



## Valley Vista | Investment Memorandum

m5x2

December 22, 2025

### Executive Summary

Valley Vista Apartments presents the opportunity to acquire a workforce housing asset in Tacoma, Washington at a basis that reflects operational underperformance. The agreed purchase price of \$16M, or \$148K per unit, is materially below recent Tacoma multifamily transactions, which have generally ranged from \$170K–\$200K per unit.

Constructed in 1986, the property is approximately 20 years newer than the average asset in our existing portfolio, reducing relative deferred maintenance and capex requirements while maintaining exposure to durable workforce housing demand. From a macro perspective, Tacoma continues to benefit from population growth and affordability-driven rental demand within the Puget Sound region.

At the property level, current operations reflect weak management execution, particularly around tenant screening and delinquencies. Bad debt write-offs (5.6% of gross potential rent on cash basis, 10% on accrual basis) are well above both industry norms (~1-2%) and our Fund IV portfolio average (1.2%). Importantly, diligence indicates these issues are operational rather than structural. We believe our in-house, specialized property management team is well-positioned to stabilize this toward industry averages, as we have done with prior investments facing significant compliance and bad debt challenges.

Underwriting assumes no immediate turnaround. Returns are driven by gradual normalization of collections under disciplined in-house management. On this basis, the base case underwrites to a 21.2% IRR and 2.5x MOIC over a five-year hold.

### Situation Overview

We were introduced to Valley Vista through a broker with whom we have completed 10 prior transactions over the last 6 years. The seller, Investors Management Group (IMG), a real estate fund based in Los Angeles, has owned the asset for approximately 9 years and faces a March 2026 debt maturity.

After a prior sale attempt recently failed due to buyer financing, IMG elected to take the asset off market, which is when our broker heard of this time-sensitive liquidity situation and shared the opportunity with us. The seller's \$16M asking price was set intentionally below recent comparables to prioritize execution speed and certainty.



The property is currently managed by Allied, a Texas-based third-party property manager. On-site operations are handled by a single property manager responsible for leasing, collections, evictions, and maintenance coordination – a typical generalist setup that limits enforcement capacity. Our multiple site visits also indicate she maintains a non-confrontational approach to enforcement among tenants, contributing to elevated delinquency and write-offs.

## Market Overview

Tacoma functions as a secondary urban center within the Seattle–Tacoma metropolitan area, benefiting from regional employment while maintaining a materially lower cost structure than Seattle and its immediate suburbs. Tacoma's proximity to Seattle investment dollars also gives it pricing upside in a boom market, a trend which prevented us from entering this market from 2017-2022.

As of the most recent Census estimates, Tacoma's population is approximately 228K, representing roughly 0.6% annualized growth over the past five years, compared with ~0.4% annual growth nationally over the same period. Population growth has been steady rather than explosive, which historically has translated into more durable housing demand and less speculative development pressure.

Rental market fundamentals remain supportive. Tacoma-area multifamily vacancy has generally ranged between 4-5% over the past several years, compared with a national apartment vacancy rate closer to 6-7%. This relative tightness reflects a combination of steady household formation, constrained affordability in for-sale housing, and a moderation in new multifamily supply.

On the supply side, multifamily permitting and starts across the broader Puget Sound region have declined materially since 2022 as higher interest rates and construction costs have curtailed new development. This pullback reduces the likelihood of near-term oversupply, particularly for older garden-style assets that compete primarily on affordability rather than amenities. In this environment, Tacoma's rental market is characterized less by rapid rent expansion and more by stable occupancy and incremental growth, which aligns with our underwriting assumptions for this deal.

## Key investment merits

- **Attractive Basis for Relatively Newer Asset:** Valley Vista's 1986 vintage makes it 15–20 years newer than the average property in our portfolio. Two on-site inspections indicate the asset is in better condition than many comparable properties and notably stronger than similar assets we have recently inspected. All units are 980-square-foot 2x1s with in-unit washer-dryers, a configuration that has historically supported



willingness to pay (+\$100 per month in Spokane). Comparable Tacoma garden-style assets of similar vintage that sold in 2025 generally traded ~25% higher on a per-unit basis.

- **Operational Scale in Tacoma:** This acquisition would materially expand our Tacoma footprint, complementing our existing Fund IV investment, Pacific Crest (tc34, 24 units), and allowing fixed operating costs to be spread across a larger base. Increased scale supports a dedicated maintenance technician and improves control over quality, cost, and speed. Based on performance at Pacific Crest (tc34) year to date, we intend to further strengthen our foothold in this new market.
- **Favorable Process Dynamics:** The transaction benefits from proprietary access through a long-standing broker relationship. No competing bidders are currently involved, and pricing and terms have been agreed subject to diligence during the feasibility period expiring January 14, 2026.

## Key Risks / Diligence Items

- **Bad Debt / Write-offs:** Bad debt is the central risk (and opportunity) in this transaction. Trailing twelve-month write-offs are 5.6% of gross potential rent on a cash basis and 10% on an accrual basis. Our base case assumes gradual normalization to 1.4% by month 30. Improvement may occur more slowly than assumed, adversely affecting near-term cash flow.
  - As of December 15th, 13 delinquent tenants account for 83% of total delinquency, each with a balance of over \$3k (>2 months rent). The tenant with the largest balance has \$16k outstanding (eg. ~10 months of rent), comprising 18% of the total. Eviction judgment and writ has already been granted, but the physical eviction must wait until April 2026, given the winter eviction moratorium.
  - With 13 significant delinquent tenants and 30 months to stabilize, we are assuming we can proceed on 5 evictions per year. For reference, the current property manager completed 11 evictions over the last year. We believe that our specialized in-house team can tighten this process. We are also inflating legal & other costs per eviction by 130% relative to our core markets.
  - For reference, industry bad debt averages range from 1-2% for class C multifamily, and our Fund IV portfolio averages 1.2%.
- **Regulatory climate in western WA:** Washington remains a tenant-protective jurisdiction, and incremental regulatory changes could disproportionately impact workforce housing.



- In the worst case scenario, it could take 12 months to evict a delinquent tenant from beginning to end. In Tacoma you can't evict in winter time, and you also can't evict during the school year if there is a child in the household.
- While Tacoma-specific moratoria constrain the eviction timeline, the legal process itself mirrors our existing markets: issuance of a pay-or-vacate notice, court judgment, writ, and sheriff enforcement once seasonal restrictions lift.
- Our experience owning Pacific Crest (tc34) has de-risked the regulatory risk profile of this deal, as we have established a local network of lawyers and advisors to help navigate delinquency related challenges.
- **Insurance Cost Volatility:** Insurance costs have risen materially in recent years, as much as 30% year-on-year in some cases.
  - Our base-case underwriting assumes a \$74k annual premium, reflecting the second-best quote received. This is 59% higher than the best quote we received, which is \$44k per year. While we expect to bind coverage for the \$44k quote, we have not relied on this upside in the base case.
  - We are starting to see some signs of a calming insurance market after the frenzy of the last 3 years. Brokers have forecast at recent insurance forums stable or even slightly declining premium rates for 2026, marking what they describe as a softening phase of the hard insurance market that dominated the early 2020s

## Preliminary Model Returns

- The preliminary base case assumes the following:
  - Bad debt declining from 10% to 1.4% by Month 30
  - Vacancy declining from 8.3% to 5.3% stabilized in Year 3
  - Average market rent upside of 5.4% from current levels
  - Exit cap rate of 6.8% vs. 5.1% in place and 7.9% stabilized pro forma entry cap
  - Debt financing of 75% LTV with 6% interest rate
- At a purchase price of \$16M, the preliminary base case results in a **21.2% IRR / 2.5x MOIC** over a 5 year hold.



## Appendix

- In place vs. pro forma cap rate comparison
- Model
- Sales comps
- Rent comps
- Highlights from offering memorandum



## In place vs. pro forma cap rate comparison

	<i>(cash basis)</i>			
	<u>Current (T-12)</u>	<u>% of GPR</u>	<u>Pro forma - Stabilized</u>	<u>% of GPR</u>
<b>Rental Income</b>				
Gross potential rent	1,908,595		2,168,049	
(-) Vacancy	(149,891)	7.9%	(108,402)	5.0%
(-) Loss to Lease	(47,834)	2.5%	(32,521)	1.5%
(-) Delinquency	(107,362)	5.6%	(26,017)	1.2%
(-) Concessions	(47,559)	2.5%	(43,361)	2.0%
(-) Other	(6,027)	0.3%	-	0.0%
Net effective rent	1,549,922		1,957,749	
<b>Other Income</b>		<i>% of total rev</i>		<i>% of total rev</i>
Utility reimbursement	174,101	9.9%	177,086	8.2%
Pet income	6,159	0.3%	7,029	0.3%
Parking income	5,865	0.3%	5,574	0.3%
Laundry income	-	0.0%	-	0.0%
Application fees	2,904	0.2%	2,673	0.1%
Late Fees	630	0.0%	1,084	0.1%
Cleaning and Incidental Fee	7,932	0.4%	6,683	0.3%
All Other (admin, NSF)	6,000	0.3%	-	0.0%
Pest Control - Reimbursement	1,092	0.1%	-	0.0%
Total Other Income	204,684	11.6%	209,038	9.6%
<b>Total Revenue</b>	<b>1,764,273</b>		<b>2,166,787</b>	
<b>Operating Costs</b>		<i>% of total rev</i>		<i>% of total rev</i>
Property Management	186,070	10.5%	116,406	5.4%
Eviction costs	13,051	0.7%	3,888	0.2%
Repair & Maintenance - Repairs	102,553	5.8%	93,949	4.3%
Repair & Maintenance - Grounds	60,029	3.4%	50,588	2.3%
Repair & Maintenance - Turns	69,934	4.0%	71,443	3.3%
Total Repair & Maintenance	232,517	13.2%	215,980	10.0%
<i>R&amp;M/unit/mo</i>	<i>179,411</i>		<i>166,651</i>	
Utilities	243,778		280,399	
Property Tax Expense	202,633		205,443	
Insurance Expense	74,880		75,026	
Total Opex	952,929	54.0%	897,141	41.4%
<b>Net Operating Income</b>	<b>811,344</b>	<b>46.0%</b>	<b>1,269,646</b>	<b>60.3%</b>
<b>Entry Cap Rate</b>	<b>5.1%</b>		<b>7.9%</b>	

**Transaction Overview**

(USD in \$'000)

KEY ASSUMPTIONS	
<u>Entry</u>	\$
Purchase Price	\$ 16,000
Price / unit	\$ 148
Transaction Costs	\$ 240
Loan Closing Costs	\$ 60
<u>Exit</u>	\$
Sale Year	5.0
Exit cap rate	6.8%
Cost of sale	5.4%
<u>Leverage</u>	
Funding	At Close
Loan Amount	\$ 12,000.0
Loan to Purchase Price	75.00%
Interest Rate	6.00%
Fixed Term (years)	30.0
Annual Debt Service	\$ 871.8
Capital Call	\$ 4,300
<u>Income (in \$)</u>	
Units	108
GPR growth per year	3%
Initial NTV at lease expiration	55%
LT NTV at lease expiration	35%
Initial Write-offs % of GPR	8.0%
Concessions % of GPR	2.0%
LT LTL % of GPR	1.5%
RUBS as % of utilities cost - initial	75%
Pets % of total units	20%
Pet rent / mo (avg)	\$25
Pet rent - upfront fee	\$0
Laundry fees % of GPR	0.0%
Parking spaces	108
Parking fee / space / month	\$25
Application fee	\$25
Applications per vacant unit	1.8
Tenant screening cost	\$30
Late fees % of GPR	0.1%
Cleaning & incidental / unit	\$150
Move-in fee	\$150
Lease term, transfer, notice posting % GPR	0.0%
MTM rent premium % of GPR	0.0%
<u>Opex (in \$)</u>	
Property mgmt fee * total rev	6%
R&M: repair / unit / mo	\$72
R&M: grounds / unit / mo	\$39
R&M: cost per turn	\$1,200
Electricity (Vacant) / unit / mo	\$100
Electricity - Common Area / mo	\$4,512
Water / mo	\$9,024
Sewer / mo	\$4,512
Trash / mo	\$4,512
Other Utilities / mo	\$0
Property tax / year	\$202,633
Insurance cost / year	\$74,000
Cost growth per year	3%

RETURNS		
	IRR	Multiple
Levered	21.2%	2.51x
Unlevered	11.4%	1.6x
TRANSACTION SETUP		
Sources	\$	%
Debt	\$ 12,000	74%
Equity (cash to close)	4,300	26%
Total	\$ 16,300	100%
Uses	\$	%
Purchase Price	\$ 16,000	98%
Loan Closing Costs	60	0%
Transaction Costs	240	1%
Total	\$ 16,300	100%
LTM NOI	\$ 811.3	
In-place cap rate (T12)	5.1%	
Pro forma - month 18	7.1%	
Pro forma - stabilized	7.9%	
EXIT: SALES PROCEEDS		
Sale	Amount	\$ / unit
Sale Year	5.0	
NOI	\$ 1,505.1	
Gross Proceeds	\$ 22,133.4	\$ 204.9
Cost of Sale	\$ (1,206.3)	
Net Sales Proceeds	\$ 20,927.1	\$ 193.8
	\$ / SQFT	

SENSITIVITIES - LEVERED RETURNS						
Exit Cap Rat	Purchase Price					
	\$ 15,400.0	\$ 15,500.0	\$ 15,600.0	\$ 15,700.0	\$ 15,800.0	\$ 15,900.0
6.1%	28.6% / 3.3x	28.2% / 3.3x	27.8% / 3.3x	27.5% / 3.2x	27.1% / 3.2x	26.7% / 3.1x
6.3%	26.8% / 3.1x	26.5% / 3.1x	26.1% / 3.0x	25.7% / 3.0x	25.3% / 3.0x	25.0% / 2.9x
6.6%	25.2% / 2.9x	24.8% / 2.9x	24.4% / 2.8x	24.0% / 2.8x	23.6% / 2.8x	23.3% / 2.7x
6.8%	23.5% / 2.7x	23.1% / 2.7x	22.7% / 2.7x	22.4% / 2.6x	22.0% / 2.6x	21.6% / 2.6x
7.1%	21.9% / 2.6x	21.5% / 2.5x	21.1% / 2.5x	20.7% / 2.5x	20.3% / 2.4x	19.9% / 2.4x
7.3%	20.3% / 2.4x	19.9% / 2.4x	19.5% / 2.3x	19.1% / 2.3x	18.7% / 2.3x	18.3% / 2.2x
7.6%	18.8% / 2.3x	18.4% / 2.2x	17.9% / 2.2x	17.5% / 2.2x	17.1% / 2.1x	16.7% / 2.1x
price per unit	143	144	144	145	146	147

Repair & Grounds						
/ unit / mo	Insurance annual premium					
	\$ 71.0	\$ 72.0	\$ 73.0	\$ 74.0	\$ 76.0	\$ 80.0 / unit / mo
\$ 80	23.3% / 2.7x	23.3% / 2.7x	23.2% / 2.7x	23.2% / 2.7x	23.0% / 2.7x	22.9% / 2.7x
\$ 90	22.7% / 2.7x	22.6% / 2.7x	22.6% / 2.6x	22.5% / 2.6x	22.4% / 2.6x	22.2% / 2.6x
\$ 100	22.0% / 2.6x	22.0% / 2.6x	21.9% / 2.6x	21.9% / 2.6x	21.8% / 2.6x	21.6% / 2.5x
\$ 110	21.4% / 2.5x	21.3% / 2.5x	21.3% / 2.5x	21.2% / 2.5x	21.1% / 2.5x	20.9% / 2.5x
\$ 120	20.7% / 2.5x	20.6% / 2.5x	20.6% / 2.5x	20.5% / 2.4x	20.4% / 2.4x	20.3% / 2.4x
\$ 130	20.0% / 2.4x	19.9% / 2.4x	19.9% / 2.4x	19.8% / 2.4x	19.7% / 2.4x	19.6% / 2.4x
\$ 140	19.3% / 2.3x	19.2% / 2.3x	19.2% / 2.3x	19.1% / 2.3x	19.0% / 2.3x	18.8% / 2.3x
Cost/unit/yr	\$ 657	\$ 667	\$ 676	\$ 685	\$ 704	\$ 722

LTV						
	Interest Rate					
	5.7%	5.8%	5.9%	6.0%	6.1%	6.2%
62%	17.8% / 2.2x	17.7% / 2.2x	17.6% / 2.2x	17.4% / 2.2x	17.3% / 2.1x	17.2% / 2.1x
69%	19.6% / 2.4x	19.5% / 2.3x	19.3% / 2.3x	19.2% / 2.3x	19.0% / 2.3x	18.9% / 2.3x
72%	20.6% / 2.4x	20.4% / 2.4x	20.3% / 2.4x	20.1% / 2.4x	20.0% / 2.4x	19.8% / 2.4x
75%	21.7% / 2.6x	21.6% / 2.5x	21.4% / 2.5x	21.2% / 2.5x	21.0% / 2.5x	20.8% / 2.5x
78%	22.9% / 2.7x	22.6% / 2.7x	22.4% / 2.6x	22.2% / 2.6x	22.0% / 2.6x	21.8% / 2.6x
80%	24.1% / 2.8x	23.9% / 2.8x	23.7% / 2.8x	23.5% / 2.7x	23.2% / 2.7x	23.0% / 2.7x
83%	25.6% / 3.0x	25.4% / 3.0x	25.1% / 2.9x	24.9% / 2.9x	24.6% / 2.9x	24.4% / 2.8x

Links to Analyses:  
[Rent Comps](#)  
[Rent report](#)  
[R&M and Capex Estimates](#)  
[Walkthrough/Inspection](#)

Stabilized Rent						
Unit Type	Units	Size	Current Rent	\$ / SF	Pro Forma	\$ / SF
2/1	108	980	\$ 1,566	\$ 1.60	\$ 1,650	\$ 1.68
Total/Month	108	105,840	\$ 169,128	\$ 1.60	\$ 178,200	\$ 1.68
Average Rent			\$ 1,566		\$ 1,650	
% increase vs. current rents					5.4%	

## Transaction Overview

(USD in \$'000)

### **Summary: Unlevered Cash Flows & Returns**

	At Close 1/1/26	Year 1 12/31/26	Year 2 12/31/27	Year 3 12/31/28	Year 4 12/31/29	Year 5 12/31/30	Year 6 12/31/31	Year 7 12/31/32	Year 8 12/31/33	Year 9 12/31/34	Year 10 12/31/35	5 Yr Total	5 Yr CAGR
<b>Revenue (\$'000)</b>													
Gross potential rent		\$ 2,168	\$ 2,234	\$ 2,302	\$ 2,372	\$ 2,444	\$ 2,518	\$ 2,595	\$ 2,674	\$ 2,755	\$ 2,839		
(-) Vacancy		(179)	(117)	(121)	(125)	(128)	(132)	(136)	(140)	(145)	(149)		
(-) Loss to Lease		(74)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(43)		
(-) Bad Debt		(140)	(110)	(38)	(33)	(34)	(35)	(36)	(37)	(39)	(40)		
(-) Concessions		(43)	(45)	(46)	(47)	(49)	(50)	(52)	(53)	(55)	(57)		
<b>Net effective rent</b>		<b>\$ 1,731</b>	<b>\$ 1,929</b>	<b>\$ 2,063</b>	<b>\$ 2,131</b>	<b>\$ 2,196</b>	<b>\$ 2,263</b>	<b>\$ 2,332</b>	<b>\$ 2,403</b>	<b>\$ 2,476</b>	<b>\$ 2,551</b>	<b>\$ 10,049.8</b>	<b>4.9%</b>
% growth y/y		11%	7%	3%	3%	3%	3%	3%	3%	3%	3%		
<b>Memo:</b>													
Vacancy %		8.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%		
Bad debt %		6.5%	4.9%	1.6%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%		
Loss to lease %		3.4%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%		
Concessions		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%		
Utility reimbursement		\$ 177	\$ 217	\$ 252	\$ 259	\$ 267	\$ 275	\$ 283	\$ 292	\$ 301	\$ 310		
Pet income		7	7	7	7	7	7	7	7	8	8		
Parking income		6	8	8	8	8	8	8	8	8	8		
Laundry income		-	-	-	-	-	-	-	-	-	-		
Application fees		3	2	2	2	2	2	2	2	2	2		
Late Fees		1	1	1	1	1	1	1	1	1	1		
Cleaning and Incidental Fee		7	6	6	6	6	6	6	6	6	6		
Move-In Fee		9	6	6	6	6	6	6	6	6	6		
Lease term, transfer, notice posting		-	-	-	-	-	-	-	-	-	-		
Pest Control - Reimbursement		-	-	-	-	-	-	-	-	-	-		
Storage Unit Fee		-	-	-	-	-	-	-	-	-	-		
MTM Rent Premium		-	-	-	-	-	-	-	-	-	-		
<b>Total Other Income</b>		<b>\$ 209</b>	<b>\$ 246</b>	<b>\$ 281</b>	<b>\$ 289</b>	<b>\$ 296</b>	<b>\$ 304</b>	<b>\$ 313</b>	<b>\$ 321</b>	<b>\$ 330</b>	<b>\$ 339</b>		
<b>Total Revenue</b>		<b>\$ 1,940</b>	<b>\$ 2,175</b>	<b>\$ 2,344</b>	<b>\$ 2,420</b>	<b>\$ 2,492</b>	<b>\$ 2,567</b>	<b>\$ 2,644</b>	<b>\$ 2,724</b>	<b>\$ 2,806</b>	<b>\$ 2,890</b>	<b>\$ 11,370.9</b>	<b>5.1%</b>
<b>Memo:</b>													
RUBS/unit/mo		\$ 149	\$ 177	\$ 205	\$ 211	\$ 217	\$ 224	\$ 231	\$ 238	\$ 245	\$ 252		
Utility Recapture %		63.2%	75.8%	85.3%	85.3%	85.3%	85.3%	85.3%	85.3%	85.3%	85.3%		
Pet income % of GPR		0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%		
Parking income % of GPR		0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%		
Laundry income % of GPR		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
All other fees % of GPR		0.9%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%		
Other Income % of Total Income		10.8%	11.3%	12.0%	11.9%	11.9%	11.9%	11.8%	11.8%	11.8%	11.7%		
<b>Operating Costs</b>													
Property Management		\$ 116	\$ 131	\$ 141	\$ 145	\$ 150	\$ 154	\$ 159	\$ 163	\$ 168	\$ 173		
Focus tenant costs		50	-	-	-	-	-	-	-	-	-		
Repair & Maintenance - Repairs		94	97	100	103	106	109	112	116	119	123		
Repair & Maintenance - Grounds		51	52	54	55	57	59	61	62	64	66		
Repair & Maintenance - Turns		71	45	45	45	45	45	45	45	45	45		
Total Repair & Maintenance		216	194	199	204	208	213	218	224	229	235		
R&M/unit/mo		167	150	154	157	161	165	169	173	177	181		
Electricity & Gas - Vacant		6	4	4	4	4	4	4	4	4	4		
Electricity - Common Area		55	57	58	60	62	64	66	68	70	72		
Water		110	113	117	120	124	128	131	135	140	144		
Sewer		55	57	58	60	62	64	66	68	70	72		
Trash		55	57	58	60	62	64	66	68	70	72		
Total Utilities		280	287	295	304	313	323	332	342	353	363		
Property Tax Expense		205	212	218	225	232	239	246	253	261	269		
Insurance Expense		75	77	80	82	85	87	90	93	95	98		
<b>Total Opex</b>		<b>\$ 943</b>	<b>\$ 900</b>	<b>\$ 933</b>	<b>\$ 960</b>	<b>\$ 987</b>	<b>\$ 1,016</b>	<b>\$ 1,045</b>	<b>\$ 1,075</b>	<b>\$ 1,107</b>	<b>\$ 1,139</b>	<b>\$ 4,723.3</b>	<b>0.9%</b>
<b>Net Operating Income</b>		<b>\$ 997</b>	<b>\$ 1,275</b>	<b>\$ 1,411</b>	<b>\$ 1,460</b>	<b>\$ 1,505</b>	<b>\$ 1,551</b>	<b>\$ 1,599</b>	<b>\$ 1,649</b>	<b>\$ 1,699</b>	<b>\$ 1,752</b>	<b>\$ 6,647.6</b>	<b>8.6%</b>
% of net revenue		51.4%	58.6%	60.2%	60.3%	60.4%	60.4%	60.5%	60.5%	60.6%	60.6%		

**Transaction Overview**

(USD in \$'000)

**Capex**

CapEx - Turns	225	225	-	-	-	-	-	-	-	
CapEx - Appliances	-	-	94	97	100	103	106	109	112	
CapEx - Other Non-discretionary (reserves)	109	109	-	-	-	-	-	-	116	
CapEx - Discretionary Improvements	-	-	-	-	-	-	-	-	-	
<b>Total Capex</b>	<b>\$ 334</b>	<b>\$ 334</b>	<b>\$ 94</b>	<b>\$ 97</b>	<b>\$ 100</b>	<b>\$ 103</b>	<b>\$ 106</b>	<b>\$ 109</b>	<b>\$ 112</b>	<b>\$ 116</b>

**Unlevered Cash Flows**

	\$ 663	\$ 941	\$ 1,317	\$ 1,363	\$ 1,405	\$ 1,449	\$ 1,494	\$ 1,540	\$ 1,587	\$ 1,636
<i>% of Total Revenue</i>										
Property management	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
R&M	11.1%	8.9%	8.5%	8.4%	8.4%	8.3%	8.3%	8.2%	8.2%	8.1%
Utilities	14.5%	13.2%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%
Property taxes	10.6%	9.7%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
Insurance	3.9%	3.6%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
NOI	51.4%	58.6%	60.2%	60.3%	60.4%	60.4%	60.5%	60.6%	60.6%	60.6%
Capex	17.2%	15.3%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
<i>Unlevered CF</i>	34.2%	43.3%	56.2%	56.3%	56.4%	56.4%	56.5%	56.6%	56.6%	56.6%
Purchase Price	\$ (16,000.0)									
(-) Transaction Costs	\$ (240.0)									
Unlevered Cash Flows	\$ (16,240.0)	\$ 663.3	\$ 941.1	\$ 1,317.4	\$ 1,363.2	\$ 1,405.4	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
(+) Net Sale Proceeds	-	-	-	-	-	20,927	-	-	-	-
<b>Net Unlevered Cash Flows</b>	<b>\$ (16,240.0)</b>	<b>\$ 663.3</b>	<b>\$ 941.1</b>	<b>\$ 1,317.4</b>	<b>\$ 1,363.2</b>	<b>\$ 22,332.5</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>
<i>NOI Yield</i>	6.1%	7.8%	8.7%	9.0%	9.3%	9.6%	9.8%	10.2%	10.5%	10.8%
<i>Cumulative CoC Yield</i>	4.1%	5.8%	8.1%	8.4%	8.7%	-	-	-	-	-

\$ 10,377.5 n/m

**Unlevered Returns**

IRR	11.4%
MOIC	1.6x
Avg. NOI Yield	8.2%

**Levered Cash Flows & Returns**

	At Close 1/1/26	Year 1 12/31/26	Year 2 12/31/27	Year 3 12/31/28	Year 4 12/31/29	Year 5 12/31/30	Year 6 12/31/31	Year 7 12/31/32	Year 8 12/31/33	Year 9 12/31/34	Year 10 12/31/35
Purchase price	\$ (16,000.0)										
(-) Transaction Costs	\$ (240.0)										
(+) Unlev Cashflows	-	\$ 663.3	\$ 941.1	\$ 1,317.4	\$ 1,363.2	\$ 1,405.4	-	-	-	-	-
(+) Debt issuance	12,000.0	-	-	-	-	-	-	-	-	-	-
(-) Loan origination cost	(60.0)	-	-	-	-	-	-	-	-	-	-
(-) Interest expense	-	(718.0)	(710.9)	(701.3)	(691.0)	(680.2)	-	-	-	-	-
(-) Debt amortization	-	(151.4)	(160.9)	(170.5)	(180.8)	(191.6)	-	-	-	-	-
Lev. CF before sale proceeds	\$ (4,300.0)	\$ (206.1)	\$ 69.3	\$ 445.6	\$ 491.5	\$ 533.6	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
(+) Net sale proceeds	-	-	-	-	-	20,927.1	-	-	-	-	-
(-) Debt repayment	-	-	-	-	-	(11,144.9)	-	-	-	-	-
(-) Prepayment Penalty	-	-	-	-	-	-	-	-	-	-	-
<b>Lev. Cashflows</b>	<b>\$ (4,300.0)</b>	<b>\$ (206.1)</b>	<b>\$ 69.3</b>	<b>\$ 445.6</b>	<b>\$ 491.5</b>	<b>\$ 10,315.8</b>	<b>\$ 0.0</b>				
<i>Equity Base</i>	<b>\$ 4,300.0</b>	<b>\$ 4,300.0</b>	<b>\$ 4,300.0</b>	<b>\$ 4,300.0</b>	<b>\$ 4,300.0</b>	<b>\$ 4,300.0</b>					
<i>CoC Yield</i>	(4.8%)	1.6%	10.4%	11.4%	12.4%						
<i>Cumulative CoC Yield</i>	(4.6%)	1.6%	11.2%	14.0%	18.0%						
<i>DSCR = Unlev. Cashflows / Debt Service</i>	0.76x	1.08x	1.51x	1.56x	1.61x						
<i>Debt Yield - NOI / Debt</i>	8.3%	10.6%	11.8%	12.2%	12.5%						

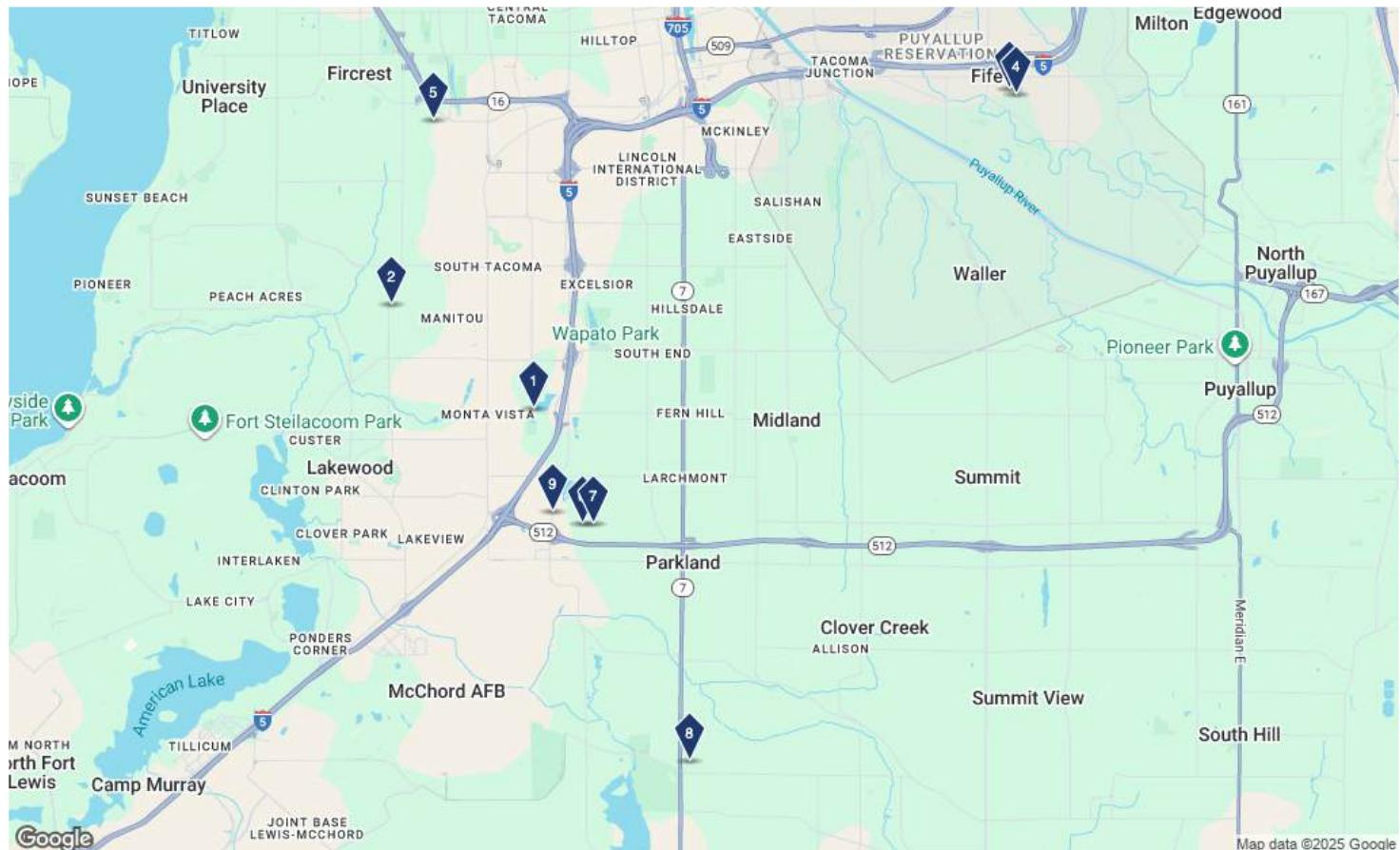
\$ 6,816.1 n/m

**Levered Returns**

IRR	21.2%
MOIC	2.51x
Avg. CoC	6.2%
Avg. DSCR	1.3x
Avg. Debt Yield	11.1%



# Sale Comps Map & List



## Sale Comparables Summary Statistics

Sale Attributes	Low	Average	Median	High
Sale Price	\$10,350,000	\$27,602,778	\$21,500,000	\$83,775,000
Sale Price Per Unit	\$169,642	\$180,410	\$181,250	\$205,882
Cap Rate	5.3%	5.4%	5.3%	5.5%
Land Price Per SF	\$71	\$79	\$86	\$111
Property Attributes	Low	Average	Median	High
Units	51	153	116	465
Year Built	1976	1984	1986	1990
Stories	2	2	2	3
Vacancy At Sale	0.1%	5.4%	5.4%	12.7%
Star Rating	★☆☆☆☆ 2	★☆☆☆☆ 2.8	★☆☆☆☆ 3	★★★★☆ 4

Summary Statistics exclude For Sale and Under Contract listings

## Sale Comps List

	Property Name Address	Type	Built/Renovated	Size	Sale Date	Price	Cap Rate
1	Crown Pointe Apartments 2611 84th Street Ct S Tacoma, WA 98499	Apartments ★ ★ ★ ★ ☆	1988	76 Units	10/31/2025	\$14,300,000 (\$188,158.00/Unit)	5.25% Actual
2	Park West 6407-6425 53rd Ave W University Place, WA 98467	Apartments ★ ★ ★ ★ ☆	1985	51 Units	10/30/2025	\$10,500,000 (\$205,882.00/Unit)	5.29% Actual
3	The Lakes 2301 58th Ave E Fife, WA 98424	Multifamily ★ ★ ★ ★ ☆ Part of a Portfolio	1976/2006	135 Units	9/30/2025	\$24,250,000 (\$179,630.00/Unit)	-
4	ReVive Apartments 2341 58th Ave E Fife, WA 98424	Multifamily ★ ★ ★ ★ ☆ Part of a Portfolio	1980/2018	116 Units	9/30/2025	\$21,500,000 (\$185,345.00/Unit)	-
5	The Lodge at Madrona 3202 S Mason Ave Tacoma, WA 98409	Apartments ★ ★ ★ ★ ☆	1986/2020	465 Units	7/14/2025	\$83,775,000 (\$180,161.00/Unit)	-
6	The Lucent 10710 17th Ave S Tacoma, WA 98444	Multifamily ★ ★ ★ ★ ☆ Part of a Portfolio	1988	168 Units	6/30/2025	\$28,500,000 (\$169,643.00/Unit)	6.30% Actual
7	Sienna Apartments 10600-10724 16th Ave S Tacoma, WA 98444	Multifamily ★ ★ ★ ★ ☆ Part of a Portfolio	1986	80 Units	6/30/2025	\$14,500,000 (\$181,250.00/Unit)	6.30% Actual
8	Hidden Firs Apartments 15008 A St S Tacoma, WA 98444	Apartments ★ ★ ★ ★ ☆	1979	56 Units	4/4/2025	\$10,350,000 (\$184,821.00/Unit)	5.50% Actual
9	The Ellyson 2201 104th St S Tacoma, WA 98444	Apartments ★ ★ ★ ★ ☆	1990	230 Units	2/4/2025	\$40,750,000 (\$177,174.00/Unit)	-

## Rent Comps

Floorplan	Bd	Ba	Sqft	Vintage	Units	Dishwasher	Swiming pool	Laundry in-unit	Laundry on-site	Patio / balcony	Newer construction	Covered parking	Garage parking	Off-street parking	AC	Pet friendly	Bbq / picnic area	Clubhouse	Playground	Fitness center	PFS	Market Rent (base case)	Market Rent (upside)	Market Rent (downside)
2x1 fully renovated	2	1	980	1986	12	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$1.83	\$1,795	\$1,850	\$1,695								
2x1 partially renovated	2	1	980	1986	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$1.81	\$1,775	\$1,775	\$1,625
2x1 unrenovated	2	1	980	1986	86	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$1.63	\$1,595	\$1,615	\$1,525

Comps

# EXECUTIVE SUMMARY

## SCALE & EQUITY GROWTH IN TACOMA

Valley Vista is a **108-unit value-add asset** offering an opportunity to acquire immediate scale in the thriving South Tacoma submarket. The property is positioned for **turnkey, high-yield results** based on a proven capital strategy.

## MOTIVATED SELLER, EFFICIENT TRANSACTION

IMG and its partners are selling Valley Vista ahead of a **Q2 2026 loan maturity**. Having achieved their investment timeline, the current owners are motivated to move quickly and close an **efficient transaction**.

## PROVEN VALUE CREATION

Current owners have invested over **\$2.2M in CapEx** since 2016, improving the clubhouse, fitness center, and maintaining the asset. Most critically, they proved a successful value-add strategy by renovating 22 units that are achieving **rent premiums of up to \$175/unit**.

With **80% (86 units) ready for renovation**, a new owner benefits from an established path to **force appreciation, grow income, and realize competitive returns**.

**VALLEY VISTA**  
Apartments



Total Units

**108**

Avg. Household Income in Tacoma

**\$110K**

Market Rent Growth YOY  
(CoStar, Q4 2025)

**2.0%**

Proj. Population Growth  
City of Tacoma, 2025-2030

**35K**



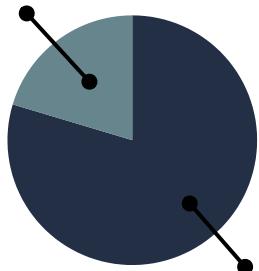
# THE ASSET



Valley Vista is comprised of 108 two-bedroom homes constructed in 1986. The property features a clubhouse, fitness center, BBQ and picnic area, and an off-leash dog park. The property's central location offers convenient access to local amenities such as the Tacoma Mall, as well as easy access to I-5 and Highway 512.

Total Units	Year Built	Buildings	Avg. Unit Size	Rentable SF	Acres
<b>108</b>	<b>1986</b>	<b>8</b>	<b>980 SF</b>	<b>105,840</b>	<b>5.99</b>

22 Units - Renovated 2 Bed (20%)



86 Units - Standard 2 Bed (80%)



# INTERIOR AMENITIES

- Private Balconies or Patios
- In-unit Washers and Dryers
- Refrigerator
- Dishwasher
- Disposal
- Efficient Appliances
- Fireplace
- Hardwood Vinyl Planking

\* in select units



# COMMUNITY AMENITIES

- Fitness Center
- Clubhouse
- BBQ/Picnic area
- Off-Leash Dog Park



# MARKET FUNDAMENTALS

The Tacoma/Seattle multifamily market exhibits solid fundamentals, underpinned by healthy rental demand, high occupancy, and a shrinking supply pipeline. Current occupancy across the Puget Sound region is reported near **95.5%**, reflecting continued renter demand and solid leasing velocity. Strong absorption in Tacoma, with 1,114 units absorbed versus 836 units delivered YTD, demonstrates that new product continues to find eager renters. While rent growth has moderated from its cycle peaks, rental rates are moving along a positive trajectory as the market adjusts to a more sustainable equilibrium.

One of the region's most favorable performance indicators is the substantial drop in future supply. The current construction pipeline of roughly 16,000 units represents a notable 36% year-over-year decline, signaling that the metro area is entering a period of reduced new competition. This contraction is expected to support ongoing occupancy strength and set the stage for future rent growth as demand continues to outpace new deliveries.

**VALLEY VISTA**  
Apartments

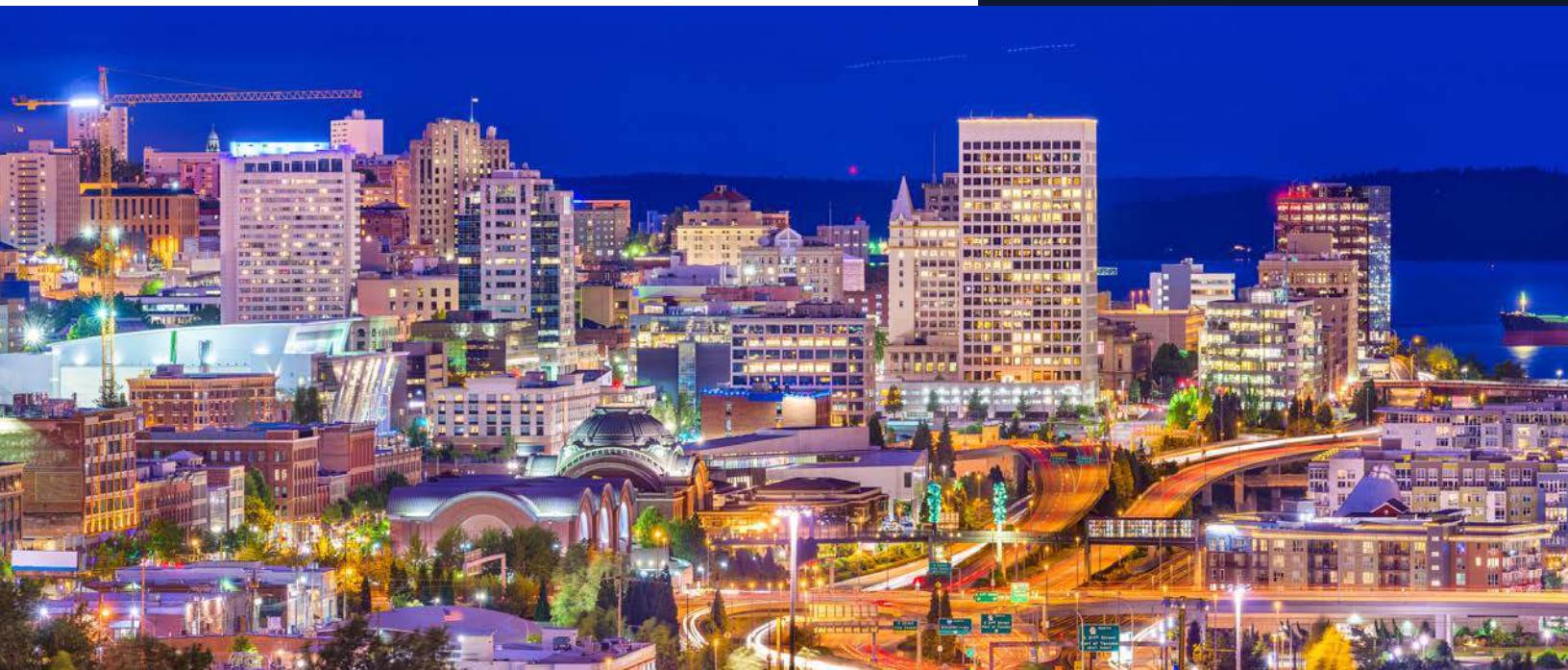


**95%**  
**Occupancy Rate**  
Q3 2025, CBRE

**227K**  
**Tacoma Population**

**\$128K**  
**Avg. Household Income**  
*in Tacoma*

**Top 25**  
**Best Cities for Outdoor Activities**  
*Niche*



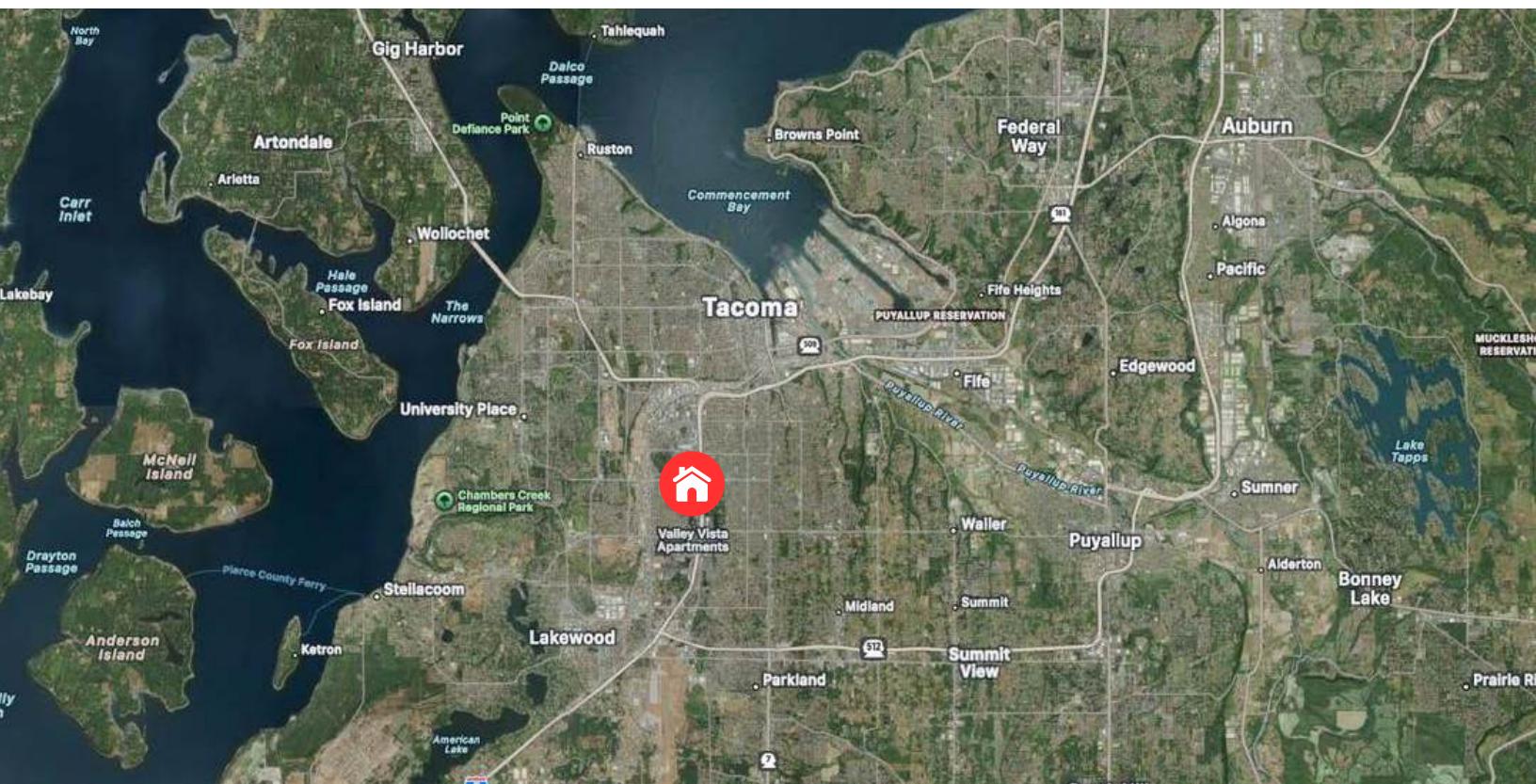
# MARKET FUNDAMENTALS



Investment activity remains active and forward-looking. Apartment sale prices have retreated from cycle highs, creating entry points for buyers into a market with attractive financing options, positive performance outlook and long-term appreciation potential. Operating fundamentals support cash flow today with improving near-term prospects as the supply/demand balance tilts toward landlords.

Importantly, the Tacoma submarket brings its own compelling value story, especially for investors and renters seeking relative affordability in a desirable location. As of mid-2025, Pierce County's overall vacancy rate is around **4.5%**, on par with the regional rate and well below national averages — underscoring strong demand and limited turnover. Meanwhile, average rents in Tacoma for apartments are currently in the **\$1,700–\$1,900 per month range, up 1.3% YOY**, depending on unit type and size, giving Tacoma an attractive rent-level advantage versus the broader metro average.

This rent discount relative to Seattle, combined with tight occupancy and ongoing demand, makes Tacoma a particularly interesting target for investors looking for stability, cash flow resilience, and value-add potential. For renters, Tacoma brings many of the metro-area amenities and employment-access benefits — but at a lower rental cost baseline, offering solid living value.





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