



11010 Eastlake Club Way | Raleigh, NC | 27617

## THE PROPERTY

- 270 unit Class-A garden-style apartment community built in 2004 situated on approximately 21 acres, offering 1, 2 and 3 bedroom units in 12 two to four story buildings.
- Located adjacent to the Brier Creek Country Club, Carrington is the only apartment community within the prestigious master-planned community; offering residents the country club lifestyle with excellent proximity to retail, freeways and the Research Triangle Park.
- Carrington At Brier Creek is just minutes away from major universities and employment centers including North Carolina State University and the Research Triangle, which is home to more than 170 companies and over 38,000 employees.

## THE INVESTMENT OPPORTUNITY

- New professional management will position Carrington At Brier Creek as one of the premier apartment communities in the area.
- Raleigh has the second highest rate of net migration of any metro area over the past five years.
- Raleigh's employment growth is expected to significantly outpace the nation over the near term; Research Triangle Park's long-term goal is to employ over 100,000.
- Stabilized investment cash flow located in a dynamic and diverse market.

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. 03/14



## BUSINESS STRATEGY

The Master Tenant objectives, on behalf of the Delaware Statutory Trust, 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 and Occupancy

- Create a model unit and improve the existing clubhouse, including implementation of a new paint color scheme as well as installation of new furniture, art work, and accessories. Create a cyber-lounge within the clubhouse and partition it off to create a space the residents can access 24-hours a day.
- Enhance the Project's competitive position in the submarket by installing a pet spa, updating the clubhouse/leasing office and upgrading the fitness center.
- Complete premium upgrade renovation to the remaining four units not renovated by previous Owner.
- Install faux wood flooring throughout all first floor units (excluding the bedrooms)
- Implement aggressive marketing campaigns to reach out to local corporations, businesses, vendors to provide referrals, activity sponsorships and reciprocal business opportunities.
- Enhance the existing monument sign to help drive-by traffic more easily locate the Project entrance.
- 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 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.



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- 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 a maximum of 10% of the units.
- 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.

## 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 websites.
- 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 as well as local area tax consultants.
- Implement an annual property insurance review utilizing recognized national insurance agencies.





## RALEIGH, NORTH CAROLINA

The city of Raleigh is located in central North Carolina and is included in the Raleigh-Durham-Chapel Hill metropolitan statistical area (“MSA”), and commonly referred to as “the Triangle” according to the Apartment Index Report. Downtown Raleigh is approximately 25 miles from downtown Durham and approximately 33 miles from Chapel Hill. Located between the cities of Raleigh and Durham is the world-renowned Research Triangle Park (“RTP”), a 7,000 acre development that is home to more than 170 companies employing over 38,000 full-time employees. RTP is a global high-tech center that serves as an economic driver for the region.

The presence of the RTP, state government offices and the universities (Duke, North Carolina State and University of North Carolina Chapel Hill) continue to strengthen the area’s economy. In 2011, Businessweek.com ranked Raleigh #1 as “America’s Best City”. In 2013, Livability.com ranked Durham as the 4th “Best Place to Live and Visit” in the U.S. The area’s diversified economic base continues to support significant capital investment within the region while providing a variety of employment opportunities for area residents and businesses. All of these factors combine to make the Triangle MSA one of the most desirable locations for businesses and individuals for today and in the future.

According to Moody’s Economy.com (“Moody’s”), the Raleigh MSA population was 1,218,800 as of the end of 2013, having grown 229,600 since 2006, or 3.0% annually compared to the national population growth rate of 0.80% over the same time period. Moody’s projects the local growth to continue at 2.28% annually and will outpace the national growth over the next 4 years.

The annual Raleigh unemployment rate has been below the annual state and national unemployment rate over the last ten years. Moody’s projects the Raleigh employment growth to grow an annual average of 3.2% over the next four years, compared to the national employment projected growth of 1.88% annually over the same time period.

### Local Sub-Market

Carrington At Brier Creek is located in the Brier Creek area, a growth corridor of the metropolitan area. According to the Nielsen Company, the population growth for the 1, 3, and 5-mile radii surrounding Carrington at Brier Creek was 10.93%, 13.84% and 11.14% respectively over the last 4 years. The Project is located adjacent to the Brier Creek Country Club. The community enjoys convenient access to Highway 70 (Glenwood Avenue) that runs directly to downtown Raleigh, and is less than 2 miles from Interstate 540. Both the RTP and Raleigh-Durham International Airport are within a 10 minute drive of the Project.

Income levels and education levels in the neighborhoods and areas surrounding the property are higher than the metropolitan area norms. Moody’s Analytics projects that personal income growth in Raleigh will average 7.9% annually over the next four years exceeding the projected national rate.

| RALEIGH’S TOP 15 EMPLOYERS |  |           |
|----------------------------|--|-----------|
| RANK                       | EMPLOYER                               | EMPLOYEES |
| 1                          | Duke University and Medical Center     | 34,863    |
| 2                          | IBM Corporation                        | 10,000    |
| 3                          | Wakefield Health & Hospitals           | 8,422     |
| 4                          | UNC - Chapel Hill                      | 8,000     |
| 5                          | North Carolina State University        | 7,730     |
| 6                          | Food Lion                              | 7,197     |
| 7                          | Cisco Sytems                           | 5,500     |
| 8                          | Rex Healthcare                         | 5,300     |
| 9                          | SAS Institute                          | 5,133     |
| 10                         | Pinkerton and Burns                    | 4,500     |
| 11                         | GlaxoSmithKline                        | 4,000     |
| 12                         | Blue Cross and Blue Shield Association | 3,800     |
| 13                         | Duke Energy                            | 3,700     |
| 14                         | Verizon Communications                 | 3,000     |
| 15                         | PPD Inc.                               | 3,000     |

Source: Moody’s Analytics Précis Metro Report for Raleigh & Durham - 11/2013

The average age of the population in the areas surrounding the property is younger than the Raleigh average – a positive indicator for apartment demand.

REIS forecasts the effective rent growth to average 3% per year over the next four years and the current vacancy rates are the lowest rates since the mid 1990s.

The master-planned community is bordered by TW Alexander to the north, Highway 70 to east and Brier Creek Parkway to the south. There is also an abundance of nearby retail amenities in direct proximity to the property, including the expansive 750,000 square foot Brier Creek Commons (which is located 4 minutes from the property) and features restaurants and retailers such as Target Greatland, T.J. Maxx, Dick’s Sporting Goods, BJ’s Wholesale Club, Ross, Staples, Michaels and Petsmart. Additionally, the property is less than 2 miles from the 85,000 square foot Brierdale Shopping Center, as well as a Walmart Supercenter anchored center.





| DEMOGRAPHICS                            | Carrington At Brier Creek |           |           |
|---|---------------------------|-----------|-----------|
|   | 1-Mile                    | 3-Mile    | 5-Mile    |
| 2014 Estimated Population               | 4,589                     | 35,556    | 79,525    |
| 2019 Population Projection              | 5,067                     | 40,052    | 88,009    |
| 2014 Estimated Average Household Income | \$106,738                 | \$101,643 | \$94,539  |
| Population Age 25+ with College Degree  | 71.12%                    | 70.62%    | 65.69%    |
| Population Age 18-34                    | 30.56%                    | 26.20%    | 26.99%    |
| Average Age                             | 35.5                      | 34.7      | 35.6      |
| Median Home Value                       | \$269,829                 | \$253,219 | \$255,155 |

Source: The Nielsen Company, 2014

**UNIT MIX**

| UNIT TYPE    | %           | UNITS      | TOTAL SQ. FT   | SQ. FT/UNIT  |
|--------------|-------------|------------|----------------|--------------|
| 11 BR / 1 BA | 7%          | 18         | 12,438         | 691          |
| 1 BR / 1 BA  | 29%         | 78         | 68,640         | 880          |
| 2 BR / 2 BA  | 46%         | 126        | 148,302        | 1,177        |
| 2 BR / 2 BA  | 6%          | 16         | 20,944         | 1,309        |
| 3 BR / 2 BA  | 9%          | 24         | 35,520         | 1,480        |
| 3 BR / 2 BA  | 3%          | 8          | 12,400         | 1,550        |
| <b>TOTAL</b> | <b>100%</b> | <b>270</b> | <b>298,244</b> | <b>1,105</b> |

**SUPERIOR AMENITIES**

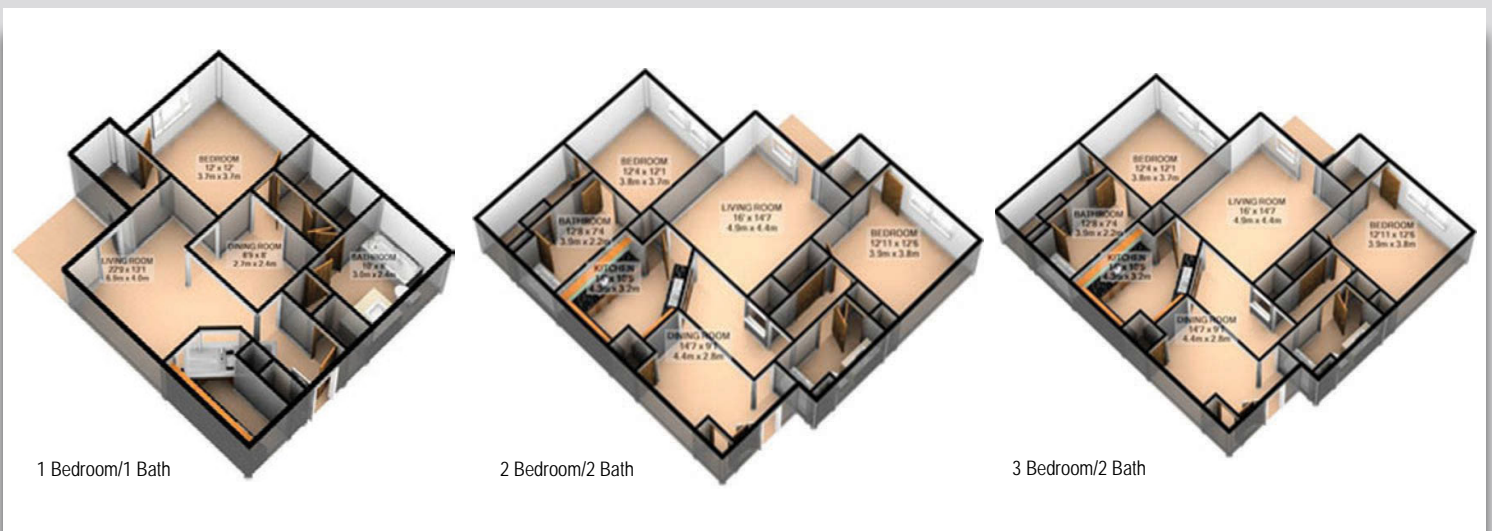
**Unit Amenities:**

- Washer and Dryer in select units
- Washer and Dryer Connections
- Patio / Balcony
- 9' Ceilings
- Ceiling Fans
- Crown Molding
- Coat / Linen Closets
- Breakfast Bar
- Stainless Steel Appliances
- White Cabinetry
- Computer Nook
- Two Tone Paint
- Garbage Disposals
- Direct Access Garages Available
- Detached Garages Available

**Community Amenities:**

- Resort Style Swimming Pool
- Clubhouse
- 24-Hour Business Center
- 24-Hour Fitness Center
- Poolside Gourmet Grilling Center
- Car Care Center
- Cabana Area
- Yoga / Pilates Studio
- Tanning Bed

**FLOOR PLAN SAMPLES**



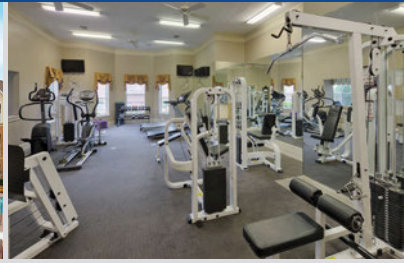
1 Bedroom/1 Bath

2 Bedroom/2 Bath

3 Bedroom/2 Bath



# BRIER CREEK



Passco Companies, LLC specializes in acquiring, developing and managing multifamily and commercial investment properties. Passco was formed in 1998 and is a privately held company.

- Passco invests strategically for investors to generate cash flow and asset value appreciation, while maintaining a risk-mitigating investment philosophy.
- Passco's current assets under management are upward of \$1.8 billion, including more than 10,000 apartment units and over 7 million square feet of land and commercial real estate nationwide.
- 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.

## SITE PLAN



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