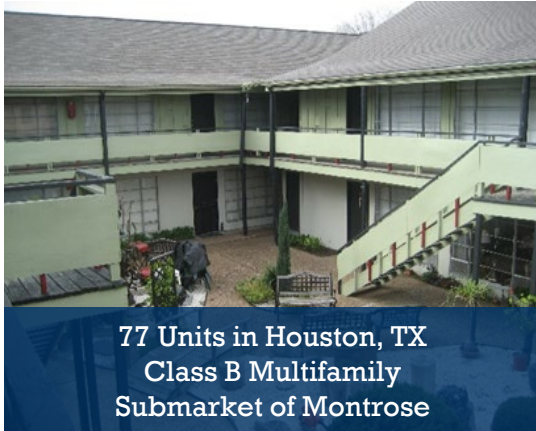


Takara Apartments

Prime Location Commands Premium Price



Asset Valuation Summary

Purchase Date: May 2014

Purchase Price: Confidential

Equity: \$1,600,000

NOI at Purchase: \$320,796

Average Rent: \$888

Sale Date: October 2018

Sale Price: Confidential

Equity Multiple: 2.9x

NOI at Sale: \$429,343

Average Rent: \$1,014

Acquisition

- Sourced off-market through broker relationship.
- Attractive price per unit based on sale comps for similar quality properties and unit mix at purchase.
- High barrier to entry for homeownership; townhomes range from \$450K-\$600K and single-family homes from \$1 million to \$5 million.
- Opportunity to improve property operations and increase asking rates.
- Ability to implement utility reimbursement program instead of operating as an "all bills paid" property.
- Historical occupancy above 95%.
- Multiple exit strategies, including possible sale to developer as land values continue to rise.

Transformation

- Exterior building improvements to revitalize the property, including roofing, balcony, stairwells and trash enclosures.
- Improved landscaping throughout property.
- Enforced Community Rules and Guidelines to improve exterior appearance.
- Outreach marketing to local businesses, schools and hospitals targeting high-quality tenants.
- Upgraded unit interiors with accent walls, faux wood flooring and appliances.
- Enhanced resident profile significantly through adherence to strict rental criteria and improved customer service.

Realization

- Buyer is active in submarket and owns several apartment buildings in the area.
- Sold at a premium price due to location and redevelopment opportunity.
- Equity multiple of 2.9x in 4.4 years
- NOI increased by 33.8%
- Gross IRR: 27.63%
- Net IRR: 22.25%