

Property Package

Country View Apartments \$6,800,000



Country View: 321 Units
Purchase Price: \$6,800,000

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THE OPPORTUNITY AND BUSINESS PLAN

Country View Apartments is a 321-unit multifamily walk-up apartment building located at 2990 Stephanie Lane, Memphis, TN 38128. The building is comprised of 45 Three Bedroom, 159 Two Bedroom, and 117 One Bedroom units, spanning approximately 17.5 acres and 266,200 SF. Phase 1 (101 units) of the community was built in 1973 while Phase 2 (220 units) was built in 1985.

This property offers an excellent opportunity to acquire an under-managed asset in a strong multifamily submarket in Memphis and to dramatically improve occupancy and operations within the property via significant unit upgrades and scaled professional management. The property is being sold by the original owner and developer, who has failed to implement critical unit upgrades and operational procedures to allow this asset to compete with similar product in the immediate submarket. Comparable properties in the same submarket are experiencing 95%+ occupancy and monthly effective rents \$75-125 above the subject.

There are three key ways we intend to bring the property to market-level and dramatically increase property value:

- Unit Interior Upgrades:** The majority of the subject's unit interiors have original finishes and 89 units will be vacant upon acquisition. An additional 58 units are scheduled to vacate within the first 6 months of ownership. We intend to implement a proven renovation package witnessed in comparable properties within all vacant units upon acquisition and as units turn, realizing \$70-120 in additional monthly rent over current rents within the subject. The interior unit upgrades will include vinyl wood flooring, faux-granite countertops, two-tone paint, appliances and fixtures. The estimated cost for the renovation package is \$5,000/unit. All units are scheduled to be renovated and leased at market occupancy within the first two years of ownership.
- Memphis PILOT Program:** The city of Memphis has established a compelling property tax incentive program for multifamily investors who are engaged in the substantial renovation of distressed assets. Under this program, property taxes at the time of acquisition are reduced by 50% and frozen at this rate for 10 years. This reduction in property taxes over the life of the investment will substantially increase the free cash flow available to investors and enhance the value of the property.
- Professional Property Management:** The property is currently self-managed and has failed to update their management systems to compete with neighboring communities. For example, the main office on the property does not even have a computer, they do not collect rents on-site and tenants are expected to have incomes equal to four-times the rent amount while all other properties in the area only require income equal to three-times. Through working with our property management company, Multi-South Management, we intend to upgrade management practices within the property and immediately recognize gains in income that current ownership has left on the table.

RETURN SUMMARY

Nighthawk Holdings, LLC intends to purchase, renovate and sell Country View in 5 years resulting in a proforma total return to investors of 170%+. Nighthawk will utilize a bridge loan to acquire the property and the repairs and then refinance into permanent agency debt at the end of year 2, anticipating to return nearly 70% of member capital. Nighthawk will then look to sell the property at the end of year 5.

Summary of Projected Member Cash Flows and Returns

	REFINANCE!				SALE!			
	1	2	3	4	5	Return \$	Return %	
Beginning Member Capital Account Balance	\$2,754,113	\$2,754,113	\$953,385	\$953,385	\$953,385			
Member Cashflow	\$188,584	\$341,800	\$334,251	\$368,930	\$405,633	\$1,639,199		
Cash on Cash Return	6.85%	12.41%	35.06%	38.70%	42.55%			
Average Cash on Cash Return to Date	6.85%	9.63%	18.11%	23.25%	27.11%			
Net Proceeds/Profits from Refinance or Sale		\$0			\$3,215,199	\$3,215,199		
Average Annual Return to Date	6.85%	9.63%	30.23%	32.35%	101.84%			
Return of Member Capital		\$1,800,728			\$953,385			
Ending Member Capital Account Balance	\$2,754,113	\$953,385	\$953,385	\$953,385	\$0			
Total Return on Investment	\$188,584	\$341,800	\$334,251	\$368,930	\$3,620,832	\$4,854,398	176.26%	
Average Annual Return							32.38%	
IRR							32.38%	
Average Cash on Cash Return							27.11%	

Please note: These rates of return are only projections, and are not guarantees of any sort. Actual returns may vary, due to many economic and marketplace factors beyond our control.