

Appraisal Report



Former SCPA Property
601 Paris Avenue
Port Royal, South Carolina
Client File No.:

Effective Date:

September 9, 2016

Date of Report:

November 28, 2016

Prepared For:

S.C. Department of Administration, Division of General Services
1200 Senate Street, Suite 408
Columbia, South Carolina 29201

Prepared By:

Sage Valuation, Inc.
104 Clair Drive
Piedmont, SC 29673
File No. 16-237





SAGE VALUATION INC.

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November 28, 2016

Mr. Nolan Wiggins
S.C. Department of Administration, Division of General Services
1200 Senate Street, Suite 408
Columbia, South Carolina, 29201

RE: Subject: Former SCPA Property
 Location: 601 Paris Avenue
 Port Royal, South Carolina 29935
 Office File No.: 16-237
 Client File No.:

Dear Mr. Wiggins:

At your request, we are pleased to present the attached Appraisal Report. The following report sets forth our opinions of market value along with supporting data and the reasoning which forms the basis of the opinions.

The subject of this report is the former SC Ports Authority Port Royal complex, which is now owned by the South Carolina Department of Administration. The tract is comprised of multiple tax map parcels and contains a total area of 317.51 acres and a net (upland) area of 51.60 acres in Port Royal, Beaufort County, South Carolina. The property includes various building improvements of no contributory value. We have appraised the land "as is" in Fee Simple interest.

The tract is also known as the former Port of Port Royal and was decommissioned in 2004. It has been marketed for redevelopment for 10+ years. The subject has been designated as a "blighted area" and is subject to a redevelopment plan. Thus, it is eligible for tax increment financing (TIF) bonds to fund redevelopment of the tract. A Planned Unit Development is in place for the tract. There is a Development Agreement between the Town of Port Royal and the South Carolina State Ports Authority (SCSPA). A Regulating Plan is in place to implement provisions of the PUD.

Between 2008 and 2015, the tract was under contract five times at prices between \$15.4 million and \$25.9 million. After the tract failed to close by year end 2015, the tract was conveyed to the South Carolina Department of Administration pursuant to state law. It is slated for sale at public auction in the months ahead. This appraisal is part of the due diligence process related to the future auction event and the eventual sale of the state owned assets.

The subject property, which is comprised of multiple parcels, is summarized on the parcel list below.

Port Royal Redevelopment Tract					
Plat Reference	Owner of Record	Size (SF)	Size (ac.)	PUD Zoning District	Tax Map #
SP 21-1	S.C. Dept. of Administration	133,599	3.07	Ribaut Village	R113 010 000 182F 0000
SP 21-2	S.C. State Ports Authority	4,087	0.09	Ribaut Village	R113 010 000 0282 0000
SP 21-3	Former Rail ROW	194,956	4.47	Ribaut Village, Bluff Neighborhood	Unmapped
SP 21-4	S.C. Dept. of Administration	167,643	3.85	Bluff Neighborhood	R113 010 000 182A 0000
SP 21-5	S.C. Dept. of Administration	253,085	5.81	Bluff Neighborhood	R113 010 000 182A 0000, R113 010 000 0075 0000
SP 21-6	S.C. Dept. of Administration	216,452	4.97	Bluff Neighborhood	R113 010 000 182A 0000
SP 21-10	S.C. Dept. of Administration	107,870	2.48	Marina Village	R113 010 000 0075 0000
					R113 010 000 079A 0000, R113 010 000 182C 0000, R113 011 000 084A 0000, R113 011 000 0083 0000, R113 011 000 0077 0000, R113 011 000 078A 0000, R113 011 000 0079 0000, R113 011 000 080A 0000, R113 011 000 081A 0000, R113 011 000 082A 0000, R113 011 000 0403 0000, R113 011 000 0249 0000,
SP 21-11	S.C. Dept. of Administration and S.C. State Ports Authority	1,008,574	22.99	PV-1, PV-2, PV-3, PV-4, PV-5	R113 011 000 0084 0000
SP 21-12	S.C. Dept. of Administration	87,176	2.00	PV-6	R113 011 000 0249 0000
SP 21-13	Town of Port Royal	9	0.00	COS	R113 011 000 0000 0000
SP 21-14	S.C. State Ports Authority	25,265	0.58	COS	R113 011 000 0000 0000
SP 21-15	Town of Port Royal	909	0.02	COS	R113 011 000 249A 0000
SP 21-16	S.C. State Ports Authority	2,146	0.05	Bluff Neighborhood	R113 010 000 0077 0000
SP 21-17	S.C. State Ports Authority	3,301	0.08	Bluff Neighborhood	R113 010 000 0077 0000
SP 21-18	Former Rail ROW	6,023	0.14	Bluff Neighborhood	Unmapped
SP 21-19	Former Rail ROW	5,225	0.12	Bluff Neighborhood	Unmapped
SP 21-20	S.C. Dept. of Administration	31,351	0.72	PV-4	R113 010 000 0183 0000
Marsh I	S.C. State Ports Authority	901,392	20.69	Abuts PV-1, PV-2, PV-4	R113 011 000 0000 0000
Marsh II	S.C. State Ports Authority	8,416,651	193.22	Abuts PV-6	R113 011 000 0000 0000
Marsh III			47.89	Abuts RV & BN	Unmapped
Marsh IV			4.11	Abuts MV & PV-4	Unmapped
Outparcel 1	S.C. Dept. of Administration	6,969	0.16	PV-2	R113 011 000 0249 0000
		Gross Acres	317.51		
		Upland Acres	51.60		

As the property is a redevelopment tract with a PUD and Development Agreement in place, the most appropriate methodology for valuation is land residual analysis. This approach considers the market value of the component parts, as developed, and deducts all costs associated with development and sale of the land over the holding period. The net cash flows are discounted for time to derive the "as is" land value. As this type of analysis is how potential developers would view the subject property, we believe it is particularly applicable to the valuation question.

We use the Sales Comparison approach to value the commercial and multifamily land. The Development Analysis Approach is used to value the single-family residential land. This approach is a combination of the sales comparison and income approaches. The cost approach is not applicable and was excluded.

The entire report, including all assumptions and limiting conditions contained in the Addendum, are inseparable from this letter. The data and analysis that formulated the value conclusion are incorporated in the report following this letter.

For this report we make no hypothetical conditions, but include the following extraordinary assumptions and disclosures:

- We have relied on the legal description within the PUD and Development Agreement for the gross and net (upland) acreage. We cross-referenced the legal description with Beaufort County tax map numbers for illustrative purposes only. Portions of the tract have no assigned tax map number.
- There are some issues regarding legal title including the former rail right-of-way, a parcel with a right-of-first-refusal to an adjoining owner, and a possible out-holding. We specifically assume that the current owner can convey clear legal title to the subject property as delineated in the PUD.
- We have appraised the subject property as encumbered by the PUD, Development Agreement, and Regulating Plan. However, we recognize that these are working documents and the eventual development will likely vary according to the developer's needs, economic conditions, and market demand. Therefore, we have used our best judgment to interpret the controlling documents within the context of current market conditions and what the typical purchaser would define as reasonable.
- The Development Agreement includes a land swap provision by which a vacant town-owned parcel will be exchanged for the portion of the site containing the seafood processing facilities. Also, the agreement requires that parks and a waterfront promenade be completed and conveyed to the town. We appraise the subject as defined in the PUD and acknowledge that the public-private partnership is a driving force of the redevelopment efforts.
- We specifically exclude the London Avenue park of 9.8 acres and assume that the PUD can be revised to allow for scattered open spaces. Our conversations with Mr. Van Willis, Town Manager, and other stakeholders indicated that the London Avenue park is from the earliest iteration of the master plan. All parties have expressed a willingness to re-work this element as evident in the current Regulating Plan.
- Based on the Phase I and II analyses provided, there is no evidence of contamination from the historic industrial-oriented use. We are not aware of any voluntary clean-up contract (VCC) related to the property. We assume that this information is accurate.
- The tax increment financing (TIF) Redevelopment Plan dates back to 2012 and has a 20-year term that expires after the 2032 tax year. It is our understanding that this is a term certain with approximately 16 years remaining. The potential \$10 million in TIF monies was projected based on incremental revenues over 20 years. We assume that the maximum TIF is reduced to \$8 million based on the four years (20%) of the term that has elapsed.
- The marina permit issued by the U.S. Army Corps of Engineers expired September 30, 2014. We assume that a similar permit can and will be obtained.
- We have relied on the findings of the report by Eason Diving & Marine Contractors, Inc. We assume that the concrete wharf and foundation of the transit shed are structurally sound. Furthermore, this appraisal is subject to the extraordinary assumption that the concrete wharf and foundation will remain as part of the redevelopment.
- ***The Land Residual Model includes estimated construction/development costs based on the provided documents and various sources available to the appraisers. If the construction/development costs differ significantly in reality than as estimated, the value may be impacted. We reserve the right to change the opinions of value if additional information becomes available regarding the construction/development costs.***

Mr. Nolan Wiggins
S.C. Department of Administration, Division of General Services
November 28, 2016
Letter of Transmittal
Former SCPA Property - Port Royal, South Carolina
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Based on our investigation and analysis, we have formed the following market value opinion:

<u>Final Opinion of Market Value</u>				
Property	Appraisal Premise	Interest	Effective Date	Market Value
Port Royal Redevelopment Tract	As Is	Fee Simple	September 9, 2016	\$6,950,000

The analyses, opinions, and conclusions developed and presented in this report have been prepared to conform with our interpretation of the requirements and recommendations established in the Uniform standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), Title XI Regulations, and S.C. Department of Administration, Division of General Services's appraisal standards.

If there are any questions concerning the report or if we can be of further service, please feel free to contact us.

Best regards,



A. Keith Batson, MAI
South Carolina Certified General Appraiser
License No. CG1627
Expires 6/30/2018

Email: kbatson@sageval.com



S. Travis Simmons
South Carolina Apprentice Appraiser
License No. 7044
Expires 6/30/2018

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Executive Summary

Subject Property Information			
Property Name	Former SCPA Property		
Property Type	Land		
Address	601 Paris Avenue, Port Royal, South Carolina		
Tax Identification Number(s)	see parcel list		
Date of Inspection	September 9, 2016		
Site Summary			
Total Land Size	317.510 acres	13,830,736 square feet	
Zoning	None	Flood Zone	X
Highest and Best Use			
As Vacant	Mixed-use		

Final Opinion of Market Value				
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Certification Statement

We certify to the best of our knowledge and belief:

1. The statements of facts contained in this report are true and correct to the best of our knowledge.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved in the assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development of reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. A. Keith Batson, MAI and S. Travis Simmons have made a personal inspection of the subject property.
8. No one provided professional real estate appraisal assistance to the person signing this report.
9. Although several market participants may be contacted as a part of our routine market research investigation, absolute client confidentiality and privacy are maintained at all times with regard to this assignment without conflict of interest.
10. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. A. Keith Batson, MAI has completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.
13. As of the date of this report, S. Travis Simmons has completed the Standards and Ethics Education Requirement for Practicing Affiliates of the Appraisal Institute.
14. We have not performed any services as an appraiser or in any other capacity regarding the subject property within the three years prior to this assignment and we have no current or prospective interest in the subject property or parties involved.



A. Keith Batson, MAI
South Carolina Certified General Appraiser
License No. CG1627
Expires 6/30/2018

Email: kbatson@sageval.com



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South Carolina Apprentice Appraiser
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Addendum

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Introduction

Identification of the Subject	
Address	601 Paris Avenue, Port Royal, South Carolina
Owner of Record	See parcel list
Other Sales/Listings Past 3 Years	See Introduction
Serial Number(s)	see parcel list
Date of Inspection	September 9, 2016
Intended User/Client	S.C. Department of Administration, Division of General Services
Intended Use	The intended use of this appraisal is to establish the as is market value of the subject property for sale at public auction.
Clients Special Instructions	Include Level C market analysis and value the property subject to the development agreement and Planned Unit Development (PUD) in place
Property Rights Appraised	Fee Simple
Purpose of the Appraisal	To form the following opinion of market value:
Market Value "As Is"	September 9, 2016
Type of Report	Appraisal Report
Exposure Time	12 to 18 months
Marketing Time	12 to 18 months
Cost Approach	Not used
Sales Comparison Approach	Land Residual Model
Income Approach	Land Residual Model

Market Value Defined

Market value means “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 are 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.”¹

¹ Federal Register, Vol. 55, No. 162, page 34228.9, Friday August 22, 1990, Rules and Regulations, 12 CFR Part 34.34 (f).

Hypothetical Conditions

Referencing the 2016- 2017 Uniform Standards of Professional Appraisal Practice, a hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.

Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in the analysis.

This appraisal has been made with no hypothetical conditions.

Extraordinary Assumptions

Referencing the 2016- 2017 Uniform Standards of Professional Appraisal Practice, an extraordinary assumption is an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusion.

Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

For this report we make no hypothetical conditions, but include the following extraordinary assumptions and disclosures:

- We have relied on the legal description within the PUD and Development Agreement for the gross and net (upland) acreage. We cross-referenced the legal description with Beaufort County tax map numbers for illustrative purposes only. Portions of the tract have no assigned tax map number.
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iteration of the master plan. All parties have expressed a willingness to re-work this element as evident in the current Regulating Plan.

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- The tax increment financing (TIF) Redevelopment Plan dates back to 2012 and has a 20-year term that expires after the 2032 tax year. It is our understanding that this is a term certain with approximately 16 years remaining. The potential \$10 million in TIF monies was projected based on incremental revenues over 20 years. We assume that the maximum TIF is reduced to \$8 million based on the four years (20%) of the term that has elapsed.
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Subject Property's History and Ownership Record

The subject is currently owned by the South Carolina Department of Administration. The tract was acquired by Quit Claim Deed from the South Carolina State Ports Authority on May 31, 2016. The transaction was recorded in Beaufort County Deed Book 3486 at Page 2442 for nominal consideration. This transfer was in conjunction with state law that required the port property to convey to the Department of Administration if not sold by year end 2015. It is slated for sale at public auction in the months ahead.

The tract is locally known as the Port of Port Royal. It was established in 1959 to take advantage of Port Royal Sound, the deepest natural seaport on the Atlantic Seaboard. Over the years, the port has handled various products including kaolin, lumber, phosphates, and cement powder. Its location between the container ports of Charleston and Savannah, GA put the Port of Royal at a competitive disadvantage. Freight traffic declined from the 1980's through the early 2000's; and as a result the port was decommissioned in 2004. Most of the facility has been vacant since 2004.

Under a license from the SCSA, the Town of Port Royal has operated the wooden shrimp docks and seafood processing facility. The town serves local fishermen and shrimpers by allowing them to offload their catches, as well as purchase ice and diesel fuel. The SCSA previously rented the restaurant building to 11th Street Dockside, a popular local seafood restaurant. A portion of the improvements was operated as a seafood market. The market and portions of the restaurant building were destroyed by fire in July 2015 and have not reopened.

The property has been marketed for several years, and has even been under contract of sale a number of times but has never transacted. The exact reasons for the failed sales are mixed; in some cases

simple timing and economic conditions hampered the closing. In other cases due diligence issues prevented the sale, and over time the offering prices have declined.

The contract history shown below was obtained from a local newspaper, the Island Packet:

A troubled past

Since 2008, five groups have unsuccessfully attempted to buy the port property:

Buyer	Offer	Date deal fell through
Palmetto Alliance	\$15.4 million	Dec 2015
Furman Co.	\$15.4 million	Apr 2015
Port Royal Redevelopment Group	\$17 million	Sep 2012
Gramling Brothers Real Estate and Development	\$16.75 million	Jan 2011
Global Asset Alternative/Main Street Realty	\$25.9 million	

Please note that the contract to Palmetto Alliance was revised to allow purchase of the tract in three scenarios with a maximum of \$14,825,360 for the entire property.

The property is currently listed for sale for \$22,500,000 in whole with the following prices for individual components:

- Port Village District: \$8,165,500
- Marina Village District: \$2,945,250
- Bluff Neighborhood/Ribaut Village District: \$11,475,025

No other offers, listings, or transfers of ownership were found or made known to the appraiser.

Exposure and Marketing Time

An exposure time of 12 to 18 months is concluded as reasonable and appropriate. The subject should require a marketing time of 12 to 18 months.

Personal Property, FF&E, Intangibles

No personal property, FF&E, or intangibles are included in the valuation of this property. We also specifically exclude mineral rights, riparian rights except those as stated by deed, and other intangible items from the valuation.

**Exceptional Waterfront
Redevelopment Opportunity**

Port Royal Development Site

Beaufort County, SC



For More Information, Contact Exclusive Agents:

Rob Lapin

Broker
NAI Avant
807 Gervais Street, Suite 301
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t 803 744 9834
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David Grubbs

Managing Principal & Broker-in-Charge
NAI Avant
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Charleston, SC 29401
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dgrubbs@naiavant.com



www.naiavantportroyal.com

The information contained herein has been given to us by the owner of the property or other sources we deem reliable. We have no reason to doubt its accuracy, but we do not guarantee it. All information should be verified prior to purchase or lease.

Port Royal

EXECUTIVE SUMMARY

The Port Royal Development Tract encompasses almost one mile of scenic waterfront and approximately 51.60 "high ground" acres along the confluence of Battery Creek and the Beaufort River near Hilton Head Island, South Carolina. Located within the peninsular Town of Port Royal, this unique redevelopment opportunity is 14 miles from the Atlantic Ocean via Port Royal Sound.

The Port Royal Tract Planned Unit Development Agreement encompasses a total of approximately 317 acres with +/- 51.60 acres of high ground and +/- 266 acres of marsh and will direct how the property can be developed. The Development Agreement and Master Plan were adopted after an extensive planning process that included the South Carolina State Ports Authority (SCSPA), the Town of Port Royal and the community.

Just minutes from I-95, the Beaufort region is ideally located between the port cities of Savannah and Charleston and offers a business-friendly climate with natural beauty, temperate climate and an unparalleled quality of life. The region is capable of handling the demands of a growing regional, national, and international economy.

The unemployment rate for Beaufort County was 6.8% in October 2012 and *Demographics Now* found that 2,600 businesses employing 24,000 people fall within a 30-mile radius of downtown Beaufort. Beaufort County's population increased 34% between 2000 and 2010 according to the U.S. Census. Tourism is South Carolina's number one industry.

Many national publications have recognized Beaufort, South Carolina area as one of the best communities in the nation:

- Best small town by *Southern Living Magazine*
- Top 50 Adventure Town by *National Geographic*
- Top 20 Fishing Town by *Field and Stream*
- 12th Best Small Town Art Destination in the USA by *Budget and Travel*
- Named by America's Promise Alliance as one of the Top 100 Best Communities for Young People.
- The cost of living index for the Beaufort/Port Royal/Bluffton area was 100.8 in 2011, just slightly over the national average of 100 (Source: ACCRA)

South Carolina ranked:

- #3 Economic growth potential (*Business Facilities 2011*)
- #5 Best business climate (*Business Facilities 2011*)
- #6 Best workforce in the nation (*CNBC's 2011 Top States for Business*)
- #8 Lowest cost of labor (*Business Facilities 2011*)
- #14 Best cost of doing business (*CNBC's 2011 Top States for Business*)

Development site can be sold as a whole or in 3 separate but distinct districts:

COMBINED DISTRICT PRICE: \$22,500,000

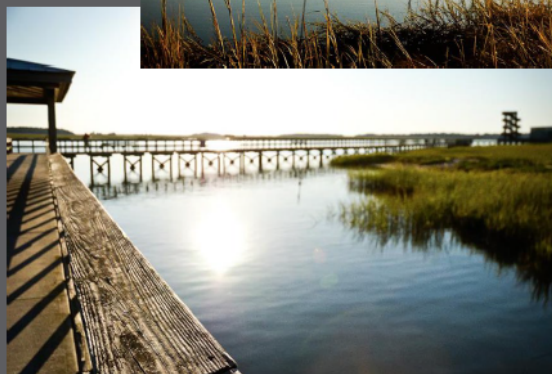
INDIVIDUAL DISTRICT PRICING:

Port Village District: \$8,165,500

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WEBSITE: For detailed property information:
www.naiavantportroyal.com



Scope of Appraisal

Scope of Work

We considered various factors in arriving at the scope of work for the assignment, including the intended use of the appraisal, the complexity of the valuation problem, and a discussion with the client to better determine specific needs. Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These approaches are the Cost Approach, Sales Comparison Approach, and Income Capitalization Approach. The various approaches used in this assignment are summarized on the following chart:

APPROACHES TO VALUE		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Used
Sales Comparison Approach	Applicable	Used
Income Capitalization Approach	Applicable	Used

As a redevelopment tract with a PUD and Development Agreement in place, the most appropriate methodology for valuation is land residual analysis. This approach considers the market value of the component parts, as developed, and deducts all costs associated with development and sale of the land over the holding period. The net cash flows are discounted for time to derive the “as is” land value. This is how potential developers would view the subject property.

We use the Sales Comparison approach to value the commercial and multifamily land. The Development Analysis Approach is used to value the single-family residential land. This approach is a combination of the sales comparison and income approaches. The cost approach is not applicable and was excluded.

Other Research and Analysis

Additional steps taken to gather, confirm, and analyze relevant data, are detailed in individual sections of the report.

Property Inspection

S. Travis Simmons and A. Keith Batson, MAI inspected the property on September 9, 2016.

Area Analysis



General Comments

This section presents data pertinent to the valuation of the subject by identifying and analyzing the influencing forces of the region. This region is identified as Beaufort County, South Carolina, with a total 2016 population of 180,572. Beaufort County is located in southeast South Carolina, approximately 50 miles southwest of Charleston and 34 miles northeast of Savannah, GA. This area is coastal plain and primarily suburban in nature with large portions of marshland. Tourism and seasonal residency are important demand drivers for waterfront areas including Beaufort, Hilton Head, and Fripp Island.

Population

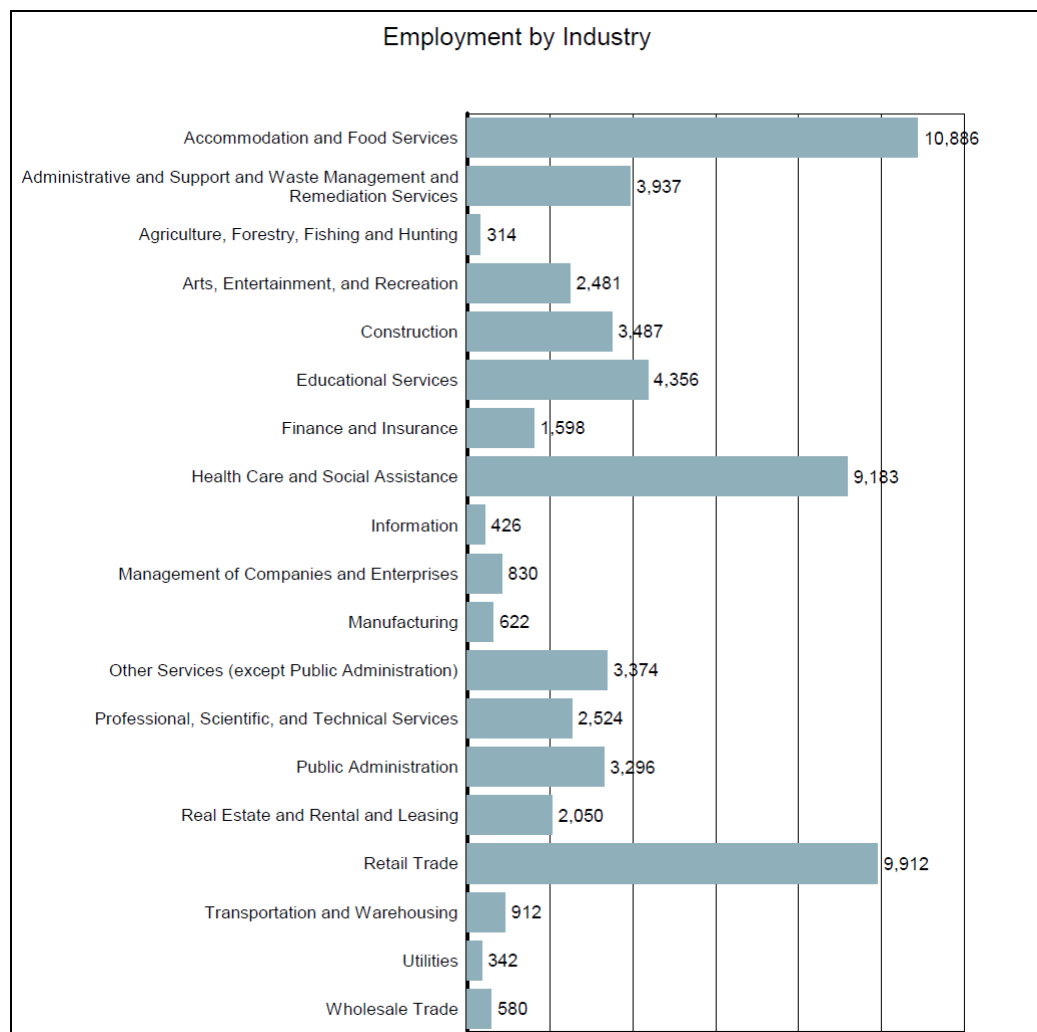
The population of Beaufort County increased between 2010-2016 at an annual rate of 2.10%. This is nearly twice the 1.15% rate for South Carolina. Overall, the area is popular among retirees. The sharp increase in population, coupled with the higher median age and smaller household size, are evidence of this demand and appeal. The following tables summarize the population trends for the Beaufort County area.

Summary	Census 2010	2016	2021
Population	162,233	180,572	200,362
Households	64,945	71,620	79,116
Families	45,322	49,404	54,268
Average Household Size	2.42	2.45	2.47
Owner Occupied Housing Units	45,868	49,285	54,420
Renter Occupied Housing Units	19,077	22,335	24,696
Median Age	40.6	42.3	42.8
Trends: 2016 - 2021 Annual Rate	Area	State	National
Population	2.10%	1.15%	0.84%
Households	2.01%	1.14%	0.79%
Families	1.90%	1.01%	0.72%
Owner HHs	2.00%	1.12%	0.73%
Median Household Income	2.11%	2.30%	1.89%

Source: Site To Do Business

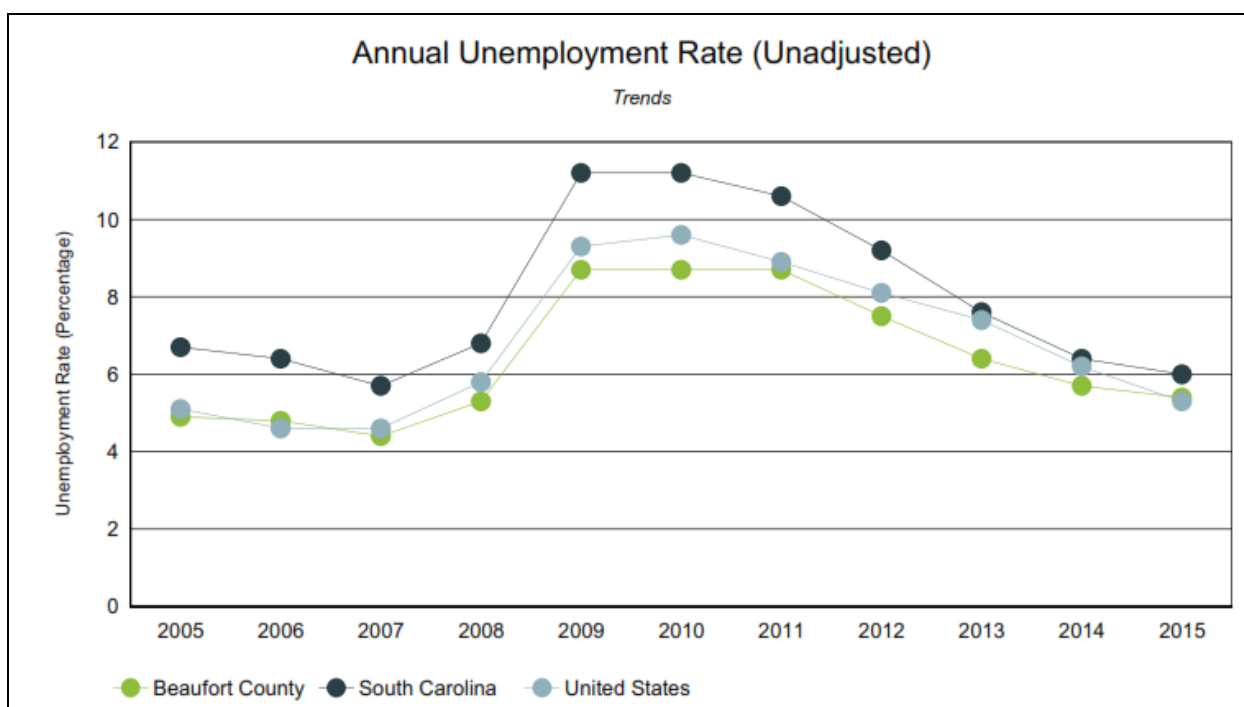
Employment

The employment sector for Beaufort County is shown below. The largest sectors are accommodation/food services, administrative/waste services, construction, educational services, healthcare/social assistance, and retail trade. The employment figures by sector are from Q1 2016.



Source: S.C. Department of Employment and Workforce

The trends shown below reflect the employment struggles of the recession between 2008-2010, as well as the subsequent rebound. Beaufort County's unemployment rate has consistently outperformed South Carolina and the U.S. overall. At its peak in 2009-2010, unemployment reached approximately 8.50%. As of August 2016, Beaufort County's unemployment stood at 5.1% as compared to 5.5% for the state. There are several military installations in the area including Parris Island (U.S. Marine Corps), Marine Corps Air Station, and the U.S. Naval Hospital. Military employment is a strong influence for the area.



Source: S.C. Department of Employment and Workforce

Area Name	Civilian Labor Force	Number Employed	Number Unemployed	Unemployment Rate	Preliminary Data
Beaufort	75,547	71,712	3,835	5.1%	Yes
South Carolina	2,317,456	2,190,253	127,203	5.5%	Yes

Source: S.C. Department of Employment and Workforce

The 20 largest employers are shown below.

20 Largest Employers

(Listed Alphabetically)

Corporation Name
ATLANTIC PERSONNEL INC
BEAUFORT COUNTY SCHOOL DISTRICT
BEAUFORT MEMORIAL HOSPITAL
BILO LLC
CARECORE NATIONAL LLC
COUNTY OF BEAUFORT
CYPRESS CLUB INC.
DEPARTMENT OF DEFENSE
HARGRAY COMMUNICATIONS GROUP INC
LOWES HOME CENTERS INC
MARINE CORPS COMMUNITY SERVICES
MARRIOTT RESORTS HOSP CORP
MONTAGE HOTELS AND RESORTS LLC
PUBLIX SUPER MARKETS INC
SEA PINES RESORT LLC
SOUTHERN BREAD LLC
TECHNICAL COLLEGE OF THE LOWCOUNTRY
TENET PHYSICIAN SVCS OF HILTON HEAD
THE GREENERY INC
WAL-MART ASSOCIATES INC

Income

The income profile for Beaufort County for 2016 is shown below from *Site To Do Business*. The middle 50% earn between \$35,000 and \$99,999 annually.

Households by Income	2016		2021	
	Number	Percent	Number	Percent
<\$15,000	6,390	8.9%	6,918	8.7%
\$15,000 - \$24,999	6,172	8.6%	7,652	9.7%
\$25,000 - \$34,999	7,518	10.5%	6,229	7.9%
\$35,000 - \$49,999	10,461	14.6%	8,533	10.8%
\$50,000 - \$74,999	14,369	20.1%	16,386	20.7%
\$75,000 - \$99,999	9,339	13.0%	10,601	13.4%
\$100,000 - \$149,999	9,393	13.1%	12,465	15.8%
\$150,000 - \$199,999	3,467	4.8%	4,767	6.0%
\$200,000+	4,511	6.3%	5,565	7.0%
Median Household Income	\$56,902		\$63,153	
Average Household Income	\$82,170		\$90,672	
Per Capita Income	\$33,049		\$36,216	

Housing Trends

The following chart provides summary information about housing in the Beaufort County area. Additional data are included in the Market Analysis section.

Subject	Number	Percent
OCCUPANCY STATUS		
Total housing units	93,023	100.0
Occupied housing units	64,945	69.8
Vacant housing units	28,078	30.2
TENURE		
Occupied housing units	64,945	100.0
Owner occupied	45,868	70.6
Owned with a mortgage or loan	30,906	47.6
Owned free and clear	14,962	23.0
Renter occupied	19,077	29.4

The county area is stable with some demand for new housing and generally stable trends. In the long term, the demographics suggest that demand will increase for Beaufort County due to the increase in population. Demand may be in specific pockets such as amenitized or low-maintenance communities or senior housing due to the aging of the population. Rental demand is likely to increase due to the area's tourism and seasonal influences.

Regional Linkages and Transportation

Several US and State highways pass through Beaufort County providing average accessibility to employment and shopping centers throughout the area. US 21 connects the barrier islands with Beaufort and US 17 to the northwest. US 17 connects with I-95 at Exit 33 to the west and with Charleston approximately 50 miles northeast. State highways include SC 281 (Ribaut Road) and SC 170 (Robert Smalls Pkwy). Overall, these routes and links provide Beaufort County average accessibility throughout the region.

Conclusions

Overall the outlook for Beaufort County is relatively good due to the comparatively low unemployment rate and increasing population. Tourism and seasonal residency are demand drivers, as well as the numerous military institutions nearby. The middle 50% of households earn between \$35,000 and \$100,000 which is supportive of homeownership in the area. These factors, overall, form an economic base which supports stable demand for real estate in the long term.



Demographic and Income Profile

Beaufort County, SC 2
Beaufort County, SC (45013)
Geography: County

Prepared by Esri

Summary	Census 2010	2016	2021				
Population	162,233	180,572	200,362				
Households	64,945	71,620	79,116				
Families	45,322	49,404	54,268				
Average Household Size	2.42	2.45	2.47				
Owner Occupied Housing Units	45,868	49,285	54,420				
Renter Occupied Housing Units	19,077	22,335	24,696				
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Trends: 2016 - 2021 Annual Rate	Area	State	National				
Population	2.10%	1.15%	0.84%				
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Households by Income	2016		2021				
	Number	Percent	Number	Percent			
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	\$15,000 - \$24,999	6,172	8.6%	7,652	9.7%		
	\$25,000 - \$34,999	7,518	10.5%	6,229	7.9%		
	\$35,000 - \$49,999	10,461	14.6%	8,533	10.8%		
	\$50,000 - \$74,999	14,369	20.1%	16,386	20.7%		
	\$75,000 - \$99,999	9,339	13.0%	10,601	13.4%		
	\$100,000 - \$149,999	9,393	13.1%	12,465	15.8%		
	\$150,000 - \$199,999	3,467	4.8%	4,767	6.0%		
\$200,000+	4,511	6.3%	5,565	7.0%			
Median Household Income	\$56,902		\$63,153				
Average Household Income	\$82,170		\$90,672				
Per Capita Income	\$33,049		\$36,216				
Population by Age	Census 2010		2016		2021		
	Number	Percent	Number	Percent	Number	Percent	
	0 - 4	10,960	6.8%	11,362	6.3%	12,386	6.2%
	5 - 9	9,566	5.9%	10,583	5.9%	11,405	5.7%
	10 - 14	8,553	5.3%	9,860	5.5%	11,197	5.6%
	15 - 19	9,956	6.1%	10,168	5.6%	11,441	5.7%
	20 - 24	11,756	7.2%	12,015	6.7%	12,290	6.1%
	25 - 34	20,137	12.4%	22,340	12.4%	24,369	12.2%
	35 - 44	17,534	10.8%	19,011	10.5%	21,577	10.8%
	45 - 54	18,580	11.5%	19,153	10.6%	19,292	9.6%
	55 - 64	22,159	13.7%	23,883	13.2%	23,973	12.0%
	65 - 74	20,137	12.4%	26,549	14.7%	31,019	15.5%
	75 - 84	9,698	6.0%	11,789	6.5%	16,746	8.4%
	85+	3,197	2.0%	3,859	2.1%	4,667	2.3%
	Race and Ethnicity	Census 2010		2016		2021	
Number		Percent	Number	Percent	Number	Percent	
White Alone		116,606	71.9%	131,116	72.6%	145,722	72.7%
Black Alone		31,290	19.3%	33,204	18.4%	35,280	17.6%
American Indian Alone		481	0.3%	515	0.3%	553	0.3%
Asian Alone		1,889	1.2%	2,524	1.4%	3,277	1.6%
Pacific Islander Alone		119	0.1%	144	0.1%	171	0.1%
Some Other Race Alone		8,515	5.2%	8,928	4.9%	10,193	5.1%
Two or More Races		3,333	2.1%	4,141	2.3%	5,166	2.6%
Hispanic Origin (Any Race)		19,567	12.1%	20,410	11.3%	23,165	11.6%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021.

September 23, 2016



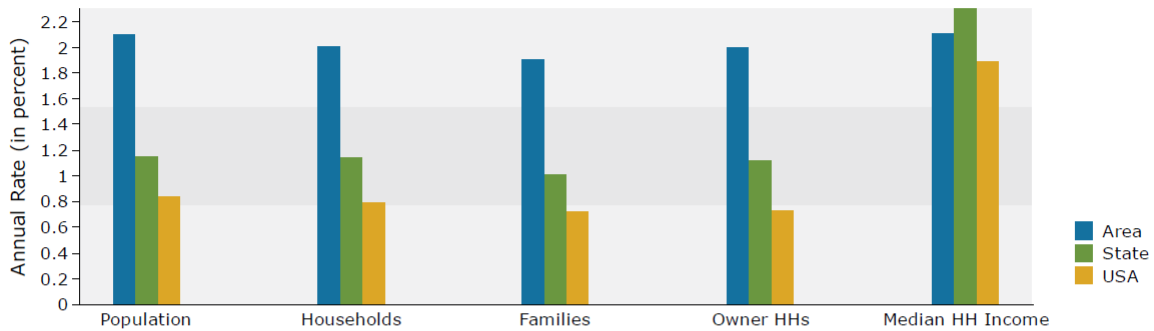
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Demographic and Income Profile

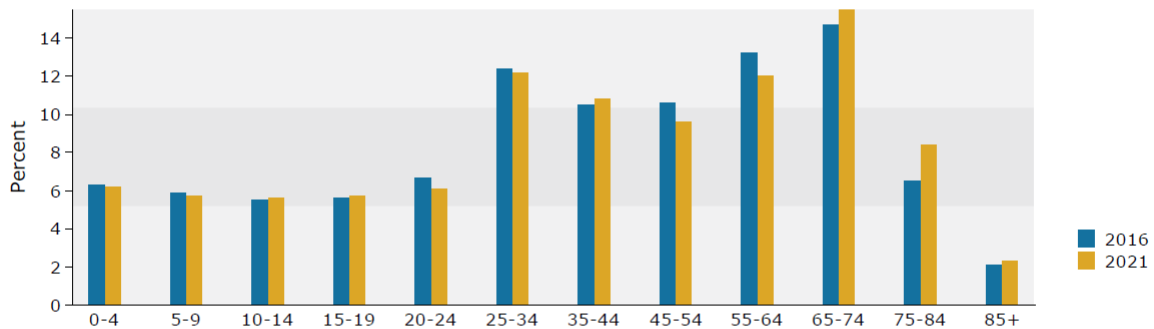
Beaufort County, SC 2
Beaufort County, SC (45013)
Geography: County

Prepared by Esri

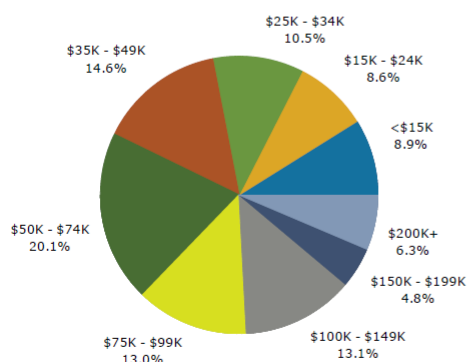
Trends 2016-2021



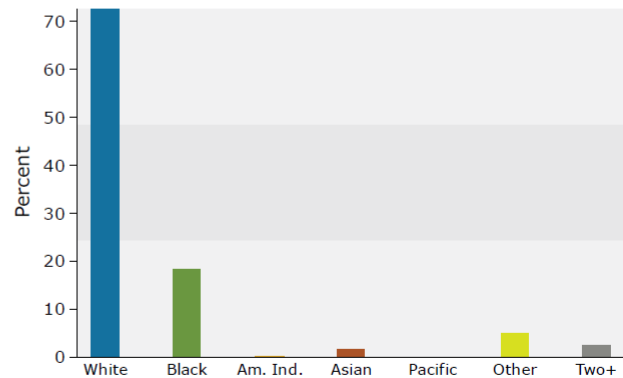
Population by Age



2016 Household Income



2016 Population by Race



2016 Percent Hispanic Origin: 11.3%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021.

September 23, 2016

Neighborhood Analysis



Boundaries:

- North: Broad River Blvd/Battery Creek
- East: Beaufort River
- South: Battery Creek/Savannah Hwy (SC-128)
- West: Robert Smalls Pkwy (SC-170)

Overview

The neighborhood is defined as the Town of Port Royal, a small municipality of fewer than 12,000 residents as of 2016. The area was originally settled in 1562 by French explorer Jean Ribault. Taking its name from Port Royal Sound, the deepest natural seaport on the Atlantic Seaboard, the Town of Port Royal was incorporated and platted in 1874 in conjunction with the Port Royal and Augusta Railroad. The town is situated on a peninsula between the county seat of Beaufort to the north and Parris Island to the south.

Docks and storage areas were added at the rail terminus to handle the export of phosphates, timber, and cotton. The town developed slowly and served mainly as living quarters for the dock and rail workers. In the late 19th and early 20th centuries, the port served primarily for the export of timber and fertilizer, as well as the storage and sale of coal to passing ships. Heavy enlistment in the U.S. Marine Corps during World War I, World War II, and the Korean Conflict brought thousands of soldiers through the port on their way to Parris Island.

The S.C. State Ports Authority (SPA) established the Port of Port Royal in 1959, and it immediately became a hub for the export of kaolin, a fine clay mineral used in the manufacture of various products. Smaller ports like Port Royal and Georgetown were at a competitive disadvantage with the container ports of Savannah and Charleston. Freight traffic declined considerably from the 1980's into the early 2000's, and the SPA decommissioned the Port of Port Royal in 2004.

Beginning in 1937, Maryland real estate developer Sterling G. Harris purchased land near the rail line. He founded Blue Channel Corporation and began harvesting and canning blue crab meat. By 1949, the plant was canning 300,000 pounds of meat per year with a value of about \$100,000. Blue Channel mechanized the process and continued operations into the 1960's. The SPA purchased the land and dismantled the buildings. This portion of the site is improved with the former Dockside Restaurant and Blue Star Oyster Factory. The docks are currently operated by the Town of Port Royal and serve local shrimpers and fishermen who offload and purchase ice and gas.

Access

The primary north-south routes are Ribaut Road (SC-802) and Parris Island Gateway (SC-280) which connect Port Royal to the city of Beaufort. Paris Avenue (SC-281) extends from Ribaut Road to the tip of the peninsula. Ribaut Road runs east-west and crosses Battery Creek with access to Parris Island Marines Corps base. The surface streets on the peninsula are laid out in a grid. Overall, access is considered average for the area.

Demographics

We consulted *Site To Do Business* for demographic information on the Town of Port Royal. The population is projected to grow 1.61% annually which is between the state rate of 1.15% and the

county rate of 2.10%. Median household income is projected to grow 2.72% annually over the same period, although the median household income of \$46,152 is markedly lower than the \$56,902 of Beaufort county. Approximately 51% of housing units were renter-occupied as of 2016 with no significant change anticipated over the next five years.

Population		Households	
2010 Total Population	10,696	2016 Median Household Income	\$46,152
2016 Total Population	11,667	2021 Median Household Income	\$52,790
2021 Total Population	12,640	2016-2021 Annual Rate	2.72%
2016-2021 Annual Rate	1.61%		

Housing Units by Occupancy Status and Tenure	Census 2010		2016		2021	
	Number	Percent	Number	Percent	Number	Percent
Total Housing Units	3,554	100.0%	4,004	100.0%	4,420	100.0%
Occupied	3,036	85.4%	3,455	86.3%	3,839	86.9%
Owner	1,066	30.0%	1,390	34.7%	1,571	35.5%
Renter	1,970	55.4%	2,065	51.6%	2,268	51.3%
Vacant	518	14.6%	549	13.7%	581	13.1%

Land Uses and Demand

The peninsula portion of Port Royal is mostly detached single-family residential. Local commercial uses are scattered along Paris Avenue and include restaurants, retail, and office spaces. Other non-residential uses on Paris include Town hall and Port Royal School. The subject port facility has anchored the peninsula for nearly sixty years. After the port was decommissioned in 2004, state officials and the town began planning a redevelopment of the port property. The vision includes a hotel, commercial space, single-family and multifamily residential uses, a marina with dry stack building, and ample open space. The resulting PUD and associated documents are discussed in detail in a later section.

Real estate activity spiked in the late 2000's after the announcement of the potential redevelopment. Multiple local brokers noted that buyers were speculating in anticipation of increasing property values from the master-planned development. The port redevelopment has yet to occur and some of the properties purchased speculatively have gone to foreclosure. While activity on the peninsula remains low and stable, the overall Port Royal market is growing with limited inventories of new single-family lots and homes.

Port Royal is a popular rental market for enlisted personnel and their families, as well as the large number of nurses and healthcare workers at nearby hospitals and retirement communities. There are several apartment complexes including Stuart Towne and Port Royal Preserve. Helena House is a senior living facility on Paris Avenue. Port Royal Preserve is a mixed-use development with office/retail and medical at the intersection of Ribaut and Paris with 400 apartment units at the rear. There is additional land for future phases. A new senior living facility is planned for an 11-acre tract on Richmond Avenue just off Ribaut Road. The development is slated for delivery in 2017 and will include 126 units ranging from independent living, assisted living, and memory care.

Portions of Port Royal are off the peninsula and west of Battery Creek. Much of the newer commercial development is located here around the fork of Parris Island Gateway (US-21/SC-802) and Savannah Hwy (SC-128). There is a Bilo-anchored shopping center and several chain restaurants including McDonald's and Waffle House, as well as several local restaurants and retailers. There have been two multifamily projects completed in this area within the last five years. Port Royal Apartments was developed in 2011 and includes 60 units with clubhouse and playground. Parc at Broad River opened mid-2016 and includes 246 luxury units with upscale pool, pavilion, garages, and boat storage.

The area is in the growth stage of its life cycle.- High demand for residential rental units has spurred multifamily development. Emphasis has been placed on senior living due to the increasing median age. Commercial development typically follows "rooftops" and there is evidence of increased demand for retail land.

Master-planned Development

The subject has been ear-marked for redevelopment since the port was decommissioned. Numerous contracts have been executed and conceptual plans drawn over the past 10 years. As the Port of Port Royal facility is situated at the tip of the peninsula, it acts as an obstacle between local residents and the waterfront. Its ample water frontage and location between Beaufort, Parris Island, and Hilton Head Island are demand drivers for redevelopment. Due to the challenges of incorporating a large tract into the existing development on the peninsula, the only logical course is a master-planned development.

In a September 2016 article, the Beaufort News reported that Hilton Head Island is considering the annexation of 347-acre Bay Point Island. Six Senses Hotels Resorts Spas of Bangkok, Thailand plans to develop an "eco-resort" on the property. The Town of Port Royal was given the first opportunity to annex the island. However, town leaders had concerns about the scope of the project versus the resources of the town. Also, the town has agreed to certain boundaries under a growth plan for northern Beaufort County, and Bay Point Island does not fit within those boundaries.

The implications of the Bay Point announcement are two-fold. First, there are few large tracts of pre-development land with water frontage in the Beaufort area. With this announcement, a potential competitor for master-planned development has been absorbed for a pure hospitality use. Second, the actions of the town underscore the constraints of the local market. Redevelopment of the subject should include a mixture and density of uses that are market-supported and reflective of existing development within the town. A copy of the article is included at the end of this section.

Conclusion

Port Royal is a small town between Beaufort and Parris Island with frontage along the Harbor River and Battery Creek. Access is average with linkages to Beaufort and interstate access to Savannah and Charleston on I-95 via US-17. The residential market is dominated by renters with the primary demand drivers being military and healthcare. Population and incomes are growing, albeit at lower levels than the county as a whole. Housing growth has been largely multifamily and will drive demand for retail development in the intermediate term.



Demographic and Income Profile

Port Royal Town, SC
Port Royal Town, SC (4558030)
Geography: Place

Prepared by Esri

Summary	Census 2010		2016		2021	
Population	10,696		11,667		12,640	
Households	3,036		3,455		3,839	
Families	1,849		2,172		2,400	
Average Household Size	2.35		2.39		2.40	
Owner Occupied Housing Units	1,066		1,390		1,571	
Renter Occupied Housing Units	1,970		2,065		2,268	
Median Age	23.4		24.3		24.5	
Trends: 2016 - 2021 Annual Rate	Area		State		National	
Population	1.61%		1.15%		0.84%	
Households	2.13%		1.14%		0.79%	
Families	2.02%		1.01%		0.72%	
Owner HHs	2.48%		1.12%		0.73%	
Median Household Income	2.72%		2.30%		1.89%	
Households by Income	2016		2021			
	Number	Percent	Number	Percent		
<\$15,000	374	10.8%	418	10.9%		
\$15,000 - \$24,999	268	7.8%	352	9.2%		
\$25,000 - \$34,999	549	15.9%	432	11.3%		
\$35,000 - \$49,999	666	19.3%	557	14.5%		
\$50,000 - \$74,999	733	21.2%	938	24.4%		
\$75,000 - \$99,999	388	11.2%	489	12.7%		
\$100,000 - \$149,999	285	8.3%	398	10.4%		
\$150,000 - \$199,999	129	3.7%	180	4.7%		
\$200,000+	62	1.8%	75	2.0%		
Median Household Income	\$46,152		\$52,790			
Average Household Income	\$60,203		\$66,717			
Per Capita Income	\$21,711		\$23,784			
Population by Age	Census 2010		2016		2021	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	799	7.5%	802	6.9%	884	7.0%
5 - 9	533	5.0%	705	6.0%	752	6.0%
10 - 14	366	3.4%	500	4.3%	645	5.1%
15 - 19	1,864	17.4%	1,882	16.1%	1,937	15.3%
20 - 24	2,636	24.6%	2,246	19.3%	2,342	18.5%
25 - 34	1,844	17.2%	2,013	17.3%	2,005	15.9%
35 - 44	838	7.8%	1,039	8.9%	1,315	10.4%
45 - 54	681	6.4%	761	6.5%	800	6.3%
55 - 64	565	5.3%	799	6.8%	811	6.4%
65 - 74	296	2.8%	539	4.6%	685	5.4%
75 - 84	172	1.6%	266	2.3%	331	2.6%
85+	102	1.0%	115	1.0%	131	1.0%
Race and Ethnicity	Census 2010		2016		2021	
	Number	Percent	Number	Percent	Number	Percent
White Alone	7,363	68.8%	8,086	69.3%	8,749	69.2%
Black Alone	2,206	20.6%	2,410	20.7%	2,496	19.7%
American Indian Alone	64	0.6%	64	0.5%	66	0.5%
Asian Alone	263	2.5%	314	2.7%	398	3.1%
Pacific Islander Alone	12	0.1%	14	0.1%	16	0.1%
Some Other Race Alone	393	3.7%	330	2.8%	370	2.9%
Two or More Races	395	3.7%	449	3.8%	545	4.3%
Hispanic Origin (Any Race)	1,425	13.3%	1,197	10.3%	1,311	10.4%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021.

September 23, 2016



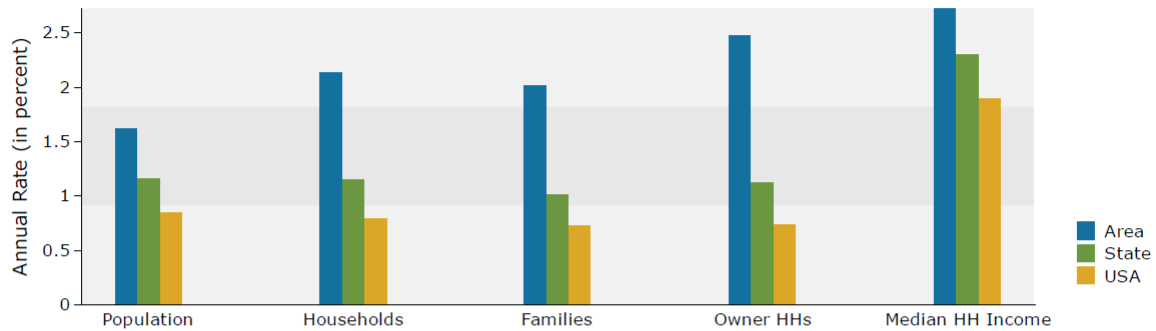
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Demographic and Income Profile

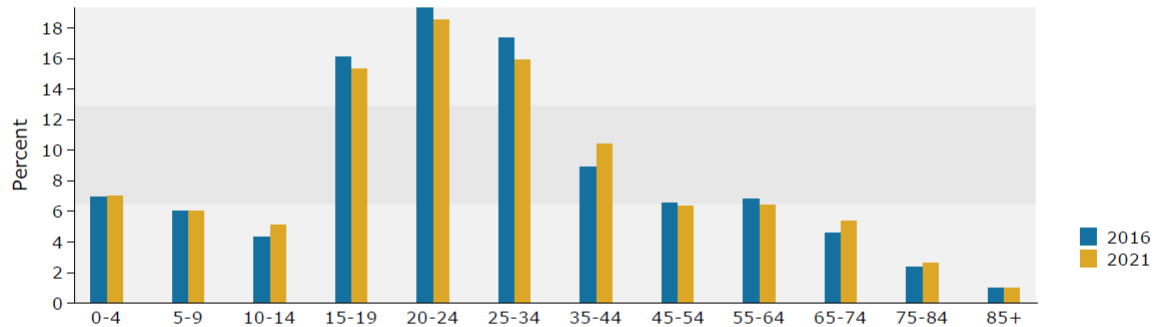
Port Royal Town, SC
Port Royal Town, SC (4558030)
Geography: Place

Prepared by Esri

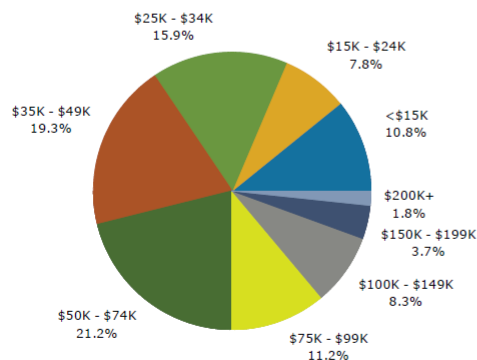
Trends 2016-2021



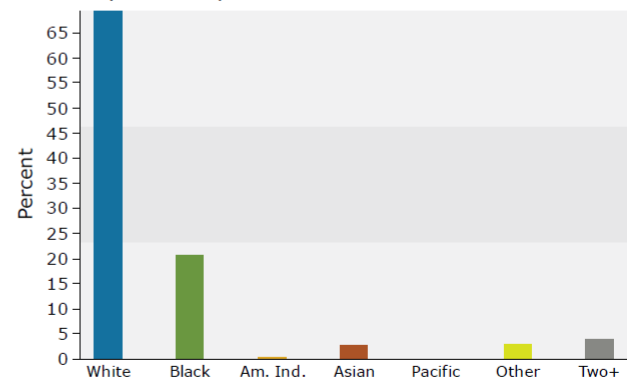
Population by Age



2016 Household Income



2016 Population by Race



2016 Percent Hispanic Origin: 10.3%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021.

September 23, 2016

Beaufort News

September 20, 2016 5:43 PM

Bay Point Island annexation first pitched to Port Royal

The town of Port Royal was first approached about annexing Bay Point Island, southeast of Parris Island, for a possible five-star resort. Town officials had reservations about growth boundaries and what would happen if the project failed. Hilton Head Island is now proposing to annex the property. Google

By Stephen Fastenau

sfastenau@beaufortgazette.com

The town of Port Royal was first pitched the idea of annexing Bay Point Island for use as a five-star resort, a town councilman said Tuesday.

Talks eventually ended after town officials expressed reservations, Town Councilman Jerry Ashmore said.

Hilton Head Island is [now considering annexing the 347-acre island](#), owned by European investor Philippe Cahen. An “eco-resort” by Six Senses Hotels Resorts Spas, based in Bangkok, Thailand, is planned for the property, Hilton Head Mayor David Bennett said this week.

Three things to know about Six Senses Hotels Resorts Spas

Ashmore said Tuesday that council discussed the annexation — dubbed Project S — several times this year in closed-door sessions beginning in March. Bay Point representatives wanted a feel for the town’s support of the project, Ashmore said.

But council members had reservations that included including growth boundaries, the makeup of the barrier island and what would happen if the project failed, Ashmore said.

Update: Hilton Head could annex another island, inherit planned resort

Town manager Van Willis confirmed Tuesday the town had been courted about annexing the island. The estimated \$1.5 million to \$2 million in additional annual revenue from the development [would have gone a long way](#) in a town with about a \$5.5 million budget, he acknowledged.

But town council was concerned about infrastructure and maintenance if the development failed, he said.

Port Royal was sued by conservationists in 2006 after [a planned annexation and zoning of property](#) near the Chechessee River, eventually annexing the property following a settlement. The town has also annexed the Lemon Island Marina property [and Rose Island south of the Broad River](#).

Beaufort County officials left in dark on Bay Point Island plans

Bay Point doesn't fit within the boundaries Port Royal has since agreed to under a northern Beaufort County growth plan, Willis said, though the annexation is technically legal under line-of-sight rules.

"We had zero concerns about the legitimacy of the parties involved; they are substantial and real," Willis said. "... Considering the size of the town and our resources, it just wasn't a good fit for us."

Read more here: <http://www.islandpacket.com/news/local/community/beaufort-news/article103016782.html#storylink=cpy>

Description of the Site

The physical characteristics of the subject are summarized in the following chart:

Address	601 Paris Avenue, Port Royal, South Carolina	
Site Size	<u>Acreage</u>	<u>Square Feet</u>
Gross Acreage	317.51 acres	13,830,736 sf
Net Acreage	51.60 acres	2,247,696 sf
Overall Shape	Irregular	
Frontage Street 1	see narrative	
Topography	see narrative	
Flood Information		
Flood Zone	C & A8	
Panel Number & Date	45037C0275D	3/3/2011
Utilities	<u>Available</u>	<u>Provider</u>
Culinary Water	to site	BJWSA
Sewer	to site	BJWSA
Electricity	to site	SCE&G
Natural Gas	Available	SCE&G
Telephone	to site	various

Sec. 3.1 Establishment of Districts

The following zoning districts are hereby established. Each district corresponds to land use classifications and encompass specified tracts of land as shown on the approved Regulating Plan (Exhibit E). Each district has designated and allowed land uses (Sec. 3.3) and development standards (Sec. 3.5), which are based upon the character of each development area.

Table 1.0 Zoning Districts

Zoning District Names	Zoning District	Land Use Classification	Tracts Encompassed
Ribaut Village	RV	Residential Mixed Use Village	RV
Bluff Neighborhood	BN	Residential Mixed Use	BN
Marina Village	MV	Marina Mixed Use Village	MV
Port Village	PV	Hotel Mixed Use Village	PV-1 through PV-6
Civic Open Space	COS	Civic Open Space	COS

Summary by End Use							
PUD District	Upland Acres	Parks & Open	Total	End Use	Dwelling Units		Commercial
					# Units	Estimated Density	Estimated SF
Ribaut Village	3.48	0.18	3.66	Multifamily	36	10.34	N/A
Bluff Neighborhood	14.72	0.78	15.5	Single-Family Residential	90	6.11	N/A
Marina Village	6.46	0.34	6.8	Commercial	N/A	N/A	50,000
Port Village 1 & 2	6.41	1.34	7.75	Hotel/Commercial	N/A	N/A	50,000
Port Village 3 & 6	10.11	0.53	10.64	Multifamily	100	9.89	N/A
Port Village 4 & 5	6.89	0.36	7.25	Mixed-Use	74		30,000
Total	48.07	3.53	51.6		300	10.60	130,000
				Allowed Density	425	10.00	250,000
Allocated Residential	28.3						
Allocated Commercial	19.76						
Total	48.07						

Note: The slight excess residential density is offset by the estimate of commercial SF at the minimum of 130,000 SF. The PUD allows minor deviations as outlined later in the report.

We discuss the redevelopment potential of the subject in the subsections below. For clarification, we segment our discussion based on the five zoning districts of the PUD. Following each is an excerpt from the listing flyer that summarizes the basic PUD information, as well as aerial imagery with approximate parcel boundaries.-

Ribaut Village (RV)

This portion is wooded and fronts Ribaut Road to the north, the former rail ROW to the east, and vacant land to the west and south. It has a roughly triangular shape with views of Battery Creek. Permitted land uses include single-family and multifamily residential, hospitality/restaurant, office, retail, seafood processing, and mixed uses. Ribaut Village contains 3.66 upland acres, of which 0.18 acres is allocated for civic open space.

RIBAUT NEIGHBORHOOD

Residential Mixed-Use Village - Total Upland Acreage: +/- 3.66 AC

1.Land Use:

See Permitted Land Use Matrix for permitted land uses in the PUD.

2. Parks and Open Space:

Plus Additional Pedestrian Easements, Landscape Areas and Open Spaces at
5% of Remaining Upland Area at: +/-0.18 AC

3. Building Heights: A variety of building heights can occur within a block and the height limits shall be as follows:

- a. Two (2) story height limit (2 ½ stories with dormers), not to exceed 48 ft. for single family detached and single family attached.
- b. Three (3) story height limit (3 ½ stories with dormers), not to exceed 58 ft. for multi-family condominiums.
- c. Four (4) story height limit (4 ½ stories with dormers), not to exceed 58 ft. for condominiums over non-residential.
- d. Four (4) story height limit (4 ½ stories with dormers), not to exceed 58 ft. for hotel.
- e. Hotels or other significant buildings may exceed height limits if no taller than 4 ½ stories and if approved by PRDRS.

4. All other applicable development standards per the Town of Port Royal's Traditional Town Overlay District, Chapter 15.5 Article II shall apply.



Bluff Neighborhood (BN)

This portion borders an alley to the north, Edinburgh/Columbia Avenues and 15th Street to the east, 13th Street to the south, and Battery Creek to the west. The PUD requires a public street to extend from 13th Street and connect with Ribaut Road to the north. It is densely wooded and bisected by the former rail ROW. It is L-shaped with frontage and views along Battery Creek. Permitted land uses

include single-family and multifamily residential, restaurant, retail, and mixed uses. Bluff Neighborhood contains 15.50 upland acres, of which 0.78 acres is allocated for civic open space.

BLUFF NEIGHBORHOOD

Residential Mixed Use - Total Upland Acreage: +/- 15.50 AC

1. Land Use:

See Permitted Land Use Matrix for permitted land uses in the PUD.

2. Parks and Open Space:

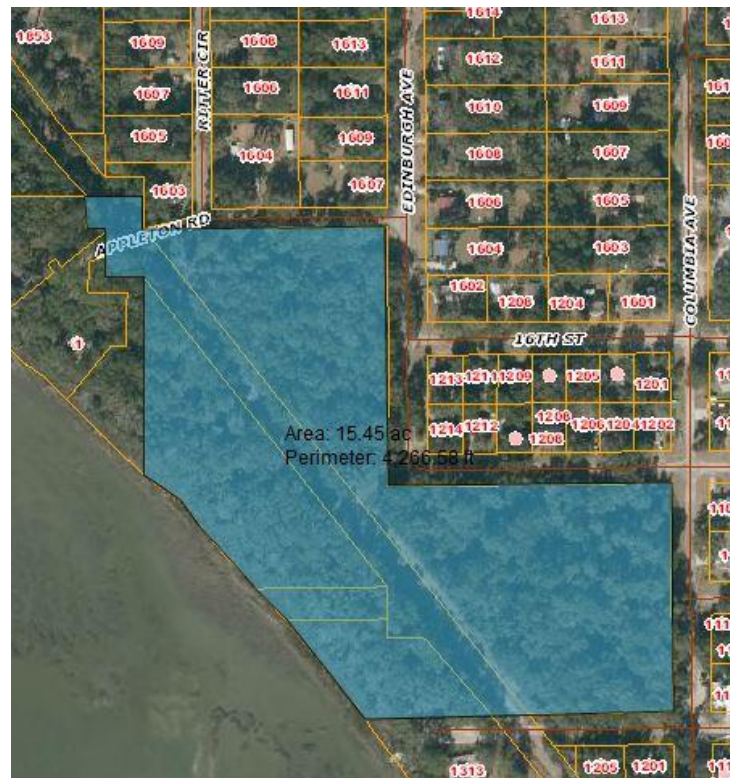
Pedestrian Easements, Landscape Areas and Open Spaces at 5% of Remaining Upland Area at: +/- 0.78 AC

3. Building Heights:

A variety of building heights can occur within a block and height limits shall be as follows:

- a. Two (2) story limit (2 ½ stories with dormers), not to exceed 38 ft. for single family detached and single family attached.
- b. Four (4) story height limit (4 ½ stories with dormers), not to exceed 50 ft. for large home and multi-family condominiums.

4. All other applicable development standards per the Town of Port Royal's Traditional Town Overlay District, Chapter 15.5 Article II shall apply.



Marina Village (MV)

This portion is bounded to the north by vacant land; to the east by 11th/12th/13th Streets, Columbia Avenue, and vacant lots; and Battery Creek to the south and west. The former rail ROW runs along the eastern boundary. The Marina Village tract contains 6.8 upland acres and is mostly cleared with

frontage and views along Battery Creek. Approximately 0.34 acres are allocated for civic open space. The wooden shrimp docks at the former Dockside Restaurant will remain. Portions of the perimeter are wooded. Permitted land uses include single-family and multifamily residential, hospitality/restaurant, office, retail, seafood processing, and mixed uses.

MARINA VILLAGE

Marina Mixed-Use Village - Total Upland Acreage: +/- 6.80 AC

1. Land Use:

See Permitted Land Use Matrix for permitted land uses in the PUD.

2. Parks and Open Space:

Pedestrian Easements, Landscape Areas and Open Spaces at 5% of Remaining Upland Area at +/- 0.34 AC

3. Building Heights: (See Definition)

- a. Two (2) story height limit (2 ½ stories with dormers), not to exceed 38 ft. for restaurant and light industrial buildings not including dry stack storage.
- b. Two (2) to three (3) story height limit (3 ½ stories with dormers) not to exceed 48 ft. measured from grade, for multi-use buildings and dry stack storage.

4. All other applicable development standards per the Town of Port Royal's Traditional Town Overlay District, Chapter 15.5 Article II shall apply.



Port Village

This portion is bounded to the north by various improved properties and vacant lots; the eastern most portions are bounded by marshes. Battery Creek forms the western and southern boundaries. Port

Village contains 25.64 upland acres, two parks of 9.8 and 1.0 acres, respectively, plus an additional 0.74 acres of civic open spaces. Madrid, Paris, and London Avenues connect to Port Village from the north, while 7th, 8th, and 9th Streets run east-to-west through the tract. Permitted land uses include single-family and multifamily residential, hospitality/restaurant, office, retail, seafood processing, and mixed uses. The most recent PUD breaks down Port Village into six sub districts (PV-1 through PV-6); we include approximate aerial imagery for each for illustrative purposes.

PORT VILLAGE

Hotel Mixed-Use Village - Total Upland Acreage: +/- 25.64 AC

1. Land Use:

See Permitted Land Use Matrix for permitted land uses in the PUD.

2. Parks and Open Space:

London Avenue Neighborhood Civic Open Space +/- 9.8 AC
 Paris Avenue Civic Open Space: +/- 1.0 AC
 Plus Additional Pedestrian Easements, Landscape Areas and Open Spaces at
 5% of Remaining Upland Area at +/- 0.74 AC

3. Building Heights: (see definition)

A variety of building heights can occur within a block and the height limits shall be as follows:

- a. Two (2) story height limit (2 ½ stories with dormers), not to exceed 38 ft. for single family detached and single family attached.
- b. Three (3) story height limit (3 ½ stories with dormers), not to exceed 50 ft. for multi-family condominiums.
- c. Four (4) story height limit (4 ½ stories with dormers), not to exceed 50 ft. for condominiums over non-residential.
- d. Four (4) story height limit (4 ½ stories with dormers), not to exceed 58 ft. for hotel.
- e. Hotels or other significant buildings may exceed height limits if no taller than 4 ½ stories and if approved by PRDRS.

4. Hotel/Motel/Condominium Hotel: Hotel shall include but not be limited to Commercial Housing, Hotel/Motel, and Condominium Hotel.

Hotel Development Standards:	
Lot Widths	Negotiated
Build-to Line locations	Negotiated
Side Setback	Negotiated
Building Frontage	Negotiated
Building Coverage	75 Percent Maximum
Maximum Height	4 Story (4 ½ stories with dormers) not to exceed 58 feet

- a. Appurtenances may extend beyond the prescribed height limit with prior PRDRS approval.
- b. Hotel buildings shall be sited in locations of particular geometric importance, such as anchoring a major civic open space at the existing pier, or termination of Paris Avenue.

5. All other applicable development standards per the Town of Port Royal's Traditional Town Overlay District, Chapter 15.5, Article II shall apply.





Size

Size/acreages are based on the county records, and the available plats for the properties.

Frontage and Access

The property has full access from a grid of public streets. There are five north-south streets, namely Edinburgh, Columbia, Madrid, Paris, and London Avenues. East-west routes include 6th through 16th Streets. The northwest corner of the tract fronts Ribaut Road. Running northwest to southeast through the tract is the former Port Royal Railroad right-of-way. The western and southern boundary is the marshes of Battery Creek just west of the Harbor River.

Topography and Drainage

The tract is generally level, at grade with road frontages, and situated almost entirely in the 100-year flood plain (Zone A8) with some portions in the 500-year plain (Zone C). It has substantial frontage along Battery Creek and marshes. The extreme western and southern portions lie below the OCRM critical line and are protected areas. The topography issues are reflected in the large variance between gross and upland acreage. There are numerous large oaks draped with Spanish moss which is typical for the area.

The Marshes

The site includes 317.51 acres of marshes that basically lie to the east side of the port property along the deep water frontages. As these areas are not developable, we exclude them from the analysis. Their only potential utility is in the enhancement of view sheds or to allow jurisdictional setbacks, etc.

Rights-of-Way, Easements, and Encroachments

The former rail ROW runs through the tract. Typical public utility easements are presumed to exist along the borders of the site. Additionally, we reserve the right to alter this report in the event that any adverse rights-of-way, easements, or encroachments, or the potential placements of any improvements over these easements are brought to our attention.

Encumbrances

A parcel within the northwest portion is subject to a right-of-first refusal to the adjoining owner. The Town of Port Royal leases the seafood processing facility from SCSA and operates them to serve the local shrimpers and fishermen. This portion of the site is subject to a land swap agreement by which the Town will receive the seafood processing facility in exchange for a town-owned parcel fronting Battery Creek.

Environmental Issues

In conjunction with numerous failed contracts, Phase I and II analyses have been completed. Selected portion of these reports are included in the addenda. The reports reveal no issues requiring further testing or no clean-up actions. However, we are not experts in soil conditions or contamination.

Zoning

The master property includes multiple zoning areas, planned end uses and districts according to the various legal restrictions, the PUD and the master development agreement. A separate section outlining the PUD is included below.

The Port of Port Royal Tract is subject to a planned unit development (PUD) and regulating plan dated November 13, 2006 between the Town of Port Royal (Town) and the South Carolina State Ports Authority (SPA). This agreement/plan was revised November 9, 2011. Also in place is a Development Agreement (DA) between the Town and SPA dated February 14, 2013 and having a five-year term. The intent of these documents is to guide and restrict redevelopment of the port property in a manner that is consistent with existing properties on the peninsula. The tract is broken into various zoning districts, each with its own permitted uses and density.



Building Improvements

The subject was developed as the Port of Port Royal in 1959 and originally used for the export of kaolin. With the majority of kaolin shifting to the larger ports of Charleston and Savannah, freight traffic dropped considerably from the 1980's into the early 2000's. The most notable shipments passing through were lumber and cement powder. The port was decommissioned in 2004.

Improvements include a 565 LF concrete wharf, wooden shrimp docks, and multiple buildings that vary in age, condition, and functional utility. To streamline the analysis, we limit our discussion of the improvements to those that are of significant size and prominence within the historical operation of the property. These include the wharf, transit shed, warehouse, dry stack marina, former Dockside Restaurant, and a seafood processing building.

There are various service and storage buildings throughout the property. These are smaller buildings that are dilapidated and of negligible value. We notate these on the aerial map that follows, but no further details are warranted.

Wharf

The concrete wharf is along Battery Creek. It is reinforced concrete construction on a foundation of driven pre-stressed concrete piles and steel "H" piles. Eason Diving & Marine Contractors, Inc. of Charleston, SC completed a Level II underwater inspection. This entailed cleaning a 10' band at three levels on a representative sample of the piles. The inspection and report dated February 29, 2008 were prepared as part of the due diligence for a party that was under contract. A total of 32 piles were inspected (15% of total) and the wharf structure was determined to be in good overall condition. Portions of this report are included in the addenda.



Transit Shed

The transit shed is a 60,000 SF (160' x 375') concrete and metal building with 30' wall heights. The interior is mostly clear span with steel roof trusses and roof deck; a thick layer of cement powder covers the floors from a past use. The building features multiple overhead doors and piping from cement powder handling equipment that remains on the wharf.

Warehouse

The smaller cement warehouse is approximately 21, 250 SF (85' x 250') and is situated to the rear of the transit shed. It was also used in the transfer and storage of cement powder, and certain equipment related to that use remain affixed to the southern wall. The interior is clear span. The very substantial foundations of two liquid fertilizer tanks and one water tank are located west of this building, as well as a small electrical building and a pump house.

Dry Stack Marina

The dry stack marina is a 40,000 SF metal structure with 40' wall heights. It was built to store approximately 200 boats but was never fully utilized. The interior is unfinished concrete floors with metal walls, metal roof with skylights, and one tall roll-up door on the south elevation. It features standard electrical service with metal vapor lights and exhaust fans. The PUD and Development Agreement require that the dry stack marina be dismantled and removed from the property.

Former Dockside Restaurant

The restaurant building is a one-story frame structure containing approximately 5,800 SF. It is adjacent to the wooden shrimp docks and was originally used by Blue Channel Corporation in its canning operation for blue crab meat. The building was most recently tenant-occupied by 11th Street Dockside, a popular local seafood restaurant, and Blue Star Oyster Factory. The building was significantly damaged by a fire on July 19, 2015 and has been vacant since that time.

Seafood Processing Building

This building is approximately 13,200 SF (80'x220') and is metal panels on steel frame construction. A concrete ramp provides access to the dock area. The interior is mostly open with a small office at the front right corner. There is a masonry block freezer in the center portion used for ice production. The Town of Port Royal operates this facility which generates income through the offloading of seafood, as well as sales of ice and gasoline to fishermen and shrimpers. There is a 10,000 gallon above-ground storage tank for diesel fuel is located near the front of this building with lines running to the shrimp dock area.

Other Buildings

On the north side of 6th Street near the transit shed is an old metal service building in poor condition. There is also an old modular office building that is considered personal property. At 7th Street and Paris Avenue is an old masonry warehouse building. There are two old seafood-related buildings behind the seafood processing facility. There is an old metal service building just south of 13th Street.

Site Improvements

There is a wooden boardwalk (Henry Robinson Boardwalk) that extends from the end of Sand Beach Road to the portion of the site near the dry stack marina. Off this boardwalk is a wooden observation tower with views of the river and marshes.

Improvement Summary

The improvements as a whole contribute no value to the property in comparison to the underlying land value, and are in most respects under-improvements; functionally inadequate or in poor repair. Under nearly any redevelopment plan for the property, the improvements will require removal. Certain items, such as the wharf and various foundations, are quite substantial and cannot be economically removed.

Summary of Site and Improvements

The subject is an existing port facility that has been closed for 12+ years. It has been marginally used by the SCSA and Town of Port Royal since 2004 for operation as a restaurant and seafood processing facility. Since the July 2015 fire, the restaurant has been vacated and the only active use is seafood processing and gas/ice sales.

The overall tract covers the majority of the peninsula tip, and the improvements are generally old and in fair-to-poor condition. As is, the port facility is an obstacle between residents and the water, making the tract an ideal candidate for redevelopment. The town has basically built around the port property. The improvements are of minimal contributory value due to their condition and limited functional utility for conversion.

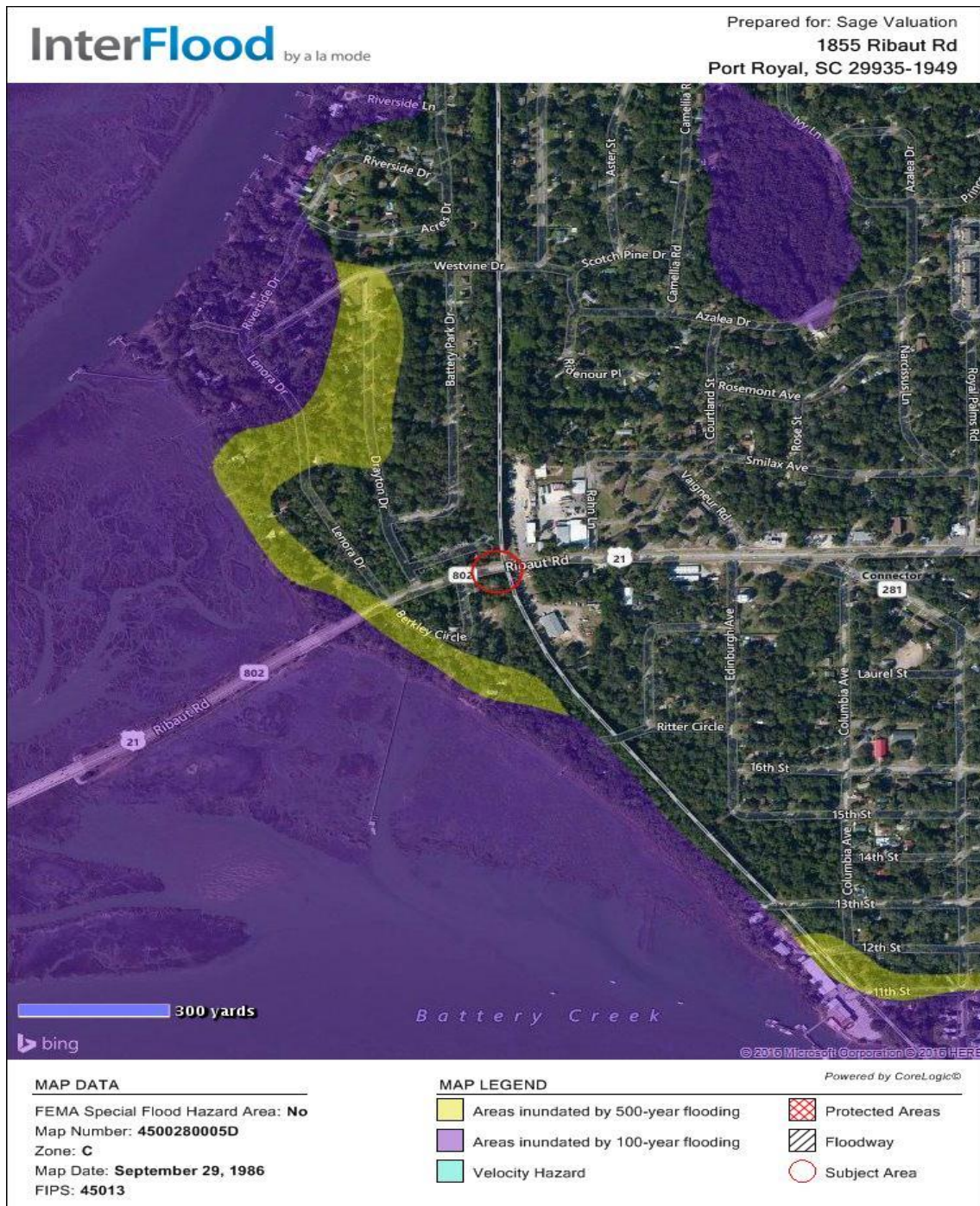
As land only, the property offers the potential for a number of complementary end uses due to the layout and legal restrictions. Given the water frontages and connections to the town of Port Royal, any development is likely to involve significant community involvement.

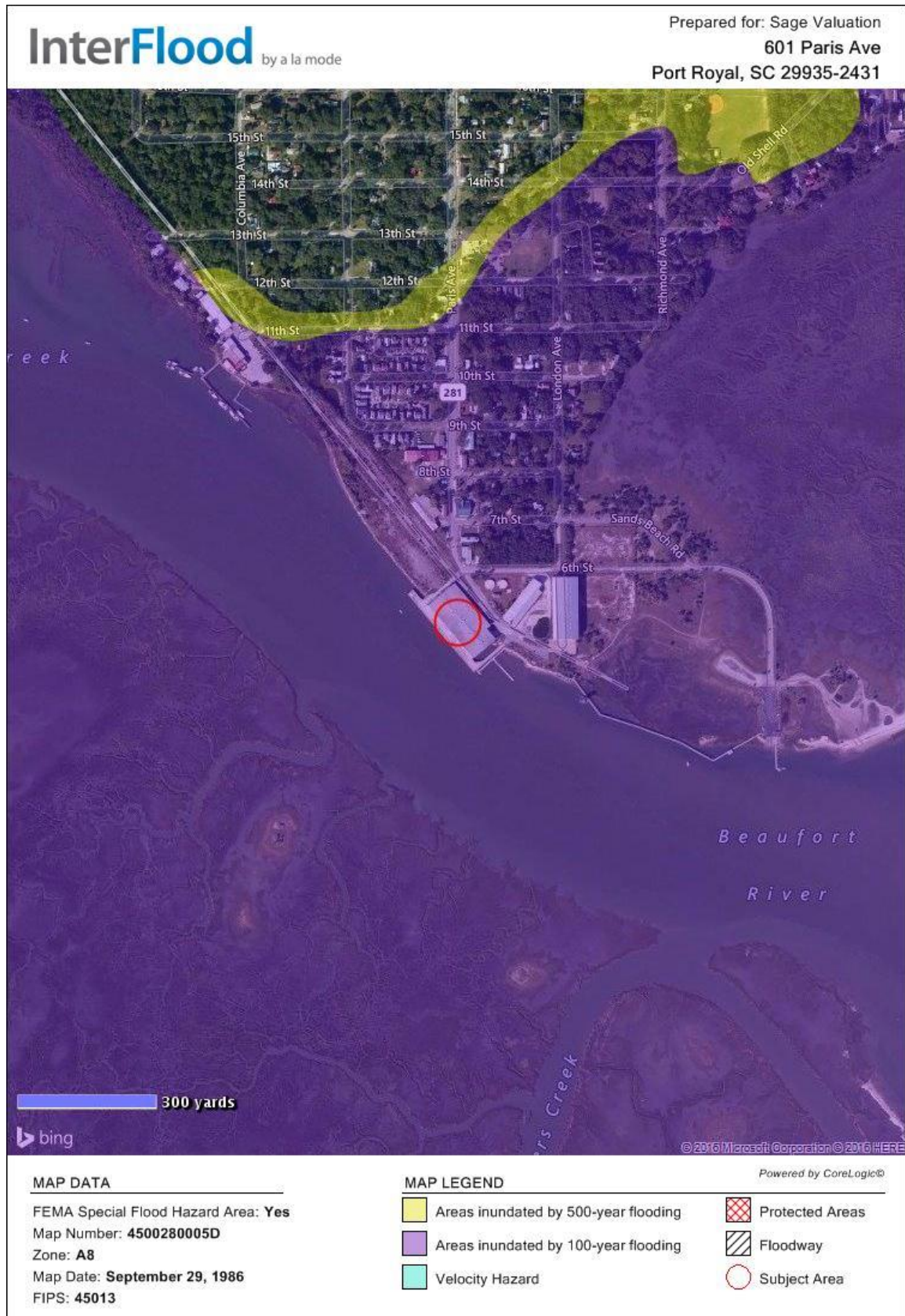
The Planned Unit Development and Development Agreement for this property will largely determine the end uses. The most recent PUD and Development Agreement prescribe development of the tract as a master-planned community.

- Ribaut Village (RV) is best-suited for multifamily and attached single-family uses due to its triangular shape.
- Bluff Neighborhood (BN) is larger and has a more favorable L-shape which makes single-family detached uses possible.
- Marina Village (MV) has a linear shape with ample water frontage and wooden shrimp docks that will remain. This area is ideal to contain the marina and dry stack facilities, along with restaurant and retail uses.
- PV-1 and 2 include the large concrete wharf and lie at the terminus of Paris and London Avenues. This is an anchor location within the PUD and is best-suited for hotel and commercial uses.
- PV-3 and 6 lie north of 6th Street/Sands Beach Road and east of London Avenue. Its shape and centralized location are ideal for multifamily development.
- Finally, PV-4 and 5 is mostly linear and lies between Marina Village and the wharf with ample water frontage and views. A mixture of commercial and residential uses is ideal.

There are few properties like this one in the Southeast as the water frontage and size is exceptional for this market, and the developer/buyer has the potential to significantly impact this community and offer unique real estate products that would likely be offered regionally. In this respect the property is a regional offering, and may generate interest from developers on a regional basis.

Flood Maps





Subject Photographs
(All photos taken on September 9, 2016)



Transit shed.



Concrete wharf.



Interior – Transit shed.



Pier foundation of wharf.



Dry stack marina.



Warehouse.



Interior - Warehouse



Interior – Dry stack marina



Street Scene – 6th Street facing E.



Former Dockside restaurant.



Former Dockside restaurant.



Wooden shrimp docks.



Seafood processing facility (fuel tank at left).



Interior – Seafood processing (freezer at left).



Alley at seafood processing, facing 11th St



River view.



Typical moss-draped oak.



River view.



Street View - 13th Street facing E.



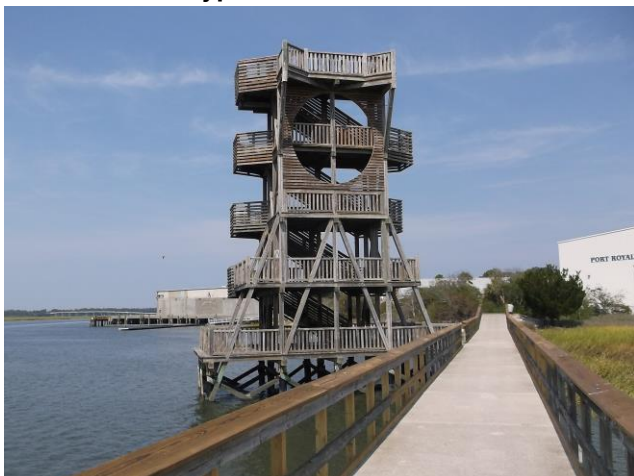
Former rail ROW.



Typical marsh view.



Paris Avenue facing N.



Boardwalk & observation tower.



Vacant land.

The Planned Unit Development

Due to the size, location and layout of the subject tract, the need for local involvement in the disposition and future development became apparent early in the disposition process.

The Port of Port Royal Tract is subject to a planned unit development (PUD) and regulating plan dated November 13, 2006 between the Town of Port Royal (Town) and the South Carolina State Ports Authority (SPA). This agreement/plan was revised November 9, 2011. Also in place is a Development Agreement (DA) between the Town and SPA dated February 14, 2013 and having a five-year term.

The intent of these documents is to guide and restrict redevelopment of the port property in a manner that is consistent with existing properties on the peninsula. The tract is broken into various zoning districts, each with its own permitted uses and density.

Sec. 3.1 Establishment of Districts

The following zoning districts are hereby established. Each district corresponds to land use classifications and encompass specified tracts of land as shown on the approved Regulating Plan (Exhibit E). Each district has designated and allowed land uses (Sec. 3.3) and development standards (Sec. 3.5), which are based upon the character of each development area.

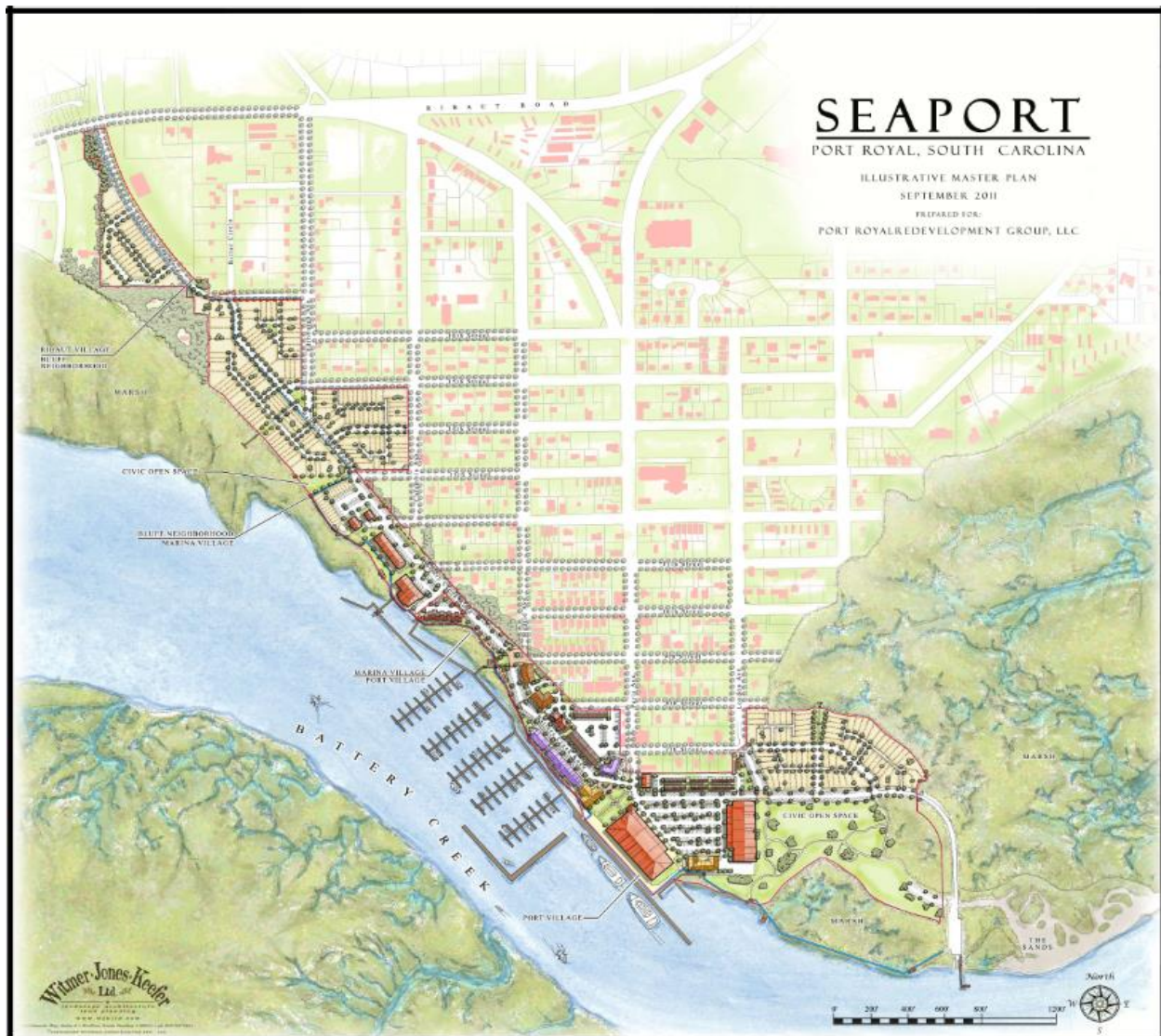
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Port Village	PV	Hotel Mixed Use Village	PV-1 through PV-6
Civic Open Space	COS	Civic Open Space	COS

Interview with Mr. Van Willis, Town Manager

Mr. Willis stated that the Town has amended and modified the PUD and Regulating Plan multiple times over the course of the various failed contracts. In each case, the Town was willing to negotiate with the potential buyer and come to terms that would facilitate the proposed development. He also indicated that this spirit of cooperation will govern any future dealings with potential buyers/developers. Given Mr. Willis' comments, along with the marketing history of the subject and the number of failed contracts, we conclude that these are working documents and not intended to be "iron clad" in their application. For example, although the end uses are clearly proscribed per tract, it may be possible to slightly alter some requirements such as density, infrastructure like sidewalks/roads, or the exact placement of some common components.

The PUD and Regulating Plan, as revised November 8, 2011, is specific to the proposal of the contract buyer at that time. A copy of the Seaport Regulating Plan is included below.



Furthermore, there are a number of specific issues regarding infrastructure, civic open spaces, and land owned by the Town. We have read and carefully considered these documents. The most notable matters are outlined below.

- The Owner (SPA) has agreed to fund up to \$64,500 of the Town's costs in negotiating, processing, and evaluating the PUD, DA, and any TIF plan. The DA indicates that the owner has paid \$22,039 to date.
- Within six months of acquiring the property, the Developer and Town will consummate a land swap. The Developer will convey the Seafood-Fuel facility and fixed dock in exchange for the Town-owned parcel abutting the Marina Village (MV) district. The Town operates the Seafood-

Fuel facility and fixed dock under a separate agreement with SPA. The Town has retained the right to use these premises on the same terms and conditions until the land swap is completed.

- Developer will improve and transfer a park to Town. It will consist of 1.0 acres to be known as Paris Avenue Park. All costs will be borne by the Developer.
- Pedestrian promenade to be improved by Developer and conveyed to Town. This walkway will run along Battery Creek and connect the development to The Sands, a public park with boat ramp and beach access. It is our understanding that the promenade will tie into the Spanish Moss Trail that was developed along the former right-of-way of the Port Royal Railroad.
- Parks and promenade to be conveyed to Town no later than second anniversary of purchase by Developer. If the property has not sold by the end of the initial term of the DA, the London Avenue Park site will be conveyed to Town by Owner within two months of expiration. Town has the right, but no responsibility, to accept additional open spaces.
- The existing drystack marina must be dismantled and removed within 12 months of conveyance by Owner. If not conveyed at expiration of initial term, Owner will dismantle and remove drystack within two months of expiration.
- Town has full authority to approve design and architectural aspects of the development. Town may employ outside professionals in this regard at Developer's expense.
- All infrastructure including roads, utilities, walkways, green spaces, and other common areas will be completed by the Developer at the Developer's expense.
- A tax increment financing (TIF) bond ordinance has been passed and a redevelopment project area established with a limit of \$10 million. These measures will allow the Town to utilize TIF monies to reimburse the developer for infrastructure costs including demolition and site work. The school district has only committed to participating in Phase I with estimated costs of \$3,625,000. Please note that TIF funds are not truly available until the municipal bonds have been issued, and this has yet to occur.
- Storm drainage construction and maintenance is the responsibility of the Developer. Police and fire protection, sanitation, recreation and parks services to be provided by Town.
- The PUD provides for a mixture of uses within each zoning district as shown on the matrix at the end of this section. Each district must include at least two of the following building types: single-family detached, single-family attached, or multifamily. With the exception of Ribaut Village (RV), no single building type shall exceed 85% of the total.

- Residential density is capped at 425 units or 10 units per acre for the overall development. There must be at least 130,000 SF of commercial space including the hotel and drystack marina. Commercial space is limited to 250,000 SF.
- Land can be converted from commercial to residential. For each commercial acre converted to residential, an additional 8.2 dwelling units will be added and 5,000 SF of commercial space will be deducted. For conversion of residential land to commercial, an additional 5,000 SF of commercial will be added and 8.2 dwelling units will be deducted.
- Plans include a 225-slip marina between 11th Street and 6 ½ street, but the facility cannot impede navigation to the existing dock at the former Dockside restaurant. Ten slips must be designated for public use. The existing pier (601 Paris Ave) may remain plus additional 600 LF for large boat dockage. Marina may be placed in MV or Port Village (PV) and will include a new drystack marina. A permit issued by the U.S. Army Corps of Engineers expired on September 30, 2014 with no indication of an extension.
- For the Bluff Neighborhood (BN), a public street is required to connect 13th Street with Ribaut Road. Two fishing piers or commercial docks are allowed subject to approval.
- The PUD requires 5'-wide sidewalks on both sides of streets plus additional 6'-wide tree lawn in residential areas.

Conclusion

The PUD, DA, and Regulating Plan dictate the mixture and density of uses for the port redevelopment. Also, there are several obligations on the Town, Owner, and Developer regarding common areas, a land swap, and the existing drystack marina. While these documents are very prescriptive and limiting, it is our understanding that the Town plans to work with the future developer within reason to accommodate their specific plan.

We appraise the subject as encumbered by the PUD, DA, and Regulating Plan. In cases where specific provisions are contrary to market indications, we rely on market evidence while remaining within the broad guidelines and intent of the controlling documents.

Table 2.0 Permitted Land Use Matrix

Key: Ribaut Village = RV; Bluff Neighborhood Residential Tract = BN; Marina Mixed Use Village = MV; Port Hotel Mixed Use Village = PV1 through PV6; Civic Open Space = COS; ● = Permitted land use within district.

Land Use	Planning Districts										Use Standards
	RV	BN	MV	PV1	PV2	PV3	PV4	PV5	PV6	COS	
Accessory Dwelling	●	●	●	●	●	●	●	●	●		4.2
Accessory Structure	●	●	●	●	●	●	●	●	●		
Accessory Use	●	●	●	●	●	●	●	●	●	●	
Amusement or Recreation Activities - Carried on Wholly in a Bldg.	●		●	●	●	●	●	●	●		
Animal Hospital, Veterinary Clinic, Grooming (No Boarding)	●		●		●	●	●	●	●		
Antique Shops	●	●	●	●	●	●	●	●	●		
Artist Studio and/or Gallery	●	●	●	●	●	●	●	●	●		
Assisted Living (Care Home)	●				●	●	●	●	●		
Auto Parking Lot or Garage (No Gas, Hourly & Daily)	●	●	●	●	●	●	●	●	●		
Auto Parking Lot or Garage (Gas, Hourly & Daily)	●	●	●	●	●	●	●	●	●		
Auto Service Station (minor repairs allowed)	●						●	●	●		
Banks	●		●	●	●	●	●	●	●		
Bicycle Shop & Sporting Goods	●	●	●	●	●	●	●	●	●		
Bed and Breakfast	●	●	●	●	●	●	●	●	●		
Book and/or Stationery Store	●	●	●	●	●	●	●	●	●		
Boat Repair and Garage	●		●	●		●	●	●	●		
Boat storage and Recreation vehicle storage			●	●	●		●	●	●		
Ceramic Studio and/or Shop	●		●	●	●		●	●	●		
Child Care Center	●			●	●	●	●	●	●		
Clothing Stores and Dry Goods	●		●	●	●	●	●	●	●		
Churches and Places of Worship	●		●	●	●	●	●	●	●		
Club or Lodge	●	●	●	●	●	●	●	●	●		
Community Recreation	●	●	●	●	●	●	●	●	●	●	
Convenience Store	●		●	●	●	●	●	●	●		
Craft Shops	●		●	●	●	●	●	●	●		
Cruise Ship			●	●							
Dwelling, Multi-Family	●	●	●	●	●	●	●	●	●		
Dwelling, Single Family Detached (excludes mobile homes)	●	●	●	●	●	●	●	●	●		
Dwelling, Single Family Attached	●	●	●	●	●	●	●	●	●		
Eleemosynary or Philanthropic Institutions	●		●	●	●	●	●	●	●		
Electronic Sales and Service	●		●	●	●	●	●	●	●		
Florist Shops	●	●	●	●	●	●	●	●	●		
Food Stores & Drug Stores	●		●	●	●	●	●	●	●		
Funeral Homes	●				●	●	●	●	●		
Golf cart Rental / Sales	●		●	●	●	●	●	●	●		
Grocery, Bakery, Pastry Shop, Coffee Shop, & Similar	●	●	●	●	●	●	●	●	●		
Neighborhood Facilities	●	●	●	●	●	●	●	●	●		
Hobby and Toy stores	●	●	●	●	●	●	●	●	●		
Home Furnishing and/or Hardware Stores	●	●	●	●	●	●	●	●	●		
Home-based Business	●	●	●	●	●	●	●	●	●		
Hospital & Care Homes					●	●	●	●	●		
Hotel, Motel	●		●	●	●	●	●	●	●		3.5.4 c.
Inn (up to 15 Rooms)	●	●	●	●	●	●	●	●	●		
Interior Decorating Business	●		●	●	●	●	●	●	●		
Jewelry Stores	●		●	●	●	●	●	●	●		
Laundromats / Dry Cleaning	●		●	●	●	●	●	●	●		
Leather Goods and Luggage Shops	●		●	●	●	●	●	●	●		
Light Industry (Boat Building, Woodworking, Assembly, Etc.)	●		●	●	●	●	●	●	●		
Limited Use Retail Shop	●	●	●	●	●	●	●	●	●		
Model Homes/Sales Center	●	●	●	●	●	●	●	●	●		
Marina			●	●	●	●	●	●	●		
Marine Store and Fishing Supply Store	●		●	●	●	●	●	●	●		
Music Store	●		●	●	●	●	●	●	●		
Museum and Library	●	●	●	●	●	●	●	●	●		
Neighborhood Commercial Use Retail & Service	●	●	●	●	●	●	●	●	●	●	limited 3.5.5 a.
Newsstand	●	●	●	●	●	●	●	●	●		
Office General	●		●	●	●	●	●	●	●		
Office Medical	●		●	●	●	●	●	●	●		
Office Professional	●		●	●	●	●	●	●	●		
Photography Stores and Studios	●		●	●	●	●	●	●	●		
Post Office	●	●	●	●	●	●	●	●	●		
Public Use	●	●	●	●	●	●	●	●	●	●	
Public Utilities	●	●	●	●	●	●	●	●	●	●	
Public Parking	●	●	●	●	●	●	●	●	●	●	
Salon and Health Spa	●	●	●	●	●	●	●	●	●	●	

Planned Unit Development for Port Royal Tract
November 9, 2011

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Table 2.0 Permitted Land Use Matrix (Continued)

Key: Ribaut Village = RV; Bluff Neighborhood Residential Tract = BN; Marina Mixed Use Village = MV; Port Hotel Mixed Use Village = PV1 through PV6;
Civic Open Space = COS; ● = Permitted land use within district.

Land Use	Planning Districts										Use Standards
	RV	BN	MV	PV1	PV2	PV3	PV4	PV5	PV6	COS	
School and Institution											
Seafood Processing	●		●	●	●	●	●	●	●		
Restaurants (Alcohol Service Allowed)	●	●	●	●	●	●	●	●	●		
Tailor Shop	●		●	●	●	●	●	●	●		
Temporary Uses	●	●	●	●	●	●	●	●	●	●	
Theater (other than Drive-in)	●		●	●	●	●	●	●	●		
Travel Agency	●		●	●	●	●	●	●	●		
Tour Boat or Ferry			●	●							
Wireless Communication Towers and Facilities	●		●	●	●	●	●	●	●	●	4.1

Market Analysis

Framework of Analysis

As discussed previously, the subject is encumbered by a PUD that requires development as a mixed-use property. There will be single-family residential units, attached and detached, as well as multifamily units. Commercial components will include a hotel, marina, and various retail, restaurant, and office uses.

With such diversity of uses, it is necessary to discuss market trends for each component as it is not likely that one master developer would attempt to develop all of the end uses at once or without selling land components to other developers. To project demand for the component lands, we include national and regional information first, followed by a discussion of the competitive market for each property type. Each section includes an estimated marketing period for the component, which we use in the development of the land residual model.

Hospitality Lands

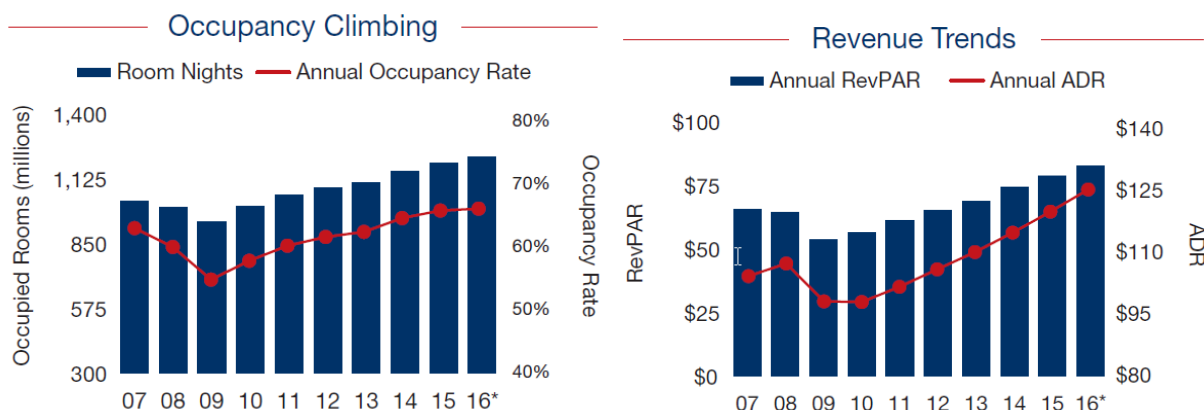
The subject includes “hospitality/commercial” lands of 7.75 acres within the Port Village 1 & 2 sections of the property.

The following section summarizes industry data from sources including PKF Hospitality Research, Marcus & Millichap, South Carolina Lodging Statistics compiled from STR, and PwC.

Marcus & Millichap 2016 U.S. Hospitality Investment Forecast

National

The national hospitality market has continued to see increases in occupancy, demand, supply, ADR, RevPAR, and overall revenue growth. All of these items are positive indications for the hospitality industry.

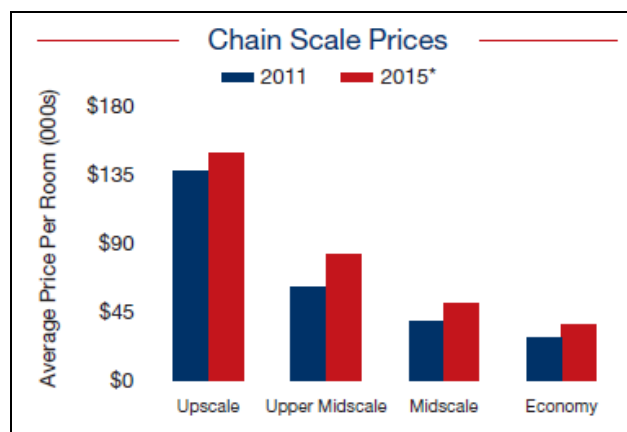


Hospitality Demand and Performance

- Expanding payrolls and rising business travel will underpin hospitality demand in the coming year.
- Moderate, but steady wage growth is converging with lower gas prices to support leisure trips that require a hotel stay in 2016.
- Growth in key hospitality performance indicators will likely moderate in 2016. Occupancy, ADR and RevPAR will reach a seventh consecutive year of growth, though the tempo could ease from the record pace of last year.
- The U.S. hotel sector has reached a turning point. Following several years of rising occupancy, new supply will finally accelerate sufficiently to balance demand. Beyond the hotel projects set to come online this year, a significant pipeline awaits groundbreaking.
- New challenges have begun to emerge including home-sharing services such as Airbnb. In addition, hotels will face continued wage pressure in the coming year as several municipalities consider mandatory minimum wage increases.

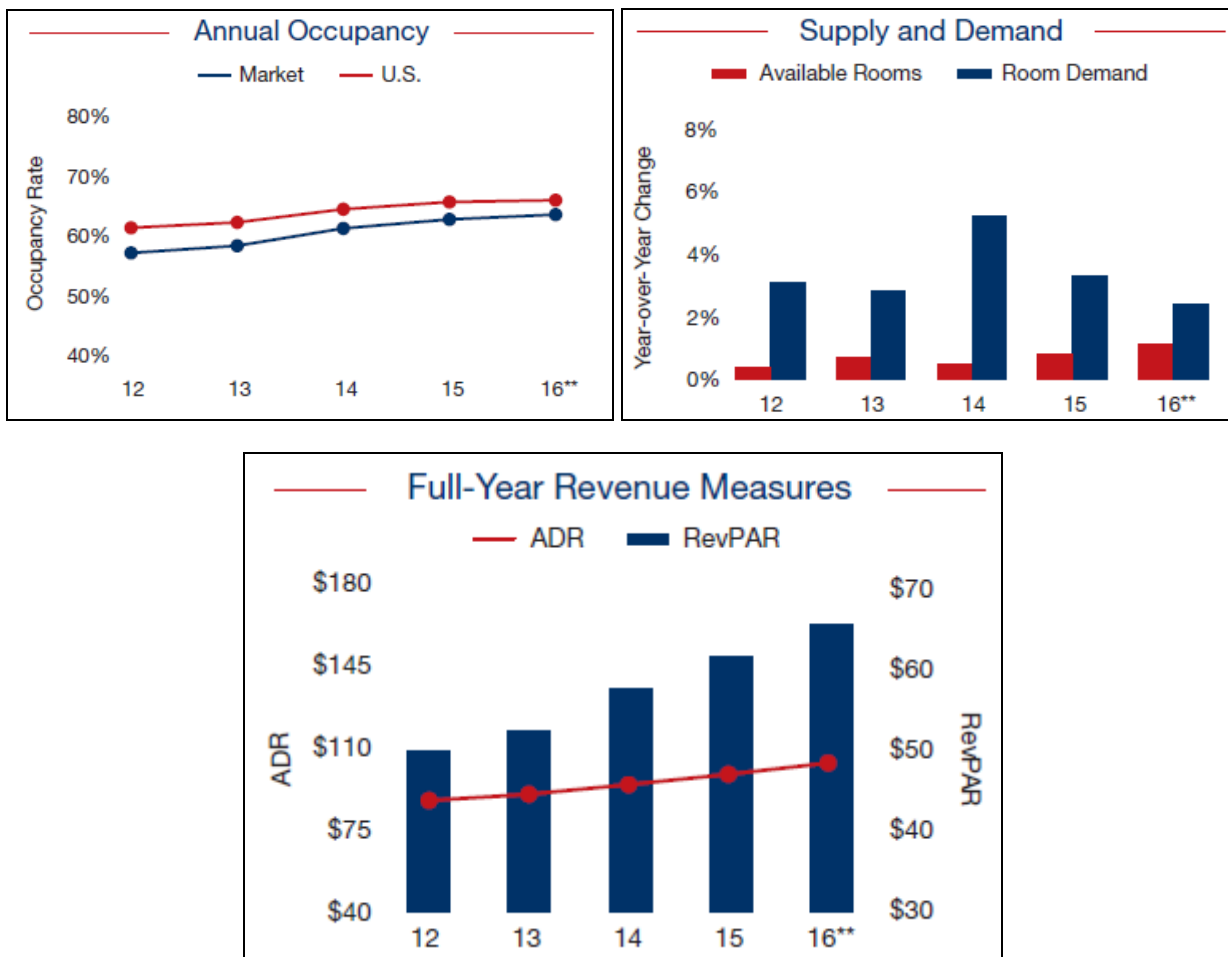
2016 Investment Outlook

- **Active Market for Extended Stay:** Sales of extended-stay hotels rose nominally last year, and investors focused primarily on upper midscale and upscale brands. Tight conditions in the apartment sector will continue to stoke demand for the short-term accommodations provided by extended-stay assets. Extensive construction pipelines by Homewood Suites, Residence Inn, Value Place and others will offer potential new opportunities for investors in 2016.
- **Economy Sector Flourishing:** The greater availability of acquisition debt is driving a more rapid turnover of flagged economy hotels. Investors and owner-operators poured equity into the sector last year to drive up velocity, while higher prices pushed up dollar volume. With recent property performance gains enhancing values and the flow of debt uninterrupted, additional properties will come to market in 2016.
- **Labor Becoming Larger Expense:** Labor costs continue to rise and present a greater challenge for hotel owners to manage. Last year, the average weekly wage in the hotel industry increased 3.7 percent; a 4.7 percent bump was posted in the preceding year. Hotel owners in multiple municipalities will also confront the phase-in of higher minimum wages during the year, while new federally mandated overtime laws will go into effect in the second half of 2016.



Carolinas

Combined occupancy in North Carolina and South Carolina is projected to increase 80 basis points to 63.5% in 2016 after a 150 basis point increase in 2015. The over 1,600 additional rooms under construction in South Carolina alone will continue to dampen the occupancy growth over the next few years. ADR grew 4.7% in 2015 and is expected to grow 4.9% in 2016. The Carolinas are mirroring the national hospitality market trends with continued growth in occupancy and revenues.



South Carolina Statewide Lodging Report-STR and TravelClick**South Carolina Statewide Lodging Outlook Report
April 2016**

	Occupancy Rate		Average Room Rate		RevPAR*		Room Revenue	Rooms Available	Rooms Sold
Current Month: January 2016	April 2016	% Chg	April 2016	% Chg	April 2016	% Chg	% Chg	% Chg	% Chg
United States	68.1%	2.2%	\$123.14	2.8%	\$83.89	5.0%	6.6%	1.5%	3.7%
South Atlantic**	72.4%	1.0%	\$126.36	2.0%	\$91.55	2.9%	4.4%	1.4%	2.4%
South Carolina	70.4%	2.5%	\$115.31	4.6%	\$81.20	7.2%	8.4%	1.1%	3.6%
Year-to-Date: January through April 2016	Jan-Apr 2016	% Chg	Jan-Apr 2016	% Chg	Jan-Apr 2016	% Chg	% Chg	% Chg	% Chg
United States	62.5%	0.2%	\$121.66	3.1%	\$76.08	3.3%	4.9%	1.5%	1.7%
South Atlantic**	67.2%	0.3%	\$126.73	3.0%	\$85.16	3.3%	4.7%	1.3%	1.7%
South Carolina	61.4%	4.8%	\$99.54	5.1%	\$61.10	10.2%	11.5%	1.2%	6.1%

*RevPAR = Revenue Per Available Room, i.e., total room revenue divided by total number of room nights.

**South Atlantic Region is comprised of: Maryland, Delaware, West Virginia, Virginia, North Carolina, South Carolina, Georgia, Florida

Only hotels with 10 or more rooms are included in the table above

All percent change is versus the same period in the previous year

Source: STR, Inc.

Three Month Occupancy Outlook for South Carolina

		May 2016	June 2016	July 2016
STR, Inc. <i>From April 2016 Forecast Report</i>	Occupancy Forecast	67.2%	75.1%	77.9%
	% Chg vs same month in 2015	2.7%	2.5%	2.7%
TravelClick <i>From Bookings as of 05/11/16</i>	Occupancy from Current Bookings	46.2%	19.9%	13.2%
	% Chg vs same month in 2015	3.0%	-2.1%	-0.3%

Source: STR, Inc. and TravelClick

PKF Hospitality Research

According to PKF Hospitality Research's *2015 Trends in the Hotel Industry*, hotels reported 2014 occupancies ranging from 69% for limited service to 79% for suite without F&B. This reflected an average increase of 3.0% over 2013 figures. ADR's ranged from \$95 for limited service to \$226 for resort hotels with an average of \$159. This was a 4.1% increase over 2013.

ALL HOTELS**Statistical Highlights - 2014**

Figure Number 2

	Average Size (Rooms)	2014 Occupancy	Change from 2013	2014 ADR	Change from 2013	2014 Total RevPAR	Change from 2013	2014 NOI* PAR	Change from 2013
Full Service	248	74.8%	3.1%	\$166.05	4.3%	\$63,653	7.0%	\$17,690	13.0%
Limited Service	111	69.4%	3.5%	\$94.87	4.2%	\$24,465	7.9%	\$8,602	11.5%
Suite with F&B	237	76.7%	2.5%	\$149.51	5.4%	\$52,405	7.8%	\$17,782	12.3%
Suite Without F&B	123	78.5%	2.9%	\$119.53	4.8%	\$35,240	7.8%	\$13,694	10.6%
Convention	828	74.6%	2.3%	\$183.78	3.1%	\$84,027	5.6%	\$23,423	9.2%
Resort	442	71.9%	3.3%	\$226.37	4.0%	\$111,433	7.4%	\$28,818	15.0%
All Hotels	215	74.3%	3.0%	\$158.62	4.1%	\$61,897	6.9%	\$17,849	12.3%

Local Hospitality Market

There are nine flagged limited service and business class hotels in Beaufort, mostly located along Boundary Street (US-21), the primary commercial corridor. These hotels are primarily for business travelers and the large number of visitors to the many military installations nearby. There are two upscale hotels in historic downtown, the City Loft Hotel and The Beaufort Inn. With a higher price point and proximity to Bay Street and the Waterfront Park, these properties cater to leisure travelers and are popular venues for events like weddings.

There are two limited service hotels in the vicinity of Port Royal, a Days Inn and Super 8 motel. The primary demand driver is the Parris Island Marine Corps Recruit Depot, a basic training facility that graduates approximately 20,000 marines annually with commencement 48 of 52 weeks. With limited lodging in the vicinity, many guests for graduation drive in from Beaufort and other cities nearby.

Hospitality Market Summary

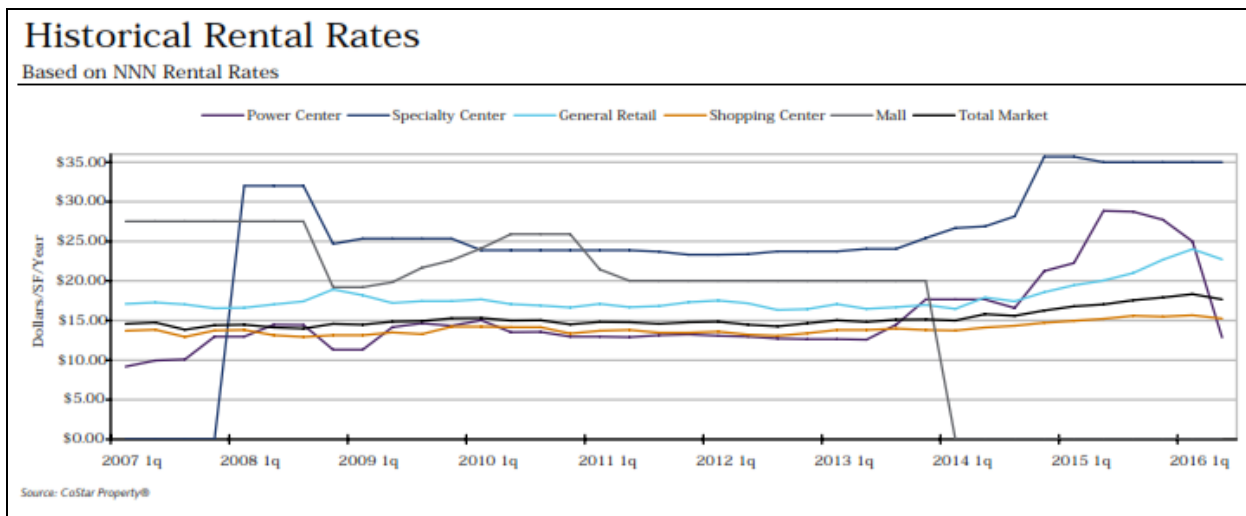
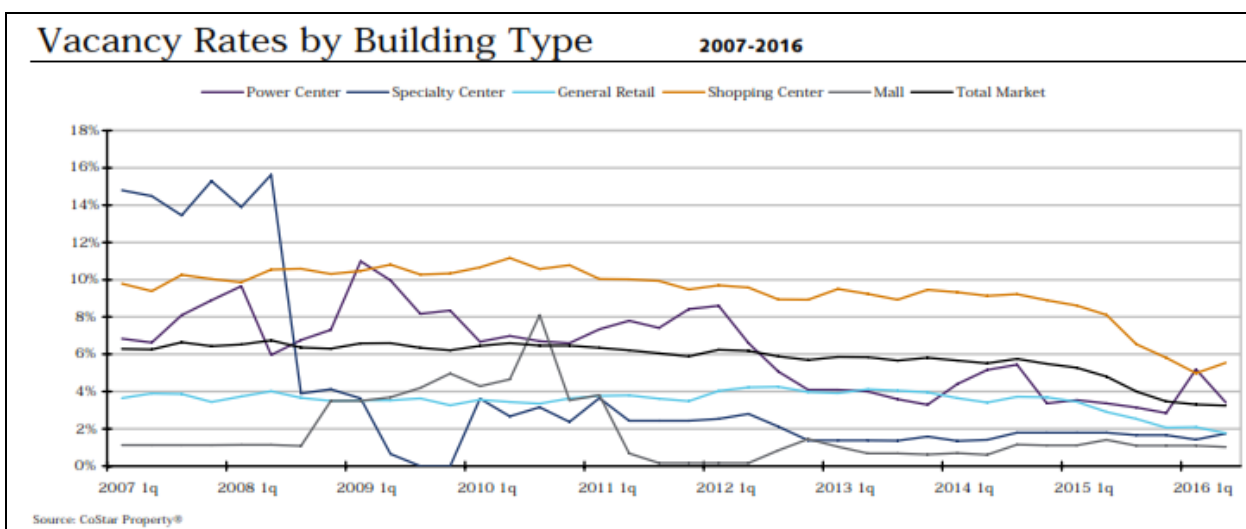
This hospitality market appears to be robust and capable of supporting additional product within a relatively short time frame. The local market has demand generators in place such as Parris Island, and has been a relatively strong tourism market for the past few years. Most potential buyers of the subject would attempt to secure a hospitality end user early in the development cycle in order to provide momentum for the overall development. The biggest constraints are the PUD/DA, which limit the height of a hotel end use to four stories and may not allow adequate room inventory for some branded operators. This fact alone would prohibit some potential end users as the resulting room counts may not meet their specific needs. It is worth noting that some past failed developers of the property have been interested in higher end chains with ferry connections to Parris Island, as there is little inventory in more upscale chains available locally.

As a result, we estimate the marketing period for the allocated land for a hospitality end use as 12 months or less.

Commercial Lands

The master development plan includes 6.8 acres of commercial lands in the Marina Village, and 7.75 acres of commercial lands in the Port Village 1 & 2 sections including the hospitality uses. Port Village 4 & 5 offer an additional 7.25 acres of mixed use lands.

We consulted the CoStar 2nd Quarter Retail market report for Charleston/N. Charleston, the nearest market for which data is reported. Retail vacancy held steady at 3.3% and has declined over the past four quarters from 4.0% in 3Q 2015. Quoted rental rates averaged \$17.66/SF, a 3.7% decrease over the prior quarter and 0.57% decrease from 3Q 2015.



We also utilized CoStar to analyze the Beaufort County retail market for properties built since 2000. Average NNN asking rents are \$24.14/SF with vacancy of 3.3%. Both figures represent significant improvements over the 5-year average.

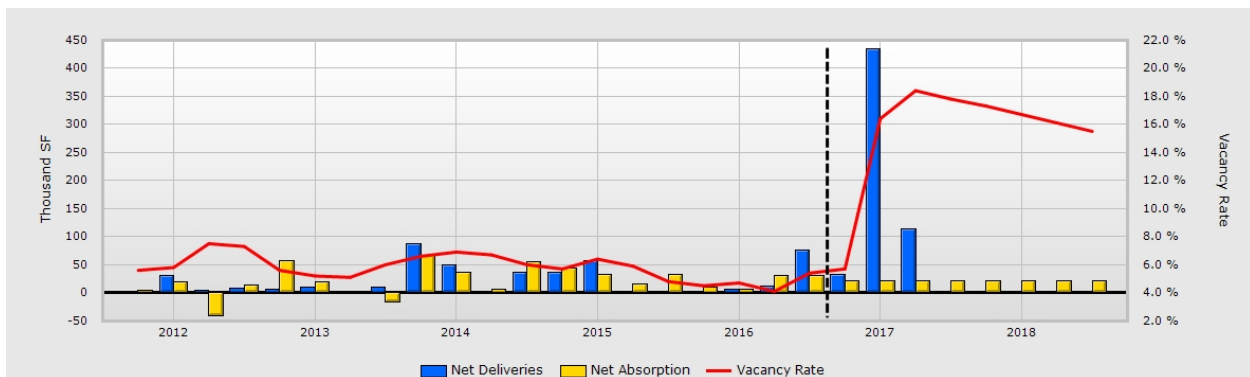
Availability	Survey	5-Year Avg
NNN Rent Per SF	\$24.14	\$15.96
Vacancy Rate	3.3%	5.8%
Vacant SF	100,816	166,901
Availability Rate	6.3%	6.2%
Available SF	234,415	185,369
Sublet SF	0	174
Months on Market	22.3	21.3

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	112,055	84,462
12 Mo. Leasing SF	127,446	109,368

Inventory	Survey	5-Year Avg
Existing Buildings	194	177
Existing SF	3,073,026	2,874,027
12 Mo. Const. Starts	511,134	167,149
Under Construction	644,089	106,711
12 Mo. Deliveries	39,419	81,879

Sales	Past Year	5-Year Avg
Sale Price Per SF	\$137	\$143
Asking Price Per SF	\$243	\$244
Sales Volume (Mil.)	\$36	\$17
Cap Rate	6.3%	6.9%

The chart below shows historical and forecasted deliveries, absorption, and vacancy. Approximately 500,000 SF of retail space is anticipated to deliver in the first two quarters of 2017. Among these projects is a 140,000 SF Sam's Club, 185,000 SF Walmart center, and a 120,000 SF shopping center in Bluffton. The shopping center includes 107,400 SF of anchor and in-line space and two outparcels. Tenants include Aspen Dental and Sleep Number. A Walmart is under construction on Lady's Island and will contain 60,000 SF. Finally, Sea Turtle Marketplace on Hilton Head Island has approximately 100,000 SF remaining in a redevelopment that includes tenants like Stein Mart, PetsMart, Kitchen & Company, and West Marine.





Commercial Land Summary

Given the land areas and greenspace requirements, traditional style commercial uses like box retailers with large surface parking may not be feasible. In effect, this is a land constrained development area that will require differing architecture and design. In addition, from a commercial development perspective the location is away from traffic routes, and will basically require a demand generator of some type to create momentum.

Interviews of past developers of the property indicate that the main idea for the overall commercial component was for fairly high density commercial uses offering live/work units to accommodate the smaller sites. As the intent of the PUD/DA is to create a compatible neighborhood feel; the layout is separated, and the net allowable commercial component is 130,000 to 250,000 SF per the PUD/DA, the likely end use is more clustered or phased than typical retail or commercial uses. The marina use should be one of the first components to sell as it offers an amenity to the remainder of the development and will allow some momentum in development.

Given the acreage and projected demand for the residential components, we estimate a total marketing period of 3 years for the commercial components; with the Marina Village and Port Village 1 & 2 sections absorbed in 12 months and the remaining section absorbed within the following 24 months.

Multifamily Lands

The master development plan includes 3.66 acres of multi-family lands in the Ribaut Village, and 10.64 acres of multi-family lands in the Port Village 3 & 6 sections including the hospitality uses. Port Village 4 & 5 may allow additional multi-family units, but these areas are more likely to be live/work units. The PUD/DA allows some 425 single- and multi-family residential units or 10 units per acre for the overall development.

Local Multifamily

Nationally, rent growth continues to outpace inflation and low vacancy will allow property owners to push rents upward still. Potential roadblocks to rent growth are competition from new units coming online, as well as renters transitioning to homeownership as underwriting eases and interest rates remain low. The national market is entering a third year of substantial construction with 285,000 units to be completed during the year. While some markets appear in danger of overbuilding, the effect has been minimal on a national level.

Using ESRI data, local multi-family statistical data is presented below:

Population		Households	
2010 Total Population	10,696	2016 Median Household Income	\$46,152
2016 Total Population	11,667	2021 Median Household Income	\$52,790
2021 Total Population	12,640	2016-2021 Annual Rate	2.72%
2016-2021 Annual Rate	1.61%		

Housing Units by Occupancy Status and Tenure	Census 2010		2016		2021	
	Number	Percent	Number	Percent	Number	Percent
Total Housing Units	3,554	100.0%	4,004	100.0%	4,420	100.0%
Occupied	3,036	85.4%	3,455	86.3%	3,839	86.9%
Owner	1,066	30.0%	1,390	34.7%	1,571	35.5%
Renter	1,970	55.4%	2,065	51.6%	2,268	51.3%
Vacant	518	14.6%	549	13.7%	581	13.1%

Households by Income	2016		2021	
	Number	Percent	Number	Percent
<\$15,000	374	10.8%	418	10.9%
\$15,000 - \$24,999	268	7.8%	352	9.2%
\$25,000 - \$34,999	549	15.9%	432	11.3%
\$35,000 - \$49,999	666	19.3%	557	14.5%
\$50,000 - \$74,999	733	21.2%	938	24.4%
\$75,000 - \$99,999	388	11.2%	489	12.7%
\$100,000 - \$149,999	285	8.3%	398	10.4%
\$150,000 - \$199,999	129	3.7%	180	4.7%
\$200,000+	62	1.8%	75	2.0%
Median Household Income	\$46,152		\$52,790	
Average Household Income	\$60,203		\$66,717	
Per Capita Income	\$21,711		\$23,784	

A survey of competing developments reveals a range of rental rates between \$800 and \$1,500. The typical renter for the subject's likely finished products has an annual income of \$50,000 to \$99,999. This demographic is expected to increase by 306 households within the Town of Port Royal between 2016 and 2021. The renter rate is 51% so approximately 156 of the new households will be tenant-occupied. This implies some demand for new multi-family units in this market, and in fact may be

understated as the demographic projections do not fully account for the on-going shift in household structure, and do not account for seasonal users.

There have been a few multifamily developments over the past five years. Port Royal Apartments on Grober Hill Road delivered in 2011/2012 and include sixty 2 BR/2 BA and 3 BR/2 BA units with clubhouse and playground.

Parc at Broad River is a luxury apartment development that delivered mid-2016. The property includes 246 units ranging from one-to-three bedrooms and featuring open kitchens, granite counters, crown moldings, and porches overlooking the river. Amenities include a clubhouse with upscale pool, pavilion with fire pit, fitness center, cyber café, media center, drive-thru mail center, as well as on-site garages and boat storage. Rents range from \$1,005 to \$1,480 per month.

There is a proposed senior living complex off Richmond Avenue near Ribaut Road. It will feature 60 independent living units, 45 assisted living units, and 21 units in memory care. Amenities will include a fitness center and café.

Preserve at Port Royal is located at the intersection of Ribaut Road and Paris Avenue. This is a 400-unit luxury apartment community featuring open kitchens, 9-foot ceilings, and screened patios/balconies. There are multiple swimming pools, sun decks, and a bird sanctuary on site. Floor plans range from 1 BR/1 BA to 2 BR/2 BA with asking rents between \$923 and \$1,174 per month.

Stuart Towne is an older complex of 105 units on the peninsula. Amenities include pool and laundry. The typical unit is 2 BR/1.5 BA and has asking rents of \$825/month.

Multi-Family Summary

The basic question here is the balance between cost and demand-it appears that some demand will be present for new multi-family products, but how many units is the real question. It is also possible that some condominium or cluster housing products might work for these lands. Given the wide range in end uses, it is probable that most purchasers for the subject would simply attempt to sell the multi-family lands to another developer.

The allowed number of units for the multi-family lands, based on a simple formula of the allowed density, is 143 units (14.3 total MF acres x 10 units/acre). As shown above, a multi-family development on the subject lands would have to absorb a large share of the potential renter market within the next three years.

Given the fact that the subject includes two tracts, we project the sale of one multi-family tract within 18 months (Ribaut Village) and the remainder to sell within the following 18 months. The sale of the smaller tract first would allow a multi-family developer to build complementary product in conjunction with the single-family components.

Single-Family Lands

The master development plan includes 15.5 acres of single-family lands in the Bluff Neighborhood. The PUD/DA allows some 425 single- and multi-family residential units or 10 units per acre for the overall development.

The strength of any market depends on supply and demand. The following analysis addresses the types of subdivisions, and national and local investment trends. However, the primary concern is to discover the conditions affecting the subject's specific market. Supply and demand in this sub-market directly affects the subject's value, as well as its potential exposure time and marketing period.-

National Market

The national development land market is improving overall. The impact of foreclosures on both housing supply and home prices has diminished considerably. Also, higher rental rates and low interest rates are expected to turn some tenants into potential homebuyers. As home prices stabilize, "move-up" buyers are anticipated to list their current homes for sale in hopes of buying or building while affordability is still good.

According to a survey by RealtyRates.com, discount rates, including developer's profit, for site-built residential under 100 units decreased by 43 basis points to an average of 30.04% for the 1st Quarter 2016 in comparison to 30.47% for the 4th Quarter 2015. Overall discount rates, including developer's profit, have been decreasing over the past several quarters as the single-family residential market has improved. A chart summarizing the current national rates from RealtyRates.com is shown below:

RealtyRates.com DEVELOPER SURVEY - 1st Quarter 2016*						
Average Comparative (Quarter-Over-Quarter) National Rates						
Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	4Q15	3Q15	Basis Point Change	4Q15	3Q15	Basis Point Change
Site-Built Residential	33.72%	34.21%	-49	32.37%	32.84%	-47
-100 Units	30.04%	30.47%	-43	28.84%	29.25%	-41
100-500 Units	32.52%	32.99%	-47	31.84%	32.30%	-46
500+ Units	33.84%	34.33%	-49	33.78%	34.27%	-49
Mixed Use	34.25%	34.74%	-49	34.19%	34.68%	-49

National Outlook

Development over the past several years has been dominated by multifamily and build-to-suit opportunities, but the improvement in market vacancy rates is driving improved rent growth forecasts. The result is that development has become viable in many markets and property types.

Current Economic Conditions

The Emerging Trends in Real Estate 2016, published by the Urban Land Institute with PWC, is real estate trends and forecast publication. The key quote of the Executive Summary is “You can never forget about cycles, but the next 24 months look doggone good for real estate.”

Exhibit 1-2 Emerging Trends Barometer 2016



Source: *Emerging Trends in Real Estate 2016* survey.

Note: Based on U.S. respondents only.

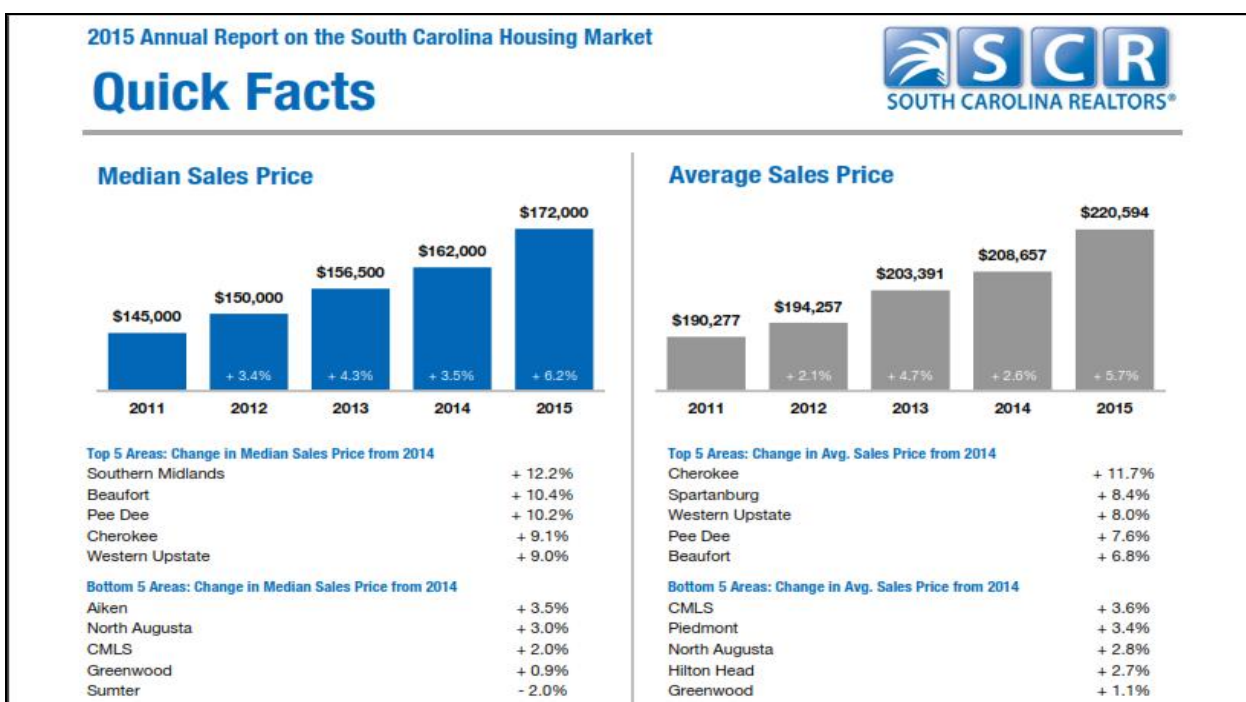
According to a S&P Dow Jones Indices article by Chairman of the Index Committee, David Blitzer, on April 26, 2016, “Home Prices Hint at Slow Down.” While home prices continued to increase in January and February as they had been across the country for the past 12 months, the increases were smaller. Mr. Blitzer pointed to low supply as the likely cause for increasing prices. A portion of the press release is included below.

After a long winter of strengthening home prices, the latest S&P/Case-Shiller Report showed some hints of smaller monthly gains. Thirteen of the 20 cities had smaller year-over-year increases in February; in January only nine saw year-over-year numbers drop. The hint of slower growth shouldn't alarm anyone; rather the biggest concern in housing today may be the small supply pushing prices higher. That may be one reason that nationally home prices are up 5.3% in the last 12 months, more than twice the rate of inflation.

Local Housing Market

We define the local housing market as Beaufort County. Included below are pertinent real estate market trends and data from South Carolina Realtors. Portions of the data were republished February 15, 2016 in an article entitled, *“Residential real estate market ends on high note in 2015 across Beaufort County”* on The Island Packet web site. The article and citation are included at the end of this section.

Beaufort County reported a median home price of \$169,900, a 10.4% increase over 2014 but still below the \$175,000 for 2011. The number of transactions rose a modest 3.5% to 2,023 as compared to 2014. The average property was on the market 111 days prior to sale, and the average sale-to-list price ratio was 96.7%.



2015 Annual Report on the South Carolina Housing Market

Area Overviews

	Total Closed Sales	Change from 2014	Percent Condos	Percent 2 Beds or Less	Percent \$100K or Less	Days on Market	Pct. of List Price Received
Aiken	1,973	+ 12.9%	7.5%	12.8%	27.0%	179	96.0%
Beaufort	2,023	+ 3.5%	10.3%	14.2%	31.9%	111	96.7%
Charleston Trident	16,237	+ 13.9%	16.0%	11.8%	9.7%	62	97.7%

2015 Annual Report on the South Carolina Housing Market

Area Historical Median Prices



	2011	2012	2013	2014	2015	Change From 2014	Change From 2011
Aiken	\$151,880	\$148,000	\$140,000	\$143,000	\$148,000	+ 3.5%	- 2.6%
Beaufort	\$175,000	\$165,565	\$135,000	\$153,900	\$169,900	+ 10.4%	- 2.9%
Charleston Trident	\$181,275	\$190,050	\$204,900	\$215,000	\$229,000	+ 6.5%	+ 26.3%

For the Hilton Head Island-Bluffton-Beaufort MSA, ESRI data reports a median owner-occupied home value of \$275,538. The projected growth between 2016 and 2021 is 6.35% to \$293,035. The change in percentage of owner-occupied units by value is telling. For homes under \$150,000, the percentage of units is projected to decrease markedly in every category over the next 5 years. At prices of \$150,000 and above, each category is projected to hold steady or grow over the same period.

The most significant gains are in the \$200-250K range, the \$250-300K range, and the \$500-750K range. For 2016, homes between \$200-300K made up 19.90% of all owner-occupied units; this is projected to grow to 24.8% by 2021. The projected jump from 10.9% to 13.4% in the \$500-750K range is reflective of improvements in the broader real estate market from a state, regional, and national perspective.

The MSA has long been a popular retirement destination. As markets have continued to rebound on a widespread basis, retirees from other areas are better able to sell their existing homes and relocate to the Beaufort area. By 2021, homes from \$500-\$1 million will make up 22.1% of all owner-occupied units.

Owner Occupied Housing Units by Value	2016		2021	
	Number	Percent	Number	Percent
Total	56,273	100.0%	62,484	100.0%
<\$50,000	4,793	8.5%	3,074	4.9%
\$50,000-\$99,999	4,499	8.0%	3,674	5.9%
\$100,000-\$149,999	4,211	7.5%	3,579	5.7%
\$150,000-\$199,999	5,990	10.6%	6,487	10.4%
\$200,000-\$249,999	5,983	10.6%	7,829	12.5%
\$250,000-\$299,999	5,209	9.3%	7,667	12.3%
\$300,000-\$399,999	7,397	13.1%	7,930	12.7%
\$400,000-\$499,999	4,705	8.4%	4,882	7.8%
\$500,000-\$749,999	6,143	10.9%	8,372	13.4%
\$750,000-\$999,999	3,960	7.0%	5,462	8.7%
\$1,000,000+	3,383	6.0%	3,528	5.6%
Median Value	\$275,538		\$293,035	
Average Value	\$374,067		\$403,289	

As of July 2016, sales of homes in the \$200 - \$250K price range increased 25% year-over year. This was an increase from 203 to 254 units or roughly 23% of all sales.

Breakdown of SFR Sales by Price Range			
Price Range (thousands)	July 2014 - July 2015	July 2015 - July 2016	% Change
Up to \$100,000	100	80	-20%
\$100 - \$150	136	136	0%
\$150 - \$200	224	213	-5%
\$200 - \$250	203	254	25%
\$250 - \$300	124	129	4%
\$300 - \$350	65	81	25%
\$350 - \$400	55	65	18%
\$400 - \$450	29	34	17%
\$450 - \$500	19	35	84%
\$500 - \$550	22	18	-18%
\$550 - \$600	14	24	71%
\$600 - \$700	22	20	-9%
\$700 - \$750	7	5	-29%
\$750 - \$800	4	8	100%
\$800 - \$850	2	5	150%
\$850 - \$900	4	3	-25%
\$900 - \$950	3	0	-100%
\$950 - \$1 million	4	5	25%
\$1 million & up	10	8	-20%
Total	1047	1123	7%

Source: Ballenger Real Estate, Beaufort, SC: September 2016 Newsletter

Local Market New Home Sales

We researched within the local MLS for sales of new homes in the overall MSA and Town of Port Royal. The target price range was \$200-\$300K. The results are summarized in the table below. The trends demonstrate significant demand for the product and price point. Transaction levels and pricing have been more stable for the MSA than for Port Royal in particular. Nevertheless, the Town of Port Royal has captured an average of 23.8% of all sales with an average price of \$230,058 which is in-line with the average price for the MSA.

Summary of New Home Sales					
	Beaufort MSA		Port Royal		
	# Sales	Avg Price	# Sales	Avg Price	% of Total
2014	94	\$239,131	37	\$231,941	39.4%
2015	86	\$231,398	18	\$242,457	20.9%
2016 YTD*	55	\$230,991	4	\$215,776	7.3%
Annualized	73		5		
Average	84	\$233,840	20	\$230,058	23.8%

* Through 09.30.2016

Conclusion

In summary, most observers would see the market has corrected; the supply of lots has dwindled to below normal levels and new developments have returned to the market. New development in and

around the historic downtown area of Beaufort has been limited to redevelopment of existing residential sites. One notable exception has been the City Walk subdivision, a 49-lot community on the Marshes of Battery Creek just north of Boundary Street.

The local market is in above average condition as compared to the national average, with less fluctuation in price trends. The area now has 2-to-3 years of sustained growth and prospects for the near term are favorable.

Single-Family Demand Analysis

The most typical means of estimating demand for single-family products involves inferred analysis from competing projects and fundamental demand analysis based on demographic trends in the local market. In the case of the subject, some fundamental analysis is possible using the available demographic data, and some inferred analysis is possible based on a study of competing developments.

Fundamental Demand Analysis

Based on local trends and information from builders and developers, the apparent target price for finished home products in the subject is between \$200,000 to \$300,000. Using typical underwriting criteria for a single-family mortgage, the typical purchaser for the subject's finished products has an annual income of \$50,000 to \$99,999. This demographic is expected to increase by 306 households within the Town of Port Royal between 2016 and 2021.

The ownership rate is 49% so approximately 150 of the new households will be owner-occupied. As outlined in a later section, the subject's projected single-family absorption of 90 lots represents 60% of the total market absorption. While this figure is significant, it appears reasonable based on the existing competition in the immediate area and the demand created by other components within the master-planned development.

Households by Income	2016		2021	
	Number	Percent	Number	Percent
<\$15,000	374	10.8%	418	10.9%
\$15,000 - \$24,999	268	7.8%	352	9.2%
\$25,000 - \$34,999	549	15.9%	432	11.3%
\$35,000 - \$49,999	666	19.3%	557	14.5%
\$50,000 - \$74,999	733	21.2%	938	24.4%
\$75,000 - \$99,999	388	11.2%	489	12.7%
\$100,000 - \$149,999	285	8.3%	398	10.4%
\$150,000 - \$199,999	129	3.7%	180	4.7%
\$200,000+	62	1.8%	75	2.0%
Median Household Income	\$46,152		\$52,790	
Average Household Income	\$60,203		\$66,717	
Per Capita Income	\$21,711		\$23,784	

Inferred Demand Analysis

Due to its location on Port Royal Sound and the PUD in place, the subject is a regional property. We considered similar small, coastal markets in the southeast. Emphasis was placed on demographics, density of existing development, and target lot/home prices.

Fernandina Beach, FL, is located just south of the US Navy base at St. Mary's, GA and north of St. Augustine, FL. These two markets are demographically similar to the subject area, and have similar demand drivers like tourism and a military presence. Beaufort, SC is the adjoining community-again, a good comparison market.

Competing Projects

Several competitors in the area were selected for analysis to determine the subject's market position, absorption and pricing. We used five active single-family subdivisions with a similar home product and price point relative to the subject. The selected comparables are located in Beaufort, SC; Fernandina Beach, FL; and St. Marys, GA. In the tables below, sales of lots and/or completed homes are shown to demonstrate absorption rates.

Beaufort, SC

City Walk is a new 49-lot subdivision between Boundary Street and the marshes of Battery Creek.

City Walk					
Sales of Lots to Builders & End-Users					
Date	Lot No.	Grantor	Grantee	Price	Book/Page
9/16/2015	43-44	Beaufort-EW, LLC	Dream Finders Homes, LLC	\$188,000	3429/1266
9/18/2015	41	Beaufort-EW, LLC	Ribaut Properties, Inc.	\$94,000	3429/2969
2/8/2016	40	Beaufort-EW, LLC	Dream Finders Homes, LLC	\$119,500	3460/3108
3/18/2016	33	Beaufort-EW, LLC	Peter E. Light, et al	\$99,500	3469/1532
5/2/2016	25	Beaufort-EW, LLC	Russell S. Andrews, et al	\$122,990	3480/253
5/26/2016	49	Beaufort-EW, LLC	Steven H. Crabb, et al	\$121,000	3486/717
6/7/2016	16	Beaufort-EW, LLC	Robert Stanard Cahill, et al	\$119,500	3488/2602
7/11/2016	21	Beaufort-EW, LLC	Ribaut Properties, Inc.	\$108,000	3497/169
8/4/2016	38	Beaufort-EW, LLC	Dream Finders Homes, LLC	\$124,470	3504/910
8/16/2016	22	Beaufort-EW, LLC	Clinton H. Hallman Jr., et al	\$126,450	3506/3382
8/19/2016	28	Beaufort-EW, LLC	Jeffrey D. Carpenter, et al	\$126,450	3507/3190
9/1/2016	17	Beaufort-EW, LLC	FPB Beaufort	\$102,990	3511/2066
13 Lots		Average		\$111,758	

City Walk					
Sales of Completed Homes to End-Users					
Date	Lot No.	Grantor	Grantee	Price	Book/Page
5/26/2016	41	Ribaut Properties, Inc.	Arthur F. Garcia, et al	\$418,000	3486/24

City Walk			
Listings of Completed Homes			
Address	# BR	# BA	Asking Price
611 Huguenin Dr	3	2.5	\$422,842
613 Huguenin Dr	3	2	\$426,500
2 City Walk Way	3	2.5	\$479,500
1 City Walk Way	3	3.5	\$481,990
12 City Walk Way	3	2.5	\$519,000
518 Water Street	3	2.5	\$465,000
6 Listings		Avg	\$465,805

Fernandina Beach, FL

Amelia Oaks is a new gated subdivision of 40 lots off Sadler Road with a five-minute walk to the beach. Sea Scape Amelia is an upscale ocean view development of 22 single-family detached and semi-detached homes that preceded the real estate crash. The developer held on and recently sold the remaining 10 lots. Shell Cove is a new single-family subdivision of 48 lots with two spec/model homes under construction.

Amelia Oaks					
Sales of Completed Homes to End-Users					
Date	Lot No.	Grantor	Grantee	Price	Book/Page
3/29/2016	5	D & H Homes, LLC	Charles Santiago	\$489,000	2036/1080
4/7/2016	36	D & H Homes, LLC	Edward T. Currier, Jr.	\$508,686	2038/1235
4/12/2016	17	D & H Homes, LLC	Florence M. Casiano	\$501,700	2039/514
5/10/2016	7	D & H Homes, LLC	Thomas W. Louis	\$455,000	2044/1359
6/9/2016	20	D & H Homes, LLC	John Pelligrini	\$424,000	2051/1525
6/14/2016	8	D & H Homes, LLC	Robin A. Briggs	\$445,000	2052/1546
7/18/2016	1	D & H Homes, LLC	Amy E. Wolff	\$579,295	2058/1865
9/13/2016	6	D & H Homes, LLC	Jonathan H. Cantrell	\$599,000	2071/364
	8 Sales		Average	\$500,210	

Sea Scape Amelia					
Sales of Lots to End-Users					
Date	Lot No.	Grantor	Grantee	Price	Book/Page
3/30/2016	22	Osprey Development Co. LLC	Andrew G. Simpson	\$145,000	2036/1492
5/18/2016	2	Osprey Development Co. LLC	Charles Lehosit Jr.	\$145,000	2046/762
6/20/2016	12	Osprey Development Co. LLC	James R. Bocian	\$145,000	2053/1662
8/3/2016	18	Osprey Development Co. LLC	Glen J. Merkitich	\$145,000	2062/1100
8/3/2016	20	Osprey Development Co. LLC	BBH Management, LLC	\$145,000	2062/1339
8/16/2016	17	Osprey Development Co. LLC	J. Mark Quinlivan, Trustee	\$152,500	2065/437
8/16/2016	15	Osprey Development Co. LLC	Russell William Moore, Jr.	\$155,000	2065/485
9/1/2016	5	Osprey Development Co. LLC	David W. Rethelford	\$155,000	2069/1013
9/7/2016	19	Osprey Development Co. LLC	Hary Janos Bottka	\$155,000	2069/1880
9/12/2016	21	Osprey Development Co. LLC	Confidential	\$155,000	Not Yet Recorded
	10 Lots		Average	\$149,750	

Shell Cove					
Sales of Lots to Builders					
Date	Lot No.	Grantor	Grantee	Price	Book/Page
4/12/2016	28	Robinson Creek 34, LLC	Magnolia Homes, LLC	\$68,500	2039/914
4/12/2016	29	Robinson Creek 34, LLC	Magnolia Homes, LLC	\$68,500	2039/877
4/12/2016	27	Robinson Creek 34, LLC	Magnolia Homes, LLC	\$68,500	2039/843
4/12/2016	25	Robinson Creek 34, LLC	Magnolia Homes, LLC	\$68,500	2039/809
4/12/2016	26	Robinson Creek 34, LLC	Magnolia Homes, LLC	\$68,500	2039/773
4/22/2016	1-4,45-48	Robinson Creek 34, LLC	Artisan Homes, LLC	\$548,000	2041/619
	13 Lots		Average	\$68,500	

St. Marys, GA

Cumberland Harbour is an expansive single-family development, with many home sites having frontage on the marsh and St. Marys River. This subdivision opened in 2004 but the undeveloped lots stalled during the real estate crash and economic recovery. The activity level rebounded in late 2013/early 2014 with lot sales to investors and end-users.

Cumberland Harbour Summary of Lot Sales			
Year	# Sold	Sold/ Month	Avg Price
2014	24	2.00	\$47,354
2015	25	2.08	\$82,112
2016*	15	1.74	\$58,293
Average	21	1.94	\$62,587
*Data through 9.19.2016			

Cumberland Harbour Sales by Lot Type				
Type	# Sold	Min	Max	Avg
Interior	36	\$5,000	\$72,500	\$19,569
Marsh/Pond Frontage	17	\$14,000	\$115,000	\$52,853
River Frontage	11	\$50,500	\$360,000	\$223,700

Competing Development Map

Conclusion: Single-family Residential

Each of the competitors is similar in regards to location and amenities. City Walk, Amelia Oaks, and Sea Scape are superior in terms of quality and price point of the finished units. Cumberland Harbour and Shell Cove are the most similar in terms of the finished product.

Lot Absorption Analysis						
Name	City/State	Date of 1st Sale	No. Months	# Sales	Sales/ Month	Comments
City Walk	Beaufort, SC	9/16/2015	12	13	1.08	Mostly lots to end-users
Amelia Oaks	Fernandina Beach, FL	3/29/2016	6	8	1.33	Completed homes
Sea Scape Amelia	Fernandina Beach, FL	3/30/2016	6	10	1.67	Lots to end-users
Cumberland Harbour	St. Marys, GA	1/1/2014	33	64	1.94	Lots to end-users
Shell Cove	Fernandina Beach, FL	4/12/2016	5	13	2.60	Lots to builders
Average					1.72	

The subject is unique in that most lots will have some type of river or marsh view with access by promenade to various piers, boat slips, and The Sands beach area. Nevertheless, the PUD prohibits gated development and requires that new dwellings tie-in seamlessly with existing product on the peninsula. Also, the new homes will draw significantly from middle-income households employed in healthcare and military roles.

Based on the foregoing, we believe the target price point for finished homes is limited to the \$200,000 to \$250,000 range. Although the 15.5 acres will allow a number of configurations, we believe that the development potential of this acreage is limited to about 90 homes based on the layout and demand projections. This density will allow a mix of interior and view lots.

Considering all of the above information, we conclude to single-family lot/home absorption as shown below. This figure is used in the discounted sellout (DSO) analysis for the single-family residential land within the Bluff Neighborhood (BN).

Lot Absorption Bluff Neighborhood Land		
Year	# Lots/Mo.	# Lots/Yr.
1	2.00	24
2	2.00	24
3	1.50	24
4	1.00	18
Total		90

Summary of Demand and Absorption

Projected Absorption Land Residual Model				
Component	Upland Acres		Value	Year Sold
Ribaut Village	3.66	Multifamily	\$640,000	1
Bluff Neighborhood	15.5	Single-Family Residential	\$3,640,000	1
Marina Village	6.8	Commercial	\$2,280,000	1
Port Village 1 & 2	7.75	Hotel/Commercial	\$2,950,000	1
Port Village 3 & 6	10.64	Multifamily	\$1,860,000	3
Port Village 4 & 5	7.25	Mixed-Use	\$2,210,000	3
Total	51.6		\$13,580,000	



City Walk – Land Plan.



City Walk – Typical Home.



Amelia Oaks - Entry.



Amelia Oaks – Typical Homes.



Shell Cove - Entry.



Shell Cove – Spec under construction.



Sea Scape Amelia – Land Plan.



Sea Scape Amelia – Street Scene.



Cumberland Harbour – Aerial Photo.

February 15, 2016 4:27 PM

Residential real estate market ends on high note in 2015 across Beaufort County

Hilton Head Island median list prices still highest in SC

Beaufort Realtor: Buyers increasingly seeking accessibility to downtown

Pent-up demand for luxury homes in southern Beaufort County

A sign marks a house for sale on Hilton Head's Dune Lane on Monday. The latest sales figures from the 2015 SC Realtors report show improving sales throughout Beaufort County. Jay Karr jkarr@islandpacket.com

By Ashley Fahey

afahey@islandpacket.com

After struggling through the Great Recession, the residential real estate market in Beaufort County is steadily climbing again.

"The pendulum has swung back," said Edward Dukes, managing partner and broker-in-charge at Lowcountry Real Estate in Beaufort.

Record flooding that plagued South Carolina last fall led to a temporary slump in sales, even in Beaufort County, which was largely unaffected by the high waters.

"The perception was that South Carolina was closed," Dukes said. "A lot of people made assumptions about the area."

The market bounced back, though, and ended on a high note. Total closed sales increased 3.5 percent in the Beaufort area, and 13.2 percent on Hilton Head Island, according to South Carolina Realtors' annual market report for 2015.

Hilton Head continues to lead the state in highest median list prices, at \$276,900, up by 7.3 percent from 2014. The average price in 2015 in Beaufort was \$169,900, a 10.4 percent increase from 2014.

Statewide, the annual median sales price was up by more than 6 percent, to \$172,000 — the highest since S.C. Realtors began tracking it in 2005.

People are far more sensitive to (golf) club membership. People want to be closer to the center of town. There's been a total shift in the paradigm.

Edward Dukes, managing partner and broker-in-charge at Lowcountry Real Estate in Beaufort

Dukes said the Beaufort County real estate market was negatively affected during the recession as a result of a domino effect from economic difficulties in other areas.

“We saw people put off retirement who couldn’t sell their homes up North,” he said.

Real estate as a whole has become “more sophisticated” following the economic downturn, Dukes said.

It’s also become more expensive, especially in southern Beaufort County.

But the type of residential real estate currently in demand in northern Beaufort County represents a departure from the gated communities traditionally popular in the county.

“People are far more sensitive to (golf) club membership,” Dukes said. “People want to be closer to the center of town. There’s been a total shift in the paradigm.”

He cited the City Walk development — in walking distance to downtown Beaufort — as one example. New construction in other parts of Beaufort County largely emphasizes mixed-used development. Apartments at Shelter Cove Towne Centre will soon be added to the plaza’s revamped retail center and its developer, Southeastern Development Associates — formerly known as Blanchard & Calhoun — has proposed a mixed-use center in Bluffton, with a Kroger Marketplace anchor.

Dukes said tract homes in the \$300,000 price point in Beaufort have been “very active” lately. He added low interest rates and new construction is expected to keep the market going strong in 2016, and that the Okatie area is particularly targeted for growth because of its accessibility to both sides of the county and to Interstate 95.

“The residential market in Bluffton, under \$350,000, is extremely active,” said James Wedgeworth, a partner at Charter One Realty. “There’s a shortage of inventory and most single-family residential homes are selling within 30 days.”

Wedgeworth said homes priced at \$1 million-plus have moved slowly over the past year on Hilton Head, leading to higher inventory than usual, but he said he anticipates a pick-up in the spring. Feb. 15 to April 25 is the most active time of year in the Beaufort County real estate market.

The luxury market traditionally does well in southern Beaufort County, but Wedgeworth said political uncertainty, especially in an election year, can cause a dip in sales.

Wedgeworth said he expects interest in bundled communities — developments such as Wexford Plantation and Long Cove Club that include amenities for one fee — to be in higher demand this year, along with higher-end real estate.

“There are some great values in that market,” he said. “I’m expecting a very positive spring. There’s a lot of pent-up demand in the luxury market.”

Read more here: <http://www.islandpacket.com/news/business/real-estate-news/article60504216.html#storylink=cpy>

Real Estate Taxes and Assessment

Real estate taxes are omitted as the tract is tax exempt as state-owned property. Also, the status of the tract as a “blighted area” and the TIF program are tax advantages intended to stimulate redevelopment. Therefore, the property will be returned to the tax rolls over time as the component parts are completed by the investor/end user.

Highest and Best Use

Purpose

Highest and Best Use is an analysis of the interaction of the four forces that create value in relation to a particular property. Those forces were identified in the Area Analysis sections. The analysis contained within this section assists in identifying the most appropriate or ideal use of the property and aids in the selection of appropriate sales comparable properties in the valuation sections of the report.

Definition of Highest and Best Use

“That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonable, probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.”

Four Stages of Analysis

In estimating highest and best use, there are essentially four criteria of analysis:

1. Physically Possible Use – what use is physically possible for the site and/or improvements?
2. Legally Permissible Use – what uses are permitted by zoning, deed, or other legal restrictions on the development of the site?
3. Financially Feasible (Supply and Demand) – which possible and permissible uses will produce a positive net return to the owner of the property?
4. Maximally Productive – among the feasible uses, which use will produce the highest net return or the highest present worth?

Highest and Best Use as Vacant

Legally Permissible

The subject is legally encumbered by a PUD, Development Agreement, and Regulating Plan that were created by the Town of Port Royal and the SCSPA. These documents are very prescriptive regarding the location, types, and densities of uses within the tract. A mixture of uses is allowed within each district including attached and detached single-family residential, multifamily residential, hospitality, and various commercial uses. There are slight variations in permitted uses between districts,

particularly with hospitality and seafood processing facilities. Additionally, the development standards within the Town's Traditional Town Overlay District also apply.

It is the intent of the parties involved to remain flexible with the PUD and associated documents in order to accommodate the specific plans of the eventual developer. In fact, the most recent iteration of these documents is reflective of changes made for the needs of the contract purchaser at that time. The overriding goal is to facilitate development of the peninsula in such a way that maximizes the seaport attributes while remaining consistent with existing development.

As such, the PUD does not allow gated developments and requires a number of public green spaces including parks, open spaces, and a promenade along the waterfront. Overall, the legal constraints on the property will positively affect the subject by guiding development within a master-planned concept. By weaving the new development into the existing development on the peninsula, the project will be compatible with surrounding uses with minimal disruption of the "look and feel" of the immediate area. The size, quality, and price point will be limited to what is typical of the local market. This will deter some regional and national developers that specialize in upscale properties.

There are a few additional legal issues. First, a small parcel in the northwest corner near Ribaut road has a right of first refusal to the adjoining owner. This lot is very small and would not have a significant impact on development potential should the neighbor exercise their right to purchase. Second, there is a small piece noted as Outparcel A on the plat with possible issues regarding legal title. A quit claim deed may be sufficient. Finally, the Development Agreement stipulates a land swap shortly after the sale of the tract. The Town of Port Royal will exchange a waterfront parcel near the marina Village district for the seafood processing facility and the land on which it is situated. This is consistent with the intent of the PUD to preserve as much local heritage as possible within the new development; no adverse effects are anticipated.

Physically Possible

The tract is generally level, at grade with road frontages, and situated almost entirely in the 100-year flood plain (Zone A8) with some portions in the 500-year plain (Zone C). It has substantial frontage along Battery Creek and marshes. The extreme western and southern portions lie below the OCRM critical line and are protected areas. The topography issues are reflected in the large variance between gross and upland acreage. The site includes about 266 acres of marshes which are not developable. The property has full access from a grid of public streets, and the PUD requires that a public street extend from 13th Street to Ribaut Road. Running northwest to southeast through the tract is the former Port Royal Railroad right-of-way.

The primary physical characteristics are its irregular shape, water frontage and views, and the topography. The tract essentially wraps around the tip of the peninsula and abuts existing development. Its ample frontage along Battery Creek and views of the creek, Harbor River, and

marshes are key amenities. At 51.60 acres, the site contains enough upland acres to allow development to its legally permissible uses. The large portion of lowlands or areas below the OCRM critical line is typical for the area.

Financially Feasible

As a master-planned development, the subject will be anchored by a hotel, marina, and certain commercial uses. Its proximity to Beaufort and Parris Island Marine Corps base are demand drivers for hospitality uses. The fundamentals of the hospitality market have been exceptionally positive over the last 2-to-3 years. As the subject will be a newly-opened waterfront and access point, the proposed marina facility is a natural fit. The PUD calls for a dry stack marina to replace the existing one, and at least 10 of the 225 wet slips must be available to the public.

As shown in the market analysis section, there is fundamental demand for residential development. The Town of Port Royal is growing and is 51% renter-occupied housing units. Similar to the hospitality sector, multifamily fundamentals have been strong and driven demand in the Beaufort area. A number of multifamily projects have been completed or announced over the past few years, although most have catered to senior housing or luxury units. Port Royal has long been a popular choice of middle income families including military and healthcare workers. There is demand for new multifamily units with competitive rents, and the proposed development would be the newest and most desirable on the peninsula.

Most of the new single-family development has been in the western portion of Port Royal on the west side of Battery Creek. The proposed single-family lots and homes for the subject will be well-located and many will have water or marsh views. The parks and promenade provide additional amenities. The most recent single-family development in Beaufort County is City Walk located in city limits between Boundary Street and Battery Creek. Lot prices have exceeded \$100K each with home prices in the upper \$400's. Based on the PUD in place, the subject's single-family component will have similar views and amenities but at a more affordable price point. The \$200-300K price range has been an active one for new home construction in the MSA and Town of Port Royal. There is demand for new single-family homes in the neighborhood, and they should compete favorably.

With the additional "rooftops" from the subject's residential components, demand will increase for commercial space within the development. The PUD calls for a mixture of retail, office, and restaurant uses to serve residents and hotel guests alike. Anchor spaces are likely to lease first after the completion of the hotel. The most likely initial use is a restaurant to complement the hotel and serve local residents. The marina would also likely be developed early in the process to allow some momentum for follow on commercial uses.

The former 11th Street Dockside restaurant was a popular establishment with reported revenues in the \$3-5 million range annually. As a point of reference, the most successful fast food locations for chains like Chick-Fil-A and McDonald's have annual revenues approaching \$3 million.

Maximally Productive

The only financially feasible use of the property, as vacant, is for development as a master-planned development. It will be maximally productive for a single developer to purchase the tract and then market the component parts to specialized developers.

The marina land would be the most marketable initially since development of the marina and dry stack facilities does not require significant infrastructure. Selling the land to a marina developer will provide an early infusion of cash to support infrastructure for the residential and commercial components. When the infrastructure is complete, the hotel land will be highly marketable to a hospitality developer. Anchored by the marina and hotel pieces, the residential land tracts will be marketable. Due to apparent demand levels, the multifamily tracts will likely be absorbed first, followed by the single-family land. Timing of development would be immediate, and it will take several years for the project to be fully developed and stabilized.

Although the PUD and DA allow certain densities, it is not as likely that the maximum number of units of all types will be completed. The single family lands in particular, based on projected demand, could not be developed with more than about 90 units.

Summary-Highest and Best Use as Vacant

The highest and best use, as vacant, is for development as a master-planned community with a mixture of residential, hospitality, and commercial uses. The most likely buyer is a regional developer. Timing of development would be immediate.

Highest and Best Use as Improved

The subject is a port facility established in 1959 and decommissioned in 2004 after years of declining freight traffic. Despite its status as the deepest natural seaport on the Atlantic coast, the Port of Port Royal struggled to compete against the nearby container ports of Charleston and Savannah. Over the past 10+ years, the property has seen marginal use of the former Dockside Restaurant and the seafood processing building. The improvements vary in age, quality, and functional utility. Overall, the improvements are in fair to poor condition and contribute no value to the underlying land. They should be razed to make way for development to its highest and best use as a master-planned community.

The tract has been marketed for about 10 years as a redevelopment tract. During that time, it has been under contract numerous times between 2008 and 2015 with contract prices from \$15.4 to

\$25.9 million. Although these contracts failed to close, it is clear that the property is more valuable as redevelopment land than as an industrial or port site.

There are few available tracts of lands in seaport locations, and most new projects occur through the redevelopment of former industrial uses. The following is an excerpt from the Q3 2016 issue of *Valuation Magazine*, a publication of the Appraisal Institute.



Valuation Methodology

The subject is a large tract of redevelopment land that is subject to a PUD, Development Agreement, and Regulating Plan as a master-planned community. There are multiple zoning districts with a mixture of uses and densities. The most likely buyer is a regional investor who will manage the development of infrastructure and market the individual components to specialized developers. It is possible that some developers will sell off asset types/end uses and develop parts of the property in house.

The analysis is complex, as the required value opinion is for the tract as a whole, but the analysis should involve the consideration of the timing and costs of multiple end uses. There are few, if any,

useful bulk land sales of this type available, and even if such sales existed for analysis the differences in end uses make the comparisons weak.

As a result, the most appropriate methodology to value the land is the land residual model. This type of analysis involves the following steps:

1. Determine the value of the land for each component-multi-family, commercial/marina, hospitality, and single family;
2. Estimate the amount and timing of tax increment financing (TIF) reimbursements;
3. Estimate the costs required to make each component marketable to its highest and best use;
4. Array the cash flows and expenses in a discounted cash flow (DCF) analysis;
5. Conclude to a market-supported discount rate to include developer's profit and the risk associated with the cash flows;
6. Determine the net present value (NPV) of the cash flow stream.

The NPV is the price that a developer would pay for the land, as is, to have the right to develop the property. We develop separate sections to value the multifamily land, the commercial land, and the single-family land. These values flow into a DCF analysis along with TIF reimbursements, demolition costs, and development costs.

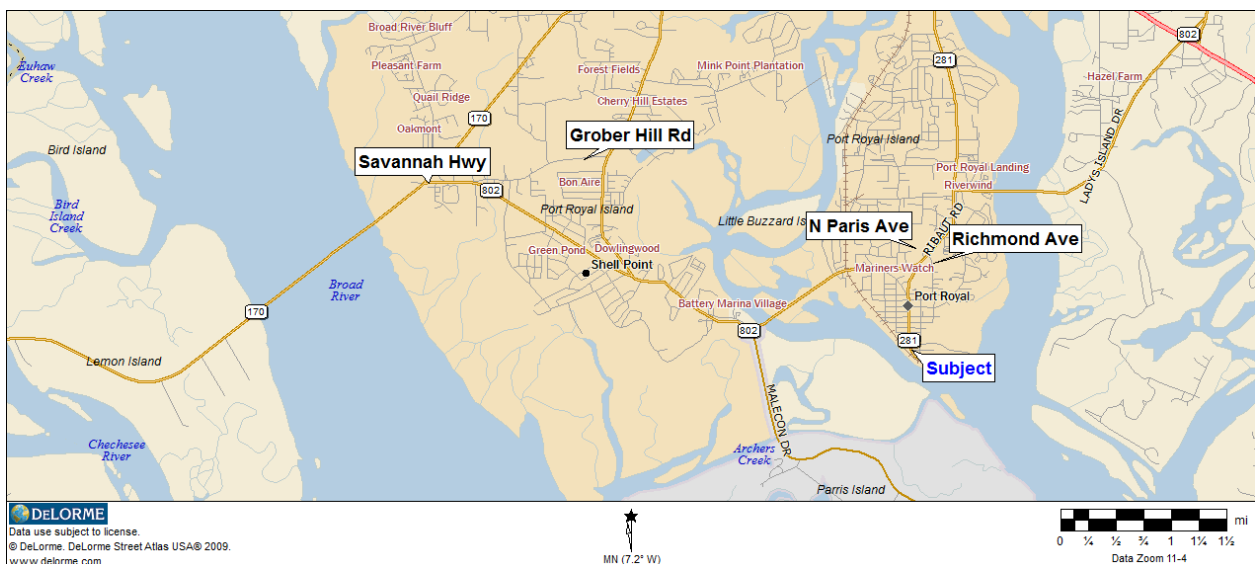
Multifamily Land Valuation

We conducted a search of public records and proprietary data sources to identify recent land sales and listings in proximity to the subject and having a similar highest and best use. Out of all data reviewed, we selected the following sales as the best indicators of the subject's value. Due to the unique coastal attributes of the local market, we elected to keep within a tighter geographical range and go back further in time. We chose price per acre of land as the most appropriate unit of comparison for this parcel because market participants typically compare sale prices and land values on this basis.

There are two multifamily components within the PUD. We use the larger tract of approximately 10.64 acres in the adjustment grid. Next, we apply the price per acre to the smaller tract of approximately 3.66 acres.

Land Sales Summary							
Comp No.	Location	Date	Zoning	Shape	Adj Sales Price	Size - Acres	Price/ Acre
1	41 Grober Hill Rd. Port Royal, SC	Feb-11	T4NC-Open	Irregular	\$500,000	4.50	\$111,111
2	337 Savannah Hwy Beaufort, SC	Jun-15	T4NC	Irregular	\$2,400,000	17.00	\$141,176
3	1810 Richmond Ave Port Royal, SC	Feb-16	T4NC	Square	\$1,650,000	11.00	\$150,000
4	1901 N Paris Ave Port Royal, SC	Nov-11	PD	Irregular	\$1,975,000	11.09	\$178,072
Subj	601 Paris Avenue Port Royal, South Carolina	Sep-16	PUD	irregular	\$0	10.64	\$0

Land Sales Map



LAND SALE 1**Property Information****Port Royal Apartments**

41 Grober Hill Rd.

Port Royal, SC 29935

County Beaufort

Tax ID No. R112 031 000 0223 0000

Map Reference Off Paris Island Gtwy

Site Description

Property Type Multi-family land

Gross Acres 4.500 acres

Net Acres 4.500 acres

Gross Square Feet 196,020 SF

Net Square Feet 196,020 SF

Zoning T4NC-Open

Shape Irregular

Topography see comments

Utilities All Available

Access Average

Frontage Street 1 255 Feet

Frontage Street 2

Frontage Street 3

Frontage Street 4

Total Frontage 255 Feet

Average Depth 525 feet

Exposure/Visibility Average

Improvements None

Street Paved 2-lane

Easements see comments

Encroachments None known

Use at time of Sale Vacant

Proposed Use Apartment complex

Max Bldg Area N/A

Max Floor Area Ratio N/A

Max No. of Units/Lots

Avg Unit/Lot Size 0,000 sf



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Sale Information

Type Sale
 Date 2/17/2011
 Terms Cash to the Seller
 Property Rights Fee Simple
 Grantor Kirkland Land Company, LP
 Grantee Port Royal Apartments, LLC

Sales Price \$500,000

Adjustments \$0

Adj Sales Price \$500,000

Price per Gross SF \$2.55

Price per Net SF \$2.55

Price per Gross Acre \$111,111

Price per Net Acre \$111,111

Price per Unit/Lot N/A

Price per Foot Front \$1,961

Source MLS, Assessor, ROD, Broker

County Info deed 3037/1184

TS Charlie Dodge/cdodge@lcre.com

Utilities

Electricity

Natural Gas

Culinary Water

Sewer

N/A No Septic

Comments

This tract was listed with an asking price of \$500K and 750 DOM. Location is immediately west of signalized intersection at Parris Island Gtwy (US 21). Access and utility easements to adjoinders on both sides in name of seller; NE tip lies in Flood Zone A8. Confirmed with listing broker, Charlie Dodge (843.986.6745), of Lowcountry Real Estate. This was an arm's length sale with no concessions. The due diligence period was protracted due to the nature of the use; no impact on pricing. Port Royal Apartments is a "super green" project with rooftop solar panels; consists of 60 units with 2/2 and 3/2 configurations, clubhouse, and playground.

LAND SALE 2**Property Information****Parc at Broad River**

337 Savannah Hwy

Beaufort, SC 29906

County Beaufort

Tax ID No. R112 030 000 0008 0000

Map Reference at Robert Smalls Pkwy

Site Description

Property Type Multi-family land

Gross Acres 21.595 acres

Net Acres 17.000 acres

Gross Square Feet 940,678 SF

Net Square Feet 740,520 SF

Zoning T4NC

Shape Irregular

Topography Level, marsh frontage

Utilities All Available

Access Good

Frontage Street 1 594 Feet

Frontage Street 2

Frontage Street 3

Frontage Street 4

Total Frontage 594 Feet

Average Depth

Exposure/Visibility Average

Improvements None

Street Paved 4-lane

Easements Typical

Encroachments None known

Use at time of Sale Vacant

Proposed Use Luxury Apartments

Max Bldg Area N/A

Max Floor Area Ratio N/A

Max No. of Units/Lots 246

Avg Unit/Lot Size 3,010 sf



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Sale Information

Type Sale

Date 6/23/2015

Terms Cash to the Seller

Property Rights Fee Simple

Grantor The Broad River View, LLC

Grantee Parc at Broad River, LLC

Sales Price \$2,400,000

Adjustments \$0

Adj Sales Price \$2,400,000

Price per Gross SF \$2.55

Price per Net SF \$3.24

Price per Gross Acre \$111,137

Price per Net Acre \$141,176

Price per Unit/Lot \$9,756

Price per Foot Front \$4,040

Source CoStar, Assessor, GIS, Web

County Info deed 3409/262

TS PB 141/20

Utilities

Electricity

Natural Gas

N/A Culinary Water

Sewer

N/A No Septic

Comments

This tract is situated along Savannah Hwy (SC-128) immediately east of Robert Smalls Pkwy (SC-170) with 1,200 LF frontage on the Marshes of the Broad River. The plat reflects 17.00 upland acres, 1.001 acres of wetlands, and 3.595 acres of OCRM critical areas. Listing broker was Tom DeMint (843.837.3754) of Sperry Van Ness. Buyer broker was R. Sidney Ransom (770.605.6701) of The Ransom Financial Group. Immediately developed as Parc at Broad River, a 246-unit luxury apartment complex of 12 three and four-story buildings at a cost of \$30 million. Opened mid-2016.

LAND SALE 3**Property Information****Senior Housing Apartments**

1810 Richmond Ave
Port Royal, SC 29935

County Beaufort
Tax ID No. R110 011 000 0439 0000
Map Reference Off Ribaut Rd @ Paris Ave

Site Description

Property Type Multi-family land
Gross Acres 11.000 acres
Net Acres 11.000 acres
Gross Square Feet 479,160 SF
Net Square Feet 479,160 SF

Zoning T4NC
Shape Square

Topography See comments
Utilities All Available

Access Average
Frontage Street 1 703 Feet

Frontage Street 2
Frontage Street 3
Frontage Street 4

Total Frontage 703 Feet
Average Depth

Exposure/Visibility Average
Improvements None

Street Paved 2-lane
Easements Typical

Encroachments None known
Use at time of Sale Vacant

Proposed Use Senior Housing
Max Bldg Area N/A

Max Floor Area Ratio N/A
Max No. of Units/Lots

Avg Unit/Lot Size 0,000 sf



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Sale Information

Type Sale
Date 2/1/2016
Terms Cash to the Seller
Property Rights Fee Simple
Grantor Port Royal Properties, LLC
Grantee SHC of Port Royal, LLC

Sales Price \$1,650,000

Adjustments \$0

Adj Sales Price \$1,650,000

Price per Gross SF \$3.44

Price per Net SF \$3.44

Price per Gross Acre \$150,000

Price per Net Acre \$150,000

Price per Unit/Lot N/A

Price per Foot Front \$2,347

Source Assessor, GIS, Third Party

County Info deed 3459/1234

TS PB 142/5

Utilities

Electricity
Natural Gas
N/A Culinary Water
Sewer
N/A No Septic

Comments

This tract is situated along Richmond Avenue immediately south of Ribaut Road and east of Paris Avenue. Directly across from Preserve at Port Royal, a mixed-use development with retail, office, and multifamily. Other prominent uses include a new Dollar General at Richmond and Ribaut, as well as a YMCA branch and a freestanding dental clinic on Richmond. Confirmed with Dean Morrissey (843.521.4600) of Millennium Real Estate, developer of Preserve at Port Royal, who had full knowledge of transaction. Site is generally level but Mr. Morrissey reported that sale price was negotiated downward based on projected \$600K of grading/site work.

LAND SALE 4**Property Information****Preserve at Port Royal**

1901 N Paris Ave

Port Royal, SC 29935

County Beaufort

Tax ID No. R110 008 000 0033 0000

Add. Tax ID R110 009 000 0232 & 0241

Site Description

Property Type Mixed Commercial/Residential

Gross Acres 12.663 acres

Net Acres 11.091 acres

Gross Square Feet 551,600 SF

Net Square Feet 483,124 SF

Zoning PD

Shape Irregular

Topography Level

Utilities All Available

Access Average

Frontage Street 1 404 Feet

Frontage Street 2 370 Feet

Frontage Street 3

Frontage Street 4

Total Frontage 774 Feet

Average Depth

Exposure/Visibility Above Average

Improvements See comments

Street Paved 2-lane

Easements See comments

Encroachments None known

Use at time of Sale Vacant

Proposed Use Mixed-use

Max Bldg Area N/A

Max Floor Area Ratio N/A

Max No. of Units/Lots

Avg Unit/Lot Size 0,000 sf



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Sale Information

Type Non Arms length

Date 11/22/2011

Terms Assumption of loan

Property Rights Fee Simple

Grantor Millennium Investment Group, LLC

Grantee The Preserve of Port Royal Associates

Sales Price \$1,975,000

Adjustments \$0

Adj Sales Price \$1,975,000

Price per Gross SF \$3.58

Price per Net SF \$4.09

Price per Gross Acre \$155,966

Price per Net Acre \$178,072

Price per Unit/Lot N/A

Price per Foot Front \$2,552

Source CoStar, Assessor, ROD, Developer

County Info deed 3100/1446

TS Dean Morrissey/843.521.4600

Utilities

Electricity

Natural Gas

Culinary Water

Sewer

No Septic

Comments

Preserve at Port Royal is a mixed-use dev. (2002) on the N/side of the signalized intersection of Ribaut Road (US-21) & Paris Ave. The portion at hwy frontage is developed with Beaufort Memorial/Keyserling Cancer Center & a large multitenant retail/office building. A 400-unit apartment complex was sold for \$78K/unit in 2012; \$95K/unit in 2015. Parcel A (6.809 ac) & Parcel B (4.282 ac) are entitled land between com'l & apts with all infrastructure. The balance is 80' cross-esmt ROW (N Paris Ave - 1.137 ac) & access esmt (Richmond Ave - 0.435 ac). This was an internal transfer based on appraised value to vest title & note in same entity.

Unit of Comparison

The price per acre is the selected unit of comparison. Adjustments were based when possible on market extracted data, paired sales analysis, and data from previous appraisal assignments.

Summary of Adjustments

The adjustment process attempts to replicate the analysis of the typical purchaser for this type of property. The degree of adjustments may or may not be equivalent to decision process of the various market participants. In some instances where market data could not be reasonably extracted, we relied upon our best judgment to make appropriate adjustments.

Immediate Expenditures

The price of Sale 3 was negotiated downward based on estimated site work and grading costs between \$600K-\$1 million. We adjust this sale upward \$600,000 (+36.4%) for these costs to cure.

Market Conditions

The fundamentals of the multifamily housing market have been strong for the past 3-to-5 years. These national trends have spurred new development within the Beaufort area over the same time period. For Port Royal, in particular, there are a proportionally large number of renters. Demand for multifamily land has increased over the past 3-to-5 years. We apply a positive 3.0% annual market conditions adjustment.

Other Adjustments

Sale 1 has an inferior location in the western portion of town limits and away from the peninsula. A positive 10% adjustment was warranted.

Sale 3 has a superior square shape which enhances its development potential. A negative 10% adjustment was applied.

Sale 4 has superior exposure/visibility within an established mixed-use project. There is a mixture of commercial uses at street frontage, as well as a 400-unit apartment complex at the rear. A negative 10% adjustment was required for its superior exposure/visibility.

Sales 1 and 2 were each adjusted upward 15% for their lack of grading and infrastructure.

The adjustments are summarized in the grid on the following page.

Land Grid					
Subject/Comparable	Subject	1	2	3	4
Sales Data					
Date	Sep-16	Feb-11	Jun-15	Feb-16	Nov-11
Sales Price	\$0	\$500,000	\$2,400,000	\$1,650,000	\$1,975,000
Size - Acres	10.64 acres	4.50 acres	17.00 acres	11.00 acres	11.09 acres
Price per Acre	\$0	\$111,111	\$141,176	\$150,000	\$178,072
Price per Square foot	\$0.00	\$2.55	\$3.24	\$3.44	\$4.09
Price per Unit	--	--	\$9,756	--	--
Unit of Comparison					
Price per Acre	\$0	\$111,111	\$141,176	\$150,000	\$178,072
Property Rights Conveyed					
Financing Terms					
Conditions of Sale					
Immediate Expenditures					
Market Conditions					
Time Adj. Price		\$129,722	\$146,471	\$207,170	\$203,893
Characteristics					
Location	Port Royal	Beaufort	Beaufort	Port Royal	Port Royal
Size	10.64 Acres	4.50 Acres	17.00 Acres	11.00 Acres	11.09 Acres
Shape	irregular	Irregular	Irregular	Square	Irregular
Zoning	PUD	T4NC-Open	T4NC	T4NC	PD
Utilities	All Available	All Available	All Available	All Available	All Available
Exposure/Visibility	Average	Average	Average	Average	Above Average
Frontage/Access	Average	255/Average	594/Good	703/Average	774/Average
Topography	Generally level, marsh & creek views	Generally level	Level, marsh frontage	Generally level	Level
Improvements	grading & infrastructure	None	None	grading & infrastructure	grading & infrastructure
Adjustments					
Location	10.0%				
Size					
Shape	-10.0%				
Zoning					
Utilities					
Exposure/Visibility	-10.0%				
Frontage/Access					
Topography					
Improvements	15.0%				
Gross "Adjustment"		25.0%	15.0%	10.0%	10.0%
Net "Adjustment"		25.0%	15.0%	-10.0%	-10.0%
Adjusted Price		\$162,153	\$168,441	\$186,453	\$183,504

Value Conclusion

All four sales were considered in the final indication of value. Sales 2 and 3 are the most recent and received slightly more weight. The following table presents the indicated per unit market value conclusion for the subject tract.






<u>Sales Comparison Conclusion</u>				
Price Indications Before Adjustments			Indication Per Acre	
Low Indication			\$129,722	
High Indication			\$207,170	
Price Indications After Adjustments			Indication Per Acre	
Low Indication			\$162,153	
High Indication			\$186,453	
Average Indication			\$175,138	
Median Indication			\$175,972	
Site Size (Net Acres)	X	Base Price Per Acre	=	Value Indications
10.64	X	\$175,000	=	\$1,862,000
MARKET VALUE CONCLUSION				
Rounded			\$1,860,000	
Concluded Value Per Acre			\$174,812	

Multifamily Land Conclusion						
Component	Site Size (net acres)	x	Base Price Per Acre	=	Value Indications	Rounded
Port Village 3 & 6	10.64	x	\$175,000	=	\$1,862,000	\$1,860,000
Ribaut Village	3.66	x	\$175,000	=	\$640,500	\$640,000
Total						\$2,500,000

Listings

As a check of reasonableness, we searched within CoStar for listings of similar tracts in the Beaufort MSA. We found five listings with asking prices between \$40,865 and \$254,717 per acre with an average of \$108,107. The most similar is Listing 4 (138 Meridian RD) which has 378 feet of Beaufort River frontage and an asking price of \$254,717 per acre. The listings bracket the concluded value for the subject property. The concluded value is in near the upper end of the range which is reasonable given its water access and views.

Comps Statistics					
	Low	Average	Median	High	Count
Asking Price	\$255,000	\$1,114,800	\$999,000	\$2,700,000	5
Parcel Size	5.02 AC	10.31 AC	10.60 AC	17.20 AC	5
Price per Acre	\$40,865	\$108,107	\$79,920	\$254,717	5
Days on Market	97	632	614	1,230	5

1	3370 Argent Blvd	FOR SALE
<p>Ridgeland, SC 29936 Jasper County</p> <p>Asking Price: \$999,000 Sale Type: Investment \$/AC Land Gross: \$79,920.00 (\$1.83/SF) Land Area: 12.50 AC (544,500 SF) Days on Market: 614 Lot Dimensions: - Sale Status: Active Proposed Use: MultiFamily [Partial List]</p> <p>Parcel No: 0081-2212, 0081-2228 [Partial List] Sales Condition: -</p> 		
2	152 Baynard Rd	FOR SALE
<p>Beaufort, SC 29906 Beaufort County</p> <p>Asking Price: \$1,100,000 Sale Type: Investment \$/AC Land Gross: \$63,953.49 (\$1.47/SF) Land Area: 17.20 AC (749,232 SF) Days on Market: 147 Lot Dimensions: - Sale Status: Active Proposed Use: -</p> <p>Parcel No: 080-02-00-006 Sales Condition: -</p> 		
3	May River & Buck Island Rd	FOR SALE
<p>Bluffton, SC 29910 Beaufort County</p> <p>Asking Price: \$255,000 Sale Type: Investment \$/AC Land Gross: \$40,865.38 (\$0.94/SF) Land Area: 6.24 AC (271,814 SF) Days on Market: 97 Lot Dimensions: - Sale Status: Active Proposed Use: Single Family Development</p> <p>Parcel No: R112-031-000-0091-0000 Sales Condition: -</p> 		
4	138 Meridian Rd	FOR SALE
<p>Beaufort, SC 29907 Beaufort County</p> <p>Asking Price: \$2,700,000 Sale Type: Investment \$/AC Land Gross: \$254,716.98 (\$5.85/SF) Land Area: 10.60 AC (461,736 SF) Days on Market: 1072 Lot Dimensions: - Sale Status: Active Proposed Use: -</p> <p>Parcel No: r610-039-000-0748-0000 Sales Condition: -</p> 		
5	Pleasant Point Rd & Brick	FOR SALE
<p>Beaufort, SC 29907 Beaufort County</p> <p>Asking Price: \$520,000 Sale Type: Investment \$/AC Land Gross: \$103,585.66 (\$2.38/SF) Land Area: 5.02 AC (218,671 SF) Days on Market: 1230 Lot Dimensions: - Sale Status: Active Proposed Use: -</p> <p>Parcel No: R200-017-000-0007-0000 Sales Condition: -</p> 		

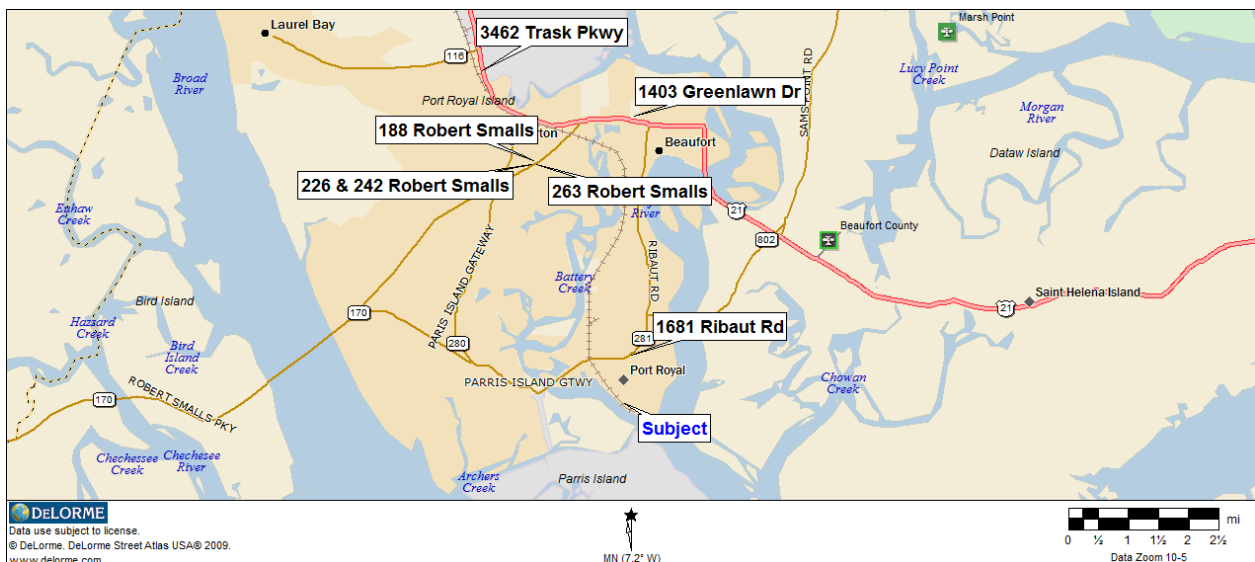
Commercial Land Valuation

We conducted a search of public records and proprietary data sources to identify recent land sales and listings in proximity to the subject and having a similar highest and best use. Out of all data reviewed, we selected the following sales as the best indicators of the subject's value. Due to the unique coastal attributes of the local market, we elected to keep within a tighter geographical range and go back further in time. We chose price per square foot of land as the most appropriate unit of comparison for this parcel because market participants typically compare sale prices and land values on this basis.

There are two commercial components within the PUD that are nearly equal in size. We use the marina tract of approximately 6.8 acres in the adjustment grid. Next, we apply the price per acre to the remaining tract of approximately 7.25 acres.

Land Sales Summary									
Comp No.	Location	Trans. Type	Date	Zoning	Shape	Adj Sales Price	Size - Acres	Size - SF	Price/ SF
1	226 & 242 Robert Smalls Pkwy Beaufort, SC	Sale	Jan-16	Regional Center Mixed-Use	Irregular	\$900,000	6.02	262,362	\$3.43
2	1681 Ribaut Road Port Royal, SC	Sale	Aug-14	T5 Main Street	Irregular	\$460,000	3.04	132,205	\$3.48
3	1403 Greenlawn Dr. Beaufort, SC	Sale	Jul-12	PUD	Slightly irregular	\$60,000	0.37	16,204	\$3.70
4	3462 Trask Pkwy Beaufort, SC	Sale	Feb-16	None	Irregular	\$800,000	3.72	162,217	\$4.93
5	263 Robert Smalls Pkwy Beaufort, SC	Sale	Feb-13	Commercial	Square	\$300,000	1.19	51,662	\$5.81
6	188 Robert Smalls Pkwy Beaufort, SC	Sale	Mar-16	Commercial	Irregular	\$3,250,000	10.12	440,871	\$7.37
Subj	601 Paris Avenue Port Royal, SC	--		PUD	Irregular	--	6.800	296,208	--

Land Sales Map



LAND SALE 1**Property Information****Assemblage for Redevelopment**

226 & 242 Robert Smalls Pkwy

Beaufort, SC 29906

County	Beaufort
Tax ID No.	R122 028 00A 0467 0000
Add. Tax ID	R100 029 000 108H 0000

Site Description

Property Type	Redevelopment Site
Gross Acres	6.023 acres
Net Acres	6.023 acres
Gross Square Feet	262,362 SF
Net Square Feet	262,362 SF
Zoning	Regional Center Mixed-Use
Shape	Irregular
Topography	Level
Utilities	All Available
Access	Good
Frontage Street 1	610 Feet
Frontage Street 2	54 Feet
Frontage Street 3	
Frontage Street 4	
Total Frontage	664 Feet
Average Depth	
Exposure/Visibility	Good
Improvements	Fencing, gravel paving
Street	Paved 4-lane
Easements	Typical
Encroachments	None known
Use at time of Sale	RV & Mobile Home Sales
Proposed Use	Commercial Development
Max Bldg Area	N/A
Max Floor Area Ratio	N/A
Max No. of Units/Lots	
Avg Unit/Lot Size	0,000 sf



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Sale Information

Type	Sale
Date	1/22/2016
Terms	Cash to the Seller
Property Rights	Fee Simple
Grantor	John D. & Florence T. Polk
Grantee	Packer Storage, LLC et al
Sales Price	\$900,000
Adjustments	\$0
Adj Sales Price	\$900,000
Price per Gross SF	\$3.43
Price per Net SF	\$3.43
Price per Gross Acre	\$149,427
Price per Net Acre	\$149,427
Price per Unit/Lot	N/A
Price per Foot Front	\$1,355
Source	CoStar, MLS, Assessor, ROD, Broker
County Info	Deed 3457/983 & 1431
TS	PB 140/73 & 142/186

Utilities

Electricity	
Natural Gas	
Culinary Water	
Sewer	
No Septic	

Comments

Tracts are situated along SC-170 and across from Lowe's in a retail node featuring Zaxby's, Dollar Tree, Verizon, Taco Bell, and others. Parcel R122 028 00A 0467 0000 (#226 - 4.08 acres) was listed for \$1.2 million from 1/6/12 to 10/1/14. Parcel R100 029 000 108H 0000 (#242 - 1.943 ac) was listed for \$399K from 1/6/12 to 10/1/14. Each parcel re-listed on 1/19/16 and closed at asking price. Confirmed with Donna Duncan of Lowcountry Realty (843.521.4200). Assembled tract was listed on 8/23/16 for \$2,034,000 (\$7.75/SF). The 4.08 acres of 226 Robert Smalls Pkwy is available separately for \$1,356,000 (\$7.63/SF).

LAND SALE 2**Property Information****Tri Rivers Foods**

1681 Ribaut Road
Port Royal, SC 29935

County Beaufort
Tax ID No. R110 009 000 0109 0000
Map Reference E of Paris Ave

Site Description

Property Type Commercial land
Gross Acres 3.035 acres
Net Acres 3.035 acres
Gross Square Feet 132,205 SF
Net Square Feet 132,205 SF
Zoning T5 Main Street
Shape Irregular
Topography Level
Utilities All Available
Access Good
Frontage Street 1 392 Feet
Frontage Street 2
Frontage Street 3
Frontage Street 4
Total Frontage 392 Feet
Average Depth
Exposure/Visibility Good
Improvements None
Street Paved 4-lane
Easements Typical
Encroachments None known
Use at time of Sale Vacant
Proposed Use Investment
Max Bldg Area N/A
Max Floor Area Ratio N/A
Max No. of Units/Lots
Avg Unit/Lot Size 0,000 sf



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Sale Information

Type Sale
Date 8/8/2014
Terms Cash to the Seller
Property Rights Fee Simple
Grantor Southeast REO LLC
Grantee Tri Rivers Food, LP
Sales Price \$460,000
Adjustments \$0
Adj Sales Price \$460,000
Price per Gross SF \$3.48
Price per Net SF \$3.48
Price per Gross Acre \$151,565
Price per Net Acre \$151,565
Price per Unit/Lot N/A
Price per Foot Front \$1,173
Source CoStar, Assessor, ROD, Drive-by
County Info deed 3339/969
TS Plat in DB 2545/1821

Utilities

Electricity
Natural Gas
Culinary Water
Sewer
No Septic

Comments

This tract is situated at the SE corner of the signalized intersection of Ribaut Road and Paris Avenue. Listed for two years prior to sale with an asking price of \$550K (84% sale-to-list ratio). Listing broker is Tom DeMint (843.837.3754) of Sperry Van Ness. Confirmed with buyer broker, John Raders (Lamara Company - 912.236.2461). True buyer, Dave Sovchen, was operator of 10-12 Wendy's restaurants in the Savannah, GA area. He sold the business and most of the real estate. This transaction was one of several 1031 exchanges.

LAND SALE 3**Property Information****State Farm Office/Res**

1403 Greenlawn Dr.

Beaufort, SC 29902

County Beaufort

Tax ID No. R120 001 000 0263 0000

Map Reference just N of Boundary St

Site Description

Property Type Mixed Commercial/Residential

Gross Acres 0.372 acres

Net Acres 0.372 acres

Gross Square Feet 16,204 SF

Net Square Feet 16,204 SF

Zoning PUD

Shape Slightly irregular

Topography Level

Utilities All Available

Access Average

Frontage Street 1 83 Feet

Frontage Street 2

Frontage Street 3

Frontage Street 4

Total Frontage 83 Feet

Average Depth 166 feet

Exposure/Visibility Average

Improvements None

Street Paved 2-lane

Easements see comments

Encroachments None known

Use at time of Sale Vacant

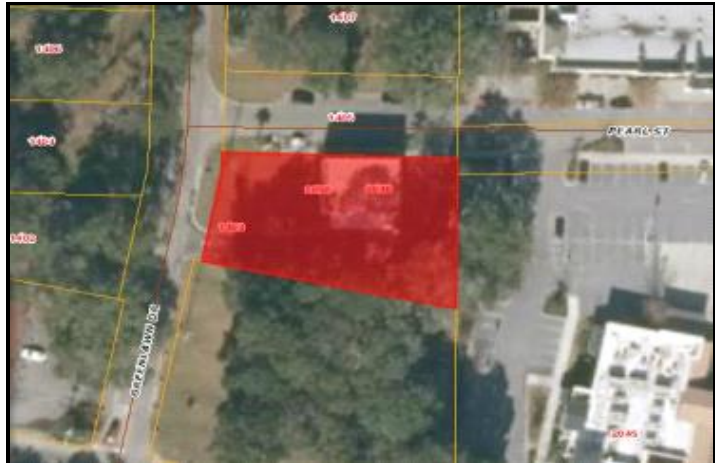
Proposed Use Office/primary res

Max Bldg Area N/A

Max Floor Area Ratio N/A

Max No. of Units/Lots

Avg Unit/Lot Size 0,000 sf



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Sale Information

Type Sale

Date 7/12/2012

Terms Cash to the Seller

Property Rights Fee Simple

Grantor 303 Associates, LLC

Grantee Andrew A. Corriveau

Sales Price \$60,000

Adjustments \$0

Adj Sales Price \$60,000

Price per Gross SF \$3.70

Price per Net SF \$3.70

Price per Gross Acre \$161,290

Price per Net Acre \$161,290

Price per Unit/Lot N/A

Price per Foot Front \$723

Source CoStar, Assessor, ROD, Broker

County Info deed 3157/870

TS Kim Ackerman/843.521.4200

Utilities

Electricity

Natural Gas

Culinary Water

Sewer

No Septic

Comments

This lot was listed for \$70K (86% sale-to-list) with 243 DOM. Location is just north of Boundary Street (US 21 Bus) behind Olive Garden/Red Lobster and Outback Steakhouse. Confirmed with listing broker, Kim Ackerman, now with Lowcountry Real Estate. Sale was an arm's length, all cash deal. The buyer has his State Farm office on the main floor with primary residence above. There is a 32' x 40' parking easement in the NE corner off Pearl Street.

LAND SALE 4**Property Information****Parkers C-Store**

3462 Trask Pkwy
Beaufort, SC 29906

County Beaufort
Tax ID No. R120 025 000 0012 0000
Map Reference corner/Roseida Rd

Site Description

Property Type Commercial Lot
Gross Acres 3.724 acres
Net Acres 3.724 acres
Gross Square Feet 162,217 SF
Net Square Feet 162,217 SF

Zoning None
Shape Irregular
Topography Level
Utilities All Available
Access Good
Frontage Street 1 942 Feet
Frontage Street 2
Frontage Street 3
Frontage Street 4
Total Frontage 942 Feet
Average Depth
Exposure/Visibility Good
Improvements None
Street Paved 4-lane
Easements See comments
Encroachments See comments
Use at time of Sale Vacant
Proposed Use C-store & excess lot
Max Bldg Area N/A
Max Floor Area Ratio N/A
Max No. of Units/Lots 2
Avg Unit/Lot Size 81,108 sf
N/A
N/A



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Sale Information

Type Sale
Date 2/24/2016
Terms Cash to the Seller
Property Rights Fee Simple
Grantor Harold E. Trask Jr., et al
Grantee Atlas Shrugged, LLC
Sales Price \$750,000
Adjustments \$50,000 Immediate Expenditure
Adj Sales Price \$800,000
Price per Gross SF \$4.93
Price per Net SF \$4.93
Price per Gross Acre \$214,823
Price per Net Acre \$214,823
Price per Unit/Lot \$400,000
Price per Foot Front \$849
Source CoStar, Assessor, GIS, ROD, Broker
County Info Deed 3464/1382 & 1388
TS PB 144/119

Utilities

Electricity
Natural Gas
Culinary Water
Sewer
No Septic

Comments

This tract is situated along Trask Pkwy (US 21) and backs up to Spanish Moss Trail (former Port Royal Railroad). Listed for over four years with Scott Sanders (843.263.1284) of Lowcountry Realty; asking price of \$973,500 (77% sale-to-list ratio). Confirmed with listing broker who stated that original contract was \$800K but price was adjusted down to account for buyer's clean-up cost of \$50K for groundwater issues in Phase I analysis. Buyer is building an owner-occupied C-store on 2.598 acres (open late 2016) and plans to market excess lot of 1.074 acres. Drainage easement along rear boundary; possible encroachment of southern adjoinder (metal produce building) onto excess lot.

LAND SALE 5**Property Information****Dollar Tree**

263 Robert Smalls Pkwy

Beaufort, SC 29906

County Beaufort

Tax ID No. R122 029 000 0241 0000

Map Reference corner/Burton Hill Rd

Site Description

Property Type	Retail
Gross Acres	1.186 acres
Net Acres	1.186 acres
Gross Square Feet	51,662 SF
Net Square Feet	51,662 SF
Zoning	Commercial
Shape	Square
Topography	Level
Utilities	All Available
Access	Good
Frontage Street 1	284 Feet
Frontage Street 2	285 Feet
Frontage Street 3	
Frontage Street 4	
Total Frontage	569 Feet
Average Depth	
Exposure/Visibility	Good
Improvements	None
Street	Paved 4-lane
Easements	Typical
Encroachments	None known
Use at time of Sale	Vacant
Proposed Use	Dollar Tree
Max Bldg Area	N/A
Max Floor Area Ratio	N/A
Max No. of Units/Lots	
Avg Unit/Lot Size	0,000 sf



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Sale Information

Type	Sale
Date	2/26/2013
Terms	Cash to the Seller
Property Rights	Fee Simple
Grantor	Shadow, LLC
Grantee	DT Retail Properties, LLC
Sales Price	\$300,000
Adjustments	\$0
Adj Sales Price	\$300,000
Price per Gross SF	\$5.81
Price per Net SF	\$5.81
Price per Gross Acre	\$252,951
Price per Net Acre	\$252,951
Price per Unit/Lot	N/A
Price per Foot Front	\$527
Source	CoStar, Assessor, ROD, Drive-by
County Info	Deed 3218/382
TS	PB 84/197

Utilities

Electricity
Natural Gas
Culinary Water
Sewer
No Septic

Comments

This is Outparcel A of the Lowe's Home Improvement center. On the market for about two years prior to sale with an asking price of \$550K (54% sale-to-list ratio). Developed with a freestanding Dollar Tree store.

LAND SALE 6**Property Information****Butler Family Tract**

188 Robert Smalls Pkwy

Beaufort, SC 29906

County Beaufort

Tax ID No. R122 029 000 103F 0000

Map Reference corner/Burton Hill Rd

Site Description

Property Type Commercial land

Gross Acres 10.121 acres

Net Acres 10.121 acres

Gross Square Feet 440,871 SF

Net Square Feet 440,871 SF

Zoning Commercial

Shape Irregular

Topography Level

Utilities All Available

Access Good

Frontage Street 1 710 Feet

Frontage Street 2 960 Feet

Frontage Street 3

Frontage Street 4

Total Frontage 1,670 Feet

Average Depth

Exposure/Visibility Good

Improvements None

Street Paved 4-lane

Easements Typical

Encroachments None known

Use at time of Sale Vacant

Proposed Use Auto Dealership

Max Bldg Area N/A

Max Floor Area Ratio N/A

Max No. of Units/Lots

Avg Unit/Lot Size 0,000 sf



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Sale Information

Type	Sale
Date	3/14/2016
Terms	Cash to the Seller
Property Rights	Fee Simple
Grantor	First Carolina Corp. of SC
Grantee	Butler Family Holdings, LLLP
Sales Price	\$3,250,000
Adjustments	\$0
Adj Sales Price	\$3,250,000
Price per Gross SF	\$7.37
Price per Net SF	\$7.37
Price per Gross Acre	\$321,115
Price per Net Acre	\$321,115
Price per Unit/Lot	N/A
Price per Foot Front	\$1,946

Source	CoStar, Assessor, ROD, Drive-by
County Info	Deed 3468/950
TS	

Utilities

Electricity	
Natural Gas	
Culinary Water	
Sewer	
No Septic	

Comments

This tract is situated at the NW corner of SC-170 and Burton Hill Rd directly across from Lowe's Home Improvement. Location is a retail node with Zaxby's, Dollar Tree, Taco Bell, Verizon, and others. Listing broker was John Trask III (843.812.2210) of Lowcountry Realty. Buyer plans to develop as Butler Chrysler Dodge Jeep. The existing dealership operates on Old Salem Road. A new Nissan dealership is under construction next to Lowe's.

Unit of Comparison

The price per square foot is the selected unit of comparison. Adjustments were based when possible on market extracted data, paired sales analysis, and data from previous appraisal assignments.

Summary of Adjustments

The adjustment process attempts to replicate the analysis of the typical purchaser for this type of property. The degree of adjustments may or may not be equivalent to decision process of the various market participants. In some instances where market data could not be reasonably extracted, we relied upon our best judgment to make appropriate adjustments.

Immediate Expenditures

The price of Sale 4 was negotiated downward based on estimated costs to cure groundwater issues from Phase I analysis. The \$50,000 was added to the sale price within the comparable write-up, so no adjustment is necessary in the grid.

Market Conditions

Multiple local brokers confirmed that the demand for commercial land has increased over the past 2-to-3 years. Transaction levels and prices have increased, and a number of older properties have sold for redevelopment. Sale 1 is an assemblage of two parcels formerly used as an RV and mobile home sales lot. The assembled site is across from the Lowe's Home Improvement and is listed for sale once again at a higher price/SF. Based on the foregoing, we apply a positive 3.0% annual market conditions adjustment.

Other Adjustments

The comparable sales are located along superior commercial corridors and surrounded by complementary uses. The subject will be a master-planned community at the end of the peninsula, a destination location. However, the subject's inferior locational characteristics are offset by its superior water frontage and views. No adjustment was warranted for location.

Sales 1, 2, 4, 5, and 6 were adjusted downward for their superior exposure/visibility. Sale 3 is one block off Boundary Street with similar exposure as the subject.

Sales 1, 2, 3, 4, and 6 received upward adjustments for their lack of grading and infrastructure at the time of sale. Sale 5 is an outparcel of the Lowe's retail store and was essentially construction-ready.

The adjustments are summarized in the grid on the following page.

Land Grid							
Subject/Comparable	Subject	1	2	3	4	5	6
Sales Data							
Date	Sep-16	Jan-16	Aug-14	Jul-12	Feb-16	Feb-13	Mar-16
Sales Price	--	\$900,000	\$460,000	\$60,000	\$800,000	\$300,000	\$3,250,000
Size - SF	296,208 sf	262,362 sf	132,205 sf	16,204 sf	162,217 sf	51,662 sf	440,871 sf
Price per Acre	--	\$149,427	\$151,565	\$161,290	\$214,823	\$252,951	\$321,115
Price per Square foot	--	\$3.43	\$3.48	\$3.70	\$4.93	\$5.81	\$7.37
Price per Unit	--	--	--	--	\$400,000	--	--
Unit of Comparison							
Price per Square foot	--	\$3.43	\$3.48	\$3.70	\$4.93	\$5.81	\$7.37
Property Rights Conveyed							
Financing Terms							
Conditions of Sale							
Immediate Expenditures							
Market Conditions		2.00%	6.25%	12.50%	1.75%	10.75%	1.50%
Time Adj. Price		\$3.50	\$3.70	\$4.17	\$5.02	\$6.43	\$7.48
Characteristics							
Location	Port Royal	Beaufort	Port Royal	Beaufort	Beaufort	Beaufort	Beaufort
Size	296,208 SF	262,362 SF	132,205 SF	16,204 SF	162,217 SF	51,662 SF	440,871 SF
Shape	Irregular	Irregular Regional Center	Irregular	Slightly irregular	Irregular	Square	Irregular
Zoning	PUD	Mixed-Use	T5 Main Street	PUD	None	Commercial	Commercial
Utilities	All Available	All Available	All Available	All Available	All Available	All Available	All Available
Exposure/Visibility	Average	Good	Good	Average	Good	Good	Good
Frontage/Access	Average	664/Good	392/Good	83/Average	942/Good	569/Good	1670/Good
Topography	Generally level, water frontage & views	Level	Level	Level	Level	Level	Level
Improvements	Grading & infrastructure	Fencing, gravel paving	None	None	None	None	None
Adjustments							
Location							
Size							
Shape							
Zoning							
Utilities							
Exposure/Visibility		-5.0%	-5.0%		-5.0%	-5.0%	-10.0%
Frontage/Access							
Topography							
Improvements		10.0%	10.0%	10.0%	10.0%		10.0%
Gross "Adjustment"		15.0%	15.0%	10.0%	15.0%	5.0%	20.0%
Comparison to Subject		Inferior	Inferior	Inferior	Inferior	Superior	Equal
Net "Adjustment"		5.0%	5.0%	10.0%	5.0%	-5.0%	0.0%
Adjusted Price		\$3.67	\$3.88	\$4.58	\$5.27	\$6.11	\$7.48

Value Conclusion

All six sales were considered in the final indication of value. Due to its unique waterfront location and the anticipated demand within the master-planned concept, we believe the subject will compete near the upper end of the market range. The following table presents the unadjusted and adjusted ranges for the subject tract. We conclude to a base value of \$7.00/SF and then apply the base value to each tract based on its individual characteristics.

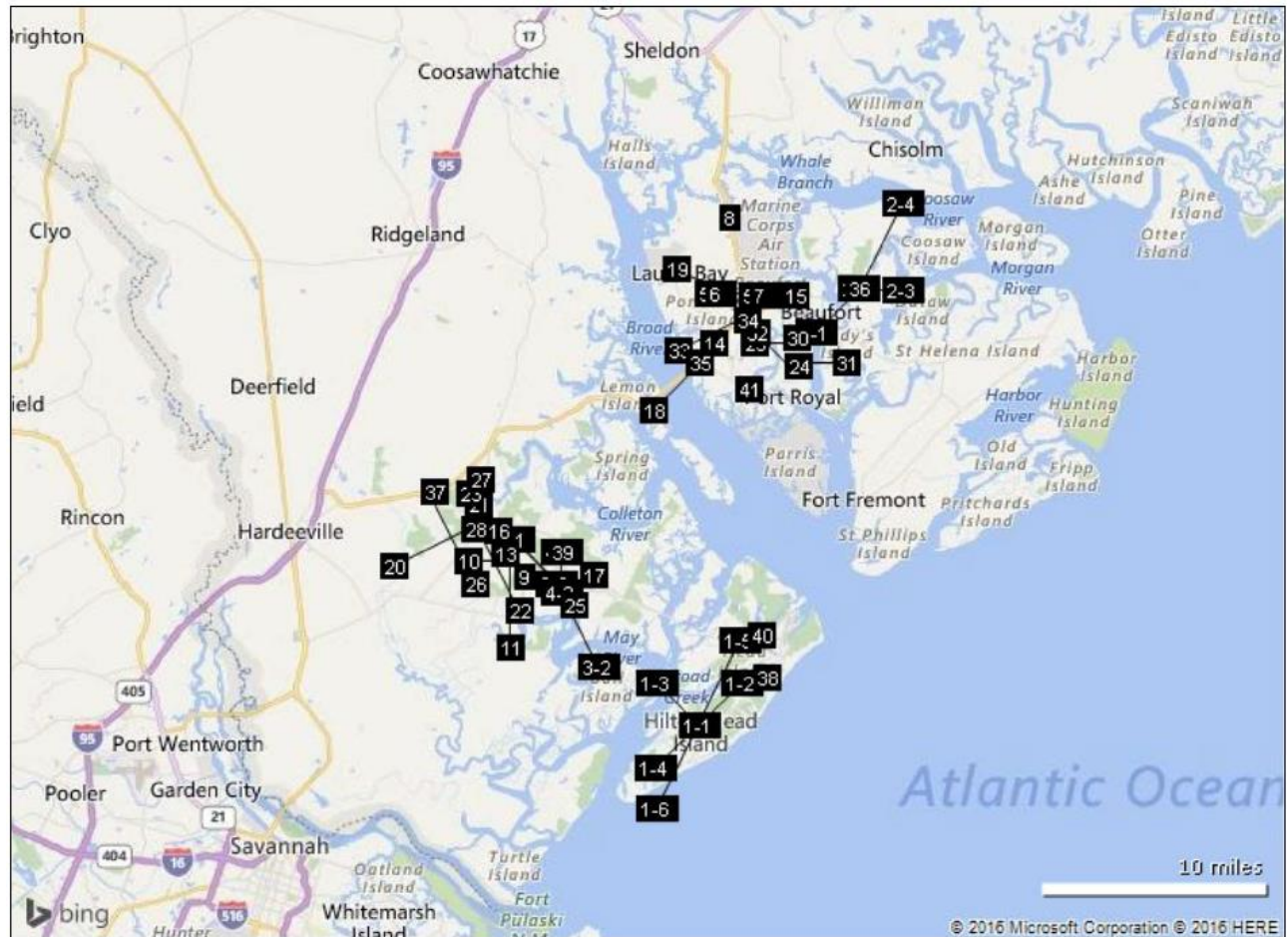
<u>Sales Comparison Conclusion</u>	
Price Indications Before Adjustments	Indication Per Square Foot
Low Indication	\$3.50
High Indication	\$7.48
Price Indications After Adjustments	Indication Per Square Foot
Low Indication	\$3.67
High Indication	\$7.48
Average Indication	\$5.17
Median Indication	\$4.93

Commercial Land Conclusion								
Component	Site Size		Special Features	Base		Adjusted Value	Value	
	(net acres)	Site Size (net SF)		Price Per SF	Adjustment from Base		= Indications	Rounded
Marina Village	6.8	296,208	Wooden docks	\$7.00	110%	\$7.70	= \$2,280,802	\$2,280,000
Port Village 4 & 5	7.25	315,810	N/A	\$7.00	100%	\$7.00	= \$2,210,670	\$2,210,000
Port Village 1 & 2	7.75	337,590	Concrete wharf	\$7.00	125%	\$8.75	= \$2,953,913	\$2,950,000
Total								\$7,440,000

Check of Reasonableness

As a check of reasonableness, we searched within CoStar for listings of similar tracts in the Beaufort MSA. We found 39 listings with asking prices between \$157,895/acre (\$3.62/SF) and \$1,628,289/acre (\$37.38/SF) with an average of \$331,668/acre (\$7.61/SF) and a median of \$308,642/acre (\$7.08/SF). The two most similar listings are Listing 33 (142 Robert Smalls Pkwy), a tract of 11 acres listed for \$3,000,000 or \$6.26/SF; and Listing 30 (1026-1030 Ribaut Rd), a tract of 7 acres listed for \$2,595,000 or \$8.51/SF. The listings are supportive and the concluded value for the subject is reasonable.


Comps Statistics					
	Low	Average	Median	High	Count
Land					
Asking Price	\$475,000	\$1,957,532	\$1,600,000	\$4,950,000	39
Parcel Size	3 AC	5.90 AC	4.70 AC	14.98 AC	39
Price per Acre	\$157,895	\$331,668	\$308,642	\$1,628,289	39
Days on Market	57	1,149	1,014	2,715	39




	Address	City	Property Info	Sale Info
1-1	24 Palmetto Bay Rd	Hilton Head Island	7.73 AC Land	Portfolio For Sale: \$2,400,000 (\$310,478.65/AC)
1-2	24 Palmetto Bay Rd	Hilton Head Island	3,500 SF General Retail/Restaurant	Portfolio For Sale: \$2,400,000 (\$109.96/SF)
1-3	24 Palmetto Bay Rd	Hilton Head Island	8,180 SF General Retail	Portfolio For Sale: \$2,400,000 (\$109.96/SF)
1-4	24 Palmetto Bay Rd	Hilton Head Island	3,000 SF General Retail/Restaurant	Portfolio For Sale: \$2,400,000 (\$109.96/SF)
1-5	26 Palmetto Bay Rd	Hilton Head Island	3,583 SF Class C Office	Portfolio For Sale: \$2,400,000 (\$109.96/SF)
1-6	26 Palmetto Bay Rd	Hilton Head Island	3,564 SF Class C Office	Portfolio For Sale: \$2,400,000 (\$109.96/SF)

2-1	365 Sams Point Rd	Ladys Island	7.35 AC Land	Portfolio For Sale: \$2,940,000 (\$400,000/AC)
2-2	365 Sams Point Rd	Ladys Island	7.35 AC Land	Portfolio For Sale: \$2,940,000 (\$400,000/AC)
2-3	365 Sams Point Rd	Ladys Island	7.35 AC Land	Portfolio For Sale: \$2,940,000 (\$400,000/AC)
2-4	365 Sams Point Rd	Ladys Island	7.35 AC Land	Portfolio For Sale: \$2,940,000 (\$400,000/AC)
3-1	184 Simmonsville Rd	Bluffton	1,700 SF Class C Office	Portfolio For Sale: \$3,500,000 (\$271.32/SF)
3-2	184 Simmonsville Rd	Bluffton	11,200 SF Industrial/Warehouse	Portfolio For Sale: \$3,500,000 (\$271.32/SF)
3-3	190 Simmonsville Rd	Bluffton	10.26 AC Land	Portfolio For Sale: \$3,500,000 (\$341,130.60/AC)
4-1	10 Westbury Park	Bluffton	6.02 AC Land	Portfolio For Sale: \$1,164,000 (\$193,355.48/AC)
4-2	5 Westbury Park Way	Bluffton	6.02 AC Land	Portfolio For Sale: \$1,164,000 (\$193,355.48/AC)
5-1	2811 Boundary St	Beaufort	7.25 AC Land	Portfolio For Sale: \$2,535,750 (\$349,758.62/AC)
5-2	2811 Boundary St	Beaufort	7.25 AC Land	Portfolio For Sale: \$2,535,750 (\$349,758.62/AC)
6	2811 Boundary St	Beaufort	4.09 AC Land	For Sale: \$1,431,500 (\$350,000/AC)
7	2811 Boundary St	Beaufort	3.16 AC Land	For Sale: \$1,106,000 (\$350,000/AC)
8	8 Bruce SMalls Dr	Beaufort	3.50 AC Land	For Sale: \$950,000 (\$271,428.57/AC)
9	Buckwalter Pky	Bluffton	14.98 AC Land	For Sale: \$3,750,000 (\$250,333.78/AC)
10	Buckwalter & Bluffton Pky	Bluffton	5.06 AC Land	For Sale: \$819,000 (\$161,857.71/AC)
11	Buckwalter Parkway	Bluffton	7.96 AC Land	For Sale: \$2,500,000 (\$314,070.35/AC)
12	Buckwalter Place Blvd	Bluffton	8.84 AC Land	For Sale: \$4,000,000 (\$452,488.69/AC)
13	Buckwalter Place Blvd	Bluffton	8.84 AC Land	For Sale: \$2,000,000 (\$226,244.34/AC)
14	138 Castle Rock Rd	Beaufort	4.36 AC Land	For Sale: \$750,000 (\$172,018.35/AC)
15	12 County Shed Rd	Beaufort	3.88 AC Land	For Sale: \$1,940,000 (\$500,000/AC)
16	521 Fording Island Rd	Bluffton	8.28 AC Land	For Sale: \$3,726,000 (\$450,000/AC)
17	1007 Fording Island Rd	Bluffton	5 AC Land	For Sale: \$1,250,000 (\$250,000/AC)
18	Highway 170/128	Beaufort	3.70 AC Land	For Sale: \$1,550,000 (\$418,918.92/AC)
19	Hwy 170	Burton Branch	3.49 AC Land	For Sale: \$750,000 (\$214,899.71/AC)
20	Hwy 170 Rd	Bluffton	7.64 AC Land	For Sale: \$1,675,000 (\$219,240.84/AC)
21	NWC Hwy 170 & 270 Hwy	Okatie	3.50 AC Land	For Sale: \$1,200,000 (\$342,857.14/AC)
22	Hwy 170 & Cecil Reynolds Rd	Bluffton	7.15 AC Land	For Sale: \$1,900,000 (\$265,734.27/AC)
23	40 Hyon Rd	Bluffton	3.50 AC Land	For Sale: \$1,237,500 (\$353,571.43/AC)
24	1320 Lady's Island Dr	Beaufort	3.24 AC Land	For Sale: \$1,000,000 (\$308,641.98/AC)
25	1291 May River Rd	Bluffton	3.02 AC Land	For Sale: \$4,000,000 (\$1,324,503.31/AC)
26	44 Nickel Plate Rd	Hardeeville	4.03 AC Land	For Sale: \$1,600,000 (\$397,022.33/AC)
27	Okatie Hwy	Ridgeland	3 AC Land	For Sale: \$475,000 (\$158,333.33/AC)
28	2079 Okatie Hwy	Bluffton	8.53 AC Land	For Sale: \$2,300,000 (\$269,636.58/AC)
29	2311 Pine Ct S	Beaufort	3.35 AC Land	For Sale: \$599,000 (\$178,805.97/AC)
30	1026-1030 Ribaut Rd	Beaufort	7 AC Land	For Sale: \$2,595,000 (\$370,714.29/AC)

31	1375 Ribaut Rd	Port Royal	10.58 AC Land	For Sale: \$2,300,000 (\$217,391.30/AC)
32	1630 Ribaut Rd	Port Royal	4 AC Land	For Sale: \$1,600,000 (\$400,000/AC)
33	142 Robert Smalls Pky	Beaufort	11 AC Land	For Sale: \$3,000,000 (\$272,727.27/AC)
34	272 Robert Smalls Pky	Beaufort	4.50 AC Land	For Sale: \$1,575,000 (\$350,000/AC)
35	815 Robert Smalls Pky	Beaufort	9.96 AC Land	For Sale: \$1,770,000 (\$177,710.84/AC)
36	365 Sams Point Rd	Ladys Island	4.32 AC Land	For Sale: \$1,730,000 (\$400,462.96/AC)
37	Sc-141	Hardeeville	5.23 AC Land	For Sale: \$1,200,000 (\$229,445.51/AC)
38	71 Shelter Cove Ln	Hilton Head Island	3.04 AC Land	For Sale: \$4,950,000 (\$1,628,289.47/AC)
39	10 Westbury Park	Bluffton	3.64 AC Land	For Sale: \$775,000 (\$212,912.09/AC)
40	355 William Hilton Pky	Hilton Head Island	4.70 AC Land	For Sale: \$4,200,000 (\$893,617.02/AC)
41	Wrights Point Rd	Beaufort	9.50 AC Land	For Sale: \$1,500,000 (\$157,894.74/AC)

1026-1030 Ribaut Rd Beaufort, SC 29902 Land of 7 AC is for sale at \$2,595,000 (\$370,714.29/AC)					
buyer					
For Sale					
seller					
-					
vital data					
Days on Market: 2,715 days Conditions: - Lot Dimensions: - Frontage: 238 feet on Ribaut Rd			Asking Price: \$2,595,000 Status: For Sale Corner: No Topography: Level Improvements: - Off-Site Improv: - Zoning: HC and MH Submarket: - Map Page: - Parcel No: R120-005-000-0230-0000 Property Type: Land Proposed Use: Retail, Office, Hospitality		
income expense data			Listing Broker		
	Gross	Net	Coldwell Banker Platinum Partners Coldwell Banker Commercial Plati		
Acres:	7 AC	7 AC	1209-1211 Boundary St Partners		
Price/Acre:	-	-	Beaufort, SC 29902 6349 Abercorn St		
SF:	304,920 SF	304,920 SF	Savannah, GA 31405		
Price/SF:	-	-	(912) 352-1222		
			Kim Iler		
			Buyer Broker		

142 Robert Smalls Pky Beaufort, SC 29906 Land of 11 AC is for sale at \$3,000,000 (\$272,727.27/AC)																																																		
buyer																																																		
For Sale																																																		
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Residential Land Valuation

Explanation of Approach

The land residual model consists of methods and techniques used to analyze a property's capacity to generate economic benefits and convert those benefits into an indication of present value. In this case, the model is particularly useful as the single-family tract is basically the creation of a new market subject to the legal restrictions, and any buyer would carefully consider development costs, price points and absorption over time. The steps taken to apply the model are as follows.

The land residual analysis reflects the market value of the subject land to a single purchaser as of the effective date of valuation. Market actions have shown that when projects are purchased in bulk, the price paid may be significantly below the estimated gross sellout (retail) amount. Typically, the difference between the purchase price and the potential gross sellout consists of estimated holding costs, development costs, profit, and a discount factor for time.

This valuation procedure accounts for income and expenses at different time intervals over the course of the project's sellout period; and it reflects the actions of buyers and sellers (developers). The steps taken in the land residual analysis area as follows:

- Estimate the number of units that the market will absorb within a reasonable amount of time
- Estimate the prospective gross retail value of the potential units
- Estimate rate of absorption by the market
- Estimate costs to develop and expenses attributable to the units over the sellout period
- Estimate a market-oriented inflation rate over the sellout period
- Estimate appropriate discount rate

This land residual analysis combines elements of both the sales comparison and income approaches. The sales comparison approach is used to determine the sellout pricing for the subdivision lots. In the following sections, we analyze competing developments to conclude a market-supported retail lot price. We believe prospective purchasers/developers acquiring the total site would base their purchase analysis upon the existing PUD and associated documents.

Our survey of brokers and developers revealed that the market standard is for developers to complete and market finished lots, whether to end users under a developer/builder model or to a builder under a takedown agreement. Therefore, we treat the proposed lots "as complete" and derive the value to the most likely buyer, a regional or national builder. Lot development costs and reimbursements from tax increment financing (TIF) bond issuances are handled in the land residual model.

Number of Potential Lots/Units

The Market Analysis section of the report includes an analysis of the price points and number of lots the market will support for this section of the overall development. Based on our analysis of this market, we conclude that the single family lands will support up to 90 lots/units.

Potential Gross Retail Pricing

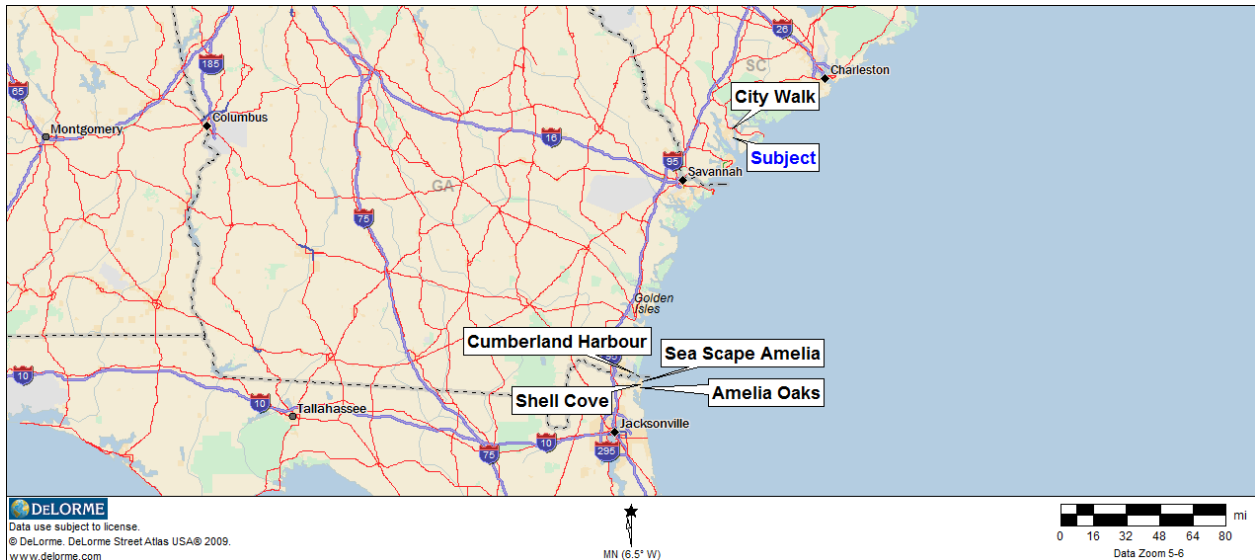
In any bulk unit valuation, gross retail value serves as the basis from which other estimates of value are calculated. The gross retail value is the aggregate value of all the subject units and thus, represents the maximum amount that can be derived from their sale.

Retail Pricing

We use the sales comparison approach to determine the market value of the individual lots. In developing the sales comparison technique for the subject lots, we surveyed the market for recent individual sales in competitive subdivisions. We chose price per lot as the most appropriate unit of comparison because market participants typically compare sale prices and land values for residential development on this basis. For additional support, we relied on discussions with brokers and land developers.

Due to its port location, the market for competitive subdivisions is regional with the primary factors being proximity to waterfront and the demographics of the immediate area. We used five active single-family subdivisions with a similar home product and price point relative to the subject. The selected comparables are located in Beaufort, SC; Fernandina Beach, FL; and St. Marys, GA. In the tables below, sales of lots and/or completed homes are shown to demonstrate absorption rates.

Competing Development Map



Lot Price Analysis				
Name	City/State	Avg Lot Price	Avg Home Price	Ratio
Cumberland Harbour - Interior/Marsh/Pond	St. Marys, GA	\$36,211	\$315,463	11.48%
Mariners Landing	St. Simons Island, GA	\$60,000	\$307,960	19.48%
Cumberland Palms	St. Marys, GA	\$61,902	\$360,333	17.18%
Shell Cove	Fernandina Beach, FL	\$68,500	\$312,900	21.89%
The Surf*	Fernandina Beach, FL	\$80,000		
City Walk	Beaufort, SC	\$111,758	\$458,976	24.35%
Amelia Oaks & Sea Scape**	Fernandina Beach, FL	\$149,750	\$500,210	29.94%
Cumberland Harbour - Riverfront	St. Marys, GA	\$223,700	\$772,100	28.97%
Average		\$98,978	\$432,563	21.90%
* 10 platted lots (1.3 ac) under contract for \$800K (listed for \$1,149,000)				
** Lot price from Sea Scape & home price from Amelia Oaks (same target price point)				

The competitive sales and listings provide a range of lot prices from \$36,211 to \$223,700 with an average of \$98,978. The most similar developments are: the listing of 41 lots in partially-completed Cumberland Palms at \$61,902/lot; Shell Cove at \$68,500; and City Walk at \$111,758. In terms of lot-to-home price ratios, the competitors provide a range from 11.48% to 29.94% with an average of 21.90%.

Based on the comparable sales, we conclude to an average retail price of \$75,000 per lot for the subject. As noted in the market analysis section, the prevailing price of new single-family homes in the Beaufort-Port Royal area is \$230,000. The subject is to be located within a master-planned community with water access and views, but many potential lots will be interior lots. These factors

support a finished unit price about the market average. With a retail price of \$75,000 and a projected home price of \$250,000, the resulting lot-to-home price ratio is 30% which is at the top of the market range. This is reasonable given the subject's location and mix of views.

Timing of Development

The table below shows lot absorption for the competing developments.

Lot Absorption Analysis						
Name	City/State	Date of 1st Sale	No. Months	# Sales	Sales/ Month	Comments
City Walk	Beaufort, SC	9/16/2015	12	13	1.08	Mostly lots to end-users
Amelia Oaks	Fernandina Beach, FL	3/29/2016	6	8	1.33	Completed homes
Sea Scape Amelia	Fernandina Beach, FL	3/30/2016	6	10	1.67	Lots to end-users
Cumberland Harbour	St. Marys, GA	1/1/2014	33	64	1.94	Lots to end-users
Shell Cove	Fernandina Beach, FL	4/12/2016	5	13	2.60	Lots to builders
Average					1.72	

Both the Beaufort MSA and Town of Port Royal are growing. The subject is well-located between the city of Beaufort and Parris Island Marine Corps Depot. There are several active developments marketing lots and new homes in the Beaufort MSA. However, Bluffton and Beaufort have seen the majority of this growth with Port Royal being predominately a renter market. Port Royal has two active developments, Liberty Point and Picket Fences, and information on each is included below for illustrative purposes.

Situated on the peninsula along Battery Creek with water and marsh views, the subject should compete favorably. We project absorption for the subject at a rate slightly above the average from the competitive set. There are a total of 150 new owner-occupied households projected in Port Royal over the next five years with incomes between \$50,000 and \$100,000. Thus, the projected sellout of 90 lots represents a capture rate of 60% of the market. This is substantial but reasonable given its location and proposed amenities, and the demographic analysis does not account for influx or seasonal users.

Lot Absorption Bluff Neighborhood Land		
Year	# Lots/Mo.	# Lots/Yr.
1	2.00	24
2	2.00	24
3	1.50	24
4	1.00	18
Total		90

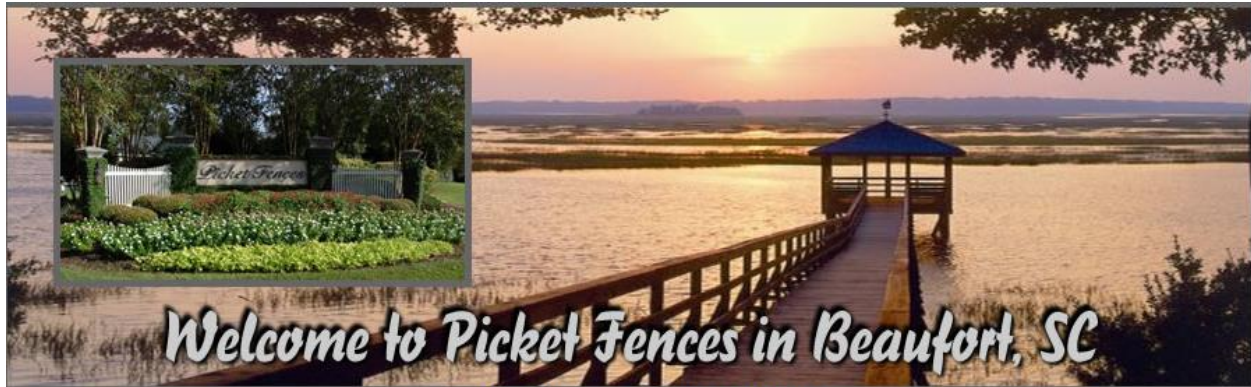
Liberty Point

Tideland Realty and K. Hovnanian Homes is proud to introduce LIBERTY POINT, single family home community located in the Town of Port Royal in Beaufort County, South Carolina. Situated amongst centuries old Live Oaks, Liberty Point is ideally located to all Beaufort and Port Royal attractions and conveniences, Parris Island Marine Corp Depot and Marine Corp Air Station. Single Family Homes will range from 1988 to over 2802 SF with pricing starting in the \$170K's. To learn more about the South

Carolina Low Country's newest and most exciting community, please contact our Team at 843-322-0145. K. Hovnanian Homes is "The First Name in Lasting Value". Homes shown in the pictures are upgraded pictures to show different elevations and options/upgrades available. Prices listed are of base prices and prices are subject to change depending on the upgrades and options per home.



Picket Fences



Contact APEX Team at 843.321.9204



- ➔ [Search Homes for Sale in Picket Fence](#)
- ➔ [Direction Map](#)
- ➔ [Layout Map](#)

Welcome to Picket Fences. We're glad you are considering making Picket Fences the place you will call home. We're excited about the many possibilities that await you and your family in this waterfront community.

The developers of Picket Fences knew immediately after walking the 70 plus acre site that it is truly a diamond in the rough.

The pristine area is virtually covered with majestic oaks and beautiful magnolias, some of which are several hundred years old. Picket Fences primary goal is to develop affordable housing with minimal impact on the natural beauty of this extraordinary site.



We understand that the cost of living is important to everyone. But even more important is your standard of living. At Picket Fences, you'll enjoy a pleasant balance of both.

The diversity of homesites in this community is truly impressive with waterfront, lakeside, wooded and marshview sites available, each with its own distinctive characteristics.



When you leave your home at Picket Fences, it's a short left turn to Parris Island, and a short right turn to Wal-Mart!

FOR SALE

**Cumberland Palms
St. Marys, Camden Co.,
Georgia, 31558**

**47 Lot Townhome Development****Property Highlights**

- Six finished townhomes, averaging 2,400± SF, with each having 3± bedrooms and 3± bathrooms. Each of these homes has great views of the property owners' private dock and marsh.
- 41 Developed Lots, averaging .30± acre. Ready to build with all infrastructure in place.
- The development is conveniently located along the North River Causeway, approximately 4 miles from historic downtown St. Marys, Georgia. From the property owners' dock, easy access via boat to the North River, intersecting the St. Marys River, allowing access to the inter-coastal waterway.
- Gated development, with deep-water dock in place.
- Convenient to Kings Bay Naval Base, Cumberland Island, St. Mary's riverfront, and approximately 40 miles to Jacksonville, Florida.

Camden County Demographics (2010)

Population:	50,513
Median HH Income:	\$51,990
Median Home Value:	\$154,500

**For More Information, Contact:**

Mike Parrish, Agent

404-805-3450

mparrish@driggerscommercial.com

Offering Prices and Data on Competitive Properties

This opportunity to own your own marsh view lot or home is as follows:

Forty One Lots \$2,538,000 or \$61,902 / lot

Six Finished Condos \$2,162,000 or \$360,333/ unit

Periodic Gross Revenue

For the 90 proposed residential lots, the total gross retail value is \$7,038,801. We include 3% annual increases in lot value in the analysis.

Development Analysis

We use discounted cash flow modeling developed in Excel software which takes into consideration estimates of the sales prices and absorption period necessary to sell off finished lots, along with costs of holding and selling the lots over the takedown period. We use annual discounting for the proposed lots.

Although the property has historically been tax exempt and is now considered “blighted” with a TIF plan in place, the property will be returned to the tax rolls as the component parts are developed and sold by the investor/developer. Therefore, real estate taxes are charged to the developer per unsold unit. In order to estimate the taxes, we analyzed lots in similar communities in Beaufort County. The analysis is shown in the table below. The selected tax comparables provide a range of effective tax rates between 0.25% and 1.88% with an average of 1.38%. The two lots in Port Royal (Picket Fences) provide a tighter range from 1.05% to 1.20%. We conclude to the average effective tax rate of 1.38% in estimating taxes for the unsold lots.

Tax Analysis					
Address	City	Subdivision	Market Value	Taxes	Effective Tax Rate
15 Bay Breeze Ln	Beaufort	Tradewinds Plantation	\$20,000	\$50.02	0.25%
2 Beauregard Ct	Port Royal	Picket Fences	\$38,500	\$402.61	1.05%
27 Kings Cross Ct	Port Royal	Picket Fences	\$38,500	\$463.62	1.20%
1318 Talbird Rd	Beaufort	Southside Area	\$41,400	\$599.42	1.45%
16 River Dr	Beaufort	River Place	\$33,200	\$486.67	1.47%
1107 Duke St	Beaufort	Center of Beaufort	\$38,400	\$617.32	1.61%
11 Combahee Ct	Beaufort	Shadow Moss	\$30,000	\$483.45	1.61%
44 Applemint Ln	Beaufort	Mint Farm	\$33,000	\$537.35	1.63%
514 Battery Creek Rd	Beaufort	Mossy Oaks	\$31,500	\$516.10	1.64%
5001 Dogwood St	Beaufort	Shell Point	\$12,000	\$225.00	1.88%
		Average			1.38%

Sales commissions and marketing expenses are estimated at 6.00%. Closing costs were estimated at 0.50% of gross sales. A line item for administrative fees was included, and estimated as a percentage of gross income.

Development Costs

Development costs per lot are estimated as \$26,868 per lot. This item covers hard costs to provide utilities for the individual lots, streets, sidewalks, and the costs to grade/clear.

Discount Rate and Developer Profit Analysis

We have selected a blended discount rate with no separate line item for entrepreneurial profit/project management. That is, the entrepreneurial profit is built into the discount rate used in the analysis. Entrepreneurial profit is defined as the market derived amount that an entrepreneur receives for his contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development.

We have considered the subject project with regard to its risk in relation to other investments, liquidity, projected absorption period, and our ability to obtain information on return expectations from market participants. Generally, the discount rate or risk rate used in this report is a rate that investors in this particular type of property require as a condition for involvement.

We believe purchasers would view the opportunity cost of short term non-real estate alternative investments as a floor or minimum required return on investment. Alternatively, the ceiling on profit or maximum discount off gross retail selling price, which a seller would accept, is limited by the perceived return on alternative investments.

According to a survey by RealtyRates.com, discount rates, including developer's profit, for site-built residential under 100 units decreased by 20 basis points to an average of 29.57% for the 2nd Quarter 2016 in comparison to 29.57% for the 1st Quarter 2016. Overall discount rates, including developer's profit, have been decreasing over the past several quarters as the single-family residential market has improved. A chart summarizing the current national rates from *RealtyRates.com* is shown below.

RealtyRates.com DEVELOPER SURVEY - 3rd Quarter 2016*						
Average Comparative (Quarter-Over-Quarter) National Rates						
Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	2Q16	1Q16	Basis Point Change	2Q16	1Q16	Basis Point Change
Site-Built Residential	33.00%	33.21%	-21	31.68%	31.88%	-20
-100 Units	29.37%	29.57%	-20	28.20%	28.39%	-19
100-500 Units	31.81%	32.02%	-21	31.14%	31.35%	-20
500+ Units	33.11%	33.32%	-21	33.05%	33.26%	-21
Mixed Use	33.50%	33.72%	-22	33.44%	33.66%	-22

In the case of the subject, there are factors that will positively affect lot absorption and pricing. These factors include the following:

- The subject is part of a master-planned community on a redevelopment tract on Port Royal Sound. The proposed mixture and density of uses will serve as a major economic engine for the town and reconnect the residents of the peninsula to the waterfront.
- There is demonstrated demand for the quality and price point of the subject's finished product.
- The single-family residential market has been improving over the last few years with continued growth projections and a moderate amount of finished product currently available.
- There are a limited number of active single-family developments in Port Royal, and none are near the peninsula and the heart of Port Royal.

Weaknesses

- Port Royal has historically been an affordable rental housing market for military families and healthcare workers at the various hospitals nearby. Approximately 51% of housing units are renter-occupied.
- Full absorption of the subject development depends largely on the success of the master-planned community as a whole.

A discount rate of 30.00% is considered appropriate for the discounted sell out models for the proposed 90 lots "as complete".

Value Indication – Single-Family Lands Conclusion

The development analysis cash flow model is on the following page. The value indication produced by the development analysis is as follows:

Discounted NPV of Lot Products		\$ 2,168,185
	Rounded Lot NPV	\$ 2,170,000
	Per Lot Value	\$ 24,111
Per Acre (15.5 upland acres):		\$ 139,883
Net Proceeds		\$ 3,995,117
Discounted NPV of Lot Products		\$ 2,168,185
Entrepreneurial Profit		\$ 1,826,932
		25.96%

Applying a return requirement of 30.00% yields a developer profit of approximately \$1,825,000 for the development of the land, which represents a return of 26% of gross sales. This appears sufficient to attract the necessary capital to develop these lots, given the moderate holding period and

significant risk of the project. It is probable that the purchaser of this tract will develop the vertical improvements, which would further increase the profit.

Bluff Neighborhood Lots - Discounted Sellout Analysis								
Years			2016-2017	2017-2018	2018-2019	2019-2020		
			1	2	3	4		
Lot Sales								Total
Average Unit Retail Price			\$ 75,000	\$ 77,250	\$ 79,568	\$ 81,955		
Units Sold Per Year			24	24	24	18		90
Remaining Inventory			66	42	18	0		
Total Sales			24	48	72	90		90
Gross Income Estimate								
Lot Sales Revenue			\$ 1,800,000	\$ 1,854,000	\$ 1,909,620	\$ 1,475,181		
Total Income			\$ 1,800,000	\$ 1,854,000	\$ 1,909,620	\$ 1,475,181		\$ 7,038,801
Expense Estimates								
Fixed Real Estate Taxes	1.38%		\$ 68,310	\$ 44,774	\$ 19,765	\$ -		\$ 132,849
Sales Commissions/Marketing	6.00%		\$ 108,000	\$ 111,240	\$ 114,577	\$ 88,511		\$ 422,328
Closing Costs	0.50%		\$ 9,000	\$ 9,270	\$ 9,548	\$ 7,376		\$ 35,194
Administrative Costs	0.50%		\$ 9,000	\$ 9,270	\$ 9,548	\$ 7,376		\$ 35,194
Maintenance Costs	\$ -	/unsold lot/yr	\$ -	\$ -	\$ -	\$ -		\$ -
Total Sales Costs			\$ 194,310	\$ 174,554	\$ 153,438	\$ 103,263		\$ 625,565
Development Costs	@	\$ 26,868 /lot	\$ 644,832	\$ 644,832	\$ 644,832	\$ 483,624		\$ 2,418,120
Entrepreneurial Profit	0.00%	Annually	\$ -	\$ -	\$ -	\$ -		\$ -
(included in discount rate)								
Net Proceeds			\$ 960,858	\$ 1,034,614	\$ 1,111,350	\$ 888,295		\$ 3,995,117
Cumulative Net Proceeds			\$ 960,858	\$ 1,995,472	\$ 3,106,822	\$ 3,995,117		
Discount Rate and Entrepreneurial Profit	30.00%	Annually	0.76923	0.59172	0.45517	0.35013		
DISCOUNTED CASH FLOWS			\$ 739,122	\$ 612,198	\$ 505,849	\$ 311,017		\$ 2,168,185
Cumulative Discounted Cash Flows			\$ 739,122	\$ 1,351,319	\$ 1,857,168	\$ 2,168,185		
Discounted NPV of Lot Products								\$ 2,168,185
Rounded Lot NPV								\$ 2,170,000
Per Lot Value								\$ 24,111
Per Acre (15.5 upland acres):								\$ 139,883
Net Proceeds								\$ 3,995,117
Discounted NPV of Lot Products								\$ 2,168,185
Entrepreneurial Profit								\$ 1,826,932
								25.96%

Land Residual Model

In prior sections, we determined the market value of the components parts of the Port Royal Redevelopment tract. The next step is to construct the land residual model. The steps are as follows:

- Estimate rate of absorption by the retail market
- Project the cash flows from land sales and TIF reimbursements
- Estimate expenses attributable to the units over the sellout period
- Estimate development costs to make the component parts marketable
- Estimate appropriate discount rate
- Present the land residual analysis

Project Summary

The table below summarizes the concluded market values of the component parts of the redevelopment tract, as well as the projected absorption of each over the sellout period.

Projected Absorption Land Residual Model				
Component	Upland Acres		Value	Year Sold
Ribaut Village	3.66	Multifamily	\$640,000	3
Bluff Neighborhood	15.5	Single-Family Residential	\$2,170,000	2
Marina Village	6.8	Commercial	\$2,280,000	1
Port Village 1 & 2	7.75	Hotel/Commercial	\$2,950,000	2
Port Village 3 & 6	10.64	Multifamily	\$1,860,000	1
Port Village 4 & 5	7.25	Mixed-Use	\$2,210,000	3
Total	51.6		\$12,110,000	

TIF Reimbursements

The tract has been designated as a “blighted area” under the Town of Port Royal Seaport Redevelopment Plan. In conjunction with Town of Port Royal’s TIF Bond Ordinance (Ordinance 2012-1), the redevelopment plan makes the subject eligible for up to \$10 million in tax increment financing to reimburse the developer for infrastructure costs. The plan began in 2012 and extends 20 years through the 2032 tax year. State law requires that redevelopment plans for TIF districts have a fixed term, and the incremental tax revenues projected over that term set the maximum for the TIF monies. Therefore, the potential TIF reimbursement is reduced by the lost incremental revenues over the four years that have elapsed. The table on the following page shows the estimated potential TIF.

Estimate of TIF	
Approved Max in Redevelopment Plan	\$10,000,000
Date of Plan	2012
Term (years)	20
Expiration	2032
Years Remaining	16
% Remaining	80%
Potential TIF Remaining	\$8,000,000
Year 1 Reimbursement	\$3,822,800
Year 2 Reimbursement	\$2,127,500
Year 3 Reimbursement	\$2,049,700
Total	\$8,000,000

It is worth mentioning that under most potential development plans for this property that the TIF reimbursements will not likely cover the costs to develop. We estimate the TIF reimbursement to be near the hard cost estimate, but it will not cover most of the other developer costs under the DA/PUD.

Potential Gross Revenues

The potential gross receipts from land sales and TIF reimbursements are projected to be \$20,110,000.

Land Residual Analysis

We use discounted cash flow modeling developed in Excel software which takes into consideration estimates of the sales prices and absorption period necessary to sell off developed land, along with costs of holding and selling the component parts over the absorption period. We also deduct the estimated development costs in order to derive the land value “as is”. We use annual discounting for the projected redevelopment.

Real estate taxes are omitted as the tract is tax exempt as state-owned property. Also, the status of the tract as a “blighted area” and the TIF program are tax advantages intended to stimulate redevelopment. Therefore, the property will be returned to the tax rolls over time as the component parts are completed by the investor/end user.-

Sales commissions and marketing are estimated at 6.00% of land sales revenues. Closing costs were estimated at 0.50% of gross sales. A line item for administrative fees was included, and estimated as a percentage of gross income.

Demolition Costs

We estimate demolition costs at \$500,000 based on the number, size, and construction quality of the improvements. Marshall Valuation Service (MVS) provides a range from \$3.19 to \$6.23/SF for demolition depending on construction class. Assuming a cost of \$5.00/SF, the demolition of the transit shed alone (67,000 SF) would be \$335,000, but the wharf would remain as it is too substantial to economically remove. The remaining \$165,000 seems reasonable for the various service buildings on-site. It is noteworthy that removal of the dry stack marina is at the expense of the current owner, SCSA.

Development Costs

There is an estimate of development costs provided in the TIF Redevelopment Plan. We include them below for illustrative purposes. As a check of reasonableness, we estimate infrastructure costs (roads, utilities, storm water, curbing) using Marshall Valuation Service (MVS) based on estimated linear feet of new roads from the TIF Redevelopment Plan.

Road Improvements

Roads improvements include the construction of new public roads, estimated at over 11,000 linear feet of new roads. Road improvements include all phases of road construction, including but not limited to clearing, grading and paving. Road improvements also include the refurbishment of existing roadways within the Redevelopment Project Area.

<i>Redevelopment Project</i>	<i>Estimated Costs</i>
Infrastructure:	
<i>Roads</i>	\$4,140,000
<i>Water</i>	\$865,000
<i>Sewer</i>	\$587,500
<i>Storm water</i>	\$1,130,000
Curbing	\$160,000
Trees, Landscaping, and Pocket Parks	\$1,085,000
Sidewalks, signs, and lights	\$500,000
London Park (9.7 acres)	\$27,500
Paris Park (1 acre)	\$500,000
Waterfront promenade	\$750,000
Existing wooden pier	\$70,000
Shrimp/day dock rehabilitation (Dockside Village)	\$185,000
Total estimated cost of the Redevelopment Projects	\$10,000,000

Infrastructure Costs				
<i>Marshall & Swift (Sec. 66/Pg. 1 - 12/2015)</i>				
	Linear Feet	x	Cost Per Linear Foot	Total
Low	11,000	x	\$432	\$4,752,000
High	11,000	x	\$525	\$5,775,000
MVS Costs don't include certain items, benchmark only for lower limits				
<i>Estimates from 2012 TIF Redevelopment Plan, adjusted for inflation at 4% annually</i>				
Roads				\$4,843,220
Water				\$1,011,929
Sewer				\$687,293
Storm water				\$1,321,942
Curbing				\$187,178
				\$8,051,561
Conclusion				\$8,050,000

Next, we allocate these costs based on the proportion of the end-use of the tract (single-family, multifamily, commercial) of the whole. We use development cost comparables for single-family and multifamily projects as a check of reasonableness for the allocation.

Allocation of Infrastructure Costs						
Type	Upland Acres	% of Total	Allocated Infrastructure Cost	Unit of Measure	Quantity	Cost/Unit
Single-family Subdivision	15.50	30.04%	\$2,418,120	Per Lot	90	\$26,868
Multifamily	14.30	27.71%	\$2,230,911	Per Unit	220	\$10,141
Commercial	21.80	42.25%	\$3,400,969	Per SF	150,000	\$22.67
Total	51.60	100.00%	\$8,050,000			

We allocate development costs over the holding period at the per unit rates shown above. The development cost comparables shown below bracket the concluded cost/unit for single-family and multifamily land.

Development Cost Comparables	
<i>Single-family Detached</i>	
Name	Total Cost/Lot
Verdmont, Simpsonville, SC	\$16,264
Steeplechase Run, Simpsonville, SC	\$22,263
Suber Road, Greer, SC	\$22,778
Reserve at Woodruff, Simpsonville, SC	\$29,173
Patrick Square: Ph. 3, Clemson, SC	\$29,268
<i>Multifamily</i>	
University House, Clemson, SC	\$4,656
The Flats, Clemson, SC	\$10,837

Other Development Costs

The remaining development costs are unique to the proposed redevelopment. As such, it is difficult to extract meaningful estimates from national cost guides like MVS. For this reason, we have relied on the estimates from the TIF Redevelopment Plan for costs of the parks, waterfront promenade, existing wooden pier, and rehabilitation of the shrimp/day dock.

The Development Agreement (D.A.) requires that the parks and waterfront promenade be completed and transferred to the Town within two years. We project the park costs in Year 1 and split the promenade costs evenly between Years 1 and 2. The existing wooden pier is within the Marina Village which is projected to sell first. Therefore, we place the estimated costs of repairing/upgrading the existing wooden pier in Year 1. Costs related to the shrimp/day dock rehabilitation are projected for Year 2 given the centrality of these functions to the town itself.

Discount Rate and Developer Profit Analysis

We have selected a blended discount rate with no separate line item for entrepreneurial profit/project management. That is, the entrepreneurial profit is built into the discount rate used in the analysis. Entrepreneurial profit is defined as the market derived amount that an entrepreneur receives for his contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development.

We have considered the subject project with regard to its risk in relation to other investments, liquidity, projected absorption period, and our ability to obtain information on return expectations from market participants. Generally, the discount rate or risk rate used in this report is a rate that investors in this particular type of property require as a condition for involvement.

We believe purchasers would view the opportunity cost of short term non-real estate alternative investments as a floor or minimum required return on investment. Alternatively, the ceiling on profit or maximum discount off gross retail selling price, which a seller would accept, is limited by the perceived return on alternative investments.

According to a survey by RealtyRates.com, discount rates, including developer's profit, for mixed-use projects decreased by 22 basis points to an average of 33.50% for the 2nd Quarter 2016 in comparison to 33.72% for the 1st Quarter 2016. Overall discount rates, including developer's profit, have been decreasing over the past several quarters as the single-family residential market has improved. A chart summarizing the current national rates from *RealtyRates.com* is shown below.

RealtyRates.com DEVELOPER SURVEY - 3rd Quarter 2016 ^a						
Average Comparative (Quarter-Over-Quarter) National Rates						
Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	2Q16	1Q16	Basis Point Change	2Q16	1Q16	Basis Point Change
Site-Built Residential	33.00%	33.21%	-21	31.68%	31.88%	-20
-100 Units	29.37%	29.57%	-20	28.20%	28.39%	-19
100-500 Units	31.81%	32.02%	-21	31.14%	31.35%	-20
500+ Units	33.11%	33.32%	-21	33.05%	33.26%	-21
Mixed Use	33.50%	33.72%	-22	33.44%	33.66%	-22

The subject tract wraps around the peninsula in the heart of Port Royal with extensive water frontage and views. The intent of the PUD is to tie the residential, commercial, and civic open spaces into the existing development of the adjoining areas. In doing so, the subject redevelopment will be conforming to local tastes and preferences and positioned to capture local demand for each property type. At the same time, this is the marquee tract in Port Royal and its re-incorporation to Port Royal is likely to generate some regional demand, as well. A discount rate of 30.00% is considered appropriate for the sellout of the developed land.

Value Indication – Redevelopment Tract “As Is”

The land residual cash flow model is on the following page. The value indication produced by the land residual analysis is as follows:

Discounted NPV of Land	\$ 6,949,940
	\$ 6,950,000
Per Acre (51.6 upland acres):	\$ 134,689
Net Proceeds	\$ 11,183,900
Less: Discounted NPV of Land	\$ 6,949,940
Entrepreneurial Profit	\$ 4,233,960
	34.96%

Port Royal Redevelopment - Land Residual Model							
Years	2016-2017		2017-2018		2018-2019		
	1		2		3		
Lot Sales							Total
Sold Component Name			MV	PV-1 & 2	PV 4 & 5		
Price			\$ 2,280,000	\$ 2,950,000	\$ 2,210,000		\$7,440,000
Sold Component Name			PV 3&6	BN	RV		
Price			\$ 1,860,000	\$ 2,170,000	\$ 640,000		\$4,670,000
Total Sales			\$4,140,000	\$9,260,000	\$12,110,000		\$12,110,000
Gross Income Estimate							
Land Sales Revenue			\$ 4,140,000	\$ 5,120,000	\$ 2,850,000		\$ 12,110,000
TIF Reimbursements			\$ 3,822,800	\$ 2,127,500	\$ 2,049,700		\$ 8,000,000
Total Income			\$ 7,962,800	\$ 7,247,500	\$ 4,899,700		\$ 20,110,000
Expense Estimates							
Fixed Real Estate Taxes	0.00%						
Sales Commissions/Marketing	6.00%		\$ 248,400	\$ 307,200	\$ 171,000		\$ 726,600
Closing Costs	0.50%		\$ 20,700	\$ 25,600	\$ 14,250		\$ 60,550
Administrative Costs	0.50%		\$ 20,700	\$ 25,600	\$ 14,250		\$ 60,550
Maintenance Costs	\$ -	/unsold lot/yr	\$ -	\$ -	\$ -		\$ -
Total Sales Costs			\$ 289,800	\$ 358,400	\$ 199,500		\$ 847,700
Demolition Costs			\$ 500,000	\$ -	\$ -		\$ 500,000
Development Costs: Single-family	@	\$ - /Lot	\$ -	\$ -	\$ -		\$ -
Development Costs: Multifamily	@	\$ 10,140 /Unit	\$ 1,216,800	\$ -	\$ 1,014,000		\$ 2,230,800
Development Costs: Commercial	@	\$ 22.67 /SF	\$ 1,133,500	\$ 1,133,500	\$ 680,100		\$ 2,947,100
Parks			\$ 527,500	\$ 434,000	\$ 434,000		\$ 1,395,500
Waterfront Promenade			\$ 375,000	\$ 375,000	\$ -		\$ 750,000
Existing Wooden Pier			\$ 70,000	\$ -	\$ -		\$ 70,000
Shrimp/Day Dock Rehab.			\$ -	\$ 185,000	\$ -		\$ 185,000
Total Development Costs			\$ 3,822,800	\$ 2,127,500	\$ 2,128,100		\$ 8,078,400
Entrepreneurial Profit	0.00%	Annually	\$ -	\$ -	\$ -		\$ -
(included in discount rate)							
Net Proceeds			\$ 3,850,200	\$ 4,761,600	\$ 2,572,100		\$ 11,183,900
Cumulative Net Proceeds			\$ 3,850,200	\$ 8,611,800	\$ 11,183,900		
Discount Rate and Entrepreneurial Profit	30.00%	Annually	0.76923	0.59172	0.45517		
DISCOUNTED CASH FLOWS			\$ 2,961,692	\$ 2,817,515	\$ 1,170,733		\$ 6,949,940
Cumulative Discounted Cash Flows			\$ 2,961,692	\$ 5,779,207	\$ 6,949,940		
						Discounted NPV of Land	\$ 6,949,940
							\$ 6,950,000
						Per Acre (51.6 upland acres):	\$ 134,689
						Net Proceeds	\$ 11,183,900
						Less: Discounted NPV of Land	\$ 6,949,940
						Entrepreneurial Profit	\$ 4,233,960
							34.96%

Check of Reasonableness

We searched within LoopNet for listings of similar master-planned tracts in the region from Beaufort southwest along the coast to Savannah, GA and Fernandina Beach, FL. We found three similar tracts and include listing information each below.

Rice Hope Plantation in Port Wentworth, GA is a partially completed master-planned community. It contains approximately 500 acres with a list price of \$14,500,000 (\$29,000/acre). According to the listing broker, Mr. Joe Marshall, the 204 residential lots are under a takedown agreement with a regional tract builder. Also, the first commercial lot at highway frontage has been sold and improved with a Dollar General retail store. The multifamily parcel and excess residential land are available for sale with prices subject to offers.

Liberty Harbor is an industrial tract in Brunswick, GA that is proposed for redevelopment. It contains approximately 136 acres with no set asking price; prices are subject to offers. The community is to include residential and commercial development along with a 450 wet slip marina. Our phone calls to the listing broker, Mr. Adam Bryant, were not returned. A field inspection of the tract revealed that the industrial uses remain and are occupied. The signage for Liberty Harbor appeared old and weathered.

Bells River Bluff is a 370-acre tract in Yulee, FL with a 7,500 SF commercial dock and 400' of deep water docking space. It is approved for 321 residential units and was listed for \$15,000,000 (\$40,540/acre). According to the listing broker, Mr. Bradley Coe, the listing generated little interest and was recently withdrawn. A field inspection of the tract revealed it is essentially a large residential estate.

The concluded value for the subject of \$6,950,000 or approximately \$135,000/acre for the 51.6 upland acres is significantly higher than the listed tracts for which pricing information was available. However, considering the total tract size of 317 acres, the value drops to \$18,864/acre. The overall price point is much lower than the competing listings given the subject's similar development potential. Furthermore, the subject is well-located between Beaufort and Hilton Head Island with deep water access. Consider its location and physical characteristics, the concluded value for the subject "as is" seems reasonable.

Atlantic Investors Real Estate Co

Joe Marshall — (912) 657-0996

Land For Sale

Rice Hope Master Planned Community

3 Lakeside Boulevard, Port Wentworth, GA 31407



Price:	\$14,500,000
Lot Size:	0.14 - 500 AC
Property Type:	Land
Property Sub-type:	Residential (land)
Additional Sub-types:	Multifamily (land)
Zoning Description:	M-P-O
Listing ID	19392816
Last Updated	23 days ago

[Find Out More...](#)

1 Lot Available

Lot 1	Price:	\$14,500,000
	Lot Size:	500 AC
	Price/AC:	\$29,000
	Lot Type:	Residential (land)
	Min. Divisible:	0.14 AC
	Max. Contiguous:	468 AC
	Commission Split:	2%
204 Fully Developed Residential Lots (Under Contract), 20Acre Multifamily Parcel, 448+Acres for Future Development, 1.78Acre Commercial Lot, Resort Style Amenity Center/Pool Complex, Declarants Rights		

Highlights

- ✎ Declarants Rights for the Rice Hope Planned Development
- ✎ 204 Fully Developed Residential Lots in Two Subdivisions (Under Contract)
- ✎ 20Acre Apartment Parcel in Mulberry with Boulevard Access; 1.7 Hwy Commercial Lot at Entrance
- ✎ Resort Style Amenity Complex with Three Pools and Clubhouse
- ✎ New Publix and New School at Entrance
- ✎ 448+ Developable Acres for Future Lot Development



FOR SALE | LAND

MARINA DEVELOPMENT - LIBERTY HARBOR

101 Conservation Way | Brunswick, GA 31520



PRESENTED BY:

ADAM BRYANT, CCIM

Partner
912.667.2740
adam.bryant@svn.com

JAMES BRYANT

Partner
912.353.4101
jbryant@svn.com

PROPERTY HIGHLIGHTS

- Marina component of Liberty Harbor
- Liberty Harbor is a +/- 136 acre planned waterfront development
- Entitled & Approved for 450 unit wet slip / 1,350 unit dry stack marina
- Located between Savannah, Georgia & Jacksonville, Florida
- Co-Listed with Beth Vantosh of Vantosh Realty



All SVN® Offices Independently Owned & Operated.
The information listed above has been obtained from sources we believe to be reliable, however, we accept no responsibility for its correctness.



EXECUTIVE SUMMARY

MARINA DEVELOPMENT - LIBERTY HARBOR | BRUNSWICK, GA

Executive Summary



SALE OVERVIEW

SALE PRICE:	Subject To Offer
LOT SIZE:	To Be Determined
APN:	01-00182
ZONING:	PD
MARKET:	Brunswick
CROSS STREETS:	Conservation Way And U.S. Highway 17

PROPERTY DESCRIPTION

SVN and Vantosh Realty are pleased to offer the marina component of Liberty Harbor, which is a portion of a +/-136 acre planned development offering 1,900 feet of frontage on the Brunswick River near the Sidney Lanier bridge. The subject offering of Liberty Harbor is a fully entitled marina development opportunity to consist of a 450 unit wet slip marina and 1,350 unit dry stack slip marina.

LOCATION OVERVIEW

Liberty Harbor is located in the southern portion of Brunswick, Georgia, which is an hour South of Savannah, Georgia and an hour North of Jacksonville, Florida while being situated approximately 10 miles from Interstate 95 and within 3 miles of Historic Downtown Brunswick. Brunswick is located in the center of the Golden Isles offering close proximity to Jekyll Island, St. Simons Island and Sea Island.



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The information listed above has been obtained from sources we believe to be reliable, however, we accept no responsibility for its correctness.

FOR SALE | DEVELOPMENT LAND

370± Acres for Residential Use



Property Highlights

- › Current Land Use allows for 321± residential units
- › Property has 2± miles of river, marsh frontage
- › 370± acres on Roses Bluff Road along the Bells River
- › Property is within 3,000± feet of water and sewer
- › Property includes a new 7,500± SF commercial grade dock with 400± linear feet of deep water docking space
- › Consists of mixed topography, old growth oaks, meadows, ravines, bluffs, creeks
- › Truly one of the most unique land offerings in Florida
- › Sale Price: \$15,000,000

Visit www.BellsRiverBluff.com for more information



5977

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Final Reconciliation

In the Sales Comparison Approach, the multifamily and commercial land components were compared to properties that have recently sold. The sales used in this analysis are reasonable, comparable and competitive to the subject with regards to the typical investor's expectations. The required adjustments were based on reasonable and well supported rationale. The Sales Comparison Approach is considered to provide a reliable value indication for the multifamily and commercial land as developed.

In the valuation of the single-family lands, the proposed single-family lots were valued using a discounted cash flow model. Local and regional competitors were surveyed to determine market absorption rates, costs to construct, and lot prices. Local demographic data and historical new home sales information is consulted to determine the target price for finished units. The quality and quantity of data is sufficient to produce a credible opinion of value for the land as developed.

Projected Absorption Land Residual Model				
Component	Upland Acres		Value	Year Sold
Ribaut Village	3.66	Multifamily	\$640,000	3
Bluff Neighborhood	15.5	Single-Family Residential	\$2,170,000	2
Marina Village	6.8	Commercial	\$2,280,000	1
Port Village 1 & 2	7.75	Hotel/Commercial	\$2,950,000	2
Port Village 3 & 6	10.64	Multifamily	\$1,860,000	1
Port Village 4 & 5	7.25	Mixed-Use	\$2,210,000	3
Total	51.6		\$12,110,000	

We value the subject redevelopment tract "as is". The most appropriate method is a land residual model in which the projected values for the various components are arrayed over a holding period. The costs of developing, holding, and selling the property are deducted. Finally, the net cash flows are discounted at a market-supported rate to derive the net present value of the cash flows. This represents the value of the land "as is"; it is the price a developer would pay to develop the master-planned project, sellout the various components over the holding period, and achieve the desired return.

The overall valuation method is similar to the analysis that would be performed by a potential buyer of the property. In as much as possible, we used market derived inputs for the complex valuation model. As such, the presented model may be different than the physical and financial realities of the property given very thorough due diligence by an investor. Nonetheless, we believe this model is the most appropriate method to value this particular complex property, and that a single overall sales

comparison method makes no sense given the multiple end uses, the PUD and the DA. Therefore, we omit the sales comparison method for the valuation of the whole tract.

<u>Final Opinion of Market Value</u>				
Property	Appraisal Premise	Interest	Effective Date	Market Value
Port Royal Redevelopment Tract	As Is	Fee Simple	September 9, 2016	\$6,950,000

For this report we make no hypothetical conditions, but include the following extraordinary assumptions and disclosures:

- We have relied on the legal description within the PUD and Development Agreement for the gross and net (upland) acreage. We cross-referenced the legal description with Beaufort County tax map numbers for illustrative purposes only. Portions of the tract have no assigned tax map number.
- There are some issues regarding legal title including the former rail right-of-way, a parcel with a right-of-first-refusal to an adjoining owner, and a possible out-holding. We specifically assume that the current owner can convey clear legal title to the subject property as delineated in the PUD.
- We have appraised the subject property as encumbered by the PUD, Development Agreement, and Regulating Plan. However, we recognize that these are working documents and the eventual development will likely vary according to the developer's needs, economic conditions, and market demand. Therefore, we have used our best judgment to interpret the controlling documents within the context of current market conditions and what the typical purchaser would define as reasonable.
- The Development Agreement includes a land swap provision by which a vacant town-owned parcel will be exchanged for the portion of the site containing the seafood processing facilities. Also, the agreement requires that two parks and a waterfront promenade be completed and conveyed to the town. We appraise the subject as defined in the PUD and acknowledge that the public-private partnership is a driving force of the redevelopment efforts.
- Based on the Phase I and II analyses provided, there is no evidence of contamination from the historic industrial-oriented use. We are not aware of any voluntary clean-up contract (VCC) related to the property. We assume that this information is accurate.
- The tax increment financing (TIF) Redevelopment Plan dates back to 2012 and has a 20-year term that expires after the 2032 tax year. It is our understanding that this is a term certain with approximately 16 years remaining. The potential \$10 million in TIF monies was projected based on incremental revenues over 20 years. We assume that the maximum TIF is reduced to \$8 million based on the four years (20%) of the term that has elapsed.
- The marina permit issued by the U.S. Army Corps of Engineers expired September 30, 2014. We assume that a similar permit can and will be obtained.
- We have relied on the findings of the report by Eason Diving & Marine Contractors, Inc. We assume that the concrete wharf and foundation of the transit shed are structurally sound. Furthermore, this appraisal is subject to the extraordinary assumption that the concrete wharf and foundation will remain as part of the redevelopment.
- ***The Land Residual Model includes estimated construction/development costs based on the provided documents and various sources available to the appraisers. If the construction/development costs differ significantly in reality than as estimated, the value may be impacted. We reserve the right to change the opinions of value if additional information becomes available regarding the construction/development costs.***

Assumptions and Limiting Conditions

1. **Acceptance of Report/Limit of Liability:** The client's acceptance and/or use of this report also establishes the complete acceptance of all contingencies, assumptions, limiting conditions, etc., as stated within the report. The client is responsible to become familiar with these assumptions and limiting conditions. If placed in the possession of anyone other than the client, the client shall make such party aware of these assumptions and limiting conditions. The appraiser(s) assume no liability for the client or third party's lack of familiarization and comprehension of the same. The appraiser(s) have no responsibility or liability to correct any deficiencies of any type in the property, or any costs incurred to correct such deficiencies whether legal, physical, or financial. Clients bear the responsibility of consulting and retaining experts outside the appraisal profession as required by the situation.
2. **Post Appraisal Services:** The contract for appraisal, consultation, or other service is fulfilled upon completion of the assignment. The appraiser(s) or others assisting in this report will not be required to provide testimony in court or other hearing, and will not participate in post appraisal services other than routine questions with the client or third parties so designated by the client without a separate engagement and for an additional fee. If testimony or deposition is required due to subpoena, the client shall become responsible for the incursion of fees and charges for any additional time, regardless of the party.
3. **Duplication and Dissemination of Report or Report Contents:** This appraisal has been completed for the client's specific use and the appraiser(s) have no liability, accountability, or obligation to any third party. The appraiser(s) retain copyright of the data, discussions, and conclusions contained herein. Possession of this report does not constitute the right of publication either in whole or in part. The client may only disseminate complete final copies to third parties engaged in the course of underwriting and loan securitization. Duplication and dissemination of selected sections of this report to third parties without express written consent of the signatories of the report are prohibited. This report in whole or in part may not be distributed to the general public by use of advertising media, public relations, new outlets, etc. without the written consent of the signatories. Exemptions from this restriction include duplication for the client's internal use, dissemination to accountants, attorneys, or advisors of the client. The exemption also extends to any court, governmental authority, or regulatory agency that has jurisdiction or subpoena power over the individuals or parties for whom the appraisal has been prepared or for ethics enforcement, provided that the report will not be published in whole or in part in any public document or medium. This report shall not be advertised to the public to make a "sale" or any "security" as defined by the Securities Act of 1933. The report has been prepared for the client and the client's intended use. The appraiser(s) have no liability to any third party.
4. **Right to Amend Report:** Through the course of this assignment the appraiser(s) collected data from numerous sources deemed reliable, but not guaranteed. No liability is assumed for the inaccuracies of data supplied by the various sources either public or private. Data relied upon in this report has been confirmed with one or more parties involved in the comparable transactions, considered reliable and/or reasonable, and appropriate for inclusion in the analysis. Although there were no reasons to doubt the general accuracy of such data, unimpeachable verification or affidavits of all data is an impractical and an uneconomic expenditure of time and resources and/or may involve legal or confidentiality issues. The appraiser(s) reserve the right to amend, modify, alter, or correct any and all statements, analysis, and conclusions of the value indications in the event that incorrect data was supplied, withheld, altered, or that any other pertinent data unknown, not disclosed, or revealed to the appraiser(s), whether intentionally or unintentionally, during the course of this assignment subsequently becomes available. Examples of such data that could impact the opinions of market value include but are not limited to: street addresses, Assessor's Parcel Numbers, site area, site dimensions, gross building area, net rentable area, usable area, common area, number of units, number of room, rent rolls, historical operating statements and budgets, sales data, etc. The client is requested to immediately contact the appraiser(s) with errors, discrepancies, alterations to the proposed properties or land parcels to determine the impact on the opinion(s) of market value.
5. **Market Dynamic and Valuation Fluctuations:** The opinions of market value expressed within the report are subject to change over time as a result of market dynamics. Market values are highly susceptible to both macro and micro economic forces that influence the property. Such forces include but are not limited to exposure on the market, length of time, marketing efforts, motivations and preferences of market participants, productivity of the property, the property's market appeal, changes in investor requirements regarding income and yields, etc. The opinions of market value and made as of the report date and subject to fluctuations over time as a result of natural market forces.
6. **Date of Value, Dollar Values, and Purchasing Power:** The date of the report and the effective date of the market value opinions are stated in the letter of transmittal or with the appropriate sections of the report. All dollar amounts are based on the purchasing power of the United States Dollar (USD). The analyses and conclusions of the appraisal are based upon the known market conditions as of the date of report. Changes in market conditions or purchasing power

- may warrant a new appraisal assignment. The appraiser(s) are available for consultations regarding changes in the economic conditions.
7. **Exhibits:** Maps, plats, sketches, photographs, and other exhibits are intended for illustration, visualization, and assistance in describing and analyzing the property in full context. Such exhibits may not be removed, reproduced, or separately used beyond this report.
 8. **Fixtures, Furniture, and Equipment (FF&E) and Business Concerns:** Personal property, FF&E, intangibles, going concerns, etc., unless specifically stated as a component of the real estate, is excluded from the market value estimates.
 9. **Proposed Improvements, Renovations, and Repairs:** For the purposes of this analysis, the proposed improvements, renovations, and/or repairs are presumed to be completed in a workman-like manner, and according to the detail, plans, and specifications supplied to the appraiser(s). The market value opinions for such construction, renovations, and repairs are subject to an inspection of the improvements to determine completion as per plans and specifications.
 10. **Divisions or Fractional Interests:** The opinions of market value apply to the entire property unless specifically identified and established within the conclusions and analyses of the report. Division of fractional interests by the client or third party will render this report invalid.
 11. **Component Values:** The distribution of total valuation between the land and the building improvements in this report are applicable only under the existing program or utilization of the property. The component values between land and building are not intended, nor are they to be used in conjunction with any other appraisal assignment, and are rendered invalid if used.
 12. **Clear Title:** It is specifically assumed, unless otherwise indicated, that the title to the property is clear and marketable, that there are no recorded, unrecorded, or potential liens, defaults, encumbrances, etc. that would adversely affect the marketability and transfer of ownership. The appraiser(s) do not imply expertise in determining defects in the title, nor has the appraiser(s) been informed of such adversities. Specific questions regarding the title, including title insurance should be directed to a well qualified real estate title company. The legal description provided by title report, surveyor, government records, etc. is assumed to be correct.
 13. **Survey:** Site plans, sketches, or other illustrations are not surveys unless specifically identified as an exhibit from a licensed survey. Surveys of the site boundaries were not completed, nor does (do) the appraiser(s) imply such expertise. Dimensions and areas of the site were obtained from sources deemed reliable but not guaranteed. Additionally, it is further assumed that no encroachments exist.
 14. **Subsurface Rights, Avigation Easements, and Transferable Development Rights (TDR's):** The market value opinion(s) specifically assume that there are no mineral deposit rights or other subsurface rights, avigation easements, or transferable development rights associated with the property unless explicitly stated within the report.
 15. **Private Deed Restrictions:** The appraiser(s) make the explicit assumption that there are no private deed restrictions that in any way limit the use of the subject property.
 16. **Americans with Disabilities Act (ADA):** The ADA became effective on January 26, 1992. The appraiser(s) do not imply expertise in the interpretation of the ADA, nor has a compliance survey been completed. The potential exists that if a compliance survey is completed combined with a detailed analysis of the ADA requirements, deficiencies may be revealed that could adversely impact the market value conclusion(s). No specific information regarding any non-compliance issues have provided to the appraiser(s) and the possibility of non-compliance was not considered in the developing the opinions of value contained herein. Specific compliance questions should be directed to the appropriate governing jurisdictional agency.
 17. **Zoning Ordinances:** It is assumed that no changes to the current zoning code/ordinances or other regulations regarding the use of the property, density of development, construction components and/or quality of components, etc. are imminent or under consideration by the jurisdictional governing body, unless otherwise noted in the report. The property is appraised under the assumption that the improvements are approved, that certificates of occupancy or permits have been or will be issued, and that all other applicable national, state, local, or other administrative requirements have successfully been, or will be obtained or renewed for any use considered in the opinion(s) of market value.
 18. **Adverse Governmental Controls:** Unless otherwise stated, the appraiser(s) are unaware of any governmental controls on the property, public initiative issues, rent or price controls, or any other adverse governmental or public controls contemplated regarding the legal use of the property.

19. **Property Compliance:** The appraiser(s) express no opinions or warranties that may require legal expertise or specialized investigations beyond the methods and investigations typically employed by real estate appraisers. Market value opinion(s) and conclusions contained within the report assume that the property is compliant with all environmental and government regulations such as building permits, fire department approvals, occupancy permits, building codes, licenses, etc. If the appraiser(s) have not been supplied with a termite inspection, occupancy permit, etc., no responsibility or representation is assumed for correction costs associated with obtaining those items or deficiencies discovered before or after they were obtained. The appraiser(s) assume no responsibility for costs incurred to obtain flood hazard determination, flood hazard insurance, or consequences arising from failure to obtain flood hazard insurance. Although the appraiser(s) has searched publicly available FEMA maps, a flood certification should be obtained from a qualified agent for the Federal Flood Insurance Program.
20. **Structural Integrity and System Components:** No advice or warranty of any kind are expressed or implied regarding the condition or adequacy of the mechanical systems, structural integrity of the improvements, soils, settlements, drainage, or other factors regarding the integrity and adequacy of the component systems of the improvements. The appraiser(s) is not a qualified engineer, nor is expertise implied with respect to engineering matters. Client may desire to retain the services of a qualified licensed contractor, civil engineer, structural engineer, architect, or other expert in determining the quality, condition, and adequacy of the improvements prior to the disbursement of funds. It is assumed that the existing improvements are structurally sound and constructed to the applicable federal, state, and local building codes and ordinances. That assumption includes, but is not limited to the superstructure, roofing, electrical, plumbing, mechanical, HVAC, elevator, etc. The opinion(s) of market value are based upon no hidden or unapparent adverse conditions of the improvements, the site, or the subsoil which would cause a loss in value. No responsibility or liability is assumed for any adverse conditions or for the expertise and retention of experts in discovery, detection, and cost to cure. In the event that professional consultations or reports reveal negative factors that would create a loss in value, the appraiser(s) reserve the right to amend the opinion(s) of market value and other conclusions contained herein.
21. **Environmental Hazards:** Unless specifically stated, the appraiser(s) have no knowledge regarding the presence or absence of toxic materials including but not limited to asbestos, urea-formaldehyde insulation, leaking underground storage tanks, contaminated groundwater, or other potentially hazardous materials and substances that would adversely affect the market value and marketability of the property. The appraiser(s) do not imply expertise and no liability is assumed for the detection or remediation of such materials or substances whether above or below the ground surface. Although a perfunctory observation was made during the inspection, the client is referred to an environmental expert for further details, if so desired. If environmental hazards are discovered, the market value opinion(s) may be negatively affected, requiring a re-appraisal of the property for an additional fee.
22. **Environmental Compliance:** Unless otherwise noted, the appraiser(s) make the assumption that the property is in compliance with all applicable national, state, or local environmental regulations.
23. **Competent Property Management:** It is assumed that the subject property analyzed currently is, or will be under efficient and competent management and that said management is not, or will not be inefficient or super-efficient.
24. **Cash Flow Projections:** The cash flow projections presented in this report are forecasts of future performance characteristics based upon the macro and micro economic data detailed in the analysis. The income, vacancy, expenses, and general economic conditions presented are not to be construed as predictions of the future, but rather reasonable expectations of future performance. Actual results will vary and are affected by fluctuating economic conditions and efficiency of management. The appraiser(s) make no warranty, express or implied, that the forecasts will occur as outlined. Additionally, future economic projections may be adversely affected by unforeseen circumstances and economic repercussions beyond the realm of knowledge or control, such as the events of September 11, 2001.
25. **Asset Recommendations and Consultations:** No statements contained within the report shall constitute recommendations with regard to the acquisition, disposition, or holding of the asset at the stated market value indication(s). Such decisions warrant significant research and strategy, with specific investment questions requiring additional consultations and financial analysis.

ADDENDUM

Legal Description
Engagement Letter
Qualifications

Legal Description

6
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12
11-00
RECORDED
2016 Jun -15 01:58 PM
BEAUFORT COUNTY AUDITOR

BEAUFORT COUNTY SC - ROD
BK 3486 Pgs 2442-2447
FILE NUM 2016027154
05/31/2016 12:34:00 PM
REC'D BY shirleys RCPT# 81182
RECORDING FEES \$12.00

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

QUIT CLAIM DEED

KNOW ALL MEN BY THESE PRESENTS, THAT the **SOUTH CAROLINA STATE PORTS AUTHORITY** (the "Grantor"), for and in consideration of the sum of Five and No/100 (\$5.00) DOLLARS and other valuable consideration to it in hand paid by the **SOUTH CAROLINA DEPARTMENT OF ADMINISTRATION, DIVISION OF GENERAL SERVICES**, the receipt and sufficiency of which is hereby acknowledged, and in satisfaction of the provisions of S.C. Code Section 54-3-700, has remised, released and forever quit claimed, and by these presents does hereby remise, release and forever quit claim unto the said **SOUTH CAROLINA DEPARTMENT OF ADMINISTRATION, DIVISION OF GENERAL SERVICES**, (the "Grantee"), all its right, title and interest in and to the following described property, to wit:

**SEE ATTACHED "EXHIBIT A" FOR LEGAL DESCRIPTION
WHICH IS MADE A PART AND PARCEL HEREOF
BY REFERENCE.**

Grantee's Mailing Address:
SC Department of Administration
P.O. Box 2825
Columbia, SC 29211

TOGETHER with all and singular, the rights, Members, Hereditaments and Appurtenances to the said Premises belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular, the said Premises before mentioned unto the said Grantee, his heirs and assigns, forever.

NPCHAR1:1664495.1

IN WITNESS WHEREOF, the Grantor has caused these presents to be executed
in its name this 15th day of March, 2016.

SIGNED, SEALED AND
DELIVERED IN THE
PRESENCE OF:

SOUTH CAROLINA STATE PORTS
AUTHORITY

Ashey Wrenan
(Signature of 1st witness)

By: _____

Its: _____

James I. Newsome, III
President + CEO

Marsha A. Read
(Signature of 2nd witness)

STATE OF SOUTH CAROLINA)

ACKNOWLEDGMENT

COUNTY OF CHARLESTON)

The foregoing instrument was acknowledged before me by the South Carolina
State Ports Authority, by JAMES I. NEWSOME, III, its
PRESIDENT & CEO this 15TH day of March, 2016.

Marsha A. Read (SEAL)
Notary Public for South Carolina
Print Notary Name: MARSHA A. READ
My Commission Expires: Nov. 13, 2016



NPCHAR1:1664495.1

"EXHIBIT A"

That certain property in Beaufort County, Town of Port Royal, State of South Carolina, as shown on the certain Plat entitled: "Plat of 51.60 Acres of Highland at South Carolina State Ports Authority, Port Royal Terminal," prepared by Thomas & Hutton Engineering Co. dated December 20, 2006, and recorded in Plat Book 0122 at Pages 0032-0035 on October 17, 2007, Beaufort County RMC Office, consisting of approximately 51.60 Acres of highland and 265.91 Acres of marsh. Parcels designated on said Plat as : SP 21-1, SP 21-2 (subject to right of first refusal), SP 21-3, SP 21-4, SP 21-5, SP 21-6, SP 21-10, SP 21-11, SP 21-12, SP 21-13, SP 21-14, SP 21-15, SP 21-16, SP 21-17, SP 21-18, SP 21-19, SP 21-20, MARSH-1, MARSH-2, MARSH-3, and MARSH-4, as more particularly shown and delineated by reference to said plat.

ALSO

That certain piece, parcel or lot of land, in Beaufort County, Town of Port Royal, State of South Carolina, designated as **"OUT PARCEL #1 HOOD DOWLING 6,969 SQ.FT. 0.16 Acre,"** more or less, on Plat entitled: "Plat of 51.60 Acres of Highland at South Carolina State Ports Authority, Port Royal Terminal," prepared by Thomas & Hutton Engineering Co. dated December 20, 2006, and recorded in Plat Book 0122 at Pages 0032-0035 on October 17, 2007, Beaufort County RMC Office, as more particularly shown and delineated by reference to said plat.

**THIS PROPERTY IS SUBJECT TO A DEVELOPMENT AGREEMENT WITH THE TOWN OF PORT
ROYAL, SOUTH CAROLINA
RECORDED IN THE BEAUFORT COUNTY ROD ON FEBRUARY 22, 2013
AT BOOK 3217, PAGES 631-1534**

NPCHAR1:1664495.1

R13-011-000-0075	FORMER TMS NOS.	BRIEF DESCRIPTION	DEED BOOK/PAGE NO.
R13-011-000-0075	TMS 110-10-075	5.582 Acres (Parcel 14 Blue Channel) including easess property (Docks side property)	5006/88 & QC 2492/1845
R13-011-000-0077	TMS 110-10-077	2 triangular sections on Block 97 below mean high water mark * & traddone (the same deed also TMS 110-10-182C & TMS 110-11-077 & 083)	5791/5537
R13-011-000-0079A	TMS 110-10-079A	137 ac. 10 th Street (Block 63)	5917/14 & QC 2492/1845 & QC 3319/2920
R13-010-000-0079	TMS 110-10-079	Portions 10 th St & 11 th Ave & 10 th Ave	2492/1845
R13-010-000-482A	TMS 110-10-182 A & F	5 parcels (4.971 Ac., 3.86 Ac, 3.551 Ac, 3.34 Ac, 0.272 Ac)	5667/299 & QC
R13-010-000-182C	TMS 110-10-182C	3.534 acres (Peepes)	5791/5537 & QC
R13-010-000-182E	TMS 110-10-182E	Portion of Parcel 1 .017 ac. corner of Peepies lot	327/486
R13-010-000-183	TMS 110-10-183	lots & fractional lots at 6 th St & Paris Avenue (owned by SCSA via railroad deed to track)	4337/22 (RR track deed)
R13-010-000-282	TMS 110-10-282	.09 ac triangle to the north of the Harden strip of land on Battery Creek (lots 9-12, Bk C Royal Gardens)	1355/2322 & QC
R13-010-000-202	TMS 110-10-202	b ucks streais and avenues & port ons three below mean high water mark - 52 Acres	2492/1845
R13-010-000-0000	TMS 110-10-000	Vacated Train Tracks from R haul Road to W depot AMU-466.31 SE to end of tracks Parcel 2 and portion of Parcel 3 in DB 7 p 451)	5908/17 & QC 2492/1845
R13-011-000-0249	TMS 110-011-2	Portion Bk 29 (triangle formerly owned by Hood Dowling) 127' 48.955, 5158.85 x 11.39	4337/22 (RR track deed) & QC 2492/1845
R13-011-000-400	TMS 113-011-000	London Avenue, S. of 6 th St, 6 th St, 7 th St East of London Avenue, R diamond Avenue, Par's Avenue, and IV and V Streets West of the Southwest Extension of 9 th Avenue	2327/165 & QC
R13-011-000-007	TMS 110-11-077	Lot 16, Block 36 (100'x125' - 29 acre)	3136/2012
R13-011-000-078A	TMS 110-11-078A	Lots 14 & 15, Block 36	5791/5537
R13-011-000-0079	TMS 110-11-079	Lots 10 thru 13 Block 36	5667/349
R13-011-000-080A	TMS 110-11-080A	Lots 8 & 9 Block 36	5792/369
R13-011-000-081A	TMS 110-11-081A	Lots 6 & 7, Block 36	5661/345
R13-011-000-082A	TMS 110-11-082A	Lots 1 thru 5 Block 36	5661/353
R13-011-000-083	TMS 110-11-083	Lots 7 thru 20 Block 36	5647/29
R13-011-000-094A	TMS 110-11-084A	3.32 Acres on Battery Creek (1.629 ac. & 1.692 ac. +/-) (Elevator & Compress area)	5791/5537
R13-011-000-094B	TMS 110-11-084B	0.878 ac. SW corner 6 th Street & London Avenue	1842/20 5791/553
R13-011-000-0249	TMS 110-11-249	Block, Aves. & Sts. 55 Acres	372/491
R13-011-000-0249	TMS 110-11-249	.78 Acre portion of Block 29 on 6 th St	547/356
R13-011-000-0403	TMS 110-11-249	.17 acre portion of Block 29 on 6 th Street Deed to Ports Authority Deed Book	93/127
R13-011-000-0249	TMS 110-11-249	Streets, Avenues & Blocks - 84 Acres	2459/126
			566/853

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

AFFIDAVIT

PERSONALLY appeared before me the undersigned, who, being duly sworn, deposes and says:

1. I have read the information on this Affidavit and I understand such information.
2. The property is being transferred on March 15th, 2016 by the South Carolina State Ports Authority to South Carolina Department of Administration, Division of General Services.
3. Check one of the following: **The DEED is**
 (a) subject to the deed recording fee as a transfer for consideration paid or to be paid in money or money's worth.
 (b) subject to the deed recording fee as a transfer between a corporation, a partnership, or other entity and a stockholder, partner, or owner of the entity, or is a transfer to a trust or as a distribution to a trust beneficiary.
 (c) XXXX EXEMPT from the deed recording fee because (exemption # 2)
 Explanation if required # transfer to the State of South Carolina
 (If exempt, please skip items 4-6, and go to item 7 of this affidavit.)
4. Check one of the following if either item 3(a) or item 3(b) above has been checked.
 (a) The fee is computed on the consideration paid or to be paid in money or money's worth in the amount of \$.00.
 (b) The fee is computed on the fair market value of the realty which is \$.
 (c) The fee is computed on the fair market value of the realty as established for property tax purposes which is \$.
5. Check YES or NO XX to the following: A lien or encumbrance existed on the land, tenement, or realty before the transfer and remained on the land, tenement, or realty after the transfer. If "YES", the amount of the outstanding balance of this lien or encumbrance is \$.
6. The DEED Recording Fee is computed as follows:
 (a) \$0.00 the amount listed in item 4 above
 (b) 0.00 the amount listed in item 5 above (no amount place zero)
 (c) \$0.00 subtract line 6(b) from Line 6(a) and place the result.
7. As required by Code Section 12-24-70, I state that I am a responsible person who was connected with the transaction as: Legal Representative
8. I understand that a person required to furnish this affidavit who wilfully furnishes a false or fraudulent affidavit is guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand dollars or imprisoned not more than one year, or both.

[Signature]
Grantor, Grantee or Legal Representative connected
with this transaction

Sworn to before me this 15th
day of March, 2016.
Phyllis D. Pennell (SEAL)
Notary Public for South Carolina
Print Notary Name: Phyllis Pennell
My Commission Expires: 10/22/23



NPCHAR1:1664495.1



Nikki R. Haley, Governor
Marcia S. Adams, Executive Director

DIVISION of GENERAL SERVICES
Nolan Wiggins, Director
1200 Senate Street, Suite 408
Columbia, SC 29201
803.737.3880
803.737.0592 fax

CERTIFICATE OF ACCEPTANCE OF INTEREST IN REAL PROPERTY

CERTIFICATE NUMBER: 2016-012-ADMIN DATED: April 21, 2016

Grantor: State Ports Authority
Post Office Box 22287
Charleston, South Carolina 29413

Grantee: South Carolina Department of Administration
Division of General Services
1201 Main Street, Suite 408
Columbia, South Carolina 29201


General Description of Transaction:

County Location: Beaufort

Acreage: Marine terminal at Port Royal consisting of
51.6± acres of highland and 265± acres of marsh

Purpose/Project: Pursuant to Section 54-3-700 of the South
Carolina Code, the State Ports Authority
irrevocably transfers all its real and personal
property at Port Royal to the Division of General
Services of the Department of Administration.
Project Number D50-9966

On April 19, 2016, the South Carolina Department of Administration approved the acceptance of the transfer of interest in the real property described in the deed from the referenced grantor to the referenced grantee.


Shawn Lavery DeJames
Assistant Director
The South Carolina Department of
Administration, Division of General Services

South Carolina Department of Administration
1200 Senate Street, Suite 460 Columbia, SC 29201
Post Office Box 2825, Columbia, SC 29211

Ph: 803.734.8120
Fx: 803.734.9002
www.admin.sc.gov



ADD DMP Record 6/13/2016 09:08:43
 --> Book/Page O BK 3486 PG 2448A
 BEAUFORT COUNTY TAX MAP REFERENCE
 Dist Map SMap Parcel Block Week
 R113 011 000 0403 0000 00

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 BEAUFORT COUNTY TAX MAP REFERENCE
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 BEAUFORT COUNTY TAX MAP REFERENCE
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 BEAUFORT COUNTY TAX MAP REFERENCE
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Engagement Letter



Nikki Haley, Governor
Marcia S. Adams, Executive Director

Nolan Wiggins, Director
Division of General Services
1200 Senate Street, Suite 408
Columbia, SC 29201
803.737.3880
803.737.0592 fax

May 23, 2016

Keith Batson, MAI, Director
Sage Valuation, Inc.
104 Clair Drive
Piedmont, South Carolina 29673

Via email to kbatson@sageval.com

Re: Scope of Work Proposal, Former SCPA Property, Port Royal, Beaufort, SC

Dear Mr. Batson:

This letter shall serve as an agreement by and between the **South Carolina Department of Administration, Division of General Services** (hereinafter the "Division of General Services"), and **Keith Batson, and Sage Valuation, Inc.** (hereinafter "Contractor.")

BACKGROUND

Pursuant to section 54-3-700 of the South Carolina Code, the state's Port Royal property in Beaufort County has been transferred to the Division of General Services for sale at a public auction. South Carolina Code section 54-3-700 and proviso 93.37 of the 2015 Appropriations Act also require that the property at Port Royal must be appraised prior to the sale. As such, the Division of General Services desires to engage the Contractor to appraise the Port Royal property in accordance with the terms and conditions set out below.

SCOPE OF SERVICES:

Report Type: Appraisal Report

Valuation Premise: Market Value

Market Value Definition: Market value is defined as "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, knowledgeably, and for self-interest, and assuming that neither is under undue duress".¹

Premise Qualifier: As Is Value of the entire parcel, as outlined in the property description.

The appraisal of the real property should include its future development opportunities and those of the surrounding properties, and give due consideration to the possible existence of adverse environmental conditions and structurally unsound improvements. The value premise contemplates the sale of the property to a single master

¹ The Appraisal of Real Estate - The Appraisal Institute - 13th Edition, Page 23

South Carolina Department of Administration
1200 Senate Street, Suite 460 Columbia, SC 29201
Post Office Box 2825, Columbia, SC 29211

Ph: 803.734.8120
Fx: 803.734.9002
www.admin.sc.gov



developer.

Property Interest Appraised: Fee Simple.

Conveyance: The property will be conveyed by quit claim deed from the Division of General Services.

Intended Use: The intended use of the appraisal is to establish the as is market value of the subject property for sale at public auction.

Intended Users: The South Carolina Department of Administration, Division of General Services. Per proviso 118.16, the department shall make the appraisal available to any interested party.

Approaches to Value: All applicable approaches to value to obtain credible assignment results. However, it is agreed that the Contractor will perform a *Level C Market Analysis* as part of this engagement. Additionally, the Division of General Services, unless otherwise specifically stated herein, expects that the Contractor will employ the "Methods For the Valuation" set out in paragraph 3 of the Contractor's May 17, 2016 response to the "Request For Proposal for the Appraisal of the Port Royal Redevelopment Site" dated May 10, 2016 from the Division of General Services. The Contractor's May 17th response is incorporated herein by reference to the extent not contradicted by the terms of this agreement.

Inspection Requirements: Property inspection is required by engaged appraiser including a complete interior and exterior inspection of all improvements, sketches of building improvements, interior and exterior photographs of the subject. Inspection and photographs of all comparable sales is required.

County of Property: Beaufort

Property Description: Attached to this agreement and incorporated by reference is Exhibit A to development agreement for the Port Royal property which contains the Property Description. The property is subject to a Development Agreement by and between the Town of Port Royal South Carolina and the South Carolina State Ports Authority adopted February 14, 2013. This includes a Planned Unit Development for the property. The appraisal should value the property subject to the development agreement in place. The value premise contemplates the sale of the property to a single master developer.

Property Specific Documents:

- Statute 54-3-700 regarding the sale of the property
- Proviso regarding appraisal and sale of the property
- Development Agreement by and between the Town of Port Royal South Carolina and the South Carolina State Ports Authority adopted February 14, 2013 and recorded in the ROD for Beaufort County in Deed Book 03217, Pages 0631 to 1534.
- Seaport Conceptual Master Plan
- Tax Increment Financing District (TIF)
- Marina Permit Information

Access to General Services Documents Relevant to the Appraisal: The Division of General Services will provide the Contractor with complete access to all documents in its possession related to the property unless the Division of General Services makes a good faith determination that certain documents or information contained therein must remain confidential.

Delivery Date for the Appraisal Report: Best available completion date that allows the appraiser to adequately address the scope of work and complexity of the assignment. The Contractor will provide a draft report to the Division of General Services prior to providing a final report. The draft report will be subjected to a review by a MAI appraiser selected by the Division of General Services. The Contractor will then provide a final report, subject to any revisions necessitated by the review.

Distribution: Initial delivery shall be a PDF copy of the report. After final review is complete, delivery of 5 Hard Copies and a Final PDF delivered to the Department of Administration. Also, the final report must be in a form

capable of posting on the website of the South Carolina Department of Administration as required by proviso 93.37.

CONTRACT DOCUMENTS

Entire Agreement: This Contract, with the incorporated attachments, is the entire and integrated agreement between the parties and supersedes prior negotiations, representations, or agreements, whether written or oral.

Amendment: This agreement may be amended only upon the written agreement of the Division of General Services and the Contractor.

PAYMENT

Flat Fee: Contractor is to be paid a flat fee not to exceed Seventeen Thousand Dollars (\$17,000.00) for all services required herein. The flat fee represents the costs of all services and all expenses incurred by the contractor, including but not limited to, travel, meals, lodging and copies. The Contractor will invoice the Division of General Services upon completion and acceptance of the final Appraisal Report.

TERMINATION

Upon Completion or by notice of the Division of General Services: This Contract shall terminate upon receipt and acceptance of the final Appraisal Report and upon full payment of all fees due the Contractor or upon written notice from the Division of General Services to the Contractor that Contractor's services are no longer needed. Upon termination, the Division of General Services shall pay Contractor for the Work actually performed before the date of termination.

Contractor Right of Termination: The Contractor may terminate the Contract if performance of the Work is stopped through no fault of Contractor, or other persons performing work either directly or indirectly for the Contractor, for a period of time exceeding 60 consecutive calendar days due to a court order or other public authority having jurisdiction; or a declared National emergency which requires the Work to be stopped.

Rights of the Division of General Services Upon Termination: Upon termination, all material, data, files, discs, or documents created, produced, or gathered by Contractor, or in Contractor's possession in furtherance of any matter relating to this Contract or the Work to be or actually performed pursuant to this Contract shall be immediately delivered to the Division of General Services without encumbrance or lien or any cost or charge to the Division of General Services.

MISCELLANEOUS PROVISIONS

1. **Governing Law:** This Contract shall be governed by the laws of South Carolina, except its choice of law rules.
2. **Severability:** If any provision of this Contract shall be held to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.
3. **No Waiver:** No course of dealing or failure of the Division of General Services and/or Contractor to enforce strictly any term, right or condition of this Contract shall be construed as a waiver of such term, right or condition. No express waiver of any term, right, or condition of this Contract shall operate as a waiver of any other term, right, or condition.
4. **Rights Cumulative:** Except as otherwise provided in this Contract, (i) rights and remedies available to the Division of General Services and/or Contractor as set forth in this Contract shall be cumulative with and in addition to, and not in limitation of, any other rights or remedies available to the Parties at law and/or in equity, and (ii) any specific right or remedy conferred upon or reserved to the Division of General Services and/or Contractor in any provision of this Contract shall not preclude the concurrent or

consecutive exercise of a right or remedy provided for in any other provision hereof.

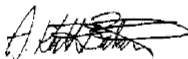
5. Non-Indemnification: Any term or condition is void to the extent it requires the State of South Carolina, or one of its agencies or divisions, to indemnify anyone.
6. Assignment: The Division of General Services and Contractor respectively bind themselves, their partners, successors, assigns, and legal representatives to covenants, agreements and obligations contained in this Contract. Contractor shall not assign the Contract as a whole, or in part, without written consent of the Division of General Services. If Contractor attempts to make such an assignment without such consent, Contractor shall nevertheless remain legally responsible for all obligations under the Contract.
7. Status: The parties recognize that Contractor is not an employee, agent, partner, joint venturer, or representative of the Department of Administration or of the State of South Carolina.
8. Adherence to Laws: Contractor agrees that in performing any Work under this agreement, Consultant will neither undertake nor engage in any activity in violation of any laws, State or Federal.

Sincerely,



Nolan Wiggins
Director
Division of General Services

I AGREE:



Keith Batson
Sage Valuations, Inc.

Qualifications

**PROFESSIONAL QUALIFICATIONS OF
A. KEITH BATSON, MAI**

EXPERIENCE:	<p>Mr. Batson is a director and principal with Sage Valuation, Inc. He entered the appraisal profession in 1992 with The Robinson Company in Greenville, South Carolina. He is a former associate director of Integra Realty Resources. Mr. Batson received the MAI designation in the year 2002. A partial client list includes:</p> <ul style="list-style-type: none"> • SC Dept. of Transportation • Department of the Treasury • Anderson, Pickens, Greenville, Richland Counties • Hollingsworth Funds, Inc. • Clemson University • Commercial Banks including Bank of America, Wells Fargo, CitiBank, Carolina First and many others nationally, regionally and locally • Duke Energy and Crescent Resources • Federal Deposit Insurance Corporation (FDIC) • SC Budget and Control Board <p>Valuation and consulting assignments have been completed on the following property types:</p> <p>Commercial: Office buildings, development land/subdivisions, multi-family, shopping centers, retail stores, restaurants, and medical office buildings;</p> <p>Special Purpose: Conservation easements, high natural amenity properties, railroad properties, wetlands, various condemnation projects; inverse condemnation matters and golf courses.</p> <p>Mr. Batson has qualified as an expert witness in several courts in South Carolina as well as Federal Courts.</p> <p>Litigation: Eminent domain (road, sewer, power, water, gas and other rights of ways), construction issues, due diligence matters, inverse condemnation, contract and review issues.</p>
PROFESSIONAL ACTIVITIES	<p>Member: MAI member of the South Carolina Chapter of the Appraisal Institute</p> <p>Licensed: South Carolina Certified General Appraiser #CG1627 North Carolina Certified General Appraiser #A6905 Georgia Certified General Real Property Appraiser 336939</p>
EDUCATION:	<p>B.S. Degree, Clemson University, Clemson, South Carolina (1986). Appraisal Institute course work includes:</p> <ul style="list-style-type: none"> • Basic Valuation Procedures • Standards of Professional Practice • Basic Income Capitalization Procedures • Advanced Income Capitalization Procedures • Advanced Applications (Case Studies) • Report Writing and Valuation Analysis • Standards of Professional Practice Parts A&B • Highest and Best Use • Valuation of Conservation Easements Certificate Program

**PROFESSIONAL QUALIFICATIONS OF
TRAVIS SIMMONS**

EXPERIENCE:	<p>Mr. Simmons is an Apprentice Appraiser with Sage Valuation, Inc. He previously worked in banking for Cornerstone National Bank in Easley, SC. He has been working with Sage Valuation since May 2013. He is currently working towards his Certified General licensing.</p> <p>Valuation assignments completed include land, office buildings, residential lots and homes, special purpose properties, industrial buildings, mixed-use properties, and retail properties.</p>
PROFESSIONAL ACTIVITIES	Licensed South Carolina Apprentice Appraiser # 7044
EDUCATION:	<ul style="list-style-type: none"> • M.B.A., Clemson University, 2009 • B.S.B.A., Southern Wesleyan University, 2006 • Appraisal Institute: <ul style="list-style-type: none"> ○ Basic Appraisal Principles, Greenville, 2013 ○ Basic Appraisal Procedures, Greenville, 2013 ○ USPAP, Greenville, 2013 ○ General Appraiser Income I, Louisville, KY, 2014 ○ General Appraiser Income II, Louisville, KY, 2014 ○ Residential Sales Comparison & Income Approaches, Greenville, 2014 ○ General Appraiser Sales Comparison Approach, Online, 2015 ○ General Appraiser Site Valuation and Cost Approach, Online, 2015 ○ Real Estate Finance, Statistics, and Valuation Modeling, Online, 2015 ○ Business Practices and Ethics, Online, 2016 ○ USPAP 2016-2017, 7-hour Update, Columbia, 2016

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State of South Carolina
Department of Labor, Licensing and Regulation
Real Estate Appraisers Board

A KEITH BATSON

Is hereby entitled in practice as a:
Certified General Appraiser

License Number: 1627

Expiration Date: 06/30/2018
OFFICE COPY

Laura L. Smith
Administrator

BCD1158076

State of South Carolina
Department of Labor, Licensing and Regulation
Real Estate Appraisers Board

STEVEN TRAVIS SIMMONS

Is hereby entitled in practice as a:
Apprentice Appraiser

License Number: 7044

Expiration Date: 06/30/2018
OFFICE COPY

Laura L. Smith
Administrator