



## SUNDANCE CREEK

575 McDonough Parkway, McDonough, Georgia 30253

### THE PROPERTY

- Built in 2004, this 232 unit apartment community is comprised of 26 two-story townhouse-style residential buildings, an elegant clubhouse, resort style swimming pool and state-of-the-art fitness center.
- All units are either one or two bedrooms, each with private entry and Class A amenities.
- Sundance Creek is ideally located in the southern portion of the Atlanta metropolitan area in Henry County, which provides residents easy access to all major transportation arteries, major employers and the Hartsfield-Jackson International Airport.

### THE INVESTMENT OPPORTUNITY

- Sundance Creek was acquired for \$73,500 per unit, which is well below replacement cost.
- McDonough has increased its population by 128% between 2000 and 2009.
- Between 1990 and 2008, the Atlanta MSA has experienced job growth of almost twice the nation average over the same period.

## BUSINESS STRATEGY

### Maximize Revenue and Occupancy

The Master Tenant objectives, on behalf of the Delaware Statutory Trust, will be to (i) make a combination of fixed rent payments and percentage rent payments from approximately 6.0% to 7.3% over the holding period; (ii) maximize rental increases, 'other income' and occupancy (iii) improve new lease closing ratios and resident retention (iv) reduce operating expenses; (v) prepare the property to be sold in approximately 5-10 years. These objectives will be met by:

- Implementing aggressive marketing campaigns to reach out to local corporations, businesses, vendors to provide referrals, activity sponsorships and reciprocal business opportunities.
- Enhancing our competitive position in the submarket by improving the amenities, such as installing a Dog Park. The Dog Park will be installed by fencing off a grassy area on the property providing a centralized area to walk and exercise a tenant's pet. This also creates an additional revenue stream for the property.
- Completing a 'premium upgrade' of the model unit and clubhouse to include a new decorator inspired paint design, furniture, art work and accessories in an effort to create a better first impression for prospective tenants.
- Upgrading the flooring and interior of select units to remain competitive in the submarket.
- Introducing and monitoring more aggressive increases in 'other income' items such as utility rebilling, trash removal fees, pest control fees to maximize income, administrative fees, application fees, transfer fees, pet deposits and pet rent.

### Improve New Lease Closing Ratios and Resident Retention

- Hire nationally recognized third party property management company, Greystar, to oversee an on-site management team of experienced and enthusiastic professionals.
- Install a lease management system that limits the number of monthly lease expirations to a maximum of 10% of the units, which provides a more stable cash flow.

- Conduct weekly meetings between Passco's asset manager(s) and the regional third party management team reviewing performance reports including, but not limited to, new leasing activity, retention activity, pricing matrix and marketing programs.
- Hold regular resident functions to foster a sense of community with "town hall" meetings which improve communication and resident satisfaction thereby reducing turnover.
- Implement Passco's Job Loss Protection Plan which allows tenants who can provide proof of job loss to receive one free month's rent which can be spread over one, two or three months.

### Implement Passco Asset Management Programs

- Maximize occupancy through implementation of a multi-platform marketing program to include newsprint and internet advertising as well as new and/or updated marketing brochures, banners, leasing materials and internet sites.
- Leverage "economy of scale" cost effective pricing structure on contractor and vendor services, insurance and maintenance inventory.
- Perform annual competitive bidding of all contracts and services to help reduce expenses where possible.
- Implement a property tax review and appeal program utilizing recognized national and local area tax consultants.
- Implement a property insurance review by recognized national insurance agencies.



# SUNDANCE CREEK — Luxury Apartment Homes

## ATLANTA, GEORGIA

Historically, the Atlanta MSA has been one of the strongest MSAs in the country relative to demographic growth and has a current population base of nearly 5.5 million. Over the last two decades, Atlanta's population growth and employment growth has been one of the country's leading MSAs in absolute numbers.

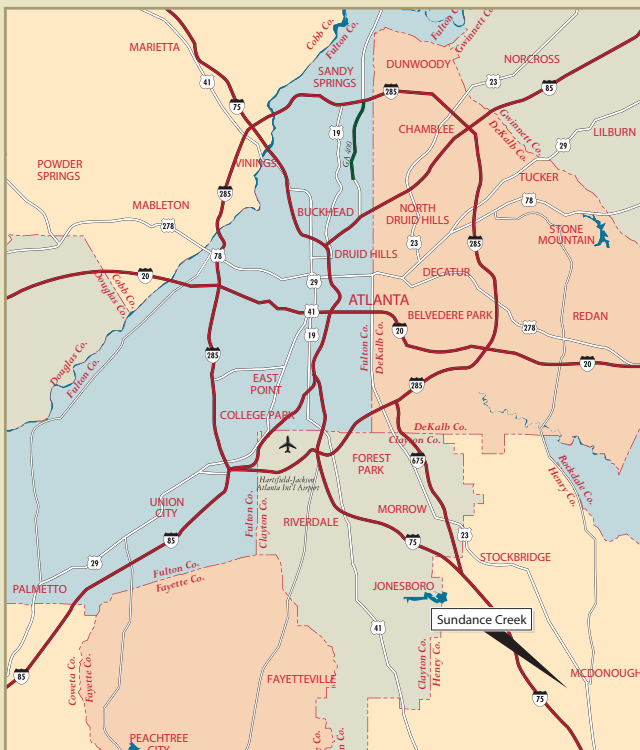
April of 2010 saw employment grow for the second consecutive month – the first time this has happened since the peak in late 2007. As the current Atlanta economy appears to be stabilizing, the long-term forecasts call for a return to meaningful growth. The Atlanta economic base is fairly diversified as reflected by its five largest employers, each of which employs over 15,000: Delta Airlines, AT&T, Emory University, Publix Supermarkets, and Wal-Mart Stores. The public sector (Federal, State, and Local) employs over 325,000 or 13.4% of Atlanta's total employment providing some economic stability. Nine Fortune 500 companies are headquartered in Atlanta and also reflect the diversity of the local economy. These companies represent diverse industries and include Coca-Cola, UPS, Home Depot, Delta Airlines, Southern, and SunTrust Banks.

## Henry County, Georgia

Henry County is located southeast of the Atlanta CBD, and has been the fastest growing county in the Atlanta metropolitan area in recent years. According to the Atlanta Regional Commission ("ARC"), since 2000 the Henry County population has increased 73,500 or an annual average of 5.5% growth. Over the next five years, Claritas projects the Henry County population to grow by over 38,000 or 3.5% annually. Much of this growth has occurred along the I-75 corridor, which is the main north-south transportation corridor in the county. Money Magazine ranked Henry County 7th for job growth from 2000-2008 with over a 60% increase. Some of those employers include The Atlanta Motor Speedway, Whirlpool and the Henry Radiation Oncology Center.

## McDonough, Georgia

Located about 25 miles southeast of downtown Atlanta and 30 minutes from Hartsfield-Jackson International Airport, McDonough is a Georgia and National Main Street City with the charm and quaintness of a small southern town while possessing all the modern technologies of a major metropolitan city. McDonough was the 7th fastest growing city in the Atlanta MSA from 2000-2009 with approximately 128% growth.



## SUPERIOR AMENITIES

### Property Amenities Include:

- Townhouse floor plans
- Nine foot ceilings
- Private unit entries
- Faux granite counter tops
- Walk-in closets
- Private outdoor patios on select units
- Full-size washer/dryer connections

### Community Amenities Include:

- Elegant clubhouse
- State-of-the-art fitness facility
- Executive business center
- Resort- style swimming pool, sun deck & poolside gazebo
- Controlled-access entry gates
- Detached garages
- Car wash facility
- Picnic areas with gas BBQ grills



**UNIT MIX**

Unit Type	No. of Units	Square Feet	Market Rent	Net Rent/SF	Unit Mix
1A - 1 BD/1 BA (TH)	84	768	\$795	\$0.86	36.2%
1B - 1 BD/1.5 BA (TH)	32	864	\$810	\$0.91	13.8%
2E - 2 BD/2 BA (TH)	4	1,049	\$910	\$0.73	1.7%
2F - 2 BD/2.5 BA (TH)	20	1,049	\$915	\$0.73	8.6%
2A - 2 BD/2 BA (TH)	16	1,081	\$960	\$0.77	6.9%
2B - 2 BD/2.5 BA (TH)	18	1,081	\$980	\$0.77	7.8%
2C - 2 BD/2.5 BA (TH)	34	1,152	\$1,010	\$0.78	14.7%
2D - 2 BD/2.5 BA (TH)	24	1,152	\$1,020	\$0.78	10.3%
<b>Totals/Averages</b>	<b>232</b>	<b>952</b>	<b>\$890</b>	<b>\$0.81</b>	<b>100%</b>

\* (TH) Town House

**DEMOGRAPHICS**

**3-Mile Radius**

- Population 37,731
- Annual Population Growth (2000-2010) 10.8%
- Median Age 32 years
- Households 13,409
- Avg. Household Income \$64,170

**5-Mile Radius**

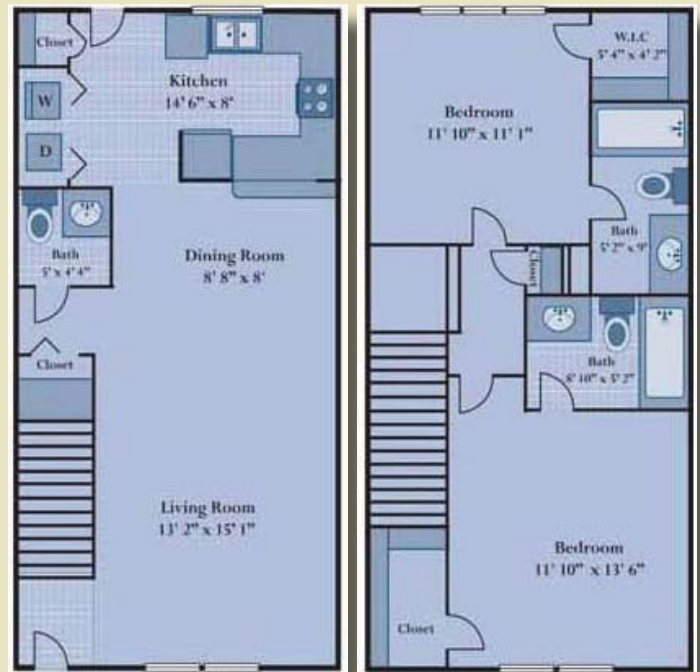
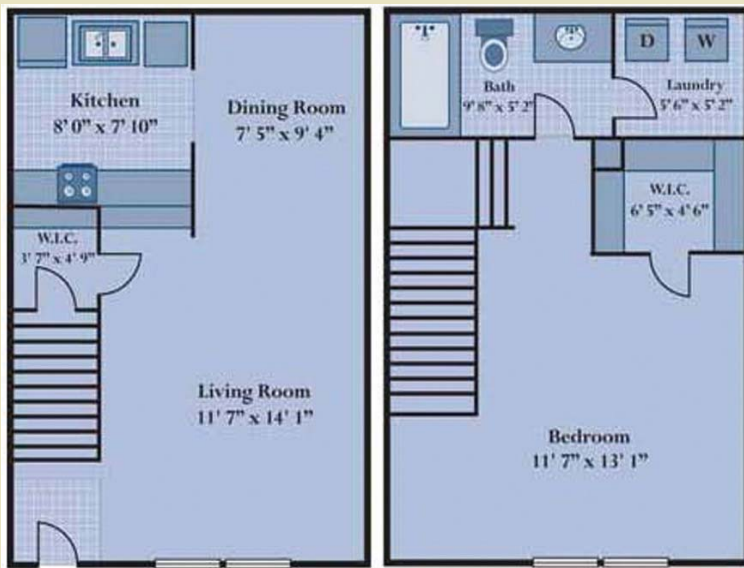
- Population 69,207
- Annual Population Growth (2000-2010) 10.5%
- Median Age 32 years
- Households 24,062
- Avg. Household Income \$76,167

Source: Site Reports, Claritas, Inc., 2010

**FLOOR PLAN SAMPLES**

**Plan 1A - 1 Bedroom / 1 Bath**  
Lower/Upper - 768 Sq. Ft.

**Plan 2C - 2 Bedroom / 2.5 Bath**  
Lower/Upper - 1,152 Sq. Ft.



# SUNDANCE CREEK — Luxury Apartment Homes



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 currently manages over \$2.2 billion of multi-family and commercial properties. The company manages over 12,800 apartment units.
- 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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