

# CAMBRIDGE

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*at Hickory Hollow*



660 Bell Road | Nashville, Tennessee | 37013

## THE PROPERTY

- 360 unit Class-A gated apartment community built in 1997 situated on approximately 24 acres, offering 1, 2 and 3 bedroom units.
- Residents enjoy high-end amenities with a resort-style swimming pool, lap pool, picnic area with grills and gazebos and fitness center.
- Centrally located, Cambridge at Hickory Hollow is just a short commute from Downtown Nashville and close to Nashville's major economic hubs.

## THE INVESTMENT OPPORTUNITY

- Capitalize on new commercial real estate development and job growth within the local submarket.
- Potential for rental increases through market growth and unit upgrade plan.
- Nashville was ranked #2 by Forbes for 'Best City for Jobs.'
- 100,000+ jobs in the immediate commerce corridor (I-24).
- Excellent population growth projections and demographics within the submarket.

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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. 08/14



## 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

- Improve the existing clubhouse and model, including implementation of a new paint color scheme as well as the installation of contemporary new furniture, art work and accessories. Create a cyber-lounge within the clubhouse.
- Enhance the Project's competitive position in the submarket by installing a pet park/spa.
- Enhance the Project's competitive position in the submarket by improving the pool area with new contemporary furniture, an outdoor kitchen and grill.
- Enhance the Project's competitive position in the submarket by expanding the fitness center and installing additional exercise equipment.
- Install faux wood flooring throughout all first floor units (excluding the bedrooms), and on select second and third floor units in the entryways, kitchens and bathrooms. Each of these units will include ceiling fans (bedrooms), digital thermostats, two-tone paint, modern plumbing fixtures, track lighting in the kitchen and bathrooms, curved shower rod and new cabinet doors.
- 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 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

## NASHVILLE, TENNESSEE

The city of Nashville, located in central Tennessee, is the state capital and has a thriving and diverse economy. Although widely recognized for its tourism and entertainment industry, healthcare services, government, education, and manufacturing each provide a prominent role in the local economy. From 2007 through 2013, the average local economic output growth exceeded the annual national output growth by more than 2 times. Employment growth has averaged 2.8% annually over the last four years – nearly tripling the national average. Moody’s Economy.com (“Moody’s”) indicates that “Nashville’s economy is on a tear. Measured by either employment or industrial production, the metro area grew faster than most of its peers in the Southeast last year. Back-office and professional services are major sources of new jobs. Stronger tourism has also sparked hiring in leisure and entertainment.” The Nashville unemployment rate is currently at 5.1% (May 2014) which is well below the national rate and has been below the national unemployment rate for most of the last 10 years. According to a recent report IHS Global Insight report to the US Conference of Mayors “Nashville has one of the fastest growing economies in the nation, trailing on that of Austin.”

Nissan, Hospital Corporation of America (HCA), Bridgestone and Caterpillar Financial are just a few examples of the companies with national and international headquarter presence in Nashville. The largest and fastest growing sector is the healthcare industry, bringing nearly \$30 billion annually and more than 200,000 jobs in the Nashville MSA. Vanderbilt University Medical, Community Health Systems, LifePoint Hospitals, AmSurg and Healthways are all headquartered in Nashville. The tourism industry continues to grow and generates \$3.2 billion in revenue annually – recently ranked in the Top 25 Places to Travel by Travel and Leisure.

The current population is approximately 1.75 million and has grown about 11.10% since 2007, compared to the national population growth rate of 5.81% over the same time period. Forecasts project the rate of population growth to increase over the next five years and Nashville was recently named in the Top 12 American Boom Towns by Bloomberg.

### Local Sub-Market

Cambridge at Hickory Hollow is located approximately 13.8 miles southeast (driving distance) from downtown Nashville. The Project is approximately 14.3 miles from Vanderbilt University (state’s largest private employer), approximately 6.9 miles from Nashville International Airport and approximately 2 miles from I-24. The I-24 corridor is considered an economic hub for the Nashville MSA with 31.3 million square feet of industrial space and almost 13 million square feet of office space and is home to tenants such as Bridgestone/Firestone, FedEx, Ingram Industries, Coca-Cola, Nissan, Caterpillar and Cardinal Health, among others.

The proximity to downtown and the easy access to the I-24 have spurred a resurgence of growth and development within 3 miles of

Cambridge at Hickory Hollow. HCA is currently developing a 100,000 sq. ft. \$200 million regional data center, adding over 150 jobs. The Global Mall at the Crossings is being repositioned and is part of a \$32 million renovation plan that will include a Metro branch library, community center and park. It will also be the future site of a new practice home for the NHL Nashville Predators and a satellite campus for Nashville State Community College. Asurion, a privately held, locally headquartered, device insurance company has recently added 800 jobs. Academy High School, Ezell-Harding Christian School and Intrepid College Preparatory Charter School are all located within 1.5 mile from the Project. Nearby amenities provide convenience to local residents including a Walmart Super Center, Kroger, CVS Pharmacy, Dollar General, Plato’s Closet and T.J. Maxx, as well as Priest Lake Plaza Shopping Center.

REIS (Real Estate Information Services) 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.

According to Nielsen, the population surrounding the property has experienced 14.33%, 9.65% and 9.60% annual growth for the 1-, 3-, and 5-mile radii (respectively) from 2010-2014. The recent historical population growth, as well as projected growth, in the 1-mile radii surrounding the Project is more than double the Nashville MSA. The average age of the population in the areas surrounding the Project is younger than the Nashville MSA average – a positive indicator for apartment demand.



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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 a maximum of 10% of the units.
- 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.

- 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 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.





## DEMOGRAPHICS

	Nashville	1-Mile	3-Mile	5-Mile
2010 – 2014 Population Growth	5.67%	14.33%	9.65%	9.60%
2014 – 2019 Population Growth	6.19%	13.28%	9.43%	9.50%
2014 Estimated Population	1,765,552	14,158	81,875	157,754
Average Age	37.4	32.0	33.0	33.2
% of Age 25+ w/ College Deg.	36.2%	35.1%	33.8%	35.5%
Prime Rental Age 18-34	23.8%	34.4%	30.7%	29.4%
Average Household Income	\$68,904	\$46,334	\$53,439	\$56,795
Median Home Value	\$180,956	\$144,124	\$143,003	\$154,076

*Source: The Nielsen Company, 2014*

## SUPERIOR AMENITIES

### Unit Amenities:

- Spacious, Open Floor Plans
- 9-foot Ceilings
- Vaulted Ceilings in Select Units
- Recessed Lighting
- Ceiling Fans in all Bedrooms
- Patios/Balconies
- Walk-In Closets
- Crown Molding
- Tiled Foyers
- Full Size Washer/Dryer Connections
- Dishwashers and Garbage Disposals

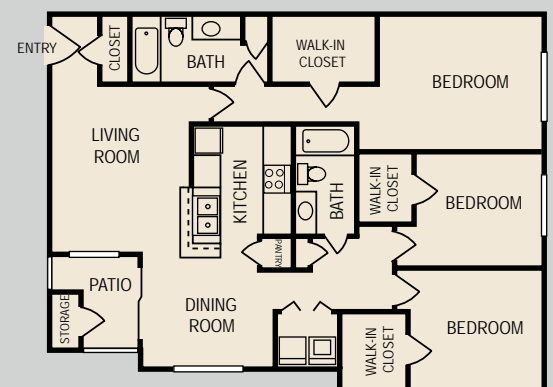
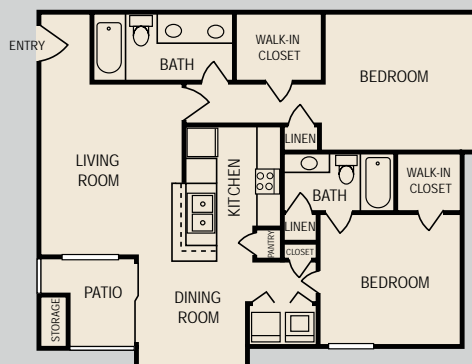
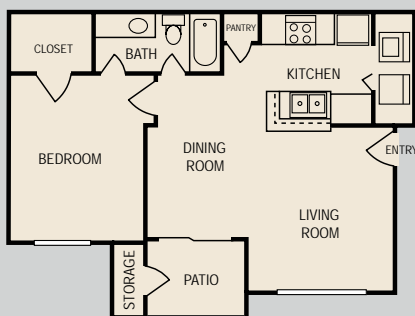
### Community Amenities:

- Controlled Access Gates
- Resort-Style Swimming Pool
- Separate Lap Pool
- Large Clubhouse
- Picnic Areas with Gazebos and Grills
- Car Care Center
- Fitness Center
- Laundry Facility

## UNIT MIX

UNIT TYPE	%	UNITS	TOTAL SQ. FT	SQ. FT/UNIT
1 BR / 1 BA	14%	51	38,913	763
1 BR / 1 BA	7%	27	20,601	763
1 BR / 1 BA	13%	48	40,704	848
1 BR / 1 BA	7%	24	20,352	848
2 BR / 2 BA	11%	38	41,192	1,084
2 BR / 2 BA	6%	22	23,848	1,084
2 BR / 2 BA	21%	76	83,524	1,099
2 BR / 2 BA	11%	38	41,762	1,099
3 BR / 2 BA	7%	25	33,250	1,330
3 BR / 2 BA	3%	11	14,630	1,330
<b>TOTAL</b>	<b>100%</b>	<b>360</b>	<b>358,776</b>	

## FLOOR PLAN SAMPLES



# CAMBRIDGE AT HICKORY HOLLOW



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 \$1.7 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



## MARKETING CONTACTS:

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