



5-15-2023

Mr. Paul Young
President
Downtown Memphis Commission
114 North Main Street
Memphis, TN 38103

RE: **Rise on the Ravine / 480 Union PILOT Extension Request**

Mr. Young,

On behalf of Memphis-based Development Services Group, LLC, ("DSG") and META Real Estate Partners ("META") of Atlanta, we are requesting a 1-year extension to our PILOT incentive.

In our initial application, we noted significant headwinds as risk factors to this project, including economic inflation, escalation of construction materials, and lasting COVID-related supply chain challenges. Unfortunately, in the time since the PILOT was approved, macro-economic conditions in the real estate industry have not only not improved but have instead deteriorated further. Specifically, inflation of construction materials and labor costs have continued unabated and the Federal Reserve's interest rate increases have resulted in projected development costs that exceed the original budgets. At this point we do not have confidence that rents in Memphis have risen to a level that could support these additional costs. However, we are not giving up and are hopeful that prices will moderate, and interest rates will head back down within one year.

We are more than willing to discuss the details of the extension request and provide any additional information or documentation required for your review. Our team is available at your convenience to address any questions or concerns.

Sincerely,

A handwritten signature in blue ink that reads 'Ethan Knight'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Ethan Knight
Vice President of Development
Development Services Group