

## Property Package

### Peak Portfolio

\$15,300,000



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## THE OPPORTUNITY AND BUSINESS PLAN

The Peak Portfolio is a 492-unit, two property portfolio comprised of Pinebrook Pointe Apartments (248 units) and Grahamwood Square Apartments (244 units). Pinebrook Pointe is a 248-unit multifamily walk-up apartment building located at 3541 Mediterranean Drive, Memphis, TN 38118. The building is comprised of 124 Two Bedroom and 124 One Bedroom units, spanning approximately 198,446 SF and was built in 1973. Grahamwood Square is a 244-unit multifamily walk-up apartment building located at 4045 Summer Avenue, Memphis, TN 38122. The building is comprised of 10 Three Bedroom, 170 Two Bedroom and 64 One Bedroom units, spanning approximately 221,000 SF and was built in 1969.

Both properties have current occupancy levels above 93% and have benefitted from approximately \$10,000 in renovations per unit in the last 5 years under Memphis' PILOT property renovation program. Under this program, multifamily owners are provided with property tax reductions in exchange for significant capital improvements made to an asset. The PILOT tax reduction for Pinebrook Pointe is scheduled to expire in 2020 and the reduction for Grahamwood Square is scheduled to expire in 2022. The existence of the PILOT tax break on both properties will provide investors with outsized cash-on-cash returns during the investment hold period. This, coupled with the opportunity to acquire both properties at attractive per unit costs, results in a highly-attractive stabilized opportunity for investors.

There are two key ways we intend to maximize returns for our investors:

- **Raise Rents to Market Rate:** Current rents among both properties average \$35/mo below market rates. Upon acquisition, we will diligently raise rents to market rates among all tenants within the properties and achieve full market rates by the end of year 2. We have reserved \$2,000/unit for our take-over renovation budget and we will be pursuing landscaping and exterior upgrading initiatives to enhance the presentation of each property and continue to operate both at 95%+ occupancy levels which is common in the local submarket.
- **Professional Property Management:** The property is currently self-managed and has been able to achieve significant occupancy levels. We will engage a Property Manager company, Multi-South Management. Through Multi-South's scaled operations, we will implement best-in-class cost-saving initiatives and leasing practices.

## RETURN SUMMARY

Nighthawk Holdings, LLC intends to purchase, operate and sell the Peak Portfolio in 7-10 years resulting in a proforma total return to investors up to 212% (21.23% average annual return) and average annual cash-on-cash returns of 12%+. Nighthawk will utilize the most competitive agency financing available to acquire the properties and finance portions of our repair budget.

Below is an illustration of returns for a 7-year hold:

Summary of Projected Member Cash Flows and Returns

	1	2	3	4	5	6	7	8	9	10	Return \$	Return %
Beginning Member Capital Account Balance	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211					
Member Cashflow	\$624,252	\$652,983	\$565,895	\$415,630	\$341,654	\$390,236	\$440,592				\$3,431,243	
Cash on Cash Return	16.88%	17.66%	15.31%	11.24%	9.24%	10.55%	11.92%					
Average Cash on Cash Return to Date	16.88%	17.27%	16.62%	15.27%	14.07%	13.48%	13.26%					
Net Proceeds/Profits from Refinance or Sale							\$753,103				\$753,103	
Average Annual Return to Date	16.88%	17.27%	16.62%	15.27%	14.07%	13.48%	16.17%					
Return of Member Capital							\$3,697,211					
Ending Member Capital Account Balance	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$0					
<b>Total Return on Investment</b>	<b>\$624,252</b>	<b>\$652,983</b>	<b>\$565,895</b>	<b>\$415,630</b>	<b>\$341,654</b>	<b>\$390,236</b>	<b>\$1,193,695</b>				<b>\$4,184,346</b>	<b>113.18%</b>
Average Annual Return												16.17%
IRR												15.81%
Average Cash on Cash Return												13.26%

Below is an illustration of returns for a 10-year hold:

Summary of Projected Member Cash Flows and Returns

	1	2	3	4	5	6	7	8	9	10	Return \$	Return %
Beginning Member Capital Account Balance	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211		
Member Cashflow	\$624,252	\$652,983	\$565,895	\$415,630	\$341,654	\$390,236	\$440,592	\$492,781	\$546,865	\$602,906	\$5,073,795	
Cash on Cash Return	16.88%	17.66%	15.31%	11.24%	9.24%	10.55%	11.92%	13.33%	14.79%	16.31%		
Average Cash on Cash Return to Date	16.88%	17.27%	16.62%	15.27%	14.07%	13.48%	13.26%	13.27%	13.44%	13.72%		
Net Proceeds/Profits from Refinance or Sale										\$3,520,415	\$3,520,415	
Average Annual Return to Date	16.88%	17.27%	16.62%	15.27%	14.07%	13.48%	13.26%	13.27%	13.44%	23.25%		
Return of Member Capital										\$3,697,211		
Ending Member Capital Account Balance	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$3,697,211	\$0		
<b>Total Return on Investment</b>	<b>\$624,252</b>	<b>\$652,983</b>	<b>\$565,895</b>	<b>\$415,630</b>	<b>\$341,654</b>	<b>\$390,236</b>	<b>\$440,592</b>	<b>\$492,781</b>	<b>\$546,865</b>	<b>\$4,123,321</b>	<b>\$8,594,210</b>	<b>232.45%</b>
Average Annual Return												23.25%
IRR												18.21%
Average Cash on Cash Return												13.72%

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.