

MULTIFAMILY INVESTMENT OFFERING

HERMITAGE & BEVERLY SPRINGS APARTMENTS
137 Units in Memphis, TN

DISCLAIMER

This presentation set forth herein and presented has been prepared by Nighthawk Equity LLC to summarize a potential multifamily investment opportunity in Memphis known as Hermitage and Beverly Springs (the “Properties”). This presentation is merely a summary of the Property and the terms of a potential investment therein. Information set forth herein is subject to change and is qualified in its entirety by that certain Confidential Private Placement Memorandum (the “PPM”) of Nighthawk Equity, LLC. This presentation is neither a solicitation of an offer to buy nor an offer to sell any securities of the Issuer. Any such offer or sale may be made solely pursuant to the PPM.

EXPERIENCED TEAM



Michael Blank
Managing Partner
Nighthawk Equity



Mark Kenney
Managing Partner
Nighthawk Equity



Patrick Duffy
Managing Partner



**Philippe
Schulligen**
Managing Partner

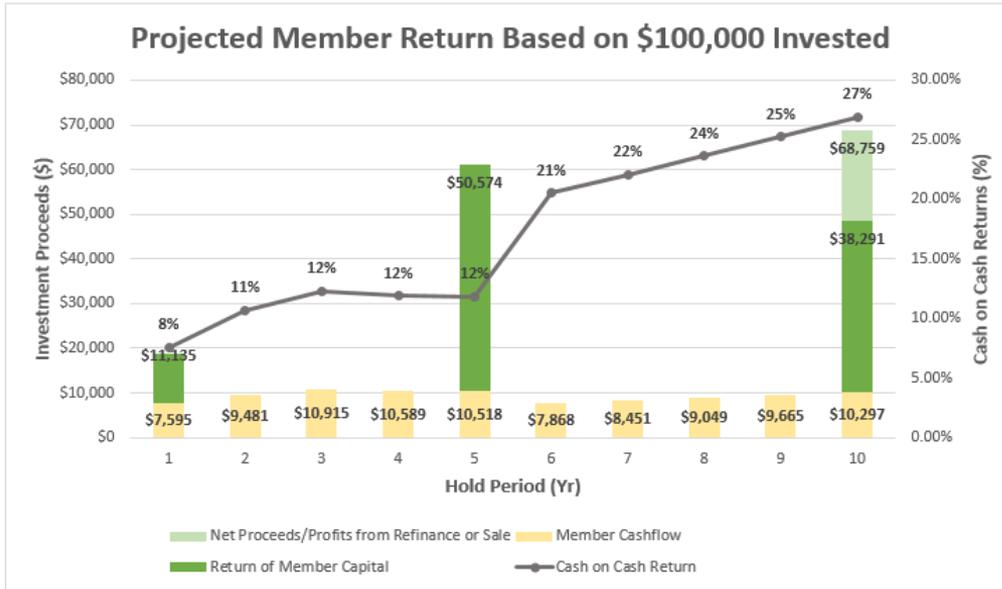


Tom Reid
Managing Partner



Bo Jordan
Kismet Property Management

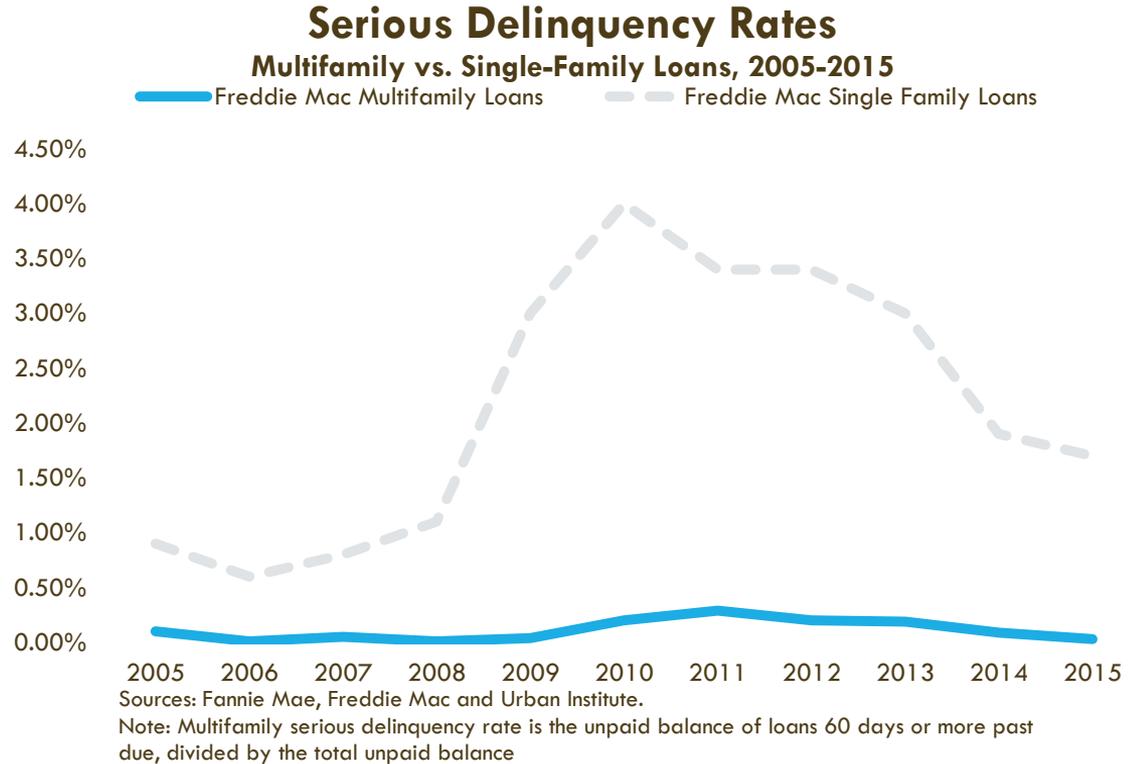
INVESTMENT HIGHLIGHTS



- Will double money in 5 years assuming sale in Year 5
- Avg CoC Return 10%+
- Could hold longer than 5 Years and enjoy 20%+ CoC Returns
- Investors can force sale after 5 Years
- Total Equity: \$1,950,000
- Minimum Investment: \$100,000
- Non-Accredited Investors and IRA's OK

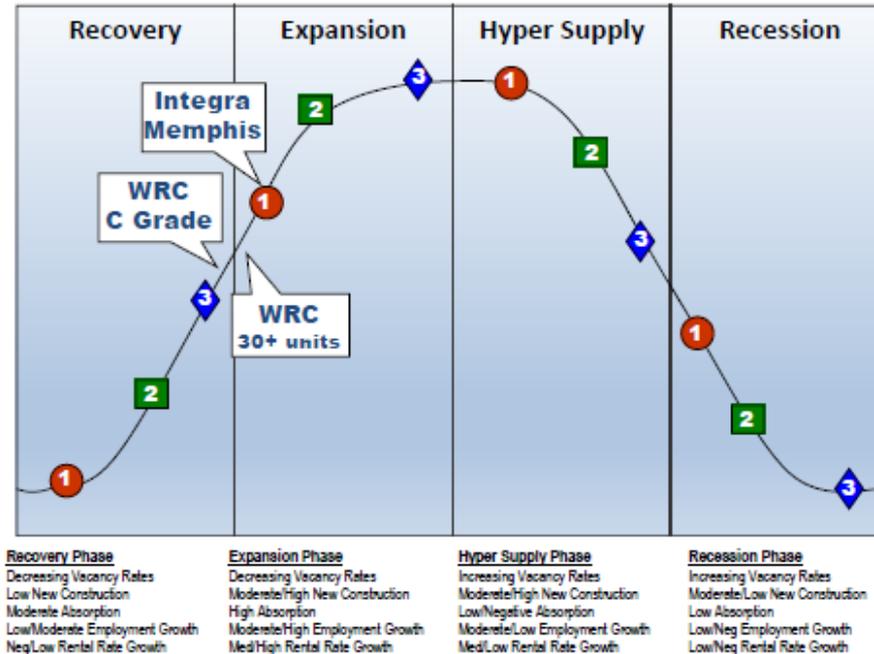
MULTIFAMILY LOWEST DELINQUENCY RATES

- Freddie Mac single-family loans peaked at 4.0% while delinquency for multifamily loans hovered around 0.4%.
- Multifamily delinquency rate...at its peak...was 90% lower than the residential rate in the Great Recession. Currently 98% lower.



MEMPHIS – EMERGING MARKET

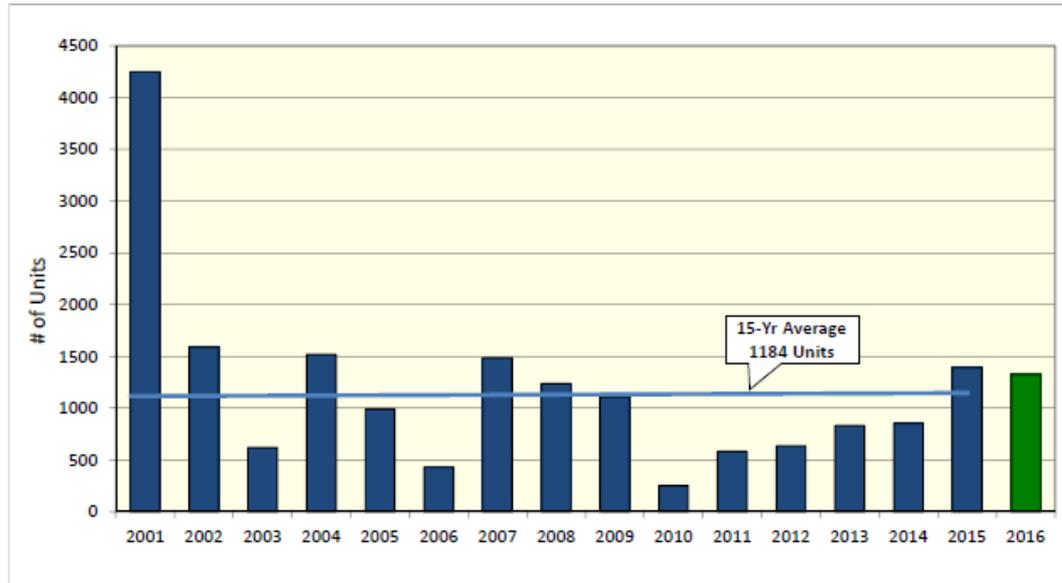
Local Market Cycle



LOW NEW CONSTRUCTION

Local Multifamily Market: 2001 – 2015 Construction

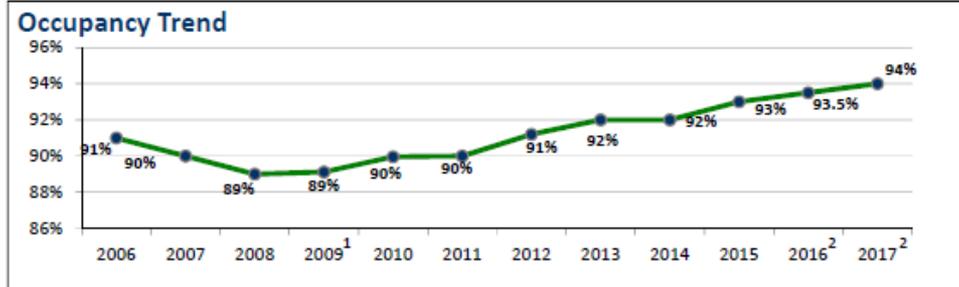
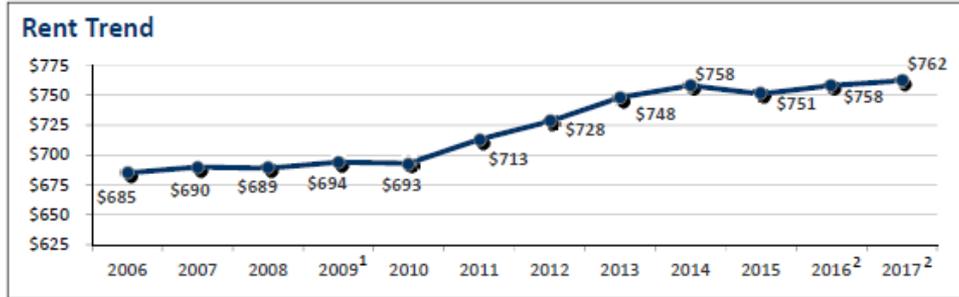
Extremely Low New Apartment Construction for a 1.3 million Metro Area



30+ apartment units in Greater Memphis Metropolitan Area

STABLE RENT GROWTH AND OCCUPANCY

Local Multifamily Market



¹ Apartment Association of Greater Memphis includes foreclosures and out of service apartments for the first time

² Woodyard Realty Corp.'s projections

JOB GROWTH



St. Jude has announced a **\$9 billion strategic plan to grow** the Memphis campus. \$84 million is already underway as it expands its research into Sickle Cell Anemia.

JOB GROWTH



ServiceMaster 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.

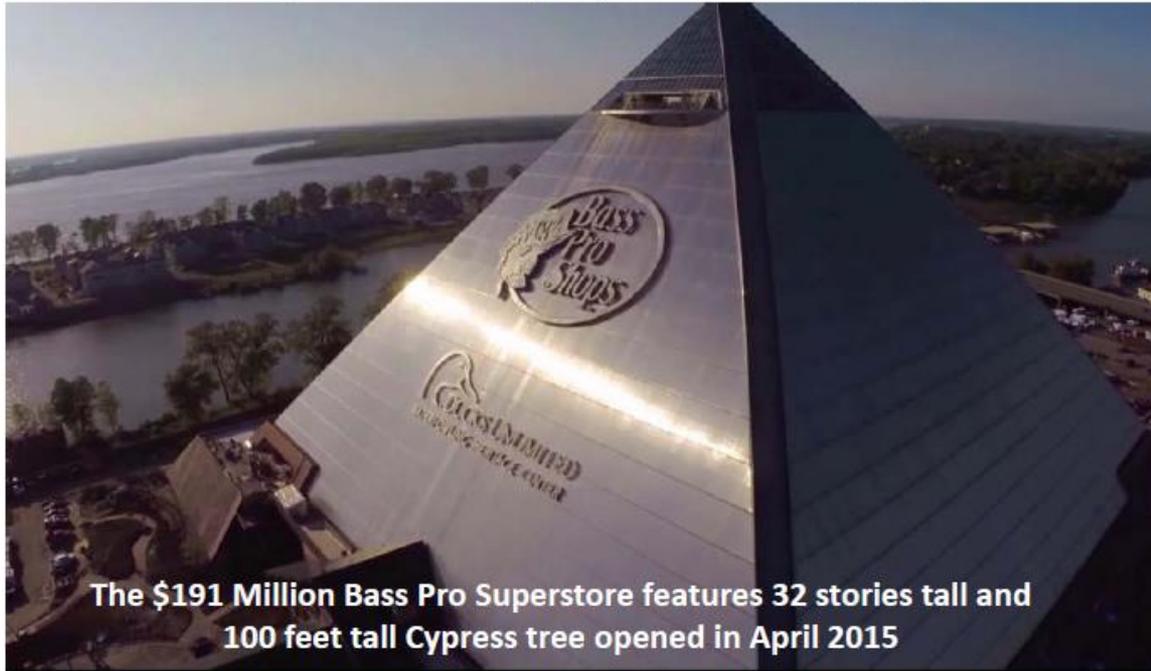
JOB GROWTH



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 and operates with **1900 employees, 24-hours a day, seven days a week**

JOB GROWTH

Bass Pro: One of the largest retail in the world consisting of 535,000 SF 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

JOB GROWTH

FedExForum is the largest public building construction project in Memphis history



Memphis Grizzlies, one of the youngest franchises in the NBA, and has made six playoff appearances since moving to Memphis

MEMPHIS



**America's Most Iconic Street,
USA Today National Poll**

MEMPHIS



Sears Crosstown Concourse



- ♪ **\$330 million** overall direct and indirect economic impact
- ♪ **1,000** construction jobs and **800** new permanent jobs
- ♪ **1.1** million sq. ft. vertical urban village
- ♪ **\$180 million** renovation & restoration project



Crosstown Concourse



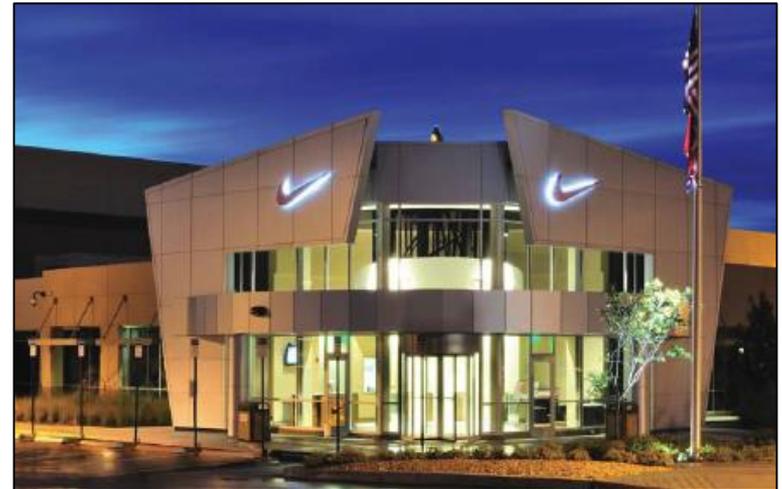
Overton Square



Raleigh Springs Town Center (Coming Sept. 2018)



Nike North American Logistics Campus



WHY WE LIKE MEMPHIS

- “Expansion” part of the Market Cycle
- Little new construction
- Stable and Rising Rents and Occupancy
- Healthy Job Growth
- Good vibe

OVERVIEW

- 80-Unit C+ grade garden-style apartment complex
- 1965 vintage
- \$2,700,000 purchase price
- 95% occupancy
- Stable income and equity growth investment with a value-add opportunity
- New 30-Year Freddie Mac debt with 4.75% and 10-Yr term w/3-Yr I/O

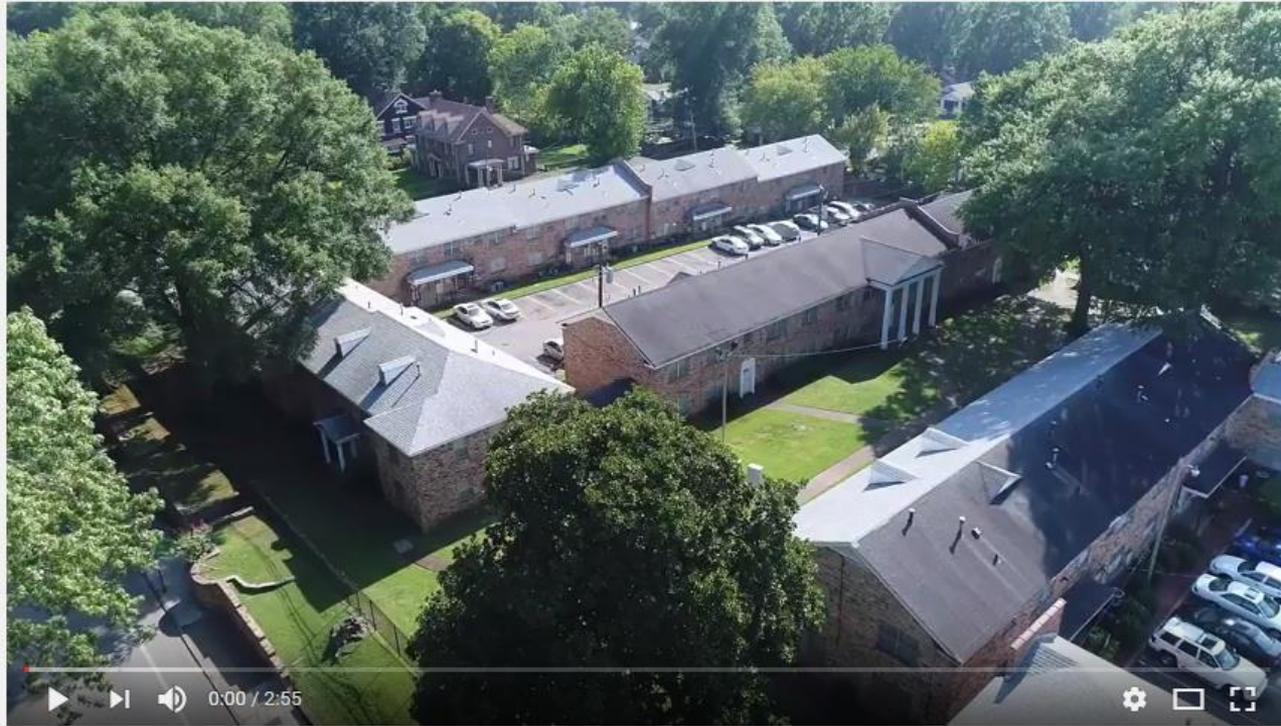
OPPORTUNITY AND BUSINESS PLAN

- Raise Rents from \$549 to \$691 over a 3 year period to match market rents
- Re-brand the property to “Cooper-Young Apartments”
- Reduce Operational Expenses
- Professional 3rd part mgt. (currently self-managed)
- Capital Expenses
 - Minor cosmetic upgrades to the units and the exterior of the property
 - Replace Roof on 1/3 of the buildings within 5 years.
 - Parking lot
 - Sewer lines
 - \$320,000 in capital reserves (\$4,000 / unit)

ABOUT HERMITAGE APARTMENTS

[Video](#)

Click to watch video



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ACQUISITION SUMMARY

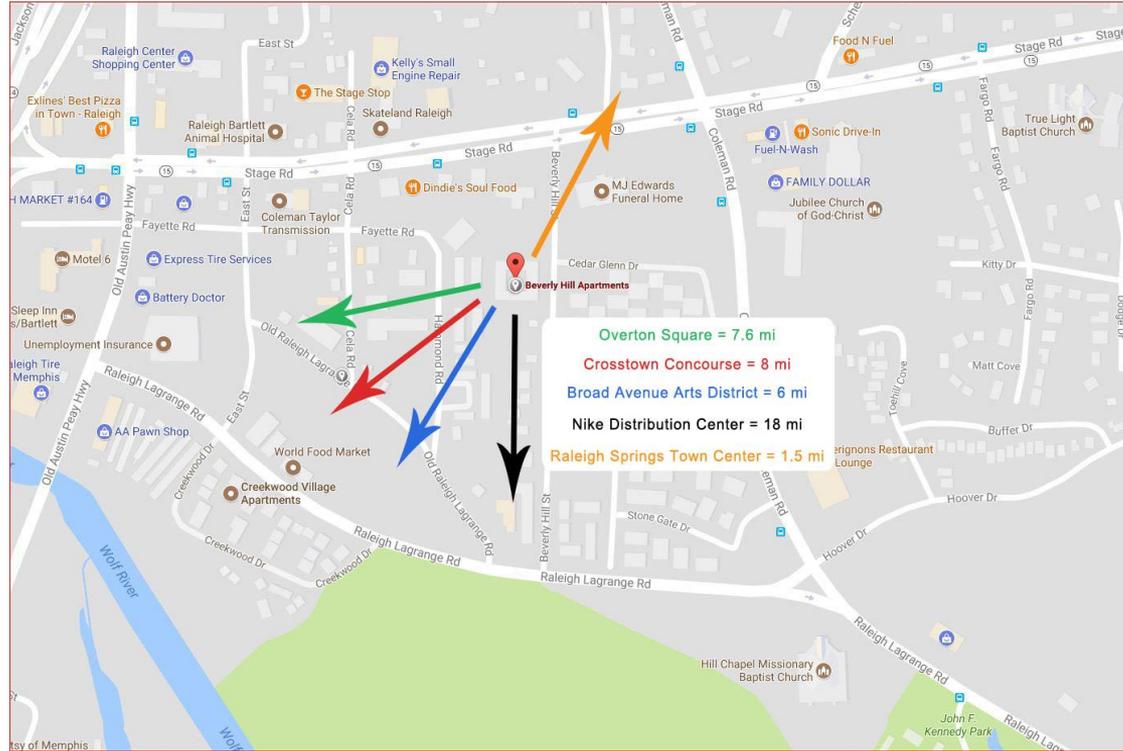
HERMITAGE APARTMENTS		
# Units	80	
Purchase Price	\$2,700,000	
Down Payment	\$641,250	23.75%
Mortgage	\$2,058,750	
Interest Rate	4.75%	
Term / Amortization	30	
Closing Costs	\$70,850	2.62%
Acquisition Fee	\$81,000	3.0%
Repairs/Reserves	\$320,000	
Total Member Capital Needed to Close	\$1,113,100	

FINANCIALS

INCOME		Year 1 Proforma	
Average Monthly Rent	\$691		
Gross Potential Income	\$663,480		
- Vacancy	(\$49,761)		7.50%
- Concessions, Loss to Lease, Bad De	(\$49,761)		7.50%
Effective Gross Income	\$563,958		
Other Income	\$0		
Total Net Income	\$563,958		
EXPENSES		Per Unit	
Real Estate Taxes	\$60,000	\$750	10.64%
Insurance	\$35,948	\$449	6.37%
Water and Sewer	\$37,263	\$466	6.61%
Electric	\$0	\$0	0.00%
Gas	\$0	\$0	0.00%
Trash Removal	\$0	\$0	0.00%
Management Fees	\$28,198	\$352	5.00%
Legal Fees	\$6,000	\$75	1.06%
Contract Services	\$12,880	\$161	2.28%
Repairs and Maintenance	\$48,000	\$600	8.51%
General/Admin	\$1,040	\$13	0.18%
Payroll	\$17,280	\$216	3.06%
Other/Advertisement	\$1,608	\$20	0.29%
Replacement Reserves (\$250)	\$20,000	\$250	3.55%
Total Expenses (Added)	\$268,217	\$3,353	47.56%
Total Expenses (Manual Override)	\$268,217		47.56%
Total Expenses	\$268,217		47.56%
Expenses per unit per month			
Net Operating Income (NOI)	\$295,741		

- Property taxes likely to be appealed, worst case represented
- 15% economic occupancy (10% market)
- Reserves “above the line”
- Cap Rate at Resale 0.5% Higher than current
- \$320K in capital reserves

BEVERLY SPRINGS APARTMENTS (57 Units)



OVERVIEW

- 57-Unit C grade garden-style apartment complex
- 1972 vintage
- \$2,250,000 purchase price
- Seller completely vacated the property and spent \$22,400/unit in rehab
- 88% occupancy (in lease up, was 72% in June 2017)
- Stable income and equity growth investment with a value-add opportunity
- Short Term Bridge loan to new 30-Year Freddie Mac debt

OPPORTUNITY AND BUSINESS PLAN

- Raise Rents 3% YoY
- Ability to charge 'preferred rents' due to massive renovation
- Reduce Operational Expenses
- Increase occupancy to 90%+
- Engage 3rd party professional mgt.
- Capital Expenses – (minimal needed)
 - Minor cosmetic upgrades only due to complete 'gut & remodel' by current owner

BEVERLY SPRINGS

[Video](#)

Click to watch video



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ACQUISITION SUMMARY

BEVERLY SPRINGS		
# Units	57	
Purchase Price	\$2,250,000	
Down Payment	\$675,000	25%
1st Mortgage	\$1,687,500	
Interest Rate	6.87%	
Term / Amortization	30	
Closing Costs	\$109,632	4.9%
Acquisition Fee	\$67,500	3.0%
Repairs and Reserves	\$100,000	
Total Member Capital Needed to Close	\$829,986	

FINANCIALS

INCOME	Year 1 Proforma	
Average Monthly Rent	\$595	
Gross Potential Income	\$406,980	
- Vacancy	(\$40,698)	10.00%
- Concessions, Loss to Lease, Bad De	(\$20,349)	5.00%
Effective Gross Income	\$345,933	
Other Income	\$10,000	
Total Net Income	\$355,933	

EXPENSES		Per Unit	
Real Estate Taxes	\$33,750	\$592	9.48%
Insurance	\$22,000	\$386	6.18%
Contract Services	\$4,000	\$70	1.12%
Trash Removal	\$2,500	\$44	0.70%
Electric	\$24,000	\$421	6.74%
Gas	\$0	\$0	0.00%
Water and Sewer	\$0	\$0	0.00%
Legal	\$6,000	\$105	1.69%
Management Fee	\$17,797	\$312	5.00%
Repairs and Maintenance	\$25,000	\$439	7.02%
General/Admin	\$5,000	\$88	1.40%
Payroll	\$15,000	\$263	4.21%
Other	\$1,000	\$18	0.28%
Deposit to Replacement Reserve	\$14,250	\$250	4.00%
Total Expenses (Added)	\$170,297	\$2,988	47.85%
Total Expenses (Manual Override)	\$170,297		47.85%
Total Expenses	\$170,297		47.85%
Net Operating Income (NOI)	\$185,636		

- Property taxes likely to be appealed, worst case represented
- 15% economic occupancy (10% market)
- Reserves “above the line”
- Cap Rate at Resale 0.5% Higher than current
- \$100K in capital reserves

EXIT STRATEGY

- 5-Year Sale or Refi (and hold)
 - Investors can force sale after year 5
- Beverly 1-Year Bridge to Perm Financing

SUMMARY

- Well-maintained w/low deferred maintenance
- Well-situated in a stable and growing market
- Great property management team
- Low interest rates
- Stable and Predictable Returns
 - Double Investment in 5 Years
 - Cash on Cash = 10%+ in first 5 Years
 - Higher if Investors Choose to Hold Longer

NEXT STEPS

- Nighthawk to send follow-up email to attendees
- Express interest
- Review Operating Agreement
- Wire Funds
- Closing

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.