

THE SHELBY



THE SHELBY | 6200 N KINGS HWY | ALEXANDRIA, VA 22303

THE PROPERTY

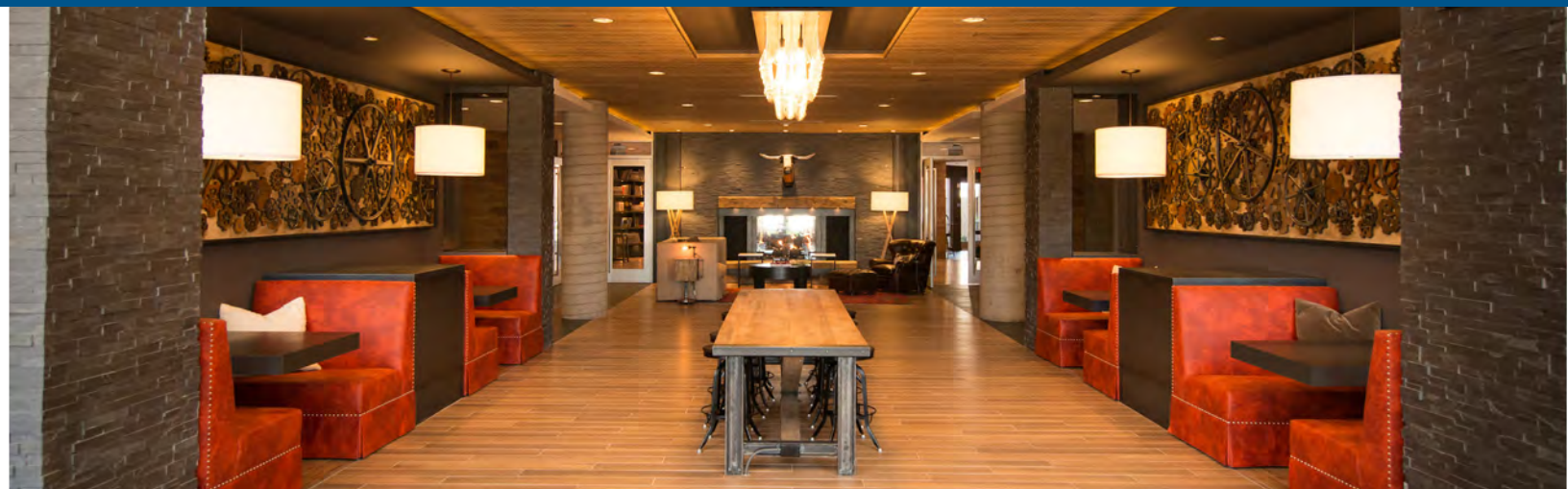
- The Shelby is a modern iconic American design inspired 240-unit mid-rise apartment community built in 2014, offering a variety of 1 and 2 bedroom floorplans.
- The thoughtfully planned community delivers outstanding amenity spaces such as a lounge area with central fireplace and open kitchen, study area with Mac computers, resort style swimming pool, bike storage and fix-it station, electric car charging station, backyard with outdoor movie area and grills, 24 hour gym with CrossFit Box, controlled access parking and dog walking area and dog washing station.
- The interior units feature keyless entry, gourmet chef-inspired kitchens, imported white rose granite countertops, European style wood kitchen cabinetry, stainless steel appliances, moveable kitchen islands in select units, wood plank flooring, porcelain tiled bathrooms and 9' ceilings.

THE INVESTMENT OPPORTUNITY

- Alexandria was ranked in the top 3 “Best Cities for Millennials” by Forbes in 2015.
- Stable, diverse and growing employment base - over 72,000 jobs within three miles and approximately 15,000 jobs being added over the next year.
- The Washington-Area population is expected to increase by more than 2 million by 2030.
- The Shelby is ideally located approximately one mile from the Metro Station, Route 1 and Interstate-495, providing residents with easy access to many of the major employment hubs such as Downtown D.C., the Pentagon, Old Town Alexandria, Crystal City and the Eisenhower Avenue Corridor.

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 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.
- Install Dog Park
- 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 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, 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 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.

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METRO TRANSIT TIMES FROM HUNTINGTON METRO

DESTINATION	LINE	STOPS	TIME
Eisenhower Ave	Y	1	5 minutes
King St.-Old Town	B/Y	2	7 minutes
Braddock Rd.	B/Y	3	12 minutes
Reagan Airport	B/Y	4	14 minutes
Crystal City	B/Y	5	16 minutes
Pentagon City	B/Y	6	18 minutes
Pentagon	B/Y	7	19 minutes
L'Enfant Plaza	Y	8	24 minutes





NORTH VIRGINIA

Fairfax County, Virginia, is part of the greater Washington-Arlington-Alexandria DC-VA-MD-WV Metropolitan Statistical Area (Washington MSA) and has an estimated population of 6,129,840. According to U.S. Bureau of Labor Statistics (October 2015), Washington-Arlington-Alexandria was one of the nation’s 12 largest metropolitan statistical areas. Urban Institute projects the Washington-Area population to increase by more than 2 million by 2030. The unemployment rate for the Washington MSA has been below the national unemployment rate every year for the last 11 years and Moody’s forecasts the Washington MSA unemployment rate to remain well below the national rate through 2020. Moody’s also forecasts the local GDP/GMP growth will exceed the national GDP 4 out of the next 5 years. Top employment sectors in the area are Navy, defense, healthcare and technology. Eight Fortune 500 companies are headquartered in Fairfax County, including Freddie Mac, General Dynamics, Northrop Grumman, Capital One, Booz Allen Holding and Gannett.

The Washington, DC metro apartment market is exhibiting strong occupancy levels due to demographic trends and increased preferences to rent rather than own; the long-term projection for the Washington, DC metro apartment rental market is for continued growth.

Local Sub-Market

The Shelby Apartments is located in unincorporated Fairfax County, adjacent to the city of Alexandria, approximately 10 miles south of Washington D.C. and 6 miles southwest of the Ronald Reagan Washington National Airport. Alexandria is nationally recognized as one of the best places to live and do business on the east coast and is the seventh largest and highest income independent city in Virginia. A beautifully-preserved historic district on the Potomac River, Old Town Alexandria is the heart of the city George Washington called home. Many of Alexandria neighborhoods are compact, walkable, high-income suburbs of Washington D.C. The estimated population of 18 to 34 year olds (considered the prime rental age) within a 3 mile radius of the property is over 22%. The Hoffman Town Center, located within 2 miles of The Shelby, is the most significant component of the City of Alexandria’s award-winning East Eisenhower Small Area Plan. Hoffman Town Center is a vibrant mixed-use urban center and one of Alexandria’s largest retail and entertainment centers.

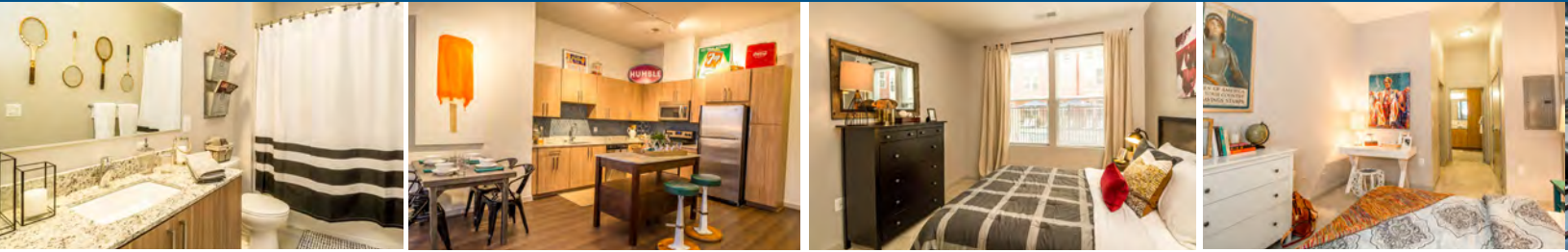
Ranked in the top 3 cities for “Best cities for Millennials” by Forbes and #5 for “Best Places For Recent Grads To Find Jobs” by NerdWallet, Alexandria is home to residents who want to live outside of Washington D.C. but need to be close enough to commute to work. The Huntington Metro Station, within a mile of the property, provides access to major employment hubs including Old Town Alexandria, the Eisenhower Avenue Corridor, MGM Casino at National Harbor, National Science Foundation, Fort Belvoir, Crystal City, the Pentagon and the Department of Defense.

The employment base is highly diversified with federal and local government, technology and engineering, health-care, public services and defense sectors all playing important roles in the economy. The top 2 public employers are the U.S. Patent and Trademark Office and the U.S. Department of Defense, both within five miles of The Shelby Apartments. TSA is moving into a new headquarters building in Alexandria, bringing an additional 3,400 employees to the area. MGM National Harbor, slated to open in second half of 2016, is approximately 5 miles from the property. Once fully operational, the Casino at National Harbor will create more than 4,000 direct jobs.

WASHINGTON’S TOP 15 EMPLOYERS

Rank	Employer	Employees
1	Naval Support Activity Washington	23,511
2	Inova Health System	16,000
3	SAIC Inc.	15,441
4	Northrop Grumman Corp.	15,053
5	MedStar Health	14,158
6	Booz Allen Hamilton	14,000
7	Marriott International Inc.	13,727
8	University of Maryland at College Park	13,451
9	Verizon Communications	13,100
10	Giant Food Stores	12,110
11	Lockheed Martin Global Telecommunications	12,000
11	U.S. Goddard Space Flight Center	>10,000
13	Washington Metropolitan Area Transit Authority	11,319
14	Joint Base Myer-Henderson	11,045
15	Joint Base Andrews-Naval Air Facility	10,953

Source: Moody’s Analytics Précis U.S. Metro Report – March 2015



DEMOGRAPHICS

	Washington MSA	1-Mile	3-Mile	5-Mile
2010 – 2016 Population Growth	9.04%	11.39%	9.00%	8.69%
2016 – 2021 Population Growth	6.29%	6.30%	6.15%	6.25%
2016 Estimated Population	6,129,840	21,232	137,833	407,868
Average Age	37.7	39.3	38.8	37.9
% of Age 25+ w/ Degree	53.83%	58.86%	65.34%	60.66%
Prime Rental Age 18-34	24.53%	25.48%	25.68%	27.62%
Average Household Income	\$121,348	\$116,853	\$133,967	\$120,474
% of Household s> \$100K Income	45.43%	46.93%	50.83%	45.34%
Median Own-Occ Home Value	\$411,216	\$442,221	\$559,389	\$465,660

Source: The Nielsen Company, 2016

UNIT MIX

UNIT TYPE	%	UNITS	TOTAL SF	SF PER UNIT
Junior 1 bed	17.1%	41	24,969	609
1 Bed	46.7%	112	81,984	732
1 Bed + Den	4.6%	11	9,812	892
2 Bed	25.8%	62	68,324	1,102
2 Bed + Den	5.8%	14	16,982	1,213
Total/Average	100%	240	202,071	842

SUPERIOR AMENITIES

Unit Amenities:

- Gourmet, chef-inspired kitchens
- Imported white rose granite countertops
- Whirlpool stainless steel
- Moveable kitchen islands*, great for entertaining
- Maple kitchen cabinetry
- Kaindl wood plank flooring throughout living/dining & kitchen areas
- Outdoor balconies and terraces*
- Full-size washers and dryers
- Porcelain tiled bathrooms with granite countertops and linen closets
- Spacious closets and kitchen pantries
- 9' ceilings
- Keyless entry

* In select apartments

Community Amenities:

- Over 100 works of original, local art from over 40 commissioned artists
- Lobby with free WiFi and a handcrafted communal table
- Lounge with central fireplace, open kitchen and comfy furniture
- 24-hour fitness center
- Pool table & 90" HDTV
- Study Area with 27" Mac
- Resort Style Swimming Pool
- Professional dog washing station
- Custom bike racks
- Bike Storage and FixIt Station

Green Features:

- 20 preferred parking spaces for low emitting and fuel efficient vehicles
- Electric Car Charging Station
- Landscape drip Irrigation system
- Energy saver appliances
- Lighting occupancy sensors in common areas and the parking garage
- Energy efficient parking garage lighting
- Reflective TPO roofing material
- Energy efficient vinyl windows
- Water efficient plumbing features

FLOOR PLAN SAMPLES



2 Bedroom



1 Bedroom



2 Bedroom / 2 Bath



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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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