



watervue



WATERVUE APARTMENTS | 1225 COUNTRY CLUB ROAD | LAKE CHARLES, LA 70605

## THE PROPERTY

- A 264-unit garden-style apartment community, built in 2016, that includes fifteen 2 and 3 story residential buildings on 16.93 acres. The property offers a diverse unit mix of 1, 2 and 3 bedroom units.
- Community amenities include a resident clubhouse, a resort style pool, social lounge with flat-screen TV and games, outdoor grills, resident kitchen with coffee bar, 24-hour fitness center, dog park and 2 ponds (1 with a dock structure) with winding pathways and a park-like setting.
- Unit amenities include a fully equipped kitchen with an electric range/oven, a dishwasher, disposal, frost-free refrigerator with icemaker, wood cabinetry and formica countertops in kitchen and bathrooms, and faux wood or vinyl flooring in the kitchen area.

## THE INVESTMENT OPPORTUNITY

- Southwest Louisiana has \$43 billion in capital investment projects under construction in the liquefied natural gas and petrochemical industries, plus another \$74 billion in projects announced or pending final approval.
- Lake Charles' year-over-year job creation is far and away the highest in the state and among the best in the South, making it #1 on Forbes 'Best Small Cities for Jobs 2017.'
- The immediate area around WaterVue has grown at rates above the Lake Charles MSA in terms of population and household formations over the last 15+ years and is projected to continue to outpace the MSA over the next 5 years.

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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 operational strategy for Watervue will capitalize on the population and job growth related to the expansive development of local/regional businesses. The local economy is growing due to the increase in energy production, aerospace, defense and medical industries as well as the port and related maritime commerce.

The employment in the aforementioned industries provides an opportunity for the Community to benefit financially from this growth. In addition to the boost to mid and high wage industries, industry growth will generate positive spill over in other industries including manufacturing. The amount of employment has provided the local economy with consumer spending capabilities.

The combination of these market dynamics are anticipated to be sustainable throughout the hold period, allowing the Property to maintain higher than average occupancy and to increase rental rates annually. In conjunction with the annual income growth, the strategy will include monitoring/controlling expenses and cost effectively utilizing reserves in an effort to maximize performance.

### PROMOTE LOCATION

The Community will develop an aggressive marketing campaign to target the centralized location and the population and job growth related to major employers by establishing preferred employer programs at major area firms.

Watervue is located within 10 miles of the following employment, shopping and entertainment destinations:

- 1.6 miles to McNeese State University
- 3.1 miles to Prien Lake Mall
- 3.9 miles to L'Auberge Casino and Resort

- 4.7 miles to Lake Charles Regional Airport
- 4.7 miles to Lake Charles Memorial Hospital
- 8.3 Chennault International Airport
- 10.0 miles to Sasol North America (multiple projects)
- 10.1 miles to Isle of Capri Casino and Hotel

The marketing will also emphasize the amenities that define luxury apartment living with uniquely designed high-end finishes throughout. The Community amenities feature a resident club house, 24-hour fitness center, a resort-style pool, social lounge with flat-screen TV and games, outdoor grills, resident kitchen with coffee bar, dog park, ponds with a private dock, winding pathways and controlled-access gates. The unit amenities include a fully equipped kitchen with an electric range/oven, a dishwasher, disposal, frost-free refrigerator with icemaker, wood cabinetry and formica countertops in the kitchen and bathrooms, and faux wood, carpet, vinyl or ceramic tile flooring in the kitchen area.

### MAXIMIZE PERFORMANCE

- 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 Property.
- Introduce and monitor more aggressive increases in other income items and fees to maximize recovery of utility costs, trash removal fees, pest control fees, administrative fees, application fees, transfer fees, valet trash fees and pet rent.

# WATERVUE APARTMENTS



## IMPROVE NEW LEASE CLOSING RATIOS AND RESIDENT RETENTION

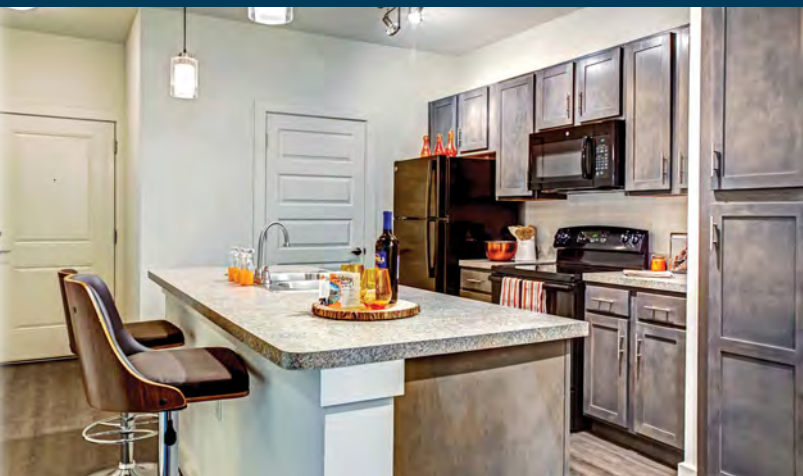
- Hire a nationally recognized third-party property management company to oversee an on-site management team of experienced and enthusiastic professionals.
- Install a lease management system that targets the number of monthly lease expirations to approximately 10% of the units.
- Install a reputation management system that enhances the Watervue'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 online 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

- 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.

## 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.



## THE MARKET

Southwest Louisiana is bolstered by a petrochemical and transportation infrastructure network that is second to none in the US; Southwest Louisiana has already seen \$1.74 billion in construction completed since 2012. By 2020, if all goes as planned, that number will top \$117 billion. The major investments include Houston-based Cheniere Energy (\$20 billion) and South Africa-based Sasol GTL & Derivatives (\$11 billion) along with a host of others. Among the larger projects are Big Lake Fuels (\$1.3 billion); Lake Charles Clean Energy (\$2.6 billion); Lake Charles LNG/BG Group (\$9 billion); Magnolia LNG (\$3.5 billion); and Cameron LNG (\$9 billion). According to the Louisiana Secretary of Louisiana Economic Development, the infrastructure of gas pipelines in the U.S. allows for Southwest Louisiana to be a key location for these large-scale capital investments.

Southwest Louisiana's aerospace industry is also an integral component of the region's economy – a convenient geographic location near top defense contractors in Louisiana and Texas as well as the U.S. Army's Fort Polk military installation, along with access to infrastructure and service areas like Lake Charles Regional Airport and Chennault International Airpark. Southwest Louisiana's top aerospace companies range from aircraft maintenance and repair to aircraft supply services--such as those provided by Era Helicopters that support the region's active energy sector.

Approximately 10 miles from Watervue are Sasol's Lake Charles Chemical Complex and Lotte Chemical USA. The Sasol plants are among the largest in a wave of petrochemical plants in the region that, during the next several years, will increase annual containerized exports. Louisiana Economic Development's News division reported that Lotte Chemical USA announced its headquarters' relocation from Houston to Lake Charles where it is building its \$1.1 billion monoethylene glycol plant at the junction of the Interstates 10 and 210.

### LOCAL SUB-MARKET

The City of Lake Charles is located in southwest Louisiana off Interstate 10 between Houston, TX and New Orleans, LA. Lake Charles' beaches make up the shores of Calcasieu River,

approximately 30 miles upstream from the Gulf of Mexico. Lake Charles is connected to the Gulf by means of a deep-water ship channel and is the seat and port of entry of Calcasieu Parish. The Port of Lake Charles is a deep-water seaport that has grown to be the 11th busiest seaport in the United States by tonnage and is the 13th largest port in the country based on tonnage handled. Ships and distribution companies frequently utilize the region's sophisticated waterway transportation capabilities to move more than 55 million tons of cargo annually through the Port of Lake Charles, with goods and products that range from petroleum and natural gas to aluminum and heavy equipment.

Lake Charles is home to a strong economy and thriving industrial sector, and is part of the area of Southern Louisiana which has transformed into a hub for energy production. According to Moody's Analytics, "Lake Charles is leaving its Louisiana peers in the dust. Year-over-year job creation is far and away the highest in the state and among the best in the South. Construction has been the dominant force behind the stellar performance thanks to substantive development of liquefied natural gas infrastructure." There are currently 17,775 construction jobs that will create 9,587 direct or indirect permanent jobs and an additional 28,290 construction jobs projected from future development that will create another 12,683 direct or indirect permanent jobs. Lake Charles ranked #1 on Forbes 'Best Small Cities for Jobs 2017' by posting a job growth of 5.2% for 2016, with a growth of almost 30.0% over the last 6.5 years. Moody's is forecasting the local employment growth to exceed the national employment growth for the next 3 years through 2019.

Watervue's location within Lake Charles and its close proximity to shopping, restaurants, transportation corridors and employment nodes make the immediate area attractive to both young professionals and families alike. McNeese State University, Prien Lake Mall, Golden Nuggett, L'Auberge Casino Resort, Lake Charles Regional Airport, and Lake Charles Memorial Hospital are all within 5 miles of Watervue. McNeese State University has an enrollment of over 7,500 students and is one of the largest public higher education systems in the United States. Lake Charles Memorial Hospital is a general medical and surgical hospital in Lake Charles with 308 beds and approximately 300 staff physicians.



## DEMOGRAPHICS

	Lake Charles MSA	1-Mile	3-Mile	5-Mile
2010 – 2017 Population Growth	4.17%	13.43%	7.05%	5.38%
2017 – 2022 Population Growth	3.54%	6.92%	4.69%	4.00%
2017 Population	207,938	9,651	47,491	83,003
Average Age	38.1	40.0	38.5	38.2
% of Age 25+ w/ College Degree	27.47%	45.66%	38.50%	32.36%
Prime Rental Age 18-34	23.50%	25.52%	25.85%	25.13%
Average Household Income	\$67,849	\$77,268	\$72,276	\$66,033
% of Households > \$100K Income	20.69%	23.38%	22.35%	19.25%
Median Home Value (Own-Occ)	\$131,295	\$180,224	\$174,793	\$148,823

Source: Pop-Facts Demographics Snapshot 2017 by Claritas (except for 2010-2017 Population Growth, the above reflects 2017 estimates)

## UNIT MIX

UNIT TYPE	%	UNITS	TOTAL SF	SF PER UNIT
1 BR / 1BA	27.3%	72	46,872	651
1 BR / 1BA	24.2%	64	51,648	807
2 BR / 2 BA	18.2%	48	47,280	985
2 BR / 2 BA	25.8%	68	73,848	1,086
3 BR / 2 BA	4.5%	12	16,344	1,362
<b>Total / Average</b>	<b>100%</b>	<b>264</b>	<b>235,992</b>	<b>894</b>

## AMENITIES

### COMMUNITY AMENITIES INCLUDE:

- In-ground outdoor swimming pool
- Poolside BBQ area with grills
- Cyber café with Wi-Fi
- Dog park
- Clubhouse with business center and leasing office
- 24-hr fitness center
- Parking garages

### UNIT AMENITIES:

- Electric range/oven
- Dishwasher
- Frost-free refrigerator with icemaker
- Wood cabinetry and formica countertops in kitchen and bathrooms
- Faux wood or vinyl flooring in the kitchen area

## FLOOR PLAN SAMPLES



One Bedroom | One Bath



One Bedroom | One Bath



Two Bedroom | Two Bath



Three Bedroom | Two Bath

# WATERVUE APARTMENTS



## LAKE CHARLES TOP 15 EMPLOYERS

Rank	Employer	Employees
1	Southwest Louisiana Hospital Association	3,001
2	Wal-Mart Stores Inc.	2,150
3	Lake Charles Memorial Health Systems	2,148
4	Coushatta Casino Resort	2,131
5	Pinnacle Entertainment	2,000
6	Westlake Group	1,693
7	Turner Industries LLC	1,650
8	Golden Nugget	1,413
9	L'Auberge Casino Resort	1,300
10	Axiall Corp.	1,169
11	CITGO Petroleum Corp.-Lake Charles	1,113
12	CHRISTUS St. Patrick Hospital	915
13	Phillips 66 Manufacturing	770
14	Northrop Grumman	721
15	Isle of Capri Casino & Hotel	695

Source: Moody's Analytics Précis U.S. Metro Report – July 2017

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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