

UNION CROWN

MEMPHIS, TN



Payment In Lieu of Taxes Program (PILOT) Application Submitted to: Memphis Center City Revenue Finance Corporation



1331 Union Avenue, Memphis, TN 38104

Union Crown Memphis, LLC

1331 Union Avenue * Memphis, TN 38104 * 516-426-7026

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- 1. Applicant Background of the applying entity State the name(s) of the applying entity's representatives and any other financial guarantors of the Project and their addresses and telephone numbers if different from above.**

Applicant: Union Crown Memphis, LLC

Address: 11 Echo Lane, Melville, NY 11747

Representative: David Propis
North American Value-Add Realty Partners
11 Echo Lane
Melville, NY 11747

Michael Brown
Rigel Investment Company
355 Pilgrimage Point
Alpharetta, GA 30022

Kevin Barry
KB Resources
15 Holyoke Road
Rockville Centre, NY 11570

Jeffrey Verchow, JD, MBA
Verconic Construction Services, LLC
9000 Sheridan Street, Suite 145
Pembroke Pines, FL 33024

2. *Provide background information about the applicant and guarantors, including development experience, if any, and all other relevant information this organization may need to consider while reviewing the application. Describe the corporate or partnership structure as applicable.*

• **Decades of Combined Real Estate & Business Development Experience:**

The four principals of Union Crown Memphis, LLC, (“Union Crown”) have worked together on multifamily projects throughout the Southeastern US. The principals are owners of privately held acquisition, development, construction management, and asset management firms specializing in opportunistic and undervalued multifamily assets, focused in the Southeastern and Mid-South US. Our fully integrated platform provides our members with a comprehensive plan to acquire, finance, upgrade, and maintain a stable asset while maximizing returns throughout the defined investment period.

Our partners and executives have led the purchase of over \$100 million in “value-add” multifamily properties and have renovated over ten thousand multifamily units throughout their professional careers. The diverse skills and backgrounds provide for a comprehensive “top down” and “bottom up” approach to every project. Through comprehensive evaluation and planning, all aspects of the project are planned, analyzed, and stress-tested to consider all potential circumstances to occur during the project.

David Propis, President of North American Value-Add Realty Partners, will serve as the project’s Managing Member, Jeffrey Verchow, President of Verconic Construction Services, will serve as head of construction management, Michael Brown, Managing Partner of Rigel Investment Company, will serve as head of asset management, and Kevin Barry, Managing Member of KB Resources, will serve as chief financial officer of Union Crown Memphis, LLC.



- **Recent Projects of Sponsors/General Partners:**

Currently, all of the Sponsors of Union Crown are in the middle of a full renovation and upgrade of Tree Top Apartments in Spartanburg, South Carolina. The project includes full interior renovations to the 152 1-bedroom apartments with quartz countertops in kitchen and bath, added washer/dryer combo, glass backsplashes, new flooring, LED lighting, etc. We are also converting 20+ of the units from 1 bed/1 bath into 2bed/1 bath apartments. On the exterior, we have added new surveillance cameras, an entry liftgate, a Pet Wash station, new park benches throughout, a new fitness center, upgraded leasing office, and a community deck with gas BBQ. Our team has also recently completed two other value-add projects to multifamily properties in Columbia, SC and Gaffney, SC. One of the properties have been stabilized and refinanced into a Fannie Mae permanent loan, the other is recently stabilized and will be closing on a Freddie Mac permanent loan early June 2023.

Other projects being worked on by Jeffrey Verchow (Union Crown Head of Construction Management) are:

1. Cordova Arms - Fort Lauderdale, FL: Adaptive reuse from market rate long term rentals to Airbnb short term rentals. Interior unit renovations include new cabinetry, hard surface countertops, appliances, paint, flooring, baseboard, electrical fixtures, plumbing fixtures, doors, floor to ceiling tile in bathrooms, bathtubs, toilets, etc. Interior common area renovations include new flooring, baseboard, paint, lighting, etc. Exterior property improvements include full repaint, roofing, turfed balconies, etc.
2. Chastain Woods - Atlanta, GA: Value add renovation of market rate long term rentals. Interior unit renovations include new cabinetry, hard surface countertops, appliances, walls and ceiling retexturing, paint, flooring, electrical fixtures, plumbing fixtures, etc.
3. Bellevue Towers - Tucson, AZ: Value add renovation of student accommodated housing. Interior unit renovations include new cabinetry,

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hard surface countertops, appliances, flooring, electrical fixtures, plumbing fixtures, etc.

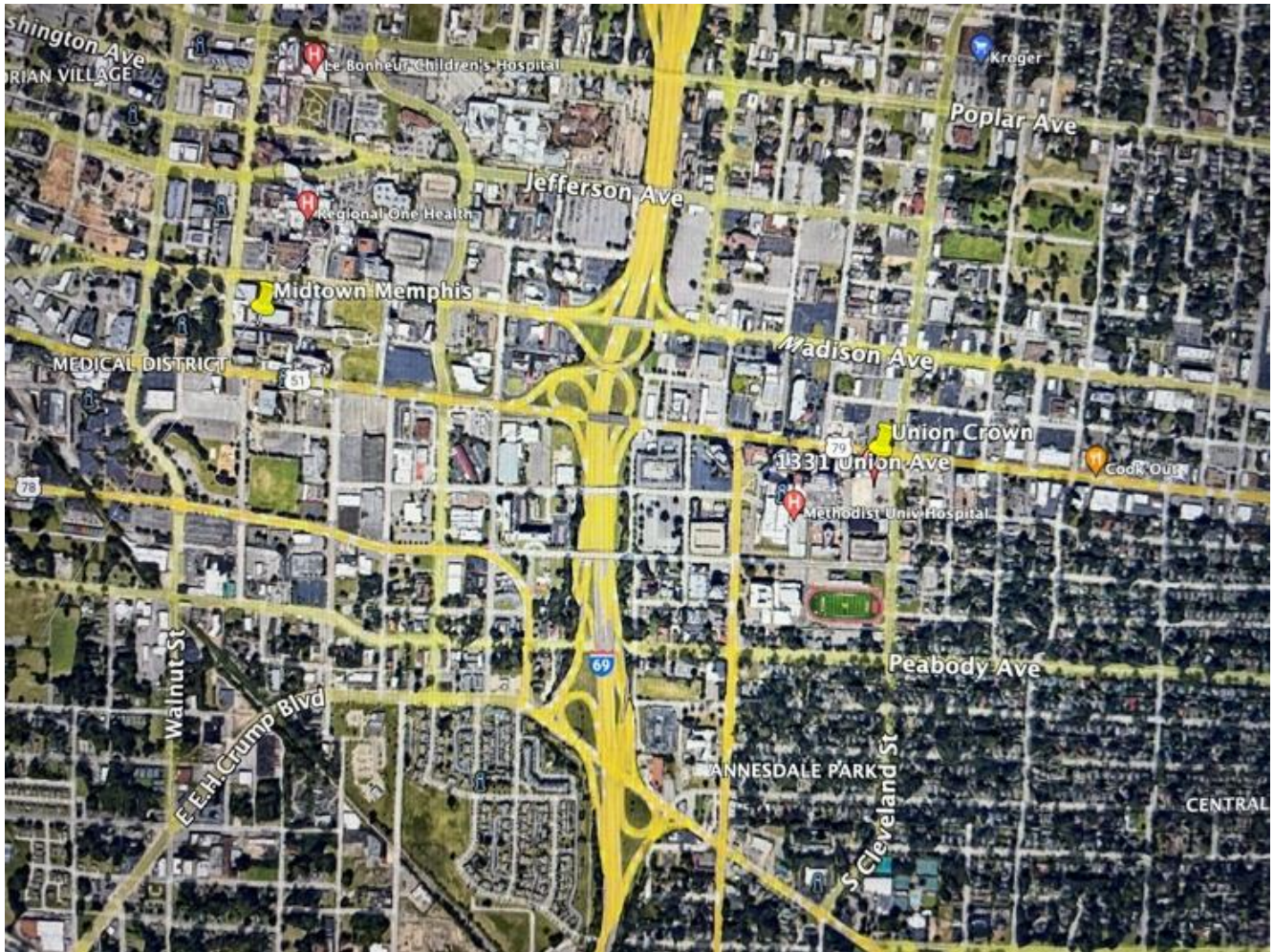
3. Proposed Project Description:

a. *Location:* 1331 Union Avenue, Memphis TN 38104

Located along Union Avenue, directly adjacent to Methodist Hospital, 1331 Union Avenue is situated in the heart of Midtown Memphis in the heart of the Medical District and is the only privately-owned property within the Methodist Hospital campus. With numerous medical colleges within a short walk to the property and with a direct connection into Methodist Hospital via a pedestrian bridge connecting the hospital to the attached parking garage of 1331 Union Avenue, Union Crown will provide tenants with unparalleled security and location. Ideally located along Union Avenue, between Downtown Memphis and Midtown Memphis, the medical district is home to numerous medical and educational institutions. Union Crown will be converted from a blighted property into a focal-point property which will fit the planned growth strategy of the City of Memphis 3.0 Comprehensive Plan.

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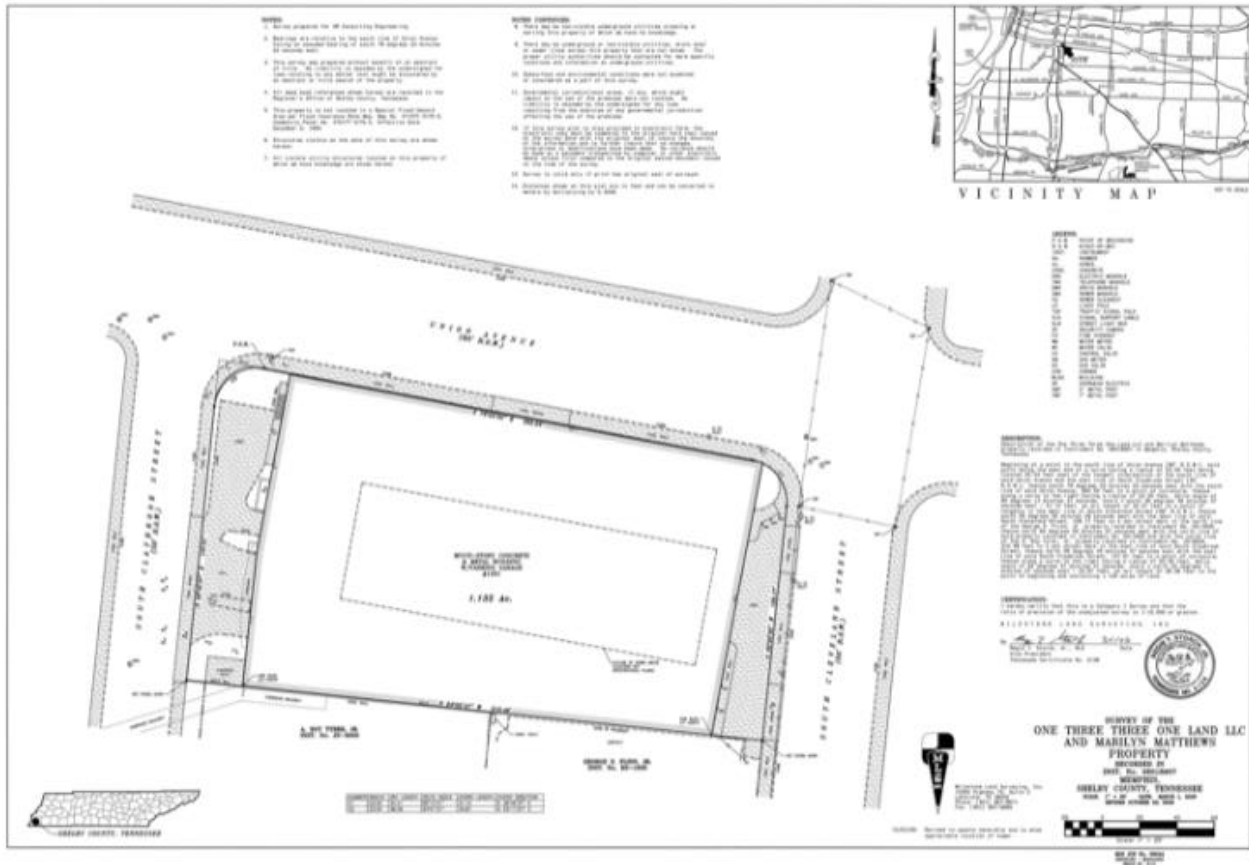


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b. *Intended Use:*

Union Crown will be a multi-use property offering unparalleled security, location, and amenities for a diverse mix of residential tenants, medical office space, retail, and parking. Connected directly to the Methodist Hospital campus, students, medical professionals, and staff will have direct access into the property while being monitored via a state-of-the-art video surveillance system, keycard entry to each door and floor, and on-site 24/7 security personnel. The proposed project will offer apartments ranging in size, cost, and unit type, offering apartments to service the diverse mix of individuals living and working in the midtown/medical district. The proposed project aligns with the Memphis 3.0 Comprehensive Plan mantra of “building up not out”.

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Union Crown will consist of approximately 181-apartments ranging from efficiency studios to large studios, 1-bedroom, and 2-bedroom floorplans. The parking garage currently has over 400 parking spaces, however, some of the spaces on the top floor of the garage will be converted for outdoor amenity uses inclusive of: BBQ stations, seating areas, hot tubs, firepits, dog run, fitness center, and outdoor kitchen to name a few. There will still be over 300 parking spaces available to tenants and the public. These public parking spaces are sorely needed in the growing Medical District and the Union Crown project will have additional parking spaces above and beyond the required ordinances. The ground floor will consist of: Davita Dialysis (current long-term tenant), 80+ roll-up door storage units, private study/office spaces, family event room/conference room, leasing office, mail room, new entry driveways on Union Avenue (for tenants) and on Cleveland Street (for Davita), and commercial-sized washer/dryers for larger items. There will also be 3,000 sq. ft. to 4,500 sq. ft. of new retail space along Union Avenue providing added benefits to the multitude of commuters passing by the property daily, as well as our tenants, and employees and students at nearby medical, office, and educational facilities.

The units will consist of quality cabinetry, custom closets, hard surface countertops, in-suite washer/dryers, appliance packages, and many energy-efficient upgrades. All floors will be serviced by high-speed elevators and will feature floor to ceiling windows, and faux vinyl flooring.

c. *Description of building:*

The Property was built in 1965 and consists of, a street level 35,000 square feet of multi-use space, a four-story parking garage, consisting of over 400 parking spaces, and an office tower, consisting of 10 floors and 156,342 square feet of rentable space for the development of 181+/- rental apartments. In recent years, the building has seen a decrease in occupancy (currently 45% vacant in the office tower), and the property is blighted with needed repairs to every portion of the building's interior and exterior. There are three fully gutted floors and one predominantly gutted floor in the office tower. These floors have been vacant for over 10-15 years. Additionally, half

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of the ground level (opposite Davita) is completely gutted to the dirt floor which has been vacant for over 25 years. In addition, there are numerous significant deferred maintenance items needing immediate attention and repairs. For example, the property is currently serviced by two large chillers and a cooling tower, which are close to their anticipated lifespan and will need to be replaced within the next two years. We plan on installing split system HVAC systems throughout the property allowing for energy conservation and better temperature control for each tenant. The exterior windows are also a significant item of concern and will need to be resealed and resurfaced to avoid failure.

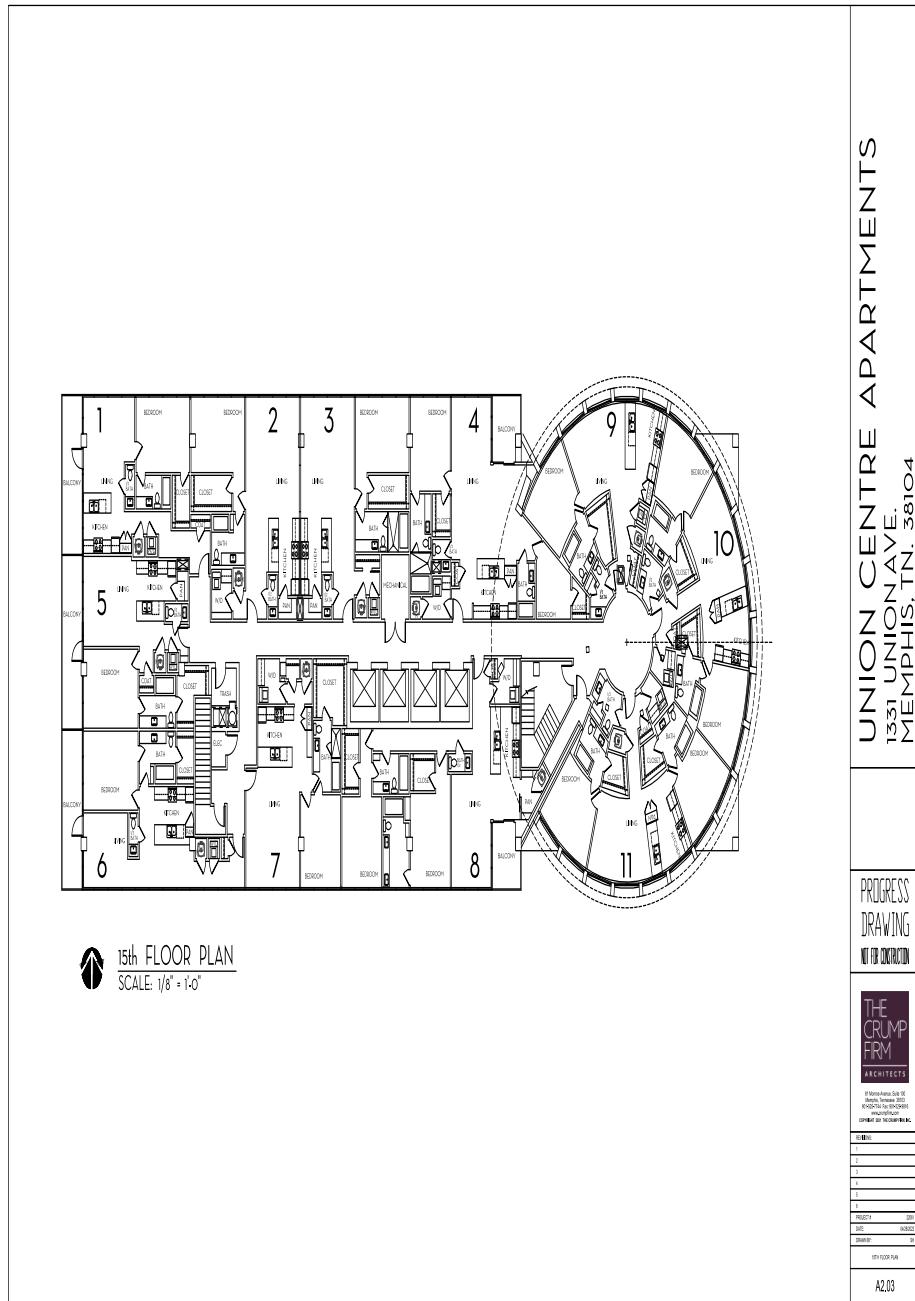
d. *The square footage of the building/land area to be renovated:*

The building is a total of 322,929 square feet, which includes a ground level for mixed-use of 30,000 +/- square feet, a five-level parking garage, and a 156,342 square feet office tower. All portions of the interior of the building and parking garage will be renovated. Additionally, painting of the entire exterior, a modernized new entry on Union Avenue, and a new separate entrance on Cleveland Street for Davita Dialysis Center with a faux green wall are also planned to be completed.

e. *Conceptual plans and renderings:*

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UNION CENTRE APARTMENTS
1331 UNION AVE.
MEMPHIS, TN. 38104

PROGRESS DRAWING
NOT FOR CONSTRUCTION



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Union Crown will be engaging the design services of Memphis based architect David Hoback of The Crump Firm and Unison, a female-owned interior design group from Toronto, Canada, in the design of all interior spaces, apartment interiors and both interior and exterior amenity areas.

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- f. *A letter from a certified engineer, licensed in the State of Tennessee, as to the structural integrity of the building for its intended usage:*

Chad Stewart & Associates will be hired as structural engineer. The buildings ground floor is currently partially occupied and being used for dialysis medical office (Davita) and for typical offices in the tower (currently 45% vacant) and shows no major structural items. The budget has a significant amount reserved for cement repair, window repair, etc.

- g. *State the marketing plans for the project identifying the intended market. What types of lessees are anticipated?*

Union Crown will strictly adhere to all Federal Fair Housing Act rules and will lease to any, and all qualified applicants regardless of race, religion, age, or sexual orientation. It is anticipated that Union Crown will offer leases ranging from 12–24 months.

We anticipate demand from potential tenants to come from Doctors, Nurses, Staff, and students affiliated with Methodist Hospital and the surrounding medical colleges and St. Jude’s Research Facility and Hospital.

We will also market to individuals working in Downtown, the Edge District, Midtown and the Medical District. As Union Crown will offer superior 24\7 security than any other multifamily properties in the area currently and/or planned, we will market the property as such.

It is anticipated that we will be engaging a top-tier real estate marketing firm to highlight the benefits of Union Crown, which we will offer to tenants of all types. We are in discussions with Snap Listings, a woman-owned firm (www.hello.snaplistings.com), to become our marketing and pre-leasing partner.

The Sponsor group plans on utilizing local minority-owned “best-in-class” third party property management who would be required to follow our stringent guidelines. There is also currently a Rapid Transit bus stop on the corner of Union Avenue and Cleveland Street offering our tenants with easy

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and safe access to anywhere in the Midtown/Medical District and the greater Memphis area.

- h. If the project is speculative, how long is full occupancy expected to take and who will manage the project?*

It is anticipated that we will receive permit approvals within 2-3 months of approval into the PILOT Program. Construction/renovations are anticipated to take 18-24 months for completion for a total project timeframe of 20-27 months from the date of approval into the PILOT Program.

We expect to begin leasing units on completed floors prior to completion of the total project. We also plan on completing the retail spaces and storage units early in the project timeline. It is further anticipated that Union Crown will reach full stabilization within 3 months of completion of the project based on lease-up timing of similar quality projects in the Memphis area, and even more due to the dire need for up to 2,700 good quality apartments in the Midtown/Medical District alone. We have additionally been informed by the Memphis Medical District Collaborative that even with all current and approved real estate development projects in the Midtown/Medical District, there will still be a shortage of an estimated 1,100 apartments.

The Sponsors historically have engaged “best-in-class” third-party property management. Although it is anticipated that certain key on-site personnel will remain throughout the construction/renovation phase, such personnel will ultimately be retained as employees of the third-party property management firm.

- i. Are changes needed to the public space around the project (for example: sidewalks, lighting, planting)?*

Union Centre is a building with historic value to the skyline of Memphis, TN. Throughout its history, only three buildings have been built with circular rotating restaurants/clubs on the roof. Additionally, the type of poured concrete construction is unique to the 1960s. Although Union Crown project will update the interiors of all spaces and add amenities throughout, little

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exterior work is planned. Union Crown will work with the city planning groups and local civic organizations in upgrading the exterior look and feel to better fit into the long-term upgrade plans for the Midtown/Medical District.

The plans for exterior upgrades are exclusive to new paint schemes, architectural lighting and minor changes to the steel vertical panels protecting the garage. Additionally, there will be more significant changes to the new side entrance for Davita on Cleveland Street as well as a more modern and functional entrance for the residential tenants on Union Avenue. See below conceptual drawing of exterior entrance, paint colors, and faux green wall protecting the new Davita entrance. Some sidewalk work may be necessary along Union Avenue and Cleveland Street, inclusive of a new Rapid Transit stop. All current artwork and signage on the building will be removed and a more modern look will be achieved.



4. **Site Control:**

Name the property owner at the time of application:

Union Center, LLC, is the current leasehold interest owner and Twin Trees Holdings I, LLC is the landowner. Union Crown Memphis, LLC is under contract to purchase the property with Fee Simple ownership.

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5. Financial Items:

- a. *Attach current financial statements of the applicant and guarantors. If audited financial statements are unavailable, please submit non-audited statements. State the relationship any applicant or grantor has had with any accounting firm of the last five years.*

(All financial information of applicant or grantor(s) shall be provided upon request)

- b. *Describe any and all existing financing, options, and liens on the property:*

Union Crown has secured an acquisition loan commitment and is in the process of applying for a HUD 221(d)(4) loan and has entered into an agreement with Bravo Capital, an approved HUD lender. Union Crown is under a purchase and sale agreement to acquire Union Centre, LLC within two weeks of receiving approval of the PILOT Program. If Union Crown is not approved for the PILOT Program, the PSA shall be considered null and void and Union Crown will terminate all efforts related to this project.

Attach three years of tax returns, if applicant is an individual:

(All financial information of applicant or grantor(s) shall be provided upon request)

Provide the following information about the loan or proposed loan for the project:

Proposed financings may alter the ultimate financial characteristics of the project. Additionally, the term of the PILOT Program will also need to be factored into the final financial model. Financial model is attached for review by the Committee. Union Crown has secured an acquisition loan commitment via Saxon Spencer Capital and has engaged Bravo Capital, a HUD-approved lender to secure a HUD (221)(d)(4) construction loan to complete the conversion of Union Centre into the new Union Crown.

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Attach information about the financial history of the project and previous attempts to develop, if possible:

In March/April 2020, Union Centre, LLC had entered into a contract to sell the property to a hotel developer for the potential conversion of the property into a hotel to service the Methodist Hospital campus and the greater Midtown/Medical District. Due to numerous factors, inclusive of the start of the Covid pandemic, the contract was terminated, and the project did not move ahead.

The General Partners of Union Crown have been actively planning for the project for 18 months.

c. ***Financial Projections:***

State the estimated project costs broken down by component (i.e. land, buildings, equipment, soft costs, etc.) attach bid estimates and show amounts to be paid from loans and equity amount.

(Please find attached financial information)

d. *Attach a cash flow pro forma along with a statement of Sources and Uses of funds for the project.*

See attached cash flow pro forma

6. ***Project Timeline:***

State the proposed time schedule for the project, including dates anticipated for the following:

a. *Closing the loan or contributing financing availability:*

It is planned to close on the loan(s) and contribute up to \$15 million in equity following approval of Union Centre into the PILOT Program. Union Crown will close on the PSA and start the project within 2 weeks of being granted approval for the Pilot Program.

b. *First expenditure of funds with regard to the project:*

The Sponsors have already spent significant capital in their due diligence and planning of the Union Crown project and anticipate further expenditures prior to receiving approval for the PILOT Program. Union Crown plans on closing on the acquisition and proceeding with the planning/construction/renovations as soon after acceptance in the PILOT Program as feasible.

c. *Anticipated construction will begin:*

- March 2024 (If approval is received for the PILOT Program)

7. *Project Team (anticipated):*

- a. Architects and Engineers:
 - i. Structural Engineer – Chad Stewart and Associates
 - ii. Mechanical & Electrical Engineer – Haltom Engineering*
 - iii. Architect – The Crump Firm
 - iv. Interior Design Architect – Unison*
- b. Contractor – Montgomery Martin
- c. Other Professionals:
 - i. Project Manager – Allworld Project Management*
 - ii. Signage – TBD*
 - iii. Marketing (materials) – Snap Listings* and/or local firm
 - iv. Marketing & Public Relations – Snap Listings* and/or local firm
 - v. Interior Decorating – Stacy Garcia, Inc.* and/or Snap Listings* and/or Unison
- d. *Does the applicant or guarantor have any previous or ongoing relationship with any board member or legal counsel of the board:*

No.

(*signifies woman-owned or minority company)

8. *References: (3 personal references and 3 business references, or 3 business only):*

- a. David Cohen, Esq.
Moritt, Hock, and Hamroff, LP
400 Garden City Plaza
Garden City, NY 11530
(516) 873-2000
dcohen@moritthock.com
- b. Brian Doherty
Haus Lending
(917) 748-5739
brian@hauslending.com

c. Michael Aufrecht
Eastern Management and Financial
3924 West Devon
Lincolnwood, IL 60712
(847) 324-4850
mdaufrecht@gmail.com

d. John Phoenix
Cushman & Wakefield
(919) 210-7806
John.phoenix@cushwake.com

9. *Items for Lease Preparation:*

State law requires that title to the projects be conveyed to CCRFC in order for it to grant payments in lieu of taxes; CCRFC then leases the property to the applicant or entity designated by the applicant. Indicate who the lessee will be for the project.

Union Crown Memphis, LLC will be the lessee.

a. *State the tax parcel number for all property involved with the project and the current assessed value of the property.*

Tax Parcel #: - Assessed Value:
016002 00001C - \$740,560.00

b. *Are there any assessments presently under appeal?*
No.

c. *Will the project result in the subdivision of the present tax parcel?*
No.

10. *Disclosures:*

a. *Please disclose whether the applicant, guarantor, or any other person involved with the project is currently engaged in any civil or criminal proceeding.*

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No.

b. *Also, disclose whether any individual involved with the project has ever been charged or convicted of any felony or currently under indictment.*

No.

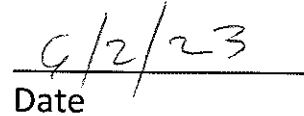
c. Please supply detailed information.

N/A.

11. ***Applicant Affirmation:***



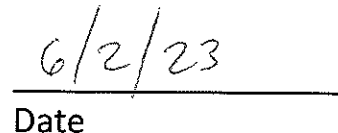
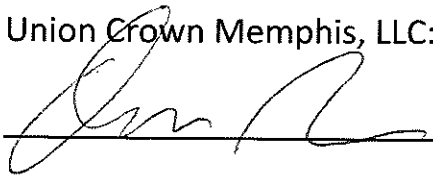
Signature



Date

This application is made in order to induce the Memphis Center City Revenue Finance Corporation (CCRFC) to grant financial incentives to the applicant. The applicant hereby represents that all statements contained herein are true and correct. All information materially significant to the CCRFC in its consideration of the application is included. The applicant expressly consents to the CCRFC's investigation of its credit in connection with this application. The applicant acknowledges that it has reviewed the descriptions of the CCRFC financial program for which it is applying and agrees to comply with those policies. The applicant shall also be required to show a good faith effort with regard to the employment of MWBE contractors. The applicant specifically agrees to pay all reasonable costs, fees, and expenses incurred by the CCRFC whether or not the incentive is granted or project completed.

Union Crown Memphis, LLC:



Date

By: David Propis

Its: Managing Member

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Exhibit A – Sources & Uses

UNION CROWN: SOURCES AND USES	
Sources of Funds	
Project Debt (5.7% for 40 years)	\$ 44,750,000
Owner's Equity in Project	\$ 10,060,000
Total Sources of Funds	\$ 54,810,000
Uses of Funds	
Detail of Project Costs Including:	
Fee Simple Purchase	\$ 15,500,000
Construction Costs	\$ 36,000,000
Professional Fees (Architect / Engineering, etc)	\$ 1,000,000
Financial Commitment Fees	\$ 1,500,000
PILOT Fee (1.5% of Purchase+Construction+Prof costs)	\$ 810,000
Total Project Costs	\$ 54,810,000

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Exhibit B – Proforma Without Pilot Program Approval

UNION CROWN: PROFORMA WITHOUT PILOT												
REVENUE:	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	YR 11	YR 12
Residential Space Revenue	181	181	181	181	181	181	181	181	181	181	181	181
Total Number of Units			\$ 1,872	\$ 1,947	\$ 2,025	\$ 2,085	\$ 2,148	\$ 2,213	\$ 2,279	\$ 2,347	\$ 2,418	\$ 2,490
Rent Per Unit			44%	69%	94%	94%	94%	94%	94%	94%	94%	94%
Occupancy Rate	21%	14%										
Projected Residential Rental Revenue	\$ -	\$ -	\$ 1,768,703	\$ 2,917,750	\$ 4,111,913	\$ 4,235,271	\$ 4,362,329	\$ 4,493,199	\$ 4,627,995	\$ 4,766,835	\$ 4,909,840	\$ 5,057,135
Other Revenue	\$ 1,180,000	\$ 607,000	\$ 960,183	\$ 1,170,090	\$ 1,400,808	\$ 1,428,824	\$ 1,457,401	\$ 1,486,549	\$ 1,516,280	\$ 1,546,606	\$ 1,577,538	\$ 1,609,088
Total Projected Revenue	\$ 1,180,000	\$ 607,000	\$ 2,728,886	\$ 4,087,840	\$ 5,512,722	\$ 5,664,095	\$ 5,819,730	\$ 5,979,748	\$ 6,144,275	\$ 6,313,440	\$ 6,487,377	\$ 6,666,223
EXPENSES:												
Operating Expenses												
Management/Leasing Fees/Admin	\$ 278,050	\$ 200,922	\$ 346,675	\$ 431,740	\$ 622,038	\$ 642,285	\$ 658,513	\$ 679,985	\$ 697,244	\$ 720,018	\$ 741,619	\$ 763,867
Insurance	\$ 110,000	\$ 113,300	\$ 116,699	\$ 120,200	\$ 123,806	\$ 127,520	\$ 130,071	\$ 133,973	\$ 136,652	\$ 140,752	\$ 144,975	\$ 149,324
Maintenance	\$ 49,600	\$ 98,768	\$ 148,619	\$ 153,078	\$ 156,884	\$ 160,791	\$ 164,007	\$ 168,094	\$ 171,456	\$ 175,732	\$ 181,004	\$ 186,434
Utilities	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 183,600	\$ 187,272	\$ 191,017	\$ 194,838	\$ 198,735	\$ 202,709	\$ 208,790	\$ 215,054
Legal/Accounting	\$ 49,000	\$ 50,470	\$ 51,984	\$ 53,544	\$ 55,150	\$ 56,804	\$ 57,941	\$ 59,679	\$ 60,872	\$ 62,698	\$ 64,579	\$ 66,516
Taxes: Base, CBID, New Value	\$ 45,112	\$ 45,112	\$ 1,065,647	\$ 1,066,960	\$ 1,130,873	\$ 1,130,873	\$ 1,153,491	\$ 1,176,560	\$ 1,200,092	\$ 1,224,093	\$ 1,248,575	\$ 1,273,547
Marketing	\$ 22,000	\$ 22,660	\$ 23,340	\$ 24,040	\$ 24,521	\$ 25,011	\$ 25,511	\$ 26,022	\$ 26,542	\$ 27,073	\$ 27,885	\$ 28,722
Reserves	\$ 155,250	\$ 156,750	\$ 160,095	\$ 164,898	\$ 169,379	\$ 173,985	\$ 178,139	\$ 182,989	\$ 187,365	\$ 192,472	\$ 198,246	\$ 204,194
Total Projected Expenses	\$ 889,012	\$ 867,982	\$ 2,093,059	\$ 2,214,460	\$ 2,444,077	\$ 2,504,541	\$ 2,558,690	\$ 2,622,140	\$ 2,678,958	\$ 2,745,547	\$ 2,815,673	\$ 2,887,657
NET OPERATING INCOME:	\$ 290,988	\$ (260,982)	\$ 635,827	\$ 1,873,380	\$ 3,068,645	\$ 3,159,554	\$ 3,261,040	\$ 3,357,607	\$ 3,465,317	\$ 3,567,893	\$ 3,671,704	\$ 3,778,566
DEBT SERVICE:												
Total Debt Service	\$ 1,445,000	\$ 2,197,336	\$ 2,746,670	\$ 3,003,043	\$ 3,003,043	\$ 3,003,043	\$ 3,003,043	\$ 3,003,043	\$ 3,003,043	\$ 3,003,043	\$ 3,003,043	\$ 3,003,043
NET CASH FLOW:	\$ (1,154,012)	\$ (2,458,318)	\$ (2,110,843)	\$ (1,129,663)	\$ 65,602	\$ 156,511	\$ 257,997	\$ 354,564	\$ 462,274	\$ 564,850	\$ 668,661	\$ 775,523
DEBT COVERAGE RATIO	0.20	-0.12	0.23	0.62	1.02	1.05	1.09	1.12	1.15	1.19	1.22	1.26
RETURN ON EQUITY	-11.5%	-24.4%	-21.0%	-11.2%	0.7%	1.6%	2.6%	3.5%	4.6%	5.6%	6.6%	7.7%

Union Crown Memphis, LLC

1331 Union Avenue * Memphis, TN 38104 * 516-426-7026

UNION CROWN

MEMPHIS, TN

Exhibit C – Proforma With Pilot Program Approval

UNION CROWN: PROFORMA WITH PILOT												
REVENUE:	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	YR 11	YR 12
Residential Space Revenue	181	181	181	181	181	181	181	181	181	181	181	181
Total Number of Units	\$ -	\$ -	\$ 1,872	\$ 1,947	\$ 2,025	\$ 2,085	\$ 2,148	\$ 2,213	\$ 2,279	\$ 2,347	\$ 2,418	\$ 2,490
Rent Per Unit	21%	14%	44%	69%	94%	94%	94%	94%	94%	94%	94%	94%
Occupancy Rate												
Projected Residential Rental Revenue	\$ -	\$ -	\$ 1,768,703	\$ 2,917,750	\$ 4,111,913	\$ 4,235,271	\$ 4,362,329	\$ 4,493,199	\$ 4,627,995	\$ 4,766,835	\$ 4,909,840	\$ 5,057,135
Other Revenue	\$ 1,180,000	\$ 607,000	\$ 960,183	\$ 1,170,090	\$ 1,400,808	\$ 1,428,824	\$ 1,457,401	\$ 1,486,549	\$ 1,516,280	\$ 1,546,606	\$ 1,577,538	\$ 1,609,088
Total Projected Revenue	\$ 1,180,000	\$ 607,000	\$ 2,728,886	\$ 4,087,840	\$ 5,512,722	\$ 5,664,095	\$ 5,819,730	\$ 5,979,748	\$ 6,144,275	\$ 6,313,440	\$ 6,487,377	\$ 6,666,223
EXPENSES:												
Operating Expenses												
Management/Leasing Fees/Admin	\$ 278,050	\$ 200,922	\$ 346,675	\$ 431,740	\$ 622,038	\$ 642,285	\$ 658,513	\$ 679,985	\$ 697,244	\$ 720,018	\$ 741,619	\$ 763,867
Insurance	\$ 110,000	\$ 113,300	\$ 116,699	\$ 120,200	\$ 123,806	\$ 127,520	\$ 130,071	\$ 133,973	\$ 136,652	\$ 140,752	\$ 144,975	\$ 149,324
Maintenance	\$ 49,600	\$ 98,768	\$ 148,619	\$ 153,078	\$ 156,884	\$ 160,791	\$ 164,007	\$ 168,094	\$ 171,456	\$ 175,732	\$ 181,004	\$ 186,434
Utilities	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 183,600	\$ 187,272	\$ 191,017	\$ 194,838	\$ 198,735	\$ 202,709	\$ 208,790	\$ 215,054
Legal/Accounting	\$ 49,000	\$ 50,470	\$ 51,984	\$ 53,544	\$ 55,150	\$ 56,804	\$ 57,941	\$ 59,679	\$ 60,872	\$ 62,698	\$ 64,579	\$ 66,516
Taxes	\$ 45,112	\$ 45,112	\$ 328,795	\$ 335,371	\$ 342,078	\$ 348,920	\$ 355,898	\$ 363,016	\$ 370,277	\$ 377,682	\$ 385,236	\$ 392,940
Marketing	\$ 22,000	\$ 22,660	\$ 23,340	\$ 24,040	\$ 24,521	\$ 25,011	\$ 25,511	\$ 26,022	\$ 26,542	\$ 27,073	\$ 27,885	\$ 28,722
Reserves	\$ 155,250	\$ 156,750	\$ 160,095	\$ 164,898	\$ 169,379	\$ 173,985	\$ 178,139	\$ 182,989	\$ 187,365	\$ 192,472	\$ 198,246	\$ 204,194
Total Projected Expenses	\$ 889,012	\$ 867,982	\$ 1,356,207	\$ 1,462,871	\$ 1,677,456	\$ 1,722,588	\$ 1,761,097	\$ 1,808,596	\$ 1,849,143	\$ 1,899,136	\$ 1,952,333	\$ 2,007,051
NET OPERATING INCOME:	\$ 290,988	\$ (260,982)	\$ 1,372,679	\$ 2,624,969	\$ 3,835,265	\$ 3,941,507	\$ 4,058,633	\$ 4,171,151	\$ 4,295,132	\$ 4,414,304	\$ 4,535,044	\$ 4,659,172
DEBT SERVICE:												
Total Debt Service	\$ 1,445,000	\$ 2,197,336	\$ 2,746,670	\$ 3,003,043	\$ 3,003,043	\$ 3,003,043	\$ 3,003,043	\$ 3,003,043	\$ 3,003,043	\$ 3,003,043	\$ 3,003,043	\$ 3,003,043
NET CASH FLOW:	\$ (1,154,012)	\$ (2,458,318)	\$ (1,373,991)	\$ (378,074)	\$ 832,222	\$ 938,464	\$ 1,055,590	\$ 1,168,108	\$ 1,292,089	\$ 1,411,261	\$ 1,532,001	\$ 1,656,129
DEBT COVERAGE RATIO	0.20	-0.12	0.50	0.87	1.28	1.31	1.35	1.39	1.43	1.47	1.51	1.55
RETURN ON EQUITY	-11.5%	-24.4%	-13.7%	-3.8%	8.3%	9.3%	10.5%	11.6%	12.8%	14.0%	15.2%	16.5%

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UNION CROWN

MEMPHIS, TN

Exhibit D – Tax and PILOT Calculations

Union Crown Redevelopment					
Estimated Property Tax and PILOT					
			Memphis	Shelby County	Total
Factor	Appraised Value	Assessed Value	Tax	Tax	Taxes
Value	\$ 37,800,000	\$ 15,120,000	\$409,752	\$512,568	\$922,320
Current Base			\$20,007	\$25,105	\$45,112
PILOT			\$102,438	\$128,142	\$230,580
CBID					\$98,215
Total Tax With Base + PILOT + CBID					\$328,795
Savings: New Tax-PILOT					\$691,740
PILOT Fee 1.5%					\$810,000

UNION CROWN

MEMPHIS, TN

Exhibit D – Rental Assumptions

Union Crown Rent Assumptions						
Unit Type	# of Units	Unit Mix	Sq. Ft.	Rent \$	Rent Sq. Ft.	Total Sq. Ft.
Studio/1bth	50	28%	546	\$ 1,900	\$ 3.47	27,300
1bed/1bth	48	26%	725	\$ 2,250	\$ 3.10	34,800
Efficiency Studio A	24	13%	325	\$ 1,500	\$ 4.62	7,800
Efficiency Studio B	36	20%	325	\$ 1,040	\$ 3.20	11,700
1bed/1.5bth A	7	4%	800	\$ 2,350	\$ 2.94	5,600
1bed/1.5bth B	7	4%	800	\$ 2,650	\$ 3.31	5,600
2bed/2.5bth A	5	3%	1000	\$ 2,800	\$ 2.80	5,000
2bed/2.5bth B	2	1%	1200	\$ 3,350	\$ 2.79	2,400
2bed/2.5bth C	2	1%	1300	\$ 3,600	\$ 2.77	2,600
Total/Average	181	100%	780	\$ 1,875	\$ 3.30	102,800

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UNION CROWN

MEMPHIS, TN

Exhibit E – Memphis Medical District Collaborative Letter of Support



Center City Revenue Finance Corp.
c/o Downtown Memphis Commission
Eric Matthews, Chairman
114 N. Main St.
Memphis TN 38103

RE: Union Centre (1331 Union) PILOT Application

Dear Mr. Chairman,

The Memphis Medical District Collaborative (MMDC) is a non-profit community development organization dedicated to making the Memphis Medical District (the "District") more vibrant, prosperous and equitable. Our organization's priorities are focused around improving public life, strengthening commercial corridors, increasing the housing supply and generating community wealth for the more than 40,000 employees, students, and residents in the District.

One of the main drivers of our real estate program area is to increase the housing supply of the District. By supporting projects that deliver density to the District, we hope to encourage a robust housing supply that can accommodate the needs of current District residents as well as provide accommodation for the over 95% of employees and students who work and study within the area but live outside of the District.

Union Centre (1331 Union) is a critical gateway property that welcomes people into the Medical District. Its potential conversion to residential use will help soften the 3.6% vacancy rate for multifamily product that recent market studies have indicated, while providing new units that serve the workforces of neighboring institutions. The residential mix would be a welcome addition to the Medical District as it continues to grow into a vibrant, equitable and prosperous community.

Sincerely,

A handwritten signature in black ink that reads 'Rory Thomas'.

Rory Thomas, President

Union Crown Memphis, LLC

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