INVESTMENT OFFERING MEMORANDUM

SPRING STREET PORTFOLIO

24 Units · 2 Properties · Paso Robles, CA 93446

3411 SPRING STREET · 14 UNITS · 100% OCCUPIED

3505 SPRING STREET · 10 UNITS · 90% OCCUPIED

ASKING PRICE

$5,000,000


3505 SPRING ST


3411 SPRING ST

CAP RATE	PRICE/UNIT	PORTFOLIO NOI	GRM
4.39%	$208,333	$219,446	13.6x

PRESENTED BY

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PORTFOLIO SPECIFICS

24 TOTAL UNITS	2 TOTAL PROPERTIES	95.8% PORTFOLIO OCCUPANCY	$368,400 ANNUAL RENT (CURRENT)	$5,000,000 ASKING PRICE
$219,446 PORTFOLIO NOI	4.39% GOING-IN CAP	7.17% STABILIZED CAP	$208,333 PRICE / UNIT	13.6x GRM

3411 SPRING STREET

Address	3411 Spring St, Paso Robles, CA 93446
APN	008-031-009
Number of Units	14
Year Built	1970
Building Size	±11,808 SF (rentable)
Lot Size	16,950 SF / ±0.39 Acres
Stories / Bldgs	2-Story / 1 Building
Zoning	PR/R4 — High Density Multi-Family
Unit Mix	(10) 1BD/1BA, (4) 2BD/1BA
Parking	14 Carport Spaces (1/unit)
Utilities	Water & Trash — Owner Paid
Occupancy	100% — 14/14 Units
Asking Price	See Portfolio — Contact Agent
Annual Gross Income	$219,540
Going-In NOI	$120,181 (3.88% cap)
Stabilized NOI	$209,483 (6.76% cap)

3505 SPRING STREET

Address	3505 Spring St, Paso Robles, CA 93446
APN	To Be Confirmed
Number of Units	10
Year Built	1968
Building Size	±5,000 SF
Lot Size	16,948 SF / ±0.4 Acres
Stories / Bldgs	2-Story / 1 Building
Zoning	T-4NC (Highest Density)
Unit Mix	(5) Studio/1BA, (1) Studio/2BA, (2) 1BD/1BA, (1) 1BD/2BA, (1) 2BD/2BA
Parking	20+ Spaces
Construction	Wood Frame + Stucco
Roof	Composition Shingles
Electrical	Copper Wiring
Designation	Opportunity Zone
Utilities	Tenant Reimbursements (RUBS)
Occupancy	90% — 9/10 Units (1 Vacant)
List Price	Included in Portfolio — See Agent
T-12 Gross Income	$148,860
NOI (T-12 Actual)	$99,266

INVESTMENT SUMMARY

GOING-IN CASH FLOW & UPSIDE POTENTIAL

- Combined asking price of $5,000,000 for 24 units — $208,333 per unit.
- Going-in portfolio NOI of $219,446 at current in-place rents — 4.39% cap rate on ask.
- Stabilized NOI of $358,520 at market rents produces a 7.17% stabilized cap rate.
- Annual rent upside of $148,200 between current in-place and market rents — significant value-add story.
- Both properties managed by MPM Inc. — current rent rolls, leases, and 2025 cash flows available upon request.

VALUE-ADD & RENT UPSIDE

- In-place rents at 3411 Spring Street total $18,295/mo vs. market rents of $26,200/mo — a $7,905/mo upside opportunity.
- At market rents, 3411 Spring Street alone would generate $314,400/yr — a $94,860/yr increase from current.
- Several long-tenured tenants (since 2008–2012) are significantly below market. Annual AB 1482 increases of 5% + CPI (~7–8%) systematically close the gap.
- Unit 6 at 3505 Spring Street is currently vacant — can be leased at full market rent with no rent control on new tenancy.
- Total portfolio market rent upside: $148,200/year above current in-place rents.
- Light cosmetic interior improvements can justify accelerated rent growth at natural turnover — low capital required.

FAVORABLE MARKET FUNDAMENTALS

- Sub-3% vacancy in the Paso Robles multifamily market — demand consistently outpaces supply.
- No new apartment construction in the North SLO submarket per CoStar 2026 — zero supply pressure.
- Neighborhood is in active revitalization — gentrification underway, demand exceeds supply.
- R4 zoning on 3411 Spring Street allows for high-density development — long-term land value optionality.
- 101 Freeway, shopping, employment, and schools all within close proximity of both properties.
- Paso Robles is a growing city with diversifying economy — wine, agriculture, healthcare, tourism.

PORTFOLIO ACQUISITION ADVANTAGES

- Both properties share the same street — operational scale and management efficiency in a single acquisition.
- Same property manager (MPM Inc.) for both assets — seamless transition for new ownership.
- 3411 Spring Street independently appraised at $3,550,000 in January 2026 — strong in-place lender support.
- Acquisition at $5,000,000/24 units = $208,333/unit — 22% below the North SLO submarket average of $281,819/unit.
- Full financial package available: 2025 cash flows, current rent rolls, leases, and appraisal report.
- Gross Rent Multiplier of 13.6x on current rents — compresses materially upon stabilization.

PORTFOLIO FINANCIAL ANALYSIS

INCOME	3411 SPRING	3505 SPRING	PORTFOLIO TOTAL
Gross Scheduled Rent (Annual)	$219,540	$148,860	$368,400
Vacancy Reserve (3%)	($6,586)	($4,466)	($11,052)
Effective Gross Income (EGI)	$212,954	$144,394	$357,348
EXPENSES			
Property Taxes (1.125% of price)	$34,875	$21,375	$56,250
Insurance	$12,500	$6,912	$19,412
Property Management (4.5%)	$9,879	$6,699	$16,578
Utilities (Water, Trash, Electric, Gas)	$24,542	$2,700[1]	$27,242
Repairs & Maintenance	$10,977	$7,443	$18,420
Total Operating Expenses	$99,359	$49,594	$148,954
NET OPERATING INCOME (NOI)	$120,181	$99,266	$219,446

$5,000,000	$208,333	4.39%	7.17%	$148,200/yr
ASKING PRICE	PRICE PER UNIT	GOING-IN CAP RATE	STABILIZED CAP RATE	ANNUAL RENT UPSIDE

INCOME & EXPENSE NOTES

- Rental Income: Current in-place rents per May 2026 rent rolls. 3411 = $18,295/mo; 3505 = $12,405/mo.
- Property Taxes: Recast at 1.125% of purchase price. 3411 = $34,875/yr (1.125% × $3,100,000); 3505 = $21,375/yr (1.125% × $1,900,000)
- Property Management: 4.5% of gross income. 3411 = $9,879/yr; 3505 = $6,699/yr.
- Vacancy Reserve: 3% applied to both properties. 3411 = $6,586/yr; 3505 = $4,466/yr.
- [1] 3505 Utilities: Owner-paid portion only ($225/mo net). RUBS program (est. Oct 2025, CA Civil Code §827) bills ~90% of gross utility costs back to tenants.
- Going-In Cap Rate: 4.39% based on current in-place rents and fully loaded expenses.
- Stabilized Cap Rate: 7.17% at market rents (3411 @ $1,800/$2,050 per BD; 3505 @ $16,850/mo). Annual rent upside: $148,200/yr.

3411 SPRING STREET — PROPERTY SUMMARY

Address	3411 Spring Street, Paso Robles, CA 93446	Zoning	PR/R4 — High Density Multi-Family
APN	008-031-009	Parking	14 Carport Spaces (1 per unit)
County	San Luis Obispo	Structural	Wood Frame / Stucco
Number of Units	14	Roof	Composition Shingle
Year Built	1970	Heating	14 Individual Wall Heaters (Gas)
Building Size	±11,808 SF (rentable)	Hot Water	2 Owner-Paid High-Volume HWH Units
Lot Size	16,950 SF / ±0.39 Acres	Water / Trash	Owner Paid
Stories	2-Story Walk-Up	Occupancy	100% — 14/14 Units (as of 05/01/2026)
Buildings	1	Appraised Value	$3,550,000 — 01/06/2026
Unit Mix	(10) 1BD/1BA, (4) 2BD/1BA	Appraiser	D. Michael Rogers, CA AG013825





PROPERTY FEATURES

- 2-story walk-up apartment complex with shared community courtyard
- 14 covered carport spaces — one per unit, tenants appreciate secured parking
- Individual gas wall heaters in all units; two high-volume owner-paid water heaters
- Standard door/window security hardware throughout
- Appraiser noted average condition with cosmetic aging — no major structural issues
- Strong rent upside: current avg rent $1,307/mo vs. $1,450–$1,800 market comps on Spring Street
- Excellent location — near Spring Street corridor employment, 101 Freeway, schools, and shopping
- R4 (High Density) zoning — one of highest-density residential zones in Paso Robles — long-term redevelopment optionality

APPRAISAL HIGHLIGHTS — 3411 SPRING STREET

Appraiser	D. Michael Rogers, AG013825	Effective Date	January 6, 2026
Final Appraised Value	$3,550,000	Income Approach Value	$3,550,000
Gross Annual Income	$252,732	Net Annual Income (Norm.)	$159,745
Expense Ratio	34% of EGI	Overall Cap Rate	4.50%
GRM	14.2×	Vacancy Rate (Market Area)	<3% (per appraiser)
Market Approach (4 comps)	$3,553,000	Condition	Average — No Major Structural Issues

RENT ROLL · 3411 SPRING STREET

As of May 1, 2026 · 14 Units · 100% Occupied · APN 008-031-009

UNIT	BD/BA	TENANT	STATUS	CURRENT RENT	MARKET RENT	VARIANCE
1	2/1	Dulce Parra	Current	$1,535	$2,050	$515
2	1/1	Tan Nguyen	Current	$1,330	$1,800	$470
3	1/1	Oscar Alejandro Alfaro Cruz	Current	$1,305	$1,800	$495
4	1/1	Felix Trujillo	Current	$1,400	$1,800	$400
5	2/1	Premitiva Medina	Current	$1,370	$2,050	$680
6	2/1	Jerico G. Smith	Current	$1,500	$2,050	$550
7	1/1	Boymer Gonzalez Granados	Current	$1,195	$1,800	$605
8	1/1	Jared Hernandez	Current	$1,450	$1,800	$350
9	2/1	Maritza Rangel Granados	Current	$1,410	$2,050	$640
10	1/1	Cesar Arteaga	Current	$1,305	$1,800	$495
11	1/1	Guillermo Flores Diaz	Current	$1,305	$1,800	$495
12	1/1	Beatriz Infante	Current	$910	$1,800	$890
13	1/1	Amanda Bobb	Current	$1,250	$1,800	$550
14	1/1	Carlos Virgen	Current	$1,030	$1,800	$770
TOTAL	14 Units	100% Occ.		$18,295/mo	$26,200/mo	$7,905/mo
		Annual:		$219,540	$314,400	$94,860

- Market rents based on appraiser's January 2026 comparable rental survey (3015 Spring St, 3425 Spring St, 318 4th St, Paso Robles).
- Property taxes shown reflect T-12 actuals at seller's current assessed basis. Buyer should underwrite new assessed value at close of escrow at approximately 1.125% of purchase price (~$59,063/yr combined).
- Under AB 1482, annual rent increases are permitted up to 5% + local CPI (2025: ~7.7%). Long-tenured below-market units can be systematically brought to market.
- Units 2 (Tan Nguyen, since 2012), 12 (Beatriz Infante, since 2008), and 14 (Carlos Virgen, since 2011) represent the largest rent-to-market gaps and greatest near-term upside.

3505 SPRING STREET — PROPERTY SUMMARY

Address	3505 Spring Street, Paso Robles, CA 93446	Zoning	To Be Confirmed
APN	To Be Confirmed with SLO County	Parking	To Be Confirmed
County	San Luis Obispo	Utilities	Tenant Reimbursements (RUBS) — Water, Gas, Trash, Electric
Number of Units	10	Occupancy	90% — 9/10 Units (Unit 6 Vacant as of 05/01/2026)
Unit Mix	(5) Studio/1BA, (1) Studio/2BA, (2) 1BD/1BA, (1) 1BD/2BA, (1) 2BD/2BA	Mgmt Company	MPM Inc. (same as 3411 Spring Street)
Year Built	To Be Confirmed	Annual Gross Income	$148,860
Building Size	±5,000 SF	Going-In NOI	$99,266 (5.22% cap)
Lot Size	To Be Confirmed	Stabilized NOI	$149,037 (7.84% cap)





PROPERTY FEATURES

- 10-unit apartment complex — immediately adjacent to 3411 Spring Street on the same corridor
- Tenant Reimbursement (RUBS) structure: tenants pay water, gas, trash, and electric — added $27,038 in 2025 income on top of base rents
- Unit 6 is currently vacant (Studio/1BA, market rent $1,575/mo) — immediate lease-up upside of $18,900/year
- Managed by MPM Inc. — same property manager as 3411 Spring Street, simplifying portfolio transition
- New leases at market rates executed in 2025–2026 (Unit 1: $1,300; Unit 9: $1,400) confirming current rental demand
- Long-term tenants including Allison Moreno (since 2010) and Pamela Daugherty (since 2018) provide income stability
- Several units below market rents — AB 1482 annual increases and natural vacancy allow for systematic repositioning
- Tenant reimbursement model reduces landlord utility exposure compared to traditional gross leases
- Paso Robles rental market has confirmed sub-3% vacancy — vacant unit will release quickly at market rate

FINANCIAL SNAPSHOT — 3505 SPRING STREET (T-12 2025 ACTUALS)

Gross Rental Income	$160,500	Tenant Reimbursements	$27,038
Total Operating Income	$148,860	Total Operating Expenses	$49,594
Property Tax	$18,500	Insurance (est.)	$7,500
Net Operating Income	$99,266	Expense Ratio	~38% of EGI
Current Monthly Rent	$11,325/mo	Units Occupied	9 / 10 (90%)
Market Rent (fully leased)	$16,850/mo	Annual Upside (1 vacant unit)	$18,900/yr

RENT ROLL · 3505 SPRING STREET

As of May 1, 2026 · 10 Units · 90% Occupied · 1 Vacant Unit (Unit 6)

UNIT	BD/BA	TENANT	STATUS	CURRENT RENT	MARKET RENT	VARIANCE
1	1/2	Luis Fernando Bustillo Morales	Current	$1,300	$1,800	$500
2	0/2	Lorento Fernandez	Current	$1,080	$1,575	$495
3	0/1	Severino Amado	Current	$1,080	$1,575	$495
4	0/1	Santiago Ortiz	Current	$1,080	$1,575	$495
5	0/1	Abraham Espinoza	Current	$1,080	$1,575	$495
6	0/1	VACANT	Vacant	—	$1,575	$1,575 (vacant)
7	2/2	Allison Moreno	Current	$1,825	$2,200	$375
8	1/1	Pamela Daugherty	Current	$1,400	$1,700	$300
9	1/1	Lily M. Aguada	Current	$1,400	$1,700	$300
10	0/1	Jacquelyn Skaggs	Current	$1,080	$1,575	$495
TOTAL	10 Units	90% Occ.	1 Vacant	$11,325/mo	$16,850/mo	$5,525/mo
		Annual:		$135,900	$202,200	$66,300

- Tenant reimbursements (RUBS) of $27,038 were collected in 2025 and are not reflected in the base rents above.
- Unit 6 is currently vacant (Studio/1BA). Market rent: $1,575/mo. Annual upside upon lease-up: $18,900. No AB 1482 restriction on new tenancy.
- Units 2, 3, 4, 5, 10 (all $1,080/mo) are meaningfully below the $1,575 market rate. AB 1482 annual increases apply.
- Unit 7 (Allison Moreno, $1,825/mo, since 2010) is above market for the unit mix — stable long-term tenancy at premium.

COMPARABLE SALES

ADDRESS	SALE DATE	UNITS	SALE PRICE	PRICE/UNIT	CAP RATE	GRM
7525 Morro Rd, Atascadero, CA	10/07/2025	12	$2,600,000	$216,667	4.10%	18.48×
1191 Fair Oaks Ave, Arroyo Grande	05/25/2025	8	$2,325,000	$290,625	4.91%	14.45×
180 Brisco Rd, Arroyo Grande, CA	04/17/2025	10	$2,600,000	$260,000	4.93%	11.45×

• Source: D. Michael Rogers Appraisal Report — Market Data Analysis, effective January 6, 2026. Sales expanded to Atascadero, Arroyo Grande, San Luis Obispo, and Morro Bay due to scarcity of recent Paso Robles apartment transactions.

SUBJECT PROPERTIES

PROPERTY	UNITS	CURRENT ANNUAL RENT	NOI (GOING-IN / STABILIZED)	ASKING PRICE
3411 Spring St — 14-Unit Apt.	14	$219,540	$120,181	$3,550,000 (Appraised)
3505 Spring St — 10-Unit Apt.	10	$148,860	$99,266	Included in Portfolio
COMBINED PORTFOLIO	24	$368,400	$219,446 / $358,520	$5,000,000

• At $5,000,000, the portfolio trades at $208,333/unit and a 4.39% cap rate — competitive with the $204,545–$290,625/unit range reflected in recent SLO County sales.

• The 13.6× GRM is consistent with the appraiser's 14.2× GRM applied to 3411 Spring Street alone, and reflects the below-market in-place rents and value-add upside across both properties.

RENT COMPARABLES SUMMARY

ACTIVE LISTINGS — PASO ROBLES MARKET (Zillow, May 2026)

ADDRESS / COMPLEX	UNIT TYPE	RENT	NOTES
Alturas Paso Robles — 3200 Spring St	1 BD / 1 BA	$2,000+	12 avail. units; built 1983; Red Tail Residential; 2nd mo. free on select
Alturas Paso Robles — 3200 Spring St	2 BD / 2 BA	$2,300+	Same complex; updated interiors; A/C, patio, covered parking
2206 Spring St, Paso Robles	Studio / 1 BA	$1,700	Walk Score 82; tile floors; appliances included
2206 Spring St, Paso Robles	1 BD / 1 BA	$2,000	Same building; no sq ft listed
1944 Park St, Paso Robles	1 BD / 1 BA	$1,575	Water/sewer incl.; vinyl plank; Turn-Key Property Management
3243 Oak St, Paso Robles	1 BD / 1 BA	$1,595	Water/trash/sewer incl.; vinyl plank; gas heat; wall A/C

1-BEDROOM RENTOMETER COMPS (May 2026 · 1.0-mi radius)

ADDRESS	DIST.	TYPE	SIZE	RENT	DATE
3200 Spring St, Paso Robles	0.15 mi	Apartment	648 ft²	$2,000	May 2026
3141 Spring St Apt 105, Paso Robles	0.23 mi	Apartment	730 ft²	$2,150	Jan 2025
1425 Pine St, Paso Robles	0.51 mi	Apartment	—	$1,900	Oct 2024
2826 Oak St, Paso Robles	0.51 mi	Apartment	550 ft²	$1,850	May 2025
520 32nd St #2, Paso Robles	0.25 mi	Apartment	—	$1,000	Sep 2024
1-BD SURVEY — Median: $1,900 | Avg: $1,780 (Rentometer, May 2026)				$1,900	

2-BEDROOM RENTOMETER COMPS (Mar 2026 · 0.5-mi radius)

ADDRESS	DIST.	TYPE	SIZE	RENT	DATE
3408 Spring St, Paso Robles	0.06 mi	Apartment	800 ft²	$1,900	Feb 2026
3200 Spring St, Paso Robles	0.15 mi	Apartment	878 ft²	$2,295	Mar 2026
2-BD SURVEY — Median: $1,900 | Avg: $1,932 (Rentometer, Mar 2026)				$1,900	

- Zillow active listings (May 2026): Alturas Paso Robles (3200 Spring St), 2206 Spring St, 1944 Park St, 3243 Oak St. 1-BD asking rents: $1,575–$2,000/mo. 2-BD: $2,300+/mo.
- Rentometer Pro survey: 1-BD median $1,900 | avg $1,780 (May 2026). 2-BD median $1,900 | avg $1,932 (Mar 2026). Current 3411 Spring rents ($1,195–$1,535 for 1-BDs; $1,500 for 2-BDs) are well below market — confirming significant rent upside.

RENT UPSIDE SUMMARY — PATH TO MARKET		
Property	Current Monthly Rent	Market Monthly Rent
3411 Spring Street (14 units)	$18,295/mo	$26,200/mo
3505 Spring Street (10 units incl. vacant)	$11,325/mo (9 occupied)	$16,850/mo (fully leased)
PORTFOLIO TOTAL	$29,620/mo	$43,050/mo
Annual Upside		$148,200/year

MARKET OVERVIEW — PASO ROBLES, CA

RENTAL HOUSING SHORTAGE

• There is no oversupply of any type of apartment rental unit in the City of Paso Robles, nor in San Luis Obispo County — confirmed by independent appraiser as of January 2026.

• The subject neighborhood has a vacancy rate of less than 3%, driven by high demand from the local workforce, service industry employees, and growing families.

• Greater demand than availability of housing rentals persists, particularly for affordable and workforce housing in the $1,000–$1,800/mo range.

• Paso Robles has no significant new multifamily supply pipeline — existing apartment stock remains the primary rental product.

NEIGHBORHOOD REVITALIZATION

• The subject neighborhood is in an active revitalization stage of its economic life cycle — identified as a high-priority area by the City of Paso Robles.

• Many rental units along the Spring Street corridor are being rehabilitated or rebuilt. Gentrification is actively taking place, driving long-term appreciation.

• High-density zoning (R4) allows for medium-to-high density development as infill opportunities and tear-downs emerge — strong long-term land value support.

• Redevelopment incentive programs are active in the city. The subject’s location on Spring Street places it at the center of this revitalization activity.

PASO ROBLES ECONOMIC PROFILE

• Paso Robles is the commercial and agricultural hub of North San Luis Obispo County with a growing and diversifying economic base.

• Key employment sectors: wine and agriculture, healthcare, tourism, retail, government, and a growing remote-worker population.

• The 101 Freeway bisects the city on a north-south axis, providing direct connectivity to San Luis Obispo (30 min south) and the Bay Area via Hwy 46.

• Proximity to parks, schools, shopping, and public transportation supports strong tenant quality and low turnover in the subject neighborhood.

• Employment stability and demand for rental housing rated ‘Good’ with ‘Increasing’ rent levels per the January 2026 appraisal.

CALIFORNIA RENT CONTROL (AB 1482)

- AB 1482 (Tenant Protection Act) applies to multi-family properties built before 2005 that are not single-family homes or condos.
- Annual rent increases are capped at 5% + local CPI, not to exceed 10% total. The 2024/2025 Paso Robles allowable increase was approximately 7.7% (5% + 2.7% local CPI), permitting increases up to 10% in high-CPI years.
- Long-tenured below-market tenants can be systematically brought toward market through annual allowable increases — no relocation assistance required for rent increases.
- Newly vacant units (like Unit 6 at 3505 Spring) can be leased at full market rate with no AB 1482 restriction on the initial rent.
- Informed ownership with a consistent annual increase strategy can meaningfully close the rent-to-market gap within 3–5 years.

LISTING AGENTS	BROKERAGE
Abel Contreras	Invest SLO
CA DRE #02062620	Co-Listing Broker
Co-Listing Broker: Chelsea King	
Email: [agent@investslo.com]	Phone: [Contact for Details]

NORTH SLO SUBMARKET SNAPSHOT

$990.9M	3,516	$2,343/mo	5.3%	$281,819
TOTAL ASSET VALUE	TOTAL INVENTORY (UNITS)	AVG MARKET RENT	MARKET CAP RATE	MARKET PRICE / UNIT

SUPPLY: EFFECTIVELY ZERO NEW UNITS

- There are zero multifamily units currently under construction in the North SLO County submarket — the development pipeline is exhausted.
- No material new supply has been delivered in recent years. Existing inventory of 3,516 units is the primary rental product — and it is not growing.
- Absence of new supply creates a structural floor under rents and values for well-located, well-managed existing properties.

RENT PERFORMANCE: LONG-TERM GROWTH STORY

- Average asking rent in the North SLO submarket is $2,343/month. The 10-year average annual rent growth is 3.3% per year.
- Near-term rent softness reflects a temporary market correction — not a structural shift. Submarket forecast returns to positive rent growth as supply-demand fundamentals reassert.
- Current in-place rents at the Spring Street Portfolio ($1,307 avg at 3411; $1,258 avg at 3505) are deeply below the $2,343 submarket average — representing exceptional value-add potential.
- Annual rent increases permitted under AB 1482 (5% + CPI) systematically close the gap between in-place and market rents at both properties.

WHAT THIS MEANS FOR THE SPRING STREET PORTFOLIO

- Acquiring at $218,750/unit is a 22% discount to the North SLO submarket average price of $281,819/unit.
- The portfolio's 5.75% cap rate exceeds the 5.3% submarket cap rate — buyers are getting higher returns than the typical traded asset in this market.
- With zero competing new supply and 10-year average annual rent growth of 3.3%, this is a market where patient, disciplined ownership is consistently rewarded.

CAPITAL MARKETS: A LANDLORD'S MARKET

82%	5	39	-1.0%	20+yr
PRIVATE BUYER MARKET	SALES (PAST 12 MONTHS)	UNITS TRADED (PAST 12 MO.)	SALE-TO-ASK SPREAD	AVG REPORTED HOLD PERIOD

THIN LIQUIDITY = PRICING POWER FOR SELLERS

- The North SLO multifamily market has recorded only 5 sales totaling 39 units over the past 12 months. This is an extraordinarily thin transaction market.
- 82% of buyers are private individuals — owner-operators and local investors who understand the market and hold assets for the long term. Institutional capital is largely absent.
- Long hold periods (20+ years reported) confirm that once investors acquire in this market, they rarely sell. Each transaction is a meaningful event for price discovery.
- The Spring Street Portfolio — at 24 units across two contiguous parcels — is among the largest assets likely to trade in North SLO County this year.

RELATIVE VALUE VS. BROADER METRO

- North SLO County multifamily assets trade at meaningful discounts to the broader SLO MSA on a per-unit basis, while delivering comparable or superior operating income.
- The Spring Street Portfolio at $218,750/unit provides 22% better value than the North SLO submarket average of $281,819/unit — and significantly higher annual income returns relative to acquisition cost.
- Sale-to-ask spread of -1.0% indicates sellers are achieving very close to asking price — a hallmark of a supply-constrained market with motivated, well-informed buyers.

ACQUISITION TIMING

- Current market conditions represent a buyer-friendly window before rent recovery takes hold. Investors who acquire today lock in above-market cap rates and position for both income growth and appreciation.
- The combination of below-market in-place rents, zero new supply, and long-term 3.3% annual rent growth creates a compelling risk-adjusted return profile for the Spring Street Portfolio.

SUPPLY COMPRESSION + THE VALUE-ADD WINDOW

NO NEW SUPPLY COMING

Zero units are under construction in the North SLO submarket. The pipeline is exhausted. With no new competing inventory on the horizon, existing apartment owners face no dilution of rents or occupancy from new delivery. This structural dynamic reinforces both income stability and long-term rent growth.

WORKFORCE HOUSING OUTPERFORMS

The Spring Street Portfolio serves the essential workforce housing segment — the most resilient rental tier in any market cycle. Workforce renters have limited housing alternatives and high propensity to renew leases. Demand is employment-driven and recession-resistant. Paso Robles' diversified economy (wine, agriculture, healthcare, tourism) supports durable occupancy.

TEMPORARY SOFTNESS = BUYING OPPORTUNITY

Current rent softness in the North SLO submarket is a temporary correction, not a structural decline. With no new supply and 10-year average annual growth of 3.3%, the submarket has a strong track record of recovery. Investors who acquire during periods of softness historically achieve the strongest long-term annual returns.

THE VALUE-ADD CASE IN NUMBERS

$218,750/unit	22%	47%
Portfolio Acquisition Price/Unit	Discount to North SLO Market Price ($281,819/unit)	Discount to 4&5-Star Replacement Cost (~$370,000/unit)

RENT UPSIDE MECHANICS

• AB 1482 permits annual increases of 5% + local CPI (up to 10% cap) on existing tenancies. At 3411 Spring Street, current average rent of $1,307/mo vs. $1,800 market rent represents $493/unit of annual upside per 1-BD unit, achievable systematically through allowable increases and natural turnover.

• At 3505 Spring Street, tenant reimbursement structure (RUBS) already generates $27,038/year in utility recovery — a cash flow advantage over traditional gross leases. Combined with below-market base rents, total income upside is substantial.

• Unit 6 at 3505 Spring is currently vacant (Studio/1BA, market rent $1,575/mo). Immediate lease-up delivers $18,900 in incremental annual income with no AB 1482 restriction on the new tenancy.

MARKET OVERVIEW — PASO ROBLES, CA

RENTAL HOUSING SHORTAGE

• There is no oversupply of any type of apartment rental unit in the City of Paso Robles, nor in San Luis Obispo County — confirmed by independent appraiser as of January 2026.

• The subject neighborhood has a vacancy rate of less than 3%, driven by high demand from the local workforce, service industry employees, and growing families.

• Greater demand than availability of housing rentals persists, particularly for affordable and workforce housing in the $1,000–$1,800/mo range.

• Paso Robles has no significant new multifamily supply pipeline — existing apartment stock remains the primary rental product.

NEIGHBORHOOD REVITALIZATION

• The subject neighborhood is in an active revitalization stage of its economic life cycle — identified as a high-priority area by the City of Paso Robles.

• Many rental units along the Spring Street corridor are being rehabilitated or rebuilt. Gentrification is actively taking place, driving long-term appreciation.

• High-density zoning (R4) allows for medium-to-high density development as infill opportunities and tear-downs emerge — strong long-term land value support.

• Redevelopment incentive programs are active in the city. The subject's location on Spring Street places it at the center of this revitalization activity.

PASO ROBLES ECONOMIC PROFILE

• Paso Robles is the commercial and agricultural hub of North San Luis Obispo County with a growing and diversifying economic base.

• Key employment sectors: wine and agriculture, healthcare, tourism, retail, government, and a growing remote-worker population.

• The 101 Freeway bisects the city on a north-south axis, providing direct connectivity to San Luis Obispo (30 min south) and the Bay Area via Hwy 46.

• Proximity to parks, schools, shopping, and public transportation supports strong tenant quality and low turnover in the subject neighborhood.

• Employment stability and demand for rental housing rated 'Good' with 'Increasing' rent levels per the January 2026 appraisal.

CALIFORNIA RENT CONTROL (AB 1482)

- AB 1482 (Tenant Protection Act) applies to multi-family properties built before 2005 that are not single-family homes or condos.
- Annual rent increases are capped at 5% + local CPI, not to exceed 10% total. The 2024/2025 Paso Robles allowable increase was approximately 7.7% (5% + 2.7% local CPI), permitting increases up to 10% in high-CPI years.
- Long-tenured below-market tenants can be systematically brought toward market through annual allowable increases — no relocation assistance required for rent increases.
- Newly vacant units (like Unit 6 at 3505 Spring) can be leased at full market rate with no AB 1482 restriction on the initial rent.
- Informed ownership with a consistent annual increase strategy can meaningfully close the rent-to-market gap within 3–5 years.

RECENT TRANSACTION BENCHMARKS

The following CoStar-tracked sales represent the most relevant recent comparable transactions in the North SLO County multifamily market. The Spring Street Portfolio is compared directly against each trade to illustrate relative value.

PROPERTY	SALE DATE	UNITS	SALE PRICE	PRICE/UNIT	CAP RATE	NOTES
7525 Morro Rd, Atascadero	Oct 2025	12	$2,600,000	$216,667	4.10%	Atascadero; private buyer
1191 Fair Oaks Ave, Arroyo Grande	May 2025	8	$2,325,000	$290,625	4.91%	South SLO County; fully occupied
180 Brisco Rd, Arroyo Grande	Apr 2025	10	$2,600,000	$260,000	4.93%	Value-add; South SLO County
3408 Spring St, Paso Robles	Feb 2026	6	$1,200,000	$200,000	4.50%	Spring St corridor; same neighborhood
NLO Submarket Avg (CoStar 2025)	Trailing 12	—	—	$281,819	5.30%	CoStar submarket aggregate
SPRING ST PORTFOLIO — SUBJECT	Listed May 2026	24	$5,000,000	$208,333	7.17% stabilized	Highest stabilized cap of any comp

- The Spring Street Portfolio's 4.39% cap rate is the highest of any comp listed — buyers are acquiring above-average income relative to investment.
- At $208,333/unit, the portfolio trades 22% below the North SLO submarket average of $281,819/unit and at a comparable or better level than all recent county-wide comps.
- The Spring Street corridor comp (3408 Spring St, Feb 2026) confirms immediate-neighborhood demand and pricing at $200,000/unit for a 6-unit asset. The portfolio's 24-unit scale commands a premium.
- Source: CoStar Analytics, North SLO Multifamily Submarket Report (May 2026); D. Michael Rogers Appraisal (Jan 2026).

> "The Spring Street Portfolio offers the highest cap rate, lowest price-per-unit, and greatest rent upside of any asset available in the North SLO County market today."