

Investment Property Offering

Durham NC Apartments

14460 New Falls of Neuse Rd
Raleigh, NC 27614



\$10,000,000

- Rehab Opportunity
- Additional Units Possible
- Adjacent to Schools, New Retail, Transportaion
- Appraised "As-Is" for \$10.3M (May '05)

Presented By: Scott Busch
14460 New Falls of Neuse Rd., #149-310
Raleigh, NC 27614
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1 . Financial Analysis

Durham NC Apartments

Executive Summary



14460 New Falls of Neuse Rd	
Raleigh, NC 27614	
List Price	\$10,000,000
GRM	4.72
Price Per Unit	\$31,056
Price per S.F.	\$36.10
CAP	7.47 %
<hr/>	
Total Units	322
Building S.F.	276,972
No. of Buildings	43
Land Acres	24.00

322 Apartment Units

Cross Street		Tax Parcel Number	
Market	Durham	Sub Market	
Year Built	1963	Year Renovated	2005
Roof Type	Pitched	Building Class	C
Location Class	B	Zoning Type	RM-16
Washer/Dryer	Yes	Fireplaces in Units	No
Fire Sprinkler	No	Cable TV	Yes
No. of Stories	3	Internet Access	Yes

Property Descriptions

Construction	One, Two, and Three-story buildings constructed between 1958 and 1968, of masonry (brick) exterior, concrete floors, wooden frame and roof structure.
Utilities	Water/Sewer--City of Durham Electric--Duke Energy Gas--PSNC Cable--Time Warner Telephone--Bell South
Parking	Ample parking is provided. Some covered parking is available to tenants.
Amenities	Approximately 20% of units have washer/dryer connections.
Area	The property is close to public schools and Duke University. Easy access to Northgate Mall and to I-85. The surrounding area boasts new retail and multifamily development.
Property	The property consists of 322 units on 24 +/- acres of land. Many renovations have recently been started, including carpet, HVAC, water heaters, and painting. According to existing zoning, there is potential for additional units.

Investment Information

Durham NC Apartments

14460 New Falls of Neuse Rd Raleigh, NC 27614

Listing Price	\$10,000,000	Total Units	322
Current CAP	7.47 %	Building S.F.	276,972
Current GRM	4.72	No. of Buildings	43
Stabilized CAP	12.16 %	Land Acres	24.00
Stabilized GRM	4.73	Loan Amount	\$8,000,000
Price Per S.F.	\$36.10	Down Payment	\$2,000,000
Price Per Unit	\$31,056		
Expenses Per S.F.	\$2.79		

Loan Description

Estimated Annualized Operating Data	Current	Stabilized
Scheduled Income	\$2,112,000	\$2,112,000
Late Fees	\$8,000	
Less Vacancy	\$600,000	\$232,320
Gross Operating Income	\$1,520,000	\$1,879,680
Less Expenses	\$773,285	\$663,700
Net Operating Income	\$746,715	\$1,215,980
Less Loan Payment	\$575,568	\$575,568
Pre-Tax Cash Flow	\$171,147	\$640,412
Cash on Cash Return	8.56 %	32.02 %

Scheduled Gross Income

Units	Est. S.F.	Rent	Income	Market	Market Income
62 1 Bed,1 Bath,Flat	650	\$450	\$334,800	\$450	\$334,800
229 2 Bed,1 Bath,Flat	858	\$525	\$1,442,700	\$525	\$1,442,700
6 3 Bed,1 1/2 Bath,Flat	1,100	\$625	\$45,000	\$625	\$45,000
25 3 Bed,1 Bath,Flat	1,050	\$625	\$187,500	\$625	\$187,500
Total Annual Scheduled Income			\$2,010,000		\$2,010,000

Estimated Annualized Expenses

	Current	Stabilized
Total Expenses	\$773,285	\$663,700
Expenses Per S.F.	\$2.79	\$2.40

Please see expense detail on next page.

Highlights

- Rehab Opportunity
- Additional Units Possible
- Adjacent to Schools, New Retail, Transportation
- Appraised "As-Is" for \$10.3M (May '05)

Estimated Expense Summary	Current	Stabilized
Projected Taxes	\$107,000	\$107,000
Insurance	\$62,400	\$62,400
Water	\$141,800	\$12,000
Trash	\$20,135	\$20,000
Maintenance	\$47,100	\$40,250
Repairs	\$19,900	\$40,250
Advertising	\$40,370	\$64,400
Legal / Professional	\$30,770	\$16,100
Administration	\$19,425	\$16,100
Permits/ Licenses	\$10,760	\$5,000
Telephone	\$8,125	\$8,000
Payroll / Benefits	\$240,000	\$240,000
Security	\$25,500	\$32,200
Totals	\$773,285	\$663,700

Financial Summary

Estimated Annualized Operating Data	Current	Stabilized
Scheduled Income	\$2,112,000	\$2,112,000
Late Fees	\$8,000	
Less Vacancy	\$600,000	\$232,320
Gross Operating Income	\$1,520,000	\$1,879,680
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Less Loan Payment	\$575,568	\$575,568
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Cash on Cash Return	8.56 %	32.02 %

Estimated Expense Summary	Current	Stabilized
Total Estimated Expense	\$773,285	\$663,700

Proposed Financial Summary	Proposed
Loan Amount	\$8,000,000
Interest Rate	6.00%
Annual Payment	\$575,568
Annual Principal Reduction	\$98,241
Loan Type	Adjustable

Terms and Description



Rent Roll Summary

Unit Type	Total Units	% of Total	Unit S.F.	Rent Per S.F.	Monthly Rent	Market Rent
1 Bed,1 Bath,Flat	62	19.25 %	650	\$0.69	\$450	\$450
2 Bed,1 Bath,Flat	209	64.91 %	850	\$0.62	\$525	\$525
3 Bed,1 Bath,Flat	25	7.76 %	1,050	\$0.60	\$625	\$625
3 Bed,1 1/2 Bath,Flat	6	1.86 %	1,100	\$0.57	\$625	\$625
2 Bed,1 Bath,Flat	20	6.21 %	950	\$0.55	\$525	\$525
Totals	322	100.00 %				

2 . Sales Comparables

Sales Comparables Summary

■ Sales Comparables - Closed

Property Location	Sale Price	Units	Built	Bldg S.F.	Price / S.F.	Price /Unit	GRM	CAP	Exp./Unit	Close	Photo
Woodscape Apartments 3221 Lynn Ridge Dr. Raleigh,NC 27601	\$10,221,000	240	1979			\$42,588				6/24/2005	
Campus Crossing at Durham 1400 E. Cornwallis Rd. Durham,NC 27713	\$9,450,000	204			\$0.00	\$46,324			\$0	6/13/2005	
Arbor Meadows 112 Hwy 54 Bypass Carrboro,NC 27510	\$5,460,000	192	1972			\$28,438				11/19/2004	
Averages	\$8,377,000	212	1976			\$39,116					

■ Averages For All Sales Comparables

	Sale Price	Units	Built	Bldg S.F.	Price / S.F.	Price /Unit	GRM	CAP	Exp./Unit	Close
Averages	\$8,377,000	212	1976			\$39,116				

3 . What Ifs

Durham NC Apartments

Add \$2M CapEx

Price and Finance

List Price	\$12,000,000
New Loan Amount	\$9,600,000
Down Payment	\$2,400,000
LTV (Loan to value)(%)	80.00 %
New Loan Interest Rate	6.00 %
New Loan Amortization Term	360

Estimated Annualized Operating Data

Scheduled Gross Income	\$2,112,000
Other Income	\$0
Total Scheduled Income	\$2,112,000
Vacancy	\$232,320
Effective Gross Income	\$1,879,680
Expenses	\$845,910
Net Operating Income	\$1,033,770
Debt Service	\$690,682
Cash Flow	\$343,088
Cash On Cash	14.30 %
Principal Reductions year 1	\$117,889
Total Return After Principal Reduction	\$460,977

What If - Changes

List Price	\$12,000,000
New Loan Amount	\$9,600,000
Down Payment	\$2,400,000
Other Income	\$0
Vacancy	\$232,320
CAP(%)	8.61 %
Vacancy (%) of Scheduled Gross Income	11.00 %
GRM	5.68
Price Per Units	\$37,267.00

CAP	8.61 %
Vacancy %	11.00 %
Debt Coverage Ratio	1.5
Price/S.F.	\$0.00
Expenses/S.F.	\$0.00
GRM	5.68
Price per No. Units	\$37,267.00

4 . Additional Information

Picture #1



Picture #2



Picture #3

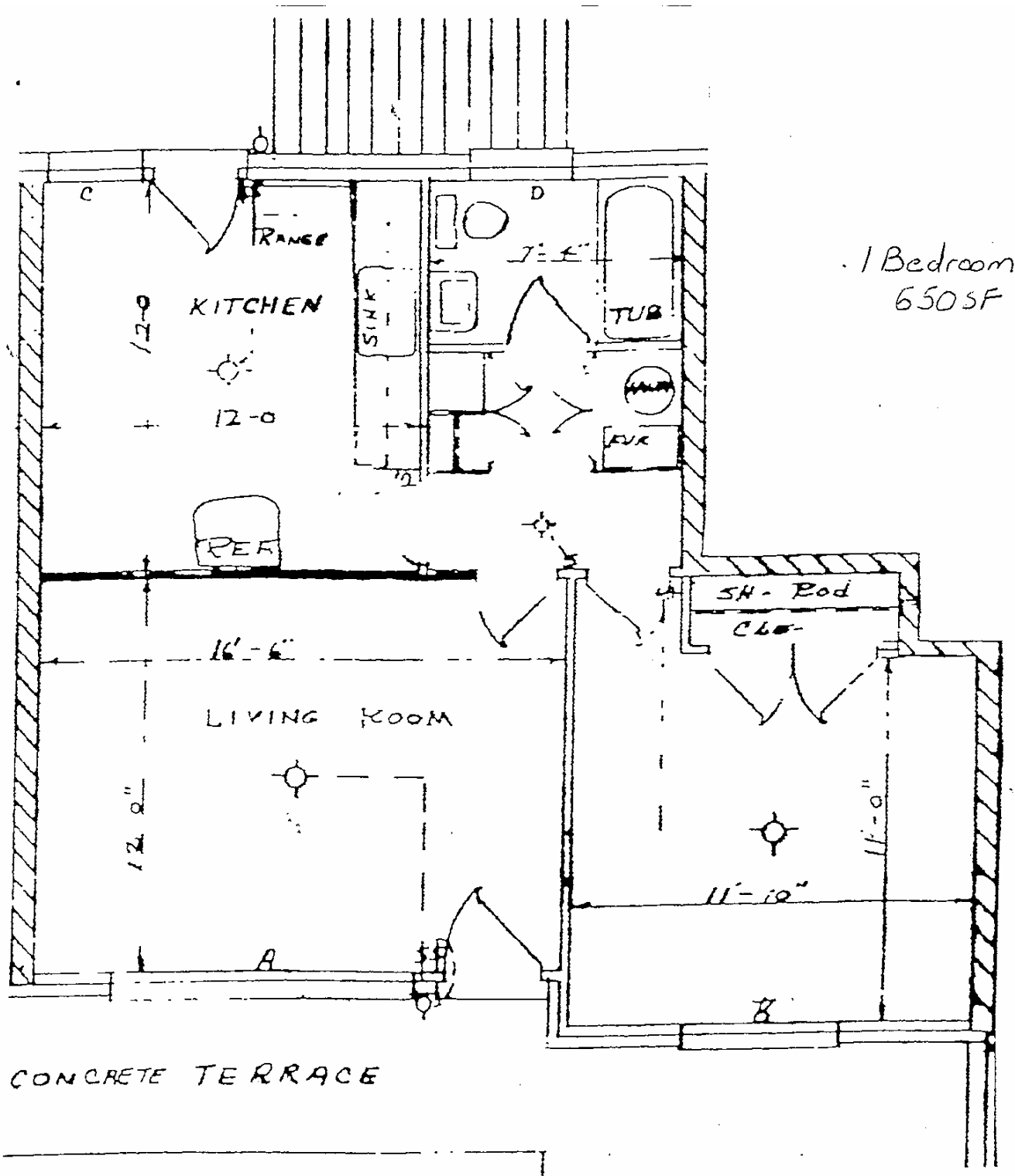


Picture #4

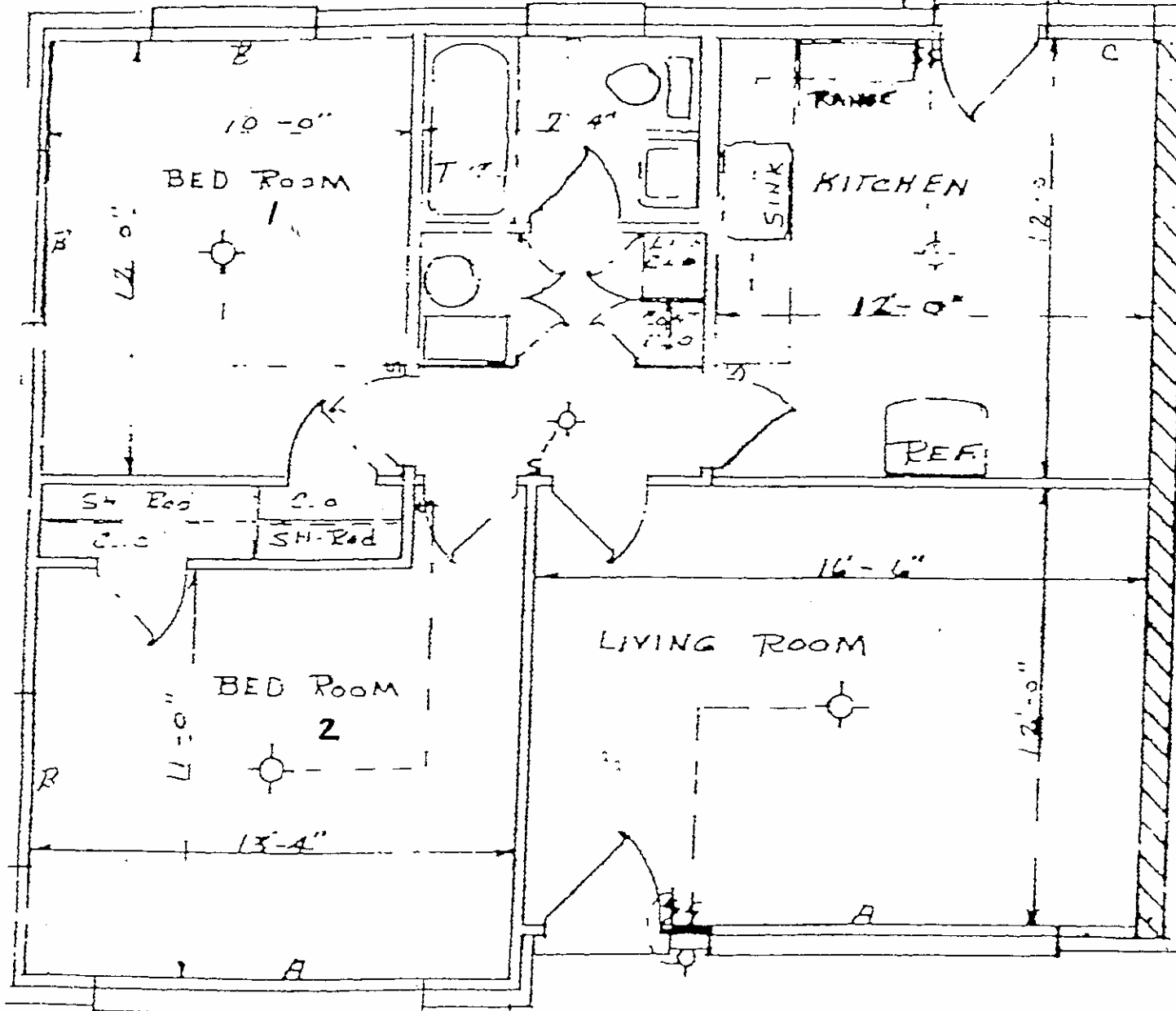


Picture #5





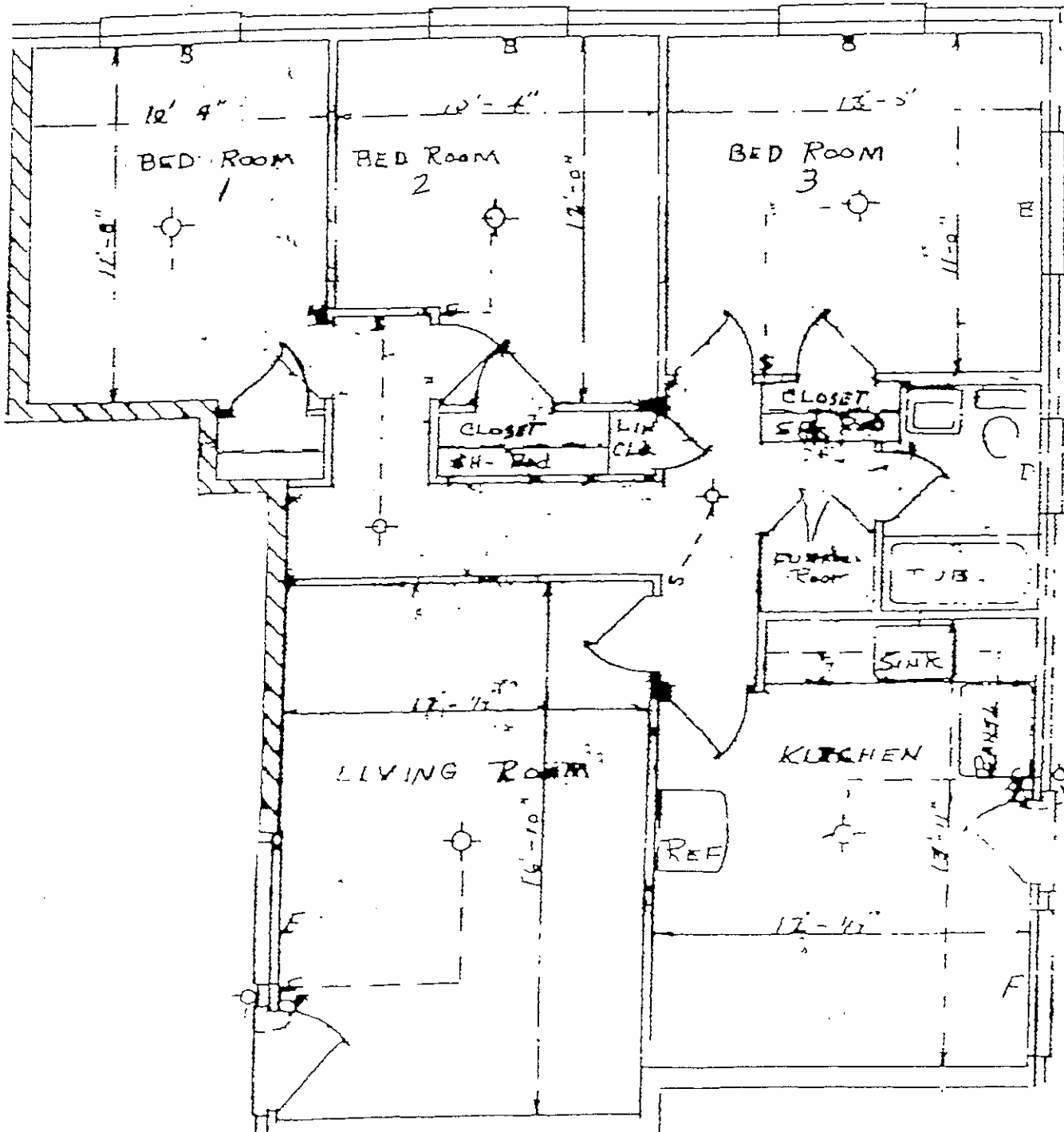
The information listed above has been obtained from sources we believe to be reliable, however, we accept no responsibility for its correctness.



2 Bedroom
850SF

CONCRETE TERRACE

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



3 Bedroom
1050 SF

5 . Advisor Profile

Sperry Van Ness Advisors



Scott Busch
Advisor
Sperry Van Ness

Scott Busch serves as an Advisor for Sperry Van Ness specializing in apartment, investment real estate, and land transactions.

Prior to joining Sperry Van Ness, Busch co-founded AIM Realty Advisors, Inc., a full-service commercial real estate firm involved in brokerage, investment real estate, site selection, and development consulting services.

With an educational and professional background in financial securities, Busch began to concentrate on investment real estate. Since that time, he has worked on a variety of commercial property types. He has also been responsible for acquiring and managing multiple income producing investment properties.

As an involved commercial real estate Advisor, Busch is a member of the National Association of Realtors, a member of the North Carolina Association of Realtors, and a member of the Triangle Commercial Association of Realtors. In addition, he is active in his church, is an active member of the Greater Raleigh Chamber of Commerce, and is an active member of the Wake Forest Chamber of Commerce, where he serves on the Board of Directors.

Busch is a candidate for the prestigious Certified Commercial Investment Member (CCIM) designation. As such, he is on target to be among the six percent of the estimated 125,000 commercial real estate practitioners nationwide to hold the exceptional CCIM designation.