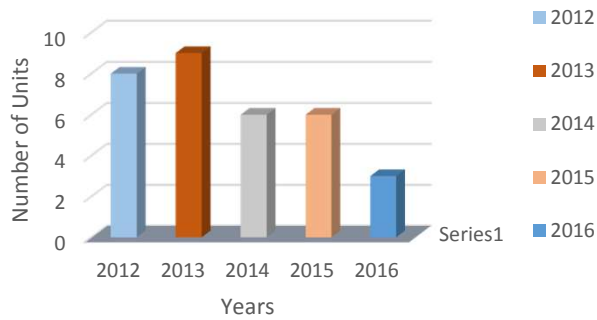


# Rent Roll Analysis (RRA) of Property

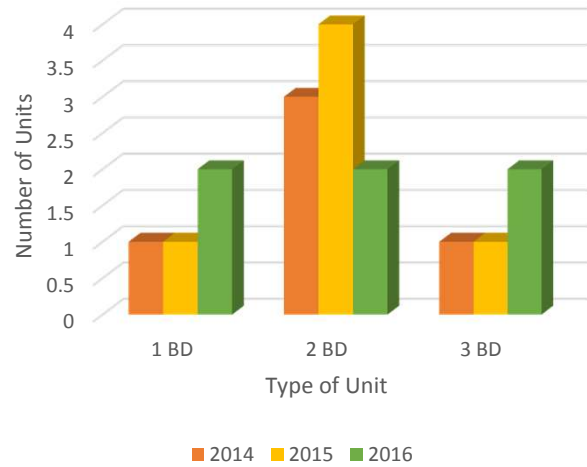
We have performed the Rent Roll Analysis (RRA) responsibilities required by our client prior to proceeding with property acquisition situated at California having 24 Units. RRA is required for the purpose of exploring underlying property issues (if any) that have the potential of resulting in good income generating asset. For example, property cost per location, authenticity of rent roll, revenue growth of the property, financial analysis and documents due diligence which may impact value of property. After careful review and evaluation of all tenant leases, Rent Roll and documents pertaining to the proposed acquisition our experts made following analysis and summary notes.

Rent Roll Analysis										
Property	Unit#	Bed	Bath	Move-in Date	Lease Begin	Lease End	Rent Roll	Security Deposit	Market Rent	Last Increase
PBT	S-1101	1	0	06/16/14	06/10/14	05/09/16	\$ 885.00	\$ 400.00	\$ 1,095.00	07/16/10
PBT	S-1102	1	1	04/02/15	04/02/15	04/01/17	\$ 925.00	\$ 400.00	\$ 1,125.00	05/15/13
PBT	S-1103	1	1	03/01/16	02/28/16	02/27/17	\$ 747.00	\$ 500.00	\$ 1,025.00	05/15/12
PBT	S-1104	1	0	01/01/16	01/01/16	09/30/18	\$ 950.00	\$ 600.00	\$ 1,150.00	02/04/13
PBT	S-1105	1	1	10/01/15	10/01/15	01/31/17	\$ 850.00	\$ 500.00	\$ 1,150.00	09/01/11
PBT	S-1106	1	0	07/01/15	07/01/15	06/30/17	\$ 950.00	\$ 600.00	\$ 1,150.00	08/13/11
PBT	S-1107	1	1	06/16/14	06/06/14	06/05/16	\$ 975.00	\$ 600.00	\$ 1,225.00	09/17/13
PBT	S-1108	1	0	11/01/15	11/01/15	10/31/18	\$ 975.00	\$ 600.00	\$ 1,225.00	11/19/13
PBT	S-1109	1	1	08/12/15	08/01/15	07/31/17	\$ 975.00	\$ 600.00	\$ 1,225.00	12/15/14
PBT	S-1110	1	0	09/01/15	09/01/15	08/31/16	\$ 985.00	\$ 600.00	\$ 1,250.00	06/09/11
PBT	S-1111	1	1	10/01/15	10/01/15	09/30/17	\$ 995.00	\$ 600.00	\$ 1,250.00	04/01/13
PBT	S-1112	1	1	03/05/14	03/01/14	02/28/16	\$ -	\$ -	\$ 1,300.00	10/18/13
PBT	D-2101	2	1	02/15/16	02/13/16	02/12/18	\$ 995.00	\$ 675.00	\$ 1,300.00	06/07/14
PBT	D-2102	2	1	07/01/15	07/01/15	06/30/17	\$ 995.00	\$ 700.00	\$ 1,300.00	01/01/10
PBT	D-2103	2	1	01/20/15	01/10/15	01/09/17	\$ 995.00	\$ 800.00	\$ 1,200.00	07/01/13
PBT	D-2104	2	1	01/08/16	01/01/16	09/30/18	\$ 995.00	\$ 800.00	\$ 1,300.00	11/01/11
PBT	D-2105	2	1	01/01/16	01/01/16	12/31/18	\$ 995.00	\$ 800.00	\$ 1,300.00	03/11/13
PBT	D-2106	2	1	04/19/15	04/15/15	04/14/17	\$ 995.00	\$ 800.00	\$ 1,300.00	06/05/13
PBT	D-2107	2	1	02/01/16	02/01/16	01/31/19	\$ 995.00	\$ 800.00	\$ 1,300.00	01/25/13
PBT	D-2108	2	1	09/16/15	09/15/15	03/14/18	\$ 995.00	\$ 800.00	\$ 1,300.00	09/01/13
PBT	D-2109	2	2	11/15/15	11/15/15	11/14/17	\$ 1,025.00	\$ 925.00	\$ 1,350.00	04/01/13
PBT	T-3101	3	1	06/01/15	06/01/05	12/16/17	\$ 1,275.00	\$ 950.00	\$ 1,500.00	06/07/13
PBT	T-3102	3	2	01/01/16	01/01/16	12/31/17	\$ 1,200.00	\$ 925.00	\$ 1,425.00	01/01/13
PBT	F-3103	3	2	03/03/16	03/01/16	02/28/18	\$ 1,250.00	\$ 975.00	\$ 1,475.00	05/18/13

### Move-Outs Review



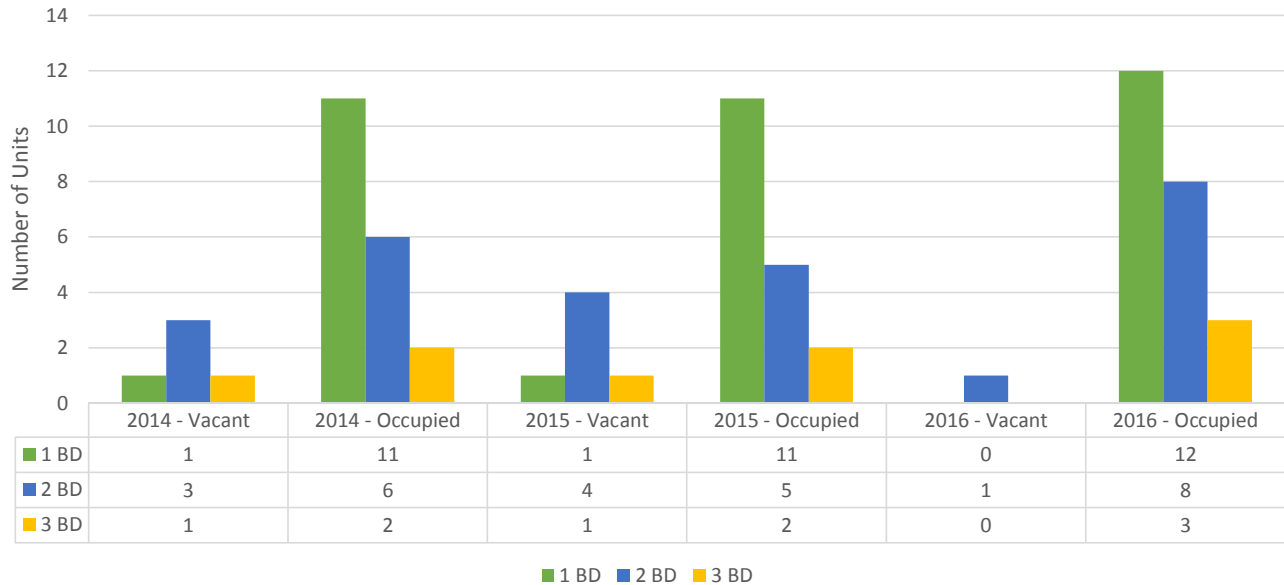
### Unit Type Vacancy Trend



From above reviews and analysis it is evident that tenants stay with the property for longer durations possibly due to good combination of location, condition and management. Leasing staff is working responsibly to get property units occupied. In 2016 units are getting occupied as compare to previous years, which implies it can be a healthier investment in long run.

## Occupancy Analysis

### Occupied vs Vacant Units Analysis

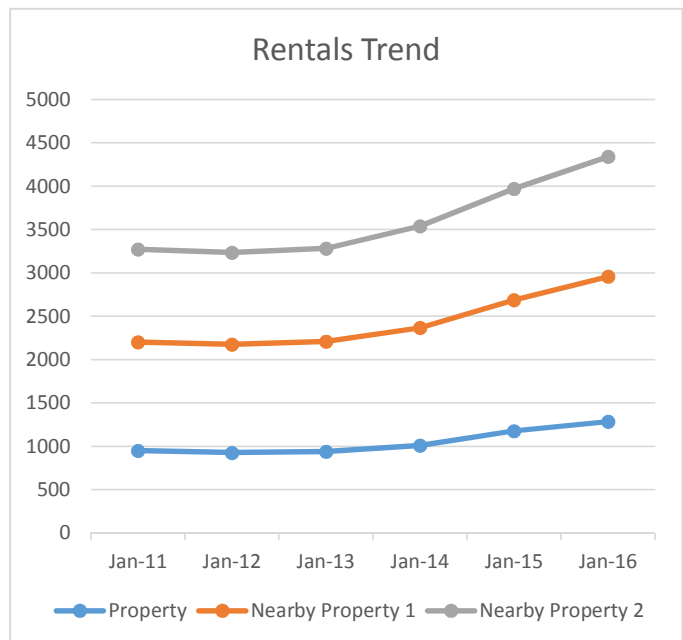


From above graph we can easily conclude downward trend in vacancy in every type of unit. People are getting attracted towards the property which is positive sign, But close observation pointing out towards gap in between market rent and rent charged to tenants. On an average unit rent has been last revised on 2013 i.e. 3 years earlier which can be a factor for tenants are more interested in this property.

# Market Survey

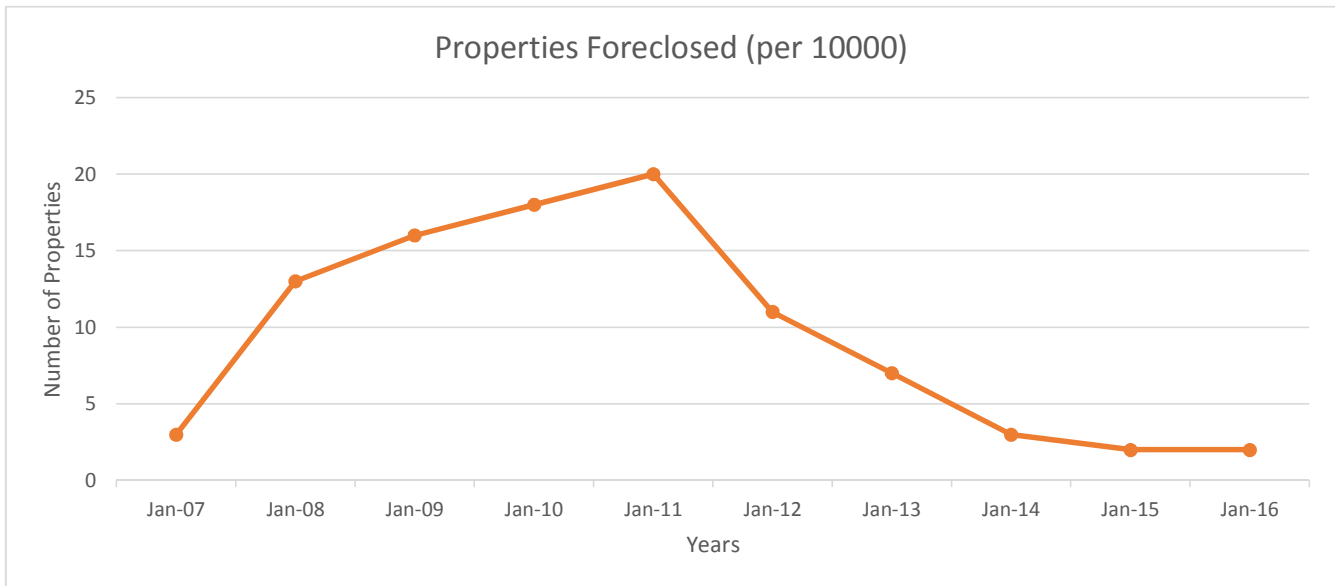
In this parameter we have compare similar properties with same size, locality and amenities for market rent verification.

In every property it is important to compare potential rent of every unit to market rent according to size and facilities to set target of income in the future. We have calculated market rent with real time information like age & condition of property, construction quality, overall management, tenant surveys and rental trend in nearby location. To present and summarize all analysis we have selected and converted data in graphically format below:

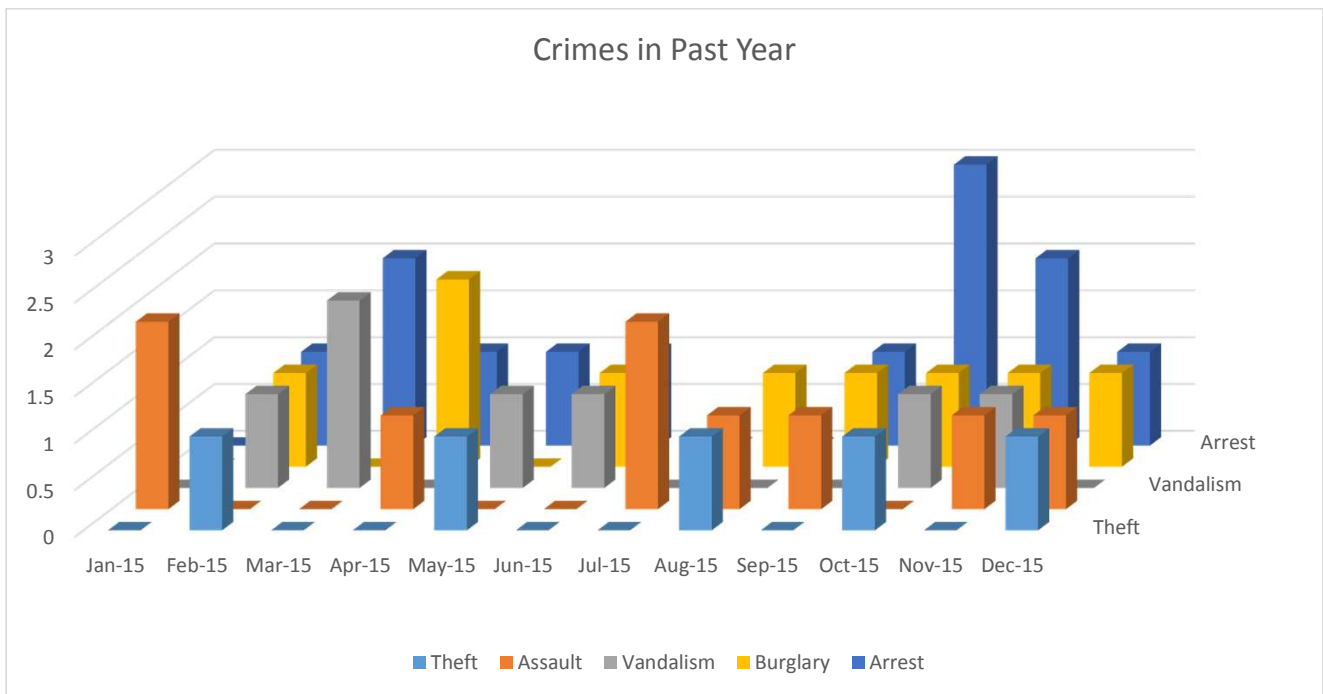


In above analysis we have took 2 nearby properties with similar size, amenities and number of units to compare value appraisal in last 10 years. Price of property in question remain almost stable and absorb recession which shows stability in price of property. As compare to other competitive properties price which has gone down more than 20% during recession period and still struggling to recover at base price. With the help of our real time data analysis we have concluded construction maintenance and property location all of them are of considerably good level.

Rentals has been kept on lower side as per management for stable income and retaining tenants. In this property rents had been revised in 2013 which can be a factor for lower rents as compare to other properties. Currently rent charged to tenants for the units are at discounted rates as compare with market rent. Current market position of desired location is very healthy as per analysis and property rentals can be easily revised which will improve rental income and market position of property.

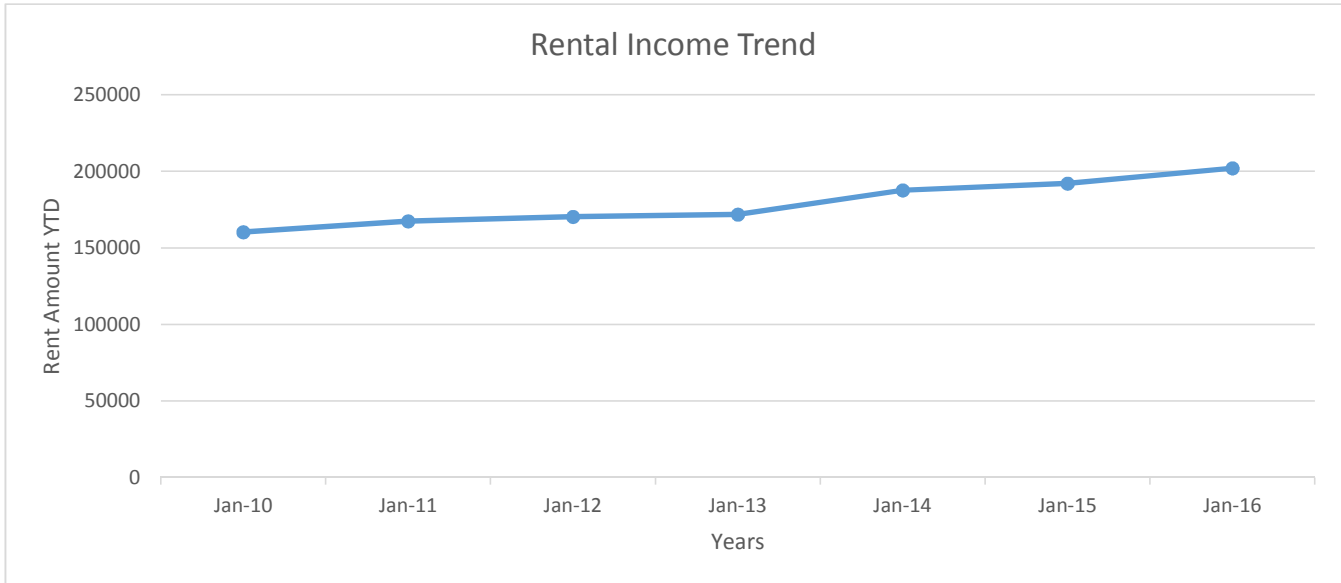


Foreclosures will be a factor impacting home values in the next several years. In current location 2.1 homes are foreclosed (per 10000). This is greater than other California metro value of 1.7 and also lower than the national value of 3.2. Mortgage delinquency is the first step in the foreclosure process. The percentage of delinquent mortgage in current location is 0.1%, which is lower than CA metro at 0.2%.



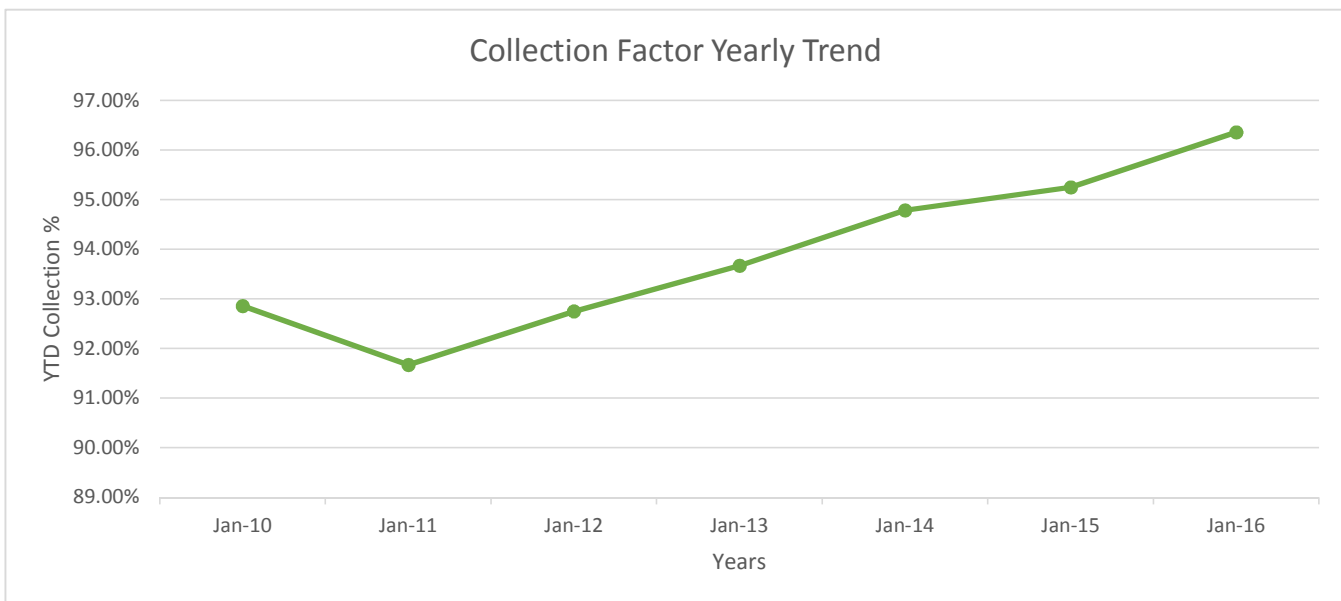
Knowing about crime activity in the desired location can help keep us of crime in the area. Crime activity is most helpful when comparing different locations to understand the relative safety of each location. Current location has very low crime relative to the rest of county. The above report has been computed as per county Sheriff's office completed dispatched calls.

# Financial Analysis



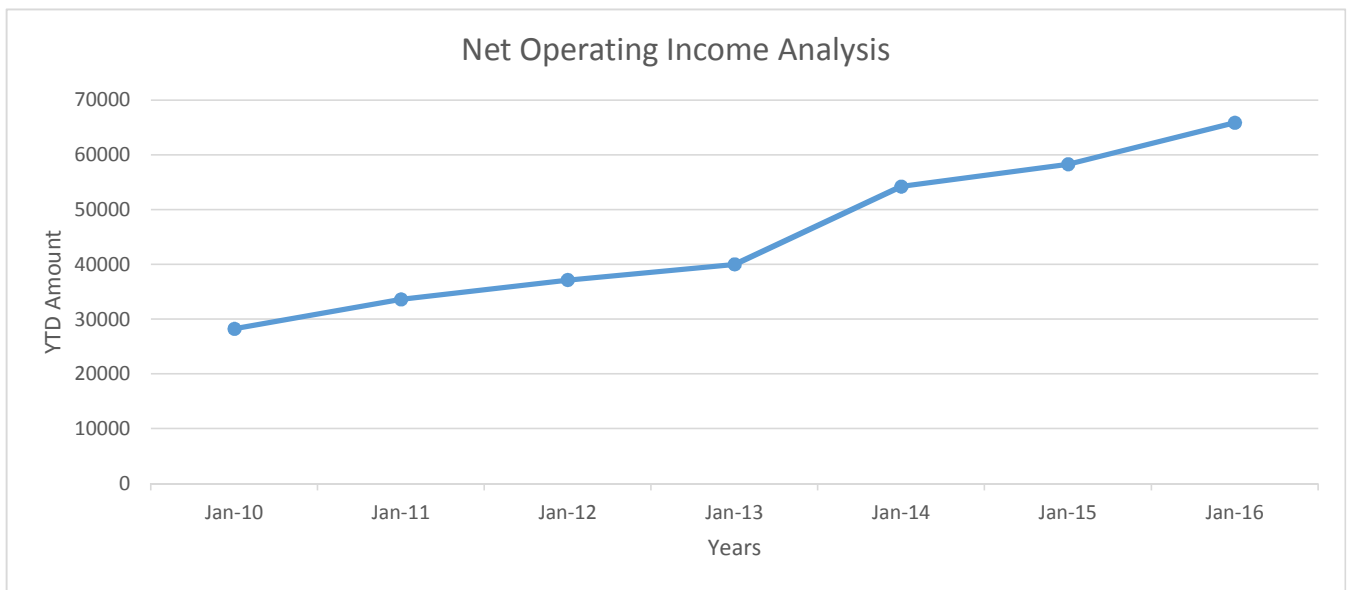
\* 2016 data has been calculated on pro rata basis

We have compared historic data on yearly basis to get accurate picture of collected revenue. Rent collection has gone up due to higher occupancy level in the property after 2013. It is definitely not because of rental increase as last rent/ unit has been revised in 2013 and financial data indicates rise in rental revenue in steady manner after January' 13.



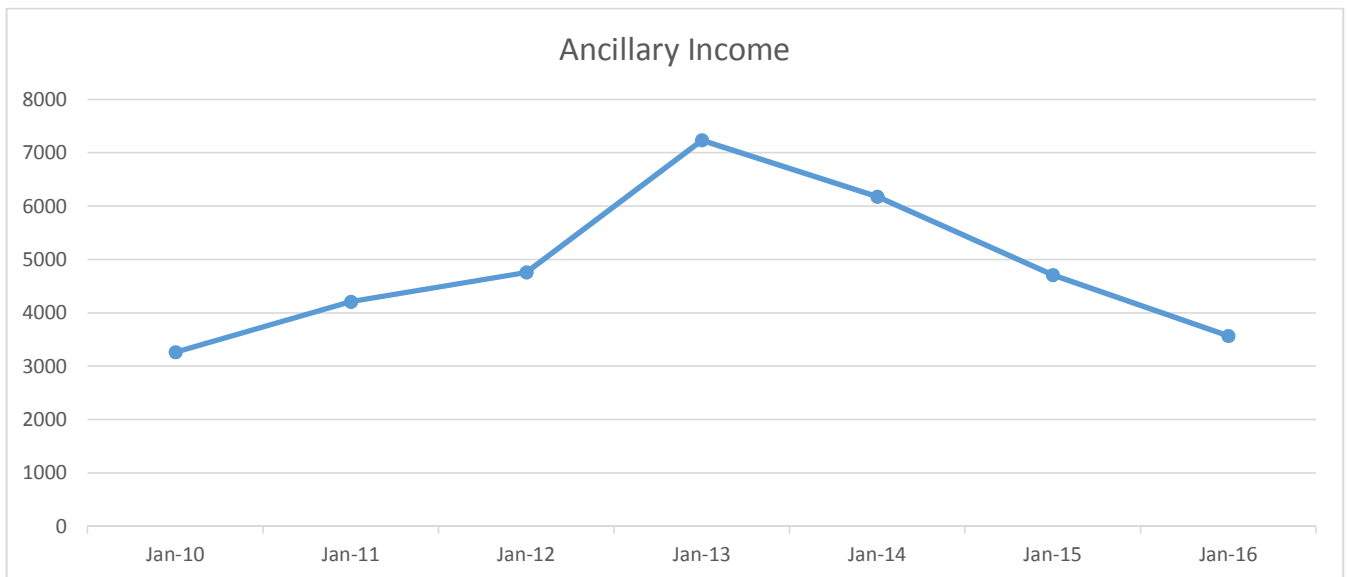
\* 2016 data has been calculated on pro rata basis

Rental collection has been improved which directly impacts revenue and delinquency among the tenants. It has been improved from 91% to 96% due to healthy financial position of the tenants. Most of the tenants in the property are professionals and salaried service class, due to that it will become less likely in delay of rental payments.



\* 2016 data has been calculated on pro rata basis

As a part of RRA we analyze Net Operating Income of the property in question and after closely going through it we observed downward or controlled expenses incurred on the property. In the previous years less amount has been incurred on Capex i.e. building repair and appliances replacement as their was very low requirement. In current position you can spent amount for improvement in amenities which will help in revision of rent roll with good amount.



\* 2016 data has been calculated on pro rata basis

Ancillary income is an area in which property manager has to efficiently work to generate revenue from services. In above analysis it is quite evident that despite increase in rental revenue other source of income has gone down dramatically. In above analysis we have included application fees, late fees, pet fees, laundry, parking charged to tenants on different occasions. It is always profitable and comfortable than rental rate increase because investment in these services are much lower than makeover of complete rental unit.

# Rent Roll Analytical Summary

By Analyzing multiple years of data we have summarized above metrics and compare direction of trends, to check future growth of rent which is always key requirement behind any investment. Rent growth is one factor on which property management firm has to work as the same is altogether different than rental increases. In current property there are wide scope for rental growth by upgrading property according to modern amenities and facilities to compete in market and periodic positive change in rent amount. The scope in rent growth for this property can be measured by difference in between "Market Rent" and "Rent Charged" to tenants in above data representation. Rent growth is justifiable in this property as the gap in between Market Rent and Rent charged is high, also proportion of rental growth (\$8,000 per month) will be higher than amount of investment (\$80K to \$90K) to upgrade the property.