

# Mill Creek Run

224-Unit Class A Apartment Community  
Available for 1031 Exchange or Direct Investment



6687 Skipper Road, Macon, GA 31216

## *Investment Summary*

- Class A apartment community built in 2005 to high-quality construction standards
- Well located in Macon, Georgia and less than eight miles from Warner Robbins
- Total capitalization of \$86,607 per unit (\$74.64 psf), which is at or below current replacement cost
- Sponsor market knowledge and experience; owns five other apartment properties in Georgia
- 7-year hold period offering 6.5% yield in years 1-3, increasing by 0.25% per year thereafter
- 30-year amortization with 2-year interest only period reduces debt by over \$1 million during the 7-year hold period
- \$519,500 upfront escrow reserve plus \$67,200 per year ongoing capital reserve escrow

*This material does not constitute an offer and is authorized for use only when accompanied or preceded by a definitive confidential private placement memorandum and any applicable supplements (collectively the "PPM"). Reference is made to the PPM for a statement of risks and terms of the offering. The information set forth herein is qualified in its entirety by the PPM. All potential investors must read the PPM and no person may invest without acknowledging receipt and complete review of the PPM.*

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## The Property

- 224-unit Class A garden-style apartment community built in 2005, situated on 22.56 acres offering 1, 2 and 3 bedroom units in 14 buildings, as well as 60 garage spaces in 10 garage buildings.
- Interiors include designer kitchens with black appliances, nine foot ceilings, washer-dryer connections, large walk-in closets, ceiling fans in living rooms and bedrooms, sunrooms or private porches, pre-wired for high speed internet access, vaulted ceilings on top floors and modern lighting packages.
- Property amenities include a swimming pool with cabana and outdoor kitchen, fitness center, resident business center, volleyball court and a stocked lake with walking trails.
- Good location immediately adjacent to Interstate 75, the primary north-south highway in Georgia.
- Located within six miles of three new employment centers.
  - Tractor Supply Company recently opened a 690,000 square foot southeast distribution facility 2.6 miles from Mill Creek Run employing 200 people.
  - Kumho Tire Company is building a \$225 million, 1 million square foot manufacturing plant 4.8 miles from Mill Creek Run that will employ 300 people.
  - Aspen Products is constructing a 200,000 square foot paper products facility 6 miles from Mill Creek Run that will employ 200 people.
- Top 15 Middle Georgia employers located within 18 miles of the property, employing over 44,000 people.



## Business Strategy

Hamilton Point Property Management, LLC ("HPPM") will take over property management upon acquisition. Self-management is a key tenet of the sponsor's investment strategy and is a crucial element to maintaining institutional quality property oversight that includes revenue enhancement, cost control and tenant credit quality. The property is currently managed by a third party property manager and this is the only property in the market managed by that company.

### Revenue Enhancement

- Increase occupancy to market average for comparable properties of 93.7% (Per REISReports, April 2014). Although our goal is to achieve this market occupancy, we underwrote 91.0% occupancy in year 1, increasing to 93.0% by year 4. Overall 1Q14 market occupancy, which includes older properties, was 93.3%.
- Initiate premium unit rental rates by charging \$10 to \$15 extra for units overlooking the lake and the swimming pool.
- Create renter's insurance referral program with licensed insurance company.
- Market directly and aggressively to growing area businesses, including use of security deposit concessions and waiving of administration fee for area employees whose employers are within our outreach program.
- Set rental rates and concessions weekly based on current exposure by unit type to increase occupancy and revenue.
- Enhance fee income through enforcement of late fees, pet fees and administrative fees.
- Convert minimally used sand volleyball court to fenced pet walk area.

### Expense Control

- Most third-party multifamily management companies include significant "upcharges" in their fees. For example, when they buy capital related items such as appliances, flooring and fixtures, they charge a premium above what they pay, increasing the overall expenses of a property. Some also create upcharges on labor, accounting, and other payroll or service related items. HPPM creates no upcharges for any items.
- During acquisition due diligence, HPPM will complete a review of each expense line item and discuss with current management. Unneeded expenses will be eliminated and all significant expense line items will be competitively re-bid at acquisition and then re-bid once per year.
- Leverage economy of scale pricing on items purchased through national supply companies and service companies, including insurance, which we have through a Lloyd's led portfolio policy at approximately \$210 per unit.

Middle Georgia - Largest Employers

#	Company	City	Industry	Jobs	Proximity
1	Tractor Supply Company	Macon	Distribution	200	2.6
2	M&M Food Service Distribution Center	Macon	Distribution	190	2.6
3	Hillshire Brands Southeast Mixing Center	Macon	Distribution	175	2.6
4	Kuhmo Plant *	Macon	Manufacturing	300	4.8
5	Aspen Products *	Macon	Manufacturing	200	6
6	Armstrong World Industries	Macon	Manufacturing	405	6.3
7	Boeing	Macon	Manufacturing	544	6.7
8	The Medical Center of Central Georgia	Macon	Medical	6,200	10
9	Mercer University	Macon	Education	881	10.6
10	Robins Air Force Base	Warner Robins	Military	25,500	11.7
11	Houston Health Care	Warner Robins	Medical	2,352	12.2
12	Coliseum Health Care	Macon	Medical	1,400	12.5
13	Northrop Grumman	Warner Robins	Manufacturing	500	16.5
14	Geico Call Center	Macon	Insurance	4,700	17.1
15	YKK	Macon	Manufacturing	750	18.2
<b>Totals</b>				<b>44,297</b>	

\* Recently announced job centers.





## Unit Mix

Unit Type	# Units	Avg. in Place Rent/Month	Total Monthly Rent	Total Annual Rent	Avg S.F.	Total S.F.	Rent/S.F.
1 Bed / 1 Bath	36	\$700	\$25,200	\$302,400	857	30,852	\$0.82
2 Bed / 1 Bath Sunroom	12	\$725	\$8,700	\$104,400	954	11,448	\$0.76
2 Bed / 1 Bath	8	\$765	\$6,120	\$73,440	1,129	9,032	\$0.68
2 Bed / 2 Bath	98	\$785	\$76,930	\$923,160	1,158	113,484	\$0.68
2 Bed / 2 Bath Sunroom	22	\$800	\$17,600	\$211,200	1,254	27,588	\$0.64
3 Bed / 2 Bath	31	\$925	\$28,675	\$344,100	1,362	42,222	\$0.68
3 Bed / 2 Bath Sunroom	17	\$940	\$15,980	\$191,760	1,488	25,296	\$0.63
<b>Total</b>	<b>224</b>	<b>\$806</b>	<b>\$179,205</b>	<b>\$2,150,460</b>	<b>\$149,292</b>	<b>259,922</b>	<b>\$0.69</b>



1 Bed / 1 Bath: 857-954 Sq. Ft.



2 Bed / 2 Bath: 1,158-1,254 Sq. Ft.



2 Bed / 2 Bath: 1,129 Sq. Ft.



3 Bed / 2 Bath: 1,362-1,488 Sq. Ft.

## The Market

- Located in the South Macon submarket, 75 miles south of Atlanta and midway between Macon and fast-growing Warner Robins, GA and the economic drivers of these two cities.
- 390,000 people within a 30 mile radius; Macon's population increased by 5.0% between 2000 and 2010 (Source: Nielsen Solutions, March 2014).
- 20.8% population growth between 2000 and 2010 within 3-mile radius of property (Source: Nielsen Solutions, March 2014).
- Stable employment market with unemployment rates averaging between 4.8% and 6.3% between 2004 and 2008, then peaking at 10.4% in 2010 and dropping steadily to current 7.0% in April 2014 (Source: U.S. Bureau of Labor Statistics, April 2014).
- Warner Robins unemployment rate of 6.1% in April 2014 (Source: U.S. Bureau of Labor Statistics); population grew by 4.6% between April 1, 2010 and July 1, 2012 (Source: US Census, April 2014).
- Apartment market overall vacancy rate of 6.7% for Macon and 6.4% for competitive properties (Source: REISReports, June 2014).





## Corporate Overview

Hamilton Point Investments LLC (“HPI”) is a real estate investment firm founded in 2009 by Matthew A. Sharp and J. David Kelsey after the two merged their former companies, which were formed in 2005 and 2007, respectively. The company, through affiliated entities and managed funds, owns and operates 20 apartment properties totaling over 4,000 apartment units. HPI and its subsidiary property management company employ over 90 people. The company has a highly experienced team of seasoned professionals specialized in asset management, property management, tax issues, accounting, reporting, acquisitions and financing.

## Market Analysis

### Well situated between Macon & Warner Robins

Located in the South Macon submarket less than ten minutes from fast-growing Warner Robins, Mill Creek Run benefits from close proximity to both areas’ economic drivers. These drivers include: four hospitals totaling over 10,000 employees, including the state’s second largest hospital; over 2,500 jobs in distribution and manufacturing facilities; four universities/colleges totaling over 27,000 students; the new GEICO Call Center with 5,000 employees in Macon; and Robins Air Force Base, with 25,500 military troops and civilian workers.

### Hamilton Point Property Management

Hamilton Point Property Management LLC (“HPPM”) manages multifamily apartment properties owned by HPI affiliates. HPPM was founded by David Kelsey and Matt Sharp to manage the day-to-day activities at the properties. HPPM is run by Melissa Sheldon who is responsible for cost-effective, efficient and institutional quality property-level staffing, leasing, maintenance, contracting, marketing and reporting with over 75 property managers, maintenance supervisors, leasing agents, and maintenance staff reporting to her. Melissa has been a senior-level property management executive for over 24 years. Ms. Sheldon reports directly to Mr. Sharp and Mr. Kelsey, who are closely involved with her in property management oversight.



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