

THE CORE

Natomas

SACRAMENTO, CALIFORNIA



OFFERING MEMORANDUM

OFFERING Memorandum



THE CORE

Natomas

EXCLUSIVE ADVISOR | EASTDIL SECURED

JOSEPH SMOLEN

Managing Director
415 228 2883
jsmolen@eastdilsecured.com
CA DRE #01423874

MARK PETERSEN

Managing Director
949 864 2023
mpetersen@eastdilsecured.com
CA DRE #01886631

GEOFF BOLER

Director
949 930 7477
gborer@eastdilsecured.com
CA DRE #01905399

WILL PURCELL

Senior Vice President
415 228 2875
wpurcell@eastdilsecured.com
CA DRE #02072558

ANDREW SUBLETT

Associate
415 228 2853
asublett@eastdilsecured.com
CA DRE #01990623

HENRY FROME

Associate
415 228 2823
hfrome@eastdilsecured.com
CA DRE #02111645

GREG STAMPLEY

Managing Director
949 864 2025
gstampley@eastdilsecured.com
CA DRE #01902661

LEE REDMOND

Director
949 930 7478
lredmond@eastdilsecured.com
CA DRE #01900420



101 California Street, Suite 2950, San Francisco, CA 94111 Tel 415 228 2900 Fax 415 228 3023
500 Newport Center Drive, Suite 900, Newport Beach, CA 92660 Tel 949 930 7474 Fax 949 930 7475

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EXECUTIVE summary

Executive Summary

Eastdil Secured, as exclusive advisor, is pleased to present the rare opportunity to acquire The Core Natomas (the "Property"), a newly constructed, luxury community in Sacramento, CA. Situated minutes from Downtown Sacramento and adjacent to the I-80 Freeway, residents enjoy suburban comfort with convenient access to the city's major employment centers and the greater Northern California region. The Core Natomas features 300 thoughtfully designed units that have exhibited compelling leasing velocity since project completion. Featuring one of Sacramento's most robust amenity packages, including a plethora of indoor and outdoor community spaces, units are designed with a variety of floorplans and high-quality finishes that will endure over time.

PROPERTY OVERVIEW

ADDRESS

2745 Orchard Ln

LOCATION

Sacramento, CA

YEAR BUILT

2021

UNITS

300

AVG. UNIT SIZE

929

RESIDENTIAL

278,631

STORIES

3

PARKING SPACES

502





EASTON
SECURES



HIGHLIGHTS AT A GLANCE

RARE OPPORTUNITY TO ACQUIRE SCALE IN A HIGH-GROWTH CALIFORNIA MARKET

CAPTIVATING LEASE-UP STORY DRIVING EXCEPTIONAL PERFORMANCE AT THE ASSET

EXPLOSIVE GROWTH ACCELERATED BY DEEP-ROOTED SUPPLY/DEMAND IMBALANCE

MARKET-LEADING QUALITY AND AMENITY PACKAGE

INSULATED FROM BURDENOME RENT REGULATIONS OF THE BAY AREA

DURABLE EMPLOYMENT BASE WITH EMERGING DIVERSIFICATION

ULTIMATE RELEASE VALUE MARKET PRIMED FOR OUTSIZED RENT GROWTH

CONVENIENT ACCESS TO WORK AND PLAY

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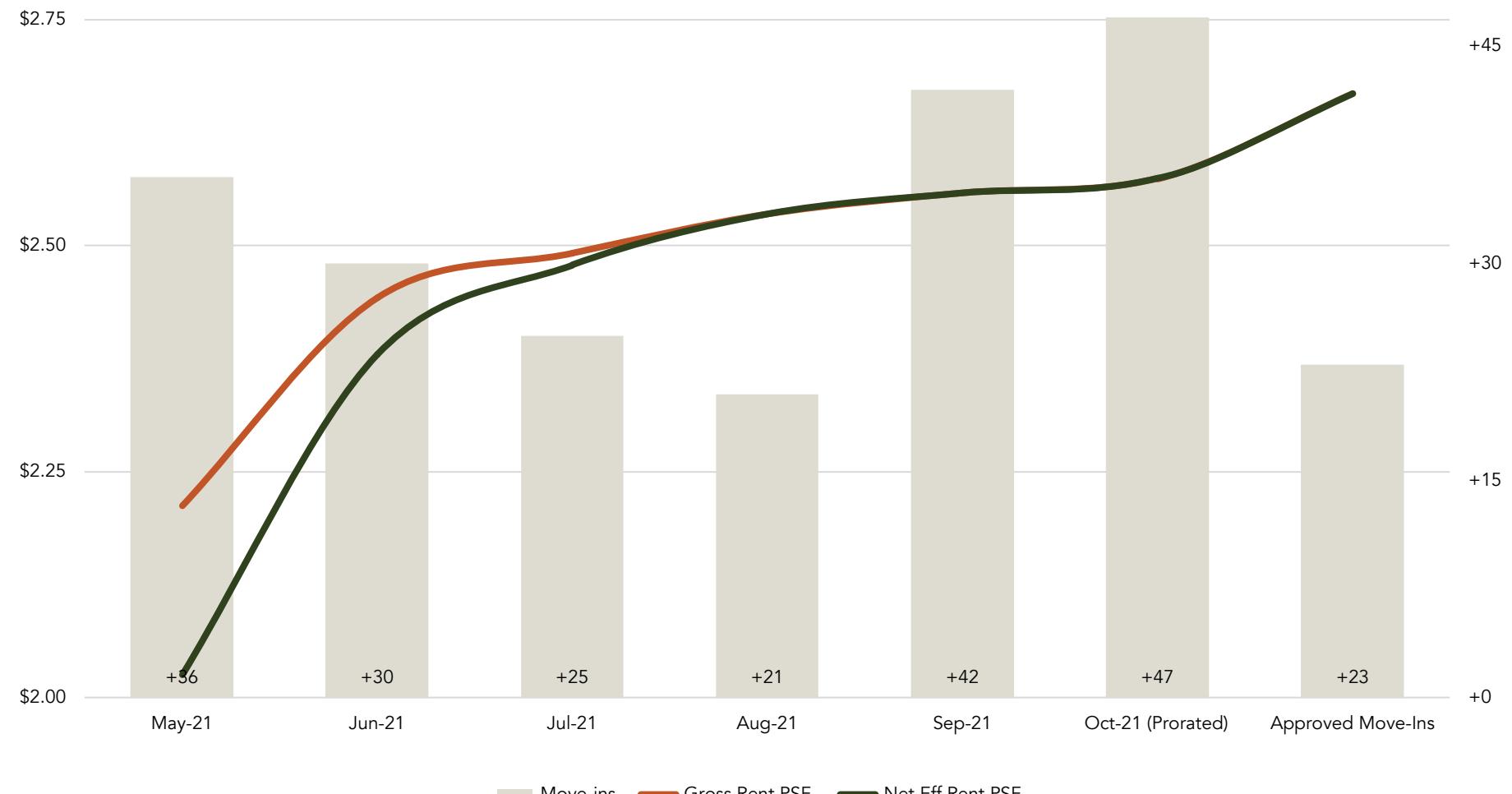
INVESTMENT HIGHLIGHTS

RARE OPPORTUNITY TO ACQUIRE SCALE IN A HIGH-GROWTH CALIFORNIA MARKET

The Core Natomas provides the opportunity to invest in a Sacramento market that has shown consistent population growth over the last decade, with the metro population growing by over 10% since 2010. One of the only California markets to experience population growth over the last year, Sacramento boasted the third biggest gain in net arrivals across all metros in the U.S. in 2020. Over the last 12 months, there was over \$1.5 billion in total Sacramento multifamily sales volume, with the average asset size at 45 units. At 300 units, the Property provides an opportunity for immediate scale in the dynamic Sacramento market.

CAPTIVATING LEASE-UP STORY DRIVING EXCEPTIONAL PERFORMANCE AT THE ASSET

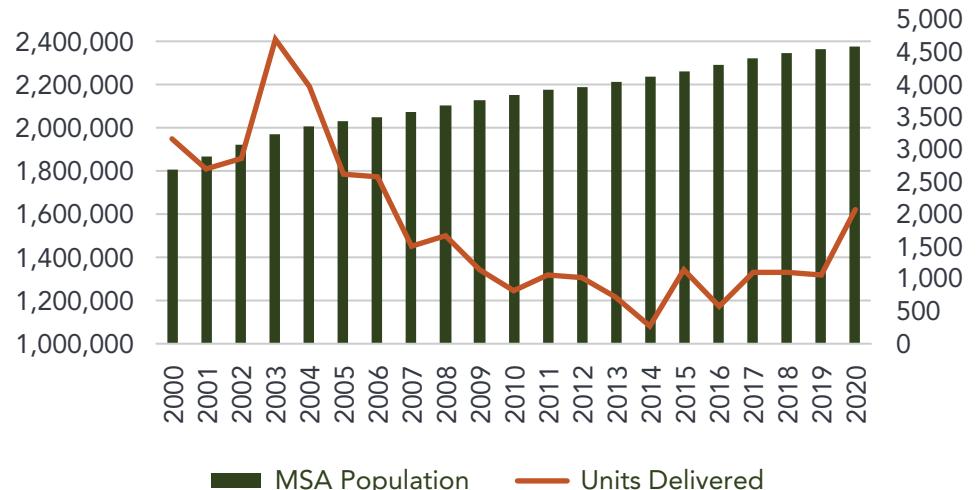
The Core Natomas is ideally positioned to capitalize on the secular shift in renter demand toward Sacramento and a shift to lower-density suburban living in high-quality-of-life markets. The consistent lease-up surge, strong pipeline of future tenants, and simultaneous growth in lease rents—approaching a 20% increase over rates at the start of lease-up—are ultimate proof of concept at the Property and the robust demand for luxury product in the market.



EXPLOSIVE GROWTH ACCELERATED BY DEEP-ROOTED SUPPLY/DEMAND IMBALANCE

Sacramento's surging growth in rents and occupancy are long-term impacts of consistent population increases paired with a stagnant supply pipeline coming out of the Great Recession. From 2000-2009, the Sacramento MSA averaged nearly 2,700 new units per year, but uncertainty and concerns of oversupply dried up the construction pipeline. As a result, the area only completed approximately 800 units per year from 2010-2016, drastically altering the Sacramento market fundamentals long-term. The resulting housing shortage has led to a near doubling of effective rents in Sacramento since 2010, translating to a 96% increase in rental rates. Sacramento's increased popularity over the last two years, driven by its high relative value compared to more expensive Bay Area and West Coast markets, has further exacerbated the supply imbalance despite efforts to produce more housing, driving additional rent growth and leasing velocity in the market, evidenced by all-time high rents and record low vacancy.

Sacramento MSA Population Growth vs Units Delivered (2000-2020)





QUICK FACTS

**18% RENT GROWTH IN SACRAMENTO
OVER THE LAST 24 MONTHS**

**20% RENT GROWTH IN NATOMAS
SINCE Q1 2020**

**SUB-3% VACANCY IN
SACRAMENTO & NATOMAS**

SACRAMENTO VACANCY SUB-5% SINCE 2013

**SACRAMENTO POPULATION GROWTH
SINCE 2010 HAS BEEN 2X THE RATE
OF APARTMENT SUPPLY GROWTH**

**RANKED THE #1 MARKET IN THE COUNTRY
FOR PRICE AND SALES GROWTH
BY REALTOR.COM IN 2021**

**TOP 10 OCCUPANCY IN THE US, BUT
OUTSIDE TOP 30 IN UNITS DELIVERED
OVER LAST YEAR DESPITE LOW VACANCY**



MARKET-LEADING QUALITY AND AMENITY PACKAGE

The Property features high-end finishes and a market-leading amenity set that will continue to distinguish the asset and drive strong leasing performance. The Core Natomas features seven distinct floorplans, each with a private patio or balcony and some with attached garages, designed to appeal to a variety of residents. Each unit includes top-of-the-line interior finishes focusing on a clean modern style, with upgraded features including gourmet kitchens for entertaining and detailed bathrooms with ensemble style tubs. Additionally, the Property offers an abundance of community amenities, including a pool, outdoor grilling areas, quiet workspaces, and a gym with yoga studio, bringing a unique combination of cutting-edge urban finishes and suburban comfort within reach for residents.

INSULATED FROM BURDENOME RENT REGULATIONS OF THE BAY AREA

Sacramento is generally free from the rental regulations that impact the multifamily markets in San Francisco and much of the Bay Area, and The Core Natomas is not beholden to limited local rent restrictions due to its brand new construction. Thus, ownership benefits from the dynamics of a fast-growing residential market without a cap on rents, allowing for unlimited upside potential. Fewer regulations encourage natural cycling of tenancy and year-over-year growth potential, providing ownership with more control over asset growth through proactive management.





DURABLE EMPLOYMENT BASE WITH EMERGING DIVERSIFICATION

While Sacramento's sturdy government-based employment sector is the backbone of the local economy, it has diversified in recent years to include a robust healthcare sector, business services, information, and, most notably, trade. The region's relatively low operating costs, pro-business sentiment, and skilled and growing labor force have resulted in continued population growth and an influx of corporate expansion and relocation to the area, with over 40 major relocations or expansions into the MSA over the last four years. Going forward, the transformative Aggie Square healthcare innovation hub on UC Davis' Sacramento campus is poised to become a significant long-term economic driver for the region, and Sacramento will remain widely recognized as the premier location for large corporations with government, law, and lobbying interests.

TOP SACRAMENTO EMPLOYERS

Rank	Employer	Total Employees	Percentage of Sac County Employment	Type of Business	Government or Private Sector
1	State of California	77,172	12.42%	Government	Government
2	Kaiser Permanente	15,585	2.51%	Healthcare	Private Sector
3	UC Davis Health	14,510	2.34%	Healthcare	Government
4	Sacramento County	12,360	1.99%	Government	Government
5	Sutter Health	10,764	1.73%	Healthcare	Private Sector
6	US Government	10,559	1.70%	Government	Government
7	Dignity Health	7,871	1.27%	Healthcare	Private Sector
8	Intel Corporation	6,200	1.00%	Technology	Private Sector
9	Elk Grove Unified School District	6,164	0.99%	Education	Government
10	San Juan Unified School District	5,350	0.86%	Education	Government
11	Sacramento City Unified School District	5,000	0.80%	Education	Government
		171,535	27.61%		

* From Sacramento Comprehensive Annual Financial Report (June 2020)

<https://www.cityofsacramento.org/-/media/Corporate/Files/Finance/Accounting/Financial-Reporting/CAFR-Documents/2020-CAFR-PDF-WITH-TABS.pdf?la=en>



ULTIMATE RELEASE VALUE MARKET PRIMED FOR OUTSIZED RENT GROWTH

Market trends in Sacramento position The Core Natomas for continued growth in the long term. Sacramento has experienced multifamily vacancy rates below 5% since 2013, with vacancy rates tightening in 2020, counter to most major Northern California markets. Sacramento's resilience through economic cycles and favorable ratio of population growth to supply growth will drive rents, as indicated by over 12% average rent growth over the last year. Still at a 36% rent discount to the Bay Area, and with growing food, art, and entertainment scenes, Sacramento offers a high quality of life at a discount, creating an attractive long term value proposition for The Core Natomas.

Population Growth vs. Supply Growth ('21 - '25 CAGRs)



CONVENIENT ACCESS TO WORK AND PLAY

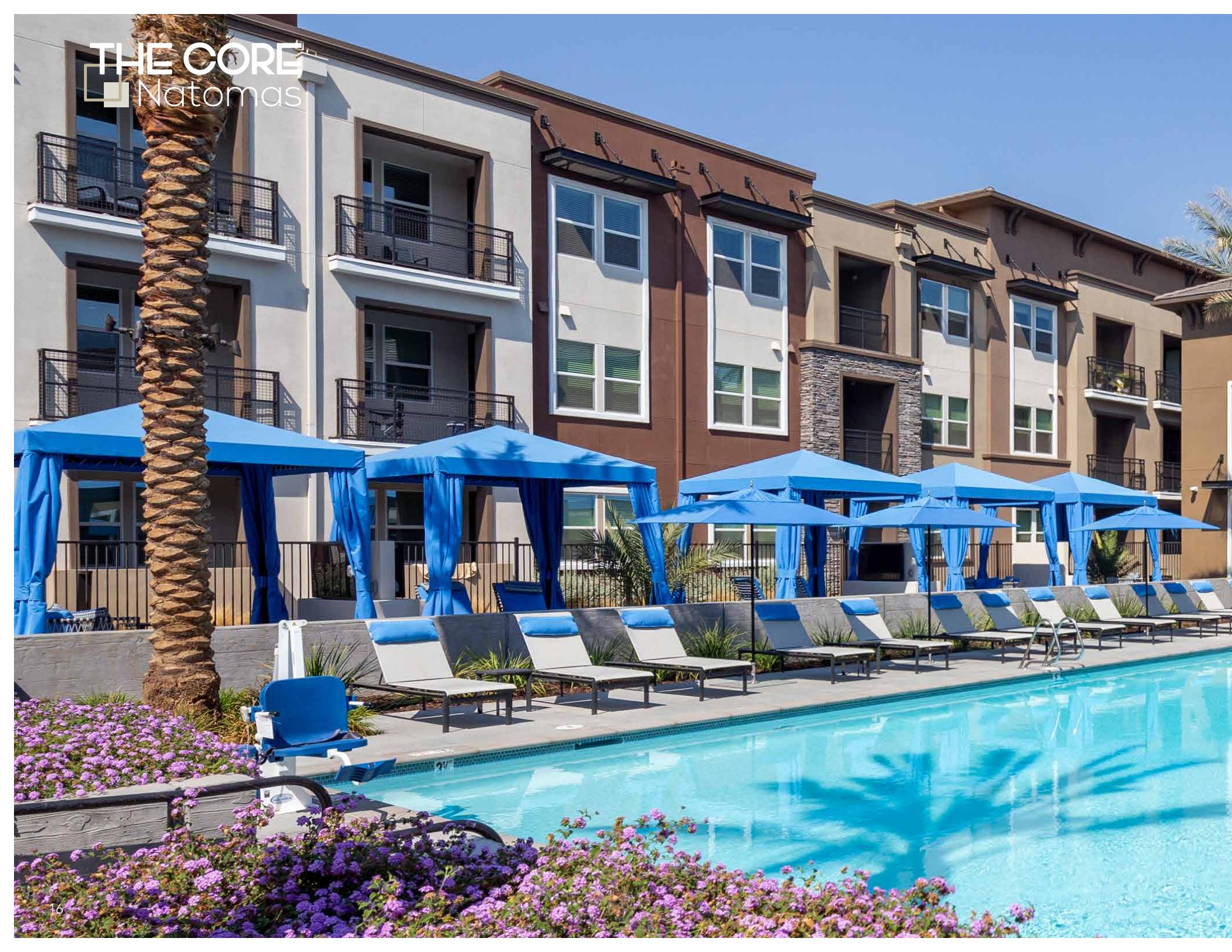
The Core Natomas is in one of the few remaining developable areas with direct access to Downtown Sacramento. The Property is strategically located near the I-80 and I-5 Freeways, providing quick accessibility to the greater metro area and UC Davis. A short commute to Sacramento's major employment centers, The Core Natomas is 20 minutes from over 60 million square feet of office space, including a five-minute drive to Downtown Sacramento, and is adjacent to fast-growing North Natomas, which hosts 3.7 million square feet of office space, including the new Centene regional headquarters, housing 5,000 local jobs. Downtown has continued to transform into Sacramento's entertainment and dining hub, as the recent completions of Downtown Commons (DoCo) and the Golden 1 Center have become the centerpiece of the Downtown revival. For travel outside of Sacramento, The Core Natomas is an ideal launching point, as it is around two hours to both Lake Tahoe and the San Francisco Bay Area, and an easy 10-minute drive to the Sacramento International Airport.

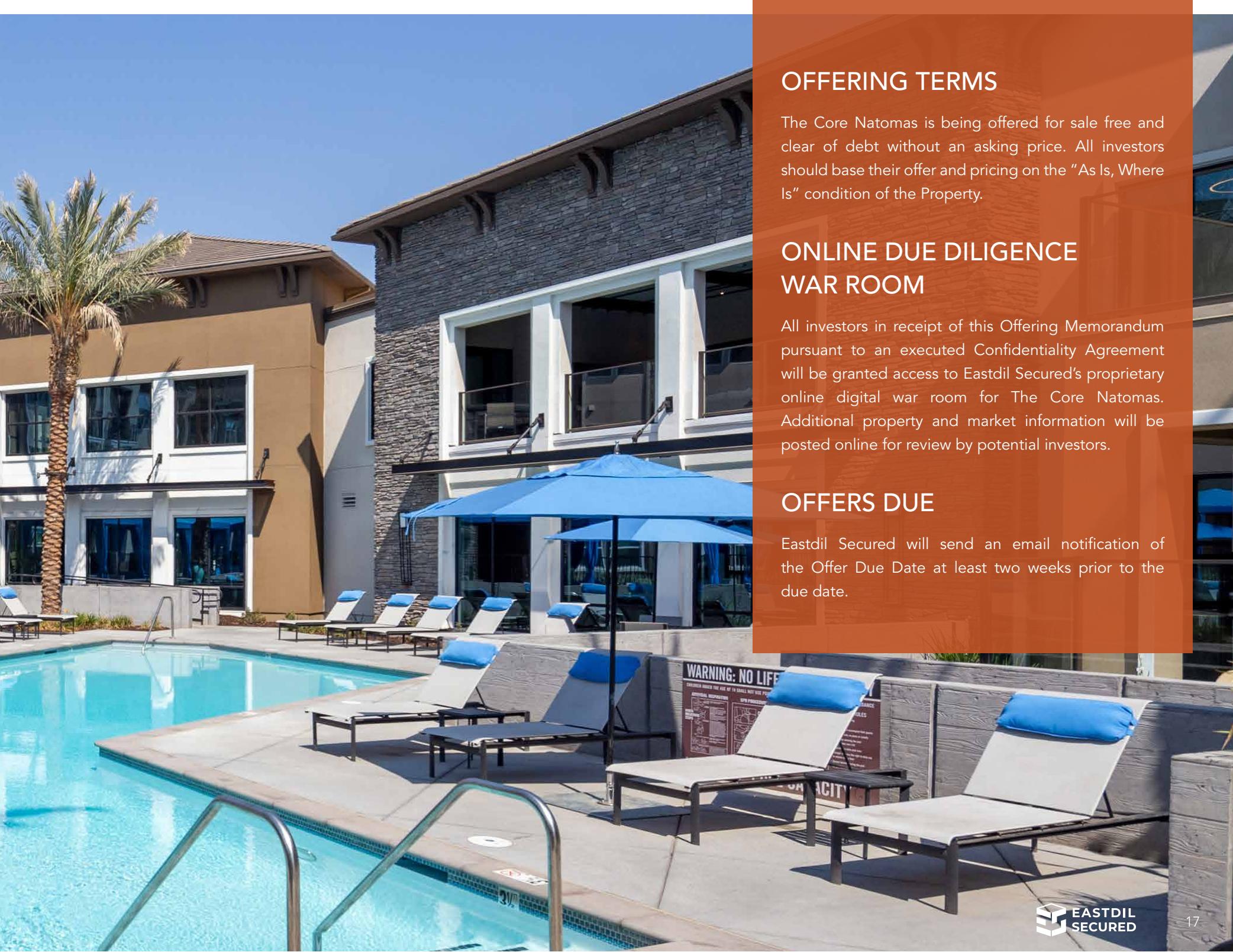




THE CORE

Natomas





OFFERING TERMS

The Core Natomas is being offered for sale free and clear of debt without an asking price. All investors should base their offer and pricing on the "As Is, Where Is" condition of the Property.

ONLINE DUE DILIGENCE WAR ROOM

All investors in receipt of this Offering Memorandum pursuant to an executed Confidentiality Agreement will be granted access to Eastdil Secured's proprietary online digital war room for The Core Natomas. Additional property and market information will be posted online for review by potential investors.

OFFERS DUE

Eastdil Secured will send an email notification of the Offer Due Date at least two weeks prior to the due date.





PROPERTY description

THE CORE

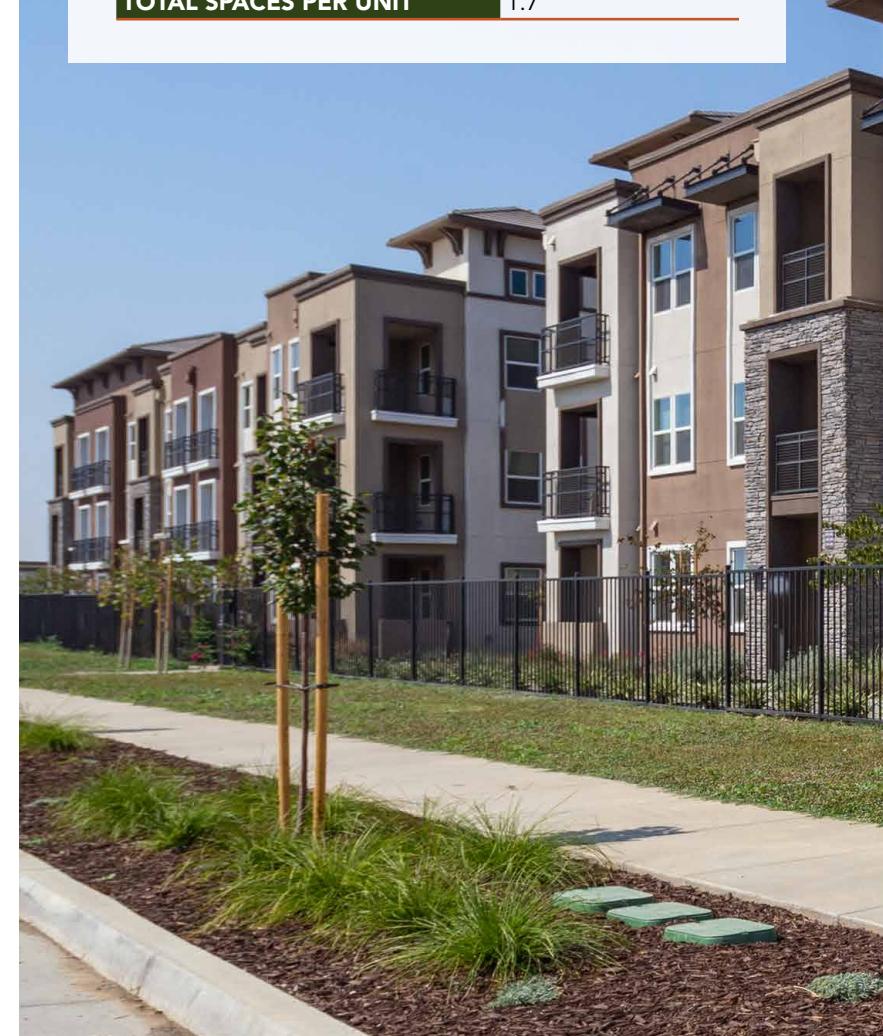
Natomas

PHYSICAL SUMMARY

PROPERTY NAME	The Core Natomas
PROPERTY ADDRESS	2745 Orchard Ln
CITY	Sacramento
COUNTY	Sacramento
APN	225-0220-117
YEAR BUILT	2021
SITE SIZE (ACRES)	11.75 acres
APARTMENT UNITS	300
DENSITY (DU/ACRE)	25.53
APARTMENT RSF	278,631
APARTMENT AVERAGE RSF	929
BUILDINGS	14
STORIES	3
CONSTRUCTION TYPE	Type 5
FOUNDATION	Post Tension (PT) Slab
ROOF	Concrete Tile, TPO
EXTERIOR WALL	Stucco
INTERIOR WALL	Drywall
SMOKE DETECTORS	Yes
WINDOWS	Vinyl Frame
HVAC	Interior Pancake Units. Rooftop Condensors.
CEILING HEIGHTS	9'
DOORS	8' Entry and Patio doorways. 6'8" Interior doorways.
ELEVATORS	Only in clubhouse
STAIRS	Yes
PATIO/BALCONY	Yes, patio or balcony provided in each unit
MAIL BOXES	Mail room with keyed boxes for each unit
FIRE PROTECTION	Yes
GAS	Provider: PGE; Services: Gas Range, Boilers
ELECTRICITY	Provider: SMUD; Services: AC, Heating, LED Lighting
WATER HEATER	Gas Cyclone Boilers
SEWER	SASD

PARKING SUMMARY

GARAGE	203
CARPORT	102
OPEN	195
ADA SPACES (INCL. ABOVE)	12
MAIL	1
EV GUEST STALL	1
TOTAL SPACES	502
TOTAL SPACES PER UNIT	1.7







COMMUNITY AMENITIES

- + Magnificent Clubhouse with Wi-Fi and Multiple Televisions
- + Conference Rooms
- + Cyber Café
- + Recreation and Gaming Rooms with Pool and Shuffleboard
- + Cutting-Edge Fitness Center Including a Spin Room
- + Yoga Studio, TRX System, and Free Weights
- + Outdoor Pavilion with Fireplace
- + Spa
- + Multiple Picnic Areas with Firepits
- + Attached & Detached Garages
- + Off-Street Parking
- + On-Site Maintenance



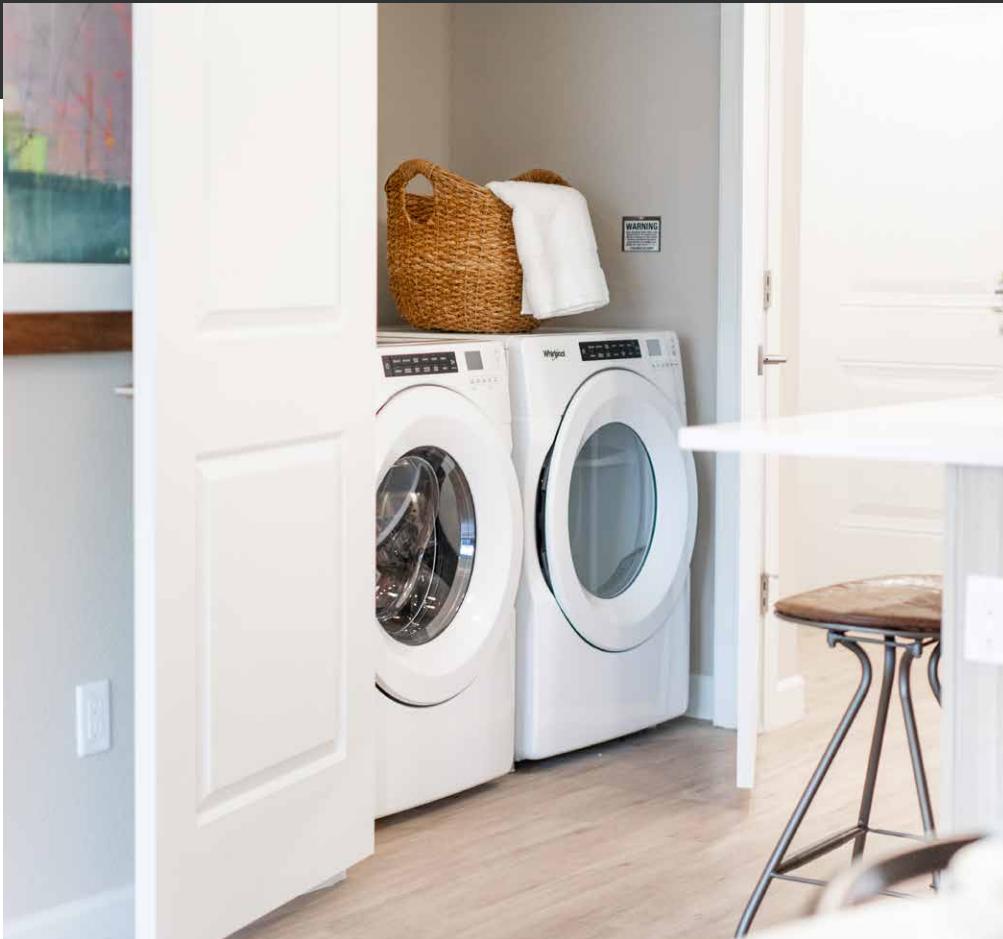
- + Private Cabanas with TVs
- + Luxurious Heated Pool
- + Night Patrol
- + Library Lounge
- + Sundeck
- + Doorstep Trash and Recycling Pick-Up
- + Multiple Media Rooms
- + Open-Air BBQ Kitchen and Pizza Oven
- + WELLBEATS Virtual Fitness Studio
- + Controlled Access/Gated
- + Covered Carports
- + 24-Hour Parcel Pending Package System

INTERIOR AMENITIES

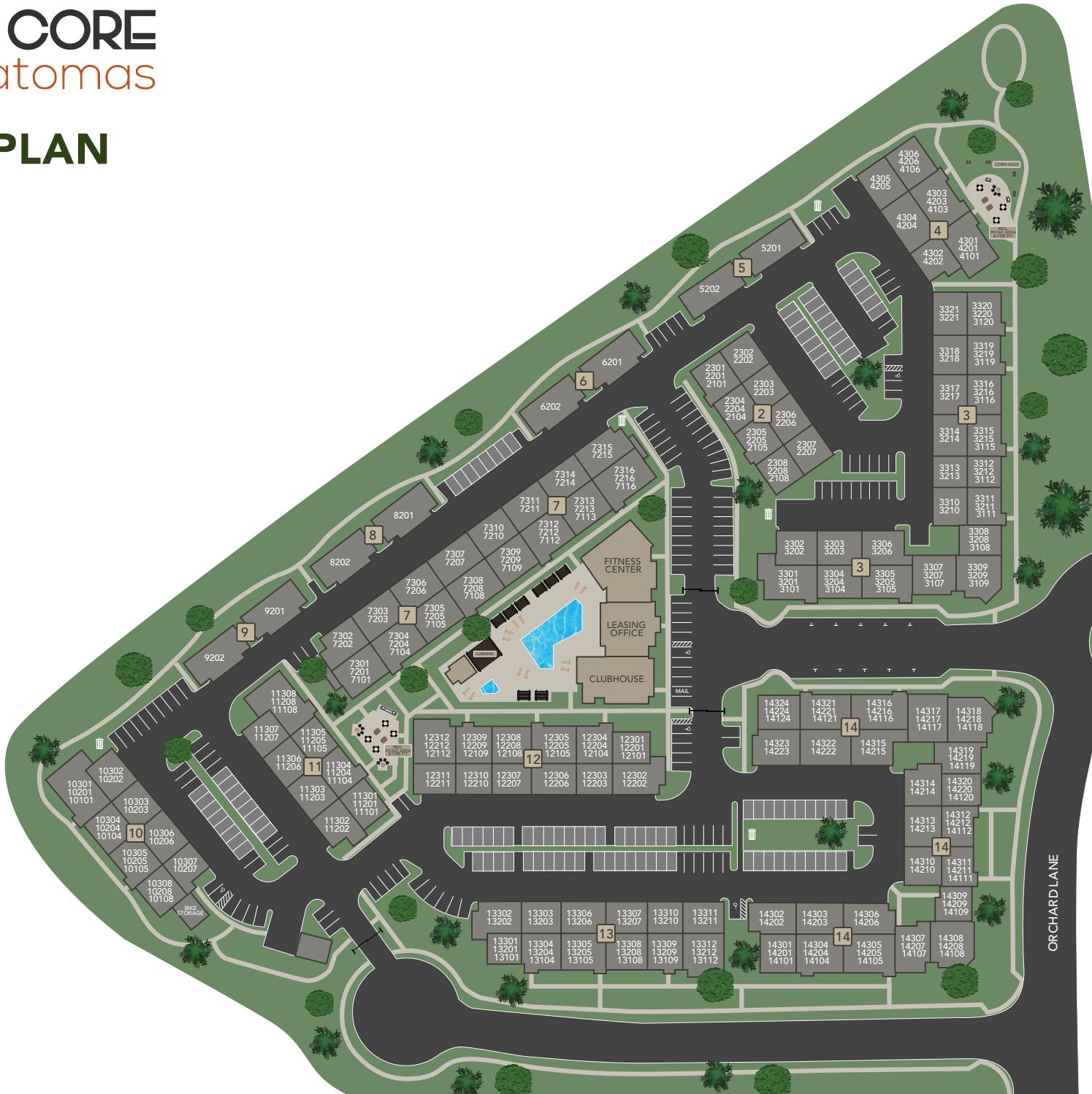
- + One-, Two-, and Three-Bedroom Floorplans
- + Designer Select Kitchen Finishes
- + Full-Size, Front-Loader Washers and Dryers in Every Home
- + Soft-Close Cabinetry
- + Luxury Plank-Flooring Throughout
- + Carpet in Bedrooms
- + Gourmet Entertainment-Style Kitchens
- + Gas Ranges
- + Central Heat and Air
- + Undercounter Wine/Beverage Refrigerator
- + Sleek Ensemble Bathtubs with Built-In Armrest and Contour Back
- + Patio/Balcony
- + High-Speed Internet-Ready



- + Assa Abloy Electronic Keyless Entry Door Systems
- + Beautifully Appointed Bathrooms
- + Carefully Curated Interiors
- + Quartz Countertops
- + Smart-Home Technology
- + Faux Wood Blind Window Coverings
- + Gourmet Stainless-Steel Appliance Package
- + Efficient Appliances
- + Programmable Nest Thermostat
- + Undercounter Lighting
- + Large Closets
- + Cable-Ready
- + Attached Garages with Select Homes



SITE PLAN



THE CORE

Natomas



FLOOR PLAN - A1



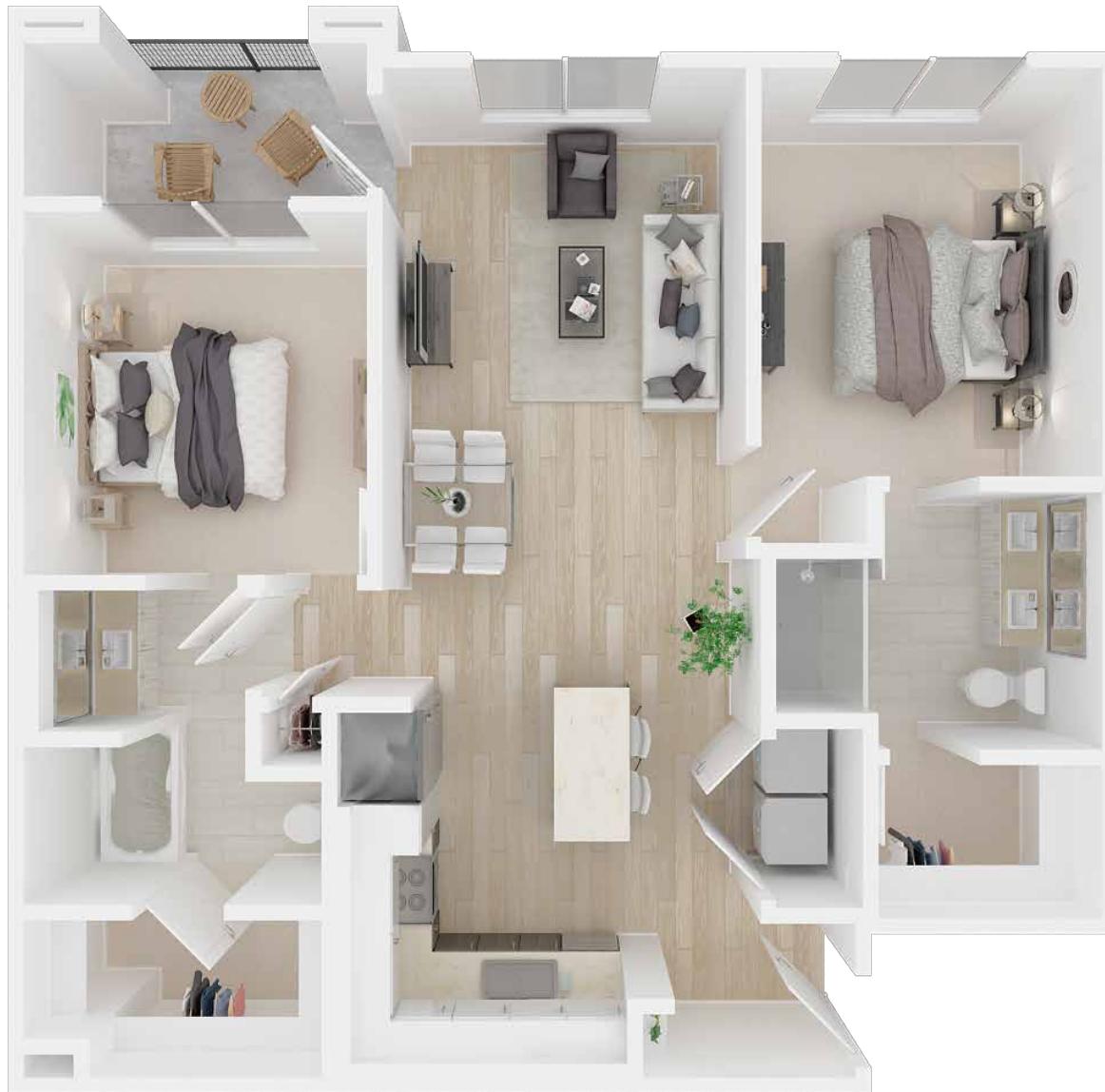
FLOOR PLAN - A2



FLOOR PLAN - B1



FLOOR PLAN - B2





FLOOR PLAN - B3



FLOOR PLAN - C1



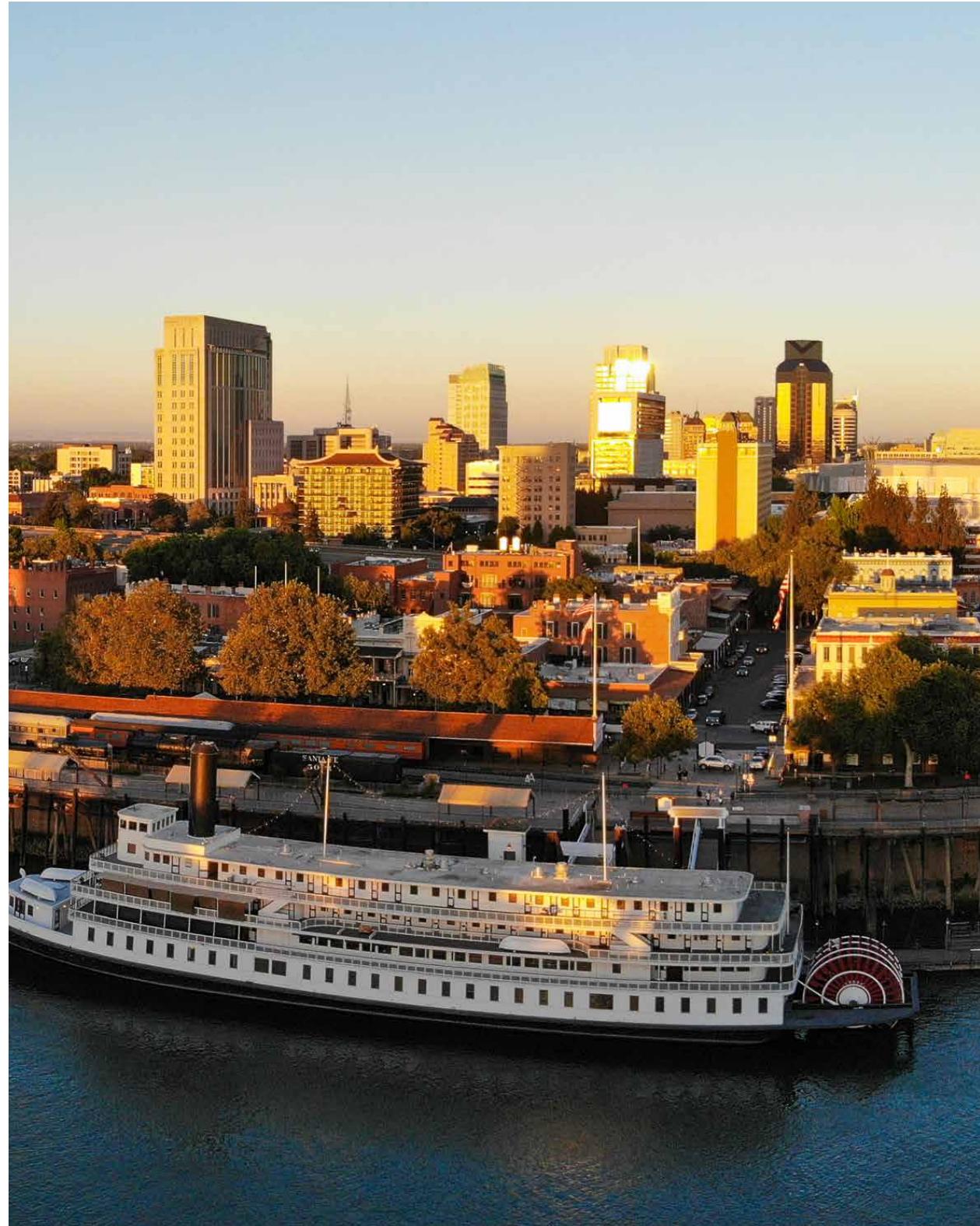




MARKET & local overview

Sacramento Overview

Located approximately 98 miles northeast of San Francisco, Sacramento serves as the state capital of California, which boasts the 5th largest economy in the world. The region offers a low cost of doing business, a fast-growing population and employment base, a high quality of life, and an extensive transportation infrastructure, all of which make it one of the most attractive places for business in the western United States. Sacramento has seen over 40 major relocations or expansions into the region over the last four years and continues to attract major employers including Intel, Hewlett Packard, Electronic Data Systems, and Apple. Sacramento's government-based economy has diversified recently and includes business and financial services, technology, and trade, generated by the region's deep-water port.





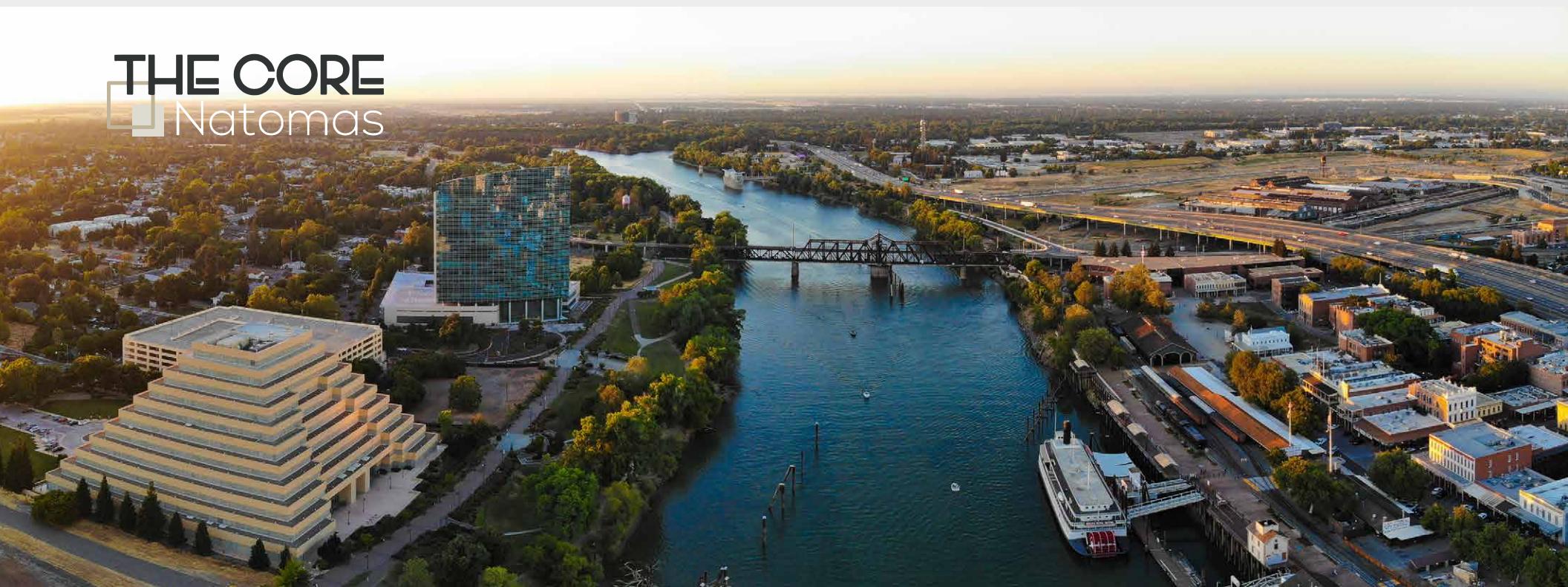
YOUNG, WELL-EDUCATED, AFFLUENT DEMOGRAPHIC

The Core Natomas benefits from exceptional demographics. With a 2021 estimated population of nearly 13,000 residents within a one-mile radius, the region has seen exceptional population growth of nearly 140% since 2000, with an additional 6% projected by 2026. Residents boast high average household incomes of nearly \$113,000 and a young median age of 35 within a one-mile radius. Additionally, nearly 47% of residents (ages 25+) within a one-mile radius have attained a bachelor's degree or higher.

CORE NATOMAS DEMOGRAPHIC PROFILE

	1-Mile Radius	3-Mile Radius	5-Mile Radius	Sacramento MSA
Population				
2026 Projection	12,822	103,249	260,357	2,470,060
2021 Estimate	12,091	99,386	249,675	2,383,795
Growth 2021-2026	6.1%	4.0%	4.3%	3.6%
Growth 2000-2021	139.7%	48.0%	56.8%	30.5%
2021 Median Age	35	35	36	38
2021 Average Household Income	\$112,885	\$83,419	\$96,768	\$109,265
2021 Median Home Value	\$421,558	\$362,137	\$420,460	\$463,200
Bachelor's Degree or Higher	46.7%	28.6%	35.8%	33.8%

Source: Claritas



NOTABLE SACRAMENTO EMPLOYERS



AT&T





CALIFORNIA STATE CAPITOL

Home to the California House of Representatives and Senate as well as the state's governor, the Capitol building is also a major attraction for visitors and students. Government-related jobs are a vital part of the region's economy, and California employs more than 70,000 workers in the area. Over the past few years, the government has added over 4,000 jobs in the region, a clear indication of the state's resilient economy.

GROWING BIOTECH SECTOR

Due to its proximity to the University of California, Davis and UC Davis Medical Center, Sacramento has seen an influx of biotechnology and healthcare companies including:



THE CORE Natomas



With a growing influx of upscale infill residential, hotel, and retail developments, Sacramento is rapidly refashioning itself into a vibrant "live, work, and play" environment. With its favorable weather, affordable housing compared to the broader San Francisco Bay, and its proximity to the Lake Tahoe region, Sacramento is one of the premier business centers in Northern California.



DOWNTOWN SACRAMENTO

Approximately 95,000 people work downtown, and Downtown Sacramento welcomes over five million visitors each year, with leading attractions including the State Capitol, Old Sacramento, and the American River Parkway.

SACRAMENTO CONVENTION CENTER

Located in the heart of Downtown, the Sacramento Convention Center features 134,000 square feet of exhibit space, 31 meeting rooms, an outdoor garden terrace, a 24,000-square-foot ballroom, and two 10,000-square-foot registration areas. The complex also offers the 3,800-seat Memorial Auditorium.

GOLDEN 1 CENTER

Previously known as the Sacramento Entertainment and Sports Center, Golden 1 Center features a 675,000-square-foot indoor multi-purpose arena located in the heart of Sacramento, and is bordered by Downtown Commons (DoCo), which features 1.5M SF of retail, restaurant, and entertainment space. The convention hub hosts a variety of events, including professional and collegiate sports, concerts, and trade shows. While the center is owned by the city, the Sacramento Kings lease the facility and helped shape the \$558 million remodel.

RANKED #11 FOR US TICKET SALES IN 2020

ACCOMMODATES UP TO 17,500 GUESTS

BOASTS 34 MODERN SUITES

OFFERS 13,500 PARKING SPACES



ACCELERATED RESIDENTIAL DEMAND

- + Sacramento's ideal combination of job opportunities, lifestyle, affordability, and live-work-play neighborhoods has attracted workers from across the US at a rapid rate. Over the course of April through October alone, Sacramento has seen a **net population increase of 7.6%** from other major metros, with **a large majority coming from the San Francisco Bay Area.**

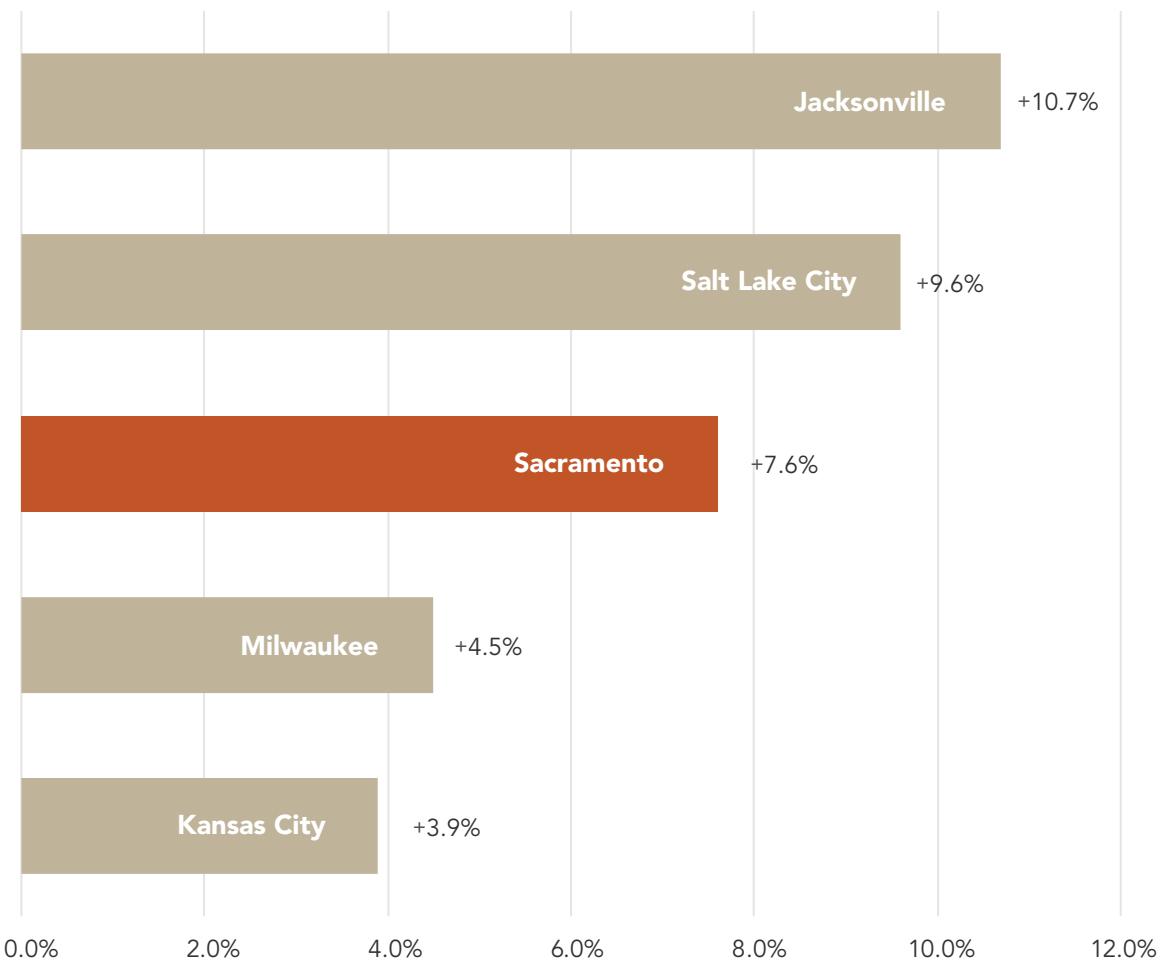
- + According to Redfin data, the net number of people looking to move into Sacramento from outside the area increased by more than 75% from last year. More than **72% of out-of-towners searching in Sacramento were based in the Bay Area,** partly because its relative affordability and proximity are attractive to remote workers.

REVIVER[®]

"We don't need to be in Silicon Valley," says Robert Wood, CEO of digital license-plate maker Reviver. He relocated the company to Sacramento earlier this year, uprooting it from the San Francisco suburb of Foster City, California. Lower costs and growing acceptance of a work-anywhere attitude in response to pandemic dislocations helped spur that decision.

Smaller cities gain ground with the onset of COVID-19 as migration trends for 2020 drastically shift

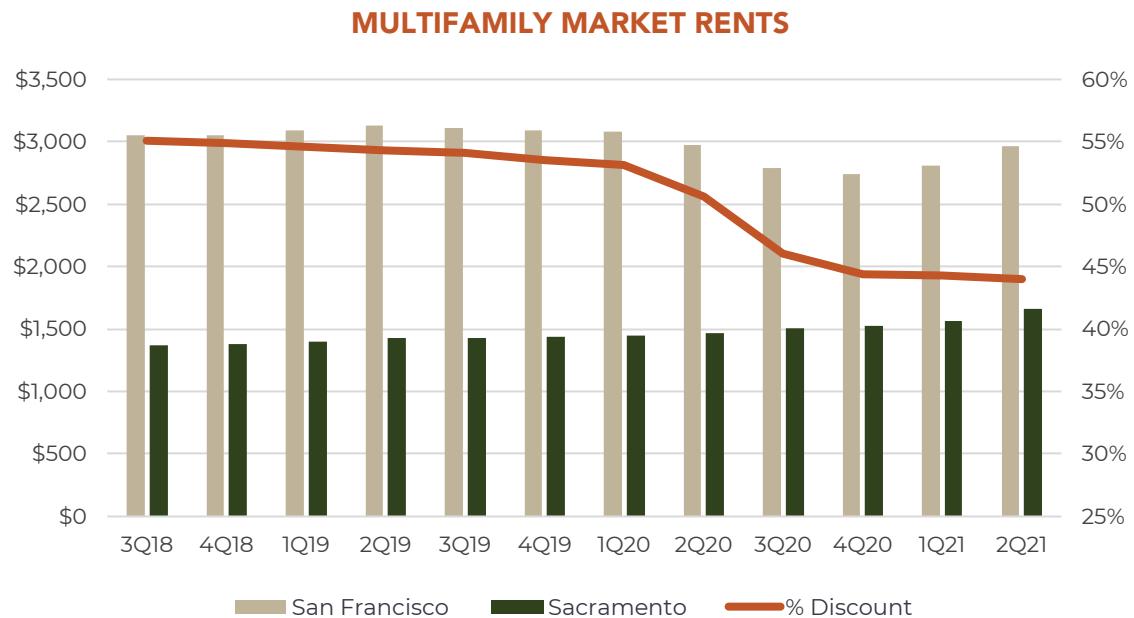
BIGGEST GAINS IN NET ARRIVALS



DEMAND FROM BAY AREA TRANSPLANTS

2.3% Vacancy Rate	3,000+ Net Absorption, Units in 2020	12.5% YoY Growth, Asking Rents	2,000 New Units Delivered in 2020	5,500 Units Under Construction
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- + **Bay Area Transplants to Sacramento:** The work-from-home culture stemming from the pandemic is exacerbating the trend of migration away from expensive coastal cities to more affordable inland areas that has been going on for at least five years. Sacramento has become the most popular destination for home buyers looking to move to a different metro area, according to Redfin. Home builders are on track to construct **20% more new homes in the region than last year**, but the additional housing is not keeping up with demand.
- + **Apartment Supply & Demand:** Sacramento has seen multifamily **vacancy rates below 5% since 2013**, and vacancy rates have tightened 36 basis points in the last year alone, dropping vacancy to 2.3%. This historically low vacancy rate stands despite over 2,500 new units delivered since January 2021, with another 5,500 units currently under construction.
- + **Pricing:** Sacramento **asking rents have grown over 16% since January 2020 to \$2.04 PSF** and the only newly available product will be construction completions, which will be priced at the top of the market, putting additional upward pressure on asking rents.



Source: Axiometrics, Yardi, CoStar





FINANCIALS



RENT ROLL SUMMARY

Type	Total Units	SF	Pro Forma Rent	PSF
1BR	166	748	\$2,224	\$2.97
2BR	119	1,122	\$2,817	\$2.51
3BR	15	1,396	\$3,244	\$2.32
Total/Average	300	929	\$2,510	\$2.70



OPERATING STATEMENT ANALYSIS

	Pro Forma Stabilized	Per Unit
Revenue		
Rental Income		
Gross Potential Rent	\$9,036,540	\$30,122
(Loss)/Gain-to-Lease	-	-
Gross Scheduled Rent	\$9,036,540	\$30,122
Vacancy	(\$451,827)	(\$1,506)
Concessions	-	-
Bad Debt	(22,591)	(75)
Non-Revenue Units	(61,249)	(204)
Effective Rental Income	\$8,500,873	\$28,336
Other Income	\$97,500	\$325
Parking Income	372,780	1,243
RUBS	285,000	950
Total Other Income	\$755,280	\$2,518
Effective Gross Income	\$9,256,153	\$30,854
Operating Expenses		
Controllable Expenses		
Payroll	\$480,000	\$1,600
Marketing	90,000	300
General & Administrative	79,695	266
Turnover	60,000	200
Repairs & Maintenance	56,220	187
Contract Services	138,628	462
Utilities	292,329	974
Total Controllable Expenses	\$1,196,871	\$3,990
Fixed Expenses		
Management Fee	\$185,123	\$617
Real Estate Taxes	-	-
Insurance	150,000	500
Capital Reserves	60,000	200
Total Fixed Expenses	\$395,123	\$1,317
Total Operating Expenses	\$1,591,994	\$5,307
NET OPERATING INCOME	\$7,664,159	\$25,547

Note - Total Expense & NOI numbers exclude property taxes.

NOTES TO PRO FORMA

The 10-year cash flow projection for The Core Natomas presents a fiscal year analysis commencing 01/01/2022 and ending 12/31/2031.

Underlying revenue and expense assumptions are based upon current ownership and manager budgets and Eastdil Secured's knowledge and experience with similar multifamily assets in the Sacramento market. Detailed explanations for each assumption are provided below.

RESIDENTIAL REVENUE

MARKET RENT GROWTH

Eastdil Secured evaluated local submarket conditions in tandem with the findings of third-party market researchers to determine market rent growth projections. See the table below for more information.

MARKET RENT GROWTH

Growth Rates	Year 1	Year 2	Year 3	Year 4	Year 5+
Market Rate Units	6.00%	5.00%	4.00%	3.00%	3.00%

LOSS-TO-LEASE

Loss-to-Lease is applied to Gross Potential Rent to account for the spread between in-place rents and market rents at any particular point in the projection. See the table below for more information.

LOSS-TO-LEASE FACTOR

Loss-to-Lease	Year 1	Year 2	Year 3	Year 4	Year 5+
Market Rate Units	7.74%	2.50%	2.00%	1.50%	1.50%

GROSS SCHEDULED RENT

Pro forma rents by unit type are shown in the Detailed Unit Mix table.

VACANCY

In Year 1 and for the duration of the analysis, vacancy is estimated to be stabilized at 5.00% of Gross Scheduled Rent for all units.

RENT CONCESSIONS

No concessions are modeled in the Pro Forma.

BAD DEBT

Analysis assumes bad debt expense of 0.25% of Gross Scheduled Rent in Year 1 and every year thereafter, which is a market assumption for comparable properties in the market.

OTHER RENT ADJUSTMENTS

Underwriting excludes revenue from 2 model units, with rents that are assumed to increase annually by the market rent growth rate. See table below for the unit breakout.

NON-REVENUE UNITS

Non-Revenue Units	Unit Type	Quantity	Discount	Unit Rent
Model	1X1	1	100%	\$2,268
Model	2x2	1	100%	\$2,836

OTHER INCOME

Analysis assumes \$325 per unit based analysis of comparable properties in the area with 3.00% annual increases thereafter. Other income is inclusive of the following: application, late fees, damage fees, short term lease fees, pet rent, clubhouse rental fees, admin fees, and other miscellaneous fees.

PARKING MATRIX

	# Spaces	Monthly Rate	Occupancy	Monthly Income
Attached Garage	45	\$200	95%	\$8,550
Detached Garage	158	\$150	95%	\$22,515
Total/Wtd. Avg. (Mo.)	203	\$161	95%	\$31,065

RUBS INCOME

Analysis assumes a 97% recovery on utilities expenses based on ownership budgeting and analysis of comparable properties in the submarket.

OPERATING EXPENSES

Operating Expenses are derived from current ownership and management budgets and from Eastdil Secured's knowledge and experience with similar multifamily properties in the market. Aside from Management Fees, expenses are assumed to increase by 3.00% annually throughout the analysis.

PRO FORMA ASSUMPTIONS

OPERATING EXPENSES	
Payroll	Analysis assumes \$1,600 per unit based upon analysis of comparable properties. Payroll assumption includes typical salary, bonus, and burden rates.
Marketing	Analysis assumes \$300 per unit based upon Eastdil Secured's knowledge of comparable properties in the market.
General & Administrative	Analysis assumes \$266 per unit based upon Eastdil Secured's knowledge of comparable properties in the market.
Turnover	Analysis assumes \$200 per unit based upon Eastdil Secured's knowledge of comparable properties in the market.
Repairs & Maintenance	Analysis assumes \$187 per unit based upon Eastdil Secured's knowledge of comparable properties in the market.
Contract Services	Analysis assumes \$462 per unit based upon Eastdil Secured's knowledge of comparable properties in the market.
Utilities	Analysis assumes \$974 per unit based upon Eastdil Secured's knowledge of comparable properties in the market.
Management Fee	Pro Forma assumes 2.00% of EGI based upon Eastdil Secured's knowledge of comparable properties in the market.
Real Estate Taxes	Investors are strongly encouraged to consult a tax advisor prior to submitting an offer.
Insurance	Analysis assumes \$500 per unit based upon Eastdil Secured's knowledge of comparable properties in the market.
Capital Reserves	Analysis assumes \$200 per unit based upon Eastdil Secured's knowledge of comparable properties in the market.



UNLEVERED CASH FLOW

	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10	Residual
INCOME											
Gross Potential Rent	\$9,578,733	\$10,057,669	\$10,459,976	\$10,773,775	\$11,096,989	\$11,429,898	\$11,772,795	\$12,125,979	\$12,489,759	\$12,864,451	\$13,250,385
Loss-to-Lease	(740,932)	(251,442)	(209,200)	(161,607)	(166,455)	(171,448)	(176,592)	(181,890)	(187,346)	(192,967)	(198,756)
Gross scheduled rent	\$8,837,801	\$9,806,228	\$10,250,777	\$10,612,169	\$10,930,534	\$11,258,450	\$11,596,203	\$11,944,089	\$12,302,412	\$12,671,484	\$13,051,629
Vacancy	(\$441,890)	(\$490,311)	(\$512,539)	(\$530,608)	(\$546,527)	(\$562,922)	(\$579,810)	(\$597,204)	(\$615,121)	(\$633,574)	(\$652,581)
Concessions	-	-	-	-	-	-	-	-	-	-	-
Bad Debt	(22,095)	(24,516)	(25,627)	(26,530)	(27,326)	(28,146)	(28,991)	(29,860)	(30,756)	(31,679)	(32,629)
Non-revenue units	(64,923)	(68,170)	(70,896)	(73,023)	(75,214)	(77,470)	(79,794)	(82,188)	(84,654)	(87,194)	(89,809)
Effective Rental Income	\$8,308,893	\$9,223,231	\$9,641,714	\$9,982,007	\$10,281,467	\$10,589,911	\$10,907,608	\$11,234,836	\$11,571,882	\$11,919,038	\$12,276,609
Other Income	\$100,425	\$103,438	\$106,541	\$109,737	\$113,029	\$116,420	\$119,913	\$123,510	\$127,215	\$131,032	\$134,963
Parking Income	372,780	383,963	395,482	407,347	419,567	432,154	445,119	458,472	472,227	486,393	500,985
RUBS	293,550	302,357	311,427	320,770	330,393	340,305	350,514	361,029	371,860	383,016	394,507
Effective Gross Income	\$9,075,648	\$10,012,989	\$10,455,165	\$10,819,861	\$11,144,456	\$11,478,790	\$11,823,154	\$12,177,848	\$12,543,184	\$12,919,479	\$13,307,064
EXPENSES											
Controllable Expenses											
Payroll	\$494,400	\$509,232	\$524,509	\$540,244	\$556,452	\$573,145	\$590,339	\$608,050	\$626,291	\$645,080	\$664,432
Marketing	92,700	95,481	98,345	101,296	104,335	107,465	110,689	114,009	117,430	120,952	124,581
General & Administrative	82,086	84,548	87,085	89,697	92,388	95,160	98,014	100,955	103,984	107,103	110,316
Turnover	61,800	63,654	65,564	67,531	69,556	71,643	73,792	76,006	78,286	80,635	83,054
Repairs & Maintenance	57,907	59,644	61,433	63,276	65,174	67,130	69,144	71,218	73,354	75,555	77,822
Contract Services	142,786	147,070	151,482	156,026	160,707	165,528	170,494	175,609	180,877	186,304	191,893
Utilities	301,099	310,132	319,436	329,019	338,889	349,056	359,528	370,314	381,423	392,866	404,652
Total Controllable Expenses	\$1,232,777	\$1,269,761	\$1,307,854	\$1,347,089	\$1,387,502	\$1,429,127	\$1,472,001	\$1,516,161	\$1,561,646	\$1,608,495	\$1,656,750
Fixed Expenses											
Management fee	\$181,513	\$200,260	\$209,103	\$216,397	\$222,889	\$229,576	\$236,463	\$243,557	\$250,864	\$258,390	\$266,141
Real Estate Taxes	-	-	-	-	-	-	-	-	-	-	-
Insurance	150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716	201,587
Capital reserves	60,000	61,800	63,654	65,564	67,531	69,556	71,643	73,792	76,006	78,286	80,635
Total Fixed Expenses	\$391,513	\$416,560	\$431,892	\$445,870	\$459,246	\$473,023	\$487,214	\$501,830	\$516,885	\$532,392	\$548,364
Total Expenses	\$1,624,290	\$1,686,320	\$1,739,746	\$1,792,959	\$1,846,748	\$1,902,150	\$1,959,215	\$2,017,991	\$2,078,531	\$2,140,887	\$2,205,113
NET OPERATING INCOME	\$7,451,358	\$8,326,668	\$8,715,419	\$9,026,902	\$9,297,709	\$9,576,640	\$9,863,939	\$10,159,857	\$10,464,653	\$10,778,593	\$11,101,950

Note - Unlevered Cash Flow excludes property taxes.



RENT COMPARABLES



ASSET DETAILS		The Core Natomas	19J Apartments	The Press	H16
Address	2745 Orchard Lane	1875 J Street	1714 21st Street	731 16th Street	
City	Sacramento, CA	Sacramento, CA	Sacramento, CA	Sacramento, CA	
PHYSICAL					
Total units	300 units	175 units	277 units	95 units	
Avg. unit size	±929sf	±484sf	±696sf	±646sf	
Year built	2021	2019	2020	2020	
Occupancy	75%	80%	95%	95%	
ECONOMICS SUMMARY					
Studio	Average size - Avg. Asking Rent per sq. ft. -	±404sf \$1,773 \$4.39	±529sf \$2,045 \$3.87	±519sf \$1,962 \$3.78	
1BR	Average size ±748sf Avg. Asking Rent per sq. ft. \$2,224 \$2.97	±710sf \$3,028 \$4.26	±697sf \$2,417 \$3.47	±658sf \$2,394 \$3.64	
2BR	Average size ±1,122sf Avg. Asking Rent per sq. ft. \$2,817 \$2.51	- \$3,128 \$3.37	±929sf \$3,254 \$3.20	±1,018sf \$2,394 \$3.64	
3BR	Average size ±1,396sf Avg. Asking Rent per sq. ft. \$3,244 \$2.32	- \$4,485 \$3.38	±1,326sf \$3,254 \$3.20	- \$2,394 \$3.64	
Avg.	Avg. Asking Rent per sq. ft. \$2,510 \$2.70	\$2,103 \$4.34	\$2,463 \$3.54	\$2,321 \$3.59	



Gio Apartments

Sutter Green

The Strand Apartments

Alira

The Eisley

3675 T Street
Sacramento, CA

2205 Natomas Park Drive
Sacramento, CA

500 Douglas Street
West Sacramento, CA

4100 Innovator Drive
Sacramento, CA

1567 Bartlett Lane
Sacramento, CA

213 units
±855sf
2019
95%

248 units
±902sf
2018
97%

408 units
±886sf
2021
28%

293 units
±880sf
2020
99%

405 units
±906sf
2022
Under Construction

±611sf
\$1,960
\$3.21
±760sf
\$2,223
\$2.93
±1,067sf
\$2,984
\$2.80
±1,394sf
\$3,644
\$2.61
\$2,461
\$2.88

-
-
-
±774sf
\$2,250
\$2.91
±998sf
\$2,514
\$2.52
-
-
\$2,905
\$2.45
\$2,382
\$2.66

-
-
-
±693sf
\$2,103
\$3.03
±997sf
\$2,531
\$2.54
±1,187sf
\$2,985
\$2.23
\$2,298
\$2.69

±571sf
\$2,029
\$3.55
±689sf
\$2,007
\$2.91
±1,067sf
\$2,552
\$2.39
±1,338sf
\$2,985
\$2.23
\$2,298
\$2.61

±553sf
\$2,061
\$3.73
±741sf
\$2,197
\$2.96
±1,057sf
\$2,786
\$2.64
±1,533sf
\$3,317
\$2.16
\$2,492
\$2.75

JOSEPH SMOLEN
MANAGING DIRECTOR
415 228 2883
jsmolen@eastdilsecured.com
CA DRE #01423874

MARK PETERSEN
MANAGING DIRECTOR
949 864 2025
mpetersen@eastdilsecured.com
CA DRE #01886631

GEOFF BOLER
DIRECTOR
949 930 7477
gborler@eastdilsecured.com
CA DRE #01905399

WILL PURCELL
SENIOR VICE PRESIDENT
415 228 2875
wpurcell@eastdilsecured.com
CA DRE #02072558

ANDREW SUBLETT
ASSOCIATE
415 228 2853
asublett@eastdilsecured.com
CA DRE #01990623

HENRY FROME
ASSOCIATE
415 228 2823
hfrome@eastdilsecured.com
CA DRE #02111645

101 CALIFORNIA STREET, SUITE 2950
SAN FRANCISCO, CA 94111
TEL 415 228 2900 FAX 415 228 3023

FINANCING CONTACTS
GREG STAMPLEY
MANAGING DIRECTOR
949 864 2025
gstampley@eastdilsecured.com
CA DRE #01902661

LEE REDMOND
DIRECTOR
949 930 7478
lredmond@eastdilsecured.com
CA DRE #01900420

500 NEWPORT CENTER DRIVE, SUITE 900
NEWPORT BEACH, CA 92660
TEL 949 930 7474 FAX 949 930 7475

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