

Crescent Resources, LLC
Report to Board of Managers
Huntersville, NC Land Purchase
May, 2006

A. Description & Financial Parameters

Crescent Retail is requesting approval to purchase a strategic piece of land in Huntersville, NC for a future retail project. The site is approximately 21 acres and borders the Charlotte/Huntersville line in a high growth area. The purchase price of the site is \$2,630,000 (approximately \$125,000 per acre) and we anticipate using 1031 exchange dollars for the purchase. Crescent has received a very favorable purchase price due to the fact that the current option owner contracted for this tract before a considerable amount of residential and commercial growth occurred in the area.

The land is in a highly desirable location for a retail development. John Wieland Homes is planning a 461 acre, 440 unit high-end residential project surrounding the site. Additionally, the tract is located at a 3 way signalized "T" intersection at the top of the "T". The town of Huntersville plans to extend Prosperity Church Road northward through the site to eventually create a parkway that will extend to NC 73 in northern Huntersville. This would create two corners on the site that would be very favorable to retail tenants. The site is currently zoned residential and would require rezoning post closing in order to facilitate a retail project. Crescent Retail has had several meetings with the town of Huntersville and the planners have shown support for commercial rezoning if an acceptable plan with amenities is submitted. In the event commercial zoning cannot be obtained, we would then pursue a multi-family zoning which would allow us to sell the land in the \$200,000 per acre range.

Rezoning approval would be granted in late 2006 or early 2007. Construction on the site would begin in late 2007 or early 2008 and we will request authorization to develop the center at that time. Our proposed site plan contemplates building an approx. 35,000 square foot grocery store or a smaller neighborhood home improvement store and 32,000 square feet of shop space, both of which would open in late 2008. Uses and site plan configuration are subject to market conditions.

We have received interest in the two outparcels from Walgreen's and State Employees Credit Union. In addition, we have received preliminary interest from Ace Hardware store that would serve as the anchor of the project. We anticipate covering our land purchase price with the sale of outparcels. Additionally, the site is very flat and is expected to have a low cost of grading.

Currently, we are requesting authorization to purchase the site for \$2,630,000 and an additional \$250,000 for legal and soft costs related to the rezoning. The land purchase would occur in June 2006.