University of Florida
MRE Class of 2007
Student Housing
Investment Presentation

March 2007
Taurus Stornoway Investment Management

- U.S. real estate investment management
- Global origination of investment capital
- Targeted international joint ventures:
  - Regional real estate expertise
  - Expanded investor relationships
Taurus Stornoway’s Mission

- Investment management fiduciary
- Product / sector-focused platforms
- Strategies aimed at delivering scale
- Proactively manage portfolios
- Deliver investment platforms with debt expertise
Taurus Stornoway’s Mission (continued)

- Blend cultures:
  - Institutional-quality investment management
  - Entrepreneurial REOCs

- Develop efficient investment management processes:
  - Lower cost
  - Reduced redundancies
  - Empowerment
  - Outsourcing

- Maintain a continuous presence in capital exporting markets

- Create broad relationships with international equity sources:
  - Leveraging initial placements into global relationships
Investment Management Team

- **Paul Phillips** – Executive leadership and business development:
  - Retired President of Prudential Real Estate Investors, International
  - Managed $4 billion in international real estate assets

- **Ed Kerley, CPA, CFA** – Investment management and platform administration:
  - Former Vice President with Prudential Real Estate Investors
  - Areas of expertise include: investor interaction, acquisition/sales, developments, asset management, workouts and portfolio management

- **David A. Materna** – Investment management and platform administration
  - Former President/CEO of The Paradigm Group, Student Housing Owners and Operators
  - Former Director of Real Estate Capital Markets, Bank of Boston
  - 28 + years of experience in real estate investment banking, analysis and finance
US RE Investment Management

- Vertically-integrated operating platforms, combining:
  - Regional real estate expertise
  - Investment product specialist
  - Exclusive deal flow
  - Institutional-quality investment management skills
  - Dedicated investment capital

- Platforms focused by geographic location or property type - partnerships including:
  - Prominent real estate companies
  - Premier global investors
  - Investing through special purpose vehicles
US RE Investment Management (continued)

- Investment infrastructure and portfolio administration overhead costs are allocated across all of the operating platforms.

- Investment advisory profitability is earned at the operating platform level:
  - Low fixed fees
  - Significant performance incentives
  - The interest of all stakeholders are aligned toward overall investment performance

- Targets investment opportunities:
  - High long-term growth areas of the U.S. (mostly in the eastern U.S.)
  - Capable of meeting investor-driven demands for national coverage
Marketplace Characteristics

- Capital surplus / product deficit
- Weight of blind pool capital driving capital values
- Too many “me too” funds
- Limited global reach within the industry
- Global players with apparent / real conflicts between investment management and brokerage functions
- Limited sector focus within products and investment management groups
30 Years... Reliability  Trust  Results

I. FLORIDA

Canada House Beach Club & Monterey Lake

The Canada House Beach Club is a large time-share conversion in Pompano Beach, which turned out to be the optimal use for the prominent beachfront hotel and the first major successful time-share operation in Broward County, Florida.

Monterey Lake, Delray Beach, Florida
III. TEXAS

777 Main Street, Fort Worth, Texas

The Purchase of this 1 million sf class A office tower in Fort Worth, Texas was a joint venture with legendary venture capitalist Richard Rainwater. In the severely distressed environment after the collapse of the Texas real estate industry in 1992, it revealed Taurus’ deep and sophisticated understanding of market opportunity. The total investment was $63,000,000, of which $17,000,000 equity was provided through Taurus.
III. VIRGINIA, MARYLAND & WASHINGTON, DC

The next step in Taurus’ growth was an expansion along the East Coast. Taurus completed its first transaction in North Virginia in 1993 with CD 9 and Washington, DC in 1999 with CD 36 – a twelve story office building on 1627 K. Street. It later acquired seven more office buildings. At this point all of them have been sold.
IV. MASSACHUSETTS

The Omnibus Portfolio was one of the largest bankruptcies in the Northeast and was previously owned by local real estate mogul Harold Brown. In 1995, Taurus acquired 17 commercial buildings and 850 apartments from Chase Manhattan Bank at extremely discounted prices. The subsequent sales generated a considerable above-market return.
V. INTERNATIONALLY

ARGENTINA

Taurus of Argentina has entered into an agreement with the Universidad Austral to develop and operate the first university research part in Argentina. The vision of the park is to create a corporate space of excellence that will become the hub of innovation, growth and business development in Argentina. The project is a country strategic initiative that has aligned the interests of corporations and the country’s opinion leaders. The University’s superb academic reputation, strong corporate relationships, and unparalleled campus facilities combined with Taurus’ business/technology park experience and financial know-how produce a winning combination.
CONTINENTAL EUROPE

After 3 years of operating in the US the company has returned to its native Germany with the structuring of two funds.

**Hornbach Sale-Leaseback Portfolio** - In August 2006, Taurus closed on the eighth and final asset in its Hornbach sale-leaseback portfolio. Throughout the course of 2005 and early 2006, Taurus and its joint venture partner, Anglo Irish Bank Private Banking, closed on approximately 220 million Euro of 15 year NNN sale-leaseback deals in Germany and Sweden. First mortgage financing was provided by Anglo Irish Bank on market terms, with the required equity being provided by both Anglo Irish Bank and Taurus investors from the US Israel and Germany.

**Targeted German Retail Fund I** – In 2006 Taurus and Anglo Irish Bank Private Banking also closed their 341 million Euro Taurus Euro Retail Fund I. The Fund is capitalized with traditional senior financing provided by Anglo Irish Bank and over 100 million of institutional and private equity from sources in the United States, Ireland, United Kingdom, the Netherlands and Israel. The portfolio consists of about 50, primarily newly constructed, fully-leased, food-oriented retail assets located throughout Germany, Significant representative credits include Rewe, Edeka, Metro and Tengelmann.
Student Housing Overview

- Student Housing Fund Summary
- Student Housing Market Overview
- Rational for the Property Sector
- Investment Environment
Student Housing Market
US University Setting and Sponsorship

- 1,650 accredited colleges and universities in the US
- Over 16,000,000 enrolled undergraduate and graduate students
- Many universities are located in college focused towns
- Most major universities are state funded
- State budget constraints have dramatically limited investments in on-campus student housing
- In many markets, the majority of existing off-campus apartment stock is aging (20 to 30 years old) and becoming functionally obsolete
- Limited number of REIT’s and pension funds active in student housing
- Investor/operator alliances can benefit from existing market demands and/or operating inefficiencies
Overview of Off-Campus Student Housing

- A sub-sector of the overall US multi-family housing market serving students in major US universities
- Privately owned, garden and mid-rise apartment communities
- Located near major universities
- Primary residents are undergraduate and graduate level students
Overview of Off-Campus Student Housing (cont.)

- Older product resembles more traditional apartments and are leased “By-the-Unit”
- Newer projects offer students an expanded list of amenities
- Current “state-of-the-art” properties are even more specialized, providing “By-the-Bed” leases and extensive amenities
Typical Student Housing Property

- The location
  - Is within a 5 mile radius of a major university (10,000 ± students)
  - Is linked to campus by city or private transportation lines

- Amenities include
  - Swimming pools and hot tubs
  - Fitness centers and athletic courts
  - In-suite laundry facilities
  - Property-wide wireless computer networks
  - Common study and recreational areas
  - Computer labs and business centers
Typical Student Housing Unit

- **The size**
  - 700 SF ± for a 1 bedroom unit
  - 1,000 SF ± for a 2 bedroom unit
  - 1,200 SF ± for a 3 bedroom unit
  - 1,400 SF ± for a 4 bedroom unit

- **The floor plans includes**
  - Common kitchen, dining, and living room
  - One bathroom per bedroom per student
  - Older properties will sometimes have 2-1’s (2 bedrooms, 1 bath) and 3-2’s (3 bedrooms, 2 baths)
Typical Student Housing Floor Plans

1Br - 1Ba

2Br - 2Ba

4Br - 4Ba
Leasing Model

Effective student housing operators:

- Utilize a dynamic leasing model to optimize property revenues
- Actively manage the annual lease-up process between January 1st to August 15th by continually monitoring rental rates that respond to market demand and remaining available inventory
- Compare current occupancy to prior year’s performance and budgeted proformas
- Seek multiple-property markets that will allow on-site leasing staff to cross market properties
- Continuously evaluate marketing strategy to further enhance income
- Aggressively manage recurring capital expenditures
Lease Terms

- Typically, 12 month leases structured around the commencement of the academic year (approximately September 1st)
- Known rollover schedule provides opportunities for proactive leasing strategies
- Leases guaranteed by parents
- Fee structure provides the opportunity to generate additional income
  - Redecoration fees
  - Application fees
  - Roommate matching fees
  - Utility and furniture packages
  - Cable and Internet packages
- Higher security deposits
Advantages of Off-Campus Living

- Larger living spaces than on-campus properties
- Privacy and social benefits
- Amenities
  - Kitchens
  - In-unit washer and dryer
  - Swimming pools and hot tubs
  - Fitness centers
  - Computer labs
  - Common study and recreational areas
- Parking (not usually available on most campuses)
- Total housing expenses are very comparable with on-campus housing costs
- The cultural experience and benefit of living off-campus
“By-the-Unit” Versus “By-the-Bed”

- **By-the-Unit (Traditional apartments)**
  - Leased by the entire apartment, occupants share costs
  - Lease commitments and parental guarantees made by the unit

- **By-the-Bed (State-of-the-art)**
  - Emerging market segment
  - Higher demand from parents
  - Usually newer construction
  - By-the-bed lease terms and parental guarantees are limited to the bedroom only
  - Opportunities to generate additional income by leasing furnished bedrooms, common living areas, internet, and cable television packages
“By-the-Unit” Versus “By-the-Bed”

Representative Rent Comparables

<table>
<thead>
<tr>
<th>University</th>
<th>2 BR/1 BA</th>
<th>2 BR/2 BA</th>
<th>3 BR/2 BA</th>
<th>4 BR/2 BA</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Florida</td>
<td>By-the-Unit</td>
<td>$678</td>
<td>$810</td>
<td>$912</td>
</tr>
<tr>
<td></td>
<td>By-the-Bed</td>
<td>N/A</td>
<td>$1,044 ($522/bed)</td>
<td>$1,380 ($460/bed)</td>
</tr>
<tr>
<td>Florida State University</td>
<td>By-the-Unit</td>
<td>$654</td>
<td>$762</td>
<td>$805</td>
</tr>
<tr>
<td></td>
<td>By-the-Bed</td>
<td>$1,002 ($501/bed)</td>
<td>$1,000 ($500/bed)</td>
<td>$1,263 ($421/bed)</td>
</tr>
<tr>
<td>Georgia Southern University</td>
<td>By-the-Unit</td>
<td>$425</td>
<td>$500</td>
<td>$550</td>
</tr>
<tr>
<td></td>
<td>By-the-Bed</td>
<td>N/A</td>
<td>$730 ($365/bed)</td>
<td>$1,080 ($360/bed)</td>
</tr>
<tr>
<td>North Carolina State</td>
<td>By-the-Unit</td>
<td>$616</td>
<td>$727</td>
<td>$883</td>
</tr>
<tr>
<td></td>
<td>By-the-Bed</td>
<td>N/A</td>
<td>$736 ($368/bed)</td>
<td>$1,035 ($345/bed)</td>
</tr>
<tr>
<td>University of Virginia</td>
<td>By-the-Unit</td>
<td>$848</td>
<td>$1,040</td>
<td>$1,457</td>
</tr>
<tr>
<td></td>
<td>By-the-Bed</td>
<td>N/A</td>
<td>N/A</td>
<td>$1,308 ($436/bed)</td>
</tr>
</tbody>
</table>

1 Comparison unit is 4 bedroom/3 bath
2 Comparison unit is 4 bedroom/4 bath
3 Comparison unit is 3 bedroom/3 bath

Courtesy of NMHC, Student Housing 102, 2005
Rationale for Student Housing

- Favorable Demographics
- Lack of Adequate On-Campus Housing
- Obsolesance of Traditional On-Campus Housing Stock
- Fragmented Market / Aggregation Opportunities
- Availability of Attractively Priced Debt
Favorable Demographics

- Growth in college age population and a higher proportion of high school graduates attending college results in strong enrollment demand

- US Department of Education projects the national average annual growth rate for college enrollment to be 1.4% until 2015

College Enrollment 1990 to 2015

Sources: US Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data Systems, "Fall Enrollment Survey"
Lack of Adequate On-Campus Housing

- On-campus capacity at leading universities does not come close to meeting demand

<table>
<thead>
<tr>
<th>University</th>
<th>Rank by Enrollment</th>
<th>Total Enrollment</th>
<th>On-Campus Beds</th>
<th>Beds: % of Total Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of South Florida</td>
<td>9</td>
<td>44,038</td>
<td>4,229</td>
<td>10%</td>
</tr>
<tr>
<td>University of Minnesota Twin Cities</td>
<td>4</td>
<td>50,402</td>
<td>5,636</td>
<td>11%</td>
</tr>
<tr>
<td>Arizona State University (Tempe Campus)</td>
<td>2</td>
<td>51,234</td>
<td>6,000</td>
<td>12%</td>
</tr>
<tr>
<td>The University of Texas</td>
<td>5</td>
<td>49,738</td>
<td>6,815</td>
<td>14%</td>
</tr>
<tr>
<td>University of Florida</td>
<td>3</td>
<td>50,912</td>
<td>7,351</td>
<td>14%</td>
</tr>
<tr>
<td>University of Central Florida</td>
<td>6</td>
<td>46,719</td>
<td>8,751</td>
<td>19%</td>
</tr>
<tr>
<td>Ohio State University</td>
<td>1</td>
<td>51,818</td>
<td>10,104</td>
<td>19%</td>
</tr>
<tr>
<td>Texas A&amp;M University</td>
<td>8</td>
<td>45,487</td>
<td>9,865</td>
<td>22%</td>
</tr>
<tr>
<td>Pennsylvania State University (University Park)</td>
<td>10</td>
<td>42,914</td>
<td>13,000</td>
<td>30%</td>
</tr>
<tr>
<td>Michigan State University</td>
<td>7</td>
<td>45,520</td>
<td>17,000</td>
<td>37%</td>
</tr>
</tbody>
</table>

**Total Average for Top 10 Largest Universities**

<table>
<thead>
<tr>
<th>Enrollment</th>
<th>On-Campus Beds</th>
<th>Beds: % of Total Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>478,782</td>
<td>88,751</td>
<td>19%</td>
</tr>
</tbody>
</table>

Obsolescence of Traditional Housing Stock

- On-campus housing is generally older and lacks modern amenities compared to off-campus alternatives of similar size

<table>
<thead>
<tr>
<th>University</th>
<th>Total Enrollment</th>
<th>Average Year Built</th>
<th>Average Building Age</th>
<th>% Beds w/ Private Bedroom</th>
<th>% Beds w/ Semi-Private Bath*</th>
<th>% Beds w/ a Kitchen</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Texas</td>
<td>52,261</td>
<td>1966</td>
<td>37.6</td>
<td>16.0%</td>
<td>29.0%</td>
<td>22.0%</td>
</tr>
<tr>
<td>Ohio State University</td>
<td>49,676</td>
<td>1961</td>
<td>42.9</td>
<td>17.0%</td>
<td>32.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>University of Minnesota</td>
<td>48,677</td>
<td>1961</td>
<td>42.6</td>
<td>30.0%</td>
<td>20.0%</td>
<td>15.0%</td>
</tr>
<tr>
<td>University of Florida</td>
<td>47,373</td>
<td>1962</td>
<td>41.6</td>
<td>24.0%</td>
<td>37.0%</td>
<td>23.0%</td>
</tr>
<tr>
<td>Arizona State</td>
<td>47,359</td>
<td>1965</td>
<td>38.6</td>
<td>4.0%</td>
<td>18.0%</td>
<td>12.0%</td>
</tr>
<tr>
<td>University of Wisconsin</td>
<td>41,518</td>
<td>1953</td>
<td>51.5</td>
<td>45.0%</td>
<td>40.0%</td>
<td>40.0%</td>
</tr>
<tr>
<td>University of Washington</td>
<td>39,246</td>
<td>1962</td>
<td>41.6</td>
<td>17.0%</td>
<td>10.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>University of Michigan</td>
<td>38,972</td>
<td>1949</td>
<td>54.7</td>
<td>36.0%</td>
<td>10.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>University of South Florida</td>
<td>38,854</td>
<td>1986</td>
<td>17.8</td>
<td>39.0%</td>
<td>42.0%</td>
<td>37.0%</td>
</tr>
<tr>
<td>University of Central Florida</td>
<td>38,598</td>
<td>1994</td>
<td>10.3</td>
<td>42.0%</td>
<td>100.0%</td>
<td>40.0%</td>
</tr>
<tr>
<td>Purdue University</td>
<td>38,546</td>
<td>1960</td>
<td>44.4</td>
<td>19.0%</td>
<td>30.0%</td>
<td>25.0%</td>
</tr>
<tr>
<td>University of California, Los Angeles</td>
<td>37,599</td>
<td>1977</td>
<td>27.2</td>
<td>0.0%</td>
<td>48.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>University of Arizona</td>
<td>36,847</td>
<td>1966</td>
<td>38.4</td>
<td>2.0%</td>
<td>19.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Florida State University</td>
<td>36,210</td>
<td>1988</td>
<td>16.4</td>
<td>5.0%</td>
<td>14.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>California State University, Long Beach</td>
<td>34,566</td>
<td>1975</td>
<td>28.8</td>
<td>2.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>University of Houston</td>
<td>34,443</td>
<td>1969</td>
<td>34.5</td>
<td>34.0%</td>
<td>60.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>San Diego State University</td>
<td>34,304</td>
<td>1978</td>
<td>26.2</td>
<td>15.0%</td>
<td>28.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Florida International University</td>
<td>33,451</td>
<td>1994</td>
<td>10.3</td>
<td>81.0%</td>
<td>81.0%</td>
<td>81.0%</td>
</tr>
<tr>
<td>University of California, Berkeley</td>
<td>33,345</td>
<td>1961</td>
<td>42.9</td>
<td>6.0%</td>
<td>25.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>University of Georgia</td>
<td>32,941</td>
<td>1969</td>
<td>34.9</td>
<td>16.0%</td>
<td>25.0%</td>
<td>16.0%</td>
</tr>
</tbody>
</table>

Average**

| Average | 1967 | 36.5 | 23.0% | 33.0% | 17.0% |

Source: Rosen Consulting Group – 2005

*Includes bathrooms located in suites with up to four students per bathroom

**Average is weighted by number of beds
Fragmented Market

- The highly fragmented off-campus university housing market creates a consolidation play for well-capitalized professionally managed firms.

### TOP U.S. UNIVERSITY HOUSING OWNERS / MANAGERS

**Beds Owned and/or Managed as % of Total Off-Campus Rental Inventory**

The top 11 student housing companies in the U.S. account for about 202,504 beds—less than 3% of all off-campus rental housing inventory (4.5 million beds).

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**Table: Top U.S. University Housing Owners/Managers**

<table>
<thead>
<tr>
<th>Owner / Manager</th>
<th>Student Properties</th>
<th>Beds</th>
<th>Beds: % of Total Off-Campus Rental Inventory</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMH College Park Communities</td>
<td>71</td>
<td>43,368</td>
<td>0.9%</td>
</tr>
<tr>
<td>Allen &amp; O'Hara / Education Realty</td>
<td>48</td>
<td>35,000</td>
<td>0.8%</td>
</tr>
<tr>
<td>American Campus Communities</td>
<td>44</td>
<td>27,600</td>
<td>0.6%</td>
</tr>
<tr>
<td>Ambling</td>
<td>31</td>
<td>23,700</td>
<td>0.5%</td>
</tr>
<tr>
<td>Sterling Housing</td>
<td>23</td>
<td>14,467</td>
<td>0.3%</td>
</tr>
<tr>
<td>FirstWorthing</td>
<td>31</td>
<td>14,158</td>
<td>0.3%</td>
</tr>
<tr>
<td>Place Properties</td>
<td>26</td>
<td>13,051</td>
<td>0.3%</td>
</tr>
<tr>
<td>Capstone</td>
<td>13</td>
<td>10,145</td>
<td>0.2%</td>
</tr>
<tr>
<td>AIMCO</td>
<td>15</td>
<td>9,435</td>
<td>0.2%</td>
</tr>
<tr>
<td>Fairfield</td>
<td>10</td>
<td>6,290</td>
<td>0.1%</td>
</tr>
<tr>
<td>JPI</td>
<td>10</td>
<td>6,290</td>
<td>0.1%</td>
</tr>
<tr>
<td>Other (4,424,539)</td>
<td>100%</td>
<td>4,424,539</td>
<td></td>
</tr>
</tbody>
</table>

Total: 4,617,843

Sources: FirstWorthing Research 2005
Availability of Financing

- Student Housing Debt in US is now a preferred institutional product
- 80% Loan-to-value, non-recourse financing
- Floating or fixed rate notes
- Up to ten (10) years – Interest only
- Fannie Mae, Freddie Mac & institutional credit facilities available
- Typical spreads: 180 to 200 bps over Libor or 100 bps over equivalent treasuries
- Example: (As of 03/01/2007): 5.65% fixed rate for ten years, interest only
Investment Environment
Student Housing Investors

- Student housing is emerging as a target investment class by a number of major US investors
- Ownership is extremely fractionalized and often provincial
  - Historically supported by abundant debt and asset liquidity, especially for investors with operational skills
- Creation of national platforms are in their infancy
- Caters to institutional investors
  - Lower volatility of returns
  - Enhanced credit through guarantees by parents
  - Liquidity
- Recently, several student housing REIT’s have been listed on the NYSE, including:
  - American Campus Communities (Ticker: “ACC”)
  - Education Realty Trust (Ticker: “EDR”)
  - GMH Communities Trust (Ticker: “GCT”)

TAURUS STORNOWAY INVESTMENTS LLC
Property Valuation Measures

- Current compressed market cap rates for institutional quality, traditional apartments are currently in the 6+-/-% range.

- The high demand for “condo conversions” has been responsible for the recent compression in cap rates.

- Cap rate premiums for student housing properties are 50 to 75 bps higher.

Sources: www.ncreif.com
## Representative Sales Comparables

**Sample of recent sales in Southeast US**

<table>
<thead>
<tr>
<th>Property</th>
<th>Transaction Date</th>
<th>Year Built</th>
<th>Number Of Units</th>
<th>Sales Price</th>
<th>Sales Price Per Unit</th>
<th>Going-In Cap Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pavilion Crossings Charlotte, NC</td>
<td>Feb-07</td>
<td>2000</td>
<td>408</td>
<td>$36,175,000</td>
<td>$88,664</td>
<td>6.0%</td>
</tr>
<tr>
<td>Edwards Portfolio Ypdilanti, MI Toledo, OH Lexington, KY</td>
<td>Feb-07</td>
<td>2005</td>
<td>184 224 332</td>
<td>$127,600,000</td>
<td>$172,432</td>
<td>5.6%</td>
</tr>
<tr>
<td>Village on 6th Huntington, WV</td>
<td>Jan-07</td>
<td>1999</td>
<td>248</td>
<td>$25,600,000</td>
<td>$103,226</td>
<td>7.0%</td>
</tr>
<tr>
<td>University Commons Lexington, KY</td>
<td>Oct-06</td>
<td>1996</td>
<td>182</td>
<td>$22,500,000</td>
<td>$123,626</td>
<td>6.8%</td>
</tr>
<tr>
<td>Preserve at San Luis Tallahassee, FL</td>
<td>July-06</td>
<td>2003</td>
<td>190</td>
<td>$23,200,000</td>
<td>$122,105</td>
<td>7.6%</td>
</tr>
</tbody>
</table>
Potential Target Markets

- Major US state university locations

- Evaluation Criteria:
  - Universities are a significant economic generator for the community
  - Strong academics
  - Stable, growing enrollment outlook
  - Supply and demand in balance
  - Shortage of on-site student housing
  - University is capital constrained

- Special emphasis on acquisition opportunities that create operational scale
Potential Target Markets

Immediate Targets

Potential Target Markets

Lafayette, LA
Tallahassee, FL
Tampa, FL
Orlando, FL
Raleigh, NC
Thank you

David A. Materna
Partner
Taurus Stornoway Investments

March 2007
US RE Investment Management (continued)

- Investment infrastructure and portfolio administration overhead costs are allocated across all of the operating platforms.

- Investment advisory profitability is earned at the operating platform level:
  - Low fixed fees
  - Significant performance incentives
  - The interest of all stakeholders are aligned toward overall investment performance

- Targets investment opportunities:
  - High long-term growth areas of the U.S. (mostly in the eastern U.S.)
  - Capable of meeting investor-driven demands for national coverage