

A CONSULTING ASSIGNMENT

OF

FUTURE DEVELOPMENT PROPERTY
(Heritage Hall - FSU Athletic Dormitory Project)

LOCATED AT
THE SW CORNER OF OVERSTREET STREET & HAYDEN ROAD
TALLAHASSEE, LEON COUNTY, FL

FOR

SEMINOLE BOOSTERS, INC.
ATTN: MR. ANDY MILLER, CEO
P.O. BOX 1353
TALLAHASSEE, FL 32302

BY

W.R. "CHIP" JOHNSON, MAI
STATE CERTIFIED GENERAL REAL ESTATE APPRAISER NO. 0002407

CURETON - JOHNSON & ASSOCIATES
REAL ESTATE SERVICES
1358 THOMASWOOD DRIVE
TALLAHASSEE, FLORIDA 32308

DATE OF REPORT
MAY 11, 2012

CURETON- JOHNSON & ASSOCIATES, LLC

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May 11, 2012

Seminole Boosters, Inc.
Attn: Mr. Andy Miller, Chief Executive Officer
P.O. Box 1353
Tallahassee, FL 32302

Re: Consulting assignment regarding a future development parcel (*Heritage Hall/FSU Athletic Dormitory Project - Seminole Boosters*), situated on 1.21 acres +/-, and located at the southwest intersection of Overstreet Street & Hayden Road; in Tallahassee, Leon County, FL.

Dear Mr. Miller:

Upon your request, we have completed the consulting assignment for the aforementioned subject property. You have asked that we provide an estimated pro-forma and operating income statement for the proposed *Heritage Hall - FSU Dormitory Project*, located in Tallahassee, FL.

Our assignment encompassed a search of recent comparable lease rates (for student-oriented apartment units). Data provided in this document was extracted from the market via review/analysis of comparable rental properties, via interviews with market participants (local brokers, investors, owners, etc.) and through our inspection of the subject market area.

It should be noted that this is not an appraisal assignment, as no value has been estimated. Data provided may very well be correlated or converted to value. However, the purpose of this assignment is to determine the feasibility of the proposed project, based upon the proposed building and unit configurations and based upon the projected costs to complete the project (based on preliminary information provided by the client). In summary, we have determined that since the value (based on Income Approach) of the project exceeds the necessary costs to develop/build, that the project appears to be financially feasible to the client/owner.

We hope you find the report clear and concise and pertinent to your request. Should you have any questions, please contact us at your convenience. We appreciate having had the opportunity to be of service to you.

Respectfully submitted,



W.R. "Chip" Johnson, MAI
State-Certified General Appraiser RZ2407

CERTIFICATION

We certify that, to the best of our knowledge and belief, . . .

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- as of the date of this report, W.R. "Chip" Johnson, has completed the requirements of the continuing education program as required by the Florida Department of Business and Professional Regulation (Department of Real Estate) and for the Appraisal Institute.
- We have made a personal inspection of the property that is the subject of this report.
- No personal property, unless specifically indicated, has been included in our value conclusion. Only the real estate has been considered.
- No engineering survey was made or caused to be made by the appraisers, and any estimates of fill or other site work are based on visual observation. Therefore, accuracy is not guaranteed.
- No soil tests were made or caused to be made by the appraisers. Soil of the subject parcel appears to be firm and solid, typical of the area; and subsidence in the area is unknown or uncommon. The appraisers, however, cannot warrant against such condition or occurrence.
- The description and condition of physical improvements, if any, described in this valuation are based on visual observation. Since engineering tests were not conducted, no liability can be assumed for soundness of structural members.
- All value estimates are contingent on zoning regulations and land-use plans in effect as of the date of appraisal and based on information provided by governmental authorities and employees.

- A concerted effort was made to verify each comparable sale noted in this report. Since many principals, however, reside out of the area, or entities for which no agent could be contacted within the allotted time for completion of this report, certain sales may not have been verified.
- No responsibility is assumed for legal matters concerning this report, nor is any opinion rendered concerning title, which is assumed to be good and merchantable. The property is assumed to be free and clear of all liens or encumbrances, unless specifically enumerated within this report.
- The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
- No responsibility is assumed for the flood maps used in this report. These maps lack detail. Only licensed surveyor can determine the subject property's flood zone status with precise accuracy.
- It is assumed that the utilization of the land and improvements is within the boundaries of property lines of the property described and that there is no encroachment or trespass unless in the report.
- The value estimated in this report is based on the assumption that the property is not negatively affected by any hazardous substances or detrimental environmental conditions. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of, and inquiries about the subject property, did not develop any information that indicated any apparent, significant hazardous substances or detrimental environmental conditions which would affect the property negatively. It is possible that the test and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous materials and environmental conditions on, or around, the property that would negatively affect its value.
- this certificate is in accordance with the Uniform Standards of Professional Appraisal Practice Standard Rule 2-3, and with the Appraisal Institute's Supplemental Standards of Professional Practice. It is not certification under Florida Real Estate License Law Chapter 475. W.R. Johnson, however, is a Florida State Certified Real Estate Appraiser, No. 2407.

Certification (Continued)

This is to certify that, upon request for valuation by client, we have personally inspected, collected, and analyzed data concerning the subject property.



W.R. "Chip" Johnson, MAI
State-Certified General Appraiser RZ2407

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

DATE OF REPORT:	May 11, 2012
PROPERTY TYPE:	Future (Student-Oriented Multi-Family Residential Housing) Development Property
CLIENT:	Andy Miller, CEO; Seminole Boosters, Inc.
PURPOSE OF ASSIGNMENT:	<p>To provide a consulting assignment to assist the client in analyzing the potential net operating income, based on the proposed improvements.</p> <p>This is a consulting assignment, with no value implications assigned to any specific property. <i>This is not an appraisal assignment.</i></p>
SCOPE OF WORK:	Our investigation included a search of Leon County Public Records, Tallahassee Board of Realtors Multiple Listing Service, and a survey of the local Tallahassee apartment market (brokers, investors, owners, leasing agents, etc).
MARKET AREA:	This area is delineated as the student-oriented multi-family residential housing market for Florida State University and Tallahassee Community College.
ZONING CATEGORY:	UT, University Transition
FUTURE LAND USE CATEGORY:	UT, University Transition
HIGHEST & BEST USE:	All properties used in this study would have a highest and best use of multi-family residential use, all oriented towards the local student market.
MARKETING/EXPOSURE PERIOD:	Typical marketing periods for vacant development land in this market range from 6-18 months. Typical marketing periods for improved property ranges from 6-18 months as well.

SUBJECT MARKET STUDY

Overview of Parcel

The subject property is represented as a 1.21 acre +/- parcel of future development land. The property is comprised of multiple contiguous lots, and the property is situated at the southwest intersection of Overstreet Street and Hayden Road. The site is proposed to eventually be developed into a student-oriented multi-family residential project, proposed to be a Florida State University Athletics Dormitory facility (a.k.a. Heritage Hall).

We have been provided information (by Seminole Boosters) which depicts the subject project as being a 60-unit project, configured with 35 - 2BR units, and 25- 3BR units, for a total of 145 total beds. Typical subject units are 2 Bedroom/2 Baths, with 850 to 1,050 SF and 3 Bedroom/3 Baths, with 1,300 to 1,500 SF.

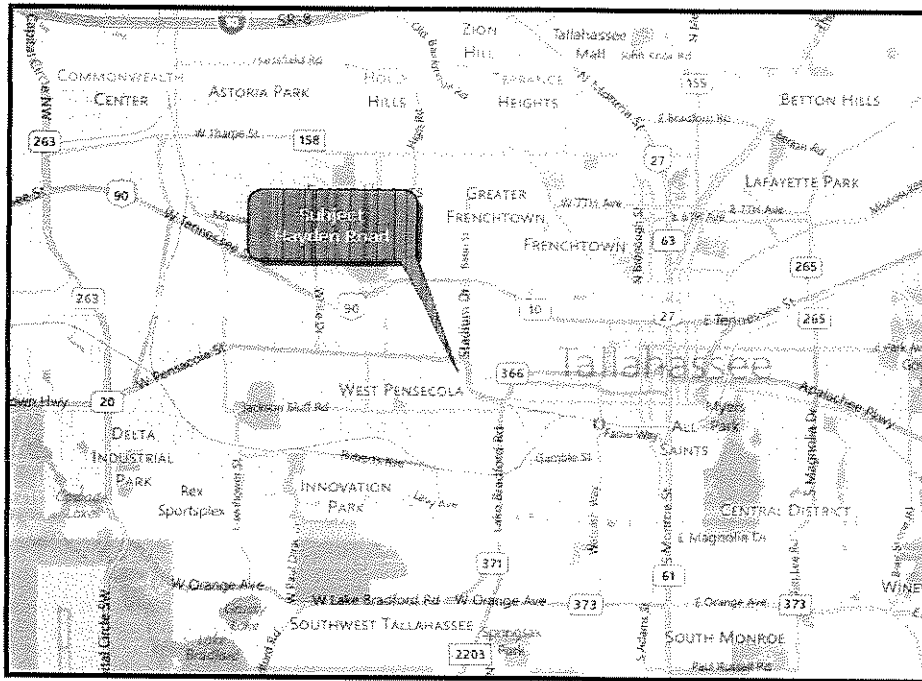
Based on information provided by the architect, the project is proposed to be of "good" quality construction, relative to most student-oriented complexes around F.S.U. The architect has estimated a 19 month construction duration for the project. As noted above, the property is located at the southwest intersection of Overstreet Street and Hayden Road. The property is located only one block west of Florida State University and Doak Campbell Stadium. More generally, the property is situated approximately ½ mile west of downtown Tallahassee (Capitol of Florida).

The subject site encompasses approximately 196.30 feet of linear road frontage along Overstreet Street and approximately 356.00 linear feet along Hayden Road. Both roads are asphalt-paved, city maintained, and two-lanes. Just one block north is West Pensacola Street. West Pensacola is four-lane roadway, heavily traveled by pedestrians and automobiles, and offers east-west access across west Tallahassee towards the FSU Campus. It should be note that the subject site has good proximity to this roadway. More importantly, the subject is within walking distance of the F.S.U. Campus, as many of the students in the immediate subject area walk to campus.

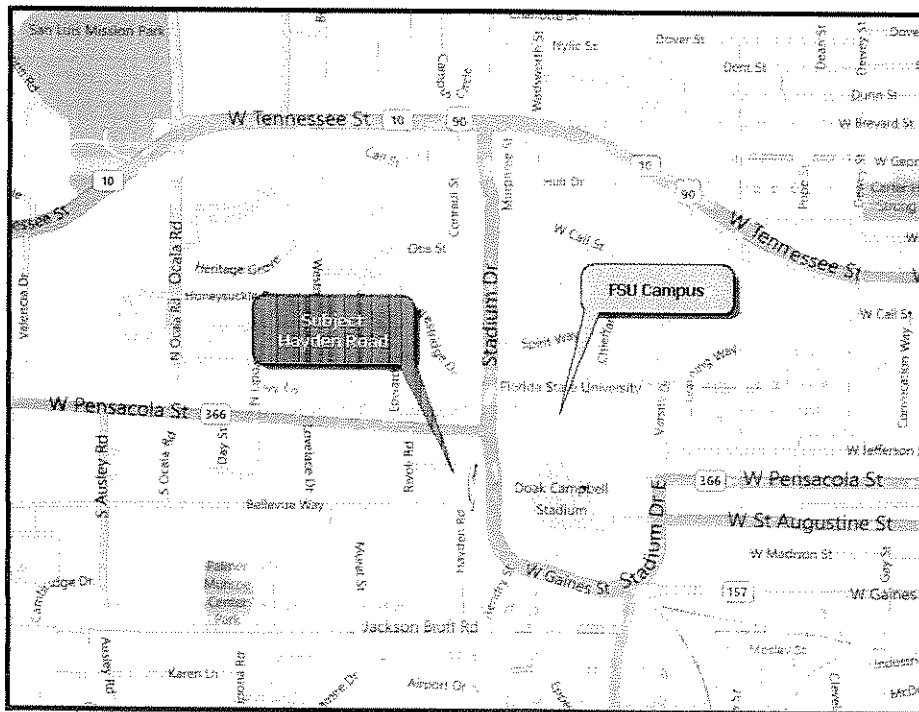
Overall, the site appears to be reasonably conducive to new development, given the proximity of utilities and given the existing site conditions. Moreover, the site shape and topography also lend itself to new development. *Based on the provided architectural and engineering renderings and conclusions, we assume the subject site can accommodate the proposed development (as outlined in the provided architectural documents). If found otherwise, this analysis is subject to revision.*

With respect to zoning and land use, the subject property is zoned UT, University Transition (general zoning and future land use). These zonings allow for a diversity of land usage, including: residential (varying densities), office, and commercial (restaurant, retail, etc.).

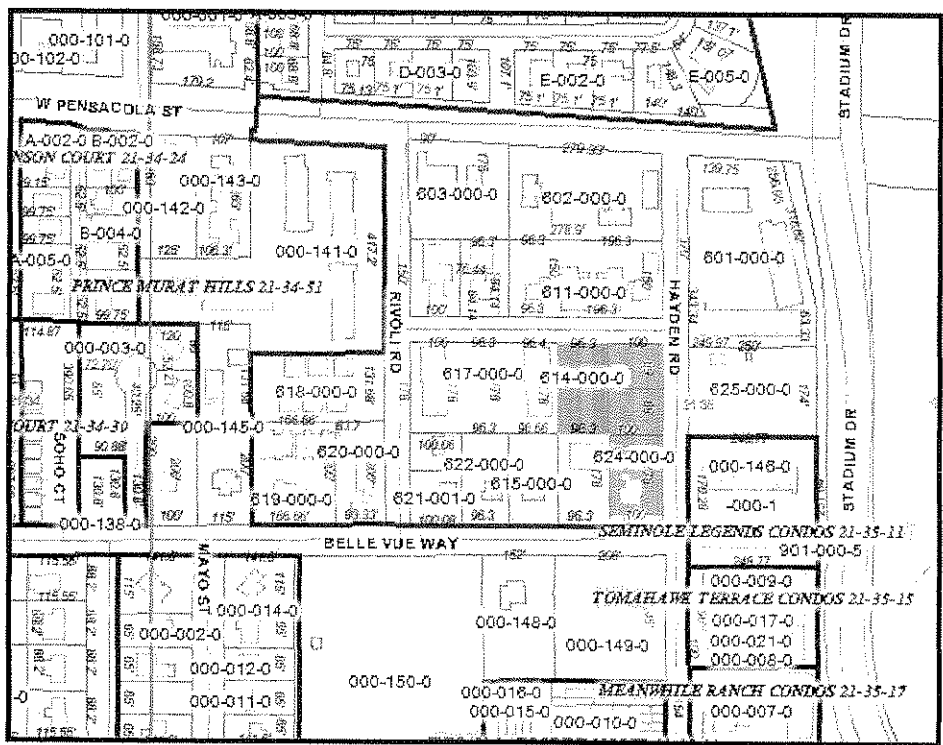
The following maps show the location of the subject and show the pertinent site characteristics.



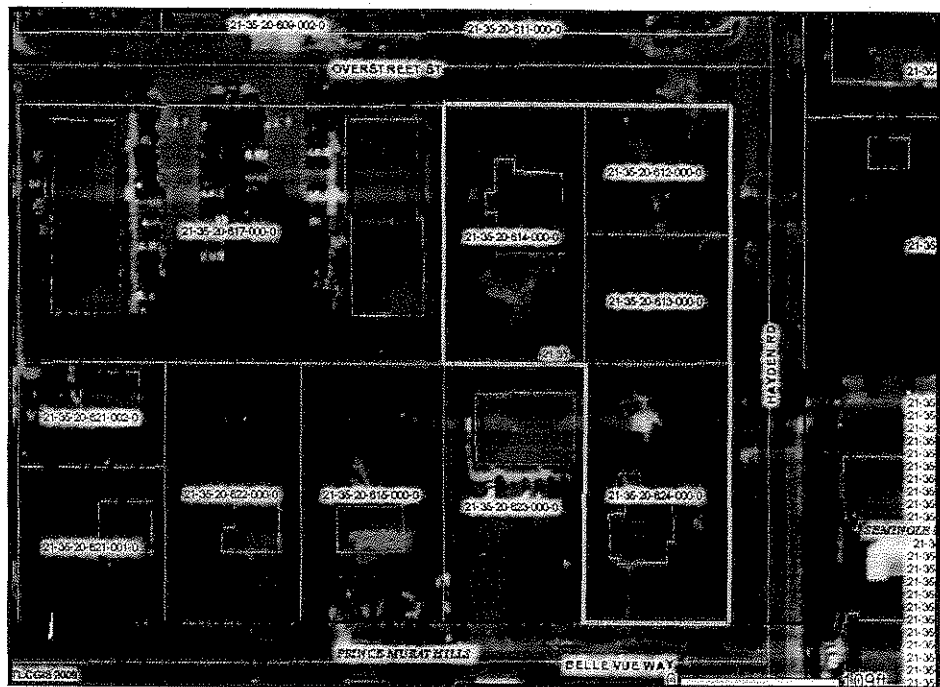
Subject Location Map - General



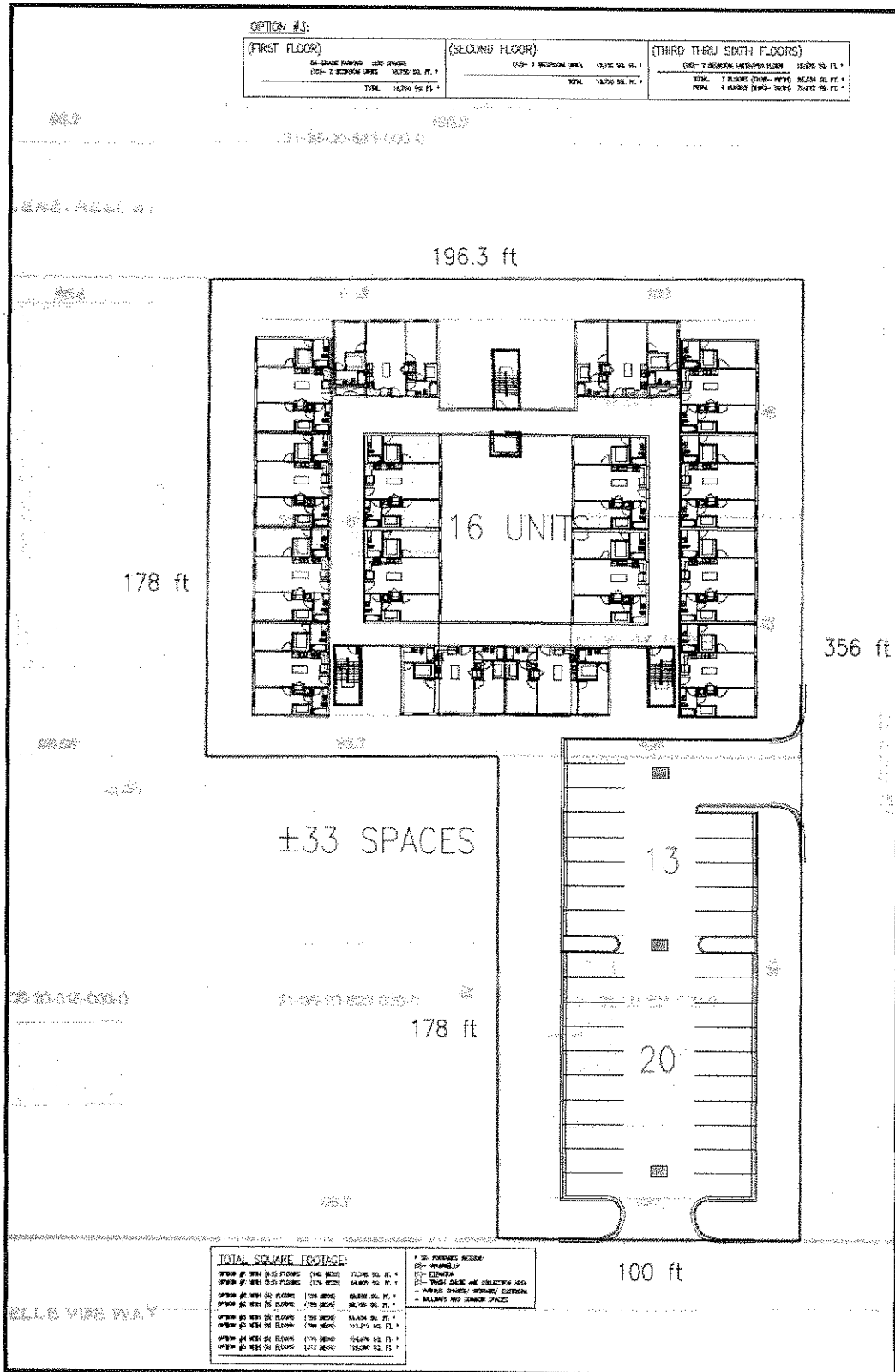
Subject Location Map - Specific



Subject Property Plat Map



Subject Aerial Photo Map



Overview of Assumed Buildout

The following table summarizes the assumed build-out, based on information provided by the client. These assumptions will be used in estimated the future income-producing potential of the site.

Summary of Project Buildout		
Area Type	Intensity/Density	Total Square Footage
Residential-Student	60 Units - 145 Beds 4 Floors	76,320 SF (1,272 SF/Unit)

Additional Assumptions

We have perused the cost breakdown (see appendix) submitted by Will Butler of Real Estate In-Sync, and completed by Elliott Marshall Innes P.A.. Based on the aforementioned, we are of the understanding the proposed project will be of good quality and design, and most probably one of the nicer student-oriented projects around Florida State University. It should be noted that it is critical that the reader understand that the quality of the project be expressed, since the (assumed) quality of the project will affect the potential rental rates for the project. In fact, the estimated cost of the project is \$9,000,000 +/- (or \$117.92/GSF).

Overview of Current Market (All Components)

The following is a brief overview of our conclusions regarding the leasing/rental market for each component of the subject property.

Student-Oriented Multi-Family: We conducted a search of recent completed multi-family projects, with close proximity to the F.S.U. Campus. Examples of such include various recently completed project (Arrowhead Apartments-Phase II, Loft on Gaines, Terraces @ Woodgate, 302 Stadium Drive, Dean Development Apartments, Chance Development Properties, etc.). Our research revealed that typical Per Bedroom rates range from: \$600 to \$750 Per Bedroom/Per Month, for 2-4 BR units and \$700 to \$900 Per Bedroom/Per Month for 1BR units.

The higher end of this range of rates is occupied by those properties with very close proximity to campus, better-than-typical quality construction, and generally including water and sewer.

Recent examples of leased units include: 400 Hayden Road - Villa Dylano (leased for \$1,030/month, for 2BR/2B units), 302 Stadium Drive (leased for \$1,410/month, for 2BR/2B units), 325 Hayden Road - Arrowhead Apartments (\$1,250 - \$1,350/month, for 2BR/2B units) and Loft on Gaines (leased at \$1,400/month for 2BR/2B units and \$1,700/month for 3BR/2B units). The lower end of the range is occupied by older projects, while the upper end of the range is occupied by newer projects. Most of these projects offer exceptional location, with limited amenities needed or offered.

Given the subject's location, on-site parking and high-end quality, we would conclude that a reasonable lease rate would be: **\$650 Per BR/Per Month For 2BR/2Bath units.**

In light of the aforementioned, we would conclude that a reasonable lease rate would be: **\$625 Per BR/Per Month For 3BR/3Bath units.**

Parking Garage: Based on a review of existing parking rate rates, we concluded that a reasonable range of rates is from a low of \$75/Month to a high of \$135/Month. The lower end is typically occupied by uncovered (open) space around campus, while the upper end is occupied by the best-located garages in the downtown area. In particular, we conducted an extensive interview with Mr. Wilson Dean of Dean Development. He is currently leasing spaces near the new College Town development for \$50 to \$75 per month (unpaved/uncovered spaces). Based on the subject's proposed location and quality elements, and since the spaces are proposed to be paved (but uncovered), we have estimated the market lease rate for the parking spaces to be **\$75 Per Month.**

Summary of Potential Gross Income - Apartments

The following table summarizes the Potential Gross Income of the subject project based on the aforementioned assumptions and current lease/rental rates.

Proposed Range of Rates

Area Type	# of Units	Rate Per Unit	Total Monthly Rent	Total Yearly Rent
2 Bedroom Units	35 Units	\$1,300/MTH x 35 Units	\$45,500	\$ 546,000
3 Bedroom Units	25 Units	\$1,875/MTH x 25 Units	\$46,875	\$ 562,500
Parking Spaces	100 Units	\$75/MTH X 100 Spaces	\$ 7,500	\$ 90,000
Total Potential Gross Income - Pro Forma				\$1,198,500

Proforma Operating Statement

With the potential gross income established previously, the only remaining necessary element necessary for consideration are the vacancy rates and analysis of typical operating expenses.

Vacancy Rates: Based on our research of vacancy rates for well-located student housing properties, we found that there appeared to be a relatively similar range of rates for each use type. Properties surveyed are generally located within 5 blocks of the F.S.U. campus. This sector is unquestionably yielding lower vacancy rates than most all other areas of Tallahassee. The recession has had minimal impact on these areas, as occupancy rates are generally in excess of 92%. The newer projects are yielding the lower vacancy rates (typically 3-7% vacancy). In light of the aforementioned, we have estimated vacancy to be **5% of PGI (this can be applied to both the apartment rentals and the parking spaces, since both yield similar vacancy rates).**

Operating Expenses: Based on our research of operating expense ratios (ratio of operating expenses to effective gross income), we have concluded similarly to the vacancy rate assumptions; that the use in question yields relatively similar operating expense ratios. Our research revealed that OER's for these type uses range from a low of **30% to a high of 40%**. This range would only be applicable to "new" or "newer" complexes.

Of primary significance, however, is the fact that the subject project is proposed to not be responsible for property taxes, since the ownership entity is assumed to be a not-for-profit entity. Our research revealed that line item expenses for property taxes (for newer, upscale, student-housing complexes) typically ranged from 7-10% of effective gross income. Using a rate at or near the middle of this range (30-35% OER) would yield an approximately 9% discount in overall operating expenses. Since the proposed project does not have a pool amenity, the OER range would be pushed slightly slower as well. Using the lower-middle to middle of the expense ratio range, and deducing the 9% for property taxes, would yield an average operating expense ratio of **23-25% of EGI +/-**.

The following tables summarize the estimated net operating income for both the pessimistic and optimistic scenarios, given the aforementioned assumptions and market-extracted data.

Heritage Hall Student Dormitory Proforma Operating Statement

Potential Gross Income	\$ 1,198,500
Less Vacancy and Collection Loss (5%)	(59,925)
Effective Gross Income	\$1,138,575
Less Operating Expenses	
Operating Expense Ratio (23.42%)	(266,601)
NET OPERATING INCOME	\$ 871,974

Analysis of Operating Expenses

Based on a review of competing properties in the subject market area, we have further analyzed the proforma operating expenses for the proposed subject project. These expenses are estimated using typical market circumstances and assuming adequate & prudent management.

PROJECTED OPERATING INCOME STATEMENT WITH DETAILED OPERATING EXPENSES

Potential Gross Income	\$1,198,500
Less Vacancy & Collection Loss (5%)	(\$59,925)
Effective Gross Income	\$1,138,575
Operating Expenses	
Taxes (Estimated - @ \$1.33/SF Total) - Non Profit - N/A	-0-
Insurance (\$0.40/SF Total)	(30,528)
Management (7% of EGI)	(79,700)
Personnel (3% of EGI)	(34,157)
Maintenance/Repairs (\$0.50/SF Total)	(38,160)
Legal, Audit, Miscellaneous	(2,000)
Advertising & Leasing (\$0.15/SF)	(11,448)
Utilities (\$0.15/SF of Residential)	(11,448)
Service Contracts(\$0.50/SF of Residential)	(38,160)
Replacement Reserves (\$350/Unit x 60 Units)	(21,000)
<i>Total Operating Expenses:</i> <i>23.42% of EGI</i>	<i>(266,601)</i>
NET OPERATING INCOME	\$871,974

* Expenses assume tenant pays for utilities (electricity, water, sewer), but that landlord provides for grounds maintenance, pest control and (at least) washer/dryer connections.

* Reserves and maintenance are slightly higher than typical since the parking lot reserves and maintenance were included in these estimates.

Test of Feasibility

In order to test the feasibility of the project, it is necessary to convert the aforementioned net operating income to a value figure. Once the value figure is established, an comparison can be made between the value of the project (as completed) and the total costs to complete the project. The difference between these two figures represents profit. Assuming the profit is a reasonable return to the developer, then the project is deemed feasible.

The following table summarizes this calculation.

Land Value (52,708 SF x \$25.00/LSF)	\$ 1,300,000
Building, Development Costs (Hard & Soft)	\$ 9,000,000
Total Costs to Develop/Build	\$10,300,000
Net Operating Income (Stabilized)	\$ 871,974
Capitalized at 7.00% Cap Rate	\$12,460,000 (R)
Capitalized at 8.00% Cap Rate	\$10,900,000, (R)

Note: Due to the fact that the subject only consists of 60 units, given the high demand for newly constructed units near the FSU campus, and given the strong historical performance of pre-leasing units in the subject market area, no "lease-up" adjustment is made to the proposed operating statement.

Based upon the aforementioned, and in light of the fact that the value of the project (as completed) is more than the cost to develop/build, the project appears to be financially feasible. The range of entrepreneurial incentive is from a low of \$600,000 to a high of \$2,160,000. It should also be noted that we were not provided a detail list of expenses (within the stated \$9,000,000 cost figure), but assume this figure includes all hard and soft costs associated with the project. The cost figure was provided by and verified with Mr. Will Butler (Real Estate In Sync), as further verified with the project architect Mr. Brad Innes (Elliott, Marshall, & Innes), and represented as the most recent cost figure to date (as of this valuation date).

Should the actual hard and soft costs for this project differ substantially from that which is provided and assumed for this report, this valuation may be subject to revision.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

General Value Conditions

Unless otherwise specifically stated, the value given in this appraisal report represents our opinion of the market value as of the date specified. The market value of the real estate is affected by market and economic conditions, both local and national, and will vary as these conditions change. This value, unless so stated, is gross, without consideration given to any encumbrance, restriction or question of title.

The value for land and improvements as contained within this report are constituent parts of the total value reported and neither is to be used in making a summation appraisal by combination with values derived from other sources.

Use of the Appraisal

Possession of this report or a copy thereof does not carry with it the right of publication nor may it be used for any purpose by any one but the client for whom it was made without the consent of our office and undersigned or the client. Unauthorized printing, copying or duplication of any part or in total of this report is specifically prohibited by the undersigned, and Cureton & Associates, Inc. Copies may be obtained from the undersigned upon approval of the undersigned, the firm, or our client.

Acceptance of and/or use of this appraisal in any way, constitutes acceptance of the General Assumptions and Limiting Conditions on which it was based. Our responsibilities are complete upon delivery and acceptance of the appraisal report.

Legal Considerations

The legal description used in this report is assumed to be correct. However, it may not necessarily have been confirmed by survey. No responsibility is assumed in connection with a survey or for encroachments, overlapping or other discrepancies that might be revealed thereby. We have not made a survey and assume no responsibility for any survey which may be presented.

We assume no responsibility for matters legal in nature and title to the property is assumed to be marketable. In addition, unless stated to the contrary, the property is appraised as an unencumbered fee simple estate which is not used in violation of acceptable ordinances, statutes or other governmental regulations.

All mortgages, liens, and any other encumbrances to the title of the subject property have been disregarded unless specified within the appraisal report. The subject property has been appraised as though managed under responsible ownership and competent management.

Data

The description of the improvements to the property as well as any income and expense information of the subject property as submitted by the client or his assignees for this appraisal or has been obtained by our office is considered to be accurate and reflects the subject as of the date of this appraisal. We assume no responsibility for the accuracy of information supplied by others.

The information contained in this report including any information furnished by others to our office is not guaranteed but was gathered from reliable sources which are believed to be accurate. We reserve the right to reconsider any value estimate to the extent justified by subsequent discovery of any inaccuracies in any data or the discovery of any new data which could result in a revised value estimate.

Conditions Unapparent to the Appraiser

We assume that no hidden or unapparent conditions of the property, subsoil or structure, contamination by hazardous material of any type exist which would render it more or less valuable than the comparable properties used in this report.

Zoning and Licenses

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconforming use has been stated, defined and considered in the valuation. Unless otherwise noted, it is assumed that no encroachments or violations exist within the subject property. Furthermore, it is assumed that the subject property complied with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the valuation.

This appraisal is based upon the assumption that all required licenses and/or permits, consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based in a timely manner and without unusual cost.