



# THE ARLINGTON

at Eastern Shore



THE ARLINGTON AT EASTERN SHORE | 10558 EASTERN SHORE BLVD. | (MOBILE) SPANISH FORT, AL 36527

## THE PROPERTY

- The Arlington was built in 2009. It has 300 units with 24 two-story apartment buildings. The property has the unique Humphreys “Big House” design concept with high-end property features and corridor-free buildings with individual entrances.
- The property offers a full range of upscale amenities including: indoor basketball court, fitness center, oversized pool/sundeck, car care center, fishing pond, and private access entry gates.
- The Arlington is within walking distance to major retailers and entertainment. It is also just a short commute to downtown Mobile, giving residents the luxury of a quiet community close to major employment.

## THE INVESTMENT OPPORTUNITY

- The Port of Mobile has been investing \$65 to \$70 million annually to improve its facilities in anticipation of increased traffic related to the widened Panama Ship Canal.
- Airbus’ \$600 million new assembly site is near completion and will employ over 1,000 employees.
- In 2014, Forbes Magazine named Mobile the third largest industrial boomtown in the U.S. for mid-sized cities.
- Austal USA, a manufacturer of commercial vessels in the Mobile area, has expanded to more than 4,000 employees and is currently fulfilling contracts with the U.S. Navy totaling \$4.7 billion.

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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. v050115



## 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, 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, pet deposits and pet rent.

### Improve New Lease Closing Ratios & Resident Retention

- Hire a locally 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.
- Hold regular "town hall" meetings to improve communication, resident satisfaction and management performance.

# THE ARLINGTON AT EASTERN SHORE



## Implement 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, 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 all 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.





## MOBILE, ALABAMA

Mobile’s current population is approximately 416,500 and is Alabama’s second largest metropolitan area. The Mobile MSA is located in Southern Alabama along the Gulf of Mexico about an hour west of Pensacola, Florida and about 90 minutes east of New Orleans, Louisiana. Mobile is a thriving destination that blends the city life with spectacular natural surroundings. Downtown Mobile is 13 miles from The Arlington at Eastern Shore. The adjacent shopping center is full of trendy restaurants, shopping and cultural attractions.

Many of the major employers in the area are continuing to expand and add jobs, further promoting growth in the MSA. Airbus recently selected Mobile for its only aircraft assembly site in the western hemisphere. The \$600 million construction is nearly complete and is expected to bring 1,000+ jobs and also attract other related companies and suppliers to the area. Austal USA has expanded to more than 4,000 employees working on military contracts totaling \$4.7 billion – building up to 12 Littoral Combat Ships and 10 Joint High Speed Vessels for the U.S. Navy. Mobile was recently selected for the new state port \$54 million shipping terminal, allowing the state to now ship Alabama-made cars and SUVs and also receive cars that are produced in Mexico or South America. Port of Mobile produces over 125,000 direct and indirect jobs for the MSA and Moody’s.com indicates that Post-Panamax environment will be particularly favorable to Port of Mobile.

### Local Sub-Market

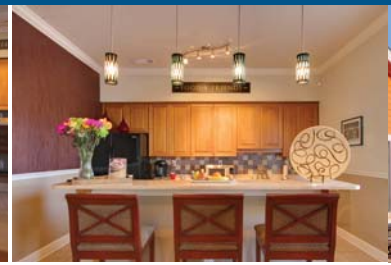
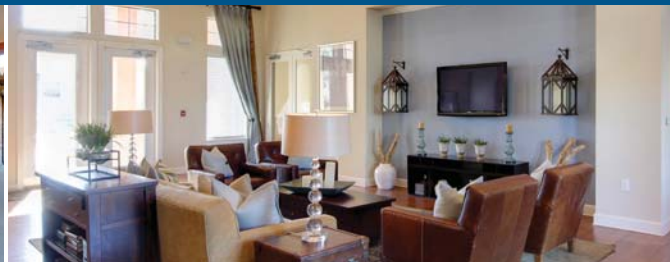
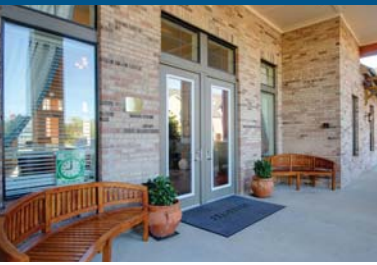
The city of Spanish Fort, Alabama is located in the Mobile, Alabama MSA and is found just northwest of Mobile Bay, approximately 30 miles north of the Gulf

of Mexico. Situated next to Mobile Bay and within Baldwin County, the Eastern Shore area provides hundreds of active lifestyle opportunities: skiing, boating, fishing, hiking and biking. The property enjoys quick access to I-10, which is about 1 mile south of the property. Due to its proximity to I-10, Spanish Fort is an eastern shore community with the quickest access to downtown Mobile and other Mobile employment centers. Greatschools.org gives Rockwell Elementary and Spanish Fort Middle School 9/10 and Spanish Fort High School 10/10 (all within 3 miles of the property); these are the highest ratings for public schools in the Mobile area and match the highest rankings across the state. The Arlington is adjacent to Eastern Shore Centre, which is the premier shopping center in the MSA and boasts upscale shops such as Pottery Barn® Coldwater Creek®, Dillards®, Talbots®, Williams-Sonoma® and more.

### Mobile’s Top 15 Employers

Rank	Employer	Employees
1	Mobile Infirmary Medical Center	5,300
2	Univ. of South Alabama & USA Health System	5,300
3	Austal	3,400
4	Wal-Mart Stores Inc.	2,960
5	Providence Hospital	2,350
6	ThyssenKrupp Steel USA	1,550
7	ST Mobile Aerospace Engineering	1,500
8	Springhill Medical Hospital	1,133
9	CPSI (Computer Programs and Systems, Inc.)	1,100
10	Winn Dixie Food Stores	1,052
11	Outokumpu Stainless	821
12	Goodrich Aerospace	800
13	AltaPointe	800
14	Evonik Edgussa Corp.	780
15	IC Corp.	725

Source: Moody’s Analytics Précis U.S. Metro Report – November 2014



## DEMOGRAPHICS

	1-Mile	3-Mile	5-Mile
2010 – 2015 Population Growth	21.82%	18.16%	13.91%
2015 – 2020 Population Growth	13.35%	11.55%	9.41%
2015 Estimated Population	3,691	15,035	35,411
Average Age	37.3	38.3	39.6
% of Age 25+ w/ College Deg.	56.48%	55.97%	50.31%
Prime Rental Age 18-34	19.56%	19.23%	19.61%
Average Household Income	\$95,683	\$95,154	\$86,005
Median Home Value	\$195,326	\$192,858	\$196,055

Source: The Nielsen Company, 2015

## UNIT MIX

UNIT TYPE	%	UNITS	TOTAL SQ. FT	SQ. FT/UNIT
1 BR / 1 BA	5%	15	11,475	765
1 BR / 1 BA	5%	15	12,915	861
1 BR / 1 BA	10%	30	24,660	822
1 BR / 1 BA	6%	18	17,712	984
1 BR / 1 BA	10%	30	34,770	1,159
2 BR / 2 BA	3%	9	9,288	1,032
2 BR / 2 BA	10%	30	31,830	1,061
2 BR / 2 BA	10%	30	33,870	1,129
2 BR / 2 BA	3%	9	10,107	1,123
2 BR / 2 BA	6%	18	20,322	1,129
2 BR / 2 BA	5%	15	18,915	1,261
2 BR / 2 BA	3%	9	11,349	1,261
2 BR / 2 BA	5%	15	20,400	1,360
2 BR / 2 BA	3%	9	12,240	1,360
3 BR / 2 BA	5%	15	23,175	1,545
3 BR / 2 BA	3%	9	13,905	1,545
3 BR / 2 BA	5%	15	23,850	1,590
3 BR / 2 BA	3%	9	14,310	1,590
<b>Total/Average</b>	<b>100%</b>	<b>300</b>	<b>345,093</b>	<b>1,150</b>

## SUPERIOR AMENITIES

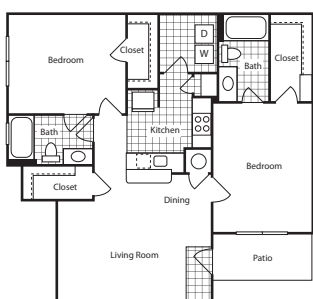
### Unit Amenities:

- Spacious 1, 2 and 3 bedroom apartments with lake views available
- Two-story direct entry
- Airy, 9' ceilings
- Crown moulding in living and dining rooms
- Washer and dryer included
- Walk-in closets
- Balconies or patios
- Attached garages in select units
- Custom black appliances, including built-in microwave and side-by-side refrigerator
- Ceramic tile floors in kitchens and baths
- Garden tubs
- Bay windows in select units

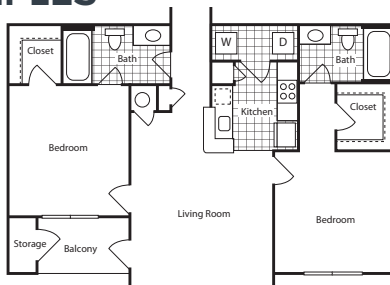
### Community Amenities:

- Located on the Eastern Shore
- Valet waste
- Car care center
- Convenient online application, rent payment and maintenance requests
- Fitness center with gym-quality equipment
- Oversized pool with large sun deck
- Wi-Fi in clubhouse and pool
- Limited access entry gates
- Indoor basketball court

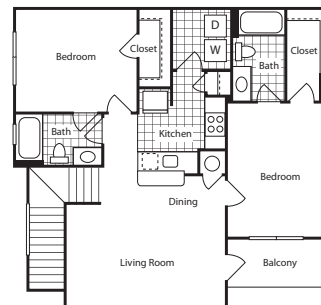
## FLOOR PLAN SAMPLES



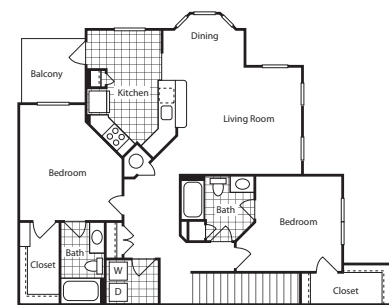
2 Bedroom / 2 Bath



2 Bedroom / 2 Bath



2 Bedroom / 2 Bath



2 Bedroom / 2 Bath

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## MAP & SITE PLAN



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.

## MARKETING CONTACTS:

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