Hedgerow Apartments

Applicant: The Magnolia Memphis, LLC

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PILOT Application Summary: Hedgerow Apartments is a 167-unit apartment community located in Memphis, TN, near the intersection of Riverdale and Shelby Drive, built in 1986. Hedgerow was a premier apartment until it fell into despair about ten years ago. The intended use is to maintain the property as multi-family, with significant improvements both inside and out. Hedgerow Apartments is part of the Bennington Homeowners Association and improvements will be made to all rentable SF as well as exterior improvements and landscaping improvements to all grounds. Hedgerow Apartments was part of a bond portfolio that was eventually foreclosed by the lender. At the time of the foreclosure, the property has experienced some operational and physical distress, which was addressed by the foreclosing lender by way of immediate repair needs only. The new ownership group plans to invest at least \$6.75 Million in capital improvements in an effort to push towards stabilization. The applicant plans to continue to renovate all units (approximately 30 of which are "down" units which will require extensive work) and will make renovation improvements in all other units. The proposed improvements include new energy efficient HVAC systems, laminate flooring, new cabinets or cabinet fronts, new countertops, upgraded lighting and plumbing fixtures, and new interior paint colors to provide an apartment home that feels new and fresh. Exterior improvements will include replacement of all siding and roofs, new asphalt, improved landscaping, improvements to amenities such as dog parks and pickleball courts, and an upgraded entry system.

Total Units	BR/BA	Units	SF	Rent: Pre/Post Rehab	Rent: Pre/Post \$/SF
167	1BR/ 1 BA	21	688	\$640/\$845	\$0.93/\$1.23
	2 BR/2 BA	49	950	740/1038	0.78/1.09
	2 BR/2 BA	17	958	755/1044	0.79/1.09
	2 BR/2 BA	23	970	765/1044	0.79/1.08
	2 BR/1.5 BA	20	1024	775/1150	0.76/1.12
	3 BR/2 BA	19	1180	875/1190	0.74/1.01
	3 BR/2 BA	18	1265	890/1294	0.70/1.02

Total Development Cost: \$ 21,467,347 **Development Cost per Unit:** \$ 128,546.99

Location: 4733 Heather Row, 38141

Sources and Uses of Funds:

Sources		Uses	
Debt	\$12,900,000	Purchase price	\$13,500,000
Equity	8,567,347	Due Diligence and closing/PILOT	673,946
		Financing costs	370,651
		Acquisition fees	168,750
		Renovation costs	6,754,000
Total Development Costs	\$21,467,347		
•		Total All Costs	\$21 467 347

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Tenant Benefit Breakdown		Actual Cost	
Site work: remove excess trees causing curb and parking area			230,000
problems, add back new landscaping, cleanup ex			
landscaping to provide clean sight lines			
Energy efficient HVAC		1,302,000	
Energy efficient stainless-steel appliances			367,400
New laminate flooring			585,000
New energy efficient water heaters			92,000
New cabinets/cabinet fronts and countertops			225,000
Camera system			75,000
Improve access gate systems			125,000
Improved exterior lights			125,000
Improved mail area with new lighting			35,000
Dog park			15,000
Sports court			7,500
Grilling and picnic areas			45,000
Subtotal			\$3,228,900

*Operational benefits:

Background checks on all prospective residents

Onsite office, staffed daily

Onsite maintenance with 24-hour response

All occupants must be on lease

Onsite staff walks property daily to look for issues

Contractors required to provide insurance

All employees and contractors checked for background

