9 Units on S 9th Street

601 South 9th Street
San Jose, CA 95112

For more information contact:

Michael Shields, CCIM
Commercial Investment Broker
408-356-1900
michael@svmultifamily.com
BRE 01327546

- Offering Price: $1,175,000
  Best priced multifamily property available in San Jose!
- Nine Units: (2) 1 BR/1 BA units, (1) Studio, (6) SRO Rooms with shared bathrooms. All units legal.
- Current Financials: 5.6% Cap Rate; 11.7 GRM
  Pro Forma Financials: 6.3% Cap Rate, 10.8 GRM
- Tenant Mix: Working Professionals and Students
  Consistently High Occupancy Rate
- Fully Rented. High Occupancy Rate Due to Proximity to University
  Two Blocks from San Jose State University.

SILICON VALLEY MULTIFAMILY GROUP®

Table of Contents

9 Units on S 9th Street

Property Overview

601 South 9th Street
San Jose, CA 95112

Silicon Valley
Multifamily Group®

Michael Shields, CCIM
408-356-1900

Acquisition Costs

Purchase Price, Points and Closing Costs	$1,186,658
Investment - Cash	$270,815
First Loan	$915,843

Investment Information

Purchase Price	$1,175,000
Price per Unit	$130,556
Price per Sq. Ft.	$313.84
Income per Unit	$11,187
Expenses per Unit	($3,564)

Income, Expenses & Cash Flow

Gross Scheduled Income	$100,680
Total Vacancy and Credits	($3,020)
Operating Expenses	($32,074)
Net Operating Income	$65,586
Debt Service	($52,468)
Cash Flow Before Taxes	$13,117

Total Interest (Debt Service)	($36,340)
Depreciation and Amortization	($33,654)
Taxable Income (Loss)	($4,408)
Tax Savings (Costs)	$1,957
Cash Flow After Taxes	$15,074

Financial Indicators

Cash on Cash Return Before Taxes	4.84%
Optimal Internal Rate of Return (yr 5)	13.92%
Debt Coverage Ratio	1.25
Capitalization Rate	5.58%
Gross Rent Multiplier	11.67
Gross Income / Square Feet	$26.89
Gross Expenses / Square Feet	($8.57)
Operating Expense Ratio	32.84%

601 South 9th Street
San Jose, CA 95112

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Analysis

Analysis Date	May 2017

Property

Property	9 Units on S 9th Street
Property Address	601 South 9th Street San Jose, CA 95112
Year Built	1925

Purchase Information

Property Type	MultiFamily
Purchase Price	$1,175,000
Fair Market Value	$1,175,000
Units	9
Total Rentable Sq. Ft.	3,744
Resale Valuation	3.0% (annual appreciation)
Resale Expenses	6.0%

Financial Information

Down Payment	$259,157
Closing Costs	$2,500
LT Capital Gain	20.00%
Federal Tax Rate	35.0%
State Tax Rate	9.4%
Discount Rate	3.00%

Loans

Type	Debt	Term	Amortization	Rate	Payment	LO Costs
Fixed	$915,843	30 years	30 years	4.0%	$4,372	$9,158

Income & Expenses

Gross Operating Income	$97,660
Monthly GOI	$8,138
Total Annual Expenses	($32,074)
Monthly Expenses	($2,673)

Contact Information

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9 Unit Multifamily Property in Downtown San Jose

Two Blocks From University - High Occupancy Rate

This nine unit multifamily property is located in Downtown San Jose, just 2 blocks from San Jose State University. Many of the tenants are students and due to the property's proximity to the University, occupancy rates have consistently been high.

The property has nine (9) units; Two (2) one bed / one bath units, (1) Studio, and 6 single room occupancy (SRO) units that share 2.5 bathrooms. Five SRO units have sinks. Most units have landlord supplied refrigerators. All units are legal and permitted. There is a two car garage and two additional parking spaces in front of the garage. Additional parking can be found on the surrounding streets and is legal with a permit. There is also a basement with storage lockers for tenants.

The building was built in 1925 and is constructed of wood frame with stucco siding and a concrete foundation. The roof is slightly pitched over the living structure and was replaced with a modified bitumen roofing system (2006).

All utilities are master metered and paid by the landlord. These include water, sewer, gas and electric and landscaping. The lot is small and requires minimal care.

Capital Improvements undertaken since 2006 include new roof (2006), new hot water heater (2007), 6 new refrigerators and 3 new gas ranges (2005 - 2008), carpeting (2005 - 2007), interior paint (2005 - 2008).

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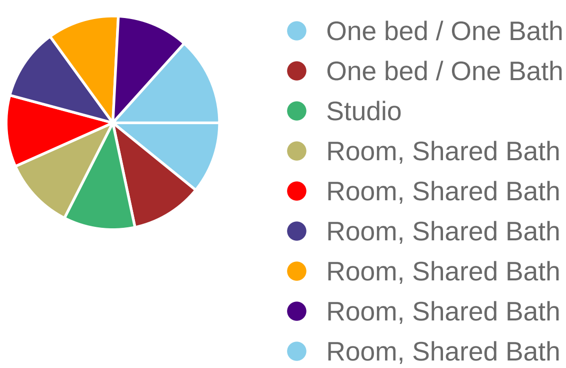
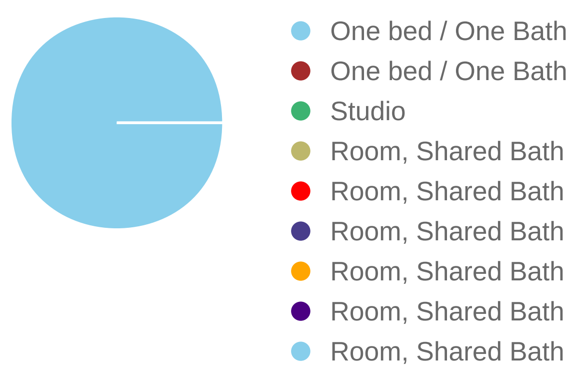
Unit Mixes

Units	Type	Approx. SqFt	Avg. Rents	Monthly	Mkt Rents	Monthly
1	One bed / One Bath	0	$1,500	$1,500	$1,700	$1,700
1	One bed / One Bath	0	$1,530	$1,530	$1,700	$1,700
1	Studio	0	$1,450	$1,450	$1,500	$1,500
1	Room, Shared Bath	0	$700	$700	$700	$700
1	Room, Shared Bath	0	$700	$700	$700	$700
1	Room, Shared Bath	0	$650	$650	$700	$700
1	Room, Shared Bath	0	$620	$620	$700	$700
1	Room, Shared Bath	0	$620	$620	$700	$700
1	Room, Shared Bath	0	$620	$620	$700	$700
9		0		$8,390		$9,100

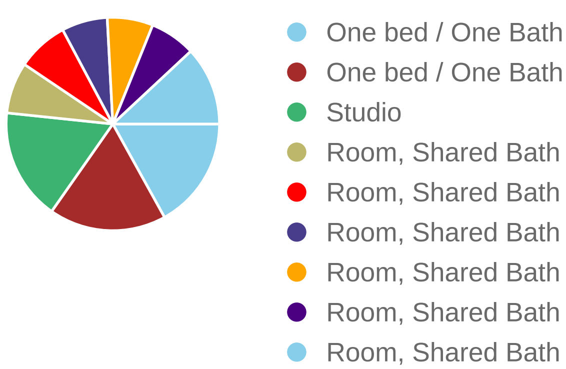
Unit Mix



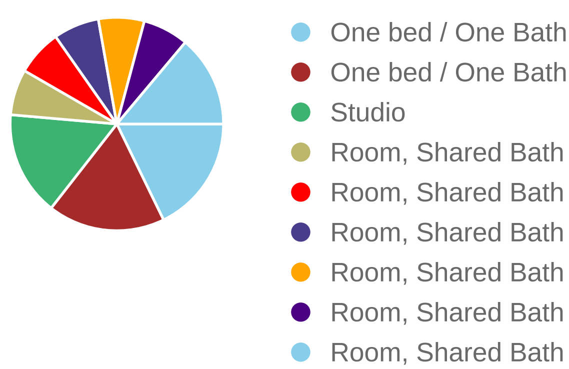
Unit Mix Square Feet



Unit Mix Income



Unit Mix Market Income



601 South 9th Street
San Jose, CA 95112
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Property Photos 1

Front View

Side View

Side View

Rear View

601 South 9th Street
San Jose, CA 95112

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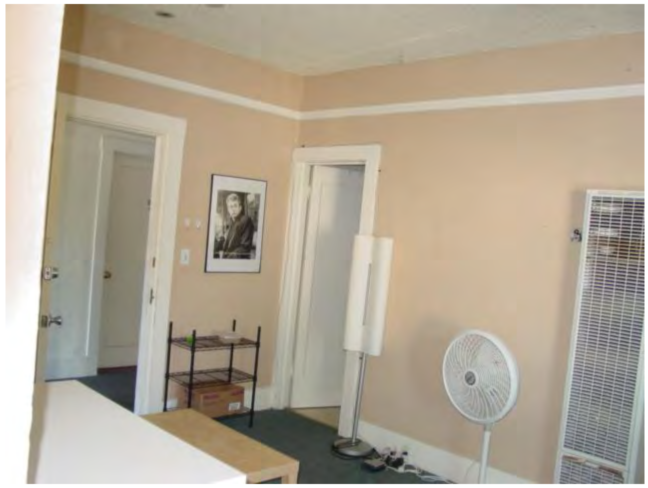
Property Photographs

Livingroom



Livingroom

Kitchens

Hallway

Basement

Basement

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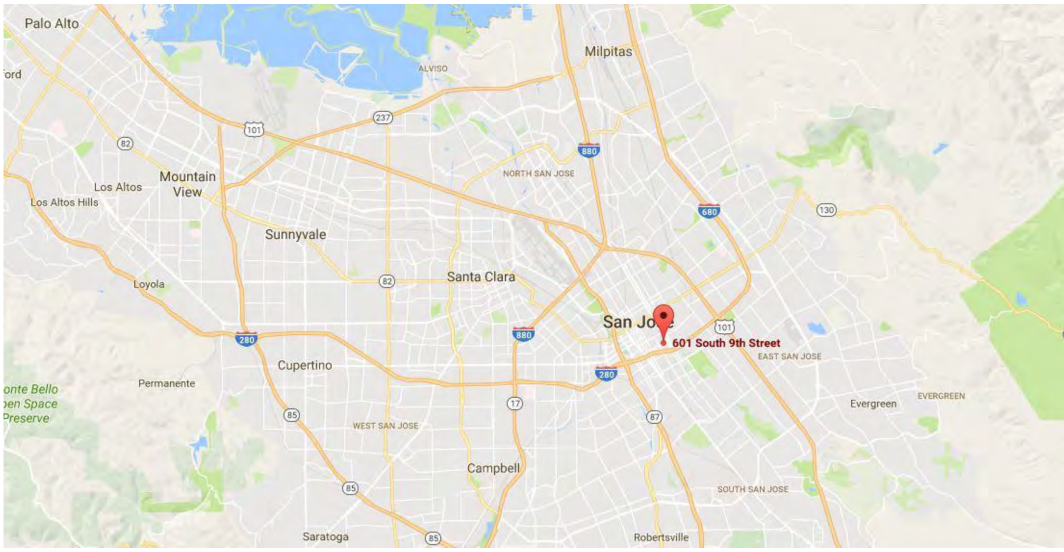
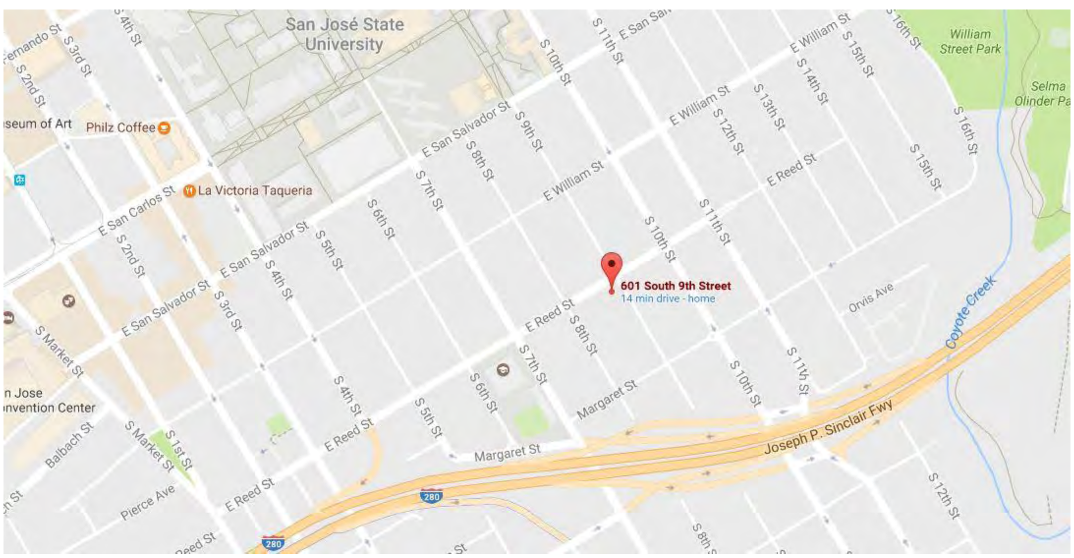
Location Maps

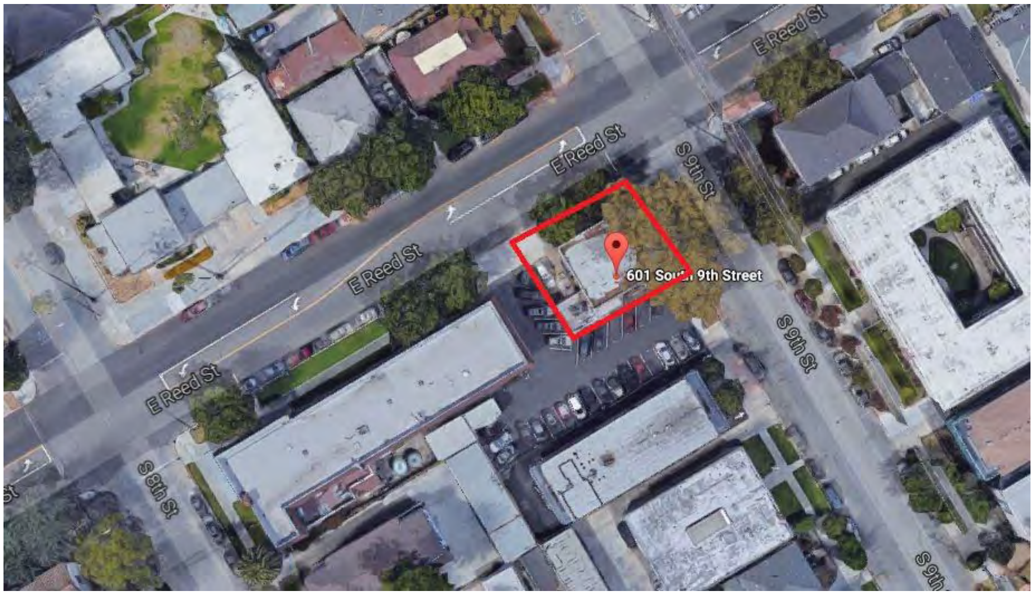


Regional Map

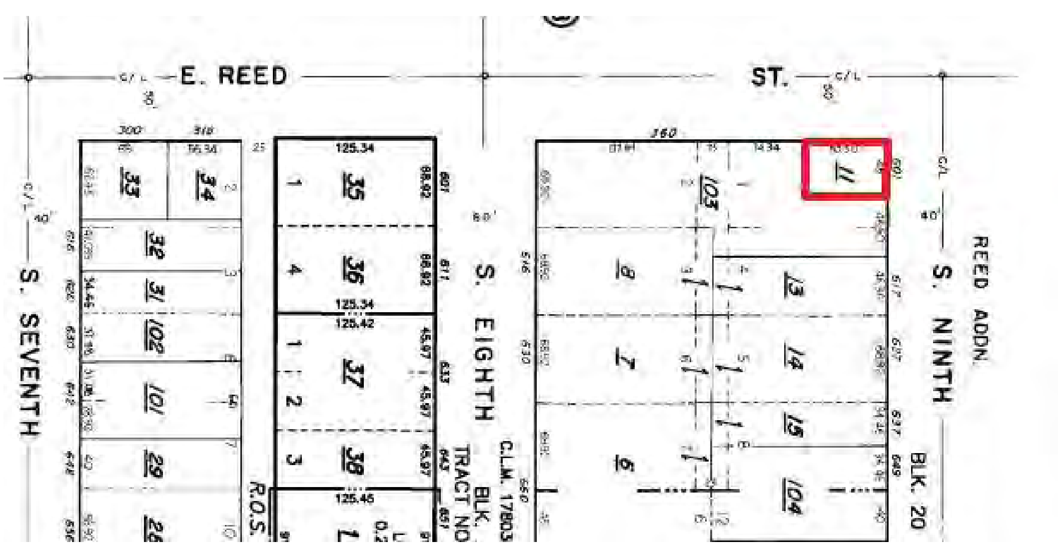


Local Map

Aerial & Parcel Maps



Aerial View



Parcel Map

9 Units on S 9th Street

Financial Analysis

601 South 9th Street
San Jose, CA 95112

Silicon Valley Multifamily Group®

Annual Property Operating Data

SILICON VALLEY MULTIFAMILY GROUP

601 South 9th Street
San Jose, CA 95112

Michael Shields, CCIM
408-356-1900

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Income	$100,680	$105,714	$111,000	$116,550	$122,377
GROSS SCHEDULED INCOME	$100,680	$105,714	$111,000	$116,550	$122,377
General Vacancy	($3,020)	($3,171)	($3,330)	($3,496)	($3,671)
GROSS OPERATING INCOME	$97,660	$102,543	$107,670	$113,053	$118,706
Expenses					
Property Taxes &	($18,772)	($18,960)	($19,149)	($19,341)	($19,534)
Insurance	($1,880)	($1,936)	($1,994)	($2,054)	($2,116)
Utilties (Gas, Elec., Water,	($6,321)	($6,511)	($6,706)	($6,907)	($7,114)
Utilities Water & Sewer	($1,694)	($1,745)	($1,797)	($1,851)	($1,907)
Maintenance & Repairs	($654)	($674)	($694)	($715)	($736)
Cleaning	($960)	($989)	($1,018)	($1,049)	($1,080)
Business Tax & Permits	($833)	($858)	($884)	($910)	($938)
Landscaping	($960)	($960)	($960)	($960)	($960)
TOTAL OPERATING EXPENSES	($32,074)	($32,632)	($33,203)	($33,787)	($34,385)
NET OPERATING INCOME	$65,586	$69,911	$74,467	$79,266	$84,321

Cash Flow Analysis

SILICON VALLEY MULTIFAMILY GROUP

601 South 9th Street
San Jose, CA 95112

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Description	Year 1	Year 2	Year 3	Year 4	Year 5
GROSS SCHEDULED INCOME	$100,680	$105,714	$111,000	$116,550	$122,377
General Vacancy	($3,020)	($3,171)	($3,330)	($3,496)	($3,671)
Total Operating Expenses	($32,074)	($32,632)	($33,203)	($33,787)	($34,385)
NET OPERATING INCOME	$65,586	$69,911	$74,467	$79,266	$84,321
Loan Payment	($52,468)	($52,468)	($52,468)	($52,468)	($52,468)
NET CASH FLOW (b/t)	$13,117	$17,442	$21,998	$26,797	$31,852
Cash On Cash Return b/t	4.84%	6.44%	8.12%	9.90%	11.76%
NET OPERATING INCOME	$65,586	$69,911	$74,467	$79,266	$84,321
Depreciation	($33,349)	($34,804)	($34,804)	($34,804)	($33,352)
Amortization	($305)	($305)	($305)	($305)	($305)
Loan Interest	($36,340)	($35,683)	($34,999)	($34,287)	($33,547)
TAXABLE INCOME (LOSS)	($4,408)	($881)	$4,359	$9,870	$17,117
Income Taxes	$1,957	$391	($1,935)	($4,382)	($7,600)
CASH FLOW (a/t)	$15,074	$17,833	$20,063	$22,415	$24,252
Cash On Cash Return a/t	5.57%	6.59%	7.41%	8.28%	8.96%

Footnotes: b/t = before taxes;a/t = after taxes

Financial Indicators

601 South 9th Street
San Jose, CA 95112

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408-356-1900

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Rent Multiplier	12.02	11.79	11.57	11.35	11.13
Capitalization Rate	5.58%	5.95%	6.34%	6.75%	7.18%
Cash On Cash Return b/t	4.84%	6.44%	8.12%	9.90%	11.76%
Cash On Cash Return a/t	5.57%	6.59%	7.41%	8.28%	8.96%
Debt Coverage Ratio	1.25	1.33	1.42	1.51	1.61
Gross Income per Sq. Ft.	$26.89	$28.24	$29.65	$31.13	$32.69
Expenses per Sq. Ft.	($8.57)	($8.72)	($8.87)	($9.02)	($9.18)
Net Income Multiplier	18.45	17.83	17.24	16.68	16.15
Operating Expense Ratio	32.84%	31.82%	30.84%	29.89%	28.97%
Loan To Value Ratio	74.34%	70.83%	67.41%	64.07%	60.81%

Footnotes: b/t = before taxes; a/t = after taxes

Pro Forma Summary

SILICON VALLEY MULTIFAMILY GROUP

601 South 9th Street
San Jose, CA 95112

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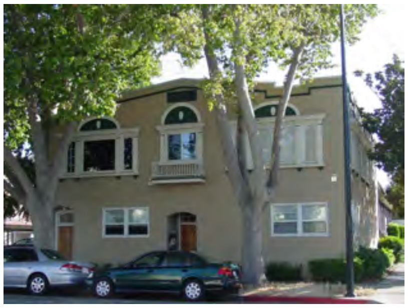


Unit Mix & Annual Scheduled Income

Type	Units	Actual	Total	Market	Total
One bed / One Bath	1	$18,000	$18,000	$20,400	$20,400
One bed / One Bath	1	$18,360	$18,360	$20,400	$20,400
Studio	1	$17,400	$17,400	$18,000	$18,000
Room, Shared Bath	1	$8,400	$8,400	$8,400	$8,400
Room, Shared Bath	1	$8,400	$8,400	$8,400	$8,400
Room, Shared Bath	1	$7,800	$7,800	$8,400	$8,400
Room, Shared Bath	1	$7,440	$7,440	$8,400	$8,400
Room, Shared Bath	1	$7,440	$7,440	$8,400	$8,400
Room, Shared Bath	1	$7,440	$7,440	$8,400	$8,400
TOTALS	**9**		**$100,680**		**$109,200**

Investment Summary

Price:	$1,175,000
Year Built:	1925
Units:	9
Price/Unit:	$130,556
RSF:	3,744
Price/RSF:	$313.84
Lot Size:	2,614 sf
Floors:	2
Parking Spaces:	.44/unit
APN:	472-24-011
Cap Rate:	5.58%
Market Cap Rate:	6.29%
GRM:	11.67
Market GRM:	10.76

Annualized Income

	Actual	Market
Gross Potential Rent	$100,680	$109,200
Less: Vacancy	($3,020)	($3,276)
Effective Gross Income	**$97,660**	**$105,924**
Less: Expenses	($32,074)	($32,074)
Net Operating Income	**$65,586**	**$73,850**
Debt Service	($52,468)	($52,468)
Net Cash Flow after Debt Service	**$13,117**	**$21,382**
Principal Reduction	$16,128	$16,128
Total Return	**$29,245**	**$37,510**

Financing Summary

Loan Amount:	$915,843
Down Payment:	$259,157
Loan Type:	Fixed
Interest Rate:	4%
Term:	30 years
Monthly Payment:	$4,372
DCR:	1.25

Annualized Expenses

	Actual	Market
Property Taxes & Assessments	$18,772	$18,772
Insurance	$1,880	$1,880
Utilties (Gas, Elec., Water, trash)	$6,321	$6,321
Utilities Water & Sewer	$1,694	$1,694
Maintenance & Repairs	$654	$654
Cleaning	$960	$960
Business Tax & Permits	$833	$833
Landscaping	$960	$960
Total Expenses	**$32,074**	**$32,074**
Expenses Per RSF	**$8.57**	**$8.57**
Expenses Per Unit	**$3,564**	**$3,564**

9 Units on S 9th Street

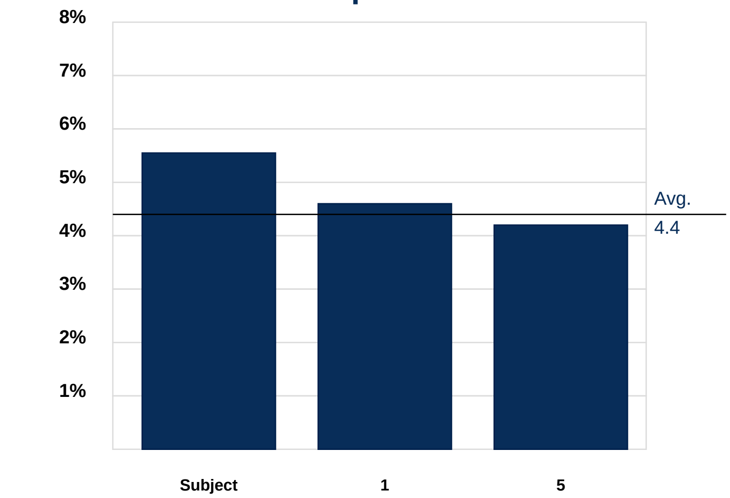
Comparables

601 South 9th Street
San Jose, CA 95112

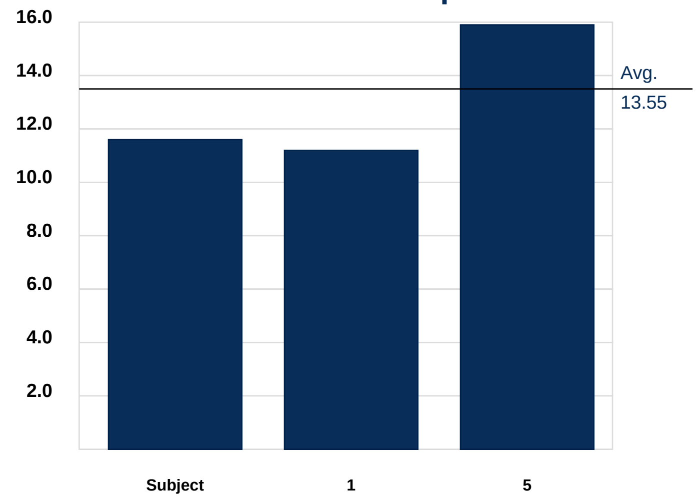
SILICON VALLEY MULTIFAMILY GROUP®

Michael Shields, CCIM
408-356-1900

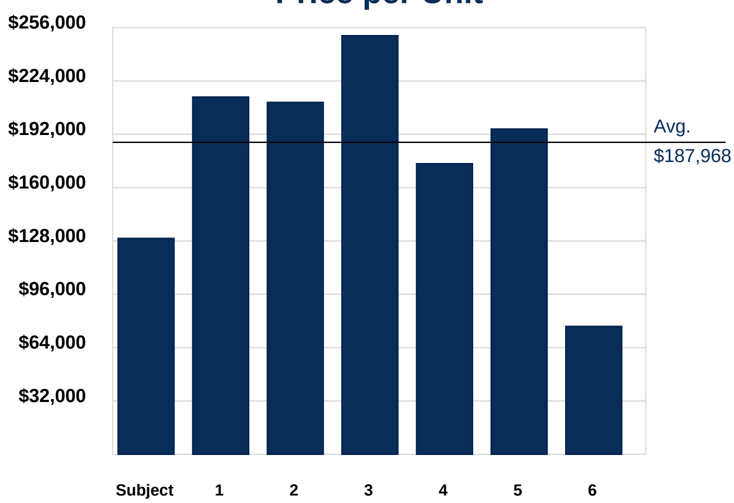
Cap Rate



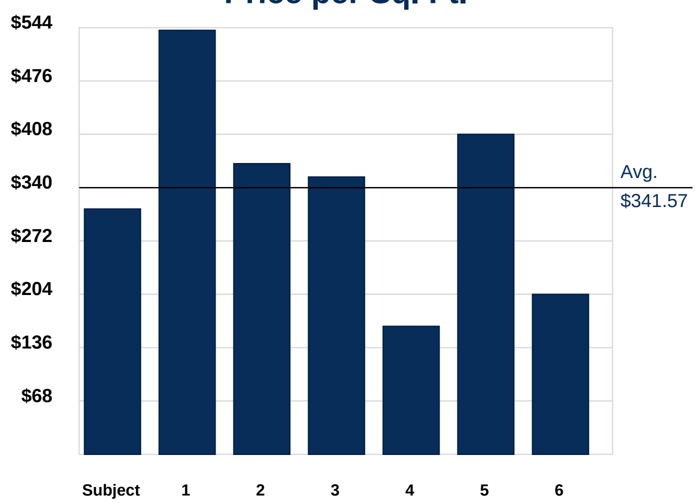
Gross Rent Multiplier



Price per Unit



Price per Sq. Ft.



601 South 9th Street
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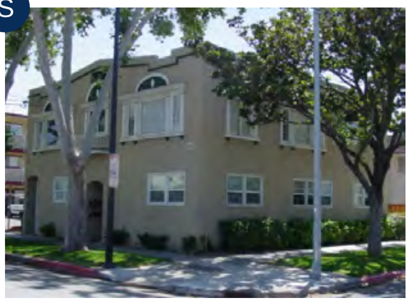

9 Units on S 9th Street
601 South 9th Street
San Jose, CA 95112

Sale Price	$1,175,000
Units	9
Price/Unit	$130,556
Price/SqFt	$313.84
Cap Rate	5.58%
Year Built	1925
GRM	11.67

# Units	Unit Type
1	One bed / One Bath
1	One bed / One Bath
1	Studio
1	Room, Shared Bath
1	Room, Shared Bath
1	Room, Shared Bath
1	Room, Shared Bath

*remaining units not displayed

NOTES
(2) 1/1 units
(1) studio
(6) rooms w/sinks, sharing 2.5 bathrooms

1

Sale Date 1/31/2017

6 Units on E. William
170 E. William Street
San Jose, CA 95112

Sale Price	$1,292,000
Units	6
Price/Unit	$215,333
Price/SqFt	$541.49
Cap Rate	4.6%
Year Built	1898
GRM	11.2

# Units	Unit Type
6	One Bedroom One Bath

2

Sale Date 10/7/2016

6 Units on W. William
596 W. William St.
San Jose, CA 95125

Sale Price	$1,272,000
Units	6
Price/Unit	$212,000
Price/SqFt	$371.60
Cap Rate	N/A
Year Built	1957
GRM	N/A

# Units	Unit Type
4	Studio/Efficiency
2	Two Bedroom One Bath

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601 South 9th Street
San Jose, CA 95112
Michael Shields, CCIM
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3

5 Units on N 5th
323 N 5th Street
San Jose, CA 95112

Sale Price	$1,260,000	# Units	Unit Type
Units	5	5	One Bedroom One Bath
Price/Unit	$252,000		
Price/SqFt	$354.93		
Cap Rate	N/A		
Year Built	1904		
GRM	N/A		

Sale Date 11/1/2016

4

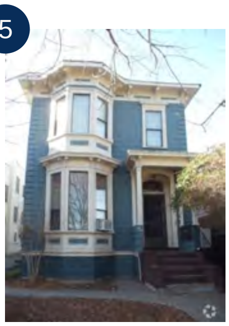
7 units on S 8th
555 S 8th St
San Jose, CA 95112

Sale Price	$1,222,500	# Units	Unit Type
Units	7	7	One Bedroom One Bath
Price/Unit	$174,643		
Price/SqFt	$165.65		
Cap Rate	N/A		
Year Built	1958		
GRM	N/A		

Sale Date 4/4/2017

NOTES
This apartment building has a mix of one and two bedroom units.

5



6 Units on S 3rd Street
427 S. 3rd Street
San Jose, CA 95112

Sale Price	$1,175,000	# Units	Unit Type
Units	6	5	Studio/Efficiency
Price/Unit	$195,833	1	One Bedroom One Bath
Price/SqFt	$410.27		
Cap Rate	4.2%		
Year Built	1898		
GRM	15.9		

Sale Date 12/22/2016

601 South 9th Street
San Jose, CA 95112

Michael Shields, CCIM
408-356-1900

6

Sale Date 10/28/2016

15 units on S 3rd
395 S 3rd Street
San Jose, CA 95112

Sale Price	$1,170,000
Units	15
Price/Unit	$78,000
Price/SqFt	$205.48
Cap Rate	N/A
Year Built	1900
GRM	N/A

# Units	Unit Type
1	Studio/Efficiency
12	One Bedroom One Bath
1	Two Bedroom One Bath
1	Three Bedroom One Bath

601 South 9th Street
San Jose, CA 95112

Michael Shields, CCIM
408-356-1900

S 601 South 9th Street
San Jose, CA, 95112
$1,175,000

1 170 E. William Street
San Jose, CA, 95112
$1,292,000

2 596 W. William St.
San Jose, CA, 95125
$1,272,000

3 323 N 5th Street
San Jose, CA, 95112
$1,260,000

4 555 S 8th St
San Jose, CA, 95112
$1,222,500

5 427 S. 3rd Street
San Jose, CA, 95112
$1,175,000

6 395 S 3rd Street
San Jose, CA, 95112
$1,170,000

9 Units on S 9th Street

Demographics

601 South 9th Street
San Jose, CA 95112

SILICON VALLEY
MULTIFAMILY GROUP®

Silicon Valley Multifamily Group

Executive Summary

601 S 9th St, San Jose, California, 95112
Rings: 1, 3, 5 mile radii

Prepared by Esri
Latitude: 37.33104
Longitude: -121.87530

	1 mile	3 miles	5 miles
Population			
2000 Population	37,513	259,182	625,608
2010 Population	38,004	267,255	648,092
2016 Population	40,881	288,988	691,180
2021 Population	43,628	310,125	736,130
2000-2010 Annual Rate	0.13%	0.31%	0.35%
2010-2016 Annual Rate	1.17%	1.26%	1.04%
2016-2021 Annual Rate	1.31%	1.42%	1.27%
2016 Male Population	54.4%	51.6%	50.6%
2016 Female Population	45.6%	48.4%	49.4%
2016 Median Age	28.4	33.0	34.6

In the identified area, the current year population is 691,180. In 2010, the Census count in the area was 648,092. The rate of change since 2010 was 1.04% annually. The five-year projection for the population in the area is 736,130 representing a change of 1.27% annually from 2016 to 2021. Currently, the population is 50.6% male and 49.4% female.

Median Age

The median age in this area is 28.4, compared to U.S. median age of 38.0.

	1 mile	3 miles	5 miles
Race and Ethnicity			
2016 White Alone	42.6%	38.6%	38.9%
2016 Black Alone	4.6%	3.4%	3.2%
2016 American Indian/Alaska Native Alone	1.2%	1.1%	0.9%
2016 Asian Alone	20.9%	26.7%	32.0%
2016 Pacific Islander Alone	0.4%	0.4%	0.4%
2016 Other Race	24.9%	24.8%	19.5%
2016 Two or More Races	5.2%	4.9%	5.1%
2016 Hispanic Origin (Any Race)	49.7%	49.6%	39.8%

Persons of Hispanic origin represent 39.8% of the population in the identified area compared to 17.9% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 86.7 in the identified area, compared to 63.5 for the U.S. as a whole.

	1 mile	3 miles	5 miles
Households			
2000 Households	10,725	72,541	186,404
2010 Households	12,062	81,425	201,210
2016 Total Households	13,075	87,637	212,686
2021 Total Households	14,094	94,152	226,311
2000-2010 Annual Rate	1.18%	1.16%	0.77%
2010-2016 Annual Rate	1.30%	1.18%	0.89%
2016-2021 Annual Rate	1.51%	1.44%	1.25%
2016 Average Household Size	2.78	3.19	3.18

The household count in this area has changed from 201,210 in 2010 to 212,686 in the current year, a change of 0.89% annually. The five-year projection of households is 226,311, a change of 1.25% annually from the current year total. Average household size is currently 3.18, compared to 3.15 in the year 2010. The number of families in the current year is 148,176 in the specified area.

Data Note: Income is expressed in current dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021. Esri converted Census 2000 data into 2010 geography.

May 04, 2017

SILICON VALLEY MULTIFAMILY GROUP

Executive Summary

601 S 9th St, San Jose, California, 95112
Rings: 1, 3, 5 mile radii

Prepared by Esri
Latitude: 37.33104
Longitude: -121.87530

	1 mile	3 miles	5 miles
Median Household Income			
2016 Median Household Income	$41,647	$57,167	$73,024
2021 Median Household Income	$42,612	$63,686	$81,737
2016-2021 Annual Rate	0.46%	2.18%	2.28%
Average Household Income			
2016 Average Household Income	$68,632	$84,022	$97,788
2021 Average Household Income	$74,074	$91,561	$106,530
2016-2021 Annual Rate	1.54%	1.73%	1.73%
Per Capita Income			
2016 Per Capita Income	$24,055	$26,377	$30,806
2021 Per Capita Income	$25,847	$28,644	$33,427
2016-2021 Annual Rate	1.45%	1.66%	1.65%

Households by Income

Current median household income is $73,024 in the area, compared to $54,149 for all U.S. households. Median household income is projected to be $81,737 in five years, compared to $59,476 for all U.S. households

Current average household income is $97,788 in this area, compared to $77,008 for all U.S. households. Average household income is projected to be $106,530 in five years, compared to $84,021 for all U.S. households

Current per capita income is $30,806 in the area, compared to the U.S. per capita income of $29,472. The per capita income is projected to be $33,427 in five years, compared to $32,025 for all U.S. households

	1 mile	3 miles	5 miles
Housing			
2000 Total Housing Units	11,040	74,450	190,192
2000 Owner Occupied Housing Units	2,666	32,570	103,596
2000 Renter Occupied Housing Units	8,059	39,972	82,807
2000 Vacant Housing Units	315	1,908	3,789
2010 Total Housing Units	13,187	86,324	211,066
2010 Owner Occupied Housing Units	3,082	34,430	105,595
2010 Renter Occupied Housing Units	8,980	46,995	95,615
2010 Vacant Housing Units	1,125	4,899	9,856
2016 Total Housing Units	14,105	92,395	222,042
2016 Owner Occupied Housing Units	3,165	35,375	107,543
2016 Renter Occupied Housing Units	9,910	52,262	105,143
2016 Vacant Housing Units	1,030	4,758	9,356
2021 Total Housing Units	15,137	99,324	236,514
2021 Owner Occupied Housing Units	3,355	37,610	113,449
2021 Renter Occupied Housing Units	10,739	56,542	112,861
2021 Vacant Housing Units	1,043	5,172	10,203

Currently, 48.4% of the 222,042 housing units in the area are owner occupied; 47.4%, renter occupied; and 4.2% are vacant. Currently, in the U.S., 55.4% of the housing units in the area are owner occupied; 32.9% are renter occupied; and 11.7% are vacant. In 2010, there were 211,066 housing units in the area - 50.0% owner occupied, 45.3% renter occupied, and 4.7% vacant. The annual rate of change in housing units since 2010 is 2.28%. Median home value in the area is $582,737, compared to a median home value of $198,891 for the U.S. In five years, median value is projected to change by 1.00% annually to $612,455.

Data Note: Income is expressed in current dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021. Esri converted Census 2000 data into 2010 geography.

May 04, 2017

DISCLAIMER

All materials and information received or derived from Silicon Valley Multifamily Group (SVMG) its directors, officers, agents, advisors, and/or any third party sources are provided without representation or warranty as to completeness, veracity, or accuracy, condition of the property, compliance or lack of compliance with applicable governmental requirements, developability or suitability, financial performance of the property, projected financial performance of the property for any party's intended use or any and all other matters.

Neither SVMG its directors, officers, agents, or affiliates makes any representation or warranty, express or implied, as to accuracy or completeness of the any materials or information provided, derived, or received. Materials and information from any source, whether written or verbal, that may be furnished for review are not a substitute for a party's active conduct of its own due diligence to determine these and other matters of significant chance to such party. SVMG will not investigate or verify any such matters or conduct due diligence for a party unless otherwise agreed in writing. PLEASE NOTE: The Seller(s) desires to sell the property in "its present physical condition (as-is) subject to inspection and reports.

EACH PARTY SHALL CONDUCT ITS OWN INDEPENDENT INVESTIGATION AND DUE DILIGENCE.

Any party contemplating or under contract or in escrow for a transaction is urged to verify all information and to conduct their own inspections and investigations including those through appropriate third party independent professionals selected by such party. All financial data should be verified by the party including by obtaining and reading applicable documents and reports and consulting appropriate independent professionals. *SVMG makes no warranties and/or representations regarding the veracity, completeness, or relevance of any financial data or assumptions*. SVMG does not serve as a financial advisor to any party regarding any proposed transaction. When analyzing this property buyer should use income, vacancy and expense levels that will accurately reflect the manner in which it plans to operate the property. Broker, Agent and Seller are making no representations or warranties as to the level of income or expenses Buyer will incur at the property.

Building square footage, unit square footage and lot sizes are not guaranteed. Broker, Agent and Seller have not measured the units, lot or the building and are making NO representation as to the accuracy of square footage figures. Data source for building size and lot size is provided by an online resource such as that provided by Chicago Title Company. SVMG is not responsible for errors in the data. Buyer should measure all units, lot and the building prior to purchase and should not rely on any square footage figures provided by Broker, Agent or Seller.

All data and assumptions regarding financial performance, including that used for financial modeling purposes, may differ from actual data or performance. Any estimates of market rents and/or projected rents that may be provided to a party do not necessarily mean that rents can be established at or increased to that level. Parties must evaluate any applicable contractual and governmental limitations as well as market conditions, vacancy factors and other issues in order to determine rents from or for the property. Legal questions should be discussed by the party with an attorney. Tax questions should be discussed by the party with a certified public accountant or tax attorney. Title questions should be discussed by the party with a title officer or attorney. Questions regarding the condition of the property and whether the property complies with applicable governmental requirements should be discussed by the party with appropriate engineers, architects, contractors, other consultants and governmental agencies.

• Do Not Disturb -- Please respect the Seller's request that the tenants not be disturbed. Unless otherwise indicated, all offers are to be written subject to inspection. The Seller will provide access for the Buyer to inspect the interiors of all units within a reasonable period following a fully executed purchase contract. Seller requests that all inspections be made on the same day.

• Representation -- This information is given with the understanding that all negotiations relating to the purchase of the property described herein shall be conducted through SVMG.

All properties and services are marketed by SVMG in compliance with all applicable fair housing and equal opportunity laws.

OFFERING MEMORANDUM NOTES

Gross Annual Scheduled Income & the Gross Rent Multiplier are based on current rents shown in the Rent Roll. These rent levels are current rent levels at the time this package was prepared and subject to change without notice. Buyer should review most recent rent roll prior to purchase. The laundry income was based on either previous year actual levels or annualized current income.
Gross Annual Scheduled Income & Gross Income Multiplier (Market or Pro Forma) assumes the units are all rented at the rent levels shown in the Pro Forma Summary. These rent levels are not guaranteed to be achievable by Seller, Broker or Agent. Buyer should use rent levels it thinks it can obtain for the subject property.
Capitalization Rate is based on rents, expenses and vacancy figures shown in the Operating Statement.
Pro Forma Capitalization Rate is based on rents, expenses and vacancy figures shown in the Pro-Forma Operating Statement Pro-Forma (Market) column. See Pro Forma Operating Statement Footnotes and Disclaimers in this section of the Offering Memorandum.
Year Built: Data source is provided through the Chicago Title Company online resource. Seller, Broker and Agent are making no guarantee or representations as to when the improvements were built. Buyer should conduct its own investigation to determine age of improvements.

UNIT MIX/SCHEDULED INCOME OVERVIEW FOOTNOTES

Current Rent Column is based on current rents shown in the Rent Roll. These rent levels are current rent levels at the time this package was prepared and subject to change without notice. Buyer should review most recent rent roll prior to purchase.
Pro Forma or Market Rents assumes the units are all rented at the estimated market rent levels shown in the rent roll. Please note that current rents are not at these levels. Pro Forma rent levels are not guaranteed to be achievable by Seller, Broker or Agent. Buyer should use rent levels it thinks it can obtain for the subject property.
Purchase Information on page 4 including Fair Market Value, Resale Valuation and Resale Expenses are provided for illustrative purposes only and will vary depending on market conditions and other factors. SVMG, its Brokers and Agents can not be held accountable for these numbers. Buyer should use the numbers it thinks most appropriate.
Financial Information on page 4 including Down Payment, Closing Costs, LT Capital Gain, Federal and State Tax Rates and the Discount Rate are provided for illustrative purposes only. Actual numbers may, and probably will, vary depending on the Buyer's individual situation.
Loans on page 4. This information is provided for illustrative purposes only. Buyer should use the loan information it thinks attainable and realistic for the property.

Annual Property Operating Data Notes and Disclaimers

Rental Income is based on current rents shown in the Rent Roll
Miscellaneous income is based upon information provided by the owner or manager.
General Vacancy is estimated to be at current market levels or provided by owner.
Taxes are estimated based on list price and based on current tax rate reported by Santa Clara County.
Other Expenses All other expenses are as reported by owner or property manager.
Loan Payment is based upon information provided in the LOANS section of page 4. Buyer should use the loan information it thinks attainable and realistic for the property.
Income Taxes is based upon a 33% or greater tax rate and is provided for illustrative purposes only. Buyer should consult with a licensed tax professional in determining the most realistic and appropriate tax rate.

NOTE: THE 10 YEAR PROJECTIONS ARE PROVIDED FOR ILLUSTRATIVE PURPOSES ONLY. BUYER SHOULD USE THE PROJECTIONS IT THINKS ARE REALISTIC AND ATTAINABLE.

Rent Roll Notes

General Notes: Rent levels, occupancy, deposit amounts and terms are subject to change without notice. Move-In dates are subject to change as units turnover. Buyer should obtain updated information and confirm all rent levels, lease terms, move-in dates, amount of last rental adjustment and deposit amounts prior to purchase.

Market Rent column reflects projected rents, not current rent levels. Projected rent levels are not guaranteed to be achievable by Seller, Broker or Agents. Buyer should use rent levels it thinks it can obtain for the subject property.