


Strategic Market and Business Plan

Phase one of our market research and site selection is currently being implemented. This encompasses a western limit of Central Texas along the 1-35 corridor, Oklahoma, Missouri, Illinois, Michigan and New York to the north. Our initial phase one site search is focusing on the Southeastern sector. Phase two, to be implemented in the future, will target the western half of the country supported by a branch office conveniently located within the territory.

Our mission and goal is to successfully develop, construct and manage one to three new developments annually with the ultimate goal of owning and/or managing a portfolio of 10 to 20 student housing properties consisting of 5,000 to 10,000 bedrooms. The formation and development of our Property Management division will assure detailed attention to onsite operations with a focus on net operation income (NOI) efficiency. Determining the holding period for each property will be closely monitored with a focus on generating the greatest return on investment for our partners.

Key components must meet our guidelines when evaluating potential sites and are vital to a project's success. Those guidelines include, but are not limited to:

- Proximity to campus. The best properties are within walking distance of a campus. Other important factors include being on the campus shuttle or city bus line and within bicycling distance. The site must be two miles or closer which is within FHA financing requirements for student housing.
- The size of the property must be able to support ideally one parking space per bedroom with a minimum of 0.9 parking spaces per number of bedrooms.
- Property with a minimum of six acres in size for conventional structured buildings. Sites are reviewed on an individual basis depending on the zoning densities that can be permitted.
- Universities and colleges with a minimum undergraduate enrollment of 6,500.

In closing ... One of the unique things about the business is it has almost an endless lifetime of profitability versus conventional market rate apartments. Conventional apartments have issues like highway, employment, and neighborhood changes that affect their value over time.

The student housing market is growing and becoming increasingly competitive. However, since 4,000 four-year colleges exist and the largest of the student housing companies own or manage properties at 20 to 50 campuses, there remains plenty of opportunity in this niche market.