

REPRESENTATIVE MIXED-USE PROPERTY

1717 NW Confidential Street, Portland, OR 97201

Investment Real Estate Valuator & Analyzer ® 5.12

2/20/20

APARTMENT RENT INCOME			Current Avg.	Current Sched.	Current Sched.	Current Sched.	Pro Forma
# of Units	Apt. Unit Type	Sq. Feet	Monthly Rent	Rent Per Month	Rent Annualized 1	Rent Annualized 2	Rent Annualized
8	Studio	380-420	\$713	5,700	68,400	68,400	69,600 ¹
6	1 BR	460	\$780	4,680	56,160	56,160	57,240 ¹
5	2 BR	570-610	\$861	4,305	51,660	51,660	52,500 ¹
2	4 BR	1100	\$1,115	2,230	26,760	26,760	27,000 ¹
21	Total Apartment Units			16,915	202,980	202,980	206,340
ANNUAL FORECASTED APARTMENT RENT INCOME:				\$202,980	\$202,980	\$206,340¹	
Other Income:				Current Per Month	Current Annual	Current Annual	Pro Forma Annual
Plus: Laundry Income (estimated)				210	2,520	2,520	3,000
Plus: Fee, Late Charge, Utility Reim., Etc. (est.)				675	8,100	8,100	9,600
ANNUAL FORECASTED APARTMENT TOTAL INCOME:				\$213,600	\$213,600	\$218,940	
Adjustments to Income (-):			Current	Pro forma	Current Annual	Current Annual	Pro forma Annual
Less: Loss to Lease (est.)			2.0%	1.0%	(4,272)	(4,272)	(2,189)
Less: Vacancy & Credit (est.)			7.0%	6.0%	(14,952)	(14,952)	(13,136)
ANNUAL FORECASTED APARTMENT EFFECTIVE GROSS INCOME:				\$194,376	\$194,376	\$203,614	
COMMERCIAL RENT INCOME			Current Avg.	Current Sched.	Current Sched.	Current Sched.	Pro Forma
# of Units	Unit Type	Sq. Feet	Monthly Rent	Rent Per Month	Rent Annualized 1	Rent Annualized 2	Rent Annualized
1	Commercial	220	\$300	300	3,600	3,600	3,900 ²
2	Commercial	260-270	\$330	660	7,920	7,920	8,400 ²
1	Office	150	\$250	250	3,000	3,000	3,000
1	Retail	550	\$775	775	9,300	9,300	10,200 ²
1	Retail	710	\$950	950	11,400	11,400	12,000 ²
6	Total Commercial Units			2,935	35,220	35,220	37,500
ANNUAL FORECASTED COMMERCIAL RENT INCOME (Year-1):				\$35,220	\$35,220	\$37,500²	
Other Income:				Current Per Month	Current Annual	Current Annual	Pro Forma Annual
Plus: NNN Reimbursements				390	4,680	4,680	4,800
Plus: Other Tenant Reimbursements				180	2,160	2,160	2,520
ANNUAL FORECASTED COMMERCIAL TOTAL INCOME (Year-1):				\$42,060	\$42,060	\$44,820	
Adjustments to Income (-):			Current	Pro forma	Current Annual	Current Annual	Pro forma Annual
Less: Vacancy & Credit Loss (est.)			15.0%	7.5%	(6,309) ³	(6,309) ³	(3,362) ³
ANNUAL FORECASTED COMMERCIAL EFFECTIVE GROSS INCOME:				\$35,751	\$35,751	\$41,459	
ANNUAL FORECASTED TOTAL EFFECTIVE GROSS INCOME:				\$230,127	\$230,127	\$245,073	
ANNUAL FORECASTED EXPENSES & RESERVES:							
Property Taxes				14,230	14,657	14,657	
Property Insurance				4,410	4,500	4,500	
Owner Paid Utilities				19,143	20,000 ⁴	20,000 ⁴	
Repairs, Maintenance, Turnover, Cleaning & Landscaping				21,227 ⁵	17,260 ⁵	18,380 ⁵	
Resident and/or Professional Management				6,000 ⁶	19,561 ⁶	20,000 ⁶	
Miscellaneous (items not included above)				2,340	3,000	3,000	
Capital and Replacement Reserves				7,790 ⁷	6,750 ⁷	6,750 ⁷	
TOTAL ANNUAL FORECASTED EXPENSES & RESERVES:				\$75,140	\$85,727	\$87,287	
Per Unit				\$2,783	\$3,175	\$3,233	
Percent of Effective Gross Income				32.7%	37.3%	35.6%	
PROJECTED NET OPERATING INCOME (NOI):				\$154,987	\$144,400	\$157,785	
PROJECTED VALUE BY INCOME APPROACH @			6.50%	CAP RATE =	\$2,384,415	\$2,221,534	\$2,427,465
PROJECTED VALUE BY INCOME APPROACH @			6.75%	CAP RATE =	\$2,296,104	\$2,139,255	\$2,337,559
PROJECTED VALUE BY INCOME APPROACH @			7.00%	CAP RATE =	\$2,214,100	\$2,062,853	\$2,254,075
Applying CAPITALIZATION RATES requires specific/current market knowledge - CONSULT AN EXPERT - Errors can result in financial losses							
CAP RATE BASED ON VALUE/PRICE OF...			\$2,175,000	=	7.13%	6.64%	7.25%

Footnotes:

(1) Reflects full market rents of \$725 (Studio), \$795 (1 BR), \$875 (2 BR), \$1125 (4 BR) - based on like-kind comparables.

(2) Reflects pending lease increases in the next 1-4 months.

(3) Actual loss to vacancy prior tax year was ~23% due to remodel. Adjusted to 15% for analysis purposes. Pro forma= 7.5% (market).

(4) Reflects likely increase in utility rates (estimated).

(5) Prior tax year includes non-recurring remodel items. Stabilized & Projected reflect 7.5% of Effective Gross Income (market-norm).

(6) Prior tax year reflects owner management + onsite support. Stabilized= 8.5% of EGI (market-norm). Projected= next year budget.

(7) Prior tax year includes extra remodel items. Stabilized & Projected budgeted at \$250 per unit/per year (market-norm).

(8) n/a

NOTE: Replace above footnote examples with those applicable to subject property - otherwise enter "n/a".