



Example Geographic Market Overview

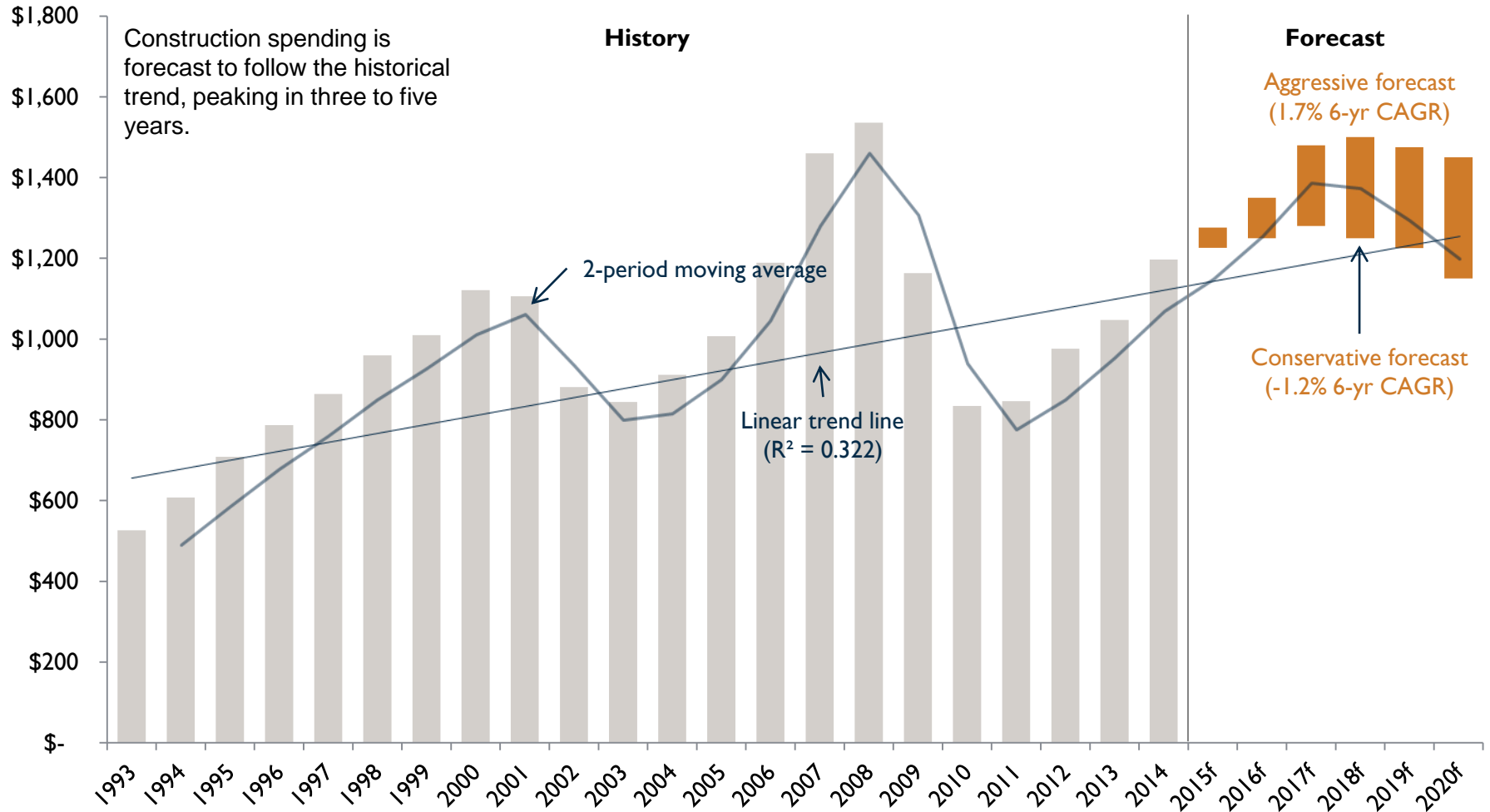
Construction spending forecast and market characteristics

Forecast construction spending in the company's target segments is expected to range from approximately \$1.25 billion to \$1.5 billion over the next five years.

Target segment construction spending put-in-place forecast

Commercial (i.e., retail), Office, Health care, and Manufacturing segments; Millions of current dollars

Source(s): FMI, Global Insight, Reed Construction Data



Forecast construction spending is largely dependent on developments in the overall national and state economies due to local market's industry base.

Construction spending forecast assumptions

Aggressive vs. Conservative views

Source(s): FMI analysis of multiple sources

Forecast	Supporting Arguments	Assumptions and Potential Implications
Aggressive	<ul style="list-style-type: none"> Demand for commercial space remains strong as national retailers have announced plans for new construction and redevelopment projects in the area. Markets like this one have become even more attractive to investors pursuing higher yields. Speculative development in the manufacturing segment and downward-trending vacancy rates bode well for continued growth in the coming years. Decreasing office vacancy rates and high price per square foot from landlords show that the market is tightening. Lack of large blocks of space are forcing tenants to consider build-to-suit options or wait until space becomes available. Vacancy rates are at their lowest point and rental rates are at their highest point since 2009. Commercial construction is also being driven by the rise in multi-use development as a result of inflow of millennials and the market's thriving multi-family market. 	<ul style="list-style-type: none"> The local market could defy emerging signs of stalling economic expansion at the national level, creating an opportunity for modest growth in the company's target segments. Recent labor challenges in the local market would likely be exacerbated. Competition may increase as more out-of-market contractors consider the local market an attractive location for business expansion.
Conservative	<ul style="list-style-type: none"> Interest rate uncertainty lingers, and if rates are raised, it could cast lots of uncertainty over owners. The status of the national and local economy are always impacted by the outcome of federal, state and local elections. Local unemployment rates fell because of a shrinking labor force at the end of 2014; stagnant wages continue to throttle the pace of growth; and the local market's housing market, though appreciating, has not bounced back when compared to its 20 peer metropolitan areas. The spike in office construction could be attributed to construction of larger projects 	<ul style="list-style-type: none"> Construction spending in the company's target segments could be reaching their respective peaks and begin to decline within the next three years. Project postponements and related delays may become more common. Competition could ease if one or more recent entrants decides to leave the local market.

Construction spending in the company's target segments represents 15% of total construction spending in the local market and roughly 25% of the state total.

Target segment opportunity comparisons

Local market and statewide (2014)

Source(s): FMI, Global Insight, Reed Construction Data

Total construction

\$9,550 million

Nonresidential buildings sector

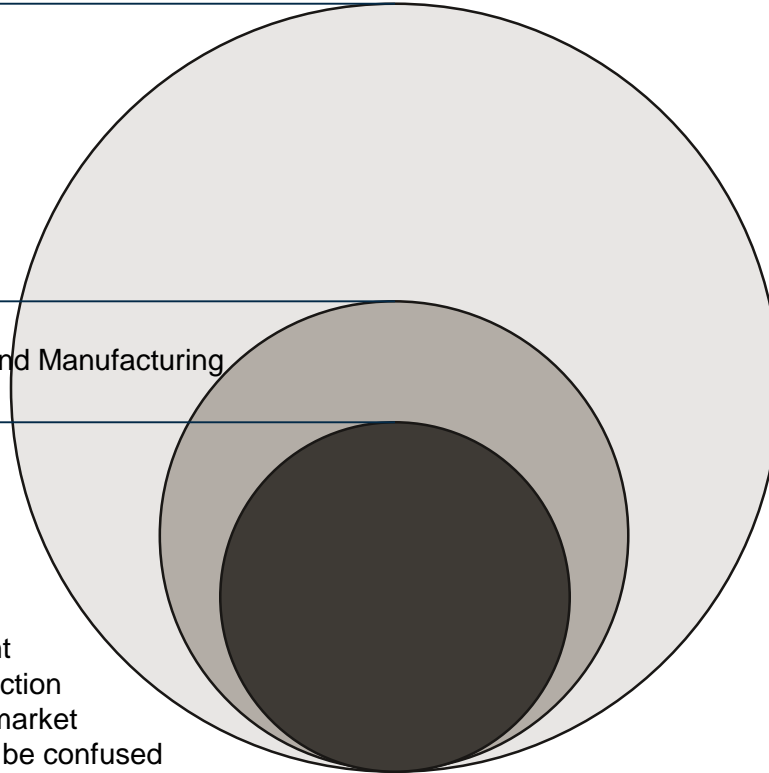
(includes multi-family)

\$3,556 million (37% of total)

Target segments

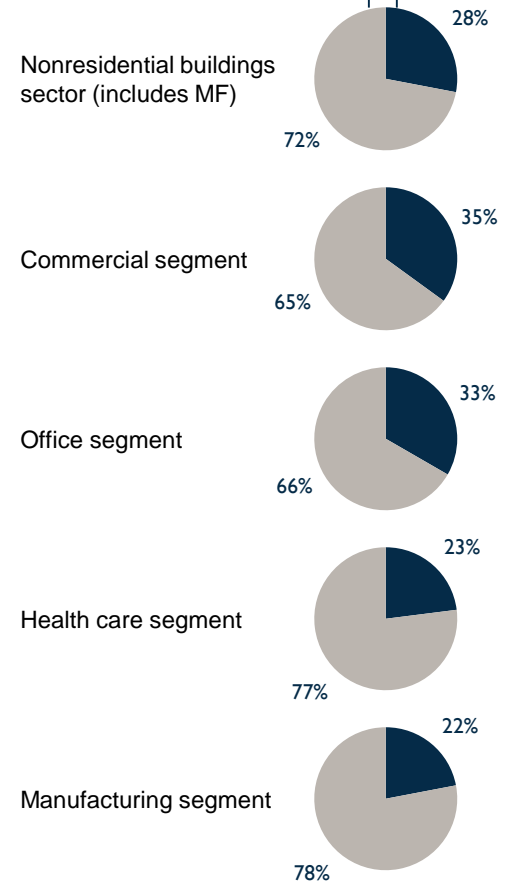
Commercial, Office, Health care, and Manufacturing

\$1,980 million (21% of total)



The company's target segments, which include the commercial (i.e., retail), office, health care, and manufacturing segments, represent approximately 15% of total construction spending put-in-place in the local market for 2014. However, this should not be confused with the company's "addressable" market. In other words, it is assumed that the company would not pursue nor be considered for all project opportunities within its target segments (e.g., preferred project size, contract/delivery method). As such, the company should consider what its true "addressable" market is within this volume.

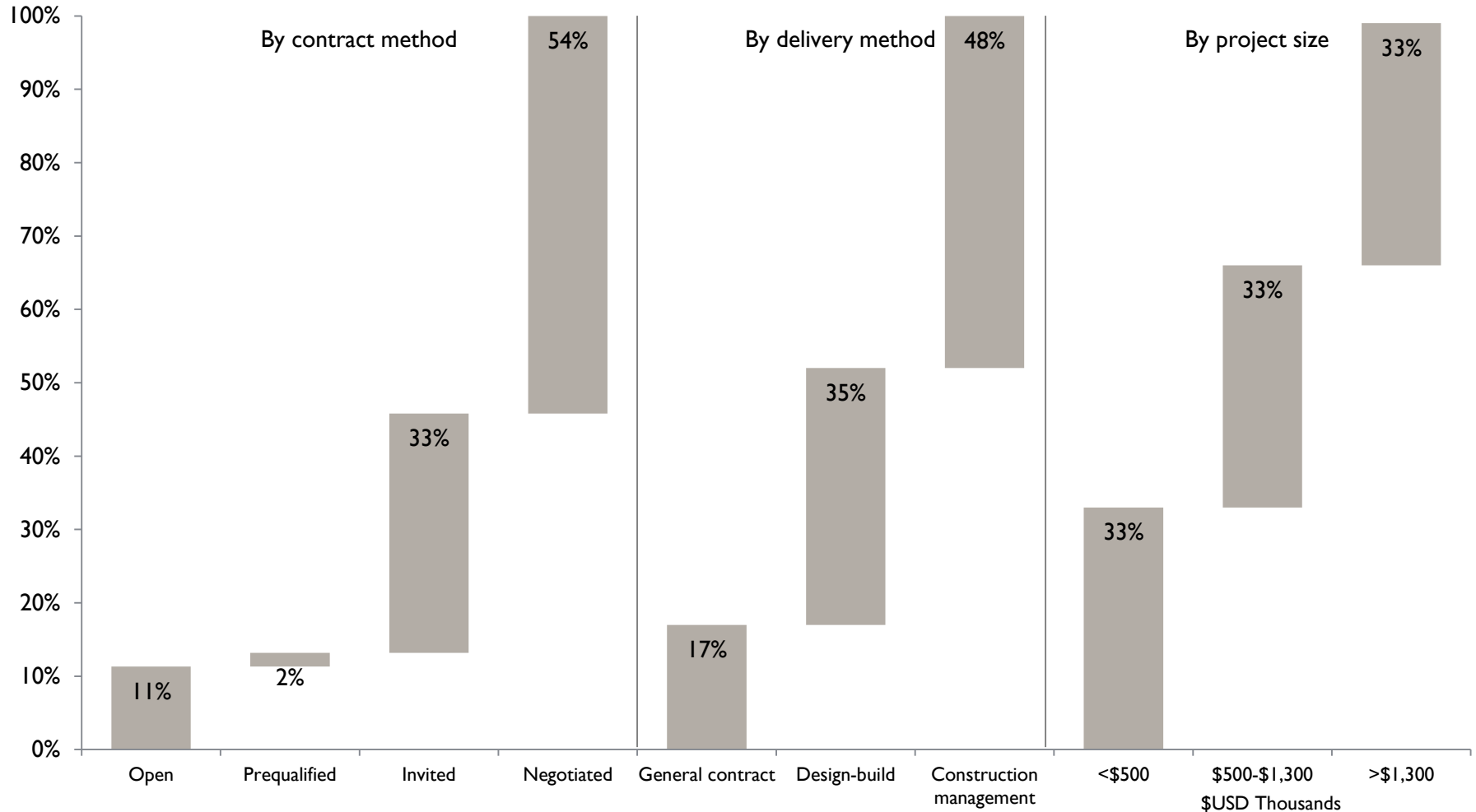
Statewide MSA



The majority of construction spending in the company's target segments (on a dollar basis) has been negotiated construction management and design-build.

Construction spending distributions in the company's target segments

Prior 36 month trend; Dollar basis
 Source(s): FMI, Reed Construction Data

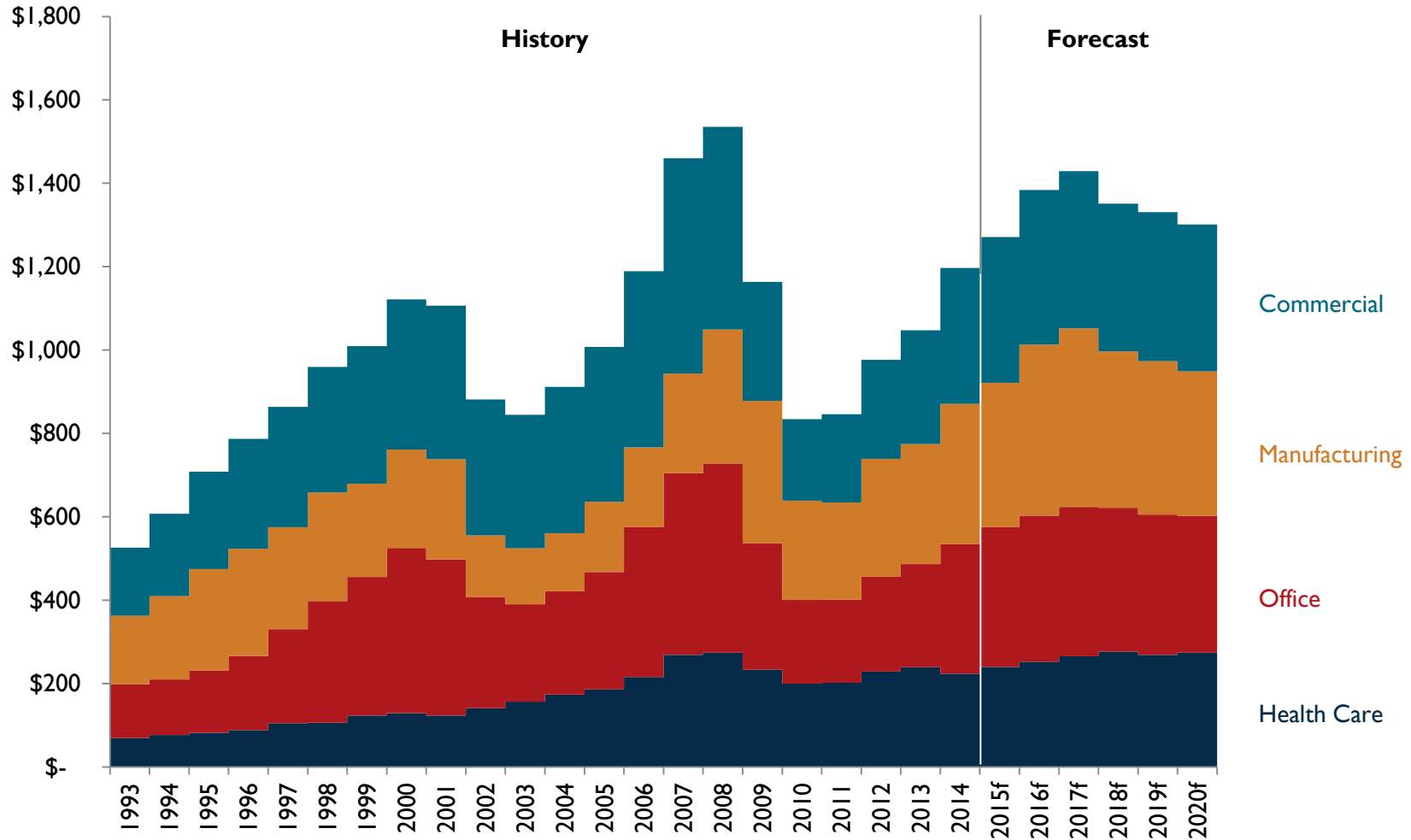


There is relative parity of forecast construction spending in the company's target segments.

Construction spending by segment (Conservative basis)

Millions of current dollars

Source(s): FMI, Global Insight, Reed Construction Data



Commercial construction spending is forecast to range between \$300 million and \$400 million per year through 2019.

Commercial (i.e., retail) construction spending put-in-place

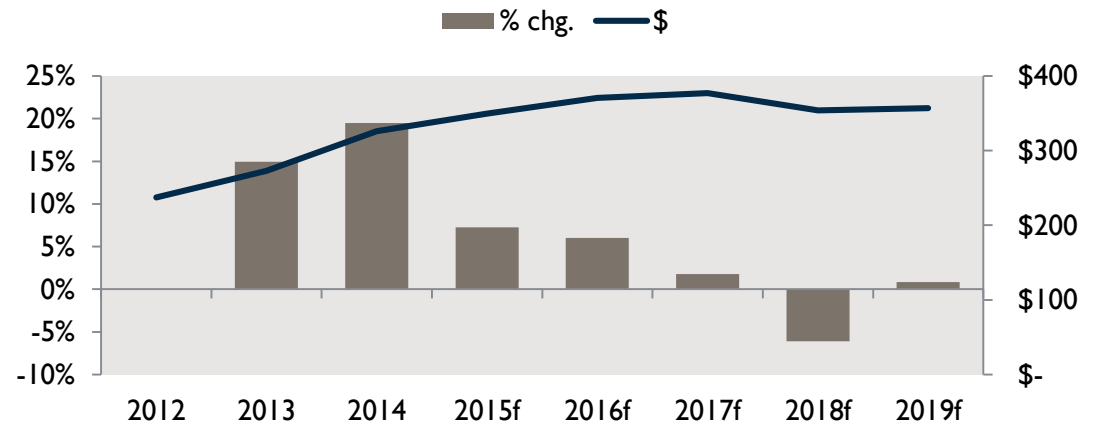
Millions of current dollars

Source(s): FMI, Global Insight, Reed Construction Data

	2012	2013	2014	2015f	2016f	2017f	2018f	2019f
History	\$237.27	\$272.76	\$325.92					
<i>% change</i>	12%	15%	19%					
Aggressive	\$237.27	\$272.76	\$325.92	\$364.57	\$380.09	\$389.20	\$396.59	\$400.99
<i>% change</i>	12%	15%	19%	12%	4%	2%	2%	1%
Conservative	\$237.27	\$272.76	\$325.92	\$334.51	\$361.07	\$365.07	\$311.64	\$313.12
<i>% change</i>	12%	15%	19%	3%	8%	1%	-15%	0%

Definitions

Includes buildings and structures used by the retail, wholesale and selected service industries.

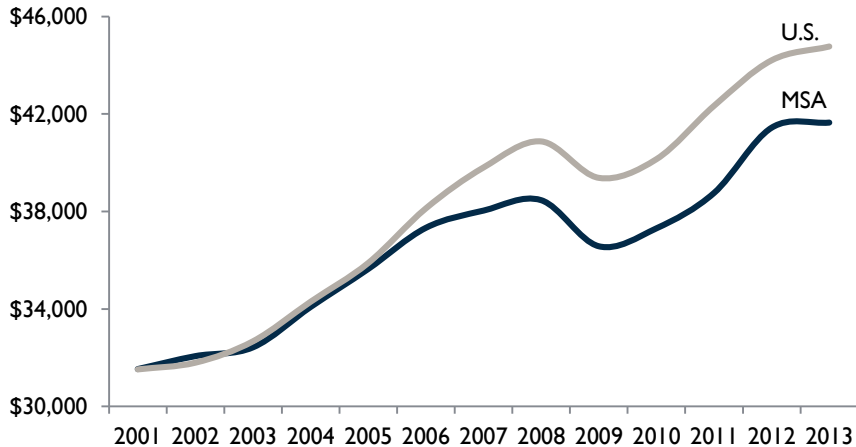


Most economic indicators illustrate the influence of national trends on the local economy.

Economic indicators for the local market

Source(s): Census, FMI, US Bureau of Economic Analysis

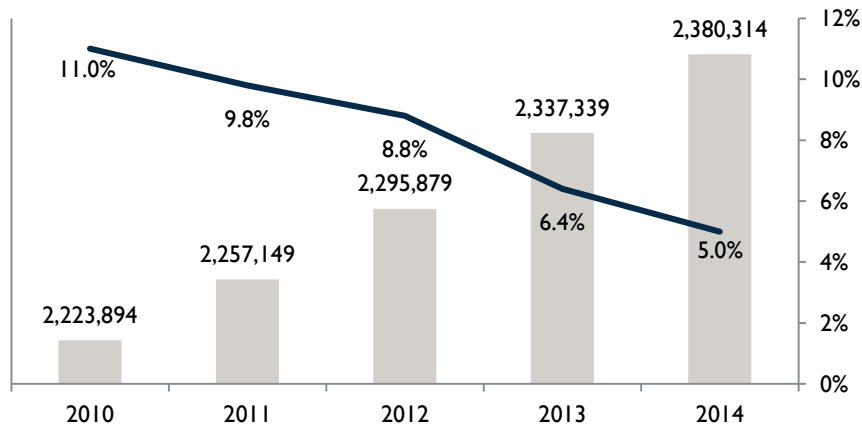
Per capita wages



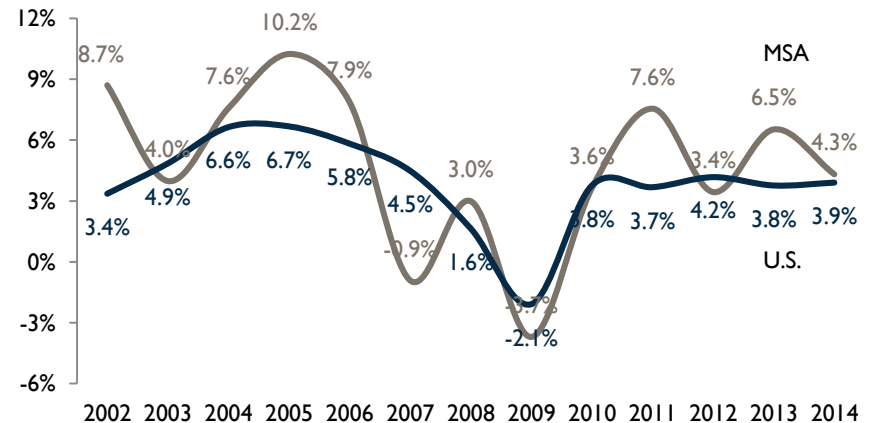
Over the last 5 years, the population in the metropolitan area has grown annually at a rate of 1.4%, however, the per capita income for the MSA is approximately 7% less than that of the rest of the United States. The unemployment rate has also steadily decreased, reaching 5% in 2014, its lowest rate since the recession.

The local market's reputation of having a highly educated workforce and its position as a desirable location for millennials to thrive in a work/play/live is expected to attract talent to the area.

Population and Unemployment Rate



GDP growth



The leading local market contractors have market shares ranging from 13% to 3%.

Estimated market share and primary segment coverage for the 10 largest contractors in the local market

Revenue basis; Nonresidential buildings (including multi-family)

Source(s): Local Market Business Journal, FMI, Global Insight, public corporate press

The top 10 non-residential building contractors in the local market have estimated market shares ranging from a high of 13% (CONCORP) to a low of 3% (General Contracting). Should the company desire to establish a permanent presence in the local market, it is assumed that it would do so only if the company could achieve a market share on par with the leading competitors.

Those contractors with a broader range of segment coverage demonstrate no greater overall market share than those with a narrower focus. The company has indicated interest in four primary segments; Commercial (i.e., retail), Office, Health care, and manufacturing. As such, FMI assumes a target market share for the company in the range of 3% to 5%. Should this be a reasonable estimate, then the company could expect annual revenues generated from a permanent local market presence of \$50 million to \$60 million over the next five years.

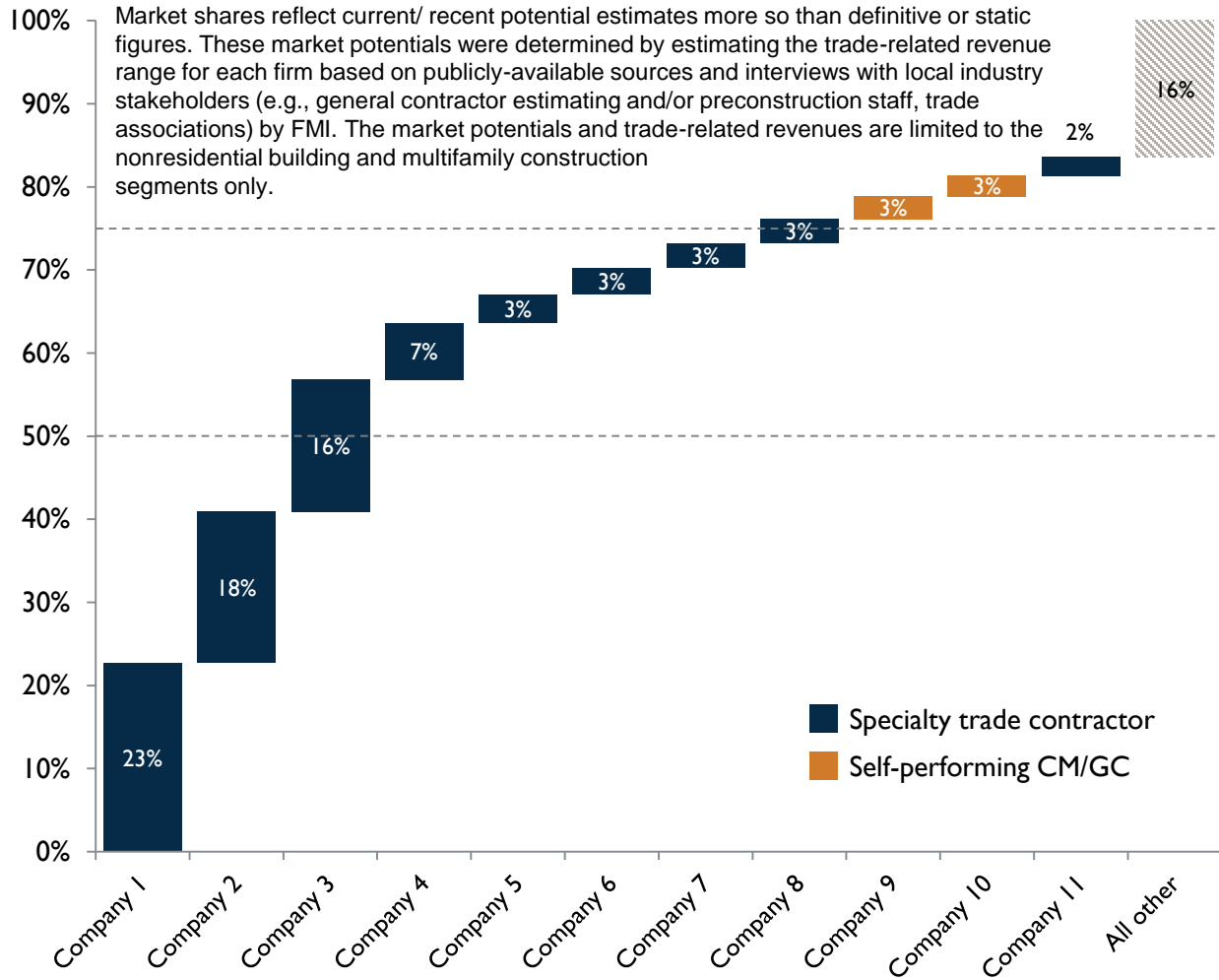
the company must determine the Return on Investment associated with establishing permanent local presence vs. its current model of serving the market from its current location (similar to the model employed by General Contracting).

	Market share	Multi-family	Lodging	Office	Commercial	Health care	Educational	Religious	Public safety	Amusement & recreation	Transportation	Communication	Manufacturing
CONCORP	13%		●	●	●	●	●						
ABC	9%			●	●		●			●		●	●
American	8%										●		
Southern Builders	7%	●		●	●	●	●			●			
Eagle	6%	●	●	●	●	●	●	●		●			●
Brown & Co.	4%	●		●	●		●			●	●		
Excel	3%				●	●	●		●				●
Smith Inc.	3%			●	●	●	●		●	●	●		●
Big Builder	3%	●		●	●	●	●	●	●	●			●
General Contracting	3%			●		●	●			●			

Market competitor landscape

Leading contractors and self-performing CM/GCs in the Market

Local market share potential (recent years basis); Nonresidential building and multifamily construction spending only
 Source(s): FMI analysis of multiple sources



Market shares reflect current/ recent potential estimates more so than definitive or static figures. These market potentials were determined by estimating the trade-related revenue range for each firm based on publicly-available sources and interviews with local industry stakeholders (e.g., general contractor estimating and/or preconstruction staff, trade associations) by FMI. The market potentials and trade-related revenues are limited to the nonresidential building and multifamily construction segments only.

\$__M
 Total estimated trade spend (2015)
 Market
 Nonresidential building and multifamily construction segments
 Source(s): FMI

Other trade contractors and self-performing CM/GCs identified include but are not limited to the following.

- Company
- Company
- Company
- Company
- Company
- Company

Market competitor landscape

**These revenue estimates reflect the typical for each firm. However, annual revenues can vary significantly (e.g., 50%-100%) by year depending on the award of a major project.*

Identified trade contractors and self-performing CM/GCs in the Market

Local market revenue estimates (millions)*; Nonresidential building and multifamily trade construction only

Source(s): FMI analysis of multiple sources

Project size association	Firm	Estimated revenue	Local market perceptions
Large	Company	\$50	Notes
	Company	\$40- \$45	Notes
	Company	\$32.5- \$37.5	Notes
Medium	Company	\$12.5- \$17.5	Notes
	Company	\$7.5- \$12.5	Notes
	Company	\$7.5- \$10	Notes
Small	Company	\$5- \$7.5	Notes
	Company	\$5- \$7.5	Notes
	Company	\$5- \$7.5	Notes
	Company	<\$5	Notes
	Company	<\$5	Notes
	Company	<\$5	Notes
	Company	<\$5	Notes
Self-performing CM/GCs	Company	\$5- \$7.5	Notes
	Company	\$5- \$7.5	Notes
	Company	\$2.5- \$5	Notes
	Company	\$2.5- \$5	Notes
Other self-performing CM/GCs identified include Company, Company, and Company. These three firms were estimated to self-perform \$2M to \$4M in the local market.			

No leading local competitor appears to have more than 10% market share in the company's pursued construction segments (and most average less than 5%).

Leading competitor characteristics (Local Market)

Source: FMI, Crain's; Survey questionnaire response (n=51)

Rank (by 2013 local revenue)	Competitor	Comparable company NPS; average likelihood to recommend score	2013 local revenue (millions); % change from 2012	Estimated market share	Estimated success rate	Construction segments served*											
						Airport	Hospitality	Industrial	Infrastructure/public works	Institutions	Manufacturing	Office	Residential	Retail	Sports facilities	Other	
1	CONCORP	100% 9.5	\$649.0 -20.8%	5%-7%	30%-40%												
2	ABC	0% 7.5	\$629.2 7.0%	7%-9%	15%-25%												
5	American	70% 9.0	\$446.2 -2.6%	3%-5%	25%-35%												
6	Southern Builders	86% 9.6	\$438.1 -34.9%	4%-6%	40%-50%												
11	Eagle	100% 9.9	\$279.1 7.2%	2%-4%	30%-40%												
14	Brown & Co.	82% 9.4	\$235.9 -25.2%	2%-4%	35%-45%												
19	Excel	70% 9.2	\$170.0 1.2%	1%-3%	30%-40%												
24	Smith Inc.	100% 9.5	\$132.6 43.2%	<2%	45%-55%												

* These are the reported segments by Crain's. The light blue shaded cells indicate the construction segments served by each competitor. The dark blue shaded cells indicate those construction segments that the competitor was most often associated with the company according to survey questionnaire responses.

Relatively few nonresidential building contractors have achieved revenues in excess of \$100 million in recent years.

Largest non-residential buildings contractors (by 2014 revenue rank)

local market revenues; Millions of current dollars

Source(s): Local Market Business Journal, ENR Southeast Top List, FMI

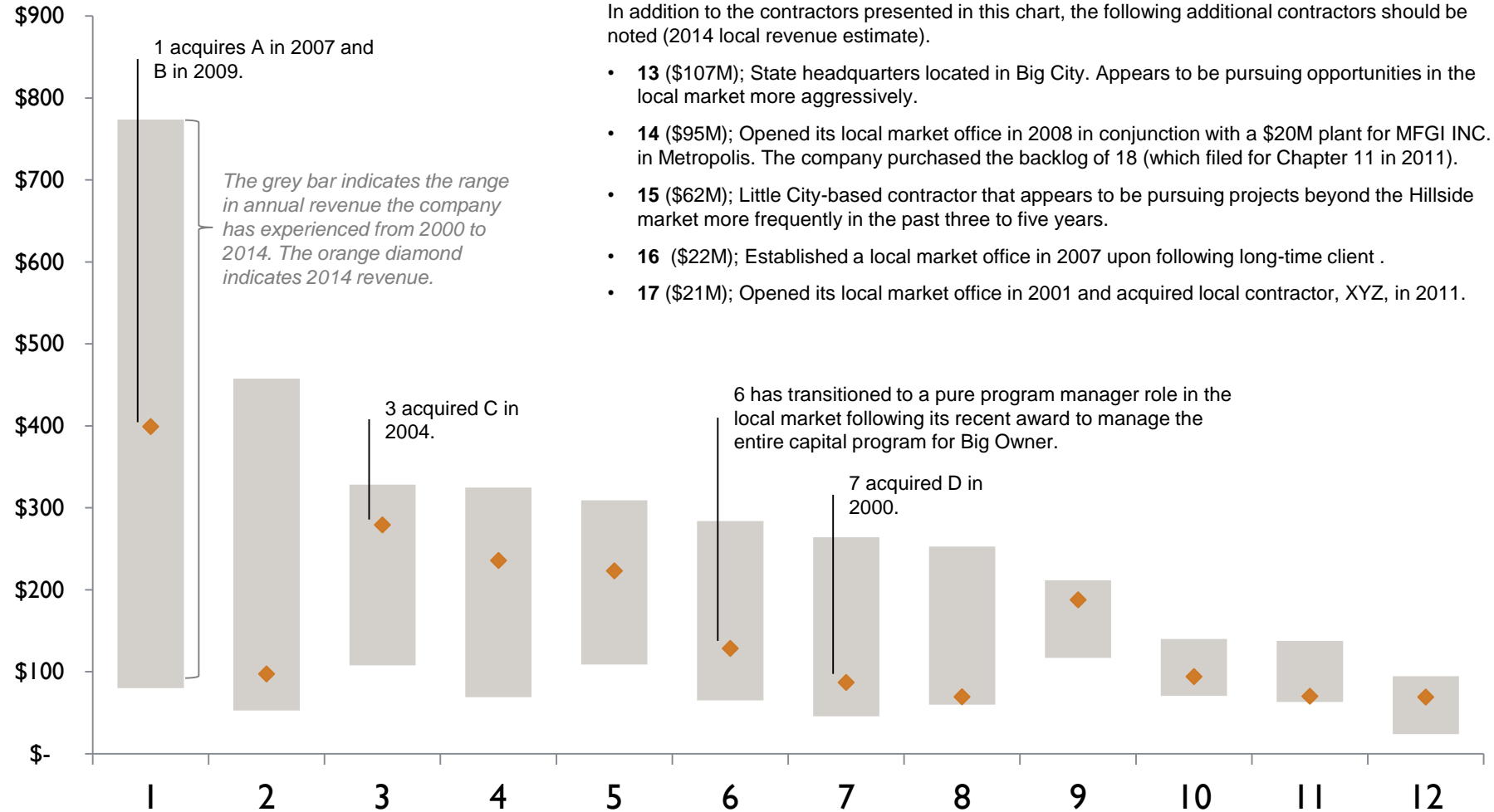
Company	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	CAGR 09-14
CONCORP	80	83	139	116	156	254	270	497	774	414	415	441	418	306	399	-0.7%
ABC	220	171	128	125	108	126	134	294	322	305	282	328	292	189	279	-1.8%
American	69	139	165	209	224	227	144	195	164	65	108	134	292	325	236	22.5%
Southern Builders	125	140	184	119	125	109	241	251	272	309	221	201	232	151	223	-6.3%
Eagle	117	129	159	153	155	167	199	208	174	125	117	147	172	212	188	8.5%
Brown & Co.	175	178	180	223	217	149	221	248	284	122			65		128	1.1%
Excel	267	458	407	53	102	86	125	140	129	112	63	55	95	146	97	-2.9%
Smith Inc.	72	86	75	92	105	110	115	106	138	140	71	78	102	82	94	-7.6%
Big Builder	80	91	136	102	106	134	264	191	60	97	45	48	54	70	87	-2.2%
General Contracting	92	111	77	76	116	131	138	121	126	106	87	71	65	63	70	-7.9%
Runner Up	134	263	103	73	157	140	124	109	166	110	68	76	60	71	69	-8.9%
Last Place Co.	28	32	24	27	32	59	56	91	95	37	30	62	65	61	69	13.1%

Several of the leading contractors in local market have been recent entrants, typically via acquisition.

Revenue trends for the largest non-residential buildings contractors

local market revenues; Millions of current dollars

Source(s): local market Business Journal, ENR Southeast Top List, FMI investigation of multiple sources.



The share of nonresidential building construction spending has steadily been taken by the largest local contractors.

Share of nonresidential buildings construction spending put-in-place (including multi-family) by the 10 largest local contractors

Millions of current dollars

Source(s): Local Market Business Journal, ENR Regional Top List, FMI, Global Insight

