market is segmented both vertically by price point, and also by geographic region. As with other sectors of the real estate market, the sub-markets have traditionally been well defined by the natural barriers that exist in the area. As such, the respective price groups in Charleston do not necessarily compete directly with the same price group in North Charleston, Mt. Pleasant or West Ashley.

The subject's competitive market is comprised of the motels around the Interstate 26 and University Boulevard/Ashley Phosphate Road interchanges and to a lesser degree, the motels at the next interchange in Summerville. Both of these interchanges serve the Summerville and surrounding market while the Ashley Phosphate interchange serves North Charleston.

The market has a customer base divided into three main areas, 1) highway travelers along Interstate 26; 2) corporate guests with business in the Summerville and North Charleston areas; and 3) local traffic.

According to information from the City of North Charleston, the overall mix of accommodations business is about 25% commercial and 75% leisure. Commercial demand emanates from local businesses and larger corporate accounts domiciled in Charleston, while the leisure segment consists primarily of visitors to the area.

In order to properly analyze the subject's position in the market, it is incumbent to analyze the market on both a MACRO and a MICRO basis. To do this, I have consulted "The Host Study", compiled and published annually by Smith Travel Research (STR); the Charleston Chamber of Commerce Survey for the Charleston market; and conducted a survey of a sample of the local market.

The Host Study is compiled and published annually by Smith Travel Research (STR), and is a statistical review of financial data on hotels and motels. It is based on actual monthly operating statements from nearly 5,000 hotels and motels across the country. The statistics are then reported by geographic region and by lodging type. The statistics are then reported by geographic region and by lodging type. The subject is best categorized with the Mid-Price, Suburban, and under 75 room categories as defined by Smith Travel.

National Trends

According to the 2009 Host Report, (for the year 2008) the hotel industry began to feel the effects of the national economic slowdown in 2007, and then was hammered when the economy came to a virtual halt in the third quarter of 2008. As of December 31, 2008, one could reasonably anticipate that the occupancy, ADR, and Rev Par would dramatically decrease in 2009, which in fact turned out to be the worst year in modern history of U.S. hotel performance.

The number of guestrooms grew 3.0 percent in 2009 to 4.8 million; however, overall occupancy fell 8.8% to 54.7%. This was on the heels of a 4.2% decline in 2008.

Overall demand declined 6.0% to 944 million room nights, which was the first time it settled below 1 billion room nights since 2004.

The lodging industry continues to be very cyclical. After the building boom in the late 1980's profitability suffered significantly as a result of oversupply. It deserves noting that demand during this time period continued to increase, but not at a fast enough rate to offset the industry's overcapacity. Starting in 1990, the industry began a trend toward increased operating efficiency to offset lackluster pricing and anemic profits.

Through operating efficiencies, operators rebounded from losses in 1990-1991 to a breakeven year in 1992 to significant profits in 1997 - 1999. After a modest year in 2000 and a first quarter 2001, the trend reversed and began to decline, which was then accelerated by the events of September 11.

RevPar increased during 2000 as the rise in demand began to exceed the growth in supply, but this trend also changed with the cutback in commercial travel beginning in the first quarter of 2001. The years 2003 through 2006 represented some of the strongest, most profitable years in the industry.

Pre-Tax income continued to grow as the 2007 income grew to a record \$28.0 billion, up from \$26.6 billion in 2006. However, the rate of growth slowed in 2008 and was declining in the last quarter of 2008. The following is a historical summary of the GOP categorized by Full-Service and Limited Service hotels. The ratios are before management fees and franchise fees.

Gross Operating Profit (GOP)

Year	Full Service	Ltd Service	Year	Full Service	Ltd Service
1991	24.4%	41.3%	2001	35.1%	50.5%
1992	26.5%	43.1%	2002	33.6%	47.9%
1993	24.4%	42.8%	2003	30.8%	44.9%
1994	30.8%	45.2%	2004	31.3%	48.5%
1995	31.8%	46.6%	2005	33.0%	51.1%
1996	35.7%	48.4%	2006	34.4%	55.4%
1997	37.2%	53.4%	2007	35.7%	52.0%
1998	37.2%	52.2%	2008	34.3%	51.2%
1999	36.0%	49.7%			
2000	37.8%	50.4%			

STR reports that by year end 2007, there were over 37,000 hotels with 20 or more rooms and a total of 3.9 million hotel rooms linked to national franchise names. In addition, there were just under 752,843 rooms under construction. New construction continues to be dominated by smaller, mid-priced products. In 1992, the average size for a new hotel was 140 rooms while in 2008, the average was 114 rooms. The average size in 2005 was 119 rooms.

U.S. Lodging Statistics

Year	Occupancy	% Chg.	ADR	% Chg.	RevPar	%Chg.	GOB %
1992	62.6%		\$59.17		\$37.06		29.5%
1993	63.6%	1.4%	\$60.83	2.7%	\$38.67	4.3%	30.5%
1994	64.8%	1.9%	\$63.24	3.0%	\$40.95	5.9%	36.2%
1995	65.1%	0.6%	\$66.26	4.8%	\$43.15	5.4%	37.0%
1996	64.6%	(0.3%)	\$70.80	6.4%	\$45.75	6.1%	38.2%
1997	64.1%	(0.8%)	\$74.78	5.6%	\$47.91	4.7%	40.3%
1998	63.3%	(1.2%)	\$78.16	4.5%	\$49.49	3.3%	40.2%
1999	63.8%	(0.8%)	\$80.88	3.5%	\$50.81	2.7%	39.2%
2000	63.3%	0.7%	\$85.23	5.4%	\$53.93	6.1%	40.9%
2001	59.7%	-5.6%	\$83.99	1.5%	\$50.17	-7.0%	37.1%
2002	59.0%	-1.2%	\$82.74	1.5%	\$48.82	-2.7%	35.7%
2003	59.2%	0.3%	\$82.86	0.1%	\$49.04	0.5%	35.0%
2004	61.3%	3.6%	\$86.23	4.1%	\$52.89	7.8%	36.6%
2005	63.0%	2.9%	\$90.10	5.5%	\$57.37	8.5%	38.8%
2006	63.2%	0.2%	\$97.96	7.6%	\$61.87	7.8%	41.3%
2007	62.8%	-0.5%	\$104.23	6.4%	\$65.51	5.9%	41.3%
2008	60.0%	-4.6%	\$107.15	2.8%	\$64.24	-1.9%	38.2%

Outlook as of December 31, 2008

The economic environment in 2008 has had an impact on the hotel industry. Not since the 2001 downturn and 9/11 has the industry faced tougher market times. Much was learned from the 2001 period when operators resorted to drastic price discounts that crippled the industry. However, the recession, a slowdown in business travel, steep cuts in corporate America, and the collapse of the capital markets has had a deep impact on the industry with these effects expected to continue in the near term.

Regional Statistics

The South Carolina Department of Parks, Recreation, & Tourism track the lodging industry for the state under an exclusive agreement with Smith Travel Research. The report presents the data by month and also year to date. Below is a summary of the occupancy and average daily rate for 2008.

Lodging Outlook Survey South Carolina Department Of Parks, Recreation, & Tourism

Segment	Occupancy 2008	Average Daily Rate 2008
Mt. Pleasant/IOP	61.3%	\$129.50
Charleston/West Ashley	71.0%	\$154.04
North	61.1%	\$ 72.72
South Carolina	54.8%	\$ 89.63
United States	60.4%	\$106.55

It deserves noting that the averages include all segments of the market both on a vertical basis and also by market. In the case of the State, the averages are skewed by the stronger Hilton Head/Beaufort, Myrtle Beach and Charleston markets and the seasonal influences those markets experience.

Charleston MSA Trends

Smith Travel Research also supplies hotel statistics for the entire Charleston Area. The study trails back to 1987. As shown below, the peak year was 1990 at 75.9% occupancy while the bottom year was 1993 at 64.0% occupancy.

CHARLESTON LODGING MARKET

Year	Occupancy	ADR	RevPar	Room Revenue	Rooms
1987	62.5%	\$ 48.46	\$30.28	\$107,843,628	9,758
1988	63.7%	\$ 49.85	\$31.75	\$115,042,143	9,927
1989	72.7%	\$ 50.34	\$36.59	\$137,869,451	10,323
1990	75.9%	\$ 51.44	\$39.04	\$147,464,977	10,377
1991	68.0%	\$ 53.70	\$36.52	\$142,439,880	10,686
1992	64.7%	\$ 55.15	\$35.68	\$141,510,050	10,866
1993	64.0%	\$ 58.61	\$37.51	\$149,966,392	10,953
1994	67.0%	\$ 59.58	\$39.92	\$159,852,300	10,971
1995	66.4%	\$ 62.51	\$41.52	\$164,052,335	10,825
1996	65.7%	\$ 66.82	\$43.89	\$179,976,318	11,204
1997	70.4%	\$ 71.24	\$47.97	\$203,997,942	11,651
1998	71.1%	\$ 75.12	\$56.11	\$248,711,027	12,143
1999	70.0%	\$ 98.11	\$68.66	\$283,202,416	11,301
2000	70.1%	\$109.59	\$76.82	\$333,005,953	11,876
2001	66.4%	\$107.80	\$71.58	\$310,277,221	11,876
2002	67.3%	\$109.75	\$73.86	\$320,171,482	11,876
2003	68.2%	\$105.72	\$72.10	\$344,672,172	13,097
2004	67.8%	\$112.67	\$75.13	\$367,613,254	13,405
2005	70.1%	\$128.61	\$72.97	\$414,260,780	14,106
2006	72.5%	\$138.89	\$77.65		
2007	73.2%	\$150.65	\$86.78		
2008	71.8%	\$120.45	\$84.21		

Source: Smith Travel Research and Center for Business Research

Obviously, this study covers all segments of the market from the economy/budget class interstate motels to the Inn properties downtown. As shown, the market began to deteriorate in 2008 and is anticipated to decline sharply in 2009.

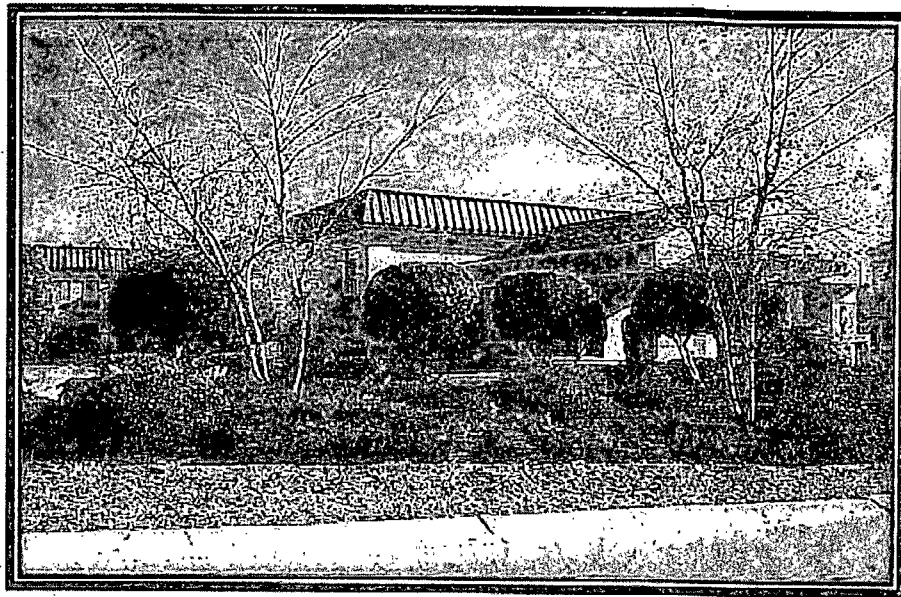
MICRO Analysis

A competitive Set by definition is a group of primary competitors that compete for the same customer. Therefore, to properly analyze the subject's position in the market, this sub-set of the overall market represents the truest market competition for the subject. These properties are presented below:

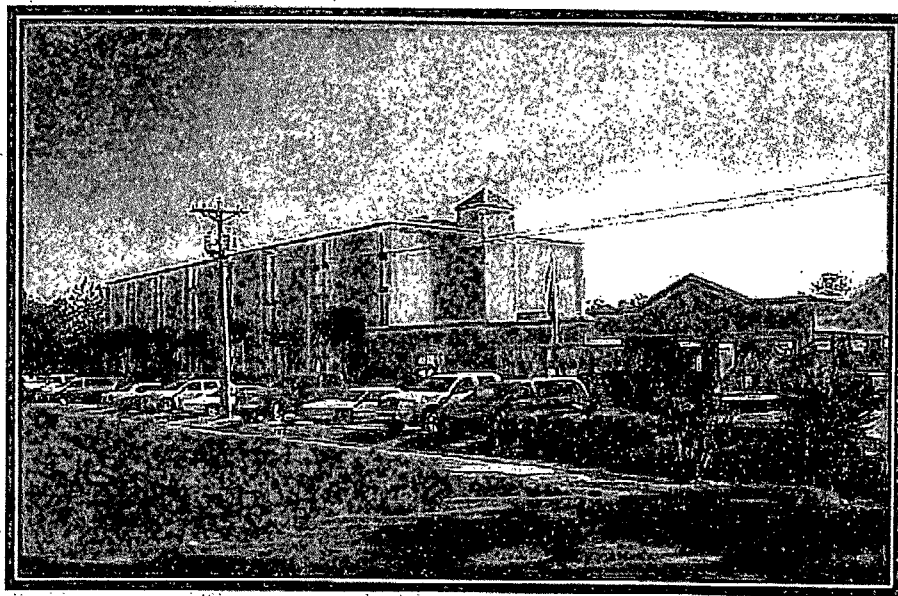
Competitive Set

Motel	I-26 Interchange	Rooms	Style	AAA Rating	Share
Hampton Inn	Highway 17-A	52	Interior	3	7.1%
Holiday Inn Express	Highway 17-A	123	Interior	3	16.7%
Country Inn & Suites	Highway 17-A	85	Interior	3	11.5%
Fairfield Inn	Highway 78	79	Interior	3	10.7%
Holiday Inn Express	Highway 78	86	Interior	3	11.7%
Wingate Inn	Highway 78	97	Interior	3	13.2%
Hampton Inn	Ashley Phosphate	102	Interior	3	13.8%
Hyatt Place	Ashley Phosphate	113	Interior	3	15.3%
Total Competitive Set		737			100.0%
Subject	Highway 78	115	Interior	3	
Total Competitive Set with Subject		852			

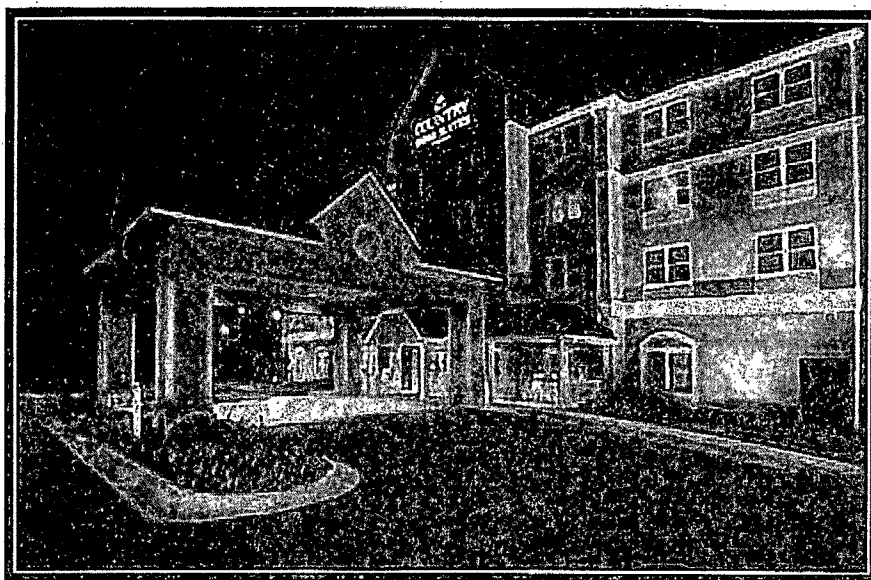
As shown, the subject's competitive set contains a total of 852 guest rooms. All of the properties have over 10% of the market except for the Hampton Inn in Summerville. The range is from 7.1% to 16.7%, with most within 10.7% to 13.8%. This reflects a relatively even distribution of the set.



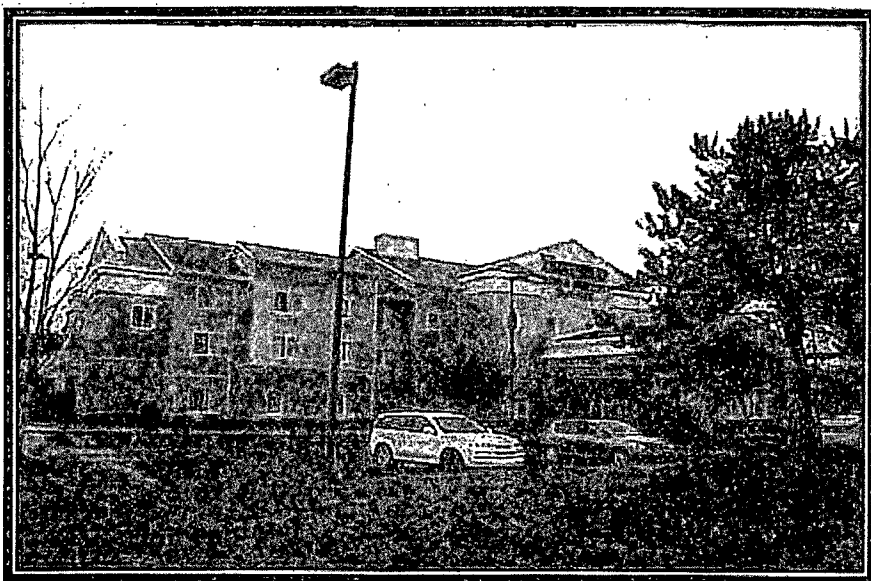
Hampton Inn, Summerville



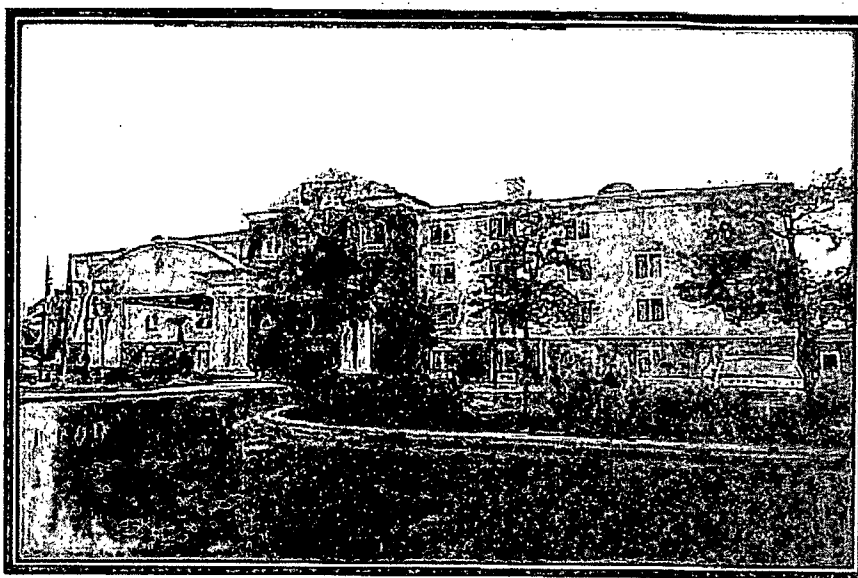
Holiday Inn Express, Summerville



Country Inn & Suites, Summerville



Fairfield Inn & Suites



Holiday Inn Express, North Charleston



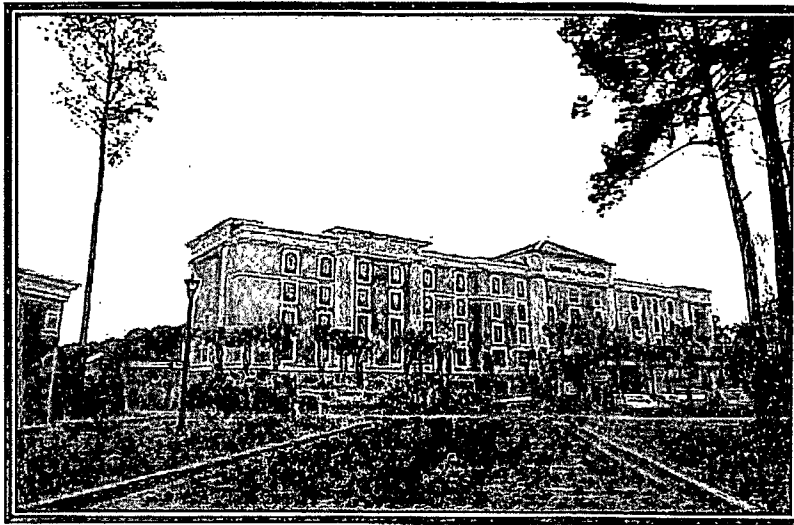
Wingate Inn, North Charleston



Hampton Inn, Ashley Phosphate



Hyatt Place, Ashley Phosphate



Hampton Inn & Suites

Analysis

In order to measure the subject's potential in the market; I conducted a field study of the competitive set and then compared that information from a STAR report that includes five of the properties shown in the field study plus the subject property. It reports rolling twelve month data for periods ending December 2009. In addition, I have also included the subject's actual historical information for the eight months in 2009 since it opened in May 2009.

STR reports are a compilation of the respective operating levels for each property in the competitive set. They are considered to be a good representation of the historical and current market conditions. The STR reports are considered to be a reliable source and a good basis for market comparison.

Conclusion

The ADR's for 2008 for the competitive set was \$94.22 and the occupancy for the competitive set for 2008 was 64.29%.

The subject did not come on-line until the end of April 2009.

LAND VALUATION

The most universally accepted method of valuing vacant land is by comparison with properties that have recently sold in the competing marketplace. This is the principle of substitution, and is based on the premise that a buyer will not pay more for a piece of property than he would pay for a comparable substitute.

Four sales have been analyzed to estimate a value for the subject.

Sale 1 is located at the corner of University Boulevard and Gable Street.

Sale 2 is located on University Boulevard near subject.

Sale 3 is located on University Boulevard near subject.

Sale 4 is the last sale of subject.

Land Sale No. 1**Property Identification**

Record ID	3742
Property Type	Commercial, Medical land
Property Name	Nason Medical Center site
Address	8901 University Boulevard, North Charleston, Charleston County, South Carolina 29406
Tax ID	486-11-00-001 & 002

Sale Data

Grantor	Ronald Allen Mixson, Trustee for the Estate of Madeleine H. Carnes Mixson
Grantee	Quell II, LLC
Sale Date	July 31, 2007
Deed Book/Page	F634/498
Recorded Plat	J/127
Property Rights	Fee Simple
Conditions of Sale	Market
Financing	Cash to seller
Verification	Ben Cook; 843-723-1202, Other sources: Grantee, Confirmed by Joe Rosen
Sale Price	\$1,050,000
Cash Equivalent	\$1,050,000

Land Sale No. 1 (Cont.)**Land Data**

Zoning	B-1, City of North Charleston, Limited Business
Topography	Mostly level
Utilities	All Available
Shape	Irregular

Land Size Information

Gross Land Size	1.684 Acres or 73,355 SF
Front Footage	286 ft University Boulevard; 399 ft Gable St. Frontage Road

Indicators

Sale Price/Gross Acre	\$623,515
Sale Price/Gross SF	\$14.31

Remarks

This parcel contains 1.684 acres located at the Southwest corner of University Boulevard and Gable Street near Highway 52 in the City of North Charleston. It consists of two adjacent parcels which were improved with an old residential structure at the time of purchase. The home was removed and the property was developed with a 8,205 square foot Urgent Care medical center.

Land Sale No. 2**Property Identification**

Record ID	3743
Property Type	Commercial, Bank/Credit Union
Property Name	BB&T site
Address	8995 University Boulevard, North Charleston, Charleston County, South Carolina 29406
Tax ID	486-06-00-038

Sale Data

Grantor	University Boulevard. LLC
Grantee	Branch Banking and Trust Company
Sale Date	December 17, 2007
Deed Book/Page	X646/062
Recorded Plat	EJ/525
Property Rights	Fee Simple
Conditions of Sale	Market
Financing	Cash to seller
Verification	Ken Nix w/ Landsouth; 843-577-5263, Confirmed by Joe Rosen
Sale Price	\$1,009,000
Cash Equivalent	\$1,009,000

Land Sale No. 2 (Cont.)**Land Data**

Zoning	B-2. City of North Charleston, General Business
Topography	Level
Utilities	All Available
Shape	Almost rectangular

Land Size Information

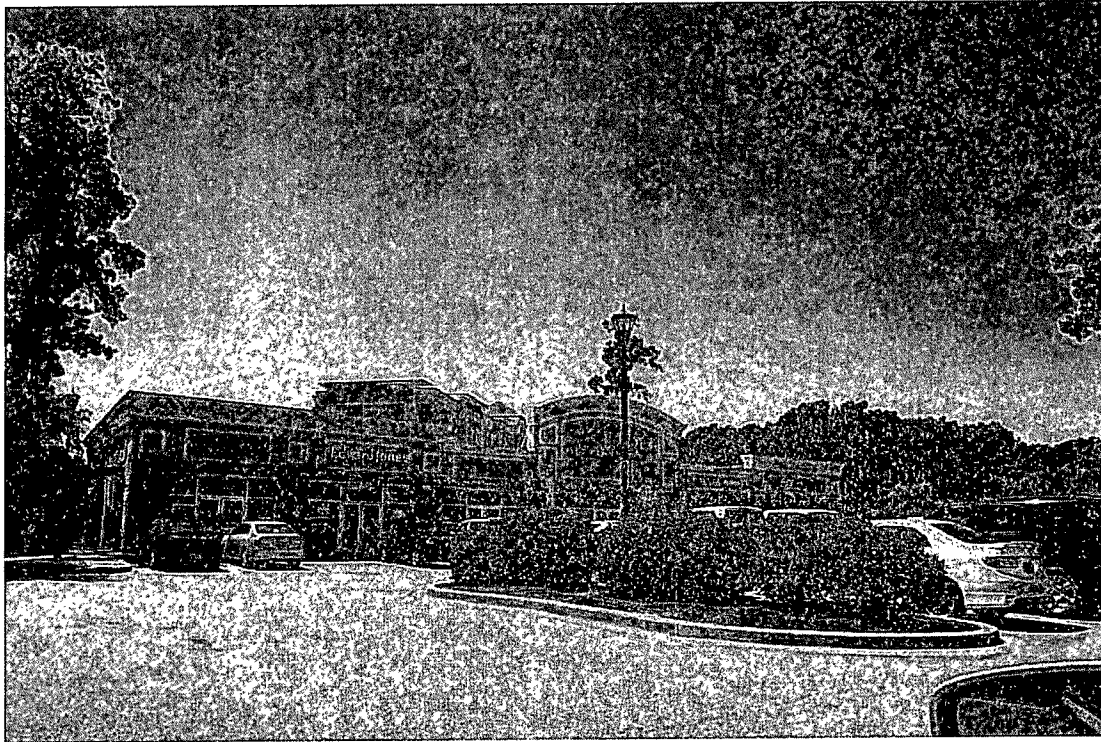
Gross Land Size	1.135 Acres or 49,441 SF
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Indicators

Sale Price/Gross Acre	\$888,987
Sale Price/Gross SF	\$20.41

Remarks

This tract is the sale of a 1.135 acre parcel on University Boulevard (Highway 78) in North Charleston. After this transaction a BB&T branch bank as constructed.

Land Sale No. 3**Property Identification**

Record ID	3744
Property Type	Commercial, Retail
Address	8983 University Boulevard, North Charleston, Charleston County, South Carolina 29406
Tax ID	486-06-00-039

Sale Data

Grantor	University Boulevard, LLC
Grantee	Berkeley Circle Shops, LLC
Sale Date	May 08, 2008
Deed Book/Page	S659/571
Recorded Plat	EK/634
Property Rights	Fee Simple
Conditions of Sale	Market
Financing	Cash to seller
Verification	Other sources: Public Record/ MLS, Confirmed by Joe Rosen

Sale Price	\$825,000
Cash Equivalent	\$825,000

Land Data

Zoning	B-2-City of North Charleston, General Business
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Land Sale No. 3 (Cont.)

Topography	Level
Utilities	All Available
Shape	Slightly irregular

Land Size Information

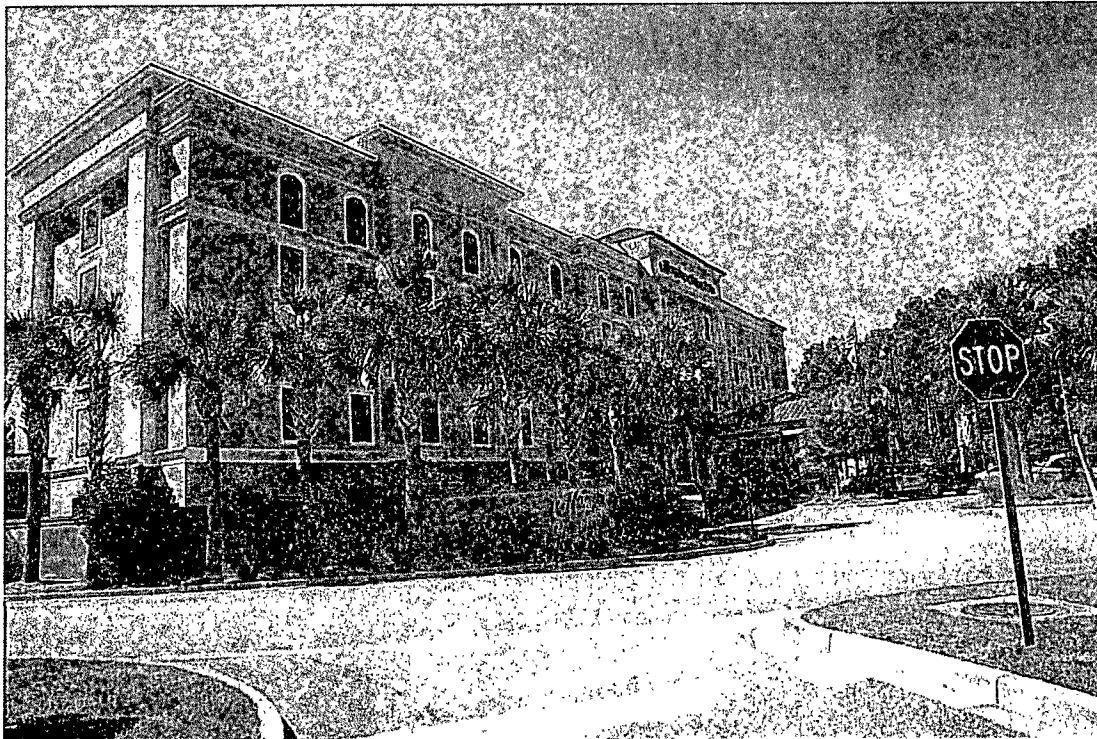
Gross Land Size	1.306 Acres or 56,889 SF
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Indicators

Sale Price/Gross Acre	\$631,700
Sale Price/Gross SF	\$14.50

Remarks

This parcel is 1.306 acres of land located on the south side of University Boulevard between Shadow Lane and Fernwood Drive. It was purchased for a retail strip center.

Land Sale No. 4**Property Identification**

Record ID	3745
Property Type	Commercial, hotel
Property Name	Hampton Inn site
Address	2688 Fernwood Drive, North Charleston, Charleston County, South Carolina
Location	off of University Boulevard through an access road
Tax ID	486-06-00-130

Sale Data

Grantor	University Boulevard, LLC
Grantee	University Ventures, LLC
Sale Date	December 05, 2006
Deed Book/Page	R607/071
Recorded Plat	EK/256
Property Rights	Fee Simple
Conditions of Sale	Market
Financing	Cash to seller
Verification	Michael R. Bennett; Confirmed by Joe Rosen
Sale Price	\$1,253,224
Cash Equivalent	\$1,253,224

Land Sale No. 4 (Cont.)**Land Data**

Zoning	B-2. City of North Charleston, General Business
Topography	Level
Utilities	All Available
Shape	Irregular

Land Size Information

Gross Land Size	2.055 Acres or 89,516 SF
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Indicators

Sale Price/Gross Acre	\$609,841
Sale Price/Gross SF	\$14.00

Remarks

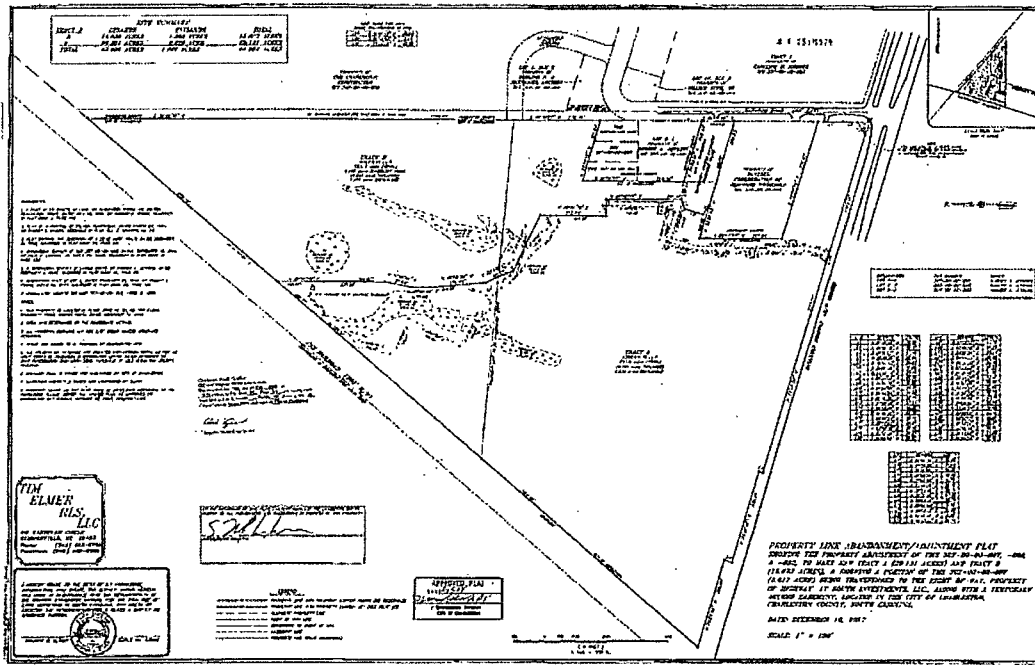
This 2.055 acre parcel was purchased for a Hampton Inn & Suites Hotel site. Even though the street address 2688 Fernwood Drive access is from University Boulevard through an access road to this parcel. There is a sign on University Boulevard at the access road. Access to this parcel is also available from Fernwood Drive.

The following two paired sales were researched by the appraiser.

Land sale A was sold on February 22, 2007 for \$4,324,500 and was resold on May 8, 2008 for \$3,384,000. This is a 27.8% decrease.

Land Sale B was sold on July 9, 2008 for \$1,850,000 and was resold on July 8, 2009 for \$900,000. This is a 51% decrease.

Normally time adjustments are per month or per year but due to the stock market drop, the failure of Freddie Mac and Fannie Mae, Lehman Brothers, AIG, Washington Mutual and Troubled Asset Relief Program (TARP on October 3, 2008), and the unavailability of loans the appraiser considered the two paired land values as market condition adjustment of minus 40%.

Land Sale No. A**Property Identification**

Record ID 3763
Property Type Commercial
Property Name Paired Sale
Address 3360 Savannah Highway, Charleston, Charleston County, South Carolina 29414
Tax ID 307-00-00-007,008
Market Type Time adjustment

Sale Data

Grantor Highway 17 South Investments, LLC
Grantee West Ashley Apartments, LLC
Sale Date May 08, 2008
Deed Book/Page B659/558
Recorded Plat EL/367
Property Rights Fee Simple
Marketing Time 417 days
Conditions of Sale Market at time of sale

Land Sale No. A (Cont.)

Financing Cash to seller
Verification Susan Reubish-Keller Williams; 843-886-8110, Confirmed
by Joe Rosen

Sale Price \$3,384,000
Cash Equivalent \$3,384,000

Land Data

Zoning GC, General Commercial
Topography Generally level
Utilities All
Shape Irregular

Land Size Information

Gross Land Size 44.804 Acres or 1,951,662 SF
Uplands Land Size 42.806 Acres or 1,864,629 SF , 95.54%
Wetlands Land Size 1.998 Acres or 87,033 SF , 4.46%
Front Footage 1700 ft. Savannah Highway

Indicators

Sale Price/Gross Acre \$75,529
Sale Price/Gross SF \$1.73
Sale Price/Uplands Acre \$79,054
Sale Price/Uplands SF \$1.81

Remarks

This property had previously sold on February 22, 2007 for \$4,324,500 and was recorded in Book G616 page 731, This paired sale indicates a decrease of 27.8% from February 22, 2007 to May 8, 2008, The grantor was The Golf Club of Charleston, LLC and the grantee was Highway 17 South Investments, LLC.

Land Sale No. B**Property Identification**

Record ID	3761
Property Type	Commercial
Property Name	Paired Sale
Address	2235 Ashley River Road, Charleston, Charleston County, South Carolina 29414
Tax ID	354-08-00-003
Market Type	Time adjustment

Sale Data

Grantor	Charleston One, LLC
Grantee	Okey M. Landers
Sale Date	July 08, 2009
Deed Book/Page	0066/1
Property Rights	Fee Simple
Conditions of Sale	Market
Financing	Cash to seller
Sale History	Previous sale 7/9/2008-\$1,850,000
Verification	Okey M. Landers; 843-225-1974, Confirmed by Joe Rosen
Sale Price	\$900,000
Cash Equivalent	\$900,000

Land Data

Zoning	General Business
Topography	Generally level
Utilities	All

Land Size Information

Gross Land Size	5.780 Acres or 251,777 SF
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Indicators

Sale Price/Gross Acre	\$155,709
Sale Price/Gross SF	\$3.57

Remarks

The previous sale was from Charles A. McQueeney & Judith McQueeney on July 9, 2008 for \$1,850,000 and the deed was recorded in Book G 664 at page 788. This paired sale indicates a 51% decrease in value.

A 4,000 sf residential house was conveyed "as is" and was in similar condition in 2008 and 2009.

LAND SALES CHART OF ADJUSTMENTS

	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Sales Price		\$1,050,000	\$1,009,000	\$825,000	\$1,253,224
Size	89,516	73,355	49,441	56,889	89,841
SP/SF		\$14.31	\$20.41	\$14.50	\$14.00
Sale Date		7/31/07	12/17/07	5/8/08	12/5/06
Market Condition		-40%	-40%	-40%	-40%
Adj. SP/ Market Condition		\$8.59	\$12.25	\$8.70	\$8.40
Location	Fernwood & Access Road	University Boulevard	University Boulevard/ Access Road	University Boulevard/ Access Road	Fernwood & Access Road
<u>Adjustments</u>					
Size		-5%	-20%	-15%	0%
Location		0%	-5%	-5%	0%
Net Adjustments		-5%	-25%	-20%	0%
Indicated Value/SF		\$8.16	\$9.19	\$6.96	\$8.40

Sale 4 occurred in 2006; Sales 1 and 2 in 2007 and Sale 3 in 2008. All four sales were adjusted down 40% for market condition based on paired sales A & B. Sale 1 required a minus 5% size adjustment, Sale 2 required a minus 20% size adjustment and Sale 3 required a minus 15% size adjustment. Sales 2 and 3 required a minus 5% location adjustment. The range of value is from \$6.96 per SF to \$9.19 per SF. After considering these four (4) sales and giving appropriate weight to each sale, it is the appraisers opinion that the indicated value of subject is \$8.20 per square foot.

$$89,516 \text{ SF} \times \$8.20/\text{SF} = \$734,031$$

Rounded to \$734,000

Improvement Valuation

The replacement cost new estimate for the subject property has been derived from Marshall Valuation Service. The figures for the service are updated quarterly through current cost and local multipliers. The hotel is considered to be an Average Class A Limited Service Hotel (Section 11 page 22) November, 2008. The current cost multiplier and local multiplier is from January, 2009. Adjustments to the base cost are as follows:

Base Cost	\$113.39
Multi-Story Building add ½% for each floor over 3	+ 1.13
Sprinkler \$2.50/SF	+ 2.50
Subtotal	\$117.02
Story/Height Multiplier	x 1.00
Current Cost Multiplier	x 1.05
Local Multiplier	x 0.88
Adjusted Base Cost	\$108.13
Rounded To	\$108.00 per SF

Depreciation

Accrued depreciation is defined in The Dictionary of Real Estate Appraisal as, "The difference between the reproduction or replacement cost of the improvements on the effective date of the appraisal and the market value of the improvements on the same day."

Depreciation is defined as, "A loss in property value from any cause; the difference between reproduction or replacement cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date."

Physical deterioration is the result of age, wear and tear, and maintenance a building receives. Curable deterioration are those items which can be repaired, restored, or physically brought back. The incurable items are the ones that can not be restored, replaced or physically brought back.

Functional obsolescence reflects the loss in value brought about by such factors as overcapacity, inadequacy, and changes in the art, that affect the property item itself or its relation with other items comprising a larger property. It is the inability of a structure to adequately perform the function for which it was constructed or is currently employed.

External obsolescence is caused from factors outside the boundaries of the property. It is an impairment of desirability or useful life arising from factors external to the property.

The age/life method of estimating accrued depreciation is, "A method of estimating incurable physical deterioration in which the ratio between the actual age of a building component and its estimated total physical life is applied to the current reproduction or replacement cost of each incurable component after the cost to cure curable physical items has been estimated. Items of incurable physical deterioration are classified as either short- or long-lived, and the physical age/life ratio is applied separately to each category. The physical age/life method should be used with short-lived items and can be used with long-lived items. Total physical age estimates of long-lived components may be difficult to derive from the market. The physical age-life

method assumes that deterioration occurs at a constant, average, annual rate over the estimated physical life of the improvements."

Subject was completed in May of 2009 but the date of valuation is December 31, 2008 which is a hypothetical condition. It is assumed that subject does not suffer from functional or external obsolescence. The building has a functional floor plan and the external environment is conducive to this use. The building has a hypothetical effective age of zero years. The economic life for an Average Quality Class S Hotel is forty years. Based on the age/life method of depreciation, a 0% physical depreciation rate is considered to be appropriate.

Explanation of Direct Costs

Marshall & Swift's cost estimate consists of direct costs. Direct costs are expenditures for labor and materials used in the construction of the improvements. A contractor's overhead and profit are treated as direct costs because a building contractor usually includes them in the construction costs. Direct costs usually include the cost of labor used to construct buildings, materials, products, equipment, contractor's profit and overhead, including job supervision, workers' compensation, fire and liability insurance, employment insurance, performance bonds, use of equipment, watchmen, contractor's shack and temporary fencing, material storage facilities, power line installation and utility costs.

Explanation of Indirect Costs

In the replacement cost estimate, indirect costs are not included. Indirect costs are expenditures for items other than labor and materials, such as administrative costs;

professional fees; financing costs and interest paid on permanent and construction loans; taxes during construction. Because the construction period for subject is approximately 12 months, only approximately $\frac{1}{2}$ of the construction loan interest will be out for the entire year. The estimated indirect costs are estimated at 3% of the total direct costs.

Explanation of Developer's Profit

Entrepreneurial or developer's profit is a market derived figure that represents the amount the entrepreneur, who is actually the developer, expects to receive in addition to cost. Entrepreneurial profit can be estimated as a percentage of the completed project. Entrepreneurial profit varies from 10% to 15%, in part due to economic condition and the property type, so it is difficult to establish a typical relationship between it and other costs. Conversations with several developers indicate a developer's profit of 10% for a hotel. However, the subject costs are in excess of the market value of the property and no developer's profit or entrepreneurial profits are applicable.

Furniture, Fixtures & Equipment

According to the developer, there were to be \$1,350,000 in furniture, fixtures and equipment.

Cost Calculations

70,689 Square Feet X \$108.00 per Square Foot	\$7,634,412
Porte Cache	25,000
Asphalt Paving 45,000 SF X \$2.75/SF	123,750
Concrete Sidewalks 4,500 SF X \$4.50/SF	20,250
Signage	20,000
Swimming Pool & Concrete Area	65,000
Landscaping	<u>75,000</u>
Total Direct Costs	\$7,963,412
Indirect Costs	<u>238,902</u>
Total Direct & Indirect Costs	\$8,202,314
Rounded	\$8,202,000
Land Value	<u>734,000</u>
Total Value Indication by the Cost Approach	\$8,936,000
Rounded to	\$8,940,000 (excluding FF&E)
Plus	<u>\$1,350,000 (FF&E)</u>
	\$10,290,000

SALES COMPARISON APPROACH

Hotel/motel investors typically do not employ the Sales Comparison Approach in making their purchase decisions. Many factors, including the lack of recent hotel and motel comparable sales data, the numerous unsupportable adjustments that are necessary, and the general inability to obtain the true financial terms and motivations of comparable transactions, often make the results of the Sales Comparison Approach questionable.

Sales are included to help determine an appropriate overall capitalization rates, but the sales comparison approach was not utilized since purchasers do not rely on the sales comparison approach in purchasing hotels/motels.

Lodging Sale No. 1**Property Identification**

Record ID	26
Property Type	Limited Service
Property Name	Days Inn
Address	101 Outlet Road, Spartanburg, Spartanburg County, South Carolina
Location	I-26 & Exit 17(New Cut Road)
Tax ID	6-07-00-017.00& 017.12

Sale Data

Grantor	Spartan Hospitality, Inc.
Grantee	Arihant, Inc.
Sale Date	January 02, 2008
Deed Book/Page	90K/315
Property Rights	Fee Simple
Conditions of Sale	Arms Length
Financing	Cash to seller
Verification	Other sources: Broker to Appraiser, Deed, Confirmed by Joe Rosen

Sale Price	\$2,000,000
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Cash Equivalent	\$2,000,000
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Land Data

Land Size	2.410 Acres or 104,980 SF
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Topography	Generally level
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Utilities	All Available
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Shape	Irregular
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Landscaping	Good
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Flood Info	Not in a flood hazard zone
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Lodging Sale No. 1 (Cont.)**General Physical Data**

Gross SF	46,102
Number Of Rooms	82
Construction Type	Masonry & Stucco
Corridors	Exterior
Electrical	Adequate
HVAC	Heat pump through the wall
Stories	2
Amenities	Outdoor Pool, Free Continental breakfast
Year Built	1989
Condition	Average
Total FF&E	
FF&E	

Income Analysis

Average Daily Rate	\$39.00
Average Occupancy Rate	60%
Annual Gross Room Revenue	\$700,362
Total Revenue	\$700,362
Gross Expenses	\$474,504
Net Operating Income	\$225,858

Indicators

Sale Price/Gross SF	\$43.38
Sale Price/Room	\$24,390
Expense Ratio	67.75%
NOI/Room	\$2,754
Gross Rent Room Multiplier	2.86
Overall Cap Rate	11.29%

Remarks

This property is located at Exit 17 on I-26, north of Spartanburg, SC. It is a Limited Service motel in average overall condition.

Lodging Sale No. 2**Property Identification**

Record ID	58
Property Type	Limited Service
Property Name	Best Western
Address	511 U.S. Highway 123 Bypass, Seneca, Oconee County, South Carolina
Location	US Highway 123 Bypass
Tax ID	520-18-02-026

Sale Data

Grantor	Hari-Om Enterprises, LLC
Grantee	OM Sai, LLC
Sale Date	September 19, 2007
Deed Book/Page	1616/077
Verification	Allen McCravy (Appraiser-Stone & Associates; Other sources: Public Records, confirmed by Christopher D. Hill, Sharon Langley
Sale Price	\$2,627,500
Cash Equivalent	\$2,627,500

Land Data

Land Size	0.880 Acres or 38,333 SF
Zoning	Highway Commercial
Topography	Above grade sloping upward
Utilities	All available
Shape	Irregular

General Physical Data

Number Of Rooms	58
------------------------	----

Rooms	58
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Corridors	Interior
HVAC	Through Wall units
Stories	3-stor
Amenities	Outdoor Pool
Year Built	2000
Condition	Good
Total FF&E	
FF&E	

Income Analysis

Average Daily Rate	\$64.00
Average Occupancy Rate	65%
Annual Gross Room Revenue	\$880,672

Lodging Sale No. 2 (Cont.)

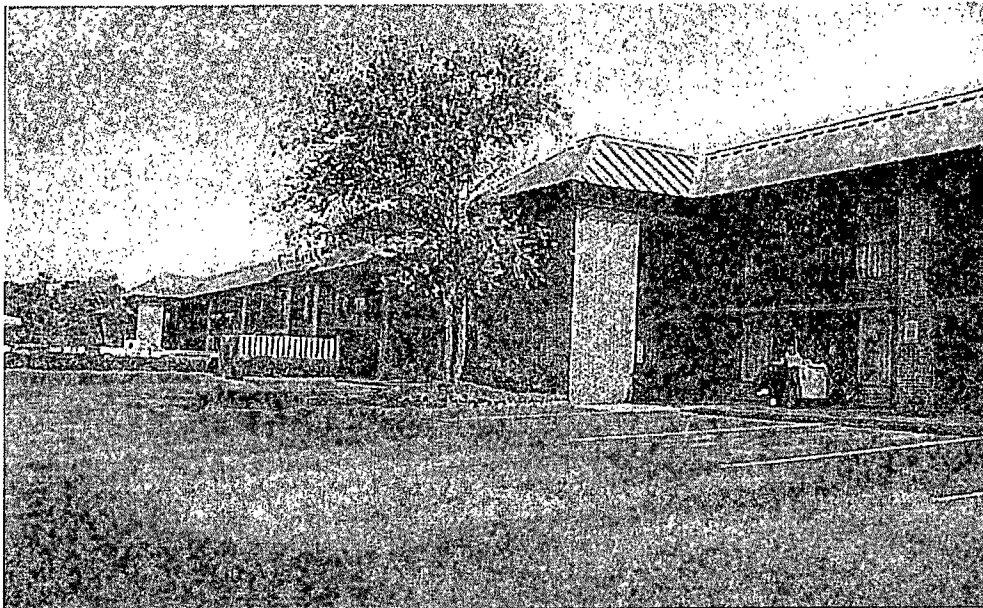
Total Revenue	\$885,763
Gross Expenses	\$577,579
Net Operating Income	\$308,184

Indicators

Sale Price/Room	\$45,302
Expense Ratio	65.21%
NOI/Room	\$5,314
Gross Rent Room	2.98
Multiplier	
Overall Cap Rate	11.73%

Remarks

This is the sale of a 58-room Best Western hotel located on the US Highway 123 Bypass in Seneca, South Carolina. This is a 3-story interior corridor hotel that was constructed in 2000. The hotel was in good condition at the time of sale.

Lodging Sale No. 3**Property Identification**

Record ID	86
Property Type	Limited Service
Property Name	Comfort Inn
Address	205 Commercial Drive, Forest City, Rutherford County, North Carolina
Tax ID	1641904

Sale Data

Grantor	Blanton Investment Properties, LLC
Grantee	Shree Shivam, LLC
Sale Date	May 08, 2008
Deed Book/Page	959/739
Recorded Plat	29/75
Property Rights	Fee Simple
Conditions of Sale	Arms Length
Financing	Cash to seller
Verification	Other sources: Deed, Reliable source, Confirmed by Joe Rosen

Sale Price	\$2,100,000
Cash Equivalent	\$2,100,000

Lodging Sale No. 3 (Cont.)**Land Data**

Land Size	2.677 Acres or 116,610 SF
Zoning	C-3, Highway Business
Topography	At grade, generally level
Utilities	All
Dimensions	88.84'x230.37'x360.57'x324.58'
Shape	Almost rectangular
Landscaping	Average
Flood Info	Zone X, not in a flood hazard area

General Physical Data

Gross SF	12,208
Number Of Rooms	65
Construction Type	Brick
Corridors	Exterior
Electrical	Adequate
HVAC	through the wall heat pumps
Stories	2
Restaurant	None
Lounge	None
Amenities	Outdoor Pool
Year Built	1990
Condition	Average
Total FF&E	
FF&E	

Income Analysis

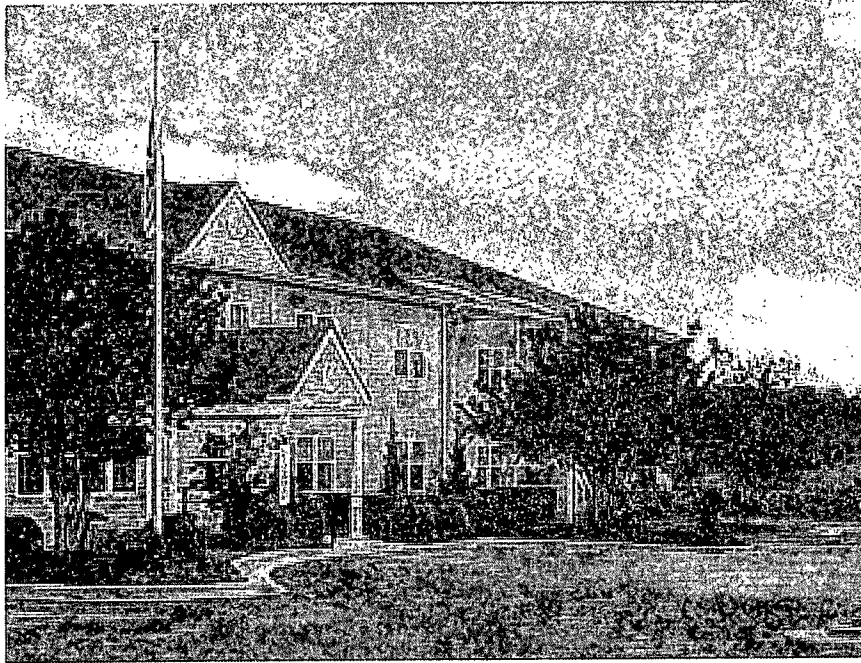
Total Revenue	\$747,338
Gross Expenses	\$504,995
Net Operating Income	\$242,343

Indicators

Sale Price/Gross SF	\$172.02
Sale Price/Room	\$32,308
Expense Ratio	67.57%
NOI/Room	\$3,728
Overall Cap Rate	11.54%

Remarks

This motel is located in the Northeast corner of the intersection of US 74A and Oak Street, on the east side of the CBD of the town of Forest City, NC. After this sale, the motel was re-flagged as a Quality Inn and Suites.

Lodging Sale No. 4**Property Identification**

Record ID	89
Property Type	Limited Service
Property Name	Microtel
Address	5013 Hayes Place, Wilson, Wilson County, North Carolina 27896
Tax ID	2793-45-4211.000

Sale Data

Grantor	MOA Hospitality, Inc.
Grantee	Mark E. Plante
Sale Date	December 01, 2008
Deed Book/Page	2345/239
Property Rights	Fee Simple
Financing	Cash-Market
Verification	Other sources: Third party to appraiser, Confirmed by Database Administrator

Sale Price	\$2,150,000
Cash Equivalent	\$2,150,000

Land Data

Land Size	1.820 Acres or 79,279 SF
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Lodging Sale No. 4 (Cont.)**General Physical Data**

Gross SF	26,246
Number Of Rooms	60
Construction Type	Frame/vinyl siding
Corridors	Interior
Electrical	Adequate
HVAC	Heat pumps
Stories	2
Meeting/Banquet Facilities	No
Restaurant	No
Lounge	No
Amenities	Laundry
Year Built	1997
Condition	Average
Total FF&E	
FF&E	

Income Analysis

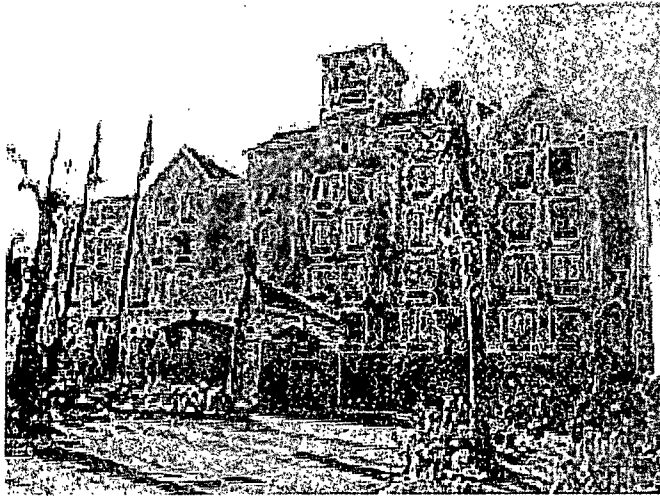
Average Occupancy Rate	89%
Total Revenue	\$977,349
Gross Expenses	\$645,681 (66%)
Net Operating Income	\$331,668

Indicators

Sale Price/Gross SF	\$81.92
Sale Price/Room	\$35,833
Expense Ratio	66.06%
NOI/Room	\$5,528
Overall Cap Rate	15.43%

Remarks

The buyer previously leased the motel and is exercising his option to purchase the property. The purchase price was established in November of 2006 when the lease commenced. The hotel market in November, 2006 was significantly different than the market as of December 31, 2009. The motel has been outperforming its competitive set in occupancy, but the ADR is well below the competitive set. The buyer did not look at the transaction based on a cap rate. The room multiplier is in line with industry averages. The indicated Overall Capitalization Rate was derived based on the annualized 2008 financials adjusted to include a 5% management fee and a 4% reserve allowance. The Gross Income Multiplier (GIM) is 2.20.

Lodging Sale No. 5**Property Identification**

Record ID 65
Property Name Holiday Inn Express
Address 1303 Tadlock Drive, Murrells Inlet, Horry County, South Carolina
Location out parcel of the Inlet Square Mall w/good access and visibility from US17 bypass

Sale Data

Grantor Murrells Inlet Hotel, LLC
Grantee New Murrells, LLC
Sale Date March 11, 2008
Deed Book/Page 3220/2942
Property Rights Fee Simple
Conditions of Sale Market
Financing Cash to Seller
Verification Other sources: Knowledgeable third party

Sale Price \$6,650,000 6,300,000 +350,000 PIP
Cash Equivalent \$6,650,000

Land Data

Land Size 1.140 Acres or 49,658 SF
Zoning HC
Topography Level
Utilities All
Landscaping Average

General Physical Data

Number Of Rooms 71

Lodging Sale No. 5 (Cont.)**Rooms** 71

Corridors	interior corridor
Stories	5
Amenities	Outdoor Pool, Larger guest room, 32in TV
Year Built	1998
Condition	good
<u>Income Analysis</u>	
Average Daily Rate	\$97.00
Average Occupancy Rate	75%
Annual Gross Room Revenue	\$1,885,316
Total Revenue	\$1,897,316
Gross Expenses	\$1,230,980
Net Operating Income	\$675,277

Indicators

Sale Price/Room	\$93,662
Expense Ratio	64.88%
NOI/Room	\$9,511
Gross Rent Room	3.51
Multiplier	
Overall Cap Rate	10.15%

Remarks

Motel is a five story, interior corridor property, built in 1998 with renovations in 2005, and in good condition. It is an out parcel of the Inlet Square Mall with good access and visibility from US 17 Bypass. Income and expense data based on 2007 pro forma, which utilized same occupancy and 5% increase in ADR. A required \$350,000 change-in-owner property improvement plan will be required to retain franchise, which is factored in the sale price and price indications. Motel features larger guest rooms, 32" TV's, 13 2- room family suites and indoor heated pool. Motel has a significant penetration of the commercial segment, accounting for nearly 30% of room nights sold.

Lodging Sale No. 6**Property Identification**

Record ID	57
Property Type	Limited Service
Property Name	Best Western Magnolia Inn & Suites
Address	747 Treeland Drive, Ladson, Berkeley County, South Carolina
Tax ID	242-08-01-053

Sale Data

Grantor	UR, LLC
Grantee	SAA, LLC
Sale Date	December 22, 2008
Deed Book/Page	7694/278
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Conventional
Verification	Vibhash Patel (Grantor); Other sources: Appraisal, Public Deed. Christopher D. Hill, Sharon Langley

Sale Price	\$3,710,000
Cash Equivalent	\$3,710,000

Land Data

Land Size	1.600 Acres or 69,696 SF
Zoning	General Commercial
Utilities	All available

General Physical Data

Gross SF	36,633
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Lodging Sale No. 6 (Cont.)**Number Of Rooms** 61**Rooms** 61

Construction Type	EIFS Exterior
Corridors	interior
HVAC	through wall units
Stories	3
Year Built	2003
Condition	Good

Income Analysis

Average Daily Rate	\$64.00
Average Occupancy Rate	75%
Annual Gross Room Revenue	\$1,068,720
Total Revenue	\$1,072,320
Gross Expenses	\$697,008
Net Operating Income	\$375,312

Indicators

Sale Price/Gross SF	\$101.27
Sale Price/Room	\$60,820
Expense Ratio	65%
NOI/Room	\$6,153
Gross Rent Room	3.47
Multiplier	
Overall Cap Rate	10.12%

Remarks

This is the sale of a 61-room hotel known as the Best Western Magnolia Inn & Suites. The hotel is located off of the Interstate 26/College Park Road Interchange (Exit 203). This is a good quality 3-story interior corridor hotel that was constructed in 2003.

Overall Capitalization Rate

In 2008 several banks had committed loans on hotels/motels but as of mid 2008 the banks surveyed were not making any new loans on hotels/motels.

The following sales were utilized to obtain the capitalization rates and expense ratios:

Sale	Address	Corridor	Flag	Sale Date	Cap Rate	Expense Ratio	Age at Sale
1	101 Outlet Road Spartanburg, SC	Exterior	Days Inn	1/2/08	11.29%	67.75%	19
2	511 US Hwy 123 Bypass Seneca, SC	Interior	Best Western	9/19/07	11.73%	65.21%	7
3	205 Commercial Drive Forest City, NC	Exterior	Comfort Inn	5/8/08	11.54%	67.57%	18
4	5013 Hayes Place Wilson, NC	Interior	Microtel	12/1/08	15.43%	66.06%	11
5	1303 Tadlock Murrells Inlet, SC	Interior	Holiday Inn Express	3/11/08	10.15%	64.88%	10
6	747 Treeland Drive Ladson, SC	Interior	Best Western	12/22/08	10.12%	65%	5

Based on these 6 sales, capitalization rates range from 10.12% to 15.43%. After considering these 6 sales it is the appraisers opinion that the indicated capitalization rate is 11.25%.

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach is based on the principle that market value is directly related to the future income capability of the property. To develop this approach, estimates are made of the subject's potential gross revenue, occupancy and expenses to derive at NOI. These estimates are usually based on historical

operating figures and on the annual studies published by firms such as Pannell, Kerr, Forster, or in this case, Smith Travel Research (STR).

The potential NOI can be converted to a market estimate by the direct capitalization method. In the Direct Capitalization method, the estimated net income stream is divided by an appropriate capitalization rate for the indication of value.

This appraisal assumes the hypothetical condition of a fully occupied stabilized hotel as of December 31, 2008. A hypothetical condition is something that is known to be contrary to fact as of the effective date of the appraisal, but that is taken to be true for the appraisal. The purpose of this appraisal is to estimate the market value of subject as of December 31, 2008 as if it was complete on that date, but it was only approximately 65% complete. So the appraiser had to estimate the occupancy rate and average daily rate for 2008. The most logical method is to use the Star Report Composite Set for 2008. The Star Report Composite occupancy for 2008 was 64.29% and the ADR for 2008 was \$94.22.

The expense ratios on the previous page ranged from 64.88% to 72.68%.

Hypothetical since subject was not complete until May, 2009.

Subject:	Statement of Income and Expense
Year:	Hypothetical 2008
Total Rooms:	115
Occupied Rooms:	41,975 (115 X 365 X 64.29%)
Occupancy:	76% Hypothetical Stabilized Occupancy
Average Daily Rate:	\$94.22
Estimate Expense Ratio at Stabilization:	68% Hypothetical Stabilized Expense Ratio (from market comparables)
Overall Rate From the Market Sales:	70.75%

THE INCOME APPROACH

Gross Potential Income	\$94.22 ADR X 115 Rooms X 365 =	\$3,954,885
		X 75%
Effective Gross Income		\$2,966,163
Less: Expenses 68% ratio		<u>(\$2,016,991)</u>
NOI		\$ 949,172
NOI (\$949,172) ÷ 11.25% Cap Rate		\$8,437,084
Rounded to		\$8,450,000

**HYPOTHETICAL "AS IS" VALUE UPON STABILIZATION
AS OF DECEMBER 31, 2008**

\$8,450,000**The "As Is" Value as of December 31, 2008 can be estimated as follows:**

Stabilized total going concern Value (no Intangible Value indicated)

As of December 31, 2008 \$8,450,000

Less:

Lease up cost (to arrive at 76% stabilized occupancy) (\$ 440,000) see below

Cost to complete the construction of the project 35% of cost (\$2,700,600) see below**Estimated Value as of 2008 prior to completion of the building****(Assuming 65% completion as of December 31, 2008) \$5,309,400**

The Cost Approach and Income Approach were utilized since subject is a new hotel. The market value of subject as of December 31, 2008 "As Is" at 65% completed is \$5,309,400. There is no business value, and the value of the furniture, fixtures and equipment that is included in the \$8,450,000 total going concern Value. A breakdown of the Going Concern Value as of December 31, 2008 is as follows:

Summary of Value of Property as of December 31, 2008**Estimated Lease up Cost 2009 – 2010**

	2009 (8 months)	2010 (12 months)
Estimated Stabilized NOI	\$632,781	\$949,172
Estimated Actual NOI Received	<u>\$247,374</u>	<u>\$847,037</u>
Estimated Gross Lease Up Cost	\$385,407	\$102,165

Present Value of Lease-up Cost assuming a 12% discount rate:

2009	\$385,407	x	.92348	=	\$355,916
2010	\$102,165	x	.81954	=	<u>\$ 83,728</u>
Total PV of Lease-up Cost Estimate					\$439,644

Rounded to \$440,000

Estimated cost to complete the subject as of December 31, 2008 is 35% of the total cost of the subject project or:

$$\text{\$8,450,000} - \text{\$734,000 Land Value} = \text{\$7,716,000} \times 35\% = \text{\$2,700,600}$$

RECONCILIATION AND FINAL VALUE ESTIMATE

*Note: No business value or intangible value exist due to the fact that the cost to build the subject is estimated at \$10,290,000 and the Hypothetical Market Value upon stabilization of the subject is \$8,450,000 indicated the subject cost more than it is worth and should not have been built as an investment property.

Total Hypothetical Value of the subject property upon stabilization is estimated to be \$8,450,000 which is estimated capitalizing the stabilized NOI of \$949,172 using a 11.25% cap rate which equals \$8,437,084 rounded to \$8,450,000, using the following assumptions:

Hypothetical Stabilized Going Concern as of December 31, 2008

Total Hypothetical Going Concern Value	\$8,450,000
Less: FF & E Value	(\$1,350,000)
Intangible Value (Business Value)	\$ 0
Real Property Value	\$7,100,000

"As Is" Going Concern Interest Value as of December 31, 2008

Total Estimated Going Concern Value	\$5,309,400
Less: FF & E Value	(\$1,350,000)
Intangible Value	\$ 0
Real Property Value	\$3,959,400

ADDENDA

LOCAL MULTIPLIERS

Apply to costs brought up-to-date from preceding pages. Do not apply to Section 98 or any other indexes.

UNITED STATES

CLASS	A	B	C	D	S	CLASS	A	B	C	D	S	CLASS	A	B	C	D	S
RHODE ISLAND	1.08	1.07	1.11	1.11	1.07	TEXAS (Continued)						WASHINGTON	1.09	1.09	1.09	1.09	1.08
Newport	1.07	1.06	1.10	1.10	1.06	Longview	.92	.93	.92	.91	.92	Bellingham	1.10	1.10	1.11	1.10	1.07
Providence	1.13	1.12	1.16	1.18	1.14	Lubbock	.87	.87	.87	.87	.85	Ciallam County	1.10	1.11	1.11	1.10	1.08
Warwick	1.09	1.08	1.12	1.12	1.09	Marshall	.90	.91	.91	.93	.90	Everett	1.16	1.17	1.15	1.16	1.14
SOUTH CAROLINA	.88	.88	.87	.90	.88	Midland	.86	.87	.87	.88	.86	Island County	1.14	1.15	1.15	1.15	1.13
Anderson	.88	.87	.87	.89	.88	Odessa	.88	.88	.87	.85	.89	Kitsap County	1.12	1.13	1.13	1.12	1.09
Charleston	.88	.88	.88	.90	.88	Port Arthur	.87	.87	.89	.90	.89	Longview	1.06	1.05	1.05	1.04	1.07
Columbia	.89	.88	.89	.91	.89	San Angelo	.84	.85	.85	.87	.85	Olympia	1.14	1.14	1.17	1.17	1.13
Florence	.90	.91	.89	.89	.88	San Antonio	.88	.88	.87	.86	.87	Pasco (Tri-cities)	1.07	1.07	1.07	1.08	1.05
Greenville	.88	.87	.87	.88	.86	Texas City	.91	.90	.91	.90	.90	Seattle	1.17	1.18	1.18	1.17	1.15
Myrtle Beach	.89	.89	.90	.90	.89	Tyler	.88	.89	.88	.88	.88	Spokane	1.06	1.05	1.04	1.02	1.05
Rock Hill	.88	.88	.89	.92	.89	Victoria	.82	.82	.82	.84	.83	Tacoma	1.15	1.16	1.16	1.16	1.13
Spartanburg	.89	.87	.86	.89	.88	Waco	.88	.88	.86	.87	.88	Vancouver	1.08	1.05	1.07	1.07	1.06
SOUTH DAKOTA	.97	.94	.95	.94	.96	Wichita Falls	.89	.90	.88	.89	.87	Walla Walla	1.06	1.05	1.05	1.07	1.05
Aberdeen	.97	.94	.95	.94	.96	UTAH	.96	.97	.95	.95	.95	Wenatchee	1.05	1.04	1.03	1.03	1.02
Brookings	.97	.94	.94	.93	.96	Cedar City	.94	.96	.94	.94	.94	Yakima	1.06	1.05	1.06	1.07	1.04
Huron	.98	.95	.95	.93	.96	Ogden	.99	.99	1.00	.99	.97	WEST VIRGINIA	1.00	.98	.99	1.01	.99
Mitchell	.98	.95	.95	.93	.96	Orem	.98	.99	.98	.97	.96	Beckley	1.01	.99	1.00	1.02	1.00
Pierre	.96	.94	.95	.93	.97	Provo	.98	.98	.98	.97	.97	Bluefield	1.01	.99	1.00	1.02	1.00
Rapid City	.96	.95	.95	.94	.95	Salt Lake City	.99	.99	.99	.96	.97	Charleston	1.02	1.00	1.01	1.03	1.01
Sioux Falls	.96	.94	.95	.95	.96	St. George	.94	.96	.94	.94	.94	Clarksburg	1.01	1.00	1.01	1.02	1.00
Vermillion	.97	.94	.94	.93	.96	VERMONT	.99	.98	1.03	1.02	1.00	Fairmont	1.01	.99	1.01	1.01	1.00
Watertown	.97	.94	.94	.93	.96	Barre	.98	.98	1.03	1.01	.99	Huntington	1.02	.99	1.00	1.02	1.02
Yankton	.96	.94	.93	.93	.95	Brattleboro	1.01	.99	1.01	1.02	.99	Morgantown	1.00	.99	1.00	1.02	1.01
TENNESSEE	.92	.93	.92	.91	.92	Burlington	1.00	.99	1.03	1.02	1.01	Parkersburg	1.00	.98	1.00	1.00	.99
Bristol	.92	.92	.90	.92	.90	Montpelier	.98	.98	1.03	1.02	.99	Wheeling	1.06	1.05	1.08	1.06	1.04
Chattanooga	.96	.96	.93	.93	.96	Rutland	.98	.98	1.01	1.01	.96	WISCONSIN	1.06	1.04	1.05	1.06	1.03
Columbia	.92	.92	.92	.90	.88	VIRGINIA	.91	.90	.91	.91	.90	Appleton	1.06	1.04	1.04	1.04	1.02
Jackson	.91	.90	.92	.91	.93	Alexandria	1.03	1.04	1.03	1.01	1.02	Beloit	1.06	1.06	1.07	1.08	1.04
Johnson City	.90	.89	.88	.89	.88	Arlington	1.04	1.04	1.04	1.01	1.02	Eau Claire	1.08	1.07	1.07	1.09	1.07
Kingsport	.97	.96	.94	.94	.96	Charlottesville	.89	.89	.91	.90	.89	Fond du Lac	1.05	1.03	1.01	1.02	1.00
Knoxville	.97	.98	.95	.95	.97	Chesapeake	.93	.93	.92	.93	.90	Green Bay	1.02	1.01	1.02	1.02	1.00
Memphis	.93	.93	.93	.92	.93	Danville	.90	.88	.87	.89	.88	Janesville	1.07	1.07	1.06	1.07	1.05
Nashville	.94	.95	.95	.95	.93	Fredericksburg	1.02	1.01	1.02	1.03	1.01	Kenosha	1.11	1.10	1.11	1.10	1.10
TEXAS	.87	.87	.87	.87	.87	Hampton	.93	.93	.93	.94	.92	La Crosse	1.08	1.04	1.05	1.07	1.05
Abilene	.89	.89	.89	.88	.90	Lynchburg	.89	.87	.90	.91	.89	Madison	1.09	1.09	1.08	1.09	1.07
Amarillo	.89	.88	.88	.86	.88	Newport News	.93	.93	.93	.94	.92	Manitowoc	1.08	1.07	1.06	1.09	1.07
Austin	.89	.90	.87	.87	.87	Norfolk	.94	.94	.93	.93	.92	Milwaukee	1.11	1.10	1.10	1.10	1.09
Baytown	.89	.89	.88	.88	.89	Petersburg	.90	.89	.92	.92	.89	Oshkosh	1.06	1.04	1.03	1.04	1.02
Beaumont	.89	.89	.90	.90	.89	Portsmouth	.93	.93	.92	.93	.90	Racine	1.07	1.07	1.06	1.07	1.07
Cameron County	.82	.81	.81	.81	.81	Richmond	.94	.93	.95	.96	.94	Sheboygan	1.09	1.07	1.07	1.07	1.06
Corpus Christi	.89	.88	.87	.83	.88	Roanoke	.93	.93	.93	.95	.93	Superior	1.09	1.08	1.08	1.07	1.08
Dallas	.90	.91	.91	.90	.89	Virginia Beach	.94	.94	.93	.94	.92	Wausau	1.06	1.03	1.05	1.06	1.03
El Paso	.88	.88	.89	.89	.88	Winchester	.94	.92	.91	.92	.93	WYOMING	.95	.94	.94	.94	.94
Fort Worth	.90	.91	.91	.90	.89	WASHINGTON						Casper	.96	.95	.96	.96	.95
Galveston	.91	.90	.91	.89	.89	Bellingham	1.10	1.10	1.11	1.10	1.07	Cheyenne	.93	.91	.92	.92	.92
Hidalgo County	.82	.81	.81	.81	.81	Ciallam County	1.10	1.11	1.11	1.10	1.08	Cody	.93	.92	.92	.90	.91
Houston	.92	.92	.91	.90	.91	Everett	1.16	1.17	1.15	1.16	1.14	Laramie	.95	.93	.94	.96	.95
Laredo	.83	.83	.82	.82	.82	Island County	1.14	1.15	1.15	1.15	1.13	Rock Springs	.99	1.00	.98	.99	1.00

CURRENT COST MULTIPLIERS

These multipliers bring costs from preceding pages up to date. Also apply Local Multipliers, Section 99, Pages 5 through 10.

CALCULATOR COST SECTIONS

(Effective Date of Cost Pages)		11 (11/08)	12 (8/08)	13 (5/08)	14 (2/08)	15 (11/07)	16 (8/07)	17 (5/07)	18 (2/07)
EASTERN	A	1.04	1.11	1.12	1.13	1.12	1.13	1.16	1.17
	B	1.06	1.09	1.10	1.11	1.10	1.11	1.14	1.16
	C	1.02	1.03	1.06	1.05	1.06	1.07	1.08	1.11
	D	1.03	1.01	1.02	1.04	1.02	1.03	1.04	1.07
	S	1.05	1.10	1.12	1.11	1.12	1.13	1.15	1.16
CENTRAL	A	1.01	1.06	1.10	1.10	1.09	1.11	1.12	1.13
	B	1.00	1.04	1.07	1.07	1.07	1.08	1.08	1.10
	C	1.00	1.03	1.03	1.04	1.03	1.04	1.05	1.08
	D	1.00	1.01	1.00	1.01	1.02	1.02	1.02	1.06
	S	1.00	1.06	1.08	1.08	1.09	1.10	1.12	1.13
WESTERN	A	1.00	1.08	1.12	1.12	1.11	1.12	1.14	1.13
	B	1.01	1.05	1.10	1.09	1.09	1.11	1.11	1.11
	C	1.00	1.02	1.04	1.04	1.03	1.05	1.06	1.09
	D	1.00	.99	1.01	1.02	1.01	1.01	1.03	1.05
	S	1.00	1.05	1.11	1.10	1.10	1.11	1.14	1.13

SEGREGATED COST SECTIONS

(Effective Date of Cost Pages)		41 (12/08)	42 (9/08)	43 (6/08)	44 (3/08)	45 (12/07)	46 (9/07)	47 (6/07)	48 (3/07)
EASTERN	A	1.04	1.11	1.12	1.13	1.12	1.13	1.16	1.17
	B	1.06	1.09	1.10	1.11	1.10	1.11	1.14	1.16
	C	1.02	1.03	1.06	1.05	1.06	1.07	1.08	1.11
	D	1.03	1.01	1.02	1.04	1.02	1.03	1.04	1.07
	S	1.05	1.10	1.12	1.11	1.12	1.13	1.15	1.16
CENTRAL	A	1.01	1.06	1.10	1.10	1.09	1.11	1.12	1.13
	B	1.00	1.04	1.07	1.07	1.07	1.08	1.08	1.10
	C	1.00	1.03	1.03	1.04	1.03	1.04	1.05	1.08
	D	1.00	1.01	1.00	1.01	1.02	1.02	1.02	1.06
	S	1.00	1.06	1.08	1.08	1.09	1.10	1.12	1.13
WESTERN	A	1.00	1.08	1.12	1.12	1.11	1.12	1.14	1.13
	B	1.01	1.05	1.10	1.09	1.09	1.11	1.11	1.11
	C	1.00	1.02	1.04	1.04	1.03	1.05	1.06	1.09
	D	1.00	.99	1.01	1.02	1.01	1.01	1.03	1.05
	S	1.00	1.05	1.11	1.10	1.10	1.11	1.14	1.13

UNIT-IN-PLACE COST SECTIONS (51 – 67)

Sec. Page	Date		Eastern	Central	Western	Sec. Page	Date		Eastern	Central	Western
51 - 2-3	(3/07)	Concrete Foundations	1.12	1.09	1.11	61 - 1-8	(12/08)	Tanks	1.01	.98	1.00
51 - 4	(3/07)	Pillings	1.10	1.07	1.08	62 - 1	(6/08)	Industrial Pumps & Boilers	1.10	1.07	1.10
51 - 7-8	(3/07)	Steel and Concrete Frame	1.13	1.09	1.11	62 - 2-3, 6	(6/08)	Piping	1.10	1.07	1.10
51 - 3,7	(3/07)	Wood Foundations, Frame	1.05	1.03	1.04	62 - 4	(6/08)	Electrical Motors	1.10	1.07	1.10
52 - 1-4, 6	(3/07)	Interior Construction	1.13	1.10	1.10	62 - 5	(6/08)	Steel Stacks, Chutes	1.10	1.07	1.10
52 - 5	(3/07)	Bank Vaults and Equipment	1.15	1.13	1.13	62 - 5	(6/08)	Masonry & Concrete Chimneys ..	1.06	1.05	1.08
53 - 1-8	(6/07)	Heating, Cooling & Ventilating ...	1.10	1.08	1.10	62 - 6	(6/08)	Compactors, Incinerators	1.10	1.07	1.10
53 - 9-12	(6/07)	Plumbing, Fire Protection, etc. ...	1.13	1.10	1.12	63 - 1-4	(9/08)	Trailer and Mfg. Housing Parks ..	1.05	1.04	1.08
54 - 1-6	(6/07)	Electrical, Security	1.12	1.12	1.11	63 - 5-10	(9/08)	Manufactured Housing	1.05	1.04	1.06
55 - 3-7	(8/07)	Wall Costs	1.08	1.07	1.09	64 - 1-6	(3/08)	Service Stations, Car Washes ...	1.09	1.06	1.08
56 - 1-2	(8/07)	Stained Glass	1.08	1.07	1.09	64 - 7-9	(3/08)	Prefabricated Metal Structures ...	1.10	1.08	1.09
56 - 3-6	(8/07)	Storefronts	1.08	1.07	1.09	64 - 7-8	(3/08)	Prefab. Wood & Air Structures ...	1.09	1.08	1.07
56 - 7	(8/07)	Stonework	1.07	1.06	1.08	65 - 1-12	(3/08)	Equipment Costs	1.08	1.07	1.06
56 - 8	(8/07)	Columns, Stone & Concrete	1.07	1.06	1.08	66 - 1	(12/07)	Subdivision Costs	1.09	1.06	1.08
56 - 8	(8/07)	Columns, Wood & Aluminum	1.07	1.06	1.07	66 - 2-9	(12/07)	Yard Improvements	1.07	1.05	1.07
57 - 1-6	(9/07)	Roofs	1.11	1.08	1.10	66 - 10-11	(12/07)	Demolition & Remediation	1.08	1.06	1.07
58 - 1	(9/07)	Cold Storage	1.09	1.06	1.08	67 - 1-2	(12/07)	Golf Courses	1.09	1.08	1.08
58 - 2-8	(9/07)	Elevators, Conveying Systems ..	1.12	1.10	1.11	67 - 3-7	(12/07)	Recreational Facilities	1.08	1.06	1.07

DEFINITIONS/GLOSSARY

The following terminology is used throughout this report. All definitions cited were derived either from: The Dictionary of Real Estate Appraisal, Fifth Edition, published by the Appraisal Institute, 2010; by The Appraisal of Real Estate, Thirteenth Edition, the Appraisal Institute, 2013; or by the most recent edition of the Uniform Standards of Professional Appraisal Practice.

APPRAISAL: (noun) The act or process of developing an opinion of value; an opinion of value. (adjective) Of or pertaining to appraising and related functions such as appraisal practice or appraisal services.

APPRAISAL APPROACH: A systematic way of developing a value indication using methods and techniques; examples are cost approach, income capitalization approach, and sales comparison approach.

APPRAISAL PROCEDURE: The act, manner, or technique of conducting the steps of an appraisal method.

APPRAISAL TECHNIQUE: A technical method to develop an opinion of value; a synonym for procedure.

CAPITALIZATION: The conversion of income into value.

CAPITALIZATION RATE: A rate used to convert income into value.

CASH FLOW ANALYSIS: A study of the anticipated movement of cash into or out of an investment.

COST APPROACH: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of, (or replacement for) the existing structure; including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

DATE OF THE REPORT: The date of the transmittal letter of a written report or the date a written report lacking a transmittal letter is prepared by the appraiser. The date of an oral report is the date it is communicated to or for the client. The date of the report may or may not be the same as the effective date of the appraisal.

DEPRECIATION: In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

DIRECT CAPITALIZATION: (1.) A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor. (2.) A capitalization technique that employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered. Yield and value change are implied but not identified.

DISCOUNT RATE: An interest rate used to convert future payments or receipts into present value. The discount rate may or may not be the same and the internal rate of return (IRR) or yield rate depending on how it is extracted from the market and/or used in the analysis.

DISCOUNTED CASH FLOW (DCF) ANALYSIS: The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams as well as the quantity and timing of the reversion and discounts each to its present value at a specified yield rate. DCF analysis can be applied with any yield capitalization technique and may be performed on either a lease-by-lease or aggregate basis.

DISCOUNTING: A procedure used to convert periodic incomes, cash flows and reversions into present value; based on the assumption that benefits received in the future are worth less than the same benefits received now.

EFFECTIVE AGE: The age of property that is based on the amount of observed deterioration and obsolescence it has sustained which may be different from its chronological age.

EFFECTIVE DATE: The date at which the analyses, opinions and advice in an appraisal, review or consulting service apply.

EFFECTIVE DATE OF THE APPRAISAL: The date at which the value estimate in an appraisal applies which may or may not be the date of the inspection; the date of the market conditions that provide the context for the value estimate.

FEE SIMPLE ESTATE: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

HIGHEST AND BEST USE: The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

HIGHEST AND BEST USE OF LAND OR A SITE AS THOUGH VACANT: Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that a parcel of land is vacant or can be made vacant by demolishing any improvements.

HIGHEST AND BEST USE OF PROPERTY AS IMPROVED: The use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

INCOME CAPITALIZATION APPROACH: A set of procedures through which an appraiser derives a value indication for an income-producing property by converting anticipated benefits (cash flows and reversions) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

LEASED FEE INTEREST: An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and lessee are specified by contract terms contained within the lease.

LEGAL DESCRIPTION: A description of land that identifies the real estate according to a system established or approved by law; an exact description that enables the real estate to be located and identified.

MARKET RENT: The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby:

1. Lessee and lessor are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. The rent payment is made in terms of cash in U.S. dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract.
5. The rental amount represents the normal consideration for the property leased unaffected by special fees or concessions granted by anyone associated with the transaction.

MARKET VALUE: "The most probable price, as of a specified date, in cash, or in terms equivalent to cash or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently and knowledgeably, and for self-interest and assuming that neither is under undue duress

Also:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

REAL ESTATE: Physical land and appurtenances attached to the land, e.g., structures. An identified parcel or tract of land, including improvements, if any.

REAL PROPERTY: All interests, benefits, and rights inherent in the ownership of physical real estate; the bundle of rights with which the ownership of the real estate is endowed. In some states, real property is defined by statute and is synonymous with real estate.

REPORT: Any communication, written or oral, of an appraisal, appraisal review, or appraisal consulting service that is transmitted to the client upon completion of an assignment.

SALES COMPARISON APPROACH: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sales prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value

improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.

YIELD CAPITALIZATION: The capitalization method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate or by developing an overall rate that explicitly reflects the investment's income pattern, value change and yield rate.

QUALIFICATIONS OF JOSEPH B. ROSEN, MAI, SRA, ASA
REAL ESTATE APPRAISER AND CONSULTANT
1717 Laurel Street, P.O. Box 28, Columbia, SC 29202-0028
Phone: 803/252-9321 Fax: 803/765-9889

PROFESSIONAL DESIGNATIONS AND AFFILIATIONS

MAI – Designation – Appraisal Institute (Certificate No. 8941)
SRPA – Senior Real Property Appraiser membership in the Appraisal Institute
SRA – Senior Residential Appraiser membership in the Appraisal Institute
ASA – Accredited Senior Appraiser, American Society of Appraisers
RM – Residential Member in the Appraisal Institute (Certificate No. 2252)
State Certified General Real Estate Appraiser – South Carolina, Cert. # CG177
State Certified General Real Estate Appraiser – North Carolina, Cert. # A1786
State Certified General Real Property Appraiser – Georgia, Cert. # 6888
Licensed as a Real Estate Broker by the State of South Carolina
Past President (1988-89) SREA Chapter #194 of the Society of Real Estate Appraisers
Realtor Member of Columbia, South Carolina and National Board of Realtors.
Member of The Appraisal Section of the National Association of Realtors

EDUCATION

Univ. of S. C. Graduate 1977 – Bachelor of Science in Finance – Real Estate.
Recent Seminars: (2005 to Present)
Contact the appraiser for seminar list from 1978 through 2004
Easement Valuation, Course 403 02/05
Appraisal of Commercial Properties in Declining Markets 04/05
Appraising Convenience Stores 06/05
Real Estate Investment and Development 01/06
Highest & Best Use Analysis 4/06
National USPAP Update 5/05 and 4/06
Fair Housing 5/06
Inverse Condemnation 1/07
Uniform Appraisal Standards for Federal Land Acquisitions (16 Hrs.) 1/07
The Valuation of Wetlands 7/07
Analyzing Distressed Real Estate 1/08
Legal Terminology & Non Tax Statutes that Affect the Assessor 4/08
Spotlight on USPAP: Common Errors and Issues 7/08
Valuation of Conservation Easements 8/08
SC Real Property Reform Act of 2006 1/09
Appraisal Challenges: Declining Markets and Sales Concessions 1/09
Appraisal Curriculum Overview 3/09
National USPAP Update 5/09
Business Practices and Ethics 5/09
Appraising Distressed Commercial Real Estate 1/10
Spotlight on USPAP – Agreement for Services-Instructions 1/10
Understanding and Testing DCF Valuation Models – Pt. 1, 7/10
Residential Appraisal Update 2010: Staying Competent in a New Decade 1/27/11
The Lending World in Crisis: What Clients need Their Appraisers to Know 1/28/11
Advanced Spreadsheet Modeling for Valuation Applications 4/29/11
USPAP Update 5/12/11
Analyzing the Effects of Contamination on Real Property 7/21/11
USPAP Update 1/18/12
Fundamentals of Separating Real Property, Personal Property, Intangible Business Assets 3/1-2/12
Understand and Applying Litigation Skills 7/19/12
Conservation Easements and Your Taxes 1/31/13
Marketability Studies: Advanced Considerations and Applications 2/1/13
USPAP Update 6/2014
Appraisal Institute Courses Completed and passed exams:
Basic Appraisal Principles Methods and Techniques, Course 1-A, 1979
Capitalization Theory and Techniques Part A and B, Course 1BA and 1BB, 1987
Residential Valuation Course 8-2, Standards of Professional Practice Part A, 1995; Part B, 1996; Part C, 1999
Report Writing and Valuation Analysis 2-2, 1989
Case Studies in Real Estate Valuation 2-1, 1990
Litigation Valuation Overview 700 – 1999
Condemnation Appraising: Advanced Topics & Applications 720 – 1999
Business Practices and Ethics, Course 420 – 2003

PROFESSIONAL EXPERIENCE

Real Estate Appraiser for Harvey J. Rosen, SRA, since July 1973. Assignments completed for banks, business firms, government agencies, corporations and individuals includes: lots, acreage, resort lots, condominiums, residences (560 SF to 12,000 SF), multi-family, office buildings, car washes, churches, medical buildings, radio towers, service stations, restaurants, convenience stores, warehouses, commercial properties, partial and total acquisitions, and easements. Qualified and testified as Expert Witness on Real Estate Valuation before the Court of Common Pleas in Richland, Lexington and Kershaw Counties, Master's Court for Richland County, Family Court for Richland County and Lexington County and U.S. Bankruptcy Court in Columbia, South Carolina.

REPRESENTATIVE MAJOR CLIENTS SERVED

Arthur State Bank	Capital Bank	South Carolina Bank & Trust
Ameris Bank	First Citizens Bank	South Carolina Dept. Transportation
Bank of America	First Community Bank	University of South Carolina
BB&T	Lexington Medical Center	Wells Fargo Bank

CONTRACTOR'S APPLICATION

FOR PAYMENT

From: Construction Professionals Inc.
765 Longpoint Rd.
Mt. Pleasant, SC 29464

To: University Ventures, LLC
17 Lockwood Drive
Charleston, SC 29401

Invoice: 80209
Draw: 08-0-02 -00009
Invoice date: 12/31/2008
Period ending date: 12/31/2008

Contract For: Hampton Inn & Suites N. Char

Request for payment:

Project: 08-0-02 Hampton Inn & Suites N. Char

Contract date: 3/17/2008

Original contract amount \$7,952,998.00
Approved changes \$0.00
Revised contract amount \$7,952,998.00
Contract completed to date \$5,486,195.06
Add-ons to date \$0.00
Taxes to date \$0.00
Less retainage \$274,309.84
Total completed less retainage \$5,211,885.22
Less previous requests \$4,575,207.23
Current request for payment \$636,677.99
Current billing \$670,187.35
Current additional charges \$0.00
Current tax \$0.00
Less current retainage \$33,509.36
Current amount due \$636,677.99
Remaining contract to bill \$2,741,112.78

Recommends
In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect to the Owner that to the best of the Architect's knowledge, information and belief, the Work has progressed as indicated, and the Contractor is entitled to payment of the Amount

AMOUNT

636,677.99

(Attach explanation if amount differs from the amount applied for.)

Architect:

By:

Date Jan 8, 09

The AMOUNT is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Changes approved in previous months by Owner	0.00	0.00
Total approved this Month	0.00	0.00
TOTALS	0.00	0.00
NET CHANGES by Change Order		

I hereby certify that the work performed and the materials supplied to date, as shown on the above represent the actual value of the accomplishment under the terms of the Contract (and all authorized changes thereof) between the undersigned and the University Ventures, LLC relating to the above referenced project. I also certify that the contractor has paid all amounts previously billed and paid by the owner.

CONTRACTOR: Construction Professionals Inc.

State Of SC

County Of Charleston

By:

Walter H. Hines

Subscribed and sworn to before me this 31st day of December, 2008

Date: 12/31/2008

Notary Public *William R.*
My commission expires: 07/20/17

REQUEST FOR PAYMENT DETAIL

Project: 08-0-02 / Hampton Inn & Suites N. Charl

Invoice: 80209

Draw: -00009

Period Ending Date: 12/31/2008 Detail Page 3 of 4 Pages

Item ID	Description	Total Contract Amount	Previously Completed Work	Work Completed This Period	Presently Stored Materials	Completed And Stored To Date	% Comp	Balance To Finish	Retainage Balance
034	Exterior Caulking	20,754.00						20,754.00	
035	Hollow Metal Frames	55,536.00	36,724.00			36,724.00	66.13	18,812.00	1,836.20
036	Wood Doors	79,489.00						79,489.00	
037	Finish Hardware	66,294.00						66,294.00	
038	Automatic Doors	9,850.00		9,357.50		9,357.50	95.00	492.50	467.88
039	Entry Locks	37,391.00						37,391.00	
040	Aluminum Windows	114,568.00	108,839.60	5,728.40		114,568.00	100.00		5,728.40
041	Aluminum Storefront	27,440.00	20,580.00	6,311.20		26,891.20	98.00	548.80	1,344.56
042	Wood Floors	22,266.00						22,266.00	
043	Acoustical Ceilings	32,798.00						32,798.00	
044	Drywall	219,680.00	142,792.00	50,526.40		193,318.40	88.00	26,361.60	9,665.92
045	Brick Veneer	112,263.00		14,032.88		14,032.88	12.50	98,230.12	701.64
046	Gyconcrete	42,055.00		42,055.00		42,055.00	100.00		2,102.75
047	Stucco	207,000.00						207,000.00	
048	Granite Vanity Tops	48,276.00			9,487.00	9,487.00	19.65	38,789.00	474.35
049	Ceramic Tile	142,121.00			43,478.00	43,478.00	30.59	98,643.00	2,173.90
050	Carpet Installation	39,395.00						39,395.00	
051	Vinyl Tile & Base	18,066.00						18,066.00	
052	Painting & Wall Finish	157,203.00		23,108.84		23,108.84	14.70	134,094.16	1,155.44
053	Install VWC	29,156.00						29,156.00	
054	Folding, Tit Partions	10,053.00						10,053.00	
055	Louvers, Fire Ext	7,588.00						7,588.00	
056	Misc Accessories	22,527.00						22,527.00	
057	Tub Surrounds	58,607.00			28,723.00	28,723.00	49.01	29,884.00	1,436.15
058	Shower, Mirror Doors	22,535.00						22,535.00	
059	Toilet Accessories	26,494.00						26,494.00	
060	Ste Appliances, Lndry Chute	14,504.00	4,351.20			4,351.20	30.00	10,152.80	217.56
061	Elevator	127,785.00	109,895.10	6,389.25		116,284.35	91.00	11,500.65	5,814.22
062	FF&E Installation	32,300.00						32,300.00	
063	Plumbing	643,010.00	437,246.80	38,580.60		475,827.40	74.00	167,182.60	23,791.38
064	HVAC	399,000.00	231,420.00	55,860.00		287,280.00	72.00	111,720.00	14,364.00
065	PTAC Units	103,604.00	18,648.72		55,479.00	74,127.72	71.55	29,476.28	3,708.38
066	Fire Sprinkler	86,238.00	57,778.12	6,036.52		63,814.64	74.00	22,421.36	3,190.74

REQUEST FOR PAYMENT DETAIL

PAGE 05/11

Project: 08-0-02 / Hampton Inn & Suites N. Charl

Invoice: 80209

Draw: -00009

Period Ending Date: 12/31/2008 Detail Page 4 of 4 Pages

Item ID	Description	Total Contract Amount	Previously Completed Work	Work Completed This Period	Presently Stored Materials	Completed And Stored To Date	% Comp	Balance To Finish	Retainage Balance
067	Electrical	822,302.00	575,611.40	32,892.08		608,503.48	74.00	213,798.52	30,425.16
068	Overhead & Profit	554,860.00	336,023.22	46,719.21		382,742.43	68.98	172,117.57	19,137.12

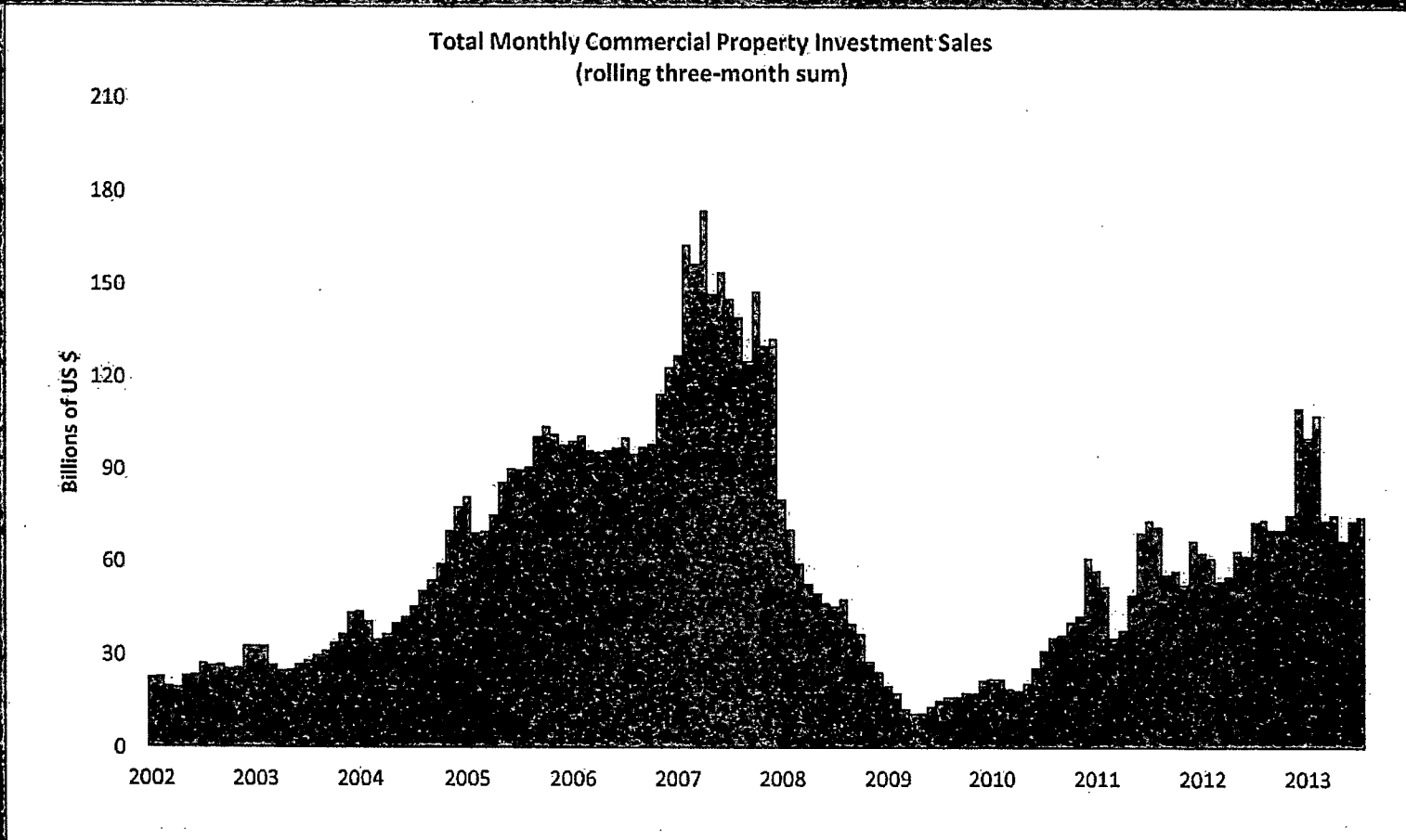
CONSTRUCTION PROFESS

8438848320

01/06/2009 10:12

Totals	7,952,998.00	4,816,007.71	533,020.35	137,167.00	5,486,195.06	68.98	2,466,802.94	274,309.84
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Monthly Commercial Property Investment Sales



Transaction of properties selling for \$2.5 million and above. Data through Q2/July 2013.
Source: Cornerstone Real Capital Analytics, September 23, 2013

Moody's/Real Capital Analytics Commercial Property Price Indices

	Peak-to-Trough	Peak-to-Current	% Recovered	Peak Month	Trough Month
Apartment – Gateway	-24%	13%	155%	Jan-08	Aug-09
Apartment	-39%	-1%	92%	Dec-07	Dec-09
CBD Office – Gateway	-47%	-1%	91%	May-08	Sep-09
Office CBD	-50%	-7%	87%	Dec-07	Sep-09
Gateway Markets Aggregate	-38%	-6%	85%	Dec-07	Nov-09
Apartments – Non Gateway	-47%	-9%	80%	Sep-07	Dec-09
National All Property	-40%	-15%	63%	Dec-07	Dec-09
Office	-46%	-13%	60%	Dec-07	Nov-09
Retail – Gateway	-39%	-16%	58%	Sep-07	Jun-10
CBD Office – Non Gateway	-57%	-26%	55%	Dec-07	Oct-09
Suburban Office – Gateway	-47%	-23%	52%	Oct-07	May-10
Core Commercial	-41%	-20%	51%	Nov-07	Dec-09
Non Gateway Markets					
Aggregate	-42%	-23%	47%	Oct-07	Dec-09
Retail	-42%	-24%	45%	Aug-07	Sep-10
Industrial – Gateway	-35%	-20%	42%	Aug-07	Feb-10
Retail – Non Gateway	-45%	-27%	39%	Jul-07	Oct-10
Office Suburban	-45%	-30%	32%	Oct-07	Jul-10
Industrial	-33%	-26%	22%	Jan-08	Jan-10
Suburban Office – Non Gateway					
Gateway	-44%	-37%		Oct-07	Dec-09
Industrial – Non Gateway	-36%	-31%		Mar-08	Apr-11

Sources: Moody's Investor Services, Real Capital Analytics (RCA), Cornerstone Research (Updated September 26, 2013).
Data through July 2013.

RECEIVED

OCT 28 2015

SC Court of Appeals

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM THE ADMINISTRATIVE LAW COURT

Shirley C. Robinson, Administrative Law Judge

Appellate Case No. 2015-001106

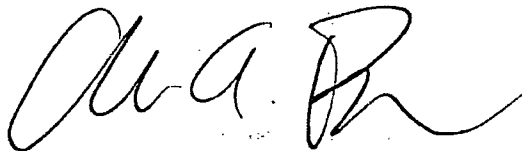
Charleston County Assessor, ... Appellant,

v.

University Ventures, LLC, ... Respondent.

CERTIFICATE OF COUNSEL

The undersigned hereby certifies that the Appendix to the Record on Appeal contains all material proposed to be included by any of the parties and not any other material.



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