



LUXE SCOTTSDALE



LUXE SCOTTSDALE | 844 EAST INDIAN SCHOOL ROAD | SCOTTSDALE, ARIZONA 85251

THE PROPERTY

- A 218 unit gated, garden-style Class A apartment community completed in 2015; the property is situated on approximately 6 acres and is comprised of 2 four-story buildings, offering 1, 2 and 3 bedroom units.
- Residents enjoy first class amenities including a swimming pool with spa, fireplace and poolside barbeques, 2-story clubhouse featuring kitchen, lounge, 24-hour fitness center and business center.
- Unit finishes include granite countertops, tiled backsplash, stainless steel appliances, islands with breakfast bar seating, garden tubs with mosaic tiling, master baths with double vanities and spacious walk-in closets.

THE INVESTMENT OPPORTUNITY

- Luxe Scottsdale is within a 20 minute commute to all major employment hubs and entertainment/retail destinations including the Scottsdale Airpark, which employs over 50,000 people.
- The Phoenix MSA is poised for above national growth levels in both employment and population for each of the next 5 years.
- Frontage on Indian School Road gives the property excellent visibility and provides direct access and convenience to Downtown Scottsdale.
- Scottsdale continues to earn accolades for its low cost of living, pro-business governmental environment, excellent infrastructure and overall high quality lifestyle.

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 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.

Risks

All real estate investments have risks. There is no assurance that some or all of these objectives will be met. There are substantial risks in any Investment Program. See "Risk Factors" in the accompanying Private Placement Memorandum for a discussion of the risk relevant to this offering.

Maximize Revenue & Occupancy

- Implement aggressive marketing campaigns to reach out to local corporations, businesses and vendors to provide referrals, activity sponsorships and reciprocal business opportunities.
- 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 internet search advertising campaigns.
- 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 wide acceptance in the multi-family management industry as being a cost effective software program that will manage 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, utility rebilling fees, valet trash fees, pet deposits and pet rent.

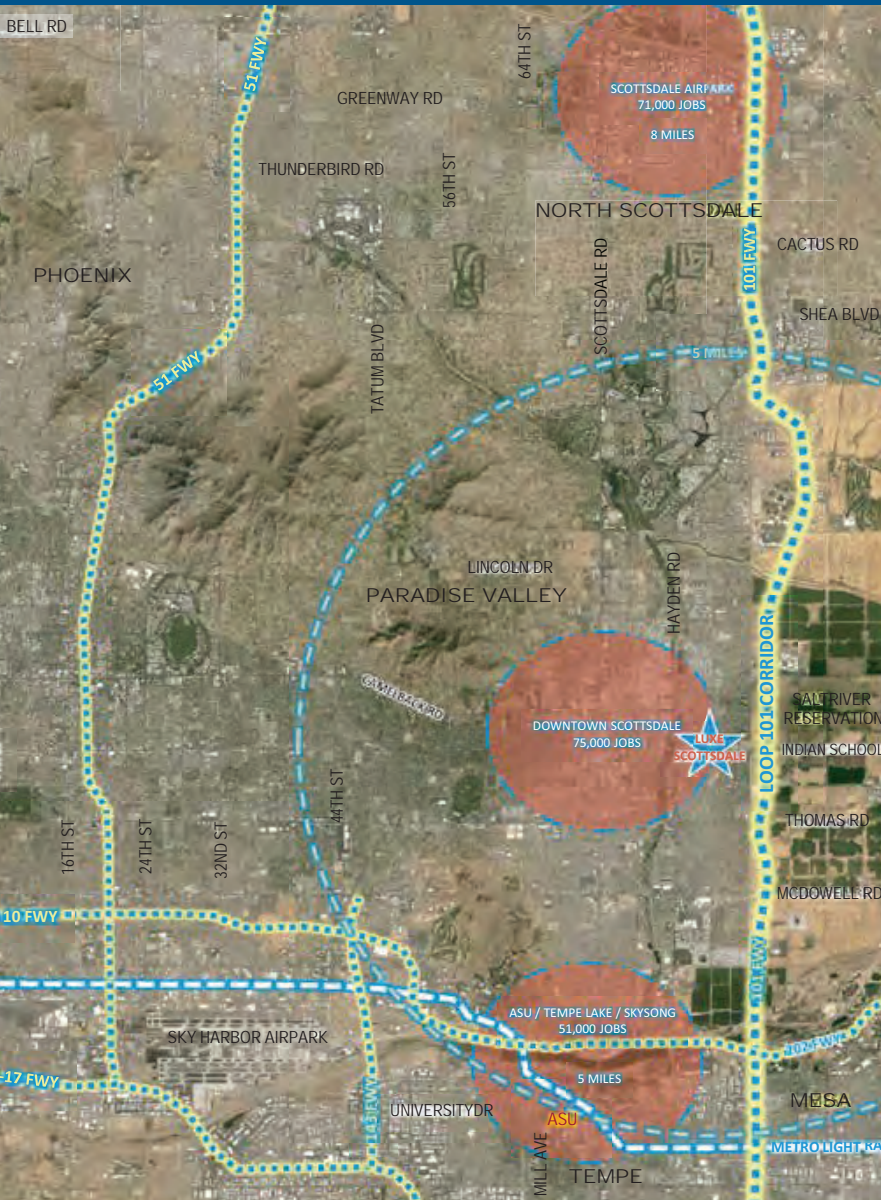
Improve New Lease Closing Ratios & Resident Retention

- 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 the number of monthly lease expirations to a maximum of 10% of the units.
- Install a reputation management system that enhances the property's on-line rating scores on industry rating sites as well as multiple search engine rating sites. In today's technology driven market, a property's on line rating scores are critical search components for prospective residents.
- 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.
- Hold regular resident functions to foster a sense of community thereby increasing tenant retention.

Implement Asset Management Programs

- Maximize occupancy through implementation of a multi-platform marketing program including a focus on website and internet advertising, and development of new marketing brochures, signage, banners, leasing materials and website.
- Leverage "economy of scale" cost effective pricing structure on contractor and vendor services, insurance and maintenance supply inventory.
- Perform annual competitive bidding of contracts and services.
- Implement an annual property tax review and appeal program utilizing recognized national and/or local area tax consultants.
- Implement an annual property insurance review utilizing recognized national insurance agencies.

LUXE SCOTTSDALE





PHOENIX, ARIZONA

The Phoenix-Mesa-Scottsdale AZ Metropolitan Statistical Area (the “Phoenix MSA”) estimated population for 2015 is expected to be 4,501,548 – ranking 8th among the U.S.’s largest markets. According to Moody’s economy.com, the rate of population growth last year was more than double the national rate and is projected to keep the same pace for 2015.

Standard & Poor’s Rating Services Report predicts that the Phoenix MSA could see the nation’s strongest economic growth in 2016. Moody’s also reports the MSA economy to be performing at an above-average pace and will prove to be one of the strongest large metro areas in the coming years; the employment growth will be powered by well-paying professional services and healthcare, with tourism-related industries making a modest contribution. The local GDP/GMP growth is forecasted to exceed the national GDP each of the next 5 years while averaging 4.06% over this time period. The national GDP equivalent over the same time period is projected to be 2.48% annually. The local employment growth is also expected to exceed the national employment growth each of the next 5 years by nearly double the national projected job growth. The information technology industry is very robust with hundreds of companies involved in software development, computer system integration and internet service. Healthcare services and the bioscience industry are also among the growth sectors with over two-dozen major hospitals in the region including the Mayo Clinic and the Barrow Neurological Institute at St. Joseph’s Hospital.

Local Sub-Market

The Luxe Scottsdale is located in the southern part of Scottsdale, which is part of the greater Phoenix MSA and is the sixth largest local municipality in Arizona with a population of approximately 230,000. Southern Scottsdale is the most densely populated part of the City and the estimated population of 18 to 34 year olds (considered the prime rental age) within a 1 and 3 mile radius of the property is higher than the Phoenix MSA population.

The City’s location provides market advantages with easy commutes to many of the region’s work centers and entertainment venues. The property is approximately 0.6 miles west of Loop 101, 16 miles northeast of downtown Phoenix and 11 miles northeast of Phoenix Sky Harbor International Airport. Scottsdale’s employment base

is highly diversified with business services, high technology, bio-medical, tourism and retail all playing important roles in the economy. Major employers include Scottsdale Healthcare, Mayo Clinic, General Dynamics C4 Systems, CVS/Caremark, Go Daddy, Vanguard, Scottsdale Insurance and Henkel Consumer Goods.

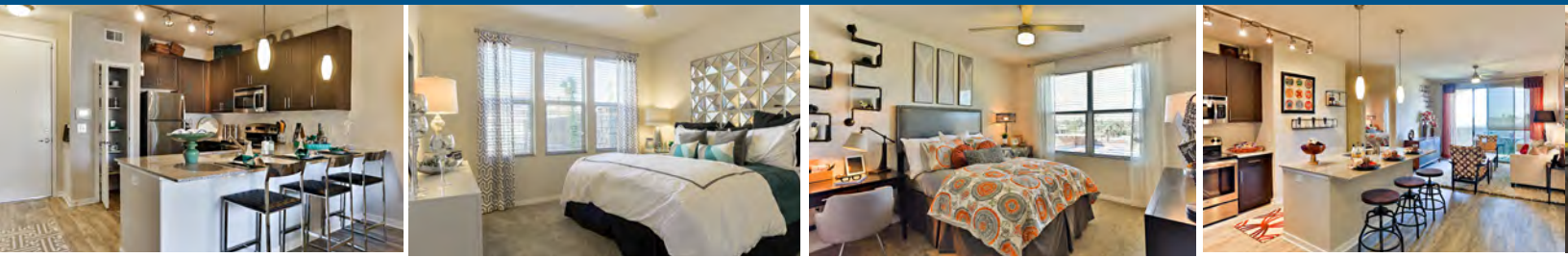
SkySong, the Arizona State University Scottsdale Innovation Center, is less than 5 miles from the property. SkySong is a mixed-use project consisting of 1.2 million square feet of office, research and retail space poised to become the premier research and development site in the greater Phoenix area. Marina Heights, approximately 7 miles away, is considered one of the largest office developments in Arizona history and is expected to be the home of State Farm Insurance.

Boasting 300 days of sunshine each year, Scottsdale is known for its elegant resorts, world-class golf, elite dining and shopping experiences and one-of-a-kind annual events. Scottsdale Fashion Square and the Scottsdale Quarter are two premier retail shopping/entertaining destinations and are within a short drive of the property. The Scottsdale Unified School District is Arizona’s most excellent public K-12 school district, according to the city website. U.S. News & World Report recognized 2 of Scottsdale’s high schools in the top 10 high schools in Arizona.

PHOENIX’S TOP 15 EMPLOYERS

Rank	Employer	Employees
1	Wal-Mart Stores Inc	32,169
2	Banner Health System	25,270
3	Wells Fargo	14,713
4	Arizona State University	12,222
5	Intel Corp.	11,900
6	JP Morgan Chase & Co.	11,042
7	Bank of America	11,000
8	Fry’s Food Stores	10,767
9	Apollo Group Inc.	10,000
10	Honeywell Aerospace	10,000
11	US Airways	9,306
11	Target	8,572
13	Bashas’ Family of Stores	8,561
14	Freeport-McMoRan Copper & Gold Inc.	8,300
15	Dignity Health	7,697

Source: Moody’s Analytics Précis U.S. Metro Report – March 2015



DEMOGRAPHICS

	Phoenix MSA	1-Mile	3-Mile	5-Mile
2010 – 2015 Population Growth	7.36%	-0.57%	1.60%	2.05%
2015 – 2020 Population Growth	6.90%	1.25%	2.88%	3.31%
2015 Estimated Population	4,501,548	13,996	76,834	144,866
Average Age	37.3	42.5	42.9	41.5
% of Age 25+ w/ Degree	37.11%	53.11%	48.60%	48.60%
Prime Rental Age 18-34	23.48%	28.21%	25.72%	26.40%
Average Household Income	\$68,607	\$64,024	\$66,209	\$68,633
% of Households >\$100K Income	20.19%	18.33%	18.53%	19.38%
Median Own-Occup. Home Value	\$196,345	\$256,737	\$245,212	\$263,682

Source: The Nielsen Company, 2015

UNIT MIX

UNIT TYPE	Units	% of Total	Sq. Ft./Unit	Total Sq. Ft.
1BR/1BA	8	3.7%	656	5,248
1BR/1BA	3	1.4%	717	2,151
1BR/1BA	8	3.7%	721	5,768
1BR/1BA	28	12.8%	723	20,244
1BR/1BA	4	1.8%	726	2,904
1BR/1BA	67	30.95%	726	48,642
1BR/1BA	4	1.8%	788	3,152
1BR/1BA	6	2.8%	809	4,854
1BR/1BA	4	1.8%	849	3,396
1BR/1BA	4	1.8%	889	3,556
1BR/1BA	4	1.8%	920	3,680
2BR/2BA	16	7.3%	1,032	16,512
2BR/2BA	4	1.8%	1,033	4,132
2BR/2BA	1	0.5%	1,103	1,103
2BR/2BA	4	1.8%	1,105	4,420
2BR/2BA	51	23.4%	1,107	56,457
3DR/2BA	1	0.5%	1,452	1,452
3DR/2BA	1	0.5%	1,463	1,463
Total/Average	218	100%	987	300,053

SUPERIOR AMENITIES

Unit Amenities:

- Granite Countertops
- Island / Breakfast Bar
- Stainless Steel Appliances
- Vinyl Plank Flooring
- “Tech Packages” Featuring Av Upgrades That Include Wall Speakers And Bluetooth Capabilities Are Available
- 10-Foot Ceilings In Select Homes
- Tiled Garden Style Bathtubs
- Double Vanities In Master Bath
- Spacious Walk-In Closets
- Balcony Or Patio
- Washer / Dryer

Community Amenities:

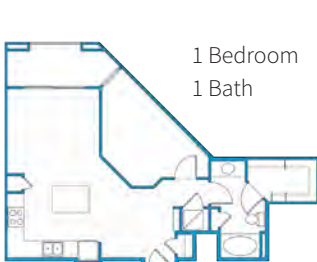
- Club room
- Bar area for events and cooking demonstration
- 24-hour fitness center
- Swimming Pool
- Towel service
- Cyber cafe
- Two-story clubhouse with walk out deck overlooking the pool
- Touch screen fitness equipment
- Demonstration kitchen
- Professional dog washing station
- Gas grills
- Heated spa
- Beach cruisers available

* in select units

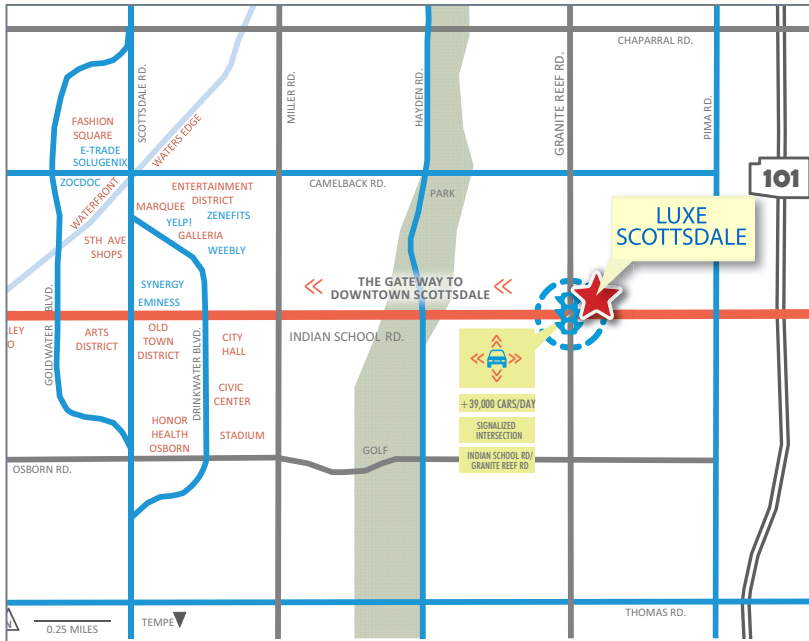
FLOOR PLAN SAMPLES

2 Bedroom / 2 Bath

2 Bedroom / 2 Bath

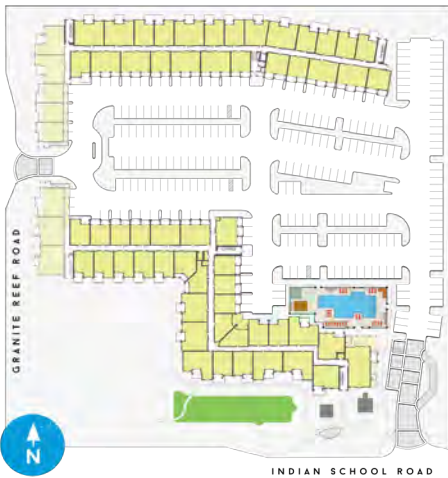


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The Memorandum contains more complete information regarding the investment including the following risk factors:

- There will be no public market for the Interests.
- There is no specified time that the investment will be liquidated.
- Delaware Statutory Trusts are a relatively new vehicle for real estate investment and are inflexible vehicles to own real property.
- Investors will have no voting rights and will have no control over management of the Trust or the Project.
- There is no guarantee that investors will receive any return.
- Distributions may be derived from sources other than earnings.
- The Project will be subject to a Master Lease with an Affiliate of the sponsor.
- The Project will be subject to the risks generally associated with the acquisition, ownership and operation of real estate including, without limitation, environmental concerns, competition, occupancy, easements and restrictions and other real estate related risks.
- The Project will be leveraged.
- The Manager, the Master Tenant and their Affiliates will receive substantial compensation in connection with the Offering and in connection with the ongoing management and operation of the Project.
- The Manager, the Trust, the Master Tenant and their Affiliates will be subject to certain conflicts of interest.
- An investment in the Interests involves certain tax risks.



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