



VERANDA AT NORTON COMMONS | 9506 CIVIC WAY | PROSPECT, KY 40059

THE PROPERTY

- A 236 unit Class A 3-story garden-style apartment community completed in 2015; the property is comprised of sixteen 3-story residential buildings on approximately 10 acres offering 1, 2 and 3 bedroom units.
- Residents enjoy unique, first class amenities including a heated saline swimming pool, two outdoor kitchens, outdoor fireplace/ lounge area, playground, dog park with spa and grooming center, walking trails and fitness center. Also offered is a community garden consisting of approximately 20 raised garden beds.
- Unit finishes include granite countertops and wood flooring in the kitchen, stainless steel appliances, custom shaker wood cabinets, quartz countertops and decorative lighting in bathrooms

THE INVESTMENT OPPORTUNITY

- Excellent location within the highly sought-after 600 acre Norton Commons master-planned village community that includes 150 acres of parks and walking/jogging trails.
- Ford Motor Co., GE Appliances, UPS, Amazon, Compushare, Kindred Healthcare and FedEx are all expanding their operations in the submarket.
- The education levels, average household income, projected population growth and median home values within a 1-5 mile radius of the property are all significantly higher than the Louisville MSA.
- Veranda at Norton Commons is the only institutional apartment community within all of Norton Commons and recently won the Louisville Commercial Real Estate Champions Award for Most Innovative Project.

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.

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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 obtain referrals, activity sponsorships and reciprocal business opportunities.
- Enhance the Project's internet marketing by engaging an internet firm specializing in 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 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, pet deposits and pet rent.

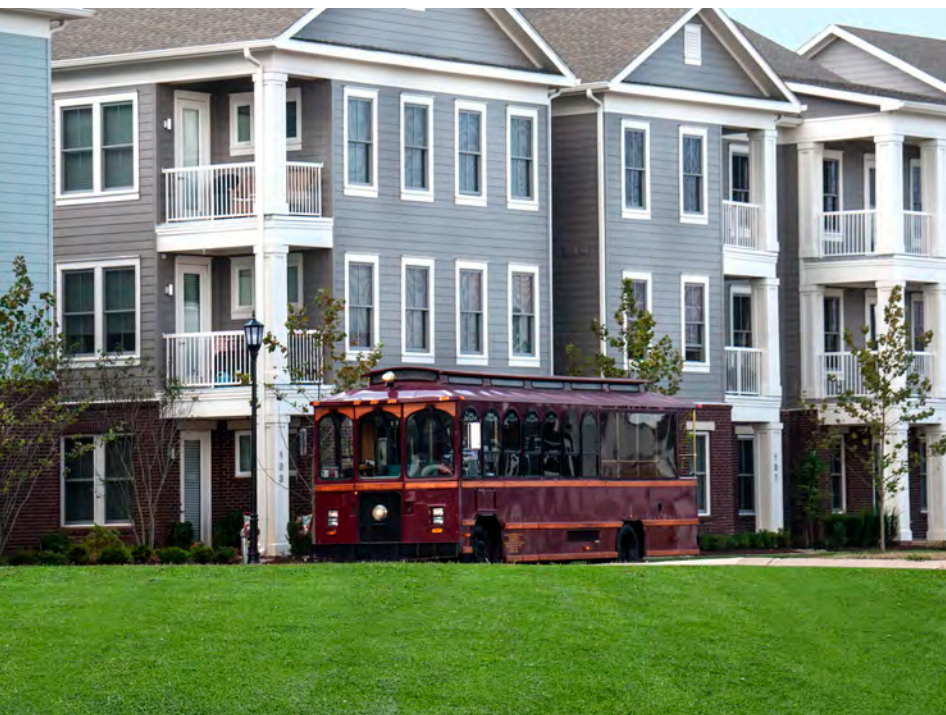
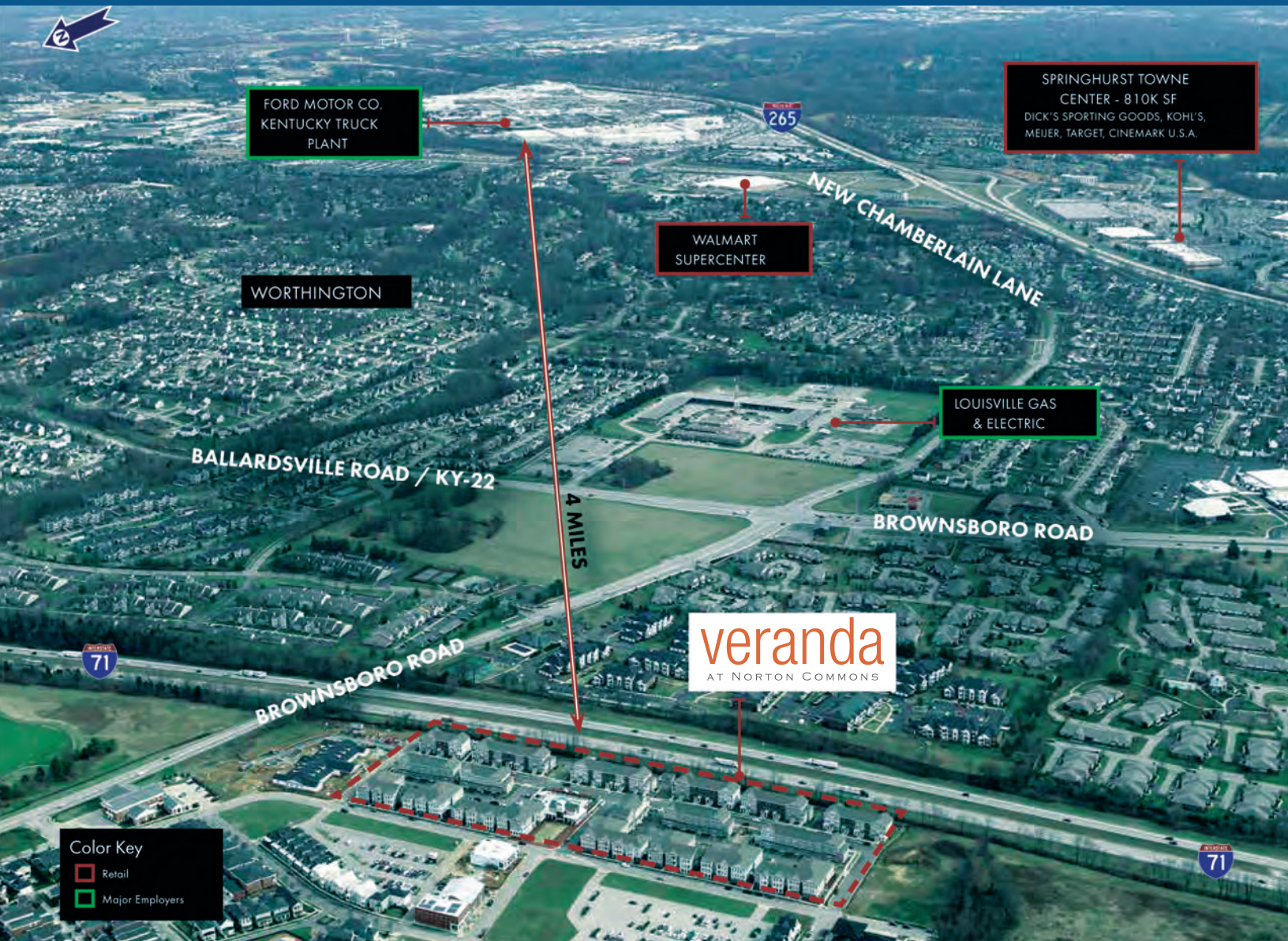
Improve New Lease Closing Ratios and Resident Retention

- 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 the number of monthly lease expirations to approximately 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 regular 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, as well as utilization of print media if applicable.
- 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.

VERANDA AT NORTON COMMONS



LOUISVILLE'S TOP 15 EMPLOYERS

Rank	Employer	Employees
1	Fort Knox	23,000
2	United Parcel Service	22,189
3	Humana Inc.	12,900
4	Norton Healthcare	10,739
5	Ford Motor Co.	9,028
6	Amazon.com	6,000
7	GE Appliances	6,000
8	KentuckyOne Health, Inc.	6,000
9	Baptist Healthcare Systems Inc.	5,116
10	Kroger Co.	4,892
11	University of Louisville	4,478
11	Manna, Inc.	2,400
13	Kindred Healthcare Inc.	2,244
14	Catholic Archdiocese of Louisville	2,237
15	LG&E and KU Energy	1,993

Source: Moody's Analytics Précis U.S. Metro Report - March 2016



LOUISVILLE, KY

Louisville is the largest city in the state of Kentucky, with a 2016 estimated population of 1,282,002. The geography of Louisville, specifically its river accessibility, central location and mild climate, has contributed to its importance as a center for industry and commerce. The city has traditionally been a manufacturing center for durable goods including appliances, cars and trucks, however, more recently the area's economy has diversified, bringing with it more skilled and high-tech employment opportunities. Forbes recently listed Louisville as one of the 15 U.S. Cities' Emerging Downtowns. Louisville is home to the nation's largest collection of headquarters in nursing home, rehabilitation, assisted living and home health administration.

According to Moody's, job growth in Louisville-Jefferson County exceeds the state, South and national averages on a year-over-year basis; the private sector is expanding rapidly, with most industries adding workers at an above-average rate. In April 2016, the Louisville MSA's unemployment rate dipped to a record low of 4.1% for the first time since 2006, and more workers are now employed in the Louisville MSA than during any previous month since 2006. The Louisville MSA unemployment rate is projected to remain below the national rate through 2020 and the employment growth rate is projected to outpace the national rate in each of the next 5 years.

Louisville has been recognized as a top tier market to live and do business in. Some of the recent accolades are 'One of the Top 10 Best Cities for Families,' 'Top 50 large metro areas for best places to start and grow a company,' 'Among "America's 50 Hottest Cities" for business relocations and expansions,' and named among 'The Best Communities for Young People.'

Local Sub-Market

Veranda at Norton Commons is located in Prospect, approximately 12 miles north-east of downtown Louisville, within the 600-acre master-planned community. Norton Commons is the region's first Traditional Neighborhood Development, which is the cornerstone of the new urbanism movement, promoting the creation and restoration of diverse, walkable and vibrant mixed-use communities assembled in an integrated fashion, resulting in a complete community. The property offers luxury living three blocks from the South Village Center - just a short stroll from the retail, dining, entertainment and personal service options available in Norton Commons. As Norton Commons' only apartment component, Veranda at North Commons has been recognized as

one of Louisville's crown jewels and was recently named one of Louisville Business First's 2016 Commercial Real Estate Champions, nodding towards its innovative features and design. The South Village is nearly complete and the North Village development is currently ongoing. Upon completion, Norton Commons will have approximately 2,800 residences, hundreds of businesses located in 2 vibrant town centers and over 150 acres in planned parks, green and civic spaces, all within easy walking distance.

The population growth and household formation in the areas immediately surrounding Veranda have grown at rates above the Louisville MSA for the last 15 years and that trend is projected to continue over the next 5 years. The education levels, household income and home values are also significantly higher, with the average household income approximately 50-70% higher than the MSA.

Veranda is in close proximity to many economic drivers in the area including Old Brownsboro Crossing, a 114 acre mixed-use development with a retail and medical district, and Norton Healthcare, a satellite campus of Norton Hospital. Ford Truck Plant, the largest Ford facility in the U.S., is approximately four miles from the property and continues to add jobs and invest capital in the facility, spending \$2.4 billion to expand the Louisville plant. The East End Crossing Project, which is part of the \$2.3 billion Ohio River Bridges Project, will connect the east end of Louisville, near Prospect, to southern Indiana, near Utica and provide several very specific benefits to the Louisville and Southern Indiana area, including convenient access for area residents commuting between eastern Jefferson County and southern Indiana. The project expects to stimulate the economy of the entire Louisville-Southern Indiana region. The current commute to the Louisville Central Business District and the Louisville International Airport is about twenty minutes.





DEMOGRAPHICS

	Louisville	1-Mile	3-Mile	5-Mile
2010 – 2016 Population Growth	3.75%	15.16%	8.38%	6.68%
2016 – 2021 Population Growth	3.00%	9.37%	5.85%	4.79%
2016 Estimated Population	1,282,002	7,615	47,177	109,479
Average Age	39.4	38.1	39.4	40.0
% of Age 25+ w/ College Deg.	34.72%	66.06%	63.00%	62.16%
Prime Rental Age 18-34	21.76%	20.80%	19.12%	19.10%
Average Household Income	\$71,325	\$121,154	\$107,514	\$113,211
% of Households > \$100K Income	21.31%	39.84%	38.50%	39.91%
Median Home Value	\$160,128	\$242,041	\$242,903	\$264,581

Source: The Nielsen Company, 2016

UNIT MIX

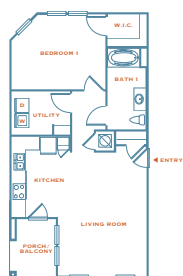
UNIT TYPE	%	UNITS	TOTAL SF	SF PER UNIT
1BR/1BA	15.7%	37	25,616	692*
1BR/1BA	8.9%	21	17,829	849*
2BR/2BA or 2.5 BA	55.5%	131	155,488	1,187*
2BR/2BA	4.2%	10	13,820	1,382*
3BR/2BA	10.2%	24	31,668	1,320*
3BR/2.5BA	5.5%	13	19,630	1,510*
TOTAL / AVERAGE*	100%	236	264,051	1,119

SF PER UNIT RANGE: 1BR (688-849); 2BR (984-1382); 3BR (1289-1510)

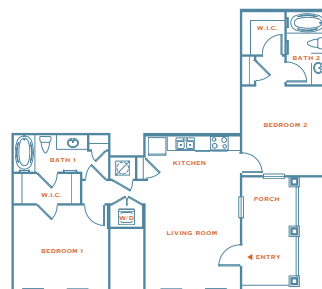
FLOOR PLAN SAMPLES



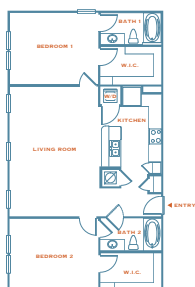
1 Bedroom | 1 Bath



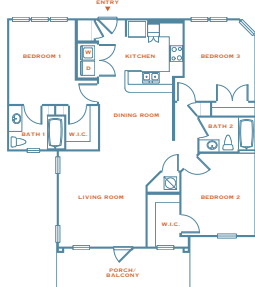
1 Bedroom | 1 Bath



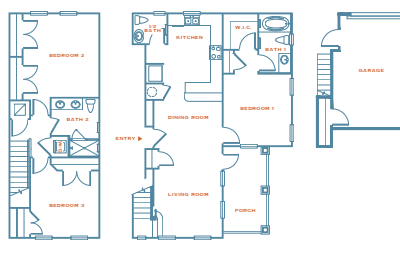
2 Bedroom | 2 Bath



2 Bedroom | 2 Bath



3 Bedroom | 2 Bath



3 Bedroom | 2.5 Bath

SUPERIOR AMENITIES

Unit Amenities:

- 9' Ceilings; Painted Walls and Ceilings
- Carpeted Living Areas; Woodlook Vinyl Entry, Kitchen, and Bathroom Floors
- Plantation Blinds
- Paneled Interior Doors
- Ceiling Fans, Recessed Lighting and Pendant Lights.
- All Units are Equipped with Full-size Washer and Dryer Appliances
- Custom Shaker Wood Cabinetry
- Granite Countertops
- Refrigerator with Icemaker; Stainless Steel Appliances; Electric Range/Oven with Overhead Vented Microwave Oven
- Dishwasher; Single-bowl Undermount Stainless Steel Sink with Gooseneck Faucet and Disposal
- Quartz Countertop with Undermount Porcelain Sink in Bathrooms
- Oversized Vanity Mirror with Decorative Lighting. Select Units Have Dual-Sink Vanities, Ceramic Tile Flooring, and Walk-in Showers

Community Amenities:

- Prestigious Norton Commons Community/ Association
- Clubhouse/Leasing Office
- Cyber/Internet Café/Lounge/WiFi
- Media/Conference Center
- Resident Lounge w/Billiards
- Fitness Center
- Heated Saline Swimming Pool
- 2 Outdoor Kitchens
- Outdoor Fireplace/Lounge
- Playground
- Central Courtyard
- Dog Park/Play Area
- Dog Spa/Grooming Center
- Walking Trails
- 20 Storage Units
- Valet Trash Service

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RISKS

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

INNOVATIVE MASTER-PLANNED COMMUNITY



Norton Commons Amphitheater



Norton Commons YMCA



Norton Commons Town Center

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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AT NORTON COMMONS

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