

Property Package

137 Unit Memphis Apartment Portfolio \$4,950,000



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EXECUTIVE SUMMARY

Hermitage Apartments

Nighthawk Holdings, LLC is a Limited Liability Company arranging for the acquisition of Hermitage Apartments and Beverly Springs, each individually an 80-unit and 57-unit apartment complex in Memphis, TN, for a purchase price of \$2,700,000 and \$2,250,000, respectively.

BEVERLY SPRINGS			HERMITAGE APARTMENTS		
# Units	57		# Units	80	
Purchase Price	\$2,250,000		Purchase Price	\$2,700,000	
Down Payment	\$675,000	25%	Down Payment	\$641,250	23.75%
1st Mortgage	\$1,687,500		Mortgage	\$2,058,750	
Interest Rate	6.87%		Interest Rate	4.75%	
Term / Amortization	30		Term / Amortization	30	
Closing Costs	\$109,632	4.9%	Closing Costs	\$70,850	2.62%
Acquisition Fee	\$67,500	3.0%	Acquisition Fee	\$81,000	3.0%
Repairs and Reserves	\$100,000		Repairs/Reserves	\$320,000	
Total Member Capital Needed to Close	\$829,986		Total Member Capital Needed to Close	\$1,113,100	

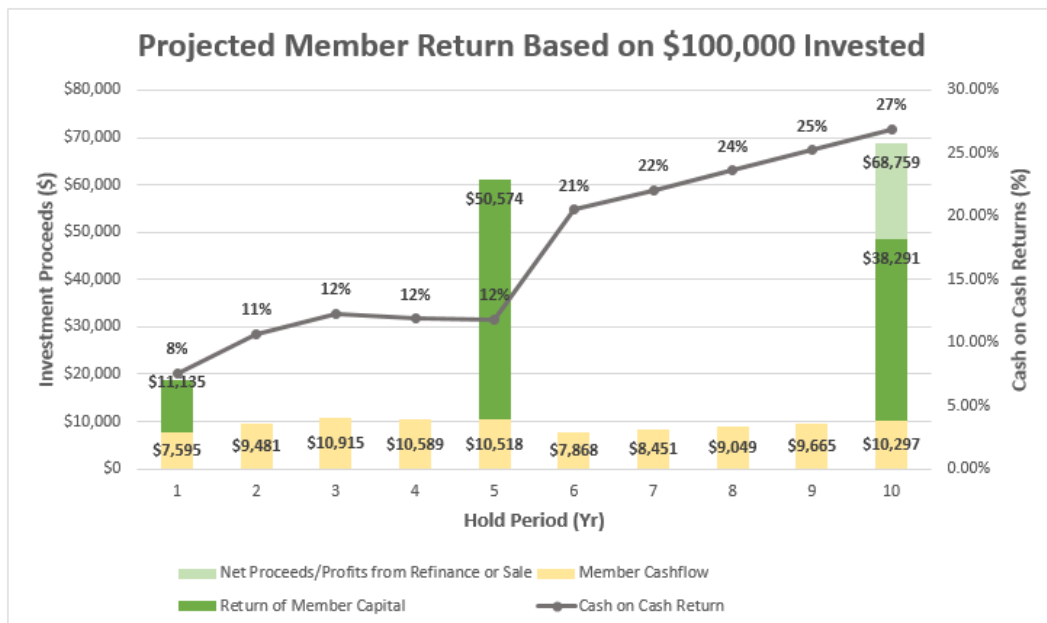
We are seeking a total investment of \$1,950,000 with a minimum of \$100,000 per investor. Investors receive 70% equity with projected average annual returns of 16%+. The 5-year average cash on cash return is over 10%. This means that for every \$100,000 invested, an average of \$10,000 would be distributed each year. Cash flow distributions are made once a quarter.

The table below is for illustration purposes and shows a planned refinance of Beverly Springs in year 1, the possible refinance of Hermitage in year 5 and the sale of both assets in year 10. The table outlines projected returns for up to 10 years based on an investment of \$100,000. After we return most of the investor capital in Year 5, the cash on cash return jumps from 12% to upwards of 20%.

Member Returns Based On Specific \$ Invested \$100,000

	1	2	3	4	5	6	7	8	9	10	Return \$	Return %
Beginning Member Capital Account Balance	\$100,000	\$88,865	\$88,865	\$88,865	\$88,865	\$38,291	\$38,291	\$38,291	\$38,291	\$38,291		
% of Overall Membership Ownership for \$ Invested	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%		
Member Cashflow	\$7,595	\$9,481	\$10,915	\$10,589	\$10,518	\$7,868	\$8,451	\$9,049	\$9,665	\$10,297	\$94,427	
Cash on Cash Return	7.60%	10.67%	12.28%	11.92%	11.84%	20.55%	22.07%	23.63%	25.24%	26.89%		
Net Proceeds/Profits from Refinance or Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$68,759	\$68,759	
Return of Member Capital	\$11,135	\$0	\$0	\$0	\$50,574	\$0	\$0	\$0	\$0	\$38,291		
Ending Member Capital Account Balance	\$88,865	\$88,865	\$88,865	\$88,865	\$38,291	\$38,291	\$38,291	\$38,291	\$38,291	\$0		
Total Return in Investment	\$7,595	\$9,481	\$10,915	\$10,589	\$10,518	\$7,868	\$8,451	\$9,049	\$9,665	\$79,056	\$163,185	163.2%
Average Annual Return												16.32%
IRR												16.33%
Average Cash on Cash Return												17.27%

The graph below illustrates the projected cashflow and appreciation that the investors will experience over the lifetime of the investment.



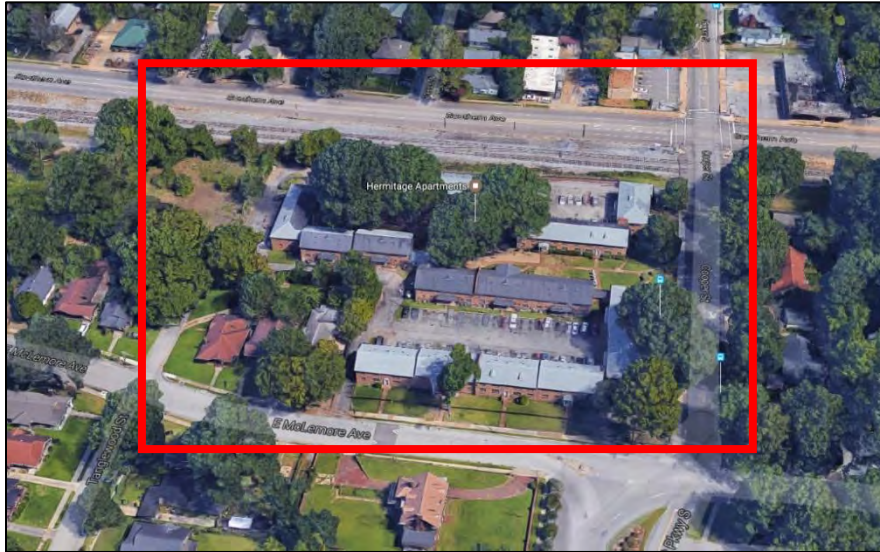
Please note: These rates of return are only projections, and are not guarantees of any sort. Actual returns may vary, due to many economic and marketplace factors beyond our control.

These properties are our second acquisition in Memphis, and both properties will be managed by Kismet Property Management, the same manager that is managing our 69-unit. We really like Memphis for its economic stability and enormous cash flow of its rental property. These two properties will make an excellent addition to our portfolio in Memphis and we plan to continue to add to it.

ABOUT THE PROPERTIES

Hermitage Apartments

Hermitage Apartments is an 80-unit multifamily walk-up apartment building located at 1103 Cooper St, Memphis, TN. The building is comprised of 8 Three Bedroom/One Bath, 62 Two Bedroom/One Bath, and 10 One Bedroom/One Bath units. The lot is 5 acres. The buildings total 71,600 gross square feet. The apartment complex was built in 1965 with an effervescent red brick exterior that adds vibrancy to the plush green way via Cooper St and E. McLemore St.



Hermitage Apartments is located right next to Cooper-Young, a neighborhood that sits between Midtown Memphis and East Memphis. It's located less than half a mile from our property manager's office, the same property manager that is managing the 69-unit we purchased in April. The neighborhood is known for its eclectic mix of shops, bars and restaurants and it is only a mile and a half away from Overton Square, an area that recently underwent a \$24M revitalization of its shops, restaurants and nightlife.

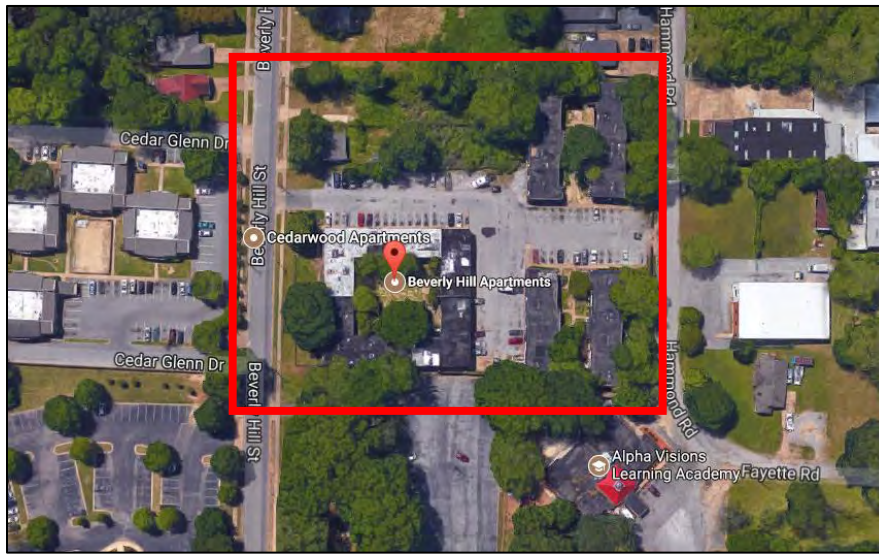


The subject property is situated between two major thoroughfares in the city, South Parkway East and Airways Blvd. Tenants have immediate access to employment, shopping and offer easy travel to employers Downtown.

In recent years, there has been a significant Midtown revitalization effort undertaken by local government which has generated an uptick in local employment and a rise in rental rates. The significant developments occurring in the area, coupled with the property's access to transit, make this an ideal investment to capitalize on the area's momentum. Midtown also plays host to multiple universities and colleges, including Memphis College of Art, Rhodes College, and Christian Brothers University.

Beverly Springs

Beverly Springs is a 57-unit multifamily walk-up apartment building located at 2879 Beverly Hills Rd, Memphis, TN 38128. The building is comprised of 57 Two Bedroom units, spanning approximately 5 acres and 40,600 SF.



The community was built in 1972 and underwent a complete remodel in 2017. Current ownership spent approximately \$1,300,000 (\$22,000/unit) on the following upgrades:

Beverly Springs Renovation Upgrades	
Flooring	Brand new luxury vinyl plank flooring added to each unit.
Appliances	Brand new appliance package including Washer/Dryer added to each unit.
Counter-Tops	Brand new faux granite counter-tops added to each unit.
HVAC	Brand new HVAC unit outfitted to 70% of all units.
Hot Water Heaters	Brand new hot water tank added to each unit.
Exterior	All rotted wood in the property has been replaced and painted.
Security Doors	Two brand new theft deterrent iron security doors added to each unit.
Fence	New privacy fence added to perimeter of the property.
Sod	Brand new Zoysia, high-traffic, sod laid on grounds of property.
Gutters	Brand new system installed to prevent improper draining on property.

In 2007, Nike purchased a 125-acre site four miles from Beverly Springs to develop a 1.1 million square foot, \$107 million distribution center. This expansion made Memphis the #2 Nike city in the United States after the company's home in Beaverton, Oregon. The original project created 244 new jobs, plus the relocation of Nike's existing job base of 1,400 in Memphis. In 2015, Nike completed a \$301 million expansion adding an additional 250 jobs to the facility. The move has been a major catalyst for continued development in the area, and Nike's average wage of over \$44,000 has brought additional qualified renters to the submarket.



Beverly Springs is located one mile away from the Raleigh Springs Mall which is currently undergoing a \$23.4 million transformation to become the Raleigh Springs Town Center. The project is on track to be completed in September 2018 and will feature a state-of-the-art library with a tech center specifically for 13 to 18-year-olds and a second-story rooftop observation area overlooking an adjacent 11-acre lake. The Old Allen police station is also slated to move into the new town center.



THE OPPORTUNITY AND BUSINESS PLAN

Hermitage Apartments

Hermitage offers an opportunity to acquire an already stabilized asset in a rising market (see commentary about the Memphis in the next section) and to improve the property's bottom-line through professional management and rent increases which are in-line with the current market.

There are 2 ways we intend to increase the Net Operating Income:

- **Raise Rents:** The property has demonstrated consistent occupancy at approximately 95%. The current rents average \$549 which is below market. By renovating units, it will allow us to raise rents to an average of \$691 during the next 18-24 months. This projected rent increase is based on our market survey and input from multiple property management companies in the area. We have allocated funds to upgrade the interior and the exterior of the property as well as to re-brand the property to "Cooper-Young Apartments", making it more appealing to Millennials moving to the center of cities.
- **Professional Property Management:** The property is currently self-managed. We will be partnering with Kismet Property Management, who currently manages a 69-unit property we own in Memphis. A professional management company will help us achieve our business plan by increasing revenue (through rent increases and possibly charging back for water) and controlling expenses.

Beverly Springs

Beverly Springs offers an excellent opportunity to acquire a significantly repositioned asset in a strong multifamily submarket in Memphis (see commentary about the Memphis in the next section) and to continue the asset's strong performance with scaled professional management. The property is being sold by a group that has dramatically improved the asset from its previously distressed state. They have not only succeeded in completing significant structural upgrades, but have also managed to upgrade the quality of the tenant base as well. Upon acquisition, we intend to further lease the property until it is eligible for agency financing in year one and continue the strong management practices in place within the property.

WHY WE LIKE MEMPHIS

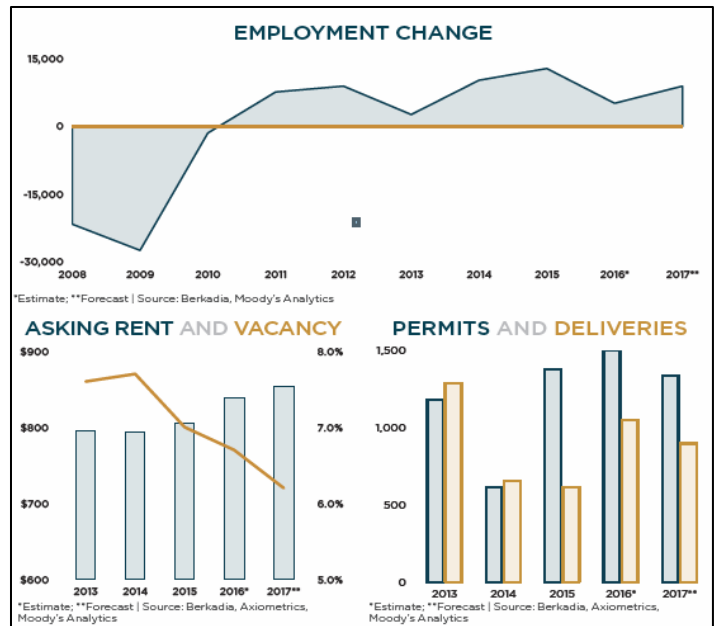
Greater Memphis

Located on the Mississippi River, the Memphis, TN-MS-AR Metropolitan Statistical Area (MSA) is the second-most populated metro area in the state of Tennessee. The area is home to more than 1.3 million residents, a number of colleges and universities, and the headquarters of Fortune 500 companies FedEx (No. 58), International Paper (No. 127), and AutoZone (No. 280). Greater Memphis' location, world-class culture, and historic charm all have made the area a popular destination for new residents.



Greater Memphis is a national leader in logistics, ranking third in the U.S. in terms of rail service, fourth among inland ports, third in truck cargo, and employing the highest concentration of workers in logistics firms in the nation, at more than 11%. Little known to most real estate investors, Memphis is a major banking center and boasts several major science and technology businesses. Biotechnology is an important emerging industry in the area, supporting \$300 million in biotech research. Memphis is in the midst of a revitalization that is touching every corner of the city. Memphis boasts one of the largest downtown populations among U.S. cities, with a \$3 billion building boom currently underway in the area.

Memphis has many positive attributes, primarily its diversified employer base and necessity as a vital logistics hub for North America. The Memphis multifamily market is referred to as the “Early Expansion” market cycle, indicating it has recovered from the recession, vacancy rates are decreasing, and rents are increasing. Yet, Memphis has very low new apartment construction (approximately 1,300 units in a population of 1.3M). Both of these drivers are continuing to drive demand for affordable rental housing.



The most positive economic outlook for the area is primarily the influx of jobs. Below are some of the employment highlights:

Employment Highlights	
St. Jude's Hospital	Currently undergoing a \$9 billion expansion to grow the Memphis campus east towards the Mississippi River. \$84 million in development is already underway as it expands its research into Sickle Cell Anemia.
Nike	Nike's North America Logistics Campus in North Memphis completed its second expansion in June 2015 totaling \$301 million. Spanning more than 2.8 million square feet (49 football fields), the state-of-the-art facility —with its 33 miles of conveyor belt, 73 outbound doors, and 96 receiving spurs operates with 1900 employees, 24-hours a day, seven days a week.
Electrolux	1,250 new jobs added.
IKEA	175 new jobs added.
ServiceMaster	The company is moving its corporate headquarters to Downtown Memphis transforming the Peabody Place mall into a Class A and LEED-certified office space bringing 1,200 employees to downtown by end of 2017.
Elvis Presley Enterprises	Recently announced the biggest expansion since Graceland opened. Soon to become the 200,000 square feet “Elvis: Past, Present & Future” entertainment complex with an addition of the \$92 million Guest House and Hotel represents a \$137 million expansion.
Bass Pro	One of the largest retail stores in the world consisting of 535,000 square feet in Memphis, TN and 600 employees. The \$191 Million Bass Pro Superstore features 32 stories tall and 100 feet tall Cypress tree opened in April 2015.
UT Baptist Biomedical Center	Thousands of new jobs added.

In addition to the employment highlights above, Memphis is America's Distribution Center: All roads, rail, and planes pass through Memphis: Home to the busiest air cargo airport in North America since 1992. FedEx hub I-40 (3rd busiest trucking corridor in the U.S.) is one of three major interstates in Memphis. It is also home to five Class I railroads - BNSF, CSX, Union Pacific, Norfolk Southern, and Canadian National. The Port of Memphis is the fourth largest inland port in the United States.

MANAGEMENT AND ADVISORS

Mark Kenney, Managing Member, is a seasoned real estate investor, entrepreneur and founder of Think Multifamily. Mark started his real estate career over 20 years ago and has extensive experience in property valuation, acquisition, and operations. Mark is invested in over 2,100 units and has a top-notch reputation among the multifamily investment community for providing exceptional value to investors and the community. Mark is a 1993 graduate at Michigan State University, Accounting and is a CPA. Mark has also provided IT technical and business consulting for 20 years and is leveraging his vast IT experience to bring new creative technologies that will help others in the multifamily space. He has worked for large organizations such as KPMG Consulting, EDS, SAP, and HP; he founded Simplifying-IT in 2008 which provides IT services to fortune 500 companies.

Michael Blank, Managing Member, is a full-time entrepreneur, investor and coach who's passionate about helping others complete their first apartment building deal and get out of the rat race. He continues to actively invest in apartment communities in multiple states throughout the East Coast and Mid-West. Michael's asset management partners control over \$58 million in performing multifamily assets all over the United States. In addition to his own investing activities, Michael provides training and consulting services via www.TheMichaelBlank.com and has helped students acquire over 300 units valued in excess of \$11M. He's the host of the popular podcast "Apartment Building Investing with Michael Blank" and writes regularly for the Bigger Pockets and Flipnerd's REI Classroom.

Patrick Duffy, Managing Member, is Manager of Acquisitions and Asset Management working in partnership with Michael Blank and his students. Patrick engaged Michael for the first time in January 2017 on the purchase of a 69-unit property in Memphis, TN which closed in April 2017. Patrick began his career in real estate after graduating from Harvard University in May 2013 as an analyst on the CMBS desk at Opus Bank in Irvine, CA. During his time at Opus, Patrick underwrote and performed all closing related activities associated with over \$200M in CMBS financing for multifamily, office and self-storage properties across the United States. Additionally, Patrick's family owns a 12-unit building in Arcadia, CA which he has assisted in the management of since 2009.

Philippe Schulligen, Managing Member, is a Senior Manager in the air and space industry, (business jets). Philippe leads a team of 9 members developing aircraft specifications for Fortune 500 clients; and Philippe managed several multi-million dollars IT projects and completions. Philippe is an active real estate investor, now focusing on multi-family properties in partnership with Michael Blank.

Thomas Reid, Managing Member, is a Senior Manager in the enterprise technology industry. Thomas has contributed over 1 billion dollars in sales over the past 16 years as an enterprise sales executive. Prior to his sales career, Thomas was an accomplished Commercial Diver in the Gulf of Mexico & an Infantry combat veteran in the US Army as an Airborne Pathfinder Sergeant. He is a 1998 graduate at the University of Massachusetts, Economics. Thomas is an active real estate investor, focusing on multi-family properties in partnership with Michael Blank.

Bo Jordan, Kismet Property Management. Bo has 13 years experience in progressive management, and an additional 10 years experience as an investor/manager. He began buying investment properties in 2004. As a hands-on investor, he rehabbed his own properties, and found an affinity for the work. In 2008, he bought Kismet, which now manages about multiple properties in and around Memphis.

Mark Grai, Real Estate Attorney. Mr. Grai handles all legal matters related to the real estate transaction and has completed hundreds of transactions within the Memphis market.

Steven Rinaldi, SEC Attorney. Mr. Rinaldi handles all legal matters related to SEC compliance. Mr. Rinaldi has completed two transactions with Mr. Blank.

CONTACT

Questions should be directed to Nighthawk Holdings, LLC, c/o Patrick Duffy, (949) 842-5457 or pduffy32@gmail.com.