BUYER EXECUTIVE UNDERWRITING BRIEF: ECOFLATS

Property Name: EcoFlats | 18 Residential Units + 2 Commercial Suites | 3951 N Williams Ave, Portland, OR 97227

Offering Price: $4,820,000 | **Investment Basis:** 5.96% Day-1 Net Improved Building Cap Rate (~6.0% Cap) | **Year Built:** 2011

1. Executive Summary & Investment Premise

EcoFlats represents a premier opportunity to acquire a modern, 2011-built, 20-unit mixed-use community (18 residential apartments + 2 ground-floor commercial suites) in Portland's high-demand N Williams Avenue corridor. Offered at $4,820,000 ($241,000/unit | $316/SF GBA), the acquisition price is structured directly from audited in-place operational cash flow to deliver a guaranteed Day-1 Cash-on-Cash Return of 5.00% under prevailing 3-year Interest-Only financing (6.00% I/O at 65% LTV).

The offering explicitly accounts for a $250,000 land value allocation assigned to the pre-stubbed rear development lot (0.23 Acres, CM3 zoning; utilities stubbed, zero System Development Charges required for up to 12 additional units under current code). Deducted from total pricing, the net improved building valuation of $4,570,000 delivers an impressive 5.96% Day-1 In-Place Cap Rate (~6.0% Cap) on contracted actuals.

Acquisition Parameter	Property Baseline / Investment Metric	Financial Return Metric
Total Offering Price	$4,820,000	**In-Place Net Operating Income (NOI):** $272,330.12
Less: Rear Lot Land Value	(-$250,000.00) (0.23 Acres / CM3)	**Net Improved Building Cap Rate:** 5.96% (~6.0% Cap)
Net Improved Building Value	$4,570,000.00	**Blended Total Offering Cap Rate:** 5.65%
Total Units / GBA	18 Res + 2 Comm (20 Units) / 15,249 SF	**Leveraged Day-1 Cash-on-Cash (6% I/O):** 5.00% (Target Met)
Occupancy Status	100% Leased / Scheduled Baseline	**Debt Service Coverage Ratio (DSCR):** 1.45x

2. Commercial Lease Schedule & Residential Unit Mix

EcoFlats features two long-term, highly stable ground-floor commercial tenants alongside 18 energy-efficient residential apartments:

- **Suite 3947 — Migration Brewing (2,897 SF):** Active lease through June 2028. Pays $8,357.86/mo ($100,294.32/yr) base rent + $1,782.23/mo ($21,386.76/yr) NNN/CAM reimbursement.
- **Suite 3949 — Big Time Tattoo (1,110 SF):** 5-year extension through June 2031 (3% annual escalations). Pays $3,107.81/mo ($37,293.72/yr) base rent + $718.01/mo ($8,616.12/yr) NNN/CAM reimbursement.

Unit / Suite Type	Unit Count	Square Footage Range	Contracted Rent Range	Total Monthly Base Rent
1 Bed / 1 Bath (Res.)	12	585 SF	$1,075 – $1,680 / mo	$15,443.00 / mo
2 Bed / 1 Bath (625 SF)	3	625 SF	$1,395 – $1,450 / mo	$4,295.00 / mo
2 Bed / 1 Bath (743 SF)	3	743 SF	$1,450 – $1,830 / mo	$4,965.00 / mo
Commercial Suites (2)	2	4,007 SF Total	$3,108 – $8,358 / mo	$11,465.67 / mo ($137,588/yr)
Total / Weighted Average	**20 Units**	**15,249 GBA (11,242 Res SF)**	**$1,372.39 / mo Res. Avg.**	**$36,168.67 / mo ($434,024/yr)**

3. Underwriting & Financial Reconciliation

The property's financial performance is presented under two analytical methods: Method 1 reflects annualized trailing 8-month cash collections through August 31, 2026; Method 2 presents the 12-month forward-looking in-place baseline accounting for contracted lease income, a standard 5% residential vacancy deduction, and audited operating overhead.

Financial Line Item	Method 1: Trailing 8-Mo. Actuals (Ann.)	Method 2: 12-Mo. Forward In-Place Baseline
Gross Scheduled Residential Rent	$287,360.00	$296,436.00
Commercial Base Rent (Migration + Tattoo)	$122,310.00	$137,588.04
Commercial NNN/CAM Reimbursements	$29,934.00	$30,002.88
Utility Pass-Through Income (RUBS)	$23,708.00	$18,106.00
Gross Potential Income (GPI)	**$463,312.00**	**$482,132.92**

Financial Line Item	Method 1: Trailing 8-Mo. Actuals (Ann.)	Method 2: 12-Mo. Forward In-Place Baseline
Less: 5% Residential Vacancy Allowance	(Absorbed in Trailing)	(-$14,821.80)
Effective Gross Income (EGI)	**$463,312.00**	**$467,311.12**
Property Management & Operating Overhead	$141,847.00	$131,500.00
Real Estate Taxes (Multnomah County Actual)	$47,171.00	$47,171.00
Property & Liability Insurance (Farmers Renewal)	$16,310.00	$16,310.00
Total Operating Overhead	**$205,328.00**	**$194,981.00**
NET OPERATING INCOME (NOI)	**$257,984.00**	**$272,330.12**

4. Property Overhead & Asset Highlights

- **Modern Eco-Conscious Construction (2011):** High-efficiency urban design featuring a rooftop solar array that offsets common area electric utility expenses. Elevator-served building with zero deferred capital maintenance.
- **Real Estate Taxes:** Verified via Multnomah County 2025-2026 property tax records (Parcel #R316182) at $47,171.00/year.
- **Property Insurance:** Active Farmers Insurance commercial policy premium locked at $16,310.00/year.
- **Commercial NNN & Utility Recovery:** Commercial tenants reimburse NNN expenses ($30,002.88/yr). Residential water, sewer, and garbage are billed back to residents via RUBS ($18,106/yr).
- **Capital Reserves:** Going-forward expenses include elevator service contracts and a normalized $500/unit/year residential repair reserve.

5. Financing Benchmarks & Leveraged Yield Analysis

Underwriting assumes standard commercial mortgage parameters: 65% LTV ($3,133,000 Loan) with a 35% Equity Down Payment ($1,687,000). Pricing the asset at $4,820,000 achieves the target 5.00% Day-1 Cash-on-Cash Return under Option B interest-only financing:

Leveraged Underwriting Metric	Option A: Standard Amortizing (6.50% / 30-Yr Amort)	Option B: Interest-Only Structure (6.00% / 3-Yr I/O)
Acquisition Offering Price	$4,820,000.00	$4,820,000.00

Leveraged Underwriting Metric	Option A: Standard Amortizing (6.50% / 30-Yr Amort)	Option B: Interest-Only Structure (6.00% / 3-Yr I/O)
Equity Down Payment (35%)	$1,687,000.00	$1,687,000.00
Senior Loan Amount (65% LTV)	$3,133,000.00	$3,133,000.00
Monthly Debt Service	$19,802.69 / mo	$15,665.00 / mo
Annual Debt Service	$237,632.29 / yr	$187,980.00 / yr
Net Operating Income (In-Place Baseline)	$272,330.12	$272,330.12
Net Cash Flow After Debt Service	$34,697.83 / yr	$84,350.12 / yr
Day-1 Cash-on-Cash Return	**2.06%**	**5.00% (Target Met)**
Debt Service Coverage Ratio (DSCR)	**1.15x**	**1.45x**

6. Portfolio Acquisition Option & Submittal Guidelines

EcoFlats can be acquired individually for **$4,820,000** or as part of a 50-unit Portland multi-family portfolio alongside Roseland Apartments (30 residential units, 5811 SE Boise St; target standalone price $4,900,000):

- **Combined Portfolio Offering Price: $9,680,000** *(Reflects a $40,000 combined portfolio discount)*
- **Combined In-Place NOI:** $567,390.12
- **Blended Improved Building Cap Rate:** 5.99%

Terms & Transaction Guidelines: Property is offered free and clear of existing debt. Virtual data room access, certified rent rolls, historical ledgers, and property tours are available upon receipt of an executed Non-Disclosure Agreement (NDA) or Letter of Intent (LOI).

Primary Contact for Offer Submittals & Inquiries:

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