



## *Enclave at Rivergate*

12400 Toscana Way | Charlotte, North Carolina | 28273

### **THE PROPERTY**

- 216 unit Class A garden style apartment community built in 2009 offering 1,2, and 3 bedroom units situated on 15.3 acres.
- The property is well positioned for Charlotte's working professionals; located in the Southwest submarket of Charlotte, the property is in close proximity to major employment centers and retail.
- Enclave's average unit size is 1198 sq. ft. versus the competition at 950 sq. ft.
- The Enclave offers "top of the market" amenities for the residents.

### **THE INVESTMENT OPPORTUNITY**

- Charlotte is the 2nd largest financial center in the U.S.
- The property is located in Mecklenburg County, which is home to seven Fortune 500 companies.
- The Charlotte economic growth in recent years has nearly doubled that of U.S. economy.
- Some of the local economy's strengths include low business costs and business-friendly environment, constant in-migration of highly educated workforce, and a diversified industrial structure.

This material does not constitute an offer and is authorized for use only when accompanied or preceded by a definitive confidential private placement memorandum. Reference is made to the memorandum for a statement of risks and terms of the offering. The information set forth herein is qualified in its entirety by the memorandum. All potential investors must read the memorandum and no person may invest without acknowledging receipt and complete review of the memorandum.

## BUSINESS STRATEGY

The Master Tenant objectives, on behalf of the Delaware Statutory Trust, will be to (i) make fixed rent payments and percentage rent payments, (ii) maximize rental increases, 'other income' and occupancy, (iii) improve new lease closing ratios and resident retention, (iv) reduce operating expenses, and (v) prepare the property to be sold when the market dictates.

### Maximize Revenue and Occupancy

- Improve the existing model unit and clubhouse including a new paint color scheme as well as the installation of new furniture, artwork, and accessories. Create a cyber-lounge within the clubhouse and partition it off to create a space the residents can access 24-hours a day.
- Enhance the Project's competitive position in the submarket by installing a dog park and dog wash by fencing off a grassy area on the property providing a centralized area to walk, exercise and wash a tenant's pet.
- Enhance the Project's competitive position in the submarket by installing faux wood flooring throughout all first floor units (excluding the bedrooms), and on select second and third floor units in the entry, kitchen and baths. Each of the upgraded units will include upgraded lighting and fixtures throughout.
- Implement aggressive marketing campaigns to reach out to local corporations, businesses, vendors to provide referrals, activity sponsorships and reciprocal business opportunities.
- Install a new Enclave at Rivergate monument sign on South Tyron Street to help drive-by traffic more easily locate the Project entrance.
- Enhance the Project's website and Internet marketing by engaging an Internet firm specializing in website design and search engine optimization. The utilization of a search engine optimization firm will improve the Project's online presence resulting in more cost efficient and cost effective marketing. The firm will design and develop a new website and provide community-tailored paid search advertising campaigns.
- Enhance the Project's competitive position in the submarket by installing a new cutting edge



amenity of providing online concierge service. The online service provides access for tenants to order services such as wake up calls, concert tickets, airline reservations and travel arrangements, restaurant reservations, etc. at a minimal additional charge to the tenant. The service is provided by the Master Tenant at the Master Tenant's cost, which is partially, if not entirely, offset by a per unit monthly chargeback to each tenant.

- Install a state-of-the-art computerized revenue management program that collates market and submarket data and establishes daily pricing for all units based on a number of primary factors including inventory, days on market, move-in date, and location. This type of computerized revenue enhancement system is gaining acceptance in the multi-family management industry as being a cost effective software program that manages pricing in an effort to increase the financial performance of the Project.
- Introduce and monitor more aggressive increases in other income items to maximize recovery of utility costs, trash removal fees, and pest control fees.
- Introduce and monitor more aggressive increases in other income fees such as administrative fees, application fees, transfer fees, pet deposits and pet rent.

### Improve New Lease Closing Ratios and Resident Retention

- Hire a nationally recognized third-party property management company to oversee an on-site management team of experienced and enthusiastic professionals.
- Install a lease management system that targets to limit the number of monthly lease expirations to a maximum of 10% of the units.
- Conduct weekly meetings between the Master Tenant's asset manager(s) and the regional third-party staff reviewing performance reports including, but not limited to, new leasing activity, retention activity, pricing matrix, marketing programs and capital projects.



# ENCLAVE AT RIVERGATE

- Hold regular resident functions to foster a sense of community thereby increasing tenant retention.
- Hold regular “town hall” meetings to improve communication, resident satisfaction and management performance.

## Implement Passco Asset Management Programs

- Maximize occupancy through implementation of a multi-platform marketing program including a focus on website and internet advertising, utilization of print media if applicable and development of new marketing brochures, Project signs, banners, leasing materials and websites.
- Leverage “economy of scale” cost effective pricing structure on contractor and vendor services, insurance and maintenance supply inventory.
- Perform annual competitive bidding of all contracts and services.
- Implement an annual property tax review and appeal program utilizing recognized national as well as local area tax consultants.
- Implement an annual property insurance review utilizing recognized national insurance agencies.

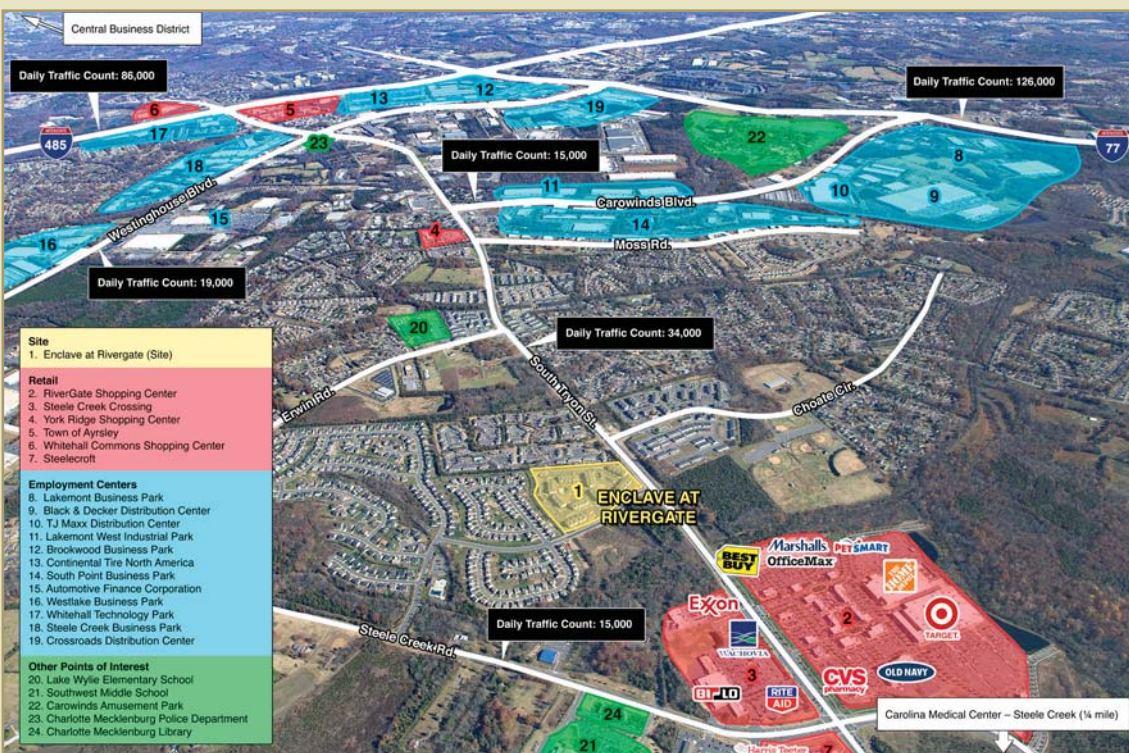
## CHARLOTTE, NORTH CAROLINA

Located in the Piedmont region of North Carolina, Charlotte has a growing economy that is projected to outpace the national economy. According to Moody's

economy.com Charlotte's growth will accelerate next year as the metro area's large service sector, including financial services, continues to expand. Above-average population growth foretells expansion of health care, consumer industries and housing, and Charlotte will outperform the U.S. over the forecast horizon. Charlotte is the 2nd largest financial center in the U.S. with some of the nation's largest banks, such as Bank of America and Wells Fargo.

The Charlotte economic growth in recent years has nearly doubled that of U.S. economy. The local gross metro product (“GMP”) has averaged 2.3% annually over the last seven years, which compares to the national GDP figure of 1.2% over the same time period. Moody's projects the local GMP (3.8% annual average forecast) to continue to outpace the national GDP (3.4% annual average forecast) over the next four years. A similar trend exists in employment growth. Over the last seven years, the Charlotte employment growth has outpaced the national growth in every year except in 2009. The current population of Charlotte is estimated to be about 1.8 million and is projected to grow over 175,000 during the next 4 years. Charlotte's population growth rate, in recent years, has tripled the national population growth rate. Projected personal income growth in Charlotte is expected to outpace the equivalent national figures.

The five largest employers in Charlotte each employ well over 10,000 and include Carolinas HealthCare





System, Wells Fargo, Wal-Mart, Bank of America, and Presbyterian Healthcare/Regional Healthcare.

## Local Sub-Market

Demographically, Enclave at Rivergate is located in a favorable suburban area of Charlotte in the unincorporated area of the city of Charlotte, within Mecklenburg County.

Mecklenburg County is home to seven Fortune 500 companies including 9th ranked Bank of America. All seven of these companies are within 15 miles of the property.

Enclave at Rivergate sits in a growth area with above average income levels for the 1, 3, and 5-mile radii surrounding the property. The recent historical population growth as well as projected growth in the areas surrounding the property are more than double that of the metropolitan area. The education levels are also well above the metropolitan area. The average age of the population in the areas surrounding the property is younger than the Charlotte average – positive indicator for apartment demand. According to the lease audit conducted by Greystar, the average age of the current residents at the property is 37 and the average household income is \$62,582.

The property is located about 15 miles southwest of the CBD, which is less than a 30 minute drive away. The property is located on the north side of Tryon Street, just east of the Steele Creek Road intersection. Tryon Street and Steele Creek Road (each a state highway) are major thoroughfares in southwest Charlotte. Traffic counts on Tryon, in front of the property, are significant. Two interstates are located within a 10-minute drive of Enclave at Rivergate: I-77 and I-485. Interstate 77 leads north to downtown Charlotte and Interstate 485 is the beltway surrounding the metropolitan area. Retailers within ¼ mile from the property include Target, Home Depot, Harris Teeter, Petsmart, Marshalls, Office Max, RiteAid, CVS, Bath & Body Works, among others.

## SUPERIOR AMENITIES

### Unit Amenities include:

- Garden tubs
- Ceiling fans
- Spacious sunrooms
- 9' ceilings with crown molding
- Modern black appliances
- Built-in microwaves
- Computer/study area
- Private patio or balcony
- Washer dryer connections
- Double vanities in master bathroom

### Community Amenities

- Billiard room
- Car care center
- Surround sound theater/conference room
- Poolside grilling area
- Fitness center
- Wi-Fi at clubhouse and pool
- Detached garages & storage
- Salt water pool/covered cabana





**DEMOGRAPHICS**

	Charlotte	Radius		
		1-Mile	3-Mile	5-Mile
2010 – 2013 Population Growth	4.64%	12.47%	10.63%	9.84%
2013 – 2018 Population Growth	6.92%	15.55%	13.57%	12.83%
Estimated Population	1,839,539	11,050	40,822	87,011
Average Age	36.4	33.1	34.1	35.2
% of Age 25+ w/ College Degree	40.1%	49.5%	47.3%	46.3%
Median Household Income	\$47,668	\$55,714	\$61,528	\$59,817

Source: The Nielson Company, 2012

**UNIT MIX**

UNIT TYPE	%	UNITS	TOTAL SQ. FT	SQ. FT/UNIT
1BD / 1 BA	14%	30	26,280	876
1 BD / 1 BA Sunroom	14%	30	29,310	977
2BD / 2BA	31%	66	80,982	1227
2BD / 2BA Sunroom	31%	66	87,516	1326
3 BD / 2BA	5%	12	16,788	1399
3 BD / 2BA Sunroom	5%	12	17,964	1,497
Total / Average	100%	216	258,840	1,198



**FLOOR PLAN SAMPLES**



1 Bedroom/1 Bath  
876 Square Feet



2 Bedroom/2 Bath  
1,227 Square Feet



3 Bedroom/2 Bath  
1,497 Square Feet



# ENCLAVE AT RIVERGATE



Passco Companies, LLC specializes in acquiring, developing and managing multi-family and commercial investment properties. Passco was formed in 1998 and is a privately held company.

- Passco invests strategically with its partners and alliances to generate cash flow and asset value appreciation, while maintaining a risk-mitigating investment philosophy.
- Passco's current assets under management exceed \$1.5 billion, including more than 10,700 apartment units and over 11 million square feet of land and commercial real estate.
- Passco is a full service real estate firm with diverse capabilities including acquisition and due diligence services, finance and structuring, escrow services, property and asset management, investment advisory, and investor services.
- Passco's mission is to be committed to excellence in real estate ownership and in the management of our investment portfolio; to develop long term strategic relationships with leading and innovative real estate professionals and companies; and to provide a rewarding environment for our employees, while creating opportunities for personal enrichment and career growth.



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